

中期報告
INTERIM REPORT
2018



HUSCOKE RESOURCES HOLDINGS LIMITED
和嘉資源控股有限公司

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Zhao Xu Guang
(Chairman and Chief Executive Officer)

Mr. So Chiu Fung

Non-Executive Directors

Mr. Wong Siu Hung, Patrick

Mr. Huang Man Yem

Independent Non-Executive Directors

Mr. Lam Hoy Lee, Laurie

Mr. Lau Ka Ho

Mr. To Wing Tim, Paddy

AUDIT COMMITTEE

Mr. Lau Ka Ho (Chairman)

Mr. To Wing Tim, Paddy

Mr. Lam Hoy Lee, Laurie

Mr. Huang Man Yem

REMUNERATION COMMITTEE

Mr. Lam Hoy Lee, Laurie (Chairman)

Mr. To Wing Tim, Paddy

Mr. Lau Ka Ho

Mr. Huang Man Yem

NOMINATION COMMITTEE

Mr. Zhao Xu Guang (Chairman)

Mr. Lam Hoy Lee, Laurie

Mr. To Wing Tim, Paddy

Mr. Lau Ka Ho

COMPANY SECRETARY

Mr. Li Chi Chung

LEGAL ADVISER

Michael Li & Co.

AUDITORS

Ernst & Young

公司資料

董事會

執行董事

趙旭光先生
(主席兼行政總裁)

蘇晁鋒先生

非執行董事

黃少雄先生

黃文鑫先生

獨立非執行董事

林開利先生

劉家豪先生

杜永添先生

審核委員會

劉家豪先生 (主席)

杜永添先生

林開利先生

黃文鑫先生

薪酬委員會

林開利先生 (主席)

杜永添先生

劉家豪先生

黃文鑫先生

提名委員會

趙旭光先生 (主席)

林開利先生

杜永添先生

劉家豪先生

公司秘書

李智聰先生

法律顧問

李智聰律師事務所

核數師

安永會計師事務所

STOCK CODE

Hong Kong Stock Exchange: 704

CORPORATE WEBSITE

www.huscoke.com

PRINCIPAL OFFICE

Room 2301, 23rd Floor
Tower One, Lippo Centre
89 Queensway
Admiralty, Hong Kong

REGISTERED OFFICE

Canon's Court
22 Victoria Street
Hamilton HM12
Bermuda

SHARE REGISTRARS AND TRANSFER OFFICE

In Hong Kong

Tricor Secretaries Limited
Level 22, Hopewell Centre
183 Queen's Road East
Wan Chai, Hong Kong

In Bermuda

MUFG Fund Services (Bermuda) Limited
The Belvedere Building
69 Pitts Bay Road
Pembroke HM08
Bermuda

PRINCIPAL BANKERS

Nanyang Commercial Bank, Limited
The Bank of East Asia Limited
The Hongkong and Shanghai Banking
Corporation Limited

股票代號

香港聯合交易所：704

公司網址

www.huscoke.com

主要辦事處

香港金鐘
金鐘道89號
力寶中心一座
23樓2301室

註冊辦事處

Canon's Court
22 Victoria Street
Hamilton HM12
Bermuda

股份過戶登記處

香港

卓佳秘書商務有限公司
香港灣仔
皇后大道東183號
合和中心22樓

百慕達

MUFG Fund Services (Bermuda) Limited
The Belvedere Building
69 Pitts Bay Road
Pembroke HM08
Bermuda

主要往來銀行

南洋商業銀行有限公司
東亞銀行有限公司
香港上海滙豐銀行有限公司

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2018

The board (the “Board”) of directors (the “Directors”) of Huscoke Resources Holdings Limited (the “Company”) is pleased to announce the unaudited condensed consolidated interim results of the Company and its subsidiaries (collectively, the “Group”) for the six months ended 30 June 2018 (the “Reporting Period”) together with the comparative figures for the corresponding period in 2017 as follows:

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the six months ended 30 June 2018

		For the six months ended 30 June	
		截至六月三十日止六個月	
		2018	2017
		二零一八年	二零一七年
		(Unaudited)	(Unaudited)
		(未經審核)	(未經審核)
		HK\$'000	HK\$'000
		千港元	千港元
	Notes		
	附註		
Revenue			
Cost of sales	3	744,128	601,670
		(619,183)	(505,744)
Gross profit		124,945	95,926
Other income and gains, net	4	23,213	29,623
Selling and distribution costs		(71,089)	(60,840)
Administrative expenses		(39,146)	(25,178)
Finance costs	5	(586)	(3,199)
Reversal of impairment on items of property, plant and equipment		-	99,222
Profit before tax	6	37,337	135,554
Income tax expense	7	-	(349)
Profit for the period		37,337	135,205

截至二零一八年六月三十日止六個月之中期業績

和嘉資源控股有限公司(「本公司」)董事(「董事」)會(「董事會」)欣然宣佈本公司及其附屬公司(統稱「本集團」)截至二零一八年六月三十日止六個月(「本報告期間」)之未經審核簡明綜合中期業績連同截至二零一七年同期之比較數字如下：

簡明綜合損益及其他全面收益表

截至二零一八年六月三十日止六個月

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

(Continued)

For the six months ended 30 June 2018

簡明綜合損益及其他全面收益表 (續)

截至二零一八年六月三十日止六個月

		For the six months ended 30 June 截至六月三十日止六個月	
		2018 二零一八年 (Unaudited) (未經審核) HK\$'000 千港元	2017 二零一七年 (Unaudited) (未經審核) HK\$'000 千港元
		Notes 附註	
Other comprehensive (loss)/income	其他全面(虧損)/收益		
Other comprehensive (loss)/ income to be reclassified to profit or loss: Exchange differences on translation of foreign operation	將予重新分類至損益 之其他全面 (虧損)/收益: 海外業務折算 產生之兌換 差額		(117) 7,234
Others comprehensive (loss)/income for the period, net of tax	本期間其他全面 (虧損)/收益， 除稅後		(117) 7,234
Total comprehensive income for the period	本期間全面收益總額		37,220 142,439
Profit for the period attributable to:	應佔本期間溢利：		
Owners of the parent	母公司擁有人	30,230	121,211
Non-controlling interests	非控股權益	7,107	13,994
		37,337	135,205
Total comprehensive income attributable to:	應佔全面收益總額：		
Owners of the parent	母公司擁有人	30,124	127,847
Non-controlling interests	非控股權益	7,096	14,592
		37,220	142,439
Earnings per share attributable to ordinary equity holders of the parent	母公司普通股權益 持有人應佔每股盈利		
Basic	基本		
- For profit for the period	- 本期間溢利		HK1.16 cents 港仙 HK4.67 cents 港仙
Diluted	攤薄		
- For profit for the period	- 本期間溢利		HK1.12 cents 港仙 HK4.53 cents 港仙

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Continued)

At 30 June 2018

簡明綜合財務狀況表 (續)

於二零一八年六月三十日

		As at 30 June 2018 於 二零一八年 六月三十日 (Unaudited) (未經審核) HK\$'000 千港元	As at 31 December 2017 於 二零一七年 十二月三十一日 (Audited) (經審核) HK\$'000 千港元
NET CURRENT ASSETS/ (LIABILITIES)	流動資產/(負債) 淨額	24,373	(26,541)
TOTAL ASSETS LESS CURRENT LIABILITIES	資產總額減流動負債	518,044	484,145
NON-CURRENT LIABILITIES	非流動負債		
Other payables and deferred income	其他應付帳款及 遞延收入	5,335	8,455
Other borrowings	其他借貸	16,188	18,188
Deferred tax liability	遞延稅項負債	106	106
Convertible bonds	可換股債券	41,427	41,427
Total non-current liabilities	非流動負債總額	65,056	68,176
NET ASSETS	資產淨值	452,988	415,969
EQUITY	股權		
Equity attributable to the owners of the parent	母公司擁有人應佔股權		
Share capital	股本	25,966	25,966
Reserves	儲備	381,090	350,902
		407,056	376,868
Non-controlling interests	非控股權益	45,932	39,101
TOTAL EQUITY	股權總額	452,988	415,969

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2018

簡明綜合權益變動表

截至二零一八年六月三十日止六個月

		Issued Share Capital	Share Premium	Contributed Surplus	Special Reserve	Other Reserve	Share Option Reserve	Exchange Fluctuation Reserve	Capital Redemption Reserve	Convertible Bonds Reserve	Accumulated Losses	Total	Non- controlling Interest	Total
		已發行股本	股份溢價	輸入盈餘	特別儲備	其他儲備	購股權儲備	兌換波動儲備	資本贖回儲備	債券溢價	累計虧損	總計	非控股權益	總計
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
At 1 January 2017	於二零一七年一月一日	24,036	341,361	1,141,727	18,236	(9,788)	3,585	81,231	85	550,200	(1,906,063)	244,610	22,995	267,605
Profit for the period	本期間溢利	-	-	-	-	-	-	-	-	-	121,211	121,211	13,994	135,205
Other comprehensive income for the period	本期間其他全面收益	-	-	-	-	-	-	-	-	-	-	-	-	-
Exchange differences	匯兌差額	-	-	-	-	-	-	6,636	-	-	-	6,636	598	7,234
Total comprehensive income for the period	本期間全面收益總額	-	-	-	-	-	-	6,636	-	-	121,211	127,847	14,592	142,439
Conversion of convertible bonds	兌換可換股債券	1,930	-	548,120	-	-	-	-	(550,050)	-	-	-	-	-
Lapsed share options	已失效購股權	-	-	-	-	-	-	(1,076)	-	-	1,076	-	-	-
At 30 June 2017 (unaudited)	於二零一七年六月三十日 (未經審核)	25,966	341,361	1,689,847	18,236	(9,788)	3,585	86,791	85	150	(1,783,776)	372,457	37,587	410,044
At 1 January 2018	於二零一八年一月一日	25,966	341,361	1,689,847	18,236	(10,354)	2,509	96,157	85	368	(1,787,307)	376,868	39,101	415,969
Profit for the period	本期間溢利	-	-	-	-	-	-	-	-	-	30,230	30,230	7,107	37,337
Other comprehensive income for the period	本期間其他全面收益	-	-	-	-	-	-	-	-	-	-	-	-	-
Exchange differences	匯兌差額	-	-	-	-	-	-	(106)	-	-	-	(106)	(11)	(117)
Total comprehensive income for the period	本期間全面收益總額	-	-	-	-	-	-	(106)	-	-	30,230	30,124	7,096	37,220
Acquisition of non-controlling interest	收購非控股權益	-	-	-	-	-	-	64	-	-	-	64	(265)	(201)
At 30 June 2018 (unaudited)	於二零一八年六月三十日 (未經審核)	25,966	341,361	1,689,847	18,236	(10,354)	2,509	96,115	85	368	(1,757,077)	407,056	45,932	452,988

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2018

簡明綜合現金流量表

截至二零一八年六月三十日止六個月

		For the six months ended 30 June 截至六月三十日止六個月	
		2018 二零一八年 (Unaudited) (未經審核) HK\$'000 千港元	2017 二零一七年 (Unaudited) (未經審核) HK\$'000 千港元
Net cash flows (used in)/from operating activities	(用於)／來自經營業務 之現金流量淨額	(16,782)	47,329
Net cash flows from/(used in) investing activities	來自／(用於)投資業務之現金 流量淨額	4,780	(59,421)
Net cash flows used in financing activities	用於融資業務 之現金流量淨額	-	(247)
Net decrease in cash and cash equivalents	現金及現金等價物減少 淨額	(12,002)	(12,339)
Cash and cash equivalents at 1 January	於一月一日之現金及 現金等價物	69,655	97,931
Effect of foreign currency rate changes, net	匯率變動之影響，淨額	(1,593)	127
Cash and cash equivalents at 30 June	於六月三十日之現金及 現金等價物	56,060	85,719
Analysis of the balances of cash and cash equivalent	現金及現金等價物之 結存分析		
Cash and bank balances	現金及銀行結存	56,060	85,719

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. BASIC OF PREPARATION

The unaudited condensed consolidated financial statements for the six months ended 30 June 2018 of the Company (the “**Interim Financial Statements**”) have been prepared in accordance with the Hong Kong Accounting Standards 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the applicable disclosure requirements of the Rules Governing the Listing of Securities (the “**Listing Rules**”) on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The Interim Financial Statements do not include all of the information required for annual financial statements and thereby should be read in conjunction with the Group’s annual financial statements for the year ended 31 December 2017 (the “**2017 Annual Report**”).

The Interim Financial Statements are unaudited, but have been reviewed by the Audit Committee of the Company and were approved for issue on 28 August 2018.

簡明綜合中期財務報表附註

1. 編製基準

本公司截至二零一八年六月三十日止六個月未經審核簡明綜合財務報表（「**中期財務報表**」）乃根據香港會計師公會（「**香港會計師公會**」）頒佈之香港會計準則第34號「中期財務報告」和香港聯合交易所有限公司（「**聯交所**」）證券上市規則（「**上市規則**」）有關披露規定編製。中期財務報表並不包括年度財務報表規定之所有資料，因此，中期財務報表應與本集團截至二零一七年十二月三十一日止年度之年度財務報表（「**二零一七年年報**」）一併閱讀。

中期財務報表未經審核，但已經由本公司審核委員會審閱並已獲批准於二零一八年八月二十八日刊發。

1. BASIC OF PREPARATION (Continued)

Going Concern

The management has used the best endeavour in improving the Group's operating performance to attain positive operating cash flow. The Group's operation has gradually recovered in light of an improved market demand for coke production in the People's Republic of China ("China") during the Reporting Period. A gross profit of HK\$124,945,000 (2017: HK\$95,926,000) and a net profit of HK\$37,337,000 (2017: HK\$35,983,000 which excluding the reversal of impairment on items of property, plant and equipment) were recorded for the Reporting Period. As at 30 June 2018, the Group's net current assets were HK\$24,373,000 (at 31 December 2017: net current liabilities HK\$26,541,000). The Directors of the Company believe that the recovery momentum will continue and the operation will contribute positive cash inflows to the Group in the foreseeable future.

The financial statements are prepared on a going concern basis. The Group has a history of recent profitable operations and financial support, so it is reasonable to prepare financial statements on a going concern basis.

1. 編製基準(續)

持續經營

管理層致力改善本集團之營運表現，維持正面營運現金流。於本報告期間，由於中華人民共和國（「中國」）焦炭市場需求有所改善，本集團營運已逐漸恢復。於本報告期間，本集團錄得毛利124,945,000港元（二零一七年：95,926,000港元）及溢利淨額37,337,000港元（二零一七年：35,983,000港元，其扣除物業、廠房及設備項目減值撥回）。於二零一八年六月三十日，本集團之流動資產淨值為24,373,000港元（於二零一七年十二月三十一日：流動負債淨額26,541,000港元）。本公司董事相信復甦之勢頭將持續，而營運亦將於可見未來為本集團帶來正面現金流量。

本財務報表以持續經營為基礎編製。本集團擁有近期持續獲利經營的歷史且有財務資源支持，因此以持續經營為基礎編製財務報表是合理的。

2. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies used in preparing the Interim Financial Statements are consistent with those used in the Group's 2017 Annual Report, except for the new and revised Hong Kong Financial Reporting Standards, amendments and interpretations (collectively "new and revised HKFRSs") issued by HKICPA which have become effective in this Reporting Period as detailed in note 2 of the 2017 Annual Report.

Application of new and revised HKFRSs

In the current interim period, the Group has applied, for the first time, the following new and revised HKFRSs issued by the HKICPA that are mandatorily effective for the annual period beginning on or after 1 January 2018 for the preparation of the Group's condensed consolidated financial statements:

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers and the related Amendments
HK(IFRIC)-Int 22	Foreign Currency Transactions and Advance Consideration
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014–2016 Cycle
Amendments to HKAS 40	Transfers of Investment Property

2. 主要會計政策

除由香港會計師公會頒佈，並於本報告期間生效之新訂及經修訂之香港財務報告準則、修訂及詮釋(統稱「**新訂及經修訂香港財務報告準則**」)外，編製中期財務報表所採用之會計政策乃與本集團二零一七年年報所採納者一致。該等新訂及經修訂準則已詳列於二零一七年年報附註2。

應用新訂及經修訂香港財務報告準則

於本中期期間，本集團已首次應用下列香港會計師公會頒佈之新訂及經修訂香港財務報告準則，而此等新訂及經修訂香港財務報告準則於二零一八年一月一日或之後開始之年度期間強制用於編製本集團簡明綜合財務報表：

香港財務報告準則第9號	金融工具
香港財務報告準則第15號	客戶合約收益及相關修訂
香港國際財務報告詮釋委員會詮釋第22號	外幣交易及預付代價
香港財務報告準則第2號的修訂	股份支付交易的分類及計算
香港財務報告準則第4號的修訂	採用香港財務報告準則第4號「保險合約」時一併應用香港財務報告準則第9號「金融工具」
香港會計準則第28號的修訂	作為香港財務報告準則二零一四年至二零一六年週期之年度改進的一部分
香港會計準則第40號的修訂	轉撥投資物業

2. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Application of new and revised HKFRSs

(Continued)

The new and revised HKFRSs have been applied in accordance with the relevant transition provisions in the respective standards and amendments which results in changes in accounting policies, amounts reported and/or disclosures.

3. REVENUE AND SEGMENT INFORMATION

The revenue represents the net amounts received and receivables for goods sold by the Group to outside customers, less returns and allowance for the Reporting Period.

Business segments

For management purposes, the Group is organised into business units based on their products and services and has the following reportable operating segments:

- (a) the coke trading segment – purchases and sales of coke and coal;
- (b) the coal-related ancillary segment – washing of raw coal into refined coal for sale and for further processing, and sale of electricity and heat which are generated as the by-products during the washing of raw coal; and
- (c) the coke production segment – processing of refined coal into coke for sales, and sale of coke by-products that are generated during coke production.

2. 主要會計政策 (續)

應用新訂及經修訂香港財務報告準則 (續)

新訂及經修訂香港財務報告準則已根據相關標準及修訂之相關過渡條文予以應用，並導致會計政策、呈報金額及／或披露資料之變動。

3. 收入及分類資料

收入指於本報告期間本集團對外客戶銷售貨物之已收及應收帳款減去退貨及撥備之淨值。

業務分類

就管理目的而言，本集團根據產品及服務組織業務單位，可呈報經營分類如下：

- (a) 焦炭貿易分類—買賣焦炭及煤炭；
- (b) 煤炭相關附屬分類—洗原煤以產生作銷售用途及進一步加工之精煤，以及銷售電及熱（與洗原煤過程一同產生的副產品）；及
- (c) 焦炭生產分類—加工精煤以產生作銷售用途之焦炭，以及銷售焦炭生產過程產生之焦炭副產品。

3. REVENUE AND SEGMENT INFORMATION

(Continued)

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit/(loss) before tax. The adjusted profit/(loss) before tax is measured consistently with the Group's profit/(loss) before tax except that interest income and sundry income, corporate administrative expenses, unallocated other operating income, unallocated finance costs and income tax expense are excluded from such measurement.

Intersegment sales and transfers are transacted at cost plus a certain percentage of mark-up.

3. 收入及分類資料 (續)

管理層獨立監察本集團經營分類之業績，以作出有關資源分配及表現評估之決策。分類表現乃根據可呈報分類溢利／(虧損) (其為經調整除稅前溢利／(虧損)之計量基準) 予以評估。經調整除稅前溢利／(虧損) 乃貫徹以本集團之除稅前溢利／(虧損) 計量，惟利息收入、公司管理費用、未分配其他經營收入、未分配財務費用及所得稅開支不計入於該計量。

分類之間的銷售及轉讓乃參考按成本加若干百分比之加成進行交易。

3. REVENUE AND SEGMENT INFORMATION

(Continued)

Segment revenue and results

For the six months ended 30 June 2018

Segment revenue	分類收入
– external sales	– 對外銷售
– intersegment sales	– 分類之間的銷售
Other income	其他收入
Total	總計
Segment results	分類業績
Interest income and sundry income	利息收入及雜項收入
Corporate administrative expenses	公司管理費用
Unallocated finance costs	未分配財務費用
Profit before tax	除稅前溢利
Income tax expense	所得稅開支
Profit for the period	本期間溢利

3. 收入及分類資料 (續)

分類收入及業績

截至二零一八年六月三十日止六個月

Coke Trading	Coal-related Ancillary	Coke Production	Eliminations	Total
焦炭貿易	附屬分類 煤炭相關	焦炭生產	對銷	總計
(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
(未經審核)	(未經審核)	(未經審核)	(未經審核)	(未經審核)
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
千港元	千港元	千港元	千港元	千港元
13,507	92,107	638,514	-	744,128
-	156,808	-	(156,808)	-
-	22,763	-	-	22,763
13,507	271,678	638,514	(156,808)	766,891
175	17,171	59,978	(706)	76,618
				451
				(39,146)
				(586)
				37,337
				-
				37,337

3. REVENUE AND SEGMENT INFORMATION

(Continued)

Segment revenue and results (Continued)

For the six months ended 30 June 2017

Segment revenue	分類收入				
- external sales	- 對外銷售	-	47,752	553,918	-
- intersegment sales	- 分類之間的銷售	-	129,630	-	(129,630)
Other income	其他收入	-	22,463	-	-
Total	總計	-	199,845	553,918	(129,630)
Segment results	分類業績	-	13,353	44,779	(583)
Interest income and sundry income	利息收入及雜項收入				7,160
Corporate administrative expenses	公司管理費用				(25,178)
Unallocated finance costs	未分配財務費用				(3,199)
Reversal of impairment on items of property, plant and equipment	物業、廠房及設備項目減值撥回				99,222
Profit before tax	除稅前溢利				135,554
Income tax expense	所得稅開支				(349)
Profit for the period	本期間溢利				135,205

3. 收入及分類資料 (續)

分類收入及業績 (續)

截至二零一七年六月三十日止六個月

Coke Trading	Coal-related Ancillary	Coke Production	Eliminations	Total
焦炭貿易	煤炭相關 附屬分類	焦炭生產	對銷	總計
(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
(未經審核)	(未經審核)	(未經審核)	(未經審核)	(未經審核)
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
千港元	千港元	千港元	千港元	千港元

4. OTHER INCOME AND GAINS, NET

Interest income	利息收入
Government subsidies	政府資助
Gain on debt restructuring	債務重組之收益
Sundry income	雜項收入

4. 其他收入及收益，淨額

For the six months
ended 30 June
截至六月三十日止六個月

2018	2017
二零一八年	二零一七年
(Unaudited)	(Unaudited)
(未經審核)	(未經審核)
HK\$'000	HK\$'000
千港元	千港元

5	8
22,763	22,463
-	7,132
445	20
<hr/>	
23,213	29,623
<hr/> <hr/>	

5. FINANCE COSTS

Interest expenses on bank and other borrowings repayable within five years	須於五年內償還之銀行及其他借貸利息開支
Interest expenses on convertible bonds repayable within five years	須於五年內償還之可換股債券利息開支

5. 財務費用

For the six months
ended 30 June
截至六月三十日止六個月

2018	2017
二零一八年	二零一七年
(Unaudited)	(Unaudited)
(未經審核)	(未經審核)
HK\$'000	HK\$'000
千港元	千港元

49	247
537	2,952
<hr/>	
586	3,199
<hr/> <hr/>	

6. PROFIT BEFORE TAX

Profit before tax has been arrived at after charging/(crediting):

6. 除稅前溢利

除稅前溢利乃扣除／(計入)下列各項後得出：

		For the six months ended 30 June 截至六月三十日止六個月	
		2018 二零一八年 (Unaudited) (未經審核) HK\$'000 千港元	2017 二零一七年 (Unaudited) (未經審核) HK\$'000 千港元
Cost of inventories sold	銷售存貨成本	619,183	505,744
Depreciation	折舊	25,232	30,583
Operating lease payments in respect of leasehold interests in land and rented properties	土地及租用物業租賃權益之經營租賃款項	1,648	1,302
Employee benefit expense (including directors' remuneration):	僱員福利開支 (包括董事酬金)：		
Wages and salaries	工資及薪金	38,803	28,614
Pension scheme contributions	退休福利計劃供款	235	110
Reversal of impairment on items of property, plant and equipment	物業、廠房及設備項目減值撥回	-	(99,222)

7. INCOME TAX EXPENSE

Current – Hong Kong	即期 – 香港
Current – Elsewhere	即期 – 其他地方

No provision for Hong Kong profits tax has been made for the six months ended 30 June 2017 and 2018 as there is no assessable profit for the Reporting Periods.

Taxation arising in other jurisdictions is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year.

8. DIVIDEND

The Directors do not recommend payment of an interim dividend for the six months ended 30 June 2018 (2017: Nil).

7. 所得稅開支

For the six months ended 30 June 截至六月三十日止六個月	
2018 二零一八年 (Unaudited) (未經審核) HK\$'000 千港元	2017 二零一七年 (Unaudited) (未經審核) HK\$'000 千港元

-	-
-	349
-	349

由於本報告期間並無應課稅溢利，故於截至二零一七年及二零一八年六月三十日止六個月並無就香港利得稅計提撥備。

其他司法權區產生之稅項乃根據管理層對整個財政年度之預期加權平均年度所得稅率之最佳估算予以確認。

8. 股息

董事不建議派發截至二零一八年六月三十日止六個月之中期股息(二零一七年：無)。

9. EARNINGS PER SHARE

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average numbers of ordinary shares in issue during the Reporting Period.

Profit attributable to equity holders of the Company (HK\$'000) 本公司權益持有人應佔溢利(千港元)

Weighted average number of ordinary shares in issue 已發行普通股之加權平均數

Basic earnings per share 每股基本盈利

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all potentially dilutive ordinary shares. The Company's potentially dilutive ordinary shares comprised of convertible bonds.

9. 每股盈利

(a) 基本

每股基本盈利乃按本公司權益持有人應佔溢利除以本報告期間已發行普通股之加權平均數計算。

For the six months ended 30 June	
截至六月三十日止六個月	
2018	2017
二零一八年	二零一七年
(Unaudited)	(Unaudited)
(未經審核)	(未經審核)
HK\$'000	HK\$'000
千港元	千港元

30,230 121,211

2,596,625,258 2,596,625,258

HK1.16 cents 港仙 HK4.67 cents 港仙

(b) 攤薄

每股攤薄盈利乃透過調整已發行普通股之加權平均數，以假設所有潛在攤薄普通股獲兌換而計算。本公司之潛在攤薄普通股由可換股債券組成。

9. EARNINGS PER SHARE (Continued)

(b) Diluted (Continued)

		For the six months ended 30 June 截至六月三十日止六個月	
		2018 二零一八年 (Unaudited) (未經審核) HK\$'000 千港元	2017 二零一七年 (Unaudited) (未經審核) HK\$'000 千港元
Profit attributable to equity holders of the Company (HK\$'000)	本公司權益持有人應佔溢利(千港元)	30,230	121,211
Add: Interest expense on convertible bonds (HK\$'000)	加：可換股債券利息 開支(千港元)	537	2,952
Profit attributable to equity holders of the Company for diluted earnings per share (HK\$'000)	用作計算每股攤薄盈利之本公司權益持有人應佔溢利(千港元)	30,767	124,163
Weighted average number of ordinary shares in issue	已發行普通股之 加權平均數	2,596,625,258	2,596,625,258
Adjustments for convertible bonds	經可換股債券調整	144,256,976	144,256,976
Weighted average number of ordinary shares for diluted earnings per share	用作計算每股攤薄盈利之普通股加權平均數	2,740,882,234	2,740,882,234
Diluted earnings per share	每股攤薄盈利	HK1.12 cents 港仙	HK4.53 cents 港仙

9. 每股盈利(續)

(b) 攤薄(續)

10. PROPERTY, PLANT AND EQUIPMENT

10. 物業、廠房及設備

		Land and building 土地及樓宇	Leasehold improvements 租賃物業改良	Furnaces and infrastructure 熔爐及基建	Plant and machinery 廠房及設備	Computer equipment 電腦設備	Furniture and fixtures 傢俬及裝置	Motor vehicles 汽車	Total 總計
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	
COST	成本值								
At 1 January 2018	於二零一八年一月一日	369,372	1,653	485,726	568,038	73,595	360	47,879	1,546,623
Additions	添置	-	-	-	216	701	329	4,192	5,438
Exchange realignment	匯兌調整	1,533	-	2,016	2,351	(3,426)	3,700	137	6,311
At 30 June 2018	於二零一八年六月三十日	370,905	1,653	487,742	570,605	70,870	4,389	52,208	1,558,372
ACCUMULATED DEPRECIATION AND IMPAIRMENT	累計折舊及減值								
At 1 January 2018	於二零一八年一月一日	120,613	451	363,772	452,525	71,761	58	42,289	1,051,469
Provided for the period	期內撥備	4,307	275	10,011	9,276	169	71	1,123	25,232
Exchange realignment	匯兌調整	366	-	1,198	1,589	(3,377)	3,669	146	3,591
At 30 June 2018	於二零一八年六月三十日	125,286	726	374,981	463,390	68,553	3,798	43,558	1,080,292
NET CARRYING AMOUNTS	帳面淨值								
At 30 June 2018 (Unaudited)	於二零一八年六月三十日 (未經審核)	245,619	927	112,761	107,215	2,317	591	8,650	478,080
At 31 December 2017 (Audited)	於二零一七年十二月三十一日 (經審核)	248,759	1,202	121,954	115,513	1,834	302	5,590	495,154

11. TRADE RECEIVABLES

11. 貿易應收帳款

		At 30 June 2018 於二零一八年 六月三十日 (Unaudited) (未經審核) HK\$'000 千港元	At 31 December 2017 於二零一七年 十二月三十一日 (Audited) (經審核) HK\$'000 千港元
Trade receivables	貿易應收帳款	490,999	281,906
Impairment	減值	(55,157)	(54,929)
		435,842	226,977
Trade receivables from related companies	應收關連公司貿易 應收帳款	43,247	40,462
Impairment	減值	(404)	(402)
		42,843	40,060
		478,685	267,037
Less: Trade receivables due from the Non-controlling Shareholder (Note 12)	減：應收非控股股東之 貿易應收帳款 (附註12)	(287,092)	(177,150)
		191,593	89,887

11. TRADE RECEIVABLES (Continued)

Group's trading terms with its customers are mainly on credit. The credit period is generally 120 days. Each customer has a maximum credit limit. Advances are required for certain customers. The Directors consider that these arrangements enable the Group to limit its credit risk exposure. As at 30 June 2018, approximately 60% (31 December 2017: 66%) of the Group's trade receivables was due from one customer, and there was a significant concentration of credit risk. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances due from customers other than the non-controlling shareholder of a China subsidiary (the "**Non-controlling Shareholder**") (Note 12). Overdue balances are reviewed regularly by senior management. Trade receivables are non-interest-bearing.

The carrying amounts of trade and bill receivables approximate their fair values.

An aged analysis of the trade receivables as at the end of the reviewing period, based on the invoice date and net of provisions, is as follows:

11. 貿易應收帳款 (續)

本集團與客戶間之貿易條款以信貸為主。信貸期通常為120日。本集團對每位客戶設有最高信用限額，並要求若干客戶墊付款項。董事認為此等安排有助本集團限制其信貸風險。於二零一八年六月三十日，本集團約60%（二零一七年十二月三十一日：66%）之貿易應收帳款乃來自一名客戶，因此存在信貸風險重大集中之情況。本集團一直嚴格控制未收回應收帳款，務求將信貸風險減至最低。本集團並無就其應收一家中國附屬公司的非控股股東（「**非控股股東**」）（附註12）以外客戶之貿易應收帳款結餘持有任何抵押品或其他信用增強措施。高級管理人員定期檢查逾期結餘。貿易應收帳款並不計息。

貿易應收帳款及應收票據之帳面值與其公允值相若。

於回顧期末，按發票日期計算並已扣減撥備之貿易應收帳款之帳齡分析如下：

11. TRADE RECEIVABLES (Continued)

Within 3 months	三個月內
3 to 4 months	三至四個月
Over 4 months	超過四個月

11. 貿易應收帳款 (續)

At 30 June 2018 於二零一八年 六月三十日 (Unaudited) (未經審核) HK\$'000 千港元	At 31 December 2017 於二零一七年 十二月三十一日 (Audited) (經審核) HK\$'000 千港元
111,956	25,735
4,742	1,179
361,987	240,123
478,685	267,037

12. AMOUNT DUE FROM THE NON-CONTROLLING SHAREHOLDER

Current	即期
Trade receivables due from the Non-controlling Shareholder (Note 11)	應收非控股股東之貿易應收帳款(附註11)
Other receivables from the Non-controlling Shareholder	應收非控股股東之其他應收帳款

12. 應收非控股股東款項

	At 30 June 2018 於二零一八年 六月三十日 (Unaudited) (未經審核) HK\$'000 千港元	At 31 December 2017 於二零一七年 十二月三十一日 (Audited) (經審核) HK\$'000 千港元
Notes 附註		
(i)	287,092	177,150
(ii)	145,971	156,385

12. AMOUNT DUE FROM THE NON-CONTROLLING SHAREHOLDER *(Continued)*

Notes:

- (i) *The balances are trade in nature, non-interest-bearing and have a credit term of 120 days (2017: 120 days), which are similar to those granted to major trading customers of the Group.*
- (ii) *The balances are advances to the Non-controlling Shareholder, which are non-interest-bearing and repayable on demand.*

The carrying amounts of the above balances approximate their fair values.

12. 應收非控股股東款項 (續)

附註：

- (i) 結餘屬交易性質、不計息及信貸期為120日（二零一七年：120日），與授予本集團主要貿易客戶之期限相若。
- (ii) 結餘乃給予非控股股東之墊款，乃不計息並須按要求償還。

上述結餘之帳面值與其公允值相若。

13. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

13. 預付款項、按金及其他應收帳款

		At 30 June 2018 於二零一八年 六月三十日 (Unaudited) (未經審核) HK\$'000 千港元	At 31 December 2017 於二零一七年 十二月三十一日 (Audited) (經審核) HK\$'000 千港元
Other receivables due from the Non-controlling Shareholder	應收非控股股東之其他應收帳款	145,971	156,385
Prepayments and other receivables due from related companies	應收關連公司之預付款項及其他應收帳款	3,675	6,419
Prepayments, deposits and other receivables due from other parties (Note)	應收其他人士之預付款項、按金及其他應收帳款(附註)	94,235	66,515
		243,881	229,319
Impairment	減值	(13,199)	(13,144)
		230,682	216,175
Less: Current portion	減：即期部分	(228,904)	(214,404)
Non-current portion – prepayments	非即期部分 – 預付款項	1,778	1,771

Note: The balance included prepayments to suppliers of raw materials for the coal-related ancillary and the coke production business which are unsecured, non-interest-bearing and are to be settled with future purchases.

附註：結餘包括就煤炭相關附屬及焦炭生產業務付予原材料供應商之預付款項，乃無抵押、不計息並以未來之購貨額支付。

13. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES (Continued)

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

Movements in the provision for prepayments, deposits and other receivables are as follows:

		HK\$'000 千港元
At 1 January 2017	於二零一七年一月一日	18,484
Impairment loss recognised	已確認減值虧損	2,645
Impairment loss reversed	已撥回減值虧損	(8,757)
Exchange realignment	匯兌調整	772
		<hr/>
At 31 December 2017 (Audited)	於二零一七年十二月三十一日 (經審核)	13,144
		<hr/>
Exchange realignment	匯兌調整	55
		<hr/>
At 30 June 2018 (Unaudited)	於二零一八年六月三十日 (未經審核)	13,199
		<hr/> <hr/>

Included in the above were provisions for individually impaired prepayments of HK\$13,199,000 (2017: HK\$13,144,000) with carrying amounts before provision of HK\$14,311,000 (2017: HK\$14,252,000). The individually impaired prepayments mainly related to the portions of prepayments made to suppliers which were in default in delivery of purchases or services and were not expected to be recovered.

The financial assets included in the above balances that were neither past due nor impaired related to receivables for which there was no recent history of default.

13. 預付款項、按金及其他應收帳款(續)

按金及其他應收帳款之帳面值與其公允值相若。

預付款項、按金及其他應收帳款之撥備變動如下：

	HK\$'000 千港元
於二零一七年一月一日	18,484
已確認減值虧損	2,645
已撥回減值虧損	(8,757)
匯兌調整	772
	<hr/>
於二零一七年十二月三十一日 (經審核)	13,144
	<hr/>
匯兌調整	55
	<hr/>
於二零一八年六月三十日 (未經審核)	13,199
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上述撥備包括個別減值之預付款項撥備13,199,000港元(二零一七年：13,144,000港元)，其撥備前之帳面值為14,311,000港元(二零一七年：14,252,000港元)。個別減值之預付款項主要與向拖欠交付所購貨品或服務之供應商作出且預期不可收回之該部分預付款項有關。

計入上述結餘而並無逾期或減值之金融資產乃與近期並無拖欠紀錄之應收帳款有關。

14. TRADE PAYABLES

Trade payables due to other parties	應付其他方之貿易應付帳款
Trade payables due to related companies	應付關連公司之貿易應付帳款

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

Within 3 months	三個月內
3 to 4 months	三至四個月
Over 4 months	超過四個月

The trade payables are non-interest-bearing and are normally settled on 120-day terms.

The carrying amounts of trade payables approximate their fair values.

14. 貿易應付帳款

At 30 June 2018 於二零一八年 六月三十日 (Unaudited) (未經審核) HK\$'000 千港元	At 31 December 2017 於二零一七年 十二月三十一日 (Audited) (經審核) HK\$'000 千港元
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200,174	152,959
1,186	5,229
201,360	158,188

於回顧期末，按發票日期計算之貿易應付帳款之帳齡分析如下：

At 30 June 2018 於二零一八年 六月三十日 (Unaudited) (未經審核) HK\$'000 千港元	At 31 December 2017 於二零一七年 十二月三十一日 (Audited) (經審核) HK\$'000 千港元
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86,680	50,185
564	4,218
114,116	103,785
201,360	158,188

貿易應付帳款為不計息及一般於120日內清償。

貿易應付帳款之帳面值與其公允值相若。

15. OTHER PAYABLES, ACCRUALS AND DEPOSIT RECEIVED AND DEFERRED INCOME

15. 其他應付帳款、應計款項、已收按金及遞延收入

		At 30 June 2018 於二零一八年 六月三十日 (Unaudited) (未經審核) HK\$'000 千港元	At 31 December 2017 於二零一七年 十二月三十一日 (Audited) (經審核) HK\$'000 千港元
Other payables and accrued charges	其他應付帳款及應計費用	328,390	278,235
Advances received from customers and deferred income	自客戶收取之墊款及遞延收入	305,792	204,421
		634,182	482,656
Less: Current portion	減：即期部分	(628,847)	(474,201)
Non-current portion – deferred income	非即期部分 – 遞延收入	5,335	8,455

The other payables are non-interest-bearing and have an average credit term of 120 days.

The carrying amounts of the other payables and accrued charges approximate their fair values.

其他應付帳款及應計費用為不計息及平均信貸期為120日。

其他應付帳款及應計款項之帳面值與其公允值相若。

16. OTHER BORROWINGS

		At 30 June 2018			At 31 December 2017		
		二零一八年六月三十日			二零一七年十二月三十一日		
		(Unaudited)			(Audited)		
		(未經審核)			(經審核)		
		Effective interest rate	Maturity	HK\$'000	Effective interest rate	Maturity	HK\$'000
		實際利率	到期	千港元	實際利率	到期	千港元
Non-current	非即期						
Unsecured other borrowings	無抵押其他借貸	5.27%	2019 二零一九年	<u>18,188</u>	5.27%	2019 二零一九年	<u>18,188</u>
Analysed into:	分析為：						
Other borrowings repayable	其他借貸						
- within one year or on demand	- 須於一年內或按要求償還			-			-
- in the second year	- 須第二年償還			<u>18,188</u>			<u>18,188</u>

17. CONVERTIBLE BONDS

2016 Convertible Bonds

Pursuant to a subscription agreement entered into between Kailuan (Hong Kong) International Co., Limited ("Kailuan") and the Company on 13 April 2016, the Company issued convertible bonds with a principal amount of HK\$43,277,000 (the "2016 Convertible Bonds") to Kailuan on 2 November 2016. The 2016 Convertible Bonds bear interest at 2.5% per annum, mature 1 year from the issue date and are extendable for one additional year subject to the agreement between the Company and the bondholder. The 2016 Convertible Bonds carry a conversion right entitling the holder to subscribe for the Company's shares at a conversion price of HK\$0.06 per share.

16. 其他借貸

		At 30 June 2018			At 31 December 2017		
		二零一八年六月三十日			二零一七年十二月三十一日		
		(Unaudited)			(Audited)		
		(未經審核)			(經審核)		
		Effective interest rate	Maturity	HK\$'000	Effective interest rate	Maturity	HK\$'000
		實際利率	到期	千港元	實際利率	到期	千港元
Non-current	非即期						
Unsecured other borrowings	無抵押其他借貸	5.27%	2019 二零一九年	<u>18,188</u>	5.27%	2019 二零一九年	<u>18,188</u>
Analysed into:	分析為：						
Other borrowings repayable	其他借貸						
- within one year or on demand	- 須於一年內或按要求償還			-			-
- in the second year	- 須第二年償還			<u>18,188</u>			<u>18,188</u>

17. 可換股債券

二零一六年可換股債券

根據開灝(香港)國際有限公司(「開灝」)與本公司於二零一六年四月十三日訂立之認購協議，本公司於二零一六年十一月二日發行本金額為43,277,000港元之可換股債券(「二零一六年可換股債券」)予開灝。二零一六年可換股債券之票息率為每年2.5%，自發行日期起一年後到期，可經本公司與債券持有人協定後額外延長一年。二零一六年可換股債券附帶之兌換權令持有人有權按每股兌換價0.06港元認購本公司股份。

17. CONVERTIBLE BONDS (Continued)

2016 Convertible Bonds (Continued)

The 2016 Convertible Bonds are convertible at the option of the holder into the Company's ordinary shares during the period commencing from the seventh business day prior to the maturity date and expiring on the date immediately before the maturity date, provided that the conversion does not trigger off a mandatory offer obligation under Rule 26 of the Hong Kong Code on Takeovers and Mergers and the public float of the Company's shares shall not be less than 25% of total issued shares of the Company, in which:

- (i) The bondholder has a right to convert up to 50% of the principal amount of the 2016 Convertible Bonds into the Company's shares at any time throughout the conversion period at its sole and absolute discretion; and
- (ii) The bondholder has a right to convert the remaining 50% of the principal amount of the 2016 Convertible Bonds subject to the consent of the Company.

The Company has a right to redeem the whole or part of the outstanding 2016 Convertible Bonds at 100% of the principal amount and accrued interest at any time before the maturity date by giving the bondholder not less than 14 days prior notice during the outstanding period.

On the maturity date, any of the 2016 Convertible Bonds not converted or redeemed during the tenure will be redeemed at 100% of the principal amount with accrued interest.

17. 可換股債券(續)

二零一六年可換股債券(續)

二零一六年可換股債券可自到期日前第七個營業日開始至緊接到期日之前一日屆滿之期間，按照持有人之意願兌換為本公司普通股，惟兌換須並無觸發香港收購及合併守則之規則26項下強制性要約責任及本公司股份之公眾持量不得低於本公司全部已發行股份之25%，其中：

- (i) 債券持有人有權於整個兌換期間內隨時全權酌情將二零一六年可換股債券本金額最多50%兌換為本公司股份；及
- (ii) 債券持有人有權兌換二零一六年可換股債券本金額之餘下50%，惟須經本公司同意。

本公司有權於到期日之前隨時按本金額之100%及應計利息贖回全部或部分尚未償還之二零一六年可換股債券，惟須於債券尚未償還期間向債券持有人發出不少於14日之事先通知。

於到期日，任何於債券期限內未兌換或贖回之二零一六年可換股債券將按本金額之100%連同應計利息贖回。

17. CONVERTIBLE BONDS (Continued)

2016 Convertible Bonds (Continued)

As a result of the consolidation of every five issued shares at a par value of HK\$0.10 into one consolidated share of a par value of HK\$0.50, the conversion price of the 2016 Convertible Bonds was adjusted from HK\$0.06 per share to HK\$0.3 per new share pursuant to the terms and conditions of the 2016 Convertible Bonds. The number of shares upon conversion would be adjusted in accordance with the adjusted conversion price.

The fair value of the 2016 Convertible Bonds as a whole was HK\$38,340,000 on the issue date of which the fair value of the liability portion of the 2016 Convertible Bonds was HK\$38,190,000 and the equity portion was HK\$150,000.

On 30 December 2016 (the “**2016 Amendment Date**”), the Company and Kailuan entered into an agreement whereby the maturity date of the 2016 Convertible Bonds was extended to 2 May 2018 (the “**2016 Amendment**”). Other than the maturity date, all terms of the 2016 Convertible Bonds remain unchanged. In light of the terms of the 2016 Amendments, the Company reassessed the fair values of the 2016 Convertible Bonds at the 2016 Amendment Date. The fair values of the liability component and the equity components at the 2016 Amendment Date were determined at HK\$36,835,000 and HK\$150,000, respectively. The net effect of the 2016 Amendment was a gain of HK\$2,303,000 which was recognised in the consolidated profit or loss.

17. 可換股債券 (續)

二零一六年可換股債券 (續)

由於將每五股面值為0.10港元之已發行股份合併為一股面值為0.50港元之合併股份，故二零一六年可換股債券之兌換價根據二零一六年可換股債券之條款及條件由每股0.06港元調整至每股新股份0.3港元。兌換後之股份數量將按照經調整兌換價作出調整。

二零一六年可換股債券於發行日期之整體公允值為38,340,000港元，其中二零一六年可換股債券負債部分之公允值為38,190,000港元及權益部分為150,000港元。

於二零一六年十二月三十日（「**二零一六年修訂日期**」），本公司與開灤訂立協議，據此將二零一六年可換股債券之到期日延長至二零一八年五月二日（「**二零一六年修訂**」）。除到期日外，二零一六年可換股債券之所有條款維持不變。鑒於二零一六年修訂之條款，本公司按於二零一六年修訂日期重新評估二零一六年可換股債券之公允值。負債部分及權益部分於二零一六年修訂日期之公允值分別釐定為36,835,000港元及150,000港元。二零一六年修訂之淨影響為收益2,303,000港元，乃於綜合損益內確認。

17. CONVERTIBLE BONDS (Continued)

2016 Convertible Bonds (Continued)

The fair values of the liability component of the 2016 Convertible Bonds at the issue date and the 2016 Amendment Date were estimated using an equivalent market interest rate for a similar note without a conversion option. The respective residual amounts are assigned as the equity components and included in the convertible bonds reserve.

On 22 December 2017 (the “**2017 Amendment Date**”), the Company and Kailuan entered into an agreement to vary certain terms and conditions of the 2016 Convertible Bonds (the “**2017 Amendments**”). The amendments included but were not limited to the following:

- (i) the maturity date of 2 May 2018 was extended to 31 August 2019;
- (ii) the conversion period was changed to the period commencing from fulfilment of conditions precedent of the 2017 Amendments up to 31 August 2019; and
- (iii) the holder of the 2016 Convertible Bonds is entitled to convert 100% of the principal amount of the 2016 Convertible Bonds at any time during the conversion period.

Further details of the 2017 Amendments were set out in the Company’s announcement and the circular dated 22 December 2017 and 15 January 2018, respectively.

17. 可換股債券(續)

二零一六年可換股債券(續)

二零一六年可換股債券負債部分於發行日期及二零一六年修訂日期之公允值乃採用無兌換權之類似票據之等值市場利率估計。各自餘下部分乃分配至權益部分，並計入可換股債券儲備。

於二零一七年十二月二十二日(「**二零一七年修訂日期**」)，本公司與開灤訂立協議，以修改二零一六年可換股債券若干條款及條件(「**二零一七年修訂**」)。有關修訂包括但不限於以下：

- (i) 到期日由二零一八年五月二日延長至二零一九年八月三十一日；
- (ii) 兌換期間改為自二零一七年修訂之先決條件獲達成起至二零一九年八月三十一日止期間；及
- (iii) 二零一六年可換股債券持有人有權於兌換期間內隨時兌換二零一六年可換股債券本金額之100%。

二零一七年修訂之進一步詳情載於本公司日期為二零一七年十二月二十二日之公告及二零一八年一月十五日之通函。

17. CONVERTIBLE BONDS (Continued)

2016 Convertible Bonds (Continued)

The 2017 Amendments are subject to the fulfilment of certain conditions including (i) the necessary consents and approval of the amendments including the approval from the Stock Exchange and (ii) the approval of shareholders of the Company (“Shareholder(s)”) at a special general meeting (the “SGM”) held on 5 February 2018. The 2017 Amendments were approved at the SGM held on 5 February 2018 and other conditions were fulfilled on 5 February 2018.

The 2017 Amendments constituted a significant modification and was accounted for as an extinguishment of the 2016 Convertible Bonds and an issue of new convertible bonds (the “2017 Convertible Bonds”). In light of the terms of the 2017 Amendments set out above, the Company reassessed, as at the 2017 Amendments Date, the fair values of the 2016 Convertible Bonds and the 2017 Convertible Bonds. The net effect of the 2017 Amendments is the recognition of a loss of HK\$188,000 charged to the profit or loss.

The fair value of the liability component of the 2017 Convertible Bonds as at 30 June 2018 was HK\$41,427,000. The fair value was calculated by discounting the future cash flows at the prevailing market interest rate at the end of respective reporting periods.

There was no conversion or redemption of the 2016 Convertible Bonds and the 2017 Convertible Bonds during the year ended 31 December 2017 or subsequent to the end of the Reporting Period.

17. 可換股債券(續)

二零一六年可換股債券(續)

二零一七年修訂須待若干條件達成後，方可作實，其中包括(i)就該等修訂獲得所需同意及批准，包括聯交所批准；及(ii)獲本公司股東（「股東」）於二零一八年二月五日舉行之股東特別大會（「股東特別大會」）上批准。二零一七年修訂於二零一八年二月五日舉行之股東特別大會獲得批准，而其他條件亦於二零一八年二月五日達成。

二零一七年修訂屬於一項重大修改，其入帳列作消除二零一六年可換股債券及新的可換股債券（「二零一七年可換股債券」）發行。鑒於上文所載之二零一七年修訂之條款，本公司按二零一七年修訂日期重新評估二零一六年可換股債券及二零一七年可換股債券之公允值。二零一七年修訂之淨影響為確認虧損188,000港元，乃於損益內扣除。

二零一七年可換股債券負債部分於二零一八年六月三十日之公允值為41,427,000港元。公允值按於相關報告期末之現行市場利率貼現未來現金流量計算。

截至二零一七年十二月三十一日止年度或於報告期末後，概無兌換或贖回二零一六年可換股債券及二零一七年可換股債券。

17. CONVERTIBLE BONDS (Continued)

2016 Convertible Bonds (Continued)

An analysis of the liability and equity components of the 2016 and the 2017 Convertible Bonds on the issue date and the movements during the period ended 30 June 2018 is as follows:

		Liability component 負債部分 HK\$'000 千港元	Equity component 權益部分 HK\$'000 千港元	Total 總計 HK\$'000 千港元
As at 1 January 2017	於二零一七年一月一日	36,835	150	36,985
Interest expenses before the 2017 Amendments	二零一七年修訂前之利息 開支	5,790	-	5,790
Transfer of interest expense to other payable	利息開支轉撥至其他應付 帳款	(1,083)	-	(1,083)
Loss on extinguishment of the 2016 Convertible Bonds	因消除二零一六年可換股 債券所產生之虧損	1,362	-	1,362
Transfer of equity component to accumulated losses upon extinguishment	消除後權益部分轉撥至 累計虧損	-	(137)	(137)
Extinguishment of the 2016 Convertible Bonds	已消除之二零一六年可換股 債券	(42,904)	(13)	(42,917)
Recognition of the 2017 Convertible Bonds	已確認之二零一七年可換股 債券	41,375	368	41,743
Interest expenses of the 2017 Convertible Bonds	二零一七年可換股債券之 利息開支	52	-	52
As at 31 December 2017 (Audited) and 1 January 2018	於二零一七年十二月三十一日 (經審核)及二零一八年 一月一日	41,427	368	41,795
Transfer of interest expense to other payable	利息開支轉撥至其他應付 帳款	(537)	-	(537)
Interest expense for the period	本期間利息開支	537	-	537
As at 30 June 2018 (Unaudited)	於二零一八年六月三十日 (未經審核)	41,427	368	41,795

17. 可換股債券(續)

二零一六年可換股債券(續)

二零一六年及二零一七年可換股債券之負債及權益部分於發行日期之分析及截至二零一八年六月三十日止期間之變動如下：

		Liability component 負債部分 HK\$'000 千港元	Equity component 權益部分 HK\$'000 千港元	Total 總計 HK\$'000 千港元
As at 1 January 2017	於二零一七年一月一日	36,835	150	36,985
Interest expenses before the 2017 Amendments	二零一七年修訂前之利息 開支	5,790	-	5,790
Transfer of interest expense to other payable	利息開支轉撥至其他應付 帳款	(1,083)	-	(1,083)
Loss on extinguishment of the 2016 Convertible Bonds	因消除二零一六年可換股 債券所產生之虧損	1,362	-	1,362
Transfer of equity component to accumulated losses upon extinguishment	消除後權益部分轉撥至 累計虧損	-	(137)	(137)
Extinguishment of the 2016 Convertible Bonds	已消除之二零一六年可換股 債券	(42,904)	(13)	(42,917)
Recognition of the 2017 Convertible Bonds	已確認之二零一七年可換股 債券	41,375	368	41,743
Interest expenses of the 2017 Convertible Bonds	二零一七年可換股債券之 利息開支	52	-	52
As at 31 December 2017 (Audited) and 1 January 2018	於二零一七年十二月三十一日 (經審核)及二零一八年 一月一日	41,427	368	41,795
Transfer of interest expense to other payable	利息開支轉撥至其他應付 帳款	(537)	-	(537)
Interest expense for the period	本期間利息開支	537	-	537
As at 30 June 2018 (Unaudited)	於二零一八年六月三十日 (未經審核)	41,427	368	41,795

19. SHARE OPTION SCHEME (Continued)

The exercise prices and exercise periods of the share options outstanding as at the end of the respective reporting periods are as follows:

30 June 2018 二零一八年六月三十日 (Unaudited) (未經審核)		
Number of options 購股期權數目 '000 千股	Exercise price* 行使價* HK\$ per share 每股港元	Exercise period 行使期
10,400	0.66	6 September 2014 to 5 September 2019 二零一四年九月六日至 二零一九年九月五日
<hr/> <hr/> 10,400		

31 December 2017 二零一七年十二月三十一日 (Audited) (經審核)		
Number of options 購股期權數目 '000 千股	Exercise price* 行使價* HK\$ per share 每股港元	Exercise period 行使期
10,400	0.66	6 September 2014 to 5 September 2019 二零一四年九月六日至 二零一九年九月五日
<hr/> <hr/> 10,400		

* The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.

No share option expense was recognised during the year ended 31 December 2017 or subsequent to the end of the Reporting Period.

19. 購股期權計劃 (續)

於相關報告期末尚未行使之購股期權之行使價及行使期如下：

* 購股期權之行使價可因應供股或紅股發行或本公司股本之其他類似變動而予以調整。

截至二零一七年十二月三十一日止年度或於報告期末後，概無確認購股期權開支。

20. RELATED PARTY TRANSACTIONS

- (a) In addition to the transactions and balances detailed elsewhere in these financial statements, the Group had the following transactions with related parties during the period:

20. 與關連人士之交易

- (a) 除此等財務報表其他地方所詳述之交易及結餘外，本集團於期內與關連人士有下列交易：

		For the six months ended 30 June 截至六月三十日止六個月	
		2018 二零一八年 (Unaudited) (未經審核)	2017 二零一七年 (Unaudited) (未經審核)
		HK\$'000 千港元	HK\$'000 千港元
		Notes 附註	
With the Non-controlling Shareholder:	與非控股股東：		
Rental expense	租金開支	(ii) 593	573
With a related company which is a subsidiary of the Non-controlling Shareholder:	與關連公司(為非控股股東之附屬公司)：		
Sales of electricity	出售電力	(i) 1,375	1,342
With related companies which are associates of the Non-controlling Shareholder:	與關連公司(為非控股股東之聯營公司)：		
Sales of electricity	出售電力	(i) -	1,316
Transportation income	運輸收入	(i) 6,326	-
Purchases of raw coal	採購原煤	(i) 53,893	-
With a related company which is held by a close family member of the beneficial owner of the Non-controlling Shareholder:	與關連公司(由非控股股東實益擁有人之直系親屬持有)：		
Sales of raw coal	出售原煤	(i) 8,952	-
Purchases of refined coal	採購精煤	(i) 14,568	8,234

20. RELATED PARTY TRANSACTIONS (Continued)

(a) (Continued)

Notes:

- (i) The transactions were conducted on bases mutually agreed by the respective parties, with reference to prevailing market rates or prices similar to those transacted with the Group's third party customers/suppliers.
 - (ii) The rental expense was charged based on terms mutually agreed between the contractual parties.
- (b) Outstanding balances with related parties
- (i) Balances with the Non-controlling Shareholder at the end of the reporting periods are set out in note 12 to the Interim Financial Statements.
 - (ii) A summary of the Group's balances with other related companies is set out below:

20. 與關連人士之交易(續)

(a) (續)

附註：

- (i) 交易乃按有關訂約方共同協定之基礎進行，並參考當時市場收費或與本集團之第三方客戶／供應商交易之相近價格而定。
 - (ii) 租金開支乃按訂約方共同協定之條款收取。
- (b) 與關連人士之未償還結餘
- (i) 於報告期末與非控股股東之結餘載於中期財務報表附註12。
 - (ii) 本公司與其他關連公司之結餘概要載列如下：

		At 30 June 2018 於二零一八年 六月三十日 (Unaudited) (未經審核)	At 31 December 2017 於二零一七年 十二月三十一日 (Audited) (經審核)
	Notes 附註	HK\$'000 千港元	HK\$'000 千港元
Trade receivables from related companies	關連公司之貿易應收帳款	11 43,247	40,462
Prepayments, deposits and other receivables from related companies	關連公司之預付款項、按金及其他應收帳款	13 3,675	6,419
		<u>46,922</u>	<u>46,881</u>

21. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting periods are as follows:

30 June 2018

(Unaudited)

Financial assets

Available-for-sale investments	可供出售投資	-	1,115	1,115
Trade receivables	貿易應收帳款	191,593	-	191,593
Amount due from the Non-controlling Shareholder	應收非控股股東款項	287,092	-	287,092
Financial assets included in prepayments, deposits and other receivables	計入預付款項、按金及其他應收帳款之金融資產	150,830	-	150,830
Cash and bank balances	現金及銀行結存	56,060	-	56,060
		685,575	1,115	686,690

Financial liabilities

Trade payables	貿易應付帳款			201,360
Financial liabilities included in other payables and accruals	計入其他應付帳款及應計款項之金融負債			279,479
Other borrowings	其他借貸			18,188
Convertible bonds	可換股債券			41,427
				540,454

21. 按類別劃分之金融工具

於報告期末，各類金融工具之帳面值如下：

二零一八年六月三十日

(未經審核)

金融資產

Loans and receivables	Available-for-sale financial assets	Total
貸款及應收帳款 HK\$'000 千港元	可供出售金融資產 HK\$'000 千港元	總計 HK\$'000 千港元
-	1,115	1,115
191,593	-	191,593
287,092	-	287,092
150,830	-	150,830
56,060	-	56,060
685,575	1,115	686,690

金融負債

Financial liabilities at amortised cost
按攤銷成本列帳之金融負債
HK\$'000
千港元

201,360	
279,479	
18,188	
41,427	
540,454	

21. FINANCIAL INSTRUMENTS BY CATEGORY

(Continued)

31 December 2017

(Audited)

Financial assets

Available-for-sale investments	可供出售投資	-	1,115	1,115
Trade receivables	貿易應收帳款	89,887	-	89,887
Amount due from the Non-controlling Shareholder	應收非控股股東款項	177,150	-	177,150
Financial assets included in prepayments, deposits and other receivables	計入預付款項、按金及其他應收帳款之金融資產	158,984	-	158,984
Cash and bank balances	現金及銀行結存	69,655	-	69,655

Financial liabilities

Trade payables	貿易應付帳款	158,188
Financial liabilities included in other payables and accruals	計入其他應付帳款及應計款項之金融負債	228,722
Other borrowings	其他借貸	18,188
Convertible bonds	可換股債券	41,427

21. 按類別劃分之金融工具 (續)

二零一七年十二月三十一日

(經審核)

金融資產

	Available-for-sale financial assets	Total
	可供出售金融資產	總計
	HK\$'000	HK\$'000
	千港元	千港元
Loans and receivables	-	1,115
貨款及應收帳款	89,887	-
應收非控股股東款項	177,150	-
計入預付款項、按金及其他應收帳款之金融資產	158,984	-
現金及銀行結存	69,655	-
	495,676	1,115
		496,791

金融負債

Trade payables	貿易應付帳款	158,188
Financial liabilities included in other payables and accruals	計入其他應付帳款及應計款項之金融負債	228,722
Other borrowings	其他借貸	18,188
Convertible bonds	可換股債券	41,427

446,525

22. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value

As at 30 June 2018
(Unaudited)

Available-for-sale investment 可供出售投資

As at 31 December 2017
(Audited)

Available-for-sale investment 可供出售投資

During the Reporting Period, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (31 December 2017: Nil).

22. 金融工具之公允值及公允值等級架構

公允值等級架構

下表載列本集團之金融工具之公允值等級架構：

按公允值計量之資產

於二零一八年六月三十日
(未經審核)

Fair value measurement using 採用下列各項之公允值計量				
Quoted prices in active markets 於活躍 市場之報價 (Level 1) (第一層) HK\$'000 千港元	Significant observable inputs 重大可觀察 數據 (Level 2) (第二層) HK\$'000 千港元	Significant unobservable inputs 重大不可 觀察數據 (Level 3) (第三層) HK\$'000 千港元	Total 總計 Total 總計 HK\$'000 千港元	
1,115	-	-	1,115	

於二零一七年十二月三十一日
(經審核)

Fair value measurement using 採用下列各項之公允值計量				
Quoted prices in active markets 於活躍 市場之報價 (Level 1) (第一層) HK\$'000 千港元	Significant observable inputs 重大可觀察 數據 (Level 2) (第二層) HK\$'000 千港元	Significant unobservable inputs 重大不可 觀察數據 (Level 3) (第三層) HK\$'000 千港元	Total 總計 Total 總計 HK\$'000 千港元	
1,115	-	-	1,115	

於本報告期間，就金融資產及金融負債而言，第一層與第二層之間並無轉移，及第三層並無轉入或轉出之情況（二零一七年十二月三十一日：無）。

23. LITIGATIONS

- (a) On 29 April 2015, 天津富迪特實業有限公司 (Tianjin Fudite Company Limited) (“**Tianjin Fudite**”) issued a writ of summons against (i) GRG Huscoke (Shanxi) Ltd. (“**GRG Huscoke**”) and (ii) the Non-controlling Shareholder in relation to an alleged breach of repayment by GRG Huscoke pursuant to a repayment agreement entered into among Tianjin Fudite as the creditor, GRG Huscoke as the debtor and the Non-controlling Shareholder as the guarantor on 12 February 2015. According to the writ of summons, Tianjin Fudite claimed against GRG Huscoke and the Non-controlling Shareholder for a total sum of RMB13,499,000 (equivalent to HK\$15,938,000), comprising the outstanding trade payables of RMB12,729,000 (equivalent to HK\$15,029,000) plus interest from the default payment of RMB672,000 (equivalent to HK\$793,000) and related legal expense of RMB98,000 (equivalent to HK\$116,000). Objection and appeals over jurisdiction to handle the case were filed by GRG Huscoke and were rejected by the relevant courts in June and August 2015, respectively.

23. 訴訟

- (a) 於二零一五年四月二十九日，天津富迪特實業有限公司（「**天津富迪特**」）向(i)山西金岩和嘉能源有限公司（「**金岩和嘉**」）及(ii)非控股股東發出傳訊令狀，就金岩和嘉違反於二零一五年二月十二日天津富迪特（作為債權人）、金岩和嘉（作為債務人）及非控股股東（作為擔保人）所訂立之還款協議作出指控。根據該傳訊令狀，天津富迪特向金岩和嘉及非控股股東申索總額合共人民幣13,499,000元（相等於15,938,000港元），包括尚未償還之貿易應付帳款人民幣12,729,000元（相等於15,029,000港元）加拖欠付款之利息人民幣672,000元（相等於793,000港元）及相關法律開支人民幣98,000元（相等於116,000港元）。金岩和嘉就處理案件之司法管轄權提出之反對及上訴皆被有關法院分別於二零一五年六月及八月駁回。

23. LITIGATIONS (Continued)

(a) (Continued)

In prior years, 呂梁市人民法院 issued paper of civil judgement in which a mediation agreement was entered into between GRG Huscoke and Tianjin Fudite pursuant to which GRG Huscoke will repay the outstanding sum by instalments. As at 31 December 2016, GRG Huscoke was liable for the total claims of RMB14,053,000 (equivalent to HK\$16,586,000).

Up to 31 December 2017, the Group had settled RMB7,000,000 (equivalent to HK\$8,265,000). Additional provision of interests expense of RMB1,671,000 (equivalent to HK\$1,922,000) was estimated and accrued by management based on the default rate of the People's Bank of China during the year ended 31 December 2017. As at 31 December 2017, GRG Huscoke was liable for the total claims of RMB8,724,000 (HK\$10,243,000).

After repayment during the Reporting Period, as at 30 June 2018, GRG Huscoke was liable for the total claims of RMB2,327,000 (HK\$2,759,000).

The claims were fully settled on 27 August 2018.

23. 訴訟(續)

(a) (續)

於過往年度，呂梁市人民法院發出了民事判決書，促成了金岩和嘉與天津富迪特訂立調解協議，據此，金岩和嘉將分期償還結欠款項。於二零一六年十二月三十一日，金岩和嘉須繳付之申索總額為人民幣14,053,000元（相等於16,586,000港元）。

截至二零一七年十二月三十一日止，本集團已償付人民幣7,000,000元（相等於8,265,000港元）。管理層根據中國人民銀行頒佈之違約率估計及累計有人民幣1,671,000元（相等於約1,922,000港元）之利息開支，並於截至二零一七年十二月三十一日止年度就此作出額外撥備。於二零一七年十二月三十一日，金岩和嘉須繳付之申索總額為人民幣8,724,000元（相等於10,243,000港元）。

於本報告期間還款後，於二零一八年六月三十日，金岩和嘉須繳付之申索總額為人民幣2,327,000元（相等於2,759,000港元）。

於二零一八年八月二十七日，申償已全部償付。

23. LITIGATIONS (Continued)

- (b) On 25 September 2015, 杭州熱聯集團股份有限公司 (Hangzhou Relian Group Holding Limited) (“**Hangzhou Relian**”) issued a writ of summons against (i) 張家港保稅區康輝國際貿易有限公司 (Zhangjiagang Kanghui International Trading Limited) (“**Kanghui International**”) and (ii) GRG Huscoke in relation to an alleged breach by Kanghui International of an agency agreement (as amended and supplemented by the supplemental agreement dated 5 May 2014) (the “**Agency Agreements**”) entered into on 30 December 2013 among Hangzhou Relian as the agent, Kanghui International as the principal and GRG Huscoke as the supplier and guarantor in relation to the supply of coke by GRG Huscoke to Kanghui International through Hangzhou Relian. According to the writ of summons, Hangzhou Relian claimed against Kanghui International and GRG Huscoke, for a sum of RMB4,318,000 (equivalent to HK\$5,098,000), being the outstanding sum payable by Kanghui International to Hangzhou Relian under the Agency Agreements.

23. 訴訟(續)

- (b) 於二零一五年九月二十五日，杭州熱聯集團股份有限公司（「**杭州熱聯**」）向(i)張家港保稅區康輝國際貿易有限公司（「**康輝國際**」）及(ii)金岩和嘉發出傳訊令狀，就康輝國際違反於二零一三年十二月三十日杭州熱聯（作為代理人）、康輝國際（作為主事人）及金岩和嘉（作為供應商及擔保人）所訂立，內容有關金岩和嘉透過杭州熱聯向康輝國際供應焦煤之代理協議（經日期為二零一四年五月五日之補充協議修訂及補充）（「**代理協議**」）作出指控。根據該傳訊令狀，杭州熱聯向康輝國際及金岩和嘉要求賠償代理協議項下康輝國際應付杭州熱聯的未付金額人民幣4,318,000元（相等於5,098,000港元）。

23. LITIGATIONS (Continued)

(b) (Continued)

During the year ended 31 December 2017, 浙江省杭州市江干區人民法院 had issued paper of civil judgement, pursuant to which, Kanghui International and GRC Huscoke were liable to pay Hangzhou Relian a sum of RMB4,350,000 (equivalent to HK\$5,136,000). In the opinion of the directors, adequate provision had been made in the financial statements for the Reporting Period and year ended 31 December 2017. To the best knowledge of the directors, no further legal action had been lodged by Hangzhou Relian up to the approval date of the Interim Financial Statements.

23. 訴訟(續)

(b) (續)

於截至二零一七年十二月三十一日止年度，浙江省杭州市江干區人民法院發出了民事判決書，據此，康輝國際及金岩和嘉須向杭州熱聯繳付人民幣4,350,000元（相等於5,136,000港元）。董事認為，於本報告期間及截至二零一七年十二月三十一日止年度之財務報表已作出足夠撥備。就董事所知，直至中期財務報表獲批准日期止，杭州熱聯並無作出進一步法律訴訟。

23. LITIGATIONS (Continued)

- (c) The Group received notification issued by 山西省太原市人民法院 (Shanxi Province Taiyuan City Intermediate People's Court) (the "Court") dated 20 May 2016 in which 山西國際物流有限公司 (Shanxi International Logistic Co., Ltd.) ("**Shanxi Logistic**") commenced legal action against GRG Huscoke. Pursuant to the statement of claim, GRG Huscoke failed to deliver goods and failed to repay the prepayment of RMB50,000,000 (equivalent to HK\$59,035,000) received from Shanxi Logistic in accordance with the cooperation agreements entered into by Shanxi Logistic and GRG Huscoke in March 2013, on 1 April 2014 and 1 May 2015 respectively. As a result, Shanxi Logistic demanded GRG Huscoke to repay RMB50,000,000 (equivalent to HK\$59,035,000) plus profits forgone of RMB14,894,000 (equivalent to HK\$17,410,000) and related legal expense of RMB183,000 (equivalent to HK\$214,000) up to 29 February 2016 as a result of the non-delivery of goods by GRG Huscoke.

During the year ended 31 December 2016, a civil mediation agreement (the "**Civil Mediation Agreement**") was entered into to confirm, among others, that the sums owed by GRG Huscoke to Shanxi Logistic amounted to RMB65,077,000 (equivalent to HK\$76,659,000) as of 11 April 2016 and such sums should be repaid on or before 30 May 2016. Subsequently,

23. 訴訟(續)

- (c) 本集團接獲山西省太原市人民法院(「法院」)於二零一六年五月二十日發出之通知，內容有關山西國際物流有限公司(「山西物流」)對金岩和嘉展開法律訴訟。根據起訴書，金岩和嘉未能根據山西物流與金岩和嘉分別於二零一三年三月、二零一四年四月一日及二零一五年五月一日訂立之合作協議交付貨品及償還預付款項人民幣50,000,000元(相等於59,035,000港元)。因此，山西物流要求金岩和嘉償還預付款項人民幣50,000,000元(相等於59,035,000港元)以及於截至二零一六年二月二十九日為止因金岩和嘉未能交付貨品而導致之已失去溢利人民幣14,894,000元(相等於17,410,000港元)及相關法律開支人民幣183,000元(相等於214,000港元)。

於截至二零一六年十二月三十一日止年度，一份民事調解協議(「民事調解協議」)獲予訂立，以確認(其中包括)金岩和嘉於二零一六年四月十一日結欠山西物流之款額為人民幣65,077,000元(相等於76,659,000港元)及有關款額須於二零一六年五月三十

23. LITIGATIONS (Continued)

(c) (Continued)

GRG Huscoke, Shanxi Logistic, the Non-controlling Shareholder and the controlling owner of the Non-controlling Shareholder (collectively, as the Guarantors of GRG Huscoke) entered into a settlement agreement (the “**Settlement Agreement**”) regarding the execution of the Civil Mediation Agreement. Pursuant to the Settlement Agreement, GRG Huscoke shall settle RMB31,000,000 (equivalent to HK\$36,500,000) by instalments by 31 December 2017, and monthly instalments of RMB6,000,000 (equivalent to HK\$7,100,000) from January 2017 onwards until the full settlement of the outstanding sums (including interest accrued and to be accrued thereon).

The Group has been in negotiation with Shangxi Logistic to re-arrange the payment schedule under the Settlement Agreement. To the best knowledge of the directors, no further legal action was lodged by Shangxi Logistics up to the approval date of the financial statements. In the opinion of the directors, appropriate provision has been made in the financial statements for the Reporting Period and year ended 31 December 2017.

23. 訴訟(續)

(c) (續)

日或之前償還。其後，金岩和嘉、山西物流、非控股股東及非控股股東之控股擁有人（統稱金岩和嘉之擔保人）就民事調解協議之執行訂立還款協議（「**還款協議**」）。根據還款協議，金岩和嘉須於二零一七年十二月三十一日前分期償還人民幣31,000,000元（相等於36,500,000港元），並自二零一七年一月起每月償還人民幣6,000,000元（相等於7,100,000港元），直至全數償還未償還款項為止（包括應計及其後累計之利息）。

本集團一直與山西物流商討重新調整還款協議之付款時間表。就董事所知，直至財務報表獲批准日期止，山西物流並無作出進一步法律訴訟。董事認為，於本報告期間及截至二零一七年十二月三十一日止年度之財務報表已作出適當撥備。

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

In the first half year of 2018, China's coal and coke market showed a stagnation and a rise. The coke market was environmentally restricted and the price was slightly waved. The Group's main products and main materials of steelmaking – metallurgical coke, overall sales and gross profits, compared with the same period last year (excluding reversal of impairment on items of property, plant and equipment), growth of 23.7% and 30.2%. In terms of market demand, the national crude steel output increased by nearly 5.4% year-on-year. According to the current production trend, it is estimated that the national crude steel output in 2018 is close to the 900 million-ton mark, an increase of about 6% over the previous year.

According to the statistics of the National Bureau of Statistics, the gross domestic product in the first half of 2018 increased by 6.8% year-on-year. The national economy continued to develop in a stable manner. The structural investment was further increased, the quality and efficiency were improved, and the economy was moving towards high quality. It is expected that China's steel plants will have certain support for the demand and price of metallurgical coke due to the relatively stable demand for infrastructure.

管理層討論及分析

業務回顧

二零一八年度上半年，中國煤炭及焦炭市場呈現先抑後揚的局面。焦炭市場環保限產，價格需略有波動。本集團的主要產品及煉鋼主要材料 – 冶金焦炭，整體銷售和毛利潤，對比去年同期（但不包括物業、廠房及設備項目減值撥回）增長分別為23.7%和30.2%。就市場需求，全國粗鋼產量同比去年同期增長近5.4%，按照當前產量趨勢推測，預計二零一八年全國粗鋼產量接近9億噸關口，比上年增長6%左右。

根據國家統計局資料顯示，二零一八年上半年國內生產總值同比增長6.8%，國民經濟延續總體穩中向好的發展態勢，結構調整深入推進，品質效益穩步提升，經濟邁向高品質發展起步良好，預計中國鋼鐵廠由於基建的需求相對穩定，對冶金焦炭的需求和價格有一定的支持。

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

PROSPECTS

Looking forward to the second half of 2018, the Group will focus on market changes, gradually improve the equipment for environmental protection policies, strive to achieve annual business objectives, strictly control production costs, and strengthen risk monitoring. In the second quarter of 2018, the coke price after the strong rebound of coke has been topped. Although the steel price has a downward trend, but attributable to the government continues to increase its financial fund investment and expand its infrastructure, steel demand and prices have certain support. Coupled with the national economy and the market demand, the Group expects the coking coal business performance to continue to grow in the second half of the year.

The environmental emission requirements are stricter year by year. The relevant departments have made relevant requirements for the production process and the raw materials storage, and required the coke enterprises to equip the coke dry quenching equipment and the top coal grid of the coal mining yard. These two items make the Group need to make further investment in environmental structure. The investment will be increased in the second half of the year, so the cost of coking is still high.

After the emergence of the Internet, the media form has changed from electronic media to the digital age, and information began to spread rapidly. In the past few years, the rapid growth of e-commerce and new consumption patterns in the market brought great business opportunities to the market. Through the investment with EDB (as defined herein) on 20 July 2018, the Group actively and continually explores new business opportunities for the Shareholders, and diversified its business and launched the Group's new profit growth point.

管理層討論及分析(續)

展望

展望二零一八年下半年，本集團將重點關注市場變化，抓緊對環保政策的設備逐步完善，力求完成年度經營目標，嚴格控制生產成本，加強風險監控。二零一八年第二季，焦炭經過強勢反彈後的焦炭價格已經築頂，雖鋼價有下跌趨勢，但由於政府在財政投放繼續加大，擴大基建投入，鋼材需求和價格有一定支持，加上國家經濟穩定增長和市場剛需，本集團預期焦煤業務業績下半年有持續的增長。

環保排放指標要求逐年嚴格。有關部門對生產工藝及原料存放等作出了相關要求，要求焦企配備乾熄焦設備及建煤堆場頂柵，這兩項使本集團對於固定資產投入在下半年明顯增加，因而相對煉焦所需的成本仍持續高企。

互聯網出現後，傳媒形式從電子媒介到數字時代的重大轉變，信息開始快速傳播，短短幾年間，電商的迅速增長和市場新消費模式，給市場帶來極大商機。本集團通過於二零一八年七月二十日和EDB(定義見本報告)的投資項目，為股東積極持續開拓新的業務商機，業務更加多元化，啓動本集團新的利潤增長點。

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

MAJOR EVENTS

On 4 June 2018, the Group entered into a conditional subscription agreement for cash subscription of a 3-year convertible bonds with principal amount of HK\$80,000,000 bearing an annual interest rate at 3.95%, and the initial conversion price is HK\$0.38 (the “**2018 Convertible Bonds**”) with ADIB Holdings Limited, a wholly-owned subsidiary of the Asia Development & Investment Bank Limited. If the 2018 Convertible Bonds are fully converted into conversion shares, the 210,526,315 conversion shares account for approximately 8.11% of the entire existing issued share capital of the Company, and approximately 7.5% of the enlarged issued share capital of the Company immediately after the allotment and issue of the conversion shares. The net proceeds from the subscription of approximately HK\$78,500,000 will be used for the general working capital and investment funding of the Group. The subscriber informed the Company that it is in process arranging the subscription, as at 19 September 2018, the latest practicable date of this report (the “**Latest Practicable Date**”), the above transaction is being gradually implemented in accordance with the terms of the agreement and has not yet been completed and it is expected that the completion will take place by end of September 2018.

管理層討論及分析 (續)

重大事件

於二零一八年六月四日，本集團與亞洲發展投資控股有限公司（亞洲發展投資銀行之全資附屬公司）訂立一份有條件認購協議，以現金認購本金總額80,000,000港元、三年期及年利率3.95%及初步兌換價為0.38港元之可換股債券（「**二零一八年可換股債券**」）。倘二零一八年可換股債券悉數兌換為兌換股份，210,526,315股兌換股份佔本公司全部已發行股本約為8.11%，及本公司緊隨配發及發行該等兌換股份後擴大的已發行股本約7.5%。認購所得款項淨額約78,500,000港元，將用於本集團一般營運資金和投資資金。認購方向本公司表示正在安排完成認購協議，於本報告最後實際可行日期二零一八年九月十九日（「**最後實際可行日期**」），上述交易正在按照協議條款逐步履行，尚未告完成，並預期將於二零一八年九月底前完成。

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

MAJOR EVENTS (Continued)

On 25 June 2018, the Group and Shanxi Jinyan Energy Technology Company Limited (山西金岩能源科技有限公司) and Shanxi Jinyan Fine Chemical Company Limited (山西金岩精細化工有限公司) (collectively, the “**Project Companies**”) entered into a non-legally binding letter of intent whereby the Company may invest directly or via a fund structure to the Project Companies through acquisition or subscription of a portion of their share capital. The Project Companies are committed to a coke project and a chemical project respectively (the “**Projects**”) and where both are located in Xiaoyi City, Shanxi Province of China. The total production capacity of the Projects are 5 million tons of coke per year, 1 million tons of ethylene glycol per year and 550 million cubic meters of liquefied natural gas per year. The Group has been actively exploring cooperation opportunities for its existing principal businesses, by integrating upstream and downstream resources in the coal industry, it may achieve synergies and benefits its coke production business and create more value to reward the support of Shareholders and stakeholders. As at the Latest Practicable Date, the terms of the definitive agreement have not been finalized. The Company will make further announcement in due course.

管理層討論及分析 (續)

重大事件 (續)

於二零一八年六月二十五日，本集團分別與山西金岩能源科技有限公司及山西金岩精細化工有限公司(統稱為「**項目公司**」)訂立一份不具法律約束力的意向書。據此，本公司可直接或經基金架構以收購或認購項目公司部分股權投資。項目公司為位於中國山西省孝義市的焦化項目及化產項目(「**該等項目**」)的項目承載主體，該等項目總產能規模為每年500萬噸焦炭、每年100萬噸乙二醇及每年5.5億立方米液化天然氣。本集團一直致力探索與現存業務相關的合作機會，透過整合煤炭產業鏈上下游資源，發揮與焦炭生產業務的協同作用，創造更多價值以回饋股東及持份者的支持。於最後實際可行日期，正式協議之條款尚未確定。本公司將於適當時候另行刊發公告。

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

FINANCIAL REVIEW

I. Consolidated Operating Results

Revenue

For the Reporting Period, the Group recorded total revenue of approximately HK\$744,128,000 (2017: HK\$601,670,000), representing an increase of approximately HK\$142,458,000 or 23.7%. The increase was mainly due to the increase in average selling price of the Group's major product – metallurgical coke and the appreciation of the renminbi against the Hong Kong dollar.

Gross profit and gross profit margin

For the Reporting Period, the Group recorded gross profit of approximately HK\$124,945,000 (2017: HK\$95,926,000), representing an increase of approximately HK\$29,019,000 or 30%. The overall gross profit margin, increased from 15.9% for the six months ended 30 June 2017 to 16.8% for the Reporting Period.

管理層討論及分析(續)

財務回顧

I. 綜合經營業績

收入

於本報告期間，本集團錄得收入總額約744,128,000港元（二零一七年：601,670,000港元），增加約142,458,000港元或23.7%。該增幅主要由於本集團主要產品－冶金焦炭之平均售價增加和人民幣兌港元升值。

毛利及毛利率

於本報告期間，本集團錄得毛利約124,945,000港元（二零一七年：95,926,000港元），增加約29,019,000港元或30%。整體毛利率於截至二零一七年六月三十日止六個月為15.9%，上升至本報告期間為16.8%。

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

FINANCIAL REVIEW (Continued)

I. Consolidated Operating Results (Continued)

Gross profit and gross profit margin (Continued)

The increase in gross profit margin was mainly attributable to the decrease in gross loss margin of other products (such as power generation and heat generation). The average gross profit margin of metallurgical coke remained stable and production costs were stable at around 23%. The total gross loss margin of other products was 14% (2017: gross loss margin of 22%) during the Reporting Period.

II. Operating Results of Segments

The Group is principally engaged in three business segments, namely: (i) trading of coke (the “**Coke Trading Segment**”); (ii) washing of raw coal into refined coal for sale and for further processing, and the sale of electricity and heat which are generated with by-products produced during washing of raw coal (the “**Coal-related Ancillary Segment**”); and (iii) processing of refined coal into coke for sale, and sale of coke by-products that are generated during coke production (the “**Coke Production Segment**”).

管理層討論及分析 (續)

財務回顧 (續)

I. 綜合經營業績 (續)

毛利及毛利率 (續)

毛利率上升主要是由於其他產品(如發電及發熱)之毛損率減低。冶金焦炭之平均毛利率保持穩定和生產成本穩定控制,約為23%。於本報告期間,其他產品之綜合毛損率為14%(二零一七年:毛損率為22%)。

II. 經營分類業績

本集團主要從事三個業務分類,即(i)焦炭貿易(「**焦炭貿易分類**」);(ii)洗原煤以產生銷售用途及進一步加工之精煤,以及銷售電能及熱能(洗原煤過程之副產品)(「**煤炭相關附屬分類**」);及(iii)加工精煤以產生作銷售用途之焦炭,以及銷售於焦炭生產過程所產生之焦炭副產品(「**焦炭生產分類**」)。

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

FINANCIAL REVIEW (Continued)

II. Operating Results of Segments (Continued)

1. Coke trading segment

The Group continues to explore business opportunities in the coke trading business. During the Reporting Period, the Group generated revenue of HK\$13,507,000 in this segment (2017: Nil). The Group will continue to explore the direct coal and coke trading business opportunity in the future.

2. Coal-related ancillary segment

The coal-related ancillary segment is related to the washing of raw coal into refined coal for sales and for further processing, and the sale of electricity and heat which are generated as the by-products during washing of raw coal process.

The external sales mainly represented the revenue from sales of power and heat energy to the community in the Xiaoyi City, Shanxi Province, China. For the Reporting Period, the external sales amounted to HK\$92,107,000 (2017: HK\$47,752,000).

管理層討論及分析 (續)

財務回顧 (續)

II. 經營分類業績 (續)

1. 焦炭貿易分類

本集團持續開拓焦炭貿易業務之商機。於本報告期間，本集團在該分類產生收入13,507,000港元(二零一七年：無)。本集團將於未來持續探索煤炭及焦炭的直接貿易機會。

2. 煤炭相關附屬分類

煤炭相關附屬分類涉及於洗原煤過程產生精煤作銷售用途及進一步加工之用，以及銷售電能及熱能(洗原煤過程之副產品)。

外部銷售主要為向中國山西省孝義市之社區銷售電能及熱能產生之收入。於本報告期間，外部銷售為92,107,000港元(二零一七年：47,752,000港元)。

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

FINANCIAL REVIEW (Continued)

II. Operating Results of Segments (Continued)

2. Coal-related ancillary segment (Continued)

The segment results increased from approximately HK\$13,353,000 as at 30 June 2017 to approximately HK\$17,171,000 during the Reporting Period.

3. Coke production segment

For the Reporting Period, the coke production segment's revenue increased from approximately HK\$553,918,000 for the six months ended 30 June 2017 to approximately HK\$638,514,000 representing an increase of 15.2%. The segment result increased from approximately HK\$44,779,000 for the six months ended 30 June 2017 to approximately HK\$59,978,000, representing an increase of 33.9%. This was mainly due to the significant increase in average selling price of metallurgical coke during the Reporting Period.

管理層討論及分析 (續)

財務回顧 (續)

II. 經營分類業績 (續)

2. 煤炭相關附屬分類 (續)

分類業績自二零一七年六月三十日約13,353,000港元上升至本報告期間約17,171,000港元。

3. 焦炭生產分類

於本報告期間，焦炭生產分類收入自截至二零一七年六月三十日止六個月約553,918,000港元增加至約638,514,000港元，升幅為15.2%。分類業績自截至二零一七年六月三十日止六個月約44,779,000港元增加至約59,978,000港元，增幅33.9%。增幅主要由於本報告期間冶金焦炭之平均售價增加。

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

FINANCIAL REVIEW (Continued)

III. Selling and Distribution Costs

During the Reporting Period, the Group's sales and distribution costs increased significantly from approximately HK\$60,840,000 for the six months ended 30 June 2017 to approximately HK\$71,089,000. The sales and distribution costs were mainly freight costs, compared with the ratio to sales around 9.6% (2017: 10.1%). The ratio during the two periods was similar and there were no major changes.

IV. Administrative Expenses

The Group's management expenses were approximately HK\$39,146,000 (2017: HK\$25,178,000) for the six months ended 30 June 2018. The main reason of increase was to cope with the development of the Group in the investment field, and to strengthen the management team allocation and the professional consulting fees of investment projects increased.

管理層討論及分析 (續)

財務回顧 (續)

III. 銷售及分銷成本

於本報告期間，本集團之銷售及分銷成本自截至二零一七年六月三十日止六個月約60,840,000港元顯著增加至約71,089,000港元。銷售及分銷成本主要是運費成本，對比銷售比率約為9.6% (二零一七年：10.1%)，兩期比率相近，並無重大變動。

IV. 管理費用

截至二零一八年六月三十日止六個月，本集團之管理費用約39,146,000港元 (二零一七年：25,178,000港元)。其增幅主要為配合集團在投資領域的發展，加強管理團隊配置和投資項目專業顧問費用的增加所引致。

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

FINANCIAL REVIEW (Continued)

V. Finance Costs

For the Reporting Period, the finance costs were approximately HK\$586,000 and approximately HK\$3,199,000 for the six months ended 30 June 2017. The decrease was mainly due to the provision for impairment of convertible bonds approximately HK\$2,416,000 during the same period last year.

VI. Reversal of Impairment on Items of Property, Plant and Equipment

For the Reporting Period, there was no reversal of impairment on items of the property, plant and equipment (2017: approximately HK\$99,222,000).

VII. Profit for the Period

For the Reporting Period, the Group recorded a profit of approximately HK\$37,337,000 (2017: HK\$135,205,000). Excluding the reversal for the impairment on items of the property, plant and equipment of the non-cash items for the same period last year, which was approximately HK\$99,222,000, the profit ratio during the two periods was similar and there were no major changes.

管理層討論及分析(續)

財務回顧(續)

V. 財務費用

於本報告期間，本集團之財務費用約586,000港元，而截至二零一七年六月三十日止六個月則約為3,199,000港元。該跌幅主要由於去年同期約2,416,000港元的可換股債券的減值撥備所致。

VI. 物業、廠房及設備項目減值撥回

於本報告期間，並無物業、廠房及設備項目減值撥回(二零一七年：約99,222,000港元)。

VII. 期內溢利

於本報告期間，本集團錄得期內溢利約37,337,000港元(二零一七年：135,205,000港元)，扣除去年同期非現金項目之物業、廠房及設備項目減值撥回約99,222,000港元，兩期期內溢利比率相近，並無重大變動。

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITION AND DISPOSAL

There was no significant investment, material acquisition or disposal of the Group for the six months ended 30 June 2018.

CHARGES OVER ASSETS

The Group had no pledged assets, including pledged deposit as at 30 June 2018 (31 December 2017: Nil).

CAPITAL STRUCTURE AND CAPITAL MANAGEMENT

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximize Shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to Shareholders, return capital to Shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the Reporting Period as compare with the year ended 31 December 2017.

管理層討論及分析 (續)

重大投資、收購及出售

本集團於截至二零一八年六月三十日止六個月並無重大投資、收購及出售。

資產質押

本集團於二零一八年六月三十日並無抵押資產(包括抵押按金)(二零一七年十二月三十一日:無)。

資本結構及資本管理

本集團資本管理之首要目標為確保本集團具備持續經營之能力,且維持穩健之資本比率,以支持其業務運作,爭取最大之股東價值。

本集團根據經濟情況之變動及相關資產之風險特質,管理其資本結構並作出調整。為維持或調整資本結構,本集團可能調整向股東派發之股息、向股東派回之資本或發行新股份。與截至二零一七年十二月三十一日止年度比較,於本報告期間並無更改管理資本之目標、政策或程序。

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

CAPITAL STRUCTURE AND CAPITAL MANAGEMENT (Continued)

The Group's principal financial instruments comprise convertible bonds and other borrowings. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables, deposits and other receivables, amounts due from the Non-controlling Shareholder, cash and bank balances, trade payables, and other payables and accruals, which arise directly from its operations.

The main risks arising from the Group's financial instruments are foreign currency risk, credit risk and liquidity risk. The Board reviews and agrees policies for managing each of these risks and they are summarized below.

The Group regularly monitors capital using a gearing ratio, which is net debt divided by the adjusted capital plus net debt. Net debt includes trade payables, other payables, accruals and deposits received, other borrowings, convertible bonds, net of cash and bank balances. Capital includes the convertible bonds issued in 2016 and equity attributable to owners of the parent. The gearing ratio as at 30 June 2018 was 66% (31 December 2017: 65%).

管理層討論及分析 (續)

資本結構及資本管理 (續)

本集團之主要金融工具包括可換股債券及其他借貸。該等金融工具之主要目的為籌集資金作本集團經營所需。本集團有若干其他不同金融資產及負債，例如貿易應收帳款、按金及其他應收帳款、應收非控股股東款項、現金及銀行結存、貿易應付帳款，以及其他應付帳款及應計款項，均直接來自其經營業務。

本集團金融工具之主要風險為外幣風險、信貸風險及流動資金風險。董事會檢討及協定管理各項有關風險之政策，並概述如下。

本集團採用資產負債比率定期監察資本狀況，計算方法為債務淨額除以經調整資金加債務淨額。債務淨額包括貿易應付帳款、其他應付帳款、應計款項及已收按金、其他借貸以及可換股債券，扣除現金及銀行結存。資金包括於二零一六年發行之可換股債券及母公司擁有人應佔股權。於二零一八年六月三十日之資產負債比率為66% (二零一七年十二月三十一日：65%)。

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

CAPITAL STRUCTURE AND CAPITAL MANAGEMENT (Continued)

As at 30 June 2018, the equity attributable to owners of the parent amounted to HK\$407,056,000 (31 December 2017: HK\$376,868,000). The equity attributable to owners of the Company per share was approximately HK\$0.16 per share for the Reporting Period (31 December 2017: HK\$0.15 per share).

LIQUIDITY AND FINANCIAL RESOURCES

Net current liabilities and current ratio were HK\$24,373,000 (31 December 2017: net current liabilities HK\$26,541,000) and 1.03 (31 December 2017: 0.96), respectively as at 30 June 2018.

As at 30 June 2018, the Group's cash and bank balances amounted to HK\$56,060,000 (31 December 2017: HK\$69,655,000). The total other borrowings and convertible bonds were HK\$18,188,000 (31 December 2017: HK\$18,188,000) and HK\$41,427,000 (31 December 2017: HK\$41,427,000) respectively.

As of 30 June 2018 and 31 December 2017, the Group had no bills payable.

管理層討論及分析(續)

資本結構及資本管理(續)

於二零一八年六月三十日，母公司擁有人應佔股權達407,056,000港元(二零一七年十二月三十一日：376,868,000港元)。本公司擁有人於本報告期間應佔股權約為每股股份0.16港元(二零一七年十二月三十一日：每股股份0.15港元)。

流動資金及財政資源

流動資產淨值及流動比率於二零一八年六月三十日分別為24,373,000港元(二零一七年十二月三十一日：流動負債淨額26,541,000港元)及1.03(二零一七年十二月三十一日：0.96)。

於二零一八年六月三十日，本集團之現金及銀行結存為56,060,000港元(二零一七年十二月三十一日：69,655,000港元)。本集團其他借貸總額及可換股債券分別為18,188,000港元(二零一七年十二月三十一日：18,188,000港元)及41,427,000港元(二零一七年十二月三十一日：41,427,000港元)。

於二零一八年六月三十日與二零一七年十二月三十一日，本集團並無應付票據。

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

INTEREST RATE RISK

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group's fair value interest rate risk relates primarily to short term cash and bank balances. The Group is also exposed to cash flow interest rate risk through the impact of interest rate changes on deposits. To minimize the fair value interest rate risk, the Group keeps its borrowings with a fixed rate of interest. The management monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arises.

管理層討論及分析 (續)

利率風險

公允價值利率風險是指金融工具之價值基於市場利率有變而產生波動之風險。現金流量利率風險是指金融工具之未來現金流量基於市場利率有變而產生波動之風險。

本集團之公允價值利率風險主要涉及短期現金及銀行結存。本集團亦因存款之利率變動影響而承擔現金流量利率風險。為盡量減低公允價值利率風險，本集團維持固定利率借貸。管理層監察利率風險並將考慮於有需要時對沖重大利率風險。

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

FOREIGN CURRENCY RISK

The Group's monetary assets, liabilities and transactions are principally denominated in Renminbi ("RMB"), United States dollars ("USD") and Hong Kong dollars ("HKD"). The Group is exposed to foreign currency risk arising from the monetary assets and liabilities that are denominated in currencies other than functional currencies of the respective group entities.

The Group does not have any hedging instruments outstanding. The Group will constantly review the economic situation and its foreign currency risk profile, and will consider appropriate hedging measures in the future as may be necessary.

CONTINGENT LIABILITIES

As at 30 June 2018, the Group did not have any significant contingent liabilities which have not been provided in the financial statements (31 December 2017: Nil).

TREASURY POLICIES

The Group adopts a prudent approach with respect to treasury and funding policies, with a focus on risk management and transactions that are directly related to the underlying business of the Group.

管理層討論及分析 (續)

外幣風險

本集團之貨幣資產、負債及交易均主要以人民幣(「人民幣」)、美元(「美元」)及港元(「港元」)計值。本集團因貨幣資產及負債以相關集團實體之功能貨幣以外貨幣計值而承受外幣風險。

本集團並無任何未行使對沖工具。本集團將持續觀察經濟情況及其外匯風險組合，並於日後有需要時考慮採取適當之對沖措施。

或然負債

於二零一八年六月三十日，本集團並無未於財務報表中撥備之任何重大或然負債(二零一七年十二月三十一日：無)。

財資政策

本集團對財資及融資政策取態審慎，集中於風險管理及與本集團相關業務有直接關係之交易。

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

EMPLOYEES AND REMUNERATION

As at 30 June 2018, the Group have approximately 1,400 employees (31 December 2017: approximately 1,500 employees). Less than 20 staff are stationed in Hong Kong and the rest are senior management and workers in Mainland China. The Group's staff costs amounted to approximately HK\$39,038,000 for the Reporting Period and approximately HK\$28,724,000 was recorded in the corresponding period of 2017.

Employees are remunerated according to the nature of the job and market trends, with a built-in merit component incorporated in the annual increment and a year-end performance bonus to reward motivated individual performance. Up to the Latest Practicable Date, there are 10,400,000 share options outstanding under the share option scheme. Details please refer to the "Share Option Scheme" section of this report.

PURCHASE, SALE OR REDEMPTION OF OWN LISTED SECURITIES

During the Reporting Period, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

管理層討論及分析(續)

僱員及薪酬

於二零一八年六月三十日，本集團旗下員工約1,400人(二零一七年十二月三十一日：約1,500人)。駐香港之員工少於20人，其餘均為國內高級管理人員及工人。於本報告期間，本集團之員工成本約達39,038,000港元，而二零一七年同期所錄得之員工成本約為28,724,000港元。

僱員薪酬乃按工作性質及市場走勢釐定，並於年度增薪評估內設有表現評估部分及年終獎金，以推動及獎勵個人工作表現。截至最後實際可行日期，根據購股期權計劃之未行使購股期權為10,400,000份。詳情請參閱本報告「購股期權計劃」一節。

購買、出售或贖回本公司之上市證券

於本報告期間，本公司或其任何附屬公司概無購買、出售或贖回本公司任何上市證券。

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

EVENTS AFTER THE REPORTING PERIOD

Investment in EDB Holding Limited (“EDB”)

On 20 July 2018, the Group entered into (1) a conditional sales and purchase agreement whereby the Company as purchaser, Massive Light Limited as vendor and Mr. Chen Tao as guarantor in relation to the sale and purchase of 12,910,978 ordinary shares in the issued share capital of EDB, represent approximately 10% of the enlarged issued share capital of EDB as a result, for a consideration of HK\$38,300,223 (equivalent to RMB33,017,433), by procuring the Company to allot and issue 129,831,263 consideration shares to the vendor at the issue price of HK\$0.295 per consideration share; and (2) a conditional subscription agreement whereby the Company as subscriber and EDB as issuer and Mr. Chen Tao and a company incorporated in the British Virgin Islands with limited liability as guarantors in respect of the subscription of 13,556,527 new ordinary shares to be allotted and issued by EDB, represent approximately 10.5% of its enlarged issued share capital of EDB, for a total cash consideration of RMB60,000,000 (or its US\$ equivalence). The Group will be holding 26,467,505 shares of EDB, representing approximately 20.5% of its enlarged issued share capital, for a consideration of RMB93,017,433. As at the Latest Practicable Date, the above transaction is being gradually implemented in accordance with the terms of the agreements and has not yet been completed and it is expected that completion will take place by end of November 2018 pursuant to the terms of the agreements.

管理層討論及分析(續)

本報告期間後事項

於EDB Holding Limited(「EDB」)之投資

於二零一八年七月二十日，本集團訂立(1)一份有條件買賣協議，據此，本公司作為買方、量燃有限公司作為賣方及陳濤先生作為擔保人，透過促使本公司按發行價每股代價股份0.295港元向賣方配發及發行129,831,263股代價股份，以代價38,300,223港元(相當於人民幣33,017,433元)買賣EDB已發行股本中之12,910,978股普通股，佔EDB因有關買賣而經擴大後的已發行股本約10%；及(2)一份有條件認購協議，據此，本公司作為認購人、EDB作為發行人及陳濤先生與一間於英屬處女群島註冊成立之有限公司作為擔保人，以現金代價合共人民幣60,000,000元(或其美元等值)認購EDB將予配發及發行之13,556,527股新普通股，佔EDB經擴大後的已發行股本約10.5%。本集團將持有26,467,505股EDB股份，佔其經擴大後的已發行股本約20.5%，所涉代價為人民幣93,017,433元。於最後實際可行日期，上述交易正在按協議條款逐步履行，尚未告完成，並預期將按協議條款規定於二零一八年十一月底前完成。

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

EVENTS AFTER THE REPORTING PERIOD (Continued)

Issue of 2018 Convertible Bonds

Pursuant to the subscription agreement entered into between the Company and ADIB Holdings Limited on 4 June 2018, ADIB Holdings Limited as the subscriber has conditionally agreed to subscribe for and the Company as the issuer has conditionally agreed to issue the 2018 Convertible Bonds. As at the Latest Practicable Date, the above transaction is being gradually implemented in accordance with the terms of the agreement and has not yet been completed and it is expected that the completion will take place by end of September 2018. The net proceeds of approximately HK\$78,500,000 will be applied towards the general working capital of the Group and provide funding for investment opportunities that the Board considers to be in the interests of the Company from time to time.

Possible Disposal of Equity Interests of a Subsidiary

On 7 September 2018, the Company entered into a non-legally binding memorandum of understanding with Hong Kong Resources Holdings Company Limited (stock code: 2882) (“HKRH”) whereby the Company and HKRH agreed to further negotiate in good faith in relation to the proposed transaction involving

管理層討論及分析 (續)

本報告期間後事項 (續)

發行二零一八年可換股債券

根據本公司與亞洲發展投資控股有限公司於二零一八年六月四日訂立之認購協議，亞洲發展投資控股有限公司作為認購方已有條件同意認購而本公司作為發行人已有條件同意發行二零一八年可換股債券。於最後實際可行日期，上述交易正在按照協議條款逐步履行，尚未告完成，並預期將於二零一八年九月底前完成。其所得款項淨額約為78,500,000港元，將用於本集團一般營運資金及為董事會認為符合本公司利益之不時展現的投資機會提供資金。

可能出售一間附屬公司股權

於二零一八年九月七日，本公司與香港資源控股有限公司（股份代號：2882）（「香港資源」）訂立一份不具法律約束力的諒解備忘錄，同意就有關買賣本公司一間非直接全資附屬公司智悅國際有限公司（其為本集團一間中國附屬公司之90%控股公司，該公

MANAGEMENT DISCUSSION AND ANALYSIS (Continued)

EVENTS AFTER THE REPORTING PERIOD (Continued)

Possible Disposal of Equity Interests of a Subsidiary (Continued)

the sale and purchase of not more than 23% of the issued shares of Joy Wisdom International Limited, an indirect wholly owned subsidiary of the Company which is 90% holding company of a China subsidiary of the Group that is principally carrying out coal related business in China. As at the Latest Practicable Date, the terms of the definitive agreement have not been finalized. The Company will make further announcement in due course.

REVIEW OF INTERIM RESULTS BY AUDIT COMMITTEE

The unaudited condensed consolidated interim results of the Group for the Reporting Period have been reviewed by the Audit Committee. The Audit Committee comprises three independent non-executive Directors, namely, Mr. Lau Ka Ho who also acts as Chairman of the committee, Mr. To Wing Tim, Paddy and Mr. Lam Hoy Lee, Laurie, and one non-executive Director, Mr. Huang Man Yem.

管理層討論及分析 (續)

本報告期間後事項 (續)

可能出售一間附屬公司股權 (續)

司主要於中國經營煤炭相關業務)不多於23%已發行股份展開進一步真誠磋商。於最後實際可行日期，正式協議之條款尚未確定。本公司將於適當時候另行刊發公告。

經審核委員會審閱中期業績

本集團於本報告期間之未經審核簡明綜合中期業績已由審核委員會審閱。審核委員會由三名獨立非執行董事劉家豪先生(委員會主席)、杜永添先生、林開利先生及一名非執行董事黃文鑫先生組成。

DISCLOSURE OF INTERESTS

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS

As at 30 June 2018, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, chapter 571 of the laws of Hong Kong as amended from time to time (the “SFO”) as recorded in the register as required to be kept by the Company under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) contained in Appendix 10 of the Listing Rules, were as follows:

權益披露

董事及主要行政人員之權益

於二零一八年六月三十日，各董事及本公司主要行政人員於本公司或其相聯法團（定義見經不時修訂之香港法例第571章證券及期貨條例（「證券及期貨條例」）第XV部）之股份、相關股份及債券中，擁有已記入本公司根據證券及期貨條例第352條須予存置之登記冊，或根據上市規則附錄10所載上市發行人董事進行證券交易的標準守則（「標準守則」）已知會本公司及聯交所之權益及淡倉如下：

DISCLOSURE OF INTERESTS (Continued)

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS (Continued)

Long positions in shares of the Company

Name of Director	Nature of interest
董事姓名	權益性質
Zhao Xu Guang 趙旭光	Interest of a controlled corporation (Note (a)) 控制法團之權益(附註(a))
To Wing Tim, Paddy 杜永添	Beneficial owner and Interest of spouse (Note (b)) 實益擁有人及配偶權益(附註(b))

Notes:

- (a) As at 30 June 2018, the interests were held by Shun Wang Investments Limited which in turn was wholly owned by Mr. Zhao Xu Guang, the Chairman and Chief Executive Officer of the Company. Accordingly, Mr. Zhao is deemed to be interested in 1,400,000,000 shares of the Company under the Part XV of the SFO.
- (b) As at 30 June 2018, Mr. To Wing Tim, Paddy, an independent non-executive Director of the Company, together with his spouse, respective holding of 60,000 shares of the Company and 172,000 shares of the Company. Accordingly, Mr. To is deemed to be interested in 232,000 shares of the Company under Part XV of the SFO.

權益披露(續)

董事及主要行政人員之權益(續)

於本公司股份之好倉

Number of shares held	Approximate percentage of issued share capital
所持股份數目	佔已發行股本概約百分比

1,400,000,000	53.92%
232,000	0.01%

附註：

- (a) 於二零一八年六月三十日，該等權益由順旺投資有限公司持有，而順旺投資有限公司由本公司主席兼行政總裁趙旭光先生全資擁有。因此，根據證券及期貨條例第XV部，趙先生被視作於1,400,000,000股本公司股份中擁有權益。
- (b) 於二零一八年六月三十日，本公司獨立非執行董事杜永添先生與其配偶分別持有60,000股本公司股份及172,000股本公司股份。因此，根據證券及期貨條例第XV部，杜先生被視作於232,000股本公司股份中擁有權益。

DISCLOSURE OF INTERESTS (Continued)

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS (Continued)

Long positions in the underlying shares of the Company

Name of Director	Nature of interest	Number of underlying shares held	Approximate percentage of issued share capital
董事姓名	權益性質	所持相關股份數目	佔已發行股本概約百分比
Li Baoqi 李寶琦	Beneficial owner (Note) 實益擁有人 (附註)	4,000,000	0.15%

Note: As at 30 June 2018, Mr. Li Baoqi, an Executive Director of the Company, beneficially owns share options of the Company which entitled Mr. Li to subscribe for a maximum of 4,000,000 shares of the Company upon exercise of the options in full. On 7 September 2018, Mr. Li has resigned from position of executive Director of the Company.

Save as disclosed above, as at 30 June 2018 and up to the Latest Practicable Date, none of the Directors nor the chief executive of the Company had registered an interest or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) that was required to be recorded pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

權益披露 (續)

董事及主要行政人員之權益 (續)

於本公司相關股份之好倉

Name of Director	Nature of interest	Number of underlying shares held	Approximate percentage of issued share capital
董事姓名	權益性質	所持相關股份數目	佔已發行股本概約百分比
Li Baoqi 李寶琦	Beneficial owner (Note) 實益擁有人 (附註)	4,000,000	0.15%

附註：於二零一八年六月三十日，李寶琦先生為本公司執行董事實益擁有本公司之購股期權，其賦予彼權利於全數行使購股期權後認購最多本公司4,000,000股股份。於二零一八年九月七日，李先生辭任本公司執行董事職位。

除上文所披露者外，於二零一八年六月三十日及截至最後實際可行日期，各董事及本公司主要行政人員概無於本公司或其任何相聯法團（定義見證券及期貨條例第XV部）之股份、相關股份及債券中，登記持有根據證券及期貨條例第352條須予記錄之權益或淡倉，或根據標準守則已知會本公司及聯交所之權益或淡倉。

DISCLOSURE OF INTERESTS (Continued)

SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS' INTERESTS

As at 30 June 2018, the interests and short positions of each person, other than a Director or chief executive of the Company, in the shares or underlying shares of the Company which had been notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO (including interests and short positions in which they were taken or deemed to have under such provisions of the SFO), or by which were recorded in the register kept by the Company under section 336 of the SFO, were as follows:

Long positions in shares of the Company

Name of Shareholder	Nature of interest	Number of shares held	Approximate Percentage of issued share capital 佔已發行股本 概約百分比
股東姓名	權益性質	所持股份數目	
Substantial Shareholder: 主要股東：			
Shun Wang Investments Limited 順旺投資有限公司	Beneficial owner (Note) 實益擁有人(附註)	1,400,000,000	53.92%
Zhao Xu Guang 趙旭光	Interest of a controlled corporation (Note) 控制法團之權益(附註)	1,400,000,000	53.92%
Other Person: 其他人士：			
Wu Ying 吳瑛	Beneficial owner 實益擁有人	131,400,000	5.06%

Note: As at 30 June 2018, the interests held by Shun Wang Investments Limited which in turn are wholly owned by Mr. Zhao Xu Guang, the Chairman and Chief Executive Officer of the Company. Accordingly, Mr. Zhao is deemed to be interested in 1,400,000,000 shares of the Company under the Part XV of the SFO.

權益披露(續)

主要股東及其他人士之權益

於二零一八年六月三十日，各人士(董事或本公司主要行政人員除外)於本公司之股份或相關股份中，擁有根據證券及期貨條例第XV部第2及第3分部已知會本公司及聯交所之權益及淡倉(包括彼等根據證券及期貨條例該等條文被當作或視作擁有之權益及淡倉)，或記入本公司根據證券及期貨條例第336條存置之登記冊之權益及淡倉如下：

於本公司股份之好倉

附註：於二零一八年六月三十日，該等權益由順旺投資有限公司持有，而順旺投資有限公司則由本公司主席兼行政總裁趙旭光先生全資擁有。因此，根據證券及期貨條例第XV部，趙先生被視作於1,400,000,000股本公司股份中擁有權益。

DISCLOSURE OF INTERESTS (Continued)

SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS' INTERESTS (Continued)

Long positions in underlying shares of the Company

權益披露 (續)

主要股東及其他人士之權益 (續)

於本公司相關股份之好倉

Name of holder	Nature of interest	Number of underlying shares held	Approximate Percentage of issued share capital
持有人姓名	權益性質	所持相關股份數目	佔已發行股本概約百分比
Rontac Resources Company Limited 融泰資源有限公司	Beneficial owner (Note (a)) 實益擁有人 (附註(a))	144,256,976	5.56%
Rontac Investment Company Limited	Interest of a controlled corporation (Note (b)) 控制法團之權益 (附註(b))	144,256,976	5.56%

Notes:

(a) On 8 March 2018, the 2016 Convertible Bonds in aggregate principle amount of HK\$43,277,000 were transferred from Kailuan to Rontac Resources Company Limited. As at 30 June 2018, Rontac Resources Company Limited held the 2016 Convertible Bonds in aggregate principal amount of HK\$43,277,000. Pursuant to the terms and conditions of the convertible bonds, the current conversion price of HK\$0.3 per ordinary share, Rontac Resources Company Limited is entitled to subscribe for 144,256,976 ordinary shares of the Company upon exercise of conversion right in full. Accordingly, Rontac Resources Company Limited is beneficial interests in 144,256,976 underlying shares of the Company.

附註：

(a) 於二零一八年三月八日，本金總額為43,277,000港元之二零一六年可換股債券由開灤轉讓至融泰資源有限公司。於二零一八年六月三十日，融泰資源有限公司持有本金總額43,277,000港元之二零一六年可換股債券。根據可換股債券之條款及條件，融泰資源有限公司有權全數行使兌換權並按現行兌換價每股普通股股份0.3港元認購本公司144,256,976股普通股股份。因此，融泰資源有限公司於144,256,976股本公司相關股份中擁有實益權益。

DISCLOSURE OF INTERESTS (Continued)

SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS' INTERESTS (Continued)

Long positions in underlying shares of the Company (Continued)

Notes: (Continued)

- (b) At as 30 June 2018, Rontac Resources Company Limited is wholly owned by Rontac Investment Company Limited. Accordingly, Rontac Investment Company Limited is deemed to be interested in 144,256,976 underlying shares of the Company under the Part XV of the SFO.

Save as disclosed above, as at 30 June 2018 and up to the Latest Practicable Date, so far as is known to the Directors or chief executive of the Company, no person (other than a Director or chief executive of the Company) had an interest or short position in the shares or underlying shares of the Company which had been notified to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO.

權益披露 (續)

主要股東及其他人士之權益 (續)

於本公司相關股份之好倉 (續)

附註：(續)

- (b) 於二零一八年六月三十日，融泰資源有限公司由Rontac Investment Company Limited全資擁有。因此，根據證券及期貨條例第XV部，Rontac Investment Company Limited被視作於144,256,976股本公司相關股份中擁有權益。

除上文所披露者外，於二零一八年六月三十日及截至最後實際可行日期，就董事或本公司主要行政人員所知，概無人士（董事或本公司主要行政人員除外）於本公司之股份或相關股份中，擁有根據證券及期貨條例第XV部第2及第3分部之條文已知會本公司及聯交所之權益或淡倉。

SHARE OPTION SCHEME

The Company adopted a share option scheme on 28 March 2013 (the “Share Option Scheme”) for providing incentives to Directors and eligible participants to recognise and acknowledge their contributions made or may make to the Group. The Share Option Scheme lasts for a period of ten years and will expire on 27 March 2023.

Particulars and details of the movement of the Share Option Scheme are set out in note 19 to the Interim Financial Statements.

During six months ended 30 June 2018 and up to the Latest Practicable Date, movement of share options granted to certain Directors and eligible participants are set out below:

購股期權計劃

本公司於二零一三年三月二十八日採納購股期權計劃（「購股期權計劃」），旨在向董事及合資格參與者提供獎勵，以肯定及認可彼等對本集團所作之貢獻。購股期權計劃為期十年，並將於二零二三年三月二十七日屆滿。

購股期權計劃之詳細資料及變動詳情載於中期財務報表附註19。

於截至二零一八年六月三十日止六個月期間及截至最後實際可行日期，若干董事及合資格參與者獲授予之購股期權變動詳情載列如下：

	Date of grant of share options 購股期權 授出日期	Number of share options 購股期權數目				Exercise period of share options 購股期權行使期	Exercise Price on share options HK\$ per share 購股期權行使價 每股港元
		At 1 January 2018 於二零一八年一月一日	Exercised during the period 期內行使	Lapsed during the period 期內失效	At 30 June 2018 於二零一八年六月三十日		
Gao Jianguo 高建國	5 September 2014 二零一四年九月五日	4,400,000	-	-	4,400,000	6 September 2014 – 5 September 2019 二零一四年九月六日至二零一四年九月五日	0.66
		4,400,000	-	-	4,400,000		
Li Baoqi 李寶琦	5 September 2014 二零一四年九月五日	4,000,000	-	-	4,000,000	6 September 2014 – 5 September 2019 二零一四年九月六日至二零一四年九月五日	0.66
		4,400,000	-	-	4,400,000		
Other employees 其他僱員	5 September 2014 二零一四年九月五日	2,000,000	-	-	2,000,000	6 September 2014 – 5 September 2019 二零一四年九月六日至二零一四年九月五日	0.66
		2,000,000	-	-	2,000,000		
		10,400,000	-	-	10,400,000		

CORPORATE GOVERNANCE

The Board is committed to upholding high standard of corporate governance. The Directors believe that effective corporate governance practices emphasised on accountability and transparency is the key to protect the interest of our Shareholders, investors and other stakeholders, enhance the confidences in the Group business and fulfil its social responsibility.

CORPORATE GOVERNANCE CODE

Save and except as disclosed below, the Company has complied with the Code on Corporate Governance Practices (the “CG Code”) as set out in Appendix 14 of the Rules Governing the Listing Rules during the Reporting Period.

Code Provision A.2.1

Code provision A.2.1 of CG Code stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. Zhao Xu Guang is the Chairman of the Board and also serves as Chief Executive Officer. The deviation is noted by the Board and the Directors consider the dual role is essential as Mr. Zhao provides the Company with strong and consistent leadership and facilitates the implementation and execution of the business strategies while the Group re-build and develop its business with his leadership in Board, and thus achieves the Company’s objectives efficiently and effectively in response to the changing environment. The Board shall nevertheless review the structure from time to time in light of prevailing circumstances.

企業管治

董事會致力持守高水平之企業管治。董事相信，強調問責性及透明度之企業管治常規倘行之有效，其將在保障股東、投資者及其他權益人之利益、加強對本集團業務之信心及履行社會責任上發揮關鍵作用。

企業管治守則

除下文所披露者外，於本報告期間，本公司已遵守上市規則附錄14所載之企業管治常規守則（「**企業管治守則**」）。

守則條文第A.2.1條

企業管治守則之守則條文第A.2.1條規定主席與行政總裁的角色應有區分，並不應由同一人兼任。趙旭光先生為董事會主席並兼任行政總裁。董事會已知悉有關偏離，而董事認為趙先生身兼二職有其必要，因趙先生為本公司提供強而有力且貫徹一致的領導，有利業務策略的制訂及推行，同時於彼領導下之董事會，本集團得以重建及發展其業務，並因此能在不斷變化的環境中，有效及高效地實現本公司的目標。儘管如此，董事會將根據當前情況不時檢討架構。

CORPORATE GOVERNANCE (Continued)

CORPORATE GOVERNANCE CODE (Continued)

Code Provision D.1.4

Pursuant to code provision D.1.4, issuers should have formal letters of appointment for directors setting out the key terms and conditions of their appointment. As disclosed and explained in respective appointment announcement published, there are no service contract nor letter of appointment of directors entered into between each Director and the Company. This constitutes a deviation from code provision D.1.4 of the CG Code. The Board will nevertheless review the need to have the formal letter and service contract from time to time.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 of the Listing Rules as its own code of conduct regarding securities transaction by the Directors of the Company.

Having made specific enquiry of the Directors of the Company, all Directors of the Company confirmed that they had complied with the required standard as set out in the Model Code during the Reporting Period.

企業管治 (續)

企業管治守則 (續)

守則條文第D.1.4條

根據守則條文第D.1.4條，發行人應有正式的董事委任函，訂明董事委任之主要條款及條件。誠如各已刊發之委任公告所披露及闡釋，本公司與各董事並無訂立任何服務合約或董事委任函。此偏離了企業管治守則之守則條文第D.1.4條。儘管如此，董事會將不時檢討是否需要訂立正式委任函及服務合約。

董事進行證券交易之標準守則

本公司已採納上市規則附錄10所載之上市發行人董事進行證券交易的標準守則，作為本公司董事進行證券交易之行為守則。

經向本公司董事作出特定查詢後，本公司全體董事已確認，彼等於本報告期間內已遵守標準守則所規定之標準。

CORPORATE GOVERNANCE (Continued)

UPDATES OF DIRECTORS' INFORMATION

Pursuant to Rule 13.51B (1) of the Listing Rules and the Companies (Directors' Report) Regulation, Chapter 622D of Hong Kong Laws, the updates of information of the Directors during the Reporting Period and up to the Latest Practicable Date are set out below:

企業管治 (續)

最新董事資料

根據上市規則第13.51B(1)條及香港法例第622D條《公司(董事報告)規例》所提供，於本報告期間及截至最後實際可行日期之最新董事資料載列如下：

Name of Director 董事姓名	Detail of Update 更新詳情
Mr. Li Baoqi 李寶琦先生	<ul style="list-style-type: none">Appointed as executive Director on 9 April 2018 and entitled to receive a monthly director fee of HK\$110,000 於二零一八年四月九日獲委任為執行董事並有權收取董事袍金每月110,000港元Resigned as executive Director on 7 September 2018 due to other personal commitment 於二零一八年九月七日因身兼其他個人事務而辭任執行董事
Mr. Wong Siu Hung, Patrick 黃少雄先生	<ul style="list-style-type: none">Re-designated as executive Director to non-executive Director and adjusted the monthly salary to HK\$15,000 on 9 April 2018 於二零一八年四月九日由執行董事調任為非執行董事，其月薪調整至15,000港元
Mr. So Chiu Fung 蘇晁鋒先生	<ul style="list-style-type: none">Appointed as executive Director on 7 September 2018 and entitled to receive a monthly director fee of HK\$82,000 於二零一八年九月七日獲委任為執行董事並有權收取董事袍金每月82,000港元

CORPORATE GOVERNANCE (Continued)

BOARD OF DIRECTORS

As at the Latest Practicable Date, the executive Directors of the Company are Mr. Zhao Xu Guang and Mr. So Chiu Fung, the non-executive Directors are Mr. Wong Siu Hung, Patrick and Mr. Huang Man Yem, and the independent non-executive Directors are Mr. Lam Hoy Lee, Laurie, Mr. Lau Ka Ho and Mr. To Wing Tim, Paddy.

PUBLICATION OF 2018 INTERIM REPORT

This 2018 interim report of the Company is dispatched to the Shareholders and is published on the HKExnews website of the Stock Exchange (<http://www.hkexnews.hk>) and the website of the Company (<http://www.huscoke.com>).

In response to environmental protection, Shareholders are encouraged to elect to receive Shareholders documents electronically. You may at any time send written notice to the Hong Kong branch share registrar of the Company, Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong specifying your name, address and request to change your choice of language or means of receipt of all Shareholders documents from now on.

By Order of the Board

Zhao Xu Guang

Chairman and Chief Executive Officer

Hong Kong, 27 September 2018

企業管治 (續)

董事會

於最後實際可行日期，本公司執行董事為趙旭光先生及蘇晁鋒先生；非執行董事為黃少雄先生及黃文鑫先生；獨立非執行董事為林開利先生、劉家豪先生及杜永添先生。

刊發二零一八年中期報告

本二零一八年中期報告已寄發予股東及於聯交所披露易網站 (<http://www.hkexnews.hk>)及本公司網站 (<http://www.huscoke.com>)刊登。

為響應環保，本公司鼓勵股東選擇以電子方式接收股東文件。閣下可隨時寄送書面通知予本公司之香港股份過戶登記分處卓佳秘書商務有限公司（地址為香港皇后大道東183號合和中心22樓），通知內註明閣下之姓名、地址，及要求從現在起更改收取所有股東文件之語言或收取方式。

承董事會命

主席兼行政總裁

趙旭光

香港，二零一八年九月二十七日



HUSCOKE RESOURCES HOLDINGS LIMITED
和嘉資源控股有限公司