



China Metal Resources Utilization Limited 中國金屬資源利用有限公司

(a company incorporated under the laws of Cayman Islands with limited liability)
(根據開曼群島法律註冊成立的有限公司)

Stock Code 股份代號 : 1636

2020

ANNUAL REPORT
年報



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CORPORATE PROFILE

公司概況

China Metal Resources Utilization Limited (the “Company”) was incorporated in the Cayman Islands as an exempted company with limited liability on 22 February 2013. The Company and its subsidiaries (the “Group”) are a fast-growing manufacturer of recycled copper products, also known as copper semis, in Southwest China. The shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) since 21 February 2014 (the “Listing Date”).

We process recycled scrap copper and, to a lesser extent, electrolytic copper, to manufacture a range of copper products, including copper wire rods, copper wires, copper plates and copper granules. Beginning in 2013, we have also sold a range of communication cables and power transmission and distribution cables using copper wire rods that we produce as the principal raw material. We are increasing our production capacity and plan to broaden our product range and pursue opportunities for further vertical integration. Beginning in 2015, we have also extended our product range to aluminium products. In light of favourable development trends in China and our advantages in raw material supply, facility location and preferential governmental policies, we believe we are well positioned to become a leading integrated recycled copper product supplier in China covering the key value-creating activities in the industry chain.

We currently own and operate several production facilities for recycled copper products. These facilities are located in Sichuan Province, Hunan Province, Hubei Province and Henan Province. We are also operating our trading business of copper, aluminium and nickel products.

This annual report, in both English and Chinese versions, is available on the Company’s website at <http://www.cmru.com.cn/>.

Shareholders may at any time change their choice of language(s) (either English only or Chinese only or both languages) of Corporate Communications.

Shareholders may send their request to change their choice of language(s) of Corporate Communications by notice in writing to the Hong Kong Branch Share Registrar of the Company with Computershare Hong Kong Investor Services Ltd. at 17M Floor Hopewell Centre, 183 Queen’s Road East, Wan Chai, Hong Kong.

中國金屬資源利用有限公司(「本公司»)為一家於2013年2月22日在開曼群島註冊成立的獲豁免有限公司。本公司及其附屬公司(「本集團»)是中國西南部增長迅速的再生銅產品(亦稱為銅半製成品)製造商。本公司股份自2014年2月21日(「上市日期»)起在香港聯合交易所有限公司(「聯交所»)主板上市。

本集團主要加工回收的廢銅，其次是電解銅，從而生產多種銅產品，包括銅線材、銅線、銅排和銅米。自2013年起，我們亦銷售多種通信電纜和送配電纜，這些電纜以我們生產的銅線材作為主要原材料。我們正提高產能，計劃擴大產品類型，並尋求機會進一步垂直整合。自2015年起，我們的產品範圍擴展至鋁製品。鑒於中國的有利發展趨勢及我們在原材料供應、設施所在地及利好的政府政策等方面的優勢，相信我們已具備條件成為中國領先的綜合再生銅產品供應商，涵蓋產業鏈內的主要價值創造活動。

本集團目前擁有及營運數個再生銅產品生產設施。該等設施位於四川省、湖南省、湖北省及河南省。我們亦經營買賣銅、鋁及鎳製品業務。

本年報的中、英文本已登載於本公司網站 <http://www.cmru.com.cn/>。

股東可隨時更改收取公司通訊的語言版本的選擇(即英文本或中文本或中、英文本)。

股東可以書面通知本公司在香港的股份過戶登記分處，香港中央證券登記有限公司，地址為香港灣仔皇后大道東183號合和中心17M樓，提出更改收取公司通訊的語言版本的選擇。

CHAIRMAN'S STATEMENT

主席報告

Dear Shareholders,

On behalf of the Board of Directors (the "Board") of China Metal Resources Utilization Limited ("CMRU" or the "Company"), I hereby present the audited consolidated annual results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2020.

REVIEW ON COPPER MARKET

Copper price witnessed a dramatic 2020, as the coronavirus pandemic (COVID-19) impacted demand dynamics for the Copper. Halt in China's manufacturing and economic activities reflecting the COVID-19 led lockdowns pushed the Shanghai Futures Exchange (SHFE) copper price hitting multi-year lows to RMB35,300 per ton in early months of 2020. The second half of the year told a different story as fundamentals started to improve. China's quick recovery from the coronavirus pandemic provided strong fundamental support for copper demand. The gradual recovery from the pandemic by other major regions, coupled with the roll-out of COVID-19 vaccine boosting the SHFE copper price at end of 2020 to its highest level of RMB59,640 per ton since 2013. A rise in the copper price is likely to continue in 2021 on the back of an anticipated rebound of the global economy, sustained growth of industrial activity and robust demand by China as well as the global COVID-19 vaccination rollout.

BUSINESS REVIEW

During the year, the Group recorded a net loss of approximately RMB387.2 million. The loss was mainly attributable to the decrease in copper product sales by 30.9% in 2020 as compared to 2019 due primarily to detrimental impact of COVID-19 on the economy, the decrease of VAT refunds under the Comprehensive Utilisation of Resources Policy, whilst the bad debt provision increased as a result of the tight liquidity situation of customers, the recognition of goodwill impairment on subsidiaries acquired in recent years due to severe delays in production by their customers also attributable to the loss. Loss per share amounted to RMB0.15 (FY2019: RMB0.08).

各位股東：

本人謹此代表中國金屬資源利用有限公司（「中國金屬資源利用」或「本公司」）董事會（「董事會」）提呈本公司連同其附屬公司（統稱為「本集團」）截至2020年12月31日止年度的經審核綜合全年業績。

銅市回顧

由於新冠肺炎疫情(COVID-19)對銅供需走勢造成影響，因此銅價在2020年出現戲劇性變化。中國製造業及經濟活動的停滯反映COVID-19導致的停工，推高了上海期貨交易所的銅價，在2020年初，創下了多年以來的新低，至每噸人民幣35,300元。下半年，隨著基本面開始改善。中國從新冠肺炎疫情中迅速復蘇，為銅需求提供了強大的基本支撐。其他主要地區從大流行中逐漸復蘇，再加上COVID-19疫苗的推廣，使上海期貨交易所的銅價在2020年底達到每噸人民幣59,640元的自2013年以來的最高水平。銅價上漲由於全球經濟的預期反彈、工業活動的持續增長、中國的強勁需求以及全球COVID-19疫苗接種的推廣，銅價可能在2021年繼續上漲。

業務回顧

年內，本集團錄得淨虧損約人民幣387,200,000元。虧損主要由於2020年銅產品銷售相較2019年減少30.9%，此乃主要由於COVID-19對經濟的負面影響、資源綜合利用政策下的增值稅退稅減少，而客戶緊張流動資金狀況、近年收購附屬公司的商譽減值確認（由於其客戶的生產嚴重延誤）所致的呆賬撥備增加亦導致虧損。每股虧損為人民幣0.15元（2019財年：人民幣0.08元）。

CHAIRMAN'S STATEMENT

主席報告

PROSPECTS

With the COVID-19 situation in China generally under control, together with the roll out of COVID-19 vaccines, we expect China's economy to continue to improve. The International Monetary Fund (IMF) predicts that the global economy will increase 5.5% in 2021 and the economy in the PRC will increase 8.1%.

During the 14th Five-Year Plan (14th FYP), we expect China to continue to pursue its main goal of becoming a manufacturing powerhouse, leveraging innovation and connectivity within the manufacturing industry to promote high-quality economic development. With 5G, the industrial internet of things, big data analytics and other new infrastructure, the manufacturing industry is set to begin a new era of transformation. With the strategic advancement of "carbon dioxide reaching the peak" and "carbon dioxide neutralization", strong demand for copper from China is expected to continue going forward particularly in areas such as new infrastructure construction, new energy automobile and facilities, high tech end home appliances and electronic devices. We believe CMRU is well placed to benefit from this increase in the demand for copper.

The State Council issued a circular on 22 February 2021 "Guiding Opinion on Urging Efforts to Build an Economic System Featuring Green, Low-carbon and Circular Development, and to Promote an Overall Green Transformation of the Economy and Society." 《關於加快建立健全綠色低碳循環發展經濟體系的指導意見》。According to the circular, we expect stimulus measures will be introduced during the 14th FYP to build waste recycling system for renewable resources, to develop the remanufacturing industry and clean production, to encourage reusing renewable resources, to promote consumption of green products and advocate a low-carbon lifestyle. The guidance marked a crucial step by the Chinese government to materialize the support to the resource recycling industry and shall bring unprecedented opportunities to CMRU.

前景

隨著中國的COVID-19情況總體得到控制，加上COVID-19疫苗的推出，我們預期中國經濟將繼續改善。國際貨幣基金組織預測，到2021年，全球經濟將增長5.5%，而中國經濟將增長8.1%。

於「十四五」規劃期間，我們預期中國繼續實現其成為製造業強國的主要目標，利用製造業行內的創新及互通，促進高質量的經濟發展。借助5G，工業物聯網、大數據分析及其他新基礎設施，製造業將迎來轉型新時代。隨著「碳達峰」及「碳中和」戰略推進，預期中國對銅的強勁需求將繼續增加，特別是於新基礎設施建設、新能源汽車及配套、高科技終端房屋電器及電子設備等領域。我們認為中國金屬資源利用已作充份準備從銅需求的增長中受益。

國務院於2021年2月22日發布《關於加快建立健全綠色低碳循環發展經濟體系的指導意見》。根據該意見，我們預期於「十四五」規劃期間將出現刺激措施，以建立廢物回收系統作可再生資源，發展再製造業及清潔生產，鼓勵再利用可再生資源，促進綠色產品的消費，並提倡低碳生活。該意見標誌著中國政府向資源回收行業提供支持邁出的關鍵一步，並將為中國金屬資源利用帶來前所未有的機會。

CHAIRMAN'S STATEMENT

主席報告

CONCLUSION

The outbreak of COVID-19 has created unprecedented risks and challenges to the global economy. We will closely monitor the changes in the macro environment and the latest development of the COVID-19 pandemic, adopt proactive and positive response strategies, and react prudently and quickly to market changes. 2021 is the first year of the 14th Five-Year Plan, the main tasks of CMRU are to increase its efforts in talent exploration, strengthen its innovation and R & D capabilities, to continuously improve the quality and service level of all types of products, to consolidate CMRU's existing advantages with efficient operation capability and gradually expand the business footprint to further increase market share and create long-term value for its Shareholder.

Last but not least, I would like to thank our customers, suppliers and business partners for their continued support, my fellow directors for their wise insight and active participation, and our management team for their continued dedication and commitment to the success of the Group. The Group is confident in its ability to create short-term and long-term value for its Shareholders and would like to thank Shareholders for their support and trust in the Group over the years

Chairman, Chief Executive Officer and Executive Director
Mr. Yu Jianqiu

31 March 2021

總結

COVID-19爆發對全球經濟造成前所未有的風險及挑戰。我們將密切關注宏觀環境的變化及COVID-19疫情的最新發展，採取積極正面的應對策略，並對市場變化作及時迅速的反應。2021年是「十四五」規劃開局之年，中國金屬資源利用的主要任務是：加大人才探索力度，加強其創新及研發能力，持續提升全類型產品質量和服務水平，以有效的營運能力鞏固中國金屬資源利用的現有優勢，並逐步擴大業務覆蓋範圍，以進一步提高市場份額，為其股東創造長期價值。

最後，本人謹此衷心感謝客戶、供應商及業務夥伴的一貫支持、董事同袍的睿智識見及積極參與，以及管理團隊的不懈努力及決心，使本集團一直以來取得成功。本集團對為股東創造短期及長期價值的能力充滿信心，並就股東一路以來對本集團的支持及信任表示謝意。

主席、行政總裁兼執行董事
俞建秋先生

2021年3月31日

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

BUSINESS REVIEW

The Coronavirus Disease 2019 ("COVID-19") pneumonia epidemic has caused a major impact on the world economy in 2020, creating one of the biggest challenges after the Great Depression. The decline in industrial production across China has led to a significant reduction in the demand for basic raw materials, especially metal materials. Therefore, the Group recorded a decrease in copper product sales by 30.9% in 2020 as compared to 2019. Along with the decrease in production and sales volume of recycled copper products, VAT refunds under the Comprehensive Utilisation of Resources Policy also recorded a corresponding decrease in 2020. In addition, the tight liquidity situation of customers has prolonged the aging of trade receivables, and as such, the bad debt provision ratio has also increased accordingly. Subsidiaries acquired in recent years have also suffered unsatisfactory performance due to severe delays in production by their customers in 2020, hence, the Group made a larger amount of goodwill impairment accordingly. In this difficult environment, the Group recorded a net loss of approximately RMB387.2 million in 2020.

FUTURE PROSPECTS/OUTLOOK

Despite the severe economic impact of COVID-19, China's GDP still managed to grow 2.3% in 2020 which was largely due to significant rebound in economic growth in Q4 2020. With the COVID-19 situation in China generally under control, together with the roll out of COVID-19 vaccines, we expect China's economy to continue to improve.

We have been and continue working hard in restructuring our financing and shareholding structure. Once such restructuring is complete, we expect to be able to take advantage of an improved economy to achieve better operational and financial performance. At this critical moment, the Group just completed the new issuance of shares to Mianyang Fule Investment Co., Ltd.* (綿陽富樂投資有限公司) ("Fule"), a state-owned enterprise ("SOE") in Sichuan Province. With Fule as the Group's single largest shareholder, the management expects to better consolidate its business and strengthen its financial positions. In addition, with the market expectation of China's monetary policy to remain loose in 2021, we are hopeful that our customers' liquidity will improve and therefore will benefit our cash flow situation.

業務回顧

新型冠狀病毒肺炎(「COVID-19」)疫情對世界經濟造成了重大衝擊，世界經濟面臨大蕭條以來最大的挑戰之一。中國全國的工業生產下滑導致對基本原材料尤其是金屬材料的需求明顯減少。因此，本集團於2020年相比2019年錄得銅產品銷售減少30.9%。隨著再生銅產品的產量及銷售量減少，資源綜合利用政策下的增值稅退稅於2020亦錄得相應減少。此外，客戶流動資金狀況緊張令貿易應收賬款賬齡延長，因此壞賬撥備比率相應調高。於近來收購的附屬公司亦表現未如理想，此乃由於其客戶於2020年的生產延誤嚴重，因此，本集團為此作了大額商譽減值。在此困難的大環境下，本集團於2020年錄得淨虧損約人民幣3.872億元。

未來前景／展望

儘管COVID-19對經濟造成嚴重影響，但於2020年中國的國民生產總值仍成功增長2.3%，此乃主要由於2020年第四季度經濟增長顯著反彈。隨著中國COVID-19的形勢整體受控，且COVID-19疫苗逐漸產出，我們預期中國經濟將繼續改善。

我們一直並將繼續努力重組我們的融資及控股結構。倘有關重組完成，我們預期能夠利用經濟改善的優勢來實現更好的營運及財務績效。於關鍵時刻，本集團剛完成向綿陽富樂投資有限公司(「富樂」)，於四川省的一間國有企業(「國有企業」)的新發行股票。隨著富樂成為本集團的單一最大股東，管理層預期能夠更好鞏固其業務及提升其財務狀況。此外，由於市場預期中國的貨幣政策將於2021年保持寬鬆，我們希望我們的客戶的流動資金能夠改善，並將有利於我們的現金流量狀況。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

FINANCIAL REVIEW

Revenue

Our revenue represents the amounts accepted to be entitled for sales of goods and services in the ordinary course of business. Revenue recognised is net of VAT and other taxes, returns and discounts after eliminating sales within our Group.

財務回顧

收益

我們的收益指於日常業務過程中就銷售貨物及服務有資格收取之金額。所確認的收益(已經扣除增值稅及其他稅項、退貨及折扣)亦已對本集團內部間的銷售進行對銷。

		2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
Revenue from trading of electrolytic copper (Note)	電解銅貿易收益(附註)	8,516,219	16,715,910
Sales of recycled copper products	再生銅產品銷售	7,990,892	7,183,657
Sales of power transmission and distribution cables	送配電纜銷售	32,790	32,022
Sales of communication cables	通信電纜銷售	136,224	28,033
Sales of scrap materials	廢棄材料銷售	19,546	48,596
Others	其他	2,856	4,435
		16,698,527	24,012,653

Note: The Group has entered into trading activities of electrolytic copper since 2015 whereas the Group is considered the principal of the transactions as it controls the electrolytic copper before they are sold to the customers. The gross inflows of the trading activities are therefore recognised as revenue.

附註：本集團自2015年起開展電解銅的貿易活動，由於本集團在向客戶銷售電解銅前控制該產品，故本集團被視為該等交易的主體責任人。貿易活動的總流入因此被確認為收益。

Revenue for the year ended 31 December 2020 amounted to RMB16,698.5 million, representing a decrease of 30.5% from RMB24,012.7 million for the year ended 31 December 2019. The decrease in sales volume was principally from the decrease in trading of electrolytic copper, which was mainly due to the suspension of operation as a result of COVID-19.

截至2020年12月31日止年度的收益為人民幣16,698,500,000元，較截至2019年12月31日止年度的人民幣24,012,700,000元減少30.5%。該銷量減少主要因為電解銅貿易減少，主要因COVID-19而導致的營運暫停所致。

Revenue from trading of electrolytic copper amounted to RMB8,516.2 million for the year ended 31 December 2020, representing a decrease of 49.1% from RMB16,715.9 million for the year ended 31 December 2019. It was mainly a decrease of 45.6% in the sales volume of electrolytic copper from 397,327 metric tons for the year ended 31 December 2019 to 216,325 metric tons for the year ended 31 December 2020, with a decrease of 6.4% in average selling price from RMB42,071 per ton for the year ended 31 December 2019 to RMB39,368 per ton for the year ended 31 December 2020.

截至2020年12月31日止年度電解銅貿易的收益為人民幣8,516,200,000元，較截至2019年12月31日止年度的人民幣16,715,900,000元減少49.1%，主要是電解銅的銷量由截至2019年12月31日止年度的397,327公噸減少45.6%至截至2020年12月31日止年度的216,325公噸，平均售價由截至2019年12月31日止年度的每噸人民幣42,071元減少至截至2020年12月31日止年度的每噸人民幣39,368元，降幅為6.4%。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

Revenue from recycled copper products amounted to RMB7,990.9 million for the year ended 31 December 2020, representing an increase of 11.2% from RMB7,183.7 million for the year ended 31 December 2019. It was mainly an increase of 7.3% in the sales volume of recycled copper products from 171,228 metric tons for the year ended 31 December 2019 to 183,742 metric tons for the year ended 31 December 2020, with an increase of 3.6% in average selling price from RMB41,954 per ton for the year ended 31 December 2019 to RMB43,488 per ton for the year ended 31 December 2020.

Cost of sales

Cost of sales for the year ended 31 December 2020 totaled RMB16,636.0 million, representing a decrease of 31.5% from RMB24,270.6 million for the year ended 31 December 2019.

Gross profit/(loss)

Our gross profit was RMB62.6 million for the year ended 31 December 2020, as compared to the gross loss of RMB257.9 million for the year ended 31 December 2019. Our gross profit margin for the year ended 31 December 2020 was 0.4%, as compared to a gross loss margin of 1.1% for the year ended 31 December 2019.

Other income/(expenses), gain/(loss), net

Our other expenses and loss for the year ended 31 December 2020 were RMB33.3 million as compared to other income and gain RMB350.3 million for the year ended 31 December 2019. The decrease in 2020 was primarily attributed to the decrease in government subsidies and grants and VAT refunds under Comprehensive Utilisation of Resources Policy amounted to RMB283.5 million and the recognition of fair value of derivative financial instruments amounted to RMB102.1 million.

截至2020年12月31日止年度，再生銅產品業務的收益為人民幣7,990,900,000元，較截至2019年12月31日止年度的人民幣7,183,700,000元增加11.2%。主要是由於再生銅產品銷量由截至2019年12月31日止年度的171,228公噸增至截至2020年12月31日止年度的183,742公噸，增幅為7.3%，平均售價由截至2019年12月31日止年度的每噸人民幣41,954元增加至截至2020年12月31日止年度的每噸人民幣43,488元，增幅為3.6%。

銷售成本

截至2020年12月31日止年度的銷售成本總額為人民幣16,636,000,000元，較截至2019年12月31日止年度的人民幣24,270,600,000元減少31.5%。

毛利/(毛損)

截至2020年12月31日止年度的毛利為人民幣62,600,000元，而截至2019年12月31日止年度毛損為人民幣257,900,000元。截至2020年12月31日止年度的毛利率為0.4%，而截至2019年12月31日止年度的毛損率為1.1%。

其他淨收入/(開支)、收益/(虧損)

截至2020年12月31日止年度之其他開支及虧損為人民幣33,300,000元，而截至2019年12月31日止年度之其他收入及收益則為人民幣350,300,000元。於2020年的減少主要是由於政府補貼及補助及資源綜合利用政策下的增值稅退稅減少人民幣283,500,000元及衍生金融工具公平值確認人民幣102,100,000元。

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Selling and distribution expenses

Our selling and distribution expenses for the year ended 31 December 2020 were RMB21.6 million, representing a decrease of 29.2% from RMB30.5 million for the year ended 31 December 2019. The decrease was mainly due to the suspension of operations as a result of COVID-19 in 2020.

Administrative expenses

Our administrative expenses for the year ended 31 December 2020 were RMB162.7 million, representing an increase of 25.1% from RMB130.0 million for the year ended 31 December 2019. The increase was primarily due to the increase in depreciation expenses by RMB19.6 million during the period of suspension of operation.

Finance costs

Our finance costs for the year ended 31 December 2020 were RMB170.0 million, representing an increase of 14.9% from RMB147.9 million for the year ended 31 December 2019. The increase was primarily due to the increase in the overall balance of interest-bearing borrowings. The balance of interest-bearing borrowings as at 31 December 2020 amounted to RMB1,885.7 million, representing an increase of RMB187.1 million from RMB1,698.6 million as at 31 December 2019.

Loss for the year

Our loss for the year ended 31 December 2020 was RMB387.2 million as compared to the loss of RMB217.3 million for the year ended 31 December 2019. The increase in loss is mainly attributable to the substantial increase in provision for doubtful debts amounting to RMB47.0 million and substantial decrease in VAT refunds, government grants and subsidies amounting to RMB283.5 million. The increase in loss is also contributed by additional loss on goodwill impairment in the Year 2020 amounting to RMB277.9 million caused by tighter liquidity situation of our customers, decrease in volume of our sales transactions and the detrimental impact of COVID-19 on the economy.

銷售及分銷開支

截至2020年12月31日止年度之銷售及分銷開支為人民幣21,600,000元，較截至2019年12月31日止年度之人民幣30,500,000元減少29.2%。該減少主要由於2020年因COVID-19導致的業務營運暫停所致。

行政開支

截至2020年12月31日止年度的行政開支為人民幣162,700,000元，較截至2019年12月31日止年度之人民幣130,000,000元增加25.1%。該增加主要由於營運暫停期間的折舊開支增加人民幣19,600,000元。

財務成本

截至2020年12月31日止年度之財務成本為人民幣170,000,000元，較截至2019年12月31日止年度之人民幣147,900,000元增加14.9%。該增加主要由於計息借款的結餘總額增加。於2020年12月31日，計息借款結餘為人民幣1,885,700,000元，較2019年12月31日之人民幣1,698,600,000元增加人民幣187,100,000元。

年內虧損

截至2020年12月31日止年度的虧損為人民幣387,200,000元，而截至2019年12月31日止年度的虧損為人民幣217,300,000元。該虧損增加主要是由於呆賬撥備大幅增加人民幣47,000,000元及增值稅退稅、政府補助及補貼大幅減少人民幣283,500,000元所致。虧損增加亦由於2020年商譽減值人民幣277,900,000元，此乃由於客戶流動資金狀況收緊、我們的銷售交易量減少及COVID-19對經濟造成的負面影響所致。

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Capital structure

As at 31 December 2020, the capital structure of the Group mainly consisted of shareholders' equity, note payables, interest-bearing bank and other borrowings, finance leases payables, lease liabilities and liability component of convertible bonds. There is no material seasonality of borrowing requirements for the Group. The borrowings of the Group are all denominated either in RMB and HKD.

The following table details the interest rate profile of the Group's total interest-bearing borrowings at the end of the reporting period:

資本結構

於2020年12月31日，本集團的資本結構主要由股東權益、應付票據、計息銀行及其他借款、融資租賃應付款項、租賃負債及可換股債券的負債部分所組成。本集團並無重大季節性借款要求。本集團借款均以人民幣及港元計值。

表載列本集團計息借款總額於報告期末的利率詳情：

		As at 31 December 2020 於2020年12月31日		As at 31 December 2019 於2019年12月31日	
		Weighted average effective interest rate	Amount	Weighted average effective interest rate	Amount
		加權平均 實際利率	金額	加權平均 實際利率	金額
		%	RMB'000 人民幣千元	%	RMB'000 人民幣千元
Fixed rate borrowings:	定息借款：				
Note payables	應付票據	12.12	89,479	13.00	30,457
Interest-bearing bank and other borrowings	計息銀行及其他借款	7.40	1,232,104	7.19	1,025,111
Lease liabilities	租賃負債	16.01	11,122	38.81	6,535
Liability component of convertible bonds	可換股債券的負債部分	12.00	553,004	12.00	636,524
Total fixed rate borrowings	定息借款總額		1,885,709		1,698,627

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The following table sets forth the maturity profile of the Group's interest-bearing borrowings at the dates indicated:

下表載列本集團計息借款於所示日期的到期情況：

		As at 31 December 2020 於2020年12月31日				
		Note payables	Interest-bearing bank and other borrowings	Lease liabilities	Liability component of convertible bonds	Total
		應付票據	計息銀行及其他借款	租賃負債	可換股債券的負債部分	總計
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
Within one year or repayable on demand	一年內或應要求償還	89,479	1,232,104	3,605	553,004	1,878,192
After one year but less than two years	一年以上但兩年以內	-	-	3,887	-	3,887
After two years but less than five years	兩年以上但五年以內	-	-	3,630	-	3,630
		89,479	1,232,104	11,122	553,004	1,885,709

		As at 31 December 2019 於2019年12月31日				
		Note payables	Interest-bearing bank and other borrowings	Finance leases payables	Liability component of convertible bonds	Total
		應付票據	計息銀行及其他借款	融資租賃應付款項	可換股債券的負債部分	總計
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
Within one year or repayable on demand	一年內或應要求償還	30,457	1,025,111	3,174	636,524	1,695,266
After one year but less than two years	一年以上但兩年以內	-	-	812	-	812
After two years but less than five years	兩年以上但五年以內	-	-	2,549	-	2,549
		30,457	1,025,111	6,535	636,524	1,698,627

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Extension of term of convertible bonds

Reference is made to the convertible bonds in the aggregate principal amount of HK\$600,000,000 issued to China Huarong International Holdings Limited ("Huarong") and Prosper Rich Investments Limited ("Prosper Rich") by the Company on 11 August 2017 (the "August 2017 CBs"). The August 2017 CBs issued on 11 August 2017 have matured on 11 August 2019 and a repayment of principal amount of HK\$10,000,000 has been made to Huarong on 12 September 2019. The amendment and extension of term of convertible bonds issued to Huarong and Prosper Rich were completed on 7 May 2020. Following the completion, the maturity date of convertible bonds issued to Huarong and Prosper Rich have been extended to 11 August 2020. On 9 July 2020, the Company entered into a non-legally binding letter of intent with Huarong pursuant to which the parties are in the process of discussing a possible extension of the maturity date of such convertible bonds. As of the date of this report, the discussion with Huarong of a potential extension is still ongoing. Please refer to the announcements of the Company dated 22 April 2020, 27 April 2020, 7 May 2020 and 9 July 2020 for further details.

Liquidity and financial resources

As at 31 December 2020, the Group's cash and cash equivalents (excluding pledged deposits of RMB525.9 million) amounted to RMB47.3 million (as at 31 December 2019: RMB64.7 million).

The Group's inventories decreased by RMB247.0 million to RMB316.8 million (as at 31 December 2019: RMB563.8 million). During the year ended 31 December 2020, the overall inventory turnover days of 9.7 days remained consistent compared to 7.7 days for the year ended 31 December 2019.

Trade and bills receivables increased by RMB940.7 million to RMB2,129.7 million as at 31 December 2020 (as at 31 December 2019: RMB1,189.0 million). Trade and bills receivables turnover days in 2020 of 36.3 days increased compared to 15.7 days in 2019. The increase in trade and bills receivables turnover days is mainly due to the tight liquidity situation of customers as a result of the effect of COVID-19.

延長可換股債券之年期

茲提述本公司於2017年8月11日向中國華融國際控股有限公司(「華融」)及亨富投資有限公司(「亨富」)發行本金總額為600,000,000港元的可換股債券(「2017年8月可換股債券」)。於2017年8月11日發行的2017年8月可換股債券已於2019年8月11日到期且已於2019年9月12日向華融償還本金額10,000,000港元。修改及延長發行予華融及亨富的可換股債券之年期已於2020年5月7日完成。於完成後，發行予華融及亨富的可換股債券的到期日已延長至2020年8月11日。本公司於2020年7月9日與華融訂立一份無法律約束力的意向書，據此，當事各方正在商議相關債券到期日的可能延長。截至本報告日期，與華融就有關可能延期的磋商仍在進行中。更多詳情請參閱本公司日期為2020年4月22日、2020年4月27日、2020年5月7日及2020年7月9日的公佈。

流動資金及財務資源

於2020年12月31日，本集團的現金及現金等值項目(不包括已抵押存款人民幣525,900,000元)為人民幣47,300,000元(於2019年12月31日：人民幣64,700,000元)。

本集團的存貨減少人民幣247,000,000元至人民幣316,800,000元(於2019年12月31日：人民幣563,800,000元)。截至2020年12月31日止年度，綜合存貨周轉天數為9.7天，與截至2019年12月31日止年度的7.7天相比保持平穩。

於2020年12月31日，貿易應收款項及應收票據增加人民幣940,700,000元至人民幣2,129,700,000元(於2019年12月31日：人民幣1,189,000,000元)。2020年的貿易應收款項及應收票據的周轉天數為36.3天，與2019年的15.7天相比有所增加。貿易應收款項及應收票據的周轉天數增加主要由於COVID-19疫情而導致客戶緊張流動資金狀況所致。

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Trade and bills payables increased by RMB508.7 million to RMB1,068.6 million as at 31 December 2020 (as at 31 December 2019: RMB559.9 million), the payable turnover days were 17.9 days, compared to 8.3 days in 2019. Payable turnover days for the year increased as compared with last year. Furthermore, we endeavor to keep our trade and bills payables turnover days relatively low mainly because our prompt payment pattern enhances our suppliers' willingness to supply raw materials to us and therefore helps us secure raw materials.

The Group's total interest-bearing borrowings increased by RMB187.1 million to RMB1,885.7 million as at 31 December 2020 (as at 31 December 2019: RMB1,698.6 million). The overall increase was mainly due to the increase in bank loans from RMB1,025.1 million as at 31 December 2019 to RMB1,232.1 million as at 31 December 2020.

Bank loans and other borrowings included three entrusted loans totalling approximately RMB300.0 million from Mianyang Science Technology City Development Investment (Group) Co., Ltd. ("Kefa"). Pursuant to the entrusted loan agreement signed among Mianyang Tongxin Copper Co., Ltd. ("Tongxin"), a wholly owned subsidiary of the Company, Kefa and the entrusted bank, the entrusted loans expired on 27 August 2016, 23 September 2016 and 18 November 2016 respectively. Kefa, the entrusted bank and Tongxin have agreed that, the entrusted loan would not be repayable until further agreed otherwise. On 16 July 2020, the Company entered into a non-legally binding framework agreement with Kefa, a state-owned enterprise in the PRC. Under the framework agreement, it is intended, among others, that Kefa will subscribe for shares of the Company for a consideration of more than RMB300 million. The intended uses of the proceeds from Kefa will include, but not be limited to, the repayment of entrusted loans amounting to approximately RMB299 million as at 31 December 2020 owed by the Group to Kefa. As of the date of this report, the discussion with Kefa of the potential subscription for shares is still ongoing.

於2020年12月31日，貿易應付款項及應付票據增加人民幣508,700,000元至人民幣1,068,600,000元(於2019年12月31日：人民幣559,900,000元)，應付款項周轉天數為17.9天，而2019年則為8.3天。年內應付款項周轉天數與去年相比有所增加。此外，我們致力維持相對較少的貿易應付款項及應付票據周轉天數，主要由於我們習慣盡快付款，令供應商更樂意向我們供應原材料，因而有助我們取得原材料。

於2020年12月31日，本集團的計息借款總額增加人民幣187,100,000元至人民幣1,885,700,000元(於2019年12月31日：人民幣1,698,600,000元)。整體增加主要由於銀行貸款由2019年12月31日的人民幣1,025,100,000元增至2020年12月31日的人民幣1,232,100,000元。

銀行貸款及其他借款包括來自綿陽科技城發展投資(集團)有限公司(「科發」)的三筆共約為人民幣300,000,000元的委託貸款。根據本公司的全資附屬公司綿陽銅鑫銅業有限公司(「銅鑫」)、科發及受託銀行簽署的委託貸款協議，該等委託貸款分別於2016年8月27日、2016年9月23日及2016年11月18日到期。科發、受託銀行及銅鑫已經同意委託貸款將無須償還直至進一步另行協定。於2020年7月16日，本公司與中國國有企業科發訂立無法律約束力的框架協議。根據框架協議，科發擬(其中包括)將以人民幣300,000,000元以上的代價認購本公司股份。科發所得款項的擬定用途將包括但不限於償還本集團於2020年12月31日結欠科發約人民幣299,000,000元的委託貸款。於本報告日期，與科發就股份潛在認購的討論仍在進行。

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The following table sets forth certain financial ratios of our Group as of the dates indicated:

下表載列於所示日期本集團的若干財務比率：

		As at 31 December 於 12月31日	
		2020 2020年	2019 2019年
Current ratio	流動比率	1.2	1.3
Quick ratio	速動比率	1.1	1.1
Debt to equity ratio*	債項權益比率*	126.7%	93.8%
Net debt to equity ratio#	淨債項權益比率#	123.5%	90.3%

* Total interest-bearing debts/Total equity

* 總計息債務／總權益

(Total interest-bearing debts less cash and cash equivalents)/Total equity

(總計息債務減現金及現金等值項目)／總權益

The current ratio and quick ratio as at 31 December 2020 were consistent with those as at 31 December 2019.

於2020年12月31日，流動比率及速動比率與2019年12月31日一致。

The increase in debt to equity ratio and net debt to equity ratio as at 31 December 2020 compared with those as at 31 December 2019 was mainly because of (i) the increase in interest-bearing borrowings amounted to RMB187.1 million; and (ii) the net loss for the year ended 31 December 2020.

於2020年12月31日，債項權益比率及淨債項權益比率相比2019年12月31日有所增加，主要因為(i)計息借款增加人民幣187,100,000元；及(ii)截至2020年12月31日止年度錄得淨虧損。

Charge on assets

The following table sets forth the net book value of assets under pledge for certain banking facilities, bills payable facilities, proceeds from factorer, lease liabilities and outstanding futures contracts as at the dates indicated:

資產抵押

下表載列於所示日期已就若干銀行融資、應付票據融資、來自保理人的所得款項、租賃負債及未平倉的期貨合約作出抵押的資產賬面淨值：

		As at 31 December 於 12月31日	
		2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
Property, plant and equipment	物業、廠房及設備	332,548	424,508
Right-of-use assets	使用權資產	91,499	91,429
Inventories	存貨	164,951	163,566
Trade receivables	貿易應收款項	593,183	332,023
Deposits with guarantee companies	於擔保公司的存款	1,575	1,575
Deposits with banks	於銀行的存款	494,420	12,900
Deposits with lessors of finance leases	於融資租賃公司的存款	16	-
Deposits with other companies	於其他公司的存款	29,891	28,507
		1,708,083	1,054,508

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Commodity risk

The major raw materials used in the production of our recycled copper products are scrap copper. We are exposed to fluctuations in the prices of raw materials, finished goods which are influenced by global as well as regional supply and demand conditions. Fluctuations in the copper prices could adversely affect our financial performance. The Group entered copper futures contracts to mitigate part of its exposure against price fluctuations of copper. The market value of futures contracts are based on the quoted market price as at the date of consolidated statement of financial position. The Group did not have outstanding copper futures contracts as at 31 December 2020 (as at 31 December 2019: Nil). Net loss of RMB288,000 was recognized for the year ended 31 December 2020 (2019: RMB92,000).

Foreign currency risk

The functional currency of a majority of the entities within our Group is RMB and most of the transactions are settled in RMB. However, we are exposed to currency risk primarily related to the cash and cash equivalents, the convertible bonds and contingent consideration liabilities, all of which are mainly denominated in HKD. The balance of cash and cash equivalents as at 31 December 2020 including HK\$1.9 million and USD5,487 (in total equivalent to approximately RMB1.6 million) were held in banks in Hong Kong.

As at 31 December 2020, the Group's interest-bearing bank and other borrowings and lease liabilities were denominated in RMB but the convertible bonds were denominated in HKD, with an aggregate principal amount of HK\$590.0 million. During the year ended 31 December 2018, the Group has completed the acquisitions of certain target groups, the considerations are subject to adjustment pursuant to earn-out arrangements and will be settled partly by cash considerations in HKD and partly by allotment and issue of consideration shares which are denominated in HKD. The Group did not commit to any financial instruments to hedge its foreign exchange exposure during the year ended 31 December 2020. During the year ended 31 December 2020, the Company incurred an exchange difference on translation of financial statements of entities outside of the PRC equivalent to RMB43.0 million, part of which was resulted from translating the convertible bonds and contingent consideration liabilities from HKD to RMB.

Significant investments held

Except for investments in subsidiaries and associates, the Group did not hold any significant investment in equity interest in any other companies during the year ended 31 December 2020.

商品風險

我們生產再生銅產品所用主要原材料為廢銅。我們須承受因全球及地區供求狀況影響原材料、製成品價格波動的風險。銅價波動可能對我們的財務表現構成不利影響。本集團訂立銅期貨合約以減輕其所承受的銅價波動部分風險。期貨合約的市值是以綜合財務狀況表日期的市場報價為基準。本集團於2020年12月31日並無未平倉銅期貨合約(於2019年12月31日：無)。於截至2020年12月31日止年度確認淨虧損人民幣288,000元(2019年：人民幣92,000元)。

匯率風險

本集團內大部分實體的功能貨幣為人民幣，大部分交易亦以人民幣結算。然而，我們須承受主要涉及現金及現金等值項目、可換股債券及或然代價負債(全部均主要以港元計值)的貨幣風險。於2020年12月31日的現金及現金等值項目結餘中，1,900,000港元及5,487美元(合共相當於約人民幣1,600,000元)乃於香港銀行存有。

於2020年12月31日，本集團的計息銀行及其他借款及租賃負債均以人民幣計值，惟可換股債券以港元計值，本金總額為590,000,000港元。截至2018年12月31日止年度，本集團完成收購若干目標集團，其代價根據獲利計酬安排可予以調整，而且部分將以現金代價及部分以配發及發行代價股份結算，兩者均以港元計值。截至2020年12月31日止年度，本集團並無訂立任何金融工具對沖其外匯風險。截至2020年12月31日止年度，本公司就換算中國境外實體之財務報表產生匯兌差額人民幣43,000,000元，當中部分源於將可換股債券及或然代價負債由港元換算為人民幣。

所持有重大投資

除於附屬公司及聯營公司的投資外，本集團於截至2020年12月31日止年度並無於任何其他公司股權權益中持有任何重大投資。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

EQUITY FUNDS RAISING BY THE ISSUANCE OF NEW SHARES UNDER SPECIFIC MANDATE

On 20 July 2020, the Company entered into a subscription agreement ("Subscription Agreement") with Mianyang Fule Investment Co., Ltd ("Fule") pursuant to which the Company has conditionally agreed to issue and Fule has conditionally agreed to subscribe for 618,490,566 subscription shares at the original subscription price of HK\$0.53 per subscription share. On 15 September 2020, shareholders of the Company has passed ordinary resolutions to approve the subscription agreement entered and the grant of the specific mandate for allotment of the subscription shares in accordance to the terms of the Subscription Agreement.

On 4 January 2021, the Company and Fule have entered into a supplemental subscription agreement to amend certain terms of the Subscription Agreement (the Subscription Agreement as amended and supplemented by the supplemental subscription agreement, the "Revised Subscription Agreement"), including but not limited to, the adoption of the revised subscription price HK\$0.465 per subscription share, amending the outstanding loan owed by Group to Fule to be set-off through the subscription and the revision of the long stop date for subscription.

In accordance with the terms and conditions of the Revised Subscription Agreement, a total of 618,490,566 new ordinary shares were successfully allotted and issued to Fule on 18 March 2021 under specific mandate granted by shareholders in the extraordinary general meeting of the Company held on 26 February 2021.

The aggregate subscription price for all 618,490,566 subscription shares (being approximately HK\$287,598,113) had been settled by Fule at completion by way of set off against the loan in the principal amount of RMB261,452,830 ("Loan") owed by Mianyang Tongxin Copper Co., Ltd.* (綿陽銅鑫銅業有限公司), a wholly owned subsidiary of the Group to Fule owed by the Group to Fule. Accordingly, there will be no proceeds from the Subscription.

The net proceeds from the Loan are intended to be used, including but not limited to, repay certain existing indebtedness of the Group and use as general working capital of the Group. As of 31 March 2021, RMB183.0 million had been utilised for repayment of the existing indebtedness of the Group and RMB64.9 had been utilised for settlement of trade payables. For details of the existing indebtedness, please refer to the circular of the Company dated 8 February 2021.

根據特別授權發行新股份所籌集的股本資金

於2020年7月20日，本公司與綿陽富樂投資有限公司(「富樂」)訂立認購協議(「認購協議」)，據此，本公司有條件同意發行而富樂有條件同意以每股認購股份0.53港元的原認購價認購618,490,566股認購股份。於2020年9月15日，本公司股東已通過普通決議案，以批准訂立的認購協議及根據認購協議的條款授出特別授權以配發認購股份。

於2021年1月4日，本公司與富樂訂立補充認購協議，以修訂認購協議的若干條款(經補充認購協議修訂及補充之認購協議，「經修訂認購協議」)，包括但不限於採納每股認購股份0.465港元的經修訂認購價、修訂本集團將透過認購事項抵銷之未償還富樂的貸款及修訂認購事項的最後截止日期

根據經修訂認購協議之條款及條件，在股東於2021年2月26日舉行的本公司臨時股東大會的特別授權下，合共618,490,566股新普通股已於2021年3月18日成功配發及發行予富樂。

全部618,490,566股認購股份的總認購價(約287,598,113港元)已由富樂於完成時以抵銷本集團之全資附屬公司綿陽銅鑫銅業有限公司*所欠富樂之貸款本金人民幣261,452,830元(「貸款」)之方式償付。因此認購事項概無產生所得款項。

貸款所得款項淨額擬用於(包括但不限於)償還本集團若干現有債務及用作本集團的一般營運資金。於2021年3月31日，已動用人民幣183.0百萬元以償還本集團現有債務，並已動用人民幣64.9百萬元以結清貿易應付款項。有關現有債務的詳情，請參閱本公司於2021年2月8日刊發的通函。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

Material acquisitions and disposals of subsidiaries and affiliated companies

Silver Eminent Group Limited ("Silver Eminent")

On 15 December 2017, the Company entered into a sale and purchase agreement with Yuanxin Ventures Limited ("Yuanxin"), pursuant to which the Company agreed to purchase, and Yuanxin agreed to sell, 100% of the issued share capital in Silver Eminent for an aggregate maximum consideration of HK\$317,647,000, of which HK\$158,823,500 shall be settled in cash and HK\$158,823,500 shall be settled by way of allotment and issue of consideration shares. The consideration is subject to adjustment pursuant to the earn-out arrangement. Assuming the maximum number of consideration shares is being allotted and issued to Yuanxin, 41,796,000 shares will be issued under the sale and purchase agreement. Silver Eminent owns 100% equity interests in Mianyang Zhaofeng Copper Co., Ltd. ("Zhaofeng"). The transaction has been completed in March 2018. Please refer to the announcements of the Company dated 15 December 2017 and 29 December 2017 for further details.

For the year ended 31 December 2018, Silver Eminent and its subsidiaries made a net loss of RMB10,169,000 under IFRS, and as such, no consideration shares were issuable to Yuanxin in 2018 under the sale and purchase agreement.

For the year ended 31 December 2019, Silver Eminent and its subsidiaries made a net profit of RMB13,190,000 under IFRS, and as such, no consideration shares are issuable to Yuanxin in 2019 under the sale and purchase agreement.

For the year ended 31 December 2020, Silver Eminent and its subsidiaries made a net profit of approximately RMB1,442,000 under IFRS, and as such, no consideration shares are issuable to Yuanxin in 2020 under the sale and purchase agreement.

The number of consideration shares for the third year to be issued, if any, is calculated on the following mathematic formula under the sale and purchase agreement:

$$(A \div B) \times (C + D \times \text{HK\$}3.8) - (C + E \times \text{HK\$}3.8) / \text{HK\$}3.8$$

- A = actual net profits of the target for the first, second and third years
- B = performance target for the first, second and third years, i.e. RMB90,000,000
- C = cash consideration, i.e. HK\$158,823,500
- D = the maximum number of consideration shares to be issued for the first, second and third years, i.e. 41,796,000 shares
- E = the number of consideration shares already issued for the first and second years, i.e. nil

重大收購及出售附屬公司及聯屬公司

銀赫集團有限公司(「銀赫」)

於2017年12月15日，本公司與淵鑫創投有限公司(「淵鑫」)訂立買賣協議，據此，本公司同意購買及淵鑫同意銷售銀赫的100%已發行股本，總最大代價為317,647,000港元，其中158,823,500港元將以現金結算及158,823,500港元將透過配發及發行代價股份結算。根據獲利計酬安排，代價可予調整。假設最高數目之代價股份將配發及發行予淵鑫，則根據買賣協議將發行41,796,000股股份。銀赫擁有綿陽兆豐銅業有限公司(「兆豐」)的100%股權。該交易於2018年3月完成。更多詳情請參閱本公司日期為2017年12月15日及2017年12月29日的公佈。

截至2018年12月31日止年度，銀赫及其附屬公司根據國際財務報告準則的淨虧損為人民幣10,169,000元，故此，根據買賣協議，2018年度並無代價股份需要發行予淵鑫。

截至2019年12月31日止年度，銀赫及其附屬公司根據國際財務報告準則的純利為人民幣13,190,000元，故此，根據買賣協議，2019年度並無代價股份需要發行予淵鑫。

截至2020年12月31日止年度，銀赫及其附屬公司根據國際財務報告準則的淨溢利約為人民幣1,442,000元，故此，根據買賣協議，2020年度並無代價股份需要發行予淵鑫。

根據買賣協議，第三年將發行的代價股份數目(如有)乃根據以下數學公式計得：

$$(A \div B) \times (C + D \times 3.8 \text{ 港元}) - (C + E \times 3.8 \text{ 港元}) / 3.8 \text{ 港元}$$

- A = 目標公司第一年、第二年及第三年的實際純利
- B = 第一年、第二年及第三年的業績目標，即人民幣90,000,000元
- C = 現金代價，即158,823,500港元
- D = 第一年、第二年及第三年將予發行的代價股份最高數目，即41,796,000股股份
- E = 第一年及第二年已發行的代價股份數目，即無股份

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

In addition, Yuanxin will unconditionally waive its rights and release the obligations of Zhaofeng under the facility of approximately HK\$79,412,000 and accrued interest thereof under the sale and purchase agreement.

Value Link Developments Limited (“Value Link”)

On 7 February 2018, the Company entered into a sale and purchase agreement with Sure Victor, pursuant to which the Company agreed to purchase, and Sure Victor agreed to sell, 100% of the issued share capital in Value Link for an aggregate maximum consideration of HK\$741,175,000, of which HK\$287,647,000 shall be settled in cash and HK\$453,528,000 shall be settled by way of allotment and issue of consideration shares. The consideration is subject to adjustment pursuant to an earn-out arrangement. Assuming the maximum number of consideration shares is being allotted and issued to Sure Victor, 94,485,000 shares will be issued under the sale and purchase agreement. Value Link owns 100% equity interests in Hubei Rongsheng Copper Co., Ltd. (“Rongsheng”). The transaction has been completed in April 2018. Please refer to the announcement of the Company dated 7 February 2018 for further details.

For the year ended 31 December 2018, Value Link and its subsidiaries made a net profit of RMB41,223,450 under IFRS, and as such, 16,609,419 consideration shares were issued to Sure Victor under the sale and purchase agreement.

For the year ended 31 December 2019, Value Link and its subsidiaries made a net profit of RMB20,530,000 under IFRS, and as such, no additional consideration shares were issued to Sure Victor under the sale and purchase agreement.

For the year ended 31 December 2020, Value Link and its subsidiaries made a net profit of approximately RMB24,547,000 under IFRS, and as such, no additional consideration shares will be issued to Sure Victor under the sale and purchase agreement.

The number of consideration shares for the third year to be issued, if any, is calculated on the following mathematic formula under the sale and purchase agreement:

$$(A \div B) \times (C + D \times \text{HK}\$4.8) - (C + E \times \text{HK}\$4.8) / \text{HK}\$4.8$$

- A = actual net profits of the target for the first, second and third years
- B = performance target for the first, second and third years, i.e. RMB180,000,000
- C = cash consideration, i.e. HK\$287,647,000
- D = the maximum number of consideration shares to be issued for the first, second and third years, i.e. 94,485,000 shares
- E = the number of consideration shares already issued for the first and second years, i.e. 16,609,419 shares

此外，根據買賣協議，淵鑫將無條件放棄其權利及解除融資下兆豐的責任約79,412,000港元及應計利息。

尚領發展有限公司(「尚領」)

於2018年2月7日，本公司與定凱訂立買賣協議，據此，本公司同意購買及定凱同意銷售尚領之100%已發行股本，總最大代價為741,175,000港元，其中287,647,000港元將以現金結算及453,528,000港元將透過配發及發行代價股份結算。根據獲利計酬安排，代價可予調整。假設最高數目之代價股份將配發及發行予定凱，則根據買賣協議將發行94,485,000股股份。尚領擁有湖北融晟金屬製品有限公司(「融晟」)的100%股權。該交易已於2018年4月完成。更多詳情請參閱本公司日期為2018年2月7日的公佈。

截至2018年12月31日止年度，尚領及其附屬公司根據國際財務報告準則的純利為人民幣41,223,450元，故此，根據買賣協議，16,609,419股代價股份已發行予定凱。

截至2019年12月31日止年度，尚領及其附屬公司根據國際財務報告準則的純利為人民幣20,530,000元，故此，根據買賣協議，概無額外代價股份發行予定凱。

截至2020年12月31日止年度，尚領及其附屬公司根據國際財務報告準則的純利為人民幣24,547,000元，故此，根據買賣協議，概無額外代價股份將發行予定凱。

根據買賣協議，第三年將發行的代價股份數目(如有)乃根據以下數學公式計得：

$$(A \div B) \times (C + D \times 4.8 \text{ 港元}) - (C + E \times 4.8 \text{ 港元}) / 4.8 \text{ 港元}$$

- A = 目標公司第一年、第二年及第三年的實際純利
- B = 第一年、第二年及第三年的業績目標，即人民幣180,000,000元
- C = 現金代價，即287,647,000港元
- D = 第一年、第二年及第三年將予發行的代價股份最高數目，即94,485,000股股份
- E = 第一年及第二年已發行的代價股份數目，即16,609,419股股份

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

In addition, Sure Victor will unconditionally waive its rights and release the obligations of Rongsheng under the facility of approximately HK\$12,018,000 and accrued interest thereof under the sale and purchase agreement.

Sky Harvest Global Limited (“Sky Harvest”)

On 19 October 2018, the Company entered into the sale and purchase agreement with Advance Splendid Limited (“Advance Splendid”), pursuant to which the Company agreed to purchase, and Advance Splendid agreed to sell, 100% of the issued share capital in the Sky Harvest for an aggregate maximum consideration of HK\$509,164,969, of which HK\$180,000,000 shall be settled in cash and HK\$329,164,969 shall be settled by way of allotment and issue of consideration shares. The consideration is subject to adjustment pursuant to an earn-out arrangement. Assuming the maximum number of consideration shares is being allotted and issued to Advance Splendid, 65,833,000 shares will be issued under the sale and purchase agreement. Sky Harvest owns 100% equity interests in Chengxin Copper Copper Co., Ltd. (“Chengxin”). The transaction has been completed in November 2018. Please refer to the announcements of the Company dated 19 October 2018, 31 October 2018 and 16 November 2018 for further details.

For the year ended 31 December 2019, Sky Harvest and its subsidiaries made a net profit of RMB5,631,000 under IFRS, and as such, no consideration shares were issuable to Advance Splendid under the sale and purchase agreement.

For the year ended 31 December 2020, Sky Harvest and its subsidiaries made a net loss of approximately RMB596,000 under IFRS, and as such, no consideration shares are issuable to Advance Splendid under the sale and purchase agreement.

The number of consideration shares for the second year to be issued, if any, is calculated on the following mathematic formula under the sale and purchase agreement:

$$(A \div B) \times (C + D \times \text{HK}\$5.0) - (C \times E \times \text{HK}\$5.0) / \text{HK}\$5.0$$

- A = actual net profits of the target for the first year
- B = performance target for the first and second years, i.e. RMB85,000,000
- C = cash consideration, i.e. HK\$180,000,000
- D = the maximum number of consideration shares to be issued for the first and second years, i.e. 37,305,000 shares
- E = the number of consideration shares already issued for the first and second years, i.e. nil

此外，根據買賣協議，定凱將無條件放棄其權利及解除融資下融晟的責任約12,018,000港元及應計利息。

天豐環球有限公司(「天豐」)

於2018年10月19日，本公司與錦晉創投有限公司(「錦晉」)訂立買賣協議，據此，本公司同意購買及錦晉同意銷售天豐之100%已發行股本，總最大代價為509,164,969港元，其中180,000,000港元將以現金結算及329,164,969港元將透過配發及發行代價股份結算。根據獲利計酬安排，代價可予調整。假設最高數目之代價股份將配發及發行予錦晉，則根據買賣協議將發行65,833,000股股份。天豐擁有晟鑫銅業有限公司(「晟鑫」)的100%股權。該交易已於2018年11月完成。有關更多詳情，請參閱本公司日期為2018年10月19日、2018年10月31日及2018年11月16日的公佈。

截至2019年12月31日止年度，天豐及其附屬公司根據國際財務報告準則的純利為人民幣5,631,000元，故此，根據買賣協議，概無代價股份將發行予錦晉。

截至2020年12月31日止年度，天豐及其附屬公司根據國際財務報告準則的淨虧損為人民幣約596,000元，故此，根據買賣協議，概無代價股份將發行予錦晉。

根據買賣協議，第二年將發行的代價股份數目(如有)乃根據以下數學公式計得：

$$(A \div B) \times (C + D \times 5.0 \text{ 港元}) - (C \times E \times 5.0 \text{ 港元}) / 5.0 \text{ 港元}$$

- A = 目標公司第一年的實際純利
- B = 第一年及第二年的業績目標，即人民幣85,000,000元
- C = 現金代價，即180,000,000港元
- D = 第一年及第二年將予發行的代價股份最高數目，即37,305,000股股份
- E = 第一年及第二年已發行的代價股份數目，即無股份

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

Disposal of 25% equity interest in Sichuan Jin Xunhuan E-commerce Trading Co., Ltd. (“JX E-Commerce”) by exercising the put option

Reference is made to the announcement of the Company dated 25 October 2017, in relation to the equity transfer agreement, pursuant to which Fuqing Zhongjin Nonferrous Metal Materials Co., Ltd. (“Fuqing Zhongjin”, an indirect wholly-owned subsidiary of the Company), acquired the relevant interest in JX E-commerce from Sichuan Xijiulong Investment Co., Ltd. (“Sichuan Xijiulong”). Under the equity transfer agreement, Sichuan Xijiulong also granted Fuqing Zhongjin the put option to require Sichuan Xijiulong to purchase back the relevant interest from Fuqing Zhongjin, if JX E-Commerce fails to complete a qualified initial public offering (“IPO”) within 3 years of the date of the completion of the repurchase agreement, at any time after the expiration of such 3-year period, at the consideration of RMB125,000,000, which equals to the acquisition consideration of the relevant interest by Fuqing Zhongjin under the equity transfer agreement. As at 6 November 2020, on which 3 years have expired since the completion date, JX E-Commerce did not complete any qualified IPO.

On 9 November 2020, the Board announced that the repurchase agreement was entered into between Fuqing Zhongjin and Sichuan Xijiulong, pursuant to which Fuqing Zhongjin conditionally agreed to sell and transfer, and Sichuan Xijiulong conditionally agreed to purchase the relevant interest at the consideration of RMB125,000,000 pursuant to the put option. Completion is conditional upon obtaining the approval of the independent shareholders to the repurchase agreement and all transactions contemplated thereunder in compliance with the Listing Rules, and compliance with other requirements of the Listing Rules applicable to the repurchase agreement and all transactions contemplated thereunder.

During the year ended 31 December 2020, save as disclosed above, the Group did not have any material acquisitions and disposals of subsidiaries and affiliated companies.

Capital expenditures

For the year ended 31 December 2020, the Group’s capital expenditures payments represent additions to property, plant and equipment (including construction in progress) and land use rights of approximately RMB16.9 million (2019: RMB17.7 million). The capital expenditures were mainly financed from internal resources.

透過行使認沽期權出售四川金循環電子商務有限公司(「金循環電子商務」) 25%股本權益茲提述本公司日期為2017年10月25日之公佈，內容有關股權轉讓協議，據此，福清中金有色金屬材料有限公司(「福清中金」，本公司之間接全資附屬公司)收購來自四川省西九龍投資有限公司(「四川西九龍」)的金循環電子商務相關權益。根據股權轉讓協議，四川西九龍亦授予福清中金認沽期權，倘金循環電子商務未能於完成日期起計三年內完成合資格首次公开发售(「首次公开发售」)，則可於該三年期間屆滿後任何時間要求四川西九龍向福清中金購回相關權益，代價為人民幣125,000,000元，相等於福清中金根據股權轉讓協議就相關權益支付的收購代價。於2020年11月6日(即完成日期起計三年屆滿之日)，金循環電子商務並無完成任何合資格首次公开发售。

於2020年11月9日，董事會宣佈福清中金及四川西九龍訂立回購協議，據此，福清中金有條件同意出售及轉讓，而四川西九龍有條件同意根據認沽期權以代價人民幣125,000,000元購買相關權益。完成須待遵守上市規則取得獨立股東批准回購協議及其項下擬進行的所有交易，以及遵守回購協議及其項下擬進行的所有交易所適用的其他上市規則規定後，方告落實。

截至2020年12月31日止年度，除上文所披露者外，本集團並無有關附屬公司及聯屬公司的任何重大收購及出售事項。

資本開支

截至2020年12月31日止年度，本集團的資本開支付款指物業、廠房及設備添置(包括在建工程)以及土地使用權約人民幣16,900,000元(2019年：人民幣17,700,000元)。資本開支主要来自內部渠道獲得資金。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

Capital commitments

As at 31 December 2020, the capital commitments in respect of the acquisition of property, plant and equipment and lease prepayments on lands contracted for but not provided in the consolidated financial statements amounted to RMB28.0 million (as at 31 December 2019: RMB40.4 million).

Contingent liabilities

Other than the contingent consideration liabilities of three acquisitions as mentioned above, the Group had no material contingent liabilities as at 31 December 2020.

Events after the Reporting Period

(a) On 15 June 2018, the Company, each of the relevant suppliers and each of the relevant subscribers entered into an annual procurement agreement, pursuant to which each of the suppliers agreed to supply a targeted amount of copper scrap raw materials to the Group from 16 June 2018 to 15 June 2019, the purchase price of which shall be partly satisfied with cash and partly satisfied with consideration shares. On 4 January 2021, the Company and the relevant subscribers had entered into the supplemental subscription agreement.

On 1 March 2021, pursuant to the supplemental annual procurement agreements, based on the copper scrap raw materials supplied to the Group, 33,882,652 consideration shares were allotted and issued pursuant to the general mandate granted to the directors by a resolution of the shareholders passed at the annual general meeting held on 5 September 2020.

(b) On 18 March 2021, 618,490,566 ordinary shares were allotted and issued at HK\$0.465 each to Fule pursuant to the specific mandate granted at the extraordinary general meeting held on 26 February 2021. The aggregate subscription price for all 618,490,566 subscription shares amounted to HK\$287,598,113 (equivalent to RMB261,452,830) was settled by Fule by way of set-off against the outstanding liabilities owed by the Group to the Fule.

Save as disclosed above and disclosed in other sections in this annual results announcement, there is no material subsequent event undertaken by the Company or by the Group after 31 December 2020 and up to the date of this annual results announcement.

資本承擔

於2020年12月31日，就收購物業、廠房及設備及土地租賃預付款之已訂約但未於綜合財務報表撥備的資本承擔為人民幣28,000,000元（於2019年12月31日：人民幣40,400,000元）。

或然負債

除上述三項收購的或然代價負債外，於2020年12月31日，本集團並無任何重大或然負債。

報告期後事項

(a) 於2018年6月15日，本公司、各有關供應商及各有關認購方訂立年度供應協議，據此，各供應商同意從2018年6月16日至2019年6月15日供應目標數量的廢舊銅原材料予本集團，有關採購價以現金及代價股份結算。於2021年1月4日，本公司與有關認購方訂立補充認購協議。

於2021年3月1日，根據補充年度供應協議，按供應予本集團的廢舊銅原材料，根據於2020年9月5日舉行的股東週年大會上獲股東通過的決議案授予董事的一般授權，33,882,652股代價股份已配發及發行。

(b) 於2021年3月18日，根據2021年2月26日舉行的股東特別大會授出的特別授權，每股0.465港元的618,490,566股普通股已向富樂配發及發行。618,490,566股認購股份的總認購價為287,598,113港元（相當於人民幣261,452,830元），已由富樂以抵銷本集團結欠富樂之未償還負債的方式結算。

除上文所披露及本全年業績公佈其他章節所披露者外，本公司或本集團於2020年12月31日後及直至本全年業績公佈日期並無進行任何重大期後事件。

DIRECTORS AND SENIOR MANAGEMENT

董事及高級管理層

EXECUTIVE DIRECTOR

Mr. Yu Jianqiu (俞建秋), age 56, is the founder of the Group and the Chairman, Chief Executive Officer and an executive director of the Company. Mr. Yu is primarily responsible for the overall business and strategy of the Group. He also serves as a director of our certain subsidiaries. Through his personal interests and holdings in Epoch Keen Limited ("Epoch Keen"), Mr. Yu is a major shareholder of the Company. Mr. Yu has over 20 years of experience in corporate operations and management in the petrochemical, automobile and renewable energy sectors. He was the chairman and principal executive officer of Gushan Environmental Energy Limited ("Gushan"), a company whose American depositary shares were listed on the New York Stock Exchange from December 2007 to October 2012. Mr. Yu also founded a number of subsidiaries of the Gushan group between 1996 and 2008. Mr. Yu received his degree of Executive Master of Business Administration (EMBA) from Hautes Etudes Commerciales de Paris on 13 December, 2010. In 2002, he was elected as a member of the Fuzhou Committee of the 10th Chinese People's Political Consultative Committee and a member of the Santai County Committee of the 11th Chinese People's Political Consultative Committee. He was appointed as a director of the Company on 22 February 2013 and redesignated as an executive director on 16 August 2013.

執行董事

俞建秋先生，56歲，是本集團的創辦人，以及本公司主席、行政總裁兼執行董事。俞先生主要負責本集團的整體業務及策略。彼亦擔任本公司若干附屬公司的董事。俞先生透過其個人權益及於時建有限公司（「時建」）的股權而成為本公司的主要股東。俞先生於石油化工、汽車和可再生能源行業擁有逾20年的企業營運及管理經驗。彼曾是古杉環保能源有限公司（「古杉」）的主席兼首席行政總裁，該公司的美國預託股份由2007年12月至2012年10月於紐約證券交易所上市。俞先生於1996年至2008年間亦創辦古杉集團的若干附屬公司。俞先生於2010年12月13日獲巴黎高等商學院(Hautes Etudes Commerciales de Paris)頒授高級管理人員工商管理碩士學位。於2002年，彼獲選為第10屆中國人民政治協商會議福州市委員會成員，以及第11屆中國人民政治協商會議三台縣委員會成員。彼於2013年2月22日獲委任為本公司董事，並於2013年8月16日調任為執行董事。

DIRECTORS AND SENIOR MANAGEMENT

董事及高級管理層

EXECUTIVE DIRECTOR *(Continued)*

Mr. Kwong Wai Sun, Wilson (鄺偉信), age 55, is an executive director of the Company. He is in charge of the corporate and strategic development of the Company. Mr. Kwong is also a director of our certain subsidiaries, and a director of our associates companies: Deda Holdings Limited and Hongkong Fujian Investments Limited. Mr. Kwong was the president of Gushan. He is also an independent non-executive director of C.banner International Holdings Limited, the principal business of which is the manufacture and sale of branded fashion footwear, since 26 August 2011, China Outfitters Holdings Limited, the principal business of which is the design, manufacture, marketing and sale of apparel products and accessories in China with a focus on menswear, since 8 June 2011, Shunfeng International Clean Energy Limited, the principal business of which is the manufacture and sale of solar wafers, solar cells, solar modules and related products as well as developing and operating solar power plants, since 16 July 2014, China New Higher Education Group Limited, the principal business of which is the rendering of education services, since 20 March 2017, and Koolearn Technology Holding Limited, the principal business of which is the provision of online after-school tutoring and test preparation service in China since 15 March 2019, which are listed on the Stock Exchange since 23 September 2011, 9 December 2011, 13 July 2011, 19 April 2017 and 28 March 2019, respectively. Mr. Kwong has over 10 years of experience in corporate finance and equity capital markets in Asia, having previously worked at a number of investment banks in Hong Kong. Prior to joining Gushan in 2006, he was the managing director of investment banking and he held the position as the head of Hong Kong and China equity capital markets at CLSA Equity Capital Markets Limited since March 2004. From 2002 to 2003, Mr. Kwong was a director and the head of equity capital markets for Cazenove Asia Limited, an investment bank. After graduating from University of Cambridge, England with a bachelor of Arts degree in 1987, he qualified as a chartered accountant in the United Kingdom in 1990. Mr. Kwong is currently an associate member of the Institute of Chartered Accountants in England and Wales and the Hong Kong Institute of Certified Public Accountants. Mr. Kwong was appointed as an executive director of the Company on 16 August 2013.

執行董事 *(續)*

鄺偉信先生，55歲，是本公司的執行董事。彼主管本公司企業及策略發展。鄺先生亦為本公司若干附屬公司的董事以及本公司之聯營公司：德達控股有限公司及香港福艦投資有限公司的董事。鄺先生曾為古杉的總裁。彼亦自2011年8月26日起為千百度國際控股有限公司（其主要業務是產銷品牌時尚鞋履）、2011年6月8日起為中國服飾控股有限公司（其主要業務是在中國設計、製造、營銷及銷售服裝產品及配飾，並以男士服飾為主）、2014年7月16日起為順風國際清潔能源有限公司（其主要業務是製造及銷售太陽能硅晶片、太陽能電池片、太陽能組件及相關產品，以及開發及經營太陽能發電站）、2017年3月20日起為中國新高教集團有限公司（其主要業務是提供教育服務）及2019年3月15日起為新東方在線科技控股有限公司（其主要業務是在中國提供綜合線上校外輔導及備考服務）的獨立非執行董事，該等公司分別自2011年9月23日、2011年12月9日、2011年7月13日、2017年4月19日及2019年3月28日起於聯交所上市。鄺先生於亞洲企業融資及股票資本市場擁有逾10年經驗，曾於香港多家投資銀行工作。於2006年加入古杉前，彼於2004年3月起曾出任里昂證券資本市場有限公司投資銀行董事總經理，以及出任香港及中國股權資本市場主管。2002年至2003年，鄺先生為投資銀行嘉誠亞洲有限公司的董事及股票資本市場主管。彼於1987年畢業於英國劍橋大學並獲頒授文學學士學位後，於1990年在英國成為合資格的特許會計師。鄺先生現為英格蘭及威爾士特許會計師協會以及香港會計師公會會員。鄺先生於2013年8月16日獲委任為本公司執行董事。

DIRECTORS AND SENIOR MANAGEMENT

董事及高級管理層

EXECUTIVE DIRECTOR *(Continued)*

Mr. Huang Weiping (黃偉萍), age 60, is an executive director of the Company. Mr. Huang co-founded Xiangbei in 2010 and is currently a director of our certain subsidiaries in China. Mr. Huang is in charge of the overall operation, production technology and engineering of the Group. Mr. Huang has more than 10 years of experience in the PRC metal material industry. Prior to the establishment of Xiangbei, Mr. Huang was a manager at Fujian Lingzhi Environmental Technology Co., Ltd. (福建凌志環保科技有限公司), the principal business of which is the design and construction of environmental projects, from 2009 to 2011, Fuzhou Kebi Chemical Materials Co., Limited (福州科比化工材料有限公司), the principal business of which is the manufacture and sale of synthetic wax, from 2006 to 2009 and Tricon Chemicals Inc., the principal business of which is the trade of chemicals and metal materials, from 2001 to 2005. He is a fellow member of the Investment Casting Institute and an executive member of China Precision Casting Branch Association of China Foundry Association (中國鑄造協會精密鑄造分會). Mr. Huang also serves as an executive member of the Chinese and Foreign Entrepreneurs' Club of Fujian Province (福建省中外企業家聯誼會) and the Association of Entrepreneurs of Private Companies of Fuzhou City (福州市私營企業家協會). Mr. Huang received his degree of Executive Master of Business Administration (EMBA) from Hautes Etudes Commerciales de Paris on 6 July 2015. Mr. Huang was appointed as an executive director of the Company on 16 August 2013.

Ms. Zhu Yufen (朱玉芬), age 58, is an executive director of the Company. Ms. Zhu has over 20 years of experience in accounting and financial management. She is primarily responsible for the financial reporting and accounting affairs of the Company. Ms. Zhu is also the vice president in charge of the finance of Jinxin, since July 2009. Prior to joining Jinxin, she was a vice general manager and the head of finance department of Mianyang Santai Vise Co., Ltd. (綿陽三台縣台鉗有限公司), the principal business of which is the manufacture and sale of vises, from 1978 to 2009. Ms. Zhu was appointed as an executive director of the Company on 16 August 2013.

執行董事 *(續)*

黃偉萍先生，60歲，是本公司的執行董事。黃先生於2010年共同創辦湘北，現為我們在中國的若干附屬公司的董事。黃先生主管本集團的整體經營、生產技術及工程。黃先生於中國金屬材料行業擁有逾10年經驗。黃先生成立湘北前，於2009年至2011年間為福建凌志環保科技有限公司（其主要業務是環境項目的設計及建造）的經理，於2006年至2009年為福州科比化工材料有限公司（其主要業務是產銷合成蠟）的經理，以及於2001年至2005年為Tricon Chemicals Inc.（其主要業務是化學品及金屬材料貿易）的經理。彼為精密鑄造協會的資深會員及中國鑄造協會精密鑄造分會的常務理事。黃先生亦是福建省中外企業家聯誼會及福州市私營企業家協會的常務理事。黃先生於2015年7月6日取得巴黎高等商學院高級管理人員工商管理碩士學位。黃先生於2013年8月16日獲委任為本公司執行董事。

朱玉芬女士，58歲，是本公司的執行董事。朱女士於會計及財務管理方面擁有逾20年經驗。彼主要負責本公司財務報告及會計事務。朱女士自2009年7月起亦為金鑫的副總經理，主管財務。加入金鑫前，彼自1978年至2009年曾為綿陽三台縣台鉗有限公司（其主要業務是產銷虎鉗）的副總經理及財務部主管。朱女士於2013年8月16日獲委任為本公司執行董事。

DIRECTORS AND SENIOR MANAGEMENT

董事及高級管理層

INDEPENDENT NON-EXECUTIVE DIRECTOR

Mr. Lee Ting Bun Denny (李廷斌), age 53, is an independent non-executive director of the Company. Mr. Lee was appointed on 16 August 2013. Prior to the appointment, he was an independent non-executive director of Gushan. From 2002 to 2007, Mr. Lee was the chief financial officer of NetEase, Inc., one of the China's leading internet and online game service providers listed on the NASDAQ Global Select Market. He currently serves as a non-executive director on the board of NetEase, Inc. Prior to joining NetEase, Inc., Mr. Lee worked in the Hong Kong office of KPMG for more than ten years. Mr. Lee currently also serves as independent non-executive directors of the following four companies (i) New Oriental Education & Technology Group Inc., the provider of private educational services in China, (ii) Concord Medical Services Holdings Ltd., the principal business of which is the operation of a network of radiotherapy and diagnostic imaging centers in China, (iii) NIO Inc. the principal business of which is design, jointly manufacture, and sell smart and connected premium electric vehicles, and (iv) Jianpu Technology Inc., the principal business of which is operation of open platform for discovery and recommendation of financial products in China, all of which are listed on the New York Stock Exchange. NetEase, Inc., is also listed on the Stock Exchange since 11 June 2020. Mr. Lee graduated from Hong Kong Polytechnic University and was awarded the Professional Diploma in Accounting in November 1990. He is a fellow of the Association of Chartered Certified Accountants and an associate member of the Hong Kong Institute of Certified Public Accountants.

獨立非執行董事

李廷斌先生，53歲，是本公司的獨立非執行董事。李先生於2013年8月16日獲委任。獲委任前，他曾為古杉的獨立非執行董事。李先生自2002年至2007年曾為網易公司的財務總監，該公司是中國數一數二的互聯網及在線遊戲服務提供者（於納斯達克全球精選市場上市）。彼現為網易公司董事會的非執行董事。加入網易公司前，李先生於畢馬威會計師事務所的香港辦事處工作逾十年。彼現時亦兼任以下四家公司的獨立非執行董事：(i) 新東方教育科技集團有限公司（中國的私人教育服務提供商）；(ii) 泰和誠醫療集團有限公司（其主要業務是在中國經營放射治療和影像診斷中心）；(iii) 蔚來汽車有限公司（其主要業務是設計、聯合製造和銷售智能和連接的優質電動車）；及(iv) 簡普科技有限公司（其主要業務是在中國經營移動開放平台發現和推薦金融產品），所有該等公司均於紐約證券交易所上市。網易公司亦自2020年6月11日起在聯交所上市。李先生於1990年11月於香港理工大學畢業，獲頒會計專業文憑。他是特許公認會計師公會資深會員及香港會計師公會會員。

DIRECTORS AND SENIOR MANAGEMENT

董事及高級管理層

INDEPENDENT NON-EXECUTIVE DIRECTOR *(Continued)*

Mr. Pan Liansheng (潘連勝), age 56, is an independent non-executive director of the Company. Mr. Pan has been engaged in non-ferrous metal and carbon fiber composite materials research for years and possesses rich knowledge on the non-ferrous metal industry. Mr. Pan also worked for the Third Research Institute of the then Ministry of Astronautics of the PRC (中國航天工業部第三研究院), which was involved in the research of aerospace metals and carbon fibre composite materials, between 1990 and 1993, and his work there concerned researches relating to non-ferrous metal and carbon fiber composite materials. From 1993 to 1994, Mr. Pan was seconded to Sanwa Machinery Trading Co., Ltd., the principal business of which was the design and manufacture of electrical machinery. From 1996 to 1998, Mr. Pan was an assistant professor at Waseda University. From 1998 to 2008, Mr. Pan worked in the research and development center of Toshiba Ceramics Co., Ltd. (東芝陶瓷株式會社), and was once chief researcher of the organization, the principal business of which is the research and production of high-end electronic ceramic and silicon semi-conductors. From 2008 to April 2013, Mr. Pan worked as the general manager at Toshiba Ceramics Co., Ltd. Currently, Mr. Pan is the Chairman of Thinkon Semiconductor Technology Jinzhou Corporation (錦州神工半導體股份有限公司), a company he established since 2013 with principal business in manufacturing of semiconductor material. Mr. Pan graduated with a bachelor's degree from Beijing University of Aeronautics and Astronautics in 1985 where he focused on researches relating to non-ferrous metal and carbon fiber reinforced composite in 1985. He further obtained his doctorate degree from Waseda University in 1998. Mr. Pan was appointed as an independent non-executive director of the Company on 16 August 2013.

Ms. Ren Ruxian (任汝嫻), age 45, is an independent non-executive director of the Company. Ms. Ren has over 20 years working experience in finance management and financial reporting, including in 2 international audit professional firms and in the internet industry, during which she acted as the acting chief financial officer of Changyou.com Limited, a NASDAQ listed company, in 2014. Ms. Ren was awarded a Master in Economics and Bachelor in Economics from the Finance School of Renmin University in 2001 and 1998, respectively. Ms. Ren is currently a member of each of The Chinese Institute of Certified Public Accountants and The Institute of Certified Management Accountants. Ms. Ren was appointed as an independent non-executive director of the Company on 30 November 2015.

獨立非執行董事 *(續)*

潘連勝先生，56歲，是本公司的獨立非執行董事。潘先生多年來一直從事有色金屬和碳纖維複合材料的研究，對有色金屬行業擁有豐富知識。潘先生亦於1990年至1993年間任職中國航天工業部第三研究院(其涉及航天金屬和碳纖維複合材料的研究)，彼於該公司的工作專注有色金屬和碳纖維複合材料的相關研究。於1993年至1994年，潘先生派赴到日本三和工機株式會社(其主要業務是設計及製造電動機械)。於1996年至1998年，潘先生為早稻田大學的助理教授。於1998年至2008年，潘先生任職東芝陶瓷株式會社的研發中心並一度為該機構首席研究員，東芝陶瓷株式會社主要業務是研究及生產高端電子陶瓷和硅半導體。於2008年至2013年4月，潘先生擔任東芝陶瓷株式會社的總經理。目前，潘先生是錦州神工半導體股份有限公司的主席，該公司為彼自2013年起成立的公司及其主要業務是製造半導體材料。潘先生於1985年在北京航空航天大學本科畢業，於該校彼於1985年專注於有色金屬和碳纖維強化複合物的相關研究。彼於1998年再取得早稻田大學的博士學位。潘先生於2013年8月16日獲委任為本公司獨立非執行董事。

任汝嫻女士，45歲，是本公司的獨立非執行董事。任女士累積逾20年豐富的財務管理及財務申報工作經驗，其中包括於2家國際專業審計師事務所，及在互聯網公司的財務管理經驗，包括在2014年出任暢遊有限公司(一所在納斯達克上市的公司)的代理首席財務官。任女士分別於2001年及1998年獲中國人民大學財政金融學院經濟學碩士和經濟學學士學位。任女士目前是中國註冊會計師協會和美國註冊管理會計師的會員。任女士於2015年11月30日獲委任為本公司之獨立非執行董事。

DIRECTORS AND SENIOR MANAGEMENT

董事及高級管理層

CHANGE IN DIRECTORS' BIOGRAPHIES

Save as disclosed in the section headed "Directors and Senior Management", there was no change to any of the information required to be disclosed in relation to any director pursuant to paragraphs (a) to (e) and (g) of Rule 13.51(2) of the Listing Rule since the Company's last published annual report.

董事履歷之變更

除「董事及高級管理層」一節所披露者外，自本公司最後刊發之年報後，概無有關任何董事的任何資料出現變動而須根據上市規則第13.51(2)條第(a)至(e)及(g)段作出披露。

REPORT OF THE DIRECTORS

董事會報告

The Board is pleased to present the audited consolidated results of the Company and the Group for the year ended 31 December 2020.

PRINCIPAL ACTIVITIES

The Group is a manufacturer of recycled copper products, also known as copper semis, in Southwest China. Beginning in 2013, the Group started to sell a range of communication cables and power transmission and distribution cables using copper wire and copper rods produced by the Group as the principal raw material. Beginning in 2015, the Group also entered into trading activities of electrolytic copper. 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 section. The discussion forms part of this directors' report.

DIRECTORS

During the year and up to the date of this annual report, the directors of the Company were as follows:

Executive Directors	Appointed on
Mr. Yu Jianqiu (<i>Chairman and Chief Executive Officer</i>)	22 February 2013 and redesignated as an executive director on 16 August 2013 and re-elected on 6 June 2014, 6 June 2016 and 6 June 2019
Mr. Kwong Wai Sun Wilson	16 August 2013 and re-elected on 6 June 2014, 6 June 2016, 6 June 2018 and 5 September 2020
Mr. Huang Weiping	16 August 2013 and re-elected on 9 June 2015, 6 June 2017 and 6 June 2019
Ms. Zhu Yufen	16 August 2013 and re-elected on 9 June 2015, 6 June 2017 and 6 June 2019

Independent Non-executive Directors

Mr. Pan Liansheng	16 August 2013 and re-elected on 9 June 2015, 6 June 2017 and 5 September 2020
Mr. Lee Ting Bun Denny	16 August 2013 and re-elected on 6 June 2016 and 6 June 2018
Ms. Ren Ruxian	30 November 2015 and re-elected on 6 June 2016, 6 June 2018 and 5 September 2020

董事會欣然提呈本公司及本集團截至2020年12月31日止年度的經審核綜合業績。

主要業務

本集團是中國西南部再生銅產品(亦稱為銅半製成品)製造商。自2013年起,本集團開始銷售多種以本集團自製的銅線材為主要原材料的通信電纜和送配電纜。自2015年起,本集團亦開展電解銅的貿易活動。香港公司條例附表5規定對該等活動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說明及本集團業務之可能未來發展之反映,載於管理層討論及分析一節。該等討論構成本董事會報告一部分。

董事

於本年度及截至本年報日期,本公司董事如下:

執行董事	獲委任日期
俞建秋先生 (主席兼 行政總裁)	2013年2月22日及於2013年8月16日調任為執行董事及於2014年6月6日、2016年6月6日及2019年6月6日重選
鄭偉信先生	2013年8月16日及於2014年6月6日、2016年6月6日、2018年6月6日及2020年9月5日重選
黃偉萍先生	2013年8月16日及於2015年6月9日、2017年6月6日及2019年6月6日重選
朱玉芬女士	2013年8月16日及於2015年6月9日、2017年6月6日及2019年6月6日重選

獨立非執行董事

潘連勝先生	2013年8月16日及於2015年6月9日、2017年6月6日及2020年9月5日重選
李廷斌先生	2013年8月16日及於2016年6月6日及2018年6月6日重選
任汝嫻女士	2015年11月30日及於2016年6月6日、2018年6月6日及2020年9月5日重選

REPORT OF THE DIRECTORS 董事會報告

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the directors and senior management of the Group are set out in the section headed "Directors and Senior Management" in this report of the directors.

CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

Each of the independent non-executive directors has confirmed his/her independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the independent non-executive directors to be independent in accordance with Rule 3.13 of the Listing Rules.

DIRECTORS' INTERESTS IN CONTRACTS

Save as disclosed in notes 13, 25, 32 and 42 respectively to the financial statements and in this annual report, no director or any entity connected with a director had a material interest, whether directly or indirectly, in any transaction, arrangement or contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the year.

DIRECTORS' SERVICE CONTRACTS

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

CHANGES IN DIRECTORS AND SENIOR MANAGEMENT

Save as disclosed in the section headed "Directors and Senior Management", there was no change to any of the information required to be disclosed in relation to any director pursuant to paragraphs (a) to (e) and (g) of Rule 13.51(2) of the Listing Rules since the Company's last published annual report.

董事及高級管理層履歷

本集團董事及高級管理層履歷詳情載於本董事會報告「董事及高級管理層」一節。

獨立非執行董事的獨立性確認書

各獨立非執行董事已根據上市規則第3.13條確認其獨立性。根據上市規則第3.13條，本公司認為所有獨立非執行董事均為獨立人士。

董事於合約的權益

除於財務報表附註13、25、32及42及本年年報所分別披露者外，概無董事或與該董事有關連的實體在本公司或其任何附屬公司於本年度訂立並對本集團業務有重大影響的任何交易、安排或合約中，擁有(不論直接或間接)重大權益。

董事服務合約

擬於應屆股東週年大會上獲膺選連任的董事中，概無與本公司或其任何附屬公司訂立不可在一年內終止而毋須作出賠償(法定賠償外)的服務合約。

董事及高級管理層變動

除「董事及高級管理層」一節所披露者外，自本公司最後刊發之年報後，概無有關任何董事的任何資料出現變動而須根據上市規則第13.51(2)條第(a)至(e)及(g)段作出披露。

REPORT OF THE DIRECTORS

董事會報告

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 31 December 2020, the interests and short positions of the directors and the chief executive of the Company in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were (i) recorded in the register required to be kept under section 352 of the SFO, or (ii) otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules (the "Model Code") were as follows:

(1) Long position in the shares of the Company

董事及主要行政人員於本公司及其相聯法團的股份及相關股份的權益及淡倉

於2020年12月31日，本公司董事及主要行政人員於本公司及其相聯法團(定義見證券及期貨條例第XV部)的股份、相關股份或債券擁有(i)根據證券及期貨條例第352條規定須予備存的登記冊所載，或(ii)根據上市規則附錄10所載關於上市發行人董事進行證券交易的標準守則(「標準守則」)須通知本公司及聯交所的權益及淡倉如下：

(1) 於本公司股份的好倉

Name of Director 董事姓名	Capacity/Nature of interest 身份／權益性質	Number of shares held 所持股份數目	Approximate percentage of shareholding ⁽¹⁾ 概約持股百分比 ⁽¹⁾
Mr. Yu Jianqiu 俞建秋先生	Beneficial owner 實益擁有人 ⁽²⁾	6,204,000	0.24%
	Interest in a controlled corporation ⁽²⁾ 受控制法團權益 ⁽²⁾	532,794,400	20.25%
Mr. Huang Weiping 黃偉萍先生	Interest in controlled corporations ⁽³⁾ 受控制法團權益 ⁽³⁾	310,317,000	11.79%
Mr. Kwong Wai Sun Wilson 鄭偉信先生	Beneficial owner 實益擁有人	3,272,600	0.12%

Notes:

- (1) The percentage represents the number of ordinary shares divided by the number of the Company's issued shares as at 31 December 2020.
- (2) The shares were held by Mr. Yu Jianqiu, Chairman and an executive Director of the Company, together with Epoch Keen Limited, a company wholly-owned by Mr. Yu Jianqiu.
- (3) The shares were held by First Harvest Global Limited, Gold Wide Enterprises Limited and Ocean Through Limited. All these companies are wholly-owned by Mr. Huang Weiping.

附註：

- (1) 百分比代表普通股數目除以本公司於2020年12月31日已發行股份的數目。
- (2) 該等股份由本公司主席兼執行董事俞建秋先生連同俞建秋先生全資擁有的公司時建有限公司持有。
- (3) 該等股份由肇豐環球有限公司、金博企業有限公司及洋達有限公司持有。所有該等公司均由黃偉萍先生全資擁有。

REPORT OF THE DIRECTORS

董事會報告

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS (Continued)

董事及主要行政人員於本公司及其相聯法團的股份及相關股份的權益及淡倉(續)

(2) Long Position in the underlying shares of the Company

(2) 於本公司相關股份的好倉

Name of Director 董事姓名	Capacity/Nature of interest 身份／權益性質	Number of shares held 所持股份數目	Approximate percentage of shareholding ⁽¹⁾ 概約持股百分比 ⁽¹⁾
Mr. Huang Weiping 黃偉萍先生	Beneficial owner ⁽⁴⁾ 實益擁有人 ⁽⁴⁾	667,000	0.03%
Ms. Zhu Yufen 朱玉芬女士	Beneficial owner ⁽⁵⁾ 實益擁有人 ⁽⁵⁾	3,334,000	0.13%
Mr. Kwong Wai Sun Wilson 鄺偉信先生	Beneficial owner ⁽⁶⁾ 實益擁有人 ⁽⁶⁾	5,000,000	0.19%
Mr. Pan Liansheng 潘連勝先生	Beneficial owner ⁽⁷⁾ 實益擁有人 ⁽⁷⁾	1,000,000	0.04%
Mr. Lee Ting Bun Denny 李廷斌先生	Beneficial owner ⁽⁸⁾ 實益擁有人 ⁽⁸⁾	1,000,000	0.04%
Ms. Ren Ruxian 任汝嫻女士	Beneficial owner ⁽⁹⁾ 實益擁有人 ⁽⁹⁾	1,000,000	0.04%

Notes:

- (4) These equity derivatives were share options granted to Mr. Huang Weiping under the Share Option Scheme of the Company on 2 July 2014. Please see the section headed "Share Option Scheme" for further details.
- (5) These equity derivatives were share options granted to Ms. Zhu Yufen under the Share Option Scheme of the Company on 2 July 2014. Please see the section headed "Share Option Scheme" for further details.
- (6) These equity derivatives were share options granted to Mr. Kwong Wai Sun Wilson under the Share Option Scheme of the Company on 7 May 2015. Please see the section headed "Share Option Scheme" for further details.
- (7) These equity derivatives were share options granted to Mr. Pan Liansheng under the Share Option Scheme of the Company on 7 May 2015. Please see the section headed "Share Option Scheme" for further details.
- (8) These equity derivatives were share options granted to Mr. Lee Ting Bun Denny under the Share Option Scheme of the Company on 7 May 2015. Please see the section headed "Share Option Scheme" for further details.
- (9) These equity derivatives were share options granted to Ms. Ren Ruxian under the Share Option Scheme of the Company on 31 May 2016. Please see the section headed "Share Option Scheme" for further details.

附註：

- (4) 該等股本衍生工具為根據本公司購股權計劃於2014年7月2日授予黃偉萍先生之購股權。更多詳情請參閱「購股權計劃」一節。
- (5) 該等股本衍生工具為根據本公司購股權計劃於2014年7月2日授予朱玉芬女士之購股權。更多詳情請參閱「購股權計劃」一節。
- (6) 該等股本衍生工具為根據本公司購股權計劃於2015年5月7日授予鄺偉信先生之購股權。更多詳情請參閱「購股權計劃」一節。
- (7) 該等股本衍生工具為根據本公司購股權計劃於2015年5月7日授予潘連勝先生之購股權。更多詳情請參閱「購股權計劃」一節。
- (8) 該等股本衍生工具為根據本公司購股權計劃於2015年5月7日授予李廷斌先生之購股權。更多詳情請參閱「購股權計劃」一節。
- (9) 該等股本衍生工具為根據本公司購股權計劃，於2016年5月31日授予任汝嫻女士之購股權。更多詳情請參閱「購股權計劃」一節。

REPORT OF THE DIRECTORS

董事會報告

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as otherwise disclosed in this annual report, no rights to acquire benefits by means of the acquisition of shares in or debentures of the Company were granted to any director or their respective spouse or children under 18 years of age, nor were any such rights exercised by them, nor was the Company or any of its subsidiaries a party to any arrangement to enable the directors, or their respective spouse or children under 18 years of age, to acquire such rights in any other body corporate during the year ended 31 December 2020.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31 December 2020, the following persons (not being a director or chief executive of the Company) had 5% or more interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

(1) Long positions in the ordinary shares of the Company:

Name 姓名／名稱	Note 附註	Capacity in which interests are held 藉以持有權益的身份	Number of shares held 持有股數	Percentage of shareholding ⁽¹⁾ 持股百分比 ⁽¹⁾
Quaestus Capital Pte Ltd	2	Beneficial interests 實益權益	280,312,902	10.65%
Quaestus Capital Pte Ltd Kwek Steven Poh Song	3	Interests in a controlled corporation 受控制法團權益	280,312,902	10.65%
Kwek Steven Poh Song Hammer Capital Private Investments Limited	4	Beneficial interests 實益權益	153,828,000	5.85%
Hammer Capital Private Investments Limited Tsang Ling Kay Rodney	5	Interests in a controlled corporation 受控制法團權益	153,828,000	5.85%
曾令祺 Cheung Siu Fai	5	Interests in a controlled corporation 受控制法團權益	153,828,000	5.85%
張少輝		受控制法團權益		

董事購買股份或債券的權利

除於本年報其他部分披露者外，於截至2020年12月31日止年度，概無授予任何董事或彼等各自之配偶或未滿18歲的子女通過購入本公司股份或債券的方式而獲益的權利或由彼等行使任何該等權利，亦無由本公司或其任何附屬公司作出安排以令董事或彼等各自之配偶或未滿18歲的子女於任何其他法人團體獲得該等權利。

主要股東於本公司股份及相關股份的權益及淡倉

於2020年12月31日，按本公司根據證券及期貨條例第336條須予存置的登記冊所記錄，以下人士（並非本公司董事或主要行政人員）於本公司股份或相關股份中擁有5%或以上的權益或淡倉：

(1) 本公司普通股的好倉：

REPORT OF THE DIRECTORS

董事會報告

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY (Continued)

主要股東於本公司股份及相關股份的權益及淡倉(續)

(1) Long positions in the ordinary shares of the Company: (Continued)

Notes:

- (1) The percentage represents the number of ordinary shares divided by the number of the Company's issued shares as at 31 December 2020.
- (2) These interests represented Quaestus Capital Ptd Ltd's beneficial interests in 280,312,902 Shares. The interests were disclosed based on the disclosure of interest filing made by Quaestus Capital Ptd Ltd on 3 April 2020.
- (3) Quaestus Capital Pte Ltd is 80% controlled by Kwek Steven Poh Song. Kwek Steven Poh Song was deemed to be interested in such Shares under SFO. The interests were disclosed based on the disclosure of interest filing made by Kwek Steven Poh Song on 3 April 2020.
- (4) These interests represented Hammer Capital Private Investments Limited's beneficial interests in 153,828,000 Shares. The interests were disclosed based on the disclosure of interest filing made by Hammer Capital Private Investments Limited on 18 June 2020.
- (5) Each of Tsang Ling Kay Rodney and Cheung Siu Fai controls 50% of Hammer Capital Investments Limited. Tsang Ling Kay Rodney and Cheung Siu Fai were deemed to be interested in such Shares under SFO.

(1) 本公司普通股的好倉：(續)

附註：

- (1) 百分比代表普通股數目除以本公司於2020年12月31日已發行股份之數目。
- (2) 該等權益代表Quaestus Capital Pte Ltd於280,312,902股股份中的實益權益。有關權益披露是根據Quaestus Capital Ptd Ltd於2020年4月3日提交的權益披露而披露。
- (3) Quaestus Capital Pte Ltd由Kwek Steven Poh Song控股80%。根據《證券及期貨條例》，Kwek Steven Poh Song被視為擁有該等股份的權益。有關權益是根據Kwek Steven Poh Song於2020年4月3日提交的權益披露而披露。
- (4) 該等權益代表Hammer Capital Private Investments Limited於153,828,000股股份中的實益權益。有關權益披露是根據Hammer Capital Private Investments Limited於2020年6月18日提交的權益披露而披露。
- (5) 曾令祺及張少輝各自控制Hammer Capital Investments Limited 50%的股份。根據《證券及期貨條例》，曾令祺及張少輝被視為擁有該等股份的權益。

(2) Long positions in the underlying shares of the Company:

(2) 於本公司相關股份的好倉：

Name 姓名／名稱	Note 附註	Capacity in which interests are held 藉以持有權益的身份	Number of shares held 持有股數	Percentage of shareholding ⁽¹⁾ 持股百分比 ⁽¹⁾
Mianyang Science Technology City Development Investment (Group) Co., Ltd. 綿陽科技城發展投資(集團)有限公司	6	Persons having a security interests in shares 對股份有抵押權益之人士	310,317,000	11.79%
China Huarong Asset Management Co., Ltd 中國華融資產管理股份有限公司	7	Interests in a controlled corporation 受控制法團權益	499,316,077	18.97%

REPORT OF THE DIRECTORS

董事會報告

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY (Continued)

(2) Long positions in the underlying shares of the Company: (Continued)

Notes:

- (6) On 15 August 2014, Ocean Through Limited, First Harvest Global Limited and Gold Wide Enterprises Limited, shareholders of the Company, has each entered into share charges in respect of their respective shareholding of 39,401,600, 167,952,400 and 102,963,000 Shares of the Company in favour of Mianyang Science Technology City Development Investment (Group) Co., Ltd. as the secured party.
- (7) These interests represented (i) Huarong's beneficial interests in 90,881,295 Shares; (ii) derivative interests in 130,434,782 underlying Shares derived from the Huarong CB 2017; and (iii) derivative interests in 278,000,000 underlying Shares derived from the share charges entered into between Epoch Keen Limited and Huarong.

Pursuant to Huarong CB 2017, assuming full conversion of the convertible bonds at an initial conversion price of HK\$2.99 per share, the convertible bonds will be convertible into approximately 130,434,782 new shares (subject to adjustment).

Epoch Keen Limited entered into a share charge and a confirmatory share charge with Huarong on 8 August 2017 and 22 April 2020, respectively, pursuant to which Epoch Keen Limited charged 278,000,000 shares in favour of the Huarong as security for the payment and discharge of obligations owing from the Company to the Investor pursuant to, amongst others, the Investor Subscription Agreement and the convertible bonds.

These Shares are held by China Huarong Asset Management Co., Ltd. through Huarong Real Estate Co., Ltd., Huarong Zhiyuan Investment & Management Co., Ltd. and China Huarong International Holdings Limited, based on the disclosure of interest filing made by China Huarong Asset Management Co., Ltd. on 28 December 2018.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at 31 December 2020, none of the directors or their respective associates had any business or interests in businesses which compete or are likely to compete, either directly or indirectly, with the businesses of the Group.

主要股東於本公司股份及相關股份的權益及淡倉(續)

(2) 於本公司相關股份的好倉：(續)

附註：

- (6) 於2014年8月15日，洋達有限公司、肇豐環球有限公司及金博企業有限公司(均為本公司股東)各自就彼等於本公司之39,401,600股、167,952,400股及102,963,000股股份之股權，以承押一方的綿陽科技城發展投資(集團)有限公司作為受益人訂立股份押記。
- (7) 該等權益代表(i)華融於90,881,295股股份的實益權益；(ii)來自2017華融可換股債券於130,434,782股相關股份的衍生權益；及(iii)來自時建有限公司與華融訂立股份押記於278,000,000股相關股份的衍生權益。

根據2017華融可換股債券，假設可換股債券按初步兌換價每股2.99港元悉數轉換，可換股債券將可轉換為約130,434,782股新股份(可予調整)。

時建有限公司分別於2017年8月8日及2020年4月22日與華融訂立股份押記及確認股份押記，據此，時建有限公司以華融為受益人抵押278,000,000股股份，作為支付及解除本公司根據(其中包括)投資者認購協議及可換股債券應向投資者履行之責任之擔保。

根據中國華融資產管理股份有限公司於2018年12月28日作出的權益申報披露，該等股份由中國華融資產管理股份有限公司通過華融置業有限責任公司、華融致遠投資管理有限責任公司及中國華融國際控股有限公司持有。

董事於競爭業務的權益

於2020年12月31日，概無董事及彼等各自的聯繫人擁有與本集團業務構成或可能構成直接或間接競爭之業務或於有關業務中擁有任何權益。

REPORT OF THE DIRECTORS

董事會報告

HUMAN RESOURCES

As at 31 December 2020, the Group had a total of 729 employees (2019: 847). The Group's staff costs for the year ended 31 December 2020 were approximately RMB44.2 million (2019: RMB52.7 million). The Group offers its staff competitive remuneration packages. In addition, discretionary bonuses and share options may also be granted to eligible staff based on individual and Group's performance. The Group is committed to nurturing a learning and sharing culture in the organization. Heavy emphasis is placed on the training and development of individual staff and team building, as the Group's success is dependent on the contribution of all functional divisions comprising skilled and motivated professionals. The Group is also committed to social responsibility as demonstrated by employing disabled staff and providing appropriate working conditions and protection to them.

DIVIDENDS

The Board does not recommend the payment of final dividend for the year ended 31 December 2020 (2019: Nil).

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the articles of association of the Company (the "Articles of Association"), or the laws of the Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2020 are set out in the consolidated statement of profit or loss and other comprehensive income on pages 94 and 95 respectively of this annual report.

PROPERTY, PLANT AND EQUIPMENT

Details of the property, plant and equipment of the Group are set out in note 17 to the financial statements.

SHARE CAPITAL

Movements of the share capital of the Company are set out in note 37 to the financial statements.

人力資源

於2020年12月31日，本集團僱員合共729名(2019年：847名)。截至2020年12月31日止年度，本集團的員工成本約為人民幣44,200,000元(2019年：人民幣52,700,000元)。本集團向其員工提供具競爭力的薪金待遇。此外，合資格員工亦可按其個人及本集團的表現獲授酌情花紅及購股權。本集團致力於組織內建立學習及分享文化。本集團的成功有賴由技巧純熟且士氣高昂的專業人員組成的各職能部門作出的貢獻，故此本集團重視員工的個人培訓及發展，以及團隊建設。本集團亦致力於承擔社會責任，可見於其聘用殘疾人士，並向他們提供適當的工作環境和保障。

股息

董事會不建議派發截至2020年12月31日止年度之末期股息(2019年：無)。

優先購股權

本公司組織章程細則(「組織章程細則」)或開曼群島法例項下並無有關優先購股權的規定，致使本公司須按比例基準向現有股東發售新股份。

業績及分配

本集團截至2020年12月31日止年度的業績分別載於本年報第94及第95頁的綜合損益及其他全面收益表。

物業、廠房及設備

本集團物業、廠房及設備的詳情載於財務報表附註17。

股本

本公司的股本變動載於財務報表附註37。

REPORT OF THE DIRECTORS

董事會報告

BANK LOANS

Interest-bearing bank and other borrowings of the Group as at 31 December 2020 are set out in note 32 to the financial statements.

DIRECTORS' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS

The directors' emoluments are determined by the Board with reference to their duties, responsibilities and performance and the results of the Group. Details of the directors' emoluments and the five highest paid individuals are set out in notes 13 to the financial statements respectively.

EMOLUMENT POLICY

A remuneration committee was set up to develop the Group's emolument policy and structure for remuneration of the directors and senior management of the Group, having regard to the Group's operating results, individual performance of the directors and senior management and comparable market practices.

PENSION SCHEMES

Pursuant to the relevant labour rules and regulations in the PRC, the Group's subsidiaries in the PRC participate in defined contribution retirement benefit schemes (the "PRC Schemes") organized by the local authorities whereby the subsidiaries are required to make contributions to the PRC Schemes based on a percentage of the eligible employees' salaries. Contributions to the PRC Schemes vest immediately. Under the PRC Scheme, retirement benefits of existing and retired employees are payable by the relevant scheme administrators and the Group has no further obligations beyond the annual contributions.

The Group enrolled all employees in Hong Kong in the Mandatory Provident Fund Scheme ("MPF") (together with the PRC Schemes, the "Retirement Benefit Schemes"), which is a defined contribution retirement benefit scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to the consolidated income statement as they become payable in accordance with the rules of the MPF. The Group contributes 5% of the relevant payroll costs to the MPF subject to a cap of monthly relevant income of HK\$30,000, and which contribution is matched by the employees. The assets of the MPF are held separately from those of the Group, in funds under the control of trustees. Contributions from the employer are 100% vested in the employees as soon as they are paid to the MPF and subject to certain conditions being met, and all benefits derived from the mandatory contributions must be preserved until the employee either reaches the normal retirement age of 65 or meets certain specified conditions whichever is earlier.

銀行貸款

本集團於2020年12月31日的計息銀行及其他借款載於財務報表附註32。

董事酬金及五名最高薪酬人士

董事薪酬乃由董事會經參考彼等的職責、責任及表現以及本集團的業績而釐定。董事及五名最高薪酬人士的薪酬詳情分別載於財務報表附註13。

薪酬政策

本集團成立薪酬委員會以制定有關本集團董事及高級管理層之薪酬政策及架構，該等薪酬政策及架構已參考本集團的經營業績、董事及高級管理層的個人表現及可資比較市場常規。

退休金計劃

根據中國相關勞動規則及法規，本集團於中國的附屬公司參與由各地地方機關組織的界定供款退休福利計劃（「中國計劃」），據此，附屬公司須按合資格僱員薪金的某百分比向中國計劃作出供款。中國計劃的供款會即時歸屬。根據中國計劃，相關計劃管理機構須為現有及退休僱員支付退休福利，而本集團除每年供款外，毋須承擔其他責任。

本集團已為香港的全體僱員參加了強制性公積金計劃（「強積金」）（連同中國計劃，統稱為「退休福利計劃」），此為界定供款退休福利計劃。供款乃按僱員基本薪金的百分比計算，並於根據強積金之規則須予支付時於綜合收益表扣除。本集團向強積金所作的供款為有關工資成本之5%（受每月相關收入上限30,000港元所限），而僱員的供款比率亦相同。強積金的資產與本集團的資產分開持有，以基金形式由信託人控管。僱主的供款投入強積金後，即全數歸僱員所有，除滿足若干條件的情況外，強制性供款涉及的利益須保留至僱員年屆六十五歲退休時或達成若干特定條件（以較早者為準）才予以發還。

REPORT OF THE DIRECTORS

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PENSION SCHEMES *(Continued)*

The Group's contributions to Retirement Benefit Schemes charged to the consolidated income statement for the year ended 31 December 2020 were RMB2,960,000 (2019: RMB6,119,000).

MANAGEMENT CONTRACTS

No contract for the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the year.

RESERVES AND DISTRIBUTABLE RESERVES

Details of movements in the reserves of the Company and the Group during the year ended 31 December 2020 are set out in note 44 to the financial statements and the consolidated statement of changes in equity respectively.

As at 31 December 2020, the Company's distributable reserves available for distribution amounted to RMB759,868,000, calculated in accordance with the provisions of the Companies Law (2012 Revision) of the Cayman Islands.

MAJOR CUSTOMERS AND SUPPLIERS

The percentages of purchases and sales for the year attributable to the Group's major suppliers and customers are as follows:

Purchases

- the largest supplier: 8% of cost of sales
- five largest suppliers combined: 30% of cost of sales

Sales

- the largest customer: 20% of revenue
- five largest customers combined: 52% of revenue

退休金計劃 *(續)*

本集團於截至2020年12月31日止年度計入綜合收益表的退休福利計劃供款為人民幣2,960,000元(2019年：人民幣6,119,000元)。

管理合約

於本年度，本公司並無就本公司全部或任何主要部分業務訂立或現存任何管理及行政合約。

儲備及可供分派儲備

本公司及本集團截至2020年12月31日止年度的儲備變動詳情分別載於財務報表附註44及綜合權益變動表。

於2020年12月31日，根據開曼群島公司法(2012年修訂版)的規定計算，本公司可供分派儲備為人民幣759,868,000元。

主要客戶及供應商

本集團主要供應商及客戶佔本年度之採購額及銷售額百分比如下：

採購額

- 最大供應商：佔銷售成本的8%
- 五大供應商合計：佔銷售成本的30%

銷售額

- 最大客戶：佔營業額的20%
- 五大客戶合計：佔營業額的52%

REPORT OF THE DIRECTORS

董事會報告

MAJOR CUSTOMERS AND SUPPLIERS (Continued)

The scrap copper that we process comes from a variety of sources, including used household appliances, electrical equipment and transportation equipment, used cables and wires and scrap materials from certain industrial manufacturing processes. We purchase our scrap copper mainly from domestic suppliers located near our production facilities and elsewhere in other provinces of the PRC. We conduct rigorous quality control tests at different stages of our production processes, including rigorous quality tests of our raw materials. Before entering into a business relationship with a new supplier, we conducted due diligence on the supplier's background and reputation in the market to assess its suitability. In addition, we physically inspect each delivery of raw materials to ensure its compliance with contract specifications, including purity and copper content.

Maintaining strong relationships with our customers is important to us and we believe that our customers' willingness to work with us reflects, among others, our record of producing high quality products that meet industry standards and customer requirements.

None of the Directors of the Company or any of their associates or any shareholders (which to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) has any interest in the Group's five largest customers and five largest suppliers.

CONTINUING CONNECTED TRANSACTIONS

The continuing connected transactions during the year ended 31 December 2020 were as follows:

Delivery cost charged by Mianyang Jin Xunhuan Finance Storage Limited ("MJXFSL"), a company wholly owned by Sichuan Jin Xunhuan E-commerce trading Co. Ltd. ("JX E-commerce") RMB10,398,000

On 1 May 2018, the Company and MJXFSL entered into Delivery Services Agreement, pursuant to which MJXFSL agreed to provide to the Group delivery services for a period of 20 months commencing from 1 May 2018. On 30 December 2019, the Company and MJXFL entered into a new Delivery Service Agreement, pursuant to which MJXFL agreed to provide to the Group delivery services for a period of 2 years from 1 January 2020 to 31 December 2021.

主要客戶及供應商(續)

我們加工的廢銅是來自多個來源，包括舊家電、電氣設備及運輸設備、舊電纜電線，以及某些工業製造流程產生的廢料。我們主要向位於名下生產設施附近及位於中國其他省份的國內供應商採購廢銅。我們在生產流程的不同階段採取嚴格的質量控制檢測，包括對我們原材料的嚴格品質測試。與一家新供應商建立業務關係前，我們對供應商背景和於市場內的聲譽進行審慎調查，以評估其合適性。此外，我們亦對原材料的每次交貨進行實質檢查，以確保符合合同規格，包括純度和銅含量。

與客戶維持穩固的關係對我們至關重要，我們認為，客戶願意與我們合作反映出(其中包括)我們有著生產符合行業標準和客戶要求的高品質產品的記錄。

本公司董事或彼等的任何聯繫人或任何股東(就董事所深知擁有本公司已發行股本5%以上的股東)概無於本集團五大客戶及五大供應商中擁有任何權益。

持續關連交易

截至2020年12月31日止年度的持續關連交易如下：

四川金循環電子商務有限公司
(「金循電子商務」)全資擁有的
公司綿陽金循環金融倉儲有限 人民幣
公司(「MJXFSL」)收取的運送成本 10,398,000元

於2018年5月1日，本公司與MJXFSL訂立運送服務協議，據此，MJXFSL同意自2018年5月1日起計20個月期間向本集團提供運送服務。於2019年12月30日，本公司與MJXFL訂立新運送服務協議，據此，MJXFL同意向本集團提供運送服務，自2020年1月1日至2021年12月31日為期2年。

REPORT OF THE DIRECTORS

董事會報告

CONTINUING CONNECTED TRANSACTIONS (Continued)

As at the date of the Delivery Services Agreement and the new Delivery Services Agreement, MJXFSL was indirectly controlled by Ms. Yu Yanyan and Ms. Yu Jiajia, daughters of Mr. Yu Jianqiu, the chairman and executive director of the Company. MJXFSL was therefore a connected person of the Company. Accordingly, the entering into of the Delivery Services Agreement and the transactions contemplated under the Delivery Services Agreement constituted a continuing connected transaction for the Company under Chapter 14A of the Listing Rules.

For the purpose of complying with Chapter 14A of the Listing Rules, the Company has estimated that the aggregate fees payable by the Company to MJXFSL for the delivery services during the term of the Delivery Services Agreement and the new Delivery Services Agreement shall not exceed RMB48.5 million (the "Annual Cap") (RMB20 million for the period from 1 May 2018 to 31 December 2018 and RMB28.5 million for the period from 1 January 2019 to 31 December 2019). RMB 25 million for the period from 1 January 2020 to 31 December 2020 and RMB 35 million for the period from 1 January 2020 to 31 December 2021.

Given the terms of the Delivery Service Agreement and the new Delivery Services Agreement were negotiated on an arm's length basis and gone through public tendering, the Directors (including the independent non-executive Directors) are of the view that the terms of the Delivery Services Agreement, including the Annual Cap, are on normal commercial terms, in the ordinary and usual course of business of the Company and are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The Company's external auditor was engaged to report on the Group's continuing connected transaction. For the purpose of Rule 14A.56 of the Listing Rules, the auditor of the Company has provided a letter to the Board confirming that nothing has come to their attention to cause them to believe that the continuing connected transaction:

- (i) has not been approved by the Board;
- (ii) was not entered into, in all material respects, in accordance with the Delivery Services Agreement; and
- (iii) has exceeded the Annual Cap.

A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

持續關連交易 (續)

於運送服務協議及新運送服務協議日期，MJXFSL由本公司主席兼執行董事俞建秋先生的女兒俞燕燕女士及俞佳佳女士間接控制。故MJXFSL為本公司的關連人士。因此，根據上市規則第14A章，訂立運送服務協議及其項下擬進行的交易構成本公司的持續關連交易。

為遵守上市規則第14A章，本公司估計本公司應付MJXFSL於運送服務協議及新運送服務協議期間提供運送服務的總費用不得超過人民幣48,500,000元（「年度上限」）（2018年5月1日至2018年12月31日期間人民幣20,000,000元及2019年1月1日至2019年12月31日期間人民幣28,500,000元、2020年1月1日至2020年12月31日期間人民幣25,000,000元及2020年1月1日至2021年12月31日期間人民幣35,000,000元）。

鑑於運送服務協議及新運送服務協議的條款經公平磋商釐定並透過公開招標，董事（包括獨立非執行董事）認為，運送服務協議的條款（包括年度上限）乃按一般商業條款、在本公司日常及一般業務過程中進行及屬公平合理，並符合本公司及股東的整體利益。

本公司外聘核數師已獲委聘就本集團之持續關連交易提交報告。根據上市規則第14A.56條，本公司核數師已向董事會發出函件，確認並無得悉任何資料，令其相信持續關連交易有以下情況：

- (i) 未獲董事會批准；
- (ii) 未有在各重大方面根據運送服務協議訂立；及
- (iii) 已超逾年度上限。

本公司已將核數師函件之副本提交聯交所。

REPORT OF THE DIRECTORS

董事會報告

CONTINUING CONNECTED TRANSACTIONS (Continued)

Except the above and disclosed elsewhere in the annual report, there were no continuing connected transactions during the year ended 31 December 2020.

SHARE OPTION SCHEME

The Company operates a share option scheme (the “Share Option Scheme”) to provide incentive and/or reward to eligible persons for their contribution to, and continuing efforts to promote the interests of, our Company. The Share Option Scheme was conditionally approved by a written resolution of the then shareholders of the Company on 28 January 2014 and came into effect upon the Company’s listing on 21 February 2014.

Purpose

The purpose of the Share Option Scheme is to provide incentive and/or reward to eligible persons for their contribution to, and continuing efforts to promote the interests of, our Company.

Who may join

The Board may, at its absolute discretion, offer options (“Options”) to subscribe for such number of Shares in accordance with the terms set out in the Share Option Scheme to any director or employee of the Group and any other person (including a consultant or advisor) who in the sole discretion of the Board has contributed or will contribute to the Group (“Eligible Persons”).

Further details of the Share Option Scheme

The maximum number of shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other schemes of our Group shall not in aggregate exceed 10% of the shares in issue as at the Listing Date (i.e. 209,832,160 shares) (the “Scheme Mandate Limit”). Our Company may at any time as the Board may think fit seek approval from our shareholders to refresh the Scheme Mandate Limit, save that the maximum number of shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other schemes of our Company shall not exceed 10% of the shares in issue as at the date of approval by shareholders in general meeting where the Scheme Mandate Limit is refreshed.

持續關連交易 (續)

除上文及年報其他地方所披露者外，截至2020年12月31日止年度，並無持續關連交易。

購股權計劃

本公司設有購股權計劃(「購股權計劃」)，旨在對合資格人士提供獎勵及／或獎賞，以肯定彼等對本公司的貢獻，以及鼓勵彼等繼續致力提升本公司的利益。於2014年1月28日，購股權計劃由本公司當時的股東經書面決議案有條件批准，並自本公司於2014年2月21日上市後生效。

目的

購股權計劃旨在對合資格人士提供獎勵及／或獎賞，以肯定彼等對本公司的貢獻，以及鼓勵彼等繼續致力提升本公司的利益。

可參與人士

董事會可按其絕對酌情向本集團任何董事或僱員及董事會全權認為已或將會對本集團有貢獻的任何其他人士(包括顧問或諮詢人)(「合資格人士」)授予可根據購股權計劃所載條款認購有關數目股份的購股權(「購股權」)。

購股權計劃之更多詳情

根據購股權計劃及本集團任何其他計劃將予授出之購股權獲悉數行使後而可能發行之股份數目上限合共不得超過上市日期已發行股份之10%(即209,832,160股)(「計劃授權上限」)。本公司可隨時於董事會認為合適時尋求股東批准更新計劃授權上限，惟根據購股權計劃及本公司任何其他計劃將予授出之購股權獲悉數行使後而可能發行之股份數目上限不得超過股東於股東大會批准更新計劃授權上限當日已發行股份之10%。

REPORT OF THE DIRECTORS

董事會報告

SHARE OPTION SCHEME (Continued)

Further details of the Share Option Scheme (Continued)

Our Company may seek separate approval from our shareholders in general meeting for granting Options beyond the Scheme Mandate Limit, provided that the Options in excess of the Scheme Mandate Limit are granted only to the Eligible Person specified by our Company before such approval is obtained. The maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other options granted and yet to be exercised under any other scheme shall not exceed 30% of our Company's issued share capital from time to time. No options may be granted under the Share Option Scheme and any other share option scheme of our Company if this will result in such limit being exceeded.

The Scheme Mandate Limit was refreshed by a resolution passed at the annual general meeting held on 9 June 2015. The number of further options that can be granted by the Company was refreshed to 210,514,560 share options.

The total number of shares available for issue under the Share Option Scheme of the Company was 214,429,386 shares, which was approximately 8.15% of the issued share capital as at 31 December 2020.

No Option may be granted to any one person such that the total number of shares issued and to be issued upon exercise of Options granted and to be granted to that person in any 12-month period up to the date of the latest grant exceeds 1% of our Company's issued share capital from time to time.

Subject to the terms of the Share Option Scheme, the Board shall be entitled at any time within 10 years after the date of adoption of the Share Option Scheme to offer the grant of an Option to any Eligible Person as the Board may in its absolute discretion select to subscribe at the subscription price for such number of shares as the Board may (subject to the terms of the Share Option Scheme) determine (provided the same shall be a board lot for dealing in the shares on the Stock Exchange or an integral multiple thereof).

購股權計劃(續)

購股權計劃之更多詳情(續)

本公司可於股東大會尋求股東獨立批准授出超過計劃授權上限之購股權，前提是超過計劃授權上限之購股權僅授予取得有關批准前本公司指定之合資格人士。因行使根據購股權計劃所授出但尚未行使的全部尚未行使的購股權及根據任何其他計劃所授出但尚未行使的任何其他購股權而可能發行之股份數目上限不得超過本公司不時已發行股本之30%。倘此將導致超過有關限額，則不得根據本公司購股權計劃及任何其他購股權計劃授出任何購股權。

計劃授權上限透過於2015年6月9日舉行的股東週年大會上通過的決議案更新。本公司可進一步授出的購股權數目已更新為210,514,560份購股權。

於2020年12月31日根據本公司購股權計劃可供發行之股份總數為214,429,386股，佔已發行股本約8.15%。

於截至最近授出日期之任何十二個月期間內，概無向任何人士授出購股權，致使因行使已授予或將授予該人士之購股權而發行及將予發行之股份總數超過本公司不時之已發行股本1%。

根據購股權計劃之條款，董事會有權於採納購股權計劃日期後十年內隨時向任何董事會酌情選擇之合資格人士作出授出購股權要約，可按認購價認購董事會可能(根據購股權計劃之條款)釐定之有關數目之股份(惟有關數目須為股份於聯交所買賣之每手買賣單位或其完整倍數)。

REPORT OF THE DIRECTORS

董事會報告

SHARE OPTION SCHEME (Continued)

Further details of the Share Option Scheme (Continued)

Subject to the terms of the Scheme, the Board may in its absolute discretion when offering the grant of an Option specify such conditions, restrictions or limitations in relation thereto in addition to those set forth in the Share Option Scheme as the Board may think fit when making an offer to an Eligible Person (including, without limitation, as to any performance criteria which must be satisfied by the Eligible Person and/or the Company and/or its subsidiaries, and any minimum period for which an Option must be held, before an Option may be exercised, if any), provided that such conditions shall not be inconsistent with any other terms or conditions of the Share Option Scheme.

An Option shall be deemed to have been granted and accepted by the Eligible Person and to have taken effect when the duplicate offer letter comprising acceptance of the offer of the Option duly signed by the grantee together with a remittance in favor of our Company of HK\$1.00 by way of consideration for the grant thereof is received by our Company on or before 30 days after the offer date. To the extent that an offer is not accepted within the time stated in the offer for that purpose, it shall be deemed to have been irrevocably declined and shall immediately lapse.

The subscription price in respect of any particular Option shall be such price as the Board may in its absolute discretion determine at the time of grant of the relevant Option (and shall be stated in the letter containing the offer of the grant of the Option) but the subscription price shall be at least the highest of:

- (a) the closing price of a share as stated in the Stock Exchange's daily quotations sheet on the offer date, which must be a business day;
- (b) the average closing price of a share as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the offer date; and
- (c) the nominal value of a share.

An Option shall be exercised in whole or in part within the option period which is the period to be determined and notified by the Board to the grantee during which period the Option may be exercised and in any event shall not exceed ten years commencing from the date on which the offer in relation to such Option is accepted.

購股權計劃(續)

購股權計劃之更多詳情(續)

根據計劃之條款，董事會可全權酌情於作出授出購股權要約時在購股權計劃所載以外列入其認為於向合資格人士作出授出要約時屬合適之有關計劃條件、限制或規限(包括但不限於合資格人士及／或本公司及／或其附屬公司須達致之任何表現標準及於行使購股權前之任何最少持有期限(如有))，惟有關條件須與購股權計劃任何其他條款或條件一致。

當本公司於要約日期後30日或之前收到由承授人正式簽署的購股權要約函件副本(包括購股權要約的接納書)，連同為數1.00港元作為獲授購股權代價以本公司為收款人之匯款，購股權應被視作已授出及獲合資格人士接納並已生效。倘要約於要約所述時間內未獲接納，即有關要約被視為不可撤回地拒絕並即時失效。

任何特定購股權之認購價應由董事會於授出相關購股權時全權酌情決定(並應於載有授出購股權要約之函件中列明)，惟認購價不得低於下列最高者：

- (a) 股份於要約日期(必須為營業日)在聯交所每日報價表上所載之收市價；
- (b) 股份於緊接要約日期前五個營業日在聯交所每日報價表上所載之平均收市價；及
- (c) 股份面值。

購股權可於購股權期內行使全部或部分，行使期由董事會決定並通知承授人，期內，購股權可予行使，且在任何情況下，由接納有關購股權要約當日起計不得超過十年。

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SHARE OPTION SCHEME (Continued)

Further details of the Share Option Scheme (Continued)

The Share Option Scheme shall be valid and effective for a period of 10 years from the date of adoption of the Share Option Scheme (i.e. 28 January 2014), after which no further options will be granted or offered but the provisions of the Share Option Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of any subsisting Options granted prior to the expiry of the 10-year period or otherwise as may be required in accordance with the provisions of the Share Option Scheme.

Movements of the Share Option Scheme during the year ended 31 December 2020 are as follows:

購股權計劃(續)

購股權計劃之更多詳情(續)

購股權計劃由採納購股權計劃日期(即2014年1月28日)起計十年內有效，之後不會進一步授出或提呈授出購股權，惟購股權計劃之條文仍維持十足效力及生效，致使在十年期屆滿前或根據購股權計劃條文可能規定之其他方式授出的任何存續購股權可予行使。

截至2020年12月31日止年度，購股權計劃之變動如下：

Category	Date of grant	Number of shares options held at 1 January 2020		Granted during 2020	Exercised during 2020	Lapsed/ cancelled during 2020	Number of shares options held at 31 December 2020		Exercise period of share options	Exercise price of share options	Price of share of the Company 本公司股份價格	
		於2020年1月1日持有之購股權數目	於2020年1月1日持有之購股權數目				於2020年12月31日持有之購股權數目	於2020年12月31日持有之購股權數目			at the grant date of share options	at the exercise date of share options
類別	授出日期	於2020年1月1日持有之購股權數目	於2020年1月1日持有之購股權數目	於2020年授出	於2020年行使	於2020年失效/註銷	於2020年12月31日持有之購股權數目	於2020年12月31日持有之購股權數目	購股權行使期	購股權行使價 HK\$ 港元	於購股權授出日期 HK\$ 港元	於購股權行使日期
Directors												
董事												
Mr. Kwong Wai Sun Wilson 鄭偉信先生	7 May 2015 2015年5月7日	5,000,000	-	-	-	-	5,000,000	5,000,000	7 May 2015 to 6 May 2025 2015年5月7日至 2025年5月6日	1.68	1.68	-
Mr. Huang Wai Ping 黃偉萍先生	2 July 2014 2014年7月2日	667,000	-	-	-	-	667,000	667,000	2 July 2014 to 1 July 2024 2014年7月2日至 2024年7月1日	1.13	1.07	-
Ms. Zhu Yufen 朱玉芬女士	2 July 2014 2014年7月2日	3,334,000	-	-	-	-	3,334,000	3,334,000	2 July 2014 to 1 July 2024 2014年7月2日至 2024年7月1日	1.13	1.07	-
Mr. Pan Liansheng 潘連勝先生	7 May 2015 2015年5月7日	1,000,000	-	-	-	-	1,000,000	1,000,000	7 May 2015 to 6 May 2025 2015年5月7日至 2025年5月6日	1.68	1.68	-
Mr. Lee Ting Bun Denny 李廷斌先生	7 May 2015 2015年5月7日	1,000,000	-	-	-	-	1,000,000	1,000,000	7 May 2015 to 6 May 2025 2015年5月7日至 2025年5月6日	1.68	1.68	-
Ms. Ren Ruxian 任汝嫻女士	31 May 2016 2016年5月31日	1,000,000	-	-	-	-	1,000,000	1,000,000	31 May 2016 to 30 May 2026 2016年5月31日至 2026年5月30日	3.66	3.05	-

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SHARE OPTION SCHEME (Continued)

購股權計劃(續)

Further details of the Share Option Scheme (Continued)

購股權計劃之更多詳情(續)

Category	Date of grant	Number of shares options held at 1 January 2020		Granted during 2020	Exercised during 2020	Lapsed/ cancelled during 2020	Number of shares options held at 31 December 2020	Exercise period of share options	Exercise price of share options	Price of share of the Company	
		at the grant date of share options	at the exercise date of share options							at the grant date of share options	at the exercise date of share options
類別	授出日期	於2020年1月1日持有之購股權數目	於2020年授出	於2020年行使	於2020年失效/註銷	於2020年12月31日持有之購股權數目	購股權行使期	購股權行使價 HK\$ 港元	於購股權授出日期 HK\$ 港元	於購股權行使日期	
Eligible persons other than directors 董事之外的合資格人士	2 July 2014	7,927,000	-	-	(501,000)	7,426,000	2 July 2014 to 1 July 2024	1.13	1.07	-	
董事之外的合資格人士	2014年7月2日						2014年7月2日至 2024年7月1日				
Eligible persons other than directors 董事之外的合資格人士	7 May 2015	80,870,000	-	-	(2,110,000)	78,760,000	7 May 2015 to 6 May 2025	1.68	1.68	-	
董事之外的合資格人士	2015年5月7日						2015年5月7日至 2025年5月6日				
Eligible persons other than directors 董事之外的合資格人士	31 May 2016	30,590,000	-	-	(2,750,000)	27,840,000	31 May 2016 to 30 May 2026	3.66	3.05	-	
董事之外的合資格人士	2016年5月31日						2016年5月31日至 2026年5月30日				
Eligible persons other than directors 董事之外的合資格人士	12 December 2017	2,104,098	-	-	(1,295,764)	808,334	12 December 2017 to 11 December 2022	3.70	3.70	-	
董事之外的合資格人士	2017年12月12日						2017年12月12日至 2022年12月11日				
Total 總計		133,492,098	-	-	(6,656,764)	126,835,334					

REPORT OF THE DIRECTORS

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SHARE OPTION SCHEME (Continued)

Further details of the Share Option Scheme (Continued)

The key terms and conditions related to the grants under the Share Option Scheme are as follows; all options are to be settled by the physical delivery of shares.

購股權計劃(續)

購股權計劃之更多詳情(續)

與根據購股權計劃授出購股權有關的主要條款及條件如下，所有購股權將透過實際交付股份結算。

Grant date 授出日期	Number of instruments in thousands 工具數目(千份)	Vesting conditions 歸屬條件	Contractual life of Options 購股權合約年期
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Options granted to directors

授予董事的購股權

— On 2 July 2014 — 於2014年7月2日	24,000	One third on the first anniversary, one third on the second anniversary, and the remaining on the third anniversary of the grant respectively 三分之一於授出的第一週年、 三分之一於第二週年及其餘於第三週年	10 years 10年
— On 7 May 2015 — 於2015年5月7日	8,000	Same as above 同上	10 years 10年
— On 31 May 2016 — 於2016年5月31日	1,000	Same as above 同上	10 years 10年

Options granted to employees

授予僱員的購股權

— On 2 July 2014 — 於2014年7月2日	89,000	Same as above 同上	10 years 10年
— On 7 May 2015 — 於2015年5月7日	94,360	Same as above 同上	10 years 10年
— On 31 May 2016 — 於2016年5月31日	26,930	Same as above 同上	10 years 10年

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SHARE OPTION SCHEME (Continued)

購股權計劃(續)

Further details of the Share Option Scheme (Continued)

購股權計劃之更多詳情(續)

Grant date 授出日期	Number of instruments in thousands 工具數目(千份)	Vesting conditions 歸屬條件	Contractual life of Options 購股權合約年期
Options granted to certain eligible participants 授予若干合資格參與者的購股權			
— On 23 July 2015 — 於2015年7月23日	7,600	On the first anniversary of the date upon which the share Options are six months commencing from the expiry of the first anniversary of the date of accepted subject to the grantees remaining as eligible persons at the date of vesting 於購股權獲接納的第一週年日起計六個月，惟承授人於歸屬日期須仍為合資格人士	Six months commencing from the expiry of the first anniversary of the date of acceptance and expiring on the last day of the 6 month-period 接納日期起計第一週年屆滿開始直至六個月期間的最後一日為止之六個月
— On 31 May 2016 — 於2016年5月31日	5,200	On the first anniversary of the date upon which the share options are accepted subject to the grantees achieving the pre-determined annual sales target 於購股權獲接納的第一週年當日，惟承授人須完成預定年度銷售目標	10 years 10年
— On 12 December 2017 — 於2017年12月12日	29,564	On 31 March 2019 subject to the grantees achieving the pre-determined performance target for the period from 1 December 2017 to 31 December 2018 and the grantees remaining as eligible persons at the date of vesting 於2019年3月31日，惟承授人須完成於2017年12月1日至2018年12月31日的預定業績目標且承授人於歸屬日期維持為合資格人士	6.3 years 6.3年
Total share options granted 已授出購股權總數	285,654		

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SHARE OPTION SCHEME (Continued)

Further details of the Share Option Scheme (Continued)

The fair value of the relevant share Options granted were estimated as at the dates of grant using a binomial model, taking into account the terms and conditions upon which the relevant share Options were granted.

The following table sets out the inputs to the model used:

Grant date	2 July 2014		7 May 2015		23 July 2015*	31 May 2016			12 December 2017
	Share options granted to		Share options granted to		Share options granted to	Share options granted to			Share options granted to
授出日期	2014年7月2日		2015年5月7日		2015年7月23日*	2016年5月31日			2017年12月12日
	購股權授予		購股權授予		購股權授予	購股權授予			購股權授予
	Executive directors	Other employees	Executive directors	Other employees	Certain eligible participants	Executive directors	Other employees	Certain eligible participants	Certain eligible participants
	執行董事	其他僱員	執行董事	其他僱員	若干合資格參與者	執行董事	其他僱員	若干合資格參與者	若干合資格參與者
Fair value at measurement date (HK\$)	0.44	0.39	0.71	0.58	0.22	1.22	1.17	1.45	1.45
Share price (HK\$)	1.07	1.07	1.68	1.68	1.67	3.05	3.05	3.05	3.70
Exercise price (HK\$)	1.13	1.13	1.68	1.68	2.16	3.66	3.66	3.66	3.70
Expected volatility	45.54%	45.54%	46.20%	46.20%	49.43%	50.00%	50.00%	50.00%	41.61%
Historical volatility	45.54%	45.54%	46.20%	46.20%	49.43%	50.00%	50.00%	50.00%	41.61%
Expected life	10 years	10 years	10 years	10 years	1.5 years	10 years	10 years	10 years	6.3 years
Expected dividends	3%	3%	3%	3%	3%	1.47%	1.47%	1.47%	0.92%
Risk-free interest rate (based on Hong Kong Exchange Fund Notes)	2.059%	2.059%	1.745%	1.745%	0.239%	1.286%	1.286%	1.286%	1.647%
Exercise multiple	2.8	2.2	2.8	2.2	-	2.8	2.2	-	-
Postvesting exit rate	0%	5.44%	0%	16.12%	-	9.22%	9.22%	-	-

No other feature of the relevant share Options was incorporated into the measurement of fair value.

The value of the relevant share Options is subject to the limitations of the binomial model and a number of assumptions which are subjective and difficult to ascertain. Changes in the subjective input assumptions could materially affect the fair value estimate.

Further details relating to the Share Option Scheme and share Options granted thereunder are set out in note 2.4 and note 31 to the financial statements and the announcements of the Company dated 2 July 2014, 7 May 2015, 23 July 2015, 31 May 2016 and 12 December 2017. Apart from the above, the Company had not granted any share Options under the Share Option Scheme to any other persons as required to be disclosed under the Rule 17.07 of the Listing Rules during the year ended 31 December 2020.

購股權計劃(續)

購股權計劃之更多詳情(續)

已授出之有關購股權之公平值於授出日期使用二項式模型估算，已考慮授出有關購股權之條款及條件。

下表載列該模型使用之輸入數據：

概無有關購股權之其他特點納入公平值計量。

有關購股權之價值受限於二項式模型的限制及多項假設，上述因素均屬主觀因素且難以確定。主觀輸入假設如有變動將對公平值估計造成重大影響。

更多關於購股權計劃及據此授出購股權之詳情載於財務報表附註2.4及附註31及本公司日期為2014年7月2日、2015年5月7日、2015年7月23日、2016年5月31日及2017年12月12日之公告。除上述者外，本公司於截至2020年12月31日止年度並無向任何其他人士授出上市規則第17.07條規定須予披露之購股權計劃項下任何購股權。

REPORT OF THE DIRECTORS

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PLEDGE OF SHARES BY CONTROLLING SHAREHOLDER

On 8 August 2017 and 22 April 2020, Epoch Keen entered into 2017 Share Charge and a confirmatory share charge respectively, with Huarong. Please refer to "ISSUE OF THE HUARONG CONVERTIBLE BONDS 2017" under "EQUITY LINKED AGREEMENTS" in this report and the announcement of the Company dated 8 August 2017 and 22 April 2020 for further details.

EQUITY LINKED AGREEMENTS

Share Option Scheme

Details of the Share Option Scheme of the Company are set out in the section above headed "SHARE OPTION SCHEMES".

Warrants Issued In 2015

On 19 January 2015, the Company issued 133,650,000 warrants to 7 subscribers at an issue price of HK\$0.001 per warrant. Each warrant will entitle its holder to subscribe for one share of the Company at a subscription price of HK\$1.30 per share. The warrants will be vested in phases according to the vesting conditions. The vesting condition is that the suppliers shall carry out the transactions under their respective annual procurement agreements, pursuant to which the suppliers in aggregate, agree to supply 49,500 tons of copper scrap raw materials to the Group in 2015 at a fixed discount of RMB1,000 per ton.

The warrants had been expired on 20 January 2020. As at 31 December 2020, there was no outstanding warrants. Please refer to the announcements of the Company dated 19 December 2014 and 5 February 2015 for further details.

控股股東質押股份

分別於2017年8月8日及2020年4月22日，時建與華融訂立2017股份押記及確認股份押記。更多詳情請參閱本報告「權益掛鈎協議」項下之「發行2017華融可換股債券」及本公司日期為2017年8月8日及2020年4月22日之公告。

權益掛鈎協議

購股權計劃

有關本公司購股權計劃的詳情載於上文「購股權計劃」一節。

2015年發行的認股權證

於2015年1月19日，本公司以發行價每一份認股權證0.001港元向七名認購方發行133,650,000份認股權證。每份認股權證將賦予其持有人認購一股本公司股份的權利，認購價為每股股份1.30港元。認股權證將按歸屬條件分階段歸屬。歸屬條件為供應商應履行彼等各自於年度供應協議下的交易。根據年度供應協議，各供應商同意於2015年以固定折讓每噸人民幣1,000元，供應合計49,500噸的廢舊銅原材料予本集團。

認股權證已於2020年1月20日期滿。於2020年12月31日，概無未行使的認股權證。有關進一步詳情，務請參閱本公司日期為2014年12月19日及2015年2月5日的相關公告。

REPORT OF THE DIRECTORS

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EQUITY LINKED AGREEMENTS (Continued)

Warrants Issued In 2015 (Continued)

Movements of warrants during the for the year ended 31 December 2020 are as follows:

Issue date of the warrants 認股權證發行日期	Exercise price 行使價 HK\$ 港元	Number of warrants held at 1 January 2020 於2020年1月1日持有之認股權證數目	Exercised 已行使	Expired 已屆滿	Number of warrants held at 31 December 2020 於2020年12月31日持有之認股權證數目	Funds raised from the exercise of warrants 由行使認股權證而籌得的資金 HK\$'000 千港元
19 January 2015 2015年1月19日	1.30	9,612,578	-	(9,612,578)	-	-

權益掛鈎協議 (續)

2015年發行的認股權證 (續)

截至2020年12月31日止年度，認股權證之變動如下：

Issue Of Convertible Bonds On 12 April 2017

On 12 April 2017, the Company issued convertible bonds with an aggregate principal amount of HK\$250,000,000. The convertible bonds bear a fixed interest rate of 12% with interest to be paid on a quarterly basis. The original maturity date of the convertible bonds is the first anniversary of the issue date, subject to the bondholder's right to extend the maturity date initially for a period of up to one year (the "Extended Maturity") and also for a period of up to one year after the Extended Maturity by notice in writing to the Company (the "Further Extended Maturity"). The bondholder has the right to convert the principal amount of the convertible bonds into ordinary shares of HK\$0.1 each of the Company from the first business day following the first anniversary of the issue date up to and including the day preceding the Extended Maturity of Further Extended Maturity at an initial conversion price of HK\$3.0 per share (subject to adjustment). Please refer to the announcements of the Company dated 9 April 2017 and 12 April 2017 for further details.

As disclosed in the announcement of the Company dated 11 August 2017, on the same day, the Company has redeemed the convertible bonds in the principal amount of HK\$135,000,000 (the "Early Redemption").

於2017年4月12日發行可換股債券

於2017年4月12日，本公司發行本金總額為250,000,000港元的可換股債券。可換股債券按固定利率12%計算，利息按季度支付。可換股債券的原到期日為發行日期第一週年日，惟債券持有人有權延長初步到期日達一年（「延長到期日」），及透過向本公司發出書面通知於延長到期日後再延長一年（「進一步延長到期日」）。債券持有人有權於發行日期第一週年後首個營業日直至及包括延長到期日或進一步延長到期日前之日以初步兌換價每股3.0港元（可予調整）將可換股債券的本金額轉換為本公司每股面值0.1港元的普通股。有關進一步詳情，請參閱本公司日期為2017年4月9日及2017年4月12日的公告。

誠如本公司日期為2017年8月11日的公告所披露，同日本公司已贖回本金額為135,000,000港元的可換股債券（「提早贖回」）。

REPORT OF THE DIRECTORS

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EQUITY LINKED AGREEMENTS *(Continued)*

Issue Of Convertible Bonds On 12 April 2017 *(Continued)*

In respect of the convertible bonds in the aggregate principal amount of HK\$115,000,000 issued by the Company under the subscription agreement signed on 9 April 2017 ("Tranche II Convertible Bonds"), the Tranche II Convertible Bonds in the principal amount of HK\$35,000,000, together with the interest accrued thereon, has been repaid by the Company on 12 April 2018. In addition, the Company is notified by Leading Sky Holdings Limited on 11 April 2018 that Leading Sky Holdings Limited has transferred the Remaining Tranche II Convertible Bonds to Peaceful and Peaceful has exercised its right to extend the maturity date of the Remaining Tranche II Convertible Bonds for two (2) years in accordance with the Tranche II Convertible Bonds terms and conditions. The Remaining Tranche II Convertible Bonds has been redeemed through refinancing and was cancelled. For detail, please refer to the announcements of the Company dated 12 April 2018, 12 April 2019 and 14 April 2020.

Issue Of The Huarong Convertible Bonds on 11 August 2017

On 11 August 2017, the Company issued convertible bonds with an aggregate principal amount of HK\$400,000,000 to Huarong ("Huarong CB 2017"). The convertible bonds bear a fixed interest rate of 8% with interest to be paid on a quarterly basis. The convertible bonds will expire at the second anniversary of the issue date and are convertible into ordinary shares of HK\$0.10 each in the issued share capital of the Company at an initial conversion price of HK\$2.99 per share (subject to adjustment). As of 31 December 2020, the outstanding principal amount of Huarong CB 2017 was HK\$390,000,000. On 22 April 2020, the Company and Huarong into an amendment and extension agreement to conditionally extend the maturity date of the Huarong CB 2017. The amendment and extension of term of Huarong CB 2017 were completed on 7 May 2020. Following the completion, the maturing date of Huarong CB 2017 have been extended to 11 August 2020. The Huarong CB 2017 matured on 11 August 2020. On 9 July 2020, the Company entered into a non-legally binding letter of intent with Huarong pursuant to which the parties are in the process of discussion a possible extension of the maturity date of Huarong CB 2017. As of the date of this annual report, the discussion with Huarong of a potential extension is still ongoing. Please refer to the announcements of the Company dated 31 July 2017, 11 August 2017, 22 April 2020, 27 April 2020 and 7 May 2020 for further details.

權益掛鈎協議 *(續)*

於2017年4月12日發行可換股債券 *(續)*

就本公司根據於2017年4月9日簽訂的認購協議發行本金總額115,000,000港元的可換股債券(「第II批可換股債券」)而言,本公司已於2018年4月12日償還本金額35,000,000港元的第II批可換股債券連同應計利息。此外,本公司於2018年4月11日獲領先控股有限公司告知,領先控股有限公司已向富康轉讓餘下第II批可換股債券,及富康已行使其權利,根據第II批可換股債券條款及條件延長餘下第II批可換股債券的到期日兩(2)年。餘下第II批可換股債券已透過再融資贖回,並已註銷。有關詳情,務請參閱本公司日期為2018年4月12日、2019年4月12日及2020年4月14日的公告。

於2017年8月11日發行華融可換股債券

於2017年8月11日,本公司向華融發行本金總額為400,000,000港元的可換股債券(「2017華融可換股債券」)。可換股債券按固定利率8%計算,利息按季度支付。可換股債券將於發行日期第二週年日到期並可按初步兌換價每股2.99港元(可予調整)兌換為本公司已發行股本中每股面值0.10港元的普通股。截至2020年12月31日,2017華融可換股債券的未償還本金額為390,000,000港元。於2020年4月22日,本公司與華融訂立一份修訂及延期協議,有條件地延長2017華融可換股債券的到期日。修訂及延長2017華融可換股債券的年期已於2020年5月7日完成。於完成後,2017華融可換股債券的年期已延長至2020年8月11日。2017華融可換股債券已於2020年8月11日到期。於2020年7月9日,本公司與華融訂立一份無法律約束力的意向書,據此,當事各方正在商議2017華融可換股債券到期日的可能延長。截至本年報日期,與華融就有關可能延期的磋商仍在進行中。進一步詳情請參閱本公司日期為2017年7月31日、2017年8月11日、2020年4月22日、2020年4月27日及2020年5月7日之公佈。

REPORT OF THE DIRECTORS

董事會報告

EQUITY LINKED AGREEMENTS *(Continued)*

Issue Of The Huarong Convertible Bonds on 11 August 2017

(Continued)

On 8 August 2017, Epoch Keen, a company wholly owned by Mr. Yu Jianqiu, entered into a share charge ("2017 Share Charge") with Huarong, pursuant to which Epoch Keen charged 278,000,000 ordinary shares of the Company in favour of Huarong as security for the payment and discharge of obligations owing from the Company to Huarong pursuant to, amongst others, the subscription agreement of Huarong CB 2017. Pursuant to the amendment agreement entered between the Company and Huarong, confirmation deed has been entered to re-confirm the 2017 Share Charge. Please refer to the announcements the Company dated 8 August 2017, 22 April 2020, 27 April 2020 and 7 May 2020 for further details.

Issue Of The Prosper Rich Convertible Bonds on 11 August 2017

On 11 August 2017, the Company issued convertible bonds with an aggregate principal amount of HK\$200,000,000 to Prosper Rich. The convertible bonds bear a fixed interest rate of 8% with interest to be paid on a quarterly basis. The convertible bonds will expire at the second anniversary of the issue date and are convertible into ordinary shares of HK\$0.10 each in the issued share capital of the Company at an initial conversion price of HK\$2.99 per share (subject to adjustment). As of 31 December 2020, the outstanding principal amount of Prosper Rich Convertible Bonds 2017 was HK\$200,000,000. On 28 April 2020, the Company has entered into a subscription agreement with Prosper Rich. According to the subscription agreement, the Company would issue a note in the principal amount equivalent to the outstanding liabilities owed by the Group to Prosper Rich on the revised maturity date of the convertible bonds issued to Prosper Rich, interest-bearing at 14% per annum and due for repayment one year after the issuance date. The final execution of the note subscription is subject to the redemption or conversion of the convertible bonds issued to Huarong in the principal amount of HK\$390 million upon the maturity date of 11 August 2020. The subscription agreement was lapsed on 12 August 2020. As of the date of this annual report, the discussion with Prosper Rich of a potential extension is still ongoing. Please refer to the announcements of the Company dated 31 July 2017 and 11 August 2017 for further details.

權益掛鈎協議 *(續)*

於2017年8月11日發行華融可換股債券 *(續)*

於2017年8月8日，一間由俞建秋先生全資擁有的公司時建與華融訂立股份押記（「2017股份押記」），據此，時建以華融為受益人質押本公司278,000,000股普通股，作為支付及解除根據（其中包括）2017華融可換股債券的認購協議本公司應向華融履行之責任之擔保。根據本公司與華融訂立的修訂協議，確認契據已予訂立以重新確認2017股份押記。有關進一步詳情，請參閱本公司日期為2017年8月8日、2020年4月22日、2020年4月27日及2020年5月7日的公告。

於2017年8月11日發行亨富可換股債券

於2017年8月11日，本公司向亨富發行本金總額為200,000,000港元的可換股債券。可換股債券按固定利率8%計算，利息按季度支付。可換股債券將於發行日期第二週年日到期並可按初步兌換價每股2.99港元（可予調整）兌換為本公司已發行股本中每股面值0.10港元的普通股。截至2020年12月31日，2017亨富可換股債券的未償還本金額為200,000,000港元。於2020年4月28日，本公司與亨富訂立一份認購協議。根據認購協議，本公司將發行本金額相等於本集團於可換股債券的經修訂到期日欠結亨富的未償還負債、按年息14%計息及於發行日期後一年應還的票據。票據認購的最終簽立須於2020年8月11日到期時贖回或轉換發行予華融的本金額為390,000,000港元的可換股債券方可作實。該認購協議已於2020年8月12日失效。截至本年報日期，與亨富就潛在延期事宜的討論仍然進行中。更多詳情請參閱本公司日期為2017年7月31日及2017年8月11日的公告。

REPORT OF THE DIRECTORS

董事會報告

EQUITY LINKED AGREEMENTS *(Continued)*

Issue Of The Prosper Rich Convertible Bonds on 11 August 2017 *(Continued)*

The Directors are of the view that the above convertible bonds issue represented good opportunities for the Company to raise funds to strengthen its financial position and to finance the Group's future development and expansion. The Directors consider that raising funds by way of issuing the convertible bonds would enable the Company to obtain funds with a lower financial cost considering the recent debt and equity market conditions.

Signing Of Annual Procurement Agreement Involving Issue Of Consideration Shares Under General Mandate

On 15 June 2018, the Company entered into respective annual procurement agreements with fourteen suppliers, pursuant to which each supplier agreed to supply a target amount of copper scrapped raw materials to the Company from 16 June 2018 to 15 June 2019, the purchase price of which shall be partly satisfied with cash and partly satisfied with consideration shares. For each ton of copper scrap raw materials supplied by a supplier, the Company will pay (i) up to RMB3,000 by way of issuance of a maximum number of 734 consideration shares at an issue price of HK\$5 per consideration share; and (ii) the remainder of the balance in cash. The arrangements under the annual procurement agreements are expected to encourage such suppliers to achieve the targeted raw material supply amount with a view to broadening the Group's supplier base to cater for the Group's production needs. As the targeted amount of supply of copper scrap raw materials from the suppliers is 160,000 tons in aggregate, the maximum number of consideration shares that the Company may issue pursuant to the annual procurement agreements is 117,440,000 shares. The consideration shares will be allotted and issued to the subscribers within 10 business days from 15 June 2019. Based on the actual amount of supply, as at 31 December 2020, the consideration shares to be issued are 33,882,652 shares, the allotment of which has not taken place on a day within 10 business days from 15 June 2019. Each of the subscribers is a wholly-owned company of the relevant supplier. Please refer to the announcements of the Company dated 15 June 2018 and 19 June 2018 for further details.

On 31 March 2021, 33,882,652 shares were allotted and issued pursuant to the relevant supplemental subscription agreements, and please refer to announcements of the Company on 13 January 2021 and 22 January 2021 for further details.

權益掛鈎協議 *(續)*

於2017年8月11日發行亨富可換股債券 *(續)*

董事認為，上述可換股債券發行乃本公司籌集資金的良機，進而可提升其財務狀況，亦為本集團之未來發展及擴張提供資金。經考慮近期債務及股票市場情況，董事認為，透過發行可換股債券集資讓本公司能夠以較低的融資成本取得資金。

簽訂涉及根據一般授權發行代價股份的年度供應協議

於2018年6月15日，本公司與14名供應商各自訂立年度供應協議，據此，各供應商同意從2018年6月16日至2019年6月15日供應目標數量的廢舊銅原材料予本公司，有關採購價一部分以現金及一部分以代價股份結算。對於供應商提供的每噸廢舊銅原材料，本公司將(i)以按發行價每股代價股份5港元發行最多734股代價股份的方式支付最多人民幣3,000元；及(ii)以現金支付剩下結餘。預計年度供應協議下的安排會鼓勵上述供應商達至目標原材料供應量，從而擴大本集團的供應商基礎，迎合本集團的生產需要。由於來自供應商的廢舊銅原材料的目標供應總量為160,000噸，本公司根據年度供應協議可發行的最高代價股份數目為117,440,000股。代價股份將於2019年6月15日起計10個營業日內配發及發行予認購方。根據供應的實際數額，於2020年12月31日，將予發行的代價股份為33,882,652股股份，尚未於自2019年6月15日起10個營業日內進行配發。各認購方為有關供應商全資擁有的公司。有關進一步詳情，務請參閱本公司日期為2018年6月15日及2018年6月19日的公佈。

於2021年3月31日，根據相關補充認購協議已配發及發行33,882,652股股份，有關更多詳情請參閱本公司於2021年1月13日及2021年1月22日的公告。

REPORT OF THE DIRECTORS 董事會報告

EQUITY LINKED AGREEMENTS *(Continued)*

Signing Of Sale And Purchase Agreement Involving Issue Of Consideration Shares Under General Mandate

Details of the consideration shares under earn-out arrangements in the acquisitions of 100% issued share capital of Silver Eminent, Value Link and Sky Harvest are set out in the section above headed "MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES" in this report.

PURCHASE, SALE OR REDEMPTION OF SHARES

There was no purchase, sale or redemption by the Company, or any of its subsidiaries, of the listed securities of the Company during the year ended 31 December 2020.

DEED OF NON-COMPETITION

Mr. Yu Jianqiu and Epoch Keen, the then controlling shareholders of the Company, entered into a deed of non-competition ("Deed of Non-Competition") dated 6 February 2014, details of which have been set out in the paragraph headed "Non-Competition Undertaking" in the section headed "Relationship with Controlling Shareholders" of the Prospectus.

The Company has reviewed the annual declaration from the parties on compliance with their undertaking under the Deed of Non-Competition. The independent non-executive Directors have reviewed the status of compliance and confirmed that all the undertakings under the Deed of Non-Competition have been complied with by the parties.

SUFFICIENCY OF PUBLIC FLOAT

As at the date of this annual report, the directors of the Company confirmed that based on information that is publicly available to the Company and within the knowledge of the directors, the Company had maintained sufficient amount of public float as required under the Listing Rules and agreed by the Stock Exchange.

權益掛鈎協議 *(續)*

簽訂涉及根據一般授權發行代價股份的買賣協議

根據獲利計酬安排收購銀赫、尚領及天豐 100% 已發行股本之代價股份的詳情載於本報告上文「重大收購及出售附屬公司及聯屬公司」一節。

購買、出售或贖回股份

截至 2020 年 12 月 31 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。

不競爭契約

本公司當時之控股股東俞建秋先生與時建於 2014 年 2 月 6 日訂立不競爭契約（「不競爭契約」），有關詳情載於招股書「與控股股東的關係」一節下「不競爭承諾」一段。

本公司已審閱不競爭契約的訂約方遵守彼等於該契約項下承諾的年度聲明。獨立非執行董事已審閱合規情況，並確定訂約方已遵守不競爭契約下的所有承諾。

足夠公眾持股量

於本年報日期，根據本公司從公開途徑所得的資料及據董事所知，本公司董事確認其一直維持上市規則所規定及聯交所同意的足夠公眾持股量。

REPORT OF THE DIRECTORS

董事會報告

AUDITORS

In 2018, KPMG resigned as auditors of the Company and Ernst & Young were appointed by the directors to fill the casual vacancy so arising. KPMG has confirmed that there are no matters in respect of those circumstances that in their opinion need to be reported to the shareholders of the Company. The Board also confirmed that there was no disagreement between KPMG and the Company, and there were no other matters in relation to the resignation of KPMG that need to be brought to the attention of the shareholders of the Company. Ernst & Young has been appointed as auditor of the Company in November 2018.

In September 2020, Ernst & Young retired as auditors of the Company with effect from the annual general meeting of the Company held on 28 September 2020. Ernst & Young has confirmed that there were no matters in respect of those circumstances that need to be brought to the attention of the shareholders of the Company. The Board also confirmed that there is no disagreement between Ernst & Young and the Company, and there are no other matters in relation to the retirement of Ernst & Young that need to be brought to the attention of the shareholders of the Company.

The consolidated financial statements of the Company for the previous two years ended 31 December 2018 and 2019 were audited by Ernst & Young.

In October 2020, ZHONGHUI ANDA CPA Limited ("ZHONGHUI") were appointed by the directors to fill the casual vacancy so arising. Save as disclosed above, there have been no other changes of auditors in the past three years. ZHONGHUI will retire as the Company's auditor at the end of the forthcoming annual general meeting of the Company and, being eligible, will offer themselves for reappointment. A resolution will be proposed for approval by Shareholders at the forthcoming annual general meeting of the Company to re-appoint ZHONGHUI as the Company's auditor for the year ending 31 December 2021.

PROFESSIONAL TAX ADVICE RECOMMENDED

If any shareholder is unsure about the taxation implications of purchasing, holding, disposing of, dealing in, or the exercise of any rights in relation to the Shares, it is advised to consult an expert.

核數師

於2018年，畢馬威會計師事務所已辭任本公司核數師，而安永會計師事務所則由董事委任以填補因此而產生的臨時空缺。畢馬威會計師事務所已確認，並無出現彼等認為就該等情況需向本公司股東報告的相關事宜。董事會亦確認畢馬威會計師事務所與本公司並無意見分歧，亦無其他與畢馬威會計師事務所辭任有關的事宜需提請本公司股東垂注。安永會計師事務所已於2018年11月獲委任為本公司核數師。

於2020年9月，安永會計師事務所已退任本公司核數師，自本公司於2020年9月28日舉行的股東週年大會起生效。安永會計師事務所已確認，並無出現彼等認為就該等情況需提請本公司股東垂注的相關事宜。董事會亦確認安永會計師事務所與本公司並無意見分歧，亦無其他與安永會計師事務所退任有關的事宜需提請本公司股東垂注。

截至2018年12月31日及2019年12月31日止的前兩個年度本公司綜合財務報表已經安永會計師事務所審計。

於2020年10月，中匯安達會計師事務所有限公司（「中匯」）由董事委任以填補由此而產生的臨時空缺。除上述披露者外，核數師於過往三年並無其他變動。中匯將於本公司應屆股東週年大會結束時退任本公司核數師，並符合資格且願意續聘。本公司將提呈決議案，以供股東於本公司應屆股東週年大會上批准，以續聘中匯為本公司截至2021年12月31日止年度的核數師。

建議諮詢專業稅務意見

倘任何股東對購買、持有、處置、買賣或行使有關股份的任何權利之稅務涵義有任何疑問，應諮詢專業顧問的意見。

REPORT OF THE DIRECTORS

董事會報告

PERMITTED INDEMNITY PROVISION

Pursuant to article 164 of the Articles of Association, every Director is entitled to be indemnified and secured harmless out of assets of the Company from and against all actions, costs, charges, losses, damages and expenses which any of them, their or any of their heirs, executors or administrators, shall or may incur or sustain by or by reason of any act, done, concurred in or omitted in or about the execution of their duty, or supposed duty, in their respective offices or trusts (except such is incurred or sustained through his own fraud or dishonesty). Such provision is currently in force and was in force throughout the financial year ended 31 December 2020.

ENVIRONMENTAL, SOCIAL AND CORPORATE RESPONSIBILITY

As a responsible corporation, the Group is committed to maintaining the highest environmental and social standards to ensure sustainable development of its business. To the best knowledge of the directors the Group has complied with all the relevant laws and regulations that have a significant impact on the Group in relation to its business including health and safety, workplace conditions, employment and the environment. The Group understands that a better future depends on everyone's participation and contribution. It has encouraged all employees to participate in environmental and social activities which benefit the community as a whole.

The Group is operating in the environmental protection industry by virtue of recycling scrap metal materials in the society. Contributing to resolving a significant part of pollution problem in the vicinity of our plants, the Group is highly praised and encouraged by the local governments. The Group also advocated conservation of resources in the office and encouraged employees to develop good habits, conserve resources and energy to build a green and comfortable office environment.

For a more comprehensive review, please refer to the 2020 Environmental, Social and Governance Report of the Company that will be dispatched to the shareholders of the Company and available on the website of the Company and the Stock Exchange in due course.

CORPORATE GOVERNANCE

For the year ended 31 December 2020, the Company was in compliance with the code provisions of the Corporate Governance Code (the "CG Code") as set forth in Appendix 14 of the Listing Rules save as disclosed below.

准許彌償條文

根據章程細則第164條，每位董事均可從本公司的資產獲得彌償，使彼等任何人士、彼等或任何彼等的繼承人、遺囑執行人或遺產管理人就彼等的職務或信託執行其職責或假定職責時因所作出、發生的作為或不作為而招致或蒙受的所有訴訟、費用、收費、損失、損害及開支，可獲確保免就此受任何損害（除非此乃因其本身欺詐或違反誠信所引致或造成）。此條文現行有效並且於整個截至2020年12月31日止財政年度一直生效。

環境、社會及企業責任

作為一間具社會責任的企業，本集團致力維持最高要求之環境及社會標準，以確保其業務可持續發展。據董事所深知，本集團已遵守所有與其業務有關及有重大影響的相關法例及法規，包括健康及安全、工作環境條件、就業及環境。本集團明白有賴所有人的參與及貢獻才能成就美好將來，亦因此鼓勵所有僱員參與環境及社會活動，惠及整個社區。

本集團從事環保行業，利用社會上的廢舊金屬循環再造，解決廠房周邊地區的大量污染問題，並得到地方政府高度認可及鼓勵。本集團亦引導各項辦公室減耗措施，鼓勵員工養成良好習慣，節約資源和能源，建設綠色舒適的辦公環境。

有關更全面的檢討，請參閱將適時寄發予本公司股東以及可於本公司及聯交所網站查閱的本公司2020年環境、社會及管治報告。

企業管治

截至2020年12月31日止年度，本公司已遵守上市規則附錄十四所載企業管治守則（「企業管治守則」）的守則條文。

REPORT OF THE DIRECTORS

董事會報告

CORPORATE GOVERNANCE (Continued)

Code Provision A.2.1 provides that the roles of Chairman and Chief Executive should be separate and should not be performed by the same individual. The division of responsibilities between the Chairman and Chief Executive should be clearly established and set out in writing. Currently, Mr. Yu Jianqiu is both the Chairman and Chief Executive Officer of the Company. As Mr. Yu is the founder of the Group and has extensive experience in operations and management, the Board believes that it is in the best interest of the Group to have Mr. Yu taking up both roles for continuous effective management and business development of the Group.

Pursuant to C.1.3 of the CG Code, the Directors acknowledge their responsibilities for preparing the financial statements, which give true and fair view of the Group. The Directors are aware that the Group recorded a net loss of RMB387,249,000 for the year ended 31 December 2020, which included an impairment of goodwill of RMB277.9 million and fair value gain of contingent consideration liabilities of RMB20,010,000. As at 31 December 2020, the Group had cash and cash equivalents amounted to RMB47,321,000, and there were interest-bearing bank and other borrowings, convertible bonds, lease liabilities and note payables totalling RMB1,878,192,000 repayable within one year or on demand. In addition, as at 31 December 2020, the Group had defaulted on the convertible bonds amounted to RMB553,004,000 and entrusted loans amounted to RMB299,116,000. The above defaults may trigger cross default of certain other borrowings amounting to RMB897,388,000 as at 31 December 2020. This condition indicates the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. Therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

The Company has implemented various financial plans and measures to address the issue in relation to going concern, including but not limited to:

- (i) the Company has completed the issuance of new shares to Mianyang Fule Investment Co., Ltd., a state-owned enterprise in the PRC, for a consideration of approximately RMB263.3 million, on 18 March 2021;
- (ii) the proposed subscription for the Company's new shares by Mianyang Science Technology City Development Investment (Group) Co. Ltd for a consideration of more than RMB300 million;
- (iii) the proposed extension and/or refinance of the convertible bonds issued to China Huarong International Holdings Limited and Prosper Rich Investments Limited with an aggregate principal amount of HKD590 million;

企業管治(續)

守則條文第A.2.1條規定主席與行政總裁的角色應有區分及不應由一人同時兼任。主席與行政總裁之間的職責分配須清晰訂明並以書面形式列載。現時，俞建秋先生為本公司主席兼行政總裁。由於俞先生為本集團的創辦人並於營運及管理方面擁有豐富經驗，董事會認為，為了本集團的持續有效管理及業務發展而由俞先生擔任該兩個職位，符合本集團的最佳利益。

根據企業管治守則第C.1.3條，董事知悉彼等有編製可真實公平反映本集團財務報表之責任。董事知悉本集團於截至2020年12月31日止年度錄得虧損淨額人民幣387,249,000元，其中包括商譽減值人民幣277,900,000元及或然代價負債公平值收益人民幣20,010,000元。於2020年12月31日，本集團的現金及現金等值項目為人民幣47,321,000元，計息銀行及其他借款、可換股債券、租賃負債及應付票據合共為人民幣1,878,192,000元，應於一年內或按要求償還。此外，於2020年12月31日，本集團未能償還本金總額為人民幣553,004,000元的可換股債券及人民幣299,116,000元的委託貸款。上述違約可能導致於2020年12月31日若干其他借款人民幣897,388,000元出現交叉違約。該狀況表明存在重大不確定性，可能對本集團持續經營業務的能力帶來重大疑問。因此，本集團可能無法於其日常業務過程中變賣其資產及清償其負債。

本公司已實施各種財務計劃及措施以應對有關持續經營的問題，包括但不限於：

- (i) 本公司已於2021年3月18日完成由中國國有企業綿陽富樂投資有限公司新股份發行，代價約為人民幣263.3百萬元；
- (ii) 由綿陽科技城發展投資(集團)有限公司建議認購本公司新股份，代價超過人民幣300百萬元；
- (iii) 建議延期及/或再融資向中國華融國際控股有限公司及亨富投資有限公司發行本金總額為590百萬港元的可換股債券；

REPORT OF THE DIRECTORS

董事會報告

CORPORATE GOVERNANCE (Continued)

- (iv) liaisons with banks/financial institutions from which the Group has borrowings with repayment dates beyond 2021 and if necessary, to obtain confirmations that there has been no event to trigger the call provision, if any, as stipulated in the relevant loan agreements;
- (v) liaisons with banks/financial institutions from which the Group has borrowings to renew or extend the existing liabilities;
- (vi) if necessary, reduction of scale of the Group's operations so as to, on one hand, reduce its size of inventory, trade receivables and other receivables and, on the other hand, increase its level of cash; and

The directors of the Company are therefore of the opinion that it is appropriate to prepare the consolidated financial statements on a going concern basis. Should the Group be unable to continue as a going concern, adjustments would have to be made to the consolidated financial statements to adjust to value of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities, respectively.

COMPLIANCE WITH THE REQUIRED STANDARD OF DEALINGS IN SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted a code of conduct regarding the directors' securities transactions on terms not less exacting than the required standards set out in the Model Code in Appendix 10 of the Listing Rules. After specific enquiry made by the Company, apart from Mr. Yu Jianqiu, all directors confirmed that they had complied with the required standards set out in the Model Code and the code of conduct regarding the directors' securities transactions for the year ended 31 December 2020.

According to code provision A.3(a) of the Model Code, a Director must not deal in any securities of the Company on any day on which its financial results are published and during the period of 60 days immediately preceding the publication date of the annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the results. According to code provision B.8 of the Model Code, a director must not deal in any securities of the issuer without first notifying in writing the chairman or a director (otherwise than himself) designated by the board of directors of the Company for the specific purpose and receiving a dated written acknowledgement.

企業管治(續)

- (iv) 與本集團有借款且償還日期於2021年之後的銀行／金融機構取得聯繫，並確認並無相關事件觸發相關貸款協議規定的提前贖回條款(如有)；
- (v) 與本集團有借款的銀行／金融機構取得聯繫，以重續或延長現有負債；
- (vi) 於必要時縮減本集團的經營規模，便於減少其庫存、貿易應收款項及其他應收款項的規模的同時增加其現金水平；及

本公司董事因而信納按持續經營基準編製綜合財務報表屬適當。倘本集團未能按持續營業務基準繼續，將會調整綜合財務報表以調整本集團的資產值至其可收回金額，就可能產生的任何進一步負債作出撥備，及將非流動資產及負債分別重新分類為流動資產及負債。該等調整的影響尚未在綜合財務報表內反映。

遵守上市發行人之董事買賣證券交易必守標準的情況

本公司已採納一套有關董事進行證券交易的行為守則，條款不遜於上市規則附錄十標準守則所載的規定準則。經本公司作出具體查詢後，除俞建秋先生外，全體董事確認彼等截至2020年12月31日止年度一直遵守標準守則所載的規定準則及有關董事進行證券交易的行為守則。

根據標準守則守則條文A.3(a)條，董事不得於刊發本公司財務業績當日及緊接全年業績刊發日期前60日期間或(如屬較短期間)有關財政年度年結日起至刊發業績日期止期間買賣本公司任何證券。根據標準守則守則條文B.8條，董事如未事先書面通知主席或本公司董事會為此而指定的另一名董事(該董事本人以外的董事)及接獲註明日期的確認書，均不得買賣發行人的任何證券。

REPORT OF THE DIRECTORS

董事會報告

COMPLIANCE WITH THE REQUIRED STANDARD OF DEALINGS IN SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS *(Continued)*

An executive Director, Mr. Yu Jianqiu, on 31 March 2020, had dealt in 261,008,000 shares of the Company which was in contravention of code provision A.3(a) and B.8 of the Model Code. In addition, during the period from 18 June 2020 to 26 August 2020, 241,220,000 shares of the Company of Mr. Yu Jianqiu and Epoch Keen Limited were disposed which were caused by forced/enforcement sales initiated by the relevant brokers pursuant to certain margin financing agreements entered into between Mr. Yu Jianqiu/Epoch Keen Limited and relevant brokers and Mr. Yu Jianqiu/Epoch Keen Limited was only informed of these disposal by the relevant brokers after the relevant disposal and/or immediately before the relevant disposals took place.

The Company has taken the following remedial steps to avoid the re-occurrence of similar incidents:

- Communicated and reminded Mr. Yu Jianqiu that the blackout period would be extended to when the audit results of the Group are announced;
- Recirculated the Model Code to the Board and reminded them of the procedures that they should follow should they wish to deal in the Company's shares; and
- Coordinated with Company's legal counsel and arranged a refresher training on directors' duties.

The Board considers that by adopting the aforesaid measures, it would enable the directors to understand the dealing restriction during the black-out period and the procedures that they need to follow before dealing in the securities of the Company. The Board therefore considered that the implementation of the above measures would minimize the chance of breach of the Model Code by the directors in the future.

ACKNOWLEDGEMENT

The directors would like to take this opportunity to express our sincere thanks to all the shareholders and business associates for their continuous support and the entire staff for their dedication and contribution to the Group during the year.

By Order of the Board
China Metal Resources Utilization Limited
YU Jianqiu
 Chairman

Hong Kong, 31 March 2021

遵守上市發行人之董事買賣證券交易必守標準的情況(續)

執行董事俞建秋先生於2020年3月31日已買賣261,008,000股本公司股份，其已違反標準守則守則條文A.3(a)條及B.8條。此外，於2020年6月18日至2020年8月26日期間，俞建秋先生及時建有限公司的241,220,000股本公司股份因有關經紀根據俞建秋先生/時建有限公司與有關經紀訂立的若干保證金融資協議而發起的被迫/強制銷售而出售，而有關經紀僅於有關出售後及/或緊接有關出售進行前才知會俞建秋先生/時建有限公司該等出售事宜。

為避免再次發生類似事件，本公司已採取以下補救措施：

- 與俞建秋先生溝通並提醒，禁售期將延至本集團審核結果公告之日；
- 將標準守則重新分發予董事會，並提醒彼等於買賣公司股份時應遵循的程序；及
- 與本公司法律顧問協調並安排關於董事職責的進修培訓。

董事會認為，採納上述措施將令董事了解於禁售期的買賣限制以及彼等於買賣本公司證券前須遵守的程序。因此，董事會認為實施上述措施可盡量減低日後董事違反標準守則的可能性。

鳴謝

董事藉此機會感謝全體股東及業務夥伴一直以來的鼎力支持，以及感謝本集團全體員工於年內為本集團付出的努力和貢獻。

承董事會命
中國金屬資源利用有限公司
 主席
俞建秋

香港，2021年3月31日

CORPORATE GOVERNANCE REPORT

企業管治報告

CORPORATE GOVERNANCE REPORT

The Board is pleased to present this Corporate Governance Report in the Company's annual report for the year ended 31 December 2020.

CORPORATE GOVERNANCE PRACTICES

The Group recognizes the vital importance of good corporate governance to the Group's success and sustainability. We are committed to achieving a high standard of corporate governance as an essential component of quality and have introduced corporate governance practices appropriate to the conduct and growth of our business.

The Company has applied the principles of and is in compliance with all code provisions of the Corporate Governance Code as set forth in Appendix 14 of the Listing Rules save as disclosed below.

Code Provision A.2.1 provides that the roles of Chairman and Chief Executive should be separate and should not be performed by the same individual. The division of responsibilities between the Chairman and Chief Executive should be clearly established and set out in writing. Currently, Mr. Yu Jianqiu is both the Chairman and Chief Executive Officer of the Company. As Mr. Yu is the founder of the Group and has extensive experience in operations and management, the Board believes that it is in the best interest of the Group to have Mr. Yu taking up both roles for continuous effective management and business development of the Group.

Pursuant to C.1.3 of the CG Code, the Directors acknowledge their responsibilities for preparing the financial statements which give true and fair view of the Group. The Directors are aware that the Group recorded a net loss of RMB387,249,000 for the year ended 31 December 2020, which included an impairment of goodwill of RMB277.9 million and fair value gain of contingent consideration liabilities of RMB20,010,000. As at 31 December 2020, the Group had cash and cash equivalents amounted to RMB47,321,000, and there were interest-bearing bank and other borrowings, convertible bonds, lease liabilities and note payables totalling RMB1,878,192,000 repayable within one year or on demand. In addition, as at 31 December 2020, the Group had defaulted on the convertible bonds amounted to RMB553,004,000 and entrusted loans amounted to RMB299,116,000. The above defaults may trigger cross default of certain other borrowings amounting to RMB897,388,000 as at 31 December 2020. This condition indicates the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. Therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

企業管治報告

董事會欣然提呈本公司截至2020年12月31日止年度年報內的企業管治報告。

企業管治常規

本集團認為良好的企業管治對本集團的成功及持續發展至為重要。我們致力於維持高水準的企業管治，作為高質素的重要元素，並引入適合我們業務運作及發展的企業管治常規。

除下文所披露者外，本公司已應用上市規則附錄十四所載企業管治守則的原則並遵守其所有守則條文。

守則條文第A.2.1條規定主席與行政總裁的角色應有區分及不應由一人同時兼任。主席與行政總裁之間的職責分配須清晰訂明並以書面形式列載。現時，俞建秋先生為本公司主席兼行政總裁。由於俞先生為本集團的創辦人並於營運及管理方面擁有豐富經驗，董事會認為，為了本集團的持續有效管理及業務發展而由俞先生擔任該兩個職位，符合本集團的最佳利益。

根據企業管治守則第C.1.3條，董事知悉彼等有編製可真實公平反映本集團財務報表之責任。董事知悉本集團於截至2020年12月31日止年度錄得虧損淨額人民幣387,249,000元，其中包括商譽減值人民幣277,900,000元及或然代價負債公平值收益人民幣20,010,000元。於2020年12月31日，本集團的現金及現金等值項目為人民幣47,321,000元，計息銀行及其他借款、可換股債券、租賃負債及應付票據合共為人民幣1,878,192,000元，應於一年內或按要求償還。此外，於2020年12月31日，本集團未能償還本金總額為人民幣553,004,000元的可換股債券及人民幣299,116,000元的委託貸款。上述違約可能導致於2020年12月31日若干其他借款人民幣897,388,000元出現交叉違約。該狀況表明存在重大不確定性，可能對本集團持續經營業務的能力帶來重大疑問。因此，本集團可能無法於其日常業務過程中變賣其資產及清償其負債。

CORPORATE GOVERNANCE REPORT

企業管治報告

CORPORATE GOVERNANCE PRACTICES (Continued)

The Company has implemented various financial plans and measures to address the issue in relation to going concern, including but not limited to:

- (i) the Company has completed the issuance of new shares to Mianyang Fule Investment Co., Ltd., a state-owned enterprise in the PRC, for a consideration of approximately RMB263.3 million, on 18 March 2021;
- (ii) the proposed subscription for the Company's new shares by Mianyang Science Technology City Development Investment (Group) Co. Ltd for a consideration of more than RMB300 million;
- (iii) the proposed extension and/or refinance of the convertible bonds issued to China Huarong International Holdings Limited and Prosper Rich Investments Limited with an aggregate principal amount of HKD590 million;
- (iv) liaisons with banks/financial institutions from which the Group has borrowings with repayment dates beyond 2021 and if necessary, to obtain confirmations that there has been no event to trigger the call provision, if any, as stipulated in the relevant loan agreements;
- (v) liaisons with banks/financial institutions from which the Group has borrowings to renew or extend the existing liabilities;
- (vi) if necessary, reduction of scale of the Group's operations so as to, on one hand, reduce its size of inventory, trade receivables and other receivables and, on the other hand, increase its level of cash; and

The directors of the Company are therefore of the opinion that it is appropriate to prepare the consolidated financial statements on a going concern basis. Should the Group be unable to continue as a going concern, adjustments would have to be made to the consolidated financial statements to adjust to value of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities, respectively.

企業管治常規(續)

本公司已實施各種財務計劃及措施以應對有關持續經營的問題，包括但不限於：

- (i) 本公司已於2021年3月18日完成由中國國有企業綿陽富樂投資有限公司新股份發行，代價約為人民幣263.3百萬元；
- (ii) 由綿陽科技城發展投資(集團)有限公司建議認購本公司新股份，代價超過人民幣300百萬元；
- (iii) 建議延期及/或再融資向中國華融國際控股有限公司及亨富投資有限公司發行本金總額為590百萬港元的可換股債券；
- (iv) 與本集團有借款且償還日期於2021年之後的銀行/金融機構取得聯繫，並確認並無相關事件觸發相關貸款協議規定的提前贖回條款(如有)；
- (v) 與本集團有借款的銀行/金融機構取得聯繫，以重續或延長現有負債；
- (vi) 於必要時縮減本集團的經營規模，便於減少其庫存、貿易應收款項及其他應收款項的規模的同時增加其現金水平；及

本公司董事因而信納按持續經營基準編製綜合財務報表屬適當。倘本集團未能按持續經營業務基準繼續，將會調整綜合財務報表以調整本集團的資產值至其可收回金額，就可能產生的任何進一步負債作出撥備，及將非流動資產及負債分別重新分類為流動資產及負債。該等調整的影響尚未在綜合財務報表內反映。

CORPORATE GOVERNANCE REPORT

企業管治報告

CORPORATE GOVERNANCE PRACTICES (Continued)

And, the Board, as concurred by the Audit Committee, is of the view that the inability of ZHONGHUI to obtain sufficient appropriate audit evidence as described in the Independent Auditor's Report under the section headed "Basis for Qualified Opinion" is a historical event and would only affect the financial information of the consolidated financial statements for the year ended 31 December 2020 to the extent described under the section headed "Basis for Qualified Opinion", which would have affected the opening balances as of 1 January 2020. The Board does not expect the basis of the qualified opinion relating to the recoverability of goodwill and the carrying amount of contingent consideration liabilities to affect the opening balances of the financial year immediately subsequent to the year ended 31 December 2020 (i.e. 1 January 2021) and hence the Board does not expect the above to recur in the consolidated financial statements for the year ended 31 December 2021 and onwards except the financial information to be shown as comparative figures.

Key corporate governance principles and practices of the Company as well as details relating to the foregoing deviation are summarized below.

企業管治常規(續)

且董事會(審核委員會亦同意)認為,如獨立核數師報告中「保留意見之基準」一節所述,中匯無法獲取充分適當的審核證據為歷史事件,並僅對截至2020年12月31日止年度的綜合財務報表的財務資料造成影響,影響程度乃至「保留意見之基準」一節所述般僅對2020年1月1日的年初結餘。董事會並不預期與商譽的可回收性及或然代價負債的賬面值相關的保留意見之基準將影響緊接截至2020年12月31日止年度其後(即2021年1月1日)的財政年度的年初結餘,因此,除將作為比較數字的財務資料外,董事會並不預期上述情況將於截至2021年12月31日止年度及之後的綜合財務報表中再次發生。

本公司主要企業管治原則及常規以及上述偏離詳情概述如下。

CORPORATE GOVERNANCE REPORT

企業管治報告

THE BOARD

Responsibilities

The Board is responsible for overall management and control of the Company. The Board's main roles are to provide leadership and to approve strategic policies and plans with a view to enhancing shareholder value. All Directors carry out their duties in good faith and in compliance with applicable laws and regulations, taking decisions objectively, and acting in the interests of the Company and its shareholders at all times.

All Directors have full and timely access to all relevant information as well as the advice and services of the Company Secretary and senior management, with a view to ensuring that Board procedures and all applicable laws and regulations are followed.

The Board reserves for its decision all major matters of the Company, including: approval and monitoring of all policy matters, overall strategies and budgets, internal control and risk management systems, material transactions (in particular those that may involve conflict of interests), financial information, appointment of directors and other significant financial and operational matters.

Directors have full and timely access to consult with the Company's senior management independently. Any Director and Board Committee may request independent professional advice in appropriate circumstances at the Company's expense, upon making reasonable request to the Board.

The Board has delegated the authority and responsibility for day-to-day management and operation of the Group to the senior management of the Group. To oversee particular aspects of the Company's affairs, the Board has established three Board committees, namely the audit and corporate governance committee (the "Audit and Corporate Governance Committee"), the remuneration committee (the "Remuneration Committee"), the nomination committee (the "Nomination Committee") (together, the "Board Committees"). The Board has delegated to the Board Committees responsibilities as set out in their respective terms of reference.

董事會

職責

本公司的整體管理及控制由董事會負責。董事會主要職責為批准策略政策與計劃，並領導本公司提升股東價值。全體董事忠實地執行職務，並須遵守適用法例及法規，客觀地作出決定以及無時無刻不為本公司及其股東的利益行事。

所有董事均可全面及時地取得所有相關資料，以及獲得公司秘書與高級管理層的意見及服務，以確保遵守董事會程序及所有適用法例及法規。

董事會有權就本公司所有重大事項作出決定，包括批准及監察所有政策事宜、整體策略及預算、內部監控及風險管理系統、主要交易（特別是可能涉及利益衝突者）、財務資料、委任董事及其他重大財務及營運事宜。

董事可全面及時地個別諮詢本公司的高級管理層。任何董事及董事委員會可於適當情況下，向董事會作出合理要求以尋求獨立專業意見，費用由本公司支付。

董事會已將本集團日常管理及經營的權力及責任轉授予本集團的高級管理層。為監督本集團特定範疇的事項，董事會已成立三個董事委員會，即審核及企業管治委員會（「審核及企業管治委員會」）、薪酬委員會（「薪酬委員會」）及提名委員會（「提名委員會」）（統稱「董事委員會」）。董事會已根據其各自的職權範圍向董事委員會轉授責任。

CORPORATE GOVERNANCE REPORT

企業管治報告

BOARD COMPOSITION

As at the date of this annual report, the directors of the Company were as follows:

Executive Directors

Mr. Yu Jianqiu (*Chairman and Chief Executive Officer*)
 Mr. Kwong Wai Sun Wilson
 Mr. Huang Weiping
 Ms. Zhu Yufen

Independent Non-executive Directors

Mr. Lee Ting Bun Denny
 Mr. Pan Liansheng
 Ms. Ren Ruxian

Biographical details of the Directors are set out in the section headed "Directors and Senior Management" in this annual report.

During the year ended 31 December 2020, the Company has been in compliance with the requirements of Rules 3.10(1) and 3.10(2) of the Listing Rules relating to the appointment of at least three independent non-executive directors with at least one independent non-executive director possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has also complied with the requirement of Rule 3.10A of the Listing Rules relating to the appointment of independent non-executive directors representing at least one-third of the Board.

Each of the Independent Non-executive Director has confirmed his/her independence pursuant to Rule 3.13 of the Listing Rules and the Company considers each of them to be independent.

All Directors have brought a wide range of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning. Moreover, through active participation in Board meetings, taking the lead in managing issues involving potential conflict of interests and serving on Board committees, all independent non-executive directors make various contributions to the effective direction of the Company.

董事會的組成

於本年報日期，本公司的董事如下：

執行董事

俞建秋先生 (*主席兼行政總裁*)
 鄭偉信先生
 黃偉萍先生
 朱玉芬女士

獨立非執行董事

李廷斌先生
 潘連勝先生
 任汝嫻女士

董事的履歷詳情載於本年報「董事及高級管理層」一節。

於截至2020年12月31日止年度內，本公司一直遵守上市規則第3.10(1)及3.10(2)條的規定，內容有關委任最少三名獨立非執行董事，而其中最少一名獨立非執行董事擁有適合的專業資格或會計或相關財務管理專業知識。

本公司亦已遵守上市規則第3.10A條有關獲委任的獨立非執行董事佔董事會最少三分之一席位的規定。

各獨立非執行董事已根據上市規則第3.13條確認彼之獨立性，而本公司亦認為彼等各自均屬獨立人士。

全體董事為董事會投入寶貴的業務經驗、知識及專業水平，使董事會有效率及效益地運作。此外，透過積極參與董事會會議、帶頭管理涉及潛在利益衝突的事宜及為董事委員會服務，全體獨立非執行董事對本公司的有效業務方針作出多項貢獻。

CORPORATE GOVERNANCE REPORT

企業管治報告

BOARD DIVERSITY POLICY

The Company has a board diversity policy whereby it recognizes and embraces the benefits of having a diverse Board and sees increasing diversity at the Board level as an essential element in maintaining the Company's competitive advantage. A truly diverse Board will include and make good use of differences in the talents, skills, regional and industry experience, background, gender, age and other qualities of the members of the Board. These differences will be considered in determining the optimum composition of the Board and when possible should be balanced appropriately. All appointments of the members of the Board are made on merit, in the content of the talents, skills and experience the Board as a whole requires to be effective.

The Nomination Committee will review the board diversity policy, as appropriate, make recommendations on changes to the Board to complement the Company's corporate strategy.

INDUCTION AND CONTINUOUS PROFESSIONAL DEVELOPMENT

Under Code Provision A6.5, Directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant.

Directors are encouraged to participate in continuous professional development so as to refresh their knowledge and skills for discharging their duties and responsibilities. For the year ended 31 December 2020, relevant reading materials including regulatory update and seminar handouts, etc. have been provided to the Directors for their reference and studying.

董事會成員多元化政策

本公司設有董事會成員多元化政策，本公司認同及深信董事會成員多元化所帶來的裨益，並且認為董事會趨向多元化是維持本公司競爭優勢的重要元素。一個真正多元化的董事會將包括具備不同才能、技能、地區及行業經驗、背景、性別、年齡及其他特質的董事會成員，並可加以利用。該等差異將於釐定董事會的最適合組成時予以考慮，並於可能情況下保持適當平衡。董事會成員的所有委任均按董事會整體運作所需要的才能、技能及經驗水平而作出。

提名委員將檢討董事會成員多元化政策，並就任何為配合本公司的公司策略而擬對董事會作出的變動提出建議。

就職及持續專業發展

根據企業管治守則條文A6.5條，董事應參與適當的持續專業發展以建立和更新自身的知識及技能，以確保其對董事會作出合理及相關的貢獻。

鼓勵董事參與持續專業發展，以更新彼等履行其職責的知識及技能。截至2020年12月31日止年度，相關閱讀資料(包括更新的監管資料及研討會資料等)已提供予董事參閱及研究。

CORPORATE GOVERNANCE REPORT

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INDUCTION AND CONTINUOUS PROFESSIONAL DEVELOPMENT *(Continued)*

A summary of trainings received taken by the Directors during this year is as follows:

Director	Training activities including briefing and update on the business and corporate governance matter/reading materials on relevants topics
Mr. Yu Jianqiu	✓
Mr. Kwong Wai Sun Wilson	✓
Mr. Huang Weiping	✓
Ms. Zhu Yufen	✓
Mr. Lee Ting Bun Denny	✓
Mr. Pan Liansheng	✓
Ms. Ren Ruxian	✓

就職及持續專業發展 (續)

董事本年度進行的培訓概要載列如下：

董事	培訓活動 (包括簡報及業務更新資料及企業管治事宜/閱讀相關主題的材料)
俞建秋先生	✓
鄺偉信先生	✓
黃偉萍先生	✓
朱玉芬女士	✓
李廷斌先生	✓
潘連勝先生	✓
任汝嫻女士	✓

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Code provision A.2.1 stipulates that the roles of Chairman and Chief Executive Officer should be separate and should not be performed by the same individual.

Mr. Yu Jianqiu is Chairman of the Board and Chief Executive Officer of the Company. As Mr. Yu is the founder of the Group and has extensive experience in corporate operations and management, the Board believes that it is in the best interest of the Group to have Mr. Yu taking up both roles for continuous effective management and business development of the Group.

The Board considers that the current structure of vesting the roles of Chairman and Chief Executive Officer in the same person will not impair the balance of power and authority between the Board and the management of the Company.

主席及行政總裁

根據守則條文第A.2.1條之規定，主席及行政總裁角色應予以區分及由不同人士擔任。

俞建秋先生為本公司董事會主席及行政總裁。由於俞先生為本集團的創辦人並於企業營運及管理方面擁有豐富經驗，董事會認為，為了本集團的持續有效管理及業務發展而由俞先生擔任兩個角色，符合本集團的最佳利益。

董事會認為現時由同一人士擔任主席及行政總裁的架構，不會影響本公司董事會與管理層之間的權力平衡。

CORPORATE GOVERNANCE REPORT

企業管治報告

INDEPENDENT NON-EXECUTIVE DIRECTORS

The appointment of independent non-executive directors, subject to re-nomination and re-election by the Company in general meeting, shall be for a term of two years unless previously terminated in accordance with the terms and conditions specified in their appointment.

The director's fee specified in the letter of appointment of each of independent non-executive Directors are HK\$200,000 per annum.

All independent non-executive Directors possess extensive academic, professional and/or industry expertise and management experience and have provided their professional advice to the Board.

APPOINTMENT AND RE-ELECTION OF DIRECTORS

None of the directors who is proposed for re-election at the forthcoming annual general meeting has any service contract which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

The rules and procedures governing the appointment, retirement, re-election and removal of directors are set out in the Articles of Association of the Company. The Nomination Committee is responsible for reviewing the Board structure, size and composition and making recommendations to the Board on the appointment and re-appointment of directors and succession planning for directors.

Independent non-executive directors are appointed for a specific term, subject to re-election. In accordance with the Articles of Association, at each annual general meeting of the Company ("AGM"), at least one third of the Directors for the time being (or, if their number is not three or a multiple of three, then the number nearest to, but not less than, one-third) shall retire from office by rotation, provided that each Director shall be subject to retirement at an AGM at least once every three years.

Any new director appointed to fill a casual vacancy on the Board or as an addition to the existing Board shall be subject to re-election at the next AGM after his appointment.

獨立非執行董事

獨立非執行董事之委任可由本公司於股東大會上再提名及重選，任期應為兩年，除非根據彼等之委任指明之條款及條件提早終止。

獨立非執行董事各自的委任函指定的董事袍金均為每年200,000港元。

全體獨立非執行董事均擁有廣泛的學術、專業及／或行業專長以及管理經驗，並已向董事會提供專業意見。

董事的委任及重選

建議於應屆股東週年大會重選的董事概無與本集團訂立本集團未支付補償(法定補償除外)則不可於一年內終止之服務合約。

董事之委任、退任、重選及罷免之規則及程序乃載於本公司組織章程細則。提名委員會負責檢討董事會架構、規模及組成及就董事之委任及連任以及繼任計劃向董事會提供建議。

獨立非執行董事根據特定的任期獲委任並可予重選。根據組織章程細則，於本公司各股東週年大會(「股東週年大會」)上，當時為數至少三分之一的董事(或如董事人數並非三或三的倍數，則須為最接近但不少於三分之一的董事人數)須輪流退任，惟各董事須最少每三年於股東週年大會上輪流退任一次。

任何因填補董事會臨時職位空缺而獲委任或現時董事會增補的新任董事須在接受委任後之下屆股東週年大會上進行重選。

CORPORATE GOVERNANCE REPORT

企業管治報告

BOARD MEETINGS

The Board intends to hold board meetings regularly at least four times a year at approximately quarterly intervals. Notices of not less than fourteen days will be given for all regular board meetings to provide all directors with an opportunity to attend and include matters in the agenda for regular board meetings.

For other Board and Board committee meetings, reasonable notice will generally be given. The agenda and accompanying board papers are dispatched to the directors or Board committee members at least three days before the meetings to ensure that they have sufficient time to review the papers and be adequately prepared for the meetings. When directors or Board committee members are unable to attend a meeting, they will be advised of the matters to be discussed and given an opportunity to make their views known to the chairman prior to the meeting.

Minutes of the Board meetings and Board committee meetings are/will be recorded in sufficient detail to include the matters considered by the Board and the Board committee and the decisions reached, including any concerns raised by the directors. Draft minutes of each Board meeting and Board committee meeting will be sent to the directors for comments within a reasonable time after the date on which the meeting is held.

According to the Articles of Association, a Director shall not vote nor be counted in the quorum on any resolution of the Board approving any contract or arrangement in which he or his associates is materially interested.

董事會會議

董事會擬定期舉行董事會會議，即每年至少舉行四次會議及大致按季度舉行會議。所有例行董事會會議通知將於會議舉行前至少14日送呈全體董事，讓其安排出席會議，並於例行董事會會議議程內載入所要討論的事宜。

就其他董事會及董事委員會會議而言，本公司一般會發出適當通知。議程及相關董事會文件將於會議召開前至少3日寄予董事或董事委員會成員，以確保彼等有充足時間審閱有關文件及就會議作充分準備。倘董事或董事委員會成員未能出席會議，則彼等會獲悉將予討論的事宜及於會議召開前有機會知會主席彼等之意見。

董事會會議及董事委員會會議之會議記錄會／將會詳盡記錄，以載入董事會及董事委員會所考慮的事宜及所達致的決定，包括董事提出的任何問題。各董事會會議及董事委員會會議之會議記錄草擬本將於會議舉行當日後之合理時間內寄送至各董事，以供彼等提出意見。

根據組織章程細則，任何董事不得就批准彼或彼之聯繫人於其中擁有重大權益的任何合約或安排的任何董事會決議案投票，亦不得計入法定人數內。

CORPORATE GOVERNANCE REPORT

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DIRECTORS' ATTENDANCE RECORDS AT MEETINGS

The annual general meeting and adjourned annual general meeting were held on 5 September 2020 and 28 September 2020, respectively, an extraordinary general meeting was held on 15 September 2020 whilst 11 Board meetings were held during the year ended 31 December 2020 and the attendance of the individual directors at these meetings is set out below.

Director	Annual general meeting attendance	Board meeting attendance
Mr. Yu Jianqiu	3/3	10/11
Mr. Kwong Wai Sun Wilson	3/3	11/11
Mr. Huang Weiping	3/3	11/11
Ms. Zhu Yufen	3/3	11/11
Mr. Lee Ting Bun Denny	3/3	11/11
Mr. Pan Liansheng	3/3	11/11
Ms. Ren Ruxian	3/3	11/11

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted its own Code for Securities Transactions by Officers on terms no less exacting than those set out in the Model Code as its code of conduct regarding directors' securities transactions. Specific enquiry has been made of the Company's directors, apart from Mr. Yu Jianqiu, all the existing directors have confirmed that they have complied with the required standards set out in the Model Code throughout the year ended 31 December 2020.

An executive Director, Mr. Yu Jianqiu, on 31 March 2020, dealt in 261,008,000 shares of the Company which was in contravention of code provision A.3(a) and B.8 of the Model Code. In addition, during the period from 18 June 2020 to 26 August 2020, 241,220,000 shares of the Company of Mr. Yu Jianqiu and Epoch Keen Limited were disposed which were caused by forced/enforcement sales initiated by the relevant brokers pursuant to certain margin financing agreements entered into between Mr. Yu Jianqiu/Epoch Keen Limited and relevant brokers and Mr. Yu Jianqiu/Epoch Keen Limited was only informed of these disposal by the relevant brokers after the relevant disposal and/or immediately before the relevant disposals took place.

董事於會議的出席記錄

股東週年大會及續會於2020年9月5日及2020年9月28日舉行，特別股東大會於2020年9月15日舉行，而於截至2020年12月31日止年度共舉行11次董事會會議，各董事於會議的出席記錄載列如下：

董事	股東週年大會出席率	董事會出席率
俞建秋先生	3/3	10/11
鄭偉信先生	3/3	11/11
黃偉萍先生	3/3	11/11
朱玉芬女士	3/3	11/11
李廷斌先生	3/3	11/11
潘連勝先生	3/3	11/11
任汝嫻女士	3/3	11/11

進行證券交易的標準守則

本公司已採納其自身條款不遜於標準守則的高級職員進行證券交易的守則，作為其有關董事進行證券交易的行為守則。經向本公司董事作出具體查詢後，除俞建秋先生外，全體現任董事確認彼等於截至2020年12月31日止整個年度已遵守標準守則所載之規定標準。

執行董事俞建秋先生於2020年3月31日已買賣261,008,000股本公司股份，其已違反標準守則守則條文A.3(a)條及B.8條。此外，於2020年6月18日至2020年8月26日期間，俞建秋先生及時建有限公司的241,220,000股本公司股份因有關經紀根據俞建秋先生/時建有限公司與有關經紀訂立的若干保證金融資協議而發起的被迫/強制銷售而出售，而有關經紀僅於有關出售後及/或緊接有關出售進行前才知會俞建秋先生/時建有限公司該等出售事宜。

CORPORATE GOVERNANCE REPORT

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MODEL CODE FOR SECURITIES TRANSACTIONS

(Continued)

The Company has taken the following remedial steps to avoid the re-occurrence of similar incidents:

- Communicated and reminded Mr. Yu Jianqiu that the blackout period would be extended to when the audit results of the Group are announced;
- Recirculated the Model Code to the Board and reminded them of the procedures that they should follow should they wish to deal in the Company's shares; and
- Coordinated with Company's legal counsel and arranged a refresher training on directors' duties.

The Board considers that by adopting the aforesaid measures, it would enable the Directors to understand the dealing restriction during the black-out period and the procedures that they need to follow before dealing in the securities of the Company. The Board therefore considered that the implementation of the above measures would minimize the chance of breach of the Model Code by the Directors in the future.

BOARD COMMITTEES

The Board has established the Nomination Committee, the Remuneration Committee and the Audit and Corporate Governance Committee, for overseeing particular aspects of the Company's affairs. All Board committees have been established with defined written terms of reference, which are posted on the Company's website "http://www.cmru.com.cn" and are available to shareholders upon request. All Board committees report to the Board on their decisions or recommendations.

All Board committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances, at the Company's expense.

進行證券交易的標準守則(續)

為避免再次發生類似事件，本公司已採取以下補救措施：

- 與俞建秋先生溝通並提醒，禁售期將延至本集團審核結果公告之日；
- 將標準守則重新分發予董事會，並提醒彼等於買賣公司股份時應遵循的程序；及
- 與本公司法律顧問協調並安排關於董事職責的進修培訓。

董事會認為，採納上述措施將令董事了解於禁售期的買賣限制以及彼等於買賣本公司證券前須遵守的程序。因此，董事會認為實施上述措施可盡量減低日後董事違反標準守則的可能性。

董事委員會

董事會已成立提名委員會、薪酬委員會及審核及企業管治委員會，以監督本公司特定範疇的事項。所有董事委員會已制訂其書面職權範圍，載於本公司網站「http://www.cmru.com.cn」，並可按要求讓股東查閱。所有董事委員會向董事會匯報其作出的決策或建議。

所有董事委員會獲提供足夠資源履行職務，並可於適當情況下，作出合理要求以尋求獨立專業意見，費用由本公司支付。

CORPORATE GOVERNANCE REPORT

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NOMINATION COMMITTEE

The Nomination Committee comprises Mr. Lee Ting Bun Denny, Mr. Pan Liansheng and Ms. Ren Ruxian (Chairperson) who are all independent non-executive directors. The functions of the Nomination Committee primarily are to:

- (i) review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;
- (ii) identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships;
- (iii) assess the independence of independent non-executive directors;
- (iv) make recommendations to the Board on the appointment or re-appointment of directors and succession planning for directors, in particular the chairman of the Board and the chief executive; and
- (v) to determine the policy for the nomination of directors, the nomination procedures and the process and criteria adopted to select and recommend candidates for directorship.

For considering the appointment of directors, the Nomination Committee assesses the candidate on a variety of criteria such as reputation of integrity, qualification, knowledge and experience in the industry, ability to commit time and effort to carry out the duties and responsibilities and diversity in all its aspects, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. Having taken into accounts of the above factors and obtained all the information as the Nomination Committee considers necessary, the recommendations of the Nomination Committee will then be put to the Board for decision, and if the candidate will stand for election at a general meeting, a circular will be sent to the shareholders.

On 16 April 2014 the Nomination Committee adopted a board diversity policy. The Board Diversity Policy applies to the Board and sees increasing diversity at the Board level as an essential element in maintaining the Company's competitive advantage. The Nomination Committee will review annually the structure, size and composition of the Board and where appropriate, make recommendations on changes to the Board to complement the Company's corporate strategy, and will make recommendation to the Board on the measurable objectives for achieving board diversity. The Company aims to maintain an appropriate balance of diversity perspectives of the Board that are relevant to the Company business growth.

提名委員會

提名委員會包括李廷斌先生、潘連勝先生及任汝嫻女士(主席)，全部均為獨立非執行董事。提名委員會的主要職責包括：

- (i) 最少每年檢討董事會的架構、規模及組成(包括技能、知識及經驗)，並就任何建議變動向董事會提出推薦意見，以配合本公司的企業策略；
- (ii) 辨識具有合適資格成為董事會成員的人士，並就提名出任董事人士的選擇為董事會作出選擇或推薦；
- (iii) 評核獨立非執行董事的獨立性；
- (iv) 就董事的委任或重新委任及董事的繼任計劃，尤其是董事會主席及行政總裁，向董事會作出推薦；及
- (v) 釐定提名董事的政策、提名程序及選擇及推薦董事候選人所採用的流程及標準。

考慮委任董事時，提名委員會根據多項標準評估候選人，如誠信聲譽、資質、知識及行業經驗、為履行職責所付出之時間及努力以及於所有方面多元化，包括但不限於性別、年齡、文化及教育背景、種族、專業經驗、技能、知識及服務年限。經計及上述因素並取得提名委員會認為必要的所有資料，提名委員會的推薦意見將提交予董事會以供決策，倘候選人於股東大會膺選連任，將向股東寄發通函。

於2014年4月16日，提名委員會採納董事會成員多元化政策。董事會成員多元化政策適用於董事會，並視董事會層面日益多元化為保持本公司的競爭優勢之關鍵元素。提名委員會將每年審核董事會的架構、規模及組成以及在適當時候就配合本公司的企業策略提供有關董事會變更的推薦建議，並將就達致董事會成員多元化向董事會提出有關可計量目標的推薦建議。本公司致力維持與本公司業務增長相關的適當多元化平衡。

CORPORATE GOVERNANCE REPORT

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NOMINATION COMMITTEE *(Continued)*

The Nomination Committee held one meeting during the year ended 31 December 2020 to, inter alia, (i) review the size and composition of the Board as well as review the board diversity policy; (ii) assess the independence of the independent non-executive directors and to review that re-appointment of directors; and (iii) discuss other matters related to the foregoing.

Director	Number of attendance/ Eligible to attend
Mr. Lee Ting Bun Denny	1/1
Mr. Pan Liansheng	1/1
Ms. Ren Ruxian	1/1

The Nomination Committee recommended Mr. Huang Weiping, Ms. Zhu Yufen as executive directors and M. Lee Ting Bun Denny as independent non-executive director of the Company at the forthcoming annual general meeting.

REMUNERATION COMMITTEE

The Remuneration Committee comprises Mr. Lee Ting Bun Denny, Mr. Pan Liansheng (Chairperson) and Ms. Ren Ruxian who are all independent non-executive directors.

The duties of the Remuneration Committee include the following:

- (i) to make recommendations to the Board on the Company's policy and structure for all directors' and senior management's remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;
- (ii) to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;
- (iii) to make recommendations to the Board on the remuneration packages of individual executive directors and senior management;
- (iv) to make recommendations to the Board on the remuneration of non-executive directors;

提名委員會 (續)

於截至2020年12月31日止年度，提名委員會舉行一次會議以(其中包括)：(i)審閱董事會規模及組成及董事會成員多元化政策；(ii)評估獨立非執行董事之獨立性及檢討重新委任董事；及(iii)討論與前述事項相關的其他事宜。

董事	已出席 次數/ 可出席次數
李廷斌先生	1/1
潘連勝先生	1/1
任汝嫻女士	1/1

提名委員會建議於應屆股東週年大會上重新委任黃偉萍先生及朱玉芬女士為本公司執行董事及李廷斌先生為本公司獨立非執行董事。

薪酬委員會

薪酬委員會包括李廷斌先生、潘連勝先生(主席)及任汝嫻女士，全部均為獨立非執行董事。

薪酬委員會的職責包括：

- (i) 就本公司所有董事及高級管理層的薪酬政策及架構向董事會提供建議，以及制訂發展薪酬政策的正式及具透明度的程序；
- (ii) 經參考董事會的企業目標及意向後，審閱及批准管理層的薪酬建議書；
- (iii) 就個別執行董事及高級管理層的薪酬待遇向董事會作出推薦；
- (iv) 就非執行董事的薪酬向董事會作出推薦；

CORPORATE GOVERNANCE REPORT

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REMUNERATION COMMITTEE (Continued)

- (v) to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Company and its subsidiaries;
- (vi) to review and approve compensation payable to executive directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive;
- (vii) to review and approve compensation arrangements relating to dismissal or removal of directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate;
- (viii) to ensure that no director or any of his associates is involved in deciding his own remuneration; and
- (ix) to determine the policy for the remuneration of executive directors, assess performance of executive directors and approve the terms of executive directors' service contracts.

Details of the remuneration of each Director for the year ended 31 December 2020 are set out in note 13 to the financial statements contained in this annual report.

Remuneration of senior management other than Directors for the year ended 31 December 2020 is as follows:

薪酬委員會 (續)

- (v) 考慮同類公司支付的薪酬、付出的時間及職責、以及本公司及其附屬公司內其他職位的僱用條件；
- (vi) 檢討及批准向執行董事及高級管理層就其喪失或終止職務或委任而須支付的賠償，以確保該等賠償與合約條款一致；若未能與合約條款一致，賠償亦須公平合理，不致過多；
- (vii) 檢討及批准因董事行為失當而解僱或罷免有關董事所涉及的賠償安排，以確保該等安排與合約條款一致；若未能與合約條款一致，有關賠償亦須合理適當；
- (viii) 確保任何董事或其任何連繫人不得參與釐訂其自身的薪酬；及
- (ix) 釐定執行董事的薪酬政策、評核執行董事的表現及批准執行董事服務合約的條款。

各董事於截至2020年12月31日止年度的薪酬詳情載列於本年報財務報表附註13。

截至2020年12月31日止年度非董事的高級管理層薪酬如下：

Total remuneration bands	總薪酬範圍	Number of executive 行政人員數目	
		2020 2020年	2019 2019年
Nil to RMB1,000,000	零至人民幣1,000,000元	1	1
RMB1,000,001 to RMB1,500,000	人民幣1,000,001元至 人民幣1,500,000元	1	1
RMB1,500,001 to RMB2,000,000	人民幣1,500,001元至 人民幣2,000,000元	—	—
RMB2,000,001 to RMB2,500,000	人民幣2,000,001元至 人民幣2,500,000元	—	—

CORPORATE GOVERNANCE REPORT

企業管治報告

REMUNERATION COMMITTEE (Continued)

One meeting of the Remuneration Committee was held during the year ended 31 December 2020 to review the existing remuneration packages of Directors and senior managements of the Company. The recommended remuneration packages have been approved by the entire Board.

Director	Number of attendance/ Eligible to attend
Mr. Lee Ting Bun Denny	1/1
Mr. Pan Liansheng	1/1
Ms. Ren Ruxian	1/1

薪酬委員會 (續)

於截至2020年12月31日止年度，薪酬委員會舉行了一次會議，以審核本公司董事及高級管理層之現有薪酬待遇。所建議之薪酬待遇已獲全體董事會批准。

董事	已出席次數 / 可出席次數
李廷斌先生	1/1
潘連勝先生	1/1
任汝嫻女士	1/1

AUDIT AND CORPORATE GOVERNANCE COMMITTEE

The Audit and Corporate Governance Committee comprises Mr. Lee Ting Bun Denny (Chairperson), Mr. Pan Liansheng and Ms. Ren Ruxian who are all independent non-executive directors.

In relation to reviewing the Company's financial information, the Audit and Corporate Governance Committee's duties mainly are to:

- (i) review the financial statements and reports and consider any significant or unusual items raised by the financial officers of the Group or external auditors before submission to the Board;
- (ii) review and monitor the external auditors' independence and objectivity and the effectiveness of the audit process;
- (iii) make recommendation to the Board on the appointment, re-appointment and removal of external auditors; and
- (iv) review the adequacy and effectiveness of the Company's financial reporting system, internal control system and risk management system.

審核及企業管治委員會

審核及企業管治委員會包括李廷斌先生(主席)、潘連勝先生及任汝嫻女士，全部均為獨立非執行董事。

就審閱本公司的財務資料而言，審核及企業管治委員會的主要職責包括：

- (i) 於呈交董事會前，審閱財務報表及報告，並考慮本集團財務人員或外聘核數師提出之任何重大或非經常項目；
- (ii) 檢討並監控外聘核數師之獨立性、客觀性及審核過程之效率；
- (iii) 就委任、續聘及罷免外聘核數師向董事會提出建議；及
- (iv) 檢討本公司財務報告制度、內部監控制度、風險管理制度是否足夠及有效。

CORPORATE GOVERNANCE REPORT

企業管治報告

AUDIT AND CORPORATE GOVERNANCE COMMITTEE

(Continued)

In relation to its corporate governance functions, the Audit and Corporate Governance Committee's responsibilities are to

- (i) develop, review and update the Company's corporate governance policies and practices and to make recommendations to the Board,
- (ii) to review and monitor the training and continuous professional development of directors and senior management,
- (iii) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements,
- (iv) to develop, review and monitor the code of conduct and compliance manual applicable to employees and directors, and
- (v) to review the Company's compliance with the CG Code and disclosure in this Corporate Governance Report.

審核及企業管治委員會 (續)

就其企業管治職能而言，審核及企業管治委員會的職責為

- (i) 制訂、檢討及更新本公司的企業管治政策及常規並向董事會作出建議；
- (ii) 檢討及監察董事及高級管理層的培訓及持續專業發展；
- (iii) 檢討及監察本公司就遵守法律及法規規定的政策及常規；
- (iv) 制訂、檢討及監察適用於僱員及董事的行為守則及合規手冊；及
- (v) 檢討本公司是否遵守企業管治守則及於本企業管治報告的披露。

CORPORATE GOVERNANCE REPORT

企業管治報告

AUDIT AND CORPORATE GOVERNANCE

Five meetings of the Audit and Corporate Governance Committee were held during the Year. The work performed by the Audit and Corporate Governance Committee during the year included the following:

- (i) reviewed the annual report and results announcement of the Company for the years ended 31 December 2019;
- (ii) reviewed the interim report and interim results announcements of the Company for the six months ended 30 June 2020;
- (iii) reviewed the accounting principles and practices adopted by the Group and other financial reporting matters;
- (iv) reviewed the results of external audit and had discussion with external auditors on any significant findings and audit issues;
- (v) reviewed the results of internal review and had discussion with internal audit consultant on any significant findings and internal control issues;
- (vi) discussed with the external auditors before the audit commenced, the nature and scope of the audit and the respective relevant issues;
- (vii) considered and approved the resignation of auditors, the appointment of external auditors as well as approve its service contract for the Year;
- (viii) received the continuing connected transactions for the year ended 31 December 2020; and
- (ix) reviewed the Company's compliance with the Corporate Governance Code and disclosure in the Corporate Governance Report.

審核及企業管治

年內審核及企業管治委員會舉行五次會議。審核及企業管治委員會於本年度進行的工作包括以下各項：

- (i) 審閱本公司截至2019年12月31日止年度的年報及業績公告；
- (ii) 審閱本公司截至2020年6月30日止六個月的中期報告及中期業績公告；
- (iii) 審閱本集團所採納的會計政策及慣例和其他財務申報事宜；
- (iv) 審閱外部審核結果，並就任何重大發現及審計事宜與外聘核數師進行討論；
- (v) 審閱內部審查的結果，並就任何重大發現及其他內部監控事宜與內部審查顧問進行討論；
- (vi) 於審核開始前與外聘核數師討論審核的性質及範圍以及各有關事宜；
- (vii) 考慮及批准核數師辭職、任命外聘核數師以及批准本年度的核數師服務合約；
- (viii) 審閱截至2020年12月31日止年度的持續關連交易；及
- (ix) 審閱本公司是遵守企業管治守則及於企業管治報告的披露。

Director	Number of attendance/ Eligible to attend
Mr. Lee Ting Bun Denny	5/5
Mr. Pan Liansheng	5/5
Ms. Ren Ruxian	5/5

董事	已出席 次數/ 可出席次數
李廷斌先生	5/5
潘連勝先生	5/5
任汝嫻女士	5/5

There had been no disagreement between the Board and the Audit and Corporate Governance Committee during the year ended 31 December 2020.

截至2020年12月31日止年度，董事會與審核及企業管治委員會之間並無分歧。

CORPORATE GOVERNANCE REPORT

企業管治報告

AUDIT AND CORPORATE GOVERNANCE *(Continued)*

Review of 2020 annual results

The Audit and Corporate Governance Committee has also reviewed the audited consolidated financial statements of the Group for the year ended 31 December 2020.

The Audit Committee has reviewed and agreed with the views and concerns of the independent auditor with respect to the qualified opinion issued in relation to the consolidated financial statements of the Group for the year ended 31 December 2020. The Audit and Corporate Governance Committee noted that the Board has undertaken or in the progress of implementing measures to improve the Group's liquidity and financial position. The Audit Committee has reviewed and agreed with the Board's position and has discussed with the independent auditor.

Review of action plan to address the audit qualification on factoring arrangement on certain trade receivables during the year ended 31 December 2019

Pursuant to the last year's audit qualification on factoring arrangement on certain trade receivables during the year ended 31 December 2019 (the "Factoring Arrangement"), the Group engaged BDO Financial Services Limited ("BDO") to investigate on the Factoring Arrangement. In March 2021, BDO completed their investigation with no significant irregularities identified. In addition to the independent investigation of BDO, ZHONGHUI, the Company's independent auditor, had performed review with specific procedures on the Factoring Arrangement and assessed the factoring arrangement during the year ended 31 December 2020 to check any repeated irregularities. The result is satisfactory without irregularities.

The independent investigation report of BDO, including BDO's recommended remedial measures had been reviewed and accepted by the independent investigation committee, which was led by the Audit and Corporate Governance Committee, and the Board.

審核及企業管治 (續)

審核 2020 全年業績

審核及企業管治委員會亦已審閱本集團截至2020年12月31日止年度之經審核綜合財務報表。

審核委員會已審閱並同意核數師就本集團截至2020年12月31日止年度的綜合財務報表發表的保留意見的觀點及關注。審核及企業管治委員會注意到，董事會已經或正在實施措施以改善本集團的流動資金及財務狀況。審核委員會已審閱並認同董事會的立場，並已與核數師進行討論。

審查行動計劃，以解決截至2019年12月31日止年度若干貿易應收款項的保理安排的審計資格

根據截至2019年12月31日止年度的若干貿易應收款項的保理安排（「保理安排」）的審計資格，本集團聘請德豪財務顧問有限公司（「德豪」）就保理安排進行調查。於2021年3月，德豪完成調查，並無發現任何重大違規行為。除德豪進行的獨立調查外，公司的獨立核數師中匯亦就保理安排的特定程序進行了審查，並評估了截至2020年12月31日止年度的保理安排，以檢查是否存在任何重複的違規行為。概無違規行為。

德豪的獨立調查報告，包括德豪建議的補救措施，已經由審計及企業管治委員會以及董事會領導的獨立調查委員會審查並接納。

CORPORATE GOVERNANCE REPORT

企業管治報告

AUDITOR'S REMUNERATION

ZHONGHUI was appointed as our external auditor by Directors in October 2020 until the conclusion of the 2021 AGM. It is primarily responsible for providing audit services in connection with the annual consolidated financial statements.

An analysis of the remuneration paid or payable to ZHONGHUI and is set out below:

核數師酬金

中匯獲董事於2020年10月委任為外聘核數師，任期至2021年股東週年大會為止。其主要職責為就全年綜合財務報表提供審核服務。

支付或應付予中匯安達會計師事務所的酬金分析載列如下：

		Year ended 31 December 2020 截至2020年 12月31日 止年度 RMB'000 人民幣千元
Audit services (audit fee for the year ended 31 December 2020)	審核服務(截至2020年 12月31日止年度之審核費)	3,000
Non-audit services	非審計服務	267

DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING IN RESPECT OF FINANCIAL STATEMENTS

The directors acknowledge their responsibility for preparing the financial statements for the year ended 31 December 2020 which give a true and fair view of the affairs of the Company and the Group and of the Group's results and cash flows.

The management has provided to the Board such explanation and information as are necessary to enable the Board to carry out an informed assessment of the Company's financial statements, which are put to the Board for approval. The Company provides all members of the Board with monthly updates on the Company's performance, positions and prospects.

董事就財務報表的財務報告責任

董事確認彼等編製截至2020年12月31日止年度財務報表的責任，其真實公平地反映本公司及本集團的事務，以及本集團的業績及現金流量。

管理層已向董事會提供所需的解釋及資料，使董事會能夠就提呈董事會批准的本公司財務報表作出知情的評估。本公司就其表現、狀況及前景向董事會所有成員提供每月更新。

CORPORATE GOVERNANCE REPORT

企業管治報告

DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING IN RESPECT OF FINANCIAL STATEMENTS

(Continued)

Pursuant to C.1.3 of the CG Code, the Directors acknowledge their responsibilities for preparing the financial statements, which give true and fair view of the Group. The Directors are aware that the Group recorded a net loss of RMB387,249,000 for the year ended 31 December 2020, which included an impairment of goodwill of RMB277.9 million and fair value gain of contingent consideration liabilities of RMB20,010,000. As at 31 December 2020, the Group had cash and cash equivalents amounted to RMB47,321,000, and there were interest-bearing bank and other borrowings, convertible bonds, lease liabilities and note payables totalling RMB1,878,192,000 repayable within one year or on demand. In addition, as at 31 December 2020, the Group had defaulted on the convertible bonds amounted to RMB553,004,000 and entrusted loans amounted to RMB299,116,000. The above defaults may trigger cross default of certain other borrowings amounting to RMB897,388,000 as at 31 December 2020. This condition indicates the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern. Therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

The Company has implemented various financial plans and measures to address the issue in relation to going concern, including but not limited to:

- (i) the Company has completed the issuance of new shares to Mianyang Fule Investment Co., Ltd., a state-owned enterprise in the PRC, for a consideration of approximately RMB263.3 million, on 18 March 2021;
- (ii) the proposed subscription for the Company's new shares by Mianyang Science Technology City Development Investment (Group) Co. Ltd for a consideration of more than RMB300 million;
- (iii) the proposed extension and/or refinance of the convertible bonds issued to China Huarong International Holdings Limited and Prosper Rich Investments Limited with an aggregate principal amount of HKD590 million;

董事就財務報表的財務報告責任(續)

根據企業管治守則第C.1.3條，董事知悉彼等有編製可真實公平反映本集團財務報表之責任。董事知悉本集團於截至2020年12月31日止年度錄得虧損淨額人民幣387,249,000元，其中包括商譽減值人民幣277,900,000元及或然代價負債公平值收益人民幣20,010,000元。於2020年12月31日，本集團的現金及現金等值項目為人民幣47,321,000元，計息銀行及其他借款、可換股債券、租賃負債及應付票據合共為人民幣1,878,192,000元，應於一年內或按要求償還。此外，於2020年12月31日，本集團未能償還本金總額為人民幣553,004,000元的可換股債券及人民幣299,116,000元的委託貸款。上述違約可能導致於2020年12月31日若干其他借款人民幣897,388,000元出現交叉違約。該狀況表明存在重大不確定性，可能對本集團持續經營業務的能力帶來重大疑問。因此，本集團可能無法於其日常業務過程中變賣其資產及清償其負債。

本公司已實施各種財務計劃及措施以應對有關持續經營的問題，包括但不限於：

- (i) 本公司已於2021年3月18日完成由中國國有企業綿陽富樂投資有限公司新股份發行，代價約為人民幣263.3百萬元；
- (ii) 由綿陽科技城發展投資(集團)有限公司建議認購本公司新股份，代價超過人民幣300百萬元；
- (iii) 建議延期及/或再融資向中國華融國際控股有限公司及亨富投資有限公司發行本金總額為590百萬港元的可換股債券；

CORPORATE GOVERNANCE REPORT

企業管治報告

DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING IN RESPECT OF FINANCIAL STATEMENTS

(Continued)

- (iv) liaisons with banks/financial institutions from which the Group has borrowings with repayment dates beyond 2021 and if necessary, to obtain confirmations that there has been no event to trigger the call provision, if any, as stipulated in the relevant loan agreements;
- (v) liaisons with banks/financial institutions from which the Group has borrowings to renew or extend the existing liabilities; and
- (vi) if necessary, reduction of scale of the Group's operations so as to, on one hand, reduce its size of inventory, trade receivables and other receivables and, on the other hand, increase its level of cash.

The directors of the Company are therefore of the opinion that it is appropriate to prepare the consolidated financial statements on a going concern basis. Should the Group be unable to continue as a going concern, adjustments would have to be made to the consolidated financial statements to adjust to value of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities, respectively.

And, the Board, as concurred by the Audit Committee, is of the view that the inability of ZHONGHUI to obtain sufficient appropriate audit evidence as described in the Independent Auditor's Report under the section headed "Basis for Qualified Opinion" is a historical event and would only affect the financial information of the consolidated financial statements for the year ended 31 December 2020 to the extent described under the section headed "Basis for Qualified Opinion", which would have affected the opening balances as of 1 January 2020. The Board does not expect the basis of the qualified opinion relating to the recoverability of goodwill and the carrying amount of contingent consideration liabilities to affect the opening balances of the financial year immediately subsequent to the year ended 31 December 2020 (i.e. 1 January 2021) and hence the Board does not expect the above to recur in the consolidated financial statements for the year ended 31 December 2021 and onwards except the financial information to be shown as comparative figures.

董事就財務報表的財務報告責任(續)

- (iv) 與本集團有借款且償還日期於2021年之後的銀行／金融機構取得聯繫，並確認並無相關事件觸發相關貸款協議規定的提前贖回條款(如有)；
- (v) 與本集團有借款的銀行／金融機構取得聯繫，以重續或延長現有負債；及
- (vi) 於必要時縮減本集團的經營規模，便於減少其庫存、貿易應收款項及其他應收款項的規模的同時增加其現金水平。

本公司董事因而信納按持續經營基準編製綜合財務報表屬適當。倘本集團未能按持續經營業務基準繼續，將會調整綜合財務報表以調整本集團的資產值至其可收回金額，就可能產生的任何進一步負債作出撥備，及將非流動資產及負債分別重新分類為流動資產及負債。該等調整的影響尚未在綜合財務報表內反映。

此外，董事會(審核委員會亦同意)認為，如獨立核數師報告中「保留意見之基準」一節所述，中匯無法獲取充分適當的審核證據為歷史事件，並僅對截至2020年12月31日止年度的綜合財務報表的財務資料造成影響，影響程度乃至上文「保留意見之基準」一節所述般僅對2020年1月1日的年初結餘。董事會並不預期與商譽的可回收性及或然代價負債的賬面值相關的保留意見之基準將影響緊接截至2020年12月31日止年度其後(即2021年1月1日)的財政年度的年初結餘，因此，除將作為比較數字的財務資料外，董事會並不預期上述情況將於截至2021年12月31日止年度及之後的綜合財務報表中再次發生。

CORPORATE GOVERNANCE REPORT

企業管治報告

INTERNAL CONTROL

The Board acknowledges that it is the responsibility of the Board to maintain an adequate internal control system to safeguard shareholder investments and Company assets and review the effectiveness of such system on an annual basis.

The Board has conducted a review of the effectiveness of the internal control system of the Company and considers the internal control system to be effective and adequate.

The Company has arranged appropriate insurance cover in respect of legal action against its directors.

The Board has established an internal audit function, which reports directly to the Audit Committee to determine whether the internal control procedures are properly carried out throughout the year.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board acknowledges that it is responsible for the risk management and internal control systems and reviewing their effectiveness on an ongoing basis. Such risk management and internal control systems are designed for managing risks rather than eliminating the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. The Board has delegated its responsibilities (with relevant authorities) of risk management and internal control to the Audit and Corporate Governance Committee. The Audit and Corporate Governance Committee (on behalf of the Board) oversees management in the design, implementation and monitoring of the risk management and internal control systems. During the year, the Board had conducted review of the risk management and internal control system of the Company before the date of this report through effort of the Audit and Corporate Governance Committee.

During 2020, the Group has engaged an external consultant to provide assistance in the development of a structured approach to risk management and perform internal control review.

內部監控

董事會確認，董事會須負責維持充分的內部監控制度，以保障股東的投資及本公司的資產，並每年審閱該制度之有效性。

董事會已審查本公司內部監控制度的有效性，並認為內部監控制度屬有效及充足。

本公司已為各董事安排適當的保險，使其面對訴訟時可獲得保障。

董事會已設立內部審核職能並直接向審核委員會匯報，以確定內部監控程序已於年內適當地予以執行。

風險管理及內部監控

董事會確認對風險管理及內部監控制度負責，並有責任持續檢討其有效性。該風險管理及內部監控制度旨在管理而非消除未能達成業務目標的風險，而且就避免重大的失實陳述或損失而言，僅能作出合理而非絕對的保證。董事會已將其風險管理及內部監控的職責（與相關權力）轉授予審核及企業管治委員會。審核及企業管治委員會（代表董事會）監督管理層對風險管理及內部監控制度的設計、實施及監察。於本年度，董事會通過審核及企業管治委員會的努力，於本報告日期之前對本公司風險管理及內部控制系統的有效性開展審核。

於2020年，本集團已委聘外部顧問協助就風險管理制訂結構性方針及對內部監控進行檢討。

CORPORATE GOVERNANCE REPORT

企業管治報告

RISK MANAGEMENT AND INTERNAL CONTROL

(Continued)

Main features of the risk management and internal control systems

The Group's risk governance structure and the main responsibilities of each level of the structure are summarised below:

Board

- Determines the business strategies and objectives of the Group, and evaluates and determines the nature and extent of risks it is willing to take in achieving the Group's strategic objectives;
- Ensures that the Group establishes and maintains appropriate and effective risk management and internal control systems; and
- Oversees management in the design, implementation and monitoring of the risk management and internal control systems.

Audit and Corporate Governance Committee

- Assists the Board to perform its responsibilities of risk management and internal control systems;
- reviews the Company's corporate governance policies and practices (including risk management policy) and to make recommendations to the Board;
- Ensures the adequacy of resources, staff qualifications and experience, training programmes and budget of the Group's accounting, internal audit and financial reporting functions; and
- Considers key matters on risk management and internal control, and reports and makes recommendations to the Board.

風險管理及內部監控(續)

風險管理及內部監控制度的主要特徵

本集團之風險管治架構以及架構內各階層的主要職責簡介如下：

董事會

- 釐定本集團之業務策略與目標，及評估並釐定本集團達成策略目標時所願意接納的風險性質及程度；
- 確保本集團建立及維持合適及有效的風險管理及內部監控制度；及
- 監督管理層對風險管理及內部監控制度的設計、實施及監察。

審核及企業管治委員會

- 協助董事會履行其風險管理及內部監控的職責；
- 檢討本公司的企業管治政策及常規(包括風險管理政策)及向董事會作出建議；
- 確保本集團在會計、內部審核及財務匯報職能方面有足夠的資源、員工資歷與經驗、員工培訓課程，以及有關預算；及
- 考慮有關風險管理及內部監控的關鍵事項，並向董事會匯報及作出建議。

CORPORATE GOVERNANCE REPORT

企業管治報告

RISK MANAGEMENT AND INTERNAL CONTROL

(Continued)

Main features of the risk management and internal control systems (Continued)

Management

- Designs, implements and maintains appropriate and effective risk management and internal control systems;
- Identifies, evaluates and manages the risks that may potentially impact the major processes of the operations;
- Monitors risks and takes measures to mitigate risks in day-to-day operations;
- Gives prompt responses to, and follow up on risk management and internal control matters; and
- Provides confirmation to the Board and Audit Committee on the effectiveness of the risk management and internal control systems.

Internal control consultant

- Reports to the Audit Committee the findings of the internal control review and makes recommendations to the Board and management to improve the material systems deficiencies or control weaknesses identified.

HANDLING AND DISSEMINATION OF INSIDE INFORMATION

For the purpose of handling and disseminating inside information in accordance with the Listing Rules and the Securities and Futures Ordinance (Cap 571 of the Laws of Hong Kong), the Group has taken various procedures and measures, including arousing the awareness to preserve confidentiality of inside information within the Group, sending blackout period and securities dealing restrictions notification to the relevant directors and employees regularly, disseminating information to specified persons on a need-to-know basis and regarding closely to the "Guidelines on Disclosure of Inside Information" issued by the Securities and Futures Commission in June 2012.

COMPLIANCE WITH LAWS AND REGULATIONS

During the year ended 31 December 2020, the Group was in compliance with all the laws and regulations applicable to the business operations of the Group.

風險管理及內部監控(續)

風險管理及內部監控制度的主要特徵(續)

管理層

- 設計、實施及維持合適及有效的風險管理及內部監控制度；
- 識別、評估及管理可能對營運之主要程序構成潛在影響之風險；
- 監察風險並採取措施降低日常營運風險；
- 對有關風險管理及內部監控事宜作出及時的回應及跟進；及
- 向董事會及審核委員會提供有關風險管理及內部監控制度是否有效的確認。

內部監控顧問

- 向審核委員會匯報內部監控審閱結果並向董事會及管理層作出建議，以改善制度之重大不足之處或所發現之監控缺失。

處理及發佈內幕消息

就根據上市規則及香港法例第571章證券及期貨條例處理及發佈內幕消息而言，本集團已採取多項程序及措施，包括提高本集團對內幕消息保密的意識、定期向有關董事及僱員發送禁售期及證券交易限制的通知、在需要知情基礎上向指定人員發佈信息及嚴格遵守證券及期貨事務監察委員會於2012年6月頒佈的「內幕消息披露指引」。

遵守法律及法規

截至2020年12月31日止年度，本集團遵守本集團業務經營適用的所有法律及法規。

CORPORATE GOVERNANCE REPORT

企業管治報告

COMMUNICATIONS WITH SHAREHOLDERS AND INVESTORS

The Company considers that effective communication with shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company also recognizes the importance of transparency and timely disclosure of corporate information, which enables shareholders and investors to make the best investment decisions.

To promote effective communication, the Company maintains a website at "http://www.cmru.com.cn", where extensive information and updates on the Group's business developments and operations, financial information, corporate governance practices and other information are available for public access.

Shareholders and investors may send written enquiries or requests to the Company as follows:

Address: Unit 4402-03, COSCO Tower,
183 Queen's Road Central, Sheung Wan, Hong Kong
(For the attention of Corporate Communications Department)
Fax: +852 2587 7199
Email: ir@cmru.com.cn

Enquiries are dealt with in an informative and timely manner.

The Board welcomes views of shareholders and encourages them to attend general meetings to raise any concerns they might have with the Board or the management directly. Board members and appropriate senior staff of the Group are available at the meetings to answer any questions raised by shareholders.

The Company continues to enhance communication and relationship with its investors.

Designated senior management maintains regular dialogue with institutional investors and analysts to keep them informed of the Group's developments.

During the year ended 31 December 2020, there had been no change in the constitutional documents of the Company.

與股東及投資者溝通

本公司認為，與股東保持有效溝通，對促進投資者關係及加深投資者對本集團業務表現及策略了解至為重要。本公司亦明白保持透明度和適時披露公司資料的重要性，因其有利於股東及投資者作出最佳投資決策。

為進行有效溝通，本公司設有網站「http://www.cmru.com.cn」，本集團業務發展及運作、財務資料、企業管治常規及其他資料之詳盡資料及其最新情況均載於該網站供公眾查閱。

股東及投資者可按以下方式將書面查詢或要求寄發至本公司：

地址：香港上環皇后大道中183號
中遠大廈4402-03室
(抬頭請註明企業傳訊部)
傳真：+852 2587 7199
電郵：ir@cmru.com.cn

本公司將盡快處理及詳細解答查詢。

董事會歡迎股東提出意見，並鼓勵彼等出席股東大會以直接就其對董事會或管理層的任何存疑作出提問。董事會成員及本集團相關高級職員會出席大會，解答股東的任何提問。

本公司繼續加強與投資者的溝通及彼此之間的關係。

指定高級管理層會定期與機構投資者及分析員會談，以知會彼等本集團的發展。

截至2020年12月31日止年度，本公司之憲章文件並無變動。

CORPORATE GOVERNANCE REPORT

企業管治報告

DIVIDEND POLICY

The Group adopted a dividend policy on 18 January 2019. A summary of the policy is disclosed as below.

The Company considers stable and sustainable returns to shareholders to be its goal and endeavours to maintain a balance between meeting shareholders' expectations and prudent capital management with a stable and sustainable dividend policy.

In accordance with the article of association of the Company and subject to the relevant laws under Cayman Islands, the Company in general meeting may from time to time declare dividends in any currency to be paid to the shareholders but no dividend shall be declared in excess of the amount recommended by the Board.

Dividends may be declared and paid out of the profits of the Company, realised or unrealised, or from any reserve set aside from profits which the Directors determine is no longer needed. With the sanction of an ordinary resolution dividends may also be declared and paid out of share premium account or any other fund or account which can be authorised for this purpose in accordance with the relevant laws under Cayman Islands.

In deciding whether to propose a dividend and in determining the dividend amount, the Board may take into account, amongst other things, the actual and expected financial performance, the earnings, distributable reserves, debts to equity ratio, return on equity, working capital requirement, future expansion plans, and any other factors that the Board deems appropriate.

The Board shall review this policy from time to time, as appropriate, to ensure the effectiveness of this policy and shall discuss any revisions that may be required.

COMPANY SECRETARY

The company secretary of the Company is Mr. Cheung Ying Kwan. Mr. Cheung has been informed of the requirement of the Rule 3.29 of the Listing Rules, and he confirmed that he had attained no less than 15 hours of relevant professional training during the year ended 31 December 2020.

股息政策

本集團於2019年1月18日採納股息政策。政策概要乃披露於下文。

本公司以回饋股東穩定可持續的回報為其目標，致力根據穩定及可持續的股息政策保持達成股東預期與審慎資本管理之間的平衡。

根據本公司組織章程細則及開曼群島相關法律，本公司或會不時於股東大會以任何貨幣宣派將派付予股東的股息，但所宣派股息不得超過董事會所建議的金額。

股息或會以本公司已變現或未變現溢利或自董事確定不再需要的溢利中撥出的任何儲備宣派及派付。通過普通決議案批准，股息亦可能以股份溢價賬或任何其他資金或根據開曼群島相關法律可能獲授權作此用途的賬戶宣派及派付。

在決定是否建議股息及確定股息金額時，董事會或會考慮(其中包括)實際及預期財務表現、盈利、可供分派儲備、債務權益比率、股本回報、營運資金需求、未來擴張計劃以及董事會視為適當的任何其他因素。

董事會應不時審核此項政策(如適用)以確保此項政策的有效性並應討論可能需要作出的任何修訂。

公司秘書

本公司之公司秘書為張應坤先生。張先生已知悉上市規則第3.29條之規定，而彼確認於截至2020年12月31日止年度，已出席不少於15小時之相關專業培訓。

CORPORATE GOVERNANCE REPORT

企業管治報告

SHAREHOLDERS' RIGHT

To safeguard shareholders' interests and rights, separate resolutions are proposed at shareholders' meetings on each substantial issue, including the election of individual directors, for shareholders' consideration and voting.

Under article 58 of the Articles of Association, the Company's shareholders may convene an extraordinary general meeting or put forward proposals at shareholders' meetings pursuant to the Articles of Association. Any one or more shareholder(s) holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall, by written requisition to the Board or the company secretary, require an extraordinary 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.

Shareholders may put forward proposals for consideration at a general meeting in accordance with the Companies Law of the Cayman Islands and the Articles of Association.

As regards proposing a person for election as a director, the procedures are available on the websites of the Company and the Stock Exchange.

For the avoidance of doubt, shareholder(s) must deposit and send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the Company and provide their full name, contact details and identification in order to give effect thereto. Shareholders' information may be disclosed as required by law.

The Company has not made any changes to its Articles of Association throughout the year ended 31 December 2020. An up-to-date version of the Articles of Association is available on the Company's website and the Stock Exchange's website. Shareholders may refer to the Articles of Association for further details of their rights.

All resolutions put forward at shareholders' meetings will be voted by poll pursuant to the Listing Rules and the poll voting results will be posted on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (<http://www.cmru.com.cn>) immediately after the relevant general meetings.

股東權利

為了保障股東權益及權利，股東大會上會就各重大事項（包括選舉個別董事）提呈獨立決議案，供股東考慮及投票。

根據組織章程細則第58條，本公司股東可召開股東特別大會或根據組織章程細則於股東大會上提呈建議書。任何一位或以上於遞呈要求日期持有不少於本公司繳足股本（賦有於本公司股東大會上投票權）十分之一的股東有權透過向董事會或公司秘書發出書面要求，要求董事會召開股東特別大會，以處理有關要求中指明的任何業務；且該大會應於遞呈該要求後兩個月內舉行。

股東可根據開曼群島公司法及組織章程細則於股東大會上提呈建議書，以供股東大會考慮。

有關提名人士參選董事的程序可於本公司及聯交所網站覽閱。

為免生疑問，股東須將妥為簽署的書面要求、通知或聲明或查詢（視情況而定）的正本存放於及寄發至本公司，並提供彼等的全名、聯絡詳情及身份，以便本公司回覆。股東資料可能根據法律規定而予以披露。

本公司於截至2020年12月31日止整個年度並無對其組織章程細則作出任何變動。組織章程細則的最新版本可在本公司網站及聯交所網站查閱。股東亦可參考組織章程細則以取得有關其權利的詳情。

根據上市規則，所有在股東大會提呈的決議案均將以投票方式表決，且投票表決結果將緊隨有關股東大會召開後於聯交所網站(www.hkexnews.hk)及本公司網站(<http://www.cmru.com.cn>)刊登。

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告



**TO THE SHAREHOLDERS OF
CHINA METAL RESOURCES UTILIZATION LIMITED**
(Incorporated in the Cayman Islands with limited liability)

QUALIFIED OPINION

We have audited the consolidated financial statements of China Metal Resources Utilization Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 86 to 205, which comprise the consolidated statement of financial position as at 31 December 2020, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion section of our report, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standard Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

致中國金屬資源利用有限公司
列位股東
(於開曼群島註冊成立的有限公司)

保留意見

吾等已審核第86至205頁所載之中國金屬資源利用有限公司(「貴公司」)及其附屬公司(統稱「貴集團」)之綜合財務報表，此等綜合財務報表包括於2020年12月31日之綜合財務狀況表及截至該日止年度的綜合損益及其他全面收益表、綜合權益變動表及綜合現金流量表，以及綜合財務報表附註，包括主要會計政策概要。

吾等認為，除吾等的報告保留意見之基礎所述事項可能產生之影響外，該等綜合財務報表已根據國際會計準則理事會(「國際會計準則理事會」)頒佈之國際財務報告準則(「國際財務報告準則」)真實而公平地反映貴集團於2020年12月31日的綜合財務狀況，及其截至該日止年度的綜合財務表現及綜合現金流量，並已按照香港公司條例的披露規定妥為編製。

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

TO THE SHAREHOLDERS OF CHINA METAL RESOURCES UTILIZATION LIMITED

(Incorporated in the Cayman Islands with limited liability)

致中國金屬資源利用有限公司

列位股東

(於開曼群島註冊成立的有限公司)

BASIS FOR QUALIFIED OPINION

保留意見之基礎

(1) Goodwill

We were unable to obtain sufficient appropriate audit evidence to satisfy ourselves as to the recoverability of goodwill amounted to approximately RMB277,895,000 as at 31 December 2019. The Group recognised impairment losses on goodwill of approximately RMB277,895,000 and RMB407,883,000 for the year ended 31 December 2020 and 31 December 2019 respectively. We have not yet obtained sufficient and appropriate audit evidence to satisfy ourselves as to these impairment losses on goodwill and whether these impairment losses on goodwill should be recognised in current or prior years.

(1) 商譽

我們無法獲取充分適當的審核證據，以使我們確信於2019年12月31日的商譽的可回收性約為人民幣277,895,000元。截至2020年12月31日及2019年12月31日止年度，本集團分別確認商譽減值虧損約人民幣277,895,000元及人民幣407,883,000元。我們尚未取得充分及適當的審核證據，以使我們確信該等商譽減值虧損，以及該等商譽減值虧損應否於本年度或過往年度確認。

(2) Contingent consideration liabilities

We were unable to obtain sufficient appropriate audit evidence to satisfy ourselves as to the carrying amount of contingent consideration liabilities amounted to approximately RMB151,305,000 as at 31 December 2019. The Group recognised the following changes in fair values, interest expenses and exchange differences in respect of contingent consideration liabilities for the year ended 31 December 2020 and 31 December 2019. We have not yet obtained sufficient and appropriate audit evidence to satisfy ourselves as to these changes in fair values, interest expenses and exchange differences should be recognised in current or prior years.

(2) 或然代價負債

我們無法獲取充分適當的審核證據，以使我們確信於2019年12月31日的或然代價負債的賬面值約為人民幣151,305,000元。本集團於截至2020年12月31日及2019年12月31日止年度確認或然代價負債的公平值、利息開支及匯兌差額的變動如下。我們尚未取得充分及適當的審核證據，以使我們確信該等公平值、利息開支及匯兌差額的變動應否於本年度或過往年度確認。

		2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
Changes in fair values on contingent consideration liabilities recognised in profit or loss	已於損益確認或然代價負債的公平值變動	20,010	240,395
Interest expenses recognised in profit or loss	於損益確認之利息開支	-	(9,173)
Exchange differences recognised in other comprehensive income	於其他全面收入確認的匯兌差額	7,936	8,083

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

TO THE SHAREHOLDERS OF CHINA METAL RESOURCES UTILIZATION LIMITED

(Incorporated in the Cayman Islands with limited liability)

BASIS FOR QUALIFIED OPINION (Continued)

Any adjustments to the figures as described above might have a consequential effect on the Group's consolidated financial performance and consolidated cash flows for the years ended 31 December 2020 and 2019, the consolidated financial position of the Group as at 31 December 2019, and the related disclosures thereof in the consolidated financial statements.

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the HKICPA's Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to note 2 to the consolidated financial statements, which mentioned that the Group recorded a net loss of approximately RMB387,249,000 for the year ended 31 December 2020, which included an impairment loss on goodwill of approximately RMB277,895,000. As at 31 December 2020, the Group had cash and cash equivalents amounting to approximately RMB47,321,000, and there were interest-bearing bank and other borrowings, convertible bonds and note payables totalling RMB1,874,587,000 repayable within one year or on demand. In addition, as at 31 December 2020, the Group had defaulted on the repayment of convertible bonds amounted to approximately RMB553,004,000 and entrusted loans amounted to approximately RMB299,116,000. The above defaults may trigger cross-default of certain other borrowings amounting to approximately RMB897,388,000 as at 31 December 2020. These conditions indicate the existence of material uncertainties which may cast significant doubt on the Group's ability to continue as a going concern. The consolidated financial statements have been prepared on a going concern basis, the validity of which depends upon the results of various financial plans and measures implemented by the Group. Our opinion is not modified in respect of this matter.

致中國金屬資源利用有限公司

列位股東

(於開曼群島註冊成立的有限公司)

保留意見之基礎(續)

對上述之數字之任何調整均可能對本集團截至2020年及2019年12月31日止年度之綜合財務表現及綜合現金流量及本集團於2019年12月31日之綜合財務狀況，以及其於綜合財務報表之相關披露產生相應影響。

吾等已根據香港會計師公會(「香港會計師公會」)頒佈的香港審計準則進行吾等之審核工作。吾等就該等準則承擔之責任於本報告「核數師就審核綜合財務報表承擔的責任」中進一步闡述。根據香港會計師公會的專業會計師道德守則(「守則」)，吾等獨立於貴集團，及吾等已履行守則中的其他道德責任。吾等相信，吾等所獲得之審核憑證充足及適當，可為吾等之保留意見提供基礎。

與持續經營相關的多項不確定事項

我們懇請閣下注意綜合財務報表附註2，該附註提及本集團截至2020年12月31日止年度錄得淨虧損約人民幣387,249,000元，其中包括商譽減值淨虧損約人民幣277,895,000元。於2020年12月31日，本集團的現金及現金等價物約人民幣47,321,000元，計息銀行及其他借款、可換股債券及應付票據總額為人民幣1,874,587,000元，須於一年內或應要求償還。此外，截至2020年12月31日，本集團的可換股債券還款違約約為人民幣553,004,000元及信托貸款約為人民幣299,116,000元。上述違約可能導致若干其他借款的交叉違約，金額約為人民幣897,388,000元。該等情況顯示存在重大不確定因素，可能對本集團持續經營的能力產生重大疑問。綜合財務報表已按持續經營基準編制，其有效性取決於本集團實施的各項財務計劃及措施的結果。我們對該事宜的意見沒有改變。

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

TO THE SHAREHOLDERS OF CHINA METAL RESOURCES UTILIZATION LIMITED

(Incorporated in the Cayman Islands with limited liability)

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters described in the Basis for Qualified Opinion section and the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Inventories

Refer to note 23 to the consolidated financial statements

The Group tested the amount of inventories for impairment. This impairment test is significant to our audit because the balance of inventories of RMB316,776,000 as at 31 December 2020 is material to the consolidated financial statements. In addition, the Group's impairment test involves application of judgement and is based on estimates.

Our audit procedures included, among others:

- Assessing the Group's procedures on ordering and holding of inventories;
- Evaluating the Group's impairment assessment;
- Assessing the marketability of the inventories;
- Assessing the ageing of the inventories;
- Assessing the net realisable values of the inventories; and
- Checking subsequent sales and usage of the inventories.

We considered that the Group's impairment test for inventories is supported by the available evidence.

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(於開曼群島註冊成立的有限公司)

關鍵審核事項

關鍵審核事項乃根據吾等的職業判斷，對當前期間的綜合財務報表的審核最為重要的事項。此等事項乃於吾等審核整體綜合財務報表及出具意見時進行處理，而吾等不會對此等事項提供單獨意見。除保留意見之基礎及與持續經營相關的多項不確定事項部份所載事項外，吾等已於本報告釐定下文所述事項為關鍵審核事項。

存貨

請參閱綜合財務報表附註 23。

貴集團已測試存貨減值金額。由於存貨於 2020 年 12 月 31 日之結餘約人民幣 316,776,000 元對綜合財務報表而言屬重大，因此該減值測試對吾等的審核非常重要。此外，貴集團的減值測試涉及應用判斷且基於估計進行。

吾等的審核程序包括(其中包括)：

- 評估 貴集團訂購及持有存貨之程序；
- 評核 貴公司之減值評估；
- 評估存貨的適銷性；
- 評估存貨貨齡；
- 評估存貨之可變現淨值；及
- 核對存貨之後續銷售及用途。

吾等認為有可得的憑證支持 貴集團存貨的減值測試。

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

TO THE SHAREHOLDERS OF CHINA METAL RESOURCES UTILIZATION LIMITED

(Incorporated in the Cayman Islands with limited liability)

KEY AUDIT MATTERS (Continued)

Property, plant and equipment and right-of-use assets

Refer to note 17 and 18 to the consolidated financial statements

The Group tested the amount of property, plant and equipment and right-of-use assets for impairment. This impairment test is significant to our audit because the balance of property, plant and equipment of approximately RMB563,953,000 and right-of-use assets of approximately RMB120,011,000 as at 31 December 2020 are material to the consolidated financial statements. In addition, the Group's impairment test involves application of judgement and is based on assumptions and estimates.

Our audit procedures included, among others:

- Assessing the identification of the related cash generating units;
- Assessing the arithmetical accuracy of the value-in-use and fair value less costs of disposal calculations;
- Comparing the actual cash flows with the cash flow projections;
- Assessing the reasonableness of the key assumptions (including revenue growth, profit margins, terminal growth rates and discount rates);
- Engaging our own valuer to assist us in assessing the reasonableness of the discount rate;
- Obtaining and checking to evidence to support the Group's impairment assessment;
- Assessing the competence, independence and integrity of the external valuer engaged by client and our own engaged valuer;
- Obtaining the external valuation reports and meeting with the external valuer to discuss and challenge the valuation process, methodologies used and market evidence to support significant judgments and assumptions applied in the valuation model;

致中國金屬資源利用有限公司

列位股東

(於開曼群島註冊成立的有限公司)

關鍵審核事項(續)

物業、廠房及設備及使用權資產

請參閱綜合財務報表附註17及18

貴集團已測試物業、廠房及設備以及使用權資產減值金額。由於物業、廠房及設備以及使用權資產於2020年12月31日之結餘約人民幣563,953,000元及約人民幣120,011,000元對綜合財務報表而言屬重大，因此該減值測試對吾等的審核非常重要。此外，貴集團之減值測試涉及應用判斷且基於假設及估計進行。

吾等的審核程序包括(其中包括)：

- 評估相關現金產生單位之識別；
- 評估使用價值及公平值減出售成本之算術準確性；
- 將實際現金流量與現金流量預測進行對比；
- 評估主要假設(包括收益增長、利潤率、終端增長率及貼現率)之合理性；
- 委聘吾等自己的估值師以協助我們評估貼現率之合理性；
- 取得及檢查支持 貴集團減值評估的憑證；
- 評估客戶所委聘外部估值師及吾等自己委聘的估值師的工作能力、獨立性及誠信；
- 取得外部估值報告並與外部估值師會面，以討論估值程序、所用方法及市場憑證並對此提出質疑，以支持估值模型所應用的重大判斷及假設；

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

TO THE SHAREHOLDERS OF CHINA METAL RESOURCES UTILIZATION LIMITED

(Incorporated in the Cayman Islands with limited liability)

KEY AUDIT MATTERS (Continued)

Property, plant and equipment and right-of-use assets (Continued)

Refer to note 17 and 18 to the consolidated financial statements (Continued)

- Checking arithmetical accuracy of the valuation model; and
- Checking key assumptions and input data in the valuation model to supporting evidence.

We considered that the Group's impairment test for property, plant and equipment and right-of-use assets are supported by the available evidence.

Trade receivables and advance payments to suppliers

Refer to notes 24 and 21 to the consolidated financial statements

The Group tested the amount of trade receivables and advance payments to suppliers for impairment. This impairment test is significant to our audit because the balance of trade receivables and advance payments to suppliers of RMB2,129,701,000 and RMB1,957,978,000 respectively as at 31 December 2020 is material to the consolidated financial statements. In addition, the Group's impairment test involve application of judgement and is based on estimates.

Our audit procedures included, among others:

- Assessing the Group's procedures on granting credit limits and credit periods to customers;
- Assessing the Group's relationship and transaction history with the debtors;
- Evaluating the Group's impairment and expected credit loss assessments;
- Assessing ageing of the debts;
- Assessing creditworthiness of the customers and suppliers;
- Checking subsequent settlements from the customers;

致中國金屬資源利用有限公司

列位股東

(於開曼群島註冊成立的有限公司)

關鍵審核事項(續)

物業、廠房及設備及使用權資產(續)

請參閱綜合財務報表附註17及18(續)

- 核查估值模型的算術準確性；及
- 核查估值模型中關鍵假設及輸入數據的支持憑證。

吾等認為有可得的憑證支持 貴集團物業、廠房及設備及使用權資產的減值測試。

貿易應收款項及墊付供應商款項

請參閱綜合財務報表附註24及21

貴集團已測試貿易應收款項及墊付供應商款項減值金額。由於貿易應收款項及墊付供應商款項於2020年12月31日之結餘分別人民幣2,129,701,000元及人民幣1,957,978,000元對綜合財務報表而言屬重大，因此該減值測試對吾等的審核非常重要。此外，貴集團之減值測試涉及應用判斷且基於估計進行。

吾等的審核程序包括(其中包括)：

- 評估 貴集團有關向客戶授出信貸限額及信貸期之程序；
- 評估 貴集團與債務人之關係及交易記錄；
- 評核 貴集團之減值及預期信貸虧損評估；
- 測試債務賬齡；
- 評估客戶及供應商之信用可靠性；
- 檢查客戶之其後結算；

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

**TO THE SHAREHOLDERS OF
CHINA METAL RESOURCES UTILIZATION LIMITED**
(Incorporated in the Cayman Islands with limited liability)

KEY AUDIT MATTERS (Continued)

Trade receivables and advance payments to suppliers (Continued)

Refer to notes 24 and 21 to the consolidated financial statements
(Continued)

- Checking goods delivered from the suppliers; and
- Assessing the disclosure of the Group's exposure to credit risk in the consolidated financial statements.

We considered that the Group's trade receivables and advance payments to suppliers are supported by the available evidence.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises all the information in the Company's annual report, but does not include the consolidated financial statements and our auditor's report thereon. The other information is expected to be made available to us after the date of this auditor's report.

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

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

RESPONSIBILITIES OF DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

致中國金屬資源利用有限公司
列位股東
(於開曼群島註冊成立的有限公司)

關鍵審核事項(續)

貿易應收款項及墊付供應商款項(續)

請參閱綜合財務報表附註24及21(續)

- 檢查供應商交付的貨品；及
- 評估綜合財務報表中 貴集團所面對信貸風險之披露。

吾等認為有可得的憑證支持 貴集團貿易應收款項及墊付供應商款項的減值測試。

其他資料

貴公司董事對其他資料負責。其他資料包括 貴公司年報所載的所有資料，惟不包括綜合財務報表及吾等的核數師報告。其他資料預計於核數師報告日期後可供吾等使用。

吾等就綜合財務報表的意見並不涵蓋其他資料，吾等亦不就其他資料發表任何形式的鑒證結論。

於吾等審核綜合財務報表時，吾等的責任乃於其可供使用時閱讀上述識別的其他資料，及在此過程中，考慮其他資料是否與綜合財務報表或吾等在審核過程中所了解的情況有重大抵觸，或者似乎存在重大錯誤陳述。

董事就綜合財務報表須承擔的責任

貴公司董事須根據國際會計準則委員會頒的國際財務報告準則及香港公司條例的披露規定負責編製真實而公平地反映情況的綜合財務報表，及落實董事釐定對編製綜合財務報表屬必要的內部監控，以使該等綜合財務報表的編製不會存在由於欺詐或錯誤而導致的重大錯誤陳述。

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

TO THE SHAREHOLDERS OF CHINA METAL RESOURCES UTILIZATION LIMITED

(Incorporated in the Cayman Islands with limited liability)

RESPONSIBILITIES OF DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

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.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located at the HKICPA's website at:

<http://www.hkicpa.org.hk/en/standards-and-regulations/standards/auditing-assurance/auditre/>

This description forms part of our auditor's report.

ZHONGHUI ANDA CPA Limited

Certified Public Accountants

Li Shun Fai

Audit Engagement Director

Practising Certificate Number P05498

Hong Kong, 31 March 2021

致中國金屬資源利用有限公司

列位股東

(於開曼群島註冊成立的有限公司)

董事就綜合財務報表須承擔的責任 *(續)*

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

核數師就審核綜合財務報表承擔的 責任

吾等的目標乃就綜合財務報表整體是否存在由於欺詐或錯誤而導致的重大錯誤陳述取得合理保證，並出具包括吾等意見的核數師報告。吾等之意見僅向 閣下(作為整體)作出，除此之外本報告別無其他目的。吾等不就本報告的內容向任何其他人士負責或承擔責任。合理保證屬高水平的核證，惟根據香港審計準則進行的審核工作不能保證總能察覺所存在的重大錯誤陳述。錯誤陳述可因欺詐或錯誤引起，倘個別或整體在合理預期情況下可影響使用者根據綜合財務報表作出的經濟決定時，則被視為重大錯誤陳述。

吾等就審核綜合財務報表之責任之更多描述載於香港會計師公會之網站：

<http://www.hkicpa.org.hk/en/standards-and-regulations/standards/auditing-assurance/auditre/>

該描述構成吾等核數師報告之一部分。

中匯安達會計師事務所有限公司

執業會計師

李淳暉

審計項目董事

執業證書號碼 P05498

香港，2021年3月31日

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

綜合損益及其他全面收益表

For the year ended 31 December 2020 截至2020年12月31日止年度

		Notes 附註	2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
REVENUE	營業額	9	16,698,527	24,012,653
Cost of sales	銷售成本		(16,635,950)	(24,270,594)
GROSS PROFIT/(LOSS)	毛利/(毛損)		62,577	(257,941)
Other income/(expenses), gain/(loss), net	其他淨收入/(開支)、 收益/(虧損)	10	(33,320)	350,332
Selling and distribution expenses	銷售及分銷開支		(21,637)	(30,532)
Administrative expenses	行政開支		(162,733)	(130,046)
(Provision)/reversal of provision for doubtful debts, net	呆賬(撥備)/撥回淨額		(47,005)	45,115
Finance costs	財務成本	11	(170,004)	(147,893)
Share of loss of associates	應佔聯營公司虧損		(754)	(4,811)
Loss before tax	稅前虧損		(372,876)	(175,776)
Income tax expense	所得稅開支	14	(14,373)	(41,560)
Loss for the year attributable to owners of the Company	本公司擁有人應佔年內虧損	12	(387,249)	(217,336)
Other comprehensive income/(loss) after tax:	稅後其他全面收益/(虧損):			
<i>Items that may be reclassified to profit or loss:</i>	<i>可能重新分類至損益的項目:</i>			
Exchange differences on translating foreign operations	換算海外業務的匯兌差額		43,012	(15,335)
<i>Items that will not be reclassified to profit or loss:</i>	<i>不會重新分類至損益的項目:</i>			
Equity investment designated at fair value through other comprehensive income included in interests in associates: Changes in fair value	計入於聯營公司的權益之指定 為按公平值計入其他全面 收益的股權投資: 公平值變動		-	(9,600)
Other comprehensive income/(loss) for the year, net of tax	除稅後年內其他全面收益/ (虧損)		43,012	(24,935)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

綜合損益及其他全面收益表

For the year ended 31 December 2020 截至2020年12月31日止年度

			2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
		Notes 附註		
Total comprehensive loss for the year attributable to owners of the Company	本公司擁有人應佔年內全面虧損總額		(344,237)	(242,271)
Loss per share	每股虧損			
Basic (RMB per share)	基本(每股人民幣)	15	(0.15)	(0.08)
Diluted (RMB per share)	攤薄(每股人民幣)		(0.15)	(0.08)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

綜合財務狀況表

As at 31 December 2020 於2020年12月31日

		Notes 附註	2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
Non-current assets	非流動資產			
Property, plant and equipment	物業、廠房及設備	17	563,953	599,234
Right-of-use assets	使用權資產	18	120,011	122,779
Interests in associates	聯營公司權益	19	67,354	68,108
Goodwill	商譽	20	–	277,895
Prepayments, other receivables and other assets	預付款、其他應收款項及其他資產	21	18,934	24,441
Deferred tax assets	遞延稅項資產	22	6,493	16,605
Total non-current assets	總非流動資產		776,745	1,109,062
Current assets	流動資產			
Inventories	存貨	23	316,776	563,799
Trade and bills receivables	貿易應收款項及應收票據	24	2,129,701	1,189,037
Prepayments, other receivables and other assets	預付款、其他應收款項及其他資產	21	2,354,325	2,108,337
Derivative financial instrument	衍生金融工具	25	106,306	107,451
Amounts due from associates	應收聯營公司款項	26	594	15,261
Amounts due from related parties	應收關聯方款項	27	–	10
Pledged deposits	已抵押存款	28	525,902	42,982
Cash and cash equivalents	現金及現金等值項目	28	47,321	64,703
Total current assets	總流動資產		5,480,925	4,091,580
Current liabilities	流動負債			
Trade and bills payables	貿易應付款項及應付票據	29	1,068,604	559,892
Other payables and accruals	其他應付款項及應計費用	30	1,333,347	873,433
Note payables	應付票據	31	89,479	30,457
Interest-bearing bank and other borrowings	計息銀行及其他借款	32	1,232,104	1,025,111
Liability component of convertible bonds	可換股債券的負債部分	33	553,004	636,524
Lease liabilities	租賃負債	34	3,605	3,174
Contingent consideration liabilities	或然代價負債	35	123,474	–
Amounts due to associates	應付聯營公司款項	26	161,583	32,801
Amount due to related party	應付關聯方款項	27	132,600	5,613
Tax payable	應繳稅項		58,852	63,780
Total current liabilities	總流動負債		4,756,652	3,230,785
Net current assets	淨流動資產		724,273	860,795
Total assets less current liabilities	總資產減流動負債		1,501,018	1,969,857

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

綜合財務狀況表

As at 31 December 2020 於2020年12月31日

		Notes 附註	2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
Non-current liabilities	非流動負債			
Lease liabilities	租賃負債	34	7,517	3,361
Contingent consideration liabilities	或然代價負債	35	–	151,305
Deferred government grants	遞延政府補助	36	3,669	4,007
Deferred tax liabilities	遞延稅項負債	22	1,697	1,097
Total non-current liabilities	總非流動負債		12,883	159,770
NET ASSETS	淨資產		1,488,135	1,810,087
EQUITY	權益			
Share capital	股本	37	211,741	211,741
Reserves	儲備		1,276,394	1,598,346
TOTAL EQUITY	總權益		1,488,135	1,810,087

The consolidated financial statements on pages 94 to 205 were approved and authorised for issue by the Board of Directors on 31 March 2021 and are signed on its behalf by:

載於第94至205頁之綜合財務報表於2021年3月31日獲董事會批准及授權刊發，並由下列董事代表簽署：

Yu Jianqiu
俞建秋
Chief Executive Officer
行政總裁

Kwong Wai Sun Wilson
鄺偉信
Director
董事

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

綜合權益變動表

For the year ended 31 December 2020 截至2020年12月31日止年度

		Attributable to owners of the Company 本公司擁有人應佔											
		Share capital	Share premium	Exchange reserve	Capital reserve	Statutory reserve	Share-based payment reserve	Warrant reserve	Convertible bonds equity reserve	Consideration share reserve	Accumulated losses	Revaluation reserve	Total
		股本	股份溢價	匯兌儲備	資本儲備	法定儲備	以股份為基礎的付款儲備	認股權證儲備	可換股債券權益儲備	代價股份儲備	累計虧損	重估儲備	總額
Notes		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
附註		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
At 1 January 2019	於2019年1月1日	210,244	1,468,419	(62,783)	132,055	110,023	80,475	3,560	40,539	64,576	(151,020)	9,600	1,905,688
Loss for the year	年內虧損	-	-	-	-	-	-	-	-	-	(217,336)	-	(217,336)
Other comprehensive loss for the year:	年內其他全面虧損：												
Exchange differences on translation of the Company and the foreign operations	換算本公司及海外業務產生的匯兌差額	-	-	(15,335)	-	-	-	-	-	-	-	-	(15,335)
Changes in fair value of an equity investment designated at fair value through other comprehensive income	指定按公平值計入其他全面收益的股本投資的公平值變動	-	-	-	-	-	-	-	-	-	-	(9,600)	(9,600)
Total comprehensive loss for the year	年內全面虧損總額	-	-	(15,335)	-	-	-	-	-	-	(217,336)	(9,600)	(242,271)
Issuance of ordinary shares	發行普通股	37	1,497	-	-	-	-	-	-	-	-	-	71,887
Appropriation to statutory reserves	轉撥至法定儲備	-	-	-	-	12,097	-	-	-	-	(12,097)	-	-
Equity-settled share option arrangements	以權益結算的購股權	-	-	-	-	-	873	-	-	-	-	-	873
Lapsed/forfeited during the year	年內失效/沒收	-	-	-	-	-	(313)	-	-	-	313	-	-
Consideration share arrangements	代價股份安排	39(vii)	-	-	-	-	-	-	-	73,910	-	-	73,910
At 31 December 2019 and 1 January 2020	於2019年12月31日及2020年1月1日	211,741	1,538,809	(78,118)	132,055	122,120	81,035	3,560	40,539	138,486	(380,140)	-	1,810,087
Loss for the year	年內虧損	-	-	-	-	-	-	-	-	-	(387,249)	-	(387,249)
Other comprehensive loss for the year:	年內其他全面虧損：												
Exchange differences on translation of the Company and the foreign operations	換算本公司及海外業務產生的匯兌差額	-	-	43,012	-	-	-	-	-	-	-	-	43,012
Total comprehensive loss for the year	年內全面虧損總額	-	-	43,012	-	-	-	-	-	-	(387,249)	-	(344,237)
Appropriation to statutory reserves	轉撥至法定儲備	-	-	-	-	9,818	-	-	-	-	(9,818)	-	-
Lapsed/forfeited during the year	年內失效/沒收	-	-	-	-	-	(5,031)	-	-	-	5,031	-	-
Expiry of warrant	行使認股權證	39(vi)	-	-	-	-	-	(3,560)	-	-	3,560	-	-
Issue of convertible bonds	發行可換股債券	33	-	-	-	-	-	-	22,285	-	-	-	22,285
Transfer to accumulated losses	轉撥至累計虧損	-	-	-	-	-	-	-	(40,539)	-	40,539	-	-
At 31 December 2020	於2020年12月31日	211,741	1,538,809*	(35,106)*	132,055*	131,938*	76,004*	-*	22,285*	138,486*	(728,077)*	-	1,488,135

Note:

附註：

(i) * These reserve accounts comprise the consolidated reserves of RMB1,276,394,000 (2019: RMB1,598,346,000) in the consolidated statement of financial position.

(i) * 該等儲備賬目包括綜合財務狀況表內的綜合儲備人民幣1,276,394,000元(2019年：人民幣1,598,346,000元)。

CONSOLIDATED STATEMENT OF CASH FLOWS

綜合現金流量表

For the year ended 31 December 2020 截至2020年12月31日止年度

		2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
Cash flows from operating activities	經營活動所得現金流量		
Loss before tax	除稅前虧損	(372,876)	(175,776)
Adjustments for:	經以下項目調整：		
Changes in fair value of contingent consideration liabilities	或然代價負債公平值變動	(20,010)	(240,395)
Consideration shares for inventory procurement	存貨採購的代價股份	—	73,910
Deferred expense	遞延開支	—	53
Depreciation	折舊	48,143	45,857
Depreciation of right-of-use assets	使用權資產折舊	7,108	7,758
Equity-settled share option expense	權益結算購股權開支	—	873
Fair value gain on derivative financial instrument	衍生金融工具公平值收益	1,145	(107,451)
Finance costs	財務成本	170,004	147,893
Foreign exchange differences, net	淨匯兌差額	—	(6,763)
Impairment of goodwill	商譽減值	277,895	407,883
Impairment of interests in associates	於聯營公司的權益減值	—	102,129
Impairment of right-of-use assets	使用權資產減值	3,291	—
Interest income	利息收入	(14,648)	(436)
Loss on disposal of items of property, plant and equipment	出售物業、廠房及設備項目之虧損	—	285
Loss on modification of convertible bonds	修訂可換股債券之虧損	22,654	—
Provision for inventories	存貨撥備	137	3,059
Provision/(reversal of provision) for doubtful debts, net	呆賬撥備/(撥備撥回)淨額	47,005	(45,115)
Written-off of property, plant and equipment	物業、廠房及設備撇銷	30	—
Share of loss of associates	應佔聯營公司虧損	754	4,811
Operating profit before working capital changes	營運資金變動前的營業溢利	170,632	218,575
Change in inventories	存貨變動	246,886	(134,333)
Change in other payables and accruals	其他應付款項及應計費用變動	452,854	346,092
Change in prepayments, other receivables and other assets	預付款、其他應收款項及其他資產變動	(231,691)	(570,993)
Change in trade and bills payables	貿易應付款項及應付票據變動	508,712	16,537
Change in trade and bills receivables	貿易應收款項及應收票據變動	(987,669)	(264,591)
Cash generated from/(used in) operations	營運所得/(所用)現金	159,724	(388,713)
Income tax paid	已付所得稅	(7,935)	(24,070)

CONSOLIDATED STATEMENT OF CASH FLOWS

綜合現金流量表

For the year ended 31 December 2020 截至2020年12月31日止年度

		2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
Net cash generated from/(used in) operating activities	經營活動所得/(所用)淨現金流量	151,789	(412,783)
Cash flows from investing activities	投資活動所得現金流量		
(Increase)/decrease in pledged deposits	已抵押存款(增加)/減少	(482,920)	8,830
Purchase of property, plant and equipment	購買物業、廠房及設備	(16,934)	(17,737)
Advance to associates	收購聯營公司	(293)	-
Proceeds from disposal of items of property, plant and equipment	出售物業、廠房及設備項目所得款項	1	-
Repayment from associates and related parties	聯營公司及關聯方償還款項	14,938	-
Interest received	已收利息	351	436
Increase in contingent consideration liabilities	或然代價負債增加	115	53,119
Net cash (used in)/generated from investing activities	投資活動(所用)/所得淨現金流量	(484,742)	44,648
Cash flows from financing activities	融資活動所得現金流量		
New bank loans and other borrowings	新銀行貸款及其他借款	1,127,068	767,253
Advance from related parties and associates	來自關聯方及聯營公司的墊款	380,993	-
Guarantee fees and other charges	擔保費用及其他開支	(2,513)	(57)
Repayment of bank loans and other borrowings	償還銀行貸款及其他借款	(920,075)	(290,690)
Repayment to related parties and associates	償還關聯方及聯營公司款項	(124,647)	(75,523)
Interest paid	已付利息	(116,497)	(78,572)
Repayment of note payables	償還應付票據	(17,786)	(19,677)
Principal portion of lease liabilities	租賃負債的本金部分	(3,673)	(6,053)
Proceed from issue of notes	發行票據之所得款項	-	31,698
Repayment of convertible bonds	償還可換股債券	-	(8,805)
Net cash generated from financing activities	融資活動所得淨現金流量	322,870	319,574
Net decrease in cash and cash equivalents	現金及現金等值項目的淨減少	(10,083)	(48,561)
Cash and cash equivalents at beginning of year	年初現金及現金等值項目	64,703	112,935
Effect of foreign exchange rate changes, net	匯率變動淨影響	(7,299)	329
Cash and cash equivalents at end of year	年末現金及現金等值項目	47,321	64,703
Analysis of cash and cash equivalents	現金及現金等值項目分析		
Bank and cash balances	現金及銀行結餘	47,321	64,703

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2020 截至2020年12月31日止年度

1. GENERAL INFORMATION

China Metal Resources Utilization Limited (“the Company”) was incorporated in the Cayman Islands on 22 February 2013.

The Company and its subsidiaries (together referred to as “the Group”) are principally engaged in the manufacturing and trading of copper and related products. The shares of the Company have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (“the Stock Exchange”) since 21 February 2014. In the opinion of the directors, the holding company and ultimate holding company of the Company is Epoch Keen Limited (“Epoch Keen”), which is incorporated in the British Virgin Islands (“BVI”).

The consolidated financial statements are presented in Renminbi (“RMB”), while the Company’s functional currency is Hong Kong Dollars.

2. GOING CONCERN BASIS

For the year ended 31 December 2020, the Group recorded a net loss of RMB387,249,000. As at 31 December 2020, the Group had cash and cash equivalents amounted to RMB47,321,000, and there were interest-bearing bank and other borrowings, convertible bonds and note payables totalling RMB1,874,587,000 repayable within one year or on demand. In addition, as at 31 December 2020, the Group had defaulted on the repayment of convertible bonds with an aggregate principal amount of HK\$590,000,000 (approximately RMB553,004,000) and entrusted loans amounted to RMB299,116,000. The above defaults may trigger cross default of certain other borrowings amounting to RMB897,388,000 as at 31 December 2020. This condition indicates the existence of a material uncertainty which may cast significant doubt on the Group’s ability to continue as a going concern. Therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. These consolidated financial statements have been prepared on a going concern basis, the validity of which depends upon the results of various financial plans and measures.

1. 一般資料

中國金屬資源利用有限公司(「本公司」)於2013年2月22日在開曼群島註冊成立。

本公司及其附屬公司(統稱「本集團」)主要從事銅及相關產品的生產、銷售及貿易業務。自2014年2月21日(「上市日期」)起,本公司股份已經在香港聯合交易所有限公司(「聯交所」)主板上市。董事認為,本公司的控股公司及最終控股公司為時建有限公司(「時建」),該公司於英屬處女群島(「英屬處女群島」)註冊成立。

財務報表以人民幣(「人民幣」)呈列,而本公司的功能貨幣為港元。

2. 持續經營基準

本集團於截至2020年12月31日止年度錄得虧損淨額人民幣387,249,000元。於2020年12月31日,本集團的現金及現金等值項目為人民幣47,321,000元,計息銀行及其他借款、可換股債券及應付票據合共為人民幣1,874,587,000元,應於一年內或按的要求償還。此外,於2020年12月31日,本集團未能償還本金總額為590,000,000港元(約人民幣553,004,000元)的可換股債券及人民幣299,116,000元的委託貸款。上述違約可能導致於2020年12月31日若干其他借款人民幣897,388,000元出現交叉違約。該狀況表明存在重大不確定性,可能對本集團持續經營業務的能力帶來重大疑問。因此,本集團可能無法於其日常業務過程中變賣其資產及清償其負債。本綜合財務報表已按持續經營基準編製,其有效性取決各項財務計劃及措施的結果。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2020 截至2020年12月31日止年度

2. GOING CONCERN BASIS (Continued)

In order to address the issue in relation to going concern, the Company has implemented, or is in the process of implementing various financial plans and measures to mitigate the liquidity pressure and to improve its financial position. These measures include but not limited to the following:

- (i) the Company has completed the issuance of new shares to Mianyang Fule Investment Co., Ltd., a state-owned enterprise in the PRC, for a consideration of approximately RMB263.3 million, on 18 March 2021;
- (ii) the subscription for the Company's new shares by Mianyang Science Technology City Development Investment (Group) Co. Ltd for a consideration of more than RMB300 million;
- (iii) the extension and/or refinance of the convertible bonds issued to China Huarong International Holdings Limited and Prosper Rich Investments Limited with an aggregate principal amount of HK\$590 million;
- (iv) liaisons with banks/financial institutions from which the Group has borrowings with repayment dates beyond 2021 and if necessary, to obtain confirmations that there has been no event to trigger the call provision, if any, as stipulated in the relevant loan agreements;
- (v) liaisons with banks/financial institutions from which the Group has borrowings to renew or extend the existing liabilities;
- (vi) if necessary, reduction of scale of the Group's operations so as to, on one hand, reduce its size of inventory, trade receivables and other receivables and, on the other hand, increase its level of cash; and
- (vii) the management will consider other financial arrangements with a view to increasing the Group's equity.

2. 持續經營基準(續)

為應對有關持續經營的問題，本公司已經或正在實施各種財務計劃及措施以減輕流動資金壓力及改善其財務狀況。該等措施包括但不限於：

- (i) 本公司於2021年3月18日已完成向中國國有企業綿陽富樂投資有限公司發行新股份，代價約為人民幣263,300,000元；
- (ii) 由綿陽科技城發展投資(集團)有限公司建議認購本公司新股份，代價超過人民幣300,000,000元；
- (iii) 建議延期及/或再融資向中國華融國際控股有限公司及亨富投資有限公司發行本金總額為590,000,000港元的可換股債券；
- (iv) 與本集團有借款且償還日期於2021年之後的銀行/金融機構取得聯繫，並於必要時確認並無相關事件觸發相關貸款協議規定的提前贖回條款(如有)；
- (v) 與本集團有借貸的銀行/金融機構取得聯繫，以重續或延長現有負債；
- (vi) 於必要時縮減本集團的經營規模，便於減少其庫存、貿易應收款項及其他應收款項的規模的同時增加其現金水平；及
- (vii) 管理層將考慮其他財務安排，以增加本集團的權益。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2020 截至2020年12月31日止年度

2. GOING CONCERN BASIS *(Continued)*

The directors of the Company are of the opinion that the proceed of RMB263.6 million from the placing on 18 March 2021, future cash flow generated from operation together with the financial plans and measures will be sufficient to repay liabilities. The directors of the Company are therefore of the opinion that it is appropriate to prepare the consolidated financial statements on a going concern basis. Should the Group be unable to continue as a going concern, adjustments would have to be made to the consolidated financial statements to adjust the value of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and liabilities as current assets and liabilities, respectively. The effects of these adjustments have not been reflected in the consolidated financial statements.

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

In the current year, the Group has adopted all the new and revised International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") that are relevant to its operations and effective for its accounting year beginning on 1 January 2020. IFRSs comprise International Financial Reporting Standards; International Accounting Standards ("IAS") and Interpretations. The adoption of these new and revised IFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's consolidated financial statements and amounts reported for the current year and prior years.

The Group has not applied the new and revised IFRSs that have been issued but are not yet effective. The Group has already commenced an assessment of the impact of these new and revised IFRSs but is not yet in a position to state whether these new and revised IFRSs would have a material impact on its results of operations and financial position.

2. 持續經營基準 (續)

本公司董事認為，2021年3月18日的配售所得款項人民幣263.6百萬元、未來經營產生的現金流量以及財務計劃及措施足以償還負債。本公司董事因而信納按持續經營基準編製綜合財務報表屬適當。倘本集團未能按持續經營業務基準繼續，將會調整綜合財務報表以調整本集團的資產值至其可收回金額，就可能產生的任何進一步負債作出撥備，及將非流動資產及負債分別重新分類為流動資產及負債。該等調整的影響尚未在綜合財務報表內反映。

3. 應用新訂及經修訂國際財務報告準則

於本年度，本集團已採納由國際會計準則理事會（「國際會計準則理事會」）所頒布的所有與其業務有關且於2020年1月1日開始的會計年度生效的新訂及經修訂國際財務報告準則（「國際財務報告準則」）。國際財務報告準則包括國際財務報告準則、國際會計準則（「國際會計準則」）及詮釋。採納該等新訂及經修訂國際財務報告準則並無對本集團於本年度及過往年度的會計政策、本集團合併財務報表呈列方式及所呈報金額造成重大變動。

本集團並無應用已頒佈但尚未生效的新訂及經修訂國際財務報告準則。本集團已開始評估該等新訂及經修訂國際財務報告準則的影響，但尚不能闡明該等新訂及經修訂國際財務報告準則是否會對其經營業績及財務狀況造成重大影響。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2020 截至2020年12月31日止年度

4. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with IFRSs issued by the IASB, accounting principles generally accepted in Hong Kong and the applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of derivative financial instrument and contingent consideration liabilities which is carried at its fair value. The consolidated financial statements are presented in RMB and all values are rounded to the nearest thousand except when otherwise indicated.

The preparation of the consolidated financial statements in conformity with IFRSs requires the use of certain key assumptions and estimates. It also requires the directors of the Company to exercise their judgements in the process of applying the accounting policies. The areas involving critical judgements and areas where assumptions and estimates are significant to these consolidated financial statements, are disclosed in note 5.

The significant accounting policies applied in the preparation of the consolidated financial statements are set out below.

Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries made up to 31 December. Subsidiaries are entities over which the Group has control. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group has power over an entity when the Group has existing rights that give it the current ability to direct the relevant activities, i.e. activities that significantly affect the entity's returns.

When assessing control, the Group considers its potential voting rights as well as potential voting rights held by other parties, to determine whether it has control. A potential voting right is considered only if the holder has the practical ability to exercise that right.

4. 重大會計政策

本綜合財務報表乃根據國際會計準則委員會頒佈的國際財務報告準則、香港公認會計原則以及香港聯合交易所有限公司證券上市規則(「上市規則」)及香港公司條例之適用披露規定編製。

本綜合財務報表乃根據歷史成本慣例編製，並經按公平值計量之衍生金融工具及或然代價負債重估修訂。本綜合財務報表以人民幣呈列，而除另有列明外，所有數值均已調整至最接近千位。

編製符合國際財務報告準則之綜合財務報表須採用若干主要假設及估計，亦要求本公司董事在應用會計政策之過程中作出判斷。涉及重大判斷之範疇及其假設及估計對該等綜合財務報表有重大影響之範疇於附註5披露。

編製本綜合財務報表時應用之主要會計政策載列如下。

綜合賬目

綜合財務報表包括本公司及其附屬公司直至十二月三十一日為止的財務報表。附屬公司為本集團對其擁有控制權的實體。當本集團藉參與實體承受或有權享有可變回報，且有能力透過對實體的權力影響該等回報時，本集團即控制該實體。當本集團現有擁有權利賦予其目前主導相關業務(即大幅影響實體回報的業務)的能力時，本集團即對該實體擁有權力。

在評估控制權時，本集團會考慮其潛在表決權以及其他人士持有的潛在表決權，以釐定其是否擁有控制權。只有在持有人能實際行使潛在表決權的情況下，方會考慮該權利。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Consolidation (Continued)

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date the control ceases.

The gain or loss on the disposal of a subsidiary that results in a loss of control represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that subsidiary and (ii) the Company's share of the net assets of that subsidiary plus any remaining goodwill relating to that subsidiary and any related accumulated foreign currency translation reserve.

Intragroup transactions, balances and unrealised profits are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

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

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners). The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

4. 重大會計政策(續)

綜合賬目(續)

附屬公司由其控制權轉至本集團當日起綜合入賬，並由控制權終止當日起停止綜合入賬。

出售附屬公司(導致失去控制權)的收益及虧損指(i)銷售代價的公平值加於該附屬公司保留的任何投資的公平值與(ii)本公司分佔該附屬公司的淨資產加與該附屬公司有關的任何剩餘商譽及任何相關累計外幣換算儲備間的差額。

集團內公司間的交易、結餘及未變現溢利會作對銷。未變現虧損亦會對銷，除非該項交易有證據顯示所轉讓資產出現減值則作別論。附屬公司的會計政策會於必要時作出調整，確保符合本集團所採納的政策。

損益及其他全面收益各組成部分歸屬於本公司擁有人及非控股股東，即使此舉導致非控股權益出現虧絀結餘。

當本公司於附屬公司的擁有權權益出現變動而未有導致失去控制權時，該等變動按權益交易(即以擁有人身份與擁有人進行的交易)入賬。控股及非控股權益的賬面金額會作調整，以反映彼等於附屬公司相對權益的變動。非控股權益經調整的金額與已付或已收代價的公平值之間的任何差額直接於權益確認並歸屬於本公司擁有人。

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4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Business combination and goodwill

The acquisition method is used to account for the acquisition of a subsidiary in a business combination. The cost of acquisition is measured at the acquisition-date fair value of the assets given, equity instruments issued, liabilities incurred and contingent consideration. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received. Identifiable assets and liabilities of the subsidiary in the acquisition are measured at their acquisition-date fair values.

The excess of the cost of acquisition over the Company's share of the net fair value of the subsidiary's identifiable assets and liabilities is recorded as goodwill. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognised in consolidated profit or loss as a gain on bargain purchase which is attributed to the Company.

If the changes in the value of the previously held equity interest in the subsidiary were recognised in other comprehensive income (for example, equity investments at fair value through other comprehensive income), the amount that was recognised in other comprehensive income is recognised on the same basis as would be required if the previously held equity interest were disposed of.

Goodwill is tested annually for impairment or more frequently if events or changes in circumstances indicate that it might be impaired. Goodwill is measured at cost less accumulated impairment losses. The method of measuring impairment losses of goodwill is the same as that of other assets as stated in the accounting policy below. Impairment losses of goodwill are recognised in consolidated profit or loss and are not subsequently reversed. Goodwill is allocated to cash-generating units that are expected to benefit from the synergies of the acquisition for the purpose of impairment testing.

4. 重大會計政策(續)

業務合併及商譽

於業務合併中收購附屬公司使用收購法入賬。收購成本按於收購日所給予資產、所發行權益工具、所產生負債及或然代價之公平值計量。有關收購之成本於產生及獲得服務之期間內確認為開支。收購中附屬公司之可識別資產及負債按該等項目於收購日期之公平值計量。

收購成本超出本公司應佔附屬公司可識別資產及負債之公平淨值之差額記作商譽。本公司應佔可識別資產及負債之公平淨值超出收購成本之任何差額於綜合損益內確認為本公司應佔之議價購買收益。

倘過往所持附屬公司之股權之價值變動已於其他全面收益內確認(如按公平值計入其他全面收益的股本投資)，則於其他全面收益確認之金額按過往所持股權被出售時所須之相同基準確認。

商譽會每年進行減值測試，或於有事件或情況改變顯示可能出現減值時更頻繁地進行減值測試。商譽按成本減累計減值虧損計量。商譽減值虧損之計量方法與下文會計政策所述其他資產之計量方法相同。商譽之減值虧損於綜合損益內確認，且隨後不予撥回。就減值測試而言，商譽會分配至預期因收購之協同效益而獲益之現金產生單位。

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4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Associates

Associates are entities over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of an entity but is not control or joint control over those policies. The existence and effect of potential voting rights that are currently exercisable or convertible, including potential voting rights held by other entities, are considered when assessing whether the Group has significant influence. In assessing whether a potential voting right contributes to significant influence, the holder's intention and financial ability to exercise or convert that right is not considered.

Investment in an associate is accounted for in the consolidated financial statements by the equity method and is initially recognised at cost. Identifiable assets and liabilities of the associate in an acquisition are measured at their fair values at the acquisition date. The excess of the cost of acquisition over the Group's share of the net fair value of the associate's identifiable assets and liabilities is recorded as goodwill. The goodwill is included in the carrying amount of the investment and is tested for impairment together with the investment at the end of each reporting period when there is objective evidence that the investment is impaired. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognised in consolidated profit or loss.

The Group's share of an associate's post-acquisition profits or losses is recognised in consolidated profit or loss, and its share of the post-acquisition movements in reserves is recognised in the consolidated reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

4. 重大會計政策(續)

聯營公司

聯營公司指本集團能對其行使重大影響力之實體。重大影響力指可參與實體之財務及營運政策決定但不能控制或共同控制該等政策之權力。在評估本集團是否擁有重大影響力時，會考慮目前可行使或可轉換之潛在投票權(包括其他實體持有之潛在投票權)存在與否及其影響。在評估潛在投票權能否產生重大影響力時，不會考慮持有人行使或轉換該權利之意向及財政能力。

於聯營公司之投資以權益法於綜合財務報表入賬，並初步按成本計量。於收購時，聯營公司之可識別資產及負債按於收購日期之公平值計量。收購成本超出本集團應佔該聯營公司可識別資產及負債之公平淨值之差額列為商譽。商譽計入投資之賬面值，而倘有客觀證據顯示投資出現減值，則於各報告期末連同投資進行減值測試。本集團應佔可識別資產及負債之公平淨值超出收購成本之差額於綜合損益表內確認。

本集團應佔聯營公司之收購後損益於綜合損益表內確認，而其應佔之收購後儲備變動於綜合儲備表確認。累計收購後變動就投資之賬面值予以調整。倘本集團應佔聯營公司之虧損等於或超出其於聯營公司之權益(包括任何其他無抵押應收款項)，則本集團不會確認進一步虧損，除非其已代表聯營公司承擔責任或作出付款。倘聯營公司其後呈報溢利，則本集團僅在其應佔溢利等於未確認應佔虧損後，方會重新確認其應佔溢利。

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4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Associates (Continued)

The gain or loss on the disposal of an associate that results in a loss of significant influence represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that associate and (ii) the Group's share of the net assets of that associate plus any remaining goodwill relating to that associate and any related accumulated foreign currency translation reserve. If an investment in an associate becomes an investment in a joint venture, the Group continues to apply the equity method and does not remeasure the retained interest.

Unrealised profits on transactions between the Group and its associates are eliminated to the extent of the Group's interests in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Foreign currency translation

(a) Functional and presentation currency

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

(b) Transactions and balances in each entity's financial statements

Transactions in foreign currencies are translated into the functional currency on initial recognition using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the exchange rates at the end of each reporting period. Gains and losses resulting from this translation policy are recognised in profit or loss.

Non-monetary items that are measured at fair values in foreign currencies are translated using the exchange rates at the dates when the fair values are determined.

4. 重大會計政策 (續)

聯營公司 (續)

在導致喪失重大影響力之情況下，出售聯營公司之損益相當於(i)出售代價之公平值加上保留於該聯營公司之任何投資之公平值與(ii)本集團應佔該聯營公司之淨資產加上與該聯營公司相關之任何剩餘商譽及任何相關累計外幣匯兌儲備之差額。倘於聯營公司之投資成為於合營公司之投資，則本集團繼續應用權益法，不會重新計量保留權益。

本集團與其聯營公司間之交易之未變現溢利按本集團於聯營公司之權益對銷。未變現虧損亦予以對銷，除非該交易中有證據顯示所轉讓資產已出現減值。聯營公司之會計政策已在有需要時作出變更，以確保符合本集團所採納之政策。

外幣換算

(a) 功能及呈列貨幣

本集團各實體的財務報表內項目均以該實體業務所在主要經濟環境通行的貨幣(「功能貨幣」)計量。綜合財務報表以人民幣呈列，該貨幣為本公司的功能貨幣及本集團的呈列貨幣。

(b) 各實體財務報表的交易及結餘

外幣交易於初始確認時使用交易日期的通行匯率換算為功能貨幣。以外幣為單位的貨幣資產及負債按各報告期末的通行匯率換算。此換算政策產生的利得及虧損於損益內確認。

按公平值計量之外幣非貨幣項目按釐定公平值當日之匯率換算。

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4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign currency translation (Continued)

(b) Transactions and balances in each entity's financial statements (Continued)

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

(c) Translation on consolidation

The results and financial position of all the group entities that have a functional currency different from the Company's presentation currency are translated into the Company's presentation currency as follows:

- (i) Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- (ii) Income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the exchange rates on the transaction dates); and
- (iii) All resulting exchange differences are recognised in the foreign currency translation reserve.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities and of borrowings are recognised in the foreign currency translation reserve. When a foreign operation is sold, such exchange differences are recognised in consolidated profit or loss as part of the gain or loss on disposal.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

4. 重大會計政策(續)

外幣換算(續)

(b) 各實體財務報表的交易及結餘(續)

倘非貨幣項目之盈虧於其他全面收益確認，則該盈虧之任何匯兌部份於其他全面收益確認。倘非貨幣項目之盈虧於損益確認，則該盈虧之任何匯兌部份於損益確認。

(c) 綜合賬目時進行換算

功能貨幣與本公司的呈報貨幣不同的所有本集團實體的業績及財務狀況均按以下方法換算為本公司的呈報貨幣：

- (i) 功能貨幣與本公司的呈報貨幣不同的所有本集團實體的業績及財務狀況均按以下方法換算為本公司的呈報貨幣：
- (ii) 收入及支出均按平均匯率換算，除非該平均值並非為按於交易日期的匯率累計影響的合理近似值，在此情況下，收入及支出乃按交易日期匯率換算；及
- (iii) 一切因此而產生的匯兌差額均在外幣換算儲備內確認。

於綜合賬目時，換算境外實體的投資淨額及借款所產生的匯兌差額於外幣換算儲備內確認。當境外業務被出售時，有關匯兌差額作為出售的利得或虧損的一部份於綜合損益內確認。

因收購海外實體而產生的商譽及公平值調整，均作為有關海外實體的資產與負債，並按收市匯率換算。

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4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised in profit or loss during the period in which they are incurred.

Depreciation of property, plant and equipment is calculated at rates sufficient to write off their cost less their residual values over the estimated useful lives on a straight-line basis. The principal annual rates are as follows:

Buildings	The shorter of the unexpired term of lease and their estimated useful lives, being no more than 20 years after the date of completion
Plant and machinery	5 to 10 years
Furniture, fittings and equipment	3 to 10 years
Motor vehicles	3 to 10 years

The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at the end of each reporting period.

Construction in progress represents buildings under construction and plant and machinery pending installation, and is stated at cost less impairment losses. Depreciation begins when the relevant assets are available for use.

The gain or loss on disposal of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in profit or loss.

4. 重大會計政策(續)

物業、廠房及設備

物業、廠房及設備乃按成本減累計折舊及減值虧損列賬。

僅於有關項目的未來經濟利益很可能流入本集團而該項目成本能可靠計量時，後續成本方會計入資產賬面值中，或確認為個別資產(視適用情況而定)。所有其他維修及保養於產生期間於損益確認。

物業、廠房及設備的折舊乃按足以撇銷其成本減剩餘價值的比率，於估計可使用年內使用直線法計算。主要年率如下：

樓宇	未屆滿租賃期及其估計可使用年期(自完成日期起計不超過20年)(以較短者為準)
廠房及機器	5至10年
傢俬、固定裝置及設備	3至10年
汽車	3至10年

剩餘價值、可使用年期及折舊方法於各報告期末予以檢討，並作出調整(倘適用)。

在建工程指在建樓宇及等待安裝的廠房及機器，並按成本減去減值虧損列賬。當有關資產可供使用時，折舊即開始。

出售物業、廠房及設備的利得或虧損為相關資產銷售所得款項淨額與賬面值之間的差額，並於損益確認。

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4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases

The Group as lessee

Leases are recognised as right-of-use assets and corresponding lease liabilities when the leased assets are available for use by the Group. Right-of-use assets are stated at cost less accumulated depreciation and impairment losses. Depreciation of right-of-use assets is calculated at rates to write off their cost over the shorter of the asset's useful life and the lease term on a straight-line basis. The principal annual rate is as follows:

Leasehold land	Over the lease term
Properties	Over the lease term
Plant and machinery	5 to 10 years
Furniture, fittings and equipment	3 to 10 years
Motor vehicles	3 to 10 years

Right-of-use assets are measured at cost comprising the amount of the initial measurement of the lease liabilities, lease payments prepaid, initial direct costs and the restoration costs. Lease liabilities include the net present value of the lease payments discounted using the interest rate implicit in the lease if that rate can be determined, or otherwise the Group's incremental borrowing rate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease term so as to produce a constant periodic rate of interest on the remaining balance of the lease liability.

Payments associated with short-term leases and leases of low-value assets are recognised as expenses in profit or loss on a straight-line basis over the lease terms. Short-term leases are leases with an initial lease term of 12 months or less. Low-value assets are assets of value below US\$5,000 (approximately equivalent to RMB35,000).

4. 重大會計政策(續)

租賃

本集團作為承租人

租賃於租賃資產可供本集團使用時確認為使用權資產及相應租賃負債。使用權資產按成本減累計折舊及減值虧損列賬。使用權資產於資產之可使用年期或租期(以較短者為準)內以直線法按撇銷其成本之利率計算折舊。主要年利率如下：

租賃土地	租期內
物業	租期內
廠房及機械	5至10年
傢俱、裝置及設備	3至10年
汽車	3至10年

使用權資產按成本(包括租賃負債之初步計量金額、預付租賃款項、初始直接成本及恢復成本)計量。租賃負債包括經使用租賃隱含之利率(倘該利率能夠釐定)或本集團之增量借貸利率貼現之租賃款項淨現值。各筆租賃款項於負債與融資成本之間分配。融資成本於租期內自損益扣除，以使租賃負債剩餘結餘之週期利率保持固定。

與短期租賃及低價值資產租賃相關之付款於租期內以直線法於損益表內確認為開支。短期租賃指初始租期為12個月或以下之租賃。低價值資產指價值低於5,000美元(相等於約人民幣35,000元)之資產。

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4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average basis. The cost of finished goods and work in progress comprises raw materials, direct labour and an appropriate proportion of all production overhead expenditure, and where appropriate, subcontracting charges. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

Construction contracts in progress

Construction contracts in progress are stated at the lower of cost and net realisable value. Cost comprises materials, direct labour, borrowing costs capitalised and other direct costs attributable to such contracts. Net realisable value is determined by reference to the contract prices.

Recognition and derecognition of financial instruments

Financial assets and financial liabilities are recognised in the statement of financial position when the Group becomes a party to the contractual provisions of the instruments.

Financial assets are derecognised when the contractual rights to receive cash flows from the assets expire; the Group transfers substantially all the risks and rewards of ownership of the assets; or the Group neither transfers nor retains substantially all the risks and rewards of ownership of the assets but has not retained control on the assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised in profit or loss.

4. 重大會計政策(續)

存貨

存貨按成本與可變現淨值兩者的較低者列賬。成本按加權平均基準釐定。製成品及在製品的成本包括原材料、直接人工及所有生產經常開支的應佔部份及分包費用(如適用)。可變現淨值按一般業務過程的估計銷售價格減去估計完成成本及估計銷售所需成本計算。

在建工程合約

在建工程合約按成本與可變現淨值的較低者列賬。成本包括材料、直接勞工、資本化的借貸成本及其他可歸屬此類合約的直接成本。可變現淨值乃經參考合約價格釐定。

確認及終止確認金融工具

本集團於成為工具合約條文之訂約方時可在財務狀況表中確認金融資產及金融負債。

於收取資產現金流量之合約權利屆滿時；本集團轉讓資產擁有權之絕大部分風險及回報時；或本集團既無轉讓亦不保留資產擁有權之絕大部分風險及回報，但不保留資產之控制權時，將終止確認金融資產。終止確認一項金融資產時，資產賬面值與已收代價之間之差額於損益內確認。

倘相關合約訂明之責任解除、註銷或失效，則終止確認金融負債。已終止確認之金融負債賬面值與已付代價之差額於損益內確認。

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4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial assets

Financial assets are recognised and derecognised on a trade date basis where the purchase or sale of an asset is under a contract whose terms require delivery of the asset within the timeframe established by the market concerned, and are initially recognised at fair value, plus directly attributable transaction costs except in the case of investments at fair value through profit or loss. Transaction costs directly attributable to the acquisition of investments at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets of the Group are classified under the following categories:

- Financial assets at amortised cost
- Equity investments at fair value through other comprehensive income;
- Investments at fair value through profit or loss.

(i) Financial assets at amortised cost

Financial assets (including trade, loan and other receivables) are classified under this category if they satisfy both of the following conditions:

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

They are subsequently measured at amortised cost using the effective interest method less loss allowance for expected credit losses.

4. 重大會計政策 (續)

金融資產

金融資產是就購入或出售合約條款規定須於有關市場指定之時間框架內交收之資產按交易日期基準確認入賬及終止確認，並按公平值加直接交易成本作初步確認，惟經損益按公平值計算之投資則除外。收購透過損益按公平值列賬之投資直接應佔交易成本即時於損益確認。

本集團之金融資產按以下類別分類：

- 按攤銷成本計量的金融資產；
- 按公平值計入其他全面收入之股權投資；
- 按公平值計入損益的投資。

(i) 按攤銷成本計量的金融資產

倘金融資產(包括貿易、貸款及其他應收款項)符合以下條件則被分為此類別：

- 資產由一個旨在通過持有資產收取合約現金流量的業務模式所持有；及
- 資產之合約條款於特定日期產生之現金流量僅為支付本金及尚未償還本金之利息。

該等金融資產其後採用實際利息法按攤銷成本減預期信貸虧損之虧損撥備計量。

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4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial assets (Continued)

(ii) Equity investments at fair value through other comprehensive income

On initial recognition, the Group can make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments that are not held for trading as at fair value through other comprehensive income.

Equity investments at fair value through other comprehensive income are subsequently measured at fair value with gains and losses arising from changes in fair values recognised in other comprehensive income and accumulated in the equity investment revaluation reserve. On derecognition of an investment, the cumulative gains or losses previously accumulated in the equity investment revaluation reserve are not reclassified to profit or loss.

Dividends on these investments are recognised in profit or loss, unless the dividends clearly represent a recovery of part of the cost of the investment.

(iii) Investments at fair value through profit or loss

Financial assets are classified under this category if they do not meet the conditions to be measured at amortised cost and the conditions of debt investments at fair value through other comprehensive income unless the Group designates an equity investment that is not held for trading as at fair value through other comprehensive income on initial recognition.

Investments at fair value through profit or loss are subsequently measured at fair value with any gains or losses arising from changes in fair values recognised in profit or loss. The fair value gains or losses recognised in profit or loss are net of any interest income and dividend income. Interest income and dividend income are recognised in profit or loss.

4. 重大會計政策(續)

金融資產(續)

(ii) 按公平值計入其他全面收入之股權投資

於初步確認時，本集團可作不可撤回選擇(按個別工具基準)，指定並非持有作買賣用途的股本工具投資為列作透過其他全面收入按公平值列賬。

透過其他全面收入按公平值列賬之股權投資其後按公平值計量，公平值變動產生之盈虧於其他全面收入中確認，並於股權投資重估儲備中累計。終止確認投資時，原先於股權投資重估儲備中累計之累積盈虧並不會重新分類為損益。

除非能清晰顯示股息是用作填補一部分投資成本外，從投資獲取的股息會於損益中確認。

(iii) 按公平值計入損益的投資

倘金融資產不符合以攤銷成本計量之條件以及透過其他全面收入按公平值列賬之債務投資條件，則金融資產分類為此類別，除非本集團於初步確認時指定並非持有作買賣用途的股本投資列作為透過其他全面收入按公平值列賬。

經損益按公平值計算之投資其後按公平值計量，而公平值變動產生的任何收益或虧損於損益確認。於損益確認的公平值收益或虧損扣除任何利息收入及股息收入。利息收入及股息收入於損益確認。

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4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Loss allowances for expected credit losses

The Group recognises loss allowances for expected credit losses on financial assets at amortised cost and debt investments at fair value through other comprehensive income. Expected credit losses are the weighted average of credit losses with the respective risks of a default occurring as the weights.

At the end of each reporting period, the Group measures the loss allowance for a financial instrument at an amount equal to the expected credit losses that result from all possible default events over the expected life of that financial instrument ("lifetime expected credit losses") for trade receivables or if the credit risk on that financial instrument has increased significantly since initial recognition.

If, at the end of the reporting period, the credit risk on a financial instrument (other than trade receivables) has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to the portion of lifetime expected credit losses that represents the expected credit losses that result from default events on that financial instrument that are possible within 12 months after the reporting period.

The amount of expected credit losses or reversal to adjust the loss allowance at the end of the reporting period to the required amount is recognised in profit or loss as an impairment gain or loss.

Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents represent cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term highly liquid investments which are readily convertible into known amounts of cash and subject to an insignificant risk of change in value. Bank overdrafts which are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents.

4. 重大會計政策(續)

預期信貸虧損的虧損撥備

本集團就按攤銷成本列賬的金融資產及按公平值計入其他全面收益的債務工具的預期信貸虧損確認虧損撥備。預期信貸虧損為加權平均信貸虧損，並以發生違約風險的金額作為加權數值。

於各報告期末，倘金融工具的信貸風險自初始確認以來已大幅增加，本集團將按相等於該金融工具的預計存續期內所有可能發生的違約事件導致的預期信貸虧損（「存續期預期信貸虧損」）的金額就貿易應收款項計量一項金融工具的虧損撥備。

於報告期末，倘金融工具（貿易應收款項除外）的信貸風險自初步確認後並未大幅增加，則本集團將按相等於存續期預期信貸虧損部份（指報告期後12個月內可能發生的違約事件所導致的該金融工具的預期信貸虧損）的金額計量該金融工具的虧損撥備。

預期信貸虧損金額或為調整報告期末虧損撥備至所需金額所作撥回金額乃於損益確認為減值收益或虧損。

現金及現金等值項目

就現金流量表而言，現金及現金等值項目指銀行及手頭現金、存放於銀行及其他財務機構的活期存款，以及短期高流通性的投資（可即時轉換為已知數額現金及受極輕微價值變動風險所限）。現金及現金等值項目亦包括須按要求償還及為本集團整體現金管理一部份的銀行透支。

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4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument under IFRSs. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out below.

Convertible loans

Convertible loans which entitle the holder to convert the loans into a fixed number of equity instruments at a fixed conversion price are regarded as compound instruments consist of a liability and an equity component. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible debt. The fair value of any derivative features embedded in the compound instruments is included in the liability component. The difference between the proceeds of issue of the convertible loans and the fair values assigned to the liability component, representing the embedded option for the holder to convert the loans into equity of the Group, is included in equity as capital reserve. The liability component is carried as a liability at amortised cost using the effective interest method until extinguished on conversion or redemption. The derivative components are measured at fair value with gains and losses recognised in profit or loss.

If the identifiable consideration received by the Group appears to be less than the fair value of the convertible loans issued, the Group measures the unidentifiable services received (to be received) as the difference between the fair value of the convertible loans issued and that of the identifiable consideration received, and the difference is recognised in profit or loss.

Transaction costs are apportioned between the liability and equity components of the convertible loans based on their relative carrying amounts at the date of issue. The portion relating to the equity component is charged directly to equity.

4. 重大會計政策(續)

金融負債及權益工具

金融負債及權益工具乃按所訂立合約安排之內容及國際財務報告準則下金融負債及權益工具之釋義分類。權益工具為反映扣除所有負債後本集團資產剩餘權益之合約。下文載列就特定金融負債及權益工具所採納之會計政策。

可換股貸款

可換股貸款賦予持有者權利按固定轉換價將貸款轉換為固定數目的股權工具，被視為包括負債及權益部分的綜合工具。於發行日期，負債部分的公平值乃使用相似不可換股債務的現行市場利率進行估計。嵌入複合工具之任何衍生特徵的公平值計入負債組成部分。發行可換股貸款之所得款項或公平值與負債部分獲分配之公平值間之差額(即持有人將貸款轉換為本集團權益之內含選擇權)會計入權益內之資本儲備。負債部分利用實際利息法按攤銷成本列為負債，直至轉換或贖回時取消為止。負債部分以實際利率法按攤銷成本列為負債，直至獲轉換或贖回時清償為止。

倘本集團所收取的可辨識代價低於已發行可換股貸款的公平值，本集團應以已發行可換股貸款的公平值與已收取可辨識代價公平值之間的差額，計量已收取(將收取)未能辨識的服務，而有關差額應於損益內確認。

交易成本乃根據發行日期的相關賬面值在可換股貸款的負債及權益部分間分配。有關權益的部分直接計入權益。

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4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

Trade and other payables

Trade and other payables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

Derivative financial instruments

Derivatives (including contingent considerations under business combinations) are initially recognised and subsequently measured at fair value with any gains or losses arising from changes in fair values recognised in profit or loss.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Revenue from contracts with customers

Revenue is measured based on the consideration specified in a contract with a customer with reference to the customary business practices and excludes amounts collected on behalf of third parties. For a contract where the period between the payment by the customer and the transfer of the promised product or service exceeds one year, the consideration is adjusted for the effect of a significant financing component.

The Group recognises revenue when it satisfies a performance obligation by transferring control over a product or service to a customer. Depending on the terms of a contract and the laws that apply to that contract, a performance obligation can be satisfied over time or at a point in time. A performance obligation is satisfied over time if:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance;

4. 重大會計政策(續)

借款

借款初始按公平值(扣除所產生的交易費用)確認,其後採用實際利率法按攤銷成本計量。

借款分類為流動負債,除非本集團擁有無條件權利將負債的償還遞延至報告期後至少12個月。

貿易應付款項及其他應付款項

貿易應付款項及其他應付款項初步按公平值確認,其後則採用實際利率法按攤銷成本計量,惟如貼現影響並不重大,則以成本列賬。

衍生金融工具

衍生工具(包括業務合併下之或然代價)初步按公平值確認,其後按公平值計量,而產生自公平值變動之任何收益或虧損於損益確認。

股本工具

本公司發行的股本工具乃按已收取的所得款項扣除直接發行成本入賬。

客戶合同收益

收益乃按經參考業務慣例後與客戶訂立的合同所訂明的代價計量,且不包括代第三方收取的金額。就客戶付款與轉移已承諾產品或服務之間的期限超過一年的合同,代價會就重大融資部分的影響作出調整。

本集團透過將產品或服務的控制權轉移予客戶而完成其履約責任時確認收益。視乎合同的條款及適用於該合同的法律,履約責任可隨時間或於某一時間點完成。倘屬下列情況,履約責任乃隨時間完成:

- 當客戶同時取得及消費本集團履約所提供的利益;

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4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue from contracts with customers (Continued)

- the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; 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.

If a performance obligation is satisfied over time, revenue is recognised by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the product or service.

Other income

Interest income is recognised on a time-proportion basis using the effective interest method.

Employee benefits

(a) Employee leave entitlements

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the end of the reporting period.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(b) Pension obligations

The Group contributes to defined contribution retirement schemes which are available to all employees. Contributions to the schemes by the Group and employees are calculated as a percentage of employees' basic salaries. The retirement benefit scheme cost charged to profit or loss represents contributions payable by the Group to the funds.

4. 重大會計政策 (續)

客戶合同收益 (續)

- 當本集團的履約行為創建或改良一項其於被創建或改良時受客戶控制的資產；或
- 當本集團的履約行為並無創建一項對本集團有替代用途的資產，及本集團對至今已完成的履約行為擁有可強制執行付款的權利。

倘履約責任屬隨時間完成，收益會經參考已完成履約責任的進度確認。否則，收益於客戶取得產品或服務的控制權之時確認。

其他收入

利息收入使用實際利息法按時間比例基準確認。

僱員福利

(a) 僱員休假權利

僱員的年假及長期服務假期權利乃於僱員享有有關權利時確認。本集團為截至報告期末僱員已提供的服務而產生的年假及長期服務假期的估計負債作出撥備。

僱員的病假及產假權利直至僱員正式休假時方予確認。

(b) 退休福利責任

本集團為所有僱員提供定額供款退休計劃。本集團及僱員向計劃作出的供款乃根據僱員基本薪金的百分比計算。於損益內扣除的退休福利計劃成本指本集團應付予有關基金的供款。

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4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Employee benefits (Continued)

(b) Pension obligations (Continued)

The Group also participates in a defined contribution retirement scheme organised by the government in the PRC. The Group is required to contribute a specific percentage of the payroll of its employees to the retirement scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the retirement scheme. No forfeited contributions may be used by the employers to reduce the existing level of contributions.

(c) Termination benefits

Termination benefits are recognised at the earlier of the dates when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs and involves the payment of termination benefits.

Share-based payments

The Group issues equity-settled share-based payments to certain directors and employees. Equity-settled share-based payments are measured at the fair value (excluding the effect of non market-based vesting conditions) of the equity instruments at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of shares that will eventually vest and adjusted for the effect of non market-based vesting conditions.

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 capitalised as part of the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

4. 重大會計政策(續)

僱員福利(續)

(b) 退休福利責任(續)

本集團亦參與中國政府組織之一項定額供款退休計劃。本集團須按指定比例之僱員薪金向退休計劃供款。該等供款於其根據退休金計劃規定應付時於損益內扣除。僱主不可使用沒收供款以降低現有供款水平。

(c) 離職福利

離職福利於本集團不能撤回提供該等福利時及本集團確認重組成本並涉及支付離職福利時(以較早日期為準)確認。

以股份為基礎之付款

本集團向若干董事及僱員發出以權益結算以股份為基礎之付款。以權益結算以股份為基礎之付款以授出當日之股本工具之公平值(撇除非市場歸屬條件之影響)計量。於授出以權益結算以股份為基礎之付款當日釐定之公平值根據本集團估計將最終歸屬之股份並就非市場歸屬條件之影響予以調整，於歸屬期內以直線法支銷。

借款成本

因收購、建設或生產合資格資產(即需要一段較長時間方可達致其擬定用途或出售的資產)而直接應佔的借款成本會撥充資本，作為該等資產的部分成本，直至該等資產大致上可作其擬定用途或出售時為止。在特定借款用作合資格資產支出前暫作投資所賺取的投資收入須自撥充資本的借款成本扣除。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2020 截至2020年12月31日止年度

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Borrowing costs (Continued)

To the extent that funds are borrowed generally and used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate to the expenditures on that asset. The capitalisation rate is the weighted average of the borrowing costs applicable to the borrowings of the Group that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset.

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

Government grants

A government grant is recognised when there is reasonable assurance that the Group will comply with the conditions attaching to it and that the grant will be received.

Government grants relating to income are deferred and recognised in profit or loss over the period to match them with the costs they are intended to compensate.

Government grants 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.

Government grants relating to the purchase of assets are deducted from the carrying amount of the assets. The grant is recognised in profit or loss over the life of a depreciable asset by way of a reduced depreciation charge.

Taxation

Income tax represents the sum of the current tax and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit recognised in profit or loss 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.

4. 重大會計政策(續)

借款成本(續)

就於一般情況及用作取得合資格資產而借入的資金而言，可撥充資本的借款成本金額乃按該項資產的支出所採用的資本化比率釐定。資本化比率為適用於本集團該期間內尚未償還借款(不包括就取得合資格資產而借入的特定借款)的加權平均借款成本。

所有其他借款成本均在產生期間於損益內確認。

政府補助

政府補助於合理確保本集團將遵守有關補助的條件及可獲取有關補助後方會予以確認。

與收入相關之政府補貼會被遞延，使其與其擬補貼之成本配合於期內於損益確認。

作為已產生開支或虧損之補貼或為向本集團提供即時財務支援而成為應收款項且並無日後相關成本之政府補貼，於其成為應收款項之期間內於損益確認。

有關購買資產之政府補助於資產賬面值扣除。補助以扣減折舊法，按該須予折舊資產可用年期於損益中確認。

稅項

所得稅指即期稅項及遞延稅項的總和。

即期應付稅項按年內應課稅溢利計算。應課稅溢利與於損益內確認的溢利不同，原因是應課稅溢利不包括其他年度的應課稅或可予扣稅的收入或開支項目，亦不包括免稅或不可扣稅的項目。本集團的即期稅項負債按報告期末前已頒佈或實際頒佈的稅率計算。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2020 截至2020年12月31日止年度

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Taxation (Continued)

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences, unused tax losses or unused tax credits 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.

Deferred tax liabilities are recognised for taxable temporary differences arising on 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 is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

The measurement of deferred tax assets and liabilities 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.

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 by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

4. 重大會計政策(續)

稅項(續)

遞延稅項按綜合財務報表內資產及負債賬面值與計算應課稅溢利所用相關稅基的差額確認。遞延稅項負債一般按所有應課稅暫時差額確認入賬，而遞延稅項資產則會在可能有應課稅溢利可供作抵銷可予扣減暫時差額、未動用稅項虧損或未動用稅項抵免時確認入賬。倘暫時差額因商譽或在不影響應課稅溢利及會計溢利的交易中初次確認(業務合併除外)其他資產及負債而產生，則有關資產及負債不予確認。

於附屬公司的投資產生的應課稅暫時差額乃確認為遞延稅項負債，惟本集團可控制暫時差額的撥回及有關暫時差額可能不會於可預見將來撥回則除外。

遞延稅項資產的賬面值於各報告期末進行檢討，並予以扣減直至不再可能有足夠應課稅溢利可供收回全部或部份資產為止。

遞延稅項乃根據於報告期末已實施或實質上已實施的稅率，按預期在負債償還或資產變現期間適用的稅率計算。遞延稅項乃於損益中確認，惟倘遞延稅項與其他全面收入或直接於權益確認的項目相關，則在此情況下亦會在其他全面收入或直接於權益內確認。

遞延稅項資產及負債之計量反映本集團於報告期末預期收回或清償其資產及負債賬面值之方式所導致之稅務後果。

當有合法執行權利許可將即期稅項資產與即期稅項負債抵銷，並涉及與同一稅務機關徵收的所得稅有關且本集團擬按淨額基準結算其即期稅項資產及負債時，則遞延稅項資產及負債可互相對銷。

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綜合財務報表附註

For the year ended 31 December 2020 截至2020年12月31日止年度

4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Related parties

A related party is a person or entity that is related to the Group.

- (A) 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 Company or of a parent of the Company.
- (B) An entity is related to the Group if any of the following conditions applies:
- (i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) Both entities 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.
 - (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 are also related to the Group.
 - (vi) The entity is controlled or jointly controlled by a person identified in (A).

4. 重大會計政策 (續)

關聯方

關聯方指與本集團有關聯的人士或實體。

- (A) 一名人士或其直系親屬符合以下條件即視為本集團的關聯方：
- (i) 控制或共同控制本集團；
 - (ii) 對本集團有重大影響；或
 - (iii) 為本公司或本公司母公司的主要管理人員。
- (B) 符合以下任何條件的實體視為本集團的關聯方：
- (i) 該實體與本集團旗下實體為同一集團的成員公司(即各母公司、附屬公司及同系附屬公司之間相互關聯)。
 - (ii) 一間實體為另一實體的聯營公司或合營公司(或為另一實體所屬集團之成員公司的聯營公司或合營公司)。
 - (iii) 兩間實體均為同一第三方之合營公司。
 - (iv) 一間實體為第三方之合營公司，而另一實體為第三方之聯營公司。
 - (v) 該實體為本集團或本集團相關實體以僱員為受益人的離職福利計劃。倘本集團本身為該計劃，提供資助的僱主亦與本集團關聯。
 - (vi) 該實體由(A)項所訂明人士控制或共同控制。

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4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Related parties (Continued)

(B) (Continued)

- (vii) A person identified in (A)(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 Company or to a parent of the Company.

Segment reporting

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

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.

Impairment of assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and other intangible assets except goodwill, deferred tax assets, inventories and receivables to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment loss. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of cash-generating units ("CGU") to which the asset belongs.

4. 重大會計政策(續)

關聯方(續)

(B) (續)

- (vii) 於(A)(i)項所訂明人士對該實體有重大影響或為該實體(或該實體母公司)的主要管理人員。
- (viii) 該實體或該實體所屬集團旗下任何成員公司向本集團或本公司母公司提供主要管理人員服務。

分部報告

經營分部及財務報表所呈報各分部項目之金額，乃從為向本集團各項業務分配資源並評估其表現之目的而定期向本集團最高行政管理層提供之財務資料中識別出來。

個別重要之經營分部不會會計以供財務報告之用，除非該等分部具有相似經濟特徵且該等分部之產品及服務性質、生產工藝性質、客戶類別或階層、分銷產品或提供服務之方法以及監管環境性質均屬類似。並非個別重要之經營分部倘符合以上大部分條件，則可合計為一個報告分部。

資產減值

本集團於各報告期末審閱其有形及其他無形資產(商譽、遞延稅項資產、存貨及應收款項除外)之賬面值，藉以釐定是否有憑證顯示該等資產出現減值虧損。倘有任何出現減值虧損的憑證，則會估計該資產之可收回金額，以釐定任何減值虧損之程度。倘不可估計個別資產之可收回金額，則本集團估計該資產歸屬之現金產生單位(「現金產生單位」)的可收回金額。

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4. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of assets (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.

If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset or CGU 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 (net of amortisation or depreciation) had no impairment loss been recognised for the asset or CGU in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow is remote.

4. 重大會計政策(續)

資產減值(續)

可收回金額為公平值減去銷售成本及使用價值兩者之較高者。評估使用價值時，會採用反映現時市場對貨幣時間價值及針對該資產的風險評值的稅前貼現率，將估計未來現金流量貼現至其現值。

倘若一項資產或現金產生單位之可收回金額預計低於其賬面值，則該資產或現金產生單位之賬面值將減至其可收回金額。減值虧損即時於損益中確認，除非相關資產按重估數值列賬，在此情況下其減值虧損列為重估減值。

倘其後撥回減值虧損時，資產或現金產生單位之賬面值可調高至重新估計之可收回金額，惟因此而增加之賬面值不可高於該資產或現金產生單位於過往年度未確認減值虧損前之賬面值(扣除攤銷或折舊)。撥回之減值虧損即時於損益中確認，除非相關資產按重估數值列賬，在此情況下其撥回之減值虧損列為重估增值。

撥備及或然負債

如本集團須就已發生的事件承擔法律或推定責任，而又可能需要流出經濟利益以履行該項責任，本集團會在能夠可靠地估計涉及的金額時，為該項在時間上或金額上尚未確定的責任撥備。如金錢的時間價值重大，則會按預計履行該項責任所需開支的現值作出撥備。

若承擔有關責任可能無須付出流出經濟利益或無法可靠地估計涉及的金額，該責任便會以或然負債的形式披露，除非須流出經濟利益的可能性極低。對於僅可由日後是否發生某宗或多宗事件方可確定是否出現的潛在責任，亦會以或然負債的形式披露，除非須流出經濟利益的可能性極低。

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For the year ended 31 December 2020 截至2020年12月31日止年度

4. SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Events after the reporting period

Events after the reporting period that provide additional information about the Group's position at the end of the reporting period or those that indicate the going concern assumption is not appropriate are adjusting events and are reflected in the consolidated financial statements. Events after the reporting period that are not adjusting events are disclosed in the notes when material.

5. CRITICAL JUDGEMENTS AND KEY ESTIMATION

Critical judgements in applying accounting policies

In the process of applying the accounting policies, the directors have made the following judgements that have the most significant effect on the amounts recognised in the consolidated financial statements.

(a) Going concern basis

These consolidated financial statements have been prepared on a going concern basis, the validity of which is explained in note 2 to consolidated financial statements.

(b) Income tax

Determining income tax provisions involves judgement on the future tax treatment of certain transactions. Management carefully evaluates tax implications of transactions and tax provisions are set up accordingly. The tax treatment of these transactions is reconsidered periodically by taking into account all changes in tax legislations. Deferred tax assets are recognised for deductible temporary differences. As deferred tax assets can only be recognised to the extent that it is probable that future taxable profit will be available, management's judgement is required to assess the probability of future taxable profits. Management's assessment is constantly reviewed and additional deferred tax assets, if any, are recognised if it becomes probable that future taxable profits will allow the deferred tax asset to be recovered.

4. 重大會計政策 (續)

報告期後事項

提供本集團於報告期末之狀況的額外資料或顯示持續經營假設並不適當的報告期後事項為調整事項，並反映於綜合財務報表內。並非調整事項的報告期後事項，倘屬重大時，於附註內披露。

5. 重要判斷及主要估計

應用會計政策時之重大判斷

應用會計政策時，董事已作出下列對在綜合財務報表已確認金額造成最重大影響之判斷。

(a) 持續經營基礎

該等綜合財務報表已按持續經營基準編製，其有效性於綜合財務報表附註2中闡述。

(b) 所得稅

釐定所得稅撥備涉及對若干交易的未來稅務處理作出判斷。管理層仔細評估交易的稅務影響，並作出相應的稅項撥備。該等交易的稅務處理經考慮所有稅務法規變動後定期重新進行考慮。遞延稅項資產乃就暫時性可扣減差額予以確認。由於僅在可能存在未來應課稅利潤時方會確認該等遞延稅項資產，故管理層須作出判斷以評定產生未來應課稅利潤的可能性。管理層的評估會持續進行評核，倘未來應課稅利潤可能令遞延稅項資產被收回，則額外確認遞延稅項資產(如有)。

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綜合財務報表附註

For the year ended 31 December 2020 截至2020年12月31日止年度

5. CRITICAL JUDGEMENTS AND KEY ESTIMATION

(Continued)

Critical judgements in applying accounting policies

(Continued)

(c) Withholding taxes arising from the distribution of dividends

In estimating the withholding taxes on dividends expected to be distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008, the directors have made an assessment based on factors including future profitability, the dividend policy and the level of capital and working capital required for the Group's operations in the foreseeable future. No deferred tax liabilities in respect of undistributed profits have been recognised as at 31 December 2020 (2019: Nil) as the Company controls the dividend policy of these subsidiaries and it has been determined that it is not probable that these profits will be distributed in the foreseeable future.

Key sources of estimation uncertainty

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, are discussed below.

(a) Impairment of property, plant and equipment and right-of-use assets

Property, plant and equipment and right-of-use assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets exceeds its recoverable amount. The recoverable amount is determined with reference to the present value of estimated future cash flows. Where the future cash flows are less than expected or there are unfavourable events and change in facts and circumstance which result in revision of future estimate cash flows, a material impairment loss may arise.

5. 重要判斷及主要估計(續)

應用會計政策時之重大判斷(續)

(c) 派付股息產生的預扣稅項

在評估預期就該等在中國大陸成立的附屬公司自2008年1月1日起賺取的盈利所派發股息繳交的預扣稅時，董事已根據未來盈利能力、股息政策、資本水平及營運資金(以應付本集團於可見將來的業務所需)等因素作出評估。由於本公司控制該等附屬公司的股息政策且其已釐定該等盈利於可見將來不大可能分派，故於2020年12月31日概無就未派付溢利確認遞延稅項負債(2019年：無)。

主要估計不明朗因素

以下探討於報告期末有關未來之主要假設及估計不明朗因素之其他主要來源，該等假設及不明朗因素均存有重大風險，可能導致下一個財政年度之資產及負債賬面值須作出重大調整。

(a) 物業、廠房及設備以及使用權資產之減值

每當有事件或情況變化顯示資產賬面值超過其可收回金額時，本集團會審閱物業、廠房及設備以及使用權資產有否出現減值。可收回金額參照估計未來現金流量之現值釐定。倘未來現金流量少於預期，或者有不利事件以及事實及情況變化導致須修訂未來估計現金流量，則可能產生重大減值虧損。

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5. CRITICAL JUDGEMENTS AND KEY ESTIMATION

(Continued)

Key sources of estimation uncertainty (Continued)

(b) Provision for expected credit losses on trade receivables and other receivables

The Group makes impairment loss for bad and doubtful debts based on assessments of the recoverability of the trade and other receivables, including the current creditworthiness and the past collection history of each debtor. Impairments arise where events or changes in circumstances indicate that the balances may not be collectible. The identification of bad and doubtful debts requires the use of judgement and estimates. Where the actual result is different from the original estimate, such difference will impact the carrying value of the trade and other receivables and doubtful debt expenses in the year in which such estimate has been changed.

(c) Property, plant and equipment and depreciation

The Group determines the estimated useful lives, residual values and related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives and residual values of property, plant and equipment of similar nature and functions. The Group will revise the depreciation charge where useful lives and residual values are different to those previously estimated, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

(d) Measurement of right-of-use assets and lease liabilities

The Group estimated the right-of-use assets and lease liabilities based on the terms of the rental agreements and the Group's incremental borrowing rate. Estimates are required in determining the Group's incremental borrowing rate.

(e) Allowance for slow-moving inventories

Allowance for slow-moving inventories is made based on the ageing and estimated net realisable value of inventories. The assessment of the allowance amount involves judgement and estimates. Where the actual outcome in future is different from the original estimate, such difference will impact the carrying value of inventories and allowance charge/write-back in the period in which such estimate has been changed.

5. 重要判斷及主要估計(續)

主要估計不明朗因素(續)

(b) 貿易及其他應收款項的預期信貸虧損撥備

本集團根據對貿易及其他應收款項的可收回性作出的評估(包括各債務人的即期信譽及過往收款記錄)計提呆賬減值虧損。當事件或情形變動顯示餘額無法收回時出現減值。確認呆賬須使用判斷及估計。倘實際結果有別於初始估計,則該差額將對有關估計發生變動所在年度的貿易及其他應收款項以及呆賬開支的賬面值產生影響。

(c) 物業、廠房及設備及折舊

本集團釐定物業、廠房及設備的估計可使用年期、剩餘價值以及相關折舊開支。該等估計乃根據性質及功能相近的物業、廠房及設備實際可使用年期及剩餘價值的過往經驗而作出。當可使用年期及剩餘價值與原先估計者不同時,本集團會對折舊開支進行相應調整,或將已報廢或出售之技術過時或非策略資產註銷或撇減。

(d) 使用權資產及租賃負債的計量

本集團根據租賃協議的條款及本集團的增量借款利率估算使用權資產及租賃負債。在確定本集團的增量借款利率時,需要進行估計。

(e) 滯銷存貨撥備

根據存貨的賬齡和估計可變現淨值計提滯銷存貨撥備。撥備金額之評估涉及判斷和估計。倘未來的實際結果有別於原先估計,則有關差額將影響有關估計發生變動之期間的存貨的賬面值以及支銷/撥回之撥備。

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5. CRITICAL JUDGEMENTS AND KEY ESTIMATION

(Continued)

Key sources of estimation uncertainty (Continued)

(f) Fair value of contingent consideration liabilities

In the absence of quoted market prices in an active market, the directors estimate the fair value of contingent consideration liabilities, details of which are set out in note 7 to the consolidated financial statements, by considering information from a variety of sources.

6. FINANCIAL AND CAPITAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: foreign currency risk, interest rate risk, credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Foreign currency risk

The Group has minimal exposure to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in the functional currencies of the Group entities. 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 foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

(b) Interest rate risk

The Group's certain bank deposits and borrowings bear interests at fixed interest rates and therefore are subject to fair value interest rate risks.

At 31 December 2020 and 2019, all of the Group's interest-bearing borrowings are fixed rate borrowings, no sensitivity analysis on interest rate risk is presented.

5. 重要判斷及主要估計(續)

主要估計不明朗因素(續)

(f) 或然代價負債之公平值

在並無活躍市場報價下，董事透過考慮來自多個來源的資料就或然代價負債之公平值作出估計，有關詳情載於綜合財務報表附註7。

6. 金融及資本風險管理

本集團的業務令其承受多種財務風險：外幣風險、利率風險、信貸風險及流動資金風險。本集團的整體風險管理計劃專注於金融市場的不可預測性，並尋求將其對本集團財務表現的潛在不利影響降至最低。

(a) 外幣風險

由於本集團大部分業務交易、資產及負債主要以本集團實體之功能貨幣列值，故面對之外匯風險甚低。本集團現時並無就外匯交易、資產及負債制定外匯對沖政策。本集團將密切監控其外匯風險，並於需要時考慮對沖重大外匯風險。

(b) 利率風險

本集團的若干銀行存款及借款以固定利率計息，因此面對公允價值利率風險。

於2020年及2019年12月31日，本集團所有計息借款均為定息借款，故並無呈列利率風險的敏感度分析。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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6. FINANCIAL AND CAPITAL RISK MANAGEMENT

(Continued)

(c) Credit risk

The carrying amount of the trade and other receivables, deposits and bank balances included in the consolidated statement of financial position represents the Group's maximum exposure to credit risk in relation to the Group's financial assets.

The Group has no significant concentrations of credit risk.

It has policies in place to ensure that sales are made to customers with an appropriate credit history.

The credit risk on bank balances is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The Group considers whether there has been a significant increase in credit risk of financial assets on an ongoing basis throughout each reporting period by comparing the risk of a default occurring as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following information is used:

- internal credit rating;
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations;
- actual or expected significant changes in the operating results of the borrower;
- significant changes in the value of the collateral or in the quality of guarantees or credit enhancements; and
- significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrower.

6. 金融及資本風險管理(續)

(c) 信貸風險

貿易應收款項及其他應收款項、存款及銀行結餘於綜合財務狀況表內所列的賬面值為本集團就本集團的金融資產承擔的最高信貸風險。

本集團並無高度集中的信貸風險。

本集團訂有既定政策確保向具有良好信貸記錄的客戶銷售產品。

由於交易對手均為由國際信貸評級機構評定為高信貸評級的銀行，故有關銀行結餘的信貸風險屬有限。

本集團比較金融資產於報告日期之違約風險與於初始確認日期之違約風險，以評估金融資產之信用風險有否於各報告期內按持續基準大幅增加。本集團亦考慮可得合理及有理據支持之前瞻性資料。尤其使用下列資料：

- 內部信貸評級；
- 預期導致借款人履行責任能力出現重大變動之業務、財務或經濟狀況之實際或預期重大不利變動；
- 借款人經營業績之實際或預期重大變動；
- 抵押品價值或擔保或信貸提升措施的質素出現重大變動；及
- 借款人預期表現及行為之重大變動，包括借款人之付款狀況變動。

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6. FINANCIAL AND CAPITAL RISK MANAGEMENT

(Continued)

(c) Credit risk (Continued)

A significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment. A default on a financial asset is when the counterparty fails to make contractual payments within 180 days of when they fall due.

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. The Group normally categorises a receivable for write off when a debtor fails to make contractual payments greater than 360 days past due. Where receivables have been written off, the Group, if practicable and economical, continues to engage in enforcement activity to attempt to recover the receivable due.

The Group uses two categories for non-trade receivables which reflect their credit risk and how the loss provision is determined for each of the categories. In calculating the expected credit loss rates, the Group considers historical loss rates for each category and adjusts for forward looking data.

Category 類別	Definition 釋義	Loss provision 虧損撥備
Performing 正常	Low risk of default and strong capacity to pay 低違約風險及支付能力穩健	12 month expected losses 12個月預期虧損
Non-performing 不良	Significant increase in credit risk 信貸風險大幅增加	Lifetime expected losses 全期預期虧損

6. 金融及資本風險管理(續)

(c) 信貸風險(續)

倘債務人逾期支付合約款項超過30日，則假定信貸風險大幅增加。當對手方未能於合約款項到期日後180日內支付款項時，金融資產即出現違約。

當合理預期無法收回金融資產(如債務人未能與本集團達成還款計劃)時，金融資產即予撇銷。倘債務人逾期超過360日仍未能支付合約款項，則本集團一般會撇銷應收款項。倘應收款項被撇銷，則本集團在實際可行及符合經濟效益的情況下，繼續採取強制行動試圖收回到期應收款項。

本集團使用兩個非貿易應收款項類別，反映該等貸款之信貸風險及就各類別釐定虧損撥備之方式。於計算預期信貸虧損率時，本集團考慮各類別之歷史虧損率，並就前瞻性數據作出調整。

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6. FINANCIAL AND CAPITAL RISK MANAGEMENT

(Continued)

(d) Liquidity risk

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

The maturity analysis, based on undiscounted cash flows, of the Group's financial liabilities is as follows:

6. 金融及資本風險管理(續)

(d) 流動資金風險

本集團的政策為定期監察目前及預期的流動資金需要，以確保其維持充足的現金儲備應付短期及長期的流動資金需要。

本集團的金融負債根據未折現現金流付款的到期情況分析如下：

		On demand			Total
		or less than 1 year	1-2 years	2-5 years	undiscounted cash flows
		按要求或一年以下	一至兩年	兩至五年	總未折現金流
		RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元
As at 31 December 2020					
於2020年12月31日					
Trade and bills payables	貿易應付款項及應付票據	1,068,604	-	-	1,068,604
Other payables and accruals	其他應付款項及應計費用	107,528	-	-	107,528
Note payables	應付票據	96,165	-	-	96,165
Interest-bearing bank and other borrowings	計息銀行及其他借款	1,232,104			1,232,104
Liability component of convertible bonds	可換股債券的負債部分	553,004	-	-	553,004
Lease liabilities	租賃負債	5,198	5,198	3,705	14,101
Amounts due to associates	應付聯營公司款項	161,583	-	-	161,583
Amount due to related party	應付關聯方款項	132,600	-	-	132,600
Contingent consideration liabilities	或然代價負債	124,946	-	-	124,946
		3,481,732	5,198	3,705	3,490,635

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綜合財務報表附註

For the year ended 31 December 2020 截至2020年12月31日止年度

6. FINANCIAL AND CAPITAL RISK MANAGEMENT

(Continued)

(d) Liquidity risk (Continued)

		On demand or less than 1 year 按要求或 一年以下 RMB'000 人民幣千元	1-2 years 一至兩年 RMB'000 人民幣千元	2-5 years 兩至五年 RMB'000 人民幣千元	Total undiscounted cash flows 總未折現 現金流 RMB'000 人民幣千元
As at 31 December 2019 於2019年12月31日					
Trade and bills payables	貿易應付款項及 應付票據	559,892	-	-	559,892
Other payables and accruals	其他應付款項及 應計費用	100,259	-	-	100,259
Note payables	應付票據	31,792	-	-	31,792
Interest-bearing bank and other borrowings	計息銀行及其他借款	1,025,111	-	-	1,025,111
Liability component of convertible bonds	可換股債券的負債部分	636,524	-	-	636,524
Lease liabilities	租賃負債	4,855	2,160	3,778	10,793
Amounts due to associates	應付聯營公司款項	32,801	-	-	32,801
Amount due to a related party	應付一名關聯方款項	5,613	-	-	5,613
Contingent consideration liabilities	或然代價負債	-	151,305	-	151,305
		2,396,847	153,465	3,778	2,554,090

6. 金融及資本風險管理(續)

(d) 流動資金風險(續)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2020 截至2020年12月31日止年度

6. FINANCIAL AND CAPITAL RISK MANAGEMENT

(Continued)

(e) Categories of financial instruments at 31 December

		2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
Financial assets	金融資產：		
Derivative financial instrument	衍生金融工具	106,306	107,451
Financial assets at amortised cost (including cash and cash equivalents)	按攤銷成本計量的金融資產 (包括現金及現金等值項目)	2,739,320	1,334,478
		2,845,626	1,441,929
Financial liabilities	金融負債：		
Contingent consideration liabilities	或然代價負債	123,474	151,305
Financial liabilities at amortised cost	按攤銷成本計量的金融負債	3,356,024	2,397,192

(f) Fair values

The carrying amounts of the Group's financial assets and financial liabilities as reflected in the consolidated statement of financial position approximate their respective fair values.

(g) Capital risk management

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of debt, which includes borrowings and amounts due to related parties, and equity attributable to owners of the Company, which includes share capital and reserves.

The Group's management reviews the capital structure regularly. The Group considers the cost of capital and the risks associated with each class of capital, and will balance its overall capital structure through the payment of dividends, issuance of new shares as well as raising of borrowings, if necessary.

6. 金融及資本風險管理(續)

(e) 於12月31日的金融工具類別

(f) 公平值

綜合財務狀況表所列本集團金融資產及金融負債的賬面金額與公平值相若。

(g) 資本風險管理

本集團管理其資本以確保能夠持續經營，同時通過優化債務與權益間的平衡使利益相關者獲得最大回報。本集團的總體戰略自上年度以來維持不變。

本集團的資本結構包括債務(其中包括借款)及應付關聯方款項以及本公司擁有人應佔權益(其中包括資本及儲備)。

本集團管理層定期審核資本結構。本集團考慮與各類資本相關的資本成本和風險，並將通過支付股息、發行新股以及籌集借款(如必要)的方式平衡其整體資本結構。

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綜合財務報表附註

For the year ended 31 December 2020 截至2020年12月31日止年度

7. FAIR VALUE MEASUREMENTS

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. The following disclosures of fair value measurements use a fair value hierarchy that categorises into three levels the inputs to valuation techniques used to measure fair value:

Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.

Level 2 inputs: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs: unobservable inputs for the asset or liability.

The Group's policy is to recognise transfers into and transfers out of any of the three levels as of the date of the event or change in circumstances that caused the transfer.

(a) Disclosure of level in fair value hierarchy:

Description 描述		2020 2020年 Level 3 第3級 RMB'000 人民幣千元	2019 2019年 Level 3 第3級 RMB'000 人民幣千元
Recurring fair value measurements: 經常性公平值計量：			
<i>Financial assets:</i> Derivative financial instrument	<i>金融資產：</i> 衍生金融工具	106,306	107,451
<i>Financial liabilities:</i> Contingent consideration liabilities	<i>金融負債：</i> 或然代價負債	123,474	151,305

7. 公平值計量

公平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。以下公平值計量披露採用公平值層級，將估值方法所用輸入數據分為三個層級，以計量公平值：

第1級輸入數據：本集團於計量日可取得之相同資產或負債於活躍市場之報價（未經調整）。

第2級輸入數據：就資產或負債直接或間接可觀察之輸入數據（第1層內包含的報價除外）。

第3級輸入數據：資產或負債之不可觀察輸入數據。

本集團之政策為確認截至於事件或狀況變動導致該轉移之日期該等三個層級之任何轉入及轉出。

(a) 公平值層級披露：

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7. FAIR VALUE MEASUREMENTS (Continued)

(b) Reconciliation of assets measured at fair value based on level 3:

Financial assets:

		Derivative financial instrument 衍生金融工具 RMB'000 人民幣千元
As at 1 January 2019	於2019年1月1日	-
Total gains or losses recognised — in profit or loss [#]	已確認之收益／虧損總額 — 於損益 [#]	107,451
As at 31 December 2019 and 1 January 2020	於2019年12月31日及2020年1月1日	107,451
Total gains or losses recognised — in profit or loss [#]	已確認之收益／虧損總額 — 於損益 [#]	(1,145)
As at 31 December 2020	於2020年12月31日	106,306

^(#) Represent gains or losses for assets held at end of reporting period

^(#) 指於報告期末所持資產的收益／虧損

7. 公平值計量(續)

(b) 根據第3級按公平值計量之資產對賬：

金融資產：

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7. FAIR VALUE MEASUREMENTS (Continued)

(b) Reconciliation of assets measured at fair value based on level 3: (Continued)

Financial liabilities:

		Contingent consideration liabilities 或然代價負債 RMB'000 人民幣千元
As at 1 January 2019	於2019年1月1日	407,667
Contingent consideration liabilities settled by issuance of ordinary shares	透過發行普通股結算或然代價負債	(69,855)
Gains recognised in profit or loss ^(#)	於損益確認之收益 ^(#)	(240,395)
Additions	添置	52,798
Interest expenses	利息開支	9,173
Exchange differences recognised in other comprehensive income	於其他全面收入已確認之匯兌差額	(8,083)
As at 31 December 2019 and 1 January 2020	於2019年12月31日及2020年1月1日	151,305
Gains recognised in profit or loss ^(#)	於損益確認之收益 ^(#)	(20,010)
Additions	添置	115
Exchange differences recognised in other comprehensive income	於其他全面收入已確認之匯兌差額	(7,936)
As at 31 December 2020	於2020年12月31日	123,474

^(#) Represent gains or losses for liabilities held at end of reporting period^(#) 指於報告期末所持負債的收益/虧損

The total gains or losses recognised in profit or loss including those for assets held at end of reporting period are presented in other income/(expenses), gains/(loss) in the consolidated statement of profit or loss and other comprehensive income.

於損益確認之收益/虧損總額(包括於報告期末所持資產之收益/虧損)在綜合綜合損益及其他全面收益表內呈列為其他收入/(開支)、收益/(虧損)。

7. 公平值計量(續)

(b) 根據第3級按公平值計量之資產對賬:(續)

金融負債:

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7. FAIR VALUE MEASUREMENTS (Continued)

(c) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements:

The Group's management is responsible for the fair value measurements of assets and liabilities required for financial reporting purposes. The management reports directly to the board of directors for these fair value measurements. Discussions of valuation processes and results are held between the management and the board of directors at least twice a year.

For level 3 fair value measurements, the Group will normally engage external valuation experts with the recognised professional qualifications and recent experience to perform the valuations.

The following table gives information about how the fair value of the Group's investments at fair value through profit or loss is determined.

Level 3 fair value measurements As at 31 December 2020

Description	Valuation technique	Unobservable inputs	Range	Effect on fair value for increase of key input 增加關鍵輸入數據對公允價值的影響	Fair value RMB'000 人民幣千元
描述	估值方法	不可觀察輸入數據	範圍		公平值 RMB'000 人民幣千元
Derivative financial instrument	Discounted cash flow	Consideration	RMB125,000,000	Increase	106,306
		Carrying value of an associate	RMB18,694,000	Decrease	
衍生金融工具	折現現金流量	代價	人民幣125,000,000元	增加	106,306
		聯營公司賬面值	人民幣18,694,000元	減少	
Contingent consideration liabilities	Discounted cash flow	Net profits	Loss of RMB10,169,000 to profit of RMB41,223,000	Increase	123,474
或然代價負債	折現現金流量	淨溢利	虧損人民幣10,169,000元至溢利人民幣41,223,000元	增加	123,474

7. 公平值計量(續)

(c) 本集團採用之估值程序以及公平值計量採用之估值方法及輸入數據之披露：

本集團的管理層負責就財務報告進行所需的資產及負債之公平值計量。管理層就此等公平值計量直接向董事會匯報。管理層與董事會每年至少兩次討論估值程序及有關結果。

就第3級公平值計量而言，本集團一般將委聘具備經認可專業資格及近期經驗的外部估值專家進行估值。

下表提供有關如何釐定本集團按公平值計入損益的投資的公平值的資料。

第3級公平值計量 於2020年12月31日

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7. FAIR VALUE MEASUREMENTS (Continued)

(c) Disclosure of valuation process used by the Group and valuation techniques and inputs used in fair value measurements: (Continued)

Level 3 fair value measurements (Continued)

As at 31 December 2019

Description	Valuation technique	Key input	Range	Effect on fair value for increase of key input 增加關鍵輸入數據對公允價值的影響	Fair value RMB'000 人民幣千元
描述	估值方法	不可觀察輸入數據	範圍		公平值 RMB'000 人民幣千元
Derivative financial instrument	Discounted cash flow	Consideration Carrying value of an associate	RMB125,000,000 RMB17,549,000	Increase Decrease	107,451
衍生金融工具	折現現金流量	代價 聯營公司賬面值	人民幣125,000,000元 人民幣17,549,000元	增加 減少	107,451
Contingent consideration liabilities	Discounted cash flow	Net profits	Loss of RMB1,442,000 to profit of RMB41,223,000	Increase	151,305
或然代價負債	折現現金流量	淨溢利	虧損人民幣1,442,000元至溢利人民幣41,223,000元	增加	151,305

During the two years, there were no changes in the valuation techniques used.

於兩個年度，使用的估值方法並無改變。

7. 公平值計量(續)

(c) 本集團採用之估值程序以及公平值計量採用之估值方法及輸入數據之披露：(續)

第3級公平值計量(續)

於2019年12月31日

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8. REVENUE AND SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has three reportable operating segments as follows:

- (i) Recycled copper products segment: use of scrap copper and electrolytic copper for the manufacturing and trading of recycled copper products, and trading of electrolytic copper and nickel products;
- (ii) Power transmission and distribution cables segment: manufacturing and sales of power transmission and distribution cables; and
- (iii) Communication cables segment: manufacturing and sales of communication cables.

The Group's reportable segments are strategic business units that offer different products. They are managed separately because each business requires different technology and marketing strategies.

The accounting policies of the operating segments are the same as those described in note 4 to the consolidated financial statements. Segment results do not include certain interest income, non-lease-related finance costs, corporate and other unallocated expenses as well as share of profits of associate.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted profit before tax. The adjusted profit before tax is measured consistently with the Group's profit before tax except that certain interest income, corporate and other unallocated expenses, certain finance costs as well as share of profits of associates are excluded from such measurement.

A measurement of segment assets and liabilities is not provided regularly to the Group's most senior executive management and accordingly, no information about segment assets or liabilities is presented.

The Group accounts for intersegment sales and transfers as if the sales or transfers were to third parties, i.e. at current market prices.

8. 營業額及分部報告

就管理而言，本集團根據其產品及服務區分業務單位，並分為下列可呈報之三個經營分部：

- (i) 再生銅產品分部：使用廢銅及電解銅生產及買賣再生銅產品，以及買賣電解銅及鎳產品；
- (ii) 送配電纜分部：生產及銷售送配電纜；及
- (iii) 通信電纜分部：生產及銷售通信電纜。

本集團之可呈報分部為提供不同產品之策略業務單位。由於各業務需要不同之技術及市場推廣策略，故該等業務乃獨立管理。

經營分部的會計政策與綜合財務報表附註4所述的會計政策一致。分部業績不包括若干利息收入、非租賃相關財務成本、企業及其他未分配開支及分佔聯營公司溢利。

管理層單獨監察本集團各經營分部業績以作出有關資源分配及表現評估的決定。分部表現根據可呈報分部溢利(以經調整稅前溢利計量)予以評估。經調整稅前溢利按與計量本集團稅前溢利一致之方式計量，惟若干利息收入、企業及其他未分配開支、若干財務成本以及應佔聯營公司溢利均不計入該計量內。

由於並非定期向本集團最高級行政管理人員提供分部資產及負債之計量，因此並無呈列分部資產或負債資料。

本集團將分部間銷售及轉讓當作向第三方進行之銷售或轉讓(即按目前市價進行者)入賬。

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8. REVENUE AND SEGMENT INFORMATION (Continued) 8. 營業額及分部報告 (續)

(a) Segment results

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

(a) 分部業績

分部間銷售及轉讓乃參考按當時現行市價向第三方銷售所用的售價進行交易。

		2020 2020年			
		Recycled copper products 再生銅產品 RMB'000 人民幣千元	Power transmission and distribution cables 送配電纜 RMB'000 人民幣千元	Communication cables 通訊電纜 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Segment revenue	分部收益				
Sales to external customers	向外部客戶進行銷售	16,529,513	32,790	136,224	16,698,527
Intersegment sales	分部間銷售	398,198	17,117	8,591	423,906
		16,927,711	49,907	144,815	17,122,433
<i>Reconciliation:</i>	<i>對賬:</i>				
Elimination of intersegment sales	對銷分部間銷售				(423,906)
Revenue	收益				16,698,527
Segment results	分部業績	102,081	(7,453)	(8,183)	86,445
<i>Reconciliation:</i>	<i>對賬:</i>				
Interest income	利息收入	14,633	7	3	14,643
Impairment of goodwill	商譽減值				(277,895)
Changes in fair value of contingent consideration liabilities	或然代價負債的公平值變動				20,010
Changes in fair value of derivative financial instrument	衍生金融工具的公平值變動				(1,145)
Corporate and other unallocated expenses	企業及其他未分配開支				(109,657)
Finance costs	財務成本	(98,617)	(3,489)	(2,417)	(104,523)
Share of losses of associates	應佔聯營公司虧損				(754)
Loss before tax	稅前虧損				(372,876)
Other segment information	其他分部資料				
Depreciation and amortisation	折舊及攤銷	(39,071)	(9,055)	(2,943)	(51,069)
VAT refunds, government grants and subsidies	增值稅退稅、政府補助及補貼	227,851	365	529	228,745
Provision for doubtful debts, net	呆賬撥備淨值	(44,528)	(2,330)	(147)	(47,005)

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8. REVENUE AND SEGMENT INFORMATION (Continued) 8. 營業額及分部報告 (續)

(a) Segment results (Continued)

(a) 分部業績 (續)

		2019 2019年			
		Recycled copper products 再生銅產品 RMB'000 人民幣千元	Power transmission and distribution cables 送配電纜 RMB'000 人民幣千元	Communication cables 通訊電纜 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Segment revenue	分部收益				
Sales to external customers	向外部客戶進行銷售	23,952,537	32,068	28,048	24,012,653
Intersegment sales	分部間銷售	446,844	269	10,060	457,173
		24,399,381	32,337	38,108	24,469,826
<i>Reconciliation:</i>	<i>對賬：</i>				
Elimination of intersegment sales	對銷分部間銷售				(457,173)
Revenue	收益				24,012,653
Segment results	分部業績	195,287	3,744	18,448	217,479
<i>Reconciliation:</i>	<i>對賬：</i>				
Interest income	利息收入	157	5	173	335
Impairment of goodwill	商譽減值				(407,883)
Changes in fair value of contingent consideration liabilities	或然代價負債的公平值變動				240,395
Impairment of interests in associates	於聯營公司權益的減值				(102,129)
Changes in fair value of derivative financial instrument	衍生金融工具的公平值變動				107,451
Corporate and other unallocated expenses	企業及其他未分配開支				(162,441)
Finance costs	財務成本	(60,281)	(2,676)	(1,215)	(64,172)
Share of losses of associates	應佔聯營公司虧損				(4,811)
Loss before tax	稅前虧損				(175,776)
Other segment information	其他分部資料				
Depreciation and amortisation	折舊及攤銷	(42,992)	(7,766)	(2,857)	(53,615)
VAT refunds, government grants and subsidies	增值稅退稅、政府補助及補貼	481,970	17,192	13,037	512,199
Reversal of provision for doubtful debts, net	呆賬撥備撥回淨值	28,811	1,316	14,988	45,115

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8. REVENUE AND SEGMENT INFORMATION (Continued)

(b) Geographic information

The Group carries out its business operations in the PRC, thus no separate geographical segment analysis based on the location of assets and the revenue and profit or loss are presented.

(c) Information about major customers

Revenue from each of the major customers, which contributed 10% or more to the Group's revenue, is set out below:

		2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
Recycled copper products segment	再生銅產品分部		
Customer A*	客戶A*	—	4,185,714
Customer B	客戶B	2,398,991	2,988,479
Customer C	客戶C	3,308,727	2,701,202
		5,707,718	9,875,395

* Customer A had less than 10% of the Group's revenue for the year ended 31 December 2020.

8. 營業額及分部報告 (續)

(b) 地區資料

本集團於中國經營業務，因此並無呈列按資產及收益和損益所在地劃分的獨立地區分部分析。

(c) 有關主要客戶的資料

來自佔本集團收益10%或以上的各主要客戶的收入如下：

* 截至2020年12月31日止年度，客戶A不足本集團收益的10%。

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9. REVENUE

9. 營業額

	2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
Revenue from contracts with customers 客戶合約收益	16,698,527	24,012,653

Disaggregation of revenue from contracts with customers:

客戶合約收益細分：

		2020 2020年			
		Power Recycled copper products 再生銅產品 RMB'000 人民幣千元	transmission and distribution cables 送配電纜 RMB'000 人民幣千元	Communication cables 通訊電纜 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Revenue from trading of electrolytic copper 電解銅貿易收益		8,516,219	-	-	8,516,219
Sales of recycled copper products 銷售再生銅產品		7,990,892	-	-	7,990,892
Sales of power transmission and distribution cables 銷售送配電纜		-	32,790	-	32,790
Sales of communication cables 銷售通信電纜		-	-	136,224	136,224
Sales of scrap materials 銷售廢棄材料		19,546	-	-	19,546
Others 其他		2,856	-	-	2,856
Total revenue from contracts with customers 客戶合約收益總額		16,529,513	32,790	136,224	16,698,527
Timing of revenue recognition 收益確認時間	收益確認時間				
Goods transferred at a point in time 於某個時間點轉讓貨品		16,529,513	32,790	136,224	16,698,527

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9. REVENUE (Continued)

9. 營業額(續)

		2019 2019年			
		Recycled copper products 再生銅產品 RMB'000 人民幣千元	Power transmission and distribution cables 送配電纜 RMB'000 人民幣千元	Communication cables 通訊電纜 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Revenue from trading of electrolytic copper	電解銅貿易收益	16,715,910	-	-	16,715,910
Sales of recycled copper products	銷售再生銅產品	7,183,657	-	-	7,183,657
Sales of power transmission and distribution cables	銷售送配電纜	-	32,022	-	32,022
Sales of communication cables	銷售通信電纜	-	-	28,033	28,033
Sales of scrap materials	銷售廢棄材料	48,535	46	15	48,596
Others	其他	4,435	-	-	4,435
Total revenue from contracts with customers	客戶合約收益總額	23,952,537	32,068	28,048	24,012,653
Timing of revenue recognition	收益確認時間				
Goods transferred at a point in time	於某個時間點轉讓貨品	23,952,537	32,068	28,048	24,012,653

Note:

The Group has entered into trading activities of electrolytic copper since 2015 whereas the Group is considered as the principal of the transactions as it controls the electrolytic copper before the products sold to the customers. The gross inflows of the trading activities are therefore recognised as revenue.

Sale of goods

The performance obligation is satisfied upon delivery of the goods and payment is generally due within 0 to 3 months from delivery, except for new customers, where payment in advance is normally required.

附註：

本集團自2015年以來開展電解銅的貿易活動，由於本集團在向客戶銷售產品前控制電解銅，故本集團被視為該等交易的主體責任人。貿易活動的總流入因此被確認為營業額。

銷售貨品

履約責任於交付貨品時完成，而付款通常自交付後3個月內到期，惟就新客戶而言，則通常要求預先付款。

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10. OTHER INCOME/(EXPENSES), GAIN/(LOSS), NET

10. 其他收入／（開支）、收益／（虧損），淨額

	Notes 附註	2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
VAT refunds	增值稅退稅		
— Comprehensive utilisation of resources	— 綜合利用資源	(i) 149,172	210,162
— Others	— 其他	1,028	2,354
Government grants	政府補助	(ii) 59,054	149,427
Government subsidies	政府補貼	(iii) 19,491	150,256
Interest income	利息收入	14,648	436
Net loss on copper futures contracts upon settlement	銅期貨合約交割後淨虧損	(288)	(92)
Foreign exchange differences, net	淨外匯差額	7,275	(876)
Loss on disposal of items of property, plant and equipment	出售物業、廠房及設備 項目的虧損	—	(285)
Written-off of property, plant and equipment	撇銷物業、廠房及設備	(30)	—
Loss on modification of convertible bonds	修訂可換股債券之虧損	(22,654)	—
Impairment of goodwill	商譽減值	(277,895)	(407,883)
Impairment of right-of-use assets	使用權資產減值	(3,291)	—
Changes in fair value of contingent consideration liabilities	或然代價負債的公平值 變動	20,010	240,395
Impairment of interests in associates	於聯營公司權益的減值	—	(102,129)
Changes in fair value of derivative financial instrument	衍生金融工具的公平值 變動	(1,145)	107,451
Others	其他	1,305	1,116
		(33,320)	350,332

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For the year ended 31 December 2020 截至2020年12月31日止年度

10. OTHER INCOME/(EXPENSES), GAIN/(LOSS), NET

(Continued)

Notes:

- (i) The Group is entitled to government grants for refunds of 30% for the year ended 31 December 2020 (2019: 30%) of the net VAT paid/payable.

The Ministry of Finance and the State Administration of Taxation jointly issued a notice concerning the "Catalogue on Products and Labour Services relating to Comprehensive Utilisation of Resources Eligible for Concessions of Value-added Tax" (Cai Shui 2015 (No. 78)) (the "New VAT Policy") on 12 June 2015, which replaced, amongst others, Cai Shui 2011 No. 115 (the "Former VAT Policy"). Under the Former VAT Policy, certain subsidiaries of the Group are entitled to government grants for refunds of 50% of the net VAT paid/payable. The New VAT Policy took effect on 1 July 2015. According to the New VAT Policy, the applicable VAT refunds for such subsidiaries are reduced from 50% to 30%.

- (ii) The amounts represent local government grants received by operating subsidiaries of the Group in the PRC for the purpose of providing immediate financial support to those subsidiaries for general operating purposes with no future related costs. No specific conditions are required to meet in connection with these grants.
- (iii) In 2020, the Group was granted unconditional government subsidies of RMB19,491,000 (2019: RMB150,256,000) from Youxian District Finance Bureau, Mianyang City, Sichuan Province. The government subsidies were received through Sichuan Baohe Fushan Resources Recycling Development Co., Ltd. ("Baohe Fushan"), an associate of the Group. Baohe Fushan is principally engaged in the operation and the development of an industrial park in Mianyang City, Sichuan Province, where most of the Group's subsidiaries are located. Baohe Fushan received the government subsidies and distributed to the Group. Baohe Fushan has the discretionary right to allocate and distribute the government subsidies, with reference to the amounts of tax payments made by the entities located in the industrial park.

10. 其他收入/(開支)、收益/(虧損)、淨額(續)

附註：

- (i) 截至2020年12月31日止年度，本集團有權獲得相等於30%(2019年：30%)已付/應付增值稅淨額的退稅作為政府補助。

財政部及國家稅務總局於2015年6月12日聯合發出關於《資源綜合利用產品和勞務增值稅優惠目錄》的通知(財稅201578號)(「新增增值稅政策」)，其取代(其中包括)財稅2011115號(「前增值稅政策」)。根據前增值稅政策，本集團若干附屬公司獲得相等於50%已付/應付增值稅淨額的退稅作為政府補助。新增增值稅政策於2015年7月1日生效。根據新增增值稅政策，該等附屬公司的適用增值稅退稅比例從50%減至30%。

- (ii) 該等金額指本集團於中國之營運附屬公司所收取的地方政府補助，作為對該等附屬公司的即時財政援助，以供用於一般營運，而不會產生日後相關成本。毋須就獲取該等補助符合特殊條件。
- (iii) 於2020年，本集團獲得四川省綿陽市游仙區財政局批授的無條件政府補貼人民幣19,491,000元(2019年：人民幣150,256,000元)。該等政府補貼已透過本集團的聯營公司四川省保和富山再生資源開發有限公司(「保和富山」)收取。保和富山主要從事四川省綿陽市一個工業園的經營及開發，本集團的大部分附屬公司在該處經營。保和富山獲得政府補貼並分發予本集團。保和富山有權參照工業園內各實體的稅款金額分配及分發政府補貼。

11. FINANCE COSTS

11. 財務成本

		2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
Interest expenses in relation to:	利息開支有關：		
— Bank and other borrowings	— 銀行及其他借款	107,793	74,013
— Lease liabilities	— 租賃負債	1,689	1,942
— Convertible bonds	— 可換股債券	58,009	71,881
Guarantee fees and other charges	擔保費用及其他收費	2,513	57
		170,004	147,893

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12. (LOSS) FOR THE YEAR

12. 年內虧損

This is stated at after charging/(crediting) the following:

此乃經扣除/(計入)下列各項後呈列：

		2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
Cost of sales (Note)	銷售成本(附註)	16,635,950	24,270,594
Depreciation of property, plant and equipment	物業、廠房及設備折舊	48,143	45,857
Depreciation of right-of-use assets	使用權資產折舊	7,108	7,758
Research and development costs	研發成本	1,819	3,377
Auditor's remuneration	核數師薪酬	3,000	6,372
Provision for inventories*	存貨撥備*	137	3,059
Provision/(reversal of provision) for doubtful debts, net	呆賬撥備/(撥備撥回)淨額	47,005	(45,115)
Loss on disposal of items of property, plant and equipment#	出售物業、廠房及設備項目之虧損#	-	285
Written-off of property, plant and equipment#	撇銷物業、廠房及設備#	30	-
Loss on modification of convertible bonds#	修訂可換股債券之虧損#	22,654	-
Impairment of goodwill#	商譽減值#	277,895	407,883
Impairment of right-of-use assets#	使用權資產減值虧損#	3,291	-
Changes in fair value of contingent consideration liabilities#	或然代價負債公平值變動#	(20,010)	(240,395)
Impairment of interests in associates#	聯營公司權益減值#	-	102,129
Changes in fair value of derivative financial instrument#	衍生金融工具的公平值變動#	1,145	(107,451)
Foreign exchange differences, net#	淨外匯差額#	(7,275)	876
Staff costs (including directors' remuneration):	員工成本(包括董事酬金):		
— Salaries, bonuses and allowances	— 薪金、花紅及津貼	41,282	45,665
— Retirement benefit scheme contributions	— 退休福利計劃供款	2,960	6,119
— Equity-settled share-based payments	— 以股本結算之以股份為基礎的付款	-	873
		44,242	52,657

Note: Cost of sales includes RMB32,385,000 (2019: RMB57,192,000) relating to staff costs, depreciation and amortisation, the amounts of which are also included in the respective total amounts.

附註：銷售成本包括與員工成本、折舊及攤銷有關的人民幣32,385,000元(2019年：人民幣57,192,000元)，有關金額亦會計入有關總額內。

* The provision for inventories for the year is included in "Cost of sales" in the consolidated statement of profit or loss and other comprehensive income.

* 年內存貨撥備乃計入綜合損益及其他全面收益表內的「銷售成本」。

These balances for the year are included in "Other income/(expenses), gain/(loss), net" in the consolidated statement of profit or loss and other comprehensive income.

該等年內結餘乃計入綜合損益及其他全面收益表內的「其他收入/(開支)、收益/(虧損)淨額」。

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13. DIRECTORS' AND CHIEF EXECUTIVES' EMOLUMENTS AND BENEFITS

13. 董事及主要行政人員薪酬及福利

		2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
Fees	袍金	890	880
Other emoluments:	其他報酬：		
Salaries, allowances and benefits in kind	薪金、津貼及實物利益	4,881	5,275
Equity-settled share-based payments	以股本結算之以股份為基礎的付款	—	42
Retirement benefit scheme contributions	退休福利計劃供款	32	32
		5,803	6,229

The emoluments of each director were as follows:

各董事之酬金如下：

(a) The emoluments of each director are as follows:

(a) 各董事之酬金如下：

		2020 2020年					Total 總計
		Fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Equity-settled share-based payments	Retirement benefit scheme contributions	
		RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元
Executive directors	執行董事						
Mr. Yu Jianqiu	俞建秋先生	—	2,823	—	—	16	2,839
Mr. Kwong Wai Sun Wilson	鄭偉信先生	—	1,579	—	—	16	1,595
Mr. Huang Weiping	黃偉萍先生	178	253	—	—	—	431
Ms. Zhu Yufen	朱玉芬女士	178	226	—	—	—	404
Independent non-executive directors	獨立非執行董事						
Mr. Lee Ting Bun Denny	李廷斌先生	178	—	—	—	—	178
Ms. Ren Ruxian	任汝嫻女士	178	—	—	—	—	178
Mr. Pan Liansheng	潘連勝先生	178	—	—	—	—	178
Total	總計	890	4,881	—	—	32	5,803

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For the year ended 31 December 2020 截至2020年12月31日止年度

13. DIRECTORS' AND CHIEF EXECUTIVES' EMOLUMENTS AND BENEFITS (Continued)

(a) The emoluments of each director are as follows: (Continued)

		2019 2019年					
		Fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Equity-settled share-based payments	Retirement benefit scheme contributions	Total
		袍金 RMB'000 人民幣千元	薪金、津貼及實物利益 RMB'000 人民幣千元	酌情花紅 RMB'000 人民幣千元	以股份為基礎的付款 RMB'000 人民幣千元	退休福利計劃供款 RMB'000 人民幣千元	總計 RMB'000 人民幣千元
Executive directors	執行董事						
Mr. Yu Jianqiu	俞建秋先生	-	2,811	-	-	16	2,827
Mr. Kwong Wai Sun Wilson	鄺偉信先生	-	1,580	405	-	16	2,001
Mr. Huang Weiping	黃偉萍先生	176	253	-	-	-	429
Ms. Zhu Yufen	朱玉芬女士	176	226	-	-	-	402
Independent non-executive directors	獨立非執行董事						
Mr. Lee Ting Bun Denny	李廷斌先生	176	-	-	-	-	176
Ms. Ren Ruxian	任汝嫻女士	176	-	-	42	-	218
Mr. Pan Liansheng	潘連勝先生	176	-	-	-	-	176
Total	總計	880	4,870	405	42	32	6,229

(b) Five highest paid individuals

The five highest paid individuals in the Group during the year included three (2019: three) directors whose emoluments are set out in note (a) above. The emoluments of the remaining two (2019: two) individuals are set out below:

(b) 五名最高薪酬人士

年內五名最高薪酬人士包括三名董事(2019年:三名),其薪酬詳情載於上文附註(a)。餘下兩名(2019年:兩名)最高薪酬人士的薪酬載列如下:

		2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
Salaries, allowances and benefits in kind	薪金、津貼及實物利益	1,898	1,879
Pension scheme contributions	退休金計劃供款	32	32
		1,930	1,911

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13. DIRECTORS' AND CHIEF EXECUTIVES' EMOLUMENTS AND BENEFITS (Continued)

(b) Five highest paid individuals (Continued)

The emoluments fell within the following bands:

		2020 2020年	2019 2019年
Nil-HK\$1,000,000	零至1,000,000港元	1	1
HK\$1,000,001-HK\$1,500,000	1,000,001港元至 1,500,000港元	1	1
		2	2

During the year ended 31 December 2020, no emoluments were paid by the Group to the directors of the Company or five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office (2019: nil). There was no arrangement under which a director waived or agreed to waive any emoluments during the year ended 31 December 2020 (2019: nil).

In prior years, certain directors were granted share options, in respect of their services to the Group, under the share option scheme of the Company, further details of which are set out in note 38 to the consolidated financial statements.

13. 董事及主要行政人員薪酬及福利(續)

(b) 五名最高薪酬人士(續)

酬金介乎以下範圍：

		2020 2020年	2019 2019年
Nil-HK\$1,000,000	零至1,000,000港元	1	1
HK\$1,000,001-HK\$1,500,000	1,000,001港元至 1,500,000港元	1	1
		2	2

於截至2020年12月31日止年度，本集團並無向任何董事或五名最高薪酬人士支付酬金，作為鼓勵彼等加入本集團，或作為加入本集團時之獎勵或退休補償(2019年：無)。截至2020年12月31日止年度，概無董事放棄或同意放棄任何酬金的安排(2019年：無)。

過往年度，根據本公司的購股權計劃，若干董事就其向本集團提供的服務獲授購股權，進一步詳情載於綜合財務報表附註38。

14. INCOME TAX EXPENSE

14. 所得稅開支

		2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
Current tax — PRC Enterprise Income Tax Charge for the year	即期稅項 — 中國企業所得稅 年內扣除	3,601	36,369
Under-provision in prior years	過往年度撥備不足	60	1,061
		3,661	37,430
Deferred (note 22)	遞延(附註22)	10,712	4,130
		14,373	41,560

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14. INCOME TAX EXPENSE (Continued)

A reconciliation of the tax expense applicable to loss before tax at the statutory rates for the countries in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rates, are as follows:

		2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
Loss before tax	稅前虧損	(372,876)	(175,776)
Tax at the statutory tax rate	按法定稅率計算的稅項	(81,456)	(11,230)
Lower tax rates for specific provinces or enacted by local authority	特定省份或經地方機關實施的較低稅率	(6,948)	(3,756)
Withholding tax for interest charges between the PRC subsidiaries and entities outside Mainland China	中國附屬公司及中國大陸以外實體間利息費用的預扣稅	1,247	1,245
Adjustments in respect of current tax of previous periods	過往期間即期稅項調整	60	1,061
Profits and losses attributable to associates	聯營公司應佔溢利及虧損	189	1,203
Income not subject to tax	毋須課稅收入	(2,058)	(79,856)
Expenses not deductible for tax	不可扣稅開支	84,814	121,536
Tax losses utilised from previous periods	自過往期間動用的稅項虧損	(2,029)	(5,357)
Reversal of deferred tax assets recognised in prior years	過往年度已確認遞延稅項資產撥回	7,639	-
Tax losses and temporary differences not recognised	未確認稅項虧損及暫時差額	12,808	6,974
Others	其他	107	9,740
Income tax expense	所得稅開支	14,373	41,560

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

No provision for Hong Kong profits tax was provided as the Group did not have assessable profits arising in Hong Kong during the year ended 31 December 2020 (2019: nil).

14. 所得稅開支(續)

按本公司及其大部分附屬公司所在國家的法定稅率計算之適用於稅前虧損的稅務開支與按實際稅率計算的稅務開支的對賬如下：

根據開曼群島及英屬處女群島(「英屬處女群島」)的規則及規例，本集團毋須在開曼群島及英屬處女群島繳納任何所得稅。

於截至2020年12月31日止年度本集團於年內在香港並無產生應課稅溢利，故並無就香港利得稅計提撥備(2019年：無)。

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14. INCOME TAX EXPENSE (Continued)

The subsidiaries of the Group in the PRC are subject to income tax at the rate of 25% (2019: 25%). In 2020, 4 subsidiaries (2019: 2) were given the New/High Tech Enterprise Award and 3 subsidiary (2019: 1) were in the western region that engages in the industries encouraged by the government. These subsidiaries were entitled to a tax concession of a lower income tax rate (i.e. 15%) for the years ended 31 December 2020 and 2019.

15. LOSS PER SHARE

The calculation of the basic and diluted earnings per share is based on the following:

		2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
Loss: Loss attributable to owners of the Company for the purpose of calculating basic earnings per share	虧損： 用於計算每股基本盈利的本公司擁有人應佔虧損	(387,249)	(217,336)
		2020 2020年	2019 2019年
Number of shares: Weighted average number of ordinary shares for the purpose of calculating basic earnings per share	股份數目： 用於計算每股基本盈利的普通股加權平均數	2,665,486,490	2,643,658,030

14. 所得稅開支(續)

本集團於中國的附屬公司須按25% (2019年：25%)的稅率繳納所得稅。2020年，4間(2019年：2間)附屬公司獲授予新／高科技企業獎及3間(2019年：1間)附屬公司設在西部地區及從事政府鼓勵類產業。該等附屬公司於截至2020年及2019年12月31日止年度享有較低所得稅稅率(即15%)的稅務優惠。

15. 每股虧損

每股基本及攤薄盈利按下列數據計算：

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15. LOSS PER SHARE (Continued)

Basic loss per share

On 15 June 2018, the Company, certain suppliers of the Group (the "Suppliers") and the relevant subscribers (the "Subscribers") entered into an annual procurement agreement (the "Annual Procurement Agreement"), pursuant to which each of the Suppliers agreed to supply a targeted amount of copper scrap raw materials to the Group from 16 June 2018 to 15 June 2019, the purchase price of which shall be partly satisfied with cash and partly satisfied with consideration shares (the "Consideration Shares"). Based on the copper scrap raw materials supplied to the Group, 33,882,652 Consideration Shares was allotted and issued on 1 March 2021 to the Subscribers. The calculation of loss per shares for the year ended 31 December 2020 and 31 December 2019 has taken into account the Consideration Shares to be issued by the Company to the Subscribers.

Diluted loss per share

As the Group's outstanding convertible bonds for both years would be anti-dilutive and there was no dilutive potential ordinary shares for the Company's outstanding warrants, share options and contingent consideration shares, no diluted earnings per share was presented in both years.

16. DIVIDENDS

The directors do not recommend or declare the payment of any dividend in respect of the years ended 31 December 2020 and 2019.

15. 每股虧損(續)

每股基本虧損

於2018年6月15日，本公司、各有關供應商(「供應商」)及各有關認購方(「認購方」)訂立年度供應協議(「年度供應協議」)，據此，各供應商同意從2018年6月16日至2019年6月15日供應目標數量的廢舊銅原材料予本集團，有關採購價以現金及代價股份(「代價股份」)結算。根據向本集團供應的廢銅原材料，33,882,652股代價股份已配發及於2021年3月1日發行予認購方。截至2020年12月31日及2019年12月31日止年度的每股虧損計算已慮及本公司向認購方發行的代價股份。

每股攤薄虧損

由於本集團兩個年度的已發行可換股債券乃反攤薄，並且本公司的已發行認股權證、購股權及或然代價股份並無潛在的攤薄普通股，因此兩個年度並無每股攤薄盈利。

16. 股息

董事會不建議派發截至2020年12月31日止年度的末期股息(2019年：無)。

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17. PROPERTY, PLANT AND EQUIPMENT

17. 物業、廠房及設備

		Buildings	Plant and machinery	Furniture, fittings and equipment	Motor vehicles	Construction in progress	Total
		樓宇	廠房及機器	傢俱、裝置及設備	汽車	在建工程	總計
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
Cost	成本						
1 January 2019	2019年1月1日	386,355	301,096	7,238	9,145	192,337	896,171
Additions	添置	89	3,935	623	694	793	6,134
Disposals	處置	(115)	(213)	(819)	(14)	-	(1,161)
Transfer from construction in progress	轉自在建工程	12,114	41,522	96	7	(53,739)	-
At 31 December 2019 and 1 January 2020	於2019年12月31日及2020年1月1日	398,443	346,340	7,138	9,832	139,391	901,144
Additions	添置	1,497	700	462	1,903	8,331	12,893
Written-off	撇銷	-	(70)	(33)	-	-	(103)
Disposal	處置	-	-	(24)	-	-	(24)
Transfer from construction in progress	轉自在建工程	72	77	-	-	(149)	-
At 31 December 2020	於2020年12月31日	400,012	347,047	7,543	11,735	147,573	913,910
Accumulated depreciation and impairment	累計折舊及減值						
1 January 2019	2019年1月1日	103,903	141,857	5,117	6,052	-	256,929
Charge for the year	年內扣除	17,055	27,380	606	816	-	45,857
Disposals	處置	-	(123)	(739)	(14)	-	(876)
At 31 December 2019 and 1 January 2020	於2019年12月31日及2020年1月1日	120,958	169,114	4,984	6,854	-	301,910
Charge for the year	年內扣除	17,524	28,478	666	1,475	-	48,143
Written-off	撇銷	-	(42)	(31)	-	-	(73)
Disposal	處置	-	-	(23)	-	-	(23)
At 31 December 2020	於2020年12月31日	138,482	197,550	5,596	8,329	-	349,957
Carrying amount	賬面值						
At 31 December 2020	於2020年12月31日	261,530	149,497	1,947	3,406	147,573	563,953
At 31 December 2019	於2019年12月31日	277,485	177,226	2,154	2,978	139,391	599,234

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17. PROPERTY, PLANT AND EQUIPMENT (Continued)

At 31 December 2020, property, plant and equipment with a net book value of RMB332,548,000 (2019: RMB424,508,000) was pledged to secure general banking and other facilities granted to the Group (see note 32).

At 31 December 2020, the Group has yet to obtain property ownership certificates for buildings with an aggregate net book value of RMB33,945,000 (2019: RMB36,077,000). The directors of the Company are of the opinion that the Group owned the beneficial title to these buildings as at 31 December 2020 and 2019.

18. LEASES AND RIGHT-OF-USE ASSETS

At 31 December 2020, right-of-use assets with an aggregate carrying amount of RMB91,499,000 (2019: RMB91,429,000) were pledged to secure general banking facilities granted to the Group (see note 32).

17. 物業、廠房及設備(續)

於2020年12月31日，賬面淨值為人民幣332,548,000元(2019年：人民幣424,508,000元)的物業、廠房及設備已就取得授予本集團的一般銀行及其他融資(見附註32)予以抵押。

於2020年12月31日，本集團尚未就總賬面淨值為人民幣33,945,000元(2019年：人民幣36,077,000元)的建築物取得物業所有權證。本公司董事認為，於2020年及2019年12月31日，本集團擁有該等建築物的實益業權。

18. 租賃及使用權資產

		2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
At 31 December:	於12月31日：		
Right-of-use assets	使用權資產		
— Properties	— 物業	6,681	2,198
— Land-use-rights	— 土地使用權	109,947	116,831
— Plant and machinery	— 廠房及機械	3,383	3,750
		120,011	122,779

於2020年12月31日，使用權資產賬面總值人民幣91,499,000元(2019年：人民幣91,429,000元)已作抵押以擔保本集團獲授的一般銀行融資。(見附註32)。

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18. LEASES AND RIGHT-OF-USE ASSETS (Continued)

The maturity analysis, based on undiscounted cash flows, of the Group's lease liabilities is as follows:

		2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
— Less than 1 year	— 少於1年	5,198	4,855
— Between 1 and 2 years	— 1年至2年	5,198	2,160
— Between 2 and 5 years	— 2年至5年	3,705	3,778
		14,101	10,793
Depreciation charge of right-of-use assets	使用權資產折舊費用		
— Properties	— 物業	2,591	3,228
— Land-use-rights	— 土地使用權	3,593	3,570
— Plant and machinery	— 廠房及機械	924	960
		7,108	7,758
Impairment loss of right-of-use assets	使用權資產減值虧損		
— Land-use-rights	— 土地使用權	3,291	—
Lease interests	租賃利息	1,689	1,942
Total cash outflow for leases	租賃總現金流出	5,362	5,969
Additions to right-of-use assets	添置使用權資產	8,260	598

The Group leases various land-use-rights, land and buildings and motor vehicles. Lease agreements are typically made for fixed periods of 2 to 20 years (2019: 2–20 years). Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants and the leased assets may not be used as security for borrowing purposes.

18. 租賃及使用權資產(續)

本集團租賃負債基於未貼現現金流量之到期情況分析如下：

本集團租賃不同土地使用權、土地及樓宇及汽車，租賃協議通常為2年至20年的固定期限(2019年：2年至20年)，租賃協議通常包括各種各樣的條款和條件。租賃條款是以個別方式議定，並載有多項不同的條款及條件，租賃協議不規定任何約定，租賃資產不得用作借款擔保。

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18. LEASES AND RIGHT-OF-USE ASSETS (Continued)

During 2020, due to operating loss in the Group's business, the Group tested related cash generating units ("CGUs") for impairment. The reviews led to the recognition of an impairment loss of land-use-rights of RMB3,291,000 (2019: RMBnil), that has been recognised in "Other income/(expenses), gain/(loss), net" in the consolidated statement of profit or loss and other comprehensive income. The recoverable amount of the relevant assets of RMB40,317,000 has been determined on the basis of its fair value less costs of disposal (level 3 fair value measurements).

19. INTERESTS IN ASSOCIATES

18. 租賃及使用權資產 (續)

於2020年，由於本集團的業務錄得經營虧損，本集團對相關現金產生單位（「現金產生單位」）進行減值測試。結果導致土地使用權減值虧損人民幣3,291,000元（2019年：人民幣零元）乃於綜合損益表的「其他收入／（虧損），收益／（虧損），淨額」確認。人民幣40,317,000元的相關資產可收回金額已按其公平值減出售成本（第三級公平值計量）基準釐定。

19. 於聯營公司的權益

		2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
Unlisted investments:	非上市投資：		
Share of net assets	應佔淨資產	67,354	68,108
Goodwill	商譽	102,129	102,129
Impairment losses	減值虧損	169,483 (102,129)	170,237 (102,129)
		67,354	68,108

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19. INTERESTS IN ASSOCIATES (Continued)

The Group has the following associates as at 31 December 2020 and 31 December 2019.

19. 於聯營公司的權益(續)

於2020年12月31日及2019年12月31日，本集團有以下聯營公司。

Name 名稱	Principal place of business 主要經營地點	% of ownership interests 應佔所有權權益百分比	Principal activities 主要業務
Deda Holdings Limited 德達控股有限公司	BVI 英屬處女群島	30%	Investment holding 投資控股
Hong Kong Fujian Investments Limited 香港福艦	Hong Kong 香港	30%	Investment holding 投資控股
Sichuan Baohe Fushan Resources Recycling Development Co., Ltd. 四川省保和富山再生資源開發有限公司	The PRC 中國	30%	Industrial park operation and development 經營及發展工業園
Sichuan JX E-commerce Trading Co., Ltd.* ("JX E-commerce") 四川金循環電子商務有限公司 (「金循環電子商務」)	The PRC 中國	25%	Operation of renewable metal electronic commerce platform 經營再生金屬電子商務平台

The following table shows, in aggregate, the Group's share of the amounts of all individually immaterial associates that are accounted for using the equity method.

下表列示本集團應佔所有個別不重大按權益法核算的聯營公司的總金額。

		2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
At 31 December: Carrying amounts of interests	於12月31日: 權益賬面值	67,354	68,108
Year ended 31 December: Loss and total comprehensive loss for the year	截至12月31日止年度: 虧損及年內全面虧損總額	(754)	(4,811)

As at 31 December 2020, the bank and cash balances of the Group's associates in the PRC denominated in Renminbi ("RMB") amounted to RMB361,000 (2019: RMB2,611,000). Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations.

於2020年12月31日，本集團的中國聯營公司以人民幣(「人民幣」)計值的銀行及現金結餘為人民幣361,000元(2019年：人民幣2,611,000元)。人民幣兌換為外幣須受中華人民共和國外匯管制條例規限。

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20. GOODWILL

20. 商譽

RMB'000
人民幣千元

Cost	成本	
At 1 January 2019, 31 December 2019, 1 January 2020 and 31 December 2020	於2019年1月1日、2019年12月31日、 2020年1月1日及2020年12月31日	701,859
Accumulated impairment losses	累計減值虧損	
At 1 January 2019	於2019年1月1日	16,081
Impairment loss recognised in the current year	本年度已確認減值虧損	407,883
At 31 December 2019 and 1 January 2020	於2019年12月31日及2020年1月1日	423,964
Impairment loss recognised in the current year	本年度已確認減值虧損	277,895
At 31 December 2020	於2020年12月31日	701,859
Carrying amount	賬面值	
At 31 December 2020	於2020年12月31日	–
At 31 December 2019	於2019年12月31日	277,895

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20. GOODWILL (Continued)

Goodwill acquired in a business combination is allocated, at acquisition, to the cash generating units ("CGUs") that are expected to benefit from that business combination. The carrying amount of goodwill had been allocated as follows:

	Carrying amount	Impairment loss recognised in the current year	Carrying amount	Impairment loss recognised in the current year	Carrying amount
	賬面值	本年度已確認減值虧損	賬面值	本年度已確認減值虧損	賬面值
	At 1 January 2019	2019	At 31 December 2019 and 1 January 2020	2020	At 31 December 2020
	於2019年1月1日	於2019年	於2019年12月31日及2020年1月1日	於2020年	於2020年12月31日
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
Recycled copper products					
再生銅產品					
— Xiangbei	22,766	—	22,766	(22,766)	—
— Baohe Xinshiji	213	—	213	(213)	—
— Baohe Taiyue	248	—	248	(248)	—
— Zhaofeng	63,564	—	63,564	(63,564)	—
— Rongsheng	290,977	(289,782)	1,195	(1,195)	—
— Chengxin	308,010	(118,101)	189,909	(189,909)	—
	685,778	(407,883)	277,895	(277,895)	—

The recoverable amounts of the CGUs are determined on the basis of their value in use using discounted cash flow method (level 3 fair value measurements). The key assumptions for the discounted cash flow method are those regarding the discount rates, growth rates and revenue during the period. The Group estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. The growth rates are based on long-term average economic growth rate of the geographical area in which the businesses of the CGUs operate. Budgeted gross margin and revenue are based on past practices and expectations on market development.

20. 商譽(續)

業務合併(於收購時)所獲得的商譽會分配至預期將受益於業務合併的現金產生單位(「現金產生單位」)。商譽賬面值分配如下：

現金產生單位之可收回金額乃使用貼現現金流量法(第三級公平值計量)按其使用價值釐定。貼現現金流量法的主要假設為有關期內貼現率、增長率及營業額的假設。本集團使用反映市場對金錢時間價值及現金產生單位的特定風險的評估的稅前利率估計貼現率。增長率乃以現金產生單位業務經營的地區的長期平均經濟增長率為基準。預期毛利率及營業額乃以過往慣例及對市場發展的預期為依據。

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20. GOODWILL (Continued)

The Group prepares cash flow forecasts derived from the most recent financial budgets approved by the directors for the next five years with the residual period using the growth rate of 0% (2019: 0%). This rate does not exceed the average long-term growth rate for the relevant markets.

The rate used to discount the forecast cash flows is 11%–13% (2019: 8.33%–9.00%).

At 31 December 2020, before impairment testing, goodwill were allocated as above. Due to changes in market condition, the Group has revised its cash flow forecasts for these CGUs. The goodwill allocated to the CGUs have therefore been reduced to its recoverable amount of RMBnil respectively through recognition of an impairment loss against goodwill of RMB277,895,000 (2019: RMB407,883,000) during the year.

20. 商譽(續)

本集團以董事就未來五年批准之最近期財務預期計算現金流量預測的剩餘期間增長率為0%(2019年:0%)。有關增長率不超過相關市場的平均長期增長率。

現金流量使用2020年12月31日約11%至13%(2019年:8.33%至9%)的稅前折現率貼現。

於2020年12月31日，於減值測試前，商譽已分配如上。由於市況有變，本集團已修訂其對該等現金產生單位之現金流量預測。於年內分配至現金產生單位之商譽因而確認人民幣277,895,000元(2019年:人民幣407,883,000元)的減值虧損而減低至其可收回金額人民幣零元。

21. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

21. 預付款、其他應收款項及其他資產

		2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
Non-current assets	非流動資產		
Prepayments for property, plant and equipment and land-use-rights	物業、廠房及設備及土地使用權預付款	18,934	24,441
Current assets	流動資產		
Advance payments to suppliers	墊付供應商款項	1,957,978	1,842,131
Government grants receivable	應收政府補助	242,446	157,431
VAT input accrued	暫估進項稅	91,728	82,773
Other deposits and receivables	其他按金及應收款項	21,505	22,485
Prepayment	預付款	26,371	3,517
Interest receivables	應收利息	14,297	–
		2,354,325	2,108,337
		2,373,259	2,132,778

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22. DEFERRED TAX

22. 遞延稅項

		Depreciation/ amortisation allowances in excess of related depreciation/ amortisation	Provision and accruals	Losses available for offsetting against future taxable profits	Total
		超出有關 折舊額/ 攤銷額的 折舊/ 攤銷撥備 RMB'000 人民幣千元	撥備及 應計費用 RMB'000 人民幣千元	可用於抵銷 未來應課 稅溢利的虧損 RMB'000 人民幣千元	總計 RMB'000 人民幣千元
At 1 January 2019	於2019年1月1日	(2,070)	19,079	2,629	19,638
Credit/(charge) to profit or loss for the year	計入/(扣除)年內損益	236	(9,376)	5,010	(4,130)
At 31 December 2019 and 1 January 2020	於2019年12月31日 及 2020年1月1日	(1,834)	9,703	7,639	15,508
Credit/(charge) to profit or loss for the year	計入/(扣除)年內損益	137	(3,210)	(7,639)	(10,712)
At 31 December 2020	於2020年12月31日	(1,697)	6,493	-	4,796

The following is the analysis of the deferred tax balances (after offset) for consolidated statement of financial position purposes:

以下為供綜合財務狀況表所用的遞延稅項結餘(抵銷後)分析：

		2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
Deferred tax assets	遞延稅項資產	6,493	16,605
Deferred tax liabilities	遞延稅項負債	(1,697)	(1,097)
		4,796	15,508

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22. DEFERRED TAX (Continued)

At the end of the reporting period the Group has unused tax losses of RMB116,454,000 (2019: RMB99,214,000) available for offset against future profits. A deferred tax asset has been recognised in respect of RMB Nil (2019: RMB30,556,000) of such losses. No deferred tax asset has been recognised in respect of the remaining RMB116,454,000 (2019: RMB68,658,000) due to the unpredictability of future profit streams. Included in unrecognised tax losses are losses of RMB116,454,000 (2019: RMB38,102,000) that will expire in 2025 (2019: 2024). Other tax losses may be carried forward indefinitely.

At the end of the reporting period, the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries and associates for which deferred tax liabilities have not been recognised is RMB841,915,000 (2019: RMB877,486,000). No liability has been recognised in respect of these differences because the Group is in a position to control the timing of reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

23. INVENTORIES

		2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
Raw materials	原材料	158,168	114,248
Work in progress	在製品	7,319	9,650
Finished goods	製成品	47,890	129,090
Goods in transit	付運中之貨品	103,399	310,811
		316,776	563,799

At 31 December 2020, the Group's inventories with a carrying amount of RMB164,951,000 (2019: RMB163,566,000) were pledged as security for the Group's bank borrowings, as further detailed in note 32 to the consolidated financial statements.

22. 遞延稅項 (續)

於報告期末，本集團有未使用稅項虧損人民幣116,454,000元(2019年：人民幣99,214,000元)可用以抵銷未來溢利。已就該虧損人民幣零元(2019年：人民幣30,556,000元)確認遞延稅項資產。由於未來利潤流量的不可預測性，未就餘下人民幣116,454,000元(2019年：人民幣68,658,000元)確認遞延稅項資產。未確認稅項虧損包括人民幣116,454,000元(2019年：人民幣38,102,000元)虧損將於2025年(2019年：2024年)到期。其他稅項虧損可能無限期結轉。

於報告期末，與未確認遞延稅項負債的附屬公司未派發盈利相關的暫時差額總額為人民幣841,915,000(2019年：人民幣877,486,000)。概無負債就該等差額獲確認，乃由於本集團有能力控制撥回暫時差額的時間及該等差額於可見將來可能不會獲撥回。

23. 存貨

於2020年12月31日，本集團賬面值為人民幣164,951,000(2019年：人民幣163,566,000)的存貨已作為本集團銀行借款的抵押，詳見財務報表附註32。

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24. TRADE AND BILLS RECEIVABLES

24. 貿易應收款項及應收票據

		2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
Trade receivables	貿易應收款項	2,250,610	1,272,188
Impairment	減值	(131,231)	(84,226)
Bills receivables	應收票據	2,119,379 10,322	1,187,962 1,075
		2,129,701	1,189,037

Notes:

- (i) The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally 0 to 3 months. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.
- (ii) As part of its normal business, the Group entered into a trade receivable factoring arrangement (the "Factoring Arrangement") and transferred certain trade receivables to a financial institution. Under the Factoring Arrangement, the Group is required to reimburse the bank for any loss, including the loss arising in default of the trade debtors. Subsequent to the transfer, the Group has retained the substantial risks and rewards of the trade receivables and accordingly, it continued to recognise the full carrying amounts of the trade receivables. Factoring loan is recognised for any consideration received for the Factoring Arrangement. The carrying amount of the assets that the Group continued to recognise as at 31 December 2020 was RMB593,183,000 (2019: RMB332,023,000) and that of the associated liabilities as at 31 December 2020 was RMB467,000,000 (2019: RMB261,100,000).

附註：

- (i) 本集團主要以信貸方式與客戶訂立貿易條款，惟通常要求新客戶預先付款。信貸期一般為0至3個月，且對各客戶均設有最高信用額度。本集團力求嚴格控制其未收回應收款項，並設有信貸控制部門，以盡量減低信貸風險。高級管理層定期審查逾期結餘。本集團並無就其貿易應收款項結餘持有任何抵押品或其他信貸增強措施。貿易應收款項不計息。
- (ii) 作為日常業務的一部分，本集團訂立一項貿易應收款項保理安排（「保理安排」），並將若干貿易應收款項轉讓予金融機構。根據保理安排，本集團須向銀行補償任何虧損，包括貿易債務人違約產生的虧損。轉讓後，本集團已保留貿易應收款項的重大風險及回報，因此，其繼續確認貿易應收款項的全部賬面值。就保理安排收取的任何代價將確認為保理貨款。本集團於2020年12月31日繼續確認的資產賬面值為人民幣593,183,000元（2019年：人民幣332,023,000元），而相關負債於2020年12月31日的賬面值為人民幣467,000,000元（2019年：人民幣261,100,000元）。

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24. TRADE AND BILLS RECEIVABLES (Continued)

The aging analysis of trade and bills receivables, based on the invoice date, and net of allowance, is as follows:

		2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
Within 30 days	30天內	1,316,009	760,171
31 to 60 days	31至60天	79,668	135,710
61 to 180 days	61至180天	376,102	140,831
Over 180 days	超過180天	357,922	152,325
		2,129,701	1,189,037

The movement in provision for impairment of trade receivables is as follows:

		2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
Balance at beginning of year	年初結餘	84,226	129,341
Provision/(reversal of provision) for bad debts, net	壞賬撥備/(撥備撥回)淨額	47,005	(45,115)
Balance at end of year	年末結餘	131,231	84,226

The Group applies the simplified approach under IFRS 9 to provide for expected credit losses using the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected credit losses also incorporate forward looking information.

貿易應收款項及應收票據的賬齡分析(基於發票日期及扣除虧損撥備)如下:

		2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
Within 30 days	30天內	1,316,009	760,171
31 to 60 days	31至60天	79,668	135,710
61 to 180 days	61至180天	376,102	140,831
Over 180 days	超過180天	357,922	152,325
		2,129,701	1,189,037

貿易應收款項的減值撥備變動如下:

		2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
Balance at beginning of year	年初結餘	84,226	129,341
Provision/(reversal of provision) for bad debts, net	壞賬撥備/(撥備撥回)淨額	47,005	(45,115)
Balance at end of year	年末結餘	131,231	84,226

本集團應用國際財務報告準則第9號的簡化方法採用整個生命週期預期虧損撥備為所有貿易應收款項的預期信貸虧損計提撥備。為計量預期信貸虧損，貿易應收款項已根據共享信用風險特徵及逾期日數進行分組。預期信貸虧損亦包含前瞻性資料。

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24. TRADE AND BILLS RECEIVABLES (Continued)

24. 貿易應收款項及應收票據(續)

		Current 即期	1 days to 2 months 1天至2個月	Past due 逾期			Total 總計
				2 to 6 months 2至6個月	6 to 12 months 6至12個月	Over 12 months 超過12個月	
At 31 December 2020	於2020年12月31日						
Weighted average expected loss rate	加權平均預期虧損率	2.8%	5.7%	7.6%	12.0%	47.7%	5.8%
Receivable amount (RMB'000)	應收款項(人民幣千元)	1,353,237	90,975	550,229	210,552	45,617	2,250,610
Loss allowance (RMB'000)	虧損撥備(人民幣千元)	37,228	5,183	41,839	25,219	21,762	131,231
At 31 December 2019	於2019年12月31日						
Weighted average expected loss rate	加權平均預期虧損率	4.1%	2.5%	8.1%	13.5%	100.0%	6.6%
Receivable amount (RMB'000)	應收款項(人民幣千元)	696,517	231,248	148,721	182,152	13,550	1,272,188
Loss allowance (RMB'000)	虧損撥備(人民幣千元)	28,297	5,788	12,000	24,591	13,550	84,226

25. DERIVATIVE FINANCIAL INSTRUMENT

25. 衍生金融資產

		2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
Unlisted put option	未上市認沽期權	106,306	107,451

Notes:

On 25 October 2017, a subsidiary of the Group, Fuqing Zhongjin, entered into an equity transfer agreement (the "Equity Transfer Agreement") with Sichuan Xijulong Investment Co, Ltd. ("Xijulong"), a company controlled by Ms. Yu Yanyan and Ms. Yu Jiajia, who are connected persons of the Company by virtue of them being the daughters of Mr. Yu Jianqiu, pursuant to which Fuqing Zhongjin agreed to purchase a 25% equity interest of JX E-commerce Trading Co., Ltd ("JX E-commerce") from Xijulong for a cash consideration of RMB125,000,000. The acquisition of JX E-commerce was completed on 6 November 2017 (the "Acquisition Date").

Under the Equity Transfer Agreement for the acquisition of JX E-commerce, an associate of the Group, the Group was granted a right to resell the entire equity interests to Xijulong at a consideration equivalent to the net investment cost paid by the Group for the acquisition, if JX E-commerce fails to complete a qualified initial public offering within 3 years from the acquisition date. As at 31 December 2020, the fair value of the right to resell was estimated by the Company as approximately RMB106,306,000 (2019: RMB107,451,000).

附註:

於2017年10月25日，本集團附屬公司福清中金與四川省西九龍投資有限公司(「西九龍」，一間由俞燕女士及俞佳佳女士(因彼等為俞建秋先生之女兒而為本公司之關連人士)控制的公司)訂立股權轉讓協議(「股權轉讓協議」)，據此福清中金同意透過向西九龍收購金循環電子商務有限公司(「金循環電子商務」)的25%股本權益，現金代價為人民幣125,000,000元。收購金循環電子商務於2017年11月6日(「收購日期」)完成。

根據收購金循環電子商務(本集團一間聯營公司)的股權轉讓協議，倘金循環電子商務未能於收購日期起3年內完成合資格首次公開發售，本集團獲授權利將全部股權轉售予西九龍，代價相當於本集團為收購而支付的投資成本淨額。於2020年12月31日，本公司所估計轉售權的公平值約為人民幣106,306,000元(2019年：人民幣107,451,000元)。

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25. DERIVATIVE FINANCIAL INSTRUMENT (Continued)

Notes: (Continued)

On 27 March 2020, the Group has entered into a loan agreement (the "Loan Agreement") with Xijiulong, pursuant to which, Xijiulong committed to place a short-term loan of RMB125,000,000 to the Group with interest bearing at 4.35% per annum and repayable on 20 November 2020. Furthermore, according to the agreement, the principal amount of the loan will be offset against the obligation of Xijiulong for repurchasing the 25% equity interest in JX E-commerce at a consideration of RMB125,000,000 upon the exercise of the put option.

On 29 October 2020, the Group and Xijiulong further entered into a supplemental loan agreement pursuant to which Xijiulong agreed to unconditionally waive the interest accrued thereunder the Loan Agreement.

On 9 November 2020, a repurchase agreement was entered into between the Group and Xijiulong, pursuant to which the Group conditionally agreed to sell and transfer, and Xijiulong conditionally agreed to purchase the 25% equity interest of JX E-commerce at the consideration of RMB125,000,000.

26. AMOUNTS DUE FROM/TO ASSOCIATES

The amounts due from/to associates are unsecured, interest-free and are repayable on demand.

27. AMOUNTS DUE FROM/TO RELATED PARTIES

The amounts due from/to related parties are unsecured, interest-free and are repayable on demand.

25. 衍生金融資產(續)

附註：(續)

於2020年3月27日，本集團與西九龍訂立貸款協議（「貸款協議」），據此，西九龍承諾向本集團提供短期貸款人民幣125,000,000元，按年利率4.35%計算並須於2020年11月20日償還。另外，根據協議，貸款本金額將用於抵銷西九龍於行使認沽期權後按代價人民幣125,000,000元購回金循環電子商務的25%股權的責任。

於2020年10月29日，本集團與西九龍訂立補充貸款協議，據此，西九龍同意無條件豁免貸款協議項下累計的利息。

於2020年11月9日，本集團與西九龍訂立回購協議，據此，本集團有條件同意出售及轉讓，而四川西九龍有條件同意以代價人民幣125,000,000元購買金循環電子商務25%權益。

26. 應收／應付聯營公司款項

應收／應付聯營公司款項為無抵押、不計息及須按要求償還。

27. 應收／應付關聯方款項

應收／應付關聯方款項為無抵押、不計息及須按要求償還。

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28. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

28. 現金及現金等值項目以及已抵押存款

		2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
Cash and bank balances	現金及銀行結餘	47,321	64,703
Pledged deposits	已抵押存款	525,902	42,982
		573,223	107,685
Pledged deposits:	已抵押存款：		
— Deposits with guarantee companies	— 於擔保公司的保證金	1,575	1,575
— Deposits with banks	— 銀行存款	494,420	12,900
— Deposits with other companies	— 於其他公司的保證金	29,907	28,507
		525,902	42,982

Pledged deposits with banks of RMB481,520,000 and RMB12,900,000 were mainly placed as security for bills payable and bank and other borrowings of the Group respectively.

Pledged deposits were placed with other companies and guarantee companies for the purpose of obtaining bank loans of RMB42,975,000 (2019: RMB46,000,000), which were secured by the property, plant and equipment of such companies (see note 32).

As at 31 December 2020, the cash and cash equivalents of the Group denominated in Renminbi ("RMB") amounted to RMB571,556,000 (2019: RMB61,850,000). Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations.

於銀行的已抵押存款分別為人民幣481,520,000元及人民幣12,900,000元主要為就本集團的應付票據及銀行及其他借款存放作抵押品。

就取得銀行貸款人民幣42,975,000元(2019年：人民幣46,000,000元)而於其他公司及擔保公司存放已抵押存款，由該等公司的物業、廠房及設備抵押(見附註32)。

於2020年12月31日，本集團以人民幣(「人民幣」)計值的現金及現金等值項目為人民幣571,556,000元(2019年：人民幣61,850,000元)。人民幣兌換為外幣須受中華人民共和國外匯管制條例規限。

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29. TRADE AND BILLS PAYABLES

29. 貿易應付款項及應付票據

		2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
Trade payables	貿易應付款項	542,894	534,092
Bills payable	應付票據	525,710	25,800
		1,068,604	559,892

The bills payable is secured by the pledge of the time deposits of the Group amounting to RMB494,420,000 (2019: RMB12,900,000).

應付票據以本集團定期存款人民幣494,420,000元(2019年：人民幣12,900,000元)作抵押。

The aging analysis of trade payables, based on the date of receipt of goods, is as follows:

根據發票日期，貿易應付款項及應付票據的賬齡分析如下：

		2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
Within 30 days	30天內	650,531	78,738
31 to 60 days	31至60天	115,850	453,224
61 to 180 days	61至180天	169,517	9,154
Over 180 days	超過180天	132,706	18,776
		1,068,604	559,892

The trade payables are non-interested bearing and are normally settled on 30-days terms.

貿易應付款項不計息，通常按30天的期限結算。

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30. OTHER PAYABLES AND ACCRUALS

30. 其他應付款項及應計費用

	Note	2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
	附註		
Salaries, wages, bonus and other accrued benefits		3,016	5,215
Payables for the purchase of property, plant and equipment		32,694	42,871
VAT payable		748,223	497,426
Other taxes payable		113,398	50,248
Contract liabilities	(a)	364,198	225,500
Interest payables		26,713	4,386
Others		45,105	47,787
		1,333,347	873,433

Note:

附註：

(a) Contract liabilities

(a) 合約負債

	As at 31 December 2020 於2020年 12月31日 RMB'000 人民幣千元	As at 31 December 2019 於2019年 12月31日 RMB'000 人民幣千元	As at 1 January 2019 於2019年 1月1日 RMB'000 人民幣千元
Contract liabilities — advances received from customers	364,198	225,500	30,578
		2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
Revenue recognised in the year that was included in contract liabilities at beginning of year		225,500	30,578

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30. OTHER PAYABLES AND ACCRUALS (Continued)

Note: (Continued)

(a) Contract liabilities (Continued)

Transaction prices allocated to performance obligations unsatisfied at end of year and expected to be recognised as revenue in:

		2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
2020	2020年	–	30,578
2021	2021年	225,500	–
		225,500	30,578

Significant changes in contract liabilities during the year:

		2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
Increase due to operations in the year	年內因營運而增加	364,198	225,500
Transfer of contract liabilities to revenue	轉移合約負債至收益	(225,500)	(30,578)

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

附註：(續)

(a) 合約負債(續)

於年末分配至未達成履約責任並預期於以下年度確認為收益之交易價：

年內合約負債重大變動

		2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
Increase due to operations in the year	年內因營運而增加	364,198	225,500
Transfer of contract liabilities to revenue	轉移合約負債至收益	(225,500)	(30,578)

合約負債指本集團因收取客戶代價(或代價金額到期)而須轉讓產品或服務予客戶之責任。

31. NOTE PAYABLES

		2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
Note payables, at amortised cost	按攤銷成本計量的應付票據	89,479	30,457

The note payables with an aggregate principal amount of HK\$106,320,000 (equivalent to RMB89,478,000) (2019: HK\$34,000,000 (equivalent to RMB30,457,000)) are unsecured, interest-bearing at 12% to 13% (2019: 13%) per annum and repayable within one year (2019: one year)

31. 應付票據

應付票據本金額106,320,000港元(相等於人民幣89,478,000元)(2019年：34,000,000港元(相等於人民幣30,457,000元))為無抵押、按12%至13%(2019年：13%)的年利率計息並於一年內(2019年：一年)償還。

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32. INTEREST-BEARING BANK AND OTHER BORROWINGS

32. 計息銀行及其他借款

		2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
Current	即期		
Bank loans — secured	銀行貸款 — 有抵押	260,400	261,020
Other borrowings — secured	其他借款 — 有抵押	135,420	196,875
Other borrowings — unsecured and guaranteed	其他借款 — 無抵押及有擔保	25,600	—
Other borrowings — unsecured and unguaranteed	其他借款 — 無抵押及無擔保	37,568	—
Factoring loan — secured	保理貸款 — 有抵押	467,000	261,100
Entrusted loans — secured	委託貸款 — 有抵押	306,116	306,116
		1,232,104	1,025,111
The borrowings are repayable as follows:	借款須按以下時間償還：		
On demand or within one year	按要求或一年內	1,232,104	1,025,111

		2020 2020年	2019 2019年
The average interest rates at 31 December were as follows:	於12月31日平均利率如下：		
Bank loans — secured	銀行貸款 — 有抵押	7.11%	7.46%
Other borrowings — secured	其他借款 — 有抵押	6.24%	6.91%
Other borrowings — unsecured and guaranteed	其他借款 — 無抵押及有擔保	12.00%	N/A
Other borrowings — unsecured and unguaranteed	其他借款 — 無抵押及無擔保	18.00%	N/A
Factoring loan — secured	保理貸款 — 有抵押	7.30%	7.30%
Entrusted loans — secured	委託貸款 — 有抵押	9.86%	9.68%

All bank and other borrowing of RMB1,232,104,000 (2019: RMB1,025,111,000) are arranged at fixed interest rates and expose the Group to fair value interest rate risk.

所有銀行及其他貸款人民幣1,232,104,000元(2019年：人民幣1,025,111,000元)以固定利率計息及令本集團面臨公允價值利率風險。

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32. INTEREST-BEARING BANK AND OTHER BORROWINGS *(Continued)*

Notes:

- (a) Certain of the Group's interest-bearing bank and other borrowings are secured by:
- (i) mortgages over the Group's property, plant and equipment, which had an aggregate carrying value at the end of the reporting period of RMB332,548,000 (2019: RMB424,508,000);
 - (ii) mortgages over the Group's land-use-rights, which had an aggregate carrying value at the end of the reporting period of approximately RMB91,499,000 (2019: RMB91,429,000);
 - (iii) the pledge of inventories amounting to RMB164,951,000 (2019: RMB163,566,000);
 - (iv) the pledge of trade receivable amounting to RMB593,183,000 (2019: RMB332,023,000);
 - (v) the pledge of the Group's time deposits with guarantee companies and other companies amounting to RMB31,482,000 (2019: RMB30,082,000);
 - (vi) the pledge of 310,317,000 ordinary shares (2019: 310,317,000 ordinary shares) in the Company held by Mr. Huang Weiping, key management personnel of the Group, representing 11.8% (2019: 11.8%) of the issued share capital of the Company as at 31 December 2020; and
 - (vii) At 31 December 2020, bank loans of RMB15,500,000 (2019: RMB15,500,000) were secured by property, plant and equipment of Sichuan Gushan Vegetable Fat Chemistry Co., Ltd ("Gushan Vegetable"), a private company controlled by Mr. Yu Jianqiu.

附註：

- (a) 本集團若干計息銀行及其他借款以下各項作抵押：
- (i) 本集團物業、廠房及設備的抵押，於報告期末的總賬面值為約人民幣332,548,000元(2019年：人民幣424,508,000元)；
 - (ii) 本集團土地使用權的抵押，於報告期末的總賬面值為約人民幣91,499,000元(2019年：人民幣91,429,000元)；
 - (iii) 存貨的抵押為人民幣164,951,000元(2019年：人民幣163,566,000元)；
 - (iv) 貿易應收款項的抵押為人民幣593,183,000元(2019年：人民幣332,023,000元)；
 - (v) 本集團於擔保公司及其他公司為數人民幣31,482,000元(2019年：人民幣30,082,000元)的定期存款的抵押；
 - (vi) 本集團重要管理層人員黃偉萍先生所持有的本公司310,317,000股普通股(2019年：310,317,000股普通股)的抵押，該等股份相當於本公司於2020年12月31日已發行股本11.8%(2019年：11.8%)；
 - (vii) 於2020年12月31日，銀行貸款人民幣15,500,000元(2019年：人民幣15,500,000元)由四川古杉油脂化學有限公司(「古杉油脂」)(一間由俞建秋先生所控制的私人公司)之物業、廠房及設備擔保。

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32. INTEREST-BEARING BANK AND OTHER BORROWINGS (Continued)

Notes: (Continued)

(a) Certain of the Group's interest-bearing bank and other borrowings are secured by: (Continued)

(viii) At 31 December 2020, bank loans of RMB42,00,000 (2019: RMB52,500,000) were secured by property, plant and equipment of Mianyang Baohe Jiahao Waste Material Recycling Co., Ltd. ("Baohe Jiahao"). An associate of the Group has 20% in Baohe Jiahao.

(ix) At 31 December 2020, bank loans of RMB5,000,000 (2019: RMB5,000,000) were secured by property, plant and equipment of Shanghai Mengjun Investment Management Co. ("Shanghai Mengjun"), a private company controlled by a daughter of Mr. Yu Jianqiu.

(b) The Group had defaulted on convertible bonds amounted to RMB553,004,000 (2019: RMB636,524,000) and entrusted loans amounted to RMB299,116,000 (2019: RMB299,116,000). The defaults may trigger cross-default of certain other borrowings amounting to RMB897,388,000 (2019: RMB725,995,000) as at 31 December 2020. The respective balance of RMB897,388,000 (2019: RMB725,995,000) was therefore classified as current liabilities.

32. 計息銀行及其他借款(續)

附註：(續)

(a) 本集團若干計息銀行及其他借款以以下各項作抵押：(續)

(viii) 於2020年12月31日，銀行貸款人民幣42,00,000元(2019年：人民幣52,500,000元)由綿陽保和佳浩廢舊物資回收有限公司(「保和佳浩」)之物業、廠房及設備擔保。本集團的聯營公司擁有保和佳浩20%。

(ix) 於2020年12月31日，銀行貸款人民幣5,000,000元(2019年：人民幣5,000,000元)由上海盟君投資管理有限公司(「上海盟君」)(一間由俞建秋先生女兒所控制的私人公司)擔保。

(b) 本集團未能償還的可換股債券為人民幣553,004,000元(2019年：人民幣636,524,000元)及委託貸款人民幣299,116,000元(2019年：人民幣299,116,000元)。於2020年12月31日，違約可能導致若干其他借款人民幣897,388,000元(2019年：人民幣725,995,000元)出現交叉違約。人民幣897,388,000元(2019年：人民幣725,995,000)各自結餘因此分類為流動負債。

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33. CONVERTIBLE BONDS

33. 可換股債券

		The April 2017 CBs 2017年4月 可換股債券 RMB'000 人民幣千元	The HR CBs 華融 可換股債券 RMB'000 人民幣千元	The PR CBs 亨富 可換股債券 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
At 1 January 2019	於2019年1月1日	70,096	336,835	169,923	576,854
Interest expenses	利息開支	8,453	42,068	21,360	71,881
Interest paid	已付利息	-	(13,796)	(3,522)	(17,318)
Repayment	償還	-	(8,805)	-	(8,805)
Exchange adjustment	匯兌調整	1,715	8,086	4,111	13,912
At 31 December 2019 and 1 January 2020	於2019年12月31日 及2020年1月1日	80,264	364,388	191,872	636,524
Interest expenses	利息開支	2,442	36,348	19,219	58,009
Transfer from other payables	轉撥自其他應付款項	-	5,428	-	5,428
Interest paid	已付利息	-	(29,342)	-	(29,342)
Settled by issuing a note	透過發行票據結算	(82,100)	-	-	(82,100)
Net effect on modification of convertible bonds	修改可換股債券的影響 淨值	-	5,352	(4,983)	369
Exchange adjustment	匯兌調整	(606)	(22,886)	(12,392)	(35,884)
At 31 December 2020	於2020年12月31日	-	359,288	193,716	553,004

Notes:

- (a) On 12 April 2017, the Company issued convertible bonds (the "April 2017 CBs") with an aggregate principal amount of HK\$250,000,000 (equivalent to approximately RMB221,793,000) in two tranches (tranche I amounted to HK\$135,000,000 and tranche II amounted to HK\$115,000,000 at face value). As at 31 December 2019, tranche I was fully settled and tranche II had outstanding principal amounted to HK\$80,000,000 (equivalent to approximately RMB71,664,000) and interest amounted to approximately HK\$9,573,000 (equivalent to approximately RMB8,600,000).

The April 2017 CBs carry 12% coupon interest per annum payable in arrears quarterly. Unless redeemed or repurchased early, the original maturity date of the April 2017 CBs is the first anniversary of the issue date (the "Original Maturity Date"), subject to the bondholder's right to extend the maturity date initially for a period of up to one year (the "Extended Maturity") and also for a period of up to one year after the Extended Maturity by notice in writing to the Company (the "Further Extended Maturity"). If the April 2017 CBs are not fully converted before the maturity date, the Company will redeem all the outstanding convertible bonds plus the interest accrued but unpaid to the bondholder.

附註:

- (a) 於2017年4月12日，本公司按面值分兩批發行本金總額共250,000,000港元(相當於約人民幣221,793,000元)的2017年4月可換股債券(第I批金額為135,000,000港元及第II批金額為115,000,000港元)。於2019年12月31日，第I批金額已悉數結清及第II批金額未償還本金為80,000,000港元(相當於約人民幣71,664,000元)及利息約為9,573,000港元(相當於約人民幣8,600,000元)。

2017年4月可換股債券按年票面利率12%計算，每季度支付。除非提早贖回或購回，2017年4月可換股債券原到期日為發行日期第一週年日(「原到期日」)，惟債券持有人有權初步延長到期日達一年(「延長到期日」)，及透過向本公司發出書面通知於延長到期日後再延長一年(「進一步延長到期日」)。倘2017年4月可換股債券於到期日前未獲悉數轉換，本公司將贖回所有尚未償還的可換股債券另加應計但未付予債券持有人的利息。

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33. CONVERTIBLE BONDS (Continued)

Notes: (Continued)

(a) (Continued)

The bondholder has the right to convert the principal amount of the April 2017 CBs into ordinary shares of HK\$0.1 each of the Company from the first business day following the first anniversary of the issue date up to and including the day preceding the Extended Maturity or Further Extended Maturity at an initial conversion price of HK\$3.0 per share but subject to adjustments at any time during the term of the April 2017 CBs, subject to the minimum public float requirement.

The Company was notified by the bondholder on 11 April 2019 that it had exercised its right to further extend the maturity date of the Remaining Tranche II Convertible Bonds for one (1) year (i.e., 12 April 2020) in accordance with the terms and conditions of the April 2017 CBs. On 13 April 2020, the Company has entered into a subscription agreement with the bondholder. According to the subscription agreement, the bondholder subscribed for a note issued by the Company in a principal amount of HK\$92,300,000 (equivalent to RMB82,100,000), interest-bearing at 12% per annum and with a maturity date on 13 April 2021, which was settled through the outstanding liabilities owed by the Company to the bondholder amounted to approximately RMB82,100,000.

(b) On 11 August 2017, the Company issued convertible bonds (the "HR CBs") with an principal amount of HK\$400,000,000 (equivalent to approximately RMB340,944,000) at face value to China Huarong International Holdings Limited ("HR").

The HR CBs carry 8% coupon interest per annum payable in arrears quarterly. Unless redeemed or repurchased early, the original maturity date of the HR CBs is the second anniversary of the issue date (the "Maturity Date"). If the HR CBs are not fully converted before the Maturity Date, the Company will redeem all the outstanding convertible bonds at nominal value plus the interest accrued but unpaid to HR.

HR has the right to convert the principal amount of the HR CBs into ordinary shares of HK\$0.1 each of the Company on any business day from the issue date up to and including the Maturity Date at an initial conversion price of HK\$3.0 per share but subject to adjustments at any time during the term of the HR CBs, subject to the minimum public float requirement.

If the average closing share price of the Company during any six consecutive months within the period commencing from the issue date to the Maturity Date has never, at any point of time, reached or exceeded the conversion price of the HR CBs, the Company shall, upon redemption of the HR CBs amounting to HK\$400,000,000, compensate HR in cash so that the HR CBs is guaranteed an annualised return of 12% for the period commencing from the issue date to the date of redemption.

33. 可換股債券(續)

附註：(續)

(a) (續)

於2017年4月可換股債券年期內任何時間，債券持有人有權於發行日期第一週後首個營業日直至及包括延長到期日或進一步延長到期日之前之日以初步兌換價每股3.0港元(可予調整)將2017年4月可換股債券的本金額轉換為本公司每股面值0.1港元的普通股，惟公眾持股量不可低於最低要求。

本公司於2019年4月11日獲債券持有人告知，債券持有人已行使其權利，根據2017年4月可換股債券條款及條件進一步延長餘下第II批可換股債券的到期日一(1)年(即2020年4月12日)。於2020年4月13日，本公司與債券持有人訂立認購協議。根據認購協議，債券持有人認購本公司所發行、本金額為92,300,000港元(相當於約人民幣82,100,000元)按年息12%計息及於2021年4月13日到期的票據。票據已透過本公司欠債券持有人的未償還負債結算約為人民幣82,100,000元。

(b) 於2017年8月11日，本公司按面值本金為400,000,000港元(相當於約人民幣340,944,000元)向中國華融國際控股有限公司(「華融」)發行可換股債券(「華融可換股債券」)。

華融可換股債券按年票面利率8%計算，每季度支付。除非提早贖回或購回，華融可換股債券原到期日為發行日期第二週年日(「到期日」)。倘華融可換股債券於到期日前未獲悉數轉換，本公司將按面值贖回所有尚未償還的可換股債券另加應計但未付予華融的利息。

華融可換股債券年期內任何時間，華融有權於發行日期直至及包括到期日之前任何營業日以初步兌換價每股3.0港元(可予調整)將華融可換股債券的本金額轉換為本公司每股面值0.1港元的普通股，惟公眾持股量不可低於最低要求。

倘本公司股份於自發行日期至到期日期間的任何連續六個月內任何時間的平均收市價未曾保持在華融可換股債券兌換價或以上，則本公司在贖回400,000,000港元華融可換股債券時，須以現金形式補償華融，以保證華融可換股債券於發行日期至贖回日期期間獲得12%的年化回報。

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33. CONVERTIBLE BONDS (Continued)

Notes: (Continued)

(b) (Continued)

The Group had defaulted in its repayment of the HR CBs which had matured on 11 August 2019. On 22 April 2020, the Company and HR entered into the extension deed (the "HR Extension Deed") to extend the original maturity date on 11 August 2019 of the convertible bonds (the "Extended HR CBs") with a remaining principal amount of HK\$390,000,000 for one year to 11 August 2020. Pursuant to the HR Extension Deed, the Company and HR have agreed to the following amendments:

- HR has the right to request for early redemption of outstanding amount of the Extended HR CBs, provided that the aggregate nominal value of the Extended HR CBs to be redeemed shall not exceed HK\$190,000,000, and the Company shall redeem at nominal value of the requested redemption amount (plus any accrued but unpaid interests and default interest (if applicable and if any)).
- The Extended HR CBs bear interest at the rate of 12 per cent per annum from and including 12 August 2019 payable quarterly in arrear.

The effective date of the HR Extension Deed was 7 May 2020.

The extended HR CBs have been split between the liability element and an equity component on 7 May 2020, as follows:

		RMB'000 人民幣千元
Fair value of the Extended HR CBs at 7 May 2020	於2020年5月7日延期華融可換股債券的公平值	366,910
Equity component of the Extended HR CBs	延期華融可換股債券的權益部分	(14,730)
Liability component of the Extended HR CBs at 7 May 2020	於2020年5月7日延期華融可換股債券的負債部分	352,180

The extension of the HR CBs with carry value of RMB346,828,000 as at 7 May 2020 resulted in loss on modification of convertible bonds amounted to RMB20,082,000.

On 11 August 2020, the Group defaulted on the Extended HR CBs and the Group was in negotiation with HR for extension.

33. 可換股債券(續)

附註：(續)

(b) (續)

本集團未能償還於2019年8月11日到期的華融可換股債券。於2020年4月22日，本公司與華融訂立延期契據(「華融延期契據」)，將本金額剩餘390,000,000港元的華融可換股債券的原到期日2019年8月11日延長一年至2020年8月11日(「延期華融可換股債券」)。根據華融延期契據，本公司與華融同意以下修訂：

- 華融有權提早贖回延期華融可換股債券的未償還金額，前提是將予贖回的延期華融可換股債券總面值不超過190,000,000港元，及本公司應按面值贖回要求的贖回金額(加上應計但未付利息及違約利息(如適用及如有))。
- 延期華融可換股債券按年利率12%計算，自(及包括)2019年8月12日每季應付。

華融延期契據的生效日期為2020年5月7日。

於2020年5月7日，延期華融可換股債券已於負債部分及權益部分之間作出分配如下：

		RMB'000 人民幣千元
Fair value of the Extended HR CBs at 7 May 2020	於2020年5月7日延期華融可換股債券的公平值	366,910
Equity component of the Extended HR CBs	延期華融可換股債券的權益部分	(14,730)
Liability component of the Extended HR CBs at 7 May 2020	於2020年5月7日延期華融可換股債券的負債部分	352,180

於2020年5月7日，賬面值人民幣346,828,000元的華融可換股債券建期導致修改可換股債券虧損人民幣20,082,000元。

於2020年8月11日，本集團未能償還延期華融可換股債券及本集團與華融的延期談判正在進行中。

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33. CONVERTIBLE BONDS (Continued)

Notes: (Continued)

- (c) On 11 August 2017, the Company issued convertible bonds (the "PR CBs") with an principal amount of HK\$200,000,000 (equivalent to approximately RMB170,472,000) at face value to Prosper Rich Investments Limited ("PR").

The PR CBs carry 8% coupon interest per annum payable in arrears quarterly. Unless redeemed or repurchased early, the original maturity date of the PR CBs is the second anniversary of the issue date (the "Maturity Date"). If the PR CBs are not fully converted before the Maturity Date, the Company will redeem all the outstanding convertible bonds at nominal value plus the interest accrued but unpaid to PR.

PR has the right to convert the principal amount of the PR CBs into ordinary shares of HK\$0.1 each of the Company on any business day from the issue date up to and including the Maturity Date at an initial conversion price of HK\$3.0 per share but subject to adjustments at any time during the term of the PR CBs, subject to the minimum public float requirement.

The Group had defaulted in its repayment of the PR CBs which had matured on 11 August 2019. On 22 April 2020, the Company and PR entered into the extension deed (the "PR Extension Deed") to extend the original maturity date on 11 August 2019 of the convertible bonds (the "Extended PR CBs") with a remaining principal amount of HK\$200,000,000 for one year to 11 August 2020. Pursuant to the PR Extension Deed, the Company and PR have agreed to the following amendments:

- The Company has the right to redeem all or part of the Extended PR CBs at any time prior to the maturity date.
- The Extended PR CBs bear interest at the rate of 12 per cent per annum from and including 12 August 2019 payable quarterly in arrear.

33. 可換股債券(續)

附註：(續)

- (c) 於2017年8月11日，本公司按面值本金為200,000,000港元(相當於約人民幣170,472,000元)向亨富投資有限公司(「亨富」)發行可換股債券(「亨富可換股債券」)。

亨富可換股債券按年票面利率8%計算，每季度支付。除非提早贖回或購回，亨富可換股債券原到期日為發行日期第二週年日(「到期日」)。倘亨富可換股債券於到期日前未獲悉數轉換，本公司將按面值贖回所有尚未償還的可換股債券另加應計但未付予亨富的利息。

亨富可換股債券年內任何時間，亨富有權於發行日期直至及包括到期日之前任何營業日以初步兌換價每股3.0港元(可予調整)將亨富可換股債券的本金額轉換為本公司每股面值0.1港元的普通股，惟公眾持股量不可低於最低要求。

本集團未能償還於2019年8月11日到期的亨富可換股債券。於2020年4月22日，本公司與亨富訂立延期契據(「亨富延期契據」)，將本金額剩餘200,000,000港元的亨富可換股債券的原到期日2019年8月11日延長一年至2020年8月11日(「延期亨富可換股債券」)。根據亨富延期契據，本公司與亨富同意以下修訂：

- 本公司有權於到期日前任何時間贖回所有或部分延期亨富可換股債券。
- 延期亨富可換股債券按年利率12%計算，自(及包括)2019年8月12日每季應付。

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33. CONVERTIBLE BONDS (Continued)

Notes: (Continued)

(c) (Continued)

The effective date of the PR Extension Deed was 7 May 2020.

The Extended PR CBs have been split between the liability element and an equity component on 7 May 2020, as follows:

		RMB'000 人民幣千元
Fair value of the Extended PR CBs at 7 May 2020	於2020年5月7日延期亨富可換股債券的公平值	180,431
Equity component of the Extended PR CBs	延期亨富可換股債券的權益部分	(7,555)
Liability component of the Extended PR CBs at 7 May 2020	於2020年5月7日延期亨富可換股債券的負債部分	172,876

The extension of the PR CBs with carry value of RMB177,859,000 as at 7 May 2020 resulted in loss on modification of convertible bonds amounted to RMB2,572,000.

On 11 August 2020, the Group defaulted on the Extended PR CBs and the Group was in negotiation with PR for extension.

33. 可換股債券(續)

附註：(續)

(c) (續)

亨富延期契據的生效日期為2020年5月7日。

於2020年5月7日，延期亨富可換股債券已於負債部分及權益部分之間作出分配如下：

		RMB'000 人民幣千元
Fair value of the Extended PR CBs at 7 May 2020	於2020年5月7日延期亨富可換股債券的公平值	180,431
Equity component of the Extended PR CBs	延期亨富可換股債券的權益部分	(7,555)

Liability component of the Extended PR CBs at 7 May 2020

於2020年5月7日，賬面值人民幣177,859,000元的亨富可換股債券建期導致修改可換股債券虧損人民幣2,572,000元。

於2020年8月11日，本集團未能償還延期亨富可換股債券及本集團與亨富的延期談判正在進行中。

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34. LEASE LIABILITIES

34. 租賃負債

		Lease payments		Present value of lease payments	
		租賃付款		租賃付款現值	
		2020	2019	2020	2019
		2020年	2019年	2020年	2019年
		RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元
Within one year	一年內	5,198	4,855	3,605	3,174
In the second to fifth years, inclusive	於第二至第五年(包括)	8,903	5,938	7,517	3,361
Less: Future finance charges	減：未來融資費用	14,101 (2,979)	10,793 (4,258)	11,122	6,535
Present value of lease obligations	租賃責任的現值	11,122	6,535		
Less: Amount due for settlement within 12 months (shown under current liabilities)	減：於12個月內結清的款項(於流動負債項下顯示)	(3,605)	(3,174)	(3,605)	(3,174)
Amount due for settlement after 12 months	於12個月內結清的款項	7,517	3,361	7,517	3,361

At 31 December 2020, the average effective borrowing rate was 3.25% (2019: 3.25%). Interest rates are fixed at the contract dates and thus expose the Group to fair value interest rate risk.

於2020年12月31日，平均實際利率為3.25%(2019年：3.25%)。利率於合約日期釐定，本集團因此須承受公平值利率風險。

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35. CONTINGENT CONSIDERATION LIABILITIES

35. 或然代價負債

		Notes	2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
Silver Eminent Group	銀赫集團	(a)	–	101,593
Value Link Group	尚領集團	(b)	123,474	44,872
Sky Harvest Group	天豐集團	(c)	–	4,840
			123,474	151,305

Notes:

- (a) On 27 March 2018, the Group acquired 100% interest in Silver Eminent Group Limited ("Silver Eminent") and its subsidiaries ("Silver Eminent Group"). The aggregate consideration of HK\$317,647,000 (equivalent to RMB278,322,000), of which HK\$158,823,500 (equivalent to RMB139,161,000) shall be settled in cash and HK\$158,823,500 (equivalent to RMB139,161,000) shall be settled by way of allotment and issue of consideration shares ("Contingent Shares"). The consideration is subject to adjustment pursuant to the earn-out arrangement ("Earn-out Arrangement"). The Contingent Shares is dependent on net profits of Silver Eminent Group for the three years ended 31 December 2020.

On 27 March 2018, the vendor of Silver Eminent lent HK\$79,412,000 (equivalent to RMB63,567,000) to the subsidiaries of Silver Eminent with interest rate of 3.85% and repayable on 31 March 2021. If the Contingent Shares calculated pursuant to the Earn-out Arrangement is negative, certain portion of the loan repayable to the vendor will be deducted.

- (b) On 4 April 2018, the Group acquired 100% interest in Value Link Developments Limited ("Value Link") and its subsidiaries ("Value Link Group"). The aggregate consideration of HK\$741,175,000 (equivalent to RMB594,229,000), of which HK\$287,647,000 (equivalent to RMB230,618,000) shall be settled in cash and HK\$453,528,000 (equivalent to RMB363,611,000) shall be settled by way of allotment and issue of consideration shares ("Contingent Shares"). The consideration is subject to adjustment pursuant to the earn-out arrangement ("Earn-out Arrangement"). The Contingent Shares is dependent on net profits of Value Link Group for the three years ended 31 December 2020.

During 2018, the vendor of Value Link lent HK\$143,823,000 (equivalent to RMB115,309,000) to the subsidiaries of Value Link with interest rate of 3.85% and repayable on 31 March 2021. If the Contingent Shares calculated pursuant to the Earn-out Arrangement is negative, certain portion of the loan repayable to the vendor will be deducted.

附註：

- (a) 於2018年3月27日，本集團收購銀赫集團有限公司（「銀赫」）及其附屬公司（「銀赫集團」）100%權益。總代價為317,647,000港元（相等於人民幣278,322,000元），其中158,823,500港元（相等於人民幣139,161,000元）將以現金結算及158,823,500港元（相等於人民幣139,161,000元）將透過配發及發行代價股份（「或然股份」）結算。根據獲利計劃安排（「獲利計劃安排」），代價可予調整。或然代價取決於銀赫集團截至2020年12月31日止三個年度的純利。

於2018年3月27日，銀赫賣方向銀赫附屬公司借出79,412,000港元（相等於人民幣63,567,000元），利率為3.85%及應於2021年3月31日償還。倘根據獲利計劃安排計算的或然股份為負，向賣方償還的貸款若干部分將減少。

- (b) 於2018年4月4日，本集團收購尚領發展有限公司（「尚領」）及其附屬公司（「尚領集團」）100%權益。總代價為741,175,000港元（相等於人民幣594,229,000元），其中287,647,000港元（相等於人民幣230,618,000元）將以現金結算及453,528,000港元（相等於人民幣363,611,000元）將透過配發及發行代價股份（「或然股份」）結算。根據獲利計劃安排（「獲利計劃安排」），代價可予調整。或然代價取決於尚領集團截至2020年12月31日止三個年度的純利。

於2018年，尚領賣方向尚領附屬公司借出143,823,000港元（相等於人民幣115,309,000元），利率為3.85%及應於2021年3月31日償還。倘根據獲利計劃安排計算的或然股份為負，向賣方償還的貸款若干部分將減少。

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35. CONTINGENT CONSIDERATION LIABILITIES

(Continued)

Notes: (Continued)

- (c) On 19 October 2018, the Group acquired 100% interest in Sky Harvest Developments Limited ("Sky Harvest") and its subsidiaries ("Sky Harvest Group"). The aggregate consideration of HK\$509,165,000 (equivalent to RMB450,774,000), of which HK\$180,000,000 (equivalent to RMB159,358,000) shall be settled in cash and HK\$329,165,000 (equivalent to RMB291,416,000) shall be settled by way of allotment and issue of consideration shares ("Contingent Shares"). The consideration is subject to adjustment pursuant to the earn-out arrangement ("Earn-out Arrangement"). The Contingent Shares is dependent on net profits of Sky Harvest Group for the three years ending 31 December 2021.

During 2018, the vendor of Sky Harvest lent HK\$80,000,000 (equivalent to RMB70,826,000) to the subsidiaries of Sky Harvest with interest rate of 3.85% and repayable on 31 December 2021. If the Contingent Shares calculated pursuant to the Earn-out Arrangement is negative, certain portion of the loan repayable to the vendor will be deducted.

36. DEFERRED GOVERNMENT GRANTS

The amount represents government grants received from the Provincial Finance Bureau, Hunan Province. These government grants are assets related and are amortised over the useful life of the related assets, which is ten years since July 2014.

35. 或然代價負債(續)

附註：(續)

- (c) 於2018年10月19日，本集團收購天豐發展有限公司(「天豐」)及其附屬公司(「天豐集團」)100%權益。總代價為509,165,000港元(相等於人民幣450,774,000元)，其中180,000,000港元(相等於人民幣159,358,000元)將以現金結算及329,165,000港元(相等於人民幣291,416,000元)將透過配發及發行代價股份(「或然股份」)結算。根據獲利計酬安排(「獲利計酬安排」)，代價可予調整。或然代價取決於天豐集團截至2021年12月31日止三個年度的純利。

於2018年，天豐賣方向天豐附屬公司借出80,000,000港元(相等於人民幣70,826,000元)，利率為3.85%及應於2021年3月31日償還。倘根據獲利計酬安排計算的或然股份為負，向賣方償還的貸款若部分將減少。

36. 遞延政府補助

該款項指收到來自湖南省財政廳的政府補助。該等政府補助乃資產相關及於有關資產可使用年期即自2014年7月起計10年內攤銷。

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37. SHARE CAPITAL

37. 股本

	Notes 附註	Number of shares 股份數目	RMB'000 人民幣千元
Authorised:	法定：		
Ordinary shares of HK\$0.1 each	每股0.1港元的普通股		
At 1 January 2019, 31 December 2019, 1 January 2020 and 31 December 2020	於2019年1月1日、2019年12月31日、2020年1月1日及2020年12月31日、	100,000,000,000	8,071,000
Issued and fully paid:	已發行及已繳足：		
Ordinary shares of HK\$0.1 each	每股0.1港元的普通股		
At 1 January 2019	於2019年1月1日	2,614,994,419	210,244
Issuance of ordinary shares	發行普通股	(a) 16,609,419	1,497
At 31 December 2019, 1 January 2020 and 31 December 2020	於2019年12月31日、2020年1月1日及2020年12月31日	2,631,603,838	211,741

Note

(a) On 9 October 2019, the Company issued 16,609,419 ordinary shares at HK\$4.80 each to Sure Victor Global Limited ("Sure Victor"), a seller of a subsidiary acquired in the prior year, under the earn-out arrangement as disclosed in note 35(b). RMB1,497,000 and RMB70,390,000 had been transferred from contingent consideration liabilities to share capital and share premium respectively.

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maximise the return to the shareholders through the optimisation of the debt and equity balance.

附註：

(a) 於2019年10月9日，本公司根據獲利計劃安排（載於附註35(b)），向定凱環球有限公司（「定凱」，於上一年度所收購附屬公司的賣方）發行16,609,419股每股4.80港元的普通股。人民幣1,497,000元及人民幣70,390,000元已分別由或有代價負債轉移至股本及股份溢價。

本集團於管理資本的目標為保障本集團持續經營的能力及通過優化債務及權益結餘使股東回報最大化。

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38. SHARE-BASED PAYMENTS

The Company operates a share option scheme (the "Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants include director or employee of the Group and any other person (including a consultant or advisor) who in the sole discretion of the Board has contributed or will contribute to the Group. The Company has a share option scheme which was adopted on 28 January 2014 and has come into effect upon the Company's listing on 21 February 2014 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The maximum number of unexercised share options currently permitted to be granted under the Scheme is an amount equivalent, upon their exercise, to 10% of the shares of the Company in issue at any time. The maximum number of shares issuable under share options to each eligible participant in the Scheme within any 12-month period, is limited to 1% of the shares of the Company in issue at any time. Any further grant of shares options in excess of this limit is subject to shareholders' approval in a general meeting.

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

The offer of a grant of share options may be accepted within 30 days from the date of the offer, upon payment of a nominal consideration of HK\$1 in total by the grantee. The exercise period of the share options granted is determinable by the directors, and commences after a certain vesting period and ends on a date which is not later than five years from the date of the offer of the share options or the expiry date of the Scheme, if earlier.

38. 以股份為基礎的付款

本公司設有購股權計劃(「該計劃」)，旨在向合資格參與者提供獎勵及獎勵，以肯定彼等對本公司的貢獻。符合資格參與者包括本集團董事或僱員及董事會全權酌情認為已對或將對本集團作出貢獻的任何其他人士(包括一名顧問)。本公司有購股權計劃於2014年1月28日採納，並於2014年2月21日本公司上市時生效，除非另有取消或修改，購股權計劃將自該日期起保持生效為期10年。

現時可根據該計劃授出之未行使購股權數目不得超過該等購股權行使後本公司不時已發行股份之10%。於任何十二個月期間，該計劃各符合資格參與者根據購股權可獲發行之股份數目不得超過本公司任何時候已發行股份之1%。進一步授予超出此限額之購股權則須股東在股東大會上批准。

向各董事、本公司主要行政人員或主要股東或彼等之任何聯繫人士授予購股權須事先取得獨立非執行董事批准。此外，倘若於任何十二個月期間，授予本公司主要股東或獨立非執行董事或彼等各自之任何聯繫人士之購股權超出本公司任何時候已發行股份之0.1%或總值(根據授出日期本公司股份價格計算)超過500萬港元，則須事先在股東大會上取得股東批准。

承授人須於授出日期起計30日內決定是否接納獲授之購股權，並須於接納時繳交合共1港元之名義代價。購股權之行使期由董事決定，並於某一歸屬期後開始，且自提出購股權或計劃到期日期起計五年(以較早者為準)為止。

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38. SHARE-BASED PAYMENTS (Continued)

The exercise price of the share options is determinable by the directors, but may not be less than the highest of (i) the Stock Exchange closing price of the Company's shares on the date of the offer of the share options; (ii) the average Stock Exchange closing price of the Company's shares for the five trading days immediately preceding the date of the offer; and (iii) the nominal value of the Company's shares on the date of the offer.

Share options do not confer rights on the holder to dividends or to vote at shareholders' meetings.

Details of the specific categories of options are as follows:

Tranche	Date of grant	Vesting period	Exercise period	Exercise price HK\$ 行使價 港元
批	授出日期	歸屬期	行使期	
Options granted to executive directors and employees				
授予執行董事及僱員的購股權				
A	2 July 2014 於2014年7月2日	One third on the first anniversary, one third on the second anniversary, and the remaining on the third anniversary of the grant 三分之一於授出的第一週年、三分之一於第二週年及其餘於第三週年	10 years 10年	1.13
B	7 May 2015 於2015年5月7日	Same as above 同上	10 years 10年	1.68
C	31 May 2016 於2016年5月31日	Same as above 同上	10 years 10年	3.66

38. 以股份為基礎的付款(續)

購股權之行使價由董事釐定，惟不得低於下列最高者(i)本公司股份於購股權要約日期於聯交所之收市價；(ii)本公司股份於緊接要約日前五個交易日於聯交所收市價；及(iii)本公司股份於要約日期之面值。

購股權並不賦予其持有人分享股息或於股東大會上投票之權利。

購股權之具體分類詳情如下：

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38. SHARE-BASED PAYMENTS (Continued)

38. 以股份為基礎的付款(續)

Tranche	Date of grant	Vesting period	Exercise period	Exercise price HK\$ 行使價 港元
批	授出日期	歸屬期	行使期	
Options granted to certain eligible participants				
授予執行董事及僱員的購股權				
D	On 23 July 2015	On the first anniversary of the date upon which the share options are accepted subject to the grantees remaining as eligible persons at the date of vesting	Six months commencing from the expiry of the first anniversary of the date of acceptance and expiring on the last day	2.16
	於2015年7月23日	於購股權獲接納的第一週年日起計六個月，惟承授人於歸屬日期須仍為合資格人士	接納日期起計第一週年屆滿開始直至最後一日為止之六個月	
E	On 31 May 2016	On the first anniversary of the date of the grant, subject to their respective pre-determined annual sales targets were achieved	10 years	3.66
	於2016年5月31日	於授出日期的第一週年，惟彼等各自須完成預定年度銷售目標	10年	
F	On 12 December 2017	On 31 March 2019, subject to the grantees achieving the pre-determined performance target for the period from 1 December 2017 to 31 December 2018 and the grantees remaining as eligible persons at the date of vesting	6.3 years	3.7
	於2017年12月12日	於2019年3月31日，惟承授人須完成於2017年12月1日至2018年12月31日的預定業績目標且承授人於歸屬日期維持為合資格人士	6.3年	

Options are forfeited if the employee leaves the Group.

僱員一旦離開本集團，其購股權即被充公。

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38. SHARE-BASED PAYMENTS (Continued)

Details of the share options outstanding during the year are as follows:

		2020 2020年		2019 2019年	
		Number of share options 購股權數目 '000 千股	Weighted average exercise price 加權平均 行使價 HK\$ 港元	Number of share options 購股權數目 '000 千股	Weighted average exercise price 加權平均 行使價 HK\$ 港元
Outstanding at the beginning of the year	於年初未獲行使	133,492	2.13	161,602	2.34
Lapsed/forfeited during the year	年內失效/被充公	(6,657)	(2.85)	(28,110)	(3.66)
Outstanding at the end of the year	於年末未獲行使	126,835	2.09	133,492	2.13
Exercisable at the end of the year	於年末可予行使	126,835	2.09	133,492	2.10

The options outstanding at the end of the year have a weighted average remaining contractual life of 4.5 years (2019: 5.5 years) and the exercise prices range from HK\$1.13 to HK\$3.7 (2019: HK\$1.13 to HK\$3.7).

38. 以股份為基礎的付款(續)

年內尚未行使購股權詳情如下：

於年末尚未行使購股權之加權平均餘下合約年期為4.5年(2019年：5.5年)，而行使價則介乎1.13港元至3.7港元(2019年：1.13港元至3.7港元)。

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39. RESERVE

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity of the consolidated financial statements.

(i) Exchange reserve

The exchange reserve comprises all foreign currency differences arising from the translation of the financial statements of the Company and certain subsidiaries with functional currency other than Renminbi. The reserve is dealt with in accordance with the accounting policy set out in note 4 to the consolidated financial statements.

(ii) Capital reserve

The capital reserve comprises mainly capital contributions from shareholders in respect of the contingent considerations for the acquisition of Jinxin and Xiangbei in November 2010 and August 2011 amounted to RMB33,226,000 and RMB11,555,000 respectively borne by the shareholders and deemed capital contribution of RMB77,700,000 being the amount due to the shareholders waived by the shareholders on 31 December 2012.

(iii) Share premium

The application of the share premium account is governed by the Companies Law of the Cayman Islands. Under the Companies Law of the Cayman Islands, the funds in the share premium account of the Company are distributable to shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of the business.

39. 儲備

本集團於本年度及過往年度的儲備金額及變動於綜合財務報表的綜合權益變動表呈列。

(i) 匯兌儲備

匯兌儲備包括換算並非以人民幣為功能貨幣的本公司及若干附屬公司的財務報表所產生的所有外幣差額。該儲備根據綜合財務報表附註4所載的會計政策處理。

(ii) 資本儲備

資本儲備主要包括股東就於2010年11月及2011年8月收購金鑫及湘北的或然代價(分別為人民幣33,226,000元及人民幣11,555,000元,由股東承擔)注資,以及股東於2012年12月31日豁免應付股東款項人民幣77,700,000元,已視作注資。

(iii) 股份溢價

股份溢價賬的應用受開曼群島公司法管轄。根據開曼群島公司法,本公司股份溢價賬的資金可分派予本公司股東,惟緊隨建議分派股息之日後,本公司須有能力於日常業務過程中清償到期債務。

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39. RESERVE (Continued)

(iv) Statutory reserves

In accordance with the Wholly Foreign Owned Enterprise Law applicable to the subsidiaries in the PRC, the subsidiaries are required to make appropriations to the Statutory Reserve Fund (the "SRF"). At least 10% of the after tax profits as determined in accordance with the applicable PRC accounting standards and regulations must be allocated to the SRF until the cumulative total of the SRF reaches 50% of the subsidiaries' registered capital. Subject to approval from the relevant PRC authorities, the SRF may be used to offset any accumulated losses or increase the registered capital of the subsidiaries. The SRF is not available for dividend distribution to shareholders.

(v) Share-based payment reserve

Share-based payment reserve represents the portion of the fair value of unexercised share options granted to employees of the Group at grant date that has been recognised in accordance with the accounting policy adopted for equity-settled share option expense in note 4 to the consolidated financial statements.

The amount will either be transferred to the share premium account when the option is exercised, or be released directly to retained profits if the option is lapsed or forfeited.

(vi) Warrant reserve

Warrant reserve arises from the issue of warrants less the expenses incurred pertaining to the warrants issue. Upon the exercise of the warrants, the warrant reserve will be transferred to share capital and share premium.

39. 儲備(續)

(iv) 法定儲備

根據適用於中國附屬公司的外資企業法，該等附屬公司須撥款至法定儲備金(「法定儲備金」)。根據適用的中國會計準則及法規所釐定的除稅後溢利的至少10%必須分配至法定儲備金，直至法定儲備金的累計總額已達到該等附屬公司註冊資本的50%。經相關中國機構批准後，法定儲備金可用作抵銷任何累計虧損或增加該等附屬公司的註冊資本。法定儲備金不可用於向股東作出股息分派。

(v) 以股份為基礎的付款儲備

以股份為基礎的付款儲備以股份為基礎的付款儲備指已授予本集團僱員而未行使的購股權於授出日期的公平值部分，該公平值已按照綜合財務報表附註4就權益結算購股權開支所採用的會計政策確認。

該金額將於購股權獲行使時轉撥至股份溢價賬，或倘購股權失效或被充公，則直接轉撥至保留溢利。

(vi) 認股權證儲備

認股權證儲備源自發行認股權證減認股權證發行所產生的開支。認股權證獲行使後，認股權證儲備將轉撥至股本及股份溢價。

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39. RESERVE (Continued)

(vi) Warrant reserve (Continued)

On 19 January 2015, the Company issued 133,650,000 warrants to 7 subscribers at an issue price of HK\$0.001 per warrant. Each warrant will entitle its holder to subscribe for one share of the Company at a subscription price of HK\$1.30 per share. The warrants will be vested in phases according to the vesting conditions. The vesting condition is that the suppliers shall carry out the transactions under their respective annual procurement agreements, pursuant to which the suppliers in aggregate, agree to supply 49,500 tons of copper scrap raw materials to the Group in 2015 at a fixed discount of RMB1,000 per ton. For details, please refer to the Company's announcement on 19 December 2014.

On 24 February 2015, the Company issued 102,000,000 warrants to 3 subscribers at an issue price of HK\$0.001 per warrant. Each warrant will entitle its holder to subscribe for one share of the Company at a subscription price of HK\$1.50 per share. The warrants will be vested in phases according to the vesting conditions. The vesting condition is that the suppliers shall carry out the transactions under their respective annual procurement agreements, pursuant to which the suppliers, in aggregate, agree to supply 30,000 tons of copper scrap raw materials to the Group from 1 February 2015 to 31 January 2016 at a fixed discount of RMB2,000 per ton. For details, please refer to the Company's announcement on 5 February 2015.

No warrant was issued in 2016, 2017, 2018, 2019 and 2020. As at 31 December 2020, there were no (2019: 9,613,000) warrants outstanding.

39. 儲備(續)

(vi) 認股權證儲備(續)

於2015年1月19日，本公司按發行價每股認股權證0.001港元向7名認購方發行133,650,000份認股權證。每份認股權證將賦予其持有人按認購價每股1.30港元認購本公司一股股份。認股權證將根據歸屬條件分階段歸屬。歸屬條件為供應商將根據彼等各自年度供應協議項下的交易進行，據此，各供應商同意於2015年以固定折讓每噸人民幣1,000元向本集團合計供應廢舊銅原材料49,500噸。詳情請參閱本公司日期為2014年12月19日的公告。

於2015年2月24日，本公司按發行價每股認股權證0.001港元向3名認購方發行102,000,000份認股權證。每份認股權證將賦予其持有人按認購價每股1.50港元認購本公司一股股份。認股權證將根據歸屬條件分階段歸屬。歸屬條件為供應商將根據彼等各自年度供應協議項下的交易進行，據此，各供應商同意於2015年2月1日起至2016年1月31日以固定折讓每噸人民幣2,000元向本集團合計供應廢舊銅原材料30,000噸。詳情請參閱本公司日期為2015年2月5日的公告。

於2016年、2017年、2018年、2019年及2020年，概無發行任何認股權證。於2020年12月31日，概無(2019年：9,613,000份)認股權證已發行在外。

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39. RESERVE (Continued)

(vii) Consideration share reserve

Consideration share reserve arises from the issue of consideration shares less cash consideration incurred pertaining to the consideration shares issued. Upon the allotment of the consideration shares, the consideration share reserve will be transferred to share capital and share premium.

On 15 August 2017, the Company, each of the relevant suppliers and each of the relevant subscribers entered into an Annual Procurement Agreement ("the APA#1"), pursuant to which each of the suppliers agreed to supply a targeted amount of copper scrap raw materials to the Group from 15 August 2017 to 14 August 2018. For each ton of copper scrap raw materials supplied under the APA#1, the Company will pay up to RMB3,000 by way of issuance of a maximum number of 1,172 consideration shares at an issue price of HK\$3.00 per consideration share and settle the remainder in cash. For details, please refer to the Company's announcement on 15 August 2017.

As the targeted amount of supply of copper scrap raw materials from the suppliers is 56,000 tons in aggregate, the maximum number of consideration shares that the Company may issue pursuant to the APA#1 is 65,632,000 shares.

On 15 June 2018, the Company, each of the relevant suppliers and each of the relevant subscribers entered into an Annual Procurement Agreement ("the APA#2"), pursuant to which each of the suppliers agreed to supply a targeted amount of copper scrap raw materials to the Group from 16 June 2018 to 15 June 2019. For each ton of copper scrap raw materials supplied under the APA#2, the Company will pay up to RMB3,000 by way of issuance of a maximum number of 734 consideration shares at an issue price of HK\$5.00 per consideration share and settle the remainder in cash. For details, please refer to the Company's announcement on 15 June 2018.

39. 儲備(續)

(vii) 代價股份儲備

代價股份儲備來源於發行代價股份並扣除代價股份發行所產生現金代價。配發代價股份後，代價股份儲備將撥至股本及股份溢價。

於2017年8月15日，本公司、各有關供應商及各有關認購方訂立年度供應協議(「年度供應協議#1」)，據此，各供應商同意從2017年8月15日至2018年8月14日供應目標數量的廢舊銅原材料予本集團。對於根據年度供應協議#1所提供的每噸廢舊銅原材料，本公司將以按發行價每股代價股份3.00港元發行最多1,172股代價股份的方式支付至多人民幣3,000元，並以現金支付剩下結餘。詳情請參閱本公司日期為2017年8月15日的公告。

由於來自供應商的廢舊銅原材料的目標供應總量為56,000噸，本公司根據年度供應協議#1可能發行的最高代價股份數目為65,632,000股。

於2018年6月15日，本公司、各有關供應商及各有關認購方訂立年度供應協議(「年度供應協議#2」)，據此，各供應商同意從2018年6月16日至2019年6月15日供應目標數量的廢舊銅原材料予本集團。對於根據年度供應協議#2所提供的每噸廢舊銅原材料，本公司將以按發行價每股代價股份5.00港元發行最多734股代價股份的方式支付至多人民幣3,000元，並以現金支付剩下結餘。詳情請參閱本公司日期為2018年6月15日的公告。

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39. RESERVE (Continued)

(vii) Consideration share reserve (Continued)

As the targeted amount of supply of copper scrap raw materials from the suppliers is 160,000 tons in aggregate, the maximum number of consideration shares that the Company may issue pursuant to the APA#2 is 117,440,000 shares. The outstanding consideration shares will be allotted and issued to the subscribers in one lot within 10 business days from 15 June 2019. A supplemental agreement was signed, the outstanding consideration shares allotted and issued to the subscribers in one lot would be deferred by 6 months or a date mutually agreed by both parties.

During the year ended 31 December 2019, the Group purchased 24,636 tons of copper scrap raw materials from these suppliers and respectively, the Group recognised consideration share reserve of RMB73,910,000.

(viii) Convertible bonds equity reserve

Convertible bonds equity reserve arises from the residual amount of the net proceeds of convertible bonds less the fair value of the liability component and the derivative component at the date of issuance. The equity component will remain as a separate line item within equity until the conversion option is exercised (in which case the corresponding portion of the equity component will be transferred to share capital and share premium). Where the conversion option remains unexercised at the expiry date, the balance will be released to the retained earnings/accumulated losses.

39. 儲備(續)

(vii) 代價股份儲備(續)

由於來自供應商的廢舊銅原材料的目標供應總量為160,000噸，本公司根據年度供應協議#2可能發行的最高代價股份數目為117,440,000股。未發行代價股份將於2019年6月15日起10個營業日內一次性配發及發行予認購方。本公司已簽訂補充協議，未發行代價股份將推遲六個月或由雙方共同協定的日期一次性分配及發行予認購方。

於截至2019年12月31日止年度，本集團向該等供應商購買24,636噸廢舊銅原材料，本集團分別確認代價股份儲備人民幣73,910,000元。

(viii) 可換股債券權益儲備

可換股債券權益儲備產生自可換股債券所得款項淨額減發行日期負債部分及衍生工具部分公平值的餘額。權益部分將存留於權益內並分開呈列，直至轉換權獲行使(在此情況下，權益部分的相應部分將轉撥至股本及股份溢價)。倘轉換權於屆滿日期仍未行使，則結餘將撥至保留盈利／累計虧損。

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40. CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities at 31 December 2020 and 2019.

41. CAPITAL COMMITMENTS

40. 或然負債

本集團於2020年及2019年12月31日並無任何重大或然負債。

41. 資本承擔

		2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
Contracted but provided for:	已訂約且已撥備：		
— Property, plant and equipment	— 物業、廠房及設備	15,433	27,818
— Land-use-rights	— 土地使用權	12,545	12,545
		27,978	40,363

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42. RELATED PARTY TRANSACTIONS

- (a) In addition to those related party transactions and balances disclosed elsewhere in the consolidated financial statements, the Group had the following material transactions with its related parties during the year:

42. 關聯方交易

- (a) 除於綜合財務報表其他部分披露的關聯方交易及結餘外，本集團於本年度與關聯方訂立以下交易：

	Notes 附註	2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
Delivery cost charged by Mianyang Jin Xunhuan Finance Storage Limited, a subsidiary of an associate	綿陽金循環金融倉儲有限公司（一間聯營公司的附屬公司）所收取的交付成本 (i)	10,398	12,357
Interest expense on a loan from Epoch Keen Limited, a private company controlled by Mr. Yu Jianqiu	來自俞建秋先生所控制的私人公司時建有限公司的貸款的利息開支 (ii)	192	234
Loan secured by the property, plant and equipment of Gushan Vegetable, a private company controlled by Mr. Yu Jianqiu	貸款由古杉油脂（一間由俞建秋先生控制的私人公司）的物業、廠房及設備擔保。 (iii)	15,500	15,500
Loan secured by the property, plant and equipment of Mianyang Baohe Jiahao, a private company controlled by an associate of the Group	貸款由綿陽保和佳浩（一間由本集團聯營公司控制的私人公司）之物業、廠房及設備擔保。 (iv)	42,000	52,500
Loan secured by the property, plant and equipment by Shanghai Mengjun, a private company controlled by a daughter of Mr. Yu Jianqiu	貸款由上海盟君（一間由俞建秋先生女兒控制的私人公司）之物業、廠房及設備擔保。	5,000	5,000

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42. RELATED PARTY TRANSACTIONS (Continued)

(a) (Continued)

Notes:

- (i) The delivery cost is charged at a rate ranging from RMB28 to RMB390 per ton (2019: RMB28 to RMB390 per ton).
- (ii) The loan from Epoch Keen Limited which is unsecured, interest-bearing at 4.35% (2019: 4.35%) per annum and repayable on demand was settled during the year.
- (iii) At 31 December 2020, bank loans of RMB15,500,000 (2019: RMB15,500,000) were secured by property, plant and equipment of Gushan Vegetable.
- (iv) At 31 December 2020, bank loans of RMB42,000,000 (2019: RMB52,500,000) were secured by property, plant and equipment of Baohe Jiahao.

(b) Other related party transactions:

- (i) Entrusted loans of RMB299,116,000 (2019: RMB299,116,000) were secured by an aggregate amount of 310,317,000 ordinary shares (2019: 310,317,000 ordinary shares) in the Company held by Ocean Through Limited, First Harvest Global limited and Gold Wide Enterprises Limited, which are companies wholly owned by Mr. Huang Weiping, key management personnel of the Group.
- (ii) Convertible bonds of HK\$390,000,000 (2019: HK\$400,000,000) issued in August 2017 were secured by 278,000,000 ordinary shares in the Company held by Epoch Keen, a company wholly owned by Mr. Yu Jianqiu, the chairman and an executive director of the Company.

42. 關聯方交易(續)

(a) (續)

附註：

- (i) 交付成本為每噸人民幣28元至人民幣390元(2019年：每噸人民幣28元至人民幣390元)。
- (ii) 自時建有限公司貸款為無抵押，按4.35%(2019年：4.35%)的年利率計息，並於年內按的要求償還。
- (iii) 於2020年12月31日，銀行貸款人民幣15,500,000元(2019年：人民幣15,500,000元)由古杉油脂之物業、廠房及設備擔保。
- (iv) 於2020年12月31日，銀行貸款人民幣42,000,000元(2019年：人民幣52,500,000元)由保和佳浩之物業、廠房及設備擔保。

(b) 其他關聯方交易：

- (i) 委託貸款人民幣299,116,000元(2019年：人民幣299,116,000元)乃由洋達有限公司、肇豐環球有限公司及金博企業有限公司持有的本公司合共310,317,000股普通股(2019年：310,317,000股普通股)提供抵押，所有該等公司由本集團主要管理層人員黃偉萍先生全資擁有。
- (ii) 於2017年8月發行可換股債券390,000,000港元(2019年：400,000,000港元)乃由本公司主席兼執行董事俞建秋先生全資擁有公司時建持有本公司278,000,000股普通股提供抵押。

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42. RELATED PARTY TRANSACTIONS (Continued)

(b) Other related party transactions: (Continued)

- (iii) During the year, the Group was granted unconditional government subsidies of RMB19,491,000 (2019: RMB150,256,000) from Youxian District Finance Bureau, Mianyang City, Sichuan Province. The subsidies were received through Boahe Fushan. Baohe Fushan has the discretionary right to allocate and distribute the government subsidies, with reference to the amounts of tax payments made by the entities.
- (iv) During the year ended 31 December 2019, a director and substantial shareholder of the Company, who held less than 12% of the Company's shareholding, has compensated certain irrecoverable trade receivable balance of RMB4,849,000. The payment was made by his son on his behalf.

(c) Compensation of key management personnel

42. 關聯方交易 (續)

(b) 其他關聯方交易：(續)

- (iii) 年內，本集團獲得四川省綿陽市游仙區財政局批授的無條件政府補貼人民幣19,491,000元(2019年：人民幣150,256,000元)。該等補貼已透過保和富山收取。保和富山有權參照各實體的稅款金額分配及分發政府補貼。
- (iv) 於截至2019年12月31日止年度，持有本公司股權不足12%的一名本公司董事及主要股東已補償若干不可收回的貿易應收款項結餘人民幣4,849,000元。該付款乃由其兒子代其支付。

(c) 主要管理人員薪酬

		2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
Short-term employee benefits	短期僱員福利	8,597	8,974
Post-employment benefits	離職後福利	127	126
Equity-settled share option expense	權益結算購股權開支	-	231
		8,724	9,331

Remuneration for the Company's directors and all the highest paid employees, is disclosed in note 13.

本公司董事薪酬及所有最高薪酬僱員於附註13所披露。

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綜合財務報表附註

For the year ended 31 December 2020 截至2020年12月31日止年度

43. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Major non-cash transaction

- (i) The Company issued a note with principal amount of HK\$91,300,000 (equivalent to approximately RMB82,100,000) to settle April 2017 CBs amounted to approximately RMB82,100,000 (note 33).

(b) Changes in liabilities arising from financing activities

The following table shows the Group's changes in liabilities arising from financing activities during the year:

43. 綜合現金流量表附註

(a) 主要非現金交易

- (i) 本公司發行本金91,300,000港元(相當於人民幣82,100,000元)的票據以結算2017年4月可換股債券約人民幣82,100,000元(附註33)。

(b) 融資活動產生之負債變動

下表載列本集團年內融資活動產生之負債變動：

		Other accruals	Note payables	Interest- bearing bank and other borrowings	Liability component of convertible bonds	Lease liabilities	Amounts due to associates /a related party	Total liabilities from financing activities
		其他應計 費用	應付票據	計息銀行及 其他借款	可換股債券 負債部分	租賃負債	應付聯營 公司/關聯 方款項	融資活動 的總負債
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
At 1 January 2019	於2019年1月1日	6,412	17,524	548,548	576,854	10,048	103,714	1,263,100
Changes in cash flows	現金流量變動	(2,083)	12,021	417,251	(26,123)	(5,969)	(65,300)	329,797
Non-cash changes	非現金變動	-	-	-	-	-	-	-
- finance costs	- 財務成本	57	-	74,013	71,881	1,942	-	147,893
- reclassification to other payable	- 重新分類至其他 應付款項	-	-	(14,701)	-	-	-	(14,701)
- new leases	- 新租賃	-	-	-	-	514	-	514
- exchange differences	- 匯兌差額	-	912	-	13,912	-	-	14,824
At 31 December 2019	於2019年12月31日	4,386	30,457	1,025,111	636,524	6,535	38,414	1,741,427
Changes in cash flows	現金流量變動	(87,979)	(17,786)	206,993	(29,342)	(5,362)	256,346	322,870
Non-cash changes	非現金變動	-	-	-	-	-	-	-
- finance costs	- 財務成本	110,306	-	-	58,009	1,689	-	170,004
- reclassification to/ from other payable	- 重新分類至/ 自其他應付款項	-	-	-	5,428	-	-	5,428
- new leases	- 新租賃	-	-	-	-	8,260	-	8,260
- settlement of convertible by issuing a note	- 透過發行票據 結算可換股債券	-	82,100	-	(82,100)	-	-	-
- loss on modification of convertible bonds	- 修改可換股債券 虧損	-	-	-	369	-	-	369
- exchange differences	- 匯兌差額	-	(5,292)	-	(35,884)	-	(577)	(41,753)
At 31 December 2020	於2020年12月31日	26,713	89,479	1,232,104	553,004	11,122	294,183	2,206,605

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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For the year ended 31 December 2020 截至2020年12月31日止年度

44. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (Continued)

44. 財務狀況表及本公司儲備(續)

(a) Statement of financial position of the Company

(a) 本公司財務狀況表

		2020 2020年 RMB'000 人民幣千元	2019 2019年 RMB'000 人民幣千元
Non-current assets	非流動資產		
Investment in a subsidiary	於附屬公司的投資	887,319	887,314
Interests in associates	於聯營公司的權益	48,344	50,249
		935,663	937,563
Current assets	流動資產		
Amounts due from subsidiaries	應收附屬公司款項	1,114,403	1,238,538
Amounts due from associates	應收聯營公司款項	486	509
Cash and cash equivalents	現金及現金等值項目	1,360	2,099
		1,116,249	1,241,146
Current liabilities	流動負債		
Other payables	其他應付款項	16,124	11,454
Note payables	應付票據	89,479	30,457
Amounts due to subsidiaries	應付附屬公司款項	199,750	212,613
Amount due to a related party	應付一名關聯方款項	7,609	5,613
Liability component of convertible bonds	可換股債券的負債部分	553,004	636,524
		865,966	896,661
Net current assets	淨流動資產	250,283	344,485
Total assets less current liabilities	總資產減流動負債	1,185,946	1,282,048
NET ASSETS	淨資產	1,185,946	1,282,048
Capital and reserves	資本及儲備		
Share capital	股本	211,741	211,741
Reserves	儲備	974,205	1,070,307
TOTAL EQUITY	總權益	1,185,946	1,282,048

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2020 截至2020年12月31日止年度

44. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (Continued)

(b) Reserves of the Company

44. 財務狀況表及本公司儲備(續)

(b) 本公司儲備

		Share premium	Exchange reserve	Capital reserve	Share-based payment reserve	Warrant reserve	Convertible bonds equity reserve	Consideration share reserve	Accumulated losses	Revaluation equity	Total
					以股份為基礎		可換股債券				
		股份溢價	匯兌儲備	資本儲備	的付款儲備	認股權證儲備	權益儲備	代價股份儲備	累計虧損	重估權益	總計
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
At 1 January 2019	於2019年1月1日	1,468,419	(16,310)	289,836	80,475	3,560	40,539	64,576	(833,117)	9,600	1,107,578
Loss for the year	年內虧損	-	-	-	-	-	-	-	(173,801)	-	(173,801)
Other comprehensive income for the year:	年內其他全面收益：										
Exchange differences on translation	換算本公司產生的匯兌差額	-	957	-	-	-	-	-	-	-	957
Changes in fair value of an equity investment designated at fair value through other comprehensive income	指定按公平值計入其他全面收益的股本投資的公平值變動	-	-	-	-	-	-	-	-	(9,600)	(9,600)
Total comprehensive loss for the year	指定按公平值計入其他全面收益的股本投資的公平值變動	-	957	-	-	-	-	-	(173,801)	(9,600)	(182,444)
Issuance of ordinary shares	發行普通股	70,390	-	-	-	-	-	-	-	-	70,390
Equity-settled share option arrangements	以權益結算的購股權安排	-	-	-	873	-	-	-	-	-	873
Lapse of share options	年內失效	-	-	-	(313)	-	-	-	313	-	-
Consideration share arrangements	代價股份安排	-	-	-	-	-	-	73,910	-	-	73,910
At 31 December 2019 and 1 January 2020	於2019年12月31日及2020年1月1日	1,538,809	(15,353)	289,836	81,035	3,560	40,539	138,486	(1,006,605)	-	1,070,307
Loss for the year	年內虧損	-	-	-	-	-	-	-	(111,302)	-	(111,302)
Other comprehensive income for the year:	年內其他全面收益：										
Exchange differences on translation	匯兌差額	-	(7,085)	-	-	-	-	-	-	-	(7,085)
Total comprehensive loss for the year	年內全面虧損總額	-	(7,085)	-	-	-	-	-	(111,302)	-	(118,387)
Lapse of share options	年內失效	-	-	-	(5,031)	-	-	-	5,031	-	-
Expiry of warrant	認股權證屆滿	-	-	-	-	(3,560)	-	-	3,560	-	-
Issue of convertible bonds	發行可換股債券	-	-	-	-	-	22,285	-	-	-	22,285
Transfer to accumulated losses	轉撥至累計虧損	-	-	-	-	-	(40,539)	-	40,539	-	-
At 31 December 2020	於2020年12月31日	1,538,809	(22,438)	289,836	76,004	-	22,285	138,486	(1,068,777)	-	974,205

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For the year ended 31 December 2020 截至2020年12月31日止年度

45. PARTICULARS OF THE SUBSIDIARIES OF THE COMPANY

45. 本公司附屬公司的詳情

Name of the subsidiary 附屬公司名稱	Place of incorporation/ establishment 註冊成立/ 註冊及營業地點	Paid up capital 繳足股本	Equity interest attributable to the Company at 31 December 本公司應佔權益百分比 於12月31日		Principal activity 主要業務
			Direct 直接	Indirect 間接	
Engen Investments Limited ("Engen")	BVI	United States dollars ("USD") 10,225	100%	-	Investment holding
恩金投資有限公司(「恩金」)	英屬處女群島	10,225美元 (「美元」)	100%	-	投資控股
True Excel Holdings Limited ("True Excel")	Hong Kong	HK\$1	-	100%	Investment holding
京盛控股有限公司(「京盛」)	香港	1港元	-	100%	投資控股
Alpha Legend Holdings Limited ("Alpha Legend")	Hong Kong	HK\$1	-	100%	Investment holding
盛際控股有限公司(「盛際」)	香港	1港元	-	100%	投資控股
Alpha Business Investments Limited ("Alpha Business")	Hong Kong	HK\$1	-	100%	Investment holding
得揚投資有限公司(「得揚」)	香港	1港元	-	100%	投資控股
Alpha Universe Group Limited ("Alpha Universe")	Hong Kong	HK\$1	-	100%	Investment holding
勝誠集團有限公司(「勝誠」)	香港	1港元	-	100%	投資控股
Fanmay Limited ("Fanmay")	BVI	HK\$1	100%	-	Investment holding
繁美有限公司(「繁美」)	英屬處女群島	1港元	100%	-	投資控股
China Recycling Aluminium Limited ("Recycling Aluminium")	Hong Kong	HK\$1	-	100%	Investment holding
中國循環鋁業有限公司(「循環鋁業」)	香港	1港元	-	100%	投資控股
Cosmo Hope Limited ("Cosmo")	BVI	USD1	100%	-	Investment holding
Cosmo Hope Limited (「Cosmo」)	英屬處女群島	1美元	100%	-	投資控股
China Metal Resources Corporation Limited ("CMR")	BVI	USD1	100%	-	Investment holding
China Metal Resources Corporation Limited (「CMR」)	英屬處女群島	1美元	100%	-	投資控股
Hong Kong Jin Xunhuan Group Limited ("HKJXH")	Hong Kong	HK\$1	-	100%	Investment holding
香港金循環集團有限公司 (「香港金循環」)	香港	1港元	-	100%	投資控股

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45. PARTICULARS OF THE SUBSIDIARIES OF THE COMPANY (Continued)

45. 本公司附屬公司的詳情(續)

Name of the subsidiary 附屬公司名稱	Place of incorporation/ establishment 註冊成立/ 註冊及營業地點	Paid up capital 繳足股本	Equity interest attributable to the Company at 31 December 本公司應佔權益百分比 於12月31日		Principal activity 主要業務
			Direct 直接	Indirect 間接	
China Metal Resources (Hong Kong) Limited ("CMR HK") 中國金屬資源(香港)有限公司 (「中國金屬資源香港」)	Hong Kong 香港	HK\$1 1港元	–	100%	Investment holding 投資控股
China Zhaofeng Copper Limited ("Zhaofeng") 中國兆豐銅業有限公司(「兆豐」)	Hong Kong 香港	HK\$1 1港元	–	100%	Investment holding 投資控股
Value Link Developments Limited ("Value Link") 尚領發展有限公司(「尚領」)	BVI 英屬處女群島	USD100 100美元	100%	–	Investment holding 投資控股
Silver Eminent Group Limited ("Silver Eminent") 銀赫集團有限公司(「銀赫」)	BVI 英屬處女群島	USD100 100美元	100%	–	Investment holding 投資控股
Sky Harvest Global Limited ("Sky Harvest") 天豐環球有限公司(「天豐」)	BVI 英屬處女群島	USD100 100美元	100%	–	Investment holding 投資控股
China Sanmei Copper Limited 中國三美銅業有限公司	Hong Kong 香港	USD100 100美元	–	100%	Investment holding 投資控股
China Rongsheng Metal Limited 中國融晟金屬有限公司	Hong Kong 香港	USD100 100美元	–	100%	Investment holding 投資控股
Mianyang Jinxin Copper Co., Ltd. ("Jinxin") 綿陽金鑫銅業有限公司 (「金鑫」)(「Jinxin」)	The PRC 中國	RMB100,000,000 人民幣 100,000,000元	–	100%	Processing of scrap copper and electrolytic copper for the manufacturing of copper related products 加工生產銅相關產品所用的廢銅及電解銅
Hunan Yinlian Xiangbei Copper Co., Ltd. ("Xiangbei")* 湖南銀聯湘北銅業有限公司 (「湘北」)	The PRC 中國	RMB80,000,000 人民幣 80,000,000元	–	100%	Processing of scrap copper and electrolytic copper for the manufacturing of copper related products 加工生產銅相關產品所用的廢銅及電解銅
Mianyang Tongxin Copper Co., Ltd. ("Tongxin")* 綿陽銅鑫銅業有限公司(「銅鑫」)	The PRC 中國	RMB50,000,000 人民幣 50,000,000元	–	100%	Processing of scrap copper and electrolytic copper for the manufacturing of copper related products 加工生產銅相關產品所用的廢銅及電解銅

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45. PARTICULARS OF THE SUBSIDIARIES OF THE COMPANY (Continued)

45. 本公司附屬公司的詳情(續)

Name of the subsidiary 附屬公司名稱	Place of incorporation/ establishment 註冊成立/ 註冊及營業地點	Paid up capital 繳足股本	Equity interest attributable to the Company at 31 December 本公司應佔權益百分比 於12月31日		Principal activity 主要業務
			Direct 直接	Indirect 間接	
Sichuan Baohe Xinshiji Cable Co., Ltd. ("Baohe Xinshiji")*	The PRC	RMB150,000,000	–	100%	Manufacturing and sale of power transmission and distribution cables
四川保和新世紀線纜有限公司 ([保和新世紀])*	中國	人民幣 150,000,000元	–	100%	生產及銷售送配電纜
Mianyang Baohe Taiyue Communications Cable Co., Ltd. ("Baohe Taiyue")*	The PRC	RMB80,000,000	–	100%	Manufacturing and sale of communication cables
綿陽保和泰越通信電纜有限公司 ([保和泰越])*	中國	人民幣 80,000,000元	–	100%	生產及銷售通信電纜
Mianyang Jin Xunhuan Metal Materials Co., Ltd. ("Jin Xunhuan")*	The PRC	RMB30,000,000	–	100%	Manufacturing and sale of anodic copper and trading of electrolytic copper
綿陽金循環金屬材料有限公司 ([金循環])*	中國	人民幣 30,000,000元	–	100%	生產及銷售陽極銅和買賣電解銅
Shanghai Epoch Keen Metal Trading Co., Ltd. ("Shanghai Shijian")*	The PRC	RMB60,000,000	–	100%	Trading of copper related products
上海時建金屬銷售有限公司 ([上海時建])*	中國	人民幣 60,000,000元	–	100%	買賣銅相關產品
Mianyang Xinhuan Aluminium Co., Ltd. ("Xinhuan Aluminium")*	The PRC	RMB30,000,000	–	100%	Trading of aluminium related products
綿陽鑫環鋁業有限公司 ([鑫環鋁業])*	中國	人民幣 30,000,000元	–	100%	買賣鋁相關產品
Shanghai Buijiang Metal Material Co., Ltd. ("Buijiang")*	The PRC	RMB30,000,000	–	100%	Inactive
上海步江金屬材料有限公司 ([步江])*	中國	人民幣 30,000,000元	–	100%	暫無業務
Sichuan Boxin copper Co., Ltd. ("Boxin")*	The PRC	RMB10,500,000	–	100%	Processing of scrap copper and electrolytic copper for the manufacturing of copper related products
四川博鑫銅業有限公司([博鑫])*	中國	人民幣 10,500,000元	–	100%	加工生產銅相關產品所用的廢銅及電解銅
Mianyang Yuxin Recycling Development Co., Ltd. ("Yuxin")*	The PRC	RMB50,000,000	–	100%	Trading of copper related products
綿陽譽鑫再生資源開發有限公司 ([譽鑫])*	中國	人民幣 50,000,000元	–	100%	買賣銅相關產品

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綜合財務報表附註

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45. PARTICULARS OF THE SUBSIDIARIES OF THE COMPANY (Continued)

45. 本公司附屬公司的詳情(續)

Name of the subsidiary 附屬公司名稱	Place of incorporation/ establishment 註冊成立/ 註冊及營業地點	Paid up capital 繳足股本	Equity interest attributable to the Company at 31 December 本公司應佔權益百分比 於12月31日		Principal activity 主要業務
			Direct 直接	Indirect 間接	
Hunan Yinlian Xiangbei Nonferrous Metal Co., Ltd. ("Xiangbei Youse")*	The PRC	RMB50,000,000	–	100%	Trading of copper related products
湖南銀聯湘北有色金屬材料有限公司 ("湘北有色")*	中國	人民幣 50,000,000元	–	100%	買賣銅相關產品
Sichuan Zhixin Metal Materials Co., Ltd. ("Zhixin")*	The PRC	RMB49,470,300	–	100%	Trading of copper related products
四川致鑫金屬材料有限公司 ("致鑫")*	中國	人民幣 49,470,300元	–	100%	買賣銅相關產品
Fuqing Zhongjin Nonferrous Metal Co., Ltd. ("Fuqing Zhongjin")*	The PRC	RMB100,000,000	–	100%	Trading of copper related products
福清中金有色金屬材料有限公司 ("福清中金")*	中國	人民幣 100,000,000元	–	100%	買賣銅相關產品
Chengxin Copper Co., Ltd. ("Chengxin")*	The PRC	RMB10,000,000	–	100%	Processing of scrap copper for the manufacturing of copper related products
晨鑫銅業有限公司("晨鑫")*	中國	人民幣 10,000,000元	–	100%	加工生產銅相關產品所用的廢銅
Ganzhou Sanmei Copper Co., Ltd.	The PRC	HK\$12,000,000	–	100%	Investment holding
贛州三美銅業有限公司	中國	12,000,000港元	–	100%	投資控股
Mianyang Zhaofeng Copper Co., Ltd. ("Zhaofeng")	The PRC	RMB10,000,000	–	100%	Trading of copper related products
綿陽兆豐銅業有限公司("兆豐")	中國	人民幣 10,000,000元	–	100%	買賣銅相關產品
Hubei Rongsheng Copper Co., Ltd. ("Rongsheng")	The PRC	RMB7,602,000	–	100%	Processing of scrap copper for the manufacturing of copper related products
湖北融晟金屬製品有限公司("融晟")	中國	人民幣 7,602,000元	–	100%	加工生產銅相關產品所用的廢銅
Ningbo Jinxuan Nonferrous Metal Co., Ltd.*	The PRC	RMB60,000,000	–	100%	Trading of copper related products
寧波金煊有色金屬材料有限公司	中國	人民幣 60,000,000元	–	100%	買賣銅相關產品
Ningbo Xiangbei Supply Chain Management Co., Ltd.*	The PRC	RMB80,000,000	–	100%	Trading of copper related products
寧波湘北供應鏈管理有限公司*	中國	人民幣 80,000,000元	–	100%	買賣銅相關產品

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2020 截至2020年12月31日止年度

45. PARTICULARS OF THE SUBSIDIARIES OF THE COMPANY (Continued)

45. 本公司附屬公司的詳情(續)

Name of the subsidiary 附屬公司名稱	Place of incorporation/ establishment 註冊成立/ 註冊及營業地點	Paid up capital 繳足股本	Equity interest attributable to the Company at 31 December 本公司應佔權益百分比 於12月31日		Principal activity 主要業務
			Direct 直接	Indirect 間接	
Fujian Zhongjin Aluminum Technology Co., Ltd* 福建中金鋁業科技有限公司*	The PRC 中國	RMB100,000,000 人民幣 100,000,000元	–	100%	Trading of copper related products 買賣銅相關產品
Huili Boxin Copper Manufacturing Co., Ltd* 會理博鑫銅材製造有限公司*	The PRC 中國	RMB18,000,000 人民幣 18,000,000元	–	100%	Trading of copper related products 買賣銅相關產品
Chongqing Yuming Steel Distribution Co., Ltd* 重慶渝銘鋼材配送有限公司*	The PRC 中國	RMB100,000,000 人民幣 100,000,000元	–	100%	Trading of copper related products 買賣銅相關產品
Chongqing Yuming Aluminum Co., Ltd* 重慶渝銘鋁業有限公司*	The PRC 中國	RMB50,000,000 人民幣 50,000,000元	–	100%	Trading of copper related products 買賣銅相關產品
Chongqing Yuming Recycling Resources Development Co., Ltd* 重慶渝銘再生資源開發有限公司*	The PRC 中國	RMB50,000,000 人民幣 50,000,000元	–	100%	Trading of copper related products 買賣銅相關產品
Chongqing Yuming Metal materials Co., Ltd* 重慶渝銘金屬材料有限公司*	The PRC 中國	RMB50,000,000 人民幣 50,000,000元	–	100%	Trading of copper related products 買賣銅相關產品

* The English translation of the names is for reference only. The official names of these companies are in Chinese.

* 名稱的英文譯文僅作參閱。該等公司的官方名稱為中文。

The above list contains the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group.

上表只列出對本集團業績、資產或負債有重要影響的附屬公司詳情。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2020 截至2020年12月31日止年度

46. EVENTS AFTER THE REPORTING PERIOD

- (a) On 15 June 2018, the Company, each of the relevant suppliers and each of the relevant subscribers entered into an annual procurement agreement, pursuant to which each of the suppliers agreed to supply a targeted amount of copper scrap raw materials to the Group from 16 June 2018 to 15 June 2019, the purchase price of which shall be partly satisfied with cash and partly satisfied with consideration shares.

On 1 March 2021, pursuant to the annual procurement agreements, based on the copper scrap raw materials supplied to the Group, 33,882,652 consideration shares were allotted and issued pursuant to the general mandate granted to the Directors by a resolution of the shareholders passed at the annual general meeting held on 5 September 2020.

- (b) On 18 March 2021, 618,490,566 ordinary shares were allotted and issued at HK\$0.465 each to Mianyang Fule Investment Co., Ltd ("Mianyang Fule") pursuant to the specific mandate granted at the extraordinary general meeting held on 26 February 2021. The aggregate subscription price for all 618,490,566 subscription shares amounted to HK\$287,598,113 (equivalent to RMB261,452,830) was settled by Mianyang Fule by way of set-off against the outstanding liabilities owed by the Group to the Mianyang Fule.

47. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the Board of Directors on 31 March 2021.

46. 報告期後事項

- (a) 於2018年6月15日，本公司、各有關供應商及各有關認購方訂立年度供應協議，據此，各供應商同意從2018年6月16日至2019年6月15日供應目標數量的廢舊銅原材料予本集團，有關採購價以現金及代價股份結算。

於2021年3月1日，根據補充年度供應協議，按供應予本集團的廢舊銅原材料，根據於2020年9月5日舉行的股東週年大會上獲股東通過的決議案授予董事的一般授權，33,882,652股代價股份已配發及發行。

- (b) 於2021年3月18日，根據2021年2月26日舉行的股東特別大會授出的特別授權，每股0.465港元的618,490,566股普通股已向富樂配發及發行。618,490,566股認購股份的總認購價為287,598,113港元（相當於人民幣261,452,830元），已由富樂以抵銷本集團結欠富樂之未償還負債的方式結算。

47. 批准綜合財務報表

該等綜合財務報表已於2021年3月31日經董事會批准及授權刊發。

FIVE YEAR FINANCIAL SUMMARY

五年財務概要

31 December 2020 2020年12月31日

ASSETS AND LIABILITIES

資產及負債

		2020 2019年 RMB'000 人民幣千元	2019 2018年 RMB'000 人民幣千元	2018 2017年 RMB'000 人民幣千元	2017 2016年 RMB'000 人民幣千元	2016 2015年 RMB'000 人民幣千元
Total assets	總資產	6,257,670	5,200,642	4,703,524	3,398,835	2,278,476
Total liabilities	總負債	(4,769,535)	(3,390,555)	(2,797,747)	(1,862,459)	(1,470,768)
Net assets	淨資產	1,488,135	1,810,087	1,905,777	1,536,376	807,708
Results	業績					
Profit/(loss) for the year	年內溢利/(虧損)	(387,249)	(217,336)	20,123	184,583	(311,618)
Total comprehensive income/(loss) for the year	年內全面收益/(虧損)總額	(344,237)	(242,271)	(31,131)	188,480	(329,086)

CORPORATE INFORMATION

公司資料

DIRECTORS

Executive Directors

Yu Jianqiu
Kwong Wai Sun Wilson
Huang Weiping
Zhu Yufen

Independent Non-executive Directors

Lee Ting Bun Denny
Pan Liansheng
Ren Ruxian

REGISTERED OFFICE

Cricket Square, Hutchins Drive PO Box 2681
Grand Cayman, KY1-1111
Cayman Islands

HEAD OFFICE IN THE PRC

She Nos 1, 3 and 8
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Youxian District Mianyang
Sichuan Province
China

PLACE OF BUSINESS IN HONG KONG

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Cosco Tower
183 Queen's Road Central
Hong Kong

COMPANY SECRETARY

Cheung Ying Kwan

AUDITORS

ZHONGHUI ANDA CPA Limited
Certified Public Accountants

LEGAL ADVISORS

As to Hong Kong law
Herbert Smith Freehills
As to PRC law
Chen & Co Law Firm

董事

執行董事

俞建秋
鄺偉信
黃偉萍
朱玉芬

獨立非執行董事

李廷斌
潘連勝
任汝嫻

註冊辦事處

Cricket Square, Hutchins Drive PO Box 2681
Grand Cayman, KY1-1111
Cayman Islands

中國總辦事處

中國
四川省
綿陽市游仙區
小觀溝鎮順河村
1、3及8社

香港營業地點

香港
皇后大道中183號
中遠大廈
44樓2-3室

公司秘書

張應坤

核數師

中匯安達會計師事務所有限公司
執業會計師

法律顧問

有關香港法律
史密夫斐爾律師事務所
有關中國法律
瑛明律師事務所

CORPORATE INFORMATION

公司資料

AUDIT AND CORPORATE GOVERNANCE COMMITTEE

Lee Ting Bun Denny (Chairperson)
Pan Liansheng
Ren Ruxian

REMUNERATION COMMITTEE

Pan Liangsheng (Chairperson)
Lee Ting Bun Denny
Ren Ruxian

NOMINATION COMMITTEE

Ren Ruxian (Chairperson)
Lee Ting Bun Denny
Pan Liansheng

AUTHORIZED REPRESENTATIVES PURSUANT TO THE LISTING RULES

Kwong Wai Sun Wilson
Cheung Ying Kwan

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Codan Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive
PO Box 2681
Grand Cayman, KY1-1111
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor, Hopewell Centre
183 Queen's Road East, Wanchai
Hong Kong

PRINCIPAL BANKERS

Standard Chartered Bank (Hong Kong) Limited
Industrial and Commercial Bank of China
Mianyang Commercial Bank
Huarong Xiangjiang Bank

COMPANY WEBSITE

<http://www.cmru.com.cn>

STOCK CODE

1636

審核及企業管治委員會

李廷斌(主席)
潘連勝
任汝嫻

薪酬委員會

潘連勝(主席)
李廷斌
任汝嫻

提名委員會

任汝嫻(主席)
李廷斌
潘連勝

根據上市規則的授權代表

鄺偉信
張應坤

股份過戶登記總處

Codan Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive
PO Box 2681
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Cayman Islands

香港股份過戶登記分處

香港中央證券登記有限公司
香港
灣仔皇后大道東183號
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主要往來銀行

渣打銀行(香港)有限公司
中國工商銀行
綿陽市商業銀行
華融湘江銀行

公司網站

<http://www.cmru.com.cn>

股份代號

1636



China Metal Resources Utilization Limited
中國金屬資源利用有限公司



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