



NORTH MINING SHARES COMPANY LIMITED

北方礦業股份有限公司

(Provisional Liquidators Appointed)
(For Restructuring Purposes)
(已委任臨時清盤人)
(以重組為目的)

(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
2019
年報

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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

Independent Non-executive Directors

Wong Wai Chun Alex

Yeung Yat Chuen

Cheng Chak Ho

COMPANY SECRETARY

Ho Wing Yan

AUTHORISED REPRESENTATIVE

Yang Ying Min

AUDIT COMMITTEE

Wong Wai Chun Alex (*Chairman*)

Yeung Yat Chuen

Cheng Chak Ho

REMUNERATION COMMITTEE

Yeung Yat Chuen (*Chairman*)

Wong Wai Chun Alex

Cheng Chak Ho

Qian Yi Dong

LEGAL ADVISERS

As to Hong Kong Laws

C&T Legal LLP

22/F, Shum Tower

268 Des Voeux Road Central

Sheung Wan

Hong Kong

AUDITORS

Elite Partners CPA Limited

Certified Public Accountants

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

獨立非執行董事

王偉俊

楊日泉

鄭澤豪

公司秘書

何詠欣

授權代表

楊英民

審核委員會

王偉俊 (*主席*)

楊日泉

鄭澤豪

薪酬委員會

楊日泉 (*主席*)

王偉俊

鄭澤豪

錢一棟

法律顧問

香港法律

鄭鄧律師事務所 (有限法律責任合夥)

香港

上環

德輔道中268號

岑氏商業大廈22樓

核數師

開元信德會計師事務所有限公司

執業會計師

Corporate Information

公司資料

PRINCIPAL BANKERS

China Citic Bank International Limited
China Construction Bank (Asia) Corporation Limited

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
4th Floor North Cedar House
41 Cedar Avenue
Hamilton HM 12
Bermuda

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Tengis Limited
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

SHARE INFORMATION

Stock code: 433
(The Stock Exchange of Hong Kong Limited)

WEBSITE

www.northmining.com.hk

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

註冊辦事處

Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

總辦事處及主要營業地點

香港
灣仔
港灣道6-8號
瑞安中心
20樓2009-18室

主要股份過戶登記處

MUFG Fund Services (Bermuda) Limited
4th Floor North Cedar House
41 Cedar Avenue
Hamilton HM 12
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54樓

股份資料

股份代號：433
(香港聯合交易所有限公司)

網址

www.northmining.com.hk

Management Discussion and Analysis

管理層討論及分析

OVERALL FINANCIAL PERFORMANCE

During the year under review, North Mining Shares Company Limited (the “Company”) and its subsidiaries (collectively the “Group”) recorded a revenue of approximately HK\$846,587,000 from continuing operations, representing a decrease of approximately 11.20% as compared with last corresponding year of approximately HK\$953,382,000 from continuing operations. Such decrease was mainly attribute to due to the decrease in revenue from the Group’s chemical trading operation as compared to last corresponding year.

For the year ended 31 December 2019, the Group recorded a loss attributable to owners of the Company of approximately HK\$742,746,000 from continuing operations (2018: loss of approximately HK\$484,008,000 from continuing operations), representing an increase in loss of approximately 53.46% as compared with last corresponding year. Such increase in loss for the year ended 31 December 2019 was mainly due to (i) increase in expected credit loss on trade and other receivables; (ii) finance costs incurred on the bank loans and other borrowings; and (iii) increase in other losses.

BUSINESS REVIEW

The principal activities of the Group are: (i) mining operations – exploitation, exploration and trading of mineral resources; (ii) property management operations; and (iii) chemical trading operations – manufacturing and sale of chemical products (collectively named “continuing operations”). During the year under review, security technologies operations – research, development and sale of security technologies products was discontinued (“discontinued operations”). An analysis of each of these business segments is presented below:

Continuing operations

Mining Operations – Exploitation, Exploration and Trading of Mineral Resources

As at 31 December 2019, 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846,587,000港元，較去年同期自持續經營業務錄得約953,382,000港元減少約11.20%。該減少主要是由於本集團化學品買賣業務的收益較去年同期減少所致。

截至二零一九年十二月三十一日止年度，本集團自持續經營業務錄得本公司擁有人應佔虧損約742,746,000港元（二零一八年：自持續經營業務錄得虧損約484,008,000港元），較去年同期虧損增加約53.46%。截至二零一九年十二月三十一日止年度虧損增加主要由於(i)增加應收賬款及其他應收款的信貸虧損撥備；(ii)銀行貸款及其他借款所產生之財務成本；及(iii)增加其他虧損。

業務回顧

本集團的主要業務為：(i)採礦業務－開採、勘探及買賣礦產資源；(ii)物業管理業務；及(iii)化學品買賣業務－製造及銷售化學品（統稱「持續經營業務」）。於回顧年度內，保安技術業務－研發及銷售保安技術產品已終止經營（「已終止經營業務」）。各業務分類之分析載列如下：

持續經營業務

採礦業務－開採、勘探及買賣礦產資源

於二零一九年十二月三十一日，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, exploration 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 about 3,127 tonnes (2018: 3,257 tonnes), whereas the grade of molybdenum concentrate was approximately 45%-50%. The average selling price of molybdenum concentrate was approximately HK\$73,166 per tonne (2018: HK\$74,266 per tonne). During the year under review, the mining operation contributed a revenue of approximately HK\$268,021,000 (2018: approximately HK\$242,232,000) to the Group, of which approximately HK\$238,793,000 was contributed by sales of molybdenum concentrate (2018: approximately HK\$219,336,000) and approximately HK\$29,228,000 was contributed by sales of sulfuric acid and iron concentrate (2018: approximately HK\$22,896,000). Gross profit was approximately HK\$60,793,000 (2018: HK\$86,185,000) and the gross profit margin was 22.68% (2018: 35.6%), representing an decrease of 12.92% as compared with last corresponding year. The decrease in gross profit margin was mainly due to the increase of exploration cost incurred in cost of sales from about HK\$47,911 per tonne in 2018 to HK\$66,270 per tonne in 2019. During the year, the Group recognised an amortisation of mining rights of approximately HK\$53,448,000 (2018: approximately HK\$52,494,000).

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.

鉬礦場

本集團的採礦業務主要包括於中國開採、勘探及生產鉬精粉。我們的鉬精粉產自本公司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3,127噸（二零一八年：3,257噸），相關鉬精粉品位介乎約45%至50%。鉬精粉平均售價約為每噸73,166港元（二零一八年：每噸74,266港元）。於回顧年度，採礦業務為本集團創收約268,021,000港元（二零一八年：約242,232,000港元），其中約238,793,000港元（二零一八年：約219,336,000港元）來自鉬精粉銷售及約29,228,000港元（二零一八年：約22,896,000港元）來自硫酸及鐵精粉銷售。毛利約為60,793,000港元（二零一八年：86,185,000港元），而毛利率為22.68%（二零一八年：35.6%），較去年同期減少12.92%。毛利率減少主要由於銷售成本產生的勘探成本由二零一八年每噸約47,911港元增加至二零一九年每噸66,270港元。本年內，本集團確認採礦權攤銷約53,448,000港元（二零一八年：約52,494,000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。

Management Discussion and Analysis

管理層討論及分析

The directors of the Company (the “Director(s)”) estimate that the potassium mine would commence its operation in 2020 and consider that the commencement of the operation depends on two major elements including exploitation and exploration technology and plant and machinery as explained below:

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. During the year under review, the study of technology to be used in the production of potassium was completed. The Group will complete all 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 2019, the Group recorded profit arising from its mining operation of approximately HK\$9,529,000 (2018: profit of HK\$65,347,000). The major reason leading to such decrease was mainly due to the decrease in gross profit margin for the sales of molybdenum concentrate.

Major assets in mining operation

As at 31 December 2019, 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\$993,738,000 and approximately HK\$1,771,832,000, 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.

No impairment loss of the Group’s molybdenum mine was recognised as at 31 December 2019.

Approximately HK\$580,115,000 impairment loss of the Group’s potassium feldspar mine was recognised as at 31 December 2019.

本公司董事（「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，包括開採及勘探技術及廠房及機器，闡釋如下：

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。本集團於年度內已完成生產鉀的技術研究。於二零二零年本集團將完成所有必要的基礎設施並投入營運。

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。截至二零一九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9,529,000港元（二零一八年：溢利65,347,000港元）。導致上述減少的主要因為銷售鉬精粉的毛利率下跌。

採礦業務的主要資產

於二零一九年十二月三十一日，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993,738,000港元及約1,771,832,000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。

於二零一九年十二月三十一日，本集團沒有確認鉬礦的減值虧損。

於二零一九年十二月三十一日，本集團確認鉀長石礦減值虧損約580,115,000港元。

Management Discussion and Analysis

管理層討論及分析

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 2019, 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 2019, revenue generated from this segment was approximately HK\$6,999,000 (2018: HK\$7,607,000), representing a decrease of approximately 7.99% (2018: 1.60%) as compared to last corresponding 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"), a non-wholly owned subsidiary of the Company. During the year under review, the Group's revenue generated from chemical trading operation was approximately HK\$571,567,000 (2018: approximately HK\$703,543,000) and incurred loss of approximately HK\$37,886,000 (2018: approximately HK\$49,805,000).

As at 31 December 2019, the major assets included in the Group's chemical trading operation were property, plant and equipment of approximately HK\$226,215,000. 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.

Approximately HK\$33,053,000 impairment loss of property, plant and equipment was recognised as at 31 December 2019.

Discontinued operations

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 Group, which were wholly owned subsidiaries of the Company.

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。截至二零一九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。截至二零一九年十二月三十一日止年度，該分類產生之收益為約6,999,000港元(二零一八年：7,607,000港元)，較去年同期下跌約7.99%(二零一八年：1.60%)。

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。我們的化學產品由本公司的非全資附屬公司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571,567,000港元(二零一八年：約703,543,000港元)，並產生虧損約37,886,000港元(二零一八年：約49,805,000港元)。

於二零一九年十二月三十一日，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226,215,000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。

於二零一九年十二月三十一日，本集團確認物業、廠房及設備減值虧損約33,053,000港元。

已終止經營業務

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本公司的全資附屬公司新疆集團提供。

Management Discussion and Analysis

管理層討論及分析

Material Transaction

Disposal of the entire equity interests in Full Empire Investment Holding Limited

On 28 March 2019, the Group entered into the S&P 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.

On 31 May 2019, as additional time is required to prepare and finalise certain information to be included in the circular for the disposal, the Group announced that it expected that the despatch date of the circular will be postponed to a date falling on or before 30 June 2019.

On 2 July 2019 and 1 August 2019, the Group further announced that as additional time is required to prepare and finalise certain information to be included in the circular, it is expected that the despatch date of the circular will be postponed to a date falling on or before 31 July 2019 and 31 August 2019, respectively.

On 7 August 2019, the Group announced that as additional time is required for the fulfilment of the conditions precedent in the S&P Agreement, the parties to the S&P Agreement entered into a supplemental agreement on 7 August 2019 to extend the long stop date for fulfilment or waiver by the Repurchaser of the conditions precedent of the S&P Agreement to 31 October 2019 or such later date as may be agreed by the parties to the S&P Agreement. Save as disclosed above, all other terms and conditions of the S&P Agreement remain unchanged and in full force and effect in all respects.

On 28 October 2019, the Group had completed the disposal of Xinjiang Group.

On 21 May 2020, the Repurchaser and the Company entered into a supplemental agreement in relation to the Disposal (the "Supplemental Agreement"). According to the Supplemental Agreement, the Repurchaser and the Company agreed that the outstanding balance of the consideration, being a total sum of HK\$406,639,400, shall be settled by instalments in the following manner: 1. HK\$200,000,000 shall be paid on 28 March 2021; and 2. HK\$206,639,400 shall be paid on 28 March 2022.

重大交易

出售Full Empire Investment Holding Limited全部股權

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。

於二零一九年五月三十一日，由於需要額外時間編製及落實載入出售事項的通函內的若干資料，本集團宣佈預期通函寄發日期將延遲至二零一九年六月三十日或之前。

於二零一九年七月二日及二零一九年八月一日，本集團進一步宣佈，由於需要額外時間編製及落實載入通函內的若干資料，預期通函寄發日期將分別延遲至二零一九年七月三十一日及二零一九年八月三十一日或之前。

於二零一九年八月七日，本集團宣佈，由於需要額外時間達成買賣協議中的先決條件，買賣協議的訂約方於二零一九年八月七日訂立補充協議延長截止日期至二零一九年十月三十一日或買賣協議訂約方可能協定的其他較後日期，以達成或獲購回方豁免買賣協議的先決條件。除上述所披露者外，買賣協議所有其他條款及條件維持不變及在各方面具有十足效力及作用。

於二零一九年十月二十八日，本集團已完成出售新疆集團。

於二零二零年五月二十一日，購回方及本公司就退回事項訂立補充協議（「補充協議」）。根據補充協議，購回方及本公司同意未償還的退回代價結餘總額為406,639,400港元，將以下列方式分期支付：1. 200,000,000港元將於二零二一年三月二十八日支付；及2. 206,639,400港元將於二零二二年三月二十八日支付。

Management Discussion and Analysis

管理層討論及分析

PROSPECTS

Looking forward, the growth of global economy is subject to high uncertainties and challenges mainly from the Sino-US trade disputes and the outbreak and rapid spreading of COVID-19 across continents as well as other negative factors such as rising costs in raw materials, rent and labour. The Chinese economy would face significant downward pressure due to the threat of the novel coronavirus infection, weakened private domestic consumption and sharp drop in tourists' arrivals into China. However, the Group believes that the threat of the novel coronavirus infection and severe disruptions to economic activities, includes the consumption- and tourism-related sectors, should only be temporary in China. The Group remain confident in long-term development growth with promising prospects in China.

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 2020.

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.

前景

展望未來，全球經濟增長面臨高度不確定性及挑戰，其主要來自中美貿易戰衝擊、新型冠狀病毒肺炎在各大洲爆發及迅速蔓延以及其他負面因素，例如原材料、租金和人工成本上升。由於新型冠狀病毒感染的威脅，國內私人消費疲軟以及遊客入境人數的急劇下降，中國經濟將面臨巨大的下行壓力。但是，本集團認為，新型冠狀病毒感染和嚴重破壞經濟活動的威脅，包括與消費及旅遊相關行業，在中國只是暫時的。本集團仍然對中國的長期發展增長及良好前景充滿信心。

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。預計二零二零年，鉬市場未來會持續向好。

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。

Management Discussion and Analysis

管理層討論及分析

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.

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 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.

LITIGATION

The Winding Up Petition in Hong Kong

On 27 May 2019, the Company received a winding up petition dated 27 May 2019 filed in the Court of First Instance of the High Court of Hong Kong (the "Hong Kong Court") by Natu Investment Management 1 Company Limited as petitioner (the "Petitioner") against the Company for failure to settle an indebted sum of HK\$170,492,494.31 (the "Hong Kong Petition").

The Company engaged in negotiations with the Petitioner, with the view of reaching a settlement in respect of the Hong Kong Petition and the Bermuda Petition (as defined below).

On 7 June 2020, the Company entered into the Settlement Agreement (as defined below) with the Petitioner for an out-of-court settlement of the Petition in Hong Kong. According to the Settlement Agreement, the Company and the Petitioner applied to the Hong Kong Court, among other things, to dismiss the Hong Kong Petition and ask for no order as to costs of the Hong Kong Petition by a consent summons dated 12 June 2020.

On 22 June 2020, the Honourable Mr. Justice Harris pronounced the order, among other things, to dismiss the Hong Kong Petition and to make no order as to costs of the Hong Kong Petition.

Please refer to the announcements of the Company dated 16 June 2020 and 22 June 2020 in relation to the dismissal of the Hong Kong Petition for further details.

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。

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。

訴訟

於香港的清盤呈請

於二零一九年五月二十七日，本公司收到Natu Investment Management 1 Company Limited作為呈請人（「呈請人」）對本公司未能結清債項合共170,492,494.31港元而於香港高等法院（「香港法院」）原訟法庭向本公司發出日期為二零一九年五月二十七日的清盤呈請（「香港呈請」）。

本公司與呈請人進行磋商，為了就香港呈請和百慕達呈請達成和解（定義見下文）。

於二零二零年六月七日，本公司已與呈請人就香港呈請達成了庭外和解協議（定義見下文）。根據和解協議，本公司與呈請人作出日期為二零二零年六月十二日同意傳票向香港法院申請（其中包括）撤銷香港呈請及不要求就香港呈請的訴訟費。

於二零二零年六月二十二日，夏利士法官宣佈命令（其中包括）撤回香港呈請，且不就香港呈請的訴訟費作出命令。

有關撤銷香港呈請詳情披露於本公司日期為二零二零年六月十六日及二零二零年六月二十六日的公告。

Management Discussion and Analysis

管理層討論及分析

Appointment of the Joint Provisional Liquidators and the Winding-Up Hearing In Bermuda

To facilitate the Company's financial restructuring, on 28 October 2019 (Bermuda time), a winding up petition together with an application for the appointment (the "JPL Application") of TANG Chung Wah and KAN Lap Kee of Shinewing Specialist Advisory Services Limited and Edward Alexander Niles Whittaker of R&H Services Limited be appointed as joint and several provisional liquidators of the Company on a light touch basis for restructuring purposes only was presented and filed with the Supreme Court of Bermuda (the "Bermuda Court") by the Company's Bermuda Counsel, Walkers (Bermuda) Limited at the request of the Company.

The JPL Application was heard before the Bermuda Court on 1 November 2019. The Bermuda Court made the orders as sought by the Company under the JPL Application, inter alia, (i) HOU Chung Man and KAN Lap Kee of Shinewing Specialist Advisory Services Limited and Edward Alexander Niles Whittaker of R&H Services Limited be appointed as joint and several provisional liquidators of the Company (together "JPLs") on a light touch approach for restructuring purpose (the "Bermuda Court Order"); and (ii) a letter of request (the "Letter of Request") be issued by the Bermuda Court to the High Court of Hong Kong to request, among other things, recognition of the Bermuda Court Order and the appointment of the JPLs such that the Bermuda Court Order shall be treated in all respects in the same manner as if they have been made by the High Court of Hong Kong. On the same day, Justice Subair Williams issued the Letter of Request.

At the first hearing of the winding up petition before the Bermuda Court on 15 November 2019, Justice Subair Williams granted an adjournment of the petition to 31 January 2020 in order to allow time for the JPLs to prepare a report on the restructuring progress of the Company. The Bermuda Court on 31 January 2020 granted an adjournment of the winding up petition to 1 May 2020 in order to allow time for the restructuring to be completed by way of a creditors' scheme of arrangement.

According to the Settlement Agreement (as defined below), the Bermuda legal representative of the Company had filed a summons to withdraw the winding up petition in the Bermuda Court on 10 June 2020 (Bermuda time). The Bermuda Court will list this application for hearing subject to its availability.

委任聯席臨時清盤人及於百慕達的清盤聆訊

為促進本公司的財務重組，於二零一九年十月二十八日（百慕達時間），應本公司要求，本公司的百慕達律師Walkers (Bermuda) Limited向百慕達最高法院（「百慕達法院」）送呈及提交清盤呈請，連同在非強制基礎上僅就重組委任信永中和諮詢專項服務有限公司的鄧忠華及簡立祈以及R & H Services Limited的Edward Alexander Niles Whittaker為本公司的聯席及各別臨時清盤人的申請（「聯席臨時清盤人申請」）。

聯席臨時清盤人申請已於二零一九年十一月一日在百慕達法院進行聆訊。百慕達法院因應公司聯席臨時清盤人申請的要求下令，除了其他事項，(i)任命信永中和諮詢專項服務有限公司之侯頌雯及簡立祈，以及R&H Services Limited之Edward Alexander Niles Whittaker為本公司的聯席及各別臨時清盤人（統稱「聯席臨時清盤人」），並採用輕觸方式作為重組目的（「百慕大法院命令」）；及(ii)百慕達法院向香港高等法院發出呈請函以（其中包括）根據百慕大法院命令追認聯席臨時清盤人之委任，以便百慕達法院法令於所有方面應視作按猶如香港高等法院作出之委任相同的方式作出。於同一天，Subair Williams法官發出了呈請函。

於二零一九年十一月十五日在百慕達法院清盤呈請首次聆訊，Subair Williams法官批准將呈請押後至二零二零年一月三十一日，以給予聯席臨時清盤人時間編制有關本公司重組進度的報告。百慕達法院於二零二零年一月三十一日批准將清盤呈請押後至二零二零年五月一日，以給予時間通過債權人的債務償還安排的方式完成重組。

根據和解協議（定義見下文），本公司的百慕達法律代表已於二零二零年六月十日（百慕達時間）向百慕達法院提交傳票以撤回清盤呈請。百慕達法院將視情況而定將該申請列入聆訊。

Management Discussion and Analysis

管理層討論及分析

EXECUTION OF SETTLEMENT AGREEMENT FOR THE WINDING UP PETITIONS IN THE BERMUDA AND HONG KONG

As disclosed in the Company's announcements dated 7 June 2020, the Company entered into a Settlement Agreement with the Petitioner for an out-of-court settlement of the Petition in Hong Kong.

The Company and the Petitioner agreed and confirmed that for the purposes of the Settlement Agreement the outstanding total balance is HK\$119,948,632.00 (the "Indebtedness"), being the principal of the Note in the amount of HK\$106,596,344.67 (the "Principal") and interest in the sum of HK\$13,352,287.33 accrued in accordance with the amended interest rate.

According to the Settlement Agreement, the Company agreed to repay to the Petitioner the Indebtedness in the manner as set out in the Settlement Agreement in full and final settlement, satisfaction and discharge of its claim (inclusive of the Petitioner's legal costs in the Hong Kong Petition and in the Bermuda Petition) against the Company in the Hong Kong Petition.

The Company and the Petitioner are in the process of arranging their legal representatives to endorse by way of the Consent Summons in the agreed form to (1) dismiss the Petition; (2) to vacate the hearing for the Petition returnable on 17 June 2020 at 10:00 a.m. before the Honourable Mr. Justice Harris with one day reserved; and (3) to ask for no order as to costs of the Petition, including costs of the Consent Summons.

Please refer to the announcement of the Company dated 7 June 2020 in relation to the execution of the Settlement Agreement for the winding up petitions in the Bermuda and Hong Kong for further details.

Save as disclosed above, neither the Company nor any of its subsidiaries was engaged in any litigation or arbitration of material importance, and so far as the Directors were aware, no litigation or claim of material importance was pending or threatened against the Company or any of its subsidiaries.

簽署有關在百慕達和香港的清盤呈請和解協議

誠如本公司日期為二零二零年六月七日之公佈，本公司與呈請人已訂立和解協議，以在香港達成了庭外和解。

就和解協議而言，本公司及呈請人同意及確認未償還之餘額合共為119,948,632.00港元（「債務」），即票據的本金106,596,344.67港元（「本金」）以及根據下文所述經修訂利率計算為13,352,287.33港元的應計利息總和。

根據和解協議，本公司同意向呈請人根據和解協議中所載方式悉數償還債務以最終達成和解、滿足及解除呈請人對本公司於香港呈請中的索償（包括呈請人在香港呈請及百慕達呈請中的法律費用）。

本公司及呈請人正在安排彼等的法律代表以同意協議書形式背書同意傳票，以(1)撤銷呈請；(2)撤回將於二零二零年六月十七日上午十時正在夏利士法官席前有關呈請的一天聆訊；及(3)不要求就呈請的訴訟費，包括同意傳票的費用。

有關進一步詳情，請參閱本公司日期為二零二零年六月七日的公告，內容有關簽署在百慕達和香港的清盤呈請和解協議。

除上述披露者外，本公司或其任何附屬公司概無涉及任何重大訴訟或仲裁，且據董事所知，本公司或其任何附屬公司概無任何未決或面臨威脅之重大訴訟或索償。

Management Discussion and Analysis

管理層討論及分析

Other litigations

- 1) On 6 May 2020, a Writ of Summons was issued by Worth Bright Company Limited (“Worth Bright”) as plaintiff against the Company (the “Action 1”). Worth Bright claimed, among other things, for the outstanding rent owed by the Company to Worth Bright, the accrued interest and cost pursuant to the tenancy agreement entered between Worth Bright as landlord and the Company as tenant.

The Company is engaging in negotiation with Worth Bright, with the view to reaching a settlement in respect of the Action 1.

- 2) On 6 June 2019 and 2 August 2019, a Writ of Summons was issued by Hang Lung Real Estate Agency Limited (“Hang Lung”) as plaintiff against the Company (the “Action 2”). Hang Lung claimed, among other things, for the outstanding rent owed by the Company to Hang Lung, the cost pursuant to the tenancy agreement entered between Hang Lung as landlord and the Company as tenant.

The Company is engaging in negotiation with Hang Lung, with the view to reaching a settlement in respect of the Action 2.

POSSIBLE SUBSCRIPTIONS

- 1) As disclosed in the announcement of the Company dated 18 September 2019, the Company (as issuer) entered into the non-legally binding memorandum of understanding dated 18 September 2019 (the “MOU”) with SFund International Investment Fund Management Limited (“SFund International”) and Mr. Qian Yi Dong (as potential subscribers 1) (the “Potential Subscribers 1”) and the MOU set out the preliminary understandings of the parties in relation to the possible subscription for the new shares of the Company (the “Subscription Shares”) by the Potential Subscribers (the “Possible Subscription 1”).

The MOU recorded the intention of the Potential Subscribers 1 (subject to signing of the formal agreement) to subscribe for the Subscription Shares, the subscription amount of which is expected to be settled by (i) cash; and (ii) settlement of the principal amount of the non-convertible bonds in the principal amount of HK\$250,000,000 issued by the Company and currently held by SFund International. It is also intended that the Potential Subscribers 1 will own more than 30% of the enlarged issued share capital of the Company immediately upon completion of the Possible Subscription 1.

其他訴訟

- 1) 於二零二零年五月六日，Worth Bright Company Limited (「Worth Bright」) 作為原告對本公司簽發了一份傳訊令狀 (「訴訟1」)。根據Worth Bright作為業主與本公司作為承租人訂立的租賃協議，Worth Bright要求 (其中包括) 本公司向Worth Bright結算未償付租金連同應計利息和費用。

本公司現與Worth Bright進行磋商，以就訴訟1達成和解。

- 2) 於二零一九年六月六日及二零一九年八月二日，恆隆地產代理有限公司 (「恆隆」) 作為原告對本公司簽發了一份傳訊令狀 (「訴訟2」)。根據恆隆作為業主與本公司作為承租人訂立的租賃協議，恆隆要求 (其中包括) 本公司向恆隆結算未償付租金連同應計利息和費用。

本公司現與恆隆進行磋商，以就訴訟2達成和解。

潛在認購事項

- 1) 根據本公司日期為二零一九年九月十八日之公佈所披露，本公司 (作為發行人) 與廣州基金國際股權投資基金管理有限公司 (「廣州基金國際」) 及錢一棟先生 (作為有意認購人1) (「有意認購人1」) 訂立日期為二零一九年九月十八日不具法律約束效力的諒解備忘錄 (「諒解備忘錄」)，當中載列訂約方就潛在認購人1可能認購本公司新股份 (「認購股份」) (「潛在認購事項1」) 達成的初步共識。

諒解備忘錄記錄有意認購人1擬認購認購股份 (須簽立正式協議)，該認購金額預期以 (i) 現金；及 (ii) 結算由本公司發行、現由廣州基金國際持有本金額為250,000,000港元的非可換股債券的本金額的方式償付。有意認購人1亦擬將於緊隨潛在認購事項1完成後擁有本公司經擴大已發行股本超過30%。

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If the Possible Subscription 1 materialises, immediately after completion of the Possible Subscription 1, the Potential Subscribers 1 and the parties acting in concert with any of them will in aggregate be interested in more than 30% of the enlarged issued share capital of the Company.

As at the date of this report, the Potential Subscribers 1 and the Company require further time to negotiate the structure and terms of the Possible Subscription 1. No concrete terms of the Possible Subscription 1 has been finalised as at the date of this report.

- 2) As disclosed in the Company's announcement dated 7 June 2020, the Company and Mr. Xu Qi Gao (as potential subscribers 2) (the "Potential Subscribers 2") entered into the Subscription Agreement (the "Subscription Agreement") pursuant to which the Company has conditionally agreed to allot and issue, and the Potential Subscriber 2 has agreed to subscribe for, the 1,875,000,000 Subscription Shares to the Potential Subscriber 2 at a price of HK\$0.016 per Subscription Share (the "Possible Subscription 2").

The 1,875,000,000 Subscription Shares under the Possible Subscription 2 represent (i) approximately 8.72% of the existing issued share capital of the Company of 21,495,386,286 Shares; and (ii) approximately 8.02% of the Company's issued share capital of 23,370,386,286 Shares as enlarged by the Subscription Shares. The Subscription Price of HK\$0.016 represents (i) a premium of approximately 42.86% to the average of the closing prices per Share as quoted on the Stock Exchange for the five consecutive trading days prior to the date of the Subscription Agreement of approximately HK\$0.0112; and (ii) a premium of approximately 14.29% to the closing price of HK\$0.014 per Share as quoted on the Stock Exchange on 5 June 2020, being the last trading date before the date of the Subscription Agreement.

If the Possible Subscription 2 materialises, immediately after completion of the Possible Subscription 2, the Potential Subscriber 2 will in aggregate be interested in approximately 8.02% of the Company's issued share capital of the enlarged share capital of the Company.

倘潛在認購事項1落實，緊隨潛在認購事項1完成後，有意認購人1及其一致行動人士將合共於本公司經擴大已發行股本超過30%中擁有權益。

於本年報日期，有意認購人1及本公司需要更多時間就潛在認購事項1的架構和條款進行磋商。於本年報日期，尚未落實潛在認購事項1的具體條款。

- 2) 誠如本公司日期為二零二零年六月七日之公佈，本公司與徐其高先生(作為有意認購人2)(「有意認購人2」)訂立認購協議(「認購協議」)，據此，本公司已有條件同意向有意認購人2配發及發行及有意認購人2已同意認購每股認購股份0.016港元之價格之1,875,000,000股認購股份「潛在認購事項2」。

潛在認購事項2項下之1,875,000,000股認購股份相當於(i)現有已發行股本21,495,386,286股股份約8.72%；及(ii)本公司經認購股份擴大後之已發行股本23,370,386,286股股份約8.02%。認購價0.016港元較(i)股份於認購協議日期前連續五個交易日在聯交所所報平均收市價每股約0.0112港元溢價約42.86%；及(ii)股份於二零二零年六月五日(即認購協議日期前的最後交易日期)在聯交所所報收市價每股0.014港元溢價約14.29%。

倘潛在認購事項2落實，緊隨潛在認購事項2完成後，有意認購人2及其一致行動人士將合共於本公司經擴大已發行股本約8.02%中擁有權益。

Management Discussion and Analysis

管理層討論及分析

LIQUIDITY AND FINANCIAL RESOURCES

The Group generally finances its operations with internally generated cash flow and proceeds from suitable source of funding. During the year under review, the Group recorded a cash outflow of approximately HK\$96,628,000 (2018: inflow of approximately HK\$106,799,000) which was mainly due to the Group used internal cash resources to repayment of loan interests and purchase of property, plant and equipment during the year ended 31 December 2019.

As at 31 December 2019, the Group had outstanding bank loans and other borrowings at the amount of approximately HK\$1,381,445,000 (2018: approximately HK\$1,347,920,000). The Group's gearing ratio as at 31 December 2019 was approximately 26.77% (2018: 21.15%). The increase in gearing ratio was mainly due to the increase in proportion of interest bearing bank borrowings to total liability and equity during the year under review. The Board 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 2019, the Group's current ratio was approximately 0.72 (2018: approximately 0.86). The decrease in current ratio was mainly due to increase in bank loans and other borrowings during the year under review.

As at 31 December 2019, the Group's debt to equity ratio was approximately 1.42 (2018: approximately 0.99). The increase in debt to equity ratio was mainly due the increase in borrowing during the year under review.

The ratio was calculated by dividing the total liabilities of approximately HK\$2,497,071,000 (2018: approximately HK\$2,479,025,000) by equity attributable to owners of the Company of approximately HK\$1,754,125,000 (2018: approximately HK\$2,497,615,000). The Board is confident that the Group would have adequate financial resources to satisfy full repayment of the current liabilities as and when they fall due.

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96,628,000港元（二零一八年：現金流入約106,799,000港元），主要由於截至二零一九年十二月三十一日止年度本集團使用內部現金資源以支付貸款利息以及購買物業、廠房及設備。

於二零一九年十二月三十一日，本集團有未償還銀行貸款及其他借款約1,381,445,000港元（二零一八年：約1,347,920,000港元）。本集團於二零一九年十二月三十一日之資本與負債比率約為26.77%（二零一八年：21.15%）。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。

於二零一九年十二月三十一日，本集團之流動比率約為0.72（二零一八年：約0.86）。流動比率下降主要由於回顧年度內銀行貸款及其他借款增加所致。

於二零一九年十二月三十一日，本集團之債務與資本比率約為1.42（二零一八年：約0.99）。債務與資本比率提高的主因是借款於回顧年度內增加。

該比率乃按負債總額約2,497,071,000港元（二零一八年：約2,479,025,000港元）除以本公司擁有人應佔權益約1,754,125,000港元（二零一八年：約2,497,615,000港元）計算。董事會有信心，本集團將有足夠財務資源，在流動負債到期時悉數償還流動負債。

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 2019 mainly comprised of current assets of approximately HK\$1,252,845,000 (2018: approximately HK\$1,256,594,000), current liabilities of approximately HK\$1,719,950,000 (2018: approximately HK\$1,466,482,000) and equity attributable to owners of the Company of approximately HK\$1,754,125,000 (2018: approximately HK\$2,497,615,000).

Current assets mainly comprised of (i) cash and cash equivalents of approximately HK\$18,446,000 (2018: approximately HK\$122,533,000); (ii) inventories of approximately HK\$426,106,000 (2018: approximately HK\$520,772,000); and (iii) prepayments, deposits and other receivables of approximately HK\$396,765,000 (2018: Nil).

Current liabilities mainly comprised of (i) bank loans and borrowings of approximately HK\$856,787,000 (2018: approximately HK\$710,524,000); (ii) trade and bill payables of approximately HK\$141,323,000 (2018: approximately HK\$135,313,000); (iii) other payables and accruals of approximately HK\$328,806,000 (2018: approximately HK\$188,649,000); and (iv) provision for environmental and resources tax of approximately HK\$53,935,000 (2018: approximately HK\$124,123,000).

Debenture and Bond Issued

Upon the maturity date of convertible bond in an aggregate principal amount of HK\$250,000,000 ("CB") on 28 December 2018, the Group entered into standstill deed in relation to turn the CB 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, 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.

資本結構與庫務政策

資本結構

本集團於二零一九年十二月三十一日之資本結構主要包括流動資產約1,252,845,000港元(二零一八年:約1,256,594,000港元)、流動負債約1,719,950,000港元(二零一八年:約1,466,482,000港元)及本公司擁有人應佔權益約1,754,125,000港元(二零一八年:約2,497,615,000港元)。

流動資產主要包括:(i)現金及現金等價物約18,446,000港元(二零一八年:約122,533,000港元);(ii)存貨約426,106,000港元(二零一八年:約520,772,000港元);及(iii)預付款項、按金及其他應收款約396,765,000港元(二零一八年:無)。

流動負債主要包括:(i)銀行貸款及借貸約856,787,000港元(二零一八年:約710,524,000港元);(ii)應付賬款及票據約141,323,000港元(二零一八年:約135,313,000港元);(iii)其他應付款及應計費用約328,806,000港元(二零一八年:約188,649,000港元);及(iv)環保及資源稅撥備約53,935,000港元(2018年:約124,123,000港元)。

已發行債權證及債券

於二零一八年十二月二十八日總本金額為250,000,000港元的可換股債券(「可換股債券」)到期當日,本集團與廣州基金國際(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變為本金額為250,000,000港元的債券。

Management Discussion and Analysis

管理層討論及分析

Treasury Policies

During the year ended 31 December 2019, 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 2019 and 2018, the Group did not employ any financial instruments for hedging purpose and was not engaged in foreign currency speculative activities.

BANK LOANS AND OTHER BORROWING AND CHARGES OF GROUP ASSETS

As at 31 December 2019, the Group had bank loans and other borrowings amounted to approximately HK\$1,381,445,000 (2018: HK\$1,347,920,000). As at 31 December 2019, the Group's interest bearing bank loans were carried at effective interest rates from 6.09% to 48% 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 property, plant and equipment; (iv) pledged prepaid land lease; and (v) pledged mining rights.

CONTINGENT LIABILITIES

As at 31 December 2019, the Group had no significant contingent liabilities (2018: Nil).

HUMAN RESOURCES AND REMUNERATION POLICY

As at 31 December 2019, the Group employed 693 full time employees (2018: 688 employees). Employees' remuneration packages are generally structured by reference to market norms, individual qualifications, relevant experience and performance.

庫務政策

截至二零一九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。截至二零一九年及二零一八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。

銀行貸款及其他借貸及集團資產抵押

於二零一九年十二月三十一日，本集團之銀行貸款及其他借貸約為1,381,445,000港元（二零一八年：1,347,920,000港元）。於二零一九年十二月三十一日，本集團計息銀行貸款之實際年利率介乎6.09%至48%，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)已抵押物業、廠房及設備；(iv)已抵押預付土地租賃；及(v)已抵押採礦權。

或然負債

於二零一九年十二月三十一日，本集團並無重大或然負債（二零一八年：無）。

人力資源及薪酬政策

於二零一九年十二月三十一日，本集團僱用693名全職僱員（二零一八年：688名僱員）。僱員薪酬待遇通常參考市場規範、個人資歷、相關經驗及表現而釐定。

Biographical Details of Directors

董事履歷

EXECUTIVE DIRECTORS

Mr. Yang Ying Min, aged 50, 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 34, 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 the Chairman of each of the Corporate Governance Committee and the Financial Reporting Committee and a member of the Remuneration Committee, respectively. 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 72, was appointed as an Executive Director of the Company on 14 August 2009. He is a member of the Corporate Governance Committee and the Financial Reporting Committee, respectively. He 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 41, 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 17 years of experience in administrative management and legal affairs.

執行董事

楊英民先生，現年五十歲，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，現年三十四歲，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。彼亦為企業管治委員會和財務報告委員會主席，及薪酬委員會之成員。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，現年七十二歲，於二零零九年八月十四日獲委任為本公司執行董事。彼亦為企業管治委員會和財務報告委員會之成員。彼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」），現年四十一歲，於二零一八年十月十五日獲委任為本公司執行董事。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十七年經驗。

Biographical Details of Directors

董事履歷

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Wong Wai Chun Alex, aged 42, was appointed as an Independent Non-executive Director, the Chairman of the Audit Committee, a member of the Remuneration Committee and the Financial Reporting Committee of the Company on 29 April 2019. Mr. Wong obtained a bachelor degree in Accounting and Finance at the University of Glamorgan (now known as the University of South Wales) in the United Kingdom. He has over 10 years' experience in auditing and accounting field. He is currently a director of Grand Moore Capital Ltd. Mr. Wong is a member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants. He served as an independent non-executive director of China Gem Holdings Limited (stock code: 1191), the shares of which are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") from May 2017 to May 2020.

Mr. Yeung Yat Chuen, aged 37, was appointed as an Independent Non-executive Director, the Chairman of the Remuneration Committee and a member of the Audit Committee of the Company on 28 July 2019. He obtained a Bachelor Degree in Mathematics from The Hong Kong University of Science and Technology. Mr. Yeung has over 14 years' experience in corporate finance industry. From December 2018 to June 2020, Mr. Yeung was a financial controller of Creation Chance Limited, a wholly-owned subsidiary of Shunten International (Holdings) Limited (formerly known as RM Group Holdings Limited, stock code: 932), a company listed on the Stock Exchange. From February 2018 to July 2018, he was a chief financial officer and executive director of PPS International (Holdings) Limited (stock code: 8201), a company listed on GEM of the Stock Exchange.

Dato Dr. Cheng Chak Ho, aged 50, was appointed as an Independent Non-executive Director of the Company on 12 April 2001. He is a member of the Audit Committee, the Remuneration Committee and the Corporate Governance Committee. 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 27 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 Combest Holdings Limited (stock code: 8190, listed on GEM of the Stock Exchange) on 22 November 2016.

獨立非執行董事

王偉俊先生，現年四十二歲，於二零一九年四月二十九日獲委任為本公司獨立非執行董事、審核委員會主席、薪酬委員會及財務報告委員會之成員。王先生持有英國 University of Glamorgan (現稱 University of South Wales) 會計與財務學士學位。王先生於審核及會計領域累積逾十年經驗。彼現為中毅資本有限公司董事。王先生為香港會計師公會會員及特許公認會計師公會之資深會員。彼於二零一七年五月至二零二零年五月期間擔任中國中石控股有限公司 (其股份於香港聯合交易所有限公司 (「聯交所」) 主版上市，股份代號：1191) 之獨立非執行董事。

楊日泉先生，現年三十七歲，於二零一九年七月二十八日獲委任為本公司獨立非執行董事、薪酬委員會主席及審核委員會之成員。彼持有香港科技大學數學學士學位。楊先生於公司財務領域擁有逾十四年經驗。楊先生於二零一八年十二月至二零二零年六月擔任 Creation Chance Limited (一間於聯交所上市公司順騰國際 (控股) 有限公司 (前稱御藥堂集團控股有限公司，股份代號：932) 的全資擁有附屬公司) 之財務總監。彼於二零一八年二月至二零一八年七月擔任一間於聯交所 GEM 上市公司寶聯控股有限公司 (股份代號：8201) 之首席財務總監及執行董事。

拿督鄭澤豪博士，現年五十歲，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。彼亦為審核委員會、薪酬委員會及企業管治委員會之成員。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27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) 之獨立非執行董事，其股份於聯交所 GEM 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 2019.

PRINCIPAL ACTIVITIES

The principal activities of the Group are (i) investment holdings; (ii) mining operations – exploitation, exploration and trading of mineral resources; (iii) property management operations; and (iv) chemical trading operations.

During the Year, the security technologies operations was discontinued. Details of the Group's principal subsidiaries are set out in Note 45 to the consolidated financial statements.

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 2019, 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 17;
- (b) The principal risks and uncertainties the Group is facing – “Report of the Directors” on pages 20 to 37;
- (c) Future development in the Group's business – “Management Discussion and Analysis” on pages 4 to 17;
- (d) Analysis using financial key performance indicators – and “Management Discussion and Analysis” on pages 4 to 17 and “Summary of Financial Information” on page 212;
- (e) Information about the Group's Environmental, Social and Governance (“ESG”) policies and performance – ESG Report on pages 51 to 73;

本公司董事提呈其報告及本集團截至二零一九年十二月三十一日止年度之經審核財務報表。

主要業務

本集團之主要業務為(i)投資控股；(ii)採礦業務－開採、勘探及買賣礦產資源；(iii)物業管理業務；及(iv)化學品買賣業務。

於本年度內，保安技術業務已終止經營。本集團主要附屬公司之詳情載於綜合財務報表附註45。

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，以及本集團於截至二零一九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17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20頁至37頁之「董事會報告」；
- (c) 本集團業務的日後發展－載於第4頁至17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17頁之「管理層討論及分析」及第212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51頁至73頁之ESG報告；

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- (f) Discussion on the Group's compliance with the relevant laws and regulations – “Report of the Directors” on pages 21 to 38 and “Corporate Governance Report” on pages 39 to 52; and
- (g) An account of the Group's key relationships with its employees, customers and suppliers and others – “Report of the Directors” on pages 21 to 38 and ESG Report on pages 53 to 75.
- (f) 討論本集團對有關法律及法規的合規情況—載於第21頁至38頁之「董事會報告」及第39頁至52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21頁至38頁之「董事會報告」及第53頁至75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 and chemical trading 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 and chemical products price mainly reflects the change in supply and demand of molybdenum products and chemical 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、物業管理業務及化學產品買賣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

鉬精粉及化學產品價格急劇波動主要反映鉬產品及化學產品供求的改變、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。

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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 42 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42。

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。

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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 2019 and the state of the Group's affairs as at 31 December 2019 are set out in the consolidated financial statements on pages 80 to 210.

The cashflows of the Group are set out in the consolidated financial statements on pages 85 to 86.

The Directors do not recommend the payment of any dividend in respect of the year ended 31 December 2019 (2018: Nil).

MAJOR CUSTOMERS AND SUPPLIERS

During the year under review, the Group's single largest customer and supplier accounted for approximately 13% (2018: 6%) and 7% (2018: 4%) respectively, of the Group's total operating revenue and cost of sales. The Group's five largest customers and suppliers accounted for approximately 37% (2018: 25%) and 28% (2018: 21%) 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 84.

DISTRIBUTABLE RESERVE

Details of the amount of the Company's reserve distributable to shareholders as at 31 December 2019 are set out in Note 44 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 17 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。於回顧年度，本集團與其員工及客戶並無任何重大糾紛。

財務報表

本集團截至二零一九年十二月三十一日止年度之業績與本集團於二零一九年十二月三十一日之財務狀況均載於綜合財務報表第80至210頁。

本集團之現金流量載於綜合財務報表第85至86頁。

董事並不建議就截至二零一九年十二月三十一日止年度派發任何股息(二零一八年：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13% (二零一八年：6%)及7% (二零一八年：4%)。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37% (二零一八年：25%)及28% (二零一八年：21%)。

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84頁之綜合權益變動表。

可供分派儲備

於二零一九年十二月三十一日，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44。

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17。

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SUBSIDIARIES

The particulars of the Company's principal subsidiaries as at 31 December 2019 are set out in Note 45 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in share capital of the Company during the year are set out in Note 28 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 2019 and up to the date of this report are set out below:

- (i) the appointment of Mr. Yeung Yat Chuen as an Independent Non-executive Director with effect from 28 July 2019;
- (ii) the appointment of Mr. Wong Wai Chun Alex as an Independent Non-executive Director with effect from 29 April 2019;
- (iii) the resignation of Mr. Leung Kar Fai as an Independent Non-executive Director with effect from 28 July 2019; and
- (iv) the resignation of Mr. William Fong as an Independent Non-executive Director with effect from 29 April 2019.

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

During the year ended 31 December 2019, 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

附屬公司

本公司於二零一九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45。

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28。

董事資料變動

根據上市規則第13.51(B)(1)條之規定，截至二零一九年十二月三十一日止年度及截至本年報日期之董事資料變動載於下文：

- (i) 楊日泉先生獲委任為獨立非執行董事，自二零一九年七月二十八日起生效；
- (ii) 王偉俊先生獲委任為獨立非執行董事，自二零一九年四月二十九日起生效；
- (iii) 梁嘉輝先生辭任獨立非執行董事，自二零一九年七月二十八日起生效；及
- (iv) 方偉濂先生辭任獨立非執行董事，自二零一九年四月二十九日起生效。

購買、出售或贖回本公司上市證券

截至二零一九年十二月三十一日止年度，本公司或其任何附屬公司概無購買、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

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Independent Non-executive Directors

Wong Wai Chun Alex (appointed on 29 April 2019)
Cheng Chak Ho
Yeung Yat Chuen (appointed on 28 July 2019)
Leung Kar Fai (resigned on 28 July 2019)
William Fong (resigned on 29 April 2019)

DIRECTORS RETIRING BY ROTATION

Pursuant to the Company's bye-laws 87(1) and 87(2), Mr. Qian Yi Dong and Mr. Zhang Jia Kun shall retire as Directors by rotation at the AGM and, being eligible, will offer themselves for re-election.

Pursuant to the Company's bye-law 86(2), Mr. Wong Wai Chun Alex and Mr. Yeung Yat Chuen, who were appointed as Independent Non-executive Director on 29 April 2019 and 28 July 2019 respectively, shall hold office only until the forthcoming annual general meeting, and, being eligible, will offer themselves for re-election at the annual general meeting.

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 12 to the consolidated financial statements.

獨立非執行董事

王偉俊(於二零一九年四月二十九日獲委任)
鄭澤豪
楊日泉(於二零一九年七月二十八日獲委任)
梁嘉輝(於二零一九年七月二十八日辭任)
方偉濂(於二零一九年四月二十九日辭任)

董事輪值退任

根據細則第87(1)條及第87(2)條，董事錢一棟先生及張家坤先生將會於股東週年大會輪值告退，符合資格並願意於大會上重選連任。

根據細則86(2)條，王偉俊先生及楊日泉先生分別於二零一九年四月二十九日及二零一九年七月二十八日獲委任為獨立非執行董事，其任期僅至應屆股東週年大會為止，並將於股東週年大會輪值告退，符合資格並願意於股東週年大會上重選連任。

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12。

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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.

(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.

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、其任何聯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。

(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。

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On 9 April 2018, 100,000,000 Share options was granted to Mr. Xu Zi Jing (a former director), then lapsed on 15 October 2018 due to his resignation as a director.

As at 31 December 2019, 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.

於二零一八年四月九日已向許子敬先生(前董事)授出100,000,000份購股權，由於彼於二零一八年十月十五日辭任董事，該等購股權註銷。

於二零一九年十二月三十一日，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) 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
- (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:

(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百分之一(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
- (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出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：

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- (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,
- (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，則指緊接該日之前之營業日)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，

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.

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。本公司所有有關連人士必須在有關股東大會放棄表決，惟任何有關連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) 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.

(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。

(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.

(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。

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(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 2019, 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.

(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

於二零一九年十二月三十一日，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。

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SUBSTANTIAL SHAREHOLDERS' INTEREST IN SHARES

As at 31 December 2019, 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

於二零一九年十二月三十一日，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 |
|--|--|--|--|
| 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 |
| 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% |
| | | 3,391,908,552 | 15.78% |
| 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% |
| | | 3,380,408,552 | 15.73% |
| Universal Union Limited ("Universal Union") Universal Union Limited (「Universal Union」) | Beneficial owner 實益擁有人 | 3,146,168,552 | 14.64% |

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| 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% |

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| 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 | 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) | Beneficial owner | 1,876,580,000 | 8.73% |
| 顧頤 (「顧先生」)(附註6) | 實益擁有人 | | |
| 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) | Held by controlled corporation | 1,324,929,577 | 6.16% |
| 民閱國際集團有限公司(附註7) | 由受控制公司持有 | | |
| Pleasant Journey Global Limited (Note 7) | Beneficial owner | 1,324,929,577 | 6.16% |
| Pleasant Journey Global Limited (附註7) | 實益擁有人 | | |

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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。

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Save as disclosed above, the Directors and chief executive of the Company were not aware of any persons who, as at 31 December 2019, 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，於二零一九年十二月三十一日，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。

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RELATED PARTY TRANSACTIONS

Details of the related party transactions during the financial year are set out in Note 38 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 arranged 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38。

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安排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

MATERIAL EVENT AFTER THE REPORTING PERIOD

- 1) On 27 May 2019, the Company received a winding up petition dated 27 May 2019 filed in the Hong Kong Court by the Petitioner against the Company for failure to settle an indebted sum of HK\$170,492,494.31.

The Company engaged in negotiations with the Petitioner, with the view of reaching a settlement in respect of the Hong Kong Petition and the Bermuda Petition.

On 7 June 2020, the Company entered into the Settlement Agreement with the Petitioner for an out-of-court settlement of the Petition in Hong Kong. According to the Settlement Agreement, the Company and the Petitioner applied to the Hong Kong Court, among other things, to dismiss the Hong Kong Petition and ask for no order as to costs of the Hong Kong Petition by a consent summons dated 12 June 2020.

On 22 June 2020, the Honourable Mr. Justice Harris pronounced the order, among other things, to dismiss the Hong Kong Petition and to make no order as to costs of the Hong Kong Petition.

- 2) Pursuant to the Company announcement dated on 7 June 2020, the Company entered into the subscription agreement with the subscriber in relation to the subscription of shares. Pursuant to the subscription agreement, the Company has conditionally agreed to allot and issue 1,875,000,000 shares to the subscriber at the subscription price of HK\$0.016 per shares. The subscription of shares was not completed yet.
- 3) In view of the outbreak of Coronavirus Disease 2019 (“COVID-19”) in January 2020 in the PRC, the PRC authority has taken national prevention and control of the COVID-19. The COVID-19 has certain impacts on the business operation and overall economy in some geographical areas or industries in the PRC, the impact depends on the duration of the epidemic and the implementation of regulatory policies and relevant protective measures. The Group will stay alert on the development and situation of the COVID-19, continuing to assess its impacts on the financial position and operating results of the Group and take necessary action to mitigate the business risk in the PRC. Up to the date of approval of the consolidated financial statements, the assessment is still in progress.

重大報告期後事項

- 1) 於二零一九年五月二十七日，本公司收到呈請人針對本公司未能結清債項合共170,492,494.31港元而於香港法院向本公司發出日期為二零一九年五月二十七日的清盤呈請。

本公司與呈請人進行磋商，以就香港呈請及百慕達呈請達成和解。

於二零二零年六月七日，本公司已與呈請人就香港呈請達成了庭外和解協議。根據和解協議，本公司及呈請人向香港法院申請(其中包括)撤銷香港呈請及以日期為二零二零年六月十二日的同意傳票不要求就香港呈請的訴訟費。

於二零二零年六月二十二日，夏利士法官宣佈命令(其中包括)撤回香港呈請，且不就香港呈請的訴訟費作出命令。

- 2) 根據本公司日期為二零二零年六月七日之公佈，本公司與認購人就認購股份訂立認購協議。根據認購協議，本公司已有條件同意配發及發行1,875,000,000股股份予認購人，認購價為每股股份0.016港元。上述認購事項尚未完成。
- 3) 鑒於二零二零年一月新型冠狀病毒肺炎(「新冠肺炎」)在中國爆發，中國當局已採取全國預防及控制新冠肺炎的措施。新冠肺炎對中國部分地區或行業的業務營運及整體經濟造成一定的影響，而有關的影響程度將取決於疫情的持續時間以及監管政策和相關保護措施的實施。本集團將時刻留意新冠肺炎的發展及情況，持續評估其對本集團財務狀況及經營業績的影響，並會採取必要的措施以減低中國的業務風險。截至綜合財務報表簽署日期，有關評估仍在進行中。

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 208 of this annual report.

AUDIT COMMITTEE

The Audit Committee comprises three Independent Non-executive Directors, namely Mr. Wong Wai Chun Alex, Dato Dr. Cheng Chak Ho and Mr. Yeung Yat Chuen. 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 accounting principles and practices adopted by the Group with senior management and discussed the auditing, internal control and financial reporting matters, including the review of the draft audited consolidated financial statements of the Group for the Year. The financial statements of the Group for the Year have been audited by the Auditors.

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 2019.

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, 26 June 2020

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208頁。

審核委員會

審核委員會由三名獨立非執行董事王偉俊先生、拿督鄭澤豪博士及楊日泉先生組成。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。審核委員會已會同高級管理層審閱本集團所採納的會計原則及慣例，亦已討論審核、內部監控及財務報表事宜，包括審閱本集團本年度的經審核綜合財務報表草擬本。本集團本年度的財務報表已由核數師審核。

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二零一九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，二零二零年六月二十六日

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 2019, 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 non-executive director and comprises a majority of independent non-executive directors.

企業管治常規

董事會相信，優質企業管治對提升本集團效率及表現以及保障股東權益尤為重要。

截至二零一九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, Mr. Wong Wai Chun Alex and Dato Dr. Cheng Chak Ho were absent from the 2019 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。

由於王偉俊先生和拿督鄭澤豪博士於有關時間須處理個人及其他重要事務，故缺席本公司二零一九年的股東週年大會。

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 2019, 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二零一九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, the respective Board Committees meetings, annual general meeting and special general meeting held during the year ended 31 December 2019:

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二零一九年十二月三十一日止年度舉行之董事會會議、各董事會委員會會議、股東週年大會及股東特別大會之記錄：

| Name of Directors | Board Meeting | Audit Committee Meeting | Remuneration Committee Meeting | Corporate Governance Committee Meeting | Financial Reporting Committee Meeting | Annual General Meeting | Special General Meeting | |
|--|----------------|-------------------------|--------------------------------|--|---------------------------------------|------------------------|-------------------------|---------|
| | | 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 | 股東特別大會 | |
| 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 | 0/1 |
| Qian Yi Dong | 錢一棟 | 4/4 | n/a 不適用 | 2/2 | 2/2 | 2/2 | 1/1 | 0/1 |
| Zhang Jia Kun | 張家坤 | 0/4 | n/a 不適用 | n/a 不適用 | 0/2 | 0/2 | 0/1 | 0/1 |
| Zhao Jian | 趙劍 | 4/4 | n/a 不適用 | n/a 不適用 | n/a 不適用 | n/a 不適用 | 1/1 | 1/1 |
| Independent Non-executive Directors | 獨立非執行董事 | | | | | | | |
| Wong Wai Chun Alex (Note 2) | 王偉俊(附註2) | 1/4 | 1/1 | 1/2 | n/a 不適用 | 1/2 | 0/1 | 1/1 |
| Yeung Yat Chuen (Note 1) | 楊日泉(附註1) | 1/4 | 1/1 | n/a 不適用 | n/a 不適用 | n/a 不適用 | n/a 不適用 | 0/1 |
| Cheng Chak Ho | 鄭澤豪 | 4/4 | 2/2 | 2/2 | 2/2 | n/a 不適用 | 0/1 | 0/1 |
| Leung Kar Fai (Note 3) | 梁嘉輝(附註3) | 3/4 | 0/1 | 0/1 | n/a 不適用 | n/a 不適用 | 1/1 | n/a 不適用 |
| William Fong (Note 4) | 方偉濂(附註4) | 1/4 | 1/1 | 0/1 | n/a 不適用 | 1/1 | 0/1 | n/a 不適用 |

Notes:

附註：

- Mr. Yeung Yat Chuen was appointed as an Independent Non-executive Director, the Chairman of the Remuneration Committee and a member of the Audit Committee on 28 July 2019.
 - Mr. Wong Wai Chun Alex was appointed as an Independent Non-executive Director, the Chairman of the Audit Committee, a member of the Remuneration Committee and the Financial Reporting Committee on 29 April 2019.
 - Mr. Leung Kar Fai resigned as an Independent Non-executive Director, the Chairman of the Remuneration Committee and a member of the Audit Committee on 28 July 2019.
 - Mr. William Fong resigned as an Independent Non-executive Director, the Chairman of the Audit Committee, a member of the Remuneration Committee and the Financial Reporting Committee on 29 April 2019.
- 楊日泉先生於二零一九年七月二十八日獲委任為獨立非執行董事、薪酬委員會主席及審核委員會之成員。
 - 王偉俊先生於二零一九年四月二十九日獲委任為獨立非執行董事、審核委員會主席、薪酬委員會及財務報告委員會之成員。
 - 梁嘉輝先生於二零一九年七月二十八日辭任獨立非執行董事、薪酬委員會主席及審核委員會之成員。
 - 方偉濂先生於二零一九年四月二十九日辭任獨立非執行董事、審核委員會主席、薪酬委員會及財務報告委員會之成員。

Corporate Governance Report

企業管治報告

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

During the financial year of 2019, the Board had at all times at least three independent non-executive directors and at least one of independent non-executive directors have appropriate professional qualifications or accounting or related financial management expertise. The Company has appointed independent non-executive directors representing at least one-third of the board.

The Company has arranged for appropriate liability insurance for the Directors for indemnifying their liabilities arising out of corporate activities.

The 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.

DIRECTORS' INDUCTION AND CONTINUING PROFESSIONAL DEVELOPMENT

Each of the newly appointed Directors has received a formal, comprehensive and tailored induction on the first occasion of his appointment to ensure that he has a proper understanding of the Company's operations and business and is fully aware of the Director's responsibilities under statute and common law, the Listing Rules, legal and other regulatory requirements and the Company's business and governance policies.

Pursuant to code provision A.6.5 of the Corporate Governance Code, all Directors should participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution to the Board remains informed and relevant. The Company will from time to time fund and arrange suitable training to all Directors to develop and refresh their knowledge and skills in relation to their duties and responsibilities, such that their contribution to the Board remains informed and relevant. All Directors are also encouraged to attend relevant training courses at the Company's expense and they have been requested to provide the Company with their training records. According to the training records maintained by the Company, the continuing professional development programmes received by each of the Directors during the Year is summarised as follows:

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

於二零一九財政年度，董事會於整段期間內最少有三名獨立非執行董事，其中最少一名獨立非執行董事具備合適專業資格或會計或相關財務管理專業知識。本公司已委任人數佔董事會至少三分之一的獨立非執行董事。

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

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。

董事入職及持續專業發展

各新委任董事均於首次獲委任時獲提供正式、全面及因人制宜之入職介紹，確保其可適當理解本公司營運及業務，並完全了解其於法規及普通法、上市規則、法律及其他監管規定以及本公司業務及管治政策下之董事職責。

依據企業管治守則之守則條文第A.6.5條，所有董事應參與持續專業發展，發展並更新其知識及技能，以確保其繼續在具備全面資訊及切合所需之情況下對董事會作出貢獻。本公司將不時為全體董事安排合適培訓並提供有關經費，發展並更新其對職責及責任之知識及技能，以使其繼續在具備全面資訊及切合所需之情況下對董事會作出貢獻。本公司亦鼓勵全體董事參加相關培訓課程，費用由本公司承擔，且全體董事已被要求向本公司提供其培訓記錄。根據本公司存置之培訓記錄，各董事於本年度內接受之持續專業發展課程概述如下：

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| Name of Directors 董事姓名 | Type of training 培訓類型 |
|---|--------------------------|
| Mr. Yang Ying Min 楊英民先生 | A and B A及B |
| Mr. Qian Yi Dong 錢一棟先生 | A and B A及B |
| Mr. Zhang Jia Kun 張家坤先生 | A and B A及B |
| Mr. Zhao Jian 趙劍先生 | A and B A及B |
| Mr. Wong Wai Chun Alex (Note 2) 王偉俊先生(附註2) | A and B A及B |
| Dato Dr. Cheng Chak Ho 拿督鄭澤豪博士 | A and B A及B |
| Mr. Yeung Yat Chuen (Note 1) 楊日泉先生(附註1) | A and B A及B |
| Mr. Leung Kar Fai (Note 3) 梁嘉輝先生(附註3) | N/A 不適用 |
| Mr. William Fong (Note 4) 方偉濂先生(附註4) | N/A 不適用 |

A: attending training sessions, including but not limited to, seminars, briefings, conferences, forums and workshops

A: 參加培訓課程，包括但不限於座談會、簡報會、會議、論壇及研討會

B: reading materials relating to the economy, general business, corporate governance and directors' duties and responsibilities

B: 閱讀有關經濟、一般商務、企業管治以及董事職務及職責的材料

Notes:

附註：

- Mr. Yeung Yat Chuen was appointed as an Independent Non-executive Director, the Chairman of the Remuneration Committee and a member of the Audit Committee on 28 July 2019.
- Mr. Wong Wai Chun Alex was appointed as an Independent Non-executive Director, the Chairman of the Audit Committee, a member of the Remuneration Committee and the Financial Reporting Committee on 29 April 2019.
- Mr. Leung Kar Fai resigned as an Independent Non-executive Director, the Chairman of the Remuneration Committee and a member of the Audit Committee on 28 July 2019.
- Mr. William Fong resigned as an Independent Non-executive Director, the Chairman of the Audit Committee, a member of the Remuneration Committee and the Financial Reporting Committee on 29 April 2019.

- 楊日泉先生於二零一九年七月二十八日獲委任為獨立非執行董事、薪酬委員會主席及審核委員會之成員。
- 王偉俊先生於二零一九年四月二十九日獲委任為獨立非執行董事、審核委員會主席、薪酬委員會及財務報告委員會之成員。
- 梁嘉輝先生於二零一九年七月二十八日辭任獨立非執行董事、薪酬委員會主席及審核委員會之成員。
- 方偉濂先生於二零一九年四月二十九日辭任獨立非執行董事、審核委員會主席、薪酬委員會及財務報告委員會之成員。

The Company did not receive the training records from those directors including Mr. Leung Kar Fai and Mr. William Fong, all of whom resigned during the Year.

本公司並無自該等董事收到任何培訓紀錄，該等董事包括梁嘉輝先生及方偉濂先生(彼等均於報告年度內辭任)。

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APPOINTMENT AND RE-ELECTION OF DIRECTORS

In compliance with the Listing Rules and the Bye-laws of the Company, (i) all the non-executive Directors should be appointed for specific terms, (ii) all Directors should be subject to retirement by rotation at least once every three years and are eligible for re-election, and (iii) any Director appointed by the Board to fill a casual vacancy in the Board or as an addition to the existing Board shall hold office only until the next following general meeting of the Company and shall be subject to re-election at such meeting.

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 2019 are:

Mr. Yeung Yat Chuen (*Chairman*)
(appointed on 28 July 2019)
Mr. Wong Wai Chun Alex (appointed on 29 April 2019)
Dato Dr. Cheng Chak Ho
Mr. Qian Yi Dong
Mr. Leung Kar Fai (resigned on 28 July 2019)
Mr. William Fong (resigned on 29 April 2019)

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 2019, the Remuneration Committee held two meetings, the work performed included the followings:

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

委任及重選董事

遵照上市規則及本公司之細則，(i) 委任全體非執行董事應有指定任期；(ii) 全體董事應至少每三年輪值退任一次並合資格重選連任；及(iii) 任何由董事局委任以填補董事局臨時空缺的董事或現任董事局新任董事任期僅至本公司下個股東大會，並須於該大會上重選連任。

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。二零一九財政年度之薪酬委員會成員如下：

楊日泉先生 (*主席*)
(於二零一九年七月二十八日獲委任)
王偉俊先生 (於二零一九年四月二十九日獲委任)
拿督鄭澤豪博士
錢一棟先生
梁嘉輝先生 (於二零一九年七月二十八日辭任)
方偉濂先生 (於二零一九年四月二十九日辭任)

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。

於截至二零一九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：

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

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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. Wong Wai Chun Alex (*Chairman*)
(appointed on 29 April 2019)
Dato Dr. Cheng Chak Ho
Mr. Yeung Yat Chuen (appointed on 28 July 2019)
Mr. Leung Kar Fai (resigned on 28 July 2019)
Mr. William Fong (resigned on 29 April 2019)

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 2019, 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 2019 included reviews of the following:

- a. the directors' report and the consolidated financial statements for the year ended 31 December 2018 of the Group, with a recommendation to the Board for approval;
- b. the consolidated financial statements for the six months ended 30 June 2019 of the Group, with a recommendation to the Board for approval;
- c. the audit fees for the year ended 31 December 2019 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：

王偉俊先生(主席)
(於二零一九年四月二十九日獲委任)
拿督鄭澤豪博士
楊日泉先生(於二零一九年七月二十八日獲委任)
梁嘉輝先生(於二零一九年七月二十八日辭任)
方偉濂先生(於二零一九年四月二十九日辭任)

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。

截至二零一九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。審核委員會於截至二零一九年十二月三十一日止年度之工作包括審閱以下事項：

- a. 本集團截至二零一八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. 本集團截至二零一九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二零一九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。

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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 2019 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 2019 are as follows:

Mr. Qian Yi Dong (*Chairman*)
Mr. Zhang Jia Kun
Mr. Wong Wai Chun Alex (appointed on 29 April 2019)
Mr. William Fong (resigned on 29 April 2019)

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：

於二零一九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。

於二零一九財政年度內，財務報告委員會之成員如下：

錢一棟先生 (*主席*)
張家坤先生
王偉俊先生 (於二零一九年四月二十九日獲委任)
方偉濂先生 (於二零一九年四月二十九日辭任)

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During the year ended 31 December 2019, the Financial Reporting Committee had reviewed the audited financial statements of the Group for the year ended 31 December 2018 and the unaudited financial statements of Group for the six months ended 30 June 2019. 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.

截至二零一九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二零一八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二零一九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。

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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 (2018: HK\$1,300,000) was charged to the Group's consolidated financial statements for the year ended 31 December 2019 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 (2018: 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二零一九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（二零一八年：1,300,000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（二零一八年：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。

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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 apprised 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 has complied with the relevant professional training requirement under Rule 3.29 of the Listing Rules.

INVESTOR RELATIONS

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

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。彼已遵守上市規則第3.29條項下有關專業培訓之規定。

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。

Corporate Governance Report

企業管治報告

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 2019, 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.

In respect of the year ended 31 December 2019, 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, 26 June 2020

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。截至二零一九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。

就截至二零一九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，二零二零年六月二十六日

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 2019 (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) investment holdings; (ii) mining operations – exploitation, exploration and trading of mineral resources; (iii) property management operations; and (iv) chemical trading operations. The security technologies operations was discontinued. 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 38 to page 50 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二零一九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，本集團之主要業務為(i)投資控股；(ii)採礦業務—開採、勘探及買賣礦產資源；(iii)物業管理業務；及(iv)化學品買賣業務。保安技術業務已終止經營。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38頁至第50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 co-operation and respect for employees, communities and environment, for the sake of being recognized as a company with sustainable development.

STAKEHOLDERS' FEEDBACK

The Group believes importance to communications with all internal and external stakeholders to understand their concerns and needs. We also 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。我們也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 recognises its responsibility for minimising the impact of its activities on, and 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

北方礦業明白其盡量減少其活動對環境的影響及保護環境的責任，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

空氣污染環境影響：

- 環境空氣質量執行《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

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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II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、噪聲進行檢查，我們亦主動聘請中介機構對我們的採礦生產活動進行檢查，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 | 2019 二零一九年 | 2018 二零一八年 |
|-------------------------------------|----------------|-----------------------------|---------------|---------------|
| Greenhouse gas emission | 溫室氣體排放 | | | |
| - Scope 1 – Direct emission | - 範圍一 – 直接排放 | kilogram | | |
| • Fuel consumption | • 燃料消耗 | 千克 | N/A 不適用 | N/A 不適用 |
| - Scope 2 – Indirect emission | - 範圍二 – 間接排放 | (carbon dioxide equivalent) | 56,721,333 | 54,814,513 |
| • Electricity consumption | • 電力消耗 | (二氧化碳當量) | | |
| - Scope 3 – Other indirect emission | - 範圍三 – 其他間接排放 | | | |
| • Paper consumption | • 紙張消耗 | | 4,370 | 3,100 |
| • Water consumption | • 水消耗 | | 280,333 | 281,901 |
| Exhaust gas emission | 廢氣排放 | | | |
| - Nitrogen oxide | - 氮氧化物 | gram | N/A 不適用 | N/A 不適用 |
| - Sulphur dioxide | - 二氧化硫 | 克 | 7,488 | 7,205 |
| - Particulates | - 顆粒物 | | N/A 不適用 | N/A 不適用 |
| Waste water | 污水 | tonne 噸 | 76,954 | 75,400 |
| Waste | 廢棄物 | | | |
| - Hazardous waste | - 有害廢棄物 | tonne | 821 | 775 |
| - Non-hazardous waste | - 無害廢棄物 | 噸 | 67 | 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 | 2019 二零一九年 | 2018 二零一八年 |
|--|------------------------------|----------------------|---------------|---------------|
| Water | 水 | tonne 噸 | 412,728 | 402,716 |
| Electricity | 電力 | kilowatt hour 千瓦時 | 713,987,917 | 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 | 523,120 | 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 | 74,271 | 74,147 |
| Paper | 紙張 | tonne 噸 | 0.66 | 0.65 |
| Package materials (plastic) | 包裝物料(塑料) | tonne 噸 | 0.22 | 0.22 |
| Package materials (Corrugated) | 包裝物料(瓦楞) | tonne 噸 | 511 | 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:

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：

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.

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

社會層面報告

僱傭及勞工慣例

EMPLOYMENT

僱傭

Employment Data Summary:

僱傭數據摘要：

| Employee statistics | 僱員統計 | Unit 單位 | 2019 二零一九年 Quantity 數量 | 2018 二零一八年 Quantity 數量 |
|-----------------------------|-----------|-------------------|---------------------------------|---------------------------------|
| Total number of employees | 員工總數 | Person 人 | 693 | 688 |
| By gender | 按性別 | | | |
| – Male | – 男性 | Percentage 百分比 | 83.9 | 83.9 |
| – Female | – 女性 | | 16.1 | 16.1 |
| By employment nature | 按僱傭性質 | | | |
| – Full-time permanent staff | – 全職長期員工 | Percentage 百分比 | 60.9 | 60.9 |
| – Full-time contract staff | – 全職合約員工 | | 39.0 | 39.0 |
| – Temporary/part-time staff | – 臨時／兼職員工 | | 0.1 | 0.1 |
| By rank | 按職級 | | | |
| – Management executives | – 行政管理人員 | Percentage 百分比 | 16.7 | 16.7 |
| – Other staff | – 其他員工 | | 83.3 | 83.3 |
| New employee | 新聘員工 | | | |
| – Male | – 男性 | Person 人 | 10 | 27 |
| – Female | – 女性 | | 6 | 6 |
| Employee turnover | 員工流失 | | | |
| – Male | – 男性 | Person 人 | 9 | 10 |
| – Female | – 女性 | | 2 | 3 |

Environmental, Social and Governance Report

環境、社會及管治報告

Employment, Remuneration and Benefit Policy

As at 31 December 2019, the Group had 693 employees (2018: 688). 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

於二零一九年十二月三十一日，本集團擁有693名員工（二零一八年：688）。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。

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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。

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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:

| | | | 2019 二零一九年 | 2018 二零一八年 |
|---|---------------|-------------------|----------------|----------------|
| | | Unit 單位 | Quantity 數量 | Quantity 數量 |
| Total number of employees receiving training | 參與培訓員工總數 | Person 人 | 592 | 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 | 85.0 | 81.0 |
| Total training hours | 總培訓時數 | hour 小時 | 20,110 | 20,318 |
| Average training hours | 平均培訓時數 | hour 小時 | 33.9 | 36.5 |

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：

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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。

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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，本集團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。

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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。

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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官。我們獲得社區相關人士的意見後，會將之融入日常營運的方針，希望做到企業與社區共融。

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

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

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| 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 |
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| 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 |
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| 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 |
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| 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 |
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| 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 |

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| 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 |
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| 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)
(Provisional Liquidators Appointed)
(For Restructuring Purposes)

DISCLAIMER OF OPINION

We were engaged to audit 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 80 to 202, which comprise the consolidated statement of financial position as at 31 December 2019, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

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)
(已委任臨時清盤人)
(以重組為目的)

不表示意見

我們已獲委聘審核列載於第80至202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，包括於二零一九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。

我們不就 貴集團的綜合財務報表發表意見。由於本報告「不表示意見之基準」一節所詳述事項乃屬重大，我們未能取得足夠恰當的審核憑證，為綜合財務報表之審核意見提供基準。就其他方面而言，我們認為綜合財務報表已按照香港公司條例的披露規定妥為編製。

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BASIS FOR DISCLAIMER OF OPINION

1) Multiple fundamental uncertainties relating to going concern

As disclosed in note 1.3 to the consolidated financial statements, as at 31 December 2019, the Group's current liabilities exceeded its current assets by HK\$475,077,000 and incurred a net loss of approximately HK\$1,216,573,000 for the year then ended. The Group maintained cash and cash equivalents of approximately HK\$18,446,000 as at 31 December 2019.

On 27 May 2019, the Company received a petition ("Petition") issued in the Court of First Instance of the High Court of Hong Kong ("High Court") by a creditor against the Company for failure to settle an indebtedness sum of HK\$170,492,494, being the alleged outstanding amount owned by the Company to the Petitioner.

On 28 October 2019, to facilitate the Company's financial restructuring, a winding-up petition together with an application for the appointment of joint and several provisional liquidators of the Company had been filed to the Supreme Court of Bermuda at the request of the Company for restructuring purpose.

On 7 June 2020, a settlement agreement had been entered between the Company and the creditor that the Company had to settle the outstanding balance of HK\$119,948,632, being the outstanding principal of HK\$106,596,345 and accumulated interest of HK\$13,352,287, owed to the creditor by (a) the Company shall deposit a cash order of HK\$15,000,000 that shall be released to the creditor immediately upon the High Court orders to dismiss the Petition; (b) the Company shall pay the creditor of HK\$15,000,000 on each of the dates falling the expiry, of six months, twelve months and eighteen months from the date of the settlement agreement; and (c) the Company shall pay the creditor the remaining outstanding balance due to the creditor on the second anniversary date of the date of the settlement agreement.

These conditions indicate the existence of material uncertainties which may cast significant doubt over the Group's ability to continue as a going concern.

不表示意見之基準

1) 有關持續經營之多項基本不確定因素

誠如綜合財務報表附註1.3所披露，於二零一九年十二月三十一日，貴集團的流動負債比流動資產多475,077,000港元，並於截至該日止年度出現虧損淨額約1,216,573,000港元。貴集團於二零一九年十二月三十一日維持現金及現金等價物約18,446,000港元。

於二零一九年五月二十七日，貴公司收到債權人針對貴公司未能結清債項合共170,492,494港元（為貴公司被指稱結欠呈請人的未償還金額）而於香港高等法院（「高等法院」）原訟法庭向貴公司發出的呈請（「呈請」）。

於二零一九年十月二十八日，為促進貴公司財務重組，應貴公司要求，已向百慕達最高法院提交清盤呈請，連同委任共同及個別臨時清盤人的申請，以作重組用途。

於二零二零年六月七日，貴公司與債權人訂立和解協議，未償還結餘合共119,948,632港元，即106,596,345港元的未償還本金及13,352,287港元的利息總和，以下列方式支付債權人：(a) 貴公司須交付15,000,000港元的銀行本票，於高等法院撤銷呈請後須立即發放予債權人；(b) 貴公司須於和解協議日期起各六個月、十二個月及十八個月屆滿之日向債權人支付每期15,000,000港元；及(c) 貴公司須於和解協議日期的第二個週年屆滿之日向債權人支付結欠債權人的未償還結餘餘額。

該等情況表明存有重大不確定因素，可能對貴集團持續經營之能力帶來重大疑慮。

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獨立核數師報告

The Directors have been undertaking a number of measures to improve the Group's liquidity and financial position, including but not limited to, debt restructuring, raise additional funding through placing of shares of the Company and implement cost saving exercise as detailed in note 1.3 to the consolidated financial statements. The consolidated financial statements have been prepared on a going concern basis, the validity of which depends on the outcome of those measures, which are subject to multiple uncertainty. For the purpose of our audit, we were unable to obtain sufficient appropriate audit evidence that we consider necessary to assess whether those measures can be successfully implemented to improve the Group's liquidity and financial position.

Should the going concern assumption be inappropriate, adjustments would have to be made to the consolidated financial statements to write down the value of assets to their recoverable amounts, to provide for further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effect of these adjustments has not been reflected in the consolidated financial statements.

2) Limitation of scope – Recoverability of consideration receivable; long-term receivables and loan receivable

(a) As at 31 December 2019, the Group has consideration receivable of approximately HK\$410,000,000 arising from the disposal of the entire equity interests of Full Empire Investment Limited and its subsidiaries ("Consideration Receivable"), of which HK\$210,000,000 shall be received in cash within one year after the execution of the agreement relating to the disposal; and the remaining balance of the Consideration Receivable shall be received in cash before 28 March 2021. On 21 May 2020, the Company entered into a supplemental agreement with the purchaser of Full Empire Investment Limited that the instalments of the outstanding balance of the Consideration Receivable further delay to (i) HK\$200,000,000 shall be settled on 28 March 2021; and (ii) the remaining balance of the Consideration Receivable shall be settled on 28 March 2022. The Group has provided a credit loss in respect of the Consideration Receivable of approximately HK\$3,924,000 under the ECL model for the year ended 31 December 2019.

貴公司董事已採取多項措施以改善 貴集團之流動資金及財務狀況，包括但不限於債務重組、透過配售 貴公司股份籌集額外資金及實行成本節約措施（詳情載於綜合財務報表附註1.3）。綜合財務報表乃按持續經營基準編製，其有效性取決於該等措施的結果，而有關結果則視乎多項不確定因素。就我們的審核而言，我們未能取得我們認為屬必要的充分及恰當的審核憑證，以評估上述措施能否成功實行以改善 貴集團的流動資金及財務狀況。

倘持續經營之假設屬不適當，則將須對綜合財務報表作出調整以將資產價值撇減至其可收回金額、為可能產生之進一步負債作出撥備，並分別將非流動資產及非流動負債重新分類為流動資產及流動負債。綜合財務報表並無反映該等調整的影響。

2) 範圍限制－應收代價；及長期應收款項及應收貸款之可回收性

(a) 於二零一九年十二月三十一日，貴集團自出售Full Empire Investment Limited及其附屬公司之全部股權產生應收代價約410,000,000港元（「應收代價」），其中210,000,000港元應於簽立有關出售事項的協議後一年內以現金收取；應收代價的餘額應於二零二一年三月二十八日前以現金收取。於二零二零年五月二十一日，貴公司與Full Empire Investment Limited之買方訂立補充協議，應收代價未償還結餘之分期付款進一步延後至(i) 200,000,000港元將於二零二一年三月二十八日結付；及(ii) 應收代價的餘額將於二零二二年三月二十八日結付。截至二零一九年十二月三十一日止年度，貴集團於預期信貸虧損模式下就應收代價作出約3,924,000港元之信貸虧損撥備。

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- (b) As at 31 December 2019, the Group has long-term receivables of approximately HK\$600,000,000, carrying interest at 10% per annum and repayable on annual basis in 5 years ("Long-term Receivables"). The Group has provided a credit loss in respect of the Long-term Receivables of approximately HK\$142,615,000 under the ECL model for the year ended 31 December 2019.
- (c) As at 31 December 2019, the Group has loan receivable of approximately HK\$225,000,000 granted to minority shareholders of subsidiaries of the Group which was carried interest at 11% per annum ("Loan Receivable"). The Group has provided a credit loss in respect of the Loan Receivable of approximately HK\$2,775,000 under the ECL model for the year ended 31 December 2019.

We were unable to obtain sufficient appropriate audit evidence as to (i) inadequate documentary evidence available for us to satisfy ourselves as to whether the ECL assessment for each of the Consideration Receivable, Long-term Receivables and Loan Receivable was appropriate; and (ii) no alternative audit procedures that we could perform to satisfy ourselves as to the recoverability of the Consideration Receivable, Long-term Receivables and Loan Receivable.

Any adjustments that might have been found necessary might have an effect on the Group's net assets at as 31 December 2019, and its financial performance and cash flows of the Group for the year then ended, and the related disclosures thereof in the consolidated financial statements.

3) Limitation of scope - Condition of certain inventories held by sub-contractor

During the year ended 31 December 2019, the Group entered into a processing agreement with a sub-contractor, being a processing factory, to further process the Group's molybdenum concentrate into Ferromolybdenum for the purpose of re-sale at higher profit margin. As at 31 December 2019, the Group's inventories of approximately HK\$359,951,000 were held by the sub-contractor ("Inventories"). However, there was no subsequent sale had been made. As represented by the management of the sub-contractor and the management of the Company, the manufacturing process has been delayed due to the adverse effect of COVID-19.

- (b) 於二零一九年十二月三十一日，貴集團之長期應收款項為約600,000,000港元，按年利率10%計息，須於五年內按年支付（「長期應收款項」）。截至二零一九年十二月三十一日止年度，貴集團於預期信貸虧損模式下就長期應收款項作出約142,615,000港元之信貸虧損撥備。
- (c) 於二零一九年十二月三十一日，貴集團向附屬公司之少數權益股東授出約225,000,000港元按利率11%收取利息之應收貸款（「應收貸款」）。截至二零一九年十二月三十一日止年度，貴集團於預期信貸虧損模式下就應收貸款作出約2,775,000港元之信貸虧損撥備。

我們未能就以下方面取得充分及恰當的審核憑證：(i)我們並無獲得足夠文件證據以信納有關應收代價、長期應收款項及應收貸款各自的預期信貸虧損評估是否合適；及(ii)我們無法採取其他審核程序以信納應收代價、長期應收款項及應收貸款的可收回程度。

任何必要調整可能會影響貴集團於二零一九年十二月三十一日的資產淨值，以及貴集團截至該日止年度的財務表現及現金流量以及在綜合財務報表中的相關披露。

3) 審計範圍受限制－分包商所持若干存貨之狀況

截至二零一九年十二月三十一日止年度，貴集團與一名分包商（其為加工廠）訂立加工協議，將貴集團之鉬精粉加工成其他製成品，以便以較高利潤率轉售。於二零一九年十二月三十一日，貴集團約359,951,000港元之存貨（「該等存貨」）由分包商持有，其後並無任何銷售。誠如分包商管理層及貴公司管理層所呈報，由於新冠肺炎的不利影響，生產過程已受到延誤。

Independent Auditor's Report

獨立核數師報告

Given the above circumstances, we were unable to obtain sufficient appropriate audit evidence regarding the valuation, condition and quantities of the Inventories, including but not limited to: (i) unable to perform physical counting of the Inventories for the purpose of our audit; and (ii) unable to satisfy ourselves by alternative means concerning the audit of net realisable value of the Inventories at 31 December 2019.

Any adjustments that might have been found necessary might have an effect on the Group's net assets at as 31 December 2019, and its financial performance and cash flows of the Group for the year then ended, and the related disclosures thereof in the consolidated financial statements.

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

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

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

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

在上述情況下，我們無法就存貨之估值、狀況及數量獲得充分適當之審核憑證，包括但不限於：(i) 無法就我們的核數進行實地盤點；及(ii) 無法透過其他方法使我們信納該等存貨於二零一九年十二月三十一日的可變現淨值。

任何必要調整可能會影響 貴集團於二零一九年十二月三十一日的負債淨額，以及貴集團截至該日止年度的財務表現及現金流量以及在綜合財務報表中的相關披露。

董事對綜合財務報表的責任以及就管治承擔的責任

董事須負責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及香港公司條例之披露規定編製此等真實公平之綜合財務報表，以及董事認為必要之內部監控，以使綜合財務報表之編製不存在由於欺詐或錯誤而導致之重大錯誤陳述。

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

管治層負責監督 貴集團的財務報告流程。

Independent Auditor's Report

獨立核數師報告

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

Our responsibility is to conduct an audit of the Group's consolidated financial statements in accordance with Hong Kong Standards on Auditing ("HKSA") issued by the HKICPA and to issue an auditor's report. We report solely to you, as a body, in accordance with Section 90 of Bermuda Companies Act 1981, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. However, because of the matters described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these consolidated financial statements.

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

The engagement partner on the audit resulting in this independent auditor's report is Mr. Leung Man Kin with Practising Certificate number P07174.

核數師就審核綜合財務報表須承擔的責任

我們的責任為根據香港會計師公會所頒佈之香港審計準則（「香港審計準則」）就 貴集團之綜合財務報表進行審計，並發出核數師報告。此報告乃根據一九八一年百慕達公司法第90條僅向 閣下（作為整體）作出，且並不會作其他用途。我們不會就本報告之內容對任何其他人士負責或承擔責任。然而，由於本報告內「不表示意見之基準」一節所述之事宜，我們未能就該等綜合財務報表審核意見提供基準取得充分恰當之審計憑證。

我們根據香港會計師公會之專業會計師道德守則（「守則」）獨立於 貴集團，且我們已經根據守則達成其他道德責任。

出具本獨立核數師報告之審計項目合夥人為梁文健先生，執業證書編號為P07174。

Elite Partners CPA Limited

Certified Public Accountants
Hong Kong, 26 June 2020

10th Floor,
8 Observatory Road,
Tsim Sha Tsui,
Kowloon, Hong Kong

開元信德會計師事務所有限公司

執業會計師
香港，二零二零年六月二十六日

香港九龍
尖沙咀
天文台道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 2019 截至二零一九年十二月三十一日止年度

| | | Notes 附註 | 2019 二零一九年 HK\$'000 千港元 | 2018 二零一八年 HK\$'000 千港元 (Re-presented) (經重列) |
|---|-------------------------|-------------|----------------------------------|---|
| Continuing operations | 持續經營業務 | | | |
| Revenue | 收益 | 5(a) | 846,587 | 953,382 |
| Cost of sales | 銷售成本 | | (754,352) | (880,104) |
| Gross profit | 毛利 | | 92,235 | 73,278 |
| Other income | 其他收入 | 5(b) | 102,291 | 14,293 |
| Research and development cost | 研發成本 | | (38,213) | (24,542) |
| Impairment losses under expected credit loss model, net of reversal | 預期信貸虧損模型下的減值損失，扣除撥回 | 6 | (152,428) | (23,504) |
| Other gains and losses | 其他收益及虧損 | 7 | (687,526) | (80,384) |
| Administrative expenses | 行政支出 | | (189,484) | (132,205) |
| Loss from operations | 經營虧損 | | (873,125) | (173,064) |
| Finance costs | 融資成本 | 9 | (284,571) | (276,722) |
| Loss before taxation | 除所得稅前虧損 | 10 | (1,157,696) | (449,786) |
| Taxation | 稅項 | 14 | 13,360 | 13,093 |
| Loss for the year from continuing operations | 本年度持續經營業務虧損 | | (1,144,336) | (436,693) |
| Discontinued operations | 已終止經營業務 | | | |
| Loss for the year from discontinued operations | 本年度已終止經營業務虧損 | 11 | (72,237) | (134,086) |
| Loss for the year | 本年度虧損 | | (1,216,573) | (570,779) |
| Other comprehensive expense (Net of tax effect): | 其他全面開支 (扣除稅項影響): | | | |
| <i>Items that may be reclassified subsequently to profit or loss:</i> | <i>於往後可能重新分類至損益之項目:</i> | | | |
| Exchange differences arising from translation of foreign subsidiaries | 換算海外附屬公司產生之匯兌差額 | | (25,065) | (136,972) |
| Release of exchange difference upon disposal of foreign subsidiaries | 出售海外附屬公司撥回之匯兌差額 | | 11,734 | - |
| Other comprehensive expense for the year | 本年度其他全面開支 | | (13,331) | (136,972) |
| Total comprehensive expense for the year | 本年度全面開支總額 | | (1,229,904) | (707,751) |

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 2019 截至二零一九年十二月三十一日止年度

| | Notes 附註 | 2019 二零一九年 HK\$'000 千港元 | 2018 二零一八年 HK\$'000 千港元 (Re-presented) (經重列) |
|---|-----------------------|----------------------------------|---|
| Loss for the year attributable to owners of the Company | 本公司擁有人應佔本年度虧損 | | |
| from continuing operations | 來自持續經營業務 | (639,329) | (349,922) |
| from discontinued operations | 來自已終止經營業務 | (103,417) | (134,086) |
| Loss for the year attributable to owners of the Company | 本公司擁有人應佔本年度虧損 | (742,746) | (484,008) |
| Loss for the year attributable to non-controlling interests | 非控股權益應佔本年度虧損 | | |
| from continuing operations | 來自持續經營業務 | (473,827) | (86,771) |
| from discontinued operations | 來自已終止經營業務 | - | - |
| Loss for the year attributable to non-controlling interests | 非控股權益應佔本年度虧損 | (473,827) | (86,771) |
| | | (1,216,573) | (570,779) |
| Total comprehensive expense attributable to: | 以下人士應佔全面開支總額： | | |
| Owners of the Company | 本公司擁有人 | (742,308) | (601,612) |
| Non-controlling interests | 非控股權益 | (487,596) | (106,139) |
| | | (1,229,904) | (707,751) |
| Loss per share attributable to owners of the Company for the year (expressed in HK cents per share): | 本公司擁有人應佔年內每股虧損(每股港仙)： | | |
| From continuing and discontinued operations | 來自持續及已終止經營業務 | | |
| - Basic | - 基本 | 16 | (3.47) |
| - Diluted | - 攤薄 | 16 | N/A 不適用 |
| From continuing operations | 來自持續經營業務 | | |
| - Basic | - 基本 | 16 | (2.97) |
| - Diluted | - 攤薄 | 16 | N/A 不適用 |

Consolidated Statement of Financial Position

綜合財務狀況報表

As at 31 December 2019 於二零一九年十二月三十一日

| | | 2019 二零一九年 HK\$'000 千港元 | 2018 二零一八年 HK\$'000 千港元 |
|--|---------------|----------------------------------|----------------------------------|
| ASSETS | 資產 | | |
| Non-Current Assets | 非流動資產 | | |
| Property, plant and equipment | 物業、廠房及設備 | 17 779,928 | 894,155 |
| Prepaid lease payments | 預付租賃款項 | 18 – | 63,076 |
| Mining rights | 採礦權 | 19 2,615,579 | 3,296,318 |
| Goodwill | 商譽 | 20 13,403 | 56,192 |
| Right-of-use assets | 使用權資產 | 37 60,289 | – |
| Intangible assets | 無形資產 | 22 – | 337,625 |
| Finance lease receivables | 應收融資租賃 | 23 – | 3,706 |
| Long-term receivables | 長期應收款項 | 21 446,804 | 466,664 |
| | | 3,916,003 | 5,117,736 |
| Current Assets | 流動資產 | | |
| Finance lease receivables | 應收融資租賃 | 23 – | 1,091 |
| Inventories | 存貨 | 24 426,106 | 520,772 |
| Trade and bill receivables | 應收賬款及票據 | 25 1,235 | 23,435 |
| Current portion of long-term receivables | 長期應收款項流動部份 | 21 396,765 | 118,838 |
| Prepayments, deposits and other receivables | 預付款項、按金及其他應收款 | 26 402,322 | 467,927 |
| Tax recoverables | 可收回稅項 | – | 1,998 |
| Cash and cash equivalents | 現金及現金等價物 | 27 18,446 | 122,533 |
| | | 1,244,874 | 1,256,594 |
| Total Assets | 資產總值 | 5,160,877 | 6,374,330 |
| CAPITAL AND RESERVES | 資本及儲備 | | |
| Share capital | 股本 | 28 343,926 | 343,926 |
| Reserves | 儲備 | 1,410,199 | 2,153,689 |
| Equity attributable to owners of the Company | 本公司擁有人應佔權益 | 1,754,125 | 2,497,615 |
| Non-controlling interests | 非控股權益 | 909,680 | 1,397,690 |
| Total Equity | 權益總額 | 2,663,805 | 3,895,305 |

Consolidated Statement of Financial Position

綜合財務狀況報表

As at 31 December 2019 於二零一九年十二月三十一日

| | | | 2019 二零一九年 HK\$'000 千港元 | 2018 二零一八年 HK\$'000 千港元 |
|---|------------------|----|----------------------------------|----------------------------------|
| LIABILITIES | 負債 | | | |
| Non-Current Liabilities | 非流動負債 | | | |
| Bank loans and other borrowings | 銀行貸款及其他借貸 | 34 | 524,658 | 637,396 |
| Other payables | 其他應付款項 | 33 | 16,448 | 38,204 |
| Deferred tax liabilities | 遞延稅項負債 | 30 | 234,924 | 336,943 |
| Lease liabilities | 租賃負債 | 37 | 1,091 | - |
| | | | 777,121 | 1,012,543 |
| Current Liabilities | 流動負債 | | | |
| Trade and bill payables | 應付賬款及票據 | 31 | 141,324 | 135,313 |
| Other payables and accruals | 其他應付款及應計費用 | 33 | 328,806 | 188,649 |
| Bank loans and other borrowings | 銀行貸款及其他借貸 | 34 | 856,787 | 710,524 |
| Provision for environmental and resources tax | 環保及資源稅撥備 | 32 | 53,935 | 124,123 |
| Lease liabilities | 租賃負債 | 37 | 4,269 | - |
| Contract liabilities | 合約負債 | 35 | 33,531 | 32,873 |
| Corporate bonds | 企業債券 | 36 | 301,299 | 275,000 |
| | | | 1,719,951 | 1,466,482 |
| Total Liabilities | 負債總額 | | 2,497,072 | 2,479,025 |
| Total Equity and Liabilities | 權益及負債總額 | | 5,160,877 | 6,374,330 |
| Net Current Liabilities | 流動負債淨值 | | (475,077) | (209,888) |
| Total Assets Less Current Liabilities | 資產總值減流動負債 | | 3,440,926 | 4,907,848 |
| Net Assets | 資產淨值 | | 2,663,805 | 3,895,305 |

The consolidated financial statements were approved and authorised for issue by the Board of Directors on 26 June 2020 and signed on its behalf by:

綜合財務報表經董事會於二零二零年六月二十六日批准及授權刊發，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 2019 截至二零一九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 | 實收盈餘 | 資本儲備 | 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 | 非控股權益應佔 | 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 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 for the year | 本年度虧損 | - | - | - | - | - | - | - | - | - | (484,008) | (484,008) | (86,771) | (570,779) |
| Exchange differences | 匯兌差額 | - | - | - | - | - | - | - | - | (117,604) | - | (117,604) | (19,368) | (136,972) |
| Total comprehensive loss for the year | 本年度全面開支總額 | - | - | - | - | - | - | - | - | (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 | 3,895,305 |
| New adoption of HKFRS 16 | 新採納香港財務報告準則第16號 | - | - | - | - | - | - | - | - | - | (1,182) | (1,182) | (414) | (1,596) |
| At 1 January 2019 | 於二零一九年一月一日 | 343,926 | 3,761,932 | 31,350 | (894) | 995 | - | - | 16,654 | (289,602) | (1,367,928) | 2,496,433 | 1,397,276 | 3,893,709 |
| Loss for the year | 本年度虧損 | - | - | - | - | - | - | - | - | - | (742,746) | (742,746) | (473,827) | (1,216,573) |
| Exchange differences | 匯兌差額 | - | - | - | - | - | - | - | - | (11,296) | - | (11,296) | (13,769) | (25,065) |
| Release upon disposal of foreign subsidiaries | 出售海外附屬公司時撥回 | - | - | - | - | - | - | - | - | 11,734 | - | 11,734 | - | 11,734 |
| Total comprehensive loss for the year | 本年度全面開支總額 | - | - | - | - | - | - | - | - | 438 | (742,746) | (742,308) | (487,596) | (1,229,904) |
| Transfer upon disposal of subsidiaries | 出售附屬公司時轉撥 | - | - | - | - | - | - | - | (3,977) | - | 3,977 | - | - | - |
| At 31 December 2019 | 於二零一九年十二月三十一日 | 343,926 | 3,761,932 | 31,350 | (894) | 995 | - | - | 12,677 | (289,164) | (2,106,697) | 1,754,125 | 909,680 | 2,663,805 |

Consolidated Statement of Cash Flows

綜合現金流量表

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

| | | 2019 二零一九年 HK\$'000 千港元 | 2018 二零一八年 HK\$'000 千港元 |
|--|------------------------------|----------------------------------|----------------------------------|
| Cash flows from operating activities | 經營活動產生之現金流量 | | |
| Loss before income tax | 除所得稅前虧損 | | |
| –Continuing operations | –持續經營業務 | (1,157,696) | (449,786) |
| –Discontinued operations | –已終止經營業務 | (91,426) | (158,212) |
| Amortisation of intangible assets | 無形資產攤銷 | 76,758 | 96,505 |
| Amortisation of mining rights | 採礦權攤銷 | 53,451 | 52,494 |
| Amortisation of prepaid lease payments | 預付租賃款項攤銷 | – | 6,156 |
| Bank interest income | 銀行利息收入 | (128) | (726) |
| Imputed interest income from long-term receivable | 長期應收款的推算利息收入 | (9,377) | – |
| Depreciation of property, plant and equipment | 物業、廠房及設備折舊 | 60,213 | 58,620 |
| Depreciation of right-of-use assets | 使用權資產折舊 | 9,478 | – |
| Impairment of property, plant and equipment | 物業、廠房及設備減值 | 32,659 | – |
| Impairment of construction in progress | 在建工程減值 | 395 | – |
| Impairment loss of under expected credit loss model, net of reversal | 預期信貸損失模型下的減值損失，扣除沖銷 | 152,673 | 46,046 |
| Impairment of mining rights | 採礦權減值 | 580,115 | – |
| 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 |
| Share options expenses | 購股權支出 | – | 5,883 |
| Lease interest expense | 租賃利息開支 | 853 | – |
| Loan interest expenses | 貸款利息開支 | 337,966 | 237,686 |
| Loan interest income | 貸款利息收入 | (87,815) | (6,540) |
| Loss on disposal of property, plant and equipment | 出售物業、廠房及設備虧損 | 13,278 | 2,223 |
| Loss on disposal of subsidiaries | 出售附屬公司虧損 | 11,258 | – |
| Provision of obsolete inventories | 老舊存貨撥備 | – | 34,263 |
| Written off of construction in progress | 在建工程撇銷 | 53,024 | 6,572 |
| Reversal of provision of environment tax | 環保稅撥備撥回 | (45,396) | – |
| Operating loss before working capital changes | 營運資金變動前之經營虧損 | (9,717) | (16,841) |
| Decrease/(Increase) in inventories | 存貨減少/(增加) | 55,004 | (112,027) |
| Decrease in Provision for environmental and resources tax | 環保及資源稅撥備減少 | – | 130,088 |
| Increase in contract liabilities | 合約負債增加 | 4,293 | – |
| Decrease in finance lease receivables | 應收融資租賃減少 | 1,157 | 1,075 |
| Decrease/(Increase) in trade and bill receivables, prepayments, deposits and other receivables | 應收賬款及票據、預付款項、按金及其他應收款減少/(增加) | 62,457 | (233,789) |
| 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 | (42,315) | (20,243) |
| Cash generated from/(used in) operations | 經營所得/(所用)之現金 | 70,879 | (251,737) |
| Tax refund/(paid) | 退回/(已付)稅項 | 1,996 | (31) |
| Tax paid for provision for environmental and resources tax | 已付之環保及資源稅撥備 | (23,833) | – |
| Other tax paid | 其他已付稅項 | – | (11,763) |
| Net cash generated from/(used in) operating activities | 經營活動所得/(所用)之現金淨額 | 49,042 | (263,531) |

Consolidated Statement of Cash Flows

綜合現金流量表

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

| | | 2019 二零一九年 HK\$'000 千港元 | 2018 二零一八年 HK\$'000 千港元 |
|---|---------------------------|----------------------------------|----------------------------------|
| Cash flows from investing activities | 投資活動產生之現金流量 | | |
| Interest received | 已收利息 | 128 | 726 |
| 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 | (73,013) | (70,254) |
| 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 flow from disposal of subsidiaries | 出售附屬公司之所得款項淨額 | (8,093) | - |
| Withdrawn of pledged bank deposits | 撤銷已抵押銀行存款 | 1,055 | 104,079 |
| Net cash (used in)/generated from investing activities | 投資活動(所用)/所得之現金淨額 | (79,923) | 67,982 |
| 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 | 107,348 | 1,112,793 |
| Loan interest paid | 已付貸款利息 | (137,057) | (135,218) |
| Repayment of loans | 償還貸款 | (58,554) | (566,505) |
| Repayment of convertible bonds | 償還可換股債券 | - | (108,722) |
| Repayment of principal portion of lease liabilities | 償還租賃負債本金部分 | (5,138) | - |
| Net cash (used in)/generated from financing activities | 融資活動(所用)/所得之現金淨額 | (93,401) | 302,348 |
| Net (decrease)/increase in cash and cash equivalents | 現金及現金等價物之(減少)/增加淨額 | (124,282) | 106,799 |
| Cash and bank balances at 1 January | 於一月一日之現金及銀行結餘 | 121,478 | 56,097 |
| Effect of foreign exchange rate changes, net | 外幣匯率變動之影響，淨額 | 21,250 | (41,418) |
| Cash and bank balances at 31 December | 於十二月三十一日之現金及銀行結餘 | 18,446 | 121,478 |
| 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 | 18,446 | 121,478 |

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

1. GENERAL INFORMATION 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. The operation for the sales of security technologies products had been discontinued during the year ended 31 December 2019.

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。銷售保安技術產品業務已終止經營。

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 2019 截至二零一九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

As at 31 December 2019, the Group's current liabilities exceeded its current assets by approximately HK\$475,077,000 and incurred a net loss of approximately HK\$1,216,573,000 for the year then ended. The Group maintained cash and cash equivalents of approximately HK\$18,446,000 as at 31 December 2019.

On 27 May 2019, the Company received a petition ("Petition") issued in the Court of First Instance of the High Court of Hong Kong ("High Court") by a creditor against the Company for failure to settle an indebtedness sum of HK\$170,492,494, being the alleged outstanding amount owned by the Company to the Petitioner.

On 28 October 2019, to facilitate the Company's financial restructuring, a winding-up petition together with an application for the appointment of joint and several provisional liquidators of the Company had been filed to the Supreme Court of Bermuda at the request of the Company for restructuring purpose.

On 7 June 2020, a settlement agreement had been entered between the Company and the creditor that the Company had to settle the outstanding balance of HK\$119,948,632, being the outstanding principal of HK\$106,596,345 and accumulated interest of HK\$13,352,287, owed to the creditor by (a) the Company shall deposit a cash order of HK\$15,000,000 that shall be released to the creditor immediately upon the High Court orders to dismiss the Petition; (b) the Company shall pay the creditor of HK\$15,000,000 on each of the dates falling the expiry, of six months, twelve months and eighteen months from the date of the settlement agreement; and (c) the Company shall pay the creditor the remaining outstanding balance due to the creditor on the second anniversary date of the date of the settlement agreement.

1. 一般資料與守章聲明及編製基準 (續)

1.3 持續經營

於二零一九年十二月三十一日，本集團的流動負債比流動資產多約475,077,000港元，並於截至該日止年度出現虧損淨額約1,216,573,000港元。本集團於二零一九年十二月三十一日維持現金及現金等價物約18,446,000港元。

於二零一九年五月二十七日，本公司收到債權人針對本公司未能結清債項合共170,492,494港元（為本公司被指稱結欠呈請人的未償還金額）而於香港高等法院（「高等法院」）原訟法庭向本公司發出的呈請（「呈請」）。

於二零一九年十月二十八日，為促進本公司財務重組，應本公司要求，已向百慕達最高法院提交清盤呈請，連同委任共同及個別臨時清盤人的申請，以作重組用途。

於二零二零年六月七日，本公司與債權人訂立和解協議，未償還結餘合共119,948,632港元，即106,596,345港元的未償還本金及13,352,287港元的利息總和，以下列方式支付債權人：(a)本公司須交付15,000,000港元的銀行本票，於高等法院撤銷呈請後須立即發放予債權人；(b)本公司須於和解協議日期起各六個月、十二個月及十八個月屆滿之日向債權人支付每期15,000,000港元；及(c)本公司須於和解協議日期的第二個週年屆滿之日向債權人支付結欠債權人的未償還結餘額。

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

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

1.3 Going concern (Continued)

These conditions indicate the existence of material uncertainties which may cast significant doubt over the Group's ability to continue as a going concern.

In view of such circumstances, the Directors have taken the following measures to mitigate the liquidity pressure and to improve the financial position of the Group:

- (a) On 7 June 2020, the Company entered into a subscription agreement with a subscriber, an independent third party, pursuant to which the Company has conditionally agreed to allot and issue 1,875,000,000 shares to the subscriber at a price of HK\$0.016 per share. The estimated proceed in respect of the placing is approximately HK\$30,000,000. As at the date of approving the consolidated financial statements, the transaction is yet to complete.
- (b) On 18 September 2019, the Company entered into a memorandum of understanding with Sfund International Investment Fund Management Limited ("SFund") and Mr. Qian Yi Dong ("Mr. Qian"), an executive director of the Company, for a possible subscription of new shares of the Company in the amounts of (i) HK\$350 million by SFund, which will be satisfied by HK\$100 million in cash and HK\$250 million by way of settlement of the outstanding principal amount of the Company's convertible bonds held by SFund; and (ii) HK\$50 million by Mr. Qian in cash. As at the date of approving the consolidated financial statements, the transaction is yet to complete.

1. 一般資料與守章聲明及編製基準 (續)

1.3 持續經營 (續)

該等情況表明存有重大不確定因素，可能對本集團持續經營之能力帶來重大疑慮。

鑒於有關情況，董事已採取以下措施，以降低流動性壓力及改善本集團的財務狀況：

- (a) 於二零二零年六月七日，本公司與認購人（為獨立第三方）訂立認購協議，據此，本公司有條件同意以每股0.016港元之價格向認購人配發及發行1,875,000,000股股份。配售估計所得款項約為30,000,000港元。
- (b) 於二零一九年九月十八日，本公司與廣州基金國際股權投資基金管理有限公司（「廣州基金」）及本公司執行董事錢一棟先生（「錢先生」）訂立諒解備忘錄，內容有關本公司新股份的潛在認購事項，其中(i)350,000,000港元由廣州基金認購，將以現金約100,000,000港元及結算廣州基金持有本公司可換股債券未償還本金額250,000,000港元的方式償付；及(ii) 50,000,000港元由錢先生認購並以現金償付。

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

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

1.3 Going concern (Continued)

- (c) possible fund raising activities, including but not limited to placing, rights issues or open offer and issuance of convertible bonds are to be attempted;
- (d) the management plans to improve the Group's financial performance by taking steps to reduce discretionary expenses and administrative costs.

The Directors are in the opinion that the Group will have sufficient working capital to finance its operations and will meet its financial obligations as and when they fall due within the next twelve months from the date of the statement of financial position. Accordingly, the Directors are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis. Nevertheless, should the Group fail to implement the measures as mentioned above, it might not be able to continue to operate as a going concern, and adjustments would have to be made to write down the carrying value of the Group's assets to their recoverable amounts, to provide for further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities. The effect of these adjustments has 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)

- (c) 擬進行包括(但不限於)配售、供股或公開發售及發行可換股債券之可能集資活動；
- (d) 管理層計劃透過逐步削減非必要開支及行政成本以改善本集團之財務表現。

董事認為，本集團將有充足營運資金於財務狀況表日期起計未來十二個月期間為營運提供資金及應付其到期的財務承擔。因此，董事信納按持續經營基準編製綜合財務報表乃屬恰當。然而，倘本集團未能實施上述措施，則可能無法繼續按持續經營方式經營，並須作出調整，將本集團之資產撇減至其可回收金額，為可能產生之進一步負債計提撥備，以及將非流動資產及非流動負債重新分類為流動資產及流動負債。該等調整之影響並未於綜合財務報表中反映。

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS

2.1 New and amendments to HKFRSs that are mandatorily effective on 1 January 2019

In the current year, the Group has applied the following new and amendments to HKFRSs issued by the HKICPA for the first time, which are effective from the Group's financial period beginning on 1 January 2019.

| | |
|-----------------------|--|
| HKFES 16 | Leases |
| HK(IFRIC) – Int 23 | Uncertainty over Income Tax Treatments |
| Amendments to HKFRS 9 | Prepayment Features with Negative Compensation |
| Amendments to HKAS 28 | Long-term Interests in Associates and Joint Ventures |
| Amendments to HKAS 19 | Plan Amendment, Curtailment or Settlement |
| Amendments to HKFRSs | Annual Improvements to HKFRSs 2015-2017 Cycle |

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

The impact of the adoption of HKFRS 16 Leases has been summarised in below. The directors of the Company consider the other new or amended HKFRSs that are effective from 1 January 2019 did not have any material impact to the Group's financial statements.

2. 應用新訂及經修訂香港財務報告準則

2.1 於二零一九年一月一日強制生效的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（「香港會計師公會」）頒佈並於本集團於二零一九年一月一日開始之財政期間開始生效之新訂及經修訂香港財務報告準則：

| | |
|--------------------|----------------------------|
| 香港財務報告準則第16號 | 租賃 |
| 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 |
| 香港財務報告準則第9號（修訂本） | 具有負補償的提前還款特性 |
| 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 |
| 香港會計準則第19號（修訂本） | 計劃修訂、縮減或結算 |
| 香港財務報告準則（修訂） | 香港財務報告準則二零一五年至二零一七年週期的年度改進 |

除下文所述者外，於本年度採用經修訂香港財務報告準則及詮釋對集團本年度及過往年度的財務狀況和業績及／或於該等綜合財務報表載列之披露，均無重大影響。

採納香港財務報告準則第16號租賃之影響已概述於下文。本公司董事認為，自二零一九年一月一日起生效的其他新訂或經修訂香港財務報告準則並無對本集團財務報表產生任何重大影響。

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (Continued)

2.1 New and amendments to HKFRSs that are mandatorily effective on 1 January 2019 (Continued)

HKFRS 16 Leases

HKFRS 16 supersedes HKAS 17 “Leases” and related interpretations, introduces a single lease accounting model and requires a lease to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under HKFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lease should recognise depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, HKAS 17.

In respect to the lessor accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

The Group has adopted HKFRS 16 retrospectively from 1 January 2019, but has not restated comparatives for the 2019 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening of consolidated statement of financial position as of 1 January 2019.

2. 應用新訂及經修訂香港財務報告準則(續)

2.1 於二零一九年一月一日強制生效的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號取代香港會計準則第17號「租賃」及相關詮釋，其引入單一承租人會計處理模式，並規定承租人就為期超過12個月之所有租賃確認資產及負債，除非相關資產為低價值資產則作別論。具體而言，根據香港財務報告準則第16號，承租人須確認使用權資產(表示其有權使用相關租賃資產)及租賃負債(表示其有責任支付租賃款項)。因此，承租人應確認使用權資產折舊及租賃負債利息，並將租賃負債之現金還款分類為本金部分及利息部分，並於現金流量表內呈列。此外，使用權資產及租賃負債的初步計量包括不可撤銷租賃付款，亦包括承租人合理地肯定將行使選擇權延續租賃或行使選擇權終止租賃之情況下，將於選擇權期間內作出之付款。此會計處理方法與承租人會計法顯著不同，後者適用於根據原準則即香港會計準則第17號分類為經營租賃之租賃。

就出租人會計處理而言，香港財務報告準則第16號大致繼承了香港會計準則第17號之出租人會計處理規定。因此，出租人繼續將其租賃分類為經營租賃及融資租賃，並且對兩類租賃進行不同之會計處理。

本集團自二零一九年一月一日起追溯採納香港財務報告準則第16號，但經該準則特定過渡條文允許，並無重列二零一九年報告期間之比較資料。因此，該等新租賃規則所導致的重新分類及調整截至二零一九年一月一日的期初綜合財務狀況表確認。

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綜合財務報表附註

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (Continued)

2.1 New and amendments to HKFRSs that are mandatorily effective on 1 January 2019 (Continued)

HKFRS 16 Leases (Continued)

As a lessee

On adoption of HKFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of HKAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 were 11% in Hong Kong operations and 12% in PRC operations.

The following reconciliation explains how the operating lease commitments disclosed applying HKAS 17 at the end of 31 December 2018 could be reconciled to the lease liabilities at the date of initial application recognised in the statement of financial position as of 1 January 2019:

2. 應用新訂及經修訂香港財務報告準則(續)

2.1 於二零一九年一月一日強制生效的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)

作為承租人

採納香港財務報告準則第16號時，本集團已就先前根據香港會計準則第17號租賃的原則分類為「經營租賃」的租賃確認租賃負債。該等負債按餘下租賃付款的現值進行計量，並使用承租人截至二零一九年一月一日的增量借款利率貼現。承租人於二零一九年一月一日應用於租賃負債的增量借款利率為11%（香港業務）及12%（中國業務）。

以下對賬闡釋於二零一八年十二月三十一日末應用香港會計準則第17號披露的經營租賃承擔如何與截至二零一九年一月一日之綜合財務狀況表中確認於首次應用日期的租賃負債進行對賬：

| | | HK\$'000 千港元 |
|---|------------------------|-----------------|
| Operating lease commitments disclosed as at 31 December 2018 | 於二零一八年十二月三十一日披露的經營租賃承擔 | 32,506 |
| Discounted using the lessee's incremental borrowing rate at the date of initial application | 於首次應用日期採用承租人的增量借款利率貼現 | 27,370 |
| Less: short-term leases recognised on a straight-line basis as expense | 減：按直線法確認的短期租賃作為開支 | (17,725) |
| | | 9,645 |
| Analysed as: | 分析為： | |
| Current lease liabilities | 即期租賃負債 | 4,285 |
| Non-current lease liabilities | 非即期租賃負債 | 5,360 |
| | | 9,645 |

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (Continued)

2.1 New and amendments to HKFRSs that are mandatorily effective on 1 January 2019 (Continued)

HKFRS 16 Leases (Continued)

As a lessee (Continued)

The associated right-of-use assets were measured at the amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the consolidated statement of financial position as at 31 December 2018 by applying HKFRS 16.C8 (b)(ii) transition. The Group has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 January 2019.

2. 應用新訂及經修訂香港財務報告準則(續)

2.1 於二零一九年一月一日強制生效的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)

作為承租人(續)

相關使用權資產按各租賃負債的等值金額進行計量，並通過應用香港財務報告準則第16.C8(b)(ii)過渡，使用與於二零一八年十二月三十一日綜合財務狀況表中確認的租賃相關的任何預付或應計租賃付款金額作出調整。本集團已追溯應用香港財務報告準則第16號，其累積影響於首次應用日期(二零一九年一月一日)確認。

HK\$'000
千港元

| <i>Right-of-use assets</i> | <i>使用權資產</i> | |
|--|------------------------------|--------|
| Right-of-use assets relating to operating leases recognised upon application of HKFRS 16 | 首次採用香港財務報告準則第16號有關經營租賃之使用權資產 | 8,049 |
| Reclassified from prepaid lease payments | 由預付租賃款項重新分類 | 63,076 |
| Properties and Lands | 物業及土地 | 71,125 |

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (Continued)

2.1 New and amendments to HKFRSs that are mandatorily effective on 1 January 2019 (Continued)

HKFRS 16 Leases (Continued)

As a lessee (Continued)

The change in accounting policy affected the following items in the consolidated statement of financial position as at January 2019:

2. 應用新訂及經修訂香港財務報告準則(續)

2.1 於二零一九年一月一日強制生效的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)

作為承租人(續)

於二零一九年一月一日，會計政策變動影響下列綜合財務狀況表中之項目：

| | | Carrying amount previously reported at 31 December 2018 | Adjustments | Carrying amount under HKFRS 16 at 1 January 2019 |
|--------------------------------|--------------|--|-----------------------|---|
| | | 先於 二零一八年 十二月三十一日 呈報之賬面值 HK\$'000 千港元 | 調整 HK\$'000 千港元 | 於二零一九年 一月一日根據 香港財務報告 準則第16號 之賬面值 HK\$'000 千港元 |
| Non-current assets | 非流動資產 | | | |
| Right-of-use assets | 使用權資產 | – | 71,125 | 71,125 |
| Prepaid lease payments | 預付租賃款項 | 63,076 | (63,076) | – |
| Current liabilities | 流動負債 | | | |
| Lease liabilities | 租賃負債 | – | (4,285) | (4,285) |
| Non-current liabilities | 非流動負債 | | | |
| Lease liabilities | 租賃負債 | – | (5,360) | (5,360) |
| Capital and reserves | 資本及儲備 | | | |
| Accumulated loss | 累計虧損 | – | 1,182 | 1,182 |
| Non-controlling interests | 非控股權益 | – | 414 | 414 |

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (Continued)

2.1 New and amendments to HKFRSs that are mandatorily effective on 1 January 2019 (Continued)

HKFRS 16 Leases (Continued)

As a lessee (Continued)

Practical expedient applied

In applying HKFRS 16 for the first time, the Group has used the following practical expedient permitted by the standard:

- the use of single discount rate to a portfolio of leases with reasonably similar characteristics;
- reliance on assessments of whether leases are onerous by applying HKAS 37 "Provision Contingent Liabilities and Contingent Assets" as an alternative of impairments review;
- the accounting for the operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases;
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application;
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease; and
- to measure the right-of-use asset at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before the date of transition to HKFRSs.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying HKAS 17 and IFRIC 4 "Determining whether an Arrangement contains a Lease".

2. 應用新訂及經修訂香港財務報告準則(續)

2.1 於二零一九年一月一日強制生效的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)

作為承租人(續)

應用實際權宜方法

於首次應用香港財務報告準則第16號時，本集團已採用下列該準則所允許的實際權宜方法：

- 就具有合理類似特徵之租賃組合採用單一貼現率；
- 依賴應用香港會計準則第37號「撥備、或然負債及或然資產」作為減值審閱的替代方案評估租賃是否繁重；
- 將於二零一九年一月一日餘下租期少於12個月之經營租賃會計處理為短期租賃；
- 於首次應用日期排除初始直接成本以計量使用權資產；
- 倘合約包含延長或終止租賃之選擇權，則於事後釐定租期；及
- 按各租賃負債的等值金額計量使用權資產，並使用緊接香港財務報告準則過渡日期前於財務狀況表中確認的租賃相關的任何預付或應計租賃付款金額作出調整。

本集團亦已選擇不重新評估合約於首次應用日期是否為租賃合約或包含租賃。相反，對於在過渡日期之前訂立之合約，本集團依據其應用香港會計準則第17號及國際財務報告詮釋委員會第4號「釐定安排是否包括租賃」作出評估。

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (Continued)

2.1 New and amendments to HKFRSs that are mandatorily effective on 1 January 2019 (Continued)

HKFRS 16 Leases (Continued)

As a lessee (Continued)

Practical expedient applied (Continued)

The Group leases various offices. Rental contracts are typically made for fixed periods of 1 to 6 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

From 1 January 2019, leases are recognised as right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measured of lease liability

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

2. 應用新訂及經修訂香港財務報告準則(續)

2.1 於二零一九年一月一日強制生效的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)

作為承租人(續)

應用實際權宜方法(續)

本集團租賃多個辦公室。租賃合約通常為固定期限，為期1至6年。租賃條款按個別基準協商，包含廣泛不同之條款及條件。租賃協議並不施加任何契諾，惟租賃資產不得用作借貸用途的抵押。

自二零一九年一月一日起，租賃在租賃資產可供本集團使用之日確認為使用權資產及相應負債。每筆租賃付款均在負債和財務成本之間分配。財務成本於租賃期內於損益扣除，以產生各期間負債餘額之固定定期利率。使用權資產按資產之可使用年限及租賃期中之較短者中以直線法折舊。

租賃產生之資產及負債初步按現值計量。租賃負債包括以下租賃付款的淨現值：

- 固定付款(包括實物固定付款)減去任何應收租賃優惠

租賃付款使用租賃中的隱含利率貼現。倘若無法釐定該利率，則使用承租人的增量借款利率，即承租人在類似條款及條件之類似經濟環境中借入獲得類似價值資產所需資金所必須支付之利率。

使用權資產按成本計量，包括以下各項：

- 租賃負債之初始計量金額

與短期租賃相關的付款及低價值資產之租賃均以直線法確認為損益中之開支。短期租賃為租賃期為12個月或以下之租賃。

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (Continued)

2.2 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 17 | Insurance Contracts ¹ |
| Amendments to HKFRS 3 | Definition of a Business ² |
| Amendments to HKFRS 10 and HKAS 28 | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³ |
| Amendments to HKAS 1 and HKAS 8 | Definition of Material ⁴ |
| Amendments to HKFRS 9, HKAS 39 and HKFRS 7 | Interest Rate Benchmark Reform ⁴ |

- ¹ Effective for annual periods beginning on or after 1 January 2021.
- ² Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020.
- ³ Effective for annual periods beginning on or after a date to be determined.
- ⁴ Effective for annual periods beginning on or after 1 January 2020.

In addition to the above new and amendments to HKFRSs, a revised Conceptual Framework for Financial Reporting was issued in 2018. Its consequential amendments, the Amendments to References to the Conceptual Framework in HKFRS Standards, will be effective for annual periods beginning on or after 1 January 2020.

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

2. 採納新訂及經修訂香港財務報告準則 (續)

2.2 已發行但尚未生效的新訂及經修訂香港財務報告準則

本集團並無提早應用以下已發行但尚未生效的新訂及經修訂香港財務報告準則：

| | |
|---------------------------------------|---------------------------------------|
| 香港財務報告準則第17號 | 保險合約 ¹ |
| 香港財務報告準則第3號之修訂 | 業務的定義 ² |
| 香港財務報告準則第10號及香港會計準則第28號之修訂 | 投資者與其聯營公司或合營企業之間的資產出售或注資 ³ |
| 香港會計準則第1號及香港會計準則第8號之修訂 | 重大性的定義 ⁴ |
| 香港財務報告準則第9號、香港會計準則第39號及香港財務報告準則第7號之修訂 | 利率基準改革 ⁴ |

- ¹ 於二零二一年一月一日或之後開始年度期間生效。
- ² 適用於在收購日期於二零二零年一月一日或之後開始的首個年度期間開始或之後的業務合併及資產收購。
- ³ 於待定期限或之後開始年度期間生效。
- ⁴ 於二零二零年一月一日或之後開始年度期間生效。

除上述新訂及經修訂香港財務報告準則外，經修訂財務報告概念框架於二零一八年頒佈。其後續修訂，即提述香港財務報告準則概念框架的修訂，將於二零二零年一月一日或以後開始的年度期間生效。

除上述新訂及經修訂香港財務報告準則外，經董事預計應用所有尚未生效的新訂及經修訂香港財務報告準則於可見的將來不會對綜合財務報表產生重大影響。

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (Continued)

2.2 New and amendments to HKFRSs in issue but not yet effective (Continued)

Amendments to HKAS 1 and HKAS 8 Definition of Material

The amendments provide refinements to the definition of material by including additional guidance and explanations in making materiality judgments. In particular, the amendments:

- include the concept of “obscuring” material information in which the effect is similar to omitting or misstating the information;
- replace threshold for materiality influencing users from “could influence” to “could reasonably be expected to influence”; and
- include the use of the phrase “primary users” rather than simply referring to “users” which was considered too broad when deciding what information to disclose in the financial statements.

The amendments also align the definition across all HKFRSs and will be mandatorily effective for the Group’s annual period beginning on 1 January 2020. The application of the amendments is not expected to have significant impact on the financial position and performance of the Group but may affect the presentation and disclosures in the consolidated financial statements.

Other than disclosed above, the Directors 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)

2.2 已發行但尚未生效的新訂及經修訂香港財務報告準則(續)

香港會計準則第1號及香港會計準則第8號(修訂本)重大性之定義

該等修訂本透過載入作出重大判斷時的額外指引及解釋，對重大的定義進行修訂。尤其是有關修訂本：

- 包含「掩蓋」重要資料的概念，其與遺漏或誤報資料有類似效果；
- 就影響使用者重要性的範圍以「可合理預期影響」取代「可影響」；及
- 包含使用詞組「主要使用者」，而非僅指「使用者」，於決定於財務報表披露何等資料時，該用語被視為過於廣義。

該等修訂與各香港財務報告準則的定義一致，並將在本集團於二零二零年一月一日開始的年度期間強制生效。預期應用該等修訂不會對本集團的財務狀況及表現造成重大影響，惟可能影響於綜合財務報表中的呈列及披露。

除上述披露之外，經董事預計應用所有尚未生效的新訂及經修訂香港財務報告準則於可見的將來不會對綜合財務報表產生重大影響。

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of the reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 “Share-based Payment”, leasing transactions that are accounted for in accordance with HKFRS 16 (since 1 January 2019) or HKAS 17 (before application of HKFRS 16), and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 “Inventories” or value in use in HKAS 36 “Impairment of Assets”.

A fair value measurement of a non-financial asset takes into account a market participant’s ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

For financial instruments which are transacted at fair value and a valuation technique that unobservable inputs is to be used to measure fair value in subsequent periods, the valuation technique is calibrated so that at initial application the results of the valuation technique equals the transaction price.

3. 重大會計政策概要

綜合財務報表乃按歷史成本基準編製，惟根據下文載列之會計政策所說明於各報告期末按公平值計量之若干財產和金融工具除外。

歷史成本一般基於為換取貨物及服務而支付代價之公平值。公平值是市場參與者於計量日期在有序交易中出售資產將收取或轉讓負債將支付之價格，而不論該價格是否可直接觀察或使用其他估值方法作出估計。於估計資產或負債之公平值時，本集團會考慮該等市場參與者於計量日期對資產或負債定價時所考慮資產或負債之特點。在該等綜合財務報表中計量及／或披露的公平值均在此基礎上予以確定，惟香港財務報告準則第2號「股份為基礎付款」範圍內之以股份為基礎付款的交易、香港財務報告準則第16號（自二零一九年一月一日起）或香港會計準則第17號（在應用香港財務報告準則第16號之前），範圍內之租賃交易以及與公平值類似但並非公平值的計量（例如，香港會計準則第2號「存貨」中的可變現淨值或香港會計準則第36號「資產減值」中的使用價值）除外。

非金融資產的公平值計量計及市場參與者透過最大限度使用該資產達致最佳用途或透過將資產售予將最大限度使用該資產達致最佳用途的另一名市場參與者而產生經濟利益的能力。

對於以公允價值進行交易的金融工具，以及在隨後期間將使用無法觀察到的輸入值來計量公允價值的估值技術，應對估值技術進行校準，以便在初始應用時估值技術的結果等於交易價格。

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

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 exposed, 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.

3. 重大會計政策概要(續)

此外，就財務報告而言，公平值計量根據公平值計量的輸入數據可觀察程度及公平值計量的輸入數據對其整體的重要性分類為第一級、第二級或第三級，詳情如下：

- 第一級輸入數據是實體於計量日期可以取得的相同資產或負債於活躍市場之報價（未經調整）；
- 第二級輸入數據是就資產或負債直接或間接地可觀察之輸入數據（第一級內包括的報價除外）；及
- 第三級輸入數據是資產或負債的不可觀察輸入數據。

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。

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.1 Basis of consolidation (Continued)

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

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

3. 重大會計政策概要(續)

3.1 綜合基準(續)

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 2019 截至二零一九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 2019 截至二零一九年十二月三十一日止年度

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.2 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.

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. 重大會計政策概要(續)

3.2 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。

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。

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.3 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.

3.4 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.

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.

3. 重大會計政策概要(續)

3.3 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確認。

3.4 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平值初步計量，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平值或從中扣減(如適用)。

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.4 Financial instruments (Continued)

(a) Financial assets

Classification and subsequent measurement of financial assets

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.

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)

3.4 金融工具(續)

(a) 財務資產

財務資產的分類及隨後的計量

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。

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 2019 截至二零一九年十二月三十一日止年度

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued) 3. 重大會計政策概要(續)

3.4 Financial instruments (Continued)

(a) Financial assets (Continued)

Classification and subsequent measurement of financial assets (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).

3.4 金融工具(續)

(a) 財務資產(續)

財務資產的分類及隨後的計量(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或按公平值計入其他全面收益計量)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公平值計入其他全面收益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 2019 截至二零一九年十二月三十一日止年度

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.4 Financial instruments (Continued)

(a) Financial assets (Continued)

Classification and subsequent measurement of financial assets (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

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)

3.4 金融工具(續)

(a) 財務資產(續)

財務資產的分類及隨後的計量(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

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(「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。

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綜合財務報表附註

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued) 3. 重大會計政策概要(續)

3.4 Financial instruments (Continued)

(a) Financial assets (Continued)

Impairment of financial assets (Continued)

Assessments 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.

3.4 金融工具(續)

(a) 財務資產(續)

財務資產減值(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。

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綜合財務報表附註

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.4 Financial instruments (Continued)

(a) Financial assets (Continued)

Impairment of financial assets (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)

3.4 金融工具(續)

(a) 財務資產(續)

財務資產減值(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。

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綜合財務報表附註

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued) 3. 重大會計政策概要(續)

3.4 Financial instruments (Continued)

(a) Financial assets (Continued)

Impairment of financial assets (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.

3.4 金融工具(續)

(a) 財務資產(續)

財務資產減值(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。

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綜合財務報表附註

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.4 Financial instruments (Continued)

(a) Financial assets (Continued)

Impairment of financial assets (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)

3.4 金融工具(續)

(a) 財務資產(續)

財務資產減值(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。

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綜合財務報表附註

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued) 3. 重大會計政策概要(續)

3.4 Financial instruments (Continued)

(a) Financial assets (Continued)

Impairment of financial assets (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.

3.4 金融工具(續)

(a) 財務資產(續)

財務資產減值(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。

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綜合財務報表附註

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.4 Financial instruments (Continued)

(a) Financial assets (Continued)

Impairment of financial assets (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)

3.4 金融工具(續)

(a) 財務資產(續)

財務資產減值(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虧損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。

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綜合財務報表附註

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued) 3. 重大會計政策概要(續)

3.4 Financial instruments (Continued)

(a) Financial assets (Continued)

Impairment of financial assets (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.

3.4 金融工具(續)

(a) 財務資產(續)

財務資產減值(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。

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綜合財務報表附註

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.4 Financial instruments (Continued)

(a) Financial assets (Continued)

Impairment of financial assets (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)

3.4 金融工具(續)

(a) 財務資產(續)

財務資產減值(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。

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綜合財務報表附註

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.4 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)

3.4 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，該項資產的賬面價值與已收及應收代價之和的差額將於損益確認。

(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。概無於損益確認就購買、出售、發行或註銷本公司本身權益工具之溢利或虧損。

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.4 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)

3.4 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(包括貿易及其他應付款項)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。

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綜合財務報表附註

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.5 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)

3.5 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。

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綜合財務報表附註

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.6 Ownership interests in leasehold land and building

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition.

To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented as “right-of-use assets” (upon application of HKFRS 16) or “prepaid lease payments” (before application of HKFRS 16) in the consolidated statement of financial position. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

Depreciation is recognised so as to write off the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

3. 重大會計政策概要(續)

3.6 於租賃土地及樓宇的擁有權權益

當本集團就於物業的擁有權權益(包括租賃土地及樓宇成分)付款時,全部代價於租賃土地及樓宇成分之間按初始確認時的相對公平值的比例分配。

在相關付款可作可靠分配的情況下,入賬列為經營租約的租賃土地權益於簡明綜合財務狀況表中呈列為「使用權資產」(應用香港財務申報準則第16號後),惟按公平值模式分類及入賬為投資物業者除外。當代價無法在相關租賃土地的非租賃樓宇成分及未分割權益之間可靠分配時,整項物業分類為物業、廠房及設備。

物業、器材及設備折舊乃按其估計可使用年期,以直線法撇銷其成本減剩餘價值。估計可使用年期,剩餘價值及折舊方法於各報告期終時檢討,並會考慮到未來估計任何變動的影響。

物業、器材及設備項目於出售後或預期持續使用該資產將不會產生未來經濟利益時終止確認。出售或報銷物業、器材及設備項目時所產生之任何收益或虧損,按出售所得款項與該資產賬面值之差額釐定,並於收支結算表內確認。

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綜合財務報表附註

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.7 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.

3.8 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 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。

3.8 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。

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綜合財務報表附註

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.9 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.

3.10 Inventories

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

3.11 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.

3.12 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
- Right-of-use assets
- Prepaid lease payments
- Mining rights

3. 重大會計政策概要(續)

3.9 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。

3.10 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。

3.11 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。

3.12 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
- 使用權資產
- 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 2019 截至二零一九年十二月三十一日止年度

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued) 3. 重大會計政策概要(續)

3.12 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.

3.12 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)。

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綜合財務報表附註

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.12 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.

3.13 Revenue recognition

Revenue from contracts with customers

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)

3.12 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。

3.13 確認收益

來自客戶合約之收入

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

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3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued) 3. 重大會計政策概要(續)

3.13 Revenue recognition (Continued)

Revenue from contracts with customers (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.

3.13 確認收益(續)

來自客戶合約之收入(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。

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綜合財務報表附註

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.13 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)

3.13 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 2019 截至二零一九年十二月三十一日止年度

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.13 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.

3. 重大會計政策概要(續)

3.13 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。

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.14 Foreign currencies

(i) Functional and presentation currency

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

(ii) Transaction and balances

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

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

3. 重大會計政策概要(續)

3.14 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 2019 截至二零一九年十二月三十一日止年度

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.14 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)

3.14 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 2019 截至二零一九年十二月三十一日止年度

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.15 Lease

Upon the adoption of HKFRS 16 in accordance with transitions in note 2

Accounting policy applied from 1 January 2019

All lease (irrespective of whether they are operating leases or finance leases) are required to be capitalized in the statement of financial position as right-of-use assets and lease liabilities, but accounting policy choices exist for the Group to choose not to capitalize (i) leases which are short-term leases and/or (ii) leases for which the underlying asset is of low-value. The Group has elected not to recognise right-of-use assets and leases for which at the commencement date have a lease term less than 12 months. The lease payments associated with those leases have been expensed on straight-line basis over the lease term.

Right-of-use asset

The right-of-use asset is recognised at cost, which comprises: (i) the amount of the initial measurement of the lease liability (see below for the accounting policy to account for lease liability); (ii) any lease payments made at or before the commencement date, less any lease incentives received; (iii) any initial direct costs incurred by the lessee and (iv) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. Except for right-of-use asset that meets the definition of an investment property or a class of property, plant and equipment to which the Group applies the revaluation model, the Group measures the right-to-use at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liability.

The Group has leased a number of properties under tenancy agreements which the Group exercises its judgement and determines that it is a separate class of asset. As a result, the right-of-use asset arising from the properties under tenancy agreements are carried at depreciated cost basis.

3. 重大會計政策概要(續)

3.15 租賃

根據附註2的過渡應用香港財務報告準則第16號

自二零一九年一月一日起適用的會計政策

所有租賃(不論是否為經營租賃或融資租賃)須於財務狀況表資本化為使用權資產及租賃負債,惟為本集團提供會計政策選擇,可選擇不將(i)屬短期租賃的租賃及/或(ii)相關資產為低價值的租賃進行資本化。本集團已選擇不確認使用權資產及於開始日期租賃期少於12個月的租賃。與該等租賃相關的租賃付款已於租賃期內按直線法支銷。

使用權資產

使用權資產按成本確認,包括:(i)首次計量租賃負債的金額(見下文有關租賃負債入賬的會計政策);(ii)於開始日期或之前作出的任何租賃付款減已收取的任何租賃優惠;(iii)承租人產生的任何首次直接成本;及(iv)承租人根據租賃條款及條件規定的情況下分解及移除相關資產時將產生的估計成本,除非該等成本乃為生產存貨而產生則除外。除符合投資物業或某類物業、機器及設備(本集團就此應用重估模型)定義之使用權資產外,本集團應用成本模型計量使用權資產。根據成本模型,本集團按成本減任何累計折舊及任何減值虧損計量使用權,並就租賃負債的任何重新計量作出調整。

本集團根據租賃協議租賃若干物業,本集團行使其判斷及確定其為獨立類別資產。因此,該等物業根據租賃協議產生使用權資產按折舊成本法列賬。

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綜合財務報表附註

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.15 Lease (Continued)

Upon the adoption of HKFRS 16 in accordance with transitions in note 2 (Continued)

Lease liability

The lease liability is recognised at the present value of the payments that are not paid at the date of commencement of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the Group's incremental borrowing rate.

The following payments for the right-to-use the underlying asset during the lease term that are not paid at the commencement date of the lease are considered to be lease payments: (i) fixed payments less any lease incentives receivable.

Subsequent to the commencement date, the Group measures the lease liability by: (i) increasing the carrying amount to reflect interest on the lease liability; (ii) reducing the carrying amount to reflect the lease payments made; and (iii) remeasuring the carrying amount to reflect any reassessment or lease modifications, e.g., a change in future lease payments arising from change in an index or rate, a change in the lease term, a change in the in substance fixed lease payments or a change in assessment to purchase the underlying asset.

Accounting policy applied until 31 December 2018

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

3. 重大會計政策概要(續)

3.15 租賃(續)

根據附註2的過渡應用香港財務報告準則第16號(續)

租賃負債

租賃負債應按並非於租賃開始日期支付之租賃付款的現值確認。租賃付款將採用租賃隱含的利率貼現(倘該利率可輕易釐定)。倘該利率無法輕易釐定,本集團將採用本集團的增量借款利率。

下列並非於租賃開始日期支付的租賃期內就使用相關資產權利支付的款項視為租賃付款:(i)固定付款減任何應收租賃優惠。

於開始日期後,本集團將透過下列方式計量租賃負債:(i)增加賬面值以反映租賃負債的利息;(ii)減少賬面值以反映作出的租賃付款;及(iii)重新計量賬面值以反映任何重估或租賃修改,如指數或利率變動導致日後租賃付款變動、租賃期變動、實質固定租賃付款變動或購買相關資產的評估變動。

適用至二零一八年十二月三十一日止的會計政策

當租賃條款將所涉及擁有權之絕大部分風險及回報轉讓予承租人時,租賃乃分類為融資租賃。所有其他租賃均分類為經營租賃。

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.15 Lease (Continued)

Upon the adoption of HKFRS 16 in accordance with transitions in note 2 (Continued)

The Group as lessee

Assets held under finance leases are initially recognised as assets at their fair value or, if lower, the present value of the minimum lease payments. The corresponding lease commitment is shown as a liability. Lease payments are analysed between capital and interest. The interest element is charged to profit or loss over the period of the lease and is calculated so that it represents a constant proportion of the lease liability. The capital element reduces the balance owed to the lessor.

The total rentals payable under the operating leases are recognised in profit or loss on a straight-line basis over the lease term. Lease incentives received are recognised as an integrated part of the total rental expense, over the term of the lease. The land and buildings elements of property lease are considered separately for the purposes of lease classification.

The Group as lessor

Rental income from operating leases is recognized in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognized as an expense on a straight-line basis over the lease term except for investment properties measured under fair value model. Variable lease payments with reference to revenue generated by tenants are recognized as income when they arise.

3.16 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)

3.15 租賃(續)

根據附註2的過渡應用香港財務報告準則第16號(續)

本集團作為承租人

按融資租約持有之資產乃初步按公平值或(倘較低)按最低租賃付款之現值確認為資產。相應租賃承擔呈列為負債。租賃付款於資本及利息之間作出分析。利息部分於租賃期間自損益扣除，計算方式為使利息於租賃負債中佔有固定比例。資本部分則可用作削減結欠出租人之餘額。

根據經營租約應付之租金總額以直線法按租期於損益確認。所獲取之租金優惠按租期確認為租金開支總額之構成部分。物業租賃之土地及樓宇部份就租賃分類而言作獨立考慮。

本集團作為出租人

經營租賃的租金收入在相關租賃期內按直線法計入當期損益。協商和安排經營租賃時發生的初始直接費用計入租賃資產的賬面價值，並在租賃期內按直線法確認為費用，但以公允價值模式計量的投資性房地產除外。參照租戶產生的收入的可變租賃付款在產生時確認為收入。

3.16 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。

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綜合財務報表附註

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.17 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.

3.18 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)

3.17 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。

3.18 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。

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綜合財務報表附註

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.18 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.

3.19 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)

3.18 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。

3.19 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。

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綜合財務報表附註

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.20 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.

3.21 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)

3.20 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。

3.21 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。

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綜合財務報表附註

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.21 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)

3.21 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。

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綜合財務報表附註

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3.22 Non-current assets held for sale and discontinued operation

A discontinued operation is a component of the Group (i.e. the operations and cash flows of which can be clearly distinguished from the rest of the Group) that either has been disposed of, or is classified as held for sale, and which represents a separate major line of business or geographical area of operations, or is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the component meets the criteria to be classified as held for sale in accordance with HKFRS 5, if earlier. It also occurs when the component is abandoned.

When an operation is classified as discontinued, a single amount is presented in the statement of profit or loss, which comprises:

- The post-tax profit or loss of the discontinued operation; and
- The post-tax gain or loss recognised on the measurement to fair value less costs to sell, or on the disposal group constituting the discontinued operation.

3. 重大會計政策概要(續)

3.22 持作出售之非流動資產及已終止經營業務

已終止經營業務是本集團的已出售或分類為持作出售的部分(即可與本集團其他業務清楚區分之營運及現金流)且代表一項按業務或經營地區劃分的獨立主要業務,或作為出售一項按業務或經營地區劃分的獨立主要業務的單一統籌計劃一部分,或為一間純粹為轉售而收購的附屬公司。

於出售或倘部分業務符合根據香港財務報告準則第5號分類為持作出售之標準(如較早),則分類為已終止經營業務。撤出部分業務時,有關部分業務亦會分類為已終止經營業務。

倘若業務分類為已終止經營,則會於收益表按單一數額呈列,當中包含:

- 已終止經營業務的除稅後溢利或虧損;及
- 於計量公平值減出售成本或於出售就構成已終止經營業務的資產或出售組別時確認之除稅後損益。

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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。

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For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

4. 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。

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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. 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。

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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：

| | | 2019 二零一九年 HK\$'000 千港元 | 2018 二零一八年 HK\$'000 千港元 (Re-presented) (經重列) |
|---|------------------|----------------------------------|---|
| Continuing operations | 持續經營業務 | | |
| (a) Revenue: | (a) 收益： | | |
| Sales of molybdenum concentrate | 銷售鉬精粉 | 268,021 | 242,232 |
| Property management fee income | 物業管理費收入 | 6,999 | 7,607 |
| Sales of chemical products | 銷售化學產品 | 571,567 | 703,543 |
| | | 846,587 | 953,382 |
| Continuing operations | 持續經營業務 | | |
| (b) Other income: | (b) 其他收入： | | |
| Bank interest income | 銀行利息收入 | 128 | 726 |
| Loan interests income | 貸款利息收入 | 87,815 | 6,540 |
| Imputed interest income from long-term receivable | 長期應收款項之估算利息收入 | 9,377 | - |
| Government grant | 政府撥款 | 4,231 | 5,741 |
| Sales of by-products | 銷售副產品 | 740 | 1,286 |
| | | 102,291 | 14,293 |

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6. IMPAIRMENT LOSSES UNDER EXPECTED CREDIT LOSS MODEL, NET OF REVERSAL

6. 預期信貸虧損模型下的減值損失扣除撥回

| | | 2019 二零一九年 HK\$'000 千港元 | 2018 二零一八年 HK\$'000 千港元 (Re-presented) (經重列) |
|---|----------------------|----------------------------------|---|
| Continuing operations | 持續經營業務 | | |
| Reversal of impairment of other receivables | 撥回其他應收款項之減值 | 246 | 2,416 |
| Impairment of trade and other receivables under ECL | 預期信貸虧損項下貿易及其他應收款項之減值 | (152,674) | (25,920) |
| | | (152,428) | (23,504) |

7. OTHER GAINS AND LOSSES

7. 其他收益及虧損

| | | 2019 二零一九年 HK\$'000 千港元 | 2018 二零一八年 HK\$'000 千港元 (Re-presented) (經重列) |
|---|---------------|----------------------------------|---|
| Continuing operations | 持續經營業務 | | |
| Amortisation of prepaid lease payments | 預付租賃款項攤銷 | - | (6,156) |
| Amortisation of mining rights | 採礦權攤銷 | (53,451) | (52,494) |
| Impairment loss on goodwill | 商譽減值虧損 | - | (12,939) |
| Impairment loss on mining rights | 採礦權減值虧損 | (580,115) | - |
| Impairment of property, plant and equipment | 物業、廠房及設備之減值 | (33,054) | - |
| Written off of construction in progress | 在建工程撇銷 | (53,024) | (6,572) |
| Loss on disposal of property, plant and equipment | 出售物業、廠房及設備之虧損 | (13,278) | (2,223) |
| Reversal of provision for environmental and resources tax | 環保及資源稅撥備撥回 | 45,396 | - |
| | | (687,526) | (80,384) |

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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 (the "CODM") 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 |

* During the year ended 31 December 2019, the Group disposed of the equity interests of Full Empire Investment Holding Limited and its subsidiaries which engaged in research, development and sale of security technologies products in the PRC. Accordingly, the Group's security technologies operation was treated as discontinued operation. The segment information reported below does not include any amounts for the discontinued operation.

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（「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) 買賣化學產品業務： | 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 |

* 截至二零一九年十二月三十一日止年度，本集團出售了Full Empire Investment Holding Limited及其在中國從事研究、開發和銷售安全技術產品的子公司的股權。因此，本集團的安全技術業務被視為已終止業務。以下報告的分類信息不包括已終止經營業務的任何金額。

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。

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For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

8. SEGMENT INFORMATION (Continued)

8.1 Operating segment information

Segment revenue and results

For the year ended 31 December 2019

Continuing operations

| | | Mining operation | | | | Total |
|---|---------------------|---------------------|---------------------|------------------------------|------------------------------|-------------|
| | | Property management | Mining exploitation | Trading of mineral resources | Trading of chemical products | |
| | | 物業管理 | 礦業開採 | 買賣 礦產資源 | 買賣 化學產品 | 總計 |
| | | 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 |
| Revenue | 收益 | | | | | |
| Segment revenue | 分類收益 | 6,999 | 265,935 | 2,086 | 571,567 | 846,587 |
| Results ¹ | 業績 ¹ | | | | | |
| Segment results | 分類業績 | 33 | 9,193 | (301) | (37,886) | (28,961) |
| Unallocated corporate income | 未分配公司收入 | | | | | 92,433 |
| Finance costs | 融資成本 | | | | | (284,571) |
| Other gains or losses | 其他收益及虧損 | | | | | (687,526) |
| Impairment losses under expected credit loss model, net of reversal | 預期信貸虧損模型下的減值虧損，扣除撥回 | | | | | (152,428) |
| Unallocated corporate expenses | 未分配公司開支 | | | | | (96,643) |
| Loss before taxation | 除所得稅前虧損 | | | | | (1,157,696) |
| Taxation | 稅項 | | | | | 13,360 |
| Loss for the year from continuing operations | 本年度持續經營業務虧損 | | | | | (1,144,336) |

8. 分類資料(續)

8.1 經營分類資料

分類收益及業績

截至二零一九年十二月三十一日止年度

持續經營業務

Mining operation

採礦業務

| | Property management | Mining exploitation | Trading of mineral resources | Trading of chemical products | Total |
|--|---------------------|---------------------|------------------------------|------------------------------|----------|
| | 物業管理 | 礦業開採 | 買賣 礦產資源 | 買賣 化學產品 | 總計 |
| | 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 |

| | | | | | | |
|-----------------|------|-------|---------|-------|---------|---------|
| Revenue | 收益 | | | | | |
| Segment revenue | 分類收益 | 6,999 | 265,935 | 2,086 | 571,567 | 846,587 |

| | | | | | | |
|----------------------|-----------------|----|-------|-------|----------|----------|
| Results ¹ | 業績 ¹ | | | | | |
| Segment results | 分類業績 | 33 | 9,193 | (301) | (37,886) | (28,961) |

| | | | | | | |
|---|---------------------|--|--|--|--|-----------|
| Unallocated corporate income | 未分配公司收入 | | | | | 92,433 |
| Finance costs | 融資成本 | | | | | (284,571) |
| Other gains or losses | 其他收益及虧損 | | | | | (687,526) |
| Impairment losses under expected credit loss model, net of reversal | 預期信貸虧損模型下的減值虧損，扣除撥回 | | | | | (152,428) |
| Unallocated corporate expenses | 未分配公司開支 | | | | | (96,643) |

| | | | | | | |
|----------------------|---------|--|--|--|--|-------------|
| Loss before taxation | 除所得稅前虧損 | | | | | (1,157,696) |
| Taxation | 稅項 | | | | | 13,360 |

| | | | | | | |
|--|-------------|--|--|--|--|-------------|
| Loss for the year from continuing operations | 本年度持續經營業務虧損 | | | | | (1,144,336) |
|--|-------------|--|--|--|--|-------------|

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綜合財務報表附註

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

8. SEGMENT INFORMATION (Continued)

8.1 Operating segment information (Continued)

Segment revenue and results (Continued)

For the year ended 31 December 2018 (Re-presented)

Continuing operations (Continued)

| | | 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 | |
| Revenue | 收益 | | | | | |
| Segment revenue | 分類收益 | 7,607 | 233,882 | 8,350 | 703,543 | 953,382 |
| Results ¹ | 業績 ¹ | | | | | |
| Segment results | 分類業績 | 296 | 67,132 | (1,785) | (49,805) | 15,838 |
| Unallocated corporate income | 未分配公司收入 | | | | | 13,811 |
| Finance costs | 融資成本 | | | | | (276,722) |
| Other gains or losses | 其他收益或虧損 | | | | | (80,384) |
| Impairment losses under expected credit loss model, net of reversal | 預期信貸虧損模型下的減值虧損，扣除撥回 | | | | | (23,504) |
| Unallocated corporate expenses | 未分配公司開支 | | | | | (98,825) |
| Loss before taxation | 除所得稅前虧損 | | | | | (449,786) |
| Taxation | 稅項 | | | | | 13,093 |
| Loss for the year from continuing operations | 本年度持續經營業務虧損 | | | | | (436,693) |

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 or loss incurred by each segment without allocation of corporate income and expenses, amortisation, central administrative expenses, directors' salaries and finance costs. This is the measure reported to the CODM 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)

截至二零一八年十二月三十一日止年度(經重列)

持續經營業務(續)

| | 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 | |

Revenue
Segment revenue

Results¹
Segment results

Unallocated corporate income
Finance costs
Other gains or losses
Impairment losses under expected credit loss model, net of reversal
Unallocated corporate expenses

Loss before taxation
Taxation

Loss for the year from continuing operations

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或所產生虧損。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。

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For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

8. SEGMENT INFORMATION (Continued)

8.1 Operating segment information (Continued)

Segment assets and liabilities

| | | Mining operation 採礦業務 | | | | | Total |
|------------------------|---------------|--------------------------|-------------------------|------------------------------------|------------------------------------|------------------------|-----------------------|
| | | Property management | Mining exploitation | Trading of mineral resources | Trading of chemical products | Unallocated | |
| | | 物業管理 HK\$'000 千港元 | 礦業開採 HK\$'000 千港元 | 買賣 礦產資源 HK\$'000 千港元 | 買賣 化學產品 HK\$'000 千港元 | 未分配 HK\$'000 千港元 | 總計 HK\$'000 千港元 |
| As at 31 December 2019 | 於二零一九年十二月三十一日 | | | | | | |
| Segment assets | 分類資產 | 769 | 3,309,829 | 360,117 | 332,104 | 1,158,058 | 5,160,877 |
| Segment liabilities | 分類負債 | - | 543,160 | - | 504,909 | 1,449,003 | 2,497,072 |

| | | Mining operation 採礦業務 | | | | | Others | Total |
|------------------------|---------------|--------------------------|-------------------------|------------------------------------|------------------------------------|---|-----------------------|-----------------------|
| | | Property management | Mining exploitation | Trading of mineral resources | Trading of chemical products | Selling and service providing of security technologies 銷售保安 技術及提供 相關服務 | | |
| | | 物業管理 HK\$'000 千港元 | 礦業開採 HK\$'000 千港元 | 買賣礦產資源 HK\$'000 千港元 | 買賣 化學產品 HK\$'000 千港元 | 其他 HK\$'000 千港元 | 其他 HK\$'000 千港元 | 總計 HK\$'000 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 |

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）。

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綜合財務報表附註

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

8. SEGMENT INFORMATION (Continued)

8. 分類資料(續)

8.1 Operating segment information (Continued)

8.1 經營分類資料(續)

Other segment information

其他分類資料

| | | Continuing operations 持續經營業務 | | | | | Total 總計 HK\$'000 千港元 |
|-------------------------------|---------------|---|---|---|---|---------------------------------------|--------------------------------|
| | | Mining operation 採礦業務 | | | | Unallocated 未分配 HK\$'000 千港元 | |
| | | Property management 物業管理 HK\$'000 千港元 | Mining exploitation 礦業開採 HK\$'000 千港元 | Trading of mineral resources 買賣 礦產資源 HK\$'000 千港元 | Trading of chemical products 買賣 化學產品 HK\$'000 千港元 | | |
| | | | | | | | |
| As at 31 December 2019 | 於二零一九年十二月三十一日 | | | | | | |
| Depreciation and amortisation | 折舊及攤銷 | 2 | 71,807 | 34 | 37,014 | 9,632 | 118,489 |
| Capital expenditures | 資本開支 | - | 15,633 | 157 | 57,223 | - | 73,013 |

| | | Continuing operations 持續經營業務 | | | | | | Discontinued operations 已終止 經營業務 | Total 總計 HK\$'000 千港元 | |
|--|------------------------|---|---|---|---|--|---------------------------------|---|--------------------------------|------------------------------------|
| | | Mining operation 採礦業務 | | | | | Others 其他 HK\$'000 千港元 | | | Sub total 小計 HK\$'000 千港元 |
| | | Property management 物業管理 HK\$'000 千港元 | Mining exploitation 礦業開採 HK\$'000 千港元 | Trading of mineral resources 買賣 礦產資源 HK\$'000 千港元 | Trading of chemical products 買賣 化學產品 HK\$'000 千港元 | Selling and service providing of security technologies 銷售保安 技術及提供 相關服務 HK\$'000 千港元 | | | | |
| | | | | | | | | | | |
| As at 31 December 2018 (Re-presented) | 於二零一八年十二月三十一日 (經重列) | | | | | | | | | |
| Depreciation and amortisation | 折舊及攤銷 | 3 | 67,253 | 26 | 36,798 | 6,185 | 110,265 | 103,510 | 213,775 | |
| Capital expenditures | 資本開支 | - | 20,489 | 50 | 46,619 | 3,071 | 70,229 | 25 | 70,254 | |

8.2 Geographical information

8.2 地區資料

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.

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。

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綜合財務報表附註

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

8. SEGMENT INFORMATION (Continued)

8.2 Geographical information (Continued)

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 | |
| | | 2019 | 2018 | 2019 | 2018 |
| | | 二零一九年 | 二零一八年 | 二零一九年 | 二零一八年 |
| | | HK\$'000 | HK\$'000 | HK\$'000 | HK\$'000 |
| | | 千港元 | 千港元 | 千港元 | 千港元 |
| | | (Re-presented) (經重列) | | | |
| Hong Kong | 香港 | - | - | 3,867 | 2,458 |
| The PRC | 中國 | 846,587 | 953,382 | 4,311,966 | 4,644,908 |
| | | 846,587 | 953,382 | 4,315,833 | 4,647,366 |

8.3 Information about major customers

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

| | | 2019 | 2018 |
|---|---------------|----------|----------|
| | | 二零一九年 | 二零一八年 |
| | | HK\$'000 | HK\$'000 |
| | | 千港元 | 千港元 |
| Customer A (Chemical trading operation) | 客戶A(買賣化學產品業務) | 110,858 | N/A 不適用 |

There is one customer contributing over 10% of total revenue during the year ended 31 December 2019 (2018: Nil).

8. 分類資料(續)

8.2 地區資料(續)

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：

於截至二零一九年十二月三十一日止年度，一名客戶之貢獻佔總收益10%以上(二零一八年：無)。

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For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

9. FINANCE COSTS

9. 融資成本

| | | 2019 二零一九年 HK\$'000 千港元 | 2018 二零一八年 HK\$'000 千港元 (Re-presented) (經重列) |
|--|------------------------|----------------------------------|---|
| Continuing operations | 持續經營業務 | | |
| 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 | 283,718 | 237,686 |
| Imputed interest on convertible bonds | 可換股債券之估算利息 | - | 39,036 |
| Interest expenses for lease liabilities | 租賃負債利息開支 | 853 | - |
| | | 284,571 | 276,722 |

10. LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging:

10. 除所得稅前虧損

除所得稅前虧損經扣除以下項目後釐定：

| | | 2019 二零一九年 HK\$'000 千港元 | 2018 二零一八年 HK\$'000 千港元 (Re-presented) (經重列) |
|---|--------------|----------------------------------|---|
| Continuing operations | 持續經營業務 | | |
| Auditors' remuneration | 核數師酬金 | 1,200 | 1,200 |
| Cost of inventories expensed | 存貨成本支出 | 748,493 | 873,986 |
| Depreciation of property, plant and equipment | 物業、廠房及設備折舊 | 55,204 | 51,616 |
| Depreciation of right-of-use assets | 使用權資產折舊 | 9,478 | - |
| Staff costs (including directors' remuneration) | 員工成本(包括董事酬金) | | |
| – Wages and salaries | – 工資及薪金 | 32,662 | 31,721 |
| – Retirement benefits contributions | – 退休福利供款 | 2,864 | 2,314 |
| Operating lease payments in respect of offices premises | 辦公室物業之經營租賃款項 | 1,162 | 7,130 |

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綜合財務報表附註

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

11. DISCONTINUED OPERATIONS

On 28 March 2019, the Company entered into the sale and purchase agreement (the “Agreement”) with a purchaser (the “Purchaser”), for the disposal of entire equity interests in Full Empire Investment Holding Limited and its subsidiaries (the “Xinjiang Group”) at the consideration of HK\$430,000,000 of which HK\$23,297,000 was paid as deposit, HK\$196,703,000 will be settled on or before 28 March 2020, and remaining balance will be settled on 28 March 2021 (the “Consideration”)(collectively named as the “Disposal”), details of which are set out in the Company’s announcements dated 28 March 2019 and the Company’s circular dated 28 August 2019. The Disposal was completed on 28 October 2019 (the “Disposal Date”) and constitutes a discontinued operation under HKFRS 5 “Non-current Assets Held for Sale and Discontinued Operations” as the research and product development of face recognition technology and intelligent video analysis technology and application represented one of the operating lines of business of the Group.

Analysis of the results of the discontinued operation:

| | | Period from 1 January 2019 to the Disposal Date 自二零一九年 一月一日起至 出售日期期間 HK\$'000 千港元 | 2018 二零一八年 HK\$'000 千港元 |
|---|--------------|--|--------------------------------------|
| Revenue | 收益 | 6,185 | 13,689 |
| Expenses | 開支 | (117,533) | (171,901) |
| Loss before taxation | 除稅前虧損 | (111,348) | (158,212) |
| Taxation | 稅項 | 19,189 | 24,126 |
| Loss for the period/year | 本期間／年度虧損 | (92,159) | (134,086) |
| Gain on disposal of subsidiaries | 出售附屬公司收入 | 19,922 | - |
| Loss for the period/year from discontinued operations | 本年度已終止經營業務虧損 | (72,237) | (134,086) |

The carrying amounts of the assets and liabilities of Xinjiang Group at the Disposal Date are disclosed in note 39 to the consolidated financial statements.

A gain of HK\$19,922,000 arose on the Disposal, being the proceeds of disposal less the carrying amount of the subsidiary’s net assets and goodwill to the Group. No tax charge or credit arose from the Disposal.

For the purpose of presenting the discontinued operations, certain comparative figures in the consolidated statement of profit or loss and other comprehensive income and the related notes have been restated to present the results of the disposal group as discontinued operations in the comparative period.

11. 已終止經營業務

於二零一九年三月二十八日，本公司與買方（「買方」）訂立買賣協議（「協議」），以退回Full Empire Investment Holding Limited及其附屬公司（「新疆集團」）之全部股權，代價為430,000,000港元，其中23,297,000港元作為按金，196,703,000港元將於二零二零年三月二十八日或之前支付，而餘額將於二零二一年三月二十八日支付（「代價」）（統稱「退回事項」），詳情載於本公司日期為二零一九年三月二十八日之公告及本公司日期為二零一九年八月二十八日之通函。退回事項於二零一九年十月二十八日完成（「退回日期」），並構成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」下的已終止經營業務，由於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為本集團業務之一。

已終止經營業務之業績分析：

| | | Period from 1 January 2019 to the Disposal Date 自二零一九年 一月一日起至 出售日期期間 HK\$'000 千港元 | 2018 二零一八年 HK\$'000 千港元 |
|---|--------------|--|--------------------------------------|
| Revenue | 收益 | 6,185 | 13,689 |
| Expenses | 開支 | (117,533) | (171,901) |
| Loss before taxation | 除稅前虧損 | (111,348) | (158,212) |
| Taxation | 稅項 | 19,189 | 24,126 |
| Loss for the period/year | 本期間／年度虧損 | (92,159) | (134,086) |
| Gain on disposal of subsidiaries | 出售附屬公司收入 | 19,922 | - |
| Loss for the period/year from discontinued operations | 本年度已終止經營業務虧損 | (72,237) | (134,086) |

新疆集團於出售日期之資產及負債賬面值於綜合財務報表附註39披露。

出售事項時產生收入19,922,000港元，即出售所得款項減本集團附屬公司的淨資產及商譽之賬面值。並無自出售事項產生稅項支出或抵免。

就呈列已終止經營業務而言，若干有關綜合全面收益表之比較數字及相關附註已重新呈列，以呈列於比較期間作為已終止經營業務出售集團的業績。

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12. 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:

12. 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：

| | | 2019 二零一九年 HK\$'000 千港元 | 2018 二零一八年 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 | 302 | 300 |
| | | 302 | 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 | 3,354 | 2,314 |
| Contributions to pension schemes | 退休金計劃供款 | 53 | 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 | - | - |
| | | 3,407 | 2,349 |
| | | 3,709 | 2,649 |

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12. DIRECTORS' REMUNERATION (Continued)

For the years ended 31 December 2019 and 2018, no emolument was paid by the Group to the Directors as an inducement to join or upon joining the Group or as compensation for loss of office.

12. 董事酬金(續)

截至二零一九年及二零一八年十二月三十一日止年度，本集團並無向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。

| | | Fees 袍金 | | Salaries and other benefits 薪金及其他福利 | | Retirement benefit scheme contributions 退休福利計劃供款 | | Total 合計 | |
|--|------------------|----------------------------------|----------------------------------|---|----------------------------------|---|----------------------------------|----------------------------------|----------------------------------|
| | | 2019 二零一九年 HK\$'000 千港元 | 2018 二零一八年 HK\$'000 千港元 | 2019 二零一九年 HK\$'000 千港元 | 2018 二零一八年 HK\$'000 千港元 | 2019 二零一九年 HK\$'000 千港元 | 2018 二零一八年 HK\$'000 千港元 | 2019 二零一九年 HK\$'000 千港元 | 2018 二零一八年 HK\$'000 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 | 1,950 | 18 | 18 | 1,968 | 1,968 |
| Zhao Jian ¹ | 趙劍 ¹ | - | - | 1,040 | - | 18 | - | 1,058 | - |
| | | - | - | 3,354 | 2,314 | 53 | 35 | 3,407 | 2,349 |
| Independent non-executive directors | 獨立非執行董事 | | | | | | | | |
| Cheng Chak Ho | 鄭澤豪 | 100 | 100 | - | - | - | - | 100 | 100 |
| William Fong ² | 方偉濂 ² | 8 | 100 | - | - | - | - | 8 | 100 |
| Leung Kar Fai ³ | 梁嘉輝 ³ | 33 | 100 | - | - | - | - | 33 | 100 |
| Wong Wai Chun ⁴ | 王偉俊 ⁴ | 93 | - | - | - | - | - | 93 | - |
| Yeung Yat Chuen ⁵ | 楊日泉 ⁵ | 68 | - | - | - | - | - | 68 | - |
| | | 302 | 300 | - | - | - | - | 302 | 300 |

¹ Zhao Jian was appointed as executive Director on 15 October 2018.

² William Fong resigned as Independent Non-executive Director on 29 April 2019.

³ Leung Kar Fai resigned as Independent Non-executive Director on 28 July 2019.

⁴ Wong Wai Chun was appointed as Independent Non-executive Director on 29 April 2019.

⁵ Yeung Yat Chuen was appointed as Independent Non-executive Director on 28 July 2019.

¹ 趙劍於二零一八年十月十五日獲委任執行董事。

² 方偉濂於二零一九年四月二十九日辭任獨立非執行董事。

³ 梁嘉輝於二零一九年七月二十八日辭任獨立非執行董事。

⁴ 王偉俊於二零一九年四月二十九日獲委任獨立非執行董事。

⁵ 楊日泉於二零一九年七月二十八日獲委任獨立非執行董事。

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12. DIRECTORS' REMUNERATION (Continued)

For the years ended 31 December 2019 and 2018, 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 (2018: 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.

13. EMPLOYEES' EMOLUMENTS

The five highest paid employees during the year included three (2018: two) directors, details for whose remuneration are set out in Note 12 above. Details of the remuneration of the remaining two (2018: three) highest paid, non-director employees are as follows:

| | |
|---------------------------------------|----------|
| Salaries and other benefits | 薪金及其他福利 |
| Mandatory provident fund contribution | 強制性公積金供款 |

For the years ended 31 December 2019 and 2018, remunerations of highest paid, non-director employees fall within HK\$Nil to HK\$1,000,000.

12. 董事酬金(續)

截至二零一九年及二零一八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(二零一八年：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。

13. 僱員薪酬

年內五名最高薪酬員工包括三名(二零一八年：兩名)董事，彼等之酬金詳情載於上文附註12。餘下兩名(二零一八年：三名)非董事最高薪酬員工之酬金詳情如下：

| | | 2019 二零一九年 HK\$'000 千港元 | 2018 二零一八年 HK\$'000 千港元 |
|---------------------------------------|----------|----------------------------------|----------------------------------|
| Salaries and other benefits | 薪金及其他福利 | 690 | 1,742 |
| Mandatory provident fund contribution | 強制性公積金供款 | 33 | 54 |
| | | 723 | 1,796 |

截至二零一九年及二零一八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。

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13. 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 2019 (2018: 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.

13. 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，於二零一九年十二月三十一日，本集團並無就僱員退休承擔任何重大或然負債(二零一八年：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。

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14. TAXATION

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.

14. 稅項

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有法例、詮釋及慣例按現行稅率計算。

| | | 2019 二零一九年 HK\$'000 千港元 | 2018 二零一八年 HK\$'000 千港元 (Re-presented) (經重列) |
|------------------------------|---------------|----------------------------------|---|
| Continuing operations | 持續經營業務 | | |
| Current tax: | 即期稅項： | | |
| PRC corporate income tax | 中國企業所得稅 | 2 | 31 |
| Deferred tax | 遞延稅項 | (13,362) | (13,124) |
| | | (13,360) | (13,093) |

A reconciliation of the tax expense applicable to loss before income tax using the statutory rates for the tax jurisdictions in which the Company and its subsidiaries are domiciled is as follows:

適用於本公司及其附屬公司於所在稅務司法權區按法定稅率計算之除所得稅前虧損稅項開支對賬如下：

| | | 2019 二零一九年 HK\$'000 千港元 | 2018 二零一八年 HK\$'000 千港元 (Re-presented) (經重列) |
|--|---------------|----------------------------------|---|
| Continuing operations | 持續經營業務 | | |
| Loss before taxation | 除所得稅前虧損 | (1,157,696) | (449,786) |
| Tax at the statutory tax rates | 按法定稅率計算之稅項 | (262,439) | (96,283) |
| Tax effect of income not taxable for tax purpose | 毋須課稅收入之稅務影響 | (9,962) | (2,088) |
| Tax effect of expense not deductible for tax purpose | 不可扣稅開支之稅務影響 | 275,145 | 114,043 |
| Tax effect of unrecognised tax losses | 未確認稅務虧損之稅務影響 | 1,931 | 589 |
| Tax effect of temporary difference | 暫時性差額之稅務影響 | (13,362) | (13,124) |
| Utilised tax loss recognised | 已確認之已應用稅項虧損 | (4,673) | (16,230) |
| Tax credit for the year | 本年度之稅項抵免 | (13,360) | (13,093) |

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15. DIVIDENDS

The Directors do not recommend the payment of any final dividend in respect of the year ended 31 December 2019 (2018: Nil).

15. 股息

董事不建議就截至二零一九年十二月三十一日止年度派付任何末期股息(二零一八年：無)。

16. LOSS PER SHARE

(a) Basic loss per share

The calculation of the basic loss per share attributable to the owners of the Company is based on the following data:

16. 每股虧損

(a) 每股基本虧損

本公司擁有人應佔每股基本虧損乃根據以下數據計算：

| | | 2019 二零一九年 HK\$'000 千港元 | 2018 二零一八年 HK\$'000 千港元 |
|--|--------------|----------------------------------|----------------------------------|
| Loss attributable to owners of the Company | 本公司擁有人應佔每股虧損 | | |
| - from continuing operations | - 來自持續經營業務 | (639,329) | (349,922) |
| - from discontinued operations | - 來自已終止經營業務 | (103,417) | (134,086) |
| | | (746,746) | (484,008) |

| | | 2019 二零一九年 '000 千股 | 2018 二零一八年 '000 千股 |
|--|-------------|-----------------------------|-----------------------------|
| Number of shares | 股份數目 | | |
| Number of ordinary shares in issue during the year | 年內已發行普通股數目 | 21,495,386 | 21,495,386 |

(b) Diluted loss per share

No diluted loss per share is presented as there were no potential ordinary shares in issue for the year ended 31 December 2019.

For the year ended 31 December 2018, the computation of diluted loss per share does not assume the conversion of the Company's outstanding convertible bonds since their assumed exercise would result in a decrease in loss per share during the year ended 31 December 2018.

(b) 每股攤薄虧損

由於截至二零一九年十二月三十一日止年度並無已發行潛在普通股，故並無呈列每股攤薄虧損。

截至二零一八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十二月三十一日止年度的每股虧損減少。

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17. PROPERTY, PLANT AND EQUIPMENT

17. 物業、廠房及設備

| | | Mining Structure and Buildings 採礦結構 及建築 HK\$'000 千港元 | Plant and Machinery 廠房及機器 HK\$'000 千港元 | Leasehold Improvement 租賃物業 裝修 HK\$'000 千港元 | Furniture & Fixtures Motor Vehicle 傢俬、裝置 及汽車 HK\$'000 千港元 | Construction in Progress 在建工程 HK\$'000 千港元 | Total 合計 HK\$'000 千港元 |
|--|-----------------------------|--|--|---|--|--|--------------------------------|
| Cost | 成本 | | | | | | |
| At 1 January 2018 | 於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 and 1 January 2019 | 於二零一八年十二月三十一日及 二零一九年一月一日 | 271,454 | 481,878 | 3,608 | 24,586 | 639,788 | 1,421,314 |
| Additions | 添置 | 409 | 14,026 | - | 2,178 | 56,400 | 73,013 |
| Disposals | 出售 | - | (9,288) | - | (4,801) | (4,414) | (18,503) |
| Written off | 撇銷 | (27,340) | (16,516) | - | - | (53,024) | (96,880) |
| Transfer | 轉入 | 27,827 | 5,743 | - | - | (33,570) | - |
| Disposal of subsidiaries (note 39) | 出售附屬公司(附註39) | - | (26,178) | - | (2,495) | - | (28,673) |
| Exchange realignment | 匯兌調整 | (5,247) | (7,958) | - | (228) | (7,306) | (20,739) |
| At 31 December 2019 | 於二零一九年十二月三十一日 | 267,103 | 441,707 | 3,608 | 19,240 | 597,874 | 1,329,532 |
| Accumulated depreciation and impairment | 累計折舊及減值 | | | | | | |
| At 1 January 2018 | 於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 and 1 January 2019 | 於二零一八年十二月三十一日及 二零一九年一月一日 | 130,107 | 181,403 | 1,150 | 20,561 | 193,938 | 527,159 |
| Charge for the year | 年內扣除 | 14,635 | 43,095 | 1,201 | 1,282 | - | 60,213 |
| Written back on disposal | 出售回撥 | - | (732) | - | (4,493) | - | (5,225) |
| Impairment | 減值 | 5,988 | 26,493 | - | 178 | 395 | 33,054 |
| Written off | 撇銷 | (27,340) | (16,516) | - | - | - | (43,856) |
| Disposal of subsidiaries (note 39) | 出售附屬公司(附註39) | - | (14,503) | - | (943) | - | (15,446) |
| Exchange realignment | 匯兌調整 | (2,193) | (3,916) | - | (177) | (9) | (6,295) |
| At 31 December 2019 | 於二零一九年十二月三十一日 | 121,197 | 215,324 | 2,351 | 16,408 | 194,324 | 549,604 |
| Carrying amount | 賬面值 | | | | | | |
| At 31 December 2019 | 於二零一九年十二月三十一日 | 145,906 | 226,383 | 1,257 | 2,832 | 403,550 | 779,928 |
| 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 |

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17. PROPERTY, PLANT AND EQUIPMENT (Continued) 17. 物業、廠房及設備(續)

As at 31 December 2019, the carrying amount of the Group's property, plant and equipment of approximately HK\$442.3 million (2018: approximately HK\$457.3 million), approximately HK\$109.9 million (2018: approximately HK\$111.9 million) and approximately HK\$226.2 million (2018: approximately HK\$304.2 million) were allocated to the Molybdenum Mining cash-generating unit ("Molybdenum Mining CGU"), Potassium Mining cash-generating unit ("Potassium Mining CGU") and Trading of chemical products cash-generating unit ("Chemical Products CGU") respectively.

As at 31 December 2019, the Group determined the recoverable amounts of Molybdenum Mining CGU, Potassium Mining CGU and Chemical Products 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 17%, 30% and 12% (2018: 13%, 21% and 15.2%) for Molybdenum Mining CGU, Potassium Mining CGU and Chemical Products CGU respectively with reference to the valuation performed by an independent external valuer as at 31 December 2019.

As at 31 December 2019, buildings and plant and machinery with carrying amount of approximately HK\$372,289,000 (2018: approximately HK\$36,864,000) were pledged for a bank loan.

於二零一九年十二月三十一日，本集團物業、廠房及設備之賬面值約442,300,000港元(二零一八年：約457,300,000港元)、約109,900,000港元(二零一八年：約111,900,000港元)及約226,200,000港元(二零一八年：約304,200,000港元)分別分配至鉬礦現金產生單位(「鉬礦現金產生單位」)、鉀長石礦現金產生單位(「鉀長石礦現金產生單位」)及買賣化學產品現金產生單位(「化學產品現金產生單位」)。

於二零一九年十二月三十一日，本集團按可使用價值計算釐定鉬礦現金產生單位、鉀長石礦現金產生單位及化學產品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、鉀長石礦現金產生單位及化學產品現金產生單位之貼現率分別為17%、30%及12%(二零一八年：13%、21%及15.2%)，並參考獨立外聘估值師於二零一九年十二月三十一日進行的估值計算。

於二零一九年十二月三十一日，賬面值約372,288,000港元的建築、廠房及機器(二零一八年：約36,864,000港元)已抵押作為一項銀行貸款的擔保。

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18. 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.

18. 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。

| | | 2019 二零一九年 HK\$'000 千港元 | 2018 二零一八年 HK\$'000 千港元 |
|--|--------------------------|----------------------------------|----------------------------------|
| Net carrying amount | 賬面淨值 | | |
| At 1 January | 於一月一日 | 63,076 | 72,974 |
| Amortisation for the year | 年度攤銷 | - | (6,156) |
| Exchange realignment | 匯兌調整 | - | (3,742) |
| Adjustments upon application of HKFRS 16 (note 37) | 應用香港財務報告準則第16號後之調整(附註37) | (63,076) | - |
| At 31 December | 於十二月三十一日 | - | 63,076 |

As at 31 December 2018, prepaid lease payments with carrying amount of approximately HK\$20,342,000 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港元的預付租賃款項作為銀行貸款的抵押品。

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19. MINING RIGHTS

19. 採礦權

| | | 2019 二零一九年 HK\$'000 千港元 | 2018 二零一八年 HK\$'000 千港元 |
|--|-------------------|----------------------------------|----------------------------------|
| Costs: | 成本： | | |
| At 1 January | 於一月一日 | 5,529,896 | 5,713,531 |
| Exchange realignment | 匯兌調整 | (98,384) | (183,635) |
| At 31 December | 於十二月三十一日 | 5,431,512 | 5,529,896 |
| Accumulated amortisation and impairment loss: | 累計攤銷及減值虧損： | | |
| At 1 January | 於一月一日 | 2,233,578 | 2,310,941 |
| Amortisation provided for the year | 本年度攤銷撥備 | 53,451 | 52,494 |
| Impairment | 減值 | 580,115 | - |
| Exchange realignment | 匯兌調整 | (51,211) | (129,857) |
| At 31 December | 於十二月三十一日 | 2,815,933 | 2,233,578 |
| Carrying amount: | 賬面值： | | |
| At 31 December | 於十二月三十一日 | 2,615,579 | 3,296,318 |

Molybdenum Mine

The Group has an exploitation right 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 right was allocated to the Group's Molybdenum Mining CGU.

As at 31 December 2019 and 2018, 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 17% (2018: 13%) with reference to the valuation performed by an independent external valuer as at 31 December 2019. As the recoverable amount of the Molybdenum Mining CGU was higher than the carrying amount, no impairment loss was recognised as at 31 December 2019.

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。

於二零一九年及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，按17%（二零一八年：13%）貼現率的現金流量，並參考獨立外部估值師於二零一九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，故於二零一九年十二月三十一日概無確認減值虧損。

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19. MINING RIGHTS (Continued)

Potassium Mine

The Group has an exploitation right 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 2019, 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 30% (2018: 21%) with reference to the valuation performed by an independent external valuer as at 31 December 2019. Approximately HK\$580.1 million impairment loss was recognised for the year ended 31 December 2019 (2018: Nil).

20. GOODWILL

| | |
|------------------------------------|---------------|
| Cost: | 成本： |
| At 1 January | 年初 |
| Impairment of goodwill | 商譽減值 |
| Disposal of subsidiaries (note 39) | 出售附屬公司(附註39) |
| At 31 December | 於二零一九年十二月三十一日 |

As at 31 December 2019, the entire amounts of goodwill were allocated to Molybdenum Mine CGU (2018: approximately HK\$13.4 million for Molybdenum Mine CGU and approximately HK\$42.8 for Security Technologies Products CGU), and the Security Technologies Products CGU had been disposal of during the year.

As at 31 December 2019, the Group conducted impairment review on goodwill attributable to Molybdenum Mine CGU at the end of the reporting period by reference to its estimated recoverable amount which is calculated based on a value-in-use calculation. No impairment loss was recognised as at 31 December 2019 (2018: Chemical Product CGU of HK\$12.9 million).

19. 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。

於二零一九年十二月三十一日，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30%(二零一八年：21%)並參考獨立外聘估值師於二零一九年十二月三十一日進行的估值計算。截至二零一九年十二月三十一日止年度，已確認減值虧損約580,100,000港元(二零一八年：無)。

20. 商譽

| | 2019 二零一九年 HK\$'000 千港元 | 2018 二零一八年 HK\$'000 千港元 |
|------------------------------------|----------------------------------|----------------------------------|
| Cost: | | |
| At 1 January | 56,192 | 69,131 |
| Impairment of goodwill | - | (12,939) |
| Disposal of subsidiaries (note 39) | (42,789) | - |
| At 31 December | 13,403 | 56,192 |

於二零一九年十二月三十一日，商譽金額全數分配予鉬礦現金產生單位(二零一九年：鉬礦現金產生單位約13,400,000港元及保安技術產品現金產生單位約42,800,000港元)，而保安技術產品現金產生單位已於年內出售。

於二零一九年十二月三十一日，本集團於報告期末就鉬礦現金產生單位參考其估計可收回金額(按可使用價值計算)進行商譽減值回顧。於二零一九年十二月三十一日並無確認減值虧損(二零一八年：化學產品現金產生單位12,900,000港元)。

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20. 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 17% (2018: 13%).

21. LONG-TERM RECEIVABLES

- 1) 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.

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 ("Ding Jin Receivable").

20. 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及化學產品現金產生單位之貼現率分別為17% (二零一八年：13%)。

21. 投資按金／長期應收款項

- 1) 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。

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（「鼎金應收款項」）。

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21. LONG-TERM RECEIVABLE (Continued)

- 1) (Continued)
As at 31 December 2019, the Group conducted impairment review on Ding Jin Receivable at the end of the reporting period under expected credit loss model. Approximately HK\$142,615,000 impairment loss was recognised during the year ended 31 December 2019 (2018: approximately HK\$14,498,000).
- 2) As referred to Note 11 and Note 39, the Company disposed of its entire equity interest on Xingjiang Group, the consideration of HK\$430,000,000 ("Consideration Receivable") which shall be settled by 3 installment, (i) HK\$23,297,000 settled in cash on Disposal Date; (ii) HK\$196,703,000 will settle within 1 year of the Disposal Date; and (iii) HK\$210,000,000 will settle before 28 March 2021. The fair value of the Consideration Receivables was determined at the Disposal Date by using a market interest rate for an equivalent non-convertible bond.

As at 31 December 2019, the Group conducted impairment review on the Consideration Receivables at the end of the reporting period under expected credit loss model. Approximately HK\$3,924,000 impairment loss was recognised during the year ended 31 December 2019.

The analysis of long-term receivable in the consolidated statements of financial position were summarised as follows:

21. 長期應收款項(續)

- 1) (續)
於二零一九年十二月三十一日，本集團於報告期末對預期信貸虧損模式下鼎金應收款項進行減值檢討。於截至二零一九年十二月三十一日止年度，約141,992,000港元已確認為減值虧損(二零一八年：約14,498,000港元)。
- 2) 誠如附註11及附註39所述，本公司退回其於新疆集團的全部股權，代價430,000,000港元(「應收代價」)將分三期結算：(i) 23,297,000港元於退回日期以現金結算；(ii) 196,703,000港元將在退回日期後的一年內償還；及(iii) 210,000,000港元將在二零二一年三月二十八日前償還。應收代價的公允價值在退回日期使用同等的不可轉換債券的市場利率確定。

於二零一九年十二月三十一日，本集團於報告期末對預期信貸虧損模式下應收代價進行減值檢討。於截至二零一九年十二月三十一日止年度，約3,496,000港元已確認為減值虧損。

於綜合財務狀況表中長期應收款項的分析概述如下：

| | | Ding Jin Receivable 2019 鼎金應收款項 二零一九年 HK\$'000 千港元 | Consideration Receivable 2019 應收代價 二零一九年 HK\$'000 千港元 | Total 2019 總額 二零一九年 HK\$'000 千港元 | Ding Jin Receivable 2018 鼎金應收款項 二零一八年 HK\$'000 千港元 |
|-----------------------------------|----------|--|---|---|--|
| Long-term receivables | 長期應收款項 | 628,021 | 362,087 | 990,108 | 600,000 |
| Less: Allowance for credit losses | 減：信貸虧損撥備 | (142,615) | (3,924) | (146,539) | (14,498) |
| | | 485,406 | 358,163 | 843,569 | 585,502 |
| Non-current portion | 非流動部分 | 246,929 | 199,875 | 446,804 | 466,664 |
| Current portion | 流動部分 | 238,477 | 158,288 | 396,765 | 118,838 |
| | | 485,406 | 358,163 | 843,569 | 585,502 |

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22. INTANGIBLE ASSETS

22. 無形資產

| | | Contract backlog 待完成合約 HK\$'000 千港元 |
|---|-----------------------------|--|
| Cost: | 成本： | |
| As at 1 January 2018 | 於二零一八年一月一日 | 487,272 |
| Exchange realignment | 匯兌調整 | (26,874) |
| As at 31 December 2018 and 1 January 2019 | 於二零一八年十二月三十一日及 二零一九年一月一日 | 460,398 |
| Disposal of subsidiaries (note 39) | 出售附屬公司(附註39) | (460,398) |
| As at 31 December 2019 | 於二零一九年十二月三十一日 | - |
| Accumulated amortisation: | 累計攤銷： | |
| As at 1 January 2018 | 於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 and 1 January 2019 | 於二零一八年十二月三十一日及 二零一九年一月一日 | 122,773 |
| Amortisation provided for the period | 期內攤銷撥備 | 76,758 |
| Disposal of subsidiaries (note 39) | 出售附屬公司(附註39) | (199,531) |
| As at 31 December 2019 | 於二零一九年十二月三十一日 | - |
| Carrying amount: | 賬面值： | |
| As at 31 December 2019 | 於二零一九年十二月三十一日 | - |
| As at 31 December 2018 | 於二零一八年十二月三十一日 | 337,625 |

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22. 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.

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% in 2018.

During the year ended 31 December 2019, the intangible asset loss been derecognised through disposal of XinJiang Group as detailed in note 39 to the consolidated financial statement.

22. 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。

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，於二零一八年，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%。

於截至二零一九年十二月三十一日止年度，無形資產虧損經出售新疆集團已終止確認，詳情載於綜合財務報表附註39。

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綜合財務報表附註

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

23. FINANCE LEASE RECEIVABLES

23. 應收融資租賃

| | | 2019 二零一九年 HK\$'000 千港元 | 2018 二零一八年 HK\$'000 千港元 |
|---------------------------------------|-----------|----------------------------------|----------------------------------|
| Current finance lease receivables | 流動應收融資租賃 | - | 1,091 |
| Non-current finance lease receivables | 非流動應收融資租賃 | - | 3,706 |
| | | - | 4,797 |

The Group's finance lease receivables are as follows:

本集團之應收融資租賃如下：

| | | 2019 二零一九年 | | 2018 二零一八年 | |
|--|------------|--|---|--|---|
| | | 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 |
| Later than 1 year not later than 5 years | 遲於一年但不遲於五年 | - | - | 3,706 | 4,187 |
| | | - | - | 4,797 | 5,582 |
| Less: total future interest income | 減：未來利息收入總額 | | - | | (785) |
| Present value of lease obligations | 租賃責任現值 | | - | | 4,797 |

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.

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%。

During the year ended 31 December 2019, finance leases receivables has been derecognised through the disposal of Xinjiang Group as detailed in note 39 to the consolidated financial statements.

於截至二零一九年十二月三十一日止年度，應收融資租賃經出售新疆集團已終止確認，詳情載於綜合財務報表附註39。

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For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

24. INVENTORIES

24. 存貨

| | | 2019 二零一九年 HK\$'000 千港元 | 2018 二零一八年 HK\$'000 千港元 |
|-----------------------------------|--------|----------------------------------|----------------------------------|
| Raw material | 原材料 | 41,842 | 59,211 |
| Work in progress | 在製品 | 2,130 | 10,797 |
| Finished goods | 製成品 | 382,134 | 483,455 |
| | | 426,106 | 553,463 |
| Provision of obsolete inventories | 老舊存貨撥備 | - | (32,691) |
| | | 426,106 | 520,772 |

The cost of inventories recognised as expense during the year in respect of mining operations and trading of chemical products were totally approximately HK\$748,493,000 (2018: approximately HK\$886,957,000). No provision of obsolete inventories was recognised in profit or loss for the year ended 31 December 2019 (2018: HK\$34,261,000).

As at 31 December 2019, included in inventories were approximately HK\$359,951,000 of molybdenum concentrates held by a sub-contractor to further processing into Ferromolybdenum for the purpose of sale in higher profit margin.

年內就採礦業務及買賣化學產品確認為支出之存貨成本合共約748,493,000港元(二零一八年:約886,957,000港元)。截至二零一九年十二月三十一日止年度,並無於損益確認老舊存貨撥備(二零一八年:34,261,000港元)。

截止二零一九年十二月三十日,存貨中約359,951,000港元之鉬精粉由一名分包商持作加工成黑色金屬冶煉壓延品,以便賺取較高利潤。

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For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

25. TRADE AND BILL RECEIVABLES

25. 應收賬款及票據

| | | 2019 二零一九年 HK\$'000 千港元 | 2018 二零一八年 HK\$'000 千港元 |
|-----------------------------------|----------|----------------------------------|----------------------------------|
| Trade and bill receivables | 應收賬款及票據 | 2,195 | 44,864 |
| Less: Allowance for credit losses | 減：信貸虧損撥備 | (960) | (21,429) |
| | | 1,235 | 23,435 |

As at 31 December 2019 and 2018, trade receivables from contracts with customers amounted to HK\$1,235,000 and HK\$23,435,000 respectively.

As at 31 December 2019, the allowance for credit losses was recognised approximately of HK\$960,000 (2018: HK\$21,429,000). The range of expected loss rate is from 0.27% to 1.63%.

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

於二零一九年及二零一八年十二月三十一日，來自客戶合約之應收貿易賬款分別為1,235,000港元及23,435,000港元。

於二零一九年十二月三十一日，已確認信貸虧損撥備約960,000港元（二零一八年：21,429,000港元）。

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。

| | | 2019 二零一九年 HK\$'000 千港元 | 2018 二零一八年 HK\$'000 千港元 |
|-----------------------------------|------------|----------------------------------|----------------------------------|
| 0-30 days | 0-30日 | 476 | 11,780 |
| 31-60 days | 31-60日 | - | - |
| 61-90 days | 61-90日 | 15 | 1,182 |
| 91-180 days | 91-180日 | 37 | 272 |
| Over 180 days but within one year | 逾180日但於一年內 | 707 | 10,201 |
| | | 1,235 | 23,435 |

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For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

25. TRADE AND BILL RECEIVABLES (Continued)

The aging of trade and bill receivables which are past due but not impaired are as follows:

| | | 2019 二零一九年 HK\$'000 千港元 | 2018 二零一八年 HK\$'000 千港元 |
|-----------------------------------|------------|----------------------------------|----------------------------------|
| 31-60 days | 31-60日 | - | - |
| 61-90 days | 61-90日 | - | - |
| 91-180 days | 91-180日 | 15 | 1,182 |
| Over 180 days but within one year | 逾180日但於一年內 | 744 | 10,473 |
| | | 759 | 11,655 |

For the year ended 31 December 2019, 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 (2018: 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.

26. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

As at 31 December 2019, included in balance of prepayments, deposits and other receivables were (i) prepayment for purchase of inventories and construction in progress of approximately HK\$100,887,000 (2018: approximately HK\$125,733,000); and (ii) the carrying amount of loan receivable of approximately HK\$255,409,000 (2018: HK\$226,909,000) granted to minority shareholders of subsidiaries which was carried at effective interests rate of 11%.

25. 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：

| | 2019 二零一九年 HK\$'000 千港元 | 2018 二零一八年 HK\$'000 千港元 |
|-----------------------------------|----------------------------------|----------------------------------|
| 31-60 days | - | - |
| 61-90 days | - | - |
| 91-180 days | 15 | 1,182 |
| Over 180 days but within one year | 744 | 10,473 |
| | 759 | 11,655 |

截至二零一九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(二零一八年：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。

26. 預付款項、按金及其他應收款

於二零一九年十二月三十一日，預付款項、按金及其他應收款結餘包括(i)購買存貨及在建工程之預付款項約100,887,000港元(二零一八年：約125,733,000港元)；及(ii)向附屬公司之少數權益股東授出賬面值約為255,409,000港元之應收貸款(二零一八年：226,909,000港元)按實際利率11%收取利息。

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27. CASH AND CASH EQUIVALENT

27. 現金及現金等價物

| | | 2019 二零一九年 HK\$'000 千港元 | 2018 二零一八年 HK\$'000 千港元 |
|------------------------|---------|----------------------------------|----------------------------------|
| Pledged bank deposits | 已抵押銀行存款 | - | 1,055 |
| Cash and bank balances | 現金及銀行結餘 | 18,446 | 121,478 |
| | | 18,446 | 122,533 |

Bank balances carry interest at market rates which range from 0.01% to 0.35% per annum (31 December 2018: 0.01% to 0.35%).

No pledged bank deposit have been pledged to secure general banking facilities granted to the Group (2018: 1.95%).

銀行結餘每年按市場利率介乎0.01%至0.35%計息(二零一八年十二月三十一日: 0.01%至0.35%)。

並無已抵押銀行存款作為授予本集團一般銀行融資之擔保(二零一八年: 1.95%)。

28. SHARE CAPITAL

28. 股本

| | | Number of shares 股份數目 | Nominal value 面值 |
|-----------------------------------|-----------------|-----------------------------|------------------------|
| | Notes 附註 | '000 千股 | HK\$'000 千港元 |
| Ordinary shares of HK\$0.016 each | 每股面值0.016港元之普通股 | | |
| Authorised: | 法定: | | |
| At 1 January 2018, | 於二零一八年一月一日、 | | |
| at 31 December 2018, | 於二零一八年十二月三十一日、 | | |
| at 1 January 2019 and | 於二零一九年一月一日及 | | |
| at 31 December 2019 | 於二零一九年十二月三十一日 | 31,250,000 | 500,000 |
| Issued and fully paid: | 已發行及繳足: | | |
| At 31 December 2018 and | 於二零一八年十二月三十一日及 | | |
| 31 December 2019 | 二零一九年十二月三十一日 | 21,495,386 | 343,926 |

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For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

29. CONVERTIBLE BONDS

29. 可換股債券

| | | 2019 二零一九年 HK\$'000 千港元 | 2018 二零一八年 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) | - | - |
| HK\$98,838,000 (CB B) | 98,838,000港元(可換股債券B) | - | - |
| | | - | - |

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。

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29. 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 2018 | 於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) | 還款(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 and at 31 December 2019 | 於二零一八年十二月三十一日及於二零一九年十二月三十一日 | - | - | - |

(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.

29. 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。

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30. DEFERRED TAX LIABILITIES

30. 遞延稅項負債

| | | Mining rights 採礦權 HK\$'000 千港元 | Security Technology 保安技術 HK\$'000 千港元 | Total 總計 HK\$'000 千港元 |
|---|-----------------------------|--|---|--------------------------------|
| At 1 January 2018 | 於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 and 1 January 2019 | 於二零一八年十二月三十一日 及二零一九年一月一日 | 252,536 | 84,407 | 336,943 |
| Credit to profit or loss | 計入損益 | (13,362) | (19,189) | (32,551) |
| Disposed of subsidiaries (note 39) | 出售附屬公司(附註39) | - | (65,218) | (65,218) |
| Exchange realignment | 匯兌調整 | (4,250) | - | (4,250) |
| At 31 December 2019 | 於二零一九年十二月三十一日 | 234,924 | - | 234,924 |

The Group did not have any significant unprovided deferred tax liabilities at 31 December 2019 (2018: Nil).

於二零一九年十二月三十一日，本集團概無任何重大未撥備遞延稅項負債(二零一八年：無)。

The Security Technologies was not consolidated in the Group due to disposal of subsidiaries.

由於出售附屬公司，保安技術不併入本集團。

31. TRADE AND BILL PAYABLES

31. 應付賬款及票據

| | | 2019 二零一九年 HK\$'000 千港元 | 2018 二零一八年 HK\$'000 千港元 |
|-----------------------------------|------------|----------------------------------|----------------------------------|
| 0-30 days | 0-30日 | 56,235 | 28,889 |
| 31-60 days | 31-60日 | 94 | 9,715 |
| 61-90 days | 61-90日 | 33,283 | 4,858 |
| 91-180 days | 91-180日 | 12,680 | 43,097 |
| Over 180 days but within one year | 逾180日但於一年內 | 39,032 | 48,754 |
| | | 141,324 | 135,313 |

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。

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For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

32. PROVISION FOR ENVIRONMENTAL AND RESOURCES TAX 32. 環保及資源稅撥備

| | | 2019 二零一九年 HK\$'000 千港元 | 2018 二零一八年 HK\$'000 千港元 |
|---------------------------------|--------|----------------------------------|----------------------------------|
| Environmental and resources tax | 環保及資源稅 | 53,935 | 124,123 |

As at 31 December 2019, the Group had environmental and resources tax liability at amounts of HK\$53,935,000 (RMB48,400,000) (2018: HK\$124,123,000 (RMB: 109,400,000)) arising upon renewal of its mining license.

於二零一九年十二月三十一日，本集團於重續其採礦牌照時產生環保及資源稅負債為53,935,000港元（人民幣48,400,000元）（二零一八年：124,123,000港元（人民幣109,400,000元））。

33. OTHER PAYABLES AND ACCRUALS 33. 其他應付款及應計費用

| | | 2019 二零一九年 HK\$'000 千港元 | 2018 二零一八年 HK\$'000 千港元 |
|--|--------------------|----------------------------------|----------------------------------|
| Non-current liabilities | 非流動負債 | | |
| – Other payables (note a) | – 其他應付款項（附註a） | 16,448 | 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） | 328,806 | 188,649 |
| | | 345,254 | 226,853 |

(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.

(b) Included in other payables and accruals are amounts of approximately HK\$17,538,000 (2018: approximately HK\$24,377,000) due to the minority shareholders and directors of the Group's subsidiary which are unsecured, interest free and repayment on demand.

The Directors consider that the carrying amounts of other payables and accruals approximate to their fair values at the end of reporting period.

(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) 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17,538,000港元（二零一八年：約24,377,000港元），該款項乃屬無抵押，無利息且一經要求即須償還。

董事認為其他應付款及應計費用之賬面值與其於報告期間結算日之公平值相若。

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綜合財務報表附註

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

34. BANK LOANS AND OTHER BORROWINGS

34. 銀行貸款及其他借貸

| | | 2019 二零一九年 HK\$'000 千港元 | 2018 二零一八年 HK\$'000 千港元 |
|--|-----------------------|----------------------------------|----------------------------------|
| 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 | 856,787 | 710,524 |
| Non-current portion | 非流動部分 | 524,658 | 637,396 |
| | | 1,381,445 | 1,347,920 |

As at 31 December 2019, the Group's interest-bearing bank loans were carried at effective interest rates from 6.09% to 48% (2018: from 6.09% to 30%) per annum and were secured by (i) guarantees from corporate companies; (ii) pledged of property, plant and equipment (note 17), prepaid lease payments (note 18) and mining right (note 19); (iii) guarantees from subsidiaries of the Group and the subsidiary's minority shareholders; and (iv) guarantee from the ultimate control party.

於二零一九年十二月三十一日，本集團計息銀行貸款之實際年利率介乎6.09%至48%（二零一八年：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17）、預付租賃款項（附註18）及採礦權（附註19）；(iii)本集團附屬公司及附屬公司之少數權益股東之擔保；及(iv)最終控股公司之擔保。

35. CONTRACT LIABILITIES

35. 合約負債

| | | 2019 二零一九年 HK\$'000 千港元 | 2018 二零一八年 HK\$'000 千港元 |
|----------------------|------|----------------------------------|----------------------------------|
| Contract liabilities | 合約負債 | 33,531 | 32,873 |

During the year ended 31 December 2019, advances from customers of approximately HK\$31,271,000 (2018: approximately HK\$37,409,000) that was included in contract liabilities balance of the beginning of the year was recognised as revenue.

截至二零一九年十二月三十一日，於年初計入合約負債結餘之預收客戶賬款約31,271,000港元（2018：約37,409,000港元）確認為收益。

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綜合財務報表附註

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

36. CORPORATE BONDS

36. 企業債券

| | | 2019 二零一九年 HK\$'000 千港元 | 2018 二零一八年 HK\$'000 千港元 |
|------------------|----------|----------------------------------|----------------------------------|
| At 1 January | 於一月一日 | 275,000 | – |
| Repayment | 還款 | (5,000) | – |
| Interest payable | 應付利息 | 31,299 | 275,000 |
| At 31 December | 於十二月三十一日 | 301,299 | 275,000 |

The Group's corporate bond is repayable as follow:

本集團應付企業債券詳情如下：

| | | 2019 二零一九年 HK\$'000 千港元 | 2018 二零一八年 HK\$'000 千港元 |
|-----------------|-----|----------------------------------|----------------------------------|
| Within one year | 一年內 | 301,299 | 275,000 |

Upon the maturity date of a convertible bond on 28 December 2018 as disclosed in note 29, 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29所披露，於二零一八年十二月二十八日可換股債券到期時，本集團與廣州基金國際股權投資基金管理有限公司（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%。

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綜合財務報表附註

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37. LEASES

The Group leases offices and lands in several places. The leases typically run for a period of 3 to 45 years. Lease payments are renegotiated every one to two years to reflect market rentals. For certain lease, the Group is restricted from entering into any sub-lease arrangements.

The leases were classified as operating leases and prepaid lease payments under HKAS 17. Information about leases for which the Group is a lessee is presented below.

Right-of-use assets

Cost:

At 1 January 2018 and
31 December 2018

成本：

於二零一八年一月一日及
二零一八年十二月三十一日

Adjustments upon application of
HKFRS 16

應用香港財務報告準則
第16號後之調整

At 1 January 2019 (restated)

於二零一九年一月一日
(經重列)

Exchange realignment

匯兌調整

At 31 December 2019

於二零一九年十二月三十一日

Accumulated depreciation

At 1 January 2018 and
31 December 2018

累計折舊

於二零一八年一月一日及
二零一八年十二月三十一日

Adjustments upon application of
HKFRS 16

應用香港財務報告準則
第16號後之調整

At 1 January 2019 (restated)

於二零一九年一月一日
(經重列)

Charge for the year

年內扣除

Exchange realignment

匯兌調整

At 31 December 2019

於二零一九年十二月三十一日

Net carrying amount:

At 31 December 2019

賬面淨值：

於二零一九年十二月三十一日

At 31 December 2018

於二零一八年十二月三十一日

37. 租賃

本集團於若干地點租賃辦公室及土地。租期一般介乎3至45年。租賃付款每一至兩年進行重新磋商。就若干租賃而言，本集團被限制訂立任何分租安排。

該等租賃根據香港會計準則第17號分類為經營租賃及預付租賃款項。有關本集團為承租人之租賃詳情呈列如下。

使用權資產

| Properties 物業 | Lands 土地 | Total 總計 |
|------------------|-----------------|-----------------|
| HK\$'000 千港元 | HK\$'000 千港元 | HK\$'000 千港元 |

-

9,645 100,286 109,931

9,645 100,286 109,931

(400) (1,412) (1,812)

9,245 98,874 108,119

-

(1,596) (37,210) (38,806)

(1,596) (37,210) (38,806)

(3,603) (5,875) (9,478)

57 397 454

(5,142) (42,688) (47,830)

4,103 56,186 60,289

-

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

37. LEASES (Continued)

Lease liabilities

37. 租賃(續)

租賃負債

| | | At 31 December 2019 於二零一九年十二月三十一日 | | At 1 January 2019 於二零一九年一月一日 | |
|--------------------------------------|------------|---|---|---|---|
| | | Present value of minimum lease payments 最低租賃款項 的現值 HK\$'000 千港元 | Minimum Lease Payments 最低租賃款項 HK\$'000 千港元 | Present value of minimum lease payments 最低租賃款項 的現值 HK\$'000 千港元 | Minimum lease payments 最低租賃款項 HK\$'000 千港元 |
| Within one year | 一年內 | 4,269 | 4,555 | 4,285 | 5,131 |
| After one year but within five years | 一年後但於五年內 | 244 | 802 | 4,479 | 5,219 |
| Over five years | 超過五年 | 847 | 1,605 | 881 | 1,744 |
| | | 5,360 | 6,962 | 9,645 | 12,094 |
| Less: total future interest expenses | 減：未來利息支出總額 | | (1,602) | | (2,449) |
| Present value of lease liabilities | 租賃負債的現值 | | 5,360 | | 9,645 |
| Analysed for reporting purpose as: | 就申報目的分析為： | | | | |
| Current liabilities | 流動負債 | | 4,269 | | 4,285 |
| Non-current liabilities | 非流動負債 | | 1,091 | | 5,360 |
| | | | 5,360 | | 9,645 |

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

37. LEASES (Continued)

Amount recognised in profit or loss

37. 租賃(續)

於損益確認的金額

HK\$'000
千港元

2019 – Leases under HKFRS 16

二零一九年 – 香港財務報告準則第
16號項下的租賃

For continuing operations:

就持續經營業務而言：

Interest on lease liabilities

租賃負債利息

853

Expenses relating to short-term leases

與短期租賃有關的開支

2,011

2,864

HK\$'000
千港元

2018 – Leases under HKAS 17

二零一八年 – 香港會計準則第17號
項下的租賃

Lease expenses for continuing operations

持續經營業務的租賃開支

32,506

Amounts recognised in statement of cash flows

於現金流量表確認的金額

2019
二零一九年
HK\$'000
千港元

Total cash outflow for leases

租賃現金流出總額

5,138

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

37. LEASES (Continued)

Operating lease

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:

37. 租賃(續)

經營租賃

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 |
|--|-----------------|----------------------------------|
| The Group as lessee | 本集團作為承租人 | |
| Within one year | 一年內 | 22,856 |
| In the second to fifth years inclusive | 第二至第五年(包括首尾兩年) | 7,906 |
| After the fifth year | 第五年後 | 1,744 |
| | | 32,506 |
| The Group as lessor | 本集團作放租人 | |
| Within one year | 一年內 | 6,998 |
| In the second to fifth years inclusive | 第二至第五年(包括首尾兩年) | 3,547 |
| | | 10,545 |

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綜合財務報表附註

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

38. RELATED PARTY TRANSACTIONS

Save as disclosed elsewhere in these consolidated financial statements, the Group has the following balances and transactions with related parties:

(a) Related party transactions

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 | |
|-----------------|-------|--|----------------------------------|--|----------------------------------|
| | | 2019 二零一九年 HK\$'000 千港元 | 2018 二零一八年 HK\$'000 千港元 | 2019 二零一九年 HK\$'000 千港元 | 2018 二零一八年 HK\$'000 千港元 |
| Related parties | 有關連人士 | - | - | 33,986 | 62,581 |

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.

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) 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 12 and 13 to the consolidated financial statements is follows:

| | | 2019 二零一九年 HK\$'000 千港元 | 2018 二零一八年 HK\$'000 千港元 |
|---------------------------------------|----------|----------------------------------|----------------------------------|
| Short-term employee benefits | 短期僱員福利 | 3,680 | 3,692 |
| Mandatory Provident Fund contribution | 強制性公積金供款 | 69 | 72 |
| | | 3,749 | 3,764 |

38. 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) 有關連人士交易

於報告期間結算日，本集團與有關連人士存有下列結餘：

(b) 主要管理人員之報酬

誠如綜合財務報表附註12及13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：

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綜合財務報表附註

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

39. DISPOSAL OF SUBSIDIARIES

As referred to in Note 11, on 28 October 2019, the Group disposed of its entire equity interests in Xinjiang Group, which is engaged in the provision of research and product development of face recognition technology and intelligent video analysis technology and application in the PRC. The net assets of Xinjiang Group at the date of disposal were as follow:

39. 出售附屬公司

誠如附註11所述，於二零一九年十月二十八日，本集團退回其於新疆集團的全部股權，該公司在中國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。新疆集團於出售日期之資產淨值如下：

| | | HK\$'000 |
|---|---------------|-----------|
| Net assets disposed of: | 已出售資產淨值： | |
| Property, plant and equipment | 物業、廠房及設備 | 13,227 |
| Intangible assets | 無形資產 | 260,867 |
| Goodwill | 商譽 | 42,789 |
| Finance lease receivables | 應收融資租賃 | 3,640 |
| Inventories | 存貨 | 39,662 |
| Trade and other receivables | 貿易及其他應收款項 | 57,169 |
| Cash and bank balances | 現金及銀行結餘 | 210 |
| Trade and other payables | 貿易及其他應付款項 | (7,995) |
| Deferred tax liabilities | 遞延稅項負債 | (65,218) |
| Group's share of net assets disposed of | 本集團應佔出售的資產淨值 | 344,351 |
| Gain on disposal of a subsidiary: | 出售一間附屬公司虧損： | |
| Group's share of net assets disposed of | 本集團應佔出售的資產淨值 | (344,351) |
| Exchange reserve | 匯兌儲備 | (11,734) |
| Consideration receivables | 應收代價 | 352,710 |
| Cash consideration received | 已收現金代價 | 23,297 |
| Gain on disposal of subsidiaries | 出售一間附屬公司虧損 | 19,922 |
| Net cash inflow arising on disposal: | 出售時產生之現金流入淨額： | |
| Cash consideration received | 已收現金代價 | 23,297 |
| Cash and bank balances disposed of | 已出售現金及銀行結餘 | (210) |
| | | 23,087 |

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綜合財務報表附註

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

40. MAJOR NON-CASH TRANSACTIONS

During the years ended 31 December 2019 and 2018, the Group did not have any material non-cash transactions.

40. 主要非現金交易

於截至二零一九年及二零一八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。

41. FINANCIAL INSTRUMENTS

Categories of financial instruments

41. 金融工具

金融工具類別

| | | 2019 二零一九年 HK\$'000 千港元 | 2018 二零一八年 HK\$'000 千港元 |
|---|----------------|----------------------------------|----------------------------------|
| Financial assets | 財務資產 | | |
| Long term receivable | 長期應收款項 | 446,804 | 466,664 |
| Trade receivables (excluding expected credit loss) | 應收賬款(預期信貸虧損除外) | 1,235 | 23,435 |
| Current portion of long-term receivables | 長期應收款項之流動部份 | 396,765 | 118,838 |
| Other receivables (excluding prepaid tax) | 其他應收款項(預付稅項除外) | 402,322 | 808,858 |
| Finance lease receivable | 應收融資租賃 | - | 4,797 |
| Cash and cash equivalents | 現金及現金等價物 | 18,446 | 121,478 |
| Pledged bank balance | 已抵押銀行結餘 | - | 1,055 |
| At amortised cost | 按攤銷成本 | 1,265,572 | 1,545,125 |
| Financial liabilities | 財務負債 | | |
| Trade and bill payables | 應付賬款及票據 | 141,324 | 135,313 |
| Other payables and accruals | 其他應付款項及應計款項 | 344,806 | 226,853 |
| Corporate bond | 企業債券 | 301,299 | 275,000 |
| Bank loan and other borrowing | 銀行貸款及其他借款 | 1,381,445 | 1,347,920 |
| At amortised cost | 按攤銷成本 | 2,168,874 | 1,985,086 |

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綜合財務報表附註

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

42. 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 (2018: 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.

42. 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%(二零一八年: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。

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42. RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued) 42. 風險管理目標及政策(續)

(a) Market risk (Continued)

(i) Foreign exchange risk (Continued)

| | |
|-----------------------------|--------------------|
| Profit or loss ¹ | 溢利或虧損 ¹ |
| Equity ² | 權益 ² |

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.

(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.

(a) 市場風險(續)

(i) 外匯風險(續)

| 2019 | 2018 |
|----------|----------|
| 二零一九年 | 二零一八年 |
| HK\$'000 | HK\$'000 |
| 千港元 | 千港元 |

| | |
|--------|--------|
| 87,864 | 17,373 |
| 37,522 | 12,699 |

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。

(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。

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

42. RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(a) Market risk (Continued)

(ii) Interest rate risk (Continued)

If interest rates had been 50 basis points (2018: 50 basis points) higher/lower and all other variables were held constant, the Group's post-tax loss for the year ended 31 December 2019 would decrease/increase by approximately HK\$6,129,000 (2018: approximately HK\$6,739,000). 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 2019 (2018: Nil).

(iii) Other price risk

As at 31 December 2019, 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.

(b) Credit risk

As at 31 December 2019, 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 long-term receivables 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.

42. 風險管理目標及政策 (續)

(a) 市場風險 (續)

(ii) 利率風險 (續)

倘利率升/跌50個點子(二零一八年: 50個點子), 而所有其他因素維持不變, 本集團於截至二零一九年十二月三十一日止年度之除稅後虧損將減少/增加約6,129,000港元(二零一八年: 約6,739,000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二零一九年十二月三十一日止年度之其他全面收益(二零一八年: 無)。

(iii) 其他價格風險

於二零一九年十二月三十一日, 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。

(b) 信貸風險

於二零一九年十二月三十一日, 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。

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綜合財務報表附註

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

42. 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\$475,077,000 (2018: HK\$209,888,000) at 31 December 2019. 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:

2019

| | | 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 | N/A不適用 | 141,324 | - | - | - | 141,324 |
| Other payables and accruals | 其他應付款及應計費用 | N/A不適用 | 328,358 | - | - | 16,448 | 344,806 |
| Bank loans and other borrowings* | 銀行貸款及其他借貸* | 19 | 856,787 | - | - | 524,658 | 1,381,445 |
| Corporate bond | 企業債券 | 10 | 301,299 | - | - | - | 301,299 |
| | | | 1,627,768 | - | - | 541,106 | 2,168,874 |

* The banks loans and other borrowings interests included in other payables and accruals.

二零一九年

(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。於二零一九年十二月三十一日，本集團之流動負債淨額及資產淨值分別約為475,077,000港元(二零一八年：209,888,000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：

* 計入其他應付款及應計費用之銀行貸款及其他借貸。

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綜合財務報表附註

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

42. RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued) 42. 風險管理目標及政策 (續)

(c) Liquidity risk (Continued)

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 | 1-3 months 一個月至 三個月 | 3 months to 1 year 三個月至 一年 | Over 1 years 超過一年 | 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 |
| 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 | - | 188,649 | - | - | 38,204 | 226,853 |
| Bank loans and other borrowings* | 銀行貸款及其他借貸* | 15 | 393,687 | - | 516,837 | 437,396 | 1,347,920 |
| Corporate bond | 企業債券 | 10 | - | - | 275,000 | - | 275,000 |
| | | | 717,649 | - | 791,837 | 475,600 | 1,985,086 |

* The banks loans and other borrowings interests included in other payables and accruals.

(c) 流動資金風險 (續)

二零一八年

* 計入其他應付款和應計費用的銀行貸款和其他借款利息。

(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.

(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。

43. 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.

43. 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 2019 截至二零一九年十二月三十一日止年度

43. 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 2019 and 2018 was as follows:

43. 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。

本集團於二零一九年及二零一八年十二月三十一日之資本負債比率如下：

| | | 2019 二零一九年 HK\$'000 千港元 | 2018 二零一八年 HK\$'000 千港元 |
|---------------------------------|------------|----------------------------------|----------------------------------|
| Debts | 負債 | 2,223,257 | 2,109,209 |
| Less: Cash and cash equivalents | 減：現金及現金等價物 | (18,446) | (121,478) |
| Net debts | 負債淨額 | 2,204,811 | 1,987,731 |
| Equity | 權益 | 2,663,805 | 3,895,305 |
| Gearing ratio | 資產負債比率 | 84.04% | 51.03% |

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

44. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY 44. 本公司財務狀況及儲備表

| | | 31 December 2019 二零一九年 十二月三十一日 HK\$'000 千港元 | 31 December 2018 二零一八年 十二月三十一日 HK\$'000 千港元 |
|---|---------------|--|--|
| ASSETS | 資產 | | |
| Non-Current Assets | 非流動資產 | | |
| Interests in subsidiaries | 於附屬公司之權益 | 893,300 | 1,105,514 |
| Property, plant and equipment | 物業、廠房及設備 | 1,257 | 2,457 |
| Right-of-use assets | 使用權資產 | 2,611 | - |
| Long-term receivables | 長期應收款項 | 199,875 | - |
| | | 1,097,043 | 1,107,971 |
| Current Assets | 流動資產 | | |
| Current portion of long-term receivables | 長期應收款項流動部份 | 158,288 | - |
| Prepayments, deposits and other receivables | 預付款項、按金及其他應收款 | 1,280 | 1,806 |
| Cash and cash equivalents | 現金及現金等價物 | 45 | 27,691 |
| | | 159,613 | 29,497 |
| Total Assets | 資產總值 | 1,256,656 | 1,137,468 |
| CAPITAL AND RESERVES | 資本及儲備 | | |
| Share capital | 股本 | 343,926 | 343,926 |
| Reserves | 儲備 | (123,267) | (22,667) |
| Total Equity | 權益總額 | 220,659 | 321,259 |
| LIABILITIES | 負債 | | |
| Non-current liabilities | 非流動負債 | | |
| Banks loans and other borrowings | 銀行貸款及其他借款 | 349,704 | 287,049 |
| | | 349,704 | 287,049 |

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

44. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (Continued) 44. 本公司財務狀況及儲備表(續)

| | | 31 December 2019 二零一九年 十二月三十一日 HK\$'000 千港元 | 31 December 2018 二零一八年 十二月三十一日 HK\$'000 千港元 |
|--|------------------|--|--|
| Current Liabilities | 流動負債 | | |
| Corporate bonds | 企業債券 | 301,299 | 275,000 |
| Other payables and accruals | 其他應付款及應計費用 | 16,604 | 36,028 |
| Bank loans and other borrowings | 銀行貸款及其他借貸 | 365,392 | 218,132 |
| Lease liabilities | 租賃負債 | 2,998 | - |
| | | 686,293 | 529,160 |
| Total Liabilities | 負債總額 | 1,035,997 | 816,209 |
| Total Equity and Liabilities | 權益及負債總額 | 1,256,656 | 1,137,468 |
| Net Current Liabilities | 流動負債淨額 | (526,680) | (499,663) |
| Total Assets less Current Liabilities | 資產總值減流動負債 | 570,363 | 608,308 |
| Net Assets | 資產淨值 | 220,659 | 321,259 |

The financial statements of the Company were approved and authorised for issue by the Board of Directors on 26 June 2020 and signed on its behalf by:

本公司財務報表經董事會於二零二零年六月二十六日批准及授權刊發，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

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For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

44. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (Continued) 44. 本公司財務狀況及儲備表 (續)

| | | Share capital | Share premium | Contributed surplus | Capital redemption reserve | Share option | Convertible note reserve | Accumulated losses | Total |
|--|-------------------------|---------------|---------------|---------------------|----------------------------|--------------|--------------------------|--------------------|-----------|
| | | 股本 | 股份溢價 | 實繳盈餘 | 資本贖回儲備 | 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 2018 | 於二零一八年一月一日 | 343,926 | 3,761,932 | 115,615 | 995 | - | 8,902 | (3,399,799) | 831,571 |
| Loss for the year | 本年度虧損 | - | - | - | - | - | - | (516,195) | (516,195) |
| Recognition of equity component of convertible notes | 確認可換股票據權益部分 | - | - | - | - | - | (8,902) | 8,902 | - |
| Issuance of share option | 發行購股權 | - | - | - | - | 5,883 | - | - | 5,883 |
| Lapse of share option | 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 | 115,615 | 995 | - | - | (3,901,209) | 321,259 |
| Impact on initial application of HKFRS 16 | 首次應用香港財務報告準則第16號之影響 | - | - | - | - | - | - | (415) | (415) |
| At 31 December 2018 and at 1 January 2019 | 於二零一八年十二月三十一日及二零一九年一月一日 | 343,926 | 3,761,932 | 115,615 | 995 | - | - | (3,901,624) | 320,844 |
| Loss for the year | 本年度虧損 | - | - | - | - | - | - | (100,185) | (100,185) |
| At 31 December 2019 | 於二零一九年十二月三十一日 | 343,926 | 3,761,932 | 115,615 | 995 | - | - | (4,001,809) | 220,659 |

45. PRINCIPALS SUBSIDIARIES

Particulars of the principal subsidiaries of the Company are as follows:

| Name of subsidiary 附屬公司名稱 | Place of incorporation/ establishment 註冊成立/成立地 | 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 |

45. 主要附屬公司

本公司主要附屬公司之詳情如下：

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For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

45. PRINCIPALS SUBSIDIARIES (Continued)

45. 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 | |
| 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 |
| 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") 洛南縣大秦鉀礦有限公司(「大秦鉀礦」) | PRC 中國 | Registered capital RMB100,000,000 註冊資本人民幣100,000,000元 | - | 60% | Exploration and exploitation of potassium feldspar mine, and sale of potassium feldspar 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") 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」) | PRC 中國 | Registered capital RMB200,000,000 註冊資本人民幣200,000,000元 | - | 51% | Research and development, sales of chemical products 研究、開發及銷售化學產品 |

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。

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46. 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 2019:

46. 重大非控股權益

於二零一九年十二月三十一日，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：

| 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 | |
|------------------------------|---------------------------------|--|---------------|---|-----------------|---|-----------------|
| | | 2019 二零一九年 | 2018 二零一八年 | 2019 二零一九年 | 2018 二零一八年 | 2019 二零一九年 | 2018 二零一八年 |
| | | | | HK\$'000 千港元 | HK\$'000 千港元 | HK\$'000 千港元 | HK\$'000 千港元 |
| Jiulong Kuangye 九龍礦業 | PRC 中國 | 35% | 35% | 4,568 | 7,679 | 93,401 | 88,833 |
| Da Qin Jia Mining 大秦鉀礦 | PRC 中國 | 40% | 40% | (366,862) | (16,581) | 1,025,753 | 1,392,615 |
| Anhui Tongxin 安徽同心 | PRC 中國 | 49% | 49% | (107,685) | (77,507) | (170,816) | (63,131) |
| | | | | (469,979) | (86,409) | 948,338 | 1,418,317 |

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 2019.

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二零一九年十二月三十一日集團內部對銷前之金額。

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For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

46. 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 2019

| | | 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 | 1,274,647 | 109,958 | 245,760 | 1,630,365 |
| Current assets | 流動資產 | 119,553 | 133,787 | 86,344 | 339,684 |
| Total assets | 總資產 | 1,394,200 | 243,745 | 332,104 | 1,970,049 |
| Non-current liabilities | 非流動負債 | (236,015) | - | (167,154) | (403,169) |
| Current liabilities | 流動負債 | (919,382) | (294,672) | (491,247) | (1,705,301) |
| Total liabilities | 總負債 | (1,155,397) | (294,672) | (658,401) | (2,108,470) |
| Equity | 權益 | 238,803 | (50,927) | (326,297) | (138,421) |

46. 重大非控股權益(續)

九龍礦業、大秦鉀礦及安徽同心於二零一九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 2019

| | | 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 | 267,633 | - | 571,567 | 839,200 |
| Loss before income tax | 除所得稅前虧損 | (11) | (21,032) | (219,765) | (240,808) |
| Taxation | 稅項 | 13,362 | - | - | 13,362 |
| Profit/(loss) for the year | 本年度溢利/(虧損) | 13,351 | (21,032) | (219,765) | (227,446) |
| Profit/(loss) attributable to Non-controlling interests | 非控股權益應佔溢利/(虧損) | 4,673 | (8,423) | (107,685) | (111,435) |

九龍礦業、大秦鉀礦及安徽同心於截至二零一九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

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For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

46. 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 2019

46. 重大非控股權益(續)

九龍礦業、大秦鉀礦及安徽同心於截至二零一九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 | (2,245) | (5,133) | 145,890 | 138,512 |
| Net cash used in investing activities | 投資活動所用現金淨額 | (12,270) | (90) | (58,225) | (70,585) |
| Net cash generated from/(used in) financing activities | 融資活動所得/(所用)現金淨額 | 5,605 | - | (96,713) | (91,108) |
| Net decrease in cash and cash equivalent | 現金及現金等價物減少淨額 | (8,910) | (5,223) | (9,048) | (23,181) |
| Cash and bank balances at beginning of the year | 年初現金及銀行結餘 | 8,496 | 325 | 2,895 | 11,716 |
| Effect of foreign exchange rate changes, net | 外幣匯率變動的影響，淨額 | 14,522 | 5,180 | 6,982 | 26,684 |
| Cash and bank balances at end of the year | 年末之現金及銀行結餘 | 14,108 | 282 | 829 | 15,219 |

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 2019.

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二零一九年十二月三十一日集團內部對銷前之金額。

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46. 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 |

46. 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

| | | 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) |

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

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46. 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

46. 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 generated from/(used in) investing activities | 投資活動所得/(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 |

47. CAPITAL COMMITMENTS

47. 資本承擔

| | | 2019 二零一九年 HK\$'000 千港元 | 2018 二零一八年 HK\$'000 千港元 |
|---|------------------------------------|----------------------------------|----------------------------------|
| Capital expenditure in respect of the acquisition of property, plant and Equipment contracted for but not provided in the consolidated financial statements | 已訂約但未於財務報表內撥備的與收購位於物業、廠房及設備有關的資本支出 | 10,583 | - |

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48. LITIGATION

The Winding Up Petition in Hong Kong

On 27 May 2019, the Company received a winding up petition dated 27 May 2019 filed in the Court of First Instance of the High Court of Hong Kong (the “Hong Kong Court”) by Natu Investment Management 1 Company Limited as petitioner (the “Petitioner”) against the Company for failure to settle an indebted sum of HK\$170,492,494.31 (the “Hong Kong Petition”).

The Company engaged in negotiations with the Petitioner, with the view of reaching a settlement in respect of the Hong Kong Petition and the Bermuda Petition (as defined below).

On 7 June 2020, the Company entered into the Settlement Agreement (as defined below) with the Petitioner for an out-of-court settlement of the Petition in Hong Kong. According to the Settlement Agreement, the Company and the Petitioner applied to the Hong Kong Court, among other things, to dismiss the Hong Kong Petition and ask for no order as to costs of the Hong Kong Petition by a consent summons dated 12 June 2020.

On 22 June 2020, the Honourable Mr. Justice Harris pronounced the order, among other things, to dismiss the Hong Kong Petition and to make no order as to costs of the Hong Kong Petition.

Please refer to the announcements of the Company dated 16 June 2020 and 22 June 2020 in relation to the dismissal of the Hong Kong Petition for further details.

Appointment of the Joint Provisional Liquidators and the Winding-Up Hearing In Bermuda

To facilitate the Company’s financial restructuring, on 28 October 2019 (Bermuda time), a winding up petition together with an application for the appointment (the “JPL Application”) of TANG Chung Wah and KAN Lap Kee of Shinewing Specialist Advisory Services Limited and Edward Alexander Niles Whittaker of R&H Services Limited be appointed as joint and several provisional liquidators of the Company on a light touch basis for restructuring purposes only was presented and filed with the Supreme Court of Bermuda (the “Bermuda Court”) by the Company’s Bermuda Counsel, Walkers (Bermuda) Limited at the request of the Company.

48. 訴訟

於香港的清盤呈請

於二零一九年五月二十七日，本公司收到 Natu Investment Management 1 Company Limited 作為呈請人（「呈請人」）對本公司未能結清債項合共 170,492,494.31 港元而於香港高等法院（「香港法院」）原訟法庭向本公司發出日期為二零一九年五月二十七日的清盤呈請（「香港呈請」）。

本公司與呈請人進行磋商，為了就香港呈請和百慕達呈請達成和解（定義見下文）。

於二零二零年六月七日，本公司已與呈請人就香港呈請達成了庭外和解協議（定義見下文）。根據和解協議，本公司與呈請人作出日期為二零二零年六月十二日同意傳票向香港法院申請（其中包括）撤銷香港呈請及不要求就香港呈請的訴訟費。

於二零二零年六月二十二日，夏利士法官宣佈命令（其中包括）撤回香港呈請，且不就香港呈請的訴訟費作出命令。

有關撤銷香港呈請詳情披露於本公司日期為二零二零年六月十六日及二零二零年六月二十六日的公告。

委任聯席臨時清盤人及於百慕達的清盤聆訊

為促進本公司的財務重組，於二零一九年十月二十八日（百慕達時間），應本公司要求，本公司的百慕達律師 Walkers (Bermuda) Limited 向百慕達最高法院（「百慕達法院」）送呈及提交清盤呈請，連同在非強制基礎上僅就重組委任信永中和諮詢專項服務有限公司的鄧忠華及簡立祈以及 R & H Services Limited 的 Edward Alexander Niles Whittaker 為本公司的聯席及各別臨時清盤人的申請（「聯席臨時清盤人申請」）。

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48. LITIGATION (Continued)

Appointment of the Joint Provisional Liquidators and the Winding-Up Hearing In Bermuda (Continued)

The JPL Application was heard before the Bermuda Court on 1 November 2019. The Bermuda Court made the orders as sought by the Company under the JPL Application, inter alia, (i) HOU Chung Man and KAN Lap Kee of Shinewing Specialist Advisory Services Limited and Edward Alexander Niles Whittaker of R&H Services Limited be appointed as joint and several provisional liquidators of the Company (together “JPLs”) on a light touch approach for restructuring purpose (the “Bermuda Court Order”); and (ii) a letter of request (the “Letter of Request”) be issued by the Bermuda Court to the High Court of Hong Kong to request, among other things, recognition of the Bermuda Court Order and the appointment of the JPLs such that the Bermuda Court Order shall be treated in all respects in the same manner as if they have been made by the High Court of Hong Kong. On the same day, Justice Subair Williams issued the Letter of Request.

At the first hearing of the winding up petition before the Bermuda Court on 15 November 2019, Justice Subair Williams granted an adjournment of the petition to 31 January 2020 in order to allow time for the JPLs to prepare a report on the restructuring progress of the Company. The Bermuda Court on 31 January 2020 granted an adjournment of the winding up petition to 1 May 2020 in order to allow time for the restructuring to be completed by way of a creditors’ scheme of arrangement.

According to the Settlement Agreement (as defined below), the Bermuda legal representative of the Company had filed a summons to withdraw the winding up petition in the Bermuda Court on 10 June 2020 (Bermuda time). The Bermuda Court will list this application for hearing subject to its availability.

Execution of Settlement Agreement for the Winding up Petitions in The Bermuda and Hong Kong

As disclosed in the Company’s announcements dated 7 June 2020, the Company entered into a settlement agreement with the Petitioner for an out-of-court settlement of the Petition in Hong Kong (the “Settlement Agreement”).

The Company and the Petitioner agreed and confirmed that for the purposes of the Settlement Agreement the outstanding total balance is HK\$119,948,632.00 (the “Indebtedness”), being the principal of the Note in the amount of HK\$106,596,344.67 (the “Principal”) and interest in the sum of HK\$13,352,287.33 accrued in accordance with the amended interest rate.

48. 訴訟(續)

委任聯席臨時清盤人及於百慕達的清盤聆訊(續)

聯席臨時清盤人申請已於二零一九年十一月一日在百慕達法院進行聆訊。百慕達法院因應公司聯席臨時清盤人申請的要求下令，除了其他事項，(i)任命信永中和諮詢專項服務有限公司之侯頌雯及簡立祈，以及R&H Services Limited之Edward Alexander Niles Whittaker為本公司的聯席及各別臨時清盤人(統稱「聯席臨時清盤人」)，並採用輕觸方式作為重組目的(「百慕大法院命令」)；及(ii)百慕達法院向香港高等法院發出呈請函以(其中包括)根據百慕大法院命令追認聯席臨時清盤人之委任，以便百慕達法院法令於所有方面應視作按猶如香港高等法院作出之委任相同的方式作出。於同一天，Subair Williams法官發出了呈請函。

於二零一九年十一月十五日在百慕達法院清盤呈請首次聆訊，Subair Williams法官批准將呈請押後至二零二零年一月三十一日，以給予聯席臨時清盤人時間編制有關本公司重組進度的報告。百慕達法院於二零二零年一月三十一日批准將清盤呈請押後至二零二零年五月一日，以給予時間通過債權人的債務償還安排的方式完成重組。

根據和解協議(定義見下文)，本公司的百慕達法律代表已於二零二零年六月十日(百慕達時間)向百慕達法院提交傳票以撤回清盤呈請。百慕達法院將視情況而定將該申請列入聆訊。

簽署有關在百慕達和香港的清盤呈請和解協議

誠如本公司日期為二零二零年六月七日之公佈，本公司與呈請人已訂立和解協議，以在香港達成了庭外和解(「和解協議」)。

就和解協議而言，本公司及呈請人同意及確認未償還之餘額合共為119,948,632.00港元(「債務」)，即票據的本金106,596,344.67港元(「本金」)以及根據下文所述經修訂利率計算為13,352,287.33港元的應計利息總和。

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48. LITIGATION (Continued)

Execution of Settlement Agreement for the Winding up Petitions in The Bermuda and Hong Kong (Continued)

According to the Settlement Agreement, the Company agreed to repay to the Petitioner the Indebtedness in the manner as set out in the Settlement Agreement in full and final settlement, satisfaction and discharge of its claim (inclusive of the Petitioner's legal costs in the Hong Kong Petition and in the Bermuda Petition) against the Company in the Hong Kong Petition.

The Company and the Petitioner are in the process of arranging their legal representatives to endorse by way of the Consent Summons in the agreed form to (1) dismiss the Petition; (2) to vacate the hearing for the Petition returnable on 17 June 2020 at 10:00 a.m. before the Honourable Mr. Justice Harris with one day reserved; and (3) to ask for no order as to costs of the Petition, including costs of the Consent Summons.

Please refer to the announcement of the Company dated 7 June 2020 in relation to the execution of the Settlement Agreement for the winding up petitions in the Bermuda and Hong Kong for further details.

Save as disclosed above, neither the Company nor any of its subsidiaries was engaged in any litigation or arbitration of material importance, and so far as the Directors were aware, no litigation or claim of material importance was pending or threatened against the Company or any of its subsidiaries.

49. EVENTS AFTER REPORTING PERIOD

Subscription of shares

Pursuant to the Company announcement dated on 7 June 2020, the Company entered into the subscription agreement with the subscriber in relation to the subscription of shares. Pursuant to the subscription agreement, the Company has conditionally agreed to allot and issue 1,875,000,000 shares to the subscriber at the subscription price of HK\$0.016 per shares. The above subscription completion date needs to fulfill the conditions precedent of the subscription under the announcement dated 8 June 2020. The net proceeds from the subscription amounted to approximately HK\$29,980,000.

48. 訴訟(續)

簽署有關在百慕達和香港的清盤呈請和解協議(續)

根據和解協議，本公司同意向呈請人根據和解協議中所載方式悉數償還債務以最終達成和解、滿足及解除呈請人對本公司於香港呈請中的索償(包括呈請人在香港呈請及百慕達呈請中的法律費用)。

本公司及呈請人正在安排彼等的法律代表以同意協議書形式背書同意傳票，以(1)撤銷呈請；(2)撤回將於二零二零年六月十七日上午十時正在夏利士法官席前有關呈請的一天聆訊；及(3)不要求就呈請的訴訟費，包括同意傳票的費用。

有關進一步詳情，請參閱本公司日期為二零二零年六月七日的公告，內容有關簽署在百慕達和香港的清盤呈請和解協議。

除上述披露者外，本公司或其任何附屬公司概無涉及任何重大訴訟或仲裁，且據董事所知，本公司或其任何附屬公司概無任何未決或面臨威脅之重大訴訟或索償。

49. 報告期後事項

認購股份

根據本公司日期為二零二零年六月七日之公佈，本公司與認購人就認購股份訂立認購協議。根據認購協議，本公司已有條件同意配發及發行1,875,000,000股股份予認購人，認購價為每股股份0.016港元。上述認購事項完成日期須待日期為二零二零年六月八日之公佈下認購事項的先決條件獲達成。認購事項之所得款項淨額約為29,980,000港元。

Notes to Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2019 截至二零一九年十二月三十一日止年度

49. EVENTS AFTER REPORTING PERIOD (Continued)

The Winding Up Petition in Hong Kong

On 27 May 2019, the Company received a winding up petition dated 27 May 2019 filed in the Court of First Instance of the High Court of Hong Kong (the "Hong Kong Court") by Natu Investment Management 1 Company Limited as petitioner (the "Petitioner") against the Company for failure to settle an indebted sum of HK\$170,492,494.31 (the "Hong Kong Petition").

The Company engaged in negotiations with the Petitioner, with the view of reaching a settlement in respect of the Hong Kong Petition and the Bermuda Petition.

On 7 June 2020, the Company entered into the Settlement Agreement (as defined below) with the Petitioner for an out-of-court settlement of the Petition in Hong Kong. According to the Settlement Agreement, the Company and the Petitioner applied to the Hong Kong Court, among other things, to dismiss the Hong Kong Petition and ask for no order as to costs of the Hong Kong Petition by a consent summons dated 12 June 2020.

On 22 June 2020, the Honourable Mr. Justice Harris pronounced the order, among other things, to dismiss the Hong Kong Petition and to make no order as to costs of the Hong Kong Petition.

Please refer to the announcements of the Company dated 16 June 2020 and 22 June 2020

The assessment of the impact of the Coronavirus Disease 2019

Since January 2020, the outbreak of Novel Coronavirus ("COVID-19") has impact on the global business environment. Pending the development and spread of COVID-19 subsequent to the date of the consolidated financial statements, further changes in economic conditions for the Group arising thereof may have impact on the financial results of the Group, the extent of which could not be estimated as at the date of authorisation of the consolidated financial statements. The Group will keep continuous attention on the situation of the COVID-19 and react actively to its impact on the financial position and operating results of the Group.

50. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the board of directors on 26 June 2020.

49. 報告期後事項(續)

於香港的清盤呈請

於二零一九年五月二十七日，本公司收到 Natu Investment Management 1 Company Limited 作為呈請人（「呈請人」）對本公司未能結清債項合共170,492,494.31港元而於香港高等法院（「香港法院」）原訟法庭向本公司發出日期為二零一九年五月二十七日的清盤呈請（「香港呈請」）。

本公司與呈請人進行磋商，為了就香港呈請和百慕達呈請達成和解。

於二零二零年六月七日，本公司已與呈請人就香港呈請達成了庭外和解協議（定義見下文）。根據和解協議，本公司與呈請人作出日期為二零二零年六月十二日同意傳票向香港法院申請（其中包括）撤銷香港呈請及不要求就香港呈請的訴訟費。

於二零二零年六月二十二日，夏利士法官宣佈命令（其中包括）撤回香港呈請，且不就香港呈請的訴訟費作出命令。

有關撤銷香港呈請詳情披露於本公司日期為二零二零年六月十六日及二零二零年六月二十六日的公告。

對新型冠狀病毒肺炎影響的評估

自二零二零年一月起，新型冠狀病毒（「COVID-19」）爆發對全球營商環境構成影響。鑒於COVID-19於本綜合財務報表日期後的發展及散播，本集團所面對經濟狀況由此引致的進一步變動可能對本集團的財務業績構成影響，於本綜合財務報表獲授權日期無法估計有關影響的程度。本集團將繼續留意 COVID-19 的疫情發展，亦積極應對有關情況對本集團財務狀況及經營業績的影響。

50. 批准綜合財務報表

綜合財務報表於二零二零年六月二十六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 | | | | |
|--|----------------|--|-----------|-----------|-----------|-----------|
| | | 2019 | 2018 | 2017 | 2016 | 2015 |
| | | 二零一九年 | 二零一八年 | 二零一七年 | 二零一六年 | 二零一五年 |
| | | 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 |
| | | (Re-presented) (經重列) | | | | |
| Continuing operations | 持續經營業務 | | | | | |
| Revenue | 收益 | 846,587 | 953,382 | 468,601 | 256,004 | 245,969 |
| Loss from operations | 經營虧損 | (873,125) | (173,064) | (73,157) | (330,193) | (818,703) |
| Finance costs | 融資成本 | (284,571) | (276,722) | (121,366) | (39,724) | (16,949) |
| Loss before tax | 除所得稅前虧損 | (1,157,696) | (449,786) | (194,523) | (369,917) | (835,652) |
| Taxation | 稅項 | 13,360 | 13,093 | 13,317 | 9,521 | 125,690 |
| Loss for the year from continuing operations | 本年度持續經營業務虧損 | (1,144,336) | (436,693) | (181,206) | (360,396) | (709,962) |
| Discontinued operations | 已終止經營業務 | | | | | |
| Loss for the year from discontinued operations | 本年度已終止經營業務虧損 | (72,237) | (134,086) | - | - | - |
| Loss for the year | 本年度虧損 | (1,216,573) | (570,779) | (181,206) | (360,396) | (709,962) |

Summary of Financial Information

財務資料概要

ASSETS AND LIABILITIES

資產及負債

| | | As at 31 December 於十二月三十一日 | | | | |
|---------------------------|--------|-------------------------------|-------------|-------------|-------------|-----------|
| | | 2019 | 2018 | 2017 | 2016 | 2015 |
| | | 二零一九年 | 二零一八年 | 二零一七年 | 二零一六年 | 二零一五年 |
| | | 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 |
| Total Assets | 資產總值 | 5,160,877 | 6,374,330 | 6,537,018 | 4,678,456 | 4,462,382 |
| Total Liabilities | 負債總額 | (2,497,072) | (2,479,025) | (1,929,976) | (1,252,226) | (787,152) |
| | | 2,663,805 | 3,895,305 | 4,607,042 | 3,426,230 | 3,675,230 |
| Equity attributable to: | 應佔權益： | | | | | |
| Owners of the Company | 本公司擁有人 | 1,754,125 | 2,497,615 | 3,102,316 | 3,339,284 | 3,540,704 |
| Non-controlling interests | 非控股權益 | 909,680 | 1,397,690 | 1,504,726 | 86,946 | 134,526 |
| | | 2,663,805 | 3,895,305 | 4,607,042 | 3,426,230 | 3,675,230 |



NORTH MINING SHARES COMPANY LIMITED

北方礦業股份有限公司