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稀鎂科技
REMT

稀鎂科技集團控股有限公司
RARE EARTH MAGNESIUM TECHNOLOGY GROUP HOLDINGS LIMITED

(臨時清盤中)

(僅作重組用途)

(於百慕達註冊成立之有限公司)

(股份代號：601)

2021 年 全 年 業 績 公 告

稀鎂科技集團控股有限公司(「本公司」)董事會(「董事會」)欣然宣佈本公司及其附屬公司截至2021年12月31日止年度的經審核業績。本公告列載本公司2021年年報全文，並符合香港聯合交易所有限公司證券上市規則內有關全年業績初步公告須附載資料的要求。本公司2021年年報的印刷版本將於2022年4月13日寄發予本公司股東，並可於聯交所網站 www.hkexnews.hk 及本公司的網站 www.remt.com.hk 閱覽。

承董事會命

稀鎂科技集團控股有限公司

(臨時清盤中)

(僅作重組用途)

主席

沈世捷

香港，2022年3月31日

於本公告日期，執行董事為沈世捷先生及池斯樂女士；獨立非執行董事為鄺炳文先生、張省本先生及關毅傑先生。



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市場前景廣闊
PROMISING MARKET
OUTLOOK

高新技術型生產 —
「擁有 22 項技術專利的
國家高新技術企業」

HIGH-TECH DRIVEN —
A NATIONAL-LEVEL HIGH AND
ADVANCED TECHNOLOGY
ENTERPRISE WITH 22
TECHNICAL PATENTS



稀土鎂合金新材料
領軍企業

THE LEADING ENTERPRISE IN
RARE EARTH MAGNESIUM ALLOYS
NEW MATERIALS



輕量化機遇
引領「鎂」好未來

LIGHTWEIGHT INNOVATION CREATES
OPPORTUNITIES FOR REMT TO BUILD
A BETTER FUTURE WITH YOU

公司資料

CORPORATE INFORMATION

董事

執行董事：

沈世捷(主席兼行政總裁)
池斯樂

獨立非執行董事：

鄭炳文
張省本
關毅傑

審核委員會

鄭炳文(主席)
張省本
關毅傑

薪酬委員會

沈世捷(主席)
鄭炳文
張省本

提名委員會

沈世捷(主席)
鄭炳文
關毅傑

公司秘書

樊國民

核數師

國衛會計師事務所有限公司
香港執業會計師

主要往來銀行

中國農業銀行

DIRECTORS

Executive Directors:

Shum Sai Chit (*Chairman and Chief Executive Officer*)
Chi Sile

Independent Non-executive Directors:

Kwong Ping Man
Cheung Sound Poon
Kwan Ngai Kit

AUDIT COMMITTEE

Kwong Ping Man (*Chairman*)
Cheung Sound Poon
Kwan Ngai Kit

REMUNERATION COMMITTEE

Shum Sai Chit (*Chairman*)
Kwong Ping Man
Cheung Sound Poon

NOMINATION COMMITTEE

Shum Sai Chit (*Chairman*)
Kwong Ping Man
Kwan Ngai Kit

COMPANY SECRETARY

Fan Kwok Man, Raymond

AUDITORS

HLB Hodgson Impey Cheng Limited
Certified Public Accountants

PRINCIPAL BANKERS

Agricultural Bank of China

註冊辦事處

Clarendon House
Church Street
Hamilton HM11
Bermuda

主要辦事處

香港
九龍尖沙咀
海港城
港威大廈
第5座16樓

百慕達主要股份過戶登記處及 轉讓登記處

Estera Management (Bermuda) Limited
Canon's Court, 22 Victoria Street
Hamilton HM 12
Bermuda

香港股份過戶登記分處及 轉讓登記處

卓佳秘書商務有限公司
香港
皇后大道東 183 號
合和中心 54 樓

網址

<http://www.remt.com.hk>

股票代號

00601

REGISTERED OFFICE

Clarendon House
Church Street
Hamilton HM11
Bermuda

PRINCIPAL PLACE OF BUSINESS

16th Floor, Tower 5
The Gateway
Harbour city
Tsim Sha Tsui, Kowloon
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN BERMUDA

Estera Management (Bermuda) Limited
Canon's Court, 22 Victoria Street
Hamilton HM 12
Bermuda

BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

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

WEBSITE

<http://www.remt.com.hk>

STOCK CODE

00601

「稀土鎂合金新材料產業領軍企業，
稀鎂科技與您共創鎂好未來。」

“REMT is the leading enterprise in rare earth magnesium alloys new materials,
we are determined to build a better future with you.”

本人謹代表本公司董事會(「董事會」)欣然提呈稀鎂科技集團控股有限公司(「本公司」)及其附屬公司(統稱「稀鎂科技」或「本集團」或「集團」)截至二零二一年十二月三十一日止年度(「年內」)之業績以供各位利益相關者省覽。

行業回顧

二零二一年，中國鎂行業經歷了極不平凡的一年，走到了新的歷史節點。鎂合金材料助力「天問一號」探測器成功著陸火星表面、天和核心艙進駐空間站，鎂電池材料、鎂建築模板的應用，鎂冶煉綠色低碳發展等，畫出了一道「鎂」麗的風景線。鎂材料作為輕量化和功能性材料，在推動綠色低碳、高質量發展中將發揮重要作用，展現更大作為。

「能耗雙控」制約供需兩端

受國際大宗商品價格波動影響，中國國內煤碳、硅鐵等制鎂原輔材料價格大幅上漲，加之中國政府發佈「2021年上半年各地區能耗雙控目標完成情況晴雨錶」(簡稱「能耗雙控」政策)的驅動，原鎂價格一路高歌猛漲，較二零零八年歷史高點暴漲89%，再創14年來新高，隨後鎂價在大幅上漲和小幅回調中震蕩運行。據中國有色金屬協會統計，二零二一年全年鎂價格最低價為人民幣13,950元/噸，最高價為人民幣70,000元/噸；全年均價為人民幣25,244元/噸，同比上漲86%。鎂價格過山車式的波動行情，使得下游加工及應用企業多持觀望態度，謹慎下單，需求走弱。目前的高鎂價已經壓制了下游產業的生產需求，也對鎂市場的可持續發展造成影響。

市場鎂價及鎂冶煉成本走勢

Trend of magnesium market prices and smelting costs



「揚帆起航正當時，凝心聚力再出發！」
"It's time to set sail, concentrate and move forward again!"

— 沈世捷
Shum Sai Chit

On behalf of the Board of Directors (the "Board"), I am pleased to present the annual results of Rare Earth Magnesium Technology Group Holdings Limited (the "Company") and its subsidiaries (collectively, the "REMT Group" or the "Group") for the year ended 31 December 2021 (the "Year") for all stakeholders to review.

INDUSTRY REVIEW

In 2021, China's magnesium industry has experienced an extraordinary year and has reached a new historical moment. The magnesium alloy materials have helped the "Tianwen-1" probe to land on the surface of Mars successfully. It assisted Tianhe Core Module (天和核心艙) to enter the space station. It has been used for magnesium battery materials and magnesium building templates. The development of green and low-carbon magnesium smelting technology together with the abovementioned application of magnesium have depicted a beautiful "magnesium" landscape. As a lightweight and functional material, the magnesium material will play an important role and make more significant achievements in promoting green, low-carbon, and high-quality development.

"DUAL CONTROL OF TOTAL ENERGY CONSUMPTION AND ENERGY INTENSITY" POLICY CONSTRAINING BOTH SUPPLY AND DEMAND

Affected by fluctuations of international commodity prices, the prices of raw and auxiliary materials for magnesium production in China, such as coal and ferrosilicon, have increased significantly. In addition, driven by the "Barometer of Completion of the Dual Control of Total Energy Consumption and Energy Intensity in All Regions in H1 2021" (「2021年上半年各地區能耗雙控目標完成情況晴雨錶」) (referred to as the "Dual Control of Total Energy Consumption and Energy Intensity" policy) released by the Chinese government, the price of raw magnesium has been soaring. It represents a large increase of 89% from the historic high in 2008, hitting a new high in 14 years. Then the price of magnesium fluctuated in a sharp rise and a slight pullback. According to the statistics of China Non-ferrous Metals Association, the lowest price of magnesium in 2021 was RMB 13,950/ton, and the highest price was RMB 70,000/ton; the annual average price was RMB 25,244/ton, representing an increase of 86% year-on-year. The sharp fluctuations in magnesium prices have led downstream processing and applied companies taking a wait-and-see approach. They place orders cautiously, resulting in weaker demand. The current high magnesium price has suppressed the production and demand of downstream, having an impact on the sustainable development of the magnesium market.

「能耗雙控」政策的推行，雖然對鎂生產企業產生了巨大影響，但從中長期來看，能耗雙控趨嚴將使高耗能企業加大對節能降耗成本的投資力度，因此鎂價大幅降價可能性較低。「能耗雙控」政策的實施，可以使部分低效高污染的企業退出市場，一定程度上抑制了低效產能過剩的情況。

行穩致遠 突破創新

鎂合金是我們已熟知的汽車輕量化的理想材料，車輛減重使得百公里油耗降低，二氧化碳排放量減少，燃油效率提高。新能源汽車車身以及電池包箱體的輕量化可以提升續航里程，鎂在輕量化方面的優勢為實現這一目標提供了更多解決方案。鎂合金亦廣泛應用於其他交通運輸領域、3C電子產品領域、以及航空航天領域。據中國有色金屬協會數據，商用飛機減重0.45公斤可帶來300美元的經濟效益，航天器減重0.45公斤可達30,000美元。除此之外，鎂及鎂合金創新開發應用案例不斷涌現，特別是在固態儲能、智能製造、醫療健康、5G基站等領域將開闢新市場。在中國政府推動節能與綠色發展的要求下，有望促進鎂合金材料消費市場的進一步壯大，為鎂行業發展帶來機遇與挑戰。

為助推鎂行業綠色發展，二零二一年十二月三日，中國國家工信部印發「十四五工業綠色發展規劃」(簡稱「規劃」)，提出要實施鎂冶煉行業豎式還原煉鎂等技術和裝備改造。本集團子公司新疆騰翔採用「規劃」鼓勵的豎罐還原工藝創新技術。豎式還原工藝具有機械化程度高、佔地小、用人少、勞動強度低、投資小、能耗低的特點，是當前和未來一段時間鎂行業改造升級的重點方向。新疆騰翔已採用豎罐還原煉鎂技術多年，獲認定為國家級「**高新技術企業**」，本集團重視技術創新，擁有22項高性能鎂合金生產技術和製造方法的技術專利。在實現「**碳達峰·碳中和**」的目標進程中，本集團將堅持綠色製造，在保證生產與可持續發展的同時行穩致遠。



The implementation of the “Dual Control of Total Energy Consumption and Energy Intensity” policy has had a huge impact on magnesium production enterprises. However, in the medium and long term, the tightened policy will make high energy-consuming enterprises increase their costs on energy conservation and consumption reduction. Hence the magnesium price is unlikely to fall. Such policy can shut down certain inefficient and high-polluting enterprises, and to a certain extent, curbing inefficient overcapacity.

ADVANCING STABLY AND PROFOUNDLY WITH BREAKTHROUGH AND INNOVATION

The magnesium alloy, as is known to us all, is an ideal material for lightweight automobiles. Automotive lightweight can reduce fuel consumption and carbon dioxide emissions, and in turn improve fuel efficiency. The lightweight advantages of magnesium provide more solutions to reduce the weight of new energy vehicles' body and battery pack to boost vehicles' range. Magnesium alloys are also widely used in other transportation, 3C electronics, and aerospace sectors. According to the statistics of China Non-ferrous Metals Association, every 0.45 kg weight loss for commercial aircrafts can bring economic benefits of US\$300, while every 0.45 kg weight loss for spacecraft can save US\$30,000. In addition, the innovative development and application of magnesium and magnesium alloys have been expanding, especially its new market in solid-state energy storage, intelligent manufacturing, medical health, 5G base stations, and other fields. Under the requirements of the Chinese government to promote energy conservation and green development, it is expected to promote the further growth of the consumption market of magnesium alloy materials, bringing opportunities and challenges to the development of the magnesium industry.

In order to promote the green development of the magnesium industry, on December 3, 2021, the Ministry of Industry and Information Technology of China issued the “14th Five-Year Plan for Industrial Green Development” (referred to as the “Plan”), proposing to implement the technology and equipment transformation for the magnesium smelting industry, such as the vertical retorts magnesium smelting technology. The innovative technologies of vertical tank reduction process adopted by the Group's subsidiary — Xinjiang Tengxiang (新疆騰翔) is promoted by the “Plan”. The vertical reduction process has the characteristics of high mechanisation, small foot-print, less labor, low labor intensity, small investment, and low energy consumption, being the key direction for transforming and upgrading the magnesium industry. Xinjiang Tengxiang has been adopting vertical tank reduction magnesium smelting technology



for many years, and has been recognised as a national “**High and Advanced Technology Enterprise**”. The Group attaches great importance to technological innovation and owns 22 technical patents for the production technology and manufacturing method of high-performance magnesium alloys. In pursuing “**Carbon Peak and Carbon Neutrality**”, the Group will adhere to green manufacturing, and ensure the production and sustainable development, while advancing stably and profoundly.

展望——「揚帆起航 蓄力前行」

回首二零二一，受原材料成本的大幅漲價以及「能耗雙控」政策的落地實施，鎂企經歷了過山車式的價格波動，驚心動魄。然而，綠色環保、可持續發展的鎂應用為鎂業帶來生機，也為鎂行業供應端與需求端帶來挑戰，我們相信鎂及鎂合金新材料的產業優勢長期猶存，鎂制金屬及其合金產品的閃光點已經被下游領域所關注，必將迎來擴大應用的新機遇。本公司作為較早一批的鎂企，將在新的一年，扎扎實實地解決自身問題，著力綠色低碳生產，享受新時代賦予鎂行業的紅利，共同推進鎂行業的健康可持續發展。

自二零二零年七月本公司向百慕達最高法院(「百慕達法院」)申請委任臨時清盤人以來，本公司一方面克服重重困難，維持正常運營，另一方面馬不停蹄地與債權人商討債務重組計劃。經過一年半多的時間，於二零二二年三月一日，本公司提出的債權人計劃獲得了法定所需的多數計劃債權人的批准，得以在未來的五年內，逐步還清債務。接下來，本公司將按照百慕達法院及其他相關法定機構的程序和要求解除臨時清盤狀態，重回健康發展軌道。

本人謹代表本集團對各股東、董事會成員、客戶、銀行及合作夥伴和全體同仁一直以來對本集團的大力支持致以衷心的感謝，對債權人的理解和體諒表示由衷的感激，對集團全體員工的卓越表現致以誠摯的謝意。感謝大家長期以來對本公司的信賴與理解，我們會不忘初心、繼續前進，不辜負所有利益相關者對於我們的信任與支持。揚帆起航正當時，凝心聚力再出發！

沈世捷
主席

香港，二零二二年三月三十一日

PROSPECT - "SETTING SAIL AND MOVING FORWARD"

Looking back on 2021, due to the sharp increase in raw materials' costs and the implementation of the "Dual Control of Total Energy Consumption and Energy Intensity" policy, magnesium enterprises have experienced sharp price fluctuations. However, the green, environmentally friendly, and sustainable application of magnesium brings vitality to the magnesium industry, as well as challenges to the supply and demand sides of the industry. We believe that the industrial advantages of magnesium and its alloy new materials will remain for a long time. The distinctive strengths of magnesium and its alloy products have been recognised and utilised in the downstream field. It will surely usher in new opportunities to expand its application. As one of the early magnesium enterprises, the Company will solidly solve our problems in the new year, focus on green and low-carbon production, enjoy the benefits given to the magnesium industry in the new era, and jointly promote the healthy and sustainable development of the magnesium industry.

Since the Company applied to the Supreme Court of Bermuda (the "Bermudian Court") in July 2020 for the appointment of provisional liquidators, the Company has overcome obstacles ahead to maintain normal operations, while continuously discussing with creditors on the debt restructuring plan. After one and a half years' efforts, the Creditors' Scheme raised by the Company was approved by the requisite statutory majorities of the scheme creditors on 1 March 2022, which enables the Company to pay off the debts in phases within the next five years. Going forward, the Company will discharge provisional liquidation in accordance with the procedures and requirements of the Bermudian Court and other relevant statutory bodies, and get back on the healthy track.

On behalf of the Group, I wish to thank our shareholders, members of the Board, customers, bankers, and business partners for their invaluable support. I would also like to express my sincere thanks to creditors for their understanding, and to all the staff for their dedication and hard work. I would like to thank all for the unfailing support and the total confidence in the Company. We will not forget our original aspiration. We will continue to move forward, and live up to the trust and support of all stakeholders. It's time to set sail, concentrate and move forward again!

Shum Sai Chit
Chairman

Hong Kong, 31 March 2022

管理層討論及分析

MANAGEMENT DISCUSSION AND ANALYSIS

業務回顧與分析

年內，本集團收入416,060,000港元(二零二零年：744,836,000港元)，減少44.1%；整體毛利率減少1%至16.5%；股東應佔虧損為331,883,000港元(二零二零年：74,011,000港元)。

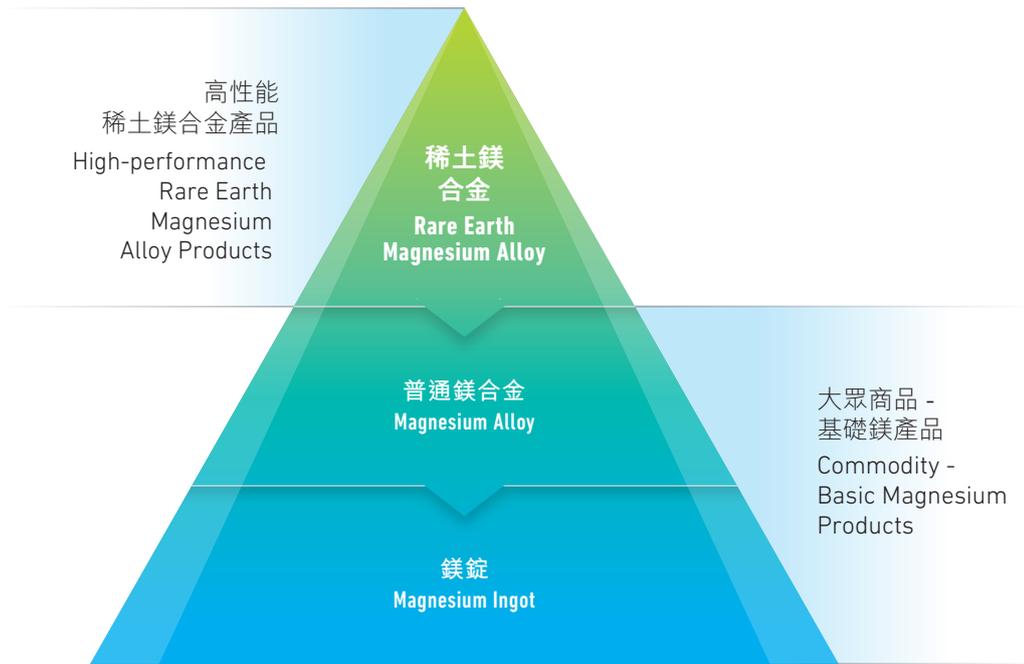
財務業務摘要

FINANCIAL AND BUSINESS SUMMARY

		二零二一年 2021 千港元 HK\$'000 (經審核) (Audited)	二零二零年 2020 千港元 HK\$'000 (經審核) (Audited)	二零一九年 2019 千港元 HK\$'000 (經審核) (Audited)
損益表 Statement of profit or loss				
收入	Revenue	416,060	744,836	1,515,291
毛利	Gross profit	68,775	130,171	416,206
毛利率	Gross profit margin	16.5%	17.5%	27.5%
息稅攤銷折舊前利潤(經常性)	EBITDA (recurring)	35,835	133,220	447,150
息稅攤銷折舊前利潤率	EBITDA margin	8.6%	17.9%	29.5%
本公司擁有人應佔 (虧損)/溢利	(Loss)/profit attributable to owners of the Company	(331,883)	(74,011)	209,732
純利率	Net profit margin	不適用 N/A	不適用 N/A	13.8%
財務狀況表 State of financial position				
資產總額	Total asset	2,360,619	2,556,832	2,554,324
權益總額	Total equity	1,188,942	1,451,922	1,387,887
銀行現金(包括已抵押 銀行存款)	Cash at banks (including pledged bank deposits)	35,568	46,289	271,690
指標 Indicators				
借貸比率	Gearing ratio	37.1%	34.1%	34.2%
利息覆蓋比率	EBITDA/Interest	0.52	1.36	6.20
股本收益率	Return on equity	不適用 N/A	不適用 N/A	15.1%

BUSINESS REVIEW AND ANALYSIS

During the Year, the revenue of the Group was HK\$416,060,000 (2020: HK\$744,836,000), representing a year-on-year decrease of 44.1%; the overall gross profit margin decreased 1% to 16.5%, the loss attributable to shareholders was HK\$331,883,000 (2020: HK\$74,011,000).



主要運營數據分析

本集團收入減少328,776,000港元或44.1%主要是由於本集團境外債務重組的影響導致其營運資金持續受制約。自二零二零年七月本公司向百慕達最高法院申請以債務重組為目的的臨時清盤以來，由於境外債務重組的影響以及原料成本上升，供應商和客戶對待訂單更加謹慎。應收賬款回收週期由二零二零年的79天延長至二零二一年的141天。

因此，本集團產品的總銷量由二零二零年的39,156噸下降至年內的16,901噸，對本集團二零二一年業績造成嚴重影響。

年內之息稅攤銷折舊前利潤減少97,385,000港元或73.1%至35,835,000港元(二零二零年：133,220,000港元)。

其他營運費用分析

銷售及分銷支出

銷售及分銷支出約為4,381,000港元(二零二零年：8,506,000港元)，主要包括營銷費用及銷售人員工資，銷售及分銷支出和收入比率約1.1%(二零二零年：1.1%)。

行政支出

行政支出主要包括員工薪酬、折舊及攤銷、審核及專業費用、研究及開發等費用。年內之行政支出約為99,610,000港元(二零二零年：98,952,000港元)，同比增加約658,000港元或0.7%。

減值及撥備

於二零二一年，非流動資產的減值虧損撥備約為183,577,000港元(二零二零年：零港元)，該款項屬非經常性及非現金性質，乃由於本集團的鎂業務持續虧損而獲確認。另外，貿易應收款項的預期信貸虧損撥備已由二零二零年的約1,659,000港元增至二零二一年的約53,243,000港元。

財務費用

財務費用約為69,401,000港元(二零二零年：97,857,000港元)，同比減少約28,456,000港元或29.1%。二零二零年的財務費用包括二零一七年十一月向控股股東Ming Xin Developments Limited發行可換股債券的實際利息為51,728,000港元(實際年利率約為14.6厘)。可換股債券於二零二零年十一月三十日到期並按要求應付，並附帶於二零二一年的4厘年利率。

財務費用減少主要是由於以下綜合影響所致：(i)上述可換股債券的財務費用減少；扣除(ii)自二零二零年七月以來本集團若干借貸的交叉違約後確認的違約利息所帶來的全年影響。

MAIN OPERATION DATA ANALYSIS

The decrease in revenue of the Group by approximately HK\$328,776,000 or 44.1% is mainly due to the lingering constraints to working capital of the Group as a result of the influence of the Group's offshore debt restructuring. Since the Company applied to the Supreme Court of Bermuda for provisional liquidation for debt restructuring purpose in July 2020, suppliers and customers have been more cautious about orders due to the impact of the offshore debt restructuring and the increased costs of raw materials. The receivable collection cycle extended from 79 days in 2020 to 141 days in 2021.

As such, the total sales volume of products of the Group decreased to 16,901 tonnes during the Year from 39,156 tonnes for 2020, bringing about a significant impact on the results of the Group for 2021.

The EBITDA of the Year decreased by HK\$97,385,000 or 73.1% to HK\$35,835,000 (2020: HK\$133,220,000).

OTHER OPERATING EXPENSES ANALYSIS

Selling and Distribution Expenses

Selling and distribution expenses were approximately HK\$4,381,000 (2020: HK\$8,506,000), which mainly comprised of marketing expenses and sales staff wages. Selling and distribution expenses to revenue ratio was approximately 1.1% (2020: 1.1%).

Administrative Expenses

Administrative expenses mainly comprised of expenses such as staff remuneration, depreciation and amortization, audit and professional fees and research and development. The administrative expenses for the Year was approximately HK\$99,610,000 (2020: HK\$98,952,000), representing a year-on-year increase of approximately HK\$658,000 or 0.7%.

Impairment and Allowance

In 2021, the provision for impairment loss on non-current assets of approximately HK\$183,577,000 (2020: HK\$Nil), which is non-recurring and non-cash in nature, is recognized due to the continuous loss-making performance of the Group's magnesium business. In addition, the allowance for expected credit loss on trade receivables have been increased from approximately HK\$1,659,000 in 2020 to approximately HK\$53,243,000 in 2021.

Finance Costs

Finance cost was approximately HK\$69,401,000 (2020: HK\$97,857,000), representing a year-on-year decrease of approximately HK\$28,456,000 or 29.1%. Including in the finance cost in 2020 was the effective interest of HK\$51,728,000 (with effective interest rate of approximately 14.6% per annum) in respect of the convertible bonds issued to the controlling shareholder, Ming Xin Developments Limited in November 2017. The convertible bonds were expired on 30 November 2020 and became repayable on demand and carried interest at a rate of 4% per annum in 2021.

The decrease in finance costs is the combined effect of: (i) the decrease in finance costs for the convertible bonds aforementioned; netting-off (ii) the full year effect of default interests recognised subsequent to the cross default of certain debts of the Group since July 2020.

流動性及財務資源

年內息稅攤銷折舊前利潤減少97,385,000港元或73.1%至35,835,000港元(二零二零年：133,220,000港元)，利息覆蓋率減少至0.52倍。本集團借貸比率／資產負債率為37.1%。年內期末銀行現金(包括抵押銀行存款)為35,568,000港元。

可能的債務重組及就重組用途委任共同臨時清盤人

世紀陽光集團控股有限公司(「世紀陽光」)，為本公司的控股股東，通過其全資附屬公司Ming Xin Developments Limited持有本公司約72.31%的股權。世紀陽光發行並於新加坡交易所上市的本金金額為101,750,000新加坡元之後償票據，在二零二零年七月三日期滿回達約，Ming Xin Developments Limited為票據的其中一位擔保人。此項違約已構成本集團若干借款之違約事件，造成交叉違約。

於二零二零年七月三日(百慕達時間)，本公司已向百慕達最高法院(「百慕達法院」)就重組用途委任共同臨時清盤人之申請，以「非強制」原則行事，即本公司董事會仍繼續管理本公司及維持集團日常運作，而共同臨時清盤人與公司管理層一起致力於監督、督導和監察集團整體進行全面及經協調的債務和負債重組，包括維持本公司在聯交所的上市。

共同臨時清盤人申請已於二零二零年七月十六日(百慕達時間)於百慕達法院進行聆訊。百慕達法院頒佈一項命令，就重組用途委任安永企業財務服務有限公司之閻正為先生及蘇潔儀女士、安永有限公司之Roy Bailey先生以及EY Cayman Ltd.之Tammy Karina Fu女士(統稱為「共同臨時清盤人」)為本公司「非強制」共同臨時清盤人，並授予其共同及個別之權力。

於二零二零年八月七日，百慕達法院向香港高等法院(「高等法院」)發出請求書(「請求書」)，要求在香港承認共同臨時清盤人的任命和權力，以(其中包括)制定並提出重組計劃，致使本公司能夠繼續持續經營。百慕達法院亦於當日接受其中一位共同臨時清盤人閻正為先生之辭任。而有關Roy Bailey先生、Tammy Karina Fu女士及蘇潔儀女士作為共同臨時清盤人的委任令則維持生效。共同臨時清盤人於二零二零年八月二十一日向高等法院提出申請，要求頒令認可共同臨時清盤人的任命，及獲得根據該請求書所給予的共同臨時清盤人權利。於二零二零年八月二十五日，高等法院已批准該申請。

於二零二一年二月二十五日，本公司收到由AI Global Investment SPC代表AI Investment Fund S.P.(「呈請人」)行事及為其利益於二零二一年二月二十二日向高等法院針對本公司提交之呈請(「呈請」)，要求高等法院頒令本公司清盤。針對本公司提交之呈請乃由於本公司未能償付呈請人票據，未償付本金連同未支付利息及拖欠利息總額20,707,777.78美元，有關金額乃根據呈請人(作為認購人)與本公司(作為發行人)於二零一七年八月七日訂立之於二零二零年到期本金20,000,000美元之7%非後償及無抵押票據認購協議作出。呈請聆訊日期已重定於二零二二年五月二十七日於高等法院進行聆訊。本公司將適時另行刊發公告，以向本公司股東及潛在投資者提供有關呈請之任何重大發展之最新資料。

於二零二二年一月十二日，高等法院指示本公司召開所有計劃債權人之正式債權人會議(「計劃會議」)以考慮及酌情批准(無論有否修訂)本公司與債權人之間擬作出的計劃，和考慮及酌情批准(無論有否修訂)委任計劃債權人委員會。債權人計劃包括：

- (i) 延長期限選擇權；
- (ii) 可換股債券置換選擇權；及
- (iii) 上述兩項選擇權的組合。

Liquidity and Financial Resources

The EBITDA of the Year decreased by HK\$97,385,000 or 73.1% to HK\$35,835,000 (2020: HK\$133,220,000). The interest coverage decreased to 0.52 times. The Group's borrowing rate/gearing ratio was 37.1%. At the end of the Year, cash in bank (including pledged bank deposits) was HK\$35,568,000.

Possible Debt Restructuring and the Appointment of Joint Provisional Liquidators for Restructuring Purposes

Century Sunshine Group Holdings Limited ("CS") is the controlling shareholder of the Company holding approximately 72.31% shareholding interest in the Company through its wholly-owned subsidiary Ming Xin Developments Limited. CS defaulted in its redemption of its subordinated notes listed on SGX in aggregate principal amount of SGD101,750,000 that matured on 3 July 2020. Amongst others, Ming Xin Developments Limited is a guarantor of the notes. The CS's default constitutes an event of default in respect of certain borrowings of the Group, causing the cross default.

On 3 July 2020 (Bermuda time), the Company has filed to the Supreme Court of Bermuda (the "Bermuda Court") a winding up petition ("Petition") together with the application for the appointment of the "light touch" joint provisional liquidators (the "JPLs") for restructuring purpose. The board of directors of the Company will retain management of the Company, while the JPLs will work alongside the Company's management to, monitor, supervise, and oversee the implementation of a group-wide holistic and coordinated restructuring of its debts and liabilities including to maintain the listing of the Company on the Stock Exchange.

The JPLs Application was heard before the Bermuda Court on 16 July 2020 (Bermuda time). An order was granted by the Bermuda Court for the appointment of Mr. Yen Ching Wai David and Ms. So Kit Yee Anita of Ernst & Young Transactions Limited, Mr. Roy Bailey of Ernst & Young Ltd., and Ms. Tammy Karina Fu of EY Cayman Ltd., (collectively, the "JPLs") as the "light-touch" joint provisional liquidators of the Company for restructuring purposes, with the power to act jointly and severally.

On 7 August 2020, the Bermuda Court issued a letter of request ("LOR") to the High Court of Hong Kong (the "High Court") for the recognition of the appointment and powers of the JPLs in Hong Kong to, inter alia, develop and propose a restructuring plan to allow the Company to continue as a going concern. The Bermuda Court also accepted the resignation of one of the JPLs, Mr. Yen Ching Wai David on the same day. The JPLs appointment order remains in force in respect of Mr. Roy Bailey, Ms. Tammy Karina Fu and Ms. So Kit Yee Anita as JPLs. An application has been filed by the JPLs to the High Court on 21 August 2020 for the recognition of the appointment and powers of the JPLs pursuant to the LOR. On 25 August 2020, the High Court has approved the said application.

On 25 February 2021, the Company received a petition (the "Petition") filed by AI Global Investment SPC acting on behalf of and for the account of AI Investment Fund S.P. (the "Petitioner") on 22 February 2021 against the Company in the High Court for an order that the Company be wound up by the High Court. The Petition was filed against the Company for its failure to repay the Petitioner an outstanding principal of the notes together with the unpaid interest and default interest in an aggregate amount of US\$20,707,777.78, which was pursuant to a subscription agreement of 7% unsubordinated and unsecured notes due 2020 in a principal amount of US\$20,000,000 entered into between the Petitioner as subscriber and the Company as the issuer dated 7 August 2017. The Petition was rearranged to hear before the High Court on 27 May 2022. Further announcement(s) will be made by the Company to update the latest information for shareholders and investors of the Company in relation to the Petition.

On 12 January 2022, the High Court has directed that a formal creditors' meeting (the "Scheme Meeting"), of all Scheme Creditors to be convened for the purpose of considering and, if deemed fit, approving (with or without modification) the Scheme proposed to be made between the Company and the Creditors and for the purpose of considering and, if thought fit, approving (with or without modification) the appointment of a scheme creditors' committee. The Creditors' Scheme comprises:

- (i) the Term Extension Option;
- (ii) the Convertible Bond Swap Option; and
- (iii) a combination of the aforementioned two options.

每名受理申索之計劃債權人有權在其受理申索的總價值範圍內，於上述(i)、(ii)及(iii)項選擇權之間進行選擇。本公司建議實施債權人計劃，惟須待香港法院批准後，方可作實。有關債權人計劃及股本重組規則的詳情，請參閱本公司於二零二二年一月十八日之公告。

於二零二二年三月一日，本公司提出的債權人計劃於計劃會議的續會上於計劃會議的續會上已獲得法定所需的多數計劃債權人批准。本公司將向香港法院提交計劃會議的續會結果，並將向香港法院申請批准債權人計劃。批准聆訊計劃於二零二二年五月二十七日舉行。

本公司將適時刊發載有關於債權人計劃進展的進一步更新的公告。

認可令

根據百慕達一九八一年公司法第166(1)條規定，將導致清盤開始後就本公司財產(包括據法權產)作出之任何處置以及本公司任何股份(「股份」)轉讓或本公司成員地位之任何變更均屬無效，惟百慕達法院另有命令則作別論。本公司已尋求法律意見，根據建議，本公司應就轉讓繳足股款的股份於香港申請認可令。

本公司謹此進一步作出更新，香港高等法院已授出日期為二零二二年二月二十三日就所有轉讓繳足股款的股份之有關認可令。

非流動資產減值

截至二零二一年十二月三十一日止年度期間，從事鎂產品業務的若干附屬公司因運營資金受限，表現不佳並產生虧損。此外，受國際大宗商品價格波動影響，中國煤炭、矽鐵等鎂生產原輔材料價格大幅上漲。另外，在中國政府出台的「能源消耗總量及強度雙控」政策的驅動下，原鎂價格持續飆升。鎂價格的急劇波動導致下游加工及應用企業保持觀望態度。彼等謹慎下單，需求走弱。目前的高鎂價已經壓制了下游產業的生產需求，對鎂市場的可持續發展造成影響。

鑒於現金產生單位(「現金產生單位」)的經濟表現較預期差，本集團管理層的結論為出現減值跡象，並對賬面值分別為1,626,848,000港元、47,994,000港元及25,406,000港元的物業、廠房及設備、使用權資產及無形資產的減值進行減值評估。

倘無法單獨估計資產所屬的現金產生單位之可收回金額，則本集團會估計該現金產生單位之可收回金額，包括於可確立合理及一致基準時分配企業資產。現金產生單位的資產賬面值約為1,750,470,000港元。

Each scheme creditor with Admitted Claims is entitled, to the extent of the total value of his/her/its Admitted Claim(s), to elect between options (i), (ii) and (iii) above. The Company proposed to implement, subject to the approval by the Hong Kong Court, the Creditors' Scheme. Details of the Creditors' Scheme and the rules of capital reorganisation, please refer to the announcement of the Company dated 18 January 2022.

On 1 March 2022, the Creditors' Scheme proposed by the Company was approved by the requisite statutory majorities of the scheme creditors at the Adjourned Scheme Meeting. The Company will submit the results of the Adjourned Scheme Meeting to the Hong Kong Court and will apply to the Hong Kong Court for the sanctioning of the Creditors' Scheme. The Sanction Hearing is scheduled on 27 May 2022.

Announcement(s) setting out further update on the development of Creditors' Scheme will be made by the Company as and when appropriate.

Validation order

Pursuant to Section 166(1) of the Bermuda Companies Act 1981, any disposition of the property of the Company, including things in action, and any transfer of shares of the Company (the "Shares"), or alteration in the status of the members of the Company, made after the commencement of the winding-up, shall, unless the Bermuda Court otherwise orders, be void. The Company has sought legal advice that it is advisable for the Company to apply validation order in Hong Kong in respect of the transfer of fully paid-up Shares.

The Company wishes to update that, such validation order in respect of all transfers in the fully paid-up shares have been granted by Hong Kong High Court dated 23 February 2022.

IMPAIRMENT OF NON-CURRENT ASSETS

During the year ended 31 December 2021, certain subsidiaries in magnesium product business underperformed and incurred losses due to the constraints to working capital. In addition, as affected by fluctuations of international commodity prices, the prices of raw and auxiliary materials for magnesium production in China, such as coal and ferrosilicon, have increased significantly. Also, driven by the "Dual Control of Total Energy Consumption and Energy Intensity" policy released by the Chinese government, the price of raw magnesium has been soaring. The sharp fluctuations in magnesium prices have led downstream processing and applied companies taking a wait-and-see approach. They place orders cautiously, resulting in weaker demand. The current high magnesium price has suppressed the production and demand of downstream, having an impact on the sustainable development of the magnesium market.

In view of the economic performance of the cash generating unit ("CGU") of magnesium product business which was worse than expected, management of the Group concluded there was an indication for impairment and conducted impairment assessment on property, plant and equipment, right-of-use assets and intangible assets with carrying amounts of HK\$1,626,848,000, HK\$47,994,000 and HK\$25,406,000 respectively.

The Group estimates the recoverable amount of CGU, to which the asset belongs when it is not possible to estimate the recoverable amount individually, including allocation of corporate assets when reasonable and consistent basis can be established. The sum of present value free cash flow and carrying amounts of assets of CGU was approximately HK\$1,750,470,000.

現金產生單位的可收回金額已基於使用價值計算釐定。該計算使用基於本集團管理層批准的截至二零二一年十二月三十一日未來5年的財務預算的現金流量預測，預計稅前折現率為14.71%，企業稅率為25%。超過五年期的現金流量使用2%的增長率推斷，基於行業增長預測，且不超過相關行業的長期平均增長率。計算的使用價值的另一個關鍵假設為預算毛利，範圍約為22%至26%，乃基於現金產生單位的過往業績及管理層對市場發展的預期釐定。

本集團已聘用獨立估值師羅馬國際評估有限公司，於二零二一年十二月三十一日對本集團的現金產生單位進行估值。

本集團董事會及審核委員會認為編製現金流量預測所使用之基準及假設，以及編製估值報告所使用之估值方法、基準及假設屬合理及恰當。

對持續經營不發表意見

於本公司及其附屬公司(統稱為「本集團」)截至二零二一年十二月三十一日止年度的綜合財務報表(「二零二一年業績」)中，本公司核數師就與持續經營基準相關的重大不明朗因素表示不發表意見(「不發表意見」)，即彼等無法獲得充分、適當的審核憑據，以就管理層於編製綜合財務報表時使用持續經營會計基準的適當性得出結論，因為管理層對其持續經營評估的未來行動計劃(「行動計劃」)尚未最終確定，因此對本集團綜合財務報表的結果表示不發表意見。

本集團管理層(「管理層」)正盡最大努力協定並執行行動計劃。考慮到建議重組的成功及持續實施，管理層信納本集團於可預見的未來將擁有充足營運資金以履行其到期的財務責任，因此以持續經營基準編製本集團綜合財務報表屬適當。管理層評估本集團財務狀況不會因不發表意見而受到重大影響，因為持續經營問題可以通過制定的行動計劃得到解決。

考慮到綜合財務報表乃由管理層以持續經營基準編製，而其有效性取決於管理層假設(受多項不明朗因素規限)下措施的結果，因此董事會與核數師對不發表意見並無異議。在所有其他方面，核數師認為綜合財務報表已按照香港公司條例的披露規定妥為編製。

基於上述原因，審核委員會與董事會持相同看法，並同意管理層對持續經營問題及不發表意見的立場。

管理層關於持續經營假設的立場及基準

誠如本綜合財務報表附註3所詳述，於二零二一年十二月三十一日存在的情況表明存在可能對本集團持續經營能力產生重大疑慮之重大不明朗因素。本公司管理層已與共同臨時清盤人及債權人就以安排計劃的方式進行債務重組積極磋商，涉及(其中包括)股權轉債權及延長還款期限等。計劃會議於二零二二年三月一日舉行。債權人計劃已獲得法定所需的多數計劃債權人批准。本公司將向香港法院提交計劃會議結果並向香港法院申請制裁債權人計劃。批准聆訊計劃於二零二二年五月二十七日進行。

此外，本公司將繼續向第三方投資者尋求對本公司的潛在投資，以促進為本公司籌集現金。本公司亦對資本投資、生產及行政運營實施成本控制措施，以降低本集團的整體運營成本。

假設債權人計劃成功實施，董事會認為，本集團於可預見的未來將擁有充足的營運資金以履行其到期的財務責任。因此，綜合財務報表已按持續經營基準編製。

The recoverable amount of CGU has been determined based on a value in use calculation. That calculation uses cash flow projections based on financial budgets approved by the management of the Group covering the following 5 years as at 31 December 2021 with the pre-tax discount rate of 14.71% and the corporate tax rate of 25%. The cash flows beyond the five-year period are extrapolated using 2% growth rate, which is based on the industry growth forecasts and does not exceed the long-term average growth rate for the relevant industry. Another key assumption for the value in use calculated is the budgeted gross margin with a range of approximately 22% to 26%, which is determined based on the cash-generating unit's past performance and management expectations for the market development.

The Group engaged Roma Appraisals Limited, independent valuer, as the valuer to perform the valuations of the CGUs of the Group as at 31 December 2021.

The board of directors and audit committee of the Group considered that the basis and assumptions used for preparing the cash flow projection and the valuation methodology, basis and assumptions used for preparing the valuation report were reasonable and appropriate.

DISCLAIMER OPINION RELATING TO GOING CONCERN

In the consolidated financial statements of the Company and its subsidiaries (together as the "Group") for the year ended 31 December 2021 (the "2021 results"), the Company's auditors issued disclaimer of opinion on the material uncertainties relating to the going concern basis ("Disclaimer of Opinion"), in which they were unable to obtain sufficient appropriate audit evidence to conclude on the appropriateness of management to use the going concern basis of accounting in the preparation of the consolidated financial statements because management's plans for future actions (the "Action Plan") in relation to its going concern assessment could not be finalised yet and therefore issued a disclaimer of opinion on the results of the Group's consolidated financial statements.

The management of the Group (the "Management") is taking the best efforts to agree on and execute the Action Plan. Taking into account the successful and continued implementation of the proposed restructuring, the Management is satisfied that the Group will have sufficient working capital to meet its financial obligations as and when they fall due in the foreseeable future, and hence it is appropriate to prepare the Group's consolidated financial statements on a going concern basis. The Management assessed that there is no material impact on the Group's financial position in light of the Disclaimer of Opinion, as the going concern issue could be resolved by the Action Plan devised.

There was no disagreement between the Board and the auditors regarding the Disclaimer of Opinion, considering that the consolidated financial statements have been prepared by the Management on a going concern basis, the validity of which depends on the outcome of the measures under management's assumptions, which are subject to multiple uncertainties. In all other respects, in the opinion of the auditors, the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

The Audit Committee takes the same view as the Board and agreed with the Management's position concerning the going concern issue and Disclaimer of Opinion based on the reasons above.

MANAGEMENT'S POSITION AND BASIS ON THE GOING CONCERN ASSUMPTION

As detailed in Note 3 to this consolidated financial statement, conditions existed as at 31 December 2021 indicating the existence of material uncertainties which may cast significant doubt regarding the Group's ability to continue as a going concern. The management of the Company has been actively negotiated with the JPLs and the creditors on debt restructuring by way of scheme of arrangement involving, among others, equity-to-debt swap and extension of repayment period. The scheme meeting was held on 1 March 2022, the Creditors' Scheme was approved by the requisite statutory majorities of the scheme creditors. The Company will submit the result of the scheme meeting to the Hong Kong Court and will apply to the Hong Kong Court for the sanctioning of the Creditors' Scheme. The Sanction Hearing is scheduled on 27 May 2022.

In addition, the Company will continue to seek potential investment in the Company from third party investor(s) to facilitate raising of cash for the Company. The Company has also implemented cost control measures on capital investments, production and administrative operations to reduce overall operating costs of the Group.

Assuming the successful implementation of the creditor's scheme, the Board is of the opinion that the Group will have sufficient working capital to meet its financial obligation as and when they fall due in the foreseeable future. Accordingly, the consolidation financial statements have been prepared on a going concern basis.

補充資料

外匯及財資政策

本集團的大多數業務交易、資產及負債均以港元、美元或人民幣計值。本集團的慣常財資政策為管理重大的貨幣風險敞口並將有可能對本集團造成重大影響的貨幣風險降至最低。於年內，本集團並無進行任何利率或貨幣投機活動。

僱員關係

於二零二一年十二月三十一日，本集團聘有 365 名僱員(二零二零年：382 名)。除薪酬外，本集團亦為僱員提供年假、醫療保險、公積金及其他附帶福利。

主要風險及不明朗因素

本集團的財務狀況、營運業績及業務前景可能受到與本集團業務直接或間接相關的許多風險及不明朗因素的影響。以下為本集團知悉的主要風險及不明朗因素。除下文所列者外，或會存在本集團並未知悉或目前可能不重要但日後可能變得重要的其他風險及不明朗因素。

市場風險

市場風險乃因市場需求、產品價格、匯率及利率等的變動，而使盈利能力受損或影響達成業務目標的能力的風險。本集團管理層對該等風險持續密切監控，以確保能及時有效採取適當措施以應對。

匯率風險

本集團主要在中國內地及香港經營業務，故此承受多種外匯風險，主要涉及人民幣、港元及美元。外匯風險源於未來商業交易、已確認資產及負債，以及外國經營的投資淨額。本集團管理層預期該等業務的外幣風險淨額並不大。因此，本集團現時並無對沖外匯風險。

本集團擬定期審視持有除港元以外之貨幣之流動資產及負債以評估外匯風險並於必要時考慮使用對沖工具。

利率風險

對於利息敏感型產品及投資，本集團以動態基準分析其利率風險，並考慮適當時透過各種手段以低成本方式管理該風險。

信貸風險

本集團一直以來十分重視我們客戶的信貸風險。為最大程度減少信貸風險，本集團管理層已授權相關工作小組，負責釐定信貸限額，信貸審批及其他監控程序，以確保採取跟進措施收回逾期債務，而本集團可根據每一客戶先前的交易記錄和信貸往績，定期評估及追蹤所有客戶的賬戶。

SUPPLEMENTARY INFORMATION

FOREIGN CURRENCIES AND TREASURY POLICY

Most of the Group's business transactions, assets and liabilities are denominated in Hong Kong dollars, United States dollars or Renminbi. The usual treasury policy of the Group is to manage significant currency exposure and minimize currency risk whenever it may have material impact to the Group. During the Year, the Group did not engage in any interest rate or currencies speculations.

EMPLOYEES RELATIONS

As at 31 December 2021, the Group has 365 employees (2020: 382 employees). In addition to remuneration, the Group also provides annual leave, medical insurance, provident fund and other fringe benefits for its staff.

KEY RISKS AND UNCERTAINTIES

Our Group's financial condition, results of operations, and business prospects may be affected by a number of risks and uncertainties directly or indirectly pertaining to our Group's businesses. The followings are the key risks and uncertainties identified by our Group. There may be other risks and uncertainties in addition to those shown below which are not known to our Group or which may not be material now but could turn out to be material in the future.

Market risks

Market risk is the risk that deteriorates profitability or affects ability to meet business objectives arising from the movement in market demand, product prices, foreign exchange rates, and interest rates. The management of our Group keeps continually monitoring these exposures closely to ensure appropriate measures are implemented on a timely and effective manner against such risks.

Exchange rate risk

The Group mainly operates in the Mainland China and Hong Kong and is exposed to foreign exchange risk arising from primarily with respect to Renminbi, Hong Kong Dollars and United States Dollars. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations. The Group's management does not expect the net foreign currency risk from these activities to be significant and hence, the Group does not presently hedge the foreign exchange risks.

The Group has planned to periodically reviews liquid assets and liabilities held in currencies other than Hong Kong Dollars to evaluate its foreign exchange risk exposure and consider the usage of hedging instruments when necessary.

Interest rate risk

For interest-sensitive products and investments, our Group analyses its interest rate exposure on a dynamic basis and considers managing this risk in a cost-effective manner when appropriate, through variety of means.

Credit risk

The Group has always been aware of the credit risk exposure of our customers. In order to minimise the credit risk, management of the Group has authorised a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. The procedures required that all clients were regularly assessed so that the Group could keep track of their transaction records and credit history.

流動資金風險

截至二零二一年十二月三十一日止年度，本集團錄得虧損約331,883,000港元，而截至該日，本集團之流動負債超過其流動資產約483,515,000港元。此外，於二零二一年十二月三十一日，本集團之流動借款約為876,043,000港元，而其現金及現金等價物僅約為25,078,000港元。誠如財務報表附註3所載，倘本集團不能籌措足夠資金滿足其金融債務，則會遭受流動性風險。

本公司董事已審慎考慮本集團之未來流動資金狀況。有關詳情載於財務報表附註3。

營運風險

營運風險指因內部程序、人員或制度不足或缺失，或因外部事件導致之損失風險。管理營運風險之責任基本上由集團及附屬公司的職能部門負責監控和落實。本集團之主要功能是對營運程序、權限及匯報框架作出指引。管理層將會定期評估主要之營運風險及業務發展所帶來的影響，制定相應措施，完善內控制度，以及時有效應對和規避風險。

投資風險

投資風險乃界定為因各項外在因素轉變導致任何某項投資相對其預期回報期延長或投資回報低於預期或投資項目發生虧損的可能性。本集團深明持續開拓業務類型和區域，對集團業務發展的重要性，並落實在年度重點工作任務中。項目投資框架的主要考慮因素為平衡各類投資之風險及回報，因而風險評估乃投資決策過程中的重要一環。本集團已設立適當的投資項目評估和盡職調查程序，並會於批准投資前進行詳細分析。本集團之投資項目進度會定期更新，並向董事局匯報。

人力供應及留聘人才之風險

人力資源管理風險主要指由於本集團業務發展迅速，對人才需求迫切，也面對行業對人才的激烈競爭以及人員的流動性，本集團可能面臨着未能有效引進及挽留具備適當及所需技能、經驗及才能之主要人員及人才以配合業務發展的風險，這些主要人員及人才均是達致我們業務目標所需之因素。本集團將會定期對薪酬體系和激勵機制進行全面分析，優化薪酬結構以確保員工薪酬處於市場合理水平，並具有競爭力。同時，開拓招聘渠道，不斷充實高級管理層後備人才，並加強對員工的系統化培訓，提供員工升職機會及拓寬事業前途，弘揚良好的企業文化。

Liquidity risk

During year ended 31 December 2021, the Group recorded loss of approximately HK\$331,883,000, and, as of that date, the Group's current liabilities exceeded its current assets by approximately HK\$483,515,000. Further, as at 31 December 2021, the Group's current borrowings amounted to approximately HK\$876,043,000 while its cash and cash equivalents only amounted to approximately HK\$25,078,000. As disclosed in note 3 to the financial statements, the Group is exposed to liquidity risk if it is not able to raise sufficient fund to meet its financial obligations.

The directors of the Company have given careful consideration to the future liquidity of the Group, details of which are set out in note 3 to the financial statements.

Operational risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Responsibility for managing operational risks basically rests with functional departments of the Group and its subsidiaries. Key function of the Group is to guide their standard operating procedures, limits of authority and reporting framework. Our management will assess key operational exposures and effect raised in business development regularly, implement relevant measures and improve the internal control so that risk can be responded and mitigated on a timely and effective manner.

Investment risk

Investment risk can be defined as the likelihood of extension of its return period relative to the expected return or occurrence of losses on any particular investment attributable to changes of external factors. The Group is well aware of the importance of exploring various business opportunities and territories on a continual basis, and implemented this as the key task of the year. Key concern of projects investment framework will be balancing risk and return across different investments, and thus risk assessment is a core aspect of the investment decision process. Proper investment assessment and due diligence procedures have been set up and detailed analysis will be made before approving investments. Regular updates on the progress of the investments of our Group would be submitted to the Board.

MANPOWER AND RETENTION RISK

Manpower risk means huge demand for talents because of the Group's rapid business development while at the same time facing severe competition over specialists from the industry and turnover of manpower. Our Group may face the risk of not being able to recruit and retain key personnel and talents with appropriate and required skills, experience and competence to cope with the expansion of business which would meet with our business objectives. Our Group will periodically conduct a thorough analysis over its remuneration system, as well as incentive mechanism and optimize the compensation structure so as to ensure remuneration packages can align reasonably with market standard and maintain its competitiveness. Meanwhile, recruitment channels are broadened and the talent pool of senior management are strengthened, so as to further enhance the promotion opportunities and career path of employees. Systematic staff training are also being further enhanced to increase the overall effectiveness of training and the dissemination of corporate cultures and values.

環境政策及表現

環境政策及表現主要指中國政府對環保法規政策的重視程度和愈加嚴格的規管要求，本集團之附屬公司及新併購企業由於建成投運已久，可能存在與國家政府陸續出台的環境與責任要求有某種不足或差距的情況。本集團密切關注環保政策及外在因素的變動對集團業務發展所帶來的影響，本集團以對環境負責和履行社會責任，致力於改善及保持其經營場所所在地環境及社區之長期可持續性，盡力遵守有關環保之法律及法規，並採取有效措施達致資源有效利用、能源節約及廢物減少。本集團日常營運已採納綠色倡議及措施。該等倡議包括資源回收、節約能源措施及節約用水等行動。

遵守法律及規則

本集團的業務主要由本公司於中國內地的附屬公司進行，而本公司於香港聯交所上市。因此，本集團營運須遵守中國內地及香港的有關法律及法規。截至二零二一年十二月三十一日止年度及直至本報告日期，盡我們所知，本集團就中國內地及香港的有關法律及法規，沒有發現重大違反。

與員工及主要持份者之關係

於二零二一年十二月三十一日，本集團所僱用之員工數目約為365名。本集團根據員工之表現、工作經驗和現時市場情況訂定彼等之薪酬。員工福利包括年假、醫療保險及公積金等。本集團並無發生任何導致正常業務運作受影響之勞資糾紛或僱員關係之重大改變。董事認為本集團與僱員關係良好。

本集團明白與商業夥伴、股東、投資者及銀行保持良好關係，是我們達成長遠目標的要素。為了與我們的主要持份者維持密切的關係，本集團已制定相應的投資者關係計劃，並不定期為不同持份者舉辦合適的參與活動，包括股東週年／特別大會、現場考察、研討會和路演等等。故此，高級管理層會在適當情況下與我們的持份者進行良好溝通、適時交流想法及共享集團發展最新動向。年內，本集團與商業夥伴或銀行之間並沒有重大的糾紛。

項目概覽

白雲石礦

本集團之白雲石礦，位於中國吉林省白山市。該礦場以露天開採方式操作，不涉及也不需要額外勘探工程，開發活動僅涉及露天開採時的簡易基建工程，並沒有涉及任何地下勘探以及結構工程。已開採之白雲石為本集團生產金屬鎂產品之原材料。礦場的位置鄰近本集團生產基地，原料的運輸成本亦相對很低。

本集團之白雲石礦乃按中國資源／儲量分類。截至二零二一年十二月三十一日的估計資源量和儲量，按已開採量逐年核減，得出剩餘資源量及儲量。本集團與以往披露估算假設相比並無重大變更。該資源量及儲量由本集團之內部地質專家審核。截至二零二一年十二月三十一日止年度，本集團並無出產白雲石。與二零二零年十二月三十一日相比，白雲石礦於年內的資源量及礦石儲量並無重大變動。

截至二零二一年十二月三十一日止年度，白雲石礦因開採活動產生之支出約為零港元，而勘探及開發活動之支出則為零港元。

ENVIRONMENTAL POLICIES AND PERFORMANCE

Environmental policies and performance mainly means that the PRC Government is paying increasing attention to environmental rules and policies and is imposing more stringent regulatory requirements. The Group's subsidiaries and newly acquired enterprises have been operating for a long while which might lag behind in certain environmental and duty requirements promulgated by the PRC Government. The Group monitors impact on business development closely raised from movements of environmental policy and external factors. Acting in an environmentally responsible manner and performing social responsibilities, the Group is committed to improving and maintaining the long term sustainability of the communities in which it operates. The Group endeavours to comply with laws and regulations regarding environmental protection and adopt effective measures to achieve efficient use of resources, energy saving and waste reduction. Green initiatives and measures have been adopted in daily operation of the Group. Such initiatives include recycling of resources, energy saving measures and water saving practices.

COMPLIANCE WITH LAWS AND REGULATIONS

The Group's operations are mainly carried out by the Company's subsidiaries in Mainland China while the Company is listed on the Hong Kong Stock Exchange. The Group's operations accordingly shall comply with relevant laws and regulations in Mainland China and Hong Kong. During the year ended 31 December 2021 and up to the date of this report, to the best of our knowledge, the Group has no material non-compliance with the relevant laws and regulations in Mainland China and Hong Kong.

RELATIONSHIP WITH EMPLOYEES AND KEY STAKEHOLDERS

The number of employees of the Group was approximately 365 as at 31 December 2021. The remuneration of employees was determined by the Group with reference to their performance, work experience and current market conditions. Employee benefits include annual leave, medical insurance and provident fund scheme. There has been no labour dispute or significant change in the relationship with the employees that affect the normal operations of the Group. The Directors believe that the Group maintains admirable relations with its employees.

Our Group understands that it is important to maintain good relationship with business partners, shareholders, investors and banks to achieve its long-term goals. To keep up with our key stakeholders closely, the Group has formulated corresponding scheme about investor relationship, and also holds tailored activities from time to time, such as annual/extraordinary general meetings, on-site visits, seminars and road-shows. Accordingly, our senior management has kept good communication, promptly exchanged ideas and shared business latest update about development of the Group with our stakeholders when appropriate. During the year, there was no material dispute between our Group and its business partners or banks.

PROJECT OVERVIEW

Dolomite Mine

The Group's dolomite mine is situated in Baishan City, Jilin Province, the PRC. The mine is operated by open-pit method, and therefore no additional exploration works are involved or required. Only simple infrastructure works for open-pit mining are involved in the development activities, and no underground exploration or structural works are involved. The dolomite mined is raw material for producing magnesium products of the Group. The transportation cost for raw material is relatively low due to the close proximity of the mine to the production base of the Group.

The dolomite mine of the Group was reported under the Chinese resource/reserve categories. As at 31 December 2021, the anticipated resource and reserve volumes were determined based on the yearly reduction of quantity mined to calculate the remaining resource and reserve volumes. There is no material change in the assumptions of estimation by the Group as compared with those previously disclosed. The resource and reserve volumes was reviewed by the Group's internal geological experts. For the year ended 31 December 2021, there was no dolomite output. As compared with the state as at 31 December 2020, there was no material change in the resource estimate and ore reserve of the dolomite mine.

The expenditure incurred in mining activities of dolomite for the year ended 31 December 2021 were approximately HK\$Nil while the expenditure incurred in exploration and development activities was HK\$Nil.

企業管治報告

CORPORATE GOVERNANCE REPORT

本公司認同良好的企業管治對於本集團長遠發展之重要性，並致力按本集團所需識別、制定、實施及加強企業管治常規。誠如下文所述，本公司已經成立相關委員會／小組委員會並採納若干內部政策，以改善內部監控及加強本集團業務運作之透明度，務求保障其持分者之利益。

企業管治常規

截至二零二一年十二月三十一日止年度，除已於「主席及行政總裁」部分披露及以下偏離情況外，本公司一直遵守香港聯合交易所有限公司證券上市規則（「上市規則」）附錄14所載的企業管治守則（「守則」）：

董事進行證券交易之標準守則

本公司已採納上市規則附錄10所載有關董事進行證券交易之標準守則（「標準守則」），本集團有關本公司董事（「董事」）進行證券交易之行為守則條款並不遜於標準守則所規定之標準。經向全體董事作出具體查詢後，全體董事確認已於截至二零二一年十二月三十一日止年度遵守標準守則規定之標準。

The Company recognises the importance of good corporate governance to the long-term development of the Group and has devoted considerable efforts in identifying, formulating, implementing and enhancing corporate governance practices in accordance with the needs of the Group. As mentioned below, the Company has established the relevant committees/sub-committee and adopted certain internal policies to improve internal controls and enhance transparency of business operation of the Group with a view to protect the interests of its stakeholders.

CORPORATE GOVERNANCE PRACTICES

During the year ended 31 December 2021, the Company has complied with the Code on Corporate Governance Practices (the "Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules"), save for the deviations as disclosed in "Chairman and Chief Executive Officer" section.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors (the "Model Code") set out in Appendix 10 to the Listing Rules as the code of conduct of the Group regarding securities transactions of the directors of the Company (the "Directors") on terms no less exactly than required standard set out in the Model Code. Having made specific enquiry of all Directors, all Directors confirmed that they have complied with the required standard set out in the Model Code throughout the year ended 31 December 2021.

董事會

董事會現時由下列五名董事組成：

執行董事

沈世捷(主席兼行政總裁)
池斯樂

獨立非執行董事

鄺炳文
張省本
關毅傑

董事會職能

董事會負責制定本集團之整體策略及政策、檢討及監察本集團之財務表現，包括編製及審批財務報表及監管管理層之日常營運工作，考慮本集團在會計及財務匯報職能方面的資源、員工資歷及經驗是否足夠，以及彼等所接受之培訓課程及預算是否充足。本集團之日常業務運作及行政事宜交由管理層處理。

董事會會議及常規

董事會定期舉行會議，董事會會議每年最少召開四次，大約每季一次。召開董事會定期會議之通告及議程均於會議前至少十四天發出予所有董事，以便所有董事均能騰空出席及加添議程項目。董事會定期會議之會議文件至少於會議舉行前三天發送予全體董事，以供彼等細閱。董事會會議記錄之初稿均於會後之合理時段內發送予全體董事審閱及提供意見，方始作實。會議記錄已充份及詳細地記載董事於會上所考慮之事項及達致之決定。

THE BOARD

Currently, the Board comprises the following five Directors:

Executive Directors

Shum Sai Chit (*Chairman and Chief Executive Officer*)
Chi Sile

Independent Non-executive Directors

Kwong Ping Man
Cheung Sound Poon
Kwan Ngai Kit

Functions of the Board

The Board is responsible for formulating the overall strategies and policies of the Group, reviewing and monitoring its financial performance, including preparing and approving financial statements and overseeing operational matters of the management, considering the adequacy of resources, qualifications and experience of staff of the Group's accounting and financial reporting function and their training programmes and budget. Daily business operations and administrative functions of the Group are delegated to the management.

Board meetings and practices

The Board meets regularly and board meetings are held at least four times a year at approximately quarterly intervals. Notices and agenda of regular board meetings are served to all Directors at least fourteen days before the meetings to ensure that all Directors are given the opportunity to attend and to include matters in the agenda. Discussion materials of regular board meetings are sent to all Directors for their study at least three days prior to the meetings. Draft minutes of board meetings are circulated to all Directors for review and comments within a reasonable time after the meetings prior to confirmation. Minutes are recorded in sufficient detail of the matters considered by the Board and decisions reached.

董事會(續)

董事會會議及常規(續)

於截至二零二一年十二月三十一日止年度內，本公司共舉行過五次董事會會議，各董事於董事會會議、委員會會議及股東大會之個別之出席率如下：

THE BOARD (continued)

Board meetings and practices (continued)

During the year ended 31 December 2021, five board meetings were held by the Company, and the individual attendance rate of each Director at meetings of the Board, its committees and General Meetings is as follows:

		所出席/舉行之會議 Attended/held					
		董事會 會議	審核 委員會會議	提名 委員會會議	薪酬 委員會會議	執行管理 委員會	股東大會
		Board Meetings	Audit Committee Meetings	Nomination Committee Meetings	Remuneration Committee Meetings	Management Committee Meetings	Members General Meetings
執行董事	Executive Directors						
沈世捷	Shum Sai Chit	5/5	-	1/1	-	1/1	1/1
池靜超 ⁽¹⁾	Chi Jing Chao ⁽¹⁾	3/3	-	-	1/1	1/1	0/1
池斯樂 ⁽²⁾	Chi Sile ⁽²⁾	2/2	-	-	-	-	-
非執行董事	Non-executive Director						
孟健教授 ⁽³⁾	Professor Meng Jian ⁽³⁾	2/3	-	-	-	-	-
獨立非執行董事	Independent Non-executive Directors						
鄭炳文	Kwong Ping Man	5/5	5/5	1/1	1/1	-	1/1
張省本	Cheung Sound Poon	5/5	5/5	-	1/1	-	1/1
關毅傑	Kwan Ngai Kit	5/5	5/5	1/1	-	-	1/1

- (1) 於二零二一年八月一日辭任
(2) 於二零二一年八月一日委任
(3) 於二零二一年六月三十日退任

- (1) resigned on 1 August 2021
(2) appointed on 1 August 2021
(3) retired on 30 June 2021

按上市規則第3.10(1)及(2)，以及3.10A條之規定，本公司已委任足夠數目之獨立非執行董事，而獨立非執行董事中亦至少有一名具備適當會計或有關財務管理專長。董事會已收到各獨立非執行董事根據上市規則第3.13條就其獨立性而個別作出之年度確認函。

董事會成員之間並無存在包括財務、業務、家屬或其他重大／相關的關係。

Pursuant to Rules 3.10(1) and (2), and 3.10A of the Listing Rules, sufficient number of Independent Non-executive Directors have been appointed and at least one of the remaining Independent Non-executive Directors has appropriate accounting or related financial management expertise. The Board has received annual confirmation of independence from each of its Independent Non-executive Directors as required under Rule 3.13 of the Listing Rules.

There is no financial, business, family or other material/relevant relationships among members of the Board.

董事會(續)

董事之持續專業發展

本公司不時向董事提供有關上市規則、公司條例及其他適用監管規定之最新變動情況。除鼓勵董事參與持續專業發展之課程，以更新及提升彼等之知識及技能外，本公司亦為董事安排與行業有關之內部研討會，以及向彼等提供有關董事責任之閱讀材料。所有董事已向本公司提供彼等於截至二零二一年十二月三十一日止年內已接受之培訓紀錄。

董事於截至二零二一年十二月三十一日止年內曾參與之培訓概述如下：

THE BOARD (continued)

Directors' Continuous Professional Development

The Company updates the Directors of the latest changes in the Listing Rules, Companies Ordinance and other applicable regulatory requirements from time to time. Apart from encouraging the Directors to participate in continuous professional development ("CPD") courses to refresh and enhance their knowledge and skills, the Company also arranged an industry-related in-house seminar for the Directors and provided them with reading materials relating to the directors' duties. All Directors have provided the Company with their records of training they received during the year ended 31 December 2021.

A summary of the trainings participated by the Directors during the year ended 31 December 2021 is as follows:

董事	Directors	持續專業發展培訓種類 ^{附註} Types of continuous professional development training ^{Notes}
執行董事	Executive Directors	
沈世捷	Shum Sai Chit	B
池斯樂	Chi Sile	B
獨立非執行董事	Independent Non-executive Directors	
鄭炳文	Kwong Ping Man	A及B
張省本	Cheung Sound Poon	A and B
關毅傑	Kwan Ngai Kit	A及B
		A and B

附註：

A: 出席講座或培訓課程

B: 閱讀報章、刊物及有關本公司業務或董事職責及責任、上市規則及其他適用監管規定最新發展等方面的最新資料

Notes:

A: Attending seminar(s) or training session(s)

B: Reading newspaper, journals and updates relating to the Company's business or directors' duties and responsibilities, the latest development of the Listing Rules and other applicable regulatory requirements, etc.

董事會(續)

企業管治職能

董事會負責按其「企業管治職能之職權範圍」履行本公司下列企業管治職務：

- (a) 制定及檢討本公司的企業管治政策及常規，並提出合適建議；
- (b) 檢討及監察本公司在遵守法律及監管規定方面的政策及常規；
- (c) 制定、檢討及監察適用於僱員及董事的操守準則；及
- (d) 檢討本公司遵守該守則的情況及在《企業管治報告》內的披露。

於回顧年內，董事會已履行以下企業管治職務：

- 審批載於本公司二零二零年週年報告內之企業管治報告的內容；及
- 採納「董事會成員多元化政策」。

THE BOARD (continued)

Corporate Governance Functions

The Board is responsible for performing the following corporate governance duties of the Company in accordance with the “Terms of Reference of Corporate Governance Function” adopted by it:

- (a) to develop and review the Company’s policies and practices on corporate governance and make appropriate recommendations;
- (b) to review and monitor the Company’s policies and practices on compliance with legal and regulatory requirements;
- (c) to develop, review and monitor the code of conduct applicable to employees and Directors; and
- (d) to review the Company’s compliance with the Code and disclosure in the Corporate Governance Report.

During the year under review, the Board has performed the following corporate governance duties:

- Reviewed and approved the contents of the Corporate Governance Report included in the 2020 annual report of the Company; and
- Adopted the “Board Diversity Policy”.

主席及行政總裁

緊接池碧芬女士於二零一九年退任行政總裁後，主席兼執行董事沈世捷先生獲委任為本公司之行政總裁。

沈世捷先生管理本公司多年並熟悉本集團營運的各個環節。董事會認為沈世捷先生可勝任行政總裁一職。

於沈先生被任命為行政總裁後，本公司並無區分主席及行政總裁，而沈先生同時擔任此兩項職務，因此與上市規則附錄十四所載之「企業管治守則」守則條文第A.2.1條有所偏離。根據該守則條文，主席與行政總裁的角色應予區分，不應由一人同時兼任。沈先生自二零一五年起一直致力負責公司的整體管理工作，而本公司認為而現時之安排可以提高本公司的企業決策及執行效率，有助本集團業務於現階段更高效地發展。董事會將不時審閱現有架構，並於董事會認為適當時作出必要安排。

非執行董事

非執行董事及獨立非執行董事之委任均為有指定任期，並須根據本公司之公司細則（「公司細則」）輪值退任及重選。

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Subsequent to the retirement of Ms. Chi Bi Fen as Chief Executive Officer in 2019, Mr. Shum Sai Chit, the chairman and an executive Director, has been appointed as the Chief Executive Officer of the Company.

Mr. Shum Sai Chit has numerous years of experience in the management of the Company and is familiar with all aspects of the Group's operations and the Board considers that Mr. Shum Sai Chit is well qualified to take up the role of the Chief Executive Officer.

Following the appointment of Mr. Shum as Chief Executive Officer, the Company does not have a separate chairman and Chief Executive Officer and Mr. Shum holds both positions, in which there is deviation to code provision A.2.1 of Corporate Governance Code as set out in Appendix 14 of the Listing Rules, which provides (among other matters) that the roles of the chairman and the chief executive officer should be separate and should not be performed by the same individual. Mr. Shum Sai Chit had been in charge of the overall management of the Company since 2015 and the Company considered that such arrangement would promote the efficient formulation and implementation of the Company's strategies which would enable the Group to further develop its businesses effectively at this stage. The Board will review the current structure from time to time and shall make necessary arrangements when the Board considers appropriate.

NON-EXECUTIVE DIRECTORS

The terms of appointment of the Non-executive Directors and the Independent Non-executive Directors are fixed for a specific term, and shall be subject to retirement by rotation and re-election in accordance with the Bye-laws of the Company (the "Bye-laws").

董事會轄下之委員會

目前，本公司已成立四個委員會，分別為審核委員會、薪酬委員會、提名委員會及執行管理委員會。各委員會已獲董事會轉授特定權力以協助董事會履行其職務及監控本集團特定範疇之事務。各委員會之角色及職能概述如下：

審核委員會

審核委員會於一九九九年成立。本公司已根據該守則之守則條文第C.3.3條採納審核委員會之職權範圍。審核委員會由三名獨立非執行董事組成，即鄭炳文先生(審核委員會主席)、張省本先生及關毅傑先生。

審核委員會之主要職責為提供獨立及專業之財務匯報意見及檢討本集團的內部控制。

審核委員會將向董事會匯報該委員會討論過之重要事項，以供董事會知悉及／或作考慮。

審核委員會於截至二零二一年十二月三十一日止之年度共舉行過五次會議，審閱截至二零二零年十二月三十一日止年度之末期業績及截至二零二一年六月三十日止六個月之中期業績，並確保該等財務報表內所採納之會計準則及常規，以及所作出之披露均為恰當、準確及公平。

BOARD COMMITTEES

Currently, the Company has set up four committees, namely the Audit Committee, the Remuneration Committee, the Nomination Committee and the Executive Management Committee respectively. Each committee is delegated with specific authorities by the Board in assisting the Board to discharge its duties and to administer particular aspects of the Group's activities. The roles and functions of each committee are summarized below:

Audit Committee

The Audit Committee was established in 1999. The Company has adopted Terms of Reference of the Audit Committee in compliance with code provision C.3.3 of the Code. The Audit Committee comprises three Independent Non-executive Directors, namely Mr. Kwong Ping Man (chairman of the Audit Committee), Mr. Cheung Sound Poon and Mr. Kwan Ngai Kit.

The principal responsibilities of the Audit Committee is to provide an independent and professional advice on financial reporting and review the internal control of the Group.

The Audit Committee will report to the Board of the significant issues discussed by the Committee for the Board's information and/or consideration.

The Audit Committee has held five meetings in the year ended 31 December 2021 and has reviewed the final results for the period ended 31 December 2020 and the interim results for the six months ended 30 June 2021, and confirmed that the accounting principles and practices adopted as well as the disclosures made in such financial statements were appropriate, accurate and fair.

董事會轄下之委員會(續)

審核委員會(續)

審核委員會亦與核數師磋商截至二零二一年十二月三十一日止年度之審核範圍，並檢討本公司在會計及財務匯報職能方面之資源、員工資歷及經驗，以及彼等所接受之培訓課程及預算是否足夠。

審核委員會已審閱本集團截至二零二一年十二月三十一日止年度之全年業績。

薪酬委員會

薪酬委員會於一九九六年成立。本公司已根據該守則之守則條文第B.1.2條採納薪酬委員會之職權範圍。薪酬委員會成員包括執行董事沈世捷先生(薪酬委員會主席)及兩名獨立非執行董事，即鄭炳文先生及張省本先生。

薪酬委員會專責就本公司董事及高層管理人員之薪酬政策及架構向董事會提出建議。其每年最少舉行一次會議以檢討及釐定執行董事及高層管理人員之薪酬及福利，以及向董事會建議非執行董事之酬金。在釐定及批准本公司董事及高層管理人員之薪酬時，薪酬委員會將考慮各方面因素包括市場競爭力、個人表現及本公司與其業務單位之盈利能力等。

薪酬委員會於截至二零二一年十二月三十一日止年度內舉行過一次會議，以檢討本公司董事及高層管理人員之薪酬待遇等事宜。

BOARD COMMITTEES (continued)

Audit Committee (continued)

The Audit Committee has also discussed with the auditors on the scope of audit for the year ended 31 December 2021, and reviewed the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function, and their training programmes and budget.

The Audit Committee has reviewed the annual results of the Group for the year ended 31 December 2021.

Remuneration Committee

The Remuneration Committee was established in 1996. The Company has adopted Terms of Reference of the Remuneration Committee in compliance with code provision B.1.2 of the Code. The Remuneration Committee comprises an Executive Director, namely Mr. Shum Sai Chit (Chairman of Remuneration Committee) and two Independent Non-executive Directors, namely Mr. Kwong Ping Man and Mr. Cheung Sound Poon.

The Remuneration Committee is responsible for making recommendations to the Board on the Company's policy and structure in relation to remuneration of the Directors and senior management of the Company. It schedules to meet at least once a year to review and determine the remuneration packages of the Executive Directors and senior management and to make recommendation to the Board of the remuneration of Non-executive Director. In determining and approving the remuneration of Directors and senior management of the Company, the Remuneration Committee will take into consideration of various factors such as market competitiveness, individual performance and profitability of the Company and its business units.

The Remuneration Committee has held one meeting in the year ended 31 December 2021 to review the existing remuneration policies of the Directors and senior management of the Company, etc.

董事會轄下之委員會(續)

提名委員會

提名委員會於二零一二年成立，本公司已參考該守則之守則條文第A.5.2條採納提名委員會之職權範圍。提名委員會成員包括執行董事沈世捷先生(提名委員會主席)及兩名獨立非執行董事，即鄭炳文先生及關毅傑先生。

提名委員會負責檢討董事會之架構、人數及組成，物色具備合適資格可出任董事之人士並就董事之委任或續任向董事會作出建議，評估獨立非執行董事之獨立性，以及監察本公司董事會成員多元化政策之執行等事宜。

提名委員會於截至二零二一年十二月三十一日止之年度內舉行過一次會議，連同以書面決議方式，檢討及處理以下主要事項：

- 檢討各董事之資歷及經驗，以及彼等於本集團之角色及職能，以確保現時之董事會架構符合本集團的業務發展所需；及
- 檢討現行之董事會成員多元化之程度。

執行管理委員會

執行管理委員會於二零零五年成立，訂有書面職權範圍並獲董事會授權以日常管理委員會形式運作。目前，執行管理委員會由兩名執行董事組成，即沈世捷先生(執行管理委員會主席)及池斯樂女士。

BOARD COMMITTEES (continued)

Nomination Committee

The Nomination Committee was established in 2012. The Company has adopted Terms of Reference of the Nomination Committee with reference to code provision A.5.2 of the Code. The Nomination Committee comprises an Executive Director, namely Mr. Shum Sai Chit (chairman of the Nomination Committee) and two Independent Non-executive Directors, namely Mr. Kwong Ping Man and Mr. Kwan Ngai Kit.

The Nomination Committee is responsible for reviewing the structure, size and composition of the Board, identifying individuals suitably qualified to become Directors and making recommendations to the Board on the appointment or reappointment of Directors, assessing the independence of the Independent Non-executive Directors and monitoring the implementation of the Board Diversity Policy of the Company.

The Nomination Committee has held one meeting in the year ended 31 December 2021, together with by means of written resolutions, to review and deal with the following major issues:

- Reviewed the qualifications and experiences of individual Directors as well as their roles and responsibilities in the Group to ensure the existing Board structure is fit for the business growth of the Group; and
- Reviewed the degree of diversity of the existing Board.

Executive Management Committee

The Executive Management Committee was established in 2005 with written terms of reference to operate as a general management committee under the authority of the Board. Currently, the Executive Management Committee comprises two Executive Directors, namely Mr. Shum Sai Chit (chairman of the Executive Management Committee) and Ms. Chi Sile.

董事會成員多元化政策概要

本公司已採納董事會成員多元化政策。本公司認同及相信董事會成員多元化所帶來的好處。所有董事會成員之委任均以能者居之及用人唯才為原則，並將考慮候選人之若干客觀標準如：性別、年齡、文化及教育背景、種族、專業資格、領域經驗、技能、知識及服務年資等。最終決定將按獲選者之長處及可為董事會帶來之貢獻作依歸。

核數師酬金

於截至二零二一年十二月三十一日止年度，本公司就審核服務及非審核服務而已支付／應支付予其外聘核數師之酬金總額如下：

服務類別	Types of services	千港元 HK\$'000
審核服務	Audit services	1,000
總計	Total	1,000

董事編製財務報表之責任

董事確認彼等有責任編製可真實及公平地反映本集團事務狀況及業績之財務報表。截至二零二一年十二月三十一日止年度，本集團錄得綜合淨虧損約331,883,000港元。

本公司核數師就其對財務報表之報告責任聲明載於本週年報告第53至第57頁之「獨立核數師報告」內。

BOARD DIVERSITY POLICY SUMMARY

The Company has adopted the Board Diversity Policy. The Company recognises and embraces the benefits of diversity of its Board members. All Board appointments will be based on meritocracy and competence, and the candidates will be considered against certain objective criteria such as gender, age, cultural and educational background, ethnicity, professional qualifications, areas of experience, skills, knowledge and length of services, etc. The ultimate decision will be based on merits and contributions that the selected candidates will bring to the Board.

AUDITORS' REMUNERATION

For the year ended 31 December 2021, the total remunerations paid/payable by the Company to its external auditors in respect of the audit services and non-audit services are as follows:

DIRECTORS' RESPONSIBILITIES FOR PREPARATION OF THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibilities for preparing the financial statements which give a true and fair view of the state of the Group's affairs and results. The Group recorded a consolidated net loss of approximately HK\$331,883,000 for the year ended 31 December 2021.

The statement of the auditors of the Company about their reporting responsibilities on the financial statements is set out in the "Independent Auditor's Report" on pages 53 to 57 of this annual report.

公司秘書

自二零一五年八月二十日起，樊國民先生獲委任為公司秘書。樊先生持有香港中文大學頒授之工商管理學士學位，並主修保險財務與精算學，彼亦為香港會計師公會會員，具備逾十年審計、會計、財務管理及企業融資經驗。

根據上市規則第3.29條，樊先生於截至二零二一年十二月三十一日止年度內已參與不少於15小時的相關專業培訓。

股東權利

股東召開股東特別大會

根據公司細則第58條，於提出開會要求當日持有有權在本公司股東大會投票之本公司實繳股本不少於10%之股東，有權隨時向董事會或本公司秘書發出書面要求，要求董事會召開股東特別大會以處理書面要求內指定之任何事務，而該會議須於有關要求發出至本公司之註冊辦事處後兩個月內舉行。如董事會未能於接獲有關要求後二十一日內召開會議，發出要求者本身可按照百慕達一九八一年公司法(「公司法」)第74(3)條之規定召開會議。

COMPANY SECRETARY

Since 20 August 2015, Mr. Fan Kwok Man, Raymond has been appointed as the Company Secretary. Mr. Fan holds a Bachelor of Business Administration in Insurance, Financial and Actuarial Analysis from the Chinese University of Hong Kong and he is member of the Hong Kong Institute of Certified Public Accountants and has over 10 years of experience in auditing, accounting, financial management and corporate finance.

According to Rule 3.29 of the Listing Rules, Mr. Fan has taken no less than 15 hours of relevant professional training during the year ended 31 December 2021.

SHAREHOLDERS' RIGHTS

Convention of Special General meeting

Pursuant to Bye-law 58 of the Bye-laws, Shareholders holding at the date of deposit of the requisition not less than 10% of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Secretary of the Company, to require a special general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition to the Company's registered office. If within 21 days of such deposit the Board fails to proceed to convene such meeting, the requisitionists themselves may do so in accordance with the provisions of Section 74(3) of the Bermuda Companies Act 1981 (the "Companies Act").

股東權利(續)

於股東大會上提呈議案

根據公司法第79及80條之規定，登記股東有權於股東大會上提呈議案倘若彼等：

- (a) 於提出要求當日佔本公司總投票權不少於5%；或
- (b) 為不少於100位的登記股東。

有關登記股東須簽妥載有該動議的書面要求，連同不多於1,000字關於該動議所述事宜或將予處理的業務之陳述送交本公司註冊辦事處。本公司於接獲有效之書面要求後，將採取適當行動並作出所需安排，有關股東須根據公司法第79及80條支付進行該等行動及安排所產生之開支。

股東查詢

董事會歡迎股東就本集團之管理及企業管治提出意見、查詢及關注事項。股東可隨時透過電郵(info@remt.com.hk)、傳真((852) 2802 2697)或郵遞方式發送彼等之書面查詢及／或關注事項至本公司之主要辦事處跟進。

有關股權查詢方面，股東可聯絡本公司之香港股份過戶登記分處及轉讓登記處卓佳秘書商務有限公司，地址為香港皇后大道東183號合和中心54樓。

憲章文件

本公司之組織章程大綱及公司細則已於二零一八年六月十三日在本公司及香港聯合交易所有限公司(「聯交所」)網頁更新，該憲章文件於年內並無其他更改。

SHAREHOLDERS' RIGHTS (continued)

Putting Forward Proposals at General meetings by Shareholders

Pursuant to Sections 79 and 80 of the Companies Act, registered Shareholders are entitled to put forward a proposal at a general meeting if they:

- (a) represent not less than 5% of the total voting rights of the Company at the date of the deposit of the requisition; or
- (b) are not less than 100 registered Shareholders.

The written requisition stating the resolution(s) should be duly signed by the registered Shareholder(s) concerned, accompanied by a statement of not more than 1,000 words with respect to the matter referred to in the proposed resolution or the business to be dealt with must be deposited at the Company's registered office. The Company would take appropriate actions and make necessary arrangements. The Shareholder(s) concerned would be responsible for the expenses incurred in giving effect thereto in accordance with the requirements under Sections 79 and 80 of the Companies Act once valid documents are received.

Enquiries from Shareholders

The Board welcomes views, enquires and concerns in relation to the management and corporate governance of the Group from Shareholders. Shareholders may at any time send their enquires and/or concerns to the Board in writing by email (info@remt.com.hk), by fax ((852) 2802 2697) or by mail to the principal place of business of the Company for follow up.

For shareholding enquiries, Shareholders may contact the Hong Kong branch share registrar and transfer office of the Company, Tricor Secretaries Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong.

CONSTITUTIONAL DOCUMENT

The Memorandum of Association and Bye-laws of the Company was updated on the websites of the Company and The Stock Exchange of Hong Kong ("Stock Exchange") on 13 June 2018 and there is no other change in such constitutional document during the year.

風險管理及內部監控

董事會全權負責維持本集團之風險管理及內部監控。內部監控系統是為管理及減低未能履行經營目標之風險，並對重大錯誤陳述或損失提供合理保證。

於回顧年內，董事會曾就本集團之內部監控系統之有效性進行檢討。檢討範圍或涵蓋風險管理功能、財務、營運及合規之監控、本公司在會計及財務匯報職能方面的資源、員工資歷及經驗，以及彼等所接受之培訓課程及預算是否充足等。

本公司已制訂內幕消息政策以就處理內幕消息提供指引。本公司定期提醒董事及僱員務須遵守本公司就內幕消息所採納的所有政策，包括就買賣本公司證券而遵守上市規則附錄 10 所載之標準守則。

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board has overall responsibilities for risk management and internal control of the Group. The system of internal control is designed to manage and mitigate the risk of failure to achieve business objectives with reasonable assurance against material misstatement or loss.

During the year under review, the Board has conducted review of the effectiveness of the internal control system of the Group. The scope of review would cover risk management functions, financial, operational and compliance controls, the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function and their training programmes and budget, etc..

The Company have formulated an inside information policy providing guideline on handling inside information. The Company regularly reminds the directors and employees about compliance with all policies adopted by the Company regarding inside information including the Model Code set out in Appendix 10 of the Listing Rules in relation to dealings in securities of the Company.

投資者關係

本集團致力加強與投資者之關係，增加本集團於投資界的透明度。

本公司透過以下方式向投資者發放有關本集團之最新發展動向及消息，以及促進本公司與股東之間的互相溝通：

- (a) 定期向股東寄發本公司之中期報告、週年報告及股東通函等企業通訊文件，並上載該等文件至本公司及聯交所網頁；
- (b) 透過本公司及聯交所網頁刊發公佈；
- (c) 在本公司網頁提供有關本公司企業及產品之資訊；
- (d) 舉辦股東大會以便股東與本公司管理層可直接交換意見；及
- (e) 鼓勵投資者透過本公司之網頁與本公司不時進行通訊。

在本公司於二零二一年六月三十日舉行之上屆股東週年大會上，所有關於採納財務報表、重選董事、續聘核數師及授予發行及購回股份之一般授權等決議案均獲得通過。本公司將訂於二零二二年六月或本公司網站及聯交所後續刊發之進一步股東週年大會通告所訂明之任何其他日期舉行今屆股東週年大會。

INVESTOR RELATIONS

The Group is committed to enhance investor relationship by increasing its transparency to the investment community.

The following measures have been taken by the Company to keep investors informed of the latest developments and news of the Group and to facilitate a two-way communication between the Company and its Shareholders:

- (a) Mailing corporate communication documents such as interim reports, annual reports and circulars to the Shareholders periodically and uploading the same on the websites of the Company and the Stock Exchange;
- (b) Publishing announcements through the websites of the Company and the Stock Exchange;
- (c) Making available of the Company's corporate and products information on its website;
- (d) Organizing general meetings to facilitate direct exchange of views between the Shareholders and the management of the Company; and
- (e) Encouraging investors to communicate with the Company through the Company's website from time to time.

At the Company's last AGM held on 30 June 2021, all the resolutions relating to the adoption of financial statements, re-election of Directors, reappointment of auditors and grant of general mandates to issue and repurchase shares have been duly passed. The forthcoming AGM of the Company is scheduled to be held in June 2022 or any other dates as specified in further notice of AGM meeting to be published on the websites of the Company and the Stock Exchange later.

董事及高級管理人員簡介

DIRECTORS AND SENIOR MANAGEMENT PROFILES

執行董事

沈世捷先生，六十四歲，本集團主席兼行政總裁。於加入本集團之前，沈先生曾為可新有限公司董事總經理。可新有限公司主要從事紡織品製造和貿易業務。沈先生於一九八四年加入福建省紡織品進出口公司，出任經理，負責紡織品的進出口業務。沈先生畢業於消費品價格及統計專業。直至二零二一年七月三十一日前，沈先生亦擔任世紀陽光集團控股有限公司（股票代號：509）之執行董事。

池斯樂女士，33歲，於二零二一年八月一日獲委任為本公司執行董事及執行管理委員會成員。於獲委任前，彼為世紀陽光集團控股公司（股票代號：509）的投資者關係部總監，負責管理投資者關係。池女士持有香港大學的工商管理碩士學位，以及西澳大學的法學學士及文學學士雙學位。池女士為香港投資者關係協會成員。池女士為世紀陽光主席及執行董事池文富先生的女兒。

EXECUTIVE DIRECTORS

Mr. SHUM Sai Chit, age 64, Chairman and Chief Executive Officer of the Group. Prior to joining the Group, Mr. Shum was the Managing Director of Go Modern Limited which was principally engaged in manufacturing of textile products and trading activities. In 1984, Mr. Shum joined Fujian Textiles Import and Export Corporation as a Manager to oversee importing and exporting of textile products. Mr. Shum is a graduate of Consumer Product Pricing and Statistics. Mr. Shum was also an executive director of Century Sunshine Group Holdings Limited (stock code: 509) until 31 July 2021.

Ms. CHI Sile, aged 33, was appointed as an executive director and a member of the Executive Management Committee of the Company on 1 August 2021. Prior to her appointment, she was the director of investor relations department of Century Sunshine Group Holdings Limited (stock code: 509) and responsible for managing investor relations. Ms. Chi holds a MBA degree from the University of Hong Kong and a double degree of Bachelor of Laws and Bachelor of Arts from the University of Western Australia. Ms. Chi is a member of the Hong Kong Investor Relations Association. Ms. Chi is the daughter of Mr. Chi Wen Fu, the chairman and executive director of Century Sunshine.

獨立非執行董事

鄭炳文先生，五十七歲，現為澳栢企業服務有限公司之董事。該公司從事企業諮詢服務。鄭先生於多間公司擔任財務總監接近7年。鄭先生於會計、財務及行政方面有逾15年經驗。鄭先生亦取得香港理工大學頒授之專業會計學碩士學位。鄭先生為澳洲執業會計師公會會員及香港會計師公會資深會員，亦為香港公司秘書公會會士。鄭先生現時為唐宮(中國)控股有限公司(股份代號：1181)、譽樂豐控股有限公司(股份代號：2132)及御佳控股有限公司(股份代號：3789)之獨立非執行董事。自二零一七年十二月十五日至二零二一年四月九日，彼為龍皇集團控股有限公司(股份代號：8493)之獨立非執行董事。

張省本先生，六十一歲，現任郭崔會計師行高級核數經理。張先生曾任Gary W.K. Yam & Co. (CPA)之高級核數師。張先生擁有逾40年會計及核數經驗。張先生現時為世紀陽光集團控股有限公司(股票代號：509)之獨立非執行董事。

關毅傑先生，四十二歲，自二零一六年十月二十六日起為本公司的財務總監、授權代表及公司秘書。關先生於審計、會計及企業管理方面擁有逾15年經驗，負責企業融資、併購事宜、財務及會計管理、投資者關係、企業管治及合規事務。二零一四年三月前，彼為安永會計師事務所審計部門與技術部門的高級經理，期間取得豐富的資本市場交易經驗。彼現為亞洲實業集團(控股)有限公司(股份代號：1737)及卓博集團有限公司(股份代號：3738)的獨立非執行董事，其股份均於聯交所主板上市。自二零一七年七月五日至二零二零年十二月三十一日，彼為樂遊科技控股有限公司(股份代號：1089)的獨立非執行董事，樂遊科技控股有限公司於二零二零年十二月除牌。自二零一七年三月二十四日至二零二一年八月六日，彼亦為禮建德集團控股有限公司(股份代號：8455)的獨立非執行董事，其股份於聯交所GEM上市。

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. KWONG Ping Man, age 57, is a director of O'Park Corporate Services Limited which provides corporate advisory services. Mr. Kwong had served as the chief financial officer of various companies for almost seven years. Mr. Kwong has over 15 years of experience in accounting, finance and administration. He obtained a master's degree in Professional Accounting from the Hong Kong Polytechnic University. He is a member of the Australian Society of Certified Practising Accountants, fellow member of the Hong Kong Institute of Certified Public Accountants, and associate member of the Hong Kong Institute of Company Secretaries. Mr. Kwong is currently an independent non-executive director of Tang Palace (China) Holdings Limited (Stock Code: 1181), Landrick Holding Limited (Stock Code: 2132) and Royal Deluxe Holdings Limited (Stock Code: 3789). He was an independent non-executive director of Dragon King Group Holdings Limited (Stock Code: 8493) from 15 December 2017 to 9 April 2021.

Mr. CHEUNG Sound Poon, age 61, is currently a senior audit manager at Chui & Kwok (CPA). He was an audit senior at Gary W. K. Yam & Co. (CPA). Mr. Cheung has over 40 years of experience in accounting and auditing. He is currently an independent non-executive director of Century Sunshine Group Holdings Limited (stock code: 509).

Mr. KWAN Ngai Kit, aged 42, has been the chief financial officer, authorised representative and the company secretary of the Company since 26 October 2016. Mr. Kwan, has over 15 years of experience in auditing, accounting and corporate management and was responsible for corporate finance, mergers and acquisitions matters, financial and accounting management, investors relations, corporate governance as well as compliance affairs. Prior to March 2014, he worked as a senior manager in both the assurance department and the technical department of Ernst & Young during which he acquired intensive capital market transactions experience. He is currently an independent non-executive director of A & S Group (Holdings) Limited (stock Code: 1737) and Vobile Group Limited (Stock Code: 3738), the shares of which are listed on the Main Board of the Stock Exchange. He was an independent non-executive director of Leyou Technologies Holdings Limited (stock code: 1089) from 5 July 2017 to 31 December 2020, which was delisted in December 2020. He was also an independent non-executive director of Lai Group Holding Company Limited (stock code: 8455) from 24 March 2017 to 6 August 2021, the shares of which are listed on the GEM of the Stock Exchange.

高級管理人員

魯天元先生，五十七歲，專責本集團企業事務管理，魯先生畢業於漢語言文學專業，經濟師。彼於企業事務管理方面擁有逾15年相關經驗，加入本集團前，曾於某鐵合金大型企業工作逾25年。於二零一五年加入本集團。

朱新龍先生，四十五歲，負責本集團鎂產品生產經營和產品研發。朱先生在金屬鎂行業具有超過20年實踐經驗，擅長於金屬鎂和鎂合金生產工藝和組織管理，長期服務於金屬鎂和鎂合金的中國企業。於二零一九年加入本集團。

SENIOR MANAGEMENT

Mr. LU Tianyuan, age 57, is responsible for the corporate affairs management of the Group. Mr. Lu is a graduate of Chinese Language and Literature and is an economist. He has over 15 years of relevant experience in corporate affairs management. Prior to joining the Group, he has worked in a large alloy enterprise for over 25 years. He joined the Group in 2015.

Mr. ZHU Xinlong, age 45, is responsible for production, operation, and research and development of the products. Mr. Zhu has more than 20 years of experience in magnesium industry, specializing in the production process and organization management of magnesium and magnesium alloys. He has long served in magnesium and magnesium alloys enterprises in China. He joined the Group in 2019.

董事會呈報截至二零二一年十二月三十一日止年度之報告及經審核財務報表。

主要業務及業務回顧

本公司為投資控股公司，其主要附屬公司之業務載列於財務報表附註1。

根據香港公司條例附表5規定，就該等業務之進一步討論及分析(包括本集團面對之主要風險及不確定性之描述及本集團業務可能之未來發展跡象)載於本年報第12頁至第27頁之「管理層討論及分析」。該討論構成本「董事會報告」之一部分。

環境政策及表現

本集團確認環境保護對本集團之長期發展至關重要。為將對環境影響降至最低，本集團將持續不時審閱及改進管理常規之實效。「環境、社會及管治報告」將於二零二二年五月或之前發佈。詳情請參閱本公司網站。

業績及分配

本集團截至二零二一年十二月三十一日止年度之虧損，及本集團於該日之財務狀況載列於第60頁至第63頁之財務報表。

本公司於回顧年度內並無派發中期股息。董事會不建議向股東派發截至二零二一年十二月三十一日止年度之末期股息。本集團於二零二一年十二月三十一日止之保留溢利約為361,986,000港元。

The Board presents their report and the audited financial statements for the year ended 31 December 2021.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Company acts as an investment holding company. The activities of its principal subsidiaries is set out in note 1 to the financial statements, respectively.

Further discussion and analysis of these activities as required by Schedule 5 to the Hong Kong Companies Ordinance, including a description of the principal risks and uncertainties facing the Group and an indication of likely future development in the Group's business, can be found in the Management Discussion and Analysis set out on pages 12 to 27 of this annual report. This discussion forms part of this directors' report.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group recognises environmental protection is of vital importance to the long-term development of the Group. In order to minimise the environmental impact, the Group will continue to review and improve the effectiveness of its management practices from time to time. "Environmental, Social and Governance Report" will be published on or before May 2022. For details, please refer to the Company's website.

RESULTS AND APPROPRIATIONS

The Group's loss for the year ended 31 December 2021 and the Group's financial position at that date are set out in the financial statements on pages 60 to 63.

No interim dividend was paid by the Company during the year under review. No payment of final dividend to Shareholders is recommended for the year ended 31 December 2021. The retained earnings of the Group as at 31 December 2021 was approximately HK\$361,986,000.

主要客戶及供應商

截至二零二一年十二月三十一日止年度：

- (i) 本集團之最大客戶及前五大客戶分別佔本集團總收入之17.8%及39.9%。
- (ii) 本集團之最大供應商及前五大供應商分別佔本集團總採購額之20.1%及62.4% (並不包括資本性質之採購項目)。

據董事會所了解，本公司之董事、其聯繫人士及任何擁有本公司股本超過5%之股東並無持有前五大客戶及前五大供應商之任何權益。

財務資料摘要

摘錄自經審核之財務報表，有關過去五個財政年度公佈之業績及資產、負債、及非控制性權益的摘要載列於第175至176頁。該摘要並不構成經審核財務報表的一部分。

股本

除財務報表附註30所披露外，本公司股本於年內概無變動。

可供分派儲備

於二零二一年十二月三十一日，本公司可供分派儲備(根據百慕達一九八一年公司法(經修訂)(「公司法」)計算)為480,084,000港元。根據公司法，本公司的實繳盈餘亦可供分派予股東。如會導致本公司無法償還到期負債或其資產的可變現價值因此低於其負債，則不會以實繳盈餘派付股息或作出分派。

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2021:

- (i) The Group's largest customer and the five largest customers accounted for 17.8% and 39.9% respectively of the Group's total revenue.
- (ii) The Group's largest supplier and the five largest suppliers accounted for 20.1% and 62.4% respectively of the Group's total purchases (not including purchases of items which are of capital in nature).

According to the understanding of the Board, none of the Directors, their associates or any Shareholders who owned more than 5% of the Company's share capital had any interest in the five largest customers or the five largest suppliers.

SUMMARY FINANCIAL INFORMATION

A summary of the published results and assets, liabilities, and non-controlling interests of the Group for the last five financial years, as extracted from the audited financial statements and restated as appropriate, is set out on page 175 to 176. This summary does not form part of the audited financial statements.

SHARE CAPITAL

Except as disclosed in the note 30 to the financial statements, there were no movements in the Company's share capital during the year.

DISTRIBUTABLE RESERVES

As at 31 December 2021, the Company's reserves available for distribution, calculated in accordance with the Companies Act 1981 of Bermuda (as amended) ("Companies Act") amounted to HK\$480,084,000. Under the Companies Act, the Company's contributed surplus is also available for distribution to the Shareholders. No dividend shall be paid or distribution made out of contributed surplus if to do so would render the Company unable to pay its liabilities as they become due or the realisable value of its assets would thereby become less than its liabilities.

董事及董事服務合約

於本年內及截至本報告日期止，本公司之董事如下：

執行董事：

沈世捷(主席兼行政總裁)
池靜超⁽¹⁾
池斯樂⁽²⁾

非執行董事：

孟健教授⁽³⁾

獨立非執行董事：

鄺炳文
張省本
關毅傑

⁽¹⁾ 於二零二一年八月一日辭任

⁽²⁾ 於二零二一年八月一日獲委任

⁽³⁾ 於二零二一年六月三十日退任

根據公司細則第86(2)條，池斯樂女士之任期將直至本公司應屆股東週年大會為止，並符合資格於股東週年大會上膺選連任。

根據公司細則第87條，張省本先生及關毅傑先生將於股東週年大會上退任，惟彼均符合資格並願意膺選連任。

獲建議於股東週年大會上膺選連任之董事概無與本集團訂立本集團不可於一年內毋須賠償(法定賠償除外)而終止之服務合約。

獨立非執行董事之獨立性

本公司已經收到其獨立非執行董事，即鄺炳文先生、張省本先生及關毅傑先生根據上市規則第3.13條就確認彼等之獨立性而個別發出的年度確認函。

因此，本公司認為各獨立非執行董事均為獨立人士。

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS

The directors of the Company during the year and up to the date of this report were as follows:

Executive Directors:

Shum Sai Chit (*Chairman and Chief Executive Officer*)
Chi Jing Chao⁽¹⁾
Chi Sile⁽²⁾

Non-executive Director:

Professor Meng Jian⁽³⁾

Independent Non-executive Directors:

Kwong Ping Man
Cheung Sound Poon
Kwan Ngai Kit

⁽¹⁾ resigned on 1 August 2021

⁽²⁾ appointed on 1 August 2021

⁽³⁾ retired on 30 June 2021

Pursuant to Bye-law 86(2) of the Bye-laws, Ms. Chi Sile will hold office until the forthcoming AGM of the Company and being eligible for re-election at the AGM.

Pursuant to Bye-law 87 of the Bye-laws, Mr. Cheung Sound Poon and Mr. Kwan Ngai Kit will retire by rotation and, being eligible, offer himself for re-election at the AGM.

None of the Directors being proposed for re-election at the AGM has a service contract with the Group which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of its Independent Non-executive Directors, namely Mr. Kwong Ping Man, Mr. Cheung Sound Poon and Mr. Kwan Ngai Kit, an annual confirmation confirming their independence pursuant to Rule 3.13 of the Listing Rules.

Accordingly, the Company considers all the Independent Non-executive Directors are independent.

董事擁有之證券權益

於二零二一年十二月三十一日，根據本公司按證券及期貨條例第352條而存置之登記冊所記載，或根據上市規則附錄10所載之標準守則向本公司及聯交所申報，各董事及彼等之聯繫人士於本公司及其聯繫公司(定義見證券及期貨條例(「證券及期貨條例」)第XV部)擁有之股份及相關股份之權益如下：

於本公司股份、相關股份及債券之權益

DIRECTORS' INTERESTS IN SECURITIES

At 31 December 2021, the interests of the Directors and their associates in the shares and underlying shares of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register maintained by the Company under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code set out in Appendix 10 to the Listing Rules, were as follows:

Interests in the Shares, underlying shares and debenture of the Company

董事	擁有權益或視為擁有權益之普通股數目 Number of ordinary shares interested or deemed to be interested					總額	佔本公司 已發行股本 之權益概約 百分比 Approximate percentage of interests in the issued share capital of the Company
	個人權益	家族權益	持有 購股權數目	公司權益			
Director	Personal interests	Family interests	Number of options held	Corporate interests	Total		
好倉							
Long position							
沈世捷 Shum Sai Chit	-	-	30,000,000	-	-	0.46%	
鄭炳文 Kwong Ping Man	-	-	5,000,000	-	-	0.08%	
張省本 Cheung Sound Poon	-	-	5,000,000	-	-	0.08%	
關毅傑 Kwan Ngai Kit	-	4,000,000 (附註1) (Note 1)	5,000,000	-	-	0.14%	
淡倉							
Short position							
無 Nil							

董事擁有之證券權益(續)

於本公司股份、相關股份及債券之權益(續)

附註：

1. 4,000,000 股本公司股份乃根據所持購股權可向關毅傑先生之配偶呂文清女士發行之相關股份數目。

於相聯法團股份之權益(好倉)

DIRECTORS' INTERESTS IN SECURITIES (continued)

Interests in the Shares, underlying shares and debenture of the Company (continued)

Notes:

1. 4,000,000 shares in the Company are the number of the underlying shares which may be issued to Ms. Lee Man Ching, the spouse of Mr. Kwan Ngai Kit, under the options.

Interests in the shares of associated corporations (long position)

董事姓名	相聯法團名稱	擁有權益或視為擁有權益之普通股數目(好倉) Number of ordinary shares interested or deemed to be interested (long position)				總額	佔相聯法團已發行之股本之百分比 % of issued share capital of associated corporation
		個人權益	家族權益	所持購股權數目			
Names of Directors	Name of associated corporation	Personal interests	Family interests	Number of options held	Total		
沈世捷 Shum Sai Chit	世紀陽光集團控股有限公司(「世紀陽光」) Century Sunshine Group Holdings Limited ("Century Sunshine")	14,666,305	-	20,000,000	34,666,305	0.76%	
池斯樂 Chi Sile	世紀陽光 Century Sunshine	36,736,742	-	-	36,736,842	0.80%	
張省本 Cheung Sound Poon	世紀陽光 Century Sunshine	-	-	5,000,000	5,000,000	0.11%	
關毅傑 Kwan Ngai Kit	世紀陽光 Century Sunshine	-	-	4,000,000 (附註1) (note 1)	4,000,000	0.09%	

董事擁有之證券權益(續)

於相聯法團股份之權益(好倉)(續)

附註：

- (1) 4,000,000 股世紀陽光股份乃可向關毅傑先生之配偶呂文清女士發行之相關股份數目。

除上文所披露者外，於二零二一年十二月三十一日，各董事或彼等之聯繫人士概無在本公司或其任何聯繫公司(定義見證券及期貨條例)之股份及相關股份中擁有任何權益或淡倉。

購股權計劃

為吸引及挽留最優秀僱員以支持本集團之業務發展，並向獲選之合資格參與者提供額外激勵或獎勵，本公司於二零一七年十二月四日採納購股權計劃(「該計劃」)。合資格參與者主要包括為本集團作出貢獻之本集團及任何主要股東之僱員或董事及本集團顧問或諮詢人士、分銷商、承包商、供應商、服務供應商、代理、客戶及業務夥伴。除非另行註銷或修訂，該計劃之有效期為自其成立日期起計10年。該計劃之剩餘年期約為6年(於二零二七年十二月四日屆滿)。

DIRECTORS' INTERESTS IN SECURITIES (continued)

Interests in the shares of associated corporations (long position) (continued)

Notes:

- (1) 4,000,000 shares in Century Sunshine are the number of underlying shares which may be issued to Ms. Lee Man Ching, the spouse of Mr. Kwan Ngai Kit, under the options held.

Save as disclosed above, at 31 December 2021, none of the Directors or their associates had any interests or short positions in the shares and underlying shares of the Company or any of its associated corporations as defined in the SFO.

SHARE OPTION SCHEME

In order to attract and retain the best quality employees for the development of the Group's businesses and to provide additional incentives or rewards to selected qualifying participants, the Company adopted a share option scheme on 4 December 2017 (the "Scheme"). The qualifying participants mainly include employees and directors of the Group and any substantial shareholders, and the consultants or adviser, distributors, contractors, suppliers, service providers, agent, customer and business partner of the Group who have contribution to the Group. The Scheme, unless otherwise cancelled or amended, will remain in force for 10 years since its establishing date. The remaining life of the Scheme is approximately 6 years (expiry on 4 December 2027).

購股權計劃(續)

於二零二一年十二月三十一日，該計劃項下可認購總數348,400,000股股份之購股權(「購股權」)尚未行使。

SHARE OPTION SCHEME (continued)

As at 31 December 2021, options to subscribe for a total of 348,400,000 Shares were outstanding under the Scheme (the "Options").

	於 二零二一年 一月一日 持有	年內 授出之 購股權	年內 行使之 購股權	年內 註銷之 購股權	年內 失效之 購股權	於 二零二一年 十二月 三十一日 持有	行使價 (附註)
	Held at 1 January 2021	Options granted during the year	Options exercised during the year	Options cancelled during the year	Options lapsed during the year	Held at 31 December 2021	Exercise price (note) 港元 HK\$
(A) 僱員							
Employees	163,400,000	-	-	-	-	163,400,000	0.4
	140,000,000	-	-	-	-	140,000,000	0.3
(B) 董事							
Directors							
沈世捷 Shum Sai Chit	30,000,000	-	-	-	-	30,000,000	0.4
池靜超* Chi Jing Chao*	3,000,000	-	-	-	(3,000,000)	-	0.4
孟健# Meng Jian#	5,000,000	-	-	-	(5,000,000)	-	0.4
鄺炳文 Kwong Ping Man	5,000,000	-	-	-	-	5,000,000	0.4
張省本 Cheung Sound Poon	5,000,000	-	-	-	-	5,000,000	0.4
關毅傑 Kwan Ngai Kit	5,000,000	-	-	-	-	5,000,000	0.4
	216,400,000	-	-	-	(8,000,000)	208,400,000	0.4
	140,000,000	-	-	-	-	140,000,000	0.3
	356,400,000	-	-	-	(8,000,000)	348,400,000	-

* 於二零二一年八月一日辭任
於二零二一年六月三十日退任

* resigned on 1 August 2021
retired on 30 June 2021

董事及高級管理層之履歷詳情

本公司董事及本集團高級管理層之履歷詳情載於年報第 42 至第 44 頁。

債券

除已於「董事擁有之證券權益」披露外，本公司或其任何控股公司、附屬公司及同系附屬公司於年內任何時間概無作出任何安排，致令董事可藉購入本公司或其他法人團體之股份或債券而獲益。

董事酬金

董事之酬金乃由股東於股東大會批准。其他酬金由本公司參照董事的職責，責任及表現，以及本集團的業績由董事會釐定。

獲准許之彌償條文

就董事之責任之獲准許之彌償條文(根據香港公司條例定義)於截至二零二一年十二月三十一日止年度內生效。

董事於交易、安排或合約之權益

於年內，概無董事或董事之有關連實體於任何本集團有關業務之重要交易、安排或合約(其中本公司之任何控股公司、附屬公司或同系附屬公司為簽約方)直接或間接地擁有重大利益。

購買、出售或贖回本公司之上市證券

截至二零二一年十二月三十一日止年度，本公司或其任何附屬公司概無購買、出售或贖回本公司任何上市證券。

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the directors of the Company and the senior management of the Group are set out on pages 42 to 44 of the annual report.

DEBENTURES

Save as disclosed in "Directors' interests in securities", at no time during the year was the Company, or any of its holding companies, 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' REMUNERATION

The directors' fees are subject to shareholders' approval at general meetings. Other emoluments are determined by the Company's board of directors with reference to directors' duties, responsibilities and performance and the results of the Group.

PERMITTED INDEMNITY PROVISION

During the year ended 31 December 2021, a permitted indemnity provision as defined in the Hong Kong Companies Ordinance was in force for an indemnity against liability incurred by the Directors.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

No Directors nor a connected entity of Directors had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to the business of the Group to which any of the Company's holding companies, subsidiaries or fellow subsidiaries was a party during the year.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any listed securities of the Company during the year ended 31 December 2021.

主要股東

除上文披露有關若干董事之權益外，於二零二一年十二月三十一日，根據本公司按證券及期貨條例第336條而存置之主要股東名冊所記載，下列股東曾知會本公司擁有本公司已發行股本中的權益和淡倉：

SUBSTANTIAL SHAREHOLDERS

At 31 December 2021, the register of substantial shareholders kept by the Company pursuant to Section 336 of the SFO shows that other than the interests disclosed above in respect of certain Directors, the following Shareholder had notified the Company of relevant interests and short positions in the issued share capital of the Company:

股東名稱 Name of Shareholder	所持普通股 股份數目 Number of ordinary shares held	佔已發行 股本之百分比 % of issued share capital
Ming Xin Developments Limited (附註1及5) (note 1 and 5)	4,761,117,434 (L)	72.31
	200,000,000 (S)	3.04
New Bright Group Limited (附註2及5) (note 2 and 5)	4,761,117,434 (L)	72.31
	200,000,000 (S)	3.04
世紀陽光集團控股有限公司(附註3及5) Century Sunshine Group Holdings Limited (note 3 and 5)	4,761,117,434 (L)	72.31
	200,000,000 (S)	3.04
池文富(附註4及5) Chi Wen Fu (note 4 and 5)	4,761,117,434 (L)	72.31
	200,000,000 (S)	3.04

附註：

- (1) 4,761,117,434股由Ming Xin Developments Limited實益擁有。
- (2) Ming Xin Developments Limited為New Bright Group Limited之全資附屬公司。故此，就證券及期貨條例而言，New Bright Group Limited被視為擁有Ming Xin Developments Limited擁有權益之全部股份之權益。
- (3) New Bright Group Limited為世紀陽光之全資附屬公司。故此，就證券及期貨條例而言，世紀陽光被視為擁有Ming Xin Developments Limited擁有權益之全部股份之權益。
- (4) 池文富先生在世紀陽光(Ming Xin Developments Limited之最終控股公司)股東大會上控制三分之一或以上表決權。故此，就證券及期貨條例而言，池文富先生被視為擁有Ming Xin Developments Limited擁有權益之全部股份之權益。
- (5) 於二零一九年十二月十三日，世紀陽光集團控股有限公司及Ming Xin Developments Limited(作為授予人)及Mega Prime Development Limited(作為期權承授人)訂立認購期權協議，據此，該授予人同意向該期權承授人授出收購200,000,000股股份之權利及期權。

Note:

- (1) 4,761,117,434 shares are beneficially owned by Ming Xin Developments Limited.
- (2) Ming Xin Developments Limited is a wholly-owned subsidiary of New Bright Group Limited. As such, New Bright Group Limited is deemed to be interested in all the shares in which Ming Xin Developments is interested by virtue of the SFO.
- (3) New Bright Group Limited is a wholly-owned subsidiary of Century Sunshine. As such, Century Sunshine is deemed to be interested in all the shares in which Ming Xin Developments is interested by virtue of the SFO.
- (4) Mr. Chi Wen Fu controls more than one-third or more of the voting power at general meetings of Century Sunshine (the ultimate holding company of Ming Xin Developments Limited). As such, Mr. Chi Wen Fu is deemed to be interested in all the shares in which Ming Xin Developments Limited is interested by virtue of the SFO.
- (5) On 13 December 2019, Century Sunshine Group Holdings Limited and Ming Xin Developments Limited as grantors and Mega Prime Development Limited as optionee entered into the Call Option Agreement, pursuant to which the said grantors agreed to grant to the said optionee the right and option to acquire 200,000,000 Shares.

主要股東(續)

除上文所披露外，於二零二一年十二月三十一日，本公司概無接獲任何人士知會於本公司股份或相關股份中擁有根據證券及期貨條例須向本公司披露之權益或淡倉。

優先購買權

公司細則或百慕達法例並無任何優先購買權之條文，規定本公司須按比例向現有股東發售新股。

關連交易

本年度及去年度並沒有任何關連交易，惟於財務報表附註 37 所披露除外。

足夠公眾持股量

根據本公司以公開途徑取得的資料及據董事所知，於本報告付印前之最後實際可行日期，本公司一直維持上市規則所訂明的公眾持股量。

核數師

本公司於過去三年內並無更換其他核數師。國衛會計師事務所有限公司即將任滿告退，本公司將於其應屆股東週年大會上提呈一項決議案，續聘國衛會計師事務所有限公司為本公司之核數師。

承董事會命

沈世捷先生
主席

香港

二零二二年三月三十一日

SUBSTANTIAL SHAREHOLDERS (continued)

Save as disclosed above, as at 31 December 2021, the Company had not been notified by any persons who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the SFO.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Bye-laws or the laws of Bermuda, which would oblige the Company to offer new shares on a pro-rata basis to the existing Shareholders.

CONNECTED TRANSACTION

Other than those disclosed in Note 37 to the financial statements, there was no connected transaction during the year and in prior period.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained the prescribed public float under the Listing Rules, as at the latest practical date prior to the printing of this report.

AUDITORS

There has been no other change in the auditors of the Company during the past three years. HLB Hodgson Impey Cheng Limited will retire and the Company will propose a resolution at its forthcoming AGM to reappoint HLB Hodgson Impey Cheng Limited as auditors of the Company.

By order of the Board

Mr. Shum Sai Chit
Chairman

Hong Kong

31 March 2022



31/F, Gloucester Tower 香港
The Landmark 中環
11 Pedder Street 畢打街11號
Central 置地廣場
Hong Kong 告羅士打大廈31樓

致
稀鎂科技集團控股有限公司股東
(臨時清盤中)
(於開曼群島註冊成立的有限公司)

To the Shareholders of
Rare Earth Magnesium Technology Group Holdings Limited
(In Provisional Liquidation)
(Incorporated in Bermuda with limited liability)

不發表意見

DISCLAIMER OF OPINION

我們已審核列載於稀鎂科技集團控股有限公司(「貴公司」)及其附屬公司(統稱「貴集團」)第60頁至第174頁截至二零二一年十二月三十一日之綜合財務狀況表與截至該日止年度之綜合損益及其他全面收益表、綜合權益變動表及綜合現金流量表，以及綜合財務報表之附註，包括主要會計政策概要。

We were engaged to audit the consolidated financial statements of Rare Earth Magnesium Technology Group Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 60 to 174, which comprise the consolidated statement of financial position as at 31 December 2021, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

我們對 貴集團之綜合財務報表不發表意見。由於我們報告中不發表意見之基準一節內所述事項之重要性，我們並未能夠取得充足適當審核憑據以就該等綜合財務報表發表之審核意見提供提供基準。我們認為，在所有重大方面，該等財務報表已根據香港公司條例之披露規定妥為編製。

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

不發表意見之基準

與持續經營基準有關之重大不明朗因素

誠如綜合財務報表附註1所解釋，於二零二零年七月三日，貴公司公佈(其中包括)(i)貴公司控股股東世紀陽光集團控股有限公司(「世紀陽光」)已違約贖回本金金額為101.75百萬新加坡元之後償票據本金額(「世紀陽光違約支付」)；(ii)貴公司於二零二零年六月三十日接獲其中一名銀行債權人要求貴公司或其附屬公司償還其約22.87百萬港元借款另加應計利息並相信其很有可能受到其債權人之進一步催繳；(iii)世紀陽光違約支付構成貴集團於要求時須即時償還的若干借款的違約事件；(iv)一份清盤呈請連同委任共同臨時清盤人(「共同臨時清盤人」)之申請已於二零二零年七月三日向百慕達最高法院提交，藉此以「非強制性」方式重組。臨時清盤人已分別於二零二零年七月十六日獲百慕達最高法院委任並於二零二零年八月二十五日獲香港高等法院授予命令委任。

於二零二一年二月二十五日，貴公司收到一名債權人提交的清盤呈請(「該呈請」)，乃因其無法償還非後償及無擔保票據未償付本金以及未支付利息及拖欠利息合共20,707,777.78美元(約161,111,000港元)。該呈請聆訊已押後至二零二二年五月二十七日與債權人計劃批准聆訊一同舉行。

截至本報告日期，貴公司擬議的安排計劃(「債權人計劃」)於二零二二年三月一日獲法定所需之多數計劃債權人批准。

BASIS FOR DISCLAIMER OF OPINION

Material uncertainties relating to the going concern basis

As explained in Note 1 to the consolidated financial statements, on 3 July 2020, the Company announced that, inter-alia, (i) Century Sunshine Group Holding Limited ("CS"), the controlling shareholder of the Company, defaulted on the redemption of the SGD101.75 million in principal amount of subordinated notes (the "CS Payment Default"); (ii) the Company had received on 30 June 2020 a demand from one of the bank creditors for the repayment of borrowings of the Company or its subsidiaries of approximately HK\$22.87 million plus interest accrued and believed it was likely to receive further calls from its creditors; (iii) the CS Payment Default constituted an event of default in respect of certain borrowings of the Group, which became immediately payable on demand; (iv) a winding up petition has been submitted on 3 July 2020 to the Supreme Court of Bermuda together with the application for the appointment of the joint provisional liquidators ("JPLs") on a "light touch" basis for debt restructuring purpose. The JPLs were appointed pursuant to an order granted by the Supreme Court of Bermuda on 16 July 2020 and granted by the High Court in Hong Kong on 25 August 2020.

On 25 February 2021, the Company received a winding up petition (the "Petition") from a creditor which was filed for its failure to repay an outstanding principal of the unsubordinated and unsecured notes together with the unpaid interest and default interest in an aggregate amount of US\$20,707,777.78 (approximately HK\$161,111,000). The hearing of the Petition has been adjourned to be heard together with sanction hearing for the creditors' scheme and presently fixed to be heard on 27 May 2022.

As of the date of this report, a scheme of arrangement proposed by the Company (the "Creditors' Scheme") was approved by the requisite statutory majorities of the scheme creditors on 1 March 2022.

此外，誠如綜合財務報表附註3所解釋，貴集團截至二零二一年十二月三十一日產生淨虧損約331,883,000港元，以及截至該日，貴集團之流動負債超過其流動資產約483,515,000港元。其於二零二一年十二月三十一日的流動借款為876,043,000港元，而貴集團僅維持其現金及現金等價物約25,078,000港元。此外，於二零二一年十二月三十一日，貴集團未能滿足與若干借款有關之若干契諾或拖欠還款839,815,000港元，其已成為於要求時須即時償還予貸方的款項。另外，貸方已就計入貴集團截至二零二一年十二月三十一日借款中的約233,671,000港元借款對貴集團發起訴訟，要求其償還未償付結餘。

上文所述條件表示存在可能對貴集團持續經營能力產生重大疑慮之重大不明朗因素。誠如綜合財務報表附註3所載，董事正在採取若干措施改善貴集團之流動資金及財務狀況。該等綜合財務報表乃按持續經營基準編製，其有效程度視乎事件及條件最終能否取得圓滿結果，截至本報告日期不能以合理理由確定並受多項不明朗因素之規限，包括(i) 貴公司是否能從相關法院獲得債權人計劃的批准並成功實施債權人計劃及(ii) 貴集團是否能夠對資本投資、生產及行政經營執行進一步成本控制措施，以減少貴集團的整體運營成本。

倘貴集團不能自上述計劃及措施取得成功結果，其可能不會按持續基準經營，因此必須作出調整將貴集團資產之賬面值撇減至其可回收金額，以為可能進一步產生之負債作出撥備，並將非流動資產及非流動負債分別重新分類至流動資產及流動負債。此等調整之影響尚未反映於綜合財務報表內。

Further, as explained in Note 3 to the consolidated financial statements, the Group incurred a net loss of approximately HK\$331,883,000 for the year ended 31 December 2021, and, as of that date, the Group's current liabilities exceeded its current assets by approximately HK\$483,515,000, its current borrowings amounted to HK\$876,043,000 as at 31 December 2021, while its cash and cash equivalents amounted to only HK\$25,078,000. In addition, the Group could not fulfil certain covenants or defaulted in repayment in relation to certain borrowings of the Group amounting to HK\$839,815,000 as at 31 December 2021, which have become immediately repayable on demand of the lenders. Further, included in the borrowings of the Group as at 31 December 2021 were borrowings of approximately HK\$233,671,000 which the lenders have commenced litigations against the Group to repay the outstanding balances.

The conditions described above indicate the existence of material uncertainties that may cast significant doubt on the Group's ability to continue as a going concern. The directors have been undertaking certain measures to improve the Group's liquidity and financial position, as set out in Note 3 to the consolidated financial statements. The consolidated financial statements have been prepared on a going concern basis, the validity of which depends on the eventual successful outcome of the events and conditions, which are inherently uncertain and as at the date of this report cannot be ascertained with reasonable certainty and are still subject to multiple uncertainties, including whether (i) the Company being able to obtain sanctions of the Creditors' Scheme from the relevant court and successfully implement the Creditors' Scheme and (ii) the Group being able to implement further cost control measures on capital investments, production and administrative operations to reduce overall operating costs of the Group.

Should the Group fail to achieve successful outcomes from 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 value of the Group's assets to their recoverable amounts, to provide for further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effects of these adjustments have not been reflected in these consolidated financial statements.

我們未獲提供足夠適當之審核憑證來推斷管理層在編製綜合財務報表時已使用持續經營會計基礎是否恰當，原因是本集團能否償還到期債務取決於管理層擬議計劃的最終成效，而該計劃本身存在不確定性。倘發現需要作出任何調整，可能會對 貴集團於二零二一年十二月三十一日之綜合資產淨值及 貴集團於截至二零二一年十二月三十一日止年度之綜合虧損及其他全面虧損及現金流量以及其在綜合財務報表中列報或披露之相關要素及披露產生重大影響。

董事及審核委員會就綜合財務報表須承擔之責任

董事負責根據香港會計師公會(「香港會計師公會」)頒佈之香港財務報告準則(「財務報告準則」)及香港公司條例編製作出真實而公平反映的綜合財務報表，及落實其認為編製綜合財務報表所必要的內部控制，以使綜合財務報表不存在由於欺詐或錯誤而導致之重大錯誤陳述。

在編製綜合財務報表時，董事負責評估 貴集團持續經營之能力，並在適用情況下披露與持續經營有關之事項，以及使用持續經營為會計基礎，除非董事有意將 貴集團清盤或停止經營，或別無其他實際的替代方案。

審核委員會協助監督 貴集團之財務報告過程之責任。

We have not been provided with sufficient appropriate audit evidence to conclude on the appropriateness of management's use of the going concern basis of accounting in the preparation of the consolidated financial statements because whether the Group could meet its liabilities as they fall due which depends upon the eventual successful outcomes of the management's proposed plan, which are inherently uncertain. Any adjustments found to be required may have consequential significant effects on the consolidated net assets of the Group as at 31 December 2021 and the consolidated loss and other comprehensive income or loss and cash flows of the Group for the year ended 31 December 2021, and the related elements and disclosures thereof presented or disclosed in the consolidated financial statements.

RESPONSIBILITIES OF THE DIRECTORS AND THE AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

The Audit Committee is responsible for overseeing the Group's financial reporting process.

核數師就審核綜合財務報表承擔之責任

我們的責任是根據根據香港會計師公會頒佈之香港審計準則(「香港審計準則」)對之綜合財務報表進行審核。我們僅向閣下(作為整體)發出核數師報告，除此之外，本報告別無其他目的。我們不會就本報告的內容向任何其他人士負責或承擔責任。然而，由於本報告不發表意見之基準一節所述之事項，我們未能就該等綜合財務報表發表審核意見。

根據香港會計師公會頒佈之專業會計師道德守則(「守則」)，我們獨立於貴集團，並已履行守則中之其他專業道德責任。

出具本獨立核數師報告之審計項目董事是郭梓俊。

國衛會計師事務所有限公司
執業會計師

郭梓俊
執業證書編號：P06901

香港，二零二二年三月三十一日

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

The engagement director on the audit resulting in this independent auditors' report is Kwok Tsz Chun.

HLB Hodgson Impey Cheng Limited
Certified Public Accountants

Kwok Tsz Chun
Practising Certificate Number: P06901

Hong Kong, 31 March 2022

綜合損益及其他全面收入表

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

截至二零二一年十二月三十一日止年度 For the year ended 31 December 2021

		附註 Notes	二零二一年 2021 千港元 HK\$'000	二零二零年 2020 千港元 HK\$'000
收入	Revenue	6	416,060	744,836
銷售成本	Cost of sales		(347,285)	(614,665)
毛利	Gross profit		68,775	130,171
其他收益或虧損，淨額	Other gains or losses, net	6	14,712	8,155
銷售及分銷支出	Selling and distribution expenses		(4,381)	(8,506)
行政支出	Administrative expenses		(99,610)	(98,952)
貿易應收賬款、按金及 其他應收款項預期 信貸虧損撥備淨額	Net allowance for expected credit losses on trade receivables, deposits and other receivables		(53,243)	(1,659)
就物業、廠房及設備 確認之減值虧損	Impairment loss recognised on property, plant and equipment	18	(175,657)	—
就使用權資產確認的 減值虧損	Impairment loss recognised on right-of-use assets	18	(5,182)	—
無形資產減值	Impairment loss recognised on intangible assets	18	(2,738)	—
財務費用	Finance costs	8	(69,401)	(97,857)
稅前虧損	LOSS BEFORE TAX	7	(326,725)	(68,648)
所得稅支出	Income tax expense	11	(5,158)	(5,363)
年度虧損	Loss for the year		(331,883)	(74,011)
其他全面收入	OTHER COMPREHENSIVE INCOME			
後續期間重新分類至 損益的其他全面收入	<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>			
換算海外業務之匯兌差額	Exchange differences on translation of foreign operations		66,671	131,071
年度其他全面收入 · 扣除所得稅	Other comprehensive income for the year, net of income tax		66,671	131,071

綜合損益及其他全面收入表(續)
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

截至二零二一年十二月三十一日止年度 For the year ended 31 December 2021

		附註 Notes	二零二一年 2021 千港元 HK\$'000	二零二零年 2020 千港元 HK\$'000
年度全面(支出)／收入總額	TOTAL COMPREHENSIVE (EXPENSES)/ INCOME FOR THE YEAR		(265,212)	57,060
下列人士應佔年度虧損：	Loss for the year attributable to:			
本公司擁有人	Owners of the Company		(331,883)	(74,011)
下列人士應佔年內全面 (支出)／收入總額：	Total comprehensive (expenses)/ income for the year attributable to:			
本公司擁有人	Owners of the Company		(265,212)	57,060
每股虧損：	Loss per share:			
－基本及攤薄	－ basic and diluted	13	(5.04仙cents)	(1.12仙cents)

隨附之附註為本綜合財務報表之組成部分。

The accompanying notes form an integral part of these consolidated financial statements.

綜合財務狀況表

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

截至二零二一年十二月三十一日止年度 For the year ended 31 December 2021

		附註 Notes	二零二一年 2021 千港元 HK\$'000	二零二零年 2020 千港元 HK\$'000
非流動資產	NON-CURRENT ASSETS			
物業、廠房及設備	Property, plant and equipment	14	1,626,848	1,650,042
使用權資產	Right-of-use assets	15	47,994	52,981
無形資產	Intangible assets	16	25,406	32,141
採礦權	Mining rights	17	50,222	48,760
非流動資產總額	Total non-current assets		1,750,470	1,783,924
流動資產	CURRENT ASSETS			
存貨	Inventories	19	215,410	287,135
應收貿易賬款及應收票據	Trade and bills receivables	20	149,504	172,292
預付款項、按金及 其他應收款項	Prepayments, deposits and other receivables	21	209,667	267,192
已抵押銀行存款	Pledged bank deposits	22	10,490	10,185
現金及現金等值項目	Cash and cash equivalents	22	25,078	36,104
流動資產總額	Total current assets		610,149	772,908
流動負債	CURRENT LIABILITIES			
應付貿易賬款	Trade payables	23	13,364	36,216
其他應付款項及應計費用	Other payables and accruals	24	134,351	72,603
合約負債	Contract liabilities	24	26,321	13,993
借款	Borrowings	25	876,043	796,938
應付稅款	Tax payable		3,627	–
應付一名股東款項	Amount due to a shareholder	26	39,958	33,959
流動負債總額	Total current liabilities		1,093,664	953,709
流動負債淨額	NET CURRENT LIABILITIES		(483,515)	(180,801)
資產總額減流動負債	TOTAL ASSETS LESS CURRENT LIABILITIES		1,266,955	1,603,123

綜合財務狀況表(續)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

截至二零二一年十二月三十一日止年度 For the year ended 31 December 2021

		附註 Notes	二零二一年 2021 千港元 HK\$'000	二零二零年 2020 千港元 HK\$'000
非流動負債	NON-CURRENT LIABILITIES			
遞延收入	Deferred revenue	27	75,018	72,834
借款	Borrowings	25	—	75,381
遞延稅項負債	Deferred tax liabilities	29	2,995	2,986
非流動負債總額	Total non-current liabilities		78,013	151,201
資產淨值	NET ASSETS		1,188,942	1,451,922
權益	EQUITY			
本公司擁有人應佔權益	Equity attributable to owners of the Company			
已發行股本	Issued capital	30	658,439	658,439
儲備	Reserves	32	530,503	793,483
權益總額	TOTAL EQUITY		1,188,942	1,451,922

於第60至第174頁之綜合財務報表於二零二二年三月三十一日經董事會審批及授權刊印，並由下列董事代表簽署：

The consolidated financial statements on pages 60 to 174 were approved and authorised for issued by the board of directors on 31 March 2022 and are signed on its behalf by:

沈世捷先生
Mr. Shum Sai Chit
董事
Director

池斯樂女士
Ms. Chi Sile
董事
Director

隨附之附註為本綜合財務報表之組成部分。

The accompanying notes form an integral part of these consolidated financial statements.

綜合權益變動表

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

截至二零二一年十二月三十一日止年度 For the year ended 31 December 2021

		已發行 股本	股份 溢價賬	資本贖回 儲備 (附註(iii))	可換股 債券股權 儲備	購股權 儲備	法定儲備 (附註(iiii))	合併儲備 (附註(iv))	其他儲備	匯兌波動 儲備	保留溢利	總額
		Issued capital 千港元 HK\$'000	Share premium account 千港元 HK\$'000	Capital redemption reserve (note (ii)) 千港元 HK\$'000	Convertible bonds equity reserve 千港元 HK\$'000	Share option reserve 千港元 HK\$'000	Statutory reserve (note (iii)) 千港元 HK\$'000	Merger reserve (note (iv)) 千港元 HK\$'000	Other reserve 千港元 HK\$'000	Exchange fluctuation reserve 千港元 HK\$'000	Retained earnings 千港元 HK\$'000	Total 千港元 HK\$'000
於二零二零年一月一日	As at 1 January 2020	657,439	1,560,077	419	86,548	27,779	113,435	(1,500,592)	(22,233)	(218,673)	683,688	1,387,887
年度虧損	Loss for the year	—	—	—	—	—	—	—	—	—	(74,011)	(74,011)
年度其他全面收入	Other comprehensive											
扣除所得稅：	income for the year, net of income tax:											
換算海外業務所產生之 匯兌差額	Exchange differences arising from translations of foreign operations	—	—	—	—	—	—	—	—	131,071	—	131,071
年度全面(支出)/收入 總額	Total comprehensive (expense)/income for the year	—	—	—	—	—	—	—	—	131,071	(74,011)	57,060
行使購股權	Exercise of share options	1,000	2,557	—	—	(557)	—	—	—	—	—	3,000
已失效購股權	Share option lapsed	—	—	—	—	(2,477)	—	—	—	—	2,477	—
股權結算股份付款之交易	Equity settled share based transactions	—	—	—	—	3,975	—	—	—	—	—	3,975
轉撥至儲備	Transfer to reserve	—	—	—	—	—	2,414	—	—	—	(2,414)	—
轉撥至可換股債券權益	Transfer to equity of convertible bonds	—	—	—	(86,548)	—	—	—	—	—	86,548	—
於二零二零年 十二月三十一日及 二零二一年一月一日	As at 31 December 2020 and 1 January 2021	658,439	1,562,634	419	—	28,720	115,849	(1,500,592)	(22,233)	(87,602)	696,288	1,451,922
年度虧損	Loss for the year	—	—	—	—	—	—	—	—	—	(331,883)	(331,883)
年度其他全面收入	Other comprehensive											
扣除所得稅：	income for the year, net of income tax:											
換算海外業務所產生之 匯兌差額	Exchange differences arising from translations of foreign operations	—	—	—	—	—	—	—	—	66,671	—	66,671
年度全面(支出)/收入 總額	Total comprehensive (expense)/income for the year	—	—	—	—	—	—	—	—	66,671	(331,883)	(265,212)
已失效購股權	Share option lapsed	—	—	—	—	(628)	—	—	—	—	628	—
股權結算股份付款之交易	Equity settled share based transactions	—	—	—	—	2,232	—	—	—	—	—	2,232
轉撥至儲備	Transfer to reserve	—	—	—	—	—	3,047	—	—	—	(3,047)	—
於二零二一年十二月三十一日	As at 31 December 2021	658,439	1,562,634	419	—	30,324	118,896	(1,500,592)	(22,233)	(20,931)	361,986	1,188,942

附註：

- (i) 此等儲備賬包含綜合財務狀況表中的綜合儲備530,503,000港元(二零二零年：793,483,000港元)。
- (ii) 資本贖回儲備指本公司於購回及註銷股份時由本公司保留盈利轉撥的本公司股份面值。
- (iii) 法定儲備主要指附屬公司按中華人民共和國(「中國」)法定財務報表所列純利的10%及為若干安全生產活動提撥的資金。

根據中國成立之附屬公司之組織章程細則及相關之中國法則及法規，該等附屬公司須撥出10%之扣除所得稅後溢利(按中國國內法定財務報表記錄為準)作為法定儲備，除非該儲備結餘已達附屬公司註冊資本50%。該儲備僅可用於對銷附屬公司過往年度之虧損、擴充附屬公司之生產業務或增加附屬公司之股本。

根據中國國家安全生產監督管理總局及其他相關監管機構發佈的若干規例，本集團需按規定比例為白雲石及蛇紋石採掘活動提撥資金。該等資金可供用於維護及/或改善上述安全生產，不得向股東分派。

- (iv) 合併儲備於就合併受共同控制之實體採用合併會計法時產生。

Note:

- (i) These reserve accounts comprise the consolidated reserves of HK\$530,503,000 (2020: HK\$793,483,000) in the consolidated statement of financial position.
- (ii) Capital redemption reserve represents the nominal value of the Shares of the Company which was transferred from the Company's retained earnings upon repurchase and cancellation of Shares by the Company.
- (iii) Statutory reserve mainly represents the fund set aside by the subsidiaries based on 10% of their net profit of the People's Republic of China (the "PRC") statutory financial statements and that for the purpose of certain safety production activities.

In accordance with the articles of association of the subsidiaries established in the PRC and the relevant PRC rules and regulations, these subsidiaries are required to set aside 10% of their profit after income tax as recorded in the PRC statutory financial statements as statutory reserve, except where the reserve fund balance has reached 50% of the subsidiaries' registered capital. The reserve fund can only be used to make good the subsidiaries' previous years' losses, to expand the subsidiaries' production operations or to increase the capital of the subsidiaries.

Pursuant to certain regulations issued by the State Administration of Work Safety of the PRC and other relevant regulatory bodies, the Group is required to set aside funds mainly for mining of dolomite and serpentine at prescribed rates. These funds can be used for maintenance and/or improvements of safety of these activities, and is not available for distribution to shareholders.

- (iv) Merger reserve was arising on the application of merger accounting method in relation to the combination with entity under common control.

綜合現金流量表

CONSOLIDATED STATEMENT OF CASH FLOWS

截至二零二一年十二月三十一日止年度 For the year ended 31 December 2021

	附註 Notes	二零二一年 2021 千港元 HK\$'000	二零二零年 2020 千港元 HK\$'000
經營業務之現金流量			
CASH FLOWS FROM OPERATING ACTIVITIES			
稅前虧損		(326,725)	(68,648)
調整：			
財務費用	8	69,401	97,857
以股權結算之購股權費用			
option expenses	31	2,232	3,975
銀行利息收入	6	(551)	(418)
出售物業、廠房及 設備項目之收益	6	(5,052)	(497)
撇銷物業、廠房及設備			
Written-off of property, plant and equipment	7	774	-
就物業、廠房及設備 確認之減值虧損	18	175,657	-
就使用權資產確認之 減值虧損	18	5,182	-
就無形資產確認之減值虧損	18	2,738	-
物業、廠房及設備之折舊	14	103,305	97,963
使用權資產之折舊	15	1,377	1,273
無形資產之攤銷	16	4,900	4,587
採礦權之攤銷	17	-	188
按金及其他應收款項之 預期信貸虧損 (撥備撥回)/撥備	21	(65)	10
應收貿易賬款預期 信貸虧損撥備	20	53,308	1,649
營運資金變動前之 經營現金流量		86,481	137,939
存貨減少/(增加)		38,254	(83,463)
應收貿易賬款及 應收票據增加		(25,699)	(11,836)
預付款項、按金及其他 應收款項減少		11,494	47,775
應付貿易賬款減少		(23,643)	(14,223)
其他應付款項、應計費用及 合約負債增加/(減少)		21,468	(14,116)

綜合現金流量表(續)

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

截至二零二一年十二月三十一日止年度 For the year ended 31 December 2021

	附註 Notes	二零二一年 2021 千港元 HK\$'000	二零二零年 2020 千港元 HK\$'000
經營業務所得之現金	Cash generated from operations	108,355	62,076
已付所得稅項	Income taxes paid	(1,656)	(32,288)
經營業務之現金流入淨額	Net cash flows generated from operating activities	106,699	29,788
投資業務之現金流量	CASH FLOWS FROM INVESTING ACTIVITIES		
利息收入	Interest received	551	418
提取已抵押銀行存款	Withdrawal of pledged bank deposits	—	7,424
出售物業、廠房及設備的所得款項	Proceeds from disposal of property, plant and equipment	6,931	1,007
購入物業、廠房及設備項目	Purchases of items of property, plant and equipment	(113,305)	(102,213)
投資業務之現金流出淨額	Net cash flows used in investing activities	(105,823)	(93,364)
融資業務之現金流量	CASH FLOWS FROM FINANCING ACTIVITIES		
已付利息	Interest paid	(2,068)	(9,864)
償還借款	Repayment of borrowings	(793)	(44,677)
償還應付股東款項	Repayment of amount due to a shareholder	(12,201)	(96,469)
於行使購股權後發行普通股	Issue of ordinary shares upon exercise of share options	—	3,000
融資業務之現金流出淨額	Net cash flows used in financing activities	(15,062)	(148,010)
現金及現金等值項目之減少淨額	NET DECREASE IN CASH AND CASH EQUIVALENTS	(14,186)	(211,586)
年初之現金及現金等值項目	Cash and cash equivalents at beginning of year	36,104	254,813
外幣匯率變更調整，淨額	Effect of foreign exchange rate changes, net	3,160	(7,123)
年終之現金及現金等值項目	CASH AND CASH EQUIVALENTS AT END OF YEAR	25,078	36,104
現金及現金等值項目結餘分析	ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
現金及銀行結餘	Cash and bank balances	25,078	36,104

隨附之附註為本綜合財務報表之組成部分。

The accompanying notes form an integral part of these consolidated financial statements.

財務報表附註

NOTES TO FINANCIAL STATEMENTS

截至二零二一年十二月三十一日止年度 For the year ended 31 December 2021

1. 公司及集團資料

稀鎂科技集團控股有限公司(「本公司」)是一間於百慕達註冊成立之有限公司。本公司之主要營業地點位於香港九龍尖沙咀海港城港威大廈第5座16樓。

於本年度內，本集團之業務涉及製造及銷售金屬鎂相關產品。

按董事之意見，本公司之直接控股公司為於英屬處女群島註冊成立公司Ming Xin Developments Limited，而最終控股公司則為於英屬處女群島註冊成立公司Alpha Sino Limited。

綜合財務報表以港元(「港元」)呈列，港元與本公司之功能貨幣相同。除另有指明外，所有價值均四捨五入至最接近之千位數(千港元)。

清盤呈請及委任臨時清盤人

於二零二零年七月三日，本公司公佈(i)本公司控股股東世紀陽光集團控股有限公司(「世紀陽光」)已違約贖回本金金額為101,750,000新加坡元之後償票據(「世紀陽光付款違約」)；(ii)本公司於二零二零年六月三十日接獲其中一名銀行債權人要求本公司或其附屬公司償還其約22,870,000港元借款另加應計利息，且認為其可能會收到債權人的進一步通知；(iii)世紀陽光支付違約構成本集團若干借款的違約事件，其須即時按要求償還；(iv)一份清盤呈請連同委任共同臨時清盤人(「共同臨時清盤人」)之申請已代表本公司於二零二零年七月三日向百慕達最高法院提交，其為「非強制」原則行事，即本公司董事會(「董事會」)仍將管理本公司，而共同臨時清盤人會與公司管理層一起致力於(其中包括)監督、督導和監察對整個集團進行全面及經協調的債務和負債重組(「建議重組計劃」)，包括維持本公司在香港聯合交易所有限公司的上市。

1. CORPORATE AND GROUP INFORMATION

Rare Earth Technology Group Holdings Limited (the "Company") is a limited liability company incorporated in Bermuda. The principal place of business of the Company is located at 16th Floor, Tower 5, The Gateway, Harbour City, Tsim Sha Tsui, Kowloon, Hong Kong.

During the year, the Group was involved in the manufacture and sale of magnesium products.

In the opinion of the directors, the immediate holding company of the Company is Ming Xin Developments Limited, a company incorporated in the British Virgin Islands and the ultimate holding company is Alpha Sino Limited, a company incorporated in the British Virgin Islands.

The consolidated financial statements are presented in Hong Kong dollars ("HK\$"), which is the same as the functional currency of the Company. All values are rounded to the nearest thousand (HK\$'000) except when otherwise indicated.

Winding-up petitions and appointment of provisional liquidators

On 3 July 2020, the Company announced (i) Century Sunshine Group Holding Limited ("CS"), the controlling shareholder of the Company, defaulted in the redemption of its SGD101.75 million in principal amount of subordinated notes (the "CS Payment Default"); (ii) the Company had received on 30 June 2020 a demand from one of the bank creditors for the repayment of borrowings of the Company or its subsidiaries of approximately HK\$22.87 million plus interest accrued and believed it was likely to receive further calls from its creditors; (iii) the CS Payment Default constituted an event of default in respect of certain borrowings of the Group, which became immediately payable on demand; (iv) a winding-up petition has been filed on 3 July 2020 to the Supreme Court of Bermuda on behalf of the Company together with an application for the appointment of joint provisional liquidators ("JPLs") on a "light touch" basis that the board of directors of the Company (the "Board") will retain management of the Company while the JPLs will work alongside the Company's management to, amongst other things, monitor, supervise and oversee the implementation of a group-wide holistic and coordinated restructuring of its debts and liabilities (the "Proposed Restructuring Plan") including to maintain the listing of the Company on the Stock Exchange of the Hong Kong Limited.

1. 公司及集團資料(續)

清盤呈請及委任臨時清盤人 (續)

於二零二零年七月十六日，百慕達最高法院頒佈一項命令，委任安永企業財務服務有限公司之閻正為先生及蘇潔儀女士、安永有限公司之Roy Bailey先生以及EY Cayman Ltd之Tammy Karina Fu女士為本公司共同臨時清盤人，並授予其共同及個別之權力。於二零二零年八月七日，百慕達法院接受閻正為先生之辭任，而有關Roy Bailey先生、Tammy Karina Fu女士、及蘇潔儀女士作為共同臨時清盤人的責任令則維持生效。

於二零二零年八月二十五日，香港特別行政區高等法院已批准有關在香港委任共同臨時清盤人的認可令。

於二零二一年二月二十五日，本公司收到AI Global Investment SPC於二零二一年二月二十二日代表AI Investment Fund S.P.並就其帳目(「呈請人」)向香港特別行政區該法院(「法院」)針對本公司提交的呈請(「該呈請」)，該呈請中請求法院將本公司清盤。其針對本公司提交之呈請乃由於本公司未能向呈請人支付票據(「定義如下」)未償付本金連同未支付利息及拖欠利息總額20,707,777.78美元，有關金額乃根據呈請人(作為認購人)與本公司(作為發行人)於二零一七年八月七日訂立之於二零二零年到期本金20,000,000美元之7%非後償及無抵押票據(「票據」)認購協議作出。該呈請聆訊已押後至二零二二年五月二十七日與債權人計劃批准聆訊一同舉行。

本公司於二零二二年一月十八日就相關計劃債權人擬議安排計劃(「債權人計劃」)，且債權人計劃於二零二二年三月一日獲法定所需的多數計劃債權人批准。債權人計劃的詳情披露於綜合財務報表附註43。

1. CORPORATE AND GROUP INFORMATION (continued)

Winding-up petitions and appointment of provisional liquidators (continued)

On 16 July 2020, an order was granted by the Supreme Court of Bermuda for the appointment of Mr. Yen Ching Wai David and Ms. So Kit Yee Anita of Ernst & Young Transactions Limited, Mr. Roy Bailey of Ernst & Young, and Ms. Tammy Karina Fu of EY Cayman Ltd as JPLs of the Company with the power to act jointly and severally. On 7 August 2020, the Bermuda Court accepted the resignation of Mr. Yen Ching Wai David. The JPLs appointment order remains in force in respect of Mr. Roy Bailey, Ms. Tammy Karina Fu and Ms. So Kit Yee Anita as JPLs.

On 25 August 2020, the High Court of The Hong Kong Special Administrative Region has granted the recognition order in respect of the appointment and powers of the JPLs in Hong Kong.

On 25 February 2021, the Company received a petition (the "Petition") filed by AI Global Investment SPC acting on behalf of and for the account of AI Investment Fund S.P. (the "Petitioner") on 22 February 2021 against the Company in the High Court of the Hong Kong Special Administrative Region (the "Court") for an order that the Company be wound up by the Court. The Petition was filed against the Company for its failure to repay the Petitioner an outstanding principal of the Notes (as defined below) together with the unpaid interest and default interest in an aggregate amount of US\$20,707,777.78, which was pursuant to a subscription agreement of 7% unsubordinated and unsecured notes due 2020 in a principal amount of US\$20,000,000 (the "Notes") entered into between the Petitioner as subscriber and the Company as the issuer dated 7 August 2017. The hearing of the Petition has been adjourned to be heard together with sanction hearing for the creditors' scheme and presently fixed for 27 May 2022.

The Company proposed a scheme of arrangement to the related scheme creditors ("the Creditors' Scheme") on 18 January 2022 and the Creditors' Scheme was approved by the requisite statutory majorities of the scheme creditors on 1 March 2022. Details of the Creditors' Scheme are disclosed in Note 43 to the consolidated financial statements.

財務報表附註(續)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

截至二零二一年十二月三十一日止年度 For the year ended 31 December 2021

1. 公司及集團資料(續)

本公司之主要附屬公司之詳情如下：

1. CORPORATE AND GROUP INFORMATION (continued)

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

名稱 Name	註冊成立/ 註冊及 經營地點 Place of incorporation/ registration and business	已發行普通股/ 註冊股本面值 Nominal value of issued ordinary share/ registered capital	本公司應 佔股權之百分比 Percentage of equity attributable to the Company		持有 表決權 比例 Proportion of voting power held	主要業務 Principal activities
			直接 Direct	間接 Indirect		
新疆騰翔鎂制品有限公司 ([新疆騰翔]) Xinjiang Tengxiang Magnesium Products Company Limited ("Xinjiang Tengxiang")	中國 The PRC	人民幣 171,800,000 元 RMB171,800,000	-	100	100%	製造及銷售金屬鎂 相關產品 Manufacture and trading of magnesium related products
白山市天安金屬鎂礦業 有限公司 Baishan City Tianan Magnesium Resources Company Limited	中國 The PRC	人民幣 280,332,000 元 RMB280,332,000	-	100	100%	製造及銷售金屬鎂 相關產品 Manufacturing and trading of magnesium related products
中國稀鎂科技控股有限公司 China Rare Earth Magnesium Technology Holdings Limited	香港 Hong Kong	10,310 港元 HK\$10,310	-	100	100%	投資控股 Investment holdings

上表載列董事認為對本集團之本年度業績有重大影響或組成本集團資產淨值之主要部份之本公司附屬公司。董事認為，提供其他附屬公司之詳情將導致資料過於冗長。

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

2. 應用香港財務報告準則(「香港財務報告準則」)之修訂

本年度強制生效之香港財務報告準則之修訂

於本年度，本集團已就編製綜合財務報表首次採用以下由香港會計師公會(「香港會計師公會」)頒佈並於二零二一年一月一日或之後開始之年度期間強制生效之香港財務報告準則之修訂：

香港財務報告準則第9號、利率基準改革－
香港會計準則第39號、第2階段
香港財務報告準則
第7號、香港財務報告
準則第4號及
香港財務報告準則
第16號的修訂

此外，本集團應用國際會計準則理事會於二零二一年六月發佈的國際財務報告準則詮釋委員會(「委員會」)的議程決定，闡明實體釐定存貨可變現淨值時應將成本入賬為「銷售必要的估計成本」。

於本年度應用香港財務報告準則的修訂並無對本集團於本年度及過往年度的財務狀況及表現及／或於該等綜合財務報表所載的披露產生重大影響。

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSS”)

Amendments to HKFRSSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to HKFRSSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time, which are mandatorily effective for the annual periods beginning on or after 1 January 2021 for the preparation of the consolidated financial statements:

Amendments to HKFRS 9, HKAS 39, HKFRS 7, HKFRS 4 and HKFRS 16,	Interest Rate Benchmark Reform – Phase 2
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In addition, the Group applied the agenda decision of the IFRS Interpretations Committee (the “Committee”) of the International Accounting Standards Board issued in June 2021 which clarified the costs an entity should include as “estimated costs necessary to make the sale” when determining the net realisable value of inventories.

The application of the amendments to HKFRSSs in the current year has had no material impact on the Group’s financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

財務報表附註(續)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

截至二零二一年十二月三十一日止年度 For the year ended 31 December 2021

2. 應用香港財務報告準則(「香港財務報告準則」)之修訂

(續)

已頒佈但尚未生效的新訂及經修訂香港財務報告準則

本集團並無提前應用下列已頒佈但尚未生效的新訂及經修訂香港財務報告準則：

香港財務報告準則第17號	保險合約及相關修訂 ³
香港財務報告準則第3號的修訂	有關概念框架之提述 ²
香港財務報告準則第10號及香港會計準則第28號的修訂	投資者與其聯營公司或合資公司之間的資產出售或注資 ⁴
香港財務報告準則第16號的修訂	二零二一年六月三十日後與新冠肺炎相關的租金寬免 ¹
香港會計準則第1號的修訂	將負債分類為流動或非流動以及香港詮釋第5號(二零二零年)之有關修訂 ³
香港會計準則第1號及香港財務報告準則實務準則第2號的修訂	會計政策的披露 ³
香港會計準則第8號的修訂	會計估計的定義 ³
香港會計準則第12號的修訂	單一交易產生之資產及負債相關遞延稅項 ³
香港會計準則第16號的修訂	物業、廠房及設備－作擬定用途前之所得款項 ²
香港會計準則第37號的修訂	有價合約－履行合約的成本 ²
香港財務報告準則的修訂	香港財務報告準則二零一八年至二零二零年之年度改進 ²

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSS”) (continued)

New and amendments to HKFRSSs in issue but not yet effective

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

HKFRS 17	Insurance Contracts and the related Amendments ³
Amendments to HKFRS 3	Reference to the Conceptual Framework ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴
Amendment to HKFRS 16	Covid-19-Related Rent Concessions beyond 30 June 2021 ¹
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) ³
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ³
Amendments to HKAS 8	Definition of Accounting Estimates ³
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ³
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use ²
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract ²
Amendments to HKFRSSs	Annual Improvements to HKFRSSs 2018-2020 ²

2. 應用香港財務報告準則(「香港財務報告準則」)之修訂

(續)

已頒佈但尚未生效的新訂及經修訂香港財務報告準則(續)

- 1 於二零二一年四月一日或之後開始之年度期間生效。
- 2 於二零二二年一月一日或之後開始之年度期間生效。
- 3 於二零二三年一月一日或之後開始之年度期間生效。
- 4 於待定期日或之後開始之年度期間生效。

本公司董事預測，應用香港財務報告準則所有新訂及修訂本於可預見的未來將不會對綜合財務報表產生重大影響。

3. 主要會計政策概要

編製基準

於編製此等綜合財務報表時應用之主要會計政策載列如下。除非另有說明，此等政策已一致應用於所有呈列年度。

綜合財務報表乃按照香港會計師公會頒佈之香港財務報告準則編製。此外，綜合財務報表包括香港聯合交易所有限公司證券上市規則(「上市規則」)及香港公司條例(「公司條例」)所規定之適用披露資料。

2. APPLICATION OF AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSS”) (continued)

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

- 1 Effective for annual periods beginning on or after 1 April 2021.
- 2 Effective for annual periods beginning on or after 1 January 2022.
- 3 Effective for annual periods beginning on or after 1 January 2023.
- 4 Effective for annual periods beginning on or after a date to be determined.

The directors of the Company anticipate that the application of all the new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

The consolidated financial statements have been prepared in accordance with HKFRSs, issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”) and by the Hong Kong Companies Ordinance (“CO”).

財務報表附註(續)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

截至二零二一年十二月三十一日止年度 For the year ended 31 December 2021

3. 主要會計政策概要(續)

編製基準(續)

持續經營

截至二零二一年十二月三十一日止年度，本集團錄得虧損約331,883,000港元(二零二零年：74,011,000港元)，而截至該日，本集團之流動負債超過其流動資產約483,515,000港元(二零二零年：180,801,000港元)。此外，於二零二一年十二月三十一日，本集團之流動及非流動借款分別約為876,043,000港元(二零二零年：796,938,000港元)及零港元(二零二零年：75,381,000港元)。而其現金及現金等價物僅約為25,078,000港元(二零二零年：36,104,000港元)。誠如綜合財務報表附註1所載，於二零二零年七月三日，本公司宣佈，世紀陽光已拖欠償還本金額為101,750,000新加坡元的債券另加於二零二一年七月三日到期的應計利息，此亦構成就本集團若干借款而言的違約事件。該公告亦說明，本公司已接獲其中一名銀行債權人要求償還約22,870,000港元之本集團借款。本集團未能於二零二一年十二月三十一日達成有關若干金額約839,815,000港元(二零二零年：760,580,000港元)的借款的若干契約或拖欠還款，該等借款須按要求償還並於綜合財務狀況表中呈列為流動負債。於二零二一年十二月三十一日，貸方已就計入本集團其他借款中約233,671,000港元(二零二零年：154,686,000港元)借款對本集團發起訴訟，要求償還未償付結餘。

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Preparation (continued)

Going concern

During year ended 31 December 2021, the Group recorded loss of approximately HK\$331,883,000 (2020: HK\$74,011,000), and, as of that date, the Group's current liabilities exceeded its current assets by approximately HK\$483,515,000 (2020: HK\$180,801,000). Further, as at 31 December 2021, the Group's current and non-current borrowings amounted to approximately HK\$876,043,000 (2020: HK\$796,938,000) and HK\$Nil (2020: HK\$75,381,000) while its cash and cash equivalents only amounted to approximately HK\$25,078,000 (2020: HK\$36,104,000). As stated in note 1 to the consolidated financial statements, on 3 July 2020, the Company announced that CS had defaulted in repayment of its bonds of principal amount of SGD101.75 million plus interests accrued when they fell due on their maturity date on 3 July 2021 and this also constituted an event of default in respect of certain borrowings of the Group. The announcement also stated that the Company had received demand from one of its bank creditors for repayment of the borrowings of the Group of approximately HK\$22.87 million. As at 31 December 2021 the Group could not fulfil certain covenants or defaulted in repayment in relation to certain borrowings amounting to approximately HK\$839,815,000 (2020: HK\$760,580,000), which have become repayable on demand and are presented as current liabilities in the consolidated statement of financial position. Included in the borrowings of the Group as at 31 December 2021 were borrowings of approximately HK\$233,671,000 (2020: HK\$154,686,000) which the lender have commenced litigations against the Group to repay the outstanding balances.

3. 主要會計政策概要(續)**編製基準(續)****持續經營(續)**

上述條件表明存在對本集團之持續經營能力構成疑慮之重大不明朗因素。因此，本集團可能無法於正常業務過程中變現其資產及履行其責任：

本公司管理層已與共同臨時清盤人及債權人就債務重組以安排計劃的方式進行積極磋商，涉及股權轉債權及延長還款期限等。計劃會議於二零二二年三月一日召開，債權人計劃已獲得法定所需的多數計劃債權人批准。本公司將向香港法院提交計劃會議的結果，並將向香港法院申請批准債權人計劃。批准聆訊預計於二零二二年五月二十七日舉行。

此外，本公司正向第三方投資者尋求對本公司的潛在投資，以促進為本公司籌集現金。本公司亦對資本投資、生產及行政運營實施成本控制措施，以降低本集團的整體運營成本。

假設成功實施債權人計劃及上述其他措施，董事會認為，本集團於可預見的未來將擁有充足營運資金以履行其到期的財務責任。

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**Basis of Preparation (continued)****Going concern (continued)**

The conditions described above indicate the existence of a material uncertainty that cast significant doubt on the Group's ability to continue as a going concern. Therefore, the Group may be unable to realize its assets and discharge its liabilities in the normal course of business.

The management of the Company has been in active negotiations with the JPLs and the creditors on debt restructuring by way of scheme of arrangement involving, among others, equity-for-debt swap and extension of repayment period. The scheme meeting was held on 1 March 2022, the creditors' scheme was approved by the requisite statutory majorities of the scheme creditors. The Company will submit the result of the scheme meeting to the Hong Kong Court and will apply to the Hong Kong Court for the sanctioning of the Creditors' Scheme. The Sanction Hearing is scheduled to be heard on 27 May 2022.

In addition, the Company is seeking potential investment in the Company from third party investor(s) to facilitate raising of cash for the Company. The Company has also implemented cost control measures on capital investments, production and administrative operations to reduce overall operating costs of the Group.

Assuming the successful implementation of the creditor's scheme and the other measures described above, the Board is of the opinion that the Group will have sufficient working capital to meet its financial obligation as and when they fall due in the foreseeable future.

3. 主要會計政策概要(續)

編製基準(續)

持續經營(續)

本公司董事認為，按持續經營基準編製綜合財務報表乃合宜之舉。該等綜合財務報表乃按持續經營基準編製，其有效程度視乎上述事件及條件最終能否取得圓滿結果，這本質上具有不確定性，包括本公司能否成功獲得法院批准及實施債權人計劃。

截至批准刊發綜合財務報表之日，尚未從法院獲得該計劃所需之批准。上述債權人計劃及其他措施實施之最終結果無法合理確定。因此，截至批准刊發綜合財務報表之日，存在對本集團之持續經營能力構成疑慮之重大不明朗因素。倘本集團無法持續經營，則須於綜合財務報表作出調整以將本集團資產賬面值撇減至可收回金額，以為可能進一步產生之負債作出撥備，並將非流動資產及非流動負債分別重新分類至流動資產及流動負債。此等調整之影響尚未反映於綜合財務報表內。

歷史成本基準

綜合財務報表已按歷史成本基準編製。歷史成本通常根據為換取資產支付的代價的公允值釐定。

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Preparation (continued)

Going concern (continued)

The directors of the Company are of the opinion that it is appropriate to prepare the consolidated financial statements on going concern basis. These consolidated financial statements have been prepared on a going concern basis, the validity of which depends upon the eventual successful outcomes of the events and conditions described above, which are inherently uncertain, including whether the Company is able to successfully obtain the sanctions of the courts and implement the Creditors' Scheme.

As at the date of approval for issuance of the consolidated financial statements, the required sanctions of the Scheme have not been obtained from the courts yet. The eventual outcome of the implementation of the Creditors' Scheme and other measures described above cannot be determined with reasonable certainty. Accordingly, the material uncertainty that cast significant doubt on the Group's ability to continue as a going concern remains in existence as at the date of approval for issuance of the consolidated financial statements. Should the Group be unable to continue as a going concern, adjustments would have to be made to the consolidated financial statement to write down the carrying values of the Group's assets to their recoverable amounts, to provide for further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in the consolidated financial statements.

Historical cost basis

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

3. 主要會計政策概要(續)**編製基準(續)**

公允值為市場參與者於計量日期在有序交易中出售資產可能收取或轉讓負債可能支付之價格，不論該價格是否直接觀察可得或使用另一種估值技術估計。估計資產或負債之公允值時，本集團考慮了市場參與者在計量日期為該資產或負債進行定價時將會考慮的資產或負債特徵。在該等綜合財務報表中計量和／或披露的公允值均在此基礎上予以確定，惟香港財務報告準則第2號以股份為基礎付款範圍內之以股份支付的交易、香港財務報告準則第16號範圍內之租賃交易以及與公允值類似但並非公允值的計量(例如，香港會計準則第2號存貨中的可變現淨值或香港會計準則第36號資產減值中的使用價值)除外。

非金融資產的公允值計量參考市場參與者能否以最高及最佳用途使用該資產，或把該資產售予另一能夠以最高及最佳用途使用該資產的市場參與者所產生的經濟效益。

此外，就財務報告而言，公允值計量根據公允值計量之輸入數據可觀察程度及輸入數據對公允值計量之整體重要性分類為第1類、第2類及第3類，載述如下：

- 第1類輸入數據是實體於計量日期可以取得的相同資產或負債於活躍市場之報價(未經調整)；
- 第2類輸入數據是就資產或負債直接或間接地可觀察之輸入數據(第1類內包括的報價除外)；及
- 第3類輸入數據是資產或負債的不可觀察輸入數據。

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**Basis of Preparation (continued)**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of HKFRS 2 Share-based Payments, leasing transactions that are within the scope of HKFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in HKAS 2 Inventories or value in use in HKAS 36 Impairment of Assets.

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

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

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

3. 主要會計政策概要(續)

綜合基準

綜合財務報表包括本公司及本公司所控制的實體(包括結構性實體)及其附屬公司的財務報表。倘出現以下情況，則本公司已取得控制權：

- 可對投資對象行使權力；
- 因參與投資對象之業務而可獲得或有權獲得可變回報；及
- 有能力藉行使其權力而影響該等回報。

倘有事實或情況顯示上述三項控制因素中，有一項或以上出現變數，本集團會重新評估其是否控制投資對象。

本公司於獲得附屬公司控制權時將附屬公司綜合入賬，並於失去附屬公司控制權時終止綜合入賬。具體而言，於本年度內購入或出售之附屬公司之收入及開支，按自本公司獲得控制權當日起至本公司失去附屬公司控制權當日止，計入綜合損益及其他全面收益報表內。

本公司擁有人及非控股股東權益應佔損益及其他全面收益各組成部分。即使會使非控股權益出現虧絀，一間附屬公司的全面收益及開支總額仍歸本公司擁有人及非控股權益所有。

如有需要，會對附屬公司的財務報表作出調整，以使其會計政策與本集團採用的會計政策一致。

所有本集團成員間集團內部交易有關資產及負債、權益、收益、開支及現金流已於編製綜合賬目時悉數抵銷。

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of consolidation

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

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

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

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

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

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

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

3. 主要會計政策概要(續)**附屬公司**

附屬公司為本公司直接或間接控制之實體(包括結構性實體)。當本集團對參與投資對象業務之浮動回報承擔風險或享有權利以及能透過對投資對象之權力(即本集團獲賦予現有能力以主導投資對象相關活動之既存權利)影響該等回報時，即取得控制權。

倘本公司直接或間接擁有少於投資對象大多數投票或類似權利的權利，則本集團於評估其是否擁有對投資對象之權力時會考慮一切相關事實及情況，包括：

- (a) 與投資對象其他投票持有人之合約安排；
- (b) 其他合約安排所產生之權利；及
- (c) 本集團之投票權及潛在投票權。

附屬公司業績按已收取及應收取之股息列入本公司損益賬。本公司於附屬公司之投資按成本扣除任何減值列賬。

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**Subsidiaries**

A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e. existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) The contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group's voting rights and potential voting rights.

The results of subsidiaries are included in the Company's profit or loss to the extent of dividends received and receivables. The Company's investments in subsidiaries are stated at cost less any impairment.

3. 主要會計政策概要(續)

業務合併

收購業務以收購法入賬。業務合併所轉讓代價以公允值計量，而公允值按本集團所轉讓資產、本集團對被收購方前擁有人所產生負債以及本集團就交換被收購方控制權所發行股本權益於收購日期之公允值總和計算。收購相關成本一般於產生時於損益內確認。

除若干確認豁免外，所購入可識別資產及所承擔負債必須符合《財務報表編製及列報框架》(由二零一零年十月發布的《財務報告概念框架》取代)中之資產及負債定義。

於收購日期，所購入可識別資產及所承擔負債按其公允值確認，但以下各項除外：

- 遞延稅項資產或負債及有關僱員福利安排之資產或負債分別根據香港會計準則第12號所得稅及香港會計準則第19號僱員福利確認及計量；
- 與被收購方以股份為基礎支付安排或為替代被收購方以股份為基礎支付安排而訂立之本集團以股份為基礎支付安排有關之負債或股本工具，於收購日期根據香港財務報告準則第2號以股份為基礎之支付計量(見下文會計政策)；
- 根據香港財務報告準則第5號持作出售非流動資產及已終止經營業務分類為持作出售之資產(或出售組合)按該準則計量；及

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Business combinations

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

Except for certain recognition exemptions, the identifiable assets acquired and liabilities assumed must meet the definitions of an asset and a liability in the Framework for the Preparation and Presentation of Financial Statements (replaced by the Conceptual Framework for Financial Reporting issued in October 2010).

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

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

3. 主要會計政策概要(續)**業務合併(續)**

- 租賃負債按剩餘租賃付款(定義見香港財務報告準則第16號)之現值確認及計量，猶如收購之租賃於收購日期為新租賃，惟(a)租期於收購日期12個月內結束；或(b)相關資產為低價值的租賃除外。使用權資產按與相關租賃負債相同之金額確認及計量，並進行調整以反映與市場條件相比租賃之有利或不利條款。

商譽按所轉讓代價、於被收購方任何非控股權益之金額及收購方過往所持被收購方股本權益(如有)公允值總和超出所收購可識別資產及所承擔負債於收購日期之淨額計量。倘於重新評估後，所收購可識別資產及所承擔負債之淨額超出所轉讓代價、於被收購方任何非控股權益之金額及收購方過往所持被收購方權益(如有)公允值之總和，差額即時於損益確認為按折價收購收益。

非控股權益為現有所有權權益，使持有人於清盤時能夠按比例分佔相關附屬公司資產淨值，其可初步按非控股權益按比例分佔被收購方可識別資產淨值之已確認數額或按公允值計量。

當本集團於一項業務合併轉移之代價包括或然代價安排，則或然代價乃按其收購日期之公允值計量，並計入作為於一項業務合併轉移之代價一部分。合資格作計量期間調整之或然代價之公允值變動乃追溯調整。計量期間調整為「計量期間」(不得超過收購日期起計一年)因獲得於收購日期已存在事實及情況之額外資料而作出之調整。

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**Business combinations (continued)**

- lease liabilities are recognised and measured at the present value of the remaining lease payments (as defined in HKFRS 16) as if the acquired leases were new leases at the acquisition date, except for leases for which (a) the lease term ends within 12 months of the acquisition date; or (b) the underlying asset is of low value. Right-of-use assets are recognised and measured at the same amount as the relevant lease liabilities, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms.

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

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation are initially measured at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets or at fair value.

When the consideration transferred by the Group in a business combination includes a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

3. 主要會計政策概要(續)

業務合併(續)

不符合作為計量期間調整之或然代價之其後會計處理，取決於或然代價如何分類。分類為權益之或然代價於其後報告日期不會重新計量，其後結算於權益內進行入賬處理。分類為資產或負債之或然代價於其後報告日期重新計量至公允值，而相應收益或虧損乃於損益中確認。

倘業務合併分階段達成，本集團先前持有之被收購方股權乃於收購日期(即本集團獲得控制權之日期)重新計量至公允值，而所產生之收益或虧損(如有)乃於損益或其他全面收益(如適用)內確認。於收購日期前已於其他全面收益確認並按香港財務報告準則第9號計量之被收購方權益產生之金額，將按本集團直接出售先前持有之股權所需之相同基準入賬。

倘業務合併之初步會計處理於合併發生之報告期末仍未完成，則本集團會就仍未完成會計處理之項目呈報暫定金額。該等暫定金額於計量期間(見上文)內作出追溯調整，並確認額外資產或負債，以反映獲得有關於收購日期已存在事實及情況之新資料，而倘知悉該等資料，將會影響於當日確認之金額。

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Business combinations (continued)

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

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control), and the resulting gain or loss, if any, is recognised in profit or loss or other comprehensive income, as appropriate. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income and measured under HKFRS 9 would be accounted for on the same basis as would be required if the Group had disposed directly of the previously held equity interest.

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

3. 主要會計政策概要(續)**來自客戶合約之收入**

本集團於完成履約責任時(或就此)確認收益,即於特定履約責任相關的商品或服務的「控制權」轉讓予客戶時確認收益。

履約責任指明確貨品及服務(或一組貨品或服務)或一系列大致相同的明確貨品或服務。

控制權會隨時間轉移,而倘滿足以下其中一項標準,則收益乃參照完全滿足相關履約責任的進度而隨時間確認:

- 於本集團履約時客戶同時取得並耗用本集團履約所提供的利益;
- 本集團的履約行為創造及提升客戶於本集團履約時已控制的資產;或
- 本集團的履約行為並無創造對本集團而言有其他用途的資產,且本集團擁有就迄今為止已完成的履約部分獲付款的可強行執行權利。

否則,收益於客戶取得明確貨品或服務控制權的時間點確認。

合約資產指本集團就向客戶換取本集團已轉讓的商品或服務收取代價的權利(尚未成為無條件)。其根據香港財務報告準則第9號評估減值。相反,應收款項指本集團收取代價的無條件權利,即只需待時間過去代價即須到期支付。

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**Revenue from contracts with customers**

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

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

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

- the customer simultaneously receives and consumes the benefits provided by the Group’s performance as the Group performs;
- the Group’s performance creates and enhances an asset that the customer controls as the Group performs; or
- the Group’s performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

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

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

3. 主要會計政策概要(續)

來自客戶合約之收入(續)

合約負債指本集團因已自客戶收取代價(或到期收取的代價)，而須向客戶轉讓商品或服務之責任。

與合約有關之合約資產及合約負債列作以淨額基準呈列。

來自加工及銷售農業肥料、鎂產品及煉鋼熔劑之收益於產品的控制權在產品交付予客戶且客戶已接納產品的時間點轉移以及並無可能會影響客戶接納產品的未履行責任時隨時間點予以確認。當產品已運送到指定地點，產品陳舊及遺失的風險已轉移至客戶，及客戶按照銷售合約接納產品，或接納條款已失效，或本集團有客觀證據證明所有接納標準均已達成時，交付即告完成。

該等銷售的收益按照合約訂明的價格(扣除折扣、回報及增值稅)予以確認。

應收款項於產品交付及客戶接納產品時確認，因從那一刻開始，付款之到期僅須時間的流逝，故收取代價成為無條件。

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue from contracts with customers (continued)

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

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

Revenue from the processing and sales of magnesium products is recognised at a point in time when control of the products has transferred, being at the point the products are delivered to the customer and the customer has accepted the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specified location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

Revenue from these sales is recognised based on the price specified in the contract, net of discounts, returns and value added taxes.

A receivable is recognised when the products are delivered and the customers accept the products, as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

3. 主要會計政策概要(續)

政府撥款

政府撥款不予確認，直至有合理保證，本集團將符合政府撥款隨附的條件，以及將收獲撥款後，方會確認。

倘與收入相關者之政府撥款成為應收款項，作為已產生的開支或虧損的彌償，或提供予本集團而沒有相關未來成本即時財務支持，則於成為應收款項之期間於損益確認。有關撥款於「其他收益或虧損淨額」項下呈列。

物業、廠房及設備

物業、廠房及設備為用作生產或供應貨物或服務，或行政用途的無形資產(在建工程除外)按成本減其後累計折舊及累計減值虧損列賬。

成本包括為使資產達到能夠按照管理層擬定的方式開展經營所必要的位置及條件而直接產生的任何成本，及(就合資格資產而言)根據本集團會計政策資本化的借貸成本。此等資產以其他物業資產的相同基準，當資產可供擬定用途時開始計提折舊。

在建工程包括建造以供生產或本身運用的物業、廠房及設備。在建工程乃按成本減任何已確認減值虧損列賬。當在建工程完成及可供擬定用途，則撥入物業、廠房及設備的適當分類。此等資產以其他物業資產的相同基準，當資產可供擬定用途時開始計算折舊。

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Government Grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants related to income that become receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable. Such grants are presented under "other gains or losses, net".

Property, Plant and Equipment

Property, plant and equipment, are tangible assets that are held for use in the production or supply of goods or services, or for administrative purposes (other than construction in progress), are stated at cost less subsequent accumulated depreciation and accumulated impairment losses.

Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Construction in progress includes property, plant and equipment in the course of construction for production or for its own use purposes. Construction in progress is carried at cost less any recognised impairment loss. Construction in progress is classified to the appropriate category of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

3. 主要會計政策概要(續)

物業、廠房及設備及折舊(續)

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

倘相關付款能可靠分配，則以經營租賃入賬的租賃土地權益於綜合財務狀況表中呈列為「使用權資產」。倘代價無法於相關租賃土地的非租賃樓宇部分及未分割權益間可靠分配，則整項物業分類為物業、廠房及設備。

物業、廠房及設備項目於出售時或預期持續使用該資產不再帶來未來經濟利益時取消確認。因資產取消確認產生的任何收益或虧損(按出售所得款項淨額與項目賬面值的差額計算)乃於項目取消確認的期間內計入期內損益。

折舊乃按直線基準計算，以撇銷物業、廠房及設備各項的成本至其估計可使用年期內的剩餘價值。用於此目的的主要年利率如下：

租賃土地及樓宇	於租期的較短者內 或3%
傢具、裝置及設備	6%至25%
廠房及機器	10%至25%
汽車	15%至25%

估計可使用年期、剩餘價值及折舊方法於各報告期末進行審核，任何估計變更的影響乃不予追溯地入賬。

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, Plant and Equipment and depreciation (continued)

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

To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "right-of-use assets" in the consolidated statement of financial position. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the period in which the item is derecognised.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Leasehold land and buildings	Over the shorter of the lease terms or 3%
Furniture, fixtures and equipment	6% to 25%
Plant and machinery	10% to 25%
Motor vehicles	15% to 25%

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

3. 主要會計政策概要(續)**租賃****租賃的定義**

倘合約賦予權利於一段時間內控制已識別資產的用途以換取代價，則該合約為或包含租賃。

就於首次應用日期或之後訂立或修改或由業務合併產生的合約而言，本集團根據香港財務報告準則第16號的定義於初始或修改日期或收購日期(倘適用)評估該合約是否為租賃或包含租賃。除非合約的條款及條件其後出現變動，否則有關合約將不予重新評估。

本集團作為承租人**將代價分配至合約組成部分**

就包含租賃組成部分以及一項或多項額外租賃或非租賃組成部分之合約而言，本集團根據租賃組成部分之相對獨立價格及非租賃組成部分之獨立價格總和將合約代價分配至各租賃組成部分，包括收購含有租賃土地及非租賃樓宇組成部分的物業的所有權權益的合約，惟有關分配無法可靠作出則除外。

本集團採用可行權宜方法，不將非租賃組成部分從租賃組成部分區分開來，而是將租賃組成部分及任何相關非租賃組成部分作為一項單獨的租賃組成部分進行入賬。

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**Leases****Definition of a lease**

A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For contracts entered into or modified or arising from business combinations on or after the date of initial application, the Group assesses whether a contract is or contains a lease based on the definition under HKFRS 16 at inception, modification date or acquisition date, as appropriate. Such contract will not be reassessed unless the terms and conditions of the contract are subsequently changed.

The Group as a lessee**Allocation of consideration to components of a contract**

For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components, including contract for acquisition of ownership interests of a property which includes both leasehold land and non-lease building components, unless such allocation cannot be made reliably.

The Group applies practical expedient not to separate non-lease components from lease component, and instead account for the lease component and any associated non-lease components as a single lease component.

3. 主要會計政策概要(續)

租賃(續)

本集團作為承租人(續)

短期租賃及低價值資產租賃

對於租期自開始日期起計12個月或以內且並無包含購買選擇權的機器及設備租賃，本集團應用短期租賃確認豁免。本集團亦對低價值資產租賃應用確認豁免。短期租賃及低價值資產租賃的租賃付款按直線基準或另一系統基準於租期內確認為開支。

使用權資產

使用權資產的成本包括：

- 租賃負債初步計量金額；
- 於開始日期或之前作出的任何租賃付款，減去已獲得的租賃優惠；
- 本集團所產生的任何初始直接成本；及
- 由本集團廢除及移除相關資產，恢復其所在場地或將相關資產恢復到租賃條款及條件所要求的條件所產生的成本估算，除非該等成本乃因生產存貨而產生。

使用權資產按成本減任何累計折舊及減值虧損計量，並就租賃負債的任何重新計量作出調整。

就本集團於租期結束時合理確定獲取相關租賃資產所有權之使用權資產而言，有關使用權資產自開始日期起至可使用年期結束期間計提折舊。在其他情況下，使用權資產按直線基準於其估計可使用年期與租期兩者之較短期間內計提折舊。

本集團於綜合財務狀況表內將使用權資產呈列為一項單獨項目。

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases (continued)

The Group as a lessee (continued)

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to leases of machinery and equipment that have a lease term of 12 months or less from the commencement date and do not contain a purchase option. It also applies the recognition exemption for lease of low-value assets. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis or another systematic basis over the lease term.

Right-of-use assets

The cost of right-of-use asset includes:

- the amount of the initial measurement of the lease liability;
- any lease payments made at or before the commencement date, less any lease incentives received;
- any initial direct costs incurred by the Group; and
- an estimate of costs to be incurred by the Group in dismantling and removing the underlying assets, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities.

Right-of-use assets in which the Group is reasonably certain to obtain ownership of the underlying leased assets at the end of the lease term are depreciated from commencement date to the end of the useful life. Straight-line basis over the shorter of its estimated useful life and the lease term.

The Group presents right-of-use as a separate line item on the consolidated statement of financial position.

3. 主要會計政策概要(續)**租賃(續)****本集團作為承租人(續)****租賃負債**

於租賃開始日期，本集團按當日尚未支付的租賃付款現值確認及計量租賃負債。就計算租賃付款現值而言，倘租賃中隱含利率不易確定，則本集團於租賃開始日期使用的增量借款利率進行計算。

計入計量租賃負債之租賃付款包括：

- 固定租賃款項(包括實質性的固定付款)減去任何已獲得租賃優惠；
- 跟隨指數或比率而定的可變租賃付款，初步按開始日期的指數或比率計量；
- 根據剩餘價值擔保預期將由承租人支付的金額；
- 倘承租人合理確定行使購買選擇權，則為該選擇權的行使價；及
- 倘租期反映將行使選擇權終止租賃，則支付終止租賃的罰款。

於開始日期後，租賃負債就應計利息及租賃付款作出調整。

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**Leases (continued)****The Group as a lessee (continued)****Lease liabilities**

At the commencement date of a lease, the Group recognises and measures the lease liability at the present value of lease payments that are unpaid at that date. In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

After the commencement date, lease liabilities are adjusted by interest accretion and lease payments.

3. 主要會計政策概要(續)

租賃(續)

本集團作為承租人(續)

倘出現以下情況，本集團重新計量租賃負債(並就相關使用權資產作出相應調整)：

- 租期有所變動或行使購買選擇權的評估發生變化，在此情況下，相關租賃負債透過使用重新評估日期的經修訂貼現率貼現經修訂租賃付款而重新計量。
- 租賃付款因進行市場租金調查後市場租金變動／有擔保剩餘價值下預期付款變動而出現變動，在此情況下，相關租賃負債使用初始貼現率貼現經修訂租賃付款而重新計量。

租賃負債於綜合財務狀況表中呈列為一項單獨項目。

租賃的修訂

除本集團已應用可行權宜方法的新冠肺炎疫情相關租金優惠外，倘出現以下情況，本集團將租賃的修改作為一項單獨的租賃進行入賬：

- 租賃修訂通過增加了使用一項或以上相關資產的權利使租賃範圍增大；及
- 租賃代價增加的金額相當於擴大範圍對應的單獨價格，加上以反映特定合約的實際情況對單獨價格進行的任何適當調整。

就未作為一項單獨租賃入賬的租賃修改而言，本集團透過使用修改生效日期的經修訂貼現率貼現經修訂租賃付款，根據經修訂租賃的租期重新計量租賃負債。

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases (continued)

The Group as a lessee (continued)

The Group remeasures lease liabilities (and makes a corresponding adjustment to the related right-of-use assets) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the related lease liability is remeasured by discounting the revised lease payments using a revised discount rate at the date of reassessment.
- the lease payments change due to changes in market rental rates following a market rent review/expected payment under a guaranteed residual value, in which cases the related lease liability is remeasured by discounting the revised lease payments using the initial discount rate.

The lease liability is presented as a separate line in the consolidated statement of financial position.

Lease modifications

Except for Covid-19-related rent concessions in which the Group applied the practical expedient, the Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

3. 主要會計政策概要(續)**租賃(續)****租賃的修訂(續)**

本集團通過對相關使用權資產進行相應調整，以對租賃負債進行重新計量。當經修訂合約包含租賃組成部分以及一項或多項額外租賃或非租賃組成部分時，本集團根據租賃組成部分的相對獨立價格及非租賃組成部分的獨立價格總額，將經修訂合約中的代價分配至各租賃組成部分。

因利率基準改革導致釐定未來租賃付款的基準變動

就因利率基準改革導致釐定未來租賃付款的基準變動而言，本集團應用實際可行權宜方法，透過使用不變貼現率將經修訂租賃付款貼現而重新計量租賃負債，並對相關使用權資產作出相應調整。僅在同時符合以下情況時，方須根據利率基準改革的規定修改租賃：

- 因利率基準改革的直接後果而導致必須修改；及
- 釐定租賃付款的新基準在經濟上等同於過往基準(即緊接修改前的基準)。

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**Leases (continued)****Lease modifications (continued)**

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset. When the modified contract contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the modified contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Changes in the basis for determining the future lease payments as a result of interest rate benchmark reform

For changes in the basis for determining the future lease payments as a result of interest rate benchmark reform, the Group applies the practical expedient to remeasure the lease liabilities by discounting the revised lease payments using the unchanged discount rate and makes a corresponding adjustment to the related right-of-use assets. A lease modification is required by interest rate benchmark reform if, and only if, both of these conditions are met:

- the modification is necessary as a direct consequence of interest rate benchmark reform; and
- the new basis for determining the lease payments is economically equivalent to the previous basis (i.e. the basis immediately preceding the modification).

3. 主要會計政策概要(續)

租賃(續)

新冠肺炎疫情相關租金寬免

就因新冠肺炎疫情導致直接產生的與租賃合約有關的租金寬免而言，本集團已選擇在滿足下列所有條件時應用可行權宜方法不評估有關變動是否為一項租賃修改：

- 租賃付款變動導致之租賃之經修訂代價與緊接變動之前的租賃代價基本相同或低於該代價；
- 租賃付款之任何減少僅影響原於二零二一年六月三十日或之前到期的付款；及
- 租賃的其他條款及條件並無實質性變動。

應用可行權宜方法將租金寬免導致之租賃付款變動列賬之承租人將以同一方式將應用香港財務報告準則第16號「租賃」的變動入賬(倘變動並非租賃修訂)。租賃付款之寬免或豁免被入賬列作可變租賃付款。相關租賃負債獲調整以反映寬免或豁免之金額，並於該事件發生的期間內在損益中確認相應調整。

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases (continued)

Covid-19-related rent concessions

In relation to rent concessions that occurred as a direct consequence of the Covid-19 pandemic, the Group has elected to apply the practical expedient not to assess whether the change is a lease modification if all of the following conditions are met:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments originally due on or before 30 June 2021; and
- there is no substantive change to other terms and conditions of the lease.

A lessee applying the practical expedient accounts for changes in lease payments resulting from rent concessions the same way it would account for the changes applying HKFRS 16 if the changes are not a lease modification. Forgiveness or waiver of lease payments are accounted for as variable lease payments. The related lease liabilities are adjusted to reflect the amounts forgiven or waived with a corresponding adjustment recognised in the profit or loss in the period in which the event occurs.

3. 主要會計政策概要(續)

無形資產

於業務合併中收購的無形資產

業務合併中收購的無形資產與商譽分開確認及初步按其於收購日期的公平值(被視作其成本)確認。

於首次確認後，具有有限使用年期的無形資產乃按成本減累計攤銷及任何累計減值虧損列賬。具有有限使用年期的無形資產以直線法按其估計可使用年期計提攤銷。

無形資產乃於出售時或於預期使用或出售不會產生未來經濟利益時終止確認。於終止確認無形資產所產生的收益及虧損(按資產的出售所得款項淨額與賬面值之間的差額計量)於終止確認資產時在損益中確認。

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Intangible Assets

Intangible Assets Acquired in a Business Combination

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets with finite useful lives are carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is provided on a straight-line basis over their estimated useful lives.

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

3. 主要會計政策概要(續)

無形資產(續)

專利權

購入專利權之開支將予資本化，並以直線法按自專利權可使用日期起計九至十六年之估計可使用年期攤銷。

物業、廠房及設備、使用權資產及無形資產(商譽除外)減值

於各報告期末，本集團審閱其物業、廠房及設備、使用權資產及具有限使用年期無形資產之賬面值，以釐定是否有任何跡象顯示該等資產已出現減值虧損。倘存在任何有關跡象，則會估計有關資產的可收回金額以釐定減值虧損(如有)之程度。無限使用年期之無形資產及尚未可供使用之無形資產至少每年及於有跡象顯示資產可能出現減值時進行減值測試。

物業、廠房及設備、使用權資產及無形資產之可收回金額予以個別估計。倘無法個別估計可收回金額，則本集團會估計該資產所屬現金產生單位之可收回金額。

在就減值測試現金產生單位時，於可設定合理一致的分配基準時，公司資產會分配至相關現金產生單位，否則有關資產會分配至可設定合理一致分配基準之現金產生單位最小組別。就公司資產所屬現金產生單位或現金產生單位組別釐定可收回金額，並與相關現金產生單位或現金產生單位組別之賬面值進行比較。

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Intangible Assets (continued)

Patent

Expenditure on acquired patent is capitalised and amortised using the straight-line method over its estimated useful life of 9 to 16 years, from the date when the patent is available for use.

Impairment on property, plant and equipment, right-of-use assets, and intangible assets other than goodwill

At the end of the reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets, intangible assets with finite useful lives to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any). Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that they may be impaired.

The recoverable amount of property, plant and equipment, right-of-use assets, and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

In testing a cash-generating unit for impairment, corporate assets are allocated to the relevant cash-generating unit when a reasonable and consistent basis of allocation can be established, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be established. The recoverable amount is determined for the cash-generating unit or group of cash-generating units to which the corporate asset belongs, and is compared with the carrying amount of the relevant cash-generating unit or group of cash-generating units.

3. 主要會計政策概要(續)

物業、廠房及設備、使用權資產及無形資產(商譽除外)減值(續)

可收回金額為公允值減出售成本與使用價值兩者中之較高者。於評估使用價值時，乃以反映目前市場對貨幣時間價值及資產(或現金產生單位)於估計未來現金流量調整前之獨有風險之稅前貼現率將估計未來現金流量貼現至其現值。

倘估計資產(或現金產生單位)之可收回金額低於其賬面值，則資產(或現金產生單位)之賬面值下調至其可收回金額。就未能按合理一致基準分配至現金產生單位之公司資產或一部分公司資產而言，本集團會將現金產生單位組別之賬面值(包括分配至該現金產生單位組別的公司資產或一部分公司資產的賬面值)與該現金產生單位組別之可收回款項作比較。於分配減值虧損時，首先分配減值虧損以減少任何商譽的賬面值(如適用)，然後按比例根據該單位或現金產生單位組別各資產之賬面值分配至其他資產。一項資產的賬面值不會減至低於其公允值減出售成本(如可計量)、其使用價值(如可釐定)及零當中之最高者。本將分配至該資產之減值虧損之金額按比例分配至該單位或現金產生單位組別的其他資產。減值虧損即時於損益確認。

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment on property, plant and equipment, right-of-use assets, and intangible assets other than goodwill (continued)

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a cash-generating unit) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. For corporate assets or portion of corporate assets which cannot be allocated on a reasonable and consistent basis to a cash-generating unit, the Group compares the carrying amount of a group of cash-generating units, including the carrying amounts of the corporate assets or portion of corporate assets allocated to that group of cash-generating units, with the recoverable amount of the group of cash-generating units. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit or the group of cash-generating units. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit or the group of cash-generating units. An impairment loss is recognised immediately in profit or loss.

3. 主要會計政策概要(續)

物業、廠房及設備、使用權資產及無形資產(商譽除外)減值(續)

倘減值虧損於其後撥回，則資產(或現金產生單位或現金產生單位組別)的賬面值會增加至其經修訂的估計可收回金額，惟增加後的賬面值不得超出假設過往年度並無就該項資產(或現金產生單位或現金產生單位組別)確認減值虧損時原應釐定的賬面值。減值虧損撥回即時於損益確認。

採礦權

採礦權包括所轉撥之勘探及評估資產，以成本扣除累計攤銷及任何減值虧損後列示。採購權按生產量除以礦產資源總儲量作攤銷。倘礦山被廢置時，則採礦權在損益表中攤銷。

外幣

編製本集團旗下各個別實體的財務報表時，以該實體的功能貨幣以外貨幣(外幣)進行的交易按交易日期的匯率以其功能貨幣(即該實體經營業務所在主要經濟環境的貨幣)列賬。

於各報告期末，以外幣結算的貨幣項目按該日的匯率重新換算。以外幣計值並以公允值列賬之非現金項目於公允值釐定當日按當前比率重新換算。按過往成本以外幣結算的非貨幣項目不會重新換算。

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment on property, plant and equipment, right-of-use assets, and intangible assets other than goodwill (continued)

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit or a group of cash-generating units) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit or a group of cash-generating units) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Mining Rights

Mining rights, including transferred exploration and evaluation assets, are stated at cost less accumulated amortisation and any impairment losses. The mining rights are amortised on the production quantities over the total estimated mineral reserve. Mining rights are written off to the profit or loss if the mining property is abandoned.

Foreign Currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

3. 主要會計政策概要(續)

外幣(續)

結算貨幣項目及換算貨幣項目時產生的匯兌差額於產生期間在損益確認。重新換算非貨幣項目產生的匯兌差額按公允值納入有關期間的損益內。

就綜合財務報表呈報方式而言，本集團海外業務的資產及負債按報告期末的匯率換算為本集團的呈報貨幣(即港元)，而其收入及開支則按年內平均匯率換算，除非匯率於期內出現大幅波動，在此情況下，則採用交易日期的匯率換算。所產生匯兌差額(如有)於其他全面收益確認並於(如適用，按非控股權益應佔之)股本(即匯兌儲備)累計。

於出售海外業務(即出售本集團於海外業務的全部權益或涉及失去對一家從事海外業務的附屬公司的控制權的出售、涉及失去對一家從事海外業務的共同控制實體的共同控制權的出售、或失去對一家從事海外業務的聯營公司的重大影響力的出售)時，就本公司擁有人應佔該業務之權益而累計之所有匯兌差額重新分類至損益。

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign Currencies (continued)

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value, are included in profit or loss for the period.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. HK\$) at the rates of exchange prevailing at the end of the reporting period. Income and expenses are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (i.e. the translation reserve) (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over jointly controlled entity that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

3. 主要會計政策概要(續)

借貸成本

直接歸屬於收購、建築或生產合資格資產的借貸成本，而該等資產需要較長時間才能準備好供擬定用途使用或銷售，則該借貸成本則加入該等資產的成本，直至該等資產大致可供擬定用途使用或銷售。

所有其他借貸成本於產生之期內在損益確認。

退休福利費用

退休金計劃

本集團根據強制性公積金計劃條例設立一項界定供款之強制性公積金退休福利計劃(「強積金計劃」)，為所有僱員參與強積金計劃。供款按僱員基本薪金的若干百分比釐定並根據強積金計劃守則於需支付供款時在損益內扣除。強積金計劃之資產與本集團的其他資產分開處理，由一獨立管理之基金持有。在向強積金計劃供款時，本集團僱主供款將全數歸屬於僱員所有。

本集團亦為僱員(包括若干董事)設立一項界定供款僱員退休金計劃，該計劃依職業退休計劃條例註冊(「職業退休計劃」)。職業退休計劃的資產與本集團資產分開，由一個獨立管理的基金持有。供款按合資格僱員基本薪金的若干百分比釐定並於根據職業退休計劃守則於需支付供款時在損益內扣除。如僱員於其於本集團僱主供款的權益尚未全數歸於僱員前退出職業退休計劃，有關被沒收的供款可能減少本集團的持續應付供款。

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

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

Retirement Benefit Costs

Pension Schemes

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for all of its employees. Contributions are made based on a percentage of the employees' basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The Group also operates a defined contribution staff retirement scheme registered under the Occupational Retirement Schemes Ordinance (the "ORSO Scheme") for its employees (including certain directors), the assets of which are held separately from those of the Group in an independently administered fund. Contributions are made based on a percentage of the eligible employees' basic salaries and are charged to profit or loss as they become payable in accordance with the rules of the ORSO Scheme. When an employee leaves the ORSO Scheme prior to his/her interest in the Group's employer contributions vesting fully, the ongoing contributions payable by the Group may be reduced by the relevant amount of forfeited contributions.

3. 主要會計政策概要(續)**退休福利費用(續)****退休金計劃(續)**

本集團於中國內地營運附屬公司之僱員須參與一項由當地市政府管理之中央退休金計劃。此等附屬公司須按彼等薪金成本之若干百分比，向該中央退休金計劃作出供款。此供款根據中央退休金計劃之守則，於應付時在損益內扣除。

向界定供款退休金計劃的供款於僱員提供服務後而符合領取有關供款的資格時列作支出扣除。

以股份為基礎的付款**以股權結算以股份為基礎的付款****授予僱員的購股權**

向僱員及其他提供類似服務的人士作出的以股權結算以股份為基礎的付款乃於授出日期按權益工具的公平值計量

以股權結算以股份為基礎的付款按授出日期釐定的公平值(並無計及所有非市場歸屬條件)，乃根據本集團對最終將歸屬的權益工具的估計，於歸屬期內以直線法支銷，而權益(購股權儲備)會相應增加。於各報告期末，本集團基於對所有相關非市場歸屬條件的評估修訂預期歸屬的權益工具數目的估計。修訂原先估計的影響(如有)於損益中確認，以便累計開支反映修訂估計，並對購股權儲備作出相應調整。

當購股權獲行使時，先前於購股權儲備中確認的款項將轉撥至股份溢價。當購股權於歸屬日期後被沒收或於屆滿日仍未獲行使，先前於購股權儲備中確認的款項將轉撥至保留溢利。

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**Retirement Benefit Costs (continued)****Pension Schemes (continued)**

The employees of the Group's subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute a certain percentage of their payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

Payments to defined contribution retirement plans are charged as an expense when employees have rendered service entitling them to the contributions.

Share-based payments**Equity-settled share-based payments transactions****Share options granted to employees**

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value of the equity-settled share-based payments determined at the grant date without taking into consideration all non-market vesting conditions is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity (share option reserve). At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest based on assessment of all relevant non-market vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the share option reserve.

When share options are exercised, the amount previously recognised in share option reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share option reserve will be transferred to retained profits.

3. 主要會計政策概要(續)

現金及等同現金項目

就綜合現金流量表而言，現金及等同現金項目包括手頭現金及活期存款，以及可隨時轉換為已知數額現金並一般於購入後三個月內到期，且價值變動風險微不足道之短期及高度流通投資，另扣除須按要求償還及構成本集團現金管理一部分之銀行透支。

稅項

所得稅開支指當前應付稅項及遞延稅項總額。

當前應付稅項乃按年內應課稅溢利計算。應課稅溢利不包括已撥往其他年間的應課稅收入或可扣減開支項目，亦不包括可作免稅或不可作稅項扣減之項目，故與綜合損益及其他全面收益表所列溢利不同。本集團即期稅項負債乃按於報告期末已頒佈或大致上已頒佈之稅率計算。

遞延稅項乃按於財務報表內資產及負債賬面值與用於計算應課稅溢利之相應稅基兩者之暫時差額確認。遞延稅項負債通常會就所有應課稅暫時差額確認。遞延稅項資產通常會於可能出現應課稅溢利抵銷有關可動用可扣減暫時差額時就所有可扣減暫時差額確認。若暫時差額因商譽或因於一項既不影響應課稅溢利亦不影響會計溢利之交易(不包括業務合併)中開始確認其他資產及負債而引致，則不會確認該等資產及負債。

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and Cash Equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprises of cash in hand and demand deposits, and short term highly liquid investments which are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

Taxation

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years, and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that is probable that taxable profit will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

3. 主要會計政策概要(續)**稅項(續)**

遞延稅項負債就與於附屬公司投資有關之應課稅臨時差額確認，惟倘集團能控制臨時差額撥回且臨時差額於可見未來不會撥回則作別論。

遞延稅項資產之賬面值會於各報告期末均作檢討，並在不大可能再有足夠應課稅溢利收回全部或部分資產時減少。

遞延稅項負債及資產以負債被清償或資產被變現的期間內預期適用的稅率計量，並根據於報告期末已頒佈或大致上已頒佈的稅率(和稅務法例)計量。遞延稅項負債及資產之計量反映隨本集團預期於報告期末時收回或償還資產及負債賬面值所產生之稅務後果。

對於其中稅項扣除歸屬於租賃負債之租賃交易，本集團將香港會計準則第12號所得稅要求分別應用於使用權資產及租賃負債。相關使用權資產及租賃負債初步確認之暫時差額乃由於應用初始確認豁免而並未確認。因重新計量租賃負債及租賃修訂導致對使用權資產及租賃負債的賬面值進行後續修訂而產生的不受初始確認豁免之暫時差額，於重新計量或修訂日期確認。

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**Taxation (continued)**

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 Income Taxes requirements to right-of-use assets and lease liabilities separately. Temporary differences on initial recognition of the relevant right-of-use assets and lease liabilities are not recognised due to application of the initial recognition exemption. Temporary differences arising from subsequent revision to the carrying amounts of right-of-use assets and lease liabilities, resulting from remeasurement of lease liabilities and lease modifications, that are not subject to initial recognition exemption are recognised on the date of remeasurement or modification.

3. 主要會計政策概要(續)

稅項(續)

當即期稅項資產與即期稅項負債可依法相互抵銷，且與同一稅務機關對同一應課稅實體所徵收之所得稅有關時，遞延稅項資產及負債可相互抵銷。即期及遞延稅項於損益確認。

存貨

存貨按成本與可變現淨值兩者的較低者列賬。如為在製品及製成品，包括直接物料、直接勞工及適當部分的間接開支。成本以加權平均法計算。可變現淨值指存貨之估計售價減完成之所有估計成本以及出售所需之成本。

金融工具

倘集團實體成為工具合約條文的訂約方，則確認金融資產及金融負債。所有金融資產的常規買賣均按交易日期基準確認及終止確認。常規買賣即要求在法規或市場慣例要求的時限內交付資產的金融資產買賣。

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation (continued)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied to the same taxable entity by the same taxation authority. Current and deferred tax is recognised in profit or loss.

Inventories

Inventories are stated at the lower of cost and net realisable value. In the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Cost is calculated using the weighted average method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make sale.

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

3. 主要會計政策概要(續)**金融工具(續)**

除客戶合約產生的貿易應收款項根據香港財務報告準則第15號初步計量外，金融資產及金融負債初步按公平值計量。收購或發行金融資產及金融負債直接應佔的交易成本乃於首次確認時自金融資產或金融負債的公平值加入或扣除(如適用)。收購按公平值計入損益的金融資產或金融負債直接應佔的交易成本，即時於損益內確認。

實際利率法是一種計算金融資產或金融負債的攤銷成本以及將利息收入和利息費用於有關期間分配的方法。實際利率是將估計未來現金收入和支出(包括所有構成實際利率整體部分的已付或已收的一切費用及利率點、交易成本及其他溢價或折價)透過金融資產或金融負債的預期年期或(倘適用)更短期間準確貼現至首次確認時的賬面淨額的利率。

金融資產**金融資產的分類及後續計量**

符合下列條件的金融資產其後按攤銷成本計量：

- 以收取合約現金流量為目標的業務模式下持有之金融資產；及
- 合約條款於指定日期產生之現金流量僅為支付本金及未償還本金之利息。

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**Financial instruments (continued)**

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

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

Financial assets**Classification and subsequent measurement of financial assets**

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

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

3. 主要會計政策概要(續)

金融工具(續)

金融資產(續)

金融資產的分類及後續計量(續)

符合下列條件的金融資產其後按公平值計入其他全面收益(「按公平值計入其他全面收益」)計量：

- 以透過出售及收取合約現金流量兩種方式達致目標之業務模式持有金融資產；及
- 合約條款於指定日期產生之現金流量僅為支付本金及未償還本金之利息。

所有其他金融資產其後按公平值計入損益計量，但在首次確認金融資產之日，倘該股權投資並非持作買賣，亦非由於收購方在香港財務報告準則第3號「業務合併」所適用之業務合併中確認之或然代價，本集團可不可撤銷地選擇於其他全面收益呈列相關股權投資之其後公平值變動。

倘屬以下情況，金融資產持作買賣用途：

- 其主要為於不久將來出售而購買；或
- 在首次確認時，其為本集團所集中管理並擁有短期獲利之近期實際模式的已識別金融工具組合的一部分；或
- 其為非指定及有效作對沖工具的衍生工具。此外，本集團可不可撤回地指定須按攤銷成本或按公平值計入其他全面收益計量的金融資產為按公平值計入損益計量，前提為有關指定可消除或大幅減少會計錯配。

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Classification and subsequent measurement of financial assets (continued)

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income ("FVTOCI"):

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

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

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument. In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost or FVTOCI as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

3. 主要會計政策概要(續)**金融工具(續)****金融資產(續)****金融資產的分類及後續計量(續)**

(i) 攤銷成本及利息收入

其後按攤銷成本計量的金融資產使用實際利率法確認利息收入。利息收入乃對一項金融資產賬面總值應用實際利率予以計算，惟其後出現信貸減值的金融資產除外(見下文)。就其後出現信貸減值的金融資產而言，自下一報告期起，利息收入乃對金融資產攤銷成本應用實際利率予以確認。倘信貸減值金融工具的信貸風險好轉，使金融資產不再出現信貸減值，於釐定資產不再出現信貸減值後，自報告期開始起利息收入乃對金融資產賬面總值應用實際利率予以確認。

(ii) 按公平值計入損益的金融資產

不符合標準按攤銷成本計量或按公平值計入其他全面收益或指定為按公平值計入其他全面收益的金融資產按公平值計入損益。

按公平值計入損益的金融資產於各報告期末按公平值計量，任何公平值損益於損益內確認。

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**Financial instruments (continued)****Financial assets (continued)****Classification and subsequent measurement of financial assets (continued)**

(i) Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit impaired.

(ii) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI or designated as FVTOCI are measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss.

3. 主要會計政策概要(續)

金融工具(續)

金融資產(續)

金融資產減值(須根據香港財務報告準則第9號進行減值評估)

本集團就根據香港財務報告準則第9號面臨減值評估的金融資產的預期信貸虧損(「預期信貸虧損」)模型進行減值評估。預期信貸虧損金額於各報告日期更新，以反映自首次確認起的信貸風險變動。

全期預期信貸虧損指於相關工具預期壽命內發生所有可能的違約事件而導致的預期信貸虧損。相反，12個月預期信貸虧損(「12個月預期信貸虧損」)則指預期於報告日期後12個月內可能發生的違約事件而導致的部分全期預期信貸虧損。預期信貸虧損根據本集團過往信貸虧損經驗進行評估，並根據債務人特定因素、一般經濟狀況及於報告日期對當前狀況的評估及對未來狀況的預測而作出調整。

本集團始終就貿易應收款項確認全期預期信貸虧損。

就所有其他工具而言，本集團計量的虧損撥備等於12個月預期信貸虧損，惟倘信貸風險自首次確認以來出現顯著上升，在此情況下，本集團確認其全期預期信貸虧損。應否確認全期預期信貸虧損的評估乃基於自首次確認以來發生違約的機率或風險的顯著上升作出。

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets subject to impairment assessment under HKFRS 9

The Group recognises a loss allowance for expected credit loss ("ECL") on financial assets which are subject to impairment assessment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

The Group always recognises lifetime ECL for trade receivables.

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

3. 主要會計政策概要(續)**金融工具(續)****金融資產(續)****金融資產減值(須根據香港財務報告準則第9號進行減值評估)(續)**

(i) 信貸風險顯著增加

於評估自首次確認後信貸風險是否顯著增加時，本集團將於報告日期金融工具發生的違約風險與首次確認日金融工具發生的違約風險進行比較。在進行該評估時，本集團會考慮合理且可支持的定量和定性資料，包括無需付出不必要的成本或努力而可得的歷史經驗及前瞻性資料。

特別是，在評估信貸風險是否顯著增加時，會考慮以下資料：

- 金融工具的外部(如有)或內部信用評級的實際或預期顯著惡化；
- 外部市場信貸風險指標的顯著惡化，如信貸利差大幅增加，債務方的信用違約掉期價格；
- 預計會導致債務方償還債務能力大幅下降的業務、財務或經濟狀況的現有或預測的不利變化；

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**Financial instruments (continued)****Financial assets (continued)****Impairment of financial assets subject to impairment assessment under HKFRS 9 (continued)**

(i) Significant increase in credit risk

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

In particular, the following information is taken into account when assessing whether credit risk has increased significantly:

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

3. 主要會計政策概要(續)

金融工具(續)

金融資產(續)

金融資產減值(須根據香港財務報告準則第9號進行減值評估)(續)

- (i) 信貸風險顯著增加(續)
- 債務方經營業績的實際或預期顯著惡化；或
 - 導致債務方償還債務能力大幅下降的債務方監管、經濟或技術環境的實際或預期的重大不利變化。

不論上述評估的結果如何，本集團認為，當合約付款逾期超過30天，則自首次確認以來信貸風險已顯著增加，除非本集團有合理且可支持的資料證明並非如此。

本集團會定期監察識別信貸風險是否顯著增加所用標準的有效性，並適時作出修訂以確保有關標準能夠在有關金額逾期前識別信貸風險的顯著增加。

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets ((continued)

Impairment of financial assets subject to impairment assessment under HKFRS 9 (continued)

- (i) Significant increase in credit risk (continued)
- an actual or expected significant deterioration in the operating results of the debtor;
 - an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

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

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

3. 主要會計政策概要(續)**金融工具(續)****金融資產(續)****金融資產減值(須根據香港財務報告準則第9號進行減值評估)(續)**

(ii) 違約定義

就內部信貸風險管理而言，本集團認為，違約事件在內部得出或得自外界來源的資料顯示債務方不大可能悉數向債權人(包括本集團)還款(未計及本集團所持任何抵押品)時發生。

不論上文為何，本集團都認為，金融資產逾期超過90日後即算違約，除非本集團有合理及可支持資料顯示更加滯後的違約標準更為恰當。

(iii) 發生信貸減值的金融資產

金融資產在一項或以上的違約事件(對該金融資產估計未來現金流量構成不利影響)發生時發生信貸減值。金融資產發生信貸減值的證據包括有關下列事件的可觀察數據：

- (a) 發行人或借款人的重大財政困難；
- (b) 違反合約(如違約或逾期事件)；
- (c) 借款人的貸款人因有關借款人財政困難的經濟或合約理由而向借款人批出貸款人不會另行考慮的優惠；
- (d) 借款人將可能陷入破產或其他財務重組；或
- (e) 金融資產因財政困難而失去活躍市場。

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**Financial instruments (continued)****Financial assets (continued)****Impairment of financial assets subject to impairment assessment under HKFRS 9 (continued)**

(ii) Definition of default

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

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

(iii) Credit-impaired financial assets

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

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

3. 主要會計政策概要(續)

金融工具(續)

金融資產(續)

金融資產減值(須根據香港財務報告準則第9號進行減值評估)(續)

(iv) 註銷政策

資料顯示對手方處於嚴重財政困難及無實際收回可能時(例如對手方被清盤或已進入破產程序時)，以較早者為準，本集團則撇銷金融資產。經考慮法律意見後(倘合適)，遭撇銷的金融資產可能仍須按本集團收回程序進行強制執行活動。撇銷構成終止確認事項。任何其後收回在損益中確認。

(v) 預期信貸虧損的計量及確認

計量預期信貸虧損乃違約概率、違約損失率程度(即倘發生違約的損失程度)及違約風險的函數。違約概率及違約損失率程度的評估根據經前瞻性資料調整的歷史數據作出。預期信貸虧損的估計反映無偏概率加權平均金額，以發生違約的風險為權重確定。

一般而言，預期信貸虧損為根據合約應付本集團的所有合約現金流與本集團預期將收取的現金流量間的差額，並按首次確認時釐定的實際利率貼現。

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets subject to impairment assessment under HKFRS 9 (continued)

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(v) Measurement and recognition of ECL

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

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

3. 主要會計政策概要(續)**金融工具(續)****金融資產(續)**

金融資產減值(須根據香港財務報告準則第9號進行減值評估)(續)

(v) 預期信貸虧損的計量及確認(續)

對於綜合評估，本集團於建立組別時考慮以下特性：

- 逾期狀況；
- 債務方的性質、規模及行業；及
- 外部信貸評級(如有)。

歸類工作經管理層定期檢討，以確保各組別成份繼續擁有類似信貸風險特性。

利息收入根據金融資產的賬面總額計算，除非金融資產發生信貸減值，在此情況下，利息收入根據金融資產的攤銷成本計算。

本集團通過調整金融資產的賬面值於損益中確認所有金融工具的減值收益或虧損，惟貿易及其他應收款項除外，在此情況下，按金及其他應收款項的相應調整透過虧損撥備賬確認。

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**Financial instruments (continued)****Financial assets (continued)**

Impairment of financial assets subject to impairment assessment under HKFRS 9 (continued)

(v) Measurement and recognition of ECL (continued)

For collective assessment, the Group takes into consideration the following characteristics when formulating the grouping:

- Past-due status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

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

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

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception for trade receivables, deposits and other receivables where the corresponding adjustment is recognised through a loss allowance account.

3. 主要會計政策概要(續)

金融工具(續)

金融資產(續)

終止確認金融資產

僅當資產現金流量之合約權利屆滿，或當本集團將金融資產連同資產擁有權之絕大部分風險及回報轉讓予另一實體，本集團方會終止確認該項金融資產。倘本集團並無轉讓或保留大部份擁有權之風險及回報，並繼續控制已轉讓資產，則本集團將於資產確認保留權益，並可能須付聯屬負債金額。倘本集團保留已轉讓金融資產擁有權之大部份風險及回報，則本集團繼續確認金融資產，並就所收款項確認已抵押借貸。倘本集團保留已轉讓金融資產擁有權之絕大部分風險及回報，則會繼續確認金融資產並同時就已收所得款項確認已抵押借款。

於終止確認以攤銷成本計量之金融資產時，該資產賬面值與已收及應收代價之和之間的差額於損益確認。

分類為債務或股本

債務及股本工具乃根據合約安排的實際內容及金融負債與股本工具的釋義分類為金融負債或股本。

股本工具

股本工具乃證明本集團於扣減所有負債後的資產中擁有剩餘權益的任何合約。本公司發行的股本工具按所得款項扣減直接發行成本確認。

購回本公司自身的股份權益工具於權益確認並直接扣除。購買、出售、發行或註銷本公司自身的股本權益工具時不會於損益內確認任何收益或虧損。

金融負債

全部金融負債後續按攤銷成本使用實際利率法或按公允值計入損益計量。

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial liabilities and equity

Derecognition of financial assets

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

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

Classification as debt or equity

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

Equity instruments

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

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

Financial liabilities

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

3. 主要會計政策概要(續)**金融工具(續)****金融資產(續)****按攤銷成本計量的金融負債**

本集團的金融負債包括貿易應付款項、其他應付款項及應計費用、租賃負債、借款及應付股東款項。

終止確認金融負債

當且僅當其責任獲履行、取消或屆滿時，本集團方會終止確認金融負債。終止確認的金融負債賬面值與已付及應付代價的差額於損益確認。

關連人士交易

在下列情況下，有關人士將被視為與本集團有關連：

- (1) 倘屬以下人士，即該人士或該人士之直系親屬與本集團有關連：
 - (i) 控制或共同控制本集團；
 - (ii) 對本集團有重大影響；或
 - (iii) 為本集團或本集團母公司的主要管理層成員。

或

- (2) 倘符合下列任何條件，則有關人士為實體：
 - (i) 該實體與本公司屬同一集團之成員公司。
 - (ii) 一間實體為另一實體的聯營公司或合資公司(或另一實體的母公司、附屬公司或同系附屬公司)。
 - (iii) 該實體與本集團均為同一第三方的合資公司。
 - (iv) 一間實體為第三方實體的合資公司，而另一實體為該第三方實體的聯營公司。

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**Financial instruments (continued)****Financial liabilities and equity (continued)****Financial liabilities at amortised cost**

Financial liabilities including trade payables, other payables and accruals, lease liabilities, borrowings and amount due to a shareholder.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Related Parties Transactions

A party is considered to be related to the Group if:

- (1) A person or a close member of that person's family is related to the Group if that person:
 - (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Group.

or

- (2) The party is an entity where any of the following condition applies:
 - (i) The entity and the Group are members of the same group.
 - (ii) One entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity).
 - (iii) the entity and the Group are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

3. 主要會計政策概要(續)

關連人士交易(續)

- (v) 實體為本集團或與本集團有關連之實體就僱員利益設立的離職福利計劃。倘本集團本身便是該計劃，則為離職福利計劃的提供資助的僱主。
- (vi) 實體受(1)所識別人土控制或受共同控制。
- (vii) 於(1)(i)所識別人土對實體有重大影響力或屬該實體(或該實體的母公司)主要管理層成員。
- (viii) 該實體或該實體所屬集團之任何成員公司為本集團或本集團之母公司提供主要管理人員服務。

一名人士的家族的密切成員指可能影響該名人士或被該名人士影響的家族成員，從而影響該名人士或其家族的密切成員與實體的交易，包括：

- (a) 該名人士的子女、配偶或同居者；
- (b) 該名人士或其配偶或其同居者的子女；及
- (c) 該名人士或其配偶或其同居者的家屬。

關連人士之間轉讓資源或責任的交易，乃視為關連人士交易。

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Related Parties Transactions (continued)

- (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group. If the Group is itself such a plan, the sponsoring employers of the post-employment benefit plan.
- (vi) The entity is controlled or jointly controlled by a person identified in (1).
- (vii) A person identified in (1)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

- (a) that person's children and spouse or domestic partner;
- (b) children of that person's spouse or domestic partner; and
- (c) dependants of that person or that person's spouse or domestic partner.

A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

3. 主要會計政策概要(續)**分部報告**

經營分部及綜合財務報表所呈列各分部的金額，乃從為向本集團各項業務及地理位置分配資源及評估其業績而定期向本集團多數最高行政管理層提供的財務資料當中識別出來。

個別重要的經營分部不會合計以供財務報告之用，但如該等經營分部的產品和服務性質、生產工序性質、客戶類別或階層、分銷產品或提供服務的方法以至監管環境的本質等經濟特性均屬類似，則作別論。個別不重要的經營分部如果符合以上大部分條件，則可以合計為一個報告分部。

4. 關鍵會計判斷及估計不明朗因素的主要來源

於應用於附註3所述之本集團之會計政策時，本公司之董事須對未能透過其他來源確定之資產及負債之賬面值作出判斷、估計及假設。所作出之估計及相關假設乃以過往經驗及其他被視為相關之因素為基準。實際業績可能與該等估計有異。

估計及相關假設乃以持續基準被審閱。倘對會計估計之修訂僅影響進行修訂之期間，則於該期間確認，或倘修訂會影響目前及未來期間，則會於目前及未來期間確認。

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**Segment Reporting**

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies which are described in Note 3, the directors of the Company are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

4. 關鍵會計判斷及估計不明朗因素的主要來源(續)

估計不明朗因素的主要來源

以下為於報告期末極可能導致本集團資產與負債賬面值於下一財政年度需要作出重大調整之未來相關重要假設及導致估計不明朗因素的其他主要來源。

(a) 物業、廠房及設備、使用權資產及無形資產的減值的估計

根據附註3所述的會計政策，倘任何事件或情況改變顯示資產的賬面值不能收回，則本集團會評估物業、廠房及設備、使用權資產及具有有限使用年期的無形資產有否出現減值。現金產生單位的可收回金額指資產之公允值減銷售成本或其可使用價值（以較高者為準）。公允值減銷售成本或其可使用價值之計算方法需要作出估計。於二零二一年十二月三十一日，經計及已分別確認的物業、廠房及設備、使用權資產及無形資產的減值虧損約175,657,000港元（二零二零年：零港元）、5,182,000港元（二零二零年：零港元）及2,738,000港元（二零二零年：零港元）後，進行減值評估的物業、廠房及設備、使用權資產及無形資產的賬面值分別約為1,626,848,000港元（二零二零年：1,650,042,000港元）、47,994,000港元（二零二零年：52,981,000港元）及25,406,000港元（二零二零年：32,141,000港元）。

物業、廠房及設備、使用權資產及無形資產減值詳情於附註18披露。

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Key Sources of Estimation Uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

(a) Estimated Impairment of Property, Plant and Equipment, Right-of-use Assets and Intangible Assets

The Group evaluates whether property, plant and equipment, right-of-use assets and intangible assets with finite useful life have suffered any impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable, in accordance with the accounting policy stated in Note 3. The recoverable amounts of CGUs represent the higher of the asset's fair value less costs to sell or its value-in-use. The calculations of fair value less costs to sell or value-in-use require the use of estimates. As at 31 December 2021, the carrying amounts of property, plant and equipment, right-of-use assets and intangible assets subject to impairment assessment were approximately HK\$1,626,848,000 (2020: HK\$1,650,042,000), HK\$47,994,000 (2020: HK\$52,981,000) and HK\$25,406,000 (2020: HK\$32,141,000) respectively after taking into account the impairment losses of approximately HK\$175,657,000 (2020: HK\$Nil), HK\$5,182,000 (2020: HK\$Nil) and HK\$2,738,000 (2020: HK\$Nil) in respect of property, plant and equipment, right-of-use assets and intangible assets that have been recognised respectively.

Details of the impairment of property, plant and equipment, right-of-use assets and intangible assets are disclosed in notes 18.

4. 關鍵會計判斷及估計不明朗因素的主要來源(續)

估計不明朗因素的主要來源(續)

(b) 使用權資產、物業、廠房及設備、無形資產和採礦權的可使用年期的估計

本集團的管理層為其使用權資產、物業、廠房及設備及無形資產釐定估計可使用年期及相關折舊／攤銷費用。此估計以相似性質及功能的使用權資產、物業、廠房及設備及無形資產過往經驗的實際可使用年期及獨立技術顧問所釐定的礦產資源為基準，其可因科技創新及競爭者對市況作出反應而有很大差距。倘可使用年期較之前估計年期短，管理層將提高折舊／攤銷費用，或撇銷或撇減已棄置或出售的技術上過時或非策略性的資產。

本集團於截至二零二一年及二零二零年十二月三十一日止年度內並無更改使用權資產、物業、廠房及設備、無形資產以及採礦權之估計可使用年期。

(c) 所得稅

本集團於多個司法權區均須繳納所得稅。若干交易及計算方法存在不明朗之最終稅項決定。本集團以額外稅項會否到期之估計就預期稅項事宜確認負債。倘該等事宜之最終稅務結果有別於首次記錄之金額，有關差額將於作出決定之期間影響當期及遞延稅項撥備。

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Key Sources of Estimation Uncertainty (continued)

(b) Estimated Useful Lives of Right-of-use Assets, Property, Plant and Equipment, Intangible Assets and Mining Rights

The Group's management determines the estimated useful lives and related depreciation/amortisation charges for its right-of-use assets, property, plant and equipment and intangible assets. This estimate is based on the historical experience of the actual useful lives of right-of-use assets, property, plant and equipment and intangible assets of similar nature and functions and the mineral reserve determined by independent technical adviser. It could change significantly as a result of technical innovations and competitor actions in response to market conditions. Management will increase the depreciation/amortisation charge where useful lives are less than previously estimated lives, or it will write-off or write-down technically obsolete or nonstrategic assets that have been abandoned or sold.

During the years ended 31 December 2021 and 2020, the Group did not change the estimated useful lives of right-of-use assets, property, plant and equipment, intangible assets and mining rights.

(c) Income Tax

The Group is subject to income taxes in several jurisdictions. There are certain transactions and calculations for which the ultimate tax determination may be uncertain. The Group recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

4. 關鍵會計判斷及估計不明朗因素的主要來源(續)

估計不明朗因素的主要來源(續)

(d) 預期信貸虧損貿易應收款項撥備

本集團使用撥備矩陣計算貿易應收款項的預期信貸虧損。撥備率乃基於具有類似虧損模式(即按地理區域、產品類型、客戶類型及評級,以及信用證或其他形式的信用保險的承保範圍)的不同客戶分部組合逾期日數釐定。

撥備矩陣最初基於本集團過往觀察所得違約率而釐定。本集團將調整矩陣,藉以按前瞻性資料調整過往信貸虧損經驗。舉例而言,倘預測經濟環境(即本地生產總值)預期將於未來一年惡化,導致製造業違約事件增加,則會調整過往違約率。於各報告日期,過往觀察所得違約率將予更新,並會分析前瞻性估計變動。

對過往觀察所得違約率、預測經濟環境及預期信貸虧損之間關連性進行的評估屬重大估計。預期信貸虧損金額對情況變化及預測經濟環境相當敏感。本集團過往信貸虧損經驗及預測經濟環境亦未必能代表客戶日後的實際違約情況。有關本集團貿易應收款項的預期信貸虧損的資料於財務報表附註20及40披露。

4. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Key Sources of Estimation Uncertainty (continued)

(d) Provision for Expected Credit Losses on Trade Receivables

The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i. e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic products) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in notes 20 and 40 to the financial statements.

5. 業務分類資料

向主要營運決策者內部呈報以作資源分配及分部表現評估資料，乃集中於所交付或提供貨品或服務種類。本集團於截至二零二一年及二零二零年十二月三十一日止年度主要從事單一分部業務，亦即製造及銷售金屬鎂相關產品。單一管理團隊向全面掌管有關整體業務分部的主要營運決策者匯報。因此，本集團並無獨立可報告分部。

地區資料

(a) 來自外界客戶之收入

		二零二一年 2021 千港元 HK\$'000	二零二零年 2020 千港元 HK\$'000
中國(香港除外)	Mainland China (other than Hong Kong)	416,060	739,775
歐洲	Europe	—	5,061
		416,060	744,836

上述收入資料按客戶所在地呈列。

The revenue information above is based on the locations of the customers.

(b) 非流動資產

		二零二一年 2021 千港元 HK\$'000	二零二零年 2020 千港元 HK\$'000
中國(香港除外)	Mainland China (other than Hong Kong)	1,750,470	1,783,924

上述非流動資產資料按資產所在地呈列。

The non-current assets information above is based on the locations of the assets.

5. OPERATING SEGMENT INFORMATION

Information reported internally to the chief operating decision makers for the purpose of resource allocation and assessment of segment performance focuses on types of goods or services delivered or provided. The Group is principally engaged in one single segment, which is manufacturing and selling magnesium related products during the years ended 31 December 2021 and 2020. A single management team reports to the chief operating decision makers who comprehensively manages such entire business segment. Accordingly, the Group does not have separately reportable segments.

Geographical information

(a) Revenue from external customers

(b) Non-current assets

財務報表附註(續)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

截至二零二一年十二月三十一日止年度 For the year ended 31 December 2021

5. 業務分類資料(續)

主要客戶資料

於本年度向單一客戶之銷售佔本集團10%或以上之收入如下：

		二零二一年 2021 千港元 HK\$'000	二零二零年 2020 千港元 HK\$'000
客戶 A	Customer A	不適用 ¹ N/A ¹	98,358
客戶 B	Customer B	74,249	不適用 ¹ N/A ¹

1. 相關收入對本集團總收入的貢獻不超過10%。

除上文所披露者外，概無其他客戶對本集團年內總收入貢獻10%或以上。

5. OPERATING SEGMENT INFORMATION (continued)

Information about major customers

Sales to a single customer contributed 10% or more of the Group's revenue during the year is as follows:

1 The corresponding revenue did not contribute over 10% of the total revenue of the Group.

Except disclosed above, no other customers contributed 10% or more to the Group's total revenue for the year.

6. 收入、其他收益或虧損，淨額

收入、其他收益或虧損，淨額分析如下：

		二零二一年 2021 千港元 HK\$'000	二零二零年 2020 千港元 HK\$'000
於某一時間點確認 來自客戶合約之收入 銷售鎂金屬相關產品	Revenue from contract with customer recognised at a point in time Sale of magnesium related products	416,060	744,836
其他收益或虧損淨額	Other gains or losses, net		
銀行利息收入	Bank interest income	551	418
銷售廢料	Sales of scrap materials	2,052	4,053
出售物業、廠房及設備之收益	Gain on disposal of property, plant and equipment	5,052	497
租賃收入	Rental income	7,578	3,793
其他	Others	(521)	(606)
		14,712	8,155

所有收入合約年度為一年或以下。如香港財務報告準則第15號的實際權宜所許可，並無披露分配至未履行合約的交易價格。

An analysis of revenue and other gains or losses, net is as follows:

All revenue contracts are for one year or less. As permitted by practical expedient under HKFRS 15, the transaction price allocated to unsatisfied contracts is not disclosed.

7. 稅前虧損

本集團之稅前虧損已扣除／(計入)
下列各項：

7. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging/
(crediting):

		二零二一年 2021 千港元 HK\$'000	二零二零年 2020 千港元 HK\$'000
出售存貨成本 [#]	Cost of inventories sold [#]	306,086	519,343
物業、廠房及設備之折舊*	Depreciation of property, plant and equipment*	103,305	97,963
物業、廠房及設備撇銷*	Written-off of property, plant and equipment*	774	—
以股權結算之購股權費用	Equity-settled share option expenses	2,232	3,975
使用權資產折舊*	Depreciation of right-of-use assets*	1,377	1,273
出售物業、廠房及設備之收益	Gain on disposal of property, plant and equipment	(5,052)	(497)
物業、廠房及設備確認之 減值虧損	Impairment loss recognised on property, plant and equipment	175,657	—
使用權資產確認之減值虧損	Impairment loss recognised on right-of-use assets	5,182	—
無形資產確認之減值虧損	Impairment loss recognised on intangible assets	2,738	—
無形資產攤銷*	Amortisation of intangible assets*	4,900	4,587
核數師酬金*	Auditors' remuneration*		
— 審計服務	— Audit Service	1,000	1,000
— 非審計服務	— Non-audit Service	—	—
僱員福利開支(包括董事薪酬)	Employee benefit expense (including directors' remuneration)		
工資、薪金及實物福利	Wages and salaries and benefits in kind	43,915	54,364
退休計劃供款	Pension scheme contributions	610	238
		44,525	54,602
匯兌差額，淨額*	Foreign exchange differences, net*	910	1,837
按金及其他應收款項之 預期信貸虧損 (撥備撥回)／撥備	(Reversal of allowance)/allowance for expected credit loss on deposits and other receivables	(65)	10
應收貿易賬款預期 信貸虧損撥備	Allowance for expected credit loss on trade receivables	53,308	1,649

[#] 計入綜合損益及其他全面收入表之「銷售成本」

[#] Included in "Cost of sales" in the consolidated statement of profit or loss and other comprehensive income

* 計入綜合損益及其他全面收入表之「行政支出」

* Included in "Administrative expenses" in the consolidated statement of profit or loss and other comprehensive income

財務報表附註(續)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

截至二零二一年十二月三十一日止年度 For the year ended 31 December 2021

8. 財務費用

8. FINANCE COSTS

		二零二一年 2021 千港元 HK\$'000	二零二零年 2020 千港元 HK\$'000
須於五年內全數償還之銀行及其他借款利息	Interest on bank and other borrowings wholly repayable within five years	69,401	46,129
可換股債券利息	Interest on convertible bonds	–	51,728
		69,401	97,857

9. 董事酬金

9. DIRECTORS' REMUNERATION

(a) 董事薪酬

(a) Directors' Emoluments

截至二零二一年十二月三十一日止年度各董事之薪酬載列如下：

The emoluments of each director for the year ended 31 December 2021 are set below:

		袍金 Fees 千港元 HK\$'000	薪金 Salaries 千港元 HK\$'000	購股權 Share options 千港元 HK\$'000	僱主的 退休金 計劃供款 Pension scheme contribution 千港元 HK\$'000	合計 Total 千港元 HK\$'000
執行董事	Executive directors					
沈世捷	Shum Sai Chit	–	250	315	8	573
池靜超 ⁽¹⁾	Chi Jing Chao ⁽¹⁾	–	–	18	–	18
池斯樂 ⁽²⁾	Chi Site ⁽²⁾	250	–	–	–	250
非執行董事	Non-executive director					
孟健 ⁽³⁾	Meng Jian ⁽³⁾	50	–	26	–	76
獨立非執行董事	Independent non-executive directors					
鄭炳文	Kwong Ping Man	30	–	52	–	82
張省本	Cheung Sound Poon	30	–	52	–	82
關毅傑	Kwan Ngai Kit	30	–	52	–	82
		390	250	515	8	1,163

⁽¹⁾ 於二零二一年八月一日辭任

⁽¹⁾ resigned on 1 August 2021

⁽²⁾ 於二零二一年八月一日獲委任

⁽²⁾ appointed on 1 August 2021

⁽³⁾ 於二零二一年六月三十日退任

⁽³⁾ retired on 30 June 2021

9. 董事酬金(續)

(a) 董事薪酬(續)

截至二零二零年十二月三十一日止年度各董事之薪酬載列如下：

		袍金 Fees 千港元 HK\$'000	購股權 Share options 千港元 HK\$'000	合計 Total 千港元 HK\$'000
執行董事	Executive directors			
沈世捷	Shum Sai Chit	–	539	539
池靜超	Chi Jing Chao	–	54	54
非執行董事	Non-executive directors			
孟健	Meng Jian	100	90	190
譚偉豪 [#] 太平紳士 [#]	Tam Wai Ho, Samson JP [#]	–	45	45
獨立非執行董事	Independent non-executive directors			
鄭炳文	Kwong Ping Man	30	90	120
張省本	Cheung Sound Poon	30	90	120
關毅傑	Kwan Ngai Kit	30	90	120
		190	998	1,188

於二零二零年六月三十日退任

截至二零二一年及二零二零年十二月三十一日止年度，本集團概無向本集團任何董事支付任何酬金，以誘使其加入本集團或加入本集團，或作為離職補償。

於本年度內，並無董事訂立任何放棄或同意放棄任何酬金之安排(二零二零年：無)。

9. DIRECTORS' REMUNERATION (continued)

(a) Directors' Emoluments (continued)

The emoluments of each director for the year ended 31 December 2020 are set below:

retired on 30 June 2020

During the years ended 31 December 2021 and 2020, no emoluments were paid by the Group to any of the directors of the Group as an inducement to join or upon joining the Group, or as compensation for loss of office.

There was no arrangement under which a director waived or agreed to waive any remuneration during the year (2020: Nil).

財務報表附註(續)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

截至二零二一年十二月三十一日止年度 For the year ended 31 December 2021

10. 最高薪酬人士

本集團年內薪酬最高的五名僱員包括兩名(二零二零年：一名)董事，其薪酬詳情載於上文附註9。剩餘三名(二零二零年：四名)薪酬最高僱員(並非本公司董事或主要行政人員)的年內薪酬詳情如下：

		二零二一年 2021 千港元 HK\$'000	二零二零年 2020 千港元 HK\$'000
薪金、津貼及實物利益	Salaries, allowances and benefits in kind	1,289	1,795
購股權費用	Share option expenses	52	1,526
退休計劃供款	Pension scheme contributions	35	34
		1,376	3,355

薪酬介乎以下範圍的薪酬最高的僱員(並非本公司董事)人數如下：

		二零二一年 2021	二零二零年 2020
零至1,000,000港元	Nil to HK\$1,000,000	3	3
1,000,001港元至2,000,000港元	HK\$1,000,001 to HK\$2,000,000	–	1
		3	4

11. 所得稅開支

於綜合損益及其他全面收入表內扣除/(計入)的所得稅開支數額指：

		二零二一年 2021 千港元 HK\$'000	二零二零年 2020 千港元 HK\$'000
即期稅項：	Current tax:		
– 中國企業所得稅	– PRC Enterprises Income Tax	5,238	11,438
遞延稅項(附註29)	Deferred taxation (Note 29)	(80)	(6,075)
		5,158	5,363

10. INDIVIDUALS WITH HIGHEST EMOLUMENTS

The five highest paid employees of the Group during the year included two (2020: one) directors, details of whose remuneration are set out in note 9 above. Details of the remuneration for the year of the remaining three (2020: four) highest paid employees who are neither a director nor chief executive of the Company are as follows:

The number of the highest paid employees who are not the directors of the Company whose remuneration fell within the following bands is as follows:

11. INCOME TAX EXPENSE

The amount of income tax expense charged/(credited) to the consolidated statement of profit or loss and other comprehensive income represents:

11. 所得稅開支(續)

適用於稅前虧損並以本公司及其大多數附屬公司所在國家／司法權區法定稅率計算之稅項支出與以實際稅率計算之稅項支出對賬，以及適用稅率(即法定稅率)與實際稅率之對賬如下：

11. INCOME TAX EXPENSE (continued)

A reconciliation of the tax expense applicable to loss before tax at the statutory rates for the countries/jurisdictions in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rates, and a reconciliation of the applicable rates (i.e. the statutory tax rates) to the effective tax rates, are as follows:

		二零二一年 2021		二零二零年 2020	
		千港元 HK\$'000	%	千港元 HK\$'000	%
稅前虧損	Loss before tax	(326,725)		(68,648)	
按法定稅率計算之稅項	Tax at the statutory tax rates	(76,994)	23.6	(14,004)	20.4
毋須納稅之收入	Income not subject to tax	(161)	0.0	(4,961)	7.2
不可扣稅之支出	Expenses not deductible for tax	79,518	(24.3)	24,208	(35.3)
未被確認之稅項虧損	Tax losses not recognised	2,795	(0.9)	123	(0.2)
動用早前期間之稅項虧損	Tax losses utilised from previous periods	—	—	(3)	—
按本集團實際稅率計算之稅項支出	Tax charge at the Group's effective rate	5,158	(1.6)	5,363	(7.9)

財務報表附註(續)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

截至二零二一年十二月三十一日止年度 For the year ended 31 December 2021

11. 所得稅開支(續)

(a) 香港利得稅

於二零一八年三月二十一日，香港立法會通過二零一七年稅務條例草案(修訂)(第7號)(「該草案」)，該草案引入利得稅兩級制。該法案於二零一八年三月二十八日簽署成法律，並於翌日刊憲。根據利得稅兩級制，合資格集團實體的首2百萬港元利潤將按8.25%徵稅，而超過2百萬港元的利得稅則須按16.5%徵稅。不符合利得稅兩級制的集團實體利潤將繼續按16.5%的固定稅率徵稅。

本集團董事認為實施兩級制利得稅稅率規定後所涉及的金額就綜合財務報表而言屬不重大。香港利得稅於兩個年度內均按估計應課稅溢利之16.5%計算。由於在香港並無產生應課稅溢利，故截至二零二一年十二月三十一日止年度毋須支付任何稅項(二零二零年：無)。

(b) 中國企業所得稅

中國企業所得稅乃按於中國截至二零二一年及二零二零年十二月三十一日止年度之估計應課稅溢利之25%計算。

12. 股息

董事會不建議就截至二零二一年及二零二零年十二月三十一日止年度派付任何股息。

11. INCOME TAX EXPENSE (continued)

(a) Hong Kong Profits Tax

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (the "Bill") which introduces the two-tiered profits tax rate regime. The Bill was signed into law on 28 March 2018 and was gazette on the following day. Under the two-tiered profits tax rate regime, the first HK\$2 million of profits of the qualifying group entity will be taxed at 8.25%, and profits tax above HK\$2 million will be taxed at 16.5%. The profits of group entities not qualifying for the two-tiered profits tax rates regime will continue to be taxed at a flat rate of 16.5%.

The directors of the Group considered the amount involved upon implementation of the two-tiered profit tax rates require as insignificant to the consolidated financial statement. Hong Kong Profits tax is calculated at 16.5% of the estimated assessable profit for both years. No tax is payable for the year ended 31 December 2021 (2020: Nil) since there was no assessable profit generated in Hong Kong.

(b) PRC Enterprise Income Tax

The PRC Enterprise Income Tax is calculated at 25% on the estimated assessable profits arising in the PRC for the years ended 31 December 2021 and 2020.

12. DIVIDEND

The board of directors do not recommend the payment of any dividend for the years ended 31 December 2021 and 2020.

13. 本公司普通股應佔每股虧損**(a) 基本**

每股基本虧損金額乃根據本公司擁有人應佔年內虧損331,883,000港元(二零二零年：74,011,000港元)及年內普通股加權平均數6,584,390,000(二零二零年：6,583,598,000)計算。

(b) 攤薄

每股攤薄虧損是假設轉換所有攤薄性潛在普通股，以調整已發行普通股加權平均數計算。本公司有一類攤薄性潛在普通股：購股權。

就購股權而言，本公司根據尚未行使購股權所附之認購權貨幣值進行計算，以釐定可按公允值(以本公司期內之股份平均市價釐定)購入的股份數目。按上文所述計算的股份數目，與假設行使購股權所發行的股份數目作比較。

由於購股權行使價高於截至二零二一及二零二零年十二月三十一日止年度的股份平均市價，故計算每股攤薄虧損時並無假設行使本公司的購股權。

就可換股債券而言，截至二零二零年十二月三十一日止年度之每股虧損之影響為反攤薄。在計算本年每股攤薄虧損時並無包含此在內。

13. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY**(a) Basic**

The calculation of the basic loss per share are based on the loss for the year attributable to owners of the Company of HK\$331,883,000 (2020: HK\$74,011,000) and the weighted average number of ordinary shares of 6,584,390,000 (2020: 6,583,598,000) during the year.

(b) Diluted

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has one categories of dilutive potential ordinary shares: share options.

For the share options, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average market price of the Company's shares during the period) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

The computation of diluted loss per share does not assume the exercise of the Company's share options because the exercise price of those share options was higher than the average market price of shares for the year ended 31 December 2021 and 2020.

For the convertible bonds, the effect on loss per shares were anti-dilutive for the year ended 31 December 2020. They were not included in the calculation of diluted loss per share during the year.

財務報表附註(續)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

截至二零二一年十二月三十一日止年度 For the year ended 31 December 2021

14. 物業、廠房及設備

14. PROPERTY, PLANT AND EQUIPMENT

		租賃土地 及樓宇 Leasehold land and buildings 千港元 HK\$'000	在建工程 Construction in progress 千港元 HK\$'000	傢具、 裝置及 設備 Furniture, fixtures and equipment 千港元 HK\$'000	廠房及 機器 Plant and machinery 千港元 HK\$'000	汽車 Motor vehicles 千港元 HK\$'000	總額 Total 千港元 HK\$'000
成本：	Cost:						
於二零二零年一月一日	As at 1 January 2020	366,641	411,968	6,134	979,874	5,178	1,769,795
添置	Additions	-	113,982	317	6,086	326	120,711
轉讓	Transfer	110,073	(110,073)	-	-	-	-
出售	Disposal	(544)	-	(135)	(5)	(2,024)	(2,708)
匯兌重列	Exchange realignment	30,230	27,664	418	65,629	255	124,196
於二零二零年十二月三十一日 及二零二一年一月一日	As at 31 December 2020 and 1 January 2021	506,400	443,541	6,734	1,051,584	3,735	2,011,994
添置	Addition	-	205,854	36	1,804	-	207,694
轉讓	Transfer	579,111	(639,617)	-	60,506	-	-
出售	Disposal	-	-	-	(6,864)	-	(6,864)
撤銷	Written-off	(1,293)	-	-	-	-	(1,293)
匯兌重列	Exchange realignment	22,374	7,895	202	32,212	112	62,795
於二零二一年十二月三十一日	As at 31 December 2021	1,106,592	17,673	6,972	1,139,242	3,847	2,274,326
累計折舊及減值：	Accumulated depreciation and impairment:						
於二零二零年一月一日	As at 1 January 2020	(47,441)	-	(4,544)	(189,800)	(3,021)	(244,806)
本年度計提折舊	Depreciation provided during the year	(25,240)	-	(282)	(71,587)	(854)	(97,963)
出售	Disposal	143	-	128	4	1,923	2,198
匯兌重列	Exchange realignment	(4,489)	-	(311)	(16,436)	(145)	(21,381)
於二零二零年十二月三十一日 及二零二一年一月一日	As at 31 December 2020 and 1 January 2021	(77,027)	-	(5,009)	(277,819)	(2,097)	(361,952)
本年度計提折舊	Depreciation provided during the year	(25,798)	-	(277)	(76,496)	(734)	(103,305)
減值	Impairment	(98,307)	(1,722)	(149)	(75,387)	(92)	(175,657)
出售	Disposal	-	-	-	4,985	-	4,985
撤銷	Written-off	519	-	-	-	-	519
匯兌重列	Exchange realignment	(2,611)	-	(154)	(9,231)	(72)	(12,068)
於二零二一年十二月三十一日	As at 31 December 2021	(203,224)	(1,722)	(5,589)	(433,948)	(2,995)	(647,478)
賬面值：	Carrying amount:						
於二零二一年十二月三十一日	As at 31 December 2021	903,368	15,951	1,383	705,294	852	1,626,848
於二零二零年十二月三十一日	As at 31 December 2020	429,373	443,541	1,725	773,765	1,638	1,650,042

14. 物業、廠房及設備(續)

附註：

- (i) 本集團之租賃土地及樓宇於報告期末之賬面值分析如下：

	二零二一年 2021 千港元 HK\$'000	二零二零年 2020 千港元 HK\$'000
於中國內地之中年期租約	903,368	429,373

- (ii) 於二零二一年十二月三十一日，本集團賬面淨值約331,490,000港元之樓宇、廠房及機器(二零二零年：371,440,000港元)已被抵押以獲得本集團所獲授之銀行信貸額(附註25)。

物業、廠房及設備之減值測試詳情載於綜合財務報表附註18。

14. PROPERTY, PLANT AND EQUIPMENT (continued)

Note:

- (i) The carrying amount of the Group's leasehold land and buildings reporting periods are analysed as follows:

	二零二一年 2021 千港元 HK\$'000	二零二零年 2020 千港元 HK\$'000
Medium term leases in Mainland China	903,368	429,373

- (ii) As at 31 December 2021, buildings, plant and machinery of the Group with a net carrying amount of approximately HK\$331,490,000 (2020: HK\$371,440,000) were pledged to secure banking facilities granted to the Group (note 25).

Details of the impairment testing on property, plant and equipment are disclosed in note 18 to the consolidated financial statements.

15. 使用權資產

15. RIGHT-OF-USE ASSETS

		二零二一年 2021 千港元 HK\$'000	二零二零年 2020 千港元 HK\$'000
於一月一日	As at 1 January	52,981	50,928
本年度計提折舊	Depreciation provided during the year	(1,377)	(1,273)
減值虧損	Impairment loss	(5,182)	-
匯兌重列	Exchange realignment	1,572	3,326
於十二月三十一日	As at 31 December	47,994	52,981

使用權資產指土地使用權，包括獲得使用若干土地(主要位於中國)以於固定期限內經營的權利的成本。

於二零二一年十二月三十一日，使用權資產約47,994,000港元(二零二零年：52,981,000港元)已予質押以抵押銀行借款(附註25)。

使用權資產之減值測試詳情載於綜合財務報表附註18。

The right-of-use assets represent the land use rights, comprising cost of acquiring rights to use certain land, which are principally located in the PRC, for operating purposes over fixed periods.

As at 31 December 2021, right-of-use assets of approximately HK\$47,994,000 (2020: HK\$52,981,000) have been pledged to secure bank borrowings (note 25).

Details of the impairment testing on right-of-use assets are disclosed in note 18 to the consolidated financial statements.

財務報表附註(續)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

截至二零二一年十二月三十一日止年度 For the year ended 31 December 2021

16. 無形資產

16. INTANGIBLE ASSETS

		專利 Patent 千港元 HK\$'000
成本：	Cost:	
於二零二零年一月一日	As at 1 January 2020	49,963
匯兌重列	Exchange realignment	3,330
於二零二零年十二月三十一日及 二零二一年一月一日	As at 31 December 2020 and 1 January 2021	53,293
匯兌重列	Exchange alignment	1,598
於二零二一年十二月三十一日	As at 31 December 2021	54,891
累計攤銷及減值：	Accumulated amortisation and impairment:	
於二零二零年一月一日	As at 1 January 2020	15,302
本年度攤銷	Amortisation for the year	4,587
匯兌重列	Exchange alignment	1,263
於二零二零年十二月三十一日及 二零二一年一月一日	As at 31 December 2020 and 1 January 2021	21,152
本年度攤銷	Amortisation for the year	4,900
減值虧損	Impairment loss	2,738
匯兌重列	Exchange alignment	695
於二零二一年十二月三十一日	As at 31 December 2021	29,485
賬面值：	Carrying amount:	
於二零二一年十二月三十一日	As at 31 December 2021	25,406
於二零二零年十二月三十一日	As at 31 December 2020	32,141

無形資產之減值測試詳情載於綜合財務報表附註18。

Details of the impairment testing on intangible assets are disclosed in note 18 to the consolidated financial statements.

17. 採礦權

17. MINING RIGHTS

		千港元 HK\$'000
成本：	Cost:	
於二零二零年一月一日	As at 1 January 2020	54,939
匯兌重列	Exchange realignment	3,661
於二零二零年十二月三十一日及 二零二一年一月一日	As at 31 December 2020 and 1 January 2021	58,600
匯兌重列	Exchange realignment	1,757
於二零二一年十二月三十一日	As at 31 December 2021	60,357
累計攤銷：	Accumulated amortisation:	
於二零二零年一月一日	As at 1 January 2020	9,040
本年度攤銷	Amortisation for the year	188
匯兌重列	Exchange realignment	612
二零二零年十二月三十一日及 二零二一年一月一日	As at 31 December 2020 and 1 January 2021	9,840
本年度攤銷	Amortisation for the year	-
匯兌重列	Exchange realignment	295
於二零二一年十二月三十一日	As at 31 December 2021	10,135
賬面值：	Carrying amount:	
於二零二一年十二月三十一日	As at 31 December 2021	50,222
於二零二零年十二月三十一日	As at 31 December 2020	48,760

結餘乃位於中國吉林省白山市的白雲石礦的採礦權，以礦石儲備的產量予以攤銷。

The balance represents mining rights of the dolomite mine located in Baishan City of Jilin Province, the PRC, which is amortised by the production quantity over the ore reserve.

18. 物業、廠房及設備、使用權資產及無形資產之減值測試

截至二零二一年十二月三十一日止年度，從事鎂產品業務的若干附屬公司表現不佳並產生虧損，乃由於對營運資金的限制及本集團境外債務重組。鑒於鎂產品業務的現金產生單位(「現金產生單位」)的經濟表現不如預期，本集團管理層認為存在減值跡象，並對賬面值分別為1,626,848,000港元、47,994,000港元及25,406,000港元的物業、廠房及設備、使用權資產及無形資產進行減值評估。

倘無法單獨估計資產所屬的現金產生單位之可收回金額，則本集團會估計該現金產生單位之可收回金額，包括於可確立合理及一致基準時分配企業資產。現金產生單位的資產賬面值約為1,750,470,000港元。

現金產生單位的可收回金額乃根據使用價值計算釐定。於二零二一年十二月三十一日，該計算使用基於本集團管理層批准的涵蓋未來5年的財務預算的現金流量預測，採用的稅前貼現率為14.71%。超過5年期之現金流量乃使用2%增長率推算，乃基於行業增長預測，且不超過相關行業的長期平均增長率。使用價值計算的另一項主要假設為預算毛利率，乃根據現金產生單位的過往表現及管理層對市場發展的預期釐定。

18. IMPAIRMENT TESTING ON PROPERTY, PLANT AND EQUIPMENT, RIGHT-OF-USE ASSETS AND INTANGIBLE ASSETS

During the year ended 31 December 2021, certain subsidiaries in magnesium product business underperformed and incurred losses due to the constraints to working capital and offshore debt restructuring of the Group. In view of the economic performance of the cash generating unit ("CGU") of magnesium product business which was worse than expected, management of the Group concluded there was an indication for impairment and conducted impairment assessment on property, plant and equipment, right-of-use assets and intangible assets with carrying amounts of HK\$1,626,848,000, HK\$47,994,000 and HK\$25,406,000 respectively.

The Group estimates the recoverable amount of CGU, to which the asset belongs when it is not possible to estimate the recoverable amount individually, including allocation of corporate assets when reasonable and consistent basis can be established. The carrying amounts of assets of CGU was approximately HK\$1,750,470,000.

The recoverable amount of CGU has been determined based on a value in use calculation. That calculation uses cash flow projections based on financial budgets approved by the management of the Group covering the following 5 years with a pre-tax discount rate is 14.71% as at 31 December 2021. The cash flows beyond the five-year period are extrapolated using 2% growth rate, which is based on the industry growth forecasts and does not exceed the long-term average growth rate for the relevant industry. Another key assumption for the value in use calculated is the budgeted gross margin, which is determined based on the cash-generating unit's past performance and management expectations for the market development.

18. 物業、廠房及設備、使用權資產及無形資產之減值測試 (續)

根據評估結果，本集團管理層釐定現金產生單位的可收回金額低於賬面值。減值金額已分配至具有有限可使用年期的各類物業、廠房及設備、使用權資產及無形資產，以使各類別資產的賬面值不會降低至低於其公平值減出售成本之最高值、其使用價值及零。根據使用價值計算及分配，已在物業、廠房及設備、使用權資產及無形資產涉及的相關功能內就該等資產分別確認減值虧損175,657,000港元、5,182,000港元及2,738,000港元。

18. IMPAIRMENT TESTING ON PROPERTY, PLANT AND EQUIPMENT, RIGHT-OF-USE ASSETS AND INTANGIBLE ASSETS (continued)

Based on the result of the assessment, management of the Group determined that the recoverable amount of the CGU is lower than the carrying amount. The impairment amount has been allocated to each category of property, plant and equipment, right-of-use assets and intangible assets with finite useful lives such that the carrying amount of each category of asset is not reduced below the highest of its fair value less cost of disposal, its value in use and zero. Based on the value in use calculation and the allocation, impairment loss of HK\$175,657,000, HK\$5,182,000 and HK\$2,738,000 has been recognised against the carrying amount of property, plant and equipment, right-of-use assets and intangible assets respectively within the relevant functions to which these assets relate.

19. 存貨

19. INVENTORIES

		二零二一年 2021 千港元 HK\$'000	二零二零年 2020 千港元 HK\$'000
原材料	Raw materials	101,454	165,743
在製品	Work in progress	—	658
製成品	Finished goods	113,956	120,734
		215,410	287,135

財務報表附註(續)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

截至二零二一年十二月三十一日止年度 For the year ended 31 December 2021

20. 應收貿易賬款及應收票據

20. TRADE AND BILLS RECEIVABLES

		二零二一年 2021 千港元 HK\$'000	二零二零年 2020 千港元 HK\$'000
應收貿易賬款(附註(i))	Trade receivables (note (i))	206,406	168,676
預期信貸虧損撥備	Allowance for expected credit loss	(56,902)	(3,490)
		149,504	165,186
應收票據(附註(ii))	Bills receivables (note (ii))	–	7,106
		149,504	172,292

附註：

- (i) 本集團與其客戶之貿易主要以除銷形式進行。除銷期一般不超過180天。每名客戶皆有最高除銷額度。本集團務求嚴格控制未償付應收款項並將除銷風險降至最低。高級管理層定期審核逾期結餘。鑒於上文所述，加之本集團之應收貿易賬款涉及眾多分散之客戶，故並無重大的信貸集中風險。本集團並無就其應收貿易賬款結餘持有任何抵押品或其他信貸提升保障。應收貿易賬款不計利息。
- (ii) 於二零二零年十二月三十一日，應收票據約7,106,000港元將於報告期末後六個月內到期。所有應收票據均以人民幣計值。

Note:

- (i) The Group's trading terms with its customers are mainly on credit. The credit period is generally not over 180 days. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables related to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are interest-free.
- (ii) As at 31 December 2020, bills receivable of approximately HK\$7,106,000 will be matured within six months after the end of the reporting period. All the bills receivables are dominated in RMB.

於報告期末按發票日期劃分的應收貿易賬款(扣除預期信貸虧損撥備)之賬齡分析如下所示：

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of allowance for expected credit loss, is as follows:

		二零二一年 2021 千港元 HK\$'000	二零二零年 2020 千港元 HK\$'000
少於60天	Within 60 days	2,692	87,468
61至90天	61 to 90 days	20,448	49,275
91至180天	91 to 180 days	126,364	28,443
		149,504	165,186

20. 應收貿易賬款及應收票據 (續)

應收貿易賬款預期信貸虧損撥備之變動如下：

20. TRADE AND BILLS RECEIVABLES (continued)

The movements in the allowance for expected credit loss of trade receivables are as follows:

		二零二一年 2021 千港元 HK\$'000	二零二零年 2020 千港元 HK\$'000
年初	At the beginning of year	3,490	1,726
預期信貸虧損淨額撥備	Allowance for expected credit loss, net	53,308	1,649
匯兌差額	Exchange difference	104	115
於年末	At the end of year	56,902	3,490

於各報告日期採用撥備矩陣進行減值分析，以計量預期信貸虧損。撥備率乃基於向有類似虧損模式(即按地理區域、產品類型、客戶類型及評級，以及信用證或其他形式的信用保險的承保範圍)的多個客戶分部組合的內部信貸評級釐定。該計算反映或然率加權結果、貨幣時值及於報告日期可得有關過往事件、目前狀況及預測未來經濟狀況的合理佐證資料。預期信貸虧損評估詳情載於附註40。

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on internal credit ratings for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type and rating, and coverage by letters of credit or other forms of credit insurance). The calculation reflects the probability weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Details of assessment of expected credit loss was detailed in Note 40.

財務報表附註(續)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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20. 應收貿易賬款及應收票據

(續)

香港財務報告準則第9號項下減值

採用撥備矩陣分析本集團貿易應收款項的信貸風險資料如下：

		預期虧損率 Expected loss rate	賬面總值 Gross carrying amount 千港元 HK\$'000	虧損撥備 Loss allowance 千港元 HK\$'000
於二零二一年十二月三十一日	31 December 2021			
即期(未逾期)	Current (not past due)	3.68%	155,221	5,717
逾期少於1年	Less than 1 year past due	100%	51,185	51,185
			206,406	56,902

		預期虧損率 Expected loss rate	賬面總值 Gross carrying amount 千港元 HK\$'000	虧損撥備 Loss allowance 千港元 HK\$'000
於二零二零年十二月三十一日	31 December 2020			
即期(未逾期)	Current (not past due)	1.885%	168,359	3,173
逾期少於1年	Less than 1 year past due	100%	317	317
			168,676	3,490

未逾期亦無減值之應收款項屬於在近期並無拖欠記錄的大批分散客戶。

已逾期但無減值之應收款項屬於本集團多個記錄良好的獨立客戶。根據過往記錄，本公司董事認為，由於信貸質素並無重大改變，並認為結餘仍可全數收回，故無須就此等結餘作出減值撥備。

20. TRADE AND BILLS RECEIVABLES (continued)

Impairment under HKFRS 9

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

		預期虧損率 Expected loss rate	賬面總值 Gross carrying amount 千港元 HK\$'000	虧損撥備 Loss allowance 千港元 HK\$'000
於二零二一年十二月三十一日	31 December 2021			
即期(未逾期)	Current (not past due)	3.68%	155,221	5,717
逾期少於1年	Less than 1 year past due	100%	51,185	51,185
			206,406	56,902

		預期虧損率 Expected loss rate	賬面總值 Gross carrying amount 千港元 HK\$'000	虧損撥備 Loss allowance 千港元 HK\$'000
於二零二零年十二月三十一日	31 December 2020			
即期(未逾期)	Current (not past due)	1.885%	168,359	3,173
逾期少於1年	Less than 1 year past due	100%	317	317
			168,676	3,490

Receivables that were neither past due nor impaired relate to a large number of diversified customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

21. 預付款項、按金及其他應收款項

21. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

		二零二一年 2021 千港元 HK\$'000	二零二零年 2020 千港元 HK\$'000
預付款項(附註(i))	Prepayments (note (i))	202,185	247,988
按金	Deposits	397	208
其他應收款項(附註(ii))	Other receivables (note (ii))	7,217	19,187
		209,799	267,383
預期信貸虧損撥備	Allowance for expected credit loss	(132)	(191)
		209,667	267,192

按金概無逾期或減值。預期信貸虧損撥備與其他應收款項有關。

None of the deposits is either past due or impaired. The allowance for expected credit loss relates other receivables.

附註：

notes:

- (i) 於二零二一年十二月三十一日，預付款項主要包括存貨之預付款項約191,248,000港元(二零二零年：241,263,000港元)。
- (ii) 其他應收款項主要包括可於中國收回的增值稅約2,390,000港元(二零二零年：10,439,000港元)。

- (i) As at 31 December 2021, prepayments mainly comprise of prepayment of inventory of approximately HK\$191,248,000 (2020: HK\$241,263,000).
- (ii) Other receivable mainly comprise of value-added tax recoverable in the PRC of approximately HK\$2,390,000 (2020: HK\$10,439,000).

預付款項、按金及其他應收款項之預期信貸虧損撥備之變動如下：

The movements in the allowance for expected credit loss of prepayments, deposits and other receivables are as follows:

		二零二一年 2021 千港元 HK\$'000	二零二零年 2020 千港元 HK\$'000
年初	At the beginning of year	191	170
預期信貸虧損(撥備撥回)/撥備	(Reversal of allowance)/allowance for expected credit loss	(65)	10
匯兌差額	Exchange difference	6	11
於年末	At the end of year	132	191

財務報表附註(續)

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22. 現金及現金等值項目及已抵押銀行存款

22. CASH AND CASH EQUIVALENTS AND PLEDGED BANK DEPOSITS

		二零二一年 2021 千港元 HK\$'000	二零二零年 2020 千港元 HK\$'000
現金及銀行結餘	Cash and bank balances	25,078	36,104
已抵押銀行存款	Pledged bank deposits	10,490	10,185
		35,568	46,289
減：借款之抵押存款(附註25)	Less: Pledged deposits for borrowings (note 25)	(10,490)	(10,185)
現金及現金等值項目	Cash and cash equivalents	25,078	36,104
已抵押銀行存款：	Pledged bank deposits：		
流動部份	Current portion	10,490	10,185
非流動部份	Non-current portion	-	-
		10,490	10,185

於報告期末，本集團以人民幣計值之現金及現金等值項目以及已抵押銀行存款約為32,479,000港元(二零二零年：43,730,000港元)。人民幣不得自由兌換其他貨幣，然而，根據中國外匯管理條例及結匯、售匯及付匯管理規定，本集團獲准透過獲授權可從事匯兌業務的銀行將人民幣兌換為其他貨幣。

銀行現金乃根據銀行每日銀行存款利率之浮動利率賺取利息。視乎本集團即時現金需求，短期定期存款之期限為三個月，並按各自之短期定期存款利率賺取利息。銀行存款及抵押存款存放於具良好信用且沒有近期拖欠付款記錄的銀行。

於二零二一年十二月三十一日，已抵押銀行存款約10,490,000港元(二零二零年：10,185,000港元)已抵押予銀行，以獲得借款(附註25)。

At the end of the reporting period, the cash and cash equivalents and pledged bank deposits of the Group denominated in RMB amounted to approximately HK\$32,479,000 (2020: HK\$43,730,000). RMB is not freely convertible into other currencies. However, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

As at 31 December 2021, pledged bank deposit of approximately HK\$10,490,000 (2020: HK\$10,185,000) was pledged to bank for secured of borrowings (Note 25).

23. 應付貿易賬款

於報告期末按發票日期劃分的應付貿易賬款之賬齡分析如下所示：

		二零二一年 2021 千港元 HK\$'000	二零二零年 2020 千港元 HK\$'000
少於60天	Within 60 days	1,557	18,777
61至90天	61 to 90 days	769	3,257
超過90天	Over 90 days	11,038	14,182
		13,364	36,216

應付貿易賬款不計利息，結算期通常為不超過180天。

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

The trade payables are non-interest-bearing and are normally settled within 180-day terms.

24. 其他應付款項及應計費用及合約負債**24. OTHER PAYABLES AND ACCRUALS AND CONTRACT LIABILITIES**

		二零二一年 2021 千港元 HK\$'000	二零二零年 2020 千港元 HK\$'000
應計費用(附註(i))	Accruals (note (i))	5,666	8,875
其他應付款項(附註(ii))	Other payables (note (ii))	128,685	63,728
		134,351	72,603
合約負債(附註(iii)及(iv))	Contract liabilities (note (iii) and (iv))	26,321	13,993

財務報表附註(續)

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24. 其他應付款項及應計費用及合約負債(續)

應計費用及其他應付款項為免息及須按要求償還。

附註：

- (i) 於二零二一年十二月三十一日，應計開支主要為應計薪金及員工福利約3,777,000港元(二零二零年：4,703,000港元)及應計專業費用約1,889,000港元(二零二零年：1,000,000港元)。
- (ii) 於二零二一年十二月三十一日，其他應付款項主要為應付利息約82,847,000港元(二零二零年：33,566,000港元)及應付在建工程未結付金額約25,829,000港元(二零二零年：27,166,000港元)。
- (iii) 在與銷售鎂產品的客戶簽訂合約時，本集團收取若干部分的合約金額。分配至該等銷售的交易價格於初步銷售交易時確認為合約負債。本年度確認於合約負債餘額中的收益約為13,993,000港元(二零二零年：19,742,000港元)。本集團認為預付款項計劃並不包括重大融資部分，而因此經計及付款條款並非主要因向本集團提供融資而訂立，代價金額並非就金錢時間值的影響而調整。
- (iv) 合約負債之變動如下：

24. OTHER PAYABLES AND ACCRUALS AND CONTRACT LIABILITIES (continued)

Accruals and other payables are interest-free and repayable on demand.

note:

- (i) As at 31 December 2021, the accrual expenses mainly represent accrual salary and staff benefit of approximately HK\$3,777,000 (2020: HK\$4,703,000) and accrued professional fee of approximately HK\$1,889,000 (2020: HK\$1,000,000).
- (ii) As at 31 December 2021, the other payable was mainly represents interest payable of approximately HK\$82,847,000 (2020: HK\$33,566,000) and outstanding amount payable for construction-in-progress of approximately HK\$25,829,000 (2020: HK\$27,166,000).
- (iii) The Group receives certain portion of contract amounts when signing the contracts with customers on sale of magnesium products. The transaction price allocated to these sales is recognised as a contract liability at the time of initial sales transaction. Revenue recognised in the current year that was included in the contract liability balance was approximately HK\$13,993,000 (2020: HK\$19,742,000). The Group considers the advance payments schemes does not contain significant financing component and accordingly the amount of consideration is not adjusted for the effects of the time value of money taking into consideration that the payment terms were not structured primarily for the provision of finance to the Group.
- (iv) The movements of contract liabilities are as follows:

		二零二一年 2021 千港元 HK\$'000	二零二零年 2020 千港元 HK\$'000
於一月一日之結餘	Balance at 1 January	13,993	19,742
自本年度滿足的履約責任確認之收益	Revenue recognised from performance obligations satisfied during the year	(13,993)	(19,742)
年內收取按金導致之合約負債增加	Increase in contract liabilities as a result of receiving deposits during the year	25,902	12,677
匯兌重列	Exchange realignment	419	1,316
於十二月三十一日之結餘	Balance at 31 December	26,321	13,993

25. 借款

25. BORROWINGS

		二零二一年 2021 千港元 HK\$'000	二零二零年 2020 千港元 HK\$'000
銀行借款	Bank borrowings	137,080	134,524
其他借款(附註(ii)及(iii))	Other borrowings (note (ii) and (iii))	738,963	737,795
		876,043	872,319
借款(附註v):	Borrowings (note v):		
一年內或按要求到期	Due within one year or on demand	876,043	796,938
一年以上但不超過 兩年期間內到期	Due within a period of more than one year but not exceeding two years	—	75,381
		876,043	872,319
減: 列作非流動負債金額	Less: Amounts shown under non-current liabilities	—	(75,381)
列作流動負債金額	Amounts shown under current liabilities	876,043	796,938
減: 由於貸款違約或 違反貸款契諾而須按要求 償還的銀行及其他借款 賬面值(流動負債下列示) (附註vi)	Less: The carrying amount of bank and other borrowings that are repayable on demand due to loan defaults or breach of loan covenants (shown under current liabilities) (note vi)	(839,815)	(760,580)
減: 就於一年內應付或按要求 應付之銀行及其他 貸款列作流動負債之金額	Amounts shown under current liabilities for the bank and other borrowings that are repayable within one year or on demand	36,228	36,358
借款:	Borrowings:		
有抵押(附註(i)及(iii))	Secured (note (i) and (iii))	256,654	253,848
無抵押	Unsecured	619,389	618,471
		876,043	872,319

財務報表附註(續)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

截至二零二一年十二月三十一日止年度 For the year ended 31 December 2021

25. 借款(續)

本集團借款之實際利率(亦相等於合約利率)範圍如下:

25. BORROWINGS (continued)

The ranges of effective interest rates (which are also equal to contracted interest rates) on the Group's borrowings are as follows:

		截至 二零二一年 十二月三十一日 止年度 Year ended 31 December 2021 千港元 HK\$'000	截至 二零二零年 十二月三十一日 止年度 Year ended 31 December 2020 千港元 HK\$'000
實際利率:	Effective interest rate:		
固定利率借款	Fixed-rate borrowings	4% to 18%	4% to 18%
浮動利率借款	Variable-rate borrowings	4.25% to 5.48%	4.25% to 5.48%

借款以下列貨幣計值:

Borrowings were denominated in the following currencies:

		二零二一年 2021 千港元 HK\$'000	二零二零年 2020 千港元 HK\$'000
人民幣	RMB	114,295	111,739
港元	HK\$	563,785	563,785
美元	US\$	197,963	196,795
		876,043	872,319

25. 借款(續)

附註：

- (i) 抵押借款約214,295,000港元(二零二零年：211,739,000港元)由一家同系附屬公司的公司擔保以及抵押的物業、廠房及設備約331,490,000港元及使用權資產約47,994,000港元(二零二零年：物業、廠房及設備約371,440,000港元以及使用權資產約52,981,000港元)作擔保。

- (ii) 其他借款包括(a)國際金融公司的貸款約42,359,000港元(二零二零年：42,109,000港元)；(b)債券約276,604,000港元(二零二零年：275,686,000港元)及(c)自直接股東Ming Xin Developments Limited債券420,000,000港元，該款項於二零二零年自可換股債券(附註28)重新分類。

於二零二一年二月二十二日，貸方已就計入本集團其他借貸之借貸約155,604,000港元針對本集團發起訴訟，要求償還未償付結餘。

- (iii) 根據本公司一家全資附屬公司與國際金融公司(「國際金融公司」)的貸款協議，國際金融公司已向該附屬公司授出27,000,000美元貸款。

該貸款的浮動利率為4.99%至5.04%，到期金額按貸款協議所載的計劃還款日期計算。

國際金融公司的貸款約為42,359,000港元(二零二零年：42,109,000港元)，由(i)世紀陽光提供的公司擔保；及(ii)主要股東Alpha Sino International Limited(「Alpha Sino」)擁有之世紀陽光股份質押；(iii)銀行存款約10,490,000港元(二零二零年：10,185,000港元)作抵押。

- (iv) 於二零二一年十二月三十一日，銀行借款及其他借款的加權實際利率約為8.12%(二零二零年：8.02%)。

- (v) 該等款項乃根據貸款協議所載還款計劃表到期。

- (vi) 本集團若干信貸融資須受借貸安排中通常發現之契諾達成之規限制。於二零二零年七月三日，本公司公佈本公司控股股東控股公司世紀陽光已違約贖回本金金額為101,750,000新加坡元之後償票據。因此，本集團不能達成若干借款契諾。截至二零二一年十二月三十一日，賬面總值為839,815,000港元(二零二零年：760,580,000港元)的借款拖欠還款或違反貸款契諾，並於二零二一年十二月三十一日於綜合財務狀況表中分類為流動負債。本集團正在與貸方磋商以於報告期末為借款再融資。截至綜合財務報表批准日期，上述借款尚未續期亦尚未償付。

25. BORROWINGS (continued)

Note:

- (i) Secured borrowing of approximately HK\$214,295,000 (2020: HK\$211,739,000) were guaranteed by the corporate guarantee of a fellow subsidiary and pledged property, plant and equipment of approximately HK\$331,490,000 and right-of-use assets of approximately HK\$47,994,000 (2020: property, plant and equipment of approximately HK\$371,440,000 and right-of-use assets of approximately HK\$52,981,000).

- (ii) Included in other borrowings was (a) IFC loan of approximately HK\$42,359,000 (2020: HK\$42,109,000); (b) bond of approximately HK\$276,604,000 (2020: HK\$275,686,000) and (c) bond from the immediate shareholder, Ming Xin Developments Limited of HK\$420,000,000 which was reclassified from convertible bond (Note 28) in 2020.

Included in the other borrowings of the Group were borrowings of approximately HK\$155,604,000 which the lender have commenced litigations against the Group to repay the outstanding balances on 22 February 2021.

- (iii) Pursuant to a loan agreement entered into by a wholly-owned subsidiary of the Company and International Finance Corporation ("IFC"), IFC had granted a loan facility of US\$27,000,000 to the subsidiary.

The loan bears interest at variable interest rate from 4.99% to 5.04% and the amounts due are based on the scheduled repayment dates set out in the loan agreement.

The loan from IFC of approximately HK\$42,359,000 (2020: HK\$42,109,000) was secured by (i) corporate guarantee given by Century Sunshine Group Holdings Limited; and (ii) pledged of shares in Century Sunshine Group Holdings Limited as owned by Alpha Sino International Limited ("Alpha Sino"), the substantial shareholder; (iii) deposit with banks of approximately HK\$10,490,000 (2020: HK\$10,185,000).

- (iv) The weighted effective interest rate of bank borrowing and other borrowing as at 31 December 2021 is approximately 8.12% (2020: 8.02%).

- (v) The amounts due are based on scheduled repayment dates set out in the loan agreements.

- (vi) Certain of the Group's facilities were subject to the fulfillment of covenants as are commonly found in lending arrangements. On 3 July 2020, the Company announced CS, the controlling shareholder of the Company, defaulted in the redemption of its subordinated notes of SGD101.75 million in principal amount. As a result, the Group could not fulfill covenants on certain borrowings. As at 31 December 2021, borrowings with aggregate carrying amount of HK\$839,815,000 (2020: HK\$760,580,000) were in default of repayment or loan covenants and were classified as current liabilities in the consolidated statement of financial position as at 31 December 2021. The Group is negotiating with the lenders to refinance the borrowings at the end of reporting period. As at the date of approval of the consolidated financial statements, the aforesaid borrowings were not yet renewed nor repaid.

財務報表附註(續)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

截至二零二一年十二月三十一日止年度 For the year ended 31 December 2021

26. 應付一名股東之款項

於二零二一年十二月三十一日及二零二零年十二月三十一日應付一名股東之款項為無抵押、免息及按要求償還。

26. AMOUNT DUE TO A SHAREHOLDER

As at 31 December 2021 and 31 December 2020, the amount due to a shareholder is unsecured, interest-free and repayable on demand.

27. 遞延收入

27. DEFERRED REVENUE

	二零二一年 2021 千港元 HK\$'000	二零二零年 2020 千港元 HK\$'000
與資產相關之政府撥款	75,018	72,834
Government grants received related to assets		

為促進金屬鎂業之發展，白山市天安金屬鎂礦業有限公司於二零一二年與當地政府訂立一份協議。根據該協議，當地政府同意向白山市天安金屬鎂礦業有限公司提供財務資助(「資助」)以改善其生產科技及提高物業、廠房及設備的產能。

In order to encourage the development of magnesium industry, Baishan City Tianan Magnesium Resources Co., Limited entered into an agreement with the local government in 2012. Pursuant to the agreement, the local government agree to provide financial assistance (the "Assistance") to Baishan City Tianan Magnesium Resources Company Limited to improve their production technology and enhance the capacity of the property, plant and equipment.

截至二零二一年及二零二零年十二月三十一日止年度，本集團並無收取任何資助，而截至二零二一年及二零二零年十二月三十一日止年度並無確認任何其他收入。遞延收入賬面值增加乃由於匯兌差額所致。

During the year ended 31 December 2021 and 2020, the Group has not received any Assistance and there were no other income was recognised for the years ended 31 December 2021 and 2020. The carrying amount of deferred revenue increased due to the arise of exchange difference.

所收或成為應收款項之資助，初始確認為遞延收入及其後以扣減折舊法開支，按該須予折舊資產可用年期於損益中確認。

The Assistance received or which becomes receivables is initially recognised as deferred revenue and subsequently recognised in profit or loss over the life of a depreciable asset by way of as a reduced depreciation charge expense.

28. 可換股債券

於二零一七年十一月三十日，作為收購永洋集團代價的一部份，本公司根據首智投資有限公司(「首智投資」)、Sure Sino Global Limited(「Sure Sino」)、世紀陽光集團控股有限公司及本公司訂立之買賣協議，發行按每年4%計息，須每半年期末時支付，本金總額為420,000,000港元之可換股債券。

根據本集團之會計政策，可換股債券根據合約安排內容，以及金融負債及權益工具之定義獲個別分類為金融負債及權益。倘換股權將透過以固定金額現金或另一項財務資產換取固定數目之本公司本身權益工具結算，則為權益工具。負債部分之公平值採用類似不可兌換工具之現行市場利率進行估計。可換股債券之公平值評估由獨立專業估值師進行。權益部份於「可換股債券權益儲備」一節列值為權益。負債部份於初始確認時的實際利率為每年14.6%。

可換股債券賦予債券持有人權利，以換股價0.40港元轉換為股份。由發行日起計，可換股債券有效期為三年。轉換可於可換股債券到期日之前隨時進行。本公司將於到期日贖回尚未獲轉換之可換股債券。

可換股債券於二零二零年十一月三十日到期，而債券持有人的責任於截至二零二零年十二月三十一日止年度轉撥至「借款」。該金額按要求應付，且附帶年利率4厘。

28. CONVERTIBLE BONDS

On 30 November 2017, as part of consideration for the acquisition of the Fullocean Group, the Company has issued convertible bonds which bear an interest of 4% per annum payable in arrear semi-annually with aggregate principal amount of HK\$420,000,000 pursuant to the sale and purchase agreement entered into by Capital Idea Investments Limited ("CIIL"), Sure Sino Global Limited ("Sure Sino"), Century Sunshine Group Holdings Limited and the Company.

According to the Group's accounting policy, the convertible bonds are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. Conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument. The fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. The fair value assessment of the convertible bonds was performed by an independent professional valuer. The equity element is presented in equity under the heading of "convertible bond equity reserve". The effective interest rate of the liability element on initial recognition is 14.6% per annum.

The convertible bonds entitle the bondholder to convert to shares at a conversion price of HK\$0.40. The maturity date of the Convertible Bonds is 3 years from the date of issue. Conversion may occur at any time before maturity date of the Convertible Bonds. The Company will redeem the convertible bonds if the bonds have not been converted on maturity date.

The convertible bonds expired on 30 November 2020 and the obligations to the bond holder were transferred to "borrowings" during the year ended 31 December 2020. The amount was unsecured repayable on demand and carried interest at 4% per annum.

財務報表附註(續)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

截至二零二一年十二月三十一日止年度 For the year ended 31 December 2021

28. 可換股債券(續)

可換股債券條款的詳細資料可閱日期為二零一七年十月二十六日之通函。

初步計入可換股債券權益儲備可之換股期權於到期時轉撥之保留盈利。

於綜合財務狀況表確認的可換股債券負債部分計算如下：

28. CONVERTIBLE BONDS (continued)

For more details of the terms of convertible bonds, please refer to the circular dated on 26 October 2017.

The convertible option initially included in convertible bonds equity reserve was transferred to retained earnings upon expiry.

The liability component of convertible bond recognised in the statement of consolidated financial position was calculated as follow:

		千港元 HK\$'000
於二零二零年一月一日	As at 1 January 2020	385,072
計入實際利息開支	Effective interest expenses charged	51,728
已付及應付利息開支	Interest expenses paid and payable	(16,800)
轉撥至借款	Transfer to borrowings	(420,000)
於二零二零年十二月三十一日	As at 31 December 2020	–

29. 遞延稅項

年內於綜合財務狀況表確認之遞延稅項結餘的組成部份及其變動如下：

遞延稅項負債

		可換股債券 Convertible bond 千港元 HK\$'000	使用權資產 Right-of- use assets 千港元 HK\$'000	總計 Total 千港元 HK\$'000
於二零二零年一月一日	As at 1 January 2020	6,000	2,872	8,872
計入綜合損益及其他 全面收入表	Credited to consolidated statement of profit or loss and other comprehensive income	(6,000)	(75)	(6,075)
匯兌重列	Exchange realignment	-	189	189
於二零二零年 十二月三十一日及 二零二一年一月一日	As at 31 December 2020 and 1 January 2021	-	2,986	2,986
計入綜合損益及其他 全面收入表	Credited to consolidated statement of profit or loss and other comprehensive income	-	(80)	(80)
匯兌重列	Exchange realignment	-	89	89
於二零二一年 十二月三十一日	As at 31 December 2021	-	2,995	2,995

本集團於稅務局(「稅務局」)評估前於香港產生的稅務虧損約為39,301,000港元(二零二零年：1,817,000港元)，並可供無限期抵銷產生有關虧損的公司的未來應課稅溢利。本集團亦於中國內地產生稅務虧損約11,081,000港元(二零二零年：零港元)，將於一至五年內到期以抵銷未來應課稅溢利。因此附屬公司已虧損一段時間且認為其應課稅溢利不足以抵銷此等附屬公司可動用之稅務虧損，故此等虧損而言，並未確認遞延稅項資產。

29. DEFERRED TAXATION

The components of deferred tax balances recognised in the consolidated statement of financial position and the movements during the year as follows:

Deferred Tax Liabilities

The Group has tax losses arising in Hong Kong before Inland Revenue Department ("IRD") assessment of approximately HK\$39,301,000 (2020: HK\$1,817,000) that are available indefinitely for offsetting against future taxable profits of the companies in which the losses arose. The Group also has tax losses arising in Mainland China of approximately HK\$11,081,000 (2020: HK\$Nil) that will expire in one to five years for offsetting against future taxable profits. Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised by these subsidiaries.

29. 遞延稅項(續)

遞延稅項負債(續)

根據中國企業所得稅法，於中國內地成立之外資企業向外國投資者宣派之股息須徵收10%之暫繳稅。是項規定已由二零零八年一月一日起生效，並適用於二零零七年十二月三十一日之後產生之盈利。倘中國內地與外國投資者所屬司法管轄區之間訂有稅務協議，則可按較低暫繳稅率繳稅。就本集團而言，適用稅率為5%。因此，本集團須就於中國內地成立之附屬公司於二零零八年一月一日以後產生之盈利所分派之股息繳納暫繳稅。

於二零二一年十二月三十一日，本集團並無就於中國內地成立之附屬公司、聯營公司及合資公司因未匯出盈利而產生之應付股息暫繳稅確認任何遞延稅項。董事認為，此等附屬公司、聯營公司及合資公司在可見未來不大可能分派此等盈利。於報告期末，有關於中國內地的附屬公司、合資公司及聯營公司之投資，並未有產生重大暫時差額(二零二零年：無)。

本公司向其股東支付的股息並無附有所得稅後果。

29. DEFERRED TAXATION (continued)

Deferred Tax Liabilities (continued)

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. For the Group, the applicable rate is 5%. The Group is therefore liable to withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008.

At 31 December 2021, no deferred tax has been recognised for withholding dividend taxes that would be payable on the unremitted earnings that are subject to withholding dividend taxes of the Group's subsidiaries, associate, and joint ventures established in Mainland China. In the opinion of the directors, it is not probable that these subsidiaries, associate and joint ventures will distribute such earnings in the foreseeable future. There was no significant temporary difference associated with investments in subsidiaries, joint ventures and associate in Mainland China at the end of the reporting period (2020: Nil).

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

30. 股本

30. SHARE CAPITAL

		二零二一年 2021 千港元 HK\$'000	二零二零年 2020 千港元 HK\$'000
法定：	Authorised:		
13,000,000,000 (二零二零年：13,000,000,000) 股每股面值0.10港元之普通股	13,000,000,000 (2020: 13,000,000,000) ordinary shares of HK\$0.10 each	1,300,000	1,300,000
已發行及繳足：	Issued and fully paid:		
6,584,390,058 (二零二零年：6,584,390,058) 股每股面值0.10港元之普通股	6,584,390,058 (2020: 6,584,390,058) ordinary shares of HK\$0.10 each	658,439	658,439

於截至二零二一年十二月三十一日止年度內，本公司已發行普通股概無變動。

There was no movements in the Company's issued ordinary shares during the year ended 31 December 2021.

截至二零二零年十二月三十一日止年度內，本公司於行使購股權後已按行使價每股0.30港元發行10,000,000股股份。有關詳情，請參閱附註31。

During the year ended 31 December 2020, the Company issued 10,000,000 shares at an exercise price of HK\$0.30 per share upon the exercise of share options. For more details, please refer to note 31.

本公司已發行股本之變動概述如下：

A summary of movements in the Company's issued share capital is as follows:

		已發行 股份數目 Number of shares in issue	股本 Share capital 千港元 HK\$'000	股份 溢價賬目 Share premium account 千港元 HK\$'000	總額 Total 千港元 HK\$'000
於二零二零年一月一日	As at 1 January 2020	6,574,390,058	657,439	1,560,077	2,217,516
行使購股權後發行之 普通股	Issue of ordinary shares upon exercise of share options	10,000,000	1,000	2,557	3,557
於二零二零年十二月 三十一日、二零二一年 一月一日及二零二一年 十二月三十一日	As at 31 December 2020, 1 January 2021 and 31 December 2021	6,584,390,058	658,439	1,562,634	2,221,073

31. 購股權

於二零一七年十二月四日，本公司股東批准購股權計劃(「該計劃」)。根據該計劃，本公司可授出購股權予本集團及任何主要股東之董事或僱員、本集團的顧問或諮詢人、分銷商、分包商、供應商、服務供應商、代理、客戶及業務夥伴(「合資格參與者」)，以認購本公司股份。

購股權可按董事全權酌情釐定的歸屬、行使或其他方面的條款及條件而授出，惟有關條款及條件須與該計劃的任何其他條款及條件相符一致。

認購價不會低於以下最高者：(i) 股份於購股權提呈日期於聯交所每日報價表所列於主板之收市價；(ii) 股份於緊接購股權提呈日期前五個交易日於聯交所每日報價表所列於主板之平均價；及(iii) 股份之面值。本集團並無法定或推定責任以現金購回或償付購股權。

合資格參與者須於購股權授出日期起至指定行使日期止期間於本集團或主要股東任職，方可行使購股權。

各合資格人士於要約日期屆滿前十二個月期間內因行使其獲授購股權而獲發行及將獲發行的股份總數，不得超過本集團已發行股本1%。倘向本集團主要股東或獨立非執行董事(或彼等各自的任何聯繫人)授出任何購股權而導致在截至授出日期(包括該日)止任何十二個月期間內，上述人士已獲授及將獲授的全部購股權(包括已行使、已註銷及尚未行使的購股權)獲行使而發行及將予發行的證券數目，(i) 合共超過相關類別已發行證券的0.1%；及(ii) (倘證券於聯交所上市)根據證券於各授出日期收市價計算的總值超過5,000,000港元，該額外授出購股權須經本集團股東批准。

31. SHARE OPTIONS

On 4 December 2017, a share option scheme (the "Scheme") was approved by the shareholders of the Company. Under the Scheme, the Company may grant options to the directors or employees of the Group and any substantial shareholder, consultant or adviser, distributor, contractor, supplier, service provider, agent, customer and business partner of the Group (the "Eligible Participant") to subscribe for shares in the Company.

Options may be granted on such terms and conditions in relation to their vesting, exercise or otherwise as the directors may determine in its absolute discretion, provided that such terms and conditions shall not be inconsistent with any other term conditions of the Scheme.

The subscription price is not less than the highest of (i) the closing price of the shares on Main Boards stated in the Stock Exchange's daily quotation sheet on the date of offer of the option; (ii) the average prices of the shares on Main Board as stated in the Stock Exchange's daily quotation sheets for the five trading days immediately preceding the date of offer of the option; and (iii) the nominal value of the shares. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

The share options are exercisable only if the Eligible Participants remain in the service of the Group or substantial shareholder from the grant date of the share options up to the designated exercise date.

The total number of shares issued and to be issued upon exercise of the options granted to each eligible person in the twelve-month period expiring on the offer date must not exceed 1% of the issued share capital of the Group. Where any grant of options to a substantial shareholder or an independent non-executive director of the Group, or any of their respective associates, would result in the securities issued and to be issued upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person in the twelve-month period up to and including the date of such grant (i) representing in aggregate over 0.1% of the relevant class of securities in issue; and (ii) (where the securities are listed on the Stock Exchange), having an aggregate value, based on the closing price of the securities at the date of each grant, in excess of HK\$5 million, such further grant of options must be approved by shareholders of the Group.

31. 購股權(續)

截至二零二一年十二月三十一日止年度

31. SHARE OPTIONS (continued)

For the year ended 31 December 2021

	於 二零二一年 一月一日 持有	年內 授出之 購股權	年內 行使之 購股權	年內 註銷之 購股權	年內 失效之 購股權	於 二零二一年 十二月 三十一日 持有	行使價 (附註)
	Held at 1 January 2021	Options granted during the year	Options exercised during the year	Options cancelled during the year	Options lapsed during the year	Held at 31 December 2021	Exercise price (note) 港元 HK\$
(A) 僱員							
Employees	163,400,000	-	-	-	-	163,400,000	0.4
	140,000,000	-	-	-	-	140,000,000	0.3
(B) 董事							
Directors							
沈世捷 Shum Sai Chit	30,000,000	-	-	-	-	30,000,000	0.4
池靜超* Chi Jing Chao*	3,000,000	-	-	-	(3,000,000)	-	0.4
孟健# Meng Jian#	5,000,000	-	-	-	(5,000,000)	-	0.4
鄭炳文 Kwong Ping Man	5,000,000	-	-	-	-	5,000,000	0.4
張省本 Cheung Sound Poon	5,000,000	-	-	-	-	5,000,000	0.4
關毅傑 Kwan Ngai Kit	5,000,000	-	-	-	-	5,000,000	0.4
	216,400,000	-	-	-	(8,000,000)	208,400,000	0.4
	140,000,000	-	-	-	-	140,000,000	0.3
	356,400,000	-	-	-	(8,000,000)	348,400,000	-

* 於二零二一年八月一日辭任

於二零二一年六月三十日退任

* resigned on 1 August 2021

retired on 30 June 2021

財務報表附註(續)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

截至二零二一年十二月三十一日止年度 For the year ended 31 December 2021

31. 購股權(續)

截至二零二零年十二月三十一日止年度

31. SHARE OPTIONS (continued)

For the year ended 31 December 2020

	於 二零二零年 一月一日 持有	年內 授出之 購股權	年內 行使之 購股權	年內 註銷之 購股權	年內 失效之 購股權	於 二零二零年 十二月 三十一日 持有	行使價 (附註)
	Held at 1 January 2020	Options granted during the year	Options exercised during the year	Options cancelled during the year	Options lapsed during the year	Held at 31 December 2020	Exercise price (note) 港元 HK\$
(A) 僱員							
Employees	163,400,000	-	-	-	-	163,400,000	0.4
	40,000,000	-	-	-	(40,000,000)	-	0.5
	150,000,000	-	(10,000,000)	-	-	140,000,000	0.3
(B) 董事							
Directors							
沈世捷 Shum Sai Chit	30,000,000	-	-	-	-	30,000,000	0.4
池靜超 Chi Jing Chao	3,000,000	-	-	-	-	3,000,000	0.4
孟健 Meng Jian	5,000,000	-	-	-	-	5,000,000	0.4
譚偉豪太平紳士* Tam Wai Ho, Samson JP*	5,000,000	-	-	-	(5,000,000)	-	0.4
鄭炳文 Kwong Ping Man	5,000,000	-	-	-	-	5,000,000	0.4
張省本 Cheung Sound Poon	5,000,000	-	-	-	-	5,000,000	0.4
關毅傑 Kwan Ngai Kit	5,000,000	-	-	-	-	5,000,000	0.4
	221,400,000	-	-	-	(5,000,000)	216,400,000	0.4
	40,000,000	-	-	-	(40,000,000)	-	0.5
	150,000,000	-	(10,000,000)	-	-	140,000,000	0.3
	411,400,000	-	(10,000,000)	-	(45,000,000)	356,400,000	-

* 於二零二零年六月三十日退任

* retired on 30 June 2020

31. 購股權 (續)

於二零二一年十二月三十一日，尚未行使購股權有以下屆滿日期、行使期及行使價。

31. SHARE OPTIONS (continued)

Options outstanding at 31 December 2021 have the following expiry date, exercise period and exercise prices.

頒授日期 Grant date	屆滿日期 Expiry date	行使期 Exercise period	每股行使價 Exercise prices per Share 港元 HK\$	購股權數目 Number of Options
二零一八年四月二十五日 25 April 2018	二零二三年十二月二十九日 29 December 2023	自二零一八年十一月一日起至 二零二三年十二月二十九日 From 1 November 2018 to 29 December 2023	0.4	208,400,000
二零一九年七月二十五日 25 July 2019	二零二二年八月三十一日 31 August 2022	自二零一九年九月一日起至 二零二二年八月三十一日 From 1 September 2019 to 31 August 2022	0.3	140,000,000
				348,400,000

於本年報日期，該計劃項下可供發行之本公司股份總數(包括上述尚未行使購股權)為805,839,005股，相當於本公司當日已發行股本約12.2%。該計劃之餘下年期約為6年，並將於二零二七年十二月四日屆滿。

As at the date of the annual report, the total number of Shares of the Company available for issue under the Scheme (including the above Options outstanding not yet exercised) was 805,839,005, representing approximately 12.2% of the issued share capital of the Company as of the date thereof. The remaining life of the Scheme is approximately 6 years and to be expired on 4 December 2027.

財務報表附註(續)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

截至二零二一年十二月三十一日止年度 For the year ended 31 December 2021

31. 購股權(續)

截至二零一九年十二月三十一日止年度所授出之購股權，使用二項式期權定價模式釐定公允值為約13,509,000港元。輸入該估值模式的重要計算因素為於授出日期的股價0.285港元上述行使價、預期股價波動介於46.729%至54.568%、年度無風險利率1.459%至1.758%。約1.10至3.10年預計購股權年期及股息收益率1.64。按預期股價回報的標準偏差而計量的波幅，乃根據由二零二零年十二月三十一日至二零一九年七月二十五日的每日股價的統計分析計算得出。截至二零二一年十二月三十一日止年度，約2,232,000港元(二零二零年：3,975,000港元)已計入綜合損益及其他全面收益表內。

截至二零二一年及二零二零年十二月三十一日止年度概無授出任何購股權。

32. 儲備

本集團於本年度及過往期間之儲備金額及其變動呈列於財務報表第63頁之綜合權益變動表內。

於二零二一年十二月三十一日，本公司可供分派儲備(根據一九八一年百慕達公司法(經修訂)(「公司法」)計算)為480,084,000港元(二零二零年：1,003,291,000港元)。根據公司法，本公司的實繳盈餘亦可供分派予股東。如會導致本公司無法償還到期負債或其資產的可變現價值因此低於其負債，則不會以實繳盈餘派付股息或作出分派。

本集團之特別儲備指根據一九九三年本公司之股份上市前所進行之本集團重組而收購之附屬公司股份之面值，為交換此等股份而發行之本公司股份面值之差額。

31. SHARE OPTIONS (continued)

The fair value of Options granted during the year ended 31 December 2019 determined using the Binomial Option Pricing model was approximately HK\$13,509,000. The significant inputs into the model were share price of HK\$0.285, at the grant date and adjusted for the effect of the share subdivision, exercise price shown above, expected volatility ranged from 46.729% to 54.568%, annual risk-free interest rate of 1.459% to 1.758%. Expected life of Options of approximately 1.10 to 3.10 years and dividend payout ratio 1.64. The volatility measured at the standard deviation of expected share price returns is based on statistical analysis of daily share prices from 31 December 2010 to 25 July 2019. During the year ended 31 December 2021, approximately HK\$2,232,000 (2020: HK\$3,975,000) were charged to the consolidated statement of profit or loss and other comprehensive income.

No Options were granted during the years ended 31 December 2021 and 2020.

32. RESERVES

The amounts of the Group's reserves and the movements therein for the current year and prior period are presented in the consolidated statement of changes in equity on page 63 of the financial statements.

As at 31 December 2021, the Company's reserves available for distribution, calculated in accordance with the Companies Act 1981 of Bermuda (as amended) ("Companies Act") amounted to HK\$480,084,000 (2020: HK\$1,003,291,000). Under the Companies Act, the Company's contributed surplus of the Company is also available for distribution to the Shareholders. No dividend shall be paid or distribution made out of contributed surplus if to do so would render the Company unable to pay its liabilities as they become due or the realisable value of its assets would thereby become less than its liabilities.

The Group's special reserve represents the difference between the nominal value of the shares of the subsidiaries acquired pursuant to the Group reorganisation prior to the listing of the Company's shares in 1993, and the nominal value of the Company's shares issued in exchange therefor.

33. 融資業務所產生負債之對賬

33. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

		應付一名 股東之款項 Due to a shareholder 千港元 HK\$'000	借款 Borrowings 千港元 HK\$'000	應付利息 Interest Payables 千港元 HK\$'000	總計 Total 千港元 HK\$'000
於二零二一年一月一日	As at 1 January 2021	33,959	872,319	33,566	939,844
融資現金流量	Financing cash flow	(12,201)	(793)	(2,068)	(15,062)
匯兌重列	Exchange realignment	-	4,517	148	4,665
其他非現金變動：	Other non-cash movement:				
應付利息	Interest payable	18,200	-	51,201	69,401
於二零二一年十二月三十一日 的債務淨額	Net debt as at 31 December 2021	39,958	876,043	82,847	998,848

		應付一名 股東之款項 Due to a shareholder 千港元 HK\$'000	借款 Borrowings 千港元 HK\$'000	可換股債券 Convertible bond 千港元 HK\$'000	總計 Total 千港元 HK\$'000
於二零二零年一月一日	As at 1 January 2020	113,028	487,442	385,072	985,542
融資現金流量	Financing cash flow	(96,469)	(44,677)	-	(141,146)
重新分類	Reclassification	-	420,000	(420,000)	-
匯兌重列	Exchange realignment	600	5,614	-	6,214
其他非現金變動：	Other non-cash movement:				
應付利息	Interest payable	16,800	3,940	34,928	55,668
於二零二零年十二月三十一日 的債務淨額	Net debt as at 31 December 2020	33,959	872,319	-	906,278

34. 非現金交易

34. NON-CASH TRANSACTION

截至二零二一年十二月三十一日止年度期間，物業、廠房及設備之添置部分由存貨及存貨還款金額分別約41,090,000港元及53,299,000港元所結算。

During the year ended 31 December 2021, additions of property, plant and equipment was partially settled by inventories and prepayment for inventories with the amounts of approximately HK\$41,090,000 and HK\$53,299,000 respectively.

35. 資產抵押

35. PLEDGE OF ASSETS

本集團以某些資產作為抵押的借款的詳情見附註14、15、22及25。

Details of the Group's borrowings, which are secured by certain assets of the Group, are included in notes 14, 15, 22 and 25.

財務報表附註(續)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

截至二零二一年十二月三十一日止年度 For the year ended 31 December 2021

36. 承擔

本集團於報告期末亦有下列資本承擔：

	二零二一年 2021 千港元 HK\$'000	二零二零年 2020 千港元 HK\$'000
已訂約但未作撥備： 物業、廠房及設備	10,001	13,266

36. COMMITMENTS

The Group had the following capital commitments at the end of the reporting period:

37. 重大關連人士交易

(a) 除在此等財務報表其他章節詳述的交易外，於年內，本集團有下列重大關連人士交易：

	截至 二零二一年 十二月三十一日 止年度 Year ended 31 December 2021 千港元 HK\$'000	截至 二零二零年 十二月三十一日 止年度 Year ended 31 December 2020 千港元 HK\$'000
向直接控股公司支付 之管理費	1,200	1,200

附註：

(i) 向直接控股公司支付之管理費按每月100,000港元(二零二零年：100,000港元)收取。

37. MATERIAL RELATED PARTY TRANSACTIONS

(a) In addition to the transactions detailed elsewhere in these financial statements, the Group had the following material transactions with related parties during the year:

Notes:

(i) The management fee paid to an intermediate holding company was charged at a monthly rate of HK\$100,000 (2020: HK\$100,000).

37. 重大關連人士交易(續)

(b) 本集團主要管理人員報酬：

37. MATERIAL RELATED PARTY TRANSACTIONS (continued)

(b) Compensation of key management personnel of the Group:

		二零二一年 2021 千港元 HK\$'000	二零二零年 2020 千港元 HK\$'000
董事(附註9)	Directors (Note 9)	1,163	1,188
其他主要管理人員： 薪金及其他短期僱員福利	Other key management personnel: Salaries and other short-term employee benefits	1,376	3,355
		2,539	4,543

(c) 於二零二一年十二月三十一日，應付一名股東之款項約為39,958,000港元(二零二零年：33,959,000港元)。該款項為無抵押、免息及按要求償還(附註26)。

(c) As at 31 December 2021, the amount due to a shareholder is approximately HK\$39,958,000 (2020: HK\$33,959,000). The amount is unsecured, non-interest bearing and repayable on demand (note 26).

(d) 誠如本公司於二零二一年八月一日刊發的公告(「該公告」)所披露，白山市天安金屬鎂礦業有限公司及新疆騰翔鎂製品有限公司(本公司的間接全資附屬公司)與銀行訂立擔保協議，以擔保貸款協議項下山東紅日化工股份有限公司(「山東紅日」，世紀陽光集團控股有限公司(本公司的控股股東)的間接全資附屬公司)就該銀行根據貸款協議向山東紅日墊付的金額為人民幣124,960,000元的貸款的付款責任。因此，山東紅日是本公司於上市規則第14A章項下之關連人士，及擔保事項構成本公司於上市規則項下之關連交易，並須遵守上市規則第14A章項下之申報、公告規定及獨立股東批准規定。然而，本公司於有關時間內未遵守有關擔保之申報、公告規定及獨立股東批准規定。本公司已採取多種補救措施提升其內部控制，預防再次發生該公告所披露的有關不合規事件。

(d) As disclosed in the announcement of the Company published on 1 August 2021 (the "Announcement"), Baishan City Tianan Magnesium Resources Co., Ltd. and Xinjiang Tengxiang Magnesium Products Company Limited, the indirect wholly-owned subsidiaries of the Company, entered into guarantee agreements with a bank to guarantee the payment obligations of Shandong Hongri Chemical Joint Stock Company Limited ("Shandong Hongri"), an indirect non-wholly owned subsidiary of Century Sunshine Group Holdings Limited (the controlling shareholder of the Company), in respect of the loans amounting to RMB124.96 million advanced by that bank to Shandong Hongri under the loan agreements. Shandong Hongri is accordingly a connected person of the Company under Chapter 14A of the Listing Rules, and the guarantees constituted connected transactions of the Company under the Listing Rules and were subject to the reporting, announcement requirements and independent shareholders' approval requirement under Chapter 14A of the Listing Rules. However, the Company had not complied with the reporting, announcement requirements and independent shareholders' approval requirement in respect of the Guarantees at the relevant time. The Company has taken various remedial measures to enhance its internal control and prevent recurrence of such non-compliance as disclosed in the Announcement.

財務報表附註(續)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

截至二零二一年十二月三十一日止年度 For the year ended 31 December 2021

37. 重大關連人士交易(續)

(e) 根據香港聯合交易所有限公司證券上市規則(「上市規則」)第14A.72條：

- 除上文(a)、(c)及(d)披露者外，董事認為附註37所披露之其他關聯方交易不再上市規則第14A章的定義下。
- 董事確認上文(a)項所載「應付中間控股公司管理費」悉數豁免上市規則第14A.73條及第14A.76條項下之報告、公告及股東批准之規定。
- 董事確認上文(c)項所載「應付Ming Xin Developments Limited款項」乃基於正常或較佳商業條款，且本集團並無資產作為抵押，因此悉數豁免上市規則第14A.73條及第14A.90條項下之報告、公告、通函及股東批准之規定。

除以上所披露外，董事認為，附註37及財務報表的其他部分所披露之其他關連人士交易並不符合上市規則第14A章中「關連交易」的定義。

37. MATERIAL RELATED PARTY TRANSACTIONS (continued)

(e) Pursuant to Rule 14A.72 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"):

- Save as disclosed in the item (a), (c) and (d) above, the Directors consider that the other related party transactions disclosed in the Note 37 do not fall under the definition of "connected transaction" in Chapter 14A of the Listing Rules.
- The Directors confirm that the transactions under "management fee paid to an intermediate holding company" set forth in item (a) above are fully exempt from the reporting, announcement, circular and shareholders' approval requirements under Rule 14A.73 and Rule 14A.76 of the Listing Rules.
- The Directors confirm that the transaction under "amount due to Ming Xin Developments Limited" set forth in item (c) was conducted on normal commercial terms or better, and not secured by the assets of the Group, and thus are fully exempt from the reporting, announcement, circular and shareholders' approval requirements under Rule 14A.73 and Rule 14A.90 of the Listing Rules.

Save as disclosed above, the Directors consider that the other related party transactions disclosed in the Note 37 and elsewhere in these financial statements do not fall under the definition of "connected transaction" in Chapter 14A of the Listing Rules.

38. 按類別劃分之金融工具

各類別金融工具於報告期末之賬面值如下：

38. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

二零二一年十二月三十一日 31 December 2021		按攤銷 成本計量之 金融資產 Financial assets at amortised cost 千港元 HK\$'000
金融資產	Financial assets	
應收貿易賬款及應收票據 列為按金及其他應收款項 之金融資產	Trade and bills receivables Financial assets included in deposits and other receivables	149,504 5,092
已抵押銀行存款	Pledged bank deposits	10,490
現金及現金等值項目	Cash and cash equivalents	25,078
		190,164
金融負債	Financial liabilities	按攤銷 成本計量之 金融負債 Financial liabilities at amortised cost 千港元 HK\$'000
應付貿易賬款 列為其他應付款項及應計費用 之金融負債	Trade payables Financial liabilities included in other payables and accruals	13,364 134,351
借款	Borrowings	876,043
應付一名股東之款項	Amount due to a shareholder	39,958
		1,063,716

財務報表附註(續)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

截至二零二一年十二月三十一日止年度 For the year ended 31 December 2021

38. 按類別劃分之金融工具(續)

38. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

二零二零年十二月三十一日 31 December 2020		按攤銷 成本計量之 金融資產 Financial assets at amortised cost 千港元 HK\$'000
金融資產	Financial assets	
應收貿易賬款及應收票據 列為按金及其他應收款項 之金融資產	Trade and bills receivables Financial assets included in deposits and other receivables	172,292 8,765
已抵押銀行存款	Pledged bank deposits	10,185
現金及現金等值項目	Cash and cash equivalents	36,104
		227,346
金融負債	Financial liabilities	按攤銷 成本計量之 金融負債 Financial liabilities at amortised cost 千港元 HK\$'000
應付貿易賬款 列為其他應付款項及應計費用 之金融負債	Trade payables Financial liabilities included in other payables and accruals	36,216 72,603
借款	Borrowings	872,319
應付一名股東之款項	Amount due to a shareholder	33,959
		1,015,097

39. 金融工具之公平值及公平值等級

管理層已評估本集團之金融資產及負債之公平值結餘與賬面值相若，此乃頗大程度由於此等工具將於短期內到期。

40. 財務風險管理目標及政策

本集團主要金融工具包括應收貿易賬款及應收票據、按金及其他應收款項、現金及現金等值項目、已抵押銀行存款、應付貿易賬款、其他應付款項及應計費用、借款，以及應付一名非控股股東之款項及可換股債券。

本集團金融工具產生的主要風險為信貸風險、流動資金風險及外幣風險。董事會檢討及同意管理此類風險的政策，概述如下：

信貸風險

本集團僅與認可且信譽良好的第三方進行交易。本集團的政策規定，所有欲以信貸條款進行交易的客戶均須遵守信貸驗證程序。此外，本集團持續監控應收款項結餘，而本集團的壞賬風險屬不重大。對於非以相關營運單位的功能貨幣計值的交易，未經信貸控制主管的特別批准，本集團不會提供信貸條款。

39. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of the Group's financial assets and liabilities, the balance were approximate to their carrying amounts largely due to the short term maturities of these instruments.

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments mainly comprise trade and bills receivables, deposits and other receivables, cash and cash equivalents, pledged bank deposits, trade payables, other payables and accruals, borrowings, and amount due to a non-controlling shareholder and convertible bonds.

The main risks arising from the Group's financial instruments are credit risk, liquidity risk and foreign currency risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Credit risk

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant. For transactions that are not denominated in the functional currency of the relevant operating unit, the Group does not offer credit terms without the specific approval of the Head of Credit Control.

財務報表附註(續)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

截至二零二一年十二月三十一日止年度 For the year ended 31 December 2021

40. 財務風險管理目標及政策

(續)

信貸風險(續)

於二零二一年十二月三十一日的最大風險敞口及年終階段

下表顯示根據本集團信貸政策的信貸質量及最大信貸風險敞口，其主要基於本集團過往及前瞻性因素，惟其他資料為毋需付出不必要的成本或努力即可取得的資料則除外，以及截至二零二一年及二零二零年十二月三十一日的年終階段分類。

應收貿易賬款

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(continued)

Credit risk (continued)

Maximum exposure and year-end staging as at 31 December 2021

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on historical and forward looking elements of the Group, unless other information is available without undue cost or effort, and year-end staging classification as at 31 December 2021 and 2020.

Trade receivables

		預期虧損率 Expected loss rate	賬面總值 Gross carrying amount 千港元 HK\$'000	虧損撥備 Loss allowance 千港元 HK\$'000
於二零二一年十二月三十一日	31 December 2021			
即期(未逾期)	Current (not past due)	3.68%	155,221	5,717
逾期少於1年	Less than 1 year past due	100%	51,185	51,185
			206,406	56,902
		預期虧損率 Expected loss rate	賬面總值 Gross carrying amount 千港元 HK\$'000	虧損撥備 Loss allowance 千港元 HK\$'000
二零二零年十二月三十一日	31 December 2020			
即期(未逾期)	Current (not past due)	1.885%	168,359	3,173
逾期少於1年	Less than 1 year past due	100%	317	317
			168,676	3,490

40. 財務風險管理目標及政策 (續)

列為按金及其他應收款項之金融資產

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Financial assets included in deposit and other receivables

		預期虧損率 Expected loss rate	賬面總值 Gross carrying amount 千港元 HK\$'000	虧損撥備 Loss allowance 千港元 HK\$'000
於二零二一年十二月三十一日 流動	As at 31 December 2021 Current	2.59%	5,092	132
		預期虧損率 Expected loss rate	賬面總值 Gross carrying amount 千港元 HK\$'000	虧損撥備 Loss allowance 千港元 HK\$'000
於二零二零年十二月三十一日 流動	As at 31 December 2020 Current	2.18%	8,765	191

有關應收票據以及現金及現金等價物之信貸風險由於交易對方為知名銀行而被視為低風險。現有交易對方在過往並無違約。因此，銀行預期信貸虧損率被評估為接近零且截至二零二一年及二零二零年十二月三十一日並無作出撥備。

利率風險

本集團就已抵押銀行存款及固定利率借款面臨公允值利率風險(有關詳情請分別參閱附註22及25)。

由於管理層認為本集團的上述公允值利率風險並不重大，故於年內管理層並無進行利率掉期或其他對沖活動。

由於銀行存款及浮動利率銀行借款的現行市場利率的波動，本集團亦面臨現金流量利率風險。本集團的現金流量利率風險主要集中於銀行結餘及借款利率的波動。

In respect of bills receivables and cash and cash equivalents, the credit risk is considered to be low as the counterparties are reputable banks. The existing counterparties do not have defaults in the past. Therefore, expected credit loss rate of cash at bank is assessed to be close to zero and no provision was made as of 31 December 2021 and 2020.

Interest Rate Risk

The Group is exposed to fair value interest rate risk in relation to pledged bank deposits and fixed-rate borrowings (see Notes 22 and 25 respectively for details).

As management considers the Group's exposure to the above fair value interest rate risk is not significant, no interest rate swaps or other hedging activities are undertaken by management during the year.

The Group is also exposed to cash flow interest rate risk due to the fluctuation of the prevailing market interest rate on bank deposits and variable-rate bank borrowings. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of interest rates on bank balances and borrowings.

40. 財務風險管理目標及政策

(續)

敏感度分析

倘於二零二一年十二月三十一日的浮動利率借款利率較實際上的實際利率高/低10個基點(年利率0.1%)(二零二零年:10個基點),本集團的年內除稅後虧損將增加/減少約85,000港元(二零二零年:年內除稅後虧損將增加/減少約84,000港元)。

本集團亦面臨與以現行市場利率計息的銀行結餘有關的現金流量利率風險。然而,由於銀行結餘均為短期性質,故本集團的有關風險微乎其微。

流動資金風險

本集團以經常性流動資金規劃工具監察其資金短缺風險。該工具審議其金融工具及金融資產(如應收貿易賬款)之到期情況,並預測經營業務之現金流量情況。

本集團運用銀行借款及銀行信貸額,致力在資金持續性及靈活性中間取得平衡。本集團於二零二一年十二月三十一日一年內到期之銀行借款乃根據賬面值反映於財務報表內。

下表描述本集團截至報告期末根據合約未折現付款之金融負債。尤其是,按要求條款償付借款及債權人要求立即償還之款項計入最早時間範圍內。

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(continued)

Sensitivity Analysis

If interest rates on variable-rate borrowings as at 31 December 2021 had been 10 basis points (0.1% per annum) (2020: 10 basis points) higher/lower than the actual effective interest rate, the Group's post-tax loss for the year would increase/decrease by approximately HK\$85,000 (2020: post tax loss for the year would increase/decrease by approximately HK\$84,000).

The Group is also exposed to cash flow interest rate risk in relation to bank balances carried at prevailing market rate. However, such exposure is minimal to the Group as the bank balances are all short-term in nature.

Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets (e.g., trade receivables) and projected cash flows from operations.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank borrowings and banking facilities. The Group's bank borrowings would mature in less than one year as at 31 December 2021 based on the carrying value of borrowings reflected in the financial statements.

The following tables described the maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments. Specifically, borrowing with repayment on demand clause and amounts being demanded by the creditors for immediate repayment are included in the earliest time band.

40. 財務風險管理目標及政策 (續)

流動資金風險(續)

		二零二一年十二月三十一日 31 December 2021				
		加權平均 實際利率 Weighted average effective interest rate %	按要求或 少於一年 On demand or less than 1 year 千港元 HK\$'000	超過一年 Over 1 year 千港元 HK\$'000	未貼現現金 流量總額 Total undiscounted cash flows 千港元 HK\$'000	賬面值 Carrying amount 千港元 HK\$'000
應付貿易賬款	Trade payables	-	13,364	-	13,364	13,364
列為其他應付款項及應計費用 之金融負債	Financial liabilities included in other payables and accruals	-	134,351	-	134,351	134,351
借款	Borrowings	8.12	947,157	-	947,157	876,043
應付一名股東之款項	Amount due to a shareholder	-	39,958	-	39,958	39,958
			1,134,830	-	1,134,830	1,063,716

		二零二零年十二月三十一日 31 December 2020				
		加權平均 實際利率 Weighted average effective interest rate %	按要求或 少於一年 On demand or less than 1 year 千港元 HK\$'000	超過一年 Over 1 year 千港元 HK\$'000	未貼現現金 流量總額 Total undiscounted cash flows 千港元 HK\$'000	賬面值 Carrying amount 千港元 HK\$'000
應付貿易賬款	Trade payables	-	36,216	-	36,216	36,216
列為其他應付款項及應計費用 之金融負債	Financial liabilities included in other payables and accruals	-	72,603	-	72,603	72,603
借款	Borrowings	8.02	862,794	79,855	942,649	872,319
應付一名股東之款項	Amount due to a shareholder	-	33,959	-	33,959	33,959
			1,005,572	79,855	1,085,427	1,015,097

40. 財務風險管理目標及政策

(續)

外幣風險

鑑於本集團大部分業務交易、資產及負債主要以各附屬公司的功能貨幣計值，故此並沒有承受巨大的外匯風險。本集團目前並無就外幣交易、資產及負債訂立外幣對沖政策。本集團將密切監測其外匯風險，並在需要時考慮對沖重大外幣風險。

資本管理

本集團之資本管理，主要目標乃保障本集團能持續經營，並維持健康之資本比率，以支持其業務及提高股東價值。

本集團管理其資本架構，並因應經濟狀況之變動及資產風險特性作出調整。在保持或調整其資本架構時，本集團或會向股東退回資本或發行新股份。於截至二零二一年十二月三十一日及二零二零年十二月三十一日止年度，其目標、政策或程序並無變動。

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(continued)

Foreign currency risk

The Group does not have significant exposures to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in the functional currencies of the respective subsidiaries. The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group will monitor its significant foreign currency exposure and will consider hedging significant foreign currency exposure should the need arise.

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the year ended 31 December 2021 and 31 December 2020.

41. 本公司之財務狀況表

本公司於報告期末之財務狀況表資料如下：

41. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

		二零二一年 十二月三十一日 31 December 2021 千港元 HK\$'000	二零二零年 十二月三十一日 31 December 2020 千港元 HK\$'000
非流動資產	NON-CURRENT ASSET		
附屬公司之投資	Investments in subsidiaries	1,752,000	1,752,000
流動資產	CURRENT ASSETS		
應收附屬公司款項	Amounts due from subsidiaries	236,597	692,926
預付款項	Prepayments	2,387	978
現金及銀行結餘	Cash and bank balances	72	73
流動資產總額	Total current assets	239,056	693,977
流動負債	CURRENT LIABILITIES		
其他應付款項及應計費用	Other payables and accruals	87,576	31,817
銀行借款	Bank borrowings	22,785	22,785
其他借款	Other borrowings	696,604	695,686
應付一名股東款項	Amount due to a shareholder	45,568	33,959
流動負債總額	Total current liabilities	852,533	784,247
流動負債淨值	NET CURRENT LIABILITIES	(613,477)	(90,270)
資產總額減流動負債	TOTAL ASSETS LESS CURRENT LIABILITIES	1,138,523	1,661,730

財務報表附註(續)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

截至二零二一年十二月三十一日止年度 For the year ended 31 December 2021

41. 本公司之財務狀況表(續)

41. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

(continued)

		二零二一年 十二月三十一日 31 December 2021 千港元 HK\$'000	二零二零年 十二月三十一日 31 December 2020 千港元 HK\$'000
資產淨值	Net assets	1,138,523	1,661,730
權益	EQUITY		
已發行股本	Issued capital	658,439	658,439
儲備(附註)	Reserves (note)	480,084	1,003,291
權益總額	Total equity	1,138,523	1,661,730

財務報表於二零二二年三月三十一日經董事會審批及授權刊印，並由下列董事代表簽署：

The financial statement was approved and authorised for issue by the board of directors on 31 March 2022 and was signed on its behalf by:

沈世捷先生
Mr. Shum Sai Chit
董事
Director

池斯樂女士
Ms. Chi Sile
董事
Director

41. 本公司之財務狀況表(續)

41. STATEMENT OF FINANCIAL POSITION OF THE COMPANY
(continued)

附註：

Note:

本公司之儲備概要如下：

A summary of the Company's reserves is as follows:

		股份溢價賬 Share premium account 千港元 HK\$'000	繳入盈餘 Contributed surplus 千港元 HK\$'000	資本 贖回儲備 Capital redemption reserve 千港元 HK\$'000	可換股債券 股權儲備 Convertible bond equity reserve 千港元 HK\$'000	購股權儲備 Share option reserve 千港元 HK\$'000	累計虧損 Accumulated losses 千港元 HK\$'000	總額 Total 千港元 HK\$'000
於二零二零年一月一日	As at 1 January 2020	1,560,077	21,976	419	86,548	27,779	(622,307)	1,074,492
年度虧損及 全面開支總額	Loss and total comprehensive expense for the year	—	—	—	—	—	(77,176)	(77,176)
行使購股權	Exercise of share options	2,557	—	—	—	(557)	—	2,000
已失效購股權	Share option lapsed	—	—	—	—	(2,477)	2,477	—
股權結算股份付款 之交易	Equity settled share-based transactions	—	—	—	—	3,975	—	3,975
轉撥至可換股 債券權益	Transfer to equity of convertible bonds	—	—	—	(86,548)	—	86,548	—
於二零二零年 十二月三十一日及 二零二一年一月一日	As at 31 December 2020 and 1 January 2021	1,562,634	21,976	419	—	28,720	(610,458)	1,003,291
年度虧損及 全面開支總額	Loss and total comprehensive expense for the year	—	—	—	—	—	(525,439)	(525,439)
已失效購股權	Share option lapsed	—	—	—	—	(628)	628	—
股權結算股份付款 之交易	Equity settled share-based transactions	—	—	—	—	2,232	—	2,232
於二零二一年 十二月三十一日	As at 31 December 2021	1,562,634	21,976	419	—	30,324	(1,135,269)	480,084

本公司之繳入盈餘指根據一九九三年本公司之股份上市前所進行之集團重組而收購之附屬公司股份之公平值超逾為交換此等股份而發行之本公司股份面值之部份。根據一九八一年百慕達公司法，一間公司可在若干情況下，以繳入盈餘賬內之款項向其成員作出分派。

The Company's contributed surplus represents the excess of the fair value of the shares of the subsidiaries acquired pursuant to the Group reorganisation prior to the listing of the Company's shares in 1993, over the nominal value of the Company's shares issued in exchange therefor. Under the Bermuda Companies Act 1981, a company may make distributions to its members out of the contributed surplus in certain circumstances.

42. 法律訴訟及或然負債

- (a) 茲提述該等財務報表附註3所披露者，鑒於世紀陽光支付違約及交叉違約，構成本集團若干借款的違約事件，若干債務根據其條款須即時按要求償還。本公司將另行刊發公告以向本公司股東及投資者提供有關財務重組及相關重大法律訴訟的任何進展。
- (b) 於二零二一年二月二十五日，本公司收到由AI Global Investment SPC代表AI Investment Fund S.P. (「呈請人」) 行事及為其利益於二零二一年二月二十二日向高等法院針對本公司提交之呈請 (「呈請」)，要求高等法院頒令本公司清盤。針對本公司提交之呈請乃由於本公司未能償付呈請人票據，未償付本金連同未支付利息及拖欠利息總額20,707,777.78美元，有關金額乃根據呈請人(作為認購人)與本公司(作為發行人)於二零一七年八月七日訂立之於二零二零年到期本金20,000,000美元之7%非後償及無抵押票據認購協議作出。於二零二二年二月二十三日，高等法院進一步命令，呈請之聆訊已押後至二零二二年五月二十七日在公司法官前進行。
- (c) 於二零二一年六月二日，一間中國附屬公司接獲一間中國銀行針對中國附屬公司違反所授出貸款的條款及條件的中國法院傳訊令狀(「令狀」)。根據申索陳述書，銀行向該中國附屬公司提呈申索，要求立即償還所有未償還本金及利息，總計約人民幣64,266,667元，連同拖欠利息及額外款項，或其他減免及相關費用。

42. LITIGATIONS AND CONTINGENT LIABILITIES

- (a) Reference is made to the disclosure in Note 3 of these financial statements, in terms of the CS's payment default and the cross defaults constitute an event of default in respect of certain borrowings of the Group and certain debts are immediately payable on demand in accordance with their terms. Further announcement(s) will be made by the Company to update the shareholders and investors of the Company in relation to any developments on the financial reorganization and related material legal proceedings.
- (b) On 25 February 2021, the Company received a petition (the "Petition") filed by AI Global Investment SPC acting on behalf of and for the account of AI Investment Fund S.P. (the "Petitioner") on 22 February 2021 against the Company in the High Court for an order that the Company be wound up by the High Court. The Petition was filed against the Company for its failure to repay the Petitioner an outstanding principal of the notes together with the unpaid interest and default interest in an aggregate amount of US\$20,707,777.78, which was pursuant to a subscription agreement of 7% unsubordinated and unsecured notes due 2020 in a principal amount of US\$20,000,000 entered into between the Petitioner as the subscriber and the Company as the issuer dated 7 August 2017. On 23 February 2022, the High Court has further ordered that the hearing of the Petition has been adjourned to 27 May 2022 before the Companies Judge.
- (c) On 2 June 2021, a PRC subsidiary were served by a writ of summons (the "Writ") in a court in PRC by a PRC bank against the PRC subsidiary for its noncompliance to the terms and conditions of a loan granted. According to the Statement of Claim, the bank is pursuing claims against the PRC subsidiary for an immediate repayment of all outstanding principal and interest, in the sum of approximately RMB64,266,667, as well as the default interest thereon, further or other relief and related costs.

42. 法律訴訟及或然負債(續)

於二零二一年六月二日，一間中國附屬公司白山市天安金屬鎂礦業有限公司(「白山天安」)，接獲一間中國銀行針對白山天安違反所授出貸款的條款及條件的中國法院傳訊令狀(「令狀」)。根據申索陳述書，銀行向該中國附屬公司提呈申索，要求立即償還所有未償還本金及利息，總計約人民幣64,266,667元，連同拖欠利息及額外款項，或其他減免及相關費用。

於二零二二年三月十六日，本公司收到吉林省白山市中級人民法院(「白山法院」)對白山天安的執行裁定書，內容表明，根據裁定，該銀行申請查封白山天安擁有的1幅土地、14處房產及採礦權，查封期為三年，查封白山天安的銀行賬戶，查封期為一年。據此，白山天安於查封期內無法轉移或處置查封資產。

鑒於以上所述，查封白山天安擁有的資產將不會影響本集團的持續經營，在並無發生不可預見的情況下，本公司預計查封將不會對本集團的業務營運產生重大不利影響。

白山天安將繼續與銀行協商，盡快解除查封。

- (d) 茲提述本公司日期為二零二一年八月一日之公告，本公司收到臨沂市中級人民法院(「臨沂法院」)有關一間中國銀行申請強制執行該銀行向山東紅日授出的金額為人民幣124,960,000元的貸款擔保的書面裁定(「裁定」)，有關擔保乃由本集團若干附屬公司及池碧芬女士(彼為山東紅日的前任法定代表人)提供。

42. LITIGATIONS AND CONTINGENT LIABILITIES (continued)

On 2 June 2021, Baishan City Tianan Magnesium Resources Company Limited ("Baishan Tianan"), a PRC subsidiary, was served by a writ of summons (the "Writ") in a court in PRC by a PRC bank against Baishan Tianan for its non-compliance to the terms and conditions of a loan granted. According to the statement of claim, the bank is pursuing claims against the PRC subsidiary for an immediate repayment of all outstanding principal and interest, in the sum of approximately RMB64,266,667, as well as the default interest thereon, further or other relief and related costs.

On 16 March 2022, the Company received a written ruling from Baishan Intermediate People's Court of Jilin Province (the "Baishan Court") issued to Baishan Tianan, which stated that according to the ruling, the bank applied for the frozen of 1 plot of land, 14 properties and the mining rights owned by Baishan Tianan, with a frozen period of three years, and the frozen of bank accounts held by Baishan Tianan with a frozen period of one year, pursuant to which Baishan Tianan cannot transfer or disposal of the frozen assets during the frozen period.

In view of the above and the freezing assets owned by Baishan Tianan will not affect the Group's continued operation, in the absence of unforeseen circumstances, the Company is not expected the freezing would have a material adverse effect on the Group's business operations.

Baishan Tianan will continue the negotiation with the bank to have the freezing order released as soon as possible.

- (d) Reference is made to the announcement of the Company dated 1 August 2021, the Company received a written ruling (the "Ruling") from Linyi Intermediate People's Court ("Linyi Court") regarding a PRC bank's application to enforce guarantees of loans amounting to RMB124.96 million granted to Shandong Hongri by the bank that have been provided by certain subsidiaries of the Group and Ms. Chi Bi Fen, the former legal representative of Shandong Hongri.

42. 法律訴訟及或然負債(續)

裁定表明本集團若干附屬公司及池碧芬女士總金額約人民幣125,000,000元的銀行存款或等值資產可能被凍結最多一年(如為現金)、兩年(如為動產)及三年(如為不動產或其他類型資產)的期限。根據裁定，銀行申請凍結山東紅日擁有的13幅土地。於二零二一年七月二十六日，山東紅日收到臨沂法院向臨沂市不動產登記中心(「登記處」)發出的日期為二零二一年七月二十一日的協助執行通知書，要求協助登記處強制執行裁定，於二零二一年七月二十一日至二零二四年七月二十日期間「凍結」山東紅日擁有的三幅土地(「凍結資產」)。

於二零二一年十一月二十五日，中國銀行向臨沂法院遞交申請以撤銷執行。根據臨沂法院二零二一年十二月一日的書面裁定，該申請獲批准，執行獲撤銷。

誠如上文披露，董事認為直至報告日期，概無重大法律訴訟會對本集團之業務、運營及財務狀況產生重大不利影響。

43. 報告期後事項

1. 誠如本公司日期為二零二二年一月十八日的公告所披露，於二零二二年一月十八日，董事會建議實施股本重組，其中包括以下事項：
 - a) 本公司股本中每二十股每股面值0.1港元之已發行及未發行股份合併為一股本公司股本中每股面值2.00港元之合併股份；

42. LITIGATIONS AND CONTINGENT LIABILITIES (continued)

The Ruling stated that bank deposits of the certain subsidiaries of the Group and Ms. Chi Bi Fen in total sum of approximately RMB125 million or assets of equivalent value may be frozen for periods of up to one year (if cash), two years (if moveable assets) and three years (if immovable property or other types of assets). The Bank applied for 13 plots of land owned by Shandong Hongri to be frozen pursuant to the Ruling. On 26 July 2021, Shandong Hongri received a copy of a notice for assistance for enforcement (協助執行通知書) dated 21 July 2021 from Linyi Court to Linyi Immovable Assets Registration Centre (the "Registry") requiring the assistance of the Registry in order to enforce the ruling by "freezing" three plots of land owned by Shandong Hongri (the "Frozen Assets") for the period between 21 July 2021 and 20 July 2024.

On 25 November 2021, the PRC bank had submitted an application to Linyi Court to withdraw the enforcement. Pursuant to the written ruling from Linyi Court dated 1 December 2021, such application was approved and the enforcement was withdrawn.

Save as disclosed above, the Directors consider that up to report date there were no significant litigations would have material adverse impact on the business, operation and financial position of the Group.

43. EVENTS AFTER THE REPORTING PERIOD

1. As disclosed in the Company's announcement dated 18 January 2022, on 18 January 2022, the Board proposed to implement the capital reorganisation which comprises the following:
 - a) every twenty issued and unissued Shares of par value HK\$0.1 each in the share capital of the Company be consolidated into one consolidated share of par value HK\$2.00 each in the share capital of the Company;

43. 報告期後事項(續)

- b) 股本削減：(i) 因股份合併而產生之本公司已發行股本中任何零碎合併股份將予註銷；及(ii) 削減本公司之已發行股本，方式為從當時已發行之每股合併股份之已繳股本中註銷1.99港元，令已發行合併股份之面值由每股2.00港元降低至每股0.01港元；及
- c) 緊隨股本削減後，每股面值2.00港元之法定但未發行合併股份各自拆細為兩百股每股面值0.01港元之新股份。

緊隨股本重組生效後並假設本公司已發行股本於股本重組生效前並無變動，則本公司之法定股本將為1,300,000,000港元，分為130,000,000,000股每股面值0.01港元之新股份，其中329,219,502股新股份已繳足發行或入賬列作繳足。股本削減將產生約655,146,809港元的進賬額。建議將股本削減產生之進賬額計入本公司之繳入盈餘賬戶。進一步詳情載於本公司日期為二零二二年一月十八日的公告。

2. 誠如本公司日期為二零二二年一月十八日的公告亦披露，於二零二二年一月十八日，本公司建議實施本公司與已作出申索的債權人就本公司而作出之建議安排計劃(債權人計劃)，惟須待香港法院批准後，方可作實。

債權人計劃包括(i) 延長期限選擇權；(ii) 可換股債券置換選擇權；及(iii) 上述兩項選擇權的組合。每名受理申索之計劃債權人有權在其受理申索的總價值範圍內，於上述(i)、(ii) 及(iii) 項選擇權之間進行選擇。

債權人計劃於二零二二年三月一日獲法定所需的多數計劃債權人批准，批准聆訊計劃於二零二二年五月二十七日舉行。進一步詳情載於本公司日期為二零二二年一月十八日及二零二二年三月一日的公告。

43. EVENTS AFTER THE REPORTING PERIOD (continued)

- b) the capital reduction by which: (i) any fractional consolidated share in the issued share capital of the Company arising from the share consolidation shall be cancelled; and (ii) the issued share capital of the Company be reduced by cancelling the paid-up capital to the extent of HK\$1.99 on each of the then issued consolidated Shares such that the par value of each issued consolidated share will be reduced from HK\$2.00 to HK\$0.01; and
- c) immediately following the capital reduction, each of the authorised but unissued consolidated share with par value of HK\$2.00 each be sub-divided into two hundred new shares of par value HK\$0.01 each.

Immediately upon the capital reorganisation becoming effective and assuming there is no change in the issued share capital of the Company prior to the capital reorganisation becoming effective, the authorised share capital of the Company shall be HK\$1,300,000,000 divided into 130,000,000,000 new Shares of par value HK\$0.01 each, of which 329,219,502 new Shares have been issued as fully paid or credited as fully paid. A credit amounting to approximately HK\$655,146,809 will arise as a result of the capital reduction and it is proposed that the credit arising from the capital reduction will be credited to the contributed surplus account of the Company. Further details were set out in the Company's announcements dated 18 January 2022.

2. As also disclosed in the Company's announcement dated 18 January 2022, on 18 January 2022, the Company proposed to implement, subject to the approval by the Hong Kong Court, the proposed scheme of arrangement for the Company to be made between the Company and the creditors who had made a claim (the Creditors' Scheme).

The Creditors' Scheme comprises (i) the term extension option; (ii) the convertible bonds swap option; and (iii) a combination of the aforementioned two options. Each scheme creditor with admitted claims is entitled, to the extent of the total value of his/her/its admitted Claim(s), to elect between options (i), (ii) and (iii) above.

The Creditors' Scheme was approved by the requisite statutory majorities of the scheme creditors on 1 March 2022 and the sanction hearing was scheduled on 27 May 2022. Further details were set out in the Company's announcements dated 18 January 2022 and 1 March 2022.

財務報表附註(續)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

截至二零二一年十二月三十一日止年度 For the year ended 31 December 2021

44. 授權刊印綜合財務報表

綜合財務報表於二零二二年三月三十一日已獲得董事會批准及授權刊印。

44. AUTHORISATION FOR ISSUE OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the board of directors on 31 March 2022.

本概要並非組成經審核財務報表之其中一部份。

This summary does not form part of the audited financial statements.

業績

RESULTS

	截至 二零一七年 十二月三十一日 止年度 For the year ended 31 December 2017 千港元 HK\$'000	截至 二零一八年 十二月三十一日 止年度 For the year ended 31 December 2018 千港元 HK\$'000	截至 二零一九年 十二月三十一日 止年度 For the year ended 31 December 2019 千港元 HK\$'000 (經重列) (Restated) 附註(i) 及附註(ii) Note (i) and Note (ii)	截至 二零二零年 十二月三十一日 止年度 For the year ended 31 December 2020 千港元 HK\$'000	截至 二零二一年 十二月三十一日 止年度 For the year ended 31 December 2021 千港元 HK\$'000
持續經營業務	Continuing operations				
收入	1,158,260	1,537,781	1,515,291	744,836	416,060
稅前溢利/(虧損)	233,073	267,526	263,128	(68,648)	(326,725)
所得稅	(55,291)	(49,835)	(53,396)	(5,363)	(5,158)
本年度來自 持續經營業務溢利/(虧損)	177,782	217,691	209,732	(74,011)	(331,883)
來自已終止經營業務之溢利/ (虧損)	6,285	68,169	-	-	-
本年度溢利/(虧損)	184,067	285,860	209,732	(74,011)	(331,883)
以下人士應佔溢利/(虧損)：	Profit/(Loss) attributable to:				
本公司股權持有人	168,320	285,772	209,732	(74,011)	(331,883)
非控制性權益	15,747	88	-	-	-
本年度溢利/(虧損)	184,067	285,860	209,732	(74,011)	(331,883)

財務概要(續)
FINANCIAL SUMMARY (CONTINUED)

資產與負債

ASSETS AND LIABILITIES

		於二零一七年 十二月三十一日 As at 31 December 2017 千港元 HK\$'000 附註(i) Note (i)	於二零一八年 十二月三十一日 As at 31 December 2018 千港元 HK\$'000 附註(i) Note (i)	於二零一九年 十二月三十一日 As at 31 December 2019 千港元 HK\$'000 附註(i) Note (i)	於二零二零年 十二月三十一日 As at 31 December 2020 千港元 HK\$'000	於二零二一年 十二月三十一日 As at 31 December 2021 千港元 HK\$'000
資產總額	Total assets	2,558,801	2,372,218	2,554,324	2,556,832	2,360,619
負債總額	Total liabilities	(1,435,557)	(1,101,001)	(1,166,437)	(1,104,910)	(1,171,677)
		1,123,244	1,271,217	1,387,887	1,451,922	1,188,942
本公司股權持有人應佔股權	Equity attributable to equity holders of the Company	1,131,080	1,271,217	1,387,887	1,451,922	1,188,942
非控制性權益	Non-controlling interests	(7,836)	-	-	-	-
		1,123,244	1,271,217	1,387,887	1,451,922	1,188,942

附註：

- (i) 業績及資產與負債之比較數字乃按相應年度已刊發之往年年報而編製。
- (ii) 本集團之呈列猶如截至二零一八年十二月三十一日止年度之已終止經營業務於比較期初經已終止。

Note:

- (i) The comparative figures of the results and asset and liabilities have been prepared based on the previous annual report published in the corresponding years.
- (ii) The Group has re-presented as if the operation discontinued during the year ended 31 December 2018 had been discontinued at the beginning of the comparative period.