齐合环保
CHIHO

CHIHO ENVIRONMENTAL GROUP LIMITED
齊合環保集團有限公司

(incorporated in the Cayman Islands with limited liability)
(於開曼群島註冊成立的有限公司)
Stock Code 股份代號: 976

ANNUAL REPORT
2019 年報

VISION 願景

Making an impactful contribution to build a sustainable and environmentally friendly world.

為可持續發展積極貢獻，共建環境友善的世界。

MISSION 使命

To be a global market leader in resources recycling and environmental protection, earning a quality return to shareholders through the provision of quality products and services, by a group of motivated and diversified staff force.

我們高效多樣的團隊通過提供優質產品及服務，致力成為全球再生資源及環保行業的市場領導者，並為股東獲取理想回報。

CULTURE 文化

We are committed to building a long-term and win-win partnership with our customers including suppliers.

我們重視與客戶包括供應商建立長期合作關係並共同成長。

We provide a safe workplace and career development opportunities for our employees.

我們重視為員工提供安全的工作環境和發展事業的機遇。

We are devoted to achieving a quality, stable and continuous return for our shareholders.

我們重視為股東取得合理、穩定和持久的回報。

We meet our corporate social responsibility, making continuous contributions to social well-being and environmental protection.

我們重視企業社會責任，為社區福祉及環境保護不斷作出貢獻。

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A Snapshot of CEG in 2019
二零一九年齊合環保業務速覽

ABOUT CEG
關於齊合環保

We are one of the largest metal recyclers globally, and the only listed metal recycling corporation with major operation bases across three continents (Asia, Europe and North America) in the world.

我們是全球最大的金屬回收商之一，亦是全球唯一一家主要營運基地遍佈亞、歐及北美三大洲的上市再生金屬企業。

HONG KONG
香港

- Group headquarters
  集團總部
- One of the few operators in Hong Kong that recycles material within a closed-loop system
  香港為數不多、能於一個閉環式供應鏈中回收並利用物料的運營商之一
- The first private company to obtain the Licence to Dispose of Waste in Hong Kong for waste electrical and electronic equipment processing
  香港第一間私營企業獲得廢物處置牌照以處理廢電器電子產品
- Largest privately owned and most diversified and comprehensive e-waste recycling centre in Hong Kong
  香港最具規模且最多元全面的私營電子廢物回收中心

MAINLAND CHINA
中國內地

Taizhou production site
台州生產基地

- Engaged in aluminium ingot and copper rod foundry business
  從事鋁錠及銅棒鑄造業務
- A major metal importer and domestic metal trader
  主要金屬進口商及國內金屬貿易商

Yantai production sites
煙台生產基地

- Metal recycling operation: mainly engaged in domestic metal trading
  金屬回收業務：主要從事金屬貿易
- Waste-lubricant oil recycling operation: purification, distillation and addition of lubricant additives to produce lubricant base oil for lubricant oil production plants
  廢油回收業務：淨化、蒸餾和添加潤滑油添加劑，以為潤滑油生產廠生產潤滑油基礎油料

GERMANY
德國

- Operates 80 yards, including joint ventures, covering South-West, Central and Eastern Germany
  營運80個工場（包括合營企業），覆蓋德國西南部、中部及東部
- Strongest region of operation in Scholz Group
  順爾茨集團內最強的經營地區
- Covering full scope of collection, sorting and processing with all types of equipment including the most advanced post-shredder material recovery technology
  設備齊全（包括最先進的碎後物料回收技術），涵蓋全面的收集、分類及處理服務

Technical Equipment, excluding joint ventures
技術設備（不包括合營企業）

Shredder 粉碎機：**5**
Shears 剪切機：**>15**
Employees 僱員：**>1,400**

A Snapshot of CEG in 2019
二零一九年齊合環保業務速覽

USA
美國

- 7 yards, including joint ventures, in operation
  營運7個工場（包括合營企業）
- 100% subsidiary and joint venture in Buffalo and Rochester
  於水牛城及羅切斯特之全資子公司及合營企業
- Business model includes brokerage and yard business (including feeder yards)
  業務模式包括貿易及工場業務（包括供料場）
- Supplier base with robust market position in selected areas
  供應商在選定地區的市場地位牢固

Technical Equipment 技術設備

Shredder 粉碎機：**3**
Shears 剪切機：**1**
Employees 僱員：**>240**

POLAND
波蘭

- Operates 5 yards covering central and southern Poland, the most industrialised and scrap rich areas
  營運5個工場，覆蓋波蘭工業化程度最高且廢棄物最多的中部及南部
- Operations covering full scope of collection, sorting and processing with all types of equipment
  設備齊全，營運範圍涵蓋全面的收集、分類及處理服務

Technical Equipment 技術設備

Shears 剪切機：**2**
Employees 僱員：**>130**

AUSTRIA
奧地利

- Operates 16 yards
  營運16個工場
- Market leader for ferrous scrap trading in Austria
  奧地利黑色再生金屬買賣的市場領軍者
- Joint venture with steel mill Voestalpine Group
  與軋鋼廠奧鋼聯集團成立合營企業
- Sourcing subsidiary in Hungary
  位於匈牙利的採購子公司
- Strong track record in project business (e.g. power plant dismantling)
  項目業務（例如發電廠拆解）表現出眾

Technical Equipment 技術設備

Shredder 粉碎機：**2**
Shears 剪切機：**5**
Employees 僱員：**>300**

CZECH REPUBLIC
捷克共和國

- 61 yards mainly situated in northern Bohemia and Prague area
  營運主要位於波希米亞北部及布拉格地區的61個工場
- 100% subsidiary
  全資子公司
- Joint venture with steel mill Voestalpine Group
  與軋鋼廠奧鋼聯集團成立合營企業
- A very strong market share in ferrous market (covering both old scrap and new scrap market)
  於黑色金屬市場（涵蓋舊廢料及新廢料市場）所佔市場份額獨佔鰲頭
- Business model is comparable with Germany with a dense yard network including a large number of feeder yards and several processing yards
  與德國相媲美的業務模式，所持工場分佈密集，包括多個供料場及多個加工場

Technical Equipment 技術設備

Shredder 粉碎機：**2**
Shears 剪切機：**6**
Employees 僱員：**>370**

SLOVENIA
斯洛維尼亞

- Operates 18 yards
  營運18個工場
- 100% subsidiary
  全資子公司
- Strong non-ferrous operations
  有色金屬業務穩健
- Well equipped with yard network, transportation assets and processing capabilities to cover all suppliers (industry and old scrap)
  配備良好的工場網絡、運輸資產及加工能力以覆蓋全部供應商（工業廢料及舊廢料）
- Footprint for paper and plastic recycling
  涉足紙張及塑膠回收
- New Leimbach shear and plastic recycling/granulation in place since January 2020
  自二零二零年一月起設置新萊姆巴赫剪切機及塑膠回收／造粒機

Technical Equipment 技術設備

Shredder 粉碎機：**1**
Shears 剪切機：**3**
Employees 僱員：**>290**

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二零一九年齊合環保業務速覽

ROMANIA
羅馬尼亞

- 38 yards in operation
  營運38個工場
- Joint venture with two experienced local business partners
  與兩名當地經驗豐富的業務夥伴成立合營企業
- Covering the heavily populated and well industrialized areas in this country
  覆蓋該國人口稠密及高度工業化的地區
- Market attractive due to strong supply from industry as well as presence of old scrap
  工業廢料及舊廢料供應龐大，市場具吸引力
- Proximity to Turkey enables significant scrap exports
  鄰近土耳其，故可大量出口廢料
- High non-metals share of sales (including significant portion of wood, paper and plastics)
  非金屬（包括大量木材、紙張及塑膠）的銷售額佔比高

Technical Equipment 技術設備

Shredder 粉碎機：**2**
Shears 剪切機：**6**
Employees 僱員：**>600**

DENMARK
丹麥

- 4 yards in operation
  營運4個工場
- 100% subsidiary
  全資子公司
- Business model with feeder and production yards
  設有供料場及生產工場的業務模式
- New headquarter at deep sea harbor yard in Fredericia in fourth quarter of 2019
  於二零一九年第四季度在弗雷德里西亞深海港口工場設立新總部
- Potential in non-metals
  具發展非金屬業務的潛力
- Efficient production
  高效生產

Technical Equipment 技術設備

Shears 剪切機：**2**
Employees 僱員：**>35**

A Snapshot of CEG in 2019
二零一九年齊合環保業務速覽

MEXICO
墨西哥

Technical Equipment 技術設備

Shredder 粉碎機：**2**
Shears 剪切機：**2**
Employees 僱員：**>300**

- Owns 15 yards
  擁有15個工場
- 50% joint venture with a local co-shareholder
  與一名當地共同股東成立擁有50%權益的合營企業
- Strong presence in northern part of Mexico, with strong industrial supplier base
  於墨西哥北部的市場佔有率強勁，搭配穩健的工業供應商
- Strong supply from industrial accounts made operations more robust than peers in North-America
  來自眾多工業客戶的供應令業務營運表現較北美洲一般同業更加強勁

MALAYSIA
馬來西亞

- Joint venture with Heng Hup Group
  與興合集團成立合營企業
- Engaged in the dismantling of scrap motors and other mixed scrap metal
  從事廢舊電機及其他廢舊混合金屬的拆解

INDIA
印度

- Joint venture with Century Metal Recycling Group ("CMR")
  與Century Metal Recycling Group（「CMR」）成立合營企業
- Engaged in the dismantling of scrap motors and other mixed scrap metal
  從事廢舊電機及其他廢舊混合金屬的拆解

THAILAND
泰國

- Joint venture with Hidaka Yookoo Enterprises Co. Limited and Suzuki Shokai Co. Limited
  與Hidaka Yookoo Enterprises Co. Limited及Suzuki Shokai Co. Limited成立合營企業
- To engage in the dismantling of scrap motors and other mixed scrap metal
  從事廢舊電機及其他廢舊混合金屬的拆解
- To commence operation in 2020
  將於二零二零年投入營運

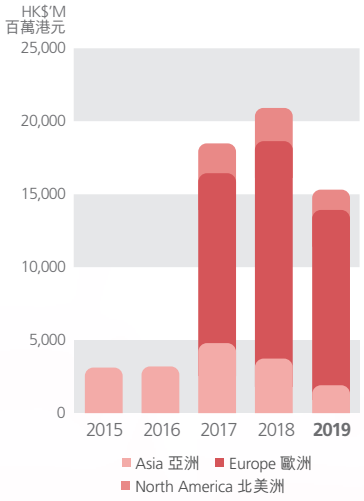
Financial Highlights
財務摘要

		For the year ended 31 December 截至十二月三十一日止年度		
		2019 二零一九年	2018 二零一八年	Increase/ (Decrease) 增加／（減少）
Operating results (HK$M)	經營業績（百萬港元）			
Segment revenue	分部收益			
Asia	亞洲	**2,015.4**	3,751.4	(46.3%)
Europe	歐洲	**12,166.8**	15,166.5	(19.8%)
North America	北美洲	**1,410.9**	2,386.7	(40.9%)
Inter-segment sales	分部間銷售	**(229.7)**	(391.8)	(41.4%)
Revenue	收益	**15,363.4**	20,912.8	(26.5%)
Gross profit	毛利	**877.9**	1,684.1	(47.9%)
Segment (loss)/profit	分部（虧損）／溢利			
Asia	亞洲	**(172.3)**	275.2	(162.6%)
Europe	歐洲	**379.7**	443.5	(14.4%)
North America	北美洲	**(48.4)**	8.4	(676.2%)
Unallocated	未分配	**(45.9)**	118.4	(138.8%)
Profit before interest and tax (EBIT)	除利息及稅項前溢利	**113.1**	845.5	(86.6%)
Finance costs, net	財務成本淨額	**(212.6)**	(376.1)	(43.5%)
(Loss)/Profit before income tax	除所得稅前（虧損）／溢利	**(99.5)**	469.4	(121.2%)
Income tax expense	所得稅開支	**(34.3)**	(70.4)	(51.3%)
(Loss)/Profit for the year	年內（虧損）／溢利	**(133.8)**	399.0	(133.5%)
Financial position (HK$M)	財務狀況（百萬港元）			
Net cash generated from operating activities	經營活動所得現金淨額	**528.8**	317.3	66.7%
Cash and pledged bank deposits	現金及已抵押銀行存款	**976.5**	1,010.7	(3.4%)
Total assets	資產總值	**10,190.0**	11,387.5	(10.5%)
Equity attributable to shareholders of the Company	本公司股東應佔權益	**4,941.3**	5,175.3	(4.5%)
Per share data (HK$)	每股資料（港元）			
(Loss)/Earnings per share attributable to shareholders of the Company	本公司股東應佔每股（虧損）／盈利	**(0.08)**	0.25	(132.1%)
Shareholders' funds per share	每股股東資金	**3.08**	3.22	(4.3%)

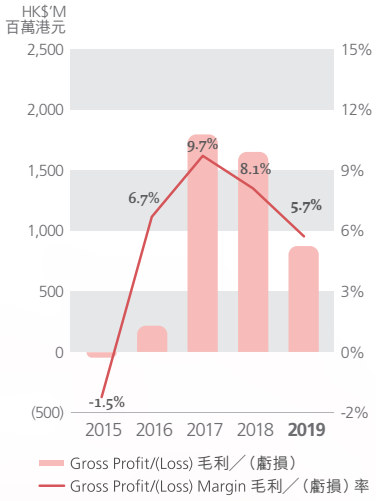
Financial Highlights
財務摘要

		For the year ended 31 December 截至十二月三十一日止年度		
		2019 二零一九年	2018 二零一八年	Increase/ (Decrease) 增加／（減少）
Key ratios (%)	主要財務比率(%)			
Gross profit margin	毛利率	**5.7**	8.1	(2.4)
Net profit margin[1]	淨溢利率[1]	**(0.8)**	1.9	(2.7)
EBIT/Revenue	除利息及稅項前溢利／收益	**0.7**	4.0	(3.3)
Return on shareholders' funds[2]	股東資金回報率[2]	**(2.6)**	7.8	(10.4)

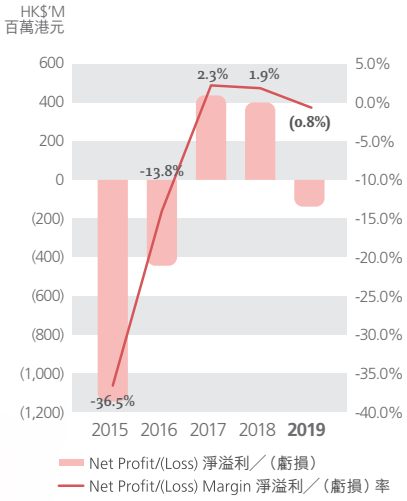
Revenue in Last 5 Years
過往五年收益



Gross Profit (Loss) and Gross Profit (Loss) Margin in Last 5 Years[3]
過往五年毛利（虧損）及毛利（虧損）率[3]



Net Profit (Loss) and Net Profit (Loss) Margin in Last 5 Years
過往五年淨溢利（虧損）及淨溢利（虧損）率



1 Net profit margin is calculated as profit attributable to shareholders of the Company as a percentage of revenue

2 Return on shareholders' fund is calculated based on the profit attributable to shareholders of the Company as a percentage of average shareholders' funds

3 These figures illustrate the impact after the adoption of HKFRS 15 Revenue and HKFRS 16 Lease for comparison purpose only.

1 淨溢利率是根據本公司股東應佔溢利佔收益的百分比計算

2 股東資金回報率是根據本公司股東應佔溢利佔平均股東資金的百分比計算

3 該等數字顯示採納香港財務報告準則第15號收益及香港財務報告準則第16號租賃後之影響，僅供比較之用。

Chairman's Statement
主席報告

2019 ANNUAL RESULTS

2019 has been a difficult year. The US-China trade dispute lasted for more than a year, leaving apparent impact on the domestic and foreign economies. The extent of influence was not limited to the two countries involved, and the global economy began to show signs of slowing down due to the uncertainties brought by the trade war. The US economy was seemingly thriving, but the growth was only driven by consumption and service industry. The US industrial activities showed a momentary sign of recovery at first when the US adjusted the tariffs upward, and temporarily supported the iron and steel industries in the US, but other industries such as automobile manufacturing that use steel, iron and aluminium as raw materials had to face the predicament of rising costs and squeezing profits. The increased tariffs had not eased the downturn of the traditional industries in the US, but instead showed signs of further fall in demand.

The European economy with Germany as its key driver also showed signs of slowdown. The EU region grew by only 0.1% in the fourth quarter of 2019, while the German economy grew 0.6% for the whole year in 2019, but was primarily driven by the service industry. The German economy has been growing for the past decade, but the growth rate began to slowdown and the export growth is on the downturn. In view of the impact from the trade war on the supply chain, many enterprises postponed their investment plans, and hence orders for machineries were affected. The German automotive industry is also facing transformation. As environmental protection is gaining more attention in Europe, the key players in the automotive industry need to introduce more models of new energy vehicles and to eliminate or rebuild existing production lines. This will have short-term impact on production and demand of scrap metal. Thankfully, the overall unemployment rate in Europe is currently at its lowest level in the past decade, especially in Germany where its current unemployment rate is at historical low. This provided support for demand in the domestic markets to a certain extent. The gradual introduction of new vehicle models in 2020 is also expected to increase sales volume.

二零一九年年度業績

二零一九年是艱難的一年。中美貿易戰持續一年有餘，對國內外經濟的影響也是顯而易見。其影響範圍也不僅僅局限於當事國，全球經濟因為貿易戰帶來的不確定性開始出現放緩的跡象。表面上，美國經濟一枝獨秀，但是這僅僅是消費和服務業帶動的增長。美國的工業在美國上調關稅初期的復甦現象如曇花一現，雖然短暫為美國鋼鐵產業提供了支持，但是以鋼鐵和鋁金屬材料為原料的產業，如汽車製造業卻需要面對成本上漲而利潤受到擠壓的困局。美國傳統工業的沒落並沒有因為增加的關稅而改善，反而出現了需求進一步下降的跡象。

以德國為經濟引擎的歐洲經濟也出現放緩跡象。歐盟區在二零一九年四季度僅增長了0.1%，而德國經濟於二零一九全年則增長0.6%，但是主要由服務業帶動。德國經濟已經是10年持續增長，但增長速度已出現放緩，出口增長也在下降。考慮到貿易戰對供應鏈的影響，很多企業已推遲了投資計劃，繼而影響了設備訂單。德國汽車行業也在面臨變革。隨著環保主題在歐洲越來越受到重視，汽車巨頭需要出台更多新能源汽車車型，並淘汰或改造現有生產線。這也短期影響了廢金屬生產和需求。值得慶幸的是歐洲整體而言的失業率目前是近十年低點，尤其是德國的失業率目前也是歷史低點。這為國內市場需求提供了一定支持。新車型在二零二零年逐漸出台也預料將提升銷量。

The slowdown in industrial activities also directly affected global demand for metals and has been indirectly reflected in the commodity prices. The sluggish industrial activities in Europe and in the US reduced the demand for metals, especially in the automotive industry. The monetary easing policies in Europe, however, provided certain support to the construction, infrastructure and real estate industries in Europe, thereby driving some demand.

工業活動的放緩亦直接影響了全球金屬需求，並間接反映在大宗商品的價格上。歐美工業的疲軟降低了金屬需求，尤其是汽車工業。但是歐洲的寬鬆貨幣政策卻為歐洲建築、基建和房地產行業提供了一定支持，從而帶動了部分需求。

In 2019, the Group's shredded motor line in the US commenced operation. This processing line collects and processes scrap motors in the East Coast and around the Great Lakes region in the US. In designing this processing line, the Group preserved its flexibility to the maximum extent, as not only can it shreds scrap motors, but it also processes scrap cables. The Group's FMA (fine-grained metal containing waste) processing line in Germany also has commenced commercial operation. This processing line mainly processes shredded wastes and waste circuit boards, and recycles the copper and precious metals therefrom. The FMA processing line further reduced the residual wastes which would have been landfilled or incinerated and enhanced the recovery rate of end-of-life vehicles ("ELV"). The processing technique in the FMA processing line was researched and developed internally over a two year time frame, upholding our leading position in the industry in terms of technological advancement.

二零一九年，集團在美國的廢舊電機破碎處理線投入生產。該處理線將收集處理美國東岸和五大湖區的廢舊電機。在設計處理線的時候，集團也考慮了最大程度的靈活性，除了處理廢舊電機，該處理線也可以處理廢舊電線。集團位於德國的FMA（fine-grained metal containing waste）處理線也投入商業生產。該處理線主要處理破碎後的細小廢料和廢電路板，並回收其中的銅和稀貴金屬。FMA處理線進一步降低了需要填埋或焚燒的殘餘廢料，並提高了報廢汽車的綜合資源回收率。FMA處理線的處理工藝由集團研發團隊自主研發，歷時兩年多建成。該處理線的投入讓集團在技術上繼續保持同業領先地位。

2019 was also a year of business transformation. Due to the changes under the Catalog for the Administration of the Import of Solid Wastes promulgated by the Chinese Government, the existing scrap metal dismantling business, such as imported scrap motors and cable scrap, operated by the Group's plant in Taizhou is gradually relocated to Southeast Asian countries and other countries in the "Belt and Road" initiative as set out in the Group's business strategy.

二零一九年也是產業轉移的一年。受中國政府調整《進口廢物管理目錄》影響，集團屬下的台州公司原有的進口廢電機、廢電線電纜等廢五金類拆解業務已根據集團的戰略安排逐步轉移到東南亞等一帶一路相關國家。

The joint venture between the Group and Heng Hup Group ("Heng Hup Group", a leading scrap ferrous metal trader in Malaysia) commenced production in the first half of 2019, primarily engaging in the dismantling of scrap motors and other mixed scrap metal. The scrap steel and scrap aluminum produced are mostly sold to the local markets in Malaysia. Majority of the steel mills in Malaysia uses scrap steel for production, and thus, the demand for scrap steel is relatively stable. Copper scrap from the Malaysian joint venture is mainly exported to China. The Malaysian joint venture is currently increasing its production.

集團與馬來西亞領先的黑色廢金屬貿易商興合集團（「Heng Hup Group」）合作成立的合資企業已經於二零一九年上半年開始生產，合資公司主要從事廢舊電機及其他廢舊混合金屬的拆解業務。生產的廢鋼和廢鋁主要銷往馬來西亞當地市場。馬來西亞的鋼鐵生產大多採用廢鋼，需求相對比較穩定。馬來西亞合資公司的廢銅則主要出口到中國市場。公司目前處於增加生產階段。

Another joint venture formed by the Group and Century Metal Recycling Group ("CMR", India's largest producer of aluminum and zinc die-casting alloys) also commenced production in November 2019. This joint venture is mainly engaged in the dismantling of scrap motors and other mixed scrap metal. The Indian market is enormous and the recycled metals currently produced is sold locally. As the ratio between electric furnaces and blast furnaces in India is higher than that in China, their dependence on iron ore is relatively lower than that of China, therefore, the Group has greater bargaining power as a scrap steel supplier. The Indian joint venture is currently ramping up its production.

集團與印度最大的鋁鋅壓鑄合金製造商Century Metal Recycling Group(「CMR」)合作成立的合資企業也於二零一九年十一月開始生產。合資公司主要從事廢舊電機及其他廢舊混合金屬的拆解業務。印度市場龐大，目前生產的再生金屬都在當地消化。另外，由於印度電爐對高爐比例要比中國高，因此對鐵礦石的依賴度相對比中國低，像集團這樣的廢鋼供應商則有較大議價權。公司目前處於增加生產階段。

A cooperation agreement was signed in November 2019 among the Group, Hidaka Yookoo Enterprises Co. Limited (the largest scrap steel and iron recycler in Thailand) and Suzuki Shokai Co. Limited (a leading resource recycling company in Japan and our long-term business partner) to establish a joint venture to set up a metal recycling business in Thailand in 2020, focusing on the dismantling of scrap motors. The project is currently under preparation.

集團與泰國的最大廢鋼鐵回收商日高洋行(「Hidaka Yookoo Enterprises Co. Limited」)及日本領先資源回收公司、齊合環保長期業務夥伴鈴木商會(「Suzuki Shokai Co. Limited」)於二零一九年十一月簽署合作協議，共同成立合資企業，計劃在二零二零年在泰國開始從事以電機拆解為主的金屬回收業務。目前項目在籌建階段。

2019 was the toughest year for the Taizhou plant since its establishment. Due to changes in the PRC national policies, the Taizhou plant transferred its primary business abroad and dismissed most of its long-time employees. Apart from Greater China, the Group also streamlined the organisational structure in Europe and North America as a response to the market changes and to optimise the cost structure. On behalf of the Group, I would like to thank everyone for their dedication and contributions over the years.

二零一九年是台州公司成立至今最為艱難的一年。由於國家政策改變原因，台州公司將原有的產業轉移國外，也裁撤了大部分原有人員。為了順應市場，除了在大中華區，集團也在歐洲和美洲調整人員結構以優化成本結構。在此本人代表集團對各位人員多年的努力和貢獻表示感謝。

The remaining staff at Taizhou plant, other than those in the production of copper rod and recycled aluminum ingots, will mainly support the development of the Southeast Asia operations and the domestic scrap metal collection in China. The Shuyang Division under the Taizhou plant will mainly engage in the dismantling of local scrap motors in China.

剩餘的台州公司人員除了黃銅棒生產和再生鋁錠生產業務外，主要是支持東南亞業務的發展和國內廢金屬回收業務的開展。台州公司屬下的沭陽事業部則主要從事國內的廢舊電機拆解。

Against this broad backdrop, both the revenue and profit of the Group experienced a year-on-year decrease with broader declines in Asia and North America. The revenue of the Group for the year ended 31 December 2019 amounted to HK$15,363.4 million (2018: HK$20,912.8 million), representing a year-on-year decrease of approximately 26.5%.

在這樣一個大背景下，集團總體收入及利潤均比去年有所下降，其中亞洲和北美降幅較為顯著。集團截至二零一九年十二月三十一日止年度，營業收益為153億6,340萬港元(二零一八年：209億1,280萬港元)，同比下降約26.5%。

The loss attributable to shareholders of the Company for the year ended 31 December 2019 was HK$128.7 million (2018: profit HK$401.2 million), representing a year-on-year decrease of approximately 132.1%. The basic and diluted loss per share in 2019 were HK$0.08 (2018: basic and diluted earnings per share HK$0.25).

截至二零一九年十二月三十一日止年度，本公司股東佔虧損1億2,870萬港元（二零一八年溢利：4億120萬港元），同比下降約132.1%。二零一九年的每股基本及攤薄虧損為0.08港元（二零一八年的每股基本及攤薄盈利為0.25港元）。

REGIONAL PERFORMANCE

In 2019, as the shrinking of the German automotive industry affected its peripheral industries, the revenue recorded by the Group from Europe decreased by 19.8% year-on-year to HK$12,166.8 million (2018: HK$15,166.5 million), and a segment profit of HK$379.7 million (2018: HK$443.5 million), representing a year-on-year decrease of 14.4%.

The US-China trade war has a greater impact on the US industrial activities. Increase in prices and sales volume at the onset of the US-China trade war could not be sustained, and even began to have counter-effects at the later stage. The main reason was that the root cause of de-industrialisation in the US was not only from the competition of China-manufactured products, but also from US's domestic issues. In the US market where the Group operates, while it remains profitable in the fast-growing Southwestern region, the Northeast region is becoming increasingly competitive due to reduced industrial activities in the traditional industrial towns. In 2019, the Group's revenue from North America decreased 40.9% to HK$1,410.9 million as compared to last year (2018: HK$2,386.7 million), and a segment loss of HK$48.4 million (2018: segment profit HK$8.4 million).

As the Group's Southeast Asia business was still at its start-up stage in 2019, its contribution to revenue and earnings were relatively limited. Currently, the business in Asia mainly represented those in Greater China, including Hong Kong. In 2019, the revenue from the Asia region decreased by 46.3% to HK$2,015.4 million when compared to last year (2018: HK$3,751.4 million), and segment loss was HK$172.3 million (2018: segment profit HK$275.2 million). The decline was mainly caused by the revisions of the Catalog for the Administration of the Import of Solid Wastes by the China Government, while the new businesses in China could not form a scale to replace those interrupted business in the short term.

區域業績

由於二零一九年德國汽車工業萎縮並影響了其周邊產業，集團二零一九年歐洲錄得之收益較去年同比下降19.8%至121億6,680萬港元（二零一八年：151億6,650萬港元），分部溢利為3億7,970萬港元（二零一八年：4億4,350萬港元），同比下降14.4%。

美國的工業生產活動受到中美貿易戰影響較大。中美貿易戰前期的價格和銷售量漲幅無法維持，甚至在後期開始出現反效果。其主要原因是美國的去工業化的問題根源不僅僅是來自中國產品的競爭，而更多是美國本土的問題。集團所在的美國市場，除了還在快速發展的西南地區盈利，東北地區的傳統工業重鎮因為工業活動減少而競爭日趨激烈。集團於二零一九年，北美洲地區之收益較去年相比下降40.9%至14億1,090萬港元（二零一八年：23億8,670萬港元），分部虧損為4,840萬港元（二零一八年分部溢利：840萬港元）。

由於集團的東南亞業務於二零一九年都還在起步階段，對收入和盈利的貢獻還比較有限。目前亞洲的業務主要包括香港在內的大中華區。於二零一九年，亞洲地區的收益較去年相比下降46.3%至20億1,540萬港元（二零一八年：37億5,140萬港元），分部虧損1億7,230萬港元，（二零一八年分部溢利：2億7,520萬港元）。下降主要是中國政府修改《進口廢物管理目錄》所導致，而國內新增的業務短期內無法形成中斷業務的規模。

PROSPECTS

In December 2019, the European Commission passed the European Green Deal with a goal of achieving carbon emission neutral by 2050. In addition to expanding the scope of carbon tax, there is also a need to review the fossil energy tax, to support low-carbon iron and steel production and development of new energy battery technology, and to formulate a series of action plans for a circular economy. Among them, resources recycling are not only because of environmental protection, but also for the protection of resources necessary for the sustainable development of European industries.

As China barred the import of unprocessed waste plastic, the Group also invested in a new plastic recycling line which will commence operation in early 2020 to process waste plastic in Europe and produce highly added value LDPE and HDPE pellets. Those pellets are high value industrial raw materials and can be exported around the world. It would help mitigate the plastic issue in Europe and enhance the Group's plastic recycling business.

In the fourth quarter of 2019, the market saw signs of the US-China trade war ending and industrial activities began to rebound, with various metals prices also having increased towards year-end. The economic impact from the outbreak of the novel coronavirus pandemic ("COVID-19") before the Chinese New Year in 2020 would be difficult to assess. Production resumption after the Chinese New Year holidays usually drive up prices due to restocking after generally low inventory level of enterprises in the PRC before the Chinese New Year. This year, the resumption of business activities was delayed until April in China as production only gradually resumes after nation-wide lockdowns were gradually lifted. In Europe, US and other parts of the world, widespread lockdowns started in March. While some countries are exiting or preparing to exit their lockdowns towards end of April, some countries may extend lockdowns towards May. We have seen major disruptions to global supply chains. Ports, customs and banks, all of which are critical to the global supply chain, are either understaffed as they are required to work on shifts or employees are at home office or quarantines. Our recycling operations are considered essential industry and the Group was able to maintain operations in most countries where we operate. We have implemented protective measures to safeguard the safety of the staff. We are satisfied that these measures are working but we urge everyone to continue to be vigilant to contain the spread of the pandemic. At this point of time, it is difficult to determine the impact of the pandemic to the Group's businesses.

前景

二零一九年十二月，歐盟委員會通過了歐洲綠色計劃(European Green Deal)，目標是在二零五零年前成為碳排放中立。除了擴大碳排放稅交易範圍，還要檢討化石能源稅，以支持低碳鋼鐵生產、新能源電池技術發展，和計劃一整套的循環經濟計劃。在這當中，再生資源不僅僅是出於環保考慮，更是考慮到歐洲工業可持續發展必要的原料保障。

隨著中國禁止未經處理的廢塑料進口，集團也在歐洲投資建設一個新的廢塑料處理廠，並將於二零二零年初投入生產。該廠將處理歐洲的廢舊塑料，生產高附加值的LDPE和HDPE顆粒。這些塑料顆粒是高價值的工業原料，可出口全球各地。這即有助於緩解歐洲的塑料問題，也在集團原有的塑料業務基礎上進一步創造附加值。

二零一九年第四季度市場看到了中美貿易戰暫停的信號，工業活動開始有所反彈，各金屬價格在年底前也因此有所提升。二零二零年春節前開始爆發的新型冠狀病毒疫情(「COVID-19」)目前還很難評估其對經濟的影響。由於中國企業於春節前庫存通常會處於低位，故於春節假期後復工通常會因補充庫存而帶動價格上升。本年度，由於在全國封鎖逐步解除後方逐漸回復生產，令中國業務活動延遲至四月恢復。歐洲、美國及世界其他地方於三月開始大規模封鎖。儘管部分國家在四月底解除或準備解除封鎖，惟若干國家可能將封鎖延長至五月。本集團注意到全球供應鏈出現重大中斷，由於需實施輪班工作或僱員在家工作或隔離，令對全球供應鏈至關重要的港口、海關及銀行全部人手不足。本集團的回收業務被視為重要行業，本集團能夠於當地有業務的大部分國家維持營運。本集團已實施保護措施以保障員工安全。本集團為該等措施取得成效感到滿意，但仍敦促所有人士繼續保持警惕，以遏制疫情蔓延。現時難以確定疫情對集團業務的影響。

One of the important tasks in 2020 is to increase the output in the South and Southeast Asia processing yards. New energy vehicles will be the future direction in the automotive industry. The Group estimated that the number of electric engines and motors will increase in the future, and the demand for copper will also step up. Not only do South and Southeast Asia have a young population and abundant labour resources, they are also at a stage of rapid industrial development, capable of replacing China as the future dismantling bases and sales markets for recycled metals.

二零二零年的重要工作之一就是加大南亞和東南亞基地的產量。新能源汽車將是未來汽車工業的發展方向。集團估計電動發動機和馬達的數量未來會進一步增長，對銅金屬的需求也會日益提高。南亞和東南亞除了人口相對比較年輕，勞動力資源比較豐富，也正處在工業快速發展階段，有條件取代中國成為未來的再生金屬原料拆解基地和銷售市場。

2019 was a critical year for the automotive industry in Europe. Most German automobile companies agreed that the automobile industry would head to the direction of electric vehicles going forward. Once the strategy has been determined, the German automobile companies would accelerate their investments in electric vehicles, including auxiliary power battery and power system. Comparing to traditional petrol or diesel vehicles, electric vehicles require more copper and are equipped with more automotive electronics components. The Group's R&D team will also focus more in this area, to improve the processing of materials generated from the future automotive industry such as scrap, motors and batteries, thereby maximising resources recycling.

二零一九年對歐洲的汽車工業是重要的一年。這一年，大部分的德國汽車公司確認了未來汽車工業將朝電動汽車發展。戰略一旦確定，德國汽車公司將加快了對電動汽車，包括配套的動力電池和動力系統的投入。電動汽車將比傳統汽油或柴油汽車需要更多的銅及配備更多的汽車電子配件。集團的科研也將進一步朝這個方向投入，更好的處理廢舊電機、電池等未來汽車工業將產出的物料，讓資源循環最大化。

In mid-2019, the new Measures for the Management of End-of-Life Vehicle Recycling (《報廢機動車回收管理辦法》) promulgated in China lowered an important barrier to this blue ocean market. Leveraging on our existing scrap metal business layout and experiences in China, the Group will explore opportunities to develop the ELV business in China with our own resources or by way of joint venture, and transfer from Europe and the US the Group's leading technology on ELV processing into China.

二零一九年中旬，中國出台新的《報廢機動車回收管理辦法》，為這個藍海市場打破了重要的門檻。集團計劃結合在國內現有的廢金屬業務佈局和經驗，擇機尋求自主或以合資形式，在國內拓展報廢汽車業務，並將集團在歐美的領先技術轉移到國內。

I would like to extend my heart-felt gratitude to the members of the Board and all our employees around the world for their loyalty, efforts, professionalism and valuable contributions, and also to our customers and partners for their priceless support and trust.

本人謹向本公司董事會同仁及本集團全球所有員工之忠誠勤勉、專業精神與寶貴貢獻致以衷心的感謝；向客戶及其他合作夥伴對本集團的支持與信任致以衷心的感謝！

Qin Yongming
Chairman
Hong Kong, 12 May 2020

秦永明
主席
香港，二零二零年五月十二日

Management Discussion and Analysis
管理層討論及分析

FINANCIAL REVIEW

Revenue

The macro market environment throughout 2019 has been volatile due to the prolonged US-China trade war which has brought adverse impact to the Group. The Group sold in aggregate over 4.8 million tonnes of recycled products in 2019, a 10.1% decrease when compared to 5.3 million tonnes being sold in 2018. Revenue for the year was HK$15,363.4 million, a decrease of approximately 26.5% compared to HK$20,912.8 million last year.

The decrease in revenue was largely driven by the slowdown of the industrial activities globally and led to a soft demand for metal scraps. Scrap prices have been in a downward trend since the start of 2019 with the prices bottomed out in October 2019.

Our China operation has been particularly impacted by the changes in China's Catalog for Administration of the Import of Solid Wastes which banned the import of scrap motors into China, effective at the beginning of 2019. Sales have been temporarily affected as the Group is in transition to shift the production bases from China to South/Southeast Asia.

財務回顧

收益

由於中美貿易戰持續拖延，令宏觀市場環境在二零一九年全年一直波動，對本集團造成不利影響。本集團於二零一九年合共售出超過480萬噸再生產品，與二零一八年售出的530萬噸相比，下跌10.1%。年內收益為153億6,340萬港元，較去年209億1,280萬港元減少約26.5%。

收益下降，主要由於全球工業活動放緩，導致再生金屬需求疲軟。由二零一九年年初以來，再生金屬價格一直呈下降趨勢，於二零一九年十月價格更跌至最低水平。

我們的中國業務特別受到由二零一九年初起生效的中國《進口廢物管理目錄》（禁止向中國進口廢舊電機）變動的影響。由於本集團正在轉型，將生產基地從中國轉移至南亞／東南亞，因此銷售暫時受到影響。

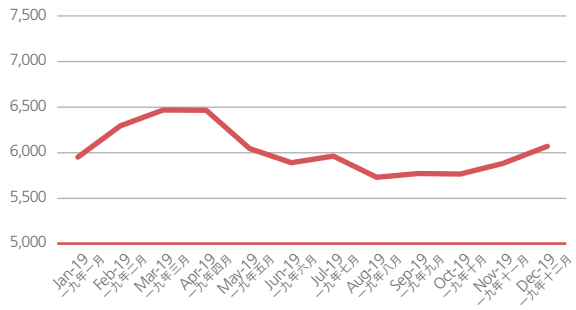
		2019 二零一九年		2018 二零一八年		Increase/ (Decrease) 增加／（減少）
		HK$M 百萬港元	As a percentage of total segment revenue 佔分部收益總額的百分比	HK$M 百萬港元	As a percentage of total segment revenue 佔分部收益總額的百分比	HK$M 百萬港元
Europe	歐洲	12,166.8	78.0%	15,166.5	71.2%	(2,999.7)
North America	北美洲	1,410.9	9.1%	2,386.7	11.2%	(975.8)
Asia	亞洲	2,015.4	12.9%	3,751.4	17.6%	(1,736.0)
Total segment revenue	分部收益總額	15,593.1	100%	21,304.6	100%	(5,711.5)
Inter-segment sales	分部間銷售	(229.7)		(391.8)		162.1
Revenue	收益	15,363.4		20,912.8		(5,549.4)

FINANCIAL REVIEW (continued)

財務回顧（續）

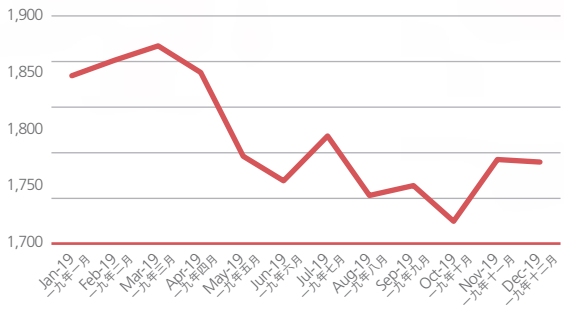
LME Copper
LME銅

US$/ton
美元／噸



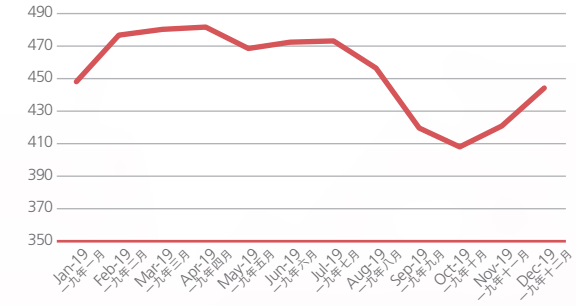
LME Aluminum
LME鋁

US$/ton
美元／噸



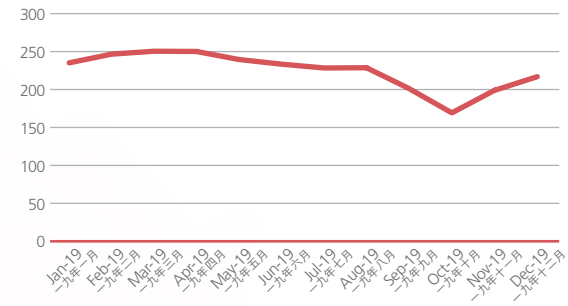
LME Steel Scrap
LME廢鋼

US$/ton
美元／噸



Germany BDSV Grade E3 (Steel)
德國BDSV E3級（鋼）

EUR/ton
歐元／噸



FINANCIAL REVIEW (continued)

Gross Profit/Margin

Gross profit for year was HK$877.9 million, a decrease of HK$806.2 million or 47.9% compared to HK$1,684.1 million recorded in the previous financial year. The decrease in gross profit was mainly attributable to the rising energy and transportation cost but declining scrap prices, putting pressure on our margins. Gross profit declined also due to the lower tonnage processed in our China facilities as a result of the import restrictions on scrap motors in China.

Gross profit margin for the year decreased from 8.1% to 5.7%. The decline in gross profit margin is largely attributed to the weak performance from the China operations, while the gross profit margin in Europe stays largely stable.

Profit Before Interest And Tax (EBIT)/Margin

EBIT for the year was a profit of HK$113.1 million, as compared to a profit of HK$845.5 million last year. EBIT margin was 0.7% for the year (2018: 4.0%).

Total operating expenses were HK$1,021.6 million, a decrease of 23.3% over the previous financial year. The decrease is in part due to lower tonnages, but also due to cost control measures put in place during the year. Total operating expenses as a percentage of revenue increased slightly from 6.4% to 6.6%.

Distribution and selling expenses increased from HK$49.0 million to HK$51.5 million, an increase of 5.1% compared with the last financial year. The increase is mainly due to a reclassification of freight and packaging expenses from administrative expenses and the addition of some new sales agents during the year. As a percentage of revenue, distribution and selling expenses was 0.3% (2018: 0.2%).

財務回顧（續）

毛利／毛利率

年內，毛利為8億7,790萬港元，相比上一財政年度錄得的16億8,410萬港元，下降8億620萬港元或47.9%。毛利減少主要是由於能源及運輸成本上升，而廢料價格下跌，對我們的利潤造成壓力。毛利下降亦由於中國對廢電機的進口限制導致本公司中國基地處理的噸位下降。

年內，毛利率由8.1%下跌至5.7%。毛利率下降主要由於中國業務表現疲弱，而歐洲的毛利率則大致保持穩定。

除利息及稅項前溢利／溢利率

年內的除利息及稅項前溢利為溢利1億1,310萬港元，相比去年為溢利8億4,550萬港元。年內的除利息及稅項前溢利率為0.7%（二零一八年：4.0%）。

經營費用總額較上一財政年度減少23.3%至10億2,160萬港元。減少的部分原因是噸位降低，但亦由於年內實施成本控制措施所致。經營費用總額佔收益的百分比由6.4%輕微增加至6.6%。

分銷及銷售開支由4,900萬港元增加至5,150萬港元，較上一財政年度增加5.1%。增加的主要原因是年內將貨運及包裝費用由行政費用中重新分類，並增加若干新的銷售代理。分銷及銷售開支佔收益的百分比為0.3%（二零一八年：0.2%）。

FINANCIAL REVIEW (continued)

Profit Before Interest and Tax (EBIT)/Margin (continued)

Administrative expenses decreased from HK$1,283.3 million to HK$970.1 million over the last financial year, partly due to stringent cost controls are in place in the course of the Group transitioning our production bases to South/Southeast Asia. As a percentage of revenue, administrative expenses remained flat at around 6.3% as compared to last year (2018: 6.2%).

財務回顧（續）

除利息及稅項前溢利／溢利率（續）

行政開支由上一財政年度的12億8,330萬港元下降至9億7,010萬港元，部分因本集團於轉移生產基地至南亞／東南亞的過程中實施嚴格的成本控制而產生。行政開支佔收益的百分比約為6.3%，與去年持平（二零一八年：6.2%）。

		2019 二零一九年		2018 二零一八年		Increase/ (Decrease) 增加／（減少）
		HK$M 百萬港元	As a percentage of revenue 佔收益的百分比	HK$M 百萬港元	As a percentage of revenue 佔收益的百分比	HK$M 百萬港元
Distribution and selling expenses	分銷及銷售開支	51.5	0.3%	49.0	0.2%	2.5
Administrative expenses	行政開支	970.1	6.3%	1,283.3	6.2%	(313.2)
Total	總計	1,021.6	6.6%	1,332.3	6.4%	(310.7)

Loss/Profit Attributable to Shareholders and Loss/Earnings Per Share

Loss attributable to shareholders of the Company for the year ended 31 December 2019 was HK$128.7 million, as compared to a profit of HK$401.2 million in the last financial year.

Taxation charges reduced from HK$70.4 million in the last financial year to HK$34.3 million in the current year as the profitability in some regions have lessen this year.

Basic loss per share for the year ended 31 December 2019 was HK$0.08 as compared to earnings per share of HK$0.25 in the previous financial year.

股東應佔虧損／溢利及每股虧損／盈利

截至二零一九年十二月三十一日止年度，本公司股東應佔虧損為1億2,870萬港元，而上一財政年度則為溢利4億120萬港元。

稅項支出由上一財政年度的7,040萬港元減至本年度的3,430萬港元，此乃由於本年度部分地區的盈利能力下降。

截至二零一九年十二月三十一日止年度的每股基本虧損為0.08港元，而上一財政年度則為每股盈利0.25港元。

FINANCIAL REVIEW (continued)

Analysis of Cash Flow from Operations

The Group's net cash generated from operating activities for the year ended 31 December 2019 was HK$528.8 million, an increase of 66.7% as compared to HK$317.3 million in the previous financial year, as the Group carefully managed its working capital in response to the uncertainties in the market conditions.

Liquidity and Financial Resources

Shareholders' funds as at 31 December 2019 were HK$4,941.3 million, a decrease of 4.5% from HK$5,175.3 million as at 31 December 2018. Shareholders' funds per share decreased by 4.3% from HK$3.22 to HK$3.08.

The Group's financial resources remain stable and steady. As at 31 December 2019, the Group had cash, various bank balances and pledged bank deposits amounting to HK$976.5 million, a decrease of 3.4% or HK$34.2 million as compared to HK$1,010.7 million as at 31 December 2018. It was mainly for repayment of external borrowings and working capital needs for expansion of business operations.

The current ratio has decreased from 1.62 as at 31 December 2018 to 1.01 as at 31 December 2019 as certain borrowings have been reclassified as current liabilities as they will be maturing within the next twelve months. Subsequent to year-end, the Group has reached an agreement with the lender to extend the repayment date of these maturing loans to March 2021. With the extension of the repayment, the current ratio would have been 1.76 as at 31 December 2019.

Total external borrowings, including lease liabilities, were approximately HK$3,556.5 million (31 December 2018: approximately HK$3,787.6 million). Such borrowings were mainly utilised for the purchase of mixed recycle metal and working capital, and denominated in Euro, U.S. Dollar and Renminbi. Approximately HK$2,102.8 million (31 December 2018: approximately HK$1,757.9 million) of borrowings are at fixed interest rates.

The gearing ratio of the Group as at 31 December 2019 was 34.9% (31 December 2018: 33.3%) which is calculated based on the total borrowings divided by our total assets.

財務回顧（續）

經營業務所得的現金流量分析

截至二零一九年十二月三十一日止年度，本集團經營業務所得的現金淨額為5億2,880萬港元，較上一財政年度的3億1,730萬港元增加66.7%，乃由於本集團為應對市場環境之不明朗因素而審慎管理其營運資金所致。

流動資金與財務資源

於二零一九年十二月三十一日，股東資金為49億4,130萬港元，較於二零一八年十二月三十一日的51億7,530萬港元下降4.5%。每股股東資金由3.22港元下跌4.3%至3.08港元。

本集團的財務資源保持穩健。於二零一九年十二月三十一日，本集團持有的現金、多項銀行結餘及已抵押銀行存款為9億7,650萬港元，較截至二零一八年十二月三十一日的10億1,070萬港元減少3.4%或3,420萬港元。主要用於償還外部借款及業務經營擴張的營運資金需要。

流動比率由二零一八年十二月三十一日的1.62減少至二零一九年十二月三十一日的1.01，此乃由於若干借款將於未來十二個月內到期，因此已重新分類為流動負債。於年結日後，本集團已與貸款人達成協議，以將該等到期貸款之還款日期延長至二零二一年三月。基於延長還款，於二零一九年十二月三十一日之流動比率應為1.76。

外部借款總額（包括租賃負債）為約35億5,650萬港元（二零一八年十二月三十一日：約37億8,760萬港元）。該等借款主要用於購買混合再生金屬和營運資金，並以歐元、美元及人民幣計值。借款約21億280萬港元（二零一八年十二月三十一日：約17億5,790萬港元）按固定利率計息。

本集團於二零一九年十二月三十一日的資產負債比率為34.9%（二零一八年十二月三十一日：33.3%）（根據借款總額除以資產總值計算）。

FINANCIAL REVIEW (continued)

Working Capital Change

Inventories as at 31 December 2019 were HK$1,495.9 million, having decreased from HK$2,105.7 million as at 31 December 2018. The inventory turnover days for the financial year was 45 days, increased slightly by 3 days than the last financial year as sales were soft during the year.

Provision for inventories as at 31 December 2019 were HK$35.9 million, as compared to the provisions of HK$38.8 million as at 31 December 2018.

The Group is committed to streamline and improve the inventory cycle so as to mitigate the short-term impact of price volatility on the overall performance of the Group.

財務回顧（續）

營運資金變化

於二零一九年十二月三十一日的存貨為14億9,590萬港元，較於二零一八年十二月三十一日的21億570萬港元有所減少。本財政年度的存貨週轉日數為45天，較上一財政年度稍增3天，乃因年內銷售走軟所致。

於二零一九年十二月三十一日的存貨撥備為3,590萬港元，而於二零一八年十二月三十一日的撥備則為3,880萬港元。

本集團致力精簡及改善存貨週期，以減低短期價格波動對本集團整體表現的影響。

		2019 二零一九年	2018 二零一八年
All figures are in HK$M unless stated otherwise	除另有說明外，所有金額以百萬港元表示		
Inventories	存貨	1,495.9	2,105.7
Average inventories as a percentage of revenue	平均存貨佔收益百分比	11.7%	10.6%
Turnover days	週轉日數	45 days天	42 days天

Net trade and bills receivables as at 31 December 2019 were HK$957.3 million, decreased from HK$1,367.5 million as at 31 December 2018. Debtor turnover days for the financial year increased from 23 days to 28 days when compared with the last financial year. The lower receivable balance as at 31 December 2019 was partly due to reduced sales as well as timing of sales towards the year end. The Group adopts a tight management on credit exposure.

淨貿易及票據應收款項由二零一八年十二月三十一日的13億6,750萬港元減少至二零一九年十二月三十一日的9億5,730萬港元。與上一財政年度相比，本財政年度的應收賬款週轉日數從23天增加至28天。於二零一九年十二月三十一日的應收款項結餘減少，部分是由於銷售下跌，以及銷售時間接近年末所致。本集團對信貸風險實行嚴格管理。

		2019 二零一九年	2018 二零一八年
All figures are in HK$M unless stated otherwise	除另有說明外，所有金額以百萬港元表示		
Trade and bills receivables, net	淨貿易及票據應收款項	957.3	1,367.5
Average receivables as a percentage of revenue	平均應收款項佔收益百分比	7.6%	6.4%
Turnover days	週轉日數	28 days天	23 days天

FINANCIAL REVIEW (continued)

Working Capital Change (continued)

Trade and bills payable as at 31 December 2019 were HK$639.3 million, as compared to HK$1,042.9 million as at 31 December 2018. Creditor turnover days for the year ended 31 December 2019 remained flat at 21 days as compared with the last financial year.

財務回顧（續）

營運資金變化（續）

貿易及票據應付款項於二零一九年十二月三十一日為6億3,930萬港元，而於二零一八年十二月三十一日則為10億4,290萬港元。截至二零一九年十二月三十一日止年度的應付賬款週轉日數與上一財政年度相同，依然為21天。

		2019 二零一九年	2018 二零一八年
All figures are in HK$M unless stated otherwise	除另有説明外，所有金額以百萬港元表示		
Trade and bills payables	貿易及票據應付款項	639.3	1,042.9
Turnover days	週轉日數	21 days天	21 days天

Treasury Policies

The Group's treasury policies are designed to mitigate the impact of fluctuations in foreign currency exchange rates arising from the Group's global operations. The Group principally uses forward foreign exchange/futures contracts as appropriate to hedge the foreign exchange risks/commodity price risks in the ordinary course of business. It is the Group's policy not to enter into derivative transactions for speculative purposes.

財政政策

本集團的財政政策旨在舒緩本集團環球營運所造成的外幣匯率波動影響。本集團在適當時候主要以外匯遠期／遠期合約對沖日常業務過程中所產生外匯風險／商品價格風險。本集團的政策是不參與投機性的衍生交易。

Capital Expenditure

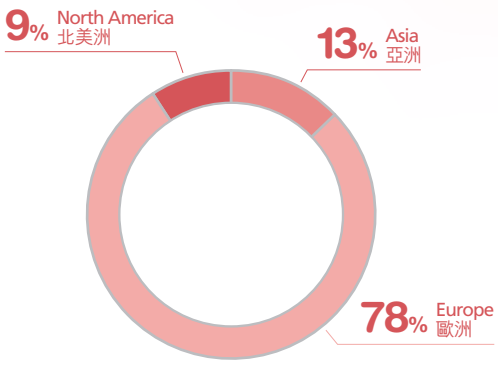
For the year ended 31 December 2019, the Group invested HK$733.2 million (31 December 2018: HK$602.1 million) in the purchase of tangible assets including land, buildings, plant, machinery and equipment for the improvement of production efficiency, of which HK$337.5 million were financed from internal resources and HK$395.7 million were financed through lease arrangement.

資本開支

截至二零一九年十二月三十一日止年度，本集團投資7億3,320萬港元（二零一八年十二月三十一日：6億210萬港元）購置有形資產（包括土地、樓宇、廠房、機械及設備）以提高生產效率，其中3億3,750萬港元由內部資源提供資金，而3億9,570萬港元透過租賃安排提供資金。

BUSINESS REVIEW

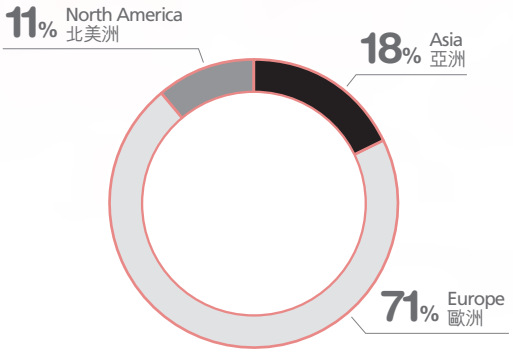
Revenue by Regions



FY2019
二零一九
財政年度

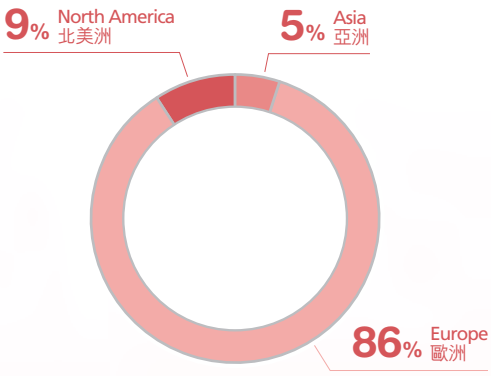
業務回顧

按地區劃分的收益



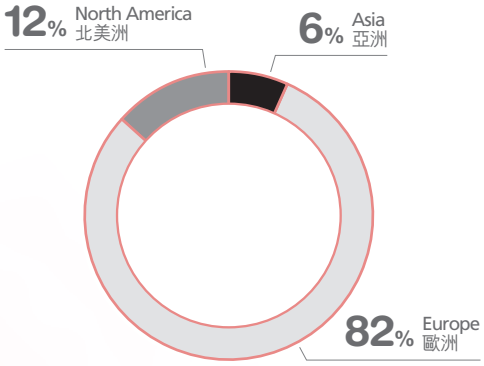
FY2018
二零一八
財政年度

Sales Quantity by Regions



FY2019
二零一九
財政年度

按地區劃分的銷售量



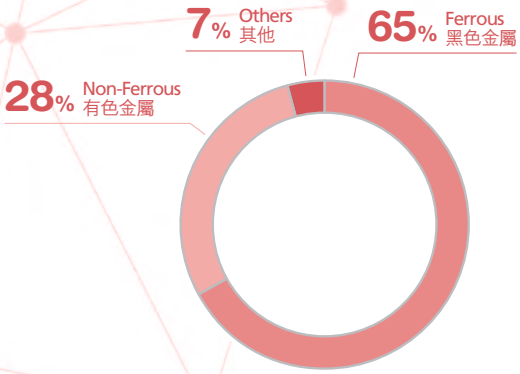
FY2018
二零一八
財政年度

BUSINESS REVIEW (continued)

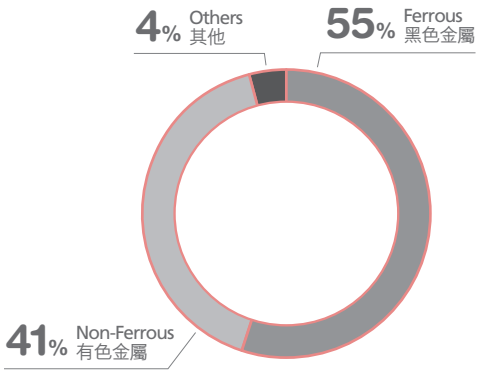
業務回顧（續）

Revenue by Products

按產品劃分的收益



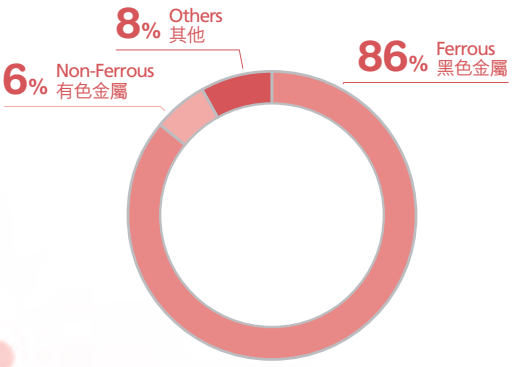
FY2019
二零一九
財政年度



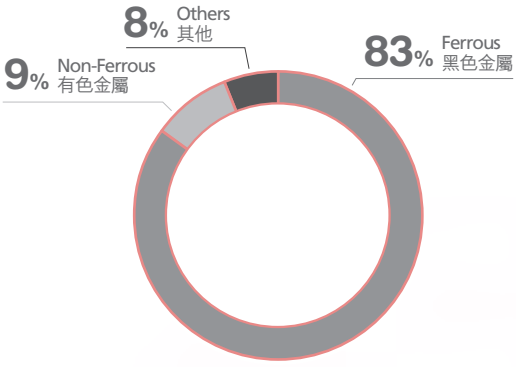
FY2018
二零一八
財政年度

Sales Quantity by Products

按產品劃分的銷售量



FY2019
二零一九
財政年度



FY2018
二零一八
財政年度

BUSINESS REVIEW (continued)

Operation Performance

The Group continued to operate in our long established markets and also has been expanding into new markets in South/Southeast Asia. Through the geographic diversification, we are in a good position to mitigate the risks of overly relying on a single market.

Europe

Our Europe segment provides all steps in recycling mixed metal scraps and is equipped with one-stop shop service for collecting, gathering, sorting and processing. We are among the processing and technology leaders in ferrous and non-ferrous metal recycling worldwide. We own many advanced processing technologies in scrap metal shredding and post-shredding processing.

Our scrap metal shredding services, including cleaning, sorting, shearing, shredding, and pressing, constitute a "One-Stop-Shop" process for all customers and cater to any metal supply needs. In post shredding technologies, we are able to achieve approximately 97% recovery rate for ELV, ranking as a world leader (95% recycling rate is the existing recovery target under the European Union directive).

In 2019, the sales tonnage for the Europe segment was 4.09 million tonnes, a drop of 6.8% as compared to 4.38 million tonnes in the previous financial year. Segment revenue was HK$12,166.8 million, decreased by 19.8% at current exchange rate or by 15.4% in local currencies. Demand has been strongly affected by a weak automobile and machine engineering industry in Europe due to a softening demand in China as a result of the US-China trade war, and less exports to China due to the import restrictions of certain scrap metals which came into effect this year.

Scrap prices in Europe have dropped on average by 9% in 2019. The lack of investments in the aging European infrastructure limited the transportation capacity, and with the increasing tolls, freight costs are on the rise. Gross profit for the year, therefore, was only HK$876.5 million, a decrease of 23.6% at current exchange rate or 19.2% in local currencies as compared with the last financial year. Gross profit margin for the year dropped slightly from 7.6% to 7.2%.

業務回顧（續）

營運表現

本集團繼續於其經營多年的市場營運，同時向南亞／東南亞等新市場拓展。透過地域多元化，在減輕過度依賴單一市場的風險方面，我們處於有利位置。

歐洲

我們的歐洲分部提供回收混合再生金屬的所有工序，配備集收集、集中、分類及處理於一體的一站式服務。我們是全球黑色及有色金屬回收處理及技術領導者之一，我們擁有多項先進的再生金屬破碎和破碎後處理技術。

我們的再生金屬破碎服務（包括清潔、分類、剪切、破碎和壓塊打包）為所有客戶提供「一站式服務」和滿足任何金屬供應需求。在破碎後處理技術方面，我們能達到報廢機動車約97%的回收率，位居全球之冠（95%的回收率是歐盟指令的現有回收目標）。

於二零一九年，歐洲分部的銷售噸位為409萬噸，較上一財政年度的438萬噸減少6.8%。分部收益為121億6,680萬港元，按現時匯率計算減少19.8%或按當地貨幣計算減少15.4%。由於中美貿易戰導致中國需求疲軟，導致歐洲汽車及機械工程行業需求受到嚴重影響，以及於本年度實施對部分再生金屬的進口限制導致對中國之出口減少。

於二零一九年，歐洲的再生物料價格平均下跌9%，因歐洲日趨老化基礎設施缺乏投資導致運輸能力受限制，加上通行費上漲，導致貨運成本上升。因此，年內毛利僅為8億7,650萬港元，較上一財政年度減少23.6%（按現時匯率計算）或19.2%（按當地貨幣計算）。年內毛利率由7.6%輕微下跌至7.2%。

BUSINESS REVIEW (continued)

Europe (continued)

Segment profit for the year was HK$379.7 million, a decrease of 14.4% at current exchange rate or 7.4% in local currencies. Effective cost management in coping with the challenging market conditions had partially outweighed the drop in gross profit.

Besides efficient margin control, several business improvement initiatives have been initiated to react to the market downturn. Alternative sales channels have been identified to reduce the impact brought about by China's new import restrictions. Moreover, additional sorting processes have been implemented in some of our European yards to fulfil China's requirements on importing of cleaned scrap. The Group has also been expanding our non-metallic businesses such as recycled plastics and paper to diversify and mitigate the challenges brought about from the metal recycling business. An all new plastic recycling line will come online in 2020 to help contribute relieving Europe's plastic problem.

North America

The North America segment possesses extensive recycling process know-how in all relevant process steps from collection, sorting, processing to trading of materials. It operates state-of-the-art shredder technology and has extensive post-shredding technologies in place for recovery optimisation. The North America segment has also commenced its scrap motor mechanical shredding and dismantling as well as trading of reused auto components.

The segment sales tonnage for the North America segment was 0.45 million tonnes as compared to 0.61 million tonnes last year. Segment sales revenue was HK$1,410.9 million as compared to HK$2,386.7 million, a drop of 40.9% at current exchange rate or 37.6% in local currencies. Demand from local steel mills has fallen due to mill outages and destocking at the mills. The main driver behind the weak steel scrap demand in US is the generally weakening macroeconomic factors in the US, especially in the industrial sector, which had been badly affected by the US-China trade war. The uptick in steel prices in US after the tariff war started was short lived and prices soon dropped faster than it was before the pre-tariffs war. The trade war resulted in declining activities and lowering demand. Automotive production trended down across most countries over the second half of 2019, resulting in more stagnant steel demand towards the end of the year.

業務回顧（續）

歐洲（續）

年內分部溢利為3億7,970萬港元，減少14.4%（按現時匯率計算）或7.4%（按當地貨幣計算）。為了應付充滿挑戰的市場情況而進行的有效成本管理已抵銷部分毛利下降。

因應市況轉差，除了有效的利潤控制外，亦已展開若干業務改進計劃。本集團已成功發掘其他銷售渠道，藉此減少中國新進口限制造成的影響。此外，為符合中國對潔淨再生物料進口的規定，我們部分的歐洲料場已增設額外的分選程序。本集團亦不斷開拓非金屬類業務（如回收塑料及紙張），以分散及減輕金屬回收業務的挑戰。一條全新的塑料回收線將於二零二零年啓動，有助緩解歐洲面對的塑料難題。

北美洲

北美洲分部在由收集、分類、處理至物料買賣的所有有關工序中具備高度再生處理的專業知識，其採用最先進的破碎技術，且具有廣泛的破碎後處理技術供回收優化。北美洲分部亦已開始廢電機機械化破碎拆解和二手汽車零部件買賣業務。

北美洲分部的分部銷售噸位為45萬噸，去年為61萬噸。分部銷售收益由23億8,670萬港元下跌40.9%（按現時匯率計算）或37.6%（按當地貨幣計算）至14億1,090萬港元。由於鋼廠停運及鋼廠去庫存，導致當地鋼鐵工廠的需求下降。美國廢鋼需求減弱的主要原因是美國宏觀經濟因素普遍疲軟，尤其是中美貿易戰嚴重拖累工業。關稅戰開始後，美國鋼鐵價格短暫上漲，可是價格瞬即下跌，且下跌速度比關稅戰之前還要快。貿易戰導致業務活動減少、需求不振。於二零一九年下半年，大多數國家的汽車產量均呈下降趨勢，導致鋼鐵需求日益停滯至年末。

BUSINESS REVIEW (continued)

North America (continued)

In 2019, falling domestic steel scrap prices have put significant pressure on margins, with a steep price decline in October 2019 to year lows. As China imposed retaliatory tariffs on certain scraps from US, the materials need to be diverted to other markets which further eroded the margins in US. Hence, segment gross profit was HK$103.2 million, decreased by 50.4% at current exchange rate, or 47.7% in local currencies. Gross profit margin dropped from 8.7% last year to 7.3% this year.

The lowered sale volume, together with a narrowed margin, turned the segment profit from a profit of HK$8.4 million to a loss of HK$48.4 million as compared to the last financial year.

Asia

Our major production facilities in Asia include Yuen Long (Hong Kong), Taizhou (Zhejiang) and Yantai (Shandong), and has expanded to Malaysia and India in the current year.

The sales tonnage in the Asia segment was 0.23 million tonnes (2018: 0.31 million tonnes) as the scrap motor dismantling business has been temporarily interrupted while the Group relocates the production to our new processing yards in South/Southeast Asia. Segment revenue has decreased by 46.3% from HK$3,751.4 million last year to HK$2,015.4 million.

The bearish scrap prices and the temporarily reduced sales volume have hampered our margin, resulted in a gross loss for the Asia segment. The gross loss for the year was HK$83.0 million, with a gross loss margin of 4.1%, as compared to a gross profit of HK$352.2 million and a gross profit margin of 9.4% last year.

As a result, the Asia segment has experienced a loss of HK$172.3 million during this transformation period, as compared to a profit of HK$275.2 million last year. As our new production facilities in South/Southeast Asia ramp up operation, the performance of our Asia segment will gradually recover.

業務回顧（續）

北美洲（續）

於二零一九年，國內廢鋼價格下跌對利潤造成巨大壓力，於二零一九年十月價格急挫至年度最低水平。隨著中國對來自美國的若干廢料徵收報復性關稅，令材料需轉移至其他市場並進一步侵蝕美國業務的利潤。因此，分部毛利為1億320萬港元，下跌50.4%（按現時匯率計算）或47.7%（按當地貨幣計算）。毛利率由去年的8.7%下跌至本年度的7.3%。

銷售量下降，加上利潤收窄，分部溢利較上一財政年度溢利840萬港元轉盈為虧至虧損4,840萬港元。

亞洲

我們位於亞洲的主要生產基地包括香港元朗、浙江台州及山東煙台，並於本年度擴展至馬來西亞及印度。

由於廢電機拆解業務暫時因本集團將生產轉移至我們在南亞／東南亞的新工場而受到影響，亞洲分部的銷售噸位為23萬噸（二零一八年：31萬噸）。分部收益由去年的37億5,140萬港元下跌46.3%至20億1,540萬港元。

再生物料價格下降，加上銷量暫時減少，影響亞洲分部的毛利率並產生毛損。年內毛損為8,300萬港元，毛損率為4.1%，而去年則為毛利3億5,220萬港元及毛利率9.4%。

因此，亞洲分部於轉型期間由去年溢利2億7,520萬港元，轉為錄得虧損1億7,230萬港元。隨着我們於南亞／東南亞的新生產設施加快投產，亞洲分部的表現有望逐漸重拾正軌。

CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

As at 31 December 2019, the Group had pledged certain plants and buildings, land use rights, inventories, trade receivables and bank deposits with an aggregate carrying value of approximately HK$3,807.4 million (31 December 2018: HK$4,308.3 million) to secure borrowings.

As at 31 December 2019, the Group had capital commitments in respect of acquisition of property, plant and equipment, additions in construction in progress and investments in joint ventures which are contracted for but not provided for in the consolidated financial statements and amounted to HK$128.9 million (31 December 2018: HK$116.6 million).

As at the date of this report, save as disclosed below, the Board is not aware of any material contingent liabilities.

As at 31 December 2019, the Group did not have any contingent liabilities (31 December 2018: HK$27.4 million) which consist of non-financial guarantee in favour of investee entities.

A writ of summons was issued by Delco Participation B.V. ("Delco"), as plaintiff, on 21 December 2015 in the High Court of Hong Kong (High Court Action No. 3040 of 2015, "HCA 3040/2015"), followed by an amended writ on 5 December 2016, against the Company and Mr. Fang Ankong ("Mr. Fang") as defendants for a sum of HK$57.8 million together with interest and costs. The claim relates to an alleged non-payment of a portion of the loans advanced by Delco Asia Company Limited ("Delco Asia") to subsidiaries of the Company in accordance with the terms of a shareholders loan assignment dated 24 June 2010 between, amongst others, Delco Asia and the Company. The Company gave notice of the intention to contest the proceedings on 4 January 2016 and filed its defence on 23 September 2016. An amended writ of summons was filed by Delco on 5 December 2016, adding Fang Ankong ("Fang") as a defendant to the proceedings. The Company filed its amended defence on 13 December 2016 and the Plaintiff filed its amended reply to the Company's defence on 21 December 2016. The case is still in progress.

資本承擔及或然負債

於二零一九年十二月三十一日，本集團抵押賬面總值約38億740萬港元（二零一八年十二月三十一日：43億830萬港元）的若干廠房及樓宇、土地使用權、存貨、貿易應收款項及銀行存款，為借款作擔保。

於二零一九年十二月三十一日，本集團有關收購物業、廠房及設備、添置在建工程及投資於合營企業的已訂約但未於綜合財務報表計提撥備的資本承擔為1億2,890萬港元（二零一八年十二月三十一日：1億1,660萬港元）。

於本報告日期，除下文所披露者外，董事會概無知悉有任何重大或然負債。

於二零一九年十二月三十一日，本集團並無任何或然負債（二零一八年十二月三十一日：2,740萬港元），包括以被投資實體為受益人的非金融擔保。

Delco Participation B.V.（「Delco」）作為原告於二零一五年十二月二十一日以本公司及方安空先生（「方先生」）作為被告索償利息及成本5,780萬港元向香港高等法院提交訴狀（高院案例二零一五年第3040號，「HCA 3040/2015」），並於二零一六年十二月五日提交修訂傳票。該索償聲稱未根據（其中包括）Delco Asia Company Limited（「Delco Asia」）與本公司於二零一零年六月二十四日訂立的股東貸款轉讓條款支付Delco Asia向本公司子公司墊付貸款的部分款項。本公司已於二零一六年一月四日發出通知表示擬就法律程序提出爭議，並於二零一六年九月二十三日提出抗辯。Delco於二零一六年十二月五日提交修訂訴狀，加入方安空先生（「方先生」）為法律程序之被告。本公司已於二零一六年十二月十三日提出經修訂抗辯，而原告於二零一六年十二月二十一日對本公司抗辯提交經修訂答辯。案件仍在進行中。

CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES (continued)

Each of Mr. Fang, a former director of the Company, and HWH Holdings Limited ("HWH"), undertook to the Company to indemnify and hold harmless on demand (on an after-tax basis) the Company against all losses arising out of, inter alia, HCA 3040/2015 in accordance with the terms of a letter of indemnity signed by Mr. Fang and HWH in favour of the Company on 17 December 2015. Further, HWH has also agreed that a sum including the amount of HK$57.8 million be held in escrow as security for any liability of the Company in respect of, inter alia, HCA 3040/2015. As such, the Board does not consider HCA 3040/2015 to be a claim of material importance.

A writ of summons was issued by Delco as plaintiff on 10 November 2016 in the High Court of Hong Kong (High Court Action No. 2939 of 2016, "HCA 2939/2016") against the Company as the 1st defendant, Chiho-Tiande (HK) Limited ("CTHK"), a wholly-owned subsidiary of the Company, as the 2nd defendant, HWH as the 3rd defendant, and Mr. Fang as the 4th defendant. So far as the Company and its subsidiaries are concerned, Delco claimed against the Company for damages for an alleged breach of a letter of undertaking dated 3 March 2015 in relation to a convertible bond issued by the Company and subscribed for by Delco on 1 March 2012. Delco further claimed against CTHK for a sum of US$1.0 million, allegedly advanced by Delco Asia to CTHK on or around 16 April 2009. Delco further claims interests, costs and further or other relief. The Company and CTHK filed their defence on 24 March 2017 and the plaintiff filed its reply to the Company and CTHK's defence on 20 June 2017. The case is still in progress.

Whilst the Board does not consider HCA 2939/2016 to be a claim of material importance for the reason set out above, details of HCA 2939/2016 are disclosed herein for the sake of completeness.

資本承擔及或然負債(續)

方先生(本公司前任董事)及HWH Holdings Limited(「HWH」)各自向本公司承諾,根據方先生與HWH以本公司為受益人於二零一五年十二月十七日簽署的彌償函件的條款,彌償本公司因(其中包括)HCA 3040/2015產生的所有損失及使本公司免受損失(按除稅後基準)。此外,HWH亦同意,把一筆總額為5,780萬港元的款項存放於託管賬戶以作為對本公司有關(其中包括)HCA 3040/2015的任何責任的擔保。因此,董事會認為HCA 3040/2015並非重大申索。

Delco作為原告於二零一六年十一月十日以本公司作為第一被告;本公司的全資子公司齊合天地(香港)有限公司(「齊合天地香港」)作為第二被告;HWH作為第三被告;及方先生作為第四被告向香港高等法院提交訴狀(高院案例二零一六年第2939號,「HCA 2939/2016」)。據本公司及其子公司所知,Delco就指稱違反日期為二零一五年三月三日的承諾函(內容關於二零一二年三月一日本公司發行及Delco認購可換股債券)的損害向本公司索償。Delco進一步向齊合天地香港索償100萬美元,其指稱由Delco Asia於二零零九年四月十六日或前後向齊合天地香港墊付該款項。Delco進一步索償利息、費用及更多或其他濟助。本公司及齊合天地香港於二零一七年三月二十四日提出抗辯,而原告於二零一七年六月二十日向本公司及齊合天地香港的抗辯提交答辯。案件仍在進行中。

董事會因上文所載理由認為HCA 2939/2016並非重大申索,於本報告中披露HCA 2939/2016的詳情僅為保持完整性。

RISK MANAGEMENT

The Group in its ordinary course of business is exposed to market risks such as commodities price risk, foreign currencies risk, interest rate risk, credit risk and liquidity risk. The Group's risk management strategy aims minimising the adverse effects of these risks on its financial performance.

On 7 March 2018, the Group adopted a commodity price risk hedging policy which the Board believes is suitable for the current operating conditions. The commodity price risk hedging policy is posted on the Company's website, www.chihogroup.com.

As part of its foreign currency hedging strategy, the Board closely monitors the Group's foreign currency borrowings in view of the volatile exchange rate of Euro, Renminbi and other relevant currencies to U.S. Dollar and considers various measures to minimise foreign currency risk.

Regarding credit risk, the Group continues to follow the best practices of cash collection for sales of most recycled products in order to minimise the carrying amounts of the financial assets in the Group's financial statements. In addition, the Group continues monitoring closely its trade debtors to minimise potential impairment losses.

Regarding liquidity risk, the Group continues maintaining a balance between the continuity of funding and flexibility through the use of bank borrowings.

風險管理

在日常業務過程中，本集團面對的市場風險包括商品價格風險、外幣風險、利率風險、信貸風險及流動資金風險等。本集團的風險管理策略旨在減低該等風險對本集團財務表現的不利影響。

於二零一八年三月七日，本集團採納商品價格風險對沖政策，董事會認為其較適合現行營運狀況。有關商品價格風險對沖政策的詳情已發佈於本公司網站www.chihogroup.com。

作為本集團的外幣對沖策略的一部分，鑒於歐元、人民幣及其他有關貨幣兌美元匯率波動，因此董事會將密切監察本集團的外幣借款，並考慮多項措施以減少外幣風險。

信貸風險方面，本集團就其大多數再生產品銷售繼續奉行貨到付現的最佳慣例，旨在減低本集團財務報表中的金融資產賬面值。此外，本集團繼續密切監察貿易應收賬情況，以減低潛在減值虧損。

至於流動資金風險方面，本集團繼續透過利用銀行借款，在持續獲取資金與保持靈活程度之間維持平衡。

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2019, the Group had a workforce of 3,115 employees. In addition, we engaged approximately 350 separation and selection workers through local recognised contractors. We have not experienced any strikes, work stoppages or significant labor disputes which have affected our operations in the past. We have not experienced any significant difficulties in recruiting and retaining qualified staff. We continue to maintain good relationships with our employees.

The Group's total staff costs for the year was approximately HK$1,155.1 million. The remuneration package of staff consists of basic salary, mandatory provident fund, insurances and other benefits as considered appropriate. Remuneration of the employees of the Group is determined by reference to the market standard, individual performance and their respective contribution to the Group.

The emoluments of the Directors are subject to the recommendations of the remuneration committee of the Company and the Board's approval. Other emoluments including discretionary bonuses, are determined by the Board with reference to the Directors' duties, abilities, reputation and performance.

僱員及薪酬政策

於二零一九年十二月三十一日，本集團共有3,115名僱員。此外，我們透過當地認可承包商僱用約350名拆解及選料工人。我們過去並無經歷任何影響經營的罷工、停工或重大勞資糾紛。我們在招聘及挽留合資格僱員方面亦無遭遇任何重大困難。我們與僱員一直維持良好的關係。

本集團的年內員工成本總額為約11億5,510萬港元。員工薪酬組合包括基本薪金、強制性公積金、保險及其他合適福利。本集團僱員的薪酬乃參考市場標準、個人表現及其各自對本集團貢獻而定。

董事酬金由本公司薪酬委員會推薦建議及須經董事會批准。其他酬金（包括酌情花紅）由董事會參考董事的職務、能力、名聲及表現釐定。

INVESTOR RELATIONS AND COMMUNICATIONS WITH SHAREHOLDERS

The Group considers that investor relations are important to a listed company. The Board believes that maintaining a good relationship with investors and keeping them up-to-date on the latest corporate communications and business development in a timely fashion would enhance transparency and strengthen corporate governance of the Group.

Going forward, the Company will continue to endeavour to keep our investors abreast of the corporate and business developments, and to introduce the Group's strengths and strategies in order to gain support and recognition from them and also the market in general.

投資者關係及與股東的溝通

本集團認為，投資者關係對上市公司十分重要。董事會相信，與投資者建立良好的關係，並適時為投資者更新企業傳訊及業務發展，將能提高本集團的透明度及加強企業管治。

展望將來，本公司將繼續努力，讓我們的投資者了解企業及業務發展情況，並向投資者講解本集團的實力及策略，藉以贏取投資者及整體市場的支持及認同。

Profile of Directors and Senior Management
董事及高級管理人員履歷

EXECUTIVE DIRECTORS 執行董事

Mr. Tu Jianhua ("Mr. Tu"), aged 56, is an executive Director of the Company. He was appointed as an executive Director on 29 April 2015. Mr. Tu is a member of the executive committee and the strategy and investment committee of the Company and he is also the director of certain subsidiaries of the Group. Mr. Tu was appointed as the chief executive officer of the Company during the period from 16 February 2016 to 31 March 2016. He has been the chairman of USUM Investment Group Limited since April 2014. He has been the director of Loncin Group Co., Ltd.（隆鑫集團有限公司）since January 1996 and the director of Loncin Holdings Co., Ltd（隆鑫控股有限公司）since January 2003. USUM Investment Group Limited, Loncin Group Co., Ltd.（隆鑫集團有限公司）and Loncin Holdings Co., Ltd.（隆鑫控股有限公司）are controlling shareholders of the Company.

He served as the chairman of the board of Loncin Holdings Co., Ltd.（隆鑫控股有限公司）in the period from January 2003 to July 2010 and from February 2013 to December 2013, the executive director of Loncin Group Co., Ltd.（隆鑫集團有限公司）from January 1996 to January 1997, and the chairman of the board of Loncin Group Co., Ltd.（隆鑫集團有限公司）from January 1997 to December 2013. He served as the general manager of Chongqing Loncin Gasoline Engine Company (SinoAmerican Joint Venture)（中美合資重慶隆鑫汽油機公司）, a company that used to be controlled by Mr. Tu during its existence, from 1995 to 1996, and served as the chairman of Chongqing Loncin Transportation and Machinery Factory（重慶隆鑫交通機械廠）, a company that used to be controlled by Mr. Tu during its existence, from 1993 to 1995. He served as the chairman of Chongqing City Jiulongpo District Loncin Metal Factory（重慶市九龍坡區隆鑫金屬廠）, a company that used to be controlled by Mr. Tu during its existence, from 1991 to 1993 and the factory director of Chongqing Cinhua Metals Factory（重慶鑫華金屬製品廠）, from 1983 to 1990.

Mr. Tu graduated from the Economic Management（經濟管理專業）of the Open College in Chongqing City Municipal Party School（重慶市委黨校函授學院）in December 1998. Mr. Tu previously acted as the deputy to the 11th, 12th National People's Congress, the deputy to the 2nd, 3rd and 4th Chongqing Municipal People's Congress and the member of the Finance and Economic Affairs Committee of Chongqing Municipal People's Congress. He currently serves as a Member of the National Committee of the 13th Chinese People's Political Consultative Conference, a Standing Committee Member of the Executive Committee of the 12th All China Federation of Industry & Commerce（全國工商聯）, the president of Chongqing City Industry and Commerce Federation（重慶市工商聯）, the President of Chongqing City General Chamber of Commerce（重慶市總商會）, the president of Chongqing City Technology Equipment Industry Chamber of Commerce（重慶市科技裝備業商會會長）, the vice president of Chongqing City Charity Federation（重慶市慈善總會）and the vice president of Chongqing City Private Entrepreneurs Confederation（重慶市民營企業家聯合會）.

Mr. Tu is a non-executive director of Hanhua Financial Holding Co., Ltd.*（瀚華金控股份有限公司）, a company listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (stock code: 3903), and a director of Loncin Motor Co., Ltd., a company whose shares are listed on the Shanghai Stock Exchange (stock code: 603766).

The annual salary of Mr. Tu is HK$2,600,000, He is also entitled a discretionary bonus. The annual salary and discretionary bonus of Mr. Tu are determined with reference to his duties and responsibilities in the Company, qualifications, experience, the prevailing market conditions and the Company's remuneration policy and is subject to annual review by the Board and the remuneration committee of the Company.

涂建華先生（「涂先生」），56歲，本公司執行董事。彼於二零一五年四月二十九日獲委任為執行董事。涂先生為本公司執行委員會及戰略與投資委員會成員，彼亦為本集團若干子公司之董事。涂先生於二零一六年二月十六日至二零一六年三月三十一日期間獲委任為本公司行政總裁。彼自二零一四年四月起擔任渝商投資集團股份有限公司董事長。彼自一九九六年一月至今任隆鑫集團有限公司董事，自二零零三年一月至今任隆鑫控股有限公司董事。渝商投資集團股份有限公司、隆鑫集團有限公司及隆鑫控股有限公司為本公司控股股東。

彼於二零零三年一月至二零一零年七月期間及自二零一三年二月至二零一三年十二月期間擔任隆鑫控股有限公司董事長，於一九九六年一月至一九九七年一月期間任隆鑫集團有限公司執行董事，於一九九七年一月至二零一三年十二月期間擔任隆鑫集團有限公司董事長。彼於一九九五年至一九九六年擔任中美合資重慶隆鑫汽油機公司（存在時由涂先生控制的公司）總經理，於一九九三年至一九九五年擔任重慶隆鑫交通機械廠（存在時由涂先生控制的公司）董事長，於一九九一年至一九九三年擔任重慶市九龍坡區隆鑫金屬廠（存在時由涂先生控制的公司）董事長，以及於一九八三年至一九九零年擔任重慶鑫華金屬製品廠廠長。

涂先生於一九九八年十二月畢業於重慶市委黨校函授學院經濟管理專業。涂先生曾擔任第十一屆、第十二屆全國人民代表大會代表，第二屆、第三屆及第四屆重慶市人民代表大會代表及重慶市人民代表大會財政經濟委員會委員。彼目前擔任第十三屆全國政協委員、第十二屆全國工商聯執行委員會常務委員、重慶市工商聯主席、重慶市總商會會長、重慶市科技裝備業商會會長、重慶市慈善總會副會長及重慶市民營企業家聯合會副會長。

涂先生為瀚華金控股份有限公司非執行董事（該公司股份於香港聯合交易所有限公司（「聯交所」）主板上市（股份代號：3903）），以及隆鑫通用動力股份有限公司董事（該公司股份於上海證券交易所上市（股份代號：603766））。

涂先生的年薪為2,600,000港元，彼亦享有酌情花紅。涂先生之年薪及酌情花紅乃經參考彼於本公司之職務及責任、其資歷、經驗、當前市況及本公司之薪酬政策而釐定，並受董事會及本公司薪酬委員會每年檢討。

Mr. Qin Yongming ("Mr. Qin"), aged 56, is the chairman of the Board and an executive Director of the Company. He joined the Group on 1 June 2016 as executive vice president, and was appointed as an executive director on 30 June 2016. He was re-designated to chief executive officer of the Company on 24 October 2016, to the chairman of the Board of the Company on 17 July 2017, and was appointed as the chief executive officer of the Company on 11 October 2017. Mr. Qin ceased to be the chief executive officer of the Company with effect from 1 March 2020. Mr. Qin serves as the chairman of the executive committee, the nomination committee, the strategy and investment committee and the pricing committee of the Company. He is also the director of certain subsidiaries of the Group. Mr. Qin was appointed as the president of USUM Investment Group Co., Ltd. on 22 January 2018. From 2004 to 2016, Mr. Qin worked with LafargeHolcim group and his last position with LafargeHolcim group was the purchasing director of the China region, with a particular focus on raw materials and cementitious materials. Mr. Qin served as the head of the purchasing department of Tianjin Henkel Detergent Co. Ltd. from 1996 to 1999 and the finance director of Tianjin Philips Sy Catering and Entertainment Co., Ltd. from 1994 to 1996. Mr. Qin has extensive experience in corporate operation management, process and budget control, strategic materials procurement and supplier management. Mr. Qin holds a bachelor degree of Finance and Accounting from Renmin University of China and a Master of Business Administration from the University of Southampton.

The annual salary of Mr. Qin is HK$5,200,000. He is also entitled a discretionary bonus. The annual salary and discretionary bonus of Mr. Qin are determined with reference to his duties and responsibilities in the Company, qualifications, experience, the prevailing market conditions and the Company's remuneration policy and is subject to annual review by the Board and the remuneration committee of the Company.

秦永明先生(「秦先生」)，56歲，本公司董事會主席兼執行董事。彼於二零一六年六月一日加入本集團並擔任常務副總裁，於二零一六年六月三十日獲委任為執行董事。彼於二零一六年十月二十四日調任本公司行政總裁，於二零一七年七月十七日調任本公司董事會主席，並於二零一七年十月十一日獲委任為本公司行政總裁。秦先生由二零二零年三月一日起不再擔任本公司行政總裁。秦先生為本公司執行委員會主席、提名委員會主席、戰略與投資委員會主席及定價委員會主席。彼亦為本集團若干子公司之董事。秦先生於二零一八年一月二十二日獲委任為渝商投資集團股份有限公司總裁。二零零四年至二零一六年，秦先生任職於拉法基豪瑞集團，彼於該集團之最後職位為中國區原材料及膠凝材料採購總監。秦先生於一九九六年至一九九九年擔任天津漢高洗滌劑有限公司採購部部長，一九九四年至一九九六年擔任天津大施餐飲娛樂有限公司首席財務官。秦先生在企業營運管理、流程與預算控制、戰略物資採購和供貨商管理等方面有豐富的經驗。秦先生畢業於中國人民大學財務會計專業本科並擁有南安普頓大學工商管理碩士學位。

秦先生的年薪為5,200,000港元，彼亦享有酌情花紅。秦先生之年薪及酌情花紅乃經參考彼於本公司之職務及責任、其資歷、經驗、當前市況及本公司之薪酬政策而釐定，並受董事會及本公司薪酬委員會每年檢討。

Mr. Rafael Heinrich Suchan ("Mr. Suchan"), aged 38, joined the Group as the chief executive officer and executive Director of the Company on 19 February 2020. Mr. Suchan serves as a member of each of the executive committee, pricing committee and strategy and investment committee of the Company. Mr. Suchan graduated with a Bachelor's degree (Diplom-Kaufmann) in Business Administration and Economics from the University of Applied Sciences in Essen, Germany in 2005. He further holds a Master of Business Administration degree from Nanyang Technological University in Singapore and from Tsinghua University in Beijing, China respectively. Mr. Suchan started his career at the German pharmaceutical and chemical company Bayer AG as a management trainee in 2002 where he worked across various marketing and finance functions in Germany and Poland. In 2006, he joined specialty chemicals company Lanxess as a Strategy Consultant working in Germany, Canada and China. From there he moved to become Head of Corporate Development based in Shanghai at Lanxess Greater China in 2008. In 2010, Mr. Suchan joined Lanxess' Inorganic Pigments business unit as Commercial Director for Asia Pacific and in 2012, he took over responsibility as Vice President for Global Product Management. In 2014, Mr. Suchan was additionally appointed as Vice President for all operations of the Inorganic Pigments business unit in the Asia Pacific region which also included the responsibility as Managing Director for Lanxess' three Inorganic Pigments production sites in Shanghai and Ningbo, China. Since April 2017, Mr. Suchan had been globally responsible for identifying and implementing digital solutions which can be used along the whole chemical value chain within Lanxess' Digital Transformation activities. In addition, Mr. Suchan was also the Chief Digital Officer at Lanxess in Asia-Pacific coordinating Digital Transformation efforts in the region.

The annual salary of Mr. Suchan is HK$6,288,000. The annual salary Mr. Suchan are determined with reference to his duties and responsibilities in the Company, qualifications, experience, the prevailing market conditions and the Company's remuneration policy and is subject to annual review by the Board and the remuneration committee of the Company.

Rafael Heinrich Suchan先生（「Suchan先生」），38歲，彼於二零二零年二月十九日加入本集團並擔任本公司行政總裁及執行董事。Suchan先生為本公司執行委員會、定價委員會以及戰略與投資委員會各自之成員。彼於二零零五年畢業於德國埃森經濟管理應用技術大學，取得工商管理與經濟學學士學位(Diplom-Kaufmann)。彼其後分別自新加坡南洋理工大學及中國北京清華大學取得工商管理碩士學位。Suchan先生於二零零二年作為管理培訓生於德國制藥和化工公司Bayer AG開展其事業，於德國及波蘭擔任各種營銷及財務職務。於二零零六年，彼作為戰略顧問加入特殊化學品公司朗盛，於德國、加拿大及中國工作。此後，彼於二零零八年調任為朗盛大中華區上海企業發展主管。於二零一零年，Suchan先生加入朗盛無機顏料業務部門，擔任亞太區商務總監及於二零一二年，彼接任全球產品管理副總裁。於二零一四年，Suchan先生亦獲委任為亞太區無機顏料業務部門副總裁，負責所有業務，亦包括擔任朗盛於中國上海及寧波的三個無機顏料生產基地的董事總經理。自二零一七年四月以來，Suchan先生一直負責於全球物色及實施可用於朗盛數字化轉換活動中整個化學價值鏈的數字解決方案。此外，Suchan先生亦為朗盛的亞太區首席數字官，於該地區協調數字化轉換工作。

Suchan先生之年薪為6,288,000港元。Suchan先生之年薪乃經參考彼於本公司之職務及責任、其資歷、經驗、當前市況及本公司之薪酬政策而釐定，並受董事會及本公司薪酬委員會每年檢討。

Mr. Wong Wun Lam ("Mr. Wong"), aged 55, was the chief financial officer and an executive Director of the Company and resigned with effect from 20 December 2019. He joined the Group on 10 August 2017 as chief financial officer, and was appointed as an executive director on 11 October 2017. Mr. Wong served as a member of each of the executive committee, the strategy and investment committee and the pricing committee of the Company. He was also the director of certain subsidiaries of the Group. And he has resigned on 20 December 2019. Mr. Wong obtained a Bachelor of Commerce degree from the University of Calgary and received a degree of Executive Master of Business Administration from Kellogg School of Management at the Northwestern University. He is also a Chartered Accountant of Canada. Prior to joining the Company, Mr. Wong had more than 29 years of extensive experience in the field of financial management. He was the Chief Financial Officer of Cargo Services Group and before that, Mr. Wong worked in Royal Philips Electronics, Jarden Corporation and CLP Power and held senior positions in financial and business management.

During the year ended 31 December 2019, Mr. Wong was not entitled any salary for the appointment as executive Director of the Company but he was entitled to an annual salary of HK$2,600,000 for his role as chief financial officer. He was also entitled a discretionary bonus. The annual salary and discretionary bonus of Mr. Wong were determined with reference to his duties and responsibilities in the Company, qualifications, experience, the prevailing market conditions and the Company's remuneration policy and was subject to annual review by the Board and the remuneration committee of the Company.

黃煥霖先生(「**黃先生**」)，55歲，曾任本公司首席財政官兼執行董事，並已辭任，自二零一九年十二月二十日起生效。彼於二零一七年八月十日加入本集團並擔任首席財務官，於二零一七年十月十一日獲委任為執行董事。黃先生為本公司執行委員會、戰略與投資委員會及定價委員會成員。彼亦為本集團若干子公司之董事。並在二零一九年十二月二十日辭任。黃先生取得卡爾加里大學商業學士學位及美國西北大學凱洛格商學院高層管理人員工商管理碩士學位。彼亦為加拿大特許會計師。於加入本公司前，黃先生於財務管理方面擁有逾二十九年豐富經驗。彼曾擔任嘉宏物流集團首席財務官，並在此之前，黃先生曾於皇家飛利浦電子公司、Jarden Corporation及中華電力擔任財務及業務管理方面高級職務。

於截至二零一九年十二月三十一日止年度，黃先生就獲委任為本公司執行董事並不享有任何薪金但彼擔任首席財務官享有之年薪為2,600,000港元，彼亦享有酌情花紅。黃先生之年薪及酌情花紅乃經參考彼於本公司之職務及責任、其資歷、經驗、當前市況及本公司之薪酬政策而釐定，並受董事會及本公司薪酬委員會每年檢討。

INDEPENDENT NON-EXECUTIVE DIRECTORS 獨立非執行董事

Dr. Loke Yu alias Loke Hoi Lam ("Dr. Loke"), aged 70, is an independent non-executive Director. He was appointed as an independent non-executive Director on 23 June 2010. Dr. Loke serves as the chairman of the audit committee and a member of the remuneration committee and the nomination committee of the Company. Dr. Loke has over 41 years of experience in accounting and auditing for private and public companies, financial consultancy and corporate management. He holds a Master of Business Administration degree from Universiti Teknologi Malaysia and a Doctor of Business Administration degree from University of South Australia. He is a fellow member of The Institute of Chartered Accountants in England and Wales; Hong Kong Institute of Certified Public Accountants; The Hong Kong Institute of Directors; The Hong Kong Institute of Chartered Secretaries and The Hong Kong Independent Non-Executive Director Association. He currently serves as an independent non-executive director of the following companies whose shares are listed on the Hong Kong Stock Exchange: V1 Group Limited (Stock Code: 82), Matrix Holdings Limited (Stock Code: 1005), CIMC-TianDa Holdings Company Limited (formerly known as China Fire Safety Enterprise Group Limited) (Stock Code: 445), Zhong An Group Limited (formerly known as Zhong An Real Estate Limited) (Stock Code: 672), Tianjin Development Holdings Limited (Stock Code: 882), Tianhe Chemicals Group Limited (Stock Code: 1619), Forebase International Holdings Limited (Stock Code: 2310), Hang Sang (Siu Po) International Holding Company Limited (Stock Code: 3626), Hong Kong Resources Holdings Company Limited (Stock Code: 2882), Zhenro Properties Group Limited (Stock Code: 6158), TC Orient Lighting Holdings Limited (Stock Code: 515) and TradeGo FinTech Limited (Stock Code: 8017).

Dr. Loke is entitled to a director's fee of HK$250,000 per annum, which is determined with reference to his duties and responsibilities in the Company and the market rate for his position as independent non-executive Director and is subject to annual review by the Board and the remuneration committee of the Company.

陸海林博士(「陸博士」)，70歲，獨立非執行董事。彼於二零一零年六月二十三日獲委任為獨立非執行董事。陸博士為本公司審核委員會主席、薪酬委員會及提名委員會成員。陸博士於私人及上市公司之會計及審計工作、財務顧問及企業管理等方面擁有逾四十一年經驗，持有馬來西亞科技大學工商管理碩士學位和南澳大學工商管理博士學位。彼為英格蘭與威爾斯特許會計師學會、香港會計師公會、香港董事學會、香港特許秘書公會及香港獨立非執行董事協會之資深會員。彼現為股份於香港聯交所上市之下列多家公司之獨立非執行董事：第一視頻集團有限公司(股份代號：82)、美力時集團有限公司(股份代號：1005)、中集天達控股有限公司(前稱中國消防企業集團有限公司)(股份代號：445)、眾安集團有限公司(前稱眾安房產有限公司)(股份代號：672)、天津發展控股有限公司(股份代號：882)、天合化工集團有限公司(股份代號：1619)、申基國際控股有限公司(股份代號：2310)、Hang Sang (Siu Po) International Holding Company Limited(股份代號：3626)、香港資源控股有限公司(股份代號：2882)、正榮地產集團有限公司(股份代號：6158)、達進東方照明控股有限公司(股份代號：515)及捷利交易寶金融科技有限公司(股份代號：8017)。

陸博士有權收取董事袍金每年250,000港元，此乃根據彼於本公司承擔的職責及責任以及其獨立非執行董事職務的市場薪酬釐定，並受董事會及本公司薪酬委員會每年檢討。

Ms. Qian Liping ("Ms. Qian"), aged 42, is an independent non-executive Director. She joined the Group on 24 October 2016. Ms. Qian is a member of the audit committee, the remuneration committee and the nomination committee of the Company. Ms. Qian is currently a professor at the School of Economics and Business Administration in Chongqing University and a managing director of Marketing Committee, Chinese Research Council of Modern Management. She was also a visiting scholar of the Chinese University of Hong Kong from 2010 to 2011. Ms. Qian has been appointed as an external review expert of several journals including "Management World", "Journal of Marketing Science" and "Nankai Business Review", and was awarded "2015 Annual Excellent Review Expert" by "Journal of Marketing Science". She has more than 16 years of research experience in B2B Marketing and Marketing Channel Management and has intimate knowledge of the marketing environment and management mechanism in mainland China. Ms. Qian holds a doctoral degree in Management from School of Management of Xi'an Jiaotong University.

Ms. Qian is entitled to a director's fee of HK$250,000 per annum, which is determined with reference to her duties and responsibilities in the Company and the market rate for her position as independent non-executive Director and is subject to annual review by the Board and the remuneration committee of the Company.

錢麗萍女士(「**錢女士**」)，42歲，獨立非執行董事。彼於二零一六年十月二十四日加入本集團。錢女士為本公司審核委員會、薪酬委員會及提名委員會成員。錢女士現為重慶大學經濟與工商管理學院教授及中國管理現代化研究會營銷專業委員會常務理事。彼自二零一零年至二零一一年間亦為香港中文大學訪問學者。錢女士被《管理世界》、《營銷科學學報》及《南開管理評論》等多家期刊聘為外審專家，並榮獲二零一五年度《營銷科學學報》優秀評審專家稱號。彼於研究B2B市場營銷及營銷渠道管理方面有著超過十六年的經驗，且十分熟悉中國大陸的營銷環境及管理機制。錢女士持有西安交通大學管理學院管理學博士學位。

錢女士有權收取董事袍金每年250,000港元，此乃根據彼於本公司承擔的職責及責任以及其獨立非執行董事職務的市場薪酬釐定，並受董事會及本公司薪酬委員會每年檢討。

Mr. Ko Frankie Andrew ("Mr. Ko"), aged 69, is an independent non-executive Director. He joined the Group on 19 February 2020. Mr. Ko is the chairman of the remuneration committee of the Company and a member of the audit committee and the nomination committee of the Company. Mr. Ko graduated from the University of Wisconsin-Madison with a Bachelor's degree in chemical engineering in 1974, the University of Kentucky with a Master's degree in chemical engineering in 1976, and also from Marshall University with a Master of Business Administration in 1982. Mr. Ko started his career at Dow Chemical Company in 1976 and spent 31 years in various manufacturing and commercial leadership roles, with his most recent role from 2005 to 2007 as vice president of Greater China, responsible for business development. He also previously served as director of operations of Greater China, general manager of Greater China, and also an executive or director of various joint ventures of Dow Chemical Company. In 2007, Mr. Ko joined AEA Investors, a global private investment firm focused on private equity and debt investments in the middle market, and is currently a partner and an operating executive.

Mr. Ko is entitled to a director's fee of HK$250,000 per annum, which is determined with reference to his duties and responsibilities in the Company and the market rate for her position as independent non-executive Director and is subject to annual review by the Board and the remuneration committee of the Company.

高瑞強先生(「**高先生**」)，69歲，為獨立非執行董事。彼於二零二零年二月十九日加入本集團。高先生為本公司薪酬委員會主席與審核委員會及提名委員會成員。高先生於一九七四年畢業於威斯康辛大學麥迪遜分校並取得化學工程學士學位、於一九七六年畢業於肯德基大學並取得化學工程碩士學位以及於一九八二年畢業於馬歇爾大學並取得工商管理碩士學位。高先生於一九七六年於陶氏化學公司開展事業，擔任各種製造及商業領導職務31年，最近期職務為於二零零五年至二零零七年擔任大中華地區副總裁，負責業務開發。彼先前亦擔任陶氏化學公司的大中華地區營運總監、大中華地區總經理，亦擔任其多間合資企業的行政人員或董事。於二零零七年，高先生加入安盈投資(一間環球私人投資公司，專注於中間市場的私募股權及債務投資)，現時擔任其合夥人及運營行政官。

高先生有權收取董事袍金每年250,000港元，此乃根據彼於本公司承擔的職責及責任以及其獨立非執行董事職務的市場薪酬釐定，並受董事會及本公司薪酬委員會每年檢討。

Mr. Zhu Hongchao ("Mr. Zhu"), aged 60, was an independent non-executive Director. He joined the Group on 18 April 2018 and resigned with effect from 19 February 2020. Mr. Zhu was the chairman of the remuneration committee of the Company and a member of the audit committee and the nomination committee of the Company. And he has resigned on 19 February 2020.

Mr. Zhu is one of the founding partners of Shanghai United Law Firm and a senior lawyer. He possesses a Juris Master degree obtained from Fudan University and has rich litigation and non-litigation experience in terms of Contract Law, Law of Torts, Company Law and other legal fields. Mr. Zhu has served as a permanent legal adviser or specially invited adviser of a large number of state-owned enterprises, Global 500 enterprises and governmental departments for a long time. As one of the first batch of lawyers with the qualification to practice securities law, he has participated in the reorganisation and listing of over 40 large Chinese enterprises.

Mr. Zhu is currently the director and senior partner of Shanghai United Law Firm. He also serves as an arbitrator of China International Economic and Trade Arbitration Commission, Shanghai International Economic and Trade Arbitration Commission (Shanghai International Arbitration Center) and Shanghai Arbitration Commission, a mediator of Shanghai Commercial Mediation Center, and a part-time professor of Shanghai University Law School and East China University of Political Science and Law.

He once served as the third, fourth, fifth and sixth deputy president of All China Lawyers Association, the sixth president of Shanghai Bar Association and the seventh chief supervisor of Shanghai Bar Association.

He is an independent director of the following companies: Wonders Information Co., Ltd. (Stock Code: 300168 (SHE)), Caitong Fund Management Co., Ltd., Jupai Holdings Limited (Stock Code: JP (NYSE)), and E-House (China) Holdings Limited and Leju Holdings Limited (Stock Code: LEJU (NYSE)). He is currently an independent non-executive director of E-House (China) Enterprise Holdings Limited (Stock Code: 2048 (HKEX)). He once served as an independent director of the following companies: Sinochem International Corporation (Stock Code: 600500 (SHA)), Shanghai Guangdian Electric Group Co., Ltd. (Stock Code: 601616 (SHA)) and Tengda Construction Group Co,. Ltd. (Stock Code: 600512 (SHA)).

During the year ended 31 December 2019 and up until his resignation, Mr. Zhu was entitled to a director's fee of HK$250,000 per annum, which was determined with reference to his duties and responsibilities in the Company and the market rate for her position as independent non-executive Director and was subject to annual review by the Board and the remuneration committee of the Company.

朱洪超先生(「朱先生」)，60歲，曾任獨立非執行董事。彼於二零一八年四月十八日加入本集團，並已辭任，自二零二零年二月十九日起生效。朱先生為本公司薪酬委員會主席與審核委員會及提名委員會成員。並在二零二零年二月十九日辭任。

朱先生為上海市聯合律師事務所創始合夥人之一、高級律師。彼擁有復旦大學法學碩士學位，並在合同法、民事侵權法、公司法等法律領域具有豐富的訴訟和非訴訟經驗，長期以來擔任相當數量大型國企、世界五百強企業以及政府部門的常年法律顧問或特邀顧問。彼為中國首批證券從業律師，已經參與了多達四十多家的中國大型企業的重組和上市工作。

朱先生現為上海市聯合律師事務所主任，高級合夥人。彼亦現任中國國際經濟貿易仲裁委員會仲裁員、上海國際經濟貿易仲裁委員會(上海國際仲裁中心)仲裁員、上海仲裁委員會仲裁員、上海經貿商事調解中心調解員與上海大學法學院及華東政法大學兼職教授。

彼曾任中華全國律師協會第三、四、五、六屆副會長、上海市律師協會第六屆會長，上海市律師協會第七屆監事長。

彼現為以下各公司之獨立董事：萬達信息股份有限公司(股份代號：300168 (SHE))、財通基金管理有限公司、鉅派投資有限公司(股份代號：JP (NYSE))及E-House (China) Holdings Limited and Leju Holdings Limited(股份代號：LEJU (NYSE))。彼現為易居(中國)企業控股有限公司(股份代號：2048 (HKEX))之獨立非執行董事。彼曾於以下各公司擔任獨立董事：中化國際(控股)股份有限公司(股份代號：600500 (SHA))、上海廣電電氣(集團)股份有限公司(股份代號：601616 (SHA))及騰達建設集團股份有限公司(股份代號：600512 (SHA))。

於截至二零一九年十二月三十一日止年度及直至其辭任，朱先生有權收取董事袍金每年250,000港元，此乃根據彼於本公司承擔的職責及責任以及其獨立非執行董事職務的市場薪酬釐定，並受董事會及本公司薪酬委員會每年檢討。

SENIOR MANAGEMENT 高級管理人員

Mr. Goh Kian Guan ("Mr. Goh"), aged 42, is the vice president, chief investment officer of the Company and general manager of the investment & development department of the Company. Mr. Goh also serves as a member of the strategy and investment committee of the Company and he is a director of certain subsidiaries of the Group. He joined the Group on 1 January 2016. Before joining the Group, Mr. Goh was the managing director for investments at USUM Investment Group Limited. Prior to USUM Investment Group Limited, Mr. Goh was the head of international merger & acquisition at an investment firm in Shanghai. Before that, Mr. Goh served in Standard Chartered Corporate Advisory and BNP Paribas Investment Banking Energy & Commodities team. Prior to his post at investment banking, Mr. Goh was with the strategic investment team for Singapore Telecom working on merger & acquisition. Mr. Goh has many years of experiences with both buy-side and sell-side, covering energy, commodities, transportation, telecom-media-technology (TMT) and high end manufacturing. Prior to that, Mr. Goh spent 6 years as an engineer, working on various projects, including oil fields, refineries, petrochemical plants, pharmaceutical plants, power plants, oil rigs, real estates and advance equipment manufacturing, covering technical, commercial and financial management.

Mr. Goh graduated with a Master of Finance degree from the Royal Melbourne Institute of Technology of Australia, and a Bachelor of Engineering in Civil from the Nanyang Technological University of Singapore.

吳健源先生(「**吳先生**」)，42歲，本公司副總裁、首席投資官兼投資發展部總經理。吳先生亦為本公司戰略與投資委員會成員，以及本集團若干子公司之董事。彼於二零一六年一月一日加入本集團。吳先生此前就職於渝商投資集團股份有限公司，擔任投資管理部董事總經理。在加入渝商投資集團股份有限公司之前，吳先生就職於上海一家投資公司，任國際併購部負責人。在此之前，吳先生就職於渣打銀行企業諮詢部和法國巴黎銀行投行部能源及大宗商品團隊。吳先生在加入投行前任職於新加坡電信有限公司戰略投資部，從事併購工作。吳先生在買方和賣方都擁有多年的經驗，涉及能源、大宗商品、運輸業、電信／媒體／科技和高端製造。在此之前，吳先生還擁有六年的工程師經歷，參與過多項工業項目，涉及油田、煉化廠、製藥廠、發電廠、海上鑽井平台、房地產、高端設備製造的技術、商務、財務管理。

吳先生擁有澳洲皇家墨爾本理工大學金融碩士學位和新加坡南洋理工大學土木工程學士學位。

Ms. Yiu Yi Ting ("Ms. Yiu"), aged 39, is the company secretary of the Company. She joined the Group in May 2017.

Ms. Yiu has worked in corporate secretarial field and corporate trust fields in several listed companies on the Main Board and GEM of the Stock Exchange, commercial bank and professional firms for over 17 years.

Ms. Yiu graduated from the Hong Kong Polytechnic University in 2011 and was awarded a Master's Degree in Corporate Governance. She is an associate member of both The Institute of Chartered Secretaries and Administrators in the United Kingdom and The Hong Kong Institute of Chartered Secretaries.

姚懿庭女士（「姚女士」），39歲，本公司公司秘書。彼於二零一七年五月加入本集團。

姚女士於多家聯交所主板及GEM上市公司、商業銀行及專業公司之公司秘書領域及公司信託領域任職逾十七年。

姚女士於二零一一年畢業於香港理工大學，並獲授企業管治碩士學位。彼為英國特許秘書及行政人員公會及香港特許秘書公會會員。

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* *For identification purpose only*

* *僅供識別*

The Directors of the Company have the pleasure in presenting their report and the audited consolidated financial statements of the Group for the year ended 31 December 2019 (the "Reporting Period").

本公司董事欣然提呈截至二零一九年十二月三十一日止年度(「報告期間」)彼等的報告及本集團的經審核綜合財務報表。

PRINCIPAL ACTIVITIES AND GEOGRAPHICAL ANALYSIS OF OPERATIONS

The Company acts as an investment holding company. The principal activities of its principal subsidiaries are set out in Note 44 to the consolidated financial statements.

An analysis of the Group's performance by operating segments for the year ended 31 December 2019 is set out at in Note 5 to the consolidated financial statements.

主要業務及地區之營運分析

本公司為一間投資控股公司。主要子公司的主要業務載於綜合財務報表附註44。

以經營分部分析本集團截至二零一九年十二月三十一日止年度的表現載於綜合財務報表附註5。

RESULTS AND APPROPRIATIONS

The results of the Company for the year ended 31 December 2019 are set out in the consolidated statement of profit or loss and the consolidated statement of comprehensive income of the Group on pages 116 to 117 of this Annual Report.

業績及溢利分配

本公司截至二零一九年十二月三十一日止年度業績載於本年報第116至117頁的本集團綜合損益表及綜合全面收益表。

FINAL DIVIDEND

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

末期股息

董事會不建議派付截至二零一九年十二月三十一日止年度的末期股息(二零一八年:無)。

BUSINESS REVIEW

The review of the business of the Group for the year ended 31 December 2019 is set out in sections headed "Chairman's Statement", "Management Discussion and Analysis" from pages 10 to 15 and pages 16 to 31 respectively of this Annual Report which also form part of this Directors' Report.

業務回顧

有關本集團截至二零一九年十二月三十一日止年度的業務回顧分別載於本年報(亦構成本董事會報告之一部分)第10至15頁及第16至31頁的「主席報告」及「管理層討論及分析」各節內。

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group has implemented a number of resources conservation initiatives in its operations and workplaces. It is our strategy to gradually embed sustainability into our daily management, thus, we will continue to improve environmental sustainability measures in all our facilities. During the Reporting Period, we complied with all relevant environmental regulations in Hong Kong and the PRC that have a significant impact on the Group's business. There were no significant fines and no non-monetary sanctions for non-compliance with environmental laws and regulations during the year. Details of the above information will be set out in our environmental, social and governance report which is scheduled to be published within three months after the issuance of this annual report.

環境政策及績效

本集團已在營運及工作場所實施多項資源節約項目。我們的策略是逐步在日常管理中注入可持續發展元素。據此,我們將繼續提升在所有設施內的環境可持續發展措施。於報告期間內,我們已遵守香港和中國所有與環境有關並且對本集團業務有重大影響的法規。年內,並無因違反環境法律及法規而招致的大額罰款及非金錢性質的制裁。上述資料的詳情將載於我們的環境、社會及管治報告,該報告預定於本年報刊發後三個月內刊發。

COMPLIANCE WITH LAWS AND REGULATIONS

The Group was not aware of any non-compliance with laws and regulations during the year ended 31 December 2019 that would have a significant impact on the Group in relation to issues such as environmental protection, employment and labour practices, operating practices and the community.

遵守法律及法規

於截至二零一九年十二月三十一日止年度，本集團並不知悉因違反任何法例及規例而對本集團有關環保、僱傭及勞工規範、經營規範及社區等議題構成重大影響。

RELATIONSHIP WITH CUSTOMERS, SUPPLIERS AND EMPLOYEES

Maintaining and consolidating its relationship with customers is crucial to increasing the profits of the Company. When carrying out business with customers, the Group has adopted various methods to collect and report their needs and expectations and taken corresponding measures for improvement. The results of such measures were reviewed and feedbacks were provided to the customers. The main duties include conducting customer satisfaction survey by sending out questionnaires to have their feedbacks, opinions, suggestions, complaints or praises to ensure the service quality and to make improvement.

The Group's raw materials are required to be purchased in both overseas and domestic markets. Maintaining a good relationship with our scrap metal suppliers is one of the most important task in scrap metal procurement. In addition, the Group continues to secure a group of quality scrap suppliers by conducting regular evaluations, so as to lay a solid foundation for the recycling and dismantling production of the Group.

The Group is committed to providing equal employment opportunities without regard to sex, age or nationality, which is in accordance with anti-discrimination laws. We endeavor to ensure employees are treated equally within our welfare system and are provided with effective channels to freely express and communicate their opinions.

Our Group is committed to maintaining the highest standard of ethical and responsible conduct when conducting business. A group-level Whistle-blowing Policy is in place to deter corruption or any possible violation of law or company policy and to promote standards of good corporate practices.

與客戶、供應商及僱員的關係

維持及鞏固與客戶的關係，對增加本公司溢利相當重要。與客戶進行業務往來時，本集團已採納多種辦法以收集及報告彼等之需要及期望，並已採取相應措施加以改善。我們已就有關措施的結果作出檢討，並向客戶作出反饋。主要工作包括透過發出問卷進行客戶滿意度調查，以徵集反饋、意見、提議、投訴或讚譽，藉此確保服務質素並加以改良。

本集團原材料須從海外及本地市場購買。與再生金屬供應商維持良好關係是再生金屬採購的重要一環。此外，本集團繼續藉由定期評估覓得一批優質的再生金屬供應商，進而為本集團的再生及回收拆解生產打下穩固基礎。

本集團致力提供平等的就業機會，而不論其性別、年齡或國籍，並根據反歧視法例施行。我們竭力確保僱員在福利制度下獲公平對待，且設立有效途徑，供彼等自由發表意見。

本集團在進行業務時，致力維持最高標準的道德操守及負責任的行為。我們已在集團層面設立告密政策，防止貪污或任何可能違反法律或公司政策的事宜，以及提倡良好的企業管治標準。

CHANGE IN SHARE CAPITAL IN THE YEAR

Details of the changes in the Company's share capital in issue during the year ended 31 December 2019 are set out in Note 29 to the consolidated financial statements.

年內股本變動

截至二零一九年十二月三十一日止年度本公司已發行的股本變動詳情載於綜合財務報表附註29。

CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS

There were no contracts of significance with any member of the Group as the contracting party and in which any of the controlling shareholders or any of its subsidiaries possessed direct or indirect substantial interests, and which was still valid as at 31 December 2019 or any time during such year and related to the business of the Group.

控股股東於合約之權益

本集團任何成員公司並無訂立任何控股股東或其子公司於當中直接或間接擁有重大權益，且於二零一九年十二月三十一日或於年內任何時間仍屬有效及與本集團業務有關的重大合約。

DIRECTORS

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

Executive Directors

Mr. Qin Yongming *(Chairman)*
Mr. Tu Jianhua
Mr. Rafael Heinrich Suchan *(Chief Executive Officer)*
(appointed with effect from 1 March 2020)
Mr. Wong Wun Lam *(Chief Financial Officer)*
(resigned with effect from 20 December 2019)

Independent Non-Executive Directors

Dr. Loke Yu
Ms. Qian Liping
Mr. Ko Frankie Andrew
(appointed with effect from 19 February 2020)
Mr. Zhu Hongchao
(resigned with effect from 19 February 2020)

In accordance with the articles of association of the Company, Ms. Qian Liping shall retire from office and, being eligible, offer themselves for re-election at the forthcoming annual general meeting of the Company under articles 84(1) & (2).

Mr. Rafael Heinrich Suchan and Mr. Ko Frankie Andrew shall hold office until the forthcoming annual general meeting of the Company pursuant to article 83(3) and then being eligible, offer themselves for re-election.

董事

年內及截至本報告日期任職之董事包括：

執行董事

秦永明先生*（主席）*
涂建華先生
Rafael Heinrich Suchan先生*（行政總裁）*
（由二零二零年三月一日起獲委任）
黃煥霖先生*（首席財務官）*
（由二零一九年十二月二十日起辭任）

獨立非執行董事

陸海林博士
錢麗萍女士
高瑞強先生
（由二零一九年二月十九日起獲委任）
朱洪超先生
（由二零一九年二月十九日起辭任）

根據本公司組織章程細則，錢麗萍女士須告退，惟彼等根據細則第84(1)及(2)條合資格並願意於本公司應屆股東週年大會上膺選連任。

根據細則第83(3)條，Rafael Heinrich Suchan先生及高瑞強先生將任職直至本公司應屆股東週年大會為止，屆時符合資格並願意膺選連任。

DIRECTORS' SERVICE CONTRACTS

董事服務合約

		Start 開始	Expire 到期	Duration of contract 合約年期
Executive Director 執行董事	Qin Yongming 秦永明	17 July 2017 二零一七年 七月十七日	N/A (open contract) 不適用 （無固定年期合約）	N/A (open contract) 不適用 （無固定年期合約）
	Tu Jianhua 涂建華	29 April 2018 二零一八年 四月二十九日	28 April 2021 二零二一年 四月二十八日	3 years 三年
	Rafael Heinrich Suchan Rafael Heinrich Suchan	1 March 2020 二零二零年 三月一日	29 February 2023 二零二三年 二月二十九日	3 years 三年
Independent Non-Executive Directors 獨立非執行董事	Loke Yu 陸海林	24 June 2019 二零一九年 六月二十四日	23 June 2022 二零二二年 六月二十三日	3 years 三年
	Qian Liping 錢麗萍	24 October 2019 二零一九年 十月二十四日	23 October 2022 二零二二年 十月二十三日	3 years 三年
	Ko Frankie Andrew 高瑞強	19 February 2020 二零二零年 二月十九日	18 February 2023 二零二三年 二月十八日	3 years 三年

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

擬於應屆股東週年大會上膺選連任的董事概無與本公司及／或其任何子公司訂有不可於一年內不付補償（法定補償除外）而終止的任何服務合約。

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Brief biographical details of directors and senior management are set at on pages 32 to 42.

董事及高級管理人員履歷詳情

董事及高級管理人員的簡歷詳情載於第32至42頁。

CHANGES OF INFORMATION IN RESPECT OF DIRECTORS

In accordance with Rule 13.51B(1) of the Listing Rules, the changes in information required to be disclosed by Directors pursuant to paragraphs (a) to (e) and (g) of Rule 13.51(2) of the Listing Rules after the publication of the Interim Report 2019 of the Company are set out below:

Experience including other directorships

Dr. Loke Yu alias Loke Hoi Lam, an independent non-executive Director of the Company, resigned as an independent non-executive director of Lamtex Holdings Limited (stock code: 1041) with effect from 23 March 2020.

Disclosure pursuant to Rule 13.51(2)(h)

Mr. Tu Jianhua ("**Mr. Tu**"), an executive director of the Company, has received a decision on disciplinary actions ("**Decision**") against Shanghai Fenghua (Group) Co., Ltd. ("**Fenghua**"), controlling shareholder Loncin Holdings Co., Ltd. ("**Loncin Holdings**"), actual controller Mr. Tu and responsible persons ([2019] No. 124) (《上海證券交易所紀律處分決定書》[2019] 124號), issued by the Shanghai Stock Exchange. According to the Decision, funds of Fenghua in the aggregate amount of RMB480 million were used by its controlling shareholder (i.e. Loncin Holdings), which constituted occupation of funds by a controlling shareholder for non-operational purposes. As set out in the Decision, the Shanghai Stock Exchange had determined that Mr. Tu (as the actual controller of Fenghua) had used his control over Fenghua to damage the independence of Fenghua, and violated Articles 1.1, 1.4 and 2.2 of the Notice on Certain Issues and Related Party Funds Exchanges and Listed Companies' External Guarantees and Guidelines for Controlling Shareholders and Actual Controllers of Listed Companies on the Shanghai Stock Exchange. As described in the Decision, having taken into consideration that Loncin Holdings has returned the occupied non-operational funds and the related interest, and has adopted measures to remedy the relevant violations, the Shanghai Stock Exchange considered imposing lighter disciplinary measures. As such, the Shanghai Stock Exchange has publicly condemned, among others, Mr. Tu in accordance with the relevant provisions of the Stock Listing Rules and the Measures for the Implementation of Disciplinary and Supervision Measures of the Shanghai Stock Exchange.

有關董事資料的變動

根據上市規則第13.51B(1)條，本公司二零一九年中期報告刊登後，董事根據上市規則第13.51(2)條第(a)至(e)段及第(g)段須予披露的資料變動載列如下：

經驗（包括其他董事職務）

本公司獨立非執行董事陸海林博士已辭任林達控股有限公司（股份代號：1041）之獨立非執行董事，自二零二零年三月二十三日起生效。

根據第13.51(2)(h)條之披露

本公司執行董事涂建華先生（「**涂先生**」）收到上海證券交易所發出的《關於對上海豐華（集團）股份有限公司（「**豐華**」）、控股股東隆鑫控股有限公司（「**隆鑫控股**」）、實際控制人涂先生及有關責任人予以紀律處分的決定》（[2019] 124號）（《上海證券交易所紀律處分決定書》[2019] 124號）（「**決定書**」）。根據決定書，豐華的控股股東（即隆鑫控股）使用豐華資金合共人民幣4.8億元，其構成控股股東非經營性佔用資金。誠如決定書所載，上海證券交易所已釐定涂先生（作為豐華實際控制人）利用其對豐華的控制地位損害豐華獨立性，違反了《關於規範上市公司與關聯方資金往來及上市公司對外擔保若干問題的通知》第1.1條、第1.4條及第2.2條規定及《上海證券交易所上市公司控股股東、實際控制人行為指引》。誠如決定書所述，上海證券交易所考慮到隆鑫控股已歸還非經營性佔用資金及相關利息並已採取措施對相關違規行為予以補救，考慮從輕處分。因此，上海證券交易所根據《股票上市規則》及《上海證券交易所紀律處分和監管措施實施辦法》的有關規定，對（其中包括）涂先生予以公開譴責。

DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS THAT ARE SIGNIFICANT IN RELATION TO THE COMPANY'S BUSINESS

Saved as disclosed under the section headed "Continuing Connected Transactions" on pages 51 to 54 in this Annual Report and Note 39 to the consolidated financial statements, no transactions, arrangements or contracts of significance in relation to the Group's business (including those to which the Company's subsidiaries, fellow subsidiaries or its parent company was a party) in which a director of the Company or an entity connected with a Director had material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

董事於有關本公司業務之重大交易、安排及合約中擁有的重大權益

除本年報第51至54頁「持續關連交易」一節及綜合財務報表附註39所披露者外，於年末或年內任何時間，概無訂立本公司董事或與董事有關連之實體於當中直接或間接擁有重大權益的有關本集團業務之重大交易、安排或合約（包括本公司子公司、同系子公司或其母公司為訂約方的有關本集團業務之重大交易、安排及合約）。

PERMITTED INDEMNITY PROVISION

The Articles of Association of the Company provide that every Director shall be indemnified out of the assets and profits of the Company against liabilities (to the extent permitted by the Companies Ordinance (Cap 622)) incurred by him as such Director in the execution of his duties or otherwise in relation thereto, provided that such indemnity shall not extend to any matter in respect of any fraud or dishonesty which may attach to any such director.

The Company has taken out insurance against the liabilities and costs associated with defending any proceeding which may be brought against the Directors of the Company.

獲准許的彌償條文

本公司組織章程細則規定，每位董事有權就因執行其董事職務或相關的其他事宜而可能發生與此相關之一切的債務（按公司條例（第622章）容許的最大程度），將獲本公司從其資產及溢利中賠償，惟本彌償保證不延伸至任何與該董事欺詐或不忠誠有關之事宜。

本公司就可能對本公司董事提起的任何法律訴訟相關的負債及成本投保。

EQUITY-LINKED AGREEMENTS

Save as disclosed under the section headed "Share Option Scheme" on pages 56 to 57 in this Annual Report, no equity-linked agreements were entered into during the year or which subsisted at the end of the year.

股權掛鈎協議

除本年報第56至57頁「購股權計劃」一節披露者外，於年內概無訂立股權掛鈎協議或於年底仍然生效。

DIRECTOR'S RIGHT TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the section headed "Share Option Scheme" on pages 56 to 57 of this Annual Report, during the year, none of the Company, its parent company, or any of its subsidiaries or fellow subsidiaries was a party to any arrangements to enable the Directors to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate.

董事購買股份或債券之權利

除本年報第56至57頁「購股權計劃」一節所披露者外，於年內，概無本公司、其母公司或其任何子公司或同系子公司訂立任何安排，致使董事可藉購入本公司或任何其他法人團體之股份或債券而獲益。

PROPERTY, PLANT AND EQUIPMENT

Details of the movement in property, plant and equipment of the Group during the year are set out in Note 14 to the consolidated financial statements.

物業、廠房及設備

有關本集團物業、廠房及設備於年內的變動詳情載於綜合財務報表附註14。

BORROWINGS

Details of the borrowings, including the maturity profile, currency and interest rate structure of the Group are set out in Note 32 to the consolidated financial statements.

借款

有關本集團借款（包括到期情況、貨幣及利率結構）的詳情載於綜合財務報表附註32。

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

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

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，本公司或其任何子公司均無購買、出售或贖回本公司或其任何子公司的任何上市證券。

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Articles of Association or the laws of the Cayman Islands, being the jurisdiction in which the Company is incorporated under, which would oblige the Company to offer new Shares on a pro-rata basis to its existing shareholders.

優先購買權

本公司組織章程細則或開曼群島（即本公司註冊成立所在司法權區）法律並無有關優先購買權的任何條文，規限本公司須向其現有股東按持股比率發售新股份。

TAX RELIEF

The Company is not aware of any relief from taxation available to the shareholders of the Company (the "Shareholders") by reason of their holding of the shares of the Company.

稅項減免

本公司概不知悉有任何因本公司股東(「股東」)持有本公司股份而向彼等提供之稅項減免。

RESERVES

Details of the movement in the reserves of the Group during the year are set out in the consolidated statement of changes in equity. As at 31 December 2019, the distributable reserves of the Company amounted to approximately HK$3,785.0 million.

儲備

年內，本集團的儲備變動詳情載於綜合權益變動表。於二零一九年十二月三十一日，本公司的可分派儲備約為37億8,500萬港元。

DONATIONS

The Group did not make any donations during the Reporting Period.

捐贈

本集團於報告期間內並無作出任何捐贈。

MAJOR CUSTOMERS AND SUPPLIERS

In 2019, the Group's largest supplier accounted for 1.6% (2018: 3.0%) of the total purchases. The five largest suppliers comprised 6.1% (2018: 9.5%) of the total purchases.

Aggregate sales attributable to the Group's five largest customers were less than 25% of total revenue in 2019.

None of the Directors of the Company or any of their respective close associates or any shareholder of the Company (which, to the knowledge of the Directors, owns more than 5% of the Company's share capital) had any beneficial interest in the Group's five largest suppliers or five largest customers during the year.

主要客戶及供應商

於二零一九年，本集團的最大供應商佔總採購額1.6%(二零一八年：3.0%)。五大供應商佔總採購額的6.1%(二零一八年：9.5%)。

於二零一九年，本集團的五大客戶銷售總額佔總收益少於25%。

本公司董事或彼等各自之任何緊密聯繫人或本公司任何股東(就董事所知擁有本公司超過5%股本)年內概無於本集團五大供應商或五大客戶擁有任何實益權益。

MANAGEMENT CONTRACTS

No contracts, other than employment contracts, concerning the management and administration of the whole or any substantial part of the Company's business were entered into or subsisted during the year.

管理合約

除僱用合約外，年內概無訂立或存續有關本公司業務整體或任何重要部分的管理及行政合約。

CONTINUING CONNECTED TRANSACTIONS

During the year ended 31 December 2019, the Company had the following connected transaction and continuing connected transactions:

Sales Framework Agreement

As disclosed in the announcement of the Company dated 11 January 2017, a number of connected transactions were entered into and carried out between the Company, members of the Group and Loncin International Limited ("Loncin International") according to the sales framework agreement (the "Sales Framework Agreement") entered into between the Company and Loncin International on 11 January 2017. Pursuant to the Sales Framework Agreement, Loncin International purchased and the Company supplied, or procured relevant member(s) of the Group to supply, certain products to Loncin International for a term which commenced from 11 January 2017 and ended on 31 December 2019.

The annual caps in respect of the transactions contemplated under the Sales Framework Agreement for each of the financial years ended 31 December 2017, 2018 and 2019 were US$150.0 million, US$250.0 million and US$350.0 million respectively. The total amount of the transactions for the year ended 31 December 2019 was US$17.7 million.

Mr. Tu, a Director and controlling shareholder of the Company, holds 98% equity interests in Loncin Group Co., Limited, which in turn holds 98% equity interests in Loncin Holdings Co., Limited ("Loncin Holdings"). Loncin International is wholly-owned by Loncin Holdings. Therefore, Loncin International is a connected person of the Company under the Listing Rules by virtue of being an associate of Mr. Tu.

持續關連交易

於截至二零一九年十二月三十一日止年度，本公司有以下關連交易及持續關連交易：

銷售框架協議

誠如本公司日期為二零一七年一月十一日的公告所披露，根據本公司與隆鑫國際有限公司（「隆鑫國際」）於二零一七年一月十一日訂立的銷售框架協議（「銷售框架協議」），本公司、本集團成員公司與隆鑫國際訂立若干關連交易。根據銷售框架協議，隆鑫國際購買而本公司供應或促使本集團相關成員公司向隆鑫國際供應若干該等產品，期限為自二零一七年一月十一日起至二零一九年十二月三十一日止。

截至二零一七年、二零一八年及二零一九年十二月三十一日止財政年度各年，有關銷售框架協議項下擬進行之交易之年度上限分別為1億5,000萬美元、2億5,000萬美元及3億5,000萬美元。截至二零一九年十二月三十一日止年度之交易總額為1,770萬美元。

本公司董事及控股股東涂先生持有隆鑫集團有限公司98%股權，而隆鑫集團有限公司持有隆鑫控股有限公司（「隆鑫控股」）98%股權。隆鑫國際由隆鑫控股全資擁有。因此，隆鑫國際由於為涂先生之聯繫人而根據上市規則為本公司之關連人士。

CONTINUING CONNECTED TRANSACTIONS (continued)

Sales Framework Agreement (continued)

As one or more of the applicable percentage ratios for the annual caps in respect of the Sales Framework Agreement exceeded 5%, accordingly, the Sales Framework Agreement constituted a continuing connected transaction for the Company and was subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. On 17 February 2017, an extraordinary general meeting of the Company was convened and the Sales Framework Agreement was duly approved.

As disclosed in the Company's announcement dated 22 January 2020, the Sales Framework Agreement expired on 31 December 2019, and the Company and Loncin International entered into a new sales framework agreement (the "New Agreement") on 22 January 2020 (which is effective from 22 January 2020 to 31 December 2020), and set the annual cap for the continuing connected transactions contemplated under the New Agreement for the year ending 31 December 2020. Pursuant to the New Agreement, relevant member(s) of the Group will continue to supply certain non-ferrous metal products to Loncin International.

The proposed annual cap in respect of the transactions contemplated under the New Agreement is US$3,800,000 for the year ending 31 December 2020.

As one or more of the applicable percentage ratios for the proposed annual cap in respect of the New Agreement exceeds 0.1% but is less than 5%, the New Agreement as well as the proposed annual cap for the continuing connected transactions contemplated thereunder are subject to reporting, annual review, and announcement requirements but are exempted from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules. For further details, please refer to the Company's announcements dated 22 January and 17 February 2020 respectively.

持續關連交易(續)

銷售框架協議(續)

由於有關銷售框架協議之年度上限之一項或多項適用百分比率超過5%,因此,銷售框架協議構成本公司持續關連交易,且須遵守上市規則第14A章項下申報、公告及獨立股東批准之規定。於二零一七年二月十七日,本公司已召開股東特別大會,而銷售框架協議獲正式批准。

誠如本公司日期為二零二零年一月二十二日之公告所披露,銷售框架協議於二零一九年十二月三十一日到期,而本公司與隆鑫國際於二零二零年一月二十二日訂立新銷售框架協議(「新協議」),自二零二零年一月二十二日起至二零二零年十二月三十一日有效,並訂立截至二零二零年十二月三十一日止年度於新協議項下擬進行之持續關連交易之年度上限。根據新協議,本集團相關成員公司將繼續向隆鑫國際供應若干有色金屬產品。

截至二零二零年十二月三十一日止年度,新協議項下擬進行之交易之建議年度上限為3,800,000美元。

由於有關新協議之建議年度上限之一項或多項適用百分比率超過0.1%但低於5%,故根據上市規則第14A章,新協議及其項下擬進行之持續關連交易之建議年度上限須遵守申報、年度審閱及公告規定,但獲豁免遵守獨立股東批准規定。有關進一步詳情,請參閱本公司日期分別為二零二零年一月二十二日及二月十七日之公告。

CONTINUING CONNECTED TRANSACTIONS (continued)

Framework Sale and Purchase Agreement

On 16 October 2018 (after trading hours), Taizhou Chiho-Tiande Metals Company Limited*（台州齊合天地金屬有限公司）, an indirectly wholly-owned subsidiary of the Company, entered into a framework sale and purchase agreement (the "Framework Sale and Purchase Agreement") with Chongqing USUM Recycling Resources Developments Co., Ltd.*（重慶渝商再生資源開發有限公司）("USUM Recycling") for a term of six (6) months commencing from 16 October 2018 regarding the supply of scrap copper/brass to USUM Recycling for a total consideration of up to RMB100.0 million (equivalent to approximately HK$113.4 million). There was no transactions made during the year ended 31 December 2019 (2018: RMB97.5 million).

USUM Investment Group Hong Kong Limited ("USUMHK"), being a controlling shareholder of the Company, is a direct wholly-owned subsidiary of USUM Investment Group Limited*（渝商投資集團股份有限公司）("USUM Investment") which directly holds 100% interest in USUM Recycling. Accordingly, USUM Recycling is a connected person of the Company as defined in the Listing Rules and the transactions contemplated under the Framework Sale and Purchase Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

Details were disclosed in the announcement of the Company dated 16 October 2018.

The aforesaid continuing connected transactions have been reviewed by the independent non-executive Directors. The independent non-executive Directors have confirmed that the aforesaid continuing connected transactions have been entered into:

(a) in the ordinary and usual course of business of the Group;

持續關連交易（續）

買賣框架協議

於二零一八年十月十六日（交易時段後），台州齊合天地金屬有限公司（本公司的間接全資子公司）與重慶渝商再生資源開發有限公司（「渝商再生」）訂立買賣框架協議（「買賣框架協議」），由二零一八年十月十六日起為期六(6)個月，內容有關向渝商再生供應廢銅／黃銅，總代價最多為人民幣1億元（相等於約1億1,340萬港元）。於截至二零一九年十二月三十一日止年度並無進行交易（二零一八年：人民幣9,750萬元）。

本公司的控股股東渝商投資集團（香港）有限公司（「渝商香港」）為渝商投資集團股份有限公司（「渝商投資」）的直接全資子公司，渝商投資直接持有渝商再生的100%權益。因此，渝商再生為本公司的關連人士（定義見上市規則），且根據上市規則第十四A章，買賣框架協議項下擬進行之交易構成本公司的持續關連交易。

詳情披露於本公司日期為二零一八年十月十六日之公告。

上述持續關連交易已由獨立非執行董事審閱。獨立非執行董事確認，上述持續關連交易乃基於下列各項訂立：

(a) 於本集團一般及日常業務過程中訂立；

CONTINUING CONNECTED TRANSACTIONS (continued)

Framework Sale and Purchase Agreement (continued)

(b) either on normal commercial terms or on terms no less favourable to the Group than terms available to or from (as the case may be) independent third parties;

(c) in accordance with the relevant agreements governing such transactions on terms that are fair and reasonable and in the interests of the Shareholders as a whole; and

(d) within the respective cap amounts as disclosed in the previous announcements in which the relevant continuing connected transactions were disclosed.

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued an unqualified letter containing its findings and conclusions in respect of the continuing connected transactions disclosed by the Group in accordance with Rule 14A.56 of the Listing Rules. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

Apart from the aforesaid continuing connected transactions, no other related party transactions disclosed in Note 39 to the consolidated financial statements entered into by the Group during the year ended 31 December 2019 constituted connected transactions or continuing connected transactions under the Listing Rules. The Company confirms that it has complied with applicable disclosure requirements in accordance with Chapter 14A of the Listing Rules.

持續關連交易(續)

買賣框架協議(續)

(b) 按一般商業條款或不遜於本集團向或獲獨立第三方提供(視情況而定)之條款訂立;

(c) 根據監管此類交易之相關協議按公平合理且符合股東整體利益之條款進行;及

(d) 不超逾於過往有關持續關連交易公告中披露之有關上限。

本公司已委聘核數師根據香港會計師公會頒佈的香港核證工作準則第3000號「審核或審閱歷史財務資料以外的核證工作」,及參照實務説明第740號「關於香港上市規則所述持續關連交易的核數師函件」,就本集團的持續關連交易作出報告。根據上市規則第14A.56條,核數師已就本集團披露之持續關連交易,發出無保留意見並載有其發現及結論的函件。本公司已將該核數師函件副本送呈聯交所。

除上述持續關連交易外,概無於綜合財務報表附註39披露的本集團於截至二零一九年十二月三十一日止年度訂立的其他關聯方交易構成上市規則項下的關連交易或持續關連交易。本公司確認其已遵守上市規則第14A章項下之適用披露規定。

DIRECTORS' INTEREST IN COMPETING BUSINESS

During the year ended 31 December 2019, none of the Directors (except Mr. Tu Jianhua, details of which are set out below) has interests in any businesses which compete or are likely to compete, either directly or indirectly, with the businesses of the Group, pursuant to the Listing Rules:

董事於競爭業務中的權益

於截至二零一九年十二月三十一日止年度，根據上市規則，概無董事（涂建華先生除外，其詳情載列如下）於與本集團業務直接或間接構成競爭或可能構成競爭的任何業務中擁有權益：

Name of Director 董事姓名	Name of entity which businesses are considered to compete or likely to compete with the business of the Group 被視為與本集團業務構成競爭或可能構成競爭的業務實體名稱	Description of businesses of the entity hich are considered to compete or likely to compete with the business of the Group 被視為與本集團業務構成競爭或可能構成競爭的實體從事的業務的描述	Nature of interest of the Director in the entity 董事於實體的權益性質
Mr. Tu Jianhua	Chongqing USUM Recycling Resources Development Co., Ltd. ("Chongqing USUM")	According to the business scope as registered with the State Administration For Industry & Commerce of the PRC, this entity may engage in, inter alia, recycling, processing, marketing and sale of recycling resources, scrap metal related businesses.	Controlling Shareholder
涂建華先生	重慶渝商再生資源開發有限公司（「重慶渝商」）	根據於中國國家工商行政管理局登記的經營範圍，此實體可從事（其中包括）再生資源回收、加工、營銷及銷售、再生金屬相關業務。	控股股東

* *for identification purposes only*

* *僅供識別*

Although the scope of business of Chongqing USUM allows it to engage in businesses that are considered likely to compete with the business of the Group, Mr. Tu Jianhua reported to the Board that Chongqing USUM is currently only engaged in the disintegration of automobiles and trading of steel scrap in the PRC, which are neither the same as nor compete with the businesses of the Group. Further, Chongqing USUM has no intention to engage in businesses that compete with or are likely to compete with the Group's businesses.

儘管重慶渝商的業務範圍容許其從事被視為可能與本集團構成競爭的業務，涂建華先生向董事會報告，重慶渝商現時在中國僅從事汽車解體及廢鋼貿易業務，與本集團的業務不同，亦不構成競爭。再者，重慶渝商無意從事與本集團業務構成競爭或可能構成競爭的業務。

The Board and management team of the Company and Chongqing USUM do not overlap with each other and are independent of each other. Therefore, the Group is capable of carrying on its businesses independently of, and at arm's length from, the businesses of Chongqing USUM in which Mr. Tu Jianhua has declared interests.

本公司董事會及管理團隊與重慶渝商並不重疊且互相獨立於對方。因此，本集團有能力獨立於涂建華先生已申報於其中擁有利益之重慶渝商之業務公正地經營其業務。

SHARE OPTION SCHEME

The Post-IPO Share Option Scheme was adopted by the Company on 23 June 2010 (the "Post-IPO Share Option Scheme"). The Post-IPO Share Option Scheme was approved by written resolutions of the shareholders of the Company and as approved by the listing committee of the Stock Exchange is valid and effective for a period of 10 years commencing on 23 June 2010. It is a share incentive scheme established to recognise and acknowledge the contributions that the eligible participants have or may have made to the Group. Pursuant to the Post-IPO Share Option Scheme, the Board may, as its discretion, offer to grant an option to any director, employee, advisor, consultant, distributor, contractor, supplier, customer, agent, business partner, joint venture business partner, promoter, service provider of any member of the Group.

When the Post-IPO Share Option Scheme was adopted on 23 June 2010, the original scheme mandate limit in respect of which share options could be granted under the Post-IPO Share Option Scheme was 100,000,000 Shares and it was refreshed during the 2013 extraordinary general meeting of the Company.

Pursuant to the terms of the Post-IPO Share Option Scheme and in compliance with the provisions in Chapter 17 of the Listing Rules, the maximum number of Shares which may be issued upon exercise of all share options to be granted under the Post-IPO Share Option Scheme and all other share option schemes of the Company shall not exceed 161,973,829 Shares, being 10% of the Shares in issue as at 17 February 2017, being the date of the 2017 extraordinary general meeting ("2017 EGM"), when the scheme mandate limit was last refreshed.

In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time or with an aggregate value (based on the price of the Company's shares at the date of grant) in excess of HK$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

購股權計劃

本公司於二零一零年六月二十三日採納首次公開發售後購股權計劃(「首次公開發售後購股權計劃」)。首次公開發售後購股權計劃經本公司股東書面決議案批准以及經聯交所上市委員會批准，有效期為二零一零年六月二十三日起計十年。該購股權計劃是一項股份獎勵計劃，旨在肯定及認可合資格參與人士曾經或可能對本集團作出的貢獻。根據首次公開發售後購股權計劃，董事會可酌情向本集團任何成員公司的任何董事、僱員、顧問、專家顧問、批發商、承包商、供應商、客戶、代理、業務夥伴、合營企業合作夥伴、創辦人、服務供應商授出購股權。

首次公開發售後購股權計劃於二零一零年六月二十三日獲採納，原有的計劃授權限額(根據首次公開發售後購股權計劃授出的購股權所涉及者)為100,000,000股股份，並於二零一三年的本公司股東特別大會上更新。

根據首次公開發售後購股權計劃的條款及遵守上市規則第17章的條文，於行使首次公開發售後購股權計劃及本公司所有其他購股權計劃下授出的所有購股權時可予發行的最高股份數目不得超過161,973,829股股份，即於二零一七年二月十七日(即二零一七年股東特別大會(「二零一七年股東特別大會」)日期，計劃授權限額獲更新之最後日期)已發行股份的10%。

此外，授予本公司主要股東或獨立非執行董事或彼等任何聯繫人之任何購股權超過本公司於任何12個月期間內之任何時候已發行股份0.1%或總面值(根據本公司股份於授出日期之價格)超過5,000,000港元，須待股東於股東大會上事先批准後，方可作實。

SHARE OPTION SCHEME (continued)

The offer of a grant of share options may be accepted within 28 days from the date of offer, upon payment of a nominal consideration of HK$1 in total by the grantee. The exercise period of the share options granted is determinable by the directors of the Company, and commences after a certain vesting period and ends on a date which is not later than 10 years from the date of offer of the share options.

The subscription price at which a grantee may subscribe for shares on the exercise of an option under the Post-IPO Share Option Scheme shall be determined by the Board in its absolute discretion at the time of the grant of relevant option and in any case shall not be less than the higher of: (i) the closing price of the shares as stated in the Stock Exchange's daily quotation sheets on the date of grant; (ii) the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotation sheets for the five trading dates immediately preceding the date of grant; or (iii) the nominal value of a Share.

No share options have been granted or outstanding during the year ended 31 December 2019.

As at the date of this report the total number of securities available for issue under the Post-IPO Share Option Scheme under the refreshed Scheme mandate limit, and all other share option schemes of the Company must not exceed 161,973,829 shares, representing 10.09% of the total number of Shares of the Company as at the date of this report.

購股權計劃（續）

授出購股權之要約可於要約日期起計28日內於承授人支付合共1港元之名義代價後接納。所授出之購股權行使期乃由本公司董事釐定，並於若干歸屬期後開始及不遲於購股權要約日期起計10年內之日期結束。

根據首次公開發售後購股權計劃行使購股權時承讓人可能據此認購股份的認購價，須經董事會於授出有關購股權時全權酌情釐定，惟無論如何不得少於下列三者之最高者：(i)在授出日期股份於聯交所每日報價表所報收市價；(ii)股份在緊接授出日期前五個交易日於聯交所每日報價表所報收市價的平均價；或(iii)股份面值。

於截至二零一九年十二月三十一日止年度概無已授出或尚未行使之購股權。

於本報告日期，根據已更新計劃授權上限，因應首次公開發售後購股權計劃及本公司所有其他購股權計劃可供發行的證券總數不得超出161,973,829股，相當於本公司於本報告日期股份總數的10.09%。

DISCLOSURE OF INTERESTS

Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company or any specified undertaking of the Company and Its Associated Corporations

As at 31 December 2019, the interests or short positions of the Directors and chief executives of the Company in the shares, underlying shares and 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 pursuant to Section 352 of the SFO, or as otherwise notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "Model Code"), were as follows:

權益披露

董事及主要行政人員於本公司股份、相關股份及債券或本公司及其相聯法團的任何特定承擔中的權益及淡倉

於二零一九年十二月三十一日，本公司董事及主要行政人員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）的股份、相關股份及債券中擁有本公司根據證券及期貨條例第352條須予存置的登記冊中所記錄或根據上市規則附錄十所載上市發行人董事進行證券交易的標準守則（「標準守則」）須知會本公司及香港聯合交易所有限公司（「聯交所」）的權益或淡倉如下：

Long positions in Shares:

股份的好倉：

Name of Director **董事姓名**	**Capacity/Nature of Interest** **身份／權益性質**	**Total number of Shares interested** **持有權益的股份總數**	**Approximate percentage of shareholding in the Company** (Note 1) **佔本公司股權概約百分比**（附註1）
Mr. Tu Jianhua 涂建華先生	Interest in controlled corporations 於受控制法團之權益	1,008,885,181 (Note 2) （附註2）	62.85%
Dr. Loke Yu 陸海林博士	Beneficial owner 實益擁有人	730,000	0.05%

DISCLOSURE OF INTERESTS (continued)

Directors' and Chief Executives' Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company or any specified undertaking of the Company and Its Associated Corporations (continued)

Notes:

(1) As at 31 December 2019, the total number of issued Shares of the Company was 1,605,152,291 Shares.

(2) The 1,008,885,181 Shares were held by USUM Investment Group Hong Kong Limited ("USUMHK"), a company in which Mr. Tu Jianhua ("Mr. Tu") was indirectly interested. USUMHK is directly wholly owned by USUM Investment Group Limited ("USUM Group"), a limited liability company incorporated in the PRC. The single largest shareholder of USUM Group is Loncin Holdings Co., Ltd. ("Loncin Holdings"), with an equity interest in USUM Group of approximately 49.055%. The remaining equity interests in USUM Group are held by 16 individuals and 28 companies, all of whom are independent third parties of Loncin Holdings and Mr. Tu, and they each hold between 0.29% to 10% equity interests in USUM Group. Loncin Holdings is 98% owned by Loncin Group Co., Ltd. ("Loncin Group") and 2% owned by Mr. Tu. Loncin Group is 98% owned by Mr. Tu; 1% owned by Ms. Tu Jianmin and 1% owned by Ms. Tu Jianrong, both being sisters of Mr. Tu. USUMHK held 1,008,885,181 Shares as at 31 December 2019. Therefore, Mr. Tu was deemed to be interested in the Shares held by USUMHK pursuant to the SFO.

Save as disclosed above, as at 31 December 2019, none of the Directors and chief executives of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

權益披露（續）

董事及主要行政人員於本公司股份、相關股份及債券或本公司及其相聯法團的任何特定承擔中的權益及淡倉（續）

附註：

(1) 於二零一九年十二月三十一日，本公司已發行股份總數為1,605,152,291股股份。

(2) 1,008,885,181股股份乃由渝商投資集團（香港）有限公司（「渝商香港」）持有，渝商香港為一間由涂建華先生（「涂先生」）間接擁有權益的公司。渝商香港由渝商投資集團股份有限公司（「渝商集團」）直接全資擁有，渝商集團為一間於中國註冊成立之有限公司。渝商集團的最大單一股東為隆鑫控股有限公司（「隆鑫控股」），其於渝商集團的股本權益為約49.055%。渝商集團的餘下股權由16名個人及28間公司（均為獨立於隆鑫控股及涂先生的第三方）持有。該等個人及公司分別持有渝商集團0.29%至10%之股權。隆鑫控股分別由隆鑫集團有限公司（「隆鑫集團」）擁有98%及涂先生擁有2%。隆鑫集團由涂先生擁有98%；由涂建敏女士及涂建容女士（均為涂先生的姊妹）分別擁有1%。於二零一九年十二月三十一日，渝商香港持有1,008,885,181股股份。因此，根據證券及期貨條例，涂先生被視為於渝商香港持有的股份中擁有權益。

除上文所披露外，於二零一九年十二月三十一日，本公司董事及主要行政人員概無於本公司或其任何相聯法團之股份、相關股份或債券中擁有須根據證券及期貨條例第XV部第7及8分部須予知會本公司及聯交所（包括根據證券及期貨條例有關條文規定，彼等被當作或視作擁有之權益或淡倉）；或本公司根據證券及期貨條例第352條須予存置之登記冊中所記錄；或根據標準守則須予知會本公司及聯交所之任何權益或淡倉。

DISCLOSURE OF INTERESTS (continued)

Substantial Shareholders' Interests and Short Positions in Shares and Underlying Shares of the Company

As at 31 December 2019, the interests and short positions of the persons, other than the Directors and chief executives of the Company, in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO were as follows:

權益披露(續)

主要股東於本公司股份及相關股份的權益及淡倉

於二零一九年十二月三十一日,除本公司董事及主要行政人員外,以下人士於本公司股份及相關股份中擁有須根據證券及期貨條例第336條須予存置之登記冊中所記錄的權益及淡倉:

Long positions in Shares:

股份的好倉:

Name of Shareholder **股東名稱/姓名**	**Capacity/Nature of Interest** **身份/權益性質**	**Total number of Shares interested** **持有權益的股份總數**	**Approximate percentage of Shareholding in the Company** (Note 1) **佔本公司股權概約百分比**(附註1)
USUM Investment Group Hong Kong Limited 渝商投資集團(香港)有限公司	Beneficial owner 實益股東	1,008,885,181 (Note 2) (附註2)	62.85%
USUM Investment Group Limited 渝商投資集團股份有限公司	Interest in controlled corporations 於受控制法團之權益	1,008,885,181 (Note 2) (附註2)	62.85%
Loncin Holdings Co., Ltd. 隆鑫控股有限公司	Interest in controlled corporations 於受控制法團之權益	1,008,885,181 (Note 2) (附註2)	62.85%
Loncin Group Co., Ltd. 隆鑫集團有限公司	Interest in controlled corporations 於受控制法團之權益	1,008,885,181 (Note 2) (附註2)	62.85%
Mr. Tu Jianhua 涂建華先生	Interest in controlled corporations 於受控制法團之權益	1,008,885,181 (Note 2) (附註2)	62.85%

DISCLOSURE OF INTERESTS (continued)

權益披露（續）

Substantial Shareholders' Interests and Short Positions in Shares and Underlying Shares of the Company (continued)

主要股東於本公司股份及相關股份的權益及淡倉（續）

Name of Shareholder 股東名稱／姓名	Capacity/Nature of Interest 身份／權益性質	Total number of Shares interested 持有權益的股份總數	Approximate percentage of Shareholding in the Company (Note 1) 佔本公司股權概約百分比（附註1）
中核星辰金融服務（深圳）有限公司 中核星辰金融服務（深圳）有限公司	Interest in controlled corporations 於受控制法團之權益	1,008,855,181 (Note 2) （附註2）	62.85%
Baohua United Capital Management Limited 保華聯合資產管理有限公司	Interest in controlled corporations 於受控制法團之權益	1,008,855,181 (Note 2) （附註2）	62.85%
Tai Security Holding Limited Tai Security Holding Limited	Beneficial owner 實益擁有人	98,773,990 (Note 3) （附註3）	6.15%
Good Union Hong Kong Investment Limited 星滙香港投資有限公司	Beneficial owner 實益擁有人	44,700,000 (Note 4) （附註4）	2.78%
Mr. Zhang Mingjie 張明杰先生	Interest in controlled corporations 於受控制法團之權益	143,473,990 (Notes 3 and 4) （附註3及4）	8.94%
Pengda Value Fund SPC (acting for and on behalf of DTC SP) Pengda Value Fund SPC（代DTC SP行事）	Beneficial owner 實益擁有人	93,292,000 (Note 5) （附註5）	5.81%

DISCLOSURE OF INTERESTS (continued)

Substantial Shareholders' Interests and Short Positions in Shares and Underlying Shares of the Company (continued)

權益披露（續）

主要股東於本公司股份及相關股份的權益及淡倉（續）

Name of Shareholder 股東名稱／姓名	Capacity/Nature of Interest 身份／權益性質	Total number of Shares interested 持有權益的股份總數	Approximate percentage of Shareholding in the Company (Note 1) 佔本公司股權概約百分比（附註1）
Cinda Asset Management (Cayman) Limited Cinda Asset Management (Cayman) Limited	Interest in controlled corporations 於受控制法團之權益	93,292,000 (Note 5) （附註5）	5.81%
Cinda (BVI) Limited Cinda (BVI) Limited	Interest in controlled corporations 於受控制法團之權益	93,292,000 (Note 5) （附註5）	5.81%
Cinda International Holdings Limited 信達國際控股有限公司	Interest in controlled corporations 於受控制法團之權益	93,292,000 (Note 5) （附註5）	5.81%
Sinoday Limited Sinoday Limited	Interest in controlled corporations 於受控制法團之權益	93,292,000 (Note 5) （附註5）	5.81%
China Cinda (HK) Holdings Company Limited 中國信達（香港）控股有限公司	Interest in controlled corporations 於受控制法團之權益	93,292,000 (Note 5) （附註5）	5.81%
China Cinda Asset Management Co., Ltd.* 中國信達資產管理股份有限公司	Interest in controlled corporations 於受控制法團之權益	93,292,000 (Note 5) （附註5）	5.81%
Cinda Securities Co., Ltd 信達證券股份有限公司	Interest in controlled corporations 於受控制法團之權益	81,432,000 (Note 5) （附註5）	5.07%

* *For identification purpose only*

* *僅供識別*

DISCLOSURE OF INTERESTS (continued)

Substantial Shareholders' Interests and Short Positions in Shares and Underlying Shares of the Company (continued)

Notes:

(1) As at 31 December 2019, the total number of issued Shares of the Company was 1,605,152,291 Shares.

(2) The 1,008,885,181 Shares were held by USUMHK, a company in which Mr. Tu was indirectly interested in. USUMHK is directly wholly owned by USUM Group, a limited liability company incorporated in the PRC. The single largest shareholder of USUM Group is Loncin Holdings, with an equity interest in USUM Group of 49.055%. The remaining equity interests in USUM Group are held by 16 individuals and 28 companies, all of whom are independent third parties of Loncin Holdings and Mr. Tu, and they each hold between 0.29% to 10% equity interests in USUM Group. Loncin Holdings is 98% owned by Loncin Group and 2% owned by Mr. Tu. Loncin Group is 98% owned by Mr. Tu; 1% owned by Ms. Tu Jianmin and 1% owned by Ms. Tu Jianrong, both being sisters of Mr. Tu. USUMHK held 1,008,885,181 Shares as at 31 December 2019. Therefore, Mr. Tu was deemed to be interested in the Shares held by USUMHK pursuant to the SFO.

(3) The 98,773,990 Shares were held by Tai Security Holding Limited ("Tai Security") as beneficial owner and Tai Security was wholly-owned by Mr. Zhang Mingjie ("Mr. Zhang") as at 31 December 2019. Therefore, Mr. Zhang was deemed to be interested in the same number of Shares as held by Tai Security pursuant to the SFO.

(4) The 44,700,000 Shares were held by Good Union Hong Kong Investment Limited ("Good Union") as beneficial owner and Good Union was wholly-owned by Mr. Zhang as at 31 December 2019. Therefore, Mr. Zhang was deemed to be interested in the same number of Shares as held by Good Union pursuant to the SFO.

(5) The 93,292,000 Shares were held by Pengda Value Fund SPC (acting for and on behalf of DTC SP) ("Pengda") as beneficial owner and Pengda was wholly-owned by Cinda Asset Management (Cayman) Limited ("Cinda Asset Management"). Cinda Asset Management was wholly-owned by Cinda (BVI) Limited which was in turn wholly-owned by Cinda International Holdings Limited ("Cinda International"). Cinda International was held as to 63% by Sinoday Limited which was wholly-owned by China Cinda (HK) Holdings Company Limited, which was in turn wholly-owned by China Cinda Asset Management Co., Ltd. Therefore, China Cinda Asset Management Co., Ltd, China Cinda (HK) Holdings Company Limited, Sinoday Limited, Cinda International, Cinda (BVI) Limited and Cinda Asset Management were deemed to be interested in the same number of Shares as held by Pengda pursuant to the SFO.

(6) The 81,432,000 Shares were held by Pengda Value Fund SPC (acting for and on behalf of DTC SP) ("Pengda") as beneficial owner and Pengda was wholly-owned by Cinda Asset Management (Cayman) Limited ("Cinda Asset Management"). Cinda Asset Management was wholly-owned by Cinda (BVI) Limited which was in turn wholly-owned by Cinda International Holdings Limited ("Cinda International"). Cinda International was held as to 63% by Cinda Securities Co., Ltd. ("Cinda Securities"). Therefore, Cinda Securities was deemed to be interested in the same number of Shares as held by Pengda pursuant to the SFO.

權益披露（續）

主要股東於本公司股份及相關股份的權益及淡倉（續）

附註：

(1) 於二零一九年十二月三十一日，本公司已發行股份總數為1,605,152,291股股份。

(2) 1,008,885,181股股份乃由渝商香港持有，渝商香港為一間由涂先生間接擁有權益的公司。渝商香港由渝商集團直接全資擁有，渝商集團為一間於中國註冊成立之有限公司。渝商集團的最大單一股東為隆鑫控股，其於渝商集團的股本權益為49.055%。渝商集團的餘下股權由16名個人及28間公司（均為獨立於隆鑫控股及涂先生的第三方）持有。該等個人及公司分別持有渝商集團0.29%至10%之股權。隆鑫控股分別由隆鑫集團擁有98%及涂先生擁有2%。隆鑫集團由涂先生擁有98%；由涂建敏女士及涂建容女士（均為涂先生的姊妹）分別擁有1%。於二零一九年十二月三十一日，渝商香港持有1,008,885,181股股份。因此，根據證券及期貨條例，涂先生被視為於渝商香港持有的股份中擁有權益。

(3) 98,773,990股股份由Tai Security Holding Limited（「Tai Security」）作為實益擁有人持有，而於二零一九年十二月三十一日，Tai Security由張明杰先生（「張先生」）全資擁有。因此，根據證券及期貨條例，張先生被視為與Tai Security持有的相同數目股份中擁有權益。

(4) 44,700,000股股份由星滙香港投資有限公司（「星滙」）作為實益擁有人持有，而於二零一九年十二月三十一日，星滙由張先生全資擁有。故此，根據證券及期貨條例，張先生被視為於星匯持有的相同數目之股份中擁有權益。

(5) 93,292,000股股份由Pengda Value Fund SPC（代DTC SP行事）（「Pengda」）作為實益擁有人持有，而Pengda由Cinda Asset Management (Cayman) Limited（「Cinda Asset Management」）全資擁有。Cinda Asset Management由Cinda (BVI) Limited全資擁有，而Cinda (BVI) Limited由信達國際控股有限公司（「信達國際」）全資擁有，而信達國際由Sinoday Limited擁有63%，而Sinoday Limited由中國信達（香港）控股有限公司全資擁有，而中國信達（香港）控股有限公司由中國信達資產管理股份有限公司全資擁有。因此，根據證券及期貨條例，中國信達資產管理股份有限公司、中國信達（香港）控股有限公司、Sinoday Limited、信達國際、Cinda (BVI) Limited及Cinda Asset Management被視為於Pengda持有的相同數目股份中擁有權益。

(6) 81,432,000股股份乃由Pengda Value Fund SPC（代DTC SP行事）（「Pengda」）作為實益擁有人持有，而Pengda由Cinda Asset Management (Cayman) Limited（「Cinda Asset Management」）全資擁有。Cinda Asset Management由Cinda (BVI) Limited全資擁有，而Cinda (BVI) Limited由信達國際控股有限公司（「信達國際」）全資擁有。信達國際由信達證券股份有限公司（「信達證券」）持有63%。因此，根據證券及期貨條例，信達證券被視為於Pengda持有的相同數目股份中擁有權益。

DISCLOSURE OF INTERESTS (continued)

Substantial Shareholders' Interests and Short Positions in Shares and Underlying Shares of the Company (continued)

Save as disclosed above, as at 31 December 2019, the Company had not been notified by any persons (other than the Directors and chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

權益披露（續）

主要股東於本公司股份及相關股份的權益及淡倉（續）

除上文所披露外，於二零一九年十二月三十一日，本公司並不知悉任何人士（本公司董事及主要行政人員除外）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XV部第2及3分部條文規定予以披露或本公司根據證券及期貨條例第336條須予存置的登記冊所記錄的權益或淡倉。

EMOLUMENT POLICY

The emolument policy of the employees of the Group is set by the senior management of the Group based on their performance, experience, and prevailing industry practices so as to retain competent employees.

The emolument of the Directors is decided by the Remuneration Committee, having regard to the Company's operating results, individual performance and comparable market statistics.

The Company has adopted a share option scheme as an incentive to the Directors and eligible employees, details of which are set out on page 56 to 57 of this Annual Report.

薪酬政策

本集團的高級管理層根據本集團僱員的表現、經驗及現有行業慣例設立薪酬政策以挽留有能力僱員。

薪酬委員會經考慮本公司的經營業績、個人表現及比較市場數據釐定董事的薪酬。

本公司已採納購股權計劃以激勵董事及合資格僱員，計劃詳情載於本年報第56至57頁。

SENIOR MANAGEMENT REMUNERATION BY BAND

The remuneration of the Company's senior management by band for the year ended 31 December 2019 are set out below:

高級管理人員之薪酬組別

截至二零一九年十二月三十一日止年度本公司高級管理人員之薪酬組別載列如下：

		Number of individuals 人數
Remuneration Band:	**薪酬組別：**	
HK$0 to HK$1,000,000	0港元至1,000,000港元	3
HK$1,000,001 to HK$1,500,000	1,000,001港元至1,500,000港元	1
HK$2,500,001 to HK$3,000,000	2,500,001港元至3,000,000港元	1
HK$3,000,001 to HK$3,500,000	3,000,001港元至3,500,000港元	1
More than HK$3,500,001	3,500,001港元以上	3

CORPORATE GOVERNANCE

Principal corporate governance practices adopted by the Company are set out in the Corporate Governance Report contained in this Annual Report.

企業管治

本公司採用的主要企業管治常規載於本年報企業管治報告。

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the latest practicable date prior to the issue of this annual report, the Company has maintained sufficient public float under the Listing Rules throughout the financial year ended 31 December 2019 and as at the date of this report.

充足公眾持股量

根據本公司所擁有之公開可得資料並就董事於本年報刊發前的最後實際可行日期所知悉，截至二零一九年十二月三十一日止整個財政年度及於本報告日期，本公司已維持上市規則項下的足夠公眾持股量。

FIVE YEAR FINANCIAL SUMMARY

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 271 of the annual report.

五年財務摘要

本集團過往五個財政年度之業績及資產與負債摘要載於年報第271頁。

AUDITORS

The consolidated financial statements for the year ended 31 December 2019 have been audited by PricewaterhouseCoopers, Certified Public Accountants, who will retire and, being eligible, offer themselves for re-appointment at the forthcoming annual general meeting.

核數師

截至二零一九年十二月三十一日止年度之綜合財務報表已由執業會計師羅兵咸永道會計師事務所審核，羅兵咸永道會計師事務所將於應屆股東週年大會上退任，惟符合資格及願意獲續聘。

For and on behalf of the Board

代表董事會

Qin Yongming
Chairman

秦永明
主席

Hong Kong, 12 May 2020

香港，二零二零年五月十二日

Corporate Governance Report
企業管治報告

INTRODUCTION

The Company recognises the importance of maintaining a high standard of corporate governance. The Company believes that an effective corporate governance practice is fundamental to enhancing shareholder value and safeguarding the interests of Shareholders and other stakeholders. The Board sets appropriate policies and implements corporate government practices appropriate to the conduct and growth of the Group's business. The code provisions set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules (the "CG Code") have been adopted to shape the Company's corporate governance structure. This corporate governance report describes how the principles of the CG Code have been applied during the year ended 31 December 2019 under different aspects.

緒言

本公司深諳維持高水平企業管治之重要性。本公司相信有效之企業管治常規乃提升股東價值與保障股東及其他利益相關者權益之基本要素。董事會制定適當政策及實施適合本集團業務開展及增長之企業管治常規。上市規則附錄十四所載企業管治守則(「企業管治守則」)之守則條文已獲採納作為本公司之企業管治架構。本企業管治報告闡述截至二零一九年十二月三十一日止年度該等企業管治守則之原則如何在各不同方面獲應用。

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company recognises the importance of corporate transparency and accountability and is committed to achieving a high standard of corporate governance. Throughout the year ended 31 December 2019, the Company has complied with all the applicable code provisions of the CG code and Corporate Governance Report, contained in Appendix 14 to the Listing Rules, with exceptions as explained below:

A.2.1

Pursuant to code provision A.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. During the year ended 31 December 2019, Mr. Qin Yongming ("Mr. Qin") held the offices of chairman of the Board ("Chairman") and chief executive officer ("CEO") of the Company. The Board believed that vesting the roles of both Chairman and CEO in the same person provides the Company with strong and consistent leadership and allows for effective and efficient planning and implementation of business decisions and strategies. Accordingly, the Directors considered that the deviation from provision A.2.1 of the Code was appropriate in such circumstance.

遵守企業管治守則

本公司深知企業透明度及問責制之重要性，並致力於實現高標準企業管治。截至二零一九年十二月三十一日止年度全年，本公司已遵守上市規則附錄十四所載《企業管治守則》及《企業管治報告》的所有適用的守則條文，惟以下所述例外情況除外：

A.2.1

根據企業管治守則之守則條文第A.2.1條，主席與行政總裁的角色應有區分，並不應由一人同時兼任。於截至二零一九年十二月三十一日止年度，秦永明先生(「秦先生」)擔任本公司董事會主席(「主席」)及行政總裁(「行政總裁」)職務。董事會認為，由一人同時擔任主席及行政總裁，可為本公司提供強大而貫徹的領導，並有效及具效率地規劃及執行業務決定及策略。因此，董事認為在此情況下偏離守則第A.2.1條屬恰當。

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE (continued)

Mr. Qin had tendered his resignation as the CEO of the Company with effect from 1 March 2020 to focus on his other roles in the Group, but remains as an executive Director of the Company and chairman of the Board. Mr. Rafael Heinrich Suchan was appointed as CEO of the Company with effect from 1 March 2020. Going forward, the change of the CEO will allow the Company to better comply with the requirement under code provision A.2.1 of the CG Code.

A.5.5(2)

Pursuant to code provision A.5.5 (2) of the CG Code, where the Board proposes to elect or re-elect an independent non-executive Director (who will be holding their seventh (or more) directorship, the Board should explain why such individual would still be able to devote sufficient time to the board in the relevant Shareholders' circular. Dr. Loke Yu is an independent non-executive director of more than seven public companies (including the Company) and was re-elected as an independent non-executive Director at the Company's annual general meeting on 31 May 2019. The Company did not make the relevant disclosure in its circular dated 18 April 2019 in relation to the re-election of Directors (including Dr. Loke Yu), but subsequently included the relevant explanation in its interim report for the six months ended 30 June 2019. The Nomination Committee and the Board focus on the ability of a director to commit sufficient time to discharge his responsibilities as a board member rather than the number of directorships held, and as such they were of the view that Dr. Loke Yu is able to devote sufficient time and attention to the Company's affairs having regard to his previous attendance at all Board and other committee meetings held during the year.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the directors. All Directors have confirmed, following specific enquiries made by the Company of all such Directors, that they had complied with the required standard set out in the Model Code during the year ended 31 December 2019.

遵守企業管治守則(續)

秦先生已提呈辭任本公司行政總裁，由二零二零年三月一日起生效，以專注於其於本集團的其他職務，惟將繼續擔任本公司執行董事及董事會主席。Rafael Heinrich Suchan先生獲委任為本公司行政總裁，自二零二零年三月一日起生效。日後，行政總裁變更將令本公司可更佳遵守企業管治守則之守則條文第A.2.1條之規定。

A.5.5(2)

根據企業管治守則的守則條文第A.5.5 (2)條，當董事會建議選舉或重選獨立非執行董事(其將出任第七家(或以上)公司的董事)時，董事會應於相關股東通函內解釋有關人士何以仍能夠為董事會投入足夠時間，陸海林博士為超過七家公眾公司(包括本公司)的獨立非執行董事，並於二零一九年五月三十一日舉行的本公司股東週年大會上獲重選為獨立非執行董事。本公司並無於其日期為二零一九年四月十八日內容有關重選董事(包括陸海林博士)之通函內作出有關披露，惟其後於其截至二零一九年六月三十日止六個月之中期報告內載入有關解釋。提名委員會及董事會關注董事投入足夠時間履行其作為董事會成員職責的能力，而非所擔任董事職務的數目，因此，考慮到其先前於年內所舉行的全部董事會及其他委員會會議的出席情況後，彼等認為陸海林博士能夠為本公司事務投入足夠時間及精力。

董事進行證券交易

本公司已採納上市規則附錄十所載之上市發行人董事進行證券交易之標準守則(「標準守則」)作為其本身之董事進行證券交易之行為守則。經本公司向全體董事作出特定查詢後，該等全體董事已確認，於截至二零一九年十二月三十一日止年度內均一直遵守標準守則之規定標準。

BOARD OF DIRECTORS

Composition of the Board

As at the latest practicable date prior to the issue of this annual report, the Board comprised three executive Directors (including the Chairman) and three independent non-executive Directors, whose biographical details are set out in the "Profile of Directors and Senior Management" section on page 32 to 42 of this Annual Report, namely:

董事會

董事會的組成

於本年報刊發前的最後實際可行日期，董事會成員由三名執行董事（包括主席）及三名獨立非執行董事組成。彼等之履歷詳情載於本年報第32至42頁「董事及高級管理人員履歷」一節內，董事會成員包括：

Name of Director 董事姓名		Date of first appointment to the Board 首次獲委任加入董事會之日期	Date of last re-election as Director 上一次獲重選為董事之日期
Executive Director	**執行董事**		
Qin Yongming (Chairman)	秦永明（主席）	30 June 2016 二零一六年六月三十日	31 May 2019 二零一九年五月三十一日
Tu Jianhua	Tu Jianhua 涂建華	29 April 2015 二零一五年四月二十九日	12 June 2018 二零一八年六月十二日
Rafael Heinrich Suchan (Chief Executive Officer)	Rafael Heinrich Suchan（行政總裁）	1 March 2020 二零二零年三月一日	N/A 不適用
Independent Non-Executive Director	**獨立非執行董事**		
Loke Yu	陸海林	23 June 2010 二零一零年六月二十三日	31 May 2019 二零一九年五月三十一日
Qian Liping	錢麗萍	24 October 2016 二零一六年十月二十四日	24 May 2017 二零一七年五月二十四日
Ko Frankie Andrew	高瑞強	19 February 2020 二零二零年二月十九日	N/A 不適用

BOARD OF DIRECTORS (continued)

Composition of the Board (continued)

None of the Directors has any personal relationship (including financial, business, family or other material or relevant relationship) with any other Director or chief executive.

董事會（續）

董事會的組成（續）

概無董事與任何其他董事或行政總裁具有任何個人關係（包括財務、業務、家庭或其他重大或相關關係）。

Roles and responsibilities of the Board

The Board is collectively responsible for overseeing the management of the business and affairs of the Group. The Board meets regularly to discuss the overall strategies as well as operational and financial performances of the Group. Certain matters are reserved for decisions by the Board, including matters relating to: (i) the formulation of the Group's overall strategy and directions; (ii) any material conflict of interest of substantial Shareholders of the Company or Directors; (iii) approval of the Group's annual results, annual budgets, interim results and other significant operational and financial transactions; (iv) changes to the Company's capital structure; and (v) major appointments to the Board. The Board has delegated the day-to-day management, administration and operation of the Group and implementation and execution of policies and strategies decided by the Board to the executive Directors and management of the Company.

董事會之角色及職責

董事會共同負責監督本集團業務及事務之管理工作。董事會定期會面，討論本集團整體策略以及營運與財務表現。董事會決定的若干事項包括有關(i)制定本集團整體策略及方向；(ii)本公司主要股東或董事之任何重大利益衝突；(iii)批准本集團年度業績、年度預算、中期業績及其他重大營運與財務交易；(iv)更改本公司之股本結構；及(v)就董事會作出重大委任之事項。董事會已授權本公司執行董事及管理層負責管理本集團之日常管理、行政及營運，並實施及執行董事會決定之政策及策略。

The Board is also responsible for performing corporate governance duties including risk management, internal controls, those under D.3.1 of the Corporate Governance Code and relevant compliance issues relating to the business operation of the Group.

董事會亦負責執行企業管治職責，包括企業管治守則第D.3.1條之風險管理、內部監控及關乎本集團業務營運的有關合規事宜。

The Board reviews and monitors the training and continuous professional development of directors and senior managers; develops, reviews and monitors the code of conduct and compliance manual applicable to employees and Directors.

董事會審閱及監督董事及高級經理的培訓情況及持續專業發展；制定、檢討及監察適用於僱員及董事的行為守則及合規手冊。

The composition of the Board is well balanced with each Director having sound industry knowledge, extensive corporate and strategic planning experience and/or expertise relevant to the business of the Group. The Directors collectively bring a variety of experience and expertise to the Company.

董事會的成員各有所長，而每名董事對於本集團所從事業務均具備充分行業知識、豐富的企業及策略規劃經驗及／或專門技術。董事整體為本公司帶來不同的經驗及專門技術。

BOARD OF DIRECTORS (continued)

Board meetings and Board practices

All Directors have been given sufficient time and support to understand the affairs of the Group and they have full and timely access to all relevant information regarding the Group's affairs and have unrestricted access to the advice and services of the Company Secretary ("the Company Secretary"). The Directors may seek independent professional advice at the Company's expenses in carrying out their duties and responsibilities.

During the year ended 31 December 2019, 7 Board meetings and one general meeting of the Company were held. The meetings are structured to allow open discussion. At the Board meetings, the Directors participated in discussing the strategies, operational and financial performance, corporate governance policy and internal control of the Group.

Set out below is the attendance of the Directors at the Board and general meetings held during the year:

董事會（續）

董事會會議及董事會常規

全體董事已付出足夠時間及支持，理解本集團事務，彼等擁有及時接觸有關本集團事務之所有相關資料之一切權力，能夠獲得公司秘書（「公司秘書」）之建議及服務而不受任何限制。董事在履行職責及職務時可尋求獨立專業意見，費用由本公司承擔。

於截至二零一九年十二月三十一日止年度曾分別舉行7次董事會會議及一次本公司股東大會。該等會議以坦誠討論形式進行。於董事會會議上，董事均會參與討論本集團之策略、營運及財務表現、企業管治政策以及內部控制。

董事出席於本年度舉行之董事會會議及股東大會的情況列載如下：

Name of Director 董事姓名		No. of meeting attend/ Eligible to attend 曾出席／合資格出席會議次數 Regular Board Meeting 定期董事會會議	General Meeting 股東大會
Executive Director	**執行董事**		
Qin Yongming	秦永明	7/7	1/1
Tu Jianhua	涂建華	7/7	0/1
Rafael Heinrich Suchan (appointed with effect from 1 March 2020)	Rafael Heinrich Suchan（由二零二零年三月一日起獲委任）	0/0	0/0
Wong Wun Lam (resigned with effect from 20 December 2019)	黃煥霖（由二零一九年十二月二十日起辭任）	6/7	1/1
Independent Non-Executive Director	**獨立非執行董事**		
Loke Yu	陸海林	7/7	1/1
Qian Liping	錢麗萍	7/7	1/1
Ko Frankie Andrew (appointed with effect from 19 February 2020)	高瑞強（由二零二零年二月十九日起獲委任）	0/0	0/0
Zhu Hongchao (resigned with effect from 19 February 2020)	朱洪超（由二零二零年二月十九日起辭任）	7/7	1/1

BOARD OF DIRECTORS (continued)

Board meetings and Board practices (continued)

The Company Secretary or the staff of the company secretarial department of the Company prepared and kept detailed minutes of each Board meeting and, within a reasonable time after each meeting, the draft minutes were circulated to all Directors for comment and the final and approved version of the minutes were sent to all Directors for their records. The same practices and procedures as used in the Board meetings had also been adopted and followed for the Board committees meetings. All the minutes of the meetings recorded sufficient details of the matters considered and decision reached are available for inspection by the Directors at anytime.

Notices of Board meetings were given to the Directors at least 14 days prior to the date of the relevant meeting. Briefing papers were prepared for all substantive agenda items and were circulated to the Directors at least three days before each Board meeting. The company secretary is responsible for providing accurate, timely and clear information to the Directors prior to the Board meetings so as to ensure that the Directors are able to make informed decisions regarding the matters to be discussed in the meeting.

If any of the Directors has a potential conflict of interest in a matter being considered in the Board meeting, such Director(s) shall abstain from voting in relation to that particular matter. Independent non-executive Directors with no conflict of interest in such matters would be present at the Board meetings to deal with such conflict of interest issues.

Access to sufficient information of the Group

The management is committed to providing the Board with appropriate and sufficient explanation and information of the Group's affairs through financial reports, business and operational reports and budget statements, in a timely manner, to enable them to make informed decisions.

The Directors are also provided with access to the Group's management and Company Secretary at all times to obtain relevant information for carrying out their duties as Directors of the Company.

董事會（續）

董事會會議及董事會常規（續）

本公司之公司秘書或公司秘書部員工負責編製及備存每次董事會會議之詳細會議記錄，並於每次會議後之合理時間內向全體董事傳閱會議記錄初稿，以供董事提供意見，而會議記錄最終獲批准之版本會發給全體董事作記錄。董事委員會會議亦已採用及沿用董事會會議採用之相同常規及程序。所有會議記錄載有所考慮事項及所達致決定的充分詳情，並可供董事於任何時間查閱。

於相關會議日期前最少十四天須向董事發出董事會會議的通知。並於每次董事會會議前至少三天向董事傳閱就所有主要議程項目編製之簡介文件。為確保董事能夠就會議上討論的事項作出知情決定，公司秘書須於董事會會議前向董事提供準確、及時及清晰的資料。

倘任何董事與董事會會議上考慮之事項有潛在利益衝突，則該董事須就該特定事項放棄投票，由出席董事會會議而於該等事項並無利益衝突之獨立非執行董事，處理該等利益衝突事項。

取閱本集團之充分資料

管理層透過財務報告、業務及營運報告以及預算報表，致力向董事會就本集團事務適時地提供恰當及充分的説明及資料，從而讓彼等作出知情決定。

董事亦可於任何時間向本集團管理層及公司秘書取閱相關資料，以履行其作為本公司董事的職責。

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

During the Reporting Period, Mr. Qin Yongming ("Mr. Qin") took up the role of Chairman and Chief Executive Officer simultaneously.

During the Reporting Period, Mr. Qin Yongming was responsible for providing leadership of the Board and ensuring that all Directors are properly informed on issues to be discussed at Board meetings. In addition, he was responsible for ensuring that all Directors receive, in a timely manner, adequate, complete and reliable information in relation to the Group's affairs. The Chairman also encouraged Directors to actively participate in and to make a full contribution to the Board so that the Board functions effectively and acts in the best interest of the Company.

During the Reporting Period, Mr. Qin Yongming was also responsible for the strategic planning, administration and management of the business of the Group. He was also responsible for the formulation and successful implementation of Group policies and assuming full accountability to the Board for all operations of the Group. Mr. Qin Yongming oversaw the Group's compliance and internal control matters and maintains an ongoing dialogue with the Chairman and all Directors to keep them fully informed of all major business developments and issues. He had also been focusing on strategic planning and assessment of mergers and acquisitions opportunities for the Company.

Mr. Qin had tendered his resignation as the CEO of the Company with effect from 1 March 2020 to focus on his other roles in the Group, but remains as an executive Director of the Company and chairman of the Board. Mr. Rafael Heinrich Suchan was appointed as CEO of the Company with effect from 1 March 2020. Going forward, the change of the CEO will allow the Company to better comply with the requirement under code provision A.2.1 of the CG Code.

主席及行政總裁

於報告期內，秦永明先生（「秦先生」）已同時兼任主席及行政總裁之角色。

於報告期內，秦永明先生負責領導董事會，並確保全體董事已適當知悉董事會會議上討論之事宜。此外，彼負責確保全體董事及時收到有關本集團事宜之充分、完整及可靠資料。主席亦鼓勵董事積極參與董事會，為董事會全力作出貢獻，以使董事會有效運作，並能按本公司之最佳利益行事。

於報告期內，秦永明先生亦負責本集團業務的策略規劃、行政及管理。彼亦負責制定及成功實施本集團的政策，並就本集團的所有營運向董事會承擔全部責任。秦永明先生監察本集團的合規及內部監控事宜，並與主席及所有董事保持溝通，讓彼等可全面知悉所有主要業務發展及事務。彼亦專責於策略性計劃以及評估本公司之合併及收購機會。

秦先生已提呈辭任本公司行政總裁，由二零二零年三月一日起生效，以專注於其於本集團的其他職務，惟將繼續擔任本公司執行董事及董事會主席。Rafael Heinrich Suchan先生獲委任為本公司行政總裁，自二零二零年三月一日起生效。日後，行政總裁變更將令本公司可更佳遵守企業管治守則之守則條文第A.2.1條之規定。

INDEPENDENT NON-EXECUTIVE DIRECTORS

All independent non-executive Directors were appointed for term of three years. None of them hold any other offices in the Company or any its subsidiaries or is interested in any Shares of the Company under their respective letter of appointment. In the Board meetings and Board committee meetings held during the year, constructive views and comments are given by the independent non-executive Directors, who have provided their independent judgement on the issues relating to the strategy, performance, conflict of interest and management process of the Group.

During the year ended 31 December 2019, there were three independent non-executive Directors, representing more than one-third of the Board. Among the three independent non-executive Directors, one of them has the appropriate professional qualifications in accounting or related financial management expertise as required by Rule 3.10(2) of the Listing Rules.

The Company has received from each of its current independent non-executive Directors a written confirmation of his/her independence and the Board considers all of them, namely Dr. Loke Yu, Ms. Qian Liping and Mr. Ko Frankie Andrew, to be independent pursuant to Rule 3.13 of the Listing Rules.

獨立非執行董事

全體獨立非執行董事獲委任年期為三年。根據各自之委任書，彼等概無於本公司或其任何子公司擔任任何其他職位，亦無於本公司股份中擁有權益。在本年度舉行的董事會會議以及董事委員會會議上，獨立非執行董事提供建設性意見及建議，並為有關本集團策略、業績、利益衝突及管理過程之事宜作出彼等的獨立判斷。

截至二零一九年十二月三十一日止年度，三名獨立非執行董事佔董事會成員人數多於三分之一。三名獨立非執行董事當中，其中一名具備適當的會計專業資格，或相關的財務管理專長，符合上市規則第3.10(2)條之規定。

本公司已接獲各現任獨立非執行董事有關其獨立身份之書面確認，董事會認為，根據上市規則第3.13條，彼等全體（陸海林博士、錢麗萍女士及高瑞強先生）均屬獨立人士。

COMPANY SECRETARY

Ms. Yiu plays an important role in supporting the Board by ensuring efficient and effective information flow within the Board and that the Board's policy and procedures are followed.

The Company Secretary has day-to-day knowledge of the Company's affairs. The Company Secretary reports to the Board through the Chairman and CEO. All Directors may have access to the advice and services of the Company Secretary who regularly updates the Board on governance and regulatory matters and facilitates the induction and professional development of the Directors.

The Company Secretary is also responsible for ensuring the procedures of the Board meetings are observed and providing the Board with opinions on matters in relation to the compliance with the procedures of the Board meetings.

During the year ended 31 December 2019, the Company Secretary had received no less than 15 hours of relevant professional training in compliance with Rule 3.29 of the Listing Rules.

The Board is fully involved in the selection and appointment of the Company Secretary.

公司秘書

姚女士在支援董事會方面擔當重要角色，確保董事會成員之間資訊交流的效率及功效，以及遵循董事會政策及程序。

公司秘書須熟悉本公司的日常事務。公司秘書透過主席及行政總裁向董事會匯報。所有董事可獲得公司秘書的建議及服務，公司秘書會定期向董事會提供有關管治及監管事項的最新資料，亦會安排董事的入職培訓及專業發展。

公司秘書亦負責確保董事會會議依程序進行，並就有關遵守董事會會議程序的事項向董事會提供意見。

截至二零一九年十二月三十一日止年度，公司秘書已遵照上市規則第3.29條接受不少於15小時相關專業培訓。

董事會全面參與公司秘書之挑選及委任程序。

BOARD COMMITTEES

To assist the Board in the execution of its duties, the Board has delegated specific functions to six Board committees, namely the Executive Committee, the Audit Committee, the Nomination Committee, the Remuneration Committee, the Strategy and Investment Committee and the Pricing Committee, details of which are as follows:

董事委員會

董事會向六個董事委員會（執行委員會、審核委員會、提名委員會、薪酬委員會、戰略與投資委員會及定價委員會）委派指定職責，以協助董事會執行職務，詳情載列如下：

Name of Director 董事姓名		Executive Committee 執行委員會	Audit Committee 審核委員會	Nomination Committee 提名委員會	Remuneration Committee 薪酬委員會	Strategy and Investment Committee 戰略與投資委員會	Pricing Committee 定價委員會
Executive Director	**執行董事**						
Tu Jianhua	涂建華	M				M	
Qin Yongming	秦永明	C		C		C	C
Rafael Heinrich Suchan (appointed with effect from 1 March 2020)	Rafael Heinrich Suchan（由二零二零年三月一日起獲委任）	M				M	M
Wong Wun Lam (resigned with effect from 20 December 2019)	黃煥霖（由二零一九年十二月二十日起辭任）	M				M	M
Independent Non-Executive Director	**獨立非執行董事**						
Loke Yu	陸海林		C	M	M		
Qian Liping	錢麗萍		M	M	M		
Ko Fankie Andrew (appointed with effect from 19 February 2020)	高瑞強（由二零二零年二月十九日起獲委任）		M	M	C		
Zhu Hongchao (resigned with effect from 19 February 2020)	朱洪超（由二零二零年二月十九日起辭任）		M	M	C		

* C – Chairman
M – Member

\# Other members of the pricing committee are certain senior management of the Company.

* C－主席
M－成員

\# 定價委員會其他成員為本公司若干高級管理人員。

EXECUTIVE COMMITTEE

The Board established the Executive Committee in March 2011 with written terms of reference, which is responsible for the management and administration of the business of the Company and any matters which are within the ordinary course of the Company's business under the control and supervision of the Board and in accordance with the provisions of the terms of reference of the Executive Committee for ensuring a high standard of corporate governance and compliance of the Company. The written terms of reference of the Executive Committee are available on the Stock Exchange's website and the Company's website.

執行委員會

董事會已於二零一一年三月成立執行委員會，並訂明書面職權範圍。執行委員會負責本公司的管理及行政事務，以及本公司日常業務過程中的任何事宜，受董事會控制及監管，並按執行委員會職權範圍所規定行事，以確保本公司高水準的企業管治及合規。執行委員會的書面職權範圍於聯交所網站及本公司網站可供閱覽。

EXECUTIVE COMMITTEE (continued)

The Board delegated certain corporate governance functions to the Executive Committee, which develops and reviews the Company's policies and practices on corporate governance and makes recommendations to the Board; reviews and monitors (i) the training and continuous professional development of Directors and senior management of the Company; (ii) compliance with legal and regulatory requirements; and (iii) the code of conduct and Model Code applicable to the Directors or employees.

執行委員會（續）

董事會已授權執行委員會若干企業管治職能，其制定及審閱本公司企業管治政策及常規，並向董事會作出意見，檢討及監察(i)本公司董事及高級管理人員的培訓及持續專業發展；(ii)遵守法律及監管規定；及(iii)適用於董事或僱員的行為守則及標準守則。

Directors' Training and Professional Development

Every newly appointed Director is provided with information and a comprehensive induction to ensure that he/she has a proper understanding of the Company's operations and businesses as well as his/her responsibilities under the relevant statutes, laws, rules and regulations.

Development and training of Directors is an ongoing process to ensure that they can perform their duties appropriately. During the year ended 31 December 2019, all Directors were provided with regular updates on the Company's performance, position and prospects to enable the Board as a whole and each Director to discharge their duties. In addition, all Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills to ensure that they continue to make contribution to the Board in an informed and relevant manner. The Company updates Directors on the latest development regarding the Listing Rules and other applicable regulatory requirements from time to time, to ensure compliance and enhance their awareness of good corporate governance practices.

董事培訓及專業發展

每名新獲委任董事均獲提供全面之資料及就任須知，以確保彼適當了解本公司之營運及業務以及彼於相關法規、法律、規則及規定下之職責。

本公司持續提供董事發展及培訓，以確保彼等能夠適當履行職責。於截至二零一九年十二月三十一日止年度，本公司定期向全體董事提供有關本公司表現、狀況及前景之最新資料，以便全體董事會及每名董事履行其職責。此外，本公司鼓勵全體董事參與持續專業發展，以提升及更新彼等之知識及技能，從而確保彼等繼續對董事會作出知情及相關貢獻。本公司不時向董事提供有關上市規則及其他適用監管規定之最新發展，以確保彼等遵守有關法規及加深彼等對良好企業管治常規之認識。

EXECUTIVE COMMITTEE (continued)

Directors' Training and Professional Development (continued)

The training received by the Directors during the year ended 31 December 2019 is summarized as follows:

執行委員會（續）

董事培訓及專業發展（續）

董事於截至二零一九年十二月三十一日止年度所接受之培訓概要如下：

Directors 董事		Types of training 培訓類別
Tu Jianhua	涂建華	B
Qin Yongming	秦永明	B
Rafael Heinrich Suchan (appointed with effect from 1 March 2020)	Rafael Heinrich Suchan（由二零二零年三月一日起獲委任）	–
Wong Wun Lam (resigned with effect from 20 December 2019)	黃煥霖（由二零一九年十二月二十日起辭任）	A, B
Loke Yu	陸海林	A, B
Qian Liping	錢麗萍	A, B
Ko Frankie Andrew (appointed with effect from 19 February 2020)	高瑞強（由二零二零年二月十九日起獲委任）	–
Zhu Hongchao (resigned with effect from 19 February 2020)	朱洪超（由二零二零年二月十九日起辭任）	A, B

A – attending seminars/conferences/forums/briefings/workshops relevant to the business of the Group or Director's duties

B – reading articles relevant to corporate governance, regulatory updates and Directors' duties and responsibilities

A – 出席與本集團業務或董事職責相關之研討會／座談會／論壇／簡介會／工作坊

B – 閱讀與企業管治、最新監管規定及董事職責及責任相關之刊物

AUDIT COMMITTEE

The Audit Committee was established in June 2010 with written terms of reference in compliance with the CG Code as set out in Appendix 14 to the Listing Rules. The Company has adopted a set of the revised terms of reference of the Audit Committee on 15 December 2015, which has included changes in line with the amendments to the Main Board Listing Rules relating to the risk management and internal control section of the Corporate Governance Code and Corporate Governance Report which has come into effect for accounting periods beginning on or after 1 January 2016. The written terms of reference of the Audit Committee are available on the Stock Exchange's website and the Company's website. The Audit Committee has established a whistleblowing policy of the Company in December 2012 and set out the procedures on reporting possible improprieties in financial reporting matters of the Company.

審核委員會

本公司已遵照上市規則附錄十四所載企業管治守則於二零一零年六月成立審核委員會，並訂明書面職權範圍。本公司已於二零一五年十二月十五日採納一套審核委員會經修訂的職權範圍，當中包括與企業管治守則及企業管治報告中有關風險管理及內部監控一節的主板上市規則修訂一致之變動，有關修訂已於二零一六年一月一日或之後開始之會計期間生效。審核委員會的書面職權範圍於聯交所網站及本公司網站可供閱覽。審核委員會已於二零一二年十二月制定本公司的舉報政策，並列明舉報本公司的財務申報事宜中可能存在之不恰當行為的程序。

AUDIT COMMITTEE (continued)

The principal duties of the Audit Committee include monitoring the integrity of the financial statements of the Company, reviewing the effectiveness of Company's internal control (including the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function, and their training programs and budget) and risk management systems as delegated by the Board, and making recommendations to the Board on the appointment and engagement of the external auditor for the audit and non-audit services. The Audit Committee is provided with sufficient resources enabling it to discharge its duties.

審核委員會(續)

審核委員會之主要職務包括監督本公司財務報表是否完整全面、按董事會授權檢討本公司之內部監控(包括資源充足性、本公司會計及財務申報職能員工之資歷及經驗以及其培訓計劃及預算)及風險管理制度之成效,並就委聘外聘核數師進行審核及非審核服務向董事會作出推薦意見。審核委員會獲提供充足資源以履行其職責。

Members of the Audit Committee and the attendance of each member are as follows:

審核委員會成員及各成員之出席情況如下:

Name of Director 董事姓名	Position 職位	Role in Audit Committee 在審核委員會之職能	Meetings Attended/ Eligible to Attend 已出席/合資格出席會議次數
Loke Yu 陸海林	Independent non-executive Director 獨立非執行董事	Chairman 主席	2/2
Qian Liping 錢麗萍	Independent non-executive Director 獨立非執行董事	Member 成員	2/2
Ko Frankie Andrew (appointed with effect from 19 February 2020) 高瑞強(由二零二零年二月十九日起獲委任)	Independent non-executive Director 獨立非執行董事	Member 成員	0/0
Zhu Hongchao (resigned with effect from 19 February 2020) 朱洪超(由二零二零年二月十九日起辭任)	Independent non-executive Director 獨立非執行董事	Member 成員	2/2

During the year ended 31 December 2019, the Audit Committee reviewed, together with the management, the annual results, interim results and related announcements including the disclosures, financial reporting and the accounting policies adopted by the Group prior to the submission to the Board's approval; discussed with management on significant judgements affecting Group's consolidated financial statements and approved the appointment of auditor; reviewed and discussed the internal control report; reviewed and assessed the adequacy and effectiveness of the Company' internal control and risk management; and reviewed and monitored the external auditor's independence and objectivity and the effectiveness during the audit process.

截至二零一九年十二月三十一日止年度,審核委員會連同管理層已於提呈董事會批准前審閱全年業績、中期業績及其相關公告,包括本集團採納的披露、財務申報及會計政策;與管理層討論影響本集團綜合財務報表的重要判斷及批准委聘核數師;審閱及討論內部監控報告;檢討及評估本公司內部監控及風險管理的充足性及有效性;以及檢討及監控外聘核數師的獨立性及核數程序的客觀性及有效性。

AUDIT COMMITTEE (continued)

The Board is responsible for preparing the financial statements that give a true and fair view of the financial position of the Group on a going concern basis. The Audit Committee has reviewed the Company's annual results and consolidated financial statements for the year ended 31 December 2019. The Directors acknowledge their responsibilities for preparing a balanced, clear and comprehensive assessment in annual/interim reports, price-sensitive announcements and other financial disclosures. The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

審核委員會（續）

董事會有責任以持續經營之基準編製財務報表，對本集團財務狀況提出真確及公正的意見。審核委員會已審閱本公司截至二零一九年十二月三十一日止年度之全年業績及綜合財務報表。董事了解彼等之責任為對年報／中期報告、股價敏感資料公告及其他財務披露編製平衡、清晰及全面之評核。董事並不知悉有關任何事項或情況之重大不明朗因素，而可能使本公司持續經營之能力受到重大質疑。

Auditors' Remuneration

For the year ended 31 December 2019, the Group had engaged the Group's external auditor, PricewaterhouseCoopers ("PwC"), to provide the following services and their respective fees charged are set out as below:

核數師薪酬

於截至二零一九年十二月三十一日止年度，本集團聘用羅兵咸永道會計師事務所（「羅兵咸永道」）為本集團外聘核數師，所提供服務及相關費用如下：

Type of services	服務類別	2019 二零一九年 HK$M 百萬港元
Audit services	審計服務	**26.1**
Non-audit services	非審計服務	**6.6**
Total	總計	**32.7**

For the year ended 31 December 2019, the Group had also engaged other auditors to provide audit services and non-audit services to certain subsidiaries of the Group and the aggregated fees charged were HK$1.4 million and HK$0.7 million respectively.

截至二零一九年十二月三十一日止年度，本集團亦委聘其他核數師為本集團若干子公司提供審計服務及非審計服務，而彼等所收取的總費用分別為140萬港元及70萬港元。

AUDIT COMMITTEE (continued)

Board's Responsibilities for the Accounts

The Board is responsible for the preparation of accounts for each financial period, which gives a true and fair view of the state of affairs of the Group and of the results and cash flows for that period. In preparing these accounts for the year ended 31 December 2019, the Board has selected suitable accounting policies and applied them consistently, made judgements and estimates that are prudent and reasonable, and has prepared the accounts on a going concern basis.

審核委員會(續)

董事會編製賬目之職責

董事會負責編製各財政期間之賬目，並對本集團該期間之事務狀況、業績及現金流量作出真實公平意見。在編製截至二零一九年十二月三十一日止年度之賬目時，董事會已挑選合適會計政策並貫徹應用、作出審慎及合理的判斷及估計，並按持續基準編製賬目。

ACCOUNTABILITY AND AUDIT

The Directors acknowledge their responsibilities for preparing all information and representations contained in the financial statements of the Company for the year ended 31 December 2019 which give a true and fair view of the state of affairs of the Group and of the results and cash flow for that period. The Directors consider that the financial statements have been prepared in conformity with all appropriate accounting standards and requirements and reflect amounts that are based on the best estimates and reasonable, informed and prudent judgement of the Board and the management. The Directors are not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Company's ability to continue as a going concern. Accordingly, the Directors have prepared the financial statements of the Company on a going concern basis.

問責及審核

董事承認彼等有責任編製本公司截至二零一九年十二月三十一日止年度的財務報表所載的一切資料及陳述，並真實公平地反映本集團的事務狀況以及期內的業績及現金流量。董事認為財務報表已遵照所有適用會計準則及規定編製，並反映根據董事會及管理層的最佳估計、合理知情及審慎的判斷所得的數額。就董事所知，並無有關任何事件或情況的重大不明朗因素可能對本公司持續經營的能力產生重大質疑。因此，董事已按照持續經營基準編製本公司的財務報表。

The statements of the auditor of the Group about its reporting responsibilities on the financial statements of the Group is set out in the section headed "Independent Auditor's Report" on page 108 of this Annual Report.

本集團核數師就其對本集團財務報表的呈報責任作出的聲明載於本年報第108頁的「獨立核數師報告」一節。

INTERNAL CONTROL

The primary duties of the Audit Committee include reviewing and supervising the financial reporting process, risk management and internal control procedures of the Group and nominating and monitoring external auditors. In compliance with Rule 3.21 of the Listing Rules, the chairman of the Audit Committee possesses the appropriate professional and accounting qualifications.

內部監控

審核委員會的主要職責包括檢討及監督本集團的財務報告程序、風險管理及內部監控程序，以及提名及監察外聘核數師。為符合上市規則第3.21條規定，審核委員會主席具備適當專業及會計資格。

NOMINATION COMMITTEE

The Nomination Committee was established in June 2010 with written terms of reference in compliance with the CG Code as set out in Appendix 14 to the Listing Rules. The Company has adopted a set of the revised terms of reference of the Nomination Committee on 15 August 2013. The written terms of reference of the Nomination Committee are available on the Stock Exchange's website and the Company's website.

The primary duties of the Nomination Committee include:

1. formulating the nomination policy for consideration by the Board and implement the nomination policy laid down by the Board;

2. reviewing the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy; and

3. identifying individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of, individuals nominated for directorships.

The Nomination Committee currently comprises Mr. Qin Yongming, Executive Director, and Dr. Loke Yu, Ms. Qian Liping and Mr. Ko Frankie Andrew, Independent Non-Executive Directors, and is chaired by Mr. Qin Yongming.

提名委員會

本公司已遵照上市規則附錄十四所載企業管治守則於二零一零年六月成立提名委員會，並訂明書面職權範圍。本公司已於二零一三年八月十五日採納一套提名委員會之經修訂職權範圍。提名委員會的書面職權範圍於聯交所網站及本公司網站可供閱覽。

提名委員會的主要職責包括：

1. 制定提名政策供董事會考慮，實施董事會規定的提名政策；

2. 至少每年檢討董事會的架構、人數和組成（包括技能、知識和經驗方面），並就任何為配合本公司的企業策略而擬對董事會作出的變動提出建議；及

3. 物色具備合適資格可擔任董事會成員的人士，並挑選提名有關人士出任董事或就此向董事會提供意見。

提名委員會目前包括執行董事秦永明先生以及獨立非執行董事陸海林博士、錢麗萍女士及高瑞強先生。秦永明先生為提名委員會主席。

NOMINATION COMMITTEE (continued)

The Nomination Committee convened one meetings during the year ended 31 December 2019 with the attendance of each member as follows:

提名委員會（續）

提名委員會於截至二零一九年十二月三十一日止年度共召開一次會議，各成員出席情況如下：

Name of Directors 董事姓名	Position 職位	Role in Nomination Committee 在提名委員會之職能	Meetings Attended/ Eligible to Attend 已出席／合資格出席會議次數
Qin Yongming 秦永明	Executive Director 執行董事	Chairman 主席	1/1
Loke Yu 陸海林	Independent non-executive Director 獨立非執行董事	Member 成員	1/1
Qian Liping 錢麗萍	Independent non-executive Director 獨立非執行董事	Member 成員	1/1
Ko Frankie Andrew (appointed with effect from 19 February 2020) 高瑞強（由二零二零年二月十九日起獲委任）	Independent non-executive Director 獨立非執行董事	Member 成員	0/0
Zhu Hongchao (resigned with effect from 19 February 2020) 朱洪超（由二零二零年二月十九日起辭任）	Independent non-executive Director 獨立非執行董事	Member 成員	1/1

Throughout the year ended 31 December 2019, the Nomination Committee has reviewed and discussed the composition, size and structure of the Board, the independence of the independent non-executive Directors and re-election of Directors.

於截至二零一九年十二月三十一日止年度整段期間，提名委員會已檢討及討論董事會的組成、人數及架構、獨立非執行董事的獨立性及重選董事。

In considering the nomination of new directors, the Company will propose the candidates to the Nomination Committee, which will review and make recommendation to the Board on the expertise, skills and experience of the candidates appropriate to the requirements of the business of the Company.

於考慮提名新董事時，本公司會向提名委員會建議候選人，而委員會將檢討符合本公司業務要求的候選人的專業知識、技能及經驗並就此向董事會提供推薦意見。

The composition of the Board has a significant element of diversity, in terms of skills, regional and industry experience, background and gender.

董事會組成須在技能、地區及行業經驗、背景及性別方面有多元化重要元素。

NOMINATION COMMITTEE (continued)

Board Diversity Policy

The Company has established a board diversity policy (the "Board Diversity Policy") on 15 August 2013 which sets out the approach to achieve and maintain diversity on the Board in order to enhance the effectiveness of the Board.

The Company seeks to achieve Board diversity through the consideration of a number of factors, including but not limited to gender, age, cultural and education background, ethnicity, professional experience, skills, knowledge and length of service.

The Board sets measurable objectives to implement the Board Diversity Policy and reviews such objectives from time to time to ensure their appropriateness and ascertain the progress made towards achieving those objectives. During the year ended 31 December 2019, the Nomination Committee considered the age, education background and working experience of the candidates when selecting the executive Directors.

The Nomination Committee will review the Board Diversity Policy, as appropriate, to ensure its continued effectiveness from time to time.

提名委員會（續）

董事會成員多元化政策

本公司於二零一三年八月十五日制定董事會成員多元化政策（「董事會成員多元化政策」），當中載列董事會為達致及維持成員多元化以提升董事會之有效性而採取之方針。

本公司為尋求達致董事會成員多元化會考慮眾多因素，包括但不限於性別、年齡、文化及教育背景、種族、專業經驗、技能、知識及服務任期。

董事會制定可衡量目標，以實施董事會成員多元化政策及不時審閱該等目標，確保其適用性及確定為達成該等目標而作出之進展。於截至二零一九年十二月三十一日止年度，於挑選執行董事時，提名委員會考慮候選人的年齡、教育背景及工作經驗。

提名委員會將審閱董事會成員多元化政策（如適合），不時確保其繼續保持有效。

REMUNERATION COMMITTEE

The Remuneration Committee was established in June 2010 with written terms of reference in compliance with the CG Code as set out in Appendix 14 to the Listing Rules. The written terms of reference of the Remuneration Committee are available on the Stock Exchange's website and the Company's website.

The Remuneration Committee is responsible for making recommendations to the Board on, among other things, the Company's policy and structure for the remuneration of all directors and senior management of the Company, and the remuneration packages for all executive Directors and senior management of the Company.

The remuneration for the executive Directors comprises basic salary, allowance and discretionary bonus.

Salary adjustments are made where the Remuneration Committee takes into account performance, contribution and responsibilities of the individual. Apart from basic salary, executive Directors and employees are eligible to receive a discretionary bonus taking into account factors such as market conditions as well as corporate and individual's performance during the year.

The following table illustrates the elements of remuneration of executive Directors and senior management.

薪酬委員會

本公司已遵照上市規則附錄十四所載企業管治守則於二零一零年六月成立薪酬委員會，並訂明書面職權範圍。薪酬委員會的書面職權範圍於聯交所網站及本公司網站可供閱覽。

薪酬委員會負責就（其中包括）本公司有關其所有董事及高級管理層薪酬政策及架構，以及本公司全體執行董事及高級管理層之薪酬福利向董事會提供推薦建議。

執行董事的薪酬包括基本薪金、津貼及酌情花紅權。

薪酬委員會乃按個人表現、貢獻及職責而作出薪酬調整。經考慮於本年度之市況以及企業及個人表現，執行董事及僱員除基本薪金外符合資格收取酌情花紅。

下表闡釋執行董事及高級管理層的薪酬要素。

Remuneration **薪金**	**Purpose** **目的**	**Reward** **報酬**	**Policy details** **政策詳情**
Basic salary 基本薪金	To reflect the market value of each individual 反映各個人之市場價值	Cash payment monthly 每月現金付款	Reviewed annually with market trend 每年按市場趨勢作出檢討
Allowance 津貼	To attract and retain employees 吸引及挽留僱員	Reimbursement 補償	Market conditions 市場情況
Discretionary performance bonus 酌情表現花紅	To motivate employees to deliver high levels of performance of the Company and individual performance goals 激勵僱員為本公司作出高水準的表現以及達成個人表現目標	Cash payment 現金付款	– Individual performance – Company performance －個人表現 －公司表現

REMUNERATION COMMITTEE (continued)

The following table shows the breakdown of the Directors' remuneration for the year ended 31 December 2019:

薪酬委員會（續）

下表列示董事截至二零一九年十二月三十一日止年度之薪酬之明細分析：

		Fees 袍金	Salaries and allowances 薪金及津貼	Performance bonus 表現花紅	Retirement benefit scheme contributions 退休福利計劃供款 (Note (a)) （附註(a)）	Other benefits 其他福利	Total 總計
Year Ended 31 December 2019:	**截至二零一九年十二月三十一日止年度：**						
Executive Directors	**執行董事**						
Mr. Tu Jianhua	涂建華先生	–	2.6	3.5	–	–	6.1
Mr. Qin Yongming	秦永明先生	–	5.2	4.0	–	0.7	9.9
Rafael Heinrich Suchan (appointed with effect from 1 March 2020)	Rafael Heinrich Suchan （由二零二零年三月一日起獲委任）	–	–	–	–	–	–
Mr. Wong Wun Lam (resigned with effect from 20 December 2019)	黃煥霖先生（由二零一九年十二月二十日起辭任）	–	3.0	–	–	–	3.0
Independent Non-Executive Directors	**獨立非執行董事**						
Dr. Loke Yu	陸海林博士	0.3	–	–	–	–	0.3
Ms. Qian Liping	錢麗萍女士	0.3	–	–	–	–	0.3
Mr. Ko Frankie Andrew (appointed with effect from 19 February 2020)	高瑞強先生（由二零二零年二月十九日起獲委任）	–	–	–	–	–	–
Mr. Zhu Hongchao (resigned with effect from (19 February 2020)	朱洪超先生（由二零二零年二月十九日起辭任）	0.3	–	–	–	–	0.3

Note a: During the year ended 31 December 2019, the Company made contributions to the Hong Kong Mandatory Provident Fund Scheme for Mr. Tu Jianhua, Mr. Qin Yongming and Mr. Wong Wun Lam of HK$18,000, HK$18,000 and HK$18,000 respectively (2018:HK$18,000, HK$18,000 and HK$18,000 respectively).

附註a： 截至二零一九年十二月三十一日止年度，本公司分別為涂建華先生、秦永明先生及黃煥霖先生向香港強制性公積金計劃作出供款18,000港元、18,000港元及18,000港元（二零一八年：分別為18,000港元、18,000港元及18,000港元）。

REMUNERATION COMMITTEE (continued)

During the year ended 31 December 2019, the Remuneration Committee held two meetings. The Remuneration Committee determined the policy for the remuneration of executive Directors, made recommendations to the Board on the remuneration of directors and assessed the performance of the executive Directors. Members of the Remuneration Committee and the attendance of each member are as follows:

薪酬委員會（續）

於截至二零一九年十二月三十一日止年度內，薪酬委員會共召開兩次會議。薪酬委員會釐定執行董事之薪酬政策，就董事薪酬事宜向董事會作出推薦意見及評核執行董事的表現。薪酬委員會之成員名單及各成員出席次數如下：

Name of Director 董事姓名	Position 職位	Role in Remuneration Committee 在薪酬委員會之職能	Meetings Attended/ Eligible to Attend 已出席／合資格出席會議次數
Mr. Ko Frankie Andrew (appointed with effect from 19 February 2020) 高瑞強先生（由二零二零年二月十九日起獲委任）	Independent non-executive Director 獨立非執行董事	Member 成員	0/0
Dr. Loke Yu 陸海林博士	Independent non-executive Director 獨立非執行董事	Member 成員	2/2
Ms. Qian Liping 錢麗萍女士	Independent non-executive Director 獨立非執行董事	Member 成員	2/2
Mr. Zhu Hongchao (resigned with effect from 19 February 2020) 朱洪超先生（由二零二零年二月十九日起辭任）	Independent non-executive Director 獨立非執行董事	Member 成員	2/2

Throughout the year ended 31 December 2019, the Remuneration Committee has discussed and recommended to the Board for approval of the Directors' and senior managements' remuneration of the Group for the year of 2019, and the bonus payments to the Directors and senior management.

於截至二零一九年十二月三十一日止年度整段期間，薪酬委員會已討論及建議董事會批准於二零一九年本集團董事及高級管理人員的薪酬，以及向董事及高級管理人員支付的獎金。

STRATEGY AND INVESTMENT COMMITTEE

In order to cope with the Group's development needs, enhance scientific planning and decision-making, promote the effectiveness of material investment decision-makings and improve the corporate governance structure of the Group, the Company established the Strategy and Investment Committee in December 2015. The written terms of reference of the Strategy and Investment Committee have been subsequently adopted on 2 February 2016 and are available on the Company's website.

The principal functions and responsibilities of the Strategy and Investment Committee are to (i) study on the development strategies and planning; and (ii) advise on the decision-makings on material investments and capital operation of the Company.

The duties of the Strategy and Investment Committee include the following aspects:

(i) to act as a delegate for the Board generally;

(ii) to make decisions and pass resolutions, and to exercise all powers of the Board on all matters of the Company in relation to its daily operations and investment activities, including any non-connected transaction if the applicable percentage ratios calculated under Rule 14.07 of the Listing Rules less than 5%; and

(iii) to make recommendations to the Board concerning matters of corporate significance not otherwise dealt by any other committees of the Board, recommendations must be submitted to the Board for approval in respect of all transactions if the applicable percentage ratios calculated under Rule 14.07 of the Listing Rules equal to or are more than 5%.

戰略與投資委員會

為適應本集團的發展需求、增強規劃及決策的科學性、促進重大投資決策的有效性及改善本集團的企業管治架構，本公司於二零一五年十二月成立戰略與投資委員會。戰略與投資委員會的書面職權範圍其後於二零一六年二月二日採納，於本公司網站可供閱覽。

戰略與投資委員會的主要職能及職責為：(i)研究發展策略及規劃；及(ii)就本公司的重大投資及資本運作的決策提供建議。

戰略與投資委員會的主要職責包括以下方面：

(i) 主要作為董事會的代表行事；

(ii) 作出決策及通過決議，以及就有關本公司日常營運及投資活動的所有事宜（包括根據上市規則第14.07條所計算的適用百分比率低於5%的任何非關連交易）行使一切董事會權力；

(iii) 就任何其他董事委員會未處理的重大企業事宜向董事會提供推薦建議，倘根據上市規則第14.07條所計算的適用百分比率相等於5%或以上之所有交易，必須提交建議予董事會審批。

STRATEGY AND INVESTMENT COMMITTEE (continued)

Notwithstanding that the Strategy and Investment Committee is entitled to exercise all powers of the Board on all matters of the Company in relation to its daily operations and investment activities, recommendations must be submitted to the Board for approval for all transactions with a percentage ratio equal to or higher than 5% according to the testing result of the Stock Exchange.

The Strategy and Investment Committee currently consists of Mr. Qin Yongming, Mr. Tu Jianhua, Mr. Rafael Heinrich Suchan, and Mr. Goh Kian Guan and is chaired by Mr. Qin Yongming. Mr. Rafael Heinrich Suchan was appointed as a member of the Strategy and Investment Committee on 1 March 2020.

戰略與投資委員會（續）

儘管戰略與投資委員會有權就本公司的日常運作及投資活動的所有事宜行使一切董事會權力，但根據聯交所的測試結果，百分比率等於或高於5%的所有交易，則必須提交建議予董事會審批。

戰略與投資委員會現時由秦永明先生、涂建華先生、Rafael Heinrich Suchan先生及吳健源先生組成，秦永明先生為主席。Rafael Heinrich Suchan先生於二零二零年三月一日獲委任為戰略與投資委員會成員。

STRATEGY AND INVESTMENT COMMITTEE MEETINGS ATTENDANCE 2019

二零一九年戰略與投資委員會會議之出席情況

Name of Committee members 委員會成員姓名	Position 職位	Role in Strategy and Investment Committee 在戰略與投資委員會之職能	Meetings Attended/ Eligible to Attend 已出席／合資格出席會議次數
Qin Yongming 秦永明	Executive Director 執行董事	Chairman 主席	0/0
Tu Jianhua 涂建華	Executive Director 執行董事	Member 成員	0/0
Goh Kian Guan 吳健源	Chief Investment Officer 首席投資官	Member 成員	0/0
Rafael Heinrich Suchan (appointed with effect from 1 March 2020) Rafael Heinrich Suchan（由二零二零年三月一日起獲委任）	Executive Director 執行董事	Member 成員	0/0
Wong Wun Lam (resigned with effect from 20 December 2019) 黃煥霖（由二零一九年十二月二十日起辭任）	Executive Director 執行董事	Member 成員	0/0
William Thomas Bird (resigned with effect from 24 October 2019) William Thomas Bird（由二零一九年十月二十四日起辭任）	Chief Operating Officer 首席營運官	Member 成員	0/0

PRICING COMMITTEE

The Pricing Committee, which currently comprises Mr. Qin Yongming, Mr. Rafael Heinrich Suchan and Mr. Udo Langhans and is chaired by Mr. Qin Yongming, has been established and delegated with the operations of the Group's policy regarding dealings in metal futures contracts (the "Policy"). It determines the range of metal futures contracts that the Group may enter into during the month. On a daily basis, the Pricing Committee reviews the open positions of the Group and determines (i) the offer and sell price of our physical stock and our hedging requirements; (ii) the quantity and the price of the metal futures contracts that the Group is going to buy or sell; (iii) enhance the risk management of commodity price fluctuations and to ensure an effective risk monitoring system.

The Board receives a report from the Pricing Committee on the Group's metal futures activities carried out. Should the Pricing Committee determine that any positions are to be taken, it must inform the Board and provide supporting reasons in its report. In addition, the Company's finance department assesses and reports to the Board on the open positions of the Group based on the Group's cash position.

In the event the report from the Company's finance department demonstrates that the Group is not in strict compliance with the hedging limit and the daily limit, the Group will put in place and implement a plan to decrease the open positions of the Group within a reasonable time in order to comply with the limits.

Following a review of the current business operations, internal controls, risk management and policies and practices regarding dealings in metal futures contracts of the Group, on 7 March 2018, the Board adopted a commodity price risk hedging policy which the Board believes is more suitable for the current operating conditions of the Group.

定價委員會

現時由秦永明先生、Rafael Heinrich Suchan 先生及Udo Langhans先生組成，並由秦永明先生擔任主席的定價委員會已經成立，並獲授權營運本集團有關買賣金屬期貨合約的政策（「該政策」）。其釐定本集團於該月可買賣的金屬期貨合約的範圍。就每日而言，定價委員會審閱本集團的未平倉交易並釐定：(i)我們的現貨庫存的報價和售價以及我們的對沖要求；(ii)本集團準備買入或賣出的金屬期貨合約的數量和價格；(iii)提高對商品價格波動的風險管理，並確保風險監察系統的效能。

定價委員會就本集團進行的金屬期貨活動向董事會提交報告。倘定價委員會釐定將有任何持倉，定價委員會須於報告中通知董事會，並提供可支持理由。此外，本公司的財務部根據本集團的現金狀況評估本集團未平倉交易並向董事會報告。

倘本公司財務部的報告顯示，本集團並無嚴格遵守對沖限額及每日限額，本集團將制定及落實計劃，以於合理時間內減低本集團的未平倉交易，以符合限額。

經審閱目前業務狀況、內部監控、風險管理及本集團有關買賣金屬期貨合約的政策及常規後，於二零一八年三月七日，董事會採納商品價格風險對沖政策，董事會認為其較適合本集團的現行營運狀況。

PRICING COMMITTEE (continued)

The Pricing Committee convened eight meetings during the year ended 31 December 2019 with the attendance of each member as follows:

定價委員會（續）

於截至二零一九年十二月三十一日止年度，定價委員會共召開八次會議，各成員出席情況如下：

Name of Committee members 委員會成員姓名	Position 職位	Role in Pricing Committee 在定價委員會之職能	Meetings Attended/ Eligible to Attend 已出席／合資格出席會議次數
Qin Yongming 秦永明	Executive Director 執行董事	Chairman 主席	8/8
Wong Wun Lam (resigned with effect from 20 December 2019 黃煥霖（由二零一九年十二月二十日起辭任）	Executive Director 執行董事	Member 成員	7/8
William Thomas Bird (resigned with effect from 24 October 2019) William Thomas Bird（由二零一九年十月二十四日起辭任）	Chief Operating Officer 首席營運官	Member 成員	6/8
Udo Langhans Udo Langhans	Head of Commodity Risk Management 商品風險管理主管	Member 成員	8/8

Throughout the year ended 31 December 2019, the Pricing Committee has reviewed the Group's monthly physical stock price and commodities transactions. The Pricing Committee held review meetings with the Board of Directors in 2019 to review and discuss the Pricing Committee Report. In the review meetings, the Pricing Committee and the Board of Directors reviewed and discussed the Group's commodity future contracts' exposure level, the corresponding procurement and inventory management strategy of each quarter in 2019, and reviewed the Group's Policy regarding dealings in metal futures contracts.

於截至二零一九年十二月三十一日止年度，定價委員會已審閱本集團每月現貨價格及商品交易。於二零一九年，定價委員會與董事會舉行審議會議，以審閱及討論定價委員會報告。於審議會議中，定價委員會及董事會已審閱及討論本集團於二零一九年每季度的商品期貨合約的風險水平、相應採購及存貨管理策略，及審閱本集團有關買賣金屬期貨合約的該政策。

RISK MANAGEMENT AND INTERNAL CONTROL

Responsibility of the Board and management

The Board is responsible for overseeing and ensuring the Group has established and maintained an appropriate and effective risk management and internal control systems, including reviewing their effectiveness where as management is responsible for the design and implementation of the risk management and internal control systems.

The Company leverages on the expertise offered by internal and external professionals to develop its internal control system, which includes a well-established corporate structure and an organisation with clearly defined lines of responsibility and authority.

The Group's risk management and internal control systems are designed to assist the Group in meeting its strategic objectives. These systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

Risk Management Framework

The Group has established an Enterprise Risk Management ("ERM") framework to assist the Group in managing its risks. The Group's ERM framework includes the following key elements:

(1) Risk Identification – A Risk Universe fits for the Group's business model has been established. Relevant risks faced by the Group have been identified and the risks are classified into four types, namely, strategic, operational, financial reporting and compliance Risk;

(2) Risk Assessment – A Risk Workshop amongst key management members was conducted to assess and priorities the risks of the Group. The risks are assessed in terms of the likelihood of their occurrence and the significance of their impact by the key management of the Group;

(3) Risk Mitigation – A Risk Owner is assigned to each key risk identified. Each Risk Owner is responsible for the risk assigned. Risk mitigation actions are tailored and established to address the risks; and

風險管理及內部監控

董事會及管理層的責任

董事會負責監督並確保本集團已建立及維持適當有效的風險管理及內部監控系統（包括檢討其成效），而管理層則負責設計並執行風險管理及內部監控系統。

本公司憑藉公司內外的專業人員的專業知識發展其內部監控系統，包括良好的公司架構及職責與權力的明確分立組織。

本集團的風險管理及內部監控系統旨在協助本集團實現其策略目標。這些系統旨在管理而非消除未能實現業務目標的風險，並且只能對重大錯報或損失提供合理而非絕對的保證。

風險管理框架

本集團建立了企業風險管理（「企業風險管理」）架構來協助本集團管理風險。本集團企業風險管理框架包括以下幾個重要方面：

(1) 風險辨別－確定了適合本集團商業模式的風險圈。本集團辨別面臨的相關風險並將風險歸為四大類，即戰略風險、營運風險、財務報告風險及合規風險；

(2) 風險評估－本集團採用了風險工作坊，主要管理成員通過該工作坊評估本集團面臨的風險並將其進行重要性排序。本集團主要管理層在評估風險時根據其發生的可能性及可能產生影響的重要性來評估；

(3) 減輕風險－每個辨別出的主要風險都有一個風險負責人。各風險負責人對其被指定的風險負責。我們針對不同風險個別制定減輕措施以處理該風險；及

RISK MANAGEMENT AND INTERNAL CONTROL (continued)

Risk Management Framework (continued)

(4) Risk Monitoring and Reporting – Risk Owner is responsible for ensuring the risk mitigation plan is executed and implemented properly by appropriate parties (e.g. with appropriate measures/ adequate policies and procedures in place). Internal Audit has a role to evaluate and assess if the risk mitigation plans are designed and operated effectively by management. The development and the status of the ERM program is reported to the Audit Committee on a regularly basis.

The implementation of the Group's ERM framework was assisted by management, the Group's Pricing Committee, Strategy and Investment Committee and Internal Audit Department. These framework and setup enables the Group to ensure any new and emerging risk relevant to the Group's operation is promptly identified and managed.

Internal Audit

The Group's Internal Audit Department is to provide independent assurance to the Board and executive management on the adequacy and effectiveness of risk management and internal controls for the Group. The Group's Internal Audit Department adopts a risk-and-control based audit approach. The annual work plan of the Group's Internal Audit Department covers major activities and processes of the Group's business units whilst audit plan is reviewed and agreed by the Audit Committee. In addition to the agreed schedule of work, the Group's Internal Audit Department conducts other review and investigative work as may be required. All audit reports are communicated to the Audit Committee and key members of executive and senior management. Audit issues are tracked and followed up for proper implementation, with progress reported to the Audit Committee, executive and senior management periodically. The risk management and internal control system of the Group is reviewed and assessed on an on-going basis by the Executive Directors, and will be further reviewed and assessed at least once each year by the Audit Committee and the Board.

風險管理及內部監控（續）

風險管理框架（續）

(4) 風險監察和報告–風險負責人有責任確保風險緩解計劃由適當的各方正確執行和實施（例如，採取適當的措施／適當的政策和程序）。內部審核可以評估和評核風險緩解計劃是否由管理層有效設計和運營。企業風險管理計劃的發展和狀況定期向審核委員會報告。

本集團的企業風險管理框架的實施得到了管理層、本集團定價委員會、戰略與投資委員會和內部審核部門的協助。這些框架和設置使本集團能夠確保及時識別和管理與本集團運營相關的任何新的和新出現的風險。

內部審核

本集團內部審核部門就本集團風險管理及內部監控的充足性及有效性向董事會及執行管理層提供獨立保證。本集團內部審核部門採納以風險及控制為本的審核方式。本集團內部審核部門的年度工作計劃涵蓋本集團業務單位的主要活動及程序，而審核計劃則由審核委員會檢討及批准。除經同意的工作安排外，本集團的內部審核部門會按要求從事其他審閱及調查工作。所有審核報告均交予審核委員會及行政及高級管理層的主要成員。為求妥善實行審核事項，有關進展會定期匯報予審核委員會、行政及高級管理層，予以追查及跟進。本集團的風險管理及內部監控系統由執行董事持續檢討及評估，並由審核委員會及董事會至少每年一次進一步檢討與評估。

RISK MANAGEMENT AND INTERNAL CONTROL (continued)

Review of Risk Management and Internal Control Effectiveness

Through the Audit Committee, the Board has conducted an annual review of the effectiveness of the Group's risk management and internal control systems for the year ended 31 December 2019, covering the material financial, operational and compliance controls, and considered the Group's risk management and internal control systems effective and adequate.

The Audit Committee has also conducted an annual review of the adequacy of resources, qualifications, experience and training programs of the Group's internal audit staff and accounting and financial reporting staff and considered that the staffing is adequate and the staffs are competent to carry out their roles and responsibilities.

(a) The Board shall be ultimately responsible for ensuring that adequate and effective systems are present to maintain compliance with the continuous disclosure obligations of the Company.

(b) The Board shall delegate the routine oversight of the Company's disclosure obligations to the Disclosure Team, which is responsible for:

(i) ensuring proper systems and controls are in place to collect, review and verify potential Inside Information;

(ii) reviewing potential Inside Information and deciding which information must be disclosed;

(iii) deciding whether the Company may delay publication of Inside Information;

(iv) vetting and clearing announcements or other public disclosures (such as presentation materials for analysts' meetings);

風險管理及內部監控（續）

審閱風險管理及內部監控的有效性

董事會已透過審核委員會就本集團截至二零一九年十二月三十一日止年度的風險管理及內部監控系統的有效性進行年度審閱，該審閱涵蓋重大財務、經營及合規監控，並認為本集團的風險管理及內部監控系統有效且充足。

審核委員會亦已對本集團內部審核員工及會計及財務申報員工之資源、資歷、經驗及培訓計劃是否充足進行年度審閱，並認為人手充足，且員工均能勝任彼等角色及職責。

(a) 董事會應負最終責任以確保有充足及有效的系統以維持履行本公司的持續披露責任。

(b) 董事會應委派披露組為本公司之披露責任進行常規監管，負責：

(i) 確保設有適當的系統及監控以收集、審閱及核證可能構成的內幕消息；

(ii) 審閱可能構成的內幕消息及決定必須披露的消息或資料；

(iii) 決定本公司可否延遲發佈內幕消息；

(iv) 審查及結算公告或其他公開披露（如分析師會議的匯報資料）；

RISK MANAGEMENT AND INTERNAL CONTROL (continued)

Review of Risk Management and Internal Control Effectiveness (continued)

(b) (continued)

(v) deciding whether other action, such as the seeking of suspension of trading pending clarification of uncertainties, as may be necessary;

(vi) keeping proper records of all the information received and decisions made;

(vii) where necessary, engaging financial, legal or other advisers to assist the Disclosure Team to carry out its duties;

(viii) ensuring that employees are educated on the policy and internal reporting process;

(ix) supervising the Company's compliance with continuous disclosure obligations; and

(x) establishing periodic financial reporting procedures so that key financial and operating data is identified and escalated in a structured and timely manner.

(c) The Disclosure Team comprises the following members or their delegates:

(i) Executive Directors;

(ii) Chief Financial Officer; and

(iii) Other members as the Board may designate from time to time.

風險管理及內部監控（續）

審閱風險管理及內部監控的有效性（續）

(b) （續）

(v) 決定是否需要採取其他行動，如因有待澄清的不明確因素而尋求暫停股份買賣（如有需要）；

(vi) 保存所有已接收及作出決定的消息或資料的完整記錄；

(vii) 於需要時，聘用財務、法律或其他顧問以協助披露組履行其職責；

(viii) 確保僱員知悉政策及內部匯報流程；

(ix) 監督本公司遵守持續披露責任；及

(x) 設立定期財務匯報程序，以便能有系統及適時地識別及上報關鍵的財務及營運數據。

(c) 披露組由以下成員或彼等的代表組成：

(i) 執行董事；

(ii) 財務總監；及

(iii) 董事會可能不時委派之其他成員。

RISK MANAGEMENT AND INTERNAL CONTROL (continued)

Review of Risk Management and Internal Control Effectiveness (continued)

As soon as the staff become aware of the potential inside information, they must immediately report to their respective disclosure officers. The respective disclosure officers will report to Responsible Director of the Disclosure Team in writing. The report (the "Report") must be sent to the Responsible Director by hand or email and marked "Private and Confidential" on the cover. The Report should set out details of the inside information including:

(a) a general description of the matter;

(b) the name(s) of the party(ies) involved;

(c) the relevant date(s) of the event(s) or transaction(s);

(d) the status of the matter (e.g. negotiations still in progress/ preliminary negotiations/final stage)

(e) the amount and other major term(s) involved; and

(f) if applicable, the Report should also attach the draft agreement to be entered into by any member of the Group as well as any other document which may be of relevance.

Upon receipt of the Report, the Responsible Director shall, forward the Report with relevant materials to the Disclosure Team. The Disclosure Team shall then conduct preliminary assessment of the information received, and after consultation with the relevant professional advisers of the Company and then report to the Board of Directors.

風險管理及內部監控(續)

審閱風險管理及內部監控的有效性(續)

一旦員工知悉可能構成的內幕消息,彼等須立即向彼等的相應披露人員報告。相應披露人員將以書面形式向披露組的責任董事報告。該報告(「該報告」)必須親手或以電郵形式交給責任董事並在封面上註明「機密文件」。該報告應載列內幕消息的詳情,包括:

(a) 該事項的一般描述;

(b) 涉事方名稱;

(c) 該事件或交易的有關日期;

(d) 該事項的狀況(例如:仍在商議/初步商議/最後階段);

(e) 涉及金額及其他主要條款;及

(f) 該報告亦應同時附上本集團任何成員公司將訂立之協議草稿以及任何可能相關的其他文件(如適用)。

一旦收到報告,責任董事應提供該報告連同有關資料予披露組。披露組應對收到的消息或資料進行初步評估,於諮詢本公司相關專業顧問後向董事會報告。

COMMUNICATION WITH SHAREHOLDERS

The Company has established a shareholders' communication policy (the "Shareholders' Communication Policy") in March 2012 for setting out the policies, communication strategies and practices of the Company for communication with its shareholders. The Shareholders' Communication Policy enables the Shareholders to obtain comprehensive and plain information of the Company, to exercise their powers on an informed basis and to strengthen their communication with the Company.

The Company has established and maintained a dialogue with Shareholders by conveying information to the Shareholders and investors through the Company's financial reports (interim and annual reports); annual general meeting and other meetings that may be held; and all the information submitted to the Stock Exchange for disclosure, as well as corporate communications and other publications which shall be posted on the website of the Company.

The Company undertakes to convey information to the Shareholders and investors in a timely and effective manner at all times. If there are any questions about the Shareholders' Communication Policy, it shall be delivered to the Company Secretary or the Head of Investor Relations Department of the Company.

與股東的溝通

於二零一二年三月，本公司建立一項股東通訊政策（「股東通訊政策」），當中載有本公司與其股東通訊有關的政策、通訊策略及常規。股東通訊政策能使股東獲得本公司全面及容易理解的資料，以在知情情況下行使權利及加強彼等與本公司的溝通。

本公司已與股東建立及保持對話，向股東及投資者傳達信息，途徑包括本公司財務報告（中期及年度報告）；股東週年大會及可能舉行的其他大會；及提交至聯交所以供披露的所有資料以及將於本公司網站刊發的公司通訊及其他出版資料。

本公司承諾始終以及適時及有效的方式向股東及投資者傳達信息。倘對股東通訊政策有任何疑問，須送交本公司秘書或本公司投資者關係部主管。

COMMUNICATION WITH SHAREHOLDERS (continued)

Dividend Policy

The Company may declare and pay dividends to the shareholders of the Company (the "Shareholders") by way of cash or by other means that the Board considers appropriate. It is the policy of the Board, in recommending dividends, to allow the Shareholders to participate in the Company's profits, and at the same time, to ensure the Company to retain adequate reserves for future growth. The Company's decision to declare or to pay any dividends in the future, and the amount of such dividends will depend upon, among other things, the current and future operations, financial condition, liquidity position and capital requirements of the Group, as well as dividends received from the Company's subsidiaries and associates, which in turn will depend on the ability of those subsidiaries and associates to pay a dividend. In addition, any final dividends for a financial year will be subject to the approval of the Shareholders. The declaration and payment of dividends by the Company is also subject to any restrictions under the laws of Bermuda, the laws of Hong Kong, the Company's articles of association, bye-laws and any applicable laws, rules and regulations.

Whilst this Dividend Policy reflects the Board's current views on the financial and cash-flow position of the Group, the Board will continue to review this Dividend Policy from time to time and the Board may exercise its sole and absolute discretion to update, amend and/or modify this Dividend Policy at any time as it deems fit and necessary. There is no assurance that dividends will be declared or paid in any particular amount for any given period. The Dividend Policy shall in no way constitute a legally binding commitment by the Company that any dividend will be paid in any particular amount and/or in no way obligate the Company to declare a dividend at any time or from time to time.

SHAREHOLDERS' RIGHTS

Shareholders general enquiries

Shareholders should direct their questions about their shareholdings to the Company's Hong Kong branch share registrar and transfer office, Computershare Hong Kong Investor Services Limited.

Shareholders and the investment community may at any time make a request for the Company's information to the extent such information is publicly available.

與股東的溝通(續)

股息政策

本公司可以現金方式或董事會認為適當的其他方式向本公司股東(「股東」)宣派及派付股息。董事會於推薦派付股息方面的政策乃為允許股東分享本公司溢利,並同時確保本公司留存充足儲備作未來發展。本公司宣派或派付任何未來股息的決定及有關股息的數額將取決於(其中包括)本集團的現時及未來營運業務、財務狀況、流動資金狀況及資本需求,以及收取自本公司子公司及聯營公司的股息(這繼而將取決於該等子公司及聯營公司派付股息的能力)。此外,任何財政年度的任何末期股息將須遵守股東批准規定。本公司的股息宣派及派付亦須受百慕達法例、香港法例、本公司的組織章程細則、公司細則及任何適用法律、規則及法規項下的任何限制規限。

儘管該股息政策反映董事會現時有關本集團財務及現金流量狀況的觀點,惟董事會將繼續不時檢討該股息政策,且董事會可能行使其全權絕對酌情權於其認為適當且必要的任何時間更新、修訂及/或修改該股息政策。概不保證股息將於任何特定期間以任何特定數額予以宣派或派付。股息政策不得以任何方式構成本公司之一項具法律約束力的承諾使本公司將以任何特定數額派付任何股息及/或不得以任何方式使本公司有義務於任何時間或不時宣派股息。

股東權利

股東一般查詢

股東如對名下股權有任何問題,應向本公司的香港股份登記及過戶分處香港中央證券登記有限公司提出。

股東及投資人士可隨時要求索取本公司可供公開查閱的資料。

SHAREHOLDERS' RIGHTS (continued)

Procedures for putting forward enquiries to the Board

Shareholders may at any time forward enquires to the Board in writing through the Company Secretary who will direct the enquiries to the Board for handling. The contact details of the Company Secretary are as follows:

The Company Secretary
48 Wang Lok Street
Yuen Long Industrial Estate
Hong Kong

Fax: (852) 2587 7799
Email Address: ComSec@chihogroup.com

Procedures for Shareholders to Convene General Meetings

Subject to the provisions of the articles of association of the Company ("Articles of Association"), the Listing Rules and the applicable laws and regulations, Shareholders may convene general meetings of the Company in accordance with the following procedures:

1. One or more Shareholders holding at the date of the deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company (the Requisitionist(s)") may require the Board to convene an extraordinary general meeting of the Company (an "EGM") by depositing a written requisition (the "Requisition") at the registered office of the Company at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and a copy thereof at the principal place of business of the Company in Hong Kong at 48 Wang Lok Street, Yuen Long Industrial Estate, Hong Kong, for the attention of the Board or the Company Secretary.

2. The Requisition must clearly state the name(s) and shareholding in the Company of the Requisitionist(s), specify the purposes of the EGM and the details of the business proposed to be transacted in the EGM and be signed by the Requisitionist(s) and may consist of several documents in like form, each signed by one or more of the Requisitionists.

股東權利(續)

向董事會提出查詢之程序

股東可隨時透過公司秘書向董事會提出書面查詢,而公司秘書會轉交有關查詢予董事會處理。公司秘書之聯絡詳情如下:

公司秘書
香港
元朗工業邨
宏樂街48號

傳真:(852) 2587 7799
電子郵件地址:ComSec@chihogroup.com

股東召開股東大會之程序

根據本公司組織章程細則(「組織章程細則」)條文、上市規則及適用法律和法規,股東可根據以下程序召開本公司股東大會:

1. 一名或多名於提出該請求日期持有不少於獲賦予權利於本公司股東大會上投票之本公司繳足股本十分之一的股東(「請求人」)可請求董事會召開本公司股東特別大會(「股東特別大會」),該請求須以書面請求形式(「請求書」)送至本公司註冊辦事處(地址為Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands)及其副本須送至本公司香港主要營業地點(地址為香港元朗工業邨宏樂街48號),收件人為董事會或公司秘書。

2. 請求書須清楚寫明請求人之姓名及於本公司之股權,列明股東特別大會之目的及擬於股東特別大會上處理之事項的詳情,並由請求人簽署;該請求書可包括多份相同形式之文件,每份由一位或多位請求人簽署。

SHAREHOLDERS' RIGHTS (continued)

Procedures for Shareholders to Convene General Meetings (continued)

3. Upon receipt of the Requisition, the Directors shall verify the Requisition with the Company's branch share registrar and upon this confirmation that the Requisition is proper and in order, shall forthwith proceed duly to convene the EGM, and such EGM shall be held within two (2) months after the deposit of the Requisition.

4. If the Directors do not within twenty-one (21) days from the date of the deposit of the Requisition proceed duly to convene the EGM, the Requisitionist(s), may himself or themselves convene the EGM in the same manner and all reasonable expenses incurred by the Requisitionist(s) as a result of the failure of the Board shall be reimbursed to the Requisitionist(s) by the Company.

5. Under the Articles of Association and pursuant to the requirements of the Listing Rules, a notice specifying the time and place and the general nature of the proposed business to be transacted at the EGM shall be given to all Shareholders entitled to attend the EGM for consideration in the following manner:

   (i) notice of not less than 21 clear days or 10 clear business days, whichever is the longer, if a special resolution is to be passed at the EGM; and

   (ii) notice of not less than 14 clear days or 10 clear business days, whichever is the longer, in all other cases, provided that a EGM may be called by a shorter notice if it is so agreed by a majority in number of the Shareholders having the right to attend and vote at the EGM, being a majority together holding not less than 95% in nominal value of the issued shares of the Company giving such right.

The notice period is exclusive of (i) the day on which the notice is served or deemed to be served; and (ii) the day on which the EGM is to be held.

股東權利(續)

股東召開股東大會之程序(續)

3. 收到請求書後,董事須與本公司之股份登記分處核實該請求書,並於確認該請求書為妥善及適當時,應立即正式召開股東特別大會,該股東特別大會須於請求書送交後兩(2)個月內舉行。

4. 倘送交請求書後二十一(21)日內,董事未正式召開股東特別大會,則請求人可自發以同樣方式召開股東特別大會,而請求人因董事會未有召開股東特別大會而合理產生之所有開支須由本公司向請求人作出償付。

5. 根據組織章程細則及上市規則之規定,一份指明時間、地點及擬於股東特別大會上處理之事項之一般性質之通告應按照以下方式向所有有權出席股東特別大會之股東發出,以供彼等考慮:

   (i) 倘將於股東特別大會上通過特別決議案,則須發出不少於21整日或10個完整營業日的通告(以較長者為準);及

   (ii) 於所有其他情況下,須發出不少於14整日或10個完整營業日的通告(以較長者為準),惟倘獲大多數有權出席股東特別大會並於會上有投票權之股東(該大多數股東合共持有不少於賦予該權利之本公司已發行股份之面值95%)同意,則可以較短期的通告召開股東特別大會。

通告期不包括(i)通告送達或被視為送達當日;及(ii)舉行股東特別大會當日。

SHAREHOLDERS' RIGHTS (continued)

Procedures for Shareholders to Make Proposals at General Meetings

Subject to the provisions of the Articles of Association, the Listing Rules and the applicable laws and regulations, Shareholders may propose a resolution at general meetings of the Company by following the "Procedures for Shareholders to Convene General Meetings" to convene an extraordinary general meeting and propose a resolution to be resolved at that extraordinary general meeting. Please refer to the document titled "Procedures for Shareholders to Convene General Meetings" on the Company's website.

Procedures for Shareholders to Propose a Person for Election as a Director

Subject to the provisions of the Articles of Association, the Listing Rules and the applicable laws and regulations, the Company may from time to time in general meeting by ordinary resolution elect any person to be a Director either to fill a casual vacancy or as an additional Director.

1. Shareholder(s) may propose a person (the "Candidate") for election as a Director at general meeting in accordance with the following procedures:

   (a) a Shareholder or a group of Shareholders holding not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company may requisition an extraordinary general meeting to propose the Candidate to be elected as a Director in the manner provided in "Procedures for Shareholders to Convene General Meetings"; or

   (b) Election of directors whether by rotation or otherwise in the place of those retiring would be considered ordinary business at an annual general meeting of the Company (the "AGM") and if the notice of an AGM includes the election of Directors, any Shareholder may propose the election of any person as a Director at the AGM;

股東權利(續)

股東於股東大會上提呈建議之程序

根據組織章程細則的條文、上市規則及適用法例及法規，股東可遵照「股東召開股東大會之程序」於本公司股東大會上提呈決議案，以召開股東特別大會及提呈將於股東特別大會上決議的決議案。請參考本公司網站「股東召開股東大會之程序」的文件。

股東建議推選一名人士為董事之程序

根據組織章程細則條文、上市規則及適用法律和法規，本公司可不時於股東大會通過普通決議案選出任何人士成為董事，以填補臨時空缺或作為新增董事。

1. 股東可根據以下程序於股東大會上建議推選一名人士(「候選人」)為董事：

   (a) 持有不少於獲賦予權利於本公司股東大會上投票之本公司繳足股本十分之一的一名或多名股東可按「股東召開股東大會之程序」所規定之方式要求召開股東特別大會，以建議推選候選人為董事；或

   (b) 於本公司股東週年大會(「股東週年大會」)上選舉董事，不論通過輪席或以其他方式取代退任之董事，將被視為一般事務及倘股東週年大會通告包括選舉董事，任何股東可於股東週年大會上建議推選任何人士為董事；

SHAREHOLDERS' RIGHTS (continued)

Procedures for Shareholders to Propose a Person for Election as a Director (continued)

1. (continued)

   Provided that, in each case, no Candidate other than a Director retiring at the meeting shall, unless recommended by the Directors for election, be eligible for election as a Director at any general meeting unless:

   (i) a notice signed by a Shareholder (other than the person to be proposed) duly qualified to attend and vote at the meeting for which such notice is given of his intention to propose such Candidate for election; and

   (ii) a notice signed by the Candidate of his willingness to be elected,

   shall have been lodged to the Company at its principal place of business in Hong Kong at 48 Wang Lok Street, Yuen Long Industrial Estate, Hong Kong within the period of at least seven (7) days commencing on the day after the despatch of the notice of the general meeting and ending no later than seven (7) days prior to the date appointed for such general meeting.

2. In addition, the notice must contain the information as specified in Rule 13.51(2) of the Listing Rules about the Candidate, including but not limited to the following:

   (i) full name;

   (ii) age;

   (iii) business and residence addresses;

   (iv) principal occupation or employment;

   (v) experience including (a) other directorships held in the last three years in public companies the securities of which are listed on any securities market in Hong Kong or overseas, and (b) the major appointments and professional qualifications; and

   (vi) interests in shares of the Company within the meaning of Part XV of the Securities and Futures Ordinance (Cap. 576 of the Laws of Hong Kong).

股東權利（續）

股東建議推選一名人士為董事之程序（續）

1. （續）

   於各情況下，除非獲董事推薦參選，否則除於股東大會上退任之董事外，概無候選人合資格於任何股東大會上參選，除非：

   (i) 由正式合資格出席大會並於會上表決之股東（除擬參選人士外）簽署通告，其表明建議提名該候選人參選之意向；及

   (ii) 由候選人簽署表示願意參選之通告，

   於寄發股東大會通告後當日開始最少須為七(7)天至不遲於該股東大會指定舉行日期前七(7)天結束之期間內，送至本公司香港主要營業地點（地址為香港元朗工業邨宏樂街48號）。

2. 此外，該通告須包含上市規則第13.51(2)條所指定有關候選人之資料，包括但不限於以下內容：

   (i) 全名；

   (ii) 年齡；

   (iii) 業務及居住地址；

   (iv) 主要職業或受僱工作；

   (v) 經驗，包括(a)過往三年於其證券在香港或海外任何證券市場上市之公眾公司擔任之其他董事職務，及(b)主要的任命及專業資格；及

   (vi) 於本公司之股份權益（定義見證券及期貨條例（香港法例第576章）第XV部）。

CONSTITUTIONAL DOCUMENTS

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

章程文件

於截至二零一九年十二月三十一日止年度，本公司章程文件並無變動。

CONVENING OF GENERAL MEETINGS

The Board strives to maintain an on-going dialogue with the Shareholders of the Company. Shareholders are encouraged to participate in general meetings or to appoint proxies to attend and vote at meetings for and on their behalf if they are unable to attend the meetings. The process of the Company's general meetings are monitored and reviewed on a regular basis, and, if necessary, changes will be made to ensure that Shareholders' needs are best served. The Company uses the annual general meeting as one of the principal channels for communicating with the Shareholders. The Company ensures that Shareholders' views are communicated to the Board.

召開股東大會

董事會致力與本公司股東保持溝通，並鼓勵股東參與股東大會，即使其無法出席大會，亦鼓勵彼等委任代表代其出席大會及於會上表決。本公司會監察並定期檢討股東大會程序，並於需要時作出改動，以確保其切合股東需要。本公司以股東週年大會作為與股東溝通的其中一項主要渠道。本公司確保股東的意見能向董事會反映。

At the annual general meeting, each substantially separate issue has been considered by a separate resolution, including the election of individual Directors. The Chairman of the Board, chairmen of the respective Board committees and the external auditor usually attend annual general meetings to communicate with and answer questions from the Shareholders.

於股東週年大會上，每項大致上屬獨立的事宜會以一項獨立的決議案考慮，當中包括個別董事的選任。董事會主席、董事會轄下各委員會之主席及外聘核數師，一般皆會出席股東週年大會，以便與股東溝通並回答其提問。

The last annual general meeting of the Company was the 2018 annual general meeting (the "2018 AGM") which was held at 23/F, Infinitus Plaza, 199 Des Voeux Road Central, Hong Kong on Friday, 31 May 2019 at 11:00 a.m.

本公司上屆股東週年大會為二零一八年股東週年大會（「二零一八年股東週年大會」），有關大會已於二零一九年五月三十一日（星期五）上午十一時正假座香港德輔道中199號無限極廣場23樓舉行。

All resolutions put to Shareholders at the 2018 AGM were passed. The Company's Hong Kong branch share registrar were appointed as scrutineers to monitor and count the poll votes cast at that meeting. The results of the voting by poll were published on the websites of the Company and the Stock Exchange.

所有於二零一八年股東週年大會上向股東提呈的決議案已獲得通過。本公司的股份過戶登記處香港分處獲委任為該大會的監票人，以監察投票表決過程及點算票數。以投票方式表決的結果已於本公司及聯交所網站刊登。

CONVENING OF GENERAL MEETINGS (continued) 召開股東大會（續）

Resolutions proposed at the 2018 AGM 於二零一八年股東週年大會提呈的決議案	Percentage of votes in favor 投贊成票的百分比
1. To review and approve the audited consolidated financial statements, the report of the Directors and the report of the independent auditor of the Company for the year ended 31 December 2018. 省覽及批准本公司截至二零一八年十二月三十一日止年度的經審核綜合財務報表、本公司董事會報告及獨立核數師報告。	100%
2. To re-elect Mr. Qin Yongming as an executive Director of the Company 重選秦永明先生為本公司執行董事	100%
3. To re-elect Dr. Loke Yu as an independent nonexecutive Director of the Company. 重選陸海林博士先生為本公司獨立非執行董事	100%
4. To authorise the Board to fix the Directors' remuneration 授權董事會釐定董事薪酬	100%
5. To re-appoint PricewaterhouseCoopers as auditor of the Company and to authorise the Board to fix its remuneration. 續聘羅兵咸永道會計師事務所為本公司核數師，並授權董事會釐定其薪酬。	100%
6. To grant a general mandate to the Directors to allot, issue and deal with any additional shares in the Company which shall not in aggregate exceed 20% of the total number of shares of the Company in issue as at the date of passing this resolution.** 授予董事配發、發行及處理本公司任何額外股份之一般授權，惟股份數目合共不得超過本決議案通過當日本公司已發行股份總數之20%。**	98.812%
7. To grant a general mandate to the Directors to exercise all the powers of the Company to repurchase its own shares not exceeding 10% of the total number of shares of the Company in issue as at the date of passing this resolution.* 授予董事行使本公司所有權力，購回本公司股份之一般授權，惟股份數目不得超過本決議案通過當日本公司已發行股份總數之10%。*	100%
8. To approve the extension of the general mandate granted to the Directors to allot new shares by adding to it the number of shares repurchased, if any, pursuant to the share repurchase mandate. 批准透過增加根據股份購回授權購回之股份數目（如有）而擴大授予董事配發新股份之一般授權	98.800%

INVESTOR RELATIONS

The management of the Company believes that effective and proper investor relations play a vital role in creating shareholders' value, enhancing the corporate transparency as well as establishing market confidence. As such, the Company has adopted a stringent internal control system to ensure true, accurate, complete and timely disclosure of relevant information pursuant to requirements of relevant laws and regulations in order to ensure all shareholders equal access to information. To strive for effective communication and transparency of the Company, the personnel in charge have frequent contact with Shareholders and investors through various channels such as via interviews, presentations, internet, telephone and email.

In addition, the Company has during the year ended 31 December 2019 organised numerous site visits to the Group's facilities with several fund managers and equity market analysts. Through the site visits, the visitors managed to have a better understanding of the Group's operations and an opportunity to know more about the Group's development strategy.

We will continue to establish communication opportunities in order to enhance investors' understanding of and confidence in the Company.

投資者關係

本公司管理層相信，有效及正確的投資者關係對創造股東價值、提高企業透明度及建立市場信心尤為重要。因此，本公司已採納嚴謹的內部監控系統，確保根據相關法例及規例的規定真確、準確、完整與及時披露相關資料，從而確保所有股東均可獲取相同的資訊。為達致有效溝通及提高本公司透明度，負責人經常透過訪問、簡報、互聯網、電話及電郵等不同渠道聯絡股東及投資者。

此外，本公司於截至二零一九年十二月三十一日止年度為數位基金經理及股票市場分析員安排了數次到本集團設施的實地考察。透過該等實地考察，到訪者能更好的了解本集團的運作並有機會了解本集團的發展策略。

我們將繼續建立溝通機會以增強投資者對本公司的了解及信心。

WHISTLEBLOWING POLICY

To deter wrongdoing and to promote standards of good corporate practices, the Company adopted a whistleblowing policy in December 2012. This policy aims at encouraging and enabling employees of the Group at all levels and others to report violations or suspected violations and to raise serious concerns about possible improprieties in matters of financial reporting or other matters of the Group.

舉報政策

為遏止不恰當行為及提升良好企業常規水平，本公司於二零一二年十二月採納舉報政策。該政策旨在鼓勵及促使本集團各級僱員及其他人士舉報違規行為或涉嫌違規行為，及對本集團之財務報告事宜或其他事項中可能存在之不恰當行為提出高度關注。

INFORMATION DISCLOSURE

The Company discloses information in compliance with the securities regulations of the Stock Exchange and the Securities and Futures Commission, and publishes periodic reports and announcements to the public in accordance with relevant laws and regulations. Our primary focus is to ensure information disclosure is timely, fair, accurate, truthful and complete, thereby enabling Shareholders, investors as well as the public, to make rational and informed decisions.

資料披露

本公司根據聯交所及證券及期貨事務監察委員會之證券規例披露資料，並根據有關法律法規向公眾人士刊發定期報告及公告。本集團致力確保及時披露資料，而有關資料為公正、準確、真實及完整，務求使股東、投資者及公眾人士能作出合理及知情的決定。

Major Events of CEG In 2019
齊合環保二零一九年大事記

JANUARY

Commercial production of FMA processing line for ELV recycling

The Group's FMA (fine-grained metal containing waste) processing line in Germany commenced operation. This processing line mainly processes shredded wastes and waste circuit boards, and recycles the copper and precious metals therefrom. The FMA processing line further reduced the residual wastes which would have been landfilled or incinerated and enhanced the recovery rate of ELV. The processing technique in the FMA processing line was researched and developed internally over a two year time frame, upholding our leading position in the industry in terms of technological advancement.

一月

報廢汽車回收FMA處理線商業生產

本集團於德國的FMA（fine-grained metal containing waste）處理線投入生產。該處理線主要處理破碎後的細小廢料和廢電路板，並回收其中的銅和稀貴金屬。FMA處理線進一步降低了需要填埋或焚燒的殘餘廢料，並提高了報廢汽車的綜合資源回收率。FMA處理線的處理工藝由本集團研發團隊自主研發，歷時兩年多建成。該處理線的投入讓集團在技術上繼續保持同業領先地位。

MARCH

Completion of upgrade of shredder in Kladno, Czech Republic

The Group's operations in Czech Republic is boosted with the completion of an upgrade of the shredder in Kladno, to better serve the greater Prague region. Thanks to the dedication of the team, the project is completed on time and within budget. The shredder operation has since resumed commercial production, productivity has since increased from 20 tonnes/hour to 35 tonnes/hour.

三月

完成位於捷克共和國Kladno的粉碎機升級

本集團於捷克共和國的營運因位於Kladno的粉碎機完成升級而獲提升，可更佳服務大布拉格地區。憑藉團隊的不懈努力，該項目能按時於預算內完成。其後，粉碎機已恢復商業生產，產能自此由20噸／小時增加至35噸／小時。

Major Events of CEG In 2019
齊合環保二零一九年大事記

APRIL

Commencement of operation of joint venture with Heng Hup Group in Malaysia

The joint venture between the Group and Heng Hup Group has commenced operation. This joint venture is primarily engaged in the dismantling of scrap motors and other mixed metals scrap. The recycled metals are then sold both locally to feed the industrial demands as well as exported to China.

四月

於馬來西亞與興合集團合作成立的合資企業投入營運

本集團與興合集團合作成立的合資企業已投入營運。該合資企業主要從事廢舊電機及其他廢舊混合金屬的拆解業務。所回收的金屬其後於當地出售以應付工業需求，以及出口至中國。

AUGUST

Commencement of e-motor shredding operations in Erie, Pennsylvania, USA

The Group's shredded motor line in the US commenced operation. This processing line collects and processes scrap motors in the East Coast and around the Great Lakes region in the US. In designing this processing line, the Group preserved its flexibility to the maximum extent, as not only can it shred scrap motors, but it also processes scrap cables.

八月

於美國賓夕法尼亞州Erie展開電動電機破碎處理業務

本集團於美國的電機破碎處理線投入營運。該處理線將收集處理美國東岸和五大湖區的廢舊電機。在設計處理線的時候，本集團也考慮了最大程度的靈活性，除了處理廢舊電機，該處理線也可以處理廢舊電線。

NOVEMBER

Commencement of operation of joint venture with CMR in India

The joint venture between the Group and CMR has commenced operation. Located in the state of Gujrat, India, this joint venture is primarily engaged in the dismantling of scrap motors and other mixed metals scrap. Currently, all products are sold domestically to feed domestic industrial demands.

十一月

於印度與CMR合作成立的合資企業投入營運

本集團與CMR合作成立的合資企業已投入營運。該合資企業位印度Gujrat邦，主要從事廢舊馬達及其他廢舊混合金屬的拆解業務。目前所有產品均於當地出售以應付當地工業需求。

Establishment of joint venture with Hidaka Yookoo Enterprises Co. Limited and Suzuki Shokai Co. Limited

A cooperation agreement was signed among the Group, Hidaka Yookoo Enterprises Co. Limited and Suzuki Shokai Co. Limited to establish a joint venture to set up a metal recycling business in Thailand in 2020, focusing on the dismantling of scrap motors and other mixed metals scrap.

與Hidaka Yookoo Enterprises Co. Limited及Suzuki Shokai Co. Limited成立合資企業

本集團與Hidaka Yookoo Enterprises Co. Limited及Suzuki Shokai Co. Limited簽署合作協議，以成立合資企業，計劃在二零二零年在泰國開始從事以廢舊電機及其他廢舊混合金屬的拆解為主的金屬回收業務。

DECEMBER

New yard opening in Fredericia, Denmark

The Group's wholly owned subsidiary in Denmark, Uniscrap A/S ("Uniscrap"), has opened one of the most modern operating facilities at Taulov Dry Port, Denmark. The 20,000 square meter yard is linked to a nearby deep sea terminal in Frederica Port. Taulov is now one of the most modern scrap yards in Denmark, equipped with the latest technology and maximum consideration for the environment. Together with the new port facility in Fredericia, Uniscrap has strengthened its position for the future as a major player in the Danish recycling industry.

十二月

於丹麥Fredericia開設新工場

本集團於丹麥之全資子公司Uniscrap A/S（「Uniscrap」）已於丹麥Taulov Dry Port開設最現代化的營運設施之一。該工場佔地20,000平方米，與鄰近的Frederica Port深水碼頭相連。Taulov現時為丹麥最現代化的廢料場之一，配備最新技術及於最大程度上降低對環境的影響。連同在Fredericia的新港口設施，Uniscrap已鞏固其作為丹麥回收行業主要參與者的未來地位。

Independent Auditor's Report
獨立核數師報告

pwc

羅兵咸永道

To the Shareholders of Chiho Environmental Group Limited
(incorporated in the Cayman Islands with limited liability)

致齊合環保集團有限公司股東
(於開曼群島註冊成立的有限公司)

OPINION

What we have audited

The consolidated financial statements of Chiho Environmental Group Limited (the "Company") and its subsidiaries (the "Group") set out on pages 116 to 270, which comprise:

- the consolidated balance sheet as at 31 December 2019;
- the consolidated statement of profit or loss for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

意見

我們已審計的內容

齊合環保集團有限公司(以下簡稱「貴公司」)及其附屬公司(以下統稱「貴集團」)列載於第116至270頁的綜合財務報表,包括:

- 於二零一九年十二月三十一日的綜合資產負債表;
- 截至該日止年度的綜合損益表;
- 截至該日止年度的綜合全面收益表;
- 截至該日止年度的綜合權益變動表;
- 截至該日止年度的綜合現金流量表;及
- 綜合財務報表附註,包括主要會計政策概要。

PricewaterhouseCoopers, 22/F Prince's Building, Central, Hong Kong
羅兵咸永道會計師事務所,香港中環太子大廈廿二樓
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com
總機:+852 2289 8888,傳真:+852 2810 9888,www.pwchk.com

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

我們的意見

我們認為，該等綜合財務報表已根據香港會計師公會頒布的《香港財務報告準則》真實而中肯地反映了　貴集團於二零一九年十二月三十一日的綜合財務狀況及其截至該日止年度的綜合財務表現及綜合現金流量，並已遵照香港《公司條例》的披露規定妥為擬備。

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

意見的基礎

我們已根據香港會計師公會頒布的《香港審計準則》進行審計。我們在該等準則下承擔的責任已在本報告「核數師就審計綜合財務報表承擔的責任」部分中作進一步闡述。

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

我們相信，我們所獲得的審計憑證能充足及適當地為我們的審計意見提供基礎。

Independence

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.

獨立性

根據香港會計師公會頒布的《專業會計師道德守則》（以下簡稱「守則」），我們獨立於　貴集團，並已履行守則中的其他專業道德責任。

KEY AUDIT MATTERS

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

關鍵審計事項

關鍵審計事項是根據我們的專業判斷，認為對本期綜合財務報表的審計最為重要的事項。這些事項是在我們審計整體綜合財務報表及出具意見時進行處理的。我們不會對這些事項提供單獨的意見。

Key audit matter identified in our audit is related to impairment assessment of goodwill and intangible assets with indefinite useful lives.

我們在審計中識別的關鍵審計事項是關於商譽及具無限可使用年期之無形資產之減值評估。

Key Audit Matter 關鍵審計事項	How our audit addressed the Key Audit Matter 我們的審計如何處理關鍵審計事項
Impairment assessment of goodwill and intangible assets with indefinite useful lives **商譽及具無限可使用年期之無形資產之減值評估** Refer to notes 2.9 and 18 to the consolidated financial statements. 請參閱財務報表附註2.9及18 The carrying value of goodwill and intangible assets with indefinite useful lives of the Group as at 31 December 2019 was HK$745.3 million and HK$185.4 million, respectively. Majority of goodwill and intangible assets with indefinite useful lives arose from the acquisition of Scholz Group in December 2016. 貴集團於二零一九年十二月三十一日之商譽及具無限可使用年期之無形資產的賬面值分別為7億4,530萬港元及1億8,540港元。當中大部分的商譽及具無限可使用年期之無形資產結餘源自於二零一六年十二月收購順爾茨集團之交易。 Management performed an assessment on impairment of goodwill and intangible assets with indefinite useful lives as at 31 December 2019 to determine the recoverable amount using value-in-use calculations. These calculations used pre-tax cash flow forecast based on the financial budget covering a five-year period. Cash flows beyond the five year period were extrapolated using an estimated long term growth rate. 管理層採用使用價值計算就二零一九年十二月三十一日之商譽及具無限可使用年期之無形資產進行減值評估，以釐定可收回金額。該計算使用以涵蓋五年期之財務預算為基礎之稅前現金流預測。五年期後之現金流採用估計長期增長率推算。	In assessing the appropriateness of the goodwill and intangible assets with indefinite useful lives impairment assessment performed by management, the following audit procedures have been performed by us: 為評估管理層之商譽及具無限可使用年期之無形資產減值評估之合適性，我們已進行以下審核程序： Compared the current year actual cash flows with the prior year cash flow forecast to assess the reliability of management's forecast; 將本年度實際現金流量與上年度現金流量預測進行比較，以評估管理層預測的可靠性； Evaluated management's financial budget and discounted cash flow forecast by understanding the process by which they were drawn up, and testing mathematical accuracy of the underlying calculations; 評核管理層之財務預算及貼現現金流量預測，了解箇中規劃程序，測試相關計算之算術準確性； Assessed the appropriateness of key assumptions used in the discounted cash flow forecast for the projected 5 years by comparing (i) projected sales volume to available production capacity and historical sales volume, (ii) metal commodity price forecast to market research and analyst reports, and (iii) projected gross profit margin to historical profit margin. We also checked these key assumptions against actual results in the period subsequent to the year end; 透過比較(i)預測銷量與可動用產能和以往銷量； (ii)金屬商品價格預測與市場研究及分析師報告；及(iii)預測毛利率與歷史毛利率，評估未來五年貼現現金流量預測中所用之主要假設之合適性。我們亦對照年度結算後期間之實際業績，檢查該等主要假設；

Key Audit Matter 關鍵審計事項	How our audit addressed the Key Audit Matter 我們的審計如何處理關鍵審計事項
The assessment required the use of significant management's judgements and estimates about future business performance including revenue growth (sales volume and metal commodity price forecast), gross profit margin and discount rate and accordingly, this was an area of our audit focus. 該評估需要管理層就未來業務表現作出重大判斷及估計，包括收益增長（銷量及金屬商品價格預測）、毛利率及貼現率，因此這為我們審核重心範疇之一。	Evaluated the discount rate by assessing the cost of capital of the Group and referencing the cost of capital of other comparable companies in the industry; and 透過評估　貴集團之資本成本，及參考行內其他可供比較公司的資本成本，評核貼現率；及 Evaluated the sensitivity of the Group's discounted cash flow forecast by considering downside scenarios against reasonable possible changes to the key assumptions. 考慮主要假設之合理可能變動之下行情況，評核　貴集團貼現現金流量預測之敏感度。 Based on the procedures performed, we found that the judgements and estimates made by management in respect of the goodwill and intangible assets with indefinite useful lives impairment assessment were supportable by available evidence. 根據上述已進行程序，我們認為管理層在商譽及具無限可使用年期之無形資產減值評估中所作之判斷及估計有可查閱之憑證支持。

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

In preparing the consolidated financial statements, the directors 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.

其他信息

貴公司董事須對其他信息負責。其他信息包括年報內的所有信息，但不包括綜合財務報表及我們的核數師報告。

我們對綜合財務報表的意見並不涵蓋其他信息，我們亦不對該等其他信息發表任何形式的鑒證結論。

結合我們對綜合財務報表的審計，我們的責任是閱讀其他信息，在此過程中，考慮其他信息是否與綜合財務報表或我們在審計過程中所了解的情況存在重大抵觸或者似乎存在重大錯誤陳述的情況。

基於我們已執行的工作，如果我們認為其他信息存在重大錯誤陳述，我們需要報告該事實。在這方面，我們沒有任何報告。

董事及治理層就綜合財務報表須承擔的責任

貴公司董事須負責根據香港會計師公會頒布的《香港財務報告準則》及香港《公司條例》的披露規定擬備真實而中肯的綜合財務報表，並對其認為為使綜合財務報表的擬備不存在由於欺詐或錯誤而導致的重大錯誤陳述所需的內部控制負責。

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

治理層須負責監督　貴集團的財務報告過程。

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

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

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

核數師就審計綜合財務報表承擔的責任

我們的目標，是對綜合財務報表整體是否不存在由於欺詐或錯誤而導致的重大錯誤陳述取得合理保證，並出具包括我們意見的核數師報告。我們僅向　閣下（作為整體）報告我們的意見，除此之外本報告別無其他目的。我們不會就本報告的內容向任何其他人士負上或承擔任何責任。合理保證是高水平的保證，但不能保證按照《香港審計準則》進行的審計，在某一重大錯誤陳述存在時總能發現。錯誤陳述可以由欺詐或錯誤引起，如果合理預期它們單獨或滙總起來可能影響綜合財務報表使用者依賴綜合財務報表所作出的經濟決定，則有關的錯誤陳述可被視作重大。

在根據《香港審計準則》進行審計的過程中，我們運用了專業判斷，保持了專業懷疑態度。我們亦：

- 識別和評估由於欺詐或錯誤而導致綜合財務報表存在重大錯誤陳述的風險，設計及執行審計程序以應對這些風險，以及獲取充足和適當的審計憑證，作為我們意見的基礎。由於欺詐可能涉及串謀、偽造、蓄意遺漏、虛假陳述，或凌駕於內部控制之上，因此未能發現因欺詐而導致的重大錯誤陳述的風險高於未能發現因錯誤而導致的重大錯誤陳述的風險。

- 了解與審計相關的內部控制，以設計適當的審計程序，但目的並非對　貴集團內部控制的有效性發表意見。

- 評價董事所採用會計政策的恰當性及作出會計估計和相關披露的合理性。

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- 對董事採用持續經營會計基礎的恰當性作出結論。根據所獲取的審計憑證，確定是否存在與事項或情況有關的重大不確定性，從而可能導致對　貴集團的持續經營能力產生重大疑慮。如果我們認為存在重大不確定性，則有必要在核數師報告中提請使用者注意綜合財務報表中的相關披露。假若有關的披露不足，則我們應當發表非無保留意見。我們的結論是基於核數師報告日止所取得的審計憑證。然而，未來事項或情況可能導致　貴集團不能持續經營。

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- 評價綜合財務報表的整體列報方式、結構和內容，包括披露，以及綜合財務報表是否中肯反映交易和事項。

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

- 就　貴集團內實體或業務活動的財務信息獲取充足、適當的審計憑證，以便對綜合財務報表發表意見。我們負責　貴集團審計的方向、監督和執行。我們為審計意見承擔全部責任。

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

除其他事項外，我們與治理層溝通了計劃的審計範圍、時間安排、重大審計發現等，包括我們在審計中識別出內部控制的任何重大缺陷。

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

我們還向治理層提交聲明，說明我們已符合有關獨立性的相關專業道德要求，並與他們溝通有可能合理地被認為會影響我們獨立性的所有關係和其他事項，以及在適用的情況下，相關的防範措施。

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

從與治理層溝通的事項中，我們確定哪些事項對本期綜合財務報表的審計最為重要，因而構成關鍵審計事項。我們在核數師報告中描述這些事項，除非法律法規不允許公開披露這些事項，或在極端罕見的情況下，如果合理預期在我們報告中溝通某事項造成的負面後果超過產生的公眾利益，我們決定不應在報告中溝通該事項。

The engagement partner on the audit resulting in this independent auditor's report is Chan Kam Chiu, Raymond.

出具本獨立核數師報告的審計項目合夥人是陳錦釗。

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 12 May 2020

羅兵咸永道會計師事務所
執業會計師

香港，二零二零年五月十二日

Consolidated Statement of Profit or Loss
綜合損益表

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$M 百萬港元	2018 二零一八年 HK$M 百萬港元
Revenue	收益	5	**15,363.4**	20,912.8
Cost of sales	銷售成本	8	**(14,485.5)**	(19,228.7)
Gross profit	毛利		**877.9**	1,684.1
Other income	其他收入	6	**127.0**	99.2
Other gains, net	其他收益淨額	7	**43.1**	232.6
Net reversal of impairment on financial assets	金融資產減值撥回淨額		**39.4**	36.4
Distribution and selling expenses	分銷及銷售開支	8	**(51.5)**	(49.0)
Administrative expenses	行政開支	8	**(970.1)**	(1,283.3)
			65.8	720.0
Finance income	財務收入	10	**23.6**	36.6
Finance costs	財務成本	10	**(236.2)**	(412.7)
Finance costs, net	財務成本淨額		**(212.6)**	(376.1)
Share of post-tax loss of an associate	應佔聯營公司除稅後虧損	19	**(0.3)**	(0.7)
Share of post-tax profit of joint ventures	應佔合營企業除稅後溢利	19	**47.6**	126.2
(Loss)/Profit before income tax	除所得稅前(虧損)/溢利		**(99.5)**	469.4
Income tax expense	所得稅開支	11	**(34.3)**	(70.4)
(Loss)/Profit for the year	年內(虧損)/溢利		**(133.8)**	399.0
(Loss)/Profit attributable to:	以下各方應佔(虧損)/溢利:			
Shareholders of the Company	本公司股東		**(128.7)**	401.2
Non-controlling interests	非控股權益		**(5.1)**	(2.2)
			(133.8)	399.0
(Loss)/Earnings per share attributable to shareholders of the Company for the year (expressed in HK$ per share)	本公司股東應佔年內每股(虧損)/盈利(以每股港元列示)			
Basic (loss)/earnings per share	每股基本(虧損)/盈利	13	**(0.08)**	0.25
Diluted (loss)/earnings per share	每股攤薄(虧損)/盈利	13	**(0.08)**	0.25

The notes on pages 124 to 270 are an integral part of these consolidated financial statements.

第124至270頁的附註為該等綜合財務報表的一部分。

Consolidated Statement of Comprehensive Income
綜合全面收益表

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$M 百萬港元	2018 二零一八年 HK$M 百萬港元
(Loss)/Profit for the year	**年內(虧損)/溢利**		**(133.8)**	399.0
Other comprehensive (loss)/income	**其他全面(虧損)/收益**			
Item that may be reclassified to profit or loss:	*可能重新分類至損益之項目:*			
Currency translation differences on foreign operations	海外業務之匯兑差額		**(92.4)**	(302.2)
Items that will not be reclassified to profit or loss:	*不會重新分類至損益之項目:*			
Change in fair value of financial assets at fair value through other comprehensive income	按公平值計入其他全面收益之金融資產之公平值變動		**(7.5)**	–
Remeasurements of post-employment benefit obligations	重新計量僱員結束服務後之福利責任		**(4.6)**	1.6
Share of other comprehensive loss of joint ventures	應佔合營企業之其他全面虧損		**(4.4)**	–
Income tax relating to these items	與該等項目有關的所得稅		**1.9**	0.4
Other comprehensive loss for the year, net of tax	年內其他全面虧損,扣除稅項		**(107.0)**	(300.2)
Total comprehensive (loss)/income for the year	年內全面(虧損)/收益總額		**(240.8)**	98.8
Total comprehensive (loss)/income for the year attributable to:	以下各方應佔年內全面(虧損)/收益總額:			
Shareholders of the Company	本公司股東		**(234.0)**	102.2
Non-controlling interests	非控股權益		**(6.8)**	(3.4)
			(240.8)	98.8

The notes on pages 124 to 270 are an integral part of these consolidated financial statements.

第124至270頁的附註為該等綜合財務報表的一部分。

Consolidated Balance Sheet
綜合資產負債表

As at 31 December 2019 於二零一九年十二月三十一日

		Notes 附註	2019 二零一九年 HK$M 百萬港元	2018 二零一八年 HK$M 百萬港元
ASSETS	**資產**			
Non-current assets	**非流動資產**			
Property, plant and equipment	物業、廠房及設備	14	**2,982.9**	3,603.5
Leasehold land and land use rights	租賃土地及土地使用權	15	**–**	387.9
Right-of-use assets	使用權資產	16	**1,185.8**	–
Investment properties	投資物業	17	**9.1**	3.2
Intangible assets	無形資產	18	**1,115.0**	1,183.9
Investments accounted for using the equity method	使用權益法入賬之投資	19	**630.9**	613.2
Financial assets at fair value through profit or loss	按公平值計入損益之金融資產	20	**1.9**	0.8
Financial assets at fair value through other comprehensive income	按公平值計入其他全面收益之金融資產	21	**98.7**	111.0
Other non-current assets	其他非流動資產	22	**17.0**	5.8
Deferred income tax assets	遞延所得稅資產	23	**109.3**	148.7
			6,150.6	6,058.0
Current assets	**流動資產**			
Inventories	存貨	24	**1,495.9**	2,105.7
Trade, bills and other receivables	貿易、票據及其他應收款項	25	**1,375.8**	1,882.1
Fixed return investment	固定回報投資	26	**88.4**	211.3
Amounts due from related parties	應收關聯方款項	39	**47.9**	68.2
Derivative financial instruments	衍生金融工具	27	**25.0**	36.1
Tax recoverable	可退回稅項		**29.9**	15.4
Pledged bank deposits	已抵押銀行存款	28	**191.7**	313.6
Cash and cash equivalents	現金及現金等值項目	28	**784.8**	697.1
			4,039.4	5,329.5
Total assets	**資產總值**		**10,190.0**	11,387.5
EQUITY AND LIABILITIES	**權益及負債**			
Equity attributable to shareholders of the Company	**本公司股東應佔權益**			
Share capital	股本	29	**16.1**	16.1
Other reserves	其他儲備	30	**6,614.9**	6,720.2
Accumulated losses	累計虧損		**(1,689.7)**	(1,561.0)
			4,941.3	5,175.3
Non-controlling interests	非控股權益	31	**(10.3)**	(29.4)
Total equity	**總權益**		**4,931.0**	5,145.9

As at 31 December 2019 於二零一九年十二月三十一日

		Notes 附註	2019 二零一九年 HK$M 百萬港元	2018 二零一八年 HK$M 百萬港元
Non-current liabilities	**非流動負債**			
Borrowings	借款	32	**226.4**	2,429.1
Lease liabilities	租賃負債	33	**569.4**	–
Retirement benefit obligations	退休福利責任	34	**27.3**	23.4
Other payables	其他應付款項	35	**96.6**	110.7
Deferred income tax liabilities	遞延所得稅負債	23	**342.8**	380.4
			1,262.5	2,943.6
Current liabilities	**流動負債**			
Trade, bills and other payables	貿易、票據及其他應付款項	35	**1,066.9**	1,732.2
Current income tax liabilities	即期所得稅負債		**101.2**	120.5
Borrowings	借款	32	**2,569.0**	1,358.5
Lease liabilities	租賃負債	33	**191.7**	–
Amounts due to related parties	應付關聯方款項	39	**37.5**	66.3
Derivative financial instruments	衍生金融工具	27	**30.2**	20.5
			3,996.5	3,298.0
Total liabilities	**負債總值**		**5,259.0**	6,241.6
Total equity and liabilities	**權益及負債總額**		**10,190.0**	11,387.5

The consolidated financial statements on pages 116 to 270 were approved and authorised for issue by the Board of Directors on 12 May 2020 and are signed on its behalf by:

載於第116至270頁的綜合財務報表於二零二零年五月十二日獲董事會批准及授權公佈，並由下列董事代表簽署：

Mr. Tu Jianhua
涂建華先生
Director
董事

Mr. Qin Yongming
秦永明先生
Director
董事

The notes on pages 124 to 270 are an integral part of these consolidated financial statements.

第124至270頁的附註為該等綜合財務報表的一部分。

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

		Attributable to shareholders of the Company 本公司股東應佔					
		Share capital 股本 HK$M 百萬港元	Other reserves (Note 30) 其他儲備（附註30） HK$M 百萬港元	Accumulated losses 累計虧損 HK$M 百萬港元	Total 總計 HK$M 百萬港元	Non-controlling interests 非控股權益 HK$M 百萬港元	Total equity 總權益 HK$M 百萬港元
At 1 January 2018	於二零一八年一月一日	16.1	7,018.9	(1,961.9)	5,073.1	(26.0)	5,047.1
Comprehensive income	全面收益						
Profit for the year	年內溢利	–	–	401.2	401.2	(2.2)	399.0
Other comprehensive (loss)/income	其他全面（虧損）／收益						
Currency translation differences on translation of foreign operations	換算海外業務所產生之匯兌差額	–	(301.0)	–	(301.0)	(1.2)	(302.2)
Remeasurement of post-employment benefit obligations, net of tax	重新計量僱員結束服務後之福利責任，扣除稅項	–	2.0	–	2.0	–	2.0
Total other comprehensive loss for the year, net of tax	年內其他全面虧損總額，扣除稅項	–	(299.0)	–	(299.0)	(1.2)	(300.2)
Total comprehensive income for the year, net of tax	年內全面收益總額，扣除稅項	–	(299.0)	401.2	102.2	(3.4)	98.8
Transactions with shareholders in their capacity as shareholders	與股東（以股東身份）進行交易						
Transfer of reserves	轉撥儲備	–	0.3	(0.3)	–	–	–
Total transactions with shareholders in their capacity as shareholders	與股東（以股東身份）進行交易總額	–	0.3	(0.3)	–	–	–
At 31 December 2018	於二零一八年十二月三十一日	16.1	6,720.2	(1,561.0)	5,175.3	(29.4)	5,145.9

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

		Attributable to shareholders of the Company 本公司股東應佔					
		Share capital 股本 HK$M 百萬港元	Other reserves (Note 30) 其他儲備（附註30） HK$M 百萬港元	Accumulated losses 累計虧損 HK$M 百萬港元	Total 總計 HK$M 百萬港元	Non-controlling interests 非控股權益 HK$M 百萬港元	Total equity 總權益 HK$M 百萬港元
At 1 January 2019	於二零一九年一月一日	16.1	6,720.2	(1,561.0)	5,175.3	(29.4)	5,145.9
Comprehensive loss	全面虧損						
Loss for the year	年內虧損	–	–	(128.7)	(128.7)	(5.1)	(133.8)
Other comprehensive loss	其他全面虧損						
Currency translation differences on foreign operations	海外業務之貨幣換算差額	–	(90.7)	–	(90.7)	(1.7)	(92.4)
Change in the fair value of financial assets at fair value through other comprehensive income, net of tax	按公平值計入其他全面收益之金融資產之公平值變動，扣除稅項	–	(6.1)	–	(6.1)	–	(6.1)
Remeasurement of post-employment benefit obligations, net of tax	重新計量僱員結束服務後之福利責任，扣除稅項	–	(4.1)	–	(4.1)	–	(4.1)
Share of other comprehensive loss of joint ventures	應佔合營企業之其他全面虧損	–	(4.4)	–	(4.4)	–	(4.4)
Total other comprehensive loss for the year, net of tax	年內其他全面虧損總額，扣除稅項	–	(105.3)	–	(105.3)	(1.7)	(107.0)
Total comprehensive loss for the year, net of tax	年內全面虧損總額，扣除稅項	–	(105.3)	(128.7)	(234.0)	(6.8)	(240.8)
Transactions with shareholders in their capacity as shareholders	與股東（以股東身份）進行交易						
Contributions from non-controlling interests	非控股權益注資	–	–	–	–	21.7	21.7
Deregistration of a subsidiary with non-controlling interests	註銷擁有非控股權益之子公司	–	–	–	–	4.2	4.2
Total transactions with shareholders in their capacity as shareholders	與股東（以股東身份）進行交易總額	–	–	–	–	25.9	25.9
At 31 December 2019	於二零一九年十二月三十一日	16.1	6,614.9	(1,689.7)	4,941.3	(10.3)	4,931.0

The notes on pages 124 to 270 are an integral part of these consolidated financial statements.

第124至270頁的附註為該等綜合財務報表的一部分。

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

		Notes 附註	2019 二零一九年 HK$M 百萬港元	2018 二零一八年 HK$M 百萬港元
Cash flows from operating activities	**經營活動所得現金流**			
Cash generated from operations	經營所得現金	42	**803.6**	627.6
Interest paid	已付利息		**(214.8)**	(242.4)
Tax paid, net	已付稅項淨額		**(60.0)**	(67.9)
Net cash generated from operating activities	**經營活動所得現金淨額**		**528.8**	317.3
Cash flows from investing activities	**投資活動所得現金流**			
Purchases of property, plant and equipment	購置物業、廠房及設備		**(336.5)**	(281.1)
Purchases of intangible assets	購買無形資產		**(5.6)**	(2.5)
Proceeds from disposal of property, plant and equipment and right-of-use assets	出售物業、廠房及設備以及使用權資產之所得款項	42	**267.9**	103.1
Placement of pledged bank deposits	存入已抵押銀行存款		**(180.1)**	(534.7)
Withdrawal of pledged bank deposits	提取已抵押銀行存款		**300.5**	303.5
Decrease in fixed return investment	減購固定回報投資		**135.5**	150.0
Proceeds from disposals of financial assets through profit or loss	出售計入損益之金融資產所得款項		**–**	24.5
Proceeds from disposal of assets classified as held for sale	出售分類為持作出售資產之所得款項		**–**	152.6
Proceeds from disposal of investment properties	出售投資物業之所得款項		**–**	195.2
Investments in joint ventures	投資合營企業		**(4.1)**	–
Dividend received from joint ventures	收取合營企業股息		**37.4**	81.0
Other dividends received	已收其他股息		**4.8**	3.5
Acquisition of business, net of cash acquired	收購業務，扣除已購買現金	41	**(4.7)**	(8.1)
Disposal of subsidiaries, net of cash disposed of	出售子公司，扣除已出售現金		**25.5**	–
Interest received	已收利息		**6.8**	8.8
Net cash generated from investing activities	**投資活動所得現金淨額**		**247.4**	195.8

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$M 百萬港元	2018 二零一八年 HK$M 百萬港元
Cash flows from financing activities	**融資活動所得現金流**			
Proceeds from bank borrowings	銀行借款之所得款項		**731.3**	1,015.1
Repayments of bank borrowings	償還銀行借款		**(1,287.0)**	(1,264.9)
Proceeds from other borrowings	其他借款之所得款項		**53.1**	1,691.5
Repayments of other borrowings and note payable	償還其他借款及應付票據		**–**	(2,115.1)
Repayment of lease liabilities (2018: Repayment of finance lease liabilities)	償還租賃負債（二零一八年：償還融資租賃負債）		**(198.7)**	(92.6)
Contributions from non-controlling interests	非控股權益注資		**21.7**	–
Net cash used in financing activities	**融資活動所用現金淨額**		**(679.6)**	(766.0)
Cash and cash equivalents at beginning of the year	年初之現金及現金等值項目		**697.1**	976.4
Net increase/(decrease) in cash and cash equivalents	現金及現金等值項目增加／（減少）淨額		**96.6**	(252.9)
Exchange differences on cash and cash equivalents	現金及現金等值項目之匯兑差額		**(8.9)**	(26.4)
Cash and cash equivalents at end of the year	**年末之現金及現金等值項目**	28	**784.8**	697.1

The notes on pages 124 to 270 are an integral part of these consolidated financial statements.

第124至270頁的附註為該等綜合財務報表的一部分。

1 GENERAL INFORMATION

Chiho Environmental Group Limited ('the Company') is an investment holding company. The Company and its subsidiaries (together "the Group") are mainly engaged in the principal business of resources recycling, involving recycling of mixed metal, end-of-life vehicle (ELV), waste electrical and electronic equipment (WEEE), wasted oil and production of aluminum ingots from zorba in Asia, Europe and North America. The principal activities of its subsidiaries are set out in Note 44.

The Company is incorporated and registered as an exempted company in the Cayman Islands under the Companies Law of the Cayman Islands with limited liability. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The Company's ultimate holding company is Loncin Group Co., Ltd. ("Loncin Group"), a limited liability company incorporated in the People's Republic of China (the "PRC"), and the Company's immediate holding company is USUM Investment Group Hong Kong Limited ("USUMHK"), a company incorporated in Hong Kong with limited liability. Loncin Group is 98% owned by Mr. Tu Jianhua ("Mr. Tu"), an executive director of the Company.

The Company has its primary listing on The Stock Exchange of Hong Kong Limited.

These financial statements are presented in Hong Kong Dollar ("HK$"), unless otherwise stated.

1 一般資料

齊合環保集團有限公司(「本公司」)為投資控股公司。本公司及其子公司(統稱「本集團」)主要於亞洲、歐洲及北美洲從事資源再生業務，涉及回收混合金屬、報廢汽車、廢棄電力及電子設備、廢油及利用破碎鋁料生產鋁錠。其子公司的主要業務載於附註44。

本公司根據開曼群島公司法於開曼群島註冊成立及註冊為獲豁免有限公司。其註冊辦事處位於Cricket Square,Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands。

本公司之最終控股公司為隆鑫集團有限公司(「隆鑫集團」)，一間於中華人民共和國(「中國」)註冊成立之有限責任公司。本公司的直接控股公司為渝商投資集團(香港)有限公司(「渝商香港」)，一間於香港註冊成立之有限公司。隆鑫集團之98%的股份由本公司執行董事涂建華先生(「涂先生」)擁有。

本公司以香港聯合交易所有限公司為第一上市地。

除另有所指外，此等財務報表以港元(「港元」)呈列。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements of the Company have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRS") and the applicable disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange and the applicable disclosure requirements of the Hong Kong Companies Ordinance Cap. 622. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through other comprehensive income, and financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss, which are carried at fair value.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

2.1.1 Going concern basis

The Group reported a net loss of HK$133.8 million for the year ended 31 December 2019. As at 31 December 2019, the Group's current assets exceed its current liabilities by HK$42.9 million. It had borrowings of HK$2,795.4 million, of which HK$2,569.0 million are current borrowings due within twelve months from 31 December 2019. As at the same date, it had cash and cash equivalents amounted to HK$784.8 million.

2 重大會計政策概要

編製該等綜合財務報表時應用的主要會計政策載於下文。除非另有說明，該等政策已於所有呈列年度貫徹應用。

2.1 編製基準

本公司的綜合財務報表根據所有適用的香港財務報告準則（「香港財務報告準則」）及聯交所證券上市規則及香港公司條例第622章之適用披露規定編製。綜合財務報表乃採用歷史成本法編製，並對按公平值列賬的按公平值計入其他全面收益之金融資產及按公平值計入損益之金融資產及金融負債（包括衍生工具）進行重新估值以作出修訂。

編製符合香港財務報告準則的財務報表須採用若干重大會計估計，亦需要管理層於應用本集團的會計政策過程中作出判斷。

2.1.1 持續經營基準

截至二零一九年十二月三十一日止年度，本集團錄得虧損淨額1億3,380萬港元。於二零一九年十二月三十一日，本集團之流動資產超出其流動負債4,290萬港元。其借款為27億9,540萬港元，其中25億6,900萬港元為自二零一九年十二月三十一日起計十二個月內到期之流動借款。於相同日期，其現金及現金等值項目為7億8,480萬港元。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

2.1.1 Going concern basis (continued)

Included in current borrowings as at 31 December 2019 was a syndicated term loan (the "Syndicated Term Loan") with an outstanding principal amount of US$220.0 million scheduled to be fully repayable in June 2020.

In view of such circumstances, the Directors have given careful consideration to the future liquidity and performance of the Group, taking into account the impact arising from the COVID-19 outbreak if any, and its available sources of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern. Certain plans and measures have been taken to mitigate the liquidity pressure and to improve its financial position which include, but not limited to, the following:

- Subsequent to 31 December 2019, the Group has successfully entered into an agreement with the lenders of the Syndicated Term Loan to extend the maturity date to March 2021, and that certain undertakings of the Company, guarantor and obligor were revised (Note 32). The Group will continue to monitor its compliance with the restrictive financial and non-financial undertaking requirements and the Directors expect the Group would be in compliance continuously throughout the remaining term of the Syndicated Term Loan;

2 重大會計政策概要(續)

2.1 編製基準(續)

2.1.1 持續經營基準(續)

於二零一九年十二月三十一日之流動借款包括訂於二零二零年六月悉數償還之尚未償還本金額為2億2,000萬美元之銀團定期貸款(「銀團定期貸款」)。

鑑於有關情況,於評估本集團有否足夠財務資源持續經營時,董事已計及COVID-19爆發所產生之影響(如有),審慎考慮本集團未來流動資金及表現,以及其可獲得之融資來源。本集團已採取若干計劃及措施以舒緩流動資金壓力並改善其財務狀況,其包括但不限於以下各項:

- 於二零一九年十二月三十一日後,本集團成功與銀團定期貸款之貸款人訂立協議,延長到期日至二零二一年三月,且本公司、擔保人及債務人之若干承擔已獲修訂(附註32)。本集團將繼續監察其遵守限制性財務及非財務承擔規定之情況,且董事預期本集團將於銀團定期貸款之餘下期限內持續遵守有關規定;

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

2.1.1 Going concern basis (continued)

- The Group continues its efforts to ramp up the production capability of the new recycling facilities in Asia, implement measures in Europe and North America to generate cash flow from operations, and further control capital and operating expenditures to strength its working capital; and

- The Group is actively looking for other sources of financing including other debt or equity financing to enhance the capital structure and reduce the overall financing expenses.

The Directors have assessed the Group's cash flow projection covering a period of twelve months from 31 December 2019. They are of the opinion that the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within the next twelve months from the date of the consolidated balance sheet. Accordingly, the Directors are satisfied that it is appropriate to prepare the Group's consolidated financial statements on a going concern basis.

2 重大會計政策概要（續）

2.1 編製基準（續）

2.1.1 持續經營基準（續）

- 本集團繼續致力提高亞洲新回收設施之生產力，於歐洲及北美洲實行措施以產生經營現金流量，並進一步控制資金及經營開支以加強其營運資金；及

- 本集團積極尋找其他融資來源，包括其他債務或股權融資，以加強資本結構及減少整體融資開支。

董事已評估本集團涵蓋自二零一九年十二月三十一日起計十二個月期間之現金流量預測。彼等認為，自綜合資產負債表日期起計未來十二個月內，本集團將有足夠營運資金以為其營運提供資金及履行其到期財務責任。因此，董事信納按持續經營基準編製本集團之綜合財務報表乃屬恰當。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

2.1.2 Changes in accounting policy and disclosures

(a) *New and amended standards and interpretations adopted by the Group*

The following new and amended standards and interpretations have been adopted by the Group for the first time for the financial year beginning on or after 1 January 2019:

2 重大會計政策概要（續）

2.1 編製基準（續）

2.1.2 會計政策變動及披露

(a) *本集團採納的新訂及經修訂準則及詮釋*

本集團已於二零一九年一月一日或之後開始的財政年度首次採納下列新訂及經修訂準則及詮釋：

Annual Improvements Project (Amendments) 年度改進項目（修訂本）	Annual Improvements 2015-2017 Cycle 二零一五年至二零一七年週期年度改進
HKAS 19 (Amendments) 香港會計準則第19號（修訂本）	Plan Amendment, Curtailment or Settlement 計劃修訂、削減或結算
HKAS 28 (Amendments) 香港會計準則第28號（修訂本）	Long-term Interests in Associates and Joint Ventures 聯營公司及合營企業的長期權益
HKFRS 9 (Amendments) 香港財務報告準則第9號（修訂本）	Prepayment Features with Negative Compensation 具有負補償的提早還款特性
HKFRS 16 香港財務報告準則第16號	Leases 租賃
HK(IFRIC)-Int 23 香港（國際財務報告詮釋委員會）－詮釋第23號	Uncertainty over Income Tax Treatments 所得稅處理的不確定性

Except for HKFRS 16, the other new and amended standards and interpretation listed above did not have any significant impact on the amounts recognised in prior years and are not expected to significantly affect the current or future years.

除香港財務報告準則第16號外，上文所列之其他新訂及經修訂準則及詮釋並無對過往年度所確認之金額造成任何重大影響，且預期不會對當前或未來年度造成重大影響。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

2.1.2 Changes in accounting policy and disclosures (continued)

(a) *New and amended standards and interpretations adopted by the Group (continued)*

The following explains the impact of the adoption of HKFRS 16 on the Group's financial statements.

The Group elected to adopt HKFRS 16 without restating comparatives. The reclassifications and the adjustments are therefore not reflected in the consolidated balance sheet as at 31 December 2018, but are recognised in the opening consolidated balance sheet on 1 January 2019 as appropriate. The new accounting policies are disclosed in Note 2.28.

The adoption of HKRFS 16 will result in almost all leases being recognised on the consolidated balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not significantly change.

2 重大會計政策概要（續）

2.1 編製基準（續）

2.1.2 會計政策變動及披露（續）

(a) *本集團採納的新訂及經修訂準則及詮釋（續）*

下文闡釋採納香港財務報告準則第16號對本集團財務報表的影響。

本集團選擇在並無重列比較資料的情況下採納香港財務報告準則第16號。因此，重新分類及調整並未於二零一八年十二月三十一日的綜合資產負債表內反映，惟於二零一九年一月一日的期初綜合資產負債表（倘適用）內確認。新會計政策披露於附註2.28。

由於取消區分經營與融資租賃，採納香港財務報告準則第16號將導致幾乎所有租賃均於綜合資產負債表內確認。根據新準則，已確認資產（使用租賃項目之權利）及金融負債以支付租金。唯一例外情況為短期及低價值租賃。出租人之會計處理方式將不會出現重大變動。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

2.1.2 Changes in accounting policy and disclosures (continued)

(a) *New and amended standards and interpretations adopted by the Group (continued)*

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 at 1 January 2019 (date of initial application). The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 2.7%.

2 重大會計政策概要（續）

2.1 編製基準（續）

2.1.2 會計政策變動及披露（續）

(a) *本集團採納的新訂及經修訂準則及詮釋（續）*

於採納香港財務報告準則第16號時，本集團確認與先前根據香港會計準則第17號租賃之原則分類為「經營租賃」之租賃有關之租賃負債。該等負債按剩餘租賃付款現值計量，並使用承租人於二零一九年一月一日（初始應用日期）之增量借款利率貼現。於二零一九年一月一日應用於租賃負債之加權平均承租人增量借款利率為2.7%。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

2.1.2 Changes in accounting policy and disclosures (continued)

(a) New and amended standards and interpretations adopted by the Group (continued)

The right-of-use assets associated to leases which had previously been classified as 'operating leases' were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 31 December 2018.

For leases previously classified as 'finance leases', the Group recognised the carrying amounts of these leased assets and lease liabilities immediately before transition as the carrying amounts of the right-of-use assets and the lease liabilities at 1 January 2019 (date of initial application). The measurement principles of HKFRS 16 are only applied after that date.

For leasehold land and land use right which previously presented as a separate line on the consolidated balance sheet as at 31 December 2018 was reclassified to right-of-use assets as at 1 January 2019.

2 重大會計政策概要（續）

2.1 編製基準（續）

2.1.2 會計政策變動及披露（續）

(a) 本集團採納的新訂及經修訂準則及詮釋（續）

與先前被分類為「經營租賃」之租賃相關之使用權資產按相等於租賃負債之金額計量，並透過於二零一八年十二月三十一日在資產負債表確認之與該租賃相關之任何預付或應計租賃付款金額作出調整。

就先前分類為「融資租賃」之租賃而言，本集團於緊接過渡前將該等租賃資產及租賃負債之賬面值確認為使用權資產及租賃負債於二零一九年一月一日（首次應用日期）之賬面值。香港財務報告準則第16號之計量原則僅於該日後應用。

就先前於二零一八年十二月三十一日之綜合資產負債表作為單獨項目呈列之租賃土地及土地使用權而言，其已於二零一九年一月一日被重新分類為使用權資產。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

2.1.2 Changes in accounting policy and disclosures (continued)

(a) *New and amended standards and interpretations adopted by the Group (continued)*

The following tables show the adjustments recognised for each individual line item. Line items that were not affected by the changes have not been included. The adjustments are explained in more detail below.

2 重大會計政策概要（續）

2.1 編製基準（續）

2.1.2 會計政策變動及披露（續）

(a) *本集團採納的新訂及經修訂準則及詮釋（續）*

下表列示各分項確認的調整，惟不包括並無受該等變動影響的項目。該等調整的更多詳情將於下文說明。

Consolidated balance sheet (extract)

綜合資產負債表（摘要）

		2018 31 December 二零一八年十二月三十一日 HK$M 百萬港元	Effect of HKFRS 16 香港財務報告準則第16號的影響 HK$M 百萬港元	2019 1 January 二零一九年一月一日 HK$M 百萬港元
Non-current assets	**非流動資產**			
Property, plant and equipment	物業、廠房及設備	3,603.5	(456.2)	3,147.3
Leasehold land and land use rights	租賃土地及土地使用權	387.9	(387.9)	–
Right-of-use assets	使用權資產	–	977.9	977.9
Non-current liabilities	**非流動負債**			
Borrowings	借款	2,429.1	(302.3)	2,126.8
Lease liabilities	租賃負債	–	407.4	407.4
Current liabilities	**流動負債**			
Borrowings	借款	1,358.5	(136.5)	1,222.0
Lease liabilities	租賃負債	–	165.2	165.2

The following table shows the reconciliation of operating lease commitments and finance lease liabilities disclosed as at 31 December 2018 to the lease liabilities recognised as at 1 January 2019:

下表顯示於二零一八年十二月三十一日披露的經營租賃承擔及融資租賃負債與於二零一九年一月一日確認的租賃負債的對賬：

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

2.1.2 Changes in accounting policy and disclosures (continued)

(a) New and amended standards and interpretations adopted by the Group (continued)

2 重大會計政策概要（續）

2.1 編製基準（續）

2.1.2 會計政策變動及披露（續）

(a) 本集團採納的新訂及經修訂準則及詮釋（續）

		At 1 January 2019 於二零一九年一月一日 HK$M 百萬港元
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	181.4
Discounted using the lessee's incremental borrowing rate at the date of initial application	使用承租人於首次應用日期的增量借款利率貼現	139.0
Finance lease liabilities recognised as at 31 December 2018	於二零一八年十二月三十一日確認的融資租賃負債	438.8
Less: short-term leases and low-value leases recognised on a straight-line basis as expense	減：按直線法確認為開支的短期租賃及低價值租賃	(18.6)
Add: adjustments as a result of a different treatment of extension and termination options	加：延長及終止選擇權的不同處理方法導致的調整	13.4
Lease liabilities as at 1 January 2019	於二零一九年一月一日的租賃負債	572.6
Of which are:	其中：	
Current lease liabilities	流動租賃負債	165.2
Non-current lease liabilities	非流動租賃負債	407.4
		572.6

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

2.1.2 Changes in accounting policy and disclosures (continued)

(a) *New and amended standards and interpretations adopted by the Group (continued)*

There was no material impact on the operating profits for the year ended 31 December 2019 as a result of the adoption of HKFRS 16, while the segment assets as at 31 December 2019 had increased as follows:

2 重大會計政策概要（續）

2.1 編製基準（續）

2.1.2 會計政策變動及披露（續）

(a) *本集團採納的新訂及經修訂準則及詮釋（續）*

採納香港財務報告準則第16號並無對截至二零一九年十二月三十一日止年度之經營溢利產生重大影響，而於二零一九年十二月三十一日之分部資產已增加如下：

		Increase in segment assets 分部資產增加 HK$M 百萬港元
Asia	亞洲	64.9
Europe	歐洲	166.0
North America	北美洲	10.7
Total	總計	241.6

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

2.1.2 Changes in accounting policy and disclosures (continued)

(a) New and amended standards and interpretations adopted by the Group (continued)

(i) Practical expedients applied

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

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- reliance on previous assessments on whether leases are onerous;
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases;

2 重大會計政策概要（續）

2.1 編製基準（續）

2.1.2 會計政策變動及披露（續）

(a) 本集團採納的新訂及經修訂準則及詮釋（續）

(i) 所應用之實際可行權宜方法

於首次應用香港財務報告準則第16號時，本集團已使用該準則允許之下列實際可行權宜方法：

- 對具有合理類似特徵之租賃組合使用單一貼現率；
- 依賴有關租賃是否屬繁重之過往評估；
- 將於二零一九年一月一日剩餘租賃期少於12個月之經營租賃入賬為短期租賃；

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

2.1.2 Changes in accounting policy and disclosures (continued)

(a) *New and amended standards and interpretations adopted by the Group (continued)*

(i) Practical expedients applied (continued)

- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

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 HK(IFRIC) 4 'Determining whether an Arrangement contains a Lease'.

2 重大會計政策概要（續）

2.1 編製基準（續）

2.1.2 會計政策變動及披露（續）

(a) *本集團採納的新訂及經修訂準則及詮釋（續）*

(i) 所應用之實際可行權宜方法（續）

- 於初次應用日期剔除初始直接成本以計量使用權資產；及
- 倘合約包含延長或終止租賃之選擇權，則使用事後分析釐定租賃期。

本集團亦已選擇不於初始應用日期重新評估合約是否屬或包含租賃。取而代之，就於過渡日期前訂立之合約而言，本集團依賴其應用香港會計準則第17號及香港（國際財務報告詮釋委員會）第4號「釐定安排是否包含租賃」所作出之評估。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

2.1.2 Changes in accounting policy and disclosures (continued)

(b) *The following new and amended standards, new interpretations and framework have been issued but are not effective for the financial year beginning on 1 January 2019 and have not been early adopted by the Group*

The following new and amended standards, new interpretations and framework are not effective for financial year beginning on 1 January 2019, and have not been applied in preparing these consolidated financial statements:

2 重大會計政策概要（續）

2.1 編製基準（續）

2.1.2 會計政策變動及披露（續）

(b) *以下新訂及經修訂準則、新訂詮釋及框架於二零一九年一月一日開始的財政年度已頒佈惟未生效，且未獲本集團提早採納*

以下新訂及經修訂準則、新訂詮釋及框架於二零一九年一月一日開始的財政年度未生效，且未應用於編製該等綜合財務報表：

		Effective for accounting periods beginning on or after 於以下日期或之後開始的會計期間生效
Conceptual Framework for Financial Reporting 2018 二零一八年財務報告的概念框架	Revised Conceptual Framework for Financial Reporting 經修訂財務報告概念框架	1 January 2020 二零二零年一月一日
HKAS 1 and HKAS 8 (Amendments) 香港會計準則第1號及香港會計準則第8號（修訂本）	Definition of Material 重大性的定義	1 January 2020 二零二零年一月一日
HKFRS 3 (Amendments) 香港財務報告準則第3號（修訂本）	Definition of a Business 業務的定義	1 January 2020 二零二零年一月一日
HKAS 39, HKFRS 7 and HKFRS 9 (Amendments) 香港會計準則第39號、香港財務報告準則第7號及香港財務報告準則第9號（修訂本）	Hedge accounting 對沖會計	1 January 2020 二零二零年一月一日
HKFRS 17 香港財務報告準則第17號	Insurance Contracts 保險合約	1 January 2021 二零二一年一月一日
HKFRS10 and HKAS 28 (Amendments) 香港財務報告準則第10號及香港會計準則第28號（修訂本）	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture 投資者與其聯營公司或合營企業之間的資產出售或注資	A date to be determined by the IASB 國際會計準則委員會將予釐定之日期

The above new and amended standards, new interpretation and framework are not expected to have a material impact on the consolidated financial statements of the Group.

預期上述新訂及經修訂準則、新訂詮釋及框架不會對本集團的綜合財務報表產生重大影響。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Principles of consolidation and equity accounting

2.2.1 Subsidiaries

Subsidiaries are entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group (Note 2.3).

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated balance sheet respectively.

2 重大會計政策概要（續）

2.2 綜合原則及權益會計法

2.2.1 子公司

子公司指本集團對其具有控制權之實體（包括結構性實體）。當本集團因參與實體而承擔可變回報之風險或享有可變回報之權益，並有能力透過其對該實體之權力影響此等回報時，本集團即控制該實體。子公司乃於控制權轉移至本集團當日起綜合入賬，並於控制權終止當日起不再綜合入賬。

本集團使用收購會計法為業務合併入賬（附註2.3）。

集團內公司間的交易、結餘及未變現交易收益均予以抵銷。未變現虧損亦會抵銷，除非交易有證據顯示已轉讓資產出現減值。子公司之會計政策已作出必要更改，以確保與本集團採納之政策一致。

子公司業績及股本中之非控股權益分別於綜合損益表、綜合全面收益表、綜合權益變動表及綜合資產負債表內單獨呈列。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Principles of consolidation and equity accounting (continued)

2.2.2 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.2.3 Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting (Note 2.2.5), after initially being recognised at cost.

2.2.4 Joint arrangements

The Group's joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement.

The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method. Interests in joint ventures are accounted for using the equity method (Note 2.2.5), after initially being recognised at cost in the consolidated balance sheet.

2 重大會計政策概要（續）

2.2 綜合原則及權益會計法（續）

2.2.2 單獨財務報表

子公司之投資乃以成本扣除減值列賬。成本包括投資之直接應佔成本。子公司業績乃由本公司按已收及應收股息入賬。

當收到投資子公司的股息時，而股息超過子公司在股息宣派期間的全面收益總額，或在單獨財務報表的投資賬面值超過在綜合財務報表內被投資方淨資產（包括商譽）的賬面值，則必須對有關投資進行減值測試。

2.2.3 聯營公司

聯營公司指本集團對其有重大影響力而無控制權或共同控制權之所有實體。一般情況下，本集團持有20%至50%投票權。於聯營公司之投資於初步按成本確認後，使用權益會計法列賬（附註2.2.5）。

2.2.4 合營安排

本集團的合營安排分類為合營業務或合營企業。分類乃視乎各投資方之合約權利及責任，而非合營安排之法律架構。

本集團已評估其合營安排之性質，並釐定該等合營安排為合營企業。合營企業使用權益法入賬。於合營企業之權益於初步按成本在綜合資產負債表內確認後，使用權益法入賬（附註2.2.5）。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Principles of consolidation and equity accounting (continued)

2.2.5 Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

Where the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity-accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in Note 2.10.

2 重大會計政策概要（續）

2.2 綜合原則及權益會計法（續）

2.2.5 權益法

根據權益會計法，投資初步按成本確認，隨後作出調整以在損益中確認本集團應佔被投資方之收購後溢利或虧損以及在其他全面收益中確認本集團應佔被投資方之其他全面收益變動。已收或應收聯營公司及合營企業之股息確認為投資賬面值扣減。

倘本集團應佔以股權入賬之投資之虧損等於或超過其於該實體之權益（包括任何其他無抵押長期應收款項），本集團不會確認額外虧損，除非本集團產生負債或代表其他實體付款，則作別論。

本集團與其聯營公司及合營企業交易之未變現收益會對銷，以本集團於該等實體之權益為限。除非有證據顯示交易中所轉讓資產出現減值，否則未變現虧損亦會對銷。以股權入賬之被投資方會計政策已作出必要更改，確保與本集團所採納之政策一致。

以股權入賬之投資之賬面值乃根據附註2.10所述之政策進行減值測試。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Principles of consolidation and equity accounting (continued)

2.2.6 Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to shareholders of the Company.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

2 重大會計政策概要（續）

2.2 綜合原則及權益會計法（續）

2.2.6 所有權權益變動

本集團將與非控股權益之交易（其不會導致喪失控制權）視為與本集團權益擁有人之交易。所有權權益變動導致控股權益與非控股權益賬面值之間作出調整，以反映彼等於子公司之相關權益。非控股權益調整數額與任何已付或已收代價之間的任何差額於本公司股東應佔權益中的獨立儲備內確認。

倘本集團因喪失控制權、共同控制權或重大影響力而不再將一項投資綜合入賬或以股權入賬，則於該實體之任何保留權益重新計量為其公平值，而賬面值變動於損益內確認。就隨後入賬列作聯營公司、合營企業或金融資產之保留權益而言，該公平值為初步賬面值。此外，先前於其他全面收益內確認與該實體有關之任何金額按猶如本集團已直接出售有關資產或負債之方式入賬。其可能代表先前於其他全面收益內確認之金額重新分類為溢利或虧損。

倘於合營企業或聯營公司之所有權權益減少，惟保留共同控制權或重大影響力，則先前於其他全面收益內確認之金額僅有一定比例份額重新分類為溢利或虧損（如適用）。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Business combinations

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis. Non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair value or the present ownership interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by HKFRS.

Acquisition-related costs are expensed as incurred.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

2 重大會計政策概要（續）

2.3 業務合併

本集團採用收購法將業務合併入賬。收購一間子公司的轉讓代價為所轉讓資產、對被收購方前擁有人所產生之負債及本集團所發行之股權之公平值。所轉讓代價包括或然代價安排產生之任何資產或負債之公平值。於業務合併中所收購之可識別資產及所承擔之負債及或然負債，初始按其於收購日期之公平值計量。

本集團按個別收購基準確認於被收購方之任何非控股權益。屬現時所有權權益且於清盤時賦予其持有人按比例分佔實體資產淨值之被收購方非控股權益，按公平值或現時所有權權益應佔被收購方可識別資產淨值之已確認金額比例而計量。除非香港財務報告準則要求以其他基準計量，否則非控股權益之所有其他組成部分均按其於收購日期之公平值計量。

與收購相關之成本於產生時支銷。

本集團將予轉讓之任何或然代價於收購日期按公平值確認。或然代價分類為股權或金融負債。分類為金融負債之金額隨後重新計量為公平值，而賬面值變動於損益內確認。分類為股權之或然代價並無重新計量，而其後結算於權益中入賬。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Business combinations (continued)

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the consolidated statement of profit or loss.

Where businesses are acquired and fair values of the net assets of the acquired business are finalised within 12 months of the acquisition date, all fair value adjustments are recorded with effect from the date of acquisition and consequently may result in the restatement of previously reported financial results.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

2.4 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker ("CODM"). The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Committee that makes strategic decisions.

2 重大會計政策概要(續)

2.3 業務合併(續)

所轉讓代價、於被收購方之任何非控股權益金額及被收購方之任何先前股權於收購日期之公平值超逾所收購可識別資產淨值公平值之差額確認為商譽。倘轉讓之代價總額、所確認之非控股權益及先前持有之權益計量為低於在議價購買中所收購子公司資產淨值之公平值,則該差額直接於綜合損益表內確認。

倘收購業務,而所收購業務資產淨值之公平值於收購日期12個月內落實,則自收購日期起將所有公平值調整入賬,或會因此導使重列過往匯報之財務業績。

倘業務合併分階段進行,則收購方先前於被收購方持有之股權於收購日期之賬面值於收購日期重新計量為公平值。該重新計量產生之任何收益或虧損於損益內確認。

2.4 分部呈報

經營分部報告之方式與提供予主要經營決策者(「主要經營決策者」)之內部報告貫徹一致。已確定作出策略決定之執行委員會為主要經營決策者,負責對經營分部進行資源分配和業績評估。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Foreign currency translation

(a) 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$, which is the Company's functional and the Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. 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 statement of profit or loss, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges.

Foreign exchange gains and losses are presented in the consolidated statement of profit or loss within 'other gains, net'.

2 重大會計政策概要(續)

2.5 外幣匯兑

(a) 功能和呈報貨幣

本集團旗下每個實體之財務報表均以該實體經營所在之主要經濟環境之貨幣(「功能貨幣」)計量。綜合財務報表乃以港元呈列,而港元為本公司之功能貨幣及本集團之呈報貨幣。

(b) 交易及結餘

倘項目進行重新計量時,外幣交易按交易或估值當日之匯率換算為功能貨幣。該等交易結算的匯兑損益,以及外幣資產和負債按年結日匯率換算產生的匯兑損益,均於綜合損益表內確認,惟於其他全面收益作為合資格現金流對沖及合資格淨投資對沖遞延者除外。

匯兑收益及虧損於綜合損益表內「其他收益淨額」下呈列。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Foreign currency translation (continued)

(c) Group companies

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

(i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(ii) 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 rate on the dates of the transactions); and

(iii) all resulting currency translation differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

2 重大會計政策概要（續）

2.5 外幣匯兑（續）

(c) 集團公司

本集團旗下所有實體如持有與呈報貨幣不一致的功能貨幣（其中並無任何公司持有通脹嚴重的經濟體系的貨幣），其業績和財務狀況均按以下方法兑換為呈報貨幣：

(i) 每項資產負債表的資產及負債均按照該資產負債表結算日的收市匯率折算為呈報貨幣；

(ii) 各項損益表的收入和支出均按照平均匯率折算為呈報貨幣（但若此平均匯率未能合理地反映各交易日之匯率所帶來的累計影響，則按照交易日之匯率折算此等收入和支出）；及

(iii) 所有由此產生的匯兑差異均於其他全面收益確認。

於編製綜合賬目時，換算境外實體任何投資淨額以及指定為該等投資之對沖項目之借貸及其他金融工具產生之匯兑差額於其他全面收益內確認。於出售境外業務或償還組成投資淨額一部分之任何借貸時，相關匯兑差額重新分類至損益，作為出售損益之一部分。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Foreign currency translation (continued)

(c) Group companies (continued)

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. Currency translation differences arising are recognised in other comprehensive income.

2.6 Property, plant and equipment

Land and buildings comprise mainly factories and offices. Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the consolidated statement of profit or loss during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost over their estimated useful lives as follows:

Buildings 樓宇	12 – 50 years 12至50年
Plant and machinery 廠房及機器	5 – 20 years 5至20年
Office furniture and equipment 辦公室傢俱及設備	3 – 13 years 3至13年

2 重大會計政策概要（續）

2.5 外幣匯兑（續）

(c) 集團公司（續）

收購海外實體產生的商譽及公平值調整被視為該海外實體的資產及負債，並按收市匯率換算。所產生的匯兑差額會在其他全面收入中確認。

2.6 物業、廠房及設備

土地及樓宇主要包括廠房及辦公室。物業、廠房及設備按歷史成本減折舊列賬。歷史成本包括收購項目直接應佔的開支。

後續成本僅會在與項目有關之未來經濟利益很可能會流向本集團，而本集團又能可靠地計量該項目成本之情況下，方會適當地計入資產賬面值或確認為一項獨立資產。已重置部分之賬面值則終止確認。所有其他維修保養費用在產生之財務期間內於綜合損益表中支銷。

折舊乃採用直線法計算，以在其估計可使用年期內分配成本。具體如下：

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.6 Property, plant and equipment (continued)

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.10).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other gains, net' in the consolidated statement of profit or loss.

2.7 Construction in progress

Construction in progress represents buildings, plant and machinery under construction and pending installation and is stated at cost. Cost includes the costs of construction of buildings and the costs of plant and machinery. No provision for depreciation is made on construction-in-progress until such time as the relevant assets are completed and ready for intended use. When the assets concerned are brought into use, the costs are transferred to other property, plant and equipment and depreciated in accordance with the policy as stated in Note 2.6.

2.8 Investment properties

Investment properties, principally comprising land and buildings, are held for long-term rental yields or for capital appreciation or both, and that are not occupied by the Group. Investment property is initially measured at cost, including related transaction costs and where applicable borrowing costs. Subsequent to initial recognition, investment properties are stated at cost less subsequent accumulated depreciation and any accumulated impairment losses. Depreciation is recognised so as to write off the cost of investment properties over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method.

2 重大會計政策概要（續）

2.6 物業、廠房及設備（續）

資產餘值及可使用年期於各報告期末檢討，並在適當情況下作出調整。

倘一項資產之賬面值高於其估計可收回金額，則該項資產之賬面值會即時調減至其可收回金額（附註2.10）。

出售之損益乃透過比較所得款項與賬面值而釐定，並於綜合損益表內「其他收益淨額」中確認。

2.7 在建工程

在建工程指在建及有待進行安裝的樓宇、廠房及機器，按成本列賬。成本包括樓宇建築成本及廠房和機器的成本。在建工程在相關資產完工及準備就緒可供作擬定用途之時方才提計折舊撥備。倘有關資產投入使用時，成本會轉撥至其他物業、廠房及設備，並根據附註2.6所述的政策折舊。

2.8 投資物業

投資物業，主要由土地和樓宇組成，持有為獲得長期租金收益或作為資本增值或兩者兼備同時並非由本集團佔用。投資物業初始按成本列賬，包括相關的交易成本及（如適用）借款成本。在初始確認後，投資物業按成本減其後累計折舊及任何累計減值虧損列賬。折舊予以確認，以於估計可使用年期使用直線法撇銷投資物業的成本，當中會計及其估計剩餘價值。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.8 Investment properties (continued)

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

2.9 Intangible assets

(a) Goodwill

Goodwill arises on the acquisition of subsidiaries represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identified net assets acquired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

2 重大會計政策概要(續)

2.8 投資物業(續)

投資物業於出售或投資物業永久退出使用及預計其出售將不會產生未來經濟利益時取消確認。取消確認物業產生之任何收益或虧損(計算作出售所得款項淨額與資產賬面值之間的差額)於取消確認物業期間計入損益。

2.9 無形資產

(a) 商譽

收購子公司所產生的商譽指所轉讓的代價、被收購方任何非控制性權益金額及被收購方任何之前權益於收購日期的公平值,超過所收購可識別淨資產公平值的數額。

為進行減值測試,於業務合併時收購之商譽分配至預期自合併協同效益受惠之各項或各組現金產生單位(「現金產生單位」)。各項或各組獲分配商譽之單位指就內部管理而言實體內監察商譽之最低層面。商譽於營運分部層面監察。

商譽每年檢討減值,或倘出現任何事宜或事態變動,顯示可能出現減值,則更頻密檢討減值。含有商譽的現金產生單位的賬面值會與可收回金額作比較,以可收回金額的使用價值與公平值減出售成本之較高者為準。任何減值即時確認為開支,且其後不會撥回。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.9 Intangible assets (continued)

(b) Computer software

Computer software acquired are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of 5 years.

(c) Brand names, patents and licenses

Separately acquired brand names, patents and licences are shown at historical cost. Brand names, patents and licences acquired in a business combination are recognised at fair value at the acquisition date. Certain brand names, patents and licences which have a finite useful life are carried at cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight-line method to allocate the cost of certain brand names, patents and licenses over their estimated useful lives of 8 to 20 years. Certain brand names have indefinite useful life and carried at cost less accumulated impairment losses. Impairment assessment is undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment.

(d) Customers' relationship and suppliers' relationship

Customers' relationship and suppliers' relationship acquired in a business combination are recognised at fair value at the acquisition date. The customers' relationship and suppliers' relationship which have a finite useful life are carried at cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight-line method over the expected life of the customers' relationship and suppliers' relationship of 5 to 20 years.

2 重大會計政策概要（續）

2.9 無形資產（續）

(b) 電腦軟件

購入電腦軟件按獲得及使用有關軟件所產生之成本為基準予以資本化。該等成本乃按估計可使用年期為五年攤銷。

(c) 品牌名稱、專利及牌照

獨立收購的品牌名稱、專利及牌照按歷史成本列示。於業務合併中收購的品牌名稱、專利及牌照按收購日期的公平值確認。擁有有限可使用年期的若干品牌名稱、專利及牌照按成本減累計攤銷及減值虧損列賬。攤銷採用直線法計算，以於8至20年的估計可使用年期內分配若干品牌名稱、專利及牌照的成本。若干品牌名稱具無限可使用年期，且按成本減累計減值虧損列賬。減值評估須每年進行，倘有事件或改變顯示可能發生減值時，則會更頻密地進行減值評估。

(d) 客戶關係及供應商關係

於業務合併中收購的客戶關係及供應商關係按收購日期的公平值確認。擁有有限可使用年期的客戶關係及供應商關係按成本減累計攤銷及減值虧損列賬。攤銷採用直線法於客戶關係及供應商關係的預期年期5至20年計算。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.9 Intangible assets (continued)

(e) Non-competition agreement

Non-competiton agreement is recognised at fair value at the agreement date. Non-competition agreement has a finite useful life and are carried at cost less accumulated amortisation and impairment loss. Amortisation is calculated using the straight-line method over the agreement term of 2 years.

2.10 Impairment of non-financial assets

Intangible assets that have an indefinite useful life or intangible assets not ready to use are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.11 Investments and other financial assets

2.11.1 Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss); and
- those to be measured at amortised cost.

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

2 重大會計政策概要（續）

2.9 無形資產（續）

(e) 競業限制合同

競業限制合同按協議合同日期的公平值確認。擁有有限可使用年期的競業限制合同按成本減累計攤銷及減值虧損列賬。攤銷採用直線法於協議合同的年期2年計算。

2.10 非金融資產減值

無明確可使用年期之無形資產或未達可使用狀態的無形資產毋須攤銷，但須每年進行減值測試。每當有事件或事態變化顯示不可收回賬面金額時，本集團會檢討須作攤銷之資產有否出現減值。減值虧損按資產賬面金額超出其可收回金額之金額確認。可收回金額為資產之公平值減出售成本與使用價值之較高者。於評估減值時，資產按可單獨識別之現金流量之最低水平（現金產生單位）歸類。出現減值之非金融資產（商譽除外）於各報告日期就減值是否有機會撥回進行檢討。

2.11 投資及其他金融資產

2.11.1 分類

本集團將其金融資產分類為下列計量類別：

- 其後將按公平值（或透過其他全面收益或透過損益）計量的金融資產；及
- 將按攤銷成本計量的金融資產。

分類視乎本集團用以管理金融資產的業務模式及現金流量的合約條款而定。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.11 Investments and other financial assets (continued)

2.11.1 Classification (continued)

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

2.11.2 Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

2.11.3 Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit and loss ("FVPL") are expensed in profit or loss.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset.

2 重大會計政策概要(續)

2.11 投資及其他金融資產(續)

2.11.1 分類(續)

至於按公平值計量的資產,收益或虧損將記入損益或其他全面收益。至於非持作買賣的股權工具的投資,將視乎本集團是否已於初步確認時作出不可撤回的選擇,按公平值計入其他全面收益將股本投資入賬。

本集團僅會在改變其用以管理該等資產的業務模式時才會將債務投資重新分類。

2.11.2 確認及解除確認

常規買賣金融資產於交易日(即本集團承諾買賣該資產之日期)獲確認。金融資產於自金融資產收取現金流量之權利屆滿或已獲轉移且本集團已轉移擁有權之大部分風險與回報時終止確認。

2.11.3 計量

於初步確認時,本集團按其公平值(倘金融資產並非按公平值計入損益,則另加收購金融資產直接應佔的交易成本)計量金融資產。以按公平值計入損益(「按公平值計入損益」)列賬的金融資產的交易成本於損益內支銷。

債務工具

債務工具的後續計量取決於本集團管理資產的業務模式及資產的現金流量特徵。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.11 Investments and other financial assets (continued)

2.11.3 Measurement (continued)

Amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in 'other gains, net' together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the consolidated statement of profit or loss.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in 'other gains, net' in the consolidated statement of profit or loss as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at fair value through other comprehensive income ("FVOCI") are not reported separately from other changes in fair value.

2 重大會計政策概要（續）

2.11 投資及其他金融資產（續）

2.11.3 計量（續）

攤銷成本

倘為收取合約現金流量而持有的資產的現金流量僅為本金及利息付款，則該等資產按攤銷成本計量。該等金融資產的利息收入採用實際利率法計入財務收入。終止確認產生的任何收益或虧損直接於損益內確認，並連同匯兑收益及虧損於「其他收益淨額」呈列。減值虧損於綜合損益表內作為單獨項目呈列。

權益工具

本集團其後按公平值計量所有股本投資。倘本集團管理層已選擇於其他全面收益呈列股本投資的公平值收益及虧損，則於終止確認有關投資後，公平值收益及虧損其後不再重新分類至損益。當本集團收取付款的權利確立時，有關投資的股息繼續於損益內確認為其他收入。

按公平值計入損益的金融資產之公平值變動於綜合損益表確認為「其他收益淨額」（如適用）。按公平值計入其他全面收益（「按公平值計入其他全面收益」）計量之權益投資的減值虧損（及減值虧損回撥）不會與公平值的其他變動分開呈列。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.11 Investments and other financial assets (continued)

2.11.4 Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach in accordance with HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables (Note 25(b)).

2.12 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

2.13 Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair values. Changes in the fair value of these derivative instruments are recognised immediately in the consolidated statement of profit or loss within 'other gains, net'. The Group does not have any derivative that is designated as a hedging instrument.

2 重大會計政策概要（續）

2.11 投資及其他金融資產（續）

2.11.4 減值

本集團按前瞻性基準評估與其按攤銷成本列賬的債務工具相關的預期信貸虧損。所應用的減值方法取決於信貸風險是否顯著增加。

就貿易應收款項而言，本集團依據香港財務報告準則第9號採用簡化方法，該方法規定預期使用年期虧損將自初步確認應收款項起確認（附註25(b)）。

2.12 抵銷金融工具

金融資產及負債會作抵銷，而於有法律上可強制執行權利抵銷已確認金額及有意以淨額基準清償或同時變現資產及清償負債時，在資產負債表列報淨額。法律上可強制執行權利不得為或然日後事件及必須為正常業務中及於公司或對手方拖欠款項、無力償債時或破產時方可強制執行。

2.13 衍生金融工具

衍生工具於衍生工具合約訂立當日按公平值初始確認，其後按公平值重新計量。此等衍生金融工具之公平值如有變動，將即時於綜合損益表內「其他收益淨額」確認。本集團並無任何指定為對沖工具之衍生工具。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.14 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. The cost of finished goods comprises, raw materials, direct labour, other direct costs and related production overheads. It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.15 Trade, bills and other receivables

Trade and bills receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection of trade, bills and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

The Group holds trade, bills and other receivables with the objective to collect the contractual cash flows. Accordingly, trade, bills and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less loss allowance (Note 2.11.3).

Trade, bills and other receivables are written off when there is no reasonable expectation of recovery.

Impairment losses on trade, bills and other receivables are presented as net impairment losses in the consolidated statement of profit or loss. Subsequent recoveries of amounts previously written off are credited against the same line item.

2 重大會計政策概要（續）

2.14 存貨

存貨按成本與可變現淨值兩者中之較低者列賬。成本值以加權平均法計算。成品之成本包括原材料、直接勞工及其他直接成本及相關生產日常開支，不包括借貸成本。可變現淨值是以日常業務之估計售價減去適用之變動銷售開支後所得之數額。

2.15 貿易、票據及其他應收款項

貿易及票據應收款項為在日常業務過程中就商品銷售或提供服務而應收客戶的款項。倘貿易、票據及其他應收款項的收回預期在一年或以內（或倘較長，則為業務正常經營週期內），其被分類為流動資產，否則分類為非流動資產。

本集團持有貿易、票據及其他應收款項，旨在收取合約現金流量。因此，貿易、票據及其他應收款項以公平值初始確認，其後利用實際利率法按攤銷成本扣除虧損撥備計量（附註2.11.3）。

當不存在可收回的合理預期時，貿易、票據及其他應收款項會予以撇銷。

貿易、票據及其他應收款項的減值虧損於綜合損益表呈列為減值虧損淨額。其後收回先前已撇銷的款項則計入同一項目。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.16 Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents include cash in hand, deposits held at call with banks and bank overdrafts.

2.17 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.18 Trade and bills payables

Trade and bills payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Trade and bills payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.19 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated statement of profit or loss over the period of the borrowings using the effective interest method.

2 重大會計政策概要（續）

2.16 現金及現金等值項目

於綜合現金流量表內，現金及現金等值項目包括手頭現金、銀行活期存款及銀行透支。

2.17 股本

普通股被分類為權益。

直接歸屬於發行新股或購股權的新增成本在權益中列為所得款項的減少（扣除稅項）。

2.18 貿易及票據應付款項

貿易及票據應付款項為在日常業務過程中購買商品或服務而應支付供應商的責任。

貿易及票據應付款項以公平值為初始確認，其後利用實際利率法按攤銷成本計量。

2.19 借款

借款按公平值並扣除產生的交易費用為初始確認。借款其後按攤銷成本列賬，所得款項（扣除交易成本）與贖回價值的任何差額利用實際利率法於借款期間內在綜合損益表確認。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.19 Borrowings (continued)

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

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

2.20 Borrowing costs

Borrowing costs include interest expense, finance charges in respect of borrowings and lease liabilities, and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs. The exchange gains and losses that are an adjustment to interest costs include the interest rate differential between borrowing costs that would be incurred if the entity had borrowed funds in its functional currency, and the borrowing costs actually incurred on foreign currency borrowings. Such amounts are estimated based on interest rates on similar borrowings in the entity's functional currency.

2.21 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the consolidated statement of profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

2 重大會計政策概要（續）

2.19 借款（續）

倘部分或全部融資將會很有可能提取，則設立貸款融資時支付的費用確認為交易成本。在此情況下，該費用將遞延直至提取為止。倘無證據證明部分或全部融資將會很有可能被提取，則該項費用資本化作為流動資金服務的預付款，並按有關融資期間攤銷。

除非本集團有無條件權利於報告期末後將負債的結算遞延最少12個月，否則借貸分類為流動負債。

2.20 借款成本

借款成本包括利息開支、借款及租賃負債之財務成本及外幣借款產生之匯兑差異，以其被視為利息成本之調整為限。屬於利息成本之調整之匯兑收益及虧損包括在實體以其功能貨幣借入資金的情況下產生的借款成本與外幣借款實際產生的借款成本之間的利率差異。有關金額根據以實體功能貨幣作出的類似借款的利率估計。

2.21 即期及遞延所得稅

本期間稅項開支包括即期和遞延稅項。稅項在綜合損益表中確認，但與在其他全面收益中或直接在權益中確認的項目有關者則除外。在該情況下，稅項亦分別在其他全面收益或直接在權益中確認。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.21 Current and deferred income tax (continued)

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company's subsidiaries, associates and joint ventures operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

2 重大會計政策概要（續）

2.21 即期及遞延所得稅（續）

(a) 即期所得稅

即期所得稅支出根據本公司的子公司、聯營公司及合營企業經營及產生應課稅收入的國家於資產負債表日期已頒佈或實質上已頒佈的稅務法例計算。管理層就適用稅務法例解釋所規限的情況定期評估報稅表的狀況，並在適用情況下根據預期須向稅務機關支付的稅款設定撥備。

(b) 遞延所得稅

遞延所得稅利用負債法，根據資產和負債的稅基與資產和負債在綜合財務報表的賬面值差額而產生的暫時性差異足額撥備。然而，若遞延稅項負債產生自初步確認商譽，則不會確認遞延稅項負債。若遞延所得稅來自在交易（不包括業務合併）中對資產或負債的初始確認，而在交易時不影響會計損益或應課稅損益，亦不作記賬。遞延所得稅採用在報告期末前已頒佈或實質上已頒佈，並在有關的遞延所得稅資產實現或遞延所得稅負債結算時預期將會適用的稅率（及法例）而釐定。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.21 Current and deferred income tax (continued)

(b) Deferred income tax (continued)

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Investment allowances and similar tax incentives
Companies within the Group may be entitled to claim special tax deductions for investments in qualifying assets or in relation to qualifying expenditure. The Group accounts for such allowances as tax credits, which means that the allowance reduces income tax payable and current tax expense. A deferred tax asset is recognised for unclaimed tax credits that are carried forward as deferred tax assets.

2 重大會計政策概要（續）

2.21 即期及遞延所得稅（續）

(b) 遞延所得稅（續）

遞延稅項資產僅在未來應課稅金額將可用於動用該等暫時差額及虧損時予以確認。

倘本公司能控制撥回暫時差額的時間及該等差額可能不會於可見將來撥備，則不會就海外業務投資賬面值與稅基之間的暫時差額確認遞延稅項負債及資產。

當有可依法強制執行的權利將即期稅項資產與負債抵銷，而遞延稅項結餘與同一稅務機構相關時，則可將遞延稅項資產與負債抵銷。當實體有可依法強制執行抵銷權利且有意按淨額基準結算或同時變現資產及清償負債時，則即期稅項資產與稅項負債抵銷。

投資補貼及類似稅收優惠
本集團內公司或有權要求就合資格資產投資或合資格支出獲得特殊稅收減免。本集團將該等補貼作為稅收抵免入賬，意味著該津貼可削減應付所得稅及即期稅項支出。遞延稅項資產就未認領並結轉為遞延稅項資產的稅項抵免進行確認。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.22 Employee benefits

2.22.1 Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the consolidated balance sheet.

2.22.2 Other long-term employee benefit obligations

The liabilities for long service leave and annual leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period of high-quality corporate bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows. Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

2 重大會計政策概要（續）

2.22 僱員福利

2.22.1 短期責任

僱員直至報告期末之服務獲確認工資及薪金負債（包括預期在僱員提供相關服務期間結束後12個月內悉數結算的非貨幣福利及累計病假）並按結算有關負債之預期金額計量。負債於綜合資產負債表內呈列為即期僱員福利責任。

2.22.2 其他長期僱員福利責任

預期將不會於僱員提供相關服務的期末後12個月內結清的長期服務假期及年假的負債，乃按預期將就直至報告期間結算日僱員所提供服務支付的未來款項現值使用預計單位貸計法計量。當中考慮預期未來工資和薪金水平、員工離職記錄和服務期間。預期未來付款將於報告期間結算日採用到期日及流通率盡可能與估計日後現金流出一致的優質公司債券收益率貼現。因經驗調整及精算假設變動導致的重新計量於損益確認。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.22 Employee benefits (continued)

2.22.3 Post-employment obligations

The Group operates various post-employment schemes, including defined benefit plans and defined contribution pension plans.

(a) Pension obligations

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan.

Typically, defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

2 重大會計政策概要（續）

2.22 僱員福利（續）

2.22.3 僱員結束服務後之責任

本集團運營多項僱員結束服務後之計劃，包括界定福利計劃及界定供款退休金計劃。

(a) 退休金責任

界定供款計劃乃本集團向一家獨立實體支付固定界定退休金供款的退休金計劃。若該基金並無持有足夠資產向所有員工就其在當期及以往期間的服務支付福利，本集團無法定亦無推定責任支付進一步供款。界定福利計劃乃一項並非界定供款計劃的退休金計劃。

界定福利計劃一般會釐定僱員在退休時可收取的退休福利金額，通常視乎年齡、服務年資和薪酬補償等一個或多個因素而定。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.22 Employee benefits (continued)

2.22.3 Post-employment obligations (continued)

(a) *Pension obligations (continued)*

The liability recognised in the consolidated balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation. In countries where there is no deep market in such bonds, the market rates on government bonds are used.

The current service cost of the defined benefit plan, recognised in the consolidated statement of profit or loss in employee benefit expense, except where included in the cost of an asset, reflects the increase in the defined benefit obligation results from employee service in the current year, benefit changes, curtailments and settlements.

2 重大會計政策概要（續）

2.22 僱員福利（續）

2.22.3 僱員結束服務後之責任（續）

(a) *退休金責任（續）*

於綜合資產負債表內就界定受益退休計劃確認的負債為界定受益退休責任於報告期末的現值（扣除計劃資產的公平值）。界定福利責任每年均由獨立精算師以預測單位信貸法計算。界定福利責任的現值乃以使用支付福利的貨幣計值，且到期條款與相關退休責任的條款相約的高質企業債券的利率貼現預計未來現金流出額釐訂。倘於欠缺該等企業債券深廣市場的國家，則採用政府債券的市場率。

界定福利計劃的當期服務成本於綜合損益表確認為僱員福利開支（已包括在資產成本內除外），反映在現年度因為僱員服務而產生的界定福利債務增加、利益變動、縮減及結算。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.22 Employee benefits (continued)

2.22.3 Post-employment obligations (continued)

(a) *Pension obligations (continued)*

Past-service costs are recognised immediately in consolidated statement of profit or loss. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service costs.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the consolidated statement of profit or loss.

Remeasurement arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

2 重大會計政策概要（續）

2.22 僱員福利（續）

2.22.3 僱員結束服務後之責任（續）

(a) *退休金責任（續）*

過往服務成本即時於綜合損益表確認。因修訂或減省計劃而產的界定福利責任的現值變動即時於損益確認作過往服務成本。

淨利息成本採用界定福利責任的淨結餘之貼現率及計劃資產的公平值計算。此項成本列入綜合損益表的僱員福利開支內。

因按經驗作出調整及精算假設改變而產生的重新計量於產生期間扣除自或計入其他全面收益。

對於界定供款計劃，本集團以強制性、合同性或自願性方式向公開或私人管理的退休保險計劃供款。本集團作出供款後，即無進一步付款義務。供款到期時，則會確認為僱員福利開支。預付供款按照現金退款或可減少未來付款而確認為資產。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.22 Employee benefits (continued)

2.22.3 Post-employment obligations (continued)

(b) *Termination benefits*

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of HKAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

2.23 Share-based payments

Equity-settled share-based payment transactions

The Group operates a number of equity-settled share-based compensation plans, under which the entity receives services from employees as consideration for equity instruments (options) of the Group. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense.

At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-marketing performance and service conditions. It recognises the impact of the revision to original estimates, if any, in the consolidated statement of profit or loss, with a corresponding adjustment to equity.

2 重大會計政策概要（續）

2.22 僱員福利（續）

2.22.3 僱員結束服務後之責任（續）

(b) *終止福利*

終止福利在本集團於正常退休日期前終止僱用職工，或當職工接受自願遣散以換取此等福利時支付。本集團在以下較早日期發生時確認終止福利：(a)當本集團不再能夠撤回該等福利要約時；及(b)當主體確認的重組成本屬於香港會計準則第37號的範圍並涉及支付終止福利時。在鼓勵職工自動遣散的要約情況下，終止福利按預期接受要約的職工數目計算。在報告期末後超過12個月支付的福利應貼現為現值。

2.23 以股份為基礎之付款

以權益結算以股份為基礎的交易

本集團設有多個以權益結算以股份為基礎的酬金計劃，據此實體以權益工具（購股權）為報酬收取僱員的服務。僱員為獲取授予購股權而提供的服務的公平值確認為費用。

在每個報告期末，本集團依據非市場表現及服務條件修訂其對預期歸屬的購股權數目的估計。主體在綜合損益表確認對原估算修訂（如有）的影響，並對權益作出相應調整。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.23 Share-based payments (continued)

Equity-settled share-based payment transactions (continued)

When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital and share premium.

2.24 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

2.25 Revenue recognition

(a) **Sales of goods**

Revenue is recognised when or as the control of the goods is transferred to the customers in accordance with relevant shipping terms. A receivable is recognised when control of the goods is transferred to the customers as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

(b) **Rental income**

Rental income from investment property is recognised in the consolidated statement of profit or loss on a straight-line basis over the term of the lease.

(c) **Service income**

Services income is recognised in the consolidated statement of profit or loss when a service is transferred to the customer and the customer obtains control of that service.

2 重大會計政策概要（續）

2.23 以股份為基礎之付款（續）

以權益結算以股份為基礎的交易（續）

在購股權獲行使時，本公司發行新股。收取的所得款項扣除任何直接歸屬交易成本撥入股本和股份溢價。

2.24 撥備

當本集團因已發生的事件而產生現有的法律或推定義務；很可能需要有資源的流出以結算義務；及金額已被可靠估計，則確認撥備。但不會就未來經營虧損確認撥備。

撥備採用稅前利率按照預期需結算有關義務的支出現值計量，該利率反映當時市場對金錢時間值和有關義務固有風險的評估。

2.25 收益確認

(a) **銷售貨品**

收益乃於貨物的控制權根據相關貨運條款轉移至客戶時確認。應收款項於貨品的控制權轉移至客戶時確認，原因為此時乃代價成為無條件的時間點，於付款到期前僅須隨時間推移即可收取付款。

(b) **租金收入**

投資物業租金收入於租期內按直線基準在綜合損益表內確認。

(c) **服務收入**

服務收入於服務轉移至客戶及客戶取得該服務之控制權時於綜合損益表內確認。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.26 Interest income

Interest income from financial assets at FVPL is included in the net fair value gains/(losses) on these assets.

Interest income on financial assets at amortised cost and financial assets at FVOCI calculated using the effective interest method is recognised in the consolidated statement of profit or loss as part of other income.

Interest income is presented as finance income where it is earned from financial assets that are held for cash management purposes. Any other interest income is included in other income.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

2.27 Dividend income

Dividends are received from financial assets measured at FVPL and at FVOCI. Dividends are recognised as other income in profit or loss when the right to receive payment is established. This applies even if they are paid out of pre-acquisition profits, unless the dividend clearly represents a recovery of part of the cost of an investment. In this case, the dividend is recognised in other comprehensive income if it relates to an investment measured at FVOCI. However, the investment may need to be tested for impairment as a consequence.

2 重大會計政策概要（續）

2.26 利息收入

按公平值計入損益之金融資產的利息收入計入該等資產的公平值收益／（虧損）淨值。

有效利息法計算的以攤銷成本入賬之金融資產之利息收入及按公平值計入其他全面收益之金融資產在綜合損益表中確認為部分其他收入。

利息收入呈列為持作現金管理用途的金融資產所賺取的融資收入。任何其他利息收入計入上文其他收入。

利息收入是用實際利率乘以金融資產賬面總額計算得出，惟後續已發生信用減值的金融資產除外。就信用減值的金融資產而言，實際利率適用於金融資產的賬面淨值（經扣除虧損撥備）。

2.27 股息收入

股息自按公平值計入損益及按公平值計入其他全面收益之金融資產收取。當收款權利獲確立時股息確認為其他收益。即使其乃使用收購前溢利支付，本條仍然適用，除非股息明確表示為收回部分投資成本。在此情況下，倘股息與按公平值計入其他全面收益計量的投資有關，則股息於其他全面收益確認。然而，投資可能需相應進行減值測試。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.28 Leases

2.28.1 As the lessor

A lease is an agreement whereby the lessor conveys to the lessee in return for a payment, or series of payments, the right to use an asset for an agreed period of time.

When assets are leased out under an operating lease, the asset is included in the balance sheet based on the nature of the asset.

Lease income on operating leases is recognised over the term of the lease on a straight-line basis.

2.28.2 As the lessee (applicable from 1 January 2019)

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

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;
- variable lease payment that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

2 重大會計政策概要（續）

2.28 租賃

2.28.1 作為出租人

租賃為一份協議，據此出租人向承租人轉讓於協定期間內使用資產的權利，以換取一筆款項或一系列款項。

當資產根據經營租賃租出，該項資產按資產性質計入資產負債表。

根據經營租賃產生之租金收入以直線法於租賃期內確認。

2.28.2 作為承租人（自二零一九年一月一日起適用）

租賃確認為使用權資產，並在租賃資產可供本集團使用之日確認相應負債。

租賃產生的資產及負債初步以現值進行計量。租賃負債包括以下租賃付款的淨現值：

- 固定付款（包括實質固定付款）減任何應收租賃優惠；
- 基於指數或利率的可變租賃付款；
- 剩餘價值擔保下的承租人預期應付款項；
- 採購權的行使價格（倘承租人合理地確定行使該項選擇權）；及
- 支付終止租賃的罰款（倘租賃條款反映承租人行使該項選擇權終止租約）。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.28 Leases (continued)

2.28.2 As the lessee (applicable from 1 January 2019) (continued)

Lease payment to be made under reasonably certain extension options are also included in the measurement of the liability.

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.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received;
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group entity, which does not have recent third party financing; and
- makes adjustments specific to the lease, eg term, country, currency and security.

Lease payments are allocated between principal 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.

2 重大會計政策概要（續）

2.28 租賃（續）

2.28.2 作為承租人（自二零一九年一月一日起適用）（續）

根據合理確定延長選擇權將予作出之租賃付款亦包含在負債之計量內。

租賃付款採用租賃所隱含的利率予以貼現。倘無法釐定該利率，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的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的利率。

為釐定增量借款利率，本集團：

- 在可能情況下，使用個別承租人最近獲得的第三方融資為出發點作出調整以反映自獲得第三方融資以來融資條件的變動；
- 使用累加法，首先就本集團實體所持有租賃的信貸風險（最近並無第三方融資）調整無風險利率；及
- 進行特定於租約的調整，例如期限、國家、貨幣及抵押。

租賃付款於本金及財務成本之間作出分配。財務成本在租賃期間於損益扣除，藉以令各期間的負債餘額的期間利率一致。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.28 Leases (continued)

2.28.2 As the lessee (applicable from 1 January 2019) (continued)

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

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. (Notes 2.6 and 2.9)

Payments associated with short-term leases of equipment, vehicles, offices, warehouse and all 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. Low-value assets comprise IT equipment and small items of office furniture.

2 重大會計政策概要（續）

2.28 租賃（續）

2.28.2 作為承租人（自二零一九年一月一日起適用）（續）

使用權資產按成本計量，包括以下各項：

- 租賃負債的初步計量金額；
- 於開始日期或之前所作的任何租賃付款，減去已收的任何租賃優惠；
- 任何初始直接成本；及
- 修復成本。

使用權資產一般於資產的可使用年期及租賃期（以較短者為準）內按直線法予以折舊。倘本集團合理確定行使購買選擇權，則使用權資產於相關資產的可使用年期內予以折舊。（附註2.6及2.9）

與設備、車輛、辦公室、倉庫的相關短期租賃及所有低價值資產的租賃相關的付款以直線法於損益中確認為開支。短期租賃指租賃期為12個月或少於12個月的租賃。低價值資產包括資訊科技設備及小型辦公傢俱。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.28 Leases (continued)

2.28.3 As the lessee (applicable until 31 December 2018)

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the consolidated statement of profit or loss on a straight-line basis over the period of the lease.

The Group leases certain property, plant and equipment. Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the consolidated statement of 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 property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

2 重大會計政策概要（續）

2.28 租賃（續）

2.28.3 作為承租人（適用至二零一八年十二月三十一日）

倘租賃的絕大部分擁有權風險及回報均由出租人保留，則該等租賃分類為經營租賃。根據經營租賃作出的付款（已扣除從出租人獲得的任何優惠），於租賃期以直線法計入綜合損益表。

本集團出租若干物業、廠房及設備。如物業、廠房及設備的租賃擁有權所附的絕大部分風險及回報由本集團擁有，則有關物業、廠房及設備的租賃分類為融資租賃。融資租賃在租賃開始時按租賃物業之公平值及最低租賃付款現值兩者之較低者資本化。

每筆租金均分攤為負債及財務開支。相應租賃責任在扣除財務開支後計入其他長期應付款項內。財務費用的利息部分於租約期內在綜合損益表支銷，以就每個期間之負債餘額制定固定期間利率。根據融資租賃取得的物業、廠房及設備按資產之可用年期及租期兩者的較短者折舊。

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.29 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's consolidated financial statements in the period in which the dividends are approved by the Company's shareholders or directors, where appropriate.

2.30 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the consolidated statement of profit or loss over the period necessary to match them with the costs that they are intended to compensate.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's major financial instruments include trade and other receivables, fixed return investment, derivative financial assets, pledged bank deposits, cash and cash equivalents, trade and other payables, derivative financial liabilities and borrowings, etc. Details of the financial instruments by category are disclosed in Note 36.

The risks associated with these financial instruments include market risk (foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

2 重大會計政策概要(續)

2.29 股息分派

向本公司股東分派股息乃於股息經本公司股東或董事(如適用)批准期間在本集團綜合財務報表內確認為一項負債。

2.30 政府補助金

倘能合理確定將收取的補助及本集團將遵守所有附帶的條件,則按公平值確認政府補助金。

有關成本之政府補助均會於對應擬彌償成本所需之期間遞延並在綜合損益表確認入賬。

3 金融風險管理

3.1 金融風險因素

本集團的主要金融工具包括貿易及其他應收款項、固定回報投資、衍生金融資產、已抵押銀行存款、現金及現金等值項目、貿易應付款項及其他應付款項、衍生金融負債及借款等。該等金融工具按類別劃分之詳情於附註36披露。

有關該等金融工具的風險包括市場風險(外匯風險、利率風險及價格風險)、信貸風險及流動資金風險。為減輕該等風險而制訂的政策載於下文。管理層管理及監控該等風險以確保及時有效地採取適當措施。

3 FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(a) Market risk

(i) Foreign exchange risk

The Group has foreign currency sales, purchases, trade, bills and other receivables, pledged bank deposits, cash and cash equivalents, trade, bills and other payables, derivative financial instruments, borrowings and amounts due from/(to) related parties which expose the Group to market risk arising from changes in foreign exchange rates. The Group currently does not have a specific foreign currency hedging policy. However, the management closely monitors its foreign currency risk exposure and considers any foreign currency forward contracts should the need arise.

In addition, the Group had entered into several foreign currency forward contracts with banks to reduce its exposure to currency fluctuation risk. The derivatives were not accounted for under hedge accounting. The Group was required to estimate the fair value of the foreign currency forward contracts at the end of the reporting period, which therefore also exposed the Group to foreign exchange risk.

3 金融風險管理（續）

3.1 金融風險因素（續）

(a) 市場風險

(i) 外匯風險

本集團因有外幣買賣、貿易、票據及其他應收款項、已抵押銀行存款、現金及現金等值項目、貿易、票據及其他應付款項、衍生金融工具、借款及應收／（應付）關聯方款項而面對外匯匯率變動帶來的市場風險。本集團現時並無特定的外幣對沖政策。然而，管理層仍密切監控外幣風險，並會於需要時考慮任何外幣遠期合約。

此外，本集團與銀行訂立多項遠期外匯合約，以降低貨幣波動風險。衍生工具未按對沖會計法列賬。本集團須於報告期末估計遠期外匯合約之公平值，由此導致本集團面臨其外匯風險。

3 FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(a) Market risk (continued)

(i) Foreign exchange risk (continued)

At 31 December 2019, if Renminbi ("RMB") had weakened/strengthened by 5% (2018: 5%) against the HK$ or the US$ with all other variables held constant, pre-tax loss for the year would have been HK$15.9 million higher/lower (2018: pre-tax profit would have been HK$25.0 million lower/higher), mainly as a result of foreign exchange losses/gains on translation of RMB/US$ denominated trade, bills and other payables, borrowings, derivative financial instruments and cash and bank deposits.

At 31 December 2019, if Euro ("EUR") had weakened/strengthened by 7% (2018: 9%) against the HK$ or US$ with all other variables held constant, pre-tax loss for the year would have been HK$5.3 million higher/lower (2018: pre-tax profit would have been HK$20.9 million higher/lower), mainly as a result of foreign exchange losses/gains on translation of EUR/US$ denominated trade, bills and other receivables and payables, borrowings, derivative financial instruments, amounts due from related parties and cash and bank deposits.

3 金融風險管理（續）

3.1 金融風險因素（續）

(a) 市場風險（續）

(i) 外匯風險（續）

於二零一九年十二月三十一日，倘人民幣（「人民幣」）兑港元或美元貶值／升值5%（二零一八年：5%），而所有其他參數保持不變，則年內除税前虧損將增加／減少1,590萬港元（二零一八年：除税前溢利將減少／增加2,500萬港元），主要由於換算以人民幣／美元計值之貿易、票據及其他應付款項、借款、衍生金融工具及現金及銀行存款之匯兑虧損／收益。

於二零一九年十二月三十一日，倘歐元（「歐元」）兑港元或美元貶值／升值7%（二零一八年：9%），而所有其他參數保持不變，則年內除税前虧損將增加／減少530萬港元（二零一八年：除税前溢利將增加／減少2,090萬港元），主要由於換算以歐元／美元計值之貿易、票據及其他應收款項及應付款項、借款、衍生金融工具、應收關聯方款項及現金及銀行存款之匯兑收益／虧損。

3 FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(a) Market risk (continued)

(i) Foreign exchange risk (continued)

The Directors considered the foreign exchange risk between HK$ and US$ is minimal as HK$ has been linked to US$.

(ii) Interest rate risk

The Group's interest rate risk mainly arises from borrowings. Borrowings obtained at variable rates expose the Group to cash flow interest rate risk.

Based on the simulations performed, with a 100 basis points shift in interest rate, the pre-tax loss (2018: pre-tax profit) would have a maximum increase (2018: decrease) by the following magnitude:

3 金融風險管理（續）

3.1 金融風險因素（續）

(a) 市場風險（續）

(i) 外匯風險（續）

因港元與美元掛鈎，董事認為港元與美元之間的外匯風險極微。

(ii) 利率風險

本集團的利率風險主要來自借款。按浮動利率取得的借款讓本集團承受現金流利率風險。

根據所進行的模擬，若利率變動100個基點，除稅前虧損（二零一八年：除稅前溢利）的最大增加（二零一八年：減少）幅度如下：

		2019 **二零一九年** **HK$M** **百萬港元**	2018 二零一八年 HK$M 百萬港元
Impact on loss/profit before income tax	對除所得稅前虧損／溢利的影響	**3.2**	13.3

3 FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(a) Market risk (continued)

(iii) Price risk

Commodity price risks

At 31 December 2019, the Group was exposed to commodity price risks through its metal commodities future contracts.

Sensitivity analysis

The sensitivity analysis below is determined based on the exposure to commodity price risk of metal commodities future contracts at 31 December 2019. If the commodity price of metal commodities future contracts had been 19% (2018: 21%) higher/lower, the Group's pre-tax loss (2018: pre-tax profit) for the year would decrease/increase (2018: increase/decrease) by the following magnitude:

3 金融風險管理（續）

3.1 金融風險因素（續）

(a) 市場風險（續）

(iii) 價格風險

商品價格風險

於二零一九年十二月三十一日，本集團因金屬商品期貨合約而面對商品價格風險。

敏感度分析

下列敏感度分析乃基於二零一九年十二月三十一日金屬商品期貨合約面對的商品價格風險而定。倘金屬商品期貨合約的商品價格上升／下降19%（二零一八年：21%），則本集團年內除稅前虧損（二零一八年：除稅前溢利）將減少／增加（二零一八年：增加／減少）的幅度如下：

		2019 **二零一九年** **HK$M** **百萬港元**	2018 二零一八年 HK$M 百萬港元
Impact on loss/profit before income tax	對除所得稅前虧損／溢利的影響	**3.1**	73.4

(b) Credit risk

The credit risk of the Group mainly arises from cash and cash equivalents, derivative financial instruments, amounts due from related parties, fixed return investment, trade, bills and other receivables and deposits with banks and financial institutions. The carrying amounts of these balances represent the Group's maximum exposure to credit risk in relation to financial assets.

(b) 信貸風險

本集團的信貸風險主要來自現金及現金等值項目、衍生金融工具、應收關聯方款項、固定回報投資、貿易、票據及其他應收款項及銀行及金融機構存款。該等結餘的賬面值為本集團就金融資產承擔的最大信貸風險。

3 FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(b) Credit risk (continued)

Credit risk is managed on a group basis. Management has policies in place to monitor the exposures to these credit risks on trade, bills and other receivables on an on-going basis.

To manage credit risk arising from cash and cash equivalents, derivative financial instruments, fixed return investment and deposits with banks and financial institutions, the Group only transacts with reputable and creditworthy commercial financial institutions and investment counterparties. There has been no recent history of default in relation to these financial institutions and investment counterparties.

The Group generally grants credit terms ranging from 30 to 90 days to customers upon the approval of management according to the credit quality of individual customers. The Group measures expected credit losses and applies lifetime expected loss allowances for all trade receivables. Details on the quantification in respect of the Group's exposure to credit risk on trade receivables are set out in Note 25.

3 金融風險管理（續）

3.1 金融風險因素（續）

(b) 信貸風險（續）

信貸風險按組合基準管理。管理層已制訂政策持續監控有關貿易、票據及其他應收款項的該等信貸風險敞口。

為管理現金及現金等值項目、衍生金融工具、固定回報投資及銀行及金融機構存款的信貸風險，本集團僅會與信譽良好的商業金融機構及投資對手方進行交易。該等金融機構及投資對手方並無近期欠款記錄。

在獲得管理層批准後，本集團一般根據個別客戶的信貸質素，向客戶授出介乎30至90天的信貸期。本集團就全部貿易應收款項計量預期信貸虧損及應用使用年期預期虧損撥備。有關本集團面臨的貿易應收款項信貸風險的量化詳情載於附註25。

3 FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(b) Credit risk (continued)

Amounts due from related parties, bills and other receivables are considered to have low credit risk. These balances are continuously monitored by assessing the credit quality of the counterparties, taking into account its financial position, past experience and other factors.

At 31 December 2019, the Group had concentration of credit risk as 9% and 23% (2018: 20% and 58%) of its total trade receivables was due from its largest trade debtors and the five largest trade debtors, respectively. The five largest trade debtors have good repayment history and credit quality with reference to the track records of these customers under internal assessment by the Group.

(c) Liquidity risk

Cash flow forecasting is performed in the operating entities of the Group and aggregated by group finance. Group finance monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets and, if applicable external regulatory or legal requirements – for example, currency restrictions.

3 金融風險管理（續）

3.1 金融風險因素（續）

(b) 信貸風險（續）

應收關聯方款項、票據及其他應收款項均被視為具低信貸風險。該等結餘透過評估對手方的信貸質素（計及其財務狀況、過往經驗及其他因素）受到持續監控。

於二零一九年十二月三十一日，本集團承受信貸集中風險，因為其貿易應收款項總額中有9%及23%（二零一八年：20%及58%）分別來自其最大債務人及五大債務人。根據本集團的內部評估，參考該等客戶的往績記錄，五大債務人的償款記錄及信貸質素良好。

(c) 流動資金風險

現金流預測乃於本集團經營實體進行並由本集團財務部合併計算。本集團財務部監控本集團流動資金需求的滾動預測，確保其擁有充足現金以滿足經營需要。該等預測乃經考慮本集團的債務融資計劃及須遵守的契據，並符合內部資產負債表比率的目標及（如適用）外部監管或法律規定，例如貨幣限制。

3 FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(c) Liquidity risk (continued)

The table below analyses the Group's and the Company's non-derivative financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. Derivative financial liabilities are included in the analysis if their contractual maturities are essential for an understanding of the timing of the cash flows. The amounts disclosed in the table are the contractual undiscounted cash flows.

3 金融風險管理（續）

3.1 金融風險因素（續）

(c) 流動資金風險（續）

下表分析本集團及本公司的非衍生金融負債及淨額結算的衍生金融負債，此乃按照相關的到期組別，根據由結算日至合約到期日的剩餘期間進行分析。倘衍生金融負債的合約到期情況對了解現金流時機至關重要，則會計入分析中。在下表內披露的金額為合約未貼現的現金流量。

		On demand or less than 1 month 按要求或少於一個月 HK$M 百萬港元	Between 1 and 3 months 一至三個月 HK$M 百萬港元	Between 3 months and 1 year 三個月至一年 HK$M 百萬港元	Between 1 and 5 years 一至五年 HK$M 百萬港元	Over 5 years 五年以上 HK$M 百萬港元
At 31 December 2019	**於二零一九年十二月三十一日**					
Non-derivative financial liabilities	**非衍生金融負債**					
Borrowings	借款	**410.6**	**113.2**	**2,120.6**	**222.2**	**5.1**
Lease liabilities	租賃負債	**18.0**	**36.0**	**162.2**	**537.6**	**117.6**
Trade, bills and other payables	貿易、票據及其他應付款項	**641.5**	**88.5**	**63.2**	**35.4**	**–**
Amounts due to related parties	應付關聯方款項	**19.7**	**–**	**7.6**	**10.2**	**–**
		1,089.8	**237.7**	**2,353.6**	**805.4**	**122.7**
At 31 December 2018	**於二零一八年十二月三十一日**					
Non-derivative financial liabilities	**非衍生金融負債**					
Borrowings (excluding finance lease liabilities)	借款（不包括融資租賃負債）	241.6	345.5	674.9	2,142.9	12.1
Finance lease liabilities	融資租賃負債	12.1	24.2	108.8	319.6	2.0
Trade, bills and other payables	貿易、票據及其他應付款項	986.4	123.2	82.6	12.6	–
Amounts due to related parties	應付關聯方款項	47.9	2.2	5.9	10.3	–
		1,288.0	495.1	872.2	2,485.4	14.1

3 FINANCIAL RISK MANAGEMENT (continued)

3.1 Financial risk factors (continued)

(c) Liquidity risk (continued)

Bank borrowings with a repayment on demand clause are included in the "on demand or less than 1 month" time band in the above maturity analysis. As at 31 December 2019, the aggregate carrying amounts of these bank borrowings amounted to HK$77.6 million (2018: HK$233.8 million). Taking into account the Group's financial position, the Directors do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The Directors believe that such bank borrowings will be repaid within one year after the reporting date in accordance with the scheduled repayment dates set out in the loan agreements. At that time, the aggregate principal and interest cash outflows of HK$77.9 million (2018: HK$234.6 million) will be repaid within one year.

The amounts included above for the variable interest rate instruments are subject to change if changes in actual interest rates differ to those estimated at the end of the reporting period.

3.2 Capital management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remained unchanged from prior years.

The capital structure of the Group consists of debt, which includes bank and other borrowings and lease liabilities (2018: bank and other borrowings and finance lease liabilities) as disclosed in Notes 32 and 33 (2018: Note 32) and, net of cash and cash equivalents and equity attributable to shareholders of the Company, comprising capital, various reserves and accumulated losses.

3 金融風險管理（續）

3.1 金融風險因素（續）

(c) 流動資金風險（續）

須按要求償還之銀行借款計入上述到期日分析之「按要求或少於一個月」時間範圍內。於二零一九年十二月三十一日，該等銀行借款之賬面值總額達7,760萬港元（二零一八年：2億3,380萬港元）。經計及本集團之財務狀況後，董事相信銀行不可能將行使其酌情權以要求即時還款。董事相信，該等銀行借款將於報告日期後一年內根據貸款協議所載預定還款日期償還。屆時，本金總額及利息現金流出7,790萬港元（二零一八年：2億3,460萬港元）將於一年內償還。

倘實際利率之變動有別於報告期末釐定之估計利率變動，上述浮息工具之金額或會出現變動。

3.2 資本管理

本集團之資本管理旨在確保本集團內所有個體均可持續經營，同時透過優化債務及股本結構為股東爭取最大回報。本集團的整體策略與往年相比保持不變。

本集團資本結構包括債務（包括披露於附註32及33（二零一八年：附註32）的銀行及其他借款以及租賃負債（二零一八年：銀行及其他借款以及融資租賃負債），扣除現金及現金等值項目）及本公司股東應佔權益（包括資本、多項儲備及累計虧損）。

3 FINANCIAL RISK MANAGEMENT (continued)

3.2 Capital management (continued)

The directors of the Company review the capital structure periodically. The directors of the Company also balance the overall capital structure through the payment of dividends, new share issues and share repurchases as well as the issue of new debt or the redemption of existing debt. No changes were made in the objectives, policies or processes during the year ended 31 December 2019.

3.3 Fair value estimation

Fair value measurements and valuation process

The directors of the Company determine the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where Level 1 and 2 inputs are not available, the Group engages third party qualified valuers to perform the valuation for financial instruments that are measured at fair value on a recurring basis. The Directors and the senior management team work closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model.

Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed below.

3 金融風險管理（續）

3.2 資本管理（續）

本公司董事定期審閱資本架構。本公司董事亦透過支付股息、發行新股及股份購回以及發行新債務或贖回現有債務平衡整體資本架構。截至二零一九年十二月三十一日止年度，有關目標、政策或程序並無變動。

3.3 公平值估計

公平值計量及估值程序

本公司董事就公平值計量釐定合適的估值方法及輸入數據。

於估計資產或負債的公平值時，本集團運用其獲得的市場觀察數據。倘第一及第二級輸入數據不可用，本集團委聘第三方合資格估值師對按經常性基準以公平值計量之金融工具進行估值。董事及高級管理層團隊與外聘合資格估值師密切合作以制定合適的估值技術及輸入數據模式。

有關釐定不同資產及負債公平值所使用的估值方法及輸入數據詳情載於下文。

3 FINANCIAL RISK MANAGEMENT (continued)

3.3 Fair value estimation (continued)

Fair value measurements and valuation process (continued)

The following table analyses the Group's financial instruments carried at fair value as at 31 December 2019 by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorised into three levels within a fair value hierarchy as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

3 金融風險管理(續)

3.3 公平值估計(續)

公平值計量及估值程序(續)

下表分析本集團於二零一九年十二月三十一日按公平值列賬之金融工具,透過計量公平值所用之估計方法之輸入數據層級劃分。有關輸入數據在公平值層級內分為以下三級別:

- 活躍市場上相同資產或負債的報價(未經調整)(第一級)。
- 除第一級所包括的報價外,資產或負債的可直接(即價格)或間接(即從價格得出)觀察所得輸入值(第二級)。
- 並非根據可觀察市場數據釐定的資產或負債輸入值(即不可觀察輸入值)(第三級)。

3 FINANCIAL RISK MANAGEMENT (continued)

3 金融風險管理（續）

3.3 Fair value estimation (continued)

3.3 公平值估計（續）

Fair value measurements and valuation process (continued)

公平值計量及估值程序（續）

Financial assets/(Financial liabilities) 金融資產／（金融負債）	Fair value as at 31 December 2019 於以下日期的公平值 二零一九年十二月三十一日 HK$M 百萬港元	Fair value as at 31 December 2018 於以下日期的公平值 二零一八年十二月三十一日 HK$M 百萬港元	Fair value hierarchy 公平值層級	Valuation technique(s) and key input(s) 估值技術及主要輸入數據
1) Metal commodities future contracts classified as derivative financial instruments in the consolidated balance sheet 於綜合資產負債表中分類為衍生金融工具之金屬商品期貨合約	(12.9)	2.9	Level 1 第一級	Quoted bid commodity futures prices on the London Metal Exchange. 倫敦金屬交易所所報之商品期貨買入價。
2) Metal commodities future contracts classified as derivative financial instruments in the consolidated balance sheet 於綜合資產負債表中分類為衍生金融工具之金屬商品期貨合約	24.3 (17.2)	31.8 (19.9)	Level 2 第二級	Par method, taking actively traded future prices into account. 面值法，參考交投活躍的期貨價格。
3) Foreign currency forward contracts classified as derivative financial instruments in the consolidated balance sheet 於綜合資產負債表中分類為衍生金融工具之外幣遠期合約	0.7 (0.1)	1.4 (0.6)	Level 2 第二級	Present value of the future cash flows estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contracted forward rates. 基於遠期匯率（於報告期末可觀察的遠期匯率）及已訂約的遠期比率的估計未來現金流的現值。
4) Financial assets at fair value through profit or loss 按公平值計入損益之金融資產	1.9	0.8	Level 3 第三級	Primarily based on the present value of the estimated future cash flows of the investee entities. 主要基於被投資實體估計未來現金流的現值。
5) Financial assets at fair value through other comprehensive income 按公平值計入其他全面收益之金融資產	98.7	111.0	Level 3 第三級	Primarily based on the present value of the estimated future cash flows of the investee entities. 主要基於被投資實體估計未來現金流的現值。
6) Contingent consideration payable (Note 35) 應付或然代價（附註35）	–	(182.9)	Level 3 第三級	Primarily based on the present value of the estimated future cash flows. 主要基於估計未來現金流的現值。

3 FINANCIAL RISK MANAGEMENT (continued)

3.3 Fair value estimation (continued)

Fair value measurements and valuation process (continued)

Fair value measurements recognised in the consolidated balance sheet:

3 金融風險管理（續）

3.3 公平值估計（續）

公平值計量及估值程序（續）

綜合資產負債表確認的公平值計量：

		Level 1 第一級 HK$M 百萬港元	Level 2 第二級 HK$M 百萬港元	Level 3 第三級 HK$M 百萬港元	Total 總計 HK$M 百萬港元
As at 31 December 2019	於二零一九年十二月三十一日				
Assets	**資產**				
Financial assets at fair value through profit or loss	按公平值計入損益之金融資產	–	–	1.9	1.9
Financial assets at fair value through other comprehensive income	按公平值計入其他全面收益之金融資產	–	–	98.7	98.7
Derivative financial instruments	衍生金融工具	–	25.0	–	25.0
Liabilities	**負債**				
Derivative financial instruments	衍生金融工具	(12.9)	(17.3)	–	(30.2)
As at 31 December 2018	於二零一八年十二月三十一日				
Assets	**資產**				
Financial assets at fair value through profit or loss	按公平值計入損益之金融資產	–	–	0.8	0.8
Financial assets at fair value through other comprehensive income	按公平值計入其他全面收益之金融資產	–	–	111.0	111.0
Derivative financial instruments	衍生金融工具	2.9	33.2	–	36.1
Liabilities	**負債**				
Derivative financial instruments	衍生金融工具	–	(20.5)	–	(20.5)
Other payables and accruals – contingent consideration payable	其他應付款項及應計費用－應付或然代價	–	–	(182.9)	(182.9)

There were no transfers among the three levels during either of the years ended 31 December 2019 or 2018.

截至二零一九年或二零一八年十二月三十一日止年度，三個層級之間並無轉移。

The management considers that the carrying amounts of financial assets and financial liabilities measured at amortised cost in the consolidated financial statements approximate their fair values.

管理層認為，於綜合財務報表內按攤銷成本計量的金融資產及金融負債的賬面值與其公平值相若。

3 FINANCIAL RISK MANAGEMENT (continued)

3.4 Offsetting financial assets and financial liabilities

(a) Financial assets

The following financial assets are subject to offsetting, enforceable master netting arrangements and similar agreements:

3 金融風險管理（續）

3.4 抵銷金融資產及金融負債

(a) 金融資產

以下金融資產受抵銷、可強制執行統一淨額結算安排及類似協議規限：

As at 31 December 2019 於二零一九年十二月三十一日		Gross amounts of recognised financial assets 已確認金融資產總額 HK$M 百萬港元	Gross amount of recognised financial liabilities net off in the consolidated balance sheet 於綜合資產負債表扣除的已確認金融負債總額 HK$M 百萬港元	Net amounts of financial assets presented in the consolidated balance sheet 於綜合資產負債表呈列的金融資產淨值 HK$M 百萬港元	Related amounts not net off in the consolidated balance sheet 未於綜合資產負債表扣除的相關金額 Financial instruments 金融工具 HK$M 百萬港元	Cash collateral received 已收取現金抵押品 HK$M 百萬港元	Net amount 淨額 HK$M 百萬港元
Pledged bank deposits	已抵押銀行存款	191.7	–	191.7	(96.1)	(83.0)	12.6
Derivative financial instruments	衍生金融工具						
– Foreign currency forward contracts	–外幣遠期合約	1.7	(1.0)	0.7	–	–	0.7
– Metal commodities future contracts	–金屬商品遠期合約	24.3	–	24.3	–	–	24.3

3 FINANCIAL RISK MANAGEMENT (continued)

3.4 Offsetting financial assets and financial liabilities (continued)

(a) Financial assets (continued)

3 金融風險管理（續）

3.4 抵銷金融資產及金融負債（續）

(a) 金融資產（續）

As at 31 December 2018 於二零一八年十二月三十一日		Gross amounts of recognised financial assets 已確認金融資產總額 HK$M 百萬港元	Gross amount of recognised financial liabilities net off in the consolidated balance sheet 於綜合資產負債表扣除的已確認金融負債總額 HK$M 百萬港元	Net amounts of financial assets presented in the consolidated balance sheet 於綜合資產負債表呈列的金融資產淨值 HK$M 百萬港元	Related amounts not net off in the consolidated balance sheet 未於綜合資產負債表扣除的相關金額		
					Financial instruments 金融工具 HK$M 百萬港元	Cash collateral received 已收取現金抵押品 HK$M 百萬港元	Net amount 淨額 HK$M 百萬港元
Pledged bank deposits	已抵押銀行存款	313.6	–	313.6	(34.0)	(248.1)	31.5
Derivative financial instruments	衍生金融工具						
– Foreign currency forward contracts	–外幣遠期合約	0.8	–	0.8	–	–	0.8
– Foreign currency swap contracts	–外幣掉期合約	2.4	(2.4)	–	–	–	–
– Metal commodities future contracts	–金屬商品遠期合約	37.0	(1.7)	35.3	(0.3)	–	35.0

3 FINANCIAL RISK MANAGEMENT (continued)

3.4 Offsetting financial assets and financial liabilities (continued)

(b) Financial liabilities

The following financial liabilities are subject to offsetting, enforceable master netting arrangements and similar agreements:

3 金融風險管理（續）

3.4 抵銷金融資產及金融負債（續）

(b) 金融負債

以下金融負債受抵銷、可強制執行統一淨額結算安排及類似協議規限：

As at 31 December 2019 於二零一九年十二月三十一日		Gross amounts of recognised financial liabilities 已確認金融負債總額 HK$M 百萬港元	Gross amount of recognised financial assets net off in the consolidated balance sheet 於綜合資產負債表扣除的已確認金融資產總額 HK$M 百萬港元	Net amounts of financial liabilities presented in the consolidated balance sheet 於綜合資產負債表呈列的金融負債淨值 HK$M 百萬港元	Related amounts not net off in the consolidated balance sheet 未於綜合資產負債表扣除的相關金額 Financial instruments 金融工具 HK$M 百萬港元	Cash collateral received 已收取現金抵押品 HK$M 百萬港元	Net amount 淨額 HK$M 百萬港元
Borrowings	借款	2,795.4	–	2,795.4	(96.1)	(83.0)	2,616.3
Derivative financial instruments	衍生金融工具						
– Foreign currency forward contracts	–外幣遠期合約	0.1	–	0.1	–	–	0.1
– Metal commodities future contracts	–金屬商品遠期合約	31.1	(1.0)	30.1	–	–	30.1

3 FINANCIAL RISK MANAGEMENT (continued)

3.4 Offsetting financial assets and financial liabilities (continued)

(b) Financial liabilities (continued)

3 金融風險管理（續）

3.4 抵銷金融資產及金融負債（續）

(b) 金融負債（續）

As at 31 December 2018 於二零一八年十二月三十一日		Gross amounts of recognised financial liabilities 已確認金融負債總額 HK$M 百萬港元	Gross amount of recognised financial assets net off in the consolidated balance sheet 於綜合資產負債表扣除的已確認金融資產總額 HK$M 百萬港元	Net amounts of financial liabilities presented in the consolidated balance sheet 於綜合資產負債表呈列的金融負債淨值 HK$M 百萬港元	Related amounts not net off in the consolidated balance sheet 未於綜合資產負債表扣除的相關金額 Financial instruments 金融工具 HK$M 百萬港元	Cash collateral received 已收取現金抵押品 HK$M 百萬港元	Net amount 淨額 HK$M 百萬港元
Borrowings	借款	3,787.6	–	3,787.6	(34.0)	(248.1)	3,505.5
Derivative financial instruments	衍生金融工具						
– Foreign currency forward contracts	–外幣遠期合約	0.3	–	0.3	–	–	0.3
– Metal commodities future contracts	–金屬商品遠期合約	21.9	(1.7)	20.2	(0.3)	–	19.9
– Foreign currency swap contracts	–利率掉期合約	2.4	(2.4)	–	–	–	–

The gross amounts of the recognised financial assets and financial liabilities as presented in the Group's consolidated balance sheet, both of which have been disclosed in the above tables, are measured as fair value.

本集團綜合資產負債表內呈列的已確認金融資產及金融負債的總額（均已披露於上表）按公平值計量。

The disclosures set out in the tables above include commodities futures contracts traded through brokers, and foreign currency forward/swap contracts contracted with banks. If a default event (included but not limited to default payment, liquidation, bankruptcy or insolvency) occurs, the brokers and the banks are able to exercise the right to offset against any favourable contracts and/or the collaterals placed.

上表所述披露包括透過經紀人交易的商品期貨合約及與銀行訂約的外幣遠期／掉期合約。倘出現違約事件（包括但不限於拖欠付款、清盤、破產或無力償債），經紀人及銀行可行使權利抵銷任何有利合約及／或抵押品。

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 addressed below.

(a) Impairment of non-financial assets

The Group tests at least annually whether goodwill and other assets that have indefinite useful lives have suffered any impairment. Other assets that are subject to depreciation and amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the asset exceeds its recoverable amount. The recoverable amounts of an asset or a cash-generating unit have been determined based on value-in-use calculations or its fair value less costs of disposal, whichever is higher. These calculations require the use of estimates. The value-in-use calculations primarily use cash flow projections. Judgement is required to determine key assumptions adopted in the cash flow projections and changes to key assumptions can significantly affect these cash flow projections and therefore the results of the impairment reviews.

(b) Fair value of contingent consideration at the date of acquisition

The Group applies the acquisition method to account for business combinations, which requires the Group to record contingent consideration at its fair values on the date of acquisition. Significant judgement and estimate are used to determine the fair value of the contingent consideration assumed. The valuation involves determining appropriate discount rates and other assumptions.

4 重要會計估計及判斷

估計及判斷經持續評估，並以過往經驗及其他因素為基礎，包括在現實情況下相信對未來事件的合理預期。

本集團會就未來作出估計及假設。由此產生之會計估計顯然很少與相關實際結果相符。具有重大風險於下一財政年度引致資產及負債賬面值之重大調整的估計及假設於下文載述。

(a) 非金融資產減值

本集團至少每年就商譽及其他沒有確定使用年期的資產進行測試，以確定是否出現減值。其他需折舊及攤銷的資產則在當有事件出現或情況改變顯示賬面值超出其可收回金額時就減值進行檢討。資產或現金產生單位的可收回金額按照使用價值或其公平值減出售成本（以較高者為準）計算方法予以釐定。該等計算方法需要利用估算。使用價值計算方法主要使用現金流量預測。於現金流量預測中所採用的主要假設須作出判斷才能確定，主要假設的變化可能對此等現金流量預測產生重大影響，並最終影響減值檢討的結果。

(b) 於收購日期的或然代價公平值

本集團採用收購法將業務合併入賬，當中需要本集團按其於收購日期的公平值記錄或然代價，並採用重大判斷及估計，以釐定所承擔之或然代價公平值。估值涉及釐定合適的貼現率及其他假設。

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

(c) Asset retirement obligations

Various pieces of land was leased by the Group for operating scrap yards and preparation of the land might be needed to make it appropriate for operation as scrap yards.

It was the Group's contractual obligation to bring the land to its original condition as the Group is not the owner of the land. The Group estimates the expected costs necessary to dismantle the scrap yards by assessing the discount rate as well as expected increment in future cost which might lead to changes in the provisions recognised.

(d) Estimation of provision for impairment of receivables

The loss allowances for receivables are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the allowances calculation, based on the Group's historical credit loss experience, existing market conditions as well as forward looking estimates at the end of each reporting period. Where the expectations are different from the original estimates, such differences will impact the carrying values of receivables and the impairment loss on receivable is recognised in the years in which such estimates have changed.

(e) Current and deferred income tax

The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain, such as deductibility of compensation payments to customers. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences would impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

4 重要會計估計及判斷（續）

(c) 資產報廢責任

本集團租用多幅土地營運廢料工場，因此需要將土地打造成適合營運廢料工場。

由於本集團並非土地的業主，因此本集團有合約責任須將土地恢復原貌。本集團透過評估貼現率及預測可能導致已確認撥備改變的未來成本增幅，估算清拆廢料工場所必需的估計成本。

(d) 應收款項減值撥備之估計

應收款項虧損撥備乃按照有關違約風險及預期虧損率的假設計提。本集團在作出該等假設及篩選減值計算輸入數據時，根據本集團於各報告期末的歷史信貸虧損經驗、現有市況以及前瞻性估計作出判斷。當預期有別於原始估計時，該等差額將影響應收款項的賬面值，而應收款項減值虧損於有關估計已改變的年度內確認。

(e) 即期及遞延所得稅

本集團須繳付多個司法權區的所得稅。釐定世界各地的所得稅撥備時需要作出重大判斷。有諸多難以確定最終稅項的交易及計算方法，例如支付予客戶的補償的可扣稅程度。本集團根據估計會否有額外稅款到期而確認預測稅項審核事宜的負債。倘該等事宜的最終稅務結果與最初記賬的金額不同，有關差額將會影響作出有關決定期間的即期及遞延所得稅資產及負債。

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

(e) Current and deferred income tax (continued)

Deferred tax assets relating to certain temporary differences and tax losses are recognised when management considers it is probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. Where the expectation is different from the original estimates, such difference will impact the recognition of deferred tax assets and income tax in the period in which such estimates are changed.

(f) Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated cost to completion and selling expenses. Management of the Group reviews the inventories listing on a category-by-category basis at the end of the reporting period, and assesses whether the cost of the finished products will exceed their net realisable value. Management estimates the net realisable value for such inventories based primarily on the latest resale value and quoted prices on applicable commodity exchanges. If the market price of inventories are to decline, additional write down may be required. Management reassesses the estimation at the end of each reporting period.

(g) Fair value of derivatives and other financial assets

The fair value of financial instruments and other financial assets (including embedded derivative components of convertible bonds and options over shares in joint ventures to joint venture partners, if any) that are not traded in an active market is determined by using appropriate valuation techniques and making assumptions that are based on market conditions existing at each reporting date.

The fair value of options over shares of non-listed entities are determined using discounted cash-flow method, which requires the determination of an appropriate discount rate as well as assumptions regarding the cash-flow projections.

4 重要會計估計及判斷（續）

(e) 即期及遞延所得稅（續）

倘管理層認為日後可能有應課稅溢利用作抵銷暫時差額及稅項虧損，則會確認有關若干暫時差額或稅項虧損的遞延稅項資產。倘預期與最初估計不同，則有關差額會影響估計更改期間的遞延稅項資產及所得稅確認。

(f) 存貨之可變現淨值

存貨之可變現淨值為日常業務過程中的估計售價減估計完成成本及銷售開支。本集團管理層於報告期末按類別檢討存貨，並估計製成品的成本會否超逾可變現淨值。管理層主要按最新轉售價值及相關商品交易所報價估計有關存貨的可變現淨值。倘存貨市價下跌，則或須作出額外撇減。管理人員於各報告期末重新評估有關估計。

(g) 衍生工具及其他金融資產之公平值

並非於活躍市場買賣的金融工具及其他金融資產（包括可換股債券之嵌入式衍生部分及向合營企業合夥人發出之合營企業股份購股權（如有））之公平值乃透過採用適合估值方法及根據各報告日期存在的市況作出的假設釐定。

就非上市實體股份的購股權的公平值乃採用貼現現金流量法釐定，當中需要就現金流量預測釐定適當的貼現率以及假設。

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

(h) Useful lives of property, plant and equipment and intangible assets

The Group's management determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and intangible assets by reference to the estimated periods that the Group intends to derive future economic benefits from the use of these assets. These estimates are based on the historical experience of the actual useful lives of property, plant and equipment and intangible assets of similar nature and functions. Management will adjust useful lives as appropriate. Periodic review could result in a change in useful lives and therefore depreciation and amortisation expense in the future periods.

The Group has periodically reassessed useful lives of its property, plant and equipment, taking into consideration past usage and performance, prior repair and maintenance efforts, current physical and operating conditions of these assets, industry practices as well as future usage plans.

(i) Determination of the lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or not periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The assessment is reviewed when a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the leasee.

4 重要會計估計及判斷（續）

(h) 物業、廠房及設備以及無形資產的可使用年期

本集團管理層參考本集團擬自利用該等資產產生未來經濟利益的估計期間來釐定其物業、廠房及設備以及無形資產的估計可使用年期及有關折舊及攤銷費用。此等估計以相似性質及功能的物業、廠房及設備以及無形資產過往的實際可使用年期為基準。管理層將適時調整可使用年期。定期檢討可能導致可使用年期出現變動，因而產生未來期間的折舊及攤銷開支。

經考慮物業、廠房及設備的過往用途及表現、過往維修及保養投入、現時實質及營運狀況、行業慣例以及未來使用計劃，本集團已定期重新評估其該等資產的可使用年期。

(i) 釐定租賃期限

於釐定租賃期限時，管理層考慮導致行使延期選擇權或不行使終止選擇權經濟動機的所有事實及情況。延期選擇權（或非終止選擇權後期間）僅於可合理肯定有關租賃將予延長（或非終止）的情況下納入租賃期限。倘發生重大事件或情況出現重大變動而影響有關評估，且於承租人的控制範圍內，則須檢討該評估。

5 SEGMENT INFORMATION

The Group's revenue mainly represents the amounts received or receivable for the sales of recycled scraps and wastes, net of sales related taxes, during the year. The Group derives revenue mainly from transfer of these goods at a point in time.

In the current year, the Group's CODM, which has been identified as the Executive Committee that makes strategic decisions, assesses the performance of the operating segments based on the measure of segment profit. This measurement basis excludes the effects of non-operating gains/losses, such as gain/loss on disposals of subsidiaries, gain/loss on fair value change of financial assets at fair value through profit or loss. The measure also excludes centralised costs such as the Group's key managements' remunerations and other central administrative expenses. Finance income, finance costs, income tax expenses and those unallocated income and expenses are not included in the result for each operating segment that is reviewed by the Group's CODM. Inter-segment sales are charged at prevailing market price.

Total segment assets exclude deferred income tax assets, fixed return investment, tax recoverable, derivative financial instruments and cash and cash equivalents which are managed centrally. Information relating to segment liabilities is not disclosed as such information is not regularly reported to the CODM.

5 分部資料

本集團收益主要指年內銷售再生金屬及物料之已收或應收款項，扣除銷售相關稅項。本集團主要於轉讓該等貨物的時間點產生收益。

於本年度，本集團的首席營運決策者（其已識別為作出戰略性決定之執行委員會）根據分部溢利的計量評估經營分部的表現。此計量基礎不包括非經營收益／虧損的影響，例如出售子公司之收益／虧損、按公平值計入損益之金融資產的公平值變動收益／虧損。計量亦不包括中央成本，例如本集團主要管理層的薪酬及其他中央行政開支。財務收入、財務成本、所得稅開支及該等未分配收入及開支並不包括在本集團的首席營運決策者所審閱的各個經營分部的業績中。分部間銷售按當前市價收費。

總分部資產不包括中央管理的遞延所得稅資產、固定回報投資、可退回稅項、衍生金融工具以及現金及現金等值項目。有關分部負債的資料並不披露，由於該等資料並非定期向首席營運決策者報告。

5 SEGMENT INFORMATION (continued)

The following table paresents revenue and segment profit information regarding the Group's reportable segments for the years ended 31 December 2019 and 2018, respectively:

5 分部資料(續)

下表分別載列有關本集團截至二零一九年及二零一八年十二月三十一日止年度可呈報分部的收益及分部溢利的資料:

		For the year ended 截至以下日期止年度									
		31 December 2019 二零一九年十二月三十一日					31 December 2018 二零一八年十二月三十一日				
		Asia 亞洲 HK$M 百萬港元	Europe 歐洲 HK$M 百萬港元	North America 北美洲 HK$M 百萬港元	Unallocated 未分配 HK$M 百萬港元	Total 總計 HK$M 百萬港元	Asia 亞洲 HK$M 百萬港元	Europe 歐洲 HK$M 百萬港元	North America 北美洲 HK$M 百萬港元	Unallocated 未分配 HK$M 百萬港元	Total 總計 HK$M 百萬港元
Revenue	收益										
Total segment revenue	分部收益總額	2,015.4	12,166.8	1,410.9	–	15,593.1	3,751.4	15,166.5	2,386.7	–	21,304.6
Inter-segment sales	分部間銷售	–	(194.8)	(34.9)	–	(229.7)	–	(283.4)	(108.4)	–	(391.8)
External sales	外部銷售	2,015.4	11,972.0	1,376.0	–	15,363.4	3,751.4	14,883.1	2,278.3	–	20,912.8
Segment (loss)/profit	分部(虧損)/溢利	(172.3)	379.7	(48.4)	(45.9)	113.1	275.2	443.5	8.4	118.4	845.5
Finance income	財務收入					23.6					36.6
Finance costs	財務成本					(236.2)					(412.7)
(Loss)/Profit before income tax	除所得稅前(虧損)/溢利					(99.5)					469.4
Income tax expense	所得稅開支					(34.3)					(70.4)
(Loss)/Profit for the year	年內(虧損)/溢利					(133.8)					399.0
Depreciation and amortisation expenses (Note)	折舊及攤銷開支(附註)	(65.8)	(291.1)	(44.3)	(21.3)	(422.5)	(65.3)	(237.4)	(52.2)	(26.4)	(381.3)
Fair value (loss)/gain on derivative financial instruments	衍生金融工具之公平值(虧損)/收益	–	–	–	(2.1)	(2.1)	–	–	–	34.7	34.7
Gain on disposal of property, plant and equipment and right-of-use assets	出售物業、廠房及設備以及使用權資產之收益	–	–	–	33.3	33.3	–	–	–	29.6	29.6
Provision for impairment of property, plant and equipment	物業、廠房及設備之減值撥備	–	–	–	(0.9)	(0.9)	–	–	–	(1.2)	(1.2)
Loss on disposals and deregistration of subsidiaries	出售及註銷子公司之虧損	–	–	–	(13.7)	(13.7)	–	–	–	–	–
Gain on disposals of financial assets at fair value through profit or loss	出售按公平值計入損益之金融資產之收益	–	–	–	–	–	–	–	–	20.0	20.0
Gain on disposal of assets classified as held for sale	出售分類為持作出售資產之收益	–	–	–	–	–	–	–	–	109.5	109.5

Note: Depreciation and amortisation expenses for the year ended 31 December 2019 included the depreciation and amortisation of right-of-use assets as a result of the adoption of HKFRS 16 (Note 8).

附註: 採納香港財務報告準則第16號導致截至二零一九年十二月三十一日止年度之折舊及攤銷開支將使用權資產之折舊及攤銷計入在內(附註8)。

5 SEGMENT INFORMATION (continued)

Segment assets

Reconciliation of segment assets to total assets as at 31 December 2019 and 31 December 2018 are provided as follows:

5 分部資料(續)

分部資產

於二零一九年十二月三十一日及二零一八年十二月三十一日分部資產與資產總值的對賬如下:

		As at 於							
		31 December 2019 二零一九年十二月三十一日				31 December 2018 二零一八年十二月三十一日			
		Asia 亞洲 HK$M 百萬港元	**Europe 歐洲 HK$M 百萬港元**	**North America 北美洲 HK$M 百萬港元**	**Total 總計 HK$M 百萬港元**	Asia 亞洲 HK$M 百萬港元	Europe 歐洲 HK$M 百萬港元	North America 北美洲 HK$M 百萬港元	Total 總計 HK$M 百萬港元
Segment assets	分部資產	**2,037.9**	**6,206.0**	**908.7**	**9,152.6**	2,712.6	6,563.5	1,002.8	10,278.9
Deferred income tax assets	遞延所得稅資產				**109.3**				148.7
Fixed return investment	固定回報投資				**88.4**				211.3
Tax recoverable	可退回稅項				**29.9**				15.4
Derivative financial instruments	衍生金融工具				**25.0**				36.1
Cash and cash equivalents	現金及現金等值項目				**784.8**				697.1
Total assets	資產總值				**10,190.0**				11,387.5

Geographical information

Non-current assets, other than financial instruments and deferred income tax assets, and analysed by geographic regions as follows:

地區資料

非流動資產不包括金融工具及遞延所得稅資產,按地區分析如下:

		As at 31 December 2019 於二零一九年十二月三十一日 HK$M 百萬港元	As at 31 December 2018 於二零一八年十二月三十一日 HK$M 百萬港元
Asia	亞洲	**1,033.7**	1,037.1
Europe	歐洲	**4,178.5**	4,077.9
North America	北美洲	**723.1**	680.6
Total	總計	**5,935.3**	5,795.6

5 SEGMENT INFORMATION (continued)

5 分部資料（續）

Analysis of revenue by category

按業務類別分類之收益分析

		For the year ended 截至以下日期止年度	
		31 December 2019 二零一九年十二月三十一日 HK$M 百萬港元	31 December 2018 二零一八年十二月三十一日 HK$M 百萬港元
Metal recycling	金屬回收		
– Ferrous metal	－黑色金屬	**10,063.9**	11,533.8
– Non-ferrous metal	－有色金屬	**4,279.3**	8,482.6
Forging and foundry	鍛造及鑄造	**342.4**	153.6
Others	其他	**677.8**	742.8
Total	總計	**15,363.4**	20,912.8

Information about major customers

No single customer contributed 10% or more to the Group's revenue during the years ended 31 December 2019 and 2018.

主要客戶的資料

於截至二零一九年及二零一八年十二月三十一日止年度，並無單一客戶貢獻本集團收益10%或以上。

6 OTHER INCOME

6 其他收入

		2019 二零一九年 HK$M 百萬港元	2018 二零一八年 HK$M 百萬港元
Rental income	租金收入	**23.7**	22.0
Rental income from investment properties (Note 17)	投資物業租金收入（附註17）	**3.7**	3.7
Government grants	政府補助	**6.5**	0.9
Dividend income	股息收入	**4.8**	3.5
Other income from related parties (Note 39(a))	來自關聯方的其他收入（附註39(a)）	**7.8**	3.7
Compensation from insurance coverage	保險補償	**49.0**	16.3
Others	其他	**31.5**	49.1
		127.0	99.2

7 OTHER GAINS, NET

7 其他收益淨額

		2019 二零一九年 HK$M 百萬港元	2018 二零一八年 HK$M 百萬港元
(Loss)/Gain on fair value change of:	公平值變動（虧損）／收益：		
– derivative financial instruments	－衍生金融工具	**(2.1)**	34.7
– financial assets at fair value through profit or loss	－按公平值計入損益之金融資產	**1.7**	(3.2)
Foreign exchange gains/(loss), net	匯兑收益／（虧損）淨額	**13.9**	(1.4)
Provision for impairment of property, plant and equipment (Note 14)	物業、廠房及設備之減值撥備（附註14）	**(0.9)**	(1.2)
Gain on disposal of property, plant and equipment and right-of-use assets	出售物業、廠房及設備以及使用權資產之收益	**33.3**	29.6
Gain on disposal of assets classified as held for sale (Note (i))	出售分類為持作出售資產之收益（附註(i)）	**–**	109.5
Gain on disposal of financial assets at fair value through profit or loss (Note 20)	出售按公平值計入損益之金融資產之收益（附註20）	**–**	20.0
Compensation income	補償收入	**–**	45.3
Loss on disposal and deregistration of subsidiaries (Note (ii))	出售及註銷子公司之虧損（附註(ii)）	**(13.7)**	–
Others	其他	**10.9**	(0.7)
		43.1	232.6

Notes:

(i) Pursuant to a state-owned construction land use right transfer contract, a piece of land located in Shandong Province, the PRC, which was classified as assets held for sale as at 31 December 2017, was surrendered to the local government in 2018 and a gain on disposal of HK$109.5 million was recognised for the year ended 31 December 2018.

(ii) The Group disposed 75% equity interests in three subsidiaries in the USA and formed a joint venture with an independent third party who is also engaged in scrap metal recycling for a consideration of US$4.5 million (approximately HK$34.9 million) and a loss on disposal of HK$9.5 million was recognised for the year ended 31 December 2019. The remaining amount of HK$4.2 million represented loss from deregistration of a subsidiary.

附註：

(i) 根據國有建設用地使用權出讓合同，一塊位於中國山東省的土地已於二零一七年十二月三十一日分類為持作出售資產，其已於二零一八年交予當地政府，並於截至二零一八年十二月三十一日止年度確認出售收益1億950萬港元。

(ii) 截至二零一九年十二月三十一日止年度，本集團出售於美國之三間子公司之75%股權及與獨立第三方（其亦從事再生金屬回收）成立一間合營企業，代價為450萬美元（約3,490萬港元），並確認出售虧損950萬港元。餘下金額420萬港元來自註銷一間子公司之虧損。

8 EXPENSES BY NATURE

8 按性質劃分之開支

		2019 二零一九年 HK$M 百萬港元	2018 二零一八年 HK$M 百萬港元
Changes in inventories of work-in-progress and finished goods	在製品及製成品存貨之變動	**(141.9)**	(234.8)
Raw materials and consumables used	所用原料及消耗品	**12,266.9**	16,782.3
(Reversal of provision)/Provision for inventories, net (Note 24)	存貨（撥備撥回）／撥備淨額（附註24）	**(1.9)**	18.5
Employee benefit expenses (Note 9)	僱員福利開支（附註9）	**1,155.1**	1,272.8
Depreciation and amortisation expenses of property, plant and equipment, intangible assets and investment properties	物業、廠房及設備、無形資產及投資物業之折舊及攤銷開支	**263.2**	381.3
Depreciation and amortisation expenses of right-of-use assets	使用權資產之折舊及攤銷開支	**159.3**	–
Legal and professional expenses	法律及專業開支	**43.8**	66.8
Auditors' remuneration	核數師薪酬		
– Audit services	－核數服務	**27.5**	31.6
– Non-audit services	－非核數服務	**7.3**	2.7
Other expenses	其他開支	**1,727.8**	2,239.8
Total cost of sales, distribution and selling expenses and administrative expenses	銷售成本、分銷及銷售開支以及行政開支總額	**15,507.1**	20,561.0

9 EMPLOYEE BENEFIT EXPENSE

Employee benefit expenses during the year are as follows:

9 僱員福利開支

年內的僱員福利開支如下：

		2019 二零一九年 HK$M 百萬港元	2018 二零一八年 HK$M 百萬港元
Wages and salaries	工資及薪金	**961.3**	1,078.0
Other termination benefits	其他離職福利	**5.4**	3.7
Social security costs	社保成本	**28.3**	27.8
Pension costs – defined contribution plans (Note (a))	退休金成本－界定供款計劃（附註(a)）	**107.7**	108.1
Pension costs – defined benefit plans	退休金成本－界定福利計劃	**0.5**	0.6
Other employee benefits	其他僱員福利	**51.9**	54.6
Total employee benefit expense	僱員福利開支總額	**1,155.1**	1,272.8

Notes:

(a) Pensions – defined contribution plans
Contributions totalling HK$0.2 million (2018: HK$0.3 million) were payable to the fund as at 31 December 2019.

(b) Five highest paid individuals
The five individuals whose emoluments were the highest in the Group for the year include two (2018: two) directors whose emoluments are reflected in the analysis shown in Note 40. The emoluments payable to the remaining three (2018: three) individuals during the year are as follows:

附註：

(a) 退休金－界定供款計劃
供款合共20萬港元（二零一八年：30萬港元）須於二零一九年十二月三十一日劃撥至公積金。

(b) 五位最高薪酬人士
年內本集團之五位最高薪酬人士包括酬金已載列於附註40所述分析之兩位董事（二零一八年：兩位）。年內應付予餘下三位（二零一八年：三位）人士之酬金如下：

		2019 二零一九年 HK$M 百萬港元	2018 二零一八年 HK$M 百萬港元
Salaries, bonus and other allowances	薪金、花紅及其他津貼	**10.9**	17.6
Pension costs-defined contribution plans	退休金成本－界定供款計劃	**–**	–
		10.9	17.6

The emoluments fell within the following bands:

酬金介乎以下範圍：

		Number of individual 人數	Number of individual 人數
HK$2,500,001 to HK$3,000,000	2,500,001港元至3,000,000港元	**1**	–
HK$3,000,001 to HK$3,500,000	3,000,001港元至3,500,000港元	**1**	–
HK$4,500,001 to HK$5,000,000	4,500,001港元至5,000,000港元	**1**	–
HK$5,500,001 to HK$6,000,000	5,500,001港元至6,000,000港元	**–**	2
HK$6,000,001 to HK$6,500,000	6,000,001港元至6,500,000港元	**–**	1

10 FINANCE COSTS, NET　　10 財務成本淨額

		2019 二零一九年 HK$M 百萬港元	2018 二零一八年 HK$M 百萬港元
Interest income from bank deposits	銀行存款之利息收入	**9.5**	10.5
Interest income from fixed return investment	固定回報投資之利息收入	**12.6**	22.3
Interest income from related parties (Note 39(a))	來自關聯方之利息收入（附註39(a)）	**1.5**	3.8
Finance income	財務收入	**23.6**	36.6
Interest expense on bank loans, overdrafts, bills payable and note payable	銀行貸款、透支、應付票據及票據應付款項之利息開支	**(79.4)**	(244.8)
Effective interest expense on other borrowings	其他借款之實際利息開支	**(137.7)**	(103.0)
Interest expense on early redemption of note payable	提早贖回票據應付款項之利息開支	**–**	(36.6)
Interest expense on early repayment of other borrowings	提早償還其他借款之利息開支	**–**	(14.2)
Interest expense on lease liabilities (2018: finance lease liabilities) (Note 33)	租賃負債（二零一八年：融資租賃負債）之利息開支（附註33）	**(18.5)**	(13.5)
Interest expense on loans from related parties (Note 39(a))	來自關聯方的貸款之利息開支（附註39(a)）	**(0.6)**	(0.6)
Finance costs	財務成本	**(236.2)**	(412.7)
Finance costs, net	財務成本淨額	**(212.6)**	(376.1)

11 INCOME TAX EXPENSE

Hong Kong profits tax has been provided at the rate of 16.5% (2018: 16.5%) on the estimated assessable profit for the year.

Under the law of the PRC on Enterprise Income Tax (the "EIT") and the relevant EIT Implementation Regulations, the tax rate of PRC EIT has been provided at the rate of 25% (2018: 25%) on the estimated assessable profit for the year.

Germany and USA income taxes have been provided at the rate of approximately 30% (2018: 30%) and 26% (2018: 26%) respectively, on the estimated assessable profit for the year.

Taxation on profits from other jurisdictions has been calculated on the estimated assessable profit for the year at the rates of taxation prevailing in the countries in which the Group operates.

11 所得稅開支

香港利得稅乃根據年內估計應課稅溢利按稅率16.5%（二零一八年：16.5%）計提撥備。

根據中國企業所得稅（「企業所得稅」）法及相關企業所得稅實施條例，中國企業所得稅乃根據年內估計應課稅溢利按稅率25%（二零一八年：25%）計提撥備。

德國及美國所得稅乃分別按年內估計應課稅溢利按稅率約30%（二零一八年：30%）及26%（二零一八年：26%）計提撥備。

來自其他司法權區溢利之稅項乃按本集團經營所在國家之現行稅率計算年內估計應課稅溢利。

		2019 **二零一九年** **HK$M** **百萬港元**	2018 二零一八年 HK$M 百萬港元
Current income tax (expense)/credit:	即期所得稅項（開支）／抵免：		
Germany	德國	**(23.8)**	(104.1)
PRC EIT	中國企業所得稅	**(0.3)**	(0.5)
Hong Kong profits tax	香港利得稅	**(1.3)**	(2.7)
USA	美國	**–**	(2.2)
Other jurisdictions	其他司法權區	**(5.0)**	1.0
		(30.4)	(108.5)
(Under)/Over provision in prior years:	於過往年度（撥備不足）／超額撥備：		
Germany	德國	**(1.1)**	17.1
Hong Kong profits tax	香港利得稅	**0.2**	4.3
USA	美國	**2.1**	–
Other jurisdictions	其他司法權區	**0.5**	6.2
		1.7	27.6
Deferred income tax (expense)/credit (Note 23)	遞延所得稅（開支）／抵免（附註23）	**(5.6)**	10.5
Income tax expense	所得稅開支	**(34.3)**	(70.4)

11 INCOME TAX EXPENSE (continued)

The tax on the Group's (loss)/profit before income tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profit of the consolidated entities as follows:

11 所得稅開支（續）

本集團除所得稅前（虧損）／溢利的稅項與使用適用於綜合實體溢利的加權平均稅率而產生的理論金額之差別如下：

		2019 **二零一九年** **HK$M** **百萬港元**	2018 二零一八年 HK$M 百萬港元
(Loss)/Profit before income tax	除所得稅前（虧損）／溢利	**(99.5)**	469.4
Tax calculated at domestic tax rates applicable to profits in the respective countries	按適用於相關國家溢利的本地稅率計算的稅項	**(15.4)**	153.3
Tax effect of expenses not deductible for tax purpose	不可扣稅開支的稅務影響	**49.8**	97.0
Tax effect of income not taxable for tax purpose	毋須課稅收入的稅務影響	**(60.9)**	(40.9)
Tax effect of temporary differences not recognised	未確認的暫時差額的稅務影響	**17.7**	(11.4)
Tax effect of tax losses not recognised	未確認稅項虧損的稅務影響	**64.6**	12.4
Tax effect of utilisation of tax losses previously not recognised	使用之前未確認稅項虧損的稅務影響	**(2.8)**	(77.3)
Tax impact on share of results from an associate and joint ventures	對應佔聯營公司及合營企業業績之稅務影響	**(17.0)**	(35.1)
Over provision in respect of prior years	過往年度超額撥備	**(1.7)**	(27.6)
Income tax expense for the year	年內所得稅開支	**34.3**	70.4

The weighted average applicable tax rate was 15.5% (2018: 32.7%). The decrease is caused by changes in the profitability of certain subsidiaries.

加權平均適用稅率為15.5%（二零一八年：32.7%）。減少乃由於若干子公司之盈利能力有變。

12 DIVIDENDS

No dividend was paid or proposed during 2019 and 2018, nor has any dividend been proposed by the Company since the end of the reporting period in respect of the years ended 31 December 2019 and 2018.

12 股息

本公司於二零一九年及二零一八年均無派付或建議派付任何股息，自截至二零一九年及二零一八年十二月三十一日止年度的報告期末起亦無建議派付任何股息。

13 (LOSS)/EARNINGS PER SHARE

(a) Basic

Basic (loss)/earnings per share is calculated by dividing the (loss)/profit for the year attributable to shareholders of the Company by the weighted average number of ordinary shares in issue during the year.

13 每股（虧損）／盈利

(a) 基本

每股基本（虧損）／盈利乃按本公司股東應佔本年度（虧損）／溢利除以本年度已發行普通股加權平均數目計算得出。

		2019 **二零一九年** **HK$M** **百萬港元**	2018 二零一八年 HK$M 百萬港元
(Loss)/Profit	**（虧損）／溢利**		
(Loss)/Profit for the year attributable to shareholders of the Company	本公司股東應佔本年度（虧損）／溢利	**(128.7)**	401.2
Number of shares	**股份數目**		
Weighted average number of ordinary shares in issues (thousands)	已發行普通股加權平均數目（千股）	**1,605,153**	1,605,153
Basic (loss)/earnings per share (expressed in HK$)	每股基本（虧損）／盈利（以港元列報）	**(0.08)**	0.25

(b) Diluted

The Group has no potentially dilutive shares outstanding during the years ended 31 December 2019 and 2018.

(b) 攤薄

於截至二零一九年及二零一八年十二月三十一日止年度本集團並無已發行潛在攤薄股份。

14 PROPERTY, PLANT AND EQUIPMENT 14 物業、廠房及設備

		Land and buildings 土地及樓宇 HK$M 百萬港元	Plant and machinery 廠房及機器 HK$M 百萬港元	Office furniture and equipment 辦公傢俱及設備 HK$M 百萬港元	Construction in progress 在建工程 HK$M 百萬港元	Total 總計 HK$M 百萬港元
At 1 January 2018	於二零一八年一月一日					
Cost	成本	2,741.5	1,293.3	109.2	98.0	4,242.0
Accumulated depreciation and impairment loss	累計折舊及減值虧損	(146.5)	(502.6)	(33.6)	–	(682.7)
Net book amount	賬面淨值	2,595.0	790.7	75.6	98.0	3,559.3
Year ended 31 December 2018	截至二零一八年十二月三十一日止年度					
Opening net book amount	年初之賬面淨值	2,595.0	790.7	75.6	98.0	3,559.3
Acquisition of business (Note 41)	收購業務（附註41）	–	–	0.5	–	0.5
Additions	添置	80.3	264.9	134.2	122.7	602.1
Transfer upon completion	於完成後轉讓	14.9	79.6	15.6	(110.1)	–
Transfer from assets classified as held for sale	轉自分類為持作出售的資產	5.1	–	–	–	5.1
Impairment loss (Note 7)	減值虧損（附註7）	(1.0)	–	(0.2)	–	(1.2)
Disposals	出售	(33.8)	(32.7)	(2.9)	(4.1)	(73.5)
Depreciation charge	折舊開支	(121.8)	(168.6)	(45.6)	–	(336.0)
Currency translation differences	匯兑差額	(110.9)	(33.2)	(5.8)	(2.9)	(152.8)
Closing net book amount	年末之賬面淨值	2,427.8	900.7	171.4	103.6	3,603.5
At 31 December 2018	於二零一八年十二月三十一日					
Cost	成本	2,699.1	1,531.1	244.8	103.6	4,578.6
Accumulated depreciation and impairment loss	累計折舊及減值虧損	(271.3)	(630.4)	(73.4)	–	(975.1)
Net book amount	賬面淨值	2,427.8	900.7	171.4	103.6	3,603.5

14 PROPERTY, PLANT AND EQUIPMENT (continued) 14 物業、廠房及設備（續）

		Land and buildings 土地及樓宇 HK$M 百萬港元	Plant and machinery 廠房及機器 HK$M 百萬港元	Office furniture and equipment 辦公傢俱及設備 HK$M 百萬港元	Construction in progress 在建工程 HK$M 百萬港元	Total 總計 HK$M 百萬港元
Year ended 31 December 2019	截至二零一九年十二月三十一日止年度					
Opening net book amount	年初賬面淨值	2,427.8	900.7	171.4	103.6	3,603.5
Effect of adoption of HKFRS 16 (Note 2.1.2(a))	採納香港財務報告準則第16號之影響（附註2.1.2(a)）	(29.7)	(302.2)	(124.3)	–	(456.2)
Restated opening net book amount	經重列年初賬面淨值	2,398.1	598.5	47.1	103.6	3,147.3
Additions	添置	79.2	63.2	79.3	115.8	337.5
Transfer upon completion	於完成後轉讓	11.8	71.9	24.2	(107.9)	–
Transfer to investment properties (Note 17)	轉至投資物業（附註17）	(6.6)	–	–	–	(6.6)
Disposal of subsidiaries	出售子公司	(4.8)	(8.7)	(1.7)	(1.0)	(16.2)
Impairment loss (Note 7)	減值虧損（附註7）	(0.9)	–	–	–	(0.9)
Disposals	出售	(137.8)	(54.7)	(22.8)	(4.8)	(220.1)
Depreciation charge	折舊開支	(106.6)	(83.1)	(31.0)	–	(220.7)
Currency translation differences	匯兑差額	(32.3)	(4.9)	0.2	(0.4)	(37.4)
Closing net book amount	年末之賬面淨值	2,200.1	582.2	95.3	105.3	2,982.9
At 31 December 2019	於二零一九年十二月三十一日					
Cost	成本	2,531.8	1,070.5	160.4	105.3	3,868.0
Accumulated depreciation and impairment loss	累計折舊及減值虧損	(331.7)	(488.3)	(65.1)	–	(885.1)
Net book amount	賬面淨值	2,200.1	582.2	95.3	105.3	2,982.9

14 PROPERTY, PLANT AND EQUIPMENT (continued)

14 物業、廠房及設備(續)

Notes:

附註:

Construction in progress as at 31 December 2019 mainly comprises new metal scrap processing machinery and equipment being constructed in Asia and Europe.

於二零一九年十二月三十一日的在建工程主要包括在亞洲及歐洲建設中的新再生金屬加工機器及設備。

Buildings and plants with a net book value of HK$1,905.0 million (2018: HK$1,838.3 million) were pledged to secure certain borrowings and general banking facilities granted to the Group (Note 37).

賬面淨值為19億500萬港元(二零一八年:18億3,830萬港元)的樓宇及廠房已抵押,作為本集團獲授若干借款及一般銀行融資的抵押(附註37)。

As at 31 December 2018, plant and machinery includes the following amounts where the Group is a lessee under a finance lease:

於二零一八年十二月三十一日,廠房及機器包括以下金額,本集團為當中一項融資租約的承租人:

		2018 二零一八年 HK$M 百萬港元
Cost – capitalised finance leases	成本－資本化融資租約	166.3
Accumulated depreciation	累計折舊	(61.5)
Net book amount	賬面淨值	104.8

From 1 January 2019, leased assets are presented as right-of-use assets in the consolidated balance sheet (Notes 2.1.1 (a) and 16).

自二零一九年一月一日起,租賃資產於綜合資產負債表內呈列為使用權資產(附註2.1.1 (a)及16)。

15 LEASEHOLD LAND AND LAND USE RIGHTS

The Group's interests in land use rights represent prepaid operating lease payments and their net book values are analysed as follows:

15 租賃土地及土地使用權

本集團於土地使用權的權益指預付經營租賃付款及其賬面淨值分析如下：

		2019 **二零一九年** **HK$M** **百萬港元**	2018 二零一八年 HK$M 百萬港元
At 1 January	於一月一日	**387.9**	412.9
Effect of adoption of HKFRS 16 (Note 2.1.2(a))	採納香港財務報告準則第16號之影響（附註2.1.2(a)）	**(387.9)**	–
Restated opening net book amount	經重列年初賬面淨額	**–**	412.9
Amortisation charge	攤銷開支	**–**	(10.3)
Currency translation differences	匯兑差額	**–**	(14.7)
At 31 December	於十二月三十一日	**–**	387.9

From 1 January 2019, leasehold land and land use rights were reclassified to right-of-use assets upon adoption of HKFRS 16 (Notes 2.1.2 (a) and 16).

自二零一九年一月一日起，租賃土地及土地使用權於採納香港財務報告準則第16號後重新分類為使用權資產（附註2.1.2 (a)及16）。

16 RIGHT-OF-USE ASSETS

16 使用權資產

		Land and buildings 土地及樓宇 HK$M 百萬港元	Plant and machinery 廠房及機器 HK$M 百萬港元	Office furniture and equipment 辦公傢俱及設備 HK$M 百萬港元	Intangible assets 無形資產 HK$M 百萬港元	Total 總計 HK$M 百萬港元
At 1 January 2019 (upon adoption of HKFRS 16)	於二零一九年一月一日（於採納香港財務報告準則第16號後）					
Cost	成本	607.6	497.3	182.4	0.4	1,287.7
Accumulated depreciation, amortisation and impairment loss	累計折舊、攤銷及減值虧損	(96.1)	(181.6)	(32.1)	–	(309.8)
Net book amount	賬面淨值	511.5	315.7	150.3	0.4	977.9
Year ended 31 December 2019	截至二零一九年十二月三十一日止年度					
Opening net book amount (upon adoption of HKFRS 16) (Note 2.1.2 (a))	年初賬面淨值（於採納香港財務報告準則第16號後）（附註2.1.2 (a)）	511.5	315.7	150.3	0.4	977.9
Additions	添置	134.9	170.0	90.8	–	395.7
Disposals	出售	(8.1)	(2.5)	(3.9)	–	(14.5)
Depreciation and amortisation charge	折舊及攤銷開支	(31.9)	(88.2)	(38.9)	(0.3)	(159.3)
Currency translation differences	匯兑差額	(7.2)	(4.6)	(2.2)	–	(14.0)
Closing net book amount	年末之賬面淨值	599.2	390.4	196.1	0.1	1,185.8
At 31 December 2019	於二零一九年十二月三十一日					
Cost	成本	725.9	640.9	258.0	0.4	1,625.2
Accumulated depreciation, amortisation and impairment loss	累計折舊、攤銷及減值虧損	(126.7)	(250.5)	(61.9)	(0.3)	(439.4)
Net book amount	賬面淨值	599.2	390.4	196.1	0.1	1,185.8

Notes:

Certain leasehold land and land use rights with a net book value of HK$288.2 million (2018: HK$316.4 million were pledged to secure certain borrowings and general banking facilities granted to the Group (Note 37).

Expenses relating to short-term leases of HK$20.1 million and expenses relating to leases of low-value assets that are not classified as short-term leases of HK$13.4 million were charged to the consolidated statement of profit and loss for the year ended 31 December 2019.

附註：

賬面淨值為2億8,820萬港元（二零一八年：3億1,640萬港元）之若干租賃土地及土地使用權已抵押，作為本集團獲授予若干借款及一般銀行融資的抵押（附註37）。

有關短期租賃之開支2,010萬港元及有關並無分類為短期租賃之低價值資產租賃之開支1,340萬港元已自截至二零一九年十二月三十一日止年度之綜合損益表扣除。

17 INVESTMENT PROPERTIES

17 投資物業

		2019 二零一九年 HK$M 百萬港元	2018 二零一八年 HK$M 百萬港元
At 1 January	於一月一日	**3.2**	3.5
Depreciation charge	折舊開支	**(0.4)**	(0.2)
Transfer from property, plant and equipment (Note 14)	轉撥自物業、廠房及設備（附註14）	**6.6**	–
Currency translation differences	匯兑差額	**(0.3)**	(0.1)
At 31 December	於十二月三十一日	**9.1**	3.2

Notes:

(i) The above investment properties, which are situated in the PRC (2018: the PRC) are depreciated on a straight-line basis over the remaining useful lives.

(ii) The fair value of the Group's investment properties at 31 December 2019 was HK$16.6 million (2018: HK$6.1 million).

(iii) Rental income from these investment properties recognised in the consolidated statement of profit or loss for the year ended 31 December 2019 amounted to HK$3.7 million (2018: HK$3.7 million) (Note 6).

(iv) Investment properties with a net book value of HK$9.1 million (2018: nil) were pledged to secure certain borrowings and general banking facilities granted to the Group (Note 37).

附註：

(i) 上述於中國（二零一八年：中國）的投資物業按餘下使用年期以直線基準折舊。

(ii) 本集團投資物業於二零一九年十二月三十一日的公平值為1,660萬港元（二零一八年：610萬港元）。

(iii) 於截至二零一九年十二月三十一日止年度在綜合損益表內確認的來自該等投資物業的租金收入為370萬港元（二零一八年：370萬港元）（附註6）。

(iv) 賬面淨值為910萬港元（二零一八年：無）之投資物業已抵押，以作為本集團獲授予若干借款及一般銀行融資的抵押（附註37）。

18 INTANGIBLE ASSETS 18 無形資產

		Goodwill 商譽 HK$M 百萬港元	Computer software 電腦軟件 HK$M 百萬港元	Brand names, patents and licenses 品牌、專利及授權 HK$M 百萬港元	Customers' relationship and suppliers' relationship 客戶關係及供應商關係 HK$M 百萬港元	Non-competition agreement 競業限制合同 HK$M 百萬港元	Total 總計 HK$M 百萬港元
Year ended 31 December 2018	截至二零一八年十二月三十一日止年度						
Opening net book amount	年初賬面淨值	791.7	5.9	311.5	98.6	–	1,207.7
Additions	添置	–	2.5	–	–	45.3	47.8
Acquisition of business (Note 41)	收購業務（附註41）	–	–	–	16.0	–	16.0
Amortisation charges	攤銷開支	–	(3.5)	(11.2)	(8.8)	(11.3)	(34.8)
Currency translation differences	匯兑差額	(34.8)	(0.4)	(13.3)	(4.1)	(0.2)	(52.8)
Closing net book amount	年末賬面淨值	756.9	4.5	287.0	101.7	33.8	1,183.9
At 31 December 2018	於二零一八年十二月三十一日						
Cost	成本	756.9	10.3	302.9	114.3	45.0	1,229.4
Accumulated amortisation	累計攤銷	–	(5.8)	(15.9)	(12.6)	(11.2)	(45.5)
Net book amount	賬面淨值	756.9	4.5	287.0	101.7	33.8	1,183.9

18 INTANGIBLE ASSETS (continued)

18 無形資產（續）

		Goodwill 商譽 HK$M 百萬港元	Computer software 電腦軟件 HK$M 百萬港元	Brand names, patents and licenses 品牌、專利及授權 HK$M 百萬港元	Customers' relationship and suppliers' relationship 客戶關係及供應商關係 HK$M 百萬港元	Non-competition agreement 競業限制合同 HK$M 百萬港元	Total 總計 HK$M 百萬港元
Year ended 31 December 2019	截至二零一九年十二月三十一日止年度						
Opening net book amount	年初賬面淨值	756.9	4.5	287.0	101.7	33.8	1,183.9
Additions	添置	–	5.6	–	–	–	5.6
Disposals of subsidiaries	出售子公司	–	–	–	(14.2)	–	(14.2)
Amortisation charges	攤銷開支	–	(2.3)	(9.7)	(8.1)	(22.0)	(42.1)
Currency translation differences	匯兑差額	(11.6)	–	(4.4)	(1.5)	(0.7)	(18.2)
Closing net book amount	年末賬面淨值	745.3	7.8	272.9	77.9	11.1	1,115.0
At 31 December 2019	於二零一九年十二月三十一日						
Cost	成本	745.3	16.2	298.3	96.9	44.3	1,201.0
Accumulated amortisation	累計攤銷	–	(8.4)	(25.4)	(19.0)	(33.2)	(86.0)
Net book amount	賬面淨值	745.3	7.8	272.9	77.9	11.1	1,115.0

18 INTANGIBLE ASSETS (continued)

Impairment tests for goodwill and intangible assets with indefinite useful lives

Goodwill is recognised through the acquisition of Yantai Liheng Environmental Protection Technology Co., Ltd*（煙台立衡環保科技有限公司）("Yantai Liheng") and Scholz Holding GmbH ("Scholz Holding") in 2016 with carrying amount of HK$13.6 million and HK$731.7 million (2018: HK$14.1 million and HK$742.8 million), respectively, as at 31 December 2019.

Intangible assets with indefinite useful lives represented brand names with carrying amount of HK$185.4 million (2018: HK$188.3 million) as at 31 December 2019.

Management reviews the business performance based on geographic regions. It has identified Asia, Europe and North America as the main regions. Goodwill arising from the acquisition of Yantai Liheng is allocated to Asia region and that arising from the acquisition of Scholz Holding is allocated to Asia, Europe and North America regions. Brand names have been allocated to Europe and North America regions.

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below. The growth rate does not exceed the long-term average growth rate for the metal recycling business in which the CGU operates.

18 無形資產（續）

商譽及具無限可使用年期之無形資產之減值測試

商譽乃透過於二零一六年收購煙台立衡環保科技有限公司（「煙台立衡」）及Scholz Holding GmbH順爾茨控股有限公司*（「順爾茨控股」）而確認，於二零一九年十二月三十一日，賬面值分別為1,360萬港元及7億3,170萬港元（二零一八年：1,410萬港元及7億4,280萬港元）。

具無限可使用年期之無形資產指於二零一九年十二月三十一日賬面值為1億8,540萬港元（二零一八年：1億8,830萬港元）的品牌名稱。

管理層根據地理位置審閱業務表現。其已識別亞洲、歐洲及北美洲作為主要地區。來自收購煙台立衡的商譽被分配至亞洲地區及來自收購順爾茨控股的商譽被分配至亞洲、歐洲及北美洲地區。品牌名稱已被分配至歐洲及北美洲地區。

現金產生單位可收回金額根據使用價值計算法釐定，而有關計算乃使用基於管理層批准的五年期財政預算的除稅前現金流預測。超出五年期的現金流則使用下文所述的估計增長率推算。增長率不會超過再生金屬業務（現金產生單位經營所在的業務）的長期平均增長率。

18 INTANGIBLE ASSETS (continued)

Impairment tests for goodwill and intangible assets with indefinite useful lives (continued)

For the impairment test for goodwill and intangible assets with indefinite useful lives, the key assumptions, long term growth rate and discount rate used in the value-in-use calculations are disclosed below:

18 無形資產（續）

商譽及具無限可使用年期之無形資產之減值測試（續）

就商譽及具無限可使用年期之無形資產之減值測試，使用價值計算中使用的主要假設、長期增長率及折現率披露於下文：

		Asia 亞洲	Europe 歐洲	North America 北美洲
2019	**二零一九年**			
Long term growth rate	長期增長率	**2.0%**	**2.0%**	**2.0%**
Pre-tax discount rate (Note (i))	除稅前折現率（附註(i)）	**17.7%-19.1%**	**14.2%**	**13.9%**
Gross profit margin	毛利率	**5.2%-7.9%**	**7.7%-9.0%**	**8.0%-9.6%**
Revenue growth rate	收益增長率	**2.6%-37.0%**	**2.3%-9.1%**	**3.3%-11.0%**

		Asia 亞洲	Europe 歐洲	North America 北美洲
2018	**二零一八年**			
Long term growth rate	長期增長率	2.0%	2.0%	2.0%
Pre-tax discount rate (Note (i))	除稅前折現率（附註(i)）	17.7%-19.1%	14.2%	13.9%
Gross profit margin	毛利率	5.6%-7.2%	8.7%-9.1%	9.3%-9.6%
Revenue growth rate	收益增長率	1.2%-39.8%	0.4%-2.9%	2.0%-17.7%

Note:

(i) Pre-tax discount rate applied to the pre-tax cash flow forecast.

附註：

(i) 應用於除稅前現金流預測的除稅前折現率。

The recoverable amounts for Asia, Europe and North America CGUs would still exceed their carrying amounts if the assumptions were changed as follows:

- lowering long term growth rate by 1 percentage point;
- raising pre-tax discount rate by 1 percentage point; or
- lowering revenue growth rate by 20% of the expected growth rate.

倘假設變動如下，亞洲、歐洲及北美洲現金產生單位的可收回金額仍將超過彼等的賬面值：

- 將長期增長率降低1個百分點；
- 將除稅前折現率提升1個百分點；或
- 將收益增長率降低預期增長率的20%。

19 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

19 使用權益法列賬的投資

(a) Interest in an associate

(a) 於聯營公司之權益

		2019 二零一九年 HK$M 百萬港元	2018 二零一八年 HK$M 百萬港元
Cost of unlisted investment in an associate (Note)	於聯營公司之非上市投資成本（附註）	**2.3**	2.3
Share of post-acquisition accumulated losses	應佔收購後累計虧損	**(0.6)**	(0.3)
		1.7	2.0

Notes:

附註：

Details of the Group's associate at the end of the reporting period are as follows:

本集團於報告期末的聯營公司詳情如下：

Name of entity 實體名稱	Place of principal business 主要營業地點	Proportion of ownership interest held by the Group 本集團所持擁有權權益比例	Principal activity 主要業務
Poly Metals Company Limited ("Poly Metals") 寶勵金屬有限公司（「寶勵」）	Hong Kong 香港	20%	Trading of metal scrap 再生金屬交易

Poly Metals is a private company and there is no quoted market price available for its shares.

寶勵為私人公司及其股份並無可得的市場報價。

There are no contingent liabilities relating to the Group's interest in an associate.

並無有關本集團於聯營公司之權益之或然負債。

Summarised financial information for an associate

Set out below is the summarised financial information for Poly Metals which is accounted for using the equity method.

一間聯營公司之財務資料概要

下文列載寶勵之財務資料概要，其使用權益法列賬。

19 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (continued)

19 使用權益法列賬的投資（續）

(a) Interest in an associate (continued)

(a) 於聯營公司之權益（續）

Summarised balance sheet

資產負債表概要

		2019 二零一九年 HK$M 百萬港元	2018 二零一八年 HK$M 百萬港元
Total current assets	流動資產總值	**40.5**	29.3
Total non-current assets	非流動資產總值	**0.9**	0.7
Total current liabilities	流動負債總額	**(40.7)**	(27.8)
Total non-current liabilities	非流動負債總額	**–**	–

Summarised statement of comprehensive income

全面收益表概要

		2019 二零一九年 HK$M 百萬港元	2018 二零一八年 HK$M 百萬港元
Revenue	收益	**233.4**	117.5
Loss and total comprehensive loss	虧損及全面虧損總額	**(1.6)**	(3.4)

19 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (continued)

(a) Interest in an associate (continued)

Summarised statement of comprehensive income (continued)

Reconciliation of the above summarised financial information to the carrying amount of the interest in Poly Metals recognised in the consolidated financial statements:

19 使用權益法列賬的投資（續）

(a) 於聯營公司之權益（續）

全面收益表概要（續）

上述財務資料概要與於寶勵權益之賬面值（於綜合財務報表內確認）之對賬如下：

		2019 **二零一九年** **HK$M** **百萬港元**	2018 二零一八年 HK$M 百萬港元
Net assets of Poly Metals as at 31 December	寶勵於十二月三十一日的資產淨值	**0.7**	2.2
Proportion of the Group's ownership interest in Poly Metals	本集團於寶勵之擁有權權益比例	**20%**	20%
Share of net assets of Poly Metals	應佔寶勵資產淨值	**0.2**	0.5
Goodwill	商譽	**1.5**	1.5
Closing carrying value	年末賬面值	**1.7**	2.0

The information above reflects the amounts presented in the financial statements of the associate adjusted for differences in accounting policies between the Group and the associate.

上述資料反映就本集團與該聯營公司之會計政策差異作調整後於該聯營公司之財務報表呈列之金額。

19 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (continued)

(b) Interests in joint ventures

Particulars of the significant joint ventures are set out below:

19 使用權益法列賬的投資（續）

(b) 於合營企業之權益

主要合營企業之詳情載列如下：

Name of entity 實體名稱	Place of establishment/ principal place of business 成立地點／主要營業地點	% of ownership interest 擁有權權益百分比		Principal activities 主要業務	Measurement method 計量方法	Carrying amount 賬面值	
		2019 **二零一九年**	2018 二零一八年			**2019** **二零一九年** **HK$M** **百萬港元**	2018 二零一八年 HK$M 百萬港元
Schrott und Metallhandel M. Kaatsch GmbH	Germany 德國	**75%**	75%	Note (i) 附註(i)	Equity 權益	**119.7**	115.7
Scholz Austria GmbH	Austria 奧地利	**63.35%**	63.35%	Note (ii) 附註(ii)	Equity 權益	**214.6**	211.8
Kalischatarra, S.de R.L. de C.V.	Mexico 墨西哥	**50%**	50%	Note (iii) 附註(iii)	Equity 權益	**129.5**	126.2
Individually immaterial joint ventures 個別非重大合營企業				Note (iv) 附註(iv)	Equity 權益	**165.4**	157.5
						629.2	611.2

Notes:

(i) Schrott und Metallhandel M. Kaatsch GmbH is a private company and there is no quoted market price for its shares. It is engaged in collection, processing and trading of scrap metal in Germany.

(ii) Scholz Austria GmbH is a private company and there is no quoted market price for its shares. It is engaged in metal recycling business in Austria.

(iii) Kalischatarra, S.de R.L. de C.V. is a private company and there is no quoted market price for its shares. It is engaged in collection, processing and trading of scrap metal in Mexico.

附註：

(i) Schrott und Metallhandel M. Kaatsch GmbH為一間私人公司及其股份並無市場報價。該公司於德國從事收集、加工及買賣再生金屬。

(ii) Scholz Austria GmbH為一間私人公司及其股份並無市場報價。該公司於奧地利從事再生金屬業務。

(iii) Kalischatarra, S.de R.L. de C.V.為一間私人公司及其股份並無市場報價。該公司於墨西哥從事收集、加工及買賣再生金屬。

19 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (continued)

19 使用權益法列賬的投資（續）

(b) Interests in joint ventures (continued)

(b) 於合營企業之權益（續）

Notes: (continued)

附註：（續）

(iv) In addition to the interests in joint ventures as disclosed above, the Group also has interests in a number of individually immaterial joint ventures that are accounted for using the equity method:

(iv) 除上文披露之於合營企業之權益外，本集團亦於數間個別非重大合營企業擁有權益，並使用權益法入賬：

		2019 二零一九年 HK$M 百萬港元	2018 二零一八年 HK$M 百萬港元
Aggregate carrying amount of individually immaterial joint ventures	於個別非重大合營企業之賬面值總額	**165.4**	157.5
Aggregate amount of the Group's share of:	本集團應佔之總額：		
Profit for the year	年內溢利	**17.0**	51.6
Other comprehensive loss	其他全面虧損	**(0.2)**	–
Total comprehensive income	全面收益總額	**16.8**	51.6

Commitments and contingent liabilities in respect of joint ventures

The Group provided guarantees of approximately HK$35.3 million (2018: HK$35.9 million) for borrowings to certain joint ventures as at 31 December 2019.

There are no contingent liabilities relating to the Group's interests in the joint ventures.

有關合營企業之承擔及或然負債

本集團於二零一九年十二月三十一日向若干合營企業就借款提供約3,530萬港元（二零一八年：3,590萬港元）之擔保。

並無有關本集團於合營企業之權益之或然負債。

19 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (continued)

(b) Interests in joint ventures (continued)

Summarised financial information for joint ventures

Set out below is the summarised financial information for Schrott und Metallhandel M. Kaatsch GmbH, Scholz Austria GmbH and Kalischatarra S.de R.L. de C.V. which are accounted for using the equity method. In the opinion of the Directors, these joint ventures are material to the Group.

19 使用權益法列賬的投資（續）

(b) 於合營企業之權益（續）

合營企業之財務資料概要

下文列載Schrott und Metallhandel M. Kaatsch GmbH、Scholz Austria GmbH及Kalischatarra S.de R.L. de C.V.之財務資料概要，其按權益法列賬。董事認為，該等合營企業對本集團而言屬重大。

Summarised statement of comprehensive income

全面收益表概要

		Schrott und Metallhandel M. Kaatsch GmbH		Scholz Austria GmbH		Kalischatarra, S.de R.L. de C.V.	
		2019	2018	**2019**	2018	**2019**	2018
		二零一九年	二零一八年	**二零一九年**	二零一八年	**二零一九年**	二零一八年
		HK$M	HK$M	**HK$M**	HK$M	**HK$M**	HK$M
		百萬港元	百萬港元	**百萬港元**	百萬港元	**百萬港元**	百萬港元
Revenue	收益	**954.2**	1,122.7	**2,380.6**	2,865.8	**708.4**	744.6
Profit/(Loss) for the year	年內溢利／（虧損）	**78.5**	22.0	**28.5**	96.1	**(2.9)**	(5.6)
Other comprehensive loss	其他全面虧損	**–**	–	**(6.6)**	–	**–**	–
Dividends received from joint ventures	已收合營企業股息	**8.3**	8.0	**8.3**	25.3	**–**	–

19 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (continued)

19 使用權益法列賬的投資（續）

(b) Interests in joint ventures (continued)

(b) 於合營企業之權益（續）

Summarised balance sheet

資產負債表概要

		Schrott und Metallhandel M. Kaatsch GmbH		Scholz Austria GmbH		Kalischatarra, S.de R.L. de C.V.	
		31 December 2019 二零一九年十二月三十一日 HK$M 百萬港元	31 December 2018 二零一八年十二月三十一日 HK$M 百萬港元	**31 December 2019 二零一九年十二月三十一日 HK$M 百萬港元**	31 December 2018 二零一八年十二月三十一日 HK$M 百萬港元	**31 December 2019 二零一九年十二月三十一日 HK$M 百萬港元**	31 December 2018 二零一八年十二月三十一日 HK$M 百萬港元
Current	**流動**						
Total current assets	流動資產總值	**137.9**	155.8	**393.3**	529.7	**237.7**	315.2
Total current liabilities	流動負債總額	**(76.7)**	(80.5)	**(343.3)**	(419.9)	**(172.4)**	(243.2)
Total net current assets	流動資產淨值總額	**61.2**	75.3	**50.0**	109.8	**65.3**	72.0
Non-current	**非流動**						
Total non-current assets	非流動資產總值	**212.7**	170.2	**411.8**	267.5	**196.6**	178.3
Total non-current liabilities	非流動負債總額	**(126.9)**	(104.0)	**(194.6)**	(115.5)	**(35.1)**	(30.6)
Net assets	資產淨值	**147.0**	141.5	**267.2**	261.8	**226.8**	219.7
Group's share in %	本集團應佔百分比	**75%**	75%	**63.35%**	63.35%	**50%**	50%
Group's share in HK$M	本集團應佔百萬港元	**110.3**	106.1	**169.3**	165.8	**113.4**	109.9
Goodwill	商譽	**9.4**	9.6	**45.3**	46.0	**16.1**	16.3
Closing carrying value	年末賬面值	**119.7**	115.7	**214.6**	211.8	**129.5**	126.2

The information above reflects the amounts presented in the consolidated financial statements of the joint ventures adjusted for differences in accounting policies between the Group and the joint ventures.

上述資料反映就本集團與該等合營企業之會計政策差異作調整後於該等合營企業之綜合財務報表呈列之金額。

20 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets at fair value through profit or loss are all held for trading and include the following:

20 按公平值計入損益之金融資產

按公平值計入損益之金融資產均持作買賣，包括以下：

		2019 **二零一九年** **HK$M** **百萬港元**	2018 二零一八年 HK$M 百萬港元
Unlisted equity securities	**非上市股本證券**		
At 1 January	於一月一日	**0.8**	5.3
Additions	添置	**1.1**	–
Disposals	出售	**–**	(4.5)
At 31 December	於十二月三十一日	**1.9**	0.8

Gain on disposal of financial assets at fair value through profit or loss of HK$20.0 million was recognised in "other gains, net" in the consolidated statement of profit or loss for the year ended 31 December 2018 (Note 7).

出售按公平值計入損益之金融資產所得收益為2,000萬港元，乃於截至二零一八年十二月三十一日止年度之綜合損益表「其他收益淨額」中確認（附註7）。

21 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Financial assets at fair value through other comprehensive income are all held as long-term strategic investments that are not expected to be sold in the short to medium term and include the following:

21 按公平值計入其他全面收益之金融資產

按公平值計入其他全面收益之金融資產均持作預計短期至中期內不會出售之長期策略性投資，包括以下各項：

		2019 **二零一九年** **HK$M** **百萬港元**	2018 二零一八年 HK$M 百萬港元
Unlisted equity securities	**非上市股本證券**		
At 1 January	於一月一日	**111.0**	116.1
Disposals	出售	**(2.9)**	–
Fair value change	公平值變動	**(7.5)**	–
Currency exchange differences	匯兑差額	**(1.9)**	(5.1)
At 31 December	於十二月三十一日	**98.7**	111.0

Dividend income of HK$4.8 million (2018: HK$3.5 million) from these unlisted equity securities are recognised in "other income" in the consolidated statement of profit or loss for the year ended 31 December 2019 (Note 6).

截至二零一九年十二月三十一日止年度，該等非上市股本證券所得股息收入480萬港元（二零一八年：350萬港元）於綜合損益表「其他收入」中確認（附註6）。

22 OTHER NON-CURRENT ASSETS

22 其他非流動資產

		2019 **二零一九年** **HK$M** **百萬港元**	2018 二零一八年 HK$M 百萬港元
Deposits, prepayment and other receivables	按金、預付款項及其他應收款項	**17.0**	5.8

23 DEFERRED TAXATION

The analysis of deferred income tax assets and deferred income tax liabilities is as follows:

23 遞延稅項

遞延所得稅資產及遞延所得稅負債之分析如下：

		2019 **二零一九年** **HK$M** **百萬港元**	2018 二零一八年 HK$M 百萬港元
Deferred income tax assets:	遞延所得稅資產：		
Deferred tax assets to be recovered after 12 months	將於12個月後收回的遞延稅項資產	**81.0**	97.8
Deferred tax assets to be recovered within 12 months	將於12個月內收回的遞延稅項資產	**28.3**	50.9
		109.3	148.7
Deferred income tax liabilities:	遞延所得稅負債：		
Deferred tax liabilities to be settled after 12 months	將於12個月後結算的遞延稅項負債	**(318.2)**	(340.0)
Deferred tax liabilities to be settled within 12 months	將於12個月內結算的遞延稅項負債	**(24.6)**	(40.4)
		(342.8)	(380.4)
Deferred income tax liabilities, net	**遞延所得稅負債淨額**	**(233.5)**	(231.7)

23 DEFERRED TAXATION (continued)

The movement in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

23 遞延稅項(續)

年內遞延所得稅資產及負債之變動(未計及同一稅務司法權區內的結餘抵銷)如下:

Deferred income tax liabilities **遞延所得稅負債**		**Accelerated tax depreciation** **加速稅項折舊** HK$M 百萬港元	**Others** **其他** HK$M 百萬港元	**Total** **總計** HK$M 百萬港元
At 1 January 2018	於二零一八年一月一日	391.9	24.6	416.5
(Credited)/Charged to the consolidated statement of profit or loss	於綜合損益表(計入)/扣除	(20.5)	4.3	(16.2)
Currency translation differences	匯兑差額	(22.4)	2.5	(19.9)
At 31 December 2018	於二零一八年十二月三十一日	349.0	31.4	380.4
Credited to the consolidated statement of profit or loss	於綜合損益表計入	(21.6)	(10.1)	(31.7)
Credited to the consolidated statement of other comprehensive income	於綜合其他全面收益表計入	–	(1.4)	(1.4)
Currency translation differences	匯兑差額	(5.6)	1.1	(4.5)
At 31 December 2019	於二零一九年十二月三十一日	321.8	21.0	342.8

23 DEFERRED TAXATION (continued)

23 遞延稅項(續)

Deferred income tax assets 遞延所得稅資產		Tax losses 稅項虧損 HK$M 百萬港元	Decelerate tax depreciation 減速稅項折舊 HK$M 百萬港元	Provisions 撥備 HK$M 百萬港元	Unrealised profit on inventories 未變現存貨溢利 HK$M 百萬港元	Others 其他 HK$M 百萬港元	Total 總計 HK$M 百萬港元
At 1 January 2018	於二零一八年一月一日	(65.6)	(20.4)	(25.8)	(2.4)	(53.9)	(168.1)
(Credited)/Charged to the consolidated statement of profit or loss	於綜合損益表(計入)/扣除	(1.4)	4.8	1.1	(0.9)	2.1	5.7
Credited to the consolidated statement of other comprehensive income	於綜合其他全面收益表計入	–	–	–	–	(0.4)	(0.4)
Currency translation differences	匯兑差額	1.8	5.0	2.1	–	5.2	14.1
At 31 December 2018	於二零一八年十二月三十一日	(65.2)	(10.6)	(22.6)	(3.3)	(47.0)	(148.7)
Charged/(Credited) to the consolidated statement of profit or loss	於綜合損益表扣除/(計入)	14.0	(3.8)	10.8	(0.2)	16.5	37.3
Credited to the consolidated statement of other comprehensive income	於綜合其他全面收益表計入	–	–	–	–	(0.5)	(0.5)
Currency translation differences	匯兑差額	1.2	(0.3)	0.7	–	1.0	2.6
At 31 December 2019	於二零一九年十二月三十一日	(50.0)	(14.7)	(11.1)	(3.5)	(30.0)	(109.3)

The Directors do not have an intention to distribute the retained earnings of certain subsidiaries such that deferred income tax liabilities of HK$139.9 million (2018: HK$117.6 million) have not been recognised for the withholding tax and other taxes that would be payable on the unremitted earnings of these subsidiaries. Unremitted earnings totalled HK$630.2 million (2018: HK$604.0 million) as at 31 December 2019.

董事無意分派若干子公司之保留盈利，故尚未就該等子公司的未匯出盈利應繳納的預扣稅及其他稅項確認遞延所得稅負債1億3,990萬港元(二零一八年：1億1,760萬港元)。於二零一九年十二月三十一日，未匯出盈利合共為6億3,020萬港元(二零一八年：6億400萬港元)。

Deferred income tax assets are recognised for tax losses carried forward to the extent that the realisation of the related tax benefit through future taxable profits is probable. The Group did not recognise deferred income tax assets of HK$475.3 million (2018: HK$502.9 million) in respect of tax losses amounting to HK$2,098.7 million (2018: HK$2,017.1 million). Unrecognised tax losses of HK$1,482.6 million (2018: HK$1,337.4 million) have no expiry date and the remaining tax losses will expiry at various dates up to and including 2038 (2018: 2038).

本公司已就結轉之稅項虧損確認遞延所得稅資產，惟僅以有關稅項福利可能透過日後之應課稅溢利變現者為限。本集團並無就稅項虧損20億9,870萬港元(二零一八年：20億1,710萬港元)確認遞延所得稅資產4億7,530萬港元(二零一八年：5億290萬港元)。未確認稅項虧損14億8,260萬港元(二零一八年：13億3,740萬港元)並無屆滿日期，而餘下稅項虧損將於二零三八年(二零一八年：二零三八年)(包括該年)或之前之不同日期屆滿。

24 INVENTORIES

24 存貨

		2019 二零一九年 HK$M 百萬港元	2018 二零一八年 HK$M 百萬港元
Raw materials	原材料	**338.0**	1,036.4
Work-in-progress	在製品	**33.8**	23.8
Finished goods	製成品	**1,124.1**	1,045.5
		1,495.9	2,105.7

The cost of inventories recognised as expense and included in cost of sales amounted to HK$12,123.1 million (2018: HK$16,566.0 million), which included net reversal of provision for inventory of HK$1.9 million (2018: provision for inventory of HK$18.5 million) (Note 8).

確認為開支並計入銷售成本的存貨成本價值121億2,310萬港元（二零一八年：165億6,600萬港元），包括存貨撥備撥回淨額190萬港元（二零一八年：存貨撥備1,850萬港元）（附註8）。

As 31 December 2019, the Group has pledged inventories with a net book value of HK$711.7 million to secure certain borrowings and general facilities to the Group (2018: HK$809.7 million) (Note 37).

於二零一九年十二月三十一日，本集團有賬面淨值為7億1,170萬港元之已抵押存貨，以擔保本集團獲授的若干借款及一般融資（二零一八年：8億970萬港元）（附註37）。

25 TRADE, BILLS AND OTHER RECEIVABLES

25 貿易、票據及其他應收款項

		2019 二零一九年 HK$M 百萬港元	2018 二零一八年 HK$M 百萬港元
Trade receivables	貿易應收款項	**983.1**	1,426.4
Less: loss allowance	減：虧損撥備	**(39.9)**	(62.8)
Trade receivables, net	貿易應收款項淨額	**943.2**	1,363.6
Bills receivables	票據應收款項	**14.1**	3.9
Deposits and prepayments	按金及預付款項	**134.6**	189.9
Deposits paid for purchase of raw materials	購買原材料之已付按金	**39.3**	40.5
VAT recoverable	可退回增值稅	**116.4**	160.6
Other receivables (Note)	其他應收款項（附註）	**128.2**	123.6
		1,375.8	1,882.1

25 TRADE, BILLS AND OTHER RECEIVABLES (continued)

Note: As at 31 December 2019, the balance includes a receivable of HK$64.0 million (2018: HK$65.5 million) from the Taizhou Bay Committee, a government authority in the PRC.

At 31 December 2019, the Group has pledged trade receivables with a net book value of HK$701.7 million (2018: HK$1,030.3 million) to secure certain borrowings and general banking facilities to the Group (Note 37).

At 31 December 2019 and 2018, the aging analysis of the trade receivables based on invoice date was as follows:

25 貿易、票據及其他應收款項（續）

附註： 於二零一九年十二月三十一日，結餘包括來自中國政府當局台州灣管委會應收款項6,400萬港元（二零一八年：6,550萬港元）。

於二零一九年十二月三十一日，本集團有賬面淨值為7億170萬港元（二零一八年：10億3,030萬港元）之已抵押貿易應收款項，以擔保本集團獲授的若干借款及一般銀行融資（附註37）。

於二零一九年及二零一八年十二月三十一日，貿易應收款項按發票日期的賬齡分析如下：

		2019 **二零一九年** **HK$M** **百萬港元**	2018 二零一八年 HK$M 百萬港元
0 – 90 days	0至90日	**885.8**	1,323.5
91 – 180 days	91至180日	**48.1**	45.7
Over 180 days	超過180日	**49.2**	57.2
		983.1	1,426.4

(a) Fair values of trade receivables

Due to the short-term nature of the current receivables, their carrying amount is considered to approximate their fair values.

(a) 貿易應收款項公平值

由於流動應收款項的短期性質，其賬面值被視為與其公平值相若。

25 TRADE, BILLS AND OTHER RECEIVABLES (continued)

(b) Impairment and risk exposure

The Group measures the expected credit losses on the trade receivables by grouping them based on shared credit risk characteristics and the days past due. The expected loss rates are estimated based on the historical credit losses experienced, adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of forward looking economic conditions. On that basis, the loss allowances as at 31 December 2019 and 2018 were determined as follows:

25 貿易、票據及其他應收款項（續）

(b) 減值及風險承擔

本集團根據共同信貸風險特徵及逾期天數就貿易應收款項的預期信貸虧損進行分組計量。預期虧損率按過往信貸虧損經驗估計，並經調整以反映收集歷史資料期間之經濟狀況、現時狀況及本集團前瞻性經濟狀況意見之差異。根據此基準，於二零一九年及二零一八年十二月三十一日的虧損撥備釐定如下：

	Expected credit loss rate 預期信貸虧損率	Gross carrying amount – trade receivables 總賬面值－貿易應收款項 HK$M 百萬港元	Loss allowances 虧損撥備 HK$M 百萬港元
As at 31 December 2019 於二零一九年十二月三十一日			
Active accounts 活躍賬戶			
Current 即期	**0.1% – 5.0%**	**711.1**	**6.1**
Past due 1 – 30 days 逾期1至30天	**0.1% – 25.0%**	**182.6**	**9.8**
Past due 31 – 90 days 逾期31至90天	**0.1% – 70.0%**	**51.0**	**4.1**
Past due over 90 days 逾期超過90天	**0.5% – 100%**	**23.4**	**4.9**
Terminated accounts 終止賬戶	**100%**	**15.0**	**15.0**
Total 總計		**983.1**	**39.9**

25 TRADE, BILLS AND OTHER RECEIVABLES (continued)

25 貿易、票據及其他應收款項（續）

(b) Impairment and risk exposure (continued)

(b) 減值及風險承擔（續）

	Expected credit loss rate 預期信貸虧損率	Gross carrying amount – trade receivables 總賬面值－貿易應收款項 HK$M 百萬港元	Loss allowances 虧損撥備 HK$M 百萬港元
As at 31 December 2018 於二零一八年十二月三十一日			
Active accounts 活躍賬戶			
Current 即期	0.2% – 5.0%	969.4	5.0
Past due 1 – 30 days 逾期1至30天	0.1% – 25.0%	371.5	20.9
Past due 31 – 90 days 逾期31至90天	0.4% – 85.0%	53.1	8.9
Past due over 90 days 逾期超過90天	1.9% – 100%	16.3	11.9
Terminated accounts 終止賬戶	100%	16.1	16.1
Total 總計		1,426.4	62.8

25 TRADE, BILLS AND OTHER RECEIVABLES (continued)

(b) Impairment and risk exposure (continued)

Movements on the Group's loss allowance of trade receivables are as follows:

25 貿易、票據及其他應收款項（續）

(b) 減值及風險承擔（續）

本集團貿易應收款項之虧損撥備之變動情況如下：

		2019 二零一九年 HK$M 百萬港元	2018 二零一八年 HK$M 百萬港元
At 1 January	於一月一日	**62.8**	127.8
(Decrease)/Increase in loss allowance recognised	已確認的虧損撥備（減少）／增加	**(21.0)**	12.1
Receivables written off during the year as uncollectable	年內撇銷作不可收回之應收款項	**(1.3)**	–
Reversal of impairment of trade receivables	貿易應收款項減值撥回	**–**	(74.6)
Currency translation differences	匯兑差額	**(0.6)**	(2.5)
At 31 December	於十二月三十一日	**39.9**	62.8

25 TRADE, BILLS AND OTHER RECEIVABLES (continued)

(b) Impairment and risk exposure (continued)

As at 31 December 2019, provision for impairment of prepayments and other receivables amounted to approximately HK$8.7 million (2018: HK$8.0 million).

The other classes within trade, bills and other receivables do not contain impaired assets. The Group does not hold any collateral as security.

The carrying amounts of the Group's trade receivables, net of provision, are denominated in the following currencies:

25 貿易、票據及其他應收款項（續）

(b) 減值及風險承擔（續）

於二零一九年十二月三十一日，預付款項及其他應收款項減值撥備為約870萬港元（二零一八年：800萬港元）。

貿易、票據及其他應收款項內其他類別並不包含已減值資產。本集團並無持有任何抵押品作擔保。

本集團之貿易應收款項（扣除撥備）之賬面值乃以下列貨幣計值：

		2019 **二零一九年** **HK$M** **百萬港元**	2018 二零一八年 HK$M 百萬港元
RMB	人民幣	**94.9**	36.0
HK$	港元	**0.7**	30.9
EUR	歐元	**540.9**	829.8
US$	美元	**208.7**	329.2
Other currencies	其他貨幣	**98.0**	137.7
		943.2	1,363.6

The carrying amounts of the Group's other receivables are mainly denominated in RMB, EUR and US$ (2018: RMB, EUR and US$) as at 31 December 2019.

於二零一九年十二月三十一日，本集團其他應收款項之賬面值主要以人民幣、歐元及美元（二零一八年：人民幣、歐元及美元）計值。

26 FIXED RETURN INVESTMENT

As at 31 December 2019, the fixed return investment of HK$88.4 million (2018: HK$211.3 million) represented investment carries fixed interest at 7% per annum (2018: 7% per annum). The principal amount and fixed return are guaranteed by a private equity firm and the director of the private equity firm.

26 固定回報投資

於二零一九年十二月三十一日，固定回報投資8,840萬港元（二零一八年：2億1,130萬港元）指按年利率7%（二零一八年：年利率7%）之固定利率計息的投資。本金及固定回報均由該私募股權公司及其董事作擔保。

27 DERIVATIVE FINANCIAL INSTRUMENTS 27 衍生金融工具

		2019 二零一九年 HK$M 百萬港元	2018 二零一八年 HK$M 百萬港元
Derivative financial assets	**衍生金融資產**		
Metal commodities future contracts (Note (i))	金屬商品期貨合約（附註(i)）	**24.3**	34.7
Foreign currency forward contracts (Note (ii))	外幣遠期合約（附註(ii)）	**0.7**	1.4
		25.0	36.1
Derivative financial liabilities	**衍生金融負債**		
Metal commodities future contracts (Note (i))	金屬商品期貨合約（附註(i)）	**(30.1)**	(19.9)
Foreign currency forward contracts (Note (ii))	外幣遠期合約（附註(ii)）	**(0.1)**	(0.6)
		(30.2)	(20.5)

Notes:

(i) Metal commodities future contracts

The Group enters into copper and other metal future contracts and options in order to manage its exposure to the price risk of inventories. These contracts are actively traded in an active market and are measured at fair values based on quoted price as at reporting date, with gain or loss recognised directly in consolidated statement of profit or loss.

The notional principle amount of the outstanding metal commodities future contracts was approximately HK$1,057.2 million (2018: HK$1,600.2 million).

(ii) Foreign currency forward contracts

The Group entered into foreign currency forward contracts in order to mitigate its exposure to the foreign currency risk. These contracts were measured at fair value using quoted forward exchange rates at the end of the reporting period, with gain or loss recognised directly in consolidated statement of profit or loss.

The notional principle amount of the outstanding foreign currency forward contracts were approximately HK$106.2 million (2018: HK$456.9 million).

附註：

(i) 金屬商品期貨合約

本集團訂立銅及其他金屬期貨合約及期權，以管理其存貨的價格風險。該等合約於活躍市場交投活躍並根據於報告日期之報價按公平值計量，相關損益直接於綜合損益表確認。

未結算金屬商品期貨合約的名義本金額為約10億5,720萬港元（二零一八年：16億20萬港元）。

(ii) 外幣遠期合約

本集團訂立外幣遠期合約以減低外匯風險。該等合約於報告期末使用遠期報價匯率按公平值計量，相關損益直接於綜合損益表確認。

未結算外幣遠期合約的名義本金額約為1億620萬港元（二零一八年：4億5,690萬港元）。

28 PLEDGED BANK DEPOSITS AND CASH AND CASH EQUIVALENTS

Pledged bank deposits represent deposits pledged to banks to secure general banking facilities granted to the Group. Deposits amounting to HK$191.7 million (2018: HK$313.6 million) have been pledged to secure bank borrowings, and are therefore classified as current assets (Note 37).

Cash and cash equivalents represent cash and short-term bank deposits with an original maturity of three months or less.

28 已抵押銀行存款及現金及現金等值項目

已抵押銀行存款指向銀行抵押以為本集團獲授的一般銀行信貸作擔保的存款。1億9,170萬港元（二零一八年：3億1,360萬港元）的存款已抵押作銀行借款的擔保，因此被分類為流動資產（附註37）。

現金及現金等值項目指原到期日為三個月或以下的現金及短期銀行存款。

		2019 **二零一九年** **HK$M** **百萬港元**	2018 二零一八年 HK$M 百萬港元
Cash at bank and on hands	銀行及手頭現金	**783.3**	696.5
Security deposit (Note)	保證金（附註）	**1.5**	0.6
Total cash and cash equivalents as per consolidated statement of cash flows	綜合現金流量表之現金及現金等值項目總額	**784.8**	697.1

Note: The balance represents a deposit placed with a financial institution as security for open metal commodity future contracts. The security deposit is non-interest bearing.

附註：結餘指存入金融機構作為未結算金屬商品期貨合約擔保的按金。保證金為不計息。

29 SHARE CAPITAL

Authorised share capital

29 股本

法定股本

		Numbers of shares 股份數目 (Thousands) （千股）	Share capital 股本 HK$M 百萬港元
Ordinary shares of HK$0.01 each at 1 January 2018, 31 December 2018, 1 January 2019 and 31 December 2019	於二零一八年一月一日、二零一八年十二月三十一日、二零一九年一月一日及二零一九年十二月三十一日之每股面值0.01港元之普通股	**5,000,000**	50
Issued and fully paid	**已發行及繳足**		
At 1 January 2018, 31 December 2018, 1 January 2019 and 31 December 2019	於二零一八年一月一日、二零一八年十二月三十一日、二零一九年一月一日及二零一九年十二月三十一日	**1,605,153**	16.1

30 OTHER RESERVES

30 其他儲備

		Share premium 股份溢價 HK$M 百萬港元	Capital redemption reserve 資本贖回儲備 HK$M 百萬港元	Capital reserve 資本儲備 HK$M 百萬港元 (Note (i)) (附註(i))	Statutory general reserve 法定一般儲備 HK$M 百萬港元 (Note (ii)) (附註(ii))	Enterprise expansion fund 企業擴充基金 HK$M 百萬港元 (Note (ii)) (附註(ii))	Remeasurement on financial assets 重新計量金融資產 HK$M 百萬港元 (Note 21) (附註21)	Remeasurement of pension plans 重新計量退休金計劃 HK$M 百萬港元	Foreign currency translation reserve 外幣匯兑儲備 HK$M 百萬港元	Total 總計 HK$M 百萬港元
At 1 January 2018	於二零一八年一月一日	5,911.9	0.3	210.9	107.0	106.9	–	0.4	681.5	7,018.9
Currency translation differences on foreign operations	海外業務之匯兑差額	–	–	–	–	–	–	–	(301.0)	(301.0)
Remeasurement of post-employment benefit obligations, net of tax	重新計量僱員結束服務後之福利責任，扣除稅項	–	–	–	–	–	–	2.0	–	2.0
Transfer of reserves	儲備轉撥	–	–	–	0.1	0.2	–	–	–	0.3
At 31 December 2018	於二零一八年十二月三十一日	5,911.9	0.3	210.9	107.1	107.1	–	2.4	380.5	6,720.2
At 1 January 2019	於二零一九年一月一日	**5,911.9**	**0.3**	**210.9**	**107.1**	**107.1**	**–**	**2.4**	**380.5**	**6,720.2**
Currency translation differences on foreign operations	海外業務之匯兑差額	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(90.7)**	**(90.7)**
Change in the fair value of financial assets at fair value through other comprehensive income, net of tax	按公平值計入其他全面收益之金融資產之公平值變動，扣除稅項	**–**	**–**	**–**	**–**	**–**	**(6.1)**	**–**	**–**	**(6.1)**
Remeasurement of post-employment benefit obligations, net of tax	重新計量僱員結束服務後之福利責任，扣除稅項	**–**	**–**	**–**	**–**	**–**	**–**	**(4.1)**	**–**	**(4.1)**
Share of other comprehensive loss of joint ventures	應佔合營企業之其他全面虧損	**–**	**–**	**–**	**–**	**–**	**–**	**(4.4)**	**–**	**(4.4)**
At 31 December 2019	**於二零一九年十二月三十一日**	**5,911.9**	**0.3**	**210.9**	**107.1**	**107.1**	**(6.1)**	**(6.1)**	**289.8**	**6,614.9**

Notes:

(i) Capital reserve represents the sum of (a) the difference between the nominal value of the aggregate share capital and share premium of the subsidiaries acquired by the Company upon a group reorganisation in 2008 and the nominal value of the Company's shares issued in exchange and (b) a capitalisation of shareholders' loans in 2010.

(ii) Statutory general reserve and enterprise expansion fund represent the appropriation of 10% of profit after tax determined based on the relevant accounting rules and regulations of the PRC as required by the Articles of Association of the Company's PRC subsidiaries. The appropriation may cease to apply if the balance of the statutory general reserve and enterprise expansion fund has reached 50% of the PRC subsidiaries' registered capital. The statutory general reserve and enterprise expansion fund can be used to make up prior year losses or to increase share capital.

附註：

(i) 資本儲備指(a)本公司於二零零八年集團重組時所收購子公司股本及股份溢價總額之面值與本公司交換股權所發行股份之面值的差額及(b)二零一零年資本化股東貸款之總和。

(ii) 本公司中國子公司的組織章程細則規定，須根據中國相關會計規則及法規釐定將除稅後溢利10%撥入法定一般儲備及企業發展基金。倘法定一般儲備及企業發展基金餘額達中國子公司註冊資本的50%，則可終止撥備。法定一般儲備及企業發展基金可用於彌補過往年度虧損或增加股本。

31 NON-CONTROLLING INTERESTS 31 非控股權益

		Share of net liabilities of subsidiaries 所佔子公司負債淨額	
		2019 二零一九年 HK$M 百萬港元	2018 二零一八年 HK$M 百萬港元
At 1 January	於一月一日	**(29.4)**	(26.0)
Transactions with non-controlling interests	與非控股權益進行交易	**25.9**	–
Share of loss for the year, net	年內所佔虧損淨額	**(5.1)**	(2.2)
Share of other comprehensive loss, net	應佔其他全面虧損淨額	**(1.7)**	(1.2)
At 31 December	於十二月三十一日	**(10.3)**	(29.4)

32 BORROWINGS 32 借款

		2019 二零一九年 HK$M 百萬港元	2018 二零一八年 HK$M 百萬港元
Non-current	**非流動**		
Bank borrowings (Note (a))	銀行借款（附註(a)）	**226.4**	388.7
Other borrowings (Note (a))	其他借款（附註(a)）	**–**	1,738.1
Finance lease liabilities (Note (b))	融資租賃負債（附註(b)）	**–**	302.3
		226.4	2,429.1
Current	**流動**		
Bank borrowings (Note (a))	銀行借款（附註(a)）	**547.3**	971.5
Other borrowings (Note (a))	其他借款（附註(a)）	**2,021.7**	250.5
Finance lease liabilities (Note (b))	融資租賃負債（附註(b)）	**–**	136.5
		2,569.0	1,358.5
Total borrowings	**借款總額**	**2,795.4**	3,787.6

32 BORROWINGS (continued)

Notes:

(a) Bank and other borrowings

Bank borrowings mature at various dates up to 2029 (2018: 2025) and bear average coupons ranging from 1.1% to 8.5% per annum (2018: 1.2% to 8.0% per annum).

As at 31 December 2019 and 2018, the Group's bank and other borrowings were repayable as follows:

32 借款(續)

附註:

(a) 銀行及其他借款

銀行借款於不同日期到期,直至二零二九年為止(二零一八年:二零二五年),平均票面年利率介乎1.1%至8.5%(二零一八年:年利率1.2%至8.0%)。

於二零一九年及二零一八年十二月三十一日,本集團銀行及其他借款之到期還款情況如下:

		Bank borrowings 銀行借款		Other borrowings 其他借款		Total 總計	
		2019 二零一九年 HK$M 百萬港元	2018 二零一八年 HK$M 百萬港元	**2019 二零一九年 HK$M 百萬港元**	2018 二零一八年 HK$M 百萬港元	**2019 二零一九年 HK$M 百萬港元**	2018 二零一八年 HK$M 百萬港元
Within 1 year	一年內	**547.3**	971.5	**2,021.7**	250.5	**2,569.0**	1,222.0
Between 1 and 2 years	一至兩年	**180.1**	125.4	**–**	1,738.1	**180.1**	1,863.5
Between 2 and 5 years	兩至五年	**41.2**	252.5	**–**	–	**41.2**	252.5
Over 5 years	五年以上	**5.1**	10.8	**–**	–	**5.1**	10.8
		226.4	388.7	**–**	1,738.1	**226.4**	2,126.8
		773.7	1,360.2	**2,021.7**	1,988.6	**2,795.4**	3,348.8

The carrying amounts of the bank and other borrowings are denominated in the following currencies:

銀行及其他借款之賬面值乃以下列貨幣計值:

		2019 二零一九年 HK$M 百萬港元	2018 二零一八年 HK$M 百萬港元
EUR	歐元	**541.1**	525.3
US$	美元	**1,854.1**	2,315.2
RMB	人民幣	**273.1**	371.7
Czech Koruna ("CZK")	捷克克朗(「捷克克朗」)	**82.5**	61.8
Danish Krone ("DKK")	丹麥克朗(「丹麥克朗」)	**9.9**	12.0
Polish Zloty ("PLN")	波蘭茲羅提(「茲羅提」)	**34.7**	62.8
		2,795.4	3,348.8

32 BORROWINGS (continued)

Notes: (continued)

(a) Bank and other borrowings (continued)

As at 31 December 2019, the Group had aggregate facilities of approximately HK$5,969.2 million (2018: HK$6,614.2 million) for loans, factoring and guarantees. Unused facilities as at the same date amounted to approximately HK$2,393.2 million (2018: HK$2,341.4 million) which were uncommitted facilities. These facilities are secured/guaranteed by certain properties, plant and equipment, right-of-use assets, investment properties, inventories, trade receivables and bank deposits (2018: properties, plant and equipment, leasehold land use rights, inventories, trade receivables and bank deposits) with an aggregate amount of HK$3,807.4 million (2018: HK4,308.3 million) (Note 37).

During the year ended 31 December 2018, the Group has drawn down a new 2-year syndicated term loan of US$220.0 million to early repay certain other borrowings and note payable. The loan was guaranteed by USUMHK and Mr. Tu. The Group has pledged the shares of certain subsidiaries to secure the loan. Subsequent to year ended 31 December 2019, the maturity date of the syndicated term loan has been extended to March 2021 with some terms, amongst which certain financial and non-financial undertakings, have been revised.

The carrying amounts of the borrowings approximate their fair values.

(b) Finance lease liabilities

From 1 January 2019, lease liabilities are presented as a separate line item in the consolidated balance sheet (Notes 2.1.2 (a) and 33).

32 借款（續）

附註：（續）

(a) 銀行及其他借款（續）

於二零一九年十二月三十一日，本集團就貸款、保理及擔保之信貸總額約為59億6,920萬港元（二零一八年：66億1,420萬港元）。同日未動用信貸約為23億9,320萬港元（二零一八年：23億4,140萬港元），其為未承諾信貸。該等信貸乃由若干物業、廠房及設備、使用權資產、投資物業、存貨、貿易應收款項及銀行存款（二零一八年：物業、廠房及設備、租賃土地使用權、存貨、貿易應收款項及銀行存款）總額38億740萬港元（二零一八年：43億830萬港元））作抵押／擔保（附註37）。

截至二零一八年十二月三十一日止年度，本集團已提取新2年期銀團定期貸款2億2,000萬美元以提早償還若干其他借款及應付票據。該貸款由渝商香港及涂先生擔保。本集團已抵押若干子公司的股份以擔保貸款。於截至二零一九年十二月三十一日止年度後，銀團定期貸款之到期日已延長至二零二一年三月，且若干條款（其中包括若干財務及非財務承擔）已獲修訂。

借款的賬面值與其公平值相若。

(b) 融資租賃負債

自二零一九年一月一日起，租賃負債於綜合資產負債表內作為單獨項目呈列（附註2.1.2 (a)及33）。

33 LEASE LIABILITIES

The Group leases various land and land use rights, property, plant, equipment and intangible assets (Note 16). Rental contracts are typically made for fixed periods of 2 to 6 years but may have extension options. 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.

The following table shows the remaining contractual maturities of the Group's lease liabilities as at 31 December 2019:

33 租賃負債

本集團租賃各類土地及土地使用權、物業、廠房、設備及無形資產(附註16)。租賃合約通常訂有二至六年的固定期限,惟可擁有延期選擇權。租賃條款按個別基準進行磋商,包含多種不同的條款及條件。租賃協議不構成任何契諾。

下表顯示本集團租賃負債於二零一九年十二月三十一日之餘下合約到期情況:

		2019 二零一九年 HK$M 百萬港元
Gross lease liabilities – minimum lease payments	**租賃負債總額 – 最低租賃付款**	
No later than 1 year	不遲於一年	**216.2**
Later than 1 year and no later than 5 years	遲於一年但不遲於五年	**537.6**
Later than 5 years	遲於五年	**117.6**
		871.4
Future finance charges on leases	租賃的未來融資支出	**(110.3)**
Present value of lease liabilities	**租賃負債的現值**	**761.1**
The present value of lease liabilities is as follows:	**租賃負債的現值如下:**	
No later than 1 year	不遲於一年	**191.7**
Later than 1 year	遲於一年	**569.4**
		761.1

Interest expenses on lease liabilities of HK$18.5 million was charged to finance cost for the year ended 31 December 2019 (Note 10).

租賃負債之利息開支1,850萬港元已計入截至二零一九年十二月三十一日止年度之財務成本(附註10)。

The total cash outflow for leases was HK$232.2 million for the year ended 31 December 2019.

截至二零一九年十二月三十一日止年度之租賃現金流出總額為2億3,220萬港元。

34 RETIREMENT BENEFIT PLANS

The table below outlines where the Group's post-employment amounts and activity are included in the consolidated financial statements.

34 退休福利計劃

下表概述本集團計入綜合財務報表之僱員結束服務後之金額及活動。

		2019 **二零一九年** **HK$M** **百萬港元**	2018 二零一八年 HK$M 百萬港元
Consolidated balance sheet obligations for:	綜合資產負債表就以下各項之責任：		
Defined benefit plans (Note (b))	界定福利計劃（附註(b)）	**27.3**	23.4
Consolidated statement of profit or loss charges included in operating profit for:	綜合損益表就以下各項計入經營溢利之支出：		
Defined contribution plans (Note (a))	界定供款計劃（附註(a)）	**107.7**	108.1
Defined benefit plans (Note (b))	界定福利計劃（附註(b)）	**0.5**	0.6
		108.2	108.7
Remeasurements for:	就以下各項之重新計量：		
Defined benefit plans (Note (b))	界定福利計劃（附註(b)）	**4.6**	(1.6)

34 RETIREMENT BENEFIT PLANS (continued)

(a) Defined contribution plans

The Group operates a couple of defined contribution plans which receive fixed contributions from group companies. The Group's legal or constructive obligation for these plans is limited to the contributions. The expense recognised in the current year in relation to these contributions was HK$107.7 million (2018: HK$108.1 million).

(b) Defined benefit plans

The Group operates several defined benefit pension plans for selected former and active employees of the Group's certain subsidiaries in Germany. The plans provide benefits in the form of a guaranteed level of pension payable for life. The plans are mostly financed by the Group's internal resources. A part of the plans is covered by plans assets in the form of reinsurance policies.

The Group's major plans are valued by qualified actuaries annually using the projected unit credit method. The amounts recognised in the consolidated balance sheet are determined as follows:

34 退休福利計劃（續）

(a) 界定供款計劃

本集團設有多個界定供款計劃，其自集團公司收取定額供款。本集團就該等計劃之法定或推定責任以供款為限。本年度就該等供款確認之開支為1億770萬港元（二零一八年：1億810萬港元）。

(b) 界定福利計劃

本集團就本集團於德國的若干子公司的經選定前任及在任僱員運作若干界定福利退休計劃。該等計劃按保證水平提供足夠應付生活所需的退休金福利。該等計劃大部分由本集團內部資源撥資。而該等計劃部分由以再保險保單形式的計劃資產保障。

本集團之主要計劃每年由合資格精算師使用預期單位記賬法估值。於綜合資產負債表內確認之金額乃按以下方式釐定：

		2019 **二零一九年** **HK$M** **百萬港元**	2018 二零一八年 HK$M 百萬港元
Present value of funded obligations	有補助責任的現值	**14.3**	11.8
Present value of unfunded obligations	無補助責任的現值	**19.2**	17.3
Fair value of plan assets	計劃資產的公平值	**(6.2)**	(5.7)
Liabilities in the consolidated balance sheet	綜合資產負債表的負債	**27.3**	23.4

34 RETIREMENT BENEFIT PLANS (continued)

(b) Defined benefit plans (continued)

The movement in the present values of defined benefit obligations and fair value of plan assets over the year is as follows:

34 退休福利計劃（續）

(b) 界定福利計劃（續）

年內界定福利責任的現值與計劃資產的公平值變動如下：

		2019 二零一九年		
		Present value of defined benefit obligations 界定福利責任的現值 HK$'M 百萬港元	Fair value of plan assets 計劃資產的公平值 HK$'M 百萬港元	Total 總計 HK$'M 百萬港元
At 1 January	於一月一日	29.1	(5.7)	23.4
Current service cost	當期服務成本	0.5	–	0.5
Interest expense	利息開支	0.5	–	0.5
Interest income	利息收入	–	(0.2)	(0.2)
		30.1	(5.9)	24.2
Remeasurements:	**重新計量：**			
Effects from change in financial assumptions	財務假設變動的影響	4.3	–	4.3
Effect from other experienced based adjustments	其他按經驗作出的調整的影響	0.4	–	0.4
Return on plan assets, excluding amounts included in interest income	計劃資產的回報，不包括計入利息收入的金額	–	(0.1)	(0.1)
		4.7	(0.1)	4.6
Currency translation differences	**匯兑差額**	(0.1)	0.1	–
Contributions	**供款**			
– Employers	－僱主	–	(0.3)	(0.3)
Payments from plans:	**計劃付款：**			
– Benefit payments	－福利付款	(1.2)	–	(1.2)
As at 31 December	**於十二月三十一日**	33.5	(6.2)	27.3

34 RETIREMENT BENEFIT PLANS (continued)

34 退休福利計劃（續）

(b) Defined benefit plans (continued)

(b) 界定福利計劃（續）

		2018 二零一八年		
		Present value of defined benefit liability 界定福利責任的現值 HK$'M 百萬港元	Fair value of plan assets 計劃資產的公平值 HK$'M 百萬港元	Total 總計 HK$'M 百萬港元
At 1 January	於一月一日	32.2	(5.5)	26.7
Current service cost	當期服務成本	0.6	–	0.6
Interest expense	利息開支	0.5	–	0.5
Interest income	利息收入	–	(0.1)	(0.1)
		33.3	(5.6)	27.7
Remeasurements:	**重新計量：**			
Effects from change in financial assumptions	財務假設變動的影響	(1.5)	–	(1.5)
Return on plan assets, excluding amounts included in interest income	計劃資產的回報，不包括計入利息收入的金額	–	(0.1)	(0.1)
		(1.5)	(0.1)	(1.6)
Currency translation differences	**匯兑差額**	(1.4)	0.4	(1.0)
Contributions	**供款**			
– Employers	－僱主	(1.3)	(0.4)	(1.7)
As at 31 December	**於十二月三十一日**	29.1	(5.7)	23.4

34 RETIREMENT BENEFIT PLANS (continued)

(b) Defined benefit plans (continued)

The principal actuarial assumptions used are as follows:

34 退休福利計劃（續）

(b) 界定福利計劃（續）

所採用的主要精算假設如下：

		2019 **二零一九年** **HK$M** **百萬港元**	2018 二零一八年 HK$M 百萬港元
Discount rate	貼現率	**0.65%**	1.8%
Future pension increase rate	未來退休金增加比率	**1% – 2%**	1% – 2%
Future salary increase rate	未來加薪比率	**0% – 3%**	0% – 3%

The sensitivity of the defined benefit plans to changes in the weighted principal assumptions is:

界定福利計劃對加權主要假設變動之敏感度如下：

		Impact on defined benefit liabilities **對界定福利責任的影響**					
		2019 **二零一九年**			2018 二零一八年		
		Change in assumption **假設變動**	**Increase in assumption** **假設增加** **HK$M** **百萬港元**	**Decrease in assumption** **假設減少** **HK$M** **百萬港元**	Change in assumption 假設變動	Increase in assumption 假設增加 HK$M 百萬港元	Decrease in assumption 假設減少 HK$M 百萬港元
Discount rate	貼現率	**0.50%**	**decrease by 2.1** **減少2.1**	**increase by 2.3** **增加2.3**	0.50%	decrease 1.6 減少1.6	increase 2.0 增加2.0
Pension increase rate	退休金增加比率	**0.50%**	**increase by 1.0** **增加1.0**	**decrease by 1.0** **減少1.0**	0.25%	increase 0.9 增加0.9	decrease 0.7 減少0.7

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligations to significant actuarial assumptions the same method (present value of the defined benefit obligations calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liabilities recognised within the consolidated balance sheet.

上述敏感度分析乃以一項假設出現變動而其他所有假設維持不變為基礎。實際上，這不大可能發生，且若干假設的變動可能互有關連。計算界定福利責任對重大精算假設之敏感度時，已應用與在綜合資產負債表計算確認之退休金責任相同之方法，即以預期單位記賬法計算於報告期末之界定福利責任現值。

35 TRADE, BILLS AND OTHER PAYABLES

35 貿易、票據及其他應付款項

		2019 二零一九年 HK$M 百萬港元	2018 二零一八年 HK$M 百萬港元
Trade payables	貿易應付款項	**639.3**	1,042.9
Contract liabilities (Note (i))	合約負債（附註(i)）	**40.0**	25.4
Other taxes payable	其他應付稅項	**67.5**	70.9
Accrued salaries and employee benefits	應計薪金及僱員福利	**143.5**	159.3
Provision for claims and contingencies	索償及或然事項撥備	**17.7**	20.5
Accrued professional expenses	應計專業開支	**22.6**	28.9
Asset retirement obligations	資產報廢責任	**72.8**	84.8
Other payables and accruals (Note (ii))	其他應付款項及應計費用（附註(ii)）	**160.1**	410.2
		1,163.5	1,842.9
Less: non-current portion	減：非流動部分		
Asset retirement obligations	資產報廢責任	**(72.8)**	(84.8)
Other payables	其他應付款項	**(23.8)**	(25.9)
		1,066.9	1,732.2

35 TRADE, BILLS AND OTHER PAYABLES (continued)

Notes:

(i) Revenue recognised in relation to contract liabilities

The following table shows how much of the revenue recognised in the current reporting period relates to carried-forward contract liabilities.

35 貿易、票據及其他應付款項（續）

附註：

(i) 就合約負債確認的收益

下表列示於本報告期間內確認的與結轉合約負債相關的收益。

		2019 二零一九年 HK$M 百萬港元	2018 二零一八年 HK$M 百萬港元
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	包括在年初合約負債結餘內的已確認收益	**25.4**	17.9

(ii) As at 31 December 2018, the balance included the contingent consideration payable with respect to the acquisition of Scholz Group and its debt restructuring programme in 2016. In 2019, the directors of the Company considered the Group's obligation for the contingent consideration was released as the predetermined conditions were not met.

(ii) 於二零一八年十二月三十一日，結餘包括於二零一六年就收購順爾茨集團及其債務重組計劃相關的應付或然代價。於二零一九年，由於預定條件並未獲達成，故本公司董事認為本集團有關或然代價之義務已獲解除。

The aging analysis of the trade payables based on invoice date was as follows:

貿易應付款項根據發票日期之賬齡分析如下：

		2019 二零一九年 HK$M 百萬港元	2018 二零一八年 HK$M 百萬港元
0 – 90 days	0至90日	**601.3**	1,007.9
91 – 180 days	91至180日	**12.5**	14.9
Over 180 days	超過180日	**25.5**	20.1
		639.3	1,042.9

The carrying amounts of the trade, bills and other payables approximate their fair values.

貿易、票據及其他應付款項之賬面值與其公平值相若。

36 FINANCIAL INSTRUMENTS BY CATEGORY 36 按類別劃分之金融工具

		Assets at amortisation cost 按攤銷成本列賬之資產 HK$M 百萬港元	Assets at fair value through profit or loss 按公平值計入損益之資產 HK$M 百萬港元	Assets at fair value through the other comprehensive income 按公平值計入其他全面收益之資產 HK$M 百萬港元	Total 總計 HK$M 百萬港元
31 December 2019	**二零一九年十二月三十一日**				
Assets as per consolidated balance sheet	綜合資產負債表之資產				
Trade, bills and other receivables excluding non-financial assets	貿易、票據及其他應收款項，不包括非金融資產	1,081.0	–	–	1,081.0
Fixed return investment	固定回報投資	88.4	–	–	88.4
Amount due from related parties	應收關聯方款項	47.9	–	–	47.9
Derivative financial instruments	衍生金融工具	–	25.0	–	25.0
Pledged bank deposits	已抵押銀行存款	191.7	–	–	191.7
Cash and cash equivalents	現金及現金等值項目	784.8	–	–	784.8
Financial assets at fair value through profit or loss	按公平值計入損益之金融資產	–	1.9	–	1.9
Financial assets at fair value through other comprehensive income	按公平值計入其他全面收益之金融資產	–	–	98.7	98.7
Other non-current assets, excluding non-financial assets	其他非流動資產，不包括非金融資產	5.5	–	–	5.5
Total	**總計**	2,199.3	26.9	98.7	2,324.9

36 FINANCIAL INSTRUMENTS BY CATEGORY (continued)

36 按類別劃分之金融工具（續）

		Assets at amortisation cost 按攤銷成本列賬之資產 HK$M 百萬港元	Assets at fair value through profit or loss 按公平值計入損益之資產 HK$M 百萬港元	Assets at fair value through the other comprehensive income 按公平值計入其他全面收益之資產 HK$M 百萬港元	Total 總計 HK$M 百萬港元
31 December 2018	**二零一八年十二月三十一日**				
Assets as per consolidated balance sheet	綜合資產負債表之資產				
Trade, bills and other receivables excluding non-financial assets	貿易、票據及其他應收款項，不包括非金融資產	1,484.1	–	–	1,484.1
Fixed return investment	固定回報投資	211.3	–	–	211.3
Amount due from related parties	應收關聯方款項	68.2	–	–	68.2
Derivative financial instruments	衍生金融工具	–	36.1	–	36.1
Pledged bank deposits	已抵押銀行存款	313.6	–	–	313.6
Cash and cash equivalents	現金及現金等值項目	697.1	–	–	697.1
Financial assets at fair value through profit or loss	按公平值計入損益之金融資產	–	0.8	–	0.8
Financial assets at fair value through other comprehensive income	按公平值計入其他全面收益之金融資產	–	–	111.0	111.0
Other non-current assets, excluding non-financial assets	其他非流動資產，不包括非金融資產	1.9	–	–	1.9
Total	總計	2,776.2	36.9	111.0	2,924.1

36 FINANCIAL INSTRUMENTS BY CATEGORY (continued)

36 按類別劃分之金融工具（續）

		Other financial liabilities at amortised cost 按攤銷成本列賬之其他金融負債 HK$M 百萬港元	Liabilities at fair value through profit or loss 按公平值計入損益之負債 HK$M 百萬港元	Total 總計 HK$M 百萬港元
31 December 2019	**二零一九年十二月三十一日**			
Liabilities as per consolidated balance sheet	綜合資產負債表之負債			
Borrowings (Note)	借款（附註）	**2,795.4**	**–**	**2,795.4**
Lease liabilities (Note)	租賃負債（附註）	**761.1**	**–**	**761.1**
Derivative financial instruments	衍生金融工具	**–**	**30.2**	**30.2**
Trade, bills and other payables, excluding non-financial liabilities	貿易、票據及其他應付款項，不包括非金融負債	**828.3**	**–**	**828.3**
Amounts due to related parties	應付關聯方款項	**37.5**	**–**	**37.5**
Total	總計	**4,422.3**	**30.2**	**4,452.5**
31 December 2018	二零一八年十二月三十一日			
Liabilities as per consolidated balance sheet	綜合資產負債表之負債			
Borrowings (Note)	借款（附註）	3,787.6	–	3,787.6
Derivative financial instruments	衍生金融工具	–	20.5	20.5
Trade, bills and other payables excluding non-financial liabilities	貿易、票據及其他應付款項，不包括非金融負債	1,204.8	182.9	1,387.7
Amounts due to related parties	應付關聯方款項	66.3	–	66.3
Total	總計	5,058.7	203.4	5,262.1

Note: See Note 2.2.1(a) for details on the impact from changes in accounting policies.

附註：有關會計政策變動之影響詳情見附註2.2.1(a)。

37 PLEDGES OF ASSETS

At the end of the reporting year, the Group has pledged the following assets to secure certain borrowings and general banking facilities granted to the Group:

37 資產抵押

於報告年度末，本集團已抵押以下資產，以擔保授予本集團之若干借款及一般銀行信貸：

		2019 **二零一九年** **HK$M** **百萬港元**	2018 二零一八年 HK$M 百萬港元
Property, plant and equipment	物業、廠房及設備	**1,905.0**	1,838.3
Leasehold land and land use rights (Note)	租賃土地及土地使用權（附註）	**–**	316.4
Right-of-use assets (Note)	使用權資產（附註）	**288.2**	–
Investment properties	投資物業	**9.1**	–
Inventories	存貨	**711.7**	809.7
Trade receivables	貿易應收款項	**701.7**	1,030.3
Pledged bank deposits	已抵押銀行存款	**191.7**	313.6
		3,807.4	4,308.3

Note: See Note 2.1.2(a) for details on the impact from changes in accounting policies.

附註：有關會計政策變動之影響詳情見附註2.1.2(a)。

38 COMMITMENTS

(a) Capital commitments

As at 31 December 2019 and 2018, significant capital expenditure contracted for but not yet incurred is as follows:

38 承擔

(a) 資本承擔

於二零一九年及二零一八年十二月三十一日，已訂約但未產生之重大資本開支如下：

		2019 **二零一九年** **HK$M** **百萬港元**	2018 二零一八年 HK$M 百萬港元
Capital expenditure contracted for but not provided in the consolidated financial statements in respect of:	已訂約但未於綜合財務報表中撥備的資本開支：		
– acquisition of property, plant and equipment	－收購物業、廠房及設備	**118.8**	95.9
– additions in construction in progress	－添置在建工程	**2.2**	16.6
– investment in joint ventures	－投資合營企業	**7.9**	4.1
		128.9	116.6
Authorised but not contracted for:	已授權但尚未訂約：		
– additions in construction in progress	－添置在建工程	**2.0**	0.8

38 COMMITMENTS (continued)

(b) Operating lease commitments – as lessee

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

38 承擔(續)

(b) 經營租賃承擔－作為承租人

根據不可撤銷經營租賃之未來最低租賃付款總額如下：

		2019 二零一九年 HK$M 百萬港元 Note (i) 附註(i)	2018 二零一八年 HK$M 百萬港元
No later than 1 year	不遲於一年	–	52.1
Later than 1 year and no later than 5 years	遲於一年但不遲於五年	–	79.1
Later than 5 years	遲於五年	–	50.2
		–	181.4

Note: See Note 2.1.2(a) for details on the impact from changes in accounting policies.

附註：有關會計政策變動之影響詳情見附註2.1.2(a)。

(c) Operating lease commitments – as lessor

The future aggregate minimum lease payments receivable under non-cancellable operating leases are as follows:

(c) 經營租賃承擔－作為出租人

根據不可撤銷經營租賃之未來最低租賃付款總額如下：

		2019 二零一九年 HK$M 百萬港元	2018 二零一八年 HK$M 百萬港元
No later than 1 year	不遲於一年	**27.9**	11.9
Later than 1 year and no later than 5 years	遲於一年但不遲於五年	**41.4**	41.0
Later than 5 years	遲於五年	**32.9**	31.6
		102.2	84.5

39 RELATED PARTIES TRANSACTIONS

The Group is controlled by USUMHK which owns 62.85% of the Company's shares. The remaining 37.15% of the shares are widely held. The ultimate holding company of the Group is Loncin Group Co., Ltd (incorporated in the PRC). The ultimate controlling party of the Group is Mr. Tu.

(a) Transactions

In addition to those disclosed elsewhere in the consolidated financial statements, the Group had the following transactions with its related parties during the years ended 31 December 2019 and 2018.

All of the transactions were carried out in the normal course of the Group's business and on terms as agreed between the transacting parties. They are summarised as follows:

39 關聯方交易

本集團由渝商香港控制，渝商香港擁有本公司62.85%股份。其餘37.15%股份由廣泛持有人持有。本集團最終控股公司為隆鑫集團有限公司（於中國註冊成立）。本集團最終控制方為涂先生。

(a) 交易

除已於綜合財務報表其他部分披露外，本集團於截至二零一九年及二零一八年十二月三十一日止年度曾與其關聯方進行以下交易。

所有交易均於本集團日常業務過程中按交易雙方所協定的條款進行，詳情概述如下：

		2019 **二零一九年** **HK$M** **百萬港元**	2018 二零一八年 HK$M 百萬港元
Sales of goods to	向以下各方銷售貨品		
– Joint ventures	–合營企業	**99.6**	97.7
– Related parties	–關聯方	**173.3**	608.1
Purchases of goods from	自以下各方採購貨品		
– An associate	–聯營公司	**(41.3)**	–
– Joint ventures	–合營企業	**(259.8)**	(279.3)
– Related parties	–關聯方	**(108.5)**	(150.2)
Interest income from	來自以下各方的利息收入		
– Joint ventures	–合營企業	**1.0**	1.1
– Related parties	–關聯方	**0.5**	2.7
Interest expense to	向以下各方支付的利息開支		
– Related parties	–關聯方	**(0.6)**	(0.6)

39 RELATED PARTIES TRANSACTIONS (continued) 39 關聯方交易（續）

(a) Transactions (continued) (a) 交易（續）

		2019 二零一九年 HK$M 百萬港元	2018 二零一八年 HK$M 百萬港元
Sales of property, plant and equipment to – A related party	向以下各方銷售物業、廠房及設備 －一名關聯方	**1.1**	–
Other income from (Note (i))	來自以下各方的其他收入（附註(i)）		
– Joint ventures	－合營企業	**2.6**	1.2
– Related parties	－關聯方	**5.2**	2.5
Administrative expenses to (Note (ii))	向以下各方支付的行政開支（附註(ii)）		
– Joint ventures	－合營企業	**(0.7)**	(0.1)
– Related parties	－關聯方	**(1.0)**	(2.2)

Notes:

(i) Other income mainly comprised management fee income, rental income, service income and commission income.

(ii) Administrative expenses mainly comprised management fee, lease expense and service fee.

附註：

(i) 其他收入主要包括管理費收入、租金收入、服務收入及佣金收入。

(ii) 行政開支主要包括管理費、租金開支及服務費。

39 RELATED PARTIES TRANSACTIONS (continued)

39 關聯方交易（續）

(b) Key management compensation

Key management includes chairman of the Company, all directors, chief executive officer, chief financial officer, chief operation officer and chief investment officer. The compensations paid or payable to key management for employee services are shown below:

(b) 主要管理層薪酬

主要管理層包括本公司主席、全體董事、行政總裁、首席財務官、首席營運官及首席投資官。就提供僱員服務而已付或應付主要管理層的薪酬列示如下：

		2019 **二零一九年** **HK$M** **百萬港元**	2018 二零一八年 HK$M 百萬港元
Wages and salaries, including restructuring costs and other termination benefits	工資及薪金，包括重組成本及其他終止僱傭福利	**27.1**	29.6
Pension costs – defined contribution plans	退休金成本－界定供款計劃	**0.1**	0.1
Other employee benefits	其他僱員福利	**0.7**	1.6
Total	**總計**	**27.9**	31.3

(c) Year-end balances

(c) 年終結餘

		2019 **二零一九年** **HK$M** **百萬港元**	2018 二零一八年 HK$M 百萬港元
Receivables from:	應收以下各方款項：		
– Joint ventures (Note (i))	－合營企業（附註(i)）	**33.9**	38.3
– Related parties (Note (i))	－關聯方（附註(i)）	**14.0**	29.9
		47.9	68.2
Payables to:	應付以下各方款項：		
– Joint ventures (Note (ii))	－合營企業（附註(ii)）	**(15.5)**	(29.6)
– Related parties (Note (ii))	－關聯方（附註(ii)）	**(22.0)**	(36.7)
		(37.5)	(66.3)

39 RELATED PARTIES TRANSACTIONS (continued)

(c) Year-end balances (continued)

Notes:

(i) The receivables from joint ventures and related parties include trade receivables and other receivables. Trade receivables are repayable within 60 days, and other receivables are repayable on demand. Both of them are unsecured and non-interest bearing.

(ii) The payables to joint ventures and related parties include trade payables and other payables. Trade payables are repayable within 60 days, and other payable are repayable on demand. Both of them are unsecured and non-interest bearing.

39 關聯方交易（續）

(c) 年終結餘（續）

附註：

(i) 應收合營企業及關聯方款項包括貿易應收款項及其他應收款項。貿易應收款項須於60日內償還，而其他應收款項則須按要求償還。該兩類款項均為無抵押及不計息。

(ii) 應付合營企業及關聯方款項包括貿易應付款項及其他應付款項。貿易應付款項須於60日內償還，而其他應付款項則須按要求償還。該兩類款項均為無抵押及不計息。

40 BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors' emoluments

The remuneration of the directors for the years ended 31 December 2019 and 2018 is set out below:

40 董事福利及權益

(a) 董事酬金

截至二零一九年及二零一八年十二月三十一日止年度之董事薪酬載列如下：

Year ended 31 December 2019 截至二零一九年十二月三十一日止年度		Fees 袍金 HK$M 百萬港元	Salaries and allowances 薪金及津貼 HK$M 百萬港元	Performance bonus 表現花紅 HK$M 百萬港元	Retirement benefit scheme contributions 退休福利計劃供款 HK$M 百萬港元	Other benefits 其他福利 HK$M 百萬港元	Total 總計 HK$M 百萬港元
Executive directors:	**執行董事：**						
Mr. Tu	涂先生	–	2.6	3.5	–	–	6.1
Mr. Qin Yongming ("Mr. Qin") (Note (i))	秦永明先生（「秦先生」）（附註(i)）	–	5.2	4.0	–	0.7	9.9
Mr. Wong Wun Lam ("Mr. Wong") (Note (ii))	黃煥霖先生（「黃先生」）（附註(ii)）	–	3.0	–	–	–	3.0
Non-executive directors:	**非執行董事：**						
Dr. Loke Yu	陸海林博士	0.3	–	–	–	–	0.3
Ms. Qian Liping	錢麗萍女士	0.3	–	–	–	–	0.3
Mr. Zhu HongChao (Note (iii))	朱洪超先生（附註(iii)）	0.3	–	–	–	–	0.3
		0.9	10.8	7.5	–	0.7	19.9

40 BENEFITS AND INTERESTS OF DIRECTORS (continued)

40 董事福利及權益（續）

(a) Directors' emoluments (continued)

(a) 董事酬金（續）

Year ended 31 December 2018 截至二零一八年十二月三十一日止年度		Fees 袍金 HK$M 百萬港元	Salaries and allowances 薪金及津貼 HK$M 百萬港元	Performance bonus 表現花紅 HK$M 百萬港元	Retirement benefit scheme contributions 退休福利計劃供款 HK$M 百萬港元	Other benefits 其他福利 HK$M 百萬港元	Total 總計 HK$M 百萬港元
Executive directors:	**執行董事：**						
Mr. Tu	涂先生	–	2.3	3.6	–	–	5.9
Mr. Qin (Note (i))	秦先生（附註(i)）	–	5.0	4.2	–	0.6	9.8
Mr. Wong (Note (ii))	黃先生（附註(ii)）	–	2.6	1.2	–	–	3.8
Non-executive directors:	**非執行董事：**						
Dr. Loke Yu	陸海林博士	0.3	–	–	–	–	0.3
Ms. Qian Liping	錢麗萍女士	0.3	–	–	–	–	0.3
Mr. Zhu HongChao (Note (iii))	朱洪超先生（附註(iii)）	0.2	–	–	–	–	0.2
Mr. Zhu Dajian (Note (iv))	諸大建先生（附註(iv)）	0.1	–	–	–	–	0.1
		0.9	9.9	9.0	–	0.6	20.4

Notes:

(i) Mr. Qin was also the Chief Executive Officer of the Company and his emoluments disclosed above include those for services rendered by him as Chief Executive Officer. Mr. Qin resigned as the Chief Executive Officer with effect from 1 March 2020.

(ii) Mr. Wong was also the Chief Financial Officer of the Company and his emoluments disclosed above include those for services rendered by him as Chief Financial Officer. Mr. Wong resigned as executive director and the Chief Financial Officer with effect from 20 December 2019.

(iii) Mr. Zhu HongChao was appointed as independent non-executive director on 18 April 2018 and resigned with effect from 19 February 2020.

(iv) Mr. Zhu Dajian retired as independent non-executive director on 12 June 2018.

(v) During both years, no emoluments were paid by the Group to any of the directors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors waived any emoluments during both years.

附註：

(i) 秦先生亦為本公司行政總裁，彼於上文所披露之酬金包括就彼擔任行政總裁所提供服務而支付之酬金。秦先生已辭任行政總裁，自二零二零年三月一日起生效。

(ii) 黃先生亦為本公司首席財務官，彼於上文披露之酬金包括就彼擔任首席財務官所提供服務而支付之酬金。黃先生已辭任執行董事及首席財務官，自二零一九年十二月二十日起生效。

(iii) 朱洪超先生已於二零一八年四月十八日獲委任為獨立非執行董事，並已辭任，自二零二零年二月十九日起生效。

(iv) 諸大建先生於二零一八年六月十二日退任獨立非執行董事。

(v) 於兩個年度，本集團概無向任何董事或五名最高薪人士支付酬金作為吸引加入或於加入本集團時的獎勵或作為離職補償。概無董事於兩個年度放棄任何酬金。

40 BENEFITS AND INTERESTS OF DIRECTORS (continued)

(b) Directors' retirement benefits

During the year ended 31 December 2019, the Company made contributions to the Hong Kong Mandatory Provident Fund Scheme for Mr. Tu, Mr. Qin and Mr. Wong in the amount of HK$18,000, HK$18,000 and HK$18,000, respectively (2018: HK$18,000, HK$18,000 and HK$18,000, respectively).

(c) Consideration provided to third parties for making available directors' services

During the year ended 31 December 2019, the Company did not pay consideration to any third parties for making available directors' services (2018: Nil).

(d) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and controlled entities with such directors

As at 31 December 2019 and 2018, there were no loans, quasi-loans and other dealing arrangements in favour of directors, controlled bodies corporate by and controlled entities with such directors.

(e) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the financial year (2018: Nil).

40 董事福利及權益(續)

(b) 董事退休福利

於截至二零一九年十二月三十一日止年度,本公司分別為涂先生、秦先生及黃先生向香港強制性公積金計劃作出供款18,000港元、18,000港元及18,000港元(二零一八年:分別為18,000港元、18,000港元及18,000港元)。

(c) 就提供董事服務而向第三方提供之代價

於截至二零一九年十二月三十一日止年度,本公司並無就提供董事服務而向任何第三方支付代價(二零一八年:無)。

(d) 有關惠及董事、由有關董事控制的團體公司及與有關董事共同控制的實體的貸款、類似貸款及其他交易的資料

於二零一九年及二零一八年十二月三十一日,概無以董事、由有關董事控制的團體公司及與有關董事共同控制的實體為受益人的貸款、類似貸款及其他交易安排。

(e) 董事於交易、安排或合約中之重大權益

本公司概無訂立任何與本集團業務有關而本公司董事於當中擁有重大權益(不論直接或間接),且於年末或財政年度內任何時間存續之重大交易、安排及合約(二零一八年:無)。

41 BUSINESS COMBINATIONS

In 2018, the Group acquired substantially all assets and operations of BNC Recycling Inc ("BNC"), which was principally engaged in recycling of ferrous and non-ferrous metals in northeast area of USA, for US$2.1 million (approximately HK$16.5 million).

As a result of the acquisition, the Group is expected to enhance the Group's processing coverage and sales channels especially in the northeast area of USA.

The following table summarises the consideration paid for acquisition of business of BNC, the fair value of assets acquired and liabilities assumed on the acquisition date:

41 業務合併

於二零一八年，本集團以210萬美元（約1,650萬港元）收購BNC Recycling Inc（「BNC」）（主要於美國東北部地區從事回收黑色和有色金屬）之絕大部分資產及業務。

收購完成後，本集團預期將可擴大本集團之加工處理範圍及銷售渠道，尤其於美國東北部地區。

下表概述收購BNC業務已付之代價、於收購日期已收購資產及所承擔之負債之公平值：

		2018 二零一八年 HK$M 百萬港元
Consideration:	代價：	
– cash consideration	－現金代價	8.1
– consideration payable (Note (i))	－應付代價（附註(i)）	8.4
Total consideration	總代價	16.5
Recognised amounts of identifiable assets acquired and liabilities assumed:	已收購可識別資產及所承擔負債之確認金額：	
Property, plant and equipment	物業、廠房及設備	0.5
Intangible assets	無形資產	16.0
Total identifiable net assets	可識別總資產淨值	16.5

41 BUSINESS COMBINATIONS (continued)

Cash flows involved in the acquisition of business of BNC is summarised as follows:

41 業務合併(續)

涉及收購BNC業務之現金流量概述如下:

		2018 二零一八年 HK$M 百萬港元
Cash consideration paid	已付現金代價	(8.1)
Add: cash and cash equivalents acquired	加:所收購現金及現金等值項目	–
Net cash outflows of cash – investing activities	現金流出淨額–投資活動	(8.1)

Note:

(i) Cash consideration of US$0.6 million (equivalent to HK$4.7 million) was settled in 2019 while the remaining cash consideration of US$0.4 million will be settled in January 2020.

附註:

(i) 現金代價60萬美元(相當於470萬港元)已於二零一九年償付,而餘下現金代價40萬美元將於二零二零年一月償付。

Acquisition-related costs of approximately HK$0.6 million were charged to administrative expenses in the consolidated statement of profit or loss for the year ended 31 December 2018.

收購相關成本約60萬港元已計入截至二零一八年十二月三十一日止年度之綜合損益表中的行政開支。

Since the acquisition, the business operation and financial reporting of BNC has been fully integrated within the North American segment. Revenue and profit of BNC since the acquisition date, and had it been acquired on 1 January 2018, were insignificant to the Group for the year ended 31 December 2018.

自收購起,BNC的業務營運及財務報告已與北美洲分部全面整合。BNC自收購日期起及倘於二零一八年一月一日已被收購的收益及溢利於截至二零一八年十二月三十一日止年度對本集團而言並非重大。

42 CASH GENERATED FROM OPERATIONS

Reconciliation from (loss)/profit before income tax to cash generated from operations:

42 經營所得現金

除所得稅前(虧損)/溢利與經營所得現金對賬:

		2019 二零一九年 HK$M 百萬港元	2018 二零一八年 HK$M 百萬港元
Cash flows from operating activities	**經營活動所得現金流量**		
(Loss)/Profit before income tax	除所得稅前(虧損)/溢利	**(99.5)**	469.4
Adjustments for:	就以下各項調整:		
Finance costs (Note 10)	財務成本(附註10)	**236.2**	412.7
Finance income (Note 10)	財務收入(附註10)	**(23.6)**	(36.6)
Dividend income (Note 6)	股息收入(附註6)	**(4.8)**	(3.5)
Depreciation and amortisation (Note 8)	折舊及攤銷(附註8)	**422.5**	381.3
Fair value loss/(gain) on derivative financial instruments, net (Note 7)	衍生金融工具之公平值虧損/(收益)淨額(附註7)	**2.1**	(34.7)
Fair value (gain)/loss on financial assets at fair value through profit or loss (Note 7)	按公平值計入損益之金融資產公平值(收益)/虧損(附註7)	**(1.7)**	3.2
Gain on disposal of property, plant and equipment and right-of-use assets (Note 7)	出售物業、廠房及設備以及使用權資產之收益(附註7)	**(33.3)**	(29.6)
Gain on disposal of assets classified as held for sales (Note 7)	出售分類為持作出售資產之收益(附註7)	**–**	(109.5)
Gain on disposal of financial assets at fair value through profit or loss (Note 7)	出售按公平值計入損益之金融資產之收益(附註7)	**–**	(20.0)
Net reversal of impairment on financial assets	金融資產減值撥回淨額	**(39.4)**	(36.4)
(Reversal of provision)/Provision for inventories, net (Note 8)	存貨(撥備撥回)/撥備淨額(附註8)	**(1.9)**	18.5
Provision for impairment of property, plant, and equipment (Note 7)	物業、廠房及設備之減值撥備(附註7)	**0.9**	1.2
Compensation income (Note 7)	補償收入(附註7)	**–**	(45.3)
Loss on disposal and deregistration of subsidiaries (Note 7)	出售及註銷子公司之虧損(附註7)	**13.7**	–
Share of loss of an associate	應佔聯營公司虧損	**0.3**	0.7
Share of profit of joint ventures	應佔合營企業溢利	**(47.6)**	(126.2)
Non-cash post-employment benefit expenses	非現金僱員結束服務後之福利開支	**(0.6)**	(0.6)
Net foreign exchange losses	外匯虧損淨額	**(20.9)**	2.4
		402.4	847.0
Changes in working capital	營運資金變動		
Decrease in inventories	存貨減少	**580.3**	121.2
Decrease/(Increase) in trade, bills and other receivables	貿易、票據及其他應收款項減少/(增加)	**508.5**	(41.6)
Change in derivative financial instruments	衍生金融工具變動	**23.8**	1.5
Decrease in trade, bills and other payables	貿易、票據及其他應付款項減少	**(711.4)**	(300.5)
		803.6	627.6

42 CASH GENERATED FROM OPERATIONS (continued)

42 經營所得現金（續）

In the consolidated statement of cash flows, proceeds from disposal of property, plant and equipment and right-of-use assets comprise:

於綜合現金流量表，出售物業、廠房及設備以及使用權資產之所得款項包括：

		2019 **二零一九年** **HK$M** **百萬港元**	2018 二零一八年 HK$M 百萬港元
Net book amount of property, plant and equipment (Note 14)	物業、廠房及設備之賬面淨值（附註14）	**220.1**	73.5
Net book amount of right-of-use assets (Note 16)	使用權資產之賬面淨值（附註16）	**14.5**	–
Gain on disposal of property, plant and equipment and right-of-use assets	出售物業、廠房及設備以及使用權資產之收益	**33.3**	29.6
Proceeds from disposal of property, plant and equipment and right-of-use assets	**出售物業、廠房及設備以及使用權資產之所得款項**	**267.9**	103.1

42 CASH GENERATED FROM OPERATIONS (continued)

This section sets out an analysis of net debt and the movements in net debt for each of the years presented.

42 經營所得現金（續）

本節載列債務淨額分析及所呈列各年度債務淨額變動。

				Liabilities from financing activities 融資活動產生的負債					
		Lease liabilities (2018: Finance lease liabilities) due within 1 year 於一年內到期的租賃負債（二零一八年：融資租賃負債）	Lease liabilities (2018: Finance lease liabilities) due after 1 year 於一年後到期的租賃負債（二零一八年：融資租賃負債）	Bank borrowings due within 1 year 於一年內到期的銀行借款	Bank Borrowing due after 1 year 於一年後到期的銀行借款	Other borrowings due within 1 year 於一年內到期的其他借款	Other borrowings due after 1 year 於一年後到期的其他借款	Note payable due within 1 year 於一年內到期的應付票據	Total 總計
Net debt as at 31 December 2017	**於二零一七年十二月三十一日的債務淨額**	83.5	142.1	1,083.0	572.0	379.1	418.9	1,476.6	4,155.2
Proceeds/additions	所得款項／添置	64.0	257.0	980.1	35.0	–	1,691.5	–	3,027.6
Repayments	償還款項	(91.1)	(1.5)	(1,172.3)	(92.6)	(115.5)	(431.6)	(1,568.0)	(3,472.6)
Other non-cash movement	其他非現金變動	85.2	(85.2)	120.4	(114.0)	(13.1)	59.3	91.4	144.0
Currency translation differences	匯兑差額	(5.1)	(10.1)	(39.7)	(11.7)	–	–	–	(66.6)
Net debt as at 31 December 2018	**於二零一八年十二月三十一日的債務淨額**	136.5	302.3	971.5	388.7	250.5	1,738.1	–	3,787.6
Effect of adoption of HKFRS 16 (Note 2.1.2(a))	採納香港財務報告準則第16號之影響（附註2.1.2(a)）	28.7	105.1	–	–	–	–	–	133.8
Restated opening balance as at 1 January 2019	於二零一九年一月一日之經重列年初結餘	165.2	407.4	971.5	388.7	250.5	1,738.1	–	3,921.4
Proceeds/additions	所得款項／添置	145.7	246.8	697.0	34.3	53.1	–	–	1,176.9
Repayments	償還款項	(147.1)	(51.6)	(1,186.0)	(101.0)	–	–	–	(1,485.7)
Other non-cash movement	其他非現金變動	30.2	(29.6)	84.1	(85.7)	1,739.8	(1,738.1)	–	0.7
Currency translation differences	匯兑差額	(2.3)	(3.6)	(19.3)	(9.9)	(21.7)	–	–	(56.8)
Net debt as at 31 December 2019	**於二零一九年十二月三十一日的債務淨額**	191.7	569.4	547.3	226.4	2,021.7	–	–	3,556.5

43 BALANCE SHEET AND RESERVE MOVEMENT 43 資產負債表及儲備變動

Balance sheet of the Company 本公司之資產負債表

		Note 附註	2019 二零一九年 HK$M 百萬港元	2018 二零一八年 HK$M 百萬港元
ASSETS	**資產**			
Non-current assets	**非流動資產**			
Investment in subsidiaries, unlisted	於子公司之投資，非上市		**3,500.4**	3,500.4
Investment in a joint venture, unlisted	於合營企業之投資，非上市		**4.1**	–
Right-of-use assets	使用權資產		**29.5**	–
Other deposit	其他按金		**2.7**	–
Loan receivables from a subsidiary	應收子公司貸款		**89.1**	90.1
			3,625.8	3,590.5
Current assets	**流動資產**			
Other receivables	其他應收款項		**95.0**	215.0
Amounts due from subsidiaries	應收子公司款項		**2,335.1**	2,434.2
Amount due from a related party	應收關聯方款項		**1.3**	0.6
Cash and cash equivalents	現金及現金等值項目		**36.1**	1.8
			2,467.5	2,651.6
Total assets	**資產總值**		**6,093.3**	6,242.1
EQUITY AND LIABILITIES	**權益及負債**			
Equity attributable to shareholders of the company	**本公司股東應佔權益**			
Share capital	股本	29	**16.1**	16.1
Reserves	儲備		**3,785.0**	3,998.5
Total equity	**總權益**		**3,801.1**	4,014.6

43 BALANCE SHEET AND RESERVE MOVEMENT (continued)

43 資產負債表及儲備變動（續）

Balance sheet of the Company (continued)

本公司之資產負債表（續）

		Note 附註	2019 二零一九年 HK$M 百萬港元	2018 二零一八年 HK$M 百萬港元
LIABILITIES	**負債**			
Non-current liabilities	**非流動負債**			
Other borrowings	其他借款		–	1,738.1
Lease liabilities	租賃負債		**18.1**	–
Other payables	其他應付款項		**3.0**	–
			21.1	1,738.1
Current liabilities	**流動負債**			
Accruals and other payables	應計費用及其他應付款項		**17.2**	18.3
Amounts due to subsidiaries	應付子公司款項		**523.5**	471.1
Lease liabilities	租賃負債		**8.6**	–
Other borrowings	其他借款		**1,721.8**	–
			2,271.1	489.4
Total liabilities	**總負債**		**2,292.2**	2,227.5
Total equity and liabilities	**總權益及負債**		**6,093.3**	6,242.1

The balance sheet of the Company was approved by the Board of Directors on 12 May 2020 and was signed on its behalf:

本公司之資產負債表已獲董事會於二零二零年五月十二日批准並由以下董事代表簽署：

Mr. Tu Jianhua
涂建華先生
Director
董事

Mr. Qin Yongming
秦永明先生
Director
董事

43 BALANCE SHEET AND RESERVE MOVEMENT (continued)

43 資產負債表及儲備變動（續）

Reserves movement of the Company

本公司之儲備變動

		Share premium 股份溢價 HK$M 百萬港元	Capital redemption reserve 資本贖回儲備 HK$M 百萬港元	Capital reserve 資本儲備 HK$M 百萬港元 (Note (i)) （附註(i)）	Accumulated losses 累計虧損 HK$M 百萬港元	Total 總計 HK$M 百萬港元
At 1 January 2018	於二零一八年一月一日	5,911.9	0.3	216.2	(1,616.8)	4,511.6
Loss for the year	年內虧損	–	–	–	(513.1)	(513.1)
Total comprehensive loss for the year	年內全面虧損總額	–	–	–	(513.1)	(513.1)
At 31 December 2018	於二零一八年十二月三十一日	5,911.9	0.3	216.2	(2,129.9)	3,998.5

43 BALANCE SHEET AND RESERVE MOVEMENT (continued)

43 資產負債表及儲備變動（續）

Reserves movement of the Company (continued)

本公司之儲備變動（續）

		Share premium 股份溢價 HK$M 百萬港元	Capital redemption reserve 資本贖回儲備 HK$M 百萬港元	Capital reserve 資本儲備 HK$M 百萬港元 (Note (i)) （附註(i)）	Accumulated losses 累計虧損 HK$M 百萬港元	Total 總計 HK$M 百萬港元
At 1 January 2019	於二零一九年一月一日	5,911.9	0.3	216.2	(2,129.9)	3,998.5
Loss for the year	年內虧損	–	–	–	(213.5)	(213.5)
Total comprehensive loss for the year	年內全面虧損總額	–	–	–	(213.5)	(213.5)
At 31 December 2019	於二零一九年十二月三十一日	5,911.9	0.3	216.2	(2,343.4)	3,785.0

Note:

(i) Capital reserve represents the sum of (a) the difference between the nominal value of the aggregate share capital and share premium of the subsidiaries acquired by the Company upon a group reorganisation in 2008 and the nominal value of the Company's shares issued in exchange and (b) a capitalisation of shareholders' loans in 2010.

附註：

(i) 資本儲備指(a)本公司於二零零八年集團重組時所收購子公司股本及股份溢價總額之面值與本公司交換股權所發行股份之面值的差額及(b)二零一零年資本化股東貸款。

44 PARTICULARS OF SUBSIDIARIES OF THE COMPANY

44 本公司之子公司詳情

(a) General information of principal subsidiaries

The table below shows the subsidiaries as at 31 December 2019, which in the opinion of the Directors, principally affect the revenue, net assets or business aspects of the Group. To give details of all subsidiaries would, in the opinion of the Directors, result in particulars of excessive length.

(a) 主要子公司的一般資料

下表列示董事認為於二零一九年十二月三十一日對本集團收入、淨資產或業務有主要影響之子公司。董事認為，提供所有子公司之詳情將會令篇幅過於冗長。

Name of subsidiary 子公司名稱	Place of operation 經營地點	Place of incorporation/establishment 註冊成立/成立地點	Issued and fully paid share capital/registered capital 已發行及繳足股本/註冊股本	Attributable equity interest and voting power held by the Group 本集團所持應佔股本權益及投票權		Principal activities 主要業務
				2019 二零一九年	2018 二零一八年	
Chiho-Tiande (HK) Limited 齊合天地(香港)有限公司	Hong Kong 香港	Hong Kong 香港	HK$1 1港元	**100%**	100%	Purchasing agent of the Group and wholesales of metal scrap without processing 本集團採購代理及批發未經加工之再生金屬
Chiho Eco Protection Limited 齊合綠色環保有限公司	Hong Kong 香港	Hong Kong 香港	HK$10,000 10,000港元	**100%**	100%	Processing and sales of metal scrap and WEEE 加工及銷售再生金屬及廢棄電力及電子設備
Taizhou Chiho-Tiande Metals Company Limited*+ 台州齊合天地金屬有限公司+	The PRC 中國	The PRC 中國	US$108,000,000 108,000,000美元	**100%**	100%	Processing and sales of metal scrap 加工及銷售再生金屬
Chiho Environmental (Suyang) Resources Recycling Company Limited*+ 齊合環保再生資源(沭陽)有限公司+	The PRC 中國	The PRC 中國	RMB5,000,000 人民幣5,000,000元	**100%**	–	Processing and sales of metal scrap 加工及銷售再生金屬
Chiho-Tiande (YanTai) Resources Recycling Company Limited*+ 齊合天地(煙台)再生資源有限公司+	The PRC 中國	The PRC 中國	US$40,000,000 40,000,000美元	**100%**	100%	Processing and sales of metal scrap 加工及銷售再生金屬
Yantai Liheng Environmental Protection Technology Company Limited*+ 煙台立衡環保科技有限公司+	The PRC 中國	The PRC 中國	RMB55,150,000 人民幣55,150,000元	**60%**	60%	Processing and sales of lubricating oil 加工及銷售潤滑油
Dalian New Green Recycle & Resources Corporation*+ 大連新綠再生資源加工有限公司+	The PRC 中國	The PRC 中國	JPY 8,566,011,000 8,566,011,000日圓	**100%**	100%	Processing and sales of metal scrap 加工及銷售再生金屬

* For identification purpose only
\+ Limited liability company

* 僅供識別
\+ 有限責任公司

44 PARTICULARS OF SUBSIDIARIES OF THE COMPANY (continued)

(a) General information of principal subsidiaries (continued)

44 本公司之子公司詳情（續）

(a) 主要子公司的一般資料（續）

Name of subsidiary 子公司名稱	Place of operation 經營地點	Place of incorporation/establishment 註冊成立／成立地點	Issued and fully paid share capital/registered capital 已發行及繳足股本／註冊股本	Attributable equity interest and voting power held by the Group 本集團所持應佔股本權益及投票權 2019 二零一九年	2018 二零一八年	Principal activities 主要業務
Heng Hup Chiho Recycling (Malaysia) SDN. BND.	Malaysia 馬來西亞	Malaysia 馬來西亞	RM4,000,000 4,000,000馬來西亞令吉	**51%**	–	Processing of metal scrap 加工再生金屬
Hidaka-Chiho Metal Recycling (Thailand) Company Limited#	Thailand 泰國	Thailand 泰國	Baht78,750,000 78,750,000泰銖	**45.7%**	–	Processing and sales of metal scrap 加工及銷售再生金屬
Delco Europe B.V.	The Netherlands 荷蘭	The Netherlands 荷蘭	EUR18,151 18,151歐元	**100%**	100%	Purchasing agent of the Group 本集團之採購代理
Fegert Recycling GmbH	Germany 德國	Germany 德國	EUR84,000 84,000歐元	**100%**	100%	Processing and sales of metal scrap 加工及銷售再生金屬
Scholz Industrieservice GmbH	Germany 德國	Germany 德國	EUR50,000 50,000歐元	**100%**	100%	Providing industrial and logistic services 提供工業及物流服務
Scholz Recycling GmbH	Germany 德國	Germany 德國	EUR100,000,000 100,000,000歐元	**100%**	100%	Processing and sales of metal scrap 加工及銷售再生金屬
SIV Immobilien Verwaltungs GmbH	Germany 德國	Germany 德國	EUR25,000 25,000歐元	**100%**	100%	Purchase and administration of real estate 購買及管理房地產
Scholz Management Service GmbH	Germany 德國	Germany 德國	EUR25,000 25,000歐元	**100%**	100%	Providing services to group companies 提供服務予集團公司

The Group controls the board of directors

本集團控制董事會

44 PARTICULARS OF SUBSIDIARIES OF THE COMPANY (continued)

44 本公司之子公司詳情(續)

(a) General information of principal subsidiaries (continued)

(a) 主要子公司的一般資料(續)

Name of subsidiary 子公司名稱	Place of operation 經營地點	Place of incorporation/ establishment 註冊成立/成立地點	Issued and fully paid share capital/ registered capital 已發行及繳足股本/註冊股本	Attributable equity interest and voting power held by the Group 本集團所持應佔股本權益及投票權 2019 二零一九年	2018 二零一八年	Principal activities 主要業務
SRW metalfloat GmbH	Germany 德國	Germany 德國	EUR1,000,000 1,000,000歐元	**100%**	100%	Processing and sales of metal scrap 加工及銷售再生金屬
Liberty Iron & Metal, Inc.	USA 美國	USA 美國	US$3,100 3,100美元	**100%**	100%	Processing and sales of metal scrap 加工及銷售再生金屬
Uniscrap A/S	Denmark 丹麥	Denmark 丹麥	DKK20,003,000 20,003,000丹麥克朗	**100%**	100%	Processing and sales of metal scrap 加工及銷售再生金屬
Uniscrap Sverige AB	Sweden 瑞典	Sweden 瑞典	SEK100,000 100,000瑞典克朗	**100%**	100%	Processing and sales of metal scrap 加工及銷售再生金屬
Scholz Polska Sp. z.o.o.	Poland 波蘭	Poland 波蘭	PLN88,501,000 88,501,000茲羅提	**100%**	100%	Processing and sales of metal scrap 加工及銷售再生金屬
Scholz Austria Holding Gmbh	Republic of Austria 奧地利共和國	Republic of Austria 奧地利共和國	EUR35,000 35,000歐元	**100%**	100%	Holding company 控股公司
Kovosrot Group CZ s.r.o.	Czech Republic 捷克共和國	Czech Republic 捷克共和國	CZK499,834,000 499,834,000捷克克朗	**100%**	100%	Processing and sales of metal scrap 加工及銷售再生金屬
Sberne suroviny, a.s.	Czech Republic 捷克共和國	Czech Republic 捷克共和國	CZK61,217,000 61,217,000捷克克朗	**79.6%**	79.6%	Processing and sales of metal scrap 加工及銷售再生金屬
DINOS d.d.	Republic of Slovenia 斯洛文尼亞共和國	Republic of Slovenia 斯洛文尼亞共和國	EUR2,279,700 2,279,700歐元	**100%**	100%	Processing and sales of metal scrap 加工及銷售再生金屬

44 PARTICULARS OF SUBSIDIARIES OF THE COMPANY (continued)

(b) Significant restrictions

Cash and short-term deposits held in the PRC are subject to local exchange control regulations. These regulations provide for restrictions on exporting capital from the PRC, other than through normal dividend.

The carrying amount of the assets included within the consolidated balance sheet to which these restrictions apply is HK$396.7 million (2018: HK$544.5 million).

(c) Details of non-wholly owned subsidiaries that have material non-controlling interest

The non-controlling interests of all non-wholly owned subsidiaries are individually not material to the Group.

45 CONTINGENCIES

(a) The Company is one of the defendants to a legal claim by Delco regarding an alleged non-payment of a portion of the loans advanced by Delco Asia to subsidiaries of the Company, amounting to approximately HK$57.8 million together with interest and costs. Delco alleged that it acquired the assets and liabilities of Delco Asia in 2011. Delco Asia was dissolved by deregistration in 2012. Each of Mr. Fang and HWH undertook to the Company to indemnify and hold the Company harmless on demand against all losses arising out of, inter alia, this claim in accordance with the terms of a letter of indemnity signed by Mr. Fang and HWH in favour of the Company on 17 December 2015 (the "Indemnity").

The court case is still in progress. The directors of the Company, after taking legal advice from its legal advisers and in review of the Indemnity and the Escrow Account, are of the opinion that it is not probable that an outflow of resources embodying economic benefits will be required to settle this claim. Accordingly, no provision of this claim has been made.

44 本公司之子公司詳情(續)

(b) 重大限制

於中國持有之現金及短期存款須遵守當地外匯管制法規。該等法規對自中國匯出資本施加限制，惟以正常股息方式除外。

綜合資產負債表內適用該等限制之資產賬面值為3億9,670萬港元(二零一八年：5億4,450萬港元)。

(c) 擁有重大非控股權益之非全資子公司之詳情

全部非全資子公司之非控股權益對本集團單獨而言並不重大。

45 或然事項

(a) 本公司為Delco就聲稱未償還Delco Asia墊付予本公司子公司的部分貸款金額約5,780萬港元連同利息及相關費用而提起的法律索賠的被告人之一。Delco聲稱其已於二零一一年收購Delco Asia的資產及負債。於二零一二年，Delco Asia以撤銷註冊方式解散。方先生及HWH各自向本公司承諾，根據方先生與HWH以本公司為受益人於二零一五年十二月十七日簽署的彌償函件的條款，彌償本公司因(其中包括)此索賠產生的所有損失及使本公司不受到損失(「彌償」)。

訴訟現正在進行中。經考慮本公司法律顧問的法律意見及審閱彌償及信託賬戶後，本公司董事認為為清償此索賠不可能導致經濟利益的流出。因此，並無就此索賠作出撥備。

45 CONTINGENCIES (continued)

(b) The Company and Chiho-Tiande (HK) Limited ("CTHK"), a wholly-owned subsidiary of the Company, are two of the defendants to another legal claim by Delco regarding an alleged breach of a letter of undertaking in relation to a convertible bond issued by the Company and subscribed for by Delco. Delco further claimed against CTHK for a sum of US$1.0 million, allegedly advanced by Delco Asia to CTHK. Delco further claimed interests, costs and further or other relief of approximately HK$6.3 million.

The court case is still in progress. The directors of the Company, after taking legal advice from its legal advisers, are of the opinion that it is not probable that an outflow of resources embodying economic benefits will be required to settle this claim. Accordingly, no provision of this claim has been made.

(c) As at 31 December 2019, the Group does not have any contingent liabilities (2018: HK$27.4 million) which consist of non-financial guarantee in favour of investee entities.

45 或然事項(續)

(b) 本公司及本公司之全資子公司齊合天地(香港)有限公司(「齊合香港」)為Delco就聲稱違反本公司所發行及Delco所認購之可換股債券所涉及之承諾函件而提起的另一宗法律索賠的其中兩名被告人。Delco進一步向齊合香港申索金額100萬美元,該款項聲稱是由Delco Asia墊付予齊合香港。Delco再申索利息、訟費及進一步或其他寬免,涉及金額約630萬港元。

訴訟現正在進行中。經考慮本公司法律顧問的法律意見後,本公司董事認為清償此索賠不可能導致經濟利益的流出。因此,並無就此索賠作出撥備。

(c) 於二零一九年十二月三十一日,本集團並無任何包括被投資實體為受益人的非金融擔保的或然負債(二零一八年:2,740萬港元)。

46 SUBSEQUENT EVENTS

After the COVID-19 outbreak in early 2020, a series of precautionary and control measures were firstly enforced in China, and later in Europe and the US as some measures in China began to uplift. The Group is closely monitoring the development of the COVID-19 outbreak and its disruption to business and economic activities.

As at the date of this report, the management of the Group has assessed the overall impact of the situation on the Group's operations and financial position and concluded that there are no material effects on the consolidated financial statements for the year ended 31 December 2019. As at the date of this report, management is unable to reliably estimate the financial impact of COVID-19 on the Group's financial results for the year ending 31 December 2020 as the pandemic has yet to run its full course hence the current situation is still fluid. The Directors shall continuously assess the impact of COVID-19 on its operations as well as the financial position for the year ending 31 December 2020.

46 其後事項

於二零二零年年初爆發COVID-19後,一系列預防及控制措施首先在中國及後於歐洲及美國實施,而若干措施已開始在中國解除。本集團正密切注視爆發COVID-19之發展及其對業務及經濟活動產生之影響。

於本報告日期,本集團管理層已就該情況對本集團營運及財務狀況的整體影響作出評估並認為對截至二零一九年十二月三十一日止年度的綜合財務報表並無重大影響。於本報告日期,由於疫情仍在發展,當前狀況仍不穩定,管理層無法可靠估計COVID-19對本集團截至二零二零年十二月三十一日止年度財務業績的財務影響。董事將繼續評估COVID-19對其營運以及截至二零二零年十二月三十一日止年度財務狀況的影響。

Summary of selected items of consolidated statement of profit and loss 綜合損益表選定項目概要

		For the year ended 31 December 截至十二月三十一日止年度				
		2019 二零一九年 HK$'M 百萬港元	2018 二零一八年 HK$'M 百萬港元	2017 二零一七年 HK$'M 百萬港元	2016 二零一六年 HK$'M 百萬港元	2015 二零一五年 HK$'M 百萬港元
Revenue	收益	**15,363.4**	20,912.8	18,491.0	3,211.4	3,136.6
(Loss)/Profit before income tax	除所得稅前(虧損)/溢利	**(99.5)**	469.4	546.2	(443.6)	(1,143.7)
Income tax (expense)/credit	所得稅(開支)/抵免	**(34.3)**	(70.4)	(110.6)	0.4	(0.3)
(Loss)/Profit attributable to:	以下各方應佔(虧損)/溢利:					
Shareholders of the Company	本公司股東	**(128.7)**	401.2	426.8	(439.9)	(1,138.8)
Non-controlling interests	非控股權益	**(5.1)**	(2.2)	8.8	(3.3)	(5.2)
		(133.8)	399.0	435.6	(443.2)	(1,144.0)

Summary of selected items of consolidated balance sheet 綜合資產負債表選定項目概要

		As at 31 December 於十二月三十一日				
		2019 二零一九年 HK$'M 百萬港元	2018 二零一八年 HK$'M 百萬港元	2017 二零一七年 HK$'M 百萬港元	2016 二零一六年 HK$'M 百萬港元	2015 二零一五年 HK$'M 百萬港元
Asset	**資產**					
Current assets	流動資產	**4,039.4**	5,329.5	6,022.2	6,602.3	4,920.3
Non-current assets	非流動資產	**6,150.6**	6,058.0	6,071.5	5,183.4	1,117.6
Total assets	資產總值	**10,190.0**	11,387.5	12,093.7	11,785.7	6,037.9
Liabilities	**負債**					
Current liabilities	流動負債	**3,996.5**	3,298.0	5,365.2	5,032.9	1,481.1
Non-current liabilities	非流動負債	**1,262.5**	2,943.6	1,681.4	2,668.4	143.0
Total liabilities	負債總值	**5,259.0**	6,241.6	7,046.6	7,701.3	1,624.1
		4,931.0	5,145.9	5,047.1	4,084.4	4,413.8
Equity attributable to:	以下各方應佔權益:					
Shareholders of the Company	本公司股東	**4,941.3**	5,175.3	5,073.1	4,117.2	4,487.9
Non-controlling interests	非控股權益	**(10.3)**	(29.4)	(26.0)	(32.8)	(74.1)
		4,931.0	5,145.9	5,047.1	4,084.4	4,413.8

Corporate Information
公司資料

BOARD OF DIRECTORS

Executive Directors

Mr. Qin Yongming *(Chairman)*
Mr. Tu Jianhua
Mr. Rafael Heinrich Suchan *(Chief Executive Officer)*
(appointed with effect from 1 March 2020)
Mr. Wong Wun Lam *(Chief Financial Officer)*
(resigned with effect from 20 December 2019)

Independent Non-Executive Directors

Dr. Loke Yu
Ms. Qian Liping
Mr. Ko Frankie Andrew
(appointed with effect from 19 February 2020)
Mr. Zhu Hongchao
(resigned with effect from 19 February 2020)

EXECUTIVE COMMITTEE

Mr. Qin Yongming *(Chairman)*
Mr. Tu Jianhua
Mr. Rafael Heinrich Suchan *(Chief Executive Officer)*
(appointed with effect from 1 March 2020)
Mr. Wong Wun Lam *(Chief Financial Officer)*
(resigned with effect from 20 December 2019)

AUDIT COMMITTEE

Dr. Loke Yu *(Chairman)*
Ms. Qian Liping
Mr. Ko Frankie Andrew
(appointed with effect from 19 February 2020)
Mr. Zhu Hongchao
(resigned with effect from 19 February 2020)

NOMINATION COMMITTEE

Mr. Qin Yongming *(Chairman)*
Dr. Loke Yu
Ms. Qian Liping
Mr. Ko Frankie Andrew
(appointed with effect from 19 February 2020)
Mr. Zhu Hongchao
(resigned with effect from 19 February 2020)

董事會

執行董事

秦永明先生*(主席)*
涂建華先生
Rafael Heinrich Suchan先生*(行政總裁)*
(由二零二零年三月一日起獲委任)
黃煥霖先生*(首席財務官)*
(由二零一九年十二月二十日起辭任)

獨立非執行董事

陸海林博士
錢麗萍女士
高瑞強先生
(由二零二零年二月十九日起獲委任)
朱洪超先生
(由二零二零年二月十九日起辭任)

執行委員會

秦永明先生*(主席)*
涂建華先生
Rafael Heinrich Suchan先生*(行政總裁)*
(由二零二零年三月一日起獲委任)
黃煥霖先生*(首席財務官)*
(由二零一九年十二月二十日起辭任)

審核委員會

陸海林博士*(主席)*
錢麗萍女士
高瑞強先生
(由二零二零年二月十九日起獲委任)
朱洪超先生
(由二零二零年二月十九日起辭任)

提名委員會

秦永明先生*(主席)*
陸海林博士
錢麗萍女士
高瑞強先生
(由二零二零年二月十九日起獲委任)
朱洪超先生
(由二零二零年二月十九日起辭任)

REMUNERATION COMMITTEE

Mr. Ko Frankie Andrew *(Chairman)*
(appointed with effect from 19 February 2020)
Dr. Loke Yu
Ms. Qian Liping
Mr. Zhu Hongchao
(resigned with effect from 19 February 2020)

薪酬委員會

高瑞強先生*(主席)*
(由二零二零年二月十九日起獲委任)
陸海林博士
錢麗萍女士
朱洪超先生
(由二零二零年二月十九日起辭任)

STRATEGY AND INVESTMENT COMMITTEE

Mr. Qin Yongming *(Chairman)*
Mr. Tu Jianhua
Mr. Goh Kian Guan
Mr. Wong Wun Lam
(resigned with effect from 20 December 2019)
Mr. William Thomas Bird
(resigned with effect from 24 October 2019)

戰略與投資委員會

秦永明先生*(主席)*
涂建華先生
吳健源先生
黃煥霖先生
(由二零一九年十二月二十日起辭任)
William Thomas Bird先生
(由二零一九年十月二十四日起辭任)

PRICING COMMITTEE

Mr. Qin Yongming *(Chairman)*
Mr. Rafael Heinrich Suchan
(appointed with effect from 1 March 2020)
Mr. Udo Langhans
Mr. Wong Wun Lam
(resigned with effect from 20 December 2019)
Mr. William Thomas Bird
(resigned with effect from 24 October 2019)

定價委員會

秦永明先生*(主席)*
Rafael Heinrich Suchan先生
(由二零二零年三月一日起獲委任)
Udo Langhans先生
黃煥霖先生
(由二零一九年十二月二十日起辭任)
William Thomas Bird先生
(由二零一九年十月二十四日起辭任)

AUTHORISED REPRESENTATIVES

Mr. Tu Jianhua
Ms. Yiu Yi Ting

授權代表

涂建華先生
姚懿庭女士

CHIEF FINANCIAL OFFICER

Mr. Wong Wun Lam
(resigned with effect from 20 December 2019)

首席財務官

黃煥霖先生
(由二零一九年十二月二十日起辭任)

Corporate Information
公司資料

COMPANY SECRETARY

Ms. Yiu Yi Ting

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants
Registered Public Interest Entity Auditor

LEGAL ADVISORS

Conyers Dill & Pearman (Cayman Islands)
DLA Piper (Hong Kong)
Deacons (Hong Kong)
Dechert (Hong Kong)
LC Lawyers LLP (Hong Kong)
Zhejiang Xingce Law Firm (China)
Latham & Watkins LLP (Germany)
CMS Hasche Sigle (Germany)
Menold Bezler (Germany)

PRINCIPAL BANKERS

Standard Chartered Bank (Hong Kong) Limited
The Hongkong and Shanghai Banking Corporation Limited
Bank of China
Agricultural Bank of China
Shanghai Pudong Development Bank
KeyBank National Association

REGISTERED OFFICE IN CAYMAN ISLANDS

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

公司秘書

姚懿庭女士

核數師

羅兵咸永道會計師事務所
執業會計師
註冊公眾利益實體核數師

法律顧問

Conyers Dill & Pearman（開曼群島）
歐華律師事務所（香港）
的近律師行（香港）
德杰律師事務所（香港）
LC Lawyers LLP（香港）
浙江星冊律師事務所（中國）
Latham & Watkins LLP（德國）
CMS Hasche Sigle（德國）
Menold Bezler（德國）

主要往來銀行

渣打銀行（香港）有限公司
香港上海滙豐銀行有限公司
中國銀行
中國農業銀行
上海浦東發展銀行
KeyBank National Association

開曼群島註冊辦事處

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

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

48 Wang Lok Street
Yuen Long Industrial Estate
Hong Kong

GROUP HEADQUARTERS

23/F., Infinitus Plaza
199 Des Voeux Road Central
Hong Kong

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

No. 8, Baijin Road
Taizhou Renewable Metal Resources Industry Base
Luqiao, Taizhou
Zhejiang
The PRC

HEADQUARTERS IN EUROPE

Berndt-Ulrich-Scholz-Str. 1
73457 Essingen
Germany

HEADQUARTERS IN NORTH AND CENTRAL AMERICA

2144 W. McDowell Road
Phoenix, AZ 85004
USA 85009

* For business addresses of other principal operational bases of the Group, please refer to the Company's website

香港註冊辦事處及主要營業地點

香港
元朗工業邨
宏樂街48號

集團總部

香港
德輔道中199號
無限極廣場23樓

中國總部及主要營業地點

中國
浙江省
台州市路橋區
台州金屬資源再生產業基地
白金路8號

歐洲總部

Berndt-Ulrich-Scholz-Str.1
73457 Essingen
Germany

中北美洲總部

2144 W. McDowell Road
Phoenix, AZ 85004
USA 85009

* 請訪問本公司網站以獲取本集團其他主要營運基地之營業地址

Corporate Information
公司資料

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
Shops 1712-1716
17th Floor, Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

香港股份登記及過戶分處

香港中央證券登記有限公司
香港
灣仔
皇后大道東183號
合和中心17樓
1712-1716號舖

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive
P.O. Box 2681, Grand Cayman
KY1-1111, Cayman Islands

開曼群島主要股份登記及過戶處

Conyers Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive
P.O. Box 2681, Grand Cayman
KY1-1111, Cayman Islands

WEBSITE

www.chihogroup.com

公司網站

www.chihogroup.com

STOCK CODE

Hong Kong Stock Exchange 976

股份代號

香港聯交所976

齐合环保
CHIHO

CHIHO ENVIRONMENTAL GROUP LIMITED
齊合環保集團有限公司

48 Wang Lok Street,
Yuen Long Industrial Estate, Hong Kong
香港元朗工業邨宏樂街48號

Tel 電話: (852) 2587 7700 / (852) 2589 3500 **Fax 傳真: (852) 2587 7799**