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China CBM Group Company Limited

中國煤層氣集團有限公司

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)

(Stock Code: 8270)

SUPPLEMENTAL ANNOUNCEMENT ON THE ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2019

Reference is made to the announcement of China CBM Group Company Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) dated 27 March 2020 on unaudited annual results announcement for the year ended 31 December 2019 (the “**Announcement**”).

The board of directors (the “**Board**”) of the Company is pleased to announce that as at the date of this announcement, the Company’s external auditors, KTC PARTNERS CPA LIMITED, has completed its audit of the annual results of the Group for the year ended 31 December 2019 (the “**2019 Annual Results**”). The audited annual results for the year ended 31 December 2019 were approved by the Board on 11 May 2020. This announcement, containing the full text of the 2019 annual report of the Company, complies with the relevant requirements of the Rules Governing the Listing of Securities on GEM of The Stock Exchange of Hong Kong Limited (“**GEM Listing Rules**”) in relation to information to accompany preliminary announcements of the annual results.

MATERIAL DIFFERENCES BETWEEN UNAUDITED AND AUDITED ANNUAL RESULTS

The auditing process for the 2019 Annual Results had not been completed as at the date of publication of the Announcement. Since subsequent adjustments have been made to the unaudited annual results of the Group contained in the Announcement upon the completion of audit, shareholders and potential investors of the Company are advised to pay attention to certain differences between the unaudited annual results of the Group contained in the Announcement and the audited annual results of the Group in this announcement. Set forth below are principal details and reasons for the differences in such financial information.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Audited Annual Results 2019 RMB'000	Unaudited Annual Results Disclosed in the Announcement 2019 RMB'000	Difference RMB'000	<i>Notes</i>
Other income and gains or losses	4,229	10,625	(6,396)	(i)
Impairment loss on property, plant and equipment	(40,637)	–	(40,637)	(ii)
Impairment loss under expected credit loss model, net of reversal	(3,499)	(2,230)	(1,269)	(iii)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Audited Annual Results 2019 RMB'000	Unaudited Annual Results Disclosed in the Announcement 2019 RMB'000	Difference RMB'000	<i>Notes</i>
Non-current assets				
Property, plant and equipment	442,489	480,910	(38,421)	(iv)
Deposits and prepayments	2,821	821	2,000	(v)
Currents assets				
Trade and other receivables	52,332	57,074	(4,742)	(vi)
Current liabilities				
Convertible bonds	(15,604)	–	(15,604)	(vii)
Non-current liabilities				
Convertible bonds	–	(15,604)	15,604	(vii)
Capital and reserves				
Reserves	174,644	209,426	(34,782)	(viii)

Notes:

- i. The difference in other income and gains or losses was mainly due to overprovision for value-added tax refund.
- ii. The difference in impairment loss on property, plant and equipment was due to further provision for impairment of property, plant and equipment was made by reference to the valuation report.
- iii. The difference in impairment loss under expected credit loss model was due to further impairment of other receivables was made.
- iv. The difference in property, plant and equipment was mainly due to further provision for impairment loss was made.

- v. The difference in deposits and prepayments was due to the reclassification for warranty money from current portion included in trade and other receivables.
- vi. The difference in trade and other receivables was mainly due to further provision for impairment loss of other receivables and the reclassification of RMB2,000,000 to deposits and prepayments (See note v above).
- vii. The difference in convertible bonds was due to reclassification from non-current portion to current portion.
- viii. The difference in reserve was mainly due to the increase in loss for the year.

AUDITOR’S AGREEMENT ON THE 2019 ANNUAL RESULTS

Following the adjustments described in Notes (i) to (viii) above, the Company’s external auditor, KTC PARTNERS CPA LIMITED, has agreed on the 2019 Annual Results (including the financial figures in respect of the Group’s consolidated statement of profit or loss and other comprehensive income, consolidated statement of financial position and the related notes thereto) as set out in the Announcement. The audited annual results of the Group for the year ended 31 December 2019 have been reviewed by the audit committee of the Company and were approved by the Board on 11 May 2020.

PUBLICATION OF ANNUAL REPORT

As the audit for the 2019 Annual Results has been completed, the Company expects to despatch the annual report for the year ended 31 December 2019 on or before 15 May 2020.

By order of the Board
China CBM Group Company Limited
Wang Zhong Sheng
Chairman

Hong Kong, 11 May 2020

As at the date hereof, the executive Directors are Mr. Wang Zhong Sheng and Mr. Chang Jian, the non-executive Directors are Mr. Wang Chen, Mr. Liang Feng and Mr. Wu Kun, and the independent non-executive Directors are Mr. Lau Chun Pong, Mr. Wang Zhi He and Mr. Xu Yuan Jian.

This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive; and there are no other matters the omission of which would make any statement herein or this announcement misleading.

This announcement will remain on the “Latest Listed Company Information” page of the GEM website for at least 7 days from the date of its posting.

CHARACTERISTICS OF THE GEM (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.

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This report, for which the directors (the “Directors”) of China CBM Group Company Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, there are no other matters the omission of which would make any statement herein or this report misleading and that all opinions expressed in this report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

This report will remain on the “Latest Company Announcements” page of the GEM website at www.hkgem.com for at least seven days from the date of its publication.

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GEM的定位，乃為中小型公司提供一個上市的市場，此等公司相比起其他在聯交所上市的公司帶有較高投資風險。有意投資之人士應了解投資於該等公司之潛在風險，並應經過審慎周詳之考慮後方作出投資決定。

由於GEM上市公司普遍為中小型公司，在GEM買賣之證券可能會較於聯交所主板買賣之證券承受較大之市場波動風險，同時無法保證在GEM買賣之證券將會有高流通量之市場。

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本報告的資料乃遵照聯交所GEM證券上市規則(「GEM上市規則」)而刊載，旨在提供有關中國煤層氣集團有限公司(「本公司」)的資料；本公司的董事(「董事」)願就本報告的資料共同及個別地承擔全部責任。各董事在作出一切合理查詢後，確認就其所知及所信，本報告所載資料在各重要方面均屬準確完備，沒有誤導或欺詐成份，並無遺漏其他事項致使本報告所載任何陳述或本報告產生誤導，且本報告所表達的一切意見乃經審慎周詳考慮後作出，並建基於公平和合理的基準及假設。

本報告將自其刊發日期起最少一連七日載於GEM網站www.hkgem.com的「最新公司公告」網頁。

CONTENTS 目錄

Corporate Information	公司資料	3
Corporate Profile	公司簡介	6
Chairman's Statement	主席報告	7
Management Discussion and Analysis	管理層討論及分析	11
Corporate Governance Report	企業管治報告	18
Biographical Information of Directors and Key Management	董事及主要管理層履歷資料	34
Directors' Report	董事會報告	37
Independent Auditors' Report	獨立核數師報告	50
Consolidated Statement of Profit or Loss	綜合損益表	56
Consolidated Statement of Profit or Loss and Other Comprehensive Income	綜合損益及其他全面收益表	57
Consolidated Statement of Financial Position	綜合財務狀況表	58
Consolidated Statement of Changes in Equity	綜合權益變動表	60
Consolidated Statement of Cash Flows	綜合現金流量表	61
Notes to the Consolidated Financial Statements	綜合財務報表附註	63
Five Year Financial Summary	五年財務摘要	191

CORPORATE INFORMATION 公司資料

BOARD OF DIRECTORS

Executive Directors

Mr. Wang Zhong Sheng (*Chairman*)
Mr. Fu Shou Gang
(resigned on 19 June 2019)
Mr. Chang Jian
(appointed in 19 June 2019)

Non-Executive Directors

Mr. Liang Feng
(appointed on 19 June 2019)
Mr. Wang Chen
(appointed on 19 June 2019)
Mr. Wu Kun
(appointed on 19 June 2019)

Independent Non-Executive Directors

Mr. Lau Chun Pong
Mr. Luo Wei Kun
(retired on 27 May 2019)
Mr. Wang Zhi He
Mr. Xu Yuan Jian
(appointed on 23 August 2019)

AUDIT COMMITTEE

Mr. Lau Chun Pong (*Chairman of audit committee*)
Mr. Luo Wei Kun
(retired on 27 May 2019)
Mr. Wang Zhi He
Mr. Xu Yuan Jian
(appointed on 23 August 2019)

NOMINATION COMMITTEE

Mr. Wang Zhi He (*Chairman of nomination committee*)
Mr. Lau Chun Pong
Mr. Luo Wei Kun
(retired on 27 May 2019)
Mr. Xu Yuan Jian
(appointed on 23 August 2019)

董事會

執行董事

王忠勝先生 (*主席*)
付壽剛先生
(於二零一九年六月十九日辭任)
常建先生
(於二零一九年六月十九日獲委任)

非執行董事

梁峰先生
(於二零一九年六月十九日獲委任)
王琛先生
(於二零一九年六月十九日獲委任)
鄔昆先生
(於二零一九年六月十九日獲委任)

獨立非執行董事

劉振邦先生
羅維崑先生
(於二零一九年五月二十七日退任)
王之和先生
徐願堅先生
(於二零一九年八月二十三日獲委任)

審核委員會

劉振邦先生 (*審核委員會主席*)
羅維崑先生
(於二零一九年五月二十七日退任)
王之和先生
徐願堅先生
(於二零一九年八月二十三日獲委任)

提名委員會

王之和先生 (*提名委員會主席*)
劉振邦先生
羅維崑先生
(於二零一九年五月二十七日退任)
徐願堅先生
(於二零一九年八月二十三日獲委任)

CORPORATE INFORMATION

公司資料

REMUNERATION COMMITTEE

Mr. Lau Chun Pong (*Chairman of remuneration committee*)
Mr. Luo Wei Kun
(retired on 27 May 2019)
Mr. Wang Zhi He
Mr. Xu Yuan Jian
(appointed on 23 August 2019)

COMPANY SECRETARY

Mr. Lui Chi Keung
(resigned on 31 January 2020)
Mr. Tse Chun Lai
(appointed on 31 January 2020)

COMPLIANCE OFFICER

Mr. Wang Zhong Sheng

AUTHORISED REPRESENTATIVES

Mr. Wang Zhong Sheng
Mr. Tse Chun Lai

HEAD OFFICE & PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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REGISTERED OFFICE

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Bermuda

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Codan Services Limited
Clarendon House
2 Church Street
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薪酬委員會

劉振邦先生 (*薪酬委員會主席*)
羅維崑先生
(於二零一九年五月二十七日退任)
王之和先生
徐願堅先生
(於二零一九年八月二十三日獲委任)

公司秘書

呂志強先生
(於二零二零年一月三十一日辭任)
謝進禮先生
(於二零二零年一月三十一日獲委任)

監察主任

王忠勝先生

授權代表

王忠勝先生
謝進禮先生

香港總辦事處兼主要營業地點

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19樓20室

註冊辦事處

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Hamilton HM11
Bermuda

主要股份過戶登記處

Codan Services Limited
Clarendon House
2 Church Street
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CORPORATE INFORMATION 公司資料

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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183 Queen's Road East
Hong Kong

AUDITOR

KTC Partners CPA Limited

LEGAL ADVISER AS TO HONG KONG LAW

Michael Li & Co
19th Floor
Prosperity Tower
39 Queen's Road Central
Central, Hong Kong

PRINCIPAL BANKER

Bank of China (Hong Kong) Limited

STOCK CODE

08270

香港股份過戶登記分處

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皇后大道東183號
合和中心22樓

核數師

和信會計師事務所有限公司

香港法律之法律顧問

李智聰律師事務所
香港中環
皇后大道中三十九號
豐盛創建大廈
十九樓

主要往來銀行

中國銀行(香港)有限公司

股份代號

08270

CORPORATE PROFILE

公司簡介

China CBM Group Company Limited and its subsidiaries (collectively referred to as the “Group”) currently conduct the business of manufacture and sales of liquefied coalbed gas whose operations are located in the PRC. The Company was incorporated in Cayman Islands as an exempted company with limited liability in July 2002 and continued in Bermuda as an exempted company with limited liabilities in accordance with the Company Act 1981 (as amended) of Bermuda. It was initially listed on the GEM (“GEM”) of The Stock Exchange of Hong Kong Limited on 12 August 2003.

The Group is principally engaged in the business of exploitation, liquefaction production and sales of natural gas in the PRC. Headquartered in Tianjin. The Group’s production of liquefied coalbed gas is in Shanxi Qinshui Basin which boasts the richest liquefied coalbed gas, while its distribution network extends to Shanxi, Guangxi and Guangdong Provinces, etc..

In order to stabilise our natural gas supply and hence raise the utilisation of our liquefied natural gas (“LNG”) plant, the Group has made significant investment in resources exploration and exploitation at the coalbed methane blocks located in Yangcheng, Shanxi since July 2011. The Group had successfully supplied gas to the LNG plant. The commercial production of coalbed gas has transformed our Group into a vertically integrated natural gas company and continued to enhance our leading position in China’s unconventional gas market.

The Group will adhere to the principle of “social responsibility is of overriding importance” while exploring and developing in the new energy sector with an aim to provide the world with high-quality clean energy and keep improving and promoting the harmonious coexistence of man and nature.

中國煤層氣集團有限公司及其附屬公司（統稱「本集團」）目前在中國經營液化煤層氣生產及銷售業務。本公司於二零零二年七月在開曼群島註冊成立為獲豁免有限公司，並根據百慕達一九八一年公司法（經修訂）於百慕達存續為獲豁免有限公司。本公司股份於二零零三年八月十二日初次在香港聯合交易所有限公司GEM（「GEM」）上市。

本集團目前主要於中國從事天然氣開採、液化生產及銷售業務。本集團之總部設於天津。本集團的液化煤層氣生產則設於液化煤層氣氣源最豐富的山西沁水盆地，銷售業務覆蓋山西、廣西、廣東等地。

為獲得更為穩定的天然氣供應以提高我們液化天然氣（「液化天然氣」）工廠的利用率，自二零一一年七月起，本集團於山西陽城的煤層氣田的資源勘探及開採方面作出大量投資，已實現向液化天然氣工廠供氣。煤層氣的商業生產已令本集團成為垂直一體化的天然氣公司，並繼續增強我們在中國非常規天然氣市場的領先地位。

本集團將本著「社會責任高於一切」的工作態度，努力在新能源領域不斷探索和發展，為人類提供優質的清潔能源，持續改善和促進人與自然的和諧共存。

CHAIRMAN'S STATEMENT 主席報告

Dear Shareholders,

I am pleased to present the audited financial results of the Group for the year ended 31 December 2019.

OVERALL BUSINESS REVIEW

After years of development, we have achieved the goal of turning ourselves into a vertically integrated natural gas producer with complete value chain businesses. We have established a complete business process covering Coalbed Methane ("CBM") extraction, liquefaction, pipelines and highway transportation, distribution network and technical services. The Group adjusted its business in 2018 by suspending the LNG business, but its CBM extraction and production business did not stop. As at 31 December 2019, we have completed the groundwork and drilling of 244 wells in the Yangcheng gas block which resulted in stable increase of the number of production wells and gas output. Due to suspension of production by the Qinshui Shuntai LNG plant, the developed natural gas would be delivered directly to customers by pipeline.

EXTRACTION AND PRODUCTION BUSINESS REVIEW

During 2019, the construction of new wells was somewhat affected by our focus on improving capabilities of production wells. As at 31 December 2019, we have completed the ground work and drilling of a total of 244 CBM wells, of which 199 wells were producing gas. The gas output volume of the existing production wells amounts to 850 cubic meters per day per well on average. Thanks to the stable gas output in gas blocks, the Group has generated revenue, profit and cash flow from the business of exploitation of natural gas, and its profitability and cash flow position will be further improved as the number and capabilities of production wells further increase.

各位股東：

本人欣然呈報本集團截至二零一九年十二月三十一日止年度之經審核財務業績。

整體業務回顧

經過多年的努力，我們已經實現了將自身打造為垂直一體化的具有完整產業鏈的天然氣生產商的目標，建立了包括煤層氣開採、液化、管道和公路運輸、終端分銷、技術服務等在內的一整套產業流程。本集團於2018年對業務進行了調整，停止了液化天然氣業務，但本集團之開採及生產煤層氣業務並沒有停止。截至二零一九年十二月三十一日，我們完成了陽城天然氣區塊244口井的地面施工及打井，生產井數量和出氣井產量穩步提升，由於沁水順泰液化天然氣工廠停產，所以開發之天然氣會直接由管道輸送至銷售客戶。

開採及生產業務回顧

雖然二零一九年很大部分精力都放在了提高生產井的產能上，新井的建設受到一定程度的影響，截至二零一九年十二月三十一日止，本集團已累計完成了244口煤層氣井的地面施工及打井，其中，投產井數目為199口。現有的可出氣井之平均單井出氣量可達每天850立方米。由於天然氣區塊出氣量穩定，天然氣開採業務獲得收益、溢利及現金流量，隨著生產井數量的增加和產能的進一步提升，本集團的盈利能力和現金流情況將進一步改善。

CHAIRMAN'S STATEMENT 主席報告

MARKETING BUSINESS REVIEW

After years of development, the Group has developed a diversified customer base comprising industrial, commercial and resident customers and established complete distribution channel and network. In addition, we have also taken different measures to maximise the profitability of our gas sale. In 2019, we used different sales mix and flexibly selected various equipment such as pipeline, cylinder group, gas station and skid-mounted equipment to sell gas to our customers. With commencement of the related work, we will be able to reduce the uncertainty in future natural gas sales and optimise our sales mix, i.e. shifting towards a balanced mix from a residential user dominated mix.

EMPHASIS ON TECHNOLOGIES ADVANCEMENT

In order to ensure the smooth development of our exploration and production business and the continuous improvement of technologies, and to maintain our leading position in technological advancement, we actively worked with research institutes to build and expand our professional technical team, so as to provide professional and advanced technical services to our exploration and liquefaction production business. In the future, we will be investing heavily in developing and advancing our CBM extraction technology and techniques.

ENVIRONMENTAL, SOCIAL AND CORPORATE RESPONSIBILITY

As a responsible corporation, the Group is committed to observing its environmental and social responsibility, in order to ensure sustainable development of its business. To the knowledge of the Directors, the Group has complied with all material relevant applicable laws and regulations in relation to its business including employment and the environment. The Group encourages employees, customers, suppliers and other stakeholders to participate in environmental and social activities. The Company as a leading CBM company will seize opportunities to grow our CBM business on a long term sustainable basis.

市場營銷業務回顧

經過多年的經營，本集團已經積累了包括工業、商業和居民使用者在內的多種客戶群，形成了完善的銷售管道和終端，此外，我們亦已採取多項不同的措施來盡可能地改善我們天然氣銷售的利潤率。在二零一九年，我們通過不同的銷售組合，靈活選擇管道、瓶組、加氣站、撬裝等設備向客戶銷售天然氣。隨著相關工作進一步推進，我們將能夠降低未來天然氣銷售中的不確定性，並優化我們的銷售組合（即由居民用戶主導的組合轉變為一個更為均衡的組合）。

注重技術升級

為確保我們的開採及生產業務得以順利發展、專業技術能夠不斷提升及保持技術領先的地位，我們積極開展和相關科研院所的合作，建立和擴充我們專業的技術團隊，為開採和液化生產業務提供專業、先進的技術服務。未來我們仍將投入大量資金來開發及提升我們的煤層氣開採技術及方法。

環境、社會及企業責任

作為一間負責任之企業，本集團致力履行其環境及社會責任，以確保其業務可持續發展。就董事所知，本集團已遵守所有與其業務有關且屬重大之相關適用法例及法規（包括就業及環境）。本集團亦鼓勵僱員、客戶、供應商及其他權益人參與環境及社會活動。本公司作為一間領先的煤層氣公司將把握機會推動其煤層氣業務長期持續增長。

CHAIRMAN'S STATEMENT

主席報告

PERMITTED INDEMNITY PROVISION

The bye-laws provide that the directors shall be indemnified out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which they or any of them 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.

The Company has taken out and maintained directors' liability insurance which provides appropriate cover for the directors and directors of the subsidiaries of the Group.

OUTLOOK

At present, demand for natural gas is increasing in China with huge growth potential. As pollution is worsening in China, governments at all levels are placing more emphasis on development of clean energy, which shows great potential in further development, recognizing the rising advocacy of safer – especially under the recent nuclear power crisis – and cleaner energy. However, the existing conventional natural gas production is unlikely to satisfy China's strong demand of natural gas in the coming years; and we believe that it is inevitable that the PRC government would need to encourage the unconventional gas production. With all the favourable policies and measures in place, there is no doubt that the Company, as a leading CBM company, will gain major benefits. We will seize this opportunity to grow our CBM business on a long term sustainable basis and would try our very best to maximize our shareholders' investment return.

To carry through the Group's spirit of advancement by innovation, the Group has since the beginning of 2017 commenced the research and development (R&D) on natural gas production by coal. The Group has entered into in-depth strategic cooperation with Institute of Process Engineering under Chinese Academy of Sciences on projects of researching, developing and commercializing the natural gas production by coal. The Group has commenced the process of commercialized design in the second half of 2019 and small-scale production is expected to start in the second half of 2020. In addition, the Group plans to realize the daily output to 350,000 cubic meters at the end of 2020 and realize the daily output to 850,000 cubic meters by the mid of 2021. The Group's wells and projects of natural gas production by coals are expected to provide stable natural gas supply to its LNG plants in the second half of 2020. Therefore, the Group expects the LNG business to resume operation in second half of 2020.

獲准許之彌償條文

公司細則規定，如董事在執行其各自職務之職責或假定職責或與此相關之事務時因所作出、發生之任何行為或不作為而應會或可能招致或蒙受訴訟、成本、費用、損失、損害及開支，則彼等或彼等任何一方均應自本公司之資產及溢利中獲彌償一切有關之款項。

本公司已購買並維持董事責任保險，為董事及本集團附屬公司之董事提供適當保障。

展望

目前中國的天然氣需求不斷增長，市場潛力巨大。隨著國內污染情況的加劇，各級政府對發展清潔能源的重視程度也與日俱增，顯示其進一步發展的潛力巨大，反映出市場對更安全（特別是經歷最近的核能源危機後）及潔淨能源的需求逐漸增加。然而，現有的常規天然氣產量不大可能滿足未來數年中國對天然氣的強勁需求；我們相信中國政府勢必會鼓勵非常規天然氣的生產。隨著各種優惠政策及措施的出臺，本公司作為領先的煤層氣公司無疑將會獲得重大利好。我們將緊抓這個機會推動煤層氣業務的長期持續增長，並將竭盡所能，力求最大程度地提升我們股東的投資回報。

為貫徹本集團創新進步的精神，本集團自2017年起自主研發煤制天然氣項目，已經與中國科學院過程研究所達成深度戰略合作，共同研究開發並產業化煤製天然氣項目。本集團已於二零一九年下半年開始產業化設計階段，預計2020年下半年實現小規模投產，更計劃於二零二零年年末實現產能日產35萬方，二零二一年中實現日產85萬方。預期2020年下半年本集團的井口自產氣與煤製天然氣能給予液化天然氣工廠穩定的天然氣供應，所以本集團估計液化天然氣業務將於2020年下半年重新起動。

CHAIRMAN'S STATEMENT

主席報告

Lastly, I would like to take this opportunity to thank our team for all their hard work in the past years for turning the Group a better enterprise than I have ever seen. Going forward, I believe that our team will pay more efforts in making the Group a leading enterprise in China's CBM industry and other innovative industries.

Wang Zhong Sheng

Chairman

11 May 2020

最後，本人藉此機會，感謝我們的團隊在過去數年中為推動本集團不斷進步而付出的辛勤努力。展望未來，我相信我們的團隊必會加倍努力，將本集團打造為中國煤層氣及其他創新行業的領先企業。

王忠勝

主席

二零二零年五月十一日

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

FINANCIAL REVIEW

The Group recorded a consolidated turnover of approximately RMB168,229,000 for the year ended 31 December 2019, representing a slightly increase of approximately 0.08% compared with year ended 31 December 2018. It is mainly due to (1) the stable output volume of the coalbed methane wells in our coalbed methane blocks located in Yangcheng; (2) however, the decrease of 100% in sales of liquefied coalbed gas set off the increase of the sales of gas supply connection services.

The Group recorded a loss attributable to equity shareholders of the Company for the year ended 31 December 2019 of approximately RMB63,510,000 compared with that of approximately RMB105,686,000 for the year ended 31 December 2018. The decrease in loss attributable to equity shareholders of the Company are mainly due to (i) the written off of property, plant and equipment and other receivable decreased by RMB22,767,000 compared with 2018; (ii) a significant decrease in impairment loss under expected credit loss model, net of RMB28,118,000 compared with 2018.

財務回顧

本集團於截至二零一九年十二月三十一日止年度錄得綜合營業額約人民幣168,229,000元，較截至二零一八年十二月三十一日止年度輕微增加約0.08%。主要由於(1)位於陽城的煤層氣田的煤層氣井產量穩定；(2)然而，液化煤層氣之銷售下跌100%，抵銷了供氣接駁服務銷售的增幅。

本集團於截至二零一九年十二月三十一日止年度錄得本公司權益股東應佔虧損約人民幣63,510,000元，而截至二零一八年十二月三十一日止年度則約為人民幣105,686,000元。本公司權益股東應佔虧損減少主要由於(i)物業、廠房及設備撇銷及其他應收款項較二零一八年減少人民幣22,767,000元；(ii)預期信貸虧損模型下減值虧損淨額較二零一八年大幅下跌人民幣28,118,000元。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

BUSINESS REVIEW AND DEVELOPMENT PROSPECTS

Resources and reserves

Yangcheng Huiyang New Energy Development Company Limited (hereinafter referred to as "Huiyang New Energy") has interest in certain CBM properties located at Shanxi Province, the PRC. The Yangcheng area is approximately 96 km² in the Shanxi Province, the PRC. Development within the Yangcheng gas block is focused on the #3 and #15 coal seams. These CBM properties are located at various coal mine areas owned by Shanxi Yangcheng Yangtai Group Industrial Company Limited. Huiyang New Energy is a joint venture company and 60% of its equity interests is held by one of the wholly-owned subsidiaries of the Group.

The movements in the reserves of certain CBM properties as of 31 December 2019 are set out below:

業務回顧及發展前景

資源及儲量

陽城縣惠陽新能源發展有限公司(下稱「惠陽新能源」)於位於中國山西省的若干煤層氣資產擁有權益。陽城地區位於中國山西省，面積約96平方公里。陽城天然氣區塊主要開發3號和15號煤層。該等煤層氣資產位於山西陽城陽泰集團實業有限公司擁有的多個煤礦區域內。惠陽新能源為一間合營企業，其60%股本權益由本集團其中一間全資附屬公司持有。

若干煤層氣資產截至二零一九年十二月三十一日的儲量變化於下文載列：

		Reserve evaluation of the CBM properties as at 31 December 2019 BCF 於二零一九年 十二月三十一日 的煤層氣資產 儲量評估 十億立方英尺	Reserve evaluation of the CBM properties as at 31 March 2012 BCF 於二零一二年 三月三十一日 的煤層氣資產 儲量評估 十億立方英尺
Total original gas in place on all blocks	所有區塊的原始天然氣地質總含量	1,936	2,724
Net 1P (Proved) reserves	已證實(1P)淨儲量	1,089	35
Net 2P (Proved + Probable) reserves	已證實加概略(2P)淨儲量	1,547	277
Net 3P (Proved + Probable + Possible) reserves	已證實加概略加可能(3P)淨儲量	1,936	2,050

The change in the 1P, 2P and 3P is based on the professional advice by the Engineer of our Group.

(1P), (2P)及(3P)的變更乃基於本集團工程師的專業意見。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

The reserve evaluation of the CBM properties as at 31 March 2012 is the results of evaluation conducted by an independent, US-licensed natural gas reserve engineer, Netherlands, Sewell & Associates, Inc. (“NSAI”) engaged by the Company in 2011 to evaluate the CBM properties reserves.

Due to continued development of the gas field blocks by the Company, the number and scope of the gas production wells are relatively increased as compared with that of 2012, enabling the Company to collect more data about the CBM properties to evaluate the CBM properties more accurately. Accordingly, the Company engaged an independent professional valuer in the PRC in July 2014 to evaluate certain CBM properties of “Huiyang New Energy” in terms of net 3P (Proved + Probable + Possible) reserves, net 2P (Proved + Probable) reserves and net 1P (Proved) reserves based on substantially the same definitions and guidelines as that of NSAI in 2012. According to the results of the evaluation, the total original gas in place on all blocks was generally unchanged as compared with that of NSAI in 2012. Based on the current costs for developing wells, the technical department of the Group estimates the capital expenditure for each well to be approximately RMB1.4 million, mainly comprising of road maintenance fees of approximately RMB0.09 million, drilling expenses of approximately RMB0.86 million, well testing fees of approximately RMB0.04 million and costs of equipment and materials of approximately RMB0.41 million.

Gas volumes are expressed in billion of cubic feet (BCF) at standard temperature and pressure bases. The reserves shown in the above table are estimates only and should not be construed as exact quantities. Proved reserves are those quantities of oil and gas which, by analysis of engineering and geoscience data, can be estimated with reasonable certainty to be commercially recoverable; probable and possible reserves are those additional reserves which are sequentially less certain to be recovered than proved reserves. Estimates of reserves may increase or decrease as a result of market conditions, future operations, changes in regulations, or actual reservoir performance.

二零一二年三月三十一日的煤層氣資產儲量評估是本公司於二零一一年委聘獨立美國持牌天然氣儲量工程師 Netherlands, Sewell & Associates, Inc. (「NSAI」) 對煤層氣資產儲量的評估結果。

由於氣田區塊得到本公司的持續發展，產氣井口數量及範圍比二零一二年相對地提高，這促使本公司能夠搜集更多煤層氣資產的數據，藉此對煤層氣資產作出更準確的評估。所以本公司於二零一四年七月已聘請中國境內之獨立專業評估機構對「惠陽新能源」的若干煤層氣資產作出以上對於已證實加概略加可能(3P)淨儲量、已證實加概略(2P)淨儲量和已證實(1P)淨儲量的評估，而評估的定義及指引與二零一二年NSAI之定義及指引大致相同。根據評估的結果，所有區塊的原始天然氣地質總含量與二零一二年NSAI之評估大致沒有變動。根據本集團技術部門以目前開發井口成本計算，預計每一口井的資本支出約人民幣140萬元，主要包括道路維修費用約人民幣9萬元、鑽井費用約人民幣86萬元、測試井口費用約人民幣4萬元及設備材料費用約人民幣41萬元。

天然氣儲量乃按標準溫度及壓力以十億立方英尺(BCF)表示。上表所載的儲量僅為估計之數，不應當作實際數量。已證實儲量為透過分析工程及地質數據可合理肯定可作商業性採收而加以估計的石油及天然氣數量；概略及可能儲量為可採收機會依次低於已證實儲量的額外儲量。儲量估計可能因市況、未來營運、監管變動或實際儲層情況而增加或減少。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

Natural Gas Exploration and Extraction

As at 31 December 2019, the Group has completed the ground work and drilling of 244 CBM wells, among which 199 wells were in production, representing no change in number of wells compared with the number of wells at the end of 2018. The existing gas output wells produce approximately 850 cubic meters of gas on average per day.

Marketing and Sales

During 2019, the marketing and sales systems did not change significantly and the personnel structure and sales strategies basically remained the same. Affected by overall environment, the sales price during traditional peak periods did not represent a substantial increase as the previous year, by contrast, the sales price took on a descending trend, which, to some extent, has affected the sales performance.

Liquidity, Financial Resources and Capital Structure

As at 31 December 2019, the Group had net assets of approximately RMB153,143,000, including cash and bank balances of approximately RMB18,265,000. To minimize financial risks, the Group implements stringent financial and risk management strategies and avoids the use of highly-g geared financing arrangements. The Group's gearing ratio, calculated by the Group's total external borrowings divided by its shareholders' fund, was approximately 45.69% as at 31 December 2019 (2018: 28.61%).

The Group is opportunistic in obtaining financing to further improve the cash position given that the natural gas drilling program is capital intensive. If the Group has adequate financing in the future (whether it is from internal cash flow due to increased gas sales, or from fund raising), the Group will accelerate the drilling program. Apart from the intended investment in upstream CBM exploration and extraction, the Group does not have any other plan for acquisition or investment, disposal or scale-down of any current business.

天然氣勘探及開採

於二零一九年十二月三十一日，本集團已完成了244口煤層氣井的地面施工及打井，其中，投產井數目為199口，比二零一八年沒有增加井口數目。現有的可出氣井之平均單井出氣量約為每天850立方米。

市場營銷及銷售業務

於二零一九年，市場營銷及銷售業務系統並無重大變動及員工結構及銷售策略基本維持一致。受整體經濟環境影響，銷售價格於傳統高峰期並未如往年般大幅上升，相反，銷售價格呈下調的勢頭，某程度上影響銷售表現。

流動資金、財務資源及資本結構

於二零一九年十二月三十一日，本集團的資產淨值約為人民幣153,143,000元，其中包括現金及銀行結存約人民幣18,265,000元。本集團為減低其財務風險，採取謹慎的財務及風險管理策略，盡量避免使用高槓桿比率之融資安排。故此，本集團於二零一九年十二月三十一日之資本與負債比率（按本集團對外借貸總額除以其股東資金計算）約為45.69%（二零一八年：28.61%）。

由於天然氣打井項目需要大量資金，本集團有可能為進一步改善現金狀況獲得融資。倘本集團於日後擁有充足融資（無論是來自內部現金流量（因天然氣銷量增長）或者來自集資），本集團將加快打井項目進程。除擬於上游煤層氣勘探及開採進行投資外，本集團並無任何其他計劃進行收購事項或投資、出售或縮減目前的業務規模。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

The Employees

As at 31 December, 2019, the employees of the Group totaled 348, among which 11 were R&D staff and 197 were project and customer service staff; 119 were administration staff and 21 were marketing and sales staff. During the year, the total cost of staff (including the remuneration of the Board Directors) recognised in profit or loss account was approximately RMB21,182,000 (2018: approximately RMB23,221,000). The remuneration and salary packages and dividend policy of the Group were determined based on the individual performance of staff. The Group will continue to offer professional further studies and training to staff.

Impairment of Property, Plant and Equipment and Right-of-use Assets

During the year ended 31 December 2018, due to obsolescence, an impairment loss of approximately RMB39,090,000 was recognised in respect of certain property, plant and equipment included in the Shanxi Qinshui CGU.

During the year ended 31 December 2019, in arriving at the carrying amount of YangChang Huiyang CGU for impairment assessment of the CGU (see below), certain property, plant and equipment amounted to approximately RMB9,050,000 (2018: RMB23,817,000) was written off due to wear and tear.

In view of the continuing operating losses of certain subsidiaries operating in the PRC during the year ended 31 December 2019, the directors of the Company have performed impairment assessment on property, plant and equipment and right-of-use assets (upon application of HKFRS 16) or prepaid land lease payment (before application of HKFRS 16) in these subsidiaries based on cash-generating units as at 31 December 2019. As a result of the impairment assessment of the CGUs, a further impairment loss of approximately RMB40,637,000 in aggregate had been recognised in respect of property, plant and equipment. Details are set out in Note 16 to the consolidated financial statements.

僱員

於二零一九年十二月三十一日，本集團共僱用348名僱員，其中研發人員11名及工程和客服人員197名；行政管理人員119名及市場營銷及銷售人員21名。於年內，員工總成本（包括董事酬金）於損益賬確認約人民幣21,182,000元（二零一八年：約人民幣23,221,000元）。酬金及薪酬組合及本集團股息政策乃根據僱員個人表現釐定。本集團將繼續為僱員提供專業進修及培訓。

物業、機器及設備減值

於截至二零一八年十二月三十一日止年度，因陳舊而就山西沁水現金產生單位包含的若干物業、機器及設備確認減值虧損約人民幣39,090,000元。

於截至二零一九年十二月三十一日止年度，就現金產生單位之減值評估（見下文）計算陽城惠陽現金產生單位之賬面值時，金額約人民幣9,050,000元（二零一八年：人民幣23,817,000元）的若干物業、機器及設備因損耗而撇銷。

鑒於截至二零一九年十二月三十一日止年度於中國經營的若干附屬公司的持續經營虧損，本公司董事已於二零一九年十二月三十一日根據現金產生單位就該等附屬公司之物業、機器及設備及使用權資產（應用香港財務報告準則第16號後）或預付土地租金（應用香港財務報告準則第16號前）進行減值評估。因現金產生單位減值評估的結果，於截至二零一九年十二月三十一日止年度，已就物業、機器及設備確認進一步減值虧損合共約人民幣40,637,000元。詳情載於綜合財務報表附註16。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

Risk in Foreign Exchange

The group entities collect most of the revenue and incur most of expenditures in their respective functional currencies. The Directors consider that the Group's exposure to foreign currency exchange is insignificant as the majority of the Group's transactions are denominated in the functional currency of each individual group entity.

Significant Investment, Material Acquisitions and Disposal of Subsidiaries and Associated Companies

During the year ended 31 December 2019, there was no significant investment, material acquisition and disposal of subsidiaries and associated companies by the Company.

CHARGES ON GROUP ASSETS

As at 31 December 2019, bank borrowings of RMB30,000,000 were secured by the Group's exclusive right for piped natural gas operation in Beiliu City, Guangxi Zhuang Autonomous Region.

As at 31 December 2019, the Group's shareholding in Shanxi Qinshui and Yangcheng Huiyang and the Group's property, plant and equipment with carrying amount of approximately RMB88,197,000 were pledged as security for lease liabilities of the Group.

CONTINGENT LIABILITIES

As at 31 December 2019, the Group had no material contingent liabilities.

外匯風險

集團實體各自收取的大部份收益及產生的大部份開支均以其各自的功能貨幣計值。董事認為，由於本集團大部份交易以個別集團實體各自的功能貨幣計值，故本集團所面臨的外匯風險並不重大。

重大投資、重大收購及出售附屬公司及聯營公司

截至二零一九年十二月三十一日止年度，本公司並無作出任何重大投資、重大收購及出售附屬公司及聯營公司。

集團資產抵押

於二零一九年十二月三十一日，人民幣30,000,000之銀行借貸乃由本集團之中國廣西壯族自治區北流市經營管道天然氣業務之獨家權利抵押。

於二零一九年十二月三十一日，本集團於山西沁水和陽城惠陽的股權及本集團賬面值約人民幣88,197,000元之物業、機器及設備已獲質押，作為本集團租賃負債的抵押。

或然負債

於二零一九年十二月三十一日，本集團並無重大或然負債。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

OUTLOOK

The upstream business of the Company is improving steadily and the well construction and gas output are both increasing constantly. During 2017, the Company made technological upgrade to some old wells to improve production capacity and output, laying a solid foundation for the Company's long-term performance. However, the shortage in supply of raw gas kept handicapping the Company. Daily gas output of the upstream business was insufficient to allow the 500,000 cubic meters daily production capacity of liquefaction plants to be fully unleashed. In view of this, the Group commenced the R&D on synthetic natural gas production in 2017, and invited Institute of Process Engineering under Chinese Academy of Sciences to provide guidance on project testing. As at the date of this report, the experiment on synthetic natural gas production was successfully completed. The Group has commenced the process of commercialized design in the second half of 2019 and small-scale production is expected to start in the second half of 2020. In addition, the Group plans to realize the daily output to 350,000 cubic meters at the end of 2020 and realize the daily output to 850,000 cubic meters by the mid of 2021. The Group also plans to resume its LNG project second half of 2020, as the number of upstream wells and gas output are both steadily increasing, the group successfully developed synthetic natural gas production and LNG price stabilized. The Group's raw gas supply will be further consolidated and the advantage of vertical integration business will emerge. The production capacity of liquefaction plants will be fully unleashed. In 2019, thanks to the stable supply from self-produced well gas, the Company will be gradually less affected by external factors and the uncontrollable risks involved in the operation of the Company will become less.

As there are growing concerns over the environmental issues, it is foreseen that the highly-polluted energy will be eliminated from the market more rapidly and the use of replaceable clean energy will be more popular, resulting in a keener market demand for natural gas. The demand growth of natural gas market will continue to retain its strong momentum. Management of the Company will spare no effort in overcoming difficulties and be devoted to making contribution to the Company's profit margin and long-term development.

前景

本公司之上游業務正穩定提升及井口建設及出氣量亦不斷提升。於二零一七年，本公司對若干舊井作出技術升級以改善產能及產量，為本公司長期表現打下穩固基礎。然而未加工天然氣供應短缺問題一直困擾本集團，上游業務之每日出氣量不足以完全釋放液化工廠每日50萬立方米的產能。本集團有見及此，於二零一七年開始自主研發合成天然氣項目，更引入中國科學院過程工程研究所在項目試驗上做指導。截至本報告日，合成天然氣項目試驗已經成功完成，本集團已於二零一九年下半年開始產業化設計階段，預計2020年下半年實現小規模投產，更計劃於二零二零年年末實現產能日產35萬方，二零二一年中實現日產85萬方。隨著上游井口及出氣量的穩定增加，及合成天然氣的開發成功，本集團將計劃於二零二零年下半年重新啟動液化天然氣項目。由於本集團的未加工天然氣供應將進一步鞏固及本集團垂直一體化業務的協同優勢將展現，而液化工廠的產能將完全釋放。隨著二零一九年井口自產天然氣的穩定供應，本集團將逐漸減少受外來因素的影響，同時本集團營運中不能控制的風險亦將會減少。

隨著大眾日益關注環境問題，預期高污染能源將更快被市場淘汰，使用可替代潔淨能源將更普及，使天然氣市場需求更殷切，天然氣市場的需求將維持強勁的增長勢頭。本公司管理層將全力克服困難，致力為本公司利潤率及長期發展作出貢獻。

CORPORATE GOVERNANCE REPORT

企業管治報告

CORPORATE GOVERNANCE PRACTICES

(a) Application of Corporate Governance Principles

The Group is committed to promoting good corporate governance, with the objectives of (i) the maintenance of responsible decision making, (ii) the improvement in transparency and disclosure of information to shareholders, (iii) the continuance of respect for the rights of shareholders and the recognition of the legitimate interests of shareholders, and (iv) the improvement in crisis management and the enhancement of performance by the Group. The Group has applied the principles set out in the Corporate Governance Code (the “Code”) contained in Appendix 15 to the GEM Listing Rules with these objectives in mind.

(b) Promulgation of Company’s Corporate Governance Code

To this end, the Group has promulgated a set of code on corporate governance (the “Company Code”) which sets out the corporate standards and practices used by the Group to direct and manage its business affairs. It is prepared by reference to the principles, code provisions and recommended best practices set out in the Code, which came into effect on 1 January 2005. In addition to formalising existing corporate governance principles and practices, the Company Code also serves the purpose of assimilating existing practices with benchmarks prescribed by the Code and ultimately ensuring high transparency and accountability to the Group’s shareholders.

(c) Compliance of Company Code and the code provisions under the Code (the “Code Provisions”)

The Group has complied with all provisions in the Company Code and the Code Provisions under the Code during the year ended 31 December 2019 save for code provisions A.2.1 and A.4.1 of the Code, details of the derivation and reason for derivation are set out in the paragraphs headed “Chairman and Chief Executive” and “Appointment term of Non-executive Directors” of this corporate governance report.

The Company Code contains all the Code Provisions of the Code and other provisions.

企業管治常規

(a) 應用企業管治原則

本集團致力提高企業管治水平，宗旨在於(i)維持負責任的決策、(ii)改善對股東的透明度及向股東披露的資料、(iii)貫徹一向對股東權益的尊重及股東的合法權益的認同，及(iv)改善危機管理，提升本集團表現。在此等宗旨下，本集團已應用GEM上市規則附錄十五所載《企業管治守則》(「守則」)中的原則。

(b) 頒佈本公司的企業管治守則

本集團為此頒佈一套企業管治守則(「公司守則」)，載列集團在指導及管理其商業事務時所採用的企業準則及常規。公司守則在編製時已參考由二零零五年一月一日起生效的守則內所載的原則、守則條文及建議最佳常規。除訂定現有企業管治原則及常規外，公司守則亦將現有常規及守則所規定的基準兼收並蓄，最終確保高透明度及向集團股東負責。

(c) 公司守則及守則之守則條文(「守則條文」)的遵行

本集團已於截至二零一九年十二月三十一日止年度遵守公司守則之所有條文及守則之守則條文，惟守則之守則條文第A.2.1條及A.4.1條除外。偏離之詳情及理由載於本企業管治報告「主席及行政總裁」及「非執行董事之任期」各段。

公司守則包括守則內之所有守則條文以及其他條文。

CORPORATE GOVERNANCE REPORT

企業管治報告

SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than those as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all Directors, all Directors have complied with the required standard of dealings and code of conduct regarding securities transactions by Directors as set out in the Company's code of conduct for the year 2019.

BOARD COMPOSITION, ROLE AND FUNCTION

The Board is entrusted with the overall responsibility for promoting the success of the Company through direction and supervision of the Company's business and affairs.

The Board comprises a total of eight Directors, comprising two executive Directors, namely, Mr. Wang Zhong Sheng (Chairman), and Mr. Chang Jian, three non-executive directors, namely, Mr. Liang Feng, Mr. Wang Chen and Mr. Wu Kun and three independent non-executive Directors, namely, Mr. Xu Yuan Jian, Mr. Wang Zhi He and Mr. Lau Chun Pong. Mr. Lau Chun Pong has appropriate professional qualifications, accounting and financial management expertise as required under the GEM Listing Rules.

Each of the independent non-executive Directors has made an annual confirmation of independence pursuant to Rule 5.09 of the GEM Listing Rules. The Company is of the view that all Independent Non-executive Directors meet the independence guidelines set out in Rule 5.09 of the GEM Listing Rules and are independent in accordance with the terms of the guidelines.

The Company has complied with Rules 5.05(1), 5.05(2) and 5.05A of the GEM Listing Rules. During the year ended 31 December 2019, there were three independent non-executive Directors in the Board and the number of independent non-executive Directors represents at least one-third of the Board. The Company has also complied with Rule 5.05(2) of the GEM Listing Rules, which stipulates that one of the independent non-executive Directors must possess appropriate professional qualifications or accounting or related financial management expertise. The Board considers that the independent non-executive Directors are all independent persons with appropriate qualifications or expertise and the Company has complied with the relevant requirements of the GEM Listing Rules.

董事進行證券交易

本公司已採納一項董事進行證券交易之操守守則，其條款標準不低於GEM上市規則第5.48條至5.67條所載之董事進行證券交易之操守守則。經向全體董事提出具體徵詢，所有董事於截至二零一九年度內均有遵守本公司操守守則所列示有關董事進行證券交易之規定買賣準則及操守守則。

董事會組成、角色及職能

董事會負責本公司業務及事務的整體領導與監管，促成本公司的成功。

董事會由八名董事組成，其中兩名屬執行董事，包括王忠勝先生(主席)及常建先生，三名非執行董事，包括梁峰先生，王琛先生及鄔昆先生及另外三名屬獨立非執行董事，包括徐願堅先生、王之和先生及劉振邦先生。劉振邦先生擁有GEM上市規則所要求之適當專業資格及具備會計及財務管理專業知識。

各獨立非執行董事已按GEM上市規則第5.09條作出年度獨立性確認。本公司認為，全部獨立非執行董事均已符合GEM上市規則第5.09條所載的獨立性指引，並根據該指引的條款屬獨立人士。

本公司已遵守GEM上市規則第5.05(1)條、第5.05(2)條及第5.05A條。截至二零一九年十二月三十一日止年度，董事會有三名獨立非執行董事，獨立非執行董事人數佔董事會至少三分之一。本公司亦已遵守GEM上市規則第5.05(2)條，該條規定，其中一名獨立非執行董事必須具備適當的專業資格或者會計或相關財務管理專長。董事會認為，獨立非執行董事均屬具備適當資格或專長的獨立人士且本公司已遵守GEM上市規則的相關規定。

CORPORATE GOVERNANCE REPORT

企業管治報告

Corporate Governance Functions

The Board is responsible for performing the corporate governance functions set out in code provision D.3.1 of the Code. In 2019, the Board has reviewed and monitored: (a) the Company's corporate governance policies and practices, (b) training and continuous professional development of directors and senior management, (c) the Company's policies and practices on compliance with legal and regulatory requirements, (d) the Company's code of conduct and (e) the Company's compliance with the Code disclosure requirements.

Appointment Term of Non-executive Directors

Under code provision A.4.1 of the Code, non-executive directors should be appointed for a specific term, subject to re-election. Currently, the independent non-executive Directors have no fixed term of office but are subject to retirement by rotation at annual general meetings of the Company in accordance with the Company's Articles of Association. As such, the Company considers that sufficient measures have been taken to serve the purpose of this code provision.

Roles of Directors

The Board assumes responsibility for leadership and control of the management of the Company and is collectively responsible for appointing and supervising senior management to ensure that the operations of the Group are conducted in accordance with the objectives of the Group. The principal roles of the Board are:

- to lay down the Group's objectives, strategies, policies and business plans;
- to monitor and control operating and financial performance through the determination of the annual budget; and
- to formulate internal control policies and set appropriate policies to manage risks in pursuit of the Group's strategic objectives.

The Board is directly accountable to the shareholders and is responsible for preparing the accounts.

企業管治職能

董事會負責履行守則的守則條文第D.3.1條所載的企業管治職能。於二零一九年，董事會已檢討及監察：(a)本公司的企業管治政策及常規；(b)董事及高級管理層的培訓及持續專業發展；(c)本公司遵守法律及法規規定的政策及常規；(d)本公司的操守守則；及(e)本公司遵守守則披露規定的情況。

非執行董事之任期

根據守則之守則條文第A.4.1條，非執行董事應有固定任期，並須接受重選。目前，獨立非執行董事並無固定任期，惟須根據本公司之公司組織章程細則於本公司股東週年大會上輪值告退。因此，本公司認為已就達致本守則條文之目的採取足夠措施。

董事角色

董事會肩負領導及監控本公司管理層的責任，同時集體負責委任及監督高級管理層，以確保本集團之營運符合本集團之目標。董事會的主要角色為：

- 制定本集團的目標、策略、政策及業務計劃；
- 通過釐定每年財政預算，監察及控制營運及財務表現；及
- 制定內部管制政策及制定適當的風險管理政策，以達致本集團的策略目標。

董事會直接向股東負責，並負責編製賬目。

CORPORATE GOVERNANCE REPORT

企業管治報告

Delegation by the Board

The Board has delegated the day-to-day management responsibility to the management staff under the instruction/supervision of the Board.

The management staff of the Company are principally responsible for:

1. exercising all such other powers and perform all such other acts as may be exercised and performed by the Directors, save and except for those that may specifically be reserved by the Board and/or the committees set up by the Board for decision and implementation; or those that may only be exercised by the Board pursuant to the Articles of Association, the GEM Listing Rules and other applicable laws and regulations;
2. formulating and/or implementing policies for business activities, internal controls and administration of the Company;
3. planning and deciding the Company's strategies on its business activities; and
4. keeping proper written records of its decisions taken which may be inspected by any members of the Board or the Board committees upon request.

The Board will review the above arrangements on a periodic basis to ensure that they remain appropriate to the needs of the Group.

Chairman and Chief Executive

Under the code provision A.2.1 of the Code, the roles of the chairman and chief executive should be separate and should not be performed by the same individual. Prior to the retirement of Mr. Feng San Li on 26 November 2012, Mr. Feng San Li was holding the title of CEO. Mr. Wang Zhong Sheng is the chairman of the Board. After Mr. Feng's retirement, Mr. Wang Zhong Sheng continues to act as the chairman and the duties of the chief executive have been undertaken by the other executive Director. The Board meets regularly to consider major matters affecting the business and operations of the Group. The Board considers that this structure will balance the power and authority between the Board and management and believes that this structure enables the Group to make and implement decision promptly and efficiently.

董事會授權

董事會授權管理層人員在董事會的指示／監察下，履行日常管理職責。

本公司之管理人員主要負責：

1. 行使董事可行使的其他所有權力及進行董事可進行的其他所有行動（指定由董事會及／或董事會成立的委員會負責決定及執行的事務，或根據公司組織章程細則、GEM上市規則及其他適用法律及法規之規定，僅可由董事會負責處理的事務則除外）；
2. 制定及／或執行有關本公司業務活動、內部監控及行政的政策；
3. 計劃及決定本公司業務策略；及
4. 保留各項決定的適當書面紀錄，以便董事會或各董事委員會的任何成員按要求查閱。

董事會定期對上述安排作出檢討以確保其一直符合本集團所需。

主席及行政總裁

根據守則之守則條文第A.2.1條，主席與行政總裁的職能應予區分，不應由同一人士兼任。於馮三利先生於二零一二年十一月二十六日退任前，本公司行政總裁為馮三利先生。王忠勝先生為董事會主席。於馮先生退任後，王忠勝先生繼續擔任主席，而行政總裁的職責已由其他執行董事承擔。董事會定期開會審議影響本集團業務及運作的主要事項。董事會認為現時該結構可維持董事會與管理層的權力與職權的平衡，並相信該結構能使本集團迅速有效地作出與執行決定。

CORPORATE GOVERNANCE REPORT

企業管治報告

BOARD OPERATION

Regular Board meetings are held normally every three months, with additional meetings arranged, if and when required. In 2019, the Board held 10 meetings.

The attendance record of each member of the Board at board meetings and general meetings of the Company are set out below:

董事會運作

董事會一般會每三個月定期會面一次，並在有需要時另外安排會面。董事會於二零一九年曾舉行10次會議。

各董事會成員出席本公司董事會會議及股東大會的紀錄如下：

	Attendance of Board Meetings 董事會會議出席率	Attendance of General Meetings 股東大會出席率
Executive Directors		
執行董事		
Mr. Wang Zhong Sheng (<i>Chairman</i>) 王忠勝先生(主席)	10/10	1/1
Mr. Fu Shou Gang (resigned on 19 June 2019) 付壽剛先生(於二零一九年六月十九日辭任)	3/3	1/1
Mr. Chang Jian (appointed on 19 June 2019) 常建先生(於二零一九年六月十九日獲委任)	7/7	0/0
Non-Executive Directors		
非執行董事		
Mr. Liang Feng (appointed on 19 June 2019) 梁峰先生(於二零一九年六月十九日獲委任)	7/7	0/0
Mr. Wang Chen (appointed on 19 June 2019) 王琛先生(於二零一九年六月十九日獲委任)	7/7	0/0
Mr. Wu Kun (appointed on 19 June 2019) 鄔昆先生(於二零一九年六月十九日獲委任)	7/7	0/0
Independent Non-executive Directors		
獨立非執行董事		
Mr. Lau Chun Pong 劉振邦先生	10/10	1/1
Mr. Luo Wei Kun (retired on 27 May 2019) 羅維崑先生(於二零一九年五月二十七日退任)	3/3	1/1
Mr. Wang Zhi He 王之和先生	10/10	1/1
Mr. Xu Yuan Jian (appointed on 23 August 2019) 徐願堅先生(於二零一九年八月二十三日獲委任)	5/5	0/0

Note: Number of board meeting and general meeting held during the tenure of the Director

附註：董事任期內舉行董事會會議及股東大會的次數

CORPORATE GOVERNANCE REPORT

企業管治報告

Directors are free to contribute alternative views at meetings and major decisions would only be taken after deliberation at Board meetings. Directors who are considered having conflict of interests or material interests in the proposed transactions or issues to be discussed would not be counted in the quorum of meeting and would abstain from voting on the relevant resolution.

All Directors have access to the company secretary who is responsible for ensuring that the Board procedures are complied with, and advising the Board on compliance matters.

Directors' Duties

Every Director is required to keep abreast of his responsibilities as a director of the Company and of the conduct, business activities and development of the Company:

- A comprehensive director's handbook is issued to every Director, which sets out guidelines on conduct by making reference to the relevant sections of the statutes or the GEM Listing Rules, and reminds Directors of their responsibilities in making disclosure of their interests and potential conflict of interests.
- Orientation programmes are organised for providing induction to new Directors to help them familiarise with the Company's management, business and governance practices.
- Management provides appropriate and sufficient information to Directors and the committee members in a timely manner to keep them apprised of the latest development of the Group and enable them to discharge their responsibilities. Directors also have independent and unrestricted access to senior executives of the Company.

董事於會上可自由發表不同的意見，重要決定只會在董事會會議上進行討論後始作出。如董事在建議的交易或即將討論的事宜上被視為存在利益衝突或擁有重大權益，有關董事將不計入會議法定人數，並須就有關決議案放棄表決權。

全體董事均可接觸公司秘書；公司秘書負責確保董事會程序得以遵守，並就守規事宜向董事會提供意見。

董事職責

每名董事須不時瞭解其作為本公司董事的職責，以及本公司的經營方式、業務活動及發展：

- 每名董事均獲發給資料完備的《董事手冊》。《董事手冊》透過引述成文法或GEM上市規則的有關章節提供操守指引，及提醒董事必須履行的責任，包括披露權益及潛在的利益衝突。
- 為新任董事舉辦介紹公司的活動，提供就任須知，協助董事熟悉本公司的管理、業務及管治常規。
- 管理層向董事及委員會成員適時提供恰當及充足資料，讓他們知悉本集團的最新發展，以便他們履行職責。董事亦可有獨立及不受限制的途徑接觸本公司高級行政人員。

CORPORATE GOVERNANCE REPORT

企業管治報告

DIRECTORS' CONTINUOUS PROFESSIONAL DEVELOPMENT PROGRAMME

Each newly appointed director is provided with necessary induction and information to ensure that he has a proper understanding of the Company's operations and businesses as well as his responsibilities under the relevant statutes, laws, rules and regulations. Directors' training is an ongoing process. During the year ended 31 December 2019, Directors are provided with monthly updates on the Company's performance, position and prospects to enable the Board as a whole and each Director to discharge their duties. In addition, all Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. The Company updates Directors on the latest development regarding the GEM Listing Rules and other applicable regulatory requirements from time to time, to ensure compliance and enhance their awareness of good corporate governance practices.

董事的持續專業發展計劃

向各新任董事提供必要的就任須知及資料以確保彼適當了解本公司的運營及業務以及其根據相關成文法、法律、規則及法規須承擔的責任。董事持續進行培訓。截至二零一九年十二月三十一日止年度，每月向董事提供有關本公司表現、狀況及前景的最新情況以使董事會整體及各董事能夠履行其職責。此外，鼓勵所有董事參與持續專業發展以增進及更新其知識及技能。本公司不時向董事提供有關GEM上市規則及其他適用監管規定的最新進展情況，以確保遵守及增強關注良好企業管治常規。

**Attending seminar(s)
or programme(s)/
reading relevant materials
in relation to the business,
GEM Listing Rules
or directors' duties
(Yes/No)**

**參與研討會或
計劃／閱覽與
業務、GEM上市
規則或董事職責
有關的相關資料
(是／否)**

Mr. Wang Zhong Sheng	Yes	王忠勝先生	是
Mr. Fu Shou Gang (resigned on 19 June 2019)	Yes	付壽剛先生(於二零一九年 六月十九日辭任)	是
Mr. Chang Jian (appointed on 19 June 2019)	Yes	常建先生(於二零一九年 六月十九日獲委任)	是
Mr. Liang Feng (appointed on 19 June 2019)	Yes	梁峰先生(於二零一九年 六月十九日獲委任)	是
Mr. Wang Chen (appointed on 19 June 2019)	Yes	王琛先生(於二零一九年 六月十九日獲委任)	是
Mr. Wu Kun (appointed on 19 June 2019)	Yes	鄒昆先生(於二零一九年 六月十九日獲委任)	是
Mr. Lau Chun Pong	Yes	劉振邦先生	是
Mr. Luo Wei Kun (retired on 27 May 2019)	Yes	羅維崑先生(於二零一九年 五月二十七日退任)	是
Mr. Wang Zhi He	Yes	王之和先生	是
Mr. Xu Yuan Jian (appointed on 23 August 2019)	Yes	徐願堅先生(於二零一九年 八月二十三日獲委任)	是

CORPORATE GOVERNANCE REPORT

企業管治報告

The briefing sessions covered topics including the Code, listed company regulations and disclosure obligations in Hong Kong, discloseable transactions and connected transactions etc.

簡介會涵蓋的主題包括守則、香港上市公司法規及披露責任、須予披露交易及關連交易等。

REMUNERATION PAID TO MEMBERS OF KEY MANAGEMENT

支付予主要管理人員的薪酬

Details of remuneration paid to member of key management (exclude Director) fell within the following band:

支付予主要管理人員(不包括董事)的薪酬具體介乎以下範圍：

		2019 二零一九年 Number of individuals 人數	2018 二零一八年 Number of individuals 人數
Nil ~ HK\$1,000,000 (equivalent to approximately RMB883,000 (2018: RMB844,000))	零至港元 1,000,000 元 (相等於約人民幣 883,000 元 (二零一八年：人民幣 844,000 元))	4	4

REMUNERATION COMMITTEE

薪酬委員會

A remuneration committee of the Company (the "Remuneration Committee") was established on 12 August 2005 for, inter alia, the following purposes:

本公司的薪酬委員會(「薪酬委員會」)已於二零零五年八月十二日成立，當中目的包括：

- (a) to make recommendations to the Board on policies and structure for remuneration of directors and senior management and on the establishment of a formal and transparent procedure for developing such policy on remuneration;
- (b) to make recommendations to the Board the remuneration packages for executive Directors and senior management and to make recommendations to the Board on the remuneration of non-executive Directors.

- (a) 就董事及高級管理層的薪酬政策及架構，及就設立正規而具透明度的程序以制定此等薪酬政策，向董事會提出建議；
- (b) 就執行董事及高級管理層的酬金待遇向董事會提出建議，並就非執行董事的酬金向董事會提出建議。

The Remuneration Committee is made up of all of the Company's independent non-executive Directors, namely, Mr. Lau Chun Pong (Chairman), Mr. Xu Yuan Jian and Mr. Wang Zhi He. The duties of Remuneration Committee is to review and make recommendations to the remuneration policy and packages of the executive Directors and executives.

薪酬委員會由本公司全部獨立非執行董事組成，包括劉振邦先生(主席)、徐願堅先生及王之和先生。薪酬委員會之職責為檢討及就執行董事及行政人員之薪酬政策及待遇提出建議。

CORPORATE GOVERNANCE REPORT

企業管治報告

In 2019, the Remuneration Committee held one meeting. The attendance record of each member of the Remuneration Committee is set out below:

薪酬委員會於二零一九年曾舉行一次會議。薪酬委員會各成員的出席紀錄如下：

	Attendance 出席率
Mr. Lau Chun Pong (<i>Chairman</i>) 劉振邦先生(主席)	1/1
Mr. Luo Wei Kun (retired on 27 May 2019) 羅維崑先生(於二零一九年五月二十七日退任)	1/1
Mr. Wang Zhi He 王之和先生	1/1
Mr. Xu Yuan Jian (appointed on 23 August 2019) 徐願堅先生(於二零一九年八月二十三日獲委任)	0/0

During the meeting, members of the Remuneration Committee reviewed the remuneration packages and overall benefits of the Directors by taking into account factors (such as remuneration packages and benefits offered by comparable companies, the respective contribution of each of the Directors to the Group and the business objectives of the Group).

在會議期間，薪酬委員會成員已根據若干因素(如可資比較公司所提供的薪酬待遇及福利、各董事對本集團的貢獻及本集團業務目標)檢討董事的薪酬待遇及整體福利。

The executive Directors are responsible for reviewing all relevant remuneration data and market conditions as well as the performance of individuals and the profitability of the Group, and proposing to the remuneration committee for consideration and approval. The Remuneration Committee performed the major work as below:

執行董事負責檢討所有有關薪酬數據及市況以及個別員工表現與本集團盈利能力，並向薪酬委員會提呈考慮及批准。薪酬委員會執行主要工作如下：

1. reviewed and discussed the remuneration policy and structure of the Company and the remuneration and performance of duties of the executive Directors and senior management in the year under review; and
2. made recommendation to the Board on the remuneration packages of individual executive directors and senior management.

1. 檢討及討論於回顧年度內本公司的薪酬政策及架構以及執行董事及高級管理層之薪酬及職責履行情況；及
2. 就各執行董事及高級管理層的酬金組合向董事會提出建議。

CORPORATE GOVERNANCE REPORT

企業管治報告

NOMINATION COMMITTEE

A nomination committee of the Company (the “Nomination Committee”) was established on 12 August 2005 for, inter alia, the following purposes:

- (a) to review the structure, size and composition (including the skills, knowledge and experience) of the Board;
- (b) to identify individuals suitably qualified to become Board members and make recommendations to the Board on the selection of individuals nominated for directorship; and
- (c) to make recommendations to the Board on relevant matters relating to the appointment or reappointment of directors and succession planning for directors.

In August 2013, the Board has adopted its board diversity policy (the “Board Diversity Policy”). All Board appointments will be based on meritocracy, and candidates will be considered against selection criteria based on a range of diversity perspectives, which would include but not be limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board.

The Nomination Committee is made up of all of the Company’s independent non-executive Directors, namely Mr. Wang Zhi He (Chairman), Mr. Xu Yuan Jian and Mr. Lau Chun Pong.

In 2019, the Nomination Committee held one meeting. The attendance record of each member of the Nomination Committee is set out below:

提名委員會

本公司的提名委員會（「提名委員會」）已於二零零五年八月十二日成立，當中目的包括：

- (a) 檢討董事會的架構、規模及組成（包括技能、知識及經驗）；
- (b) 物色具備適合資格成為董事會成員的人士，並就挑選被提名人士出任董事向董事會提出建議；及
- (c) 就與委任或重新委任董事及董事之接任計劃有關的事宜向董事會提出建議。

於二零一三年八月，董事會採納其董事會成員多元化政策（「董事會成員多元化政策」）。董事會所有委任均以用人唯才為原則，考慮人選之甄選標準以一系列多元化範疇為基準，包括但不限於性別、年齡、文化及教育背景、專業經驗、技能、知識及服務年期。最終將按人選之長處及可為董事會作出之貢獻而作決定。

提名委員會由本公司全部獨立非執行董事組成，包括王之和先生（主席）、徐願堅先生及劉振邦先生。

提名委員會於二零一九年曾舉行一次會議。提名委員會各成員的出席紀錄如下：

	Attendance 出席率
Mr. Wang Zhi He (<i>Chairman</i>) 王之和先生(主席)	1/1
Mr. Lau Chun Pong 劉振邦先生	1/1
Mr. Luo Wei Kun (retired on 27 May 2019) 羅維崑先生(於二零一九年五月二十七日退任)	1/1
Mr. Xu Yuan Jian (appointed on 23 August 2019) 徐願堅先生(於二零一九年八月二十三日獲委任)	0/0

CORPORATE GOVERNANCE REPORT

企業管治報告

At the meeting, the Nomination Committee reviewed the structure, size and composition of the Company's Board of Directors, made reference to criteria including, inter alia, reputation for integrity, accomplishment and experience in the relevant industry, professional and educational background, and commitment in respect of available time and relevant interest. The Nomination Committee was satisfied with the existing composition of the Board and recommended no change in the near future, and performed the major work as below:

1. examined the structure, size and composition of the Board, to ensure the Directors have the expertise, skills and experience required to meet the Company's business;
2. assessed the independency of all independent non-executive Directors; and
3. made recommendations to the Board in this regard.

AMENDMENT TO THE TERMS OF REFERENCE OF NOMINATION COMMITTEE

The terms of reference of the nomination committee of the Company was amended on 14 August 2013 to include the review of the Company's board diversity policy and the progress on achieving the objectives set for implementing the said policy as one of its duty.

AUDIT COMMITTEE

The Company's audit committee (the "Audit Committee") was established on 28 July 2003 and currently comprises all three independent non-executive Directors, namely, Mr. Lau Chun Pong (Chairman), Mr. Xu Yuan Jian and Mr. Wang Zhi He. The primary duties of the Audit Committee are (a) to review the Group's annual reports, financial statements, half year reports and quarterly reports; (b) to serve as a focal point for communication between Directors, the external auditors and internal auditors; (c) to assist the Board in fulfilling its responsibilities by providing an independent review and supervision of financial reporting, and the effectiveness of the Group's internal control and risk management system; and (d) to review the appointment of external auditors on an annual basis as well as to ensure independence of the continuing auditors.

在會議期間，提名委員會檢討了本公司董事會的架構、規模及組成，製訂參考準則其中包括有關人士的誠信、其在相關行業的成就及經驗、其專業及教育背景以及其投入的程度，包括能夠付出的時間及對相關範疇的關注等。提名委員會滿意董事會的現有組合，建議於近期內毋須變動並執行主要工作如下：

1. 檢查董事會的架構、規模及組成，以確保董事具備符合本公司業務所需的專長、技能及經驗；
2. 評估所有獨立非執行董事的獨立性；及
3. 就此向董事會提出建議。

修訂提名委員會之職權範圍

本公司於二零一三年八月十四日修訂提名委員會之職權範圍，以將檢討本公司之董事會成員多元化政策及達成就實施上述政策設定之目標之進度納入作為其職責之一。

審核委員會

本公司的審核委員會（「審核委員會」）於二零零三年七月二十八日成立，現任成員包括全部三名獨立非執行董事劉振邦先生（主席）、徐願堅先生及王之和先生。審核委員會之主要職責是(a)審閱本集團的年報、財務報表、半年度報告及季度報告；(b)作為董事、外聘核數師及內部核數師之間的一個溝通渠道；(c)透過對財務報告及集團內部監控及風險管理程序的有效性提供獨立檢討及監督，協助董事會履行職責；及(d)每年檢討外聘核數師之委任以及確保續任核數師之獨立性。

CORPORATE GOVERNANCE REPORT

企業管治報告

In 2019, the Audit Committee held four meetings. The attendance record of each member of the Audit Committee is set out below:

薪酬委員會於二零一九曾舉行四次會議。薪酬委員會各成員的出席紀錄如下：

	Attendance 出席率
Mr. Lau Chun Pong (<i>Chairman</i>) 劉振邦先生(主席)	4/4
Mr. Luo Wei Kun (retired on 27 May 2019) 羅維崑先生(於二零一九年五月二十七日退任)	1/1
Mr. Wang Zhi He 王之和先生	4/4
Mr. Xu Yuan Jian (appointed on 23 August 2019) 徐願堅先生(於二零一九年八月二十三日獲委任)	1/1

At the meetings, the Audit Committee has carefully reviewed the Company's quarterly, half-yearly and annual results and its system of internal control and has made suggestions to improve them. The Audit Committee also carried out and discharged its other duties set out in Code. In the course of doing so, the Audit Committee has met the company's management several times during year 2019. Each member of the Audit Committee has unrestricted access to the Group's external auditors and the management.

在會議期間，審核委員會已詳細審閱本公司的季度、半年度及年度業績，以及內部管制制度，並已提出改善建議。審核委員會亦已按守則進行及履行其他職責。過程中，審核委員會於二零一九年度曾與本公司的管理層舉行多次會議。本公司並無限制審核委員會各成員與本集團外聘核數師及管理層聯絡。

During the financial year 2019, the Audit Committee has held four meetings. The Group's results for the year 2019 have been reviewed and commented by the Audit Committee members, and performed the major works as below:

於二零一九年財政年度內，審核委員會曾舉行四次會議，而本集團之二零一九年年度之業績已由審核委員會成員審閱及提供意見並執行主要工作如下：

- | | |
|--|---|
| <p>1. reviewed the annual financial results and report for the year ended 31 December 2018, interim financial results and report for the six months ended 30 June 2019 and quarterly financial results and reports for each of the three months ended 31 March 2019 and 30 September 2019;</p> | <p>1. 審閱截至二零一八年十二月三十一日止年度之年度財務業績及報告、截至二零一九年六月三十日止六個月之中期財務業績及報告以及截至二零一九年三月三十一日及二零一九年九月三十日止三個月各自之季度財務業績及報告；</p> |
| <p>2. reviewed the internal audit department's report regarding the reviewing and procedures of the internal control and risk management of the Company; and</p> | <p>2. 審閱內部審核部門有關本公司內部監控及風險管理檢討與程序的報告；及</p> |
| <p>3. provided opinions to the Board in respect of the terms of appointment of external auditors.</p> | <p>3. 就外聘核數師委任條款向董事會提供意見。</p> |

CORPORATE GOVERNANCE REPORT

企業管治報告

The Group's result for the year ended 31 December 2019 have been reviewed and commented by the audit committee members, which was of the opinion that the preparation of such results complied with the applicable accounting standards and requirements as well as the GEM Listing Rules and that adequate disclosures have been made.

Procedures for directing Shareholders' enquiries to the Board

Shareholders may at any time send their enquiries and concerns to the Board in writing through mails whose contact details are as follows:

Room 20, 19/F
Fortune Commercial Building
362 Sha Tsui Road
Tsuan Wan, Hong Kong
Tel No.: 2366 1613
Fax No.: 2366 1665

Procedures for putting forward proposals at general meetings by Shareholders

Pursuant to Article 58 of the Articles of Association, The Board may whenever it thinks fit call extraordinary general meetings. Any one or more members 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 at all times have the right, by written requisition to the Board or the Secretary of the Company, to 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 (2) months after the deposit of such requisition. If within twenty-one (21) days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

本集團於截至二零一九年十二月三十一日止年度之業績已由審核委員會成員審閱及提供意見，彼等認為編製該等業績已遵守適用之會計準則及要求以及GEM上市規則，且已作出充分披露。

股東向董事會提出查詢之程序

股東可隨時以書面透過郵遞向董事會提出查詢及關注，郵遞之聯絡詳情如下：

香港荃灣
沙咀道362號
全發商業大廈
19樓20室
電話：2366 1613
傳真：2366 1665

股東於股東大會上提出建議之程序

根據公司組織章程細則第58條，董事會如認為適當可隨時召開股東特別大會。任何一位或以上於提請要求當日持有不少於本公司繳足股本（賦有權利在本公司股東大會投票）十分之一的股東，可隨時向本公司董事會或秘書發出書面要求，要求董事會召開股東特別大會，以處理有關要求所指明的事項，且須於提請該要求後兩(2)個月內舉行。倘提請後二十一(21)日內董事會未有召開大會，則提請要求的人士可自行以相同方式召開大會，而本公司須向提請要求的人士補償因董事會未有召開大會而自行召開大會的所有合理開支。

CORPORATE GOVERNANCE REPORT

企業管治報告

Pursuant to Article 88 of the Articles of Association, no person other than a Director retiring at the meeting shall, unless recommended by the Directors for election, be eligible for election as a Director at any general meeting unless a notice signed by a member (other than the person to be proposed) duly qualified to attend and vote at the meeting for which such notice is given of his intention to propose such person for election and also a notice signed by the person to be proposed of his willingness to be elected shall have been lodged at the head office or at the registration office provided that the minimum length of the period, during which such notice(s) are given, shall be at least seven (7) days and that the period for lodgment of such notice(s) shall commence no earlier than the day after the dispatch of the notice of the general meeting appointed for such election and end no later than seven (7) days prior to the date of such general meeting.

ACCOUNTABILITY AND AUDIT

Financial reporting

The Directors are responsible for overseeing the preparation of the annual accounts which give a true and fair view of the Group's state of affairs of the results and cash flow for the year. In preparing the accounts for the year ended 31 December 2019, the Directors have:

- adopted suitable accounting policies and applied them consistently; and
- made judgements and estimates that are prudent and reasonable; and ensured the accounts are prepared on a going concern basis.

The Company recognises that high quality corporate reporting is important in reinforcing the trust relationship between the Company and its stakeholders and aims at presenting a balanced, clear and comprehensible assessment of the Company's performance, position and prospects in all corporate communications.

根據公司組織章程細則第88條，除非獲董事推薦參選，或由正式合資格出席大會並可於會上投票的股東（並非擬參選者）簽署通知，表明建議提名相關人士參選的意向，且獲提名人士簽署該通知表明願意參選，否則除會上退任董事外，概無任何人士有資格於任何股東大會上參選董事。上述通知須呈交總辦事處或過戶登記處，通知期不得少於七(7)日，呈交該等通知之期間為寄發有關推選董事之股東大會通告翌日起計至不遲於該股東大會舉行日期前七(7)日。

問責及審核

財務報告

董事負責監督年度賬目之編製，以真實公平地反映出本集團於年內之相關業績及現金流量狀況。於編製截至二零一九年十二月三十一日止年度賬目時，董事已：

- 採用適合之會計政策並貫徹應用；及
- 作出審慎合理之判斷及估計，以及確保賬目乃按持續經營基準編製。

本公司認為高質素的公司報告對加強本公司與其權益人之間的信任非常重要，因此所有的企業傳訊均力求以平衡、清晰及全面的方式評估本公司的表現、狀況及前景。

CORPORATE GOVERNANCE REPORT

企業管治報告

Internal Control and risk management

The Board, through the Audit Committee, has reviewed the effectiveness of the Company's system of internal control and risk management over financial, operational and compliance issues for the year 2019. The Audit Committee concluded that, in general, the Group has set up a sound control environment and installed necessary control mechanisms to monitor and correct non-compliance. The Board, through the review of the Audit Committee, is satisfied that the Group in 2019, fully complied with the code provisions on internal controls and risk management as set forth in the Code. The Audit Committee also concluded that the Group has employed sufficient staff for the propose of accounting, financial and internal control. The Group has internal audit department.

External Auditors

The Group's external auditors are KTC Partners CPA Limited. The Audit Committee is mandated to ensure continuing auditors' objectivity and safeguard independence of the auditors, and it has:

- determined the framework for the type and authorisation of non-audit services for which the external auditors may provide. In general, the engagement of the external auditors to perform non-audit services is prohibited except for tax related services; and
- agreed with the Board on the policy relating to the hiring of employees or former employees of the external auditors and monitored the applications of such policy.

During 2019, the remuneration payable to the Company's external auditors for audit and non-audit services were approximately RMB1,450,000 and RMB Nil respectively.

內部管制及風險管理

董事會已通過審核委員會於二零一九年內檢討本集團內部管制及風險管理系統之有效性，其中涵蓋財務、營運與合規等職能。審核委員會認為，整體而言，本集團已建立妥善之管制環境，並已採用必需之管制機制監督及改正不合規問題。通過審核委員會之檢討，董事會滿意本集團於二零一九年內完全遵守守則所列表載之內部管制及風險管理守則條文。審核委員會亦認為，本集團已聘用足夠的員工處理會計、財務及內部管制之工作。本集團設有內部管制部門。

外聘核數師

本集團之外聘核數師為和信會計師事務所有限公司。審核委員會有責任確保續任核數師的客觀性及保持核數師的獨立性，委員會已：

- 釐定外聘核數師可提供之非核數服務的類別及授權的框架。一般而言，除稅項有關服務外，委員會禁止委任外聘核數師提供非核數服務；及
- 與董事會協定有關聘請外聘核數師現職或前僱員的政策以及如何監察此等政策的應用。

於二零一九年，本公司支付予外聘核數師之核數及非核數服務酬金分別約為人民幣1,450,000元及人民幣零元。

CORPORATE GOVERNANCE REPORT

企業管治報告

The accounts for the year ended 31 December 2019 were audited by KTC Partners CPA Limited whose term of office will expire upon the forthcoming annual general meeting of the Company. The Audit Committee has recommended to the Board that KTC Partners CPA Limited be re-appointed as the auditors of the Company at the forthcoming annual general meeting of the Company.

The Group has not employed any staff who was formerly involved in the Group's statutory audit.

Corporate Communication

The Group recognises the importance of shareholder feedback and the need for ongoing communication with its stakeholders, including the general public, investors, and the institutional and individual shareholders. The Company published annual, interim and quarterly reports which contained detailed information about the Group. Inquiries by shareholders are directed and dealt with by senior management of the Group.

Company secretary

Mr. Lui Chi Keung has resigned as the Company Secretary and authorised person of the Company on 31 January 2020. Mr. Tse Chun Lai ("Mr. Tse") has been appointed as the Company Secretary and the Authorised Representative on 31 January 2020. The biographical details of Mr. Tse have been disclosed in the Company's announcement dated 31 January 2020.

The company secretary has complied with Rule 5.15 of the GEM Listing Rules in relation to the professional training requirements.

INVESTORS RELATIONSHIP

The Company has established a range of communication channels between itself and its Shareholders, investors and other stakeholders. These include the annual general meeting, the annual, interim and quarterly reports, notices, announcements and circulars and the Company's website at http://web.iprofpl.com/8270/info_e.html.

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

本公司於截至二零一九年十二月三十一日止年度之賬目已經由和信會計師事務所有限公司審核，其任期將於本公司應屆股東週年大會後屆滿。審核委員會已建議董事會於本公司應屆股東週年大會上提名和信會計師事務所有限公司獲續聘為本公司之核數師。

本集團從未僱用任何曾參與本集團法定核數工作的人士。

企業傳訊

本集團明白到股東反饋的重要性以及與權益人(包括公眾、投資者以及機構及個人股東)保持溝通的必要性。本公司發佈包含有關本集團之詳細資訊之年度、中期及季度報告。股東的一切查詢均有本集團高級管理層直接處理。

公司秘書

呂志強先生於二零二零年一月三十一日辭任公司秘書及本公司授權代表。謝進禮先生(「謝先生」)於二零二零年一月三十一日獲委任為公司秘書及授權代表。謝先生的履歷詳情已於本公司日期為二零二零年一月三十一日之公告內披露。

公司秘書已遵守GEM上市規則第5.15條有關專業培訓的規定。

投資者關係

本公司與其股東、投資者及其他利益相關者之間設有一系列溝通渠道，包括股東週年大會、年度、中期及季度報告、通知、公佈及通函以及本公司網站 http://web.iprofpl.com/8270/info_tc.html。

截至二零一九年十二月三十一日止年度，本公司組織章程文件並無任何重大變動。

BIOGRAPHICAL INFORMATION OF DIRECTORS AND KEY MANAGEMENT 董事及主要管理層履歷資料

DIRECTORS

Executive Directors

Mr. Wang Zhong Sheng, aged 56, has been appointed as chairman of the Board, an executive Director and the compliance officer of the Company since May 2006. From 9 January 2004 to 26 May 2006, Mr. Wang was an executive director of Tianjin Jinran Public Utilities Company Limited ("Tianjin Jinran") (formerly known as Tianjin Tianlian Public Utilities Company Limited), a company listed on the Main Board of the Stock Exchange (Stock Code: 01265, former stock code: 08290), and was responsible for its business strategies. He graduated from the University of Tianjin with a bachelor degree in engineering in 1984. Mr. Wang is also a director of Tianjin Leason Investment Group Company Limited (天津市聯盛投資集團有限公司). Mr. Wang is a substantial shareholder of the company which holds 394,239,983 Shares in person or through controlled corporation, representing approximately 29.88% of the issued share capital of the Company as at the date of this report. In addition, as at the date of this report, Mr. Wang is interested as a grantee of options to subscribe for 324,750 shares under the share option scheme adopted by the Company on 18 May 2011 and as a holder of convertible bonds convertible to 94,142,021 conversion shares.

Mr. Fu Shou Gang, aged 53, has been appointed as an executive Director since December 2010 and resigned as an executive Director with effect from 19 June 2019. Mr. Fu has years of experiences in the natural gas sector. Prior to joining the Group, he worked in Tianjin Jinran, where was pointed as an executive Director. Mr. Fu is interested as a grantee of options to subscribe for 324,750 shares under the share options scheme adopted by the Company on 18 May 2011.

Mr. Chang Jian, aged 54, was appointed as an executive director on 19 June 2019. Mr. Chang has previously studied in the Safe Engineering department of Beijing Technical College of Economics (北京經濟學院). Mr. Chang has over 30 years of experience in industrial production and safety management.

董事

執行董事

王忠勝先生，56歲，自二零零六年五月起獲委任為本公司之董事會主席、執行董事及監察主任。王先生曾於二零零四年一月九日至二零零六年五月二十六日期間為天津津燃公用事業股份有限公司（「天津津燃」，一家於聯交所主板上市之公司，股份代號：01265）（前稱天津天聯公用事業股份有限公司，股份代號：08290）之執行董事，並負責其業務策略。王先生一九八四年於天津大學畢業，持有工程學學士學位。王先生亦為天津市聯盛投資集團有限公司之董事。王先生為本公司主要股東，以個人及透過受控法團方式持有394,239,983股股份，相當於本公司在本報告刊發日期之已發行股本約29.88%。此外，於本報告日期，王先生作為購股權之承授人，擁有可根據本公司於二零一一年五月十八日採納的購股權計劃認購324,750股股份的購股權，並為可轉換為94,142,021股換股股份之可換股債券之持有人。

付壽剛先生，53歲，自二零一零年十二月起獲委任為執行董事，並自二零一九年六月十九日起辭任執行董事一職。付先生有多年天然氣行業工作經驗，於加入本集團前，在天津津燃工作，期間獲委任為執行董事。付先生為購股權之承授人，擁有可根據本公司於二零一一年五月十八日採納的購股權計劃認購324,750股股份的購股權。

常建先生，54歲，於二零一九年六月十九日獲委任為執行董事。常先生曾就讀於北京經濟學院，安全工程專業系，擁有超過30年之工業生產及安全管理經驗。

BIOGRAPHICAL INFORMATION OF DIRECTORS AND KEY MANAGEMENT 董事及主要管理層履歷資料

Non-Executive Directors

Mr. Liang Feng, aged 41, was appointed as a non-executive director on 19 June 2019. Mr. Liang has previously studied in the Economic Development course offered by the School of Economics and Management of Tsinghua University. He has over 15 years of experience in corporate management.

Mr. Wang Chen, aged 33, was appointed as a non-executive director on 19 June 2019. Mr. Wang has previously studied in Tianjin Bohai Vocational Technical College (天津渤海化工職業技術學院). He has over 10 years of experience in corporate management. Mr. Wang is the son of the Chairman of the Company.

Mr. Wu Kun, aged 39, was appointed as a non-executive director on 19 June 2019. Mr. Wu was graduated from the Institute of Cadre Management of the State Administration of Radio, Film and Television (國家廣播電影電視總局幹部管理學院) majoring in television photography. He has over 10 years of experience in corporate management.

Independent Non-Executive Directors

Mr. Lau Chun Pong, aged 46, was appointed as an independent non-executive director on 13 November 2017. Mr. Lau graduated from the University of California, Los Angeles with a Bachelor of Arts degree in Business Economics in 1997. Mr. Lau is an associate member of the Hong Kong Institute of Certified Public Accountants and a member of the American Institute of Certified Public Accountants. Mr. Lau has extensive experience in accounting, auditing and corporate finance. He was (i) the qualified accountant and company secretary of Shenzhen Mingwah Aohan High Technology Corporation Limited (深圳市明華澳漢科技股份有限公司) (listed on the GEM of the Stock Exchange with stock code: 8301) from April 2005 to May 2006; (ii) the financial controller and company secretary of We Solutions Limited (former names: Ming Fung Jewellery Group Limited and O Luxe Holdings Limited) (listed on the Main Board of the Stock Exchange with stock code: 860) from June 2008 and November 2008 respectively to November 2017; (iii) the group financial controller and company secretary of AV Promotions Holdings Limited (listed on the GEM of the Stock Exchange with stock code: 8419) from June 2018 to June 2019; and (iv) the company secretary of Grand T G Gold Holdings Ltd (大唐潼金控股有限公司) (listed on the GEM of the Stock Exchange with stock code: 8299) from January 2019 to February 2020. Mr. Lau is currently the Company Secretary and Chief Financial Officer of Clifford Modern Living Holdings Limited (listed on the Main Board of the Stock Exchange with stock code: 3686), and the independent non-executive director of China Longevity Group Company Limited (中國龍天集團有限公司) (listed on the Main Board of the Stock Exchange with stock code: 1863).

非執行董事

梁峰先生，41歲，於二零一九年六月十九日獲委任為非執行董事。梁先生曾就讀於清華大學經濟管理學院經濟發展課程，擁有超過15年之企業管理經驗。

王琛先生，33歲，於二零一九年六月十九日獲委任為非執行董事。王先生曾就讀於天津渤海化工職業技術學院，擁有超過10年之企業管理經驗。王先生為本公司主席之兒子。

鄔昆先生，39歲，於二零一九年六月十九日獲委任為非執行董事。鄔先生畢業於國家廣播電影電視總局幹部管理學院，電視攝像專業系，擁有超過10年之企業管理經驗。

獨立非執行董事

劉振邦先生，46歲，於二零一七年十一月十三日獲委任為獨立非執行董事。劉先生於一九九七年畢業於加州大學洛杉磯分校，獲得商業經濟學文學學士學位。劉振邦先生為香港會計師公會會員及美國註冊會計師協會會員。劉先生於會計、核數及企業融資方面擁有豐富經驗。彼(i)於2005年4月至2006年5月為深圳市明華澳漢科技股份有限公司(一間於聯交所GEM上市的公司，股份代號：8301)的合資格會計師及公司秘書；(ii)分別於2008年6月及2008年11月至2017年11月為力世紀有限公司(前稱為明豐珠寶集團及奧立仕控股有限公司；一間於聯交所主板上市之公司，股份代號：860)的財務總監及公司秘書；(iii)於2018年6月至2019年6月為AV策劃推廣(控股)有限公司(一間於聯交所GEM上市的公司，股份代號：8419)的集團財務總監及公司秘書；及(iv)於2019年1月至2020年2月為大唐潼金控股有限公司(一間於聯交所GEM上市的公司，股份代號：8299)的公司秘書。劉先生目前為祈福生活服務控股有限公司(一間於聯交所主板上市之公司，股份代號：3686)的首席財務官及公司秘書，及中國龍天集團有限公司(一間於聯交所主板上市之公司，股份代號：1863)的獨立非執行董事。

BIOGRAPHICAL INFORMATION OF DIRECTORS AND KEY MANAGEMENT 董事及主要管理層履歷資料

Mr. Luo Wei Kun, aged 81, has been an independent non-executive director of the Company since August 2006 and retired as an independent non-executive director with effect from 27 May 2019. He graduated from the Tsinghua University with a bachelor's degree in civil engineering in 1964 and started postgraduate studies in the same year. He was awarded a postgraduate diploma in civil engineering in 1967. He acted as a technician in Wuhan Branch of the Chinese Medicine Industrial Limited during 1968 to 1969 and as a technician, deputy section chief, section chief, engineer and vice chief engineer in the State Ministry of Medicine – Hubei Medical Manufactory Branch during 1969 to 1985. He then worked as a senior engineer, section chief and assistant factory manager in Tianjin Second Coal Gas Factory during 1986 to 1992. From 1992 to 2000, he acted as a vice chief engineer in Tianjin Utility Department and at the same time, worked as a chief engineer in Tianjin City Gas Administrative Office. After his retirement in March 2000, Mr. Luo acted as a consultant of Tianjin City Gas Administrative Office and Tianjin City Gas Planning Office.

Mr. Wang Zhi He, aged 72, has been an independent non-executive director of the Company since August 2006. Mr. Wang is a senior accountant. Mr. Wang graduated from Anhui University of Finance and Economics in February 1972, and was assigned to finance department of Anhui Huaibei Mining Bureau and worked as a commissioner, deputy section chief, section chief, deputy director and director. Mr. Wang was transferred to the Ministry of Coal Industry in May 1995, and worked as a director of Asset Capital Management Division and State-owned Assets Management department. In October 1997, Mr. Wang was re-designated as a chief accountant of China Coal Construction Group Corporation, and worked as a deputy general manager and chief accountant in May 1999. Mr. Wang was transferred to Zhonglian Gas Company Limited and worked as a chief accountant in March 2004. Mr. Wang has years of relevant experience.

Mr. Xu Yuan Jian, aged 46, was appointed as an independent non-executive director on 23 August 2019. Mr. Xu graduated from Beijing Normal University with a bachelor's degree in Chemistry in 1994. He pursued the doctorate in the National University of Singapore from 1997 to 2000. Mr. Xu has years of working experience in research areas of organic chemical technology as well as in physiochemical treatment for organic pollutants.

Senior Management

Mr. Tse Chun Lai, aged 36, was appointed as the company secretary and authorised representative of the Company on 31 January 2020. Mr. Tse obtained a degree of bachelor of arts in Accounting and Finance from Leeds Beckett University (formerly known as Leeds Metropolitan University). He is a certified public accountant of Hong Kong Institute of Certified Public Accountants. Mr. Tse has over 15 years of experience in business and taxation advisory.

羅維崑先生，81歲，自二零零六年八月起為本公司獨立非執行董事，並自二零一九年五月二十七日起退任獨立非執行董事一職。羅先生一九六四年畢業於清華大學，獲土木工程學士學位，同年繼續攻讀研究生，於一九六七年獲土木工程研究生畢業文憑。其後於一九六八年至一九六九年擔任中國醫藥工業公司武漢分公司技術員，一九六九年至一九八五年先後擔任國家醫藥總局湖北製藥製劑分廠的技術員、副科長、科長、工程師和副總工程師。一九八六年至一九九二年任職天津市第二煤氣廠，期間曾任高級工程師、科長和副廠長，一九九二年至二零零零年擔任天津市公用局副總工程師，兼任天津市燃氣管理處總工程師。羅先生於二零零零年三月退休後，還曾任天津市燃氣管理處和天津市燃氣規劃辦公室顧問。

王之和先生，72歲，自二零零六年八月起為本公司獨立非執行董事。王先生是一位高級會計師。王先生一九七二年二月畢業於安徽省財經學校，被分配到安徽淮北礦務局財務處工作，先後擔任專員、副科長、科長、副處長、處長。於一九九五年五月調到煤炭工業部工作，先後任資產資金管理處及國有資產管理處處長。於一九九七年十月調到中煤建設集團公司任總會計師。於一九九九年五月任副總經理兼總會計師。於二零零四年三月調到中聯煤氣有限責任公司任總會計師。王先生累積多年相關工作經驗。

徐願堅先生，46歲，於二零一九年八月二十三日獲委任為獨立非執行董事。徐先生於一九九四年畢業於北京師範大學，獲得化學專業學士學位，並於一九九七年至二零零零年期間在星加坡國立大學攻讀博士研究生。徐先生在有機化學工藝研究及有機污染物物化處理研究方面有多年工作經驗。

高級管理人員

謝進禮先生，36歲，自二零二零年一月三十一日起獲委任為本公司之公司秘書兼授權代表。謝先生於利茲貝克特大學(前稱「利茲都會大學」)取得會計和財務文學學士學位。彼為香港會計師公會會員。謝先生於商業及稅務諮詢方面擁有逾15年經驗。

DIRECTORS' REPORT 董事會報告

The Directors present their annual report and the audited consolidated financial statements of the Group for the year ended 31 December 2019.

PRINCIPAL ACTIVITIES

The Company is an investment holding company. The principal activities of its subsidiaries are set out in note 18 to the consolidated financial statements.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2019 are set out in the consolidated statement of profit or loss and consolidated statement of profit or loss and other comprehensive income on page 57 to 58.

The state of affairs of the Group and the Company as at 31 December 2019 are set out in the consolidated and company statements of financial position on pages 59 to 60 and note 38 respectively. The cash flows of the Group are set out in the consolidated statement of cash flows on pages 62 to 63.

The Directors of the Company do not recommend the payment of a dividend for the year ended 31 December 2019.

SHARE CAPITAL AND RESERVES

Details of the movements in share capital of the Company during the year are set out in note 31(a) to the consolidated financial statements.

Movements in the reserves of the Group during the year is set out in page 61 to the consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group are set out in note 16 to the consolidated financial statements.

董事謹此提呈本集團截至二零一九年十二月三十一日止年度之年報及經審核綜合財務報表。

主要業務

本公司為投資控股公司。其附屬公司之主要業務載於綜合財務報表附註18。

業績及分派

本集團截至二零一九年十二月三十一日止年度之業績載於第57至58頁之綜合損益表以及綜合損益及其他全面收益表。

本集團及本公司於二零一九年十二月三十一日之營運狀況分別載於第59至60頁及附註38之綜合及本公司之財務狀況表。本集團之現金流量載於第62至63頁之綜合現金流量表。

本公司董事不建議就截至二零一九年十二月三十一日止年度派付股息。

股本及儲備

本公司於年內之股本變動詳情載於綜合財務報表附註31(a)。

本集團於年內之儲備變動載於第61頁之綜合財務報表。

物業、機器及設備

有關本集團之物業、機器及設備變動詳情載於綜合財務報表附註16。

DIRECTORS' REPORT

董事會報告

CORPORATE GOVERNANCE

A report on the principal corporate governance practices adopted by the Company is set out on pages 18 to 33 of this annual report.

DONATIONS

Donations by the Group for charitable and other purposes amounted to approximately RMB nil (2018: approximately RMB nil).

SUMMARY OF FINANCIAL INFORMATION

A summary of the results and assets and liabilities of the Group for the last five financial years is set out on page 191 to 192.

DISTRIBUTABLE RESERVES

In accordance with the Companies Act 1981 of Bermuda and the Company's articles of association, the Company's reserves available for distribution to its shareholders comprise share premium, contributed surplus and accumulated losses which in aggregate amounted to approximately RMB139,558,000 as at 31 December 2019 (2018: RMB134,807,000). The distributable reserves are available for distribution provided that immediately following the date on which the dividend is proposed, the Company will be able to pay off its debt as they fall due in the ordinary course of business.

企業管治

本公司採用的企業管治常規原則載於本年報第18至33頁。

捐款

本集團就慈善及其他目的作出的捐款達約人民幣零元(二零一八年：約人民幣零元)。

財務資料概要

本集團於過往五個財政年度之業績及資產與負債概要刊載於第191至192頁。

可分派儲備

根據百慕達公司法(一九八一)及本公司組織章程細則,本公司可供向其股東分派的儲備包括股份溢價、實繳盈餘及累計虧損,於二零一九年十二月三十一日總計約為人民幣139,558,000元(二零一八年:人民幣134,807,000元)。可分派儲備可作分派的前提是於緊接建議宣派股息日期之後,本公司將有能力支付其於日常業務過程中的到期債務。

DIRECTORS' REPORT 董事會報告

DIRECTORS

The Directors who held office during the year ended 31 December 2019 were:

Executive Directors

Mr. Wang Zhong Sheng (*Chairman*)
Mr. Fu Shou Gang
(resigned on 19 June 2019)
Mr. Chang Jian
(appointed on 19 June 2019)

Non-Executive Directors

Mr. Liang Feng
(appointed on 19 June 2019)
Mr. Wang Chen
(appointed on 19 June 2019)
Mr. Wu Kun
(appointed on 19 June 2019)

Independent Non-Executive Directors

Mr. Lau Chun Pong
Mr. Luo Wei Kun
(retired on 27 May 2019)
Mr. Wang Zhi He
Mr. Xu Yuan Jian
(appointed on 23 August 2019)

In accordance with article 87 of the Company's articles of association, Mr. Chang Jian and Mr. Wu Kun retire at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

The term of office for each of independent non-executive Directors is the period up to his retirement by rotation and re-election at annual general meeting of the Company in accordance with the provisions of the articles of association of the Company.

董事

於截至二零一九年十二月三十一日止年度之在任董事如下：

執行董事

王忠勝先生 (*主席*)
付壽剛先生
(於二零一九年六月十九日辭任)
常建先生
(於二零一九年六月十九日獲委任)

非執行董事

梁峰先生
(於二零一九年六月十九日獲委任)
王琛先生
(於二零一九年六月十九日獲委任)
鄔昆先生
(於二零一九年六月十九日獲委任)

獨立非執行董事

劉振邦先生
羅維崑先生
(於二零一九年五月二十七日退任)
王之和先生
徐顧堅先生
(於二零一九年八月二十三日獲委任)

根據本公司組織章程細則第87條，常建先生及鄔昆先生須要在即將舉行的股東週年大會退任，並符合規定及願意膺選連任。

各獨立非執行董事的任期為直至彼根據本公司組織章程細則的條款於本公司股東週年大會輪值退任及重選為止。

DIRECTORS' REPORT

董事會報告

Biographical information of the Directors is set out on page 34 to page 36 of this report.

The Company has received from each of the independent non-executive Directors an annual confirmation of his independence pursuant to Rule 5.09 of the GEM Listing Rules and the Company considers the independent non-executive Directors have remained independent.

DIRECTORS' SERVICE CONTRACTS

None of the Directors has a service contract with the Company or any of its subsidiaries which is not terminable by the Group within one year without payment of compensation, other than statutory compensation.

DIRECTORS' AND KEY MANAGEMENT'S REMUNERATION

Details of Directors' and key management's remuneration for the year are set out in notes 11 and 12 to the consolidated financial statements.

The Directors' remuneration are subject to shareholders' approval at general meetings. Other emoluments are determined by the Board with reference to Directors' duties, responsibilities and performance and the results of the Group.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

No other contract of significance in relation to the Group's business subsisted at the year-end or any time during the year to which the Company or any of its subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly.

COMPETING INTERESTS

None of the Directors or the management shareholders of the Company or any of their respective associates (as defined in the GEM Listing Rules) had an interest in a business which causes or may cause any significant competition with the business of the Group.

有關該等董事之履歷資料載於本報告第34至36頁。

本公司已接獲各獨立非執行董事根據GEM上市規則第5.09條就其獨立性而作出之年度確認函。本公司認為有關獨立非執行董事仍為獨立人士。

董事服務合約

董事均無與本公司或其任何附屬公司訂立本集團不可於一年內免付補償(法定補償除外)而終止之服務合約。

董事及主要管理人員之酬金

董事及主要管理人員於年內之酬金詳情載於綜合財務報表附註11及12。

董事酬金須由股東於股東大會批准。其他酬金由董事會參考董事之職務、責任及表現以及本集團業績後釐定。

董事於重大合約之權益

本公司或其任何附屬公司於年終或年內任何時間概無訂有任何董事於其中佔有重大權益(不論直接或間接)且與本集團業務有關之其他重大合約。

競爭權益

本公司董事或管理層股東或任何彼等各自之聯繫人士(定義見GEM上市規則)概無於對本集團業務構成或可能構成任何重大競爭之業務中擁有權益。

DIRECTORS' REPORT

董事會報告

SUFFICIENCY OF PUBLIC FLOAT

Based on Information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total issued share capital was held by the public as at the date of this report.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS OR SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2019, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register required to be kept by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the required standard of dealings by directors of listed issuers as referred to in Rule 5.46 of the GEM Listing Rules were as follows:

Long positions in shares, underlying shares and debentures of the Company

足夠公眾持股量

根據本公司可公開取得的資料，並就董事所知，於本報告日期，本公司已發行股本總額中有最少25%由公眾人士持有。

董事及最高行政人員於股份、相關股份及債券之權益或淡倉

於二零一九年十二月三十一日，按本公司根據證券及期貨條例（「證券及期貨條例」）第352條規定而存置之登記冊所記錄，或根據GEM上市規則第5.46條所述上市發行人董事進行交易的規定標準已知會本公司及聯交所，董事及本公司最高行政人員在本公司或其任何相聯法團（定義見證券及期貨條例第XV部）的股份、相關股份及債券中之權益及淡倉如下：

於本公司股份、相關股份及債券之好倉

Name	Capacity	Nature of interest	Number of shares/ underlying shares	Approximate % of shareholdings
姓名	身份	權益性質	相關股份數目	持股概約百分比
Mr. Wang Zhong Sheng 王忠勝先生	Interest of controlled corporation 受控法團權益	Corporate interest 公司權益	18,118,500 (Note 1) (附註1)	1.38%
	Beneficial owner 實益擁有人	Personal 個人	470,588,254 (Note 2) (附註2)	35.66%
Mr. Fu Shou Gang 付壽剛先生	Beneficial owner 實益擁有人	Personal 個人	324,750 (Note 3) (附註3)	0.02%

DIRECTORS' REPORT

董事會報告

Notes:

- Such shares are owned by Jumbo Lane Investments Limited.

Mr. Wang Zhong Sheng owns 100% interest in the issued share capital of Jumbo Lane Investments Limited and he is taken to be interested in the shares owned by Jumbo Lane Investments Limited pursuant to Part XV of the SFO (Chapter 571 of the Laws of Hong Kong).
- Out of the 470,588,254 long positions, Mr. Wang Zhong Sheng is interested as (i) a grantee of options to subscribe for 324,750 shares under the new share option scheme adopted by the Company on 18 May 2011; (ii) a beneficial owner of 376,121,483 issued shares of the Company; and (iii) a holder of convertible bonds convertible to 94,142,021 conversion shares.
- Mr. Fu Shou Gang is interested as a grantee of options to subscribe for 324,750 shares under the new share option scheme adopted by the Company on 18 May 2011. Mr. Fu resigned on 19 June 2019 as executive director.

Save as disclosed above, as at 31 December 2019, none of the Directors or chief executive of the Company had any other interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which were otherwise required, pursuant to the required standard of dealings by directors of listed issuers as referred to in Rule 5.46 of the GEM Listing Rules, to be notified to the Company and the Stock Exchange. The Group had not issued any debentures during the Year.

附註：

- 該等股份由寶連投資有限公司擁有。

王忠勝先生擁有寶連投資有限公司已發行股本之100%權益，根據香港法例第571章證券及期貨條例第XV部，彼被視為為寶連投資有限公司擁有之股份中擁有權益。
- 於該470,588,254股股份之好倉中，王忠勝先生以下列形式擁有權益：(i)購股權之承授人，可根據本公司於二零一一年五月十八日採納的新購股權計劃認購324,750股股份；(ii)實益擁有人，擁有376,121,483股本公司已發行股份；及(iii)可換股債券之持有人，可轉換為94,142,021股換股股份。
- 付壽剛先生作為購股權之承授人擁有權益，可根據本公司於二零一一年五月十八日採納的新購股權計劃認購324,750股股份。付先生已於二零一九年六月十九日辭任執行董事。

除上文所披露者外，於二零一九年十二月三十一日，董事或本公司最高行政人員概無在本公司或其任何相聯法團（定義見證券及期貨條例第XV部）之任何股份、相關股份或債券中擁有根據證券及期貨條例第352條規定而須載入該條例所述登記冊內，或根據GEM上市規則第5.46條所述上市發行人董事進行交易的規定標準而須知會本公司及聯交所之任何其他權益或淡倉。本集團於本年度內並無發行任何債券。

DIRECTORS' REPORT

董事會報告

SUBSTANTIAL SHAREHOLDERS AND PERSONS WITH DISCLOSEABLE INTEREST AND SHORT POSITION IN SHARES AND UNDERLYING SHARES UNDER THE SFO

As at 31 December 2019, the following persons (other than the Directors or chief executive of the Company as disclosed above) had an interest or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO:

Long positions in shares of the Company

Name 姓名	Number of shares 股份數目	Nature of Interest 權益性質	Percentage of shareholding 持股百分比
Ms. Zhao Xin (Note) 趙馨女士(附註)	488,706,754	Interest of spouse 配偶之權益	37.04%

Note:

Ms. Zhao Xin (the spouse of Mr. Wang Zhong Sheng) is deemed to be interested in her spouse's interest in the Company pursuant to the SFO.

Save as disclosed above, as at 31 December 2019, no other person (other than the Directors or chief executive of the Company) had an interest or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under to section 336 of the SFO.

主要股東及於股份及相關股份擁有根據證券及期貨條例須予披露之權益及淡倉之人士

於二零一九年十二月三十一日，按根據證券及期貨條例第336條規定本公司須予存置之登記冊所記錄，下列人士（已於上文披露之董事或本公司最高行政人員除外）於本公司股份及相關股份中擁有權益或淡倉：

於本公司股份之好倉

Name 姓名	Number of shares 股份數目	Nature of Interest 權益性質	Percentage of shareholding 持股百分比
Ms. Zhao Xin (Note) 趙馨女士(附註)	488,706,754	Interest of spouse 配偶之權益	37.04%

附註：

根據證券及期貨條例，趙馨女士（王忠勝先生之配偶）被視為於本公司擁有其配偶權益之權益。

除上文披露者外，按根據證券及期貨條例第336條規定本公司須予存置之登記冊所記錄，於二零一九年十二月三十一日，並無其他人士（董事或本公司最高行政人員除外）於本公司股份及相關股份中擁有權益或淡倉。

DIRECTORS' REPORT

董事會報告

DIRECTORS' AND CHIEF EXECUTIVE'S RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Apart from as disclosed under the heading "Directors' and Chief Executive's Interests or Short Positions in Shares, Underlying Shares and Debentures" above and in the section "Share Option Scheme" below, at no time during the Year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director or their respective spouse or minor children or chief executive or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

SHARE OPTION SCHEME

Pursuant to an ordinary resolution passed on 18 May 2011, the Company's share option scheme adopted on 28 July 2003 (the "Old Share Option Scheme") was terminated and a new share option scheme (the "New Share Option Scheme") was adopted which will remain in force for a period of 10 years from adoption of the New Share Option Scheme and will expire on 17 May 2021. On 30 May 2011, the Board approved to grant options in respect of 258,300,000 ordinary shares to the Company's Directors, employees and consultants under the New Share Option Scheme.

There were no share options that had been granted remained outstanding under the Old Share Option Scheme prior to its termination.

For details of the New Share Option Scheme, please refer to the circular of the Company dated 20 April 2011.

董事及最高行政人員購買股份或債券之權利

除上文「董事及最高行政人員於股份、相關股份及債券之權益或淡倉」及下文「購股權計劃」章節所披露者外，於本年度內任何時間，概無授予任何董事或彼等各自之配偶或未成年子女或最高行政人員透過購買本公司股份或債券之方法而獲得利益之權利，或彼等亦無行使任何該等權利；或本公司或其任何附屬公司概無訂立任何安排，致使董事可購買任何其他法人團體之該等權利。

購股權計劃

根據於二零一一年五月十八日通過的普通決議案，本公司於二零零三年七月二十八日採納的購股權計劃（「舊購股權計劃」）已告終止，及新的購股權計劃（「新購股權計劃」）已被採納，其將自採納新購股權計劃起十年期間內持續有效，並將於二零二一年五月十七日屆滿。於二零一一年五月三十日，董事會批准根據新購股權計劃授予本公司董事、僱員及顧問購股權以認購258,300,000股普通股。

於舊購股權計劃終止前，已無根據其授出但尚未行使的購股權。

有關新購股權計劃之詳情，請參閱本公司日期為二零一一年四月二十日之通函。

DIRECTORS' REPORT

董事會報告

Information in relation to share options disclosed in accordance with the GEM Listing Rules was as follows:

根據GEM上市規則所披露有關購股權的資料如下：

Name and category of participants	As at 1 January 2019 於二零一九年一月一日	Granted during the year 年內已授出	Exercised during the year 年內已行使	Cancelled/lapsed during the year 年內已註銷/失效	As at 31 December 2019 於二零一九年十二月三十一日	Date of grant of share options 購股權授出日期	Exercise period of share options 購股權行使期	Exercise price of share options as at the date of grant of share options 授出日期之每股行使價	Adjusted exercise price per share option 每份購股權之經調整行使價
<i>Executive Directors</i>									
<i>執行董事</i>									
Mr. Wang Zhong Sheng 王忠勝先生	324,750	-	-	-	324,750	30/5/2011	30/5/2011-29/5/2021	0.495	3.81
Mr. Fu Shou Gang* 付壽剛先生*	324,750	-	-	-	324,750	30/5/2011	30/5/2011-29/5/2021	0.495	3.81
	649,500	-	-	-	649,500				
Employees 僱員	5,486,976	-	-	-	5,486,976	30/5/2011	30/5/2011-29/5/2021	0.495	3.81
Consultants 顧問	25,982,598	-	-	-	25,982,598	30/5/2011	30/5/2011-29/5/2021	0.495	3.81
	32,119,074	-	-	-	32,119,074				

* Mr. Fu resigned on 19 June 2019 as executive director.

* 付先生已於二零一九年六月十九日辭任執行董事。

DIRECTORS' REPORT

董事會報告

Notes:

(i) The terms and conditions of the grants that existed during the year are as follows:

	Number of options 購股權數目	Vesting conditions 歸屬條件	Contractual life of options 購股權合約年期
Options granted: 已授出購股權:			
30 May 2011 二零一一年五月三十日	215,220,000	Vest immediately 即時歸屬	10 years 10年
30 May 2011 二零一一年五月三十日	43,080,000	Half on each of the first and second anniversaries of grant date 授出日期之首個及第二個週年日每次一半	10 years 10年

(ii) The number and weighted average exercise prices of options are as follows:

		Weighted average exercise price 加權平均行使價 HK\$ 港元	Number of options 購股權數目
Outstanding as at 1 January 2019	於二零一九年一月一日未行使	3.81	32,119,074
Granted during the year	年內已授出	-	-
Outstanding as at 31 December 2019	於二零一九年十二月三十一日未行使	3.81	32,119,074
Exercisable as at 31 December 2019	於二零一九年十二月三十一日可行使	3.81	32,119,074

The options outstanding as at 31 December 2019 had an exercise price of HK\$3.81 and a weighted average remaining contractual life of 1.4 years.

附註:

(i) 於本年度存續之授出條款及條件如下:

(ii) 購股權之數目及加權平均行使價如下:

於二零一九年十二月三十一日之未行使購股權之行使價為3.81港元，加權平均合約剩餘年期為1.4年。

As at the date of this Report, the total number of shares available for issue under the New Share Option Scheme was 32,119,074 ordinary shares, representing approximately 2.43% of the issued shares of the Company.

The subscription price per share under the New Share Option Scheme is solely determined by the Board, and shall be at least the higher of: (i) the closing price of the shares as stated in the Stock Exchange's daily quotation sheet on the date of offer to grant option, which must be a business day; (ii) the average of the closing prices of the shares as stated in the Stock Exchange's daily quotations sheets for the 5 business days immediately preceding the date of offer to grant option; and (iii) the nominal value of a share on the date of offer to grant option, provided that in the event of fractional prices, the subscription price per share shall be rounded upwards to the nearest whole cent.

於本報告日期，新購股權計劃項下可供發行之股份總數為32,119,074股普通股，佔本公司已發行股份約2.43%。

新購股權計劃項下之每股認購價由董事會全權釐定，並須至少為以下各項之較高者：(i) 股份於提呈授出購股權當日（須為營業日）於聯交所每日報價表上所列之收市價；(ii) 股份於緊接提呈授出購股權當日前五個營業日在聯交所每日報價表所列之平均收市價；及(iii) 股份於提呈授出購股權當日之面值，前提為倘出現零碎價格，則每股認購價須上調至最接近而完整的一仙。

DIRECTORS' REPORT 董事會報告

MAJOR CUSTOMERS AND SUPPLIERS

For the year under review, the top five customers of the Group together accounted for approximately 39.10% of the Group's total sales for the year while the single largest customers accounted for approximately 15.37% of the Group's total sales during the year.

The top five suppliers of the Group for the year under review together accounted for approximately 98.50% of the Group's total purchases for the year and the single largest supplier accounted for approximately 29.83% of the Group's total purchases.

None of the Directors, their respective associates or any shareholders of the Company who owns more than 5% of the issued share capital of the Company has any interests in the Group's five largest customers and suppliers above mentioned.

AMOUNT OF CAPITALISED INTEREST

Save as disclosed in this report, no interest has been capitalised by the Group during the year.

RETIREMENT BENEFITS SCHEMES

Particular of the retirement benefits schemes of the Group are set out in note 33 to the consolidated financial statements.

CONVERTIBLE SECURITIES, WARRANTS OR SIMILAR RIGHTS

As at the date of this report, the Company had outstanding options to subscribe for 32,119,074 shares under the share option scheme adopted on 18 May 2011 and outstanding convertible bonds convertible to 94,142,021 conversion shares.

PRE-EMPTIVE RIGHTS

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

主要客戶及供應商

於回顧年內，本集團五大客戶合共佔本集團年內總銷售額約39.10%，而最大單一客戶則佔本集團年內總銷售額約15.37%。

本集團五大供應商於回顧年內合共佔本集團年內總採購額約98.5%，而最大單一供應商則佔本集團總採購額約29.83%。

董事、彼等各自之聯繫人士或任何擁有本公司已發行股本5%以上之本公司股東概無於上述本集團五大客戶及供應商中擁有任何權益。

已撥充資本之利息金額

除本報告所披露者外，本集團於年內並無將任何利息撥充資本。

退休福利計劃

本集團退休福利計劃詳情載於綜合財務報表附註33。

可換股證券、認股權證或類似權利

於本報告日期，本公司尚存於二零一一年五月十八日採納的購股權計劃項下可認購32,119,074股股份的仍未行使購股權以及可轉換為94,142,021股換股股份的未轉換可換股債券。

優先購買權

本公司之公司細則或百慕達法例並無訂有有關優先購買權之條文，規定本公司須向現有股東按比例提呈發售新股份。

DIRECTORS' REPORT

董事會報告

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

During the year ended 31 December 2019, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the listed securities of the Company nor any of its subsidiaries.

MATERIAL RELATED PARTY TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

Details of the related party transactions of the Company are set out in note 39 to the consolidated financial statements.

During the year ended 31 December 2019, Shanxi Qinshui Prefecture Chengrong Investment Limited ("Chengrong Investment") has provided financing to the Group in the sum of RMB24,200,000. As Chengrong Investment owns 17% equity interest in Shanxi Wanzhi Logistics Limited (a non-wholly owned subsidiary of the Company), Chengrong Investment is a connected person of the Company under the GEM Listing Rules. As the financing is financial assistance provided by a connected person for the benefit of the Group on normal commercial terms (or better to the Company) where no security over the assets of the Group is granted in respect of the financial assistance, the transaction are exempt from the reporting, announcement and independent shareholders' approval under Rule 20.65 of the GEM Listing Rules.

The Company has complied with the disclosure requirements in accordance with Chapter 20 of the GEM Listing Rules. Save as disclosed above, The Directors consider that those material related party transactions disclosed in note 39 to the consolidated financial statements did not fall under the definition of "connected transactions" or "continuing connected transactions" in accordance with the GEM Listing Rules during the year under review.

COMPETING INTERESTS

None of the Directors or the management shareholders of the Company or any of their respective associates (as defined in the GEM Listing Rules) had an interest in a business which causes or may cause any significant competition with the business as of the Group.

購買、出售或贖回本公司上市證券

於截至二零一九年十二月三十一日止年度，本公司或其任何附屬公司概無購買、出售或贖回本公司或其任何附屬公司的任何上市證券。

重大關連人士交易及持續關連交易

本公司關連人士交易之詳情載於綜合財務報表附註39。

截至二零一九年十二月三十一日止年度，沁水縣盛融投資有限責任公司（「盛融投資」）向本集團提供資金人民幣24,200,000元。由於盛融投資擁有山西萬志物流有限公司（本公司之非全資附屬公司）之17%股本權益，根據GEM上市規則，盛融投資為本公司之關連人士。由於有關資金為關連人士按一般商業條款（或對本公司而言更優）提供予本集團之財務資助，且並無就該財務資助抵押本集團之資產，故根據GEM上市規則第20.65條，該交易獲豁免遵守申報、公佈及獨立股東批准之規定。

本公司已遵守GEM上市規則第20章之披露規定。除上文所披露者外，董事認為於回顧年度內綜合財務報表附註39所披露的重大關連人士交易根據GEM上市規則並不隸屬於「關連交易」或「持續關連交易」。

競爭權益

本公司董事或管理層股東或任何彼等各自之聯繫人士（定義見GEM上市規則）概無於對本集團業務構成或可能構成任何重大競爭之業務中擁有權益。

DIRECTORS' REPORT 董事會報告

DIVIDEND POLICY

The Company has a dividend policy, the objective of which is to allow shareholders of the Company to participate in the Company's profits whilst retaining adequate reserves to sustain the Group's future growth. The declaration, form, frequency and amount of dividend paid by the Company must be in accordance with relevant laws and regulations and subject to the Articles. In deciding whether to declare any dividend, the Board will take into account a number of factors, including the financial results, the distributable reserves, the operations and liquidity requirements, and the current and future development plans of the Company. The Board will review the dividend policy of the Company as appropriate from time to time.

AUDITORS

The accounts for the year ended 31 December 2019 were audited by KTC Partners CPA Limited whose term of office will expire upon the annual general meeting. A resolution for the reappointment of KTC Partners CPA Limited as the auditors of the Company for the subsequent year is to be proposed at the forthcoming annual general meeting.

By order of the Board

Wang Zhong Sheng

Chairman

11 May 2020

股息政策

本公司設有股息政策，其目標為讓本公司股東參與本公司利潤，同時保留足夠儲備使本集團於日後持續增長。本公司派付股息的宣派、形式、頻次及金額必須根據相關法律及法規及受細則所限。於決定宣派任何股息與否時，董事會將計及多項因素，包括本公司的財務業績、可供分派儲備、經營及流動資金要求以及目前及未來發展計劃。董事會將不時適當審閱本公司的股息政策。

核數師

截至二零一九年十二月三十一日止年度的賬目乃由和信會計師事務所有限公司審核，其任期將於股東週年大會屆滿。有關重新委任和信會計師事務所有限公司為本公司核數師的決議案將於即將舉行的股東週年大會上提呈。

承董事會命

王忠勝

主席

二零二零年五月十一日

INDEPENDENT AUDITORS' REPORT 獨立核數師報告



TO THE SHAREHOLDERS OF CHINA CBM GROUP COMPANY LIMITED

(Incorporated in the Cayman Islands and continued in Bermuda with limited liability)

OPINION

We have audited the consolidated financial statements of China CBM Group Company Limited (the "Company") and its subsidiaries (collectively referred to as "the Group") set out on pages 57 to 190, which comprise the consolidated statement of financial position as at 31 December 2019, and the consolidated statement of profit or loss, 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, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

致中國煤層氣集團有限公司全體股東

(於開曼群島註冊成立並於百慕達存續之有限公司)

意見

我們已審核載於第57至190頁中國煤層氣集團有限公司(「貴公司」)及其附屬公司(統稱「貴集團」)之綜合財務報表，包括於二零一九年十二月三十一日之綜合財務狀況表，以及截至該日止年度之綜合損益表、綜合損益及其他全面收益表、綜合權益變動表及綜合現金流量表，以及綜合財務報表附註，包括主要會計政策概要。

我們認為，綜合財務報表已根據香港會計師公會「香港會計師公會」頒佈之香港財務報告準則(「香港財務報告準則」)真實而公平地反映 貴集團於二零一九年十二月三十一日之財務狀況及其截至該日止年度之綜合財務表現及綜合現金流量，並已根據香港公司條例之披露規定妥為編製。

INDEPENDENT AUDITORS' REPORT

獨立核數師報告

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing (“HKSAAs”) 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 opinion.

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to note 3 to the consolidated financial statements, which indicates that the Group incurred a net loss of approximately RMB68,811,000 for the year ended 31 December 2019, and as of 31 December 2019, the Group’s current liabilities exceeded its current assets by approximately RMB310,739,000. As stated in note 3 these events or conditions, along with other matters as set forth in note 3, indicate that a material uncertainty exists that may cast significant doubt on the Group’s ability to continue as a going concern. Our opinion is not modified in respect of this matter.

KEY AUDIT MATTERS

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

In addition to the matters described in 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.

意見之基礎

我們根據香港會計師公會頒佈之香港審計準則（「香港審計準則」）進行審核。我們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須承擔之責任」一節中進一步闡述。根據香港會計師公會頒佈之專業會計師道德守則（「守則」），我們獨立於 貴集團，並已遵循守則履行其他道德責任。我們相信，我們所獲得之審核證據屬充分及適當，可為我們的意見提供基礎。

與持續經營相關的重大不確定性

我們注意到綜合財務報表附註3，其中指出 貴集團截至二零一九年十二月三十一日止年度產生淨虧損約人民幣68,811,000元，且截至二零一九年十二月三十一日 貴集團之流動負債已超出其流動資產約人民幣310,739,000元。誠如附註3所述，該等事項或狀況連同附註3所載其他事宜表明，可能存在導致對 貴集團持續經營能力產生重大疑慮的重大不確定性。我們的意見並無就該事項作出修改。

關鍵審核事項

關鍵審核事項為根據我們的專業判斷，認為對本期間的綜合財務報表審核屬最為重要的事項。該等事項乃於我們審核整體綜合財務報表並就此達致意見時進行處理，而我們不會就此等事項提供單獨意見。

除了與持續經營相關的重大不確定性部分所述的事項外，我們已確定下述事項是我們報告中要傳達的關鍵審核事項。

INDEPENDENT AUDITORS' REPORT

獨立核數師報告

Key audit matters identified in our audit are summarised as follows:

Impairment of property, plant and equipment and right-of-use assets

Refer to note 16 to the consolidated financial statements.

Key Audit Matter

關鍵審核事項

As at 31 December 2019, the carrying amount of property, plant and equipment and right-of-use assets before current year's impairment were approximately RMB483,126,000 and RMB33,324,000 respectively. These assets mainly belonged to three cash generating units ("CGUs") – Guangxi Beiliu, Shanxi Qinshui and Yangcheng Huiyang and are assessed for impairment when indicators of impairment loss existed at the end of the reporting period. The Group has incurred losses for current and previous years. These situations indicate that the carrying value of these assets may be impaired.

於二零一九年十二月三十一日，物業、機器及設備以及使用權資產的賬面值（扣除本年度減值前）分別約為人民幣483,126,000元及人民幣33,324,000元。該等資產主要歸屬於三個現金產生單位（「現金產生單位」）— 廣西北流、山西沁水及陽城惠陽，且於報告期末出現減值虧損跡象時進行減值評估。貴集團於本年度及過往年度產生虧損。該等狀況顯示該等資產的賬面值可能出現減值。

Impairment tests require the estimation of recoverable amounts of the relevant cash generating units using a discounted cash flow approach, as detailed in note 16 to the consolidated financial statements. Management concluded its impairment assessments and impairment losses of property, plant and equipment and right-of-use assets of approximately RMB 40,637,000 and RMB Nil respectively were recognised in profit or loss during the year as the recoverable amounts of the cash generating units were lower than the carrying values of the related assets included in these CGUs.

減值測試須使用貼現現金流方法估計相關現金產生單位的可收回金額，詳情載於綜合財務報表附註16。管理層就其減值評估作出總結及年內於損益確認的物業、機器及設備以及使用權資產的減值虧損分別為約人民幣40,637,000元及人民幣零元，因有關現金產生單位的可收回金額低於計入該等現金產生單位的相關資產的賬面值。

於我們的審核中識別的關鍵審核事項概述如下：

物業、機器及設備以及使用權資產減值

參閱綜合財務報表附註16。

How our audit addressed the key audit matter

我們的審核如何解決該關鍵審核事項

Our procedures in relation to the impairment of property, plant and equipment and right-of-use assets included:

我們涉及物業、機器及設備以及使用權資產減值之程序包括：

- We have reviewed the management's assessment on the recoverability of these assets and the reasonableness of the judgements and estimates used by the management in the value-in-use calculations made by the independent valuer. 我們已審查管理層對該等資產的可收回性以及管理層在獨立估值師進行的使用價值計算中所用判斷及估計的合理性作出的評估。
- We have discussed the indication of possible impairment with the management and, where such indication were identified by the management, assessed the impairment testing performed by the management. 我們已與管理層討論可能出現的減值跡象，及倘管理層已識別出該等跡象，則評估管理層進行的減值測試。
- We have tested the profit forecasts and cash flows projections on whether they were agreed to the budgets approved by the directors of the Company and compared with actual results available up to the report date. 我們已測試溢利預測及現金流量預測是否與貴公司董事批准的預算一致，並與截至報告日的實際結果進行比較。

INDEPENDENT AUDITORS' REPORT

獨立核數師報告

Key Audit Matter

關鍵審核事項

We have identified the impairment of property, plant and equipment and right-of-use assets as a key audit matter because of their significance to the consolidated financial statements and the involvement of a significant degree of judgements and estimates made by the management for the profit forecasts and cash flows projections for the value-in-use calculations made by the independent valuer. 我們將物業、機器及設備以及使用權資產減值識別為關鍵審核事項，原因是其對綜合財務報表的重要性，並涉及管理層以及獨立估值師對溢利預測及使用價值計算的現金流量預測作出重大判斷及估計。

How our audit addressed the key audit matter

我們的審核如何解決該關鍵審核事項

- We have challenged the appropriateness of the management judgements and estimates used in the profit forecasts and cash flows projections, including the sales growth rates and gross profit margins.
我們已對溢利預測及現金流量預測所使用的管理層判斷及估計（包括銷售增長率及毛利率）的適當性提出質疑。
- We have engaged an independent expert to assist us in challenging the discount rates adopted in the value-in-use calculations by reviewing its basis of calculations and comparing the input data to market sources.
我們已委聘獨立專家協助我們審查使用價值計算的計算基礎並將輸入數據與市場來源進行比較，以質疑其採用的貼現率。
- We have engaged the independent expert to assist us in assessing the valuation methodology used and the appropriateness of the key assumptions and checked on sample basis, the accuracy and the relevance of the input data adopted in management's value-in-use calculations.
我們已委聘獨立專家協助我們評估管理層使用價值計算的所用估值方法及關鍵假設是否適當，並以抽樣方式查核所用輸入數據是否準確及相關。

INDEPENDENT AUDITORS' REPORT

獨立核數師報告

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 do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information 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. If, based on the work we have performed, we conclude that there is a material misstatement of this Other Information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

The Audit Committee assists the directors in discharging their responsibilities for overseeing the Group's financial reporting process.

其他資料

董事須對其他資料承擔責任。其他資料包括 貴公司年報中的所有資料，惟不包括綜合財務報表及我們就此出具的核數師報告。預期我們將於本核數師報告日期後獲得有關其他資料。

我們對綜合財務報表之意見並無涵蓋其他資料，且我們不會對其他資料發表任何形式的核證結論。

就我們審核綜合財務報表而言，我們的責任為在取得上文所識別之其他資料時閱讀其他資料，從而考慮其他資料是否與綜合財務報表或我們在審核過程中獲悉之資料存在重大不符，或似乎存在重大錯誤陳述。基於我們已執行的工作，如果我們認為其他資料存在重大錯誤陳述，我們需要報告該事實。在這方面，我們沒有任何報告。

董事及審核委員會就綜合財務報表須承擔的責任

董事須負責按照香港會計師公會頒佈之香港財務報告準則及香港公司條例之披露規定，編製真實而公平地反映情況之綜合財務報表，並落實董事認為編製綜合財務報表所必要的內部控制，以確保綜合財務報表不存在由於欺詐或錯誤而導致的重大錯誤陳述。

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之事項（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。

審核委員會協助董事履行其責任，負責監督 貴集團之財務申報過程。

INDEPENDENT AUDITORS' REPORT 獨立核數師報告

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 solely to you, as a body, in accordance with section 90 of the Bermuda Companies Act 1981 and our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

核數師就審核綜合財務報表須承 擔的責任

我們旨在就綜合財務報表整體而言是否不存在由於欺詐或錯誤而導致之重大錯誤陳述取得合理保證，以及出具載有我們意見之核數師報告，並按照一九八一年百慕達公司法第90條的規定及我們雙方所協定之委聘條款，僅向全體股東報告。除此之外，本報告不作其他用途。我們概不就本報告的內容向任何其他人士承擔或負上任何責任。

合理保證屬高水平之保證，惟根據香港審計準則進行之審核工作不能保證總能察覺所存在之重大錯誤陳述。錯誤陳述可能因欺詐或錯誤而引起，倘預期個別或整體在合理預期情況下可影響使用者根據該等綜合財務報表作出經濟決定時，則被視為重大錯誤陳述。

有關我們就審核綜合財務報表須承擔的責任之進一步詳情載於香港會計師公會網站：<http://www.hkicpa.org.hk/en/standards-and-regulations/standards/auditing-assurance/auditre/>。此說明構成核數師報告之一部分。

除其他事項外，我們與審核委員會溝通了計劃的審計範圍、時間安排、重大審計發現等，包括我們在審計中識別出內部監控的任何重大缺陷。

我們還向審核委員會提交聲明，說明我們已符合有關獨立性的相關專業道德要求，並與他們溝通有可能合理地被認為會影響我們獨立性的所有關係和其他事項，以及在適用的情況下，相關的防範措施。

INDEPENDENT AUDITORS' REPORT

獨立核數師報告

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

KTC Partners CPA Limited

Certified Public Accountants (Practising)

Chow Yiu Wah, Joseph

Audit Engagement Director

Practising Certificate Number: P04686

Hong Kong

11 May 2020

從與審核委員會溝通的事項中，我們確定哪些事項對本期綜合財務報表的審計最為重要，因而構成關鍵審計事項。我們在核數師報告中描述該等事項，除非法律法規不允許公開披露該等事項，或在極端罕見的情況下，如果合理預期在我們報告中溝通某事項造成的負面後果超過產生的公眾利益，我們決定不應在報告中溝通該事項。

和信會計師事務所有限公司

執業會計師

周耀華

審核項目董事

執業證書編號：P04686

香港

二零二零年五月十一日

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

綜合損益表

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

		Notes 附註	2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Revenue	收益	5	168,229	168,097
Cost of sales	銷售成本		(121,462)	(132,190)
Gross profit	毛利		46,767	35,907
Other income and gains or losses	其他收入及收益或虧損	6	4,229	(13,096)
Selling and distribution costs	銷售及分銷成本		(7,262)	(7,106)
Administrative and other expenses	行政及其他開支		(58,530)	(57,557)
Impairment loss on property, plant and equipment	物業、機器及設備減值虧損		(40,637)	(39,090)
Impairment loss under expected credit loss model, net of reversal	預期信貸虧損模式下減值虧損，扣除撥回	7	(3,499)	(31,617)
Finance costs	財務費用	8	(9,880)	(9,296)
Loss before taxation	除稅前虧損	9	(68,812)	(121,855)
Income tax credit/(expense)	所得稅抵免／(開支)	10	1	(78)
Loss for the year	本年度虧損		(68,811)	(121,933)
Attributable to:	下列應佔：			
Equity shareholders of the Company	本公司權益股東		(63,510)	(105,686)
Non-controlling interests	非控股權益		(5,301)	(16,247)
			(68,811)	(121,933)
			RMB 人民幣	RMB 人民幣
Loss per share	每股虧損	14	4.81 cents 分	8.01 cents 分
- Basic and diluted	- 基本及攤薄			

The notes on pages 57 to 190 form part of these consolidated financial statements.

第57頁至190頁之附註組成此等綜合財務報表其中部份。

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

綜合損益及其他全面收益表

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

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Loss for the year	本年度虧損	(68,811)	(121,933)
Other comprehensive income (loss) for the year	本年度其他全面收入(虧損)		
Item that may be reclassified subsequently to profit or loss:	其後可能重新分類至損益的項目：		
Exchange differences on translation of financial statements of foreign operations	換算境外業務財務報表之匯兌差額	(1,271)	11,533
Total comprehensive loss for the year	本年度全面開支總額	(70,082)	(110,400)
Total comprehensive loss attributable to:	下列應佔全面開支總額：		
Equity shareholders of the Company	本公司權益股東	(64,781)	(94,153)
Non-controlling interests	非控股權益	(5,301)	(16,247)
		(70,082)	(110,400)

The notes on pages 57 to 190 form part of these consolidated financial statements.

第57頁至190頁之附註組成此等綜合財務報表其中部份。

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

綜合財務狀況表

At 31 December 2019 於二零一九年十二月三十一日

		Notes 附註	2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Non-current assets	非流動資產			
Property, plant and equipment	物業、機器及設備	16	442,489	551,948
Right-of-use assets	使用權資產	17	33,324	–
Prepaid land lease payments	預付土地租金	18	–	33,323
Deposits and prepayments	訂金及預付款項	20	2,821	821
			478,634	586,092
Current assets	流動資產			
Prepaid land lease payments	預付土地租金	18	–	871
Inventories	存貨	21	7,674	7,361
Trade and other receivables	應收賬款及其他應收款項	22	52,332	54,640
Tax recoverable	可收回稅項		2,000	2,000
Bank balances and cash	現金及現金等值物	23	18,265	17,256
			80,271	82,128
Current liabilities	流動負債			
Trade and other payables	應付賬款及其他應付款項	24	276,963	333,781
Bank and other borrowings	銀行及其他借款	25	55,507	54,200
Lease liabilities	租賃負債	26	4,947	–
Convertible bonds	可換股債券	27	15,604	–
Provision	撥備	28	19,078	16,646
Contract liabilities	合約負債	29	14,724	11,521
Tax payable	應付稅項		4,187	3,413
			391,010	419,561
Net current liabilities	流動負債淨值		(310,739)	(337,433)
Total assets less current liabilities	總資產減流動負債		167,895	248,659

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

綜合財務狀況表

At 31 December 2019 於二零一九年十二月三十一日

		Notes 附註	2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Non-current liabilities	非流動負債			
Bank and other borrowings	銀行及其他借款	25	–	5,000
Lease liabilities	租賃負債	26	8,722	–
Convertible bonds	可換股債券	27	–	12,416
Deferred tax liabilities	遞延稅項負債	30	6,030	8,018
			14,752	25,434
Net assets	資產淨值		153,143	223,225
Capital and reserves	資本及儲備			
Share capital	股本	31(a)	10,910	10,910
Reserves	儲備		174,644	239,425
Equity attributable to equity shareholders of the Company	本公司權益股東應佔權益		185,554	250,335
Non-controlling interests	非控股權益		(32,411)	(27,110)
Total equity	總權益		153,143	223,225

Approved and authorised for issue by the board of directors on 11 May 2020.

董事會於二零二零年五月十一日批准及授權刊發。

Wang Zhong Sheng

王忠勝

Director

董事

Chang Jian

常建

Director

董事

The notes on pages 57 to 190 form part of these consolidated financial statements.

第57頁至190頁之附註組成此等綜合財務報表其中部份。

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

綜合權益變動表

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

Attributable to equity shareholders of the Company

本公司權益股東應佔

		Share capital	Share premium	General reserve	Translation reserve	Contributed surplus	Share option reserve	Convertible bonds		Total	Non-controlling interests	Total equity
								Accumulated losses	Convertible bonds			
		股本	股份溢價	一般儲備	換算儲備	實繳盈餘	購股權儲備	可換股債券儲備	累計虧損	總計	非控股權益	總權益
		RMB'000	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	人民幣千元
Balance at 1 January 2018	於二零一八年一月一日結餘	10,910	131,082	8,273	(22,952)	584,838	30,849	8,652	(407,164)	344,488	(10,863)	333,625
Loss for the year	本年度虧損	-	-	-	-	-	-	-	(105,686)	(105,686)	(16,247)	(121,933)
Other comprehensive income for the year	本年度其他全面收入	-	-	-	11,533	-	-	-	-	11,533	-	11,533
Total comprehensive loss for the year	本年度全面虧損總額	-	-	-	11,533	-	-	-	(105,686)	(94,153)	(16,247)	(110,400)
Balance at 31 December 2018	於二零一八年十二月三十一日結餘	10,910	131,082	8,273	(11,419)	584,838	30,849	8,652	(512,850)	250,335	(27,110)	223,225
Balance at 1 January 2019	於二零一九年一月一日結餘	10,910	131,082	8,273	(11,419)	584,838	30,849	8,652	(512,850)	250,335	(27,110)	223,225
Loss for the year	本年度虧損	-	-	-	-	-	-	-	(63,510)	(63,510)	(5,301)	(68,811)
Other comprehensive loss for the year	本年度其他全面虧損	-	-	-	(1,271)	-	-	-	-	(1,271)	-	(1,271)
Total comprehensive loss for the year	本年度全面虧損總額	-	-	-	(1,271)	-	-	-	(63,510)	(64,781)	(5,301)	(70,082)
Balance at 31 December 2019	於二零一九年十二月三十一日結餘	10,910	131,082	8,273	(12,690)	584,838	30,849	8,652	(576,360)	185,554	(32,411)	153,143

CONSOLIDATED STATEMENT OF CASH FLOWS

綜合現金流量表

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

	Note 附註	2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Operating activities	經營業務		
Loss before taxation	除稅前虧損	(68,812)	(121,855)
Adjustments for:	就下列各項調整：		
Depreciation of property, plant and equipment	物業、機器及設備折舊	66,906	70,844
Amortisation of right-of-use assets	使用權資產攤銷	870	–
Amortisation of prepaid land lease payments	預付土地租金攤銷	–	926
Impairment loss on property, plant and equipment	物業、機器及設備減值虧損	40,637	39,090
Written off of property, plant and equipment	物業、機器及設備撇銷	9,050	23,817
Interest income	利息收入	(25)	(29)
Net loss/(gain) on disposal of property, plant and equipment	出售物業、機器及設備之淨虧損/(收益)	472	(477)
Impairment loss on inventories	存貨減值虧損	239	–
Impairment loss on trade receivables and other receivables under expected credit loss model, net of reversal	預期信貸虧損模式下應收賬款及其他應收款項之減值虧損，扣除撥回	3,499	31,617
Written off of other receivables	撇銷其他應收款項	–	8,000
Written off of other payables	撇銷其他應付款項	(22)	–
Finance costs	財務費用	9,880	9,296
Provision for production safety costs	生產安全成本撥備	2,844	2,510
		65,538	63,739
Changes in working capital	營運資金變動		
Increase in inventories	存貨增加	(552)	(5,869)
Increase in trade and other receivables	應收賬款及其他應收款項增加	(1,183)	(2,391)
Decrease in trade and other payables	應付賬款及其他應付款項減少	(59,873)	(41,659)
Increase in contract liabilities	合約負債增加	3,203	11,521
Decrease in provision for production safety	生產安全撥備減少	(412)	(354)
		6,721	24,987
Cash generated from operations	經營業務產生之現金		
PRC Enterprise Income Tax paid	已繳中國企業所得稅	(1,226)	(3,284)
		5,495	21,703
Net cash generated from operating activities	經營業務產生之現金淨額		

CONSOLIDATED STATEMENT OF CASH FLOWS

綜合現金流量表

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

	Note 附註	2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Cash flows from investing activities	投資活動產生之現金流量		
Payment for purchase of property, plant and equipment	購買物業、機器及設備之付款	(9,196)	(20,788)
Proceeds from disposal of property, plant and equipment	出售物業、機器及設備之所得款項	1,592	560
Decrease in deposits and prepayments	訂金及預付款項減少	-	364
Interest received	已收利息	25	29
Net cash used in investing activities	投資活動所用之現金淨額	(7,579)	(19,835)
Cash flows from financing activities	融資活動產生之現金流量		
Proceeds from new bank and other borrowings	新增銀行及其他借款之所得款項	30,000	35,000
Repayment of bank and other borrowings	償還銀行及其他借款	(35,000)	(23,080)
Interest paid on bank and other borrowings	銀行及其他借款之已付利息	(2,161)	(5,558)
Proceeds/(repayment) of lease liabilities/obligations under finance leases	租賃負債／融資租賃承擔之所得款項／(還款)	11,669	(11,061)
Interest paid on lease liabilities/obligations under finance leases	就租賃負債／融資租賃承擔已付利息	(731)	(1,479)
Net cash generated from/(used in) financing activities	融資活動所得／(所用)之現金淨額	3,777	(6,178)
Net increase/(decrease) in cash and cash equivalents	現金及現金等值物增加／(減少)淨額	1,693	(4,310)
Cash and cash equivalents at 1 January	於一月一日之現金及現金等值物	17,256	8,572
Effect of foreign exchange rate changes	匯率變動之影響	(684)	12,994
Cash and cash equivalents at 31 December	於十二月三十一日之現金及現金等值物	18,265	17,256

The notes on pages 57 to 190 form part of these consolidated financial statements.

第57頁至190頁之附註組成此等綜合財務報表其中部份。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

1. GENERAL INFORMATION

China CBM Group Company Limited (the “Company”) was incorporated as an exempted company with limited liability in the Cayman Islands on 15 July 2002 under the Companies Laws of the Cayman Islands and continued in Bermuda. The change of domicile of the Company from Cayman Islands to Bermuda was effective on 23 April 2014.

The directors consider the immediate parent and ultimate holding company of the Company to be Jumbo Lane Investments Limited, which is incorporated in the BVI and wholly owned by Mr. Wang Zhong Sheng, who is also the ultimate controlling party of the Group and the Chairman and Executive Director of the Company.

The shares of the Company are listed on the GEM of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The addresses of the registered office and principal place of business of the Company are disclosed in the “Corporate Information” section in the annual report.

The principal activity of the Company is investment holding. The Company and its subsidiaries (collectively referred to as the “Group”) are principally engaged in the business of exploitation, liquefaction production and sale of natural gas and coalbed gas in the People’s Republic of China (the “PRC”).

The consolidated financial statements are presented in Renminbi (“RMB”), which is also the functional currency of the Company’s major operating subsidiaries.

1. 一般資料

中國煤層氣集團有限公司(「本公司」)於二零零二年七月十五日根據開曼群島公司法在開曼群島註冊成立為獲豁免有限公司並於百慕達存續。本公司自開曼群島遷冊至百慕達於二零一四年四月二十三日生效。

董事認為本公司的直接母公司及最終控股公司為寶連投資有限公司，其於英屬處女群島註冊成立及由本集團最終控股方及本公司主席兼執行董事王忠勝先生全資擁有。

本公司之股份於香港聯合交易所有限公司(「聯交所」)GEM上市。本公司註冊辦事處及主要營業地點之地址，均披露於年報「公司資料」一節。

本公司業務活動主要為投資控股。本公司及其附屬公司(統稱「本集團」)主要在中華人民共和國(「中國」)境內從事天然氣及煤層氣開採、液化生產及銷售業務。

綜合財務報表以人民幣(「人民幣」)呈列，其亦為本公司之主要營運附屬公司的功能貨幣。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

2. APPLICATION OF NEW AND AMENDMENTS HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

New and amendments to HKFRSs that are mandatorily effective for the current year

The Group has applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time in the current year:

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

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

2. 採納新訂及經修訂香港財務報告準則（「香港財務報告準則」）

於本年度強制生效的新訂及經修訂香港財務報告準則

本集團已於本年度首次應用下列由香港會計師公會（「香港會計師公會」）頒佈之新訂及經修訂香港財務報告準則：

香港財務報告準則 租賃第16號	
香港（國際財務報告詮釋委員會）— 詮釋第23號	所得稅處理之不确定性
香港會計準則第19號修訂本	計劃修訂、縮減或結清
香港會計準則第28號修訂本	於聯營公司及合營公司之長期權益
香港財務報告準則修訂本	香港財務報告準則二零一五年至二零一七年週期之年度改進

除下文所述者外，本年度應用新訂及經修訂香港財務報告準則並無對本集團於本年度及過往年度之財務狀況及表現及／或該等綜合財務報表所載之披露事項構成任何重大影響。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

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

2. APPLICATION OF NEW AND AMENDMENTS HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

HKFRS 16 Leases

The Group has applied HKFRS 16 for the first time in the current year. HKFRS 16 superseded HKAS 17 *Leases* (“HKAS 17”), and the related interpretations.

Definition of a lease

The Group has elected the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 *Determining whether an Arrangement contains a Lease* and not apply this standard to contracts that were not previously identified as containing a lease. Therefore, the Group has not reassessed contracts which already existed prior to the date of initial application.

For contracts entered into or modified on or after 1 January 2019, the Group applies the definition of a lease in accordance with the requirements set out in HKFRS 16 in assessing whether a contract contains a lease.

2. 採納新訂及經修訂香港財務 報告準則（「香港財務報告準 則」）（續）

香港財務報告準則第16號租賃

本集團已於本年度首次應用香港財務報告準則第16號。香港財務報告準則第16號取代香港會計準則第17號 *租賃*（「香港會計準則第17號」）及相關詮釋。

租賃的定義

本集團已選擇可行權宜方法，對先前應用香港會計準則第17號及香港（國際財務報告詮釋委員會）—詮釋第4號 *釐定安排是否包含租賃* 識別為租賃的合約應用香港財務報告準則第16號，而並無對先前並未識別為包含租賃的合約應用該準則。因此，本集團並無重新評估於首次應用日期前已存在的合約。

就於二零一九年一月一日或之後訂立或修訂的合約而言，本集團於評估合約是否包含租賃時根據香港財務報告準則第16號所載的規定應用租賃的定義。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

2. APPLICATION OF NEW AND AMENDMENTS HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

HKFRS 16 Leases (Continued)

As a lessee

The Group has applied HKFRS 16 retrospectively with the cumulative effect recognised at the date of initial application, 1 January 2019. Any difference at the date of initial application is recognised in the opening accumulated losses and comparative information has not been restated.

When applying the modified retrospective approach under HKFRS 16 at transition, the Group applied the following practical expedients to leases previously classified as operating leases under HKAS 17, on lease-by-lease basis, to the extent relevant to the respective lease contracts:

- i. elected not to recognise right-of-use assets and lease liabilities for leases with lease term ends within 12 months of the date of initial application; and
- ii. excluded initial direct costs from measuring the right-of-use assets at the date of initial application.

2. 採納新訂及經修訂香港財務 報告準則（「香港財務報告準 則」）（續）

香港財務報告準則第16號租賃 （續）

作為承租人

本集團已追溯應用香港財務報告準則第16號，並將首次應用該準則的累計影響於首次應用日期（即二零一九年一月一日）確認。於首次應用日期的任何差額已於年初累計虧損確認，且並無重列比較資料。

於過渡時應用香港財務報告準則第16號項下的經修訂追溯方法時，本集團按逐項租賃基準就先前根據香港會計準則第17號分類為經營租賃且與各租賃合約相關的租賃應用以下可行權宜方法：

- i. 選擇不就租期於首次應用日期起計十二個月內結束的租賃確認使用權資產及租賃負債；及
- ii. 於首次應用日期計量使用權資產時撇除初始直接成本。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

2. APPLICATION OF NEW AND AMENDMENTS HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

HKFRS 16 Leases (Continued)

As a lessee (Continued)

On transition, the Group has made the following adjustments upon application of HKFRS 16:

The Group recognised lease liabilities of approximately RMB Nil and right-of-use assets of approximately RMB34,194,000 at 1 January 2019.

2. 採納新訂及經修訂香港財務 報告準則（「香港財務報告準 則」）（續）

香港財務報告準則第16號租賃 （續）

作為承租人（續）

過渡時，本集團於應用香港財務報告準則第16號後作出下列調整：

本集團於二零一九年一月一日確認租賃負債約人民幣零元及使用權資產約人民幣34,194,000元。

		At 1 January 2019 於二零一九年 一月一日 RMB'000 人民幣千元
Operating lease commitments disclosed as at 31 December 2018	於二零一八年十二月三十一日 披露的經營租賃承擔	319
Less: Recognition exemption – short-term leases	減：確認豁免－短期租賃	(319)
Lease liabilities	租賃負債	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

2. APPLICATION OF NEW AND AMENDMENTS HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

HKFRS 16 Leases (Continued)

As a lessee (Continued)

The carrying amount of right-of-use assets as at 1 January 2019 comprises the following:

		At 1 January 2019 於二零一九年 一月一日 RMB'000 人民幣千元
Reclassified from prepaid land lease payments (Note)	自預付土地租金重新分類 (附註)	34,194
By class:	按類別：	
Leasehold lands	租賃土地	34,194

Note: Upfront payments for leasehold lands in the PRC were classified as prepaid land lease payments as at 31 December 2018. Upon application of HKFRS 16, the current and non-current portion of prepaid land lease payments amounting to approximately RMB871,000 and RMB33,323,000 respectively were reclassified to right-of-use assets.

2. 採納新訂及經修訂香港財務 報告準則（「香港財務報告準 則」）(續)

香港財務報告準則第16號租賃 (續)

作為承租人 (續)

於二零一九年一月一日的使用權資產
賬面值包括以下各項：

附註：中國的租賃土地預付款項於二零一八年十二月三十一日分類為預付土地租金。應用香港財務報告準則第16號後，預付土地租金的流動及非流動部分分別為約人民幣871,000元及人民幣33,323,000元，已重新分類至使用權資產。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

2. APPLICATION OF NEW AND AMENDMENTS HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

New and amendments to HKFRSs issued but not yet effective

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

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

¹ Effective for annual periods beginning on or after 1 January 2021.

² Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020.

³ Effective for annual periods beginning on or after a date to be determined.

⁴ Effective for annual periods beginning on or after 1 January 2020.

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

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

2. 採納新訂及經修訂香港財務報告準則（「香港財務報告準則」）（續）

已頒佈但尚未生效之新訂及經修訂香港財務報告準則

本集團並無提早應用以下已頒佈但尚未生效的新訂及經修訂香港財務報告準則：

香港財務報告準則第17號	保險合約 ¹
香港財務報告準則第3號修訂本	業務之定義 ²
香港財務報告準則第10號及香港會計準則第28號修訂本	投資者與其聯營公司或合營公司之間的資產出售或投入 ³
香港會計準則第1號及香港會計準則第8號修訂本	重大之定義 ⁴
香港財務報告準則第9號、香港會計準則第39號及香港財務報告準則第7號修訂本	利率基準改革 ⁴

¹ 於二零二一年一月一日或其後開始的年度期間生效。

² 就收購日期於二零二零年一月一日或之後開始的首個年度期間開始或之後的業務合併及資產收購生效。

³ 於所釐定日期或其後開始的年度期間生效。

⁴ 於二零二零年一月一日或其後開始的年度期間生效。

除上述新訂及經修訂香港財務報告準則外，經修訂財務報告概念框架於二零一八年頒佈。其後的修訂，即香港財務報告準則準則概念框架參考修訂本，將於二零二零年一月一日或之後開始的年度期間生效。

除下文所述之新訂香港財務報告準則及香港財務報告準則之修訂本外，本公司董事預期應用所有其他新訂香港財務報告準則及香港財務報告準則之修訂本及詮釋於可見未來將不會對綜合財務報表造成重大影響。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

2. APPLICATION OF NEW AND AMENDMENTS HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

Amendments to HKAS 1 and HKAS 8 Definition of Material

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

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

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

2. 採納新訂及經修訂香港財務 報告準則（「香港財務報告準 則」）（續）

香港會計準則第1號及香港會計 準則第8號修訂本重大之定義

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

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

2. APPLICATION OF NEW AND AMENDMENTS HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

Conceptual Framework for Financial Reporting 2018 (the “New Framework”) and the Amendments to References to the Conceptual Framework in HKFRS Standards

The New Framework:

- reintroduces the terms stewardship and prudence;
- introduces a new asset definition that focuses on rights and a new liability definition that is likely to be broader than the definition it replaces, but does not change the distinction between a liability and an equity instrument;
- discusses historical cost and current value measures, and provides additional guidance on how to select a measurement basis for a particular asset or liability;
- states that the primary measure of financial performance is profit or loss, and that only in exceptional circumstances other comprehensive income will be used and only for income or expenses that arise from a change in the current value of an asset or liability; and
- discusses uncertainty, derecognition, unit of account, the reporting entity and combined financial statements.

Consequential amendments have been made so that references in certain HKFRSs have been updated to the New Framework, whilst some HKFRSs are still referred to the previous versions of the framework. These amendments are effective for annual periods beginning on or after 1 January 2020, with earlier application permitted. Other than specific standards which still refer to the previous versions of the framework, the Group will rely on the New Framework on its effective date in determining the accounting policies especially for transactions, events or conditions that are not otherwise dealt with under the accounting standards.

2. 採納新訂及經修訂香港財務 報告準則（「香港財務報告準 則」）（續）

二零一八年財務報告概念框架 （「新框架」）及提述香港財務報告 準則概念框架修訂本

新框架：

- 重新引入管理及審慎此等術語；
- 引入著重權利的新資產定義以及範圍可能比所取代定義更廣的新負債定義，惟不會改變負債與權益工具之間的區別；
- 討論歷史成本及現值計量，並就如何為某一資產或負債選擇計量基準提供額外指引；
- 指出財務表現主要計量標準為損益，且於特殊情況下方會使用其他全面收益，且僅用於資產或負債現值產生變動的收入或開支；及
- 討論不確定因素、終止確認、會計單位、報告實體及合併財務報表。

相應修訂已作出，致使有關若干香港財務報告準則中的提述已更新至符合新框架，惟部分香港財務報告準則仍參考該框架的先前版本。該等修訂於二零二零年一月一日或之後開始的年度期間生效，並可提早應用。除仍參考該框架先前版本的特定準則外，本集團將於其生效日期按新框架決定會計政策，尤其是會計準則未有處理的交易、事件或條件。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with all applicable HKFRSs, which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the HKICPA, accounting principles generally accepted in Hong Kong. These consolidated financial statements also comply with the disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure provisions of the Rules Governing the Listing of Securities on the GEM of The Stock Exchange of Hong Kong Limited (“GEM Listing Rules”).

The consolidated financial statements have been prepared on the historical cost basis at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

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

3. 主要會計政策

此等綜合財務報表乃按所有適用之香港財務報告準則（該統稱包括香港會計師公會頒佈之所有適用之個別香港財務報告準則、香港會計準則（「香港會計準則」）及詮釋以及香港普遍採納之會計原則）編製。此等綜合財務報表亦符合香港公司條例之披露規定及香港聯合交易所有限公司GEM證券上市規則（「GEM上市規則」）之適用披露條文。

綜合財務報表已於各報告期末按歷史成本基準編製，於下文載列之會計政策闡釋。

歷史成本一般基於為換取貨物及服務而支付代價之公平值。

公平值是於計量日期市場參與者於有秩序交易中出售資產可收取或轉讓負債須支付的價格，而不論該價格是否直接可觀察或可使用其他估值技術估計。若市場參與者於計量日期對資產或負債定價時會考慮資產或負債的特點，則本集團於估計資產或負債的公平值時會考慮該等特點。此等綜合財務報表中作計量及／或披露用途的公平值乃按此基準釐定，惟屬於香港財務報告準則第2號「以股份為基礎之付款」範圍的以股份為基礎之付款交易、根據香港財務報告準則第16號（自二零一九年一月一日起）或香港會計準則第17號（於應用香港財務報告準則第16號前）入賬的租賃交易，以及與公平值有部份相似地方但並非公平值的計量（例如香港會計準則第2號「存貨」的可變現淨值或香港會計準則第36號「資產減值」的使用價值除外。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

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

3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

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

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

The principal accounting policies are set out below.

Going concern

The Group incurred a net loss of approximately RMB68,811,000 during the year ended 31 December 2019 and as at 31 December 2019, the Group had net current liabilities of approximately RMB310,739,000. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and that the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

3. 主要會計政策 (續)

此外，就財務報告目的而言，公平值計量根據公平值計量的輸入數據的可觀察程度及公平值計量的輸入數據對其整體的重要性分類為第一級、第二級及第三級，說明如下：

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

下文載列主要會計政策。

持續經營

截至二零一九年十二月三十一日止年度，本集團產生淨虧損約人民幣68,811,000元。於二零一九年十二月三十一日，本集團有淨流動負債約人民幣310,739,000元。該等狀況顯示存在重大不確定性，其可能令本集團持續經營之能力出現重大疑問，以及本集團可能無法在日常業務過程中變現其資產及償付其負債。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Going concern (Continued)

Nevertheless, the directors of the Company had adopted the going concern basis in the preparation of the consolidated financial statements of the Group based on the following factors:

- (1) Mr. Wang Zhong Sheng (“Mr. Wang”), the ultimate controlling party of the Group and the Chairman and executive director of the Company, has confirmed to provide continuing financial support to the Group to enable it to continue as a going concern and to settle its liabilities as and when they fall due in the foreseeable future;
- (2) The directors of the Company anticipate that the Group will continue to generate positive cash flows from its future operations;
- (3) After 31 December 2019, 1 major gas supplier of the Group whom the Group owned an aggregate amount of approximately RMB52 million, which represents about 53% of the trade payable balance, as at 31 December 2019 have agreed that the amount owed by the Group would be payable by the Group by way of monthly instalment over a duration of 12 months in accordance with the repayment schedule;
- (4) After 31 December 2019, certain construction suppliers of the Group whom the Group owed an aggregate amount of approximately RMB51 million included in payables for acquisition of property, plant and equipment as set out in note 24 under trade and other payables, have agreed not to demand for repayment for their amount due before 30 June 2021;
- (5) After 31 December 2019, the lender of an unsecured loan of approximately RMB24 million due to a non-controlling shareholder of PRC subsidiary as at 31 December 2019 as set out in note 25, has agreed to extend repayment period up to 27 December 2021;
- (6) The Group has plans to raise funds by way of issuing additional equity or debt securities; and
- (7) The Group will negotiate with certain bankers to obtain additional banking facilities, if necessary.

3. 主要會計政策 (續)

持續經營 (續)

儘管如此，基於以下因素，本公司董事在編製本集團綜合財務報表時仍採納持續經營基準：

- (1) 本集團最終控股方及本公司主席兼執行董事王忠勝先生（「王先生」）確認將為本集團提供持續財務支援，以令本集團能夠持續經營，及能夠償付在可見未來到期應付之債務；
- (2) 本公司董事預期本集團之日後營運可能產生現金流量；
- (3) 二零一九年十二月三十一日後，就本集團結欠本集團一名主要天然氣供應商總額約人民幣52,000,000元之款項（約佔二零一九年十二月三十一日之應付賬款結餘之53%），該天然氣供應商已同意本集團應付之款項將根據還款安排按月予以支付，為期12個月；
- (4) 二零一九年十二月三十一日後，就附註24所載本集團結欠本集團若干建築供應商之總額約人民幣51,000,000元之款項（計入應付賬款及其他應付款項之收購物業、機器及設備應付款項），有關建築供應商已同意之不要求於二零二一年六月三十日之前償還彼等之到期款項；
- (5) 二零一九年十二月三十一日後，就附註25所載於二零一九年十二月三十一日應付中國附屬公司一名非控股股東之無抵押貸款約人民幣24,000,000元之款項，貸款人已同意延長還款期至二零二一年十二月二十七日；
- (6) 本集團計劃透過發行額外股權或債務證券集資；及
- (7) 本集團將與若干銀行進行磋商，以取得額外銀行融資（如需）。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Going concern (Continued)

Provided that these measures can successfully improve the liquidity of the Group, the directors of the Company are satisfied that the Group will be able to meet its financial obligations as and when they fall due for the foreseeable future. According, the consolidated financial statements have been prepared on a going concern basis.

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

Basis of consolidation

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

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

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

3. 主要會計政策 (續)

持續經營 (續)

倘上述措施能成功改善本集團之流動資金狀況，本公司董事信納本集團將能夠於可見未來履行其到期應付之財務承擔。因此，綜合財務報表乃根據持續經營基準編製。

倘本集團未能以持續經營基準經營，將須作出調整以撇減資產價值至其可收回金額、為可能產生之進一步負債作出撥備，以及將非流動資產及負債分別重新分類為流動資產及負債。該等調整的影響並未反映在綜合財務報表中。

綜合基準

綜合財務報表包括本公司及其所控制之實體及其附屬公司之財務報表。當本公司符合以下要素時，則已取得控制權：

- 可對被投資方行使權力；
- 因對被投資方投資而承擔浮動回報的風險或享有獲得浮動回報的權利；及
- 有能力運用其權力影響其回報。

倘有事實及情況顯示上述三項控制權要素有一項或以上出現變動，本集團會重新評估其是否對被投資方擁有控制權。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Basis of consolidation *(Continued)*

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

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

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

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

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

3. 主要會計政策 (續)

綜合基準 (續)

附屬公司自本集團取得對附屬公司的控制權時開始綜合入賬，並於本集團失去對附屬公司的控制權時取消綜合入賬。具體而言，年內收購或出售的附屬公司收支自本集團取得控制權之日起計入綜合損益及其他全面收益表，直至本公司不再控制附屬公司之日為止。

損益及各其他全面收益項目歸屬予本公司擁有人及非控股權益。即使會導致非控股權益出現虧絀結餘，附屬公司的全面收益總額仍歸屬予本公司擁有人及非控股權益。

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

與本集團成員公司之間的交易有關的所有集團內公司間資產及負債、權益、收入、開支及現金流量於綜合入賬時悉數撤銷。

於附屬公司的非控股權益與本集團的相關權益分開呈列，其代表清盤後賦予持有人相關附屬公司淨資產的按比例計算份額的現時所有者權益。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Revenue from contracts with customers

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

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

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

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

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

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

3. 主要會計政策 (續)

與客戶合約之收益

本集團於達成履約責任之時(或就此), 即當特定履約責任所涉及的商品或服務「控制權」轉至客戶之時確認收益。

履約責任指屬於大致上相同的可區分或一系列可區分商品或服務的商品或服務(或一組商品或服務)。

倘滿足下列任一標準, 則隨時間轉移控制權及參考完全達成相關履約責任的進度隨時間確認收益:

- 客戶於本集團履約時同時接受及耗用本集團履約所提供的利益;
- 本集團的履約創造及增強一項於本集團履約時由客戶控制的資產; 或
- 本集團的履約並無創造對本集團而言具替代用途的資產, 且本集團對迄今完成的履約具有可執行付款權利。

否則, 收益會在客戶獲得可區分貨品或服務控制權的時間點確認。

合約資產指本集團已向客戶轉讓貨品或服務而有權收取代價的權利, 而該權利尚未成為無條件。其根據香港財務報告準則第9號評估減值。相反, 應收款項指本集團收取代價的無條件權利, 即只需待時間過去代價即到期支付。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Revenue from contracts with customers *(Continued)*

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

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

(i) **Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation**

Output method

The progress towards complete satisfaction of a performance obligation is measured based on output method, which is to recognise revenue on the basis of direct measurements of the value of the goods or services transferred to the customer to date relative to the remaining goods or services promised under the contract, that best depict the Group's performance in transferring control of goods or services.

As a practical expedient, if the Group has a right to consideration in an amount that corresponds directly with the value of the Group's performance completed to date, the Group recognises revenue in the amount to which the Group has the right to invoice.

3. 主要會計政策 (續)

與客戶合約之收益 (續)

合約負債指本集團已向客戶收取代價 (或到期的代價金額) 而向客戶轉讓商品或服務的責任。

與同一合約有關的合約資產和合約負債按淨額基準入賬及呈列。

(i) **隨時間確認收益：計量完全達成履約責任的進度**

產出法

完全達成履約責任的進度乃按產出法計量，即根據迄今轉讓予客戶的貨品或服務相對於合約中承諾的剩餘商品或服務的價值的直接計量來確認收益，最能反映本集團於轉讓貨品或服務控制權的履約情況。

作為可行權宜方法，倘本集團有權收取代價 (金額與本集團迄今已完成履約的價值直接相關)，則本集團按其有權發出發票所涉及的金額確認收益。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Revenue from contracts with customers (Continued)

(ii) Existence of significant financing component

In determining the transaction price, the Group adjusts the promised amount of consideration for the effects of the time value of money if the timing of payments agreed (either explicitly or implicitly) provides the customer or the Group with a significant benefit of financing the transfer of goods or services to the customer. In those circumstances, the contract contains a significant financing component. A significant financing component may exist regardless of whether the promise of financing is explicitly stated in the contract or implied by the payment terms agreed to by the parties to the contract.

For contracts where the period between payment and transfer of the associated goods or services is less than one year, the Group applies the practical expedient of not adjusting the transaction price for any significant financing component.

For advance payments received from customers before the transfer of the associated goods or services in which the Group adjusts for the promised amount of consideration for a significant financing component, the Group applies a discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. The relevant interest expenses during the period between the advance payments were received and the transfer of the associated goods and services are accounted for on the same basis as other borrowing costs.

3. 主要會計政策 (續)

與客戶合約之收益 (續)

(ii) 存在重大融資部分

於釐定交易價格時，倘協定之付款時間（不論以明示或暗示方式）為客戶或本集團帶來向客戶轉讓貨品或服務之重大融資利益，則本集團就貨幣時間值之影響調整已承諾之代價金額。於該等情況下，合約包含重大融資部分。不論融資承諾是否明確列於合約或隱含於訂約方協定之付款條款中，合約中亦可能存在重大融資部分。

就付款與轉讓相關貨品或服務相隔期間不足一年之合約而言，本集團應用可行權宜方法，不就任何重大融資部分調整交易價格。

就本集團轉讓貨品或服務前已向客戶收取之預付款項，本集團已就重大融資成份而調整已承諾之代價金額，並應用本集團與客戶之間於合約開始之獨立融資交易中反映之貼現率。於收取預付款項與轉讓相關貨品及服務相隔期間之相關利息開支按相同基準入賬列作其他借貸成本。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Financial instruments

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instruments.

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

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

3. 主要會計政策 (續)

財務工具

當集團實體成為工具條款的訂約方時，則確認金融資產及金融負債。

金融資產及金融負債乃初步按公平值計量，根據香港財務報告準則第15號初步計量的客戶合約所產生應收賬款除外。收購或發行金融資產及金融負債（按公平值計入損益之金融資產或金融負債除外）直接應佔之交易成本於初次確認時計入或扣除自金融資產或金融負債之公平值（以合適者為準）。收購按公平值計入損益之金融資產或金融負債直接應計交易成本，即時於損益確認。

實際利率法為計算一項金融資產或金融負債之攤銷成本及按有關時間分配利息收入及利息開支之方法。實際利率法為按金融資產或金融負債之預期可使用年期或（如合適）較短期間，實際折讓估計未來現金收入及付款（包括構成實際利率之組成部分之所有已付或已收費用及款項、交易成本及其他溢價或折讓）之比率。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Financial instruments (Continued)

(a) Financial assets

(i) Classification and subsequent measurement of financial assets

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

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

(ii) Amortised cost and interest income

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

3. 主要會計政策 (續)

財務工具 (續)

(a) 金融資產

(i) 金融資產分類及後續計量

符合以下條件的金融資產其後按已攤銷成本計量：

- 目的為收取合約現金流量而於業務模式內持有金融資產；及
- 合約條款導致於特定日期產生的現金流量純粹用作支付本金及未償還本金額利息。

(ii) 攤銷成本及利息收入

利息收入按其後按攤銷成本計量的金融資產使用實際利率法確認。利息收入按對金融資產賬面總值應用實際利率計算，惟其後信貸減值的金融資產除外（見下文）。就其後信貸減值的金融資產，對下一個報告期間的金融資產攤銷成本應用實際利率，以確認利息收入。倘信貸減值的財務工具的信貸風險改善，即金融資產並無信貸減值，則於釐定資產不再信貸減值後，對報告期開始起金融資產賬面總值使用實際利率，以確認利息收入。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Financial instruments *(Continued)*

(a) Financial assets *(Continued)*

(iii) Impairment of financial assets

The Group performs impairment assessment under expected credit loss (“ECL”) model on financial assets at amortised cost which are subject to impairment under HKFRS 9. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

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

3. 主要會計政策 (續)

財務工具 (續)

(a) 金融資產 (續)

(iii) 金融資產減值

本集團根據預期信貸虧損 (「預期信貸虧損」) 模式對按攤銷成本列賬的金融資產 (根據香港財務報告準則第9號須受限於減值) 進行減值評估。預期信貸虧損金額於各報告日期作出更新，以反映自初步確認以來的信貸風險變動。

全期預期信貸虧損指相關工具預計使用年期內所有潛在違約事件將會引起的預期信貸虧損。相反，十二個月預期信貸虧損 (「十二個月預期信貸虧損」) 指報告日期起計十二個月內可能出現的違約事件預期將會產生的一部分全期預期信貸虧損。評估乃根據本集團過往信貸虧損經驗作出，並就債務人特定因素、一般經濟環境及於報告日期對現況作出的評估以及未來狀況預測而作出調整。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Financial instruments (Continued)

(a) Financial assets (Continued)

(iii) Impairment of financial assets (Continued)

The Group always recognises lifetime ECL for trade receivables. The ECL on these assets are assessed individually for debtors with significant balance or collectively using a provision matrix with similar credit risk characteristics based primarily on the debtors' aging profiles.

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

Significant increase in credit risk

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

3. 主要會計政策 (續)

財務工具 (續)

(a) 金融資產 (續)

(iii) 金融資產減值 (續)

本集團一直就應收賬款確認全期預期信貸虧損。就該等資產的預期信貸虧損而言，對結餘重大的應收賬款作個別評估或使用撥備矩陣主要基於應收賬款的賬齡情況對具有類似信貸風險特點的賬款作集體評估。

至於所有其他工具，本集團計量相等於十二個月預期信貸虧損的虧損撥備，除非自初步確認以來信貸風險顯著增加，則本集團會確認全期預期信貸虧損。是否確認全期預期信貸虧損乃根據自初步確認以來出現違約事件的可能性或風險顯著增加進行評估。

信貸風險顯著增加

於評估信貸風險是否自初步確認以來顯著增加時，本集團將報告日期金融工具出現違約事件的風險與初步確認日期金融工具出現違約事件的風險進行比較。於作出此項評估時，本集團會考慮合理且可證實的定量及定性資料，包括過往經驗或無須過高成本或太多工序便可供查閱的前瞻性資料。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Financial instruments *(Continued)*

(a) Financial assets *(Continued)*

(iii) Impairment of financial assets *(Continued)*

Significant increase in credit risk *(Continued)*

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

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

3. 主要會計政策 (續)

財務工具 (續)

(a) 金融資產 (續)

(iii) 金融資產減值 (續)

信貸風險顯著增加 (續)

具體而言，在評估信貸風險是否顯著增加時，本集團會考慮以下資料：

- 金融工具外界 (如有) 或內部信貸評級實際或預期大幅轉差；
- 信貸風險外部市場指標大幅轉差，例如信貸息差大幅上升，債務人信貸違約掉期價格大幅上升；
- 業務、財務或經濟環境現有或預測不利變動預期將導致債務人履行其債務責任的能力遭到大幅削弱；
- 債務人經營業績實際或預期大幅轉差；
- 債務人的監管、經濟或技術環境實際或預期出現重大不利變動，導致債務人履行其債務責任的能力遭到大幅削弱。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Financial instruments (Continued)

(a) Financial assets (Continued)

(iii) Impairment of financial assets (Continued)

Significant increase in credit risk (Continued)

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

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

Definition of default

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

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

3. 主要會計政策 (續)

財務工具 (續)

(a) 金融資產 (續)

(iii) 金融資產減值 (續)

信貸風險顯著增加 (續)

不論上述評估結果如何，倘合約付款逾期超過30日，則本集團會假定信貸風險自初步確認以來已顯著增加，除非本集團另有合理且可證實資料可資證明，則作別論。

本集團定期監察用以識別信貸風險曾否顯著增加的標準的成效，並於適當時候作出修訂，從而確保有關標準能夠於款項逾期前識別信貸風險顯著增加。

違約定義

就內部信貸風險管理而言，本集團認為當內部生成或從外部來源所得資料顯示，債務人不大可能向其債權人（包括本集團）支付全數款項（並無計及本集團所持的任何抵押品）時，則出現違約事件。

無論上述如何，倘財務資產逾期超過90日，本集團將視作已發生違約，除非本集團擁有合理及有理據支持的資料證明較寬鬆的違約標準更為適用，則另當別論。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Financial instruments *(Continued)*

(a) Financial assets *(Continued)*

(iii) Impairment of financial assets *(Continued)*

Credit-impaired financial assets

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

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

3. 主要會計政策 (續)

財務工具 (續)

(a) 金融資產 (續)

(iii) 金融資產減值 (續)

已信貸減值金融資產

當一項或多項對金融資產預計未來現金流造成負面影響的違約事件發生時，即代表金融資產已出現信貸減值。金融資產出現信貸減值的證據包括涉及以下事件的可觀察數據：

- 發行方或借款人遇到嚴重財政困難；
- 違反合約，如拖欠或逾期的情況；
- 向借款人作出貸款之貸款人出於與借款人財政困難有關的經濟或合約考慮，給予借款人在其他情況下不會作出的讓步；
- 借款人有可能破產或進行其他財務重組；或
- 因財務困難導致該金融資產的活躍市場消失。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Financial instruments (Continued)

(a) Financial assets (Continued)

(iii) Impairment of financial assets (Continued)

Write-off policy

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

Measurement and recognition of ECL

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

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

3. 主要會計政策 (續)

財務工具 (續)

(a) 金融資產 (續)

(iii) 金融資產減值 (續)

撇銷政策

當有資料顯示對手方陷入嚴重財政困難，且並無實際收回款項的可能時（例如對手方被清盤或進入破產程序，或就應收賬款而言，當金額已逾期超過兩年（以較早發生者為準）），本集團會撇銷金融資產。經計及在適當情況下的法律意見後，已撇銷的金融資產可能仍可於本集團收回程序下被強制執行。撇銷構成終止確認事件。其後收回的任何款項於損益確認。

計量及確認預期信貸虧損

預期信貸虧損的計量乃違約概率、違約虧損率（即違約造成虧損的幅度）及違約風險的函數。違約概率及違約虧損率乃根據經前瞻性資料調整的歷史數據進行評估。預期信貸虧損的估計反映無偏頗及概率加權數額，其乃根據加權的相應違約風險而釐定。

一般而言，預期信貸虧損按根據合約應付本集團的所有合約現金流與本集團將收取的所有現金流量之間的差額估計，並按初步確認時釐定的實際利率貼現。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Financial instruments (Continued)

(a) Financial assets (Continued)

(iii) Impairment of financial assets (Continued)

Measurement and recognition of ECL (Continued)

Where ECL is measured on a collective basis or cater for cases where evidence at the individual instrument level may not yet be available, the financial instruments are grouped by considering the following factors:

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

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

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

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

3. 主要會計政策 (續)

財務工具 (續)

(a) 金融資產 (續)

(iii) 金融資產減值 (續)

計量及確認預期信貸虧損 (續)

倘預期信貸虧損按整體基準計量或屬於個別工具水平證據未必存在的情況，則財務工具按以下基準歸類：

- 財務工具性質；
- 逾期狀況；
- 債務人的性質、規模及行業；及
- 外部信貸評級 (如有)。

管理層會定期檢討分組情況，以確保各組別繼續擁有類似信貸風險特徵。

利息收入乃根據財務資產的賬面總值計算，除非財務資產發生信貸減值，在此情況，利息收入根據財務資產的攤銷成本計算。

本集團透過調整賬面值而於損益確認所有金融工具的減值收益或虧損，惟應收賬款的相應調整是透過虧損撥備賬目確認。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Financial instruments (Continued)

(a) Financial assets (Continued)

(iv) Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the assets expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

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

(b) Financial liabilities and equity

(i) Classification as debt or equity

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

(ii) Equity instruments

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

(iii) Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at fair value through profit or loss ("FVTPL").

3. 主要會計政策 (續)

財務工具 (續)

(a) 金融資產 (續)

(iv) 終止確認金融資產

僅於資產現金流量之合約權利屆滿時，或將金融資產所有權之絕大部份風險及回報轉讓予另一實體時，本集團方會終止確認金融資產。

終止確認按攤銷成本計量的金融資產時，資產賬面值與已收及應收代價之和之間的差額於損益確認。

(b) 金融負債及權益

(i) 分類為債務或權益

債務及股本工具乃根據合約安排之實際內容及金融負債與股本工具之釋義分類為金融負債或股本。

(ii) 股本工具

股本工具為證明實體資產於扣除其所有負債後之剩餘權益之任何合約。集團所發行之股本工具乃按所得款項減直接發行成本確認。

(iii) 金融負債

所有金融負債後續按攤銷成本使用實際利率法或按公平值計入損益（「按公平值計入損益」）予以計量。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Financial instruments *(Continued)*

(b) Financial liabilities and equity *(Continued)*

(iv) Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is (i) contingent consideration of an acquirer in a business combination to which HKFRS 3 applies, (ii) held for trading or (iii) it is designated as at FVTPL.

A financial liability is held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

3. 主要會計政策 (續)

財務工具 (續)

(b) 金融負債及權益 (續)

(iv) 按公平值計入損益的金融負債

被分類為按公平值計入損益的金融負債包含以下三種情況：(i) 香港財務報告準則第3號所適用的企業合併中收購方的或有代價；(ii) 為交易而持有；或(iii) 該金融負債指定為按公平值計入損益。

在下列情況下，金融負債為因交易而持有：

- 主要是為了在近期內回購而獲得的；或
- 於初步確認時，屬於本集團集中管理的已確認金融工具組合的一部分，並具有近期實際的短期獲利了結模式；或
- 一項衍生工具，但作為財務擔保合約或指定的有效套期工具的衍生工具除外。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Financial instruments (Continued)

(b) Financial liabilities and equity (Continued)

(iv) Financial liabilities at FVTPL (Continued)

A financial liability other than a financial liability held for trading or contingent consideration of an acquirer in a business combination may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and HKFRS 9 permits the entire combined contract to be designated as at FVTPL.

3. 主要會計政策 (續)

財務工具 (續)

(b) 金融負債及權益 (續)

(iv) 按公平值計入損益的金融負債 (續)

除為交易而持有或企業合併中收購方的或有代價以外的金融負債，於初步確認後可以指定為按公平值計入損益：

- 這種指定消除或顯著減少了可能出現的確認或計量的一致情況；或
- 該金融負債屬於一組金融資產或金融負債（或兩者兼具）的一部分，且本集團按照已有文檔記錄的風險管理或投資策略以公平值為基礎對此等組合進行管理和表現評價，並在內部以此為基礎提供有關組合的資料；或
- 屬於包含一個或多個嵌入式衍生工具的合約的一部分，香港財務報告準則第9號允許整個混合合約被指定為按公平值計入損益的金融負債。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Financial instruments *(Continued)*

(b) Financial liabilities and equity *(Continued)*

(iv) Financial liabilities at FVTPL *(Continued)*

For financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. For financial liabilities that contain embedded derivatives, such as convertible bonds, the changes in fair value of the embedded derivatives are excluded in determining the amount to be presented in other comprehensive income. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are not subsequently reclassified to profit or loss; instead, they are transferred to accumulated losses upon derecognition of the financial liability.

(v) Financial liabilities at amortised cost

Financial liabilities including trade and other payables and bank and other borrowings are subsequently measured at amortised cost, using the effective interest method.

3. 主要會計政策 (續)

財務工具 (續)

(b) 金融負債及權益 (續)

(iv) 按公平值計入損益的金融負債 (續)

對於指定為按公平值計入損益的金融負債，該負債的信用風險變動導致的金融負債的公平值變動金額計入其他全面收益，除非確認在其他全面收益中，負債信用風險變動的影響會產生或擴大損益中的會計錯配。對於包含嵌入式衍生工具的金融負債（例如可換股債券），確定其他全面收益中呈列的金額不包括嵌入式衍生工具的公平值變動。其他全面收益確認的金融負債信用風險導致的公平值變動其後不會重新分類至損益；相反，終止確認金融負債時轉至累計虧損。

(v) 按攤銷成本計量的金融負債

金融負債（包括應付賬款及其他應付款項及銀行及其他借貸）其後使用實際利率法按攤銷成本計量。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Financial instruments (Continued)

(b) Financial liabilities and equity (Continued)

(vi) Convertible bonds

Convertible bonds that can be converted to equity share capital at the option of the holder, where the number of shares that would be issued on conversion and the value of the consideration that would be received at that time do not vary, are accounted for as compound financial instruments which contain both a liability component and an equity component.

At initial recognition the liability component of the convertible bonds is measured as the present value of the future interest and principal payments, discounted at the market rate of interest applicable at the time of initial recognition to similar liabilities that do not have a conversion option. Any excess of proceeds over the amount initially recognised as the liability component is recognised as the equity component. Transaction costs that relate to the issue of a compound financial instrument are allocated to the liability and equity components in proportion to the allocation of proceeds.

The liability component is subsequently carried at amortised cost. The interest expense recognised in profit or loss on the liability component is calculated using the effective interest method. The equity component is recognised in the capital reserve until either the note is converted or redeemed.

If the note is converted, the capital reserve, together with the carrying amount of the liability component at the time of conversion, is transferred to share capital and share premium as consideration for the shares issued. If the note is redeemed, the capital reserve is released directly to accumulated losses.

3. 主要會計政策 (續)

財務工具 (續)

(b) 金融負債及權益 (續)

(vi) 可換股債券

可換股債券可按持有人選擇兌換為股本，倘其獲兌換時將會發行的股份數目及當時將會收取的代價價值不會改變，則入賬列作包含負債部分及權益部分的複合金融工具。

於初步確認時，可換股債券的負債部分按未來利息及本金付款的現值計量，再按初步確認時適用於不帶兌換權的類似負債的市場利率貼現。所得款項超出初步確認為負債部分的金額的部分作為股本部分確認。與發行複合金融工具相關的交易成本會因應所得款項的分配比例劃分至負債及權益部分。

負債部分其後按攤銷成本列賬。就負債部分於損益確認的利息開支按實際利率法計算。權益部分則在資本儲備中確認，直至有關票據被兌換或獲贖回為止。

如果票據被兌換，資本儲備連同兌換時負債部分的賬面值會轉撥至股本及股份溢價，作為已發行股份的代價。倘票據獲贖回，則資本儲備會直接撥至累計虧損。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Financial instruments (Continued)

(b) Financial liabilities and equity (Continued)

(vii) Derecognition/Substantial modification of financial liabilities

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

The Group accounts for an exchange with a lender of a financial liability with substantially different terms as an extinguishment of the original financial liability and the recognition of a new financial liability. A substantial modification of the terms of an existing financial liability or a part of it (whether or not attributable to the financial difficulty of the Group) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

The Group considers that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. Accordingly, such exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. The exchange or modification is considered as non-substantial modification when such difference is less than 10 per cent.

3. 主要會計政策 (續)

財務工具 (續)

(b) 金融負債及權益 (續)

(vii) 金融負債的終止確認/重大修改

當且僅當本集團的義務被解除、取消或到期時，本集團才終止確認金融負債。終止確認的金融負債的賬面值與支付和應付的代價之間的差額計入損益。

本集團與某金融負債的貸款人進行交換，交易的條款與原金融負債的終止和新金融負債的確認有很大不同。對現有金融負債或其一部分條款的重大修改（無論是否歸因於本集團的財務困難）被視為原始金融負債的終止和新金融負債的確認。

本集團認為，如果新條款項下現金流量的貼現現值（包括扣除使用原實際利率收取及貼現的任何費用）與金融負債剩餘現金流量的貼現現值至少有10%的差異，則存在重大差異。因此，這種債務工具的交換或條款的修改被視為終止，所產生的任何成本或費用被確認為終止時損益的一部分。當差異少於10%時，交換或修改被視為非重大修改。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Financial instruments (Continued)

(b) Financial liabilities and equity (Continued)

(viii) Non-substantial modifications of financial liabilities

For non-substantial modifications of financial liabilities that do not result in derecognition, the carrying amount of the relevant financial liabilities will be calculated at the present value of the modified contractual cash flows discounted at the financial liabilities' original effective interest rate. Transaction costs or fees incurred are adjusted to the carrying amount of the modified financial liabilities and are amortised over the remaining term. Any adjustment to the carrying amount of the financial liability is recognised in profit or loss at the date of modification.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that 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 for the purpose of the consolidated statement of cash flows.

3. 主要會計政策 (續)

財務工具 (續)

(b) 金融負債及權益 (續)

(viii) 金融負債的非重大修改

對於不會導致終止確認的金融負債的非重大修改，相關金融負債賬面值將按經修訂合約現金流的現值計算，有關現值按金融負債原實際利率貼現。所產生的交易成本或費用調整至經修訂金融負債賬面值及於餘下期間內攤銷。對金融負債賬面值作出的任何調整乃於修訂日期於損益確認。

現金及現金等值物

現金及現金等值物包括銀行及手頭現金，銀行及其他金融機構之活期存款，以及可隨時轉換為已知數額現金，並於購入時起計三個月內到期且幾乎不受價值變動風險所影響之短期高度流通投資項目。就綜合現金流量表而言，須應要求償還且構成本集團現金管理中組成部分之銀行透支亦已作為現金及現金等值物計算在內。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Property, plant and equipment

Property, plant and equipment (other than construction in progress) are stated at cost less accumulated depreciation and impairment losses, if any.

The cost of self-constructed items of property, plant and equipment includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads and borrowing costs.

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal. Any related revaluation surplus is transferred from the revaluation reserve to accumulated losses and is not reclassified to profit or loss.

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight line method over their estimated useful lives as follows:

– Buildings held for own use	Over the shorter of unexpired term of the leases or 20 to 30 years
– Leasehold improvements	2–5 years
– Pipelines	5–20 years
– Plant and machinery	3–15 years
– Computer equipment	3–5 years
– Furniture and equipment	3–10 years
– Transportation and motor vehicles	4–10 years

3. 主要會計政策 (續)

物業、機器及設備

物業、機器及設備(在建工程除外)按成本減累計折舊及減值虧損列賬(如有)。

自建物業、機器及設備項目之成本包括物料成本、直接勞工成本、拆卸及搬遷項目以及恢復項目所在地原貌之成本之初步估計(倘有關)和適當比例之生產經常費用及借貸成本。

報廢或出售物業、機器及設備項目所產生之損益以該項目之出售所得款項淨額與其賬面值之間之差額釐定，並於報廢或出售當日於損益確認。任何相關重估盈餘乃由重估儲備轉撥至累計虧損，且不會重新分類至損益。

物業、機器及設備項目之折舊乃按下列估計可用年期，在扣除估計餘值(如有)後，以直線法撇銷其成本計算：

– 持作自用之樓宇	按租約之未屆滿年期或20–30年之較短者
– 租賃裝修工程	2–5年
– 管道	5–20年
– 機器及機械	3–15年
– 電腦設備	3–5年
– 傢俱及設備	3–10年
– 運輸工具及汽車	4–10年

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Property, plant and equipment (Continued)

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

Construction in progress represents property, plant and equipment under construction and pending installation and is stated at cost less accumulated impairment losses, if any. Cost includes the costs of construction of the buildings, the costs of plant and machinery and interest charges arising from borrowings used to finance these assets during the period of construction or installation and testing. No provision for depreciation is made on construction in progress until such time the relevant assets are completed and are available for their intended use. When the assets concerned are brought into use, the costs are transferred to other property, plant and equipment and depreciated in accordance with the policy as stated above.

Expenditure on the construction, installation or completion of infrastructure facilities such as platforms, pipelines and the drilling of commercially proven development wells but do not include geological and geophysical costs which are expensed directly to profit or loss as they are incurred, is capitalised as coalbed methane development costs within construction in progress. Coalbed methane development costs are stated at cost less any identified impairment loss. Coalbed methane development costs are classified to the appropriate category of property, plant and equipment when completed and ready for intended use. Depreciation on these assets, on the same basis as other property, plant and equipment assets, commences when the assets are ready for their intended use.

Tangible assets acquired for use in well drilling works of ground drainage activities are classified as property, plant and equipment.

3. 主要會計政策 (續)

物業、機器及設備 (續)

倘若物業、機器及設備項目有部分之可使用年期不同，則該項目之成本乃按合理基準分配至各部分，而各部分則獨立予以折舊。資產之可使用年期及餘值(如有)乃每年予以審核。

在建工程指正在建設及有待安裝之物業、機器及設備，並按成本減累計減值虧損(如有)列賬。成本包括興建樓宇成本、機器及機械之成本，以及在建設或安裝及測試期間用以為該等資產融資所貸款之利息開支。在建工程於有關資產落成及可供擬定用途前，暫不計提折舊。當有關資產投入運作，成本會轉撥至其他物業、機器及設備，並根據上述政策計提折舊。

建設、安裝或完成如平台、管道等基礎設施，以及鑽探證實可作商業開發之礦井之費用(但不包括地質及地理成本，其將於產生時直接於損益支銷)，將資本化為在建工程內之煤層氣開發成本。煤層氣開發成本列為成本減任何已識別減值虧損。煤層氣開發成本將於完成並可用作擬定用途時歸類至合適之物業、機器及設備類別。於資產可用作擬定用途時，該等資產將按與其他物業、機器及設備資產相同之基準開始計提折舊。

所收購用於地面抽採打井作業之有形資產乃分類為物業、機器及設備。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Intangible assets (other than goodwill)

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

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses.

Amortisation of intangible assets with finite useful lives is charged to profit or loss on a straight-line basis over the assets' estimated useful lives. Intangible assets with finite useful lives are amortised from the date they are available for use over their estimated useful lives.

Both the period and method of amortisation are reviewed annually.

Intangible assets are not amortised while their useful lives are assessed to be indefinite. Any conclusion that the useful life of an intangible asset is indefinite is reviewed annually to determine whether events and circumstances continue to support the indefinite useful life assessment for that asset. If they do not, the change in the useful life assessment from indefinite to finite is accounted for prospectively from the date of change and in accordance with the policy for amortisation of intangible assets with finite lives as set out above.

3. 主要會計政策 (續)

無形資產 (商譽除外)

業務合併中收購及與商譽分開確認之無形資產初步按收購日期之公平值(視為彼等的成本)確認。

於初步確認後，業務合併中收購的無形資產按照與單獨收購的無形資產相同的基準，按成本減累計攤銷及累計減值虧損列賬。

本集團收購的其他無形資產乃以成本減累計攤銷(倘估計可使用年期有限)及減值虧損入賬。

可使用年期有限之無形資產攤銷以直線法按資產之估計可使用年期自損益扣除。可使用年期有限之無形資產乃由彼等之可供使用當日起於彼等之估計可使用年期內予以攤銷。

攤銷的期間及方法均按年檢討。

倘無形資產被評定為可無限期使用，則不會作攤銷。無形資產可無限期使用之任何結論每年均會作檢討，以釐定有關事件及情況是否繼續支持有關資產可無限期使用之評估。如情況有變，則會自轉變日期起就使用年期從無限轉為有限之評定作前瞻性會計處理，並根據上文所述有限可使用年期之無形資產之攤銷政策入賬。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Leases

(a) Definition of a lease (upon application of HKFRS 16 in accordance with transitions in note 2)

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

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

(b) The Group as a lessee (upon application of HKFRS 16 in accordance with transitions in note 2)

(i) Short-term leases and leases of low-value assets

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

3. 主要會計政策 (續)

租賃

(a) 租賃的定義 (根據附註2之過渡應用香港財務報告準則第16號後)
倘合約為換取代價而給予在一段時間內控制可識別資產使用的權利，則該合約屬於或包含租賃。

就於首次應用日期或之後訂立或修改或源自業務合併的合約而言，本集團根據香港財務報告準則第16號的定義於開始、修改日期或收購日期 (如適合) 評估該合約是否屬於或包含租賃。除非合約的條款及條件其後出現變動，否則有關合約將不予重新評估。

(b) 本集團作為承租人 (根據附註2之過渡應用香港財務報告準則第16號後)

(i) 短期租賃及低價值資產租賃
對於租期自開始日期起計為12個月或以內且不包含購買選擇權的樓宇或其他相關資產租賃，本集團應用短期租賃確認豁免。其亦就低價值資產租賃應用確認豁免。短期租賃及低價值資產租賃的租賃付款按直線法或另一項系統性基準於租期內確認為開支。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Leases (Continued)

(b) The Group as a lessee (upon application of HKFRS 16 in accordance with transitions in note 2) (Continued)

(ii) Right-of-use assets

The cost of right-of-use asset includes:

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

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

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

3. 主要會計政策 (續)

租賃 (續)

(b) 本集團作為承租人 (根據附註2之過渡應用香港財務報告準則第16號後) (續)

(ii) 使用權資產

使用權資產的成本包括：

- 租賃負債的初步計量金額；
- 於開始日期或之前作出的任何租賃付款，減任何已收租賃優惠；
- 本集團產生的任何初始直接成本；及
- 本集團就拆解及搬遷相關資產、復原相關資產所在場地或復原相關資產至租賃的條款及條件所規定狀況所產生成本作出的估計。

本集團合理確定將於租期結束時取得相關租賃資產所有權的使用權資產於開始日期起至使用年期結束期間計提折舊。在其他情況下，使用權資產以直線法於其估計使用年期及租期（以較短者為準）內計提折舊。

本集團於綜合財務狀況表內將使用權資產呈列為單獨項目。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

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

3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Leases (Continued)

(b) The Group as a lessee (upon application of HKFRS 16 in accordance with transitions in note 2) (Continued)

(iii) *Refundable rental deposits*

Refundable rental deposits paid are accounted under HKFRS 9 Financial Instruments (“HKFRS 9”) and initially measured at fair value. Adjustments to fair value at initial recognition are considered as additional lease payments and included in the cost of right-of-use assets.

(iv) *Lease liabilities*

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

3. 主要會計政策 (續)

租賃 (續)

(b) 本集團作為承租人 (根據附註2之過渡應用香港財務報告準則第16號後) (續)

(iii) *可退回租賃按金*

已付可退回租賃按金乃根據香港財務報告準則第9號「金融工具」(「香港財務報告準則第9號」)入賬並初步按公平值計量。於初步確認時對公平值的調整被視為額外租賃付款並計入使用權資產成本。

(iv) *租賃負債*

於租賃開始日期，本集團按該日未付的租賃付款現值確認及計量租賃負債。於計算租賃付款現值時，倘租賃隱含的利率難以釐定，則本集團使用租賃開始日期的遞增借貸利率計算。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Leases *(Continued)*

(b) The Group as a lessee (upon application of HKFRS 16 in accordance with transitions in note 2) *(Continued)*

(iv) Lease liabilities *(Continued)*

The lease payments include:

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

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

3. 主要會計政策 (續)

租賃 (續)

(b) 本集團作為承租人 (根據附註2之過渡應用香港財務報告準則第16號後) (續)

(iv) 租賃負債 (續)

租賃付款包括：

- 固定付款 (包括實質性的固定付款) 減任何應收租賃優惠；
- 基於指數或利率的可變租賃付款，於開始日期初步使用指數或利率計量；
- 剩餘價值擔保下的本集團預期應付款項；
- 倘本集團能合理確定將行使選擇權，則為購買選擇權的行使價；及
- 為終止租賃而支付的罰款 (倘租賃期反映本集團正行使終止租賃的選擇權)。

於開始日期後，租賃負債就利息增長及租賃付款作出調整。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

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

3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Leases (Continued)

(b) The Group as a lessee (upon application of HKFRS 16 in accordance with transitions in note 2) (Continued)

(iv) Lease liabilities (Continued)

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

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

The Group presents lease liabilities as a separate line item on the consolidated statement of financial position.

3. 主要會計政策 (續)

租賃 (續)

(b) 本集團作為承租人(根據附註2之過渡應用香港財務報告準則第16號後)(續)

(iv) 租賃負債(續)

本集團於以下情況重新計量租賃負債(並就有關使用權資產作相應調整):

- 租賃期有變或有關行使購買選擇權的評估有變,於此情況下,相關租賃負債透過使用於重新評估日期的經修訂貼現率貼現經修訂租賃付款而重新計量。
- 租賃付款因進行市場租金調查後市場租金變動而出現變動/擔保剩餘價值下預期付款,在此情況下,相關租賃負債透過使用初始貼現率貼現經修訂租賃付款而重新計量。

本集團於綜合財務狀況表將租賃負債呈列為獨立項目。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Leases (Continued)

(b) The Group as a lessee (upon application of HKFRS 16 in accordance with transitions in note 2) (Continued)

(v) Lease modifications

The Group accounts for a lease modification as a separate lease if:

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

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

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

3. 主要會計政策 (續)

租賃 (續)

(b) 本集團作為承租人 (根據附註2之過渡應用香港財務報告準則第16號後) (續)

(v) 租賃修訂

倘出現以下情況，本集團將租賃修訂作為一項單獨的租賃進行入賬：

- 該項修訂通過增加使用一項或多項相關資產的權利擴大租賃範圍；及
- 調增租賃的代價，增加的金額相當於範圍擴大對應的單獨價格，加上按照特定合約的實際情況對單獨價格進行的任何適當調整。

就未作為一項單獨租賃入賬的租賃修訂而言，本集團基於透過使用修訂生效日期的經修訂貼現率貼現經修訂租賃付款的經修訂租賃的租期重新計量租賃負債。

本集團通過對相關使用權資產進行相應調整，對租賃負債的重新計量進行會計處理。當修改後的合約包含租賃部分和一個或多個額外租賃或非租賃部分時，本集團會根據租賃部分的相對單獨價格及非租賃部分的總單獨價格將修改後的合約中的代價分配至每個租賃部分。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Leases (Continued)

(c) The Group as a lessee (prior to 1 January 2019)

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

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see the accounting policy below). Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments, including the cost of acquiring land held under operating leases, are recognised as an expense on a straight-line basis over the lease term. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

Lease incentives relating to operating leases are considered as integral part of lease payments, the aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis.

3. 主要會計政策 (續)

租賃 (續)

(c) 本集團作為承租人 (於二零一九年一月一日前)

凡租賃條款將絕大部分擁有權的風險及回報轉移至承租人時，租賃分類為融資租賃。所有其他租賃則分類為經營租賃。

根據融資租賃持有的資產按租賃開始時的公平值或最低租賃付款的現值 (以較低者為準) 確認為本集團資產。出租人的相應負債計入綜合財務狀況表內列作融資租賃承擔。

租賃付款按比例於財務費用及租賃債務減少之間分配，從而就該等負債的餘額計出定額利率。財務費用即時於損益確認，惟直接歸屬於合資格資產則除外，於此情況下，財務費用根據本集團的一般借貸成本政策 (見下文會計政策) 予以資本化。或然租金於產生期間確認為開支。

經營租賃付款 (包括收購根據經營租賃持有的土地的成本) 於租期以直線法確認為開支。經營租賃下產生的或然租金於產生期間確認為開支。

與經營租賃有關的租賃優惠被視為租賃付款的組成部分，優惠利益總額以直線法確認為租金開支減少。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Leases (Continued)

(d) The Group as a lessor

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards incidental to ownership of an underlying asset to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease.

(e) Leasehold land and building (prior to 1 January 2019)

When the Group makes payments for a property interest which includes both leasehold land and building elements, the Group assesses the classification of each element separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire property is accounted as an operating lease. Specifically, the entire consideration (including any lump-sum upfront payments) are allocated between the leasehold land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element at initial recognition.

To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as “prepaid land lease payments” in the consolidated statement of financial position and is amortised over the lease term on a straight-line basis. When the payments cannot be allocated reliably between the leasehold land and building elements, the entire property is generally classified as if the leasehold land is under finance lease.

3. 主要會計政策 (續)

租賃 (續)

(d) 本集團作為出租人

本集團作為出租人的租賃分類為融資或經營租賃。凡租賃條款將相關資產擁有權附帶的絕大部分風險及回報轉移至承租人時，合約分類為融資租賃。所有其他租賃則分類為經營租賃。

來自經營租賃的租金收入於相關租期內以直線法於損益確認。

(e) 租賃土地及樓宇 (二零一九年一月一日之前)

當本集團就一項包括租賃土地及樓宇部分的物業權益付款時，本集團會根據評估各部分擁有權所附帶的絕大部分風險及回報是否已轉移至本集團而獨立評估各部分的分類，除非肯定兩個部分均屬經營租賃，於此情況下，整項物業入賬列作經營租賃。具體而言，整項代價（包括任何一筆過預付款項）於初步確認時按租賃土地部分及樓宇部分中租賃權益的相對公平值比例於土地與樓宇部分之間分配。

倘相關款項能可靠分配，以經營租賃入賬的租賃土地權益於綜合財務狀況表內列作「預付土地租金」，且於租期內以直線法攤銷。倘款項不能在租賃土地與樓宇部分兩者之間作可靠分配，則整項物業一般會按租賃土地屬融資租賃之方式分類。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Impairment of tangible and intangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets with finite useful lives 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 relevant asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amounts of tangible and intangible assets are estimated individually. When it is not possible to estimate the recoverable amount of an asset individually, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

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

3. 主要會計政策 (續)

有形及無形資產減值

於各報告期末，本集團檢討其具有有限使用年期的有形資產及無形資產的賬面值，以決定是否有任何跡象顯示該等資產蒙受減值虧損。倘存在任何有關跡象，則對相關資產的可收回金額進行估計，以釐定減值虧損程度（如有）。

有形及無形資產的可收回金額個別估計。在不可能個別估計資產的可收回金額時，本集團則估計資產所屬現金產生單位的可收回金額。在可識別合理和一致分配基準時，企業資產亦可分配至個別現金產生單位或另行分配至可識別合理和一致分配基準的最小組別現金產生單位。

可收回金額指公平值減出售成本與使用價值兩者中的較高者。在評估使用價值時，估計未來現金流量會採用除稅前貼現率貼現為其現值，而該除稅前貼現率反映對貨幣時間值的當前市場評估及該資產（或現金產生單位）特有的風險（未就該風險調整未來現金流量的估計）。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Impairment of tangible and intangible assets

(Continued)

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

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

3. 主要會計政策 (續)

有形及無形資產減值 (續)

倘資產(或現金產生單位)的可收回金額估計低於其賬面值,則資產(或現金產生單位)的賬面值將調低至其可收回金額。於分配減值虧損時,減值虧損會首先分配以抵減任何商譽的賬面值(如適用),然後再根據單位內各項資產的賬面值按比例分配至其他資產。資產賬面值不得減少至低於其公平值減出售成本(如可計量)、其使用價值(如可釐定)及零之中的最高值。本應分配至資產的減值虧損數額按比例分配至該單位的其他資產。減值虧損即時於損益確認。

倘減值虧損於其後撥回,資產(或現金產生單位)的賬面值將調升至其經修訂的估計可收回金額,惟增加後的賬面值不得超過倘在過往年度並無就該資產(或現金產生單位)確認減值虧損而本應釐定的賬面值。減值虧損的撥回即時於損益確認。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

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

3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Inventories

Inventories are carried at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

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.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

3. 主要會計政策 (續)

存貨

存貨以成本及可變現淨值兩者之較低者入賬。

成本乃根據加權平均成本法計算，包括所有購買成本、加工成本及將存貨送抵目前地點及達致目前狀況所產生之其他成本。

可變現淨值指於日常業務中之估計售價減估計完工成本及作出銷售所需估計成本。

售出存貨後，有關存貨之賬面值將於有關收益獲確認之期間確認為開支。所有將存貨撇減至可變現淨值之數額及有關存貨之所有虧損於撇減或出現虧損期間確認為開支。任何撇減存貨所撥回之有關數額將於出現撥回期間確認為已確認為開支之存貨數額的減少。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Employee benefits

(i) Short term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave and contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

Contributions to Mandatory Provident Funds required under the Hong Kong Mandatory Provident Fund Schemes Ordinance and mandatory central pension schemes organised by the local government of the PRC government are recognised as an expense in the consolidated statement of profit or loss as incurred.

(ii) Share-based payments

Share options granted by the Company to employees of the Group in an equity-settled share-based payment arrangement.

The fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in a share option reserve within equity. The fair value is measured at grant date using the Binomial option pricing model, taking into account the terms and conditions upon which the options were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the share options, the total estimated fair value of the share options is spread over the vesting period, taking into account the probability that the options will vest.

3. 主要會計政策 (續)

僱員福利

(i) 短期僱員福利及向定額供款退休計劃的供款

薪金、年度花紅、有薪年假、定額供款退休計劃供款及非貨幣福利成本，乃於僱員提供有關服務之年度內計算。倘付款或結算獲遞延處理且其影響屬重大，則該等金額按其現值列賬。

根據香港強制性公積金計劃條例須向強制性公積金作出之供款，以及向中國地方政府所籌辦之強制性中央退休金計劃作出之供款，於產生時在綜合損益表內確認為開支。

(ii) 以股份為基礎之付款

於一項以股權結算以股份為基礎之付款安排中本公司向本集團僱員授出的購股權。

授予僱員之購股權之公平值，乃確認為僱員成本，並相應增加權益中之購股權儲備。公平值乃於授出日期利用二項式期權定價模式計量，當中考慮到授出購股權所依據之條款及條件。倘若僱員於有權無條件享有購股權前須符合歸屬條件，則估計購股權之總體公平值乃於歸屬期間內分攤，當中考慮到購股權將會歸屬之可能性。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Employee benefits (Continued)

(ii) Share-based payments (Continued)

During the vesting period, the number of share options that is expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognised in prior years is charged/credited to the profit or loss for the year of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the share option reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of options that vest (with a corresponding adjustment to the share option reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the Company's shares. The equity amount is recognised in the share option reserve until either the option is exercised (when it is transferred to the share premium account) or the option expires (when it is released directly to the accumulated losses).

Share options granted to consultant in an equity-settled share-based payment transactions.

Share options issued in exchange for goods or services are measured at fair values of the goods or services rendered, unless that fair value cannot be reliably measured, in which case the goods or services received are measured by reference to the fair value of the share options granted. The fair values of goods or services received are recognised as expenses immediately, unless the goods or services qualify for recognition as assets. Corresponding adjustment has been made to equity (share option reserve).

3. 主要會計政策 (續)

僱員福利 (續)

(ii) 以股份為基礎之付款 (續)

於歸屬期內，會審核預期歸屬之購股權數目。於過去年度確認之累計公平值之任何調整，乃於審核年度於損益扣除／計入，惟合資格確認為資產之原本僱員開支則除外，並對購股權儲備作相應調整。於歸屬日，確認為開支之款額會予以調整，以反映歸屬購股權之實際數目（並對購股權儲備作相應調整），惟因並無達致與本公司股份市值相關之歸屬條件才沒收之購股權除外。權益款額乃於購股權儲備內確認，直至購股權獲行使（當其轉撥至股份溢價賬）或購股權到期（直接撥入累計虧損時）為止。

於一項以股權結算以股份為基礎之付款交易中向顧問授出的購股權。

為換取貨品或服務而發行的購股權按收到的貨品或服務的公平值計量，除非有關公平值無法可靠計量，在此情況下收到的貨品或服務參考授出的購股權的公平值計量。本集團取得的貨品或服務的公平值乃即時確認為開支，除非貨品或服務符合資格確認為資產。已在權益（購股權儲備）作出相應調整。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Taxation

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

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

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the 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. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of 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 associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

3. 主要會計政策 (續)

稅項

所得稅支出指本期應付稅項及遞延稅項總額。

本期應付稅項乃按年度應課稅溢利計算。應課稅溢利與除稅前溢利不同，此乃由於在其他年度應課稅或可扣減之收入或支出項目以及永不課稅或扣減之項目。本集團之本期稅項負債乃使用於報告期末已制訂或實際上已制訂之稅率計算。

遞延稅項乃按於綜合財務報表內資產及負債賬面值與用於計算應課稅溢利之相應稅基兩者之暫時差額確認。遞延稅項負債通常會就所有應課稅暫時差異確認。遞延稅項負債一般就所有可扣減暫時差額確認，而遞延稅項資產乃於可能出現應課稅溢利抵銷有關可動用可扣減暫時差額時確認。若暫時差異因商譽或因於一項既不影響應課稅溢利亦不影響會計溢利之交易(不包括業務合併)中開始確認資產及負債而引致，則不會確認該等遞延稅項資產及負債。

遞延稅項負債就與於附屬公司投資有關之應課稅暫時差額確認，惟倘集團能控制暫時差額撥回且暫時差額於可見未來不會撥回則作別論。與該等投資及權益相關的可扣減暫時差額所產生的遞延稅項資產僅在動用暫時差額利益時有足夠的應課稅溢利且預期在可見將來其將被撥回時，方可確認。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Taxation (Continued)

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 assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 Income Taxes requirements to the leasing transaction as a whole. Temporary differences relating to right-of-use assets and lease liabilities are assessed on a net basis. Excess of depreciation on right-of-use assets over the lease payments for the principal portion of lease liabilities resulting in net deductible temporary differences.

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.

3. 主要會計政策 (續)

稅項 (續)

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

遞延稅項資產及負債以負債被清償或資產被變現的期間內預期適用的稅率衡量，並根據於報告期末已制訂或實際上已制訂的稅率（和稅務法例）計量。

遞延稅項負債及資產之計量反映隨本集團預期於報告期末時收回或償還資產及負債賬面值所產生之稅務後果。

就計量租賃交易的遞延稅項而本集團在當中確認使用權資產及相關租賃負債而言，本集團首先釐定稅項扣減是否源自該使用權資產或租賃負債。

就稅項扣減源自租賃負債的租賃交易而言，本集團就整宗租賃交易應用香港會計準則第12號所得稅規定。與使用權資產及租賃負債有關的暫時差異按淨額基準評估。由於使用權資產折舊超過租賃負債主要部分之租金，而導致可扣減暫時淨差額。

當有法定可執行權利將當期稅項資產抵銷當期稅項負債時，以及當它們與同一稅務機關徵收的所得稅有關且本集團有意按淨額基準結算其即期稅項資產及負債時，遞延所得稅資產和負債均予以抵銷。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Taxation (Continued)

Current and deferred tax is recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Provisions and contingent liabilities

Provisions are recognised for other liabilities of uncertain timing or amount when the Group or the Company has a 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 expenditure 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 of economic benefits 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 of economic benefits is remote.

(a) Provision for production safety

Provision for the Group's production safety are based on certain percentage of the Group's revenue in accordance with PRC rules and regulations.

3. 主要會計政策 (續)

稅項 (續)

即期及遞延稅項於損益確認，惟倘該等稅項與於其他全面收益或直接在權益中確認的項目有關，則即期及遞延稅項亦分別在其他全面收益或直接於權益確認。倘即期稅項或遞延稅項源自業務合併的初次會計處理，則稅務影響納入該業務合併的會計處理。

撥備及或然負債

倘本集團或本公司因過往事件而負有可能導致經濟利益流出方可了結之法定或推定責任，且能作出可靠估計，則就不確定時限或金額之其他負債確認撥備。倘貨幣時間值為重大者，則撥備按預期清償債務所需開支之現值入賬。

倘可能毋須導致經濟利益流出或不能可靠估計金額，則將責任列作或然負債披露，除非經濟利益流出之可能性極微。僅可由發生或不發生一件或數件未來事件予以確定之可能責任，亦列作或然負債披露，除非經濟利益流出之可能性極微。

(a) 生產安全撥備

本集團的生產安全撥備乃根據中國的規則及法規，基於本集團收益的若干百分比計算得出。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Government grants

Government grants are recognised in the consolidated statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as revenue in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are deducted from the carrying amount of the asset and consequently are effectively recognised in profit or loss over the useful life of the asset by way of reduced depreciation expense.

A government grant that becomes receivables as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs shall be recognised in profit or loss of the period in which it becomes receivable.

Foreign currencies

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

The functional currency of the Company is Hong Kong dollars ("HK\$") and the presentation currency is RMB. The reason for using RMB as a presentation currency is that the functional currency of the principal operating subsidiaries within the Group is RMB.

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss.

3. 主要會計政策 (續)

政府津貼

倘可合理確定能夠收取政府津貼，而本集團將符合政府津貼所附帶的條件，則政府津貼在綜合財務狀況表中初步確認。補償本集團所產生開支的津貼於產生開支的同一期間有系統地於損益確認為收益。補償本集團資產成本的津貼在相關資產賬面值中扣除，其後於該項資產的可用年期內以減少折舊開支方式於損益實際確認。

作為產生之開支或虧損的補償或為實體提供即時財務援助之應收政府津貼如無未來相關成本，須於應收期間內於損益確認。

外幣

本集團各實體之財務報表中所包括之項目，均使用有關實體業務所在之主要經濟環境之貨幣（「功能貨幣」）進行計量。綜合財務報表乃以人民幣（「人民幣」）呈列。

本公司之功能貨幣為港元（「港元」）及呈報貨幣為人民幣。使用人民幣作為呈報貨幣之原因為本集團內主要附屬公司之功能貨幣均為人民幣。

年內以外幣結算之交易乃按交易當日之匯率換算。以外幣計值之貨幣資產及負債，則按報告期末之匯率換算。匯兌收益及虧損乃於損益確認。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Foreign currencies (Continued)

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was measured.

The results of foreign operations are translated into RMB at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Statement of financial position items, are translated into RMB at the closing foreign exchange rates at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the translation reserve.

On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognised.

Borrowing costs

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

Any specific borrowing that remain outstanding after the related asset is ready for its intended use or sale is included in the general borrowing pool for calculation of capitalisation rate on general borrowings. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

3. 主要會計政策 (續)

外幣 (續)

按歷史成本計量及以外幣列值之非貨幣資產及負債，乃按於交易日期之匯率換算。以外幣列值並按公平值列賬之非貨幣資產及負債，均按於計量公平值當日之匯率換算。

海外業務之業績均按與於交易當日之匯率相若之匯率換算為人民幣。財務狀況表項目均按於報告期末之收市匯率換算為人民幣。所產生之匯兌差額，均於其他全面收益確認及於換算儲備的權益中分開累計。

當出售海外業務時，與該海外業務有關的累計匯兌差額於出售盈虧確認時，由權益重新分類至損益。

借貸成本

收購、建造或生產合資格資產（即需要一段較長時間方可達致擬定用途或出售的資產）直接應佔的借貸成本會加入該等資產的成本，直至資產大致上可作擬定用途或出售時為止。

於相關資產可供用於其擬定用途或銷售後尚未償還的任何特定借款，乃計入用於計算一般借貸資本化比率的一般借貸組合。以待用作合資格資產開支之特定借貸作出的短暫投資賺取的投資收入從合資格資本化的借貸成本中扣除。

所有其他借貸成本於產生期間於損益確認。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

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

3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

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 purposes of allocating resources to, and assessing the performance of, the Group's lines of business and geographical locations.

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

Related parties

- (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 Group or the Group's parent.

3. 主要會計政策 (續)

分部呈報

財務報表所呈報之經營分部及各分部項目之款項乃於為分配資源予本集團不同業務及地區以及評估該等業務及地區之表現而定期向本集團首席執行管理人員提供之財務資料中確認。

就財務報告而言，個別重大經營分部不會合併，惟分部間有類似經濟特點及在產品及服務性質、生產過程性質、客戶種類或類別、用作分銷產品或提供服務之方法以及監管環境性質方面相類似則除外。倘並非個別重大之經營分部符合大部份此等準則，則該等經營分部可能合併處理。

關連人士

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Related parties (Continued)

(b) An entity is related to the Group if any of the following conditions applies:

- (i) The entity and the Group 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;
- (vi) The entity is controlled or jointly controlled by a person identified in (a);
- (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); and
- (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

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

3. 主要會計政策 (續)

關連人士 (續)

(b) 倘符合下列任何條件，即實體與本集團有關連：

- (i) 該實體與本集團屬同一集團之成員公司（即各母公司、附屬公司及同系附屬公司彼此間有關連）；
- (ii) 一間實體為另一實體的聯營公司或合營企業（或另一實體為成員公司之集團旗下成員公司之聯營公司或合營企業）；
- (iii) 兩間實體均為同一第三方的合營企業；
- (iv) 一間實體為第三方實體的合營企業，而另一實體為該第三方實體的聯營公司；
- (v) 實體為本集團或與本集團有關連之實體就僱員利益設立的離職後福利計劃；
- (vi) 實體受(a)所識別人士控制或受共同控制；
- (vii) 於(a)(i)所識別人士對實體有重大影響力或屬該實體（或該實體的母公司）主要管理層成員；及
- (viii) 實體、或一間集團之任何成員公司（為集團之一部分）向本集團或本集團之母公司提供主要管理人員服務。

個人的近親家庭成員指在與該實體進行交易時預期可影響，或受該個人影響的家庭成員。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

4. ACCOUNTING JUDGEMENTS AND ESTIMATES

Judgements and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Sources of estimation uncertainty

Key sources of estimation uncertainty are as follows:

(i) Provision of ECL for trade receivables

The Group uses provision matrix to calculate ECL for the trade receivables. The provision rates are based on aging of trade receivables as groupings of various debtors that have similar loss patterns. The provision matrix is based on the Group's historical default rates taking into consideration forward-looking information that is reasonable and supportable and available without undue costs or effort. At every reporting date, the historical observed default rates are reassessed and changes in the forward-looking information are considered. In addition, trade receivables with significant balances and credit impaired receivables are assessed for ECL individually.

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's trade receivables are disclosed in notes 22 and 35.

4. 會計判斷及估計

判斷及估計將按過往經驗及其他因素（包括相信在此時情況下合理發生之預期未來事項）作出持續評估。

(a) 估計不確定性之來源

估計不確定性之主要來源如下：

(i) 應收貿易賬款預期信貸虧損撥備

本集團使用撥備矩陣計算應收貿易賬款的預期信貸虧損。撥備率乃基於具有類似虧損型態的不同債務人組別的貿易應收賬款賬齡。撥備矩陣乃基於本集團的歷史違約率，並考慮無需付出不必要的成本及努力便可獲得的合理及支持性前瞻性資料。於各報告日期，可觀察的歷史違約率會重新評估，並考慮前瞻性資料的變動。此外，具有大量結餘及信貸減值的應收貿易賬款將分別評估預期信貸虧損。

預期信貸虧損撥備對估計變動尤為敏感。有關預期信貸虧損及本集團應收貿易賬款的資料於附註22及35披露。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

4. ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

(a) Sources of estimation uncertainty (Continued)

(ii) Impairment of property, plant and equipment and right-of-use assets

The Group assessed whether property, plant and equipment and right-of-use assets have suffered any impairment in accordance with relevant accounting policies. The recoverable amounts have been determined based on value-in-use calculations. The value-in-use calculations require the use of estimates such as the profit forecast, cash flows projections and pre-tax discount rates. As at 31 December 2019, the carrying amounts of property, plant and equipment and right-of-use assets amounted to approximately RMB442,489,000 (2018: RMB551,948,000) and RMB33,324,000 (2018: prepaid land lease payments of approximately RMB34,194,000) respectively, net of accumulated impairment losses recognised of approximately RMB180,142,000 (2018: RMB139,505,000).

(iii) Income taxes

Determining income tax provisions involves judgement on the future tax treatment of certain transactions. The Group carefully evaluates tax implications of transactions and tax provisions are set-up accordingly. The tax treatment of such transactions is reconsidered periodically to take into account changes in tax legislations. Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

4. 會計判斷及估計 (續)

(a) 估計不確定性之來源 (續)

(ii) 物業、機器及設備以及使用權資產減值

本集團根據有關會計政策就物業、機器及設備以及使用權資產有否出現任何減值進行評估。可收回金額根據使用價值計算及公平值計算釐定。使用價值計算需要利用溢利預測、現金流量預測及稅前貼現率等估計。於二零一九年十二月三十一日，物業、機器及設備以及使用權資產的賬面值分別為約人民幣442,489,000元（二零一八年：人民幣551,948,000元）及人民幣33,324,000元（二零一八年：預付土地租金約人民幣34,194,000元），已扣除已確認的累計減值虧損約人民幣180,142,000元（二零一八年：人民幣139,505,000元）。

(iii) 所得稅

釐定所得稅撥備涉及對未來若干交易之稅項待遇之判斷。本集團謹慎評估交易的稅務影響，並相應作出稅項撥備。有關交易之稅務待遇會定期重新檢討，以計及稅法變動。就所有未被動用稅項虧損確認遞延稅項資產，惟以應課稅溢利可能可用作抵扣可動用之虧損為限。為釐定可予確認之遞延稅項資產金額，須根據未來應課稅溢利之可能時間及數額連同未來稅務規劃策略作出重大管理層判斷。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

4. ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

(b) Critical accounting judgements in applying the Group's accounting policies

In the process of applying the Group's accounting policies, management has made the following critical accounting judgements:

(i) Renewal of gas business operating permits

The Group holds certain gas business operating permits with licence period of 3 to 5 years at date of issue which will be expired in year 2020 to 2022 and the renewal of which is subject to the approval by the relevant PRC authorities. In the opinion of the directors, taking into account legal opinion from the Company's PRC legal counsel and past history of renewals, there are no legal impediments for the Group to renew its gas business operating permits upon expiry with significant costs.

If the Group were unable to renew these permits upon expiry, the carrying amounts of the Group's property, plant and equipment of approximately RMB442,489,000 (2018: RMB551,948,000) and right-of-use assets of approximately RMB33,324,000 (2018: prepaid land lease payments of approximately RMB34,194,000) might have to be significantly reduced because of impairment losses that would be required to be recognised, and the Group might increase depreciation and amortisation charges of those assets where their useful lives are less than previously estimated, or it might write off or write down the carrying amount of those assets.

(ii) Going concern consideration

The assessments of the going concern assumptions involve making judgement by the directors of the Company, at a particular point of time, about the future outcome of events or conditions which are inherently uncertain. The directors of the Company consider that the Group has the ability to continue as a going concern and the major events or conditions, which may give rise to business risks, that individually or collectively may cast significant doubt about the going concern assumptions are set out in note 3 to the consolidated financial statements.

4. 會計判斷及估計 (續)

(b) 在應用本集團會計政策時所作之重大會計判斷

於應用本集團的會計政策過程中，管理層已作出以下重大會計判斷：

(i) 天然氣業務經營許可證的續期

本集團持有若干天然氣業務經營許可證，於發出日期的有效期間為3至5年，並將於二零二零年至二零二二年到期，而該等許可證的續期將須獲得相關中國部門的批准。董事認為，考慮到本公司中國法律顧問的法律意見及過往的續期記錄，本集團於其天然氣業務經營許可證到期時進行續期不存在任何法律障礙及不重大成本。

倘若本集團無法於該等許可證到期時續期，則本集團物業、機器及設備的賬面值約人民幣442,489,000元（二零一八年：人民幣551,948,000元）及使用權資產約人民幣33,324,000元（二零一八年：預付土地租金約人民幣34,194,000元）可能須大幅降低，而本集團可能會因為減值的需要而增加使用年期少於之前估計的該等資產的折舊及攤銷費用，或可能撇銷或撇減該等資產的賬面值。

(ii) 持續經營考慮

評估持續經營假設涉及本公司董事於某個特定時間，就本質上不確定的事項或條件的未來結果，作出的判斷。本公司董事認為本集團有能力持續經營，而個別或共同可能對持續經營假設構成重大疑問，從而可能導致經營風險的主要事項或條件已載於綜合財務報表附註3。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

5. REVENUE**(a) Disaggregation of revenue from contracts with customers****5. 收益****(a) 與客戶合約之收益分類**

		2019	2018
		二零一九年	二零一八年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Type of goods or service	貨品或服務種類		
Sales of liquefied coalbed gas	液化煤層氣銷售	-	4,578
Sales of piped natural gas	管道天然氣銷售	144,028	144,979
Provision of liquefied coalbed gas logistics services	提供液化煤層氣物流服務	4,673	5,223
Provision of gas supply connection services	提供供氣接駁服務	19,528	13,317
		168,229	168,097
Timing of revenue recognition	收益確認時間		
At point in time	某一時間點確認	148,701	154,780
Over time	一段時間內確認	19,528	13,317
Total	總計	168,229	168,097

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

5. REVENUE (Continued)

(b) Performance obligations for contracts with customers

(i) Sales of liquefied coalbed gas and piped natural gas

Revenue from Sales of liquefied coalbed gas and piped natural gas is recognised when customers obtain control of the liquefied coalbed gas and piped natural gas, which is when the gas is delivered to customers' specific location. Invoices are usually payable within 30 days.

(ii) Provision of liquefied coalbed gas logistics services

The performance obligation is satisfied at a point in time when the liquefied coalbed gas are delivered to customers' specific location.

(iii) Provision of gas supply connection services

The performance obligation is satisfied over time as services are rendered and payment is generally due within 5 working days from the date of billing. The Group is entitled to the final payment until the service quality is satisfied by the customers.

The Group has applied the practical expedient in paragraph 121 of HKFRS 15 to its sales contracts for its products and services such that the above information does not include information about revenue that the Group will be entitled to when it satisfies the remaining performance obligations under the contracts that had an original expected duration of one year or less.

5. 收益 (續)

(b) 與客戶合約之履約責任

(i) 液化煤層氣及管道天然氣銷售

當客戶獲得對液化煤層氣及管道天然氣的控制，即當供氣運達客戶的特定地點，液化煤層氣及管道天然氣的銷售收益獲確認。發票通常於30天內支付。

(ii) 提供液化煤層氣物流服務

於某一時間點將液化煤層氣運送至客戶的特定地點，即達成履約義務。

(iii) 提供供氣接駁服務

履約義務會隨著一段時間內提供服務而達成，且通常應在開票之日起5個工作日內到期付款。直至客戶滿意服務質量，本集團有權取得最終付款。

本集團已就其產品及服務的銷售合約應用香港財務報告準則第15號第121段所載可權宜方法，因此，上述資料未有包括當合約的原先預計有效期為一年或以下時，其餘下履約義務獲滿足後本集團有權獲取之收益的資料。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

6. OTHER INCOME AND GAINS OR LOSSES**6. 其他收入及收益或虧損**

		2019	2018
		二零一九年	二零一八年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Other income	其他收入		
Interest income from bank deposits	銀行存款之利息收入	25	29
Net foreign exchange gain	外匯收益淨額	104	31
Rental income	租金收入	332	381
Service income	服務收入	8,461	4,326
Value-added tax refund	可抵扣增值稅	4,335	13,085
Sundry income	雜項收入	472	392
		13,729	18,244
Other gains or losses	其他收益或虧損		
(Loss)/gain on disposal of property, plant and equipment	出售物業、機器及設備之 (虧損)/收益	(472)	477
Written-off of property, plant and equipment	物業、機器及設備撇銷	(9,050)	(23,817)
Written-off of other receivables	撇銷其他應收款項	-	(8,000)
Written-off of other payables	撇銷其他應付款項	22	-
		4,229	(13,096)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

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

7. 預期信貸虧損模式下減值虧損，扣除撥回

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Impairment losses recognised on:	就下列各項確認之減值虧損：		
– Trade receivables	– 應收賬款	2,357	1,054
– Other receivables	– 其他應收款項	1,142	30,563
		3,499	31,617

Details of impairment assessment are set out in note 35.

減值評估的詳情載於附註35。

8. FINANCE COSTS

8. 財務費用

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Interest expenses on bank and other borrowings	銀行及其他借款之利息開支	6,235	5,558
Effective interest on convertible bonds	可換股債券之實際利息	2,914	2,259
Finance charges on lease liabilities/ obligations under finance leases	租賃負債／融資租賃承擔之融資費用	731	1,479
		9,880	9,296

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

9. LOSS BEFORE TAXATION

Loss before taxation is arrived at after charging:

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
(a) Staff costs (including directors' and chief executive's emoluments in note 11)	(a) 員工成本(包括附註11中的董事及最高行政人員酬金)		
Salaries and other benefits	薪金及其他福利	18,033	19,543
Retirement benefits schemes contributions	退休福利計劃供款	3,149	3,678
Total staff costs	總員工成本	21,182	23,221

9. 除稅前虧損

除稅前虧損已扣除以下各項：

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
(b) Other items	(b) 其他項目		
Cost of inventories (note 21(b))	存貨之成本(附註21(b))	77,592	70,087
Auditors' remuneration	核數師薪酬	1,473	1,616
Depreciation of property, plant and equipment	物業、機器及設備折舊	66,906	70,844
Depreciation of right-of-use assets	使用權資產折舊	870	-
Amortisation of prepaid land lease payments	預付土地租金攤銷	-	926
Expense relating to short-term lease and other leases with lease terms within 12 months/operating lease rentals on premises	與短期租賃及租期於12個月內完結的其他租賃/物業的經營租賃租金有關的開支	830	596
Research and development costs	研究及開發成本	990	1,929

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

10. INCOME TAX (CREDIT)/EXPENSE

- (a) Taxation in the consolidated statement of profit or loss represents:

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Current tax – PRC Enterprise Income Tax (“EIT”)	即期稅項 – 中國企業所得稅 (「企業所得稅」)		
Provision for the year	本年度撥備	1,999	1,773
Deferred tax	遞延稅項		
Origination and reversal of temporary differences	暫時差額產生及撥回	(2,000)	(1,695)
Income tax (credit)/expense	所得稅 (抵免) / 開支	(1)	78

The Company was incorporated in the Cayman Islands and continued in Bermuda as an exempted company under the laws of Bermuda and, accordingly, is exempted from payment of the Bermuda Income Tax.

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profits for the year ended 31 December 2019 (2018: 16.5%). No provision for Hong Kong Profits Tax has been made as the Group has no estimated assessable profits arising in or derived from Hong Kong for the years ended 31 December 2019 and 2018.

Taxation for overseas subsidiaries is charged at the appropriate current rates of taxation ruling in the relevant countries.

10. 所得稅 (抵免) / 開支

- (a) 綜合損益表內之稅項指：

本公司在開曼群島註冊成立並根據百慕達法例於百慕達存續為獲豁免公司，因此獲豁免繳納百慕達所得稅。

截至二零一九年十二月三十一日止年度之香港利得稅按估計應課稅溢利之16.5% (二零一八年：16.5%) 計算。由於本集團於截至二零一九年及二零一八年十二月三十一日止年度並無於香港產生或源自香港的估計應課稅溢利，故並無為香港利得稅作出任何撥備。

海外附屬公司的稅項乃按相關國家現行適當稅率徵收。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

10. INCOME TAX (CREDIT)/EXPENSE (Continued)

- (a) Taxation in the consolidated statement of profit or loss represents: (Continued)

Under the Law of the PRC on EIT (the "EIT Law") and Implementation Regulations of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards.

- (b) Reconciliation between income tax (credit)/expenses and accounting loss at applicable tax rates:

10. 所得稅(抵免)/開支(續)

- (a) 綜合損益表內之稅項指：(續)

根據有關企業所得稅的中國法律(「企業所得稅法」)及企業所得稅法實施條例，中國附屬公司自二零零八年一月一日起之稅率為25%。

- (b) 按適用稅率計算之所得稅(抵免)/開支與會計虧損之對賬如下：

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Loss before taxation	除稅前虧損	(68,812)	(121,855)
Notional tax on loss before taxation, calculated at the rates applicable to the tax jurisdictions concerned	按相關稅務司法權區適用稅率計算之除稅前虧損名義稅項	(16,545)	(28,903)
Tax effect of non-deductible expenses	不可扣減開支之稅務影響	19,029	32,388
Tax effect of non-taxable income	毋須課稅收入之稅務影響	(5)	(296)
Tax effect of unrecognised temporary differences	未確認暫時差額之稅務影響	(257)	(488)
Tax effect of tax losses not recognised	未確認稅項虧損之稅務影響	5,609	2,067
Utilisation of tax losses previously not recognised	動用先前未確認之稅務虧損	(6,609)	(4,065)
Over provision in previous year	以往年度撥備過度	-	(5)
PRC withholding tax	中國預扣稅	(1,223)	(620)
Income tax (credit)/expense	所得稅(抵免)/開支	(1)	78

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

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

10. INCOME TAX (CREDIT)/EXPENSE (Continued)

- (c) Pursuant to the EIT Law in the PRC, from 1 January 2008, non-resident enterprises without an establishment or place of business in the PRC or which have an establishment or place of business in the PRC but whose relevant income is not effectively connected with the establishment or a place of business in the PRC, will be subject to withholding tax at the rate of 10% (unless reduced by tax treaty) on various types of passive income such as dividends derived from sources within the PRC.

Pursuant to the Sino-Hong Kong Double Tax Arrangement and the related regulations, a qualified Hong Kong tax resident will be liable for a reduced withholding tax rate of 5% on dividends from a PRC enterprise if the Hong Kong tax resident is the “beneficial owner” and holds 25% or more of the equity interest of the PRC enterprise. A withholding tax rate of 5% is applicable to entities held by a qualified Hong Kong incorporated subsidiary.

10. 所得稅(抵免)/開支(續)

- (c) 根據中國企業所得稅法，由二零零八年一月一日起，在中國境內未設立機構或營業地點，或者雖在中國境內設立機構或營業地點但取得之收入與其在中國境內所設機構或營業地點沒有實際聯繫之非居民企業，將須就多種被動收入(如源於中國境內之股息)按10%稅率(除非按稅收協定減免)繳納預扣稅。

根據中港雙重徵稅安排及有關規定，倘香港繳稅居民為中國企業的「實益擁有人」，並持有該中國企業25%或以上股本權益，合資格香港繳稅居民獲中國企業派付的股息則可享有經調低預扣稅稅率5%。由在香港註冊成立之附屬公司持有之實體之預扣稅率為5%。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

11. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

The emoluments paid or payable to each of the directors and the chief executive of the Company were as follows:

11. 董事及最高行政人員酬金

已付或應付本公司董事及最高行政人員各人之酬金如下：

		Fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement benefits schemes contributions	Equity-settled share-based payment expenses	2019 Total
		RMB'000	薪金、津貼及實物福利	酌情花紅	退休福利計劃供款	以股權結算以股份為基礎之付款開支	二零一九年總計
		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
Executive directors	執行董事						
Wang Zhong Sheng	王忠勝	-	1,482	-	-	-	1,482
Fu Shou Gang (resigned on 19 June 2019)	付壽剛 (於二零一九年 六月十九日辭任)	-	144	-	-	-	144
Chang Jian (appointed on 19 June 2019)	常建 (於二零一九年 六月十九日獲委任)	-	-	-	-	-	-
Non-Executive Directors	非執行董事						
Wu Kun (appointed on 19 June 2019)	鄒昆 (於二零一九年 六月十九日獲委任)	-	90	-	7	-	97
Wang Chen (appointed on 19 June 2019)	王琛 (於二零一九年 六月十九日獲委任)	-	-	-	-	-	-
Liang Feng (appointed on 19 June 2019)	梁峰 (於二零一九年 六月十九日獲委任)	-	-	-	-	-	-
Independent non-executive directors	獨立非執行董事						
Lau Chun Pong	劉振邦	106	-	-	-	-	106
Wang Zhi He	王之和	44	-	-	-	-	44
Xu Yuan Jian (appointed on 23 August 2019)	徐願堅 (於二零一九年 八月二十三日獲委任)	-	-	-	-	-	-
Luo Wei Kun (retired on 27 May 2019)	羅維崑 (於二零一九年 五月二十七日退任)	-	-	-	-	-	-
		150	1,716	-	7	-	1,873

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

11. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS (Continued)

11. 董事及最高行政人員酬金 (續)

		Fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Retirement benefits schemes contributions	Equity-settled share-based payment expenses	2018 Total
		RMB'000 人民幣千元	薪金、津貼及實物福利 RMB'000 人民幣千元	酌情花紅 RMB'000 人民幣千元	退休福利計劃供款 RMB'000 人民幣千元	以股權結算以股份為基礎之付款開支 RMB'000 人民幣千元	二零一八年總計 RMB'000 人民幣千元
Executive directors	執行董事						
Wang Zhong Sheng	王忠勝	-	844	-	-	-	844
Fu Shou Gang	付壽剛	-	85	-	-	-	85
Independent non-executive directors	獨立非執行董事						
Lau Chun Pong	劉振邦	101	-	-	-	-	101
Wang Zhi He	王之和	42	-	-	-	-	42
Luo Wei Kun	羅維崑	42	-	-	-	-	42
		185	929	-	-	-	1,114

During the years ended 31 December 2019 and 2018, since the appointment of the chief executive officer of the Company remains outstanding, there was no emoluments paid in respect of the chief executive officer of the Company.

Salaries, allowances and other benefits paid to or for the executive and non-executive directors are generally emoluments in respect of those persons' other services in connection with the management of the affairs of the Company and its subsidiaries.

Neither the chief executive officer nor any of the directors waived any emoluments in the years ended 31 December 2019 and 2018. No inducement payments to join or upon joining the Group or as compensation for loss of office were paid or payable to any director or the chief executive officer for the years ended 31 December 2019 and 2018.

於截至二零一九年及二零一八年十二月三十一日止年度，由於本公司尚未委任行政總裁，故並無向本公司行政總裁支付酬金。

支付予執行董事及非執行董事或為其支付的薪金，津貼及其他福利通常為有關該等人士對本公司及其附屬公司的事務管理所提供其他服務的酬金。

於截至二零一九年及二零一八年十二月三十一日止年度，概無行政總裁或任何董事放棄任何酬金。於截至二零一九年及二零一八年十二月三十一日止年度，並無向任何董事或行政總裁支付或應付任何加入本集團或加入本集團時之獎賞或離職補償。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

12. INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, one (2018: one) is director whose emolument is disclosed in note 11. The aggregate of the emoluments in respect of the other four (2018: four) individuals are as follows:

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Salaries and other emoluments	薪金及其他酬金	1,149	1,061
Retirement benefits schemes contributions	退休福利計劃供款	27	67
		1,176	1,128

The emoluments of the four (2018: four) individuals with the highest emoluments are within the following bands:

		2019 二零一九年 Number of individuals 人數	2018 二零一八年 Number of individuals 人數
Nil to HK\$1,000,000 (equivalent to approximately RMB883,000 (2018: RMB844,000))	零至1,000,000港元 (相等於約人民幣883,000元 (二零一八年：人民幣 844,000元))	4	4

12. 最高薪人士

本集團五名最高薪人士中，一名(二零一八年：一名)為董事，其酬金於附註11披露。其他四名(二零一八年：四名)人士之酬金總額如下：

四名(二零一八年：四名)最高薪人士之酬金介乎以下範圍：

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

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

13. DIVIDENDS

No dividend has been proposed or declared by the directors for the year ended 31 December 2019 (2018: Nil).

14. LOSS PER SHARE

The basic and diluted loss per share is RMB4.81 cents per share (2018: RMB8.01 cents per share). The calculation of the basic loss per share for the year ended 31 December 2019 is based on the loss attributable to equity shareholders of the Company of approximately RMB63,510,000 (2018: RMB105,686,000) and the weighted average number of shares of approximately 1,319,484,000 (2018: 1,319,484,000) in issue during the year ended 31 December 2019.

The calculation for diluted loss per share for the year ended 31 December 2019 is based on the loss attributable to equity shareholders of the Company of approximately RMB63,510,000 (2018: RMB105,686,000) and the denominator used are the same as for the basic loss per share. Diluted loss per share attributable to equity shareholders of the Company for the years ended 31 December 2019 and 2018 is the same as the basic loss per share as the effect of potential ordinary shares from the exercise and conversion of share options and convertible bonds are anti-dilutive.

13. 股息

截至二零一九年十二月三十一日止年度，董事並無建議派付或宣派股息（二零一八年：無）。

14. 每股虧損

每股基本及攤薄虧損為每股人民幣4.81分（二零一八年：每股人民幣8.01分）。截至二零一九年十二月三十一日止年度之每股基本虧損乃根據於截至二零一九年十二月三十一日止年度本公司權益股東應佔虧損約人民幣63,510,000元（二零一八年：人民幣105,686,000元）及已發行股份加權平均數約1,319,484,000股（二零一八年：1,319,484,000股）計算得出。

截至二零一九年十二月三十一日止年度之每股攤薄虧損乃根據本公司權益股東應佔虧損約人民幣63,510,000元（二零一八年：人民幣105,686,000元）計算得出，而用於計算之分母與每股基本虧損相同。截至二零一九年及二零一八年十二月三十一日止年度本公司權益股東應佔每股攤薄虧損與每股基本虧損相同，原因是來自行使及轉換購股權及可換股債券之潛在普通股具有反攤薄效應。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

15. SEGMENT REPORTING

The Group's operating segments are determined based on information reported to the chief operating decision maker (the "CODM"), being the Company's board of directors, for the purpose of resources allocation and performance assessment. The CODM reviews the Group's internal reporting, assesses the performance and allocates the resources of the Group as a whole, as all of the Group's activities are considered by the CODM to be primarily dependent on the performance of exploitation, liquefaction production and sale of natural gas in the PRC. Therefore, the Group has only one operating segment under the requirements of HKFRS 8 Operating Segments. In this regard, no segment information is presented.

Additional disclosure in relation to segment information is not presented as the CODM assess the performance of the sole operating segment identified based on the consistent information as disclosed in the consolidated financial statements.

The total segment result is equivalent to total comprehensive expense for the year as shown in the consolidated statement of profit or loss and other comprehensive income and the total segment assets and total segment liabilities are equivalent to total assets and total liabilities as shown in the consolidated statement of financial position.

15. 分部呈報

本集團的經營分部乃根據向首席營運決策人（「首席營運決策人」，即本公司董事會）就資源分配及表現評估而呈報的資料而釐定。鑑於本集團的所有活動均被首席營運決策人視為主要依賴於在中國開採、液化生產及銷售天然氣的表現，首席營運決策人從整體上來檢討本集團的內部呈報、評估本集團的表現及分配本集團資源。因此，根據香港財務報告準則第8號經營分部的規定，本集團僅有一個經營分部。就此而言，並無呈列分部資料。

由於首席營運決策人根據綜合財務報表中披露的統一資料而評核已識別的唯一經營分部之表現，因此並無呈列有關分部資料的額外披露。

分部業績總額相等於綜合損益及其他全面收益表所示的本年度全面開支總額，而分部資產總值及分部負債總額則相等於綜合財務狀況表所示的總資產及總負債。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

15. SEGMENT REPORTING (Continued)

(a) Geographical information

For the two years ended 31 December 2019 and 2018, all of the Group's revenue were derived from customers in the PRC (country of domicile) and all non-current assets of the Group were located in the PRC. Accordingly, no further analysis of the Group's geographical information is disclosed.

(b) Information about major customers

Revenue from customers of corresponding years contributing over 10% of total revenue of the Group is as follows:

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Customer A	客戶 A	25,849	20,533
Customer B	客戶 B	N/A 不適用 ¹	41,861
		25,849	62,394

¹ The corresponding revenue does not contribute over 10% of the total sale of the Group in the respective year.

¹ 相應收益為本集團於有關年度之銷售總額貢獻不超過10%。

15. 分部呈報 (續)

(a) 地理資料

截至二零一九年及二零一八年十二月三十一日止兩個年度，所有本集團之收益均來自於中國（原駐國家）之客戶及本集團所有非流動資產均位於中國，因此並無披露本集團地區資料之進一步分析。

(b) 主要客戶資料

於相關年度，來自對本集團總收益貢獻超過10%之客戶之收益如下：

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

16. PROPERTY, PLANT AND EQUIPMENT

16. 物業、機器及設備

		Buildings held for own use 持作自用 之樓宇 RMB'000 人民幣千元	Leasehold improvements 租賃 裝修工程 RMB'000 人民幣千元	Pipelines 管道 RMB'000 人民幣千元	Plant and machinery 機器及機械 RMB'000 人民幣千元	Computer equipment 電腦設備 RMB'000 人民幣千元	Furniture and equipment 傢俱及設備 RMB'000 人民幣千元	Transportation and motor vehicles 運輸工具 及汽車 RMB'000 人民幣千元	Construction in progress (Note iv) 在建工程 (附註iv) RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Cost	原值									
At 1 January 2018	於二零一八年一月一日	157,894	1,601	178,665	621,006	312	2,991	30,316	161,359	1,154,144
Additions	添置	245	-	210	111	-	72	1,040	19,110	20,788
Transfers	轉撥	-	-	4,304	-	-	-	-	(4,304)	-
Disposals	出售	-	-	-	-	-	(2)	(1,881)	-	(1,883)
Written off	撇銷	-	-	-	(35,507)	-	-	(596)	(1,939)	(38,042)
Exchange adjustments	匯兌調整	-	37	-	-	2	6	87	-	132
At 31 December 2018 and 1 January 2019	於二零一八年十二月三十一日 及二零一九年一月一日	158,139	1,638	183,179	585,610	314	3,067	28,966	174,226	1,135,139
Additions	添置	-	215	-	146	-	89	1,326	7,420	9,196
Transfers	轉撥	-	-	6,612	-	-	-	-	(6,612)	-
Disposals	出售	-	-	(1,499)	(4,725)	-	-	(3,367)	-	(9,591)
Written off	撇銷	(5)	-	(50)	(10,114)	-	(119)	-	(2,232)	(12,520)
Exchange adjustments	匯兌調整	-	13	-	-	1	2	32	-	48
At 31 December 2019	於二零一九年十二月三十一日	158,134	1,866	188,242	570,917	315	3,039	26,957	172,802	1,122,272
Accumulated depreciation and impairment	累計折舊及減值									
At 1 January 2018	於二零一八年一月一日	99,821	1,239	49,982	299,041	297	2,568	25,027	11,175	489,150
Charge for the year	本年度支出	8,059	310	9,344	51,044	5	170	1,912	-	70,844
Impairment	減值	-	-	-	-	-	-	-	39,090	39,090
Written back on disposals	出售撥回	-	-	-	-	-	(2)	(1,798)	-	(1,800)
Written off	撇銷	-	-	-	(13,633)	-	-	(592)	-	(14,225)
Exchange adjustments	匯兌調整	-	37	-	-	2	6	87	-	132
At 31 December 2018 and 1 January 2019	於二零一八年十二月三十一日 及二零一九年一月一日	107,880	1,586	59,326	336,452	304	2,742	24,636	50,265	583,191
Charge for the year	本年度支出	4,166	82	10,760	49,615	4	116	2,163	-	66,906
Impairment	減值	-	-	6,471	31,393	-	-	-	2,773	40,637
Written back on disposals	出售撥回	-	-	(350)	(3,974)	-	-	(3,203)	-	(7,527)
Written off	撇銷	(1)	-	(37)	(3,325)	-	(107)	-	-	(3,470)
Exchange adjustments	匯兌調整	-	13	-	-	1	2	30	-	46
At 31 December 2019	於二零一九年十二月三十一日	112,045	1,681	76,170	410,161	309	2,753	23,626	53,038	679,783
Carrying amount	賬面值									
At 31 December 2019	於二零一九年十二月三十一日	46,089	185	112,072	160,756	6	286	3,331	119,764	442,489
At 31 December 2018	於二零一八年十二月三十一日	50,259	52	123,853	249,158	10	325	4,330	123,961	551,948

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

16. PROPERTY, PLANT AND EQUIPMENT (Continued)

Notes:

- (i) The buildings held for own use are situated on land held under medium-term leases in the PRC.
- (ii) The pipelines of the Group are located in the PRC.
- (iii) At 31 December 2019, the Group's building held for own use, pipelines and plant and machinery with carrying amount of approximately RMB Nil (2018: RMB Nil), RMB81,355,000 (2018: RMB Nil) and RMB6,842,000 (2018: RMB Nil) respectively were pledged as security for lease liabilities of the Group.
- (iv) Included coalbed methane development costs capitalised with carrying amount of approximately RMB96,005,000 (2018: RMB98,512,000).

Impairment test on property, plant and equipment and right-of-use assets

During the year ended 31 December 2018, due to obsolescence, an impairment loss of approximately RMB39,090,000 was recognised in respect of certain property, plant and equipment included in the Shanxi Qinshui CGU.

During the year ended 31 December 2019, in arriving at the carrying amount of YangChang Huiyang CGU for impairment assessment of the CGU (see below), certain property, plant and equipment amounted to approximately RMB9,050,000 (2018: RMB23,817,000) was written off due to wear and tear.

In view of the continuing operating losses of certain subsidiaries operating in the PRC during the year ended 31 December 2019, the directors of the Company have performed impairment assessment on property, plant and equipment and right-of-use assets (upon application of HKFRS 16) or prepaid land lease payment (before application of HKFRS 16) in these subsidiaries based on cash-generating units as at 31 December 2019. For the purpose of impairment testing, the subsidiaries in the PRC are grouped under three CGUs – (i) Guangxi Beiliu, (ii) Shanxi Qinshui and (iii) Yangcheng Huiyang, which the principal activities are sales of piped natural gas and provision of gas supply connection services, manufacture and sales of liquefied coalbed gas and exploration, development and production of coalbed methane respectively. The recoverable amounts of these CGUs have been determined by an independent professional valuer, Asset Appraisal Limited (“Asset Appraisal”) based on value-in-use calculations.

16. 物業、機器及設備 (續)

附註：

- (i) 持作自用之樓宇位處中國按中期租約持有之土地上。
- (ii) 本集團之管道位於中國。
- (iii) 於二零一九年十二月三十一日，本集團賬面值分別約人民幣零元(二零一八年：人民幣零元)、人民幣81,355,000元(二零一八年：人民幣零元)及人民幣6,842,000元(二零一八年：人民幣零元)之持作自用之樓宇、管道和機器及機械被質押，作為本集團租賃負債之抵押。
- (iv) 已入賬資本化煤層氣開發成本賬面值約為人民幣96,005,000元(二零一八年：人民幣98,512,000元)。

物業、機器及設備及使用權資產之減值測試

於截至二零一八年十二月三十一日止年度，因陳舊而就山西沁水現金產生單位包含的若干物業、機器及設備確認減值虧損約人民幣39,090,000元。

於截至二零一九年十二月三十一日止年度，就現金產生單位之減值評估(見下文)計算陽城惠陽現金產生單位之賬面值時，金額約人民幣9,050,000元(二零一八年：人民幣23,817,000元)的若干物業、機器及設備因損耗而撇銷。

鑒於截至二零一九年十二月三十一日止年度於中國經營的若干附屬公司的持續經營虧損，本公司董事已於二零一九年十二月三十一日根據現金產生單位就該等附屬公司之物業、機器及設備及使用權資產(應用香港財務報告準則第16號後)或預付土地租金(應用香港財務報告準則第16號前)進行減值評估。為進行減值檢測，該等附屬公司分為三個現金產生單位—(i)廣西北流業務、(ii)山西沁水業務以及(iii)陽城惠陽業務。它們的主要業務分別為銷售管道天然氣及提供供氣接駁服務，生產及銷售液化煤層氣及勘探、開發及生產煤層氣。該等現金產生單位的可收回金額乃由獨立專業估值師中誠達資產評估顧問有限公司(「中誠達資產評估」)根據使用價值計算釐定。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

16. PROPERTY, PLANT AND EQUIPMENT (Continued)**16. 物業、機器及設備 (續)****Impairment test on property, plant and equipment and right-of-use assets (Continued)****物業、機器及設備及使用權資產之減值測試 (續)**

CGU 現金產生單位		Guangxi Beiliu 廣西北流		Shanxi Qinshui 山西沁水		Yangcheng Huiyang 陽城惠陽		Total 總計	
		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元	2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元	2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元	2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Property, plant and equipment	物業、機器及設備	45,991	46,435	70,501	85,493	344,807	367,422	461,299	499,350
Right-of-use assets/ prepaid land lease payments	使用權資產/ 預付土地租金	6,908	7,114	12,329	12,527	-	-	19,237	19,641
Carrying amount before impairment loss for the respective years	各年度賬面值(扣 除減值虧損前)	52,899	53,549	82,830	98,020	344,807	367,422	480,536	518,991
Impairment on property, plant and equipment	物業、機器及設備 減值	-	-	(31,830)	-	(8,807)	-	(40,637)	-
Net carrying amount	賬面淨值	52,899	53,549	51,000	98,020	336,000	367,422	439,899	518,991

Key assumptions used for value-in-use calculations:

使用價值計算中使用的主要假設：

CGU 現金產生單位		Guangxi Beiliu 廣西北流		Shanxi Qinshui 山西沁水		Yangcheng Huiyang 陽城惠陽	
		2019 二零一九年	2018 二零一八年	2019 二零一九年	2018 二零一八年	2019 二零一九年	2018 二零一八年
Projection period	預測期	5 years 5年	5 years 5年	5 years 5年	5 years 5年	*11 years *11年	*12 years *12年
Growth rate after projection period	預測期後之增長率	2%	2%	0%	2%	0%	0%
Pre-tax discount rate	除稅前貼現率	28.2%	28.0%	32.4%	30.5%	26.5%	26.1%

* Based on the operating lease term

* 基於經營租期

There has been no change from the valuation technique used in prior year. As a result of the impairment assessment of the CGUs, a further impairment loss of approximately RMB40,637,000 in aggregate had been recognised in respect of property, plant and equipment during the year ended 31 December 2019, which arose in light of significant adverse changes in the year in the economic environment in which the Group operates, which led the directors to expect lower profitability for the Shanxi Qinshui and Yangcheng Huiyang CGUs in the coming years.

所使用的估值方法與去年相同。因現金產生單位減值評估的結果，於截至二零一九年十二月三十一日止年度，已就物業、機器及設備確認進一步減值虧損合共約人民幣40,637,000元，此乃由於年內本集團經營所在經濟環境出現重大不利變動，董事預期未來數年山西沁水及陽城惠陽現金產生單位之盈利能力較低。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

17. RIGHT-OF-USE ASSETS

17. 使用權資產

		Leasehold lands 租賃土地 RMB'000 人民幣千元
Cost	成本	
At 31 December 2018	於二零一八年十二月三十一日	-
Adjustment upon application of HKFRS 16	應用香港財務報告準則第16號後調整	34,194
At 1 January 2019 and 31 December 2019	於二零一九年一月一日及 二零一九年十二月三十一日	34,194
Accumulated depreciation	累計折舊	
At 31 December 2018 and 1 January 2019	於二零一八年十二月三十一日及 二零一九年一月一日	-
Depreciation charge	折舊費用	870
At 31 December 2019	於二零一九年十二月三十一日	870
Carrying values	賬面值	
At 31 December 2019	於二零一九年十二月三十一日	33,324
At 1 January 2019	於二零一九年一月一日	34,194
At 31 December 2018	於二零一八年十二月三十一日	-

At analysis of the carrying values of the right-of-use assets is as below:

使用權資產之賬面值分析如下：

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Current portion	流動部分	-	-
Non-current portion	非流動部分	33,324	-
		33,324	-

The above items of right-of-use assets are depreciated on a straight-line basis at the following estimated useful lives:

上述使用權資產項目以直線法於下列估計可使用年期內計提折舊：

Leasehold lands	50 years	租賃土地	50年
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

18. PREPAID LAND LEASE PAYMENTS

The carrying amount of the Group's prepaid land lease payments is analysed as follows:

Carrying amount at 1 January	於一月一日之賬面值	35,120
Amortisation for the year	本年度攤銷	(926)
Carrying amount at 31 December	於十二月三十一日之賬面值	34,194
Less: Current portion	減：即期部分	(871)
Non-current portion	非即期部分	33,323

The prepaid land lease payments are held under medium-term leases and situated in the PRC.

The amortisation charges for the year ended 31 December 2018 of approximately RMB926,000 are included in administrative and other expenses in the consolidated statement of profit or loss.

18. 預付土地租金

本集團預付土地租金之賬面值分析如下：

2018
二零一八年
RMB'000
人民幣千元

預付土地租金乃按中期租賃持有，其位於中國。

截至二零一八年十二月三十一日止年度攤銷支出約人民幣926,000元計入綜合損益表之行政及其他開支內。

19. INTANGIBLE ASSETS

Cost	成本	
At 1 January 2018, 31 December 2018 and 2019	於二零一八年一月一日、二零一八年及 二零一九年十二月三十一日	334,811
Accumulated amortisation and impairment	累計攤銷及減值	
At 1 January 2018, 31 December 2018 and 2019	於二零一八年一月一日、二零一八年及 二零一九年十二月三十一日	334,811
Carrying amount	賬面值	
At 31 December 2018 and 2019	於二零一八年及二零一九年十二月三十一日	-

Exclusive
right for
piped natural
gas operation
管道天然氣
業務之獨家權利
RMB'000
人民幣千元

19. 無形資產

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註

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

19. INTANGIBLE ASSETS (Continued)

(a) Exclusive right for piped natural gas operation in Beiliu City

It represented the exclusive right to operate in gas pipeline infrastructure and provision of piped natural gas in Beiliu City, Guangxi Zhuang Autonomous Region, the PRC and was amortised as cost of sales on a straight-line basis over the estimated useful lives of 45 years starting from 2009.

The carrying amount of this exclusive right was fully impaired in 2015.

(b) Exclusive right for piped natural gas operation in Ruyang County

It represented the exclusive right to operate in gas pipeline infrastructure and provision of piped natural gas in Ruyang County, Luoyang City, Henan Province, the PRC and was amortised as cost of sales on a straight-line basis over the estimated useful lives of approximately 28.5 years starting from 2011.

The carrying amount of this exclusive right was fully impaired in 2015.

19. 無形資產 (續)

(a) 在北流市經營管道天然氣業務之獨家權利

該權利指在中國廣西壯族自治區北流市經營燃氣管道基礎設施和提供管道天然氣之獨家權利，並按直線基準於自二零零九年計45年之估計可使用年期內作為銷售成本攤銷。

該獨家權利之賬面值已於二零一五年全數減值。

(b) 在汝陽縣經營管道天然氣業務之獨家權利

該權利指在中國河南省洛陽市汝陽縣經營燃氣管道基礎設施和提供管道天然氣之獨家權利，並按直線基準於自二零一一年計約28.5年之估計可使用年期內作為銷售成本攤銷。

該獨家權利之賬面值已於二零一五年全數減值。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

20. DEPOSITS AND PREPAYMENTS

20. 訂金及預付款項

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Warranty money paid for the acquisition of equipment under sales and leaseback arrangements (note (i))	就售後租回安排下收購設備支付之保證金(附註(i))	2,000	-
Other deposits for acquisition of interests in land (note (ii))	收購土地權益之其他訂金(附註(ii))	-	-
Prepayments	預付款項	821	821
		2,821	821

Note:

- (i) On 25 July 2019, 山西沁水順泰能源發展有限公司 (transliterated as Shanxi Qinshui Shuntai Energy Development Company Limited) ("Shanxi Qinshui") entered into a conditional equipments agreement with 中集融資租賃有限公司 (transliterated as CIMC Capital Ltd.) ("CIMC") ("2019 Finance Lease Arrangement"), pursuant to which, (i) Shanxi Qinshui conditionally agreed to sell and CIMC conditionally agreed to purchase the certain liquefied natural gas equipment ("Equipments") for a total consideration of RMB50,000,000; and (ii) Shanxi Qinshui conditionally agreed to lease from CIMC, and CIMC conditionally agreed to lease to Shanxi Qinshui, the Equipments for a total lease consideration of RMB58,320,000 in aggregate for a term of 36 months by monthly installments inclusive of interest, with a lump sum handling fee in the sum of RMB750,000. The lease consideration may be adjusted according to the floating lending interest rate to be promulgated by PBC from time to time. Shanxi Qinshui shall pay an amount of RMB5,000,000 as warranty money to CIMC.

The announcement in relation to the 2019 Finance Lease Arrangement was not published timely until 4 November 2019. The Company considers that the delay in publication of the announcement constitutes non-compliance to Rule 19.34 of the GEM Listing Rules. The 2019 Finance Lease Arrangement has become effective before obtaining relevant Shareholders' approval. As such, the Company considers that the 2019 Finance Lease Arrangement did not fully comply with Rule 19.40 of the GEM Listing Rules. Please refer to the announcements of the Company dated 4 November 2019 and 21 November 2019 for further details.

- (ii) The balance relates to deposits of RMB10,462,000 (before impairment) paid by the Group for the acquisition of interests in land located in the PRC which will be held for own use under operating leases. Pursuant to sale and purchase agreement of the interests in the land, the Group had to complete land development by 5 August 2018, otherwise the Group's legal right on the land may be forfeited. In the opinion of the directors, as the Group has not yet completed the development and land has been idle up to the reporting period, the recoverability of the deposit is in doubt and full impairment was provided in impairment on trade and other receivables for the year ended 31 December 2018.

附註：

- (i) 於二零一九年七月二十五日，山西沁水順泰能源發展有限公司(「山西沁水」)與中集融資租賃有限公司(「中集」)簽訂有條件融資租賃協議(「二零一九年融資租賃安排」)。據此，(i)山西沁水有條件同意出售而中集有條件同意購買若干液化天然氣設備(「設備」)，總代價為人民幣50,000,000元；及(ii)山西沁水有條件同意向中集承租，而中集有條件同意向山西沁水出租設備，總租賃代價合共為人民幣58,320,000元，為期36個月(按月分期付款，包括利息)，另加一筆手續費合共人民幣750,000元。租賃代價可根據中國人民銀行不時頒佈的浮動借貸利率作出調整。山西沁水須向中集支付人民幣5,000,000元作為保證金。

有關二零一九年融資租賃安排的公告未有及時於二零一九年十一月四日前刊發。本公司認為，延誤刊發公告構成GEM上市規則第19.34條的不合規事項。二零一九年融資租賃安排於獲得有關股東核准前經已生效。因此，本公司認為二零一九年融資租賃安排並未充分遵守GEM上市規則第19.40條。詳情請參閱本公司日期為二零一九年十一月四日及二零一九年十一月二十一日的公告。

- (ii) 該結餘涉及本集團就收購位於中國的土地之權益支付之訂金人民幣10,462,000元(減值前)，該土地將根據經營租約持作自用。根據土地之權益買賣協議，本集團須於二零一八年八月五日前完成土地開發，否則本集團於該土地上的合法權利可能會被沒收。董事認為，由於截至報告期間該土地並未完成開發及被閒置，保證金的可收回性存在疑問，並已就截至二零一八年十二月三十一日止年度之應收賬款及其他應收款項減值作出全面減值撥備。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

21. INVENTORIES

(a) Inventories in the consolidated statement of financial position comprise:

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Raw materials	原材料	6,316	6,731
Finished goods	製成品	1,358	630
		7,674	7,361

(b) The analysis of the amount of inventories recognised as an expense and included in profit or loss is as follows:

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Cost of inventories sold	已售存貨之成本	77,592	70,087

The cost of inventories recognised as expense included approximately RMB239,000 (2018: RMB Nil) in respect of written-downs of inventories to net realisable value.

21. 存貨

(a) 於綜合財務狀況表內之存貨包括：

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Raw materials	原材料	6,316	6,731
Finished goods	製成品	1,358	630
		7,674	7,361

(b) 已確認為開支並計入損益之存貨金額之分析如下：

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Cost of inventories sold	已售存貨之成本	77,592	70,087

就撇減存貨至可變現淨值確認為開支之存貨成本約為人民幣239,000元(二零一八年：人民幣零元)。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

22. TRADE AND OTHER RECEIVABLES**22. 應收賬款及其他應收款項**

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Trade receivables	應收賬款		
– contract with customers	與客戶之合約	4,669	7,414
Less: Allowance for credit losses	減：信貸虧損撥備	(3,813)	(3,848)
		856	3,566
Bills receivables	應收票據	–	900
Other receivables and deposits	其他應收款項及按金	13,236	16,254
Amount due from a related company (note 39(a)(i))	應收關連公司款項 (附註39(a)(i))	6,000	5,605
Advances to suppliers	向供應商墊款	3,637	1,855
Prepayment relating to construction expenses	與建設開支有關之 預付款項	23,235	19,248
Other prepayments	其他預付款項	3,496	3,919
Value-added tax recoverable	可抵扣增值稅	1,872	3,293
		52,332	54,640

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

22. TRADE AND OTHER RECEIVABLES (Continued)

As of the end of the reporting period, the ageing analysis of the trade receivables, based on invoice date and net of allowance for credit losses, is as follows:

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Within 1 month	1個月內	692	1,153
More than 1 month but less than 3 months	1個月後但3個月內	-	34
More than 3 months but less than 6 months	3個月後但6個月內	-	-
More than 6 months but less than 12 months	6個月後但12個月內	-	1,196
More than 12 months	12個月後	164	1,183
		856	3,566

The Group generally allows credit period of 30 to 180 days to its customers. The Group may, on a case by case basis and after evaluation of the business relationship and creditworthiness, extend the credit period upon the customers' requests.

The ageing analysis of trade receivables that were past due but not impaired are as follows:

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Neither past due nor impaired	未逾期及未減值	661	1,120
Less than 1 month past due	逾期少於1個月	-	34
1 to 3 months past due	逾期1至3個月	-	-
Over 3 months past due	逾期超過3個月	195	2,412
		195	2,446
		856	3,566

Details of impairment assessments of trade and other receivables are set out on note 35.

22. 應收賬款及其他應收款項(續)

應收賬款(按發票日期及扣除信貸虧損撥備)於報告期末之賬齡分析如下:

本集團一般給予客戶30至180日信貸期。本集團可按每個個案及於評估業務關係及信譽後，應客戶要求延長信貸期。

已逾期但未減值的應收賬款之賬齡分析如下:

應收賬款及其他應收款項之減值評估詳情載於附註35。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

23. BANK BALANCES AND CASH

23. 銀行結餘及現金

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Cash and cash equivalents	現金及現金等值物		
– Cash at bank and in hand	– 銀行及手頭現金	18,265	17,256

Cash at bank earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

於銀行之現金根據銀行每日存款利率按浮動利率賺取利息。銀行結餘存放於信譽良好及最近並無拖欠記錄的銀行。

For the years ended 31 December 2019 and 2018, the Group performed impairment assessment on the bank balances and concluded that the probability of defaults of the counterparty banks are insignificant and accordingly, no allowance for credit losses is provided.

截至二零一九年及二零一八年十二月三十一日止年度，本集團對銀行結餘進行減值評估，並認為對手方銀行違約可能性不大，因此並無就信貸虧損計提撥備。

At the end of the reporting period, the cash and cash equivalents of the Group denominated in RMB amounted to approximately RMB18,126,000 (2018: RMB17,057,000). RMB is not freely convertible into other currencies, however, under the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

於報告期末，本集團以人民幣計值的現金及現金等值物約為人民幣18,126,000元（二零一八年：人民幣17,057,000元）。人民幣不可自由兌換成其他貨幣，但根據中國之外匯管理條例和結匯、售匯及付匯管理規定，本集團獲准透過獲授權進行外匯業務之銀行把人民幣兌換成其他貨幣。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

24. TRADE AND OTHER PAYABLES

24. 應付賬款及其他應付款項

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Trade payables	應付賬款	98,950	133,197
Amounts due to directors (note 39(a)(ii))	應付董事款項(附註39(a)(ii))	2,283	8,954
Amounts due to former directors	應付前董事款項	1,267	-
Amounts due to non-controlling shareholders of subsidiaries (note 39(a)(ii))	應付附屬公司之非控股股東 款項(附註39(a)(ii))	5,720	10,797
Accrued expenses and other payables (note (i))	應計開支及其他應付款項 (附註(i))	46,246	47,268
Payables for acquisition of property, plant and equipment	收購物業、機器及設備 應付款項	120,217	131,327
Value-added and other taxes payables	增值稅及其他應付稅項	2,280	2,238
		276,963	333,781

Notes:

- (i) Accrued expenses and other payables included the costs of dismantling and removing the items and restoring the site on which they are located approximately RMB3,302,000 (2018: RMB3,302,000).

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

附註:

- (i) 應計開支及其他應付款項包括拆卸及搬遷項目以及恢復項目所在地原貌之成本約人民幣3,302,000元(二零一八年:人民幣3,302,000元)。

於報告期末,應付賬款(按發票日期)之賬齡分析如下:

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Within 1 month	1個月內	1,519	9,013
More than 1 month but less than 3 months	1個月後但3個月內	10,424	7,419
More than 3 months but less than 6 months	3個月後但6個月內	-	-
More than 6 months but less than 12 months	6個月後但12個月內	-	1,056
More than 12 months	12個月後	87,007	115,709
		98,950	133,197

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

25. BANK AND OTHER BORROWINGS

25. 銀行及其他借款

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Secured bank loans	已抵押銀行貸款	30,000	35,000
Unsecured other loans	無抵押其他貸款	25,507	24,200
		55,507	59,200
Analysed as:	分析如下：		
Amount due within 1 year shown under current liabilities	流動負債下一年內到期之款項	55,507	54,200
Amount due within a period more than 1 year shown under non-current liabilities	非流動負債下一年後到期之款項	-	5,000
		55,507	59,200

Notes:

- (a) Secured bank loans carry various interest rates which ranged from 4.74% to 5.22% per annum (2018: 5.44% to 7% per annum, and were secured by personal guarantees given by Mr. Wang and general manager of the Company.)
- (b) Unsecured other loans represent loans due to non-controlling shareholders of PRC subsidiaries of the Group and bear interest at fixed rates ranging from 7.12% to 11.50% (2018: 7.12% to 11.50%) per annum. Interest expenses on unsecured other loans to non-controlling shareholders of the subsidiaries amounted to approximately RMB1,719,000 (2018: RMB1,767,000) to Chengrong Investment (Note 39(c)) and amounted to approximately RMBNil (2018: RMB2,013,000) to Yangcheng Yangtai (Note 39(c)) were charged to profit or loss within "finance costs" during the year ended 31 December 2019.

附註：

- (a) 有抵押銀行貸款按介乎每年4.74%至5.22% (二零一八年：每年5.44%至7%·由王先生及本公司總經理提供的個人擔保作抵押) 之不等利率計息。
- (b) 無抵押其他貸款指應付本集團中國附屬公司非控股股東之貸款·按介乎每年7.12%至11.50% (二零一八年：7.12%至11.50%) 之固定利率計息。向附屬公司非控股股東盛融投資(附註39(c))及陽城陽泰(附註39(c))作出之無抵押其他貸款之利息開支分別為約人民幣1,719,000元(二零一八年：人民幣1,767,000元)及約人民幣零元(二零一八年：人民幣2,013,000元)·已自截至二零一九年十二月三十一日止年度「財務費用」內之損益扣除。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

26. LEASE LIABILITIES

26. 租賃負債

		31 December 2019 二零一九年十二月三十一日	
		Present value of the minimum lease payments 最低租賃 付款的現值 RMB'000 人民幣千元	Total minimum lease payments 最低租賃 付款總額 RMB'000 人民幣千元
Within 1 year	1年內	4,947	6,119
After 1 year but within 2 years	1年後但2年內	4,791	5,443
After 2 years but within 5 years	2年後但5年內	3,931	4,082
		8,722	9,525
		13,669	15,644
Less: Total future interest expenses	減：未來利息開支總額		(1,975)
Present value of lease liabilities	租賃負債的現值		13,669

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

27. CONVERTIBLE BONDS

During the year ended 31 December 2015, the Company issued HK\$ denominated zero-coupon convertible bonds with principal amount of HK\$21,238,440 as part of the consideration for acquisition of the Nuoxin Engineering Group. The convertible bonds have a maturity period of 5 years from the issue date and are convertible at the option of the bondholder into 94,142,021 ordinary shares of HK\$0.01 each in the capital of the Company at a conversion price of HK\$0.2256 per share.

The convertible bonds contain two components: liability and equity elements. The equity element on initial recognition amounted to RMB10,544,000 was presented in equity as part of the “convertible bonds reserve”. The effective interest rate of the liability component of the convertible bonds on initial recognition was 23.4% per annum.

No convertible bonds were converted during the years ended 31 December 2019 and 2018.

The movement of the liability component of the convertible bonds for the year is set out below:

27. 可換股債券

截至二零一五年十二月三十一日止年度內，本公司發行以港元計值、本金額為21,238,440港元之零息可換股債券，以作為收購諾信集團之部分代價。可換股債券自發行日期起計五年屆滿，且債券持有人可選擇按換股價每股0.2256港元轉換為本公司股本中每股面值0.01港元之94,142,021股普通股。

可換股債券包含兩個部分：負債及權益部分。初步確認時權益部分約為人民幣10,544,000元，於權益內列作「可換股債券儲備」之一部分。於初步確認時可換股債券負債部分之實際年利率為23.4%。

於截至二零一九年及二零一八年十二月三十一日止年度，概無可換股債券獲轉換。

可換股債券負債部分於年內之變動載列如下：

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
At 1 January	於一月一日	12,416	9,543
Effective interest expense charged	已扣除之實際利息開支	2,914	2,259
Exchange difference	匯兌差額	274	614
At 31 December	於十二月三十一日	15,604	12,416

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

28. PROVISION

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
At 1 January	於一月一日	16,646	14,490
Provision for the year	本年度撥備	2,844	2,510
Amount utilised for the year	本年度動用之款項	(412)	(354)
At 31 December	於十二月三十一日	19,078	16,646

The provision for production safety has been determined by the directors to meet the production safety standards, based on certain percentage of the Group's revenue in accordance with PRC rules and regulations.

生產安全撥備乃由董事根據中國規則及法規，按照本集團收益之若干百分比釐定，以符合生產安全標準。

29. CONTRACT LIABILITIES

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Sales of piped natural gas	銷售管道天然氣	14,724	11,521

As at 1 January 2018, contract liabilities amounted to RMB9,217,000.

於二零一八年一月一日，合約負債為人民幣9,217,000元。

The contract liabilities primarily relate to the advance consideration received from customers for sales of piped natural gas, for which revenue is recognised at point in time. This will be recognised as revenue when control of the goods has transferred, being when the goods have been shipped to the customer's specific location.

合約負債主要與就銷售管道天然氣預收客戶代價有關，有關收益於某時間點確認。其將於貨品的控制權轉移，即貨品運送至客戶指定地點時確認為收益。

The amounts of RMB6,595,000 and RMB6,254,000 included in contract liabilities at 31 December 2018 and 1 January 2018 respectively have been recognised as revenue in 2019 and 2018 respectively.

於二零一八年十二月三十一日及二零一八年一月一日分別計入合約負債的金額人民幣6,595,000元及人民幣6,254,000元已分別於二零一九年及二零一八年確認為收益。

The significant increases in contract liabilities in 2019 and 2018 were due to the continuous increase in the Group's customer base/advances received from a new customer/major customers.

於二零一九年及二零一八年的合約負債大幅增加乃由於本集團客戶基礎／已收新客戶／主要客戶的墊款持續增加。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

30. DEFERRED TAXATION

Deferred tax liabilities recognised

The components of deferred tax liabilities recognised in the consolidated statement of financial position and the movements during the year are as follows:

30. 遞延稅項

已確認之遞延稅項負債

於綜合財務狀況表內確認之遞延稅項負債部分及其於年內之變動如下：

		Fair value adjustment on prepaid lease payments for land under operating leases	Fair value adjustment on property, plant and equipment	Convertible bonds	Withholding tax	Total
		經營租賃下 預付土地 租金之 公平值調整	物業、機器 及設備之 公平值調整	可換股債券	預扣稅	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
At 1 January 2018	於二零一八年一月一日	(3,506)	(2,420)	(1,344)	(2,386)	(9,656)
Credited to profit or loss	計入損益	640	63	371	621	1,695
Exchange differences	匯兌差額	-	-	(57)	-	(57)
At 31 December 2018 and 1 January 2019	於二零一八年十二月三十一日 及二零一九年一月一日	(2,866)	(2,357)	(1,030)	(1,765)	(8,018)
Credited to profit or loss	計入損益	237	59	481	1,223	2,000
Exchange differences	匯兌差額	-	-	(12)	-	(12)
At 31 December 2019	於二零一九年十二月三十一日	(2,629)	(2,298)	(561)	(542)	(6,030)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

30. DEFERRED TAXATION (Continued)

Deferred tax liabilities recognised (Continued)

The following is the analysis of the deferred tax balances for financial reporting purposes:

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Deferred tax liabilities recognised in the consolidated statement of financial position	於綜合財務狀況表內確認之遞延稅項負債	(6,030)	(8,018)

Deferred tax assets not recognised

At 31 December 2019, the Group has not recognised deferred tax assets in respect of estimated cumulative tax losses carried forward of approximately RMB151 million (2018: RMB155 million) which are due to expire within 1 to 5 years under the current tax legislation and are available for offsetting against future taxable profits of the Group in which the losses arise. The cumulative tax losses have not been recognised as a deferred tax asset as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant tax jurisdiction and entity.

30. 遞延稅項 (續)

已確認之遞延稅項負債 (續)

下列為就財務報告而言的遞延稅項結餘分析：

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Deferred tax liabilities recognised in the consolidated statement of financial position	於綜合財務狀況表內確認之遞延稅項負債	(6,030)	(8,018)

尚未確認之遞延稅項資產

於二零一九年十二月三十一日，本集團並未確認與結轉估計累計稅項虧損（其根據當前稅法將於產生虧損之一至五年內到期，可供抵銷本集團日後之應課稅溢利）約人民幣151,000,000元（二零一八年：人民幣155,000,000元）有關的遞延稅項資產。累計稅項虧損並未被確認為遞延稅項資產，乃由於在相關稅務司法權區及實體不大可能有可抵銷虧損之未來應課稅溢利。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

31. CAPITAL AND RESERVES**31. 資本及儲備****(a) Authorised and issued share capital****(a) 法定及已發行股本**

		2019 二零一九年		2018 二零一八年	
		Number of shares 股份數目 '000 千股	Amount 金額 RMB'000 人民幣千元	Number of shares 股份數目 '000 千股	Amount 金額 RMB'000 人民幣千元
Authorised ordinary shares of HK\$0.01 each:	每股面值0.01港元之 法定普通股：				
At 1 January and 31 December	於一月一日及 十二月三十一日	20,000,000	174,064	20,000,000	174,064
Issued and fully paid – Ordinary shares of HK\$0.01 each:	已發行及繳足 – 每股面值0.01港 元之普通股：				
At 1 January and 31 December	於一月一日及 於十二月三十一日	1,319,484	10,910	1,319,484	10,910

The holders of ordinary shares are entitled to receive dividends as declared from time to time and entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

普通股持有人有權收取不時宣派之股息及於本公司會議上享有每股一票之投票權。所有普通股對本公司之剩餘資產均享有相等權益。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

31. CAPITAL AND RESERVES (Continued)

(b) Nature and purpose of reserves

(i) Share premium

The application of share premium account is governed by the Companies Act 1981 of Bermuda.

(ii) General reserve

According to the relevant laws and regulations in the PRC, each of the PRC subsidiaries is required to appropriate at least 10% of its after-tax profit (after offsetting prior years' losses), based on the PRC statutory financial statements prepared in accordance with the generally accepted accounting principles ("GAAP") and financial regulations applicable to PRC enterprises, to the general reserve until the balance of the fund reaches 50% of the PRC subsidiary's registered capital. Thereafter, any further appropriation can be made at the directors' discretion.

The general reserve fund can be utilised to offset the prior years' losses, or be utilised to increase the capital on the condition that the general reserve shall be maintained at a minimum of 25% of the registered capital after such increase.

(iii) Share options reserve

The share options reserve comprises the portion of the grant date fair value of unexercised share options granted to executive directors, employees and consultants of the Group that has been recognised in accordance with the accounting policy adopted for share-based payments in note 3.

31. 資本及儲備 (續)

(b) 儲備之性質及目的

(i) 股份溢價

股份溢價賬之應用受百慕達公司法(一九八一年)所規管。

(ii) 一般儲備

根據中國有關法律及法規，各中國附屬公司於抵銷過往年度虧損後，須根據按公認會計原則(「公認會計原則」)及中國企業適用之財務規例編製之中國法定財務報表，將其稅後溢利撥出最少10%作為一般儲備，直至基金之結餘達到中國附屬公司註冊資本之50%為止。其後，董事可酌情決定作出任何額外撥款。

一般儲備金可用作抵銷過往年度虧損，或用作增加資本，惟增加資本後，一般儲備須維持不少於註冊資本之25%。

(iii) 購股權儲備

購股權儲備包括授予本集團執行董事、僱員及顧問的未行使購股權的授出日期公平值部分，該部分已根據附註3所述就以股份為基礎的付款所採納的會計政策而予以確認。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

31. CAPITAL AND RESERVES *(Continued)*

(b) Nature and purpose of reserves *(Continued)*

(iv) Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policy set out in note 3.

(v) Contributed surplus

The contributed surplus represents the surplus from share capital reduction arising from the capital reorganisation in 2014.

(vi) Convertible bonds reserve

The convertible bonds reserve represent the value of unexercised equity component of convertible bonds issued by the Company. The reserve is dealt with in accordance with the accounting policy set out in note 3.

31. 資本及儲備 *(續)*

(b) 儲備之性質及目的 *(續)*

(iv) 換算儲備

換算儲備包括所有換算國外業務財務報表產生之匯兌差額。換算儲備按照附註3所載之會計政策處理。

(v) 實繳盈餘

實繳盈餘指因二零一四年資本重組導致股本削減之盈餘。

(vi) 可換股債券儲備

可換股債券儲備指本公司發行的可換股債券的未行使權益部分之價值。該儲備根據附註3所載的會計政策處理。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

32. EQUITY SETTLED SHARE-BASED TRANSACTIONS

The Company's share option scheme (the "Scheme") was adopted pursuant to an ordinary resolution passed by the shareholders of the Company at the extraordinary general meeting held on 18 May 2011 and will remain in force for a period of 10 years. The purpose of the Scheme is to attract and retain the best available personnel, to provide additional incentive to employees (full-time and part-time), directors, consultants and advisers of the Group and to promote the success of the business of the Group.

(a) The terms and conditions of the grants are as follows:

	Number of options 購股權數目	Vesting conditions 歸屬條件	Contractual life of options 購股權合約年期
Options granted: 已授出購股權：			
30 May 2011 二零一一年五月三十日	27,957,078	Vest immediately 即時歸屬	10 years 十年
30 May 2011 二零一一年五月三十日	5,596,092	50% are exercisable at any time after the expiry of 1 year from the date of grant up to 2 years from the date of grant; and 100% are exercisable at any time after the expiry of 2 years from the date of grant up to 10 years from the date of offer. 50%可於授出日期起計滿1年至授出日期起計滿2年期間隨時行使；及100%可於授出日期起計滿2年至要約日期起計滿10年期間隨時行使。	10 years 十年
Total share options granted 已授出購股權總數	33,553,170		

32. 以股權結算以股份為基礎之交易

本公司的購股權計劃（「該計劃」）乃根據本公司股東於二零一一年五月十八日舉行的股東特別大會上通過普通決議案採納，並將於十年期間內持續有效。該計劃的目的是吸引及挽留優秀人員，向本集團的僱員（全職及兼職）、董事、顧問及諮詢人提供額外獎勵，並促進本集團業務成功。

(a) 授出條款及條件如下：

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

32. EQUITY SETTLED SHARE-BASED TRANSACTIONS (Continued)

(b) The number and weighted average exercise prices of share options are as follows:

The following table discloses movements in the Company's share options under the Scheme during the year ended 31 December 2019:

Date of grant	Period during which share options are exercisable	Exercise price per share	Outstanding at 1 January 2019 於二零一九年一月一日 未行使	Number of share options granted during the year 年內授出之購股權數目	Exercised during the year 年內已行使	Lapsed during the year 年內已失效	Outstanding at 31 December 2019 於二零一九年十二月三十一日 未行使
授出日期	購股權可行使期	每股行使價 HK\$ 港元					
30/5/2011	30/5/2011 – 29/5/2021	3.81	27,632,328	-	-	-	27,632,328
30/5/2011	30/5/2012 – 29/5/2021	3.81	2,243,373	-	-	-	2,243,373
30/5/2011	30/5/2013 – 29/5/2021	3.81	2,243,373	-	-	-	2,243,373
			32,119,074	-	-	-	32,119,074
Exercisable at the end of year 於年末可行使							32,119,074
Weighted average exercise price (HK\$) 加權平均行使價 (港元)			3.81	-	-	-	3.81

32. 以股權結算以股份為基礎之交易 (續)

(b) 購股權之數目及加權平均行使價如下：

下表披露截至二零一九年十二月三十一日止年度該計劃項下之本公司購股權變動：

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

32. EQUITY SETTLED SHARE-BASED TRANSACTIONS (Continued)

(b) The number and weighted average exercise prices of share options are as follows: (Continued)

The following table discloses movements in the Company's share options under the Scheme during the year ended 31 December 2018:

Date of grant	Period during which share options are exercisable	Exercise price per share	Outstanding at 1 January 2018 於二零一八年一月一日未行使	Number of share options granted during the year 年內授出之購股權數目	Exercised during the year 年內已行使	Lapsed during the year 年內已失效	Outstanding at 31 December 2018 於二零一八年十二月三十一日未行使
授出日期	購股權可行使期	每股行使價 HK\$ 港元					
30/5/2011	30/5/2011 – 29/5/2021	3.81	27,632,328	-	-	-	27,632,328
30/5/2011	30/5/2012 – 29/5/2021	3.81	2,243,373	-	-	-	2,243,373
30/5/2011	30/5/2013 – 29/5/2021	3.81	2,243,373	-	-	-	2,243,373
			32,119,074	-	-	-	32,119,074
Exercisable at the end of year 於年末可行使							32,119,074
Weighted average exercise price (HK\$) 加權平均行使價 (港元)			3.81	-	-	-	3.81

32. 以股權結算以股份為基礎之交易 (續)

(b) 購股權之數目及加權平均行使價如下：(續)

下表披露截至二零一八年十二月三十一日止年度該計劃項下之本公司購股權變動：

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

32. EQUITY SETTLED SHARE-BASED TRANSACTIONS *(Continued)*

(b) The number and weighted average exercise prices of share options are as follows: *(Continued)*

No new share options were granted to eligible participants under the Scheme during the years ended 31 December 2019 and 2018.

No share options were exercised during the years ended 31 December 2019 and 2018.

The options outstanding at 31 December 2019 had an exercise price of HK\$3.81 (2018: HK\$3.81) and a weighted average remaining contractual life of 1.4 (2018: 2.4) years.

33. DEFINED CONTRIBUTION RETIREMENT PLAN

The Group operates a Mandatory Provident Fund Scheme (the "MPF Scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF Scheme is a defined contribution retirement scheme administered by independent trustees. Under the MPF Scheme, the employer and its employees are each required to make contributions to the MPF Scheme at 5% of the employee's relevant income, subject to a cap of monthly relevant income of HK\$30,000. Contributions to the MPF Scheme vest immediately.

The Company's subsidiaries established in the PRC participate in a mandatory central pension scheme organised by the PRC Government for certain of its employees, the assets of which are held separately from those of the Group. Contributions made are based on a percentage of the eligible employees' salaries and are charged to profit or loss as they become payable in accordance with the rules of the scheme. The employer's contributions vest fully once they are made.

32. 以股權結算以股份為基礎之交易 (續)

(b) 購股權之數目及加權平均行使價如下：(續)

截至二零一九年及二零一八年十二月三十一日止年度，概無根據該計劃向合資格參與者授出新購股權。

截至二零一九年及二零一八年十二月三十一日止年度概無購股權獲行使。

於二零一九年十二月三十一日之未行使購股權之行使價為3.81港元(二零一八年：3.81港元)，餘下之加權平均合約年期為1.4年(二零一八年：2.4年)。

33. 定額供款退休計劃

本集團就僱用於香港僱傭條例管轄範圍之僱員，根據香港強制性公積金計劃條例設立強制性公積金計劃(「強積金計劃」)。強積金計劃指由獨立信託人管理之定額供款退休計劃。根據強積金計劃，僱主及其僱員須各自按僱員相關收入之5%向強積金計劃作出供款，每月之相關收入上限為30,000港元。強積金計劃供款將即時撥歸僱員所有。

本公司於中國成立之附屬公司為其若干僱員參與由中國政府籌辦之強制性中央退休金計劃，該計劃之資產與本集團之資產分開持有。根據該計劃之規則，本集團按合資格僱員之薪金比率作出供款，並於應付時於損益扣除。僱主供款於作出後立即全數撥歸僱員所有。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

33. DEFINED CONTRIBUTION RETIREMENT PLAN (Continued)

Under the above schemes, 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 aggregate amounts of employer's contributions by the Group in respect of retirement benefits schemes dealt with in profit or loss for the year are disclosed in note 9(a) to these consolidated financial statements.

The Group does not have any other pension schemes for its employees in respect of the subsidiaries outside Hong Kong and the PRC. In the opinion of the directors of the Company, the Group did not have any significant contingent liabilities as at 31 December 2019 and 2018 in respect of the retirement of its employees.

34. CAPITAL RISK MANAGEMENT

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholders returns that might be possible with higher levels of borrowings afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors its capital structure on the basis of total debt to equity. Total debt comprises the Group's bank and other borrowings, lease liabilities and convertible bonds as shown in the consolidated statement of financial position. Equity comprises equity attributable to equity shareholders of the Company as shown in the consolidated statement of financial position.

33. 定額供款退休計劃(續)

根據上述計劃，現有及退休僱員之退休福利由有關計劃管理人負責支付，本集團除每年供款外並無其他責任。

本集團就退休福利計劃作出之僱主供款總額於年內之損益中處理，並已於此等綜合財務報表附註9(a)中披露。

本集團並無就香港及中國以外附屬公司之僱員設立任何其他退休金計劃。本公司董事認為，於二零一九年及二零一八年十二月三十一日，本集團並無任何有關其僱員退休之重大或然負債。

34. 資本風險管理

本集團管理資本之主要目標為確保本集團持續經營之能力，以向股東提供回報，並維持最佳資本結構藉以減低資金成本。

本集團積極並定期檢討及管理其資本結構，以在盡可能提高股東回報與穩健資本狀況可承受之較高借貸水平之間取得平衡，並因應經濟情況之變動對資本結構作出調整。為維持或調整資本結構，本集團可能調整派付予股東之股息金額、發行新股或出售資產以減低債務。

本集團以總負債對權益基準監察其資本結構。總負債包括本集團之銀行及其他借款、租賃負債及可換股債券(如綜合財務狀況表所示)。權益包括本公司權益股東應佔權益(如綜合財務狀況表所示)。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

34. CAPITAL RISK MANAGEMENT (Continued)

The total debt to equity ratio as at 31 December 2019 and 2018 are as follows:

34. 資本風險管理 (續)

於二零一九年及二零一八年十二月三十一日之總負債對權益比率如下：

		Notes 附註	2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Bank and other borrowings	銀行及其他借款	25	55,507	59,200
Lease liabilities	租賃負債	26	13,669	–
Convertible bonds	可換股債券	27	15,604	12,416
Total debt	總負債		84,780	71,616
Equity attributable to equity shareholders of the Company	本公司權益股東 應佔權益		185,554	250,335
Total debt to equity ratio	總負債對權益比率		45.69%	28.61%

The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2019 and 2018.

本集團毋須受限於任何外部施加的資本規定。截至二零一九年及二零一八年十二月三十一日止年度，管理資本的目標、政策或程序並無變動。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

35. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

The carrying amounts of each of the categories of financial instruments of the Group as at the end of the reporting period are as follows:

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Financial assets	金融資產		
At amortised cost:	以攤銷成本列賬：		
Trade and other receivables	應收賬款及其他應收款項	20,092	26,325
Cash and cash equivalents	現金及現金等值物	18,265	17,256
Financial liabilities	金融負債		
At amortised cost:	以攤銷成本列賬：		
Trade and other payables	應付賬款及其他應付款項	254,608	306,387
Bank and other borrowings	銀行及其他借款	55,507	59,200
Lease liabilities	租賃負債	13,669	–
Convertible bonds	可換股債券	15,604	12,416

35. 金融工具

(a) 金融工具分類

本集團於報告期末的各類金融工具之賬面值如下：

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

35. FINANCIAL INSTRUMENTS (Continued)

(b) Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables, cash and cash equivalents, trade and other payables, bank and other borrowings, lease liabilities and convertible bonds. Details of the financial instruments are disclosed in the respective notes. The risks associated with these financial instruments include credit risk, liquidity risk, interest rate risk, currency risk and other price risk arises in the normal course of the Group's business. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner. There has been no change to the types of the Group's exposure in respect of financial instruments or the manner in which it manages and measures the risks.

Credit risk and impairment assessment

Credit risk refers to the risk that the Group's counterparties default on their contractual obligations resulting in financial losses to the Group. The Group's credit risk exposures are primarily attributable to trade receivables, bills receivables, other receivables, amount due from a related company and bank balances. The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

35. 金融工具 (續)

(b) 財務風險管理目標及政策

本集團之主要金融工具包括應收賬款及其他應收款項、現金及現金等值物、應付賬款及其他應付款項、銀行及其他借款、租賃負債以及可換股債券。金融工具之詳情於其各自附註披露。該等金融工具之相關風險包括本集團在日常業務過程中產生之信貸風險、流動資金風險、利率風險、貨幣風險及其他價格風險。管理層管理及監測該等風險，以確保能及時有效落實妥善的措施。本集團有關金融工具之風險類型或其管理及計量風險之方式並無變動。

信貸風險及減值評估

信貸風險指本集團的對手方違反其合約責任，導致本集團蒙受財務損失。本集團的信貸風險主要源於應收賬款、應收票據、其他應收款項、應收一間關聯公司款項及銀行結餘。本集團並無持有任何抵押品或其他信貸增強措施以保障與金融資產有關的信貸風險。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

35. FINANCIAL INSTRUMENTS (Continued)

(b) Financial Risk Management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

(i) Trade receivables

The Group has no significant concentration of credit risk by customers as Nil% (2018: 8.01%) of the total trade receivables was due from the Group's five largest customers.

The Group has concentration of credit risk by geographical location as the entire balance of its trade receivable as at 31 December 2019 and 2018 were in the PRC.

In order to minimise risk, the management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis. Credit evaluations of its customers' financial position and condition are performed on each major customer periodically. These evaluations focus on the customers' past history of making payments when due and current ability to pay, and take into account information specific to the customers as well as pertaining to the economic environment in which the customers operate. The Group does not require collateral in respect of its financial assets. Trade debtors are usually due within 30 to 180 days from the date of billing.

The Group also performs impairment assessment under ECL model on trade receivables individually or based on provision matrix. Except for items that are subject to individual evaluation, which are assessed for impairment individually, the remaining trade receivables are grouped under a provision matrix based on shared credit risk characteristics by reference to repayment histories for recurring customers and current past due exposure. Impairment of RMB2,357,000 (2018: RMB 1,054,000) is recognised during the year. Details of the quantitative disclosures are set out below in this note.

35. 金融工具 (續)

(b) 財務風險管理目標及政策 (續)

信貸風險及減值評估 (續)

(i) 應收賬款

本集團按客戶而言並無重大信貸集中風險，因為應收賬款總額為零% (二零一八年：8.01%) 是由本集團五大客戶結欠。

本集團按地理位置而言面臨信貸集中風險，因為其於二零一九年及二零一八年十二月三十一日之應收賬款結餘全部均位於中國。

為盡量減低風險，管理層已訂立一項信貸政策，並對有關信貸風險進行持續監察。本集團會定期對各主要客戶之財務狀況及條件進行信貸評估。該等評估針對客戶過往支付到期款項之歷史及目前之支付能力，並考慮客戶特定資料及客戶經營所處經濟環境之資料。本集團並無就其金融資產要求抵押品。應收賬款一般自開單日期起30至180日內到期。

本集團亦根據預期信貸虧損模式個別及按照撥備矩陣對應收賬款進行減值評估。除須進行個人估值的項目單獨進行減值評估外，其餘應收賬款均參考經常性客戶的還款記錄及目前的逾期風險，按照共同信貸風險特徵根據撥備矩陣歸類。年內確認減值人民幣2,357,000元 (二零一八年：人民幣1,054,000元)。量化披露詳情載於本附註下文。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

35. FINANCIAL INSTRUMENTS (Continued)

(b) Financial Risk Management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

(ii) Bills receivables

The credit risk associated with bills receivables, which are all bank acceptance drafts, is limited because the accepting bank will cash the bills unconditionally when the entity presents these bills.

(iii) Bank balances

The credit risk of the Group on liquid funds is limited because the majority of the counterparties are international banks and state-owned banks with good reputation.

(iv) Other receivables and amount due from a related company

Apart from the credit-impaired other receivables as disclosed in the note below, the credit risk on other receivables and amount due from a related company is also limited because of the natures of these balances, credit quality of the counterparties and the historical settlement record.

35. 金融工具 (續)

(b) 財務風險管理目標及政策 (續)

信貸風險及減值評估 (續)

(ii) 應收票據

與應收票據(為所有銀行承兌匯票)有關的信貸風險有限,因為接收銀行將在實體出示該等票據時無條件兌現票據。

(iii) 銀行結餘

本集團就流動資金承受的信貸風險有限,因為大部分對手方為信譽良好的國際銀行及國有銀行。

(iv) 其他應收款項及應收一間關聯公司款項

除下文附註所披露的其他信貸減值應收款項外,就其他應收款項及應收一間關聯公司款項承受的信貸風險亦有限,乃由於該等結餘的性質、對手方的信貸質素及過往結算記錄所致。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

35. FINANCIAL INSTRUMENTS (Continued)

(b) Financial Risk Management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

The tables below detail the credit risk exposures of the Group's financial assets, which are subject to ECL assessment:

2019	Notes	Internal credit rating	12-month or lifetime ECL	Gross carrying amount
二零一九年	附註	內部信貸評級	12個月或全期預期信貸虧損	賬面總值 RMB'000 人民幣千元
Financial assets at amortised costs				
按攤銷成本列賬的金融資產				
Bank balances and cash 銀行結餘及現金	23	N/A 不適用	12-month ECL 12個月預期信貸虧損	18,265
Trade receivables 應收賬款	22	(note i) (附註i)	Lifetime ECL 全期預期信貸虧損	4,669
Amount due from a related company 應收一間關聯公司款項	22	(note ii) (附註ii)	12-month ECL 12個月預期信貸虧損	6,000
Other receivables 其他應收款項	22	(note ii) (附註ii)	12-month ECL 12個月預期信貸虧損	-
		(note iii) (附註iii)	Lifetime ECL 全期預期信貸虧損	16,778

35. 金融工具 (續)

(b) 財務風險管理目標及政策 (續)

信貸風險及減值評估 (續)

下表列示本集團須接受預期信貸虧損評估的金融資產的信貸風險詳情：

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

35. FINANCIAL INSTRUMENTS (Continued)

35. 金融工具 (續)

(b) Financial Risk Management objectives and policies (Continued)

(b) 財務風險管理目標及政策 (續)

Credit risk and impairment assessment (Continued)

信貸風險及減值評估 (續)

2018	Notes	Internal credit rating	12-month or lifetime ECL 12個月或全期預期 信貸虧損	Gross carrying amount 賬面總值 RMB'000 人民幣千元
二零一八年	附註	內部信貸評級	信貨虧損	
Financial assets at amortised costs 按攤銷成本列賬的金融資產				
Bank balances and cash 銀行結餘及現金	23	N/A 不適用	12-month ECL 12個月預期信貨虧損	17,256
Trade receivables 應收賬款	22	(note i) (附註i)	Lifetime ECL 全期預期信貨虧損	7,414
Bills receivables 應收票據	22	N/A 不適用	12-month ECL 12個月預期信貨虧損	900
Amount due from a related company 應收一間關聯公司款項	22	(note ii) (附註ii)	12-month ECL 12個月預期信貨虧損	5,605
Other receivables 其他應收款項	22	(note ii) (附註ii) (note iii) (附註iii)	12-month ECL 12個月預期信貨虧損 Lifetime ECL 全期預期信貨虧損	- 17,176

Notes:

附註：

- (i) For trade receivables, the Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. Except for items that are subject to individual evaluation, which are assessed for impairment individually, the Group determines the ECL on these items by past due status.
- (ii) For the purposes of internal credit risk management, the Group uses past due information to assess whether credit risk has increased significantly since initial recognition. As at 31 December 2019 and 2018, these balances are either not past due or doesn't have fixed repayment.
- (iii) The directors of the Company considers credit risks have increased significantly and those past due more than 90 days are considered as credit-impaired.

- (i) 就應收賬款而言，本集團已應用香港財務報告準則第9號的簡化法，按全期預期信貨虧損計量減值撥備。除須進行個別估值的項目已單獨評估減值外，本集團按逾期情況釐定該等項目的預期信貨虧損。
- (ii) 就內部信貨風險管理而言，本集團使用逾期資料評估信貨風險自初步確認以來是否顯著增加。於二零一九年及二零一八年十二月三十一日，該等結餘並未逾期或不設固定還款期。
- (iii) 本公司董事認為信貨風險已顯著增加，且該等逾期超過90日的款項被視為已出現信貨減值。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

35. FINANCIAL INSTRUMENTS (Continued)

(b) Financial Risk Management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

As part of the Group's credit risk management, the Group uses debtors' aging to assess the impairment for its customers because these customers have common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. The following table provides information about the exposure to credit risk for trade receivables which are assessed based on provision matrix within lifetime ECL (not credit-impaired).

Debtors with significant outstanding balances and credit-impaired with gross carrying amounts of RMBNil respectively as at 31 December 2019 (2018: RMB2,191,000) were assessed individually.

35. 金融工具 (續)

(b) 財務風險管理目標及政策 (續)

信貸風險及減值評估 (續)

作為本集團信貸風險管理的一部分，本集團使用債務人的賬齡評估客戶的減值，因為該等客戶具共同風險特徵，可反映客戶根據合約條款在所有款項到期時支付的能力。下表提供有關應收賬款信貸風險的資料，該等風險乃根據全期預期信貸虧損內的撥備矩陣（未出現信貸減值）評估。

於二零一九年十二月三十一日，持有重大未償還結餘並已出現信貸減值而賬面總值為人民幣零元（二零一八年：人民幣2,191,000元）的債務人已進行個別評估。

Gross carrying amount 賬面總值		2019 二零一九年		2018 二零一八年	
		Average loss rate 平均損失率	Trade receivables 應收賬款	Average loss rate 平均損失率	Trade receivables 應收賬款
Current (not past due)	即期(未逾期)	0%	661	0%	179
Less than 1 month past due	逾期少於一個月	0%	-	0%	-
1 to 6 months past due	逾期一至六個月	0%	195	0%	1,196
7 to 12 months past due	逾期七至十二個月	50%	-	50%	-
Over 1 year past due	逾期超過一年	100%	3,813	100%	3,848
			4,669		5,223

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

35. FINANCIAL INSTRUMENTS (Continued)

(b) Financial Risk Management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated.

During the year ended 31 December 2019, the Group provided impairment allowance for trade receivables, based on the provision matrix. The impairment allowance amounted to RMB3,813,000 (2018: RMB3,848,000) as at 31 December 2019. Impairment allowance of RMB Nil (2018: RMB Nil) were made on debtors with significant balances.

The following table shows the movement in lifetime ECL that has been recognised for trade receivables under the simplified approach.

35. 金融工具 (續)

(b) 財務風險管理目標及政策 (續)

信貸風險及減值評估 (續)

估計損失率乃根據債務人於預期年期內的過往觀察違約率估計，並就無需過大成本或努力就獲得的前瞻性資料作出調整。管理層定期檢討該組合，以確保更新特定債務人的相關資料。

截至二零一九年十二月三十一日止年度，本集團根據撥備矩陣就應收賬款計提減值撥備。於二零一九年十二月三十一日，減值撥備為人民幣3,813,000元（二零一八年：人民幣3,848,000元）。對持有重大結餘的債務人作出減值撥備人民幣零元（二零一八年：人民幣零元）。

下表列示根據簡化法就應收賬款確認的全期預期信貸虧損變動。

		Lifetime ECL (credit-impaired) 全期預期 信貸虧損 (已出現 減值虧損) RMB'000 人民幣千元
As at 1 January 2018	於二零一八年一月一日	13,609
Impairment losses recognised	已確認減值虧損	1,054
Write-offs	撇銷	(10,815)
As at 31 December 2018	於二零一八年十二月三十一日	3,848
Impairment losses recognised	已確認減值虧損	2,357
Write-offs	撇銷	(2,392)
As at 31 December 2019	於二零一九年十二月三十一日	3,813

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

35. FINANCIAL INSTRUMENTS (Continued)

(b) Financial Risk Management objectives and policies (Continued)

Credit risk and impairment assessment (Continued)

Changes in the loss allowance for trade receivables are mainly due to:

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Increase in days past due over 180 days resulted in an increase in loss allowance	逾期日數增加超過 180 日導致虧損撥備增加	2,357	1,054
Write-off of trade receivables	撇銷應收賬款	(2,392)	(10,815)
		(35)	(9,761)

The following tables show reconciliation of loss allowances that has been recognised for other receivables.

信貸風險及減值評估(續)

應收賬款之虧損撥備變動乃主要由於：

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Increase in days past due over 180 days resulted in an increase in loss allowance	逾期日數增加超過 180 日導致虧損撥備增加	2,357	1,054
Write-off of trade receivables	撇銷應收賬款	(2,392)	(10,815)
		(35)	(9,761)

下表列示就其他應收款項確認的虧損撥備對賬。

		Lifetime ECL (credit-impaired) 全期預期 信貸虧損 (已出現 減值虧損) RMB'000 人民幣千元
As at 1 January 2018	於二零一八年一月一日	3,668
Impairment losses recognised	已確認減值虧損	2,697
As at 31 December 2018	於二零一八年十二月三十一日	6,365
Impairment losses recognised	已確認減值虧損	1,142
Write-offs	撇銷	(10)
As at 31 December 2019	於二零一九年十二月三十一日	7,497

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

35. FINANCIAL INSTRUMENTS (Continued)**(b) Financial Risk Management objectives and policies (Continued)****Credit risk and impairment assessment (Continued)**

Changes in the loss allowance for other receivables are mainly due to:

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Changes in average loss rate/Net remeasurement of loss allowance	平均損失率變動／虧損 撥備重新計量淨額	1,142	2,697
Write-off of other receivables	撇銷其他應收款項	(10)	-
		1,132	2,697

Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the short-term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to board of directors' approval. The Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with lending covenants to ensure that it maintains sufficient amount of cash and adequate committed lines of funding from financial institutions to meet its liquidity requirements in the short and longer term.

35. 金融工具 (續)**(b) 財務風險管理目標及政策 (續)****信貸風險及減值評估 (續)**

其他應收款項虧損撥備的變動乃主要由於：

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Changes in average loss rate/Net remeasurement of loss allowance	平均損失率變動／虧損 撥備重新計量淨額	1,142	2,697
Write-off of other receivables	撇銷其他應收款項	(10)	-
		1,132	2,697

流動資金風險

本集團旗下之獨立營運實體須負責其各自之現金管理，包括現金盈餘之短期投資及籌措貸款以滿足預期現金需求，惟須獲董事會批准方可作實。本集團之政策為定期監察當前及預計之流動資金需求，及遵守借貸契諾之情況，以確保本集團能維持充裕的現金金額及從金融機構取得足夠的承諾信貸融資，以滿足其短期及長期流動資金之要求。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

35. FINANCIAL INSTRUMENTS (Continued)

(b) Financial Risk Management objectives and policies (Continued)

Liquidity risk (Continued)

The following tables set out the weighted average effective interest rate and the remaining contractual maturities at the end of the reporting period of the Group's non-derivative financial liabilities based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group can be required to pay:

		2019 二零一九年					2018 二零一八年						
		Effective interest rate	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	Total contractual undiscounted cash flows	Carrying amount	Effective interest rate	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	Total contractual undiscounted cash flows	Carrying amount
		實際利率	1年內或須按 要求償還	1年以上 2年以內	2年以上 5年以內	未貼現現金 流量總額	賬面值	實際利率	1年內 或須按 要求償還	1年以上 2年以內	2年以上 5年以內	未貼現現金 流量總額	賬面值
		%	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
Non-derivative Financial liabilities	非衍生金融負債												
Trade payables	應付賬款	N/A 不適用	98,950	-	-	98,950	98,950	N/A 不適用	133,197	-	-	133,197	133,197
Amounts due to directors	應付董事款項	N/A 不適用	2,283	-	-	2,283	2,283	N/A 不適用	8,954	-	-	8,954	8,954
Amounts due to former directors	應付前董事款項	N/A 不適用	1,267	-	-	1,267	1,267	N/A 不適用	-	-	-	-	-
Amounts due to non-controlling shareholders of subsidiaries	應付附屬公司之非控股股東款項	N/A 不適用	5,720	-	-	5,720	5,720	N/A 不適用	10,797	-	-	10,797	10,797
Accrued expenses and other payables	應計開支及其他應付款項	N/A 不適用	46,246	-	-	46,246	46,246	N/A 不適用	22,112	-	-	22,112	22,112
Payables for acquisition of property, plant and equipment	收購物業、機器及設備之應付款項	N/A 不適用	120,217	-	-	120,217	120,217	N/A 不適用	131,327	-	-	131,327	131,327
Bank and other borrowings	銀行及其他借款	4.74% to 5.22%	55,507	-	-	55,507	55,507	5.44% to 7%	56,937	5,183	-	62,120	59,200
Lease liabilities	租賃負債	6.85% to 10.78%	6,119	5,443	4,082	15,644	13,669	N/A 不適用	-	-	-	-	-
Convertible bonds	可換股債券	23.4%	17,400	-	-	17,400	15,603	23.4%	-	17,400	-	17,400	12,416
			353,709	5,443	4,082	363,234	359,462		363,324	22,563	-	385,907	378,003

35. 金融工具 (續)

(b) 財務風險管理目標及政策 (續)

流動資金風險 (續)

下表載列本集團之非衍生金融負債於報告期末之加權平均實際利率及餘下合約期，乃基於合約未貼現現金流量(包括使用合約利率或(如按浮息)按報告期末之現行利率計算之利息付款)及本集團須予償還之最早日期而釐定：

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

35. FINANCIAL INSTRUMENTS (Continued)

(b) Financial Risk Management objectives and policies (Continued)

Interest rate risk

The Group's fair value interest rate risk relates to primarily to its fixed-rate borrowings. The cash flow interest rate risk of the Group relates primarily to their variable-rate bank deposits and lease liabilities. The management considers that the exposure to interest rate risk on bank deposits is insignificant. For borrowings which are fixed-rate instruments is insensitive to any change in interest rates. A change in interest rates at the end of the reporting period would not affect profit or loss. The cash flow interest rate risk is mainly concentrated on the fluctuation of the interest rate to be promulgated by the People's Bank of China ("PBOC") arising from the Group's RMB denominated lease liabilities. The Group currently does not have an interest rate hedging policy. However, the management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

Sensitivity analysis

At 31 December 2019, it is estimated that a general increase/decrease of 50 basis points in the interest rates, with all other variables held constant, would have increased/decreased the Group's loss for the year by approximately RMB346,000 (2018: RMB296,000). The sensitivity analysis above indicates the instantaneous change in the Group's loss for the year that would arise in respect of the exposure to cash flow interest risk arising from floating rate lease liabilities held by the Group.

35. 金融工具 (續)

(b) 財務風險管理目標及政策 (續)

利率風險

本集團之公平值利率風險主要與其定息借款有關。本集團之現金流量利率風險主要與其浮息銀行存款及租賃負債有關。管理層認為，銀行存款之利率風險承擔並不重大。屬於定息工具之借款對任何利率變動反應不大。報告期末之利率變動不會影響損益。現金流量利率風險主要集中於本集團以人民幣計值之租賃負債所產生之將由中國人民銀行（「人行」）公佈之利率波動。本集團現時並無任何利率對沖政策。然而，管理層會監察利率風險，並將在有需要時考慮對沖重大利率風險。

敏感度分析

於二零一九年十二月三十一日，在所有其他變數維持不變的情況下，估計利率整體增加／減少50個基點將導致本集團年內虧損增加／減少約人民幣346,000元（二零一八年：人民幣296,000元）。上述之敏感度分析顯示，本集團持有之浮息租賃負債所產生之現金流量利率風險將會令本集團年內虧損出現即時變動。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

35. FINANCIAL INSTRUMENTS (Continued)

(b) Financial Risk Management objectives and policies (Continued)

Currency risk

(i) Exposure to currency risk

RMB is not freely convertible into foreign currencies. All foreign exchange transactions involving RMB must take place through PBOC or other institutions authorised to buy and sell foreign exchange. The exchange rate adopted for foreign exchange transactions are the rates of exchange quoted by the PBOC that would be subject to a managed float against an unspecified basket of currencies.

Foreign currency payments, including the remittance of earnings outside the PRC, are subject to the availability of foreign currency (which depends on the foreign currency denominated earnings of the Group) or must be arranged through the PBOC with government approval.

The group entities collect most of the revenue and incur most of expenditures in their respective functional currencies. The directors consider that the Group's exposure to foreign currency exchange is insignificant as the majority of the Group's transactions are denominated in the functional currency of each individual group entity. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign exposure should the need arise.

35. 金融工具 (續)

(b) 財務風險管理目標及政策 (續)

貨幣風險

(i) 貨幣風險承擔

人民幣不可自由兌換為外幣。所有涉及人民幣之外匯交易必須透過人行或其他獲准買賣外匯之機構進行。就外匯交易採納之匯率為人行所報之匯率，有關匯率將根據一籃子沒有列明之貨幣於受監管範圍內浮動。

外幣付款，包括將盈利匯出中國，須視乎外幣供應情況（外幣供應則視乎本集團以外幣列值之盈利金額）而定或必須在政府批准下透過人行安排。

集團實體收取的大部份收益及產生的大部份開支均以其各自的功能貨幣計值。董事認為，由於本集團大部份交易以個別集團實體各自的功能貨幣計值，故本集團所面臨的外匯風險並不重大。本集團現時並無外幣對沖政策。然而，管理層會監察外匯風險，並於有需要時，考慮對重大外幣風險作出對沖。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

35. FINANCIAL INSTRUMENTS (Continued)**(b) Financial Risk Management objectives and policies (Continued)****Currency risk (Continued)****(i) Exposure to currency risk (Continued)**

At the end of the reporting period, the carrying amounts of the Group's major monetary assets denominated in a currency other than the functional currencies of the relevant group entities are as follows:

Cash and cash equivalents	現金及現金等值物
– Hong Kong dollars	– 港元

(ii) Sensitivity analysis

The following table indicates the approximate change in the Group's loss for the year and accumulated losses in response to reasonably possible changes in the foreign exchange rates to which the Group has significant exposure at the end of the reporting period.

		2019 二零一九年		2018 二零一八年	
		Increase/ (decrease) in foreign exchange rates	Effect on loss after taxation and accumulated losses 對稅後虧損 及累計虧損 之影響	Increase/ (decrease) in foreign exchange rates	Effect on loss after taxation and accumulated losses 對稅後虧損 及累計虧損 之影響
			RMB'000 人民幣千元		RMB'000 人民幣千元
Hong Kong dollars	港元	5% (5%)	(9) 9	5% (5%)	(9) 9

35. 金融工具 (續)**(b) 財務風險管理目標及政策 (續)****貨幣風險 (續)****(i) 貨幣風險承擔 (續)**

於報告期末，本集團以相關集團實體功能貨幣以外貨幣列值之主要貨幣資產之賬面值如下：

Exposure to foreign currency
外幣風險承擔

	2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Cash and cash equivalents	187	173

(ii) 敏感度分析

下表說明，於報告期末，本集團本年度虧損及累計虧損因應本集團有顯著風險承擔之匯率之合理可能變動而產生之概約變動。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

35. FINANCIAL INSTRUMENTS (Continued)

(b) Financial Risk Management objectives and policies (Continued)

Currency risk (Continued)

(ii) Sensitivity analysis (Continued)

The sensitivity analysis above has been determined assuming that the change in foreign exchange rates had occurred at the end of the reporting period and had been applied to the Group's exposure to currency risk for financial instruments in existence at that date, and that all other variables, in particular interest rates, remain constant. Results of the analysis as presented in the above table represent an aggregation of the effects on each of the group entities' loss for the year. The stated changes are used when reporting currency risk internally to key management and represent management's assessment of reasonably possible changes in foreign exchange rates over the period until the end of the next reporting period. The analysis is performed on the same basis for 2018.

Other price risk

Oil and gas price risk

Apart from the financial instruments disclosed above, the Group's activities expose it to market risk relating to oil and gas price risks.

The Group is engaged in a wide range of gas related activities. The global oil and gas market is affected by international political, economic and global demand for and supply of oil and gas. A decrease in the world prices of crude oil and gas could adversely affect the Group's financial position. The Group has not used any derivative instruments to hedge against potential price fluctuations of crude oil and refined and gas products. The management will consider hedging oil and gas exposure should the need arise.

35. 金融工具 (續)

(b) 財務風險管理目標及政策 (續)

貨幣風險 (續)

(ii) 敏感度分析 (續)

上述敏感度分析乃假設外匯匯率變動於報告期末已發生，並已應用於本集團就該日存在之金融工具承擔之貨幣風險，且假設所有其他變數（尤其是利率）維持不變而釐定。上表呈列之分析結果代表對各集團實體年內溢利／虧損之整體影響。上述變動於向主要管理層內部匯報貨幣風險時應用，代表管理層對外匯匯率於截至下一個報告期末止期間之合理潛在變動之評估。有關分析按與二零一八年相同之基準進行。

其他價格風險

石油及天然氣價格風險

除上文所披露之金融工具外，本集團之業務活動令本集團承受與石油及天然氣價格風險相關之市場風險。

本集團從事多項天然氣相關業務。全球石油及天然氣市場受國際政治、經濟及全球石油及天然氣供求所影響。原油及天然氣之全球價格下跌可對本集團之財務狀況造成不利影響。本集團並未使用任何衍生工具，對沖原油、經提煉產品及天然氣產品之潛在價格波動。倘有需要時，管理層將會考慮對沖石油及天然氣價格風險。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

35. FINANCIAL INSTRUMENTS (Continued)**(c) Fair value measurement of financial instruments**

The carrying amounts of the Group's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 31 December 2019 and 2018 except for the following financial instruments, for which their carrying amounts and fair value and the level of fair value hierarchy are disclosed below:

		2019 二零一九年		2018 二零一八年	
		Carrying amount 賬面值 RMB'000 人民幣千元	Fair value 公平值 RMB'000 人民幣千元	Carrying amount 賬面值 RMB'000 人民幣千元	Fair value 公平值 RMB'000 人民幣千元
Financial liabilities	金融負債				
Convertible bonds	可換股債券	15,604	16,904	12,416	15,191

The fair values of the liability component in convertible bonds are estimated as being the present values of future cash flows, discounted at interest rates of 1.83% (2018: 1.74%) based on the government yield curve as at the end of the reporting period plus an adequate constant credit spread, adjusted for the Group's own credit risk.

Liabilities for which fair values are disclosed

		Fair value measurements as at 31 December 2019 categorised into 於二零一九年十二月三十一日分為 以下類別之公平值計量				Fair value measurements as at 31 December 2018 categorised into 於二零一八年十二月三十一日分為 以下類別之公平值計量			
		Fair value 公平值 RMB'000 人民幣千元	Level 1 第1級 RMB'000 人民幣千元	Level 2 第2級 RMB'000 人民幣千元	Level 3 第3級 RMB'000 人民幣千元	Fair value 公平值 RMB'000 人民幣千元	Level 1 第1級 RMB'000 人民幣千元	Level 2 第2級 RMB'000 人民幣千元	Level 3 第3級 RMB'000 人民幣千元
Liabilities	負債								
Convertible bonds	可換股債券	16,904	-	-	16,904	15,191	-	-	15,191

35. 金融工具 (續)**(c) 金融工具之公平值計量**

於二零一九年及二零一八年十二月三十一日，本集團按成本或攤銷成本列賬之金融工具之賬面值與其公平值概無重大差異，惟以下金融工具除外，其賬面值及公平值以及公平值等級之層級披露如下：

可換股債券負債部分之公平值乃估計作為未來現金流量之現值，而此乃根據於報告期末之政府收益曲線加上充足而平穩之信貸息差按利率1.83% (二零一八年：1.74%) 貼現，並已就本集團之自身信貸風險作出調整。

已披露公平值之負債

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

36. COMMITMENTS

- (a) The Group had the following significant capital commitments contracted but not provided for in the consolidated financial statements:

	2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Acquisition of property, plant and equipment (including construction in progress)	37,986	43,012
收購物業、機器及設備 (包括在建工程)		

- (b) The total future minimum lease payments under non-cancellable operating leases in respect of office premises are payable as follows:

		2018 二零一八年 RMB'000 人民幣千元
Within 1 year	1年內	294
After 1 year but within 5 years	1年後但5年內	25
		319

The Group leases a property held under operating lease with initial lease term of one to three years. None of the leases includes contingent rentals.

36. 承擔

- (a) 本集團於綜合財務報表已訂約惟未撥備之重大資本承擔如下：

- (b) 根據辦公室物業之不可撤銷經營租約應付之日後最低租賃款項總額如下：

本集團按經營租約租賃物業，初始租期為一至三年。有關租約並不附有任何或然租金。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

37. NOTE TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Changes in liabilities arising from financing activities

The following table shows the Group's changes in liabilities arising from financing activities during the year:

37. 綜合現金流量表附註

融資活動產生之負債變動

下表列示本年度本集團融資活動產生之負債變動：

		Bank and other borrowings	Lease liabilities/ finance lease payables 租賃負債/ 融資租賃 應付款項	Convertible bonds	Total liabilities from financing activities
		銀行及 其他借款 RMB'000 人民幣千元	RMB'000 人民幣千元	可換股債券 RMB'000 人民幣千元	融資活動產生 的總負債 RMB'000 人民幣千元
At 1 January 2018	於二零一八年一月一日	47,280	25,761	9,543	82,584
Interest expense recognised	已確認利息支出	5,558	1,479	2,259	9,296
Changes in cash flows	現金流量變動	6,362	(12,540)	-	(6,178)
Non-cash changes	非現金變動	-	(14,700)	614	(14,086)
At 31 December 2018 and 1 January 2019	於二零一八年十二月 三十一日及 二零一九年一月一日	59,200	-	12,416	71,616
Interest expense recognised	已確認利息支出	2,161	731	2,914	5,806
Changes in cash flows	現金流量變動	(7,161)	10,938	-	3,777
Non-cash changes	非現金變動	1,307	2,000	274	3,581
At 31 December 2019	於二零一九年 十二月三十一日	55,507	13,669	15,604	84,780

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

38. PLEDGE OF ASSETS

As at 31 December 2019, the Group's shareholding in Shanxi Qinshui and Yangcheng Huiyang were pledged. Details of the Group's pledge of other assets are included in notes 16.

There was no pledge of assets as at 31 December 2018.

39. MATERIAL RELATED PARTY TRANSACTIONS

For the years ended 31 December 2019 and 2018, the directors are of the view that the following are related parties of the Group:

Name of party	Relationship
沁水縣盛融投資有限責任公司(transliterated as Shanxi Qinshui Prefecture Chengrong Investment Limited) ("Chengrong Investment")	Effectively owned 17% equity interest in Wanzhi Logistics as a non-controlling shareholder of a subsidiary.
陽城縣陽泰集團實業有限公司(transliterated as Yangcheng Yangtai Group Industrial Company Limited) ("Yangcheng Yangtai")	Effectively owned 20% equity interest in Yangcheng Huiyang as a non-controlling shareholder of a subsidiary.
鄭州貞成能源技術服務有限公司(transliterated as Zhengzhou Zhengcheng Energy Technology Service Company Limited) ("Zhengzhou Zhengcheng")	Effectively owned 20% equity interest in Yangcheng Huiyang as a non-controlling shareholder of a subsidiary.

38. 資產抵押

於二零一九年十二月三十一日，本集團於山西沁水和陽城惠陽的股權已作抵押。本集團之其他資產抵押詳情載於附註16。

於二零一八年十二月三十一日，本集團並無資產作為借貸的抵押。

39. 重大關連人士交易

截至二零一九年及二零一八年十二月三十一日止年度，董事認為下列各方為本集團之關連人士：

有關各方名稱	關係
沁水縣盛融投資有限責任公司 （「盛融投資」）	作為一間附屬公司非控股股東實際擁有萬志物流的17%股本權益。
陽城縣陽泰集團實業有限公司 （「陽城陽泰」）	作為一間附屬公司之非控股股東實際擁有陽城惠陽的20%股本權益。
鄭州貞成能源技術服務有限公司 （「鄭州貞成」）	作為一間附屬公司之非控股股東實際擁有陽城惠陽的20%股本權益。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

39. MATERIAL RELATED PARTY TRANSACTIONS*(Continued)***(a) Balances with related parties**

As at 31 December 2019 and 2018, the Group and the Company had the following balances with related parties:

(i) Amount due from a related company

Name of related party 關連人士名稱	2019	2018	Maximum amount outstanding during the year 年內最高 未償還金額
	二零一九年 RMB'000 人民幣千元	二零一八年 RMB'000 人民幣千元	RMB'000 人民幣千元
Yangcheng Yangtai 陽城陽泰	6,000	5,605	6,000

The amount due is unsecured, interest-free and repayable on demand.

該等結欠款項為無抵押、免息及須按要求償還。

(ii) Amounts due to directors/non-controlling shareholders of subsidiaries

The amounts due are unsecured, interest-free and repayable on demand.

(ii) 應付董事／附屬公司之非控股股東款項

該等結欠款項為無抵押、免息及須按要求償還。

(iii) Other borrowings

Name of related party 關連人士名稱	2019	2018
	二零一九年 RMB'000 人民幣千元	二零一八年 RMB'000 人民幣千元
Chengrong Investment 盛融投資	25,507	24,200

(iii) 其他借款

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

39. MATERIAL RELATED PARTY TRANSACTIONS

(Continued)

(b) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors and the chief executive as disclosed in note 11 and certain of the highest paid employees as disclosed in note 12, is as follows:

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Short-term employee benefits	短期僱員福利	3,015	2,175
Post-employment benefits	離職後福利	34	67
Total remuneration is included in "Staff costs" (note 9(a))	薪酬總額計入「員工成本」(附註9(a))	3,049	2,242

(c) The Group entered into the following material related party transactions during the years ended 31 December 2019 and 2018:

Name of related party 關連人士名稱	Nature of transaction 交易性質	2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Yangcheng Yangtai 陽城陽泰	Loan interest expense 貸款利息開支	-	2,013
Chengrong Investment 盛融投資	Loan interest expense 貸款利息開支	1,719	1,767

(d) Other transactions with related parties

As set out in note 25, as at 31 December 2019, Mr. Wang has guaranteed bank loans made to the Group of approximately RMB Nil (2018: RMB5,000,000).

39. 重大關連人士交易 (續)

(b) 主要管理人員之薪酬

本集團主要管理人員之薪酬(包括分別於附註11及附註12披露之已付本公司董事、最高行政人員及若干最高薪酬僱員之款項)如下:

(c) 截至二零一九年及二零一八年十二月三十一日止年度，本集團已訂立下列重大關連人士交易:

(d) 與關連人士之其他交易

如附註25所披露，於二零一九年十二月三十一日，王先生已向本集團之銀行貸款約人民幣零元(二零一八年：人民幣5,000,000元)作出擔保。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

40. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Particulars of the Company's principal subsidiaries at 31 December 2019 are as follows:

40. 本公司主要附屬公司之詳情

於二零一九年十二月三十一日，本公司主要附屬公司之詳情如下：

Name of subsidiary 附屬公司名稱	Place of incorporation/ establishment/ operations 註冊成立/ 成立/經營地點	Particulars of issued and paid-up share/registered capital 已發行及繳付 股本/註冊資本詳情	Proportion of ownership interest 股權比例			Principal activities 主要業務
			Group's effective interest 本集團之 實際權益	Direct 直接	Indirect 間接	
山西陽城順泰能源發展有限公司 (transliterated as Shanxi Yangcheng Shuntai Energy Development Company Limited) ("Shanxi Yangcheng Shuntai") (notes (a)) (「山西陽城順泰」)(附註(a))	PRC 中國	Registered capital of HK\$83,000,000 註冊資本 83,000,000港元	100%	100%	-	Investment holding 投資控股
Shanxi Qinshui (notes (a) and (d)) 山西沁水(附註(a)及(d))	PRC 中國	Registered capital of HK\$350,000,000 註冊資本 350,000,000港元	100%	100%	-	Manufacture and sales of liquefied coalbed gas 生產及銷售液化煤層氣
廣西北流燃氣有限公司 (transliterated as Guangxi Beiliu Gas Company Limited) (note (b)) 廣西北流燃氣有限公司(附註(b))	PRC 中國	Registered capital of RMB20,000,000 註冊資本 人民幣20,000,000元	97.5%	-	97.5%	Sales of piped natural gas and provision of gas supply connection services 銷售管道天然氣及提供 供氣接駁服務
Hebei Shuntai (note (a)) 河北順泰(附註(a))	PRC 中國	Registered capital of RMB87,280,000 註冊資本 人民幣87,280,000元	100%	100%	-	Sales of liquefied coalbed gas 銷售液化煤層氣
山西萬志物流有限公司 (transliterated as Shanxi Wanzhi Logistics Limited) ("Wanzhi Logistics") (note (c)) (「萬志物流」)(附註(c))	PRC 中國	Registered capital of RMB60,000,000 註冊資本 人民幣60,000,000元	83%	-	83%	Provision of liquefied coalbed gas logistics services 提供液化煤層氣 物流服務

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

40. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

40. 本公司主要附屬公司之詳情 (續)

Name of subsidiary 附屬公司名稱	Place of incorporation/ establishment/ operations 註冊成立/ 成立/經營地點	Particulars of issued and paid-up share/registered capital 已發行及繳付 股本/註冊資本詳情	Proportion of ownership interest 股權比例		Principal activities 主要業務
			Group's effective interest 本集團之 實際權益	Direct Indirect 直接 間接	
Hong Kong Chung Wo Energy Investments Limited 香港中和能源產業投資有限公司	Hong Kong 香港	HK\$1 1港元	100%	– 100%	Investment holding 投資控股
洛陽順和能源有限公司 (transliterated as Luoyang Shunhe Energy Company Limited) ("Luoyang Shunhe") (note (b)) (「洛陽順和」)(附註(b))	PRC 中國	Registered capital of HK\$60,000,000 註冊資本 60,000,000港元	100%	– 100%	Sales of natural gas 天然氣銷售
陽城縣惠陽新能源發展有限公司 (transliterated as Yangcheng Huiyang New Energy Development Company Limited) ("Yangcheng Huiyang") (note (b)) (「陽城惠陽」)(附註(b))	PRC 中國	Registered capital of RMB30,000,000 註冊資本 人民幣30,000,000元	60%	– 60%	Exploration, development and production of coalbed methane 勘探、開發及 生產煤層氣
陽城縣順安集輸管道有限公司 (transliterated as Yangcheng Shun An Gathering Pipeline Company Limited) (note (a)) (附註(a))	PRC 中國	Registered capital of RMB10,000,000 註冊資本 人民幣10,000,000元	100%	– 100%	Gas distribution 天然氣分銷
諾信(獻縣)機械工程材料有限公司 (transliterated as Nuoxin (Xian County) Engineering Materials Company Limited) ("Nuoxin Engineering") (note (b)) (「諾信」)(附註(b))	PRC 中國	Registered capital of RMB47,564,900 註冊資本 人民幣47,564,900元	100%	– 100%	Manufacturing and sales of PE gas pipelines 生產及銷售聚乙 烯供氣管道

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

40. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

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

Notes:

- (a) Registered under the laws of the PRC as a wholly-owned foreign enterprise.
- (b) Registered under the laws of the PRC as a limited liability enterprise.
- (c) Registered under the laws of the PRC as a Sino-foreign equity joint venture.
- (d) The registered capital of Shanxi Qinshui was HK\$350,000,000, of which HK\$240,000,000 (2018: HK\$240,000,000) has been paid up as at 31 December 2019.

40. 本公司主要附屬公司之詳情 (續)

董事認為上表所列本公司之附屬公司為主要影響本集團之業績或資產者。董事認為，提供其他附屬公司之詳情會導致篇幅過於冗長。

附註：

- (a) 根據中國法律註冊為外商獨資企業。
- (b) 根據中國法律註冊為有限責任企業。
- (c) 根據中國法律註冊為中外合資企業。
- (d) 山西沁水之註冊資本為350,000,000港元，其中240,000,000港元（二零一八年：240,000,000港元）已於二零一九年十二月三十一日繳付。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

40. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (Continued)

The following table shows information of subsidiary that has non-controlling interest ("NCI") material to the Group. The summarised financial information represents amounts before inter-company eliminations.

陽城縣惠陽新能源發展有限公司
(transliterated as Yangcheng Huiyang New Energy Development Company Limited)

40. 本公司主要附屬公司之詳情 (續)

下表列示本集團擁有重大非控股權益(「非控股權益」)之附屬公司之資料。財務資料概要呈列集團內公司間撇銷前之金額。

陽城縣惠陽新能源發展有限公司

		2019 二零一九年	2018 二零一八年
Principal place of business/country of incorporation	主要營業地點／註冊成立國家	PRC 中國	PRC 中國
% of ownership interests/voting rights held by NCI	非控股權益持有之所有者權益／投票權百分比	40%/40%	40%/40%
		RMB'000 人民幣千元	RMB'000 人民幣千元
At 31 December:	於十二月三十一日：		
Non-current assets	非流動資產	314,715	374,922
Current assets	流動資產	162,153	164,208
Current liabilities	流動負債	(548,695)	(593,505)
Net liabilities	淨負債	(71,827)	(54,375)
Accumulated NCI	累計非控股權益	(28,731)	(21,750)
Year ended 31 December:	截至十二月三十一日止年度：		
Revenue	收益	68,487	70,512
Reversal of impairment loss on other receivable	其他應收款項減值虧損撥回	598	-
Impairment loss on other receivables	其他應收款項減值虧損	-	(1,284)
Loss	虧損	(11,672)	(40,489)
Total comprehensive income	全面收入總額	(11,672)	(40,489)
Loss allocated to NCI	分配至非控股權益之虧損	(4,669)	(16,196)
Dividends paid to NCI	派付予非控股權益之股息	-	-
Net cash generated from operating activities	經營活動產生之現金淨額	28,106	15,133
Net cash used in investing activities	投資活動所用之現金淨額	(1,600)	(53,718)
Net cash generated from financing activities	融資活動產生之現金淨額	(21,900)	36,898
Net increase/(decrease) in cash and cash equivalents	現金及現金等值物增加／(減少)淨額	4,606	(1,687)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

41. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

41. 本公司之財務狀況表

		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元
Non-current assets	非流動資產		
Property, plant and equipment	物業、機器及設備	679	939
Investments in subsidiaries	於附屬公司之投資	80,033	80,033
Amounts due from subsidiaries	應收附屬公司款項	163,785	158,128
		244,497	239,100
Current assets	流動資產		
Amount due from a director	應收董事款項	2,208	2,829
Prepayment and other receivables	預付款項及其他應收款項	605	736
Cash and cash equivalents	現金及現金等值物	179	197
		2,992	3,762
Current liabilities	流動負債		
Amounts due to subsidiaries	應付附屬公司款項	22,981	18,643
Amounts due to directors	應付董事款項	1,674	1,507
Accrued expenses and other payables	應計費用及其他應付款項	3,655	3,901
Convertible bonds	可換股債券	15,604	-
		43,914	24,051
Net current liabilities	流動負債淨值	(40,922)	(20,289)
Total assets less current liabilities	總資產減流動負債	203,575	218,811
Non-current liabilities	非流動負債		
Convertible bonds	可換股債券	-	12,416
Deferred tax liabilities	遞延稅項負債	561	1,030
		561	13,446
Net assets	資產淨值	203,014	205,365
Capital and reserves	資本及儲備		
Share capital	股本	10,910	10,910
Reserves	儲備	192,104	194,455
Total equity	總權益	203,014	205,365

Approved and authorised for issue by the board of directors on 11 May 2020.

Wang Zhong Sheng
王忠勝
Director
董事

董事會於二零二零年五月十一日批准及授權刊發。

Chang Jian
常建
Director
董事

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

41. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

41. 本公司之財務狀況表 (續)

Reserves

儲備

		Share premium	Translation reserve	Contributed surplus	Share option reserve	Convertible bonds reserve	Accumulated losses	Total
		股份溢價	換算儲備	實繳盈餘	購股權儲備	債券儲備	累計虧損	總計
		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
Balance at 1 January 2018	於二零一八年一月一日結餘	(668,084)	2,608	1,384,004	30,849	8,652	(379,776)	378,253
Loss for the year	本年度虧損	-	-	-	-	-	(201,337)	(201,337)
Other comprehensive income for the year	本年度其他全面收入	-	17,539	-	-	-	-	17,539
Total comprehensive loss for the year	本年度全面虧損總額	-	17,539	-	-	-	(201,337)	(183,798)
Balance at 31 December 2018 and 1 January 2019	於二零一八年十二月三十一日及二零一九年一月一日結餘	(668,084)	20,147	1,384,004	30,849	8,652	(581,113)	194,455
Loss for the year	本年度虧損	-	-	-	-	-	(8,566)	(8,566)
Other comprehensive income for the year	本年度其他全面收入	-	6,215	-	-	-	-	6,215
Total comprehensive loss for the year	本年度全面虧損總額	-	6,215	-	-	-	(8,566)	(2,351)
Balance at 31 December 2019	於二零一九年十二月三十一日結餘	(668,084)	26,362	1,384,004	30,849	8,652	(589,679)	192,104

42. EVENTS AFTER THE REPORTING PERIOD

The outbreak of COVID-19 in late January 2020 has adversely affected the Group's daily operation and patronage of local and cross-boundary transport. The Group has been implementing a number of measures to lessen the impact and will continue to closely monitor further effect that could be caused by COVID-19 on the business operation and financial position of the Group.

42. 報告期後事項

於二零二零年一月底爆發的2019冠狀病毒病已對本集團的日常營運以及國內及跨境運輸服務造成不利影響。本集團一直在實施多項措施以減低影響，並將持續密切監察2019冠狀病毒病或會對本集團業務營運及財務狀況造成的進一步影響。

FIVE YEAR FINANCIAL SUMMARY

五年財務摘要

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

RESULTS

業績

		For the year ended 31 December 截至十二月三十一日止年度				
		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
Revenue	收益	168,229	168,097	178,562	218,879	329,120
Loss from operations	經營業務產生之虧損	(18,295)	(73,469)	(48,851)	(88,382)	(44,971)
Finance costs	財務費用	(9,880)	(9,296)	(9,171)	(10,925)	(14,324)
Impairment loss on goodwill	商譽減值虧損	-	-	-	-	(3,551)
Impairment loss on intangible assets	無形資產減值虧損	-	-	-	-	(134,385)
Impairment loss on property, plant and equipment	物業、機器及設備減值虧損	(40,637)	(39,090)	(8,329)	-	(92,086)
Loss before taxation	除稅前虧損	(68,812)	(121,855)	(66,351)	(99,307)	(289,317)
Income tax credit/(expense)	所得稅抵免/(開支)	1	(78)	(620)	(3,077)	34,291
Loss for the year	本年度虧損	(68,811)	(121,933)	(66,971)	(102,384)	(255,026)
Attributable to :	下列應佔 :					
Equity shareholders of the Company	本公司權益股東	(63,510)	(105,686)	(70,219)	(101,002)	(235,943)
Non-controlling interests	非控股權益	(5,301)	(16,247)	3,248	(1,382)	(19,083)
Loss for the year	本年度虧損	(68,811)	(121,933)	(66,971)	(102,384)	(255,026)

FIVE YEAR FINANCIAL SUMMARY

五年財務摘要

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

ASSETS AND LIABILITIES

資產及負債

		At 31 December 於十二月三十一日				
		2019 二零一九年 RMB'000 人民幣千元	2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
Total assets	總資產	558,905	668,220	819,903	922,135	1,031,530
Total liabilities	總負債	(405,762)	(444,995)	(486,278)	(503,999)	(511,126)
		153,143	223,225	333,625	418,316	520,404
Attributable to:	下列應佔：					
Equity shareholders of the Company	本公司權益股東	185,554	250,335	344,488	432,247	533,133
Non-controlling interests	非控股權益	(32,411)	(27,110)	(10,863)	(14,111)	(12,729)
		153,143	223,225	333,625	418,136	520,404