

鎳資源國際控股有限公司

NICKEL RESOURCES INTERNATIONAL  
HOLDINGS COMPANY LIMITED

*(incorporated in the Cayman Islands with limited liability)*

*(於開曼群島註冊成立之有限公司)*

Stock code 股份代號：2889

新時代 新鋼鐵 新生活

2019

INTERIM REPORT

二零一九年中期報告

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## Corporate Information

### 公司資料

#### BOARD OF DIRECTORS

##### Executive Directors

Mr. Dong Shutong (*Chairman*)  
Mr. Dong Chengzhe (*Deputy Chief Executive Officer*)  
Mr. Wang Ping (*Deputy Chief Executive Officer*)  
Mr. Song Wenzhou  
Mr. Yang Fei

##### Non-executive Director

Mr. Yang Tianjun

##### Independent Non-executive Directors

Mr. Bai Baohua  
Mr. Wong Chi Keung  
Mr. Fahmi Idris

#### CHIEF EXECUTIVE OFFICER

Mr. Pang Bo (*appointed on 9 May 2019*)

#### AUDIT COMMITTEE

Mr. Wong Chi Keung (*Committee Chairman*)  
Mr. Bai Baohua  
Mr. Yang Tianjun

#### REMUNERATION COMMITTEE

Mr. Bai Baohua (*Committee Chairman*)  
Mr. Dong Shutong  
Mr. Wong Chi Keung

#### NOMINATION COMMITTEE

Mr. Dong Shutong (*Committee Chairman*)  
Mr. Bai Baohua  
Mr. Wong Chi Keung

#### COMPANY SECRETARY

Mr. Choi Kwok Keung Sanvic

#### AUTHORISED REPRESENTATIVES

Mr. Dong Shutong  
Mr. Yang Fei

#### REGISTERED OFFICE

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

#### HEAD OFFICE IN HONG KONG

Room 2003  
West Tower  
Shun Tak Centre  
168-200 Connaught Road Central  
Sheung Wan  
Hong Kong

#### 董事會

##### 執行董事

董書通先生 (*主席*)  
董誠喆先生 (*副總裁*)  
王平先生 (*副總裁*)  
宋文州先生  
楊飛先生

##### 非執行董事

楊天鈞先生

##### 獨立非執行董事

白葆華先生  
黃之強先生  
法米先生

#### 總裁

龐博先生 (*於二零一九年五月九日獲委任*)

#### 審核委員會

黃之強先生 (*委員會主席*)  
白葆華先生  
楊天鈞先生

#### 薪酬委員會

白葆華先生 (*委員會主席*)  
董書通先生  
黃之強先生

#### 提名委員會

董書通先生 (*委員會主席*)  
白葆華先生  
黃之強先生

#### 公司秘書

蔡國強先生

#### 授權代表

董書通先生  
楊飛先生

#### 註冊辦事處

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

#### 香港總辦事處

香港  
上環  
干諾道中168-200號  
信德中心  
西座  
2003室

**PRINCIPAL PLACE OF BUSINESS IN THE PRC**

No. 7, Block F  
Runhua Business Garden  
No. 24 Jinshui Road, Jinshui District  
Zhengzhou City, Henan Province  
The PRC 450012

**AUDITOR**

PricewaterhouseCoopers

**PRINCIPAL SHARE REGISTRAR AND  
TRANSFER OFFICE**

SMP Partners (Cayman) Limited  
Royal Bank House – 3rd Floor  
24 Shedden Road  
P.O. Box 1586, Grand Cayman  
KY1-1110, Cayman Islands

**HONG KONG BRANCH SHARE REGISTRAR  
AND TRANSFER OFFICE**

Computershare Hong Kong Investor Services Limited  
17M Floor, Hopewell Centre  
183 Queen's Road East  
Wanchai  
Hong Kong

**PRINCIPAL BANKERS**

**Hong Kong:**

China CITIC Bank International Limited  
The Hongkong and Shanghai Banking  
Corporation Limited

**The PRC:**

Bank of Communications Co., Ltd.  
China CITIC Bank Corporation Limited  
Shanghai Pudong Development Bank Co. Ltd.  
Lianyungang Orient Rural Commercial Bank Co., Ltd.  
Bank of Jiangsu Co., Ltd.

**WEBSITE**

[ir.nickelholdings.com](http://ir.nickelholdings.com)

**STOCK CODE**

2889

**中國主要營業地點**

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河南省鄭州市  
金水區金水路24號  
潤華商務花園  
F座7號  
郵編450012

**核數師**

羅兵咸永道會計師事務所

**股份過戶登記總處**

SMP Partners (Cayman) Limited  
Royal Bank House – 3rd Floor  
24 Shedden Road  
P.O. Box 1586, Grand Cayman  
KY1-1110, Cayman Islands

**股份過戶登記處香港分處**

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17M樓

**主要往來銀行**

**香港：**

中信銀行（國際）有限公司  
香港上海滙豐銀行有限公司

**中國：**

交通銀行股份有限公司  
中信銀行股份有限公司  
上海浦東發展銀行股份有限公司  
連雲港東方農村商業銀行股份有限公司  
江蘇銀行股份有限公司

**網站**

[ir.nickelholdings.com](http://ir.nickelholdings.com)

**股份代號**

2889

# Financial Highlights

## 財務摘要

### Six months ended 30 June

截至六月三十日止六個月

		2019	2018
		二零一九年	二零一八年
		HK\$'000	HK\$'000
		千港元	千港元
Revenue	收益	<b>491,579</b>	178,887
Gross Profit	毛利	<b>12,742</b>	71,050
Loss before Tax	除稅前虧損	<b>(257,553)</b>	(235,424)
Loss Attributable to Equity Holders of the Company	本公司權益持有人應佔虧損	<b>(257,542)</b>	(235,322)

### OPERATING ENVIRONMENT ANALYSIS

#### Impact of Export Ban

The Group purchases ores for both trading of limonitic ore business and self-use manufacturing of iron and special steel products. In the past few years, the Group enjoyed fixed price in ore supply through an exclusive offtake agreement entered into with PT. Yiwu Mining ("Yiwu") ("EOA").

Pursuant to the relevant regulations promulgated in Indonesia, unprocessed ore export by mining business licence holders in Indonesia ("IUP Holders") has been banned from 12 January 2014 onwards unless the IUP Holders have carried out processing and refining domestically according to Government Regulation No. 23 of 2010 regarding implementation of activities of business of minerals and coal mining and have conducted refining and smelting in accordance with Law No. 4 of 2009 regarding minerals and coal mining ("Export Ban"). Due to the Export Ban, Yiwu can no longer export unprocessed ore to the Group.

In the throes of the Export Ban, the ore trading business of the Group continued to suspend in the first half of 2019.

Besides the direct impact on the ore trading business, the Export Ban also adversely affected the manufacturing of iron and special steel products. These put the Group in a predicament as the Group had to purchase the ores from the PRC market with volatile ore price fluctuation, which in turn affected our cost of manufacturing of the iron and special steel products.

#### 經營環境分析

#### 出口禁運的影響

本集團購入礦石以供褐鐵礦石貿易業務及生產鐵及特鋼製品自營業務之用。過去數年，本集團藉一份與PT. Yiwu Mining (「Yiwu」)簽訂的獨家採購協議 (「獨家採購協議」)受惠於以固定價格取得礦石供應。

根據印尼頒佈的相關規例，印尼採礦業務牌照持有人 (「IUP持有人」) 的未經處理礦石出口於二零一四年一月十二日起被禁止，惟IUP持有人已按二零一零年政府規例第23號 (有關開採礦物及煤業務活動實施) 在當地進行處理及提煉，並且已按二零零九年法例第4號 (有關開採礦物及煤) 進行提煉及冶煉則另作別論 (「出口禁運」)。由於出口禁運，Yiwu不再向本集團出口未經處理的礦石。

在出口禁運之沉重打擊下，本集團之礦石貿易業務於二零一九年上半年繼續停頓。

除了對礦石貿易業務造成直接影響，出口禁運亦對鐵及特鋼製品生產業務造成負面影響。其令本集團陷入困境，原因為本集團須向礦石價格相當波動的中國市場採購礦石，因而影響本集團之鐵及特鋼製品的生產成本。

## Management Discussion and Analysis

### 管理層討論與分析

#### Operating environment in the first half of 2019

The steel product price fluctuated during the period of 2019.

Despite the rebound of the PRC steel market since 2016, we remain conservative about the steel market in the PRC in the short term due to the continuation of over-supply and the persisting weak steel price under fierce competition in the steel market. Although the PRC government started implementing certain policies to weather through the over-supply situation, we expect that the prices of iron and steel products will continue to fluctuate in the near future. However, in the long term, we expect the global economy will gradually recover and the economy of the PRC will maintain its healthy growth trend. Going forward, domestic market in the PRC will become quality-oriented, which will impose higher requirements on products in terms of environmental-friendliness, safety and durability, sustainability and recycling. We expect that the quantitative demand for high quality steel products will increase significantly in the long run, and product development will incline to the high-end market.

To capture these business opportunities, the Group has shifted to the production of high quality iron and special steel products through the application of more environmental-friendly production method. Moreover, the Group completed the innovation on the new “high-strength special steel” product in 2014 which can be applied to bridge construction, offshore oil platform construction, marine construction, ship construction, power transmission engineering and marine transport facilities. The Directors believe that the “high-strength special steel” product can contribute substantially to the Group’s future operating profits upon the successful continuing exploration, development, recognition and application of the new “high-strength special steel” products in the PRC steel market in the near future.

#### 於二零一九年上半年的營運環境

於二零一九年期內，鋼產品價格波動。

儘管自二零一六年起中國鋼鐵市場近期出現反彈，但我們短期內仍對中國鋼鐵市場持保守態度，原因為於鋼鐵市場激烈競爭下，供應過剩問題持續以及鋼鐵價格持續疲軟。儘管中國政府已開始實施若干政策協助渡過供應過剩情況，但我們預期鐵及鋼製品的價格於不久將來將持續波動。然而，長遠而言，我們預期全球經濟將逐漸復甦，中國經濟亦會維持其健康增長趨勢。未來，中國國內市場將更著重質量，而對產品環保、安全及耐用、可持續及可回收方面要求更高。我們預期高質素鋼製品的長遠需求將會大幅增長，產品的發展將趨向高端市場。

為抓住此等商機，本集團已逐步轉向生產高質素鐵及特鋼製品，並採用更環保的生產方法。此外，本集團已於二零一四年完成新「高強特鋼」產品之改進，其可應用於橋樑建設、海上石油平台建設、海洋建築、船舶建造、輸電工程及海洋運輸設備。董事相信，待不久將來中國鋼鐵市場成功持續探索、開發、認識及應用新「高強特鋼」產品後，「高強特鋼」產品將大大有助本集團之未來經營溢利。



### BUSINESS REVIEW

#### Project Progress

##### *In Indonesia*

On each of 11 March 2018 and 8 June 2018, the Group entered into a sale and purchase agreement with Mr. Sun, who is an indirect shareholder of the Subscriber, pursuant to which the Group agreed to sell an aggregate 14% equity interest in SEAM to Mr. Sun at an aggregate consideration of RMB420 million (equivalent to approximately HK\$477.4 million) conditional upon, amongst others, obtaining approval from shareholders of the Company at an extraordinary general meeting and resumption of trading of the Company's shares.

Along with the disposal of 14% equity interest in SEAM, the Group is actively assessing the available financing sources and considering any possible alternatives, including but not limited to, co-operation with local enterprises or PRC giant steel manufacturer for building up special steel mills in Indonesia.

#### Business Development

##### *Ore trading business*

The Group purchases ores from Indonesia through the EOA at fixed price for self-use or for sale, and has started selling ores to third parties since the end of 2009. The ore trading business had a remarkable contribution to our profitability and cash flows due to strong demand from the PRC customers in the past.

However, the ore trading business of the Group has been suspended upon the Export Ban and it is anticipated that this will have a continuous significant negative impact on the financial and operating results of the Group.

#### 業務回顧

##### 項目進展

##### *在印尼*

分別於二零一八年三月十一日及二零一八年六月八日，本集團與孫先生（彼為認購方之間接股東）訂立一項買賣協議，據此，本集團同意向孫先生出售於南洋礦業的合共14%股本權益，總代價為人民幣420百萬元（相當於約477.4百萬港元），其須待（其中包括）在股東特別大會上取得本公司股東的批准及本公司股份恢復買賣後，方可作實。

隨著南洋礦業的14%股本權益之出售事項，本集團現正積極評估可用的融資來源及考慮任何潛在替代方案，包括但不限於與地方企業或中國大型鋼生產商合作，以便於印尼建立特鋼廠。

#### 業務發展

##### 礦石貿易業務

本集團透過獨家採購協議以固定價格由印尼購入礦石以供自用或銷售，並且已於二零零九年年末開始向第三方銷售礦石。因為中國客戶的需求強勁，礦石貿易業務於過往對我們的盈利能力及現金流有可觀貢獻。

然而，在出口禁運後，本集團的礦石貿易業務已暫停。我們預期有關禁運將持續對本集團之財務及經營業績帶來重大負面影響。



## Management Discussion and Analysis

### 管理層討論與分析

It is possible that the relevant mining regulations in Indonesia may be amended but there is no guarantee that the Export Ban will be uplifted in near future.

The Directors are considering any possible alternatives, including but not limited to, co-operation with local enterprises or PRC giant steel manufacturer for building up special steel mills in Indonesia.

#### **Special steel-making operations**

For the special steel-making operations of the Group, sales volume increased enormously as compared to the corresponding period in 2018 whereas the profit margins lowered during the period. Yongtong Special Steel continued to provide sub-contracting services to external customers by utilisation of its existing production capacity for enhancing its cash flow position and generating stable revenue. During the period, the Group recorded sub-contracting service income amounted to HK\$17.3 million.

In August 2018, in order to explore different avenues to further enhance the business operation, the Group entered into a strategic cooperation agreement (the "Cooperation Agreement") with a strategic partner (the "Strategic Partner"), pursuant to which the Group agreed to provide its fixed assets and the Strategic Partner agreed to provide management personnel, technical support and a loan of not more than RMB100 million for production of the steel products by utilising the production plants of the Group. Pursuant to the Cooperation Agreement, the Strategic Partner has undertaken enhancement work on the production plants of the Company in order to strengthen the existing production capacity and its efficiency and the enhancement work has been substantially completed.

印尼的相關採礦規例可能會有所修訂，但不保證出口禁運將於不久將來取消。

董事現正考慮任何可能替代方案，包括但不限於與地方企業或中國大型鋼生產商合作，以便於印尼建立特鋼廠。

#### **特鋼製造業務**

就本集團的特鋼製造業務而言，銷量較二零一八年同期大幅增加，而期內溢利率下跌。永通特鋼繼續利用其現有產能向外部客戶提供加工服務，以改善其現金流量狀況及產生穩定收益。期內，本集團錄得加工服務收入17.3百萬港元。

於二零一八年八月，為發掘不同渠道以進一步改善業務營運，本集團與戰略夥伴（「戰略夥伴」）訂立戰略合作協議（「合作協議」），據此，本集團同意提供其固定資產，而戰略夥伴同意提供管理人員、技術支援及不多於人民幣100百萬元之貸款，以透過利用本集團之生產廠房生產鋼產品。根據合作協議，戰略夥伴已對本公司之生產廠房進行改善工作，以加強現有產能及效率，改善工作已大致上竣工。

## Management Discussion and Analysis

### 管理層討論與分析

In addition, pursuant to the Cooperation Agreement, the Strategic Partner shall pay a fixed sum of processing management fee when the Group's production reaches the minimum level as stipulated in the agreement. Although the Group duly provided the relevant service to the Strategic Partner during the reporting period, the calculation of the management fee, as well as the payment arrangement, have not been agreed with the Strategic Partner. As a result, the income under this processing arrangement has yet to be recognised and accounted for in the interim condensed consolidated financial information. The Group is currently negotiating with the Strategic Partner for the fee arrangement and the Directors believe that an agreement as to the measurement of the management fee can be reached in the second half of 2019 and accordingly, 2019 financial results may be affected if the fee arrangement ultimately reached.

We expect while the keen competition in the steel market of the PRC will continue in 2019, the demand for steel products will gradually pick up. Following the Environmental Protection Bureau taking measures to monitor and control the air pollution index since 2016, we expect the environmental protection issues will continue in 2019 and the supply of the stainless steel products market may be affected. Therefore, the Group will take this opportunity to produce substantially the stainless steel products in demand in near future. The Group is also proactively developing and launching new high-value-added special steel products and identifying PRC and overseas markets with growth potentials to strengthen our product portfolio and reduce the market concentration risk.

此外，根據合作協議，當本集團之產量達致該協議所規定之最低水平，戰略夥伴須支付固定之加工管理費。儘管本集團於報告期間向戰略夥伴妥為提供相關服務，惟戰略夥伴並未同意管理費之計算及付款安排。因此，該加工安排項下之收入尚未獲確認及於中期簡明綜合財務資料入賬。本集團目前正就費用安排與戰略夥伴進行磋商，董事相信可於二零一九年下半年達成有關管理費計量之協議，因此，倘最終達致費用安排，則二零一九年財務業績可能受影響。

我們預期，儘管中國鋼鐵市場競爭激烈的情況於二零一九年仍會持續，然而鋼產品的需求將會逐步回升。由於環境保護局自二零一六年起採取措施監督及監控空氣污染指數，我們預計二零一九年將會繼續實施環境保護措施，且不銹鋼製品市場的供應可能會受到影響。因此，本集團將會把握這個機會，在近期大力生產受歡迎的不銹鋼製品。本集團亦正在積極發展及推出新的高增值特鋼產品，並物色具增長潛力的中國及海外市場，以鞏固我們的產品組合，減低市場集中的風險。

# Management Discussion and Analysis

## 管理層討論與分析

### ***Sorbite High Strength Stainless Structural Steel*** ***("S600E")***

Following the patent of S600E being approved by the China National Intellectual Property Administration in April 2019, the Standardisation Administration of the PRC published national product standard GB/T 37430-2019 on S600E in May 2019. In June 2019, a launching ceremony of a sub-contracting factory of a third party steel company with production capacity of approximately 500,000 tonnes per annum for the production of S600E was held in Henan province. On 29 July 2019, the Company entered into a sales agency agreement with the third party steel company, pursuant to which the Company conditionally agreed to authorise such third party steel company as an agent company to sell its S600E product series in certain designated regions in the PRC for a renewable license period of three years up to 30 June 2036.

The Company continues to secure further manufacturing capacities to swiftly commercialise the use of S600E by way of authorising third party manufacturers at an agreed royalty.

The Directors believe that the above arrangements, if materialised, will further enhance the financial position and operational performance of the Group.

### **Financing Arrangement**

As at 30 June 2019, the Group had net current liabilities of approximately HK\$4,295.5 million. The Group has been actively negotiating with the PRC and overseas banks and institutional investors for new borrowings and renewal of existing borrowings when they fall due. During the period, the Group had successfully obtained bank and other borrowings of HK\$71.7 million to finance its operation and for repayment of its borrowings when they fall due.

### **索氏體高強不銹結構鋼 ("S600E")**

於S600E專利於二零一九年四月獲中國國家知識產權局批准後，中國國家標準化管理委員會於二零一九年五月就S600E頒佈國家產品標準GB/T 37430-2019。於二零一九年六月，一間第三方鋼鐵公司之生產S600E之產能為每年約500,000公噸之加工廠房於河南省舉行開業典禮。於二零一九年七月二十九日，本公司與該第三方鋼鐵公司訂立銷售代理協議，根據該協議，本公司有條件地同意授權該第三方鋼鐵公司作為代理公司在中國若干指定區域內銷售本公司的S600E全系列產品。代理期限為三年並可續期，直至二零三六年六月三十日。

本公司透過以約定專利權費授權第三方生產商，繼續爭取更多產能以迅速把S600E的使用商業化。

董事認為上述安排一旦實現，將進一步增強本集團的財務狀況及營運表現。

### **融資安排**

於二零一九年六月三十日，本集團之流動負債淨額約為4,295.5百萬港元。本集團已積極就新的借款及重續現有到期借款，與中國境內及海外銀行以及機構投資者展開磋商。期內，本集團已順利獲得71.7百萬港元之銀行及其他借貸，以撥付其經營資金及償還到期借貸。

In addition, based on the framework agreement with a potential investor for the disposal of 30% equity interest of SEAM, a wholly-owned subsidiary of the Group, the aggregate consideration will be approximately US\$150 million (equivalent to approximately HK\$1,170 million). The transaction is still in progress or may be modified in near future (currently under negotiation with relevant parties) due to the rapid change in operating and regulatory environment of SEAM, and the potential investor needs more time for conducting due diligence work.

On each of 11 March 2018 and 8 June 2018, the Group entered into a sale and purchase agreement with Mr. Sun, who is also an indirect shareholder of the Subscriber, pursuant to which the Group agreed to sell an aggregate 14% equity interest in SEAM to Mr. Sun at an aggregate consideration of RMB420 million (equivalent to approximately HK\$477.4 million).

#### Subscription

References are made to the announcements of the Company dated 7 March 2016, 11 June 2018 and 2 October 2018 in respect of, among other things, the (i) proposed issue of Subscription Shares under the Specific Mandate; (ii) application for the Whitewash Waiver; and (iii) Special Deal (the "Subscription Announcements"). Unless otherwise stated, capitalised terms used in this announcement shall have the same meanings as defined in the Subscription Announcements.

此外，按照就出售本集團全資附屬公司南洋礦業30%股本權益而與準投資者訂立的框架協議，代價總額將約為150百萬美元（相等於約1,170百萬港元）。基於南洋礦業的經營環境及監管環境急變，該交易仍在進行中或可能於不久將來作出修改（目前正與有關方面磋商），而準投資者需要更多時間進行盡職審查。

分別於二零一八年三月十一日及二零一八年六月八日，本集團與孫先生（彼亦為認購方之間接股東）訂立一項買賣協議，據此，本集團同意向孫先生出售於南洋礦業的合共14%股本權益，總代價為人民幣420百萬元（相當於約477.4百萬元）。

#### 認購事項

茲提述本公司日期為二零一六年三月七日、二零一八年六月十一日及二零一八年十月二日之公告，內容有關（其中包括）(i)建議根據特定授權發行認購股份；(ii)申請清洗豁免；及(iii)特別交易（「認購公告」）。除非另有所指，本公告所用之詞彙與認購公告所界定者具有相同涵義。

# Management Discussion and Analysis

## 管理層討論與分析

### Subscription Agreement

On 5 March 2016, the Company and the Subscriber entered into a share subscription agreement pursuant to which the Subscriber agreed to subscribe for a total of 1,465,898,410 new ordinary shares of the Company at a subscription price of approximately HK\$0.1876 per share, with proposed gross proceeds totalling HK\$275 million, subject to certain conditions precedent which, among others, include the following:

- approval from the Company's shareholders, or independent shareholders when appropriate, for (i) allotment and issuance of the Subscription Shares; (ii) a Whitewash Waiver; and (iii) a Special Deal, at the EGM;
- Whitewash Waiver being granted by the SFC in respect of any obligation of the Subscriber and parties acting in concert with it to make a mandatory general offer in cash for all the issued shares and other relevant securities of the Company not already owned (or agreed to be acquired) by the Subscriber and parties acting in concert with it which might otherwise arise as a result of the Subscription;
- the consent from the SFC in relation to the Special Deal;
- approval of resumption of trading of the Company's shares, and listing of the Subscription Shares from the Stock Exchange (which was subsequently waived by the Subscriber during the year ended 31 December 2018); and

### 認購協議

於二零一六年三月五日，本公司與認購方訂立一份股份認購協議，據此，認購方同意按每股約0.1876港元的認購價認購本公司合共1,465,898,410股新普通股，建議所得款項總額合計為275百萬港元，惟須受若干先決條件規限，其中包括以下各項：

- 在股東特別大會上就下列事項取得本公司股東或獨立股東（如適當）的批准：(i)配發及發行認購股份；(ii)清洗豁免；及(iii)特別交易；
- 證監會就認購方及其一致行動人士的責任授出清洗豁免，豁免彼等因認購事項可能另行引致須就認購方及其一致行動人士尚未擁有（或同意將予收購）的本公司所有已發行股份及其他有關證券提出強制性全面現金要約；
- 證監會同意特別交易；
- 聯交所批准本公司股份恢復買賣及認購股份上市（其後獲認購方於截至二零一八年十二月三十一日止年度豁免）；及

- completion of a debt restructuring by the Company by way of the “Schemes” (the “Debt Restructuring Proposal”). The debt restructuring refers to a plan for restructuring of the indebtedness of the Company which involves, among other things: (i) the reduction and cancellation of the outstanding principal amount of the Bonds by at least 80%; (ii) the reduction and cancellation of all the outstanding accrued interests of the Bonds; (iii) the release and discharge of all security collateral provided in relation to the 12% Coupon Senior Bonds and the 8% Coupon Convertible Bonds; and (iv) the reduction of and cancellation of all other indebtedness and contingent liabilities of the Company as referred to in the Debt Restructuring Proposal, by at least 80%.
- 本公司透過「計劃」方式完成債務重組（「債務重組建議」）。債務重組指本公司的債務重組計劃，當中涉及（其中包括）：(i)削減及註銷債券的未償還本金額至少80%；(ii)削減及註銷債券所有未償還應計利息；(iii)解除及免除就12%票面息優先債券及8%票面息可換股債券提供的所有抵押品；及(iv)削減及註銷債務重組建議所述的本公司所有其他債務及或然負債至少80%。

#### **Supplemental Subscription Agreements**

On 21 May 2018 and 10 June 2018, the Subscriber, the Company and Mr. Dong Shutong entered into the Supplemental Subscription Agreements, pursuant to which the Subscriber, the Company and Mr. Dong Shutong, being the chairman and executive Director of the Company, agreed to supplement and/or amend certain terms and conditions of the Subscription Agreement as follows:

#### **補充認購協議**

於二零一八年五月二十一日及二零一八年六月十日，認購方、本公司與董書通先生訂立補充認購協議，據此，認購方、本公司及董書通先生（本公司主席兼執行董事）同意補充及／或修訂認購協議之若干條款及條件如下：

# Management Discussion and Analysis

## 管理層討論與分析

### Conditions Precedent

Pursuant to the Supplemental Subscription Agreements:

(1) The conditions precedent to Completion as contemplated under the Subscription Agreement (as set out in the section headed “Conditions Precedent” in the Company’s announcement dated 7 March 2016), which require (i) approvals by the Shareholders, or Independent Shareholders when appropriate, at the EGM; (ii) grant of the Whitewash Waiver by the Executive to the Subscriber; and (iii) consent to the Special Deal by the Executive, are expanded to include all the necessary Shareholders’ or Independent Shareholders’ approval(s) and waiver(s)/consent(s) by the Executive in relation to not only the Subscription but all the transactions and arrangements contemplated under the Resumption Proposal.

(2) Subject to all the other conditions precedent to Completion having been satisfied or waived (if applicable) before the Long Stop Date, the Subscriber agreed to waive the following conditions:

- (i) a written confirmation having been given by the Stock Exchange and the SFC (if applicable) confirming that they have no further comments on the announcement in relation to the resumption of trading in the Shares on the Stock Exchange and/or the Resumption Proposal; and
- (ii) the approval of resumption of trading in the Shares having been obtained from the Stock Exchange (subject to other Resumption Conditions having been satisfied and such Resumption Conditions not having adverse effect on the transactions contemplated under the Subscription Agreement or the right of the Subscriber thereunder), and such approval not having been revoked.

### 先決條件

根據補充認購協議：

(1) 認購協議項下擬定完成之先決條件（載於本公司日期為二零一六年三月七日之公告內「先決條件」一節），其規定(i)股東或獨立股東（倘適用）於股東特別大會上批准；及(ii)執行人員向認購方授出清洗豁免；及(iii)執行人員就特別交易授出之同意擴大至包括所有必要股東或獨立股東批准及執行人員不僅就認購事項授出豁免／同意，亦就復牌建議項下擬進行之一切交易及安排授出豁免／同意。

(2) 倘完成之所有其他先決條件於最後完成日期前獲達成或豁免（如適用），認購方同意豁免以下條件：

- (i) 聯交所及證監會（如適用）發出書面確認，確認彼等對有關股份於聯交所恢復買賣及／或復牌建議之公告再無進一步意見；及
- (ii) 已取得聯交所批准股份恢復買賣（須已達成其他復牌條件，且有關復牌條件並無對認購協議項下擬進行之交易或認購方於認購協議項下之權利造成不利影響），且有關批准並無被撤回。



#### *Settlement of consideration*

The Subscriber will pay no more than HK\$150 million (as set out in the section headed “Use of proceeds and future business plan” in the Company’s announcement dated 7 March 2016) directly to the designated trust account of, or such other account as directed by, the scheme administrator pursuant to the Debt Restructuring under the Resumption Proposal on the Completion Date, subject to all the Conditions Precedent having been satisfied or waived (as the case may be).

#### *Post-completion obligation of the Company*

The Company must fulfil the following conditions (“Post-completion Obligation”) within 2 months from the Completion Date or on or before 5 October 2018, whichever is later (“Post-completion Long Stop Date”):

- (i) all the Resumption Conditions and the conditions set out in the 2017 LRC Decision Letter (including any other resumption conditions as imposed or amended by the Stock Exchange from time to time) having been satisfied in full; and
- (ii) the approval from the Stock Exchange to the resumption of trading in the Shares having been obtained and such approval not having been revoked.

In the event the Company fails to fulfil the Post-completion Obligation on or before the Post-completion Long Stop Date or such later date as the parties to the Supplemental Subscription Agreements may agree, the Company shall, subject to the applicable rules and regulations, use its best endeavours to facilitate the Subscriber to receive in cash an amount equivalent to the sum of (i) the actual consideration paid by it under the Subscription, and (ii) 10% of such actual consideration paid (being the finance costs and administrative expenses incurred in connection with the Subscription) (together, the “Agreed Amount”) on or before the expiration of the 18th months from the Post-completion Long Stop Date (the “Due Date”).

#### *償付代價*

認購方將於完成日期根據復牌建議項下之債務重組直接向計劃管理人之指定信託戶口（或計劃管理人指示之有關其他戶口）支付不多於1.5億港元（誠如本公司日期為二零一六年三月七日之公告中「所得款項用途及未來業務計劃」一節所載），惟須待所有先決條件獲達成或豁免（視乎情況而定）後，方可作實。

#### *本公司之完成後責任*

本公司必須於完成日期起計兩個月內或於二零一八年十月五日或之前（以較遲者為準）（「完成後之最後完成日期」）達成以下條件（「完成後責任」）：

- (i) 所有復牌條件及載於二零一七年上市（覆核）委員會決定信件之條件（包括聯交所不時施加或修訂之任何其他復牌條件）已獲全面達成；及
- (ii) 已取得聯交所批准股份恢復買賣，而有關批准並無被撤回。

倘本公司未能於完成後之最後完成日期或之前或補充認購協議之訂約各方可能協定之有關較後日期履行完成後責任，則本公司須在適用規則及法規之規限下盡其最大努力促使認購方於完成後之最後完成日期起計第18個月屆滿時（「到期日」）或之前以現金收取相等於以下各項總和之金額：(i)其於認購事項項下已付之實際代價；及(ii)有關已付之實際代價之10%（為認購事項產生之融資成本及行政開支）（統稱「協定金額」）。

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Such endeavours shall not involve any transfer of Shares from the Subscriber to the Company, Mr. Dong Shutong and/or any other person which will trigger any obligation to make a mandatory general offer to the Shareholders under Rule 26.1 of the Takeovers Code by any person.

#### *Guarantee*

The Company's Post-completion Obligation and its obligation to facilitate the Subscriber's receipt of the Agreed Amount on or before the Due Date are unconditionally and irrevocably guaranteed by Mr. Dong Shutong. In the event the Subscriber fails to receive the Agreed Amount in full on or before the Due Date, Mr. Dong Shutong, being the guarantor, shall be obligated to pay to the Subscriber the shortfall of the Agreed Amount together with interest thereon calculated at the rate of 0.05% per calendar day and accruing from the Due Date up to (and including) the date on which the Agreed Amount is paid in full. Such guarantee shall not involve any transfer of Shares from the Subscriber to Mr. Dong Shutong and/or any other person which will trigger any obligation to make a mandatory general offer to the Shareholders under Rule 26.1 of the Takeovers Code by any person.

Save as disclosed above, other terms and conditions of the Subscription Agreement remain unchanged.

#### **Long Stop Date**

The long stop date of the Subscription is 31 December 2019 or such other date as may be agreed by the Company and the Subscriber in writing from time to time.

#### **Update on the status of the Debt Restructuring Proposal**

##### **Bonds**

References are made to the announcements of the Company dated 30 May 2016, 24 June 2016 and 7 July 2016 regarding the convening of Meetings and Adjourned Meetings of Bondholders (the "Bond Announcements"). Capitalised terms used herein have the same meanings as those defined in the Bond Announcements unless defined otherwise.

有關努力須不涉及認購方向本公司、董書通先生及／或任何其他人士轉讓任何股份（其將觸發任何人士根據收購守則規則26.1向股東提出強制性全面要約之任何責任）。

#### **擔保**

本公司之完成後責任及其促使認購方於到期日或之前收取協定金額之責任由董書通先生無條件及不可撤銷地擔保。倘認購方未能於到期日或之前悉數收取協定金額，董書通先生（作為擔保人）將有責任向認購方支付協定金額之差額連同按每個曆日0.05%之利率計算自到期日起直至（及包括）協定金額獲悉數償付當日累計之利息。有關擔保須不涉及認購方向董書通先生及／或任何其他人士轉讓任何股份（其將觸發任何人士根據收購守則規則26.1向股東提出強制性全面要約之任何責任）。

除上文所披露者外，認購協議之其他條款及條件均維持不變。

#### **最後完成日期**

認購事項之最後完成日期為二零一九年十二月三十一日或本公司與認購方可能不時書面協定之有關其他日期。

#### **債務重組建議狀況之更新**

##### **債券**

茲提述本公司日期為二零一六年五月三十日、二零一六年六月二十四日及二零一六年七月七日之公告，內容有關召開債券持有人大會及延期大會（「債券公告」）。除非另有界定，此處所用之詞彙與債券公告所界定者具有相同涵義。

Since December 2014, the Group had continuous default in payment of due interest and principal under the terms and conditions of the Bonds, the default may trigger a cross-default in accordance with respective terms and conditions of the Bonds. In such an event, DB Trustees (Hong Kong) Limited, in its respective capacities as trustee for the holders of the Bonds is entitled to, amongst other things, accelerate the Company's obligations under the Bonds and declare the outstanding principal amounts of the Bonds to be immediately due and payable, together with outstanding interest and all other sums payable. Upon the passing of the Extraordinary Resolutions by the Company on 21 June 2016 and 6 July 2016, no Senior Bondholder or Convertible Bondholder shall demand repayment of any amount due under such Bonds or take any action to enforce the payment of monies or exercise any other right thereunder or otherwise take any action against the Company whether or not under the terms and conditions of such Bonds or request or require the relevant bonds trustee to take any action against the Company from the date of the Extraordinary Resolutions to (and including) the date upon which the Schemes are implemented.

As disclosed in the announcement of the Company dated 13 June 2016, (i) the principal amount of the 12% Coupon Senior Bonds of HK\$390,990,000 and the accrued interest of HK\$90,769,000 were outstanding; (ii) the principal amount of the 8% Coupon Convertible Bonds of HK\$117,525,000 and the accrued interest of HK\$18,725,000 were outstanding; and (iii) the principal amount of the Modified 10% Coupon Bonds of HK\$28,400,000 and the accrued interest of HK\$5,996,000 were outstanding as at 12 June 2016.

自二零一四年十二月以來，本集團持續拖欠支付債券條款及條件項下之應付利息及本金，根據債券有關條款及條件，拖欠款項可能導致交叉違約。於此事件下，作為債券持有人之信託人，德意志信託（香港）有限公司因而有權（其中包括）加快本公司於債券項下之責任及宣佈債券之未償還本金連同未償還利息及所有其他應付金額即時到期及應付。本公司於二零一六年六月二十一日及二零一六年七月六日通過特別決議案後，自特別決議案日期至（及包括）計劃實施當日，優先債券持有人或可換股債券持有人不得要求償還該等債券項下任何到期金額或採取任何行動迫使支付款項或行使其項下任何其他權利或以其他方式向本公司採取任何行動（不論是否根據該等債券之條款及條件）或請求或要求相關債券受託人向本公司採取任何行動。

誠如本公司日期為二零一六年六月十三日之公告所披露，於二零一六年六月十二日：(i) 12%票面息優先債券之本金390,990,000港元及應計利息90,769,000港元仍未償還；(ii) 8%票面息可換股債券之本金117,525,000港元及應計利息18,725,000港元仍未償還；及(iii)經修訂10%票面息債券之本金28,400,000港元及應計利息5,996,000港元仍未償還。

## Management Discussion and Analysis

### 管理層討論與分析

#### *Background of the meetings of the Bondholders*

As disclosed in the announcement of the Company dated 7 March 2016, completion of the Subscription is conditional upon, among other things, the necessary order of the High Court of Hong Kong and consent of the other relevant parties with respect to the execution of an approved scheme of arrangement between the Company and the creditors under the Debt Restructuring Proposal having been obtained.

As an initial step of the Debt Restructuring Proposal, separate meetings of the Convertible Bondholders, the Senior Bondholders and the 10% Bondholders were convened in order to give effect to the following:

- the Convertible Bondholders to be treated as a separate and single class under the Schemes, not as part of the class of secured creditors of the Company, who are creditors under the Schemes nor as part of the same class as the Senior Bondholders;
- the Senior Bondholders to be treated as part of the same class as the existing unsecured creditors of the Company (including the 10% Bondholders), who are creditors under the Schemes;
- the cancellation of all outstanding principal on the Bonds;
- the cancellation of all outstanding interest, accrued and unpaid, on the Bonds; and
- the release and discharge of all of the Convertible Bonds Security and the Senior Bonds Security, respectively,

in return for, in the case of the Senior Bonds and the 10% Bonds, a Cash Distribution and in the case of the Convertible Bonds, either a Cash Distribution or a Shares Distribution. No Convertible Bondholders shall be entitled to receive a combination of a Cash Distribution and a Shares Distribution. For details, please refer to the Bond Announcements.

#### *債券持有人大會背景*

誠如本公司日期為二零一六年三月七日的公告所披露，認購事項須待（其中包括）就執行債務重組建議項下本公司與債權人之間的已批准重組安排計劃獲得香港高等法院的必要命令及其他相關方的同意後，方告完成。

作為債務重組建議的第一步，可換股債券持有人、優先債券持有人及10厘債券持有人已召開獨立大會以使以下各項生效：

- 可換股債券持有人被視作計劃項下獨立單一類別，而非為本公司有抵押債權人（為計劃項下債權人）類別的一部分，亦非為優先債券持有人同一類別的一部分；
- 優先債券持有人被視作本公司現有無抵押債權人（包括10厘債券持有人）（為計劃項下債權人）同一類別的一部分；
- 註銷債券所有未償還本金；
- 註銷債券所有應計及未付的未償還利息；及
- 分別解除及免除所有可換股債券抵押品及優先債券抵押品，

倘為優先債券及10厘債券，可換取現金分派，而倘為可換股債券，則換取現金分派或股份分派。概無可換股債券持有人有權同時收取現金分派及股份分派。更多詳情，請參閱債券公告。

#### *Meetings of the Bondholders*

Separate meetings of the Convertible Bondholders, the Senior Bondholders and the 10% Bondholders were convened by the Company to consider and, if thought fit, pass separate extraordinary resolutions of the Convertible Bondholders, the Senior Bondholders and the 10% Bondholders, as the case may be (the “Extraordinary Resolutions”):

- for the Convertible Bondholders and the Senior Bondholders, as the case may be, to agree, and to instruct the relevant bonds trustee and the Security Trustee, not to enforce the Security in relation to the Convertible Bonds and the Senior Bonds, as the case may be, from the date of the meeting to the date the Schemes become Effective, or if the Debt Restructuring Proposal is not approved at the Scheme Meetings, the completion of the Scheme Meetings;
- to approve the terms of the Debt Restructuring Proposal; and
- to give instructions to the relevant Bonds Trustee to vote the full principal amount of the relevant Bonds which are outstanding in favour of the Schemes at the Scheme Meetings and any adjourned or rescheduled Scheme Meeting.

#### *債券持有人大會*

本公司已召開可換股債券持有人、優先債券持有人及10厘債券持有人獨立大會，以考慮及酌情通過可換股債券持有人、優先債券持有人及10厘債券持有人（視情況而定）的獨立特別決議案（「特別決議案」）：

- 就可換股債券持有人及優先債券持有人（視情況而定）而言，同意及指示相關債券受託人及抵押受託人不得於大會日期起至計劃生效日期（或倘債務重組建議於計劃大會上不獲批准，則於計劃大會結束時）止就可換股債券及優先債券（視情況而定）執行抵押；
- 批准債務重組建議的條款；及
- 指示相關債券受託人於計劃大會及任何延期或改期計劃大會以相關債券全部未償還本金額投票贊成計劃。

## Management Discussion and Analysis

### 管理層討論與分析

#### *Results, adjournment and dissolution of the meetings of the Bondholders*

As at the date of the Meetings of the Bondholders, according to DB Trustees (Hong Kong) Limited, in its capacities as trustees for the relevant Bonds, the outstanding principal amounts of the Convertible Bonds, the Senior Bonds and the 10% Bonds were HK\$87,850,000, HK\$390,990,000 and HK\$28,400,000, respectively.

The Company announced that:

- (a) as a quorum was not present at the Meeting of the Convertible Bondholders convened and held at 10:30 a.m. (Hong Kong time) on 21 June 2016 after 15 minutes since the time appointed for holding such Meeting, such Meeting was adjourned in accordance with the terms of the Convertible Bonds Trust Deed to 6 July 2016 at 10:30 a.m. (Hong Kong time) at the same address as the original Meeting of the Convertible Bondholders, i.e. Room 3501, 35th Floor, China Merchants Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong. The notice for the adjourned Meeting of the Convertible Bondholders will be published in accordance with the terms of the Convertible Bonds Trust Deed.

#### *債券持有人大會結果、延期及解散*

於債券持有人大會日期，根據作為相關債券受託人的德意志信託（香港）有限公司，可換股債券、優先債券及10厘債券未償還本金額分別為87,850,000港元、390,990,000港元及28,400,000港元。

本公司宣佈：

- (a) 由於二零一六年六月二十一日上午十時三十分（香港時間）所召開及舉行可換股債券持有人大會於有關大會指定舉行時間起計15分鐘後，未有足夠法定人數出席，因此，有關大會已根據可換股債券信託契據條款延期至二零一六年七月六日上午十時三十分（香港時間）假座原訂可換股債券持有人大會相同地點舉行，地址為香港干諾道中168至200號信德中心招商局大廈35樓3501室。延期舉行的可換股債券持有人大會通告將根據可換股債券信託契據條款刊發。

## Management Discussion and Analysis

### 管理層討論與分析

(b) the Meeting of the Senior Bondholders convened and held at 11:00 a.m. (Hong Kong time) on 21 June 2016 was quorate at the first calling and the number of votes cast at such Meeting was as follows:

(b) 二零一六年六月二十一日上午十一時正（香港時間）所召開及舉行優先債券持有人大會於首次召開時已達法定人數，有關大會上投票表決的票數如下：

		FOR 贊成	AGAINST 反對
Total number of votes cast	投票總數	14,270	104
Votes as a percentage of all votes cast (%)	選票佔全部所投票數的百分比(%)	99.28%	0.72%
Votes as a percentage of all outstanding Senior Bonds (%)	選票佔全部未償還優先債券的百分比(%)	91.24%	0.67%

As at least three-quarters of the votes cast at the Meeting of the Senior Bondholders were cast in favour of the Extraordinary Resolution, the Extraordinary Resolution put forward to the Senior Bondholders was passed, and will become effective subject to the Extraordinary Resolution to be considered by the Convertible Bondholders also being passed at the adjourned Meeting of the Convertible Bondholders (or any further adjournment thereof). No holder of the Senior Bonds was required to abstain from voting on the Extraordinary Resolution at the Meeting of the Senior Bondholders; and

由於優先債券持有人大會上最少四分之三的票數贊成特別決議案，因此，向優先債券持有人提呈的特別決議案已獲通過，並將於可換股債券持有人將考慮的特別決議案於延期舉行的可換股債券持有人大會（或任何進一步延期大會）一同獲通過後生效。概無優先債券持有人須於優先債券持有人大會上就特別決議案放棄投票；及

(c) as a quorum was not present at the Meeting of the 10% Bondholders convened and held at 11:30 a.m. (Hong Kong time) on 21 June 2016 after 15 minutes since the time appointed for holding such Meeting, as agreed by the Company and the 10% Bonds Trustee, such Meeting was dissolved in accordance with the 10% Bonds Trust Deed.

(c) 由於二零一六年六月二十一日上午十一時三十分（香港時間）所召開及舉行10厘債券持有人大會於有關大會指定舉行時間起計15分鐘後，未有足夠法定人數出席，因此，在本公司與10厘債券受託人協定下，有關大會根據10厘債券信託契據予以解散。



# Management Discussion and Analysis

## 管理層討論與分析

### Results of the adjourned meeting of the convertible bondholders

As at the date of the adjourned Meeting of the Convertible Bondholders, according to DB Trustees (Hong Kong) Limited, in its capacity as trustee for the Convertible Bonds, the outstanding principal amount of the Convertible Bonds was HK\$46,775,000.

The Company announced that the adjourned Meeting of the Convertible Bondholders convened and held at 10:30 a.m. (Hong Kong time) on 6 July 2016 was quorate and the number of votes cast at such adjourned Meeting was as follows:

### 可換股債券持有人延期大會的結果

於可換股債券持有人延期大會日期，根據作為可換股債券受託人的德意志信託（香港）有限公司，可換股債券的未償還本金額為46,775,000港元。

本公司宣佈，於二零一六年七月六日上午十時三十分（香港時間）召開及舉行的可換股債券持有人延期大會已達法定人數，有關延期大會上投票表決的票數如下：

		FOR 贊成	AGAINST 反對
Total number of votes cast	投票總數	1,446	285
Votes as a percentage of all votes cast (%)	選票佔全部所投票數的百分比(%)	83.54%	16.46%
Votes as a percentage of all outstanding Convertible Bonds (%)	選票佔全部未償還可換股債券的百分比(%)	77.28%	15.23%

As at least three-quarters of the votes cast at the adjourned Meeting of the Convertible Bondholders were cast in favour of the Extraordinary Resolution, the Extraordinary Resolution put to the Convertible Bondholders was passed and became effective. No holder of the Convertible Bonds was required to abstain from voting on the Extraordinary Resolution at the adjourned Meeting of the Convertible Bondholders.

由於可換股債券持有人延期大會上最少四分之三的票數贊成特別決議案，因此，向可換股債券持有人提呈的特別決議案已獲通過並生效。概無可換股債券持有人須於可換股債券持有人延期大會上就特別決議案放棄投票。

The Extraordinary Resolution put to the Meeting of the Senior Bondholders which was passed on 21 June 2016 has also become effective from the time the Extraordinary Resolution put to the Convertible Bondholders at the adjourned Meeting of the Convertible Bondholders was passed.

提呈優先債券持有人大會並於二零一六年六月二十一日獲通過的特別決議案亦已自於可換股債券持有人延期大會上向可換股債券持有人提呈的特別決議案獲通過時起生效。

#### Scheme meetings

Following the passing and effectiveness of the Extraordinary Resolutions on 6 July 2016, the Company prepared the necessary documents to submit to the courts for the creditors' approval and court sanction for the Cayman Scheme and Hong Kong Scheme under the Debt Restructuring Proposal. As disclosed in the Company's announcements, completion of the Subscription is conditional upon, among other things, the approval of the Schemes by the courts under the Debt Restructuring Proposal. The application to the courts and the approval of the Schemes by the creditors at the Scheme Meetings will be the next steps towards the satisfaction of the condition precedent to completion of the Subscription.

On 3 July 2018, the Company received a letter from Stock Exchange which stated that the Listing Committee was not satisfied that the Company had fully met the conditions set out in the 2017 LRC Decision Letter and decided to cancel the Company's listing status under Practice Note 17 to the Listing Rules. The Board strongly disagrees with such LC Decision. More importantly, due to the uncertainty given rise by the LC Decision, the court convening hearings in relation to the Schemes for the Grand Court of the Cayman Islands and the High Court of Hong Kong, which were originally scheduled for 3 July 2018 and 10 July 2018 respectively, have been adjourned, and the implementation of the Resumption Proposal and thus the fulfillment of all resumption conditions has been adversely affected.

#### 計劃大會

繼特別決議案於二零一六年七月六日獲通過及生效後，本公司已準備呈交法院之必要文件，以獲得債務重組建議項下開曼計劃及香港計劃之債權人批准及法院批准。誠如本公司公告所披露，認購事項須待（其中包括）法院根據債務重組建議批准計劃後，方告完成。向法院作出申請及債權人於計劃大會批准計劃將作為邁向達成完成認購事項先決條件之下一步。

於二零一八年七月三日，本公司接獲聯交所發出之函件，指出上市委員會並不信納本公司已完全符合二零一七年上市（覆核）委員會決定信件所述條件，並決定根據上市規則第17項應用指引取消本公司上市地位。董事會強烈反對該上市委員會決定。更重要的是，由於上市委員會決定所產生之不確定性，原定於二零一八年七月三日及二零一八年七月十日分別於開曼群島大法院及香港高等法院進行之有關計劃之聆訊已延期，故復牌建議的實踐以及達成所有復牌條件受到不利影響。

# Management Discussion and Analysis

## 管理層討論與分析

### FINANCIAL REVIEW

#### Turnover and sales volume

Major income of the Group were manufacturing of ferro-nickel alloys, Ni-Cr alloy steel ingot and stainless steel products and sub-contracting services. The table below sets out the turnover and sales volume of our products for the periods indicated:

#### Turnover

		2019 二零一九年 First Half 上半年		2018 二零一八年 First Half 上半年	
		HK\$'000 千港元	%	HK\$'000 千港元	%
<b>Iron and Steel Products:</b>	<b>鐵及鋼製品：</b>				
Ni-Cr alloy steel ingot	鎳鉻合金鋼錠	453,409	92	40,680	23
Stainless steel products	不銹鋼產品	11,862	2	60,437	34
Ferro-nickel alloys and others	鎳鐵合金及其他	9,052	2	44,189	24
		474,323	96	145,306	81
<b>Sub-contracting services</b>	<b>加工服務</b>	17,256	4	33,581	19
<b>Total</b>	<b>總計</b>	<b>491,579</b>	<b>100</b>	<b>178,887</b>	<b>100</b>

#### Sales volume

		2019 二零一九年 First Half 上半年		2018 二零一八年 First Half 上半年	
		(tonnes) (公噸)	%	(tonnes) (公噸)	%
<b>Iron and Steel Products:</b>	<b>鐵及鋼製品：</b>				
Ni-Cr alloy steel ingot	鎳鉻合金鋼錠	125,964	66	8,520	7
Stainless steel products	不銹鋼產品	3,223	2	15,311	14
Ferro-nickel alloys and others	鎳鐵合金及其他	2,683	1	14,489	13
		131,870	69	38,320	34
<b>Sub-contracting services</b>	<b>加工服務</b>	59,603	31	74,391	66
<b>Total</b>	<b>總計</b>	<b>191,473</b>	<b>100</b>	<b>112,711</b>	<b>100</b>

#### 財務回顧

#### 營業額及銷量

本集團之主要收入為製造鎳鐵合金、鎳鉻合金鋼錠及不銹鋼產品及鋼鐵製品加工服務。下表載列本集團產品於所示期間之營業額及銷量：

## Management Discussion and Analysis

### 管理層討論與分析

In the first half of 2019, the turnover of the Group recorded an increase of HK\$312.7 million, or 174.8%, to HK\$491.6 million (2018: HK\$178.9 million) mainly due to increase in sales of Ni-Cr alloy steel ingot.

Sales of Ni-Cr alloy steel ingot was increased by HK\$412.7 million or 1,014.0% to HK\$453.4 million (2018: HK\$40.7 million). The sales volume was increased by 117,444 tonnes, or 1,378.5% to 125,964 tonnes (2018: 8,520 tonnes). The average selling price per tonne was decreased by HK\$1,175, or 24.6% to HK\$3,600 (2018: HK\$4,775).

Sales of stainless steel products was decreased by HK\$48.5 million or 80.3% to HK\$11.9 million (2018: HK\$60.4 million). The sales volume was decreased by 12,088 tonnes or 78.9% to 3,223 tonnes (2018: 15,311 tonnes). The average selling price per tonne was decreased by HK\$267 or 6.8% to HK\$3,680 (2018: HK\$3,947).

Sales of Ferro-nickel alloy steel ingot and others was decreased by HK\$35.1 million or 79.4% to HK\$9.1 million (2018: HK\$44.2 million). The sales volume was decreased by 11,806 tonnes or 81.5% to 2,683 tonnes (2018: 14,489 tonnes). The average selling price per tonne was increased by HK\$324 or 10.6% to HK\$3,374 (2018: HK\$3,050).

Sub-contracting service income from an external customer was decreased by HK\$16.3 million or 48.5% to HK\$17.3 million (2018: HK\$33.6 million). The sales volume was decreased by 14,788 tonnes or 19.9% to 59,603 tonnes (2018: 74,391 tonnes). The average selling price per tonne was decreased by HK\$161 or 35.7% to HK\$290 (2018: HK\$451).

The decrease in sub-contracting service income was mainly due to the enhancement works performed during the period.

於二零一九年上半年，本集團營業額錄得增長312.7百萬港元或174.8%至491.6百萬港元（二零一八年：178.9百萬港元），主要由於鎳鉻合金鋼錠銷售增加所致。

鎳鉻合金鋼錠之銷售增加412.7百萬港元或1,014.0%至453.4百萬港元（二零一八年：40.7百萬港元）。銷量增加117,444公噸或1,378.5%至125,964公噸（二零一八年：8,520公噸）。每公噸平均售價減少1,175港元或24.6%至3,600港元（二零一八年：4,775港元）。

不銹鋼產品之銷售減少48.5百萬港元或80.3%至11.9百萬港元（二零一八年：60.4百萬港元）。銷量減少12,088公噸或78.9%至3,223公噸（二零一八年：15,311公噸）。每公噸平均售價減少267港元或6.8%至3,680港元（二零一八年：3,947港元）。

鎳鐵合金錠及其他之銷售減少35.1百萬港元或79.4%至9.1百萬港元（二零一八年：44.2百萬港元）。銷量減少11,806公噸或81.5%至2,683公噸（二零一八年：14,489公噸）。每公噸平均售價增加324港元或10.6%至3,374港元（二零一八年：3,050港元）。

向一名外部客戶提供加工服務之收入減少16.3百萬港元或48.5%至17.3百萬港元（二零一八年：33.6百萬港元）。銷量減少14,788公噸或19.9%至59,603公噸（二零一八年：74,391公噸）。每公噸平均售價減少161港元或35.7%至290港元（二零一八年：451港元）。

加工服務收入減少主要由於期內進行改善工程所致。

# Management Discussion and Analysis

## 管理層討論與分析

### Cost of sales

The cost of sales in 2019 was increased by HK\$371.0 million, or 344.2%, to approximately HK\$478.8 million (2018: HK\$107.8 million). The increase in cost of sales was consistent with increase in sales.

### Gross profit

The Group's recorded a gross profit amounted to HK\$12.7 million in 2019 (2018: HK\$71.1 million). The gross profit margin in 2019 was 2.6% (2018: 39.7%). The gross profit margin fluctuated mainly because of the market price changed on different product mix during the period.

### Other gains

The gains of HK\$13.6 million (2018: HK\$1.9 million) in 2019 were mainly composed of gain on disposal of property, plant and equipment and rental income.

### Selling and distribution expenses

Selling and distribution expenses in 2019 were increased by HK\$7.6 million, or 1,085.7%, to HK\$8.3 million (2018: HK\$0.7 million), representing 1.7% of turnover (2018: 0.4%).

### Administrative expenses

Administrative expenses in 2019 were decreased by HK\$28.8 million, or 30.7%, to HK\$64.9 million (2018: HK\$93.7 million). The significant improvement in administrative expenses was mainly due to the continuing implementation of the cost control measures, the optimization of workers and staffs salaries and welfare policies and the re-engineering of certain fixed overhead allocation method upon the Strategic Partner's personnel involvement and technical support.

### Finance costs

Finance costs in 2019 were decreased by HK\$3.4 million, or 1.6%, to HK\$210.6 million (2018: HK\$214.0 million). Decrease in finance cost was mainly due to repayment of certain loans with higher interest rate in 2018.

### 銷售成本

二零一九年的銷售成本增加371.0百萬港元或344.2%至約478.8百萬港元（二零一八年：107.8百萬港元）。銷售成本增加與銷售增加一致。

### 毛利

本集團於二零一九年錄得毛利12.7百萬港元（二零一八年：71.1百萬港元）。二零一九年的毛利率為2.6%（二零一八年：39.7%）。毛利率波動乃主要由於期內不同產品組合之市價變動所致。

### 其他盈利

二零一九年的盈利13.6百萬港元（二零一八年：1.9百萬港元）主要包括出售物業、廠房及設備之收益以及租賃收入。

### 銷售及分銷開支

二零一九年的銷售及分銷開支增加7.6百萬港元或1,085.7%至8.3百萬港元（二零一八年：0.7百萬港元），佔營業額的1.7%（二零一八年：0.4%）。

### 行政開支

二零一九年的行政開支減少28.8百萬港元或30.7%至64.9百萬港元（二零一八年：93.7百萬港元）。行政開支大幅改善乃主要由於持續實施成本控制措施、優化工人及員工薪金及福利政策及於戰略夥伴的人員參與及技術支持下重新設計若干固定間接費用分配方法所致。

### 融資成本

二零一九年的融資成本減少3.4百萬港元或1.6%至210.6百萬港元（二零一八年：214.0百萬港元）。融資成本減少主要由於在二零一八年以更高利率償還若干貸款所致。

# Management Discussion and Analysis

## 管理層討論與分析

### Loss before income tax

As a result of the factors discussed above, the loss before income tax for the six months ended 30 June 2019 was HK\$257.6 million (2018: HK\$235.4 million). The Groups loss before income tax margin was 52.4% (2018: 131.6%).

### Income tax expense

The applicable Hong Kong profits tax rate of the Company and its subsidiaries which operate in Hong Kong is 16.5% based on existing legislation. The entities within the Group which operate in the PRC are subject to corporate income tax at rate of 25% for the six months ended 30 June 2019.

### Loss for the period and loss attributable to shareholders

As a result of the factors discussed above, the Group's 2019 loss for the period was HK\$257.6 million (2018: HK\$235.4 million) and the 2018 loss attributable to owners of the Company was HK\$257.5 million (2018: HK\$235.3 million).

### Key financial ratios

### 除所得稅前虧損

基於以上所討論之因素，截至二零一九年六月三十日止六個月的除所得稅前虧損為257.6百萬港元（二零一八年：235.4百萬港元）。本集團除所得稅前虧損率為52.4%（二零一八年：131.6%）。

### 所得稅開支

根據現行法例，本公司及其於香港經營之附屬公司適用香港利得稅稅率為16.5%。截至二零一九年六月三十日止六個月，本集團於中國經營之實體須按25%之稅率繳納企業所得稅。

### 期內虧損及股東應佔虧損

基於以上所討論之因素，本集團於二零一九年之期內虧損為257.6百萬港元（二零一八年：235.4百萬港元）及本公司擁有人應佔二零一八年虧損為257.5百萬港元（二零一八年：235.3百萬港元）。

### 主要財務比率

			Six months ended 30 June 2019 截至 二零一九年 六月三十日 止六個月	Year ended 31 December 2018 截至 二零一八年 十二月三十一日 止年度
			Notes 附註	
Current ratio	流動比率	1	15%	9%
Inventory turnover days	存貨週轉日數	2	74 days日	153 days日
Debtor turnover days	應收賬款週轉日數	3	5 days日	63 days日
Creditor turnover days	應付賬款週轉日數	4	106 days日	167 days日
Interest cover	盈利對利息倍數	5	-0.2 time倍	-0.5 times倍
Interest-bearing gearing ratio	計息資本負債比率	6	-175%	-207%
Net debt/Capital and net debt ratio	淨負債／資本與 淨負債比率	7	143%	137%

# Management Discussion and Analysis

## 管理層討論與分析

Notes:

1. Current assets/current liabilities X 100%
2. Inventories/cost of sales X 181 days or 365 days
3. Trade receivables/turnover X 181 days or 365 days
4. Trade and notes payables/cost of sales X 181 days or 365 days
5. Profit before interest and tax/net interest expense
6. Interest-bearing loans and other borrowings (including convertible bonds)/equity attributable to equity holders of the Company X 100%
7. Net debt\*/Capital and net debt X 100%

\* Net debt included bank and other borrowings, convertible bonds (the liability component), trade and notes payables and other payables and accruals less cash and cash equivalents and pledged time deposits.

附註：

1. 流動資產／流動負債 X 100%
2. 存貨／銷售成本 X 181日或365日
3. 應收賬款／營業額 X 181日或365日
4. 應付賬款及應付票據／銷售成本 X 181日或365日
5. 除利息及稅項前溢利／利息開支淨額
6. 計息貸款及其他借貸（包括可換股債券）／本公司權益持有人應佔權益 X 100%
7. 負債淨額\*／資本及負債淨額 X 100%

\* 負債淨額包括銀行及其他借貸、可換股債券（負債部分）、應付賬款及應付票據及其他應付款項及應計負債扣減現金及現金等值物及已抵押定期存款。

### Property, plant and equipment

Property, plant and equipment as at 30 June 2019 mainly comprised plant and machinery. The increase in balance by HK\$24.6 million or 6.2% to HK\$420.1 million (2018: HK\$395.5 million) was due to addition, net off by depreciation charges for the period.

### Intangible asset

The intangible asset solely represents the unamortised amount of the EOA from Yiwan secured by the Group in May 2007.

### Inventories

The inventory turnover days were decreased from 153 days in 2018 to 74 days in 2019. As at 30 June 2019, inventories balance was increased by HK\$10.0 million, or 5.4%, to HK\$194.7 million (2018: HK\$184.7 million). Increase in inventory balance coped with the increasing sales activities.

### 物業、廠房及設備

於二零一九年六月三十日之物業、廠房及設備主要包括廠房及機器。有關結餘增加24.6百萬港元或6.2%至420.1百萬港元（二零一八年：395.5百萬港元）乃主要由於期內添置（由折舊費用抵銷）所致。

### 無形資產

無形資產僅指本集團於二零零七年五月獲得之Yiwan獨家採購協議之未攤銷款項。

### 存貨

存貨週轉日數由二零一八年之153日減少至二零一九年之74日。於二零一九年六月三十日，存貨結餘增加10.0百萬港元或5.4%至194.7百萬港元（二零一八年：184.7百萬港元）。存貨結餘增加乃為應付更多銷售活動。



### Trade receivables

The debtor turnover days were decreased from 63 days in 2018 to 5 days in 2019. As at 30 June 2019, trade receivables balances were decreased by HK\$63.6 million, or 82.6%, to HK\$13.4 million (2018: HK\$77.0 million) mainly because of substantial repayment of 2018 debts from customers during the period ended 30 June 2019.

### Prepayments, deposits and other receivables

As at 30 June 2019 prepayments, deposits and other receivables balance was increased by HK\$159.7 million, or 114.7%, to HK\$298.9 million (2018: HK\$139.2 million). The increase in balance was mainly due to increase in prepayments to other suppliers.

### Cash and cash equivalents and pledged time deposits

The aggregate amount of cash and cash equivalents and pledged time deposits was increased by approximately HK\$26.7 million, or 620.9%, to HK\$31.0 million as at 30 June 2019 (2018: HK\$4.3 million).

### Assets classified as held for sale

Assets classified as held for sale represent certain property, plant and equipment and the related prepaid land lease payments of the Group located in Lianyungang, the PRC to be disposed for an aggregate consideration of RMB299,800,000 (equivalent to HK\$340,798,000).

### Trade and notes payables

The creditor turnover days was decreased from 167 days in 2018 to 106 days in 2019. As at 30 June 2019, trade and notes payables balance was increased by HK\$79.7 million, or 39.5%, to HK\$281.4 million (2018: HK\$201.7 million). The increase in trade and notes payables balance was mainly due to increased purchase in the second quarter of 2019. The trade payables are normally settled on terms of 60 to 180 days while the bank bills are generally on terms of 90 to 180 days.

### 應收賬款

應收賬款週轉日數由二零一八年之63日減少至二零一九年之5日。於二零一九年六月三十日，應收賬款結餘減少63.6百萬港元或82.6%至13.4百萬港元（二零一八年：77.0百萬港元），主要由於客戶於截至二零一九年六月三十日止期間大額償還二零一八年債務所致。

### 預付款項、按金及其他應收款項

於二零一九年六月三十日，預付款項、按金及其他應收款項結餘增加159.7百萬港元或114.7%至298.9百萬港元（二零一八年：139.2百萬港元）。結餘增加主要歸因於向其他供應商支付之預付款項增加。

### 現金及現金等值物以及已抵押定期存款

於二零一九年六月三十日之現金及現金等值物以及已抵押定期存款總額增加約26.7百萬港元或620.9%至31.0百萬港元（二零一八年：4.3百萬港元）。

### 分類為持作出售之資產

分類為持作出售之資產指將按總代價人民幣299,800,000元（相當於340,798,000港元）出售之本集團位於中國連雲港之若干物業、廠房及設備以及相關預付土地租賃款項。

### 應付賬款及應付票據

應付賬款週轉日數由二零一八年之167日減少至二零一九年之106日。於二零一九年六月三十日，應付賬款及應付票據結餘增加79.7百萬港元或39.5%至281.4百萬港元（二零一八年：201.7百萬港元）。應付賬款及應付票據結餘增加乃由於二零一九年第二季採購額增加所致。應付賬款一般附有60至180天還款期，銀行票據的一般還款期為90至180天。

# Management Discussion and Analysis

## 管理層討論與分析

### Convertible bonds

There was no conversion or repayment of the convertible bonds during the period.

### Bank and other borrowings

As at 30 June 2019, total bank and other borrowings balance was increased by HK\$62.2 million, or 2.5%, to HK\$2,578.3 million (2018: HK\$2,516.1 million). Increase in the bank and other borrowings was mainly due to new financing granted to the Group during the period.

### Liquidity, going concern and capital resources

During the period ended 30 June 2019, the Group incurred a loss of approximately HK\$257.6 million and had a net operating cash outflow of approximately HK\$93.1 million. As at 30 June 2019, the Group's had a shareholders' deficits of HK\$1,497.9 million and current liabilities exceeded its current assets by HK\$4,295.5 million. Its borrowings to the extent of HK\$2,639.2 million were either overdue or due for immediate repayment. The cash and cash equivalents of the Group amounted to HK\$31.0 million as at 30 June 2019.

Following the Export Ban which has substantially affected the cash generating ability from operations of the Group, a series of remedial measures to mitigate the liquidity pressure were taken in 2019 to improve the financial and liquidity position of the Group, details of which are set out in the section headed "Board's Consideration – mitigation measures to going concern issue" in the interim condensed consolidated financial information. Please also refer to the details regarding uncertainties on the going concern of the Group as stipulated in the section headed "Going concern" in Note 2.1.

The Group's working capital has been principally sourced from cash generated from operations and from long-term and short-term borrowings.

### 可換股債券

期內概無可換股債券之轉換或償還。

### 銀行及其他借貸

於二零一九年六月三十日，總銀行及其他借貸結餘增加62.2百萬港元或2.5%至2,578.3百萬港元（二零一八年：2,516.1百萬港元）。銀行及其他借貸增加主要由於期內本集團獲授予新融資所致。

### 流動資金、持續經營及資本資源

截至二零一九年六月三十日止期間，本集團產生約257.6百萬港元虧損，並有經營現金流出淨額約93.1百萬港元。於二零一九年六月三十日，本集團有股東虧絀1,497.9百萬港元及流動負債超出其流動資產4,295.5百萬港元。其借貸2,639.2百萬港元已逾期或須即時償還。本集團於二零一九年六月三十日的現金及現金等值物為31.0百萬港元。

發生出口禁運之後，本集團經營產生現金能力已大受影響，本集團於二零一九年採取一系列減輕流動資金壓力之補救措施，以改善財務及流動資金狀況，有關詳情載於中期簡明綜合財務資料「董事會考慮－有關持續經營事宜的改善措施」一節。有關本集團持續經營涉及的不明朗因素詳情，另請參閱附註2.1「持續經營」一節。

本集團之營運資金主要來自經營活動之所得現金以及長期及短期借貸。

## Management Discussion and Analysis

### 管理層討論與分析

As at 30 June 2019, the Group had current liabilities of HK\$5,032.7 million, of which HK\$2,578.3 million were bank and other borrowings repayable within one year, overdue or due for immediate repayment and HK\$2,115.9 million were other payables and accruals.

#### Interest rate risk

The Group's bank borrowings mainly bear floating rates. The Group has implemented certain interest rate management which includes, among the others, closely monitoring of interest rate movements and refinancing on existing banking facilities or entering into new banking facilities when good pricing opportunities arise.

#### Foreign currency risk

The Group's purchase and sales for the period are mainly denominated in Renminbi ("RMB"). As at 30 June 2019, the bonds were denominated in Hong Kong dollar ("HK\$") while bank and other borrowings were mainly denominated in RMB, and other assets and liabilities of the Group are mainly denominated in RMB.

As at 30 June 2019, the Group did not enter into any hedging transactions to manage the potential fluctuation in foreign currency as the Directors considered the Group had no significant foreign currency risk. However, the Group will closely monitor the foreign currency risk and consider using necessary financial instruments for hedging purposes if they foresee the foreign currency risk is significant.

#### Material acquisitions and disposals of investments

The Group did not undertake any material acquisitions or disposals of investments during the period under review.

於二零一九年六月三十日，本集團之流動負債為5,032.7百萬港元，其中2,578.3百萬港元為須於一年內償還已逾期或須即時償還之銀行及其他借貸，而2,115.9百萬港元乃為其他應付款項及應計款項。

#### 利率風險

本集團的銀行借貸主要按浮動利率計算。本集團已實施若干利率管理措施，包括（其中包括），密切留意利率波動及為現有銀行融通進行再融資或在良好的定價機會出現時訂立新的銀行融通。

#### 外匯風險

期內，本集團之買賣主要以人民幣（「人民幣」）計值。於二零一九年六月三十日，債券以港元（「港元」）計值，而銀行及其他借貸則主要以人民幣計值，以及本集團其他資產及負債主要以人民幣計值。

於二零一九年六月三十日，由於董事認為本集團並無重大外匯風險，故本集團並沒有為管理潛在外匯波動而進行任何對沖交易。然而，本集團將密切監控外匯風險，並在預見重大外匯風險時考慮利用必要的金融工具進行對沖。

#### 重大收購及出售投資

本集團於回顧期間並無進行重大收購或出售投資。

# Management Discussion and Analysis

## 管理層討論與分析

### CONCLUSION AND PROSPECTS

The first half of 2019 continues to be a challenging period full of uncertainties for both the PRC steel market and the Group. The over-supply situation had not fundamentally improved amid the increasingly fierce competition between similar products in the steel market. Despite some recent rebound of the PRC steel price and the implementation of certain policies by the PRC government to weather through the over-supply situation, the steel price was persistently weak in general.

As the patent of S600E was approved in April 2019 and the national product standard of S600E was published in May 2019, the commercialisation on S600E has made substantial progress in the first half of 2019. The success of commercialisation of S600E to the market would generate stable royalty income to the Group, and hence the Group's profit margin and cash flows position will be eventually improved.

We expect the economy of the PRC will continue its healthy growth trend and the demand and profitability of our steel products will rebound in future.

In longer term, we expect the PRC will continue its modernisation and urbanisation that the demand of high quality special steel products for public infrastructure and equipment manufacturing will increase steadily. This definitely will bring enormous business opportunities for our Group.

### 總結及展望

對中國鋼鐵市場及本集團而言，二零一九年上半年仍是挑戰重重及充滿不確定性的期間。由於鋼鐵市場同類產品的競爭日益激烈，供應過剩問題基本上並無改善。儘管中國鋼鐵價格近期有所反彈及中國政府實施若干政策協助渡過供應過剩情況，但整體鋼鐵價格仍持續疲軟。

由於S600E之專利於二零一九年四月獲批准及S600E之國家產品標準已於二零一九年五月頒佈，S600E商品化已於二零一九年上半年取得重大進展。S600E於市場成功商品化將為本集團產生穩定專利權費收入，因此，本集團之溢利率及現金流量狀況將最終獲改善。

我們預期中國經濟會維持健康增長趨勢，以及鋼製品需求及溢利將於未來反彈。

長遠來看，我們預期中國將繼續進行現代化及城市化進程，公共基礎設施及設備製造對優質特鋼產品的需求將穩步增長，由此定會為本集團帶來巨大商機。

## Management Discussion and Analysis 管理層討論與分析

We believe that after the technology industrialisation and modernization of special steel products, the Group will have a stronger competitive advantage in the industry.

We believe that upon on the success of implementing all the plans contained in the Resumption Proposal, including the financial restructuring exercises, the Group's financial position will be substantially improved in the coming future.

We also believe that upon the completion of the enhancement work during the period by the Strategic Partner, the production capacity of the Company has been strengthened and better utilised. The production of steel products under the Cooperation Agreement will continue to bring substantial improvement on the Group's revenue, financial performance and cash flow position.

In view of the recent readjustment of the business operations and the proposed financial restructuring of the Group, we are confident that the Group will have a stronger position in the industry as well as in the special steel products market.

我們相信，技術工業化及特鋼製品現代化後，本集團於業內的競爭優勢將更為強大。

我們相信，成功實施復牌建議所載之所有計劃（包括財務重組工作）後，本集團之財務狀況將於不久將來顯著改善。

我們亦相信，於戰略夥伴於期內完成改善工作後，本公司之產能已加強及獲更佳利用。根據合作協議生產鋼製品將繼續對本集團之收益、財務表現及現金流量狀況帶來重大改善。

鑒於本集團近期重新調整其業務營運及建議進行財務重組，我們有信心本集團將可進一步鞏固於業內及特鋼產品市場的地位。

# Interim Condensed Consolidated Income Statement

## 中期簡明綜合收益表

For the six months ended 30 June 2019  
截至二零一九年六月三十日止六個月

			Six months ended 30 June	
			截至六月三十日止六個月	
			2019	2018
			二零一九年	二零一八年
			HK\$'000	HK\$'000
			千港元	千港元
			(Unaudited)	(Unaudited)
			(未經審核)	(未經審核)
Revenue	收益	5	491,579	178,887
Cost of sales	銷售成本		(478,837)	(107,837)
Gross profit	毛利		12,742	71,050
Other gains	其他盈利	5	13,621	1,907
Selling and distribution costs	銷售及分銷成本		(8,345)	(708)
Administrative expenses	行政開支		(64,931)	(93,701)
Finance income	融資收入	7	6	60
Finance costs	融資成本	7	(210,646)	(214,032)
Loss before tax	除稅前虧損	6	(257,553)	(235,424)
Income tax expense	所得稅開支	8	–	–
Loss for the period	期內虧損		(257,553)	(235,424)
Attributable to:	屬於：			
Owners of the Company	本公司擁有人		(257,542)	(235,322)
Non-controlling interests	非控股權益		(11)	(102)
			(257,553)	(235,424)
Loss per share attributable to owners of the Company	本公司擁有人應佔每股虧損			
– Basic (HK dollar)	– 基本 (港元)	10	(0.08)	(0.08)
– Diluted (HK dollar)	– 攤薄 (港元)	10	(0.08)	(0.08)

The notes on pages 40 to 130 form an integral part of this interim condensed consolidated financial information.

第40至130頁附註為本中期簡明綜合財務資料的組成部分。

# Interim Condensed Consolidated Statement of Comprehensive Income

## 中期簡明綜合全面收益表

For the six months ended 30 June 2019  
截至二零一九年六月三十日止六個月

Six months ended 30 June  
截至六月三十日止六個月

<b>2019</b>	<b>2018</b>
<b>二零一九年</b>	<b>二零一八年</b>
<b>HK\$'000</b>	<b>HK\$'000</b>
<b>千港元</b>	<b>千港元</b>
<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>(未經審核)</b>	<b>(未經審核)</b>

<b>Loss for the period</b>	期內虧損	<b>(257,553)</b>	(235,424)
<b>Other comprehensive income</b>	其他全面收益		
<i>Item that may be subsequently reclassified to profit or loss</i>	<i>可能於其後重新分類至損益之項目</i>		
Exchange differences on translation of foreign operations	境外經營報表折算匯兌差額	<b>3,185</b>	25,923
<b>Other comprehensive income for the period, net of tax</b>	期內除稅後其他全面收益	<b>3,185</b>	25,923
<b>Total comprehensive loss for the period</b>	期內全面虧損合計	<b>(254,368)</b>	(209,501)
<b>Attributable to:</b>	屬於：		
Owners of the Company	本公司擁有人	<b>(254,358)</b>	(209,406)
Non-controlling interests	非控股權益	<b>(10)</b>	(95)
		<b>(254,368)</b>	(209,501)

The notes on pages 40 to 130 form an integral part of this interim condensed consolidated financial information.

第40至130頁附註為本中期簡明綜合財務資料的組成部分。



# Interim Condensed Consolidated Statement of Financial Position

## 中期簡明綜合財務狀況表

As At 30 June 2019  
於二零一九年六月三十日

			30 June 2019 二零一九年 六月三十日 HK\$'000 千港元 (Unaudited) (未經審核)	31 December 2018 二零一八年 十二月三十一日 HK\$'000 千港元 (Audited) (經審核)
	Notes 附註			
<b>ASSETS</b>		<b>資產</b>		
<b>Non-current assets</b>		<b>非流動資產</b>		
Property, plant and equipment	11	物業、廠房及設備	420,106	395,499
Prepaid land lease payments	11	預付土地租賃款項	325	159,271
Right-of-use assets	12	使用權資產	—	—
Intangible asset	13	無形資產	2,384,543	2,384,543
Other non-current assets		其他非流動資產	1,452	1,458
			<b>2,806,426</b>	<b>2,940,771</b>
<b>Current assets</b>		<b>流動資產</b>		
Inventories	14	存貨	194,677	184,675
Trade receivables	15	應收賬款	13,413	77,021
Prepayments, deposits and other receivables	16	預付款項、按金及其他應收款項	298,930	139,177
Pledged time deposits	17	已抵押定期存款	24	24
Cash and cash equivalents	17	現金及現金等值物	30,998	4,256
			<b>538,042</b>	<b>405,153</b>
Assets classified as held for sale	18	分類為持作出售之資產	199,113	—
			<b>737,155</b>	<b>405,153</b>
<b>Total assets</b>		<b>總資產</b>	<b>3,543,581</b>	<b>3,345,924</b>
<b>EQUITY</b>		<b>權益</b>		
<b>Capital and reserves attributable to owners of the Company</b>		<b>本公司擁有人應佔股本及儲備</b>		
Share capital	23	股本	308,813	308,813
Reserves		儲備	(1,806,310)	(1,548,596)
			<b>(1,497,497)</b>	<b>(1,239,783)</b>
<b>Non-controlling interests</b>		<b>非控股權益</b>	<b>(378)</b>	<b>(368)</b>
<b>Total shareholders' deficits</b>		<b>股東虧絀總額</b>	<b>(1,497,875)</b>	<b>(1,240,151)</b>

# Interim Condensed Consolidated Statement of Financial Position

## 中期簡明綜合財務狀況表

As At 30 June 2019  
於二零一九年六月三十日

			30 June 2019 二零一九年 六月三十日 Notes 附註 HK\$'000 千港元 (Unaudited) (未經審核)	31 December 2018 二零一八年 十二月三十一日 HK\$'000 千港元 (Audited) (經審核)
<b>LIABILITIES</b>	<b>負債</b>			
<b>Non-current liabilities</b>	<b>非流動負債</b>			
Deferred tax liabilities	遞延稅項負債		1,224	1,229
Deferred government grants	遞延政府補貼		7,537	7,567
			8,761	8,796
<b>Current liabilities</b>	<b>流動負債</b>			
Trade payables	應付賬款	19	266,703	187,514
Notes payables	應付票據	19	14,655	14,207
Other payables and accruals	其他應付款項及 應計負債	20	2,115,942	1,804,315
Bank and other borrowings	銀行及其他借貸	21	2,578,267	2,516,098
Convertible bonds	可換股債券	22	46,775	46,775
Lease liabilities	租賃負債	12	1,889	—
Tax payable	應付稅項		8,464	8,370
			5,032,695	4,577,279
<b>Total liabilities</b>	<b>總負債</b>		5,041,456	4,586,075
<b>Total equity and liabilities</b>	<b>權益及負債總額</b>		3,543,581	3,345,924

The notes on pages 40 to 130 form an integral part of this interim condensed consolidated financial information.

第40至130頁附註為本中期簡明綜合財務資料的組成部分。

# Interim Condensed Consolidated Statement of Changes in Equity

## 中期簡明綜合權益變動表

For the six months ended 30 June 2019  
截至二零一九年六月三十日止六個月

Attributable to equity holders of the Company

本公司權益持有人應佔

		Share capital	Share premium	Contributed surplus	Capital reserve	Statutory reserves	Share option reserve	Exchange reserve	Accumulated losses	Sub-total	Non-controlling interests	Total
		股本	股份溢價	實收盈餘	資本儲備	法定儲備	購股權儲備	匯兌儲備	累計虧損	小計	非控股權益	總計
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元
(Unaudited)	(未經審核)											
For the six months ended 30 June 2019	截至二零一九年六月三十日止六個月											
At 31 December 2018	於二零一八年十二月三十一日	306,813	3,237,077	47,514	115,807	89,774	37,409	541,447	(5,617,624)	(1,239,783)	(368)	(1,240,151)
Change in accounting policy (note 2.2(a))	會計政策變動(附註2.2(a))	-	-	-	-	-	-	-	(3,356)	(3,356)	-	(3,356)
At 1 January 2019	於二零一九年一月一日	306,813	3,237,077	47,514	115,807	89,774	37,409	541,447	(5,620,980)	(1,243,139)	(368)	(1,243,507)
Loss for the period	期內虧損	-	-	-	-	-	-	-	(257,542)	(257,542)	(11)	(257,553)
Other comprehensive income for the period:	期內其他全面收益:											
Exchange differences on translation of foreign operations	境外經營報表折算匯兌差額	-	-	-	-	-	-	3,164	-	3,164	1	3,165
Total comprehensive income/(loss) for the period	期內全面收益/(虧損)合計	-	-	-	-	-	-	3,164	(257,542)	(254,358)	(10)	(254,368)
At 30 June 2019	於二零一九年六月三十日	306,813	3,237,077	47,514	115,807	89,774	37,409	544,631	(5,678,522)	(1,497,497)	(378)	(1,497,815)
(Unaudited)	(未經審核)											
For the six months ended 30 June 2018	截至二零一八年六月三十日止六個月											
At 1 January 2018	於二零一八年一月一日	306,813	3,237,077	47,514	115,807	89,774	37,409	439,848	(5,108,658)	(832,416)	(356)	(832,772)
Loss for the period	期內虧損	-	-	-	-	-	-	-	(235,322)	(235,322)	(102)	(235,424)
Other comprehensive income for the period:	期內其他全面收益:											
Exchange differences on translation of foreign operations	境外經營報表折算匯兌差額	-	-	-	-	-	-	25,916	-	25,916	7	25,923
Total comprehensive income/(loss) for the period	期內全面收益/(虧損)合計	-	-	-	-	-	-	25,916	(235,322)	(209,406)	(95)	(209,501)
At 30 June 2018	於二零一八年六月三十日	306,813	3,237,077	47,514	115,807	89,774	37,409	465,764	(5,343,980)	(1,041,822)	(451)	(1,042,273)

The notes on pages 40 to 130 form an integral part of this interim condensed consolidated financial information.

第40至130頁附註為本中期簡明綜合財務資料的組成部分。

# Interim Condensed Consolidated Statement of Cash Flows

## 中期簡明綜合現金流量表

For the six months ended 30 June 2019  
截至二零一九年六月三十日止六個月

Six months ended 30 June

截至六月三十日止六個月

2019	2018
二零一九年	二零一八年
HK\$'000	HK\$'000
千港元	千港元
(Unaudited)	(Unaudited)
(未經審核)	(未經審核)

<b>Cash flows from operating activities</b>	經營活動之現金流量		
Net cash flows (used in)/generated from operating activities	經營活動（所用）／產生之現金流量淨額	(93,112)	9,737
<b>Cash flows from investing activities</b>	投資活動之現金流量		
Interest received	已收利息	6	60
Payments for property, plant and equipment	物業、廠房及設備付款	(913)	—
Deposit received from proposed disposal of assets classified as held for sale	來自建議出售分類為持作出售之資產之已收按金	51,154	—
Net cash flows generated from investing activities	投資活動產生之現金流量淨額	50,247	60
<b>Cash flows from financing activities</b>	融資活動之現金流量		
Addition of bank and other borrowings	新增銀行及其他借貸	71,702	63,236
Repayment of bank and other borrowings	償還銀行及其他借貸	(579)	(84,018)
Payment for lease liabilities (including interest element)	租賃負債付款（包括利息部分）	(1,072)	—
Interest paid	已付利息	—	(6,056)
Net cash flows generated from/(used in) financing activities	融資活動產生／（所用）之現金流量淨額	70,051	(26,838)
<b>Net increase/(decrease) in cash and cash equivalents</b>	現金及現金等值物之增加／（減少）淨額	27,186	(17,041)
Cash and cash equivalents at beginning of period	期初之現金及現金等值物	4,256	20,046
Effect of foreign exchange rate changes, net	匯兌變動影響淨額	(444)	685
<b>Cash and cash equivalents at end of period</b>	期末之現金及現金等值物	30,998	3,690
<b>Analysis of balances of cash and cash equivalents</b>	現金及現金等值物結餘分析		
Cash and bank balances (Note 17)	現金及銀行結餘（附註17）	30,998	3,690

The notes on pages 40 to 130 form an integral part of this interim condensed consolidated financial information.

第40至130頁附註為本中期簡明綜合財務資料的組成部分。

# Notes to Interim Condensed Consolidated Financial Information

## 中期簡明綜合財務資料附註

### 1 GENERAL INFORMATION

Nickel Resources International Holdings Company Limited (the “Company”) was incorporated as an exempted company with limited liability in the Cayman Islands on 11 March 2004 under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The principal place of business of the Company and its subsidiaries (collectively referred as “the Group”) is located at No.7, Block F, Runhua Business Garden, No. 24 Jinshui Road, Jinshui District, Zhengzhou City, Henan Province, the People’s Republic of China (the “PRC”), 450012. The principal place of business of the Company is located at Room 2003, West Tower, Shun Tak Centre, 168-200 Connaught Road Central, Hong Kong.

The principal activity of the Company is investment holdings. The Group is principally engaged in the manufacturing, sub-contracting and sale of iron and steel products in the PRC and the trading of ore. The Company’s shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

In the opinion of the directors of the Company (the “Directors”), Easyman Assets Management Limited (“Easyman”), a company incorporated in the British Virgin Islands and wholly owned by Mr. Dong Shutong (“Mr. Dong”), an Executive Director, is the ultimate holding company of the Group.

The interim condensed consolidated financial information for the six months ended 30 June 2019 is unaudited and has been reviewed by the audit committee of the Company. This interim condensed consolidated financial information is presented in Hong Kong dollar (“HK\$”), unless otherwise stated, and has been approved for issue by the board of directors on 29 August 2019.

### 1 一般資料

鎳資源國際控股有限公司（「本公司」），於二零零四年三月十一日根據開曼群島公司法第22章（一九六一年第三號法例，經綜合及修訂）在開曼群島註冊成立為獲豁免有限公司。本公司註冊辦事處位於Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands。本公司及其附屬公司（統稱「本集團」）主要營業地點位於中華人民共和國（「中國」）河南省鄭州市金水區金水路24號潤華商務花園F座7號（郵編450012）。本公司主要營業地點位於香港干諾道中168-200號信德中心西翼2003室。

本公司之主要業務為投資控股。本集團主要於中國從事鐵及鋼製品生產、加工及銷售及礦石貿易業務。本公司的股份於香港聯合交易所有限公司（「聯交所」）主板上市。

根據本公司董事（「董事」）之意見，於英屬處女群島註冊成立並由執行董事董書通先生（「董先生」）全資擁有之Easyman Assets Management Limited（「Easyman」）為本集團之最終控股公司。

截至二零一九年六月三十日止六個月之中期簡明綜合財務資料未經審核但已經由本公司審核委員會審閱。本中期簡明綜合財務資料以港元（「港元」）列報（除非另有說明），並已經由董事會在二零一九年八月二十九日批准刊發。

# Notes to Interim Condensed Consolidated Financial Information

## 中期簡明綜合財務資料附註

### 2 BASIS OF PREPARATION

This interim condensed consolidated financial information for the six months ended 30 June 2019 has been prepared in accordance with International Accounting Standard ("IAS") 34, "Interim Financial Reporting" and the disclosure requirements of the Rules Governing the Listing of Securities on the Stock Exchange.

This interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements for the year ended 31 December 2018, which have been prepared in accordance with International Financial Reporting Standards ("IFRS"), and any public announcement made by the Company during the interim reporting period.

#### 2.1 Going concern

In preparing this interim condensed consolidated financial information for the six months ended 30 June 2019, the Directors have considered the future liquidity of the Group.

During the six months ended 30 June 2019, the Group incurred a net loss of HK\$257,553,000. As at 30 June 2019, the Group had a shareholders' deficits of HK\$1,497,875,000 and net current liabilities of HK\$4,295,540,000 and the Group's total borrowings amounted to HK\$2,639,697,000 which comprised bank and other borrowings, convertible bonds and notes payables of HK\$2,578,267,000, HK\$46,775,000 and HK\$14,655,000, respectively as at 30 June 2019. Cash and cash equivalents of the Group amounted to HK\$30,998,000 as at 30 June 2019.

### 2 編製基準

截至二零一九年六月三十日止六個月之本中期簡明綜合財務資料乃根據國際會計準則（「國際會計準則」）第34號「中期財務報告」及聯交所證券上市規則之披露規定而編製。

本中期簡明綜合財務資料並未包括年度財務報表所要求之所有資料及披露事項，故應連同本公司截至二零一八年十二月三十一日止年度根據國際財務報告準則（「國際財務報告準則」）編製的年度財務報表及本公司於中期報告期間所作出的任何公開公告一併閱讀。

#### 2.1 持續經營

董事在編製截至二零一九年六月三十日止六個月之本中期簡明綜合財務資料時，已考慮本集團的未來流動資金。

截至二零一九年六月三十日止六個月，本集團產生虧損淨額257,553,000港元。於二零一九年六月三十日，本集團的股東虧絀為1,497,875,000港元、流動負債淨額為4,295,540,000港元及本集團的總借貸為2,639,697,000港元，包括銀行貸款及其他借貸、可換股債券及應付票據於二零一九年六月三十日分別為2,578,267,000港元、46,775,000港元及14,655,000港元。於二零一九年六月三十日，本集團現金及現金等值物為30,998,000港元。

# Notes to Interim Condensed Consolidated Financial Information

## 中期簡明綜合財務資料附註

### 2 BASIS OF PREPARATION (continued)

#### 2.1 Going concern (continued)

As at 30 June 2019, the Group's borrowings to the extent of HK\$2,639,158,000 were either overdue or due for immediate repayment. This is mainly because:

- (i) on 19 December 2014, the Group failed to make interest payment totalling HK\$16,108,000 under the relevant terms and conditions of its Modified 10% Coupon Bonds, 12% Coupon Senior Bonds and 8% Coupon Convertible Bonds (together the "Bonds"), details of which are disclosed in Notes 21 and 22. This constituted an event of default under the respective terms of the Bonds. The Bonds had become overdue as at 30 June 2019 and the Group failed to pay interest payment of the Bonds in aggregate of HK\$184,432,000 up to 30 June 2019;
- (ii) as at 30 June 2019, a secured bank loan of HK\$95,430,000 contains a repayable on demand clause had become overdue and the Group failed to make the full payment of related interest expense amounting to approximately HK\$11,982,000;

### 2 編製基準 (續)

#### 2.1 持續經營 (續)

於二零一九年六月三十日，本集團之借貸2,639,158,000港元已逾期或須即時償還。主要由於：

- (i) 於二零一四年十二月十九日，本集團未能根據其經修訂的10%票面息債券、12%票面息優先債券及8%票面息可換股債券（統稱「該等債券」）之相關條款及條件支付利息合共16,108,000港元，有關詳情披露於附註21及22。根據該等債券之相關條款，這構成違約事件。該等債券已於二零一九年六月三十日逾期，且直至二零一九年六月三十日，本集團未能支付該等債券的利息合共184,432,000港元；
- (ii) 於二零一九年六月三十日，包含按要求償還條款之有抵押銀行貸款95,430,000港元已逾期，本集團未能悉數支付約11,982,000港元之相關利息開支；



# Notes to Interim Condensed Consolidated Financial Information

## 中期簡明綜合財務資料附註

### 2 BASIS OF PREPARATION (continued)

#### 2.1 Going concern (continued)

- (iii) the Group has obtained a 3-year syndicated loan of approximately RMB498 million in January 2016 from a syndicate of banks in the PRC (i) to replace certain outstanding bank loans and notes payable of the Group as at 31 December 2015 to the extent of RMB268,620,000 and RMB79,737,000, respectively with the syndicated loan of the same amount; and (ii) to provide additional loan facilities to the Group as working capital for an amount of RMB150,000,000 (the "New Facilities") for a 3-year term. The New Facilities have been fully drawn down during the year ended 31 December 2016. The syndicated loan is secured by certain property, plant and equipment and prepaid land lease payments (including prepaid land lease payments under assets classified as held for sale) of certain subsidiaries of the Group. However, the Group failed to fulfil certain undertakings and restrictive covenant requirements under these syndicated loan facilities upon signing the syndicated loan agreement; and the Group also failed to pay interest totalling HK\$59,374,000 up to 30 June 2019. In addition, the Group failed to repay the principal amount of the loan together with the related interest in January 2019. As a result, the outstanding amount of the 3-year syndicated loan of HK\$566,148,000 and the related interest expense had become immediately due and payable as at 30 June 2019;

### 2 編製基準 (續)

#### 2.1 持續經營 (續)

- (iii) 於二零一六年一月，本集團已自中國一銀團取得一項為期三年的銀團貸款約人民幣4.98億元，(i)從而以等額的銀團貸款取代本集團於二零一五年十二月三十一日尚未償還的若干銀行貸款及應付票據，金額分別為人民幣268,620,000元及人民幣79,737,000元；及(ii)為本集團提供額外貸款融資作為營運資金，金額為人民幣150,000,000元（「新造融資」），為期三年。截至二零一六年十二月三十一日止年度，新造融資已全部動用。銀團貸款由本集團若干附屬公司的若干物業、廠房及設備及預付土地租賃款項（包括分類為持作出售之資產項下之預付土地租賃款項）擔保。然而，本集團於簽署銀團貸款協議後，未能履行該等銀團貸款融資項下的若干承擔及限制性契諾規定；及本集團直至二零一九年六月三十日亦未能支付合共59,374,000港元之利息。此外，本集團於二零一九年一月未能償還貸款的本金連同相關利息。因此，三年期銀團貸款的未償還金額566,148,000港元及相關利息開支於二零一九年六月三十日已即時到期應付；

# Notes to Interim Condensed Consolidated Financial Information

## 中期簡明綜合財務資料附註

### 2 BASIS OF PREPARATION (continued)

#### 2.1 Going concern (continued)

(iv) the Group has obtained an unsecured 3-year loan facility from a PRC bank for an amount of RMB360 million (the "Unsecured Loan Facility") in June 2016. As at 30 June 2019, approximately RMB355 million (equivalent to HK\$403,166,000) of the Unsecured Loan Facility has been drawn down mainly to replace part of the loans in relation to the proposed disposal of a 30% equity interest in S.E.A. Mineral Limited ("SEAM"), a wholly-owned subsidiary of the Group, as detailed in Note 21. However, the Group failed to fulfil certain undertakings and restrictive covenant requirements under this Unsecured Loan Facility upon signing the loan agreement. In addition, the Group also failed to pay interest totalling HK\$44,493,000 up to 30 June 2019. As a result, the outstanding amount of this loan of HK\$403,166,000 and the related interest expense are immediately due and payable as at 30 June 2019.

(v) as at 30 June 2019, other loans to the extent of HK\$227,350,000 had become overdue; and

(vi) other borrowings to the extent of HK\$527,815,000 were overdue and HK\$338,968,000 were on repayable on demand terms.

### 2 編製基準 (續)

#### 2.1 持續經營 (續)

(iv) 於二零一六年六月，本集團已自中國一間銀行取得一項為期三年的無抵押貸款融資人民幣3.60億元（「無抵押貸款融資」）。誠如附註21所披露，於二零一九年六月三十日，已動用約人民幣3.55億元（相當於403,166,000港元）的無抵押貸款融資，主要用以取代部分就建議出售本集團全資附屬公司南洋礦業有限公司（「南洋礦業」）30%股權之借貸。然而，本集團於簽署貸款協議後，未能履行該無抵押貸款融資項下的若干承擔及限制性契諾規定。此外，本集團直至二零一九年六月三十日未能支付合共44,493,000港元之利息。因此，該貸款的未償還金額403,166,000港元及相關利息開支於二零一九年六月三十日即時成為到期應付；

(v) 於二零一九年六月三十日，227,350,000港元的其他貸款已逾期；及

(vi) 527,815,000港元的其他借款已逾期及338,968,000港元須應要求償還。

# Notes to Interim Condensed Consolidated Financial Information

## 中期簡明綜合財務資料附註

## 2 BASIS OF PREPARATION (continued)

### 2.1 Going concern (continued)

Together with the accrued interest for borrowings to the extent of HK\$1,358,875,000 as at 30 June 2019 included in other payables and accruals, the aggregate borrowings and interest that were either overdue or due for immediate repayment amounted to HK\$3,998,033,000 as at 30 June 2019.

In addition, the Company and a subsidiary are parties to various legal claims as detailed in Note 26.

The aforementioned conditions indicate the existence of material uncertainties which may cast significant doubt on the Group's ability to continue as a going concern such that it may not be able to realise its assets and discharge its liabilities in the normal course of business.

## 2 編製基準 (續)

### 2.1 持續經營 (續)

連同於二零一九年六月三十日已計入其他應付款項及應計款項中的應計借貸利息1,358,875,000港元，於二零一九年六月三十日，已逾期或須即時償還的借貸總額及其利息合共為3,998,033,000港元。

此外，本公司及一間附屬公司涉及附註26所詳述的多項法律申索。

上述狀況顯示存有重大不明朗因素，或會令本集團持續經營的能力產生重大疑慮，導致本集團或無法在日常業務過程中將其資產變現及償還其負債。

# Notes to Interim Condensed Consolidated Financial Information

## 中期簡明綜合財務資料附註

## 2 BASIS OF PREPARATION (continued)

### 2.1 Going concern (continued)

In view of such circumstances, the directors of the Company have given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern. Certain measures have been taken to mitigate the liquidity pressure and to improve its financial position which include, but not limited to, the following:

- (1) On 5 March 2016, the Company and a potential investor (the "Potential Investor" or "Subscriber") entered into a share subscription agreement to subscribe for a total of 1,465,898,410 new ordinary shares of the Company at a subscription price of HK\$0.1876 per share (the "Subscription Shares"), with proposed gross proceeds totalling approximately HK\$275 million (the "Subscription"), subject to certain conditions precedent which, among others, include the following:

- approval from the Company's shareholders, or independent shareholders when appropriate, for (i) allotment and issuance of the Subscription Shares; (ii) a Whitewash Waiver; and (iii) a Special Deal (as defined hereunder), at the extraordinary general meeting of the Company ("EGM");

## 2 編製基準 (續)

### 2.1 持續經營 (續)

鑒於該等狀況，本公司董事在評核本集團是否有充足的財務資源以持續經營時，已審慎考慮本集團未來流動資金及表現以及其可得之融資來源。本集團已採取若干措施以減輕流動資金的壓力並改善其財務狀況，包括但不限於以下各項：

- (1) 於二零一六年三月五日，本公司及一名潛在投資者（「潛在投資者」或「認購方」）訂立一項股份認購協議，以按每股0.1876港元的認購價認購本公司合共1,465,898,410股新普通股（「認購股份」），建議所得款項總額合共約2.75億港元（「認購事項」），惟須受若干先決條件規限，其中包括以下各項：

- 在本公司股東特別大會（「股東特別大會」）上就下列事項取得本公司股東或獨立股東（按適當）的批准：(i) 配發及發行認購股份；(ii) 清洗豁免；及(iii) 特別交易（定義見下文）；

# Notes to Interim Condensed Consolidated Financial Information

## 中期簡明綜合財務資料附註

### 2 BASIS OF PREPARATION (continued)

#### 2.1 Going concern (continued)

##### (1) (continued)

- Whitewash Waiver being granted by The Securities and Futures Commission of Hong Kong ("SFC") in respect of any obligation of the Subscriber and parties acting in concert with it to make a mandatory general offer in cash for all the issued shares and other relevant securities of the Company not already owned (or agreed to be acquired) by the Subscriber and parties acting in concert with it which might otherwise arise as a result of the Subscription;

### 2 編製基準 (續)

#### 2.1 持續經營 (續)

##### (1) (續)

- 香港證券及期貨事務監察委員會(「證監會」)就認購方及其一致行動人士的責任授出清洗豁免，豁免彼等因認購事項可能引致須就認購方及其一致行動人士尚未擁有(或同意收購)的本公司所有已發行股份及其他有關證券提出強制性全面現金要約；

# Notes to Interim Condensed Consolidated Financial Information

## 中期簡明綜合財務資料附註

### 2 BASIS OF PREPARATION (continued)

#### 2.1 Going concern (continued)

##### (1) (continued)

- the consent from the SFC for repayment to any creditor who is a shareholder of the Company using the proceeds from the Subscription under a proposed debt restructuring as mentioned below (the "Special Deal");
- approval of resumption of trading of the Company's shares, and listing of the Subscription Shares from the Stock Exchange (which was subsequently waived by the Subscriber during the year ended 31 December 2018); and

### 2 編製基準 (續)

#### 2.1 持續經營 (續)

##### (1) (續)

- 證監會同意利用下述建議債務重組項下認購事項的所得款項，向作為本公司股東的任何債權人作出還款（「特別交易」）；
- 聯交所批准本公司股份恢復買賣及認購股份上市（其後獲認購方於截至二零一八年十二月三十一日止年度豁免）；及

# Notes to Interim Condensed Consolidated Financial Information

## 中期簡明綜合財務資料附註

## 2 BASIS OF PREPARATION (continued)

### 2.1 Going concern (continued)

#### (1) (continued)

- completion of a debt restructuring by the Company by way of the “Schemes” (Note) (the “Debt Restructuring Proposal”). The debt restructuring refers to a plan for restructuring of the indebtedness of the Company which involves, among other things: (i) the reduction and cancellation of the outstanding principal amount of the Bonds by at least 80%; (ii) the reduction and cancellation of all the outstanding accrued interests of the Bonds; (iii) the release and discharge of all security collateral provided in relation to the 12% Coupon Senior Bonds and the 8% Coupon Convertible Bonds; and (iv) the reduction and cancellation of all other indebtedness and contingent liabilities of the Company as referred to in the Debt Restructuring Proposal, by at least 80%.

## 2 編製基準（續）

### 2.1 持續經營（續）

#### (1) （續）

- 本公司透過「計劃」（附註）完成債務重組（「債務重組建議」）。債務重組指本公司的債項重組計劃，當中涉及（其中包括）：(i)削減及註銷該等債券的未償還本金額至少80%；(ii)削減及註銷該等債券所有未償還應計利息；(iii)解除及免除就12%票面息優先債券及8%票面息可換股債券提供的所有抵押品；及(iv)削減及註銷債務重組建議所述的本公司所有其他債項及或然負債至少80%。



# Notes to Interim Condensed Consolidated Financial Information

## 中期簡明綜合財務資料附註

### 2 BASIS OF PREPARATION (continued)

#### 2.1 Going concern (continued)

##### (1) (continued)

In respect of the above, the Company appointed a financial advisor and debt restructuring scheme advisor to facilitate the Subscription and Debt Restructuring Proposal.

At the meetings of the holders of the 12% Coupon Senior Bonds and the 8% Coupon Convertible Bonds held on 21 June 2016 and 6 July 2016, respectively, separate extraordinary resolutions ("Extraordinary Resolutions") were passed and resolved, among others, to approve the Debt Restructuring Proposal, not to enforce any security of the Bonds until approval of the Schemes and release the security as required under the Schemes following the Schemes becoming effective, vote the entire principal amount in favour of the Schemes at the meetings of the Schemes, waive any event of default or potential event of default which might or has occurred and not to demand repayment of any amount due under the Bonds.

### 2 編製基準 (續)

#### 2.1 持續經營 (續)

##### (1) (續)

就以上事項而言，本公司已委任財務顧問及債務重組計劃顧問以落實認購事項及債務重組建議。

分別於二零一六年六月二十一日及二零一六年七月六日舉行的12%票面息優先債券及8%票面息可換股債券持有人會議上，通過獨立特別決議案（「特別決議案」）決議批准債務重組建議，在計劃獲批准之前不就該等債券執行任何抵押並根據計劃的規定在計劃生效後解除抵押，於計劃大會上以全部本金額投票贊成計劃，豁免任何可能發生或已發生的違約事件或潛在違約事件以及不要求償還任何逾期的該等債券款項。

# Notes to Interim Condensed Consolidated Financial Information

## 中期簡明綜合財務資料附註

## 2 BASIS OF PREPARATION (continued)

### 2.1 Going concern (continued)

#### (1) (continued)

Following the passing and effectiveness of the Extraordinary Resolutions by 6 July 2016, the Company is preparing the necessary documents to submit to the courts for the relevant creditors' approval and court sanction for the Cayman Scheme and the Hong Kong Scheme under the Debt Restructuring Proposal.

The Company is also actively negotiating with other creditors of the Company for the execution of the Debt Restructuring Proposal.

Note:

The proposed scheme of arrangement pursuant to Section 86 of the Companies Law (2007 Revision) of the Cayman Islands between the Company and the creditors under such scheme (the "Cayman Scheme") and the proposed scheme of arrangement of pursuant to Sections 670, 673 and 674 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) between the Company and the creditors under such scheme (the "Hong Kong Scheme"), collectively are referred to as the "Schemes".

## 2 編製基準 (續)

### 2.1 持續經營 (續)

#### (1) (續)

於二零一六年七月六日特別決議案獲通過及生效後，本公司正在準備需呈交法院之文件，以獲得債務重組建議下開曼計劃及香港計劃之相關債權人批准及法院頒令。

本公司亦正積極與本公司的其他債權人磋商簽訂債務重組建議。

附註：

本公司與建議安排計劃（「開曼計劃」）項下的債權人根據開曼群島公司法（2007年修訂版）第86條訂立的該計劃以及本公司與建議安排計劃（「香港計劃」）項下的債權人根據（香港法例第622章）公司條例第670、673及674條訂立的該計劃（統稱為「計劃」）。

# Notes to Interim Condensed Consolidated Financial Information

## 中期簡明綜合財務資料附註

### 2 BASIS OF PREPARATION (continued)

#### 2.1 Going concern (continued)

- (2) In relation to the secured bank loan of HK\$95,430,000 which contains a repayment on demand clause had become overdue during the period, the Group is actively negotiating with the bank for the release of the charge on the secured leasehold land in order to complete the transaction as detailed in Note 18 for the repayment of the principal and the related interest expense of the loan.
- (3) In relation to the syndicated bank loan and the bank loan under the Unsecured Loan Facility to the extent of HK\$566,148,000 and HK\$403,166,000, respectively, the Group is actively negotiating with the respective banks for the waiver of the breach of the undertaking and restrictive covenant requirements; and the renewal of these loans, including extension of the related interest payments.

### 2 編製基準 (續)

#### 2.1 持續經營 (續)

- (2) 就載有按要求償還條款且於本期間已逾期的有抵押銀行貸款95,430,000港元而言，本集團正積極就解除已抵押租賃土地之押記，以完成交易（於附註18詳述）償還貸款之本金及相關利息開支與銀行進行磋商。
- (3) 就分別為566,148,000港元及403,166,000港元的無抵押貸款融資項下的銀團貸款及銀行貸款而言，本集團正積極就豁免違反承諾及限制性契諾規定；及重續該等貸款（包括延遲相關利息付款）與各銀行磋商。

# Notes to Interim Condensed Consolidated Financial Information

## 中期簡明綜合財務資料附註

## 2 BASIS OF PREPARATION (continued)

### 2.1 Going concern (continued)

- (4) On 21 January 2013, the Group entered into a non-binding framework agreement with Beijing Wincapital Management Co., Ltd. ("Beijing Wincapital") in relation to the disposal of a 30% equity interest in S.E.A. Mineral Limited ("SEAM"), a wholly-owned subsidiary of the Group. The aggregate disposal consideration is expected to be approximately US\$150 million (approximately HK\$1,170 million). The proposed transaction is yet to complete and no formal sales and purchase agreement has been entered into up to the date of approval of the interim condensed consolidated financial information. Longer than expected time was spent on negotiation of the detailed terms and conditions because of the rapid change in operating and regulatory environment of SEAM since the framework agreement was signed. The Group is currently negotiating with Beijing Wincapital to modify the structure and detailed terms of the disposal on equity interest in SEAM.

In connection with the proposed disposal, Beijing Wincapital arranged certain loan finance to the Group ("Financing Loans"), which can be settled by offsetting against the disposal consideration should the proposed disposal be completed, details of which are disclosed in Note 21(d).

## 2 編製基準 (續)

### 2.1 持續經營 (續)

- (4) 於二零一三年一月二十一日，本集團與北京匯贏創業投資有限公司（「北京匯贏」）訂立有關出售本集團全資附屬公司南洋礦業有限公司（「南洋礦業」）30%股權的無約束力框架協議。總出售代價預計約為1.50億美元（約11.70億港元）。直至中期簡明綜合財務資料獲批准日期，此項建議交易尚未完成，亦未訂立任何正式買賣協議。自框架協議簽署後，由於南洋礦業的經營及規管環境急速轉變，故此商討條款及條件細節所耗時間較預期長。本集團現時正在與北京匯贏磋商，以修改出售南洋礦業股權之架構及詳細條款。

就此項建議出售事項而言，北京匯贏為本集團安排若干貸款融資（「融資貸款」）。倘建議出售事項得以完成，融資貸款可藉抵銷出售代價支付，有關詳情披露於附註21(d)。

# Notes to Interim Condensed Consolidated Financial Information

## 中期簡明綜合財務資料附註

### 2 BASIS OF PREPARATION (continued)

#### 2.1 Going concern (continued)

##### (4) (continued)

During the year ended 31 December 2017, a loan arranged by Beijing Wincapital of RMB200,000,000 has been novated to Henan Pingyuan Holding Group Co., Ltd ("河南平原控股集團股份有限公司" or "Pingyuan"), details of which are disclosed in Notes 21(d) and 21(f).

As at 30 June 2019, the outstanding Financing Loan amounted to approximately RMB200,000,000 (equivalent to HK\$227,350,000) was overdue for repayment. Up to the date of approval of the interim condensed consolidated financial information, the Group has not received any letter from the lender demanding for repayment of this loan. Management is currently negotiating with the relevant parties to formally extend the repayment of this borrowing to facilitate the completion of the proposed disposal. Management believes that with bona fide intention for all relevant parties, the proposed disposal will be completed and the Group will be able to offset this borrowing against the disposal consideration.

### 2 編製基準 (續)

#### 2.1 持續經營 (續)

##### (4) (續)

於截至二零一七年十二月三十一日止年度，北京匯贏安排之貸款人民幣200,000,000元已變更到河南平原控股集團股份有限公司（「平原」），有關詳情披露於附註21(d)及21(f)。

於二零一九年六月三十日，未償還的融資貸款約為人民幣200,000,000元（相等於227,350,000港元）已逾期償還。直至中期簡明綜合財務資料獲批准日期，本集團尚未接獲任何放貸人要求償還該貸款之函件。管理層現正與相關訂約方進行磋商，以正式延長該借貸之還款期，以促使完成建議出售事項。管理層相信所有相關訂約方具有真誠意向，建議出售事項將會完成，而本集團將可以出售代價抵銷該借貸。

# Notes to Interim Condensed Consolidated Financial Information

## 中期簡明綜合財務資料附註

## 2 BASIS OF PREPARATION (continued)

### 2.1 Going concern (continued)

#### (4) (continued)

On each of 11 March 2018 and 8 June 2018, the Group entered into a sale and purchase agreement with Mr. Sun Gang ("Mr. Sun"), who is also a substantial shareholder of Pingyuan, pursuant to which the Group agreed to sell an aggregate 14% equity interest in SEAM to Mr. Sun at an aggregate consideration of RMB420,000,000 (equivalent to approximately HK\$477,435,000) conditional upon, amongst others, obtaining approval from shareholders of the Company at an extraordinary general meeting and resumption of trading of the Company's shares.

- (5) Apart from the borrowings mentioned in (1) to (4) above, the Group had other borrowings from certain related parties of the Group, the Potential Investor, related parties of the Potential Investor and other third parties of HK\$91,066,000, HK\$236,671,000, HK\$298,864,000 and HK\$239,362,000, respectively that were either overdue or due for immediate repayment as at 30 June 2019. The Group has been actively negotiating with the lenders for the renewal and extension of the repayment dates of these borrowings, of which an extension of the repayments of the borrowings from related parties of the Potential Investor for a term of 2 years is currently under discussion.

## 2 編製基準 (續)

### 2.1 持續經營 (續)

#### (4) (續)

於二零一八年三月十一日及二零一八年六月八日各日，本集團與孫罡先生（「孫先生」）（彼亦為平原之主要股東）訂立一項買賣協議，據此，本集團同意向孫先生出售南洋礦業之合共14%股本權益，總代價為人民幣420,000,000元（相當於約477,435,000港元），須待（其中包括）於股東特別大會上取得本公司股東批准及本公司股份恢復買賣後，方可作實。

- (5) 除上述第(1)至(4)所述之借貸外，本集團來自本集團的若干關連方、潛在投資者、潛在投資者的關連方及其他第三方的其他借貸分別為91,066,000港元、236,671,000港元、298,864,000港元及239,362,000港元，於二零一九年六月三十日皆已逾期或到期立即償還。本集團一直積極與放債人磋商重續及延長該等借貸的還款日期，目前正在討論將潛在投資者的關連方的借貸還款日期延長2年。

# Notes to Interim Condensed Consolidated Financial Information

## 中期簡明綜合財務資料附註

### 2 BASIS OF PREPARATION (continued)

#### 2.1 Going concern (continued)

- (6) On 29 May 2019, Lianyungang City East Harvest Mining Company Limited (the “Vendor”), an indirectly wholly owned subsidiary of the Company, entered into a disposal agreement with Jiangsu Yungang Investment Development Co., Ltd. (江蘇雲港投資發展有限公司) (the “Purchaser”), an independent third party, pursuant to which the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase certain property, plant and equipment and the related prepaid land lease payments of the Group located in Lianyugang, PRC for an aggregate consideration of RMB299,800,000 (equivalent to HK\$340,798,000). Management expects the completion of the transaction can improve the Group’s liquidity position.

### 2 編製基準 (續)

#### 2.1 持續經營 (續)

- (6) 於二零一九年五月二十九日，本公司之間接全資附屬公司連雲港市東茂礦業有限公司(「賣方」)與獨立第三方江蘇雲港投資發展有限公司(「買方」)訂立出售協議，據此，賣方已有條件同意出售而買方已有條件同意購買本集團位於中國連雲港之若干物業、廠房及設備以及相關預付土地租賃款項，總代價為人民幣299,800,000元(相當於340,798,000港元)。管理層預期完成交易可改善本集團之流動資金狀況。



# Notes to Interim Condensed Consolidated Financial Information

## 中期簡明綜合財務資料附註

## 2 BASIS OF PREPARATION (continued)

### 2.1 Going concern (continued)

- (7) The Group is also negotiating with various financial institutions and identifying various options for financing the Group's working capital and commitments in the foreseeable future, including identification of potential investors to invest in various projects undertaken by the Group.
- (8) The Group is also maximising its sales effort, including speeding up of sales of its existing inventories and seeking new orders from overseas markets or new customers on developed new products, exploring new business opportunities and implementing more stringent cost control measures with a view to improving operating cash flows. The Group has also engaged in providing sub-contracting services to external customers since 2017 and entered into a cooperation agreement with a strategic business partner in 2018 to better utilise the Group's production capacities. Management believes that the Group will be able to improve its financial performance in the coming twelve months after the reporting period.

## 2 編製基準 (續)

### 2.1 持續經營 (續)

- (7) 本集團亦正與多間財務機構進行磋商，尋找本集團於可見將來為營運資金及承擔融資的不同方案，包括物色潛在投資者對本集團正進行之多個項目作出投資。
- (8) 本集團正致力提升銷售力度，包括加快現有存貨銷售並於海外市場尋求新訂單或就開發新產品尋求新客戶，探索新業務機會，以及實施更嚴謹的成本監控措施，以改善經營現金流量。本集團亦自二零一七年起從事提供向外部客戶提供鋼鐵製品加工服務，並於二零一八年與戰略業務夥伴訂立合作協議，以更佳利用本集團之產能。管理層相信，本集團將能於報告期後的未來十二個月改善其財務表現。

# Notes to Interim Condensed Consolidated Financial Information

## 中期簡明綜合財務資料附註

### 2 BASIS OF PREPARATION (continued)

#### 2.1 Going concern (continued)

- (9) The Group has engaged legal advisors to handle all claims and disputes as detailed in Note 26 to the interim condensed consolidated financial information. In preparing this interim condensed consolidated financial information, the directors have also obtained advice from legal advisors on these matters and, based upon which, are of the view that the Group will be able to resolve those outstanding claims and disputes, with no significant cash outflows in the next twelve months.

The directors have reviewed the Group's cash flow projections prepared by management that covered a period of not less than twelve months from the end of the reporting period and considered that, taking into account the above-mentioned plans and measures, 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 end of the reporting period, and therefore it is appropriate to prepare the interim condensed consolidated financial information on a going concern basis.

### 2 編製基準 (續)

#### 2.1 持續經營 (續)

- (9) 本集團已委聘法律顧問處理中期簡明綜合財務資料附註26所詳述的所有申索及糾紛。於編製本中期簡明綜合財務資料時，董事亦已就該等事宜取得法律顧問的意見，據此，董事認為，本集團將能解決該等待決申索及糾紛且於未來十二個月內不會導致巨額的現金流出。

董事已審閱由管理層編製的本集團現金流量預測，其涵蓋的期間自報告期末起計不少於十二個月。考慮到上述計劃及措施，本集團將有充足的營運資金應付自報告期末起計未來十二個月內營運所需的資金以及履行到期的財務責任。因此，按持續經營基準編製中期簡明綜合財務資料屬恰當。

# Notes to Interim Condensed Consolidated Financial Information

## 中期簡明綜合財務資料附註

## 2 BASIS OF PREPARATION (continued)

### 2.1 Going concern (continued)

Notwithstanding the above, significant multiple uncertainties exist as to whether management of the Company will be able to achieve its plans and measures as described above. Whether the Group will be able to continue as a going concern would depend upon the Group's ability to manage its indebtedness, and generate adequate financing and operating cash flows through:

- (1) successful completion of the issuance of the Subscription Shares after fulfilling all conditions precedent as detailed, but not limited to, above and in particular by the successful completion of the Debt Restructuring Proposal;
- (2) successful negotiation with the banks for the renewal of these loans totalling HK\$1,064,744,000; together with the extension of the related overdue interest expense totalling HK\$115,849,000 up to 30 June 2019 and any further default in repayment of principal and interest after the period end date;

## 2 編製基準 (續)

### 2.1 持續經營 (續)

儘管如此，本公司管理層能否達成上述計劃及措施仍存有多項重大不明朗因素。本集團能否持續經營將視乎本集團能否成功管理其債項及通過以下方法產生充足的融資及經營現金流量：

- (1) 在達成上述（但不限於）所有先決條件，尤其是透過成功完成債務重組建議後，成功完成發行認購股份；
- (2) 成功與各銀行磋商重續合共為1,064,744,000港元之該等貸款；連同延遲直至二零一九年六月三十日之相關逾期利息開支合共115,849,000港元及於期間結算日後之任何進一步拖欠償還本金及利息；

# Notes to Interim Condensed Consolidated Financial Information

## 中期簡明綜合財務資料附註

### 2 BASIS OF PREPARATION (continued)

#### 2.1 Going concern (continued)

- (3) successful negotiation with the financiers to extend the repayment date of a loan arranged by Beijing Wincapital (see Note 21(d)) of RMB200 million (equivalent to HK\$227,350,000) until completion of the proposed disposal of interest in SEAM under the above-mentioned framework agreement at the prescribed consideration and be able to collect the disposal consideration in full immediately upon completion of the transaction after properly offsetting the above-mentioned borrowings of approximately RMB200 million;
- (4) successful completion of the disposal of an aggregate 14% equity interest in SEAM to Mr. Sun under the above-mentioned sale and purchase agreements at the prescribed consideration and be able to collect the disposal consideration of RMB420,000,000 (equivalent to HK477,435,000) in full immediately upon completion of the transactions;

### 2 編製基準 (續)

#### 2.1 持續經營 (續)

- (3) 成功與融資方磋商延長由北京匯贏(見附註21(d))安排之人民幣2.00億元(相當於227,350,000港元)貸款的還款日期,直至根據上述框架協議按規定代價及能夠緊隨交易完成時能夠從上述借貸中適當地抵銷合共約人民幣2.00億元後全數收取出售代價而完成建議出售南洋礦業之權益為止;
- (4) 成功根據上述買賣協議按指定代價完成向孫先生出售南洋礦業之合共14%股權,並能夠於緊隨交易完成後全數收取出售代價人民幣420,000,000元(相當於477,435,000港元);

# Notes to Interim Condensed Consolidated Financial Information

## 中期簡明綜合財務資料附註

## 2 BASIS OF PREPARATION (continued)

### 2.1 Going concern (continued)

- (5) successful negotiation with the related parties of the Group, the Potential Investor, related parties of the Potential Investor and other third party lenders for extension of their relevant borrowings by maintaining relationship with them such that no action will be taken by these lenders to demand immediate repayment of the overdue borrowings under negotiation;
- (6) successful completion of the disposal of certain property, plant and equipment and the related prepaid land lease payments of the Group located in Lianyungang under the above-mentioned disposal agreement at the prescribed consideration and be able to collect the remaining disposal consideration of RMB254,800,000 (equivalent to HK\$289,644,000) in full immediately upon completion of the transaction;
- (7) successful negotiation with the lenders for obtaining additional new financing and other sources of funding as and when required;

## 2 編製基準 (續)

### 2.1 持續經營 (續)

- (5) 成功與本集團的關連方、潛在投資者、潛在投資者的關連方及其他第三方放貸人磋商延長其相關借貸的期限，並與彼等維持關係，致使該等放貸人不會採取行動以要求即時償還磋商中之逾期借貸；
- (6) 成功根據上述出售協議按訂明之代價完成出售本集團位於連雲港之若干物業、廠房及設備以及相關預付土地租賃款項，並能於緊隨交易完成後悉數收取餘下出售代價人民幣254,800,000元（相當於289,644,000港元）；
- (7) 成功與放貸人磋商獲取額外之新融資及其他資金來源（如需要）；

# Notes to Interim Condensed Consolidated Financial Information

## 中期簡明綜合財務資料附註

### 2 BASIS OF PREPARATION (continued)

#### 2.1 Going concern (continued)

- (8) successful implementation of its operation plans described above to control costs and generate adequate operating cash flows; and
- (9) successful resolution of the outstanding claims and disputes, and without significant cash outflows in the next twelve months.

Should the Group fail to achieve the above mentioned plans and measures, it might not be able to continue to operate as a going concern, and adjustments would have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in this interim condensed consolidated financial information.

### 2 編製基準 (續)

#### 2.1 持續經營 (續)

- (8) 成功實施上述經營計劃，以控制成本及產生充足經營現金流量；及
- (9) 成功解決待決申索及糾紛且於未來十二個月內毋須導致巨額的現金流出。

倘若本集團未能達成上述計劃及措施，其可能無法繼續按持續經營基準營運，並須作出調整以將本集團資產的賬面值撇減至其可收回金額，就可能產生之任何進一步負債作出撥備，以及將非流動資產及非流動負債分別重新分類為流動資產及流動負債。該等調整之影響並未反映於本中期簡明綜合財務資料內。

# Notes to Interim Condensed Consolidated Financial Information

## 中期簡明綜合財務資料附註

## 2 BASIS OF PREPARATION (continued)

### 2.2 Accounting policies

The preparation of the interim condensed consolidated financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates. In preparing this interim condensed consolidated financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual consolidated financial statements for the year ended 31 December 2018.

The accounting policies used in the preparation of the interim condensed consolidated financial information are consistent with those used in the annual consolidated financial statements for the year ended 31 December 2018, except for the adoption of new and amended standards as set out below. Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

## 2 編製基準（續）

### 2.2 會計政策

編製中期簡明綜合財務資料要求管理層作出影響會計政策應用以及資產及負債、收入及開支的所呈報數額的判斷、估計及假設。實際結果或有別於有關估計。本編製中期簡明綜合財務資料時，由管理層對本集團在會計政策的應用及主要不確定數據的估計來源所作出的重要判斷與截至二零一八年十二月三十一日止年度的年度綜合財務報表所採用者相同。

編製中期簡明綜合財務資料所採納之會計政策與編製截至二零一八年十二月三十一日止年度之年度綜合財務報表所採用者一致，惟採納以下所載的新訂及經修訂準則除外。中期所得稅根據將適用於預期年度盈利總額的稅率預提。



# Notes to Interim Condensed Consolidated Financial Information

## 中期簡明綜合財務資料附註

## 2 BASIS OF PREPARATION (continued)

### 2.2 Accounting policies (continued)

Accounting policy on non-current assets classified as held-for-sale became relevant to the Group in this interim period. Non-current assets are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.

#### (a) *New and amended standards adopted by the Group*

A number of new or amended standards became applicable for the current reporting period, and the Group had changed its accounting policies and make retrospective adjustments as a result of adopting IFRS 16 Leases ("IFRS 16").

The impact of the adoption of the leasing standard and the new accounting policies are disclosed below. The other standards did not have material impact on the Group's accounting policies and did not require any adjustments.

## 2 編製基準 (續)

### 2.2 會計政策 (續)

有關分類為持作出售之非流動資產之會計政策於本中期期間與本集團相關。當非流動資產的賬面值將主要透過出售交易(而非繼續使用)收回,且出售被視為極可能發生時,則其分類為持作出售資產。該等資產按賬面值與公允價值減出售成本之較低者列賬。

#### (a) *本集團採納之新訂及經修訂準則*

若干新準則或經修訂準則適用於本報告期間,本集團因採納國際財務報告準則第16號租賃(「國際財務報告準則第16號」)而已變更其會計政策及作出追溯調整。

採納有關租賃準則及新會計政策的影響披露於下文。其他準則對本集團的會計政策並無構成重大影響,亦毋須作出任何調整。

# Notes to Interim Condensed Consolidated Financial Information

## 中期簡明綜合財務資料附註

## 2 BASIS OF PREPARATION (continued)

### 2.2 Accounting policies (continued)

(a) ***New and amended standards adopted by the Group (continued)***

The below explains the impact of adoption of IFRS 16 on the Group's interim condensed consolidated financial information and also discloses the new accounting policies that have been applied from 1 January 2019.

(i) ***Adjustments recognised on adoption of IFRS 16***

The Group has adopted IFRS 16 retrospectively from 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under specific transitional provisions in the standard. The reclassifications and adjustments arising from the new leasing rules for lessees are therefore recognised in the opening consolidated statement of financial position on 1 January 2019.

## 2 編製基準 (續)

### 2.2 會計政策 (續)

(a) ***本集團採納之新訂及經修訂準則 (續)***

下文闡釋採納國際財務報告準則第16號對本集團的中期簡明綜合財務資料的影響，並披露自二零一九年一月一日起應用的新會計政策。

(i) ***採納國際財務報告準則第16號時確認的調整***

本集團已自二零一九年一月一日起追溯採納國際財務報告準則第16號，惟按根據該準則內的特定過渡性條文所允許而並無重列二零一八年報告期間的比較數字。因此，有關承租人的新訂租賃規則產生的重新分類及調整於二零一九年一月一日的期初綜合財務狀況表中確認。

# Notes to Interim Condensed Consolidated Financial Information

## 中期簡明綜合財務資料附註

### 2 BASIS OF PREPARATION (continued)

#### 2.2 Accounting policies (continued)

(a) ***New and amended standards adopted by the Group (continued)***

- (i) *Adjustments recognised on adoption of IFRS 16 (continued)*

On adoption of IFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as “operating leases” under the principles of IAS 17 “Lease” (“IAS 17”). These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee’s incremental borrowing rate as of 1 January 2019. The weighted average lessee’s incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 5.37%.

### 2 編製基準 (續)

#### 2.2 會計政策 (續)

(a) ***本集團採納之新訂及經修訂準則 (續)***

- (i) *採納國際財務報告準則第16號時確認的調整 (續)*

於採納國際財務報告準則第16號時，本集團就先前根據國際會計準則第17號「租賃」（「國際會計準則第17號」）的原則分類為「經營租賃」的租賃確認租賃負債。該等負債按餘下租賃付款的現值計量，並使用截至二零一九年一月一日的承租人增量借款利率貼現。於二零一九年一月一日適用於租賃負債的加權平均承租人增量借款利率為5.37%。

# Notes to Interim Condensed Consolidated Financial Information

## 中期簡明綜合財務資料附註

### 2 BASIS OF PREPARATION (continued)

#### 2.2 Accounting policies (continued)

**(a) New and amended standards adopted by the Group (continued)**

**(i) Adjustments recognised on adoption of IFRS 16 (continued)**

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

- The accounting for operating leases with remaining lease term of less than 12 months as at 1 January 2019 as short-term lease;
- The exclusion of initial direct costs for the measurement of the right-of-use assets 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.

### 2 編製基準 (續)

#### 2.2 會計政策 (續)

**(a) 本集團採納之新訂及經修訂準則 (續)**

**(i) 採納國際財務報告準則第16號時確認的調整 (續)**

於首次應用國際財務報告準則第16號時，本集團已使用該準則所允許的以下實際權宜方法：

- 對於二零一九年一月一日的餘下租賃期限少於12個月的經營租賃作為短期租賃進行會計處理；
- 於計量於初次應用日期的使用權資產時排除初始直接成本；及
- 倘合約包括延長或終止租賃的選擇權，則使用事後方式釐定租約期限。

# Notes to Interim Condensed Consolidated Financial Information

## 中期簡明綜合財務資料附註

### 2 BASIS OF PREPARATION (continued)

#### 2.2 Accounting policies (continued)

(a) ***New and amended standards adopted by the Group (continued)***

- (i) *Adjustments recognised on adoption of IFRS 16 (continued)*

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 IAS 17 and IFRIC – Int 4 “Determining whether an Arrangement contains a Lease”.

The Group leases various offices premises and quarters for directors and staff. The right-of-use assets for property leases were measured on a modified retrospective basis as if new rules had always been applied. The Group applies IAS 36 “Impairment of Assets” at the date of initial application to determine whether a right-of-use asset is impaired and accounts for any impairment loss.

### 2 編製基準 (續)

#### 2.2 會計政策 (續)

(a) ***本集團採納之新訂及經修訂準則 (續)***

- (i) *採納國際財務報告準則第16號時確認的調整 (續)*

本集團亦已選擇不於初始應用日期重新評估合約是否為或包含一項租賃。反而，就於過渡日期前訂立的合約而言，本集團依賴其應用國際會計準則第17號及國際財務報告詮釋委員會－詮釋第4號「釐定安排是否包括租賃」作出的評估。

本集團租賃多項辦公室物業以及董事及員工宿舍。物業租賃的使用權資產乃按經修訂追溯基準計量，猶如新規則乃一直獲應用。本集團於初次應用日期應用國際會計準則第36號「資產減值」，以釐定使用權資產是否已減值及入賬任何減值虧損。

# Notes to Interim Condensed Consolidated Financial Information

## 中期簡明綜合財務資料附註

### 2 BASIS OF PREPARATION (continued)

#### 2.2 Accounting policies (continued)

(a) **New and amended standards adopted by the Group (continued)**

(i) *Adjustments recognised on adoption of IFRS 16 (continued)*

The change in accounting policy affected the following items in the interim condensed consolidated statement of financial position at 1 January 2019:

### 2 編製基準 (續)

#### 2.2 會計政策 (續)

(a) **本集團採納之新訂及經修訂準則 (續)**

(i) *採納國際財務報告準則第16號時確認的調整 (續)*

會計政策變動影響於二零一九年一月一日的中期簡明綜合財務狀況表的以下項目：

		Carrying amount as at 31 December 2018	Impact on adoption of IFRS 16 (note (a))	Impairment of right- of-use assets (note (b))	Carrying amount as at 1 January 2019
		於二零一八年 十二月三十一日 之賬面值	採納國際財務 報告準則 第16號的影響 (附註(a))	使用權 資產減值 資產減值 (附註(b))	於二零一九年 一月一日 之賬面值
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
<b>Non-current assets</b>	<b>非流動資產</b>				
Right-of-use assets	使用權資產	-	3,356	(3,356)	-
<b>Current assets</b>	<b>流動資產</b>				
Prepayments, deposits and other receivables	預付款項、按金及其他 應收款項	139,117	(462)	-	138,655
<b>Non-current liabilities</b>	<b>非流動負債</b>				
Lease liabilities	租賃負債	-	(856)	-	(856)
<b>Current liabilities</b>	<b>流動負債</b>				
Lease liabilities	租賃負債	-	(2,038)	-	(2,038)
<b>Equity</b>	<b>權益</b>				
Accumulated losses	累計虧損	5,617,624	-	3,356	5,620,980

# Notes to Interim Condensed Consolidated Financial Information

## 中期簡明綜合財務資料附註

## 2 BASIS OF PREPARATION (continued)

### 2.2 Accounting policies (continued)

(a) ***New and amended standards adopted by the Group (continued)***

- (i) *Adjustments recognised on adoption of IFRS 16 (continued)*

Notes:

- (a) As at 1 January 2019, the right-of-use assets is measured at the amount equal to the lease liabilities, adjusted by the amount of prepaid lease payments relating to that the leases recognised in the consolidated statement of financial position before 1 January 2019. The change in accounting policy resulted in the right-of-use assets increased by HK\$3,356,000; prepayment, deposits and other receivables decreased by HK\$462,000; and lease liabilities increased by HK\$2,894,000 respectively in the interim condensed consolidated statement of financial position at 1 January 2019.

## 2 編製基準 (續)

### 2.2 會計政策 (續)

(a) ***本集團採納之新訂及經修訂準則 (續)***

- (i) *採納國際財務報告準則第16號時確認的調整 (續)*

附註：

- (a) 於二零一九年一月一日，使用權資產以相等於租賃負債的金額計量，並按於二零一九年一月一日前於綜合財務狀況表確認的與租賃有關的預付租賃付款金額進行調整。會計政策變動分別導致於二零一九年一月一日的中期簡明綜合財務狀況表內的使用權資產增加3,356,000港元；預付款項、按金及其他應收款項減少462,000港元；及租賃負債增加2,894,000港元。

# Notes to Interim Condensed Consolidated Financial Information

## 中期簡明綜合財務資料附註

### 2 BASIS OF PREPARATION (continued)

#### 2.2 Accounting policies (continued)

- (a) **New and amended standards adopted by the Group (continued)**
- (i) *Adjustments recognised on adoption of IFRS 16 (continued)*

Notes: (continued)

(a) (continued)

The reconciliation between the operating lease commitments as disclosed by applying IAS 17 as at 31 December 2018 and the lease liabilities recognised in the interim condensed consolidated statement of financial position as at 1 January 2019 (date of initial application of IFRS 16) is as follows:

### 2 編製基準 (續)

#### 2.2 會計政策 (續)

- (a) **本集團採納之新訂及經修訂準則 (續)**
- (i) *採納國際財務報告準則第16號時確認的調整 (續)*

附註：(續)

(a) (續)

於二零一八年十二月三十一日應用國際會計準則第17號披露的經營租賃承擔與於二零一九年一月一日(初次應用國際財務報告準則第16號的日期)的中期簡明綜合財務狀況表確認的租賃負債的對賬如下：

**Total**  
**總額**  
HK\$'000  
千港元

Operating lease commitments disclosed as at 31 December 2018	於二零一八年十二月三十一日披露的經營租賃承擔	4,444
Discounted using the lessee's incremental borrowing rate of at the date of initial application	使用於初次應用日期的承租人增量借款利率貼現	3,772
Less: short-term 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及低價值租賃	(878)
<b>Lease liabilities recognised as at 1 January 2019</b>	<b>於二零一九年一月一日確認的租賃負債</b>	<b>2,894</b>
Of which are:	其中為：	
– Current lease liabilities	– 流動租賃負債	2,038
– Non-current lease liabilities	– 非流動租賃負債	856
		<b>2,894</b>



# Notes to Interim Condensed Consolidated Financial Information

## 中期簡明綜合財務資料附註

## 2 BASIS OF PREPARATION (continued)

### 2.2 Accounting policies (continued)

- (a) ***New and amended standards adopted by the Group (continued)***
- (i) *Adjustments recognised on adoption of IFRS 16 (continued)*

Notes: (continued)

- (b) Due to the continuous unfavourable operating environment experienced by the Group, the directors of the Company consider it as an impairment indicator and carried out an impairment review on the right-of-use assets as at 1 January 2019. Based on the assessment, the directors of the Company consider that the carrying amount of the right-of-use assets was impaired and therefore an impairment loss on right-of-use assets amounting to HK\$3,356,000 was recognised in the opening accumulated losses as at 1 January 2019.

## 2 編製基準 (續)

### 2.2 會計政策 (續)

- (a) ***本集團採納之新訂及經修訂準則 (續)***
- (i) *採納國際財務報告準則第16號時確認的調整 (續)*

附註：(續)

- (b) 由於本集團持續經歷不利經營環境，本公司董事認為，此乃於二零一九年一月一日對使用權資產進行減值審閱之減值指標。根據評估，本公司董事認為使用權資產之賬面值出現減值，並因此於二零一九年一月初累計虧損中確認使用權資產的減值虧損3,356,000港元。

# Notes to Interim Condensed Consolidated Financial Information

## 中期簡明綜合財務資料附註

## 2 BASIS OF PREPARATION (continued)

### 2.2 Accounting policies (continued)

(a) ***New and amended standards adopted by the Group (continued)***

(ii) *The Group leasing activities and how these are accounted for*

The Group leases various office premises and quarters for directors and staff. Rental contracts are typically made for fixed periods of 1 to 3 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. These lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Until the 2018 financial year, leases of office and quarters for directors and staff were classified as operating leases. Payments made under operating leases were charged to profit or loss on a straight-line basis over the period of the lease.

## 2 編製基準 (續)

### 2.2 會計政策 (續)

(a) ***本集團採納之新訂及經修訂準則 (續)***

(ii) *本集團的租賃活動及其如何入賬*

本集團租賃多項辦公室物業以及董事及員工宿舍。租賃合約通常以1至3年固定期限作出。租賃條款按個別基準磋商，並包括範圍廣泛的不同條款及條件。租賃協議並無施加任何契諾，惟租賃資產不可就借貸目的作為擔保。

直至二零一八年財政年度，辦公室以及董事及員工宿舍租賃分類為經營租賃。根據經營租賃作出的付款於租賃期限內按直線法於損益扣除。

# Notes to Interim Condensed Consolidated Financial Information

## 中期簡明綜合財務資料附註

### 2 BASIS OF PREPARATION (continued)

#### 2.2 Accounting policies (continued)

(a) **New and amended standards adopted by the Group (continued)**

(ii) *The Group leasing activities and how these are accounted for (continued)*

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. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments: fixed payments (including in-substance fixed payments) and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

### 2 編製基準 (續)

#### 2.2 會計政策 (續)

(a) **本集團採納之新訂及經修訂準則 (續)**

(ii) **本集團的租賃活動及其如何入賬 (續)**

由二零一九年一月一日起，租賃於租賃資產可供本集團使用當日確認為使用權資產及相應負債。各筆租賃付款乃於負債與財務費用之間分配。融資成本於租賃期限內於損益扣除，從而於各期間對負債餘下結額產生固定期間利率。使用權資產於資產的使用年期與租賃期限的較短者以直線法折舊。

租賃產生的資產及負債初步以現值基準進行計量。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）及終止租賃的罰款付款（倘租賃條款反映承租人行使該選擇權）。

# Notes to Interim Condensed Consolidated Financial Information

## 中期簡明綜合財務資料附註

### 2 BASIS OF PREPARATION (continued)

#### 2.2 Accounting policies (continued)

**(a) New and amended standards adopted by the Group (continued)**

**(ii) The Group leasing activities and how these are accounted for (continued)**

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

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

- the amount of the initial 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.

### 2 編製基準 (續)

#### 2.2 會計政策 (續)

**(a) 本集團採納之新訂及經修訂準則 (續)**

**(ii) 本集團的租賃活動及其如何入賬 (續)**

租賃付款使用租賃所隱含的利率貼現。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須支付的利率。

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所收取的任何租賃獎勵
- 初始直接成本，及
- 修復成本。

# Notes to Interim Condensed Consolidated Financial Information

## 中期簡明綜合財務資料附註

### 2 BASIS OF PREPARATION (continued)

#### 2.2 Accounting policies (continued)

(a) ***New and amended standards adopted by the Group (continued)***

(ii) *The Group leasing activities and how these are accounted for (continued)*

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

The Group also obtained right to use leasehold land through lease contracts with local government authorities with lease periods of 20 to 50 years. The Group presents the prepaid land lease payments separately from the right-of-use assets. Details of prepaid land lease payments are disclosed in Note 11.

### 3 FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: foreign exchange risk, price risk, cash flow and fair value interest rate risk, credit risk, foreign currency risk and liquidity risk. There have been no changes in the risk management policies since 31 December 2018.

### 2 編製基準 (續)

#### 2.2 會計政策 (續)

(a) ***本集團採納之新訂及經修訂準則 (續)***

(ii) *本集團的租賃活動及其如何入賬 (續)*

與短期租賃及低價值資產租賃相關的付款以直線法於損益中確認為開支。

本集團亦透過與地方政府機構訂立租賃合約取得使用租賃土地之權利。租賃期為20至50年。本集團將預付土地租賃款項與使用權資產分開呈列。有關預付土地租賃款項之詳情披露於附註11。

### 3 金融風險管理

本集團之業務活動承受多種金融風險：外匯風險、價格風險、現金流量及公允價值利率風險、信用風險、外幣風險及流動資金風險。風險管理政策自二零一八年十二月三十一日起並無變動。

# Notes to Interim Condensed Consolidated Financial Information

## 中期簡明綜合財務資料附註

### 3 FINANCIAL RISK MANAGEMENT (continued)

The interim condensed consolidated financial information does not include all financial risk management information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2018.

As a result of adoption of IFRS 16, the Group recognised lease liabilities of HK\$2,894,000 as at 1 January 2019 and HK\$1,889,000 as at 30 June 2019. The table below analyses the Group's lease liabilities into relevant maturity grouping based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

### 3 金融風險管理（續）

中期簡明綜合財務資料並不包括年度綜合財務報表規定之所有財務風險管理資料及披露事項，且應與本集團於截至二零一八年十二月三十一日止年度之年度綜合財務報表一併閱讀。

由於採納國際財務報告準則第16號，本集團已於二零一九年一月一日及二零一九年六月三十日確認租賃負債分別2,894,000港元及1,889,000港元。下表根據於資產負債表日期至合約到期日之餘下期間之相關到期組別分析本集團之租賃負債。表中披露之金額為合約未貼現現金流量。

# Notes to Interim Condensed Consolidated Financial Information

## 中期簡明綜合財務資料附註

### 3 FINANCIAL RISK MANAGEMENT (continued)

### 3 金融風險管理 (續)

		As at 30 June 2019 於二零一九年 六月三十日 HK\$'000 千港元 (Unaudited) (未經審核)	As at 1 January 2019 於二零一九年 一月一日 HK\$'000 千港元 (Unaudited) (未經審核)
Less than 1 year	一年以內	1,939	2,144
Between 1 and 5 years	一至五年	–	868
Total	總計	1,939	3,011

There have been no significant changes in the risk management policies since 31 December 2018.

風險管理政策自二零一八年十二月三十一日起概無重大變動。

### 4 OPERATING SEGMENT INFORMATION

For management purposes, the Group has one reportable operating segment: the trading of ore and the manufacturing, sub-contracting and sale of iron and special steel products. Management monitors the operating results of its business units as a whole for the purpose of making decisions about resources allocation and performance assessment.

### 4 經營分部資料

就管理目的而言，本集團僅有一個可呈報經營分部：礦石貿易以及生產、加工及銷售鐵及特鋼製品。管理層出於資源配置及績效考評之決策目的，將本集團的各業務單元之經營成果作為一個整體來進行管理。

# Notes to Interim Condensed Consolidated Financial Information

## 中期簡明綜合財務資料附註

### 5 REVENUE AND OTHER GAINS

Revenue represents the net invoiced value of goods sold, net of value-added tax.

### 5 收益及其他盈利

收益指已扣除增值稅的已售貨品開具的發票淨值。

#### Six months ended 30 June

截至六月三十日止六個月

2019	2018
二零一九年	二零一八年
HK\$'000	HK\$'000
千港元	千港元
(Unaudited)	(Unaudited)
(未經審核)	(未經審核)

Revenue	收益		
Sale of goods:	銷貨：		
Stainless steel base materials	不銹鋼產品	11,862	60,437
Ni-Cr alloy steel ingot	鎳鉻合金鋼錠	453,409	40,680
Ferro-nickel alloys and others	鎳鐵合金及其他	9,052	44,189
		474,323	145,306
Sub-contracting income	加工收入	17,256	33,581
		491,579	178,887
Other gains	其他盈利		
Foreign exchange gain	外幣匯兌盈利	851	393
Gain on disposal of property, plant and equipment	出售物業、廠房及設備之收益	5,268	1,118
Government subsidy	政府補貼	1,447	—
Rental income	租賃收入	2,693	—
Sales of scrap iron	廢鐵銷售	1,898	—
Others	其他	1,464	396
		13,621	1,907



# Notes to Interim Condensed Consolidated Financial Information

## 中期簡明綜合財務資料附註

### 6 LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging:

### 6 除稅前虧損

本集團之除稅前虧損乃經扣除下列項目後得出：

#### Six months ended 30 June

截至六月三十日止六個月

		2019	2018
		二零一九年	二零一八年
		HK\$'000	HK\$'000
		千港元	千港元
		(Unaudited)	(Unaudited)
		(未經審核)	(未經審核)
Staff costs (including Directors' remuneration):	員工成本（包括董事酬金）：		
Salaries	薪金	26,088	29,667
Retirement benefit scheme contributions and other costs	退休福利計劃供款及其他成本	3,164	5,873
Total staff costs	總員工成本	29,252	35,540
Cost of inventories sold	已售存貨成本	478,837	107,837
Depreciation of property, plant and equipment (Note 11)	物業、廠房及設備折舊（附註11）	35,080	29,304
Amortisation of prepaid land lease payments (Note 11)	預付土地租賃款項攤銷（附註11）	2,256	2,392
Minimum lease payments under operating leases in respect of buildings	有關樓宇之經營租賃項下之最低租賃付款	—	2,402
Leases expenses relating to short-term leases and leases of low-value assets	有關短期租賃及低價值資產租賃之租賃開支	1,068	—

# Notes to Interim Condensed Consolidated Financial Information

## 中期簡明綜合財務資料附註

### 7 FINANCE COSTS, NET

### 7 融資成本淨額

Six months ended 30 June

截至六月三十日止六個月

2019 2018

二零一九年 二零一八年

HK\$'000 HK\$'000

千港元 千港元

(Unaudited) (Unaudited)

(未經審核) (未經審核)

<b>Finance income</b>	<b>融資收入</b>		
Interest income on time deposits	定期存款利息收入	6	60
<b>Finance costs</b>	<b>融資成本</b>		
Interest on bank loans and other borrowings	銀行貸款及其他借貸利息	(209,394)	(212,137)
Interest on lease liabilities	租賃負債利息	(67)	—
Interest on convertible bonds	可換股債券利息	(1,185)	(1,895)
Total interest expense	利息開支總額	(210,646)	(214,032)
Finance costs, net	融資成本淨額	(210,640)	(213,972)

### 8 INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands ("BVI"), the Group is not subject to any income tax in the Cayman Islands and the BVI.

The applicable Hong Kong profits tax rate of the Company and its subsidiaries, which operate in Hong Kong was 16.5% (2018: 16.5%).

### 8 所得稅

本集團須按實體基準就產生或源於本集團成員公司註冊及經營所在司法權區的溢利繳納所得稅。

根據開曼群島及英屬處女群島（「英屬處女群島」）法規及規例，本集團於開曼群島及英屬處女群島毋須繳納任何所得稅。

本公司及其於香港營運之附屬公司適用香港利得稅稅率為16.5%（二零一八年：16.5%）。

# Notes to Interim Condensed Consolidated Financial Information

## 中期簡明綜合財務資料附註

### 8 INCOME TAX (continued)

According to the PRC Corporate Income Tax Law, the applicable income tax rate of the PRC subsidiaries of the Group was 25% for the six months ended 30 June 2019 (2018: 25%).

### 8 所得稅（續）

根據中國企業所得稅法，本集團的中國附屬公司於截至二零一九年六月三十日止六個月之適用所得稅稅率為25%（二零一八年：25%）。

#### Six months ended 30 June 截至六月三十日止六個月

2019	2018
二零一九年	二零一八年
HK\$'000	HK\$'000
千港元	千港元
(Unaudited)	(Unaudited)
(未經審核)	(未經審核)

Income tax expense	所得稅開支	-	-
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### 9 DIVIDENDS

The Directors do not recommend the payment of an interim dividend for the period ended 30 June 2019 (2018: Nil).

### 9 股息

董事不建議宣派截至二零一九年六月三十日止期間之中期股息（二零一八年：無）。

## Notes to Interim Condensed Consolidated Financial Information

### 中期簡明綜合財務資料附註

#### 10 LOSS PER SHARE

##### Basic

The calculation of basic loss per share is based on the loss for the period attributable to owners of the Company, and the weighted average number of ordinary shares of 3,088,131,105 (2018: 3,088,131,105) in issue during the period.

##### Diluted

The calculation of diluted loss per share for the six months ended 30 June 2019 is based on the loss attributable to owners of the Company, adjusted to reflect the impact on the share options. The weighted average number of ordinary shares used in the calculation is the weighted average number of the ordinary shares in issue during the period, as used in the basic loss per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

Diluted loss per share is the same as basic loss per share for the six months ended 30 June 2019 because the impact of dilution of the share options is anti-dilutive.

#### 10 每股虧損

##### 基本

每股基本虧損乃根據本公司擁有人應佔期內虧損及期內已發行普通股之加權平均股數即3,088,131,105股（二零一八年：3,088,131,105股）計算。

##### 攤薄

截至二零一九年六月三十日止六個月之每股攤薄虧損乃根據本公司擁有人應佔虧損計算，並作出調整以反映購股權之影響。計算所用之普通股加權平均股數為期內已發行普通股之加權平均股數（按計算每股基本虧損所使用者），以及假設於所有潛在攤薄普通股視為行使或轉換為普通股時按無償方式發行之普通股加權平均股數。

截至二零一九年六月三十日止六個月，由於購股權之攤薄影響屬反攤薄，故每股攤薄虧損等於每股基本虧損。

# Notes to Interim Condensed Consolidated Financial Information

## 中期簡明綜合財務資料附註

### 11 PROPERTY, PLANT AND EQUIPMENT AND PREPAID LAND LEASE PAYMENTS

### 11 物業、廠房及設備及預付土地租賃款項

		Property, plant and equipment 物業、廠房 及設備 HK\$'000 千港元	Prepaid land lease payments 預付土地 租賃款項 HK\$'000 千港元
(Unaudited)	(未經審核)		
As at 1 January 2019	於二零一九年一月一日	<b>395,499</b>	<b>163,219</b>
Additions	添置	<b>96,985</b>	<b>-</b>
Depreciation and amortisation charge for the period	期內折舊及攤銷費用	<b>(35,080)</b>	<b>(2,256)</b>
Transfer to assets classified as held for sale (Note 18)	轉撥至分類為持作出售之資產(附註18)	<b>(39,374)</b>	<b>(159,739)</b>
Foreign exchange realignment	外幣折算差額	<b>2,076</b>	<b>(608)</b>
Carrying amount as at 30 June 2019	於二零一九年六月三十日之賬面值	<b>420,106</b>	<b>616</b>
Less: current portion included in prepayments, deposits and other receivables (Note 16)	減：計入預付款項、按金及其他應收款項之即期部分(附註16)	<b>-</b>	<b>(291)</b>
Non-current portion as at 30 June 2019	於二零一九年六月三十日之非即期部分	<b>420,106</b>	<b>325</b>
(Unaudited)	(未經審核)		
As at 1 January 2018	於二零一八年一月一日	428,917	175,748
Additions	添置	16,995	-
Depreciation and amortisation charge for the period	期內折舊及攤銷費用	(29,304)	(2,392)
Foreign exchange realignment	外幣折算差額	(3,180)	(1,419)
Carrying amount as at 30 June 2018	於二零一八年六月三十日之賬面值	413,428	171,937
Less: current portion included in prepayments, deposits and other receivables	減：計入預付款項、按金及其他應收款項之即期部分	-	(4,103)
Non-current portion as at 30 June 2018	於二零一八年六月三十日之非即期部分	413,428	167,834

# Notes to Interim Condensed Consolidated Financial Information

## 中期簡明綜合財務資料附註

### 12 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

#### (a) Amounts recognised in the interim condensed consolidated statement of financial position

The interim condensed consolidated statement of financial position shows the following amounts relating to the leases in respect of office premises and quarters for directors and staff:

### 12 使用權資產及租賃負債

#### (a) 於中期簡明綜合財務狀況表確認之金額

中期簡明綜合財務狀況表顯示以下與辦公室物業以及董事及員工宿舍有關之租賃金額：

		As at 30 June 2019 於二零一九年 六月三十日 HK\$'000 千港元 (Unaudited) (未經審核)	As at 1 January 2019 於二零一九年 一月一日 HK\$'000 千港元 (Unaudited) (未經審核)
<b>Right-of-use assets</b>	<b>使用權資產</b>		
Carrying amount	賬面值	<b>3,356</b>	3,356
Accumulated impairment	累計減值	<b>(3,356)</b>	(3,356)
		<b>—</b>	—
<b>Lease liabilities</b>	<b>租賃負債</b>		
Current portion	即期部分	<b>1,889</b>	2,038
Non-current portion	非即期部分	<b>—</b>	856
		<b>1,889</b>	2,894

# Notes to Interim Condensed Consolidated Financial Information

## 中期簡明綜合財務資料附註

### 12 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)

#### (b) Amounts recognised in the interim condensed consolidated income statement

The interim condensed consolidated income statement shows the following amounts relating to the leases in respect of office premises and quarters for directors and staff:

### 12 使用權資產及租賃負債 (續)

#### (b) 於中期簡明綜合收益表中確認之金額

中期簡明綜合收益表顯示以下與辦公室物業以及董事及員工宿舍有關之租賃金額：

		Six months ended 30 June 2019 截至二零一九年六月三十日止六個月 HK\$'000 千港元 (Unaudited) (未經審核)
Interest expense (Included in finance costs) (Note 7)	利息開支 (計入融資成本) (附註7)	67
Leases expenses relating to short-term leases and leases of low-value assets	與短期租賃及低價值資產租賃有關之租賃開支	1,068

The operating and financing cash outflows for leases during the six months ended 30 June 2019 were HK\$1,068,000 and HK\$1,072,000 respectively.

截至二零一九年六月三十日止六個月有關租賃之經營及融資現金流出分別為1,068,000港元及1,072,000港元。

# Notes to Interim Condensed Consolidated Financial Information

## 中期簡明綜合財務資料附註

### 12 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (continued)

#### (c) The Group's lease activities

The Group leases various office and residential premises. Rental contracts are typically made for 1 to 3 years. The leases agreements do not impose any covenants.

### 12 使用權資產及租賃負債 (續)

#### (c) 本集團之租賃活動

本集團租賃多個辦公室及住宅物業。租賃合約一般為期1至3年。該等租賃協議並無施加任何契諾。

### 13 INTANGIBLE ASSET

### 13 無形資產

		30 June 2019 二零一九年 六月三十日 HK\$'000 千港元 (Unaudited) (未經審核)	31 December 2018 二零一八年 十二月三十一日 HK\$'000 千港元 (Audited) (經審核)
Exclusive offtake right	獨家採購權	2,384,543	2,384,543



# Notes to Interim Condensed Consolidated Financial Information

## 中期簡明綜合財務資料附註

### 14 INVENTORIES

### 14 存貨

		30 June 2019 二零一九年 六月三十日 HK\$'000 千港元 (Unaudited) (未經審核)	31 December 2018 二零一八年 十二月三十一日 HK\$'000 千港元 (Audited) (經審核)
Raw materials	原材料	131,850	106,303
Work in progress	在製品	8,441	3,045
Finished goods	製成品	98,427	114,231
Spare parts and consumables	備件及易耗品	26,003	37,375
		264,721	260,954
Less: provision for impairment losses	減：減值虧損撥備	(70,044)	(76,279)
		194,677	184,675

# Notes to Interim Condensed Consolidated Financial Information

## 中期簡明綜合財務資料附註

### 15 TRADE RECEIVABLES

### 15 應收賬款

		30 June 2019 二零一九年 六月三十日 HK\$'000 千港元 (Unaudited) (未經審核)	31 December 2018 二零一八年 十二月三十一日 HK\$'000 千港元 (Audited) (經審核)
Trade receivables	應收賬款	30,208	93,883
Loss allowance	虧損撥備	(16,795)	(16,862)
		13,413	77,021

The Group's trading terms with its customers are mainly on credit, except for new customers and customers of limonitic ores, where payment in advance is normally required. The credit period is generally one to two months. During the period, the Group generated its revenue from sales of alloys and special steel products to other steel producers, thereby exposing the Group to concentration of credit risk in the steel industry. The Group does not hold any collateral or other credit enhancements over these balances. Trade receivables are non-interest-bearing. The carrying amounts of trade receivables approximate their fair values.

本集團與客戶之交易主要以信貸方式結算，惟一般要求新客戶及褐鐵礦客戶預付款項。信貸期一般為一至兩個月。期內，本集團之收益來自向其他鋼鐵製造商銷售合金及特鋼產品，因此，本集團面臨鋼鐵行業之信貸集中風險。本集團並無就該等結餘持有任何抵押品或其他信貸保證。應收賬款不計利息。應收賬款的賬面值與其公允價值相若。

# Notes to Interim Condensed Consolidated Financial Information

## 中期簡明綜合財務資料附註

### 15 TRADE RECEIVABLES (continued)

An ageing analysis of trade receivables at the end of the reporting period, based on the invoice date, is as follows:

### 15 應收賬款（續）

於報告期末，按發票日期計算之應收賬款之賬齡分析如下：

		30 June 2019 二零一九年 六月三十日 HK\$'000 千港元 (Unaudited) (未經審核)	31 December 2018 二零一八年 十二月三十一日 HK\$'000 千港元 (Audited) (經審核)
Within 90 days	90日內	10,646	72,161
91 to 180 days	91至180日	—	2,138
181 to 365 days	181至365日	181	2,722
Over 1 year	超過一年	19,381	16,862
		30,208	93,883

# Notes to Interim Condensed Consolidated Financial Information

## 中期簡明綜合財務資料附註

### 16 PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

### 16 預付款項、按金及其他應收款項

		30 June 2019 二零一九年 六月三十日 HK\$'000 千港元 (Unaudited) (未經審核)	31 December 2018 二零一八年 十二月三十一日 HK\$'000 千港元 (Audited) (經審核)
Prepayments to PT. Yiwang Mining ("Yiwang")	預付PT. Yiwang Mining (「Yiwang」)之款項	12,525	12,581
Prepayments to other suppliers	預付其他供應商之款項	123,055	41,149
Other prepayments	其他預付款項	1,615	1,816
Value-added tax recoverable	可收回增值稅	46,312	47,686
Current portion of prepaid land lease payments (Note 11)	預付土地租賃款項之即期部分(附註11)	291	3,948
		183,798	107,180
Deposits and other receivables	按金及其他應收款項	122,447	39,940
Loss allowance for other receivables	其他應收款項虧損撥備	(7,315)	(7,943)
		298,930	139,177

The carrying amounts of receivables and deposits approximate their fair values.

應收款項及按金賬面值與彼等之公允價值相若。

# Notes to Interim Condensed Consolidated Financial Information

## 中期簡明綜合財務資料附註

### 17 CASH AND CASH EQUIVALENTS AND PLEDGED TIME DEPOSITS

### 17 現金及現金等值物與已抵押定期存款

		30 June 2019 二零一九年 六月三十日 HK\$'000 千港元 (Unaudited) (未經審核)	31 December 2018 二零一八年 十二月三十一日 HK\$'000 千港元 (Audited) (經審核)
Cash and bank balances	現金及銀行結餘	30,998	4,256
Pledged time deposits	已抵押定期存款	24	24
		31,022	4,280
Less: Pledged time deposits for issuing bank acceptance notes (Note 19(b))	減：為發出銀行承兌票據之已抵押定期存款（附註19(b)）	(12)	(12)
Pledged time deposits for senior bonds and convertible bonds (Note 21(i) and 22)	為優先債券及可換股債券之已抵押定期存款（附註21(i)及22）	(12)	(12)
Cash and cash equivalents	現金及現金等值物	30,998	4,256

# Notes to Interim Condensed Consolidated Financial Information

## 中期簡明綜合財務資料附註

### 18 ASSETS CLASSIFIED AS HELD FOR SALE

On 29 May 2019, the Group entered into a disposal agreement with the Purchaser, pursuant to which the Group has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase certain property, plant and equipment and the related prepaid land lease payments of the Group located in Lianyugang, PRC for an aggregate consideration of RMB299,800,000 (equivalent to HK\$340,798,000). During the period ended 30 June 2019, a deposit of HK\$51,154,000 (equivalent to RMB45,000,000) was received from the Purchaser. Management expects the transaction to be completed within a year from 30 June 2019. Consequently, the following assets were reclassified as assets held for sale as at 30 June 2019:

### 18 分類為持作出售之資產

於二零一九年五月二十九日，本集團與買方訂立出售協議，據此，本集團已有條件同意出售而買方已有條件同意購買本集團位於中國連雲港之若干物業、廠房及設備以及相關預付土地租賃款項，總代價為人民幣299,800,000元（相當於340,798,000港元）。於截至二零一九年六月三十日止期間，已向買方收取按金51,154,000港元（相當於人民幣45,000,000元）。管理層預期，交易將自二零一九年六月三十日起計一年內完成。結果，以下資產於二零一九年六月三十日被分類為持作出售之資產：

	HK\$'000 千港元
Property, plant and equipment (Note 11) 物業、廠房及設備（附註11）	<b>39,374</b>
Prepaid land lease payments (Note 11) 預付土地租賃款項（附註11）	<b>159,739</b>
Assets classified as held for sale 分類為持作出售之資產	<b>199,113</b>

### 19 TRADE AND NOTES PAYABLES

### 19 應付賬款及應付票據

			30 June 2019 二零一九年 六月三十日 Notes 附註 HK\$'000 千港元 (Unaudited) (未經審核)	31 December 2018 二零一八年 十二月三十一日 HK\$'000 千港元 (Audited) (經審核)
Trade payables	應付賬款	(a)	266,703	187,514
Notes payables	應付票據	(b)	14,655	14,207
			281,358	201,721

# Notes to Interim Condensed Consolidated Financial Information

## 中期簡明綜合財務資料附註

### 19 TRADE AND NOTES PAYABLES (continued)

#### (a) Trade payables

An ageing analysis of the trade payables at the end of the reporting period, based on the invoice date, is as follows:

		30 June 2019 二零一九年 六月三十日 HK\$'000 千港元 (Unaudited) (未經審核)	31 December 2018 二零一八年 十二月三十一日 HK\$'000 千港元 (Audited) (經審核)
Within 90 days	90日內	172,658	84,958
91 to 180 days	91至180日	27,406	5,180
181 to 365 days	181至365日	4,422	31,511
1 to 2 years	1至2年	27,705	25,322
2 to 3 years	2至3年	2,119	6,248
Over 3 years	超過3年	32,393	34,295
		<b>266,703</b>	<b>187,514</b>

Trade payables are normally settled on terms of 60 to 180 days. The carrying amounts of trade payables approximate their fair values at the end of the reporting period.

### 19 應付賬款及應付票據 (續)

#### (a) 應付賬款

於報告期末，按發票日期計算之應付賬款之賬齡分析如下：

應付賬款一般支付期為60至180日。於報告期末，應付賬款之賬面值與其公允價值相若。

# Notes to Interim Condensed Consolidated Financial Information

## 中期簡明綜合財務資料附註

### 19 TRADE AND NOTES PAYABLES (continued)

#### (b) Notes payables

As at 30 June 2019, notes payable of HK\$14,655,000 (31 December 2018: HK\$14,207,000) were denominated in RMB and secured by time deposits of HK\$12,000 (31 December 2018: HK\$12,000) (Note 17). The carrying amount of notes payable approximate their fair values at the end of the reporting period.

An ageing analysis of the notes payables of the Group at 30 June 2019 is as follows:

### 19 應付賬款及應付票據 (續)

#### (b) 應付票據

於二零一九年六月三十日，應付票據14,655,000港元（二零一八年十二月三十一日：14,207,000港元）以人民幣計值，並由定期存款12,000港元（二零一八年十二月三十一日：12,000港元）（附註17）作為抵押。於報告期末，應付票據之賬面值與其公允價值相若。

於二零一九年六月三十日，本集團應付票據之賬齡分析如下：

		30 June 2019 二零一九年 六月三十日 HK\$'000 千港元 (Unaudited) (未經審核)	31 December 2018 二零一八年 十二月三十一日 HK\$'000 千港元 (Audited) (經審核)
Within 90 days	90日內	73	4,268
91 to 180 days	91至180日	466	8,239
181 to 365 days	181至365日	12,855	1,700
1 to 2 years	1至2年	1,261	—
		14,655	14,207



# Notes to Interim Condensed Consolidated Financial Information

## 中期簡明綜合財務資料附註

### 20 OTHER PAYABLES AND ACCRUALS

### 20 其他應付款項及應計負債

		30 June 2019 二零一九年 六月三十日 HK\$'000 千港元 (Unaudited) (未經審核)	31 December 2018 二零一八年 十二月三十一日 HK\$'000 千港元 (Audited) (經審核)
Contract Liabilities (Note (a))	合約負債 (附註(a))	116,797	51,222
Deposit received	已收按金	51,154	-
Payables related to purchases of property, plant and equipment	與購入物業、廠房及設備有關之應付款項	62,830	59,359
Accrued interest expense	應計利息開支	1,358,875	1,154,620
Payroll payable	應付工資	64,898	70,605
Amounts due to directors	應付董事款項	98,655	90,061
Provision for claims and disputes (Note (b))	申索及糾紛撥備 (附註(b))	127,018	126,290
Others	其他	235,715	252,158
		<b>2,115,942</b>	<b>1,804,315</b>

As at 30 June 2019, the carrying amounts of other payables and accruals approximate their fair values.

於二零一九年六月三十日，其他應付款項及應計負債的賬面值與其公允價值相若。

Note (a): Contract liabilities represent the advance payments received from customers for sales of goods which the performance obligation has not yet been satisfied as at 30 June 2019.

附註(a)：合約負債指就銷售產品收取客戶之預收付款且其履約責任尚未於二零一九年六月三十日達成。

Note (b): Provision for claims and disputes mainly represents provision for claims from certain vessel owners under certain contracts of affreightment amounting to HK\$102,276,000 (2018: HK\$103,610,000).

附註(b)：申索及糾紛撥備主要指就若干租船貨運合約項下若干船主申索之撥備102,276,000港元（二零一八年：103,610,000港元）。

# Notes to Interim Condensed Consolidated Financial Information

## 中期簡明綜合財務資料附註

### 21 BANK AND OTHER BORROWINGS

### 21 銀行及其他借貸

		30 June 2019 二零一九年六月三十日 (Unaudited) (未經審核)			31 December 2018 二零一八年十二月三十一日 (Audited) (經審核)		
	Notes 附註	Contractual interest rate (%) 合同利率(%)	Original maturity 原定期限	HK\$'000 千港元	Contractual interest rate (%) 合同利率(%)	Original maturity 原定期限	HK\$'000 千港元
<b>Current</b>	<b>即期</b>						
Current bank loan	即期銀行貸款 (a)	6.6	2019	95,430	6.6	2019	95,811
– secured	– 有抵押		二零一九年			二零一九年	
Current syndicated bank loan	即期銀團貸款 (b)	5.2-6.6	2019	566,148	5.2-6.6	2019	568,409
– secured	– 有抵押		二零一九年			二零一九年	
Current bank loans	即期銀行貸款 (c)	4.8-5.7	2019	403,166	4.8-5.7	2019	404,777
– unsecured	– 無抵押		二零一九年			二零一九年	
Other loans	其他貸款 (d)	11.4	2014-2015 二零一四年– 二零一五年	227,350	11.4	2014-2015 二零一四年– 二零一五年	228,258
Other borrowings – unsecured	其他借貸 – 無抵押						
– related parties	– 關連方 (e)	Nil-43.2 零-43.2	On demand 須按要求償還	91,066	Nil-43.2 零-43.2	On demand 須按要求償還	88,809
– Potential Investor	– 潛在投資者 (f)	Nil-10.0 零-10.0	On demand 須按要求償還	236,671	Nil-10.0 零-10.0	On demand 須按要求償還	225,976
– related parties of the Potential Investor	– 潛在投資者的關連方 (f)	11.0-58.4 二零一五年– 二零一七年	2015-2017 二零一五年– 二零一七年	298,864	11.0-58.4 二零一五年– 二零一七年	2015-2017 二零一五年– 二零一七年	300,057
– other third parties	– 其他第三方 (g)	Nil-36.5 零-36.5	2014-2017, on demand 二零一四年– 二零一七年， 須按要求償還	239,362	Nil-36.5 零-36.5	2014-2017, on demand 二零一四年– 二零一七年， 須按要求償還	183,791
Other borrowings – secured	其他借貸 – 有抵押						
– other third parties	– 其他第三方 (h)	Nil 零	2018 二零一八年	820	Nil 零	2018 二零一八年	820
The 12% Coupon Senior Bonds	12%票面息優先債券 (i)	12.0	2018 二零一八年	390,990	12.0	2018 二零一八年	390,990
The Modified 10% Coupon Bonds	經修訂10%票面息債券 (j)	10.0	2015 二零一五年	28,400	10.0	2015 二零一五年	28,400
				2,578,267			
							2,516,098

# Notes to Interim Condensed Consolidated Financial Information

## 中期簡明綜合財務資料附註

### 21 BANK AND OTHER BORROWINGS (continued)

Notes:

#### (a) Current secured bank loan

As at 30 June 2019, this bank loan is secured by a number of leasehold land (including prepaid land lease payments under assets classified as held for sale) in Mainland China with net carrying amount of HK\$38,566,000 (2018: HK\$38,720,000).

During the period ended 30 June 2019, the loan has become overdue and the Group also failed to pay its relevant interest totalling HK\$11,982,000. As a result, the outstanding amount of the loan of RMB83,950,000 (equivalent to HK\$95,430,000) together with the related interest expense are immediately due and payable as at 30 June 2019. The directors are currently negotiating with the bank for the release of the charge on the secured leasehold land in order to complete the transaction as detailed in Note 18 for the repayment of the principal and the related interest expense of the loan.

#### (b) Current secured syndicated bank loan

In January 2016, the Group obtained a 3-year syndicated loan of approximately RMB498 million from a syndicate of banks in the PRC (i) to replace certain outstanding bank loans and notes payable of the Group as at 31 December 2015 to the extent of RMB268,620,000 and RMB79,737,000, respectively with the syndicated loan of the same amount; and (ii) to provide additional loan facilities to the Group as working capital for an amount of RMB150,000,000 (the "New Facilities") for a 3-year term. During the year ended 31 December 2016, the New Facilities have been fully drawn down.

### 21 銀行及其他借貸（續）

附註：

#### (a) 即期有抵押銀行貸款

於二零一九年六月三十日，該筆銀行貸款以數幅位於中國大陸之租賃土地（包括分類為持作出售之資產項下之預付土地租賃款項）作抵押，賬面淨額為38,566,000港元（二零一八年：38,720,000港元）。

於截至二零一九年六月三十日止期間，該筆貸款已逾期，本集團亦未能支付其相關利息合共11,982,000港元。因此，貸款之尚未償還金額人民幣83,950,000元（相當於95,430,000港元）連同相關利息開支於二零一九年六月三十日即時到期及應付。董事目前正就解除已抵押租賃土地之押記，以完成於附註18詳述之交易償還貸款之本金及相關利息開支與銀行進行磋商。

#### (b) 即期有抵押銀團貸款

於二零一六年一月，本集團已自中國一銀團取得一項三年期的銀團貸款約人民幣498百萬元，(i)從而以等額的銀團貸款取代本集團於二零一五年十二月三十一日尚未償還的若干銀行貸款及應付票據，金額分別為人民幣268,620,000元及人民幣79,737,000元；及(ii)為本集團提供額外貸款融資作為營運資金，金額為人民幣150,000,000元（「新造融資」），為期三年。於截至二零一六年十二月三十一日止年度，新造融資已全數提取。

# Notes to Interim Condensed Consolidated Financial Information

## 中期簡明綜合財務資料附註

### 21 BANK AND OTHER BORROWINGS (continued)

Notes: (continued)

#### (b) Current secured syndicated bank loan (continued)

The syndicated loan is secured by certain property, plant and equipment and prepaid land lease payments (including prepaid land lease payments under assets classified as held for sale) of certain subsidiaries of the Group. However, the Group failed to fulfil certain undertakings and restrictive covenant requirements under these syndicated loan facilities upon signing the syndicated loan agreement. In addition, the Group also failed to pay its relevant interest totalling HK\$59,374,000 up to 30 June 2019. As a result, the outstanding amount of the 3-year syndicated loan of RMB498 million (equivalent to HK\$566,148,000) together with the related interest expense are immediately due and payable as at 30 June 2019.

During the period ended 30 June 2019, the syndicated loan has also become overdue when the Group failed to repay the principal amount of the loan together with the related interest expense. The directors are currently negotiating with the syndicate of banks for the waiver of the breach of the undertaking and restrictive covenant requirements and to extend the loan for another 3 years, including extension of the related interest payments.

#### (c) Current unsecured bank loans

In June 2016, the Group obtained an unsecured 3-year loan facility for an amount of RMB360 million from a PRC bank (the "Unsecured Loan Facility"). During the year ended 31 December 2016, approximately RMB355 million has been drawn down from the Unsecured Loan Facility mainly to replace part of the loans in relation to the proposed disposal of a 30% equity interest in SEAM to the extent of RMB300,000,000 as detailed in note (d) below.

### 21 銀行及其他借貸 (續)

附註：(續)

#### (b) 即期有抵押銀團貸款 (續)

銀團貸款由本集團若干附屬公司的若干物業、廠房及設備及預付土地租賃款項(包括分類為持作出售之資產項下之預付土地租賃款項)擔保。然而，本集團於簽訂銀團貸款協議後未能履行該等銀團貸款融資項下的若干承諾及限制性契諾規定。此外，本集團亦未能支付直至二零一九年六月三十日合共59,374,000港元之相關利息。因此，3年期銀團貸款之尚未償還金額人民幣498百萬元(相當於566,148,000港元)連同相關利息開支於二零一九年六月三十日即時到期應付。

於截至二零一九年六月三十日止期間，銀團貸款亦已於本集團未能償還貸款本金額連同相關利息開支時逾期。董事目前正就豁免違反承諾及限制性契諾規定及將貸款額外延長3年(包括延長相關利息付款)與銀團進行磋商。

#### (c) 即期無抵押銀行貸款

於二零一六年六月，本集團已自中國一銀行取得無抵押三年期貸款融資，金額為人民幣360百萬元(「無抵押貸款融資」)。於截至二零一六年十二月三十一日止年度，已自無抵押貸款融資中提取一筆貸款約人民幣355百萬元，此乃主要用於取代有關建議出售南洋礦業30%股本權益的部分貸款，金額為人民幣300,000,000元(如下文附註(d)詳述)。

# Notes to Interim Condensed Consolidated Financial Information

## 中期簡明綜合財務資料附註

### 21 BANK AND OTHER BORROWINGS (continued)

Notes: (continued)

#### (c) Current unsecured bank loans (continued)

However, the Group failed to fulfil certain undertakings and restrictive covenant requirements under this Unsecured Loan Facility upon signing the loan agreement. The Group also failed to pay its related interest totalling HK\$44,493,000 up to 30 June 2019. As a result, the outstanding amount of this loan of RMB355 million (equivalent to HK\$403,166,000) together with the related interest expense are immediately due and payable as at 30 June 2019.

During the period ended 30 June 2019, the loan has also become overdue when the Group failed to repay the principal amount of the loan together with the related interest expense. The directors are currently negotiating with the bank for the waiver of the breach of the undertaking and restrictive covenant requirements and to extend the loan for another 3 years, including extension of the related interest payments.

#### (d) Other loans

On 21 January 2013, the Group entered into a non-binding framework agreement with Beijing Wincapital in relation to the disposal of a 30% equity interest in SEAM, a wholly-owned subsidiary of the Group. The aggregate disposal consideration is expected to be approximately US\$150 million (equivalent to approximately HK\$1,170 million). The proposed transaction is yet to complete and no formal sales and purchase agreement has been entered into up to the date of approval of the interim condensed consolidated financial information.

### 21 銀行及其他借貸（續）

附註：（續）

#### (c) 即期無抵押銀行貸款（續）

然而，本集團於簽訂貸款協議後未能履行該無抵押貸款融資項下的若干承諾及限制性契諾規定。本集團亦未能支付其直至二零一九年六月三十日合共44,493,000港元之相關利息。因此，此項貸款之尚未償還金額人民幣355百萬元（相當於403,166,000港元）連同相關利息開支於二零一九年六月三十日即時到期應付。

於截至二零一九年六月三十日止期間，有關貸款亦已於本集團未能償還貸款本金額連同相關利息開支時逾期。董事目前正就豁免違反承諾及限制性契諾規定及將貸款額外延長3年（包括延長相關利息付款）與銀行進行磋商。

#### (d) 其他貸款

於二零一三年一月二十一日，本集團與北京匯贏訂立有關出售本集團全資附屬公司南洋礦業30%股本權益的無約束力框架協議。總出售代價預計為大約150,000,000美元（相當於約1,170百萬港元）。截至中期簡明綜合財務資料批准日期，建議交易仍未完成，尚未訂立任何正式買賣協議。

# Notes to Interim Condensed Consolidated Financial Information

## 中期簡明綜合財務資料附註

### 21 BANK AND OTHER BORROWINGS (continued)

Notes: (continued)

#### (d) Other loans (continued)

In connection with the proposed disposal, Beijing Wincapital arranged certain loan finance ("Financing Loans") to the Group in the aggregate amounts of RMB400,000,000 up to 31 December 2016. Such borrowings can be settled by offsetting against the disposal consideration should the proposed disposal be completed.

During the year ended 31 December 2017, a loan arranged by Beijing Wincapital amounting to RMB200,000,000 has been novated to Pingyuan, which is a beneficial owner of the Potential Investor, as mentioned in note (f) below.

As at 31 December 2017, the Financing Loan comprised of a loan provided by Gongyi Jiahui Technology Promotion Service Centre LLP ("Gongyi Jiahui") in the aggregate of RMB200,000,000 for a term of three to six months from the respective drawdown dates.

As at 30 June 2019, the outstanding Financing Loan totalling RMB200,000,000 (equivalent to HK227,350,000) remained overdue. The Group is in the process of negotiating with the counterparties to extend the terms of these outstanding balances.

### 21 銀行及其他借貸 (續)

附註：(續)

#### (d) 其他貸款 (續)

就建議出售事項而言，截至二零一六年十二月三十一日，北京匯贏為本集團安排若干貸款融資（「融資貸款」），總額為人民幣400,000,000元。倘建議出售得以完成，有關借貸可藉抵銷出售代價支付。

於截至二零一七年十二月三十一日止年度，北京匯贏安排之貸款人民幣200,000,000元已轉嫁予平原，而平原為潛在投資者之實益擁有人（如下文附註(f)所述）。

於二零一七年十二月三十一日，融資貸款包括羣義市佳匯技術推廣服務中心（有限合夥）（「羣義佳匯」）提供一筆合共人民幣200,000,000元之貸款，為期三至六個月（由相關提款日期起計）。

於二零一九年六月三十日，尚未償還融資貸款合共人民幣200,000,000元（相當於227,350,000港元）仍逾期。本集團正在與對手方進行磋商，以延長該等未償還餘額之期限。

# Notes to Interim Condensed Consolidated Financial Information

## 中期簡明綜合財務資料附註

### 21 BANK AND OTHER BORROWINGS (continued)

Notes: (continued)

**(e) Unsecured borrowings from related parties**

As at 30 June 2019 and 31 December 2018, unsecured borrowings from related parties comprised of: (i) loans from a relative of Mr. Dong of RMB25,700,000 (equivalent to HK\$29,215,000) (2018: equivalent to HK\$29,331,000), which bear interest at rates of 36% to 43% per annum; and (ii) loans from the ultimate holding company of the Company consisting of amounts of S\$5,642,000, US\$1,715,000 and HK\$15,851,000 (2018: HK\$13,800,000) (in aggregate equivalent to HK\$61,851,000) (2018: HK\$59,478,000), which bear interest at a rate of 8% per annum except for an amount of US\$1,715,000, which is interest free.

**(f) Unsecured borrowings from the Potential Investor and related parties of the Potential Investor**

As at 30 June 2019, the total borrowings obtained from the Potential Investor and certain related parties of the Potential Investor amounted to RMB471,110,000 (equivalent to HK\$535,535,000) (2018: RMB460,910,000 (equivalent to HK\$526,033,000)) which included the loan novated from Beijing Wincapital to Pingyuan of RMB200,000,000 (equivalent to HK\$227,350,000) (2018: HK\$228,258,000) as detailed in note (d) above.

All of these borrowings were overdue as at 30 June 2019. The Group has been actively negotiating with the lenders of the above borrowings for the renewal and extension of the repayment dates for a term of 2 years.

### 21 銀行及其他借貸（續）

附註：（續）

**(e) 從關連方借入的無抵押借貸**

於二零一九年六月三十日及二零一八年十二月三十一日，從關連方借入的無抵押借貸包括：(i) 從董先生親屬借入的貸款人民幣25,700,000元（相當於29,215,000港元）（二零一八年：相當於29,331,000港元），按年利率36厘至43厘計息；及(ii) 向本公司最終控股公司借入貸款，該貸款包括5,642,000新加坡元、1,715,000美元及15,851,000港元（二零一八年：13,800,000港元）（合共相當於61,851,000港元）（二零一八年：59,478,000港元），除了貸款1,715,000美元為免息外，其他貸款按年利率8厘計息。

**(f) 來自潛在投資者及潛在投資者的關連方的無抵押借貸**

於二零一九年六月三十日，自潛在投資者及潛在投資者的若干關連方取得借貸合共人民幣471,110,000元（相當於535,535,000港元）（二零一八年：人民幣460,910,000元（相當於526,033,000港元）），其中包括由北京匯贏轉嫁予平原之貸款人民幣200,000,000元（相當於227,350,000港元）（二零一八年：228,258,000港元）（如上文附註(d)詳述）。

於二零一九年六月三十日，所有該等借貸已逾期。本集團一直積極與上述借貸之放貸人進行磋商，以重續及延長償還日期兩年。

# Notes to Interim Condensed Consolidated Financial Information

## 中期簡明綜合財務資料附註

### 21 BANK AND OTHER BORROWINGS (continued)

Notes: (continued)

#### (g) Unsecured borrowings from other third parties

As at 30 June 2019, unsecured borrowings from other third parties comprised of: (i) a loan from an independent third party of RMB1,000,000 (equivalent to HK\$1,137,000) (2018: equivalent to HK\$1,141,000), which bear interest at 12% per annum; (ii) a loan from an independent third party of US\$2,500,000 (equivalent to HK\$19,538,000) (2018: equivalent to HK\$19,583,000), which bear interest at 8% per annum; (iii) an interest-free loan of RMB4,879,000 (equivalent to HK\$5,546,000) (2018: HK\$5,569,000) provided by a customer of the Group which is repayable on demand; (iv) loans from certain independent third parties of RMB6,500,000 (equivalent to HK\$7,389,000) (2018: RMB7,000,000 (equivalent to HK\$7,989,000)), RMB17,000,000 (equivalent to HK\$19,325,000) (2018: equivalent to HK\$19,402,000)) and RMB4,000,000 (equivalent to HK\$4,547,000) (2018: equivalent to HK\$4,565,000)) which bear interest at rates of 21.6% per annum, 19.2% per annum and 36.5% per annum, respectively.

In addition, during the year ended 31 December 2018, the Group obtained an interest-free loan from a potential business partner, which is also an independent third party, of RMB110,000,000 (equivalent to HK\$125,042,000) which is repayable on demand. During the period ended 30 June 2019, an addition of loan of RMB50,000,000 (equivalent to HK\$56,838,000) was provided by this strategic business partner on the same term.

### 21 銀行及其他借貸（續）

附註：（續）

(g) 來自其他第三方的無抵押借貸於二零一九年六月三十日，自其他第三方的無抵押借貸包括(i)來自獨立第三方之貸款人民幣1,000,000元（相當於1,137,000港元）（二零一八年：相當於1,141,000港元），按年利率12厘計息；(ii)來自一名獨立第三方之貸款2,500,000美元（相當於19,538,000港元）（二零一八年：相當於19,583,000港元），按年利率8厘計息；(iii)本集團一名客戶提供之免息貸款人民幣4,879,000元（相當於5,546,000港元）（二零一八年：5,569,000港元），該款項須於要求時償還；(iv)來自若干獨立第三方之貸款人民幣6,500,000元（相當於7,389,000港元）（二零一八年：人民幣7,000,000元（相當於7,989,000港元））、人民幣17,000,000元（相當於19,325,000港元）（二零一八年：相當於19,402,000港元）及人民幣4,000,000元（相當於4,547,000港元）（二零一八年：相當於4,565,000港元），分別按年利率21.6厘、年利率19.2厘及年利率36.5厘計息。

此外，於截至二零一八年十二月三十一日止年度，本集團已從一名潛在業務夥伴（其亦為一名獨立第三方）取得人民幣110,000,000元（相當於125,042,000港元）之免息貸款，其須按要求償還。於截至二零一九年六月三十日止期間，戰略業務夥伴按相同條款提供額外貸款人民幣50,000,000元（相當於56,838,000港元）。



# Notes to Interim Condensed Consolidated Financial Information

## 中期簡明綜合財務資料附註

### 21 BANK AND OTHER BORROWINGS (continued)

Notes: (continued)

**(g) Unsecured borrowings from other third parties (continued)**

As at 30 June 2019, unsecured borrowings to the extent of HK\$51,936,000 (2018: HK\$52,680,000) and HK\$187,426,000 (2018: HK\$131,111,000) were overdue and repayable on demand, respectively.

**(h) Secured borrowings from other third parties**

As at 30 June 2019, secured borrowings from other third parties represent a loan from an independent third party of HK\$820,000, which is interest-free and secured by personal guarantee of Mr. Dong, and the loan remained outstanding and overdue.

**(i) The 12% Coupon Senior Bonds**

The movements of the liability and derivative components of the 12% Coupon Senior Bonds are as follows:

### 21 銀行及其他借貸（續）

附註：（續）

**(g) 來自其他第三方的無抵押借貸（續）**

於二零一九年六月三十日，無抵押借貸金額51,936,000港元（二零一八年：52,680,000港元）及187,426,000港元（二零一八年：131,111,000港元）分別已逾期及按要求償還。

**(h) 來自其他第三方的有抵押借貸**

於二零一九年六月三十日，來自其他第三方之有抵押借貸指來自一名獨立第三方之貸款820,000港元，為免息及由董先生提供的個人擔保作擔保，而貸款乃尚未償還及逾期。

**(i) 12%票面息優先債券**

12%票面息優先債券之負債及衍生工具部分之變動如下：

	Liability component	Embedded derivatives	Total
	負債部分	工具	總計
	HK\$'000	HK\$'000	HK\$'000
	千港元	千港元	千港元
At 1 January, 30 June and 31 December 2018, 1 January and 30 June 2019	於二零一八年一月一日、六月三十日及十二月三十一日以及二零一九年一月一日及六月三十日		
	390,990	-	390,990

# Notes to Interim Condensed Consolidated Financial Information

## 中期簡明綜合財務資料附註

### 21 BANK AND OTHER BORROWINGS (continued)

Notes: (continued)

#### (i) The 12% Coupon Senior Bonds (continued)

Note:

During the year ended 31 December 2014, the Company failed to make interest payment under the relevant terms and conditions of the Modified 10% Coupon Bonds (see note (j) below), 12% Coupon Senior Bonds and 8% Coupon Convertible Bonds of HK\$1,420,000, HK\$11,698,000 and HK\$2,990,000 respectively. This constituted an event of default under the respective terms of the Bonds. As a result, the outstanding carrying amounts of the Modified 10% Coupon Bonds, 12% Coupon Senior Bonds and 8% Coupon Convertible Bonds became immediately due and payable. In addition, unwinding of interest was accelerated; and all the liabilities of the Bonds have been classified as current liabilities.

During the year ended 31 December 2018, the Company also failed to make further interest payments of the Bonds of HK\$13,112,000 in accordance with the respective terms of the Bonds.

### 21 銀行及其他借貸（續）

附註：（續）

#### (i) 12%票面息優先債券（續）

附註：

截至二零一四年十二月三十一日止年度，本公司未能根據經修訂10%票面息債券（參見下文附註(j)）、12%票面息優先債券及8%票面息可換股債券之相關條款及條件支付利息，分別為1,420,000港元、11,698,000港元及2,990,000港元。根據該等債券之相關條款，此事構成違約事件。因此，經修訂10%票面息債券、12%票面息優先債券及8%票面息可換股債券之未行使賬面值，成為即時到期應付。此外，利息撥回已加速，而該等債券之所有負債已分類為流動負債。

截至二零一八年十二月三十一日止年度，本公司亦未能根據債券各自之條款支付該等債券之進一步利息13,112,000港元。

# Notes to Interim Condensed Consolidated Financial Information

## 中期簡明綜合財務資料附註

### 21 BANK AND OTHER BORROWINGS (continued)

Notes: (continued)

#### (i) The 12% Coupon Senior Bonds (continued)

Note: (continued)

Despite the above, DB Trustees (Hong Kong) Limited, the trustee for the holders of the Bonds, has not demanded immediate repayment of the Bonds and their related interest up to the date of approval of the interim condensed consolidated financial information. The Group has been actively negotiating with the holders of the Bonds for the execution of the Debt Restructuring Proposal to facilitate the Group meeting its obligations. At the meetings of the holders of the 12% Coupon Senior Bonds and 8% Coupon Convertible Bonds held on 21 June 2016 and 6 July 2016, respectively, extraordinary resolutions were passed and resolved that no holder of the 12% Coupon Senior Bonds and 8% Coupon Convertible Bonds shall demand repayment of any amount due under the 12% Coupon Senior Bonds and 8% Coupon Convertible Bonds or take any action to enforce the payment of monies or exercise any other right thereunder or otherwise take any action against the Company whether or not under the terms and conditions of the 12% Senior Bonds and 8% Coupon Convertible Bonds or request the trustee to take any of the foregoing actions.

Following the passing and effectiveness of these resolutions, the Company is preparing the necessary documents to submit to the courts for the relevant creditors' approval and court sanction for the Cayman Scheme and the Hong Kong Scheme under the Debt Restructuring Proposal.

The Company is also actively negotiating with other creditors of the Company for the execution of the Debt Restructuring Proposal.

### 21 銀行及其他借貸（續）

附註：（續）

#### (i) 12%票面息優先債券（續）

附註：（續）

儘管發生上述事件，截至中期簡明綜合財務資料批准日期，德意志信託（香港）有限公司（為該等債券持有人之受託人）並無要求即時償還該等債券及其相關利息。本集團已積極與該等債券持有人進行磋商，以執行債務重組建議，促使本集團履行其責任。於二零一六年六月二十一日及二零一六年七月六日分別舉行的12%票面息優先債券及8%票面息可換股債券持有人大會通過特別決議案，並議決12%票面息優先債券及8%票面息可換股債券持有人不得要求償還12%票面息優先債券及8%票面息可換股債券項下任何到期金額或採取任何行動迫使支付款項或行使其項下任何其他權利或以其他方式向本公司採取任何行動（不論是否根據12%票面息優先債券及8%票面息可換股債券之條款及條件）或請求受託人採取任何上述行動。

於該等決議案獲通過及生效後，本公司正在準備需呈交法院之必要文件，以獲得債務重組建議下開曼計劃及香港計劃之相關債權人批准及法院頒令。

本公司亦正積極與本公司的其他債權人磋商以執行債務重組建議。

# Notes to Interim Condensed Consolidated Financial Information

## 中期簡明綜合財務資料附註

### 21 BANK AND OTHER BORROWINGS (continued)

Notes: (continued)

#### (j) The Modified 10% Coupon Bonds

As at 30 June 2019 and 31 December 2018, an event of default occurred under the terms of the Modified 10% Coupon Bonds, details of which have been disclosed in note (i) above.

### 21 銀行及其他借貸 (續)

附註：(續)

#### (j) 經修訂10%票面息債券

於二零一九年六月三十日及二零一八年十二月三十一日，根據經修訂10%票面息債券之條款發生違約事件，詳情於上文附註(i)披露。

### 22 CONVERTIBLE BONDS

The movements of the liability and derivative components of the 8% Coupon Convertible Bonds are as follows:

### 22 可換股債券

8%票面息可換股債券之負債及衍生工具部分之變動如下：

		Liability component of convertible bonds 可換股債券之 負債部分 HK\$'000 千港元	Derivatives 衍生工具 HK\$'000 千港元	Total 總計 HK\$'000 千港元
At 1 January, 30 June and 31 December 2018, 1 January and 30 June 2019	於二零一八年 一月一日、 六月三十日及 十二月三十一日及 二零一九年 一月一日及 六月三十日			
		46,775	-	46,775

The fair values of the derivatives were valued by Greater China Appraisal Limited using the scenario analysis model as at 31 December 2017. Management performed the valuation during the year ended 31 December 2018 and considered that there is no significant change in the values since 31 December 2017.

該等衍生工具之公允價值乃由漢華評值有限公司於二零一七年十二月三十一日利用場景分析模型作出估值。管理層於截至二零一八年十二月三十一日止年度進行估值，並認為價值自二零一七年十二月三十一日以來並無重大變動。

# Notes to Interim Condensed Consolidated Financial Information

## 中期簡明綜合財務資料附註

### 22 CONVERTIBLE BONDS (continued)

The fair values of the derivatives comprised:

- (i) The fair value of the option of the bondholders to convert the 8% Coupon Convertible Bonds into ordinary shares of the Company at the conversion price;
- (ii) The fair value of the option of the Company to redeem the 8% Coupon Convertible Bonds; and
- (iii) The fair value of the potential option of the holders to request the Company to redeem the 8% Coupon Convertible Bonds upon the occurrence of "Relevant Event" (Note).

Note:

A "Relevant Event" occurs:

- (1) when the ordinary shares of the Company cease to be listed or admitted to trading, or the trading of which is suspended for a period of more than 90 consecutive calendars, on the Hong Kong Stock Exchange; or
- (2) when there is a change of control in the Company.

### 22 可換股債券（續）

衍生工具之公允價值包括以下各項：

- (i) 債券持有人按兌換價將8%票面息可換股債券兌換為本公司普通股的選擇權的公允價值；
- (ii) 本公司贖回8%票面息可換股債券的選擇權公允價值；及
- (iii) 持有人要求本公司於發生「有關事件」（附註）後贖回8%票面息可換股債券的潛在選擇權的公允價值。

附註：

「有關事件」於以下情況下發生：

- (1) 當本公司普通股不再於香港聯交所上市，或不再獲准於香港聯交所買賣，或其買賣暫停超過為期連續90個曆日；或
- (2) 倘本公司之控制權出現變動。

## Notes to Interim Condensed Consolidated Financial Information

### 中期簡明綜合財務資料附註

#### 22 CONVERTIBLE BONDS (continued)

These options are interdependent as only one of these options can be exercised. Therefore, they are not able to be accounted for separately and a single compound derivative financial instrument was recognised. The Convertible Bonds are matured during the year ended 31 December 2018 and the options above are all expired as at 31 December 2018.

The 8% Coupon Convertible Bonds and the 12% Coupon Senior Bonds (as detailed in Note 21(i) above) are secured by (i) the pledge of the Group's time deposits amounting to HK\$12,000; (ii) all of the rights, interest, title and benefits of the Exclusive Offtake Agreement; and (iii) all of the shares held by First Elite Development Limited in S.E.A. Mining Limited, a private company incorporated in Hong Kong with limited liability, which is the sole legal and beneficial holder of the convertible bonds issued by Yiwang with principals amounting to HK\$46,500,000 and US\$3,000,000, respectively which are convertible into ordinary shares of Yiwang.

As at 30 June 2019, an event of default occurred under the terms of the 8% Coupon Convertible Bonds, details of which have been disclosed in Note 21(i).

#### 22 可換股債券（續）

由於僅可行使此等選擇權之其中一項，故此等選擇權為互相關連。因此，有關選擇權不可獨立入賬，並確認單一綜合衍生金融工具。可換股債券於截至二零一八年十二月三十一日止年度到期，而上述購股權全部均於二零一八年十二月三十一日到期。

8%票面息可換股債券及12%票面息優先債券（詳情載於上文附註21(i)）由下列各項作抵押：(i)質押本集團定期存款12,000港元；(ii)獨家採購協議之所有權利、權益、所有權及利益；及(iii) First Elite Development Limited 於南洋礦產有限公司持有之所有股份。南洋礦產有限公司乃一間於香港註冊成立的私人有限公司，為Yiwang所發行本金分別為46,500,000港元及3,000,000美元之可換股債券（可轉換為Yiwang的普通股）之唯一合法及實益持有人。

於二零一九年六月三十日，根據8%票面息可換股債券的條款發生違約事件，詳情於附註21(i)披露。

# Notes to Interim Condensed Consolidated Financial Information

## 中期簡明綜合財務資料附註

### 23 SHARE CAPITAL

		Six months ended 30 June 2019 截至二零一九年六月三十日 止六個月		Six months ended 30 June 2018 截至二零一八年六月三十日 止六個月	
		Number of ordinary shares 普通股數	HK\$'000 千港元	Number of ordinary shares 普通股數	HK\$'000 千港元
Authorised (HK\$0.1 each):	法定 (每股0.1港元):				
At beginning and end of the period	於期初及期末	5,000,000,000	500,000	5,000,000,000	500,000
Issued and fully paid (HK\$0.1 each):	已發行及繳足 (每股0.1港元):				
At beginning and end of the period	於期初及期末	3,088,131,105	308,813	3,088,131,105	308,813

### 23 股本

### 24 SHARE-BASED PAYMENT

On 2 May 2005, the Company approved a share option scheme (the "Share Option Scheme") under which the Directors may, at their discretion, grant options to the Directors and employees of the Group to subscribe for shares in the Company. The subscription price for shares under the Share Option Scheme will be determined by the Directors, which shall be calculated at the time of grant of the relevant option and shall not be less than the highest of (i) the nominal value of a share; (ii) the closing price of a share as stated in the Hong Kong Stock Exchange's daily quotation sheet on the date of grant of the relevant option, which must be a business day; and (iii) the average closing price of the shares as stated in the Hong Kong Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant of the relevant option.

### 24 以股份付款

於二零零五年五月二日，本公司批准一項購股權計劃（「購股權計劃」），據此，董事可酌情授予本集團董事及僱員認購本公司股份之購股權。購股權計劃項下股份之認購價將由董事釐定，於授出有關購股權當日計算，並不得少於下列各項之最高者：(i) 股份面值；(ii) 於授出有關購股權當日（必須為營業日）香港聯交所日報表所列股份之收市價；及(iii) 緊接授出有關購股權當日前五個營業日香港聯交所日報表所列股份之平均收市價。

## Notes to Interim Condensed Consolidated Financial Information

### 中期簡明綜合財務資料附註

#### 24 SHARE-BASED PAYMENT (continued)

The maximum number of shares in respect of which options may be granted under the Share Option Scheme must not exceed 10% of the share capital of the Company in issue and may not exceed in nominal value 30% of the issued share capital of the Company in issue for a period of 10 consecutive years. The Share Option Scheme will remain in force for the period of 10 years commencing on 2 May 2005. No option may be granted to any one person which, if exercised in full, would result in the total number of shares which were already issued and may fall to be issued to him under all the options previously granted to him pursuant to the Share Option Scheme in any 12-month period up to the date of grant, exceeding 1% of the maximum aggregate number of shares for the time being issued and which may fall to be issued under the Share Option Scheme.

Share options granted to a Director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director, 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.

During the six months ended 30 June 2019, 800,000 share options lapsed, with no share options being granted or exercised.

#### 24 以股份付款（續）

根據購股權計劃可授出之購股權涉及之股份數目最多不得超過本公司已發行股本之10%，亦不得超過本公司已發行股本面值之30%，為期連續十年。購股權計劃於二零零五年五月二日起為期十年有效。倘於截至授出日期止任何12個月期間全面行使先前授予一名人士之購股權將導致根據購股權計劃向其授出之所有購股權項下已向及可向其發行之股份總數，超過當時根據該購股權計劃已發行及可發行之股份最高總數1%，則不得向其授出購股權。

授予本公司董事、行政總裁或主要股東或彼等任何聯繫人士之購股權須事先取得獨立非執行董事批准。此外，如於任何12個月期間授予主要股東或獨立非執行董事或彼等任何聯繫人士之任何購股權超過本公司任何時間已發行股份之0.1%，或有關購股權之總值（根據本公司股份於購股權授出日期之價格計算）超過5百萬港元，則須事先在股東大會上取得股東批准。

截至二零一九年六月三十日止六個月，800,000份購股權已失效，且概無購股權獲授出或行使。



# Notes to Interim Condensed Consolidated Financial Information

## 中期簡明綜合財務資料附註

### 25 FAIR VALUE HIERARCHY

The Group uses the following hierarchy for determining and disclosing the fair values of financial instruments.

Level 1: fair values measured based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: fair values measured based on input other than quoted prices included within level 1 that are observable for asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices)

Level 3: fair values measured based on inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs)

As at 30 June 2019 and 31 December 2018, the Group did not have any financial instruments that are carried at fair value.

### 26 CONTINGENT LIABILITIES, CLAIMS AND DISPUTES

The Group follows the guidance of IAS37 “Provisions, Contingent Liabilities and Contingent Assets” to determine when contingent liabilities should be recognised, which requires significant judgement.

A contingent liability will be disclosed when a possible obligation has arisen, but its existence has to be confirmed by future events outside the Group’s control, or when it is not possible to calculate the amount. Realisation of any contingent liabilities not currently recognised or disclosed could have a material impact on the Group’s financial position.

### 25 公允價值層級

本集團按以下層級釐定及披露金融工具的公允價值：

第1級：公允價值乃按相同資產或負債於活躍市場中所報價格（未經調整）計量

第2級：公允價值乃按除第1級包括的報價外之資產或負債之可直接（即如價格）或間接（即價格衍生物）觀察的輸入值計量

第3級：公允價值乃按並非依據可觀察市場數據釐定的資產或負債的輸入值（即不可觀察輸入值）計量

於二零一九年六月三十日及二零一八年十二月三十一日，本集團並無任何金融工具按公允價值列賬。

### 26 或然負債、申索及糾紛

本集團遵從國際會計準則第37號「撥備、或然負債及或然資產」的指引，以斷定何時應確認或然負債，過程中需要作出重大的判斷。

當有可能產生責任，惟其存在與否須透過非本集團所能控制的未來事件確定，或當不可能計算責任所涉金額，則會披露為或然負債。任何目前未確認或披露的或然負債一旦實現，均有可能對本集團的財務狀況造成重大影響。

## Notes to Interim Condensed Consolidated Financial Information

### 中期簡明綜合財務資料附註

#### 26 CONTINGENT LIABILITIES, CLAIMS AND DISPUTES (continued)

The Group reviews significant outstanding litigations in order to assess the need for provisions. Among the factors considered are the nature of the litigation, legal processes and potential level of damages, the opinions and views of the legal counsels and advisors, and the management's intentions to respond to the litigations. To the extent the estimates and judgements do not reflect the actual outcome, this could materially affect the results for the period and the financial position.

##### (a) Litigation with Rock Resource Limited ("RR") and United Mineral Limited ("UM") (collectively referred to as the "Buyers")

In March 2014, the Company received certain legal letters (the "Letters") from the Buyers dated 20 March 2014, which purported to be statutory demands serviced to the Company pursuant to section 178(1)(a) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap.32) ("Statutory Demand").

#### 26 或然負債、申索及糾紛 (續)

本集團會審閱重大的待決訴訟，以評估有否撥備的需要。所考慮的因素包括訴訟的性質、法律程序及損害賠償的潛在程度、法律顧問及諮詢人的意見及見解以及管理層對回應訴訟的意向。倘估計及判斷與實際結果不相符，則有可能嚴重影響期內業績及財務狀況。

##### (a) 與Rock Resource Limited (「RR」) 及United Mineral Limited (「UM」) (統稱「買家」)之訴訟

於二零一四年三月，本公司接獲買家發出日期為二零一四年三月二十日的若干法律函件(「該等函件」)，其中聲稱為根據《公司(清盤及雜項條文)條例》(第32章)第178(1)(a)條向本公司呈遞之法定要求索償書(「法定要求索償書」)。

# Notes to Interim Condensed Consolidated Financial Information

## 中期簡明綜合財務資料附註

### 26 CONTINGENT LIABILITIES, CLAIMS AND DISPUTES (continued)

#### (a) Litigation with Rock Resource Limited ("RR") and United Mineral Limited ("UM") (collectively referred to as the "Buyers") (continued)

The Letters concern disputes between the Group and the Buyers relating to certain primary contracts for the sale and purchase of Indonesian iron ores, and contain claims for (i) an amount of US\$10,347,698 (equivalent to approximately HK\$80,242,000) which comprises the demand for return of an advance payment made by RR to the Group of US\$3,000,000 (equivalent to approximately HK\$23,264,000) and interest thereon to the extent of US\$7,347,698 (equivalent to approximately HK\$56,978,000) payable up to 20 March 2014; and (ii) an amount of RMB70,355,783 (equivalent to approximately HK\$89,488,000) which comprises the demand for return of an advance payment made by UM to the Group of RMB20,000,000 (equivalent to approximately HK\$25,438,000) and interest thereon to the extent of RMB50,355,783 (equivalent to approximately HK\$64,050,000) payable up to 20 March 2014. The Company as guarantor to the abovementioned primary contracts is therefore also a party to these litigations.

### 26 或然負債、申索及糾紛 (續)

#### (a) 與Rock Resource Limited (「RR」) 及 United Mineral Limited (「UM」) (統稱「買家」)之訴訟 (續)

該等函件涉及本集團與買家就買賣印尼鐵礦石而簽訂的若干主要合約的糾紛，其中載有以下索償：(i)一筆為數10,347,698美元（相等於約80,242,000港元）的款項，包含RR向本集團要求退還已付墊款3,000,000美元（相等於約23,264,000港元）連同其中利息，金額最多為截至二零一四年三月二十日止應付的7,347,698美元（相等於約56,978,000港元）；及(ii)一筆為數人民幣70,355,783元（相等於約89,488,000港元）的款項，包含UM向本集團要求退還已付墊款人民幣20,000,000元（相等於約25,438,000港元）連同其中利息，金額最多為截至二零一四年三月二十日止應付的人民幣50,355,783元（相等於約64,050,000港元）。由於本公司為上述主要合約之擔保人，因此亦屬該等訴訟之一方。

## Notes to Interim Condensed Consolidated Financial Information

### 中期簡明綜合財務資料附註

#### 26 CONTINGENT LIABILITIES, CLAIMS AND DISPUTES (continued)

##### (a) Litigation with Rock Resource Limited ("RR") and United Mineral Limited ("UM") (collectively referred to as the "Buyers") (continued)

On 4 April 2014, the Group issued a legal letter to the legal representative of the Buyers requesting them to withdraw the Statutory Demand as the Group considers that it has bona fide defences on substantial grounds to the claims asserted from the Buyers, and the Group also considers it has very substantial counterclaims against the Buyers as a result of their non-performance of the relevant contracts.

On 7 April 2014, the Group received another legal letter from the legal representative of the Buyers informing that the Buyers will not present their winding up petition against the Company without serving a 3-day notice.

#### 26 或然負債、申索及糾紛 (續)

##### (a) 與Rock Resource Limited (「RR」) 及 United Mineral Limited (「UM」) (統稱「買家」) 之訴訟 (續)

於二零一四年四月四日，本集團向買家的法律代表發出法律函件，要求他們撤回法定要求索償書，理由是本集團認為其就買家提出的索償有實質理據作出真誠抗辯，且本集團亦認為基於買家亦未有履行有關合約，可向買家提出非常重大的反索償。

於二零一四年四月七日，本集團接獲買家法律代表另一封法律函件，通知本集團買家不會在未有發出3天通知的情況下，提呈本公司清盤。

# Notes to Interim Condensed Consolidated Financial Information

## 中期簡明綜合財務資料附註

### 26 CONTINGENT LIABILITIES, CLAIMS AND DISPUTES (continued)

#### (a) Litigation with Rock Resource Limited ("RR") and United Mineral Limited ("UM") (collectively referred to as the "Buyers") (continued)

On 11 April 2014, the Company received another statutory demand from the legal representative of UM to claim for certain interest charge ("Interest Charge") on certain loans provided by UM to the Group (the principal of which had been fully repaid before 31 December 2013) calculated up to 11 April 2014 (as supplemented by another legal letter dated 15 April 2014), together with the related penalty, to the extent of US\$3,839,000 (equivalent to approximately HK\$29,770,000). The Group has subsequently replied, through its legal representative, that most of the claimed Interest Charge are unenforceable at law but agreed to pay the relevant interest charge (after tax) calculated under normal contract terms in the amount of US\$345,000 (equivalent to approximately HK\$2,675,000) which had been provided for during the year ended 31 December 2013.

### 26 或然負債、申索及糾紛 (續)

#### (a) 與Rock Resource Limited ("RR")及United Mineral Limited ("UM") (統稱「買家」)之訴訟 (續)

於二零一四年四月十一日，本公司接獲UM法律代表另一項法定要求索償書（經日期為二零一四年四月十五日另一封法律函件補充），申索有關UM向本集團提供若干貸款（本金額已於二零一三年十二月三十一日前全數償還）截至二零一四年四月十一日止之若干利息收費（「利息收費」），連同有關罰金，金額最多為3,839,000美元（相等於約29,770,000港元）。本集團隨後透過其法律代表回覆，申索的大部分利息收費在法律上為不可強制執行，但同意支付按正常合約條款計算的相關利息收費（稅後）345,000美元（相等於約2,675,000港元），有關金額已於截至二零一三年十二月三十一日止年度作出撥備。

# Notes to Interim Condensed Consolidated Financial Information

## 中期簡明綜合財務資料附註

### 26 CONTINGENT LIABILITIES, CLAIMS AND DISPUTES (continued)

#### (a) Litigation with Rock Resource Limited ("RR") and United Mineral Limited ("UM") (collectively referred to as the "Buyers") (continued)

On 9 May 2014, the Group received another legal letter from the legal representative of UM informing that UM will not present its winding up petition against the Company without serving a 3-day notice.

In October 2014, the legal representative of UM issued a letter to the Group requesting payment for the amount of US\$345,000 and the Group fully settled the amount in November 2014.

On 18 November 2014, a subsidiary of the Group received a legal letter from RR, which purported to be statutory demand serviced to the subsidiary pursuant to section 254(2)(a) of the Singapore Companies Act (Cap.50), requesting for settlement of a payable of US\$1,726,000 (equivalent to approximately HK\$13,387,000) (the "Unpaid Invoices"), which has been included as current liabilities of the Group in the consolidated financial statements.

### 26 或然負債、申索及糾紛 (續)

#### (a) 與Rock Resource Limited (「RR」) 及United Mineral Limited (「UM」) (統稱「買家」)之訴訟 (續)

於二零一四年五月九日，本集團接獲UM法律代表另一封法律函件，通知本集團UM不會在未有發出3天通知的情況下，提呈本公司清盤。

於二零一四年十月，UM法律代表向本集團發出函件，要求支付345,000美元之金額，本集團已於二零一四年十一月悉數結付有關金額。

於二零一四年十一月十八日，本集團附屬公司接獲RR之法律函件，指稱根據新加坡公司條例（第50章）第254(2)(a)條向附屬公司送達法定要求索償書，要求清償應付款項1,726,000美元（相等於約13,387,000港元）（「未付發票」），有關金額已計入本集團綜合財務報表之流動負債。

# Notes to Interim Condensed Consolidated Financial Information

## 中期簡明綜合財務資料附註

### 26 CONTINGENT LIABILITIES, CLAIMS AND DISPUTES (continued)

#### (a) Litigation with Rock Resource Limited ("RR") and United Mineral Limited ("UM") (collectively referred to as the "Buyers") (continued)

On 8 December 2014, the Group issued a legal letter to RR requesting RR to withdraw such statutory demand and confirm that RR will not commence winding up of the aforementioned subsidiary as the Group considers it has bona fide defences on substantial grounds to the claims asserted in RR's letter dated 18 November 2014 and significant cross-claims against RR and therefore the Unpaid Invoices should not be settled at this stage since the Group would be entitled to set these sums off against its very substantial counterclaims for RR and/or UM.

On 8 September 2015, Easyman entered into a Swap of Debt Agreement with RR and CNR Group Holdings Pte Ltd ("CNRG"), a then subsidiary of the Group, which gave effect to provide a charge over a total of 31,762,295 shares in the Company to RR as a security for the above litigation. These shares can be used by RR for settlement of any liabilities that may arise and become payable by the Group to RR in respect of the above litigation.

### 26 或然負債、申索及糾紛 (續)

#### (a) 與Rock Resource Limited ("RR")及United Mineral Limited ("UM") (統稱「買家」)之訴訟 (續)

於二零一四年十二月八日，本集團向RR發出法律函件，要求RR撤回該法定要求索償書，並確認RR將不會展開上述附屬公司之清盤，理由是本集團認為其就RR日期為二零一四年十一月十八日之函件提出的索償有實質理據作出真誠抗辯及針對RR提出重大反索償，而由於本集團將可針對RR及／或UM之非常重大反索償抵銷該等款項，故此於現階段毋須結付未付發票。

於二零一五年九月八日，Easyman與RR及本集團當時之附屬公司CNR Group Holdings Pte Ltd ("CNRG")訂立一份債務互換協議，據此將本公司超過合計31,762,295股股份押記予RR作為上述訴訟的抵押品。RR可將該等股份用於清償上述訴訟可能產生且本集團因上述訴訟須付予RR的任何負債。

# Notes to Interim Condensed Consolidated Financial Information

## 中期簡明綜合財務資料附註

### 26 CONTINGENT LIABILITIES, CLAIMS AND DISPUTES (continued)

#### (a) Litigation with Rock Resource Limited ("RR") and United Mineral Limited ("UM") (collectively referred to as the "Buyers") (continued)

In order to resolve certain of the above claims and disputes, Yongtong Special Steel and CNRG, subsidiaries of the Group, also entered into an agreement with RR on 6 June 2016, pursuant to which, and on a "no admission of liability" basis that, Yongtong Special Steel shall deliver certain equipment to RR as a consideration for offsetting any payables due by the Group to RR to the extent of RMB30,000,000 (the "Consideration Equipment"). Upon delivery of all relevant equipment and acknowledgement receipt by RR, any liabilities that the Group may owe to RR shall be reduced by RMB30,000,000. These equipment have been delivered to and acknowledged receipt by RR before 31 December 2016.

### 26 或然負債、申索及糾紛 (續)

#### (a) 與Rock Resource Limited (「RR」) 及 United Mineral Limited (「UM」) (統稱「買家」) 之訴訟 (續)

為解決上述若干申索及糾紛，本集團附屬公司永通特鋼及CNRG與RR於二零一六年六月六日訂立一份協議，據此及按「無須承擔責任」的基準，永通特鋼將會向RR交付若干設備，作為抵銷本集團應向RR支付的任何應付款項的代價，金額達人民幣30,000,000元（「代價設備」）。在交付所有相關設備及RR提供接收憑證後，本集團可能欠RR的任何負債將會減少人民幣30,000,000元。於二零一六年十二月三十一日之前，該等設備已交付予RR，並由RR確認接收。



# Notes to Interim Condensed Consolidated Financial Information

## 中期簡明綜合財務資料附註

### 26 CONTINGENT LIABILITIES, CLAIMS AND DISPUTES (continued)

#### (a) Litigation with Rock Resource Limited ("RR") and United Mineral Limited ("UM") (collectively referred to as the "Buyers") (continued)

During the year ended 31 December 2017, the Company, Mr. Dong and the Buyers entered into a settlement agreement (the "Settlement Agreement") pursuant to which all these parties agreed to fully settle the above litigation matters, amongst other terms and conditions, at an aggregate consideration of US\$12,000,000 as follows:

- (i) an amount of US\$5,000,000 to be satisfied by the aforementioned Consideration Equipment of Yongtong Special Steel delivered to RR during the year ended 31 December 2016; and
- (ii) the remaining amount of US\$7,000,000 to be settled by Mr. Dong on behalf of the Company, by transferring his entire personally interest in 50% equity interests in an unlisted entity to UM or a party specified by UM.

As at 30 June 2019, the above Settlement Agreement is still under execution. Based on the terms of the Settlement Agreement, the directors consider that the Settlement Agreement will be fully executed in 2019 and no material loss to the Group will be resulted upon final settlement of the above litigation matters.

### 26 或然負債、申索及糾紛 (續)

#### (a) 與Rock Resource Limited ("RR")及United Mineral Limited ("UM") (統稱「買家」)之訴訟 (續)

截至二零一七年十二月三十一日止年度，本公司、董先生及買家訂立和解協議（「和解協議」），據此，所有該等訂約方同意以總代價12,000,000美元（以及根據其他條款及條件）就上述訴訟事宜作出全面和解：

- (i) 5,000,000美元將以前述於截至二零一六年十二月三十一日止年度交付予RR的永通特鋼代價設備結清；及
- (ii) 餘款7,000,000美元將由董先生透過將其於一間非上市實體50%股本權益中的全部個人權益轉讓予UM或UM指定的一名人士代本公司結清。

於二零一九年六月三十日，上述和解協議仍在執行中。根據和解協議的條款，董事認為和解協議將於二零一九年全面執行，而本集團將不會因上述訴訟事宜的最終和解產生重大虧損。

## Notes to Interim Condensed Consolidated Financial Information

### 中期簡明綜合財務資料附註

#### 26 CONTINGENT LIABILITIES, CLAIMS AND DISPUTES (continued)

##### (b) Dispute on Contracts of Affreightment (“COAs”)

- (i) The Group entered into certain COAs with various marine vessel owners committing certain minimum number of cargoes per calendar month for exporting iron ores from Indonesia. As a result of the unfavourable economic environment and the various changes in rules and regulations stipulated by the Indonesian government authorities since year 2012, the Group’s ores export was adversely affected and therefore unable to fulfil the minimum cargoes commitments as stipulated by some of these COAs.

#### 26 或然負債、申索及糾紛 (續)

##### (b) 就租船貨運合約(「租船貨運合約」)的爭議

- (i) 本集團與多名船主訂立若干租船貨運合約，承諾每個曆月要求若干最低數目的貨船從印尼出口鐵礦石。鑒於不利的經濟環境，再加上印尼政府機構頒佈的規則及規例自二零一二年起有不少的變動，本集團的礦石出口受到不利影響，因而無法達到若干租船貨運合約規定的貨船最低數目承諾。

# Notes to Interim Condensed Consolidated Financial Information

## 中期簡明綜合財務資料附註

### 26 CONTINGENT LIABILITIES, CLAIMS AND DISPUTES (continued)

#### (b) Dispute on Contracts of Affreightment ("COAs") (continued)

- (i) (continued)
- During the year ended 31 December 2014, the Group received various legal letters from TORM A/S ("TORM"), a marine vessel owner, to (i) claim for an outstanding freight charges payable by the Group to TORM of approximately US\$1,834,000 (equivalent to approximately HK\$14,268,000) ("Outstanding Freight Charges"); and (ii) notify the commencement of arbitration proceedings pursuant to the terms of the relevant COAs to claim for loss and damage suffered by TORM ("Other Losses") with respect to approximately 51 unfulfilled cargoes under the terms of the relevant COAs which is estimated by TORM to be approximately US\$11,828,000 (equivalent to approximately HK\$91,721,000) up to 27 March 2014 (the amount stated in the latest claim submissions from TORM).

### 26 或然負債、申索及糾紛 (續)

#### (b) 就租船貨運合約（「租船貨運合約」）的爭議 (續)

- (i) (續)
- 截至二零一四年十二月三十一日止年度，本集團接獲船主TORM A/S（「TORM」）的法律函件，內容為(i) 申索本集團應付TORM的未支付運費約1,834,000美元（相等於約14,268,000港元）（「未支付運費」）；及(ii)通知根據有關租船貨運合約的條款展開仲裁程序，申索TORM根據有關租船貨運合約的條款就約51艘未履行的貨船蒙受的損失及損害（「其他損失」），TORM估計截至二零一四年三月二十七日之金額約為11,828,000美元（相等於約91,721,000港元），金額載於TORM提交的最近期申索呈請書內。

# Notes to Interim Condensed Consolidated Financial Information

## 中期簡明綜合財務資料附註

### 26 CONTINGENT LIABILITIES, CLAIMS AND DISPUTES (continued)

#### (b) Dispute on Contracts of Affreightment ("COAs") (continued)

- (i) (continued)  
The dispute with TORM in respect of the Outstanding Freight Charges had been settled at an amount of US\$419,000 (equivalent to HK\$3,253,000) during the year ended 31 December 2014 and the claim had been fully discharged in June 2014.

In connection with the claims on Other Losses, the Group has engaged legal advisors to commence arbitration procedures with TORM in February 2014.

During the period ended 30 June 2019, the Group has been actively negotiating with TORM on settlement of the above claims on Other Losses. In preparing this interim condensed consolidated financial information, the directors have obtained legal advice in this respect and, based on the current status of the proceedings, evidence exchanged and the latest communication with TORM, consider that most likely the Group will be able to settle the claims on Other Losses at a consideration of approximately US\$5 million (equivalent to HK\$38,782,000). A provision for claims of the same amount has been made by the Group during the year ended 31 December 2015.

### 26 或然負債、申索及糾紛 (續)

#### (b) 就租船貨運合約(「租船貨運合約」)的爭議 (續)

- (i) (續)  
與TORM爭議相關的未支付運費已於截至二零一四年十二月三十一日止年度清償419,000美元(相等於3,253,000港元)，而有關申索已於二零一四年六月全面解除。

至於其他損失的申索，本集團於二零一四年二月委聘法律顧問與TORM展開仲裁程序。

截至二零一九年六月三十日止期間，本集團一直積極與TORM磋商就上述有關其他損失的申索達成和解。董事在編製本中期簡明綜合財務資料時，已就此獲取法律意見，並基於法律程序目前的進展、所交換的證據及與TORM的最新通訊，認為本集團極有可能將能夠以代價約5百萬美元(相等於38,782,000港元)就其他損失的申索達成和解，本集團於截至二零一五年十二月三十一日止年度已計提相同金額的申索撥備。

# Notes to Interim Condensed Consolidated Financial Information

## 中期簡明綜合財務資料附註

### 26 CONTINGENT LIABILITIES, CLAIMS AND DISPUTES (continued)

#### (b) Dispute on Contracts of Affreightment ("COAs") (continued)

- (ii) On 21 November 2018, the Group received a Statutory Demand under Section 178 (1)(a) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap.32) from PCL (Shipping) Pte Ltd ("PCL") in respect of a Final Partial Arbitration Award dated 11 October 2018 (the "Award") demanding the Group for an aggregate amount of approximately HK\$17.4 million mainly relating to detention and demurrage claims under a COA that the Group entered into with PCL, together with the related interest charges and legal costs. On 23 November 2018, PCL issued another legal letter to the Group proposing a settlement schedule with the Group on the above Award, together with another claim under arbitration proceedings with the Group in relating to certain unpaid freight and demurrage arising out of certain other shipments under the above COA amounting to approximately HK\$32 million. All these claims have been fully provided for and included as current liabilities in the consolidated financial statements of the Group as at 31 December 2018. The directors have already engaged legal advisors to assist in resolving the above claims with PCL (also see Note 29).

### 26 或然負債、申索及糾紛 (續)

#### (b) 就租船貨運合約(「租船貨運合約」)的爭議 (續)

- (ii) 於二零一八年十一月二十一日，本集團接獲PCL (Shipping) Pte Ltd (「PCL」)根據公司(清盤及雜項條文)條例(第32章)第178(1)(a)條發出之法定要求償還書，內容有關日期為二零一八年十月十一日之最終部分仲裁裁決(「裁決」)，要求本集團支付主要有關根據本集團與PCL訂立之租船貨運合約申索之延遲及滯期費總金額約17,400,000港元，連同相關利息收費及法律成本。於二零一八年十一月二十三日，PCL向本集團發出另一份法律函件，向本集團建議上述裁決(連同根據與本集團之仲裁訴訟有關之因上述租船貨運合約之若干其他付運產生之若干未支付運費及滯期費約32,000,000港元之另一項申索)之償還時間表。所有該等申索已悉數撥備及計入本集團於二零一八年十二月三十一日之綜合財務報表為流動負債。董事已委聘法律顧問以協助解決PCL之上述申索(亦請見附註29)。

# Notes to Interim Condensed Consolidated Financial Information

## 中期簡明綜合財務資料附註

### 26 CONTINGENT LIABILITIES, CLAIMS AND DISPUTES (continued)

#### (b) Dispute on Contracts of Affreightment ("COAs") (continued)

##### (ii) (continued)

As at 30 June 2019 and up to the date of approval of this interim condensed consolidated financial information, based on the best knowledge and information of the directors, there are no other major claims in relation to any COAs that the Group has entered into saved as disclosed elsewhere in this interim condensed consolidated financial information.

Should the resolution of these legal claims and disputes turn out to be unfavourable to the Group, the Group may need to record additional losses in respect of these claims and disputes in future reporting periods.

### 26 或然負債、申索及糾紛 (續)

#### (b) 就租船貨運合約(「租船貨運合約」)的爭議 (續)

##### (ii) (續)

於二零一九年六月三十日及截至本中期簡明綜合財務資料批准日期，據董事所深知及盡悉，除本中期簡明綜合財務資料其他章節所披露者外，本集團再無涉及與其訂立之任何租船貨運合約有關之其他重大申索。

如上述法律申索及爭議的最終結果不利於本集團，本集團可能需在未來報告期間就該等申索及爭議錄得額外的損失。

### 27 COMMITMENTS

#### Capital commitments

### 27 承擔

#### 資本承擔

		30 June 2019 二零一九年 六月三十日 HK\$'000 千港元 (Unaudited) (未經審核)	31 December 2018 二零一八年 十二月三十一日 HK\$'000 千港元 (Audited) (經審核)
Contracted, but not provided for:	已訂約但未撥備：		
Property, plant and equipment	物業、廠房及 設備	116,576	106,258

# Notes to Interim Condensed Consolidated Financial Information

## 中期簡明綜合財務資料附註

### 28 RELATED PARTY TRANSACTIONS

- (i) In addition to the transactions detailed elsewhere in the interim condensed consolidated financial information, the Group had the following material transactions with related parties during the six months ended 30 June 2019:

### 28 關連方交易

- (i) 除於中期簡明綜合財務資料其他地方詳述之交易外，本集團於截至二零一九年六月三十日止六個月與關連方進行下列重大交易：

Name of related parties 關連方名稱／姓名	Nature of transactions 交易性質	Six months ended 30 June 截至六月三十日止六個月	
		2019 二零一九年 HK\$'000 千港元 (Unaudited) (未經審核)	2018 二零一八年 HK\$'000 千港元 (Unaudited) (未經審核)
Easyman (note a)	Interest expense (note b)		
Easyman (附註a)	利息費用(附註b)	1,978	1,849
Ms. Sun Qiaodian ("Ms. Sun")	Interest expense (note c)		
孫巧點女士(「孫女士」)	利息費用(附註c)	6,298	6,731

# Notes to Interim Condensed Consolidated Financial Information

## 中期簡明綜合財務資料附註

### 28 RELATED PARTY TRANSACTIONS (continued)

#### (ii) Outstanding balances with related parties

### 28 關連方交易（續）

#### (ii) 與關連方的未結餘額

		30 June 2019 二零一九年 六月三十日 HK\$'000 千港元 (Unaudited) (未經審核)	31 December 2018 二零一八年 十二月三十一日 HK\$'000 千港元 (Audited) (經審核)
Prepayments to Yiwan (note d)	預付Yiwan之款項 (附註d)	12,525	12,581
Loan to Full Harvest Development Limited (note e)	貸款予豐盛發展 有限公司(附註e)	56,975	56,975
Amounts due to Easyman (note b)	結欠Easyman款項 (附註b)	63,167	60,775
Amounts due to Ms. Sun (note c)	結欠孫女士款項 (附註c)	29,215	29,331
Amounts due to a director, Mr. Dong Chengzhe (note f)	結欠董事董鉞喆先生 款項(附註f)	1,956	1,927
Amounts due to Mr. Dong (note f)	結欠董先生款項 (附註f)	96,699	88,134



# Notes to Interim Condensed Consolidated Financial Information

## 中期簡明綜合財務資料附註

### 28 RELATED PARTY TRANSACTIONS (continued)

#### (ii) Outstanding balances with related parties (continued)

Notes:

- (a) Easyman is a company wholly owned by Mr. Dong. The Directors consider that Mr. Dong through Easyman, as a lender of Yiwan, has an indirect economic interest in Yiwan.
- (b) Details of the terms of amounts due to Easyman are disclosed in Note 21(e).
- (c) Ms. Sun Qiaodian is the spouse of Mr. Dong. Amounts due to Ms. Sun are unsecured and repayable by 30 June 2019. Interest is calculated at mutually agreed terms. The balance is overdue as at 30 June 2019.
- (d) Prepayments are mainly made to Yiwan for purchase of iron ores. The amount is unsecured and interest free and will be settled by offsetting the relevant purchases.
- (e) The shareholder's loan to Full Harvest Development Limited, an associate, is unsecured and interest-free.
- (f) Amounts due to Directors are unsecured, interest-free and repayable on demand.

### 28 關連方交易 (續)

#### (ii) 與關連方的未結餘額 (續)

附註：

- (a) Easyman乃一間由董先生全資擁有之公司。董事認為董先生通過Easyman作為Yiwan之放款人而於Yiwan擁有間接經濟利益。
- (b) 結欠Easyman款項條款之詳情披露於附註21(e)。
- (c) 孫巧點女士為董先生之配偶。結欠孫女士款項為無抵押及須於二零一九年六月三十日前償還。利息是按相互同意條款計算。該結餘於二零一九年六月三十日逾期。
- (d) 預付Yiwan之款項主要乃為購買鐵礦石而作出。該金額為無抵押及免息，並將透過抵銷相關購貨而清償。
- (e) 對聯營公司豐盛發展有限公司提供的股東貸款為無抵押及免息。
- (f) 結欠董事款項為無抵押、免息及於要求時償還。

# Notes to Interim Condensed Consolidated Financial Information

## 中期簡明綜合財務資料附註

### 28 RELATED PARTY TRANSACTIONS (continued)

#### (iii) Compensation of key management personnel of the Group:

### 28 關連方交易 (續)

#### (iii) 本集團主要管理人員之報酬：

#### Six months ended 30 June

截至六月三十日止六個月

**2019** 2018

二零一九年 二零一八年

**HK\$'000** HK\$'000

千港元 千港元

**(Unaudited)** (Unaudited)

(未經審核) (未經審核)

Fees	袍金	<b>400</b>	500
Salary, allowances and benefits	薪金、津貼及福利	<b>2,678</b>	3,313
Pension scheme contributions	退休金計劃供款	<b>14</b>	17
		<b>3,092</b>	3,830

**29 EVENTS AFTER THE REPORTING PERIOD**

As detailed in Note 26(b)(ii), the Group received a Statutory Demand from PCL on 21 November 2018 demanding for payment of the Award. Subsequent to the period end, the Company received a winding up petition (“the Petition”) dated 15 August 2019 filed by PCL for an order that the Company may be wound up by the High Court of the Hong Kong Special Administrative Region pursuant to the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32, Laws of Hong Kong). The Petition was scheduled to be heard on 9 October 2019.

On 19 August 2019, the Company’s legal advisor issued a letter to the legal advisor of PCL inviting PCL to withdraw the Petition on the basis that there is a scheme of arrangement under the Company’s debt restructuring plan to settle the outstanding debt. The Group is currently engaging the legal advisor to handle the Petition and to resolve the claims with PCL.

**29 報告期後事項**

誠如附註26(b)(ii)所詳述，本集團於二零一八年十一月二十一日接獲PCL發出之法定要求償還書，要求就裁決作出付款。於期間結束後，本公司接獲PCL根據香港法例第32章《公司（清盤及雜項條文）條例》向香港特別行政區高等法院提呈對本公司進行清盤命令之日期為二零一九年八月十五日之清盤呈請（「該呈請」）。該呈請已排期於二零一九年十月九日進行聆訊。

於二零一九年八月十九日，本公司法律顧問已向PCL之法律顧問發出信函，徵求PCL基於本公司債務重組計劃下有安排計劃處理未償還債務而撤回該呈請。本集團目前正委聘法律顧問處理該呈請及解決與PCL之申索。

#### COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Directors recognise the importance of good corporate governance in the management of the Group. During the period ended 30 June 2019, the Company has complied with the code provisions of the Corporate Governance Code ("CG Code") as set out in Appendix 14 to the Listing Rules, except for the following deviations:

**(1) Code Provision A.2.1**

The Executive Director, Mr. Dong Shutong, served as the Chairman and Chief Executive Officer of the Company. The Chairman is responsible for overseeing the Company's operations in respect of compliance with both internal rules and statutory requirements, and promoting the corporate governance of the Company. Following the appointment of Mr. Pang Bo as the Chief Executive Officer of the Company on 9 May 2019, the roles of Chairman and Chief Executive Officer have been separate. The code provision A.2.1 has been complied with accordingly.

#### 遵守企業管治守則

董事了解本集團管理層施行良好企業管治的重要性。截至二零一九年六月三十日止期間，本公司已遵守上市規則附錄14所載企業管治守則（「企業管治守則」）的守則條文，惟以下偏離除外：

**(1) 守則條文第A.2.1條**

執行董事董書通先生乃本公司主席兼首席執行官。主席負責監督本公司營運遵守內部規則以及法定要求，並推廣本公司企業管治。於龐博先生於二零一九年五月九日獲委任為本公司總裁後，主席及總裁職務經已分開。因此已遵守守則條文第A.2.1條。

#### (2) Code Provision A.4.1

Under code provision A.4.1, Non-executive Directors should be appointed for a specific term. Except for Mr. Fahmi Idris, Independent Non-executive Director, who was appointed for a term of three years, Mr. Yang Tianjun, Non-executive Director and the remaining Independent Non-executive Directors including Mr. Bai Baohua and Mr. Wong Chi Keung were not appointed for a specific term. This constitutes a deviation from code provision A.4.1. However, according to the articles of association of the Company, one-third of the Directors for the time being shall retire from office by rotation at each annual general meeting and the Directors to retire by rotation shall be those who have been longest in office since their last re-election or appointment. As such, the Company considers that sufficient measures have been taken to ensure that the Company's corporate governance practice in this respect is in line with that provided in the CG Code.

#### (2) 守則條文第A.4.1條

根據守則條文第A.4.1條，非執行董事之委任應有特定任期。除獨立非執行董事法米先生任期為三年外，非執行董事楊天鈞先生及其餘獨立非執行董事包括白葆華先生及黃之強先生均無特定任期。此事偏離守則條文第A.4.1條。然而，根據本公司之章程細則，於每次股東週年大會，三分之一之當時董事須輪流退任，而須輪流退任之董事須為最近重選或委任後任期最長之董事。因此，本公司認為已採取足夠措施確保本公司之企業管治常規在此方面與企業管治守則所規定者一致。

#### BOARD'S CONSIDERATION – MITIGATION MEASURES TO GOING CONCERN ISSUE

The Directors have given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern. Certain measures have been taken to mitigate the liquidity pressure and to improve its financial position which include, but not limited to, the following:

- (1) On 5 March 2016, the Company and a potential investor (the "Potential Investor" or "Subscriber") entered into a share subscription agreement to subscribe for a total of 1,465,898,410 new ordinary shares of the Company at a subscription price of HK\$0.1876 per share (the "Subscription Shares"), with proposed gross proceeds totalling approximately HK\$275 million (the "Subscription"), subject to certain conditions precedent which, among others, include the following:

#### 董事會考慮－有關持續經營事宜的改善措施

董事在評核本集團有否充足的財務資源持續經營時，已審慎考慮本集團未來流動資金及表現以及其可行之融資來源。本集團已採取若干措施以減輕流動資金的壓力並改善其財務狀況，包括但不限於以下各項：

- (1) 於二零一六年三月五日，本公司與一名潛在投資者（「潛在投資者」或「認購方」）訂立一項股份認購協議，按每股股份0.1876港元的認購價認購本公司合共1,465,898,410股新普通股（「認購股份」），建議所得款項總額合共約為275百萬港元（「認購事項」），惟須受若干先決條件規限，其中包括以下各項：

## Corporate Governance and Other Information

### 企業管治及其他資料

- approval from the Company's shareholders, or independent shareholders when appropriate, for (i) allotment and issuance of the Subscription Shares; (ii) a Whitewash Waiver; and (iii) a Special Deal (as defined hereunder), at the extraordinary general meeting of the Company ("EGM");
- Whitewash Waiver being granted by the SFC in respect of any obligation of the Subscriber and parties acting in concert with it to make a mandatory general offer in cash for all the issued shares and other relevant securities of the Company not already owned (or agreed to be acquired) by the Subscriber and parties acting in concert with it which might otherwise arise as a result of the Subscription;
- the consent from the SFC for repayment to any creditor who is a shareholder of the Company using the proceeds from the Subscription under a proposed debt restructuring as mentioned below (the "Special Deal");
- approval of resumption of trading of the Company's shares, and listing of the Subscription Shares from the Stock Exchange (which was subsequently waived by the Subscriber during the year ended 31 December 2018); and
- 在本公司股東特別大會（「股東特別大會」）上就下列事項取得本公司股東或獨立股東（倘適用）的批准：(i)配發及發行認購股份；(ii)清洗豁免；及(iii)特別交易（定義見下文）；
- 證監會就認購方及其一致行動人士的任何責任授出清洗豁免，豁免彼等因認購事項可能引致須就認購方及其一致行動人士尚未擁有（或同意收購）的本公司所有已發行股份及其他有關證券提出強制性全面現金要約；
- 證監會同意利用下述建議債務重組項下認購事項的所得款項，向作為本公司股東的任何債權人作出還款（「特別交易」）；
- 聯交所批准本公司股份恢復買賣及認購股份上市（其後獲認購方於截至二零一八年十二月三十一日止年度豁免）；及

- completion of a debt restructuring by the Company by way of the “Schemes” (Note) (the “Debt Restructuring Proposal”). The debt restructuring refers to a plan for restructuring of the indebtedness of the Company which involves, among other things: (i) the reduction and cancellation of the outstanding principal amount of the Bonds by at least 80%; (ii) the reduction and cancellation of all the outstanding accrued interests of the Bonds; (iii) the release and discharge of all security collateral provided in relation to the 12% Coupon Senior Bonds and the 8% Coupon Convertible Bonds; and (iv) the reduction and cancellation of all other indebtedness and contingent liabilities of the Company as referred to in the Debt Restructuring Proposal, by at least 80%.

In respect of the above, the Company appointed a financial advisor and debt restructuring scheme advisor to facilitate the Subscription and Debt Restructuring Proposal.

At the meetings of the holders of the 12% Coupon Senior Bonds and the 8% Coupon Convertible Bonds held on 21 June 2016 and 6 July 2016, respectively, separate extraordinary resolutions (“Extraordinary Resolutions”) were passed and resolved, among others, to approve the Debt Restructuring Proposal, not to enforce any security of the Bonds until approval of the Schemes and release the security as required under the Schemes following the Schemes becoming effective, vote the entire principal amount in favour of the Schemes at the meetings of the Schemes, waive any event of default or potential event of default which might or has occurred and not to demand repayment of any amount due under the Bonds.

- 本公司透過「計劃」（附註）（「債務重組建議」）完成債務重組。債務重組指本公司的債項重組計劃，當中涉及（其中包括）：(i)削減及註銷債券的未償還本金額至少80%；(ii)削減及註銷債券所有未償還應計利息；(iii)解除及免除就12%票面息優先債券及8%票面息可換股債券提供的所有抵押品；及(iv)削減及註銷債務重組建議所述的本公司所有其他債項及或然負債至少80%。

就以上事項而言，本公司已委任財務顧問及債務重組計劃顧問以落實認購事項及債務重組建議。

已分別於二零一六年六月二十一日及二零一六年七月六日舉行的12%票面息優先債券及8%票面息可換股債券持有人會議上，通過獨立特別決議案（「特別決議案」）決議（其中包括）批准債務重組建議，在計劃獲批准之前不就債券執行任何抵押並根據計劃的規定在計劃生效後解除抵押，於計劃大會上以全部本金額投票贊成計劃，豁免任何可能發生或已發生的違約事件或潛在違約事件以及不要求償還任何逾期的債券款項。



## Corporate Governance and Other Information

### 企業管治及其他資料

Following the passing and effectiveness of the Extraordinary Resolutions by 6 July 2016, the Company is preparing the necessary documents to submit to the courts for the relevant creditors' approval and court sanction for the Cayman Scheme and the Hong Kong Scheme under the Debt Restructuring Proposal.

The Company is also actively negotiating with other creditors of the Company for the execution of the Debt Restructuring Proposal.

Note:

The proposed scheme of arrangement pursuant to Section 86 of the Companies Law (2007 Revision) of the Cayman Islands between the Company and the creditors under such scheme (the "Cayman Scheme") and the proposed scheme of arrangement of pursuant to Sections 670, 673 and 674 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) between the Company and the creditors under such scheme (the "Hong Kong Scheme"), collectively are referred to as the "Schemes".

- (2) In relation to the secured bank loan of HK\$95,430,000 which contains a repayment on demand clause had become overdue during the period, the Group is actively negotiating with the bank for the release of the charge on the secured leasehold land in order to complete the transaction as detailed in (6) below for the repayment of the principal and the related interest expense of the loan.

於二零一六年七月六日特別決議案獲通過及生效後，本公司正在準備呈交法院之必要文件，以獲得債務重組建議下開曼計劃及香港計劃之相關債權人批准及法院批准。

本公司亦正積極與本公司的其他債權人磋商簽訂債務重組建議。

附註：

本公司與建議安排計劃（「開曼計劃」）項下的債權人根據開曼群島公司法（2007年修訂版）第86條訂立的該計劃以及本公司與建議安排計劃（「香港計劃」）項下的債權人根據（香港法例第622章）公司條例第670、673及674條訂立的該計劃（統稱為「計劃」）。

- (2) 就載有按要求償還條款且於本期間已到期的有抵押銀行貸款95,430,000港元而言，本集團正積極就解除已抵押租賃土地之押記，以完成交易（於下文(6)詳述）償還貸款之本金及相關利息開支與銀行進行磋商。

## Corporate Governance and Other Information

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- (3) In relation to the syndicated bank loan and the bank loan under the Unsecured Loan Facility to the extent of HK\$566,148,000 and HK\$403,166,000, respectively, the Group is actively negotiating with the respective banks for the waiver of the breach of the undertaking and restrictive covenant requirements; and the renewal of these loans, including extension of the related interest payments.
- (3) 就分別為566,148,000港元及403,166,000港元的無抵押貸款融資項下的銀團貸款及銀行貸款而言，本集團正積極就豁免違反承諾及限制性契諾規定，及重續該等貸款（包括延遲相關利息付款）與各銀行磋商。
- (4) On 21 January 2013, the Group entered into a non-binding framework agreement with Beijing Wincapital Management Co., Ltd. ("Beijing Wincapital") in relation to the disposal of a 30% equity interest in S.E.A. Mineral Limited ("SEAM"), a wholly-owned subsidiary of the Group. The aggregate disposal consideration is expected to be approximately US\$150 million (approximately HK\$1,170 million). The proposed transaction is yet to complete and no formal sales and purchase agreement has been entered into up to the date of this report. Longer than expected time was spent on negotiation of the detailed terms and conditions because of the rapid change in operating and regulatory environment of SEAM since the framework agreement was signed. The Group is currently negotiating with Beijing Wincapital to modify the structure and detailed terms of the disposal on equity interest in SEAM.
- (4) 於二零一三年一月二十一日，本集團與北京匯贏創業投資有限公司（「北京匯贏」）訂立有關出售本集團全資附屬公司南洋礦業有限公司（「南洋礦業」）30%權益的無約束力框架協議。總出售代價預計約為150百萬美元（約1,170百萬港元）。截至本報告日期，此項建議交易尚未完成，亦未訂立任何正式買賣協議。自框架協議簽署後，由於南洋礦業的經營及規管環境急速轉變，故此商討條款及條件細節所耗時間較預期長。本集團現時正在就修改出售南洋礦業股本權益的架構及詳細條款與北京匯贏磋商。

## Corporate Governance and Other Information

### 企業管治及其他資料

In connection with the proposed disposal, Beijing Wincapital arranged certain loan finance to the Group ("Financing Loans"), which can be settled by offsetting against the disposal consideration should the proposed disposal be completed.

During the year ended 31 December 2017, a loan arranged by Beijing Wincapital of RMB200,000,000 has been novated to Henan Pingyuan Holding Group Co., Ltd ("河南平原控股集團股份有限公司" or "Pingyuan").

As at 30 June 2019, the outstanding Financing Loan amounted to approximately RMB200,000,000 (equivalent to HK\$227,350,000) was overdue for repayment. Up to the date of this report, the Group has not received any letter from the lender demanding for repayment of this loan. Management is currently negotiating with the relevant parties to formally extend the repayment of this borrowing to facilitate the completion of the proposed disposal. Management believes that with bona fide intention for all relevant parties, the proposed disposal will be completed and the Group will be able to offset this borrowing against the disposal consideration.

On each of 11 March 2018 and 8 June 2018, the Group entered into a sale and purchase agreement with Mr. Sun Gang ("Mr. Sun"), who is also a substantial shareholder of Pingyuan, pursuant to which the Group agreed to sell an aggregate 14% equity interest in SEAM to Mr. Sun at an aggregate consideration of RMB420,000,000 (equivalent to approximately HK\$477,435,000) conditional upon, amongst others, obtaining approval from shareholders of the Company at an extraordinary general meeting and resumption of trading of the Company's shares.

就此項建議出售事項而言，北京匯贏為本集團安排若干貸款融資（「融資貸款」）。倘建議之出售事項得以完成，融資貸款可藉抵銷出售代價償付。

於截至二零一七年十二月三十一日止年度，北京匯贏安排之貸款人民幣200,000,000元已變更到河南平原控股集團股份有限公司（「平原」）。

於二零一九年六月三十日，未償還的融資貸款約人民幣200,000,000元（相等於227,350,000港元）已逾期償還。直至本報告日期，本集團尚未接獲該放貸人要求償還該貸款之任何函件。管理層現正與相關訂約方進行磋商，以正式延長該借貸之還款期，以促使完成建議出售事項。管理層相信所有相關訂約方具有真誠意向，建議出售事項將會完成，而本集團將可以出售代價抵銷該借貸。

於二零一八年三月十一日及二零一八年六月八日各日，本集團與孫罡先生（「孫先生」）（彼亦為平原之主要股東）訂立一項買賣協議，據此，本集團同意向孫先生出售南洋礦業之合共14%股本權益，總代價為人民幣420,000,000元（相當於約477,435,000港元），須待（其中包括）於股東特別大會上取得本公司股東批准及本公司股份恢復買賣後，方可作實。

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- (5) Apart from the borrowings mentioned in (1) to (4) above, the Group had other borrowings from certain related parties of the Group, the Potential Investor, related parties of the Potential Investor and other third parties of HK\$91,066,000, HK\$236,671,000, HK\$298,864,000 and HK\$239,362,000, respectively that were either overdue or due for immediate repayment as at 30 June 2019. The Group has been actively negotiating with the lenders for the renewal and extension of the repayment dates of these borrowings, of which an extension of the repayments of the borrowings from related parties of the Potential Investor for a term of 2 years is currently under discussion.
- (5) 除上述第(1)至(4)項所述之借貸外，本集團來自本集團的若干關連方、潛在投資者、潛在投資者的關連方及其他第三方的其他借貸分別為91,066,000港元、236,671,000港元、298,864,000港元及239,362,000港元，於二零一九年六月三十日已逾期或須即時償還。本集團一直積極與放債人磋商重續及延長該等借貸的還款日期，目前正在討論將潛在投資者的關連方的借貸還款日期延長2年。
- (6) On 29 May 2019, Lianyungang City East Harvest Mining Company Limited (the "Vendor"), an indirectly wholly owned subsidiary of the Company, entered into a disposal agreement with Jiangsu Yungang Investment Development Co., Ltd.\* (江蘇雲港投資發展有限公司) (the "Purchaser"), an independent third party, pursuant to which the Vendor has conditionally agreed to sell and the Purchaser has conditionally agreed to purchase certain property, plant and equipment and the related prepaid land lease payments of the Group located in Lianyungang, PRC for an aggregate consideration of RMB299,800,000 (equivalent to HK\$340,798,000). Management expects that the completion of the transaction can improve the Group's liquidity position.
- (6) 於二零一九年五月二十九日，本公司之間接全資附屬公司連雲港市東茂礦業有限公司（「賣方」）與獨立第三方江蘇雲港投資發展有限公司（「買方」）訂立出售協議，據此，賣方已有條件同意出售而買方已有條件同意購買本集團位於中國連雲港之若干物業、廠房及設備以及相關預付土地租賃款項，總代價為人民幣299,800,000元（相當於340,798,000港元）。管理層預期完成交易可改善本集團之流動資金狀況。

\* for identification purposes only

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- (7) The Group is also negotiating with various financial institutions and identifying various options for financing the Group's working capital and commitments in the foreseeable future, including identification of potential investors to invest in various projects undertaken by the Group.
- (7) 本集團亦正與多間財務機構進行磋商，尋找本集團於可見將來為營運資金及承擔融資的不同方案，包括物色潛在投資者對本集團正進行之多個項目作出投資。
- (8) The Group is also maximising its sales effort, including speeding up of sales of its existing inventories and seeking new orders from overseas markets or new customers on developed new products, exploring new business opportunities and implementing more stringent cost control measures with a view to improving operating cash flows. The Group has also engaged in providing sub-contracting services to external customers since 2017 and entered into a cooperation agreement with a strategic business partner in 2018 to better utilise the Group's production capacities. Management believes that the Group will be able to improve its financial performance in the coming twelve months after the reporting period.
- (8) 本集團亦正致力提升銷售力度，包括加快現有存貨銷售並於海外市場尋求新訂單或就開發新產品尋求新客戶，探索新業務機會，以及實施更嚴謹的成本監控措施，以改善經營現金流量。本集團亦自二零一七年起從事提供向外部客戶提供鋼鐵製品加工服務，並於二零一八年與戰略業務夥伴訂立合作協議，以更佳利用本集團之產能。管理層相信，本集團將能於報告期後的未來十二個月改善其財務表現。
- (9) The Group has engaged legal advisors to handle all claims and disputes as detailed in Note 26. The directors have also obtained advice from legal advisors on these matters and, based upon which, are of the view that the Group will be able to resolve those outstanding claims and disputes, with no significant cash outflows in the next twelve months.
- (9) 本集團已委聘法律顧問處理附註26所詳述的所有申索及糾紛。董事已就該等事宜取得法律顧問的意見，據此，董事認為，本集團將能解決待決申索及糾紛且於未來十二個月內不會導致巨額的現金流出。

## THE RESUMPTION PROPOSAL

### Decision of the Listing (Review) Committee

Following the review hearing by the Listing (Review) Committee (the “2017 Listing (Review) Committee”) of the Stock Exchange of Hong Kong Limited (the “Stock Exchange”) held on 5 December 2017, the 2017 Listing (Review) Committee informed the Company by a letter dated 12 December 2017 (the “2017 LRC Decision Letter”) that it decided to set aside the cancellation of the Company’s listing status to enable the Company to proceed with implementing the resumption proposal of the Company (the “Resumption Proposal”). This decision is subject to compliance with the following conditions to the satisfaction of the Listing Department:

- (a) submit (i) a letter addressing to the Company from the Company’s auditors explaining the impairment assessment of certain intangible assets of the Company for the years 2014 to 2016; and (ii) a written commentary from the Company incorporating the views of its auditors on any material audit qualifications on the Company’s next audited consolidated financial statements and any material impairment of the Company’s intangible assets should the Resumption Proposal be implemented as planned, to the Listing Department within 3 months from the date of the 2017 LRC Decision Letter (i.e. 12 March 2018);

### 復牌建議

#### 上市（覆核）委員會的決定

於香港聯合交易所有限公司（「聯交所」）上市（覆核）委員會（「二零一七年上市（覆核）委員會」）於二零一七年十二月五日舉行覆核聆訊後，二零一七年上市（覆核）委員會以日期為二零一七年十二月十二日之信件（「二零一七年上市（覆核）委員會決定信件」）通知本公司，二零一七年上市（覆核）委員會決定擱置取消本公司上市地位，以使本公司能繼續實踐本公司之復牌建議（「復牌建議」）。此決定須先符合下列條件致使上市部滿意：

- (a) 於二零一七年上市（覆核）委員會決定信件日期起三個月內（即二零一八年三月十二日）向上市部提交(i)由本公司審計師發給本公司的信函，解釋二零一四年至二零一六年期間對本公司若干無形資產之減值評估；及(ii)由本公司發出包含其審計師意見的書面評注，列出如按計劃實踐復牌建議後，本公司下一份經審核綜合財務報表會有任何重大審計保留意見，及本公司的無形資產會有任何重大減值；

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- (b) the transactions and arrangements contemplated under the Resumption Proposal shall be supported by signed and legally binding agreements within 6 months from the date of the 2017 LRC Decision Letter (i.e. 12 June 2018) and evidence thereof be provided to the Listing Department by way of certified copies of all such agreements;
- (b) 於二零一七年上市（覆核）委員會決定信件日期起六個月內（即二零一八年六月十二日）以簽署具法律約束力的協議證明復牌建議項下擬進行之交易及安排，並以向上市部提供所有該等協議的認證副本的方式作為相關的憑證；
- (c) a circular to the shareholders (in substantially final form) regarding the implementation of the Resumption Proposal shall be submitted to the Listing Department and, in relation to the Code on Takeovers and Mergers ("Takeovers Code") matters, the Securities and Futures Commission ("SFC") for clearance within 6 months from the date of the 2017 LRC Decision Letter (i.e. 12 June 2018) and shall be in form and content satisfactory to the Listing Department both in relation to the implementation of the Resumption Proposal itself and that the Company would be able to comply with Rule 13.24 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") and meet all resumption of trading conditions previously identified by the Listing Department to the Company;
- (c) 於二零一七年上市（覆核）委員會決定信件日期起六個月內（即二零一八年六月十二日）把就落實執行復牌建議致股東之通函（以大致最終形式）提交上市部以及（就與公司收購及合併守則（「收購守則」）相關的事項）證券及期貨事務監察委員會（「證監會」）審批，而通函的形式及內容必須讓上市部信納復牌建議將會落實，以及讓其信納本公司將可符合聯交所證券上市規則（「上市規則」）第13.24條及滿足上市部較早前發給本公司的復牌條件；
- (d) the documents necessary for the scheme of arrangement of the Company shall be formalised within 6 months from the date of the 2017 LRC Decision Letter (i.e. 12 June 2018);
- (d) 於二零一七年上市（覆核）委員會決定信件日期起六個月內（即二零一八年六月十二日）本公司正式具備債務安排所需之文件；



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- (e) the implementation of the Resumption Proposal shall be completed by 30 September 2018, should the Resumption Proposal be approved by the Company's shareholders; and
- (f) the Company shall report to the Listing Department on a 3-month basis, reporting on the progress of the implementation of the Resumption Proposal.
- (e) 倘本公司股東批准復牌建議，須於二零一八年九月三十日前完成落實執行復牌建議；及
- (f) 本公司須每三個月向上市部報告復牌建議之執行進度。

It is also stated in the 2017 LRC Decision Letter that should the Company fail to comply with any of the above conditions to the satisfaction of the Listing Department, the listing of the Company's shares on the Stock Exchange will be cancelled.

二零一七年上市（覆核）委員會決定信件亦提到如本公司未能遵守上述任何條件至上市部滿意，本公司股份將被取消於聯交所上市。

#### Fulfilments of the Resumption Conditions

Pursuant to the 2017 LRC Decision Letter, details of which are set out in the Company's announcement dated 13 December 2017, the 2017 Listing (Review) Committee decided to set aside the cancellation of the Company's listing status to enable the Company to proceed with implementing the Resumption Proposal subject to certain conditions. Since then, the Company has been working closely with its professional advisers in fulfilling the conditions set out in the 2017 LRC Decision Letter. According to the timeline, the Company submitted:

#### 滿足復牌條件

根據二零一七年上市（覆核）委員會決定信件（詳情載於本公司日期為二零一七年十二月十三日之公告），二零一七年上市（覆核）委員會決定擱置取消本公司上市地位，以使本公司能在若干條件下繼續實踐復牌建議。自此，本公司一直與其專業顧問緊密合作以滿足二零一七年上市（覆核）委員會決定信件所載條件。根據時間表，本公司已遞交：

- (i) a letter addressing to the Company from the Company's auditors explaining the impairment assessment of the intangible assets of the Company for the years 2014 to 2016 and a written commentary from the Company incorporating the views of its auditors on any material audit qualifications on the Company's next audited consolidated financial statements and any material impairment of the Company's intangible assets should the Resumption Proposal be implemented as planned to the Listing Department (i.e. condition (a) in the 2017 LRC Decision Letter);
- (i) 本公司審計師發給本公司的信函（當中解釋二零一四年至二零一六年期間對本公司無形資產之減值評估；及由本公司發出包含其審計師意見的書面評註，列出如按計劃實踐復牌建議後，其對本公司下一份經審核綜合財務報表之任何重大審計保留意見，及本公司的無形資產之任何重大減值之意見）予上市部（即二零一七年上市（覆核）委員會決定信件中條件(a)）；



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| (ii) certified copies of all the signed and legally binding agreements in relation to the transactions and arrangements contemplated under the Resumption Proposal to the Listing Department (i.e. condition (b) in the 2017 LRC Decision Letter);   | (ii) 復牌建議項下擬進行之交易及安排的所有已簽署及具法律效力之合同核證本予上市部（即二零一七年上市（覆核）委員會決定信件中條件(b)）；                 |
| (iii) a draft circular to the regulators regarding the implementation of the Resumption Proposal and the Company's fulfilment of Rule 13.24 of the Listing Rules and all other resumption conditions imposed by the Listing Department (i.e. condition (c) in the 2017 LRC Decision Letter); | (iii) 有關實踐復牌建議及本公司符合上市規則第13.24條及滿足上市部施加之所有其他復牌條件之通函初稿予監管機構（即二零一七年上市（覆核）委員會決定信件中條件(c)）； |
| (iv) the Scheme documents to the High Court of Hong Kong and the Grand Court of the Cayman Islands for leave to convene the Schemes meetings (i.e. condition (d) in the 2017 LRC Decision Letter); and   | (iv) 債務安排計劃文件予香港高等法院及開曼群島大法院以獲准許召開債務安排計劃會議（即二零一七年上市（覆核）委員會決定信件中條件(d)）；及                |
| (v) reports dated 12 March 2018 and 12 June 2018 respectively, on the progress of the implementation of the Resumption Proposal to the Listing Department (i.e. condition (f) in the 2017 LRC Decision Letter).  | (v) 日期分別為二零一八年三月十二日及二零一八年六月十二日有關實踐復牌建議進度之報告予上市部（即二零一七年上市（覆核）委員會決定信件中條件(f)）。            |

In June 2018, the Company reviewed its progress of the Resumption Proposal and fulfillments of the Resumption Conditions and believed that the Resumption Proposal would be completed by 30 September 2018 (i.e. condition (e) in the 2017 LRC Decision Letter).

於二零一八年六月，本公司檢討其復牌建議及滿足復牌條件之進度，並相信復牌建議將於二零一八年九月三十日前完成（即二零一七年上市（覆核）委員會決定信件條件(e)）。

#### Disruption to the Resumption Proposal

In stark contrast to the above achievements, the Listing Department issued a letter to the Company stating that the Listing Department recommended the Listing Committee to cancel the Company's listing status. It was followed by the delisting decision (the "LC Decision") on 3 July 2018 which stated that the Listing Committee was not satisfied that the Company had fully met the conditions set out in the 2017 LRC Decision Letter and decided to cancel the Company's listing status under Practice Note 17 to the Listing Rules.

The Board strongly disagreed with such LC Decision and was most concerned whether the Company's case had been assessed fairly, in particular the Company was aware of certain actual, perceived or potential conflict of interest in the composition of the Listing Committee.

More importantly, due to the uncertainty arising from the LC Decision, the court convening hearings in relation to the Schemes for the Grand Court of the Cayman Islands and the High Court of Hong Kong, which had originally been scheduled for 3 July 2018 and 10 July 2018 respectively, were adjourned. The investors and creditors of the Company were also concerned as to whether the Company will still be able to continue with the implementation of the Resumption Proposal and whether the resumption of the Company will take place and have been reassessing whether to provide the Company with further funding support.

#### 對復牌建議之阻礙

與上述已實踐事項形成鮮明對比的是，上市部向本公司發出之信件指出，上市部建議上市委員會取消本公司之上市地位。其後，二零一八年七月三日的除牌決定（「上市委員會決定」）指出，上市委員會不滿意本公司已完全達到二零一七年上市（覆核）委員會決定信件中所列條件，並決定根據上市規則應用指引17取消本公司上市地位。

董事會強烈反對上市委員會決定，並非常憂慮本公司之個案是否獲公平評估，尤其本公司知悉上市委員會組成中若干實際、被視作或潛在之利益衝突。

更重要的是，由於上市委員會決定產生的不確定性，原定於二零一八年七月三日和二零一八年七月十日分別於開曼群島大法院及香港高等法院開庭之有關計劃聆訊已休會。本公司投資者及債權人亦關注本公司是否仍能繼續實行復牌建議及本公司復牌將進行與否，並已重新評估是否向本公司提供進一步資金援助。

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The LC Decision has indeed caused substantial disruption to the restructuring of the Company and hence adversely affected the financial and operational performance of the Company which was already picking up that time. As such, the Company filed an application for review of the LC Decision to the Secretary of the Listing (Review) Committee (the “2018 Listing (Review) Committee”) and the review hearing was held on 10 October 2018.

On 15 October 2018, the Company received a letter from the 2018 Listing (Review) Committee stating that the 2018 Listing (Review) Committee was not satisfied that the Company had fully met the condition imposed by the 2017 Listing (Review) Committee set out in its letter dated 12 December 2017 and therefore decided to uphold the LC Decision (the “2018 LRC Decision”).

The Company did not understand the reasoning of the 2018 LRC Decision and in particular the concern as to whether the Company’s case had been assessed fairly remained un-resolved. Under Rule 2B.07 of the Listing Rules, the Company referred the 2018 LRC Decision to the Listing Appeals Committee (the “LAC”) of the Stock Exchange for a further and final review and the review hearing of the LAC was held on 5 June 2019.

上市委員會決定對本公司之重組確實已構成重大阻礙，因此對本公司之財務及營運表現（已於當時有所改善）受到不利影響。因此，本公司向上市（覆核）委員會（「二零一八年上市（覆核）委員會」）秘書提交覆核上市委員會決定之申請，覆核聆訊於二零一八年十月十日舉行。

於二零一八年十月十五日，本公司收到二零一八年上市（覆核）委員會的信件，指二零一八年上市（覆核）委員會並不滿意本公司已完全符合二零一七年上市（覆核）委員會於日期為二零一七年十二月十二日的信件中所訂條件，故決定維持上市委員會決定（「二零一八年上市（覆核）委員會決定」）。

本公司並不理解二零一八年上市（覆核）委員會決定之理由，尤其是本公司之個案是否獲公平評估之疑慮仍未解決。根據上市規則第2B.07條，本公司已將二零一八年上市（覆核）委員會決定轉交聯交所上市上訴委員會（「上市上訴委員會」）作進一步及最後覆核，上市上訴委員會之覆核聆訊於二零一九年六月五日舉行。

#### Judicial Review

On 14 June 2019, the LAC informed the Company that it decided to uphold the 2018 LRC Decision to cancel the listing of the Company. On 3 July 2019, the Company filed an application for leave to apply for a judicial review to the High Court of Hong Kong in order to quash the decision of the LAC and to seek an interim Order that the Company not be delisted pending the outcome of the judicial review proceedings. Following the aforesaid application, we have been informed by the High Court of Hong Kong that there shall be an inter-parties oral hearing of such application and the date of such hearing has not been fixed. The Company has also applied to the Stock Exchange for a confirmation that the Company will not be delisted until the final determination of the proceedings. As informed by the Stock Exchange, while it is still considering the Company's aforementioned request, the Stock Exchange will give the Company not less than 48 hours' notice prior to an announcement of the delisting of the Company.

#### 司法覆核

於二零一九年六月十四日，上市上訴委員會通知本公司，其決定支持二零一八年上市（覆核）委員會決定取消本公司的上市地位。於二零一九年七月三日，本公司已呈交暫緩申請，以向香港高等法院申請司法覆核，以撤銷上市上訴委員會之決定，並尋求於等待司法覆核訴訟結果期間不會將本公司除牌之臨時命令。於上述申請後，本公司已獲香港高等法院通知將就有關申請舉行各方口頭聆訊，有關聆訊之日期尚未定出。本公司亦已向聯交所申請確認在訴訟有最終判決前不會將本公司除牌。誠如聯交所告知，其仍在考慮本公司之前述要求，聯交所於公告將本公司除牌前將給予本公司不少於48小時之通知。

#### DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

On 5 March 2007, SEAM, an indirect wholly owned subsidiary of the Company, entered into the EOA with Yiwang, a limited company incorporated in Indonesia and substantially owned by Mr. Soen Bin Kuan, who at 30 June 2019 and the date of this report holds more than 5% of the issued share capital of the Company. Pursuant to the EOA, Yiwang agreed to exclusively sell and SEAM agreed to buy the iron ores produced by Yiwang at a fixed price of US\$16 per dry tonne, for a minimum 40 million dry tonnes of iron ores throughout a period of approximately 14 years expiring on 24 January 2021, which has subsequently been extended by a supplemental agreement to 24 January 2036. Pursuant to the recommendation letter issued by the Minister of Mineral and Coal on 25 June 2012 to the Minister of Commerce which granted the export approval to Yiwang, the export price of iron ore was changed to US\$23.5 commencing from 1 July 2012. By virtue of the convertible bonds issued by Yiwang to S.E.A. Mining Limited which is indirectly substantially owned by Mr. Dong Shutong, Executive Director and Chairman of the Board, Mr. Dong has an indirect interest in the EOA.

#### 董事於交易、安排或合約之權益

於二零零七年三月五日，本公司間接全資附屬公司南洋礦業與Yiwan（於印尼註冊成立之有限公司，主要由李民權先生擁有，其於二零一九年六月三十日及本報告日期持有本公司已發行股本超過5%）訂立獨家採購協議。根據獨家採購協議，Yiwan同意獨家出售而南洋礦業同意購買Yiwan生產之鐵礦石，協定之固定價格為每乾公噸16美元，於二零二一年一月二十四日屆滿之整個約14年期間須購買最少40百萬乾公噸鐵礦石。其後，獨家採購權期限經附加協議延長至二零三六年一月二十四日。根據煤礦務部長於二零一二年六月二十五日向授與Yiwan出口批准的商務部長發出的推薦函件，鐵礦石的出口價自二零一二年七月一日起更改為23.5美元。由於Yiwan發行可換股債券予南洋礦產有限公司，而執行董事兼董事會主席董書通先生為這家公司之間接大股東，故董先生於獨家採購協議擁有間接權益。

### DIRECTORS' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 June 2019, the interests and short positions of the Directors in the shares, underlying shares (in respect of positions held pursuant to equity derivatives) and debentures of the Company and its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or (b) were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 of the Listing Rules (the "Model Code"), to be notified to the Company and the Stock Exchange were as follows:

**(i) Long positions in the shares of the Company as at 30 June 2019:**

Name of Directors	Capacity in which interest are held	Number of shares	Approximate percentage to the issued voting shares of the Company 佔本公司已發行的具投票權股份之概約百分比
董事姓名	持有權益之身份	股份數目	
Dong Shutong 董書通	Held by controlled corporations (note) 由受控法團持有 (附註)	1,465,898,410	47.47%
Dong Chengzhe 董鉞喆	Beneficial owner 實益擁有人	1,500,000	0.05%

Note: As at 30 June 2019, 1,441,042,410 shares and 24,856,000 shares were held by Easyman and Sino Regent Worldwide Limited ("Sino Regent"), respectively. As the entire issued share capital of each of Easyman and Sino Regent is held by Mr. Dong, Mr. Dong is deemed to be beneficially interested in such Shares by virtue of the SFO.

### 董事於股份、相關股份及債權證之權益及淡倉

於二零一九年六月三十日，董事於本公司及其相聯法團（定義見證券及期貨條例（「證券及期貨條例」）第XV部）之股份、相關股份（就根據股權衍生工具持有的持倉而言）及債權證中，擁有(a)根據證券及期貨條例第XV部第7及第8分部須知會本公司及聯交所之權益及淡倉（包括根據證券及期貨條例之有關條文彼等被當作或視作擁有之權益及淡倉）；或(b)根據證券及期貨條例第352條規定須列入該條例所述登記冊之權益及淡倉；或(c)根據上市規則附錄10所載之上市發行人董事進行證券交易的標準守則（「標準守則」）須知會本公司及聯交所之權益及淡倉如下：

**(i) 於二零一九年六月三十日於本公司股份之好倉：**

附註：於二零一九年六月三十日，Easyman及Sino Regent Worldwide Limited（「Sino Regent」）分別持有1,441,042,410股及24,856,000股股份。由於Easyman及Sino Regent各自的全部已發行股本均由董先生所持有，根據證券及期貨條例，董先生被視為於該等股份中擁有實益權益。

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(ii) **Long positions in the underlying shares (in respect of positions held pursuant to equity derivatives) of the Company as at 30 June 2019:**

(ii) 於二零一九年六月三十日於本公司相關股份（就根據股權衍生工具持有的持倉而言）之好倉：

Name of Directors	Capacity in which interest are held	Number of share options (note) 購股權數目（附註）	Approximate percentage to the issued voting shares of the Company 佔本公司已發行的具投票權股份之概約百分比
董事姓名	持有權益之身份		
Dong Shutong 董書通	Held by spouse 由配偶持有	1,500,000	0.05%
Dong Chengzhe 董鉞喆	Beneficial owner 實益擁有人	1,500,000	0.05%
Song Wenzhou 宋文州	Beneficial owner 實益擁有人	1,500,000	0.05%
Yang Fei 楊飛	Beneficial owner 實益擁有人	1,500,000	0.05%

Note: The share options are unlisted equity-settled options granted pursuant to the Company's share option scheme adopted on 2 May 2005 and expired on 2 May 2015. Upon exercise of the share options in accordance with such share option scheme. Shares are issuable to the option holder(s) who exercise(s) the rights.

附註：該等購股權為根據本公司於二零零五年五月二日採納及於二零一五年五月二日屆滿之購股權計劃授出之非上市以權益支付之購股權。根據該購股權計劃行使購股權後，可向行使有關權利的購股權持有人發行股份。

### SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES (IN RESPECT OF POSITIONS HELD PURSUANT TO EQUITY DERIVATIVES) OF THE COMPANY

As at 30 June 2019, shareholders (other than the interest disclosed above in respect of the Director who is also a substantial shareholder of the Company) who had interests and short positions in the shares and underlying shares (in respect of positions held pursuant to equity derivatives) of the Company which have been 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 under Section 336 of the SFO were as follows:

### Long positions in the shares and underlying shares (in respect of positions held pursuant to equity derivatives) of the Company as at 30 June 2019:

主要股東於本公司股份及相關股份（就根據股權衍生工具持有的持倉而言）中之權益及淡倉

於二零一九年六月三十日，股東（不包括上文披露同時為本公司主要股東之董事所涉權益）於本公司股份及相關股份（就根據股權衍生工具持有的持倉而言）中，擁有根據證券及期貨條例第XV部第2及第3分部之規定已向本公司披露、或記錄於本公司根據證券及期貨條例第336條規定須存置之登記冊內之權益及淡倉如下：

於二零一九年六月三十日於本公司股份及相關股份（就根據股權衍生工具持有的持倉而言）之好倉：

Name of Shareholders	Capacity in which interest are held	Number of shares/ underlying shares (in respect of positions held pursuant to equity derivatives) 股份／相關股份（就根據股權衍生工具持有的持倉而言）數目	Approximate percentage to the issued voting shares of the Company 佔本公司已發行的具投票權股份之概約百分比
股東名稱／姓名	持有權益之身份		
Easyman	Beneficial owner 實益擁有人	1,441,042,410	46.66%
Soen Bin Kuan 李民權	Beneficial owner 實益擁有人	182,734,104	5.92%
Sun Qiaodian (note 1) 孫巧點（附註 1）	Beneficial owner 實益擁有人	1,500,000 (note 2) (附註 2)	0.05%
	Held by spouse 由配偶持有	1,465,898,410	47.47%



## Corporate Governance and Other Information

### 企業管治及其他資料

#### Notes:

1. Ms. Sun Qiaodian is the spouse of Mr. Dong Shutong, whose interest was disclosed in previous section.
2. The share option are unlisted equity-settled options granted pursuant to the Company's share option scheme adopted on 2 May 2005 and expired on 2 May 2015. Upon exercise of the share options in accordance with such share option scheme. Shares are issuable to the option holder(s) who exercise(s) the rights.

Save as disclosed above, so far as was known to the Directors, there was no other person who, as at 30 June 2019, had an interest or short position in the shares, underlying shares (in respect of positions held pursuant to equity derivatives) and debentures which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who was, directly or indirectly, beneficially interested in 5% or more of the issued voting shares of the Company; or were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

### SHARE OPTION SCHEME

Pursuant to an ordinary resolution passed on 2 May 2005, the Company adopted a share option scheme (the "Share Option Scheme") for the purpose of enabling the Company to recruit and retain high-calibre employees and attract resources that are valuable to the Group and to provide the Company with a means of giving incentive to, rewarding, remunerating, compensating and/or providing benefits to such persons who contribute or may bring benefit to the Group. The Share Option Scheme remained in force for a period of 10 years from adoption of such scheme and expired on 2 May 2015.

#### 附註：

1. 孫巧點女士乃董書通先生之配偶，董先生的權益於前一節中披露。
2. 該等購股權為根據本公司於二零零五年五月二日採納及於二零一五年五月二日屆滿之購股權計劃授出之非上市以權益支付之購股權。根據該購股權計劃行使購股權後，可向行使有關權利的購股權持有人發行股份。

除上文所披露者外，就董事迄今所知，於二零一九年六月三十日，概無其他人士於本公司之股份、相關股份（就根據股權衍生工具持有的持倉而言）及債權證中，擁有根據證券及期貨條例第XV部第2及第3分部須向本公司披露之權益或淡倉，或直接或間接於本公司已發行的具投票權股份中擁有5%或以上的實益權益，或直接或間接擁有附有任何情況下於本集團的任何成員公司的股東大會上投票權利的任何類別股本面值10%或以上權益。

### 購股權計劃

根據於二零零五年五月二日通過之普通決議案，本公司採納一項購股權計劃（「購股權計劃」），以使本公司能招聘及留聘優秀僱員及將有價值之資源引入本集團，並使本公司能以多種方式獎勵、獎賞、提供薪酬、補償及／或提供福利予為本集團作出貢獻或能為本集團帶來利益之有關人士。該購股權計劃自採納之日起計十年內有效，並於二零一五年五月二日屆滿。

## Corporate Governance and Other Information

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The options granted under the Share Option Scheme have an exercise period of 10 years from the date of acceptance of the options, which is in compliance with the terms of the Share Option Scheme, subject to a vesting schedule of 5 years whereby only 20% of the options is exercisable 12 months after the date of acceptance of the options and an additional 20% of the options shall be exercisable by the grantee in each subsequent year until the last day of the 5-year period after the date of acceptance of the options when 100% of the options become exercisable. Details of movements in the Company's share options during the year are as follows:

根據購股權計劃之條款，根據購股權計劃授出之購股權之行使期由接納購股權當日起計為期十年，惟受五年歸屬時間表所限，據此，僅20%之購股權可於接納購股權當日12個月後行使，而承授人可於每接續之一一年行使額外20%購股權，直至購股權獲接納日期後五年期之最後一日方可行使全部購股權。年內本公司購股權之變動詳情如下：

		No. of share options 購股權數目						
		Outstanding as at 1 January 2019	Granted during the period	Exercised during the period	Lapsed during the period	Outstanding as at 30 June 2019	Exercise price of share options (note 1)	Price of Company's shares at exercise date of options (note 2)
		於二零一九年 一月一日 尚未行使	於期內授出	於期內行使	於期內失效	於二零一九年 六月三十日 尚未行使	購股權之 行使價 (附註1) HK\$ 港元	本公司股份 於購股權 行使日的價格 (附註2) HK\$ 港元
Directors	董事							
Mr. Dong Chengzhe	董誠喆先生	1,500,000	–	–	–	1,500,000	0.63	N/A不適用
Mr. Song Wenzhou	宋文州先生	1,500,000	–	–	–	1,500,000	0.63	N/A不適用
Mr. Yang Fei	楊飛先生	1,500,000	–	–	–	1,500,000	0.63	N/A不適用
Sub-total for number of share options to Directors	授予董事之購股權 數目小計	4,500,000	–	–	–	4,500,000	–	–
Employees and others	僱員及其他人士	22,300,000	–	–	(800,000)	21,500,000	0.63	N/A不適用
Total	總計	26,800,000	–	–	(800,000)	26,000,000		

Notes:

附註：

- The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.
- The price of the shares of the Company as at the date of exercise of the share options is the Stock Exchange's closing price on the trading date immediately prior to the date on which the share options were exercised.

- 購股權之行使價可能因供股或紅股發行或本公司股本之其他類似變動而調整。
- 本公司股份於購股權行使日期之價格為緊接購股權行使日期前之交易日之聯交所收市價。

### DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the section "Share Option Scheme" above, at no time during the period ended 30 June 2019 was the Company, its holding company, or any of its subsidiaries and fellow subsidiaries, a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

### DIRECTORS' INTERESTS IN A COMPETING BUSINESS

During the year, none of the Directors had any interest in a business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group.

### PERMITTED INDEMNITY PROVISION

The Company has arranged for appropriate insurance cover for Directors' and officers' liabilities in respect of legal actions against its Directors and officers arising from corporate activities. The permitted indemnity provision is in force for the benefit of the Directors and officers throughout the year and remained in force up to the date of this report.

### AUDIT COMMITTEE

The Company established an audit committee pursuant to a resolution of the Directors passed on 2 May 2005 in compliance with Rule 3.21 of the Listing Rules. The primary duties of the audit committee are to review the financial reporting process and internal control procedures of the Group.

The audit committee consists of Mr. Wong Chi Keung, Mr. Bai Baohua and Mr. Yang Tianjun – Independent Non-executive Directors of the Company and Mr. Wong Chi Keung is the Chairman of the audit committee.

The audit committee has reviewed with management the accounting principles and practices adopted by the Group and discussed auditing, internal control and financial reporting matters including the review of the financial statements for the six months ended 30 June 2019.

### 董事收購股份或債權證之權利

除上述「購股權計劃」一節中所披露者外，於截至二零一九年六月三十日止期間任何時間，本公司、其控股公司或其任何附屬公司及同系附屬公司並無訂立任何安排，使董事可藉收購本公司或任何其他法團公司之股份或債權證而獲利。

### 董事於競爭業務之權益

年內，概無董事直接或間接於與本集團業務競爭或可能競爭之業務中擁有任何權益。

### 獲准許彌償條文

本公司已就其董事及高級職員可能面對因企業活動產生之法律訴訟，就董事及高級職員之責任作出適當之保險安排。以董事及高級職員為受益人之獲准許彌償條文已於年內實施並於直至本報告日期仍然生效。

### 審核委員會

本公司遵照上市規則第3.21條，根據於二零零五年五月二日通過之董事決議案成立審核委員會。審核委員會主要負責審議本集團之財務匯報過程及內部監控程序。

審核委員會由本公司獨立非執行董事黃之強先生、白葆華先生及楊天鈞先生組成，黃之強先生為審核委員會主席。

審核委員會已與管理層審閱本集團所採納之會計準則及慣例，並討論核數、內部監控及財務匯報事項，包括審閱截至二零一九年六月三十日止六個月之財務報表。

#### REMUNERATION COMMITTEE

The Company established a remuneration committee pursuant to a resolution of the Directors passed on 10 April 2006 in compliance with the Corporate Governance Code as set out in Appendix 14 of the Listing rules ("CG Code").

The remuneration committee consists of Mr. Wong Chi Keung, Mr. Bai Baohua – Independent Non-executive Directors of the Company and Mr. Dong Shutong – Executive Director of the Company. Mr. Bai Baohua is the chairman of the remuneration committee.

#### NOMINATION COMMITTEE

The Company established a nomination committee pursuant to a resolution of the Directors passed on 30 December 2011 in compliance with the CG Code.

The nomination committee consists of Mr. Wong Chi Keung, Mr. Bai Baohua – Independent Non-executive Directors of the Company and Mr. Dong Shutong – Executive Director of the Company. Mr. Dong Shutong is the chairman of the nomination committee.

#### EMPLOYEES REMUNERATION POLICY

As at 30 June 2019, the Group had approximately 1,000 employees, of whom 32 were management personnel. The remuneration policy of the Group to reward its employees and Executive Directors is based on their performance, qualifications, competence displayed, market comparable and the performance of the Group. Remuneration packages typically comprise salary, housing allowances, discretionary bonus, other fringe benefits and the Group's contribution to retirement benefits schemes. The remuneration of executive Directors and senior management are determined by the remuneration committee of the Company which will review them regularly.

#### 薪酬委員會

本公司遵照上市規則附錄14所載企業管治守則（「企業管治守則」），根據於二零零六年四月十日通過之董事決議案成立薪酬委員會。

薪酬委員會由本公司獨立非執行董事黃之強先生及白葆華先生以及本公司執行董事董書通先生組成。白葆華先生為薪酬委員會之主席。

#### 提名委員會

本公司遵照企業管治守則，根據於二零一一年十二月三十日通過之董事決議案成立提名委員會。

提名委員會由本公司獨立非執行董事黃之強先生及白葆華先生以及本公司執行董事董書通先生組成。董書通先生為提名委員會主席。

#### 僱員薪酬政策

於二零一九年六月三十日，本集團約有1,000名僱員，其中32名為管理層人員。本集團回報僱員及執行董事的薪酬政策乃根據其表現、資歷、所示才能、市場水平及本集團表現而釐定。薪酬待遇一般包括薪金、房屋津貼、酌情花紅、其他額外福利以及本集團對退休福利計劃的供款。執行董事及高級管理層的薪酬由本公司的薪酬委員會釐定及定期檢討。

## Corporate Governance and Other Information

### 企業管治及其他資料

#### **PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY**

Neither the Company nor any of its subsidiaries had purchased, redeemed or sold any of the Company's listed securities during the six months ended 30 June 2019.

#### **MODEL CODE FOR 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 the code for securities transactions by Directors. Having made specific enquiries, the Company has confirmed that all Directors have complied with the requirements set out in the Model Code.

#### **SUFFICIENCY OF PUBLIC FLOAT**

The Company has maintained a sufficient public float throughout the six months ended 30 June 2019 and up to the latest practicable date prior to the printing of this interim report.

#### **購買、贖回或出售本公司之上市證券**

截至二零一九年六月三十日止六個月，本公司及其任何附屬公司概無購買、贖回或出售本公司任何上市證券。

#### **證券交易的標準守則**

本公司已採納上市規則附錄10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」），作為董事進行證券交易之守則。經作出具體查詢後，本公司確認全體董事均已遵循標準守則所載之規定。

#### **充足之公眾持股量**

本公司於截至二零一九年六月三十日止六個月及直至本中期報告印刷前的最後實際可行日期保持充足之公眾持股量。

鎳資源國際控股有限公司  
NICKEL RESOURCES INTERNATIONAL  
HOLDINGS COMPANY LIMITED