



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)



Annual Report
2018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	17
Report of the Directors	董事會報告	19
Corporate Governance Report	企業管治報告	35
Environmental, Social and Governance Report	環境、社會及管治報告	48
Independent Auditor's Report	獨立核數師報告	71
Consolidated Statement of Profit or Loss and Other Comprehensive Income	綜合損益及其他全面收益表	79
Consolidated Statement of Financial Position	綜合財務狀況報表	81
Consolidated Statement of Changes in Equity	綜合權益變動表	83
Consolidated Statement of Cash Flows	綜合現金流量表	84
Notes to Consolidated Financial Statements	綜合財務報表附註	86
Summary of Financial Information	財務資料概要	200

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
Zhao Jian
Xu Zi Jing (Resigned with effect from 15 October 2018)

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

China Citic Bank International Limited
China Construction Bank (Asia) Corporation Limited
OCBC 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
趙劍
許子敬 (於二零一八年十月十五日辭任)

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

中信銀行 (國際) 有限公司
中國建設銀行 (亞洲) 股份有限公司
華僑永亨銀行有限公司

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 2009-18, 20/F
Shui On Centre
6-8 Harbour Road
Wanchai
Hong Kong

PRINCIPAL SHARE REGISTRAR

MUFG Fund Services (Bermuda) Limited
The Belvedere Building
69 Pitts Bay Road
Pembroke HM 08
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

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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
20樓2009-18室

主要股份過戶登記處

MUFG Fund Services (Bermuda) Limited
The Belvedere Building
69 Pitts Bay Road
Pembroke HM 08
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

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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\$967,071,000, representing an increase of approximately 106.37% as compared with 2017 of approximately HK\$468,601,000. Such increase was mainly attribute to due to (i) the financial performance of the Group’s chemical trading operation has been accounted for full year while it was newly commenced through the acquisition of subsidiaries in last correspondence year; and (ii) increase in revenue from Group’s mining operation which was benefited by the increase in the price of molybdenum concentrate as compared to last corresponding year.

For the year ended 31 December 2018, the Group recorded a loss attributable to owners of the Company of approximately HK\$484,008,000 (2017: loss of approximately HK\$145,774,000), representing a decrease of approximately 232.03% as compared with last year. Such increase in loss for the year was mainly due to (i) allowance for credit loss of approximately HK\$46,046,000 for trade and other receivables; (ii) interest incurred for bank and other borrowing of approximately HK\$276,722,000; (iii) amortisation of intangible assets of approximately HK\$96,505,000.

BUSINESS REVIEW

The principal activities of the Group are: (i) mining operations – exploitation and trading of mineral resources; (ii) property management operations; (iii) chemical trading operations – manufacturing and sale of chemical products; and (iv) security technologies operations – research, development and sale of security technologies products. An analysis of each of these business segments is presented below:

Mining Operations – Exploitation and Trading of Mineral Resources

As at 31 December 2018, the Group has two mineral mines within its Mining Operation, namely (i) Molybdenum Mine; and (ii) Potassium Feldspar Mine.

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967,071,000港元，較二零一七年約468,601,000港元增加約106.37%。該增加主要是由於(i)本集團化學品買賣業務的財務表現已透過於上一對應年度收購附屬公司開始全年入賬；及(ii)受益於鉬精粉價格較去年同期上升，本集團採礦業務之收益增加。

截至二零一八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484,008,000港元（二零一七年：虧損約145,774,000港元），較去年減少約232.03%。有關年度虧損增加，主要由於(i)應收賬款及其他應收款的信貸虧損撥備約46,046,000港元；(ii)銀行及其他借款產生的利息約276,722,000港元；及(iii)無形資產攤銷約96,505,000港元所致。

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；(iii)化學品買賣業務 — 製造及銷售化學品；及(iv)保安技術業務 — 研發及銷售保安技術產品。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

於二零一八年十二月三十一日，本集團於其採礦業務中擁有兩個礦場，即(i)鉬礦場；及(ii)鉀長石礦。

Management Discussion and Analysis

管理層討論及分析

Molybdenum Mine

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%.

During the year under review, the volume of molybdenum concentrate produced was approximately 2,931 tonnes (2017: 3,104 tonnes). The sales volume of molybdenum concentrate was approximately 2,841 tonnes (2017: 3,194 tonnes). The average selling price of molybdenum concentrate was approximately HK\$74,266 per tonne (2017: HK\$63,416). During the year under review, the Group's mining operation contributed revenue of approximately HK\$233,882,000 (2017: approximately HK\$189,540,000) to the Group. Gross profit was approximately HK\$85,699,000 (2017: approximately HK\$40,692,000) and the gross profit margin was 37% (2017: 20%), representing an increase of 17% as compared with last year. The increase in gross profit margin was mainly due to the increase in average selling price of molybdenum concentrate from about HK\$63,416 per tonne in 2017 to HK\$74,266 per tonne in 2018.

Potassium Feldspar Mine

The Group's potassium feldspar mine is located in Shaanxi Province, the PRC with in-pit indicated and inferred mineral resource estimates of potassium feldspar resources of approximately 63.2 million tonnes and approximately 40.5 million tonnes respectively. The estimated resources was estimated by the technical report issued by an international mining expert appointed by the Group. During the year under review, no revenue was generated by the potassium feldspar mine as the operation was still under development.

The Directors estimate that the potassium mine can commence its operation in 2020 and consider that the commencement of the operation depends on two major elements including exploitation technology and plant and machinery as explained below:

鉬礦場

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%。

於回顧年度，鉬精粉產量約為2,931噸（二零一七年：3,104噸）。鉬精粉銷量約為2,841噸（二零一七年：3,194噸）。鉬精粉平均售價約為每噸74,266港元（二零一七年：63,416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233,882,000港元（二零一七年：約189,540,000港元）。毛利約為85,699,000港元（二零一七年：約40,692,000港元），而毛利率為37%（二零一七年：20%），較去年增長17%。毛利率增長主要由於鉬精粉之平均售價由二零一七年每噸約63,416港元增至二零一八年每噸74,266港元。

鉀長石礦

本集團的鉀長石礦位於中國陝西省，其控制及推斷礦物資源量估計分別為約63.2百萬噸及約40.5百萬噸。估計資源量乃按照本集團委任的國際採礦專家發出的技術報告所估計。於回顧年度內，鉀長石礦並無產生任何收益，因為該項業務仍處於開發階段。

董事估計鉀長石礦可於二零二零年開始營運，並認為投入營運取決於兩個主要因素，包括開採技術及廠房及機器，闡釋如下：

Management Discussion and Analysis

管理層討論及分析

Subsequent to the acquisition of potassium feldspar mine, the Group engaged a mining technology research company to study and develop a new production technology for the exploitation of the potassium feldspar mine. The advantage of such production technology includes main feature for (i) increase efficiency of exploitation process; (ii) less waste would be produced in production process; and (iii) produce more different type of products from potassium ore.

The Group is currently constructing the production factories including the plant and machineries for the production of potassium. The main infrastructures were in place and the production line is constructing, however it needs to correspond with the production technology layout by the mining technology research company. Therefore, the management estimate that by completing the study of technology to be used in the production of potassium in 2019, the Group will complete all the necessary infrastructures and commence the operation in 2020.

Performance of mining operation

The overall performance of mining operation was encouraging and improved significantly as compared with last corresponding year. During the year ended 31 December 2018, the Group recorded profit arising from its mining operation of approximately HK\$67,132,000 (2017: loss of approximately HK\$25,739,000). The major reason leading to such increase was mainly due to the increase in the price of molybdenum and increase in gross profit margin for the sales of molybdenum concentrate.

Major assets in mining operation

As at 31 December 2018, the major assets included in the Group's mining operation were mining rights and property, plant and equipment associated with the Group's molybdenum mine and potassium feldspar mine of approximately HK\$1,369,781,000 and approximately HK\$2,495,714,000, respectively. At the end of the reporting period, the Group carried out impairment assessment to assess whether the recoverable amounts of the assets were below the carrying amount.

收購鉀長石礦後，本集團聘請一家採礦技術研究公司研究及開發一項開採鉀長石礦的新生產技術。這種生產技術的優勢包括以下主要特徵：(i)提高開採過程效率；(ii)在生產過程中產生的廢物減少；及(iii)從鉀礦石中生產更多不同類型的產品。

本集團目前正在建設生產工廠，包括用於生產鉀的廠房與機器。主要基礎設施已到位並正在建設生產線，但需要與採礦技術研究公司的生產技術佈局相對應。因此，管理層估計，透過於二零一九年完成生產鉀的技術研究，本集團將完成所有必要的基礎設施並於二零二零年投入營運。

採礦業務的表現

採礦業務的整體表現令人鼓舞，對比去年同期大幅改善。截至二零一八年十二月三十一日止年度，本集團錄得其採礦業務產生的溢利約67,132,000港元（二零一七年：約虧損25,739,000港元）。導致上述增加的主要原因為鉬價上漲，以及銷售鉬精粉的毛利率上升。

採礦業務的主要資產

於二零一八年十二月三十一日，本集團採礦業務的主要資產分別為與本集團鉬礦及鉀長石礦相關的採礦權及物業、廠房及設備，分別為約1,369,781,000港元及約2,495,714,000港元。於報告期末，本集團進行減值評估以評估資產的可收回金額是否低於賬面值。

Management Discussion and Analysis

管理層討論及分析

For the purpose of impairment testing, the Directors appointed an independent professional valuation firm to assess the value in use of the Group's mining operation on a yearly basis. The basis for assessing the value in use was based on the discount cash flow method (the "DCF"). In the opinion of the Directors, the DCF method is the best way 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 and the Directors had the consensus to adopt a consistent valuation methodology and accounting policy in accounting for such mining operation because there would be no fundamental change in the mining industry and external environment.

The major source data and inputs of the DCF method were mainly comprised of:

- Estimated sales volume of molybdenum concentrates and potassium minerals based on the existing production capacity and corresponding production plan;
- Estimated increase in selling price of molybdenum concentrates and potassium minerals based on historical price and market information;
- Estimated production costs and operating expenses for (i) molybdenum concentrates based on the existing production cost structure; and (ii) potassium minerals was based on the technical report issued by an international mining expert appointed by the Group with reference to market and experience for production of potassium minerals;
- Estimated of the future cashflow, including changes in working capital and the incremental capital expenditure foreseeable to be incurred; and
- Discount rate of 13% and 21% for the molybdenum concentrates' operation and potassium feldspar mine operation, respectively, which were determined based on their weighted average cost of capital.

就減值測試而言，董事委任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主要來源數據及輸入數據主要包括：

- 根據現有生產能力和相應的生產計劃估計鉬精粉及鉀礦物的銷量；
- 根據歷史價格及市場信息估計鉬精粉及鉀礦物的銷售價格上漲；
- 根據(i)鉬精粉的現有生產成本結構；及(ii)鉀礦物由本集團委任的國際採礦專家發表的技術報告並參考市場及鉀礦物生產經驗估計的生產成本及經營開支；
- 估計未來現金流量，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；及
- 鉬精粉營運及鉀長石礦營運分別為13%及21%之貼現率，按加權平均資金成本釐定。

Management Discussion and Analysis

管理層討論及分析

Based on the assessment of the value in use, no impairment loss had been provided in the consolidated financial statements for the year ended 31 December 2018.

Property management operations

During the year under review, the performance of the Group's property management operations was relatively stable. During the year ended 31 December 2018, the Group has two properties management services for the management of two residential properties located in Shanghai, the PRC and there was no addition and termination of properties management services during the year under review. For the year ended 31 December 2018, revenue generated from this segment was approximately HK\$7,607,000 (2017: approximately HK\$7,487,000), representing a decrease of approximately 1.6% (2017: 2.68%) as compared to last year.

Chemical trading operations

The Group's chemical trading operations mainly includes manufacturing and sale of chemical products in the PRC. Our chemical products were produced by Anhui Tongxi Chemical Company Limited ("Tongxi Chemical"). During the year under review, the Group's revenue generated from chemical trading operation was approximately HK\$703,500,000 and incurred loss of approximately HK\$49,805,000. The major reason leading to the loss was due to the fact that the chemical factory of Tongxi Chemical had been closed down for safety review. The whole safety review process had been taken appropriate four months and the chemical operation had been resumed in late June 2018 with the satisfactory of the PRC government. Because of this effect, the Group recorded a loss for its chemical trading operation for the year ended 31 December 2018.

As at 31 December 2018, the major assets included in the Group's chemical trading operation were property, plant and equipment of approximately HK\$304,228,000. At the end of the reporting period, the Group carried out impairment assessment to assess whether the recoverable amounts of the assets were below the carrying amount.

根據對使用價值的評估，截至二零一八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。

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。截至二零一八年十二月三十一日止年度，本集團擁有兩項物業管理服務，以管理位於中國上海的兩處住宅物業，而於回顧年度內並無增加及終止物業管理服務。截至二零一八年十二月三十一日止年度，該分類產生之收益為約7,607,000港元（二零一七年：約7,487,000港元），較去年下跌約1.6%（二零一七年：2.68%）。

化學品買賣業務

本集團的化學品買賣業務主要包括於中國製造及銷售化學品。我們的化學品由安徽同心化工有限公司（「同心化工」）生產。於回顧年度內，本集團化學品買賣業務產生的收益為約703,500,000港元，並產生虧損約49,805,000港元。造成損失的主要原因是同心化工的化工廠已因進行安全審查關閉。整個安全審查程序已適當地進行了四個月，於中國政府准許下化工操作已於二零一八年六月底恢復。由於此影響，本集團於截至二零一八年十二月三十一日止年度的化學品買賣業務中錄得虧損。

於二零一八年十二月三十一日，本集團化學品買賣業務的主要資產分別為物業、廠房及設備，約304,228,000港元。於報告期末，本集團進行減值評估以評估資產的可收回金額是否低於賬面值。

Management Discussion and Analysis

管理層討論及分析

For the purpose of impairment testing, the Group appointed an independent professional valuation firm to assess the value in use of the Group's chemical trading operation on a yearly basis. The basis for assessing the value in use was based on DCF. The major source data and inputs of the DCF method were mainly comprised of:

- Estimated sales volume of chemical products produced by Tongxin Chemical based on the existing production capacity and corresponding production plan;
- Estimated increase in selling price of chemical products based on historical price and market information;
- Estimated production costs and operating expenses based on the existing production cost structure; and
- Discount rate of 15.2% which was determined based on their weighted average cost of capital.

Since the recoverable amounts of Tongxin Chemical below its carrying value, an impairment loss of goodwill of approximately HK\$12,939,000 had been provided in the consolidated financial statements for the year ended 31 December 2018.

Security technologies operations

The Group's security technologies operations mainly includes research and development of face recognition technologies in the PRC. Our security technologies and service were provided by Xinjiang Casivision Security Technology Company Limited and Xinjiang Xintongxing Telecommunication Engineering Company Limited ("Xinjiang Group"). During the year under review, the Group's revenue generated from security technologies operation was approximately HK\$13,689,000 and incurred loss of approximately HK\$4,883,000, which was mainly due to increase in cost of sales and administrative expenses.

就減值測試而言，本集團委任一間獨立專業估值公司每年評估本集團化學品買賣業務的使用價值。評估使用價值乃基於貼現現金流量估值法。貼現現金流量估值法之主要來源數據及輸入數據主要包括：

- 根據現有生產能力和相應的生產計劃估計同心化工生產的化學品的銷量；
- 根據歷史價格及市場信息估計化學品的銷售價格上漲；
- 根據現有生產成本結構估計生產成本及經營開支；及
- 貼現率為15.2%，按彼等的加權平均資金成本釐定。

由於同心化工的可收回金額低於其賬面值，已於截至二零一八年十二月三十一日止年度的綜合財務報表內作出商譽減值虧損撥備約12,939,000港元。

保安技術業務

本集團的保安技術業務主要包括於中國研發面部識別技術。我們的保安技術及服務由新疆中科博杰安防科技有限公司及新疆新通興通信工程有限公司（「新疆集團」）提供。於回顧年度內，本集團來自保安技術業務的收益約為13,689,000港元，並產生虧損約4,883,000港元，主要由於銷售成本及行政支出增加所致。

Management Discussion and Analysis

管理層討論及分析

Xinjiang Group was acquired by the Group in 2017 at the consideration of HK\$430,000,000 and the major assets of which was a contract backlog relating to the contracts for the sales of terminal device to the government authority in Xin Jiang, the PRC.

During the year under review, the performance of Xinjiang Group was not as good as expected because there was no sale of terminal device generated from the contract backlog during the year ended 31 December 2018. The reason for such situation was that the Group produced the first batch of terminal device to customer in late 2017, however, the customer had certain feedback and required Xinjiang Group to adjust and add several functions to achieve the best performance of the terminal device. Accordingly, Xinjiang Group was in the process to adjust the derive but still not satisfied during the year under review.

The management of Xinjiang Group consider that they will continue to develop the function of terminal device in order to satisfy the customer's requirements. Nevertheless, in order to protect the interests of the Group and in view of the uncertainty on whether the sale of terminal device can produce the expected income flow under the contract backlog, the Group had discussed with the former shareholders of Xinjiang Group and they agreed to buy back the entire equity interests of Xinjiang Group. Accordingly, subsequent to financial year end, the Group entered into the disposal agreement with the former shareholders of Xinjiang Group to disposed of its entire equity interests in Xinjiang Group at consideration of HK\$430,000,000, being the consideration paid for the acquisition of Xinjiang Group in 2017.

Material Transaction

On 28 March 2019, the Group entered into a sale and purchase agreement with the former shareholders of Xinjiang Group for the disposal of the entire equity interests in Full Empire Investment Holding Limited at the consideration of HK\$430,000,000.

本集團於二零一七年以代價430,000,000港元收購新疆集團，其主要資產為待完成合約，該合約有關向中國新疆的政府機關銷售終端設備。

於回顧年度內，新疆集團的表現並不如預期，因為於截至二零一八年十二月三十一日止年度待完成合約並未產生終端設備的銷售。造成這種情況的原因是本集團於二零一七年年底為客戶生產第一批終端設備，但客戶有若干反饋意見並要求新疆集團調整及加入多項功能，以達到終端設備的最佳性能。因此，新疆集團正在調整設備，但於回顧年度內仍未達到滿意成果。

新疆集團管理層認為，彼等將繼續開發終端設備的功能以滿足客戶的需求。然而，為了保障本集團的利益，且鑑於未能確定終端設備銷售是否能夠產生待完成合約的預期收入流量，本集團已與新疆集團的前股東討論，彼等同意回購新疆集團的全部股權。因此，於財政年度結束後，本集團與新疆集團前股東訂立出售協議，以代價430,000,000港元（即於二零一七年收購新疆集團所支付的代價）退回其於新疆集團的全部股權。

重大交易

於二零一九年三月二十八日，本集團與新疆集團前股東訂立買賣協議，以代價430,000,000港元退回Full Empire Investment Holding Limited全部股權。

Management Discussion and Analysis

管理層討論及分析

Termination of Joint Venture

On 9 April 2018, the Company and Mr. Xu Zi Jing (“Mr. Xu”) (“Parties”) entered into the Joint Venture Agreement pursuant to which the Parties agreed to form a Joint Venture for the purpose of the establishment, operation, promotion and maintenance of blockchain asset trading platform and the research and development and application of blockchain related technology.

After careful consideration of all the circumstances surrounding the Joint Venture and the Company’s right under the Joint Venture Agreement, the Parties have mutually agreed to terminate the Joint Venture Agreement. On 12 June 2018, the Parties entered into a termination agreement to terminate the Joint Venture Agreement with immediate effect. The Board considers that the termination of the Joint Venture Agreement will not have any material adverse impact on the financial and operational position of the Group.

PROSPECTS

Looking forward, the global economy is still facing lots of uncertainties, such as the international financial crisis, slowdown of global economy, Sino-US trade war, all these have posed great challenges to the global economy. However, the Group is still confident that the Chinese government can solve the dispute in an effective way and the Chinese economy can keep on growing smoothly.

Molybdenum market

The operation environment of China’s steel industry is the key factor that affects the development of the country’s molybdenum market. As required by China’s environmental protection policy and supply-side reform policy, steel factories have no alternative but to transform and shift to produce high quality special steel. Meanwhile, the normalization of Fall/Winter production restriction will further accelerate the enhancement and reconstruction of the steel industry, there are still ample room to increase the production of stainless steel and high strength steel. All the factors stated above will further drive up the demand for molybdenum, and it is expected that the demand for molybdenum in China will keep increasing. It is expected that the molybdenum market will continue to improve in 2019.

終止合資公司

於二零一八年四月九日，本公司與許子敬先生（「許先生」）（「訂約方」）訂立合資協議，據此，訂約方同意成立合資公司，以設立、運營、推廣與維護區塊鏈資產交易平台，及研發與推廣和應用區塊鏈相關技術。

經謹慎考慮所有有關合資公司及本公司於合資協議項下的權利之情況後，訂約方相互同意終止合資協議。於二零一八年六月十二日訂約方訂立終止協議以終止合資協議，即時生效。董事會認為合資協議之終止不會對本集團之財務及營運狀況造成重大不利影響。

前景

展望未來，世界經濟仍存在很多不明朗因素，國際金融危機、全球經貿擴張步伐放緩，中美貿易戰爭等均甚具挑戰，然而，集團對中國政府有效處理矛盾，以及國內經濟保持平穩增長依然充滿信心與憧憬。

鉬市場

國內鋼鐵行業運行乃是影響國內鉬市場走勢的關鍵，在中國環保及供給側改革政策的指導下，鋼廠不得不大力轉型，向優特鋼發展，而秋冬季常態化限產將進一步推動鋼鐵業的產業結構升級調整，不銹鋼和高鋼材產量仍有較大的提升的空間，上述的因素將進一步拉動鉬的需求，預計國內鉬需求量將會繼續增加。預計二零一九年，鉬市場未來會持續向好。

Management Discussion and Analysis

管理層討論及分析

Potassium market

Potassium feldspar can be produced into potash fertilizer, which can enrich the soil and enhance harvest. Over-supply in the potash fertilizer industry still persists, but China's urbanization and agricultural supply-side reform have accelerated the development of a new large scale agricultural industry, and mechanization, automation and intelligent agricultural will be the direction of future development of the industry. Consumption upgrade and the supply-side structural reform have created huge demand for modern agricultural services and quality agricultural products. The aforesaid conditions have provided opportunities for our future development.

Security business market

Xinjiang's public security has always been a concern to the Chinese government. The government is gradually enhancing the security control on different aspects and along the boundary line, and has started to manage the urban and rural areas with the help of online systems. As Chinese government will continue to improve the social security system and will demand for more security systems, so we envisage a bright future for our security business. However, due to the uncertainty on the development of the security systems that involve advance technology to fulfill the ever-changing environment, the Group decided to sell back the security business to its former shareholders to avoid the economic risk associated with the security business.

Chemical business market

China has stringent regulatory requirements for safety and environmental protection, which have inevitably created short-term operation pressure on the chemicals manufacturing industry. However, corporate with competitive advantage on environmental protection will eventually capture the opportunities emerged in an operation environment with sound regulation. The Group will continue to invest on safety and environmental protection, impose stringent control over its costs, enhance its production efficiency, and will formulate effective marketing strategy to meet the challenges of increasing competition in the market.

鉀市場

鉀長石可制取成鉀肥，以改善土壤品質，提高作物產量。鉀肥行業供過於求的現狀仍然持續，但隨著中國城鎮化與農業供給側改革的推進，規模化的農業新業態正在加速形成，機械化、自動化、智慧化成為未來農業的發展前景，消費升級和供給側結構性改革催生了對現代農業服務和品質農產品的巨大需求。這些都為我們未來發展提供了機遇。

安防業務市場

中國政府一直關注新疆當地之治安，逐步加強領域和邊境地區的防控，推進城鎮網格化管理，不斷完善社會防控體系，增加對保安系統的需求，預期安防業務的未來前景樂觀。然而，由於開發保安系統涉及滿足瞬息萬變環境的先進技術，當中存在不確定因素，本集團決定將安防業務退回予其前股東，藉此避免安防業務相關的經濟風險。

化工業務市場

國家推行嚴格安全環保監管規定，無疑對化工製造業帶來短期經營壓力。然而，在良好監管的營商環境下，具環保競爭優勢的企業最終將得增長商機。本集團將繼續投資安全環保，嚴格控制成本，提高生產效益，並以有效的市場策略以應付激烈的市場競爭。

Management Discussion and Analysis

管理層討論及分析

The Group will make every endeavor to keep abreast of the changing market conditions, proactively identify investment opportunities and expand its mineral resources in order to broaden the revenue base of the Group, enhance its future financial performance and profitability, and fine tune its business strategies when the Directors of the Company think appropriate. Moreover, the Group is seeking for further operating efficiency across the business. We are confident in the future and committed to continuous growth of the Company.

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 recorded a cash outflow of approximately HK\$39,784,000 (2017: outflow of approximately HK\$539,906,000) which was mainly due to the Group used internal cash resources to repayment of loan interests and convertible bonds in 2018.

As at 31 December 2018, the Group had outstanding bank loans and other borrowings at the amount of approximately HK\$1,347,920,000 (2017: approximately HK\$847,664,000). The Group's gearing ratio as at 31 December 2018 was approximately 51.03% (2017: 31.91%). The increase in gearing ratio was mainly due to the increase in proportion of interest bearing bank borrowings to total liabilities and equity during the year under review. The Board will closely monitor the liquidity position of the Group to ensure the Group has sufficient funding to settle the debts when fall due.

As at 31 December 2018, the Group's current ratio was approximately 0.86 (2017: approximately 0.74). The increase in current ratio was mainly due to increase in loan receivable and other receivables during the year under review.

As at 31 December 2018, the Group's debt to equity ratio was approximately 0.99 (2017: approximately 0.42). The increase in debt to equity ratio was mainly due the increase in bank loans and other borrowings during the year under review. The ratio was calculated by dividing the total liabilities of approximately HK\$2,479,025,000 (2017: approximately HK\$1,929,976,000) by equity attributable to owners of the Company of approximately HK\$2,497,615,000 (2017: approximately HK\$3,120,678,000). 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.

本集團將致力於緊跟市況變動，積極發掘投資機遇，擴大其礦產資源，藉以拓闊本集團收入基礎、提升其於未來財務表現及盈利能力，並於本公司董事認為合適時精確調整其業務策略。此外，本集團正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。

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，本集團錄得現金流出約39,784,000港元（二零一七年：現金流出約539,906,000港元），主要由於二零一八年本集團使用內部現金資源以支付貸款利息及可換股債券。

於二零一八年十二月三十一日，本集團有未償還銀行貸款及其他借款約1,347,920,000港元（二零一七年：約847,664,000港元）。本集團於二零一八年十二月三十一日之資本與負債比率約為51.03%（二零一七年：31.91%）。資本與負債比率現金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。董事會將密切監察本集團的流動資金狀況，以確保本集團擁有足夠資金結清到期債務。

於二零一八年十二月三十一日，本集團之流動比率約為0.86（二零一七年：約0.74）。流動比率上升主要由於回顧年度內應收貸款及其他應收款項增加所致。

於二零一八年十二月三十一日，本集團之債務與資本比率約為0.99（二零一七年：約0.42）。債務與資本比率提高的主因是銀行貸款及其他借款於回顧年度內增加。該比率乃按負債總額約2,479,025,000港元（二零一七年：約1,929,976,000港元）除以本公司擁有人應佔權益約2,497,615,000港元（二零一七年：約3,120,678,000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 2018 mainly comprised of current assets of approximately HK\$1,256,594,000 (2017: approximately HK\$955,339,000), current liabilities of approximately HK\$1,466,482,000 (2017: approximately HK\$1,284,428,000) and equity attributable to owners of the Company of approximately HK\$2,497,615,000 (2017: approximately HK\$3,120,678,000).

Current assets mainly comprised of (i) cash and cash equivalents of approximately HK\$122,533,000 (2017: approximately HK\$162,317,000); (ii) inventories of approximately HK\$520,772,000 (2017: approximately HK\$472,640,000); and (iii) prepayments, deposits and other receivables of approximately HK\$586,765,000 (2017: approximately HK\$253,722,000).

Current liabilities mainly comprised of (i) borrowings of approximately HK\$710,524,000 (2017: approximately HK\$596,343,000); (ii) trade payables of approximately HK\$135,313,000 (2017: approximately HK\$184,859,000); and (iii) accruals and other payables of approximately HK\$188,649,000 (2017: approximately HK\$148,775,000).

Convertible Bonds Issued

During the year under review, the Group did not issue any convertible bonds. As at 31 December 2017, the Group issued two convertible bonds: (i) convertible bond in an aggregate principal amount of HK\$98,838,000 ("CB1"). 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; and (ii) convertible bond in an aggregate principal amount of HK\$250,000,000 ("CB2"). 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

本集團於二零一八年十二月三十一日之資本結構主要包括流動資產約1,256,594,000港元(二零一七年:約955,339,000港元)、流動負債約1,466,482,000港元(二零一七年:約1,284,428,000港元)及本公司擁有人應佔權益約2,497,615,000港元(二零一七年:約3,120,678,000港元)。

流動資產主要包括:(i)現金及現金等價物約122,533,000港元(二零一七年:約162,317,000港元);(ii)存貨約520,772,000港元(二零一七年:約472,640,000港元);及(iii)預付款項、按金及其他應收款約586,765,000港元(二零一七年:約253,722,000港元)。

流動負債主要包括:(i)借款約710,524,000港元(二零一七年:約596,343,000港元);(ii)應付賬款約135,313,000港元(二零一七年:約184,859,000港元);及(iii)應計費用及其他應付款約188,649,000港元(二零一七年:約148,775,000港元)。

已發行可換股債券

於回顧年度內,本集團並無發行任何可換股債券。於二零一七年十二月三十一日,本集團發行兩項可換股債券:(i)本金總額為98,838,000港元之可換股債券(「可換股債券一」)。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)的初步換股價將可換股債券的全部或部分本金兌換為轉換為兌換股份;及(ii)本金總額為250,000,000港元之可換股債券(「可換股債券二」)。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)的初步換股價將可換股債券的全部或部分本金轉換為兌換股份。

Management Discussion and Analysis

管理層討論及分析

During the year ended 31 December 2018, CB1 was fully repaid.

Debenture and Bond Issued

Upon the maturity date of CB2 on 28 December 2018, the Group entered into standstill deed in relation to turn the CB2 into a bond with a principal amount of HK\$250,000,000 at a price equal to 100% of its principal amount to Sfund International Investment Fund Management Limited, which is to the best of knowledge, information and belief of the Directors having made all reasonable enquires, an independent third party of the Company (the "Corporate Bond"). The Corporate Bonds would mature on 28 September 2019. The interest rate of the Corporate Bond was 10% per annum.

Treasury Policies

During the year ended 31 December 2018, 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 2018 and 2017, 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 2018, the Group had bank and other borrowings amounted to approximately HK\$1,347,920,000 (2017: HK\$847,664,000). As at 31 December 2018, the Group's interest bearing bank loans were carried at effective interest rates from 6.09% to 30% per annum and were secured by (i) guarantees from a subsidiary of the Group and the subsidiary's minority shareholders; (ii) guarantee from the ultimate control party; (iii) pledged bank deposit, (iv) pledged property, plant and equipment; (v) pledged prepaid land lease; and (vi) pledged mining rights.

截至二零一八年十二月三十一日止年度，可換股債券一已悉數償還。

已發行債券

於二零一八年十二月二十八日可換股債券二到期時，本集團與Sfund International Investment Fund Management Limited（據董事作出一切合理查詢後所深知、盡悉及確信為本公司之獨立第三方）訂立暫緩還款契據，內容關於以相等於其本金額100%的價格將可換股債券二變為本金額為250,000,000港元的債券（「企業債券」）。企業債券將於二零一九年九月二十八日到期。企業債券的利率為每年10%。

庫務政策

截至二零一八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。截至二零一八年及二零一七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

於二零一八年十二月三十一日，本集團之銀行及其他借款約為1,347,920,000港元（二零一七年：847,664,000港元）。於二零一八年十二月三十一日，本集團計息銀行貸款之實際年利率介乎6.09%至30%，並以下列各項作抵押：(i)本集團附屬公司及附屬公司之少數權益股東之擔保；(ii)最終控制方之擔保；(iii)質押銀行存款；(iv)已抵押物業、廠房及設備；(v)已抵押預付土地租賃；及(vi)已抵押採礦權。

Management Discussion and Analysis

管理層討論及分析

CONTINGENT LIABILITIES

As at 31 December 2018, the Group had no significant contingent liabilities (2017: Nil).

HUMAN RESOURCES AND REMUNERATION POLICY

As at 31 December 2018, the Group employed 688 full time employees (2017: 637 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.

或然負債

於二零一八年十二月三十一日，本集團並無重大或然負債（二零一七年：無）。

人力資源及薪酬政策

於二零一八年十二月三十一日，本集團僱用688名全職僱員（二零一七年：637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 49, 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 33, 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 71, 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.

Mr. Zhao Jian (“Mr. Zhao”), aged 40, was appointed as an Executive Director of the Company on 15 October 2018. He graduated from Peoples Public Security University of China with a Bachelor of Laws LL.B.. After graduation, he worked in Guangzhou government, Guangdong Province, China, and was successively responsible for administration and human resources management. He has over sixteen years of experience in administrative management and legal affairs.

執行董事

楊英民先生，現年四十九歲，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，現年三十三歲，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，現年七十一歲，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。

趙劍先生（「趙先生」），現年四十歲，於二零一八年十月十五日獲委託為本公司執行董事。彼畢業於中國人民公安大學，取得法學學士學位，畢業後於中國廣東省廣州市政府部門工作，先後負責行政及人力資源管理工作。彼於行政管理及法律事務方面擁有逾十六年經驗。

Biographical Details of Directors

董事履歷

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. William Fong, aged 39, 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 listed on the Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") 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.

Mr. Leung Kar Fai, aged 40, 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.

Dato Dr. Cheng Chak Ho, aged 49, was appointed as an Independent Non-executive Director of the Company on 12 April 2001. Dato Dr. Cheng obtained a Bachelor of Science in Building, a Master degree in Urban Design from the University of Hong Kong. He has over 26 years' experience in property development, property investment, valuation and corporate finance. Among others, Dato Dr. Cheng is a Fellow of: Institute of Public Accountants, The Royal Society of Medicine, The Association of International Accountants, The Hong Kong Institute of Directors, The Society of Operations Engineers, and Institution of Plant Engineers.

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

獨立非執行董事

方偉濂先生，現年三十九歲，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。方先生於審計及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」）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。

梁嘉輝先生，現年四十歲，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。

拿督鄭澤豪博士，現年四十九歲，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。拿督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。彼於各類物業發展、物業投資、估值及企業融資方面擁有逾26年經驗。此外，拿督鄭博士亦為澳洲公共會計師(Institute of Public Accountants)、皇家醫藥會(The Royal Society of Medicine)、國際會計師公會、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。

拿督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 2018.

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 management operations, manufacture and sales of chemical products and sales of security technologies. Details of the Group's principal subsidiaries are set out in Note 43 to the consolidated financial statements. New business segments, namely chemical trading and security technologies operation were added to Group's business segment 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 8 to the consolidated financial statements.

BUSINESS REVIEW

A fair review of the business of the Group and a discussion and analysis of the Group's performance for the year ended 31 December 2018, the material factors underlying its results and financial position and material attributable factors of the development and likely future developments of the Group's business, are provided throughout this Annual Report, particularly in the following separate sections:

- (a) Review of the Group's business – "Management Discussion and Analysis" on pages 4 to 16;
- (b) The principal risks and uncertainties the Group is facing – "Report of the Directors" on pages 19 to 34;
- (c) Future development in the Group's business – "Management Discussion and Analysis" on pages 4 to 16;
- (d) Analysis using financial key performance indicators –and "Management Discussion and Analysis" on pages 4 to 16 and "Summary of Financial Information" on page 200;
- (e) Information about the Group's Environmental, Social and Governance ("ESG") policies and performance – ESG Report on pages 48 to 70;

本公司董事提呈其報告及本集團截至二零一八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、物業管理業務、製造及銷售化學產品，以及銷售保安技術。本集團主要附屬公司之詳情載於綜合財務報表附註43。於本年度，本集團業務分類新增了業務分類，即化學產品買賣及保安技術業務。

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8。

業務回顧

有關對本集團業務的中肯審視，以及本集團於截至二零一八年十二月三十一日止年度的表現、形成其業績及財務狀況的重要因素，及對本集團的業務發展及日後發展的重要因素的探討及分析，已於本年報不同部分披露，尤其載於以下個別章節：

- (a) 本集團業務回顧—載於第4頁至16頁之「管理層討論及分析」；
- (b) 本集團面對之主要風險及不確定性—載於第19頁至34頁之「董事會報告」；
- (c) 本集團業務的日後發展—載於第4頁至16頁之「管理層討論及分析」；
- (d) 運用財務主要表現指標進行的分析—載於第4頁至16頁之「管理層討論及分析」及第200頁之「財務資料概要」；
- (e) 有關本集團環境、社會及管治（「ESG」）政策及表現之資料—載於第48頁至70頁之ESG報告；

Report of the Directors

董事會報告

- (f) Discussion on the Group's compliance with the relevant laws and regulations – "Report of the Directors" on pages 19 to 34 and "Corporate Governance Report" on pages 35 to 47; and
- (g) An account of the Group's key relationships with its employees, customers and suppliers and others – "Report of the Directors" on pages 19 to 34 and ESG Report on pages 48 to 70.
- (f) 討論本集團對有關法律及法規的合規情況－載於第19頁至34頁之「董事會報告」及第35頁至47頁之「企業管治報告」；及
- (g) 敘述本集團與其僱員、客戶、供應商及其他人士的重要關係－載於第19頁至34頁之「董事會報告」及第48頁至70頁之ESG報告。

PRINCIPAL RISK AND UNCERTAINTIES

Although we have established the risk management system to identify, analyse, evaluate and respond to risks, our business activities are subject to the following risks, which could have material effects on our strategy, operations, compliance and financial condition. We urge you to carefully consider the risks described below:

1. Economic Environment Risks

Affected by current macro-economy and policies at Mainland China and abroad, the business of mining operations, property management operations, chemical trading operations and security technologies operations where the Company operates exits many risks and uncertainties.

To cope with such risks, the Company made thorough research and analysis on macro-economy, government policies, industrial development, intensified market analysis and judgement and adopted corresponding actions against potential risks. It accelerated restructuring, transformation and upgrading, thus cultivating new profit growth and enhancing its comprehensive competitiveness and anti-risk capabilities.

2. Market Price Risks

The sharp fluctuation of molybdenum concentrate, chemical products and security technologies products price mainly reflects the change in supply and demand of molybdenum products, chemical products and security technologies products, market uncertainty and other factors out of control of the Group, including but not limited to the overall economic situation, political unrest, economic condition, availability of other metals, regulations of governments both at Mainland China and abroad, natural disasters and weather conditions. Price fluctuation will have a material impact on the business, cash flow and revenue of the Group.

主要風險及不確定性

儘管我們已建立風險管理制度以識別、分析、評估和應對風險，但我們的業務活動仍會面對以下可能會對我們的策略、營運、合規和財務狀況造成實質影響的風險。我們敦請閣下仔細考慮下述風險：

1. 經濟環境風險

受中國內地及國外當前的宏觀經濟及政策影響，本公司經營所在地區的採礦業務、物業管理業務、化學產品買賣業務及保安技術業務存在多項風險和不確定性。

為應對此風險，本公司對宏觀經濟、政府政策、行業發展進行深入研究分析，加強市場分析和判斷力，並針對潛在風險採取相應措施。有關措施加快重組、轉型及升級，繼而培育新的溢利增長並加強其全面競爭力和抗風險能力。

2. 市場價格風險

鉬精粉、化學產品及保安技術產品價格急劇波動主要反映鉬產品、化學產品及保安技術產品供求的改變、市場不確定性及超出本集團控制範圍的其他因素，包括但不限於整體經濟情況、政治動盪、經濟狀況、其他金屬供應情況、中國內地及國外政府規定、自然災害和天氣條件等。價格波動將對本集團的業務、現金流量及收入產生重大影響。

Report of the Directors

董事會報告

To cope with the risk, the Company intensifies prudent judgement on the market, fully brings about the effect of supervision and control over market price risk and alert thereof, continuously improves its risk control capability in market price and constantly strengthens production costs and expenses control.

3. Safety and Environmental Risks

Stringent requirements in relation to safe production and environmental protection ability for a company have been stipulated in the Production Safety Law of People's Republic of China and the Environmental Protection Law of People's Republic of China. As the Company's mining operation mainly includes the exploitation and production of molybdenum concentrate, any safety or environmental accident will inflict huge losses on the reputation and assets of the Company.

To cope with the risk, the Company keeps improving management rules, assigns responsibilities and further strengthens supervision and examination in terms of safety and environmental protection. It screens relevant hazards, takes preventive measures; constantly increases awareness among enterprises and all employees in the aspects of on-site management and safety and environmental protection management by providing more training courses. It also allocates more funds with a view to upgrade and reconstruct technology and equipment, constantly promotes energy saving and reduction of emissions.

4. Financial Risks

Details of financial risks are set out in Note 40 to the consolidated financial statements.

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.

為應對此風險，本公司對市場判斷加倍審慎，充分發揮市場價格風險監控和預警機制作用，不斷提高市場價格風險管控能力及持續加強產品成本及開支管控。

3. 安全及環境風險

《中華人民共和國安全生產法》和《中華人民共和國環境保護法》對企業的安全生產和環境保護的能力訂有嚴格規定。由於本公司的採礦業務主要包括開採及生產鉬精粉，一旦發生安全或環境事故，將會對本公司的聲譽及財產帶來巨大損失。

為應對此風險，本公司就安全環保不斷完善管理規則、分配責任並進一步加強監督及檢查、排查隱患、採取預防措施；不斷增強企業及所有員工的安全環保意識，加強培訓，提升現場管理和安全環保管理水平，並增加安全環保資金投入，以升級及改造技術及設備，持續推進節能減排。

4. 財務風險

財務風險的詳情載於綜合財務報表附註40。

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的情況。

Report of the Directors

董事會報告

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.

FINANCIAL STATEMENTS

The results of the Group for the year ended 31 December 2018 and the state of the Group's affairs as at 31 December 2018 are set out in the consolidated financial statements on pages 79 to 200.

The cashflows of the Group are set out in the consolidated financial statements on pages 84 to 85.

The Directors do not recommend the payment of any dividend in respect of the year ended 31 December 2018 (2017: Nil).

MAJOR CUSTOMERS AND SUPPLIERS

During the year under review, the Group's single largest customer and supplier accounted for approximately 6% (2017: 12%) and 4% (2017: 8%) respectively, of the Group's total operating revenue and cost of sales. The Group's five largest customers and suppliers accounted for approximately 25% (2017: 39%) and 21% (2017: 28%) 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 83.

DISTRIBUTABLE RESERVE

Details of the amount of the Company's reserve distributable to shareholders as at 31 December 2018 are set out in Note 42 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 16 to the consolidated financial statements.

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對於達成其業務目標的重要性。於年度回顧，本集團與其員工及客戶並無任何重大糾紛。

財務報表

本集團截至二零一八年十二月三十一日止年度之業績與本集團於二零一八年十二月三十一日之財務狀況均載於綜合財務報表第79至200頁。

本集團之現金流量載於綜合財務報表第84至85頁。

董事並不建議就截至二零一八年十二月三十一日止年度派發任何股息(二零一七年: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6% (二零一七年: 12%) 及4% (二零一七年: 8%)。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25% (二零一七年: 39%) 及21% (二零一七年: 28%)。

於本年度內任何時間，各董事、彼等之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83頁之綜合權益變動表。

可供分派儲備

於二零一八年十二月三十一日，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42。

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16。

Report of the Directors

董事會報告

SUBSIDIARIES

The particulars of the Company's principal subsidiaries as at 31 December 2018 are set out in Note 43 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in share capital of the Company during the year are set out in Note 27 to the consolidated financial statements.

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 2018 and up to the date of this report are set out below:

The annual remuneration of Mr. Yang Ying Min increased to HK\$1,800,000 (excluding discretionary bonus and/or other benefits) with effect from 1 January 2018.

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

During the year ended 31 December 2018, neither the Company nor any of its subsidiaries had purchased, redeemed or sold any of the Company's listed securities.

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*)
Qian Yi Dong (*Deputy Chairman*)
Zhang Jia Kun
Zhao Jian
Xu Zi Jing (Resigned on 15 October 2018)

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 Dato Dr. Cheng Chak Ho will retire from office by rotation, and both of them being eligible, offer themselves for re-elections at the AGM.

附屬公司

本公司於二零一八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43。

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27。

董事資料變動

根據上市規則第13.51(B)(1)條之規定，截至二零一八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：

楊英民先生之年薪增加至1,800,000港元（不包括酌情花紅及／或其他福利），自二零一八年一月一日起生效。

購買、出售或贖回本公司上市證券

截至二零一八年十二月三十一日止年度，本公司或其任何附屬公司概無購買、贖回或出售本公司任何上市證券。

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*）
錢一棟（*副主席*）
張家坤
趙劍
許子敬（於二零一八年十月十五日辭任）

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、張家坤先生及拿督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 11 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。

本財政年度之董事酬金載於綜合財務報表附註11。

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 2018, 100,000,000 Share options was granted to a director, then lapsed in the same year due to his resignation.

As at 31 December 2018, total number of share available for issue under the Share Option Scheme was 1,199,761,670, representing 5.58% 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。

於截至二零一八年十二月三十一日止年度內，已向一名董事授出100,000,000份購股權，由於彼於同年度內辭任，該等購股權註銷。

於二零一八年十二月三十一日，根據購股權計劃可供發行的股份總數為1,199,761,670股，佔本公司已發行股份的5.58%。

(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.

DIRECTORS' INTERESTS IN SHARES

As at 31 December 2018, 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.

(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。

董事之股份權益

於二零一八年十二月三十一日，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 2018, 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

於二零一八年十二月三十一日，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 issued voting shares of the Company 佔本公司 已發行 附投票權股份 權益概約 百分比
股東姓名／名稱	身份	所持股份／ 相關股份數目	
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	3,380,408,552	15.73%
		<u>3,391,908,552</u>	<u>15.78%</u>
Xu Zhe Cheng ("Ms. Xu") (Note 2) 許哲誠（「許女士」）（附註2）	Held by spouse 由配偶持有	3,391,908,552	15.78%
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）	Beneficial owner 實益擁有人	234,240,000	1.09%
	Held by controlled corporation 由受控制公司持有	3,146,168,552	14.64%
		<u>3,380,408,552</u>	<u>15.73%</u>
Universal Union Limited ("Universal Union") Universal Union Limited（「Universal Union」）	Beneficial owner 實益擁有人	3,146,168,552	14.64%

Report of the Directors

董事會報告

Name of shareholders	Capacity	Number of shares/ underlying shares held	Approximate percentage interest in the issued voting shares of the Company
股東姓名／名稱	身份	所持股份／ 相關股份數目	佔本公司 已發行 附投票權股份 權益概約 百分比
China Huarong Asset Management Company Limited (“China Huarong Asset”) (Note 4) 中國華融資產管理股份有限公司 （「中國華融資產」）（附註4）	Held by controlled corporations 由受控制公司持有	4,888,000,000	22.74%
Huarong Real Estate Company Limited (“Huarong Real Estate”) (Note 4) 華融置業有限責任公司（「華融置業」） （附註4）	Held by controlled corporations 由受控制公司持有	4,888,000,000	22.74%
China Huarong International Holdings Limited (“China Huarong International”) (Note 4) 中國華融國際控股有限公司 （「中國華融國際」）（附註4）	Held by controlled corporations 由受控制公司持有	4,888,000,000	22.74%
Oceanic Merchant Limited (“Oceanic”) (Note 4) Oceanic Merchant Limited（「Oceanic」）（附註4）	Person having a security interest in shares 在股份中持有保證權益的人士	1,870,000,000	8.70%
Driven Innovation Limited (“Driven”) (Note 4) Driven Innovation Limited（「Driven」）（附註4）	Held by controlled corporation 由受控制公司持有	3,018,000,000	14.04%
Zhong Ling (“Mr. Zhong”) (Note 5) 鍾靈（「鍾先生」）（附註5）	Held by controlled corporation 由受控制公司持有	3,018,000,000	14.04%
China Gem Group Limited (“China Gem Group”) (Note 5) 中國中石集團有限公司（「中國中石集團」） （附註5）	Held by controlled corporation 由受控制公司持有	3,018,000,000	14.04%

Report of the Directors

董事會報告

Name of shareholders	Capacity	Number of shares/ underlying shares held	Approximate percentage interest in the issued voting shares of the Company
股東姓名／名稱	身份	所持股份／ 相關股份數目	佔本公司 已發行 附投票權股份 權益概約 百分比
China Gem Investment Management Limited ("China Gem Investment") (Note 5)	Held by controlled corporation	3,018,000,000	14.04%
China Gem Investment Management Limited ("China Gem Investment") (附註5)	由受控制公司持有		
China Gem Fund IX L.P. ("China Gem Fund") (Note 4)	Beneficial owner	3,018,000,000	14.04%
China Gem Fund IX L.P. ("China Gem Fund") (附註4)	實益擁有人		
Gu Jie ("Mr. Gu") (Note 6) 顧頡 ("顧先生") (附註6)	Beneficial owner 實益擁有人	1,876,580,000	8.73%
Shanghai Mint Investment Advisory Company Limited (Note 7)	Held by controlled corporation	1,324,929,577	6.16%
上海民閱投資諮詢有限公司 (附註7)	由受控制公司持有		
Mint International Group Limited (Note 7) 民閱國際集團有限公司 (附註7)	Held by controlled corporation 由受控制公司持有	1,324,929,577	6.16%
Pleasant Journey Global Limited (Note 7) Pleasant Journey Global Limited (附註7)	Beneficial owner 實益擁有人	1,324,929,577	6.16%

Report of the Directors

董事會報告

Notes:

1. 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 3,146,168,552 shares in the Company.
2. Ms. Xu is the spouse of Mr. Qian. The interest of Mr. Qian was deemed to be Ms. Xu's interest.
3. 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.
4. (i) Driven Innovation is the limited partner of China Gem Fund contributing approximately 83.75% of the total capital commitment including its 3,018,000,000 ordinary shares of the Company to China Gem Fund. Driven Innovation is wholly owned by China Huarong International which in turn is owned as to 11.90% by Huarong Zhiyuan Investment & Management Company Limited ("Huarong Zhiyuan") and as to 88.10% by Huarong Real Estate. Huarong Zhiyuan and Huarong Real Estate both are wholly owned by China Huarong Asset. (ii) Oceanic is wholly owned by China Huarong International. Mr. Gu charged 1,870,000,000 of the Shares he is interested to Oceanic on 11 December 2014. Accordingly, China Gem Fund is interested in 3,018,000,000 Shares, Driven Innovation is deemed to be interested in 3,018,000,000 Shares, each of China Huarong Asset, Huarong Real Estate, China Huarong International is deemed to be interested in 4,888,000,000 Shares and Oceanic is interested in 1,870,000,000 Shares for the purpose of Part XV of the SFO.
5. China Gem Investment, the general partner of China Gem Fund is directly wholly-owned by China Gem Financial Group Limited which is, in turn, directly wholly-owned by China Gem Group which is, in turn, directly wholly-owned by Mr. Zhong. Accordingly, each of China Gem Investment, China Gem Financial Group Limited, China Gem Group and Mr. Zhong is deemed to be interested in 3,018,000,000 Shares held by China Gem Fund for the purpose of Part XV of the SFO.
6. 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 Oceanic on 11 December 2014.
7. These shares were held by Pleasant Journey Global Limited ("Pleasant Journey"). Pleasant Journey is wholly owned by Mint International Group Limited which is wholly owned by Shanghai Mint Investment Advisory Company Limited ("Shanghai Mint"). Shanghai Mint is deemed to be interested in the shares held by Pleasant Journey for the purpose of Part XV of the SFO.

附註：

1. 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3,146,168,552股本公司股份。
2. 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。
3. 該等股份由中國萬泰之全資附屬公司Universal Union持有，而中國萬泰則由錢先生及許女士分別實益擁有95%及5%權益。
4. (i) Driven Innovation為China Gem Fund之有限合夥人，佔資本承擔總額約83.75%，其中包括其轉讓予China Gem Fund之3,018,000,000股本公司普通股。Driven Innovation由中國華融國際全資擁有，而中國華融國際則由華融致遠投資管理有限責任公司（「華融致遠」）及華融置業分別擁有11.90%及88.10%權益。華融致遠及華融置業均由中國華融資產全資擁有。(ii) Oceanic由中國華融國際全資擁有。顧先生於二零一四年十二月十一日將其擁有權益之1,870,000,000股股份抵押予Oceanic。因此，根據證券及期貨條例第XV部，China Gem Fund於3,018,000,000股股份中擁有權益；Driven Innovation被視為於3,018,000,000股股份中擁有權益；中國華融資產、華融置業及中國華融國際各自被視為於4,888,000,000股股份中擁有權益；及Oceanic於1,870,000,000股股份中擁有權益。
5. China Gem Fund之普通合夥人China Gem Investment由中國中石金融集團有限公司直接全資擁有，中國中石金融集團有限公司則由中國中石集團直接全資擁有，而中國中石集團則由鍾先生直接全資擁有。因此，根據證券及期貨條例第XV部，China Gem Investment、中國中石金融集團有限公司、中國中石集團及鍾先生各自被視為於China Gem Fund持有之3,018,000,000股股份中擁有權益。
6. 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。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Oceanic。
7. 該等股份由Pleasant Journey Global Limited（「Pleasant Journey」）持有。Pleasant Journey由民閱國際集團有限公司全資擁有，而民閱國際集團有限公司由上海民閱投資諮詢有限公司（「上海民閱」）全資擁有。根據證券及期貨條例第XV部，上海民閱被視為於Pleasant Journey持有的股份中擁有權益。

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 2018, 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.

除上文披露者外，於二零一八年十二月三十一日，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。

Report of the Directors

董事會報告

RELATED PARTY TRANSACTIONS

Details of the related party transactions during the financial year are set out in Note 37 to the consolidated financial statements.

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 byelaws 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.

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37。

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。

Report of the Directors

董事會報告

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 200 of this annual report.

AUDIT COMMITTEE

The audit committee comprises three independent non-executive Directors, namely Mr. William Fong, Mr. Leung Kar Fai and Dato 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 2018.

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 2018.

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, 28 March 2019

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200頁。

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、梁嘉輝先生及拿督鄭澤豪博士組成。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二零一八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二零一八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，二零一九年三月二十八日

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 2018, 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. Yang Ying Min (“Mr. Yang”), being the Chairman and Chief Executive of the Company. 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 nonexecutive 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。

截至二零一八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。

楊英民先生（「楊先生」）為本公司主席兼行政總裁，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，並將會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 a 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 board of directors of the Company. The Policy provide a sustainable and balanced development in Company's strategic objectives. The Board review the Policy annually and ensure 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, Dato Dr. Cheng Chak Ho were absent from the 2018 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.

然而，董事會認為，按照董事會及本公司目前的規模，建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」），以實現本公司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。

由於拿督鄭澤豪博士於有關時間須處理個人及其他重要事務，故缺席本公司二零一八年的股東週年大會。

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。

Corporate Governance Report

企業管治報告

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 2018, and they have all confirmed that they had fully complied with the required standard set out in the Model Code.

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.

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二零一八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。

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。

Corporate Governance Report

企業管治報告

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 2018:

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二零一八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：

Name of Directors	Board meeting	Audit Committee meeting	Remuneration Committee meeting	Corporate Governance Committee meeting	Financial Reporting Committee meeting	General meeting	
董事姓名	董事會會議	審核委員會會議	薪酬委員會會議	企業管治委員會會議	財務報告委員會會議	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
Zhao Jian	趙劍	1/4	n/a 不適用	n/a 不適用	n/a 不適用	n/a 不適用	0/1
Xu Zi Jing (Note 1)	許子敬(附註1)	3/4	n/a 不適用	n/a 不適用	n/a 不適用	n/a 不適用	0/1
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	0/1

Note 1: Due to other work commitment, Mr. Xu Zi Jing resigned from her position as an executive Director of the Company on 15 October 2018.

附註1：因有其他工作需要，許子敬先生於二零一八年十月十五日辭任執行董事。

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

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。

During the financial year of 2018, 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.

於二零一八財政年度，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。

Corporate Governance Report

企業管治報告

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 and Zhang Jia Kun 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.

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、錢一棟及張家坤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 2018 are:

Mr. Leung Kar Fai (*Chairman*)
Dato 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 11 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 2018, 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。二零一八財政年度之薪酬委員會成員如下：

梁嘉輝先生 (主席)
拿督鄭澤豪博士
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11。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。

於截至二零一八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*)
Dato Dr. 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 2018, 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 2018 included reviews of the following:

- a. the directors' report and the consolidated financial statements for the year ended 31 December 2017 of the Group, with a recommendation to the Board for approval;
- b. the consolidated financial statements for the six months ended 30 June 2018 of the Group, with a recommendation to the Board for approval;
- c. the audit fees for the year ended 31 December 2018 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*)
拿督鄭澤豪博士
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。

截至二零一八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。審核委員會於截至二零一八年十二月三十一日止年度之工作包括審閱以下事項：

- a. 本集團截至二零一七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. 本集團截至二零一八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二零一八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 2018 are as follows:

Mr. Qian Yi Dong (*Chairman*)
Dato 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 2018 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：

於二零一八財政年度之企業管治委員會成員如下：

錢一棟先生（主席）
拿督鄭澤豪博士
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。

於二零一八財政年度內，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 2018, the Financial Reporting Committee had reviewed the audited financial statements of the Group for the year ended 31 December 2017 and the unaudited financial statements of Group for the six months ended 30 June 2018. 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.

截至二零一八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二零一七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二零一八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。

Corporate Governance Report

企業管治報告

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.

AUDITOR'S REMUNERATION

An amount of approximately HK\$1,200,000 (2017: HK\$1,080,000) was charged to the Group's consolidated financial statements for the year ended 31 December 2018 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 (2017: 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.

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。

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二零一八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1,200,000港元（二零一七年：1,080,000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（二零一七年：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。

Corporate Governance Report

企業管治報告

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.

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.

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。

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。

Corporate Governance Report

企業管治報告

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 2018, 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.

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。截至二零一八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 2018, 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, 28 March 2019

就截至二零一八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，二零一九年三月二十八日

Environmental, Social and Governance Report

環境、社會及管治報告

SCOPE, MATERIALITY, AND REPORTING PERIOD OF THIS REPORT

Principle and Scope of the Report

This is the 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 according to the Environmental, Social and Governance Reporting Guide (the “ESG Guide”) in Appendix 27 to the Rules Governing the Listing of Securities on the Main Board (the “Main Board”) of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

Unless otherwise stated, this ESG Report includes the business operations of the Group in both Hong Kong and China during the reporting period for the year ended 31 December 2018 (the “Reporting Period”) relating to the overall performance, risks, strategies, measures and commitments of four aspects: quality of working environment, environmental protection, operating practices and community participation.

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; (iii) chemical trading operations; and (iv) security technologies operations. These activities are mainly operated in mainland China. The office in Hong Kong is primarily responsible for compliance matters in relation to the listing of the Company on the Main Board of the Stock Exchange. Therefore, after conducting tests on materiality, the Group decided to include all of its principal subsidiaries engaged in the above businesses in mainland China and the office in Hong Kong in this ESG Report. All the information is extracted from official documents or statistics reports of the Company.

For details of our corporate governance, please refer to our report on corporate governance from page 35 to page 47 of this annual report.

本報告的適用範圍、重要性及報告期

報告原則及範疇

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」）按照香港聯合交易所有限公司（「聯交所」）主板（「主板」）《證券上市規則》附錄二十七之《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」）。

除另有說明者外，本ESG報告涵蓋本集團在香港及中國的業務運作於截至二零一八年十二月三十一日止年度的報告期間（「報告期間」），在工作環境質量、環境保護、營運常規及社區參與等四個方面之整體表現、風險、策略、措施及承諾。

報告期間，本集團業務主要包括為(i)採礦業務（即開採、勘探及買賣礦產資源）、(ii)物業管理業務、(iii)化學品買賣業務；及(iv)保安技術業務。該等業務主要運營地區為中國內地。香港辦事處主要為負責本公司在聯交所主板上市之相關合規事宜。因此，在進行重要性測試後，本集團決定在本ESG報告涵蓋本集團在中國內地的上述業務各級主要子公司、以及香港辦事處。所有資料來自本公司的正式文件或統計報告。

有關我們企業管治的詳情，請參閱本年報內第35頁至第47頁的企業管治報告。

Environmental, Social and Governance Report

環境、社會及管治報告

Overall Approaches and Policies

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 continuous and healthy growth in production capacity and further expanding the product mix of our mining operations;
- 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 stakeholders on issues such as cooperation and respect for employees, communities and environment, for the sake of being recognized as a company with sustainable development.

STAKEHOLDERS' FEEDBACK

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

With this report, the Group intends to inform stakeholders of the Group's performance in other aspects in addition to the financial performance and business operations. Should any stakeholder has any question or comment 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:

Address: Rooms 2009-18, 20/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

整體方針及政策

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。

持份者的意見回饋

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。

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：

地址：香港灣仔港灣道6-8號瑞安中心20樓
2009-18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

ENVIRONMENTAL REPORT

North Mining has been committed to protecting the environment, thus a safety environment management committee has been established and a designated person has been assigned to monitor safety issues and impact on environment during the production process of the Company. During the course of our business, including mining, processing, production and other processes at mines, as well as daily office back-up, we adopt relevant prevention and protection measures on air, water, waste and other aspects to mitigate the impact on natural environment in view of meeting the implementation standards for environmental impact assessment.

We ensure the compliance with relevant national regulations and prepare internal guidelines and codes in accordance with these regulations. Such regulations, internal guidelines and codes include but not limited to:

- “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

Environment impact of air pollution:

- 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)
- “Environmental Protection Law of the PRC”
- “Air Pollution Control Ordinance”
- “Environmental Protection Law of the PRC”
- “Law of the People’s Republic of China on Prevention and Control of Pollution From Environmental Noise”
- “Law of the People’s Republic of China on Assessment of Environmental Impacts”
- “Regulations of Environment Protection in Construction Projects ”
- “Decision of the State Council on Several Issues Concerning Environmental Protection”
- “Air Pollution Control Ordinance”
- “Energy Conservation Law ”
- “Cleaner Production Promotion Law”

環境層面報告

北方礦業一直致力保護環境，並設立安環管委會，由專人對公司生產過程中的安全及環境影響經行監督。在業務過程中，包括於礦山範圍的採礦、洗選及生產等工序、以及日常後勤支援工作，我們均在大氣、水、廢物等多方面採取相應的防範保護發管理措施，降低對自然環境的影響，以達到符合環境影響評價執行標準。

我們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。部分法規及內部指引和守則包括但不限於：

- 《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[2013]34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[2016]93號

空氣環境影響：

- 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
- 《中華人民共和國環境保護法》
- 《空氣污染管制條例》
- 《中華人民共和國環境保護法》
- 《中華人民共和國環境噪聲污染防治法》
- 《中華人民共和國環境影響評價法》
- 《建設項目環境保護管理條例》
- 《國務院關於環境保護若干問題的決定》
- 《空氣污染管制條例》
- 《節約能源法》
- 《清潔生產促進法》

Environmental, Social and Governance Report

環境、社會及管治報告

Waste Treatment:

- “Waste Disposal Ordinance”
- “Law of the People’s Republic of China on the Prevention and Control of Environmental Pollution from Solid Wastes”

Coal-fired boiler exhaust gas:

- Subject to the Period II Standards of Second Zone under the “Emission Standards of Air Pollutants for Boilers” (GB13271-2001)

Cooking fume:

- Subject to relevant standards under the “Emission Standard of Cooking Fume” (GB18483-2001)

According to the aforesaid regulations, the Group has formulated “Management Standards – Control Standards of Environmental Factors” to provide precise content and requirements of environmental management for aspects including “design and development of products”, “manufacturing, packaging and transportation of products”, “waste management” and “obtaining of raw materials and natural resources”.

During the Reporting Period, no violation of environmental laws and regulations regarding emission of exhaust air and greenhouse gas, discharge into water and land, as well as hazardous and non-hazardous wastes that had significant impact on the Group was found. The Group also confirmed that it was not subject to governmental penalties due to any violation of aforesaid laws and regulations in the course of business during the Reporting Period.

Emission

In consideration of inevitable and negative impact 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 mines of the Group are in compliance with the “EIA Report” and the “Soil and Water Conservation Plan”. By starting the planning and design according to the internal regulations on “Mine Design”, we carry out appropriate planning for mining processes with reference to the land, climate, air quality and other environmental conditions at mining areas. In accordance with the design requirements and the protection design for open mining areas, our employees are required to commence work to minimize the impact of production and work on environment.

廢棄物處理：

- 《廢物處置條例》
- 《中華人民共和國固體廢物污染環境防治法》

燃煤鍋爐廢氣：

- 《鍋爐大氣污染物排放標準》(GB13271-2001)中二類區III時段標準

餐飲油煙：

- 《飲食業油煙排放標準》(GB18483-2001)中相關標準

本集團根據上述法規，制定了《管理標準－環境因素控制標準》，對「產品的設計和開發」、「產品的製造、包裝和運輸」、「廢物管理」、「原材料與自然資源的獲取」等環節提出明確的環境管理內容和要求。

報告期間，本集團並無就任何有關廢氣及溫室氣體排放、水及土地的排污、以及產生有害或無害廢棄物、且對本集團有重大影響的環保法律法規之違規事件。本集團亦確認於報告期間，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。

排放物

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，根據內部《礦區設計》，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，儘量減少因生產、施工而對環境造成的影響。

Environmental, Social and Governance Report

環境、社會及管治報告

The Group continues to reinforce environmental management on the basis of meeting the regulated emission standard of manufacturing enterprises and committing to designing, constructing and operating the plant and relevant environment protection facilities at the same time, and also strives to build a long-term effective mechanism for energy conservation and emission reduction, so as to achieve the goal of sustainable development. The ISO14001 environmental management system of the Group passed the annual review and verification of the certification authority during the Reporting Period, which assured the validity of certification.

To further enhance the environmental management of our mines, in addition to regular inspections by the local government on water quality, air quality and noise of our mines, we will appoint intermediaries to check our mining and production activities for the purpose of improving our environmental protection measures according to their recommendations.

Air Pollution – emission of exhaust air, greenhouse gas and dust

In order to prevent environmental destruction, the Group has unified processes in disposing tailings and waste rocks for the construction of slag-stacking dams. Besides managing wastes disposal at production sites, we have also adopted measures in reducing wastes. As potassium feldspar ores are large in size 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. We achieve the goal of no emission, discharge and disposal of “three wastes” (i.e. waste water, waste gas and solid waste) by recycling and reuse.

In respect of the emission control of chemical trading operations, Anhui Tongxi has formulated and implemented relevant environmental management procedures in accordance with laws and regulations, including “Environmental Protection Law of People’s Republic of China”, “Law of the People’s Republic of China on the Prevention and Control of Environmental Pollution from Solid Wastes” as well as “Energy Conservation Law of the People’s Republic of China”, ensuring the emission generated during course of the business (including chemical production, storage, transportation and sales etc.) would not exceed the national limit.

The Group treats the incurring exhaust gas with lye sprinkling to reduce substances such as sulphur dioxide and nitrogen oxide, and dries the sludge to reduce water content and sludge volume.

本集團堅持以生產企業達標排放、建設項目環保「三同時」為基礎，不斷加強環境管理，著力構建節能減排長效機制，努力實現可持續發展。報告期間，本集團建立的ISO14001環境管理體系，已通過認證機構的年度監督審核，認證證書繼續保持有效。

為進一步提升我們的礦山環境治理，除了地方政府定期對於礦區水質、空氣質量、噪聲經行檢查，我們亦主動聘請中介機構對我們的採礦生產活動經行檢查，並會按照他們提出的意見，完善我們的環保措施。

空氣污染—廢氣、溫室氣體及揚塵排放

本集團已就尾礦、廢石堆放建成攔渣壩統一堆放規程，避免對環境的破壞。我們不只做好生產現場的廢棄物處置，我們亦採取措施減少廢棄物。鉀長石礦體大，分層均勻，因此，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。我們透過採用循環生產工藝，達至無「三廢」即廢水、廢氣、廢棄物的排放。

化學品買賣業務的排放物控制方面，安徽同心已根據《中華人民共和國環境保護法》、《中華人民共和國固體廢物污染環境防治法》、及《中華人民共和國節約能源法》等法律法規，制定及執行相關環境管理程序，確保該業務過程中（包括化學品生產、倉儲、運輸及銷售等）所產生的排放物不高於國家限制水平。

本集團對產生的廢氣進行鹼液噴淋處理，以減少二氧化硫、氮氧化物等物質，並對污泥進行乾燥處理，減少水分，減少污泥產量。

Environmental, Social and Governance Report

環境、社會及管治報告

Hazardous and Non-hazardous Waste Treatment

For general office waste, including electronic products, the Group has formulated a guideline for waste classification, recycling and disposal, with the waste delivered to qualified professional waste recycling companies for centralized processing.

The Group carries out the principles of segregated management and centralized treatment of hazardous waste to achieve the goals of reduction, recycling and biosafety, establishes a sound hazardous waste management system, takes measures to prevent hazardous waste from polluting the environment, conducts separate collection and storage of hazardous waste and designates relevant marks, and regularly delivers the collected hazardous waste to qualified unit for treatment according to environmental protection regulations to avoid environmental pollution.

Wastewater Treatment

Anhui Tongxi has obtained the “pollutant discharge permit” issued by the local environmental protection bureau, all discharged wastewater has been processed by sewage treatment equipment, which is in compliance with the standard for pollutant emission of China. Anhui Tongxi proactively facilitates the implementation of water-saving projects including “reusing of steam condensation” as well as the nearby recycling of wastewater from work processes, and continues to optimize the reuse rate of such wastewater and reduces the consumption of new water in the principles of “source reduction, process control and end treatment”. In addition, Anhui Tongxi builds wastewater station to guarantee the qualified discharge of wastewater.

有害及無害廢棄物處理

就一般辦公室廢物，包括電子產品等，本集團已制定指引，將妥善廢棄物分類、回收及處置，並交由具資質認可的專業廢物回收公司統一處理。

本集團對危險廢棄物實行分類管理，集中處置的原則，實現危險廢物的減量化、資源化和無害化，建立健全危險廢物管理制度，採取防治危險廢物污染環境的措施，對危險廢物進行了分類收集、貯存並設置危險廢物標誌，按照環保法規要求，定期將收集的危險廢物交給有資質單位進行處置，避免環境污染。

污水處理

安徽同心已取得當地環境保護局發出的《排污許可証》，所有污水均經過污水處理設備處理後排放，符合國家規定的污染物排放標準。安徽同心積極推進「蒸汽凝結水回用」等節水項目的實施，實現工藝廢水就近循環利用，以「源頭消減、過程控制、末端治理」為原則，不斷優化廠區工藝廢水的重復利用率，持續降低新水消耗。此外，安徽同心建立污水站，確保廢水達標排放。

Environmental, Social and Governance Report

環境、社會及管治報告

Emission Data Summary :

排放物數據摘要：

Types of emission	排放物種類	Unit 單位	Quantity 數量
Greenhouse gas emission	溫室氣體排放		
- Scope 1 – Direct emission	- 範圍一 – 直接排放		
• Fuel consumption	• 燃料消耗	kilogram 千克	N/A 不適用
- Scope 2 – Indirect emission	- 範圍二 – 間接排放		
• Electricity consumption	• 電力消耗	(carbon dioxide equivalent)	54,814,513
- Scope 3 – Other indirect emission	- 範圍三 – 其他間接排放	(二氧化碳當量)	
• Paper consumption	• 紙張消耗		3,100
• Water consumption	• 水消耗		281,901
Exhaust gas emission	廢氣排放		
- Nitrogen oxide	- 氮氧化物	gram 克	N/A 不適用
- Sulphur dioxide	- 二氧化硫		7,205
- Particulates	- 顆粒物		N/A 不適用
Waste water	污水	tonne 噸	75,400
Waste	廢棄物		
- Hazardous waste	- 有害廢棄物	tonne 噸	775
- Non-hazardous waste	- 無害廢棄物		78

Environmental, Social and Governance Report

環境、社會及管治報告

Disclosures of the key performance indicators (the “KPI”) of the Group in Aspect A1 of the ESG Guidelines are summarized as follows:

本集團有關ESG指引中A1層面的關鍵績效指標之披露，現概述如下：

KPI A1.1	Types of emissions and emission data (if applicable) are set forth in the data summary above.	關鍵績效指標A1.1	排放物種類及排放物數據（如適用）已載列於以上數據摘要。
KPI A1.2	Total emission of greenhouse gases is set forth in the above paragraphs. Greenhouse gases generated in the course of daily operations do not exceed the highest levels permitted by relevant laws. For Scope 1 of greenhouse gas emission, the Group does not record and compile comprehensive emission data on direct emission from operating machineries in the course of business. In addition, the Group does not capture the exact trip records of motor vehicles, thus cannot calculate emission of nitrogen oxide and particulates.	關鍵績效指標A1.2	溫室氣體總排放量已載列於上述各段。日常營運過程中產生的溫室氣體均沒有超出相關法例許可的最高水平。就溫室氣體排放範圍一，本集團於營運過程中，未能就機器運作時產生之直接排放，紀錄及統計完整排放數據。另外，我們未能掌握確切的車輛行車紀錄，故無法計算相應的氮氧化物及顆粒物排放。
KPI A1.3	Total hazardous waste is set forth in the data summary above.	關鍵績效指標A1.3	有害廢棄物總量已載列於以上數據摘要。
KPI A1.4	Total non-hazardous waste is set forth in the data summary above.	關鍵績效指標A1.4	無害廢棄物總量已載列於以上數據摘要。
KPI A1.5	Measures to reduce emissions and results achieved can be referred to the above paragraphs.	關鍵績效指標A1.5	減少排放物的措施及所取得的成效可參考上述各段。
KPI A1.6	Methods of treating waste and measures to reduce emissions are set forth in the paragraph headed Hazardous and Non-hazardous Waste Treatment above.	關鍵績效指標A1.6	處理廢棄物的方法、減低產生量的措施已載列於以上有害及無害廢棄物處理段落。

Environmental, Social and Governance Report

環境、社會及管治報告

Use of Resources

Effective resources utilization is our aim. We minimize losses during our production process and make full use of resources by recycling and reuse. During the crushing process, we break the rocks into a suitable size to reduce losses. We will also reselect from the slag to fully use the resources.

Besides environmental management on our mines and chemicals, we also implement a number of measures to save energy and reduce emissions at the office. The use of all office equipment is subject to the rules of “turning equipment on when needed, keeping equipment on standby mode when idled, and turning equipment off when leaving the office”. Certain specific measures include:

- Control lighting equipment by a timer based on summer and winter time;
- Stipulate operating regulations on electric appliances in the office, for example, turning off lights in the office during noon break;
- Switch off the power supply of all electrical equipment after work and purchase energy-saving and environment-friendly products;
- Strictly prohibit employees from wasting water by regulating water consumption with the principle of water conservation;
- Use recyclable teacups and hot water as much as possible and reduce disposable bottled drinking water for meetings and group activities;
- Post slogans like “saving water” in corridors and washrooms of the office for raising the awareness of energy conservation;
- Create a paperless office by encouraging the use of e-mails and other electronic documents, and require internal documents to be printed on both sides, as well as recycle waste paper.

Moreover, all production plants should comply with, and be approved by, the energy management system to further strengthen energy management. As such, the Group has further strengthened the control over the energy-consumption index of main working procedures to complete the energy efficiency monitoring work on key energy-consuming equipment and facilities. In addition, each unit has established a comprehensive control index to perfect the energy index assessment and the energy efficiency benchmarking system. The Group encourages its production plants to continuously increase the use of clean energy to facilitate the establishment of a sufficient, safe and clean energy supply system. The Group reviews its internal policies on environment protection from time to time and evaluates practicable environment protection factors in daily operations for the sake of improving the utilization rate of resources.

資源使用

我們以充分有效利用資源為宗旨，儘量降低生產過程中的損耗，採用循環生產的工藝善用資源。在生產破碎環節，我們利用破碎機器將石塊破碎成為合適的規格，以減少損耗。我們亦會將礦渣再次篩選，讓資源得以充分利用。

除了礦山及化學品的環境治理，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，部分具體措施包括：

- 照明電器用時間控制器按照夏冬兩季分時照明；
- 規定辦公場所相關電器的使用規範，如午休時，關閉辦公室電燈；
- 下班後，關閉所有電器設備電源；在採購時選擇節能環保產品；
- 本著節約用水的原則，我們規範員工用水行為，嚴禁浪費；
- 組織會議和集體活動時，盡量使用可循環使用的茶杯、開水，減少一次性瓶裝飲用水；
- 室內走廊和洗漱間分別張貼「節約用水」等宣傳標語，強化節能意識；
- 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。

此外，為進一步加強能源管理，各生產車間須符合通過能源管理體系。當中，本集團加強對主要工序能耗指標的控制，以完成對重點耗能設備設施的能效監測工作。同時，各單位建立健全控制指標，完善能源指標考核和能效對標。本集團鼓勵車間持續增加使用清潔能源，以推動建立充足、安全、清潔的能源供應。本集團不時審視內部環境政策，在日常營運過程中加以考慮切實可行的環保因素，藉以提升資源使用效率。

Environmental, Social and Governance Report

環境、社會及管治報告

Resource Consumption Data Summary:

資源消耗數據摘要：

Type of resource consumption	資源消耗種類	Unit 單位	Quantity 數量
Water	水	tonne 噸	402,716
Electricity	電力	kilowatt hour 千瓦時	69,385,459
Fuel (including petroleum and gasoline) – motor vehicle, vessel and other transportation vehicle	燃料 (包括石油及汽油) – 車輛、船及其他運輸工具	litre 公升	490,122
Fuel (including petroleum and gasoline) – equipment and machinery	燃料 (包括石油及汽油) – 裝備及機器	litre 公升	74,147
Paper	紙張	tonne 噸	0.65
Package materials (plastic)	包裝物料 (塑料)	tonne 噸	0.22
Package materials (Corrugated)	包裝物料 (瓦楞)	tonne 噸	512

Disclosures of the KPIs of the Group in Aspect A2 of the ESG Guidelines are summarized as follows:

就本集團有關ESG指引中A2層面的關鍵績效指標之披露，現概述如下：

KPI A2.1	Direct and/or indirect energy consumption by type and intensity is set forth in the data summary above.	關鍵績效指標A2.1	按類型及密度劃分的直接及／或間接能源耗量已載列於以上數據摘要。
KPI A2.2	Total water consumption is set forth in the data summary above.	關鍵績效指標A2.2	總用水量已載列於以上數據摘要。
KPI A2.3	Description of energy use efficiency initiatives is set forth in the paragraph above.	關鍵績效指標A2.3	能源使用效益計劃之相關描述已載列於以上段落。
KPI A2.4	The Group does not have any problem in acquiring appropriate water sources, and believes that our water consumption is at a reasonable level. Water efficiency initiatives are set forth in the paragraph above.	關鍵績效指標A2.4	本集團就求取適用水源上沒有任何問題，並認為用水量處於合理水平。提升用水效益計劃已載列於以上段落。
KPI A2.5	Types and data of packaging materials are set forth in the data summary above.	關鍵績效指標A2.5	包裝材料種類及數據已載列於以上數據摘要。

Environmental, Social and Governance Report

環境、社會及管治報告

ENVIRONMENT AND NATURAL RESOURCES

In view of mitigating the impact on the environment and natural resources caused by the Company, we have strictly followed the Implementation Standard for Environmental Impact Assessment in running our production and business activities via building slag fields to lessen dust pollution, and implemented recyclable production and reused wastewater to lessen water pollution.

Besides reducing the impact of our work on the land ecology, we are also actively engaged in greening and reclamation. Vegetation restoration is indispensable in the construction of mining area. To prevent unnecessary vegetation removal, we clearly demarcate the vegetation area to be removed. Since our mine construction is at the primary stage only, it is unsuitable for any meaningful greening project. However, we will design our greening projects in detail based on the guidelines set out in “EIA Report” and “Soil and Water Conservation Plan” and also the construction progress of mines. Upon completion of production at the mining area, we will gradually restore the ecological environment by carrying out environmental protection and restoration management as planned.

Furthermore, the Group proactively enhances staff’s awareness of environmental protection to implement the concept of sustainable development. As such, the Group continues to reinforce the propaganda and education on energy conservation and consumption reduction, actively conducts environmental protection trainings and routine emergency drills and steps up the efforts in the publicizing and implementation of the new “Environmental Protection Law” and relevant systems by organizing expert lectures, and setting up environmental protection column, etc., thereby striving to enhancing the legal sense and awareness of environmental protection of workers and members of the management team.

The Group proactively guides its departments to realize the concept of green office and advocates to save resources and energy, reduce pollutant emissions, use and recycle renewable products, and also upholds the idea of people first and harmonious office, thus taking the lead to create a green and comfortable office environment for its staff. The Group advocates the planting of green plants in the office to purify air and reduce air pollution. The Group implements a comprehensive enterprise environmental protection system by assigning dedicated personnel for environmental protection. In addition, environmental protection responsibility statements are signed by all levels of management to achieve the goals of “dedicated personnel, delegated responsibilities, assigned tasks and stipulated rewards and punishment” and to make environmental protection management cover all operation posts and all staff.

環境及天然資源

為減少公司對環境及自然資源造成重大影響，我們嚴格按照環境影響評價執行標準進行生產經營活動，例如建設排渣場，減少粉塵污染；以及採用循環生產，廢水回收再用，減少水污染。

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。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，我們會遵照《環評報告》和《水土保持方案》等指引，根據礦山的建設情況，詳細設計綠化工程。當礦區生產完成後，我們會按計劃進行礦山環境保護和恢復治理，以逐步恢復礦區生態環境。

另外，本集團積極加強員工環保意識，貫徹落實可持續的發展理念。當中，本集團不斷加強節能降耗宣傳教育，積極開展環保專題培訓和常態化應急演練，並通過組織專家講座、開關環保專欄等形式，加大對新《環境保護法》及相關制度宣貫力度，著力增強員工及管理人員的法制觀念和環保意識。

本集團積極引導各部門推行綠色辦公，鼓勵節約資源和能源，減少污染物排放，使用並回收可再生產品；同時提倡以人為本，和諧辦公，積極為員工打造綠色舒適的辦公環境。本集團提倡辦公室種植綠色植物，淨化空氣，減少空氣污染。本集團全面落實企業環境保護制度，設置環保專員，在各管理層級上，層層簽訂環保責任書，實現「定人員、定責任、定任務、定獎懲」，使環保管理涵蓋了全部操作崗位、全部員工。

Environmental, Social and Governance Report

環境、社會及管治報告

Disclosures of the KPIs of the Group in Aspect A3 of the ESG Guidelines are summarized as follows:

KPI A3.1 Description of the significant impact of activities on the environment and natural resources and the actions taken to manage them are set forth in the paragraph above.

就本集團有關ESG指引中A3層面的關鍵績效指標之披露，現概述如下：

關鍵績效指標A3.1 描述業務活動對環境及天然資源的重大影響及已採取處理有關影響的行動已載列於以上段落。

SOCIAL ISSUES REPORT

EMPLOYMENT AND LABOUR PRACTICE

EMPLOYMENT

Employment Data Summary :

社會層面報告

僱傭及勞工慣例

僱傭

僱傭數據摘要：

Employee statistics	僱員統計	Unit 單位	Quantity 數量
Total number of employees	員工總數	Person 人	688
By gender	按性別	Percentage 百分比	
– Male	– 男性		83.9
– Female	– 女性		16.1
By employment nature	按僱傭性質	Percentage 百分比	
– Full-time permanent staff	– 全職長期員工		60.9
– Full-time contract staff	– 全職合約員工		39.0
– Temporary/part-time staff	– 臨時／兼職員工		0.1
By rank	按職級	Percentage 百分比	
– Management executives	– 行政管理人員		16.7
– Other staff	– 其他員工		83.3
New employee	新聘員工	Person 人	
– Male	– 男性		27
– Female	– 女性		6
Employee turnover	員工流失	Person 人	
– Male	– 男性		10
– Female	– 女性		3

Environmental, Social and Governance Report

環境、社會及管治報告

Employment, Remuneration and Benefit Policy

As at 31 December 2018, the Group had 688 employees. The Group is committed to providing a good and safe working environment for its employees. On the basis of the “Labor Law of the People’s Republic of China”, “Employment Contract Law of the People’s Republic of China”, “Labor Standards Act” and industry practice, we have formulated relevant employment and labour practices, covering recruitment and dismissal, remuneration and promotion, working hours, holidays, equal opportunities, diversity, other packages, and benefits policies and guidelines, to ensure all of our employees are treated equally. All employees have access to detailed policies and provisions in this regard 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 shift leave or compensation leave for staff who work overtime according to their work nature, and pay remuneration to employees who work overtime reasonably. The Group also offers additional remuneration and benefits, such as employee assessment bonuses, with reference to factors including 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.

Based on the nature of our business, there will be more outsourced construction workers and equipment installation personnel during the construction of our mines. For external personnel, the Company will pay contractual payment by installments. If they are not paid on time, we will urge the relevant party to make the payment first, failing which, we will pay them out of the total project payment after negotiation with the other two parties.

Equal Opportunity and Diversity Policy

The Group has a fair recruitment and promotion system. The evaluation for recruitment or promotion and the determination of remuneration and benefits are based on individuals’ scope of work, qualifications, work performance, company performance and market conditions. In guaranteeing equal opportunities for our employees, no employee is discriminated against or deprived of any benefit due to gender, race, religion, age, marriage and family status, disability or any other cause.

僱傭、薪酬及福利政策

於二零一八年十二月三十一日，本集團擁有688名員工。本集團致力為員工提供一個良好及安全的工作環境。我們依據包括《中華人民共和國勞動法》、《中華人民共和國勞動合同法》及《勞動基準法》等，並參照行業慣例，制訂相關的僱傭及勞工實務，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。

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。

平等機會及多元政策

本集團擁有公平的招聘及晉升制度，以個人工作範疇、資歷、工作表現、公司業績及市場情況作為考慮，再經過評核後決定招聘或晉升，以及釐訂薪酬、福利等，堅決不會因性別、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歧視或遭剝奪任何待遇，確保員工得到公平機會。

Environmental, Social and Governance Report

環境、社會及管治報告

Dismissal Policy

Regarding policies for dismissing employees, should an employee commit serious misconduct and show no improvement after repeated warnings, the supervisor and senior management of the Company should conduct a comprehensive internal discussion. Before being dismissed, an employee should be allowed to respond and explain. Reasons for dismissal should be clearly presented to the employee, and the dismissal procedure must be made in accordance with relevant laws and regulations.

Employee Communication

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. In order to understand our development history and vision, and the realization of our own value, propaganda for corporate culture will be organized upon the entry of staff. We also organize festive meals, leisure trips and other activities to recognize their hard work, alleviate the fatigue from work and enhance team cohesion.

During the Reporting Period, the Group was not involved in any breach of laws and regulations relating to employment that had significant impact on the Group.

Health and Safety

Safety First

The ore mining business involves dangerous processes to a certain extent. In view of this, the Group attaches top priority to providing employees with a safe working environment. In order to achieve the goal of safe operation, 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 have strictly supervised and implemented the same. A safety committee has been set up to deal with and respond to safety issues and emergencies. The safety committee will conduct safety inspection of the working environment on a regular basis (including a semi-annual safety assessment) and formulate safety guidelines according to the “Safety Assessment Report” prepared by them.

解僱政策

就有關解僱員工之政策而言，倘員工之行為嚴重失當及其於多次警告後仍未有改善，則其主管及本公司高級管理層將進行全面之內部討論，並於宣佈解僱該員工前讓其回應及解釋。解僱原因將向員工清晰傳達。解僱程序亦必須符合適用法例及法規。

員工溝通

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。

報告期間，本集團並無牽涉任何有關僱傭、且對本集團有重大影響的違法違規事件。

健康及安全

安全為先

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，包括每半年進行一次安全考核，以及準備《安評報告》並據此訂制安全指引。

Environmental, Social and Governance Report

環境、社會及管治報告

The environment of mines usually involves higher risks. As such, we put great emphasis on employees' occupational health and safety awareness. We enhance safety education and provide relevant safety training and knowledge for employees, including equipping with fire prevention equipment, watching videos about fire prevention, first aid and electrical safety. We arrange a 3-day safety training for safety management staff bi-annually under the organisation of the government. Training contents are prepared uniformly by safety supervision units at municipal level according to relevant requirements of national laws and regulations. Upon the completion of training, a related examination will be held. Such training will also enhance the entire safety management system significantly.

In addition, the Company requires the provision of relevant qualification certificates for specific operations and equipment, such as qualification certificates for specific electricians, specific equipment operation permits for loader drivers and excavator drivers.

Physical and Mental Health

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

During the Reporting Period, the Group had no major safety incident and work-related injury. Also, the Group was not involved in any breach of laws and regulations relating to safe working environment and protecting employees from occupational hazards that had significant impact on the Group.

Development and Training

Training statistics:

一般而言，礦山環境較為危險，因此我們重視員工對職業健康及安全的意識。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。我們在政府組織下，每年對安全管理人員進行兩次為期三天的安全培訓。培訓內容由市級安全監督單位根據國家相關法律法規要求，涉及統一編寫的教程。培訓結束後，我們會進行相關考核。有關培訓亦對整個安全管理系統有顯著的提升。

此外，根據特種作業和特種設備，公司會要求提供相應資格證書，包括電工特種作業資格證、裝載機司機、挖掘機司機特種設備操作證。

身心健康

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。

報告期間，本集團沒有發生重大安全事故以及工傷；亦無任何有關安全工作環境及保障僱員避免職業性危害、且對本集團有重大影響的違法違規事件。

發展及培訓

培訓統計：

		Unit 單位	Quantity 數量
Total number of employees receiving training	參與培訓員工總數	Person 人	556
Proportion of employees receiving training to total number of employees	參與培訓員工佔員工總數比例	Percentage 百分比	81.0
Total training hours	總培訓時數	hour 小時	20,318
Average training hours	平均培訓時數	hour 小時	36.5

Environmental, Social and Governance Report

環境、社會及管治報告

We are convinced that employee development is critical to the sustainable development of our business. The Group continues to promote the culture of 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 facilitate their development. All new recruits will be offered induction trainings to become familiar with the Company's culture, business and operation.

The Group determines the remuneration and benefits of employees with reference to their job appraisal based on the nature of their work, qualifications, work performance and market conditions. 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 promotion and the objective of career development with the management. Training and development plans include but not limited to:

- Safety training on mine operations
- Professional knowledge of mining and other aspects
- Seminars/guidelines on relevant regulations
- Knowledge relating to listing rules and corporate governance

Labour Standard

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 by the Group's human resources management system. Due to its capacity as an ore mining and processing enterprise and given the nature of our work, the Group has more male staff. However, the Group has no specific gender requirement on staff in our recruitment.

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 operation, and ensuring that all employees are not discriminated against or deprived of any benefit due to gender, race, religion, age, marriage and family status, disability or any other cause.

During the Reporting Period, the Group had no child labour and forced labour, and no incident of discrimination due to race, religion, age and disability was reported.

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

勞工準則

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。

於報告期間，本集團並無童工或強制勞工，亦無任何涉及種族、宗教、年齡、殘疾等歧視事件。

Environmental, Social and Governance Report

環境、社會及管治報告

OPERATING PRACTICE

Supply Chain Management

Procurement Policy

The Group values integrity and holds the same ethical standards for suppliers and partners. We have a stringent “Company Contract Management System” to regulate all procurement activities. We mainly take costs, product quality and track record into consideration in the selection of suppliers, and only those with good business record and without serious violation of regulations or business ethics will be selected. The provision of products and services by suppliers are all made in accordance with our stringent procurement tender procedures and are in line with our requirements. Suppliers are strictly prohibited from obtaining supply contracts through any form of interest transfer.

The Group will grant the supplier fair and reasonable conditions when purchasing 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 supplier when necessary.

Communication with Supplier

During the Reporting Period, the Group did not replace any major supplier. The Group endeavours to maintain a long-lasting and favourable relationship with major suppliers and to enhance mutual communication and understanding, so as to bring about stable supply and costs of raw materials for the Group to a certain extent.

Product Responsibility

Focused on Quality Understanding the Customers

We perform extremely stringent quality control on 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 via on-site sales and marketing activities; customers will also be invited to visit our Company for the promotion of our products and philosophy. We will review the service process with reference to customer feedback. If a customer complains and requests for compensation, the Group will promptly deal with the case and investigate the complaint from customer. We will also undertake follow-up procedures, thorough investigations and review to optimize our customer service.

During the Reporting Period, the Group received no significant complaint or claim related to the quality of the Group's products from our customers.

營運慣例

供應鏈管理

採購政策

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。

供應商溝通

報告期間，本集團沒有更換主要供應商。本集團致力與主要供應商維持長遠良好關係，增進雙方溝通及了解，為本集團的原材料等供應及成本帶來一定穩定性。

產品責任

質量為先了解客戶

我們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。我們通過上門拜訪進行宣傳推銷，亦會邀請客戶到訪我們公司，利用現場講解等方式加強公司產品與理念的宣傳。我們透過客戶的意見反饋，審視服務過程。如接獲客戶投訴及提出賠償要求，本集團會及時處理與調查客戶投訴，採取跟進措施，並認真調查及檢討，從而完善客戶服務。

報告期間，我們概無有關於本集團產品品質問題而接獲客戶的重大投訴或賠償要求。

Environmental, Social and Governance Report

環境、社會及管治報告

Protection of Privacy and Intellectual Property

We respect the privacy and intellectual property of our customers and operate in compliance with relevant requirements under the “Intellectual Property and Patent Law”. We require employees to properly handle customers’ business sensitive information and will not resell for profit to prevent our customers from making losses.

We also strive to protect our own intellectual property. The Group commenced product research and development on human face recognition technology, intellectual image analytical technology and application during the Reporting Period. Therefore, relevant subsidiaries have strictly observed the internal guideline to require their staff to handle the information of related technology properly and prohibit any individual (such as staff, clients and business partners) who is accessible to those information be benefited from transferring or selling the same.

During the Reporting Period, the Group had no incident of violation of intellectual property in its products, technologies, and the daily business operation.

Advertising and Labelling

To attract customer and improve sales, we will carry out marketing and promotional campaigns for our products. These campaigns comply with the “Advertisement Law of the People’s Republic of China”, the “Interim Measures for the Administration of Internet Advertisement” and other applicable laws and regulations governing advertising and labelling enacted by relevant government authorities. We stand by the principle of law-abiding to operate our production and business activities.

During the Reporting Period, the Group complied with all of the relevant laws and regulations in relation to health and safety, advertising, labelling and privacy matters of our products and services that had significant impact on the Group.

Anti-corruption

The Group has always maintained a “good faith” business, striving for a clean working atmosphere and requiring directors and all employees to strictly comply with the relevant legal norms and ethical standards. We have formulated and strictly implemented a series of anti-corruption measures according to the “Criminal Law of the People’s Republic of China”, the “Anti-Money Laundering Law of the People’s Republic of China” and other national laws and regulations. The Group has an internal audit team and an audit committee and also 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 standard.

保障私隱及知識產權

我們尊重客戶私隱及知識產權，依據《知識產權專利法》相關規定運營。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。

我們亦竭力保障自身的知識產權。本集團於報告期間開始從事人臉識別技術以及智能影像分析技術及應用之研究及產品開發。因此，相關附屬公司嚴格執行內部指引，要求員工妥善處理有關該等技術的資料，更嚴禁任何能接觸這些資料的人士（如員工、客戶及業務夥伴等）轉移或出售有關技術資料圖利。

報告期間，本集團在產品、技術、以及業務日常營運中未出現任何侵犯知識產權的事件。

宣傳及標籤

為吸引客戶及提升銷售，我們會適度為產品進行營銷宣傳工作。這些營銷宣傳工作均符合《中華人民共和國廣告法》、《互聯網廣告管理暫行辦法》及其他政府有關宣傳及標籤的適用法律法規。我們本著守法經營原則，進行生產經營活動。

報告期間，本集團已遵守所有有關所提供產品和服務的健康與安全、廣告、標籤及私隱事宜、且對本集團有重大影響的法律法規。

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。我們按照《中華人民共和國刑法》、《中華人民共和國反洗錢法》等國家法律法規，制訂一系列反貪污管理制度並嚴格執行。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。

Environmental, Social and Governance Report

環境、社會及管治報告

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 strict compliance with the law at work. The Group provides employees with information on anti-corruption regularly to enhance their awareness of corruption and develop good professional conduct.

The board of directors plays a vital role in anti-corruption and can challenge all the operation and management activities of the Group. In the financial aspect, the directors are under absolute supervision to prevent irregularities of all kinds. By virtue of the authority vested by the board of directors, the management is committed to preventing corruption in accordance with the corporate process.

Whistle-Blowing Policy

If any corruption or fraud is found, it may be reported by any person through our open internal mailbox. We will conduct investigation promptly and report the same to the management and relevant law enforcement departments.

During the Reporting Period, we did not notice any issue in breach of laws against corruption, bribery, extortion, fraud and money laundering that had significant impact on the Group. In addition, the Group did not notice any significant risk and problem.

COMMUNITY

Community Investment

The Group attaches importance to building a harmonious corporate and community relationship with its communities through active participation in activities of its communities. We discuss with the community's key persons from time to time to understand local community's perception of our corporate. We will integrate the views from community stakeholders into our daily operation with a view to getting on harmonious with the community.

The Group is actively considering to promote corporate social responsibilities within the enterprise, organize or participate in appropriate community activities, thus enabling our employees to make personal contribution 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.

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。

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。

舉報政策

如發現任何貪污或詐騙事件，公司內部郵箱公開，任何人都可以對不當事情進行舉報，我們會即時進行調查，並向管理人員及相關執法部門匯報。

報告期間，我們未有發現有關貪污、賄賂、勒索、欺詐及洗黑錢，且對本集團有重大影響的違法事件。本集團亦未有發現有任何重大風險及問題。

社區

社區投資

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受。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。

Environmental, Social and Governance Report

環境·社會及管治報告

INDEX OF “ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORTING GUIDE” BY THE STOCK EXCHANGE OF HONG KONG LIMITED

香港聯合交易所有限公司《環境·社會及管治報告指引》索引

Subject Areas	Contents	Chapter of This Report
主要範疇	內容	本報告章節
A. ENVIRONMENTAL		
環境		
A1 EMISSIONS		
排放物		
General Disclosure	Information on the policies and compliance with relevant laws and regulations that have significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Environment – Emission
一般披露	有關廢氣及溫室氣體排放、向水及土地的排污、有害及無害廢棄物的產生等的政策及遵守對發行人有重大影響的相關法律及規例的資料。	環保–排放物
A2 USE OF RESOURCES		
資源使用		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Environment – Use of Resources
一般披露	有效使用資源（包括能源、水及其他原材料）的政策	環保–資源使用
A3 THE ENVIRONMENT AND NATURAL RESOURCES		
環境及天然資源		
General Disclosure	Policies on minimising the issuer’s significant impact on the environment and natural resources.	Environment – Environment and Natural Resources
一般披露	減低發行人對環境及天然資源造成重大影響的政策	環保–環境及天然資源

Environmental, Social and Governance Report

環境、社會及管治報告

Subject Areas	Contents	Chapter of This Report
主要範疇	內容	本報告章節
B. SOCIAL 社會範疇 <i>Employment and Labour Practices</i> 僱傭及勞工常規		
B1 EMPLOYMENT 僱傭		
General Disclosure	Information on the policies and compliance with relevant laws and regulations that have significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, holidays, equal opportunity, diversity, anti-discrimination, and other benefits and welfare.	Employment and Labour Practice – Employment
一般披露	有關薪酬及解僱、招聘及晉升、工作時數、假期、平等機會、多元化、反歧視以及其他待遇及福利的政策；及遵守對發行人有重大影響的相關法律及規例的資料。	僱傭及勞工慣例–僱傭
B2 HEALTH AND SAFETY 健康與安全		
General Disclosure	Information on the policies and compliance with relevant laws and regulations that have significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Employment and Labour Practice – Health and Safety
一般披露	有關提供安全工作環境及保障僱員避免職業性危害的政策；及遵守對發行人有重大影響的相關法律及規例的資料。	僱傭及勞工慣例–健康與安全
B3 DEVELOPMENT AND TRAINING 發展及培訓		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work; and description of training activities.	Employment and Labour Practice – Development and Training
一般披露	有關提升僱員履行工作職責的知識及技能的政策；及描述培訓活動。	僱傭及勞工慣例–發展及培訓

Environmental, Social and Governance Report

環境、社會及管治報告

Subject Areas	Contents	Chapter of This Report
主要範疇	內容	本報告章節
B4 LABOUR STANDARDS		
勞工準則		
General Disclosure	Information on the policies and compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour	Employment and Labour Practice – Labour Standard
一般披露	有關防止童工或強制勞工的政策；及遵守對發行人有重大影響的相關法律及規例的資料。	僱傭及勞工慣例–勞工準則
<i>Operating Practices</i>		
<i>營運慣例</i>		
B5 SUPPLY CHAIN MANAGEMENT		
供應鏈管理		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Operating Practice – Supply Chain Management
一般披露	管理供應鏈的環境及社會風險政策	營運慣例–供應鏈管理
B6 PRODUCT RESPONSIBILITY		
產品責任		
General Disclosure	Information on the policies and compliance with relevant laws and regulations that have significant impact on the issuer relating to health and safety, advertising, labelling, privacy and remedy relating to products and services provided.	Operating Practice – Product Responsibility
一般披露	有關所提供產品和服務的健康與安全、廣告、標籤及私隱事宜以及補救方法的政策；及遵守對發行人有重大影響的相關法律及規例的資料。	營運慣例–產品責任

Environmental, Social and Governance Report

環境、社會及管治報告

Subject Areas	Contents	Chapter of This Report
主要範疇	內容	本報告章節
B7 ANTI-CORRUPTION		
反貪污		
General Disclosure	Information on the policies and compliance with relevant laws and regulations that have significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Operating Practice – Anti-corruption
一般披露	有關防止賄賂、勒索、欺詐及洗黑錢的政策；及遵守對發行人有重大影響的相關法律及規例的資料。	營運慣例–反貪污
<i>Community</i>		
<i>社區</i>		
B8 COMMUNITY INVESTMENT		
社區投資		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Community – Community
一般披露	有關以社區參與來了解營運所在社區需要和確保其業務活動會考慮社區利益的政策。	社區– 社區投資

Independent Auditor's Report

獨立核數師報告



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

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 79 to 200, which comprise the consolidated statement of financial position as at 31 December 2018, 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 2018, 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.

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

As described in note 1.3 to the consolidated financial statements, which indicates that the Group incurred a net loss of approximately HK\$570,779,000 for the year ended 31 December 2018 and, as of that date, the Group's current liabilities exceeded its current assets by approximately HK\$209,888,000. These conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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)

意見

本核數師已完成審核列載於第79至200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，包括於二零一八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二零一八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。

有關持續經營的重大不確定性

誠如綜合財務報表附註1.3所述，貴集團產生截至二零一八年十二月三十一日止年度之虧損淨額約570,779,000港元，而截至該日，貴集團之流動負債較其流動資產超出約209,888,000港元。此情況顯示存有重大不確定性，並可能對貴集團能否繼續按持續經營基準經營業務構成重大疑問。本核數師並無就此事項修訂意見。

Independent Auditor's Report

獨立核數師報告

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing (“HKSAAs”) 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.

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 2018. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

意見基準

本核數師乃按照香港會計師公會所頒佈的香港核數準則（「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。

關鍵審核事項

關鍵審核事項是根據本核數師的專業判斷，認為對截至二零一八年十二月三十一日止年度之綜合財務報表的審核最為重要的事項。這些事項是在本核數師審核整體綜合財務報表及出具意見時進行處理的。我們不會對這些事項提供單獨的意見。除有關持續經營的重大不確定性一節所述事項外，本核數師已釐定下述事項為報告中溝通的關鍵審核事項。

Independent Auditor's Report

獨立核數師報告

Key audit matter

關鍵審核事項

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 mining rights

採礦權之減值評估

As at 31 December 2018, the Group had mining rights of approximately HK\$3,296.3 million belongs to the Group's cash generating unit of mining operation ("CGUs").

於二零一八年十二月三十一日，貴集團之採礦權約3,296,300,000港元乃屬於貴集團之採礦業務之現金產生單位（「現金產生單位」）。

For the year ended 31 December 2018, no impairment loss had been recognised for mining rights, details of which are set out in note 18 to the consolidated financial statements respectively.

於截至二零一八年十二月三十一日止年度，概無就採礦權所確認之減值虧損，有關詳情分別載於綜合財務報表之附註18。

We had identified the impairment assessment of goodwill, intangible assets, mining rights and property, plant and equipment relating to the CGUs as a key audit matter because of its materiality to the consolidated financial statements and the high level of management's judgement involved.

由於有關該等現金產生單位的商譽、無形資產、採礦權及物業、廠房及設備之減值評估對綜合財務報表關係重大，而且包含高度之管理層判斷，故本核數師已將其識別為關鍵審核事項。

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

本核數師就解決商譽、無形資產、採礦權及物業、廠房及設備之減值評估之主要審核程序包括以下：

- We assessed the management's identification of the CGUs based on our understanding of the Group's operation.
- 基於本核數師對貴集團業務的了解，評估管理層對該等現金產生單位之識別。
- We assessed the competency, independence and objectivity of the independent external valuer taking into account of their experiences and qualifications;
- 評估獨立外聘估值師之能力、獨立性及客觀性時將其資歷納入考慮範圍；
- We assessed the cash flow forecast prepared by the management, as assisted by the independent external valuer, in determining the CGUs ("Forecasts") and discussed with them to evaluate the valuation methodologies used and tested the main assumptions applied (including the expected future cash flows and discount rates, where appropriate) against historical trends and market data;
- 評估管理層用以釐定該等現金產生單位、由獨立外聘估值師協助下準備的現金流量預測（「預測」），與管理層討論其採用的估值及方法，對比過往趨勢及市場數據測試應用之主要假設（包括估計預計未來現金流量、貼現率及使用年期，如適用）；
- We checked the mathematical accuracy for the calculation of the recoverable amount of the CGUs.
- 查閱計算該等現金產生單位可收回金額之計算準確性。

Independent Auditor's Report

獨立核數師報告

Key audit matter

關鍵審核事項

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 trade receivables and long-term receivables

應收賬款及長期應收款之減值評估

As at 31 December 2018, the Group has long-term receivables of approximately HK\$466,664,000 and trade receivable of approximately HK\$23,435,000.

於二零一八十二月三十一日，貴集團之長期應收款為約466,664,000港元及應收賬款為23,435,000港元。

The collectability of trade and other receivables is a key element of the Group's working capital management, which is managed on an ongoing basis by management. The determination as to whether trade and other receivables are collectable involves management judgement and estimates. As such, we determined that this is a key audit matter.

應收賬款及其他應收款之可回收性為貴集團運營資金的主要組成部分，貴集團乃按持續基準進行有關管理。釐定應收賬款及其他應收款是否屬可收回涉及管理層判斷及估計。因此，吾等釐定此為關鍵審計事項。

Management considered the age of the outstanding balances, existence of disputes, recent historical payment patterns and any other available information concerning the creditworthiness of customers. Management incorporated this information together with the default rate of the industry and forward looking growth rate to determine the provision of expected credit losses on trade and other receivables.

管理層已考慮未償還結餘之賬齡、是否存在糾紛、最近期過往付款模式以及任何其他有關客戶信貸的可用資料。管理層將該等資料與行業違約率及前瞻性增長率相結合，以釐定應收賬款及其他應收款的預期信貸虧損撥備。

The significant accounting judgements and estimates and disclosures related to trade and other receivables are included in Note 20, 24 and 25 to the financial statements.

有關應收賬款及其他應收款之重大會計判斷及估計以及披露載於財務報表附註20、24及25。

Our audit procedures included, but are not limited to the following procedures:

吾等之審計程序包括但不限於以下程序：

- We assessed the Group's processes relating to the monitoring of trade and other receivables and reviewed the ageing of receivables to identify collection risks.
- 吾等評估貴集團與應收賬款及其他應收款監控有關的流程及檢討應收款項賬齡以確定收款風險。
- We requested trade and other receivable confirmations, reviewed management's reconciliation of confirmation replies, where applicable, and obtained evidence of receipts from selected customers subsequent to financial year end.
- 吾等已要求應收賬款及其他應收款確認，檢討管理層對確認回覆的對賬（如適用），並於財政年度結束後獲得選定客戶的收款憑證。
- We assessed management's assumptions used in assessing the allowance for doubtful debts amount through review of specific debtors' payment history and management's assessment of credit risk of these debtors.
- 吾等已透過檢討特定債務人的還款歷史及管理層對該等債務人的信貸風險評估，評估管理層評估呆賬撥備所用假設。
- We also reviewed and assessed management's expected credit loss model assessment and assessed the adequacy of the Group's disclosures of trade and other receivables and the related credit risk in the financial statements
- 吾等亦已檢討及評估管理層的預期信貸虧損模型評估並評估貴集團對財務報表中應收賬款及其他應收款及相關信貸風險的披露是否充足。

Independent Auditor's Report

獨立核數師報告

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.

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 of the Company determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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。

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 貴公司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。

Independent Auditor's Report

獨立核數師報告

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

The 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 HKSA's 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.

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.

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）。除非貴公司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。

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。

Independent Auditor's Report

獨立核數師報告

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors of the Company.
- 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.
- 評估所用會計政策是否恰當，以及 貴公司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。

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.

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。

Independent Auditor's Report

獨立核數師報告

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蕭俊武，執業證書編號為P05898。

Elite Partners CPA Limited

Certified Public Accountants
Hong Kong, 28 March 2019

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，二零一九年三月二十八日

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 2018 截至二零一八年十二月三十一日止年度

		Notes 附註	2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Revenue	收益	5(a)	967,071	468,601
Cost of sales	銷售成本		(893,075)	(362,506)
Gross profit	毛利		73,996	106,095
Other income	其他收入	5(b)	14,293	4,672
Research and development cost	研發成本		(24,542)	–
Impairment of financial assets, net	財務資產減值淨值	6	(46,046)	–
Other gains and losses	其他收益及虧損	7	(211,152)	(88,435)
Administrative expenses	行政支出		(137,825)	(95,489)
Loss from operations	經營虧損		(331,276)	(73,157)
Finance costs	融資成本	9	(276,722)	(121,366)
Loss before income tax	除所得稅前虧損	10	(607,998)	(194,523)
Taxation	稅項	13	37,219	13,317
Loss for the year	本年度虧損		(570,779)	(181,206)
Attributable to:	應佔：			
Owners of the Company	本公司擁有人		(484,008)	(145,774)
Non-controlling interests	非控股權益		(86,771)	(35,432)
			(570,779)	(181,206)

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 2018 截至二零一八年十二月三十一日止年度

	Notes 附註	2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Loss for the year	本年度虧損	(570,779)	(181,206)
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>	於往後重新分類或可能 重新分類至損益之項目：		
Exchange differences arising from translation of foreign subsidiaries	換算海外附屬公司產生之 匯兌差額	(136,672)	(62,845)
Other comprehensive loss for the year	本年度其他全面虧損	(136,672)	(62,845)
Total comprehensive loss for the year	本年度全面虧損總額	(707,751)	(244,051)
Attributable to:	應佔：		
Owners of the Company	本公司擁有人	(601,612)	(226,980)
Non-controlling interests	非控股權益	(106,139)	(17,071)
		(707,751)	(244,051)
Loss per share	每股虧損		
– Basic, HK cents	– 基本·港仙	15(a) (2.25)	(0.68)
– Diluted, HK cents	– 攤薄·港仙	15(b) (2.25)	(0.68)

Consolidated Statement of Financial Position

綜合財務狀況報表

As at 31 December 2018 於二零一八年十二月三十一日

			31 December 2018 二零一八年 十二月三十一日	31 December 2017 二零一七年 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	16	894,155	977,120
Prepaid lease payments	預付租賃款項	17	63,076	72,974
Mining rights	採礦權	18	3,296,318	3,402,590
Goodwill	商譽	19	56,192	69,131
Investment deposits	投資按金	20	–	600,000
Intangible assets	無形資產	21	337,625	454,787
Finance lease receivables	應收融資租賃	22	3,706	5,077
Long-term receivable	長期應收款項	20	466,664	–
			5,117,736	5,581,679
Current Assets	流動資產			
Finance lease receivables	應收融資租賃	22	1,091	1,314
Inventories	存貨	23	520,772	472,640
Trade and bill receivables	應收賬款及票據	24	23,435	66,660
Prepayments, deposits and other receivables	預付款項、按金及其他應收款	20 & 25	586,765	252,408
Tax recoverables	可收回稅項		1,998	–
Cash and cash equivalents	現金及現金等價物	26	122,533	162,317
			1,256,594	955,339
Total Assets	資產總值		6,374,330	6,537,018
CAPITAL AND RESERVES	資本及儲備			
Share capital	股本	27	343,926	343,926
Reserves	儲備		2,153,689	2,758,390
Equity attributable to owners of the Company	本公司擁有人應佔權益		2,497,615	3,102,316
Non-controlling interests	非控股權益		1,397,690	1,504,726
Total Equity	權益總額		3,895,305	4,607,042

Consolidated Statement of Financial Position

綜合財務狀況報表

As at 31 December 2018 於二零一八年十二月三十一日

			31 December 2018 二零一八年 十二月三十一日	31 December 2017 二零一七年 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			
Bank loans and other borrowing	銀行貸款及其他借貸	33	637,396	251,321
Other payables	其他應付款項	32	38,204	-
Deferred tax liabilities	遞延稅項負債	29	336,943	394,227
			1,012,543	645,548
Current Liabilities	流動負債			
Trade and bill payables	應付賬款及票據	30	135,313	184,859
Other payables and accruals	其他應付款及應計費用	32	188,649	148,775
Bank loans and other borrowings	銀行貸款及其他借貸	33	710,524	596,343
Provision for environmental and resources tax	環保及資源稅撥備	31	124,123	-
Convertible bonds	可換股債券	28	-	344,686
Contract liabilities	合約負債	34	32,873	-
Corporate bond	企業債券	35	275,000	-
Tax payables	應付稅項		-	9,765
			1,466,482	1,284,428
Total Liabilities	負債總額		2,479,025	1,929,976
Total Equity and Liabilities	權益及負債總額		6,374,330	6,537,018
Net Current Liabilities	流動負債淨值		(209,888)	(329,089)
Total Assets Less Current Liabilities	資產總值減流動負債		4,907,848	5,252,590
Net Assets	資產淨值		3,895,305	4,607,042

The consolidated financial statements were approved and authorised for issue by the Board of Directors on 28 March 2019 and signed on its behalf by:

綜合財務報表經董事會於二零一九年三月二十八日批准及授權刊發，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 2018 截至二零一八年十二月三十一日止年度

		Share capital	Share premium	Contributed surplus	Capital reserve	Capital redemption reserve	Share option reserve	Convertible note reserves	Statutory reserve	Exchange reserve	Accumulated loss	Subtotal	Attributable to Non-controlling interests	Total equity
		股本	股份溢價	實繳盈餘	資本儲備	資本贖回儲備	購股權儲備	可換股票據儲備	法定儲備	匯兌儲備	累計虧損	小計	權益應佔非控股	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	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	千港元	千港元
At 1 January 2017	於二零一七年一月一日	344,921	3,770,925	31,350	(894)	-	-	8,902	12,677	(90,792)	(737,805)	3,339,284	86,946	3,426,230
Loss and total comprehensive loss for the year	本年度虧損及全面虧損總額	-	-	-	-	-	-	-	-	(81,206)	(145,774)	(226,980)	(17,071)	(244,051)
Acquisition of subsidiaries	收購附屬公司	-	-	-	-	-	-	-	-	-	-	-	1,434,851	1,434,851
Repurchase of shares	購回股份	(995)	(8,993)	-	-	995	-	-	-	-	(995)	(9,988)	-	(9,988)
Transfer	轉撥	-	-	-	-	-	-	-	3,977	-	(3,977)	-	-	-
At 31 December 2017	於二零一七年十二月三十一日	343,926	3,761,932	31,350	(894)	995	-	8,902	16,654	(171,998)	(888,551)	3,102,316	1,504,726	4,607,042
Impact on initial application of HKFRS 9	初次應用香港財務報告準則第9號之影響	-	-	-	-	-	-	-	-	-	(8,972)	(8,972)	(897)	(9,869)
At 1 January 2018	於二零一八年一月一日	343,926	3,761,932	31,350	(894)	995	-	8,902	16,654	(171,998)	(897,523)	3,093,344	1,503,829	4,597,173
Loss and total comprehensive loss for the year	本年度虧損及全面虧損總額	-	-	-	-	-	-	-	-	(117,604)	(484,008)	(601,612)	(106,139)	(707,751)
Redemption of convertible note	贖回可換股票據	-	-	-	-	-	-	(8,902)	-	-	8,902	-	-	-
Grant of share options	授出購股權	-	-	-	-	-	5,883	-	-	-	-	5,883	-	5,883
Lapse of share options	購股權失效	-	-	-	-	-	(5,883)	-	-	-	5,883	-	-	-
At 31 December 2018	於二零一八年十二月三十一日	343,926	3,761,932	31,350	(894)	995	-	-	16,654	(289,602)	(1,366,746)	2,497,615	1,397,690	3,895,306

Consolidated Statement of Cash Flows

綜合現金流量表

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Cash flows from operating activities	經營活動產生之現金流量		
Loss before income tax	除所得稅前虧損	(607,998)	(194,523)
Amortisation of intangible assets	無形資產攤銷	96,505	32,485
Amortisation of mining right	採礦權攤銷	52,494	50,569
Amortisation of prepaid lease payments	預付租賃款項攤銷	6,156	5,524
Bank interest income	銀行利息收入	(726)	(174)
Depreciation of property, plant and equipment	物業、廠房及設備折舊	58,620	27,458
Impairment loss of financial assets	財務資產減值虧損	46,046	-
Impairment loss of goodwill	商譽減值虧損	12,939	-
Imputed interest expenses arising from convertible bonds	可換股債券產生之估算利息開支	39,036	39,099
Share options expenses	購股權支出	5,883	-
Loan interest expenses	貸款利息開支	237,686	82,267
Loan interest income	貸款利息收入	(6,540)	-
Loss on disposal of property, plant and equipment	出售物業、廠房及設備虧損	2,223	286
Provision of obsolete inventories	老舊存貨撥備	34,263	-
Written off of construction in progress	在建工撤銷	6,572	-
Operating (loss)/profit before working capital changes	營運資金變動前之經營(虧損)/溢利	(16,841)	42,991
(Increase)/Decrease in inventories	存貨(增加)/減少	(112,027)	22,138
Increase in Provision for environmental and resources tax	環保及資源稅撥備增加	130,088	-
Decrease in finance lease receivables	應收融資租賃減少	1,075	-
(Increase)/Decrease in trade and bill receivables, prepayments, deposits and other receivables	應收賬款及票據、預付款項、按金及其他應收款(增加)/減少	(233,789)	265,268
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	(20,243)	(92,247)
Cash (used in)/generated from operations	經營(所用)/所得之現金	(251,737)	238,150
Tax paid	已付稅項	(31)	(21,350)
Other tax paid	其他已付稅項	(11,763)	(91,637)
Net cash (used in)/generated from operating activities	經營活動(所用)/所得之現金淨額	(263,531)	125,163
Cash flows from investing activities	投資活動產生之現金流量		
Interest received	已收利息	726	174
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	(70,254)	(1,750)
Proceeds from disposal of property, plant and equipment	出售物業、廠房及設備所得款項	33,431	-
Net cash outflow for acquisition of a subsidiary	收購一家附屬公司的現金流出淨額	-	(468,597)
Net cash outflow of acquisition of assets through acquisition of subsidiaries	透過收購附屬公司收購資產之現金流出淨額	-	(53,566)
Received from settlement of promissory notes	已收承兌票據償結算	-	300,000
Withdrawn of pledged bank deposits	撤銷已抵押銀行存款	104,079	-
Net cash generated from/(used in) investing activities	投資活動所得/(所用)之現金淨額	67,982	(223,739)

Consolidated Statement of Cash Flows

綜合現金流量表

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

		2018	2017
		二零一八年	二零一七年
		HK\$'000	HK\$'000
		千港元	千港元
Cash flows from financing activities	融資活動產生之現金流量		
Proceed from bank loans	銀行貸款所得款項	1,112,793	432,136
Loan interest paid	已付貸款利息	(135,218)	(82,267)
Repayment of loans	償還貸款	(566,505)	(665,956)
Repayment of convertible bonds	償還可換股債券	(108,722)	(25,000)
Repurchase of shares	購回股份	-	(9,988)
Net cash generated from/(used in) financing activities	融資活動所得／(所用)之現金淨額	302,348	(351,075)
Net increase/(decrease) in cash and cash equivalents	現金及現金等價物之增加／(減少)淨額	106,799	(449,651)
Cash and bank balances at 1 January	於一月一日之現金及銀行結餘	56,097	596,003
Effect of foreign exchange rate changes, net	外幣匯率變動之影響，淨額	(41,418)	(90,255)
Cash and bank balances at 31 December	於十二月三十一日之現金及銀行結餘	121,478	56,097
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	121,478	56,097

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

1. GENERAL INFORMATION AND STATEMENT OF COMPLIANCE AND BASIS FOR PREPARATION

1.1 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 has been changed to Rooms 2009-18, 20/F., Shui On Centre, 6-8 Harbour Road, Wanchai, Hong Kong on 26 February 2019. The shares of the Company are listed on The Stock Exchange of Hong Kong Limited (“Stock Exchange”).

The principal activities of the Company are investment holdings. The principal activities of the Company and its subsidiaries (the “Group”) are mining, property management, manufacture and sales of chemical products and sales of security technologies products.

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

In the opinion of the directors of the Company (“Directors”), the ultimate holding company of the Company is China Wan Tai Group Limited, which was incorporated in Hong Kong.

1.2 Statement of compliance and basis for preparation

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

1. 一般資料與守章聲明及編製基準

1.1 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。於二零一九年二月二十六日,本公司之主要營業地點更改至香港灣仔港灣道6-8號瑞安中心20樓2009-18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、物業管理、製造及銷售化學產品,以及銷售保安技術產品。

綜合財務報表以本公司之功能貨幣港元呈列。

本公司董事(「董事»)認為,本公司之最終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。

1.2 守章聲明及編製基準

綜合財務報表已按照所有適用香港財務報告準則(「香港財務報告準則»),包括香港會計師公會(「香港會計師公會»)頒佈之所有適用個別香港財務報告準則、香港會計準則(「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之披露規定編製。

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

1. GENERAL INFORMATION AND STATEMENT OF COMPLIANCE AND BASIS FOR PREPARATION (Continued)

1.2 Statement of compliance and basis for preparation (Continued)

The consolidated financial statements have been prepared in accordance with HKFRSs under the historical cost convention. In addition, the consolidated financial statements also include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinaries.

1.3 Going concern

In preparing these consolidated financial statements, the Directors have considered the future liquidity of the Group. As at 31 December 2018, the Group had net current liabilities of approximately HK\$209,888,000 and incurred net loss of approximately HK\$570,779,000 for the year ended 31 December 2018. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

Notwithstanding the aforesaid conditions, these consolidated financial statements have been prepared on a going concern basis on the assumption that the Group will be able to operate as a going concern for the foreseeable future. In the opinion of the Directors, the Group can meet its financial obligations as and when they fall due within the next year from the date of the consolidated financial statements, after taking into consideration of the following measures and arrangements made subsequent to the reporting date:

1. 一般資料與守章聲明及編製基準 (續)

1.2 守章聲明及編製基準 (續)

綜合財務報表乃根據香港財務報告準則按照歷史成本法編製。此外，綜合財務報表亦載入香港聯合交易所有限公司證券上市規則及香港公司條例所規定之適用披露。

1.3 持續經營

於編製綜合財務報表時，董事已考慮本集團的未來流動資金狀況。於二零一八年十二月三十一日，本集團的流動負債淨額約209,888,000港元，並於截至二零一八年十二月三十一日止年度出現虧損淨額約570,779,000港元。該等狀況顯示存在重大不確定性，或會令人對本集團的持續經營能力產生重大疑問，因此，本集團可能無法在日常業務過程中變現其資產及償還其負債。

儘管出現上述狀況，該等綜合財務報表乃按持續經營基準編製，並假設本集團能於可見未來持續經營。董事經考慮下列於報告日之後作出的措施及安排之後，認為本集團可應付由綜合財務報表日期起計下一年度內到期的財務責任。有關措施及安排如下：

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

1. GENERAL INFORMATION AND STATEMENT OF COMPLIANCE AND BASIS FOR PREPARATION (Continued)

1.3 Going concern (Continued)

- (i) On 28 March 2019, the Group entered into a disposal agreement (“Agreement”) to put back the entire equity interests of Gold Pearl Investment Limited to its former shareholders at a consideration of HK\$430,000,000. Pursuant to the Agreement, the consideration will be received by the Group in two years from the date of Agreement as to HK\$230,000,000 due on 28 March 2020; and HK\$200,000,000 due on 28 March 2021;
- (ii) The Directors will strengthen to implement measures aiming of improving the working capital and cash flow of the Group including closely monitoring the general administrative expenses and operating costs; and
- (iii) The Directors will continue to source for additional funding and negotiate with certain bankers to obtain additional banking facilities and/or extend the borrowings when they fall due.

On the basis of the foregoing, and after assessing the Group’s current and forecasted cash positions, the Directors are satisfied that the Group will be able to meet in full the Group’s financial obligations as they fall due for the period of twelve months from the date of consolidated financial statements. Accordingly, the consolidated financial statements of the Group have been prepared on the going concern basis. Should the Group be unable to continue to operate as a going concern, adjustments would have to be made to restate the value of assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these potential adjustments have not been reflected in these consolidated financial statements.

1. 一般資料與守章聲明及編製基準 (續)

1.3 持續經營 (續)

- (i) 於二零一九年三月二十八日，本集團訂立出售協議（「協議」），將Gold Pearl Investment Limited之全部股權歸還其前股東，代價為430,000,000港元。根據協議，本集團將於協議日期起計兩年內收到代價，230,000,000港元於二零二零年三月二十八日到期；及200,000,000港元於二零二一年三月二十八日到期；
- (ii) 董事將加強實施旨在改善本集團營運資金及現金流量的措施，包括密切監管一般行政支出及營運成本；及
- (iii) 董事將繼續尋求額外資金，並與若干銀行家協商以獲取額外銀行融資及／或於於借款到期時延長期限。

基於上文所述及經評估本集團的目前及預計現金狀況後，董事信納本集團將可繼續於其財務責任於綜合財務報表日期起十二個月期間到期時，予以履行。據此，本集團的綜合財務報表已按持續基準編製。倘本集團無法持續營運，則須作出調整以重列資產的價值為其可收回金額，以為可能產生之任何其他負債作出撥備及將非流動資產及非流動負債分別重新分類為流動資產及流動負債。該等潛在調整的影響並未反映於綜合財務報表內。

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

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

2.1 Application of new and revised HKFRSs

In the current year, the Group has applied the following new and amendments to HKFRSs issued by the Hong Kong Accounting Standards Board for the first time:

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the related Amendments
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014-2016 Cycle
Amendments to HKAS 40	Transfers of Investment Property

Except as described below, the application of the new and amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

HKFRS 15 Revenue from Contracts with Customers

The Group has applied HKFRS 15 for the first time in the current year. HKFRS 15 superseded HKAS 18 Revenue, HKAS 11 Construction Contracts and the related interpretations.

2. 採納新訂及經修訂香港財務報告準則

2.1 應用新訂及經修訂香港財務報告準則

於本年度，本集團已首次應用下列由香港會計師公會頒布之新訂及經修訂香港財務報告準則：

香港財務報告準則第9號	金融工具
香港財務報告準則第15號	客戶合約所得收入及有關修訂
香港（國際財務報告詮釋委員會）-詮釋第22號	外幣交易及預付代價
香港財務報告準則第2號（修訂）	以股份為基礎付款之交易之分類及計量
香港財務報告準則第4號（修訂）	應用香港財務報告準則第9號金融工具時一併應用香港財務報告準則第4號保險合約
香港財務報告準則第28號（修訂）	作為二零一四年至二零一六年周期香港財務報告準則之年度改進之一部份
香港財務報告準則第40號（修訂）	轉讓投資物業

除下所述者外，本年度應用香港財務報告準則之新訂及修訂本對本集團於本年度及過往年度之財務表現及狀況及／或載於該等綜合財務報表之披露並無重大影響。

香港財務報告準則第15號客戶合約所得收入

本集團已於本年度首次應用香港財務報告準則第15號。香港財務報告準則第15號已取代香港會計準則第18號收入、香港會計準則第11號建築合約及相關詮釋。

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2018 截至二零一八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 Application of new and revised HKFRSs (Continued)

HKFRS 15 Revenue from Contracts with Customers (Continued)

The Group has applied HKFRS 15 retrospectively with the cumulative effect of initially applying this Standard recognised at the date of initial application, 1 January 2018. Any difference at the date of initial application is recognised in the opening retained profits (or other components of equity, as appropriate) and comparative information has not been restated. Furthermore, in accordance with the transition provisions in HKFRS 15, the Group has elected to apply the Standard retrospectively only to contracts that are not completed at 1 January 2018. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 18 Revenue and HKAS 11 Construction Contracts and the related interpretations.

The Group recognises revenue from the mining and sales of drilling mud and pelletising clay which arise from contracts with customers. Information about the Group's performance obligations and the accounting policies resulting from application of HKFRS 15 are disclosed in notes 2 and 3 respectively.

2. 採納新訂及經修訂香港財務報告準則 (續)

2.1 應用新訂及經修訂香港財務報告準則 (續)

香港財務報告準則第15號客戶合約所得收入 (續)

本集團已追溯應用香港財務報告準則第15號，而首次應用該準則的累計影響已於二零一八年一月一日首次應用當日確認。於首次應用日期的一切差額已於期初保留溢利（或權益的其他部分如適用）確認，且並無重列比較資料。此外，根據香港財務報告準則第15號的過渡條文，本集團選擇僅就於二零一八年一月一日尚未完成的合約追溯應用該準則。由於比較資料乃根據香港會計準則第18號收入、香港會計準則第11號建築合約以及相關詮釋編製，因此，若干比較資料可能未必能用作比較。

本集團確認因與客戶訂立合約而產生的採礦及銷售鑽井泥漿及冶金球團用膨潤土之收入。有關本集團履約責任及應用香港財務報告準則第15號所產生的會計政策的資料分別於附註2及3披露。

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2018 截至二零一八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 Application of new and revised HKFRSs (Continued)

HKFRS 15 Revenue from Contracts with Customers (Continued)

Summary of effects arising from initial application of HKFRS 15

The following adjustments were made to the amounts recognised in the consolidated statement of financial position at 1 January 2018. Line items that were not affected by the changes have not been included.

2. 採納新訂及經修訂香港財務報告準則 (續)

2.1 應用新訂及經修訂香港財務報告準則 (續)

香港財務報告準則第15號客戶合約所得收入 (續)

初次應用香港財務報告準則第15號的影響概述

已對於二零一八年一月一日之綜合財務狀況表內確認之金額作出以下修訂。不受有關變動影響之項目並未包括在內。

	Carrying amounts Previously reported at 31 December 2017	Reclassification	Carrying amounts under HKFRS 15 at 1 January 2018*
	先前於二零一七年 十二月三十一日 報告之賬面值 HK\$'000 千港元	重新分類 HK\$'000 千港元	於二零一八年 一月一日 根據香港財務 報告準則第15號 計算之賬面值* HK\$'000 千港元
Current liabilities 流動負債			
Trade and other payables 貿易及其他應付款			
Other payables and accruals 其他應付款及應計費用	148,775	(37,409)	111,366
Contract liabilities (Note) 合約負債 (附註)	-	37,409	37,409
	148,775	-	148,775

Note:

As at 1 January 2018, advances from customers of HK\$37,409,000 in respect of sales of goods previously included in trade and other payables were reclassified to contract liabilities.

Except as described above, the application of HKFRS 15 has no impact on the Group's consolidated financial statements.

附註：

於二零一八年一月一日，有關銷售商品而過往計入貿易及其他應付款的預收客戶賬款37,409,000港元已重新分類至合約負債。

除上文所述者外，應用香港財務報告準則第15號對本集團的綜合財務報表並無影響。

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2018 截至二零一八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 Application of new and revised HKFRSs (Continued)

HKFRS 9 Financial Instruments

In the current year, the Group has applied HKFRS 9 Financial Instruments and the related consequential amendments to other HKFRSs. HKFRS 9 introduces new requirements for 1) the classification and measurement of financial assets and financial liabilities, 2) expected credit losses (“ECL”) for financial assets and other items (for example, financial guarantee contracts) and 3) general hedge accounting.

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9, i.e. applied the classification and measurement requirements (including impairment under ECL model) retrospectively to instruments that have not been derecognised as at 1 January 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 January 2018. The difference between carrying amounts as at 31 December 2017 and the carrying amounts as at 1 January 2018 are recognised in the opening retained profits and other components of equity, without restating comparative information.

Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 39 Financial Instruments: Recognition and Measurement.

Accounting policies resulting from application of HKFRS 9 are disclosed in note 3.

2. 採納新訂及經修訂香港財務報告準則 (續)

2.1 應用新訂及經修訂香港財務報告準則 (續)

香港財務報告準則第9號金融工具

於本年度，本集團已應用香港財務報告準則第9號「金融工具」及對其他香港財務報告準則的相關後續修訂。香港財務報告準則第9號引入有關1) 財務資產及財務負債的分類及計量，2) 財務資產及其他項目（如財務擔保合約）的預期信貸損失（「預期信貸損失」）及3) 一般對沖會計處理的新規定。

本集團已根據香港財務報告準則第9號所載的過渡條文應用香港財務報告準則第9號，即對二零一八年一月一日（初次應用日期）尚未終止確認的工具追溯應用分類及計量要求（包括預期信貸損失模型下的減值），而並無對已於二零一八年一月一日終止確認的工具應用相關要求。於二零一七年十二月三十一日的賬面值與於二零一八年一月一日的賬面值的差額於期初保留溢利及股本的其他組成部分中確認，且並無重列比較資料。

因此，若干比較資料未必與根據香港會計準則第39號「金融工具：確認及計量」編製之比較資料具可比性。

應用香港財務報告準則第9號產生的會計政策於附註3披露。

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2018 截至二零一八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 Application of new and revised HKFRSs (Continued)

HKFRS 9 Financial Instruments (Continued)

Summary of effects arising from initial application of HKFRS 9

Classification and measurement of financial assets

The Group's financial assets are classified into loan and receivables which subsequently measured at amortised cost previously. Upon the initial application of HKFRS 9, the Group's financial assets are classified as financial assets at amortised costs based on the business model under which the financial assets are managed and its contractual cash flow characteristics. Accordingly, there was no impact on the amounts recognised in relation to financial assets from the application of HKFRS 9.

Impairment under ECL model

The Group applies the HKFRS 9 simplified approach to measure ECL which uses a lifetime ECL for all trade receivables.

Except for those which had been determined as credit impaired under HKAS 39, trade receivables have been assessed individually with outstanding significant balances, the remaining balances are grouped based on past due analysis.

ECL for other financial assets at amortised cost, including restricted bank balances bill receivables, pledged bank deposits, bank balances, are assessed on 12m ECL basis as there had been no significant increase in credit risk since initial recognition.

2. 採納新訂及經修訂香港財務報告準則 (續)

2.1 應用新訂及經修訂香港財務報告準則 (續)

香港財務報告準則第9號金融工具 (續)

初步應用香港財務報告準則第9號產生的影響概要

財務資產分類及計量

本集團的財務資產分類為貸款及應收款項，其後按過往攤銷成本計量。於初步應用香港財務報告準則第9號時，本集團的財務資產乃基於管理財務資產的業務模式及合約現金流量特徵分類為按攤銷成本計量之財務資產。本集團的財務資產根據財務資產管理的業務模式及其合約現金流量特徵按攤銷成本分類為財務資產。因此，應用香港財務報告準則第9號對財務資產確認金額並無影響。

預期信貸虧損模式項下之減值

本集團應用香港財務報告準則第9號之簡化方式計量預期信貸虧損，其就所有應收貿易賬款採用全期預期信貸虧損。

除根據香港會計準則第39號釐定為出現信貸減值的應收貿易款項外，未償還結餘重大的應收貿易款項已進行個別評估，而其他結餘則根據逾期分析劃分。

按攤銷成本計量之其他財務資產（包括受限制銀行結餘、應收票據、已抵押銀行存款及銀行結餘）之預期信貸虧損，按12個月預期信貸虧損基準進行評估，而自初步確認以來信貸風險並無顯著增加。

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2018 截至二零一八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 Application of new and revised HKFRSs (Continued)

HKFRS 9 Financial Instruments (Continued)

Summary of effects arising from initial application of HKFRS 9

The following adjustments were made to the amounts recognised in the consolidated statement of financial position at 1 January 2018. Line items that were not affected by the changes have not been included.

2. 採納新訂及經修訂香港財務報告準則 (續)

2.1 應用新訂及經修訂香港財務報告準則 (續)

香港財務報告準則第9號金融工具 (續)

初始應用香港財務報告準則第9號所產生之影響之概要

於二零一八年一月一日綜合財務狀況表中確認的金額予以下列調整。未列示未受變更影響的項目。

	Carrying amounts Previously reported at 31 December 2017	Reclassification	Carrying amounts under HKFRS 9 at 1 January 2018*
	先前於二零一七年 十二月三十一日 報告之賬面值 HKD\$'000 千港元	重新分類 HKD\$'000 千港元	於二零一八年 一月一日根據 香港財務報告 準則第9號計算 之賬面值* HKD\$'000 千港元
Current assets			
Trade and other receivables:			
Trade and bill receivables (Note)	66,660	(4,769)	61,891
Other receivables (Note)	56,293	(5,100)	51,193
	122,953	(9,869)	113,084
Equity			
Accumulated losses (Note)	(888,551)	(8,972)	(897,523)
Attributable to non-controlling interest	1,504,726	(897)	1,503,829
	616,175	(9,869)	606,306

Note:

As at 1 January 2018, the amount of approximately HK\$9,869,000 represented the additional impairment loss based on the new expected credit loss model under HKFRS 9.

Except as described above, the application of HKFRS 9 has no impact on the Group's consolidated financial statements.

附註：

於二零一八年一月一日，約9,869,000港元之金額乃根據香港財務報告準則第9號基於新預期信貸損失模型呈列的額外減值虧損。

除上文所述者外，應用香港財務報告準則第9號對本集團的綜合財務報表並無影響。

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2018 截至二零一八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 Application of new and revised HKFRSs (Continued)

New and amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 16	Leases ¹
HKFRS 17	Insurance Contracts ²
HKFRIC-Int 23	Uncertainty over Income Tax Treatments ¹
Amendments to HKFRS 3	Definition of a Business ⁴
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKAS 1 and HKAS 8	Definition of Materials ⁵
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement ¹
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures ¹
Amendments to HKFRSs	Annual Improvements to HKFRSs 2015-2017 Cycle ¹

¹ Effective for annual periods beginning on or after 1 January 2019.

² Effective for annual periods beginning on or after 1 January 2021.

³ Effective for annual periods beginning on or after a date to be determined.

⁴ Effective for business combination and assets acquisition for which the acquisition date is on or after the first annual period beginning on or after 1 January 2020.

⁵ Effective for annual period beginning on or after 1 January 2020.

Except for the new and amendments to HKFRSs mentioned below, the directors of the Company anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

2. 採納新訂及經修訂香港財務報告準則 (續)

2.1 應用新訂及經修訂香港財務報告準則 (續)

已頒布但尚未生效的新訂香港財務報告準則及修訂本

本集團並無提早應用以下已頒布但尚未生效的新訂香港財務報告準則及修訂本：

香港財務報告準則第16號	租賃 ¹
香港財務報告準則第17號	保險合約 ²
香港財務報告詮釋委員會-詮釋第23號	所得稅處理的不確定性 ¹
香港財務報告準則第3號(修訂本)	業務的定義 ⁴
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之間的資產出售或注資 ³
香港會計準則第1號及香港會計準則第8號(修訂本)	重大的定義 ⁵
香港會計準則第19號(修訂本)	計劃修訂、縮減或結算 ¹
香港會計準則第28號(修訂本)	於聯營公司及合營企業的長期權益 ¹
香港財務報告準則(修訂本)	香港財務報告準則二零一五年至二零一七年度改訂 ¹

¹ 於二零一九年一月一日或之後開始的年度期間生效。

² 於二零二一年一月一日或之後開始的年度期間生效。

³ 於待定期或之後開始的年度期間生效。

⁴ 於收購日期為於二零二零年一月一日或之後開始的首個年度期間或之後的業務合併及資產收購生效。

⁵ 於二零二零年一月一日或之後開始的年度期間生效。

除以下所述新訂香港財務報告準則及香港財務報告準則之修訂外，本公司董事預期採用所有其他新訂香港財務報告準則及香港財務報告準則之修訂，在可見未來將不會對綜合財務報表構成重大影響。

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2018 截至二零一八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 Application of new and revised HKFRSs (Continued)

HKFRS 16 Leases

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. HKFRS 16 will supersede HKAS 17 Leases and the related interpretations when it becomes effective.

HKFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. In addition, HKFRS 16 requires sales and leaseback transactions to be determined based on the requirements of HKFRS 15 as to whether the transfer of the relevant asset should be accounted as a sale. HKFRS 16 also includes requirements relating to subleases and lease modifications.

Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date.

Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, the Group currently presents upfront prepaid lease payments as investing cash flows in relation to leasehold lands for owned use and those classified as investment properties while other operating lease payments are presented as operating cash flows. Upon application of HKFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing cash flows by the Group.

2. 採納新訂及經修訂香港財務報告準則 (續)

2.1 應用新訂及經修訂香港財務報告準則 (續)

香港財務報告準則第16號租賃

香港財務報告準則第16號為出租人及承租人就租賃安排的識別及會計處理引入一個綜合模式。當香港財務報告準則第16號生效時，將取代香港會計準則第17號租賃及相關詮釋。

香港財務報告準則第16號根據所識別資產是否由客戶控制以區分租賃及服務合約。此外，香港財務報告準則第16號規定，銷售及回租交易將根據香港財務報告準則第15號的規定釐定有關資產的轉讓是否應作為銷售入賬。香港財務報告準則第16號亦包括有關轉租及租賃修訂的規定。

關於承租人之會計處理方法，經營租賃及融資租賃之區別被移除，並以所有租賃（短期租賃及低價值資產租賃除外）須確認使用權資產及相應負債的模式替代。

使用權資產初步按成本計量，其後以成本（惟若干情況除外）減累計折舊及減值虧損計量，並就任何租賃負債重新計量作出調整。租賃負債乃按當日未支付之租賃付款的現值初步計量。

其後，租賃負債按利息及租賃付款，以及租賃修訂等的影響作調整。就現金流分類而言，本集團現時將有關自用及被分類為投資物業之租賃土地的前期預付租賃付款呈列為投資現金流，而其他經營租賃付款則呈列為經營現金流。當採用香港財務報告準則第16號時，有關租賃負債之租賃付款將被分配為本金及利息部分，其將作為本集團之融資現金流呈列。

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2018 截至二零一八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 Application of new and revised HKFRSs (Continued)

HKFRS 16 Leases (Continued)

Under HKAS 17, the Group has already recognised an asset and a related finance lease liability for finance lease arrangement and prepaid lease payments for leasehold lands where the Group is a lessee. The application of HKFRS 16 may result in potential changes in classification of these assets depending on whether the Group presents right-of-use assets separately or within the same line item at which the corresponding underlying assets would be presented if they were owned.

Other than certain requirements which are also applicable to lessor, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by HKFRS 16.

As at 31 December 2018, the Group has non-cancellable operating lease commitments of HK\$32,506,000 as disclosed in note 36. In addition, the Group currently considers refundable rental deposits paid of HK\$1,806,000 and obligations under leases to which HKAS 17 applies. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right to use the underlying assets, accordingly, the carrying amounts of such deposits may be adjusted to amortised cost. Adjustments to refundable rental deposits paid would be considered as additional lease payments and included in the carrying amount of right-of-use assets. Adjustments to refundable rental deposits received would be considered as advance lease payments.

HKFRS 17 Insurance Contracts

HKFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes HKFRS 4 Insurance Contracts. The standard is effective for annual periods beginning on or after 1 January 2021.

2. 採納新訂及經修訂香港財務報告準則 (續)

2.1 應用新訂及經修訂香港財務報告準則 (續)

香港財務報告準則第16號租賃 (續)

根據香港會計準則第17號的規定，本集團已就融資租賃安排及租賃土地（當本集團作為承租人）的預付租賃付款確認一項資產及一項相關融資租賃負債。採用香港財務報告準則第16號或會導致該等資產的分類產生潛在變動，視乎本集團呈列使用權資產是分開呈列或按相應有關資產於同一項目內呈列（倘擁有相關資產）而定。

除了若干規定同樣適用於出租人外，香港財務報告準則第16號大致保留香港會計準則第17號內出租人之會計要求，並繼續規定出租人將租賃分類為經營租賃或融資租賃。

此外，香港財務報告準則第16號亦要求較廣泛的披露。

如附註36所披露，於二零一八年十二月三十一日，本集團的不可撤銷經營租賃承擔為32,506,000港元。此外，本集團現時認為需退回之租金按金1,806,000港元乃應用香港會計準則第17號之租賃項下之責任。根據香港財務報告準則第16號項下租賃款項之定義，此等按金不屬於使用相關資產的權利之付款，據此，此等按金的賬面值可能調整為攤銷成本及此等調整將被視作額外租賃款項。支付可退回租金按金的調整將被視作額外租賃款項並包含在使用權資產的賬面值。收回可退回租金按金的調整將視為租賃款項的預付款。

香港財務報告準則第17號保險合約

香港財務報告準則第17號確立確認、計量、列報及披露保險合約的原則，並取代香港財務報告準則第4號保險合約。該標準於二零二一年一月一日或之後開始的年度期間生效。

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2018 截至二零一八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 Application of new and revised HKFRSs (Continued)

HKFRIC-Int 23 Uncertainty over Income Tax Treatments

HKFRIC-Int 23 sets out how to determine the accounting tax position when there is uncertainty over income tax treatments. The interpretation requires an entity to determine whether uncertain tax positions are assessed separately or as a group; and assess whether it is probable that a tax authority will accept an uncertain tax treatment used, or proposed to be used, by an entity in its income tax filings.

Amendments to HKFRS 9 Prepayment Features with Negative Compensation

The amendments clarify that for the purpose of assessing whether a prepayment feature meets the SPPI condition, the party exercising the option may pay or receive reasonable compensation for the prepayment irrespective of the reason i.e. prepayment features with negative compensation do not automatically fail SPPI.

Amendments to HKFRS 10 and HKAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments to HKFRS 10 Consolidated Financial Statements and HKAS 28 Investments in Associates and Joint Ventures deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

2. 採納新訂及經修訂香港財務報告準則 (續)

2.1 應用新訂及經修訂香港財務報告準則 (續)

香港財務報告詮釋委員會–詮釋第23號所得稅處理的不確定性

香港財務報告詮釋委員會–詮釋第23號載列當對所得稅處理存在不確定性時如何釐定會計稅務狀況。該解釋要求實體釐定是否不確定稅務狀況是單獨評估還是組別評估；及評估稅務機關是否可能接受實體於其所得稅申報中使用或擬將使用的不確定稅務處理方式。

香港財務報告準則第9號 (修訂本) 具有負補償的提前還款特性

該等修訂闡明為評估預付款功能是否符合純粹支付本金及利息條件，行使權利的一方可以無論原因就預付而支付或獲得合理補償，即具有負補償的提前還款特性不會自動使其不滿足純粹支付本金及利息準則。

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之間的資產出售或注資

香港財務報告準則第10號綜合財務報表及香港會計準則第28號於聯營公司及合營企業的長期權益之修訂本處理投資者與其聯營公司或合營企業之間的資產出售或注資之情況。具體而言，該等修訂本訂明，因失去與聯營公司或合營企業 (以權益法列賬) 之交易中並無包含業務之附屬公司之控制權而產生之盈虧，於母公司損益賬確認且僅以非相關投資者於該聯營公司或合營企業之權益為限。類似地，按於成為聯營公司或合營企業 (以權益法列賬) 之任何前附屬公司所保留之投資公平值重新計量所產生之盈虧於前母公司損益賬確認且僅以非相關投資者於新聯營公司或合營企業之權益為限。

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2018 截至二零一八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 Application of new and revised HKFRSs (Continued)

Amendments to HKAS 19 Plan Amendment, Curtailment or Settlement

The amendments clarify that the past service cost (or the gain or loss on settlement) is calculated by measuring the defined benefit liability (asset) using updated assumptions and comparing benefits offered and plan assets before and after the plan amendment (or curtailment or settlement) but ignoring the effect of the asset ceiling (that may arise when the defined benefit plan is in a surplus position). The change in the effect of the asset ceiling that may result from the plan amendment (or curtailment or settlement) is recognised in other comprehensive income.

In addition, an entity is required to use the updated assumptions from this remeasurement to determine current service cost and net interest for the remainder of the reporting period after the change to the plan. In the case of the net interest, the amendments make it clear that for the period post plan amendment, the net interest is calculated by multiplying the net defined benefit liability (asset) as remeasured under paragraph 99 of HKAS 19 with the discount rate used in the remeasurement (also taking into account the effect of contributions and benefit payments on the net defined benefit liability (asset)).

Amendments to HKAS 28 Long-term Interests in Associates and Joint Ventures

The amendments clarify that an entity applies HKFRS 9, including the impairment requirements, to long-term interests in an associate or joint venture to which the equity method is not applied that form part of the net investment in the investee. Furthermore, in applying HKFRS 9 to long-term interests, an entity does not take into account adjustments to their carrying amount required by HKAS 28.

2. 採納新訂及經修訂香港財務報告準則 (續)

2.1 應用新訂及經修訂香港財務報告準則 (續)

香港會計準則第19號 (修訂本) 計劃修訂、縮減或結清

該等修訂闡明過往服務成本 (或結算的收益或虧損) 的計算乃透過計量定額福利負債 (資產) (使用更新假設及比較計劃修改 (或縮減或結算) 前後所提供之福利及計劃資產) 而忽視資產上限的影響 (於定額福利計劃處於盈餘狀態時可能出現)。

此外，於更改計劃後報告期間的剩餘時間內，實體需要使用此重新計量的更新假設以釐定當前服務成本及利息淨額。就淨利息而言，該等修訂清楚表明，於計劃後修訂期間，利息淨額的計算方法是將香港會計準則第19號第99段重新計量的定額福利負債 (資產) 淨額乘以重新計量所用貼現率 (並考慮供款及定額福利負債 (資產) 之福利付款的影響)。

香港會計準則第28號 (修訂本) 於聯營公司及合營企業之長期權益

該等修訂釐清實體將香港財務報告準則第9號 (包括其減值規定) 應用於在聯營公司或合營企業中構成對被投資方的淨投資的長期權益 (權益法不適用於此等權益)。此外，將香港財務報告準則第9號應用於長期權益時，實體無須考慮香港會計準則第28號規定之賬面值調整。

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2018 截至二零一八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 Application of new and revised HKFRSs (Continued)

Amendments to HKFRSs Annual Improvements to HKFRSs 2015-2017 Cycle

The annual improvement packages amended the following four standards.

HKAS 12 Income Taxes

The amendments clarify that an entity should recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised the transactions that generated the distributable profits. This is the case irrespective of whether different tax rates apply to distributed and undistributed profits.

HKAS 23 Borrowing Costs

The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings.

HKFRS 3 Business Combinations

The amendments clarify that when an entity obtains control of a business that is a joint operation, the entity applies the requirements for a business combination achieved in stages, including remeasuring its previously held interest in the joint operation at fair value. The previously held interest to be remeasured includes any unrecognised assets, liabilities and goodwill relating to the joint operation.

HKFRS 11 Joint Arrangements

The amendments clarify that when a party that participates in, but does not have joint control of, a joint operation that is a business obtains joint control of such a joint operation, the entity does not remeasure its previously held interest in the joint operation.

2. 採納新訂及經修訂香港財務報告準則 (續)

2.1 應用新訂及經修訂香港財務報告準則 (續)

香港財務報告準則 (修訂本) 香港財務報告準則二零一五年至二零一七年週期年度改進

年度改進方案修改了以下四個標準。

香港會計準則第12號所得稅

修訂本闡明一個實體應根據其最初確認產生可分配利潤的交易於損益、其他全面收益或權益來確認股息所產生的所得稅。不管已分配利潤和未分配利潤是否適用不同稅率，都是如此確認。

香港會計準則第23號借貸成本

修訂本闡明如果在相關資產達到預期用途或出售狀態後，任何特定借款仍未償還，則在計算一般借款的資本化率時，該借款將成為實體一般借款資金的一部分。

香港財務報告準則第3號業務合併

修訂本闡明當一個實體獲得對一個共同經營的業務的控制權時，該實體適用於分階段實現的業務合併的規定，包括以公允價值重新計量其先前在共同經營中持有的權益。先前持有的權益需要重新計量，包括與共同經營有關的任何未確認的資產、負債和商譽。

香港財務報告準則第11號聯合安排

修訂本闡明當一方參與但不具有共同控制權的共同經營的業務並獲得對此共同經營的共同控制權時，該實體不重新計量其先前在共同經營中持有的權益。

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

3.1 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

3.1 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，本集團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 2018 截至二零一八年十二月三十一日止年度

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.1 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)

3.1 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 2018 截至二零一八年十二月三十一日止年度

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 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 *Sharebased 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)

3.2 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 2018 截至二零一八年十二月三十一日止年度

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 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)

3.2 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 2018 截至二零一八年十二月三十一日止年度

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 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)

3.2 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 2018 截至二零一八年十二月三十一日止年度

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 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.

Acquisition of a subsidiary not constituting a business

When the Group acquires a group of assets and liabilities that do not constitute a business, the Group identifies and recognises the individual identifiable assets acquired and liabilities assumed by allocating the purchase price first to financial assets/financial liabilities at the respective fair values, the remaining balance of the purchase price is then allocated to the other individual identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such a transaction does not give rise to goodwill or bargain purchase gain.

3.3 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)

3.2 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。

收購一間不構成業務之附屬公司

本集團收購一組不構成業務的資產及負債時，本集團藉由先將購買價按照各自之公平值分配至財務資產／財務負債，以識別及確認所收購之個別可識別資產及所承擔之負債，並將購買價之餘下結餘按其於購買日之相對公平值分配至其他個別可識別資產及負債。該等交易並不會產生商譽或廉價購買收益。

3.3 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 2018 截至二零一八年十二月三十一日止年度

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.3 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.

3.4 Intangible assets

Intangible assets acquired separately and with finite useful lives are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is provided on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less any subsequent accumulated impairment losses.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss in the period when the asset is derecognised.

3. 重大會計政策概要 (續)

3.3 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。

3.4 無形資產

獨立收購及具有有限使用年期的無形資產乃按成本減累計攤銷及任何累計減值虧損入賬。具有有限使用年期的無形資產之攤銷乃以直線法就其估計可使用年期計提。估計使用年期及攤銷方法將於各報告期末檢討，以提前反映任何估計變動的影響。獨立收購具無限使用年期的無形資產乃按成本減任何其後累計減值虧損入賬。

終止確認無形資產所產生收益或虧損按出售所得款項淨額與資產賬面值之差額計算並於終止確認資產時於期內在損益賬中確認。

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.5 Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value excepts for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15 since 1 January 2018.

Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

(a) Financial assets

Classification and subsequent measurement of financial assets (upon application of HKFRS 9 in accordance with transitions in note 2)

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

3. 重大會計政策概要(續)

3.5 金融工具

財務資產及財務負債在集團實體成為工具合約條文的訂約方時，於綜合財務狀況表中確認。

財務資產及財務負債按公允價值初步計量，來自客戶合約的應收賬款除外，其自二零一八年一月一日起根據香港財務報告準則第15號進行計量。

可直接撥歸收購或發行財務資產及財務負債的交易成本，於初步確認時加至財務資產或財務負債的公允價值或從中扣減（如適用）。

(a) 財務資產

財務資產的分類及隨後的計量（根據附註2的過渡應用香港財務報告準則第9號）

符合下列條件的財務資產隨後按攤銷成本計量：

- 目的是收取合約現金流量的業務模式內持有的財務資產；及
- 合約條款於指定日期產生現金流量僅為支付尚未償還本金及本金額利息。

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2018 截至二零一八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)

Classification and subsequent measurement of financial assets (upon application of HKFRS 9 in accordance with transitions in note 2) (Continued)

Financial assets that meet the following conditions are subsequently measured at FVTOCI:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at FVTPL, except that at the date of initial application/initial recognition of a financial asset the Group may irrevocably elect to present subsequent changes in fair value of an equity investment in OCI if that equity investment is neither held for trading nor contingent consideration recognised by an acquirer in a business combination to which HKFRS 3 Business Combinations applies.

3. 重大會計政策概要 (續)

3.5 金融工具 (續)

(a) 財務資產 (續)

財務資產的分類及隨後的計量 (根據附註2的過渡應用香港財務報告準則第9號) (續)

符合下列條件的財務資產隨後按公平值計入其他全面收益計量：

- 目的乃透過收集合約現金流量及銷售達成的業務模式內持有的財務資產；及
- 合約條款於指定日期產生現金流量僅為支付尚未償還本金及本金額利息。

所有其他財務資產隨後會按公平值透過損益列賬，惟於初始應用日期／初始確認財務資產之日，倘股權投資並非持作買賣用途或收購方於香港財務報告準則第3號業務合併所適用的業務合併中確認的或然代價，則本集團可不可撤銷地選擇於其他全面收入中呈列有關股權投資公平值的其後變動。

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2018 截至二零一八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)

Classification and subsequent measurement of financial assets (upon application of HKFRS 9 in accordance with transitions in note 2) (Continued)

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a 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.

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

- (i) Amortised cost and interest income
Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost and debt instruments/receivables subsequently measured at FVTOCI.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below).

3. 重大會計政策概要 (續)

3.5 金融工具 (續)

(a) 財務資產 (續)

財務資產的分類及隨後的計量 (根據附註2的過渡應用香港財務報告準則第9號) (續)

在下列情況下，財務資產分類為持作買賣：

- 主要為在短期內出售而收購；或
- 初步確認時屬於本集團集中管理的可識別金融工具組合的一部分，且具有最近實際短期獲利模式；或
- 並非指定且實際用作對沖工具的衍生工具。

此外，本集團可不可撤回地指定財務資產（按規定應以攤銷成本計量或以公平值計入其他全面收益）為以公平值計入損益，前提是此舉可消除或大幅減少會計錯配。

- (i) 攤銷成本及利息收入
其後按攤銷成本計量的財務資產及其後按透過其他全面收入按公平值計量的應收款項的利息收入乃使用實際利息法予以確認。

利息收入乃對一項財務資產賬面總值應用實際利率予以計算，惟其後出現信貸減值的財務資產除外（見下文）。

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2018 截至二零一八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)

Classification and subsequent measurement of financial assets (upon application of HKFRS 9 in accordance with transitions in note 2) (Continued)

- (i) Amortised cost and interest income (Continued)
- For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit impaired.

Impairment of financial assets (upon application HKFRS 9 with transitions in accordance with note 2)

The Group recognises a loss allowance for ECL on financial assets which are subject to impairment under HKFRS 9 (including trade and other receivables, and financial guarantee contracts). The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date.

3. 重大會計政策概要 (續)

3.5 金融工具 (續)

(a) 財務資產 (續)

財務資產的分類及隨後的計量 (根據附註2的過渡應用香港財務報告準則第9號) (續)

- (i) 攤銷成本及利息收入 (續)
- 就其後出現信貸減值的財務資產而言，自下一報告期起，利息收入乃對財務資產攤銷成本應用實際利率予以確認。倘信貸減值金融工具的信貸風險好轉，使財務資產不再出現信貸減值，於釐定資產不再出現信貸減值後，自報告期開始起利息收入乃對財務資產賬面總值應用實際利率予以確認。

財務資產減值 (根據附註2的過渡應用香港財務報告準則第9號)

本集團就須根據香港財務報告準則第9號作出減值的財務資產 (包括貿易及其他應收款項及財務擔保合同) 之預期信貸虧損確認虧損撥備。預期信貸虧損金額於各報告日期作出更新，以反映自初步確認以來的信貸風險變動。

使用年期預期信貸虧損指相關工具預計使用年期內所有潛在違約事件將會引起的預期信貸虧損。相反，十二個月預期信貸虧損指報告日期起計十二個月內可能出現的違約事件預期將會引起的一部分使用年期預期信貸虧損。

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2018 截至二零一八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)

Impairment of financial assets (upon application HKFRS 9 with transitions in accordance with note 2) (Continued)

Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables. The ECL on these assets are assessed individually for debtors with significant balances and/or collectively using a provision matrix with appropriate groupings.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

- (i) Significant increase in credit risk
- In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

3. 重大會計政策概要 (續)

3.5 金融工具 (續)

(a) 財務資產 (續)

財務資產的分類及隨後的計量 (根據附註2的過渡應用香港財務報告準則第9號) (續)

評估乃根據本集團過往信貸虧損經驗作出，並就債務人特定因素、一般經濟環境及於報告日期對現況作出的評估以及未來狀況預測而作出調整。

本集團一直就貿易應收賬款確認使用年期預期信貸虧損。該等資產的預期信貸虧損將對具有重大餘額的債務人進行個別評估及／或使用具有適當分組的撥備矩陣進行共同評估。

對於所有其他金融工具，本集團按相等於十二個月預期信貸虧損的金額計量虧損撥備，除非自初始確認後信貸風險大幅增加，則本集團確認全期預期信貸虧損。評估是否應確認全期預期信貸虧損乃根據自初步確認以來所發生違約的可能性或風險大幅增加。

- (i) 信貸風險大幅增加
- 在評估自初始確認以來信貸風險是否大幅增加時，本集團會比較截至報告日期金融工具發生違約風險與截至初始確認日期金融工具發生違約風險。對於這個評估，本集團考慮合理及可靠的量性及質性的資料，包括過往經驗及無需付出不必要的成本或努力即可取得的前瞻性資料。

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2018 截至二零一八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)

Impairment of financial assets (upon application HKFRS 9 with transitions in accordance with note 2) (Continued)

(i) Significant increase in credit risk (Continued)
In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

3. 重大會計政策概要 (續)

3.5 金融工具 (續)

(a) 財務資產 (續)

財務資產的分類及隨後的計量 (根據附註2的過渡應用香港財務報告準則第9號) (續)

(i) 信貸風險大幅增加 (續)
尤其是，在評估信貸風險是否顯著增加時，將考慮以下資料：

- 金融工具的外部 (倘有) 或內部信用評級的實際或預期顯著惡化；
- 外部市場信貸風險指標顯著惡化，如信用利差、債務人信用違約掉期價格；
- 業務、財務或經濟條件出現或預期出現不利變動，可能導致債務人償債能力大幅下降；
- 債務人經營業績出現實際或預期出現顯著惡化；
- 債務人的監管、經濟或技術環境出現實際或預期出現重大不利變動，可能導致債務人償債能力大幅下降。

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2018 截至二零一八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)

Impairment of financial assets (upon application HKFRS 9 with transitions in accordance with note 2) (Continued)

- (i) Significant increase in credit risk (Continued)
Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

- (ii) Definition of default
For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

3. 重大會計政策概要 (續)

3.5 金融工具 (續)

(a) 財務資產 (續)

財務資產的分類及隨後的計量 (根據附註2的過渡應用香港財務報告準則第9號) (續)

- (i) 信貸風險大幅增加 (續)
無論上述評估結果如何，本集團假設，於合約付款逾期超過30天時，信貸風險已自初始確認起大幅增加，除非本集團有合理及可靠資料證明可予收回則當別論。

本集團定期監察用以識別信貸風險曾否顯著增加的標準的成效，並於適當時候作出修訂，從而確保有關標準能夠於款項逾期前識別信貸風險顯著增加。

- (ii) 違約定義
就內部信貸風險管理，本集團認為，倘內部制定或自外部來源取得的資料顯示債務人不可能悉數（不計及本集團所持任何抵押品）償還其債權人（包括本集團），則視作發生違約事件。

無論上述分析結果如何，倘財務資產逾期超過90日，本集團將視作已發生違約，除非本集團擁有合理及有理據支持的資料證明較寬鬆的違約標準更為適用，則另當別論。

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2018 截至二零一八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)

Impairment of financial assets (upon application HKFRS 9 with transitions in accordance with note 2) (Continued)

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- (a) significant financial difficulty of the issuer or the borrower;
- (b) a breach of contract, such as a default or past due event;
- (c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- (e) the disappearance of an active market for that financial asset because of financial difficulties.

3. 重大會計政策概要 (續)

3.5 金融工具 (續)

(a) 財務資產 (續)

財務資產的分類及隨後的計量 (根據附註2的過渡應用香港財務報告準則第9號) (續)

(iii) 已信貸減值財務資產

當一項或多項對財務資產預計未來現金流造成負面影響的事件發生時，即代表財務資產已出現信貸減值。財務資產出現信貸減值的證據包括涉及以下事件的可觀察數據：

- (a) 發行方或借款人遇到嚴重財政困難；
- (b) 違反合約，如拖欠或逾期的情況；
- (c) 向借款人作出貸款之貸款人出於與借款人財政困難有關的經濟或合約考慮，給予借款人在其他情況下不會作出的讓步；
- (d) 借款人有可能破產或進行其他財務重組；或
- (e) 因財務困難而導致該項財務資產失去活躍市場。

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2018 截至二零一八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)

Impairment of financial assets (upon application HKFRS 9 with transitions in accordance with note 2) (Continued)

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner.

Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

3. 重大會計政策概要 (續)

3.5 金融工具 (續)

(a) 財務資產 (續)

財務資產的分類及隨後的計量 (根據附註2的過渡應用香港財務報告準則第9號) (續)

(iv) 撇銷政策

當有資料顯示對手方陷入嚴重財政困難，且並無實際收回款項的可能時（例如對手方被清盤或進入破產程序，或就貿易應收賬款而言，當金額已逾期超過兩年（以較早發生者為準）），本集團會撇銷財務資產。

經計及在適當情況下的法律意見後，已撇銷的財務資產可能仍可於本集團收回程序下被強制執行。撇銷構成終止確認事件。隨後所收回的任何款項於損益內確認。

(v) 計量及確認預期信貸虧損

預期信貸虧損的計量乃違約概率、違約虧損率（即違約造成虧損的幅度）及違約風險的函數。違約概率及違約虧損率乃根據經前瞻性資料調整的歷史數據進行評估。預期信貸虧損的估計反映無偏頗及概率加權數額，其乃根據加權的相應違約風險而釐定。

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2018 截至二零一八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)

Impairment of financial assets (upon application HKFRS 9 with transitions in accordance with note 2) (Continued)

(v) Measurement and recognition of ECL (Continued)

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

For a financial guarantee contract, the Group is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed. Accordingly, the expected losses are the present value of the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Group expects to receive from the holder, the debtor or any other party.

For ECL on financial guarantee contracts or on loan commitments for which the effective interest rate cannot be determined, the Group will apply a discount rate that reflects the current market assessment of the time value of money and the risks that are specific to the cash flows but only if, and to the extent that, the risks are taken into account by adjusting the discount rate instead of adjusting the cash shortfalls being discounted.

3. 重大會計政策概要 (續)

3.5 金融工具 (續)

(a) 財務資產 (續)

財務資產的分類及隨後的計量 (根據附註2的過渡應用香港財務報告準則第9號) (續)

(v) 計量及確認預期信貸虧損 (續)

一般而言，預期信貸虧損按根據合約應付本集團的所有合約現金流與本集團將收取的所有現金流量之間的差額估計，並按初步確認時釐定的實際利率貼現。

就財務擔保合約而言，由於根據擔保工具條款，本集團僅須於債務人違約時作出付款。預計損失為償還持有人所產生信貸損失的預計款項之現值減本集團預計自持有人、債務人或任何其他方收取的任何金額。

就財務擔保合約或貸款承擔之預期信貸虧損而言，由於實際利率無法釐定，本集團將應用反映貨幣時間價值及現金流特有風險的目前市場評估的貼現率，惟僅在透過調整貼現率而非調整貼現現金差額的方式計及風險的情況下，方應用有關貼現率。

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2018 截至二零一八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)

Impairment of financial assets (upon application HKFRS 9 with transitions in accordance with note 2) (Continued)

(v) Measurement and recognition of ECL (Continued)

Where ECL is measured on a collective basis or cater for cases where evidence at the individual instrument level may not yet be available, the financial instruments are grouped on past due analysis:

- Nature of financial instruments (i.e. the Group's trade and other receivables are each assessed as a separate group;
- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

3. 重大會計政策概要 (續)

3.5 金融工具 (續)

(a) 財務資產 (續)

財務資產的分類及隨後的計量 (根據附註2的過渡應用香港財務報告準則第9號) (續)

(v) 計量及確認預期信貸虧損 (續)

倘預期信貸虧損按集體基準計量或迎合個別工具層面證據未必存在的情況，則金融工具按過往逾期分析進行分組：

- 金融工具的性質 (即本集團的貿易及其他應收款項分別作為單獨組別評估)；
- 逾期狀況；
- 債務人的性質、規模及行業；及
- 外部信貸評級 (如有)。

管理層定期檢討分組，以確保各組別的組成部分繼續擁有類似的信貸風險特徵。

利息收入乃按財務資產之賬面總值計算，除非財務資產出現信貸減值，在此情況下，利息收入乃按財務資產之攤銷成本計算。

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2018 截至二零一八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)

Impairment of financial assets (upon application HKFRS 9 with transitions in accordance with note 2) (Continued)

(v) Measurement and recognition of ECL (Continued)

For financial guarantee contracts, the loss allowances are recognised at the higher of the amount of the loss allowance determined in accordance with HKFRS 9; and the amount initially recognised less, where appropriate, cumulative amount of income recognised over the guarantee period.

Except for investments in debt instruments/receivables that are measured at FVTOCI, the Group recognises an impairment gains or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables where the corresponding adjustment is recognised through a loss allowance account. For investments in debt instruments that are measured at FVTOCI, the loss allowance is recognised in OCI and accumulated in the FVTOCI reserve without reducing the carrying amount of these debt instruments/receivables.

3. 重大會計政策概要 (續)

3.5 金融工具 (續)

(a) 財務資產 (續)

財務資產的分類及隨後的計量 (根據附註2的過渡應用香港財務報告準則第9號) (續)

(v) 計量及確認預期信貸虧損 (續)

就財務擔保合約而言，虧損撥備按根據香港財務報告準則第9號釐定之虧損撥備或初步確認之金額減（如適用）於擔保期間確認之累計收入款項（以較高者為準）確認。

除債務工具／應收款項投資按公平值計入其他全面收益計量外，本集團透過調整賬面值就所有金融工具於損益中確認減值收益或虧損，惟透過虧損撥備賬確認相應調整的貿易應收款項除外。就按公平值計入其他全面收益計量的債務工具投資外，虧損撥備於其他全面收益中確認並於按公平值計入其他全面收益儲備中累計而不會減少該等債務工具／應收款項的賬面值。

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2018 截至二零一八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)

Classification and subsequent measurement of financial assets (before application of HKFRS 9 on 1 January 2018)

The Group's financial assets are classified into 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 purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade, bills and other receivables, restricted bank balances, pledged bank deposit, and bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment of financial assets below).

3. 重大會計政策概要 (續)

3.5 金融工具 (續)

(a) 財務資產 (續)

財務資產分類及後續計量 (於二零一八年一月一日應用香港財務報告準則第9號之前)

本集團之財務資產分類為貸款及應收款項。分類視乎財務資產之性質及目的而定，且於初步確認時釐定。以常規方式購買或出售的財務資產，均按交易日基準進行確認或終止確認。以常規方式購買或出售是指要求在相關市場中的規則或慣例通常約定的時間內交付資產的財務資產買賣。

貸款及應收款項

貸款及應收款項指並非於活躍市場報價而具有固定或可確定付款之非衍生財務資產。於初步確認後，貸款及應收款項（包括貿易應收賬款、應收票據及其他應收款項、受限制銀行結餘、已抵押銀行存款、銀行結餘及現金）均用實際利息法按攤銷成本減任何已辨認的減值損失列賬（見下文有關財務資產減值的會計政策）。

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2018 截至二零一八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)

Impairment of financial assets (before application of HKFRS 9 on 1 January 2018)

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For all financial assets, objective evidence of impairment could include:

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

For certain categories of financial assets, such as trade and other receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. 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 respective credit periods granted to individual customers, observable changes in national or local economic conditions that correlate with default on receivables.

3. 重大會計政策概要 (續)

3.5 金融工具 (續)

(a) 財務資產 (續)

財務資產減值 (於二零一八年一月一日應用香港財務報告準則第9號之前)

財務資產於報告期間結束時評定是否有減值跡象。財務資產於有客觀證據顯示財務資產之預期未來現金流量因為於初步確認該財務資產後發生之一項或多項事件而受到影響時被認定為減值。

至於所有財務資產，減值之客觀證據可包括：

- 發行人或對約方出現重大財政困難；或
- 違反合約，譬如未能繳付或延遲償還利息或本金；或
- 借款人有可能面臨破產或財務重組；或
- 財務資產由於經濟困難而失去活躍市場。

就若干類別的財務資產而言，如貿易及其他應收款項，個別評估為未減值的資產其後按共同基準評估為減值。應收賬款組合的減值客觀證據包括本公司收取款項的過往經驗，組合內授予個別客戶的各信貸期的拖欠款數目增加，國家或當地經濟條件發生與拖欠應收款項有關的可予觀察的變動。

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2018 截至二零一八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)

Impairment of financial assets (before application of HKFRS 9 on 1 January 2018) (Continued)

For financial assets 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 the estimated future cash flows discounted at the financial asset's original effective interest rate.

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

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

3. 重大會計政策概要 (續)

3.5 金融工具 (續)

(a) 財務資產 (續)

財務資產分類及後續計量 (於二零一八年一月一日應用香港財務報告準則第9號之前) (續)

就按已攤銷成本列賬之財務資產而言，所確認之減值損失金額為該資產賬面值與按該財務資產原實際利率折現之估計日後現金流量現值兩者之差額計算。

與所有財務資產有關之減值損失會直接於財務資產之賬面值中作出扣減，惟應收貿易賬款及其他應收款項之賬面值會透過撥備賬作出扣減。撥備賬內之賬面值變動會於損益中確認。當應收貿易賬款及其他應收款項被視為不可收回時，其將於撥備賬內撇銷。之前已撇銷的款項如其後收回，將撥回損益內。

就按已攤銷成本列賬之財務資產而言，如在隨後期間，減值損失金額減少，而有關減少在客觀上與確認減值損失後發生之事件有關，則先前已確認之減值損失將透過損益予以撥回，惟該資產於減值被撥回當日之賬面值不得超過未確認減值時之已攤銷成本。

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2018 截至二零一八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)

Derecognition of financial assets

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. On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

(b) Financial liabilities and equity

Classification as debt or equity

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 liability and an equity instrument.

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 Company are recognised at the proceeds received, net of direct issue costs.

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

3. 重大會計政策概要 (續)

3.5 金融工具 (續)

(a) 財務資產 (續)

終止確認財務資產

本集團僅當從資產收取現金流量的合約權利已屆滿，或轉讓財務資產及其所有權的實質上的所有的風險及回報給另一方時，撤銷確認財務資產。倘本集團並未轉移亦未保留擁有的絕大部份風險及回報，並繼續控制已轉移資產，則本集團確認其於資產的保留權益及可能需支付的相關負債。倘本集團保留已轉讓財務資產擁有權的絕大部份風險及回報，則本集團繼續確認財務資產，亦就所收取款項確認為已抵押貸款。於按攤銷成本計量終止確認一項財務資產時，該項資產的賬面值與已收及應收代價之和的差額將在損益表內確認。

(b) 財務負債及權益

分類為負債或權益

債務及權益性工具乃根據合約安排的實質內容及一項財務負債和一項權益性工具的定義分類為財務負債或權益。

權益性工具

一項權益性工具指證實扣除所有負債後一個實體的資產的剩餘權益的任何合約。本公司發行的權益性工具按已收所得款項（扣除直接發行成本）列賬。

購回本公司本身權益工具已直接於權益確認及扣除。概無就購買、出售、發行或註銷本公司本身權益工具之溢利或虧損確認收益或虧損。

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2018 截至二零一八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 (Continued)

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities at amortised cost

Financial liabilities including trade and other payable are subsequently measured at amortised cost, using the effective interest method.

Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument. Financial guarantee contract liabilities are measured initially at their fair values. It is subsequently measured at the higher of:

- the amount of the loss allowance determined in accordance with HKFRS 9 (since 1 January 2018)/IFRS 37 Provisions, Contingent Liabilities and Contingent Assets (before application of HKFRS 9 on 1 January 2018); and
- the amount initially recognised less, where appropriate, cumulative amortisation recognised over the guarantee period.

3. 重大會計政策概要 (續)

3.5 金融工具 (續)

(b) 財務負債及權益 (續)

財務負債

全部財務負債隨採用實際利率法按攤銷成本，或者按公平值納入損益作後續計量。

按攤銷成本計量的財務負債

財務負債（包括貿易及其他應收款項）隨採用實際利率法，按攤銷成本作後續計量。

財務擔保合約

財務擔保合約乃發出人向持有人支付指定金額，以補償持有人由於指定債務人未能根據債務工具條款於到期時付款而蒙受的損失。財務擔保合約初步按其公平值計量，其後按以下各項較高者計量：

- 根據香港財務報告準則第9號（自二零一八年一月一日起）／國際財務報告準則第37號「撥備、或有負債及或有資產」（於二零一八年一月一日應用香港財務報告準則第9號之前）釐定的減值撥備之金額；及
- 初步確認之金額減去（如適用）於擔保期內確認之累計攤銷的金額。

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2018 截至二零一八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 2018 截至二零一八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 2018 截至二零一八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 2018 截至二零一八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 2018 截至二零一八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 from contracts with customers (upon application of HKFRS 15 in accordance with transitions in note 2)

Under HKFRS 15, the Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when “control” of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates and enhances an asset that the customer controls as the Group performs; or

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 確認收益

來自客戶合約之收入（根據附註2的過渡應用香港財務報告準則第15號）

根據香港財務報告準則第15號，本集團於完成履約責任時（或就此）確認收入，即於特定履約責任相關的商品或服務的「控制權」轉讓予客戶時。

履約責任指可區分的單一貨品及服務（或一批貨品或服務）或一系列大致相同的可區分貨品或服務。

倘符合下列其中一項標準，控制權隨時間轉移，而收入確認會按隨時間已完成相關履約責任的進度進行：

- 於本集團履約時，客戶同時取得並耗用本集團履約所提供的利益；
- 本集團的履約產生及提升一項資產，而該項資產於本集團履約時由客戶控制；或

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.14 Revenue recognition (Continued)

Revenue from contracts with customers (upon application of HKFRS 15 in accordance with transitions in note 2) (Continued)

- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract asset represents the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with HKFRS 9. In contrast, a receivable represents the Group's unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

A contract asset and a contract liability relating to the same contract are accounted for and presented on a net basis.

3. 重大會計政策概要(續)

3.14 確認收益(續)

來自客戶合約之收入(根據附註2的過渡應用香港財務報告準則第15號)(續)

- 本集團的履約並未產生對本集團有替代用途的資產,且本集團對迄今已完成履約的付款具有可強制執行的權利。

否則,收入會在客戶獲得可區分的貨品或服務的控制權時在某一時點確認。

合約資產指本集團就本集團已向客戶轉讓的貨品或服務而收取代價的權利,有關權利並非無條件,並須根據香港財務報告準則第9號評估減值。相反,應收賬款指本集團收取代價的無條件權利,即只需待時間過去代價即需到期支付。

合約負債指本集團因已向客戶收取代價(或已到期收取代價),而須向客戶轉讓貨品或服務的責任。

與相同合約有關的合約資產及合約負債按淨額基準入賬及呈列。

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.14 Revenue recognition (Continued)

Contracts with multiple performance obligations (including allocation of transaction price)

For contracts that contain more than one performance obligations (to specify), the Group allocates the transaction price to each performance obligation on a relative stand-alone selling price basis.

The stand-alone selling price of the distinct good or service underlying each performance obligation is determined at contract inception. It represents the price at which the Group would sell a promised good or service separately to a customer. If a stand-alone selling price is not directly observable, the Group estimates it using appropriate techniques such that the transaction price ultimately allocated to any performance obligation reflects the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods or services to the customer.

Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation

Input method

The progress towards complete satisfaction of a performance obligation is measured based on input method, which is to recognise revenue on the basis of the Group's efforts or inputs to the satisfaction of a performance obligation relative to the total expected inputs to the satisfaction of that performance obligation, that best depict the Group's performance in transferring control of goods or services.

3. 重大會計政策概要 (續)

3.14 確認收益 (續)

具有多項履約責任的合約 (包括交易價格的分攤)

對於包含一項以上履約責任的合約 (待明確)，本集團按相對獨立的售價基準將交易價格分配至各項履約責任。

不同貨品或服務相關的各項履約責任之單獨售價於合約成立時釐定。其指本集團將承諾的貨品或服務單獨出售予客戶的價格。倘一項獨立的售價不能直接觀察，本集團採用適當的技術進行估計，以便最終分攤至任何履約責任之交易價格反映本集團預期將承諾的貨品或服務轉讓予客戶有權換取的代價金額。

隨時間逐步確認收入：計量完全完成履約責任之進度

投入法

完全完成履約責任之進度乃根據投入法計量，即根據本集團為完成履約責任之付出或投入與完成有關履約責任之總預期投入相比以確認收入，有關方法最能反映本集團於轉移商品或服務控制權方面之履約情況。

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.14 Revenue recognition (Continued)

Costs to fulfil a contract

The Group incurs costs to fulfil a contract in its construction contracts. The Group first assesses whether these costs qualify for recognition as an asset in terms of other relevant Standards, failing which it recognises an asset for these costs only if they meet all of the following criteria:

- (a) the costs relate directly to a contract or to an anticipated contract that the Group can specifically identify;
- (b) the costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
- (c) the costs are expected to be recovered.

The asset so recognised is subsequently amortised to profit or loss on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the assets relate. The asset is subject to impairment review.

Revenue recognition (prior to 1 January 2018)

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Revenue is recognised when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the Group and when specific criteria have been met for each of the Group's activities, as described below.

3. 重大會計政策概要 (續)

3.14 確認收益 (續)

履行合約之成本

本集團於其建築合約中產生履行合約之成本。本集團首先根據其他相關準則評估該等成本是否合資格確認為資產，倘不合資格，僅在符合以下全部條件後方將該等成本確認為資產：

- (a) 有關成本與本集團可特定地識別之合約或預期訂立之合約有直接關係；
- (b) 有關成本令本集團將用於完成（或持續完成）日後履約責任之資源得以產生或有所增加；及
- (c) 有關成本預期可收回。

由此確認之資產其後按系統性基準（與向客戶轉讓資產相關的貨品或服務一致）於損益攤銷。該資產須進行減值檢討。

確認收益 (於二零一八年一月一日之前)

收益按已收或應收代價之公平值計量。收益已就估計客戶退貨、回扣及其他類似津貼作出扣減。

收益於收益金額可準確計量；未來經濟利益很可能流向本集團及就本集團各項活動達成具體準則時確認，其載述如下。

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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)

3.15 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 2018 截至二零一八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 2018 截至二零一八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.

The Group as lessor

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease.

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。

本集團作為出租人

根據融資租賃應收承租人款項按本集團於該等租約之投資淨額確認為應收款。融資租賃收入分配予各會計期間，以反映本集團就該等租約尚餘投資淨額之固定回報率。

來自經營租賃之租金收入在相關租約期內以直線法於損益確認。

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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)

3.17 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分。

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 2018 截至二零一八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分年期折舊。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 2018 截至二零一八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 2018 截至二零一八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 2018 截至二零一八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 2018 截至二零一八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 2018 截至二零一八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.

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

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。

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2018 截至二零一八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 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.

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 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)

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。

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 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 2018 截至二零一八年十二月三十一日止年度

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

4.4 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.

4.5 Amortisation and impairment of intangible assets

The cost of intangible assets acquired in business combination is the fair value at the date of acquisition. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Intangible assets are derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset are measured at the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss in the period when the assets are derecognised.

4. 主要會計估計及判斷(續)

4.4 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。

4.5 無形資產的攤銷及減值

於業務合併中收購之無形資產之成本為於收購日期之公平值。年期有限之無形資產其後於可使用經濟年期內攤銷，並於有跡象顯示無形資產可能出現減值時進行減值評估。可使用年期有限之無形資產之攤銷年期及攤銷方法至少於各財政年度末檢討一次。

無形資產於出售時或當預期使用或出售資產不會產生任何日後經濟利益時終止確認。終止確認無形資產所產生之損益按出售所得款項淨額與資產賬面值之差額計量，並於終止確認資產期間於損益內確認。

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

5. REVENUE AND OTHER INCOME

An analysis of the Group's revenue and other income is as follows:

5. 收益及其他收入

本集團收益及其他收入之分析如下：

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
(a) Revenue:	(a) 收益：		
Sales of molybdenum concentrate	銷售鉬精粉	242,232	202,928
Property management fee income	物業管理費收入	7,607	7,487
Sales of chemical products	銷售化學產品	703,543	199,694
Sales of security technologies products	銷售保安技術產品	13,689	58,492
		967,071	468,601
(b) Other income:	(b) 其他收入：		
Bank interest income	銀行利息收入	726	174
Loan interests income	貸款利息收入	6,540	-
Government grant	政府撥款	5,741	-
Sales of by-products	銷售副產品	1,286	4,498
		14,293	4,672

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

6. IMPAIRMENT OF FINANCIAL ASSETS, NET

6. 金融資產減值淨值

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Reversal of impairment of other receivables	撥回其他應收款項之減值	2,416	-
Impairment of trade and other receivables under ECL	預期信貸損失項下貿易及其他應收款項之減值	(48,462)	-
		(46,046)	-

7. OTHER GAINS AND LOSSES

7. 其他收益及虧損

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Amortisation of prepaid lease payments	預付租賃款項攤銷	(6,156)	(5,524)
Amortisation of mining rights	採礦權攤銷	(52,494)	(50,569)
Amortisation of intangible assets	無形資產攤銷	(96,505)	(32,485)
Impairment loss on goodwill	商譽減值虧損	(12,939)	-
Written off of construction in progress	在建工程撇銷	(6,572)	-
Provision of obsolete inventories	老舊存貨撥備	(34,263)	-
Gain on de-registration of subsidiaries	附屬公司撤銷註冊之收益	-	143
Loss on disposal of property, plant and equipment	出售物業、廠房及設備之虧損	(2,223)	-
		(211,152)	(88,435)

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

8. 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 four reportable operating segments as follows:

- | | |
|--------------------------------------|--|
| (a) Mining operation: | – Exploration of mineral mines
– Exploitation of molybdenum mines
– Trading of mineral resources |
| (b) Property management operation: | Provision of management service to commercial premises |
| (c) Chemical trading operation: | Manufacturing and sale of chemical products |
| (d) Security technologies operation: | Research, development and sale of security technologies products |

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.

8. 分類資料

本集團乃按與本集團組成元素有關之內部報告識別經營分類。該等內部報告由主要營運決策者為將資源分配至各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，現有四個可報告經營分類，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) 物業管理業務： | 向商用物業提供管理服務 |
| (c) 化學買賣產品業務： | 製造及銷售化學產品 |
| (d) 保安技術業務： | 研發及銷售保安技術產品 |

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 2018 截至二零一八年十二月三十一日止年度

8. SEGMENT INFORMATION (Continued)

8.1 Operating segment information

Segment revenue and results

For the year ended 31 December 2018

8. 分類資料 (續)

8.1 經營分類資料

分類收益及業績

截至二零一八年十二月三十一日止
年度

		Mining operation 採礦業務				Sale of security technologies products	Total
		Property management	Mining exploitation	Trading of mineral resources	Trading of chemical products	銷售 保安技術 產品	總計
		物業管理	礦業開採	礦產資源	化學產品	產品	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
Revenue	收益						
Segment revenue	分類收益	7,607	233,882	8,350	703,543	13,689	967,071
Results ¹	業績 ¹						
Segment results	分類業績	296	67,132	(1,785)	(49,805)	(4,883)	10,955
Unallocated corporate income	未分配公司收入						16,229
Finance costs	融資成本						(276,722)
Other gains or losses	其他收益及虧損						(211,152)
Unallocated corporate expenses	未分配公司開支						(147,310)
Loss before income tax	除所得稅前虧損						(607,998)
Income tax	所得稅						37,219
Loss for the year	本年度虧損						(570,779)

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

8. SEGMENT INFORMATION (Continued)

8.1 Operating segment information (Continued)

Segment revenue and results (Continued)

For the year ended 31 December 2017

		Mining operation 採礦業務					Total 總計
		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	Trading of chemical products 買賣 化學產品 HK\$'000 千港元	Sale of security technologies products 銷售保安技術 產品 HK\$'000 千港元	
Revenue	收益						
Segment revenue	分類收益	7,487	189,540	13,388	199,694	58,492	468,601
Results ¹	業績 ¹						
Segment results	分類業績	(301)	(25,739)	(767)	(22,404)	4,116	(45,095)
Unallocated corporate income	未分配公司收入						4,672
Unallocated corporate expenses	未分配公司開支						(154,100)
Loss before income tax	除所得稅前虧損						(194,523)
Income tax	所得稅						13,317
Loss for the year	本年度虧損						(181,206)

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. Segment result represents the profit earned by each segment without allocation of corporate income and expenses, depreciation or amortisation, 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.

8. 分類資料 (續)

8.1 經營分類資料 (續)

分類收益及業績 (續)

截至二零一七年十二月三十一日止年度

1. 收入及開支乃參考可報告分類產生之銷售額及開支。分類業績指在未分配公司收入及開支、折舊或攤銷、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。

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

8. SEGMENT INFORMATION (Continued)

8.1 Operating segment information (Continued)

Segment assets and liabilities

		Mining operation 採礦業務			Trading of mineral resources	Trading of chemical products	Sale of security technologies products	Unallocated	Total
		Property management	Mining exploitation						
		物業管理	礦業開採	買賣 礦產資源	買賣 化學產品	保安技術 產品	未分配	總計	
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
		千港元	千港元	千港元	千港元	千港元	千港元	千港元	
As at 31 December 2018	於二零一八年十二月三十一日								
Segment assets	分類資產	585,520	4,006,322	368,123	489,739	145,390	779,236	6,374,330	
Segment liabilities	分類負債	367	817,397	-	565,552	10,434	1,085,275	2,479,025	
As at 31 December 2017	於二零一七年十二月三十一日								
Segment assets	分類資產	601,832	4,192,563	392,708	593,618	159,313	597,074	6,537,018	
Segment liabilities	分類負債	1,323	832,449	-	261,303	198,014	636,887	1,929,976	

For the purposes of monitoring segment performances and allocating resources between segments:

- all assets are allocated to reportable segments other than 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（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並在分類負債中被分類為「其他」之負債則除外）。

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

8. SEGMENT INFORMATION (Continued)

8.1 Operating segment information (Continued)

Other segment information

		Mining operation 採礦業務		Trading of mineral resources	Trading of chemical products	Sale of security technologies products	Unallocated	Total
		Property management	Mining exploitation					
		物業管理	礦業開採	買賣 礦產資源	買賣 化學產品	保安技術 產品	未分配	總計
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
As at 31 December 2018	於二零一八年十二月三十一日							
Depreciation and amortisation	折舊及攤銷	3	67,253	26	36,798	103,510	6,185	213,775
Capital expenditures	資本開支	-	20,489	50	46,619	25	3,071	70,254
As at 31 December 2017	於二零一七年十二月三十一日							
Depreciation and amortisation	折舊及攤銷	3	65,775	7	8,537	3,818	5,411	83,548
Capital expenditures	資本開支	5	450	-	-	1,285	10	1,750

8.2 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.

8. 分類資料 (續)

8.1 經營分類資料 (續)

其他分類資料

8.2 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 2018 截至二零一八年十二月三十一日止年度

8. SEGMENT INFORMATION (Continued)

8.2 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		Segment assets	
		來自外界客戶之分類收益		分類資產	
		2018	2017	2018	2017
		二零一八年	二零一七年	二零一八年	二零一七年
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元
Overseas	海外	-	3,928	-	-
Hong Kong	香港	-	-	2,458	-
The PRC	中國	967,071	464,673	4,644,908	4,976,602
		967,071	468,601	4,647,366	4,976,602

8.3 Information about major customers

The following is an analysis of revenue from customers contributing over 10% of total revenue.

		2018	2017
		二零一八年	二零一七年
		HK\$'000	HK\$'000
		千港元	千港元
Customer A (Mining operation)	客戶A (採礦業務)	N/A	55,537
Customer B (Sale of security technologies products)	客戶B (銷售保安技術產品)	N/A	48,749

There is no other single customer contributing over 10% of total revenue during the year ended 31 December 2018.

8. 分類資料 (續)

8.2 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：

8.3 有關主要客戶之資料

以下為來自貢獻佔總收益10%以上的客戶的收益分析：

於截至二零一八年十二月三十一日止年度，並無其他單一客戶之貢獻佔總收益10%以上。

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

9. FINANCE COSTS

9. 融資成本

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 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	237,686	82,267
Imputed interest on convertible bonds	可換股債券之估算利息	39,036	39,099
		276,722	121,366

10. LOSS BEFORE INCOME TAX

10. 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：

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Auditors' remuneration	核數師酬金	1,200	1,080
Cost of inventories expensed	存貨成本支出	886,957	352,274
Depreciation of property, plant and equipment	物業、廠房及設備折舊	58,620	27,458
Staff costs (including directors' remuneration)	員工成本(包括董事酬金)		
– Wages and salaries	– 工資及薪金	32,097	27,602
– Retirement benefits contributions	– 退休福利供款	2,625	2,188
Operating lease payments in respect of offices premises	辦公室物業之經營租賃款項	7,130	8,247

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

11. 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:

11. 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：

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 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	300
		300	300
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	2,314	884
Contributions to pension schemes	退休金計劃供款	35	35
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	-	-
		2,349	919
		2,649	1,219

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

11. DIRECTORS' REMUNERATION (Continued)

For the years ended 31 December 2018 and 2017, 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.

11. 董事酬金 (續)

截至二零一八年及二零一七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。

		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	
		2018	2017	2018	2017	2018	2017	2018	2017
		二零一八年	二零一七年	二零一八年	二零一七年	二零一八年	二零一七年	二零一八年	二零一七年
		HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'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								
Qian Yi Dong	錢一棟	-	-	364	364	17	17	381	381
Zhang Jia Kun	張家坤	-	-	-	-	-	-	-	-
Yang Ying Min	楊英民	-	-	1,950	520	18	18	1,968	538
Li Li Juan ¹	李麗娟 ¹	-	-	-	-	-	-	-	-
Xu Zi Jing ²	許子敬 ²	-	-	-	-	-	-	-	-
Zhao Jian ³	趙劍 ³	-	-	-	-	-	-	-	-
		-	-	2,314	884	35	35	2,349	919
Independent non-executive directors	獨立非執行董事								
Cheng Chak Ho	鄭澤豪	100	100	-	-	-	-	100	100
William Fong	方偉濂	100	100	-	-	-	-	100	100
Leung Kar Fai	梁嘉輝	100	100	-	-	-	-	100	100
		300	300	-	-	-	-	300	300

¹ Li Li Juan resigned as executive director on 21 June 2017.

² Xu Zi Jing was appointed as executive director on 9 April 2018 and resigned on 15 October 2018.

³ Zhao Jian was appointed as executive director on 15 October 2018.

¹ 李麗娟於二零一七年六月二十一日辭任執行董事。

² 許子敬於二零一八年四月九日獲委任執行董事並於二零一八年十月十五日辭任。

³ 趙劍於二零一八年十月十五日獲委任執行董事。

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

11. DIRECTORS' REMUNERATION (Continued)

For the years ended 31 December 2018 and 2017, remunerations of all directors of the Company fall within HK\$Nil to HK\$2,000,000.

There were no arrangements under which a director waived or agreed to waive any remuneration during the year (2017: 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.

12. EMPLOYEES' EMOLUMENTS

The five highest paid employees during the year included two (2017: two) directors, details for whose remuneration are set out in Note 11 above. Details of the remuneration of the remaining three (2017: 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

2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
----------------------------------	----------------------------------

1,742	1,325
54	52

1,796	1,377
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For the years ended 31 December 2018 and 2017, remunerations of highest paid, non-director employees fall within HK\$Nil to HK\$1,000,000.

11. 董事酬金 (續)

截至二零一八年及二零一七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2,000,000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 (二零一七年：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。

12. 僱員薪酬

年內五名最高薪酬員工包括兩名 (二零一七年：兩名) 董事，彼等之酬金詳情載於上文附註11。餘下三名 (二零一七年：三名) 非董事最高薪酬員工之酬金詳情如下：

截至二零一八年及二零一七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。

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

12. EMPLOYEES' EMOLUMENTS (Continued)

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.

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 2017 (2016: 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.

During the year ended 31 December 2018, 100,000,000 share options was granted to a director, then lapsed in the same year due to his resignation (2017: Nil).

12. 僱員薪酬 (續)

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。

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，於二零一七年十二月三十一日，本集團並無就僱員退休承擔任何重大或然負債(二零一六年：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。

於截至二零一八年十二月三十一日止年度內，已向一名董事授出100,000,000份購股權，由於彼於同年度內辭任，該等購股權註銷(二零一七年：無)。

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

13. 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.

13. 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。

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Current tax:	即期稅項：		
PRC corporate income tax	中國企業所得稅	31	7,446
Deferred tax	遞延稅項	(37,250)	(20,763)
		(37,219)	(13,317)

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:

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。

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Loss before income tax	除所得稅前虧損	(607,998)	(194,523)
Tax at the statutory tax rates	按法定稅率計算之稅項	(135,835)	(32,096)
Tax effect of income not taxable for tax purpose	毋須課稅收入之稅務影響	(2,088)	(9,817)
Tax effect of expense not deductible for tax purpose	不可扣稅開支之稅務影響	153,595	23,639
Tax effect of unrecognised tax losses	未確認稅務虧損之稅務影響	589	4,957
Tax effect of temporary difference	暫時性差額之稅務影響	(37,250)	-
Utilised tax loss recognised	已應用稅項虧損	(16,230)	-
Tax credit for the year	本年度之稅項抵免	(37,219)	(13,317)

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

14. DIVIDENDS

The Directors do not recommend the payment of any final dividend in respect of the year ended 31 December 2018 (2017: Nil).

15. 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\$484,008,000 (2017: HK\$145,774,000) attributable to equity holders of the Company, and weighted average of approximately 21,495,386,000 (2017: 21,541,537,000) ordinary shares in issue during the year.

(b) Diluted loss per share

For the years ended 31 December 2018 and 2017, 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 years ended 31 December 2018 and 2017.

14. 股息

董事不建議就截至二零一八年十二月三十一日止年度派付任何末期股息(二零一七年:無)。

15. 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484,008,000港元(二零一七年:145,774,000港元)及年內已發行普通股加權平均數約21,495,386,000股(二零一七年:21,541,537,000股)計算。

(b) 每股攤薄虧損

截至二零一八年及二零一七年十二月三十一日止年度,計算每股攤薄虧損時並無假設轉換本公司尚未行使可換股債券,乃由於假設行使該等可換股債券將導致截至二零一八年及二零一七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 2018 截至二零一八年十二月三十一日止年度

16. PROPERTY, PLANT AND EQUIPMENT

16. 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 2017	於二零一七年一月一日	194,876	164,433	536	19,923	567,800	947,568
Additions	添置	1,777	3,284	–	2,000	352	7,413
Disposals	出售	–	–	–	(1,344)	–	(1,344)
Acquisition of subsidiary	收購附屬公司	56,223	275,464	–	4,328	–	336,015
Acquisition of assets through acquisition subsidiary	透過收購附屬公司收購資產	–	–	–	93	111,183	111,276
Exchange realignment	匯兌調整	17,026	23,666	–	1,206	32,675	74,573
At 31 December 2017 and 1 January 2018	於二零一七年十二月三十一日及 二零一八年一月一日	269,902	466,847	536	26,206	712,010	1,475,501
Additions	添置	374	–	3,072	787	66,021	70,254
Disposals	出售	–	(33,535)	–	(1,353)	(12,071)	(46,959)
Written off	撇銷	–	–	–	–	(6,572)	(6,572)
Transfer	轉入	16,851	76,273	–	–	(93,124)	–
Exchange realignment	匯兌調整	(15,673)	(27,707)	–	(1,054)	(26,476)	(70,910)
At 31 December 2018	於二零一八年十二月三十一日	271,454	481,878	3,608	24,586	639,788	1,421,314
Accumulated depreciation and impairment	累計折舊						
At 1 January 2017	於二零一七年一月一日	104,035	133,656	536	19,848	193,938	452,013
Charge for the year	年內扣除	10,746	16,074	–	638	–	27,458
Disposals	出售	–	–	–	(1,058)	–	(1,058)
Exchange realignment	匯兌調整	8,271	10,718	–	979	–	19,968
At 31 December 2017 and 1 January 2018	於二零一七年十二月三十一日及 二零一八年一月一日	123,052	160,448	536	20,407	193,938	498,381
Charge for the year	年內扣除	14,507	41,424	614	2,075	–	58,620
Disposals	出售	–	(10,188)	–	(1,117)	–	(11,305)
Exchange realignment	匯兌調整	(7,452)	(10,281)	–	(804)	–	(18,537)
At 31 December 2018	於二零一八年十二月三十一日	130,107	181,403	1,150	20,561	193,938	527,159
Carrying amount	賬面值						
At 31 December 2018	於二零一八年十二月三十一日	141,347	300,475	2,458	4,025	445,850	894,155
At 31 December 2017	於二零一七年十二月三十一日	146,850	306,399	–	5,799	518,072	977,120

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

16. PROPERTY, PLANT AND EQUIPMENT (Continued)

As at 31 December 2018, the carrying amount of the Group's property, plant and equipment of approximately HK\$457.3 million (2017: approximately HK\$510.9 million) and approximately HK\$111.9 million (2017: approximately HK\$115.8 million) were allocated to the Molybdenum Mining cash-generating unit ("Molybdenum Mining CGU") and Potassium Mining cash-generating unit ("Potassium Mining CGU") respectively.

As at 31 December 2018, the Group determined the recoverable amounts of Molybdenum Mining CGU and Potassium 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 13% and 21% (2017: 11% and 20%) for Molybdenum Mining CGU and Potassium Mining CGU respectively with reference to the valuation performed by an independent external valuer as at 31 December 2018. No impairment is considered necessary to provide (2017: Nil).

As at 31 December 2018, buildings with carrying amount of approximately HK\$36,864,000 (2017: approximately HK\$16,428,000) were pledged for a bank loan.

16. 物業、廠房及設備 (續)

於二零一八年十二月三十一日，本集團物業、廠房及設備之賬面值約457,300,000港元（二零一七年：約510,900,000港元）及約111,900,000港元（二零一七年：約115,800,000港元）分別分配至鉬礦現金產生單位（「鉬礦現金產生單位」）及鉀長石礦現金產生單位（「鉀長石礦現金產生單位」）。

於二零一八年十二月三十一日，本集團按可使用價值計算釐定鉬礦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作出的現金流量預測，按鉬礦現金產生單位及鉀長石礦現金產生單位之貼現率分別為13%及21%（二零一七年：11%及20%），並參考獨立外聘估值師於二零一八年十二月三十一日進行的估值計算。衡量毋須作出減值撥備（二零一七年：無）。

於二零一八年十二月三十一日，賬面值約36,864,000港元的建築（二零一七年：約16,428,000港元）已抵押作為一項銀行貸款的擔保。

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

17. 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.

17. 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。

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Net carrying amount	賬面淨值		
At 1 January	於一月一日	72,974	52,750
Addition through acquisition of subsidiaries	透過收購附屬公司新增	-	21,254
Amortisation for the year	年度攤銷	(6,156)	(5,636)
Exchange realignment	匯兌調整	(3,742)	4,606
At 31 December	於十二月三十一日	63,076	72,974

As at 31 December 2018, prepaid lease payments with carrying amount of approximately HK\$20,342,000 (2017: approximately HK\$21,997,000) were pledged for a bank loan.

於二零一八年十二月三十一日，賬面值約20,342,000港元的應收租賃款項（二零一七年：約21,997,000港元）已抵押作為一項銀行貸款的擔保。

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

18. MINING RIGHTS

18. 採礦權

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Costs:	成本：		
At 1 January	於一月一日	5,713,531	3,096,436
Addition through acquisition of subsidiaries	透過收購附屬公司新增	-	2,383,855
Exchange realignment	匯兌調整	(183,635)	233,240
At 31 December	於十二月三十一日	5,529,896	5,713,531
Accumulated amortisation and impairment loss:	累計攤銷及減值虧損：		
At 1 January	於一月一日	2,310,941	2,100,133
Amortisation provided for the year	本年度攤銷撥備	52,494	50,569
Exchange realignment	匯兌調整	(129,857)	160,239
At 31 December	於十二月三十一日	2,233,578	2,310,941
Carrying amount:	賬面值：		
At 31 December	於十二月三十一日	3,296,318	3,402,590

Molybdenum Mine

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 Molybdenum Mining CGU.

As at 31 December 2018 and 2017, the Group determined the recoverable amounts of Molybdenum 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 13% (2017: 11%) with reference to the valuation performed by an independent external valuer as at 31 December 2018. As the recoverable amount of the Molybdenum Mining CGU was higher than the carrying amount, no impairment loss was recognised as at 31 December 2018.

鉬礦

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」）所發出之勘探權。勘探權分配予本集團鉬礦現金產生單位。

於二零一八年及二零一七年十二月三十一日，本集團按可使用價值計算釐定鉬礦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13%（二零一七年：11%）貼現率的現金流量，並參考獨立外部估值師於二零一八年十二月三十一日所作估值。由於鉬礦現金產生單位之可收回金額高於其賬面值，故於二零一八年十二月三十一日概無確認減值虧損。

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

18. MINING RIGHTS (Continued)

Potassium Mine

The Group had an exploitation rights in respect of a Potassium mine located Shaanxi Province, the PRC (“Shaanxi Potassium Mine”) issued by Land and Resources Bureau of Shaanxi Province, the PRC. The exploitation rights were allocated to the Group’s Potassium Mining CGU.

As at 31 December 2018, the Group determined the recoverable amounts of Potassium 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 periods, and at a discount rate of 21% with reference to the valuation performed by an independent external valuer as at 31 December 2018. As the recoverable amount of the Potassium Mining CGU was higher than the carrying amount, no impairment loss was recognised as at 31 December 2018.

18. 採礦權 (續)

鉀長石礦

本集團擁有中國陝西省國土資源廳就位於中國陝西省的鉀長石礦(「陝西鉀長石礦」)發出之勘探權。勘探權分配予本集團鉀長石礦現金產生單位。

於二零一八年十二月三十一日，本集團按可使用價值計算釐定鉀長石礦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作出的現金流量預測，按貼現率21%並參考獨立外聘估值師於二零一八年十二月三十一日進行的估值計算。由於鉀長石礦現金產生單位之可收回金額高於賬面值，故於二零一八年十二月三十一日並無確認減值虧損。

19. GOODWILL

19. 商譽

HK\$'000
千港元

Cost:	成本：	
At 1 January 2017, at 31 December 2017 and at 1 January 2018	於二零一七年一月一日、 於二零一七年十二月三十一日及 於二零一八年一月一日	
Impairment of goodwill	商譽減值	69,131 (12,939)
At 31 December 2018	於二零一八年十二月三十一日	56,192

As at 31 December 2018, the amounts of goodwill were allocated to Molybdenum Mine CGU, Trading of chemical products cash-generating unit (“Chemical Products CGU”) and Sale of security technologies products cash-generating unit (“Security Technologies Products CGU”) (“CGUs”) of approximately HK\$13.4 million, Nil and HK\$42.8 million respectively.

As at 31 December 2018, the Group conducted impairment review on goodwill attributable to above CGUs at the end of the reporting period by reference to its estimated recoverable amount. The recoverable amount of the CGUs has been determined based on a value-in-use calculation. There was approximately HK\$12.9 million impairment loss was recognised in respect of Chemical Products CGU for the year ended 31 December 2018.

於二零一八年十二月三十一日，商譽金額分配予鉬礦現金產生單位、買賣化學產品現金產生單位(「化學產品現金產生單位」)及銷售保安技術產品現金產生單位(「銷售保安技術產品現金產生單位」)(「該等現金產生單位」)。分別約13,400,000港元、零及42,800,000港元。

於二零一八年十二月三十一日，本集團於報告期末就上述現金產生單位參考其估計可收回金額進行商譽減值回顧。該等現金產生單位之可收回金額按可使用價值計算釐定。截至二零一八年十二月三十一日止年度，就化學產品現金產生單位確認減值虧損約12,900,000港元。

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

19. GOODWILL (Continued)

The calculation used in the cash flows projections was based on financial budgets approved by management covering a 5 years period, and the discount rate of Molybdenum Mine CGU was 13% Chemical Products CGU was 22% and Security Technologies Products CGU was 19%.

20. INVESTMENT DEPOSITS/LONG-TERM RECEIVABLE

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. 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 covering approximately 13.54 km².

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.

19. 商譽(續)

現金流量預測使用的計算乃基於管理層批准的涵蓋五年期之財務預算案作出，而鉬礦現金產生單位、買賣化學產品現金產生單位及銷售保安技術產品現金產生單位之貼現率分別為13%、22%及19%。

20. 投資按金／長期應收款項

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%權益的鐵礦擔保。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。

截至二零一六年十二月三十一日止年度，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，有關條件包括：(i)鼎金獲得經營鐵礦的所有必要批准文件，包括但不限於中國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達成本集團提出的條件。

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

20. INVESTMENT DEPOSITS/LONG-TERM RECEIVABLE (Continued)

However, during the year ended 31 December 2018, the result of above conditions was not satisfied. After negotiation between the Group and Ding Jin, both parties agreed to enter into a repayment agreement, pursuant to which, the receivable amounts of HK\$600,000,000 would be carrying interest at 10% per annum, payable on annual basis in 5 years ("Receivable").

The Receivable was reclassified and recognised as long-term receivable in the consolidated statements of financial position were calculated as follows:

20. 投資按金／長期應收款項(續)

然而，於截至二零一八年十二月三十一日止年度，上述條件最終未能獲達成。經本集團與鼎金協商後，雙方同意訂立還款協議，據此，應收款項600,000,000港元將按年利率10%計息，須於五年內按年支付（「應收款項」）。

於綜合財務狀況表重新分類並確認為長期應收款項的應收款項計算如下：

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Cost	成本	600,000	-
Less: Allowance for credit losses	減：呆壞賬撥備	(14,498)	-
		585,502	-
Non-current portion	非流動部分	466,664	-
Current portion	流動部分	118,838	-
		585,502	-

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

21. INTANGIBLE ASSETS

21. 無形資產

		Contract backlog 待完成合約 HK\$'000 千港元
Cost:	成本：	
As at 1 January 2017	於二零一七年一月一日	–
Addition through acquisition of subsidiaries	透過收購附屬公司新增	468,321
Exchange realignment	匯兌調整	18,951
As at 31 December 2017 and 1 January 2018	於二零一七年十二月三十一日及 二零一八年一月一日	487,272
Exchange realignment	匯兌調整	(26,874)
As at 31 December 2018	於二零一八年十二月三十一日	460,398
Accumulated amortisation:	累計攤銷：	
As at 1 January 2017	於二零一七年一月一日	–
Amortisation provided for the year	本年度攤銷撥備	31,221
Exchange realignment	匯兌調整	1,264
As at 31 December 2017 and 1 January 2018	於二零一七年十二月三十一日及 二零一八年一月一日	32,485
Amortisation provided for the year	年內攤銷撥備	96,505
Exchange realignment	匯兌調整	(6,217)
As at 31 December 2018	於二零一八年十二月三十一日	122,773
Carrying amount:	賬面值：	
As at 31 December 2018	於二零一八年十二月三十一日	337,625
As at 31 December 2017	於二零一七年十二月三十一日	454,787

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

21. INTANGIBLE ASSETS (Continued)

During the year ended 31 December 2017, intangible assets of approximately HK\$468.3 million were acquired through acquisition of Gold Pearl Group, represent contract backlog with 5 years useful life. The amounts of intangible assets were allocated to Security Technologies Products CGU.

As at 31 December 2018, the Group conducted impairment review on intangible assets attributable to Security Technologies Products CGU at the end of the reporting period by reference to its estimated recoverable amount. The recoverable amount of the Security Technologies Products CGU has been determined based on a value-in-use calculation. No impairment loss was recognised in respect of the Security Technologies Products CGU for the year ended 31 December 2018 (2017: Nil).

The calculation used in the cash flows projections was based on financial budgets as approved by management covering a 5 years period, the discount rate of Security Technologies Products CGU was 18.5% and the estimated general growth rate was 3%.

22. FINANCE LEASE RECEIVABLES

21. 無形資產 (續)

截至二零一七年十二月三十一日止年度，透過收購金珍珠集團收購的無形資產約468,300,000港元，為具五年可使用年期的待完成合約。無形資產的金額分配予保安技術產品現金產生單位。

於二零一八年十二月三十一日，本集團於報告期末參考保安技術產品現金產生單位之估計可收回金額就保安技術現金產生單位應佔無形資產進行減值回顧。銷售保安技術產品現金產生單位之可收回金額按可使用價值計算釐定。截至二零一八年十二月三十一日止年度，概無就保安技術產品現金產生單位確認減值虧損（二零一七年：無）。

現金流量預測使用的計算乃基於管理層批准的涵蓋五年期之財務預算案作出，銷售保安技術產品現金產生單位之貼現率為18.5%及估計一般增長率為3%。

22. 應收融資租賃

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Current finance lease receivables	流動應收融資租賃	1,091	1,314
Non-current finance lease receivables	非流動應收融資租賃	3,706	5,077
		4,797	6,391

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

22. FINANCE LEASE RECEIVABLES (Continued)

The Group's finance lease receivables are as follows:

		2018 二零一八年		2017 二零一七年	
		Present value of minimum lease receivables 最低應收 租賃現值 HK\$'000 千港元	Total minimum lease receivables 最低應收 租賃總額 HK\$'000 千港元	Present value of minimum lease receivables 最低應收 租賃現值 HK\$'000 千港元	Total minimum lease receivables 最低應收 租賃總額 HK\$'000 千港元
Not later than 1 year	不遲於一年	1,091	1,395	1,314	1,705
Later than 1 year not later than 5 years	遲於一年但不遲於五年	3,706	4,187	5,077	5,908
		4,797	5,582	6,391	7,613
Less: total future interest income	減：未來利息收入總額		(785)		(1,222)
Present value of lease obligations	租賃責任現值		4,797		6,391

The interest rate inherent in the leases was fixed at the contract date for the entire lease term. The interest rates of the above finance leases was 6% per annum.

The finance lease receivables as at 31 December 2018 were neither past due nor impaired.

The terms of finance leases entered into ranged to 5 years.

22. 應收融資租賃(續)

本集團之應收融資租賃如下：

整個租期內的既有租賃利率固定於合約日期當日的水平。以上融資租賃之年利率為6%。

於二零一八年十二月三十一日之應收融資租賃概無逾期或減值。

已訂立之應收融資租賃年期介乎五年。

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

23. INVENTORIES

23. 存貨

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Raw material	原材料	59,211	39,235
Work in progress	在製品	10,797	12,047
Finished goods	製成品	483,455	421,358
		553,463	472,640
Provision of obsolete inventories	老舊存貨撥備	(32,691)	–
		520,772	472,640

The cost of inventories recognised as expense during the year in respect of mining operations, trading of chemical products and sale of security technologies products were totally approximately HK\$886,957,000 (2017: approximately HK\$352,274,000). There was approximately HK\$34,261,000 of provision of obsolete inventories was recognised in profit or loss for the year ended 31 December 2018 (2017: Nil).

年內就採礦業務、買賣化學產品及銷售保安技術產品確認為支出之存貨成本合共約為886,957,000港元（二零一七年：約352,274,000港元）。截至二零一八年十二月三十一日止年度，於損益內確認老舊存貨撥備約34,261,000港元（二零一七年：無）。

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

24. TRADE AND BILL RECEIVABLES

24. 應收賬款及票據

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Trade and bill receivables	應收賬款及票據	44,864	66,660
Less: Allowance for credit losses	減：信貸虧損撥備	(21,429)	-
		23,435	66,660

As at 31 December 2018 and 1 January 2018, trade receivables from contracts with customers amounted to HK\$23,435,000 and HK\$66,660,000 respectively.

於二零一八年十二月三十一日及二零一八年一月一日，來自客戶合約之應收貿易賬款分別為23,435,000港元及66,660,000港元。

The following is an aged analysis of trade receivables presented based on dates of delivery of goods.

以下為根據貨品交付日期呈列的貿易應收款項的賬齡分析。

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
0-30 days	0-30日	11,780	3,065
31-60 days	31-60日	-	4,772
61-90 days	61-90日	1,182	-
91-180 days	91-180日	272	44,596
Over 180 days but within one year	逾180日但於一年內	10,201	14,227
		23,435	66,660

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2018 截至二零一八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:

31–60 days	31–60日
61–90 days	61–90日
91–180 days	91–180日
Over 180 days but within one year	逾180日但於一年內

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:

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
		–	4,772
		1,182	–
		272	44,596
		10,201	14,227
		11,655	63,595

For the year ended 31 December 2018, trade debtors that were not impaired nor past due related to customers for whom there was no recent history of default. Based on 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 (2017: Nil).

The Directors consider that the fair values of trade receivables are 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 and trading of chemical products 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 30 days.

截至二零一八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（二零一七年：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，銷售鉬精粉及買賣化學產品大多以現金進行，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型客戶30日信貸期。

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

25. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

As at 31 December 2018, included in balance of prepayments, deposits and other receivables were (i) prepayment for purchase of inventories of approximately HK\$125,733,000 (2017: approximately HK\$196,115,000.); (ii) carrying amount of approximately HK\$118,838,000 (2017: Nil) of Receivables as detailed in note 20; and (iii) loan receivable of approximately HK\$226,909,000 (equivalent to RMB200,000,000) (2017: Nil) granted to shareholders of subsidiaries which was carried at effective interests rate of 11%.

26. CASH AND CASH EQUIVALENT

Bank balances carry interest at market rates which range from 0.01% to 0.35% per annum (31 December 2017: 0.01% to 0.35%).

The pledged bank deposit carry interest at the rate of 1.95% (2017: 1.95%) have been pledged to secure general banking facilities granted to the Group.

25. 預付款項、按金及其他應收款

於二零一八年十二月三十一日，預付款項、按金及其他應收款結餘包括(i)購買存貨之預付款項約125,733,000港元(二零一七年：約196,115,000港元)；(ii)如附註20所披露賬面值約為118,838,000港元之應收款項(二零一七年：零)；及(iii)向附屬公司之股東授出約為226,909,000港元(相當於人民幣200,000,000元)之應收貸款(二零一七年：零)按實際利率11%收取利息。

26. 現金及現金等價物

		2018	2017
		二零一八年	二零一七年
		HK\$'000	HK\$'000
		千港元	千港元
Pledged bank deposits	已抵押銀行存款	1,055	106,220
Cash and bank balances	現金及銀行結餘	121,478	56,097
		122,533	162,317

銀行結餘每年按市場利率介乎0.01%至0.35%計息(二零一七年十二月三十一日：0.01%至0.35%)。

已抵押銀行存款按年利率1.95%計息(二零一七年：1.95%)，已抵押作為授予本集團銀行融資之擔保。

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

27. SHARE CAPITAL

27. 股本

		Number of shares 股份數目	Nominal value 面值
	Notes 附註	'000 千股	HK\$'000 千港元
Authorised:			
Ordinary shares of HK\$0.016 each			
At 1 January 2017,			
at 31 December 2017,			
at 1 January 2018 and			
31 December 2018		31,250,000	500,000
Issued and fully paid:			
At 1 January 2017		21,557,546	344,921
Repurchases of shares		(62,160)	(995)
At 31 December 2017 and			
31 December 2018		21,495,386	343,926

The movements in the Company's share capital are summarized as follows:

本公司之股本變動概述如下：

- (a) On 25 September 2017, 26 September 2017, 28 September 2017 and 12 October 2017, the Company bought back shares through Grand Investment (Securities) Limited, pursuant to which the Directors have agreed to share buyback, and the Company has agreed to buy back up to 30,180,000 shares at market price of HK\$0.1592 per shares; 7,650,000 shares at market price of HK\$0.1593 per shares; 12,330,000 shares at market price of HK\$0.1622 per shares and 12,000,000 shares at HK\$0.1610 per shares respectively. The shares were cancelled in the stock market on 6 October 2017 and 18 October 2017 respectively.

- (a) 於二零一七年九月二十五日、二零一七年九月二十六日、二零一七年九月二十八日及二零一七年十月十二日，本公司透過大唐投資（證券）有限公司購回股份，據此董事同意股份購回而本公司同意分別以市價每股0.1592港元購回30,180,000股股份、以市價每股0.1593港元購回7,650,000股股份、以市價每股0.1622港元購回12,330,000股股份及以市價每股0.1610港元購回12,000,000股股份。該等股份分別於二零一七年十月六日及二零一七年十月十八日於股票市場註銷。

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

28. CONVERTIBLE BONDS

28. 可換股債券

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
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)	-	246,857
HK\$98,838,000 (CB B)	98,838,000港元(可換股債券B)	-	97,829
		-	344,686

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. The maturity date of the CB B and CB A are 20 December 2018 and 28 December 2018 respectively. The CB B and CB A is interest bearing at 10% per annum and payables arrears at first anniversary and upon its maturity dates. The CB B and CB A holders have the rights to convert the CB B and CB A into ordinary shares of the Company at any time and from time to time between the date of issue of the CB B and CB A and up to respectively maturity date, at the initial conversion price of HK\$0.15 (the "Conversion Price"), subject to adjustment as set out and in accordance with the terms and conditions in the instrument constituting the CB B and CB A.

於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B及可換股債券A之到期日分別為二零一八年十二月二十日及二零一八年十二月二十八日。可換股債券B及可換股債券A均按年利率10%計息，且於第一週年及到期日分期支付。於可換股債券B及可換股債券A發行日期至各自到期日止之期間，可換股債券B及可換股債券A之持有人有權隨時及不時按初步換股價0.15港元(「換股價」)將可換股債券B及可換股債券A轉換為本公司之普通股，惟換股價可根據構成可換股債券B及可換股債券A之文據所載條款及條件作出調整。

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

28. CONVERTIBLE BONDS (Continued)

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 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	CB B	Total
		可換股債券A	可換股債券B	總計
		HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元
At 1 January 2017	於二零一七年一月一日	243,838	96,633	340,471
Imputed interest charged	估算利息開支	28,019	11,080	39,099
Interest charged	利息開支	(25,000)	(9,884)	(34,884)
At 31 December 2017 and at 1 January 2018	於二零一七年十二月三十一日 及二零一八年一月一日	246,857	97,829	344,686
Imputed interest charged	估算利息開支	28,143	10,893	39,036
Repayment (note b)	預付款項(附註b)	-	(108,722)	(108,722)
Re-classified to corporate bond (note a)	重新分類為企業債券 (附註a)	(275,000)	-	(275,000)
At 31 December 2018	於二零一八年十二月三十一日	-	-	-

(a) CB A

On 28 December 2018, the Company and CB A holder entered into the standstill deed, pursuant to which the parties agreed to extend the repayment date for nine months to 28 September 2019 under amendment the conditions therein. The unpaid principal of HK\$250,000,000 shall be charged at the rate of 10% per annum based on 365 day and cancelled the conversion option. Accordingly, the principal amount of CB A had reclassified to corporate bond as set out in note 35.

(b) CB B

During the year ended 31 December 2018, the principal amount of HK\$98,838,000 and interest amount of HK\$9,883,800 were fully redeemed by the Company.

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.

28. 可換股債券(續)

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:

(a) 可換股債券A

於二零一八年十二月二十八日,本公司及可換股債券A之持有人訂立暫緩還款契據,訂約方同意修訂條款以將還款日期延長九個月至二零一九年九月二十八日。未付本金金額250,000,000港元將按年利率10%收取利息,基於365天之基準並註銷換股權。據此,可換股債券A之本金金額已重新分類至企業債券,如附註35所載列。

(b) 可換股債券B

截至二零一八年十二月三十一日止年度,本金金額98,838,000港元及利息金額9,883,800港元已由本公司悉數贖回。

與可換股債券有關的利息支出乃採用實際利息法,就負債部分按11.5%的實際利率計算。

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

29. DEFERRED TAX LIABILITIES

29. 遞延稅項負債

		Mining rights 採礦權	Security Technology 保安技術	Total 總計
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
At 1 January 2017	於二零一七年一月一日	273,112	–	273,112
Addition through acquisition of subsidiaries	透過收購附屬公司新增	–	121,818	121,818
Credit to profit or loss	計入損益	(12,642)	(8,121)	(20,763)
Exchange realignment	匯兌調整	20,060	–	20,060
At 31 December 2017 and 1 January 2018	於二零一七年十二月三十一日 及二零一八年一月一日	280,530	113,697	394,227
Credit to profit or loss	計入損益	(13,124)	(24,126)	(37,250)
Exchange realignment	匯兌調整	(14,870)	(5,164)	(20,034)
At 31 December 2018	於二零一八年十二月三十一日	252,536	84,407	336,943

The Group did not have any significant unprovided deferred tax liabilities at 31 December 2018 (2017: Nil).

於二零一八年十二月三十一日，本集團概無任何重大未撥備遞延稅項負債（二零一七年：無）。

30. TRADE AND BILL PAYABLES

30. 應付賬款及票據

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
0–30 days	0–30日	28,889	39,484
31–60 days	31–60日	9,715	19,906
61–90 days	61–90日	4,858	–
91–180 days	91–180日	43,097	58,872
Over 180 days but within one year	逾180日但於一年內	48,754	66,597
		135,313	184,859

The Directors consider that the carrying amounts of trade and bill payable 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 2018 截至二零一八年十二月三十一日止年度

31. PROVISION FOR ENVIRONMENTAL AND RESOURCES TAX

31. 環保及資源稅撥備

		2018	2017
		二零一八年	二零一七年
		HK\$'000	HK\$'000
		千港元	千港元
Environmental and resources tax	環保及資源稅	124,123	-

As at 31 December 2018, the Group had environmental and resources tax at amounts of HK\$124,123,000 (RMB109,400,000) (2017: HK\$Nil (RMB: Nil)) arising upon renewal of its mining license.

於二零一八年十二月三十一日，本集團於重續其採礦牌照時產生環保及資源稅124,123,000港元（人民幣109,400,000元）（二零一七年：零港元（人民幣：零元））。

32. OTHER PAYABLES AND ACCRUALS

32. 其他應付款及應計費用

		2018	2017
		二零一八年	二零一七年
		HK\$'000	HK\$'000
		千港元	千港元
Non-current liabilities	非流動負債		
- Other payables (note a)	- 其他應付款項（附註a）	38,204	-
Current liabilities	流動負債		
- Other payables and accruals (note b)	- 其他應付款項及應計費用（附註b）	188,649	148,775
		226,853	148,775

(a) The non-current liabilities represented the amounts due to the minority shareholders and directors of the Group's subsidiaries which are unsecured, interest free and not required to settle within one year.

(a) 非流動負債指應付本集團附屬公司之少數權益股東及董事款項，該款項乃屬無抵押，無利息且於一年內毋須結算。

(b) Included in other payables and accruals are amounts of approximately HK\$24,377,000 (2017: approximately HK\$24,579,000) due to the minority shareholders and directors of the Group's subsidiary which are unsecured, interest free and repayment on demand.

(b) 其他應付款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約24,377,000港元（二零一七年：約24,579,000港元），該款項乃屬無抵押，無利息且一經要求即須償還。

The directors consider that the carrying amounts of other payables and accruals approximate to their fair values at the end of reporting period.

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 2018 截至二零一八年十二月三十一日止年度

33. BANK LOANS AND OTHER BORROWINGS

33. 銀行貸款及其他借貸

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 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貸		
Current portion	流動部分	710,524	596,343
Non-current portion	非流動部分	637,396	251,321
		1,347,920	847,664

As at 31 December 2018, the Group's interest-bearing bank loans were carried at effective interest rates from 6.09% to 30% per annum and were secured by (i) guarantees from corporate companies; (ii) pledged of property, plant and equipment (note 16), prepaid lease payments (note 17) and mining right (note 18); (iii) guarantees from subsidiaries of the Group and the subsidiary's minority shareholders; (iv) guarantee from the ultimate control party; and (v) pledged bank deposit (note 26).

於二零一八年十二月三十一日，本集團計息銀行貸款之實際年利率介乎6.09%至30%，以(i)企業公司之擔保；(ii)抵押之物業、廠房及設備（附註16）、應收租賃款項（附註17）及採礦權（附註18）；(iii)本集團附屬公司及附屬公司之少數權益股東之擔保；(iv)最終控股公司之擔保；及(v)已抵押銀行存款（附註26）。

34. CONTRACT LIABILITIES

34. 合約負債

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Contract liabilities	合約負債	32,873	-

As at 1 January 2018, advances from customers of HK\$37,409,000 in respect of sales of goods previously included in other payables and accruals were reclassified to contract liabilities.

於二零一八年一月一日，有關銷售商品而過往計入其他應付款項及應計費用的預收客戶賬款37,409,000港元已重新分類至合約負債。

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

35. CORPORATE BOND

35. 企業債券

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
At 1 January	於一月一日	-	-
Addition	添置	275,000	-
At 31 December	於十二月三十一日	275,000	-

The Group's corporate bond is repayable as follow:

本集團應付企業債券詳情如下：

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Within one year	一年內	275,000	-

Upon the maturity date of a convertible bond on 28 December 2018 as disclosed in note 28, the Group entered into standstill deed in relation to turn the convertible bond into a corporate bond with a principal amount of HK\$250,000,000 at a price equal to 100% of its principal amount to Sfund International Investment Fund Management Limited, which is to the best of knowledge, information and belief of the Directors having made all reasonable enquires, an independent third party of the Company (the "Corporate Bond"). The Corporate Bond would mature on 28 September 2019. The interest rate of the Corporate Bond was 10% per annum.

如附註28所披露，於二零一八年十二月二十八日可換股債券到期時，本集團與Sfund International Investment Fund Management Limited（據董事作出一切合理查詢後所深知、盡悉及確信為本公司之獨立第三方）訂立暫緩還款契據，內容關於以相等於其本金額100%的價格將該可換股債券轉變為本金額為250,000,000港元的企業債券（「企業債券」）。企業債券將於二零一九年九月二十八日到期。企業債券的利率為每年10%。

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

36. OPERATING LEASE COMMITMENTS

At the end of the reporting period, the Group had commitments for future minimum lease payments/receivables under non-cancellable operating leases which fall due as follows:

36. 經營租賃承擔

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／應收款之承擔：

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
The Group as lessee			
Within one year	本集團作為承租人 一年內	7,280	6,246
In the second to fifth years inclusive	第二至第五年（包括首尾兩年）	9,729	9,288
After the fifth year	第五年後	15,497	16,404
		32,506	31,938
The Group as lessor			
Within one year	本集團作放租人 一年內	6,998	7,407
In the second to fifth years inclusive	第二至第五年（包括首尾兩年）	3,547	7,407
		10,545	14,814

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

37. 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	
		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元	2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Related parties	有關連人士	226,909	-	62,631	24,579

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:

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Short-term employee benefits	短期僱員福利	2,574	2,509
Mandatory Provident Fund contribution	強制性公積金供款	89	87
		2,663	2,596

37. 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 2018 截至二零一八年十二月三十一日止年度

38. MAJOR NON-CASH TRANSACTIONS

During the years ended 31 December 2018 and 2017, the Group did not have any material non-cash transactions.

38. 主要非現金交易

於截至二零一八年及二零一七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。

39. FINANCIAL INSTRUMENTS

Categories of financial instruments

39. 金融工具

金融工具類別

		2018	2017
		二零一八年	二零一七年
		HK\$'000	HK\$'000
		千港元	千港元
Financial assets	財務資產		
Long term receivable	長期應收款項	466,664	–
Trade receivables (excluding expected credit loss)	應收賬款（預期信貸虧損除外）	23,435	66,660
Other receivables (excluding prepaid tax)	其他應收款項（預付稅項除外）	927,696	244,243
Investment deposit	投資按金	–	600,000
Finance lease receivable	應收融資租賃	4,797	6,391
Cash and cash equivalents	現金及現金等價物	121,478	56,097
Pledged bank balance	已抵押銀行存款	1,055	106,220
At amortised cost	按攤銷成本	1,545,125	1,079,611
Financial liabilities	財務負債		
Convertible bonds	可換股債券	–	344,686
Trade and bill payables	應付賬款及票據	135,313	184,859
Other payables and accruals	其他應付款項及應計款項	226,853	148,775
Corporate bond	企業債券	275,000	–
Bank loan and other borrowing	銀行貸款及其他借款	1,347,920	847,664
At amortised cost	按攤銷成本	1,985,086	1,525,984

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

40. 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 HK\$. 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.

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 HK\$ in the coming twelve months (2017: 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 HK\$. For a 10% weakening of RMB against HK\$, there would be a comparable impact on the profit or equity, and the balances below would be negative.

40. 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。

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%(二零一七年: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。

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

40. RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(a) Market risk (Continued)

(i) Foreign exchange risk (Continued)

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Profit or loss ¹	溢利或虧損 ¹	17,373	26,396
Equity ²	權益 ²	12,699	207,933

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.

40. 風險管理目標及政策 (續)

(a) 市場風險 (續)

(i) 外匯風險 (續)

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 2018 截至二零一八年十二月三十一日止年度

40. 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 (2017: 50 basis points) higher/lower and all other variables were held constant, the Group's post-tax loss for the year ended 31 December 2018 would decrease/increase by approximately HK\$6,739,600 (2017: approximately HK\$4,238,000). 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 2018 (2017: Nil).

(iii) Other price risk

As at 31 December 2018, 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.

40. 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（二零一七年：50個點子），而所有其他因素維持不變，本集團於截至二零一八年十二月三十一日止年度之除稅後虧損將減少／增加約6,739,600港元（二零一七年：約4,238,000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二零一八年十二月三十一日止年度之其他全面收益（二零一七年：無）。

(iii) 其他價格風險

於二零一八年十二月三十一日，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 2018 截至二零一八年十二月三十一日止年度

40. RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(b) Credit risk

As at 31 December 2018, 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.

40. 風險管理目標及政策 (續)

(b) 信貸風險

於二零一八年十二月三十一日，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之可收回金額，以確保就不可收回金額計提足額減值虧損。

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

40. RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(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 liabilities of approximately HK\$209,888,000 (2017: net current liabilities approximately HK\$329,089,000) and net assets of approximately HK\$3,895,305,000 at 31 December 2018 (2017: approximately HK\$4,607,042,000). In the opinion of directors, the Group's exposure to liquidity risk is limited.

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:

2018

		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	-	135,313	-	-	-	135,313
Other payables and accruals	其他應付款及應計費用	-	188,647	-	-	38,204	226,851
Bank loans and other borrowings	銀行貸款及其他借貸	15	393,687	-	516,837	637,396	1,547,920
Corporate bond	企業債券	10	-	-	275,000	-	275,000
			717,647	-	791,837	675,600	2,185,084

40. 風險管理目標及政策 (續)

(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。於二零一八年十二月三十一日，本集團之流動負債淨額及資產淨值分別約為209,888,000港元（二零一七年：流動負債淨值約329,089,000港元）及約3,895,305,000港元（二零一七年：約4,607,042,000港元）。董事認為，本集團面對之流動資金風險有限。

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：

二零一八年

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

40. RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(c) Liquidity risk (Continued)

2017

		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	-	184,859	-	-	-	184,859	
Other payables and accruals	其他應付款及應計費用	-	148,775	-	-	-	148,775	
Bank loans and other borrowings	銀行貸款及其他借貸	5-12	368,653	32,466	359,662	512,056	1,272,837	
Convertible Bonds	可換股債券	10	-	-	383,722	-	383,722	
				702,287	32,466	743,384	512,056	1,990,193

(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.

41. CAPITAL MANAGEMENT

Capital includes equity attributable to the equity holders of the Company. The primary objectives of the Group's capital management are:

- To safeguard the Group's ability to continue as a going concern, so that it continues to provide returns for shareholders and benefits for other stakeholders;
- To support the Group's stability and growth; and
- To provide capital for the purpose of the strengthening the Group's risk management capability.

40. 風險管理目標及政策 (續)

(c) 流動資金風險 (續)

二零一七年

		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	-	184,859	-	-	-	184,859	
Other payables and accruals	其他應付款及應計費用	-	148,775	-	-	-	148,775	
Bank loans and other borrowings	銀行貸款及其他借貸	5-12	368,653	32,466	359,662	512,056	1,272,837	
Convertible Bonds	可換股債券	10	-	-	383,722	-	383,722	
				702,287	32,466	743,384	512,056	1,990,193

(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。

41. 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：

- 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；
- 支持本集團穩定發展；及
- 提供資本以加強本集團之風險管理能力。

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

41. CAPITAL MANAGEMENT (Continued)

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 corporate bond, less cash and cash equivalents.

The Group's gearing ratio at 31 December 2018 and 2017 was as follows:

41. 資本管理 (續)

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企業債券，扣除現金及現金等價物。

本集團於二零一八年及二零一七年十二月三十一日之資本負債比率如下：

		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元
Debts	負債	2,109,209	1,525,984
Cash and cash equivalents	現金及現金等價物	(121,478)	(56,097)
Net debts	負債淨額	1,987,731	1,469,887
Equity	權益	3,895,305	4,607,042
Gearing ratio	資產負債水平	51.03%	31.91%

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

42. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

42. 本公司財務狀況及儲備表

		31 December 2018 二零一八年 十二月三十一日 HK\$'000 千港元	31 December 2017 二零一七年 十二月三十一日 HK\$'000 千港元
ASSETS			
Non-Current Assets			
	資產		
	非流動資產		
Interests in subsidiaries	於附屬公司之權益	1,105,514	1,457,480
Property, plant and equipment	物業、廠房及設備	2,457	-
		1,107,971	1,457,480
Current Assets			
	流動資產		
Prepayments, deposits and other receivables	預付款項、按金及其他應收款	1,806	1,831
Cash and cash equivalents	現金及現金等價物	27,691	8,760
		29,497	10,591
Total Assets	資產總值	1,137,468	1,468,071
CAPITAL AND RESERVES			
	資本及儲備		
Share capital	股本	343,926	343,926
Reserves	儲備	(22,667)	487,645
Total Equity	權益總額	321,259	831,571
LIABILITIES			
	負債		
	非流動負債		
Banks loans and other borrowings	銀行貸款及其他借款	287,049	-
		287,049	-

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

42. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (Continued)

42. 本公司財務狀況及儲備表(續)

		31 December 2018	31 December 2017
		二零一八年 十二月三十一日	二零一七年 十二月三十一日
		HK\$'000	HK\$'000
		千港元	千港元
Current Liabilities	流動負債		
Corporate bonds	企業債券	275,000	344,686
Other payables and accruals	其他應付款及應計費用	36,028	11,814
Bank loans and other borrowings	銀行貸款及其他借貸	218,132	280,000
		529,160	636,500
Total Liabilities	負債總額	816,209	636,500
Total Equity and Liabilities	權益及負債總額	1,137,468	1,468,071
Net Current Liabilities	流動負債淨額	(499,663)	(625,909)
Total Assets less Current Liabilities	資產總值減流動負債	608,308	831,571
Net Assets	資產淨值	321,259	831,571

The financial statements of the Company were approved and authorised for issue by the Board of Directors on 28 March 2019 and signed on its behalf by:

本公司財務報表經董事會於二零一九年三月二十八日批准及授權刊發，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 2018 截至二零一八年十二月三十一日止年度

42. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (Continued)

42. 本公司財務狀況及儲備表 (續)

		Share capital	Share premium	Capital redemption reserve	Contribution surplus	Share option	Convertible notes reserves	Accumulated losses	Total
		股本	股份溢價	資本贖回儲備	實繳盈餘	購股權	可換股票據儲備	累計虧損	總計
		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
At 1 January 2017	於二零一七年一月一日	344,921	3,770,925	-	115,615	-	8,902	(4,217,635)	22,728
Profit for the year	本年度溢利	-	-	-	-	-	-	818,831	818,831
Repurchase of shares	購回股份	(995)	(8,993)	995	-	-	-	(995)	(9,988)
At 31 December 2017	於二零一七年十二月三十一日	343,926	3,761,932	995	115,615	-	8,902	(3,399,799)	831,571
Loss for the year	本年度虧損	-	-	-	-	-	-	(516,195)	(516,195)
Grant of share option	授出購股權	-	-	-	-	5,883	-	-	5,883
Lapse of share option	購股權失效	-	-	-	-	(5,883)	-	5,883	-
Recognition of equity component of convertible notes	確認可換股票據權益部分	-	-	-	-	-	(8,902)	8,902	-
At 31 December 2018	於二零一八年十二月三十一日	343,926	3,761,932	995	115,615	-	-	(3,901,209)	321,259

43. PRINCIPALS SUBSIDIARIES

43. 主要附屬公司

Particulars of the principal subsidiaries of the Company are as follows:

本公司主要附屬公司之詳情如下：

Name of subsidiary 附屬公司名稱	Place of incorporation/ establishment 註冊成立/成立地	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") 陝西省洛南縣九龍礦業有限公司(「九龍礦業」)	PRC 中國	Registered capital RMB90,000,000 註冊資本人民幣90,000,000元	-	65%	Exploration and exploitation of molybdenum mines, sales of molybdenum concentrates 勘探及開採鉬礦及銷售鉬精粉

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

43. PRINCIPALS SUBSIDIARIES (Continued)

43. 主要附屬公司 (續)

Name of subsidiary 附屬公司名稱	Place of incorporation/ establishment 註冊成立/成立地	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	
Wealth Pioneer Group Limited	BVI 英屬處女群島	Ordinary USD50,000 普通股50,000美元	-	65%	Investment holding 投資控股
Luo Nan Xian Da Qin Jia Mining Company Limited ("Da Qin Jia Mining")	PRC	Registered capital RMB100,000,000	-	60%	Exploration and exploitation of potassium feldspar mine, and sale of potassium feldspar
洛南縣大秦鉀礦有限公司(「大秦鉀礦」)	中國	註冊資本人民幣100,000,000元			勘探及開採鉀長石礦及銷售鉀長石
安徽同心新材料科技有限公司 (Used to call "Anhui Tongxin")	PRC	Registered capital RMB200,000,000	-	51%	Research and development, sales of chemical products
安徽同心新材料科技有限公司 (前稱「安徽同心化工有限公司」)	中國	註冊資本人民幣200,000,000元			研究、開發及銷售化學產品
Xinjiang Casiavision Security Technology Company Limited	PRC	Registered capital RMB10,000,000	-	100%	Research and product development of face recognition technology and intelligent video analysis technology and application
新疆中科博杰安防科技有限公司	中國	註冊資本人民幣10,000,000元			人臉識別技術及影片分析技術的研究、 產品發展及應用
Xinjiang Xintongxing Telecommunication Engineering Company Limited	PRC	Registered capital RMB5,000,000	-	100%	Research and product development of face recognition technology and intelligent video analysis technology and application
新疆新通興通信工程有限公司	中國	註冊資本人民幣5,000,000元			人臉識別技術及影片分析技術的研究、 產品發展及應用
Changji Zhudong Economic and Technological Development Zone Casiavision Security Technology Development Company Limited	PRC	Registered capital RMB5,000,000	-	100%	Research and product development of face recognition technology and intelligent video analysis technology and application
昌吉準東經濟技術開發區中科博杰科技 發展有限公司	中國	註冊資本人民幣5,000,000元			人臉識別技術及影片分析技術的研究、 產品發展及應用

The above list contains only particulars of subsidiaries which principally affected the results, assets or liabilities of the Group.

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 2018 截至二零一八年十二月三十一日止年度

44. MATERIAL NON-CONTROLLING INTERESTS

The table below shows details of non-wholly owned subsidiaries of the Group that has material non-controlling interests as at 31 December 2018:

Name of subsidiary 附屬公司名稱	Place of incorporation 註冊成立地	Proportion of ownership interests and voting rights held by non-controlling interests 非控股權益持有之持有人權益及 投票權比例		Losses allocated to non-controlling interests 分配至非控股權益之虧損		Accumulated of non-controlling interests 非控股權益之累積	
		2018	2017	2018	2017	2018	2017
		二零一八年	二零一七年	二零一八年 HK\$'000 千港元	二零一七年 HK\$'000 千港元	二零一八年 HK\$'000 千港元	二零一七年 HK\$'000 千港元
Jiulong Kuangye 九龍礦業	PRC 中國	35%	35%	7,679	(5,792)	88,833	81,154
Da Qin Jia Mining 大秦銅礦	PRC 中國	40%	40%	(16,581)	(17,249)	1,392,615	1,409,196
Anhui Tongxin 安徽同心	PRC 中國	49%	49%	(77,507)	(12,391)	(63,131)	14,376
				(86,409)	(35,432)	1,418,317	1,504,726

Summarised financial information in respect of each of the Group's subsidiaries that have material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations as at 31 December 2018.

44. 重大非控股權益

於二零一八年十二月三十一日，持有重大非控股權益之本集團非全資擁有附屬公司詳情表列如下：

下文載列擁有重大非控股權益之本集團各附屬公司之摘要財務資料。以下摘要財務資料反映於二零一八年十二月三十一日集團內部對銷前之金額。

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

44. MATERIAL NON-CONTROLLING INTERESTS (Continued)

Summarised consolidated statement of financial position of Jiulong Kuangye, Da Qin Jia Mining and Anhui Tongxin as at 31 December 2018

		Jiulong Kuangye 九龍礦業 HK\$'000 千港元	Da Qin Jia Mining 大秦鉀礦 HK\$'000 千港元	Anhui Tongxin 安徽同心 HK\$'000 千港元	Total 合計 HK\$'000 千港元
Non-current assets	非流動資產	1,355,691	111,859	324,570	1,792,120
Current assets	流動資產	103,928	106,606	128,469	339,003
Total assets	總資產	1,459,619	218,465	453,039	2,131,123
Non-current liabilities	非流動負債	(409,331)	-	(190,582)	(599,913)
Current liabilities	流動負債	(819,520)	(249,289)	(374,970)	(1,443,779)
Total liabilities	總負債	(1,228,851)	(249,289)	(565,552)	(2,043,692)
Equity	權益	230,768	(30,824)	(112,513)	87,431

44. 重大非控股權益 (續)

九龍礦業、大秦鉀礦及安徽同心於二零一八年十二月三十一日之摘要綜合財務狀況報表

Summarised statement of profit or loss and other comprehensive income of Jiulong Kuangye, Da Qin Jia Mining and Anhui Tongxin for the year ended 31 December 2018

九龍礦業、大秦鉀礦及安徽同心於截至二零一八年十二月三十一日止年度之摘要綜合損益及其他全面收益表

		Jiulong Kuangye 九龍礦業 HK\$'000 千港元	Da Qin Jia Mining 大秦鉀礦 HK\$'000 千港元	Anhui Tongxin 安徽同心 HK\$'000 千港元	Total 合計 HK\$'000 千港元
Revenue	收入	230,577	-	703,542	934,119
Profit/(loss) before income tax	除所得稅前 溢利/(虧損)	10,597	(27,026)	(158,178)	(174,607)
Taxation	稅項	13,124	-	-	13,124
Profit/(loss) for the year	本年度溢利/(虧損)	23,721	(27,026)	(158,178)	(161,483)
Profit/(loss) attributable to Non-controlling interests	非控股權益應佔溢利/(虧損)	8,302	(16,486)	(77,507)	(85,691)

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

44. MATERIAL NON-CONTROLLING INTERESTS (Continued)

Summarised consolidated statement of cash flow of Jiulong Kuangye, Da Qin Jia Mining and Anhui Tongxin for the year ended 31 December 2018

44. 重大非控股權益 (續)

九龍礦業、大秦鉀礦及安徽同心於截至二零一八年十二月三十一日止年度之摘要綜合現金流量表

		Jiulong Kuangye 九龍礦業 HK\$'000 千港元	Da Qin Jia Mining 大秦鉀礦 HK\$'000 千港元	Anhui Tongxin 安徽同心 HK\$'000 千港元	Total 合計 HK\$'000 千港元
Net cash (used in)/generated from operating activities	經營活動(所用)/所得現金淨額	72,160	3,033	(228,510)	(153,317)
Net cash used in investing activities	投資活動所用現金淨額	16,236	(2,584)	(41,088)	(27,436)
Net cash generated from/(used in) financing activities	融資活動所得/(所用)現金淨額	(98,931)	-	285,625	186,694
Net increase/(decrease) in cash and cash equivalent	現金及現金等價物增加/(減少)淨額	(10,535)	449	16,027	5,941
Cash and bank balances at beginning of the year	年初現金及現金等價物	12,889	486	5,426	18,801
Effect of foreign exchange rate changes, net	外幣匯率變動的影響·淨額	6,142	(610)	(18,558)	(13,026)
Cash and bank balances at end of the year	年末之現金及銀行結餘	8,496	325	2,895	11,716

Summarised financial information in respect of each of the Group's subsidiaries that have material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations as at 31 December 2018.

下文載列擁有重大非控股權益的本集團各附屬公司之摘要財務資料。以下摘要財務資料反映於二零一八年十二月三十一日集團內部對銷前之金額。

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

44. MATERIAL NON-CONTROLLING INTERESTS (Continued)

Summarised consolidated statement of financial position of Jiulong Kuangye, Da Qin Jia Mining and Anhui Tongxin as at 31 December 2017

44. 重大非控股權益 (續)

九龍礦業、大秦鉀礦及安徽同心於二零一七年十二月三十一日之摘要綜合財務狀況報表

		Jiulong Kuangye 九龍礦業 HK\$'000 千港元	Da Qin Jia Mining 大秦鉀礦 HK\$'000 千港元	Anhui Tongxin 安徽同心 HK\$'000 千港元	Total 合計 HK\$'000 千港元
Non-current assets	非流動資產	1,502,303	2,499,634	339,344	4,341,281
Current assets	流動資產	463,734	1,248	272,552	737,534
Total assets	總資產	1,966,037	2,500,882	611,896	5,078,815
Non-current liabilities	非流動負債	379,593	222,142	-	601,735
Current liabilities	流動負債	1,455,656	-	571,286	2,026,942
Total liabilities	總負債	1,835,249	222,142	571,286	2,628,677
Equity	權益	130,788	2,278,740	40,610	2,450,138

Summarised statement of profit or loss and other comprehensive income of Jiulong Kuangye, Da Qin Jia Mining and Anhui Tongxin for the year ended 31 December 2017

九龍礦業、大秦鉀礦及安徽同心於截至二零一七年十二月三十一日止年度之摘要綜合損益及其他全面收益表

		Jiulong Kuangye 九龍礦業 HK\$'000 千港元	Da Qin Jia Mining 大秦鉀礦 HK\$'000 千港元	Anhui Tongxin 安徽同心 HK\$'000 千港元	Total 合計 HK\$'000 千港元
Revenue	收入	184,588	-	199,694	384,282
Loss before income tax	除所得稅前虧損	(29,952)	(24,501)	(23,973)	(78,426)
Taxation	稅項	12,642	-	-	12,642
Loss for the year	本年度虧損	(17,310)	(24,501)	(23,973)	(65,784)
Loss attributable to Non-controlling interests	非控股權益應佔虧損	(5,792)	(17,249)	(12,391)	(35,432)

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2018 截至二零一八年十二月三十一日止年度

44. MATERIAL NON-CONTROLLING INTERESTS (Continued)

Summarised consolidated statement of cash flow of Jiulong Kuangye, Da Qin Jia Mining and Anhui Tongxin for the year ended 31 December 2017

44. 重大非控股權益 (續)

九龍礦業、大秦鉀礦及安徽同心於截至二零一七年十二月三十一日止年度之摘要綜合現金流量表

		Jiulong Kuangye 九龍礦業 HK\$'000 千港元	Da Qin Jia Mining 大秦鉀礦 HK\$'000 千港元	Anhui Tongxin 安徽同心 HK\$'000 千港元	Total 合計 HK\$'000 千港元
Net cash (used in)/generated from operating activities	經營活動(所用)/所得現金淨額	(104,673)	(125)	120,838	16,040
Net cash used in investing activities	投資活動所用現金淨額	(89)	(176)	(2,715)	(2,980)
Net cash generated from/(used in) financing activities	融資活動所得/(所用)現金淨額	121,454	44	(119,169)	2,329
Net increase/(decrease) in cash and cash equivalent	現金及現金等價物增加/(減少)淨額	16,692	(257)	(1,046)	15,389
Cash and bank balances at beginning of the year	年初現金及現金等價物	3,852	719	7,100	11,671
Effect of foreign exchange rate changes, net	外幣匯率變動的影響, 淨額	(2,862)	24	(628)	(3,466)
Cash and bank balances at end of the year	年末之現金及銀行結餘	17,682	486	5,426	23,594

On 28 March 2019, the Company and Mr. Zhu Wei Min (the "Repurchaser") entered into the Agreement, pursuant to which the Repurchaser has conditionally agreed to re-acquire and the Company has conditionally agreed to re-sell interest in Gold Pearl (through sale of the Sale Share) at the Consideration of HK\$430,000,000. The Target's sole asset is a 100% interest in Gold Pearl which was acquired by the Company back in 2017 from the Repurchaser for a consideration of HK\$430,000,000. The Disposal represents repurchase of the entire interest in Gold Pearl (through acquisition of the Target) at the same price by the Repurchaser.

於二零一九年三月二十八日, 本公司與朱偉民先生(「購回方」)訂立協議, 據此, 購回方已有條件同意購回而本公司已有條件同意退回於金珍珠的權益, 代價為430,000,000港元。目標的唯一資產為金珍珠的全部權益, 由本公司於二零一七年從購回方收購, 代價為430,000,000港元。退回事項指購回方以同一價格透過收購目標購回金珍珠的全部權益。

45. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the board of directors on 28 March 2019.

45. 批准綜合財務報表

綜合財務報表於二零一九年三月二十八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				
		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 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	2014 二零一四年 HK\$'000 千港元
Revenue	收益	967,071	468,601	256,004	245,969	454,948
Loss from operations	經營虧損	(331,276)	(73,157)	(330,193)	(818,703)	(232,703)
Finance costs	融資成本	(276,722)	(121,366)	(39,724)	(16,949)	(19,619)
Share of results of an associate	應佔聯營公司業績	-	-	-	-	-
Loss before tax	除稅前虧損	(607,998)	(194,523)	(369,917)	(835,652)	(252,322)
Taxation	稅項	37,219	13,317	9,521	125,690	36,392
Loss for the year	年度虧損	(570,779)	(181,206)	(360,396)	(709,962)	(215,930)
Attributable to:	應佔:					
Owners of the Company	本公司擁有人	(484,008)	(145,774)	(324,425)	(436,220)	(165,189)
Non-controlling interests	非控股權益	(86,771)	(35,432)	(35,971)	(273,742)	(50,741)
Loss for the year	年度虧損	(570,779)	(181,206)	(360,396)	(709,962)	(215,930)

ASSETS AND LIABILITIES

資產及負債

		As at 31 December 於十二月三十一日				
		2018 二零一八年 HK\$'000 千港元	2017 二零一七年 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	2014 二零一四年 HK\$'000 千港元
Total Assets	資產總值	6,374,330	6,537,018	4,678,456	4,462,382	5,369,011
Total Liabilities	負債總額	(2,479,025)	(1,929,976)	(1,252,226)	(787,152)	(1,045,037)
		3,895,305	4,607,042	3,426,230	3,675,230	4,323,974
Equity attributable to:	應佔權益:					
Owners of the Company	本公司擁有人	2,497,615	3,102,316	3,339,284	3,540,704	3,915,705
Non-controlling interests	非控股權益	1,397,690	1,504,726	86,946	134,526	408,269
		3,895,305	4,607,042	3,426,230	3,675,230	4,323,974



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