

海工基業 OFFSHORE

能源興業

ENERGY

as VALUE DRIVER

科技創業

TECHNOLOGY

as ACCELERATOR

as BASE

資本持業

CAPITAL

as INCUBATOR

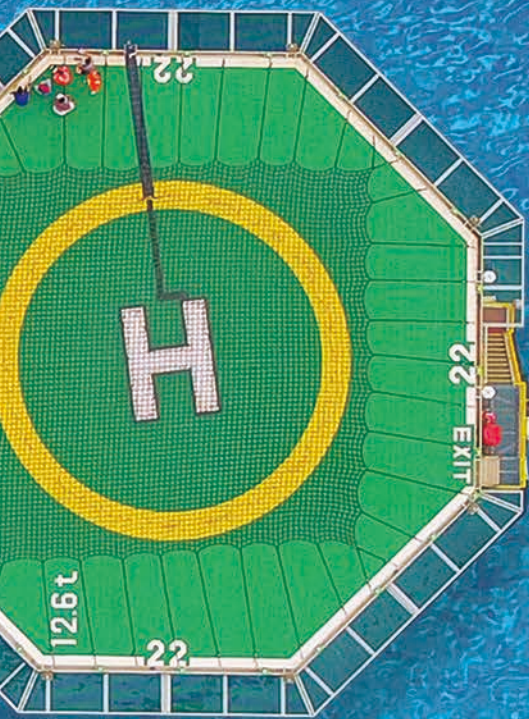
全球立業

GLOBALIZATION

as FOUNDATION







CONTENTS 目錄

CORPORATE PROFILE 公司簡介		02			
	<table> <tr> <td>04 MILESTONES 里程碑</td> <td>06 GLOBAL NETWORKS 全球網點</td> <td>08 MAJOR EVENTS 企業大事概要</td> </tr> </table>	04 MILESTONES 里程碑	06 GLOBAL NETWORKS 全球網點	08 MAJOR EVENTS 企業大事概要	
04 MILESTONES 里程碑	06 GLOBAL NETWORKS 全球網點	08 MAJOR EVENTS 企業大事概要			
FIVE YEARS FINANCIAL SUMMARY 五年財務概要		09			
CHAIRMEN'S STATEMENT 主席報告		10			
CEO'S STATEMENT 首席執行官報告		12			
MARKET REVIEW AND PROSPECT 市場回顧與展望		16			
MANAGEMENT DISCUSSION AND ANALYSIS 管理層討論及分析		25			
PROFILES OF DIRECTORS AND SENIOR MANAGEMENT 董事及高級管理層		40			
REPORT OF THE DIRECTORS 董事會報告書		49			
CORPORATE GOVERNANCE REPORT 企業管治報告		64			
ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT 環境、社會及管治報告		82			
INDEPENDENT AUDITOR'S REPORT 獨立核數師報告		107			
CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表		117			
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 綜合財務報表附註		124			
CORPORATE INFORMATION 公司資料		243			

CORPORATE PROFILE

公司簡介

BUSINESS OVERVIEW

CMIC Ocean En-Tech Holding Co., Ltd. (“CMIC” or the “Company”, formerly known as TSC Group Holdings Limited) was incorporated in the Cayman Islands and its shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The Company and its global subsidiaries (the “Group”) are primarily engaged in asset investments and operations management of offshore platforms, design, manufacturing and service of core equipment packages in the land and offshore oil and gas exploration and development industry, and clean energy and technology investments.

Together with our substantial shareholder, China Merchants & Great Wall Ocean Strategy & Technology Fund (L.P.) (the “Fund”), we provide integrated financing and asset solutions to global clients. Our affiliated joint venture, Wealthy Marvel Enterprises Limited (the “JV” or “WME”) (owned as to 50% by Alliance Offshore Group Limited (“AOG”, a wholly-owned subsidiary of the Company) and 50% by the Fund) concluded transactions with Shelf Drilling (“SHELF”), the world’s largest operator of jack-up rigs by amount of global contracts in hand in relation to jack-up rigs according to CLARKSONS’s Statistics as at 31 January 2020, for sales of two units of jack-up rigs and subscription of shares in SHELF. We deliver efficient and high-quality integrated solutions to enhance the intrinsic value of our assets as well as to create value for our customers. Our principal objective is to position the Group at the front of cyclical opportunities as a means of completing a strategic layout of extension from offshore core equipment manufacturing to offshore rig asset investments, operations and management.

業務簡介

華商國際海洋能源科技控股有限公司(簡稱「華商國際」或「本公司」, 前稱「TSC集團控股有限公司」)於開曼群島註冊成立, 在香港聯合交易所有限公司(「聯交所」)主板上市。本公司及其全球附屬公司(合稱「本集團」)的主營業務為海洋工程平台資產投資及運營管理, 陸上和海洋油氣勘探開發行業核心裝備總包設計、製造與服務, 以及清潔能源和科技投資業務等。

本公司聯合大股東招商局長城海洋科技戰略發展產業基金(簡稱「海洋科技基金」), 充分利用全面的資本運作和資產整合能力, 通過下屬合資公司(Wealthy Marvel Enterprises Limited, 簡稱「合資公司」或「WME」, 由本公司的全資附屬公司Alliance Offshore Group Limited「AOG」與海洋科技基金各佔50%股份)與全球第一大(根據CLARKSONS全球自升式鑽井平台在手合約金額排名統計, 截至2020年1月31日)自升式鑽井平台運營商Shelf Drilling (簡稱「SHELF」)達成出售2座自升式鑽井平台及認購SHELF股份交易, 通過雙方的深度合作促進海洋工程平台資產高效高質運營, 提升資產內在價值, 通過逆週期佈局, 順週期價值提升, 實現本集團從海洋工程核心裝備製造向海洋工程平台資產運營管理延伸的戰略佈局。



After many years of development, the core offshore equipment and packages businesses of the Group have become world leading. The principal businesses include the design, manufacture, installation and commissioning of onshore and offshore drilling rig equipment and general packages. Specific equipment products include cranes, machine rack pipes, jacking systems, power control and transmission systems, tension adjustment and compensation devices and systems, etc. Rigs maintenance, repair and operation (MRO) products and services include oilfield expendables, accessories and parts manufacturing, sale and repair services.

The Group pays close attention to the development of clean energy and technology related industries, proactively looks for the opportunities for investment and consolidation with marine energy science and technology related industries to realise synergistic effects of each business segments through investing in the undervalued opportunities along the industrial supply chain to enhance the overall performance of our business and maximise the interest of the shareholders and investors.

As for mid and long term development plans, the Company intends to further strengthen its offshore engineering industrial value chain, with the help of the extensive experience of the old and new teams, continue to acquire high-quality offshore engineering platform assets and to enhance effectiveness and efficiency of utilisation and brand influence on offshore assets through investment in or cooperation with global leading offshore rig operators and oil companies. By utilising our channels in accessing capital, the Company will continue to expand its offshore assets operation and management business and achieve full development in 2020.

本集團海洋工程核心裝備及總包業務經過多年發展已達到世界領先水平，主要業務包括：陸上及海洋鑽機設備及總包的設計、製造、安裝及調試等，具體設備產品包括吊機、機械排管、升降系統、電力控制及傳動系統、張力調整及補償裝置及系統等；鑽機保養、維修及營運(MRO)產品和服務，具體包括油田耗材、配件及零件製造、銷售和維修服務等。

本集團密切關注清潔能源和智能科技相關產業的發展，積極尋求海洋能源科技相關產業投資和整合機會，通過對產業鏈價值窪地的投資，實現公司各業務板塊協同聯動效應，提升公司整體業績表現，實現股東和投資者利益最大化。

未來中長期發展，我們將進一步增強海洋工程產業鏈佈局上多個環節的資源儲備，借助新老團隊廣泛深厚的行業資源，繼續收購優質海洋工程平台資產，通過參股或聯合全球頂尖海洋工程平台運營商和石油公司，提升海洋工程資產的使用質效和品牌影響力，利用上市公司、基金、融資租賃等多種資本形式，獲得穩定的資金支持，2020年本集團海洋工程資產運營管理業務將繼續擴大規模，實現全面發展。



CORPORATE PROFILE | MILESTONES

公司簡介 | 里程碑



Emer International started business in Houston, Texas, U.S.A. and took the lead to introduce a number of advanced equipment and technologies to China's oil and gas industry

埃謨國際於美國德州休斯頓上市開業，為中國油氣行業引進多項首台首套裝備和技術

Emer International's 2nd manufacturing facility founded in Qingdao, China. It is a manufacturing plant for hydraulic ends and accessories of mud pumps

埃謨國際於中國青島建立第二生產基地，製造泥漿泵液力端和配件



Emer International acquired Zhengzhou Highlight and Zhengzhou GEAR, obtained solid over control production line and lifting system product line, became the only company in China that can provide research and development, design and manufacture of lifting device for jack-up rigs

埃謨國際通過收購鄭州海來和鄭州吉爾，獲得固控生產線和升降系統產品線，成為中國唯一能提供自升式鑽井平台升降裝置研發、設計和製造的公司

1995

2001

2002

2005

2007

2008

HHCT, Emer International's first manufacturing facility founded in Xi'an, China, manufactured power control and driving system for onshore drilling

埃謨國際的第一生產基地海爾海斯(HHCT)於中國西安成立，製造陸地鑽機電力控制和驅動系統



Emer International was listed on GEM of the Stock Exchange
埃謨國際於香港創業板上市

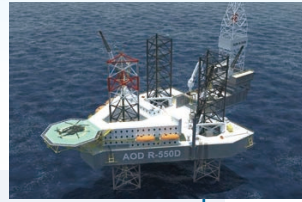


Emer International acquired GME (London AIM), and was rebranded as TSC Offshore, expanded the product line of offshore drilling equipment and acquired the whole package capability of offshore drilling rigs. It has become one of the few global companies that can provide the whole package of offshore drilling rigs in parallel with NOV and MH

埃謨國際收購GME(London AIM)並改名為TSC海洋，擴大了海上鑽井裝備產品線，具備海上鑽機整包能力，與NOV、MH並列成為全球少數能提供海上鑽井整包的公司之一



TSC Offshore transferred its listing to the Main Board of the Stock Exchange
TSC海洋轉至香港聯交所主板上市



The Company allied with Zentech and CSSC to construct high spec R-550D jack-up drilling rigs and started the development of investment and operations management of offshore engineering platforms

與Zentech及中船黃埔船廠合作製造高規格R-550D自升式鑽井平台，開始發展海洋工程平台投資運營管理業務

In the same year, the Company established Qingdao equipment manufacturing base

同年，建立青島裝備製造基地



**January 2019
2019年1月**

- The Company conducted rights issue to introduce new shareholders
- 供股並引入新股東
- TSC Group Holdings Limited was officially renamed as CMIC Ocean En-Tech Holding Co., Ltd.
- TSC集團控股有限公司正式更名為華商國際海洋能源科技控股有限公司
- In February 2019, the affiliated joint venture WME entered into sales agreements with SHELF, the world's largest operator of offshore jack-up rigs, for two units of CJ-46 jack-up rigs
- 2019年2月，合資公司WME與全球第一大海上自升式鑽井平台運營商SHELF達成共2座CJ46型鑽井平台的出售協議

2009

2011

2013

2018

2019

- TSC Offshore rebranded as TSC Group
- TSC海洋更名為TSC集團
- In the same year, CIMC became strategic shareholder of TSC Group
- 同年，中集集團成為TSC集團戰略股東



**February 2018
2018年2月**

The Fund became the controlling shareholder of TSC Group
海洋科技基金成為TSC集團的控股股東

**December 2018
2018年12月**

In December 2018, two CJ46 drilling rigs were bareboat chartered to SMS, to provide services to Abu Dhabi National Oil Company

2018年12月出租2座CJ46鑽井平台給SMS，服務於阿布扎比國家石油公司

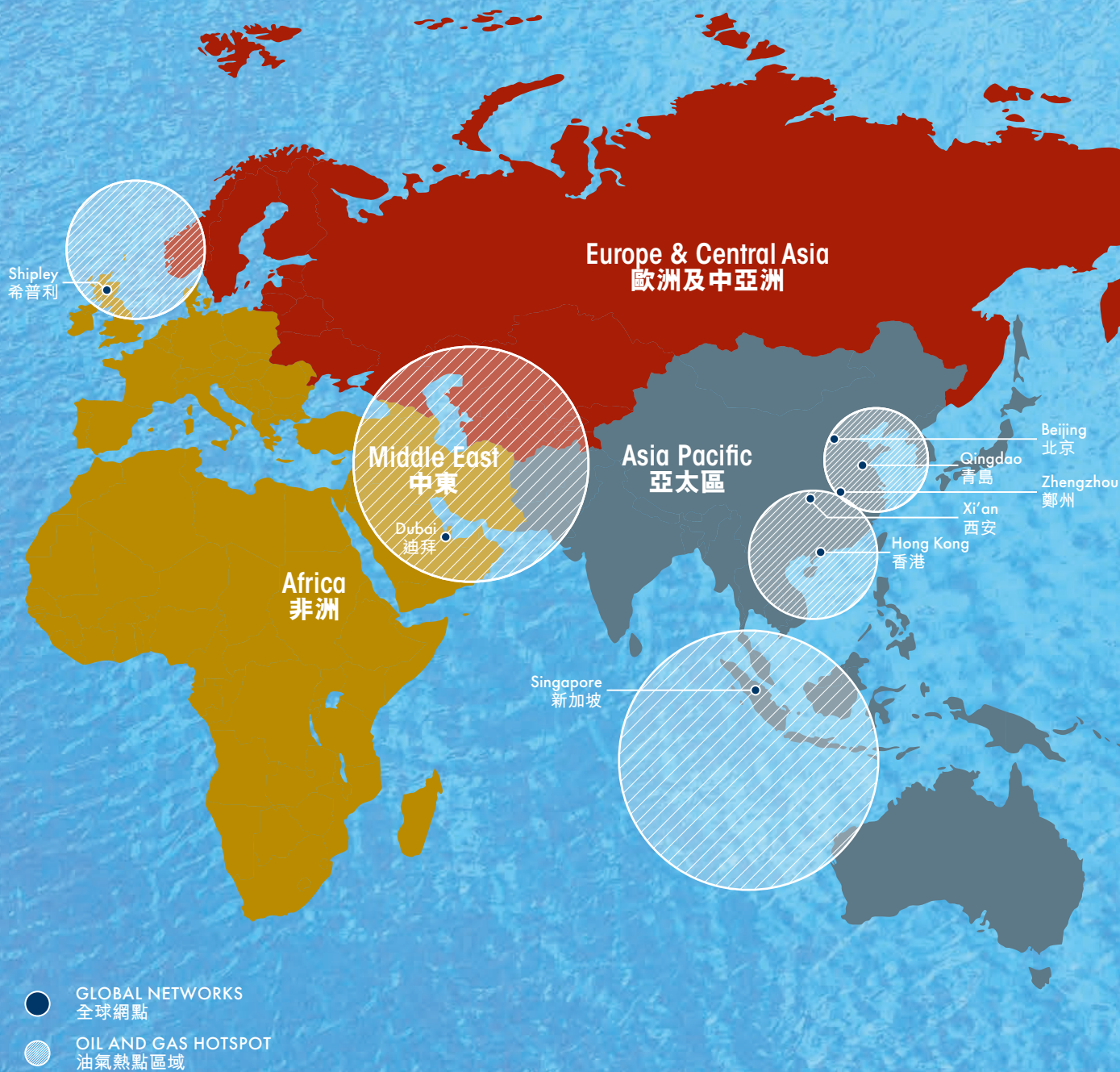


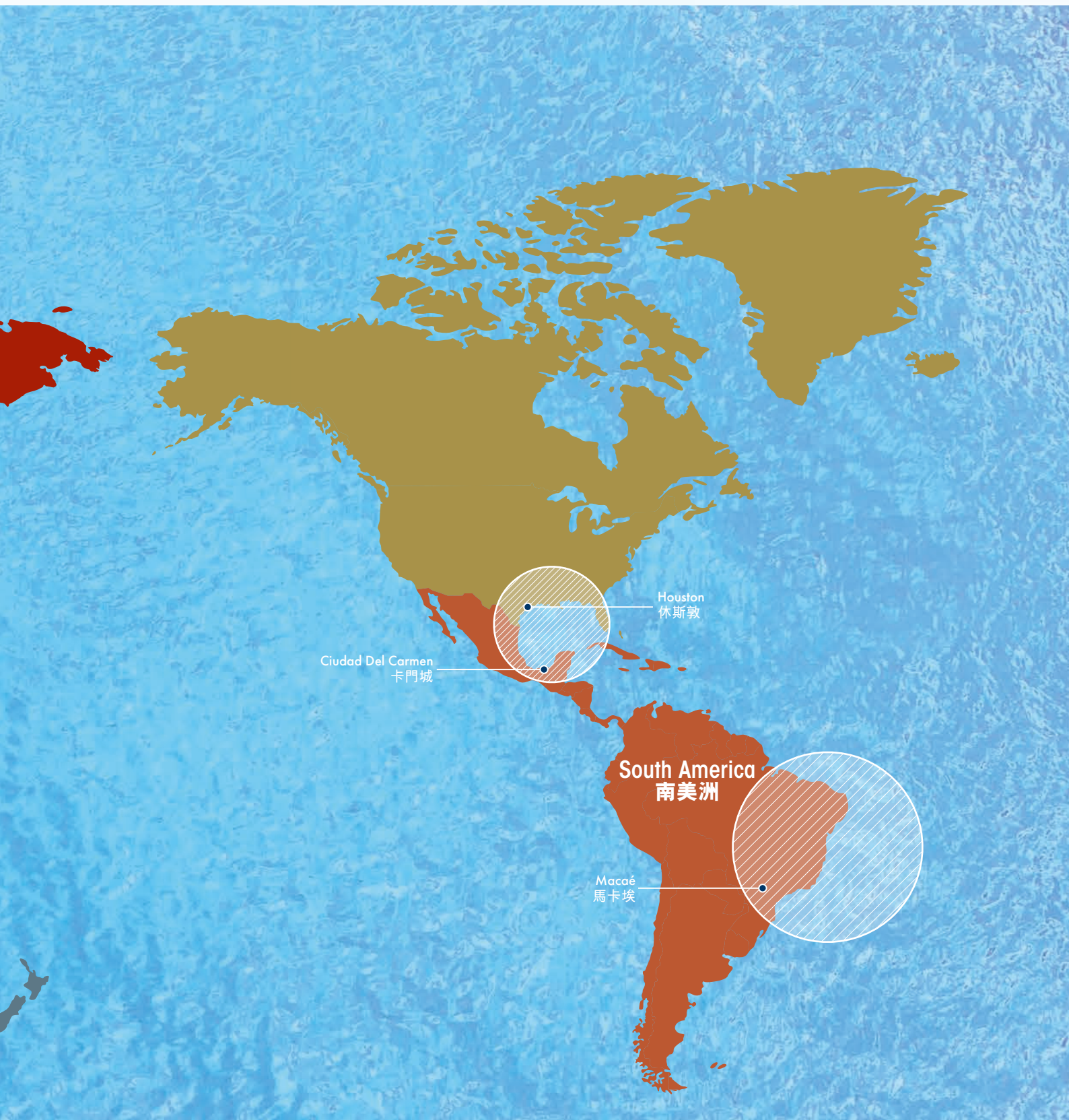
- In May 2019, the sales of two units of CJ-46 rigs to SHELF was completed. At present, the rigs provide services to Saudi Aramco
- 同年5月，2座出售給SHELF的CJ46型鑽井平台完成交割，目前已服務於沙特阿拉伯國家石油公司
- In September 2019, the Company won the contract for the offshore rig service project of Pemex, the national oil company of Mexico, in relation to provision of two units of JU2000E rigs to Pemex. The rigs arrived Mexico in early December
- 同年9月，中標墨西哥國家石油公司Pemex海上鑽井服務項目，為Pemex提供2座JU2000E型鑽井平台，作業平台已於12月上旬抵達墨西哥

GLOBAL SOLUTIONS

環球解決方案

Deep distribution of global oil and gas hotspots, boosting the value integration of the offshore industry chain
全球油氣熱點區域深度布局，助力海工業務產業鏈價值整合





CORPORATE PROFILE | MAJOR EVENTS

公司簡介 | 企業大事概要

2019

FEBRUARY 2月

The joint venture WME signed agreements with SHELF with respect to sales of two units of CJ46 rigs. Moreover, WME and the Fund jointly increased their capital investment into SHELF and thus jointly hold 19.4% shares of SHELF, becoming SHELF's largest shareholder.

合資公司WME與全球第一大海上自升式鑽井平台運營商SHELF達成共2座CJ46型鑽井平台的出售協議，同時聯合海洋科技基金共同增資SHELF，共佔其股份的19.4%，成為其第一大股東。

MARCH 3月

HHCT, a wholly-owned subsidiary of the Company, entered into orders in relation to several sets of electric control equipment and services with CNPC Xibu Drilling.

全資子公司西安海爾海斯與中石油西部鑽探簽訂多套電控設備與服務訂單。

MAY 5月

An overseas subsidiary won the contract for the offshore rig service project of Pemex, the national oil company of Mexico, in relation to provision of two units of JU2000E rigs to Pemex. The Company completed the delivery of two units of CJ46 rigs sold to SHELF and the rigs were sent to the operation site.

海外子公司中標墨西哥國家石油公司Pemex海上鑽井服務項目，為對方提供2座JU2000E型鑽井平台。2座出售給SHELF的CJ46型鑽井平台完成實物交割，啟程奔赴作業地點。

JULY 7月

The two units of CJ46 rigs sold to SHELF started operation at the operation site.

出售給SHELF的2座CJ46型鑽井平台抵達作業地開始作業。

SEPTEMBER 9月

The Company won the contract for activation of two units of JU2000E rigs in Mexico which were delivered to Mexico on 16 September.

墨西哥中標2座JU2000E型鑽井平台完成激活工作，兩艘平台於9月16日完成交付並啟程前往墨西哥。

OCTOBER 10月

The Company settled the debts by issuing to Jinghong Company 122,726,709 settlement shares at the issue price of HK\$0.56 per settlement share, representing a premium of 115% over the closing price on the last trading day.

以0.56港幣/股價格向景宏公司發行122,726,709股結算股份以清償債務，為最後交易日收市價溢價115%。

DECEMBER 12月

Two units of JU2000E rigs arrived Mexico in early December and final inspection was conducted for the rigs before operation.

2座JU2000E型鑽井平台於12月上旬抵達墨西哥，進行作業前的最後檢驗。

2020

JANUARY 1月

TSC Oil and Gas Services Group Holdings Limited, a wholly-owned subsidiary of the Company, was granted the contract in relation of land rig equipment and accessories project of Tarim oilfield in Xinjiang.

全資子公司青島天時油氣裝備服務有限公司在新疆塔里木油區獲得陸地鑽井設備及配件項目合同。

FIVE YEARS FINANCIAL SUMMARY

五年財務概要

The following is a summary of the consolidated results, assets and liabilities of the Group prepared on the basis set out in notes.

以下為本集團根據下文附註所載基準編製的綜合業績、資產及負債概要。

CONSOLIDATED RESULTS

綜合業績

		2019 二零一九年 US\$'000 千美元	2018 二零一八年 US\$'000 千美元	2017 二零一七年 US\$'000 千美元	2016 二零一六年 US\$'000 千美元	2015 二零一五年 US\$'000 千美元
Revenue	收益	70,246	58,839	76,552	142,531	194,899
Cost of sales	銷售成本	(46,210)	(48,792)	(67,331)	(104,745)	(140,543)
Gross profit	毛利	24,036	10,047	9,221	37,786	54,356
Other revenue and net income (including reversal of impairment losses/provisions)	其他收益及淨收入(包括減值虧損撥回/撥備)	14,404	934	2,411	5,685	3,842
Selling and distribution expenses	銷售及分銷開支	(4,981)	(5,635)	(6,902)	(5,170)	(12,554)
General and administrative expenses	一般及行政開支	(23,960)	(27,693)	(25,991)	(33,409)	(33,089)
Other operating expenses (including impairment losses/provisions)	其他經營開支(包括減值虧損/撥備)	(1,239)	(6,609)	(58,797)	(111,841)	(5,975)
Finance costs	融資成本	(1,727)	(2,450)	(4,352)	(4,363)	(4,545)
Share of results of associates	分佔聯營公司業績	36	1	4	-	-
Share of result of joint venture	分佔合營公司業績	3,728	-	-	-	-
Profit/(loss) before taxation	除稅前溢利/(虧損)	10,297	(31,405)	(84,406)	(111,312)	2,035
Income tax	所得稅	(979)	(10,381)	987	(264)	(738)
Profit/(loss) for the year attributable to equity shareholders of the Company	本公司股權股東佔年內溢利/(虧損)	9,701	(41,358)	(82,790)	(110,450)	2,097

ASSETS AND LIABILITIES

資產與負債

		2019 二零一九年 US\$'000 千美元	2018 二零一八年 US\$'000 千美元	2017 二零一七年 US\$'000 千美元	2016 二零一六年 US\$'000 千美元	2015 二零一五年 US\$'000 千美元
Non-current assets	非流動資產	97,587	52,774	73,355	86,057	115,591
Current assets	流動資產	258,591	228,008	241,252	326,767	454,138
Current liabilities	流動負債	(228,789)	(245,183)	(286,619)	(275,359)	(312,281)
Net current assets/(liabilities)	流動資產淨值/(負債)	29,802	(17,175)	(45,367)	51,408	141,857
Non-current liabilities	非流動負債	(6,975)	(7,201)	(14,321)	(41,391)	(38,453)
Total assets	總資產	356,178	280,782	314,607	412,824	569,729
Total liabilities	總負債	(235,764)	(252,384)	(300,940)	(316,750)	(350,734)
Net assets	資產淨值	120,414	28,398	13,667	96,074	218,995

Notes:

- The summary of consolidated results of the Group includes the results of the Company and its subsidiaries as if the current Group structure had been in existence throughout the financial periods, or from the respective dates of the incorporation where this is a shorter period. The consolidated results of the Group for the year ended 31 December 2019 are as set out on pages 117 to 118 of the audited financial statements.
- The consolidated statement of financial position of the Group as at 31 December 2019 are as set out on pages 119 to 120 of the audited financial statements.

附註：

- 本集團的綜合業績概要包括本公司及其附屬公司的業績，猶如目前的集團架構於財政期間或自該等公司各自註冊成立當日起(以較短者為準)一直存在。本集團截至二零一九年十二月三十一日止年度的綜合業績載於經審核財務報表的第117頁至118頁。
- 本集團於二零一九年十二月三十一日的綜合財務狀況表載於經審核財務報表的第119頁至120頁。

CHAIRMEN'S STATEMENT

主席報告

The year 2019 was a critical turning point for CMIC and the first year for the Fund to improve its efficiency and strengthen its control after its investment in CMIC.

"TSC Group", CMIC's predecessor, is a product and service provider dedicated to the global offshore and onshore oil and gas exploration and development and rig demolition industry. It has completed a total of 9 rig turnkey projects, built the world's first R-550D offshore jack-up rig and started the offshore assets operation and management business. It has rich industry resources and a service network spreading at home and abroad, and highly tallies with the Fund's original intention of strategic investment. In February 2019, after introducing strategic investors, the Company was officially renamed as "CMIC Ocean En-tech Holding Co., Ltd." and set sail with a new look and a new strategic development direction. In the past year, the new team worked hand-in-hand with the original team of TSC Group. In the context of the global economic downturn and the continuing sluggish offshore engineering market, the Company achieved cash flow-back through revitalizing the operation of rig assets; seized the Mexican oil market to gain business development space; exerted efforts to win orders for land rig equipment and gained market recognition. In the end, thanks to the efforts of all parties, CMIC realised a turnaround and turned in satisfactory results for shareholders.

At the beginning of 2020, Mr. Wang Hongyuan, chairman of the Board and CEO of the Company, resigned from his positions in the Company due to other commitments. Mr. Lou Dongyang was appointed as the chairman of the Board of the Company and Mr. Cong Yongjian was appointed as an executive Director and CEO of the Company. On behalf of the Board, I would like to express my sincere gratitude to Mr. Wang Hongyuan for his hard work and outstanding contributions to the Company in the past two years. I believe that the new and old members of the Board and senior management team can get along well with each other as soon as possible to form a joint force to lead CMIC to keep progress and make great achievements.

At present, the successive outbreak of the new coronavirus epidemic at home and abroad has a huge impact on the global economy. Russia and Saudi Arabia have released information on increasing crude oil production since April, resulting in a drop in the price of Brent crude to below US\$30 per barrel in mid March, which undoubtedly "made the situation worse" for the downturn of the oil and gas industry. Of course, with the gradual improvement of the epidemic situation, the global economy will gradually be on track, and I believe that the oil and gas industry will be able to regain market confidence. At present and in the next stage, CMIC is and will still be in a period of strategic opportunities with "promising prospect" in which opportunities coexist with and outweigh challenges. We must have a clear understanding of the situation, seize opportunities, and adopt innovative ideas to advance the work in more predictable and pertinent way. We have to plan ahead, seek progress while maintaining stability, and get prepared for the future. In 2020, the CMIC shall leverage on the global energy structure adjustment to seize the opportunity of rig asset integration which occurs once in 30 years in the offshore engineering market and fully cooperate with the shareholder China Merchants Group in respect of resources to consolidate the foundation and give play to advantages; At the same time, CMIC will continue to deepen its transformation and development to achieve balanced development of the Company's offshore asset management, high-end equipment manufacturing, and oil and gas service business. A multi-layered and all-round incentive mechanism will be built and improved for short-, medium-, and long-term development to energize the Company through the mechanism and promote transformation with vitality. We will continue to jointly forge ahead in a pioneering and innovative spirit, to serve all shareholders and global clients.

Lou Dongyang

Lou Dongyang
Chairman of the Board

Hong Kong, 27 March 2020

Jiang Bing Hua

Jiang Bing Hua
Co-Chairman

2019年對於華商國際是一個關鍵性的轉折點，是海洋科技基金入股華商國際後，提升質效和強化管控的第一年。

華商國際的前身「TSC集團」為一家致力於全球海洋及陸上石油及天然氣勘探、開發和平台拆除行業之產品及服務供應商，共完成9個平台的總包項目，並建造全球首艘R-550D自升式海上鑽井平台，開啓海工資產投資運營管理業務，其行業資源深厚，服務網絡遍及海內外，與海洋科技基金的戰略投資初衷高度契合。2019年2月，公司在引入戰略投資者後，正式更名為「華商國際海洋能源科技控股有限公司」，公司以嶄新面貌、全新戰略發展方向揚帆起航。在過去的一年，新的團隊與TSC集團原有團隊攜手共進，在全球經濟下行、海洋工程市場依然疲軟的大環境下，通過盤活鑽井平台資產運營，實現現金回流；搶佔墨西哥石油市場，覓得業務發展空間；發力陸地鑽井設備訂單，獲得市場認可。最終在各方努力下，華商國際總體實現扭虧為盈，給股東交了一份滿意的答卷。

2020年伊始，公司董事會主席兼首席執行官王洪源先生因其他工作安排，已辭任本公司職務。婁東陽先生獲任本公司董事會主席，叢永儉先生獲任本公司執行董事兼首席執行官。在此謹代表董事會，對王洪源先生這兩年對公司的辛勤付出以及在董事會做出的卓越貢獻致以衷心感謝！相信新老董事會成員及高級管理團隊能盡快磨合，形成合力，帶領華商國際繼往開來、共創輝煌。

目前，新冠疫情在國內、海外相繼爆發，對全球經濟帶來了巨大影響，俄羅斯、沙特相繼發佈於4月起原油增產信息，致使布倫特原油價格在3月中旬跌破30美元／桶，這無疑對處在低迷週期的油氣行業更是「雪上加霜」。當然，隨著疫情被控後逐漸好轉，全球經濟也會逐步步入正軌，相信油氣行業應該能重獲市場信心。當前和下一階段，華商國際仍處於「大有可為」的戰略機遇期，機遇和挑戰並存，機遇大於挑戰。我們必須摸清形勢、抓住機遇、創新思路，更加有預見性、更加有針對性地推進工作，未雨綢繆、穩中求進、蓄勢待發。2020年，華商國際團隊要抓住全球能源結構調整的窗口期，抓住海洋工程市場30年一遇的平台資產整合之良機，充分對接股東招商局集團的資源，協同合作、夯實基礎、發揮優勢；同時，持續深化企業轉型發展，實現公司海洋工程資產管理、高端裝備製造及油氣服務業務的均衡發展，建立健全短中長期相結合、多層次全方位的激勵機制，向機制要活力，以活力促轉型。我們將繼續攜手並進，開拓創新，服務於所有股東、服務於全球客戶。

婁東陽

婁東陽
董事會主席

謹啓

香港，2020年3月27日

蔣秉華

蔣秉華
聯席主席

CEO'S STATEMENT 首席執行官報告

The year 2019 was the first year for CMIC's business upgrade. In the context of the slowdown in global macroeconomic growth and the fact that the offshore engineering market has not fully picked up, CMIC, firmly adhering to the general principle of "striving for progress while maintaining stability", cooperated with potential strategic partners in a more proactive way and promoted its transformation and development through the structural reform at the supply side.

In 2019, the Company's accumulated revenue, gross profit, net profit for the year and total assets amounted to US\$70.2 million, US\$24.0 million, US\$9.3 million, US\$356.2 million, respectively, representing a year-on-year increase of 19.4%, 139.2%, 122.3% and 26.9%, respectively. The Company's total liabilities decreased by 6.6% year-on-year to US\$235.8 million and its net assets increased by 324.0% year-on-year to US\$120.4 million. The gearing ratio and interest-bearing debt ratio of the Company was 66.2% and 2.6% (excluding lease liabilities), respectively. As of the end of December 2019, the balance of cash and cash equivalents and pledged bank deposits amounted to US\$36.1 million, representing an increase of 75.0% over the same period of last year. Throughout 2019, the new orders of the Company amounted to US\$68.9 million.

In the past year, the Company mainly implemented its strategic transformation centering on "business integration, structural optimization, cost reduction and efficiency improvement, and strict risk control". To get more benefits, the Company proactively integrated the offshore manufacturing elements of its shareholders of China Merchants Group and CIMC Group, realised global leasing and sales of multiple offshore rigs through "boosting production with finance", and improved the offshore asset management business despite the "adverse situation".

In the first half of the year, the Company successfully integrated six jack-up rigs, of which two units of CJ46 rigs served the Abu Dhabi National Oil Company and started offshore drilling services; the Company signed agreements with SHELF with respect to sales of two units of CJ46 rigs and together with the Fund, a substantial shareholder of the Company, jointly increased their capital investment into SHELF and thus jointly hold 19.4% shares of SHELF, becoming SHELF's largest shareholder. This signifies a substantial breakthrough in CMIC's offshore asset management business. The Company conducted in-depth cooperation with the international top rig operation management company by way of exchange of shares with assets, which is an important step in the Company's strategic transformation and beneficial to the expansion of the Company's offshore rig asset management business and the of the industrial chain and also generates synergistic pulling effects for the offshore equipment manufacturing, spare parts supply and rig maintenance businesses.

Mexico is the current hotspot area of global offshore engineering. Leveraging on the resource advantages gained in the development of the international market for many years, the Company and its partner CP Latina jointly won the contract for drilling services of PEMEX, the national oil company of Mexico, and to provide them with two units of JU2000E jack-up rigs. The CMIC team's successful access to the Mexican market indicates that the Company's offshore asset management business has been recognized by the international mainstream market again and is also conducive to the simultaneous expansion of the Company's offshore equipment manufacturing and service business.

In terms of equipment manufacturing and oil service related businesses, sales orders still face severe challenges as affected by the industry cycle. Upholding the principle of "development of offshore and onshore businesses in an innovative model", the Company proactively develops land rig projects. It got equipment orders from CNPC through the innovative package solution model integrating "lease instead of sales + supporting service"; and drilling equipment orders from Tarim oilfield in Xinjiang by way of lease and sales. Thus, the Company has been fully recognised by the market.

In early 2020, the new coronavirus epidemic swept the world and cast a shadow on the global economy. Russia and Saudi Arabia released information on increasing oil production, which caused a cliff-like drop in the Brent crude index in March, and crude oil prices would be under great pressure in the short term. With the epidemic under control, economic recovery and introduction of market rescue measures by the governments of all countries, it is believed that the price of crude oil will gradually recover. At the same time, the transformation of the energy structure is the current "main theme" and also the trend. There is a large demand in the clean energy market dominated by LNG, hydrogen energy, photovoltaic and offshore wind power. The development potential and investment direction of such clean energy will remain the focus of our future business transformation. At present, as the offshore engineering market has not fully recovered, it poses a good opportunity which occurs once in 30 years to integrate the offshore assets. Due to this opportunity, China's shipyards have built an inventory of more than 50 units of offshore assets, most of which are jack-up rigs, accounting for 70% of China's inventory of offshore assets, which is extremely beneficial to the integration of jack-up rigs.

In the context with both challenges and opportunities, in 2020, the Company must firmly adhere to the balanced development concept of "quality first, benefit priority, scale moderate", continue to improve the equity structure, and increase attempts for potential cooperation opportunities with strategic partners including exchange of shares with assets and equity swaps, and proactively introduce strategic investment partners suitable for the Company's medium and long-term development, to create good value returns for investors; While revitalizing redundant assets and promoting the recovery of long-standing debts, the Company will strengthen business integration, optimize asset structure, and moderately expand the scale of asset management. It will further explore profits through sustainable development with risk under control in the future potential development in terms of offshore engineering, technology and energy and achieve synergy with equipment manufacturing industry. Focusing on its core values, it will look for opportunities to extend the transformation to new areas and markets. The traditional sales model will gradually evolve to the method in combination of "financial leasing + supply chain management", to promote the proactive integration of technological changes represented by "technicalization, intellectualization and networking" and promote the technological innovation and efficiency improvement in the field of marine energy by use of technological breakthroughs in the fields of AI, big data, robotics, Internet of Things and others.

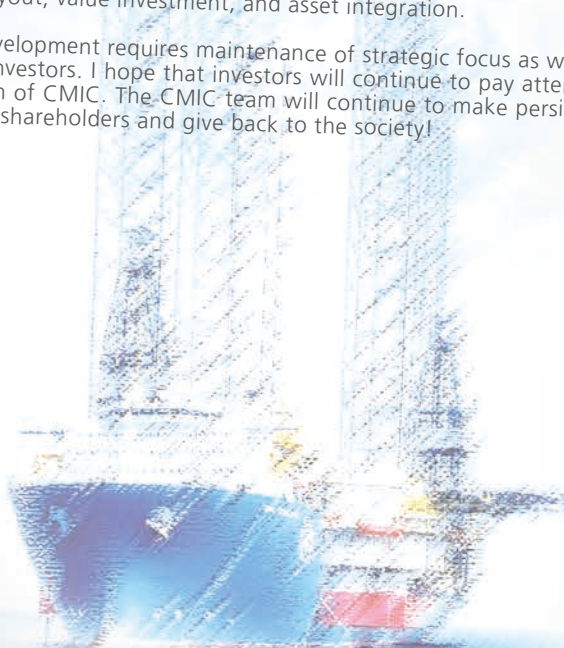
In the future, the Company will keep on innovation and development with an eye on opportunities for integration of the energy market and the domestic offshore engineering, and focus on marine resources, with a view to comprehensive development of high-end equipment manufacturing, asset management, engineering operation and maintenance, and supply chain services and enhancement of the core competitiveness of its businesses. Besides, it will gradually expand to and develop the value chain of the marine energy technology-related industries in due course through industrial layout, value investment, and asset integration.

CMIC is still in the "growth stage" and its future development requires maintenance of strategic focus as well as the support, care and trust of all shareholders and investors. I hope that investors will continue to pay attention to the development of CMIC and witness the growth of CMIC. The CMIC team will continue to make persistent efforts to achieve great results to generate return to shareholders and give back to the society!

Cong yongjian

Cong Yongjian
Executive Director & CEO

Hong Kong, 27 March 2020



CEO'S STATEMENT

首席執行官報告

2019年是華商國際業務升級的開局之年，在全球宏觀經濟增速放緩、海洋工程市場尚未全面回暖的環境下，華商國際牢牢把握「穩中求進」工作總基調，更加積極主動地聯合潛在戰略合作夥伴，以供給側結構性改革為驅動，促企業轉型發展。

2019年，公司累計營業收入70.2百萬美元，同比增長19.4%；公司毛利為24.0百萬美元，同比增長139.2%；淨利潤9.3百萬美元，同比增長122.3%；公司總資產356.2百萬美元，同比增長26.9%；公司總負債235.8百萬美元，同比減少6.6%；公司淨資產120.4百萬美元，同比增長324.0%；公司資產負債率為66.2%，有息負債率為2.6%（不包括租賃負債）。截止12月底，現金及現金等價物餘額和已抵押之銀行存款為36.1百萬美元，較去年同期增長75.0%。2019年全年，公司新增訂單68.9百萬美元。

過去的一年，公司主要圍繞「業務整合、結構優化、降本增效、嚴控風險」等方面踐行企業之戰略轉型。公司以效益為目標，積極融合股東招商局集團和中集集團的海洋工程製造元素，「以融助產」實現多座海洋工程平台的全球租售，「逆勢佈局」提升海洋工程資產管理業務水平。

公司上半年成功整合了6座自升式鑽井平台，其中2座CJ46型鑽井平台服務於阿布扎比國家石油公司，已開展海上鑽井服務；與SHELF達成共2座CJ46型鑽井平台的出售協議，同時聯合大股東海洋科技基金共同增資SHELF，共佔19.4%股份，成為其第一大股東。此舉標誌著華商國際海洋工程資產管理業務的實質性突破，通過資產換股的方式，同國際頂級鑽井平台運營管理公司開展深度合作，這是公司戰略轉型的重要一步，有利於公司海洋工程平台資產業務的擴大，產業鏈的延伸佈局，同時也為海洋工程設備製造、備件供應、平台維修等業務帶來協同拉動效應。

墨西哥是當前全球海洋工程的熱點區域，公司借助於多年在國際市場耕耘的資源優勢，與合作夥伴CP Latina聯合中標墨西哥國家石油公司PEMEX的鑽井服務合同，並將其提供2座JU2000E型自升式鑽井平台，華商國際團隊成功進入墨西哥市場標誌著公司海洋工程資產管理業務又一次得到國際主流市場的認可，也有利於公司海洋工程設備製造和服務業務的同步擴張。

在裝備製造及油服服務相關業務方面，受行業週期影響，銷售訂單依然遭受嚴峻挑戰。公司秉持「海陸並進、模式創新」的原則，積極拓展陸地鑽機項目，並通過創新「以租代售+配套服務」一攬子解決方案的模式，與中石油簽定設備訂單；在新疆塔里木油區以租售方式獲得鑽井設備項目訂單，獲得市場充分認可。

2020年年初，新冠疫情席捲全球，給全球經濟蒙上陰影，俄羅斯和沙特相繼發佈增產信息，致使布倫特原油指數在3月出現斷崖式下跌，短期內原油價格承受巨大壓力，但隨著疫情受控，經濟回暖及各國政府救市措施出台，相信原油價格會逐漸恢復，同時能源結構轉型是當下的「主旋律」，也是大勢所趨。LNG、氫能源、光伏、海上風電等為主的清潔能源市場需求有較大空間，這些清潔能源發展潛能及投資方向依舊是我們未來業務轉型的關注焦點。當前在海洋工程市場尚未全面回暖的環境下，正是30年一遇的海洋工程資產低點之整合良機，在這波機遇中，中國船廠的庫存海工資產在50座以上，其中大部分為自升式鑽井平台，佔中國庫存海洋工程資產的70%，極其有利於自升式鑽井平台的整合。

在此挑戰與機遇共存的大環境下，2020年公司要堅定秉持「質量第一、效益優先、規模適度」的均衡發展理念，繼續改善股權結構，加強與戰略合作方資產換股、股權置換等潛在合作機會的嘗試，積極引入適合公司中長期發展的戰略投資夥伴，為投資者創造良好價值回報；盤活冗餘資產、推進老賬回收；加強業務整合，優化資產結構，適度擴大資產管理規模，在以海洋、科技、能源為主的未來潛在的發展方向上，進一步挖掘風險可控、可持續發展的盈利空間以及與裝備製造的產業協同；聚焦圍繞其核心價值，尋找機會向新領域和新市場延展轉型，傳統銷售模式逐步向「融資租賃+供應鏈管理」相結合的方式發展，促進傳統製造生產積極擁抱、融入以「科技化、智能化、網聯化」為代表的技術變革，利用AI、大數據、機器人、物聯網等領域的技術突破，推動海洋能源領域的技術創新和效率提升。

未來，公司將繼續創新發展之步伐，關注能源市場及國內海洋工程整合之契機，立足海工平台，聚焦海洋資源，以期高端裝備製造、資產管理、工程運維、供應鏈服務全方位發展，提升業務核心競爭力，並適時通過產業佈局、價值投資、資產整合逐步向海洋能源科技相關產業價值鏈延伸與發展。

華商國際還處於「成長期」，未來發展既要保持戰略定力，也離不開所有股東及投資者的支持、關心與信任，希望廣大投資者繼續關注華商國際的發展，見證華商國際的成長，華商團隊會再接再厲，勇創佳績，回報股東、回饋社會！

叢永儉

叢永儉
執行董事兼首席執行官
謹啟

香港，2020年3月27日

MARKET REVIEW AND PROSPECT

市場回顧與展望

I. MARKET ANALYSIS OF THE INDUSTRY

Continued Growth of Global Energy Demand

The US Energy Information Administration (EIA) forecasts in its latest International Energy Outlook 2019 Reference Case that the global energy consumption will increase by nearly 50% by 2050. Much of this growth will be attributable to non Organisation for Economic Co-operation and Development (OECD) countries and focus on the regions where strong economic growth drives demand. In particular, in Asia, all end-use sectors including oil refining, mining, manufacturing, agriculture and construction will account for the largest share of energy consumption, representing more than half of end-use energy consumption throughout the forecast period.

一、行業市場分析

全球能源需求將持續增長

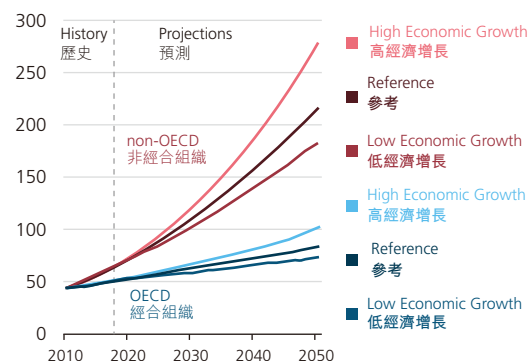
美國能源情報署(EIA)在其最新發佈的《2019年國際能源展望參考案例》中預測，到2050年間全球能源消費將增長近50%。這種增長大部分來自非經濟合作與發展組織(經合組織)的國家，集中在強勁的經濟增長推動需求的區域，特別是在亞洲，包括煉油、採礦、製造業、農業和建築業在內的工業部門在所有最終用途部門的能源消耗中佔最大份額，在整個預測期間佔最終用途能源消耗的一半以上。

Global economic growth and energy consumption growth

全球經濟增長與能源消耗增長

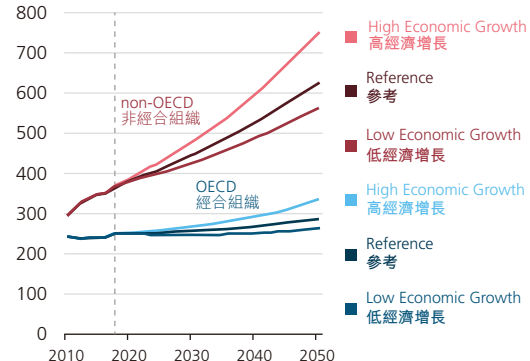
Gross domestic product

trillion dollars
國內生產總值
萬億美元



Energy consumption

quadrillion British thermal units
能源消耗
quadrillion 英熱單位

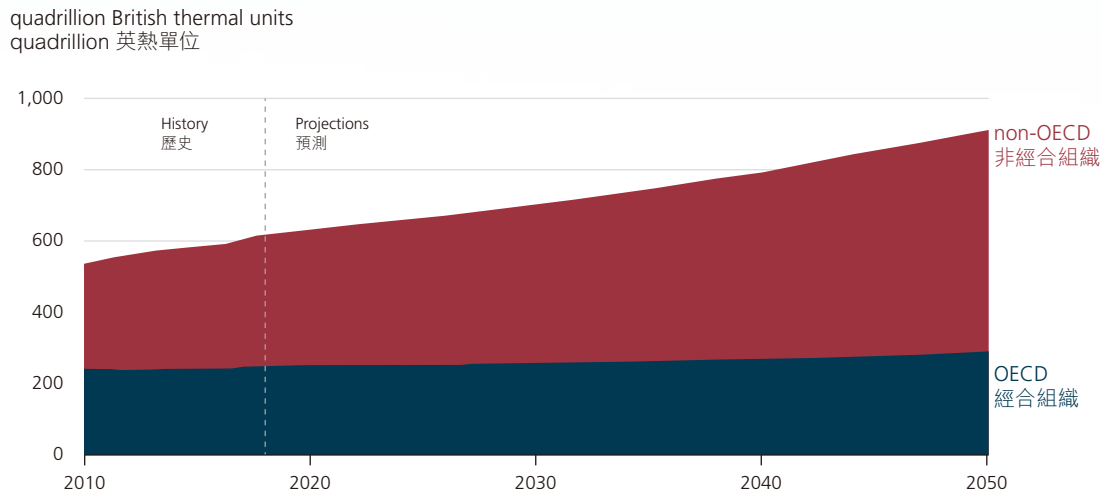


Source: US Energy Information Administration (EIA)
數據來源：美國能源情報署(EIA)

By 2050, with the increase in commodity consumption, the energy consumption of industrial sectors in the world will increase by more than 30%, and the global industrial energy consumption will reach approximately 315 quadrillion British thermal units (Btu); transportation energy consumption will increase by nearly 40% which is mainly driven by non-OECD countries, the transportation energy consumption of which will increase by nearly 80% by 2050. The energy consumption for personal travel and freight grows much faster in these countries than that in many OECD countries. By 2050, the global natural gas consumption will increase by over 40%, and the global total natural gas consumption will reach nearly 200 quadrillion Btu. In addition to natural gas used for power generation, natural gas consumption in industrial sectors is also increasing. Chemical industry and primary metal manufacturing, as well as oil and gas extraction, account for most of the growth in industrial demand.

到2050年隨着商品消費的增加，世界工業部門的能源使用將增加30%以上，全球工業能源消耗達到約315 quadrillion英熱單位(Btu)；交通能源消耗將增加近40%，這一增長主要是由非經合組織國家推動的，至2050年期間這些國家的交通能源消耗將增加近80%。個人旅行和貨運的能源消耗在這些國家的增長速度遠遠快於許多經合組織國家。到2050年全球天然氣消費量將增長40%以上，全球天然氣總消費量將達到近200 quadrillion英熱單位。除了用於發電的天然氣，工業部門的天然氣消耗也在增加。化工和初級金屬製造業，以及石油和天然氣開採，佔據了大部分工業需求增長份額。

Changes in the proportion of global energy consumption 全球能源消耗比例變化



Source: US Energy Information Administration (EIA)
數據來源：美國能源情報署(EIA)

For the oil market, the year 2019 was turbulent. In 2019, the prices of WTI crude oil and Brent crude rose by more than 25%, respectively, making them the best performing commodities. The attack on Saudi Arabia's oil facilities caused the country's crude oil output to halve. On 16 September, the price of Brent crude soared by nearly 15%, the largest single-day increase. Although the production in Saudi Arabia has returned to normal, the oil prices were still at a high level following the easing of the international situation and OPEC's commitment for further production cuts. Natural gas was the only GSCI energy commodity that experienced a decline in 2019. Natural gas futures on the New York Mercantile Exchange fell 26% in the past year, and it was at the bottom of the S&P Goldman Sachs Commodity Index.

However, as affected by COVID-19 epidemic and the announcement on increase in crude oil production in Russia and Saudi Arabia, the price of WTI crude oil and Brent crude fell rapidly by about 54% in three months since the beginning of 2020. The current crude oil price is close to its lowest level in 20 years. In the future, the growth pressure of shale oil will be huge, and there will a significant trend of industry consolidation and elimination. OECD cut the forecast of 2020 global economic growth from 2.9% to 2.4%. The forecast is based on the judgment that the situation of COVID-19 reached the pandemic peak in the first quarter of 2020 and then began to ease. OECD cut the forecast of U.S. economic growth for 2020 from 2.0% to 1.9%, and down-regulated the growth rate of Eurozone, Japan and UK from 1.1% to 0.8%, from 0.6% to 0.2%, and from 1.0% to 0.8%, respectively.

對石油市場而言，2019年是動蕩的一年。2019年全年WTI原油和布倫特原油價格分別上漲了25%以上，是表現最好的大宗商品。沙特的石油設施遇襲，致使該國原油產量減半後，9月16日布倫特原油油價飆漲近15%，創下單日最大漲幅。儘管沙特產量已恢復正常，但在國際形勢緩和，以及OPEC承諾加大減產幅度後，油價仍高位運行。天然氣是唯一在2019年出現下跌的GSCI能源商品。紐約商品交易所天然氣期貨在過去一年下跌26%，其表現在標普高盛商品指數中墊底。

但由於受到COVID-19新型冠狀病毒疫情和俄羅斯、沙特原油增產公告影響，2020年初WTI原油和布倫特原油價格在3個月內迅速下跌約54%，目前的原油價格已接近20年來的最低水平，未來頁岩油增長壓力巨大，行業整合和淘汰的趨勢顯著。經合組織將2020年全球經濟增速預期從2.9%下調至2.4%，該預測是基於COVID-19新冠病毒2020年一季度達到大流行峰值然後開始形勢緩和的判斷所作出。經合組織將美國2020年經濟增速預期從2.0%下調至1.9%，歐元區增速從1.1%下調至0.8%，日本增速從0.6%下調至0.2%，英國增速從1.0%下調至0.8%。

MARKET REVIEW AND PROSPECT

市場回顧與展望

If the global spread of the COVID-19 cannot be effectively controlled in the first quarter of 2020, the slowdown in global economic growth will further inhibit the increase in crude oil demand, and the overall recovery of the offshore engineering industry may face more twists and turns.

Slight Increase in Upstream Expenditure on the Oil Industry

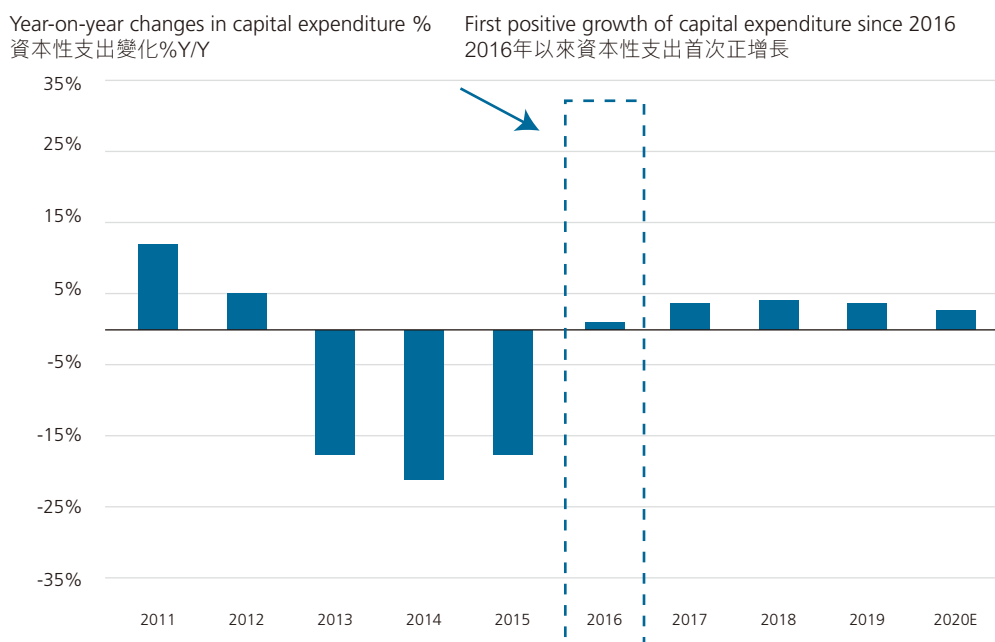
According to Bloomberg's forecast, the offshore capital expenditure of oil companies will increase slowly in 2020 and 2021, with expected increases of 2% and 3%, respectively.

若COVID-19新冠病毒在全球蔓延的形勢不能在2020年一季度得到有效控制，全球經濟增長的放緩，將進一步抑制原油需求的增加，海洋工程行業的整體復甦可能面臨更多曲折。

油氣行業上游支出小幅增加

根據彭博預計，2020年、2021年石油公司在海上的資本支出將小幅緩慢增加，預計增加幅度分別為2%和3%。

Slight increase in capital expenditure from global offshore oil 全球海上石油資本支出小幅回升



Source: Bloomberg
數據來源：彭博

The Global Offshore Rigs Market

At the end of 2019, the utilisation rate of global jack-up rigs was 77%, a slight increase from last year, and the global average daily rate was US\$95,000. The increase was against the background of the turbulent rise in oil prices in 2019. As of February 2020, as affected by the COVID-19 epidemic, the drop in crude oil price had offset the increase in 2019, and the price was even lower than that in 2018. The transmission of the impact of crude oil prices on the utilisation rate and daily rate of the rigs generally takes a period of time. Therefore, no immediate impact has yet shown up. However, if the global COVID-19 epidemic and increase in oil production continue to deeply affect oil demand and crude oil price, it may put more pressure on the current utilisation rate and daily rate of rigs. At the end of 2019, the utilisation rate of floating rigs was 72%, a slight increase from last year, and the average daily rate was US\$163,000, a significant increase from last year. The reason for the large increase in the daily rate was that, as the daily rate of the floating rigs in 2018 dropped significantly as compared with 2017, the base for 2018 was low. The utilisation rate gap between the old rigs (built before 2001) and the new ones (built after 2001) has increased significantly, and the utilisation rate of the new rigs has increased faster than that of old rigs. The old rigs are also recovering, but in a slow pace, which will facilitate ship owners to eliminate the old rigs, speed up the industry's production capacity clearance, and help the industry to recover. In particular, SHELF, an offshore jack-up rigs operator, which the Company and the Fund is the largest shareholder, stands out in the fierce market competition. In the fourth quarter of 2019 alone, the amount of its contracts in hand increased by approximately US\$1 billion. At present, the total amount of its contracts in hand is approximately US\$2 billion and the marketed utilisation rate of its rigs is close to 100%, retaining its leading position among jack-up rigs operators worldwide.

Historical Statistics for Demand, Supply and Utilization Rate of Global Jack-up Rigs

全球海上鑽井平台市場

2019年底全球自升式鑽井平台的利用率為77%，相比去年小幅提升，全球平均日費率為9.5萬美元。該回升基於2019年全年油價在震蕩中走高的背景下，截止2020年2月份，受COVID-19新冠病毒疫情影響，原油價格抹去2019年的全年漲幅並且已經較2018年的全年低點更低，原油價格對鑽井平台利用率和日費率影響的傳導一般需要一段時間，因此目前還沒有看出立竿見影的影響，但如果全球COVID-19新型冠狀病毒疫情和原油增產繼續深度影響石油需求和原油價格，可能會使目前的鑽井平台利用率和日費率承受更大的壓力。2019年底浮式平台的利用率為72%，相比去年小幅增加。平均日費率為16.3萬美元，相比去年有較大幅度提升，日費率較大幅度提升的原因是2018年浮式平台的日費率相比2017年大幅下跌，因此2018年的基數較低。老舊平台(2001年前建造)與新平台(2001年後建造)的利用率差距顯著加大，新平台利用率上升較老舊平台快。老舊平台也在復蘇，但復蘇速度較慢，這將有利於促使船東淘汰老舊平台，加速行業的產能出清，有利於行業恢復。其中，本公司及海洋科技基金作為第一大股東的海上自升式鑽井平台運營商SHELF在激烈的市場競爭中脫穎而出，僅2019年第四季度在手合約金額就增加了約10億美元，目前總在手合約金額約20億美元，平台市場化利用率也接近100%，穩居全球自升式鑽井平台運營商的龍頭地位。

全球自升式平台需求供給及利用率歷史統計

Historical Statistics for Demand, Supply and Utilization Rate of Global Jack-up Rigs

		Historical Statistics for Demand, Supply and Utilization Rate of Global Jack-up Rigs				Forecast	
		全球自升式平台需求供給及利用率歷史統計				預測	
		2015	2016	2017	2018	2019	2020
Demand	需求數量	348	305	316	325	375	414
Growth-y-o-y/y-t-d	年度變比率	-19%	-12%	4%	4%	15%	10%
Active Supply	可用供給數量	469	474	479	473	484	495
Growth-y-o-y/y-t-d	年度變比率	-5%	1%	1%	0%	2%	2%
Utilisation Rate	利用率	74%	64%	66%	69%	77%	84%

Source: CLARKSONS

From 2016 to 2019, the demand for jack-up rigs increased slowly year by year

From 2016 to 2018, the supply of jack-up rigs remained basically unchanged. The supply increased slowly in 2019 and 2020

數據來源：CLARKSONS

2016年-2019年自升式平台需求逐年緩步增加

2016年-2018年自升式平台供給基本保持不變，2019年、2020年緩慢增加

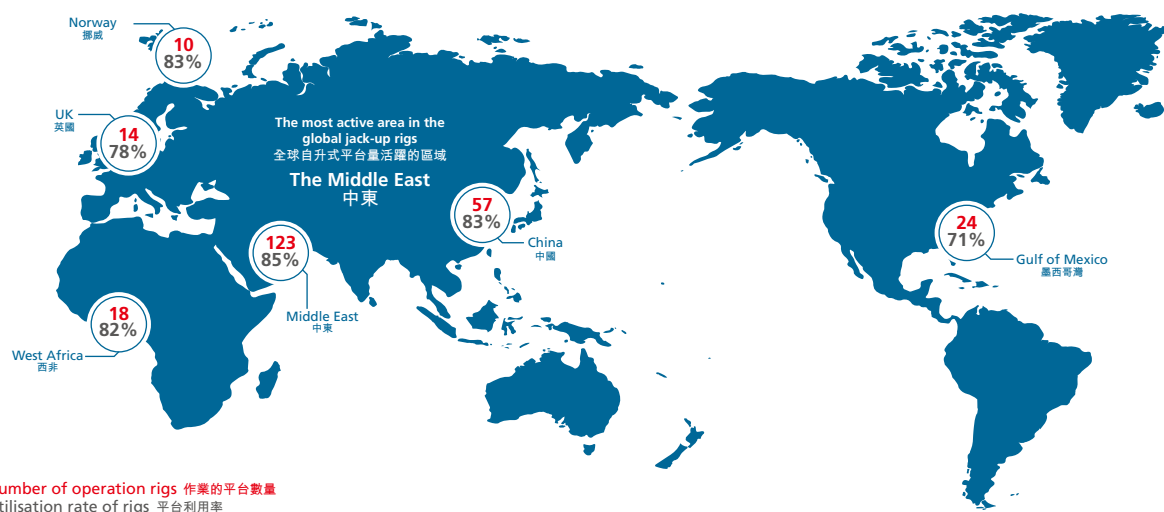
MARKET REVIEW AND PROSPECT

市場回顧與展望

The Middle East, Asia Pacific region and West Africa are the most active areas in the world for using the jack-up rigs, with utilisation rate and the number of rigs in operation much higher than other regions. According to the 2019 statistics of CLARKSONS, the hotspots of major demand for global shallow water jack-up rigs concentrated in the Middle East, Asia Pacific region, West Africa and Gulf of Mexico. In 2019, the largest demand for jack-up rigs came from the Middle East, in which 123 rigs in operation with utilisation rate of 85%. The number of rigs in operation and utilisation rate ranked first in the world; the second was China with 57 rigs in operation and utilisation rate of 83%.

中東、亞太和西非為全球自升式鑽井平台使用最活躍的區域，利用率和作業艘數遠高於其他地區。根據CLARKSONS的2019年統計數據，全球淺水自升式平台主要需求熱點區域都集中在中東、亞太、西非及墨西哥灣。2019年自升式平台活躍數量第一位依然為中東地區，共計123艘，平台利用率為85%，作業艘數和平台利用率均為全球第一；第二位中國地區57艘，利用率為83%。

The number of jack-up rigs in operation and utilisation rate of rigs in different regions of the world in 2019 2019年全球不同區域自升式平台活躍數量及平台利用率



Source: CLARKSONS
數據來源：CLARKSONS

MARKET REVIEW AND PROSPECT 市場回顧與展望

The top 10 operators in the world had received a substantial number of market orders, and their rigs are aging seriously with an average age of 21.4 years and a strong demand for replacement. According to the 2019 statistics of CLARKSONS, the top 10 jack-up rigs operators in the world in 2019 had 242 rigs, accounting for 43% of the global rig assets.

市場絕大多數平台都由全球前10大船東控制，其平台平均船齡21.4年，老化嚴重，更新需求強勁。根據CLARKSONS的2019年統計數據，2019年全球前10大自升式平台運營商擁有242座平台，佔全球43%的平台資產數量。

No. of Global Jack-up Rig Fleet (as at the end of 2019)
全球自升式平台船隊數量統計(截止2019年底)

Owner/ Top Owners	North	Sth	West	NW	Med &	Middle	Asia	Yard		Avg. Age 平均 船齡	Total 統計
	America 北美	America 南美	Africa 西非	Europe 北歐	Caspian 地中海 及裏海	East/India 中東/ 印度	Pacific 亞太	Off Hire 未出廠/ 停租	Stacked 暖停+ 冷停		
Valaris		2	1	11		17	4	2	13	18.0	50
Shelf Drilling			5		4	16	2	2	7	31.2	36
CNOOC			1			3	25	1	3	18.0	33
Borr Drilling	3		5	3		2	2		13	9.0	28
ADNOC						18		2		22.4	20
Perenco			3						15	39.2	18
CNPC							11	1	4	8.4	16
Aban Offshore						2	3	5	5	23.8	15
ADES					6	6			1	41.3	13
Maersk Drilling				9			1		3	10.2	13
Total Top 10	前十大船東	3	2	15	23	10	64	48	13	64	242
Share of Total	總份額	1%	1%	6%	10%	4%	26%	20%	5%	26%	43%

Source: CLARKSONS Top 10 jack-up rig owners hold 43% of the global rigs

數據來源：CLARKSONS前十大自升式平台船東擁有全球43%的平台。

We have full confidence in the development prospects of the offshore engineering market. In the short term, the rising demand in markets such as India, the Middle East and Mexico will further promote the Group to seize opportunities and open up new market areas. In the medium and long run, with the continued growth of global energy consumption in the future, the offshore engineering market will also fully recover.

我們對於海洋工程市場的發展前景信心十足，短期而言，印度、中東及墨西哥等地區市場的需求上升，將進一步推動本集團抓住機遇，開拓新的市場領域。中長期而言，隨著未來全球能源消費的持續增長，海洋工程市場也必將全面復甦。

The Group will continue to adhere to a balanced development concept of “quality first, benefit priority, scale moderate” as the fundamental development strategy, focuses on “Offshore as the base, Energy as the value driver, Technology as the accelerator, Capital as the incubator and Globalization as the foundation”, and is committed to creating a “world class global marine energy technology industry chain value integration operator”. Based on its insight and grasp of the changing global industry, it will revise, optimise and continuously improve the ability to implement its strategies.

本集團將持續堅持「質量第一、效益優先、規模適度」的均衡發展理念，聚焦「海工基業、能源興業、科技創業、資本持業、全球立業」，致力於打造「世界一流的海洋能源科技之產業鏈價值整合運營商」，根據對全球產業變化大勢的洞察與把握，及時修正和優化，持續推進戰略落地。

MARKET REVIEW AND PROSPECT

市場回顧與展望

II. THE COMPANY'S DEVELOPMENT STRATEGY

Development Strategy of Offshore Asset Management Business

The Group will continue the counter-cyclical layout of the offshore engineering industry and integrate low-cost and high-quality offshore assets to expand the size of asset management. First, the Group will keep on strengthening market-oriented operations in the future and take advantage of the general trend of offshore asset mergers and acquisitions and industry restructuring, to introduce and undertake the advantageous resources of domestic strategic shareholders and partners; Secondly, it will proactively seek for advantageous resources in the global marine industry and explore new opportunities in offshore energy and other fields; Thirdly, the Group will further promote strategic cooperation with SHELF, China Merchants Group and CIMC Group to form a mutually beneficial and win-win cooperation model.

In 2020, the Group will continue to take offshore asset management business as an important part of its strategic upgrade. We believe that the increase in the value of offshore assets and utilization rate and daily rate of rigs will further promote the development of offshore asset management business.

Development Strategy of the Core Offshore Equipment Manufacturing and Service Business

The core offshore equipment manufacturing and service business of the Group mainly comprises the sales and services provided relating to the core offshore and land rig equipment, drilling packages and oilfield spare parts and consumption parts sales. We believe that the number of global land rigs will show a steady upward trend. With the increase in demand for land rig products, we will continue to increase investment in sales and market development, especially in high-end markets including North America, the Middle East, and Xinjiang and Sichuan in China, and strengthen cooperation with land rig factories.

The offshore rig market is affected by the manufacturing of offshore rigs. In the short term, offshore rigs are still oversupplied. However, as the utilisation rate of offshore rigs increases, the demand for drilling equipment maintenance services and spare parts supply will also gradually increase. The Group will continue to explore opportunities for comprehensive cooperation with the shipyards of CMIH and CIMC Group and other strategic shareholders, and rely on the market position of SHELF as a world-class offshore drilling service company to strengthen alliance with partners and achieve coordinated development.

二、公司發展策略

海洋工程資產管理業務發展策略

本集團將持續海洋工程行業逆週期佈局，整合低價優質海洋工程資產，壯大資產管理規模。首先，本集團未來將繼續加強市場化運作，抓住海洋工程資產併購和行業重組的大趨勢，引入和承接國內各戰略股東和合作方的優勢資源；其次，將積極尋求全球海洋產業的優勢資源，探索海上能源等領域的新機遇；第三，本集團將持續推進與SHELF、招商局集團、中集集團的戰略合作，形成各方互利互贏的合作模式。

2020年，本集團將持續將海洋工程資產管理業務作為戰略升級的重要一環，我們相信未來隨著海洋工程資產價值、平台利用率及日費率的提升，將進一步推動海洋工程資產管理業務的發展。

海洋工程核心裝備製造和服務業務發展策略

本集團核心裝備製造和服務業務主要為海上和陸地核心鑽機設備、鑽井整包及油田備件消耗件的銷售和服務。我們相信全球陸地鑽機數量將呈現穩步升高趨勢，隨着陸地鑽井產品需求的相應提升，我們將持續加大銷售和市場開拓的投入，特別北美、中東、中國新疆及四川等地的高端市場，加強與陸地鑽機廠的合作與配套。

海洋鑽機市場受到海上鑽井平台製造的影響，短期內，海上鑽井平台仍供過於求。但隨着海上鑽井平台利用率的提升，對鑽井設備維修服務及備件供應的需求也將逐步增長。本集團將持續探索與招商局工業、中集集團旗下船廠及其他戰略股東的全面合作機會，結合SHELF國際一流海上鑽井服務公司的市場地位，強強聯合，協同發展。

MARKET REVIEW AND PROSPECT 市場回顧與展望

For overseas business, the Group will continue to use the Houston headquarters in the United States as a base to manage and coordinate overseas outlets. Relying on the brand, talent, technology, quality and project management capabilities accumulated in the oil and gas and offshore engineering industries for many years, it will develop marketing services to fully stimulate endogenous power and extend its presence to global marine engineering and oil and gas hotspots, especially the key areas including the North Sea, Gulf of Mexico, Caspian Sea, and the Middle East, to improve quality and efficiency and achieve balanced development.

Development Strategies for Nurturing, Innovation and R&D of New Business

In 2019, the Group carried out the research and development of more than ten new products including the intelligent folding arm crane for ships, mechanized equipment for land rigs, technology upgrade for offshore cranes, domestic design of offshore crane control system, heave compensation boarding ladder, development of welding process for mud pump crankshaft, and optimized design of iron roughneck. In the future, we will continue to cultivate the internal “innovative investment and development platform” through “capital financing” and utilise technological breakthroughs in areas of AI, big data, robotics, and the Internet of things to promote technological innovation and efficiency improvements in the marine energy field and explore opportunities in the clean energy and technology fields. A number of projects with certain development potential will be reserved after long-term tracking and in-depth research of marine energy technology-related industries and businesses, e.g. offshore fishing and breeding, marine ranching, LNG clean energy, offshore wind power, hydrogen energy and other fields, to enrich business types and seek for investment opportunities.

對於海外業務，本集團將持續以美國休斯敦總部為基地，管理、協調各海外網點，依托多年在油氣及海洋工程行業累積的品牌、人才、技術、質量和項目管理能力，開拓市場銷售服務，充分激發內生動力，在全球海洋工程和油氣熱點地區佈局，特別是北海、墨西哥灣、裏海、中東等重點區域，提質增效，均衡發展。

培育創新研發新業務發展策略

2019年本集團開展了船舶智能折臂型吊機、陸地鑽機機械化設備、海工吊機技術升級、海工吊機控制系統國產化設計、波浪補償登船梯台、泥漿泵曲軸焊接工藝開發、鐵鑽工優化設計等十多項新產品研發。未來我們將借助「資本融通」方式，繼續培育內部「創新投資發展平台」利用AI、大數據、機器人、物聯網等領域的技術突破，推動海洋能源領域的技術創新和效率提升，探索清潔能源與科技領域的機會。通過對海洋能源科技相關的產業及業務長期跟蹤和深入研究，儲備具備一定發展潛力的項目，例如遠洋捕撈及養殖、海洋牧場、LNG清潔能源、海上風電、氫能源等領域，豐富業務類型，尋找投資機會。

MARKET REVIEW AND PROSPECT

市場回顧與展望

ADVANTAGEOUS RESOURCES FOR CMIC

The Group has deep historical accumulation and rich resources in the industrial or financial field. The largest shareholder is the Fund, a joint venture established by two major state-owned enterprises, i.e. China Merchants Group and China Great Wall Asset Management Co., Ltd. After the Fund became the largest shareholder, the new and old management teams accelerated integration to improve finance, operation, risk control, system, performance and other aspects, accelerate business transformation, and pool resources from all parties to build an offshore asset management platform. The Fund and other strategic shareholders have an in-depth layout in terms of offshore engineering manufacturing and capital operation and have extensive experience in the integration of industry and finance, project investment and risk control. They are complementary with CMIC in respect of business development and strategic transformation, and have great collaborative advantages in interactive development.

The core team of the Group is experienced in the industry, and has a good international vision and the ability to operate globally. After years of technology accumulation and refinement, the Group's Qingdao Research Institute, Xi'an TSC-HHCT and Zhengzhou Company have already possessed a professional product R&D and design team, which has good performance and reputation in terms of R&D and design of products including power control products, jacking systems, offshore cranes, drilling equipment, and drilling packages.

CMIC is a comprehensive enterprise that integrates four major elements of offshore engineering manufacturing, asset operation management, finance and national power. It has the ability to seize the opportunity of the industry downturn to proactively use financial forces to leverage more resources to build the "offshore asset management platform", thus to achieve a high ground layout in the global offshore engineering industry.

For reference only, all market and strategy analysis presented in this annual report is from the Group's perspective, for which the Group does not assume any legal liabilities.

華商國際優勢資源

本集團在實業或金融領域都有着深厚的歷史積澱與豐富資源，第一大股東為招商局集團和中國長城資產管理股份有限公司兩大國有企業強強聯合成立的海洋科技基金。海洋科技基金控股後，新舊管理團隊加快融合，提升財務、運營、風控、制度、績效等多方面，加快業務轉型，匯集各方資源搭建海洋工程資產管理平台。海洋科技基金和其他戰略股東在海洋工程製造和資本運作等方面有深入的佈局，在產融結合、項目投資和風險控制亦有豐富經驗，同華商國際業務發展和戰略轉型上優勢互補、聯動發展上協同優勢巨大。

本集團核心團隊行業經驗豐富，並且具有良好的國際化視野，具備全球化運營能力。通過多年技術積累與錘煉，本集團下屬的青島研究院、西安海爾海斯、鄭州公司等已經擁有了一支專業化產品研發和設計隊伍，在電控產品、升降系統、海工吊機、鑽井設備、鑽井包等產品研發和設計上有良好業績和口碑。

華商國際是一家聚齊海洋工程製造、資產運營管理、金融及國家力量四大要素為一體的綜合性企業，有能力抓住行業低迷的機會積極運用金融力量撬動更多資源，打造「海洋工程行業大資產管理平台」，從而實現全球海洋工程行業高點佈局。

本年報所有市場及策略分析為本集團觀點，僅供參考，本集團不對此承擔任何法律責任。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

CMIC IS AN OPERATOR DELIVERING THE INTEGRATED CHAIN VALUE OF OFFSHORE ENERGY TECHNOLOGY

OVERVIEW

The year 2019 was a crucial and special year for CMIC. Based on the development of high-end equipment manufacturing, operation and maintenance and supply chain services for oil and gas and offshore engineering, the Company accelerated the expansion of offshore asset management business. Facing the severe market environment, the Company achieved good performance, mainly in the following three aspects. First, the Company completed the rights issue in February 2019 which successfully raised approximately HK\$657 million and introduced new strategic shareholders, laying a solid foundation for the Company to develop new businesses, further proceed with strategic transformation and seek for long-term development. Second, the Company proactively expanded the offshore asset management business. In March, two units of CJ46 jack-up rigs were leased through the joint venture WME to serve Abu Dhabi National Oil Company. The Company entered into an agreement with Shelf Drilling Ltd. ("SHELF") for sales of two units of CJ46 jack-up rigs. The two sold rigs were delivered in early May 2019. In addition, the Company, together with its partner CP Latina, was granted with the drilling service contract by Pemex Perforacion y Servicios ("PEMEX"), the national oil company of Mexico, pursuant to which the Company shall provide PEMEX with two units of JU2000E jack-up rigs which were delivered in September 2019. At present, CMIC's offshore asset management business has begun to take shape and provided the Company with stable cash flow. Third, in terms of oil and gas and offshore engineering equipment, operation and maintenance, and supply chain business, the Company seized the opportunities in the hotspot drilling markets in Mexico and western China by increasing marketing efforts, expanding its businesses including power control equipment, high-power high-pressure mud pumps, modification of drilling rigs and supply of drilling accessories, and developing financial lease and sales business for professional equipment, and achieved gratifying results.

In 2019, under the leadership of the Company's core management team, the Company turned losses into profits and achieved revenue of US\$70.2 million throughout the year, representing a year-on-year increase of 19.4%, and net profit attributable to equity shareholders of the Company of US\$9.7 million.

CMIC是海洋能源科技之產業鏈價值整合運營商

概覽

2019年，對於華商國際來說，是關鍵且具有特殊意義的一年。公司在發展油氣和海洋工程高端裝備製造、運維和供應鏈服務業務的基礎上，加快拓展海洋工程資產管理業務，面對嚴峻的市場環境，取得了不錯的業績，主要表現在以下三個方面。一是，公司於2019年2月份完成供股融資，成功募資約6.57億港幣，引進新的戰略股東，為公司佈局新業務和進一步戰略轉型、謀求長遠發展奠定了堅實的基礎。二是，積極拓展海洋工程資產管理業務。3月份通過合資公司WME出租2座CJ46型自升式鑽井平台服務於阿布扎比國家石油公司。與Shelf Drilling Ltd. ("SHELF")達成2座CJ46型自升式鑽井平台的出售協議。2座出售的平台於2019年5月初完成交割。與合作夥伴CP Latina聯合中標墨西哥國家石油公司Pemex Perforación y Servicios ("PEMEX")的鑽井服務合同，為其提供2座JU2000E型自升式鑽井平台，平台已於2019年9月交付。目前，華商國際的海洋工程資產管理業務已初具規模，為公司提供了穩定的現金流。三是，在油氣和海洋工程裝備、運維及供應鏈業務方面，緊抓墨西哥和中國西部陸地鑽探熱點市場機遇，加大市場銷售力度，擴大包括電控設備、大馬力高壓泥漿泵、鑽機改造和鑽井配件供應業務，並開展專業設備的融資租售業務，取得可喜的成績。

2019年，在公司核心管理團隊的帶領下，公司實現扭虧為盈，全年實現收益70.2百萬美元，同比增長19.4%，實現歸母淨利潤9.7百萬美元。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

FINANCIAL REVIEW

財務回顧

		2019 二零一九年 US\$'000 千美元	2018 二零一八年 US\$'000 千美元	Change 變動 US\$'000 千美元	%
Revenue	收入	70,246	58,839	11,407	19.4
Gross Profit	毛利	24,036	10,047	13,989	139.2
Gross Profit Margin	毛利率	34.2%	17.1%		
Profit/(loss) from operations	經營溢利/(虧損)	8,260	(28,956)	37,216	128.5
Net profit/(loss) attributable to Equity Shareholders	股權股東應佔之淨溢利/(虧損)	9,701	(41,358)	51,059	123.5
Net profit/(loss) Margin	淨溢利/(虧損)率	13.8%	(70.3%)		
Earnings/(loss) per Share (Basic and diluted)	每股盈利/(虧損) (基本及攤薄)	US\$0.35 cent美仙	(US\$2.98 cents美仙)	US\$3.33 cents美仙	111.7

Revenue

The Group's revenue increased from US\$58.8 million in 2018 to US\$70.2 million in 2019. The increment of such revenue was mainly due to the increase in orders as a result of significant increase in upstream capital expenditure from land drilling rigs in China.

收入

本集團收入從二零一八年的58.8百萬美元增加至二零一九年的70.2百萬美元。收入增加主要由於中國陸地鑽機上游資本支出大幅增長而訂單增加。

Segment Information by Business Segments

按業務分部劃分至分佈資料

		2019 二零一九年 US\$'000 千美元		2018 二零一八年 US\$'000 千美元		Increase/(decrease) 增加/(減少) US\$'000 千美元	
			%		%		%
Capital Equipment and Packages	資本設備及總包	39,296	55.9	32,724	55.6	6,572	20.1
Oilfield Expendables and Supplies	油田耗材及物料	28,873	41.1	24,604	41.8	4,269	17.4
Engineering Services	工程服務	2,077	3.0	1,511	2.6	566	37.5
Total revenue	收入合計	70,246	100.0	58,839	100.0	11,407	19.4

Capital Equipment and Packages

Revenue recognised in Capital Equipment and Packages projects increased by 20.1% from US\$32.7 million in 2018 to US\$39.3 million in 2019. The addition of drilling related equipment of US\$6.6 million was mainly driven by the pick-up of land rigs market and increase in orders in the PRC.

資本設備及總包

於二零一九年，本集團基於資本設備及總包項目實現進度所確認的收入由二零一八年的32.7百萬美元增長至39.3百萬美元，增長6.6百萬美元，增長幅度20.1%。增長的主要原因是由於中國陸地鑽機市場回暖，訂單增加。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

Oilfield Expendables and Supplies

The increase of 17.4% from US\$24.6 million in 2018 to US\$28.9 million in 2019 for Oilfield Expendables and Supplies was due to the increase in orders of oilfield expendables and supplies from the markets in the PRC and Mexico with the increase in drilling operations in both countries.

Engineering Services

Engineering Services revenue increased from US\$1.5 million in 2018 to US\$2.1 million in 2019 mainly due to the increase in management fee for lease of offshore rigs.

Segment Information by Geographical Regions

		2019 二零一九年		2018 二零一八年		Increase/(decrease) 增加／(減少)	
		US\$'000 千美元	%	US\$'000 千美元	%	US\$'000 千美元	%
Mainland China	中國內地	40,615	57.8	29,118	49.5	11,497	39.5
North America	北美	9,562	13.6	10,175	17.2	(613)	(6.0)
South America	南美	10,614	15.1	11,003	18.7	(389)	(3.5)
Europe	歐洲	4,622	6.6	5,307	9.0	(685)	(12.9)
Singapore	新加坡	559	0.8	94	0.2	465	494.7
Indonesia	印度尼西亞	554	0.8	48	0.1	506	1,054.2
Others	其他	3,720	5.3	3,094	5.3	626	20.2
Total revenue	收入合計	70,246	100.0	58,839	100.0	11,407	19.4

Gross Profit and Gross Profit Margin

The Gross Profit of US\$24.0 million for the year of 2019 increased by 139.2% from US\$10.0 million in the previous year. Gross Profit Margin increased from 17.1% in 2018 to 34.2% in 2019. The increase was mainly due to high profit margin contribution from the increase in sales of oilfield expendables and land rigs supporting equipment in America and PRC.

Other Revenue and Net Income

The increase in Other Revenue and Net Income from US\$0.9 million in 2018 to US\$3.9 million in 2019 was mainly due to interest income of deposits and finance income from lease receivables. In 2019, the unutilised proceeds from rights issues were deposited into the licensed banks in Hong Kong as the main interest-bearing deposits, resulting in an increase in the total interest income of the Company.

油田耗材及物料

油田耗材及物料收入從二零一八年的24.6百萬美元增加至二零一九年的28.9百萬美元，加幅17.4%。增長主要由於從中國和墨西哥鑽探作業量增加，公司在這兩個市場油田耗材和物料訂單增加。

工程服務

工程服務收入由二零一八年的1.5百萬美元增加至二零一九年的2.1百萬美元，主要由出租海上平台之管理費收入上升導致。

按地區劃分之分部資料

毛利及毛利率

二零一九年毛利為24.0百萬美元，較去年10.0百萬美元增加139.2%。毛利率從二零一八年的17.1%增加至二零一九年的34.2%。該增加主要由於美洲及中國油田耗材產品及陸地鑽機配套設備的毛利比較高。

其他收益及淨收入

其他收益及淨收入從二零一八年的0.9百萬美元增加至二零一九年的3.9百萬美元，存款利息收入及租賃應收款之財務收入是導致其他收益及淨收入增加原因。二零一九年供股未動用的所得款項存入於香港持牌銀行作為計息存款主要引致集團利息總收入增加。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

Selling and Distribution Expenses

Selling and Distribution Expenses decreased by US\$0.6 million from US\$5.6 million in 2018 to US\$5.0 million in 2019. Selling and Distribution Expenses mainly comprised of sales staff salaries, commissions, marketing expenses including travel costs and other sales and promotional expenditure. The decrease of Selling and Distribution Expenses was due to the decrease in selling expenditures under cost control.

General and Administrative Expenses

General and Administrative Expenses decreased from US\$27.7 million in 2018 to US\$24.0 million in 2019. The decrease was mainly due to decrease in research and development cost and professional fee.

Other Operating Expenses

The decrease in Other Operating Expenses from US\$4.2 million in 2018 to US\$1.2 million in 2019 was mainly due to decrease in amortisation of intangible assets as well as one-off cost provision, which incurred in the last year, in 2019.

Finance Costs

Finance Costs, primarily interest on bank loans and other borrowings and interest on lease liabilities, amounted to approximately US\$1.7 million in 2019. The Group repaid bank loans in order to reduce interest cost in 2019.

Group's Liquidity and Capital Resources

As at 31 December 2019, the Group carried tangible assets of approximately US\$49.2 million (2018: US\$51.1 million) being property, plant and equipment, investment properties, interest in leasehold land held for own use under operating leases and non-current assets classified as held for sale.

As at 31 December 2019, the Group's intangible assets was approximately US\$0.3 million (2018: US\$0.4 million). The reduction in intangible assets was due to amortisation charge for the year. As at 31 December 2019, the Group's interest in associates was approximately US\$0.3 million (2018: US\$0.3 million), interest in joint venture was approximately US\$42.5 million (2018: US\$Nil) and deferred tax assets was approximately US\$1.8 million (2018: US\$2.5 million).

As at 31 December 2019, the Group's current assets amounted to approximately US\$258.6 million (2018: US\$228.0 million). Current assets mainly comprised of inventories of approximately US\$149.0 million (2018: US\$145.9 million), trade and other receivables of approximately US\$64.8 million (2018: US\$56.3 million), contract assets of approximately US\$1.3 million (2018: US\$2.0 million) and lease receivables (current) of approximately US\$3.6 million (2018: US\$Nil).

銷售及分銷開支

銷售及分銷開支由二零一八年的5.6百萬美元減少0.6百萬美元至二零一九年的5.0百萬美元。銷售及分銷開支主要包括銷售工作人員薪酬、佣金、市場推廣開支(包括差旅費用及其他銷售及推廣開支)。在二零一九年在緊控成本下，本年之銷售及分銷開支減少。

一般及行政開支

一般及行政開支由二零一八年的27.7百萬美元減少至二零一九年的24.0百萬美元。主要由於研究及開發費用及專業費用減少所致。

其他經營開支

其他經營開支由二零一八年的4.2百萬美元減少至二零一九年的1.2百萬美元，主要是二零一九年年度的無形資產攤銷以及上年度的一次性成本撥備減少。

財務成本

財務成本主要為銀行貸款及其他借款之利息及租賃負債之利息，於二零一九年約為1.7百萬美元。集團在二零一九年償還部份貸款以減少利息開支。

本集團之流動資金及資本資源

於二零一九年十二月三十一日，本集團的有形資產帳面值約為49.2百萬美元(二零一八年：51.1百萬美元)，包括物業、廠房及設備、投資物業、根據經營租賃持作自用的租賃土地權益及分類為持作出售之非流動資產。

於二零一九年十二月三十一日，本集團的無形資產約為0.3百萬美元(二零一八年：0.4百萬美元)。無形資產減少乃主要由於攤銷所致。於二零一九年十二月三十一日，本集團於聯營公司的權益約為0.3百萬美元(二零一八年：0.3百萬美元)。本集團於合營公司的權益約為42.5百萬美元(二零一八年：零)。遞延稅項資產約為1.8百萬美元(二零一八年：2.5百萬美元)。

於二零一九年十二月三十一日，本集團的流動資產約為258.6百萬美元(二零一八年：228.0百萬美元)。流動資產主要包括存貨約149.0百萬美元(二零一八年：145.9百萬美元)、貿易應收及其他應收款項約64.8百萬美元(二零一八年：56.3百萬美元)。合約資產約1.3百萬美元(二零一八年：2.0百萬美元)、流動租賃應收款約3.6百萬美元(二零一八年：零)。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

As at 31 December 2019, amount due from a related company amounted to approximately US\$0.1 million (2018: US\$0.1 million), pledged bank deposits amounted to approximately US\$1.1 million (2018: US\$0.8 million) and cash and cash equivalents amounted to approximately US\$35.0 million (2018: US\$19.8 million).

As at 31 December 2019, current liabilities amounted to approximately US\$228.8 million (2018: US\$245.2 million), mainly comprised of trade and other payables of approximately US\$189.5 million (2018: US\$201.3 million), bank loans of approximately US\$5.0 million (2018: US\$10.3 million), and current tax payable of approximately US\$4.2 million (2018: US\$4.1 million). The decrease in short-term bank loans was mainly due to the repayment of the bank loans. Contract liabilities amounted to US\$29.0 million (2018: US\$29.4 million) and lease liabilities amounted to US\$1.1 million (2018: US\$0.1 million).

As at 31 December 2019, the Group had non-current liabilities of approximately US\$7.0 million (2018: US\$7.2 million), which comprised of bank loans of approximately US\$4.2 million (2018: US\$7.1 million), lease liabilities of approximately US\$2.8 million (2018: US\$0.1 million) and deferred tax liabilities of US\$Nil (2018: US\$0.1 million). The Group monitors capital with reference to its debt position. The Group's strategy is to maintain the gearing ratio, being the Group's total liabilities to total assets, under 100%. The gearing ratio as at 31 December 2019 was 66.2% (2018: 89.9%).

Capital Structure

At 31 December 2019, there were 3,069,039,117 shares issued and the Company carried a share capital of approximately US\$39,190,732. On 4 February 2019, the Company increased 1,473,156,204 issued shares by way of Rights Issue. On 29 October 2019, the Company entered into the Deed of Settlement with the creditors, pursuant to which the Company issued 122,726,709 settlement shares.

Charges on Assets

To secure the loans from banks, the Group has charged certain assets to banks. Details are set out as follows:

- (i) Land and Buildings and plant and machinery with aggregate net book value of US\$18.9 million (2018: Interest in leasehold land held for own use under operating leases, building, inventories, trade receivables and plant and machinery with aggregate net book value of US\$19.7 million).

於二零一九年十二月三十一日，應收關聯公司的應收款項約為0.1百萬美元(二零一八年：0.1百萬美元)、已抵押之銀行存款約為1.1百萬美元(二零一八年：0.8百萬美元)及現金及現金等值物約為35.0百萬美元(二零一八年：19.8百萬美元)。

於二零一九年十二月三十一日，流動負債約為228.8百萬美元(二零一八年：245.2百萬美元)，主要包括貿易應付及其他應付款項約189.5百萬美元(二零一八年：201.3百萬美元)、銀行貸款約5.0百萬美元(二零一八年：10.3百萬美元)及本期應付稅項約4.2百萬美元(二零一八年：4.1百萬美元)。短期銀行貸款減少主要因本年償還銀行貸款。合約負債為29.0百萬美元(二零一八年：29.4百萬美元)，流動租賃負債約1.1百萬美元(二零一八年：0.1百萬美元)。

於二零一九年十二月三十一日，本集團的非流動負債約為7.0百萬美元(二零一八年：7.2百萬美元)，包括銀行貸款約4.2百萬美元(二零一八年：7.1百萬美元)、租賃負債約2.8百萬美元(二零一八年：0.1百萬美元)及遞延稅項負債零美元(二零一八年：0.1百萬美元)，本集團會按照債務狀況監控資本狀況。本集團的策略是維持資產負債比率(即本集團總負債除以總資產之比率)低於100%。於二零一九年十二月三十一日，資產負債比率為66.2%(二零一八年：89.9%)。

資本結構

於二零一九年十二月三十一日，共有3,069,039,117股已發行股份，而本公司股本約為39,190,732美元。本公司於二零一九年二月四日通過供股增加1,473,156,204股已發行股份。並於二零一九年十月二十九日，本公司與債權人訂立結算契據發行122,726,709股以清償債務。

資產抵押

為獲得銀行貸款，本集團已將若干資產抵押予銀行。詳情載列如下：

- (i) 帳面淨值總額為18.9百萬美元(二零一八年：根據經營租賃持作自用的租賃土地權益、樓宇、存貨、貿易應收款項及廠房及機器之賬面淨值總值總額為19.7百萬美元)之土地、樓宇及廠房及機器。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

- (ii) Corporate guarantees given by Zhengzhou TSC Offshore Equipment Co. Ltd. and TSC Oil and Gas Services Group Holdings Ltd. to the extent of banking facilities outstanding of US\$Nil (2018: US\$3.8 million) as at 31 December 2019.
- (iii) Corporate guarantees given by the Company to the extent of banking facilities outstanding of US\$2.2 million (2018: US\$3.6 million) as at 31 December 2019.

Certain bank loans of the Group are subject to the fulfilment of covenants relating to statement of financial position ratios of certain subsidiaries, as are commonly found in lending arrangements with financial institutions. The drawn down loan balances would become payable on demand if the covenants are breached. The Group regularly monitors its compliance with these covenants. As at 31 December 2019, none of the covenants relating to the Group's bank loans had been breached.

Bank loans of US\$3,619,000 outstanding as at 31 December 2018 which the Group did not meet certain covenants had been fully settled during the year ended 31 December 2019.

Foreign Currency Exchange Exposures

The Group is exposed to currency risk primarily through sales and purchases that are denominated in a currency other than the functional currency of the operations to which they relate. The Group has foreign exchange exposure resulting from most of the Group's subsidiaries in the PRC carrying out production locally using Renminbi while approximately 50% of the Group's revenue was denominated in United States dollars. As at 31 December 2019 and 31 December 2018, no related hedges were made by the Group.

In order to mitigate that foreign exchange exposure, the Company may utilise foreign currency forward contracts to better match the currency of our revenues and associated costs in the future. However, we do not use foreign currency forward contracts for trading or speculative purposes. The Group will actively explore ways to hedge or reduce currency exchange risk in future.

Staff Employees and Remuneration Policy

As at 31 December 2019, the Group had approximately 458 full-time staff in the United States, the United Kingdom, Brazil, Mexico, United Arab Emirates, Singapore, Hong Kong and the PRC. The Group's remuneration policy is basically determined by the performance of individual employees and the market conditions. The Group also provides other benefits to its employees, including medical schemes, pension contributions, share award incentive scheme etc.

- (ii) 鄭州天時海洋石油裝備有限公司及青島天時油氣裝備服務集團股份有限公司於二零一九年十二月三十一日就未償還銀行融資作出最高零美元(二零一八年：3.8百萬美元)的公司擔保。
- (iii) 本公司於二零一九年十二月三十一日就未償還銀行融資作出最高2.2百萬美元的公司擔保(二零一八年：3.6百萬美元)。

本集團若干銀行貸款須受有關若干附屬公司財務狀況表比率的契約履行所規限，而該等契約於金融機構的借貸安排中屬常見。倘違反契約，則已提取的貸款餘額將須按要項償還。本集團密切監控有否遵守此等契約。於二零一九年十二月三十一日，本集團並無違反有關銀行貸款的契約。

於二零一八年十二月三十一日本集團未滿足若干契約的3,619,000美元未償還銀行貸款已於截至二零一九年十二月三十一日止年度悉數結算。

外幣匯兌風險

本集團所面對的貨幣風險主要來自以相關業務功能貨幣以外的貨幣計值的買賣。本集團大多數中國附屬公司均以人民幣進行生產活動，而本集團約50%的收益以美元計值，因而令本集團面對外匯風險。於二零一九年十二月三十一日及二零一八年十二月三十一日，本集團並無作出相關對沖。

為減低外匯風險，本公司可能會使用外幣遠期合約，使本公司收益與相關成本的貨幣日後能有較佳配對。然而，本公司不會使用外幣遠期合約作買賣或投機目的。本集團日後將積極尋求對沖或減低貨幣匯兌風險的方法。

僱員及酬金政策

於二零一九年十二月三十一日，本集團於美國、英國、巴西、墨西哥、阿聯酋、新加坡、香港及中國有大約458名全職員工。本集團的酬金政策基本上根據個別員工的表現及市場狀況釐定。本集團亦向僱員提供其他福利，包括醫療計劃、退休供款及股份獎勵激勵計劃等。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

USE OF PROCEEDS

The net proceeds from the subscription of shares amounted to HK\$505.07 million. Such proceeds have been used for the intended uses as set out in the circular of the Company dated 19 January 2018 and the clarification announcement of the Company dated 29 March 2018 in relation to subscription of shares under specific mandate. As at 31 December 2019, there were no remaining unutilised net proceeds from the subscription of shares.

As at 31 December 2019, the use of net proceeds from the subscription is as follows:

所得款項用途

從股份認購所得款項淨額為505.07百萬港元。該等款項已根據本公司日期為二零一八年一月十九日的通函及本公司日期為二零一八年三月二十九日刊登有關特別授權項下認購股份之澄清公告所載的擬定用途使用。於二零一九年十二月三十一日，股份認購所得款項並無餘下尚未動用所得款項淨額。

截至二零一九年十二月三十一日為止，認購所得款項的使用情況如下：

		Amount for intended use 擬定用途金額 (HK\$ million) 百萬(港元)	Utilised amount 已動用金額 (HK\$ million) 百萬(港元)	Unutilised amount 未動用金額 (HK\$ million) 百萬(港元)
Expansion of the Group's existing business and/or potential acquisition and repayment of debts	擴充集團業務和／或潛在的收購及償還債務	237.56	237.56	-
Repayment of the unsecured notes issued by the Group	償還本集團發行的無抵押票據	217.00	217.00	-
General working capital of the Group	本集團之一般營運資金	50.51	50.51	-
Total	共計	505.07	505.07	-

The proceeds from the rights issue amounted to HK\$657.3 million. Such proceeds have been used for the intended uses as set out in the circular of the Company dated 11 January 2019. The unutilised proceeds have been deposited into the licensed banks in Hong Kong as interest-bearing deposits.

As at 31 December 2019, the use of proceeds from the rights issue is as follows:

從供股所得款項為657.3百萬港元。該等款項已根據本公司日期為二零一九年一月十一日的通函所載的擬定用途使用。未動用的所得款項已存入於香港持牌銀行作為計息存款。

截至二零一九年十二月三十一日為止，供股所得款項的使用情況如下：

		Amount for intended use 擬定動用金額 (HK\$ million) 百萬(港元)	Utilised amount 已動用金額 (HK\$ million) 百萬(港元)	Unutilised amount 未動用金額 (HK\$ million) 百萬(港元)
Subscription of shares of joint venture or other investments	認購合營公司股份或其它投資	460.1	320.5	139.6
Repayment of debts of the Group	償還本集團債務	131.5	126.0	5.5
General working capital of the Group	本集團之一般營運資金	65.7	63.0	2.7
Total	總計	657.3	509.5	147.8

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

STRATEGY AND PROSPECTS

Market Review

In 2019, the global economy contained many uncertainties, and the world economic situation was bewildering. Despite signs of temporary pacification of the Sino-U.S. economic and trade frictions, it is difficult to reach a package solution in the short term. It is expected that negotiations may still be repeated, and further upgrades will not be ruled out and will spread to the fields of science and technology, finance, law and politics. Affected by the global economy, the downward pressure on China's economy has increased. The manufacturing industry has entered a critical period of "climbing". The overall market slump and unstable orders may last for a period of time.

For the energy market, in 2019, the international oil price rose first and then declined, and experienced a sharp shock. The price of Brent crude oil increased from US\$54 at the beginning of the year to US\$68 at the end of the year, an overall increase of approximately 26%. However, due to the impact of the COVID-19 epidemic and the increase in crude oil production in Russia and Saudi Arabia, in early 2020, the prices of WTI crude oil and Brent crude oil fell rapidly by approximately 54% in three months. The current price of crude oil is close to its lowest level in 20 years. There will be huge pressure on the growth of shale oil in the future, and there will be a significant trend of industry consolidation and elimination. The Organisation for Economic Co-operation and Development cut the forecast of 2020 global economic growth from 2.9% to 2.4%. If the global spread of the COVID-19 cannot be effectively controlled in the first quarter of 2020, the slowdown in global economic growth will further inhibit the increase in crude oil demand, and the overall recovery of the offshore engineering industry may face more twists and turns. The global natural gas supply and demand will continue to be loose, prices will remain low, and the game between the supply and demand sides and between traditional and emerging countries will continue to intensify. China is proactively pursuing the transformation of its energy structure and is vigorously promoting the use of clean energy. There is a large demand in the clean energy market dominated by LNG, hydrogen energy, photovoltaic and offshore wind power. The development potential and investment direction of such clean energy will remain the focus of our future business transformation.

From the perspective of global supply and demand of offshore assets, offshore rigs are still oversupplied. In the short term, construction orders for new rigs remain in serious shortage. The global offshore engineering equipment has experienced two construction peaks since the 1960s. The second global construction peak was also the process of the transition of offshore engineering equipment manufacturing to China, which objectively also created a good opportunity for China's offshore asset management companies to integrate assets. At present, China's shipyards have built an inventory of more than 50 units of offshore assets, most of which are jack-up rigs, accounting for 70% of China's inventory of offshore assets. If these stagnant offshore assets can be obtained at an appropriate market price, it will be a rare historical opportunity for companies committed to offshore asset integration and operation management.

策略及前景

市場回顧

2019年全球經濟蘊含諸多不確定性，世界經濟形勢撲朔迷離。儘管中美經貿摩擦出現短暫緩和跡象，但短期內難以達成一攬子解決方案，預計談判仍可能反覆，不排除未來進一步升級，向科技、金融、法律、政治等領域繼續擴散。受全球經濟影響，中國經濟下行壓力加大。製造業進入到了「爬坡過坎」的關鍵期，市場整體行情低迷、訂單不穩定的狀態還有可能持續一段時間。

從能源市場來看，2019年，國際油價整體先揚後抑，出現了大幅震蕩行情。布倫特原油價格由年初54美元增長到年末68美元，整體上漲約26%，但由於受到COVID-19新型冠狀病毒疫情和俄羅斯、沙特原油增產影響，2020年初WTI原油和布倫特原油價格在3個月內迅速下跌約54%，目前的原油價格已接近20年來的最低水平，未來頁岩油增長壓力巨大，行業整合和淘汰的趨勢顯著。經濟合作與發展組織將2020年全球經濟增速預期從2.9%下調至2.4%，若COVID-19新冠病毒在全球蔓延的形勢不能在2020年一季度得到有效控制，全球經濟增長的放緩，將進一步抑制原油需求的增加，海洋工程行業的整體復甦可能面臨更多曲折。全球天然氣供需將繼續呈寬鬆態勢，價格仍將保持低位運行，供需兩側、傳統與新興國家的博弈將持續加劇。中國正積極尋求能源結構轉型，全力推進清潔能源使用，LNG、氫能源、光伏、海上風電等為主的清潔能源市場需求有較大空間，這些清潔能源發展潛能及投資方向也是公司未來業務轉型的關注焦點。

從全球海洋工程資產供需情況看，海上鑽井平台仍供大於求。在短期內，新平台的建造訂單仍嚴重停滯不足。全球海洋工程裝備從上世紀60年代到現在共經歷了2波建造高峰。全球第二輪建造高峰中，也是海洋工程裝備製造向中國梯度轉移的過程，客觀上也為中國的海洋工程資產管理公司整合資產創造了很好的機會。目前中國船廠的庫存海洋工程資產在50座以上，其中大部分為自升式鑽井平台，佔中國庫存海工資產的70%。這些滯壓在手的海洋工程資產若能以合適的市場價格獲取，則對致力於海洋工程資產整合與運營管理的公司來說，是難得的歷史機遇。

In the past few years, the upstream capital expenditure of the oil and gas industry continued to decrease, and the current capital expenditure shows an obvious growth trend. According to the analysis of RYSTAD ENERGY, the total expenditure on global offshore oil services in 2019 increased by 6% over the previous year to US\$208 billion, which is expected to increase by 14% in 2020. CNOOC announced that it will invest US\$13.8 billion at the upstream in 2020 to drill more than 200 exploration wells. In respect of utilisation rate of drilling rigs, it has increased gradually. According to the analysis of CLARKSONS, the utilisation of floating rigs and jack-up rigs will continue to rise in 2020 and 2021. In February 2020, the utilisation rate of global MODU (floating drilling rig) reached 75%, an increase of 8% from 2019. The utilisation rate is expected to reach 80% by the end of 2020 and 84% by the end of 2021. In February 2020, the utilisation rate of jack-up rigs reached 77%, an increase of 8% compared to 2019. The utilisation rate of the jack-up rigs is expected to reach 82% by the end of 2020 and 86% by the end of 2021. The daily rate of jack-up rigs is rising. As of the end of January 2020, the daily rate of high-spec jack-up rigs had increased by 19% compared to 2019. In some regions, such as China, the North Sea, the Middle East, Brazil, and Mexico, offshore drilling and development activities have become increasingly active.

Strategy and Prospects

The offshore engineering market gradually picked up in 2019. Looking forward to 2020, we will continue to adhere to the concept of “Offshore as the base, Energy as the accelerator, Technology as the incubator, Capital as the value driver and Globalisation as the foundation”, striving to build the strategic positioning of building a brand as the “world-class operator delivering the integrated chain value of offshore energy technology”. The focus of implementation and advancement will be placed on the following aspects:

In terms of strategic business collaboration, in 2020, the Company will continue to strengthen the collaborative development with strategic shareholders and business partners including the Fund, CIMC Group, Minsheng Trust, Jinghong, SHELF, etc. to seek for business development opportunities for integration of industry and finance, rig asset investment, lease and sales, equipment sales and project financing to achieve collaboration and extension on the industrial chain.

前幾年油氣行業上游資本支出持續降低，目前資本支出增長趨勢明顯。據RYSTAD ENERGY分析，2019年全球海上油服總支出較上年增長6%，達到2,080億美元，預計2020年將增長14%。中海油宣佈2020年將在上游投入138億美元用於鑽探超過200口的勘探井。從鑽井平台利用率看，平台利用率逐步提升。根據CLARKSONS分析浮式鑽井平台和自升式鑽井平台的利用率在2020年和2021年將持續上升。2020年2月份，全球MODU(浮式鑽機)的利用率已經達到75%，較2019年增長8%。預計2020年底，利用率將達到80%，2021年底利用率將達到84%。2020年2月份，自升式平台利用率達到了77%，較2019年利用率增長8%。預計自升式平台的利用率在2020年底達到82%，2021年底達到86%。相對應的自升式平台的日費有上升的趨勢，截止2020年1月底，高規格自升式平台的日費較2019年上升了19%。個別區域如中國、北海、中東、巴西和墨西哥等地區，海上鑽探開發活動日益活躍。

策略及前景

2019年海洋工程市場逐步回暖。展望2020年，我們將繼續秉持「海工基業、能源興業、科技創業、資本持業、全球立業」的理念，着力打造「世界一流的海洋能源科技產業鏈之價值整合運營商」的戰略定位。重點在以下幾個方面落實和推進：

戰略業務協同方面，2020年公司將繼續加強與海洋科技基金、中集集團、民生信託、景宏、SHELF等戰略股東及業務合作夥伴的協同發展，尋求在產融結合、平台資產投資、租售、設備銷售、項目融資等多方面業務拓展機會，實現產業鏈上的協同和延伸。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

In respect of offshore asset management business, good results had been achieved in 2019. In 2020, the Company will continue to seek opportunities to integrate high-quality offshore assets and for integration with upstream and downstream enterprises through sharing of and cooperation with internal and external strategic resources, to obtain more synergy benefits from the extension of industrial chain to the upstream and downstream while seeking for potential asset appreciation in the future. On the other hand, we attach great importance to and develop the light asset management business model. At present, the Company manages a total of six units of jack-up rigs and it has improved the offshore asset management system with a high-quality global offshore asset management team. In the future, in the international market, in addition to managing its own assets, it will seek for other offshore assets in the global market and carry out professional management of offshore assets.

High-end offshore engineering and oil and gas equipment business, in 2020, on the basis of high-end equipment manufacturing, the Company will proactively explore transition from the traditional drilling accessories supply business to provision of supply chain and operation and maintenance services to global oil and gas and offshore engineering customers; the development in concert with offshore asset management business will provide customers with efficient and long-term equipment maintenance and spare parts; the Company will proactively try new business models, such as a new sales model that combines core equipment including drilling equipment, power control equipment, lifting equipment and cranes with financial leasing.

As to key regional markets, the Company will continue to focus on oil and gas and offshore engineering hotspots in 2020, such as Mexico, the North Sea, the Middle East, West Africa, Brazil, North America and China. Mexico is currently a hotspot area for global offshore engineering and has a strong demand for drilling rigs. Last year, the Company was successfully granted the contract from PEMEX, the national oil company of Mexico, for lease of two units of jack-up rigs. The Group will use this opportunity to tap deeper into the resources in the Mexican market and leverage on the resource advantages accumulated over many years of development to drive the sustainable development of business orders of offshore asset management and equipment. As the Chinese government attaches greater importance to energy security, it has stepped up its investment in oil and gas upstream, in particular more investment in and acceleration of oil and gas exploration and development in the western region, to proactively increase reserves and production. The Company will adopt a variety of flexible sales and service models to fully meet customer needs, help customers increase production capacity and achieve improved performance.

In 2020, the Company will continue to strengthen and standardise the management process, further implement measures to improve quality and efficiency to further control costs and reduce expenses, and formulate an incentive system in line with the short, medium, and long-term development of the Company to arouse the enthusiasm of directors, management, employees and strategic stakeholders to the greatest extent.

海洋工程資產管理業務方面，2019年取得了不錯的成績，2020年公司將通過與內外部戰略資源的對接與合作，繼續尋求整合海洋工程優質資產及上下游公司整合的機會，在通過產業鏈上下游延伸獲取更多協同收益，尋求未來資產潛在升值空間。另一方面，高度重視和發展輕資產管理業務模式，目前公司共管理6艘自升式鑽井平台，憑藉一支高素質的全球海洋工程資產管理隊伍，完善了海洋工程資產管理體系。未來要面向國際市場，除了管理自有資產外，在全球市場上尋求其他海洋工程資產，開展海洋工程資產專業化管理業務。

海洋工程及油氣高端裝備業務方面，在高端裝備製造基礎上，2020年公司將積極探索由傳統的鑽探配件供應業務向全球油氣和海洋工程客戶提供供應鏈和運維服務發展；與海洋工程資產管理業務協同發展，為客戶提供高效長期的設備維護保養、備品備件採購；積極嘗試新的業務模式，如將鑽井設備、電控設備、升降設備、吊機等核心設備與融資租賃相結合的新銷售模式。

重點區域市場方面，2020年公司將繼續關注油氣和海洋工程的熱點區域，如墨西哥、北海、中東、西非、巴西、北美及中國等市場區域。墨西哥是當前全球海洋工程的熱點區域，鑽井平台需求強烈，去年公司成功獲得墨西哥國家石油公司PEMEX的2座自升式鑽井平台租約。本集團將利用此契機，深挖墨西哥市場資源，借助多年耕耘積累的資源優勢，帶動海工資管和裝備業務訂單的可持續發展。隨着中國政府對能源安全重視加強，在油氣上游投入力度加大，尤其是加大和提速西部地區油氣勘探開發，積極增儲上產。公司將採用多種靈活銷售和服務方式全力滿足客戶需求，幫助客戶提升產能，實現業績提升。

2020年，公司將繼續強化和規範管理流程，深入落實提質增效措施，進一步控制成本和降低費用，制定符合公司發展的短中長期相結合的激勵體系，最大程度的調動激發董事、管理層、員工和戰略相關方的積極性。

PLANS FOR FUTURE MATERIAL INVESTMENTS, ASSETS AND CAPITAL INTEGRATION

The Group strategically positioned itself as “a world-class operator delivering the integrated chain value of offshore energy technology”. The Group will seek potential resource integration and investment opportunities around the marine, energy and technology industry chain. The Group will place its investment focus on the following potential opportunities: opportunities for investment in high-tech technology and intelligent manufacturing fields that are synergistic with the Group’s original high-end equipment manufacturing; it will leverage on the capital financing advantages of the Fund and listing as well as asset lease and sales to seek potential opportunities to expand offshore asset management business projects and for integration of upstream and downstream enterprises; the Group will proactively explore investment, integration and acquisition opportunities in fields of clean energy including LNG, artificial intelligence, big data, and Internet of Things.

In assessing the potential investment or acquisition targets, the Company considers a combination of factors such as alignment with the Group’s strategic plans, synergies, market position and strengths, management team capability, valuation, track record, financial performance and potential growth. The Group will gradually improve its financial performance by expanding its business direction and creating a new profit model, so as to provide a firm basis for future growth expansion.

RESIGNATION AND APPOINTMENT OF THE CHAIRMAN AND CEO

- Mr. Wang Hongyuan resigned as the chairman of the Board and CEO of the Company with effect from 19 February 2020.
- Mr. Lou Dongyang was appointed as the chairman of the Board with effect from 19 February 2020.
- Mr. Cong Yongjian was appointed as the CEO of the Company with effect from 19 February 2020.

RESIGNATION AND APPOINTMENT OF EXECUTIVE DIRECTORS

- Mr. Wang Hongyuan resigned as an executive Director of the Company due to other commitments with effect from 19 February 2020.
- Mr. Cong Yongjian was appointed as an executive Director of the Board of the Company with effect from 19 February 2020.

未來重大投資、資產及資本整合計劃

本集團戰略定位為「世界一流的海洋能源科技產業鏈價值整合運營商」。集團將圍繞海洋、能源和科技產業鏈尋求潛在的資源整合和投資機會。集團在投資方向上，重點關注以下潛在機會：與集團原有高端裝備製造有協同性的高新科技技術及智能製造領域的投資機會；借助海洋科技基金及上市平台的資本融通優勢，結合資產租售，尋求潛在的擴大海洋工程資產管理業務和產業鏈上下游公司整合的機會；積極探索LNG等清潔能源、人工智能、大數據、物聯網等領域投資整合和收購機會。

在評估潛在投資或收購目標時，本集團會綜合考慮多項因素，包括是否符合本集團之戰略計劃、協同效應、市場定位與優勢、管理團隊之能力、估值、往績記錄、財務表現及潛在增長等。通過拓展本集團的業務方向和開創新的盈利模式，逐步改善財務表現，從而為未來業績增長提供堅實基礎。

主席及首席執行官辭任及委任

- 王洪源先生辭任董事會主席及本公司首席執行官之職務，於二零二零年二月十九日起生效。
- 婁東陽先生獲委任為董事會主席，於二零二零年二月十九日起生效。
- 叢永儉先生獲委任為本公司首席執行官，於二零二零年二月十九日起生效。

執行董事之辭任及委任

- 王洪源先生因其他工作安排辭任本公司執行董事，於二零二零年二月十九日起生效。
- 叢永儉先生獲委任為本公司董事會執行董事，自二零二零年二月十九日起生效。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

APPOINTMENT OF NON-EXECUTIVE DIRECTORS

- Ms. Fu Rui has been appointed as a non-executive Director with effect from 1 June 2019.
- Mr. Qian Zewei has been appointed as a non-executive Director with effect from 1 October 2019.

APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTOR

- Mr. Sun Dongchang has been appointed as an independent non-executive Director with effect from 12 November 2019.

CHANGE OF BOARD COMMITTEES MEMBERS

- On 19 February 2020, Mr. Wang Hongyuan resigned as the chairman of the Nomination Committee and a member of the Remuneration Committee.
- On 19 February 2020, Mr. Lou Dongyang was appointed as the chairman of the Nomination Committee and a member of the Remuneration Committee.

CHANGE OF COMPANY SECRETARY

On 1 July 2019, Ms. Cheung Wai Sze, Candy ceased to serve as the company secretary of the Company and was replaced by Ms. Koo Ching Fan.

CHANGE OF AUTHORISED REPRESENTATIVE

On 1 July 2019, Ms. Cheung Wai Sze, Candy ceased to be the authorised representative to accept service of process and notices on the Company's behalf in Hong Kong and was replaced by Mr. Zhao Yinan.

SHARE AWARD PLAN

The Company adopted a share award plan ("Share Award Plan 1") on 16 January 2015 (the "Adoption Date"). The Share Award Plan 1 does not constitute a share option scheme pursuant to Chapter 17 of the Listing Rules and is at discretion of the Company. The purpose of the Share Award Plan 1 is to recognise the contributions of officers and employees of the Group (the "Eligible Persons"), excluding any Directors and any other connected persons of the Group, towards the development of the Group in the past or as incentives to selected grantees to achieve higher than target profits for the Group and to align the interests of the selected grantees with sustainable growth and development of the Group.

非執行董事之委任

- 傅銳女士已獲委任為非執行董事，自二零一九年六月一日起生效。
- 錢澤偉先生已獲委任為非執行董事，自二零一九年十月一日起生效。

獨立非執行董事之委任

- 孫東昌先生已獲委任為獨立非執行董事，自二零一九年十一月十二日起生效。

董事委員會成員之變更

- 於二零二零年二月十九日，王洪源先生辭任本公司提名委員會主席及薪酬委員會成員。
- 於二零二零年二月十九日，婁東陽先生獲委任為本公司提名委員會主席及薪酬委員會成員。

公司秘書之變更

於二零一九年七月一日，張慧詩女士已不再擔任本公司公司秘書，由顧菁芬女士替代。

授權代表之變更

於二零一九年七月一日，張慧詩女士將不再代表本公司於香港接收法律程序文件及通知之獲授權代表，由趙一楠先生替代。

股份獎勵計劃

本公司已於二零一五年一月十六日（「採納日期」）採納一項股份獎勵計劃（「股份獎勵計劃1」）。股份獎勵計劃1並不構成根據上市規則第十七章之購股權計劃，可由本公司酌情操作。股份獎勵計劃1旨在表揚本集團高級職員及僱員（「合資格人士」），（不包括任何董事及本集團任何其他關連人士）過去對本集團發展之貢獻，或鼓勵經選定承授人達成比本集團目標溢利更高的目標，以及將經選定承授人之利益與本集團之持續增長及發展掛鉤。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

The total number of Shares purchased under the Share Award Plan 1 shall not exceed 3% of the issued Shares (i.e. 21,147,456 Shares) at the Adoption Date. A trust has been set up and Treasure Maker Investments Limited has been appointed as the trustee. Pursuant to the Share Award Plan 1, the trustee may purchase Shares from the public market out of cash contributed by the Company from time to time. Shares purchased under the Share Award Plan 1 will be held in trust for the Eligible Persons until such Shares are vested in accordance with the provisions of the rules relating to the Share Award Plan 1. The Share Award Plan 1 will be effective for a period until 15 January 2025 unless terminated at the discretion of the Board at an earlier date.

During the year ended 31 December 2019, the trustee purchased 16,052,456 Shares on the Stock Exchange pursuant to the Share Award Plan 1 at a total consideration of approximately HK\$6,376,530. At the end of the responding period, there are 21,147,456 shares held by the trustee. The purchase of the shares under the Share Award Plan 1 has completed and no grant was made (representing 0.7% of the issued share capital of the Company).

The Company adopted a new share award plan ("Share Award Plan 2") on 31 October 2019 (the "Adoption Date"). The Share Award Plan 2 does not constitute a share option scheme pursuant to Chapter 17 of the Listing Rules and is at discretion of the Company. The purpose of the Share Award Plan 2 is to recognise the contributions of officers, Directors and any other connected persons or consultants of the Group (the "Eligible Persons") towards the development of the Group in the past or as incentives to selected grantees to achieve higher than target profits for the Group and to align the interests of the selected grantees with sustainable growth and development of the Group.

The total number of Shares purchased under the Share Award Plan 2 shall not exceed 3% of the issued Shares (i.e. 92,071,174 Shares) at the Adoption Date. A trust has been set up and Treasure Maker Investments Limited has been appointed as the trustee. Pursuant to the Share Award Plan 2, the trustee may purchase Shares from the public market out of cash contributed by the Company from time to time. Shares purchased under the Share Award Plan 2 will be held in trust for the Eligible Persons until such Shares are vested in accordance with the provisions of the rules relating to the share award plan. The Share Award Plan 2 will be effective for a period until 30 October 2029 unless terminated at the discretion of the Board at an earlier date.

During the year ended 31 December 2019, the trustee purchased 15,852,544 Shares on the Stock Exchange pursuant to the Share Award Plan 2 at a total consideration of approximately HK\$5,495,184 and no grant was made (representing 0.5% of the issued share capital of the Company).

根據股份獎勵計劃1購買之股份總數不得超過採納日期已發行股份之3% (即21,147,456股股份)。本公司已成立一項信託及委任Treasure Maker Investments Limited為受託人。根據股份獎勵計劃1，受託人可於公開市場以本公司不時注入之現金購買股份。根據股份獎勵計劃1購買之股份將以信託為合資格人士持有，直至該等股份根據關於股份獎勵計劃1相關規則條文歸屬為止。股份獎勵計劃1將一直有效，直至二零二五年一月十五日，惟董事會酌情在較早日期終止則作別論。

於截至二零一九年十二月三十一日止年度，信託人根據股份獎勵計劃1已於聯交所購買16,052,456股股份，總代價約為6,376,530港元。於報告期末，信託人持有21,147,456股股份。根據股份獎勵計劃1購買股份已購完，概無作出授予(佔本公司已發行股本之0.7%)。

本公司已於二零一九年十月三十一日(「採納日期」)採納新的一項股份獎勵計劃(「股份獎勵計劃2」)。股份獎勵計劃2並不構成根據上市規則第十七章之購股權計劃，可由本公司酌情操作。股份獎勵計劃2旨在表揚本集團高級管理人員、董事和任何其他關聯人士或顧問(「合資格人士」)，過去對本集團發展之貢獻，或鼓勵經選定承授人達成比本集團目標溢利更高的目標，以及將經選定承授人之利益與本集團之持續增長及發展掛鉤。

根據股份獎勵計劃2購買之股份總數不得超過採納日期已發行股份之3% (即92,071,174股)。本公司已成立一項信託及委任Treasure Maker Investments Limited為受託人。根據股份獎勵計劃2，受託人可於公開市場以本公司不時注入之現金購買股份。根據股份獎勵計劃2購買之股份將以信託為合資格人士持有，直至該等股份根據關於股份獎勵計劃2相關規則條文歸屬為止。股份獎勵計劃2將一直有效，直至二零二九年十月三十日，惟董事會酌情在較早日期終止則作別論。

於截至二零一九年十二月三十一日止年度，信託人根據股份獎勵計劃2已於聯交所購買15,852,544股股份，總代價約為5,495,184港元，概無作出授予(佔本公司已發行股本之0.5%)。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

Subsequent to 31 December 2019, pursuant to the terms of the rules and trust deed of the Share Award Plan 2, the trustee of the share award plan purchased 4,110,000 Shares on the Stock Exchange at a total consideration of about HK\$1,148,857. As at the date of this report, the trustee held a total 19,962,544 Shares (representing 0.7% of the issued share capital of the Company) under the Share Award Plan 2.

SHARE AWARD INCENTIVE SCHEME

The Company adopted a share award incentive scheme ("Share Award Incentive Scheme") on 27 May 2016 (the "Adoption Date of Share Award Incentive Scheme"). The purposes of the Share Award Incentive Scheme are (i) to align the interests of Eligible Persons with those of the Group through ownership of Shares, dividends and other distributions paid on Shares and/or the increase in value of the Shares; and (ii) to encourage and retain Eligible Persons to make contributions to the long-term growth and profits of the Group. The Share Award Incentive Scheme is a separate scheme from the Share Award Plan adopted by the Company on 16 January 2015, which is specifically for granting Share awards sourced from existing Shares purchased from the stock market. The Share Award Incentive Scheme will give the Company flexibility in granting Awards of new Shares. The Share Award Incentive Scheme will be effective for a period until 26 May 2026 unless terminated at the discretion of the Board at an earlier date.

The Company has approved the adoption of the Share Award Incentive Scheme on 27 May 2016 by the shareholders by poll at the AGM, pursuant to which new Shares of not more than 3% of the total number of issued Shares as at the Adoption Date of Share Award Incentive Scheme (i.e. 21,213,606 new Shares) will be allotted and issued to the Trustee by the Company, and will be held on trust by the Trustee for the Selected Participants before vesting. For details, please refer to the Company's announcement dated 7 April 2016 and the Company's circular dated 8 April 2016.

No grant was made for the year ended 31 December 2019. As at 31 December 2019, the total number of shares that may be granted under the Share Award Incentive Scheme is 21,213,606 Shares, representing 0.7% of the issued share capital of the Company.

繼二零一九年十二月三十一日之後，根據股份獎勵計劃2的規則條款及信託契約，股份獎勵計劃2的信託人於聯交所購買4,110,000股股份，總代價1,148,857港元。於本報告日期，信託人根據股份獎勵計劃2共持有19,962,544股股份(佔本公司已發行股本之0.7%)。

股份獎勵激勵計劃

本公司已於二零一六年五月二十七日(「股份獎勵激勵計劃採納日期」)採納一項股份獎勵激勵計劃(「股份獎勵激勵計劃」)。股份獎勵激勵計劃的目的為(i)透過股份所有權、股息及就股份支付的其他分派及／或提升股份價值令合資格人士的利益與本集團的利益一致；及(ii)鼓勵並挽留合資格人士，以就本集團的長期增長及溢利作出貢獻。股份獎勵激勵計劃為有別於本公司於二零一五年一月十六日所採納的股份獎勵計劃，並指定用作授出來自現有股份(購自股票市場)的股份獎勵。股份獎勵激勵計劃將為本公司授出新股份獎勵提供靈活彈性。股份獎勵激勵計劃將一直有效，直至二零二六年五月二十六日，惟董事會酌情在較早日期終止則作別論。

本公司已於二零一六年五月二十七日由股東於股東週年大會上以投票方式批准採納股份獎勵激勵計劃，據此，本公司將向受託人配發及發行不超過於股份獎勵激勵計劃採納日期已發行股份總數3%的新股份(即21,213,606股新股份)，且於歸屬前將由受託人以信託形式為獲選參與者持有。有關詳情，請參閱本公司日期為二零一六年四月七日的公佈及本公司日期為二零一六年四月八日的通函。

截至二零一九年十二月三十一日止年度，概無作出任何授予。於二零一九年十二月三十一日，根據股份獎勵激勵計劃可授出的股份總數為21,213,606股股份(佔本公司已發行股本的0.7%)。

DISCLOSEABLE TRANSACTION - SUBSCRIPTION OF NOTES

On 9 December 2019, the Company entered into the subscription agreement in respect of the subscription, pursuant to which the Company has conditionally agreed to subscribe for or procure the subscription by its nominee(s) of, and China Tonghai International Financial Limited (the issuer) has conditionally agreed to issue to the Company or its nominee(s), the notes in the principal amount of HK\$50,000,000 for a term of six months with an interest rate of 5.3% per annum payable on the maturity date and the extended maturity date (if applicable).

DISCLOSEABLE TRANSACTION - DEED OF SETTLEMENT AND PROPOSED ISSUE OF SETTLEMENT SHARES UNDER GENERAL MANDATE

On 29 October 2019, the Company entered into the deed of settlement with JH Oilfield Equipment & Technology LLC ("JH Oilfield") and Heilongjiang Jinghong Petroleum Equipment Manufacture Limited ("Jinghong") (the creditors), pursuant to which the Company has agreed to settle the debts by issuing 122,726,709 settlement shares at the issue price of HK\$0.56 per settlement share to Mr. Zhang Baoyou (the nominee of the creditors). The settlement shares are to be issued under the general mandate.

Information of the Nominee

The nominee, Mr. Zhang Baoyou, is the chairman of Jinghong who holds 59.62% of the equity interest in Jinghong.

Information of JH Oilfield

JH Oilfield is a limited liability company incorporated under the laws of the U.S. Its ultimate beneficial controllers are Xu Hong and Li Liangxiong. JH Oilfield is principally engaged in the sales and service of top drive and petroleum equipment.

Information of Jinghong

Jinghong is a company established under the laws of the PRC with limited liability. Zhang Baoyou, Zhang Baoguo and Zhang Chunrong are the ultimate beneficial controllers of Jinghong. It is engaged in the manufacturing, leasing, overhauling, technical consultation, technical service, mechanical processing, rubber product processing, general equipment, electrical machinery, steel, hardware products wholesale, retail and import and export of oil drilling industry.

須予披露交易認購票據

於二零一九年十二月九日，本公司就認購事項訂立認購協議，據此，本公司已有條件同意認購或促使其代名人認購，而中國通海國際金融有限公司(發行人)已有條件同意向本公司或其代名人發行本金額為50,000,000港元、為期六個月、年利率為5.3%，須於到期日期及經延長到期日期(如適用)支付利息的票據。

須予披露交易結算契據及根據一般授權建議發行結算股份

於二零一九年十月二十九日，本公司與JH Oilfield Equipment & Technology LLC (「JH Oilfield」)及黑龍江景宏石油設備製造有限公司(「景宏」)(債權人)訂立結算契據，據此，本公司同意按發行價每股結算股份0.56港元向張寶有先生(為債權人的代理人)，發行122,726,709股結算股份以清償債務。結算股份將根據一般授權予以發行。

有關代理人之資料

代理人張寶有先生為景宏的董事長，持有景宏59.62%的股權。

有關JH Oilfield之資料

JH Oilfield為根據美國法律註冊成立的有限責任公司。最終實益控制人為許紅及李良雄。JH Oilfield主要從事頂驅和石油設備銷售和服務。

有關景宏之資料

景宏為根據中國法律成立的有限責任公司。張寶有、張寶國、張春榮為最終實益控制人。景宏從事石油鑽採專用設備製造、租賃、大修、技術諮詢、技術服務、機械加工、橡膠製品加工、通用設備、電氣機械、鋼材、五金產品批發、零售及以上產品進出口貿易。

PROFILES OF DIRECTORS AND SENIOR MANAGEMENT

董事及高級管理層

Executive Directors

執行董事

Mr. Cong Yongjian, aged 44, has been appointed as an executive Director of the Board and CEO of the Company with effect from 19 February 2020. He is an attorney admitted in the PRC and New York, the United States of America. He has over 15 years of special situations investments and legal practice experience and extensive experience in cross-border acquisitions, private equity investments, mezzanine financing, debt restructuring, asset restructuring and other special situations investments. Mr. Cong has been the person in charge of China Merchants Capital Marine Industry Fund (招商局資本海洋產業基金) since 2013. From 2011 to 2013, he was one of the founding members of China Development Bank International Holdings Ltd (“CDBI”), where he served in the Investment Committee and was in charge of fund department and legal department. At CDBI, Mr. Cong led the equity investment amounting to US\$200 million to Alibaba Group as well as many privatization transactions of Chinese concept stocks listed overseas. In addition, as the person in charge of the fund department of CDBI, he directly led the foundation of certain USD or RMB funds with a total size over US\$5 billion. From 2005 to 2010, he worked in the special situations investment department in J. P. Morgan, Standard Chartered Bank and other foreign financial institutions, and mainly engaged in private equity investments, real estate investments, mezzanine financing, acquisition and disposal of non-performing assets and other special situations investments. During that period, he participated in debt restructuring, financing and acquisition transactions of a number of real estate projects in Beijing, Shanghai, Dalian, Chongqing, etc., and as the key person in charge participated in stripping, restructuring and acquisition of non-performing assets of financial institutions such as China Huarong Asset Management Co., Ltd and Maybank in Malaysia. Mr. Cong obtained degrees of Master of Laws from both University of International Business and Economics in PRC and Cornell University in the United States of America. Moreover, he was an independent non-executive director of Sunway International Holdings Limited (stock code: 00058HK) from 14 August 2015 to 6 June 2019.

叢永儉先生，44歲，自二零二零年二月十九日起獲委任為本公司董事會執行董事及首席執行官。叢先生為中國及美國紐約州執業律師，擁有逾十五年的特殊機會投資及法律從業經驗，對跨境收購、私募股權投資、夾層債務融資、債務重組、資產重組及其它特殊機會投資具有豐富的經驗。叢先生自二零一三年起為招商局資本海洋產業基金的負責人。自二零一一年起至二零一三年間，彼曾為國開國際控股有限公司（「國開國際」）創始成員之一，擔任國開國際投資委員會委員及基金部和法律等部門負責人。在國開國際期間，叢先生負責領導了對阿里巴巴集團逾2億美元的股權投資，以及多項海外上市中國概念股的私有化交易等。此外，其作為國開國際基金部的負責人直接領導了若干美元或人民幣基金的設立工作，基金總規模超過50億美元。自二零零五年起至二零一零年間，彼曾就職於摩根大通及渣打銀行等外資金融機構的特殊機會投資部門，主要從事私募股權投資、房地產投資、夾層債務融資、不良資產收購及處置和其他特殊機會投資業務。期間，曾參與北京、上海、大連及重慶等地大量地產項目的債務重組、融資及收購交易，並作為主要負責人參與中國華融資產管理公司、馬來西亞Maybank等金融機構不良資產剝離、重組和收購等交易。叢先生畢業於北京對外經濟貿易大學及美國康奈爾大學，分別獲得法律碩士學位。此外，彼曾於二零一五年八月十四日至二零一九年六月六日期間擔任新威國際控股有限公司（股份代號：00058HK）之獨立非執行董事。

PROFILES OF DIRECTORS AND SENIOR MANAGEMENT

董事及高級管理層

Mr. JIANG Bing Hua, aged 69, is the Co-Chairman of the Company. He is a co-founder of the Group. He is an executive Director of the Group and he is responsible for the Group's overall strategy planning and business development. He obtained his bachelor's degree in offshore structure engineering from the Tianjin University (天津大學) in the PRC in 1980 and acquired his master's degree in business administration from the University of Dallas in the U.S.A. in 1993. He has 44 years of experience in the oil and gas industry. Prior to founding the Group, he worked for the Sinopec group, the group of China National Petroleum Corporation and China National Offshore Oil Corporation in various positions such as driller, drilling superintendent, drilling manager, operation manager and company representative.

蔣秉華先生，69歲，為本公司聯席主席。彼為本公司聯合創辦人。彼為本公司執行董事，負責本公司的整體策略性規劃及業務發展。彼於一九八零年於中國天津大學取得海上結構工程學士學位，並於一九九三年於美國達拉斯大學取得工商管理碩士學位。彼在石油及天然氣業擁有44年經驗。創立本公司之前，彼曾於中國石化集團、中國石油集團及中國海洋石油總公司擔任不同職務，如鑽探員、鑽探監督、鑽探經理、營運經理及公司代表。

Mr. ZHANG Menggui, Morgan, aged 61, is a co-founder and has been appointed as an executive Director of the Group since 22 June 2017. He obtained his bachelor's degree majoring in drilling engineering from the China University of Petroleum (中國石油大學) in 1982 and acquired his master's degree in petroleum engineering from the University of Alaska-Fairbanks in the U.S.A. in 1989 and he received an executive master's in business administration ("EMBA") from China Europe International Business School in 2012. He has 35 years of experience in the oil and gas industry. Prior to founding the Group, he worked for a subsidiary of the group of China National Petroleum Corporation in China and for Cook Inlet Region Inc. in Alaska. He currently is a member of several oil industry associations and professional organizations including the Society of Petroleum Engineers and the American Drilling Engineers.

張夢桂先生，61歲，自二零一七年六月二十二日起獲委任為本公司聯合創辦人及執行董事。彼於一九八二年在中國石油大學取得學士學位，主修鑽探工程，並於一九八九年於美國University of Alaska-Fairbanks取得石油工程碩士學位及於二零一二年於中歐國際工商學院取得高級管理人員工商管理碩士（「EMBA」）。彼在石油及天然氣業擁有35年經驗。創立本公司之前，彼曾任職於中國石油天然氣集團公司集團於中國的附屬公司及阿拉斯加Cook Inlet Region Inc.。彼現為數個石油業協會及專業組織的會員，包括石油工程師協會及美國鑽井工程師協會。

PROFILES OF DIRECTORS AND SENIOR MANAGEMENT

董事及高級管理層

Non-executive Directors

非執行董事

Mr. WANG Jianzhong, aged 46, has been appointed as a non-executive director of the Company with effect from 4 July 2016. He graduated from Beijing Normal University in China with a Master degree in Management, Business Administration in 1998. He started working in 1998 and he is currently the president of CIMC Raffles Offshore (Singapore) Limited (“CIMC Raffles”). From 1998 to 2006, he was senior manager of capital operation department of China Ocean Shipping (Group) Corporation (“COSCO”). From 2006 to 2007, he was deputy general manager of Taicang CIMC Container Co., Ltd. From 2007 to 2014, he was general manager of the enterprise management department of CIMC, where he notably created and promoted the CIMC “LEAN ONE” management model -based on the LEAN concept which significantly improved the group’s annual revenue. The LEAN ONE Concept attracted favourable reviews from the “Harvard Business Review” and “Tsinghua Business Review”. From 2010 to 2014, he acted as secretary general of group leadership council of CIMC (中集集團升級領導委員會) to promote upgraded changes for CIMC. From June 2014 to December 2015, he was vice president of CIMC Raffles. From December 2015 to date, he has been president of CIMC Raffles.

王建中先生，46歲，已獲委任為非執行董事，自二零一六年七月四日起生效。彼在一九九八年畢業於中國北京師範大學，持有管理及工商管理碩士學位。彼於一九九八年開展事業，現任China International Marine Container(「CIMC」)Raffles Offshore(Singapore) Limited (「CIMC Raffles」)總裁。於一九九八年至二零零六年，彼曾任中國遠洋運輸(集團)總公司(「COSCO」)資本營運部門高級經理。於二零零六年至二零零七年，彼於太倉中集集裝箱製造有限公司擔任副總經理。於二零零七年至二零一四年，彼於中集集團企業管理部出任總經理，期間，彼以精益概念為基礎特地打造及宣揚中集集團的「精益ONE」管理模式，顯著提升集團的年度收益。精益ONE概念獲《哈佛商業評論》(Harvard Business Review)及《清華管理評論》(Tsinghua Business Review)好評。於二零一零年至二零一四年，彼出任中集集團升級領導委員會秘書長，為中集集團推行升級變動。於二零一四年六月至二零一五年十二月，彼擔任CIMC Raffles副總裁。自二零一五年十二月迄今，彼一直為CIMC Raffles總裁。

Mr. LOU Dongyang, aged 44, has been appointed as the chairman of the Board of the Company with effect from 19 February 2020 and as a non-executive Director with effect from April 2018. He is also the chief financial officer of China Merchants Industry Holdings Co., Ltd. Mr. Lou has served as an assistant engineer in the Chemical Engineering Office of the Institute of Standardization of Nuclear Industry and as secretary-general for the National Technical Committee for Standardization of Radioisotopes (全國放射性同位素標準化技術委員會) from July 1997 to October 2001, as an engineer in the Planning Department in China Isotope Company from October 2001 to August 2003, as a specialist of the board of supervisors for Key Large State-Owned Enterprises under the State Council from August 2003 to August 2004, as principal staff member of the board of supervisors for Key Large State-Owned Enterprises under the State Council from September 2008 to September 2012, as the assistant to the department director of the intellectual property administrative department of China Merchants Group Limited (“CM Group”) from September 2012 to May 2015, as the assistant to the department director of the finance department (intellectual property department) of CM Group from May 2015 to October 2015, and as the deputy general manager of the finance department (intellectual property department) of CM Group from October 2015 to November 2017. Mr. Lou obtained a bachelor’s degree in applied chemistry from Peking University in 1997 and a master’s degree in business administration also from Peking University in 2002.

婁東陽先生，44歲，自二零二零年二月十九日起獲委任為本公司董事會主席及自二零一八年四月起獲委任為非執行董事。彼亦為招商局工業集團有限公司財務總監。婁先生於一九九七年七月至二零零一年十月任核工業標準化研究所化工室工程師並兼任全國放射性同位素標準化技術委員會秘書長，於二零零一年十月至二零零三年八月任中國同位素公司計劃財務部工程師，於二零零三年八月至二零零四年八月任國務院國有重點大型企業監事會專業人員，於二零零八年九月至二零一二年九月任國務院國有重點大型企業監事會副處長，於二零一二年九月至二零一五年五月任招商局集團有限公司(「招商局集團」)產權管理部部長助理，於二零一五年五月至二零一五年十月任招商局集團財務部(產權部)部長助理，以及於二零一五年十月至二零一七年十一月任招商局集團財務部(產權部)副部長。婁先生於一九九七年取得北京大學應用化學學士學位，並於二零零二年取得北京大學工商管理碩士學位。

PROFILES OF DIRECTORS AND SENIOR MANAGEMENT

董事及高級管理層

Ms. Fu Rui, aged 38, is an intermediate economist. She was appointed as a non-executive Director of the Company with effect from 1 June 2019. Since June 2016, she has been the deputy general manager of the asset operations department of the shipping investment management headquarters of China Minsheng Trust Co., Ltd.. From April 2007 to June 2016, She worked as a senior director of China Classification Society. Ms. Fu obtained a bachelor's and master's degree in Maritime Law from Dalian Maritime University, in the PRC in 2004 and 2007 respectively.

傅銳女士，38歲，中級經濟師。自二零一九年六月一日起獲委任為本公司非執行董事。自二零一六年六月至今任職於中國民生信託有限公司，擔任航運投資管理總部資產運營部副總經理。自二零零七年四月起至二零一六年六月，任職於中國船級社總裁辦。傅女士分別於二零零四年和二零零七年獲得大連海事大學法學院海商法專業獲法學學士和碩士學位。

Mr. Qian Zewei, aged 44, has been appointed as a non-executive Director of the Company with effect from 1 October 2019. He is currently a member of the Business Decision/Investment Decision Committee, Managing Director and Head of Special Assets Department of China Great Wall AMC (International) Holdings Company Limited ("Great Wall International"). Mr. Qian had served as Head of Private Equity Investment Department and Head of Bay Area Investment Department of Great Wall International. From 2014 to 2016, he was the Investment Director of the Investment Management Department of China Everbright Limited. From 2008 to 2014, he served as Vice President and Director of the Private Equity Investment Department of Daiwa Capital Markets Hong Kong Limited. From 2001 to 2005, he worked as a senior research and development engineer at the Beijing R&D Centre of Huawei Technologies Co., Ltd. Mr. Qian holds a master's degree in finance from London Business School and a master's degree in computer application from Nanjing University of Aeronautics and Astronautics.

錢澤偉先生，44歲，自二零一九年十月一日起獲委任為本公司非執行董事。現任中國長城資產(國際)控股有限公司(「長城國際」)經營決策/投資決策委員會委員，董事總經理，特殊資產部主管。錢先生曾先後擔任長城國際私募股權投資部主管，灣區事業部主管。自二零一四年起至二零一六年間，他曾擔任中國光大控股有限公司投資管理部投資總監。自二零零八年起至二零一四年間擔任大和資本市場香港有限公司私募股權投資部副總裁及董事。自二零零一年起至二零零五年間，他曾任職於華為技術有限公司北京研究所高級研發工程師。錢先生擁有倫敦商學院金融碩士學位和南京航空航天大學計算機應用碩士學位。

PROFILES OF DIRECTORS AND SENIOR MANAGEMENT

董事及高級管理層

Independent Non-executive Directors

獨立非執行董事

Mr. CHAN Ngai Sang, Kenny, aged 55, has been appointed an independent non-executive Director since October 2005. He is a partner and founder of Kenny Chan & Co., a firm of Certified Public Accountants. He has over 30 years' experience in accounting, taxation, auditing and corporate finance and has been involved in several mergers, acquisitions and initial public offering projects. He holds a bachelor of commerce degree from the University of New South Wales and is a member of Chartered Accountants Australia and New Zealand, the Association of International Accountants, CPA Australia, the Hong Kong Institute of Certified Public Accountants and the Taxation Institute of Hong Kong. He is also a fellow member of the Hong Kong Institute of Directors. He served as president of the Hong Kong Branch of the Association of International Accountants in the years 2012–2015. He is an independent non-executive director of Zhongyuan Bank Co., Ltd., Minsheng Education Group Company Limited, Pak Tak International Limited, Hebei Construction Group Corporation Limited and Kingland Group Holdings Limited, all are listed on the Main Board of the Stock Exchange.

陳毅生先生，55歲，自二零零五年十月起獲委任為獨立非執行董事。彼為一間執業會計師公司陳毅生會計師事務所的合夥人兼創辦人。彼於會計、稅務、核數及企業融資方面擁有逾30年經驗，曾參與多項公司合併、收購及首次公開發售項目。彼持有澳洲新南韋爾斯大學商學士學位，並為澳洲及新西蘭特許會計師協會、國際會計師公會、澳洲會計師公會、香港會計師公會及香港稅務學會的會員，亦為香港董事學會資深會員。彼於二零一二年至二零一五年曾出任國際會計師公會香港分會的會長。彼為中原銀行股份有限公司、民生教育集團有限公司、百德國際有限公司、河北建設集團股份有限公司及景聯集團有限公司(均為於聯交所主機板上市的公司)的獨立非執行董事。

Mr. ZOU Zhendong, aged 50, has been appointed an independent non-executive Director since May 2018. He is also serving as the independent director of Bestsun Energy Co. Ltd., an A share company listed in the Shanghai Stock Exchange, the senior partner of Sinowing Law LLP, Legal Representative of Sinowing (Beijing) AMC Co., Ltd., and further and concurrently as a member of the High-tech and E-Commerce Committee & International Business Committee of All China Lawyers Association. Mr. Zou used to work as the officer for the Chinese People's Association for Friendship with Foreign Countries, as the staff for China Native Produce & Animal By-Products Import & Export Corp., as the director of the 4th Department for China Commercial Foreign Trade Corporation, and as the partner in charge of international business department and IPR department for Beijing Dacheng Law Firm (aka Dentons for the moment). Mr. Zou was awarded a Bachelor Degree by the Renmin University of China in 1992, with major in international politics and minor in international economics. As being jointly elected by the Ministry of Justice of the People's Republic of China and Lord Chancellor's Office of the United Kingdom, Mr. Zou has worked and trained himself in London.

鄒振東先生，50歲，自二零一八年五月起獲委任為獨立非執行董事。彼目前亦擔任於上海證券交易所上市的A股公司百川能源股份有限公司的獨立董事、北京市中鵬律師事務所的高級合夥人、Sinowing (Beijing) AMC Co., Ltd.的法定代表，此外及同時，彼擔任中華全國律師協會高新科技及電子商務委員會(High-tech and E-Commerce Committee)及國際業務委員會(International Business Committee)會員。鄒先生曾擔任中國人民對外友好協會主任、中國土產畜產進出口總公司員工、中商外貿有限公司四處主管以及北京大成律師事務所國際業務部及知識產權部的負責合夥人。鄒先生於一九九二年獲授中國人民大學學士學位，主修國際政治學，副修國際經濟學。由於獲中華人民共和國司法部及英國大法官辦公室共同推舉，鄒先生曾於倫敦工作及受訓。

PROFILES OF DIRECTORS AND SENIOR MANAGEMENT

董事及高級管理層

Mr. CHEN Weidong, aged 64, has been appointed as an independent non-executive Director with effect from June 2018. Mr. Chen has over 30 years' experience in offshore oil and gas industry. He supervised and organised 4 published books on petroleum economics and geopolitics. Mr. Chen is now serving as Guest Professor at Renmin University of China, Invited Researcher at Energy Security Center of Graduate School of Chinese Academy of Social Sciences, Dean of Minde Institute and Chair of DFS Energy Consultant (Beijing) Ltd. Mr. Chen used to work as Chief Energy Researcher of CNOOC Energy Economics Institute Executive Vice President, Secretary of Board of Directors, and Chief Strategy Officer of China Oilfield Services Limited (a H-share company listed on the main board of the Stock Exchange of Hong Kong Limited from 2002, stock code: 2883). Mr. Chen obtained a bachelor's degree in geophysical exploration studies from Ocean University of China (formerly as Shandong College of Oceanology) in the People's Republic of China in 1982 and an MBA from Peking University in July 2001. He graduated from China University of Political Science and Law with a master diploma in July 2005.

陳衛東先生，64歲，已獲委任為獨立非執行董事，自二零一八年六月起生效。陳先生於海洋石油及天然氣行業擁有逾30年經驗。彼指導並組織出版四本有關於石油經濟及地緣政治的著作。陳先生現為中國人民大學之客座教授、中國社會科學院研究生院能源安全中心之特約研究員、民德研究院院長及東帆石能源諮詢(北京)有限公司董事長。陳先生曾任職中海油能源經濟研究院首席能源研究員、中海油田服務股份有限公司(一家自二零零二年起在香港聯合交易所有限公司主板上市之H股公司，股份代號：2883)執行副總裁、董事會秘書兼首席戰略官。陳先生於一九八二年自中華人民共和國中國海洋大學(前稱山東海洋學院)取得地球物理勘探研究學士學位，並於二零零一年七月自北京大學取得工商管理碩士學位。彼於二零零五年七月畢業於中國政法大學，取得碩士文憑。

Mr. Sun Dongchang, aged 66, has been appointed as an independent non-executive Director of the Company since 12 November 2019. He is currently a professor-level senior engineer of Shengli Petroleum Administration Bureau (勝利石油管理局), oil field senior expert, expert on "government special allowance" of the State Council, senior expert of the Drilling Technology Institute, Shengli Petroleum Administration Bureau (勝利鑽井院), and consultant of State Oil Drilling and Exploitation Equipment and Tool Standardization Committee (全國石油鑽采設備和工具標準化委員會). He was the deputy secretary general of Chinese Society of Naval Architects and Marine Engineers during the period from 2003 to 2013. During the period from 2001 to 2013, he served as a professor-level senior engineer, the chief engineer, the vice president and an oil field senior expert at the Drilling Technology Institute, Shengli Petroleum Administration Bureau (勝利石油管理局鑽井工藝研究院). During the period from 1996 to 2001, he served as a senior engineer and the chief engineer at the Drilling Technology Institute, Shengli Petroleum Administration Bureau (勝利石油管理局鑽井工藝研究院). During the period from 1987 to 1996, he worked as an engineer, senior engineer and the director at the Marine Research Branch of Drilling Technology Institute, Shengli Petroleum Administration Bureau (勝利石油管理局鑽井工藝研究院海洋所). During the period from 1975 to 1987, he worked as a technician, assistant engineer and the deputy director at the Shallow Sea Office of Drilling Technology Institute, Shengli Petroleum Administration Bureau (勝利石油管理局鑽井工藝研究院淺海室). Mr. Sun holds a degree majoring in oil field equipment from Department of Mechanics, China University of Petroleum and a master degree in naval architecture and ocean engineering from Shanghai Jiao Tong University.

孫東昌先生，66歲，自二零一九年十一月十二日起獲委任為本公司獨立非執行董事。孫先生現為勝利石油管理局教授級高級工程師、油田高級專家、國務院政府特殊津貼專家，勝利鑽井院高級專家及全國石油鑽采設備和工具標準化委員會顧問。自二零零三年起至二零一三年間，彼曾擔任中國造船工程學會副秘書長。自二零零一年起至二零一三年間，彼曾擔任勝利石油管理局鑽井工藝研究院，教授級高工，總工，副院長及油田高級專家。自一九九六年起至二零零一年間，彼曾任職於勝利石油管理局鑽井工藝研究院，高工及總工程師。自一九八七年起至一九九六年間，彼曾任職於勝利石油管理局鑽井工藝研究院海洋所工程師，高工及所長。自一九七五年起至一九八七年間，彼曾任職於勝利石油管理局鑽井工藝研究院淺海室技術員，助工及副主任。孫先生擁有中國石油大學機械系石油礦場機械專業學位及上海交通大學船舶與海洋工程碩士學位。

PROFILES OF DIRECTORS AND SENIOR MANAGEMENT

董事及高級管理層

Senior Management

高級管理層

Mr. Cong Yongjian, aged 44, has been appointed as an executive Director of the Board and CEO of the Company with effect from 19 February 2020. He is an attorney admitted in the PRC and New York, the United States of America. He has over 15 years of special situations investments and legal practice experience and extensive experience in cross-border acquisitions, private equity investments, mezzanine financing, debt restructuring, asset restructuring and other special situations investments. Mr. Cong has been the person in charge of China Merchants Capital Marine Industry Fund (招商局資本海洋產業基金) since 2013. From 2011 to 2013, he was one of the founding members of China Development Bank International Holdings Ltd ("CDBI"), where he served in the Investment Committee and was in charge of fund department and legal department. At CDBI, Mr. Cong led the equity investment amounting to US\$200 million to Alibaba Group as well as many privatization transactions of Chinese concept stocks listed overseas. In addition, as the person in charge of the fund department of CDBI, he directly led the foundation of certain USD or RMB funds with a total size over US\$5 billion. From 2005 to 2010, he worked in the special situations investment department in J. P. Morgan, Standard Chartered Bank and other foreign financial institutions, and mainly engaged in private equity investments, real estate investments, mezzanine financing, acquisition and disposal of non-performing assets and other special situations investments. During that period, he participated in debt restructuring, financing and acquisition transactions of a number of real estate projects in Beijing, Shanghai, Dalian, Chongqing, etc., and as the key person in charge participated in stripping, restructuring and acquisition of non-performing assets of financial institutions such as China Huarong Asset Management Co., Ltd and Maybank in Malaysia. Mr. Cong obtained degrees of Master of Laws from both University of International Business and Economics in PRC and Cornell University in the United States of America. Moreover, he was an independent non-executive director of Sunway International Holdings Limited (stock code: 00058HK) from 14 August 2015 to 6 June 2019.

叢永儉先生，44歲，自二零二零年二月十九日起獲委任為本公司董事會執行董事及首席執行官。叢先生為中國及美國紐約州執業律師，擁有逾十五年的特殊機會投資及法律從業經驗，對跨境收購、私募股權投資、夾層債務融資、債務重組、資產重組及其它特殊機會投資具有豐富的經驗。叢先生自二零一三年起為招商局資本海洋產業基金的負責人。自二零一一年起至二零一三年間，彼曾為國開國際控股有限公司（「國開國際」）創始成員之一，擔任國開國際投資委員會委員及基金部和法律等部門負責人。在國開國際期間，叢先生負責領導了對阿里巴巴集團逾2億美元的股權投資，以及多項海外上市中國概念股的私有化交易等。此外，其作為國開國際基金部的負責人直接領導了若干美元或人民幣基金的設立工作，基金總規模超過50億美元。自二零零五年起至二零一零年間，彼曾就職於摩根大通及渣打銀行等外資金融機構的特殊機會投資部門，主要從事私募股權投資、房地產投資、夾層債務融資、不良資產收購及處置和其他特殊機會投資業務。期間，曾參與北京、上海、大連及重慶等地大量地產項目的債務重組、融資及收購交易，並作為主要負責人參與中國華融資產管理公司、馬來西亞Maybank等金融機構不良資產剝離、重組和收購等交易。叢先生畢業於北京對外經濟貿易大學及美國康奈爾大學，分別獲得法律碩士學位。此外，彼曾於二零一五年八月十四日至二零一九年六月六日期間擔任新威國際控股有限公司（股份代號：00058HK）之獨立非執行董事。

Mr. JIANG Bing Hua, aged 69, is the Co-Chairman of the Company. He is a co-founder of the Group. He is an executive Director of the Group and he is responsible for the Group's overall strategy planning and business development. He obtained his bachelor's degree in offshore structure engineering from the Tianjin University (天津大學) in the PRC in 1980 and acquired his master's degree in business administration from the University of Dallas in the U.S.A. in 1993. He has 44 years of experience in the oil and gas industry. Prior to founding the Group, he worked for the Sinopec group, the group of China National Petroleum Corporation and China National Offshore Oil Corporation in various positions such as driller, drilling superintendent, drilling manager, operation manager and company representative.

蔣秉華先生，69歲，為本公司聯席主席。彼為本公司聯合創辦人。彼為本公司執行董事，負責本公司的整體策略性規劃及業務發展。彼於一九八零年於中國天津大學取得海上結構工程學士學位，並於一九九三年於美國達拉斯大學取得工商管理碩士學位。彼在石油及天然氣業擁有44年經驗。創立本公司之前，彼曾於中國石化集團、中國石油集團及中國海洋石油總公司擔任不同職務，如鑽探員、鑽探監督、鑽探經理、營運經理及公司代表。

PROFILES OF DIRECTORS AND SENIOR MANAGEMENT

董事及高級管理層

Mr. ZHANG Menggui, Morgan, aged 61, is a co-founder and has been appointed as an executive Director of the Group since 22 June 2017. He obtained his bachelor's degree majoring in drilling engineering from the China University of Petroleum (中國石油大學) in 1982 and acquired his master's degree in petroleum engineering from the University of Alaska-Fairbanks in the U.S.A. in 1989 and he received an executive master's in business administration ("EMBA") from China Europe International Business School in 2012. He has 35 years of experience in the oil and gas industry. Prior to founding the Group, he worked for a subsidiary of the group of China National Petroleum Corporation in China and for Cook Inlet Region Inc. in Alaska. He currently is a member of several oil industry associations and professional organizations including the Society of Petroleum Engineers and the American Drilling Engineers.

張夢桂先生，61歲，自二零一七年六月二十二日起獲委任為本集團聯合創辦人及執行董事。彼於一九八二年在中國石油大學取得學士學位，主修鑽探工程，並於一九八九年於美國University of Alaska-Fairbanks取得石油工程碩士學位及於二零一二年於中歐國際工商學院取得高級管理人員工商管理碩士(「EMBA」)。彼在石油及天然氣業擁有35年經驗。創立本集團之前，彼曾任職於中國石油天然氣集團公司集團於中國的附屬公司及阿拉斯加Cook Inlet Region Inc.。彼現為數個石油業協會及專業組織的會員，包括石油工程師協會及美國鑽井工程師協會。

Mr. WANG Yong, aged 57, is the President of the Group with effect from 28 April 2016. He is responsible for the daily operations and business activities of the Group. He is also the director and chief executive officer of a subsidiary, OIM Pte. Ltd. He joined the Company in April 2012 as the senior Group vice president and Group chief operations officer. Prior to joining the Company, he was the general manager for Weatherford International China. In his 17 years with Weatherford International, he held several managerial roles including global business alignment manager and business development manager. He started his career in the oil industry as a drilling engineer for China National Petroleum Corporation after graduating from the China Petroleum University in 1982. He also spent five years in the China Petroleum University teaching drilling engineering courses before completing his first master's degree in petroleum engineering from the Louisiana State University in 1993. He also holds an EMBA from the China Europe International Business School.

王勇先生，57歲，自二零一六年四月二十八日起為本公司總裁。彼負責本公司日常營運及業務運作。彼亦為附屬公司OIM Pte. Ltd之董事兼首席執行官。彼於二零一二年四月加入本公司，擔任高級公司副總裁及公司首席營運官。加入本公司之前，彼為Weatherford International China之總經理。彼在Weatherford International過去17年期間，曾擔任多個管理職務，包括全球業務整合經理及業務發展經理。彼於一九八二年於中國石油大學畢業後擔任中國石油天然氣集團公司之鑽探工程師，開始其在石油行業之職業生涯。彼亦於中國石油大學教授五年鑽探工程課程，之後於一九九三年於美國劉易斯安那州立大學獲得其第一個石油工程碩士學位。彼亦於中國中歐國際工商學院取得EMBA。

Mr. XIE Shaohua, aged 49, has been appointed as chief financial officer of the Company with effect from 1 July 2018. Mr. Xie graduated from Central University of Finance and Economics in 1993 and received master degrees at the University of International Business and Economics and The Chinese University of Hong Kong in 2003 and 2005 respectively. Mr. XIE is a Chinese senior accountant. In 2016, he was awarded by the Ministry of Finance as a national leading accounting talents. From November 1998 to October 2002, he worked in the finance department of SINOTRANS & CSC Group Company. From November 2002 to May 2007, he served as the deputy general manager of the finance department of Sinotrans Limited (H shares, stock code: 00598). From September 2007 to June 2018, he was appointed as deputy general manager and chief financial officer of Sinotrans Shipping Co., Ltd. (red chip, stock code: 00368).

謝少華先生，49歲，自二零一八年七月一日起獲委任為本公司首席財務官。謝先生於一九九三年畢業於中央財經大學，並分別於二零零三年和二零零五年取得對外經濟貿易大學和香港中文大學碩士學位。謝先生為中國高級會計師。於二零一六年，彼獲財政部頒發全國會計領軍人才證書。一九九八年十一月至二零零二年十月，彼在中國外運長航集團公司財務部工作。二零零二年十一月至二零零七年五月，彼擔任中國外運股份有限公司(H股，股票編號：00598)財務部副總經理。二零零七年九月至二零一八年六月，彼獲委任為中外運航運有限公司(紅籌股，股票編號：00368)副總經理兼財務總監。

PROFILES OF DIRECTORS AND SENIOR MANAGEMENT

董事及高級管理層

Mr. YANG Guohui, aged 46, appointed as an executive Director and chief operating officer of the Company with effect from 9 February 2018 and he has resigned as an executive Director with effect from 1 April 2018 due to work reallocation. Mr. Yang remains as the chief operating officer of the Group. He is also an executive director of China Merchants Capital Management (International) Limited. He worked for various positions such as an engineer, a manager in workforce planning and a manager in assets transactions under the group companies of Transocean Ltd. during the period from 2001 to 2013. He then worked as the general manager of ESSM Pte Ltd. from September 2013 to October 2014 and chief operating officer for Scott & English Energy Pte Ltd. in Singapore from August 2015 to 2017. He obtained a master's degree in engineering from University of Petroleum in 1999. He also obtained a master's degree in business administration from Nanyang Technological University, Singapore in 2017. He is part of the management team of China Merchant Great-Wall Capital Management Ltd, which holds in aggregate 81% beneficial interests in Meris Global Investments Limited. Meris Global Investments Limited is a coinvestment vehicle of the management team of China Merchant GreatWall Capital Management Ltd.

楊國輝先生，46歲，已獲委任為本公司執行董事兼首席營運官，自二零一八年二月九日起生效，而由於工作重新分配，彼辭去執行董事職務，自二零一八年四月一日起生效。楊先生仍為本公司的首席營運官。彼亦為招商局資本管理(國際)有限公司執行董事。彼於二零零一年至二零一三年期間於Transocean Ltd.旗下集團公司擔任多個職位，例如工程師、人力規劃經理及資產交易經理。彼其後於二零一三年九月至二零一四年十月出任新加坡奕升海洋工程公司總經理，以及於二零一五年八月至二零一七年出任新加坡錦泰能源公司首席營運官。彼於一九九九年於石油大學獲得工程碩士學位。彼亦於二零一七年在於新加坡南洋理工大學獲得工商管理碩士學位。彼乃China Merchant Great-wall Capital Management Ltd管理團隊的一員，該團隊於Meris Global Investments Limited合共持有81%之實益權益。Meris Global Investments Limited為一間由China Merchant Great-wall Capital Management Ltd的管理團隊成立之共同投資公司。

Mr. Chen Yunqiang, aged 54, has served as the chief executive officer of TSC (China) since 2005 and has been appointed as the vice president of the Company with effect from 15 February 2020. Mr. Chen is also in full charge of the Group's operations in the PRC and is responsible for the sales and promotion of the Group's products in the PRC market. Mr. Chen studied industrial enterprise management at the Hangzhou University of Electronic Science and Technology (杭州電子科技大學). Mr. Chen joined the Group in August 2001 as a general manager of HHCT, a subsidiary of the Company, in Xi'an, China till 2005. Prior to joining the Group, Mr. Chen worked with Xi'an Petroleum Exploration Instrument Complex (西安石油勘探儀器總廠) for 14 years in various positions including assistant factory head, supervisor of electric driven production lines and manager of its sales branch for drilling rigs.

陳蘊強先生，54歲，從二零零五年至今，為TSC(中國區)行政總裁，同時自2020年02月15日起獲委任為本公司副總裁。陳先生亦全面主管本集團中國區業務，負責本集團產品在中國市場的銷售及推廣。陳先生於杭州電子科技大學修讀工業企業管理。陳先生於二零零一年八月加入本集團，並一直出任本集團於中國西安的附屬公司HHCT總經理一職到二零零五年。加入本集團之前，陳先生於西安石油勘探儀器總廠任職14年，擔任不同職務，包括助理工廠主管，電動生產線主管及其於鑽機的銷售分公司經理。

REPORT OF THE DIRECTORS

董事會報告書

The board of the Directors (the “Board”) hereby presents their report and the audited financial statements of the Company for the Year.

CHANGE OF COMPANY NAME

Subsequent to the approval of the change of company name by the shareholders at the extraordinary general meeting of the Company held on 3 January 2019, the Certificate of Incorporation on Change of Name and the Certificate of Secondary Name were issued by the Registrar of Companies in Cayman Islands on 11 January 2019, and the Certificate of Registration of Alteration of Name of Registered Non-Hong Kong Company was issued by the Registrar of Companies in Hong Kong on 29 January 2019 both certifying the change of English name of the Company from “TSC Group Holdings Limited” to “CMIC Ocean En-Tech Holding Co., Ltd.” and the adoption of the Chinese name “華商國際海洋能源科技控股有限公司” as the dual foreign name in Chinese of the Company. Further details regarding the Change of Company Name were set out in the announcements dated 23 November 2018 and 13 February 2019; and the circular of the Company dated 4 December 2018.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. Details of the principal activities of the subsidiaries are set out in note 13 to the financial statements. It will expand to the offshore asset management and operation business continuously. Save as disclosed above, there were no significant changes in the nature of the Group’s principal activities during the Year.

RESULTS AND DIVIDENDS

The Company’s results for the year ended 31 December 2019 is set out in the financial statements on pages 117 to 242.

The Directors do not recommend the payment of any dividends in respect of the Year.

DIVIDEND POLICY

A dividend policy is adopted by the Company which aims at setting out the principles to be followed for paying dividends to the shareholders of the Company. When considering the dividend payment, the Board shall take into account the factors including but not limited to the Company’s financial results, general business conditions and strategies, and statutory and regulatory restrictions. There is no assurance that dividends will be declared or distributed in any particular amount or in any form for each year or in any year.

FINANCIAL SUMMARY

A summary of the published results and assets and liabilities of the Company for the five financial years ended 31 December 2019, are extracted from the audited financial statements of the relevant annual reports of the Company, and are set out on page 9. This summary does not form part of the audited financial statements of the Company for the Year.

董事會(「董事會」)謹此提呈本年度的本公司董事會報告及經審核財務報表。

更改公司名稱

於二零一九年一月三日舉行之本公司股東特別大會上股東批准更改公司名稱後，開曼群島公司註冊處處長於二零一九年一月十一日發出更改名稱註冊證明書及第二名稱證明書，香港公司註冊處處長於二零一九年一月二十九日發出註冊非香港公司變更名稱註冊證明書，均以證明本公司之英文名稱由「TSC Group Holdings Limited」更改為「CMIC Ocean En-Tech Holding Co., Ltd.」，以及「華商國際海洋能源科技控股有限公司」作為本公司之雙重外文中文名稱。有關更改公司名稱的進一步詳情載於本公司二零一八年十一月二十三日及二零一九年二月十三日的公告；及本公司二零一八年十二月四日的通函。

主要業務

本公司主要業務為投資控股。附屬公司的主要業務詳列於財務報表附註13。本公司的主要業務性質於本年度內並無重大改變，未來將繼續向海工資產管理運營業務擴展。

業績及股息

本公司截至二零一九年十二月三十一日止年度的業績載於財務報表第117頁至242頁。

董事不建議就本年度派付任何股息。

股息政策

本公司已採納股息政策，該政策旨在制訂經向本公司股東派付股息時須遵循的原則。董事會於考慮派付股息時將考慮下列因素，包括但不限於本公司的財務業績、整體業務狀況及策略，以及法定及監管限制。本公司概不保證將於各年度或任何年度宣派或分派任何特定金額或任何形式的股息。

財務概要

摘錄自本公司有關年報經審核財務報表，本公司截至二零一九年十二月三十一日止五個財政年度已刊發業績以及資產負債概要載於第9頁。此概要並不構成本公司本年度經審核財務報表的一部分。

REPORT OF THE DIRECTORS

董事會報告書

ENVIRONMENTAL, SOCIAL AND GOVERNANCE POLICIES

CMIC considers a high degree of social responsibility, environmental protection, safety and sustainable economy as key factors in ensuring business continuity and success. The Company has introduced effective tools to ensure full implementation of social, safety and environmental policies within the Company to ensure compliance with the relevant legal and regulatory requirements as described in Appendix 27 to the Rules Governing and Listing of Securities on The Stock Exchange of Hong Kong Limited.

Details of the Company's ESG performance for the Year can be found in "Environmental, Social and Governance Report" as set out on pages 82 to 106 of this annual report.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Company during the Year are set out in note 10 to the financial statements.

SHARE CAPITAL, SHARE OPTIONS AND SHARE AWARDS

The movements in the Company's authorised and issued share capital during the Year are set out in note 31(b) to the financial statements. In particular, details of the rights issue and issuance of settlement shares are set out in notes 31(b)(iii) and (iv), respectively. Details of the Company's share option schemes and share award schemes are set out in notes 29 and 30 to the financial statements.

PRE-EMPTIVE RIGHTS

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

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

During the year ended 31 December 2019, neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities, except that the trustee of the Share Award Plan, pursuant to the terms of the rules and trust deed of the Share Award Plans 1 and 2, purchased on the Stock Exchange a total number of 31,905,000 Shares at a total consideration of about HK\$11,871,715.

Subsequent to 31 December 2019, pursuant to the terms of the rules and trust deed of the Share Award Plan 2, the trustee of the Share Award Plan 2 purchased 4,110,000 Shares on the Stock Exchange at a total consideration of HK\$1,148,857. As at the date of this report, the trustee held a total 41,110,000 shares (representing 1.3% of the issued share capital of the Company) under the Share Award Plans 1 and 2.

環境、社會及管治政策

華商國際認為高水平之社會責任、環境保護、安全及可持續經濟乃確保業務持續發展及成功之要素。本公司已採取有效之工具以確保本公司全面實施社會、安全及環境政策，從而確保遵守香港聯合交易所有限公司證券上市規則附錄二十七所述之相關法律及監管規定。

有關本公司於本年度之環境、社會及管治表現詳情，請參閱本年報第82頁至106頁所載之「環境、社會及管治報告」。

物業、廠房及設備

本公司物業、廠房及設備於本年度的變動詳情載於財務報表附註10。

股本、購股權及股份獎勵

於本年度，本公司法定及已發行股本的變動載於財務報表附註31(b)，其中供股及發行結算股份詳情分別載於附註31(b)(iii)及(iv)。本公司的購股權計劃及股份獎勵計劃詳情載於財務報表附註29及30。

優先購買權

本公司組織章程細則(「細則」)或開曼群島(本公司於此司法權區註冊成立)法律並無有關優先購買權的條文，規定本公司須按比例向現有股東發售新股。

購買、贖回或出售本公司之上市證券

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、贖回或出售任何本公司上市證券。股份獎勵計劃的受託人根據股份獎勵計劃1和2的規則條款及信託契據於聯交所購買合共31,905,000股股份，總代價約為11,871,715港元。

繼二零一九年十二月三十一日之後，根據股份獎勵計劃2的規則條款及信託契約，股份獎勵計劃2的信託人於聯交所購買4,110,000股股份，總代價1,148,857港元。於本報告日期，信託人根據股份獎勵計劃1和2共持有41,110,000股股份(佔本公司已發行股本之1.3%)。

RESERVES

Details of movements in the reserves of the Company and of the Group during the Year are set out in note 31(a) to the financial statements and in the consolidated statement of changes in equity on page 121, respectively.

DISTRIBUTABLE RESERVES

The Company's reserves available for distribution to equity shareholders of the Company as at 31 December 2019, as computed in accordance with the Companies Law (Revised) of the Cayman Islands amounted to \$88,761,000 (2018: \$26,012,000).

MAJOR CUSTOMERS AND SUPPLIERS

In the Year under review, sales to the Company's five largest customers accounted for approximately 42% of the Company's total sales for the Year and sales to the largest customer included therein accounted for approximately 15% of the Company's total sales.

Purchases from the Company's five largest suppliers accounted for approximately 31% of the Company's total purchases for the year and purchases from the largest supplier included therein accounted for approximately 9% of the Company's total purchases.

Save as disclosed under the paragraph headed "RELATED PARTY TRANSACTIONS" and note 34 to the financial statements, none of the Directors, or any of their associates or any shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital), had any beneficial interest in the Company's five largest customers or suppliers.

DIRECTORS

The Directors who held office during the Year and up to the date of this annual report were:

EXECUTIVE DIRECTORS:

Mr. WANG Hongyuan (resigned on 19 February 2020)
Mr. JIANG Bing Hua
Mr. ZHANG Menggui, Morgan
Mr. CONG Yongjian (appointed on 19 February 2020)

NON-EXECUTIVE DIRECTORS:

Mr. WANG Jianzhong
Mr. LOU Dongyang
Ms. FU Rui (appointed on 1 June 2020)
Mr. QIAN Zewei (appointed on 1 October 2019)

儲備

本公司儲備於本年度的變動詳情分別載於財務報表附註31(a)及第121頁的綜合權益變動表。

可供分派儲備

於二零一九年十二月三十一日，根據開曼群島公司法(經修訂)計算，本公司可供向本公司股權股東作分派的儲備為88,761,000元(二零一八年：26,012,000元)。

主要客戶與供貨商

於回顧年度，本公司五大客戶的銷售額佔本公司本年度的總銷售額約42%，其中本公司最大客戶的銷售額則佔本公司總銷售額約15%。

本公司五大供貨商的購貨額佔本公司本年度的總購貨額約31%，其中本公司最大供貨商的購貨額則佔本公司總購貨額約9%。

除「有關聯人士的交易」一段及財務報表附註34所披露者外，董事或彼等任何連絡人士或就董事所深知擁有本公司已發行股本5%以上的任何股東，概無擁有本公司五大客戶或五大供貨商的任何實益權益。

董事

於本年度及截至本年報日期為止，在任董事如下：

執行董事：

王洪源先生(於二零二零年二月十九日辭任)
蔣秉華先生
張夢桂先生
叢永儉先生(於二零二零年二月十九日獲委任)

非執行董事：

王建中先生
婁東陽先生
傅銳女士(於二零二零年六月一日獲委任)
錢澤偉先生(於二零一九年十月一日獲委任)

REPORT OF THE DIRECTORS

董事會報告書

INDEPENDENT NON-EXECUTIVE DIRECTORS:

Mr. CHAN Ngai Sang, Kenny
Mr. ZOU Zhendong
Mr. CHEN Weidong
Mr. Sun Dongchang (appointed on 12 November 2019)

In accordance with Articles 86 and 87 of the Company's articles of association, Mr. Cong Yongjian, Mr. Jiang Bing Hua, Mr. Zhang Menggui, Morgan, Ms. Fu Rui, Mr. Qian Zewei, Mr. Chan Ngai Sang, Kenny and Mr. Sun Dongchang will retire by rotation and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

DIRECTORS' SERVICE CONTRACTS

Mr. Jiang Bing Hua has entered into an appointment contract with the Company for a term of three years commencing from 28 November 2005 and expiring on 27 November 2008, renewable automatically for successive terms of three years from 28 November 2008, 28 November 2011, 28 November 2014 and 28 November 2017 and respectively unless terminated by either party giving to the other not less than three months' prior written notice. Mr. Jiang is entitled to an annual remuneration of US\$250,000. Mr. Jiang is entitled to variable remuneration comprising of ex-gratia annual bonus, which is subject to his performance and the performance of the Company and the approval of the Remuneration Committee.

Mr. Cong Yongjian has entered into an appointment contract with the Company for a term of 3 years commencing from 19 February 2020 subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the articles of association of the Company. He has waived entitlement to annual remuneration.

Mr. Zhang Menggui, Morgan has entered into an appointment contract with the Company for a term of 3 years commencing on 22 June 2017 subject to retirement by rotation and re-election in accordance with the Articles of Association, unless and until terminated by not less than 3 months' prior notice in writing served by either party to the other. Mr. Zhang is entitled to an annual remuneration of US\$250,000. Mr. Zhang is entitled to variable remuneration comprising of ex-gratia annual bonus, which is subject to his performance and the performance of the Company and the approval of the Remuneration Committee.

Mr. Wang Jianzhong has entered into an appointment contract with the Company for a term of three years commencing from 4 July 2016 and expiring on 3 July 2019, renewable automatically for successive terms of three years from 4 July 2019 subject to retirement by rotation and re-election in accordance with the Articles of Association, unless terminated by giving either party to the other not less than three months' prior written notice. Mr. Wang is entitled to receive emoluments of HK\$120,000 per annum.

Mr. Lou Dongyang has entered into an appointment contract with the Company for a term of 3 years commencing from 1 April 2018 subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the articles of association of the Company. Mr. Lou has waived entitlement to annual remuneration.

獨立非執行董事：

陳毅生先生
鄒振東先生
陳衛東先生
孫東昌先生(於二零一九年十一月十二日獲委任)

按照本公司組織章程細則第86及87條，叢永儉先生、蔣秉華先生、張夢桂先生、傅銳女士、錢澤偉先生、陳毅生先生以及孫東昌先生均會於應屆股東週年大會上輪值告退，惟合資格並願意於應屆股東週年大會上膺選連任。

董事的服務合約

蔣秉華先生已與本公司訂立委任合同，自二零零五年十一月二十八日起至二零零八年十一月二十七日屆滿，為期三年，分別自二零零八年十一月二十八日、二零一一年十一月二十八日、二零一四年十一月二十八日及二零一七年十一月二十八日起可自動續期三年，除非其中一方向另一方發出不少於三個月的事先書面通知予以終止。蔣先生有權獲發年度酬金250,000美元。蔣先生有權收取浮動薪酬，包括特惠年度花紅，惟視乎其表現及本公司的表現而定，並須待薪酬委員會批准後方告作實。

叢永儉先生已與本公司訂立委任合同，自二零二零年二月十九日起為期三年，並須根據本公司的組織章程細則於本公司股東週年大會上輪席告退及重選連任。彼已放棄獲發年度酬金的權利。

張夢桂先生已與本公司訂立委任合同，自二零一七年六月二十二日起計為期三年，並須根據章程細則輪值告退及重選連任，除非及直至其中一方向另一方發出不少於三個月的事先書面通知予以終止。張先生有權獲發年度酬金250,000美元。張先生有權收取浮動薪酬，包括特惠年度花紅，惟視乎其表現及本公司的表現而定，並須待薪酬委員會批准後方告作實。

王建中先生已與本公司訂立委任合同，自二零一六年七月四日起至二零一九年七月三日止為期三年及自二零一九年七月四日起可自動續期三年，並須根據章程細則輪值告退及重選連任，除非其中一方向另一方發出不少於三個月的事先書面通知予以終止。王先生有權收取酬金每年120,000港元。

婁東陽先生已與本公司訂立委任合同，自二零一八年四月一日起計為期三年，並須根據本公司的組織章程細則於本公司股東週年大會上輪席告退及重選連任。婁先生已放棄獲發年度酬金的權利。

DIRECTORS' SERVICE CONTRACTS (Continued)

Ms. Fu Rui has entered into an appointment contract with the Company for a term of three years commencing from 1 June 2019 and expiring on 31 May 2022 subject to retirement by rotation and re-election in accordance with the Articles of Association, unless terminated by giving either party to the other not less than three months' prior written notice. Ms. Fu Rui has waived entitlement to annual remuneration.

Mr. Qian Zewei has entered into an appointment contract with the Company for a term of three years commencing from 1 October 2019 and expiring on 30 September 2022 subject to retirement by rotation and re-election in accordance with the Articles of Association, unless terminated by giving either party to the other not less than three months' prior written notice. Mr. Qian Zewei has waived entitlement to annual remuneration.

Mr. Chan Ngai Sang, Kenny has entered into an appointment contract with the Company for a term of three years commencing from 20 October 2005 and expiring on 19 October 2008, renewable automatically for successive terms of three years from 20 October 2008, 20 October 2011, 20 October 2014 and 20 October 2017 respectively subject to retirement by rotation and re-election in accordance with the Articles of Association, unless terminated by giving either party to the other not less than one month' prior written notice. Mr. Chan Ngai Sang Kenny is entitled to receive emoluments of HK\$120,000.

Mr. Zou Zhendong has entered into an appointment contract with the Company for a term of three years commencing from 18 May 2018 and expiring on 17 May 2021 subject to retirement by rotation and re-election in accordance with the Articles of Association, unless terminated by giving either party to the other not less than three months' prior written notice. Mr. Zou Zhendong is entitled to an annual remuneration of HK\$120,000.

Mr. Chen Weidong has entered into an appointment contract with the Company for a term of three years commencing from 5 June 2018 and expiring on 4 June 2021 subject to retirement by rotation and re-election in accordance with the Articles of Association, unless terminated by either party giving to the other not less than three months' prior written notice. Mr. Chen Weidong is entitled to an annual remuneration of HK\$120,000.

Mr. Sun Dongchang has entered into an appointment contract with the Company for a term of three years commencing from 12 November 2019 and expiring on 11 November 2022 subject to retirement by rotation and re-election in accordance with the Articles of Association, unless terminated by either party giving to the other not less than three months' prior written notice. Mr. Sun Dongchang is entitled to an annual remuneration of HK\$120,000.

Except for Mr. Jiang Bing Hua and Mr. Zhang Menggui, no other Directors are entitled to any variable remuneration.

The Company confirms that it has received from each of its independent non-executive Directors a confirmation of his independence pursuant to Rule 3.13 of the Listing Rules and the Company considers the independent non-executive Directors to be independent.

董事的服務合約(續)

傅銳女士已與本公司訂立委任合同，由二零一九年六月一日起至二零二二年五月三十一日屆滿，為期三年，並須根據組織章程細則輪席告退及重選連任，除非其中一方向另一方發出不少於三個月的事先書面通知予以終止。傅銳女士已放棄獲發年度酬金的權利。

錢澤偉先生已與本公司訂立委任合同，由二零一九年十月一日起至二零二二年九月三十日屆滿，為期三年，並須根據組織章程細則輪席告退及重選連任，除非其中一方向另一方發出不少於三個月的事先書面通知予以終止。錢澤偉先生已放棄獲發年度酬金的權利。

陳毅生先生已與本公司訂立委任合同，由二零零五年十月二十日起至二零零八年十月十九日屆滿，為期三年，分別自二零零八年十月二十日、二零一一年十月二十日、二零一四年十月二十日及二零一七年十月二十日起可自動續期三年，並須根據組織章程細則輪席告退及重選連任，除非其中一方向另一方發出不少於一個月的事先書面通知予以終止。陳毅生先生有權收取酬金120,000港元。

鄒振東先生已與本公司訂立委任合同，由二零一八年五月十八日起至二零二一年五月十七日屆滿，為期三年，並須根據組織章程細則輪席告退及重選連任，除非其中一方向另一方發出不少於三個月的事先書面通知予以終止。鄒振東先生有權收取年度酬金120,000港元。

陳衛東先生已與本公司訂立委任合同，由二零一八年六月五日起至二零二一年六月四日屆滿，為期三年，並須根據組織章程細則輪席告退及重選連任，除非其中一方向另一方發出不少於三個月的事先書面通知予以終止。陳衛東先生有權收取年度酬金120,000港元。

孫東昌先生已與本公司訂立委任合同，由二零一九年十一月十二日起至二零二二年十一月十一日屆滿，為期三年，並須根據組織章程細則輪席告退及重選連任，除非其中一方向另一方發出不少於三個月的事先書面通知予以終止。孫東昌先生有權收取年度酬金120,000港元。

除蔣秉華先生及張夢桂先生外，概無其他董事有權獲發任何浮動薪酬。

本公司確認各獨立非執行董事已根據上市規則第3.13條確認自身之獨立性，本公司亦認為獨立非執行董事之身分屬獨立。

REPORT OF THE DIRECTORS

董事會報告書

DIRECTORS' SERVICE CONTRACTS *(Continued)*

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

CHANGE IN INFORMATION OF DIRECTORS

The change in the information of directors since the publication of the 2018 annual report is set out below pursuant to Rule 13.51(B)(1) of the Listing Rules:

RESIGNATION AND APPOINTMENT OF THE CHAIRMAN AND CEO

- Mr. Wang Hongyuan resigned as the chairman of the Board and CEO of the Company with effect from 19 February 2020.
- Mr. Lou Dongyang was appointed as the chairman of the Board with effect from 19 February 2020.
- Mr. Cong Yongjian was appointed as the CEO of the Company with effect from 19 February 2020.

RESIGNATION AND APPOINTMENT OF EXECUTIVE DIRECTORS

- Mr. Wang Hongyuan resigned as an executive Director of the Company due to other commitments with effect from 19 February 2020.
- Mr. Cong Yongjian was appointed as an executive Director of the Board of the Company with effect from 19 February 2020.

APPOINTMENT OF NON-EXECUTIVE DIRECTORS

- Ms. Fu Rui has been appointed as a non-executive Director with effect from 1 June 2019.
- Mr. Qian Zewei has been appointed as a non-executive Director with effect from 1 October 2019.

APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTOR

- Mr. Sun Dongchang has been appointed as an independent non-executive Director with effect from 12 November 2019.

CHANGE OF BOARD COMMITTEES MEMBERS

- On 19 February 2020, Mr. Wang Hongyuan resigned as the chairman of the Nomination Committee and a member of the Remuneration Committee.
- On 19 February 2020, Mr. Lou Dongyang was appointed as the chairman of the Nomination Committee and a member of the Remuneration Committee.

董事的服務合約(續)

董事概無與本公司或其任何附屬公司訂有本公司不能於一年內毋須支付補償(法定責任除外)而終止之服務合約。

董事資料之變動

根據上市規則第13.51(B)(1)條，自刊發二零一八年年報起董事資料之變動載列如下：

主席及首席執行官辭任及委任

- 王洪源先生辭任董事會主席及本公司首席執行官之職務，於二零二零年二月十九日起生效。
- 婁東陽先生獲委任為董事會主席，於二零二零年二月十九日起生效。
- 叢永儉先生獲委任為本公司首席執行官，於二零二零年二月十九日起生效。

執行董事之辭任及委任

- 王洪源先生因其他工作安排辭任本公司執行董事，於二零二零年二月十九日起生效。
- 叢永儉先生獲委任為本公司董事會執行董事，自二零二零年二月十九日起生效。

非執行董事之委任

- 傅銳女士已獲委任為非執行董事，自二零一九年六月一日起生效。
- 錢澤偉先生已獲委任為非執行董事，自二零一九年十月一日起生效。

獨立非執行董事之委任

- 孫東昌先生已獲委任為獨立非執行董事，自二零一九年十一月十二日起生效。

董事委員會成員之變更

- 於二零二零年二月十九日，王洪源先生辭任本公司提名委員會主席及薪酬委員會成員。
- 於二零二零年二月十九日，婁東陽先生獲委任為本公司提名委員會主席及薪酬委員會成員。

DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS

No transactions, arrangements and contracts of significance in relation to the Group's business to which the Company's subsidiaries, fellow subsidiaries or its parent companies was a party or were parties and in which a Director or his/her connected entities had a material interest, whether directly or indirectly, subsisted at the end of the year under review or at any time during the Year.

DIRECTORS' PERMITTED INDEMNITIES

Under the Company's articles of association, every director or other officer of the Company acting in relation to any of the affairs of the Company shall be entitled to be indemnified out of the assets of the Company against all costs, charges, expenses, losses or liabilities which he may sustain or incur in or about the execution of the duties of his office or otherwise in relation thereto. A directors' and officers' liability insurance is in place to protect the directors and officers of the Group against any potential liability arising from the Group's activities which such directors and officers may be held liable.

BUSINESS REVIEW

Business Performance and Key Financial Indicators

In 2019, the Company successfully integrated 6 units of jack-up drilling rigs. In particular, the joint venture bareboat chartered two drilling rigs to SMS to provide services to Abu Dhabi National Oil Company and entered into agreements with SHELF in relation to sales of two rigs. Moreover, it and the Fund jointly increased their capital investment into SHELF and thus jointly hold 19.4% shares of SHELF, becoming SHELF's largest shareholder. An overseas subsidiary and its partner CP Latina jointly won the contract for the offshore rig service project of Pemex, the national oil company of Mexico, in relation to provision of two units of JU2000E jack-up drilling rigs to Pemex. In the same year, the Company proactively developed land rig projects, and it entered into orders in relation to several sets of electric control equipment and services with CNPC and was granted the contract in relation of land rig equipment and accessories project of Tarim oilfield in Xinjiang. In October 2019, the Company settled the debts by issuing to Jinghong Company 122,726,709 settlement shares at the issue price of HK\$0.56 per settlement share, representing a premium of 115% over the closing price on the last trading day.

The key financial and business performance indicators comprise profitability growth, return on equity and gearing ratio. Details of profitability analysis are shown in the "Management Discussion and Analysis" section of this annual report. The Group's return on equity, based on Profit/(Loss) to Equity Shareholders to Total Equity to Equity shareholders, was better from -144.3% to 8.0% in the year under review as compared to the previous year, which was mainly due to the substantial write downs of assets and provision for receivables in 2018 as a result of the challenging business environment in the O&G industry. The Group's gearing ratio, calculated based on total liabilities to total assets, decreased from 89.9% in 2018 to 66.2% in the Year under review; the Group will continue to safeguard its capital adequacy position, whilst maintaining a balance between business growth and risk management.

A review of the business of the Company and its subsidiaries for the year ended 31 December 2019 is set out in the sections of "Chairmen's and CEO's Statements", "Market Review and Prospect" and "Management Discussion and Analysis" of this annual report.

董事於交易、安排及合約中之重大權益

於回顧年度末或年內任何時間，本公司或其任何附屬公司、同系附屬公司或其母公司概無參與和董事或其關連實體直接或間接擁有重大權益，及與本公司業務有關之重要交易、安排及合約。

董事的獲准許彌償保證

根據本公司組織章程細則，就本公司任何事務而採取行動的每名本公司董事或其他高級人員，凡因執行職務或相關職責時而可能承擔或蒙受之所有成本、費用、開支、損失或負債，均可從本公司之資產中獲得彌償。本公司已投購董事及高級人員責任保險，以保障本公司董事及高級人員或須承擔來自本公司業務活動之任何潛在責任。

業務回顧

業績表現及重要財務指標

2019年公司成功整合了6座自升式鑽井平台，其中合營公司出租給SMS公司2座鑽井平台，服務於阿布扎比石油公司，並與SHELF達成2座平台額出售協議，同時聯合海洋科技基金共同增資SHELF，共佔19.4%，成為其第一大股東。海外子公司與合作夥伴CP Latina聯合中標墨西哥國家石油公司PEMEX的鑽井合同，為其提供2座JU2000E型自升式鑽井平台。同年公司積極拓展陸地鑽機項目，與中石油簽訂多套電控設備與服務訂單，並在新疆塔里木油區獲得鑽井設備及配件項目合同。2019年10月，本公司以0.56港幣/股向景宏公司發行122,726,709股結算股份以清償債務，為最後交易日收市價溢價115%。

重要財務及業績表現指標包括溢利增長、股本回報率及資產負債比率。有關溢利分析的詳情已載於本年度報告「管理層討論及分析」一節。本公司按股權股東應佔溢利/(虧損)除以股權股東應佔權益總額計算之股本回報率由去年-144.3%上升至本回顧年度8.0%，主要由於油氣行業的業務環境嚴峻而於二零一八年分別對資產及應收款項作出大幅撇減及撥備所致。本公司按總負債除以總資產計算之負債比率由二零一八年89.9%下跌至本回顧年度66.2%。本公司將繼續保持充裕的資金狀況及維持業務增長及風險管理之間的平衡。

本公司及其附屬公司於截至二零一九年十二月三十一日止年度之業務回顧載於本年度報告「主席報告及首席執行官報告」、「市場回顧與展望」及「管理層討論及分析」章節。

REPORT OF THE DIRECTORS

董事會報告書

BUSINESS REVIEW (Continued)

Risk Management

It is the Company's development strategy to establish a risk management system covering all the business segments to monitor, assess and manage various risks in the Company's activities. The management has identified the top risks and conducted regular review of industry, policy, operational and currency risks.

Major Risk Identified

Industry risk: In an over-supply market environment, O&G companies have been facing increasingly fierce competition, and lower demand will have impact on the operating results of the Company to a certain extent in the future. In light of this, the Company will enhance the operational efficiency, enrich its product portfolio, raise its product quality and put emphasis on value maximisation and increase its competitiveness. In addition, the Company has diversified its business from Oil and Gas E&P industry to P&A and Decommissioning industry.

Government Policy risk: The O&G industry is one of the industries that the PRC Government supports in its 5 year development plan. The development of the Company will be affected by the direction of such policies which will have some impact on the level of support from PRC Government.

Operational risk: As stated in the annual report, the Company is relying on a few customers. If the Company fails to secure new contracts from such customers, the Company's operating results will be affected significantly. In light of the above, the Company has established certain level of alliance with these customers for maintaining long term relationships and to enhance the Company's future development.

Currency Risk: The value of Renminbi is affected by the global economic and political environment which has led to a significant depreciation recently. As an international company, sales contracts are usually signed in US currency while production costs are denominated in Renminbi as the major production center is located in Mainland China. Given the nature of our business, the Company will use more domestic bank borrowings in order to mitigate its currency risk.

Sustainability Initiatives

The Company is committed to contributing to the sustainability of the environment and maintaining a high standard of corporate social governance essential for creating a positive framework for motivating staff and promoting sustainable relationships with customers, suppliers, service vendors, regulators and shareholders, and contributes to the community in which we conduct our businesses for creating a sustainable return to the Company. The Company has implemented energy saving practices in offices and branch premises where applicable.

業務回顧(續)

風險管理

本公司的發展策略為建立一個涵蓋所有業務分部的風險管理系統，以監察、評估及管理本公司活動中的多項風險。管理層已識別出主要風險並對行業、政策、經營及貨幣風險進行定期審閱。

已識別之主要風險

行業風險：在供過於求的市場環境下，石油及天然氣公司一直面臨越發激烈的競爭，而需求減少將於未來對本公司經營業績造成一定程度的影響。有見及此，本公司將提高其經營效率，豐富其產品組合，提升其產品質量並著重於價值最大化及增加其競爭力。此外，本公司已豐富其業務，由石油及天然氣勘探及開發行業延伸至封堵及棄井與拆除行業。

政府政策風險：石油及天然氣行業為中國政府五年發展計劃中支持的行業之一。本公司的發展將受到相關政策方向的影響，這些政策將對中國政府的支持程度造成若干影響。

經營風險：如年度報告所述，本公司依賴少數客戶。倘本公司未能從該等客戶中獲得新合約，本公司經營業績將受到重大影響。鑒於以上因素，本公司已與該等客戶建立若干程度的聯盟，以保持長期關係及提升本公司的未來發展。

貨幣風險：人民幣的價值受全球經濟及政治環境影響，於最近已因而大幅貶值。作為一間國際公司，銷售合約通常以美元貨幣簽訂，而由於主要生產中心位於中國內地，生產成本以人民幣計值。鑒於我們的業務性質，本公司將使用更多國內銀行借款以降低其貨幣風險。

可持續發展計劃

本公司一直致力為環境的可持續發展作出貢獻以及維持高水平的企業社會管治，為鼓勵員工及促進與客戶、供貨商、服務供貨商、監管機構及股東保持可持續關係建立良好框架，同時亦在業務過程中為小區發展作出貢獻，從而為本公司持續帶來回報。本公司在適當情況下已於辦公室及分公司實施節能安排。

BUSINESS REVIEW (Continued)

Sustainability Initiatives (Continued)

The Company has compliance and risk management policies and procedures, and members of the senior management are delegated with the continuing responsibility to monitor adherence and compliance with all significant legal and regulatory requirements. These policies and procedures are reviewed regularly. As far as the Company is aware, it has complied in material aspects with the relevant laws and regulations that have a significant impact on the business and operation of the Company and its subsidiaries.

Further discussion and analysis of the Company's principal activities as required by schedule 5 the Hong Kong Companies Ordinance can be found in the Management Discussion and Analysis set out in pages 25 to 39 of this Annual Report. This discussion forms part of this Report of the Directors.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2019, the interests and short positions of the Directors and chief executives of the Company in the Shares, underlying Shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept by the Company pursuant to the required standard of dealings by the Directors as referred to in Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code"), were as follows:

Long Position in Ordinary Shares and Underlying Shares of the Company:

業務回顧(續)

可持續發展計劃(續)

本公司設有合規及風險管理政策及程序，而高級管理層人員獲授權有責任持續監察符合重大法律及法規要求的情況。有關政策及程序將定期進行檢討。就本公司目前所知，本公司在重大方面已遵守能對本公司及附屬公司業務及營運構成重大影響的相關法律及法規。

按照香港公司條例附表5規定所作出有關本公司主要業務之進一步討論及分析，載於本年報第25頁至39頁之管理層討論及分析。該討論構成本董事會報告之一部份。

董事及首席行政人員於股份、相關股份及債券中的權益及淡倉

於二零一九年十二月三十一日，董事及本公司首席行政人員於本公司或其相聯法團(定義見證券及期貨條例(「證券及期貨條例」)第XV部)的股份、相關股份及債券中，擁有根據證券及期貨條例第352條所述董事進行交易的準則規定本公司須存置的登記冊所記錄的權益及淡倉，或根據上市發行人董事進行證券交易的標準守則(「標準守則」)規定已知會本公司及聯交所的權益及淡倉如下：

於本公司普通股及相關股份之好倉：

Number of issued ordinary Shares of
HK\$0.10 each in the Company
本公司每股面值0.10港元的已發行普通股數目

Name of Directors 董事姓名	Personal interests 個人權益	Family interests 家族權益	Corporate interests 公司權益	Other interests 其他權益	Total 總計	Approximate percentage of the Company's issued share capital 佔本公司已發行股本概約百分比
Mr. Zhang Menggui, Morgan 張夢桂先生	64,679,100	—	—	—	64,679,100	2.10%
Mr. Jiang Bing Hua 蔣秉華先生	25,665,240	—	—	—	25,665,240	0.84%
Mr. Chan Ngai Sang, Kenny 陳毅生先生	500,000	—	—	—	500,000	0.02%

REPORT OF THE DIRECTORS

董事會報告書

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES (Continued)

Long Position in Ordinary Shares and Underlying Shares of the Company: (Continued)

Save as disclosed above, as at 31 December 2019, none of the Directors or chief executives of the Company had registered an interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations that was required to be recorded pursuant to the required standard of dealings by the Directors as referred to in Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Directors' Rights to Acquire Shares

Save as disclosed under the paragraph headed "DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES" above "Share Award Plan" and "Share Award Incentive Scheme" contained in Management Discussion and Analysis" section of this annual report and note 29 to the Financial Statements, and in the share option scheme disclosures in note 30 to the financial statements, at no time during the Year under review, no rights to acquire benefits by means of the acquisition of shares in or debentures of the Company was granted to any Director or their respective spouse or minor children, or were any such rights exercised by them; or was the Company, its holding company, or any of its subsidiaries and fellow subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

董事及首席行政人員於股份、相關股份及債券中的權益及淡倉(續)

於本公司普通股及相關股份之好倉：(續)

除上文披露者外，於二零一九年十二月三十一日，概無董事或本公司首席行政人員於本公司或其任何相聯法團的股份、相關股份或債券中，擁有根據證券及期貨條例第352條所述董事進行交易的準則規定須記入登記冊的權益或淡倉，或根據標準守則須知會本公司及聯交所的權益或淡倉。

董事購買股份的權利

除上文「董事及首席行政人員於股份、相關股份及債券中的權益及淡倉」一段披露者，載於本年度報告「管理層討論及分析」一節及財務報告附註29有關「股份獎勵計劃」及「股份獎勵激勵計劃」及財務報表附註30有關購股權計劃的披露資料外，於回顧年內任何時間，任何董事或彼等各自的配偶或未成年子女概無獲授或行使可藉購買本公司股份或債券而獲益的權利，而本公司、其控股公司或其任何附屬公司及同系附屬公司亦無參與任何安排，致使董事可獲取任何其他法團的該等權利。

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 December 2019, the following persons had interests or short positions in the Shares and underlying Shares of the Company which as recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

(i) Long Positions in Ordinary Shares and Underlying Shares of the Company:

主要股東及其他人士於股份及相關股份中的權益及淡倉

於二零一九年十二月三十一日，以下人士於本公司股份及相關股份中，擁有根據證券及期貨條例第336條須記入本公司登記冊的權益或淡倉：

(i) 於本公司普通股及相關股份的好倉：

Name of Shareholders	Capacity and nature of interest	Number of shares	Approximate percentage of the shareholding as at the Latest Practicable Date	Approximate percentage of the shareholding if the Repurchase Mandate is exercised in full
股東姓名／名稱	身份及權益性質	股份數目	於最後可行日期之持股概約百分比	倘購回授權獲全面行使之持股概約百分比
China Great Wall AMC (International) Holdings Company Limited (Note 1) 中國長城資產(國際)控股有限公司(附註1)	Corporate 公司	1,530,372,000	49.86	55.41
China Great Wall Asset Management Co., Ltd. 中國長城資產管理股份有限公司(Note 1) 中國長城資產管理股份有限公司(附註1)	Corporate 公司	1,530,372,000	49.86	55.41
China Merchants & Great Wall Ocean Strategy & Technology Fund (L.P.) (Note 1) China Merchants & Great Wall Ocean Strategy & Technology Fund (L.P.) (附註1)	Corporate 公司	1,530,372,000	49.86	55.41
China Merchants Great-Wall GP Limited (Note 1) 招商長城合夥人有限公司(附註1)	Corporate 公司	1,530,372,000	49.86	55.41
Great Wall International Investment V Limited (Note 1) Great Wall International Investment V Limited (附註1)	Corporate 公司	1,530,372,000	49.86	55.41
Prime Force Investment Corporation (Note 1) Prime Force Investment Corporation (附註1)	Beneficial Owner 實益擁有人	1,530,372,000	49.86	55.41
China Merchants Group Limited 招商局集團有限公司(Note 1) 招商局集團有限公司(附註1)	Corporate 公司	1,530,372,000	49.86	55.41
Minyun Limited Minyun Limited	Beneficial Owner 實益擁有人	284,751,000	9.28	10.31
China International Marine Containers (Group) Co., Ltd. (Note 2) 中國國際海運集裝箱(集團)股份有限公司(附註2)	Corporate 公司	185,600,000	6.05	6.72
China International Marine Containers (Hong Kong) Ltd. (Note 2) 中國國際海運集裝箱(香港)有限公司(附註2)	Beneficial Owner 實益擁有人	185,600,000	6.05	6.72

REPORT OF THE DIRECTORS

董事會報告書

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES (Continued)

(i) Long Positions in Ordinary Shares and Underlying Shares of the Company: (Continued)

Notes:

1. Prime Force Investment Corporation ("Prime Force") is a company incorporated in the British Virgin Islands and is wholly owned by Fund LP and Fund LP is therefore deemed to be interested in the 1,530,372,000 Shares that Prime Force is interested in under Part XV of the SFO.

Fund GP is the general partner of Fund LP and is therefore deemed to be interested in the 1,530,372,000 Shares that Fund LP are interested in under Part XV of the SFO.

China Great Wall AMC (International) Holdings Company Limited ("GWAMC International") holds 25% of the equity interest in China Merchants Great-Wall GP Limited ("Fund GP") and is a wholly owned subsidiary of China Great Wall Asset Management Co., Ltd. ("GW Asset Management").

Great Wall International Investment V Limited holds approximately 39.986% of the limited partnership interests in Fund LP and is therefore deemed to be interested in the 1,530,372,000 Shares that Fund LP are interested in under Part XV of the SFO. Great Wall International Investment V Limited is a wholly owned subsidiary of GWAMC International, and GWAMC International is a wholly owned subsidiary of GW Asset Management. Therefore, GW Asset Management is deemed to be interested in the 1,530,372,000 Shares held by Great Wall Ocean Strategy & Technology Fund (L.P.) ("Fund LP").

China Great Bay Area Fund Management Company Limited holds 30% of the equity interest in Fund GP and is a wholly owned subsidiary of China Merchants Capital Management Co. Ltd., which in turn is wholly owned by China Merchants Capital Investment Co., Ltd.

China Merchants Union (BVI) Limited holds approximately 9.996% of the limited partnership interests in Fund LP and 15% of the equity interest in Fund GP, and its 50% of equity interest is held by China Merchants Holdings (Hong Kong) Company Ltd. which is wholly owned by China Merchants Steam Navigation Company Limited. China Merchants Industry Holdings Co., Ltd. ("CM Industry") holds 30% of the equity interest in Fund GP and approximately 29.989% of the limited partnership interests in Fund LP, and is a wholly owned subsidiary of China Merchants Steam Navigation Company Limited which is a wholly owned subsidiary of China Merchants Group Limited* (招商局集團有限公司) ("CM Group"). Therefore, China Merchants Steam Navigation Company Limited and CM Group are deemed to be interested in the 1,530,372,000 Shares that Fund LP are interested in under Part XV of the SFO.

主要股東及其他人士於股份及相關股份中的權益及淡倉(續)

(i) 於本公司普通股及相關股份的好倉：(續)

附註：

1. Prime Force Investment Corporation (「Prime Force」) 為一間於英屬處女群島註冊成立之公司，並由Fund LP全資擁有。因此，根據證券及期貨條例第XV部，Fund LP被視為於Prime Force擁有權益之1,530,372,000股股份中擁有權益。

基金普通合夥人為Fund LP之普通合夥，因此，根據證券及期貨條例第XV部，其被視為於Fund LP擁有權益之1,530,372,000股股份中擁有權益。

中國長城資產(國際)控股有限公司(「長城資產國際」)持有招商長城合夥人有限公司(「基金普通合夥人」)25%股本權益，並為中國長城資產管理股份有限公司(「長城資產管理」)之全資附屬公司。

Great Wall International Investment V Limited 持有Fund LP約39.986%之有限合夥權益，因此，根據證券及期貨條例第XV部，其被視為於Fund LP擁有權益之1,530,372,000股股份中擁有權益。Great Wall International Investment V Limited為長城資產國際之全資附屬公司，而長城資產國際為長城資產管理的全資附屬公司，因此長城資產管理持有的1,530,372,000股股份中擁有權益。

China Great Bay Area Fund Management Company Limited 持有基金普通合夥人30%股本權益，並為招商局資本管理有限責任公司之全資附屬公司，而招商局資本管理有限責任公司由招商局資本投資有限責任公司全資擁有。

China Merchants Union (BVI) Limited持有Fund LP約9.996%之有限合夥權益及基金普通合夥人15%的權益，其50%的股本權益由招商局集團(香港)有限公司持有，而招商局集團(香港)有限公司由招商局輪船股份有限公司全資擁有。招商局工業集團有限公司(「招商局工業」)分別持有基金普通合夥人30%股本權益及Fund LP約29.989%之有限合夥權益，並為招商局輪船股份有限公司之全資附屬公司。而招商局輪船股份有限公司為招商局集團有限公司(「招商局集團」)之全資附屬公司。因此，根據證券及期貨條例第XV部，招商局輪船股份有限公司及招商局集團各自被視為於Fund LP擁有權益之1,530,372,000股股份中擁有權益。

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES (Continued)

(i) Long Positions in Ordinary Shares and Underlying Shares of the Company: (Continued)

Notes: (Continued)

2. China International Marine Containers (Group) Company Limited ("CIMC Group") holds the entire issued share capital of China International Marine Containers (Hong Kong) Limited ("CIMC HK"). Therefore, CIMC Group is deemed to be interested in the 185,600,000 Shares held by CIMC HK under Part XV of the SFO.

(ii) Long Positions in Shares of Subsidiaries of the Company:

Name of subsidiary 附屬公司名稱	Name of substantial shareholder 主要股東姓名／名稱	Percentage of shareholding 持股百分比
Jurun Limited 鉅潤有限公司	Xingbo Limited 星博有限公司	21%
CMIC Manufacturing and Supply De Colombia S.A.S ATS Energy LLC	Independence Drilling S.A. Axion Services Inc. Petromax Industry Inc.	40% 33% 16%
Texas Unconventional Resources LLC	Mr. YANG Anping 楊安平先生	20%
OIM Pte. Ltd.	Offshore CC FZE	5%

Save as disclosed above, as at 31 December 2019, there was no person (other than the Directors and chief executives of the Company whose interests are set out under the paragraph headed "DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITION IN SHARES, UNDERLYING SHARES AND DEBENTURES" above had an interest or short position in the shares or underlying shares of the Company as recorded in the register to be kept under Section 336 of the SFO.

主要股東及其他人士於股份及相關股份中的權益及淡倉 (續)

(i) 於本公司普通股及相關股份的好倉： (續)

附註：(續)

2. 中國國際海運集裝箱(集團)股份有限公司(「中集集團」)持有中國國際海運集裝箱(香港)有限公司(「中集香港」)的全部已發行股本。因此，根據證券及期貨條例第XV部，中集集團被視為於由中集香港持有之185,600,000股股份中擁有權益。

(ii) 於本公司附屬公司的股份的好倉：

除上文披露者外，於二零一九年十二月三十一日，根據按照證券及期貨條例第336條存置之登記冊所記錄，概無任何人士(權益已於上文「董事及首席行政人員於股份、相關股份及債券中的權益及淡倉」一段載列的董事及本公司首席行政人員除外)於本公司的股份或相關股份中擁有權益或淡倉。

REPORT OF THE DIRECTORS

董事會報告書

CONNECTED TRANSACTION

On 11 January 2019, Qingdao TSC Offshore Equipment Co., Ltd. (青島天時海洋石油裝備有限公司) (“TSCO E”), an indirectly wholly-owned subsidiary of the Company, entered into the sale agreement (the “Sale Agreement”) with China Merchant Heavy Industry (Jiangsu) Co., Ltd. (“CMHI (Jiangsu)”) pursuant to which TSCO E agreed to sell and CMHI (Jiangsu) agreed to purchase pump(s) at the consideration of RMB7,490,000 (equivalent to approximately HK\$8,493,660.00), which was determined after arm’s length negotiations between the parties to the Sale Agreement with reference to the market prices of comparable pumps. The Company expects that the transaction will provide positive revenue growth to the Group.

CMHI (Jiangsu) is a wholly-owned subsidiary of China Merchants Industry Holdings Co., Ltd. (“CM Industry”), whereas CM Industry is ultimately wholly-owned by China Merchants Group Limited (“CM Group”). China Merchants & Great Wall Ocean Strategy & Technology Fund (L.P.) (the “Fund”) is a controlling shareholder of the Company and therefore a connected person of the Company. The Fund is indirectly controlled by CM Group. CMHI (Jiangsu) is therefore an associate of CM Group, CM Industry and the Fund, and is a connected person of the Company under the Listing Rules. As a result, the Sale Agreement constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules.

The Directors (including the independent non-executive Directors) are of the view that the transaction contemplated under the Sale Agreement is on normal commercial terms, the terms contained therein are fair and reasonable and in the interests of the Company and the shareholders as a whole.

As the highest applicable percentage ratio (as defined under the Listing Rules) in respect of the transaction value relating to the Sale Agreement is more than 0.1% and less than 5%, the connected transaction shall be subject to the reporting, annual review and announcement requirements under Rule 14A.76 of the Listing Rules, but exempt from the independent shareholders’ approval requirements under Chapter 14A of the Listing Rules.

Details of the Sale Agreement are set out in the announcement of the Company dated 11 January 2019.

The related party transaction as disclosed in note 34 to the consolidated financial statements also fall under the definition of connected transaction within the meaning of the Listing Rules, and the Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

關連交易

於二零一九年一月十一日，本公司間接全資附屬公司青島天時海洋石油裝備有限公司(「TSCO E」)與招商局重工(江蘇)有限公司(「招商局重工(江蘇)」)訂立銷售協議，據此，TSCO E同意出售，而招商局重工(江蘇)同意購買泵類產品，代價為人民幣7,490,000.00元(相等於約8,493,660.00港元)，乃該銷售協議訂約方經公平磋商，並參考泵類產品市場價而釐定。本公司預期該交易將為本集團帶來收入增長。

招商局重工(江蘇)是招商局工業集團有限公司(「招商局工業」)的全資附屬公司，招商局工業由招商局集團有限公司(「招商局集團」)全資擁有，China Merchants & Great Wall Ocean Strategy & Technology Fund (L.P.)(「該基金」)為本公司之控股股東，因此為本公司的關連人士。該基金由招商局集團間接控制。因此，根據上市規則，招商局重工(江蘇)為招商局集團、招商局工業及該基金的聯繫人，並為本公司的關連人士。因此，根據上市規則第14A章，銷售協議構成本公司的關連交易。

董事(包括獨立非執行董事)認為，該銷售協議項下擬進行的交易乃按一般商業條款訂立，其中所載條款屬公平合理，並符合本公司及股東的整體利益。

有關銷售協議交易價值(根據香港上市規則涵義)的最高適用百分比率超過0.1%且低於5%，關聯交易須遵守上市規則第14A.76條的申報及年度審核規定，但根據上市規則第14A章獲豁免遵守獨立股東批准的規定。

銷售協議詳情載於本公司於二零一九年一月十一日刊發的公告。

根據上市規則的定義，於綜合財務報表附註34披露之關連人士交易亦屬於關連交易的範圍，而本公司已根據上市規則第14A章遵守披露規定。

EQUITY-LINKED AGREEMENTS

Save as disclosed under the paragraphs headed “Share Award Plan” and “Share Award Incentive Scheme” contained in “Management Discussion and Analysis” section of this annual report and note 29 to the financial statements, “Share Option Scheme” contained in note 30 in the financial statements, no equity-linked agreements were entered into during the Year or subsisted at the end of the Year.

RELATED PARTY TRANSACTIONS

Details of the related party transactions for the year are set out in note 34 to the financial statements. Save as disclosed therein, there were no other transactions to be disclosed as related party transactions in accordance with the requirements of the Listing Rules and accounting principles generally accepted in Hong Kong.

COMPETITION AND CONFLICT OF INTERESTS

None of the Directors, the management shareholders or substantial shareholders of the Company or any of their respective associates has engaged in any businesses that competes or may compete, either directly or indirectly, with the business of the Group, as defined in the Listing Rules, or has any other conflict of interests with the Group during the Year.

SUFFICIENCY OF PUBLIC FLOAT

The Company has maintained a sufficient public float throughout the year ended 31 December 2019.

AUDITORS

KPMG will retire and a resolution for their re-appointment as auditors of the Company will be proposed at the forthcoming annual general meeting of the Company.

CORPORATE GOVERNANCE

A report on the principle corporate governance practices adopted by the Company is set out on pages 64 to 81 of this annual report.

ON BEHALF OF THE BOARD
CMIC Ocean En-tech Holding Co., Ltd.

LOU Dongyang
Chairman

JIANG Bing Hua
Co-Chairman

Hong Kong, 27 March 2020

股票掛鈎協議

除載於本年度報告「管理層討論及分析」一節及財務報告附註29有關「股份獎勵計劃」及「股份獎勵激勵計劃」，以及財務報告附註30有關購股權計劃的披露資料外，於本年度終結日或本年度內任何時間概無訂立任何股票掛鈎協議。

有關聯人士交易

年內的有關聯人士交易詳情載於財務報告附註34。除本報告披露者外，概無其他交易須根據上市規則及香港公認會計準則按有關聯人士交易披露。

競爭及利益衝突

董事、本公司管理層股東或主要股東或彼等各自任何連絡人士概無於年內從事任何與本公司業務構成或可能構成直接或間接競爭的業務(定義見上市規則)或與本公司出現其他利益衝突。

充足之公眾持股量

本公司於截至二零一九年十二月三十一日止整個年度維持足夠公眾持股量。

核數師

畢馬威會計師事務所於本公司應屆股東週年大會上退任，會上將提呈決議案重新委任其為本公司核數師。

企業管治

本公司所採納主要企業管治常規報告載於本年報第64頁至81頁。

代表董事會
華商國際海洋能源科技控股有限公司

主席
婁東陽

聯席主席
蔣秉華

香港，二零二零年三月二十七日

CORPORATE GOVERNANCE REPORT

企業管治報告

The Board of Directors (the “Board”) is pleased to present this “Corporate Governance Report” for the Year.

The Company recognises the importance of good corporate governance to the Group’s healthy growth and has devoted considerable efforts to identifying and formulating corporate governance practices appropriate to the needs of its business. Therefore the Company continued to incorporate the essence of corporate governance into its management structure and internal control procedures, as we strove to maintain the highest standard in integrity and ethics in all aspects of our business activities, and to ensure the full compliance of our operations with applicable laws and regulations. By achieving high standards of corporate governance, the Directors believe that sound and reasonable corporate governance practices are essential for the rapid growth of the Group and for safeguarding and maximising the Company and its shareholders’ interests as a whole.

CORPORATE GOVERNANCE PRACTICES

For the year ended 31 December 2019, the Board is of the view that, the Company has complied with the code provisions on the Code on Corporate Governance Practices set out in Appendix 14 to the Listing Rules, save for the deviations which are explained below.

Code A.2.1

The roles of chairman and chief executive officer should be separated and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive officer should be clearly established and set out in writing.

During the year, Mr. Wang Hongyuan took up the posts of executive chairman and chief executive officer of the Company. This deviated from code provision A.2.1 of the CG Code which stipulated that the roles of chairman and chief executive officer should be separated and should not be performed by the same individual. Mr. Wang has extensive experience in strategic planning, mergers and acquisitions, capital operations and investments in sectors such as offshore marine and shipping, port and bonded logistics. Mr. Wang has high standing within the Group together with his extensive experience in the offshore industry. Mr. Wang is well versed with the business models and development of the Group and the development of the gas and oil industry. The Board, after due and careful consideration, was of the view that Mr. Wang was the single most suitable person for the positions of the executive chairman and chief executive officer of the Group.

On 19 February 2020, the Company appointed Mr. Lou Dongyang as the Chairman of the Board and Mr. Cong Yongjian as the Chief Executive Director. Subsequent to this date, the Company has complied with provision A.2.1 of the Code.

董事會（「董事會」）欣然呈報本年度本「企業管治報告」。

本公司深明良好企業管治對本公司健全發展之重要性，故致力尋求及制訂切合其業務需要之企業管治常規，並繼續將有效的企業管治要素，一一融入管理架構與內部監控程序當中，力求在業務各方面貫徹嚴謹的誠信及道德操守，確保所有業務運作一律符合適用法律及法規。透過建設高水平的企業管治，董事相信，健全、合理的企業管治常規，是本公司快速成長、保障及提高本公司及股東整體利益的關鍵。

企業管治常規

截至二零一九年十二月三十一日止年度，董事會認為，於本公司已遵守上市規則附錄十四所載企業管治常規守則之守則條文，惟偏離下述者。

守則第A.2.1條

主席與首席執行官之角色應有區分，不應由一人同時兼任。主席與首席執行官之間職責之分工應清楚界定並以書面列載。

年內，王洪源先生擔任本公司之執行主席兼首席執行官，與守則條文第A.2.1條有所偏離，該條文規定主席與首席執行官之角色應有區分，不應由一人同時兼任。王先生於海上航運及船舶、港口及連接物流等分部之戰略規劃、收購兼併、資本運營及投資上擁有豐富的經驗。王先生於本集團內之地位崇高，加上彼於海洋產業之經驗豐富。王先生對本集團之業務模式及發展以及天然氣及石油行業發展均相當熟悉。董事會於作出經審慎周詳考慮後認為王先生為唯一最適合出任本集團執行主席兼首席執行官之人選。

二零二零年二月十九日公司委任婁東陽先生為董事會主席，叢永儉先生為首席執行官，此日期後本公司已遵守守則第A.2.1條之規定。

CORPORATE GOVERNANCE PRACTICES (Continued)

Rule 3.10A of the Listing Rules

For the period from 1 October to 11 November 2019, after the appointment of Mr. Qian Zewei, the Company failed to fulfill the requirement under Rule 3.10(A) of the Listing Rules that the number of independent non-executive directors must represent at least one-third of the board. Upon the appointment of Mr. Sun Dongchang as an independent non-executive Director of the Company on 12 November 2019, the Board is comprised of three executive Directors, four non-executive Directors and four independent non-executive Directors. Therefore, the Company has complied with the requirement under Rule 3.10A of the Listing Rules.

THE MODEL CODE

The Company has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standards of dealings as set out in the Model Code for Securities Transactions by the Directors of Listed Issuers (the "Model Code") as set forth in Appendix 10 of the Listing Rules. Having made specific enquiry of all Directors, the Directors have complied with such code of conduct and the required standards of dealings as set out in the Model Code by the Directors throughout the year ended 31 December 2019.

BOARD OF DIRECTORS

The Board is responsible for managing the Company on behalf of shareholders. The Board is of the view that it is the Directors' responsibilities to create value for shareholders and safeguard the best interests of the Company and the shareholders by discharging its duties in a dedicated, diligent and prudent manner on the principle of good faith. The Board is also responsible for decisions in relation to the overall strategic development of the Group's business. Responsibilities in relation to daily and execution of the strategic business plans are delegated to each of the executive Directors and management.

Details of background and qualifications of the executive chairman of the Company, other Directors and senior management are set out under the "Profiles of Directors and Senior Management" of this annual report. All Directors have given sufficient time and attention to the affairs of the Group. The executive Directors have sufficient experience to hold the position so as to carry out their duties effectively and efficiently.

The Board comprises eleven Directors up to the date of this annual report, including three executive Directors, namely Mr. Cong Yongjian, Mr. Jiang Bing Hua and Mr. Zhang Menggui, Morgan; four non-executive Directors, namely Mr. Lou Dongyang, Mr. Wang Jianzhong, Ms. Fu Rui and Mr. Qian Zewei; and four independent non-executive Directors, namely Mr. Chan Ngai Sang, Kenny, Mr. Zou Zhendong, Mr. Chen Weidong and Mr. Sun Dongchang. As over half of the members of the Board being non-executive and they have not participated in the management of the Company, the Board is able to exercise independent judgement on corporate affairs and provide the management with a diverse and objective perspective on issues. The Board believes that current board size is appropriate based on the Company's present circumstances and will periodically evaluate the need for increasing or decreasing its size.

企業管治常規(續)

遵守上市規則第3.10A條

由二零一九年十月一日至十一月十一日，因委任錢澤偉先生後，本公司於該其間未能符合上市規則第3.10(A)條要求獨立非執行董事的人數必須不少於董事會的三分之一之規定，隨孫東昌先生於二零一九年十一月十二日獲委任為本公司獨立非執行董事後，董事會由三名執行董事、四名非執行董事及四名獨立非執行董事組成。因此，本公司已遵守上市規則第3.10A項下之規定。

標準守則

本公司已就董事進行之證券交易採納一項條款不寬於上市規則附錄十上市發行人董事進行證券交易的標準守則(「標準守則」)所載規定買賣準則之操守守則。於向全體董事作出特定查詢後，董事於截至二零一九年十二月三十一日止年度一直已遵守標準守則內所載有關操守守則及規定買賣準則。

董事會

董事會負責代表股東管理本公司。董事會認為，董事須透過以積極、盡責及審慎的態度，按照誠信原則履行其職務，負責為股東創造價值及保障本公司及股東的最佳利益。董事會亦負責決定本公司業務的整體策略發展。策略業務計劃的日常及執行責任已委派予各執行董事及管理層。

本公司執行主席、其他董事及高級管理層的背景及資格詳情載於本年報「董事及高級管理層履歷」內。全體董事已撥出充足時間及注意力於本公司的事務上。執行董事均擁有出任其職位所需之豐富經驗，以有效及有效率地履行其職務。

截至本年度報告日期止，董事會由十一名董事組成，包括三名執行董事，分別為叢永儉先生、蔣秉華先生及張夢桂先生；四名非執行董事，分別為婁東陽先生、王建中先生、傅銳女士及錢澤偉先生；以及四名獨立非執行董事，分別為陳毅生先生、鄒振東先生、陳衛東先生及孫東昌先生。董事會半數以上成員為非執行董事，彼等並無參與本公司管理，故董事會可就企業事務作出獨立判斷，並向管理層就各項事宜提供各方面的意見及客觀分析。董事會相信，董事會現時規模適合本公司目前環境，並將會定期評估是否需要增加或減少成員數目。

CORPORATE GOVERNANCE REPORT

企業管治報告

BOARD OF DIRECTORS (Continued)

During the year ended 31 December 2019, the Board had at all times complied with the requirement of the Listing Rules, except the deviation of Rules A.2.1 and 3.10A per disclosed above, of having at least three independent non-executive Directors sit on the Board (more than one third of the Board members) and at least one of them has appropriate professional accounting or related financial management expertise. To the knowledge of the Directors, the Board members have no financial, business, families or other material relationships with each other.

The Articles state clearly the procedures for the appointment of new directors, re-election and removal of directors. Under the Articles, the Board may from time to time appoint a director either to fill a casual vacancy or as an addition to the Board. Any such new director shall hold office until the next following general meeting of the Company (in the case of filling a casual vacancy) or until the next annual general meeting of the Company (in the case of an addition to the Board) and shall then be eligible for re-election at the same general meeting.

All Directors (including non-executive Directors) have entered into a service contract with the Company for a term of three years, are subject to retirement by rotation once every three years, and re-election in accordance with the Articles, unless and until terminated by not less than three months' prior notice in writing served by either party on the other. Pursuant to Articles 86 and 87, Mr. Cong Yongjian, Mr. Jiang Bing Hua, Mr. Zhang Menggui, Morgan, Ms. Fu Rui, Mr. Qian Zewei, Mr. Chan Ngai Sang, Kenny and Mr. Sun Dongchang will retire, and being eligible for election, offer themselves for re-election at the forthcoming annual general meeting to be held on 22 May 2020.

Each of the independent non-executive Directors has made an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Company is of the view that all independent non-executive Directors meet the independence guidelines set out in Rule 3.13 of the Listing Rules and are independent in accordance with the terms of the guidelines.

The primary functions of the Board include:

- deciding on the overall strategies, overseeing operational and financial performance and formulating appropriate policies to manage risk exposure associated with realising the strategies and goals of the Group;
- being held accountable for the internal control system of the Group and responsible for reviewing its effectiveness;

董事會(續)

截至二零一九年十二月三十一日止年度，除上文披露的偏離第A.2.1條及第3.10A條的情況外，董事會已一直遵守符合上市規則之要求，規定董事會內至少有三名獨立非執行董事(超過董事會人數三分之一)並至少其中一名具備合適專業會計或相關財務管理專長。就董事所知，董事會成員之間並無任何財務、業務、家屬或其他重大關係。

章程已清楚列明委任新董事、重選及罷免董事的程序。根據章程，董事會可不時委任董事填補臨時空缺或新增加入董事會。任何有關新增董事將就任至本公司下屆股東大會(就填補臨時空缺而言)或直至本公司下屆股東週年大會(就新加入董事會而言)，並符合資格於同一股東大會上重選連任。

全體董事(包括非執行董事)已與本公司訂立服務合約，為期三年，根據章程須每三年輪值告退一次及膺選連任，除非及直至任何一方向另一方發出不少於三個月的事先書面通知終止。根據細則第86及87條，叢永儉先生、蔣秉華先生、張夢桂先生、傅銳女士、錢澤偉先生、陳毅生先生及孫東昌先生將於二零二零年五月二十二日舉行的應屆股東週年大會上退席，並合資格及願意重選連任。

各位獨立非執行董事已根據上市規則第3.13條作出獨立性之年度確認。本公司認為所有獨立非執行董事已符合上市規則第3.13條所載之獨立指引且根據該指引條文屬獨立人士。

董事會的主要職能包括：

- 決定整體策略，監察營運及財務表現，並制定適當的政策，以管理為達成本公司策略目標而承擔之風險；
- 對本公司內部監控制度及就檢討其效能負責；

BOARD OF DIRECTORS (Continued)

- being ultimately responsible for preparing financial statements and discussing the performance, financial conditions and prospects of the Group in a balanced, clear and comprehensible manner. These responsibilities are applicable to interim and annual reports of the Company, other price sensitive announcements published according to the Listing Rules and disclosure of other financial information, reports submitted to regulatory bodies and information discloseable under statutory requirements;
- whilst executive Director, who oversees the overall business of the Group, is responsible for the daily operations of the Group, the Board is responsible for affairs involving the overall policies, finance and shareholders of the Company, namely financial statements, dividend policy, significant changes to accounting policies, annual operating budgets, material contracts, major financing arrangements, principal investment and risk management strategy. Implementation and execution of such decisions are delegated to the management; and
- regularly reviewing its own functions and the powers conferred upon executive Director to ensure appropriate arrangements are in place. The management is well informed of its powers and duties with clear guidelines and instructions, in particular regarding situations under which reporting to the Board is necessary and matters that require the approval of the Board before any decisions or commitments can be made on behalf of the Company.

Members of the Board held a total of six meetings during the Year. The Directors are given sufficient time and information relating to the matters to be discussed in the Board meetings in advance, or except in special circumstances, consent to short notice is sought at times of urgency. In addition, the Company has maintained a procedure for the Directors to seek independent professional advice, in appropriate circumstances, at the Company's expense in discharging their duties to the Company. Moreover, the Company Secretary prepares minutes and keeps records of matters discussed and decisions resolved at all Board meetings. The Company Secretary also keeps the minutes, which are open for inspection at any reasonable time on reasonable notice by any Director.

Matters considered and approved by the Board during the Year mainly related to (i) reviewing of the Company's business; (ii) the approval of annual results of 2018, appointment of independent non-executive Director and non-executive Directors; (iii) the approval of interim results of 2019; (iv) connected transactions; (v) disclosable transactions; (vi) adoption of share award plan; and (vii) change of company secretary.

董事會(續)

- 最終負責編製財務報表，及以平衡、清晰及易於理解的方式討論本公司之績效表現，財務狀況及前景。這方面的責任適用於本公司中期及年度報告、按上市規則發出的其他股價敏感公佈及其他財務數據之披露、向監管機構提交的報告，以及根據法定要求須予披露之信息；
- 本公司之日常營運由統領本公司整體業務之執行董事負責，涉及本公司整體策略、財政及股東之事務則由董事會負責，其中包括財務報表股息政策、會計政策之重大變動、年度營運預算、重大合約、主要融資安排、主要投資及風險管理策略。該等決定之實施及執行均被授權予管理層負責；及
- 定期檢討其自身之功能及授予執行董事之權力，以確保該等安排仍然適當。管理層已就其權力及義務獲清晰指引及指示，特別是在何種情況下應向董事會彙報，以及在代表本公司作出任何決定或訂立任何承諾前應取得董事會批准等事宜方面。

董事會成員於本年度舉行合共6次會議。董事事先獲給予充足時間及有關將於董事會會議上商討的事宜的資料，或除於特別情況下，同意於緊急時接獲短期通知。此外，本公司已制定一套程序以供各董事在適當情況下尋求獨立專業意見以履行其職責，有關費用由本公司負責。另外，公司秘書會編製會議記錄並保存有關於所有董事會上所討論事宜及所議決決定之記錄。公司秘書亦保存會議記錄，以供任何董事在發出合理通知後，於任何合理時間查閱。

董事會於本年度考慮及批准的事項主要關於(i)審閱公司業務；(ii)批准二零一八年度業績，委任獨立非執行董事及非執行董事；(iii)批准二零一九年中期業績；(iv)關連交易；(v)須予披露交易；(vi)採納股份獎勵計劃；及(vii)更換公司秘書。

CORPORATE GOVERNANCE REPORT

企業管治報告

BOARD OF DIRECTORS (Continued)

The Directors have complied with the Code for the convening of Board meeting which should be held at least four times a year at approximately quarterly intervals, to review the financial performance, results of each period, material investments and other matters of the Group that require resolutions of the Board. Simultaneous conference calls may be used to improve attendance when individual Director cannot attend the meeting in person.

For the year ended 31 December 2019, the executive chairman of the Company held a meeting with the independent non-executive Directors without the presence of the other Directors.

Mr. Lou Dongyang is the chairman of the Board and Mr. Cong Yongjian is the chief executive officer of the Company. The divisions of responsibilities between the chairman of the Board and the chief executive officer of the Company are clearly divided to ensure a balance of power and authority and to reinforce their independence and accountability.

Mr. Lou Dongyang, being the chairman, is responsible for providing leadership to the Board and ensuring that the Board functions effectively; that directors receive in timely manner adequate information which is complete and reliable and that all directors are properly briefed on issues arising at board meetings. The chairman also encourages directors to participate actively in and to make a full contribution to the Board's affairs so that the Board can act in the best interest of the Company.

Mr. Cong Yongjian, being the chief executive officer of the Company, is responsible for the daily operations of the Company, execution of business policies, strategies, objectives and plans as formulated and adopted by the Board and leading the management of the Company.

Directors' Continuous Training and Development

Directors should participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution to the Board remains informed and relevant. The Group continuously updates the Directors on the latest developments regarding the Listing Rules and other applicable regulatory requirements, to ensure compliance and enhance their awareness of good corporate governance practices. Circulars or guidance notes are issued to Directors and senior management where appropriate, to ensure awareness of best corporate governance practices.

During the Year, the Directors were committed to complying with the Code A.6.5 on Directors' training. Some Directors have attended seminars and conferences, which covered topics including the Companies Ordinance, taxation, quality control, and corporate governance issues, and provided a record of training they received for the Year to the Company.

董事會(續)

董事已遵守召開董事會會議守則，每年大約按季度舉行最少四次會議，以檢討財務表現、各期間業績、重大投資及本公司其他須以董事會決議案通過的事宜。當個別董事未能親身出席會議時，實時電話會議可用作改善出席情況。

截至二零一九年十二月三十一日止年度，本公司執行主席與獨立非執行董事舉行了一次會議，該會議並無其他董事出席。

婁東陽先生為董事會主席，叢永儉先生為本公司首席執行官。本公司董事會主席及首席執行官的職責清楚劃分，確保權力及職權得到平衡，以及加強獨立性及問責性。

主席婁東陽先生負責領導董事會及確保董事會有效運作，並確保董事準時收到充足、完整及可靠的資料，亦確保各董事均適當知悉董事會會議討論的議題。主席亦鼓勵各董事積極參與及全力投入董事會事務，務求令董事會能以本公司的最佳利益為依歸。

本公司首席執行官叢永儉先生負責本公司的日常運作，落實由董事會制定及採納的業務政策、策略、目標及計劃以及領導本公司管理人員。

董事之持續培訓及發展

董事應參加持續專業發展，發展及更新其知識及技能。此為確保彼等向董事會作出知情及恰當之貢獻。本公司持續提供有關上市規則及其他適用監管規定之最新信息予董事，以確保董事遵守該等規則及提高彼等對良好企業管治常規之認識。本公司向董事及高級管理層(倘合適)發出通函或指引，以確保瞭解最佳企業管治常規。

年內，董事已承諾遵守有關董事培訓之守則第A.6.5條。若干董事已出席研討會及會議，其中涉及的主題包括新的公司條例、稅務、質量控制及企業管治事項及向本公司提供彼等於年內的培訓記錄。

BOARD OF DIRECTORS (Continued)

Directors' Continuous Training and Development

(Continued)

A summary of training received by the Directors during the Year is as follows:

董事會 (續)

董事之持續培訓及發展 (續)

董事年內的培訓概要如下：

Name of Directors 董事姓名	Type of Trainings 培訓類別
Executive Directors: 執行董事：	
Mr. WANG Hongyuan (resigned on 19 February 2020) 王洪源先生(於二零二零年二月十九日辭任)	A, B
Mr. CONG Yongjian (appointed on 19 February 2020) 叢永儉先生(於二零二零年二月十九日獲委任)	N/A 不適用
Mr. JIANG Bing Hua 蔣秉華先生	A, B
Mr. ZHANG Menggui, Morgan 張夢桂先生	A, B
Non-executive Directors: 非執行董事：	
Mr. WANG Jianzhong 王建中先生	B
Mr. LOU Dongyang 婁東陽先生	B
Ms. FU Rui (appointed on 1 June 2019) 傅銳女士(於二零一九年六月一日獲委任)	B
Mr. QIAN Zewei (appointed on 1 October 2019) 錢澤偉先生(於二零一九年十月一日獲委任)	B
Independent non-executive Directors: 獨立非執行董事：	
Mr. CHAN Ngai Sang, Kenny 陳毅生先生	B
Mr. ZOU Zhendong 鄒振東先生	B
Mr. CHEN Weidong 陳衛東先生	B
Mr. SUN Dongchang (appointed on 12 November 2019) 孫東昌先生(於二零一九年十一月十二日獲委任)	B

Notes:

- A: attending seminars and/or conferences and/or forums relating to directors' duties or other relevant topics
- B: reading seminar materials, newspapers, journals and updates relating to economy, the latest development of the Listing Rules and other applicable regulatory requirements

附註：

- A：出席研討會及／或會議及／或論壇關於董事之職務或其他相關議題
- B：閱讀研討會材料、報紙、刊物及有關經濟、上市規則及其他適用監管規定的最近發展的更新情況

CORPORATE GOVERNANCE REPORT

企業管治報告

BOARD OF DIRECTORS (Continued)

Directors' Continuous Training and Development (Continued)

During the Year, the Board, audit committee, remuneration committee, nomination committee and compliance committee meetings and the general meetings of the Company were held, with details as follows:

董事會(續)

董事之持續培訓及發展(續)

於本年度，本公司所舉行的董事會、審核委員會、薪酬委員會、提名委員會及監察委員會會議以及股東大會如下：

Name of Directors 董事姓名	Meetings attended/held 出席／舉行會議次數					
	Board 董事會	Audit Committee 審核委員會	Remuneration Committee 薪酬委員會	Nomination Committee 提名委員會	Compliance Committee 監察委員會	General Meetings 股東大會
Executive Directors: 執行董事：						
Mr. WANG Hongyuan (resigned on 19 February 2020) 王洪源先生 (於二零二零年二月十九日辭任)	4/6		4/4	4/4		1/1
Mr. JIANG Bing Hua 蔣秉華先生	6/6		4/4			1/1
Mr. ZHANG Menggui, Morgan 張夢桂先生	4/6			4/4		1/1
Non-executive Directors: 非執行董事：						
Mr. WANG Jianzhong 王建中先生	1/6					1/1
Mr. LOU Dongyang 婁東陽先生	3/6				1/1	1/1
Ms. FU Rui (appointed on 1 June 2019) 傅銳女士 (於二零一九年六月一日獲委任)	3/3					
Mr. QIAN Zewei (appointed on 1 October 2019) 錢澤偉先生 (於二零一九年十月一日獲委任)	2/2					
Independent non-executive Directors: 獨立非執行董事：						
Mr. CHAN Ngai Sang, Kenny 陳毅生先生	5/6	2/2	4/4	4/4	1/1	1/1
Mr. ZOU Zhendong 鄒振東先生	6/6	2/2	4/4	4/4		1/1
Mr. CHEN Weidong 陳衛東先生	6/6	2/2	4/4	4/4	1/1	1/1
Mr. SUN Dongchang (appointed on 12 November 2019) 孫東昌先生 (於二零一九年十一月十二日獲委任)	1/2					

DIRECTORS' INSURANCE

The Company has arranged appropriate insurance cover in respect of the legal action against the Directors.

COMPANY SECRETARY

During 1 January 2019 to 30 June 2019, Ms. Cheung Wai Sze, Candy was the Company Secretary of the Company, who was a full-time employee of the Company, has taken no less than 15 hours of relevant professional trainings to update her skills and knowledge in 2019.

Ms. Koo Ching Fan has been appointed as a Company Secretary of the Company with effect from 1 July 2019. Ms. Ching Fan KOO of Fair Wind Secretarial Services Limited, an external service provider, has been engaged by the Company as its Company Secretary. The primary contact person of the Company with Ms. KOO is Mr. ZHAO Yanan, the Secretary to the Board. Ms. KOO attended no less than 15 hours of relevant professional training during the year.

REMUNERATION COMMITTEE

The remuneration committee was established on 20 October 2005 with written terms of reference in compliance with the Code. It comprises three independent non-executive Directors, namely Mr. Zou Zhendong (being the Chairman), Mr. Chan Ngai Sang, Kenny and Mr. Chen Weidong; and one non-executive Director, namely, Mr. Lou Dongyang and one executive Director, namely Mr. Jiang Bing Hua.

The role and function of the remuneration committee include the determination of the specific remuneration packages of all executive Directors and senior management, including benefits-in-kind, pension rights and compensation payments (including any compensation payable for loss or termination of their office or appointment), and make recommendations to the Board of the remuneration of Directors. The remuneration committee will consider and give due regard to both the performance levels of, and a fair reward for, the chairman, executive Directors and the senior management and to the interest of all the shareholders of the Company in light of the financial and commercial circumstances of the Company from time to time. No Director shall be involved in deciding his own remuneration. The remuneration committee also made recommendation to the Board on the establishment of a formal and transparent procedure for developing remuneration policy.

During the Year, four meetings of the remuneration committee were held and the remuneration committee of the Company proposed to consider non-executive director and independent non-executive directors' salaries. The chairman of the remuneration committee has reported the findings and provided recommendations to the Board after the meeting.

董事保險

本公司已就針對董事之法律行動安排適當投保。

公司秘書

由二零一九年一月一日至二零一九年六月三十日，張慧詩女士為本公司之公司秘書(為本公司之全職員工)[已於二零一九年接受不少於15小時之相關專業培訓以更新其技能知識]。

二零一九年七月一日起顧菁芬女士獲委任為本公司公司秘書以替代張女士。富榮秘書服務有限公司(一間提供服務之外聘公司)顧菁芬小姐獲本公司委任為公司秘書。本公司與顧小姐之主要聯絡人為董事會秘書趙一楠先生。於年內，顧小姐參加不少於15小時的相關專業培訓的規定。

薪酬委員會

薪酬委員會於二零零五年十月二十日成立，並遵照守則以書面制定其職權範圍。薪酬委員會包括三名獨立非執行董事，分別為鄧振東先生(主席)、陳毅生先生及陳衛東先生，以及一名非執行董事婁東陽先生及一名執行董事蔣秉華先生。

薪酬委員會的角色及職能包括釐定全體執行董事及高級管理層的特定酬金組合，包括實物利益、退休福利及薪酬款項(當中包括任何就董事離職或委任而應付的任何報酬)，以及就董事酬金向董事會建議意見。薪酬委員會將同時考慮及適當顧及主席、執行董事及高級管理層的表現水平及其公平報酬，以按照本公司當時的財務及商務狀況，符合本公司全體股東的利益。概無董事將參與釐定其本身酬金。薪酬委員會亦就為建立正式及透明之制訂薪酬政策程序向董事會作出建議。

本年度內，薪酬委員會召開4次會議，而本公司薪酬委員會建議檢討非執行董事及獨立非執行董事的酬金組合。於會議舉行後，薪酬委員會主席已向董事會彙報有關情況及提出建議。

CORPORATE GOVERNANCE REPORT

企業管治報告

REMUNERATION COMMITTEE (Continued)

Details of the Directors' remuneration are set out in note 7 to the consolidated financial statements. In addition, pursuant to the Code Provision B.1.5, the annual remuneration of members of the senior management by band for the year ended 31 December 2019 is set out below:

Remuneration band (US\$) 酬金分級(美元)	Number of individuals 人數
Less than 100,000 少於100,000	2
100,000 to 200,000 100,000至200,000	3
200,001 to 300,000 200,001至300,000	–
300,001 to 400,000 300,001至400,000	2
400,001 to 500,000 400,001至500,000	–

NOMINATION COMMITTEE

The nomination committee was established on 5 June 2009 with written terms of reference in compliance with the Code. A majority of its current members are independent non-executive Directors. Currently, the members of the committee are Mr. Lou Dongyang (being the chairman), Mr. Zhang Menggui, Morgan, Mr. Chan Ngai Sang, Kenny, Mr. Zou Zhendong and Mr. Chen Weidong.

Prior to the establishment of the nomination committee, the executive chairman and chief executive officer were mainly responsible for identifying suitable candidates for members of the Board when there is a vacancy or an additional director is considered necessary. The executive chairman or chief executive officer would propose the appointment of such candidates to the Board for consideration and the members of the Board would review the qualifications of the relevant candidates for determining the suitability to the Group on the basis of his skills, qualifications, experience, background, leadership and personal integrity. The decision to appoint a director might be approved by majority of the members of the Board.

The nomination committee has adopted the Diversity Policy, which sets out the approach to diversity of Board members. In determining the Board composition, the Company considers a range of diversity elements, including but not limited to gender, age, cultural and education background, professional experience, skills and knowledge. All appointments of the Board will be made based on merit and objective criteria while taking into full account of the interest of Board's diversity.

薪酬委員會(續)

董事酬金詳情載列於綜合財務報表附註7。此外，根據守則條文第B.1.5條，截至二零一九年十二月三十一日止年度，高級管理人員年度酬金分級載列如下：

提名委員會

提名委員會於二零零九年六月五日成立並遵照守則以書面制定其職權範圍。其現時大部分成員為獨立非執行董事。現時，委員會的成員為婁東陽先生(主席)、張夢桂先生、陳毅生先生、鄒振東先生及陳衛東先生。

於成立提名委員會前，執行主席及首席執行官主要負責在出現空缺或認為需要增添董事時，甄別適當人選作為董事會成員。執行主席或首席執行官將向董事會建議委任該候選人以供考慮，而董事會成員會審閱有關候選人的資歷，按其技能、資歷、經驗、背景、領導能力及個人誠信確定是否適合本公司。委任董事的決定可經董事會大多數成員批准。

提名委員會已採納多元化政策，其中載有董事會多元化之方針。本公司在設定董事會成員組合時，會從多方面考慮董事會成員多元化，包括但不限於性別、年齡、文化及教育背景、專業經驗、技能及知識。董事會所有委任均以用人唯才為原則，並以客觀準則考慮人選，充分顧及董事會多元化的裨益。

NOMINATION COMMITTEE *(Continued)*

The selection of candidate will be based on a range of diversity elements. The final decision will be made according to the strengths of the candidate and his/her contribution that would bring to the Board.

As at the date of this report, the Board comprises eleven directors. Four of them are independent non-executive Directors and four of them are non-executive Directors thereby promoting critical review and control of the management process. The Board is also characterised by significant diversity, whether considered in terms of gender, nationality, professional background and skills.

During the Year, four meetings of the nomination committee were held. The nomination committee reviewed and discussed the appointment of non-executive Director and independent non-executive Directors, and made recommendations to the Board. The chairman of the nomination committee has reported the findings and provided recommendation to the Board after the meeting.

Under the remit of the nomination committee, it assesses the independence of independent non-executive Directors, identify candidates for appointment to the Board, review the structure, size and composition of the Board and to monitor the implementation of the Board diversity policy and the Nomination Policy. Before an appointment is made, the nomination committee evaluates the balance of skills, knowledge and experience on the Board and, in the light of this evaluation, prepares a description of the role and capabilities required for a particular appointment. If deemed appropriate, external consultants may be used to identify suitable candidates.

COMPLIANCE COMMITTEE

The compliance committee was established on 20 October 2005 with written terms of reference. The constitution of the Committee shall comply with the requirements of the Listing Rules from time to time. It comprises three Directors, namely, Mr. Lou Dongyang (being the chairman), Mr. Chan Ngai Sang, Kenny, Mr. Chen Weidong and one other member, namely, Mr. Ma Yaohui.

The general responsibilities of the committee are to ensure the Company to comply with all relevant laws and regulations and the Listing Rules ("Relevant Regulations"). It shall fulfill other responsibilities as required by the Relevant Regulations from time to time.

During the year, one meeting of the compliance committee were held and the compliance committee reviewed and monitored the annual report disclosure which were in compliance with the Relevant Regulations. The chairman of the compliance committee then reported the findings and provided recommendations to the Board after the meetings.

提名委員會 *(續)*

甄選人選將基於一系列多元化因素，最終將按所選人選的優點及其將為董事會帶來的貢獻而作出決定。

於本報告日期，董事會包括十一名董事。董事會成員其中四名為獨立非執行董事，而其中四名則為非執行董事，藉以作出批判檢討及監控管理過程。就性別、國籍、專業背景及技能方面而言，董事會均屬相當多元化。

於本年度，提名委員會舉行了4次會議。提名委員會已檢討及討論非執行董事及獨立非執行董事的委任並向董事會作出建議。提名委員會主席已在會後向董事會彙報意見並作出建議。

提名委員會的職責為評估獨立非執行董事的獨立性及甄別候選人供董事會委任、檢討董事會之架構、規模及組成，以及監察董事會多元化政策及提名政策的推行。於作出委任前，提名委員會評估董事會在技能、知識及經驗方面的平衡，並基於該評估制訂某一項委任所需的職責及能力概述。在適當情況下，亦可能會聘請外部顧問物色合適候選人。

監察委員會

監察委員會於二零零五年十月二十日成立，並以書面制定其職權範圍。委員會之組成須遵守上市規則不時之規定。其由三名董事，即婁東陽先生(主席)、陳毅生先生、陳衛東先生以及一名其他成員，即馬耀輝先生組成。

委員會之一般責任為確保本公司遵守所有相關法例及法規及上市規則(「相關法規」)。委員會亦須履行相關法規不時規定之其他責任。

年內，監察委員會召開1次會議，審閱及監察年度及中期報告中已根據相關法規作出之披露。監察委員會主席於會後向董事會彙報有關結果並提出建議。

CORPORATE GOVERNANCE REPORT

企業管治報告

DIRECTORS RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Group. The Directors ensure that the preparation of the financial statements of the Group is in accordance with statutory requirements and applicable accounting standards. The Directors are not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Company's ability to continue as a going concern.

The statement of the auditors of the Company about their reporting responsibilities on the financial statements of the Group is set out in the "Independent Auditor's Report" on pages 107 to 116 of this annual report.

AUDITORS' REMUNERATION

The audit committee of the Company is responsible for considering the appointment of the external auditor and reviewing non-audit functions (if any) performed by the external auditor, including whether such non-audit functions could lead to any potential material adverse effect on the Company. During the Year under review, the Company has to pay an aggregate of approximately US\$530,000 (2018: US\$530,000) to the external auditor for its audit services. The Company has paid an aggregate of approximately US\$6,000 (2018: US\$209,000) to the external auditor for its non-audit services in the year.

AUDIT COMMITTEE

The Company established an audit committee with written terms of reference in compliance with the Code. To ensure on-going compliance with the Code, the audit committee's terms of reference takes into account the Board's responsibility for reviewing the adequacy of staffing of the financial reporting functions and the oversight role of the audit committee. According to rule 3.21 of the Listing Rules, the audit committee comprises a minimum of three members with a majority of independent non-executive Directors, namely Mr. Chan Ngai Sang, Kenny (being the chairman), Mr. Zou Zhendong and Mr. Chen Weidong, all of whom are independent non-executive Directors; and at least one member has the appropriate professional qualifications of accounting or related financial management expertise in compliance with Rule 3.10(2) of the Listing Rules. The Company considers these Directors to be independent under the guidelines set out in Rule 3.13 of the Listing Rules.

董事對財務報表之責任

董事知悉其對編製本公司財務報表之責任。董事須確保本公司財務報表已遵照法定要求及適用會計準則編製。就董事所知，並無任何可能引致質疑本公司能否繼續經營之重大不確定之事宜或情況。

本公司核數師就其對本公司財務報表的申報責任聲明，載於本年報第107頁至116頁的「獨立核數師報告」內。

核數師酬金

本公司審核委員會負責考慮委聘外部核數師及審視由外部核數師履行的非審核職能(如有)，包括該等非審核職能會否對本公司構成任何潛在重大不利影響。於回顧年度內，本公司就核數師的審核服務應向其支付合共約530,000美元(二零一八年：530,000美元)。本公司於年內就非審核服務向外部核數師支付總額約為6,000美元(二零一八年：209,000美元)。

審核委員會

本公司成立審核委員會，並遵照守則以書面制定其職權範圍。為確保持續遵守守則，審核委員會之職權範圍以使董事會負責檢討財務彙報功能之人手是否充足，而審核委員會則行使監察職能。根據上市規則第3.21條，審核委員會須至少由三位成員組成，而獨立非執行董事須佔大多數，包括陳毅生先生(主席)、鄒振東先生及陳衛東先生，彼等均為獨立非執行董事；且根據上市規則第3.10(2)條，須至少有一位成員具備適當之會計專業資格或相關財務管理專業知識。本公司認為該等董事均具備上市規則第3.13條所載指引下的獨立性。

AUDIT COMMITTEE (Continued)

The main duties of the audit committee include the following:

- (a) To review the financial statements and reports and consider any significant or unusual items raised by the Company's staff responsible for the accounting and financial reporting functions, compliance officer or external auditors before submission to the Board;
- (b) To review the relationship with the external auditors by reference to the work performed by the auditors, their fees and terms of engagement, and make recommendation to the Board on the appointment, re-appointment and removal of external auditors; and
- (c) To review the adequacy and effectiveness of the Company's financial reporting system, internal control system and risk management system and associated procedures.

During the year, the audit committee held two meetings to consider and review the interim and annual results of the Group, to discuss the risk management and internal control system with management, to discuss the audit plan and strategy, to discuss compliance with applicable accounting standards and requirements and to ensure adequate disclosure has been made. The audit committee also met the external auditors twice without the presence of the executive Directors to discuss the audit plan and scoping and identified significant risks and other areas of focus to be addressed by the external auditors.

There is no disagreement between the Board and the audit committee regarding the selection, appointment, resignation or dismissal of external auditors.

The Company's annual results for the year ended 31 December 2019, has been reviewed by the audit committee.

審核委員會(續)

審核委員會之主要職責包括如下：

- (a) 審閱財務報表及報告，並於提交至董事會之前考慮本公司負責會計及財務報告部門之員工、合規主任或外部核數師提出之重大或不尋常事宜；
- (b) 參考核數師進行之工作、其酬金及委聘條款檢討與外部核數師之關係，並就委任、續聘及解聘外部核數師向董事會提供推薦建議；及
- (c) 檢討本公司之財務報告系統、內部控制系統及風險管理系統以及相關程序之充足性及有效性。

年內，審核委員會曾舉行合共2次會議，以考慮及審閱本公司的中期及年度業績、與管理層討論風險管理和內部控制系統、討論核數方案及策略、討論適用會計準則及規定的合規情況以及確保已作出足夠披露事項。審核委員會亦在執行董事缺席的情況下兩次會見了外部核數師，以討論審核計劃及範圍，並確認外部核數師提出的重大風險及其他重點方面。

董事會及審核委員會在有關外部核數師之甄選、委任、辭任或解聘方面並無意見不合。

本公司截至二零一九年十二月三十一日止年度之年度業績已由審核委員會審閱。

CORPORATE GOVERNANCE REPORT

企業管治報告

INDEPENDENCE OF THE COMPANY FROM ITS CONTROLLING SHAREHOLDERS IN RESPECT OF BUSINESS, PERSONNEL, ASSET, ORGANISATIONAL STRUCTURE AND FINANCE

The direct substantial Shareholders of the Company are China Great Bay Area Fund Management Company Limited and China Merchants Industry Holdings Co., Ltd. (their controlling shareholder are China Merchants Group) and Great Wall International Investment V Limited (it is wholly-owned by GW Asset Management). The Company has an independent and complete business system and has the capacity for independent operation in the market. The Company is independent from its substantial Shareholders in respect of our business, personnel, asset, organisational structure and finance, and they independently proceed with audit and assume the responsibilities and risks.

- (1) Business: The production system, purchase system, auxiliary production system and sales system of the Company are independent. The Company owns the intangible assets such as industrial property, trademark, non-patent technology independently.
- (2) Personnel: The labour, personnel and salary management institutions of the Company are independent. The system is complete. The Company and the substantial Shareholders do not share staff or senior management. All of the Company's staff and senior management are paid by the Company. The financial personnel of the Company have no part-time job in affiliates.
- (3) Assets: The property rights between the Company and the substantial Shareholders are clear, with complete procedures. The property rights are managed by the Company independently. The substantial Shareholders do not occupy or govern the assets of the Company nor interfere in its operation management of the assets.

本公司相對於控股股東在業務、人員、資產、組織架構及財務等方面之獨立情況

本公司之直接主要股東為China Great Bay Area Fund Management Company Limited及招商局工業集團有限公司(彼等之控股股東為招商局集團)及Great Wall International Investment V Limited(其由中國長城資產管理全資擁有)。本公司具有獨立完整之業務體系及面向市場自主經營之能力。本公司與主要股東之間已實現了業務、人員、資產、組織架構及財務分開，各自獨立核算，獨立承擔責任和風險。

- (1) 業務方面：本公司之生產系統、採購系統、輔助生產系統及銷售系統完全獨立。本公司獨立擁有工業產權、商標、非專利技術等無形資產。
- (2) 人員方面：本公司勞工、人事及工資管理機構獨立、制度健全。本公司與主要股東之員工及高級管理層並無在股東單位雙重任職。本公司全體員工及高級管理層均獲本公司支付薪酬。本公司財務人員並無在聯屬公司兼職。
- (3) 資產方面：本公司與主要股東產權明晰，手續齊全。產權由本公司獨立管理。主要股東並無佔用、支配本公司資產或干預本公司之資產經營管理。

INDEPENDENCE OF THE COMPANY FROM ITS CONTROLLING SHAREHOLDERS IN RESPECT OF BUSINESS, PERSONNEL, ASSET, ORGANISATIONAL STRUCTURE AND FINANCE (Continued)

- (4) Organisational structure: The Board, the Supervisory Committee and other internal institutions of the Company are complete and operate independently. The substantial Shareholders perform their rights according to the law and assume the corresponding obligations without directly or indirectly interfering with the business activities of the Company by overstepping the general meeting.
- (5) Finance: The finance department, financial accounting system, financial management system and bank account of the Company are independent and it pays taxes independently.

During the Reporting Period and as at date of this annual report, the Company has not provided undisclosed information to the substantial Shareholders and the de facto controllers, and there was no other non-compliance governance problem.

INTERNAL CONTROL

The Board is responsible for risk management and internal control of the Group and for reviewing its effectiveness. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. Procedures have been designed for safeguarding assets against unauthorised use or disposition, ensuring the maintenance of proper accounting records for the provision of reliable financial information for internal use or for publication, and ensuring compliance of applicable laws, rules and regulations.

The Board, through the established internal audit function, has conducted annual reviews on the effectiveness of the Company's internal control system, including risk management and internal control, as well as the resources of the Company's financial and accounting reporting departments, in accordance with the applicable legal requirements and other internal control regulatory requirements. The reviews include evaluation methods of the Company Qualifications and experience, as well as staff training and management budget.

During the year the Group has implemented a series of internal control system procedures and measures to strengthen internal controls. The Board believes that there are no material internal controls deficiencies that may affect the Shareholders and an effective and adequate risk management and internal control system is in place to safeguard the assets of the Group. The Group will continue to enhance the system to cope with the changes in the business environment.

本公司相對於控股股東在業務、人員、資產、組織架構及財務等方面之獨立情況(續)

- (4) 組織架構方面：本公司董事會、監事會及其他內部機構健全，運作獨立。主要股東依法行使其權利，並承擔相應之義務，並無超越股東大會直接或間接干預本公司之經營活動。
- (5) 財務方面：本公司財務部門、財務會計體系、財務管理制度及銀行賬戶獨立，且本公司獨立繳稅。

於報告期內及本年報日期，本公司並無向主要股東及實際控制人提供未公開信息，亦無其他不合規之管治問題。

內部監控

董事會負責本公司風險管理和內部監控及檢討其成效。該等制度乃為了管理而非消除未能達成業務目標的風險而設，並僅可就不會有重大錯誤陳述或損失作出合理而非絕對的保證。本公司設有程序保障資產以防未經授權使用或處置、確保妥善保存帳簿記錄以提供可靠的財務數據供內部使用或發佈，並確保遵守適用法律、規則及法規。

根據適用法律規定和其他內部監控監管要求，董事會(透過設立內部審核職能)每年審閱了本公司內部監控制度的成效，包括風險管理和內部監控，以及本公司財務及會計報告部門的資源。審閱涵蓋本公司資歷與經驗的評價辦法，以及員工所接受的培訓及管理預算等。

本公司於年內實施了一系列內部監控制度程序及措施，以加強內部監控，董事會相信，並無重大的內部監控缺陷可能影響股東，而本公司已設有有效及充份的風險管理及內部監控系統以保障本公司的資產。本公司將繼續改善系統以應付營商環境的變化。

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll except where the chairman, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. As such, all the resolutions set out in the notice of the general meetings will be voted by poll. Representatives of the share registrar of the Company are appointed as scrutineers to monitor and count the poll votes cast at each general meeting. The results of poll were published on the websites of the Stock Exchange and the Company respectively.

The Board recognises the importance of good communications with all shareholders. The general meetings of the Company provide an opportunity for communication between the shareholders and the Board. Separate resolutions are proposed at shareholders' meetings on each substantial issue, including the election of individual Directors. The chairman of the Board as well as the chairmen of the remuneration committee and audit committee or, in their absence, and where applicable other members of the respective committees together with the external auditors are available to answer questions at the shareholders' meetings.

The Company continues to enhance communications and relationships with its investors. Designated Directors or senior management maintain regular dialogues with institutional investors and analysts to keep them abreast of the Company's developments. Enquiries from investors are dealt with in an informative and timely manner.

To promote effective communication, the Company also maintains a website at www.cmicholding.com, where extensive information and updates on the Company's business developments and operations, financial information and other information are posted.

SHAREHOLDERS' RIGHTS

Annual reports and interim reports offer comprehensive information to the Shareholders on operational and financial performance whereas annual general meetings provide a forum for the Shareholders to exchange views directly with the Board. The general meetings of the Company provide an opportunity for communication between the Shareholders and the Board. The executive Chairman and board members of the Company attended the general meetings held on 24 May 2019 to answer questions at these meetings.

To safeguard the Shareholders' interests and rights, separate resolutions are proposed at Shareholders' meetings on each substantial issue, including the re-election of the retiring Directors.

與股東之溝通及投資者關係

根據上市規則第13.39(4)條，股東於股東大會上之表決須以投票方式進行，惟主席真誠決定允許純粹與程序或行政事宜有關之決議案以舉手方式表決。因此，股東大會通告內所載之全部決議案將以投票方式表決。本公司的股份過戶登記處代表已獲委聘為監票人，以監察及點算各股東大會的票數。表決結果會分別於聯交所及本公司網站刊載。

董事會認為與所有股東進行良好溝通十分重要。本公司之股東大會為股東及董事會提供溝通機會。於股東大會上，將就各重大事項(包括選任個別董事)提呈獨立決議案。董事會主席及薪酬委員會與審核委員會主席或(在彼等缺席時)各委員會(倘適用)之其他成員連同外部核數師，將在股東大會上回答提問。

本公司不斷加強與投資者之溝通及關係。特定董事或高級管理人員與機構投資者及分析員定期對話，協助彼等瞭解本公司之發展。本公司會對投資者之查詢作出詳盡及適時之回應。

為促進有效溝通，本公司同時設有網站 www.cmicholding.com，以刊載詳盡數據及更新本公司之業務發展及經營、財務數據以及其他數據。

股東權利

年度報告和中期報告就營運及財務表現向股東提供全面的信息，而股東週年大會則為股東與董事會之間直接交流意見提供一個論壇。本公司之股東大會為股東及董事會提供溝通機會。本公司之執行主席與董事會成員出席了於二零一九年五月二十四日舉行之股東大會，在會上回答問題。

為保障股東的利益和權利，各項重大問題包括重選退任董事都須於股東大會上提呈獨立決議案。

PROCEDURE FOR SHAREHOLDERS TO CONVENE AN EXTRAORDINARY GENERAL MEETING

Pursuant to the Articles, any one or more shareholder(s) holding not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company (hereinafter referred to as “the requisitioner(s)”) shall at all times have right by written requisition to the board of directors or the Secretary of the Company, to require an extraordinary general meeting of the Company to be called by the Board for dealing with relevant requirements and any matter specified; 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 Directors fail to proceed to convene such meeting, the requisitioner(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitioner(s) as a result of the failure of the Directors shall be reimbursed to the requisitioner(s) of the Company.

PROCEDURES FOR PUTTING FORWARD PROPOSALS AT SHAREHOLDERS’ MEETINGS

Save for the following, Shareholders do not generally have a right to propose new resolutions at general meetings. Shareholders who wish to propose a resolution may request the Company to convene an extraordinary general meeting following the procedures set out in “Procedures for shareholders to convene an extraordinary general meeting” above.

Where notice of a general meeting includes the election of directors of the Company, any shareholder of the Company may propose the election of any person as a director of the Company (hereinafter referred to as the “Director”) at the general meeting. Pursuant to Article 88 of the Articles of the Company, if a shareholder wishes to propose a person other than a retiring Director for election as a Director at any general meeting (including the annual general meeting), the shareholder should lodge a written notice (hereinafter referred to as the “Nomination Notice”) at the Hong Kong Share Registrar or the head office of the Company and the minimum length of the period during which such notice is given shall be at least seven (7) days. If the Nomination Notice is submitted after the despatch of the notice of the general meeting appointed for such election, the period for lodgment of the Nomination Notice shall commence on the day after the despatch 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. The Nomination Notice must be accompanied by a notice signed by the person to be proposed of his willingness to be elected as a Director and such notice must also state the proposed person’s biographical details as required by Rule 13.51(2) of the Listing Rules.

股東召開股東特別大會之程序

根據本公司細則，持有本公司已繳足股本(賦有於本公司股東上投票權)不少於十分之一股東(以下稱為「呈請人」)，可以於任何時候有權透過書面要求本公司董事會或秘書，要求董事會召開本公司股東特別大會以處理有關要求及指明的任何事項；而該會議須於遞交該呈請後兩(2)個月內舉行。倘董事未能於遞交呈請日期起計二十一(21)天內召開會議，則呈請人可以相同方式自行召開會議，而因董事未能召開會議導致呈請人產生之一切合理開支，須由本公司呈請人承擔。

於股東大會上提出動議之程序

除下述者外，股東一般無權於股東大會上提出新決議案。倘股東有意提出決議案，可遵循上文「股東召開股東特別大會之程序」所載程序要求本公司召開股東特別大會。

倘股東大會通告包括選舉本公司董事，本公司任何股東可於股東大會上推選任何人士為本公司董事(以下稱為「董事」)。根據本公司細則第88條，倘股東有意於任何股東大會(包括股東週年大會)上推選退任董事以外人士為董事，則該股東應將書面通知(以下稱為「提名通知」)遞交至本公司香港股份過戶登記處或總辦事處，而遞交該通知之最短期限須為至少七(7)天。倘提名通知乃於寄發有關該推選之股東大會通告後才遞交，則遞交提名通知之期間由寄發有關該推選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)天止。提名通知須附上所提名人士簽署表示願意被選舉為董事之通知，而該通知根據上市規則第13.51(2)條規定亦須列明所提名人士之履歷詳情。

CORPORATE GOVERNANCE REPORT 企業管治報告

PROCEDURES FOR PUTTING FORWARD PROPOSALS AT SHAREHOLDERS' MEETINGS

(Continued)

For purposes of the above, the following are head office in Hong Kong and the Hong Kong Share Registrar of the Company:

Head Office in Hong Kong: Unit 2706–2709, 27/F
One Harbourfront 18
Tak Fung Street
Hunghom, Kowloon Hong Kong

Hong Kong Share Registrar: Tricor Investor Services Limited
Level 54, Hopewell Centre,
183 Queen's Road East, Hong Kong

INVESTOR RELATIONS

The Company establishes different communication channels with investors to update the latest business development and financial performance to maintain a high degree of transparency and to ensure that there is no selective disclosure of inside information.

The company has always adopted a positive attitude to communicate with investors, the media and potential investors to increase the Company's brand recognition, strengthen investors' understanding and recognition of the Company, and achieve the value of shareholders ultimately.

Below are our communication methods, but not limited to:

Annual and interim report
Online annual report
Annual general meeting and extraordinary general meeting
Investors' Roadshow: In 2019, the company organised four roadshows, and introduced the Company to more than 20 potential investment institutions and existing shareholders.

Announcements, press releases and circulars
Voluntary announcement
Media Press Conference
Investors' Conference: 5 times investors' meetings were organised in 2019 in order to communicate with investors in a face-to-face format

Industry analyst communication: The Company encourages analysts to publish their analysis reports actively to help investors evaluate the Company and its development opportunities and challenges.
Investor Relations Email: ir@cmicholding.com

於股東大會上提出動議之程序(續)

就上述而言，以下為本公司香港總辦事處及香港股份過戶登記處：

香港總辦事處： 香港九龍紅磡
德豐街18號
海濱廣場一座
27樓2706–2709室

香港股份過戶登記處： 卓佳證券登記有限公司
香港皇后大道東183號
合和中心54樓

投資者關係

本公司為投資者設立不同的溝通渠道，以更新最新業務發展及財務表現，以維持高度透明，且確保概無選擇性披露內部資料。

本公司一貫採取積極的態度與投資者、媒體及潛在投資者進行溝通，以增加公司品牌認可度，加強投資者對公司的瞭解和認同，最終實現提高股東的價值。

我們採用的溝通方式，包括且不限於以下：

年度及中期報告
網上年報
年度股東大會及特別股東大會
投資者路演：2019年公司組織路演4次，向20餘家潛在投資機構及老股東進行公司推介。

公告、通告及通函
自願性公告
媒體見面會
投資者會議：2019年供組織投資者會議5次，以面對面的形式與投資者進行溝通

行業分析師溝通：公司鼓勵分析師積極發表其分析報告，以助投資者對本公司及其發展機會與挑戰進行評估。
投資者關係專用電郵：ir@cmicholding.com

INVESTOR RELATIONS *(Continued)*

The Company's website: www.cmicholding.com, the Company's website is the Company's main market promotion media, fully displaying the business and activities of CMIC.

Social Media: WeChat public account, the company uses the WeChat public account to publish company news, industry news, short films, photos and major events.

CONSTITUTIONAL DOCUMENTS

Due to the change of name of the Company, the Memorandum and Articles of Association containing the new name of the Company was uploaded on the website of the Stock Exchange on 2 April 2019. Save as aforesaid, the Board is not aware of any significant changes in the Company's constitutional documents during the year ended 31 December 2019.

投資者關係 *(續)*

公司網站：www.cmicholding.com，公司網站是公司主要的市場推介媒體，全面展示了華商國際的業務及活動。

社交媒體：微信公眾號，公司利用微信公眾號發佈公司新聞、行業新聞、短片、照片及公司重大事件。

組織章程

由於本公司更改名稱，載有本公司新名稱的組織章程大綱及細則已於二零一九年四月二日上載至聯交所網站。除上文所述外，截止二零一九年十二月三十一日至年度，董事會並無發現本公司組織章程文件出現顯著變化。

ENVIRONMENTAL, SOCIAL, AND GOVERNANCE REPORT

環境、社會及管治報告

I. STANDARDS OF THE REPORT

This Environmental, Social, and Governance report (the “Report”) provides an annual update on the various aspects of environmental, social, and governance performance by CMIC Ocean En-Tech Holding Co., Ltd. (the “Group”) in the year 2019.

The content of this Report was compiled in accordance with the “Environmental, Social and Governance Reporting Guide” as set out in Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as well as the actual conditions of the Company. This Report is published annually in each financial year together with the Annual Report of the Company for the year on the website of the Company and HKEx.

II. BACKGROUND INFORMATION ON THE COMPANY

The Group and its global subsidiaries are principally engaged in the asset investment and operations management of offshore engineering platforms, clean energy and technology investments, and the design, manufacture, installation and operation of the products and services of onshore and offshore drilling industries, including rigs, oilfield expendables and engineering services.

III. CORPORATE SOCIAL RESPONSIBILITY (CSR) VISION, ASPIRATIONS, POLICIES AND STRATEGIES

The Group is dedicated to becoming an outstanding corporate citizen in each of the communities it operates in around the world.

“The Group recognises a high degree of social responsibility and awareness in environmental sustainable development as key factors to the enterprise’s persistent growth and success.”

The Group pursues the values of tolerance, openness, reliability and cooperation in both business development and social activities, and has introduced effective measures to ensure full fulfilment of its social responsibility and implementation of its environmental policies. These areas of work involve the Group’s employees, business associates, supply chain partners, and community groups related to the Group’s business.

一. 報告準則

本環境、社會及管治報告(「本報告」)提供華商國際海洋能源科技控股有限公司(「本集團」)於二零一九年度環境、社會及管治各層面表現的年度最新情況。

本報告為根據香港交易及結算所有限公司證券上市規則附錄二十七所載之《環境、社會及管治報告指引》而編寫，以及按照本集團實際情況編寫而成。本報告為年度報告，每財政年度出版一次，並與該年的公司年報同時發佈在公司及聯交所網站。

二. 公司背景資料

本集團及其全球附屬公司的主營業務為海洋工程平台資產投資及運營管理，清潔能源及科技投資，以及設計、製造、安裝及經營陸上和海洋鑽探行業的產品和服務，包括鑽機、油田耗材，以及工程服務。

三. 公司對企業社會責任的願景、抱負、政策及策略

本集團致力於在其營運的全球各區域內成為一個優秀的企業公民。

「本集團堅信，高度的社會責任感與環境可持續發展意識是確保企業業務持續增長和成功的關鍵因素。」

於本集團的業務拓展及社會活動當中，奉行寬容、開放、可靠和合作的價值觀念。本集團引入了有效措施以確保相關的社會責任及環境政策得以全面落實。這些工作涉及到本集團的員工、商業夥伴、供應鏈合作夥伴、以及與集團業務相關的社區團體。

III. CORPORATE SOCIAL RESPONSIBILITY (CSR) VISION, ASPIRATIONS, POLICIES AND STRATEGIES *(Continued)*

As a responsible corporate citizen, the Group is committed to adhering to ethical standards and carries out the concept of corporate social responsibility through 5 policies in behavioural management, which requires all the Group's employees to participate and support. To this end, Part VIII of this Report describes the Group's performance at the environmental, social and governance aspects for the Year.

三. 公司對企業社會責任的願景、抱負、政策及策略(續)

作為負責任的企業公民，本集團致力於堅守道德標準，並透過5個行為管理方針，實踐企業社會責任理念，並要求所有本集團員工積極參與及支持。本報告的第八部分就此方向，敘述本年度於環境、社會及管治各層面的表現。



IV. STATEMENT OF THE BOARD

To manage various ESG aspects effectively and efficiently, we have built a solid governance structure for ESG management of the Group, i.e. the ESG governance structure for which the Board assumes the ultimate responsibility and the professional ESG working group (the "Working Group") implements comprehensive supervision.

四. 董事會聲明

為有效及有效益地管理有關環境、社會及管治的各個範疇，我們構建了本集團的環境、社會及管治管理穩健的管治架構，即董事會最終負責、專業ESG工作小組(「工作小組」)全面監督的ESG管治架構。

ENVIRONMENTAL, SOCIAL, AND GOVERNANCE REPORT

環境、社會及管治報告

IV. STATEMENT OF THE BOARD *(Continued)*

The Board and the ESG working group (“Working Group”) are fully responsible for the Group’s ESG strategy and reporting, including the formulation of the Company’s overall ESG strategy, identification and evaluation of ESG risks, review of ESG management policies, review of ESG plans and goals, and consideration of ESG performance assessment; the Working Group is responsible for execution of daily operations and reporting major ESG issues to the Board. With this ESG management framework and clear governance procedures, the Board can effectively monitor ESG-related opportunities and risks within the Group.

From time to time, we obtain regularly updated information on environmental, social and governance trends and regulations and industry practices. Based on the external social and economic macro-environment and the Company’s development strategy, we have always given priority to stakeholders’ views, opinions and suggestions on environmental, social and governance management, and will conduct a materiality assessment and discussion on the formulation of environmental, social and governance strategies, determine the Company’s risks and opportunities in respect of environment, society and corporate governance, and take the management and improvement of key issues as sustainable development strategy. Through the abovementioned efforts, we have been able to better understand and manage our environmental, social and governance risks, and achieve our goal of creating higher value for all stakeholders.

V. SCOPE OF THE REPORT

The content of this ESG report summarizes the Group’s performance in terms of corporate social responsibility based on the reporting principles of “importance”, “quantification”, “balance” and “consistency”. In order to optimize the reporting process and expand the scope of disclosure of the ESG report, the Group has been proactively formulating effective ESG related policies, recording relevant data and implementing and monitoring various measures. This report illustrates the ESG performance of the Group in achieving future sustainable development.

四. 董事會聲明(續)

董事會及ESG工作小組(「工作小組」)全面負責本集團的ESG戰略及報告事宜，包括公司整體ESG戰略制定、識別和評估ESG風險、審核ESG管理政策、審核ESG計劃和目標、審議ESG績效考核；工作小組負責日常營運執行行為及向董事會報告重大ESG問題。憑借此ESG管理框架及清晰的管治程序，董事會可以有效地監察本集團內ESG相關機會及風險。

我們不時取得環境、社會及管治趨勢及規例及行業慣例的定期更新信息。基於外部社會經濟宏觀環境和公司發展戰略，我們一向優先考慮持份者就環境、社會及管治管理的觀點、意見及建議，並會就制定環境、社會及管治策略進行重要性評估，討論並確定公司在環境、社會和公司治理方面的風險與機遇，將重點議題的管理與提升作為可持續發展戰略工作。憑藉上述種種努力，我們得以更充分地了解及管理我們的環境、社會及管治風險，實現我們為所有持分者創造更高價值的目標。

五. 報告範圍

本ESG報告的內容根據「重要性」、「量化」、「平衡」及「一致性」的報告原則概述了本集團在企業社會責任方面的表現。為優化ESG報告的報告程序及拓大披露範圍，本集團一直主動制定有效的ESG相關政策，記錄相關數據並實施及監督各項舉措。本報告說明瞭本集團在實現未來可持續發展方面的ESG表現。

ENVIRONMENTAL, SOCIAL, AND GOVERNANCE REPORT

環境、社會及管治報告

V. SCOPE OF THE REPORT *(Continued)*

This ESG report covers the main operating activities that the Group deems significant (i.e. the environmental, social and governance conditions in Qingdao, the principal place of operation). The Group's operating sites in Qingdao are as follows:

- (1) Qingdao TSC Offshore Equipment Company Limited (TSC-OE); and
- (2) TSC Oil and Gas Services Group Holdings Limited (TSC-QD).

Unless otherwise specified, this ESG report covers the environmental, social and governance progress and performance in the period from 1 January 2019 to 31 December 2019 (the "Year").

VI. STAKEHOLDER ENGAGEMENT

The sustainable operation of the Group requires the joint efforts and support of all stakeholders. The interests, expectations and concerns of all parties are inseparable from the performance of the Group. Therefore, the Group's goal is to create a sustainable development environment that is beneficial to enterprise development and the well-being for stakeholders.

The Group is striving to promoting communication with its stakeholders. The Group maintains open and continuous communication with relevant stakeholders including stakeholders and investors, employees, customers, community groups, media and government bodies through various means to achieve transparency and develop mutual understanding of each other's aspirations for corporate social responsibility. Through communication with stakeholders, the Group is committed to identifying, assessing and managing environmental, social and governance-related risks, while ensuring that there is an effective internal monitoring system in place to deal with the risks identified, so that the Group can achieve sustainable development.

五. 報告範圍(續)

本ESG報告涵蓋本集團認為意義重大的主要經營活動(即在主要營運地點青島的環境、社會及管治狀況)。本集團位於青島的營運地點如下：

- (1) 青島天時海洋石油裝備有限公司(TSC-OE)及
- (2) 青島天時油氣裝備服務集團股份有限公司(TSC-QD)。

除另有明確說明外，本ESG報告的內容覆蓋二零一九年一月一日至二零一九年十二月三十一日期間(「本年度」)有關環境、社會及管治的進展及表現。

六. 持份者的參與

本集團可持續經營需要所有持份者共同努力和支持。各方的利益、預期和顧慮與本集團的表現密不可分。因此，本集團的目標是締造一個對企業發展及持份者福祉皆有利的可持續發展環境。

本集團一直致力推動與持份者溝通。本集團過往透過多方面渠道與相關持份者，包括股東及投資者、僱員、客戶、社區組織、傳媒及政府機關等保持開放和持續的溝通，以達致公開透明，並互相了解其對企業社會責任的期望。透過與持份者聯繫溝通，本集團致力識別、評估及管理環境、社會及管治相關風險，同時確保訂有有效的內部監控制度以處理所發現的風險，促使集團能夠達到企業可持續發展的目標。

ENVIRONMENTAL, SOCIAL, AND GOVERNANCE REPORT

環境、社會及管治報告

VI. STAKEHOLDER ENGAGEMENT *(Continued)*

六. 持份者的參與(續)

Key stakeholders 主要持份者	Main communication channels 主要溝通渠道
Customers 客戶	Visits and meetings 探訪會面 Telephone conferences 電話會議 Customer questionnaires 客戶問卷調查 E-mails 電子郵件
Employees 員工	Employee newsletters 員工通訊 Group intranet 集團內部網絡
Community organisations 社區組織	Volunteer activities 義工活動 Charitable activities 慈善活動 Unscheduled meetings with each organisation 與各組織不定期會面
Shareholders and investors 股東及投資者	Press release/business newsletter 新聞稿／業務通訊 Annual reports 年度報告 Company website 公司網站 Circulars 通函 Conference and communications 會議及通訊

VII. CORPORATE GOVERNANCE

All executive Directors of the Group recognise that good corporate governance is an indicator of company modernisation, as well as a prerequisite to the sustainability of business. Since inception, the Group has invested large amounts of resources and manpower into developing appropriate business management practices according to the needs of the business. The Group continually enhances the essence of corporate governance into its management structures and internal control procedures. The Group is striving to maintain the highest level of ethics, to achieve highest standards or best practices in all aspects of business activities, and to ensure that the Group's operations are fully compliant with relevant laws and regulations. All Directors believe that implementation of comprehensive and high-standard corporate governance allows the Group to achieve greater efficiencies in all aspects of sustainable development, and to safeguard and maximise the interests of stakeholders.

七. 企業管治

本集團各執行董事認為，良好的公司管治是企業現代化的標誌，是企業可以持續發展的前提之一。一直以來，本集團投入大量的資源及人力，針對業務需求來制定適當的企業管理常規，不斷提升公司管治的本質，並將其納入管理架構和內部控制程序，致力保持最高的道德操守，使所有業務活動都能達致最高標準或最佳實踐，並確保本集團的行動能完全符合相關的法律與法規。各董事均認為，通過實現全面和高標準的公司管治，能令本集團於可持續發展的各個議題上更具效率，並能維護及提高持份者的利益。

VIII. PERFORMANCE OF ENVIRONMENTAL AND SOCIAL ASPECTS

(1) Human Resource Management

Employment Policies

The Group has been striving to maintain the equality in employment opportunity. Every vacancy in the Group is publicly advertised online or via other appropriate channels. A fair selection process is conducted on each applicant's competence, skills, etc. The Group will not refuse the job applications because of the attributes such as race, skin colour, gender, language, religion and/or political reason, etc.

In order to strengthen the attractiveness of various positions, the Group's remuneration system is based on job grade and performance. The wages paid by the Group and its other subsidiaries have reached the minimum wage standards of the regions in which the Group is operating. In addition to assuring employees' stable income from the basic salary, the Group also provides bonuses in association with the employee's performance for recognition and retention of outstanding employees.

Furthermore, the Group purchases additional commercial insurance (covering critical illness, traffic accident, etc.) for those employees who have reached a certain level of seniority for offering them additional coverage. In addition, each mainland Chinese employee is entitled to sick leave benefit better than the statutory requirement. While the statutory requirement allows the employees' wages to be deducted by 30% during sick leave period, the Group provides employees with 6 days of paid sick leave in a year during which no wage deduction is required. Other employee benefits include free shuttle bus for pick-up, transport allowances, and call-time allowances, etc.

The Group is striving to promotion of the balancing between work and family and hence does not encourage overtime work. The Group strictly controls the number of overtime hours by requiring a review and approval process when overtime work is required, under which all overtime work must be approved by department managers and abide by the local labour laws.

The Group strictly complies with legal requirements relating to bilateral termination of employment contracts in each of its operating locations.

八. 環境與社會各範疇的績效

(1) 人力資源管理

僱傭政策

本集團一直堅持平等就業機會，每個職位空缺都會透過網上或其他合適的渠道進行公開招聘，甄選過程按照各應徵者的能力、技能等要求公平地進行。本集團不會因為種族、膚色、性別、語言、宗教、政治等因素而拒絕個別應徵者的申請。

為了加強吸納各個職位的人才，本集團的薪酬制度以職級和表現為基礎。本集團及其他附屬公司的工資水平均達到業務當地的最低工資標準，除了保證員工基本薪酬的穩定收入，本集團更提供與員工績效掛鈎之獎勵，用作鼓勵及保留優秀員工。

除此之外，本集團會為部分已達到一定年資的員工購買額外的商業保險(包括重大疾病、交通意外等)，以提高對員工的額外保障。而且，每位國內員工可享有優於法定病假的福利，法定的病假期間個人工資須扣減30%，本集團則提供給員工一年共6天的有薪病假，病假期間無需扣減個人工資；其他的員工福利待遇還包括：免費班車接送、交通津貼、話費津貼等。

本集團一直提倡家庭與工作共融的原則，本集團不鼓勵超時工作，加班要求須通過審批流程來嚴格控制加班時數，任何加班都需要獲得部門經理的審批，並須遵守當地的勞工法例。

本集團嚴格遵守各營運所在地關於雙方終止僱傭合約時的法例要求。

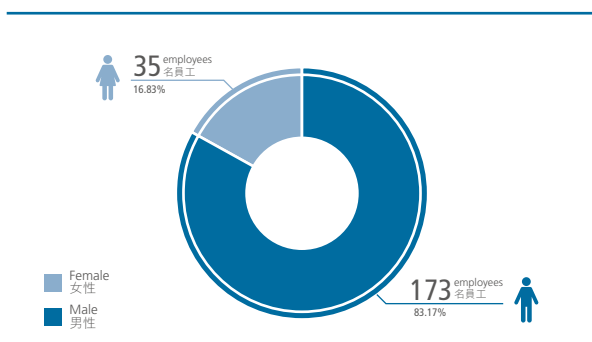
VIII. PERFORMANCE OF ENVIRONMENTAL AND SOCIAL ASPECTS (Continued)

(1) Human Resource Management (Continued)
Employment Policies (Continued)

During the reporting period, the Group did not identify any legal violation or complaint relating to discrimination or other employment practices.

As of 31 December 2019, the Qingdao operation sites covered by this Report had 208 employees, all of whom were full-time employees, there was no part-time employee and 62% of them ranged in the age group of 31 to 45.

No. of employees per gender
按性別劃分的員工人數



The average monthly employee turnover rate for the Year, which represented a slight increase as compared with 2018, was summarised as below.

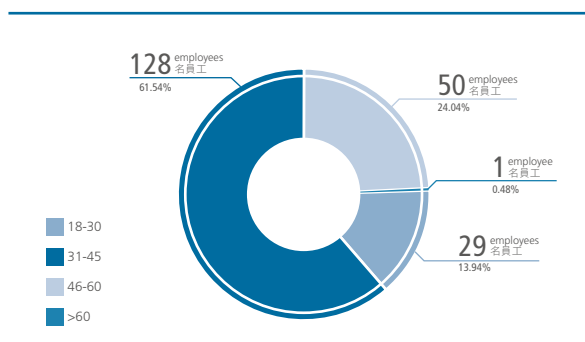
八. 環境與社會各範疇的績效(續)

(1) 人力資源管理(續)
僱傭政策(續)

在報告期內，本集團並無發現違反與歧視或其他僱傭相關法例的個案或投訴。

截至2019年12月31日，本報告所包涵的青島營運地點僱用208名員工，所有皆為全職員工，無兼職員工，62%的員工處於31至45歲的年齡組別。

No. of employees age group
按年齡組別劃分的員工人數



本年度的每月平均僱員流失率概述如下，與2018年作比較，本年度的員工流失率略有增加。

		2019 Average Monthly Employee Turnover Rate (%) 2019年 每月平均 僱員流失率(%)	2018 Average Monthly Employee Turnover Rate (%) 2018年 每月平均 僱員流失率(%)
Gender	性別		
Male	男性	1.36	0.97
Female	女性	1.30	1.55
Age group	員工年齡		
18-30	18-30	1.31	1.31
31-45	31-45	1.16	1.29
46-60	46-60	1.75	0.28
> 60	> 60	2.08	0
Overall average:	總平均：	1.35	1.07

VIII. PERFORMANCE OF ENVIRONMENTAL AND SOCIAL ASPECTS (Continued)

(1) Human Resource Management (Continued)

Employment Policies (Continued)

Prohibition of Child Labour and Forced Labour

The Group strictly complies with the employment laws and regulations in each of its operating locations pertaining to child labour and forced labour. As a result, all job applicants are required to provide personal identification documents for verification. Prior to confirmation of employment contracts, the Group allows sufficient time for employees to read and understand the relevant terms and conditions, and contracts are to be signed only when employees fully understand the content.

During the reporting period, the Group did not identify any complaint or legal violation relating to child labour or forced labour.

Career Development of Employees

The Group fulfils the principle of meritocracy and regularly provides its employees with the opportunity for promotion, which is based on a comprehensive evaluation of both employee's work performance and competence. In addition, the Group also emphasises on training of potential talent, and internal training team is appointed with the responsibility for talent development.

The Group is implementing two major training programs:

1. Cedar program: This program is designed to develop talents of high potential and establish teams of high performance. This program offers systematic training courses, and trainees are developed into two roles (managerial and technological) and four types of talent (namely, high potential talent, global key talent, local key talent and technical expert). After accumulation of three to five years of working experience, trainees will develop into the backbone of the Group.
2. Spring rain program: This program is designed to develop the internal training team within the company and to inherit effectively technology and corporate culture of the Group. Through systematic training, the Group firstly trains up a group of influential staff through sharing by a ratio of 1 to 3 mentoring model. They will then be developed to become high performance training team after accumulation of three to five years of experience.

八. 環境與社會各範疇的績效(續)

(1) 人力資源管理(續)

僱傭政策(續)

防止童工及強制勞工

本集團嚴格遵守各營運所在地有關童工及強制勞工的僱傭條例等法律要求。因此，所有應徵者必須提供身份證明文件以作核實。本集團與員工訂立僱傭合約前必將給予充分時間供以閱讀及了解合約內容，在員工充分理解僱傭合約後，方才簽署有關合約。

在報告期內，本集團並無發現有關童工及強制勞工的投訴或相關的違規事件。

員工職業發展

本集團貫徹「用人唯才」的原則，定期提供員工晉升機會。員工的升遷將參考其工作表現和能力兩方面進行勝任的評價。同時，亦注重培養具有潛力的人才，並交由集團內部的培訓人員專責發展其能力。

本集團正在實行兩大培訓計劃：

1. 杉樹計劃：是發展高潛力人才，建立高績效團隊。此計劃為系統化的培訓課程，將人才的能力發展成兩個方向(管理和技術)及四類人才(高潛人才、全球關鍵人才、當地關鍵人才、技術專家)。學員通過三至五年的工作經驗累積，將發展為本集團的中堅力量。
2. 春雨計劃：是培養公司內部的培訓團隊，有效地傳承技術和注入本集團的企業文化。通過系統化的培訓，首先發展一批有影響力的員工，通過1人帶3人的培訓分享模式，並累積三至五年的經驗，成為高績效的培訓團隊。

ENVIRONMENTAL, SOCIAL, AND GOVERNANCE REPORT

環境、社會及管治報告

VIII. PERFORMANCE OF ENVIRONMENTAL AND SOCIAL ASPECTS (Continued)

(1) Human Resource Management (Continued)

Employment Policies (Continued)

Career Development of Employees

In 2019, the total number of trained employees reached 184 at the Qingdao operation sites covered by this Report, with a total of 789 training hours.

The following tables set forth the enhancement in performance achieved by the Group in terms of proportion of employees trained and the average number of training hours per employee during the Year as compared with the last year:

八. 環境與社會各範疇的績效(續)

(1) 人力資源管理(續)

僱傭政策(續)

員工職業發展

於2019年在本報告所涵蓋的青島營運地點，接受培訓的員工總人次達184，合共789個培訓小時。

從下表可體現本年度集團在受訓僱員百分比及僱員平均培訓時數等兩方面的績效維持去年水平的同時略有提升：

Monthly Average Proportion of Trained Employees (%)
接受培訓的僱員的每月平均百分比(%)

		2019 2019年	2018 2018年	Change (%) 變化(%)
Gender	性別			
Male	男性	6.56	6.46	1.55%
Female	女性	7.00	7.19	-2.64%
Employee Rank	僱員級別			
Senior management	高級管理層	6.79	1.92	253.65%
Middle management	中級管理層	8.47	10.78	-21.43%
Junior employee	初級員工	6.41	6.31	1.58%
Overall average	總平均	6.65	6.58	1.06%

Monthly Average Training Time of Each Employee (hour)
每名僱員的每月平均培訓時數(小時)

		2019 2019年	2018 2018年	Change (%) 變化(%)
Gender	性別			
Male	男性	0.28	0.30	-6.67%
Female	女性	0.42	0.32	31.25%
Employee Rank	僱員級別			
Senior management	高級管理層	0.62	0.15	313.33%
Middle management	中級管理層	0.78	0.49	59.18%
Junior employee	初級員工	0.23	0.29	-20.69%
Overall average	總平均	0.31	0.30	3.33%

VIII. PERFORMANCE OF ENVIRONMENTAL AND SOCIAL ASPECTS *(Continued)*

(2) Occupational Health and Safety (OHS)

For continued mitigation of the occupational health and safety impacts incurred from the operations, the Group is committed not only adherence to laws, regulations and industry standards as the baseline, and but also striving to achieve the corporate safety target of “Zero Occupational Disease” and “Zero Incident of Casualties”.

All the Group’s employees at managerial level or above, labour union chairperson and OHS employee representatives are members of the Safety Committee which is responsible for the relevant occupational health and safety matters within the Group. The Group adheres to the “Stop Work” policy: whenever employee is subject to safety risk, all individuals are empowered the right to stop work for preventing the occurrence of work-related incidents.

The Group attaches great importance to employees. As an employer, we are committed to protecting the health and safety of all employees. We have comprehensive safety policies and measures to provide protection for employees. The Group is striving to identify various opportunities for prevention of occupational disease through enhancement of work environment. The Group also actively responds to advice given by employees in relation to occupational health and safety, recognises and rewards those employees who have contributed to the continual improvement in those topics. In addition, the Group also maintains close communication with all employees and relevant stakeholders on occupational health and safety, and establishes multiple communication channels and models to ensure the health and safety of all employees.

The Group provides suitable personal protective equipment (PPE) free of charge to its employees including helmets, safety goggles, protective masks, safety gloves, safety belts and purifying respirators. Employees exposed to hazards of occupational diseases, including those who work in painting and shot blasting processes, are arranged annually for free-of-charge physical examinations by qualified medical institutions for assuring the health conditions of employees. During the Year, the Group has arranged a total of 67 employees to undertake physical examination, from which no case of occupational disease was diagnosed.

八. 環境與社會各範疇的績效(續)

(2) 職業健康和 safety

為了持續不斷地減少營運對職業健康和安全的影響，本集團承諾不單以符合法律、法規及行業規範為底線，更努力實現「零職業病」及「零重大傷亡事故」的安全目標。

本集團各經理級或以上的職員、工會主席、職業健康安全員工代表均出任為安全委員會成員，負責本集團有關職業健康與安全等事宜。並堅持「停止作業」方針：當員工人身安全受到威脅時，任何員工均賦予權力隨時停止作業，以防止工傷事故的發生。

本集團非常重視員工，作為僱主，我們致力於保護所有員工的健康與安全，我們有全面的安全政策和措施為員工提供保障，通過多方面的改善機會，努力改善工作環境，預防職業病的發生；並積極地響應員工提出關於職業健康與安全的意見，肯定及獎勵在職業健康與安全的議題上作出持續改進或貢獻的員工。此外，本集團亦與所有員工和相關持份者在職業健康和 safety 方面上保持密切溝通，建立多種溝通渠道與模式，確保所有元的健康與安全。

本集團免費為員工提供合適的個人勞動防護用品，如：安全帽、防護眼鏡、防護面罩、防護手套、安全帶、過濾呼吸器等。每年更為有職業病危害的員工，包括於噴漆、拋丸等工序的員工，安排合資格醫療機構為他們進行免費身體檢查，以確認員工的健康狀況；於本年度共安排了67名員工進行身體檢查，當中並未有發現職業病的確診個案。

ENVIRONMENTAL, SOCIAL, AND GOVERNANCE REPORT

環境、社會及管治報告

VIII. PERFORMANCE OF ENVIRONMENTAL AND SOCIAL ASPECTS *(Continued)*

(2) Occupational Health and Safety (OHS)

(Continued)

In addition, the Group is striving to raising the safety awareness of its employees through promotion on bulletin boards and posting of safety signs. More importantly, the Group has also established safety training and education system and developed an annual training plan at the beginning of the Year. Occupational health and safety training courses are conducted regularly to its employees, training topics include general occupational health and safety education, correct usage of personal protective equipment, and safety precautions for various hazardous work, such as safe handling of dangerous chemicals, safe use of gas, safety of welding and measures for prevention of heatstroke in working environment of high temperature. Taking into consideration of various health and safety training programmes, the total number of the Group's employees trained in the Year was 297, reaching a total of 580 training hours. Moreover, the Group considers the mental well-being of employees to be valuable assets for the enterprises, and has alleviated employees' working pressure through arrangement of various activities such as mental well-being courses and group sharing.

Some of the subsidiaries within the Group (such as Qingdao TSC Offshore Equipment Company Limited), have established and achieved the certification for OHSAS 18001 safety management system. In accordance with the requirements of the management system, the Group has identified clearly the origins of dangers in the workplace and conducted risk assessment at those areas. Relevant companies have evaluated the workplace on the occupational hazards in plants in October 2019 for assuring appropriate controls in all positions identified with hazards. In addition, the Group has established a 6S inspection system for regular check of workplaces and inspection of fire and electrical equipment, as well as formulation of plans for regular maintenance of equipment.

As of 31 December 2019, the Group neither identified any legal violation against the key regulations relating to occupational health and safety, nor any incident of work-related fatality. However, a total of 49 working days lost was recorded due to work-related injury.

八. 環境與社會各範疇的績效(續)

(2) 職業健康和安全(續)

同時，集團致力提升員工的安全意識，除了通過佈告板及張貼安全標誌，更建立安全培訓與教育制度，年初開始制定年度培訓計劃，並且每年定期對員工進行職業健康與安全培訓；培訓主題包括一般職業健康與安全教育、勞動防護用品的正確使用方法、及各類高危工作的安全事項，如：危險化學品安全處理、用氣安全、焊接安全、預防高溫工作中暑的措施等；綜合各類健康與安全培訓，全年培訓共有297人次，達到580培訓小時。此外，本集團視員工的心理發展為企業的寶貴財富，通過開辦心理健康課程、團體交流等活動來舒緩員工在工作上所遇到的壓力。

本集團之部份附屬公司(如：青島天時海洋石油裝備有限公司)建立並獲得OHSAS 18001安全管理體系的認證。本集團根據體系的要求，詳細識別工作場所的危險源頭，並進行風險評估；相關公司已在10月對工廠內工作環境職業危害因素進行檢測評估，確保所有危害的工作崗位都有適當監控。除此之外，集團制定6S檢查制度，定期檢查工作場所，及對設備進行消防與電氣檢測，並制定計劃，對設備進行定期保養。

截至2019年12月31日，本集團沒有發現或收到任何嚴重違反職業健康與安全相關法例的報告，亦沒有發現因工作關係而死亡的事務；但因工傷而損失的工作日數則總共有49天。

VIII. PERFORMANCE OF ENVIRONMENTAL AND SOCIAL ASPECTS *(Continued)*

(3) Supply Chain Management

The Group adopts QHSE criteria for supply management, through which its suppliers are selected with their performance of corporate social responsibility as one of the evaluation criteria. Suppliers are required to sign and comply with the Group's stipulated code of supplier's conduct, which contains clauses relating to environmental protection, anti-bribery, etc. The Group also actively encourages communication with the suppliers through multiple channels (including telephone, e-mail, questionnaire, and training, etc.) to elaborate the Group's requirements of corporate social responsibility by promoting the mutual benefits from fulfilment of the responsibility.

The process of manufacturing onshore and offshore rig equipment is extremely complex and tedious, involving the assembly of fine and complex parts, which requires standardized work processes and stable supply chains to ensure consistency. In order to ensure that the quality of equipment produced is consistent and maintained at a high level, we must have effective supply chain management and maintain it a high level, and establish a sustainable relationship with suppliers of materials, electronic parts, equipment, services, etc. Therefore, the Group strictly follows internal procedures to communicate with suppliers and ensure that the required goods and services are purchased in a competitive, fair and transparent manner. As quality, environmental protection, service and cost performance are the key indicators for the Group's assessment of suppliers. Therefore, the Group has developed a systematic supplier management system to manage its supply chain to identify, analyze, select and manage suppliers based on clear criteria.

Distribution of Suppliers

The Group has the qualified supplier quality assurance personnel (SQA) to evaluate various aspects of suppliers on regular basis, and to conduct audits on specified suppliers for assuring their operations in compliance with the Group's requirements. As of 31 December 2019, there was a total of 117 qualified suppliers for provision of materials to the Group, and they were mainly based in China (111), the United States (5) and Ireland (1).

八. 環境與社會各範疇的績效(續)

(3) 供應鏈管理

本集團的供應管理採用QHSE準則，在挑選相關供貨商時，以其企業社會責任的表現作為其中的評估準則。供貨商須簽訂並遵守本集團所制定的供貨商守則，當中包括環境保護、反賄賂條款等。本集團也主動鼓勵供貨商進行溝通，透過多種渠道(包括電話、電子郵件、調查問卷及培訓等)向供貨商講解本集團對社會責任的要求，促使雙方都因達到企業社會責任的要求而獲益。

製造陸上和海洋鑽機設備的工序極為複雜繁瑣，涉及組裝微細而繁複的零件，而這需要標準化的工作流程及穩定的供應鏈，以確保貫徹如一。為保證生產的設備質量始終如一，維持在高水平，我們必須具備有效的供應鏈管理，維持在高水平，並與材料、電子零件、設備及服務採購方面的各類供貨商建立可持續的關係。因此，本集團嚴格遵循內部程序，與供貨商溝通並確保所需貨物及服務以具競爭力、公平及透明的方式買賣。由於質量、環保、服務與性價比乃本集團評估供貨商的關鍵指標。因此，本集團制定有系統的供貨商管理制度管理其供應鏈，以基於明確的標準甄別、分析、挑選及管理供貨商。

供貨商分佈

本集團有專業的供貨商管理人員(SQA)定期對供貨商進行多方面的評估，並且每年對指定的供貨商進行審核，以確認他們的營運滿足本集團規定的要求；截至2019年12月31日，共有117家合資格供貨商向本集團提供物料，供貨商主要來自中國(111家)、美國(5家)及愛爾蘭(1家)等地區。

ENVIRONMENTAL, SOCIAL, AND GOVERNANCE REPORT

環境、社會及管治報告

VIII. PERFORMANCE OF ENVIRONMENTAL AND SOCIAL ASPECTS *(Continued)*

(3) Supply Chain Management *(Continued)*

Evaluation of Social Responsibility/Environmental Performance Aspects

Apart from considering the aforesaid scope of evaluation scope, and also for supporting the reduction in emission of greenhouse gases, the Group will give priority to local suppliers possessing the same conditions. The proportion of local suppliers currently accounts for approximately 95% of the total supply base, overseas procurement will be made only when suitable local suppliers are not available. Moreover, some suppliers are subject to the evaluation of social responsibility/environmental performance aspects, and approximately 18% of the Group's suppliers have fulfilled those evaluation requirements in the year.

Achievement of Supplier Evaluation

During the year, the Group has engaged 4 new suppliers. They had passed through the evaluation prior to procurement, and some of them were additionally required to go through on-site assessment for assuring compliance with the requirements of the Group and its customers. Moreover, each of the Group's existing suppliers is also subject to annual evaluation for continued monitoring of their performance. Those existing suppliers which may have significant impact on the Group's operations are even subject to on-site assessment. In 2019, 2 new suppliers and 41 existing suppliers passed the on-site assessment.

(4) Environmental Sustainability

In response to the environmental risks faced by the country and the national policies, the Group is committed to being a responsible enterprise to implement policies for prevention of environmental pollution, despite the industry in which the Group operates does not cause significant pollution.

The Group's environmental protection policy includes the 3R principle, namely Reduce, Reuse and Recycle, as well as the effective use of materials and energy.

The Group actively responds to employees' opinions on environmental issues, and recognises and rewards those employees who have made continuous improvement or contribution to environmental protection, thereby raising the awareness and sense of responsibility of employees and stakeholders towards the surrounding environment.

八. 環境與社會各範疇的績效(續)

(3) 供應鏈管理(續)

社會責任/環保績效方面的評估

在考慮上述評審範圍的同時，為支持減少溫室氣體的排放，本集團會優先考慮有相同條件的本地供貨商；目前本地供貨商的佔比約95%，只有在沒有合適本地供貨商的時候，才會向海外採購；並且，部分相關的供貨商需接受社會責任/環保績效方面的評估，本年度約有18%的供貨商通過這些評估要求。

供貨商評估成果

本年度新增了4家供貨商，在採購前均通過本集團的評估，部分更被要求通過現場評審，確保符合本集團及客戶的要求。此外，每家現有的供貨商也通過年度評估，以持續監察其表現；對集團營運有重要影響的供貨商更須接受現場評審，於2019年共有2家新供貨商及41家現有供貨商通過現場評審。

(4) 環境的可持續發展

因應國家所面臨的環境風險及國家政策，儘管本集團的行業不會嚴重地造成污染，但作為一家負責任的企業，本集團也致力落實防治環境污染的政策。

本集團的環境保護方針包括3R原則，即減少(Reduce)、再利用(Reuse)和循環再造(Recycle)，及有效地使用材料和能源。

本集團積極響應員工提出與環境範疇相關的意見，並肯定及獎賞在環境保護方面作出持續改進或貢獻的員工，藉此加深員工和持份者對外圍環境的理解及責任感。

VIII. PERFORMANCE OF ENVIRONMENTAL AND SOCIAL ASPECTS *(Continued)*

(4) Environmental Sustainability *(Continued)*

Emission Reduction Policy

I. *Reduction of Exhaust Gas Emissions*

Environmentally-friendly materials were used when the Group renovates its office buildings, and indoor air quality testing was performed before commissioning of the office. Office operation would commence only when the air quality test results fulfilled the specified standards. In addition, spray-painting and shot-blasting facilities represent the main sources of exhaust gas in the operation process. For mitigating the pollution from the exhaust gas, spray-painting and shot-blasting facilities are equipped with system for ventilation, dust-removal, poison-removal and filtration. The spray-painting facilities adopts water curtain + activated carbon + filter cotton to filter exhaust gas in three stages, and the shot-blasting facilities adopt bag dust removal + cyclone dust removal. The exhaust will be discharged after meeting standards. Moreover, exhaust emissions from the operation are tested on a regular basis.

II. *Reduction of Greenhouse Gas (GHG) Emissions*

Meanwhile, the Group recognises that the emission of GHG is one of the main causes of the current global warming, and energy consumption is key source of GHG. In order to mitigate the situation of global warming, the Group has adopted various policies and measures to control the consumption of energy, thereby reducing GHG emissions:

1. Prioritise the use of equipment and products of low energy consumption and high efficiency;
2. Consider the use of renewable energy, whenever appropriate;
3. Avoid unnecessary business trips to reduce carbon emission generated by transportation;
4. Prioritise the engagement of local suppliers to reduce energy consumption resulting from the transportation of cargoes;
5. Promote the importance of "Reducing Carbon Emissions" along the supply chain.

八. 環境與社會各範疇的績效(續)

(4) 環境的可持續發展(續)

減少排放政策

I. 減少廢氣排放

本集團的辦公大樓在裝修時採用環保材料，並於使用前進行空氣質量檢測，確保合格後才投入使用。另外，在營運過程中，噴漆廠房和拋丸廠房為廢氣的主要排放源頭；為了減少廢氣污染環境，噴漆廠房和拋丸廠房均設置通風除塵、除毒及過濾系統，噴漆廠房採用水幕+活性炭+過濾棉三級過濾廢氣，拋丸廠房採用布袋除塵+旋風除塵，廢氣合格後排放，並定期對營運時所排放的廢氣進行檢測。

II. 減少溫室氣體(GHG)排放

與此同時，本集團亦深切理解溫室氣體是造成現時全球暖化的元兇之一，而溫室氣體的主要源頭來自能源的消耗。為了減慢暖化的情況，本集團採取多方面的政策與措施以管控能源的消耗，藉此減少溫室氣體的排放：

1. 優先選擇低能源消耗及高能源效益的設備及產品；
2. 如情況合適，考慮採用可再生能源；
3. 避免不必要的差旅，降低因差旅而乘搭交通工具所導致的碳排放；
4. 優先選用本地供貨商，減低因貨物運輸而產生的能源消耗；
5. 於供應鏈當中推廣「減少碳排放」的重要性。

ENVIRONMENTAL, SOCIAL, AND GOVERNANCE REPORT

環境、社會及管治報告

VIII. PERFORMANCE OF ENVIRONMENTAL AND SOCIAL ASPECTS (Continued)

(4) Environmental Sustainability (Continued)

Emission Reduction Policy (Continued)

II. Reduction of Greenhouse Gas (GHG) Emissions (Continued)

Through achievement of the aforesaid measures, the following table sets out the emission volume from the main GHG emission sources of the Group's operating sites in Qingdao covered by this Report during the year:

GHG Emission Sources		Consumption in 2019	GHG Emission Volume (tonnes carbon dioxide equivalent)
溫室氣體的排放源		2019年耗量	溫室氣體排放量 (噸二氧化碳當量)
Diesel consumption (litres)	Mobile source	柴油耗量(公升)流動源	4,830
	Fixed source	固定源	1,500
Gasoline consumption (litres)	Mobile source	汽油耗量(公升)流動源	19,663
Natural gas consumption (cubic metres)		天然氣耗量(立方米)	3,150
Acetylene consumption (kg)		乙炔耗量(公斤)	4,068.50
Power consumption of manufacturing facilities (kWh)		製造設施耗電量(千瓦時)	3,023,515
Total GHG emissions		溫室氣體的排放總量	2,534.43
Production volume (tonnes)		生產量(噸)	1,260.70
GHG Emission Intensity		溫室氣體排放密度	2.01
			(tonnes carbon dioxide equivalent/tonnes)
			(噸二氧化碳當量/噸)

III. Reduction of Wastewater Discharge

The processes and technology adopted in the Group's operations do not involve significant water consumption nor discharge of wastewater. Water is reused in exhaust gas treatment system in spray-painting process. Therefore, the Group's discharge of wastewater mainly involves daily office operations. In view of this, water conservation signs are put up in washrooms, pantries, canteens and dormitories to raise employees' awareness of resource conservation for reducing sewage generation.

八. 環境與社會各範疇的績效(續)

(4) 環境的可持續發展(續)

減少排放政策(續)

II. 減少溫室氣體(GHG)排放(續)

透過實踐以上措施，下表顯示本年度集團於本報告所包涵的青島營運地點內主要溫室氣體源頭的排放量：

III. 減少廢水排放

於本集團營運中所採用的工藝與技術，並不涉及大量用水及廢水排放，噴漆廢氣處理裝置所使用的皆為循環用水；因此，集團的廢水排放主要涉及日常的辦公室運作，為此集團在洗手間、茶水間、食堂以及員工宿舍等各用水區域張貼「節約用水」標誌，以提高員工的節約意識，減少污水的產生。

ENVIRONMENTAL, SOCIAL, AND GOVERNANCE REPORT

環境、社會及管治報告

VIII. PERFORMANCE OF ENVIRONMENTAL AND SOCIAL ASPECTS *(Continued)*

(4) Environmental Sustainability *(Continued)*

Emission Reduction Policy *(Continued)*

IV. Reduction of Solid Wastes

The Group has maintained a high degree of management to reduce leakage of various oil products, thereby reducing generation of the related wastes. Lean production was adopted to change paints of low consumption in small packages for reducing the amount of hazardous wastes such as waste paint residues and paint containers used. In addition, the Group also advanced the technology for reducing the generation of hazardous wastes, such as the adoption of centrifugal casting process to fully prevent the release of asbestos wastes.

The operating sites covered in this report generated a total of 46.45 tonnes of non-hazardous waste during the year of 2019, the types and distributions of these wastes were set out in the following table. Currently, the main identified hazardous wastes included: waste paint residues, scrap paint containers and waste mineral oils. The cumulative volume of all such wastes reached 4.38 tonnes. The Group recovers waste paint residues through the water curtain system, and reduced waste paint residues by 1.85 tonnes in 2019. The Group also uses cyclone dust removal and bag dust removal to reduce exhaust gas and dust particles. The total amount of waste reduced in 2019 was 3.83 tonnes. In addition, the Group also assisted in waste reduction through improvement of processes/technologies. The total amount of waste reduced in 2019 was 1.01 tons.

八. 環境與社會各範疇的績效(續)

(4) 環境的可持續發展(續)

減少排放政策(續)

IV. 減少固體廢棄物

本集團一直維持高度管理，減少各種油品類的泄漏，從而減少造成相關的廢物產生；並通過精益生產，將用量少的油漆改為小包裝，減少廢油漆渣和油漆桶等有害廢棄物的數量；此外，集團亦藉著提升工藝以減少有害廢棄物的產生，譬如利用離心鑄造的工藝，全面防止石棉廢物的排放。

本報告所涵蓋的營運地點於2019年期間合共產生46.45噸的無害廢棄物，其種類及分佈如下表所示；目前被確認的主要有害廢棄物包括：廢油漆渣、廢油漆桶及廢礦物油，全年累計4.38噸。集團透過水幕系統回收廢油漆渣，在2019年期間所減少的廢油漆渣達1.85噸。集團同時利用旋風除塵和布袋除塵減少廢氣和粉塵顆粒，在2019年期間所減少的廢物總量達3.83噸。此外，集團亦透過改善工序／工藝以協助減廢，在2019年期間所減少的廢物總量達1.01噸。

Type of Waste		Total volume in 2019 (tonnes) 2019 全年總量(噸)	Emission Intensity per tonne of production unit 每噸生產單位 的排放密度
廢棄物種類			
Hazardous wastes	有害廢棄物	4.38	<0.010
Scrap steel	廢鋼材	19.63	0.016
Scrap paper cartons	廢紙殼包裝	2.29	<0.010
Scrap wooden boxes	廢木包裝箱	2.35	<0.010
Domestic wastes	生活垃圾	22.18	0.018

ENVIRONMENTAL, SOCIAL, AND GOVERNANCE REPORT

環境、社會及管治報告

VIII. PERFORMANCE OF ENVIRONMENTAL AND SOCIAL ASPECTS *(Continued)*

(4) Environmental Sustainability *(Continued)*

Emission Reduction Policy *(Continued)*

IV. Reduction of Solid Wastes *(Continued)*

Handling of Hazardous Wastes

The Group develops the plan for hazardous waste management on an annual basis, and establishes waste quantity targets for all relevant departments. Regular assessment is conducted and appropriate control measures are implemented for waste reduction where necessary. To cope with relevant management efforts, the Group arranges the classification of hazardous wastes, put up signs of hazardous wastes in the storage area, and engages the qualified subcontractors for proper handling.

Reuse of Wastes

The Group keeps strengthening quality control to reduce wastes that resulted from non-conforming products, and is striving to extract steel materials from wastes for “non-production” usage. Through this approach, a total of 3.94 tonnes of steel materials was reused throughout the year. In addition, scrap iron chippings generated during the processing stage was also reused by the Group for casting production, and amounted to a total of 56.63 tonnes for reuse in casting throughout the year.

Recycle of Wastes

For effective handling of recyclable wastes, the Group requires employees to classify relevant wastes and affix them with appropriate labels, which facilitates collection and periodic delivery to the qualified subcontractors for recycling and disposal. One of the examples was the handling of scrap product packaging cartons, the Group follows the abovementioned principle to engage qualified agencies for collecting and recycling of such paper wastes. The total amount of such wastes recycled during the year was 2.12 tonnes.

八. 環境與社會各範疇的績效(續)

(4) 環境的可持續發展(續)

減少排放政策(續)

IV. 減少固體廢棄物(續)

有害廢棄物處置

本集團編製年度有害廢棄物的管理計劃，及訂立各相關部門的廢棄物數量指標，並進行定期評估，必要時採取相應的控制措施，減少廢棄物的產生。為了配合相關管理，集團安排有害廢棄物的分類，在儲存區域貼上有害廢棄物的標誌，最後委託合資格的分包商作合適處置。

廢棄物再利用(Reuse)

集團持續加強質量控制，減少因產品質量不符所造成之浪費；並且致力將廢品中的鋼材回收利用作「非生產」用途；通過此回收全年共節省3.94噸鋼材；另外，於加工過程中所產生的廢鐵屑，集團亦將他們回收及重新用於鑄造生產，於本年度重用於鑄造的重量達56.63噸。

廢棄物循環再造(Recycle)

為了將可再造的廢物有效處置，集團要求員工對相關廢棄物進行分類，並貼上合適標誌，以便收集及定期交給合資格的分包商作回收和處置；其中一個例子應用於廢棄的產品包裝紙箱，集團按此原則委託並交給合資格機構，把收集的紙質類廢品進行循環再生，於本年度回收此類廢品進行循環再生總量為2.12噸。

VIII. PERFORMANCE OF ENVIRONMENTAL AND SOCIAL ASPECTS (Continued)

八. 環境與社會各範疇的績效(續)

(4) Environmental Sustainability (Continued)

Effective Use of Resources

The Group consumes resources mainly through material procurement, product manufacturing and office operations, and has formulated the respective policies for managing effective use of resources and reducing wastage:

Green Procurement Policy:
綠色採購政策：

Environmental safety assessments shall be conducted before procurement of chemicals. Toxic and hazardous products shall be substituted by products that are non-toxic or of low-toxicity; 採購化學品時，應首先進行環保安全評估，以無毒或低毒性產品取代有毒或有害產品：

Green Manufacturing Policy:
綠色製造政策：

The manufacturing process mainly involves consumption of energy, use of raw materials and use of water for exhaust gas treatment. In view of this, the Group has formulated corresponding policies to address issues in these three aspects: 製造過程主要涉及能源的耗用、原材料的使用及廢氣處理的用水，故此政策對應這三個層面：

- i) Newly purchased equipment shall meet the national energy consumption level, and purchase of high energy consumption equipment listed in the national phase-out catalogue is prohibited;
- ii) Technological processes shall be optimised for improving utilisation of steel plates and reducing the amount of scrap steel materials. In 2019, the Group further improved the utilisation rate of steel plates and extruded profiles as follows:

- i) 新採購的設備需滿足國家的能耗等級，禁止採購國家淘汰目錄裡的高能耗設備；
- ii) 優化工藝流程，提高鋼板使用率，減少廢棄鋼材的數量；於2019年本集團都提升了鋼材板材及型材的利用率：

Utilisation rate 利用率		Steel plates 鋼材板材	Extruded profiles 型材
2019		94%	96%
2018		86.5%	92.5%
Annual comparison	年度績效比較	↑ 7.5%	↑ 3.5%

In addition, for the use of materials, the Group is striving to recycling of scrap product packaging cartons. This approach achieves reduction in both waste generation and consumption of paper resources.

此外，在物料的使用上，集團致力循環利用廢棄的產品包裝紙箱，此措施一方面減少排放廢物，同時亦可節省紙質資源。

- iii) In the spray-painting process of the Group's factories, the exhaust gas treatment system currently in use is designed to absorb exhaust gas through water recycling, thereby reducing the use of fresh water supply. This saved 105.2 cubic metres of fresh water throughout the year.

- iii) 在集團工廠的噴漆過程中，目前正在使用的廢氣處理系統，藉着水循環再用以吸收廢氣，減少使用新鮮供水，本年度共節省105.2立方米的新鮮供水。

ENVIRONMENTAL, SOCIAL, AND GOVERNANCE REPORT

環境、社會及管治報告

VIII. PERFORMANCE OF ENVIRONMENTAL AND SOCIAL ASPECTS (Continued)

(4) Environmental Sustainability (Continued)

Effective Use of Resources (Continued)

Green Office Policy:

綠色辦公室政策：

八. 環境與社會各範疇的績效(續)

(4) 環境的可持續發展(續)

有效使用資源(續)

Reduction in use of office resources includes: (i) using double-sided printing of paper instead of single-sided printing, and priority to consider paperless office operation; (ii) using water-saving devices as much as possible amongst office facilities, such as high efficient flushing toilets and automatic sensor switch faucets, and reminding employees to save water in daily operations; (iii) improving interior design to make full use of natural lighting, such as the use of transparent tiles, and maximising the use of energy-saving devices including LED lights, adoption of acoustic automatic control and solar power supply for public lighting. The current office buildings adopted LED lights during construction. Solar panels are used for street lighting in new factories, light and acoustic automatic controls are used in public area lighting, and newly purchased equipment must meet the national energy consumption level. It is prohibited to purchase high energy consumption equipment in the national phase-out catalog.

減少辦公室的資源使用，包括：(i)將紙張單頁打印設置為雙面打印，並優先考慮無紙化辦公運作；(ii)辦公設施盡量採用省水裝置，如：高效的沖水馬桶和自動感應開關的水龍頭，並在日常營運中提醒員工節約用水；(iii)改善室內設計，盡量利用自然採光，如：採用透光瓦等，並盡量採用節能裝置，如：選用LED燈、公共照明採用聲光自動控制、太陽能供電等。目前的辦公樓於新建時採用LED燈，新建工廠路燈照明採用太陽能電池板、公共區域照明採用光控和聲控、新採購設備需滿足國家的能耗等級，禁止採購國家淘汰目錄裡的高能耗設備。

During the reporting period in the year, major resources consumed by the Group were listed as follows. Electricity remained as the main resource consumed.

於本年度的報告期內，集團所消耗的主要資源概列如下，電力仍是主要耗用的資源。

Resources		Consumption in 2019 2019 全年耗量	Intensity of consumption per tonne of production unit 每噸生產單位 的耗用密度
Municipal Electricity (kWh)	市電(千瓦時)	3,023,515	2,398.28
Natural gas (cubic metres)	天然氣(立方米)	3,150	2.50
Fresh water (cubic metres)	新鮮供水(立方米)	22,918	18.18
Packaging materials (tonnes)	包裝材料(噸)	117.91	0.09

VIII. PERFORMANCE OF ENVIRONMENTAL AND SOCIAL ASPECTS *(Continued)*

(4) Environmental Sustainability *(Continued)*

Mitigation of Significant Impacts to Environment and Natural Resources

Green Operating Processes

In addition to the aforesaid policies and measures for reduction of emissions and effective use of resources, all products from the Group have achieved the strict certification by Classification Societies for fulfilment of the environmental protection requirements for offshore products. Moreover, TSC Offshore has established and obtained certification of the ISO14001 Environmental Management System, and has formulated effective procedures to assure minimising environmental risks in its operations.

Environmental Protection Training to Employees

To cope with implementation of the environmental policies and measures, the Group has formulated training programme to employees for continued enhancement of their environmental awareness and competence in the implementation of relevant measures. In the year, the number of employees participated in the environmental protection trainings and trainings on identification, collection, transfer and storage of hazardous wastes reached 176 persons with a total of 350 training hours, this figure is about 24% higher than that achieved in previous year which was 282 training hours, which will reduce environmental risks imposed by the relevant operations in a more effective way.

Promotion of Environmental Protection along the Supply Chain

Suppliers are important partners with the Group. The Group intends to enhance the environmental awareness of its suppliers by taking advantage of its influence in the supply chain. Consequently, environmental performance has also become one of the evaluation criteria during the supplier selection and approval process, thereby enhancing suppliers' awareness of environmental protection and reducing carbon emissions to the environment.

During the reporting period, the Group did not identify any operating site with any legal violation or complaint relating to environment.

八. 環境與社會各範疇的績效(續)

(4) 環境的可持續發展(續)

減少對環境及天然資源造成重大影響

綠色營運流程

除了上述所實踐的政策與措施以減少排放及有效使用資源，集團營運中的產品全都通過船級社的嚴格認證，以滿足海上產品在環保方面的要求；此外，TSC Offshore (青島天時海洋石油裝備有限公司)建立及獲得ISO14001環境管理體系認證，制定有效程序及確保在營運過程中減少對環境造成的風險。

員工環保培訓

為了配合集團環保政策與措施的實踐，本集團制定培訓計劃，不斷提升員工的環保意識及相關措施的執行力；本年度員工參與環保培訓及危險廢棄物辨識、收集、轉移、貯存培訓達176人次，合共350培訓小時，對比去年度的282個環保培訓小時，增加約24%，將更有效減少相關操作所構成的環境風險。

供應鏈環保宣傳

供貨商是本集團的重要合作夥伴，本集團希望藉著在供應鏈中的影響力，提升供貨商的環保意識，故此在選擇及審批供貨商的過程中，環保績效也是相關供貨商的評審準則之一，藉此提升供貨商對環保的意識，減少對環境的碳排放。

在報告期內，本集團並無發現任何營運地點涉及違反環境相關的法例或相關投訴。

ENVIRONMENTAL, SOCIAL, AND GOVERNANCE REPORT

環境、社會及管治報告

VIII. PERFORMANCE OF ENVIRONMENTAL AND SOCIAL ASPECTS *(Continued)*

(5) Business Ethics

Product Management

The Group has established and implemented the ISO 9001 Quality Management System, and has formulated appropriate monitoring procedures to address corresponding potential product quality risks. All products are required to pass through relevant quality inspection, whereby their design, manufacturing process, installation and testing shall all conform to relevant standards, specifications and technical requirements, as well as satisfy relevant design parameters. In addition, all products are subject to rigorous certification and safety verification by Classification Societies.

The product quality assurance process of the Group is controlled through the following four aspects:

1) *Inspection of Materials*

All raw materials must undergo incoming inspection based on their drawings, standards, specifications and technical agreements. Only materials passing the inspection are allowed for storage.

Raw materials, that are going to be used in products requiring classification, are subject to certification by Classification Societies, and they are allowed for storage and use only after approval.

2) *Manufacturing Process*

Verification and testing are conducted during the manufacturing process. Semi-finished products can only proceed to the next stage after pass result attained.

Manufacturing process for products requiring classification must undergo certification by Classification Societies, and can only proceed to next stage after approval.

3) *Inspection of Finished Products*

Finished products are subject to final inspection and comprehensive FAT testing.

Products requiring classification must undergo certification by Classification Societies and are only allowed for delivery after approval report has been issued.

八. 環境與社會各範疇的績效(續)

(5) 商業道德

產品管理

集團建立及實施ISO 9001質量管理體系，對應各類潛在的產品質量風險，並制定合適監控程序；所有產品必須通過質量檢測，其設計、製造過程、安裝和試驗都必須符合相關的標準、規範和技術要求，並滿足相關的設計參數。另外，所有產品均須接受及通過船級社的嚴格認證及安全驗證。

本集團的產品質量檢定過程通過以下四個方面進行監控：

1) 材料檢查

所有原材料必須依據圖紙、標準、規範、技術協議等進行進貨檢驗，合格後方可入庫。

需要入級的產品的原材料需要經過船級社認證，合格後方可入庫使用。

2) 製作過程

執行過程核對和試驗，經過檢驗合格的半成品才能流入到下一工序。

需要入級產品的製作過程需經過船級社認證，合格後方可流入下一工序。

3) 成品檢查

完工的產品進行成品核對和整機FAT試驗。

需要入級的產品需經過船級社認證，並提供合格報告後才可交貨。

ENVIRONMENTAL, SOCIAL, AND GOVERNANCE REPORT

環境、社會及管治報告

VIII. PERFORMANCE OF ENVIRONMENTAL AND SOCIAL ASPECTS *(Continued)*

(5) Business Ethics *(Continued)*

Product Management *(Continued)*

4) Nonconforming Product Control

Whenever nonconformities are identified during the quality verification process, the nonconforming product is analysed and processed, and they would be segregated from the manufacturing process.

Apart from monitoring of product quality, the Group is also concerned on the protection of intellectual property. The Group has signed confidentiality agreement with employees for prohibition of employees disclosing product information to unauthorised personnel. For electronic information relevant to customers and own-branded products, such as specifications and drawings, they are encrypted for protection from leakage. Where appropriate, the Group will apply for patents to seek protection from the relevant authorities. The relevant patents obtained by the Group in the year are listed as follows:

Name of product/technology patent 產品／技術專利名稱	Registration authority 註冊機構
A type of intelligent remote control ship deck crane used for ocean engineering 一種用於海洋工程的智能化遙控船舶甲板吊機	State Intellectual Property Office 中國國家知識產權局

八. 環境與社會各範疇的績效(續)

(5) 商業道德(續)

產品管理(續)

4) 不合格品控制

在檢驗過程中發現不合格時，將不合格品進行分析和處理，禁止不合格的產品在製造過程中繼續流轉。

除了監控產品本身的質量，本集團亦關注知識產權的維護。本集團與員工簽訂保密協議，禁止員工對非授權的人士透露產品數據；對客戶及自家產品的規格與圖紙等相關的電子數據，都會進行加密處理以防外泄；對合適的產品，本集團更向相關機構申請專利保護，以下是本年度集團獲取的相關審批專利：

ENVIRONMENTAL, SOCIAL, AND GOVERNANCE REPORT

環境、社會及管治報告

VIII. PERFORMANCE OF ENVIRONMENTAL AND SOCIAL ASPECTS (Continued)

(5) Business Ethics (Continued)

Product Management (Continued)

4) Nonconforming Product Control (Continued)

Despite the implementation of robust quality management, the Group still attaches importance to customer feedback and has established a comprehensive complaint handling system. Sales and project management team will firstly communicate with customers to identify the details of nonconforming situation, then the quality management team will convene the relevant departments for cause analysis and proposal of corrective actions. Eventually the sales and project management team will reply to customers with relevant solution and the implementation status thereof. During the reporting period, the Group did not identify any legal violation or complaint case relating to product responsibility. In the same period, no product was recalled for safety and health reasons. In addition, the Group was awarded from various institutions in the year for recognition of the Group's product quality and technological achievements:

Name of Product Award 產品獎項名稱	Issuing Authority 頒發機構
Certification of intellectual property management system 知識產權管理體系認證	Huazhi Certification Co., Ltd. (華知認證有限公司) 華知認證有限公司

Anti-corruption Measures

Being a responsible enterprise, the Group has always maintained "zero tolerance" attitude towards critical violations of business ethics such as bribery, extortion, fraud and money laundering.

八. 環境與社會各範疇的績效(續)

(5) 商業道德(續)

產品管理(續)

4) 不合格品控制(續)

儘管實行完善的質量管理，本集團仍重視客戶的反饋並制定完善的投訴機制，由銷售及項目管理部負責與顧客初步交流，確認不符合的具體情況；然後質量管理部召集相關部門分析原因並提出糾正措施；銷售及項目管理部將解決方案及執行狀況反饋到客戶。於報告期內，本集團並無發現任何違反產品責任相關的法例或收到任何投訴個案。同期，也沒有產品因安全與健康理由而須要回收。此外，集團於本年度更獲得相關機構頒發獎項，確認集團的產品水平及技術的成就：

防貪措施

本集團作為一間負責任的企業，一直對賄賂、勒索、欺詐及洗黑錢等嚴重違反商業道德的行為，以「零容忍」的態度來處理。

ENVIRONMENTAL, SOCIAL, AND GOVERNANCE REPORT

環境、社會及管治報告

VIII. PERFORMANCE OF ENVIRONMENTAL AND SOCIAL ASPECTS *(Continued)*

(5) Business Ethics *(Continued)*

Anti-corruption Measures *(Continued)*

The Group is striving to provide an integrity business platform and has continuously implemented the following measures, including:

1. In 2012, the Group formulated the “Code of Business Conduct” to which all board members, managers, employees, agents and representatives must adhere; the Group announced and implemented the “Employee Handbook”, which contained the requirements for prohibition of bribery, and has been signed and acknowledged by all employees;
2. The Audit Committee, the Remuneration Committee, the Supervisory Committee and the Nomination Committee have been established under the board of directors of the Group to be responsible for corporate governance;
3. The Group has set up a whistle-blowing hotline through which suspected cases or incidents of business ethics violations can be inquired about or reported, and corrective measures will be formulated to eliminate the root cause of the established cases;
4. In the employment contract, employees are required to disclose conflicts of interest, and no relevant reporting case was received throughout the year;
5. Open tendering policy has been formulated and “comparison of quotations amongst at least 3 suppliers” is required, whereby the supplier with competitive price will be selected;
6. Starting since 2013, procurement personnel must comply with the “Revised Code of Self-Discipline Integrity Conduct for China (including China MRO) Procurement Personnel”;
7. The Group will appoint independent auditing agency to proceed auditing and reporting of listed company on an annual basis, and the content involving the internal control system will be disclosed separately. Subsidiaries will appoint the local auditing agencies to proceed individual auditing and reporting as well as tax calculation in accordance with the principles of the operating regions for enhancement of the Group’s internal control.

八. 環境與社會各範疇的績效(續)

(5) 商業道德(續)

防貪措施(續)

本集團致力提供一個廉潔的營商平台，過往一直執行以下措施，包括：

1. 本集團自二零一二年起已制定《商業行為準則》，並要求本集團公司所有董事、管理人員、員工、代理和代表均須遵守該準則；集團頒佈及實施《員工手冊》，內含禁止賄賂的要求，並已獲得全體員工的簽署確認；
2. 本集團董事會轄下設立審核委員會、薪酬委員會、監察委員會、提名委員會來負責公司管治；
3. 本集團已設立舉報熱線，就疑似個案或在出現相關違反商業道德的情況時，進行諮詢或舉報，並針對成立的案件制定糾正措施來根治原因；
4. 在僱傭合約中要求員工作出利益衝突申報，於本年度並沒有收到相關的申報個案；
5. 制定公開招標政策，採購時須「貨比三家」，選擇性價比最高的作為最終供貨商；
6. 自二零一三年起，採購員須遵守本集團《中國區(含中國區MRO)採購人員廉潔自律行為規範修訂版》；
7. 每年委託獨立的審計機構做上市公司合併報表審計；並將內控制度部分作為單獨內容披露。下屬子公司根據屬地原則，委託當地審計機構進行個別報表的審計和所得稅匯算，以加強和完善集團的內部控制；

ENVIRONMENTAL, SOCIAL, AND GOVERNANCE REPORT

環境、社會及管治報告

VIII. PERFORMANCE OF ENVIRONMENTAL AND SOCIAL ASPECTS *(Continued)*

(5) Business Ethics *(Continued)*

Anti-corruption Measures *(Continued)*

8. The Group will provide a training session on anti-corruption for directors and employees.

During the reporting period, the Group did not identify any reported case or legal violation relating to corruption.

Community Contribution and Engagement

Being an outstanding corporate citizen in the community, the Group intends to connect with the community for sending best wishes and support to the disadvantaged and giving back to the community. Based on this social responsibility, the Group has been expecting to reach out to the community over the years, through volunteer service or participation in regional activities, and communication with local community organisations in form of meetings and other means for understanding their needs and satisfying demands in the regions to the best of the Group's capabilities.

八. 環境與社會各範疇的績效 *(續)*

(5) 商業道德 *(續)*

防貪措施 *(續)*

8. 對董事和員工開展一次反貪污培訓。

於報告期內，本集團並無發現任何貪污相關的舉報及任何違反貪污相關法例的案件。

社區貢獻與參與

作為社區內的一個優秀企業公民，集團希望連繫社區，為弱勢社群送上希望與支持，並能回饋社會。基於這份社會責任，集團多年來希望透過義工服務或參與地區活動等方式與社區接觸，藉著會面或其他方式與當地不同社區組織進行溝通，了解他們需要，並盡量滿足地區需求。

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告



Independent auditor's report to the shareholders of
CMIC Ocean En-Tech Holding Co., Ltd.

(Incorporated in the Cayman Islands with limited liability)

致華商國際海洋能源科技控股有限公司股東

(於開曼群島註冊成立之有限公司)

OPINION

We have audited the consolidated financial statements of CMIC Ocean En-Tech Holding Co., Ltd. ("the Company") and its subsidiaries ("the Group") set out on pages 117 to 242, which comprise the consolidated statement of financial position as at 31 December 2019, the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement 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 consolidated financial position of the Group as at 31 December 2019 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") issued by the HKICPA. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* ("the Code") together with any ethical requirements that are relevant to our audit of the consolidated financial statements in the Cayman Islands, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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.

意見

本核數師(以下簡稱「我們」)已審計列載於第117頁至242頁的華商國際海洋能源科技控股有限公司(以下簡稱「貴公司」)及其附屬公司(以下統稱「貴集團」)的綜合財務報表，此財務報表包括於二零一九年十二月三十一日的綜合財務狀況表與截至該日止年度的綜合損益表、綜合損益及其他全面收益表、綜合權益變動表和綜合現金流量表，以及綜合財務報表附註，包括主要會計政策概要。

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

意見的基礎

我們已根據香港會計師公會頒佈的《香港審計準則》進行審計。我們在該等準則下承擔的責任已在本報告「核數師就審計綜合財務報表承擔的責任」部分中作進一步闡述。根據香港會計師公會頒佈的《專業會計師道德守則》(以下簡稱「守則」)以及與我們對開曼群島綜合財務報表的審計相關的道德要求，我們獨立於貴集團，並已履行這些道德要求以及守則中的其他專業道德責任。我們相信，我們所獲得的審計憑證能充足和適當地為我們的審計意見提供基礎。

關鍵審計事項

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

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

KEY AUDIT MATTERS (Continued)

關鍵審計事項(續)

Valuation of property, plant and equipment and intangible assets

物業、廠房及設備及無形資產的估值

Refer to notes 10 and 12 to the consolidated financial statements and the accounting policies in notes 1(h), 1(i), 1(j)(i) and 1(k)(ii).

請參閱綜合財務報表附註10及12以及附註1(h)、1(i)、1(j)(i)及1(k)(ii)的會計政策。

The Key Audit Matter

關鍵審計事項

The carrying values of property, plant and equipment and intangible assets as at 31 December 2019 were allocated to the cash-generating units ("CGUs") to which they belong.

物業、廠房及設備及無形資產於二零一九年十二月三十一日的賬面值被分配所屬的現金產生單位。

When it is determined that indicators of impairment of a CGU exist, management assesses the value in use of the CGU by preparing a discounted cash flow forecast and that value in use is compared with the carrying value of the CGU to determine if any impairment is required.

當釐定某一現金產生單位存在減值跡象，管理層將編製折現現金流預測，從而評估該現金產生單位的在用價值，然後與該現金產生單位的賬面值進行對比，以釐定是否需要作出任何減值。

Assessing the value in use of a CGU is complex and requires management to make a number of judgemental assumptions, particularly relating to the revenue growth rates (which drives future production levels) and future gross margins.

評估某一現金產生單位的在用價值過程複雜，且需要管理層尤其是對收入增長率（這帶動未來的生產水平）及未來毛利率作出多項判斷假設。

These estimates are inherently uncertain due to recent oil price volatility and the uncertain economic outlook.

由於近期油價波動及經濟前景不明朗，該等估計本質上存在不確定性。

How the matter was addressed in our audit

我們的審計如何處理該事項

Our audit procedures to assess the valuation of property, plant and equipment and intangible assets included the following:

我們評估物業、廠房及設備及無形資產的估值的審計程序包括下列各項：

- obtaining an understanding of the Group's policies and procedures to identify impairment indicators of property, plant and equipment and intangible assets;
- 瞭解 貴集團識別物業、廠房及設備及無形資產減值跡象的政策及程序；
- evaluating management's identification of impairment indicators, if any, with reference to the internal sources and external sources of information;
- 參照內部及外部信息來源評估管理層對減值跡象(如有)的識別；
- engaging our internal valuation specialists to assist us in evaluating the methodology adopted by management, the identification of CGUs and the allocation of assets to each CGU in the preparation of its discounted cash flow forecasts and whether these were prepared in a manner consistent with the requirements of the prevailing accounting standards;
- 委聘內部估值專家，以協助我們評估就編製折現現金流預測時管理層採用的方法、現金產生單位的識別及把資產分配至各現金產生單位，並評價有關預測是否已按照與現行會計準則一致的方式編製；
- assessing and challenging management's impairment assessment model. This included evaluating the discounted cash flow forecasts for each CGU where an indicator of impairment was identified and comparing the resultant value in use with the carrying values of the relevant assets and considering whether impairment or a reversal of past impairment was required;
- 評估及質疑管理層的減值評估模型。這包括評價識別到減值跡象的各現金產生單位的折現現金流預測，並將所得在用價值與相關資產進行比較及考慮是否需要計提減值或撥回過往減值；

KEY AUDIT MATTERS (Continued)

關鍵審計事項(續)

Valuation of property, plant and equipment and intangible assets (Continued)

物業、廠房及設備及無形資產的估值(續)

Refer to notes 10 and 12 to the consolidated financial statements and the accounting policies in notes 1(h), 1(i), 1(j)(i) and 1(k)(ii).

請參閱綜合財務報表附註10及12以及附註1(h)、1(i)、1(j)(i)及1(k)(ii)的會計政策。

The Key Audit Matter

關鍵審計事項

How the matter was addressed in our audit

我們的審計如何處理該事項

We identified the valuation of property, plant and equipment and intangible assets as a key audit matter because determining the level of impairment, if any, involves a significant degree of management judgement in forecasting future cash flows and estimating the value in use of these assets both of which are inherently uncertain and may be subject to management bias.

我們把物業、廠房及設備及無形資產列為關鍵審計事項，因為釐定減值水平(如有)涉及管理層對預測未來現金流量及估計該等資產的在用價值作出重大判斷，而前述兩者本質上均存在不確定性，且或會受到管理層的偏見而有所影響。

- comparing the most significant inputs used in the discounted cash flow forecasts, including the revenue growth rates and future gross margins, with the historical performance of each CGU and management's budgets and forecasts;
- 將折現現金流預測中最重大輸入數據(包括收入增長率及未來毛利率)與各現金產生單位的過往表現及管理層預算和預測進行比較；
- evaluating the discount rates used in the cash flow forecasts by benchmarking against other similar companies in the same industry;
- 與同業其他類似公司進行對比，藉此評價現金流預測採用的折現率；
- performing sensitivity analyses of the discount rates, revenue growth rates, future gross margins and considering the resulting impact on the impairment assessment for the year and whether there were any indicators of management bias; and
- 對折現率、收入增長率及未來毛利率進行敏感度分析，並考慮對年內減值評估的影響及是否存在管理層偏見的任何跡象；及
- considering the disclosures in the consolidated financial statements in respect of impairment testing of property, plant and equipment and intangible assets, including the key assumptions and sensitivities to changes in such assumptions, with reference to the requirements of the prevailing accounting standards.
- 根據現行會計準則的規定，考慮綜合財務報表內有關物業、廠房及設備及無形資產的減值測試的披露，包括主要假設及有關假設變動的敏感度。

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

KEY AUDIT MATTERS (Continued)

關鍵審計事項(續)

Loss allowance for trade receivables

貿易應收款項的虧損撥備

Refer to notes 18 and 32 to the consolidated financial statements and the accounting policies in notes 1(k)(i) and 1(n).

請參閱綜合財務報表附註18及32以及附註1(k)(i)及1(n)的會計政策。

The Key Audit Matter

關鍵審計事項

The carrying value of the Group's trade receivables as at 31 December 2019 totalled US\$43.0 million after deduction of loss allowance of US\$61.0 million.

經扣除虧損撥備61,000,000美元後，貴集團於二零一九年十二月三十一日的貿易應收款項賬面值合共43,000,000美元。

The Group's loss allowance is measured at an amount equal to the lifetime expected credit loss, which is estimated by taking into account the historical credit loss experience, ageing of the receivables and customer profile based on geographical location or business segment, adjusted for factors that are specific to the debtors and an assessment of both the current and forecasted economic conditions at the reporting date. Such assessment involves a significant degree of judgement.

貴集團的虧損撥備按相當於全期預期信貸虧損的金額計量，經考慮過往信貸虧損經驗、應收款項賬齡、基於地理位置或業務分部的客戶群而估計，就報告日期債務人的特定因素以及對目前及預測經濟狀況的評估進行調整。有關評估涉及重大程度判斷。

How the matter was addressed in our audit

我們的審計如何處理該事項

Our audit procedures to assess the loss allowance for trade receivables included the following:

我們評估貿易應收款項的虧損撥備的審計程序包括下列各項：

- obtaining an understanding of and assessing the design, implementation and operating effectiveness of key internal controls relating to credit control, debt collection, and estimating the credit loss allowance;
- 了解及評估有關信貸控制、收債及信貸虧損撥備估計的主要內部控制的設計、實施及執行成效；
- obtaining an understanding on the key data and assumptions of the expected credit loss model adopted by the management, including the basis of the segmentation of the accounts receivable based on credit risk characteristics, the historical default data, and the assumptions involved in management's estimated loss rates;
- 瞭解管理層採納的預期信貸虧損模型中的關鍵數據及假設，包括管理層基於信貸風險特徵對應收賬款進行分組的基準、過往違約率以及管理層估計虧損率涉及的假設；

KEY AUDIT MATTERS (Continued)

關鍵審計事項(續)

Loss allowance for trade receivables (Continued)

貿易應收款項的虧損撥備(續)

Refer to notes 18 and 32 to the consolidated financial statements and the accounting policies in notes 1(k)(i) and 1(n).

請參閱綜合財務報表附註18及32以及附註1(k)(i)及1(n)的會計政策。

The Key Audit Matter

關鍵審計事項

We identified the loss allowance for trade receivables as a key audit matter because the assessment of loss allowances is inherently subjective and requires significant management judgement, which increases the risk of error or potential management bias.

由於評估虧損撥備在本質上具有主觀性，並需要管理層作出重大判斷，因而增加出錯或潛在管理層偏見的風險，故我們將貿易應收款項虧損撥備識別為關鍵審計事項。

How the matter was addressed in our audit

我們的審計如何處理該事項

- assessing the classification of individual balances in the trade receivables ageing report by comparing the details in the trade receivables ageing report with underlying invoices, on a sample basis;
- 將貿易應收款項賬齡報告內的詳情與相關發單進行抽樣比對，從而評估貿易應收款項賬齡報告內個別結餘的分類；
- assessing the reasonableness of management's loss allowance estimates by examining the information used by management to form such judgements, including testing the accuracy of the historical default data and evaluating whether the historical loss rates are appropriately adjusted based on current economic conditions and forward-looking information; and
- 藉檢測管理層用以構成相關判斷的資料(包括測試過往違約數據的準確性、評估過往虧損率是否按目前經濟狀況及前瞻性資料作出適當調整)來評估管理層虧損撥備估算的合理性；及
- comparing cash receipts from debtors subsequent to the financial year end relating to trade receivable balances at 31 December 2019 with bank statements and relevant underlying documentation, on a sample basis.
- 將就二零一九年十二月三十一日之貿易應收款項結餘於財政年度結束後向債務人收取的現金，與銀行結單及相關基本文件進行抽樣比對。

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

KEY AUDIT MATTERS (Continued)

關鍵審計事項(續)

Assessing the net realisable value of inventories

評估存貨的可變現淨值

Refer to note 17 to the consolidated financial statements and the accounting policies in note 1(i).

請參閱綜合財務報表附註17及附註1(i)的會計政策。

The Key Audit Matter

關鍵審計事項

The carrying value for inventories as at 31 December 2019 was US\$149.0 million, which represented 42% of the Group's total assets. The inventories held at the year-end covered a wide range of capital equipment and spare parts and the demand for these in the future may be adversely affected by many factors including market demand, competitor activities, pricing and the introduction of substituting products and technologies.

於二零一九年十二月三十一日，存貨的賬面值為149,000,000美元，相當於貴集團總資產的42%。年末持有的存貨涵蓋各種資本設備及備件，未來該等設備及備件的需求可能受到諸多因素的不利影響，包括市場需求、競爭對手的活動、替代品及技術的定價及推出。

The Group's inventories are carried at the lower of cost and net realisable value. Determination of net realisable value involves key judgements and estimates made by management, in particular with regards to the estimation of selling prices and provisions for slow-moving and obsolete inventories.

貴集團的存貨按成本與可變現淨值中的較低者入賬。釐定可變現淨值涉及管理層作出的關鍵判斷及估計，特別是對滯銷及陳舊存貨售價及撥備作出的估計。

How the matter was addressed in our audit

我們的審計如何處理該事項

Our audit procedures to assess the net realisable value of inventories included the following:

我們評估存貨的可變現淨值的審計程序包括下列各項：

- assessing whether the inventory provision at the end of the reporting period was determined on a basis consistent with the Group's inventory provisioning policy including evaluating the accuracy of management's prior year estimation;
- 評估於報告期末的存貨撥備是否按與貴集團存貨撥備政策一致的基準釐定(包括評估管理層過往年度的估計是否準確)；
- assessing, on a sample basis, the classification of individual items in the inventory ageing report by comparing the details in the inventory ageing report with underlying documentation, including purchase invoices and goods receipt notes;
- 抽樣評估存貨賬齡報告中個別項目的分類，方式為將存貨賬齡報告中的詳細資料與相關文件(包括採購發票及貨品收據)比較；

KEY AUDIT MATTERS (Continued)

關鍵審計事項(續)

Assessing the net realisable value of inventories (Continued)

評估存貨的可變現淨值(續)

Refer to note 17 to the consolidated financial statements and the accounting policies in note 1(l).

請參閱綜合財務報表附註17及附註1(l)的會計政策。

The Key Audit Matter

關鍵審計事項

We identified the assessment of the net realisable value of inventories as a key audit matter because of the significance of inventories to the consolidated financial statements and because of the significant judgements made by management in assessing net realisable value, which increases the risk of error or potential management bias.

我們將存貨可變現淨值的估值確定為關鍵審計事項，原因為存貨對綜合財務報表的重要性及管理層評估可變現淨值作出的重大判斷，從而增加錯誤或潛在管理層偏向的風險。

How the matter was addressed in our audit

我們的審計如何處理該事項

- assessing the appropriateness of the selling prices estimated by the management, on a sample basis, by comparing the estimated selling prices to the recent transaction prices and our knowledge of the Group's business;
- 抽樣評估管理層估計的售價是否恰當，方式為將估計售價與當前交易價進行比較以及瞭解 貴集團業務；
- engaging our internal valuation specialists to assist us in assessing management's estimation of net realisable value for those inventories which are based on external valuation and evaluating the valuation methodology adopted by the external valuer;
- 委聘我們的內部估值專家協助我們評估管理層基於外部估值對該等存貨的可變現淨值作出的估計及評估外部估值師採用的估值方法；
- assessing the experience, competence and objectivity of the external valuer engaged by the Group; and
- 評估 貴集團委聘的外部估值師的經驗、能力及客觀性；及
- evaluating the reasonableness of the Group's inventory provision balance by comparing, on a sample basis, the carrying value of inventories with expected selling prices or net realisable value.
- 評估 貴集團存貨撥備結餘是否合理，方式為抽樣比較存貨賬面值與預期售價或可變現淨值。

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

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

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

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

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

RESPONSIBILITIES OF THE DIRECTORS 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 directors are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

綜合財務報表及其核數師報告以外的信息

董事需對其他信息負責。其他信息包括刊載於年報內的全部信息，但不包括綜合財務報表及我們的核數師報告。

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

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

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

董事就綜合財務報表須承擔的責任

董事須負責根據香港會計師公會頒佈的《香港財務報告準則》及香港《公司條例》的披露要求擬備真實而中肯的綜合財務報表，並對其認為為使綜合財務報表的擬備不存在由於欺詐或錯誤而導致的重大錯誤陳述所需的內部控制負責。

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

審計委員會協助董事履行監督貴集團的財務報告過程的責任。

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. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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

As part of an audit in accordance with HKSA's, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

核數師就審計綜合財務報表承擔的責任

我們的目標，是對綜合財務報表整體是否不存在由於欺詐或錯誤而導致的重大錯誤陳述取得合理保證，並出具包括我們意見的核數師報告。我們僅向整體股東報告。除此以外，我們的報告不可用作其他用途。我們概不就本報告的內容，對任何其他人士負責或承擔法律責任。

合理保證是高水平的保證，但不能保證按照《香港審計準則》進行的審計，在某一重大錯誤陳述存在時總能發現。錯誤陳述可以由欺詐或錯誤引起，如果合理預期它們單獨或匯總起來可能影響綜合財務報表使用者依賴財務報表所作出的經濟決定，則有關的錯誤陳述可被視作重大。

在根據《香港審計準則》進行審計的過程中，我們運用了專業判斷，保持了專業懷疑態度。我們亦：

- 識別和評估由於欺詐或錯誤而導致綜合財務報表存在重大錯誤陳述的風險，設計及執行審計程序以應對這些風險，以及獲取充足和適當的審計憑證，作為我們意見的基礎。由於欺詐可能涉及串謀、偽造、蓄意遺漏、虛假陳述，或凌駕於內部控制之上，因此未能發現因欺詐而導致的重大錯誤陳述的風險高於未能發現因錯誤而導致的重大錯誤陳述的風險。
- 了解與審計相關的內部控制，以設計適當的審計程序，但目的並非對貴集團內部控制的有效性發表意見。
- 評價董事所採用會計政策的恰當性及作出會計估計和相關披露的合理性。
- 對董事採用持續經營會計基礎的恰當性作出結論。根據所獲取的審計憑證，確定是否存在與事項或情況有關的重大不確定性，從而可能導致對貴集團的持續經營能力產生重大疑慮。如果我們認為存在重大不確定性，則有必要在核數師報告中提請使用者注意綜合財務報表中的相關披露。假若有關的披露不足，則我們應當發表非無保留意見。我們的結論是基於核數師報告日止所取得的審計憑證。然而，未來事項或情況可能導致貴集團不能持續經營。

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

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

(Continued)

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, related safeguards.

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.

The engagement partner on the audit resulting in this independent auditor's report is Guen Kin Shing.

KPMG

Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

27 March 2020

核數師就審計綜合財務報表承擔的責任

(續)

- 評價綜合財務報表的整體列報方式、結構和內容，包括披露，以及綜合財務報表是否中肯反映交易和事項。
- 就 貴集團內實體或業務活動的財務信息獲取充足、適當的審計憑證，以便對綜合財務報表發表意見。我們負責 貴集團審計的方向、監督和執行。我們對審計意見承擔全部責任。

除其他事項外，我們與審計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控制的任何重大缺陷。

我們還向審計委員會提交聲明，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。

從與審計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這些事項，除非法律法規不允許公開披露這些事項，或在極端罕見的情況下，如果合理預期在我們報告中溝通某事項造成的負面後果超過產生的公眾利益，我們決定不應在報告中溝通該事項。

出具本獨立核數師報告的審計項目合夥人是姜健成。

畢馬威會計師事務所
執業會計師

香港中環
遮打道10號
太子大廈8樓

二零二零年三月二十七日

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

綜合損益表

For the year ended 31 December 2019 (Expressed in United States dollars) 截至二零一九年十二月三十一日止年度(以美元呈列)

		Note 附註	2019 二零一九年 US\$'000 千美元	2018 二零一八年 US\$'000 千美元
Revenue	收入	3	70,246	58,839
Cost of sales	銷售成本		(46,210)	(48,792)
Gross profit	毛利		24,036	10,047
Other revenue and net income	其他收益及淨收入	4	3,916	934
Reversal of provision for customer claims	客戶申索撥備之撥回	5(c)	3,030	-
Gain on settlement of trade payables by issue of new shares	通過發行新股結算貿易應付款項收益	5(c)	3,281	-
Selling and distribution expenses	銷售及分銷開支		(4,981)	(5,635)
General and administrative expenses	一般及行政開支		(23,960)	(27,693)
Other operating expenses	其他經營開支		(1,239)	(4,164)
Reversal of impairment losses/(impairment losses) on trade debtors and bill receivables, lease receivables and contract assets	貿易應收賬款及應收票據、租賃應收款及合約資產減值虧損撥回/(減值虧損)	5(c)	4,177	(2,445)
Profit/(loss) from operations	經營溢利/(虧損)		8,260	(28,956)
Finance costs	財務成本	5(a)	(1,727)	(2,450)
Share of profits of associates	分佔聯營公司之溢利		36	1
Share of profit of joint venture	分佔合營公司之溢利		3,728	-
Profit/(loss) before taxation	除稅前溢利/(虧損)	5	10,297	(31,405)
Income tax	所得稅	6(a)	(979)	(10,381)
Profit/(loss) for the year	年內溢利/(虧損)		9,318	(41,786)
Attributable to:	以下各方應佔：			
Equity shareholders of the Company	本公司股權股東		9,701	(41,358)
Non-controlling interests	非控股權益		(383)	(428)
Profit/(loss) for the year	年內溢利/(虧損)		9,318	(41,786)
Earnings/(loss) per share	每股盈利/(虧損)	9		
Basic and diluted	基本及攤薄		US0.35 cent 0.35美仙	US(2.98) cents (2.98)美仙

Note: The Group has initially applied HKFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, the comparative information is not restated. See note 1(c).

附註：本集團已於二零一九年一月一日採用經修訂追溯法首次香港財務報告準則第16號。根據此方法，對比較數據不會進行重列。見附註1(c)。

The notes on pages 124 to 242 form part of these financial statements.

第124頁至242頁的附註構成該等財務報表的一部分。

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 (Expressed in United States dollars) 截至二零一九年十二月三十一日止年度(以美元呈列)

		2019 二零一九年 US\$'000 千美元	2018 二零一八年 US\$'000 千美元
Profit/(loss) for the year	年內溢利/(虧損)	9,318	(41,786)
Other comprehensive income for the year:	年內其他全面收益：		
<i>Items that will not be reclassified to profit or loss:</i>	不會重新分類至損益之項目：		
- Equity investments at FVOCI – net movement in fair value reserve (non-recycling) (with nil tax effect)	- 按公平價值計入其他全面收益的股權投資 – 公平價值儲備的變動淨額 (不可劃轉)(零稅務影響)	(676)	(453)
- Share of other comprehensive income of joint venture (with nil tax effect)	- 應佔合營公司其他全面收入 (零稅務影響)	(4,214)	-
<i>Item that may be reclassified subsequently to profit or loss:</i>	或會其後重新分類至損益之項目：		
- Exchange differences on translation of financial statements of subsidiaries and associates (with nil tax effect)	- 換算附屬公司及聯營公司財務報表所產生之匯兌差額(零稅務影響)	479	(2,708)
Other comprehensive income for the year	年內其他全面收益	(4,411)	(3,161)
Total comprehensive income for the year	年內全面收益總額	4,907	(44,947)
Attributable to:	以下各方應佔：		
Equity shareholders of the Company	本公司股權股東	5,294	(44,514)
Non-controlling interests	非控股權益	(387)	(433)
Total comprehensive income for the year	年內全面收益總額	4,907	(44,947)

Note: The Group has initially applied HKFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, the comparative information is not restated. See note 1(c).

附註：本集團已於二零一九年一月一日採用經修訂追溯法首次香港財務報告準則第16號。根據此方法，對比較數據不會進行重列。見附註1(c)。

The notes on pages 124 to 242 form part of these financial statements.

第124頁至242頁的附註構成該等財務報表的一部分。

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

綜合財務狀況表

At 31 December 2019 (Expressed in United States dollars) 於二零一九年十二月三十一日(以美元呈列)

		Note	2019 二零一九年 US\$'000 千美元	2018 二零一八年 US\$'000 千美元
Non-current assets	非流動資產			
Property, plant and equipment	物業、廠房及設備	10	42,989	40,620
Investment properties	投資物業	10	3,265	3,503
Interest in leasehold land held for own use under operating leases	根據經營租賃持作自用的租賃土地權益	11	–	4,030
Intangible assets	無形資產	12	307	382
Interest in associates	於聯營公司的權益	14	307	274
Interest in joint venture	於合營公司的權益	15	42,514	–
Other financial assets	其他金融資產	16	326	1,002
Prepayments	預付款	18	60	485
Lease receivables	租賃應收款	19	6,044	–
Deferred tax assets	遞延稅項資產	27(b)	1,775	2,478
			97,587	52,774
Current assets	流動資產			
Inventories	存貨	17	149,028	145,944
Trade and other receivables	貿易應收及其他應收款項	18	64,824	56,276
Contract assets	合約資產	24(a)	1,268	2,012
Amount due from a related company	應收關聯公司款項	20	101	101
Lease receivables	租賃應收款	19	3,561	–
Tax recoverable	可收回稅項	27(a)	826	132
Pledged bank deposits	已抵押之銀行存款		1,051	802
Cash and cash equivalents	現金及現金等值物	21(a)	35,021	19,805
			255,680	225,072
Non-current assets classified as held for sale	分類為持作出售之非流動資產	22	2,911	2,936
			258,591	228,008
Current liabilities	流動負債			
Trade and other payables	貿易應付及其他應付款項	23	189,417	201,316
Contract liabilities	合約負債	24(b)	29,034	29,444
Bank loans	銀行貸款	25	5,023	10,277
Lease liabilities	租賃負債	26	1,124	18
Tax payable	應付稅項	27(a)	4,191	4,128
			228,789	245,183
Net current assets/(liabilities)	流動資產/(負債)淨值		29,802	(17,175)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

綜合財務狀況表

At 31 December 2019 (Expressed in United States dollars) 於二零一九年十二月三十一日(以美元呈列)

		Note	2019 二零一九年 US\$'000 千美元	2018 二零一八年 US\$'000 千美元
		附註		
Total assets less current liabilities	總資產減流動負債		127,389	35,599
Non-current liabilities	非流動負債			
Bank loans	銀行貸款	25	4,161	7,092
Lease liabilities	租賃負債	26	2,814	63
Deferred tax liabilities	遞延稅項負債	27(b)	–	46
			6,975	7,201
NET ASSETS	資產淨值		120,414	28,398
CAPITAL AND RESERVES	資本及儲備			
Share capital	股本	31(b)	39,191	18,854
Reserves	儲備		81,865	9,799
Total equity attributable to equity shareholders of the Company	本公司股權股東應佔權益總額		121,056	28,653
Non-controlling interests	非控股權益		(642)	(255)
TOTAL EQUITY	權益總額		120,414	28,398

Approved and authorised for issue by the board of directors on 27 March 2020.

經董事會於二零二零年三月二十七日批准及授權刊發。

Lou Dongyang

婁東陽

Director

董事

Jiang Bing Hua

蔣秉華

Director

董事

Note: The Group has initially applied HKFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, the comparative information is not restated. See note 1(c).

附註：本集團已於二零一九年一月一日採用經修訂追溯法首次香港財務報告準則第16號。根據此方法，對比較數據不會進行重列。見附註1(c)。

The notes on pages 124 to 242 form part of these financial statements.

第124頁至242頁的附註構成該等財務報表的一部分。

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

綜合權益變動表

For the year ended 31 December 2019 (Expressed in United States dollars) 截至二零一九年十二月三十一日止年度(以美元呈列)

Attributable to equity shareholders of the Company
本公司股東應佔

		Share capital	Share premium	Merger reserve	Exchange reserve	Employee share-based compensation reserve	Shares held for share award scheme reserve	Capital reserve	Revaluation reserve	Reserve funds	Fair value reserve (non-recycling)	Accumulated losses	Total	Non-controlling interests	Total equity
		股本	股份溢價	合併儲備	匯兌儲備	以股份為基礎支付僱員酬金儲備	以股份為基礎支付獎勵計劃之股份儲備	資本儲備	重估儲備	儲備公基金	公允價值儲備(非列轉)	累計虧損	總計	非控股權益	總權益
		US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
		千美元	千美元	千美元	千美元	千美元	千美元	千美元	千美元	千美元	千美元	千美元	千美元	千美元	千美元
Balance at 1 January 2018	於二零一八年一月一日之結餘	9,094	127,805	2,161	(13,317)	3,775	(1,285)	5,482	627	8,295	(3,207)	(130,734)	8,696	178	8,874
Changes in equity for 2018	於二零一八年股權變動														
Loss for the year	年內虧損	-	-	-	-	-	-	-	-	-	-	(41,358)	(41,358)	(428)	(41,786)
Other comprehensive income	其他全面收益	-	-	-	(2,703)	-	-	-	-	-	(453)	-	(3,156)	(5)	(3,161)
Total comprehensive income	全面收益總額	-	-	-	(2,703)	-	-	-	-	-	(453)	(41,358)	(44,514)	(433)	(44,947)
Issue of new shares	新發新股	9,749	54,549	-	-	-	-	-	-	-	-	-	64,298	-	64,298
Shares issued under share option schemes	根據購股權計劃增發股份	11	93	-	-	(45)	-	-	-	-	-	-	59	-	59
Equity-settled share-based transactions	以股權結算以股份為基礎支付的交易	-	-	-	-	(3,730)	-	-	-	-	-	3,844	114	-	114
Transferred to reserve funds	轉撥至儲備公基金	-	-	-	-	-	-	-	-	214	-	(214)	-	-	-
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之結餘	18,854	182,447	2,161	(16,020)	-	(1,285)	5,482	627	8,509	(3,660)	(168,462)	28,653	(255)	28,398
Changes in equity for 2019	於二零一九年股權變動														
Profit for the year	年內溢利	-	-	-	-	-	-	-	-	-	-	9,701	9,701	(383)	9,318
Other comprehensive income	其他全面收益	-	-	-	483	-	-	-	-	-	(4,890)	-	(4,407)	(4)	(4,411)
Total comprehensive income	全面收益總額	-	-	-	483	-	-	-	-	-	(4,890)	9,701	5,294	(387)	4,907
Issue of new shares	新發新股	20,337	68,288	-	-	-	-	-	-	-	-	-	88,625	-	88,625
Purchase of shares for share award scheme (note 29)	就股份獎勵計劃購買股份(附註29)	-	-	-	-	-	(1,516)	-	-	-	-	-	(1,516)	-	(1,516)
Transferred to reserve funds	轉撥至儲備公基金	-	-	-	-	-	-	-	-	399	-	(399)	-	-	-
Balance at 31 December 2019	於二零一九年十二月三十一日之結餘	39,191	250,735	2,161	(15,537)	-	(2,801)	5,482	627	8,908	(8,550)	(159,160)	121,056	(642)	120,414

Note: The Group has initially applied HKFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, the comparative information is not restated. See note 1(c).

附註：本集團已於二零一九年一月一日採用經修訂追溯法首次香港財務報告準則第16號。根據此方法，對比數據不會進行重列。見附註1(c)。

The notes on pages 124 to 242 form part of these financial statements.

第124頁至242頁的附註構成該等財務報表的一部分。

CONSOLIDATED CASH FLOW STATEMENT

綜合現金流量表

For the year ended 31 December 2019 (Expressed in United States dollars) 截至二零一九年十二月三十一日止年度(以美元呈列)

	Note 附註	2019 二零一九年 US\$'000 千美元	2018 二零一八年 US\$'000 千美元
Operating activities	經營業務		
Profit/(loss) before taxation	除稅前溢利/(虧損)	10,297	(31,405)
Adjustments for:	就以下各項作出調整：		
Depreciation	折舊	5,946	6,153
(Reversal of impairment losses)/ impairment losses on trade debtors and bills receivables, leases receivables and contract assets	貿易應收賬款及應收票據、 租賃應收款及合約資產 (減值虧損撥回)/ 減值虧損	(4,177)	2,445
Impairment losses on property, plant and equipment	物業、廠房及設備 減值虧損	-	317
Share of profits of associates	分佔聯營公司之溢利	(36)	(1)
Share of profit of joint venture	分佔合營公司之溢利	(3,728)	-
Write-down of inventories	存貨撇減	181	3,153
Amortisation of interest in leasehold land held for own use under operating leases	根據經營租賃持作自用的 租賃土地權益攤銷	-	207
Amortisation of intangible assets	無形資產攤銷	380	1,210
Finance costs	財務成本	1,727	2,450
Interest income	利息收入	(1,186)	(175)
Loss/(gain) on disposal of property, plant and equipment	出售物業、廠房及設備之 虧損/(收益)	523	(56)
Gain on disposal of non-current assets classified as held for sale	出售分類為持作出售之 非流動資產之收益	-	(13)
(Reversal of provision)/provision for estimated loss of incomplete construction contract	未完成建造合約估計虧損 (撥備之撥回)/撥備	(1,602)	1,602
Reversal of provision for customer claims	客戶申索撥備之撥回	(3,030)	-
Gain on settlement of trade payable by issue of new shares	通過發行新股結算貿易應付 款項收益	(3,281)	-
Equity-settled share-based payment expenses	以股權結算的股份 支付開支	-	114
Foreign exchange loss/(gain)	外匯虧損/(收益)	688	(273)
Operating profit/(loss) before changes in working capital	營運資金變動前 經營溢利/(虧損)	2,702	(14,272)
(Increase)/decrease in inventories	存貨(增加)/減少	(3,319)	4,562
Decrease/(Increase) in trade and other receivables	貿易應收及其他應收款項 減少/(增加)	2,542	(1,690)
Decrease/(increase) in contract assets	合約資產減少/(增加)	741	(172)
Increase in lease receivables	租賃應收款增加	(9,349)	-
Decrease in trade and other payables	貿易應付及其他應付款項減少	(4,360)	(4,345)
Decrease in contract liabilities	合約負債減少	(370)	(545)
Cash used in operations	經營業務所用現金	(11,413)	(16,462)
Income tax (paid)/refunded	(已付)/退回所得稅	(961)	122
Net cash used in operating activities	經營業務所用現金淨額	(12,374)	(16,340)

CONSOLIDATED CASH FLOW STATEMENT

綜合現金流量表

For the year ended 31 December 2019 (Expressed in United States dollars) 截至二零一九年十二月三十一日止年度(以美元呈列)

	Note 附註	2019 二零一九年 US\$'000 千美元	2018 二零一八年 US\$'000 千美元
Investing activities	投資業務		
Payment for purchase of property, plant and equipment	購置物業、廠房及設備付款	(1,326)	(3,683)
Payments for purchases of intangible assets	購買無形資產之付款	(307)	-
Interest received	已收利息	1,158	175
Increase in pledged bank deposits	已抵押銀行存款增加	(258)	(279)
Subscription of notes included in trade and other receivables	計入貿易應收及其他應收款項之認購票據	(6,385)	-
Proceeds from disposal of property, plant and equipment	出售物業、廠房及設備所得款項	1,053	345
Proceeds from disposal of non-current assets classified as held for sale	出售分類為持作出售之非流動資產所得款項	-	6,095
Capital contribution to joint venture	於合營公司投資付款	(37,000)	-
Net cash (used in)/generated from investing activities	投資業務(所用)/產生現金淨額	(43,065)	2,653
Financing activities	融資業務		
Proceeds from issue of new shares	增發新股所得款項	83,139	64,298
Interest paid	已付利息	(1,571)	(2,041)
Proceeds from new bank loans	新籌集銀行貸款所得款項	5,068	5,606
Repayment of bank loans	償還銀行貸款	(13,177)	(49,486)
Capital element of lease rentals paid	已付租賃租金之資本部份	(1,152)	(13)
Interest element of lease rentals paid	已付租賃租金之利息部分	(218)	(2)
Proceeds from issue of new shares under share option schemes	根據購股權計劃新增股份之所得款項	-	59
Payments for purchaser of shares under share award scheme	根據股份獎勵計劃購買股份之付款	(1,516)	-
Net cash generated from financing activities	融資業務產生現金淨額	70,573	18,421
Net increase in cash and cash equivalents	現金及現金等值物淨額增加	15,134	4,734
Cash and cash equivalents at 1 January	於一月一日現金及現金等值物	19,805	15,287
Effect of foreign exchange rate changes	匯率變動的影響	82	(216)
Cash and cash equivalents at 31 December	於十二月三十一日現金及現金等值物	35,021	19,805

Note: The Group has initially applied HKFRS 16 using the modified retrospective approach and adjusted the opening balances at 1 January 2019 to recognise right-of-use assets and lease liabilities relating to leases which were previously classified as operating leases under HKAS 17. Previously, cash payments under operating leases made by the Group as a lessee of \$2,069,000 were classified as operating activities in the consolidated cash flow statement. Under HKFRS 16, except for short-term lease payments, payments for leases of low value assets and variable lease payments not included in the measurement of lease liabilities, all other rentals paid on leases are now split into capital element and interest element (see note 21(b)) and classified as financing cash outflows. Under the modified retrospective approach, the comparative information is not restated. Further details on the impact of the transition to HKFRS 16 are set out in note 1(c).

附註：本集團採用經修訂追溯法初始應用香港財務報告準則第16號，並調整於二零一九年一月一日的年初結餘，以確認過往根據香港會計準則第17號分類為經營租賃的租賃相關的使用權資產及租賃負債。此前，本集團作為承租人根據經營租賃作出的現金付款2,069,000元分類為綜合現金流量表中的經營租賃。根據香港財務報告準則第16號，除未計入計量租賃負債的短期租賃付款、低價值資產付款及可變租賃付款外，所有其他就租賃已付租金現時分類為資本部分及利息部分(參閱附註21(b))並分類為融資現金流出。根據經修訂追溯法，比較資料不予重列。有關過渡至香港財務報告準則第16號的影響之進一步詳情載於附註1(c)。

The notes on pages 124 to 242 form part of these financial statements.

第124頁至242頁的附註構成該等財務報表的一部分。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

(Expressed in United States dollars unless otherwise indicated) (除非另有說明，以美元表示)

1 SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“the Listing Rules”). Significant accounting policies adopted by the Group are disclosed below.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 1(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2019 comprise the Group and the Group’s interest in associates and joint venture.

The functional currency of the Company is Hong Kong dollars (“HK\$”). Subsidiaries of the Company have their functional currencies other than HK\$, mainly Renminbi (“RMB”), United States dollars and Pound Sterling (“GBP”). In view of operations of the Group in various foreign countries, the directors of the Company consider United States dollars, being an internationally well-recognised currency, can provide more meaningful information to the Company’s investors and meet the needs of the Group’s global customers. Therefore, the directors choose United States dollars as the presentation currency of the financial statements.

The measurement basis used in the preparation of the financial statements is the historical cost basis, except for investments in equity securities which are stated at their fair values as explained in the accounting policies set out in note 1(f).

1 主要會計政策

(a) 遵例聲明

該等財務報表乃遵照所有適用之香港財務報告準則(「香港財務報告準則」)(包括香港會計師公會(「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」)及詮釋之統稱)、香港公認會計原則及香港公司條例的適用披露規定而編製。該等財務報表亦遵守香港聯合交易所有限公司證券上市規則(「上市規則」)之適用披露條文。本集團所採納之主要會計政策於下文披露。

香港會計師公會已頒佈多項新訂及經修訂香港財務報告準則，於本集團本個會計期間首次生效或可予提早採納。附註1(c)提供有關因初始應用該等修訂而產生之任何會計政策變動之資料，惟以與本集團於本個或過往會計期間在該等財務報表所反映者有關為限。

(b) 財務報表編製基準

截至二零一九年十二月三十一日止年度之綜合財務報表包括本集團及本集團於聯營公司及合營公司之權益。

本公司之功能貨幣為港元(「港元」)。本公司之附屬公司採用港元以外的功能貨幣，主要為人民幣(「人民幣」)、美元及英鎊(「英鎊」)。鑒於本集團於多個不同國家的業務，本公司董事認為美元作為國際上公認之貨幣可為本公司投資者提供更有意義之資料，並能夠滿足本集團全球客戶之需求。因此，董事選擇美元作為財務報表之呈列貨幣。

誠如附註1(f)所載之會計政策所解釋，編製財務報表所採用之計量基準為歷史成本法，惟分類為股本證券投資以公平值列賬除外。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

(Expressed in United States dollars unless otherwise indicated) (除非另有說明，以美元表示)

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Basis of preparation of the financial statements

(Continued)

Non-current assets held for sale are stated at the lower of carrying amount and fair value less costs to sell (see note 1(x)).

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of HKFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 2.

(c) Changes in accounting policies

The HKICPA has issued a new HKFRS, HKFRS 16, *Leases*, and a number of amendments to HKFRSs that are first effective for the current accounting period of the Group.

Except for HKFRS 16, *Leases*, none of the developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

1 主要會計政策(續)

(b) 財務報表編製基準(續)

持作銷售非流動資產按賬面值與公平值減出售成本兩者中較低者列賬(見附註1(x))。

編製符合香港財務報告準則的財務報表要求管理層作出可影響政策應用及資產、負債、收入及開支呈報金額的判斷、估計及假設。該等估計及相關假設乃基於以往經驗及相信在有關情況下屬合理的多項其他因素，而有關結果乃作為就該等不可基於其他資料來源而顯而易見地得出的資產及負債賬面值的判斷基準。實際的結果可能會與此等估計不同。

該等估計及相關假設會持續檢討。若會計假設的修訂僅影響作出修訂的期間，將會於該期間確認；若修訂影響當期及未來期間，則會於當期及其後期間確認。

附註2將討論管理層於應用香港財務報告準則所作出對財務報表有重大影響的判斷，以及估計不確定性的主要來源。

(c) 會計政策的變動

香港會計師公會已頒佈一項新訂香港財務報告準則，即香港財務報告準則第16號租賃，及多項香港財務報告準則之修訂，並於本集團本會計期間首次生效。

除香港財務報告準則第16號租賃外，該等變動對本集團當前或過往期間業績及財務狀況如何編製或呈列概無重大影響。本集團並無應用於本會計期間尚未生效之任何新訂準則或詮釋。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

(Expressed in United States dollars unless otherwise indicated) (除非另有說明，以美元表示)

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Changes in accounting policies (Continued)

HKFRS 16, Leases

HKFRS 16 replaces HKAS 17, *Leases*, and the related interpretations, HK(IFRIC) 4, *Determining whether an arrangement contains a lease*, HK(SIC) 15, *Operating leases – incentives*, and HK(SIC) 27, *Evaluating the substance of transactions involving the legal form of a lease*. It introduces a single accounting model for lessees, which requires a lessee to recognise a right-of-use asset and a lease liability for all leases, except for leases that have a lease term of 12 months or less (“short-term leases”) and leases of low-value assets. The lessor accounting requirements are brought forward from HKAS 17 substantially unchanged.

HKFRS 16 also introduces additional qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an entity.

The Group has initially applied HKFRS 16 as from 1 January 2019. The Group has elected to use the modified retrospective approach and has therefore recognised the cumulative effect of initial application as an adjustment to the opening balance at 1 January 2019. Comparative information has not been restated and continues to be reported under HKAS 17.

Further details of the nature and effect of the changes to previous accounting policies and the transition options applied are set out below:

1 主要會計政策(續)

(c) 會計政策的變動(續)

香港財務報告準則第16號，租賃

香港財務報告準則第16號取代香港會計準則第17號租賃及相關詮釋、香港(國際財務報告詮釋委員會)詮釋第4號釐定安排是否包括租賃、香港(常設詮釋委員會)詮釋第15號經營租賃 – 激勵，以及香港(常設詮釋委員會)詮釋第27號評估涉及租賃法律形式交易之內容。新準則就承租人引入單一會計模式，要求承租人就所有租賃確認使用權資產及租賃負債，惟租期為12個月或以下之租賃(「短期租賃」)及低價值資產租賃除外。有關出租人的會計要求乃沿用香港會計準則第17號而大致不變。

香港財務報告準則第16號亦引入額外的定性及定量披露規定，旨在讓財務報表使用者評估租賃對實體財務狀況、財務業績及現金流量的影響。

本集團已於二零一九年一月一日初始應用香港財務報告準則第16號。本集團已選擇採用經修訂追溯法，並已因此將初始應用的累積影響確認為對二零一九年一月一日之期初權益結餘作出的調整。比較資料並無重列及繼續按香港會計準則第17號呈報。

有關過往會計政策變動之性質及影響以及應用的過渡方法的進一步詳情載列如下：

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

(Expressed in United States dollars unless otherwise indicated) (除非另有說明，以美元表示)

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Changes in accounting policies (Continued)

HKFRS 16, Leases (Continued)

a. New definition of a lease

The change in the definition of a lease mainly relates to the concept of control. HKFRS 16 defines a lease on the basis of whether a customer controls the use of an identified asset for a period of time, which may be determined by a defined amount of use. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

The Group applies the new definition of a lease in HKFRS 16 only to contracts that were entered into or changed on or after 1 January 2019. For contracts entered into before 1 January 2019, the Group has used the transitional practical expedient to grandfather the previous assessment of which existing arrangements are or contain leases. Accordingly, contracts that were previously assessed as leases under HKAS 17 continue to be accounted for as leases under HKFRS 16 and contracts previously assessed as non-lease service arrangements continue to be accounted for as executory contracts.

b. Lessee accounting and transitional impact

HKFRS 16 eliminates the requirement for a lessee to classify leases as either operating leases or finance leases, as was previously required by HKAS 17. Instead, the Group is required to capitalise all leases when it is the lessee, including leases previously classified as operating leases under HKAS 17, other than those short-term leases and leases of low-value assets which are exempt. As far as the Group is concerned, these newly capitalised leases are primarily in relation to the operating lease commitments as at 31 December 2018 in respect of leases of properties as disclosed in note 33. For an explanation of how the Group applies lessee accounting, see note 1(j)(i).

At the date of transition to HKFRS 16 (i.e. 1 January 2019), the Group determined the length of the remaining lease terms and measured the lease liabilities for the leases previously classified as operating leases at the present value of the remaining lease payments, discounted using the relevant incremental borrowing rates at 1 January 2019. The weighted average of the incremental borrowing rates used for determination of the present value of the remaining lease payments was 4.8%.

1 主要會計政策(續)

(c) 會計政策的變動(續)

香港財務報告準則第16號，租賃(續)

a. 租賃之新定義

租賃定義之變動主要與控制權的概念有關。香港財務報告準則第16號定義租賃的基準為客戶是否在一段時間內控制已識別資產的用途(可按一定使用量釐定)。當客戶同時有權指示可識別資產之用途及自有關用途獲得絕大部分經濟利益時，即擁有控制權。

本集團僅將香港財務報告準則第16號租賃的新定義應用於二零一九年一月一日或之後訂立或變更之合約。本集團已就於二零一九年一月一日前訂立的合約使用過渡可行權宜方法豁免先前就現有安排屬於租賃或包含租賃所作之評估。因此，先前根據香港會計準則第17號評估為租賃的合約按香港財務報告準則第16號繼續列作租賃，而先前評估為非租賃服務安排的合約繼續列作可執行合約。

b. 承租人會計處理及過渡影響

香港財務報告準則第16號取消香港會計準則第17號先前要求承租人將租賃分類為經營租賃或融資租賃的規定。反之，本集團須在其為承租人時將所有租賃資本化，包括先前根據香港會計準則第17號分類為經營租賃的租賃(惟短期租賃及低價值資產租賃除外)。就本集團而言，該等新資本化租賃主要與附註33披露的租賃物業於二零一八年十二月三十一日的經營租賃承擔有關。有關本集團應用承租人會計處理方式的解釋，請參閱附註1(j)(i)。

於過渡至香港財務報告準則第16號之日(即二零一九年一月一日)，本集團釐定剩餘租期，並就先前分類為經營租賃的租賃按餘下租賃付款之現值計量租賃負債，並使用於二零一九年一月一日的相關增量借款利率貼現。釐定餘下租賃付款現值所用的增量借款利率的加權平均數為4.8%。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

(Expressed in United States dollars unless otherwise indicated) (除非另有說明，以美元表示)

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Changes in accounting policies (Continued)

HKFRS 16, Leases (Continued)

b. Lessee accounting and transitional impact (Continued)

To ease the transition to HKFRS 16, the Group applied the following recognition exemption and practical expedients at the date of initial application of HKFRS 16:

- (i) the Group elected not to apply the requirements of HKFRS 16 in respect of the recognition of lease liabilities and right-of-use assets to leases for which the remaining lease term ends within 12 months from the date of initial application of HKFRS 16, i.e. where the lease term ends on or before 31 December 2019;
- (ii) when measuring the lease liabilities at the date of initial application of HKFRS 16, the Group applied a single discount rate to a portfolio of leases with reasonably similar characteristics (such as leases with a similar remaining lease term for a similar class of underlying asset in a similar economic environment); and
- (iii) when measuring the right-of-use assets at the date of initial application of HKFRS 16, the Group relied on the previous assessment for onerous contract provisions as at 31 December 2018 as an alternative to performing an impairment review.

1 主要會計政策(續)

(c) 會計政策的變動(續)

香港財務報告準則第16號，租賃(續)

b. 承租人會計處理及過渡影響(續)

為便於過渡至香港財務報告準則第16號，本集團於初始應用香港財務報告準則第16號日期採用下列確認豁免及可行權宜方法：

- (i) 本集團選擇不應在香港財務報告準則第16號之規定確認餘下租期於初始應用香港財務報告準則第16號日期起十二個月內屆滿(即租期於二零一九年十二月三十一日或之前屆滿)之租賃的租賃負債及使用權資產；
- (ii) 於初始應用香港財務報告準則第16號之日計量租賃負債時，本集團對具有合理相似特徵的租賃組合(例如於類似經濟環境中屬類似相關資產類別且剩餘租賃期相若的租賃)應用單一折現率；及
- (iii) 於初始應用香港財務報告準則第16號之日計量使用權資產時，本集團倚賴先前於二零一八年十二月三十一日對虧損性合約撥備的評估，作為進行減值審核的替代方法。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

(Expressed in United States dollars unless otherwise indicated) (除非另有說明，以美元表示)

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Changes in accounting policies (Continued)

HKFRS 16, Leases (Continued)

b. Lessee accounting and transitional impact (Continued)

The following table reconciles the operating lease commitments as disclosed in note 33 as at 31 December 2018 to the opening balance for lease liabilities recognised as at 1 January 2019:

		US\$'000 千美元
Operating lease commitments at 31 December 2018	於二零一八年十二月三十一日之經營租賃承擔	3,974
Less: commitments relating to short-term leases and other leases with remaining lease term ending on or before 31 December 2019 exempt from capitalisation	減：有關獲豁免資本化餘下租期於二零一九年十二月三十一日或之前屆滿的短期租賃及其他租賃之承擔	(45)
Add: lease payments for the additional periods where the Group considers it reasonably certain that it will exercise the extension options	加：就本集團認為合理確定其將行使延期選擇權之額外期間之租賃付款	1,836
		5,765
Less: total future interest expenses	減：未來利息開支總額	(822)
Present value of remaining lease payments, discounted using the incremental borrowing rate at 1 January 2019	餘下租賃付款之現值，使用二零一九年一月一日之增量借款利率貼現	4,943
Add: finance lease liabilities recognised as at 31 December 2018	加：於二零一八年十二月三十一日確認之融資租賃負債	81
Total lease liabilities recognised at 1 January 2019	於二零一九年一月一日確認之租賃負債總額	5,024

The right-of-use assets in relation to leases previously classified as operating leases have been recognised at an amount equal to the amount recognised for the remaining lease liabilities.

與先前分類為經營租賃的租賃有關的使用權資產已按等於餘下租賃負債所確認額的金額確認。

1 主要會計政策(續)

(c) 會計政策的變動(續)

香港財務報告準則第16號，租賃(續)

b. 承租人會計處理及過渡影響(續)

下表為於二零一八年十二月三十一日之經營租賃承擔(於附註33披露)與於二零一九年一月一日確認之期初租賃負債結餘之對賬：

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

(Expressed in United States dollars unless otherwise indicated) (除非另有說明，以美元表示)

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Changes in accounting policies (Continued)

HKFRS 16, Leases (Continued)

b. Lessee accounting and transitional impact (Continued)

So far as the impact of the adoption of HKFRS 16 on leases previously classified as finance leases is concerned, the Group is not required to make any adjustments at the date of initial application of HKFRS 16, other than changing the captions for the balances. Accordingly, instead of "obligations under finance leases", these amounts are included within "lease liabilities", and the depreciated carrying amount of the corresponding leased assets is identified as right-of-use assets. There is no impact on the opening balance of equity.

The following table summarises the impacts of the adoption of HKFRS 16 on the Group's consolidated statement of financial position:

Line items in the consolidated statement of financial position impacted by the adoption of HKFRS 16:	受採用香港財務報告準則第16號影響綜合財務狀況表中的項目：	Carrying amount at 31 December 2018	Capitalisation of operating lease contracts	Carrying amount at 1 January 2019
		於二零一八年十二月三十一日的賬面值 US\$'000 千美元	經營租賃合約資本化 US\$'000 千美元	於二零一九年一月一日的賬面值 US\$'000 千美元
Property, plant and equipment	物業、廠房及設備	40,620	8,568	49,188
Interest in leasehold land held for own use under operating leases	根據經營租賃持作自用的租賃土地權益	4,030	(4,030)	-
Lease receivables (non-current)	租賃應收款(非流動)	-	285	285
Lease receivables (current)	租賃應收款(流動)	-	120	120
Lease liabilities (current)	租賃負債(流動)	18	1,070	1,088
Lease liabilities (non-current)	租賃負債(非流動)	63	3,873	3,936

1 主要會計政策(續)

(c) 會計政策的變動(續)

香港財務報告準則第16號，租賃(續)

b. 承租人會計處理及過渡影響(續)

就採納香港財務報告準則第16號對先前分類為融資租賃的租賃的影響而言，除更改結餘說明文字外，本集團無須於初始應用香港財務報告準則第16號之日作出任何調整。因此，該等款項乃計入「租賃負債」而非「融資租賃責任」，且相應租賃資產經折舊的賬面值被識別為使用權資產。權益期初結餘則未受到任何影響。

下表概述了採用香港財務報告準則第16號對本集團綜合財務狀況表的影響：

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

(Expressed in United States dollars unless otherwise indicated) (除非另有說明，以美元表示)

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Changes in accounting policies (Continued)

HKFRS 16, Leases (Continued)

c. Impact on the financial result, segment results and cash flows of the Group

After the initial recognition of right-of-use assets and lease liabilities as at 1 January 2019, the Group as a lessee is required to recognise interest expense accrued on the outstanding balance of the lease liability, and the depreciation of the right-of-use asset, instead of the previous policy of recognising rental expenses incurred under operating leases on a straight-line basis over the lease term. This results in a positive impact on the reported profit from operations in the Group's consolidated statement of profit or loss, as compared to the results if HKAS 17 had been applied during the year.

In the consolidated cash flow statement, the Group as a lessee is required to split rentals paid under capitalised leases into their capital element and interest element (see note 21(b)). These elements are classified as financing cash outflows, similar to how leases previously classified as finance leases under HKAS 17 were treated, rather than as operating cash outflows, as was the case for operating leases under HKAS 17. Although total cash flows are unaffected, the adoption of HKFRS 16 therefore results in a significant change in presentation of cash flows within the consolidated cash flow statement (see note 21(c)).

d. Leasehold investment property

Under HKFRS 16, the Group is required to account for all leasehold properties as investment properties when these properties are held to earn rental income and/or for capital appreciation ("leasehold investment properties"). The adoption of HKFRS 16 does not have a significant impact on the Group's consolidated financial statements as the Group previously elected to apply HKAS 40, *Investment properties*, to account for all of its leasehold properties that were held for investment purposes as at 31 December 2018. Consequentially, these leasehold investment properties continue to be carried at cost less accumulated depreciation and impairment losses.

1 主要會計政策(續)

(c) 會計政策的變動(續)

香港財務報告準則第16號，租賃(續)

c. 對本集團財務業績、分部業績及現金流量的影響

於二零一九年一月一日初始確認使用權資產及租賃負債後，本集團(作為承租人)須確認租賃負債尚未支付餘額應計的利息開支及使用權資產折舊，而非按先前政策於租期內按直線法確認經營租賃項下產生的租金開支。相比倘於年內應用香港會計準則第17號的結果，此舉將對本集團綜合損益表所呈報的經營溢利產生正面影響。

於綜合現金流量表內，本集團(作為承租人)須將資本化租賃項下的已付租金分拆至其本金部分及利息部分(見附註21(b))。該等部分分類為融資現金流出(與根據香港會計準則第17號先前分類為融資租賃的租賃之處理方式類似)，而非經營現金流出，香港會計準則第17號項下的經營租賃亦然。儘管現金流量總額未受影響，採納香港財務報告準則第16號導致綜合現金流量表內現金流量的呈列發生重大變動(見附註21(c))。

d. 租賃投資物業

根據香港財務報告準則第16號，本集團於持有該等物業以賺取租金收入及／或資本增值時須將所有租賃物業列為投資物業(「租賃投資物業」)。採納香港財務報告準則第16號對本集團之綜合財務報表並無重大影響，原因為本集團先前選擇應用香港會計準則第40號投資物業，將其於二零一八年十二月三十一日持作投資用途的所有租賃物業入賬。因此，該等租賃投資物業繼續按成本減累計折舊及減值虧損列賬。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

(Expressed in United States dollars unless otherwise indicated) (除非另有說明，以美元表示)

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(c) Changes in accounting policies (Continued)

HKFRS 16, Leases (Continued)

e. Lessor accounting

In addition to leasing out the investment property referred to in paragraph d. above, the Group leases out a number of items of machinery as the lessor of operating leases. The accounting policies applicable to the Group as a lessor remain substantially unchanged from those under HKAS 17.

Under HKFRS 16, when the Group acts as an intermediate lessor in a sublease arrangement, the Group is required to classify the sublease as a finance lease or an operating lease by reference to the right-of-use asset arising from the head lease, instead of by reference to the underlying asset. Upon the adoption of HKFRS 16, the Group has made adjustments at 1 January 2019 to the opening balances to recognise current portion of lease receivables and non-current portion of lease receivables of US\$120,000 and US\$285,000 respectively.

(d) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

1 主要會計政策(續)

(c) 會計政策的變動(續)

香港財務報告準則第16號，租賃(續)

e. 出租人會計處理

除上文d.段所指出租投資物業外，本集團(作為經營租賃的出租人)出租若干機器項目。適用於本集團(作為出租人)的會計政策與香港會計準則第17號項下者大致維持不變。

根據香港財務報告準則第16號，當本集團於一項分租安排中擔任中介出租人時，本集團須參考主租賃所產生之使用權資產將分租分類為融資租賃或經營租賃，而非參考相關資產。採納香港財務報告準則第16號後，本集團已對期初結餘作出於二零一九年一月一日的調整，以分別確認租賃應收款的流動部分120,000美元及非流動部分285,000美元。

(d) 附屬公司及非控股權益

附屬公司乃本集團控制的實體。當本集團對來自某一實體業務之浮動回報具有承擔或享有權利，以及能運用權力影響該等回報金額時，本集團即具有該實體之控制權。在評估本集團是否擁有權力時，只會考慮實質權利(由本集團及其他人士持有者)。

於受控制附屬公司的投資綜合於綜合財務報表，由控制開始之日起直至控制終止之日止。集團內公司間的結餘、交易及現金流與集團內公司間的交易所產生之任何未變現溢利，會於編製綜合財務報表時全面撤銷。集團內公司間的交易所產生之任何未變現虧損亦會如未變現收益般撤銷，惟倘無減值證據則例外。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

(Expressed in United States dollars unless otherwise indicated) (除非另有說明，以美元表示)

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Subsidiaries and non-controlling interests

(Continued)

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at the non-controlling interests' proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity shareholders of the Company. Loans from holders of non-controlling interests and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position in accordance with notes 1(o) or 1(p) depending on the nature of the liability.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

1 主要會計政策(續)

(d) 附屬公司及非控股權益(續)

非控股權益是指並非由本公司直接或間接於附屬公司應佔的權益，及本集團並未與該等權益的持有人達成任何額外條款，從而令本集團在總體上對該等權益產生合約性責任，使其符合金融負債的定義。就各項業務合併而言，本集團可選擇以公平值或非控股權益按比例所佔的附屬公司可辨別資產計量任何非控股權益。

非控股權益在綜合財務狀況表是包括在權益內但與屬於本公司權益股東的權益分開列示。本集團業績內的非控股權益作為本年度溢利或虧損總額及全面收益總額在非控股權益與本公司的權益股東之間的分配，於綜合損益表及綜合損益及其他全面收益表內單獨列示。來自非控股權益持有人的貸款及對該等持有人的其他合約承諾，根據附註1(o)或1(p)及取決於該等負債性質於綜合財務狀況表列作金融負債。

本集團於附屬公司中不會導致失去控制權的權益變動為權益交易入賬，並對綜合權益內的控股及非控股權益數額作出調整，以反映相關權益變動，惟不會對商譽作出調整，亦不會確認損益。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

(Expressed in United States dollars unless otherwise indicated) (除非另有說明，以美元表示)

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Subsidiaries and non-controlling interests

(Continued)

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture (see note 1(e)).

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 1(k)(ii)).

(e) Associates and joint venture

An associate is an entity in which the Group or Company has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

A joint venture is an arrangement whereby the Group or Company and other parties contractually agree to share control of the arrangement, and have rights to the net assets of the arrangement.

An investment in an associate and joint venture is accounted for in the consolidated financial statements under the equity method. Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). The cost of the investment includes purchase price, other costs directly attributable to the acquisition of the investment, and any direct investment into the associate or joint venture that forms part of the Group's equity investment. Thereafter, the investment is adjusted for the post acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment (see note 1(k)(ii)). Any acquisition-date excess over cost, the Group's share of the post-acquisition, post-tax results of the investees and any impairment loss for the year are recognised in the consolidated statement of profit or loss, whereas the Group's share of the post-acquisition post-tax items of the investee's other comprehensive income is recognised in the consolidated statement of profit or loss and other comprehensive income.

1 主要會計政策(續)

(d) 附屬公司及非控股權益(續)

本集團失去附屬公司控制權時作為出售該附屬公司全部權益入賬，所產生的收益或虧損於損益內確認。於失去控制權當日在前附屬公司所保留的任何權益按公平值確認，有關金額視作金融資產初步確認時的公平值或(如適用)於聯營公司或合營公司的投資初步確認時的成本(見附註1(e))。

於本公司的財務狀況表，於附屬公司的投資乃按成本減減值虧損列賬(見附註1(k)(ii))。

(e) 聯營公司及合營公司

聯營公司為本集團或本公司對其管理擁有重大影響力(包括參與財務及經營政策方面決定)但不受其單獨或共同控制的實體。

合營公司為一項安排，據此本集團或本公司及其他訂約方同意分享控制該安排，及對該安排之淨資產享有權利。

於聯營公司及合營公司的投資根據權益法於綜合財務報表入賬。根據權益法，該投資於初期確認時按成本列賬，並就本集團於收購日期應佔的被投資公司可辨別資產淨值超逾投資成本(如有)的任何部分作出調整。投資成本包括購買價、直接歸屬於收購投資的其他成本，以及對構成本集團股權投資部分的聯營公司或合營公司的任何直接投資。其後，有關投資按收購後本集團於被投資公司所佔淨資產比例的變化及有關投資之任何減值虧損(見附註1(k)(ii))進行調整。於收購日期超逾成本的任何部分，本集團於收購後所佔被投資公司的除稅後業績及年內減值虧損乃在綜合損益表確認，而本集團於收購後所佔被投資公司之其他全面收益之除稅後項目乃在綜合損益及其他全面收益表確認。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

(Expressed in United States dollars unless otherwise indicated) (除非另有說明，以美元表示)

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Associates and joint venture (Continued)

When the Group's share of losses exceeds its interest in the associate or the joint venture, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method together with the Group's long-term interests that in substance form part of the Group's net investment in the associate or the joint venture (after applying the expected credit losses ("ECLs") model to such other long-term interests where applicable (see note 1(k)(i)).

Unrealised profits and losses resulting from transactions between the Group and its associates and joint venture are eliminated to the extent of the Group's interest in the investee, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

If an investment in an associate becomes an investment in a joint venture or vice versa, retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method.

In all other cases, when the Group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former investee at the date when significant influence or joint control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see note 1(f)).

1 主要會計政策(續)

(e) 聯營公司及合營公司(續)

當本集團所佔聯營公司或合營公司虧損超出其權益，本集團的權益將會減至零，並會終止確認任何進一步的虧損，除非本集團已承擔法律或推定責任或代表被投資公司作出付款則另當別論。就此而言，本集團的權益為按權益法列賬的投資賬面值加上在實質上屬於本集團於聯營公司或合營公司(在預期信貸虧損(「預期信貸虧損」)模式應用於該等其他長期權益(如適用)後(參閱附註1(k)(i)))的投資淨額的長期權益。

本集團與其聯營公司及合營公司之間的交易所產生的未變現損益將予撇銷，惟以本集團於被投資公司的權益為限。然而，如有證據顯示已轉讓資產減值，則有關的未變現虧損將即時確認為損益。

如果對聯營公司的投資成為對合營公司的投資，或反之亦然，則不會重新計量留存權益。相反，投資將繼續按權益法進行核算。

在所有其他情況下，當本集團不再對聯營公司擁有重大影響力或不再對一間合營公司擁有共同控制時，將視作出售於該被投資公司的全部權益入賬，所產生的收益或虧損則於損益確認。於失去重大影響力或共同控制當日在前被投資公司保留的任何權益按公平值確認，有關金額視作金融資產初步確認時的公平值(見附註1(f))。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

(Expressed in United States dollars unless otherwise indicated) (除非另有說明，以美元表示)

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Other investments in equity securities

The Group's and the Company's policies for investments in equity securities, other than investments in subsidiaries, associates and joint ventures, are as follows:

Investments in equity securities are recognised/derecognised on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at fair value through profit or loss ("FVPL") for which transaction costs are recognised directly in profit or loss. For an explanation of how the Group determines fair value of financial instruments, see note 16. These investments are subsequently accounted for as follows, depending on their classification.

An investment in equity securities is classified as FVPL unless the equity investment is not held for trading purposes and on initial recognition of the investment the Group makes an irrevocable election to designate the investment at fair value through other comprehensive income ("FVOCI") (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retain profits/accumulated losses. It is not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVPL or FVOCI, are recognised in profit or loss as other income in accordance with the policy set out in note 1(u)(iii).

1 主要會計政策(續)

(f) 其他股本證券投資

本集團及本公司對股本證券投資的會計政策(於附屬公司、聯營公司及合營企業之投資除外)如下：

股本證券投資於本集團承諾購買／出售該項投資之日期確認／終止確認。該等投資按公平值加直接應佔交易成本初始列示，惟按公平值計入損益(「按公平值計入損益」)的投資之交易成本直接於損益確認。有關本集團如何釐定金融工具公平值的說明，見附註16。該等投資按其分類後續處理方式如下：

股本證券投資被分類為按公平值計入損益計量，除非股本投資並非持作買賣用途，且在初始確認該等投資時，本集團作出不可撤銷選擇以指定為按公平值計入其他全面收益(「按公平值計入其他全面收益」)(非劃轉)計量的投資，其公平值的後續變動於其他全面收益確認。該項選擇乃基於各項工具作出，但僅在該項投資從發行人的角度符合權益的定義時方才作出。倘若作出該項選擇，則其他全面收益中的累計金額將保留於公平值儲備(非劃轉)中，直至該項投資被出售。於該項投資出售時，公平值儲備(非劃轉)中的累計金額轉至保留溢利／累計虧損，而不通過損益劃轉。不論是分類為按公平值計入損益或按公平值計入其他全面收益計量的股本證券投資之股息，均根據附錄1(u)(iii)所載的政策於損益中確認為其他收入。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

(Expressed in United States dollars unless otherwise indicated) (除非另有說明，以美元表示)

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Investment properties

Investment properties are land and buildings which are owned or held under a leasehold interest to earn rental income and/or for capital appreciation. These include land held for a currently undetermined future use and property that is being constructed or developed for future use as investment property.

Investment properties are stated at cost less accumulated depreciation and impairment losses (see note 1(k)(ii)). Depreciation is calculated to write off the cost of investment properties, less their estimate residual value, if any, using the straight line method over their estimated useful lives of 20 years. Rental income from investment properties is accounted for as described in note 1(u)(ii).

In the comparative period, when the Group held a property interest under an operating lease and used the property to earn rental income and/or for capital appreciation, the Group could elect on a property-by-property basis to classify and account for such interest as an investment property. Any such property interest which had been classified as an investment property was accounted for as if it were held under a finance lease (see note 1(j)), and the same accounting policies were applied to that interest as were applied to other investment properties leased under finance leases. Lease payments were accounted for as described in note 1(j).

(h) Property, plant and equipment

The following items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see note 1(k)(ii)):

- freehold land and buildings;
- interest in leasehold land and building where the Group is the registered owner of the property interest;
- right-of-use assets arising from leases over freehold or leasehold properties where the Group is not the registered owner to the property interests; and
- items of plant and equipment, including right-of-use assets, arising from leases of underlying plant and equipment (see note 1(j)).

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 (see note 1(w)).

1 主要會計政策(續)

(g) 投資物業

投資物業為擁有或根據租賃權益持有之土地及樓宇，以賺取租金收入及／或資本增值。該等物業包括目前持有尚未確定未來用途的土地及在建或開發未來用作投資物業的物業。

投資物業按成本減累計折舊及減值虧損列賬(見附註1(k)(ii))。折舊乃根據投資物業估計可使用年期20年，按直線法撇銷其成本(扣除其估計剩餘價值(若有))計算。投資物業租金收入如附註1(u)(ii)描述列賬。

於比較期間，本集團根據經營租賃持有物業權益並使用該物業賺取租金收入及／或用於資本增值時，本集團可選擇按逐項物業基準分類並將有關權益入賬列作投資物業。任何被歸類為投資物業之該等物業權益乃猶如其根據融資租賃持有(見附註1(j))列賬，而該權益採用與根據融資租賃所租賃之其他投資物業相同之會計政策。租賃付款按附註1(j)所述入賬。

(h) 物業、廠房及設備

下列物業、廠房及設備之各項目乃按成本減累計折舊及減值虧損計算(見附註1(k)(ii))：

- 永久業權土地及樓宇；
- 於租賃土地及本集團為物業權益之註冊擁有人的樓宇的權益；
- 租賃或本集團非物業權益之註冊擁有人的租賃物業產生的使用權資產；及
- 廠房及設備項目，包括租賃相關廠房及設備產生的使用權資產(見附註1(j))。

自建物業、廠房及設備成本包括物料成本、直接勞工成本、拆卸及搬遷項目以及恢復項目所在地原貌的成本的初步估計(倘有關)和適當比例的生產經常費用及借貸成本(見附註1(w))。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

(Expressed in United States dollars unless otherwise indicated) (除非另有說明，以美元表示)

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Property, plant and equipment (Continued)

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.

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:

- Freehold land is not depreciated.
- Buildings situated on freehold land are depreciated over their estimated useful lives, being no more than 40 years after the date of completion.
- Leasehold land is depreciated over the unexpired term of lease.
- The Group's interests in buildings situated on leasehold land are depreciated over the shorter of the unexpired term of lease and their estimated useful lives, being no more than 40 years after the date of completion.
- Leasehold improvements are depreciated over the shorter of the unexpired term of lease or 5 years.
- Office equipment, furniture and fixtures 3-5 years
- Plant and machinery 3-20 years
- Motor vehicles 5 years

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.

1 主要會計政策(續)

(h) 物業、廠房及設備(續)

報廢或出售物業、廠房及設備項目所產生的損益以項目出售所得款項淨額與項目的賬面值之間的差額釐定，並於報廢或出售當日在損益確認。

折舊乃根據以下物業、廠房及設備項目的估計可使用年期，按直線法撇銷其成本(扣除其估計剩餘價值(若有))計算：

- 永久業權土地不會予以折舊。
- 位於永久業權土地上的樓宇按其估計可使用年期(即完成日期後不多於40年)折舊。
- 租賃土地按未到期的租賃年期折舊。
- 本集團於位於租賃土地的樓宇的權益按未到期的租賃年期及其估計可使用年期(即完成日期後不多於40年)(以較短者為準)折舊。
- 租賃物業裝修按未到期的租賃年期或5年(以較短者為準)折舊。
- 辦公室設備、傢俬及固定裝置 3-5年
- 廠房及機器 3-20年
- 汽車 5年

當一項物業、廠房及設備項目的各部分有不同的可使用年期，該項目各部分的成本將按合理基礎分配，而每部分將作個別折舊。資產的可使用年期及剩餘價值(如有)於每年進行檢討。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

(Expressed in United States dollars unless otherwise indicated) (除非另有說明，以美元表示)

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Intangible assets

Expenditure on research activities is recognised as an expense in the period in which it is incurred. Expenditure on development activities is capitalised if the product or process is technically and commercially feasible and the Group has sufficient resources and the intention to complete the development. The expenditure capitalised includes the costs of materials, direct labour, and an appropriate proportion of overheads and borrowing costs, where applicable (see note 1(w)). Capitalised development costs are stated at cost less accumulated amortisation and impairment losses (see note 1(k)(ii)). Other development expenditure is recognised as an expense in the period in which it is incurred.

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 (see note 1(k)(ii)). Expenditure on internally generated goodwill and brands is recognised as an expense in the period in which it is incurred.

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. The following intangible assets with finite useful lives are amortised from the date they are available for use and their estimated useful lives are as follows:

- Brand name	20 years
- Computer software	2-10 years
- Cooperation agreement	8 years
- Customer relationships	10-11 years
- Order backlog	2-6 years
- Patents	5-6 years
- Technical knowledge	5-10 years

Both the period and method of amortisation are reviewed annually.

1 主要會計政策(續)

(i) 無形資產

研究活動開支乃於產生期間確認為開支。開發活動開支於產品或工序在技術上及商業上可行，而本集團有充足資源及有意完成開發的情況下撥充資本。已撥充資本的開支包括原料成本、直接勞工及按適當比例計算的間接開支，以及(如適用)借貸成本(見附註1(w))。已撥充資本的開發成本以成本減累計攤銷及減值虧損列賬(見附註1(k)(ii))。其他開發開支於產生期間確認為開支。

本集團收購之其他無形資產按成本減累計攤銷(倘估計屬有限可使用年期屬有限)及減值虧損(見附註1(k)(ii))列賬。內部產生之商譽及品牌之開支乃於其產生期間確認為支出。

有限可使用年期之無形資產之攤銷，於資產之估計可使用年期按直線法於損益表中扣除。下列具有有限可使用年期之無形資產自其可使用日期起計算攤銷，而其各自之估計可使用年期如下：

- 品牌名稱	20年
- 電腦軟件	2-10年
- 合作協議	8年
- 客戶關係	10-11年
- 未完成訂單	2-6年
- 專利	5-6年
- 專門技術知識	5-10年

攤銷期間及方法會每年進行檢討。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

(Expressed in United States dollars unless otherwise indicated) (除非另有說明，以美元表示)

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Leased assets

At inception of a contract, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is conveyed where the customer has both the right to direct the use of the identified asset and to obtain substantially all of the economic benefits from that use.

(i) As a lessee

(A) Policy applicable from 1 January 2019

At the lease commencement date, the Group recognises a right-of-use asset and a lease liability, except for short-term leases that have a lease term of 12 months or less and leases of low-value assets. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. The lease payments associated with those leases which are not capitalised are recognised as an expense on a systematic basis over the lease term.

Where the lease is capitalised, the lease liability is initially recognised at the present value of the lease payments payable over the lease term, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, using a relevant incremental borrowing rate. After initial recognition, the lease liability is measured at amortised cost and interest expense is calculated using the effective interest method. Variable lease payments that do not depend on an index or rate are not included in the measurement of the lease liability and hence are charged to profit or loss in the accounting period in which they are incurred.

The right-of-use asset recognised when a lease is capitalised is initially measured at cost, which comprises the initial amount of the lease liability plus any lease payments made at or before the commencement date, and any initial direct costs incurred. Where applicable, the cost of the right-of-use assets also includes an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, discounted to their present value, less any lease incentives received. The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses (see notes 1(h) and 1(k)(ii)).

1 主要會計政策(續)

(j) 租賃資產

本集團於合約初始評估有關合約是否屬租賃或包含租賃。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，則該合約是租賃或包含租賃。倘客戶同時有權管理可識別資產的使用及取得因使用可識別資產而帶來的絕大部分經濟利益，即擁有控制權。

(i) 作為承租人

(A) 自二零一九年一月一日起適用的政策

於租賃開始日期，本集團確認使用權資產及租賃負債，惟租期為12個月或以下者的短期租賃及低價值資產的租賃則除外。當本集團訂立低價值資產的租賃時，本集團決定是否按租賃基準資本化租賃。與未資本化的租賃相關的租賃付款於租期內按系統化基準確認為開支。

倘租賃已資本化，則租賃負債初步按租期內應付租賃付款之現值確認，按租約隱含的利率貼現，或倘該利率不能即時釐定，則按相關增量借款利率貼現。初步確認後，租賃負債按攤銷成本計量，利息開支按實際利息法計算。無需視乎指數或利率的可變租賃付款不計入租賃負債的計量，因此於其產生的會計期間計入損益。

當租賃已資本化時，已確認使用權資產初步按成本計量，包括租賃負債的初步金額加任何於生效日期或之前作出的租賃付款及所產生的任何初步直接成本。倘適用，使用權資產的成本亦包括於資產所在地拆除及移除相關資產或恢復相關資產的估計成本，貼現至其現值，減任何所收的租賃優惠。使用權資產其後按成本減累計折舊及減值虧損列賬(見附註1(h)及1(k)(ii))

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

(Expressed in United States dollars unless otherwise indicated) (除非另有說明，以美元表示)

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Leased assets (Continued)

(i) As a lessee (Continued)

(A) Policy applicable from 1 January 2019 (Continued)

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, or there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or there is a change arising from the reassessment of whether the Group will be reasonably certain to exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property in "Property, plant and equipment" and presents lease liabilities separately in the consolidated statement of financial position.

(B) Policy applicable prior to 1 January 2019

In the comparative period, as a lessee the Group classified leases as finance leases if the leases transferred substantially all the risks and rewards of ownership to the Group. Leases which did not transfer substantially all the risks and rewards of ownership to the Group were classified as operating leases, except that land held for own use under an operating lease, the fair value of which could not be measured separately from the fair value of a building situated thereon at the inception of the lease, was accounted for as being held under a finance lease, unless the building was also clearly held under an operating lease. For these purposes, the inception of the lease was the time that the lease was first entered into by the Group, or taken over from the previous lessee.

1 主要會計政策(續)

(j) 租賃資產(續)

(i) 作為承租人(續)

(A) 自二零一九年一月一日起適用的政策(續)

租賃負債於以下情況重新計量：指數或利率變動產生未來租賃付款變動，或貴集團估計將根據剩餘價值擔保應付的預期金額發生變動，或重新評估本集團是否確定將行使購買、延長或終止權而產生變動。倘租賃負債按此重新計量，則對使用權資產的賬面值進行相應調整，或倘使用權資產的賬面值減至零，則計入損益。

本集團於綜合財務狀況表中於「物業、廠房及設備」呈列不符合投資物業定義的使用權資產並單獨呈列租賃負債。

(B) 於二零一九年一月一日前適用的政策

於比較期間，作為承租人，倘租賃轉移所有權之絕大部分風險及回報至本集團，則本集團分類有關租賃為融資租賃。倘租賃並無將所有權之絕大部分風險及回報轉移至本集團，則分類為經營租賃，惟若自用經營租賃土地在租約開始時其公允值不可與在其上的建築物的公允值分開計量，則以持作融資租賃列賬，除非該建築物亦明確地以經營租賃持有。就此情況，租約自本集團首次訂立租約時或自前承租人接收時開始。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

(Expressed in United States dollars unless otherwise indicated) (除非另有說明，以美元表示)

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Leased assets (Continued)

(i) As a lessee (Continued)

(B) Policy applicable prior to 1 January 2019 (Continued)

Where the Group acquired the use of assets under finance leases, the amounts representing the fair value of the leased asset, or, if lower, the present value of the minimum lease payments, of such assets were recognised as property, plant and equipment and the corresponding liabilities, net of finance charges, were recorded as obligations under finance leases. Depreciation was provided at rates which wrote off the cost or valuation of the assets over the term of the relevant lease or, where it was likely the Group would obtain ownership of the asset, the life of the asset, as set out in note 1(h). Impairment losses were accounted for in accordance with the accounting policy as set out in note 1(k) (ii). Finance charges implicit in the lease payments were charged to profit or loss over the period of the leases so as to produce an approximately constant periodic rate of charge on the remaining balance of the obligations for each accounting period. Contingent rentals were charged to profit or loss in the accounting period in which they were incurred.

Where the Group had the use of assets held under operating leases, payments made under the leases were charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis was more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received were recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals were charged to profit or loss in the accounting period in which they were incurred.

1 主要會計政策(續)

(j) 租賃資產(續)

(i) 作為承租人(續)

(B) 於二零一九年一月一日前適用的政策(續)

倘本集團以融資租賃獲得資產的使用權，便會將相當於租賃資產公允值或該資產的最低租賃付款現值(以較低者為準)的金額確認為物業、廠房及設備，而扣除融資費用後的相應負債則記錄為融資租賃承擔。如附註1(h)所述，折舊乃在相關租賃期(或倘本集團有可能取得資產的所有權，則按資產的可使用年期)內，按撇銷資產成本或估值的比率作出撥備。減值虧損根據附註1(k)(ii)所載會計政策列賬。租賃付款內含的融資費用於租賃期內在損益扣除，使每個會計期間的融資費用佔承擔餘額的比率大致相同。或然租金在產生的會計期間在損益扣除。

倘本集團擁有根據經營租賃持有的資產的使用權，則根據租賃作出的付款會在租賃期所涵蓋的會計期間內，以等額分期在損益扣除，惟倘有其他基準能更清楚反映租賃資產所產生的收益模式則除外。所收取的租賃優惠於損益確認為租賃淨付款總額的不可或缺部分。或然租金在其產生的會計期間在損益扣除。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

(Expressed in United States dollars unless otherwise indicated) (除非另有說明，以美元表示)

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Leased assets (Continued)

(ii) As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to the ownership of an underlying assets to the lessee. If this is not the case, the lease is classified as an operating lease.

When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. The rental income from operating leases is recognised in accordance with note 1(u)(ii).

When the Group is an intermediate lessor, the sub-leases are classified as a finance lease or as an operating lease with reference to the right-of-use asset arising from the head lease. If the head lease is a short-term lease to which the group applies the exemption described in note 1(j)(i), then the Group classifies the sub-lease as an operating lease.

(k) Credit losses and impairment of assets

(i) Credit losses from financial instruments, contract assets and lease receivables

The Group recognises a loss allowance for ECLs on the following items:

- financial assets measured at amortised cost (including cash and cash equivalents and trade and other receivables);
- contract assets as defined in HKFRS 15 (see note 1(m)); and
- lease receivables.

Equity securities designated at FVOCI (non-recycling) are not subject to the ECL assessment.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

1 主要會計政策(續)

(j) 租賃資產(續)

(ii) 作為出租人

倘本集團作為出租人，其於租賃開始時釐定各租賃為融資租賃或經營租賃。倘租賃轉移相關資產所有權附帶之絕大部分風險及回報至承租人，則租賃分類為融資租賃。否則，租賃分類為經營租賃。

倘合約包含租賃及非租賃部分，本集團按相關單獨售價基準將合約代價分配至各部分。經營租賃所得租金收入根據附註1(u)(ii)確認。

倘本集團為中介出租人，分租賃乃參考主租賃產生的使用權資產，分類為融資租賃或經營租賃。倘主租賃乃短期租賃而本集團應用附註1(j)(i)所述豁免，則本集團分類分租賃為經營租賃。

(k) 信貸虧損及資產減值

(i) 金融工具、合約資產及租賃應收款產生的信貸虧損

本集團就下列項目之預期信貸虧損確認虧損撥備：

- 按攤銷成本計量的金融資產(包括現金及現金等值物以及貿易應收及其他應收款項)；
- 誠如香港財務報告準則第15號(見附註1(m))所界定的合約資產；及
- 租賃應收款。

指定按公平值計入其他全面收益的股本證券(非劃轉)不適用於預期信貸虧損評估。

計量預期信貸虧損

預期信貸虧損為信貸虧損的概率加權估計。信貸虧損以所有預期現金差額的現值(即根據合約應付予本集團的現金流量與本集團預計收取的現金流量之間的差額)計量。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

(Expressed in United States dollars unless otherwise indicated) (除非另有說明，以美元表示)

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Credit losses and impairment of assets

(Continued)

(i) Credit losses from financial instruments, contract assets and lease receivables (Continued)

Measurement of ECLs (Continued)

The expected cash shortfalls discounted using the following discount rates where the effect of discounting is material:

- fixed-rate financial assets, trade and other receivables and contract assets: effective interest rate determined at initial recognition or an approximation thereof;
- variable-rate financial assets: current effective interest rate;
- lease receivables: discount rate used in the measurements of the lease receivable.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

ECLs are measured on either of the following bases:

- 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and
- Lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

Loss allowances for trade receivables, lease receivables and contract assets are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

1 主要會計政策(續)

(k) 信貸虧損及資產減值(續)

(i) 金融工具、合約資產及租賃應收款產生的信貸虧損(續)

計量預期信貸虧損(續)

倘貼現的影響重大，則使用以下貼現率貼現預期短缺現金：

- 固定利率金融資產、貿易應收及其他應收款項以及合約資產：初始確認時確定的實際利率或其近似值；
- 浮動利率金融資產：當前實際利率；
- 租賃應收款：計量租賃應收款使用的貼現率。

估計預期信貸虧損時考慮的最長期限是本集團面臨信貸風險的最長合約期。

於計量預期信貸虧損時，本集團會考慮在毋需付出不必要成本或努力下即可獲得的合理可靠資料。該資料包括過往事件、現時狀況及未來經濟狀況預測的資料。

預期信貸虧損採用以下基準計量：

- 12個月預期信貸虧損：預計在報告期末後12個月內可能發生的違約事件而導致的損失；及
- 全期預期信貸虧損：預計該等採用預期信貸虧損模式的項目在整個存續期內所有可能發生的違約事件而導致的損失。

貿易應收款項、租賃應收款及合約資產的虧損撥備一般按等同全期預期信貸虧損的金額計量。於報告日期，該等金融資產的預期信貸虧損乃根據本集團的歷史信貸虧損經驗使用提列矩陣進行評估，根據債務人的特定因素及對當前及預計一般經濟狀況的評估進行調整。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

(Expressed in United States dollars unless otherwise indicated) (除非另有說明，以美元表示)

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Credit losses and impairment of assets

(Continued)

(i) Credit losses from financial instruments, contract assets and lease receivables (Continued)

Measurement of ECLs (Continued)

For all other financial instruments, the Group recognises a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the Group considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (ii) the financial asset is 90 days past due. The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

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

- failure to make payments of principal or interest on their contractually due dates;
- an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);
- an actual or expected significant deterioration in the operating results of the debtor; and
- existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

1 主要會計政策(續)

(k) 信貸虧損及資產減值(續)

(i) 金融工具、合約資產及租賃應收款產生的信貸虧損(續)

計量預期信貸虧損(續)

就所有其他金融工具，本集團確認相當於12個月預期信貸虧損的虧損撥備，惟自初始確認以來金融工具的信貸風險顯著增加除外，於此情況下，虧損撥備等同全期預期信貸虧損的金額。

信貸風險顯著增加

在評估金融工具的信貸風險自初始確認後是否顯著增加，本集團比較金融工具於報告日期與於初始確認日所評估的發生違約的風險。在進行此重新評估時，本集團認為以下情況屬違約事件發生：(i) 借款人不可能在本集團無追索權(例如：實現擔保)(如持有)下向本集團悉數支付其信貸義務；或(ii) 該金融資產逾期90日。本集團考慮合理且可支持的定量和定性資料，包括毋須不必要的成本或努力可取得之歷史經驗及前瞻性資料。

在評估自初始確認後信貸風險是否顯著增加時會尤其考慮以下資料：

- 未能在合約到期日支付本金或利息；
- 金融工具的外部或內部信貸評級(如有)有實際或預期的顯著惡化；
- 債務人經營業績有實際或預期顯著惡化；及
- 技術、市場、經濟或法律環境的現有或預測變化，對債務人履行其對本集團義務的能力產生重大不利影響。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

(Expressed in United States dollars unless otherwise indicated) (除非另有說明，以美元表示)

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Credit losses and impairment of assets

(Continued)

(i) Credit losses from financial instruments, contract assets and lease receivables (Continued)

Significant increases in credit risk (Continued)

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Basis of calculation of interest income

Interest income recognised in accordance with note 1(u)(iv) 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 the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset.

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

1 主要會計政策(續)

(k) 信貸虧損及資產減值(續)

(i) 金融工具、合約資產及租賃應收款產生的信貸虧損(續)

信貸風險顯著增加(續)

根據金融工具的性质，就信貸風險顯著增加的評估乃於單獨或集體基礎上進行。當於集體基礎上評估時，金融工具根據共有之信貸風險特徵進行分組，例如過期狀態及信貸風險評級。

預期信貸虧損於每個報告日期予以重新計量以反映自初始確認以來金融工具信貸風險的變化。預期信貸虧損金額的任何變動於損益中確認為減值收益或虧損。本集團就確認所有金融工具的減值收益或虧損，透過虧損撥備賬對其賬面金額進行相應調整。

利息收入之計算基礎

根據附註1(u)(iv)確認的利息收入乃根據金融資產的賬面總值計算，惟金融資產需要信貸減值的情況下，利息收入乃根據金融資產的攤銷成本(即賬面總值減虧損撥備)計算。

於各報告日期，本集團評估金融資產是否有信貸減值。當一項或多項事件對金融資產的估計未來現金流量產生不利影響時，金融資產即出現信貸減值。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

(Expressed in United States dollars unless otherwise indicated) (除非另有說明，以美元表示)

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Credit losses and impairment of assets

(Continued)

(i) Credit losses from financial instruments, contract assets and lease receivables (Continued)

Basis of calculation of interest income (Continued)

Evidence that a financial asset is credit-impaired includes the following observable events:

- significant financial difficulties of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becoming probable that the borrower will enter into bankruptcy or other financial reorganisation;
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or
- the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

The gross carrying amount of a financial asset, lease receivable or contract asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

1 主要會計政策(續)

(k) 信貸虧損及資產減值(續)

(i) 金融工具、合約資產及租賃應收款產生的信貸虧損(續)

利息收入之計算基礎(續)

金融資產信貸減值的證據包括以下可觀察事件：

- 債務人的重大財務困難；
- 違約，例如違約或拖欠利息或本金付款；
- 借款人很可能會進入破產或其他財務重組；
- 對債務人產生不利影響的技術、市場、經濟或法律環境發生重大變化；或
- 由於發行人的財務困難造成活躍證券市場的消失。

撇銷政策

金融資產、租賃應收款或合約資產的賬面總值在沒有實際可收回展望的情況下予以撇銷(部分或全部)。一般情況是當本集團確定債務人沒有資產或收入來源可以產生足夠現金流量以償付撇銷之金額。

先前已撇銷的資產的後續回收於收回發生期間確認為損益減值撥回。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

(Expressed in United States dollars unless otherwise indicated) (除非另有說明，以美元表示)

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Credit losses and impairment of assets

(Continued)

(ii) Impairment of other non-current assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment, including right-of-use assets;
- investment properties;
- intangible assets;
- interest in associates and joint venture; and
- investments in subsidiaries in the Company's statement of financial position.

If any such indication exists, the asset's recoverable amount is estimated.

- *Calculation of recoverable amount*
The recoverable amount of an asset is the greater of its 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. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

1 主要會計政策(續)

(k) 信貸虧損及資產減值(續)

(ii) 其他非流動資產減值

於各報告期末均會審閱內部及外部資料，以確定有否跡象顯示以下資產出現減值或前期已確認的減值虧損是否不再存在或是否已減少：

- 物業、廠房及設備，包括使用權資產；
- 投資物業；
- 無形資產；
- 於聯營公司及合營公司之權益；及
- 本公司財務狀況表內附屬公司投資。

如存在任何該等跡象，將會估計資產的可收回金額。

- *計算可收回金額*
資產的可收回金額以其公平值減出售成本和使用價值兩者中的較高數額為準。在評估使用價值時，會使用除稅前折舊率將估計未來現金流量折讓至現值。該折讓率應是反映市場當時所評估的貨幣時間價值和該資產的獨有風險。如果資產所產生的現金流入很大程度上不獨立於其他資產所產生的現金流入，則以能獨立產生現金流入的最小資產組別(即現金產生單位)來釐定可收回金額。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

(Expressed in United States dollars unless otherwise indicated) (除非另有說明，以美元表示)

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Credit losses and impairment of assets

(Continued)

(ii) Impairment of other non-current assets (Continued)

- *Recognition of impairment losses*
An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amount of the assets in the cash-generating unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable), or value in use (if determinable).
- *Reversals of impairment losses*
An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

(iii) Interim financial reporting and impairment

Under the Listing Rules, the Group is required to prepare an interim financial report in compliance with HKAS 34, *Interim financial reporting*, in respect of the first six months of the financial year. At the end of the interim period, the Group applies the same impairment testing, recognition, and reversal criteria as it would at the end of the financial year (see notes 1(k)(i), and (ii)).

1 主要會計政策(續)

(k) 信貸虧損及資產減值(續)

(ii) 其他非流動資產減值(續)

- *減值虧損確認*
倘資產或其所屬的現金產生單位的賬面值超過其可收回金額，則於損益確認減值虧損。就現金產生單位確認的減值虧損會予以分配，按比例減少現金產生單位(或單位群)的資產的賬面值，惟資產的賬面值將不會減少至低於其個別公平值減出售成本(倘能計量)或使用價值(倘能釐定)。
- *減值虧損撥回*
倘若用以釐定可收回金額的估計發生變化，便會將減值虧損撥回，所撥回的減值虧損以假設沒有在往年確認減值虧損而應已釐定的資產賬面金額為限。所撥回的減值虧損在確認撥回的年度內計入損益。

(iii) 中期財務報告及減值

根據上市規則，本集團須根據香港會計準則第34號*中期財務報告*就財政年度首六個月編製中期財務報告。於中期完結時，本集團採用於財政年度完結時應採用的同一減值測試、確認及撥回標準(見附註1(k)(i)及(ii))。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

(Expressed in United States dollars unless otherwise indicated) (除非另有說明，以美元表示)

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Inventories

Inventories are assets which are held for sale in the ordinary course of business, in the process of production for such sale or in the form of materials or supplies to be consumed in the production process or in the rendering of services.

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.

(m) Contract assets and contract liabilities

A contract asset is recognised when the Group recognises revenue (see note 1(u)) before being unconditionally entitled to the consideration under the payment terms set out in the contract. Contract assets are assessed for ECLs in accordance with the policy set out in note 1(k)(i) and are reclassified to receivables when the right to the consideration has become unconditional (see note 1(n)).

A contract liability is recognised when the customer pays consideration before the Group recognises the related revenue (see note 1(u)). A contract liability would also be recognised if the Group has an unconditional right to receive consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised (see note 1(n)).

1 主要會計政策(續)

(l) 存貨

存貨是指日常業務過程中持作出售、處在為該等銷售的生產過程中，或在生產過程或提供服務中耗用的材料或物料形式持有的資產。

存貨按成本值與可變現淨值兩者中較低者列賬。

成本按加權平均公式計算，其包括所有採購成本、加工成本及將存貨運至目的地和變成現狀的其他成本。

可變現淨值乃為日常業務過程中的估計售價減去估計完成成本及完成銷售所需的估計成本後所得的數額。

當存貨出售時，其賬面值於有關收益確認入賬的期間確認入賬列為支出。

任何存貨撇減為可變現淨值及所有存貨虧損一概在撇減或虧損產生期間確認為支出。任何存貨撇減撥回數額則於撥回發生的期間確認，列作確認為開支的存貨的減額。

(m) 合約資產及合約負債

在本集團有權無條件收取合約所載付款條款代價前確認收益(見附註1(u))時確認合約資產。合約資產按附註1(k)(i)所載政策就預期信貸虧損而獲評估，並在代價權利成為無條件後獲重新分類至應收款項(見附註1(n))。

本集團確認相關收益前，合約負債在客戶支付代價時確認(見附註1(u))。如本集團有無條件權利在本集團確認相關收益前收取代價，則合約負債亦會獲確認。在相關情況下，相應應收款項亦會獲確認(見附註1(n))。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

(Expressed in United States dollars unless otherwise indicated) (除非另有說明，以美元表示)

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Contract assets and contract liabilities

(Continued)

For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method (see note 1(u)).

(n) Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognised before the Group has an unconditional right to receive consideration, the amount is presented as a contract asset (see note 1(m)).

Receivables are stated at amortised cost using the effective interest method less allowance for credit losses (see note 1(k)(i)).

(o) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method. Interest expense is recognised in accordance with the Group's accounting policy for borrowing costs (see note 1(w)).

(p) Trade and other payables

Trade and other payables are initially recognised at fair value and subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

1 主要會計政策(續)

(m) 合約資產及合約負債(續)

就與客戶簽訂的單一合約而言，應按合約資產淨值或合約負債淨額呈列。就多份合約而言，不相關合約的合約資產與合約負債不以淨額呈列。

合約計及重大融資成分時，合約結餘計入按實際利息法累計的利息(見附註1(u))。

(n) 貿易應收及其他應收款項

應收款項於本集團擁有無條件收取代價的權利時確認。倘代價到期付款前僅需待時間推移，則收取代價之權利為無條件。倘收入於本集團擁有無條件收取代價權利前已確認，該金額則按合約資產呈列(見附註1(m))。

應收款項使用實際利息法按攤銷成本減信貸虧損撥備列賬(見附註1(k)(i))。

(o) 附息借貸

附息借貸初步按公平值減交易成本確認。初始確認後，附息借貸使用實際利息法按攤銷成本列賬。利息開支根據本集團借貸成本相關會計政策予以確認(見附註1(w))。

(p) 貿易應付及其他應付款項

貿易應付及其他應付款項初步按公平值確認，及其後按攤銷成本入賬，惟倘若貼現影響並不重大，則按成本入賬。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

(Expressed in United States dollars unless otherwise indicated) (除非另有說明，以美元表示)

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(q) 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. Cash and cash equivalents are assessed for ECLs in accordance with the policy set out in note 1(k)(i).

(r) Employee benefits

(i) Short-term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, 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.

(ii) Share-based payments

Share option scheme and share award scheme

The fair value of share options and awarded shares granted to employees is recognised as an employee cost with a corresponding increase in employee share-based compensation reserve within equity. In respect of share options, the fair value is measured at grant date using the binomial model, taking into account the terms and conditions upon which the options were granted. In respect of awarded shares, the fair value is based on the closing price at the grant date. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the share options and awarded shares, the total estimated fair value of the share options and awarded shares is spread over the vesting period, taking into account the probability that the share options and awarded shares will vest.

1 主要會計政策(續)

(q) 現金及現金等值物

現金及現金等值物包括存放於銀行及手頭現金、存放於銀行及其他金融機構活期存款，及短期、高流動性及隨時可兌現為既定金額且價值變動風險較少，並於購入後三個月內到期的投資。現金及現金等價物根據附註1(k)(i)所載政策作出預期信貸虧損的評估。

(r) 僱員福利

(i) 短期僱員福利及向定額供款退休計劃作出的供款

薪金、年度花紅、有薪年假、向定額供款退休計劃作出的供款及非貨幣福利成本於僱員提供相關服務的年度計提。倘該等金額的付款或結算遞延及影響重大時則以現值列賬。

(ii) 以股份為基礎支付的付款

購股權計劃及股份獎勵計劃

向僱員授出購股權及獎勵股份的公平值確認為僱員成本，並於權益中之僱員股份補償儲備作相應增加。購股權的公平值乃於授出日使用二項式計量，經計及所授出購股權之條款及條件。獎勵股份的公平值乃於授出日按收市價計量。倘僱員須在無條件享有購股權及獎勵股份前符合歸屬條件，購股權及獎勵股份的估計公平值總額按歸屬期內攤分入賬，經計及購股權及獎勵股份將歸屬之可能性。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

(Expressed in United States dollars unless otherwise indicated) (除非另有說明，以美元表示)

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(r) Employee benefits (Continued)

(ii) Share-based payments (Continued)

Share option scheme and share award scheme (Continued)

During the vesting period, the number of share options and awarded shares 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 employee share-based compensation reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of share options and awarded shares that vest (with a corresponding adjustment to the employee share-based compensation reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the Company's shares.

No expense is recognised for share options or awarded shares that do not ultimately vest, except for equity-settled transactions where vesting is conditional upon a market or non-vesting condition, which are treated as vested irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

The equity amount for the share options is recognised in the employee share-based compensation 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 accumulated losses).

Shares held for share award scheme

Where the shares of the Company are acquired under the share award scheme, the consideration paid, including any directly attributable incremental costs, is presented as "shares held for share award scheme reserve" and deducted from total equity.

1 主要會計政策(續)

(r) 僱員福利(續)

(ii) 以股份為基礎支付的付款(續) *購股權計劃及股份獎勵計劃(續)*

於歸屬期內，本集團會審閱預期將歸屬之購股權及獎勵股份數目。除非原僱員開支符合資格確認為資產，否則對過往年度已確認累計公平值所作出之任何調整，均在回顧年度內扣除／計入損益，並對僱員股份補償儲備作出相應調整。於歸屬日期，本集團會對確認為開支之數額作出調整，以反映所歸屬購股權及獎勵股份之實際數目(並對僱員股份補償儲備作出相應調整)，惟僅因未能達成與本公司股份市價有關之歸屬條件而遭沒收之購股權則除外。

最終無歸屬之購股權及獎勵股份並不確認為支出，除非有關股本結算交易之歸屬以市場條件或非歸屬條件為附帶條件，則無論市場條件或非歸屬條件獲履行與否，而所有其他績效及／或服務條件均獲履行，仍被視為一項歸屬。

購股權的權益金額乃於僱員股份補償儲備確認，直至購股權獲行使(屆時轉撥至股份溢價賬)或購股權屆滿(屆時直接撥入累計虧損)為止。

持作股份獎勵計劃的股份

根據股份獎勵計劃購入本公司的股份，包括任直接應佔增加成本在內的已付代價呈列為「持作股份獎勵計劃的股份儲備」，並於權益總額內扣除。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

(Expressed in United States dollars unless otherwise indicated) (除非另有說明，以美元表示)

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(r) Employee benefits (Continued)

(ii) Share-based payments (Continued)

Shares held for share award scheme (Continued)

When the awarded shares are transferred to the awardees upon vesting, the related weighted average costs of the awarded shares vested are credited to “shares held for share award scheme reserve” and the related employment costs of the awarded shares vested are debited to the employee share-based compensation reserve. The difference between the related weighted average cost and the related employment costs of the awarded shares is transferred to accumulated losses.

Where the shares held for share award scheme are revoked and the revoked shares are disposed of, the related gain or loss from disposal of revoked shares is transferred to accumulated losses and not recognised in profit or loss.

Where cash or non-cash dividend distribution is declared in respect of the shares held for share award scheme, such cash dividend or fair value of the non-cash dividend is transferred to accumulated losses with no gain or loss recognised in profit or loss.

(s) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

1 主要會計政策(續)

(r) 僱員福利(續)

(ii) 以股份為基礎支付的付款(續)

持作股份獎勵計劃的股份(續)

倘獎勵股份於歸屬時轉撥予獲獎勵者，所歸屬的獎勵股份的相關加權平均成本自「持作股份獎勵計劃儲備的股份儲備」扣除，而所歸屬的獎勵股份的相關僱傭成本則自僱員以股份為基礎支付補償儲備中扣除。獎勵股份的相關加權平均成本與相關僱傭成本的差額轉撥至累計虧損。

倘為持作股份獎勵計劃的股份遭撤銷，且撤銷股份已出售，出售撤銷股份的相關損益將撥入累計虧損，而不會於損益內確認。

當宣派持作股份獎勵計劃股份的現金或非現金股息，現金股息或非現金股息的公平值轉入累計虧損，不會於損益內確認。

(s) 所得稅

年內所得稅包括本期稅項及遞延稅項資產及負債的變動。本期稅項及遞延稅項資產及負債的變動均在損益內確認，惟倘與分別於其他全面收益表確認或於權益直接確認的項目相關，則有關稅項金額會分別於其他全面收益確認或於權益直接確認。

本期稅項乃按年內應課稅收入根據已執行或在報告期末實質上已執行的稅率計算的預期應付稅項，加上以及過往年度應付稅項的任何調整。

遞延稅項資產及負債分別由可抵扣及應課稅暫時性差異產生，即資產及負債就財務呈報的賬面值與其稅項基礎的差異。遞延稅項資產亦可由未動用稅項減免及未動用稅項抵免產生。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

(Expressed in United States dollars unless otherwise indicated) (除非另有說明，以美元表示)

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(s) Income tax (Continued)

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

1 主要會計政策(續)

(s) 所得稅(續)

除了某些有限的例外情況外，所有遞延稅項負債和遞延稅項資產(只以未來可能有應課稅溢利予以抵銷的資產為限)均予以確認。支持確認由可抵扣暫時差異所產生的遞延稅項資產的未來應課稅溢利包括因撥回目前存在的應課稅暫時差異而產生的數額；但此等撥回的差異必須與同一稅務機關及同一應課稅實體有關，並預期在可抵扣暫時差異預計撥回的同一期間或遞延稅項資產所產生可抵扣虧損可向後期或向前期結轉的期間內撥回。在決定目前存在的應課稅暫時差異是否足以支持確認由未動用稅務虧損和稅務抵免所產生的遞延稅項資產時，亦會採用同一準則，即差異是否與同一稅務機關及同一應課稅實體有關，並是否預期在能夠使用未動用稅務虧損和稅務抵免撥回的同一期間內撥回。

不確認為遞延稅項資產及負債的暫時差異是產生自以下有限的例外情況：不可在稅務方面獲得扣減的商譽所產生的暫時差異；不影響會計或應課稅溢利的資產或負債的初始確認(如屬業務合併的一部分除外)；以及投資附屬公司的暫時差異(如屬應課稅差異，只限於本集團可以控制撥回的時間，而且在可預見的將來不大可能撥回的暫時差異；或如屬可抵扣差異，則只限於很可能在將來撥回的差異)。

應已確認的遞延稅項數額乃按照資產及負債賬面值的預期變現或清償方式，以於報告期末已頒行或實質上已頒行的稅率計算。遞延稅項資產及負債均無作折現計算。

遞延稅項資產的賬面值會在各報告期末予以審閱，若日後不再可能有足夠應課稅溢利用以抵扣相關稅項利益，則扣減遞延稅項資產賬面值。若日後可能有足夠應課稅溢利用以抵扣，則撥回所扣減的數額。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

(Expressed in United States dollars unless otherwise indicated) (除非另有說明，以美元表示)

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(s) Income tax (Continued)

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or
- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:
 - the same taxable entity; or
 - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(t) Provisions and contingent liabilities

Provisions are recognised when the Group 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 warranties is recognised when the underlying products or services are sold. The provision is based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

1 主要會計政策(續)

(s) 所得稅(續)

即期稅項結餘和遞延稅項結餘及其變動額將各自列示，並不予抵銷。即期稅項資產只會在本公司或本集團有合法可強制執行權利時，以即期所稅項資產抵銷即期所得稅項負債，並且符合以下附帶條件的情況下，方可分別抵銷即期稅項資產及遞延稅項負債：

- 即期稅項資產及負債：本公司或本集團計劃按淨額基準結算，或同時變現該資產及清償該負債；或
- 遞延稅項資產和及負債：此等資產及負債必須與同一稅務機關就以下其中一項徵收的所得稅有關：
 - 同一應課稅實體；或
 - 不同的應課稅實體。這些實體計劃在日後每個預計有大額遞延稅項負債需要清償或大額遞延稅項資產可以收回的期間內，按淨額基準實現即期稅項資產及清償即期稅項負債，或同時變現該資產及清償該負債。

(t) 撥備及或然負債

當本集團因過往事件須承擔法定責任或推定責任，而履行該責任很可能需要付出流出經濟利益，且及有關數額能可靠之估計時，確認撥備。如果若貨幣之時間價值重大，則撥備會以履行責任預期所需支出之現值列報。

若當不大可能需要付出流出經濟利益，或其數額未能可靠地估計，否則該項責任須披露該責任為或然負債，惟流出經濟利益之可能性極低則除外。其存在僅能以一宗或數宗未來事項之發生或不發生予以確認來證實之潛在義務責任，除非其付出流出經濟利益之可能性極小低，否則亦須披露為或然負債。

於倘相關產品或服務已售出時，則確認保證撥備。撥備乃基於過往保證數據及所有可能後果與與彼等關聯可能性之權重作出。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

(Expressed in United States dollars unless otherwise indicated) (除非另有說明，以美元表示)

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(u) Revenue and other income

Income is classified by the Group as revenue when it arises from the sale of goods, the provision of services or the use by others of the Group's assets under leases in the ordinary course of the Group's business.

Revenue is recognised when control over a product or service is transferred to the customer, or the lessee has the right to use the asset, at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

Where the contract contains a financing component which provides a significant financing benefit to the customer for more than 12 months, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction with the customer, and interest income is accrued separately under the effective interest method. Where the contract contains a financing component which provides a significant financing benefit to the Group, revenue recognised under that contract includes the interest expense accreted on the contract liability under the effective interest method. The Group takes advantage of the practical expedient in paragraph 63 of HKFRS 15 and does not adjust the consideration for any effects of a significant financing component if the period of financing is 12 months or less.

Further details of the Group's revenue and other income recognition policies are as follows:

(i) Sale of capital equipment and packages and engineering services fee income

- Sales of goods

Revenue is recognised when the customer obtains control over the products which is generally the point in time when the customer takes possession of and accepts the products. If the products are a partial fulfilment of a contract covering other goods and/or services, then the amount of revenue recognised is an appropriate proportion of the total transaction price under the contract, allocated between all the goods and services promised under the contract on a relative stand-alone selling price basis.

1 主要會計政策(續)

(u) 收益及其他收入

於本集團的日常業務過程中，本集團按其銷售貨物、提供服務或其他人以租賃方式使用本集團的資產所產生的收益，均歸類為收入。

當產品或服務的控制權轉移予客戶，或承租人有權使用該資產時，按照本集團預期有權獲得的承諾代價金額確認收益，不包括代表第三方收取的該等金額。收益不包括增值稅或其他銷售稅，並扣除任何貿易折讓。

倘合約載有向客戶提供超過12個月的重大融資利益之融資組成部份，則收益按應收金額的現值計量，並使用反映於與有關客戶的個別融資交易之貼現率貼現，且利息收入根據實際利息法分開應計。倘合約載有向本集團提供重大融資利益之融資組成部份，則根據該合約確認的收益包括根據實際利息法合約負債附有的利息開支。本集團利用香港財務報告準則第15號第63段中的實際便利，並無於倘融資期為12個月或以下而就重大融資組成部份之任何影響調整代價。

本集團的收益及其他收入確認政策之進一步詳情如下：

(i) 銷售資本設備及總包以及工程服務費收入

- 銷售貨物

收益於客戶取得對產品的控制權，即通常為客戶管有並接納產品的時間點確認。倘該等產品為部分履行涵蓋其他貨物及／或服務的合約，則確認收益的金額為合約項下交易總額的合適比例，按照相對獨立售價基準根據合約協定的所有貨物及服務之間分配。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

(Expressed in United States dollars unless otherwise indicated) (除非另有說明，以美元表示)

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(u) Revenue and other income (Continued)

(i) Sale of capital equipment and packages and engineering services fee income (Continued)

- *Made-to-order construction contracts*

Revenue arising from made-to-order construction contracts are recognised progressively over time, with a corresponding contract asset (see note 1(m)), if the Group's performance does not create an asset with an alternative use to the Group and the Group has the right to be paid for work done to date in case of customer cancellation before the order was fully completed. Progress is measured using the cost-to-cost method, i.e. based on the proportion of the actual costs incurred relative to the estimated total costs. The contract asset (either partially or in full) is reclassified to receivables when the entitlement to payment for that amount has become unconditional (see note 1(n)).

Otherwise, revenue is recognised at a point in time when the customers obtains control over the products, which generally is when the customer takes possession of and accepts the products.

- *Engineering services fee income*

Engineering services fee income is recognised when the related services are rendered.

(ii) Rental income from operating leases

Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable. Variable lease payments that do not depend on an index or a rate are recognised as income in the accounting period in which they are earned.

(iii) Dividends

Dividend income from listed investments is recognised when the share price of the investment goes ex-dividend.

Dividend income from unlisted investments is recognised when the shareholder's right to receive payment is established.

1 主要會計政策(續)

(u) 收益及其他收入(續)

(i) 銷售資本設備及總包以及工程服務費收入(續)

- *定制建築合約*

倘本集團履約並無創造對本集團另有用途的資產，則定制建築合約產生的收益連同相應合約資產(見附註1(m))隨時間逐漸確認，且倘客戶於訂單全部完成前取消合約，本集團有權收取迄今為止完工工程的付款。進度使用成本法(即按已產生的實際成本相對於估計總成本的比例)計量。當支付該金額的權利已成為無條件時，合約資產(部分或全部)重新分類至應收款項(見附註1(n))。

否則，收益於客戶獲得產品控制權時確認，一般為客戶管有及接納產品時。

- *工程服務費收入*

工程服務費收入在提供相關服務時確認。

(ii) 經營租賃租金收入

經營租賃項下應收租金收入於租賃期內按租期等額分期付款於損益確認，惟替代基準更能代表租賃資產使用利益模式。授予的租賃激勵在損益中確認為應收租賃款項總額的組成部分。無需視乎指數或利率的可變租賃付款於其產生的會計期間確認為收入。

(iii) 股息

上市投資之股息收入於該投資之股份價格除息時確認。

非上市投資之股息收入於股東收取款項的權利確立時確認。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

(Expressed in United States dollars unless otherwise indicated) (除非另有說明，以美元表示)

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(u) Revenue and other income (Continued)

(iv) Interest income

Interest income is recognised as it accrues under the effective interest method using the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of the financial asset. For financial assets measured at amortised cost or FVOCI (recycling) that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit-impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount net of loss allowance) of the asset (see note 1(k)(i)).

(v) Translation of foreign currencies

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.

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. The transaction date is the date on which the Group initially recognises such non-monetary assets or liabilities. 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 the foreign operations are translated into United States dollars at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Statement of financial position items are translated into United States dollars at the closing 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 exchange 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.

1 主要會計政策(續)

(u) 收益及其他收入(續)

(iv) 利息收入

利息收入在其生息時根據實際利息法，按將金融資產預計年期的估計未來現金收入準確貼現至金融資產的賬面總值的貼現率而確認。就按攤銷成本或按公平值計入其他全面收益(非劃轉)計量且並無信貸減值的金融資產而言，實際利率適用於資產的賬面總值。就信貸減值的金融資產而言，實際利率適用於資產的攤銷成本(即賬面總值減虧損撥備)(見附註1(k)(i))。

(v) 外幣換算

年內外幣交易按交易日期之外匯匯率換算。以外幣計值之貨幣資產及負債按報告期末之外匯匯率換算。匯兌收益及虧損於損益確認。

以外幣按歷史成本計量之非貨幣資產及負債乃採用交易日期之外匯匯率換算。交易日為本集團首次確認有關非貨幣資產或負債之日。以外幣計值的非貨幣資產及負債按公平值列賬，並按公平值釐定日期適用的外匯匯率換算。

海外業務業績按與交易日期之外匯匯率相若之匯率換算為美元。財務狀況表項目按報告期末之收市匯率換算為美元。所產生之匯兌差額於其他全面收益表確認，並於匯兌儲備之權益中單獨累計。

於出售海外企業業務時，與該海外業務有關的累積匯兌差額會於確認出售溢利或虧損時從權益重新分類至損益。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

(Expressed in United States dollars unless otherwise indicated) (除非另有說明，以美元表示)

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(w) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

(x) Non-current assets held for sale

A non-current asset (or disposal group) is classified as held for sale if it is highly probable that its carrying amount will be recovered through a sale transaction rather than through continuing use and the asset (or disposal group) is available for sale in its present condition. A disposal group is a group of assets to be disposed of together as a group in a single transaction, and liabilities directly associated with those assets that will be transferred in the transaction.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all the assets and liabilities of that subsidiary are classified as held for sale when the above criteria for classification as held for sale are met, regardless of whether the Group will retain a non-controlling interest in the subsidiary after the sale.

1 主要會計政策(續)

(w) 借貸成本

直接用作收購、建設或生產而需要相當長時間才可以投入擬定用途或銷售的資產的借貸成本被予以資本化，作為該資產的成本部分。其他借貸成本均在產生的期間內列支。

屬於合資格資產成本一部分之借貸成本在資產產生開支、借貸成本產生和使資產投入擬定用途或銷售所必須的準備工作進行期間開始資本化。在使合資格資產投入擬定用途或銷售所必須的絕大部分準備工作中止或完成時，借貸成本便會暫停或不再資本化。

(x) 持作出售的非流動資產

如非流動資產(或出售組合)之賬面值很可能透過銷售交易多於持續使用中將收回之數額，該資產(或出售組合)按現況中分類為待出售。出售組合指於同一交易中一併售出一組資產，而與該等資產直接相關之負債則會轉移至交易中。

當本集團承諾進行出售一間附屬公司控制權之出售計劃時，不論本集團是否將於出售後保留該附屬公司之非控股權益，該附屬公司的所有資產及負債於符合上述有關分類為持作出售之條件時會分類為持作出售。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

(Expressed in United States dollars unless otherwise indicated) (除非另有說明，以美元表示)

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(x) Non-current assets held for sale (Continued)

Immediately before classification as held for sale, the measurement of the non-current assets (and all individual assets and liabilities in a disposal group) is brought up-to-date in accordance with the accounting policies before the classification. Then, on initial classification as held for sale and until disposal, the non-current assets (except for certain assets as explained below), or disposal groups, are recognised at the lower of their carrying amount and fair value less costs to sell. The principal exceptions to this measurement policy so far as the financial statements of the Group and the Company are concerned are deferred tax assets, financial assets (other than investments in subsidiaries and associates) and investment properties. These assets, even if held for sale, would continue to be measured in accordance with the policies set out elsewhere in note 1.

Impairment losses on initial classification as held for sale, and on subsequent remeasurement while held for sale, are recognised in profit or loss. As long as a non-current asset is classified as held for sale, or is included in a disposal group that is classified as held for sale, the non-current asset is not depreciated or amortised.

(y) Related parties

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

1 主要會計政策(續)

(x) 持作出售的非流動資產(續)

緊接分類為持作出售前，非流動資產(及出售組合之所有個別資產及負債)按分類前之會計政策計量。持作出售資產初始分類為待出售類別及至出售時，非流動資產(以下所述之若干資產除外)，或出售組合以其賬面值及公平值扣除出售成本之較低者確認。在本集團及本公司之財務報表中並無使用此計量政策之主要項目包括遞延稅項資產、金融資產(於附屬公司及聯營公司之投資除外)以及投資物業。該等資產即使持作出售，亦會繼續按附註1其他地方載列之政策處理。

初始分類為持作出售和其後在持作出售時重新計量而產生的減值虧損均在損益中確認。只要非流動資產一直分類為持作出售或包括在已分類為持作出售的出售組合內，該非流動資產便不會計提折舊或攤銷。

(y) 關連人士

- (1) 在下列情況下，一名人士或該名人士之近親會與本集團有關連：
 - (i) 對本集團有控制權或共同控制權；
 - (ii) 對本集團有重大影響力；或
 - (iii) 該名人士為本集團或本集團母公司之主要管理層成員。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

(Expressed in United States dollars unless otherwise indicated) (除非另有說明，以美元表示)

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(y) Related parties (Continued)

(2) 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 (1).
- (vii) A person identified in (1)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the 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.

1 主要會計政策(續)

(y) 關連人士(續)

(2) 僅在以下任何情況適用下，實體與本集團有關連：

- (i) 實體與本集團為同一集團之成員(即各母公司、附屬公司及同系附屬公司均互相有關連)。
- (ii) 一實體為另一實體之聯營公司或合營公司(或另一實體為成員之集團之聯營公司或合營公司)。
- (iii) 兩實體均為同一第三方之合營公司。
- (iv) 一實體為第三方實體之合營公司，而另一實體為該第三方實體之聯營公司。
- (v) 該實體作為為本集團或與本集團有關連之實體之僱員利益而設之退休福利計劃。
- (vi) 該實體受(1)所述之人士控制或共同控制。
- (vii) (1)(i)所述之人士對該實體有重大影響力，或為該實體(或該實體之母公司)之主要管理層成員。
- (viii) 實體，或其構成一部分的集團的任何成員公司，對本集團或本集團母公司提供主要管理層人員服務。

一名人士之近親為預期在彼等與實體進行交易時可能影響該人士或受該人士影響之家庭成員。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

(Expressed in United States dollars unless otherwise indicated) (除非另有說明，以美元表示)

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(z) 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 various lines of business and geographical locations.

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

2 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.

Note 32 contain information about the assumptions and their risk factors relating to fair value of financial instruments. Other key sources of estimation uncertainty are as follows:

(a) Useful lives of property, plant and equipment, investment properties and intangible assets

The Group determines the estimated useful lives and related depreciation/amortisation charges for the property, plant and equipment, investment properties and intangible assets. This estimate is based on the historical experience of the actual useful lives of the property, plant and equipment, investment properties and intangible assets of similar nature and functions. It could change significantly as a result of technical innovations and competitor actions in response to severe industry cycles. Management will increase the depreciation/amortisation charge where useful lives are less than previously estimated lives, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

1 主要會計政策(續)

(z) 分部呈報

本集團最高層管理人員定期取得用以對本集團各項業務及經營地域進行資源分配及評估表現的財務資料，而經營分部和財務報表所呈報各分部項目的數額會從中確定。

個別重大的經營分部不會合計以供財務報告用途，除非該等經營分部的產品和服務性質、生產工序性質、客戶類別或階層、分銷產品或提供服務所使用的方法以至監管環境的性質等經濟特性均屬類似，則作別論。個別不重大的經營分部如果符合以上大部分標準，則可以合計為一個報告分部。

2 會計判斷及估計

本集團持續評估及根據過往經驗及其他因素(包括預期在若干情況下合理出現的日後事項)作出判斷及估計。

附註32載有有關金融工具之假設及其風險因素之資料。其他估計不確定因素主要來源如下：

(a) 物業、廠房及設備、投資物業及無形資產的可使用年期

本集團釐定物業、廠房及設備、投資物業及無形資產的估計可使用年期及相關折舊／攤銷開支。該項估計數字乃根據類似性質及功能的物業、廠房及設備、投資物業及無形資產過往實際可使用年期的經驗作出。可使用年期或因創新技術及競爭對手就嚴峻的行業週期作出的行動而大幅改變。管理層將於可使用年期較之前估計年期較短時增加折舊／攤銷開支，或將撇銷或減記已棄置或出售的技術陳舊或非策略性資產。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

(Expressed in United States dollars unless otherwise indicated) (除非另有說明，以美元表示)

2 ACCOUNTING JUDGEMENTS AND ESTIMATES

(Continued)

(b) Impairment losses on trade debtors and bills receivables and lease receivables

Loss allowances for trade debtors and bills receivables and lease receivables are always measured at an amount equal to lifetime ECLs, which are estimated in accordance with the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date. The estimation of ECLs requires the use of judgement and estimates, where the expectation is different from the original estimates, such difference will impact carrying value of trade debtors and bills receivables and lease receivables and impairment losses in the period in which such estimate has been changed.

(c) Other impairment losses

If circumstances indicate that the carrying value of investments in subsidiaries, property, plant and equipment, investment properties, interest in associates and joint venture and intangible assets may not be recoverable, these assets may be considered impaired, and an impairment loss may be recognised in accordance with HKAS 36, *Impairment of assets*. The carrying amounts of these assets are reviewed periodically in order to assess whether the recoverable amounts have declined below the carrying amounts. These assets are tested for impairment whenever events or changes in circumstances indicate that their recorded carrying amount may not be recoverable. When such a decline has occurred, the carrying amount is reduced to recoverable amount. The recoverable amount is the greater of the fair value less costs of disposal and the value in use. It is difficult to estimate precisely fair value less costs of disposal because quoted market prices for the Group's assets are not readily available. In determining the value in use, expected cash flows generated by the assets are discounted to their present value, which requires significant judgement relating to revenue and amount of operating costs. The Group uses all readily available information in determining an amount that is a reasonable approximation of recoverable amount, including estimates based on reasonable and supportable assumptions and projections of revenue and amount of operating costs.

2 會計判斷及估計(續)

(b) 貿易應收賬款及應收票據以及租賃應收款的減值虧損

貿易應收賬款及應收票據以及租賃應收款之虧損撥備一直按等同於全期預期信貸虧損的金額計量，而該等預期信貸虧損乃根據本集團的歷史信貸虧損經驗進行估計，並根據於報告日期債務人的特定因素及對當前及預計一般經濟狀況的評估進行調整。估計預期信貸虧損需要使用判斷及估計，當預期情況與原定估計有差別時，該差別將影響改變有關估計之期間之貿易應收賬款及應收票據以及租賃應收款面值及減值虧損。

(c) 其他減值虧損

倘情況顯示於附屬公司的投資、物業、廠房及設備、投資物業、於聯營公司及合資公司的權益及無形資產的賬面值可能無法收回時，該等資產會被視為減值，而減值虧損可按香港會計準則第36號資產減值予以確認。該等資產的賬面值會定期審閱，以評估可收回金額是否已降至低於賬面值。當有事件或變動顯示該等資產所記錄的賬面值可能無法收回時，該等資產會進行減值測試。當出現減值時，賬面值會減至可收回金額。可收回金額為公平值減出售成本或使用價值的較高者。由於並未取得本集團資產的市場報價，因此難於準確估計公平值減出售成本。於釐定使用價值時，資產產生的預期現金流按其現值貼現，而此需要就收益及營運成本金額作出重大判斷。本集團利用所有現有資料釐定可收回金額的合理概約金額，包括基於收益及營運成本金額的合理及有支持的假設與預測而作出估計。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

(Expressed in United States dollars unless otherwise indicated) (除非另有說明，以美元表示)

2 ACCOUNTING JUDGEMENTS AND ESTIMATES

(Continued)

(d) Net realisable value of inventories

The Group recognises write-down on inventories based on an assessment of the net realisable value of the inventories. Write-down is applied to the inventories where events or changes in circumstances indicate that the net realisable value is less than cost. The determination of net realisable value requires the use of judgement and estimates. Where the expectation is different from the original estimates, such difference will impact carrying value of the inventories and write-down on inventories charged to profit or loss in the period in which such estimate has been changed.

(e) 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 all changes in tax legislations. Deferred tax assets are recognised for temporary deductible differences and unused tax losses. As those deferred tax assets can only be recognised to the extent that it is probable that future taxable profits will be available against which the unused tax credits can be utilised, management's judgement is required to assess the probability of future taxable profits. Management reassess these estimates at the end of each reporting period. Additional deferred tax assets are recognised if it becomes probable that future taxable profits will allow the deferred tax asset to be recovered.

(f) Made-to-order construction contracts

As explained in the accounting policy note 1(u)(i), revenue in respect of made-to-order construction contracts is recognised over time or at a point in time depending on a number of considerations including whether the Group's performance creates an asset with an alternative use to the Group and whether the Group has a right to payment for performance completed to date in case of customer cancellation. Making such determination involves judgement about the nature of the assets created, enforceability of contract terms, and level of margin that is regarded as sufficiently reasonable given the circumstances of a particular contract.

2 會計判斷及估計(續)

(d) 存貨的可變現淨值

本集團藉著評估存貨的可變現淨值確認撇減存貨。當出現顯示可變現淨值較成本為低的事件或變動情況時，將就存貨作出撇減。釐定可變現淨值時涉及判斷及估計。倘預期情況與原本估計不同，有關差額將於對該等估計變動的期間內影響存貨的賬面值及自損益中扣除的撇減存貨。

(e) 所得稅

釐定所得稅撥備涉及對若干交易的未來稅項處理的判斷。本集團審慎評估該等交易的稅務影響，並因而制定有關稅務撥備。有關交易的稅項處理計及稅務規例的所有變動而定期再作考慮。遞延稅項資產乃就暫時可扣減差額及未動用稅項虧損予以確認。由於可予確認之遞延稅項資產僅限於將來很可能取得應課稅溢利而令未使用稅項抵免得以運用之部分，故管理層須作出判斷，以評估產生未來應課稅盈利之可能性。管理層會於各報告期末重新評估上述估計，而倘未來應課稅溢利將有可能讓遞延稅項資產得以收回，則會確認額外的遞延稅項資產。

(f) 定制工程合同

誠如會計政策附註1(u)(i)所解釋，有關定制工程合同的收益隨時間確認或在考慮多項因素後於某個時間點確認，有關因素包括本集團的業績是否增設一項對本集團有替代用途的資產及本集團在客戶取消的情況下是否有權利就迄今已完成的工作取得付款。作出該等決定涉及判斷所設資產的性質、合同條款的可執行性及根據具體合同的情形被視為足夠合理的利潤率水平。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

(Expressed in United States dollars unless otherwise indicated) (除非另有說明，以美元表示)

2 ACCOUNTING JUDGEMENTS AND ESTIMATES

(Continued)

(f) Made-to-order construction contracts (Continued)

In addition, revenue and profit recognition is dependent on estimating the total outcome of the contract, as well as the work done to date. Based on the Group's recent experience and the nature of the activity undertaken by the Group, the Group makes estimates of the point at which it considers the work is sufficiently advanced such that the costs to complete and revenue can be reliably estimated. Based on the latest information available in respect of the market environment, the Group prepares budgets for contracts individually and the budget, which is used in the Group's financial reporting, is reviewed regularly. Onerous contracts are provided for when identified. Material adjustments to the budgeted costs may occur in future if there is a significant change in the market environment.

3 REVENUE AND SEGMENT REPORTING

(a) Revenue

The principal activities of the Group are the design, manufacturing, installation and commissioning of capital equipment and packages on land and offshore rigs; sales of oilfield expendables and supplies and the provision of engineering services.

(i) Disaggregation of revenue

Except for sales of capital equipment of \$9,431,000 (2018: \$Nil) through finance lease as a manufacturer lessor in 2019, which is recognised in accordance with HKFRS 16, *Leases*, all of the remaining revenue of \$60,815,000 (2018: \$58,839,000) for the year ended 31 December 2019 is recognised in accordance with HKFRS 15.

Disaggregation of revenue from contracts with customers by major products or service lines is as follows:

		2019 二零一九年 US\$'000 千美元	2018 二零一八年 US\$'000 千美元
Sales of capital equipment	資本設備銷售	39,296	32,724
Sales of expendables and supplies	耗材及物料銷售	28,873	24,604
Engineering service fee income	工程服務費收入	2,077	1,511
		70,246	58,839

2 會計判斷及估計(續)

(f) 定制工程合同(續)

此外，收益及溢利確認依靠估計合約之總結果及迄今已完成的工作。根據本集團的近期經驗及本集團所進行活動的性質，本集團作出估計時，乃基於工作進度已達充份程度，致使完成之成本及收益能可靠預計。本集團根據最新可得之市場環境資料，為合約逐個編製預算，而該預算用於本集團的財務呈報，並定期進行審閱。當發現預計虧損即計提撥備。虧損性合約於獲識別時計提撥備。倘市場環境發生重大變動，預算成本或會作出重大調整。

3 收益及分部報告

(a) 收入

本集團主要業務為設計、製造、安裝及委託資本設備及總包陸地及海洋鑽機及銷售油田耗材以及物料以及提供工程服務。

(i) 收益分拆

除二零一九年作為製造商出租人通過融資租賃出售資本設備的收益9,431,000元(二零一八年：零)(根據香港財務報告準則第16號租賃確認)外，截至二零一九年十二月三十一日止年度之所有剩餘收入60,815,000元(二零一八年：58,839,000元)按照香港財務報告準則第15號確認。

客戶合約收益按主要產品或服務線之分拆如下：

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

(Expressed in United States dollars unless otherwise indicated) (除非另有說明，以美元表示)

3 REVENUE AND SEGMENT REPORTING (Continued)

(a) Revenue (Continued)

(i) Disaggregation of revenue (Continued)

Disaggregation of revenue from contracts with customers by geographic markets is disclosed in note 3(b)(iii).

The Group's customer base includes one customer (2018: Nil) with whom transactions have exceeded 10% of the Group's revenue. In 2019, revenues from sales of capital equipment and packages and oilfield expendables and supplies to this customer, including sales to entities which are known to the Group to be under common control with this customer, amounted to approximately \$10,685,000. Details of concentration of credit risks arising from customers are set out in note 32(a).

(ii) Revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date

As at 31 December 2019, the aggregated amount of the transaction price related to the remaining performance obligations under the Group's existing contracts is \$229,597,000 (2018: \$236,007,000). This amount represents revenue expected to be recognised in the future from pre-completion sales contracts for made-to-order construction contracts entered into by the customers with the Group. The Group will recognise the expected revenue in future when or as the work is completed, which is expected to occur within the next 12 to 24 months.

The Group has applied the practical expedient in paragraph 121 of HKFRS 15 to its contracts for capital equipment and expendables and supplies 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 for sales of capital equipment and expendables and supplies that had an original expected duration of one year or less.

3 收益及分部報告(續)

(a) 收入(續)

(i) 收益分析(續)

按地區市場對客戶合約收益的分拆於附註3(b)(iii)披露。

本集團的客戶群中有一名客戶交易金額超過本集團收益的10%客戶(二零一八年：無)。在二零一九年，該客戶(包括據本集團所知，與客戶受共同控制的實體作出的銷售額)銷售資本設備及總包以及油田耗材及物料的收益約為10,685,000元。客戶產生的信貸風險集中詳情載於附註32(a)。

(ii) 預期將於日後確認的於報告日期之客戶合約收益

於二零一九年十二月三十一日，本集團現有合約項下剩餘履約義務的交易價格總額為229,597,000元(二零一八年：236,007,000元)。該金額指預期將於日後確認的有關客戶與本集團訂立的定制建造合同的預售合約收益。本集團將於日後工程竣工時確認預期收益(預計將於未來12至24個月內發生)。

本集團已將香港財務報告準則第15號第121段所載可行權宜之計應用於資本設備及耗材及物料銷售合約，因此，上述資料不包括本集團在履行有關原始預計期間為一年或更短之資本設備及耗材及物料銷售合約項下剩餘履約義務時有權獲取的收益資料。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

(Expressed in United States dollars unless otherwise indicated) (除非另有說明，以美元表示)

3 REVENUE AND SEGMENT REPORTING (Continued)

(b) Segment reporting

The Group manages its business by divisions, which are organised by a mixture of both business lines (products and services) and geography. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following three reportable segments. No operating segments have been aggregated to form the following reportable segments.

- Capital equipment and packages: the design, manufacturing, installation and commissioning of capital equipment and packages on land and offshore rigs
- Oilfield expendables and supplies: the manufacturing and trading of oilfield expendables and supplies
- Engineering services: the provision of engineering services

(i) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets include all tangible assets, intangible assets and current assets with the exception of interest in associates and joint venture, other financial assets, cash and cash equivalents, pledged bank deposits, tax balances and other unallocated head office and corporate assets. Segment liabilities include trade and other payables, lease liabilities and provisions attributable to the activities of the individual segment, with the exception of bank loans, tax balances and other unallocated head office and corporate liabilities.

3 收益及分部報告(續)

(b) 分部報告

本集團按不同分部劃分管理其業務，該等分部乃按業務線(產品和服務)以及地區劃分。以與就資源分配及表現評估向本集團最高級行政管理人員內部呈報資料方式一致的方式，本集團確定以下三個呈報分部。並無將任何經營分部合計以構成以下的呈報分部。

- 資本設備及總包：設計、製造、安裝及委託經營資本設備及總包陸地及海洋鑽井平台
- 油田耗材及物料：製造及買賣油田耗材及物料
- 工程服務：提供工程服務

(i) 分部業績、資產及負債

就評估分部表現及於分部間分配資源而言，本集團高級行政管理人員按以下基礎監控各報告分部應佔的業績、資產及負債：

分部資產包括所有有形資產、無形資產及流動資產，而於聯營公司及合資公司的權益、其他金融資產、現金及現金等值物、有抵押銀行存款、稅項結餘及其他未分配的總辦事處及公司資產除外。分部負債包括貿易應付及其他應付款項、租賃負債及個別分部的活動應佔的撥備，而銀行貸款、稅項結餘及其他未分配總辦事處和公司負債除外。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

(Expressed in United States dollars unless otherwise indicated) (除非另有說明，以美元表示)

3 REVENUE AND SEGMENT REPORTING (Continued)

(b) Segment reporting (Continued)

(i) Segment results, assets and liabilities (Continued)

Revenue and expenses are allocated to the reportable segments with reference to revenue generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments.

The measure used for reporting segment profit is “segment results” i.e. “adjusted earnings before finance costs and taxes” of individual segment. To arrive at segment results, the Group’s earnings are further adjusted for finance costs and items not specifically attributed to individual segment, such as share of results of associates and joint venture, directors’ and auditors’ remuneration and other head office or corporate income and expenses.

In addition to receiving segment information concerning segment results, management is provided with segment information concerning revenue (including inter-segment revenue), depreciation and amortisation and additions to non-current segment assets used by the segments in their operations. Inter-segment revenue is priced with reference to prices charged to external parties for similar orders.

3 收益及分部報告(續)

(b) 分部報告(續)

(i) 分部業績、資產及負債(續)

收入及支出乃經參考該等分部產生的收入及支出或該等分部應佔的資產的折舊或攤銷所產生的支出分配至報告分部。

用於報告分部溢利的方法為「分部業績」，即個別分部「扣除財務成本及稅項前的經調整盈利」。為達致分部業績，本集團的盈利乃對財務成本及並非指定屬於個別分部的項目作出進一步調整，如分佔聯營公司及合資公司業績、董事及核數師的酬金以及其他總辦事處或公司收入及開支。

除收到有關分部業績的分部資料外，管理層獲提供有關收入(包括分部間收入)，分類於彼等營運中使用的非流動分部資產的折舊、攤銷以及添置的分部資料。分部間收入之價格乃參考就類似訂單向外部人士收取之價格釐定。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

(Expressed in United States dollars unless otherwise indicated) (除非另有說明，以美元表示)

3 REVENUE AND SEGMENT REPORTING (Continued)

(b) Segment reporting (Continued)

(i) Segment results, assets and liabilities (Continued)

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2019 and 2018 is set out below.

3 收益及分部報告(續)

(b) 分部報告(續)

(i) 分部業績、資產及負債(續)

就截至二零一九年及二零一八年十二月三十一日止年度的資源分配及評估分部表現向本集團最高級行政管理人員提供有關本集團報告分部的資料載於下表。

		Capital equipment and packages 資本設備及總包		Oilfield expendables and supplies 油田耗材及物料		Engineering services 工程服務		Total 總計	
		2019 二零一九年 US\$'000 千美元	2018 二零一八年 US\$'000 千美元	2019 二零一九年 US\$'000 千美元	2018 二零一八年 US\$'000 千美元	2019 二零一九年 US\$'000 千美元	2018 二零一八年 US\$'000 千美元	2019 二零一九年 US\$'000 千美元	2018 二零一八年 US\$'000 千美元
Revenue from external customers	來自外界客戶收入	39,296	32,724	28,873	24,604	2,077	1,511	70,246	58,839
Inter-segment revenue	分部間收入	428	525	2,011	2,821	851	890	3,290	4,236
Reportable segment revenue	應呈報分部收入	39,724	33,249	30,884	27,425	2,928	2,401	73,536	63,075
Reportable segment results	應呈報分部業績	8,233	(15,106)	2,574	(10,216)	(751)	(1,313)	10,056	(26,635)
Depreciation and amortisation for the year	年內折舊及攤銷	3,563	5,251	1,755	1,887	12	13	5,330	7,151
Impairment losses on property, plant and equipment	物業、廠房及設備減值虧損	-	-	-	317	-	-	-	317
Reportable segment assets	應呈報分部資產	205,494	187,674	55,965	60,727	3,896	5,799	265,355	254,200
Additions to property, plant and equipment during the year	年內添置物業、廠房及設備資產	1,277	2,078	3	1,102	-	-	1,280	3,180
Reportable segment liabilities	應呈報分部負債	(195,553)	(196,826)	(16,359)	(30,352)	(1,522)	(1,125)	(213,434)	(228,303)

Note: The Group has initially applied HKFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, the comparative information is not restated (see note 1(c)).

附註：本集團已於二零一九年一月一日採用經修訂追溯法首次應用香港財務報告準則第16號。根據此方法，對比較數據不會進行重列(見附註1(c))。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

(Expressed in United States dollars unless otherwise indicated) (除非另有說明，以美元表示)

3 REVENUE AND SEGMENT REPORTING (Continued)

(b) Segment reporting (Continued)

- (ii) Reconciliation of reportable segment revenue, results, assets and liabilities

3 收益及分部報告(續)

(b) 分部報告(續)

- (ii) 應呈報分部收入、業績、資產及負債之對賬

		2019 二零一九年 US\$'000 千美元	2018 二零一八年 US\$'000 千美元
Revenue	收入		
Reportable segment revenue	應呈報分部收入	73,536	63,075
Elimination of inter-segment revenue	對銷分部間收入	(3,290)	(4,236)
Consolidated revenue (note 3(a))	綜合收益(附註3(a))	70,246	58,839
Results	業績		
Segment results	分部業績	10,056	(26,635)
Finance costs	財務成本	(1,727)	(2,450)
Share of profits of associates	分佔聯營公司之溢利	36	1
Share of profit of joint venture	分佔合營公司之溢利	3,728	-
Unallocated head office and corporate income and expenses	未分配總辦事處及公司收入及開支	(1,796)	(2,321)
Consolidated profit/(loss) before taxation	除稅前綜合溢利/(虧損)	10,297	(31,405)
Assets	資產		
Reportable segment assets	應呈報分部資產	265,355	254,200
Interest in associates	於聯營公司的權益	307	274
Interest in joint venture	於合營公司的權益	42,514	-
Other financial assets	其他金融資產	326	1,002
Cash and cash equivalents	現金及現金等值物	35,021	19,805
Pledged bank deposits	已抵押之銀行存款	1,051	802
Deferred tax assets	遞延稅項資產	1,755	2,478
Tax recoverable	可收回稅項	826	132
Unallocated head office and corporate assets	未分配總辦事處及公司資產	9,023	2,089
Consolidated total assets	綜合資產總值	356,178	280,782
Liabilities	負債		
Reportable segment liabilities	應呈報分部負債	(213,434)	(228,303)
Bank loans	銀行貸款	(9,184)	(17,369)
Tax payable	應付稅項	(4,191)	(4,128)
Deferred tax liabilities	遞延稅項負債	-	(46)
Unallocated head office and corporate liabilities	未分配總辦事處及公司負債	(8,955)	(2,538)
Consolidated total liabilities	綜合負債總值	(235,764)	(252,384)

Note: The Group has initially applied HKFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, the comparative information is not restated (see note 1(c)).

附註：本集團已於二零一九年一月一日採用經修訂追溯法首次應用香港財務報告準則第16號。根據此方法，對比較數據不會進行重列(見附註1(c))。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

(Expressed in United States dollars unless otherwise indicated) (除非另有說明，以美元表示)

3 REVENUE AND SEGMENT REPORTING (Continued)

(b) Segment reporting (Continued)

(iii) Geographic information

The following table sets out information about the geographical locations of (i) the Group's revenue from external customers and (ii) the Group's property, plant and equipment, investment properties, interest in leasehold land held for own use under operating leases, intangible assets, interest in associates, interest in joint venture, other financial asset and non-current portion of prepayments ("specified non-current assets"). The geographical location of customers is based on the location of the customers. The geographical location of the specified non-current assets is based on the physical location of the asset, in the case of property, plant and equipment, investment properties and interest in leasehold land held for own use under operating leases, the location of the operation to which they are allocated, in the case of intangible assets, and the location of operations, in the case of interest in associates and joint venture, other financial assets and non-current portion of prepayments.

3 收益及分部報告(續)

(b) 分部報告(續)

(iii) 地區資料

下表列出關於(i)本集團來自外界客戶收入，及(ii)本集團的物業、廠房及設備、投資物業、根據經營租賃持作自用的租賃土地權益、無形資產、於聯營公司及合營公司的權益、其他金融資產及非即期部分之預付款(「指定非流動資產」)的地理位置的資料。客戶的地理位置以客戶所在位置為基準。指定非流動資產的地理位置以資產的實物位置為基礎(就物業、廠房及設備、投資物業及根據經營租賃持作自用的租賃土地權益而言)、以所分配的營運地點為基礎(就無形資產而言)及以業務地點為基礎(就於聯營公司及合營公司的權益、其他金融資產及預付款項之非即期部分)。

		Revenue from external customers 來自外界客戶收入		Specified non-current assets 指定非流動資產	
		2019 二零一九年 US\$'000 千美元	2018 二零一八年 US\$'000 千美元	2019 二零一九年 US\$'000 千美元	2018 二零一八年 US\$'000 千美元
Hong Kong Special Administrative Region	香港特別行政區	-	-	880	1,148
Mainland China	中國內地	40,615	29,118	45,285	45,299
North America	北美	9,562	10,175	1,044	3,590
South America	南美	10,614	11,003	28	32
Europe	歐洲	4,622	5,307	-	200
Singapore	新加坡	559	94	2	12
Indonesia	印度尼西亞	554	48	-	-
Middle East	中東	-	-	42,514	-
Others	其他	3,720	3,094	15	15
		70,246	58,839	89,768	50,296

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

(Expressed in United States dollars unless otherwise indicated) (除非另有說明，以美元表示)

4 OTHER REVENUE AND NET INCOME

4 其他收益及淨收入

		2019 二零一九年 US\$'000 千美元	2018 二零一八年 US\$'000 千美元
Interest income	利息收入	1,186	175
Finance income from lease receivables	租賃應收款財務收入	449	-
Rental income	租金收入	1,004	589
Net foreign exchange loss	匯兌虧損	(1,287)	(860)
Reversal of provision for estimated loss of incomplete construction contract (note 5(c))	未完成建造合約估計虧損撥備之撥回(附註5(c))	1,602	-
Others	其他	962	1,030
		3,916	934

5 PROFIT/(LOSS) BEFORE TAXATION

5 除稅前溢利/(虧損)

Profit/(loss) before taxation is arrived at after charging/(crediting):

除稅前溢利/(虧損)經扣除/(計入)下列各項：

		2019 二零一九年 US\$'000 千美元	2018 二零一八年 US\$'000 千美元
(a) Finance costs	(a) 財務成本		
Interest on bank loans	銀行貸款利息	1,509	2,448
Interest on lease liabilities	租賃負債利息	218	2
		1,727	2,450

Note: The Group has initially applied HKFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, the comparative information is not restated. See note 1(c).

附註：本集團已於二零一九年一月一日採用經修訂追溯法首次應用香港財務報告準則第16號。根據此方法，對比較數據不會進行重列。見附註1(c)。

		2019 二零一九年 US\$'000 千美元	2018 二零一八年 US\$'000 千美元
(b) Staff costs⁽ⁱⁱ⁾	(b) 僱員成本⁽ⁱⁱ⁾		
Contributions to defined contribution retirement plans	向定額供款退休計劃作出的供款	2,807	3,564
Equity-settled share-based payment expenses	以股權結算的股份支付開支	-	114
Salaries, wages and other benefits	工資、薪酬及其他福利	18,610	17,106
		21,417	20,784

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

(Expressed in United States dollars unless otherwise indicated) (除非另有說明，以美元表示)

5 PROFIT/(LOSS) BEFORE TAXATION (Continued)

5 除稅前溢利/(虧損)(續)

		2019 二零一九年 US\$'000 千美元	2018 二零一八年 US\$'000 千美元
(c)	Other items	(c)	其他項目
	Depreciation charge ⁽ⁱⁱⁱ⁾ (note 10)		折舊費用 ⁽ⁱⁱⁱ⁾ (附註10)
	– owned property, plant and equipment ⁽ⁱ⁾	2,484	– 自有物業、廠房及設備 ⁽ⁱ⁾
	– right-of-use assets ⁽ⁱ⁾	3,462	– 使用權資產 ⁽ⁱ⁾
		5,946	
	Cost of inventories ⁽ⁱⁱⁱ⁾ (note 17(b))		存貨成本 ⁽ⁱⁱⁱ⁾ (附註17(b))
	– Carrying amount of inventories sold	45,161	– 已售存貨的賬面值
	– Write-down of inventories	181	– 存貨撇減
		45,342	
	Total minimum lease payments for leases previously classified as operating leases under HKAS 17 ⁽ⁱⁱⁱ⁾	–	以往根據香港會計準則第17號分類為經營租賃的租賃之最低租賃付款總額 ⁽ⁱⁱⁱ⁾
	Expenses relating to short-term leases and other leases with remaining lease term ending on or before 31 December 2019 ⁽ⁱ⁾	830	有關短期租賃及其他租賃剩餘的租期於二零一九年十二月三十一日或之前屆滿的開支 ⁽ⁱ⁾
	Amortisation of interest in leasehold land held for own use under operating leases ⁽ⁱⁱⁱ⁾ (note 11)	–	根據經營租賃持作自用的租賃土地權益攤銷 ⁽ⁱⁱⁱ⁾ (附註11)
	Amortisation of intangible assets (note 12)	380	無形資產攤銷(附註12)
	(Reversal of impairment losses)/ impairment losses on trade debtors and bills receivables, lease receivables and contract assets (note 32(a))	(4,177)	貿易應收賬款及應收票據、租賃應收款及合約資產(減值虧損撥回)/減值虧損(附註32(a))
	Impairment losses on property, plant and equipment (note 10)	–	物業、廠房及設備減值虧損(附註10)
	Research and development costs	3,228	研究及開發費用
	Net foreign exchange loss	1,287	匯兌虧損淨額
	Loss/(gain) on disposal of property, plant and equipment	523	出售物業、廠房及設備之虧損/(收益)
	Gain on disposal of non-current assets classified as held for sale	–	出售分類為持作出售之非流動資產之收益
	Auditors' remuneration		核數師酬金
	– audit services	530	– 核數服務
	– other services	6	– 其他服務
	Reversal of provision for customer claims ⁽ⁱⁱⁱ⁾	(3,030)	客戶申索撥備之撥回 ⁽ⁱⁱⁱ⁾
	(Reversal of provision)/provision for estimated loss of incomplete construction contract ^(iv)	(1,602)	未完成建造合約估計虧損(撥備之撥回)/撥備 ^(iv)
	Gain on settlement of trade payables by issue of new shares ^(v)	(3,281)	通過發行新股結算貿易應付款項收益 ^(v)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

(Expressed in United States dollars unless otherwise indicated) (除非另有說明，以美元表示)

5 PROFIT/(LOSS) BEFORE TAXATION (Continued)

- (i) The Group has initially applied HKFRS 16 using the modified retrospective approach and adjusted the opening balances at 1 January 2019 to recognise right-of-use assets relating to leases which were previously classified as operating leases under HKAS 17. The depreciated carrying amount of the finance lease assets which were previously included in property, plant and equipment are also identified as a right-of-use asset. After initial recognition of right-of-use assets at 1 January 2019, the Group as a lessee is required to recognise the depreciation of right-of-use assets, instead of the previous policy of recognising rental expenses incurred under operating leases on a straight-line basis over the lease term. Under this approach, the comparative information is not restated. See note 1(c).
- (ii) Cost of inventories includes \$4,988,000 (2018: \$6,859,000) relating to staff costs, depreciation and amortisation expenses which amount is also included in the respective total amounts disclosed separately above or in note 5(b) for each of these types of expenses.
- (iii) During the year ended 31 December 2017, a customer of the Group expressed concerns to the Group for certain products sold with unsatisfactory quality. Management assessed the possible outcome of claims and considered that a provision for customer claims of \$3,030,000 was necessary and charged to "Other operating expenses" in 2017. Having considered the latest communication with the customer and lapse of time, management considered that, as at 31 December 2019, the provision for customer claims is no longer necessary. The over-provision of \$3,030,000 was credited to profit or loss for the year ended 31 December 2019.
- (iv) During the year ended 31 December 2018, provision for estimated loss of incomplete construction contract of \$1,602,000 was charged to profit or loss and included in "Other operating expenses". Management reassessed the expected outcome of the contract as at 31 December 2019 and considered that the provision for estimated loss is no longer necessary. Consequently, reversal of provision for estimated loss of \$1,602,000 was credited to profit or loss and included in "Other revenue and net income" for the year ended 31 December 2019.
- (v) Pursuant to the deed of settlement dated 29 October 2019 entered into by the Company and certain of its creditors, the Company agreed to settle the trade payables to the creditors of \$8,767,000 by issuing 122,726,709 ordinary shares of the Company to the creditors' nominee at an agreed price of HK\$0.56 per share. Upon the issuance of 122,726,709 shares to the creditors' nominee on 21 November 2019, the trade payables of \$8,767,000 were settled. The share consideration paid is measured at the quoted market price of the Company on the share issuance date, at an amount of approximately \$5,486,000 rather than the stated consideration of \$8,767,000. Therefore, a gain of \$3,281,000 was credited to profit or loss for the year ended 31 December 2019.

5 除稅前溢利／(虧損)(續)

- (i) 本集團採用經修訂追溯法初始應用香港財務報告準則第16號，並調整於二零一九年一月一日的年初結餘，以確認過往根據香港會計準則第17號分類為經營租賃的租賃相關的使用權資產。本集團將先前計入物業、廠房及設備的融資租賃資產折舊賬面值亦確認為使用權資產。於二零一九年一月一日首次確認使用權資產後，本集團作為承租人須確認使用權資產折舊，以取代過往於租期內以直線法確認根據經營租賃產生的租賃開支之政策。根據此方法，比較資料並無重列。見附註1(c)。
- (ii) 存貨成本包括與僱員成本、折舊及攤銷費用有關之4,988,000元(二零一八年：6,859,000元)。該金額已計入以上所獨立披露的各個總額，或計入附註5(b)的各類該等開支。
- (iii) 截至二零一七年十二月三十一日止年度，本集團一名客戶向本集團表達了對若干產品質量不佳的擔憂。管理層對潛在申索進行了評估，並認為客戶申索撥備3,030,000元屬必要並於二零一七年「其他經營開支」扣除。考慮到最近與客戶的溝通及時間的流逝，管理層認為於二零一九年十二月三十一日，客戶申索不再屬必要。超額撥備3,030,000元計入截至二零一九年十二月三十一日止年度的損益。
- (iv) 截至二零一八年十二月三十一日止年度，未完成建造合約估計虧損撥備1,602,000元於損益扣除並計入「其他經營開支」。管理層重新評估了該合約於二零一九年十二月三十一日的預期結果，並認為不再需要就估計虧損作出撥備。因此，估計虧損撥備之撥回1,602,000元計入損益並計入截至二零一九年十二月三十一日止年度的「其他收益及淨收入」。
- (v) 根據本公司與其若干債權人訂立的日期為二零一九年十月二十九日的結算契據，本公司同意通過按約定價格每股股份0.56港元向債權人的代理人發行本公司122,726,709股普通股，以結算應付債權人之貿易應付款項約8,767,000元。於二零一九年十一月二十一日向債權人的代理人發行122,726,709股股份後，貿易應付款項8,767,000元已結算。已付股份代價乃按本公司於股份發行日期所報市場價格計量，金額約為5,486,000元而非約定代價8,767,000元。因此，收益3,281,000元計入截至二零一九年十二月三十一日止年度的損益。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

(Expressed in United States dollars unless otherwise indicated) (除非另有說明，以美元表示)

6 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(a) Taxation in the consolidated statement of profit or loss represents:

6 綜合損益表內的所得稅

(a) 綜合損益表內的稅項指：

		2019 二零一九年 US\$'000 千美元	2018 二零一八年 US\$'000 千美元
Current tax	即期稅項		
Provision for the year	年內撥備		
- The People's Republic of China (the "PRC") enterprise income tax	- 中華人民共和國(「中國」) 企業所得稅	253	171
- Overseas corporation income tax	- 海外企業所得稅	289	103
		542	274
Over-provision in respect of prior years	過往年度超額撥備	(211)	(721)
		331	(447)
Deferred tax	遞延稅項		
Origination of temporary differences (note 27(b))	產生暫時性差額(附註27(b))	648	10,828
		979	10,381

No provision for Hong Kong Profits Tax has been made in the consolidated financial statements as the Group has no assessable profits subject to Hong Kong Profits Tax for the current and prior years.

No provision for the United States corporate income tax has been made as the Group has no taxable profits subject to the United States corporate income tax for the years ended 31 December 2019 and 2018.

Taxation for subsidiaries in other jurisdictions is charged at the appropriate current rates of taxation ruling in relevant jurisdictions. During the year, certain PRC subsidiaries are subject to tax at a reduced rate of 15% (2018: 15%) under the relevant PRC tax rules and regulations.

由於本年集團的附屬公司並無應課稅盈利，故綜合財務報表內未有提撥有關之香港利得稅準備。

由於本年集團的附屬公司並無美國應課稅盈利，故於截至二零一九年及二零一八年十二月三十一日止年度未有提撥有關之美國利得稅準備。

於其他司法權區的附屬公司的稅項按有關司法權區的現行適當稅率計算。於年內，若干中國附屬公司根據有關中國稅務條例及法規按已調減稅率15%(二零一八年：15%)繳稅。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

(Expressed in United States dollars unless otherwise indicated) (除非另有說明，以美元表示)

6 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS (Continued)

(b) Reconciliation between tax expense and accounting profit/(loss) at applicable tax rates:

		2019 二零一九年 US\$'000 千美元	2018 二零一八年 US\$'000 千美元
Profit/(loss) before taxation	除稅前溢利／(虧損)	10,297	(31,405)
Notional tax on profit/(loss) before taxation, calculated at the rates applicable to profits/losses in the jurisdictions concerned	除稅前溢利／(虧損)的名義稅項，按各相關司法權區溢利／虧損適用的稅率計算	2,129	(6,166)
Tax effect of non-deductible expenses	不可扣減開支的稅務影響	1,025	3,119
Tax effect of non-taxable income	非應課稅收入的稅務影響	(216)	(101)
Tax effect of profits entitled to tax reductions in the PRC	減免中國稅項的溢利的稅務影響	(865)	(732)
Tax effect of unused tax losses not recognised	未確認未動用稅項虧損的稅務影響	768	3,610
Tax effect of other temporary differences not recognised	未確認其他暫時性差額的稅務影響	(1,172)	191
Tax effect of utilisation of unused tax losses not recognised in prior years	使用以往年度未確認的未使用稅務虧損的稅務影響	(479)	(259)
Reversal of deferred tax assets recognised in prior years	撥回於先前年度確認的遞延稅項資產	-	11,440
Over-provision in prior years	過往年度超額撥備	(211)	(721)
Actual tax expense	實際稅項支出	979	10,381

During the year ended 31 December 2018, the Group assessed and considered that it was not probable that future taxable profits against which the losses and deductible temporary differences could be utilised would be available in the relevant tax jurisdictions and entities where deferred tax assets have been recognised in prior years. Consequently, deferred tax assets of \$11,440,000 had been reversed and charged to profit or loss in 2018. No such reversal of deferred tax assets was recognised for the year ended 31 December 2019.

6 綜合損益表內的所得稅(續)

(b) 稅項支出與按適用稅率計算的會計溢利／(虧損)的對賬列載如下：

於截至二零一八年十二月三十一日年度中，本集團評估及認為，倘於過往年度確認遞延稅項資產，則不大可能於相關稅務司法權區及實體產生未來應課稅溢利以對銷虧損及應課稅暫時差異。因此，遞延稅項資產11,440,000元已於二零一八年撥回及於損益扣除。於截至二零一九年十二月三十一日止年度，概無確認遞延稅項資產撥回。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

(Expressed in United States dollars unless otherwise indicated) (除非另有說明，以美元表示)

7 DIRECTORS' EMOLUMENTS

Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

7 董事酬金

根據香港公司條例第383(1)條及公司(披露董事利益資料)規例第2部披露的董事酬金詳情如下：

	Directors' fees 董事袍金		Salaries, allowances and benefits in kind 薪金、津貼及實物利益		Retirement scheme contributions 退休計劃供款		Total 總計	
	2019 二零一九年 US\$'000 千美元	2018 二零一八年 US\$'000 千美元	2019 二零一九年 US\$'000 千美元	2018 二零一八年 US\$'000 千美元	2019 二零一九年 US\$'000 千美元	2018 二零一八年 US\$'000 千美元	2019 二零一九年 US\$'000 千美元	2018 二零一八年 US\$'000 千美元
	Executive directors:	執行董事：						
Mr Wang Hongyuan (appointed on 9 February 2018 and resigned on 19 February 2020)	-	-	-	-	-	-	-	-
Mr Zhang Menggui	-	-	333	337	8	3	341	340
Mr Jiang Bing Hua	-	-	297	311	11	3	308	314
Mr Wang Yong (resigned on 9 February 2018)	-	-	-	27	-	1	-	28
Mr Yang Guohui (appointed on 9 February 2018 and resigned on 1 April 2018)	-	-	-	-	-	-	-	-
Independent non-executive directors:	獨立非執行董事：							
Mr Chan Ngai Sang, Kenny	15	22	-	-	-	-	15	22
Mr Zou Zhendong (appointed on 18 May 2018)	15	10	-	-	-	-	15	10
Mr Chen Weidong (appointed on 5 June 2018)	15	9	-	-	-	-	15	9
Mr Guan Zhichuan (resigned on 18 May 2018)	-	4	-	-	-	-	-	4
Dr Lu Xiaoming (resigned on 18 May 2018)	-	6	-	-	-	-	-	6
Mr Sun Dongchang (appointed on 12 November 2019)	2	-	-	-	-	-	2	-
Non-executive directors:	非執行董事：							
Mr Jiang Longsheng (resigned on 9 February 2018)	-	4	-	-	-	-	-	4
Mr Brian Chang (resigned on 9 February 2018)	-	2	-	-	-	-	-	2
Mr Wang Jianzhong	15	15	-	-	-	-	15	15
Ms Li Rong (appointed on 9 February 2018 and resigned on 7 December 2018)	-	-	-	-	-	-	-	-
Mr Lou Dongyang (appointed on 1 April 2018)	-	-	-	-	-	-	-	-
Ms Fu Rui (appointed on 1 June 2019)	-	-	-	-	-	-	-	-
Mr Qian Zewei (appointed on 1 October 2019)	-	-	-	-	-	-	-	-
	62	72	630	675	19	7	711	754

Note:

(i) Mr. Cong Yongjian was appointed as an executive director on 19 February 2020.

附註：

(i) 於二零二零年二月十九日，叢永儉先生獲委任為執行董事。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

(Expressed in United States dollars unless otherwise indicated) (除非另有說明，以美元表示)

8 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, two (2018: two, excluding a former executive director who resigned from the position on 9 February 2018) are directors whose emoluments are disclosed in note 7. The aggregate of the emoluments in respect of the other three (2018: three, including the former executive director) individuals are as follows:

		2019 二零一九年 US\$'000 千美元	2018 二零一八年 US\$'000 千美元
Salaries and other emoluments	薪酬及其他酬金	568	710
Retirement scheme contributions	退休計劃供款	19	40
		587	750

The emoluments of the three (2018: three) 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
HK\$1,000,001 – HK\$1,500,000	1,000,001港元至1,500,000港元	1	–
HK\$1,500,001 – HK\$2,000,000	1,500,001港元至2,000,000港元	2	3

8 最高薪人士

本集團五位最高薪人士中，兩位(二零一八年：兩位，不包括於二零一八年二月九日辭任的一名前任執行董事)為酬金於附註7披露的董事。支付其餘三位(二零一八年：三位，包括前任執行董事)最高薪人士的酬金總額詳情如下：

該三位(二零一八年：三位)最高薪人士的酬金介乎以下範圍：

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

(Expressed in United States dollars unless otherwise indicated) (除非另有說明，以美元表示)

9 EARNINGS/(LOSS) PER SHARE

(a) Basic earnings/(loss) per share

The calculation of basic earnings/(loss) per share is based on the profit attributable to ordinary equity shareholders of the Company of \$9,701,000 (2018: loss of \$41,358,000) and the weighted average number of 2,802,656,000 (2018: 1,386,131,000) ordinary shares in issue during the year excluding ordinary shares purchased by the Group, calculated as follows:

Weighted average number of ordinary shares

		2019 二零一九年 '000 千股	2018 二零一八年 '000 千股
Issued ordinary shares at 1 January	於一月一日的已發行普通股	1,473,156	707,120
Effect of purchase of shares held for share award scheme	購買持作股份獎勵計劃的股份的影響	(20,216)	(5,095)
Effect of issue of new shares	發新股的影響	1,349,716	683,426
Effect of share options exercised	行使認股權的影響	-	680
Weighted average number of ordinary shares at 31 December	於十二月三十一日的普通股加權平均數	2,802,656	1,386,131

(b) Diluted earnings/(loss) per share

Diluted earnings/(loss) per share equals to basic earnings/(loss) per share for the years ended 31 December 2019 and 2018 because there were no potential ordinary shares outstanding.

9 每股盈利/(虧損)

(a) 每股基本盈利/(虧損)

每股基本盈利/(虧損)按本公司普通股股權股東應佔溢利9,701,000元(二零一八年：虧損41,358,000元)及年內已發行普通股(不包括本集團購買的普通股)的加權平均數2,802,656,000股(二零一八年：1,386,131,000股)計算，現計算如下：

普通股的加權平均數

(b) 每股攤薄盈利/(虧損)

沒有由於發行在外的潛在普通股，故截至二零一九年及二零一八年十二月三十一日止年度的每股攤薄盈利/(虧損)相等於每股基本(盈利)/虧損。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

(Expressed in United States dollars unless otherwise indicated) (除非另有說明，以美元表示)

10 PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

(a) Reconciliation of carrying amount

10 物業、廠房及設備以及投資物業

(a) 賬面值之對賬

		Land and buildings held for own use carried at cost 持作自用 按成本列賬之 土地及樓宇 US\$'000 千美元	Other properties leased for own use 其他自用 物業租賃 US\$'000 千美元	Office equipment, furniture and fixtures 辦公室設備、 傢俬及固定 裝置 US\$'000 千美元	Plant and machinery 廠房及機器 US\$'000 千美元	Leasehold improvements 租賃物業 裝修 US\$'000 千美元	Motor vehicles 汽車 US\$'000 千美元	Sub-total 小計 US\$'000 千美元	Investment properties 投資物業 US\$'000 千美元	Total 總計 US\$'000 千美元
Cost:	成本：									
At 1 January 2018	於二零一八年一月一日	32,439	-	12,020	22,099	1,468	2,020	70,046	9,530	79,576
Exchange adjustments	匯兌調整	(1,908)	-	(384)	(1,037)	(15)	(76)	(3,420)	(290)	(3,710)
Additions	添置	704	-	494	2,057	418	106	3,779	-	3,779
Transferred from investment properties	自投資物業轉撥	4,485	-	-	-	-	-	4,485	(4,485)	-
Disposals	出售	(54)	-	(931)	(1,223)	-	(50)	(2,258)	-	(2,258)
At 31 December 2018	於二零一八年十二月三十一日	35,666	-	11,199	21,896	1,871	2,000	72,632	4,755	77,387
At 31 December 2018	於二零一八年十二月三十一日	35,666	-	11,199	21,896	1,871	2,000	72,632	4,755	77,387
Impact on initial application of HKFRS 16 (Note)	首次應用香港財務報告準則第16號的影響(附註)	5,345	4,538	-	-	-	-	9,883	-	9,883
At 1 January 2019	於二零一九年一月一日	41,011	4,538	11,199	21,896	1,871	2,000	82,515	4,755	87,270
Exchange adjustments	匯兌調整	(345)	70	(17)	(175)	36	93	(338)	(41)	(379)
Additions	添置	-	-	109	1,084	29	104	1,326	-	1,326
Disposals	出售	(439)	-	(2,474)	(645)	(74)	(148)	(3,780)	-	(3,780)
At 31 December 2019	於二零一九年十二月三十一日	40,227	4,608	8,817	22,160	1,862	2,049	79,723	4,714	84,437
Accumulated depreciation and impairment losses:	累計折舊及減值虧損：									
At 1 January 2018	於二零一八年一月一日	8,136	-	7,509	11,311	350	1,540	28,846	1,373	30,219
Exchange adjustments	匯兌調整	(552)	-	(327)	(451)	-	(58)	(1,388)	(68)	(1,456)
Charge for the year	年內支出	2,653	-	1,760	1,089	79	151	5,732	421	6,153
Impairment losses	減值虧損	-	-	317	-	-	-	317	-	317
Transferred from investment properties	自投資物業轉撥	474	-	-	-	-	-	474	(474)	-
Written back on disposals	出售時撥回	(42)	-	(666)	(1,208)	(3)	(50)	(1,969)	-	(1,969)
At 31 December 2018	於二零一八年十二月三十一日	10,669	-	8,593	10,741	426	1,583	32,012	1,252	33,264
At 31 December 2018	於二零一八年十二月三十一日	10,669	-	8,593	10,741	426	1,583	32,012	1,252	33,264
Impact on initial application of HKFRS 16 (Note)	首次應用香港財務報告準則第16號的影響(附註)	1,315	-	-	-	-	-	1,315	-	1,315
At 1 January 2019	於二零一九年一月一日	11,984	-	8,593	10,741	426	1,583	33,327	1,252	34,579
Exchange adjustments	匯兌調整	(144)	5	(3)	(85)	23	79	(125)	(13)	(138)
Charge for the year	年內支出	2,216	1,036	931	1,209	157	187	5,736	210	5,946
Written back on disposals	出售時撥回	(231)	-	(1,077)	(528)	(322)	(46)	(2,204)	-	(2,204)
At 31 December 2019	於二零一九年十二月三十一日	13,825	1,041	8,444	11,337	284	1,803	36,734	1,449	38,183
Net book value:	賬面淨值：									
At 31 December 2019	於二零一九年十二月三十一日	26,402	3,567	373	10,823	1,578	246	42,989	3,265	46,254
At 31 December 2018	於二零一八年十二月三十一日	24,997	-	2,606	11,155	1,445	417	40,620	3,503	44,123

Note: The Group has initially applied HKFRS 16 using the modified retrospective method and adjusted the opening balance at 1 January 2019 to recognise rights-of-use assets relating to lease which were previously classified as operating leases under HKAS 17. See note 1(c).

附註：本集團採用經修訂追溯法初始應用香港財務報告準則第16號，並調整於二零一九年一月一日的年初結餘，以確認過往根據香港會計準則第17號分類為經營租賃的租賃相關的使用權資產。見附註1(c)。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

(Expressed in United States dollars unless otherwise indicated) (除非另有說明，以美元表示)

10 PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES (Continued)

(a) Reconciliation of carrying amount (Continued)

- (i) The Group has submitted applications for the issue of property ownership certificate in respect of buildings held for own use carried at cost of \$1,579,000 (2018: \$1,811,000) to the relevant PRC government authorities. At 31 December 2019, the certificate has not yet been issued.
- (ii) During the year ended 31 December 2018, the use of a premise of the Group has been changed from leasing out for rental income to owner-occupation. The premise with carrying amount of \$4,011,000 was transferred from investment properties to property, plant and equipment at the date of the end of leasing out for rental income.
- (iii) During the year ended 31 December 2018, the Group assessed that the carrying amounts of certain idle equipment under the operating segment of oilfield expendables and supplies may not be recoverable. As a result, an impairment loss of \$317,000 was recognised to reduce the carrying amount of these equipment to their recoverable amount of \$1,367,000.

The estimates of recoverable amount were based on these equipment's fair value less cost of disposal, using market approach, with reference to the recent transactions of comparable assets and adjusted for the estimated cost of disposal. The fair value on which the recoverable amount is based on is categorised as a Level 3 measurement. These equipment were disposed of during the year ended 31 December 2019.

The above impairment losses were recognised in "Other operating expenses" in the consolidated statement of profit or loss.

10 物業、廠房及設備以及投資物業(續)

(a) 賬面值之對賬(續)

- (i) 本集團已就持作自用按成本1,579,000元(二零一八年：1,811,000元)列賬之樓宇，向有關中國政府機關提交申請頒發物業所有權證書。於二零一九年十二月三十一日，該證書並未獲頒發。
- (ii) 於截至二零一八年十二月三十一日年度中，本集團一項物業之用途已由出租以賺取租金收入更改為業主自用。賬面值4,011,000元之物業已於出租以賺取租金收入期結束當日由投資物業轉撥至物業、廠房及設備。
- (iii) 於截至二零一八年十二月三十一日年度中，本集團評估油田耗材及物料經營分部項下若干閒置設備之賬面值可能無法收回。因此，減值虧損317,000元已確認，以扣減該等設備之賬面值至其可收回金額1,367,000元。

可收回金額之估計乃基於該等設備之公平值減出售成本，使用市場法並參考可比較資產之近期交易而得出，且就估計出售成本作出調整。可收回金額所依據之公平值乃分類為第三級計量。該等設備於截至二零一九年十二月三十一日止年度出售。

上述減值虧損已於綜合損益表的「其他經營開支」確認。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

(Expressed in United States dollars unless otherwise indicated) (除非另有說明，以美元表示)

10 PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES (Continued)

(b) Fair value measurement of investment properties

(i) Fair value hierarchy

The following table presents the fair value of the Group's investment properties (recognised at cost less accumulated depreciation and impairment losses) disclosed at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available
- Level 3 valuations: Fair value measured using significant unobservable inputs

10 物業、廠房及設備以及投資物業(續)

(b) 投資物業之公平值計量

(i) 公平值級別

下表呈列本集團於報告期期末按經常基準披露之投資物業(按成本減累計折舊及減值虧損確認)之公平值，分類為三級公平值層級(定義見香港財務報告準則第13號公平值計量)。公平值計量分類水平參照評估技術所使用的輸入的可觀察性及重要性釐定如下：

- 第一級評估：僅使用第一級輸入計量之公平值，即在測量日期相同的資產或負債的活躍市場的未經調整報價
- 第二級評估：使用第二級輸入計量之公平值，即無法達到第一級的可觀察輸入，及未使用顯著不可觀察輸入。不可觀察輸入為市場數據不可用的輸入
- 第三級評估：使用顯著不可觀察輸入計量之公平值

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

(Expressed in United States dollars unless otherwise indicated) (除非另有說明，以美元表示)

10 PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES (Continued)

(b) Fair value measurement of investment properties (Continued)

(i) Fair value hierarchy (Continued)

10 物業、廠房及設備以及投資物業(續)

(b) 投資物業之公平值計量(續)

(i) 公平值級別(續)

		Fair value measurements as at 31 December 2019 categorised into 於二零一九年十二月三十一日 公平值計量分類至			
Fair value at 31 December 2019 於二零一九年 十二月 三十一日 公平值 US\$'000 千美元		Level 1 第一級 US\$'000 千美元	Level 2 第二級 US\$'000 千美元	Level 3 第三級 US\$'000 千美元	
Recurring fair value measurement	經常性公平值計量				
Investment properties:	投資物業：				
- Mainland China	- 中國內地	5,215	-	-	5,215

		Fair value measurements as at 31 December 2018 categorised into 於二零一八年十二月三十一日 公平值計量分類至			
Fair value at 31 December 2018 於二零一八年 十二月 三十一日 公平值 US\$'000 千美元		Level 1 第一級 US\$'000 千美元	Level 2 第二級 US\$'000 千美元	Level 3 第三級 US\$'000 千美元	
Recurring fair value measurement	經常性公平值計量				
Investment properties:	投資物業：				
- Mainland China	- 中國內地	5,260	-	-	5,260

During the years ended 31 December 2019 and 2018, there were no transfers between Level 1 and Level 2, or transfers out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

於截至二零一九年及二零一八年十二月三十一日年度中，第一級與第二級之間概無轉撥，或轉出第三級。本集團之政策乃於報告期末公平值級別之層級間發生轉撥時確認。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

(Expressed in United States dollars unless otherwise indicated) (除非另有說明，以美元表示)

10 PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES *(Continued)*

(b) Fair value measurement of investment properties *(Continued)*

(ii) Information about Level 3 fair value measurements

10 物業、廠房及設備以及投資物業 *(續)*

(b) 投資物業之公平值計量 *(續)*

(ii) 有關第三級公平值計量之資料

		Valuation techniques 估值方法	Unobservable input 不可觀察輸入	Range 範圍
Investment properties	投資物業			
Commercial	商業	Income approach	Rental per square metre	\$18.8
– Mainland China	– 中國內地	收益法	每平方米的租金價格	18.8元
			Capitalisation rate	6%
			資本化率	6%

The fair value of commercial investment properties located in the Mainland China is determined using income approach by reference to rental income of comparable properties on a price per square metre basis. The fair value measurement is positively correlated to the rental rate and negatively correlated to the capitalisation rate.

The valuation of the investment properties was carried out by an independent valuer, which has staff who hold recognised and relevant professional qualification and have experience in the location and category of the investment properties being valued.

於中國內地商業投資物業之公平值參照按每平方米的價格基準可比較物業之租金收入使用收益法釐定。公平值計量與租金有正面相互關係及與資本化率有負面相互關係。

投資物業的估值乃由獨立估值師進行，其員工持有獲認可及相關專業資格，並在所估值投資物業的地理位置及類別方面擁有經驗。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

(Expressed in United States dollars unless otherwise indicated) (除非另有說明，以美元表示)

10 PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES (Continued)

(c) Right-of-use assets

The analysis of the net book value of right-of-use assets by class of underlying asset is as follows:

10 物業、廠房及設備以及投資物業(續)

(c) 使用權資產

按資產類別分析的使用權資產的賬面淨值如下：

		31 December 2019 二零一九年 十二月三十一日 US\$'000 千美元	1 January 2019 二零一九年 一月一日 US\$'000 千美元
Ownership interests in leasehold land and buildings held for own use, carried at depreciated cost, with remaining lease term of 10–50 years	按攤銷成本列賬之於持作自用租賃土地及樓宇之所有權權益，剩餘租期為10至50年	(i) 26,402	29,027
Other properties leased for own use, carried at depreciated cost	按攤銷成本列賬之租賃持作自用之其他物業	(ii) 3,567	4,538
Plant, machinery and equipment, carried at depreciated cost	按攤銷成本列賬之廠房、機器及設備	–	88
		29,969	33,653
Ownership interests in leasehold investment property, carried at depreciated cost, with remaining lease term of 10–50 years	按攤銷成本列賬之於租賃投資物業之所有權權益，剩餘租期為10至50年	3,265	3,503
		33,234	37,156

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

(Expressed in United States dollars unless otherwise indicated) (除非另有說明，以美元表示)

10 PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES (Continued)

(c) Right-of-use assets (Continued)

The analysis of expense items in relation to leases recognised in profit or loss is as follows:

10 物業、廠房及設備以及投資物業(續)

(c) 使用權資產(續)

與在損益中確認的租賃有關的支出項目分析如下：

		2019 二零一九年	2018 二零一八年 (Note) (附註)
		US\$'000 千美元	US\$'000 千美元
Depreciation/amortisation charge of right-of-use assets by class of underlying asset:	按資產類別劃分的使用權資產的折舊／攤銷費用：		
Ownership interests in leasehold land and buildings	於租賃土地及樓宇之所有權權益	2,216	2,653
Ownership interests in leasehold investment property	於租賃投資物業之所有權權益	210	421
Interest in leasehold land held for own use under operating lease	根據經營租賃持作自用的租賃土地權益	-	207
Other properties leased for own use	租賃用於自用的其他物業	1,036	-
Plant, machinery and equipment	廠房、機器及設備	-	8
		3,462	3,289
Interest on lease liabilities (note 5(a))	租賃負債利息(附註5(a))	218	2
Expense relating to short-term leases and other leases with remaining lease term ending on or before 31 December 2019	與餘下租期在二零一九年十二月三十一日或之前屆滿的短期租賃及其他租賃有關的費用	830	-
Total minimum lease payments for leases previously classified as operating leases under HKAS 17	以往根據香港會計準則第17號分類為經營租賃的租賃之最低租賃付款總額	-	2,069

Note: The Group has initially applied HKFRS 16 using the modified retrospective approach and adjusted the opening balances at 1 January 2019 to recognise right-of-use assets relating to leases which were previously classified as operating leases under HKAS 17. The depreciated carrying amount of the finance lease assets which were previously included in property, plant and equipment is also identified as a right-of-use asset. After initial recognition of right-of-use assets at 1 January 2019, the Group as a lessee is required to recognise the depreciation of right-of-use assets, instead of the previous policy of recognising rental expenses incurred under operating leases on a straight-line basis over the lease term. Under this approach, the comparative information is not restated. See note 1(c).

附註：本集團採用經修訂追溯法初始應用香港財務報告準則第16號，並調整於二零一九年一月一日的年初結餘，以確認過往根據香港會計準則第17號分類為經營租賃的租賃相關的使用權資產。本集團將先前計入物業、廠房及設備的融資租賃資產折舊賬面值亦確認為使用權資產。於二零一九年一月一日首次確認使用權資產後，本集團作為承租人須確認使用權資產折舊，以取代過往於租期內以直線法確認根據經營租賃產生的租賃開支之政策。根據此方法，比較資料並無重列。見附註1(c)。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

(Expressed in United States dollars unless otherwise indicated) (除非另有說明，以美元表示)

10 PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES (Continued)

(c) Right-of-use assets (Continued)

Details of total cash outflow for leases and the maturity analysis of lease liabilities are set out in notes 21(c) and 26, respectively.

(i) Ownership interests in leasehold land and buildings held for own use

The Group holds several industrial buildings where its manufacturing facilities are primarily located. The Group is the registered owner of these property interests, including the whole or part of undivided share in the underlying land. Lump sum payments were made upfront to acquire these property interests from their previous registered owners, and there are no ongoing payments to be made under the terms of the land lease, other than payments based on rateable values set by the relevant government authorities. These payments vary from time to time and are payable to the relevant government authorities.

(ii) Other properties leased for own use

The Group has obtained the right to use other properties as its office premises and warehouses through tenancy agreements. The leases typically run for an initial period of 2 to 10 years.

(d) Assets leased out under operating leases

The Group leases out investment properties and plant and machinery under operating leases. The leases typically run for an initial period of 3 to 10 years, with an option to renew the lease after that date at which time all terms are renegotiated. None of the leases includes variable lease payments.

Undiscounted lease payments under non-cancellable operating leases are receivable as follows:

		2019 二零一九年 US\$'000 千美元	2018 二零一八年 US\$'000 千美元
Within 1 year	1年內	926	502
After 1 year but within 2 years	1至2年	668	479
After 2 years but within 3 years	2至3年	350	247
After 3 years but within 4 years	3至4年	245	247
After 4 years but within 5 years	4至5年	245	247
After 5 years	5年以上	937	1,192
		3,371	2,914

10 物業、廠房及設備以及投資物業(續)

(c) 使用權資產(續)

租賃現金流出總額的詳情及租賃負債的期限分析分別載於附註21(c)和26。

(i) 於持作自用租賃土地及樓宇之所有權權益

本集團擁有若干工業樓宇，其製造設施主要位於該等工業樓宇。本集團為該等物業權益(包括相關土地全部或部分未分割份額)的登記擁有人。於自登記擁有人獲得該等物業權益之前已作出一次性付款，且除根據相關政府機構設定的應課差餉租值進行的付款外，並無根據土地租賃條款正在進行的付款。該等付款不時有所不同，並應支付予相關政府機構。

(ii) 租賃用於自用的其他物業

本集團已通過租賃協議獲得使用其他物業作為辦公場所及倉庫的權利。租賃通常為期2至10年。

(d) 經營租賃項下所租賃之資產

本集團根據經營租賃租賃投資物業及廠房及機器。該等租賃一般初步為期三年至十年，於該日後可選擇續租，而屆時所有條款均可重新協商。所有租賃均不包含可變租賃付款。

不可撤銷經營租賃之未貼現租賃付款應收如下：

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

(Expressed in United States dollars unless otherwise indicated) (除非另有說明，以美元表示)

11 INTEREST IN LEASEHOLD LAND HELD FOR OWN USE UNDER OPERATING LEASES 11 根據經營租賃持作自用的租賃土地權益

		US\$'000 千美元
Cost:	成本：	
At 1 January 2018	於二零一八年一月一日	9,102
Exchange adjustments	匯兌調整	(317)
Transferred to non-current assets classified as held for sale	轉撥至分類持作出售之非流動資產	(3,440)
At 31 December 2018	於二零一八年十二月三十一日	5,345
<hr style="border-top: 1px dashed #000;"/>		
At 31 December 2018	於二零一八年十二月三十一日	5,345
Impact on initial application of HKFRS 16 (Note)	應用香港財務報告準則第16號之影響(附註)	(5,345)
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	-
<hr style="border-top: 1px dashed #000;"/>		
Accumulated amortisation:	累計攤銷：	
At 1 January 2018	於二零一八年一月一日	1,550
Exchange adjustments	匯兌調整	(74)
Charge for the year	年內支出	207
Transferred to non-current assets classified as held for sale	轉撥至分類持作出售之非流動資產	(368)
At 31 December 2018	於二零一八年十二月三十一日	1,315
<hr style="border-top: 1px dashed #000;"/>		
At 31 December 2018	於二零一八年十二月三十一日	1,315
Impact on initial application of HKFRS 16 (Note)	應用香港財務報告準則第16號之影響(附註)	(1,315)
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	-
<hr style="border-top: 1px dashed #000;"/>		
Net book value:	賬面淨值：	
At 31 December 2019	於二零一九年十二月三十一日	-
At 31 December 2018	於二零一八年十二月三十一日	4,030

Note: The Group has initially applied HKFRS 16 using the modified retrospective method and adjusted the opening balances at 1 January 2019 to recognise right-of-use assets relating to leases which were previously classified as operating leases under HKAS 17. As a result, the interest in leasehold land held for own use under operating leases was reclassified to property, plant and equipment. See note 1(c).

The cost of interest in leasehold land held for own use under operating leases located in the PRC is amortised over the lease term of not more than 50 years on a straight-line basis.

附註：本集團已採用經修訂追溯法首次應用香港財務報告準則第16號並調整二零一九年一月一日之期初結餘，以確認以往根據香港會計準則第17號分類為經營租賃之租賃相關租賃負債。因此，根據經營租賃持作自用的租賃土地權益被重新分類為物業、廠房及設備。見附註1(c)。

根據經營租賃持作自用的租賃土地(位於中國)權益成本按直線基準於不超過50年的租賃年期內攤銷。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

(Expressed in United States dollars unless otherwise indicated) (除非另有說明，以美元表示)

12 INTANGIBLE ASSETS

12 無形資產

		Technical knowledge 專門技術知識 US\$'000 千美元	Customer relationships 客戶關係 US\$'000 千美元	Order backlog 未完成訂單 US\$'000 千美元	Patents 專利 US\$'000 千美元	Computer software 電腦軟件 US\$'000 千美元	Brand name 品牌名稱 US\$'000 千美元	Cooperation agreement 合作協議 US\$'000 千美元	Total 總計 US\$'000 千美元
Cost:	成本：								
At 1 January 2018	於二零一八年一月一日	7,141	9,640	4,706	2,621	912	660	365	26,045
Exchange adjustments	匯兌調整	(329)	(534)	(58)	(135)	(39)	-	-	(1,095)
At 31 December 2018	於二零一八年十二月三十一日	6,812	9,106	4,648	2,486	873	660	365	24,950
At 1 January 2019	於二零一九年一月一日	6,812	9,106	4,648	2,486	873	660	365	24,950
Exchange adjustments	匯兌調整	153	(3)	38	(21)	(12)	-	-	155
Additions	添置	-	-	-	-	307	-	-	307
At 31 December 2019	於二零一九年十二月三十一日	6,965	9,103	4,686	2,465	1,168	660	365	25,412
Accumulated amortisation and impairment losses:	累計攤銷及減值虧損：								
At 1 January 2018	於二零一八年一月一日	6,943	8,556	4,706	2,439	756	660	365	24,425
Exchange adjustments	匯兌調整	(329)	(521)	(58)	(131)	(28)	-	-	(1,067)
Charge for the year	年內支出	170	873	-	127	40	-	-	1,210
At 31 December 2018	於二零一八年十二月三十一日	6,784	8,908	4,648	2,435	768	660	365	24,568
At 1 January 2019	於二零一九年一月一日	6,784	8,908	4,648	2,435	768	660	365	24,568
Exchange adjustments	匯兌調整	152	(3)	38	(21)	(9)	-	-	157
Charge for the year	年內支出	29	198	-	51	102	-	-	380
At 31 December 2019	於二零一九年十二月三十一日	6,965	9,103	4,686	2,465	861	660	365	25,105
Net book value:	賬面淨值：								
At 31 December 2019	於二零一九年十二月三十一日	-	-	-	-	307	-	-	307
At 31 December 2018	於二零一八年十二月三十一日	28	198	-	51	105	-	-	382

The amortisation charge for the year is included in "other operating expenses" in the consolidated statement of profit or loss.

本年度的攤銷支出已計入綜合損益表「其他經營開支」內。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

(Expressed in United States dollars unless otherwise indicated) (除非另有說明，以美元表示)

13 INTEREST IN SUBSIDIARIES

The following list contains only the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group. The class of shares held is ordinary unless otherwise stated.

13 於附屬公司之權益

下表僅列出對本集團的業績、資產或負債有重大影響的附屬公司資料。除另有列明者外，所持有的股份類別為普通股。

Name of company 公司名稱	Place of incorporation/ establishment and operation 註冊／成立及 經營地點	Particulars of issued and paid up capital 已發行及 繳足股本的詳情	Proportion of ownership interest 所有權權益比例		Principal activity 主要業務
			Group's effective interest 本集團 實際權益	Held by a subsidiary 一間附屬 公司持有	
Emer International Limited	Hong Kong	2,000,000 shares	100%	100%	Investment holding, trading of rig equipment and provision of rig turnkey solutions
埃謀國際有限公司	香港	2,000,000股股份	100%	100%	投資控股、買賣鑽機設備及提供鑽機總包方案
TSC Oil and Gas Services Group Holdings Ltd ("TSC (Qingdao)")**	PRC	\$29,400,000	100%	100%	Manufacturing and trading of oilfield expendables and supplies
青島天時油氣裝備服務集團股份有限公司(「TSC(青島)」)**	中國	29,400,000元	100%	100%	製造及買賣油田耗材及物料
TSC-HHCT (Xian) Control Technologies Limited ("TSC- HHCT")**	PRC	RMB50,000,000	100%	100%	Manufacturing and trading of rig electrical control system
海爾海斯(西安)控制技術有限公司(「TSC-HHCT」)**	中國	人民幣50,000,000元	100%	100%	製造及買賣鑽機電控系統
TSC Manufacturing and Supply, LLC ("TSC M&S")	United States of America ("USA")	\$28,529,900	100%	100%	Trading of rig equipment and oilfield expendables and supplies and provision of rig turnkey solutions
TSC Manufacturing and Supply, LLC (「TSC M&S」)	美國(「美國」)	28,529,900元	100%	100%	買賣鑽機設備及油田耗材及物料及提供鑽機總包方案
Qingdao TSC Offshore Equipment Co., Ltd. ("TSCO")#	PRC	\$46,999,970	100%	100%	Manufacturing and trading of rig equipment and provision of rig turnkey solutions
青島天時海洋石油裝備有限公司(「TSCO」)#	中國	46,999,970元	100%	100%	製造及買賣鑽機設備及提供鑽機總包方案

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

(Expressed in United States dollars unless otherwise indicated) (除非另有說明，以美元表示)

13 INTEREST IN SUBSIDIARIES (Continued)

13 於附屬公司之權益(續)

Name of company 公司名稱	Place of incorporation/ establishment and operation 註冊/成立及 經營地點	Particulars of issued and paid up capital 已發行及 繳足股本的詳情	Proportion of ownership interest 所有權權益比例		Principal activity 主要業務
			Group's effective interest 本集團 實際權益	Held by a subsidiary 一間附屬 公司持有	
Zhengzhou TSC Offshore Equipment Co., Ltd. ("ZZOE")# 鄭州天時海洋石油裝備有限公司 (「ZZOE」)#	PRC 中國	RMB32,400,000 人民幣32,400,000元	100% 100%	100% 100%	Manufacturing and trading of rig equipment 製造及買賣鑽機設備
TSC Offshore China Ltd. ("TSC China")** 北京TSC海洋石油裝備有限公司 (「TSC China」)**	PRC 中國	RMB10,000,000 人民幣10,000,000元	100% 100%	100% 100%	Trading of rig equipment and oilfield expendables 買賣鑽機設備及油田耗材
NN Petroleum Engineering (HK) Co., Limited ("NN Petroleum") 南南石油工程(香港)有限公司 (「南南石油」)	Hong Kong 香港	16,450,000 shares 16,450,000股股份	79% 79%	100% 100%	Trading of oilfield expendables and supplies and provision of engineering services 買賣油耗材及物料及提供工程 服務
TSC Offshore (UK) Limited ("TSCUK") TSC Offshore (UK) Limited (「TSCUK」)	United Kingdom 英國	73,074,952 shares of 0.025 GBP each 73,074,952股 每股面值0.025 英鎊的股份	100% 100%	100% 100%	Investment holding 投資控股
TSC Engineering Limited TSC Engineering Limited	United Kingdom 英國	GBP1 1英鎊	100% 100%	100% 100%	Design and manufacturing of mechanical handling equipment, trading of oilfield expendables and supplies and provision of engineering services 設計及製造機械處理設備、買賣 油田耗材及物料以及提供工程 服務

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

(Expressed in United States dollars unless otherwise indicated) (除非另有說明，以美元表示)

13 INTEREST IN SUBSIDIARIES (Continued)

13 於附屬公司之權益(續)

Name of company 公司名稱	Place of incorporation/ establishment and operation 註冊／成立及 經營地點	Particulars of issued and paid up capital 已發行及 繳足股本的詳情	Proportion of ownership interest 所有權權益比例		Principal activity 主要業務
			Group's effective interest 本集團 實際權益	Held by a subsidiary 一間附屬 公司持有	
TSC Offshore Pte. Limited	Singapore	2 shares of 1 Singapore Dollar (SG\$) each	100%	100%	Trading of rig equipment and oilfield expendables and supplies and provision of engineering services
TSC Offshore Pte. Limited	新加坡	2股每股面值 1新加坡元 (「新加坡元」) 的股份	100%	100%	買賣鑽機設備及油田耗材及物料 以及提供工程服務
TSC Offshore Corporation	USA	\$6,100	100%	100%	Design and manufacturing of rig equipment
TSC Offshore Corporation	美國	6,100元	100%	100%	設計及製造鑽機設備
TSC Offshore Limiteda	Brazil	Brazil Real 1,800,000	100%	100%	Trading of oilfield expendables and supplies and provision of engineering services
TSC Offshore Limiteda	巴西	1,800,000雷亞爾	100%	100%	買賣油田耗材及物料以及提供 工程服務
Alliance Offshore Drilling Pte Limited	Singapore	\$100,000	100%	100%	Provision of rig turnkey solutions
Alliance Offshore Drilling Pte Limited	新加坡	100,000元	100%	100%	提供鑽機總包方案

Registered under the laws of the PRC as foreign investment enterprises

* Unofficial English translation

根據中國法律註冊為外商投資企業

* 非官方的英文翻譯

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

(Expressed in United States dollars unless otherwise indicated) (除非另有說明，以美元表示)

13 INTEREST IN SUBSIDIARIES (Continued)

The following table lists out the information relating to NN Petroleum, a subsidiary of the Group which has material non-controlling interest ("NCI"). The summarised financial information presented below represents the amounts before any inter-company elimination.

		2019 二零一九年 US\$'000 千美元	2018 二零一八年 US\$'000 千美元
NCI percentage	非控股權益百分比	21%	21%
Current assets	流動資產	4,497	6,564
Non-current assets	非流動資產	523	540
Current liabilities	流動負債	(3,642)	(4,515)
Net assets	資產淨值	1,378	2,589
Carrying amount of NCI	非控股權益之賬面值	289	544
Revenue	收益	400	991
Loss for the year	年度虧損	(1,192)	(789)
Total comprehensive income	全面收益總額	(1,211)	(808)
Loss allocated to NCI	分配至非控股權益之虧損	(250)	(166)
Dividend paid to NCI	已付非控股權益股息	-	-
Cash flows from operating activities	來自經營業務之現金流	(518)	215
Cash flows from investing activities	來自投資業務之現金流	-	3
Cash flows from financing activities	融資業務之現金流	(15)	(42)

13 於附屬公司之權益(續)

以下列表的資料為有關本集團一間擁有重大非控股權益之南南石油。下列的財務資料概要代表公司之間對銷前之金額。

14 INTEREST IN ASSOCIATES

		2019 二零一九年 US\$'000 千美元	2018 二零一八年 US\$'000 千美元
Share of net assets	所佔淨資產	307	274

14 於聯營公司的權益

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

(Expressed in United States dollars unless otherwise indicated) (除非另有說明，以美元表示)

14 INTEREST IN ASSOCIATES (Continued)

The following list contains the particulars of the associates, which are unlisted corporate entities whose quoted market prices are not available:

Name of associate	Form of business structure	Place of establishment and business	Particulars of issued and paid up capital	Proportion of ownership interest		Principal activity
				Group's effective interest	Held by a subsidiary	
聯營公司名稱	業務結構形式	成立及營業地點	已發行及繳足股本的詳情	本集團實際權益	一間附屬公司持有	主要業務
Guangzhou Interstellar Offshore Engineering Co., Ltd	Establishment 機構	PRC 中國	RMB5,000,000 人民幣 5,000,000元	25%	25%	Professional technical services
				25%	25%	專業技術服務
南京昌時傳動科技有限公司	Establishment 機構	PRC 中國	RMB2,000,000 人民幣 2,000,000元	30%	30%	Manufacturing and trading of machinery parts
				30%	30%	製造及買賣機械部件

The above associates are accounted for using the equity method in the consolidated financial statements and do not have a significant impact on the Group's results and financial position. The share of profits from their continuing operations and total comprehensive income during the year ended 31 December 2019 are \$36,000 (2018: \$1,000) and loss of \$3,000 (2018: \$16,000), respectively.

14 於聯營公司的權益(續)

下表列出聯營公司的詳情，彼等為非上市企業實體，其市場報價為不可用：

以上聯營公司按權益法於綜合財務報表列賬，並未對本集團的業績及財務狀況構成重大影響。於截至二零一九年十二月三十一日年度中，應佔其持續經營業務及全面收益總額之溢利分別為36,000元(二零一八年：1,000元)及虧損3,000元(二零一八年：16,000元)。

15 INTEREST IN JOINT VENTURE

		2019 二零一九年 US\$'000 千美元	2018 二零一八年 US\$'000 千美元
Share of net assets	分佔淨資產	42,514	-
Amount due to joint venture (included in trade and other payables (note 23))	應付合營公司款項(計入貿易應付及其他應付款項(附註23))	(6,000)	-

15 於合營公司的權益

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

(Expressed in United States dollars unless otherwise indicated) (除非另有說明，以美元表示)

15 INTEREST IN JOINT VENTURE (Continued)

- (a) Details of the Group's interest in the joint venture, which is accounted for using the equity method in the consolidated financial statements, are as follows:

Name of joint venture 合營公司名稱	Form of business structure 業務結構模式	Place of incorporation and business 註冊成立及營業地點	Particulars of issued and paid up capital 已發行及實收資本詳情	Proportion of ownership interest 所有權權益比例		Principal activity 主營業務
				Group's effective interest 本集團實際權益	Held by a subsidiary 附屬公司持有權益	
Wealthy Marvel Enterprises Limited	Incorporated	The British Virgin Islands	\$100,000,000	50%	50%	Leasing and trading of jack-up drilling rigs
Wealthy Marvel Enterprises Limited	註冊成立	英屬處女群島	100,000,000元	50%	50%	租售自升式鑽井平台

Wealthy Marvel Enterprises Limited is a joint venture of the Group with its controlling shareholder, and the only joint venture in which the Group participates. It is an unlisted corporate entity whose quoted market price is not available.

(i) Subscription of shares in the joint venture

Pursuant to the Subscription and Joint Venture Agreement dated 23 November 2018 entered into between Alliance Offshore Group Ltd., ("AOG", a wholly owned subsidiary of the Company), China Merchants & Great Wall Ocean Strategy & Technology Fund (L.P.) ("the Fund", the controlling shareholder of the Company) and the Fund's then wholly owned subsidiary, Wealthy Marvel Enterprises Limited ("the JV", a fellow subsidiary of the Company), AOG conditionally agreed to subscribe for, and the Fund will procure the JV to allot and issue, 50,000,000 shares of \$1.00 each, representing 50% of the enlarged issued share capital of the JV after the completion of the Subscription and Joint Venture Agreement, at a total subscription price of \$50 million. In addition, the Fund conditionally agreed to contribute two units of self-elevating drilling unit ("the Rig Assets") to the JV at the total consideration of \$150 million, out of which \$50 million will be satisfied by the JV by the allotment and issue of 49,999,999 shares of \$1.00 each to the Fund, which together with the one share of \$1.00 each owned by the Fund will represent 50% of the enlarged share capital of the JV after the completion of the Subscription and Joint Venture Agreement, and the balance of the consideration of \$100 million will be satisfied by a shareholder's loan to be advanced by the Fund to the JV. The \$100 million shareholder's loan from the Fund bears interest at a rate of 5.5% per annum and is repayable in August 2022.

15 於合營公司的權益(續)

- (a) 按權益法於綜合財務報表列賬之本集團於合營公司的權益詳情如下：

Wealthy Marvel Enterprises Limited為本集團及其控股股東的合營公司，且為本集團唯一參與的合營公司。其為一家非上市公司實體，無已報市場價格。

(i) 收購合營公司股份

根據Alliance Offshore Group Ltd. (「AOG」，本公司之全資附屬公司)、China Merchants & Great Wall Ocean Strategy & Technology Fund (L.P.) (「該基金」，本公司之控股股東)及該基金當時之全資附屬公司Wealthy Marvel Enterprises Limited(「合營企業」，本公司之同系附屬公司)訂立的日期為二零一八年十一月二十三日的認購及合營企業協議，AOG有條件同意認購而該基金將促使合營企業配發及發行50,000,000股每股面值1.00元之股份(相當於合營企業於認購及合營企業協議完成後的經擴大已發行股本之50%)，總認購價為50,000,000元。此外，該基金有條件同意向合營企業注入兩組自升式鑽井平台(「鑽機資產」)，總代價為150,000,000元，當中50,000,000元將由合營企業透過向該基金配發及發行49,999,999股每股面值1.00元之股份的方式償付，連同該基金所持有之一股每股面值1.00元之股份，將相當於合營企業於認購及合營企業協議完成後的經擴大已發行股本之50%，而代價餘額100,000,000元將由該基金向合營企業墊付之股東貸款償付。該基金提供的100,000,000元之股東貸款按年利率5.5%計息且應於二零二二年八月償還。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

(Expressed in United States dollars unless otherwise indicated) (除非另有說明，以美元表示)

15 INTEREST IN JOINT VENTURE (Continued)

(a) (Continued)

(i) Subscription of shares in the joint venture

(Continued)

From January to June 2019, AOG paid up \$37 million capital in cash to the JV. Capital contribution of \$7 million was set off against dividend income from the JV at the same amount during 2019 and the remaining balance of \$6 million has been included in the “amount due to joint venture”. The Fund transferred the entire issued share capital of Well Target Five Limited and Well Target Six Limited to the JV at the total consideration of \$150 million. Both Well Target Five Limited and Well Target Six Limited were formed for the sole purpose of holding registered title to the respective Rig Asset. As of the date of completion, each of Well Target Five Limited and Well Target Six Limited had a bareboat charter agreement in place with an independent third party charter for the respective Rig Assets.

The JV became a 50% owned joint venture of the Group in January 2019.

(ii) Sale and purchase of another two units of self-elevating drilling units

Pursuant to two memorandum of agreements dated 21 February 2019, the JV agreed to sell two self-elevating drilling units (the “Vessels”) to two of the subsidiaries of Shelf Drilling, Ltd (“Shelf Drilling”, a listed company on the Oslo Stock Exchange and an independent third party) at a total consideration of \$174 million.

On the same date, the JV entered into another two subscription agreements with Wealthy Marvel International Limited (“WMI”, a wholly owned subsidiary of the Fund and a fellow subsidiary of the Company) and Shelf Drilling whereby the JV and WMI agreed to subscribe a total of 3,692,308 shares and 23,076,922 shares of Shelf Drilling at a consideration of \$24 million and \$150 million respectively. The consideration payable by the JV to Shelf Drilling will be set off against the consideration payable by the subsidiaries of Shelf Drilling to the JV arising from the sale of the above-mentioned Vessels. The consideration payable by the Fund will be settled in cash.

15 於合營公司的權益(續)

(a) (續)

(i) 收購合營公司股份(續)

於二零一九年一月至六月，AOG向合營企業支付了37百萬元現金。7百萬元資本出資以於二零一九年自合營企業獲得的股息收入按相同金額抵銷，及其餘的6百萬元已計入「應付合營公司款項」。該基金已向合營企業轉讓Well Target Five Limited及Well Target Six Limited之全部已發行股本，總代價為150,000,000元。Well Target Five Limited及Well Target Six Limited乃僅為持有各自鑽機資產之註冊業權而成立。截至完成日期，Well Target Five Limited及Well Target Six Limited與一名獨立第三方租船人分別就各自鑽機資產訂有一份光船出租協議。

合營企業於二零一九年一月成為本集團擁有50%權益的合營企業。

(ii) 買賣另外兩台自升式鑽井平台

根據日期為二零一九年二月二十一日的兩份協議備忘錄，合營企業同意向Shelf Drilling, Ltd(「Shelf Drilling」，一家於奧斯陸證券交易所上市的公司且為獨立第三方)的兩家附屬公司出售兩台自升式鑽井平台(「鑽井平台」)，總代價為174百萬元。

於同一日期，合營企業與Wealthy Marvel International Limited(「WMI」，該基金的全資附屬公司及本公司的同系附屬公司)及Shelf Drilling訂立另外兩份認購協議，據此，合營企業及WMI同意分別以24百萬元及150百萬元的代價分別共計認購Shelf Drilling的3,692,308股及23,076,922股股份。合營企業應向Shelf Drilling支付的代價將與Shelf Drilling的附屬公司就出售上述鑽井平台而應向合營企業支付的代價抵銷。該基金應付的代價將以現金支付。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

(Expressed in United States dollars unless otherwise indicated) (除非另有說明，以美元表示)

15 INTEREST IN JOINT VENTURE (Continued)

(a) (Continued)

(ii) Sale and purchase of another two units of self-elevating drilling units (Continued)

Subsequently, the JV obtained the Vessels from China Merchants Industry Holdings Company Limited ("CMIH", a limited partner of the Fund) through the Fund's partnership arrangement with CMIH at a consideration of \$150 million. The JV would also pay CMIH a success fee of \$10 million upon acceptance of the Vessels by the subsidiaries of Shelf Drilling. The sale of the Vessels and the share subscriptions were completed in May 2019.

The JV has recognised the associated revenue (on a net basis) and profit from the above transactions at approximately \$6 million for the year ended 31 December 2019. The share consideration received is measured at the quoted market price of Shelf Drilling on the completion date, at an amount of approximately \$16 million rather than the stated consideration of \$24 million.

(b) Summarised financial information of Wealthy Marvel Enterprises Limited, adjusted for any differences in accounting policies, and a reconciliation to the carrying amount in the consolidated financial statements, are disclosed below:

15 於合營公司的權益(續)

(a) (續)

(ii) 買賣另外兩台自升式鑽井平台(續)

其後，合營企業通過該基金與招商局工業集團有限公司(「招商局工業」，該基金之有限合夥人)的合夥安排自招商局工業獲得鑽井平台，代價為150百萬元。合營企業亦將於Shelf Drilling附屬公司驗收鑽井平台後向招商局工業支付10百萬元之成功費。鑽井平台出售及股份認購已於二零一九年五月完成。

合營企業已確認截至二零一九年十二月三十一日止年度上述交易的相關收入(淨額)及利潤約6百萬元。收到的股份代價以Shelf Drilling於完成日期的市場報價金額約為16百萬元，而所載代價24百萬元計量。

(b) Wealthy Marvel Enterprises Limited之財務資料摘要(經就會計政策的任何差異作出調整)及與綜合財務報表中的賬面金額之對賬披露於下：

		2019 二零一九年 US\$'000 千美元
Wealthy Marvel Enterprises Limited	Wealthy Marvel Enterprises Limited	
Current assets	流動資產	28,331
Non-current assets	非流動資產	162,562
Current liabilities	流動負債	(5,865)
Non-current liabilities	非流動負債	(100,000)
Equity	權益	85,028
Included in the above assets and liabilities:	上述資產及負債包括：	
Cash and cash equivalents	現金及現金等值物	6,932

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

(Expressed in United States dollars unless otherwise indicated) (除非另有說明，以美元表示)

15 INTEREST IN JOINT VENTURE (Continued)

(b) (Continued)

15 於合營公司的權益(續)

(b) (續)

		2019 二零一九年 US\$'000 千美元
Revenue	收益	16,607
Profit from continuing operations and profit for the year	持續經營溢利及年內溢利	7,456
Other comprehensive income	其他全面收益	(8,428)
Total comprehensive income	全面收益總額	(972)
Dividend declared by Wealthy Marvel Enterprises Limited	Wealthy Marvel Enterprises Limited 已宣派股息	14,000
Included in the above profit:	上述溢利包括：	
Depreciation and amortisation	折舊及攤銷	(3,438)
Interest income	利息收入	163
Interest expense	利息開支	(4,008)
Income tax expense	所得稅開支	-
Reconciled to the Group's interest in Wealthy Marvel Enterprises Limited	本集團於Wealthy Marvel Enterprises Limited之權益對賬	
Gross amounts of Wealthy Marvel Enterprises Limited's net assets	Wealthy Marvel Enterprises Limited之 資產淨值總額	85,028
Group's effective interest	本集團之實際權益	50%
Carrying amount of the Group's interest	本集團權益之賬面金額	42,514

(c) The amount due to joint venture represented the remaining committed capital contribution to the JV and is unsecured, interest-free and repayable on demand.

(c) 應付合營公司款項為對合營企業承諾出資之剩餘部分且無抵押、免息及應按要求償還。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

(Expressed in United States dollars unless otherwise indicated) (除非另有說明，以美元表示)

16 OTHER FINANCIAL ASSETS

16 其他金融資產

		2019 二零一九年 US\$'000 千美元	2018 二零一八年 US\$'000 千美元
Equity securities designated at FVOCI (non- recycling)	指定為按公平值計入其他全面收益的股本證券 (非劃轉)		
Equity securities listed in Hong Kong	於香港上市的股本證券	326	1,002

The listed equity securities are shares in Persta Resources Inc., a company incorporated in Canada and engaged in petroleum and natural gas production. The Group designated this investment as financial asset at FVOCI (non-recycling), as the investment is held for strategic purposes. No dividends were received on this investment during the year (2018: \$Nil).

上市股本證券為於Persta Resources Inc.的股份，Persta Resources Inc.為一間於加拿大註冊成立的公司，從事石油及天然氣生產業務。由於該投資持作戰略目的，本集團將該投資指定為按公平值計入其他全面收益的金融資產(非劃轉)。年內，概無就該投資收取任何股息(二零一八年：零元)。

Fair value measurement of equity securities

Fair value hierarchy

股本證券之公平值計量

公平值級別

		Fair value measurements as at 31 December 2019 categorised into 於二零一九年十二月三十一日 公平值計量分類至			
		Fair value at 31 December 2019 於二零一九年 十二月 三十一日 公平值 US\$'000 千美元	Level 1 第一級 US\$'000 千美元	Level 2 第二級 US\$'000 千美元	Level 3 第三級 US\$'000 千美元
Recurring fair value measurement	經常性公平值計量				
Equity securities designated at FVOCI (non-recycling):	指定為按公平值計入其他全面收益的股本證券 (非劃轉)：				
– Listed in Hong Kong	– 於香港上市	326	326	–	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

(Expressed in United States dollars unless otherwise indicated) (除非另有說明，以美元表示)

16 OTHER FINANCIAL ASSETS *(Continued)*

Fair value measurement of equity securities

(Continued)

Fair value hierarchy *(Continued)*

16 其他金融資產 *(續)*

股本證券之公平值計量 *(續)*

公平值級別 *(續)*

		Fair value measurements as at 31 December 2018 categorised into 於二零一八年十二月三十一日 公平值計量分類至			
		Fair value at 31 December 2018 於二零一八年 十二月 三十一日 公平值 US\$'000 千美元	Level 1 第一級 US\$'000 千美元	Level 2 第二級 US\$'000 千美元	Level 3 第三級 US\$'000 千美元
Recurring fair value measurement	經常性公平值計量				
Equity securities designated at FVOCI (non-recycling)	指定為按公平值計入其他全面收益的股本證券 (非劃轉) :				
- Listed in Hong Kong	- 於香港上市	1,002	1,002	-	-

During the year ended 31 December 2019, there were no transfers between Level 1 and Level 2, or transfers out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

於截至二零一九年十二月三十一日年度中，第一級與第二級之間概無轉撥，或轉出第三級。本集團之政策乃於報告期末公平值級別之層級間發生轉撥時確認。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

(Expressed in United States dollars unless otherwise indicated) (除非另有說明，以美元表示)

17 INVENTORIES

(a) Inventories in the consolidated statement of financial position comprise:

		2019 二零一九年 US\$'000 千美元	2018 二零一八年 US\$'000 千美元
Raw materials	原材料	4,678	3,285
Work in progress	在產品	126,598	125,387
Finished goods	產成品	17,752	17,272
		149,028	145,944

(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 US\$'000 千美元	2018 二零一八年 US\$'000 千美元
Carrying amount of inventories sold	已售存貨的賬面值	45,161	44,796
Write-down of inventories	存貨撇減	181	3,153
		45,342	47,949

17 存貨

(a) 綜合財務狀況表中的存貨包括：

(b) 已確認為開支並包括於損益的存貨金額分析如下：

18 TRADE AND OTHER RECEIVABLES

		2019 二零一九年 US\$'000 千美元	2018 二零一八年 US\$'000 千美元
Trade debtors and bills receivables	貿易應收賬款及應收票據	103,986	107,099
Less: loss allowance	減：虧損撥備	(61,032)	(65,795)
Other receivables, prepayments and deposits	其他應收款項、預付款項及按金	42,954	41,304
Notes receivables carried at amortised cost and related interest receivables	應收票據以攤銷成本及相關應收利息列賬	15,517	15,457
		6,413	-
Less: Non-current portion of prepayments	減：非即期部分預付款	(60)	(485)
		64,884	56,761
		64,824	56,276

Except for the prepayments of \$60,000 (2018: \$485,000) as at 31 December 2019, all of the other receivables, prepayments and deposits are expected to be recovered or recognised as expense within one year.

除於二零一九年十二月三十一日60,000元(二零一八年：485,000元)的預付款項外，所有其他應收款項、預付款項及按金預期於一年內收回或確認為開支。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

(Expressed in United States dollars unless otherwise indicated) (除非另有說明，以美元表示)

18 TRADE AND OTHER RECEIVABLES (Continued)

All of the trade debtors and bills receivables from contracts with customers within this scope of HKFRS 15.

Notes receivables of \$6,413,000 as at 31 December 2019 are interests-bearing at 5.3% per annum and due in June 2020.

Except for prepayments and deposits of \$9,507,000 (2018: \$10,496,000) as at 31 December 2019, all of the trade and other receivables are classified as financial assets measured at amortised cost.

Ageing analysis

Included in trade and other receivables are trade debtors and bills receivables (net of loss allowance) with the following ageing analysis as of the end of the reporting period:

		2019 二零一九年 US\$'000 千美元	2018 二零一八年 US\$'000 千美元
Current	即期	15,093	12,779
Less than 1 month past due	逾期少於一個月	4,889	2,313
More than 1 month but within 3 months past due	逾期一至三個月	3,085	4,704
More than 3 months but within 12 months past due	逾期多於三個月但少於十二個月	7,700	5,100
More than 12 months past due	逾期多於十二個月	12,187	16,408
Amounts past due	逾期金額	27,861	28,525
		42,954	41,304

The credit terms offered by the Group to its customers differ with each product/service. The credit terms offered to customers of oilfield expendables and supplies and engineering services are normally 30 to 90 days. The credit terms offered to customers of capital equipment and packages are negotiated on a case-by-case basis. Deposits ranging from 10% to 30% of the contract sum are usually required. The balance of 60% to 85% would be payable in 1 to 2 months after delivery and acceptance of products. The remaining 5% to 10% of the contract sum represents the retention money and is payable within up to 18 months after delivery of the products or 1 year after completion of the onsite testing, whichever is earlier.

18 貿易應收及其他應收款項(續)

所有貿易應收款項及應收票據屬於香港財務報告準則第15號範圍內的應收客戶合約款項。

於二零一九年十二月三十一日，6,413,000元應收票據按年利率5.3%計息及於二零二零年六月到期。

除於二零一九年十二月三十一日之預付款項及按金為9,507,000元(二零一八年：10,496,000元)外，所有貿易應收及其他應收款項均分類為按攤銷成本計量的金融資產。

賬齡分析

於報告期間結算日，包括在貿易應收及其他應收款項內的貿易應收款項及應收賬款(扣除虧損撥備)之賬齡分析如下：

本集團向其客戶提供的信貸期因產品／服務不同而有所不同。油田耗材及物料及工程服務的客戶獲提供的信貸期一般為30至90天，而資本設備及總包的客戶獲授的信貸期則按個別情況磋商，一般要求介乎合約金額10%至30%的訂金，當付運目標達到後，餘額中60%至85%將須於一至兩個月內支付，合約金額餘下的5%至10%為保留金，於付運產品後的18個月或通過實地測試後一年(以較早者為準)內支付。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

(Expressed in United States dollars unless otherwise indicated) (除非另有說明，以美元表示)

19 LEASE RECEIVABLES

The Group leases out certain equipment under finance leases expiring in 3 years. In addition, at the end of the lease term the underlying equipment will be transferred to the lessee. None of these leases includes variable payments.

The following table shows the remaining contractual maturities of the Group's lease receivables at the end of the current reporting period:

		31 December 2019 二零一九年 十二月三十一日 US\$'000 千美元	1 January 2019 二零一九年 一月一日 US\$'000 千美元
Within 1 year	1年內	4,673	131
After 1 year but within 2 years	1至2年	4,273	131
After 2 years but within 3 years	2至3年	3,377	131
After 3 years but within 4 years	3至4年	-	33
		12,323	426
Less: total future interest income	減：未來總利息收入	(2,656)	(21)
		9,667	405
Less: loss allowance on lease receivables	減：租賃應收款虧損撥備	(62)	-
		9,605	405
Less: non-current portion of lease receivables	減：租賃應收款的非流動部分	(6,044)	(120)
		3,561	285

19 租賃應收款

本集團以三年期融資租賃出租若干設備。此外，於租賃期結束時，相關設備將轉讓予承租人。該等租賃概不包含可變付款。

下表列示本集團租賃應收款於報告期末的餘下合約期限：

20 AMOUNT DUE FROM A RELATED COMPANY

20 應收一間關聯公司款項

		2019 二零一九年 US\$'000 千美元	2018 二零一八年 US\$'000 千美元
Katy International Inc.:	Katy International Inc. :		
Balance at 1 January and 31 December	於一月一日及十二月三十一日結餘	101	101
Maximum balance outstanding during the year	年內最高未償還結餘	101	101

The amount due from Katy International Inc., which is classified as financial assets measured at amortised cost, is unsecured, non-interest-bearing and without pre-determined repayment terms. Mr Zhang Menggui and Mr Jiang Bing Hua are directors of the Company and each of them has a 50% beneficial interest in Katy International Inc..

應收Katy International Inc.款項(分類為按攤銷成本計量的金融資產)為無抵押、免息及無預定還款期。張夢桂先生及蔣秉華先生為本公司董事，分別擁有Katy International Inc.的50%實益權益。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

(Expressed in United States dollars unless otherwise indicated) (除非另有說明，以美元表示)

21 CASH AND CASH EQUIVALENTS

(a) Cash and cash equivalents comprise:

		2019 二零一九年 US\$'000 千美元	2018 二零一八年 US\$'000 千美元
Cash at bank and on hand	銀行及手頭現金	35,021	19,805

(b) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group's consolidated cash flow statement as cash flows from financing activities.

21 現金及現金等值物

(a) 現金及現金等值物包括：

(b) 融資業務產生之負債對賬

下表詳述本集團融資業務產生之負債變動，包括現金及非現金變動。融資業務產生之負債為現金流量或未來現金流量將於本集團綜合現金流量表中分類為融資業務之現金流之負債。

		Bank loans 銀行貸款 (Note 25) (附註25) US\$'000 千美元	Lease liabilities 租賃負債 (Note 26) (附註26) US\$'000 千美元	Total 合計 US\$'000 千美元
At 1 January 2018	於二零一八年一月一日	61,922	-	61,922
Changes from financing cash flows	現金流融資之變動			
Proceeds from new bank loans	新籌集銀行貸款所得款項	5,606	-	5,606
Repayment of bank loans	償還銀行貸款	(49,486)	-	(49,486)
Capital element of finance lease rentals paid	已付融資租賃租金之資本部分	-	(15)	(15)
Interest paid	已付利息	(2,041)	-	(2,041)
		(45,921)	(15)	(45,936)
Other changes	其他變動			
Interest expenses (note 5(a))	利息開支(附註5(a))	2,448	2	2,450
New finance leases	新訂融資租賃	-	98	98
		2,448	100	2,548
Exchange adjustments	匯兌調整	(1,080)	(4)	(1,084)
At 31 December 2018	於二零一八年十二月三十一日	17,369	81	17,450

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

(Expressed in United States dollars unless otherwise indicated) (除非另有說明，以美元表示)

21 CASH AND CASH EQUIVALENTS (Continued)

(b) Reconciliation of liabilities arising from financing activities (Continued)

21 現金及現金等值物(續)

(b) 融資業務產生之負債對賬(續)

		Bank loans 銀行貸款 (Note 25) (附註25) US\$'000 千美元	Lease liabilities 租賃負債 (Note 26) (附註26) US\$'000 千美元	Total 合計 US\$'000 千美元
At 31 December 2018	於二零一八年 十二月三十一日	17,369	81	17,450
Impact on initial application of HKFRS 16 (Note)	應用香港財務報告準則第16號之影響(附註)	–	4,943	4,943
At 1 January 2019	於二零一九年一月一日	17,369	5,024	22,393
Changes from financing cash flows	現金流融資之變動			
Proceeds from new bank loans	新籌集銀行貸款所得款項	5,068	–	5,068
Repayment of bank loans	償還銀行貸款	(13,177)	–	(13,177)
Capital element of lease rentals paid	已付租賃租金之資本部分	–	(1,152)	(1,152)
Interest element of lease rentals paid	已付租賃租金之利息部分	–	(218)	(218)
Interest paid	已付利息	(1,571)	–	(1,571)
		(9,680)	(1,370)	(11,050)
Other change	其他變動			
Interest expenses (note 5(a))	利息開支(附註5(a))	1,509	218	1,727
Exchange adjustments	匯兌調整	(14)	66	52
At 31 December 2019	於二零一九年 十二月三十一日	9,184	3,938	13,122

Note: The Group has initially applied HKFRS 16 using the modified retrospective method and adjusted the opening balances at 1 January 2019 to recognise lease liabilities relating to leases which were previously classified as operating leases under HKAS 17. See notes 1(c).

附註：本集團已採用經修訂追溯法首次應用香港財務報告準則第16號並調整二零一九年一月一日之期初結餘，以確認以往根據香港會計準則第17號分類為經營租賃之租賃相關租賃負債。見附註1(c)。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

(Expressed in United States dollars unless otherwise indicated) (除非另有說明，以美元表示)

21 CASH AND CASH EQUIVALENTS *(Continued)*

(c) Total cash outflow for leases

Amounts included in the consolidated cash flow statement for leases comprise the following:

		2019 二零一九年	2018 二零一八年 (Note) (附註)
		US\$'000 千美元	US\$'000 千美元
Within operating cash flows	經營現金流量	830	2,069
Within financing cash flows	融資現金流量	1,370	15
		2,200	2,084

Note: As explained in the note to note 21(b), the adoption of HKFRS 16 introduces a change in classification of cash flows of certain rentals paid on leases. The comparative amounts have not been restated.

These amounts relate to the following:

		2019 二零一九年	2018 二零一八年
		US\$'000 千美元	US\$'000 千美元
Lease rentals paid	已付租賃租金	2,200	2,084

(d) Major non-cash transactions

- (i) In November 2019, the Company allotted 122,726,709 shares to a supplier for the settlement of trade payables of \$8,767,000 (see notes 5(c)(v) and 31(b)(iv)).
- (ii) In September 2019, Wealthy Marvel Enterprises Limited, the joint venture, declared dividend of \$14,000,000, of which \$7,000,000 was attributable to the Group. The dividend income from the joint venture of \$7,000,000 was set off against the Group's unpaid capital contribution to the joint venture.

21 現金及現金等值物 *(續)*

(c) 租賃現金流出總額

綜合租賃現金流量表中包含的金額包括如下：

		2019 二零一九年	2018 二零一八年 (Note) (附註)
		US\$'000 千美元	US\$'000 千美元
Within operating cash flows	經營現金流量	830	2,069
Within financing cash flows	融資現金流量	1,370	15
		2,200	2,084

附註：誠如附註21(b)中附註所述，採用香港財務報告準則第16號引入就租賃支付若干租金的現金流量分類的變動。比較金額尚未重述。

該等金額與以下各項有關：

		2019 二零一九年	2018 二零一八年
		US\$'000 千美元	US\$'000 千美元
Lease rentals paid	已付租賃租金	2,200	2,084

(d) 主要非現金交易

- (i) 於二零一九年十一月，本集團向一名供應商配發122,726,709股股份，以結算貿易應付款項8,767,000元(見附註5(c)(v)及31(b)(iv))。
- (ii) 於二零一九年九月，合營公司 Wealthy Marvel Enterprises Limited 宣派股息14,000,000元，其中7,000,000元歸屬於本集團。來自合營公司的股息收入7,000,000元已抵銷本集團未繳付的對合營公司的出資。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

(Expressed in United States dollars unless otherwise indicated) (除非另有說明，以美元表示)

22 NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

During the year ended 31 December 2018, the Group committed to a plan to sell certain interest in leasehold land held for own use under operating leases in Qingdao, the PRC, within the capital equipment and packages and oilfield expendables and supplies segments. In the opinion of the directors, the disposal of these assets was expected to be completed within twelve months from the end of the reporting period.

As a result, the assets with aggregate carrying amount of RMB20,282,000 (equivalent to US\$3,072,000) had been classified as non-current assets classified as held for sale during the prior year. No impairment losses have been recognised prior to this classification as the carrying amount of these assets was lower than the respective fair value less cost to sell. These assets remained undisposed as at 31 December 2019 and the balance has been re-translated to \$2,911,000 (2018: \$2,936,000) in accordance with the accounting policies set out in note 1(v) as at 31 December 2019.

23 TRADE AND OTHER PAYABLES

All of the trade and other payables are expected to be settled or recognised as income within one year or repayable on demand.

All of the trade and other payables are classified as financial liabilities measured at amortised cost.

22 分類為持作出售的非流動資產

截至二零一八年十二月三十一日止年度，本集團承諾於資本設備及總包業務及油田耗材及物料業務內出售若干於中國青島經營租賃下持作自用的租賃土地權益的計劃。董事認為，該等資產的出售預期將於報告期末起計十二個月內完成。

因此，總賬面值人民幣20,282,000元(相當於3,072,000美元)的資產於上年分類為持作出售的非流動資產。由於該等資產的賬面值低於各自的公平值減銷售成本，故並無於該分類前確認減值虧損。截至二零一九年十二月三十一日，該等資產仍未處置，且於二零一九年十二月三十一日餘額已根據附註1(v)所載會計政策重新轉換為2,911,000元(二零一八年：2,936,000元)。

23 貿易應付及其他應付款項

		2019 二零一九年 US\$'000 千美元	2018 二零一八年 US\$'000 千美元
Trade creditors and bills payables	貿易應付款項及應付票據	175,093	188,833
Other payables and accrued charges	其他應付款項及累計開支	8,324	12,483
Amount due to joint venture (note 15(c))	應付合營公司款項(附註15(c))	6,000	-
		189,417	201,316

所有貿易應付及其他應付款項預期將於一年內或按要求還款時結清或確認為收入。

所有貿易應付及其他應付款項分類為按攤銷成本計量的金融負債。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

(Expressed in United States dollars unless otherwise indicated) (除非另有說明，以美元表示)

23 TRADE AND OTHER PAYABLES (Continued)

As of the end of the reporting period, the ageing analysis of trade creditors and bills payables (which are included in trade and other payables), based on invoice date, is as follows:

		2019 二零一九年 US\$'000 千美元	2018 二零一八年 US\$'000 千美元
Within 1 month	一個月內	160,767	163,591
More than 1 month but within 3 months	超過一個月但於三個月內	3,745	3,900
More than 3 months but within 12 months	超過三個月但於十二個月內	4,742	5,194
More than 12 months but within 24 months	超過十二個月但於二十四個月內	2,615	3,308
More than 24 months	超過二十四個月	3,224	12,840
		175,093	188,833

23 貿易應付及其他應付款項(續)

於報告期末，貿易應付款項及應付票據(計入貿易應付及其他應付款項)按發票日期的賬齡分析如下：

24 CONTRACT ASSETS AND CONTRACT LIABILITIES

(a) Contract assets

		2019 二零一九年 US\$'000 千美元	2018 二零一八年 US\$'000 千美元
Contract assets	合約資產		
Made-to-order construction contracts	定制建築合約		
- Arising from performance under made-to-order construction contracts	- 履行定制建築合約所產生	1,268	2,012

24 合約資產及合約負債

(a) 合約資產

Typical payment terms which impact on the amount of contract assets recognised are disclosed in note 18. All contract assets are expected to be recovered within one year.

對確認的合約資產金額有影響的一般付款條款於附註18披露。預期所有合約資產將於一年內收回。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

(Expressed in United States dollars unless otherwise indicated) (除非另有說明，以美元表示)

24 CONTRACT ASSETS AND CONTRACT LIABILITIES (Continued)

(b) Contract liabilities

		Note	2019 二零一九年 US\$'000 千美元	2018 二零一八年 US\$'000 千美元
Contract liabilities	合約負債			
Billings in advance of performance	履行義務的提前結算	(ii)	29,034	29,444

Typical payment terms which impact on the amount of contract liabilities recognised are disclosed in note 18.

The amount of revenue recognised in the year ended 31 December 2019 that was included in the contract liability balance at 1 January 2019 was \$1,731,000 (2018: \$3,021,000).

The amount of billings in advance of performance expected to be recognised as income after more than one year is \$24,066,000 (2018: \$24,349,000).

24 合約資產及合約負債(續)

(b) 合約負債

對確認的合約負債金額有影響的一般付款條款於附註18披露。

計入於二零一九年一月一日合約負債結餘且於截至二零一九年十二月三十一日止年度確認的收益金額為1,731,000元(二零一八年：3,021,000元)。

預期將於超過一年以後確認為收益的履行義務的提前結算金額為24,066,000元(二零一八年：24,349,000元)。

25 BANK LOANS

At 31 December 2019, the bank loans were repayable as follows:

		2019 二零一九年 US\$'000 千美元	2018 二零一八年 US\$'000 千美元
Within 1 year or on demand	1年內或按要求還款	5,023	10,277
After 1 year but within 2 years	1至2年	3,013	4,776
After 2 years but within 5 years	2至5年	1,148	2,316
		4,161	7,092
		9,184	17,369

At 31 December 2019, the bank loans were secured as follows:

		2019 二零一九年 US\$'000 千美元	2018 二零一八年 US\$'000 千美元
Bank loans	銀行貸款		
– secured	– 有抵押	9,184	13,606
– unsecured	– 無抵押	–	3,763
		9,184	17,369

25 銀行貸款

於二零一九年十二月三十一日，銀行貸款須於如下期限償還：

於二零一九年十二月三十一日，銀行貸款抵押情況如下：

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

(Expressed in United States dollars unless otherwise indicated) (除非另有說明，以美元表示)

25 BANK LOANS (Continued)

- (a) The bank loans carried interest at rates ranging from 5.00% to 5.46% per annum (2018: 4.57% to 5.46% per annum) and were secured/guaranteed by:
- (i) Lands and buildings and plant and machinery with aggregate net book value of \$18,884,000 (2018: interest in leasehold land held for own use under operating leases, buildings, inventories, trade receivables and plant and machinery with aggregate net book value of \$19,694,000).
- (ii) Corporate guarantees given by the Company to the extent of banking facilities outstanding of \$2,153,000 (2018: \$3,619,000) as at 31 December 2019.

Certain bank loans of the Group are subject to the fulfilment of covenants relating to statement of financial position ratios of certain subsidiaries, as are commonly found in lending arrangements with financial institutions. The drawn down loan balances would become payable on demand if the covenants are breached. The Group regularly monitors its compliance with these covenants. Further details of the Group's management of liquidity risk are set out in note 32(b). As at 31 December 2019, none of the covenants relating to the Group's bank loans had been breached.

Bank loans of \$3,619,000 outstanding as at 31 December 2018 which the Group did not meet certain covenants had been fully settled during the year ended 31 December 2019.

- (b) The Company issued two HK\$ denominated unsecured notes with principal amounts of HK\$144,000,000 and HK\$73,000,000 on 3 October 2014 and 25 November 2014 respectively. The unsecured notes bore interest at 5% per annum and were repayable on a quarterly basis in arrears. The effective interest rates of the unsecured notes were 8.6% and 8.5% per annum respectively. The unsecured notes had been fully repaid during the year ended 31 December 2018.

25 銀行貸款(續)

- (a) 銀行貸款按年利率5.00%至5.46%(二零一八年：年利率4.57%至5.46%)計息，並由以下抵押／擔保：
- (i) 土地、樓宇及廠房及機器賬面淨值總額為18,884,000元(二零一八年：根據經營租賃持作自用的租賃土地權益、樓宇、存貨、貿易應收款項及廠房及機器之賬面淨值總值總額為19,694,000元)。
- (ii) 本公司於二零一九年十二月三十一日就未償還銀行融資作出最高2,153,000元的公司擔保(二零一八年：3,619,000元)。

本集團若干銀行貸款須受有關若干附屬公司財務狀況表比率的契約履行所規限，而該等契約於金融機構的借貸安排中屬常見。倘違反契約，則已提取的貸款餘額將須按的要求償還。本集團密切監控有否遵守此等契約。有關本集團流動資金風險管理之進一步詳情載於附註32(b)。於二零一九年十二月三十一日，本集團並無違反有關銀行貸款的契約。

於二零一八年十二月三十一日本集團未滿足若干契約的3,619,000元未償還銀行貸款已於截至二零一九年十二月三十一日止年度悉數結算。

- (b) 本公司於二零一四年十月三日及二零一四年十一月二十五日分別發行兩張以港元計值本金額為144,000,000港元及73,000,000港元之無抵押票據。無抵押票據按年利率5%計息，並須於每季期末償還欠款。無抵押票據之實際年利率分別為8.6%及8.5%。於截至二零一八年十二月三十一日年度中，無抵押票據已悉數償還。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

(Expressed in United States dollars unless otherwise indicated) (除非另有說明，以美元表示)

26 LEASE LIABILITIES

The following table shows the remaining contractual maturities of the Group's lease liabilities at the end of the current and previous reporting periods and at the date of transition to HKFRS 16:

		31 December 2019		1 January 2019 (Note)		31 December 2018 (Note)	
		於二零一九年十二月三十一日		於二零一九年一月一日(附註)		於二零一八年十二月三十一日(附註)	
		Present value		Present value		Present value	
		of the lease	Total lease	of the lease	Total lease	of the lease	Total lease
		payments	payments	payments	payments	payments	payments
		租賃付款現值	租賃付款總額	租賃付款現值	租賃付款總額	租賃付款現值	租賃付款總額
		US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
		千美元	千美元	千美元	千美元	千美元	千美元
Within 1 year	一年內	1,124	1,296	1,088	1,309	18	22
After 1 year but within 2 years	1至2年	889	1,015	1,137	1,309	19	22
After 2 years but within 5 years	2至5年	1,925	2,251	2,799	3,238	44	47
		2,814	3,266	3,936	4,547	63	69
		3,938	4,562	5,024	5,856	81	91
Less: total future interest expenses	減：未來利息開支總額		(624)		(832)		(10)
Present value of lease obligations	租賃負債現值		3,938		5,024		81

Note: The Group has initially applied HKFRS 16 using the modified retrospective approach and adjusted the opening balances at 1 January 2019 to recognise lease liabilities relating to leases which were previously classified as operating leases under HKAS 17. These liabilities have been aggregated with the brought forward balances relating to leases previously classified as finance leases. Comparative information as at 31 December 2018 has not been restated and relates solely to leases previously classified as finance leases. Further details on the impact of the transition to HKFRS 16 are set out in note 1(c).

26 租賃負債

下表列示本集團租賃負債於本報告期及上一報告期末及於過渡至香港財務報告準則第16號之日的餘下合約期限：

附註：本集團採用經修訂追溯法初始應用香港財務報告準則第16號，並調整於二零一九年一月一日的年初結餘，以確認過往根據香港會計準則第17號分類為經營租賃的租賃相關的租賃負債。該等負債已與有關先前分類為融資租賃的租賃的結轉結餘加總。於二零一八年十二月三十一日的比較資料並無重列，且僅與先前分類為融資租賃的租賃相關。有關過渡至香港財務報告準則第16號的影響的進一步詳情載於附註1(c)。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

(Expressed in United States dollars unless otherwise indicated) (除非另有說明，以美元表示)

27 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

27 綜合財務狀況表內的所得稅

(a) Current taxation in the consolidated statement of financial position represents:

(a) 綜合財務狀況表中的即期稅項指：

		2019 二零一九年 US\$'000 千美元	2018 二零一八年 US\$'000 千美元
Provision for the year	年內撥備	542	274
Provisional income tax paid	已付暫定所得稅	(66)	(150)
		476	124
Balance of income tax provision relating to prior years	有關過往年度的所得稅撥備結餘	2,889	3,872
		3,365	3,996
		2019 二零一九年 US\$'000 千美元	2018 二零一八年 US\$'000 千美元
Reconciliation to the consolidated statement of financial position:	綜合財務狀況表的對賬：		
Tax recoverable	可收回稅項	(826)	(132)
Tax payable	應付稅項	4,191	4,128
		3,365	3,996

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

(Expressed in United States dollars unless otherwise indicated) (除非另有說明，以美元表示)

27 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

(b) Deferred tax assets and liabilities recognised:

The components of deferred tax (assets)/liabilities recognised in the consolidated statement of financial position and the movements during the year are as follows:

27 綜合財務狀況表內的所得稅(續)

(b) 已確認的遞延稅項資產及負債：

於綜合財務狀況表內確認的遞延稅項(資產)/負債組成項目及年內變動如下：

		Depreciation allowances in excess of related depreciation	Impairment losses on trade receivables	Write-down on inventories	Intangible assets	Tax losses	Unrealised profits on inventories	Lease receivables	Total
		超過有關折舊的折舊撥備	貿易應收款項減值虧損	存貨撇減	無形資產	稅項虧損	存貨未變現溢利	租賃應收款	總計
		US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
		千美元	千美元	千美元	千美元	千美元	千美元	千美元	千美元
Deferred tax arising from:	來自以下項目的遞延稅項：								
At 1 January 2018	於二零一八年一月一日	270	(3,250)	(3,430)	259	(6,823)	(415)	-	(13,389)
Exchange adjustments (Credited)/ charged to profit or loss (note 6(a))	匯兌調整 (計入)/扣除損益 (附註6(a))	-	70	57	(2)	2	2	-	129
		(270)	2,023	2,514	(211)	6,821	(49)	-	10,828
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	-	(1,157)	(859)	46	-	(462)	-	(2,432)
Exchange adjustments Charged/(credited) to profit or loss (note 6(a))	匯兌調整 扣除/(計入) 損益 (附註6(a))	-	5	7	-	-	-	(3)	9
		-	142	69	(46)	-	216	267	648
At 31 December 2019	於二零一九年十二月三十一日	-	(1,010)	(783)	-	-	(246)	264	(1,775)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

(Expressed in United States dollars unless otherwise indicated) (除非另有說明，以美元表示)

27 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

(b) Deferred tax assets and liabilities recognised: (Continued)

27 綜合財務狀況表內的所得稅(續)

(b) 已確認的遞延稅項資產及負債：(續)

		2019 二零一九年 US\$'000 千美元	2018 二零一八年 US\$'000 千美元
Reconciliation to the consolidated statement of financial position:	綜合財務狀況表的對賬：		
Net deferred tax assets recognised in the statement of financial position	於財務狀況表確認之遞延稅項資產淨值	(1,775)	(2,478)
Net deferred tax liabilities recognised in the statement of financial position	於財務狀況表確認之遞延稅項負債淨值	-	46
		(1,775)	(2,432)

At 31 December 2019, the Group had temporary differences arising from undistributed profits of subsidiaries of \$44,138,000 (2018: \$42,386,000). No provision for deferred tax liabilities have been made as the Company controls the dividend policy of these subsidiaries and it has been determined that it is probable that profits will not be distributed in the foreseeable future.

The Group has not recognised deferred tax assets in respect of cumulative tax losses and other temporary differences of \$219,489,000 (2018: \$229,399,000) 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. Except for tax loss of the Group's PRC subsidiaries of \$42,458,000 (2018: \$47,681,000) which will expire within five years, the tax losses do not expire under current tax legislation.

於二零一九年十二月三十一日，本集團附屬公司之未分派溢利產生之暫時性差額為44,138,000元(二零一八年：42,386,000元)。由於本公司控制該等附屬公司之股息政策且已決定在可預見將來不大可能分派溢利，故並無就遞延稅項負債作出撥備。

由於在有關之稅務司法權區及就有關實體而言，不大可能有未來應課稅溢利以抵銷可供動用之稅項虧損，故本集團並無就累計稅項虧損及其他暫時性差額219,489,000元(二零一八年：229,399,000元)確認遞延稅項資產。根據現行稅務規例，除本集團中國附屬公司的稅務虧損42,458,000元(二零一八年：47,681,000元)將於五年內屆滿外，稅務虧損並無期限。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

(Expressed in United States dollars unless otherwise indicated) (除非另有說明，以美元表示)

28 EMPLOYEE RETIREMENT BENEFITS

As stipulated by the labour regulations of the PRC, the Group participates in various defined contribution retirement plans organised by the municipal and provincial governments for its employees in the PRC. The Group is required to make contributions to the retirement plans at rates ranging from 20% to 25% of the eligible employees' salaries.

The Group also 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 plan administered by an independent trustee. Under the MPF scheme, the employer and its employees are each required to make contributions to the scheme at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK\$30,000. Contributions to the plan vest immediately.

The Group also operates defined contribution retirement benefits schemes for all qualifying employees in jurisdictions other than the PRC and Hong Kong with contributions to the schemes at 3% – 10% of the gross salaries.

The Group has no other obligation for the payment of the employees' retirement and other post-retirement benefits other than the contributions described above.

29 SHARE AWARD SCHEME

(a) Share Award Plan

Pursuant to the resolutions passed by the shareholders on 16 January 2015 and 31 October 2019 ("Adoption Date of Share Award Scheme"), the Company has adopted a share award scheme ("Share Award Plan").

The purpose of the Share Award Plan is to recognise and reward the contribution of the Eligible Persons (as defined below) to the growth and development of the Group through an award of the Group's shares. The Share Award Plan shall be subject to the administration of the administrative committee in accordance with the rules of the Share Award Plan ("Administrative Committee"). A trustee ("the Trustee") is appointed by the board of directors ("the Board") to independently manage the Share Award Plan and declared in the trust deed entered into between the Company and the Trustee.

28 僱員退休福利

根據中國的勞工法規，本集團參與多個由省市政府為中國僱員組織的定額供款退休計劃。本集團須按合資格僱員薪金的20%至25%就該等退休計劃作出供款。

本集團亦根據香港強制性公積金計劃條例為根據香港僱傭條例僱用的僱員執行強制性公積金計劃(「強積金計劃」)。強積金計劃為由獨立信託人管理的定額供款退休計劃。在強積金計劃之下，僱主及其僱員均須按僱員有關收入的5%向該計劃供款，上限為每月有關收入的30,000港元。向該計劃作出的供款即時歸屬於受益人。

本集團亦為除中國及香港以外的司法權區的全體合資格僱員設有定額供款退休福利計劃，向計劃作出的供款金額為薪金總額的3%至10%。

除上述供款外，本集團並無其他責任支付僱員退休及其他退休後福利。

29 股份獎勵計劃

(a) 股份獎勵計劃

根據股東於二零一五年一月十六日及二零一九年十月三十一日(「股份獎勵計劃採納日期」)通過的決議案，本公司採納一項股份獎勵計劃(「股份獎勵計劃」)。

股份獎勵計劃旨在透過本集團之股份獎勵，表彰及獎勵合資格人士(定義見下文)為本集團增長及發展所作出之貢獻。根據股份獎勵計劃的規定該計畫應由行政委員會(「行政委員會」)管理。董事會(「董事會」)任命的受託人(「受託人」)可以獨立管理股份獎勵計畫且本公司與受託人之間訂立的信託契約對受託人予以聲明。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

(Expressed in United States dollars unless otherwise indicated) (除非另有說明，以美元表示)

29 SHARE AWARD SCHEME (Continued)

(a) Share Award Plan (Continued)

The Administrative Committee may, in its absolute discretion, make an award to an employee (whether full time or part time) of the Group (the “Eligible Person”), including directors, senior management and any other connected persons of the Company and any consultant of the Group. The eligibility of any of the Eligible Persons to an award shall be determined by the Administrative Committee from time to time on the basis of its opinion as to the Eligible Persons’ contribution to the development and growth of the Group.

The Administration Committee shall, subject to and in accordance with the provisions of the Share Award Plan, be entitled (but shall not be bound) to, at any time during the continuation of the Share Award Plan, make an award to any of the Eligible Persons of such number of issued shares, fully paid or credited as fully paid, as the Administration Committee shall determine pursuant to the Share Award Plan. Vesting of an award to any Eligible Persons shall be subject to the consent of the Remuneration Committee of the Company.

In the event that a selected person or his/her associate is a member of the Board and/or the Administration Committee, such person will abstain from voting on any approval by the Board and/or Administration Committee of an award of shares to such selected person. The directors may by resolutions appoint any one or more senior management of the Company as authorised representative(s) to give instructions or notices to the trustee on all matters in connection with the Share Award Plan and other matters in the routine administration of the trust.

Upon the receipt of an award notice, the trustee shall set aside the awarded shares provisionally awarded to an Eligible Person (the “Selected Person”) to whom such award notice relates pending the transfer and vesting of the awarded shares to which such award notice relates. The trustee shall hold the awarded shares so set aside during the vesting period on the terms of the trust deed. The trustee may, at any time during the continuation of the Share Award Plan and the trust deed, purchase awarded shares from the stock market and/or set aside the appropriate number of shares out of a pool of issued shares held by the trustee pursuant to the trust Deed.

29 股份獎勵計劃(續)

(a) 股份獎勵計劃(續)

行政管理委員會可以酌情決定授予本集團的任何僱員(無論是全職還是兼職)(「有資格人士」)，並包括公司的董事，高級管理人員和任何其他關連人士或顧問。任何有資格人士是否可以獲得獎勵，應由行政管理委員會根據其對集團的發展和成長做出的貢獻的意見而確定。

在遵守股份獎勵計畫規定的前提下，行政委員會有權(但不受約束)在繼續執行股份獎勵計畫期間，向合資格人士授予獎勵。由行政委員會根據股份獎勵計畫確定已繳足或入帳列為繳足的已發行股份數量。向任何合資格人士授予獎勵股份前須獲得本公司薪酬委員會的同意。

如果選定的合資格人士或其關聯人為董事會及／或行政委員會成員，該董事會成員應在董事會及／或行政委員會就授予股份予該候選人放棄投票。董事會可藉通過普通決議案委任本公司任何一名或多名高級管理人員作為授權代表，就有關計畫之所有事宜及信託例行事務之其他事宜向受託人下達指示或通知。

收到獎勵通知後，受託人應劃撥臨時授予與獎勵通知有關的合資格人士(「選定人士」)的獎勵股份，以待轉讓和歸屬與獎勵通知有關的獎勵股份。受託人應按照信託契約的條款，在歸屬期內持有如此劃撥的獎勵股份。受託人可在股份獎勵計畫和信託契約存續期間的任何時間，從股票市場購買獎勵股份和／或從由受託人根據信託契約持有的股份劃撥適當數量的股份。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

(Expressed in United States dollars unless otherwise indicated) (除非另有說明，以美元表示)

29 SHARE AWARD SCHEME (Continued)

(a) Share Award Plan (Continued)

No award shall be made or vested by the Administrative Committee and no instructions to acquire shares shall be made after a price sensitive event has occurred or a price sensitive matter has been the subject of a decision until such price sensitive information has been made available to the public domain in accordance with the requirements under the Listing Rules.

Subject to any early termination pursuant to the terms of the Share Award Plan, the Share Award Plan will remain in force for a period commencing on the Adoption Date and ending on 30 October 2029.

In the event that any selected person ceases to be an Eligible Person by reason of his death, resignation or summary dismissal for misconduct, committing of a criminal offence or other breach of his term of employment, an award made to such Selected Person shall forthwith lapse and be cancelled.

The board of directors may by resolution at any time terminate the operation of the Share Award Plan and in such event no further awards shall be made provided that such termination shall not affect any subsisting rights of any Selected Person in respect of any award made to him prior to such termination. Any surplus shares held by the Trustee will be sold on the market with the proceeds (after making appropriate deductions in respect of stamp duty and other costs, liabilities and expenses in accordance with the trust deed) together with such unutilised funds returned to the Company.

During the year ended 31 December 2019, the total consideration paid for the purchases of 31,905,000 shares (2018: Nil) was \$1,516,000 (2018: \$Nil). Up to 31 December 2019, the total consideration paid for the purchases of 37,000,000 shares was \$2,801,000. No shares under Share Award Plan have been granted during the current or prior years.

29 股份獎勵計劃(續)

(a) 股份獎勵計劃(續)

倘若發生價格敏感之事件或作出股價敏感之決定，薪酬委員會概不得作出或歸屬任何獎勵，亦不得發出任何購買股份之指示，直至根據上市規則之規定公佈該等股份價格敏感之資料為止。

根據股份獎勵計劃的條款，在任何提前終止的情況下，股份獎勵計劃將自採用日起至二零二九年十月三十日止有效。

倘若任何選定人士因身故、辭任或因不當行為、觸犯刑事罪行或違反僱用條款而被即時解僱不再為合資格人士，則對該名選定人士作出之獎勵將即時失效並註銷。

董事會可以通過決議案隨時終止股份獎勵計劃的運作，而在此情況下將不再作出獎勵，惟終止不影響任何選定人士就終止前已向其作出的任何獎勵享有的存續權利。任何由受託人持有的剩餘股份將在市場上被出售，(根據信託契據對印花稅和其他成本，負債和費用進行適當的扣除後)連同未使用的資金退還給本公司。

於截至二零一九年十二月三十一日止年度，用於購買31,905,000股股份(二零一八年：零)的已付代價總額為1,516,000元(二零一八年：零)。截至二零一九年十二月三十一日，用於購買37,000,000股股份的已付代價總額為2,801,000元。本年度或過往年度並無根據股份獎勵計劃授出股份。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

(Expressed in United States dollars unless otherwise indicated) (除非另有說明，以美元表示)

29 SHARE AWARD SCHEME (Continued)

(b) Share Award Incentive Scheme

Pursuant to the resolutions passed by the shareholders on 27 May 2016 (“Adoption Date of Share Award Incentive Scheme”), the Company has adopted a share award incentive scheme (“Share Award Incentive Scheme”).

The purpose of the Share Award Incentive Scheme is to align the interests of the Eligible Persons of Share Award Incentive Scheme, which is defined as any individual, being an employee, officer, consultant or advisor of any member of the Group or any affiliate who is not a connected person of the Company and who the board of directors considers, in its sole discretion, to have contributed or will contribute to the Group, with those of the Group through ownership of shares, dividends and other distributions paid on shares and/or the increase in value of the shares and to encourage and retain Eligible Persons to make contributions to the long-term growth and profits of the Group.

The Share Award Incentive Scheme is a separate scheme from the Share Award Plan adopted by the Company on 16 January 2015, which is specifically for granting share awards sourced from existing shares purchased from the stock market. The Share Award Incentive Scheme will give the Company flexibility in granting Awards of new Shares. The Share Award Incentive Scheme will be effective for a period until 26 May 2026 (“the Award Period”) unless terminated at the discretion of the board of directors at an earlier date.

On the assumption that all the awards granted under the Share Award Incentive Scheme shall be satisfied by the allotment and issue of new shares by the Company, an ordinary resolution has been proposed at the annual general meeting for the Share Award Incentive Scheme to be adopted by the Company in accordance with the scheme rules and to grant a mandate to the directors to allot and issue up to not more than 3% of the total number of issued shares as at the date of passing such resolution, in connection with the Share Award Incentive Scheme (subject to adjustment in the event of sub-division or consolidation of Shares in accordance with the rules of the Share Award Incentive Scheme).

29 股份獎勵計劃(續)

(b) 股份獎勵激勵計劃

根據股東於二零一六年五月二十七日(「股份獎勵激勵計劃採納日期」)通過的決議案，本公司採納一項股份獎勵激勵計劃(「股份獎勵激勵計劃」)。

股份獎勵激勵計劃之目的為透過股份所有權、股息及就股份支付的其他分派及／或股份增值令股份獎勵激勵計劃之合資格人士的利益與本集團利益一致，及鼓勵及挽留合資格人士為本集團的長遠增長及溢利作出貢獻，合資格人士界定為董事會以其全權認為曾經或將會對本集團作出貢獻的任何並非本公司關連人士之個人(即本集團任何成員公司或任何聯屬公司的僱員、高級人員、顧問或諮詢人)。

股份獎勵激勵計劃為有別於本公司於二零一五年一月十六日所採納的股份獎勵計劃，並指定用作授出來自現有股份(購自股票市場)的股份獎勵。股份獎勵激勵計劃將為本公司授出新股份獎勵提供靈活彈性。股份獎勵激勵計劃將一直有效，直至二零二六年五月二十六日(「獎勵期間」)，惟董事會酌情在較早日期終止則作別論。

假設根據股份獎勵激勵計劃授出的全部獎勵須以本公司配發及發行的新股份履行，則於股東週年大會上提呈普通決議案，以供本公司按照計劃規則採納股份獎勵激勵計劃，並向董事授出有關股份獎勵激勵計劃的授權以配發及發行最多為於該決議案通過之日已發行股份總數的3%(惟倘出現股份拆細或合併，可根據股份獎勵激勵計劃規則作出調整)。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

(Expressed in United States dollars unless otherwise indicated) (除非另有說明，以美元表示)

29 SHARE AWARD SCHEME (Continued)

(b) Share Award Incentive Scheme (Continued)

During the Award Period, the board of directors may, from time to time, at their absolute discretion, select any Eligible Person of Share Award Incentive Scheme (“the Selected Participant”) and grant an Award to such Selected Participant by way of issuing an award letter. The award letter will specify the grant date, the number of award shares underlying the award, the vesting criteria and conditions, the vesting date and such other details as the board of directors may consider necessary. Announcements on the allotment and issue of new shares under the Share Award Incentive Scheme will be made in accordance with the applicable requirements of the Listing Rules when the grants are made.

In the event that any Selected Participant ceases to be an Eligible Person of Share Award Incentive Scheme by reason of his death, resignation, summary dismissal for misconduct, committing of a criminal offence or other breach of his term of employment or becoming a director or a connected person of the Company, the directors may at their absolute discretion determine either that any outstanding award shares and related income not yet vested shall vest in such manner as it thinks fit or that they shall be forfeited.

The directors may by resolution at any time terminate the operation of the Share Award Incentive Scheme and in such event no further awards shall be made provided that such termination shall not affect any subsisting rights of any Selected Participant in respect of any award granted to him prior to such termination.

No issues, purchases or grants of shares under Share Award Incentive Scheme were made during the current or prior years.

30 EQUITY SETTLED SHARE-BASED TRANSACTIONS

Share Option Scheme

Pursuant to the resolutions passed by all the shareholders on 20 October 2005 and 20 August 2009, the Company had adopted a share option scheme (“Share Option Scheme”).

Other than the Share Option Scheme as mentioned above, pursuant to written resolutions of all shareholders of the Company on 19 October 2005, the Company adopted a Pre-IPO share option scheme.

29 股份獎勵計劃(續)

(b) 股份獎勵激勵計劃(續)

於獎勵期間，董事會可不時全權酌情甄選任何股份獎勵激勵計劃的合資格人士(「選定參與者」)，並以發出獎勵函的形式向該選定參與者授出獎勵。獎勵函應訂明授出日期、有關獎勵的獎勵股份數目、歸屬標準及條件、歸屬日期及董事會認為必要的其他詳情。於作出授出時，本公司將按照上市規則適用規定，就配發及發行股份獎勵激勵計劃項下的新股份發出公告。

倘任何選定參與者因身故、辭任、因行為不當、觸犯刑事罪行或違反其僱傭條款而被即時解僱或成為本公司董事或關連人士而不再為股份獎勵激勵計劃的合資格人士，董事會可全權酌情釐定按其認為適當的方式，歸屬或沒收任何發行在外但尚未歸屬的獎勵股份及相關收入。

董事可透過決議案隨時終止股份獎勵激勵計劃的運作，且在此情況下，不得再授出任何獎勵，惟有關終止不得對任何選定參與者在終止前所獲授任何獎勵的存續權利造成影響。

於本年度或過往年度，概無根據股份獎勵激勵計劃發行、購買或授出任何股份。

30 以股權結算以股份為基礎支付的交易

購股權計劃

根據全體股東於二零零五年十月二十日及二零零九年八月二十日通過的決議案，本公司已採納一項購股權計劃(「購股權計劃」)。

除上文所述之購股權計劃外，根據本公司全體股東於二零零五年十月十九日之書面決議案，本公司採納首次公開發售前購股權計劃。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

(Expressed in United States dollars unless otherwise indicated) (除非另有說明，以美元表示)

30 EQUITY SETTLED SHARE-BASED TRANSACTIONS

(Continued)

Share Option Scheme *(Continued)*

Pursuant to the written resolutions passed by the board of directors on 15 March 2018, all of the outstanding share options had been cancelled during the year ended 31 December 2018.

- (a) The terms and conditions of the grants that existed during the prior year were as follows, whereby all options were settled by physical delivery of shares:

30 以股權結算以股份為基礎支付的交易

(續)

購股權計劃 *(續)*

根據董事會於二零一八年三月十五日通過的書面決議案，於截至二零一八年十二月三十一日年度中，所有未獲行使的購股權已被註銷。

- (a) 上年存續的授出條款及條件如下，所有購股權均以實物交付股份形式結算：

Options granted to employees:	授予僱員的購股權：	Number of instruments 工具數目	Vesting conditions 歸屬條件	Contractual life of options 購股權合約年期
- on 15 January 2008	- 於二零零八年一月十五日	1,000,000	Note 附註	10 years 10年
- on 12 August 2008	- 於二零零八年八月十二日	1,700,000	Note 附註	10 years 10年
- on 29 December 2008	- 於二零零八年十二月二十九日	1,730,000	Note 附註	10 years 10年
- on 18 September 2009	- 於二零零九年九月十八日	7,288,000	Note 附註	10 years 10年
- on 1 September 2010	- 於二零一零年九月一日	2,320,000	Note 附註	10 years 10年
- on 4 September 2012	- 於二零一二年九月四日	7,065,000	Note 附註	10 years 10年
- on 30 August 2013	- 於二零一三年八月三十日	4,105,000	Note 附註	10 years 10年
- on 2 September 2014	- 於二零一四年九月二日	2,250,000	Note 附註	10 years 10年
- on 24 December 2014	- 於二零一四年十二月二十四日	600,000	Note 附註	10 years 10年
Total share options	購股權總計	28,058,000		

Note: Prior to the cancellation of all of the outstanding share options during the year ended 31 December 2018, the vesting period of the options was 5 years, starting from the date of grant and becomes vested at stepped semi-annual increments of 10% of the total options originally granted for a period of 5 years from the date of grant.

附註：於截至二零一八年十二月三十一日年度中註銷所有未行使購股權前，購股權的歸屬期為5年，自授出日期起開始歸屬，按原授出購股權總數每半年遞增10%，並於授出日期起5年內全部歸屬。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

(Expressed in United States dollars unless otherwise indicated) (除非另有說明，以美元表示)

30 EQUITY SETTLED SHARE-BASED TRANSACTIONS

(Continued)

Share Option Scheme (Continued)

(b) The number and weighted average exercise prices of share options were as follows:

		2019 二零一九年		2018 二零一八年	
		Weighted average exercise price 加權平均行使價	Number of options 購股權數目	Weighted average exercise price 加權平均行使價	Number of options 購股權數目
Outstanding at the beginning of the year	年初未行使	N/A 不適用	-	HK\$2.06 2.06港元	28,058,000
Exercised during the year	年內已行使	N/A 不適用	-	HK\$0.54 0.54港元	(850,000)
Forfeited during the year	年內已沒收	N/A 不適用	-	HK\$5.23 5.23港元	(1,000,000)
Cancelled during the year	年內已註銷	N/A 不適用	-	HK\$1.99 1.99港元	(26,208,000)
Outstanding at the end of the year	年終未行使	N/A 不適用	-	N/A 不適用	-
Exercisable at the end of the year	年終可予行使	N/A 不適用	-	N/A 不適用	-

30 以股權結算以股份為基礎支付的交易

(續)

購股權計劃(續)

(b) 購股權的數目及加權平均行使價如下：

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

(Expressed in United States dollars unless otherwise indicated) (除非另有說明，以美元表示)

30 EQUITY SETTLED SHARE-BASED TRANSACTIONS

(Continued)

Share Option Scheme (Continued)

(c) Fair value of share options and assumptions

The fair value of services received in return for share options granted was measured by reference to the fair value of share options granted. The estimate of the fair value of the share options granted was measured based on the Binomial Model. The contractual life of the share option was used as an input into this model. Expectation of early exercise were incorporated into the Binomial Model.

		24	2	30	4	1	18	29	12	15
		December	September	August	September	September	September	December	August	January
		2014	2014	2013	2012	2010	2009	2008	2008	2008
		二零一四年	二零一四年	二零一三年	二零一二年	二零一零年	二零零九年	二零零八年	二零零八年	二零零八年
授出日期		十二月 二十四日	二零一四年 九月二日	二零一三年 八月三十日	二零一二年 九月四日	二零一零年 九月一日	二零零九年 九月十八日	二零零八年 十二月 二十九日	二零零八年 八月十二日	二零零八年 一月十五日
Fair value at measurement date	計量日期的公平值	\$0.14	\$0.28	\$0.24	\$0.08	\$0.07	\$0.12	\$0.03	\$0.12	\$0.27
		0.14元	0.28元	0.24元	0.08元	0.07元	0.12元	0.03元	0.12元	0.27元
Share price	股價	HK\$2.11	HK\$4.16	HK\$2.90	HK\$1.01	HK\$1.20	HK\$2.06	HK\$0.54	HK\$2.32	HK\$5.22
		2.11港元	4.16港元	2.90港元	1.01港元	1.20港元	2.06港元	0.54港元	2.32港元	5.22港元
Exercise price	行使價	HK\$2.11	HK\$4.16	HK\$2.90	HK\$1.02	HK\$1.27	HK\$2.06	HK\$0.54	HK\$2.32	HK\$5.23
		2.11港元	4.16港元	2.90港元	1.02港元	1.27港元	2.06港元	0.54港元	2.32港元	5.23港元
Expected volatility	預期波幅	68%	69%	72%	76%	50%	50%	45%	41%	42%
Option life	購股權年期	10 years	10 years	10 years	10 years	10 years	10 years	10 years	10 years	10 years
		10年	10年	10年	10年	10年	10年	10年	10年	10年
Expected dividends	預期股息	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
		無	無	無	無	無	無	無	無	無
Risk-free interest rate (based on Exchange Fund Notes)	無風險利率 (以外匯基金票 據為準)	1.96%	1.96%	2.34%	0.65%	1.93%	2.36%	1.245%	3.38%	2.8%

The expected volatility was based on the historic volatility (calculated based on the weighted average remaining life of the share options), adjusted for any expected changes to future volatility based on public available information. Expected dividends were based on historical dividends. Changes in the subjective input assumptions could materially affect the fair value estimate.

Share options were granted under a service condition. This condition had not been taken into account in the grant date fair value measurement of the services received. There were no market conditions associated with the share option grants.

30 以股權結算以股份為基礎支付的交易

(續)

購股權計劃(續)

(c) 購股權的公平值及假設

就交換所授出購股權收取服務的公平值，乃參考所授出購股權的公平值計量。所授出購股權公平值的估算乃基於二項式模式計量。購股權的合約年期乃用於輸入此模式。提早行使的預期乃計入二項式模式。

預期波幅乃基於過往波幅(按購股權加權平均剩餘年期計算)，並根據公開可獲得的資料就未來波幅的任何預期變動作出調整。預期股息乃以過往股息為基準。主觀輸入假設變動或會對公平值估計產生重大影響。

購股權乃根據服務條件而授出。此條件並無計入所得服務於授出日期之公平值計量。授出購股權並無附帶市場條件。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

(Expressed in United States dollars unless otherwise indicated) (除非另有說明，以美元表示)

31 CAPITAL AND RESERVES

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

Company

		Share capital	Share premium	Exchange reserve	Employee share-based compensation reserve	Accumulated losses	Total
		股本	股份溢價	匯兌儲備	以股份為基礎支付僱員禮儀儲備	累計虧損	總計
		US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
		千美元	千美元	千美元	千美元	千美元	千美元
Balance at 1 January 2018	於二零一八年一月一日之結餘	9,094	127,805	250	3,775	(12,824)	128,100
Changes in equity for 2018	於二零一八年之權益變動：						
Total comprehensive income for the year	年內全面收益總額	-	-	(308)	-	(147,455)	(147,763)
Issue of new shares	發行新股份	9,749	54,549	-	-	-	64,298
Shares issued under share option schemes	根據購股權計劃發行的股份	11	93	-	(45)	-	59
Equity-settled share-based transactions	以股權結算以股份為基礎支付的交易	-	-	-	(3,730)	3,844	114
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之結餘	18,854	182,447	(58)	-	(156,435)	44,808
Changes in equity for 2019:	於二零一九年之權益變動：						
Total comprehensive income for the year	年內全面收益總額	-	-	209	-	(5,339)	(5,330)
Issue of new shares	發行新股份	20,337	68,288	-	-	-	88,625
Balance at 31 December 2019	於二零一九年十二月三十一日之結餘	39,191	250,735	151	-	(161,974)	128,103

31 資本及儲備

(a) 權益部分之變動

本集團綜合權益各部分之期初及期末結餘之對賬載於綜合權益變動表。本公司年初及年終之個別權益部分變動詳情載列如下：

本公司

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

(Expressed in United States dollars unless otherwise indicated) (除非另有說明，以美元表示)

31 CAPITAL AND RESERVES (Continued)

(b) Share capital

		2019 二零一九年		2018 二零一八年	
		No. of shares 股份數目	Amount 金額	No. of shares 股份數目	Amount 金額
		'000 千股	US\$'000 千美元	'000 千股	US\$'000 千美元
Authorised:	法定：				
Ordinary share of HK\$0.1 each	每股面值0.1港元的 普通股	10,000,000	128,730	10,000,000	128,730
Ordinary shares, issued and fully paid:	已發行及繳足的 普通股：				
At 1 January	於一月一日	1,473,156	18,854	707,120	9,094
Issue of new shares	發行新股份	1,595,883	20,337	765,186	9,749
Shares issued under share option scheme	根據購股權計劃發行 的股份	-	-	850	11
At 31 December	於十二月三十一日	3,069,039	39,191	1,473,156	18,854

31 資本及儲備(續)

(b) 股本

(i) In February 2018, the Group allotted 765,186,000 new shares to the nominee of China Merchants & Great Wall Ocean Strategy & Technology Fund, Prime Force Investment Corporation, with net proceeds amounting to HK\$504,739,000 (equivalent to \$64,298,000).

(ii) Pursuant to a board resolution dated 8 November 2018, the authorised share capital of the Company was increased from HK\$200 million divided into 2,000,000,000 shares of HK\$0.10 each to HK\$1,000 million divided into 10,000,000,000 shares of HK\$0.10 each by the creation of an additional 8,000,000,000 new shares, all of which will rank pari passu with all existing shares in all respects.

(iii) Pursuant to a board resolution dated 8 November 2018, the Company proposed to raise capital by way of the rights issue. In February 2019, the Company allotted and issued 1,473,156,204 rights shares at the subscription price of HK\$0.45 per right share on the basis of one right share for every one existing share held on 10 January 2019. The net proceeds from the rights issue was approximately HK\$652,476,000 (equivalent to \$83,139,000).

(i) 於二零一八年二月，本集團向 China Merchants & Great Wall Ocean Strategy & Technology Fund 的提名人 Prime Force Investment Corporation 配發 765,186,000 股新股份，所得款項淨額為 504,739,000 港元（相等於 64,298,000 元）。

(ii) 根據日期為二零一八年十一月八日之董事會決議案，透過增設額外 8,000,000,000 股新股（所有新股將在各方面與所有現有股份享有相同地位），本公司法定股本由 200 百萬港元（分為 2,000,000,000 股股份，每股面值 0.10 港元）增至 1,000 百萬港元（分為 10,000,000,000 股股份，每股面值 0.10 港元）。

(iii) 根據日期為二零一八年十一月八日之董事會決議案，本公司擬通過供股融資。於二零一九年二月，本公司按於二零一九年一月十日每持一股現有股份獲發一股供股股份之基準，以認購價每股供股股份 0.45 港元配發及發行 1,473,156,204 股供股股份。供股所得款項淨額約為 652,476,000 港元（相當於 83,139,000 元）。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

(Expressed in United States dollars unless otherwise indicated) (除非另有說明，以美元表示)

31 CAPITAL AND RESERVES (Continued)

(b) Share capital (Continued)

- (iv) In November 2019, the Group allotted 122,726,709 shares to a supplier to settle trade payables of \$8,767,000 (see note 5(c)).
- (v) The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

(c) Nature and purpose of reserves

- (i) **Share premium**
Under the Companies Law (Revised) of the Cayman Islands, the fund in the share premium account of the Company is distributable to the shareholders of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business.
- (ii) **Merger reserve**
The merger reserve represents the difference between the nominal value of the share capital of the subsidiaries acquired as a result of the restructuring exercise in 2004 and the nominal value of the Company's shares issued in exchange thereof.
- (iii) **Exchange reserve**
The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign subsidiaries. The reserve is dealt with in accordance with the accounting policies set out in note 1(v).

31 資本及儲備(續)

(b) 股本(續)

- (iv) 於二零一九年十一月，本集團向一名供應商配發122,726,709股股份，以結算貿易應付款項8,767,000元(見附註5(c))。
- (v) 普通股持有人有權收取不時所宣派的股息，並有權於本公司的大會上就每股份投一票。所有普通股就本公司剩餘資產而言享有同等地位。

(c) 儲備的性質及目的

- (i) **股份溢價**
根據開曼群島公司法(經修訂)，本公司股份溢價賬內的資金可供分配予本公司股東，惟緊隨建議派息日期後，本公司須仍有能力於日常業務過程中清償到期債務。
- (ii) **合併儲備**
合併儲備指因二零零四年進行重組而收購的附屬公司的股本面值與作為交換而本公司已發行股份的面值的差額。
- (iii) **匯兌儲備**
匯兌儲備包括換算海外附屬公司財務報表時產生的所有外匯差額。儲備根據附註1(v)所載的會計政策處理。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

(Expressed in United States dollars unless otherwise indicated) (除非另有說明，以美元表示)

31 CAPITAL AND RESERVES (Continued)

(c) Nature and purpose of reserves (Continued)

(iv) Employee share-based compensation reserve

The employee share-based compensation reserve represents the fair value of the actual or estimated number of unexercised share options granted to employees of the Group recognised in accordance with the accounting policy adopted for share-based payments in note 1(r)(ii).

(v) Capital reserve

The capital reserve represents the excess of capital contribution over the nominal value of the registered capital of TSC (Qingdao).

During the year ended 31 December 2016, TSC (Qingdao) was transformed into a company limited by shares. As a result, its net assets value in excess of share capital was transferred to capital reserve as a capital contribution.

(vi) Revaluation reserve

The revaluation reserve represents the fair value adjustment to the interest previously held by the Group as an associate upon the acquisition of TSCUK.

(vii) Reserve funds

The Articles of Association of certain PRC subsidiaries require the appropriation of 10% of their profit after tax each year, based on their statutory audited financial statements, to the reserve funds until the balance reaches 50% of the registered capital of the respective PRC subsidiaries. The reserve funds may be capitalised as the paid-in capital of these subsidiaries.

(viii) Shares held for share award scheme reserve

The shares held for share award scheme reserve represents purchase costs of shares held for share award scheme as disclosed in note 29.

(ix) Fair value reserve (non-recycling)

The fair value reserve (non-recycling) comprises the cumulative net charge in the fair value of equity investments designated at FVOCI under HKFRS 9 that are held at the end of the reporting period (see note 1(f)).

31 資本及儲備(續)

(c) 儲備的性質及目的(續)

(iv) 以股份為基礎支付僱員補償儲備

以股份為基礎支付僱員補償儲備指授予本集團僱員的實際或估計數目的尚未行使購股權的公平值，乃根據就附註1(r)(ii)以股份為基礎支付的付款而採納的會計政策確認。

(v) 資本儲備

資本儲備指資本注資超出TSC(青島)的註冊資本面值的差額。

於截至二零一六年十二月三十一日年度中，TSC(青島)改制為股份有限公司。因此，其超出股本之資產淨值部分作為注資轉撥至資本儲備。

(vi) 重估儲備

重估儲備指於收購TSCUK時本集團作為聯繫人士先前所持權益作出的公平值調整。

(vii) 儲備公益金

若干中國附屬公司的組織章程細則規定須根據其法定經審核財務報表將每年除稅後溢利的10%撥往儲備公益金，直至該儲備結餘達各中國附屬公司註冊資本50%為止。儲備公益金可資本化作該等附屬公司的實繳資本。

(viii) 持作股份獎勵計劃的股份儲備

持作股份獎勵計劃的股份儲備指持作股份獎勵計劃的股份的購買成本，如附註29所披露。

(ix) 公平值儲備(非劃轉)

公平值儲備(非劃轉)包括於報告期末所持有根據香港財務報告準則第9號指定為按公平值計入其他全面收益的股本投資的公平值累計淨額(見附註1(f))。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

(Expressed in United States dollars unless otherwise indicated) (除非另有說明，以美元表示)

31 CAPITAL AND RESERVES (Continued)

(d) Distributability of reserves

The Company's reserves available for distribution to equity shareholders of the Company as at 31 December 2019, as computed in accordance with the Companies Law (Revised) of the Cayman Islands amounted to \$88,761,000 (2018: \$26,012,000).

(e) Dividend

The directors do not recommend the payment of a dividend for the year ended 31 December 2019 (2018: \$Nil).

(f) Capital management

The Group's primary objectives when managing capital are to maintain a strong credit rating and healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. The Group reviews the capital structure on a regular basis and considers the cost of capital and the associated risks. Based on recommendations of the board of directors, the Group will balance its overall capital structure through adjusting the amount of dividends payable to shareholders, new shares issues or new debt financing. No changes were made in the objectives, policies or processes during the years ended 31 December 2019 and 2018.

The Group monitors capital with reference to its debt position. The Group's strategy is to maintain the gearing ratio, being the Group's total liabilities to total assets, under 100%. The gearing ratio as at 31 December 2019 and 1 January 2019, the date of transition to HKFRS 16, were 66% and 90%, respectively (31 December 2018: 90%).

Neither the Company nor any of its subsidiaries is subject to any externally imposed capital requirements.

31 資本及儲備(續)

(d) 可供分派儲備

於二零一九年十二月三十一日，根據開曼群島公司法(經修訂)計算，本公司可供向本公司股權股東作分派的儲備為88,761,000元(二零一八年：26,012,000元)。

(e) 股息

董事不建議派付截至二零一九年十二月三十一日止年度的股息(二零一八年：零元)。

(f) 資本管理

本集團資本管理的首要目標乃維持良好的信貸評級及穩健的資本比率，以支持其業務發展及使股東價值最大化。

本集團管理其資本結構並因應經濟狀況的變化對資本結構作出調整。本集團定期審閱資本結構並考慮資本成本及相關風險。根據董事會的推薦意見，本集團將透過調整應付股東的股息金額、發行新股或進行新債務融資平衡整體資本結構。於截至二零一九年及二零一八年十二月三十一日年度中，本集團資本管理的目標、政策或程序均無變動。

本集團參考其債務狀況監控資本。本集團的策略乃維持資產負債比率(即本集團的總負債除以總資產)低於100%。本集團於二零一九年十二月三十一日及二零一九年一月一日(過渡至香港財務報告準則第16號的日期)的資產負債比率分別為66%及90%(二零一八年十二月三十一日：90%)。

本公司或其任何附屬公司概不受任何外部資本規定限制。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

(Expressed in United States dollars unless otherwise indicated) (除非另有說明，以美元表示)

32 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business. The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

The Group's credit risk is primarily attributable to trade and other receivables, lease receivables and contract assets. Management has a credit policy in place and the exposure to this credit risk is monitored on an ongoing basis.

The credit risk on cash at bank and pledged bank deposits is limited as the counterparties are banks with sound credit standing.

Trade receivables, lease receivables and contract assets

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. At the end of the reporting period, 21% (2018: 1%) and 38% (2018: 30%) of the total trade debtors and bills receivables, lease receivables and contract assets was due from the Group's largest customer and the five largest customers respectively.

Individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Credit terms offered by the Group to its customers are set out in note 18.

The Group measures loss allowances for trade debtors and bills receivables, lease receivables and contract assets at an amount equal to lifetime ECLs, which is calculated using a provision matrix. As the Group's historical credit loss experience indicates different loss patterns for different customer geographical segments, the loss allowance based on past due status is further distinguished between the Group's different customer bases.

32 金融風險管理及金融工具之公平值

本集團正常業務過程中產生信貸、流動資金、利率及貨幣風險。本集團面對此等風險及本集團使用之金融風險管理政策及慣例載列如下。

(a) 信貸風險

本集團的信貸風險主要來自貿易應收及其他應收款項、租賃應收款以及合約資產。管理層已制訂信貸政策，持續監控該信貸風險。

由於對手方銀行擁有良好信貸評級，故銀行現金及已抵押銀行存款之信貸風險屬有限。

貿易應收款項、租賃應收款及合約資產

本集團的信貸風險主要受客戶的個別情況影響，而非客戶經營所處行業或國家，因此信貸風險的主要集中部分主要在本集團對個別客戶承擔重大風險時產生。於報告期末，本集團最大及五大客戶的貿易應收款項及應收票據、租賃應收款及合約資產總額分別佔本集團貿易應收款項及應收票據、租賃應收款及合約資產總額的21% (二零一八年：1%)及38% (二零一八年：30%)。

本集團對所有要求超過若干金額信貸的客戶進行個別信貸評估。該等評估針對客戶過往的到期付款記錄及現時的付款能力，並考慮客戶的特定資料，以及與客戶經營所在經濟環境相關的資料。本集團向其客戶提供之信貸條款載於附註18。

本集團貿易應收賬款及應收票據、租賃應收款及合約資產的虧損撥備按等同於全期預期信貸虧損的金額計量，其乃按撥備矩陣計算。由於本集團的過往信貸虧損經驗表明不同客戶地區分部會有不同虧損模式，基於逾期狀態的虧損撥備於本集團不同客戶基礎之間進一步區分。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

(Expressed in United States dollars unless otherwise indicated) (除非另有說明，以美元表示)

32 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(a) Credit risk (Continued)

Trade receivables and contract assets (Continued)

The following table provides information about the Group's exposure to credit risk and ECLs for trade debtors and bills receivables, lease receivables and contract assets:

		2019 二零一九年		
		Expected loss rate 預期虧損率	Gross carrying amount 賬面總值	Loss allowance 虧損撥備
		%	US\$'000 千美元	US\$'000 千美元
		%	千美元	千美元
<i>Trade debtors and bills receivables:</i>	<i>貿易應收款項及應收票據：</i>			
Current (not past due)	即期(未逾期)	0.37%-6.24%	15,364	(271)
Less than 1 month past due	逾期少於一個月	1.38%-34.55%	5,749	(860)
More than 1 month but within 3 months past due	逾期多於一個月但少於三個月	1.38%-34.55%	3,463	(378)
More than 3 months but within 12 months past due	逾期多於三個月但少於十二個月	1.38%-34.55%	8,708	(1,008)
More than 12 months but within 24 months past due	逾期多於十二個月但少於二十四個月	2.24%-100%	2,639	(1,607)
More than 24 months past due	逾期多於二十四個月	5.47%-100%	68,063	(56,908)
			103,986	(61,032)
Lease receivables (not past due)	租賃應收款(未逾期)	0.59%	9,667	(62)
Contract assets	合約資產	1.34%	1,275	(7)
			114,928	(61,101)

32 金融風險管理及金融工具之公平值

(續)

(a) 信貸風險(續)

貿易應收款項及合約資產(續)

下表載列本集團就貿易應收款項及應收票據、租賃應收款及合約資產的信貸風險及預期信貸虧損之資料：

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

(Expressed in United States dollars unless otherwise indicated) (除非另有說明，以美元表示)

32 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(a) Credit risk (Continued)

Trade receivables and contract assets (Continued)

		Expected loss rate 預期虧損率 %	2018 二零一八年 Gross carrying amount 賬面總值 US\$'000 千美元	Loss allowance 虧損撥備 US\$'000 千美元
Trade debtors and bills receivables:	貿易應收款項及應收票據：			
Current (not past due)	即期(未逾期)	0.49%-4.21%	13,100	(321)
Less than 1 month past due	逾期少於一個月	6.98%-10.01%	2,537	(224)
More than 1 month but within 3 months past due	逾期多於一個月但少於三個月	6.98%-10.01%	5,151	(447)
More than 3 months but within 12 months past due	逾期多於三個月但少於十二個月	6.98%-10.01%	6,153	(1,053)
More than 12 months but within 24 months past due	逾期多於十二個月但少於二十四個月	13.95%-100%	19,117	(11,426)
More than 24 months past due	逾期多於二十四個月	27.45%-100%	61,041	(52,324)
			107,099	(65,795)
Contract assets	合約資產	2.33%	2,030	(18)
			109,129	(65,813)

Expected loss rates are based on actual loss experience over the past 4 years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

預期虧損率乃基於過去四年的實際虧損經驗得出。該等比率已作調整以反映收集過往數據的期間的經濟狀況、目前狀況與本集團對應收款項預計存續期的經濟狀況的意見之差異。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

(Expressed in United States dollars unless otherwise indicated) (除非另有說明，以美元表示)

32 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(a) Credit risk (Continued)

Movement in the loss allowance account in respect of trade debtors and bills receivables, lease receivables and contract assets during the year is as follows:

		2019 二零一九年				2018 二零一八年			
		Trade debtors and bills receivables	Lease receivables	Contract assets	Total	Trade debtors and bills receivables	Lease receivables	Contract assets	Total
		貿易應收款項及應收票據	租賃應收款	合約資產	總計	貿易應收款項及應收票據	租賃應收款	合約資產	總計
		US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
		千美元	千美元	千美元	千美元	千美元	千美元	千美元	千美元
Balance at 1 January	於一月一日之結餘	65,795	-	18	65,813	71,091	-	-	71,091
Exchange adjustments	匯兌調整	(535)	-	-	(535)	(3,071)	-	-	(3,071)
(Reversal of impairment losses)/ impairment losses recognised during the year	年內確認之(減值虧損撥回)/減值虧損	(4,228)	62	(11)	(4,177)	2,427	-	18	2,445
Amounts written off during the year	年內撇銷之金額	-	-	-	-	(4,652)	-	-	(4,652)
Balance at 31 December	於十二月三十一日之結餘	61,032	62	7	61,101	65,795	-	18	65,813

There were no significant changes in the gross carrying amounts of trade debtors and bills receivables and contract assets, accordingly, the loss allowance did not change significantly during the year ended 31 December 2019 and 2018.

(b) 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 approval by the Company's board when the borrowings exceed certain predetermined levels of authority. The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

32 金融風險管理及金融工具之公平值 (續)

(a) 信貸風險(續)

於本年度，有關貿易應收款項及應收票據，租賃應收款項以及合約資產的虧損撥備賬變動如下：

貿易應收款項及應收票據以及合約資產的賬面總值並無重大變動，因此，虧損撥備於截至二零一九年及二零一八年十二月三十一日年度中並無重大變動。

(b) 流動資金風險

本集團內個別營運企業須自行負責現金管理，包括將現金盈餘作短期投資及籌集貸款以應付預期之現金需求(惟借貸額超過若干預定授權水平則須獲得本公司董事會批准)。本集團之政策為定期監察其流動資金需要及遵守借貸條文，以確保其維持足夠現金儲備及來自主要財務機構之承諾資金額度，以應付其長短期之流動資金需要。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

(Expressed in United States dollars unless otherwise indicated) (除非另有說明，以美元表示)

32 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(b) Liquidity risk (Continued)

The following tables show the remaining contractual maturities at the end of the reporting period of the Group's non-derivative financial liabilities, which are 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				
		Contractual undiscounted cash outflow 已訂約但未貼現的現金流出					Contractual undiscounted cash outflow 已訂約但未貼現的現金流出				
		More than 1 year or on demand 一年內或 按要求 還款	More than 1 year but within 2 years 一年以上 但於 兩年內	More than 2 years but within 5 years 兩年以上 但於 五年內	Carrying amount at 31 December 於十二月 三十一日 的賬面值	Total	Within 1 year or on demand 一年內或 按要求 還款	More than 1 year but within 2 years 一年以上 但於 兩年內	More than 2 years but within 5 years 兩年以上 但於 五年內	Carrying amount at 31 December 於十二月 三十一日 的賬面值	Total
		US\$'000 千美元	US\$'000 千美元	US\$'000 千美元	US\$'000 千美元	US\$'000 千美元	US\$'000 千美元	US\$'000 千美元	US\$'000 千美元	US\$'000 千美元	US\$'000 千美元
Trade and other payables	貿易應付及其他應付款項	189,417	-	-	189,417	189,417	201,316	-	-	201,316	201,316
Bank loans	銀行貸款	5,301	3,409	1,150	9,860	9,184	10,837	5,177	2,318	18,332	17,369
Lease liabilities relating to leases previously classified under HKAS 17 as finance leases	以往根據香港會計準則第17號分類為融資租賃之租賃相關租賃負債	-	-	-	-	-	22	22	47	91	81
Other lease liabilities (Note)	其他租賃負債 (附註)	1,296	1,015	2,251	4,562	3,938	-	-	-	-	-
		196,014	4,424	3,401	203,839	202,539	212,175	5,199	2,365	219,739	218,766

Note: The Group has initially applied HKFRS 16 using the modified retrospective approach and adjusted the opening balances at 1 January 2019 to recognise lease liabilities relating to leases which were previously classified as operating leases under HKAS 17. Other lease liabilities include amounts recognised at the date of transition to HKFRS 16 in respect of leases previously classified as operating leases under HKAS 17 and amounts relating to new leases entered into during the year. Under this approach, the comparative information is not restated. See note 1(c).

32 金融風險管理及金融工具之公平價值 (續)

(b) 流動資金風險 (續)

下表列示本集團於報告期末在剩餘合約到期的非衍生金融負債(根據合約未貼現現金流量(包括按合約利率或(如屬浮息)根據報告期末當時的利率計算的利息)計算)，以及本集團須償還有關款項的最早日期：

附註：本集團已採用經修訂追溯法首次應用香港財務報告準則第16號並調整二零一九年一月一日之期初結餘，以確認以往根據香港會計準則第17號分類為經營租賃之租賃相關租賃負債。其他租賃負債包括於過渡至香港財務報告準則第16號日期就以往根據香港會計準則第17號分類為經營租賃之租賃確認之金額及年內新訂租賃相關金額。根據此方法，比較資料並無重列。見附註1(c)。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

(Expressed in United States dollars unless otherwise indicated) (除非另有說明，以美元表示)

32 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(c) Interest rate risk

The Group's interest rate risk arises primarily from the Group's cash and cash equivalents, pledged bank deposits, bank loans and lease liabilities. Borrowings issued at variable rates and at fixed rates expose the Group to cash flow interest rate risk and fair value interest rate risk respectively. The Group does not use financial derivatives to hedge against the interest rate risk. The Group's interest rate profile as monitored by management is set out in (i) below.

(i) Interest rate profile

The following table details the interest rate profile of the Group's net borrowings/(deposits) (being interest-bearing financial liabilities less cash and cash equivalents, pledged bank deposits and notes receivables) at the end of the reporting period.

		2019 二零一九年		2018 二零一八年	
		Effective interest rate 實際利率	US\$'000 千美元	Effective interest rate 實際利率	US\$'000 千美元
Fixed rate borrowings/ (deposits):	定息借貸/(存款):				
Bank loans	銀行貸款	5.0%	2,153	4.57%	3,619
Lease liabilities (note)	租賃負債(附註)	3.0%-5.9%	3,938	5.89%	81
Less: Notes receivables	減: 應收票據	5.3%	(6,413)	N/A 不適用	-
			(322)		3,700
Variable rate borrowings/ (deposits):	浮息借貸/(存款):				
Bank loans	銀行貸款	5.39%-5.46%	7,031	5.39%-5.46%	13,750
Less: Pledged bank deposits	減: 已抵押銀行存款	0.35%	(1,051)	1.3%	(802)
Cash and cash equivalents	現金及現金等 值物	0.1%-0.8%	(35,021)	0.1%-0.8%	(19,805)
			(29,041)		(6,857)
Total net deposits	淨存款總額		(29,363)		(3,157)

Note: The Group has initially applied HKFRS 16 using the modified retrospective approach and adjusted the opening balances at 1 January 2019 to recognise lease liabilities relating to leases which were previously classified as operating leases under HKAS 17. Under this approach, the comparative information is not restated. See note 1(c).

附註: 本集團已採用經修訂追溯法首次應用香港財務報告準則第16號並調整二零一九年一月一日之初結餘，以確認以往根據香港會計準則第17號分類為經營租賃之租賃相關租賃負債。根據此方法，比較資料並無重列。見附註1(c)。

32 金融風險管理及金融工具之公平值 (續)

(c) 利率風險

本集團的利率風險主要來自本集團現金及現金等值物、已抵押銀行存款、銀行貸款以及租賃負債。按浮動利率及按固定利率計息的借貸分別對本集團構成現金流量利率風險及公平值利率風險。本集團並無採用金融衍生工具以對沖利率風險。下文(i)載列管理層監管下的本集團利率詳情。

(i) 利率詳情

下表載列本集團於報告期末的借貸/(存款)淨額(即計息金融負債減現金及現金等值物、已抵押銀行存款及應收票據)的利率詳情。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

(Expressed in United States dollars unless otherwise indicated) (除非另有說明，以美元表示)

32 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(c) Interest rate risk (Continued)

(ii) Sensitivity analysis

At 31 December 2019, it is estimated that a general increase of one percentage point in interest rates, with all other variables held constant, would have increased the Group's profit before taxation by approximately \$290,000 (2018: decreased the Group's loss before taxation by approximately \$69,000). A general decrease of one percentage point in interest rates would had the equal amount but opposite effect, on the basis that all other variables remain constant.

The sensitivity analysis above indicates the instantaneous change in the Group's profit/loss before taxation that would arise assuming that the change in interest rates had occurred at the end of the reporting period. In respect of the exposure to cash flow interest rate risk arising from floating rate non-derivative instruments held by the Group at the end of the reporting period, the impact on the Group's profit/loss before taxation is estimated as an annualised impact on interest expense or income of such a change interest rates. The analysis is performed on the same basis for 2018.

(d) Currency risk

(i) Forecast transactions

The Group is exposed to currency risk primarily through sales and purchases which give rise to receivables, payables and cash balances that are denominated in a foreign currency, i.e. a currency other than the functional currency of the operations to which they relate. Most of the Group's subsidiaries in the PRC carried out production locally with RMB as functional currency while over 50% of the Group's revenue was denominated in United States dollars. At 31 December 2019 and 2018, no related hedges were made by the Group.

RMB is not freely convertible into foreign currencies. All foreign exchange transactions involving RMB take place through the People's Bank of China or other institutions authorised to buy and sell foreign currencies. The exchange rate adopted for the foreign exchange transactions are the rates of exchange quoted by the People's Bank of China that are determined largely by supply and demand.

32 金融風險管理及金融工具之公平值 (續)

(c) 利率風險(續)

(ii) 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，估計利率一般增加一個百分點，將分別增加本集團的除稅前溢利約290,000元(二零一八年：減少本集團的除稅前虧損約69,000元)。假設所有其他變數維持不變，利率一般減少一個百分點，將產生同等數額之反向影響。

以上敏感度分析闡示本集團除稅前溢利／虧損在假設利率變動於報告期末已發生的情況下所產生的即時變動。就本集團因持有浮息非衍生工具於報告期末承受的現金流利率風險而言，對本集團除稅前溢利／虧損的影響乃以該等利率變動對利息收支的整年影響作估計。分析乃按二零一八年相同的基準進行。

(d) 貨幣風險

(i) 預測交易

本集團面對之貨幣風險主要來自導致應收款項、應付款項及現金結餘之買賣，該等買賣以與營運相關之功能性貨幣以外貨幣計值。本集團大部分中國附屬公司在當地進行的生產活動乃以人民幣為功能性貨幣，而本集團超過50%之收益乃以美元計值。於二零一九年及二零一八年十二月三十一日，本集團並無作出相關對沖。

人民幣不可自由兌換成外幣。所有涉及人民幣的外匯交易均須通過中國人民銀行或其他獲授權買賣外匯的機構進行。外匯交易匯率採用中國人民銀行所報的匯率進行，而該等匯率主要按供求釐定。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

(Expressed in United States dollars unless otherwise indicated) (除非另有說明，以美元表示)

32 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(d) Currency risk (Continued)

(ii) Exposure to currency risk

The following table details the Group's exposure at the end of the reporting period to currency risk arising from recognised assets or liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purposes, the amounts of the exposure are shown in United States dollars, translated using the spot rate at the year end date. Differences resulting from the translation of the financial statements of foreign operations into the Group's presentation currency are excluded.

32 金融風險管理及金融工具之公平值

(續)

(d) 貨幣風險(續)

(ii) 須面臨的貨幣風險

下表載列本集團於報告期間末之以實體有關功能貨幣以外之貨幣計值已確認資產或負債面對之貨幣風險。就呈列而言，有關風險金額以美元計值，並於年結日以即期匯率兌換。不包括由海外營運財務報表換算成本集團呈列貨幣之差異。

Exposure to United States dollars (expressed in United States dollars) 美元風險 (以美元呈列)

		2019 二零一九年 US\$'000 千美元	2018 二零一八年 US\$'000 千美元
Trade and other receivables	貿易應收及其他應收款項	8,290	7,251
Cash and cash equivalents	現金及現金等值物	23,096	11,323
Trade and other payables	貿易應付及其他應付款項	(249)	(186)
Net exposure arising from recognised assets and liabilities	已確認資產及負債產生之風險淨額	31,137	18,388

(iii) Sensitivity analysis

The following table indicates the instantaneous change in the Group's profit/loss before taxation that would arise if foreign exchange rates to which the Group has significant exposure at the end of the reporting period had changed at that date, assuming all other risk variables remained constant.

(iii) 敏感度分析

下表說明倘本集團於報告期末面對重大風險之外幣匯率於該日變動並假設所有其他風險因素維持不變時本集團之除稅前溢利/虧損可能產生之即時變動。

		2019 二零一九年		2018 二零一八年	
		Increase/ (decrease) in foreign exchange rates 外幣匯率 增加/(減少)	Increase/ (decrease) in profit before tax 除稅前溢利 增加/(減少) US\$'000 千美元	Increase/ (decrease) in foreign exchange rates 外幣匯率 增加/(減少)	Decrease/ (increase) in loss before tax 除稅前虧損 減少/(增加) US\$'000 千美元
United States dollars	美元	5%	1,557	5%	919
		(5)%	(1,557)	(5)%	(919)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

(Expressed in United States dollars unless otherwise indicated) (除非另有說明，以美元表示)

32 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(d) Currency risk (Continued)

(iii) Sensitivity analysis (Continued)

Results of the analysis as presented in the above table represent an aggregation of the instantaneous effects on each of the Group entities' profit/loss before taxation measured in the respective functional currencies, translated into United States dollars at the exchange rate ruling at the end of the reporting period for presentation purposes.

The sensitivity analysis assumes that the change in foreign exchange rates had been applied to re-measure those financial instruments held by the Group which expose the Group to foreign currency risk at the end of the reporting period, including inter-company payables and receivables within the Group which are denominated in a currency other than the functional currencies of the lender or the borrower. The analysis excludes differences that would result from the translation of the financial statements of foreign operations into the Group's presentation currency. The analysis is performed on the same basis for 2018.

(e) Estimation of fair values

The carrying amounts of the Group's financial instruments carried at amortised cost were not materially different from their fair values as at 31 December 2019 and 2018.

32 金融風險管理及金融工具之公平值 (續)

(d) 貨幣風險(續)

(iii) 敏感度分析(續)

上表呈列之分析結果指本集團各實體之除稅前溢利／虧損以各自之功能貨幣計值於為呈列目的而按報告期末之匯率兌換成美元後之即時影響總額。

敏感度分析假設外幣匯率變動已應用至重新計算本集團持有之金融工具，而該等金融工具使本集團於報告期末面對外匯風險，包括以貸款人或借款人之功能貨幣以外之貨幣計值之本集團內公司間的應付款項及應收款項。分析不包括換算海外業務財務報表至本集團呈列貨幣時可能出現之差額。分析乃按二零一八年相同的基準進行。

(e) 公平值估算

本集團以攤銷成本列賬的金融工具之賬面值與彼等於二零一九年及二零一八年十二月三十一日之公平值並無重大差異。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

(Expressed in United States dollars unless otherwise indicated) (除非另有說明，以美元表示)

33 COMMITMENTS

At 31 December 2018, the total future minimum lease payments under non-cancellable operating leases were payable as follows:

		US\$'000 千美元
Within 1 year	1年內	1,281
After 1 year but within 5 years	1至5年	2,693
		3,974

The Group is the lessee in respect of a number of properties held under leases which were previously classified as operating leases under HKAS 17. The Group has initially applied HKFRS 16 using the modified retrospective approach. Under this approach, the Group adjusted the opening balances at 1 January 2019 to recognise lease liabilities relating to these leases (see note 1(c)). From 1 January 2019 onwards, future lease payments are recognised as lease liabilities in the consolidated statement of financial position in accordance with the policies set out in note 1(j), and the details regarding the Group's future lease payments are disclosed in note 26.

34 MATERIAL RELATED PARTY TRANSACTIONS

In addition to the transactions and balances disclosed elsewhere in these financial statements, the Group entered into the following related party transactions.

(a) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors as disclosed in note 7 and certain of the highest paid employees as disclosed in note 8, is as follows:

		2019 二零一九年 US\$'000 千美元	2018 二零一八年 US\$'000 千美元
Salaries and other emoluments	薪酬及其他酬金	1,664	2,201
Retirement scheme contributions	退休計劃供款	50	73
		1,714	2,274

Total remuneration is included in "staff costs" (see note 5(b)).

33 承擔

於二零一八年十二月三十一日，根據不可撤銷經營租賃的未來最低租賃付款總額如下：

本集團為以往根據香港會計準則第17號分類為經營租賃之租賃項下若干物業的承租人。本集團已採用經修訂追溯法首次應用香港財務報告準則第16號。根據此方法，本集團調整了二零一九年一月一日之期初結餘，以確認該等租賃相關之租賃負債(見附註1(c))。自二零一九年一月一日起，未來租賃付款根據附註1(j)所載政策與綜合財務狀況表確認為租賃負債，且有關本集團未來租賃付款之詳情於附註26披露。

34 重大關連人士交易

除該等財務報表其他部分所披露的交易及結餘外，本集團亦訂立以下關連人士交易。

(a) 主要管理人員酬金

下表載列本集團主要管理人員酬金，包括支付予附註7所披露的本公司董事及附註8所披露的若干最高薪僱員的金額：

酬金總額計入「僱員成本」(見附註5(b))。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

(Expressed in United States dollars unless otherwise indicated) (除非另有說明，以美元表示)

34 MATERIAL RELATED PARTY TRANSACTIONS

(Continued)

(b) Transactions with related companies

The Group entered into the following related party transactions with fellow subsidiaries:

	2019 二零一九年 US\$'000 千美元	2018 二零一八年 US\$'000 千美元
Sales of capital equipment and packages 資本設備及總包銷售	4,877	-

During the year ended 31 December 2019, the Group has subscribed for the shares in Wealthy Marvel Enterprises Limited, which was previously wholly-owned by the Fund. This company has become a joint venture of the Group upon the completion of subscription of shares, details of which are disclosed in note 15 to these consolidated financial statements.

In the opinion of the Company's directors, the above transactions were carried out on normal commercial terms and in the ordinary course of business.

(c) Applicability of the Listing Rules relating to connected transactions

Among the sales of capital equipment and packages to fellow subsidiaries disclosed in note 34(b) above, \$935,000 constitute connected transactions as defined in Chapter 14A of the Listing Rules.

34 重大關連人士交易(續)

(b) 與關聯公司之交易

本集團同系附屬公司訂立以下關連人士交易：

	2019 二零一九年 US\$'000 千美元	2018 二零一八年 US\$'000 千美元
Sales of capital equipment and packages 資本設備及總包銷售	4,877	-

於截至二零一九年十二月三十一日止年度，本集團認購Wealthy Marvel Enterprises Limited(之前由該基金全資擁有)的股份。於股份認購完成後，該公司已成為本集團之合營公司，詳情於該等綜合財務報表附註15披露。

本公司董事認為，上述交易乃於正常業務過程中按一般商業條款進行。

(c) 有關關連交易之上市規則之適用性

上述附註34(b)中披露的向同系附屬公司的資本設備及總包銷售中，935,000元構成上市規則第14A章所界定之關連交易。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

(Expressed in United States dollars unless otherwise indicated) (除非另有說明，以美元表示)

35 COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION 35 公司級財務狀況表

		Note 附註	2019 二零一九年 US\$'000 千美元	2018 二零一八年 US\$'000 千美元
Non-current assets	非流動資產			
Property, plant and equipment	物業、廠房及設備		298	428
Intangible assets	無形資產		284	—
Investments in subsidiaries	於附屬公司之投資		5,486	—*
Amounts due from subsidiaries	應收附屬公司款項		95,129	35,892
Prepayments	預付款項		—	424
			101,197	36,744
Current assets	流動資產			
Other receivables, prepayments and deposits	其他應收款項、預付款項及按金		6,560	756
Cash and cash equivalents	現金及現金等值物		22,317	10,064
			28,877	10,820
Current liabilities	流動負債			
Other payables and accrued charges	其他應付款項及應計開支		1,307	2,090
Amounts due to subsidiaries	應付附屬公司款項		664	666
			1,971	2,756
Net current assets	流動資產淨值		26,906	8,064
NET ASSETS	資產淨值		128,103	44,808
CAPITAL AND RESERVES	資本及儲備	31(a)		
Share capital	股本		39,191	18,854
Reserves	儲備		88,912	25,954
TOTAL EQUITY	權益總額		128,103	44,808

* The balance represents amount less than \$1,000.

* 結餘指金額低於1,000元。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

(Expressed in United States dollars unless otherwise indicated) (除非另有說明，以美元表示)

36 COMPARATIVE FIGURES

The Group has initially applied HKFRS 16 at 1 January 2019 using the modified retrospective approach. Under this approach, comparative information is not restated except for reclassification of certain comparative figures to conform with current year presentation. Further details of the changes in accounting policies are disclosed in note 1(c).

37 NON-ADJUSTING EVENT AFTER REPORTING PERIOD

The coronavirus outbreak since early 2020 has brought uncertainties in the Group's operating environment. The Group has been closely monitoring the impact of the developments on the Group's businesses and has put in place contingency measures. These contingency measures include temporary suspension of productions and deferral of delivery of products.

As far as the Group's businesses are concerned, the management estimated that this would result a negative impact to the revenue due to the above contingency measures. These impacts have not been reflected in the consolidated financial statements for the year ended 31 December 2019.

36 比較數字

本集團於二零一九年一月一日採用經修訂追溯法初始應用香港財務報告準則第16號。根據該方法，比較資料並不會予以呈列，惟為符合本年呈列重新分類若干比較數字除外。會計政策變動的進一步資料於附註1(c)披露。

37 報告期後非調整事項

自二零二零年初以來，新冠病毒爆發給本集團的經營環境帶來不確定性。本集團一直密切監察事態發展對本集團業務的影響，並已採取應急措施。該等應急措施包括暫時中止生產及推遲產品交付。

就本集團的業務而言，管理層估計由於上述應急措施，這將對收益產生負面影響。該等影響尚未反映在截至二零一九年十二月三十一日止年度的綜合財務報表內。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

(Expressed in United States dollars unless otherwise indicated) (除非另有說明，以美元表示)

38 IMMEDIATE AND ULTIMATE CONTROLLING PARTY

At 31 December 2019, the directors consider the immediate parent and ultimate controlling party of the Group to be Prime Force Investment Corporation and China Merchants Group Limited, which are incorporated in the British Virgin Islands and the PRC, respectively. None of them produce financial statements available for public use.

39 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2019

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments and a new standard, HKFRS 17, *Insurance contracts*, which are not yet effective for the year ended 31 December 2019 and which have not been adopted in the consolidated financial statements. These developments include the following which may be relevant to the Group.

Amendments to HKFRS 3, *Definition of a business*

香港財務報告準則第3號的修訂本，業務的定義

Amendments to HKAS 1 and HKAS 8, *Definition of material*

香港會計準則第1號及香港會計準則第8號修訂本，重大的定義

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

38 直接及最終控制方

於二零一九年十二月三十一日，董事認為本集團之直接母控制方及最終控制方為Prime Force Investment Corporation及招商局集團有限公司，兩者分別於英屬處女群島及中國註冊成立。彼等概無編製可供公眾取用之財務報表。

39 截至二零一九年十二月三十一日止年度已頒佈但未生效的修訂、新準則及詮釋的可能影響

直至該等財務報表發出日期，香港會計師公會頒佈了於截至二零一九年十二月三十一日止年度尚未生效的多項修訂及一項新準則香港財務報告準則第17號保險合約，而本集團並未於該等財務報表內採納。該等修訂及新準則包括以下與本集團相關者。

**Effective for
accounting periods
beginning on or after
於下列日期或之後
開始的會計期間生效**

1 January 2020

二零二零年一月一日

1 January 2020

二零二零年一月一日

本集團正評估該等修訂及新準則預期於首次應用期間的影響。迄今之結論為，應用該等修訂及新準則不大可能對本集團的綜合財務報表構成重大影響。

BOARD OF DIRECTORS

Executive Directors

Mr. Jiang Bing Hua (*Co-Chairman*)
Mr. Cong Yongjian (*Chief Executive Officer*)
(*appointed on 19 February 2020*)
Mr. Zhang Menggui, Morgan

Non-executive Directors

Mr. Lou Dongyang (*Chairman*)
(*re-designated as the Chairman on 19 February 2020*)
Mr. Wang Jianzhong
Ms. Fu Rui (*appointed on 1 June 2019*)
Mr. Qian Zewei (*appointed on 1 October 2019*)

Independent Non-executive Directors

Mr. Chan Ngai Sang, Kenny
Mr. Zou Zhendong
Mr. Chen Weidong
Mr. Sun Dongchang (*appointed on 12 November 2019*)

COMPLIANCE OFFICER

Mr. Zhang Menggui, Morgan

CHIEF FINANCIAL OFFICER

Mr. Xie Shaohua

COMPANY SECRETARY

Ms. Koo Ching Fan

AUTHORISED REPRESENTATIVES

Mr. Zhang Menggui, Morgan
Mr. Jiang Bing Hua

AUDIT COMMITTEE

Mr. Chan Ngai Sang, Kenny (*Chairman*)
Mr. Zou Zhendong
Mr. Chen Weidong

REMUNERATION COMMITTEE

Mr. Zou Zhendong (*Chairman*)
Mr. Jiang Bing Hua
Mr. Chan Ngai Sang, Kenny
Mr. Chen Weidong
Mr. Lou Dongyang (*appointed on 19 February 2020*)

NOMINATION COMMITTEE

Mr. Lou Dongyang (*Chairman*) (*appointed on 19 February 2020*)
Mr. Zhang Menggui, Morgan
Mr. Chan Ngai Sang, Kenny
Mr. Zou Zhendong
Mr. Chen Weidong

董事會

執行董事

蔣秉華先生(*聯席主席*)
叢永儉先生(*首席執行官*)
(*於二零二零年二月十九日獲委任*)
張夢桂先生

非執行董事

婁東陽先生(*主席*)
(*於二零二零年二月十九日獲調任為主席*)
王建中先生
傅銳女士(*於二零一九年六月一日獲委任*)
錢澤偉先生(*於二零一九年十月一日獲委任*)

獨立非執行董事

陳毅生先生
鄒振東先生
陳衛東先生
孫東昌先生(*於二零一九年十一月十二日獲委任*)

監察主任

張夢桂先生

首席財務官

謝少華先生

公司秘書

顧菁芬女士

獲授權代表

張夢桂先生
蔣秉華先生

審核委員會

陳毅生先生(*主席*)
鄒振東先生
陳衛東先生

薪酬委員會

鄒振東先生(*主席*)
蔣秉華先生
陳毅生先生
陳衛東先生
婁東陽先生(*於二零二零年二月十九日獲委任*)

提名委員會

婁東陽先生(*主席*)(*於二零二零年二月十九日獲委任*)
張夢桂先生
陳毅生先生
鄒振東先生
陳衛東先生

CORPORATE INFORMATION

公司資料

COMPLIANCE COMMITTEE

Mr. Lou Dongyang (*Chairman*)
Mr. Chan Ngai Sang, Kenny
Mr. Chen Weidong
Mr. Ma Yaohui

REGISTERED OFFICE

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

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 2706-2709, 27/F
One Harbourfront
18 Tak Fung Street
Hunghom, Kowloon
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HONG KONG SHARE REGISTRAR

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

PLACE OF LISTING AND DATE OF LISTING

The Stock Exchange of Hong Kong Limited
28 November 2005

PUBLIC AND INVESTOR RELATIONS

The Company
Email: ir@cmicholding.com
Phone: +852 2857 3667
Fax: +852 2857 3381

TOTAL NUMBER OF ISSUED SHARES

3,069,039,117 shares as at 31 December 2019

AUDITORS

KPMG, Public Interest Entity Auditor registered in accordance with the Financial Reporting Council Ordinance

WEBSITE

www.cmicholding.com

STOCK CODE

206

監察委員會

婁東陽先生 (主席)
陳毅生先生
陳衛東先生
馬耀輝先生

註冊辦事處

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

香港主要營業地點及營運總部

香港
九龍紅磡
德豐街18號
海濱廣場一座
27樓2706-2709室

主要股份過戶登記處

Conyers Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

香港股份過戶登記處

卓佳證券登記有限公司
香港
皇后大道東183號
合和中心54樓

上市地點及上市日期

香港聯合交易所有限公司
二零零五年十一月二十八日

公共及投資者關係

本公司
電郵: ir@cmicholding.com
電話: +852 2857 3667
傳真: +852 2857 3381

已發行股份總數

於二零一九年十二月三十一日為3,069,039,117股

核數師

畢馬威會計師事務所(於《財務匯報局條例》下的註冊公眾利益實體核數師)

網址

www.cmicholding.com

股份代號

206



華商國際
CMIC OCEAN EN-TECH