

Welling

WELLING HOLDING LIMITED
威靈控股有限公司

Stock Code 股份代號 : 382

ANNUAL REPORT
年報

2016



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CORPORATE INFORMATION

公司資料

Directors

Executive Directors

Mr. XIANG Weimin (Chairman)
Mr. ZHONG Lin (Chief Executive Officer)
Ms. PAN Xinling
Mr. LI Li
Mr. XIAO Mingguang
Mr. LI Feide

Independent Non-executive Directors

Mr. TAN Jinsong
Mr. LAM Ming Yung
Ms. CAO Zhoutao

Audit Committee

Mr. TAN Jinsong (Chairman)
Mr. LAM Ming Yung
Ms. CAO Zhoutao

Remuneration Committee

Ms. CAO Zhoutao (Chairman)
Mr. TAN Jinsong
Mr. LAM Ming Yung
Mr. XIANG Weimin
Mr. LI Li

Nomination Committee

Mr. XIANG Weimin (Chairman)
Mr. LI Li
Mr. TAN Jinsong
Mr. LAM Ming Yung
Ms. CAO Zhoutao

Executive Committee

Mr. XIANG Weimin (Chairman)
Mr. ZHONG Lin
Ms. PAN Xinling
Mr. LI Li
Mr. XIAO Mingguang
Mr. LI Feide

董事

執行董事

向衛民先生(主席)
鐘林先生(首席執行官)
潘新玲女士
李力先生
肖明光先生
李飛德先生

獨立非執行董事

譚勁松先生
林明勇先生
曹洲濤女士

審核委員會

譚勁松先生(主席)
林明勇先生
曹洲濤女士

薪酬委員會

曹洲濤女士(主席)
譚勁松先生
林明勇先生
向衛民先生
李力先生

提名委員會

向衛民先生(主席)
李力先生
譚勁松先生
林明勇先生
曹洲濤女士

行政委員會

向衛民先生(主席)
鐘林先生
潘新玲女士
李力先生
肖明光先生
李飛德先生

CORPORATE INFORMATION

公司資料

Company Secretary

Ms. CHEUNG Wai Yu CPA FCCA

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Hong Kong

Auditor

PricewaterhouseCoopers
Certified Public Accountants
22/F, Prince's Building
Central
Hong Kong

Principal Bankers

Bank of China Ltd.
Agricultural Bank of China Ltd.
Industrial and Commercial Bank of China Ltd.

Share Registrar

Computershare Hong Kong Investor Services Limited
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Website Address

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Stock Code

382

公司秘書

張慧榆女士 CPA FCCA

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核數師

羅兵咸永道會計師事務所
執業會計師
香港
中環
太子大廈22樓

主要銀行

中國銀行股份有限公司
中國農業銀行股份有限公司
中國工商銀行股份有限公司

股份過戶登記處

香港中央證券登記有限公司
香港
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股份代號

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CHAIRMAN'S STATEMENT

主席報告書

Profit for the Year

I hereby announce that Welling Holding Limited (the "Company") and its subsidiaries (collectively, the "Group") recorded a turnover of approximately HK\$7,954,460,000 for the year ended 31 December 2016 (the "Year") (2015: approximately HK\$8,040,366,000), representing a year-on-year decrease of 1%, and recorded a sales volume of approximately 145,522,000 units (2015: approximately 133,089,000 units), representing a year-on-year increase of 9%. The audited profit attributable to the owners of the Company and earnings per share amounted to approximately HK\$596,574,000 (2015: approximately HK\$525,030,000) and HK20.83 cents (2015: HK18.34 cents) respectively, representing an increase of 14% in profit as compared to the same period last year. The gross profit margin was approximately 14.8% (2015: approximately 13.8%). During the Year, the Group retained stringent control over various expenses and expanded its scale of sales to enhance operational management quality. On the other hand, the Group continued to make further investments in research and development ("R&D") as well as improvement of manufacturing process. The R&D costs for the Year amounted to HK\$142,011,000 (2015: approximately HK\$108,823,000). The board of Directors of the Company (the "Board") proposed a final dividend of HK7.5 cents per ordinary share for the year ended 31 December 2016 (2015: HK6.5 cents).

BUSINESS REVIEW

Analysis of Major Business Operations

In 2016, with global economy became tough and complicated, the pace of growth in different economies showed distinct differentiation. The economy recovery in United States was sluggish, the European economy declined, Japan remained its economic downturn, and the economic growth of developed countries was on a downward slope. Despite the overall economy had been improving in major emerging markets, given the economic foundations of these markets were relatively weak and impacted by the international capital outflows, the markets demonstrated a slowdown in economic growth with high risk of default. The global economy was also affected by the fluctuation of financial markets, especially the accumulative debt issues of various countries. Under the "new normal" economy, China accelerated its economic restructuring. Although the economic growth of China in the first half of 2016 encountered greater downward pressure, the domestic economies in the third and fourth quarters showed more stable and maintained a steady growth for the whole year driven by the implementation of a series of economic reform measures and the investments in infrastructure construction. Nevertheless, China's gross domestic product in 2016 recorded a year-on-year increase of 6.7% only, representing the lowest growth since 1990. It is likely that China's gross domestic product will continue to maintain its low growth momentum in the future.

全年利潤

本人宣佈威靈控股有限公司（「本公司」）及其附屬公司（合稱「本集團」）截至2016年12月31日止年度（「本年度」）的營業額約港幣7,954,460,000元（2015年：約港幣8,040,366,000元），同比下跌1%，銷售量約145,522,000台（2015年：約133,089,000台），同比上升9%。經審核本公司擁有人應佔利潤約港幣596,574,000元（2015年：約港幣525,030,000元）及每股盈利為20.83港仙（2015年：18.34港仙）；利潤較去年同期上升14%；毛利率約14.8%（2015年：約13.8%）。本集團於本年度繼續嚴控各項費用，擴大銷售規模，以提升經營管理質量。另一方面，本集團持續加大研究與開發（「研發」），工藝技改的投入，本年度研發成本為港幣142,011,000元（2015年：約港幣108,823,000元）。本公司之董事會（「董事會」）建議宣派截至2016年12月31日止年度的末期股息每股普通股7.5港仙（2015年：6.5港仙）。

業務回顧

主要業務經營情況分析

2016年，全球經濟形勢複雜嚴峻，各經濟體出現明顯分化。美國經濟緩慢復甦，歐洲經濟有所下滑，日本經濟保持低迷，發達國家經濟體增速繼續下降，主要新興市場國家經濟整體情況雖然在持續改善，但因經濟基礎相對薄弱，並受到國際資本流出的影響，增長速度有所放緩，且債務風險凸顯。另外，金融市場的不穩定也對世界經濟帶來衝擊，特別是各國累積的債務問題。在經濟新常态下，中國經濟結構調整加快，雖然2016年上半年經濟增長存在較大的下行壓力，但是經過一系列經濟改革措施的落實，並受基礎建設投資拉動，第三及第四季度國內經濟已明顯企穩，從而全年保持了平穩增長。儘管如此，2016年中國國內生產總值同比增長僅6.7%，仍創1990年以來新低，未來國內生產總值增長將可能繼續保持低增長的態勢。

CHAIRMAN'S STATEMENT

主席報告書

In the first half of 2016, the electrical household appliance industry achieved certain progress as a result of active promotion for inventory clearance sales. In addition, the rapid growth in the real estate industry had significantly boosted the rigid demand for electrical household appliances and the impact for which reflected in the second half of the year. In the second half of the year, the consumption of electrical household appliances increased rapidly, given this, most of the electrical household appliance manufacturers recorded a certain growth on performance for the year, while the demands of air-conditioners, refrigerators, washing machines and small electrical household appliances showed an overall upward trend. In the past few years, the electrical household appliance industry was suffering from a period of depressed development, following the recovery of macroeconomy and the emergence of the "short cycle", the electrical household appliance industry may gradually move in a slow upward period.

In 2016, the trend of welcoming internet and embracing intellectualisation was obvious for the traditional electrical household appliances. Investments in the R&D of intellectualisation become more and more for the major electrical household appliance enterprises, while a series of intelligent electrical household appliance products had emerged, for which strengthened the intelligent household appliance industry and further optimised the ecosphere of intelligent household appliances and household appliance industry. Moreover, some of the internet enterprises urged to enter into this sector by making good use of big data analysis, developing internet intelligent household appliance products precisely and meeting the personality needs of the consumer group of the 90s and 00s. It is expected that the competition of intelligent household appliance industry will be more competitive and intense in the future.

2016年，家電行業上半年紛紛開展促銷活動，積極推動庫存清理，取得一定的成效，加上房地產業的高速增長，極大地提高了家電產品的剛性需求增長，這種效果在下半年得到了集中體現，下半年家電消費呈現快速增長態勢，各大家電廠商全年業績都出現一定水平的增長，空調、冰箱、洗衣機及小家電都處於一個整體上升的趨勢。家電行業經過幾年的低迷發展期，隨著宏觀經濟的復甦和家電行業的「小週期」拐點出現，可能將逐步迎來一個緩慢的上升期。

2016年，傳統家電迎互聯網，擁抱智能化趨勢愈發明顯，主要家電企業在智能化研發上投入越來越大，一系列智能化家電產品應運而生，完善了智能家居產業，進一步優化了智能家電和家居產業生態圈。而部分互聯網企業紛紛進入這個領域，充分利用大數據分析，精準化開發出互聯網智能家電產品，滿足90、00後的消費群體的個性化需求，將可預見的是未來智能家電行業競爭將呈現「白熱化」，越來越激烈。

CHAIRMAN'S STATEMENT

主席報告書

Motor Business

In 2016, China's air-conditioner industry recorded a year-on-year increase of 8%, in which production volume recorded a year-on-year decrease of 10% in the first half of the year and an increase of 38% in the second half of the year, which presented a situation of stagnancy in peak season but booming in slack season for the whole year. Due to the global hot weather, the demand for air conditioners increased significantly in slack season during the second half of the year. Manufacturers almost completed the channel inventory clearance of air conditioners and even increased production to replenish the inventories. Washing machine market maintained a stable growth of 4% and refrigerator compressor industry increased by 12%. Such demands were mainly driven by replacing old appliances. (Source: www.chinalOL.com).

For the year ended 31 December 2016, the Group's motor business recorded a domestic sales volume of approximately 110,712,000 units and an export sales volume of approximately 34,810,000 units, with the aggregate sales volume increased by 9% as compared to the same period last year. Of which, domestic and export sales volumes of motors for air-conditioners were 73,796,000 units and 18,768,000 units respectively, with the aggregate sales volume increased by 10% as compared to the same period last year; while the domestic and export sales volumes of motors for washing machines were 17,165,000 units and 13,587,000 units respectively, with the aggregate sales volume increased by 6% as compared to the same period last year. The Group's turnover for 2016 amounted to approximately HK\$7,954,460,000 (including HK\$4,212,872,000 from motors for air-conditioners and HK\$2,568,251,000 from motors for washing machines), representing a decrease of 1% as compared to a turnover of approximately HK\$8,040,366,000 (including HK\$4,361,568,000 from motors for air-conditioners and HK\$2,551,770,000 from motors for washing machines) for 2015.

To confront with the sales fluctuation and narrowed profit margins brought by the intensifying industrial competition and the continuous downward pricing trend, the Group actively expanded its market and strived for more orders in accordance with the operation policy of "value marketing". Meanwhile, the Group carried out lean management to enhance the operational management quality, continuously optimised the costs and expenses and improved the R&D capability of its products so as to enhance its competitive advantages.

電機業務

2016年，中國空調行業同比增長8%，上半年產量同比下跌10%，下半年上漲38%，全年呈現為旺季蕭條、淡季暴漲的局面，下半年淡季因全球天氣炎熱拉動了空調需求大幅上漲，各廠家基本完成了空調渠道庫存消化，甚至出現加大生產以補充庫存的局面。洗衣機市場維持平穩增長4%，冰箱壓縮機行業增長12%，需求主要來自更新換代。（以上資料源自：產業在線）。

截至2016年12月31日止年度，本集團電機業務內銷之電機銷量約110,712,000台，出口之電機銷量約34,810,000台，總銷量較去年同期上升9%（其中空調類電機內銷佔73,796,000台，以及外銷佔18,768,000台，總銷量較去年同期上升10%；而洗滌類電機內銷佔17,165,000台，以及外銷佔13,587,000台，總銷量較去年同期上升6%）。本集團2016年之營業額約港幣7,954,460,000元（其中空調類電機及洗滌類電機營業額分別為港幣4,212,872,000元及港幣2,568,251,000元），2015年之營業額約港幣8,040,366,000元（其中空調類電機及洗滌類電機營業額分別為港幣4,361,568,000元及港幣2,551,770,000元），較去年下跌1%。

面對行業競爭持續加劇，價格不斷下行帶來的銷售波動和盈利空間縮小，本集團按照「價值營銷」經營方針，積極拓展市場，爭取訂單，同時開展精細化管理，提升經營管理質量，持續優化成本、費用，強化產品研發能力，提升競爭優勢。

CHAIRMAN'S STATEMENT

主席報告書

1. Motors of Air-Conditioners

Due to the increased market demand of air-conditioners in the second half of the year, sales volume of motors for air-conditioners increased by 10% as compared to the same period last year. However, the keen competition in the industry, continuous decline in the selling prices and the depreciation of Renminbi caused sales revenue recorded a year-on-year decline of 3%. In particular, the sales volume of alternating current motors for household air-conditioners rose by 10% as compared to the same period last year; the sales volume of brushless direct current motors for household air-conditioners increased by 37% year-on-year, leading the trend of variable frequency motors for air-conditioners and further improving the structure of its customer profile. The sales volume of commercial motors increased by 6% as compared to the same period last year; the sales volume of brushless direct current commercial motors increased by 95% year-on-year, breakthrough was achieved by major customers from Europe and United States. Commercial motors will become major profitable products of the Group in the future.

2. Motors of Washing Machines

With the growing popularity of drum and inverter washing machines in the domestic market, the proportion of high-end washing machines and integrated washer-dryer machines had experienced an upward trend. Benefiting from the increased demand in the entire washing machine market, the sales volume of washing machine motors delivered a year-on-year growth of 6%. Because of the depreciation of Renminbi, the sales revenue increased merely by 1% year-on-year, such increase was lower than that in sales volume. In particular, the sales volume of series motors declined by 2% year-on-year, which was mainly due to the falling demand of series motors; whereas, the sales volume of wave-wheel motors decreased by 1% year-on-year as a result of the restructuring of the products portfolio made by customers. The sales volume of inverter motors for washing machines rose by 56% year-on-year, benefited from the rising demand from inverter market and the significant increase in orders. The sales volume of direct current motors grew by 318% year-on-year due to the enhanced cooperation with existing strategic customers.

1. 空調類電機

受下半年空調市場需求上升拉動，空調類電機銷售業務的銷售量較去年同期上升10%，但由於行業競爭激烈，加上銷售價格持續下降及人民幣貶值，導致銷售收入同比下滑3%。其中，家用空調交流電機銷量較去年同期上升10%；家用空調無刷直流電機銷量同比上升37%，引領空調電機變頻化趨勢，客戶結構進一步改善，商用電機銷量同比上升6%，無刷直流商用電機銷量同比上升95%，並在歐美重點客戶取得突破，未來商用電機將成為本集團重要的盈利產品。

2. 洗滌類電機

國內洗衣機市場朝向滾筒化、變頻化趨勢發展，高端洗衣機、洗乾一體機份額呈上升趨勢。得益於整個洗衣機市場的需求增加，洗滌類電機銷量同比上升6%，但由於人民幣貶值影響，銷售收入同比上升僅1%，低於銷量增長。其中，串激電機銷量同比下滑2%，主要受到串激電機需求下滑影響；波輪電機受客戶產品結構影響，銷量同比下滑1%；變頻洗衣機電機方面，受益於變頻市場需求的增加，訂單大幅增加，銷量同比上升56%，直流電機通過深化原有戰略性客戶的合作，銷量同比上升318%。

CHAIRMAN'S STATEMENT

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3. Other Products

In 2016, with overall consideration of internal production capacity, manufacturing economic outcome and product standardisation, the Group adopted a prudent strategy in respect of receiving orders, manufacturing and selling of other products, the sales volume of other products increased by 12% year-on-year. In particular, benefiting from the increasing demands of range hoods and water heaters from customers of related parties of the Group, the sales volumes of range hood motors and water heater motors recorded a year-on-year increase of 32% and 21%, respectively.

In 2016, the Group continued to enhance its product capability, bring in high-tech talents and develop high quality products to meet the needs of customers by adhering to strategic thinking of “global leading” with the transforming requirements of “product leadership, efficiency driven and global operation”. At the same time, the Group reinforced internal lean management, increased investments in technology R&D and manufacturing process, improved supply chain management and quality control standard and enhanced product delivery ability. With all of these efforts, the Group was highly recognised by our customers and the industry, in particular, our brushless direct current motors for washing machines were honored with the “Accessory Award” in the professional category of the 2016 China Appliance Award in March. We were honored with the “Award for Innovation Advance” at 2016-2017 China Air Conditioning Industry Symposium by virtue of its excellent market performance and innovation capability in August and the “Variable-frequency Power Award” at 2016 Washing Machine and Clothes Dryer Industry Summit by virtue of its innovative technology and the outstanding achievements made in the inverter territory in September, which impressed the industry. Furthermore, we were honored with the “Award for Scientific and Technological Advancement of China Electrical Household Appliances” by virtue of its brushless direct current motors for washing machines in November. Our subsidiary, Guangdong Welling Motor Manufacturing Co., Ltd. successfully passed the assessment as the “Made In China 2025” pilot demonstration enterprise of Foshan City in 2016.

3. 其他產品

綜合內部產能、製造經濟性及產品標準化考慮，本集團對其他產品採用謹慎接單、謹慎生產、謹慎銷售的策略。2016年其他產品銷量同比增長12%，其中受關聯客戶抽油煙機及熱水器需求增長拉動，抽油煙機電機及熱水器電機分別同比增長32%及21%。

2016年，本集團堅持按照「產品領先、效率驅動、全球經營」的轉型要求，以「全球領先」戰略為指導思想，持續提升產品力，不斷引入高技術人才，開發優質產品滿足客戶需求，同時加強內部精細化管理，加大技術研發和製造工藝的投入，改善供應鏈管理及質量管控水平，提高產品交付能力，得到了客戶和行業的高度認可，其中無刷直流滾筒洗衣機電機在3月榮獲2016年中國家電艾普蘭獎專業評審類「核芯獎」，8月在2016-2017年空調行業高峰論壇憑借優異的市場表現及創新能力，榮獲「創新動力獎」，9月在2016年中國洗衣機（乾衣機）行業高峰論壇憑借創新科技以及在變頻領域的突出成就，榮獲「變頻動力獎」，令行業側目，11月憑借無刷直流滾筒洗衣機電機再次獲得中國家電科技進步獎。本集團附屬公司廣東威靈電機製造有限公司在2016年通過了佛山市「中國製造2025」試點示範企業的評定。

CHAIRMAN'S STATEMENT

主席報告書

Looking back on 2016, the demand was hindered in the first half of the year but climbed up substantially in the second half of the year, with annual sales fluctuated drastically, which imposed great challenges and pressure on production and operation. The Group adhered to its mission in “placing customers at our core and making quality products” and focused on the essential elements of its operations. The Group conducted “value marketing” by focusing on the development strategy of “global leading”, optimised the customer and product structures through putting more effort in technology, product design, manufacturing process, quality control, improvement in upgrade, explored internal potential and promoted lean cost management, so as to offer better products and services to customers. Meanwhile, the Group has been actively expanding domestic and overseas quality customer resources to pursue innovation and development and managed to sustain normal and sound operations of our Group in an effective manner.

Business Prospects

Heading into 2017, the global economy will maintain a “slow” growth and the pace of economic growth will further slowdown. In particular, the growth of the developed economies will slow down and the growth of emerging markets will remain stable, leading to intensified differentiation in growth. Due to the receding effect of stimulating policies while the structural reform has yet to mature, the global economic recovery trend is therefore difficult to improve and the global monetary easing and asset shortage will continue, the potential risks are still widely present in the market. In 2017, although each of the major economies will still engage in easing policy in the short term, the red line for debts and central banks is approaching. “Accelerating structural reform, improving production efficiency and enhancing total factor productivity” will become a new path for growth, and the macroeconomic policies of different countries will also shift rapidly from responding to crisis to economic governance in the middle and long run. In 2017, the middle and long term outlook of the global economy will rely on the progress of “tri-polar” structural reforms among United States, China and Europe. The focal point of United States is the time when the Federal Reserve will take action to boost the economic growth of United States through the normalisation of monetary policies. The focal point of China is the implementation process of supply-side structural reform and state-owned enterprises reform. Eurozone is committed to preventing the retreat of regional integration and optimising labour structure for increasing the total factor productivity.

回顧2016年，上半年需求受阻，下半年需求大幅升高，全年銷售波動劇烈，給生產經營帶來極大的挑戰和壓力，本集團堅持「以客戶為中心，做好產品」，關注經營本質，圍繞「全球領先」的發展戰略，開展「價值營銷」，持續優化客戶結構和產品結構，不斷加大科技、產品設計、工藝技改、質量管控的投入和改善升級，不斷挖掘內部潛力，推進精細化成本管理，為客戶提供更好的產品與服務，並以積極主動的態度開拓國內外優質客戶資源，追求創新與發展，有效地保證了企業的正常良性經營。

業務展望

2017年全球經濟仍將「慢」步增長，經濟增速將進一步放緩。其中，發達經濟體增速下降，新興市場增速穩定，兩者的增速分化加劇。由於刺激性政策作用衰退，結構性改革尚需時日，所以全球經濟復甦趨勢難有改善，全球貨幣寬鬆和資產荒將延續，市場潛在風險依舊廣泛存在。2017年，雖然短期內各主要經濟體仍將維持寬鬆政策，但債務和央行的雙重極限已不斷迫近。「加快結構性改革、改善生產效率、提升全要素生產率」將成為新的增長路徑，各國宏觀政策也將從危機應對向中長期經濟治理加速轉變。2017年，全球經濟的中長期前景取決於美、中、歐「三極」的結構性改革進展。美國的重點在於美聯儲何時展現行動的勇氣，通過貨幣政策的正常化，推動美國經濟增長的正常化；中國的重點在於供給側結構性改革和國企改革的落地進程；而對於歐元區，防止區域一體化倒退、優化勞動力結構將會是提振全要素生產率的關鍵。

CHAIRMAN'S STATEMENT

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2017 is the “critical year of reform” of China. The reform is moving gradually towards the maturity stage, while strengthening the supply-side structural reform should be the primary task of economic reform. The economy in China remained stable in 2016 and such trend is expected to continue in 2017. Along with the improvement in demand, the deflationary pressure will mitigate while reflation will continue. The improvement in prices will contribute to the increase in profits for enterprises, reduce debt burden, and enable private investments to stabilise or even recover moderately. Although the growth in real estate market may slow down in the next few months, we expect its overall impact on economic growth should be under control. In the coming year, China is likely to continue its implementation of fiscal expansion with infrastructure investments remained as driving force for the key growth. Due to the continuous mitigation of deflationary pressure, it is expected that increase in interest rates or reduction in reserve rates will not happen in next year. However, there is no comprehensive inflationary pressure recently, we expect the easing monetary environment will maintain in general. In compare to the stable domestic situation, China's external economic environment will be more challenging. We expect China and United States will not be headed for trade war but a series of difficult negotiations on issues such as market entry, protection of intellectual property rights and state-owned enterprises reform are inevitable. In 2017, China will accelerate the de-leveraging of state-owned enterprises by closing down more zombie enterprises, continuing the de-capacity of heavy industries and speeding up the settlement of bad debts. Stable economic growth and mitigation of deflationary pressure will underpin the reform.

Benefiting from the stabilisation and recovery of China's economy, it is expected that the market demand for the electrical household appliance industry will demonstrate a moderate growth in 2017. However, due to increasingly high requirements from consumers on products, coupled with the increasing popularity of personalised and customised products, the electrical household appliance manufacturers will focus more on product innovation and upgrade as well as business model transformation. As driven by the overall demand for air-conditioners and washing machines, the motor industry is expected to grow in 2017. The continuous increase in raw material prices urges the possible increase in product prices, which will be beneficial to profitability improvement. The Group will continue to work on operational transformation, integrate our resources and enhance our management standard to offer high-quality motors so as to consolidate our leading position in the industry. We will continue to focus on our customers' demand, promote product innovation, constantly streamline the models of products and components to improve product structure, integrate the advantageous resources of our R&D, production and marketing, speed up the response to customer needs to achieve efficient sales services, strengthen competitive advantage, and consolidate and expand market share.

2017年作為中國「改革攻堅年」，改革逐步進入深水區，深化供給側結構性改革成為經濟改革的首要任務。中國經濟在2016年企穩，此趨勢預計會在2017年延續。隨著需求的提升，通縮壓力將繼續緩解，通貨再膨脹將持續。價格的改善將有助於增加企業利潤、減輕債務負擔，並使民間投資企穩甚至適度復甦。儘管房地產市場增速似乎會在未來幾個月放緩，但我們預期其對經濟增長的整體影響是可控的。明年中國將可能繼續實行財政擴張，基礎設施投資仍將是主要的增長驅動力。由於通縮壓力繼續緩解，預計明年將不會加息或降準。然而，近期尚無全面的通脹壓力，我們預計貨幣環境將維持大體寬鬆。與國內的穩定形勢不同，中國外部經濟環境更具挑戰性。我們預計中美雖然不會爆發全面的貿易戰，但是將就市場進入、知識產權保護和國企改革等問題繼續展開一系列艱難的談判。2017年國企去槓桿會提速，將有更多殭屍企業被關閉、重工業將繼續去產能，壞賬處理將加快。穩定的經濟增長和通縮壓力的緩解將為改革提供支持。

得益於中國經濟的企穩和復甦，預計2017年家電行業市場需求將溫和增長，但消費者對產品的要求將越來越高，個性化、訂製化產品將更加受到青睞，因此家電廠商將更專注於產品創新升級，深化商業模式轉型。受空調、洗衣機整體需求拉動，預計2017年電機行業將會有所增長，隨著原材料價格的不斷上行，迫使產品價格可能回升，將有利於盈利能力的改善。本集團將繼續深化經營轉型，整合資源，提高管理水平，致力於打造精品電機，鞏固行業領先地位。電機業務將繼續關注客戶需求，推進產品創新，不斷精簡產品型號和零部件型號以改善產品結構，整合自身研產銷優勢資源，提升客戶響應速度，展現高效的銷售服務，強化競爭優勢，鞏固並擴大市場份額。

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Motor Business

1. Motors for Air-conditioners

Although there is still room for the air-conditioning industry to grow in the long run, the downward trend in growth remains unchanged. The surge situation in 2016, especially in the second half of the year, is unlikely to happen in 2017. The first half of 2017 may have a certain growth year-on-year, which on one hand is attributable to the relatively low base for the same period last year, and on the other hand is the need to sustain a higher production level by air-conditioner manufacturers for market competition and channel inventory replenishment. In the second half of 2017, the market is likely to be uncertain, and the excessive demand in 2016 coupled with the channel inventory replenishment will lead to a possible decline in the production volume of air conditioners in the second half of the year as compared to the first half of the year. The Group has to strive the peak season in the first half of the year, and take precaution to prevent the possible market decline in the second half of the year by making a balance between production and sales, proactively promoting product mix optimisation, pushing forward the standardisation of motors, especially setting up customer segments in Asia Pacific, Europe and United States for export sales, expanding customers in Japan and South Korea as well as high value customers in Europe and United States so as to ensure the profitability increment. In respect of product technology, the industrial development trend in inverter-driven, coal-to-electricity in Northern China, multi-connected household appliances are obvious. The Group will continue to increase its investments in R&D and strengthen product upgrade and development, especially the indoor and outdoor fan motors for household air-conditioners, the indoor and outdoor fans for household commercial air-conditioners, and the fans for commercial air-conditioners in North America. At the same time, we will focus on the replacement of brushless direct current fans for commercial air conditioners in China and high performance aluminium wire of fans for commercial air conditioners in North America and keep on expanding new customers in North America.

電機業務

1. 空調類電機

空調行業長期依然有較大增長空間，但增幅放緩的趨勢未變。2016年尤其下半年的暴漲局面在2017年預計很難重現。2017年上半年預計同比有一定增長，一方面是由於去年同期水平較低，另一方面空調廠家基於競爭及渠道備貨的需要而繼續維持較高的產量水平。2017年下半年市場可能出現較大不確定性，2016年的需求透支加上渠道庫存的重新上漲，下半年可能出現空調產量環比下滑的局面。本集團將積極抓住上半年旺季，並提前預防下半年可能出現的市場下滑局面，做好產銷平衡，積極推進產品結構優化，推動電機標準化工作，外銷專門成立亞太和歐美客戶分部，大力開拓日韓客戶及歐美高價值客戶，保證盈利能力提升。產品技術方面，變頻化、國內北方地區煤改電、家用小多聯等行業發展趨勢凸顯。本集團將繼續加大研發投入及強化產品升級開發，特別是家用空調室內外風機電機、家庭戶式商用空調室內外風機、北美用商用空調風機，同時重點關注國內無刷直流商用空調風機切換應對及北美商用空調風機高效鋁線切換應對，繼續推進北美商用新客戶的開拓。

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2. Motors for Washing Machines

It is expected that the washing machine industry will continue to maintain its trend as medium-to-low growth. With the improvement of global efficiency and the growing popularity of drum and inverter, the Group will proactively layout its motors for washing machine products, with focus on the sales of direct current motors and direct drive motors by optimising product mix among the existing customers, increasing the proportion of high-end products and enhancing the product gross profit level. In respect of product technology, the Group will accelerate the development on the product upgrade of inverter washing machine motors and strengthen the technology research on inverter washing machine motors and driving control products at the same time. In respect of customers, the Group will strive to obtain orders from domestic customers, and meanwhile, to explore customers for direct current motors in Japan, Korea, Europe and United States, and accelerate the development on brushless direct current motors for drying machines and the expansion of new customers in Europe and United States.

3. Other Products

The Group will apply "value" approach for other products, with emphasis on developing valuable products and potential customers, and investing in lead generation products, such as high speed motors and fans for vacuum cleaners and range hoods and electrical cooler pumps for automotive.

2. 洗滌類電機

洗衣機行業預計繼續維持中低速增長的趨勢，隨著全球能效提升和滾筒化、變頻化趨勢明朗，本集團將積極佈局洗衣機電機產品，在已有合作客戶內進行產品結構優化，主要推動直流電機和直驅電機的銷售，提高高端產品比例，提升產品毛利水平。產品技術方面，本集團將加快變頻洗衣機電機升級產品的開發，同時強化變頻洗衣機電機及驅動控制產品的技術研究。市場客戶方面，在積極爭取國內客戶訂單的同時，積極開拓直流電機日韓、歐美客戶；並推進無刷直流乾衣機電機開發與新歐美客戶拓展等。

3. 其他產品

其他產品走「價值」路線，有價值產品和客戶繼續深挖潛力，加大投入開發領先一代產品，如用於吸塵器及抽油煙機等的高轉速電機、風機及汽車電子冷卻泵等產品。

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Corporate Business Strategies

To build a solid business foundation and maintain sustainable development would be the greatest challenges and pressure faced by the Group in this complex macroeconomic environment in 2017. With all these considerations, the Group is committed to develop an “elite management team” by adhering to the “global leading” strategy, which is based on the operation guidelines of “innovative, refined, flexible and slim” together with the working attitudes of “seriousness, responsibility, carefulness and diligence”. In respect of marketing, the Group believes in “value” marketing, the continuous rise in raw material prices will drive the rigid increase in product prices. By making use of the peak season in the first half of the year, the Group should optimise customer and product mix structures in order to improve the profitability, expand high value overseas customers, facilitate systemic and regulated marketing management, and integrate manufacturing and sales as a whole, so as to ensure supply capability in the peak season and to offer better services to customers. In respect of R&D, the Group will devote to “innovation” with a view to promote the independence of preliminary research and product development, implement the strong mission of “no cap on R&D investment, no limit on the number of R&D staff, and to attract domestic and overseas high-tech talents”, promote product standardisation work, streamline the models of products and components significantly, deepen the joint development with customers, and upgrade products continuously, which help to gain product differential advantages. In respect of production, the Group will focus on “refined” management and intelligent manufacturing, facilitate the implementation and development of lean manufacturing works, carry out the establishment and trial operation of motor intelligent plant, and continuously increase the investments in the research on craftsmanship as well as optimise the manufacturing layout so as to take advantages of integration of manufacturing resources. Besides, we strive to enhance product quality and manufacturing efficiency as well as to reduce the production cost through automated production and testing. In respect of supply chain, the Group will adhere to the supply chain construction principle, work with reliable suppliers while eliminate the weaker ones, reduce the total number of suppliers, increase the average purchasing amount from suppliers, increase the number of suppliers with different varieties, increase the number of suppliers with multi-base supply, strengthen the synergy effect in respect of resources allocation and establish the long term strategic cooperation and achieve the win-win relationship with suppliers. In respect of quality, the Group will further strengthen its quality consciousness and implement stringent control with the rule of “one veto right on quality”. For internal, the Group will link quality with remuneration, performance, promotion and dismissal of personnel. For external, the Group will punish the suppliers with quality problems of raw

公司經營策略

面對複雜的宏觀經濟環境，如何做到基業長青，可持續增長，是本集團在2017年面對的挑戰和壓力。基於以上考慮，本集團將堅持「全球領先」戰略，堅持「新、精、靈、輕」的經營指導方針，按照「認真、負責、細心、勤奮」工作要求，努力打造「精品管理團隊」。在營銷方面，圍繞「價值」營銷開展工作，隨著原材料價格的不斷上行，將推動產品價格的剛性上調；利用上半年的旺季階段，大力推動客戶結構和產品結構優化，改善盈利能力；大力推動海外高價值客戶的拓展，推動營銷基礎體系化、規範化管理，推動產銷一體化，保證旺季供貨能力，為客戶提供更好的服務。在研發方面，以「創新」為靈魂，推動先行研究和產品開發分開，堅決實施「研發投入不受限、研發人員不限編、大力引進國內外高技術人才」的宗旨，推動產品標準化工作，大幅度精簡產品型號和零部件型號，深化與客戶的聯合開發，不斷升級產品，打造產品差異化優勢。製造方面，圍繞「精細化」管理和智能製造，推動精益製造工作的落地和深化，開展電機智能工廠搭建和試點，不斷加大工藝研究投入，持續提升精益管理基礎，優化製造佈局，進一步發揮製造資源的整合優勢，並通過自動化生產和檢測，改善產品質量，提升製造效率，降低製造費用。供應鏈方面，堅持供應鏈建設原則，扶強汰弱，減少總體供應商數目、增加供應商平均採購金額、增加多品類供應的供應商數量、增加多基地供應的供應商數量的落地與實施，強化資源協同效應，與供貨商夥伴建立長期的戰略合作、共贏關係。品質方面，進一步強化質量意識，堅持「品質一票否決權」，剛性執行，對內，將品質與薪酬、績效、晉升和人事任免直接掛鉤，對外，加大供應商來料品質問題的處罰力度，以實現更好的市場表

CHAIRMAN'S STATEMENT

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materials in a greater extent, so as to achieve better market performance and enhance customer satisfaction. In respect of operation management, the Group will further streamline its organisation, strengthen refined cost calculation and improve the assessment and management of inventory and receivables, in order to enhance the quality of the corporate's operation management and ensure a long term healthy development.

Acknowledgement

Last but not least, I would like to thank our shareholders, customers and business partners for their support, and the board members, the management and all employees for their efforts in and contributions to the Group's business development over the past year, supporting the Group to continuously operate under the dynamic environment. We do hope that the management and all employees will continue their concerted efforts to achieve sustainable growth in 2017.

Xiang Weimin

Chairman

17 March 2017

現，提升客戶滿意度。經營管理方面，將進一步精簡組織，強化精細化成本核算，加強庫存和應收考核和管理，提高企業經營管理質量，保證企業的長期良性發展。

致謝

最後，本人謹藉此機會感謝股東、客戶及合作夥伴的支持，並感謝各董事會成員，各管理人員及全體員工為本集團的業務發展於過去一年所做出的努力和貢獻，使本集團在多變的環境下持續良性經營。我們希望2017年管理層與全體員工共同努力，協同作戰，實現可持續增長。

主席

向衛民

2017年3月17日

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論與分析

Results

The Group recorded a turnover of approximately HK\$7,954,460,000 for the year ended 31 December 2016 (2015: approximately HK\$8,040,366,000), representing a year-on-year decrease of 1%, and recorded a sales volume of approximately 145,522,000 units (2015: approximately 133,089,000 units), representing a year-on-year increase of 9%. The audited profit attributable to the owners of the Company and earnings per share amounted to approximately HK\$596,574,000 (2015: approximately HK\$525,030,000) and HK20.83 cents (2015: HK18.34 cents) respectively, representing an increase of 14% in profit as compared to the same period last year. The gross profit margin was approximately 14.8% (2015: approximately 13.8%). During the Year, the Group retained stringent control over various expenses and expanded its scale of sales to enhance operational management quality. On the other hand, the Group continued to make further investments in R&D as well as improvement of manufacturing process. The R&D costs for the Year amounted to HK\$142,011,000 (2015: approximately HK\$108,823,000). The Board proposed a final dividend of HK7.5 cents per ordinary share for the year ended 31 December 2016 (2015: HK6.5 cents).

Financial Review

Liquidity and Financial Resources

The Group has maintained a healthy financial and liquidity position with a current ratio of 222% as at 31 December 2016 (2015: 185%).

As at 31 December 2016, the Group was in a net cash position of HK\$1,698,219,000 (2015: HK\$1,292,519,000), including cash and cash equivalents and pledged bank deposits, and did not have any bank borrowings.

The Group has subscribed for wealth management products of approximately HK\$1,123,535,000 as at 31 December 2016 (2015: HK\$720,857,000), which offered better returns compared to the fixed-term deposit interest rates provided by commercial banks in the PRC.

業績

截至2016年12月31日止年度，本集團的營業額約港幣7,954,460,000元（2015年：約港幣8,040,366,000元），同比下跌1%，銷售量約145,522,000台（2015年：約133,089,000台），同比上升9%。經審核本公司擁有人應佔利潤約港幣596,574,000元（2015年：約港幣525,030,000元）及每股盈利為20.83港仙（2015年：18.34港仙）；利潤較去年同期上升14%；毛利率約14.8%（2015年：約13.8%）。本集團於本年度繼續嚴控各項費用，擴大銷售規模，以提升經營管理質量。另一方面，本集團持續加大研發，工藝技改的投入，本年度研發成本為港幣142,011,000元（2015年：約港幣108,823,000元）。董事會建議宣派截至2016年12月31日止年度的末期股息每股普通股7.5港仙（2015年：6.5港仙）。

財務回顧

流動資金及財務資源

本集團之財政及流動資金狀況維持穩健，於2016年12月31日之流動比率為222%（2015年：185%）。

於2016年12月31日，本集團持有現金淨額港幣1,698,219,000元（2015年：港幣1,292,519,000元），包括現金及現金等價物及已抵押銀行存款，並無任何銀行借款。

於2016年12月31日，本集團已認購財富管理產品約港幣1,123,535,000元（2015年：港幣720,857,000元），該財富管理產品提供相較於中國商業銀行所提供的定期存款利率更佳的回報率。

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Financial Ratios

The following are certain financial ratios of the Group as at the date of the consolidated statement of financial position:

		2016 HK\$'000 港幣千元	2015 HK\$'000 港幣千元
Inventories turnover (Note 1)	存貨周轉期 (附註1)	39 days天	41 days天
Trade receivables turnover (Note 2)	貿易應收款周轉期 (附註2)	69 days天	70 days天
Trade payables turnover (Note 3)	貿易應付款周轉期 (附註3)	69 days天	72 days天
Current ratio (Note 4)	流動比率 (附註4)	2.22 times倍	1.85 times倍

Notes:

1. Inventories turnover is calculated based on the average of the opening inventories and closing inventories divided by the cost of goods sold of the year, and multiplied by the total number of days of the year.
2. Trade receivables turnover is calculated based on the average of the opening and closing of trade receivables (excluding notes receivable) of third parties and related parties, divided by the revenue of the year, and multiplied by the total number of days of the year.
3. Trade payables turnover is calculated based on the average of the opening and closing of trade payables (excluding notes payable) of third parties and related parties, divided by the cost of goods sold of the year, and multiplied by the total number of days of the year.
4. Current ratio is calculated based on the year-end current assets divided by the year-end current liabilities.

財務比率

下表載列本集團於綜合財務狀況表日期之若干財務比率：

		2016 HK\$'000 港幣千元	2015 HK\$'000 港幣千元
Inventories turnover (Note 1)	存貨周轉期 (附註1)	39 days天	41 days天
Trade receivables turnover (Note 2)	貿易應收款周轉期 (附註2)	69 days天	70 days天
Trade payables turnover (Note 3)	貿易應付款周轉期 (附註3)	69 days天	72 days天
Current ratio (Note 4)	流動比率 (附註4)	2.22 times倍	1.85 times倍

附註：

1. 存貨周轉期是根據年初存貨與年終存貨平均數除以當年之銷售貨品成本，再乘以當年之總天數計算。
2. 貿易應收款周轉期是根據第三方及關聯方年初貿易應收款與年終貿易應收款（不包括應收票據）平均數除以當年之收入，再乘以當年之總天數計算。
3. 貿易應付款周轉期是根據第三方及關聯方年初貿易應付款與年終貿易應付款（不包括應付票據）平均數除以當年之銷售貨品成本，再乘以當年之總天數計算。
4. 流動比率是根據年終流動資產除以年終流動負債計算。

Pledge of Assets

No leasehold land and land use rights and property, plant and equipment had been pledged as security for the Group's banking facilities as at 31 December 2016 and 2015.

Contingent Liabilities

Save as the financial guarantees as disclosed below, as at 31 December 2016 and 2015, the Group did not have any material contingent liabilities.

資產抵押

於2016年及2015年12月31日，本集團概無租賃土地及土地使用權及物業、廠房及設備作為本集團銀行授信的抵押。

或然負債

除下文所披露之融資擔保外，本集團於2016年及2015年12月31日並無任何重大或然負債。

MANAGEMENT DISCUSSION AND ANALYSIS

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Financial Guarantees

As at 31 December 2016, the Group did not provide any guarantees to banks. As at 31 December 2015, the Group had given guarantees to banks in respect of the banking facilities granted to an associate of the Group of approximately HK\$656,497,000, of which approximately HK\$179,045,000 had been drawn down.

Capital Expenditure

For the year ended 31 December 2016, the capital expenditure of the Group was approximately HK\$101,824,000 (2015: approximately HK\$266,140,000) related to the purchase of property, plant and equipment.

Derivative Financial Instruments

As at 31 December 2016, the Group's outstanding derivative financial instrument assets under various copper and aluminium future contracts and foreign exchange forward contracts amounted to approximately HK\$5,479,000 (2015: derivative financial instrument assets and liabilities of approximately HK\$9,249,000 and HK\$7,751,000, respectively).

Exposure to Exchange Rate Fluctuations

During the Year, approximately 30% of the Group's turnover was derived from export trading settled in Euro and US dollars. In the meantime, the Group has also imported raw materials and equipment from the suppliers which were paid in Euro and US dollars for settlement. As a result, foreign exchange risks associated with these currencies were partially offset. On the other hand, the Group has made arrangements to purchase foreign exchange forward contracts to hedge against foreign exchange exposure arising from export trading. The Group has stringent control over the risk of exchange rate fluctuation, and will review from time to time the sufficiency and appropriateness of the financial instruments which were currently used to hedge significant foreign currency risks.

Capital Commitments

As at 31 December 2016, the Group has contracted capital commitments in respect of the purchase of property, plant and equipment amounting to approximately HK\$141,095,000 (2015: approximately HK\$67,906,000).

融資擔保

於2016年12月31日，本集團並無向銀行提供任何擔保。於2015年12月31日，本集團就銀行向本集團聯營公司提供約港幣656,497,000元銀行授信作出擔保，其中約港幣179,045,000元已被提取。

資本開支

截至2016年12月31日止年度，本集團用於購置物業、廠房及設備的資本開支約港幣101,824,000元（2015年：約港幣266,140,000元）。

衍生金融工具

於2016年12月31日，本集團訂立若干銅及鋁期貨合約及外匯遠期合約，未到期衍生金融工具資產約港幣5,479,000元（2015年：衍生金融工具資產及負債分別約港幣9,249,000元及港幣7,751,000元）。

匯率波動風險

於本年度內，本集團營業額中約30%來自以歐元及美元結算的出口貿易。同時，本集團亦從供應商進口原料及設備（以歐元及美元結算付款）。因此，由該等外幣引起的匯兌風險彼此能作部分抵銷。另一方面，本集團已安排購買外匯遠期合約，以對沖出口貿易產生的匯兌風險。本集團嚴格監控匯率波動風險，並會不時檢討現時用以對沖重大外幣風險的金融工具是否充足及適當。

資本承擔

於2016年12月31日，本集團就購置物業、廠房及設備已訂約的資本承擔約港幣141,095,000元（2015年：約港幣67,906,000元）。

MANAGEMENT DISCUSSION AND ANALYSIS

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Disposal of Associates

On 15 August 2016, the Company announced that Guangdong Welling Motor Manufacturing Co., Ltd. and Welling International Hong Kong Limited (the indirect wholly-owned subsidiaries of the Company) entered into an equity interest transfer agreement and a share transfer agreement with Shanxi Linfen Huaxiang Shiye Co., Ltd. in relation to the disposal of 49% of the equity interest in Shanxi Huaxiang Group Co., Ltd. ("Shanxi Huaxiang") and the disposal of 98 shares of Linkgo-HK Limited ("Linkgo-HK") (representing 49% of the issued shares of Linkgo-HK), respectively (collectively, the "Disposals").

Through the Disposals, the Company had agreed to sell its equity interests in Shanxi Huaxiang and Linkgo-HK at the aggregate consideration of RMB313,227,943 and HK\$98. The proceeds would be used as general working capital of the Group and for its future business development.

The gain from the Disposals was approximately HK\$8,525,000 (before tax and any consideration adjustments), being the difference between the aggregate consideration and the carrying value of the disposed assets as at 30 June 2016 under the equity interest transfer agreement and the share transfer agreement.

Human Resources

As at 31 December 2016, the Group employed approximately 9,558 full time employees in Hong Kong and the PRC. The Group aims to attract, retain and develop high calibre individuals committed to attaining our corporate objectives. Through the implementation of comprehensive human resources management strategies, the Group strives to maintain a fair and open working environment and conducts continuous evaluation of performance with employees to ensure that their talents and potential can be fully realised.

The Group currently provides employees with competitive remuneration packages (comprising salary, bonus and benefits in kind), adequate insurance cover (including pension, medical insurance, unemployment compensation insurance, work injury compensation insurance and maternity insurance) and housing provident fund. In addition, the Group also provides its employees with other benefits including on-the-job training and development opportunities, meal subsidy, housing subsidy, cooperative medical scheme services, support fund and recreational activities, etc. to boost the Group's competitiveness and productivity.

出售聯營公司

於2016年8月15日，本公司宣佈廣東威靈電機製造有限公司及威靈國際香港有限公司（均為本公司之間接全資附屬公司）與山西臨汾華翔實業有限公司分別就出售山西華翔集團有限公司（「山西華翔」）49%的股權權益及出售香港林柯有限公司（「香港林柯」）98股股份（相當於香港林柯已發行股份49%）訂立股權轉讓合同及股份轉讓合同（統稱「出售事項」）。

透過出售事項，本公司已同意按總代價人民幣313,227,943元及港幣98元出售其於山西華翔及香港林柯的股權權益。所得款項會用作本集團一般營運資金及用於其日後業務發展。

出售事項的收益約港幣8,525,000元（稅前及未計任何代價調整），即總代價與股權轉讓合同及股份轉讓合同項下已出售資產於2016年6月30日的賬面值的差額。

人力資源

於2016年12月31日，本集團於香港及中國聘用約9,558名全職僱員。本集團旨在吸引、挽留及培育高才幹人士以達致我們的公司目標。透過實施全面的人力資源管理策略，本集團致力為僱員維持一個公平公開的工作環境及持續進行表現評估以確保其才能及潛力可得到充分展現。

本集團目前為僱員提供具競爭力的薪酬組合（含崗位工資、獎金及實物利益）、充足的保險（包括養老保險、醫療保險、失業保險、工傷保險和生育保險）及住房公積金。此外，本集團亦為僱員提供其他福利，包括在職培訓及發展機會、膳食補貼、住房補貼、合作醫療計劃、扶助基金及康樂活動等，以提升本集團的競爭力及生產力。

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Risk Factors of the Group

Our approach to risk management is to identify current risk exposures and then manage them so that they can be understood, controlled or mitigated. The risk factors set out below are those that could affect the Group's businesses, financial condition, results of operations or growth prospects directly or indirectly. Such factors are by no means exhaustive, and there may be other risks in addition to those shown below which are not known to the Group or which may not be material now but could turn out to be material in the future.

Risk Factors	Risk Mitigations
1. Business Risk	
The Group operates in a highly competitive industry which faces rapid changes in market trends, consumer preferences and constantly evolving technological advances. Failure to compete in terms of product quality, service quality, reliability or price may have an adverse impact on the Group. In addition, intensifying industrial competition may result in lower product prices, narrower profit margins as well as loss of market share for the Group.	The Group constantly reviews and monitors the market trends. In order to maintain a competitive position, the Group commits to innovate and build a broad product portfolio and grow the brand name to differentiate the Group and gain market recognition.
2. Financial Risk	
Economic instability or financial market deterioration may materially and adversely impact the Group's financial condition.	The Group has in place a set of financial risk management mechanisms to manage the financial risks, including using appropriate financial derivatives and other means, and to minimise the potential adverse impact on the Group's financial performance.
The Group is exposed to a variety of financial risks, including foreign exchange risk, price risk and credit risk.	
	For more details, please refer to note 3 to the consolidated financial statements.

本集團的風險因素

我們的風險管理方針是識別現時風險承擔並隨後對其進行監管，藉以瞭解、控制或減低有關風險。下表所載均為可直接或間接影響本集團業務、財務狀況、經營業績或增長前景的風險因素。此等因素並非全面，除下列風險之外，可能存在其他本集團未知或目前未必屬於重大但日後可能變成重大的風險。

風險因素	減低風險的措施
1. 業務風險	
本集團處於競爭極為激烈的行業，且面對市場趨勢、消費者喜好急速變化，以及不斷演變的技術發展。假如未能在產品質量、服務質素、可靠性或價格方面具備競爭力，或會對本集團構成負面影響。此外，行業競爭加劇或會導致本集團產品價格下降、利潤率收窄及市場份額流失。	本集團持續審視及觀察市場趨勢。為保持競爭地位，本集團致力於創新及創建豐富的產品組合及提高品牌知名度來區別本集團及獲取市場認可。
2. 財務風險	
經濟不穩定或金融市場環境惡化可能會對本集團的財務狀況造成嚴重不利影響。	本集團已為管理財務風險建立一套財務風險管理機制，包括使用適當的金融衍生工具及其他方法，以將本集團財務表現的潛在負面影響降至最低。
本集團面臨各種財務風險，包括外匯風險、價格風險及信貸風險。	
	更多詳情請參閱綜合財務報表附註3。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論與分析

Risk Factors	Risk Mitigations	風險因素	減低風險的措施
<p>3. Supply Risk</p> <p>The Group's supply chain operations could be affected by unfavorable changes in business, political or economic factors.</p> <p>The occurrence of any supply risk in its own or its suppliers' manufacturing activities and logistic hubs could result in significant losses and damage the Group's revenue, profitability and adversely affect its competitive position, and require substantial expenditures and recovery time in order to fully resume operations.</p>	<p>The Group utilises its cost and operational analysis to ensure broad sourcing and to identify and minimise potential impact of unfavorable changes.</p>	<p>3. 供應風險</p> <p>本集團的供應鏈營運可能會受業務、政治或經濟因素方面的不利變動影響。</p> <p>其自身或其供應商的生產活動及物流樞紐中發生任何供應風險均可導致本集團的收入及盈利能力產生重大損失及損害，並對其競爭地位產生不利影響，以及需要大量開支及復元時間以完全恢復營運。</p>	<p>本集團使用其成本及營運分析以確保拓寬採購渠道，並識別及降低不利變動的潛在影響。</p>
<p>4. Intellectual Property Risk</p> <p>The Group could suffer if it does not develop and protect its own intellectual property. These intellectual property risks include legal costs of protecting and enforcing intellectual property rights or loss or diminished value of intellectual property as an asset, as a result of legal findings of unenforceability and challenges to title or ownership.</p>	<p>The Group has taken steps to ensure continued validity of its intellectual property by registering trademarks and applying for patents.</p>	<p>4. 知識產權風險</p> <p>倘若本集團不能開發及保護自有知識產權，則其營運將會受到影響。該等知識產權風險包括保護及實施知識產權的司法成本或由於司法調查結果無法強制執行，或者對產權或所有權存在爭議，知識產權的資產價值受到損失。</p>	<p>本集團已透過採取註冊商標及申請專利的措施以確保其知識產權持續有效。</p>
<p>5. Human Resource Risk</p> <p>Manufacturing industry continues to experience widespread labour shortage. The Group is facing intense competition for skilled and experienced workers and has to attract, retain and motivate key talents continually.</p>	<p>The Group's employment policies require that the recruitment, promotion, assessment, wages and training opportunities must be people-oriented, lawful and fair. The Group treats all employees equally. It also provides opportunities for advancement, competitive reward and on-the-job training to attract, retain and motivate key talents.</p>	<p>5. 人力資源風險</p> <p>製造行業繼續受到勞動力廣泛短缺的困擾。本集團就熟練及經驗豐富工人面臨激烈競爭以及必須持續吸引、挽留和激勵核心人才。</p>	<p>本集團的僱傭政策規定招聘、晉升、評估、工資及培訓機會必須以人為本、合法及公平。本集團對所有僱員均一視同仁，還提供深造、有競爭力的獎勵及在職培訓機會以吸引、挽留及激勵核心人才。</p>

CORPORATE GOVERNANCE REPORT

企業管治報告

The Company has always endeavoured to achieve a high standard of corporate governance so as to enhance the transparency and accountability to the shareholders of the Company. The Board believes that good corporate governance will contribute to maximise the corporate value of the Company to its shareholders.

The Company has adopted the code provisions of the Corporate Governance Code (the “CG Code”) as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) as its corporate governance policies and practices.

The Executive Committee of the Company was entrusted by the Board with delegated authority to review the Company’s compliance with the corporate governance practices. Having considered the review presented by the Executive Committee, the Board confirmed that, save as disclosed below, the Company had complied with all code provisions of the CG Code during the Year.

The Company had deviated from code provision A.6.7 of the CG Code in that one executive Director was unable to attend the annual general meeting and the extraordinary general meeting of the Company held on 31 May 2016 due to other important business engagement.

Compliance with the Model Code for Securities Transactions by Directors of Listed Issuers

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 to the Listing Rules as the code of conduct of the Company for Directors’ securities transactions. Having made specific enquiry of the Directors, all the Directors confirmed that they have complied with the Model Code throughout the Year.

本公司一直致力達致高水平之企業管治，藉此提高本公司透明度及對股東之間責性。董事會相信，良好企業管治將有助本公司為其股東帶來最高之企業價值。

本公司已採納香港聯合交易所有限公司證券上市規則（「上市規則」）附錄14所載之《企業管治守則》（「企業管治守則」）的守則條文，作為本公司本身之企業管治政策及常規。

本公司行政委員會獲董事會授權檢討本公司對企業管治常規的遵守情況。經考慮行政委員會提呈的檢討匯報，董事會確認，除下文所披露者外，本公司已於本年度內遵守企業管治守則的所有守則條文。

因其他重要業務安排，一名執行董事未能出席本公司於2016年5月31日舉行的股東週年大會及股東特別大會，為此本公司曾偏離企業管治守則第A.6.7條守則條文。

遵守《上市發行人董事進行證券交易的標準守則》

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》（「標準守則」），作為本公司董事進行證券交易之操守守則。經向董事作出特定查詢後，全體董事確認，彼等已於本年度內一直遵守標準守則。

CORPORATE GOVERNANCE REPORT

企業管治報告

The Board

The Board is responsible for laying down the Group's future development direction, overall strategies and policies, the evaluation of the performance of the Group and the management and approval of matters that are of material and substantial in nature. Senior management of the Company was delegated with the authority and responsibility by the Board for the day-to-day management, administration and operations of the Group. Senior management of each division is responsible for different businesses and functions of the Group in accordance with its particular area of expertise. The Board has also delegated various responsibilities to the Board committees. Details of these Board committees are set out below in this report.

The Board has regularly reviewed the contribution required from a Director to perform his/her responsibilities to the Company and whether he/she is spending sufficient time performing his/her duties. Directors (including independent non-executive Directors) are active in participating regular Board meetings and other Board meetings for discussing and approving significant issues of the Group so as to make an effective Board for a timely strategic decision and to ensure the operations of the Group in line with such strategies. Independent non-executive Directors perform their monitoring role and devote their time and effort to make contribution to the development of strategies and risk management and internal control systems of the Group.

For each of the Board meetings held during the Year, each Director had been consulted beforehand and served with prior notice to enable him/her to include matters in the agenda of the forthcoming Board meeting.

The Board will hold four regular meetings every year at approximately quarterly intervals. The Company generally gives at least 14 days notice in advance for regular Board meetings and gives reasonable notice for all other Board meetings in order to give all Directors opportunity to attend the meetings. During the Year, the Company had complied with the said notice requirements for Board meetings by giving all Directors adequate time to plan their schedules to attend. All Directors are active in participating the regular Board meetings, whether in person or through telephone conference or video conference, to make an effort to contribute to the affairs to be dealt with by Directors at the Board meetings.

董事會

董事會負責確立本集團之未來發展方向、整體戰略及政策，評估本集團之業績表現，以及管理及批准性質重大之事宜。董事會授權本公司之高級管理人員，負責主管本集團之日常管理、行政及營運。各分部之高級管理人員按其專業範疇負責本集團之不同業務及職能。董事會亦指派各董事委員會承擔各項責任。該等董事委員會之詳情載於本報告下文。

董事會定期檢討董事向本公司履行職責所需的貢獻，以及彼是否付出足夠時間履行其職責。董事（包括獨立非執行董事）均積極參與定期董事會會議及其他討論及批准本集團重要事項的董事會會議，讓董事會能及時有效地作出策略決定，並確保本集團的營運符合該等策略。獨立非執行董事履行彼等的監察角色，及致力對本集團的戰略發展、風險管理以及內部監控作出貢獻。

就本年度內舉行之每次董事會會議而言，各董事均於會前獲得諮詢並獲發會前通告，使其可於將要舉行的董事會會議議程加入討論事項。

董事會每年舉行四次定期會議，約每季一次。本公司一般最少於14日前預先發出董事會定期會議通告，並就所有其他董事會會議發出合理通告，讓全體董事均有機會出席有關會議。於本年度內，本公司已遵守上述董事會會議通告規定，讓全體董事有充裕時間作出適當安排出席會議。全體董事均積極參與定期董事會會議（不論親身參與或透過電話會議或視像會議），致力對董事需在董事會會議處理的事務作出貢獻。

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All Directors could have accessed to the advice and services of the Company Secretary to ensure that Board procedures are complied with the applicable laws, rules and regulations and corporate governance practices and policies.

The Company Secretary is responsible for taking minutes of Board meetings which shall record in sufficient detail the matters considered and decisions reached, including any concerns raised by Directors or dissenting views expressed at the meetings. For each of the Board meetings held during the Year, draft and final versions of the minutes of Board meetings were sent to all Directors within reasonable time (generally within 14 days for both cases) after the Board meeting had been held for their comments and records respectively. All Board minutes are kept by the Company Secretary and open for inspection by all Directors at any reasonable time on reasonable notice.

The Company's corporate governance guidelines give all Directors the rights, upon reasonable request, to seek independent professional advice in appropriate circumstances at the Company's expense, and in such circumstances, the Board shall resolve to provide separate independent professional advice to the Directors to assist the relevant Directors to discharge their duties.

If a Director has a conflict of interest in a matter to be considered by the Board which the Board has determined to be material, the matter will be dealt with by a physical Board meeting but not a written resolution. Subject to the exceptions set out in the Listing Rules, a Director shall not vote on any Board resolution approving any contract or arrangement or any other proposal in which he/she or any of his/her associates has a material interest nor shall he/she be counted in the quorum present at the relevant Board meeting.

For the year ended 31 December 2016, appropriate directors' and officers' liability insurance was arranged by the Company. The Board will review regularly to ensure there is adequate insurance cover for the Directors.

全體董事均可向公司秘書取得意見及服務，以確保董事會程序符合適用法律、規則、規例及企業管治常規及政策。

公司秘書負責記錄董事會會議之會議記錄，其須充分詳細記錄董事會所考慮之事項、所達致之決定，包括會上董事所表達之任何關注或反對意見。就本年度內舉行之每次董事會會議而言，董事會會議記錄之初稿及定稿已於董事會會議舉行後合理時間內（兩者一般為14日內）送交所有董事，分別以供彼等提出意見及存檔。所有董事會會議記錄均由公司秘書保存，並可於任何合理時間以合理通知供全體董事查閱。

本公司之企業管治指引賦予全體董事權利，可按合理要求，並在適當情況下，尋求獨立專業意見，費用由本公司支付，在該等情況下，董事會須決定向董事提供獨立專業意見，以協助有關董事履行職責。

倘董事於董事會須處理的事宜上涉及利益衝突，而董事會斷定有關利益衝突屬重大，有關事宜會由實質董事會會議處理，而不會以書面決議案處理。除在上市規則列載的例外情況，董事不得在任何董事會決議案投票通過其本身或其任何聯繫人有重大利益之任何合約或安排或任何其他建議，亦不得計入相關董事會會議之法定人數內。

截至2016年12月31日止年度，本公司已安排適當的董事及行政人員責任保險。董事會將定期作出檢討，以確保董事有足夠的保險保障。

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Chairman and Chief Executive Officer

The roles of the Chairman and the Chief Executive Officer of the Company are performed by separate individuals so as to enhance the division of responsibilities between them and to ensure a balance of power and authority. The positions of the Chairman and the Chief Executive Officer are currently held by Mr. Xiang Weimin and Mr. Zhong Lin respectively.

The role of the Chairman is to be responsible for taking the lead of the Board in determining the strategic direction of the Group, ensuring that all Directors are properly briefed on business contemplated at Board meetings and receive timely, adequate, complete and reliable information, good corporate governance practices and procedures are established as well as managing a good relationship and communication with shareholders. The Chief Executive Officer of the Company with the support of other executive Directors is responsible for implementation of strategic planning of different business functions and day-to-day management of business and operations of the Group.

During the Year, the Chairman held a meeting with all independent non-executive Directors without the executive Directors present.

Board Composition

As at 31 December 2016, the Board comprised of nine Directors, including six executive Directors, Mr. Xiang Weimin (Chairman), Mr. Zhong Lin (Chief Executive Officer), Ms. Pan Xinling, Mr. Li Li, Mr. Xiao Mingguang and Mr. Li Feide and three independent non-executive Directors, Mr. Tan Jinsong, Mr. Lam Ming Yung and Ms. Cao Zhoutao. Throughout the Year, the Company has complied with Rules 3.10(1), 3.10(2) and 3.10A of the Listing Rules regarding the appointment of at least three independent non-executive directors (representing at least one-third of the board) including at least one independent non-executive director with appropriate professional qualifications or accounting or related financial management expertise.

主席及首席執行官

本公司之主席及首席執行官由不同人士擔任，以加強彼等之責任分工及確保權力及權限之平衡。主席及首席執行官之職位現時分別由向衛民先生及鐘林先生擔任。

主席負責領導董事會釐定本集團之戰略方向，確保全體董事獲恰當知會於董事會會議擬進行之事宜，並確保全體董事及時獲得充足、全面及可靠的資料，建立良好的企業管治常規及程序，以及與股東之間保持良好關係及溝通。在其他執行董事的支持下，本公司首席執行官負責為不同業務職能實施戰略規劃，並負責本集團之日常業務及營運管理。

於本年度內，主席與全體獨立非執行董事舉行了一次會議，當中並沒有執行董事出席。

董事會之組成

於2016年12月31日，董事會由九名董事組成，包括六名執行董事向衛民先生（主席）、鐘林先生（首席執行官）、潘新玲女士、李力先生、肖明光先生及李飛德先生，以及三名獨立非執行董事譚勁松先生、林明勇先生及曹洲濤女士。於整個年度內，本公司已遵守上市規則第3.10(1)條、第3.10(2)條及第3.10A條，委任最少三名獨立非執行董事（佔董事會成員人數最少三分之一），包括最少一名擁有合適專業資格或會計或相關財務管理專業知識的獨立非執行董事。

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The biographies of each of the Directors are set out on pages 60 to 63 in this annual report, which demonstrate a diversity of skills, expertise, experience and qualifications appropriate for the requirements of the business of the Company. In addition, a list containing the names of the Directors and their roles and functions is available on the websites of the Company and Hong Kong Exchanges and Clearing Limited (“HKEx”). Directors are advised to inform the Company of any change to the number and nature of offices they held in public companies or organisations and their other significant commitments in a timely manner.

The Directors have no financial, business, family or other material or relevant relationships with each other.

The Nomination Committee has reviewed the structure, size, composition and diversity of the Board and confirmed that the Company has maintained a balanced composition with a strong independent element on the Board.

Independent Non-executive Directors

The independent non-executive Directors are active in participating in Board meetings to bring an independent judgement to bear on issues of strategy, policy, performance, accountability, resources, key appointments and standards of conduct. They will take the lead where potential conflicts of interests of other Directors arise. They serve as members of various Board committees and will scrutinise the performance of the Group in achieving agreed corporate goals and objectives and monitor performance reporting.

On 31 May 2016, the Company entered into letters of appointment with Mr. Tan Jinsong, Mr. Lam Ming Yung and Ms. Cao Zhoutao, each an independent non-executive Director, for a term commencing on 31 May 2016 and ending on the date of the Company’s next annual general meeting. All these letters of appointment shall be terminable by either party upon one month’s written notice to the other party or the payment to other party of a sum equal to the relevant Director’s monthly remuneration.

Mr. Lam Ming Yung has served the Board as an independent non-executive Director for more than nine years. Given his professional knowledge and experience and no connection with any Director or substantial shareholder of the Company and their respective associates (as defined under the Listing Rules), the Board considered that Mr. Lam is independent despite of his long term service with the Company.

各董事之履歷載於本年報第60頁至63頁，其中顯示出符合本公司業務需求之多元化技能、專業知識、經驗及資歷。此外，董事名單與其角色和職能於本公司及香港交易及結算所有限公司（「香港交易所」）網站可供查閱。董事應及時通知本公司彼等於公眾公司或機構所擔任職位的數目及性質的任何變動，以及彼等的其他重大承擔。

各董事相互間概無財務、業務、家庭或其他重大或相關之關係。

提名委員會已檢討董事會的架構、規模、組成及多元化情況，並確認本公司已維持董事會的均衡組合及充足的獨立元素。

獨立非執行董事

獨立非執行董事於董事會會議中擔當積極主動之角色，就戰略、政策、業績表現、問責性、資源、重要委任及操守準則等事宜作出獨立判斷。當其他董事出現潛在利益衝突時，彼等將作出領導。彼等擔任不同董事委員會委員，負責監督本集團之業績表現以達致協定之企業目的及目標，同時亦監察業績表現之報告。

於2016年5月31日，本公司與譚勁松先生、林明勇先生及曹洲濤女士（各自均為獨立非執行董事）訂立委任書，任期由2016年5月31日開始至本公司下屆股東週年大會日期止。所有該等委任書可由任何一方向另一方作出一個月書面通知或向另一方支付相等於有關董事一個月薪酬之金額予以終止。

林明勇先生出任董事會獨立非執行董事超過九年。基於他的專業知識及經驗，且並無與任何董事或本公司主要股東及彼等各自之聯繫人（見上市規則之定義）有關連，因此，即使林先生服務本公司多年，董事會亦視林先生為獨立人士。

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The annual confirmation of independence made by each of the three independent non-executive Directors in accordance with Rule 3.13 of the Listing Rules were received by the Company and reviewed by the Nomination Committee. The Nomination Committee has assessed their independence and confirmed that all the independent non-executive Directors are considered independent within the definitions of the Listing Rules.

Appointments, Re-election and Removal of Directors

The appointment of a new Director is made on the recommendation by the Nomination Committee or by shareholders in a general meeting. Shareholders may propose a person for election as Director in accordance with the articles of association of the Company (the "Articles of Association"). Any Director who is newly appointed by the Board shall hold office only until the next following annual general meeting and shall be eligible for re-election but shall not be taken into account in determining the number of Directors to retire by rotation at such meeting.

All Directors are appointed for a specific term of not more than three years under their letters of appointment. In accordance with the Articles of Association, all Directors are subject to retirement by rotation at least every three years and one-third (or if their number is not a multiple of three, the number nearest to but not less than one-third) of Directors shall retire from office every year at the Company's annual general meeting.

Pursuant to the CG Code, any further re-appointment of an independent non-executive Director, who has served the Board for more than nine years, will be subject to a separate resolution to be approved by shareholders.

The Board is of the view that such mechanism helps to ensure orderly succession to the appointments to the Board and that changes to its composition can be managed without undue disruption.

Directors Continuous Training and Development

To ensure that every newly appointed Director has a proper understanding of the operations and business of the Group and that he/she is fully aware of his/her responsibilities as a Director of the Company under statute and common law, each newly appointed Director will receive a comprehensive, formal and tailored induction and also the orientation package containing the information with regard to the duties and responsibilities of Directors under the Listing Rules, related ordinances and relevant regulatory requirements and the business and corporate governance policies of the Company.

本公司已收到三名獨立非執行董事各自根據上市規則第3.13條而發出之年度獨立性確認書，並且由提名委員會作出審閱。提名委員會已評估彼等之獨立性，並確認全體獨立非執行董事按上市規則之定義均被視為獨立人士。

委任、重選及罷免董事

委任新董事可根據提名委員會之推薦意見或於股東大會由股東委任。根據本公司組織章程細則（「組織章程細則」），股東可提名人士參選董事。任何由董事會新委任之董事任期僅至下屆股東週年大會為止，並符合資格重選，但不得計入釐定於該會議上輪席退任之董事人數內。

根據全體獲委任董事之委任書，其特定任期不得超過三年。根據組織章程細則，全體董事須最少每三年輪席退任一次，而三分之一之董事（或倘董事人數並非三之倍數，則以最接近但不少於三分之一之人數為準）須每年於本公司之股東週年大會上退任。

根據企業管治守則，對已服務董事會超過九年的獨立非執行董事的任何進一步重新委任須待股東以獨立決議案批准。

董事會認為有關機制有助於確保對董事會之委任作出有序更替，並可管理其組成變更，避免不適當干擾。

董事的持續培訓及發展

為確保每名新任董事對本集團之運作及業務均有恰當了解，並確保彼已完全知悉根據法規及普通法作為本公司董事之責任，每名新任董事均會獲得全面、正式兼特為其而設的就任須知及一套迎新資料，內載有董事根據上市規則、相關條例及相關監管規定之職責及責任，以及本公司之業務及企業管治政策。

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Subsequently, updated information and continuous professional development training will also be provided by the Company to all Directors when necessary to keep them abreast of the latest changes and development in legal, regulatory and corporate governance requirements and develop and refresh their knowledge and skills to facilitate the discharge of their responsibilities. Besides, the Company Secretary will circulate the latest news and information about the Company.

Pursuant to the requirements of the code provision set out in the CG Code, all Directors have to participate in continuous professional development to develop and refresh their knowledge and skills. Directors are encouraged to attend relevant professional development programmes and they are also required to provide to the Company records of the training they received to ensure that their contributions to the Board remain informed and relevant.

During the Year, the Company arranged an in-house briefing by external auditor for Directors on the topics of “Risk Management and Internal Control” and “Environmental, Social and Governance Reporting Guide”. In addition, Mr. Xiao Mingguang, the newly appointed executive Director during the Year, had attended a director induction training organised by external lawyer.

Supply of and Access to Information

In connection with the convening of regular Board meetings and any meeting of the Board committees, agenda of the meeting accompanying with the relevant documents will be sent to all Directors or members of the Board committee at least 3 days before the date of the Board meeting or Board committee meeting.

Management has an obligation to supply the Board and the Board committees with adequate information in a timely manner to enable members of the Board and the Board committees to make informed decisions. Where any Director requires more information than is volunteered by management, each Director may contact senior management through individual and independent channel(s) to make further enquires if necessary and such enquiries will be responded to by management within a reasonable time with sufficient details. Furthermore, minutes of Board meetings or meetings of Board committees are open for inspection by Directors at any reasonable time on reasonable notice given.

During the Year, all Directors had been provided, on a monthly basis, with the updated management and financial information of the Group, giving them an opportunity to have a balanced and understandable assessment of the Group’s latest performance, position and recent developments and facilitating them to discharge their duties under the relevant requirements of the Listing Rules.

其後，在需要讓董事掌握法律、監管及企業管治要求的最新變動及發展，以及開展及更新彼等的知識及技能時，本公司亦會向全體董事提供更新資料及持續專業發展培訓，以協助彼等履行責任。此外，公司秘書將傳閱有關本公司的最新消息及資料。

根據企業管治守則所載的守則條文規定，全體董事均須參與持續專業發展以發展及更新彼等的知識及技能。本公司鼓勵董事參加相關的專業發展課程，而彼等亦須向本公司提供彼等所接受的培訓記錄，以確保彼等繼續在具備全面資訊及切合所需的情況下對董事會作出貢獻。

於本年度內，本公司安排了一次由外聘核數師為董事講述主題為《風險管理及內部監控》及《環境、社會及管治報告指引》的內部簡報會。此外，於本年度內新任執行董事肖明光先生已出席由外聘律師舉辦的董事就任指引培訓。

提供及使用資料

關於召開董事會定期會議及任何董事委員會會議，會議議程及隨附之相關文件會於董事會或董事委員會會議日期最少3日前送交全體董事或董事委員會委員。

管理層有責任向董事會及董事委員會及時提供充足資料，使董事會及董事委員會委員能夠作出知情決定。倘任何董事所需的資料較管理層自願提供者為多，每名董事於有必要作進一步查詢時均可使用個別及獨立途徑聯絡高級管理人員，而管理層將於合理時間內詳盡回應有關查詢。另外，董事會會議或董事委員會會議之會議記錄可供董事於任何合理時間內給予合理通知下查閱。

於本年度內，全體董事每月均獲提供本集團的最新管理及財務資料，使彼等有機會對本集團的最新業績、狀況及近期發展作出平衡及可理解的評估，及促進彼等根據上市規則的相關規定履行職責。

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Board Committees

The Board has established four Board committees with defined scope of duties in written form. These Board committees are the Audit Committee, the Remuneration Committee, the Nomination Committee and the Executive Committee.

The Board committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to obtain independent professional advice in appropriate circumstances at the expense of the Company if they consider necessary.

Audit Committee

The Audit Committee was established by the Board on 5 August 1999. All members of the Audit Committee are independent non-executive Directors, at least one of whom has possessed professional qualifications and accounting and financial management related expertise. During the Year, the Audit Committee comprised of three independent non-executive Directors, Mr. Tan Jinsong (chairman of Audit Committee), Mr. Lam Ming Yung and Ms. Cao Zhoutao.

The Audit Committee is responsible for, among other things, reviewing and monitoring the integrity of the consolidated financial statements of the Group, reviewing the effectiveness of the risk management and internal control systems of the Group, reviewing the findings from the works carried out by the internal audit department and monitoring the effectiveness of the Group's internal audit function. The Audit Committee is also responsible for making recommendation to the Board on the appointment of the external auditor and approving the remuneration and terms of engagement of the external auditor. Before commencement of annual audit, the Audit Committee will discuss with the external auditor the nature and scope of audit, the significant risk analysis and the impact of the change in accounting policies on the financial statements of the Group. The Audit Committee is required to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards.

The Audit Committee will liaise with the Board and senior management regularly and meet at least twice a year with the Company's external auditor.

董事委員會

董事會已成立四個訂有書面特定職權範圍之董事委員會。該等董事委員會為審核委員會、薪酬委員會、提名委員會及行政委員會。

各董事委員會均獲提供足夠資源履行其職責；如彼等認為必要，亦可在合理要求下於適當時候諮詢獨立專業意見，有關費用會由本公司支付。

審核委員會

董事會於1999年8月5日成立審核委員會。審核委員會所有委員均為獨立非執行董事，當中至少一位委員具有專業資格及會計與財務管理相關專業知識。於本年度內，審核委員會由三名獨立非執行董事譚勁松先生（審核委員會主席）、林明勇先生及曹洲濤女士組成。

審核委員會負責（其中包括）檢討及監察本集團綜合財務報表是否完整；檢討本集團風險管理及內部監控系統之成效；檢討內部審核部之工作結果及監察本集團內部審核職能之成效。審核委員會亦負責就委任外聘核數師向董事會作出推薦建議及批准外聘核數師之薪酬及聘用條款。審核委員會在年度審核開始前將與外聘核數師討論審核性質及範疇、重大風險分析及會計政策變動對本集團之財務報表之影響。審核委員會須按適用之標準檢討及監察外聘核數師是否獨立客觀及核數程序之成效。

審核委員會將定期與董事會及高級管理人員聯絡，並每年至少與本公司的外聘核數師開會兩次。

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The Audit Committee had performed the following works for the year ended 31 December 2016:

於截至2016年12月31日止年度，審核委員會已進行下列工作：

- | | |
|---|---|
| (i) reviewed the Company's 2015 annual report and the preliminary announcement of final results; | (i) 審閱本公司2015年年報及初步全年業績公告； |
| (ii) reviewed the Company's 2016 interim report and the preliminary announcement of interim results; | (ii) 審閱本公司2016年中期報告及初步中期業績公告； |
| (iii) reviewed Audit Committee Report provided by the external auditor on their statutory audit of the 2015 annual financial statements; | (iii) 審閱由外聘核數師所提供有關彼等對2015年年度財務報表之法定審核的審核委員會報告； |
| (iv) approved the remuneration and terms of engagement of the external auditor for 2016 audit and other matters; | (iv) 批准就2016年核數及其他事項之外聘核數師之薪酬及聘用條款； |
| (v) reviewed the 2016 internal control report prepared by the internal audit department and reviewed the effectiveness of the risk management and internal control systems of the Group; | (v) 審閱內部審核部編製之2016年內部監控報告及檢討本集團之風險管理及內部監控系統之成效； |
| (vi) reviewed the continuing connected transactions entered into by the Group during the Year; | (vi) 審閱於本年度本集團所訂立之持續關連交易； |
| (vii) acted as the key representative body for overseeing the Company's relations with the external auditor and reviewed and monitored the external auditor's independence and the non-audit services provided by the external auditor; | (vii) 擔任本公司與外聘核數師之間的主要代表，負責監察兩者之間的關係，以及檢討及監察外聘核數師是否獨立及其所提供之非核數服務； |
| (viii) reviewed adequacy of resources, qualifications and experiences of staff of the Company's accounting, internal audit and financial reporting function, and their training programmes; | (viii) 檢討本公司在會計、內部審核及財務匯報職能方面的資源、員工資歷及經驗，以及員工所接受的培訓課程是否足夠； |
| (ix) advised on significant events of the Company and highlighted the related risks to the management; | (ix) 就本公司之重大事項提出意見，並向管理層指出有關風險； |
| (x) reviewed arrangements for employees of the Company can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters and confirmed that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action; and | (x) 檢討有關本公司僱員可暗中就財務匯報、內部監控或其他方面可能發生的不正當行為提出關注的安排，確認有適當安排讓本公司對此等事宜作出公平獨立的調查及採取適當後續行動；及 |
| (xi) reviewed and approved the revised terms of reference of Audit Committee. | (xi) 審閱及批准審核委員會之經修訂職權範圍。 |

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Based on the information provided by the internal audit department and confirmation received from the management, the Audit Committee concluded that the Group's risk management and internal control systems were adequate and effective for the year ended 31 December 2016 and recommended to the Board for approval. Further information about the risk management and internal control systems are set out on pages 41 to 47 of this corporate governance report.

The Audit Committee had reviewed the Group's 2016 consolidated financial statements, including the accounting principles and policies adopted by the Group, in conjunction with the Company's external auditor and recommended to the Board for approval of the consolidated financial statements for the year ended 31 December 2016.

The Board agreed with the Audit Committee's proposal for the re-appointment of Messrs. PricewaterhouseCoopers as the Company's external auditor for the year 2017. The recommendation will be put forward for shareholders' approval at the forthcoming annual general meeting of the Company.

For the year ended 31 December 2016, the remuneration paid/payable to the Company's external Hong Kong auditor, Messrs. PricewaterhouseCoopers for audit services was approximately HK\$2,277,000 (2015: HK\$2,425,000) and for non-audit services was approximately HK\$463,000 (2015: HK\$146,000).

The remuneration paid/payable to other audit firms for audit services was nil (2015: HK\$38,000) and for non-audit services was approximately HK\$248,000 (2015: HK\$37,000).

The latest version of the terms of reference of the Audit Committee is available on the websites of the Company and HKEx.

根據內部審核部提供的資料及接獲管理層的確證書，審核委員會得出結論，於截至2016年12月31日止年度，本集團之風險管理及內部監控系統為充足及有效，並向董事會作出建議批准。有關風險管理及內部監控系統之進一步資料載於本企業管治報告第41頁至47頁。

審核委員會已聯同本公司外聘核數師審閱本集團之2016年綜合財務報表，包括本集團採用之會計原則及政策，並向董事會作出建議以批准截至2016年12月31日止年度之綜合財務報表。

董事會已同意審核委員會有關續聘羅兵咸永道會計師事務所為本公司於2017年之外聘核數師之建議。該建議將於本公司之應屆股東週年大會上提呈以供股東批准。

截至2016年12月31日止年度，已付／應付本公司外聘香港核數師羅兵咸永道會計師事務所之核數服務酬金約港幣2,277,000元（2015年：港幣2,425,000元）及非核數服務酬金約港幣463,000元（2015年：港幣146,000元）。

已付／應付其他核數事務所之核數服務酬金為零（2015年：港幣38,000元）及非核數服務酬金約港幣248,000元（2015年：港幣37,000元）。

審核委員會最新版本之職權範圍可於本公司及香港交易所網站查閱。

CORPORATE GOVERNANCE REPORT

企業管治報告

Remuneration Committee

The Remuneration Committee was established by the Board on 22 September 2005. Chairman and majority of the members of the Remuneration Committee are independent non-executive Directors. As at 31 December 2016, the Remuneration Committee comprised of five members including three independent non-executive Directors, Ms. Cao Zhoutao (chairman of Remuneration Committee), Mr. Tan Jinsong and Mr. Lam Ming Yung and two executive Directors, Mr. Xiang Weimin and Mr. Li Li.

The Company has adopted the model set out in code provision B.1.2(c)(i) of the CG Code as its Remuneration Committee model under which the Remuneration Committee shall determine, with delegated responsibility, the remuneration packages of individual executive Directors and senior management.

The Remuneration Committee had performed the following works for the year ended 31 December 2016:

- (i) reviewed the remuneration proposals for executive Directors and senior management with reference to the achievement of corporate goals and objectives set by the Board;
- (ii) approved the remuneration packages of executive Directors (except Mr. Xiang Weimin and Mr. Li Li) and senior management after consultations with the Chairman;
- (iii) reviewed and approved the remuneration packages of Mr. Xiang Weimin and Mr. Li Li in a committee meeting at which they abstained from voting in respect of the resolutions approving their own remuneration package; and
- (iv) reviewed and made recommendations to the Board on the remuneration and terms of appointment of independent non-executive Directors.

薪酬委員會

董事會於2005年9月22日成立薪酬委員會。薪酬委員會主席及大部分委員為獨立非執行董事。於2016年12月31日，薪酬委員會由五名委員組成，包括三名獨立非執行董事曹洲濤女士（薪酬委員會主席）、譚勁松先生及林明勇先生，以及兩名執行董事向衛民先生及李力先生。

本公司採納企業管治守則守則條文第B.1.2(c)(i)條所載的模式作為其薪酬委員會的模式，據此薪酬委員會獲授權負責釐定個別執行董事及高級管理人員的薪酬待遇。

於截至2016年12月31日止年度，薪酬委員會已進行下列工作：

- (i) 參考董事會所訂企業方針及目標的成效，檢討執行董事及高級管理人員的薪酬方案；
- (ii) 經諮詢主席後，批准執行董事（向衛民先生及李力先生除外）及高級管理人員之薪酬待遇；
- (iii) 於委員會會議上審閱及批准向衛民先生及李力先生之薪酬待遇，彼等已在就批准其自身薪酬待遇之決議案中放棄表決；及
- (iv) 審閱獨立非執行董事之薪酬及委任條款，並向董事會提出推薦意見。

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The Company's remuneration policy for executive Directors and senior management are set on the basis that the remuneration level of executive Directors and senior management will be linked with their responsibilities and contributions to the achievement of corporate performance target of the Company as resolved by the Board from time to time. For the purpose of determining the level of remuneration of executive Directors and senior management, appraisal of the work performance of the executive Directors and senior management will be conducted annually at the end of each year. Such work performance of executive Directors and senior management will be judged by the extent to which the Group's budget target is met and the financial performance of the Group. Proposals for remuneration of executive Directors and senior management will be prepared by the human resources department based on the relevant remuneration data and prevailing market conditions and submitted to the Remuneration Committee for consideration and approval. Director's fee payable to independent non-executive Directors shall be reviewed annually by the Remuneration Committee with reference to the fees paid by comparable companies, time commitment and responsibilities of each of the independent non-executive Directors and determined by the Board after taking into account the recommendation made by the Remuneration Committee. No Director or any of his/her associates is involved in deciding his/her own remuneration.

Pursuant to paragraph B.1.5 of the CG Code, the remuneration of the members of the senior management by band for the year ended 31 December 2016 was as follows:

本公司對執行董事及高級管理人員之薪酬政策乃實行薪酬與績效掛鈎，即執行董事及高級管理人員之薪酬水平應根據彼等之職責及對於完成董事會不時制定之公司績效目標所作之貢獻而釐定。為釐定執行董事及高級管理人員之薪酬水平，將於每年年末評估執行董事及高級管理人員之工作表現。執行董事及高級管理人員之有關工作表現將透過本集團預算目標之完成程度，以及本集團之財務表現而作出判斷。人力資源部將根據相關薪酬數據及目前市況制定執行董事及高級管理人員之薪酬方案，並提交薪酬委員會審議批准。薪酬委員會應參考同類公司支付的薪酬，以及各獨立非執行董事須付出的時間及其職責，每年檢討應付獨立非執行董事之董事袍金；在考慮薪酬委員會的推薦意見後，由董事會釐定有關董事袍金。董事或任何其聯繫人不得參與釐定其自身之薪酬。

根據企業管治守則第B.1.5段，高級管理人員各成員截至2016年12月31日止年度按薪酬組別呈列的薪酬如下：

Remuneration band	薪酬組別	Number of individuals 人數
Nil to HK\$4,000,000	零至港幣4,000,000元	3

Details of the Directors' emoluments for the year ended 31 December 2016 are set out in note 37 to the consolidated financial statements.

截至2016年12月31日止年度，董事酬金之詳情載於綜合財務報表附註37。

The latest version of the terms of reference of the Remuneration Committee is available on the websites of the Company and HKEx.

薪酬委員會最新版本之職權範圍可於本公司及香港交易所網站查閱。

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Nomination Committee

The Nomination Committee was established by the Board on 9 March 2012 with majority of its members being independent non-executive Directors. As at 31 December 2016, the Nomination Committee comprised of five members including two executive Directors, Mr. Xiang Weimin (chairman of Nomination Committee) and Mr. Li Li and three independent non-executive Directors, Mr. Tan Jinsong, Mr. Lam Ming Yung and Ms. Cao Zhoutao.

The Nomination Committee is mainly responsible for reviewing the structure, size, composition of the Board at least annually, making recommendations to the Board on the appointment or re-appointment of Directors and assessing the independence of independent non-executive Directors.

The Nomination Committee had performed the following works for the year ended 31 December 2016:

- (i) considered and approved the recommendation to the Board of the appointment of executive Director to fill the casual vacancy arisen from the resignation of executive Director;
- (ii) reviewed and monitored the implementation of the nomination policy on a regular basis to ensure its effectiveness;
- (iii) reviewed the structure, size, composition and diversity (including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and other qualities of Directors) of the Board, the competences of Directors and the balance between executive and independent non-executive Directors, and is of the view that there is an appropriate and diverse mix of skills and experience;
- (iv) reviewed the independence of independent non-executive Directors and confirmed that all the independent non-executive Directors are considered independent;

提名委員會

董事會於2012年3月9日成立提名委員會，當中大部分委員均為獨立非執行董事。於2016年12月31日，提名委員會由五名委員組成，包括兩名執行董事向衛民先生（提名委員會主席）及李力先生，以及三名獨立非執行董事譚勁松先生、林明勇先生及曹洲濤女士。

提名委員會主要負責至少每年審閱董事會的架構、規模、組成，就委任或重新委任董事向董事會提供推薦意見，並評估獨立非執行董事的獨立性。

於截至2016年12月31日止年度，提名委員會已進行下列工作：

- (i) 審議批准就執行董事辭任向董事會提交委任執行董事填補臨時空缺的推薦意見；
- (ii) 定期檢討監察提名政策之實施以確保其效力；
- (iii) 檢討董事會之架構、規模、組成、多元化（包括但不限於董事的性別、年齡、文化及教育背景、專業經驗、技能、知識及其他資歷），董事的能力以及執行董事及獨立非執行董事的平衡，並認為董事技能及經驗的配選屬適當及多樣；
- (iv) 檢討獨立非執行董事是否獨立，並確認所有獨立非執行董事均屬獨立人士；

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(v) reviewed the profile and performance of Directors who will be subject to retirement by rotation in accordance with the Articles of Association at the forthcoming annual general meeting and recommended to the Board the re-appointment of those retiring Directors at the forthcoming annual general meeting; and

(vi) examined the terms of appointment of Directors.

The latest version of the terms of reference of the Nomination Committee is available on the websites of the Company and HKEx.

Executive Committee

The Executive Committee was established by the Board on 18 April 2006. As at 31 December 2016, the Executive Committee comprised of all executive Directors, Mr. Xiang Weimin (chairman of Executive Committee), Mr. Zhong Lin, Ms. Pan Xinling, Mr. Li Li, Mr. Xiao Mingguang and Mr. Li Feide.

Under its term of reference, the Executive Committee is responsible for determining matters relating to the Group's day-to-day operations management and administration. In addition, the Executive Committee was delegated with the duties and responsibilities to monitor and oversee the corporate governance functions of the Group.

The Executive Committee had performed the following works relating to the corporate governance functions of the Group for the year ended 31 December 2016:

- (i) reviewed the Company's policies and practices on corporate governance;
- (ii) reviewed and monitored the training and continuous professional development of Directors and senior management;
- (iii) reviewed and monitored the Company's policies and practices on compliance with legal and regulatory requirements;

(v) 檢討將於應屆股東週年大會上根據組織章程細則輪席退任的董事的簡介及表現，並就於應屆股東週年大會上重新委任該等退任董事向董事會提交推薦意見；及

(vi) 審閱委任董事之條款。

提名委員會最新版本之職權範圍可於本公司及香港交易所網站查閱。

行政委員會

董事會於2006年4月18日成立行政委員會。於2016年12月31日，行政委員會由所有執行董事組成，包括向衛民先生（行政委員會主席）、鐘林先生、潘新玲女士、李力先生、肖明光先生及李飛德先生。

根據其職權範圍，行政委員會負責就有關本集團日常營運管理及行政事宜作出決定。除日常管理及行政職能外，行政委員會獲授權負責監察和監督本集團之企業管治職能。

於截至2016年12月31日止年度，行政委員會已進行下列有關本集團企業管治職能的工作：

- (i) 檢討本公司的企業管治政策及常規；
- (ii) 檢討及監察董事及高級管理人員的培訓及持續專業發展；
- (iii) 檢討及監察本公司遵守法律及監管規定的政策及常規；

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(iv) reviewed and monitored the code of conduct applicable to employees and Directors; and

(v) reviewed the Company's compliance with the CG Code contained in the Appendix 14 to the Listing Rules and disclosure in this corporate governance report.

The latest version of the terms of reference of the Executive Committee is available on the website of the Company.

(iv) 檢討及監察僱員及董事適用之操守守則；及

(v) 檢討本公司遵守上市規則附錄14所載的企業管治守則的情況，並於此企業管治報告內披露。

行政委員會最新版本之職權範圍可於本公司網站查閱。

Directors' Attendance Record at Meetings

The attendance record of each of the Directors at the Board meetings, Audit Committee meetings, Remuneration Committee meetings, Nomination Committee meetings and general meetings of the Company held for the year ended 31 December 2016 and the tenure of office of each individual Director are set out in the following table:

董事出席會議記錄

各董事出席本公司截至2016年12月31日止年度及各個別董事在任期間內舉行的董事會會議、審核委員會會議、薪酬委員會會議、提名委員會會議及股東大會之記錄詳情載於下表：

Directors		Board Meetings 董事會會議 (Note 1) (附註1)	Audit Committee Meetings 審核委員會會議	Remuneration Committee Meetings 薪酬委員會會議	Nomination Committee Meetings 提名委員會會議	General Meetings 股東大會 (Note 2) (附註2)
Number of Meeting(s) held	會議舉行次數	13	3	2	2	2
Executive Directors	執行董事					
Mr. Xiang Weimin	向衛民先生	13/13	-	2/2	2/2	2/2
Mr. Zhong Lin	鐘林先生	12/13	-	-	-	2/2
Ms. Pan Xinling	潘新玲女士	13/13	-	-	-	2/2
Mr. Li Li	李力先生	13/13	-	2/2	2/2	2/2
Mr. Xiao Mingguang (appointed on 15 July 2016)	肖明光先生 (於2016年7月15日獲委任)	4/5	-	-	-	-
Mr. Li Feide	李飛德先生	12/13	-	-	-	2/2
Ms. Yuan Liqun (resigned on 15 July 2016)	袁利群女士 (於2016年7月15日辭任)	7/9	-	-	-	0/2
Independent Non-executive Directors	獨立非執行董事					
Mr. Tan Jinsong	譚勁松先生	13/13	3/3	2/2	2/2	2/2
Mr. Lam Ming Yung	林明勇先生	12/13	3/3	2/2	2/2	2/2
Ms. Cao Zhoutao	曹洲濤女士	13/13	3/3	2/2	2/2	2/2

Notes:

- The Board held four regular meetings and nine additional meetings.
- The Company held two general meetings, including the annual general meeting and the extraordinary general meeting on 31 May 2016.

附註：

- 董事會舉行四次定期會議及九次臨時會議。
- 本公司舉行兩次股東大會，包括於2016年5月31日之股東週年大會及股東特別大會。

CORPORATE GOVERNANCE REPORT

企業管治報告

Company Secretary

The Company Secretary has been a full time employee appointed by the Board who has knowledge of the Company's affairs. The Company Secretary plays an important role in supporting the Board by ensuring good information flow within the Board and that the Board policies and procedures are duly followed, and also acts as the secretary of the Board committees to ensure that all records of meeting proceedings, discussion and decision of such Board committees are properly kept. The Company Secretary reports to the Chairman of the Board and is responsible for facilitating the induction to be provided to newly appointed Directors and continuous professional development training to be provided to existing Directors and advising the Board through the Chairman on corporate governance matters.

For the year ended 31 December 2016, the Company Secretary had completed at least 15 hours' professional training by attending the continuing professional development programmes as well as seminars covering regulatory updates and professional knowledge about company secretarial duties launched by professional bodies.

All Directors could have access to the advice and services of the Company Secretary to ensure that Board procedures, and all applicable laws, rules and regulations are followed.

公司秘書

公司秘書為全職僱員，由董事會委任並熟悉本公司事務。公司秘書擔當支援董事會的重要角色，以確保董事會內良好資訊流通以及董事會政策及程序獲遵守，並擔當董事委員會秘書的角色，以確保所有董事委員會的會議議程、討論及決定的記錄獲妥善保存。公司秘書會向董事會主席報告，並負責促進向新委任董事提供就任指引，向現任董事提供持續專業發展培訓，以及透過主席就企業管治事宜向董事會提出意見。

截至2016年12月31日止年度，公司秘書透過參加持續專業發展計劃以及參與由專業團體舉辦的研討會，已完成至少15小時的專業訓練，內容涵蓋最新法規及有關公司秘書職責的專業知識。

所有董事均可向公司秘書取得意見及服務以確保董事會會議議程以及所有適用法律、規則及法規獲遵守。

CORPORATE GOVERNANCE REPORT

企業管治報告

Shareholders' Rights

The Company has only one class of shares, all holders of the ordinary shares in the issued share capital of the Company shall have the same rights.

1. Procedures for shareholders to send enquiries to the Company

Shareholders and other stakeholders may, at any time, send their enquiries or concerns to the Company in writing through the following contact details:

The Company's registered office: Suite 3904, 39/F, Tower 6
The Gateway, Harbour City
9 Canton Road, Tsim Sha Tsui
Kowloon, Hong Kong

Email of Company Secretary: comsec@welling.com.hk

Email of Investor Relations: wir@welling.com.hk

2. Rights and procedures for shareholders to convene an extraordinary general meeting (the "EGM")

Shareholder(s) representing at least 5% of the total voting rights of all the shareholders having a right to vote at general meetings, may request the Company to convene an EGM, in accordance with the requirements and procedures set out in Sections 566 to 568 of the Companies Ordinance (Chapter 622 of the laws of Hong Kong) (the "Companies Ordinance"). The written requisition must state the general nature of the business to be dealt with at the EGM and must be signed by the shareholder(s) concerned and deposited at the Company's registered office for the attention of the Company Secretary in hard copy form or in electronic form. The written requisition may consist of several documents in like form, each signed by one or more of the shareholder(s) concerned.

股東權利

本公司只有一種股份類別，所有本公司已發行股本中普通股的持有人擁有相同權利。

1. 股東向本公司提出查詢的程序

股東及其他利益相關人士可透過下列聯絡方式隨時向本公司提出書面查詢或關注事宜：

本公司註冊辦事處：香港九龍
尖沙咀廣東道9號
海港城港威大廈
第6座39樓3904室

公司秘書電郵：comsec@welling.com.hk

投資者關係電郵：wir@welling.com.hk

2. 股東可召開股東特別大會（「股東特別大會」）的權利及程序

佔全體有權在股東大會上表決的股東的總表決權不少於5%的股東，可根據公司條例（香港法例第622章）（「公司條例」）第566條至568條所載之規定及程序，要求本公司召開股東特別大會。該書面請求書必須列明有待於股東特別大會上處理事務之一般性質，由提出請求之股東簽署及以印本形式或電子形式送交本公司的註冊辦事處，並註明收件人為公司秘書。書面請求書可包含數份同樣格式的文件，而每份文件須由一名或多於一名提出請求之股東簽署。

CORPORATE GOVERNANCE REPORT

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If the Directors do not within 21 days after the date on which the written requisition is received by the Company proceed duly to convene an EGM for a day not more than 28 days after the date on which the notice convening the EGM is given, the shareholder(s) concerned, or any of them representing more than one-half of the total voting rights of all of them, may themselves convene an EGM, provided that the EGM so convened shall not be held after the expiration of 3 months from the date of requisition.

3. Rights and procedures for shareholders to make proposals at an annual general meeting

Shareholder(s) representing at least 2.5% of the total voting rights of all the shareholders who have a right to vote on the resolution at the annual general meeting to which the requests relate, or at least 50 shareholders who have a right to vote on the resolution at the annual general meeting to which the requests relate, may request the Company to give notice of a resolution to be proposed at that annual general meeting, in accordance with the requirements and procedures set out in Sections 615 and 616 of the Companies Ordinance.

The written requisition must be signed by the shareholder(s) concerned and deposited at the Company's registered office for the attention of the Company Secretary in hard copy form or in electronic form, not later than 6 weeks before that annual general meeting or, if later, the time at which notice is given of that annual general meeting.

4. Procedures for shareholders to propose a person for election as a Director

Pursuant to Article 90 of the Articles of Association, no person, other than a retiring Director, shall, unless recommended by the Directors for election, be eligible for election to the office of Director at any general meeting, unless notice in writing by a shareholder of the intention to propose that person for election as a Director and notice in writing by that person of his/her willingness to be elected shall have been given to the Company in the period commencing no earlier than the day after the despatch of the notice of the general meeting appointed for such election and ending no later than 7 days prior to the date of such general meeting, provided that such period shall be at least 7 days. The written notice must state that person's biographical details as required by Rule 13.51(2) of the Listing Rules.

倘董事在本公司接獲書面請求書日期後21天內，未有在召開股東特別大會通知書發出日期後不超過28天內正式召開股東特別大會，則提出請求之股東或佔全體提出請求之股東一半以上總表決權的任何股東，可自行召開股東特別大會，但如此召開的股東特別大會不得在請求日期起計3個月屆滿後舉行。

3. 股東於股東週年大會上提呈建議的權利及程序

佔全體有權在股東週年大會上就請求所涉及的相關決議案表決的股東的總表決權不少於2.5%的股東，或不少於50名有權在股東週年大會上就請求所涉及的相關決議案表決的股東，可根據公司條例第615條及第616條所載之規定及程序，要求本公司發出通知在股東週年大會上提呈決議案。

該書面請求書必須在所涉及的股東週年大會舉行前不少於6個星期或倘在其後，則為發出該股東週年大會通知之時，由提出請求之股東簽署及以印本形式或電子形式送交本公司的註冊辦事處，並註明收件人為公司秘書。

4. 股東擬提名人士參選董事的程序

根據組織章程細則第90條，除退任董事及獲董事推薦膺選為董事之人士外，所有人士概無資格於任何股東大會上膺選出任董事。除非股東擬提名有關人士膺選董事之書面通知連同該名有關人士表明願意膺選之書面通知，須不早於就該選舉所舉行的股東大會發出通告後的一天至不遲於該股東大會日期前7天期間送交本公司，而有關期間最少為7天。書面通知必須根據上市規則第13.51(2)條規定列明該名有關人士之履歷詳情。

CORPORATE GOVERNANCE REPORT

企業管治報告

Communication with Shareholders

The Board believes that general meeting is an open forum for communication between the Board and the shareholders. Shareholders are encouraged to attend general meetings of the Company and give valuable advice to the Company through this direct communication platform. The Company will convene an annual general meeting every year and convene any other general meetings as required. Sufficient notice for annual general meeting and other general meetings will be given to shareholders in compliance with the requirements of the Articles of Association, the Companies Ordinance and the Listing Rules. The Chairman of the Board will attend annual general meeting and invite the chairman of Audit Committee, Remuneration Committee, Nomination Committee and other Board Committees, in their absence, other members of these Board Committees, to attend annual general meeting. They will be available to answer questions raised by shareholders at annual general meeting. The chairman or other members of the independent board committee (if any) will be available to answer questions at any general meetings for the approval of connected transaction(s) or any other transaction(s) by independent shareholders. External auditor will be invited to attend the annual general meeting of the Company to answer questions about the conduct of the audit, the preparation and content of the auditor's report, accounting policies and auditor's independence.

To facilitate enforcement of shareholders' rights, substantially different issues are dealt with under separate resolutions at general meetings of the Company.

Annual and interim reports and any significant events of the Company fall to be disclosed in accordance with the disclosure requirements under the Listing Rules and other applicable regulatory requirements will be published in a timely manner through the Company's website so as to safeguard the shareholders' rights of information.

The Company's website provides timely and updated information on investor relations, corporate governance and other latest news of the Company to enable shareholders and investors to have timely access to information about the Group.

The investor relations department of the Company is responsible for handling the communications with our investors, it will regularly organise road shows and one-on-one meetings with institutional investors and financial analysts to promote better understanding of the Company and keep continuous dialogues with professional investors.

與股東溝通

董事會相信，股東大會為董事會與股東提供一個開放溝通平台。本公司鼓勵股東出席股東大會，藉此平台與本公司直接溝通，並提供寶貴的意見。本公司將每年召開一次股東週年大會，並按需要召開任何其他股東大會。本公司將遵守組織章程細則、公司條例及上市規則之規定向股東給予充足的股東週年大會及其他股東大會之通知。董事會主席會出席股東週年大會，並邀請審核委員會、薪酬委員會、提名委員會及其他董事委員會之主席（倘其缺席，則邀請該等董事委員會之其他委員）出席股東週年大會。彼等將於股東週年大會上解答股東提出的問題。獨立董事委員會（如有）之主席或其他委員將於任何就批准關連交易或任何其他須獲獨立股東批准的交易的股東大會上解答問題。外聘核數師將獲邀請出席本公司股東週年大會，解答有關進行審核、編製核數師報告及其內容、會計政策以及核數師是否獨立等問題。

本公司將於股東大會上分別以個別決議案處理內容不同之議題，以促進股東行使其權利。

本公司網站將及時刊載年報、中期報告及本公司須根據上市規則之披露規定及其他適用監管規定披露之任何重大事件，以保障股東的知情權。

本公司網站會及時提供有關投資者關係、企業管治及本公司其他最新訊息的更新資料，以確保股東及投資者可及時得知有關本集團的資訊。

本公司設有投資者關係部專責處理與投資者之溝通，投資者關係部將定期舉行路演，以及與機構投資者及財務分析師舉行一對一會談，藉此促進外界對本公司了解及維持與專業投資者之持續對話。

CORPORATE GOVERNANCE REPORT

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The Company has established the shareholders communication policy which is available on the Company's website.

Voting by Poll

Resolutions put to vote at the general meetings of the Company (other than on procedural matters) are taken by poll. Procedures regarding the conduct of the poll were explained to the shareholders at the commencement of each general meeting. An independent scrutineer was appointed to count the votes and the poll results were posted on the websites of the Company and HKEx respectively on the same day following each general meeting.

Constitutional Document

There were no changes in the Articles of Association during the Year. The latest version of the Articles of Association is available on the websites of the Company and HKEx.

Directors' and Auditor's Responsibilities for the Consolidated Financial Statements

The Directors acknowledged their responsibility for the preparation of the consolidated financial statements of the Company which give a true and fair view of the state of affairs of the Group on a going concern basis in accordance with Hong Kong Financial Reporting Standards and the Companies Ordinance.

The statements of the Directors and the auditor of the Company about their reporting responsibilities on the consolidated financial statements of the Group are set out in the Independent Auditor's Report on pages 84 to 90 of this annual report.

Disclosure of Long Term Basis for Generating or Preserving Business Value

An analysis of the Group's corporate strategy and long term business model adopted for delivering the objectives of the Company is set out in the Chairman's Statement of this annual report.

本公司已制定股東溝通政策，該政策可在本公司網站查閱。

投票表決

於本公司股東大會上提呈表決的決議案（就程序事宜除外）均以投票方式進行表決。有關表決程序於每次股東大會開始時均向股東作出解釋，並委任獨立監票員進行點票，而投票表決結果則於每次股東大會結束後當日分別於本公司及香港交易所網站刊登。

組織章程文件

於本年度內，組織章程細則概無變動。最新版本之組織章程細則已刊載於本公司及香港交易所的網站。

董事及核數師就綜合財務報表所承擔之責任

董事知悉彼等之責任，為根據香港財務報告準則及公司條例，按持續經營之基準，編製本公司之綜合財務報表，以真實及公平地反映本集團之財政狀況。

董事及本公司核數師就彼等對本集團綜合財務報表之申報責任所作之聲明載於本年報第84頁至90頁之獨立核數師報告內。

披露創造或保留業務價值的長遠基礎

為實現本公司目標而採納之本集團企業策略及長遠業務模式的分析載列於本年報之「主席報告書」內。

CORPORATE GOVERNANCE REPORT

企業管治報告

Risk Management and Internal Control

The Group's businesses, financial condition, results of operations and growth prospects may be affected by risks and uncertainties directly or indirectly.

The Board acknowledges its responsibility to evaluate and determine the nature and extent of risks the Group is willing to take in achieving its strategic objectives and to establish, maintain and review the effectiveness of the Group's risk management and internal control systems. In line with the commitment to deliver sustainable value, the Company adopts risk management and internal control systems to enhance the accountability and communication of identified risks with management, measure the impact of the identified risks and facilitate implementation of mitigation measures proactively.

Board

The Board has ultimate responsibility:

- for the Company's risk management and internal control systems;
- to set ethical and moral standards and monitor the compliance with these standards;
- to oversee management in the design, implementation and monitoring of the risk management system and internal audit function; and
- to oversee and review processes and control for strategic and operational risks and review the effectiveness of the established control through the Audit Committee.

風險管理及內部監控

本集團的業務、財務狀況、經營業績及增長前景可能會直接或間接受到風險及不明朗因素的影響。

董事會確認其負責評估及釐定本集團可承受風險的性質及程度，達致其策略目標以及建立、維護及審閱本集團的風險管理及內部監控系統的有效性。為達成締造可持續價值的承諾，本公司採納風險管理及內部監控系統以加強與管理層問責及與其交流已識別風險、評估已識別風險的影響及積極促進實施減低風險的措施。

董事會

董事會的最終責任：

- 本公司的風險管理及內部監控系統；
- 確立道德品行標準，並監察管理層遵守該等標準的情況；
- 監督管理層設計、實施及監察風險管理系統及內部審核職能；及
- 監督及檢討有關策略及營運風險的程序及監管情況以及透過審核委員會檢討已設立監管方法的成效。

CORPORATE GOVERNANCE REPORT

企業管治報告

Audit Committee

The Audit Committee has primary responsibility:

- to assist the Board in monitoring the operating effectiveness of the underlying risk management and internal control systems;
- to provide directives for the design and implementation of sound and effective risk management and internal control systems;
- to review the reports submitted by external auditor, which summarised matters arising from their audit with management's responses and/or comments to the findings; and
- to review the risk exposures and other concerns, if any.

Internal Audit

The internal auditor plays an important role:

- to assist the Audit Committee in reviewing effectiveness of risk management and internal control systems;
- to conduct audit processes and assess the effectiveness of established system of control independently; and
- to conduct investigations in respect of certain allegations of fraud and violations of the Group's code of conduct and other company policies.

Senior Management

The chief executive and senior management have been delegated with the authority and responsibility by the Board:

- to provide leadership and guidance for the balance of risk and return;
- to design, implement and review the Company's risk management and internal control systems; and
- to coordinate the risk identification and assessment process, ensure that key risks, and strengths and weaknesses of the overall risk management and internal control systems are reported to the Audit Committee, along with action plans to manage these risks and weaknesses.

審核委員會

審核委員會的主要責任：

- 協助董事會監察相關風險管理及內部監控系統的運作成效；
- 提供有關設計及執行完善及有效風險管理及內部監控系統的指示；
- 審閱外聘核數師提交的審計報告，當中概述彼等就審核工作所產生的事宜，連同管理層對有關結果的回應及／或意見；及
- 審閱風險承擔及其他關注事項（如有）。

內部審核

內部核數師主要履行的職責：

- 協助審核委員會檢討風險管理及內部監控系統的成效；
- 進行審核程序及獨立評估既有監控系統的成效；及
- 就欺詐行為及違反本集團操守守則以及其他公司政策的若干指控進行調查。

高級管理人員

最高行政人員及高級管理人員已獲董事會授予的職權及責任：

- 就風險與回報之間取得平衡提供領導及指引；
- 設計、執行及評估本公司的風險管理及內部監控系統；及
- 協調風險識別及評估程序，確保關鍵風險以及整體風險管理及內部監控系統的優劣，連同管理該等風險及弱點的處理計劃，呈報予審核委員會。

CORPORATE GOVERNANCE REPORT

企業管治報告

Business Functions

The designated staff are appointed in each business function where risk ownership is established:

- to identify risk, assess and implement control and mitigation measures in their areas of responsibility; and
- to establish policies and guidelines where appropriate.

業務職能

在每個已建立風險責任制的業務職能均已委任指定人員：

- 在其所負責的領域識別風險、評估及啟動控制及減低風險的措施；及
- 於適當情況下制定政策及指引。

Risk Management and Internal Control Systems

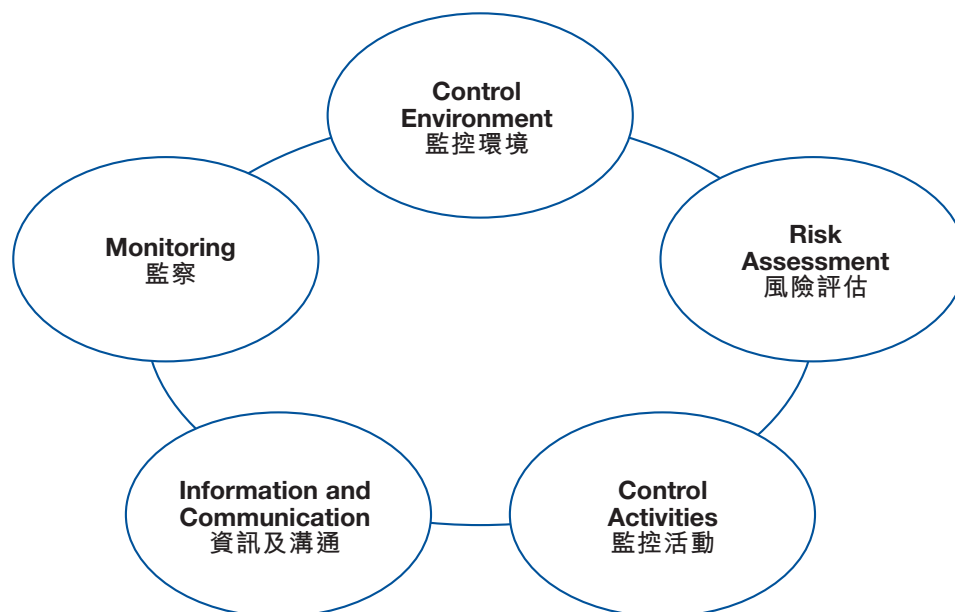
The Group's risk management and internal control systems include a defined management structure with specified limits of authority and defined control responsibility designed to (i) help the achievement of business objectives and safeguard assets against unauthorised use or disposition; (ii) ensure proper maintenance of accounting records for the provision of reliable financial information for internal use or for publication; and (iii) ensure compliance with relevant legislation and regulations.

The Company has adopted an integrated approach for risk management and internal control which is based on the principles set down by the Committee of Sponsoring Organisations of the Treadway Commission ("COSO").

風險管理及內部監控系統

本集團的風險管理及內部監控系統包括附有指定權限及明確監控責任的清晰管理架構，旨在：(i)協助實現業務目標及防止資產被未經授權使用或處置；(ii)確保妥善存置會計記錄以及提供可靠財務資料供內部使用或刊發；及(iii)確保遵守相關法例及法規。

本公司已採納綜合風險管理及內部監控方針，該方針基於Committee of Sponsoring Organisations of the Treadway Commission (「COSO」)所設立的準則。



CORPORATE GOVERNANCE REPORT

企業管治報告

In developing the Group's risk management and internal control systems based on the COSO principles, management is responsible for setting the appropriate principles and values, performing risk assessments, and owning the design, implementation and maintenance of internal control. Other business functions such as operations, finance, legal and human resources provide assistance and expertise to management to assist it in undertaking its responsibilities. The Board and its Audit Committee oversee the actions of management and monitor the effectiveness of the established control, assisted by assurance provided by the external and internal auditors. During the Year, external auditor was engaged to review the Group's risk management and internal control systems, and their suggestions will be considered and incorporated by the Group where appropriate.

The risk management and internal control systems are designed to provide reasonable, but not absolute, assurance against material misstatement or loss and to manage, but not to eliminate, risks of failure in achieving the Group's objective.

Described below are the main feature of the Group's risk management and internal control systems.

Corporate Policies

We have well defined policies which form the basis of all major guidelines and procedures and set forth the control standards required for the Group's business entities. These policies concern operational, financial, legal and regulatory matters, including but not limited to business continuity, delegation of authority, intellectual property, employee health and safety, data privacy and information security.

In addition, all employees are required to comply with the code of conduct and to participate in regular training to reinforce the Group's commitment to compliance and conducting business with integrity. In keeping with best practices, the Group has developed and implemented an anti-bribery and anti-corruption policy which reinforces the code of conduct.

We recognise that an environment where employees feel free to bring concerns to management is essential to make the Group's risk management and internal control system successful. The Group's corporate policy on reporting unlawful or inappropriate conduct makes it clear that all reports will be kept anonymous and confidential to the extent possible. Above all, the Group will not tolerate any form of retaliation if employees raise a concern relating to a potential compliance issue, report suspected misconduct, or cooperate with an investigation.

本集團基於COSO原則建立風險管理及內部監控系統，管理層負責制定適當原則及價值、進行風險評估及設計、執行及維護內部監控。營運、財務、法律及人力資源等其他業務職能為管理層履行其責任時提供協助及專業知識。在外聘及內部核數師提供保證的協助下，董事會及其審核委員會負責監督管理層的行動及監察既有監控方法的成效。於本年度內，外聘核數師受聘審閱本集團的風險管理及內部監控系統，而本集團將視乎情況考慮及納入彼等的建議。

風險管理及內部監控系統旨在提供合理（而非絕對）的保證並無重大失實陳述或損失，以及管理（而非消除）未能達成本集團目標的風險。

本集團的風險管理及內部監控系統的主要特點如下所述。

公司政策

我們已制定完善清晰的政策，而有關政策構成所有主要指引及程序的基準，並載列本集團業務實體所需的監控準則。該等政策涉及營運、財務、法律及監管事宜，包括但不限於業務持續性、委授權、知識產權、僱員健康與安全、數據私穩及資訊安全。

此外，所有僱員均須遵守操守守則，並定期參加培訓，以增強本集團的合規承諾及誠信經營。為秉持最佳實踐，本集團制定及實行反賄賂及反貪污政策，以強化操守守則。

我們認同，為令本集團風險管理及內部監控系統成功，必須提供一個能讓員工坦然而向管理層提出疑慮的環境。本集團有關舉報非法或不當行為的政策清楚列明，所有舉報均會保持匿名及盡可能保密。最重要的是本集團決不會容忍有僱員因就潛在合規問題提出疑慮、舉報可疑不當行為或配合調查而遭受任何形式的報復。

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Risk Management Approach

Our approach to risk management is to identify current risk exposures and then manage them so that they can be understood, controlled or mitigated. All business functions are required to identify material risks that may impact their strategy and business objectives. They also aim to identify, assess, evaluate and mitigate operational risks. Many aspects of risks are considered, including but not limited to business continuity, financial impact, reputational risk, safety and health, external regulations and social responsibility.

Senior management is responsible for coordinating the risk identification and assessment process and ensuring that the key risks, and strengths and weaknesses of the overall risk management and internal control systems are reported to the Audit Committee, along with action plans to manage these risks and weaknesses.

During the Year, we were committed to continually improving our risk management framework and capabilities of the Group and shall continue on this path, with enhanced integration of risk management and internal control into our business processes. More details of some of these risks may be found under "Risk Factors of the Group" on page 19 to 20 of this annual report.

Internal Audit

The Company maintains an internal audit function through sharing group resources of the holding company. Internal auditor provides objective assurance to the Audit Committee that the risk management and internal control systems are effective and operating as intended. The mission of internal auditor is to provide the Board and management with (i) independent and objective assessment of risk management and internal control systems; (ii) proactive support to improve risk management and internal control systems; and (iii) independent investigations in respect of certain allegations of fraud and violations of the code of conduct and other company policies.

To enable internal auditor to fulfill its mission, internal auditor has unrestricted access to all corporate operations, records, data files, computer programs, property and personnel. The internal auditor is authorised to communicate directly with the Chairman of the Board, the chairman of the Audit Committee and other Board members as deemed necessary.

風險管理方針

我們的風險管理方針是識別現時風險承擔並隨後對其進行監管，藉以瞭解、控制或減低有關風險。所有業務職能均須識別可能影響其策略及業務目標的重大風險，亦致力識別、評估、檢討及減低營運風險，考慮各方面的風險，包括但不限於業務持續性、財務影響、聲譽風險、安全及健康、外部規例及社會責任。

高級管理人員負責協調風險識別及評估程序，確保關鍵風險以及整體風險管理及內部監控系統的優劣，連同管理該等風險及弱點的處理計劃，呈報予審核委員會。

於本年度內，我們致力持續提升本集團的風險管理架構及能力，並持之以恆，將風險管理及內部監控進一步整合至我們的業務程序中。該等部分風險的更多詳情載於本年報第19頁至第20頁的「本集團的風險因素」。

內部審核

本公司透過共享控股公司的集團資源，維持內部審核職能。內部核數師向審核委員會提供客觀保證，風險管理及內部監控系統能符合預期有效運行。內部核數師的職責是向董事會及管理層提供(i)風險管理及內部監控系統的獨立及客觀評估；(ii)積極支持以改善風險管理及內部監控系統；及(iii)就欺詐行為及違反操守守則以及其他公司政策的若干指控的獨立調查。

為令內部核數師履行其職責，內部核數師可不受限制地接觸所有企業營運、記錄、數據文件、電腦程序、財產及員工。內部核數師獲授權與董事會主席、審核委員會主席及其他董事會成員直接溝通（倘必要）。

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To ensure the effectiveness of the internal audit function, internal auditor has developed an audit plan that prioritises areas with significant risks or deemed to be strategic in nature to the business. The audit plan is reviewed by the Audit Committee and may be modified to reflect emerging risks or changes to business plans if necessary. Ad hoc reviews of areas of concern identified by management or the Audit Committee may also be performed. Throughout the Year, internal auditor issued reports covering significant control issues, monitored the status of management action plans resulting from audit findings and reported progress to the Audit Committee.

Furthermore, internal auditor is responsible for investigating certain allegations of potential violations of the code of conduct or any other company policies as appropriate. Management and the Audit Committee are informed of the results of these investigations and status updates on actions.

Control Practices for Handling and Dissemination of Price-sensitive and/or Inside Information

The Company is aware of its obligations under the Securities and Futures Ordinance and the Listing Rules. It has a suite of internal control procedures in place to preserve the confidentiality of price-sensitive and/or inside information relating to the Group. All Directors, senior management and relevant employees, who are likely to have access to price-sensitive and/or inside information because of their office or employment in the Company or a subsidiary, are bound by the Model Code. In addition, all employees are required to comply with the code of conduct and/or guidelines to keep unpublished price-sensitive and/or inside information strictly confidential.

Review of the Effectiveness of the Risk Management and Internal Control Systems

The Board, through the Audit Committee, conducts a continuous review (at least once a year) of the effectiveness of the risk management and internal control systems operating in the Company and considers them to be adequate and effective.

The review considers:

- the changes, since the last annual review, in the nature and extent of significant risks, and the Group's ability to respond to changes in its business and the external environment;

為確保內部審核職能的成效，內部核數師已制定一套審核計劃，重點審查存在重大風險或被視為在性質上對業務具有策略影響的領域。該審核計劃經由審核委員會審閱，且可予以修改以反映新出現的風險或業務規劃的變動（倘必要）。管理層或審核委員會亦會就所識別的關注領域進行特別審查。於本年度內，內部核數師已發表涵蓋重大管理事項的報告，監察因審核發現而導致管理層須採取處理計劃的狀況，並向審核委員會匯報進度。

此外，內部核數師負責調查若干可能違反操守守則或任何其他公司政策（如適用）的指控。管理層及審核委員會將獲告知該等調查的結果及行動的最新進展。

處理及發佈股價敏感資料及／或內幕消息的監管常規

本公司知悉其於證券及期貨條例以及上市規則項下的責任。其已制定一套內部監控程序以維持有關本集團股價敏感資料及／或內幕消息的機密。所有董事、高級管理人員及因任職或受僱於本公司或附屬公司而可能掌握股價敏感資料及／或內幕消息的有關僱員，須受標準守則約束。此外，所有僱員均須遵守操守守則及／或指引，以嚴格保密未發佈的股價敏感資料及／或內幕消息。

審閱風險管理及內部監控系統的成效

董事會透過審核委員會對本公司運作的風險管理及內部監控系統的成效進行持續評估（至少每年一次），並認為該等風險管理及內部監控系統為充足及有效。

審閱會考慮：

- 自上年檢討後，重大風險的性質及嚴重程度的轉變，以及本集團應對其業務及外在環境轉變的能力；

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- the scope and quality of management's ongoing monitoring of risks and of the internal control systems, and the work of its internal audit function and other assurance providers;
- the extent and frequency of communication of monitoring results to the Audit Committee which enables it to assess control of the Group and the effectiveness of risk management;
- any significant control failings or weaknesses that have been identified during the period as well as the extent to which they have resulted in unforeseen outcomes or contingencies that have had, could have had, or may in the future have, a material impact on the Group's financial performance or condition; and
- the effectiveness of the Group's processes for financial reporting and Listing Rule compliance.
- 管理層持續監察風險及內部監控系統的工作範疇及素質，以及內部審核職能及其他保證提供者的工作；
- 向審核委員會傳達監察結果的詳盡程度及次數，此有助其評核本集團的監控情況及風險管理的成效；
- 期內識別的重大監控失誤或弱點，以及因此導致未能預見的後果或緊急情況的嚴重程度，而該等後果或情況對本集團的財務表現或狀況已產生、可能已產生或將來可能會產生重大影響；及
- 本集團有關財務報告及上市規則合規程序的成效。

The review covers material control, including operational, risk management, and the adequacy of resources, qualification and experience of staff of the Group's accounting, internal audit and financial reporting functions and their training and budget. The annual review of the effectiveness of our risk management and internal control systems was conducted with reference to the COSO framework. The Board has received a letter from the management confirming on the effectiveness of the Group's risk management and internal control systems. The Board is satisfied that the Company has fully complied with the code provisions on risk management and internal control as set forth in the CG Code.

審閱範圍涵蓋重大監控，包括營運、風險管理，以及本集團在會計、內部審核及財務匯報職能方面的資源、員工資歷及經驗，以及員工所接受的培訓及有關預算的充足性。風險管理及內部監控系統成效的年度審閱乃參照COSO框架進行。董事會已接獲管理層函件，確認本集團風險管理及內部監控系統的成效。董事會信納本公司已全面遵守企業管治守則所載風險管理及內部監控的守則條文。

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Welling Holding Limited and its subsidiaries (hereinafter referred to as “Welling” or the “Group” in this Environmental, Social and Governance Report) consider that results development, environmental protection and contribution to the society are the three elements complementing to one another. It also recognises the importance of managing the risks in the environmental, social and governance (“ESG”) aspects for the Group’s sustainable development. Welling adheres its sustainable development philosophy, attaches great importance and responds to stakeholders’ requirements, and proactively enhances the ESG management. This ESG Report covers from 1 January 2016 to 31 December 2016.

ESG SYSTEM

ESG Philosophy

Inherited the corporate mission of “providing the driving force for better human life”, Welling takes the sustainable development philosophy as the guidance for achieving a sound environmental and social governance and integrates them gradually into its corporate culture.

As a manufacturing enterprise, Welling takes the initiative of identifying the impact of production operation on the environment and actively formulates corporate environmental protection plan to coordinate the production with the environmental protection relationship. At the same time, we also deeply aware that stakeholders are paying more and more attention to Welling’s social responsibilities in the labour relationship, fair operation, product accountability, supply chain management and community relationship. As such, Welling enlarges its efforts in managing and controlling the environmental and social risks and improves its ESG management standard actively.

ESG Management Structure

An effective environmental and social management is attributable to have the involvement of all employees. The ESG working team is in charge of the ESG management and performance of Welling, while the implementation of respective systems allows every employee to participate in the works of ESG.

威靈控股有限公司及其附屬公司（在本環境、社會及管治報告內簡稱「威靈」或「本集團」）認為業績發展、環境保護及社會回饋是相輔相成的三個層面，並認識到管理環境、社會及管治（簡稱「ESG」）風險對本集團可持續發展的重要性。威靈秉持可持續發展理念，重視並回應利益相關方訴求，積極改善ESG管理。本ESG報告涵蓋由2016年1月1日至2016年12月31日。

ESG體系

ESG理念

威靈秉承「為人類美好生活提供源動力」的企業使命，將可持續發展理念作為實現環境及社會良好管治的指導思想，並逐步融合在企業文化中。

作為製造型企業，威靈主動識別生產運營對環境造成的影響，積極制定企業環境保護規劃，協調生產與環境保護的關係。同時，我們也深刻意識到利益相關方對威靈在勞工關係、公平運營、產品責任、供應鏈管理及社區關係等方面的社會責任的關注度不斷提升。因此，威靈加大對環境及社會風險的管控，積極提高ESG管理水平。

ESG管理架構

有效的環境及社會管理離不開從上至下全員參與。ESG工作小組統管威靈ESG管理及績效；而相關制度的落實則使全員均參與到ESG工作中。

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Stakeholders' Involvement

Welling communicates proactively with the stakeholders through various channels. According to the needs of key stakeholders, Welling formulates the ESG plan and implements various measures to enhance its own ESG performance.

利益相關方參與

威靈通過多種渠道積極與利益相關方溝通，並根據主要利益相關方的需求制定ESG計劃，並實行各類措施，改善自身ESG績效表現。

Key Stakeholders 主要利益相關方	Key Concerns 主要關注議題	Communication Channels 溝通方式
Government and regulatory authorities 政府及監管機構	Operation compliance 運營合規	Policy enforcement, official correspondences and information disclosure, etc. 政策執行、公文往來及信息披露等
Shareholders 股東	Corporate governance, operating performance and investment returns 企業管治、經營績效及投資回報	General meetings, financial reports and results announcement, etc. 股東大會、財務報告及業績公告等
Staff 員工	Staff's interests and career development 員工權益及職業發展	Staff meetings, labour union, trainings and corporate activities, etc. 員工大會、工會、培訓及公司活動等
Suppliers 供應商	Fair competition 公平競爭	Conference communication, telephone contact and procurement publicity, etc. 會議溝通、電話聯絡及採購公示等
Customers 客戶	Product quality and service quality 產品質量及服務質量	Customer research and customer service hotlines, etc. 客戶調研及客服熱線等
Community and public 社區及公眾	Community development and social welfare 社區發展及社會公益	Community activities and social charity support, etc. 社區活動及社會事業支持等

Through various forms of communication, Welling finds out that the focuses of the ESG topic were mainly those on managing the implementation of relevant systems and compliance of regulations regarding emissions, resource utilisation, employment, health and safety, as well as product accountability and so on. On the basis of summarising Welling's ESG management comprehensively, this report primarily responds to the key concerns of stakeholders.

通過各類形式的溝通交流，威靈發現，獲得較多關注的ESG議題主要集中在排放物、資源使用、僱傭、健康與安全，以及產品責任等管理相關制度的落實及法規遵守情況。本報告在全面綜述威靈ESG管理情況的基礎上，重點回應利益相關方的重要關注點。

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ENVIRONMENT

As a manufacturing enterprise, Welling conducts its production and business development with a friendly attitude to the environmental and natural resources. It identifies and sorts out applicable international covenant, national and local regulations and industry standards relating to environmental protection and energy conservation, among other things, the laws and regulations such as “Environmental Protection Law of the People’s Republic of China” and updates them on a timely basis. During this reporting period, there was no material default event relating to respective environmental laws and regulations happened for Welling.

Emissions

To achieve an effective control on various emissions, Welling implements the environmental management system actively, which includes “Environmental and Occupational Health Inspection and Measuring Procedures”, “Measures on Control of Air Pollution”, “Measures on Control of Environmental Noise”, “Provisions on Administration of Solid Wastes” and “Measures on Prevention and Control of Sewage and Hygiene of Drinking Water”, etc.

Guangdong Welling Motor Manufacturing Co., Ltd., Foshan Welling Washer Motor Manufacturing Co., Ltd., Foshan Welling Electronic & Electric Co., Ltd. and Huaian Welling Motor Manufacturing Co., Ltd., the subsidiaries of Welling, have obtained the GB/T24001 (ISO14001) environmental management system certification. Each factory employs a qualified third-party professional institution regularly to monitor the emission of industrial exhaust gas and sewage, so as to achieve periodic monitoring on emissions. During this reporting period, the emissions of industrial exhaust gas and industrial sewage by Welling are within the range required by the emission permits.

Welling recognises that the emission of industrial exhaust gas not only affected the atmospheric quality, but also has a direct impact on workers’ health. Hence, Welling endeavors to reduce the emission of exhaust gas. Improving technological process and enhancing production plant working environment are the important measures to control the emission of industrial exhaust gas by Welling. To mitigate the impact of production on the external atmospheric environment and the air inside the production plant, the three factories located at Shunde district, Guangdong, have changed oil paint to water-based paint in their dipping lacquer process. By the end of 2016, the three factories have started to renovate, install central air conditioning and improve the ventilation facility.

環境

作為製造企業，威靈本著對環境及天然資源友好的態度進行生產和業務發展。我們識別並梳理了適用的環境保護及能源節約相關的國際公約、國家和地方的法規及行業標準要求，其中包括《中華人民共和國環境保護法》等法律法規，並及時更新清單。本報告期內，威靈無任何環境相關法律法規重大違規事項。

排放物

為實現對各類排放物的有效管控，威靈積極落實環境管理制度，包括《環境和職業健康檢測和測量程序》、《空氣污染控制辦法》、《環境噪聲控制辦法》、《固體廢棄物管理規定》、《污水防治及飲水衛生管理辦法》等。

威靈旗下廣東威靈電機製造有限公司、佛山市威靈洗滌電機製造有限公司、佛山市威靈電子電器有限公司及淮安威靈電機製造有限公司已取得GB/T24001 (ISO14001) 環境管理體系認證。各工廠定期聘請有資質的第三方專業機構進行工業廢氣及廢水排放監測，從而實現對排放物的定期監督。本報告期內，威靈的工業廢氣及工業廢水排放均在排污許可證要求範圍內。

威靈認識到，工業廢氣排放不僅影響環境大氣質量，也對車間工人身體健康有直接影響。因此，威靈盡可能減少廢氣的排放。改進技術工藝、改善車間環境，是威靈控制工業廢氣排放的重要措施。在廣東順德區的二間工廠，為減輕生產對外界大氣環境以及車間空氣的影響，在浸漆工藝中，將油性漆改為水性漆，並在2016年年底開始著手改善舊廠房，安裝中央空調，改進通風設備。

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As a corporate citizen, Welling is also aware of its responsibilities and obligations in addressing the climate change. Welling enhances its control on energy resources and reduces greenhouse gas emission generated from petrol and diesel combustion through enforcing corporate vehicle management, in order to reduce greenhouse gas emission.

Each factory has set up a fixed storage area, collection containers and identification cards for hazardous wastes generated during production and operation. Hazardous wastes are sorted and delivered by designated persons to designated warehouse and stored tidily everyday. Welling employs an institution with the “Permit for Hazardous Wastes Operation” for transferring and recycling hazardous wastes. For harmless wastes, they are being recycled by the general solid waste disposal institutions.

Use of Resources

To maximise the conservation of energy and resources, Welling implements stringently the “Measures on Administration of Energy and Resources Conservation”. Each production factory sets up a yearly energy utilisation efficiency target and takes energy conservation as a production performance indicator. For projects, we give priority in utilising new technologies, new processes, new equipment and new materials that will not produce or will produce less pollutants while conserving energy and reducing emissions. Meanwhile, we conduct fine control on energy, record daily for equipment and unit energy consumption, conduct variance analysis for monthly energy consumption to identify high energy consuming process or equipment in time, conduct comprehensive analysis and spot checking, carry out equipment maintenance or process and equipment upgrade and renovation when applicable, make reasonable arrangements and adjustments to production workshop according to production plan, in order to achieve the yearly energy consumption plan target.

In both office and back-office areas (including canteens, dormitories, factory greenery zones, etc.), Welling requires every department to adopt water and electricity saving measures stringently. It stipulates and monitors the on and off time for the lighting and air conditioning in every zone, and the indoor temperature. Meanwhile, Welling enhances staff training on energy and resources conservation constantly to strengthen their conservation consciousness.

作為企業公民，威靈同樣意識到自身在應對氣候變化中的責任與義務。為減少溫室氣體排放，威靈加強對能源的管控，通過強化公車管理，減少因汽油及柴油燃燒釋放的溫室氣體。

對於生產及運營中的危險廢棄物，各工廠設置固定集中存放區、收集容器及識別牌，每天由專人進行分類運至指定倉庫，整齊存放；威靈聘請具有《危險廢物經營許可證》的單位對危險廢棄物進行轉移和回收。無害廢棄物則交由一般固體廢棄物處置單位進行回收。

資源使用

為最大限度節約能源和資源，威靈嚴格貫徹《能源資源節約管理辦法》。每個生產工廠均設定明確的年度能源使用效率目標，並將節能作為生產績效指標。在項目中優先採用不產生或少產生污染並節能降耗的新技術、新工藝、新設備和新材料。同時，對能源進行精細化管控，每日記錄設備及單產能耗，對月度能耗變動差異進行分析，及時發現高能耗工序或設備，進行綜合分析和點檢，視乎情況進行設備維護或工藝及設備升級改造，按生產計劃合理安排和整調車間生產，以實現年度能耗計劃目標。

在辦公區域及後勤區域（包括食堂、宿舍、廠區綠化區等），威靈嚴格要求各部門厲行節水節電措施，規定並監督各區域照明及空調的開關時間及室內溫度等。同時不斷加強對員工節約能源資源的培訓，提升員工的節約意識。

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SOCIETY

The sustainable development of a corporation depends not only on the sound management on the environment and natural resources, but also relies on the construction of a harmonious employment environment, the secured and healthy operation and the active response to community needs. We always pay attention to maintain and promote the interests of stakeholders which include employees, customers, suppliers, public, government and investors so as to facilitate the harmonious and substantial development of each of them.

Employment and Labour Practices

We firmly believe that human effort is the key for career success. We recognise and follow the relevant laws and regulations including “Labour Law of the People’s Republic of China” and “Labour Contract Law of the People’s Republic of China” to ensure our employment is in compliance with the laws and regulations and protect the legitimate rights and interests of employees. During this reporting period, there was no material breach of any laws and regulations relating to employment and labour by Welling.

We place value on employee interests and development. Career success is accomplished by talents, whereas, talents are being developed by career. Welling has established a series of procedural systems and frameworks, which cover different aspects of human resources management such as remuneration and benefits, recruitment and promotion, attendance management and performance management.

Recruitment and Promotion

We formulate a complete recruitment process. All recruited employees must go through the identity verification process to ensure no recruitment of child labour. At the same time, we advocate fair, equitable and open employment environment. Welling follows the principles of “people-oriented, open recruitment, best talent deployment and management by policies” in its human resources management, carries out open competition for work positions, deploys deputy position in every department and establishes talent tier-structure and opens channels for talent promotion so as to create a good platform for employees to achieve their career goals.

社會

公司的可持續發展不僅在於對環境及自然資源的良好管理，也在於構建和諧的僱傭環境、保證健康營運，並積極回應社區需求。我們始終注意維護與促進包括員工、客戶、供應商、公眾、政府及投資者等在內的利益相關方的權益，促進各方的和諧可持續發展。

僱傭及勞工常規

我們堅信，事業成功的關鍵在於人。我們識別並遵循僱傭相關法律法規，包括《中華人民共和國勞動法》、《中華人民共和國勞動合同法》等，確保僱傭合法合規，切實保障僱員的合法權益。在本報告期內，威靈無任何僱傭及勞工相關法律法規重大違規事項。

我們重視員工的利益及發展，以人才成就事業，以事業成就人才。威靈建立了一系列程序制度和框架，覆蓋了薪酬與福利、招聘與晉升、考勤管理、績效管理等人力資源管理的各個方面。

招聘與晉升

我們制定了完整的招聘流程，所有招聘人員都必須經過身份審核，確保不招聘童工。同時，我們倡導公正、公平和公開的用人環境。威靈遵循「以人為本、公開選拔、適才適用、依法管理」的人力資源管理原則，推行崗位公開式的競聘制度，並在各部門配置副職，構建人才梯隊結構，從而打通了人才晉升渠道，為員工實現自己的職業理想創造了優良平台。

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Employee Benefits

We provide ten basic benefits and four specific benefits to employees, and build up competitive advantages to attract and retain talents actively. Ten basic benefits include meal allowance, housing allowance, transportation allowance, medical check-up, commercial insurance, festive consolation money, travel subsidy, retirement subsidy, hard times aids and employee holidays. Four specific benefits are tailor-made to different employee categories, they include domestic and overseas employee relocation welfare, strategic talent benefits and front-line worker welfare. Employees' working initiative can be significantly motivated by the establishment and implementation of these kinds of benefits.

In respect of daily work, each factory has its own staff canteen, providing safe and healthy catering to employees. Furthermore, Welling also provides accommodation and shift duty shuttle bus service to employees to make them convenient to go and get off work.

Working Time

To eradicate all phenomena of forced labour hours, Welling manages employee working hours and prevents heavy workloads through the ways of arranging duty shift, recording and reviewing working hours, and training for team heads.

Moreover, Welling organises various sports activities regularly, such as badminton, soccer and basketball matches to enrich employees' leisure time and relax their bodies and minds.

Welling values the personalities of each of the employee. In order to stimulate each of their ability, Welling establishes equal and harmonious enterprise cultural atmosphere and to develop intelligence and power of the enterprise collectively to the greatest extent.

員工福利

我們為員工提供十大基礎福利以及四大專項福利，積極打造吸引和保留人才的競爭優勢。十大基礎福利包括膳食補貼、住房補貼、交通補貼、醫療體檢、商業保險、節日慰問、旅遊補貼、退休補助、困難補助及員工假期。四大專項福利則是對不同類別員工制定的特殊福利，包括國內、海外派駐人員福利、戰略人才福利及一線工人福利。各類福利的設置和實施，大大激勵員工的工作積極性。

在日常工作方面，各個廠區均設立自己的員工食堂，為全體員工提供安全、健康飲食。此外，威靈還為員工提供住宿，配備班車，方便員工上下班。

工作時長

為了杜絕一切強制勞動現象的發生，威靈通過對排班、工時記錄與審查、負責人培訓等方式，管理員工工作時間，防止勞動強度過大。

此外，威靈定期組織各類體育運動，如員工羽毛球賽、足球賽和籃球賽，豐富員工的業餘生活，讓員工放鬆身心。

威靈重視每一位員工的個性，為激發每一位員工的能力，威靈營造平等、和諧的企業文化氛圍，最大限度地發揮企業的集體智慧和力量。

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Health and Safety

Employees' health and safety serve not only the fundamental production and operation assurance to an enterprise but also the key of the healthy growth of the enterprise. Welling places high value on employees' health and safety, and implements actively safe production accountability. Under the guidance of "people-oriented" principle, Welling strictly complies with the requirements of relevant laws and regulations such as "Work Safety Law of the People's Republic of China", "Fire Control Law of the People's Republic of China" and "Prevention and Control of Occupational Diseases Law of the People's Republic of China". During this reporting period, there was no material violation of relevant laws and regulations in safety production by Welling.

To strengthen safe production management, Welling carries out strictly the "Safe Production Management System" to safeguard employees' occupational health and safety.

Occupational Disease Prevention

Welling engages qualified third parties regularly to check and evaluate the occupational hazard factors of every plant, and takes actions according to the results of the evaluation report to improve workplace safety actively. Meanwhile, Welling executes the labour protection equipment distribution standards stringently to lower or eradicate occupational diseases and other damages caused by toxic and hazardous factors. In addition, Welling also provides annual medical check-up for all employees.

Workshop Safety Management

In production workshop, various production equipment are sorted by categories, especially the high-risk equipment which will be distinguished to enhance employees' safety consciousness. Depends on actual needs, security officers will be deployed in each workshop to assist the person in charge of the workshop to conduct safety production management during production and organise regular or irregular safety inspection.

健康與安全

員工的健康與安全不僅是企業生產運營的基本保障，也是企業健康成長的關鍵。威靈高度重視員工健康與安全，積極落實安全生產責任。在「以人為本」的理念指導下，威靈嚴格遵守《中華人民共和國安全生產法》、《中華人民共和國消防法》及《中華人民共和國職業病防治法》等相關法律法規的要求。本報告期內，威靈未發生安全生產相關法律法規重大違規事項。

為加強安全生產管理，威靈嚴格落實《安全文明生產管理制度》，保障員工職業健康與安全。

職業病防範

威靈定期聘請有資質的第三方對各工廠進行職業病危害因素檢測與評價，並根據檢測評價報告結果採取行動，積極改善工作場所安全。同時，威靈嚴格執行勞動防護用品發放標準，從而降低或杜絕因有毒有害因素所引起的職業病及其他傷害。此外，每年威靈還為全體員工提供體檢。

車間安全管理

在生產車間，各類生產設備均進行分類，尤其區分出高危設備，提高員工安全意識。各責任車間還根據實際需要設置安全員，協助車間安全生產責任人開展安全生產管理，組織定期或不定期安全檢查工作。

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Safety Production Education

Welling is committed to educating employees to enhance their production safety mindset and knowledge, and organises safety assessment at regular intervals. In respect of industrial accidents that occurred in the past, respective responsible departments should follow up and set precedents for industrial injury cases, so as to improve employees' awareness. In addition, Welling also organises appraisal activities for safety production inspection to praise good people and good deeds timely, in order to build up the concept of "I want to be safe, and I will be safe".

Welling organises a series of safety activities every year, including safety seminars, safety knowledge contests, safety improvement measures, videos conferences and safety comic slogans. Through organising these kinds of activities, the safety consciousness of our employee can be further enhanced and everyone should get involved in safety in their daily life and make safety consciousness becomes a habit.

Emergency Management Mechanism

Welling has formulated a comprehensive emergency plan, comprising fire accidents, chemical leakage, mechanical injury accidents, power shortage to ensure that employees are capable of coping with various safety and environmental accidents in a timely and effective manner. Every factory will arrange periodical emergency drills to improve emergency response capability, and at the same time to ensure the emergency plan of Welling has been running effectively.

Employee Traffic Safety

Welling has established a plant zone traffic safety inspection team to inspect the unsafe behavior of employees everyday, such as entering into and exiting the factory by motorcycles without wearing helmets, over-speeding and reverse direction driving. The team conducts irregular educational publicity of traffic safety to prevent and reduce injuries and damages brought to employees due to traffic accidents during their journeys to and get off work effectively. During this reporting period, there was no record in traffic fatality and accident of serious injury.

安全生產教育

威靈注重職工安全思想和安全知識教育，並定期組織安全考核。對於以往發生過的工傷事故，相關責任部門進行梳理，製成工傷案例警示，提高員工的警覺性。此外，威靈還組織開展安全生產檢查評比活動，對安全生產中的好人好事及時提出表揚，為員工樹立「我要安全，我會安全」的理念。

每年威靈均舉辦安全演講、安全知識競賽、安全改善、視頻、安全漫畫標語等安全系列活動，通過活動的開展進一步提升員工們的安全思想意識，人人參與安全，從我做起，從身邊做起，讓安全成為一種習慣。

應急管理機制

威靈制定了完善的應急響應預案，包括火災事故、化學品洩漏、機械傷害事故、停電事故等，以確保員工能夠及時有效地應對各種安全和環境事故；每個工廠均安排週期性應急演練，提升我們應急響應能力的同時，確保威靈的應急響應預案行之有效。

員工交通安全

威靈成立了廠區交通安全稽查小組，每天對員工騎摩托車出入廠區無佩戴安全頭盔、超速、逆向行駛等不安全行為進行稽查，不定期開展員工交通安全宣傳教育，有效預防和減少上下班途中交通事故給員工帶來的傷害和損失。本報告期內，威靈無錄得交通死亡和重傷事故。

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Development and Training

We adhere to the talent concept that human capital is the primary capital of an enterprise. Hence, Welling develops training courses and “mentorship” programme to assist in the nurture of employees. Welling has implemented the “Training Management Measures” to provide relevant training for employees to make them more capable of the current jobs or meet the needs for future development of organisational structure, in order to provide a strong human resources assurance for the sustainable development of Welling.

In 2016, Welling launched a variety of training activities. In order to nurture successor to management personnel, Welling stands firm on running the successor training classes, introducing the MBA curriculum program and at the same time promoting the theoretical knowledge application through case studies and providing all-round training for talents.

Operation Practice

We understand that supply chain management is the assurance, product accountability is the core and favorable enterprise atmosphere is the support. Only by strengthening the management at every level of the operation, then it is able to achieve the real sustainable business development of the enterprise.

Supply Chain Management

We acknowledge that only by strengthening the environment and social risk management of the supply chain, then it is able to further assure our product quality, promote the good business operation of the industrial chain and the society.

In respect of the supplier management, Welling follows the supplier management system to reinforce our supplier management throughout the process of identification, selection and evaluation.

發展與培訓

我們堅持人力資本是企業第一資本的人才理念。因此，威靈設立培訓計劃及「導師制」，幫助員工成長。威靈落實《培訓管理辦法》，為員工提供相應培訓，使員工更能勝任當前工作或滿足未來組織發展需要，為威靈可持續發展提供強有力的人力資源保障。

2016年，威靈開展了多類培訓活動。為培養後備管理人才，威靈堅持開展後備梯隊人才培養啟航班，引入系統MBA課程體系，同時通過案例促進所學理論知識的運用，全方位培養人才。

營運慣例

我們深知供應鏈管理是保證，產品責任是核心，良好的企業風氣是支撐。只有加強營運中各個層面的管理，才能真正實現可持續的業務發展。

供應鏈管理

我們認識到，只有加強供應鏈的環境和社會風險管理，才能進一步保證自身產品質量，促進產業鏈及社會的良好商業運營。

在供貨商管理方面，威靈遵循供應商管理制度，從識別、選用到評價等全流程加強對供應商的管理。

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Through the process of introducing new suppliers, Welling adheres to the principles of openness and transparency, categorised management, industrial priority, immediate proximity supply, comprehensive strengths and demand assurance. New suppliers will only be incorporated into Welling's supplier database after completing the supply planning, development and sourcing, qualification examination, factory visit and investigation, factory inspection and examination and last but not least, the introduction of approval procedures. To assure product quality at qualification examination stage, it generally requires the material suppliers to obtain the ISO9001 quality system certification and possesses relevant local and industrial environmental assessment qualifications. At factory inspection stage, the one veto decision is applicable to evaluate the execution of new suppliers of the relevant laws and regulations regarding pollution emission, labour safety and environmental protection or safety (for example, the emission and disposal of the three waste, child labour employment and major factors that are prejudicial to the health and safety of employees). At sample confirmation stage, the performance, quality and environmental protection of the products, etc. of the supplies have to be verified. Once the supplier passed the inspection and sample confirmation, integrity agreement, guarantee on not using hazardous substances, procurement contract, procurement corporation agreement and information security agreement must be signed with Welling upon the validation of the supplier's system.

At mass production stage, Welling conducts periodic hazardous substance sampling inspection for the materials supplies in accordance with the relevant standards and carries out regular inspection on the hazardous materials type. Welling also requires suppliers to conduct regular self-inspection on hazardous materials type to make sure that suppliers possess the ability to assure their product environmental safety continuously and steadily. At the same time, in the environmental risk dimension, Welling selects and keeps track of key suppliers in the industry to ensure their environmental protection to meet the legal standard, and eventually assure their abilities of stable supply.

Furthermore, we conduct the tracking assessment on the quality system, environmental protection and occupational health and safety of suppliers through the periodic review on the suppliers' system.

在新供應商的引入過程中，威靈秉承公開透明原則、分類管理原則、行業優先原則、近地供貨原則、綜合實力原則及需求保障原則，經過供應規劃、開發尋源、資質審查、工廠考察、工廠審查、引入審批認定等流程，新的供應商才納入威靈供應商庫。為保證產品質量，在資質審查階段，一般要求物料供應商通過ISO9001質量體系認證以及具備相應的地方、行業環評資質；在工廠審查階段，對新供應商環境排污、勞動安全、環保或安全相關法律法規執行情況（如三廢亂排亂放、存在童工、發現重大損害員工健康安全因素等）執行一票否決；樣品確認階段，對供應商產品性能、品質、環保等方面進行驗證；供應商審查通過、樣品確認合格後，必須簽訂廉潔協議、不使用有害物質保證書、採購合同、採購合作協議、信息安全協議，方可執行供應商系統生效。

在量產供貨階段，威靈定期對供應商來料按照標準執行有害物質抽檢，並定期執行有害物質型試外檢，並要求供應商自行定期執行有害物質型試外檢，以確保供應商擁有持續、穩定的產品環境安全保證能力。同時按照環境風險維度，選取重點行業供應商進行跟蹤，確保廠家環保合法水平，從而最終保證廠家穩定的供貨能力。

此外，通過定期供應商體系審查，我們對供應商的質量體系、環境保護評估及職業健康安全評估進行跟蹤評價。

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Product Responsibility

Product quality is always the core value of the enterprise and for which the target that Welling is pursuing. Under the guidance of the belief of “quality is life”, Welling places customers at our core, provides high quality products and services. Meanwhile, Welling proactively builds its brand value management through managing brand credibility by advertising and use of trademarks.

Welling identifies and complies with the “Protection of Consumer Rights and Interests Law of the People’s Republic of China”, “Product Quality Law of the People’s Republic of China” and relevant laws and regulations, and formulates a series of systems to assure the health and safety of products and services and protect intellectual property rights through patent applications. During this reporting period, there was no incident of material breach of any relevant laws and regulations by Welling.

Product Quality

To assure product quality, Welling conducts all-round quality monitoring from components intake, mass production to product delivery by adopting the advanced motor testing and experimental equipment. Welling has fully implemented the ISO9001 quality management system and passed the TÜV Rheinland (TUV) ISO9001: 2008 certification. All products of Welling have passed the security authentication (3C, UL, TUV and VDE, etc.). On the basis of ISO9001 quality management system, Welling has implemented total quality management (TQM) and introduced management methods and concepts including the TS16949 quality management, zero defect management and six sigma management measures.

Customer Service

We value consumer complaints and suggestions. Once a complaint or suggestion is received, the marketing or customer service center will promptly disseminate the information to respective factory according to the “Handling Procedures for Customer Complaint” and arrange a dedicated person to follow up and solve the complaint, so as to provide customers with high quality after-sales services.

Welling implements “Information Security Management Standards” to protect consumer privacy. At the same time, all employees have signed confidentiality agreement upon joining Welling and are strictly committed to protecting consumer information.

產品責任

產品質量作為企業生命的靈魂，一直是我們追求的目標。在「質量是生命」的信念指導下，威靈以顧客為中心，提供優質的產品和服務。同時，通過對廣告宣傳、商標使用等品牌信譽的管理，威靈積極實行品牌價值管理義務。

威靈識別並遵守《中華人民共和國消費者權益保護法》、《中華人民共和國產品質量法》等相關法律法規，並制定了一系列制度保證產品和服務的健康與安全，通過申請專利，維護知識產權。本報告期內，威靈未發生任何相關法律法規重大違規事件。

產品質量

為確保產品質量，威靈採用先進的電機測試和試驗設備，從零部件入廠、批量生產到出廠等都進行全方位質量監測。威靈全面實施ISO9001質量管理體系，並通過德國萊茵公司(TUV) ISO9001: 2008認證。威靈所有產品均通過安全認證(3C、UL、TUV及VDE等)。在ISO9001質量管理體系的基礎上，威靈實施全面質量管理(TQM)，並引入TS16949質量管理、零缺陷管理、六西格瑪等管理方法和理念。

客戶服務

我們重視消費者的投訴與建議。一旦接收到投訴與建議，營銷或客戶服務中心即遵照《客戶投訴處理規程》，將信息傳遞給相關工廠，派專人跟進解決投訴，從而為客戶提供優良的售後服務。

為保護消費者隱私，威靈執行《信息安全管理規範》。同時，所有員工入職威靈時均簽有保密協議，承諾嚴格保護消費者信息。

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

環境·社會及管治報告

Anti-corruption

We advocate incorruptibility in our corporate culture, require all employees to have good discipline, comply with laws, stay incorruptible, no extorting or taking bribes, no inviting or receiving gifts, no seeking private gain at enterprise's expense, no stealing, and behave themselves mildly with integrity and responsibilities. Employees have signed the "Incorruptible Professional Conduct Agreement" to prohibit treating of customers or receiving gifts from customers in festive holidays.

Under the stringent monitoring of Midea Group, Welling implements the "Accountability Management Measures" to penalise the persons or incidents be accountable for the corruption events. It encourages whistle-blowing on anti-corruptions, and provides protection, rewards or exemption for whistle-blower. Welling sets up various whistle-blowing channels, such as reporting the matters directly to the anti-corruption office and operational department or sending the matters to the mailbox of factory general manager.

During this reporting period, there was no corruption lawsuit happened for Welling.

Community Investment

As a corporate citizen, Welling contributes to the society proactively, and focuses on the communication and interaction with surrounding communities. Through communication with labour unions and communities, we understand the difficulties in livelihood of the surrounding poor households and express our sympathy in festive seasons. We organised employees to visit elderly homes with moon cakes during mid-autumn festival. In addition, we gathered employee donations to Shunde Qizhi School (順德啟智學校) and social welfare institutes to express our deep concerns for children.

In Shunde, getting to know the inconvenience on the venues of having meals for the local police during patrolling, we offer them to have meals at our factory canteens with a decent dining environment and this in turn brings a positive effect in safeguarding the safety within our factory and the surroundings.

反貪污

我們提倡廉潔的企業文化，要求所有員工講紀律，遵紀守法，講廉潔，不索賄受賄，不受請受禮，不損公肥私，不偷盜，以本份公正盡職的平和理念約束自己言行。與員工簽訂《廉潔職業行為協議》，禁止「以贈代賄」、「明禮暗賄」等以各項節假日之名的請客送禮等行為的發生。

在美的集團的廉政監查下，威靈執行《責任追究管理辦法》，對貪污腐敗的人和事進行懲處問責，鼓勵反腐舉報，並對舉報人提供保護、獎勵或豁免。威靈設有各種舉報渠道，如直接向廉政辦公室和營運部門舉報、或向工廠總經理信箱舉報等。

本報告期內，威靈未發生貪污訴訟案件。

社區投資

作為企業公民，威靈積極主動回饋社會，尤其注重與周圍社區的溝通與互動。通過工會與社區溝通，我們瞭解周邊特困戶生活不易，逢年過節都給予慰問；中秋之際，我們組織員工攜帶月餅前往敬老院，慰問老人；我們還組織員工捐助順德啟智學校和社會福利院，關愛兒童。

在順德，在瞭解到屬地治安人員外出巡視就餐不便的問題後，我們的工廠食堂為治安人員提供就餐地點，為他們提供了良好的就餐環境，而同時治安人員對維護廠內及周邊地區的治安起到了促進作用。

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

董事及高級管理人員履歷詳情

Biographical Details of Directors

Mr. Xiang Weimin, aged 50, was appointed as an executive Director, the Chairman of the Board, the chairman of the Nomination Committee and the Executive Committee and a member of the Remuneration Committee of the Company since 9 July 2015. He is also a director of certain subsidiaries of the Group. Mr. Xiang joined Midea Group in 1991. He held various senior management positions in Midea Group and has considerable business operations and management experience in new product development, technical management, operations and human resources management, sales and marketing management, and overall business operations management. Mr. Xiang holds a Bachelor of Engineering Degree and a Master of Engineering Degree from Northeast Heavy Machinery Institute (now known as Yanshan University) and a Master of Business Administration Degree from China Europe International Business School.

Mr. Zhong Lin, aged 37, was appointed as an executive Director and a member of the Executive Committee of the Company since 21 October 2014 and re-designated as the Chief Executive Officer of the Company on 9 July 2015. He is also a director of certain subsidiaries of the Group. Mr. Zhong joined Midea Group in July 2000. He held various senior management positions in Midea Group and has extensive experience in production management, purchasing and supply chain management. Mr. Zhong holds a Master of Business Administration Degree from Nanjing University. He was awarded the international certificate in purchasing and supply chain management by International Trade Centre.

Ms. Pan Xinling, aged 45, was appointed as an executive Director, the Chief Financial Officer, a member of the Executive Committee and an authorised representative of the Company since 9 July 2015. She is also a director of certain subsidiaries of the Group. Ms. Pan joined Midea Group in 1999. She held various senior management positions in Midea Group and is familiar with research and development, sales and marketing, and production system business. She has extensive experience in overall cost accounting management. Ms. Pan holds a Bachelor of Wood-working Machinery Degree and a Master of Management Degree from Northeast Forestry University. She is an accountant accredited by the Ministry of Personnel People's Republic of China.

董事履歷詳情

向衛民先生，50歲，自2015年7月9日起獲委任為本公司執行董事、董事會主席、提名委員會及行政委員會主席以及薪酬委員會委員。彼亦為本集團若干附屬公司之董事。向先生於1991年加入美的集團。彼在美的集團曾擔任多個高級管理職位，在新產品開發、技術管理、營運與人力資源管理、營銷管理和企業全面經營管理方面擁有豐富的企業經營管理經驗。向先生持有東北重型機械學院（現稱燕山大學）頒發的工學學士學位及工學碩士學位，以及中歐國際工商學院頒發的工商管理碩士學位。

鐘林先生，37歲，自2014年10月21日起獲委任為本公司執行董事及行政委員會委員，其後於2015年7月9日調任為本公司首席執行官。彼亦為本集團若干附屬公司之董事。鐘先生於2000年7月加入美的集團。彼在美的集團曾擔任多個高級管理職位，在製造管理、採購及供應鏈管理方面擁有豐富經驗。鐘先生持有南京大學頒發的工商管理碩士學位。彼獲國際貿易中心頒發採購及供應鏈管理國際證書。

潘新玲女士，45歲，自2015年7月9日起獲委任為本公司執行董事、首席財務官、行政委員會委員及授權代表。彼亦為本集團若干附屬公司之董事。潘女士於1999年加入美的集團。彼在美的集團曾擔任多個高級管理職位，熟悉研發、營銷和製造體系業務，在全面成本會計管理方面擁有豐富經驗。潘女士持有東北林業大學頒發的木工機械學士學位及管理學碩士學位。彼為中華人民共和國人事部認可的會計師。

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

董事及高級管理人員履歷詳情

Mr. Li Li, aged 42, was appointed as an executive Director and a member of the Remuneration Committee, the Nomination Committee and the Executive Committee of the Company since 23 November 2015. He is the director of operations and human resources department and also a director of certain subsidiaries of the Group. Mr. Li joined Midea Group in July 2002. He held various senior management positions in Midea Group and has extensive experience in sales and marketing, operations management and human resources. In addition, Mr. Li was responsible for and participated in certain sizable strategic merger and acquisition projects in PRC and overseas, joint venture negotiations for cooperation in the overseas market as well as reorganisation after merger and acquisition. Mr. Li holds a Master of Business Administration Degree from Tsinghua University.

Mr. Xiao Mingguang, aged 47, was appointed as an executive Director and a member of the Executive Committee of the Company since 15 July 2016. He is also a director of certain subsidiaries of the Group. Mr. Xiao joined Midea Group in 2000 and has considerable experience in finance, audit and overall management of supply chain and operations. Mr. Xiao is a financial controller of Midea Group Co., Ltd. and a director of Wuxi Little Swan Co., Ltd. (both companies are listed on the Shenzhen Stock Exchange), and a finance director of Midea Group. Mr. Xiao holds an Executive Master of Business Administration Degree (EMBA) from Peking University.

Mr. Li Feide, aged 39, was appointed as an executive Director and a member of the Executive Committee of the Company since 12 December 2012. He is also a director of a subsidiary of the Group. Mr. Li joined Midea Group in July 1999. Mr. Li is a director, vice-president and corporate operation director of Midea Group Co., Ltd. (a company listed on the Shenzhen Stock Exchange). Mr. Li holds a Bachelor of Mechanical Engineering and Automation Degree and a Bachelor of Financial Management and Economics Degree from Huazhong University of Science and Technology and an Executive Master of Business Administration Degree (EMBA) from the Sun Yat-sen University.

李力先生，42歲，自2015年11月23日起獲委任為本公司執行董事、薪酬委員會、提名委員會及行政委員會委員。彼為本集團營運及人力資源部總監，亦為本集團若干附屬公司之董事。李先生於2002年7月加入美的集團。彼在美的集團曾擔任多個高級管理職位，在營銷、營運管理、人力資源方面擁有豐富經驗。此外，李先生曾負責和參與過多次大型國內及海外戰略併購項目、海外市場合資合作談判以及併購後的整合工作。李先生持有清華大學頒發的工商管理碩士學位。

肖明光先生，47歲，自2016年7月15日起獲委任為本公司執行董事及行政委員會委員。彼亦為本集團若干附屬公司之董事。肖先生於2000年加入美的集團，在財務金融、審計，以及供應鏈及營運整體管理方面擁有豐富經驗。肖先生現為美的集團股份有限公司之財務總監及無錫小天鵝股份有限公司之董事（兩間公司均於深圳證券交易所上市），以及美的集團之財經總監。肖先生持有北京大學頒發的高級管理人員工商管理碩士學位。

李飛德先生，39歲，自2012年12月12日起獲委任為本公司執行董事及行政委員會委員。彼亦為本集團一間附屬公司之董事。李先生於1999年7月加入美的集團。李先生現為美的集團股份有限公司（一間於深圳證券交易所上市的公司）之董事、副總裁兼企業運營總監。李先生持有華中理工大學（現稱華中科技大學）頒發的機械工程及自動化工學學士學位及理財學經濟學學士學位，以及中山大學頒發的高級管理人員工商管理碩士學位。

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

董事及高級管理人員履歷詳情

Mr. Tan Jinsong, aged 52, was appointed as an independent non-executive Director of the Company since 1 August 2009. Mr. Tan is the chairman of the Audit Committee and a member of the Remuneration Committee and the Nomination Committee of the Company. He was approved as a PRC registered accountant in June 1995 and has become a non-practicing member of the Guangdong Provincial Institute of Certified Public Accountants since January 2003. He possesses over 31 years of experience in the profession of accounting and financial management. Mr. Tan is currently a professor of the School of Management of Sun Yat-sen University and was the head of Department of the Faculty of Accountancy and the vice dean of the School of Management of Sun Yat-sen University.

Mr. Tan is an independent director of Guangzhou Hengyun Enterprises Holding Ltd. and Shanghai RAAS Blood Products Co., Ltd. (both companies are listed on the Shenzhen Stock Exchange), Poly Real Estate Group Co., Ltd. and Huafa Industrial Co., Ltd. Zhuhai (both companies are listed on the Shanghai Stock Exchange) and China Southern Airlines Company Limited (a company listed on the Shanghai Stock Exchange, the Stock Exchange of Hong Kong and the New York Stock Exchange).

Mr. Tan was an independent director of a number of PRC listed companies, including Yihua Real Estate Co., Ltd. and Sundiro Holding Co., Ltd., (both companies are listed on the Shenzhen Stock Exchange) and Grandhope Biotech Co., Ltd. (a company listed on the ChiNext of the Shenzhen Stock Exchange).

Mr. Lam Ming Yung, aged 53, was appointed as an independent non-executive Director of the Company since 1 December 1999. Mr. Lam is a member of the Audit Committee, the Remuneration Committee and the Nomination Committee of the Company. He graduated from the School of Law of Shanghai Eastern Chinese College of Politics and Jurisprudence with a Bachelor of Law Degree in 1986, started practicing law in the province of Fujian in PRC in 1987, and moved to Hong Kong in mid-1993. He was registered as a foreign lawyer with The Law Society of Hong Kong in July 1995. Mr. Lam is the chief executive officer of a private investment management company.

Mr. Lam was the Chief PRC Consultant, Corporate Finance, and Foreign Legal Consultant (PRC) in the Hong Kong office of Sidley Austin LLP.

譚勁松先生，52歲，自2009年8月1日起獲委任為本公司獨立非執行董事。譚先生為本公司審核委員會主席以及薪酬委員會及提名委員會委員。彼於1995年6月獲批准為中國註冊會計師，並由2003年1月起為廣東省註冊會計師協會的非執業會員。彼在會計及財務管理方面擁有逾31年經驗。譚先生現為中山大學管理學院教授，並曾任中山大學會計系主管及管理學院副院長。

譚先生為廣州恆運企業集團股份有限公司及上海萊士血液製品股份有限公司（兩間公司均於深圳證券交易所上市）、保利房地產（集團）股份有限公司及珠海華發實業股份有限公司（兩間公司均於上海證券交易所上市），以及中國南方航空股份有限公司（一間於上海證券交易所、香港聯合交易所及紐約證券交易所上市的公司）之獨立董事。

譚先生曾於多間中國上市公司擔任獨立董事，包括宜華地產股份有限公司及新大洲控股股份有限公司（兩間公司均於深圳證券交易所上市），以及廣東冠昊生物科技股份有限公司（一間於深圳證券交易所創業板上市的公司）。

林明勇先生，53歲，自1999年12月1日起獲委任為本公司獨立非執行董事。林先生為本公司審核委員會、薪酬委員會及提名委員會委員。彼於1986年畢業於華東政法學院取得法律學士學位，於1987年開始在中國福建省執業，並於1993年年中遷往香港。彼於1995年7月向香港法律學會註冊為海外律師。林先生現為一間私人投資管理公司之首席執行官。

林先生曾於盛德律師事務所香港辦事處執業為中國企業融資部首席顧問及境外法律顧問（中國）。

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

董事及高級管理人員履歷詳情

Ms. Cao Zhoutao, aged 45, was appointed as an independent non-executive Director of the Company since 21 October 2013. Ms. Cao is the chairman of the Remuneration Committee and a member of the Audit Committee and the Nomination Committee of the Company. She is an associate professor of School of Business Administration of South China University of Technology. She has extensive experience in human resources, organisation behavior, financial management and accounting. Ms. Cao holds a Bachelor of Engineering Degree in Management Engineering from Chongqing Industrial Management School, a Master of Engineering Degree in Management Engineering and a Doctor of Management Degree in Management Science and Engineering from South China University of Technology. She is a certified public accountant in PRC.

Ms. Cao is a director of Vtron Group Co., Ltd. (formerly known as Vtron Technologies Ltd., which is a company listed on the Shenzhen Stock Exchange) and an independent director of Youmi Technologies Co., Ltd. (a company listed on the National Equities Exchange and Quotations System (also known as the New Third Board) of China).

Ms. Cao was an independent director of Guangzhou Zhujiang Brewery Co., Ltd. (a company listed on the Shenzhen Stock Exchange).

曹洲濤女士，45歲，自2013年10月21日起獲委任為本公司獨立非執行董事。曹女士為本公司薪酬委員會主席、審核委員會及提名委員會委員。彼現為華南理工大學工商管理學院副教授。彼在人力資源管理、組織行為學、財務管理及會計方面擁有豐富經驗。曹女士持有重慶工業管理學院頒發的管理工程學學士學位、華南理工大學頒發的管理工程學碩士學位及管理科學與工程管理學博士學位。彼為中國註冊會計師。

曹女士為威創集團股份有限公司（前稱廣東威創視訊科技股份有限公司，一間於深圳證券交易所上市的公司）之董事及有米科技股份有限公司（一間於中國全國中小企業股份轉讓系統（又名新三板）上市的公司）之獨立董事。

曹女士曾擔任廣州珠江啤酒股份有限公司（一間於深圳證券交易所上市的公司）之獨立董事。

Biographical Details of Senior Management

Mr. Zhang Lifeng, aged 39, joined the Group in January 2017 and is the general manager of the production plants in Shunde. Mr. Zhang was employed by Midea Group in July 2002 and held various middle and senior management positions in Midea Group. He has extensive experience in production and manufacturing, new project development and quality management. Mr. Zhang holds a Bachelor of Electrical Engineering and Automation Degree from Zhejiang University of Technology.

Mr. Yu Zhizhong, aged 45, joined the Group in January 2017 and is the director of quality control department of the Group. Mr. Yu was employed by Midea Group in April 2000 and held various middle and senior management positions in Midea Group. He has extensive experience in manufacturing technique and quality management. Mr. Yu holds a Bachelor of Machinery Design and Manufacturing Degree from Hunan Agricultural University.

高級管理人員履歷詳情

張利鋒先生，39歲，於2017年1月加入本集團，現為順德工廠總經理。張先生於2002年7月獲美的集團聘用，在美的集團曾擔任多個中高級管理職位。彼在生產製造、新項目籌建及品質管理方面擁有豐富經驗。張先生持有浙江工業大學頒發的機械工程及自動化學士學位。

余治忠先生，45歲，於2017年1月加入本集團，現為本集團品質管理部總監。余先生於2000年4月獲美的集團聘用，在美的集團曾擔任多個中高級管理職位。彼在製造技術及品質管理方面擁有豐富經驗。余先生持有湖南農業大學頒發的機械設計及製造學士學位。

REPORT OF THE DIRECTORS

董事會報告

The Directors hereby present this report of the Directors and the audited consolidated financial statements of the Company and the Group for the year ended 31 December 2016.

Principal Activities, Geographical Analysis of Operations and Business Review

The principal activity of the Company is investment holding. The principal activities of the subsidiaries of the Company are set out in Note 10 to the consolidated financial statements.

An analysis of the Group's performance for the Year by operating segment is set out in Note 5 to the consolidated financial statements.

Further discussion and analysis of the activities as required by Schedule 5 to the Companies Ordinance, including a discussion of the principal risks and uncertainties facing the Group and an indication of likely future developments in the Group's business, can be found in the Chairman's Statement and Management Discussion and Analysis set out on pages 4 to 20 of this annual report. The environmental, employees, customers and suppliers matters that have a significant impact on the Group, are disclosed in the Environmental, Social and Governance Report set out on pages 48 to 59 of this annual report. These discussions form part of this Report of the Directors.

Final Results

The final results of the Group for the Year are set out in the consolidated income statement on page 93.

Dividend

The Board has recommended the payment of a final dividend of HK7.5 cents per ordinary share for the year ended 31 December 2016 (2015: HK6.5 cents). Subject to the approval of the shareholders at the annual general meeting of the Company to be held on 16 June 2017 (the "AGM"), the proposed final dividend will be paid on or about 4 July 2017 to the shareholders whose names appear on the register of members of the Company on 26 June 2017.

董事謹此提呈本公司及本集團截至2016年12月31日止年度之董事會報告及經審核綜合財務報表。

主要業務、營運地區之分析及業務回顧

本公司之主要業務為投資控股，而本公司之附屬公司主要業務則載於綜合財務報表附註10。

本集團於本年度按經營分部劃分之業績表現分析載於綜合財務報表附註5。

按公司條例附表5規定對該業務作出進一步討論及分析，包括本集團面對的主要風險及不明朗因素的討論，以及本集團業務日後可能發展的揭示，可於本年報第4頁至20頁的主席報告書及管理層討論與分析中查閱。對本集團有重大影響的環境、僱員、客戶及供應商事宜則於本年報第48頁至59頁的環境、社會及管治報告內披露。該等討論構成本董事會報告的一部分。

全年業績

本集團於本年度之全年業績載於第93頁之綜合收益表內。

股息

董事會建議派發截至2016年12月31日止年度末期股息每股普通股7.5港仙（2015年：6.5港仙）。倘獲股東於2017年6月16日舉行的本公司股東週年大會（「股東週年大會」）上批准，建議末期股息將於2017年7月4日或前後向於2017年6月26日名列本公司股東名冊上之股東派發。

REPORT OF THE DIRECTORS

董事會報告

Closure of Register of Members

For the purpose of ascertaining the shareholders' rights of attending and voting at the AGM, the register of members of the Company will be closed from 13 June 2017 to 16 June 2017, both days inclusive, during which period no transfer of shares shall be effected. In order to be entitled to attend and vote at the AGM, all transfers accompanied by the relevant share certificates must be lodged with the share registrar of the Company, Computershare Hong Kong Investor Services Limited at Rooms 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 12 June 2017.

For the purpose of determining the identity of shareholders who are entitled to the proposed final dividend, the register of members of the Company will be closed from 23 June 2017 to 26 June 2017, both days inclusive, during which period no transfer of shares shall be effected. In order to qualify for the proposed final dividend, all transfers accompanied by the relevant share certificates must be lodged with the share registrar of the Company, Computershare Hong Kong Investor Services Limited at Rooms 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on 22 June 2017.

Reserves

Details of movements in reserves of the Company and the Group during the Year are set out in Notes 36 and 18 respectively to the consolidated financial statements.

Share Capital

Details of the movements in share capital of the Company during the Year are set out in Note 17 to the consolidated financial statements. Shares were issued during the Year on exercise of share options.

Distributable Reserves

As at 31 December 2016, the Company had distributable reserves amounting to HK\$287,508,000 (2015: HK\$246,707,000).

暫停辦理股份過戶登記

本公司將於2017年6月13日至2017年6月16日（包括首尾兩日）暫停辦理股份過戶登記手續，以便確定股東出席股東週年大會並於會上投票的權利，期間不接受任何股份轉讓登記。為了有權出席股東週年大會並於會上投票，所有過戶文件連同有關股票須不遲於2017年6月12日下午4時30分交回本公司之股份過戶登記處香港中央證券登記有限公司，地址為香港灣仔皇后大道東183號合和中心17樓1712–1716室。

本公司將於2017年6月23日至2017年6月26日（包括首尾兩日）暫停辦理股份過戶登記手續，以便確定有權收取建議末期股息的股東身份，期間不接受任何股份轉讓登記。為符合資格收取建議末期股息，所有過戶文件連同有關股票須不遲於2017年6月22日下午4時30分交回本公司之股份過戶登記處香港中央證券登記有限公司，地址為香港灣仔皇后大道東183號合和中心17樓1712–1716室。

儲備

本公司及本集團於本年度之儲備變動詳情分別載於綜合財務報表附註36及18。

股本

本公司於本年度之股本變動詳情載於綜合財務報表附註17。於本年度內，因購股權獲行使而發行股份。

可供分派之儲備

於2016年12月31日，本公司可供分派之儲備為港幣287,508,000元（2015年：港幣246,707,000元）。

REPORT OF THE DIRECTORS

董事會報告

Five-Year Financial Summary

A summary of the results and of the assets and liabilities of the Group for the last five financial years, restated and reclassified as appropriate, is set out on page 204. This summary does not form part of the audited consolidated financial statements.

Purchase, Sale or Redemption of Listed Securities

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the listed securities of the Company during the Year.

Share Option Scheme

The share option scheme adopted on 27 June 2003 (the “2003 Share Option Scheme”) was terminated on 30 May 2013 and a new share option scheme (the “2013 Share Option Scheme”) was adopted by the shareholders at the Company’s annual general meeting held on 30 May 2013.

Details of the 2003 Share Option Scheme and the 2013 Share Option Scheme are disclosed in Note 17 to the consolidated financial statements.

Directors

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

Executive Directors

Mr. Xiang Weimin (Chairman)
Mr. Zhong Lin (Chief Executive Officer)
Ms. Pan Xinling
Mr. Li Li
Mr. Xiao Mingguang
(appointed on 15 July 2016)
Mr. Li Feide
Ms. Yuan Liquan
(resigned on 15 July 2016)

五年財務摘要

本集團於過往五個財政年度經適當重列及重新歸類之業績、資產及負債摘要載於第204頁。該摘要並不構成經審核綜合財務報表之一部分。

購買、出售或贖回上市證券

本公司或其任何附屬公司於本年度概無購買、出售或贖回本公司之任何上市證券。

購股權計劃

於2003年6月27日獲採納之購股權計劃（「2003年購股權計劃」）已於2013年5月30日終止，而新購股權計劃（「2013年購股權計劃」）已於2013年5月30日舉行之本公司股東週年大會上獲股東採納。

2003年購股權計劃及2013年購股權計劃之詳情於綜合財務報表附註17披露。

董事

於本年度及截至本年報日期在任之董事如下：

執行董事

向衛民先生（主席）
鐘林先生（首席執行官）
潘新玲女士
李力先生
肖明光先生
(於2016年7月15日獲委任)
李飛德先生
袁利群女士
(於2016年7月15日辭任)

REPORT OF THE DIRECTORS

董事會報告

Independent Non-executive Directors

Mr. Tan Jinsong
Mr. Lam Ming Yung
Ms. Cao Zhoutao

In accordance with Article 88 of the Articles of Association, Mr. Xiao Mingguang, who was appointed by the Board to fill casual vacancy during the Year, will retire as Director of the Company and, being eligible, offer himself for re-election at the AGM.

In accordance with Article 92 of the Articles of Association, Mr. Li Feide, Mr. Tan Jinsong and Ms. Cao Zhoutao will retire by rotation as Directors of the Company and, being eligible, offer themselves for re-election at the AGM.

Ms. Yuan Liqun has confirmed to the Board that she has no disagreement with the Board and the Company, and nothing relating to her resignation or the affairs of the Company needed to be brought to the attention of the shareholders of the Company.

Directors of Subsidiaries

A list of the names of the directors of the Company's subsidiaries during the Year and up to the date of this annual report can be found in the Company's website.

Directors' Service Contracts

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

獨立非執行董事

譚勁松先生
林明勇先生
曹洲濤女士

根據組織章程細則第88條，由董事會委任以填補本年度臨時空缺的肖明光先生，將於股東週年大會上退任本公司董事，並符合資格且願意重選連任。

根據組織章程細則第92條，李飛德先生、譚勁松先生及曹洲濤女士將於股東週年大會上輪席退任本公司董事，並符合資格且願意重選連任。

袁利群女士已向董事會確認其與董事會及本公司並無意見分歧，且概無有關其辭任或本公司事務之事宜需提請本公司股東垂注。

附屬公司董事

於本年度及截至本年報日期本公司附屬公司的董事名單可於本公司網站查閱。

董事服務合約

所有擬於股東週年大會上重選連任之董事，概無與本公司或任何其附屬公司訂有本公司或任何其附屬公司不可於一年內免付補償（法定補償除外）而終止之服務合約。

REPORT OF THE DIRECTORS

董事會報告

Independence of Independent Non-executive Directors

Each of the independent non-executive Directors has submitted to the Company the annual confirmation of independence for the year ended 31 December 2016. Nomination Committee has reviewed such annual confirmation of independence and assessed the independence of each of the independent non-executive Directors based on the guidelines set out in Rule 3.13 of the Listing Rules and considered that all the independent non-executive Directors are independent. The Board adopted the view of the Nomination Committee and confirmed that all the independent non-executive Directors are independent.

Remuneration Policy

The remuneration policy of the Group is set on the principles that the remuneration packages of employees should be determined based on the job duties, responsibilities, work performance, qualifications and competence of each individual employee, performance of the Group and the prevailing market and economic conditions in order to attract and retain high-calibre employees needed to run the Company successfully.

The remuneration packages of executive Directors and senior management of the Company are reviewed annually and determined by the Remuneration Committee based on the duties, responsibilities of each individual executive Director and senior management staff, performance of the Group and the remuneration packages paid by comparable companies in the same industry based on the prevailing market conditions. No Director or any of his/her associates will be involved in deciding his/her own remuneration. Remuneration of independent non-executive Directors will be reviewed annually and recommended by the Remuneration Committee to the Board for final approval.

After the termination of the 2003 Share Option Scheme, the Company has adopted the 2013 Share Option Scheme for the purpose of providing incentives to stimulate the Directors of the Company and eligible employees of the Group.

獨立非執行董事之獨立性

各獨立非執行董事已就截至2016年12月31日止年度向本公司遞交就其獨立性而作出之年度確認書。提名委員會已按照上市規則第3.13條所列的指引審閱有關年度獨立性確認書，評核各獨立非執行董事的獨立性，並認為全體獨立非執行董事皆屬獨立。董事會已接納提名委員會的意見，並確認全體獨立非執行董事皆屬獨立。

薪酬政策

本集團訂立之薪酬政策是基於每位個別僱員的工作職責、責任、工作表現、資歷及能力、本集團業績表現以及當前市場及經濟狀況而釐定僱員薪酬待遇為原則，以吸引和挽留人才以切合本公司成功營運所需。

本公司執行董事及高級管理人員之薪酬待遇由薪酬委員會每年檢討及基於每位個別執行董事及高級管理人員之職責、責任、本集團業績表現以及業內可比較公司根據當前市況所支付之薪酬待遇而釐定。董事或任何其聯繫人不得參與釐定其自身之薪酬。獨立非執行董事之薪酬則由薪酬委員會每年檢討並向董事會建議以作最後批准。

於2003年購股權計劃終止後，本公司已採納2013年購股權計劃，旨在向本公司董事及本集團合資格僱員提供獎勵及激勵。

REPORT OF THE DIRECTORS

董事會報告

Pension Schemes

Details of the pension schemes operated by the Group are set out in Note 26 to the consolidated financial statements.

Directors' Interests in Contracts

Save as disclosed in Note 35 to the consolidated financial statements, no contracts of significance in relation to the Group's business to which the Company, its subsidiaries, its fellow subsidiaries or its holding company was a party and in which a Director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the Year or at any time during the Year.

Indemnity of Directors and Officers

Pursuant to the Articles of Association and subject to the Companies Ordinance, every Director and officer of the Company shall be indemnified out of the assets of the Company against all costs, charges, expenses, losses and liabilities which he/she may sustain or incur in or about the execution or holding of his/her office or otherwise in relation thereto.

Directors' and Officers' Liability Insurance

Directors' and officers' liability insurance was maintained during the Year.

Biographical Details of Directors and Senior Management

Brief biographical details of the Directors and senior management of the Company are set out on pages 60 to 63.

退休金計劃

本集團管理的退休金計劃詳情載於綜合財務報表附註26。

董事之合約權益

除綜合財務報表附註35所披露者外，於本年度結束時或本年度任何時間內，本公司、其附屬公司、其同系附屬公司或其控股公司概無訂立任何與本集團業務有重大關係而本公司董事直接或間接在其中擁有重大權益之合約。

董事及行政人員之彌償保證

根據組織章程細則及在公司條例的規限下，本公司各董事及行政人員就其執行或擔任職務或在其他方面與此有關所蒙受或引致的一切費用、收費、支出、損失及責任，均有權從本公司資產中獲得彌償保證。

董事及行政人員之責任保險

於本年度內，本公司已購買董事及行政人員責任保險。

董事及高級管理人員履歷詳情

董事及本公司高級管理人員履歷詳情載於第60頁至63頁。

REPORT OF THE DIRECTORS

董事會報告

Disclosure of Interests

(1) Directors' and Chief Executive's Interests

Save as disclosed below, as at 31 December 2016, none of the Directors and chief executive of the Company had any interests 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 Securities and Futures Ordinance ("SFO")) which were notified to the Company and the Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or as otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code adopted by the Company contained in the Listing Rules:

(A) Long Position in the Shares of Midea Group Co., Ltd. ("Midea")

Name 姓名	Beneficial owner 實益擁有人	Family interests 家族權益	Corporate interests 公司權益	Total 總計	Approximate percentage of shareholding 股權概約百分比 (Note 8) (附註8)
Mr. Xiang Weimin 向衛民先生	193,500 (Note 1) (附註1)	—	—	193,500	0.0030%
Mr. Zhong Lin 鐘林先生	111,500	21,892	—	133,392	0.0021%
Ms. Pan Xinling 潘新玲女士	35,100	—	—	35,100	0.0005%
Mr. Li Feide 李飛德先生	750,000	—	—	750,000	0.0116%

權益披露

(1) 董事及最高行政人員之權益

除下文所披露者外，於2016年12月31日，概無本公司董事及最高行政人員於本公司或其任何相聯法團（定義見證券及期貨條例（「證券及期貨條例」）第XV部）之股份、相關股份及債權證中，擁有根據證券及期貨條例第XV部第7及8分部已知會本公司及香港聯合交易所有限公司（「聯交所」）的任何權益或淡倉（包括根據證券及期貨條例之該等條文彼等被當作或視為擁有之權益或淡倉），或已記入本公司須根據證券及期貨條例第352條存置之登記冊，或根據上市規則所載獲本公司採納之標準守則須知會本公司及聯交所的任何權益或淡倉：

(A) 於美的集團股份有限公司（「美的」）股份之好倉

REPORT OF THE DIRECTORS

董事會報告

(B) Long Position in the Underlying Shares – Share Options

(i) The Company

Movement of the share options held by the following Director under the 2003 Share Option Scheme during the Year was as follows:

Name	Date of grant	Exercise price	Exercise period	Balance as at 1 January 2016 於2016年1月1日結餘	Exercised during the Year 於年內行使	Balance as at 31 December 2016 於2016年12月31日結餘	Approximate percentage of shareholding 股權概約百分比 (Note 10) (附註10)
Mr. Lam Ming Yung 林明勇先生	30/07/2007	3.90 HK\$ 港幣	30/07/2007 – 29/07/2017	400,000	–	400,000	0.0140%

Details of the 2003 Share Option Scheme are disclosed in Note 17 to the consolidated financial statements.

(ii) Midea

The following Directors have personal interests in share options to subscribe for shares in Midea, the holding company of the Company. Movements of the share options held by them during the Year were as follows:

(B) 於相關股份之好倉 – 購股權

(i) 本公司

於本年度，以下董事根據2003年購股權計劃的購股權變動情況如下：

2003年購股權計劃之詳情於綜合財務報表附註17披露。

(ii) 美的

以下董事擁有本公司控股公司美的之購股權以認購其股份之個人權益。彼等於本年度持有該購股權的變動情況如下：

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董事會報告

Name	Date of grant	Exercise price	Exercise period	Balance as at 1 January 2016	Granted during the Year	Adjusted for the effect of bonus issue during the Year	Exercised during the Year	Balance as at 31 December 2016	Approximate percentage of shareholding
姓名	授出日期	行使價 RMB 人民幣	行使期	於2016年 1月1日結餘	於年內授出	於年內 就紅股 發行影響 作出調整	於年內行使	於2016年 12月31日結餘	股權概約 百分比 (Note 9) (附註9)
Mr. Zhong Lin 鐘林先生	18/02/2014	11.01 (Note 2) (附註2)	(Note 3) (附註3)	166,000	-	75,000	(128,500)	112,500	0.0080%
	27/05/2015	19.56 (Note 4) (附註4)	(Note 5) (附註5)	180,000	-	90,000	(90,000)	180,000	
	28/06/2016	21.35 (Note 6) (附註6)	(Note 7) (附註7)	-	225,000	-	-	225,000	
Ms. Pan Xining 潘新玲女士	18/02/2014	11.01 (Note 2) (附註2)	(Note 3) (附註3)	150,000	-	75,000	(112,500)	112,500	0.0077%
	27/05/2015	19.56 (Note 4) (附註4)	(Note 5) (附註5)	120,000	-	60,000	(20,100)	159,900	
	28/06/2016	21.35 (Note 6) (附註6)	(Note 7) (附註7)	-	225,000	-	-	225,000	
Mr. Li Li 李力先生	18/02/2014	11.01 (Note 2) (附註2)	(Note 3) (附註3)	150,000	-	75,000	(112,500)	112,500	0.0087%
	27/05/2015	19.56 (Note 4) (附註4)	(Note 5) (附註5)	150,000	-	75,000	-	225,000	
	28/06/2016	21.35 (Note 6) (附註6)	(Note 7) (附註7)	-	225,000	-	-	225,000	
Mr. Xiao Mingguang 肖明光先生	28/06/2016	21.35 (Note 6) (附註6)	(Note 7) (附註7)	-	315,000	-	-	315,000	0.0049%
Mr. Li Feide 李飛德先生	18/02/2014	11.01 (Note 2) (附註2)	(Note 3) (附註3)	750,000	-	375,000	(750,000)	375,000	0.0058%

Notes:

- Mr. Xiang Weimin is interested in 193,500 shares of Midea granted to him under the share award scheme for the core management team of Midea (the "Share Award Scheme") entitling him to receive 193,500 shares of Midea, which are held by a trustee and subject to the vesting schedule as specified under the Share Award Scheme.
- The shareholders of Midea approved a bonus issue of shares on the basis of 5 bonus shares for every 10 existing shares and the declaration of dividend for the year ended 31 December 2015 to the shareholders on 26 April 2016, therefore, adjustments were made to the number of outstanding share options and the exercise price per share of the share options was adjusted to RMB11.01 on 6 May 2016.

附註:

- 向衛民先生根據美的核心管理團隊持股計劃(「股份獎勵計劃」)獲授193,500股美的股份中擁有權益,賦予其權利收取193,500股美的股份(其由受託人持有且受限於股份獎勵計劃項下指定的歸屬時間表)。
- 美的股東於2016年4月26日批准按每持有10股現有股份獲發5股紅股之基準發行紅股及向股東宣派截至2015年12月31日止年度之股息。因此,於2016年5月6日,對尚未行使購股權之數目作出調整及將購股權之每股行使價調整為人民幣11.01元。

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3. Subject to a vesting scale in three tranches and the achievement of the performance target of each relevant period, the first tranche of share options shall be exercisable from 17 February 2015 to 17 February 2017, the second tranche of share options shall be exercisable from 17 February 2016 to 17 February 2018 and the third tranche of share options shall be exercisable from 17 February 2017 to 17 February 2019.
 4. The shareholders of Midea approved a bonus issue of shares on the basis of 5 bonus shares for every 10 existing shares and the declaration of dividend for the year ended 31 December 2015 to the shareholders on 26 April 2016, therefore, adjustments were made to the number of outstanding share options and the exercise price per share of the share options was adjusted to RMB19.56 on 6 May 2016.
 5. Subject to a vesting scale in three tranches and the achievement of the performance target of each relevant period, the first tranche of share options shall be exercisable from 27 May 2016 to 27 May 2018, the second tranche of share options shall be exercisable from 27 May 2017 to 27 May 2019 and the third tranche of share options shall be exercisable from 27 May 2018 to 27 May 2020.
 6. The closing price of the shares of Midea immediately before the date of grant (i.e. as of 27 June 2016) was RMB23.64.
 7. Subject to a vesting scale in three tranches and the achievement of the performance target of each relevant period, the first tranche of share options shall be exercisable from 28 June 2017 to 28 June 2019, the second tranche of share options shall be exercisable from 28 June 2018 to 28 June 2020 and the third tranche of share options shall be exercisable from 28 June 2019 to 28 June 2021.
 8. No cash consideration was paid by each of the Directors for the grant of share options of Midea.
 9. The percentage has been compiled on the basis of 6,458,766,808 shares of Midea in issue as at 31 December 2016.
 10. The percentage has been compiled on the basis of 2,864,112,822 shares of the Company in issue as at 31 December 2016.
3. 購股權分三批歸屬惟須達成各有關期間之業績目標。第一批購股權須於2015年2月17日至2017年2月17日行使、第二批購股權須於2016年2月17日至2018年2月17日行使及第三批購股權須於2017年2月17日至2019年2月17日行使。
 4. 美的股東於2016年4月26日批准按每持有10股現有股份獲發5股紅股之基準發行紅股及向股東宣派截至2015年12月31日止年度之股息。因此，於2016年5月6日，對尚未行使購股權之數目作出調整及將購股權之每股行使價調整為人民幣19.56元。
 5. 購股權分三批歸屬惟須達成各有關期間之業績目標。第一批購股權須於2016年5月27日至2018年5月27日行使、第二批購股權須於2017年5月27日至2019年5月27日行使及第三批購股權須於2018年5月27日至2020年5月27日行使。
 6. 緊接授出購股權日期前（即2016年6月27日），美的股份收市價為人民幣23.64元。
 7. 購股權分三批歸屬惟須達成各有關期間之業績目標。第一批購股權須於2017年6月28日至2019年6月28日行使，第二批購股權須於2018年6月28日至2020年6月28日行使及第三批購股權須於2019年6月28日至2021年6月28日行使。
 8. 各董事並無就獲授美的購股權支付現金代價。
 9. 百分比乃按於2016年12月31日6,458,766,808股美的已發行股份之基準計算。
 10. 百分比乃按於2016年12月31日2,864,112,822股本公司已發行股份之基準計算。

Save as disclosed above, at no time during the Year was the Company or subsidiary a party to any arrangements which enabled any Director to acquire benefits by means of the acquisition of shares in or debentures of the Company or of any other body corporate.

除上文所披露者外，於本年度任何時間，本公司或附屬公司概無成為任何安排之訂約方，令任何董事能夠藉購入本公司或任何其他法人團體之股份或債權證而獲益。

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(2) Substantial Shareholders' Interests

Save as disclosed below, as at 31 December 2016, the Directors and chief executive of the Company were not aware of any other persons (other than Directors or chief executive of the Company) who had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO or which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Long Position in the Shares of the Company

Name 名稱	Capacity 身份	Number of shares held 所持股份數目	Approximate percentage of shareholding 股權概約百分比 (Note 6) (附註6)
Midea Holding (Cayman Islands) Limited ("Midea (Cayman Islands)") (Note 1) 美的控股(開曼群島)有限公司 (「美的(開曼群島)」)(附註1)	Beneficial owner 實益擁有人	1,901,204,779	66.38%
Midea Investment Holding (BVI) Limited ("Midea Holding (BVI)") (Note 2) 美的控股(BVI)有限公司 (「美的控股(BVI)」)(附註2)	Interests of controlled corporation 受控法團權益	1,901,204,779	66.38%
Midea (Note 3) 美的(附註3)	Interests of controlled corporations 受控法團權益	1,965,702,779	68.63%
Midea Holding Co., Ltd. ("Midea Holding") (Note 4) 美的控股有限公司 (「美的控股」)(附註4)	Interests of controlled corporations 受控法團權益	1,965,702,779	68.63%
Mr. He Xiangjian (Note 5) 何享健先生(附註5)	Interests of controlled corporations 受控法團權益	1,965,702,779	68.63%

(2) 主要股東之權益

除下文所披露者外，於2016年12月31日，本公司董事及最高行政人員並無知悉任何其他人士（本公司董事或最高行政人員除外）於本公司股份或相關股份中擁有已記入本公司根據證券及期貨條例第336條須予存置之登記冊或根據證券及期貨條例第XV部第2及3分部條文須向本公司披露之權益或淡倉：

於本公司股份之好倉

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Notes:

1. These 1,901,204,779 shares of the Company were registered in the name of and beneficially owned by Midea (Cayman Islands).
2. Midea Holding (BVI) was deemed to be interested in 1,901,204,779 shares of the Company in which Midea Holding (BVI) owns the entire equity interest in Midea (Cayman Islands).
3. There were 64,498,000 shares of the Company registered in the name of and beneficially owned by Midea International Corporation Company Limited ("Midea International") which is a company wholly-owned by Midea. Midea Holding (BVI) is also wholly-owned by Midea. Accordingly, Midea was deemed to be interested in the aggregate of 1,965,702,779 shares of the Company including 64,498,000 shares in which Midea International was interested and 1,901,204,779 shares in which Midea Holding (BVI) was deemed to be interested.
4. The registered capital of Midea is owned as to 34.75% by Midea Holding. Accordingly, Midea Holding was deemed to be interested in the aggregate number of 1,965,702,779 shares of the Company in which Midea was deemed to be interested.
5. The registered capital of Midea Holding is owned as to 94.55% by Mr. He Xiangjian. Accordingly, Mr. He Xiangjian was deemed to be interested in the aggregate number of 1,965,702,779 shares of the Company in which Midea Holding was deemed to be interested.
6. The percentage has been compiled on the basis of 2,864,112,822 shares of the Company in issue as at 31 December 2016.

附註：

1. 該等1,901,204,779股本公司股份以美的（開曼群島）之名義登記並由其實益擁有。
2. 美的控股(BVI)因持有美的（開曼群島）全部股權而被視為於美的（開曼群島）擁有的1,901,204,779股本公司股份中擁有權益。
3. 美的國際控股有限公司（「美的國際」）以其名義登記並實益擁有64,498,000股本公司股份。美的國際由美的的全資擁有。美的控股(BVI)亦為美的的全資擁有的公司。因此，美的被視為於合共1,965,702,779股本公司股份中擁有權益，其中包括美的國際擁有權益之64,498,000股股份及美的控股(BVI)被視為擁有權益之1,901,204,779股股份。
4. 美的控股擁有美的註冊資本之34.75%。因此，美的控股被視為於美的被視為擁有權益之合共1,965,702,779股本公司股份中擁有權益。
5. 何享健先生擁有美的控股註冊資本之94.55%。因此，何享健先生被視為於美的控股被視為擁有權益之合共1,965,702,779股本公司股份中擁有權益。
6. 百分比乃按於2016年12月31日2,864,112,822股本公司已發行股份之基準計算。

Directors' Interest in Competing Businesses

As at 31 December 2016, none of the Directors was interested in any business apart from the business of the Group, which competes or is likely to compete, either directly or indirectly, with that of the Group.

Management Contracts

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the Year.

董事於競爭業務之權益

於2016年12月31日，概無董事於本集團業務以外之任何業務中擁有與本集團業務直接或間接構成或可能構成競爭之權益。

管理合約

於本年度，本公司並無就整體業務或任何重要業務之管理及行政工作簽訂或訂有任何合約。

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Major Customers and Suppliers

Sales to the Group's five largest customers together accounted for less than 30% of the Group's total sales during the Year.

The percentages of purchases for the Year attributable to the Group's major suppliers are as follows:

- the largest suppliers	- 最大供應商
- the five largest suppliers in aggregate	- 五大供應商合計

None of the Directors, their close associates or any shareholders (which to the knowledge of the Directors own more than 5% of the Company's issued share) had an interest in these major suppliers.

Connected Transaction and Continuing Connected Transactions

During the Year, the Group had the following connected transaction and continuing connected transactions which were disclosed by published announcements and/or circulars:

- On 29 April 2013, the Company entered into a framework agreement (the "2013 Midea Framework Agreement") with Midea to set out the terms and the annual caps for the sale of motors and electronic and electrical components for electrical household appliances and raw materials by the Group to Midea, its subsidiaries and associates, excluding the Company and its subsidiaries ("Midea Group") and the purchase of raw materials, processed raw materials and motor samples by the Group from Midea Group for the three years ended 31 December 2016. Details of the transactions were disclosed in the Company's announcement dated 29 April 2013 and circular dated 14 May 2013.

The 2013 Midea Framework Agreement and the transactions contemplated thereunder were approved by the then independent shareholders at the extraordinary general meeting of the Company held on 30 May 2013.

主要客戶及供應商

本集團五大客戶之銷售額共佔本集團於本年度之銷售總額低於30%。

於本年度本集團主要供應商應佔之採購額百分比如下：

Percentage of the Group's total purchases 佔本集團採購總額百分比

- 最大供應商	14%
- 五大供應商合計	36%

概無董事、彼等之緊密聯繫人或任何股東（就董事所知擁有本公司已發行股份5%以上）於該等主要供應商擁有權益。

關連交易及持續關連交易

於本年度，本集團進行了以下關連交易及持續關連交易（已於刊發的公告及／或通函內披露）：

- 於2013年4月29日，本公司與美的訂立框架協議（「2013年美的框架協議」），以就截至2016年12月31日止三個年度，本集團向美的、其附屬公司及其聯繫人（不包括本公司及其附屬公司）（「美的集團」）銷售家電電機及電子電器產品與原材料，以及本集團向美的集團採購原材料、經加工原材料及電機樣本訂明條款及年度上限。有關交易的詳情已於本公司於2013年4月29日刊發的公告及於2013年5月14日刊發的通函中披露。

2013年美的框架協議及其項下擬進行之交易已於本公司在2013年5月30日舉行的股東特別大會上獲當時的獨立股東批准。

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2. On 17 April 2014, the Company entered into a financial services framework agreement (the “2014 Financial Services Framework Agreement”) with Midea Group Finance Co., Ltd. (“Finance Company”, a subsidiary of Midea) to set out the terms and the annual caps in respect of the core financial services (including deposit, loan and financing, bills discounting, bills acceptance, foreign exchange and guarantee services) for the three years ending 31 December 2017. The provision of deposit services by Finance Company to the Group under the 2014 Financial Services Framework Agreement also constituted a major and connected transaction for the Company under the Listing Rules. Details of the transactions were disclosed in the Company’s announcements dated 17 April 2014, 23 April 2014 and 14 May 2014 and circular dated 13 June 2014.

The 2014 Financial Services Framework Agreement and the transactions contemplated thereunder were approved by the then independent shareholders at the extraordinary general meeting of the Company held on 30 June 2014.

3. On 23 June 2014, the Company entered into a logistic service agreement (the “2014 Logistic Service Agreement”) with Annto Logistics Co., Ltd. (“Annto”, a subsidiary of Midea) to (i) revise the annual cap for the year ended 31 December 2014 in respect of the logistic service fees payable under the logistic service agreement dated 11 January 2013 (the “2013 Logistic Service Agreement”); and (ii) extend the term of the 2013 Logistic Service Agreement for two more years to 31 December 2016 and set the annual caps for the provision of the logistic services by Annto and/or its subsidiaries to the Group for the two years ended 31 December 2016 in order to fulfill the operation needs of the Group. The 2014 Logistic Service Agreement and the transactions contemplated thereunder were exempt from the independent shareholders’ approval requirement under Chapter 14A of the Listing Rules. Details of the transactions were disclosed in the Company’s announcement dated 23 June 2014.

2. 於2014年4月17日，本公司與美的集團財務有限公司（「財務公司」，美的之附屬公司）訂立財務服務框架協議（「2014年財務服務框架協議」），以就截至2017年12月31日止三個年度之核心財務服務（包括存款、貸款及融資、票據貼現、票據承兌、外匯及擔保服務）訂明條款及年度上限。財務公司根據2014年財務服務框架協議向本集團提供之存款服務亦構成本公司於上市規則項下之主要及關連交易。有關交易的詳情已於本公司於2014年4月17日、2014年4月23日及2014年5月14日刊發的公告及於2014年6月13日刊發的通函中披露。

2014年財務服務框架協議及其項下擬進行之交易已於本公司在2014年6月30日舉行的股東特別大會上獲當時的獨立股東批准。

3. 於2014年6月23日，本公司與安得物流股份有限公司（「安得」，美的之附屬公司）訂立物流服務協議（「2014年物流服務協議」），以(i)修訂有關訂立日期為2013年1月11日之物流服務協議（「2013年物流服務協議」）項下應付物流服務費截至2014年12月31日止年度之年度上限；及(ii)將2013年物流服務協議之年期延長兩年，至2016年12月31日，並為安得及／或其附屬公司向本集團提供物流服務設定截至2016年12月31日止兩個年度之年度上限，以滿足本集團之營運需要。根據上市規則第14A章，2014年物流服務協議及其項下擬進行之交易獲豁免遵守獨立股東批准的規定。有關交易的詳情已於本公司於2014年6月23日刊發的公告中披露。

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4. On 16 December 2015, the Company entered into a purchase framework agreement (the “2015 ZS Framework Agreement”) with Zhejiang Shangfeng Industrial Holdings Co., Ltd. (“Zhejiang Shangfeng”, a company controlled by Mr. He Jianfeng who is the son of Mr. He Xiangjian, the controlling shareholder of Midea) to set out the terms and the annual caps for the purchase of raw materials by the Group from Zhejiang Shangfeng, its subsidiaries and associates (“ZS Group”) for the three years ending 31 December 2018. The 2015 ZS Framework Agreement and the transactions contemplated thereunder were exempt from the independent shareholders’ approval requirement under Chapter 14A of the Listing Rules. Details of the transactions were disclosed in the Company’s announcement dated 16 December 2015.
 5. On 17 December 2015, the Company entered into an agreement in relation to the intra group financial services (the “2015 Intra Group Financial Services Agreement”) with Midea International Corporation Company Limited (“Midea International”, a wholly-owned subsidiary of Midea) to set out the terms and the annual caps for the provision of deposit services and settlement and similar services by Midea International to the Company and its subsidiaries outside the PRC for the three years ending 31 December 2018. The 2015 Intra Group Financial Services Agreement and the transactions contemplated thereunder were exempt from the independent shareholders’ approval requirement under Chapter 14A of the Listing Rules. Details of the transactions were disclosed in the Company’s announcement dated 17 December 2015.
 6. On 18 April 2016, the Company entered into a framework agreement (the “2016 Midea Framework Agreement”) with Midea to set out the terms and the annual caps for the sale of motors and electronic and electrical components for electrical household appliances and raw materials by the Group to Midea Group and the purchase of raw materials, processed raw materials and motor samples by the Group from Midea Group for the three years ending 31 December 2019. Details of the transactions were disclosed in the Company’s announcement dated 18 April 2016 and circular dated 10 May 2016.
4. 於2015年12月16日，本公司與浙江上風實業股份有限公司（「浙江上風」，一家由美的控股股東何享健先生之子何劍鋒先生控制的公司）訂立採購框架協議（「2015年浙江上風框架協議」），以就截至2018年12月31日止三個年度，本集團向浙江上風、其附屬公司及其聯繫人（「浙江上風集團」）採購原材料訂明條款及年度上限。根據上市規則第14A章，2015年浙江上風框架協議及其項下擬進行之交易獲豁免遵守獨立股東批准的規定。有關交易的詳情已於本公司於2015年12月16日刊發的公告中披露。
 5. 於2015年12月17日，本公司就有關集團內部財務服務與美的國際控股有限公司（「美的國際」，美的之全資附屬公司）訂立協議（「2015年集團內部財務服務協議」），以就截至2018年12月31日止三個年度，美的國際向本公司及其附屬公司於中國以外提供存款服務及結算與類似服務訂明條款及年度上限。根據上市規則第14A章，2015年集團內部財務服務協議及其項下擬進行之交易獲豁免遵守獨立股東批准的規定。有關交易的詳情已於本公司於2015年12月17日刊發的公告中披露。
 6. 於2016年4月18日，本公司與美的訂立框架協議（「2016年美的框架協議」），以就截至2019年12月31日止三個年度，本集團向美的集團銷售家電電機及電子電器產品與原材料，以及本集團向美的集團採購原材料、經加工原材料及電機樣本訂明條款及年度上限。有關交易的詳情已於本公司於2016年4月18日刊發的公告及於2016年5月10日刊發的通函中披露。

The 2016 Midea Framework Agreement and the transactions contemplated thereunder were approved by the then independent shareholders at the extraordinary general meeting of the Company held on 31 May 2016.

2016年美的框架協議及其項下擬進行之交易已於本公司在2016年5月31日舉行的股東特別大會上獲當時的獨立股東批准。

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7. On 30 May 2016, Hefei Welling Motor Manufacturing Co., Ltd. (“Hefei Welling”, an indirect wholly-owned subsidiary of the Company) entered into a tenancy agreement (the “2016 Tenancy Agreement”) with Hefei Hualing Co., Ltd. (“Hefei Hualing”, a subsidiary of Midea) to set out the terms and the annual caps in respect of the lease of Hefei Welling’s unused factory premises to Hefei Hualing for a term of two years commencing from 1 June 2016 to 31 May 2018 (both days inclusive). The 2016 Tenancy Agreement and the transactions contemplated thereunder were exempt from the independent shareholders’ approval requirement under Chapter 14A of the Listing Rules. Details of the transactions were disclosed in the Company’s announcement dated 30 May 2016.
8. On 2 December 2016, the Company entered into a logistic service agreement (the “2016 Logistic Service Agreement”) with Annto to set out the terms and the annual caps for the provision of the logistic services by Annto and/or its subsidiaries to the Group for the three years ending 31 December 2019. The 2016 Logistic Service Agreement and the transactions contemplated thereunder were exempt from the independent shareholders’ approval requirement under Chapter 14A of the Listing Rules. Details of the transactions were disclosed in the Company’s announcement dated 2 December 2016.
7. 於2016年5月30日，合肥威靈電機製造有限公司（「合肥威靈」，本公司之間接全資附屬公司）與合肥華凌股份有限公司（「合肥華凌」，美的之附屬公司）訂立租賃協議（「2016年租賃協議」），以就由2016年6月1日起至2018年5月31日（包括首尾兩日）止為期兩年，合肥威靈向合肥華凌出租無被使用的廠房物業訂明條款及年度上限。根據上市規則第14A章，2016年租賃協議及其項下擬進行之交易獲豁免遵守獨立股東批准的規定。有關交易的詳情已於本公司於2016年5月30日刊發的公告中披露。
8. 於2016年12月2日，本公司與安得訂立物流服務協議（「2016年物流服務協議」），以就截至2019年12月31日止三個年度，安得及／或其附屬公司向本集團提供物流服務訂明條款及年度上限。根據上市規則第14A章，2016年物流服務協議及其項下擬進行之交易獲豁免遵守獨立股東批准的規定。有關交易的詳情已於本公司於2016年12月2日刊發的公告中披露。

REPORT OF THE DIRECTORS

董事會報告

The following table sets out the transaction amount of each of the aforesaid continuing connected transactions of the Group during the Year and the relevant approved annual caps for 2016:

下表載列上述本集團於本年度各項持續關連交易的交易金額及2016年已獲批准的有關年度上限：

Transactions	交易	Transaction amount for	Annual caps
		the year ended 31 December 2016 截至2016年12月31日止 年度的交易金額	for 2016 2016年 年度上限
		RMB'000 人民幣千元	RMB'000 人民幣千元
Sale of motors and electronic and electric components for electrical household appliances and raw materials to Midea Group	向美的集團銷售家電電機及電子電器產品以及原材料	3,118,837	7,380,000
Purchase of raw materials, processed raw materials and motors samples from Midea Group	向美的集團採購原材料、經加工原材料及電機樣本	94,750	238,000
Purchase of raw materials from ZS Group	向浙江上風集團採購原材料	72,980	155,000
Financial services provided by the Finance Company	財務公司提供的財務服務		
– Deposit (daily maximum outstanding balances including accrued interest and handling fee)	– 存款 (包括應計利息及手續費的每日最高結餘)	1,238,351	3,581,110
– Loan (daily maximum outstanding balances including accrued interest and handling fee)	– 貸款 (包括應計利息及手續費的每日最高結餘)	–	1,543,650
– Bills discounting (aggregate face value of the bills discounted)	– 票據貼現 (經貼現的票據總面值)	300,315	1,687,690
– Bills acceptance (aggregate face value of the bills accepted)	– 票據承兌 (經承兌的票據總面值)	1,798,181	4,775,890
– Foreign exchange	– 外匯	255,775	3,655,840
– Guarantee	– 擔保	93,000	1,500,000
Logistic services paid to Annto and/or its subsidiaries	支付安得及/或其附屬公司提供的物流服務	63,217	100,000
Rental income received from Hefei Hualing	向合肥華凌收取的租金收入	3,500	3,500
		HK\$'000 港幣千元	HK\$'000 港幣千元
Provision of deposit services by Midea International (daily maximum outstanding balances including accrued interest)	美的國際提供的存款服務 (包括應計利息的每日最高結餘)	–	80,000

REPORT OF THE DIRECTORS

董事會報告

The independent non-executive Directors have reviewed the continuing connected transactions of the Group during the Year and confirmed that the continuing connected transactions have been entered into:

- (1) in the ordinary and usual course of business of the Group;
- (2) on normal commercial terms; and
- (3) in accordance with the relevant agreements governing the transactions on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The Board of Directors engaged PricewaterhouseCoopers, the auditor of the Company, to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to the Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued an unqualified letter containing their findings and conclusions in respect of the continuing connected transactions of the Group disclosed above in accordance with Rule 14A.56 of the Listing Rules. The auditor has confirmed to the Company that nothing has come to their attention that causes them to believe the continuing connected transactions of the Group for the year ended 31 December 2016 as disclosed above:

- (1) have not been approved by the Board of Directors of the Company;
- (2) were not, in all material respects, in accordance with the pricing policy of the Company;
- (3) were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and
- (4) have exceeded the amounts of annual caps as disclosed in the announcements and/or circulars made by the Company in respect of each of the disclosed continuing connected transactions.

A copy of the auditor's letter on continuing connected transactions of the Group for the year ended 31 December 2016 has been provided by the Company to the Stock Exchange. The Company confirmed that it has complied with the disclosure requirements with respect to the above-mentioned continuing connected transactions of the Group in accordance with Chapter 14A of the Listing Rules.

獨立非執行董事已審閱本集團於本年度之持續關連交易，並確認該等持續關連交易：

- (1) 於本集團日常及正常業務過程中訂立；
- (2) 乃按一般商業條款訂立；及
- (3) 按照規管該等交易之相關協議進行，其條款屬公平及合理，且符合本公司股東的整體利益。

董事會聘請本公司核數師羅兵咸永道會計師事務所根據香港會計師公會發出的香港鑑證業務準則第3000號「非審核或審閱過往財務資料的鑒證工作」，及參考實務說明第740號「關於香港上市規則所述持續關連交易的核數師函件」，以匯報本集團的持續關連交易。核數師已根據上市規則第14A.56條發出具無保留意見函件，函件載有對上文披露的本集團持續關連交易的發現和總結。核數師向本公司確認其並無發現任何事實使其相信上文披露本集團截至2016年12月31日止年度的持續關連交易：

- (1) 未獲本公司董事會批准；
- (2) 在所有重大方面並未有按照本公司的定價政策進行；
- (3) 在所有重大方面並未有按照規管該等交易的相關協定進行；及
- (4) 超出本公司就各項已披露的持續關連交易所刊發之公告及／或通函內所披露之年度上限金額。

本公司已將本集團截至2016年12月31日止年度持續關連交易有關的核數師函件副本送呈聯交所。本公司確認已就上文所述之本集團持續關連交易遵守上市規則第14A章之披露規定。

REPORT OF THE DIRECTORS

董事會報告

Related Party Transactions

Details of the significant related party transactions entered into by the Group in the normal course of business are set out in Note 35 to the consolidated financial statements. Those related party transactions which constituted connected transaction or continuing connected transactions under the Listing Rules have complied with Chapter 14A of the Listing Rules.

Non-Competition Deed

On 22 February 2008, Midea entered into a non-competition deed in favour of the Company (the “Non-Competition Deed”) to undertake that Midea and other members of Midea Group (except the Group) will not engage in any business of the manufacturing and distribution of motors and electronic and electric components for all electrical household appliances and any business activities carried on or proposed to be carried on by the Group which would directly or indirectly compete with the business of the Group.

In compliance with the requirement of the Non-Competition Deed, Midea has submitted to the Company the annual declaration confirming that Midea and its associates (as defined in the Listing Rules) have complied with all the provisions of the Non-Competition Deed throughout the year ended 31 December 2016 (the “Declaration”). The independent non-executive Directors have reviewed the Declaration and are satisfied with the compliance by Midea and its associates with the provisions of the Non-competition Deed and the enforcement of the Non-competition Deed during the year ended 31 December 2016.

關聯方交易

本集團於正常業務過程中訂立的重大關聯方交易之詳情載於綜合財務報表附註35。根據上市規則構成關連交易或持續關連交易的各項關聯方交易已遵守上市規則第14A章。

不競爭契據

於2008年2月22日，美的以本公司為受益人訂立不競爭契據（「不競爭契據」），藉此承諾，美的及美的集團之其他成員公司（本集團除外）將不會從事一切家電電機及電子電器產品之製造及分銷業務以及本集團已進行及擬進行的業務，從而直接或間接與本集團之業務構成競爭。

為符合不競爭契據之規定，美的已向本公司提呈年度聲明，確認美的及其聯繫人（定義見上市規則）已於截至2016年12月31日止年度內一直遵守不競爭契據之所有規定（「有關聲明」）。獨立非執行董事已審閱有關聲明，並信納美的及其聯繫人已於截至2016年12月31日止年度內一直遵守不競爭契據之規定，及履行不競爭契據。

REPORT OF THE DIRECTORS

董事會報告

Compliance with Laws and Regulations

During the Year, the Group has complied with the relevant laws and regulations that have a significant impact on the Group.

Compliance with the Model Code and the Corporate Governance Code

Please refer to the Corporate Governance Report set out on pages 21 to 47 for the compliance with the Model Code and the Corporate Governance Code.

Sufficiency of Public Float

Based on the information that is publicly available to the Company and within the knowledge of its Directors, the Directors confirmed that the Company has maintained, during the Year, sufficient public float as required under the Listing Rules.

Auditor

The consolidated financial statements have been audited by PricewaterhouseCoopers who retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of PricewaterhouseCoopers as auditor of the Group is to be proposed at the forthcoming AGM.

On behalf of the Board
Welling Holding Limited
Xiang Weimin
Chairman

Hong Kong, 17 March 2017

遵守法律及法規

於本年度內，本集團已遵守對本集團有重要影響的相關法律及法規。

遵守標準守則及企業管治守則

有關遵守標準守則及企業管治守則之詳情，請參閱載於第21頁至47頁之企業管治報告。

足夠公眾持股量

根據可供本公司公開查閱且其董事亦知悉的資料，董事確認本公司於本年度內一直維持上市規則所規定的足夠公眾持股量。

核數師

羅兵咸永道會計師事務所已審核綜合財務報表，該核數師任滿告退，並符合資格且願意膺聘連任。一項續聘羅兵咸永道會計師事務所為本集團核數師之決議案將於應屆股東週年大會上提呈。

代表董事會
威靈控股有限公司
主席
向衛民

香港，2017年3月17日

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告



羅兵咸永道

Independent Auditor's Report To the Members of Welling Holding Limited

(incorporated in Hong Kong with limited liability)

獨立核數師報告 致威靈控股有限公司股東

(於香港註冊成立之有限公司)

Opinion

意見

What we have audited

我們已審計的內容

The consolidated financial statements of Welling Holding Limited (the "Company") and its subsidiaries (the "Group") set out on pages 91 to 203, which comprise:

威靈控股有限公司(以下簡稱「貴公司」)及其附屬公司(以下統稱「貴集團」)列載於第91至203頁的綜合財務報表,包括:

- the consolidated statement of financial position as at 31 December 2016;
 - the consolidated income statement for the year then ended;
 - the consolidated statement of comprehensive income for the year then ended;
 - the consolidated statement of changes in equity for the year then ended;
 - the consolidated statement of cash flows for the year then ended; and
 - the notes to the consolidated financial statements, which include a summary of significant accounting policies.
- 於2016年12月31日的綜合財務狀況表;
 - 截至該日止年度的綜合收益表;
 - 截至該日止年度的綜合全面收益表;
 - 截至該日止年度的綜合權益變動表;
 - 截至該日止年度的綜合現金流量表;及
 - 綜合財務報表附註,包括主要會計政策概要。

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INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2016, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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

Key Audit Matters

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

Key audit matters identified in our audit is revenue recognition, and is summarised as follows:

Key Audit Matter

關鍵審計事項

Revenue recognition

收入確認

Refer to notes 2.27, 5 and 13 to the consolidated financial statements.

茲提述綜合財務報表附註2.27、5及13。

我們的意見

我們認為，該等綜合財務報表已根據香港會計師公會（「香港會計師公會」）頒佈的香港財務報告準則（「香港財務報告準則」）真實而公平地反映了貴集團於2016年12月31日的綜合財務狀況及其截至該日止年度的綜合財務表現及綜合現金流量，並已遵照香港公司條例妥為編製。

意見的基礎

我們已根據香港會計師公會頒佈的香港審計準則（「香港審計準則」）進行審計。我們在該等準則下承擔的責任已在本報告「核數師就審計綜合財務報表承擔的責任」部分中作出進一步闡述。

我們相信，我們所獲得的審計憑證能充足及適當地為我們的意見提供基礎。

獨立性

根據香港會計師公會頒佈的專業會計師道德守則（以下簡稱「守則」），我們獨立於貴集團，並已履行守則中的其他專業道德責任。

關鍵審計事項

關鍵審計事項是根據我們的專業判斷，認為對本期綜合財務報表的審計最為重要的事項。這些事項是在我們審計整體綜合財務報表及出具意見時進行處理的。我們不會對這些事項提供單獨的意見。

我們在審計中識別的關鍵審計事項為收入確認並概述如下：

How our audit addressed the Key Audit Matter

我們的審計如何處理關鍵審計事項

We performed the following audit procedures to address whether the revenue was recorded in proper period:

我們已作出以下審計程序以處理收入是否於適當期間入賬：

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

Key Audit Matters (Continued)

關鍵審計事項 (續)

Key Audit Matter

關鍵審計事項

According to the contractual arrangement with the customers, the sales of goods of the Group are recognised when the products have been delivered to the customers, the customers have verified and accepted the products and the collectability of the related receivables is reasonably assured.

根據與客戶的合約安排，本集團的貨品銷售於向客戶交付產品、客戶驗收產品且可合理確保可收回相關應收款時方予確認。

As at 31 December 2016, total revenue recognised for the year was HK\$7,954,460,000. Goods which were delivered to customers but not yet recognised as revenue amounted to approximately HK\$300,069,000. This represented 34% of total inventories of the Group as at 31 December 2016. Revenue was not recognised for these goods because the risks and rewards have not been passed to the customers as they were not yet verified and accepted by the customers.

於2016年12月31日，年內確認的總收入為港幣7,954,460,000元。已向客戶交付的貨品但仍未確認為收入的金額約為港幣300,069,000元，相當於本集團於2016年12月31日存貨總額的34%。因該等貨品尚未經客戶驗收而致使其風險及收益尚未轉移至客戶，因此並無就該等貨品確認收入。

We focused on the management's assessment on the period in which the revenue was recognised because there is a risk that revenue may not be properly recognised for goods delivered to customers before the year-end.

由於年底前已經發出至客戶的貨品存在未能及時確認收入的風險，我們重點關注管理層對確認收入期間的評估。

How our audit addressed the Key Audit Matter

我們的審計如何處理關鍵審計事項

- (i) we understood and evaluated the internal control over revenue recognition and performed testing, on a sample basis, to validate the controls;
- (i) 我們對收入確認的內部監控進行了解及評估，並進行抽樣測試以驗證有關監控的有效性；
- (ii) for the inventories delivered to and stored in the customer's warehouse but have not yet been verified and accepted by the respective customers, we selected samples to inspect the correspondence between the management of the Group and the customers and check whether the acceptance procedures have been completed or not. In addition, we arranged inventory confirmations with the customers on a sampling basis and joined inventory count at the selected customer's warehouse together with the management of the Group; and
- (ii) 對於已交付並儲存於客戶倉庫，但仍待各客戶驗收的存貨，我們選定樣本以檢查貴集團管理層與客戶之間的往來函件，並核查驗收程序是否已完成。此外，我們抽樣向客戶進行存貨確認，以及連同貴集團管理層於客戶倉庫進行盤點；及
- (iii) we selected samples of revenue transactions recognised before and after year end and inspected the relevant supporting documents including sales orders, delivery notes and customer's acceptance reports.
- (iii) 我們選取於年底前後確認的收入交易樣本，並檢查銷售訂單、交貨單和客戶驗收報告等相關支持文件。

We found that the management's assessment on the period in which the revenue was recognised were supported by the available evidence.

我們認為獲得的憑證足以支持管理層對確認收入期間的評估。

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

Other Information

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

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

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors and Audit Committee for the Consolidated Financial Statements

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

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

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

其他資料

貴公司董事須對其他資料負責。其他資料包括年報內的所有資料，但不包括綜合財務報表及我們的核數師報告。

我們對綜合財務報表的意見並不涵蓋其他資料，我們亦不對該等其他資料發表任何形式的鑒證結論。

結合我們對綜合財務報表的審計，我們的責任是閱讀其他資料，在此過程中，考慮其他資料是否與綜合財務報表或我們在審計過程中所了解的情況存在重大抵觸或者是否存在重大錯誤陳述的情況。

基於我們已執行的工作，倘若我們認為其他資料存在重大錯誤陳述，我們需要報告該事實。在這方面，我們沒有任何報告。

董事及審核委員會就綜合財務報表須承擔的責任

貴公司董事須負責根據香港會計師公會頒佈的香港財務報告準則及香港公司條例編製真實而公平的綜合財務報表，並對其認為為使綜合財務報表的編製不存在由於欺詐或錯誤而導致的重大錯誤陳述所需的內部監控負責。

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

審核委員會須負責監督 貴集團的財務報告過程。

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, in accordance with Section 405 of the Hong Kong Companies Ordinance and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSA's, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

核數師就審計綜合財務報表承擔的責任

我們的目標是對綜合財務報表整體是否不存在由於欺詐或錯誤而導致的重大錯誤陳述取得合理保證，並出具包括我們意見的核數師報告。我們遵照香港公司條例第405條僅向閣下（作為整體）報告，除此之外本報告別無其他目的。我們不會就本報告的內容向任何其他人士負責或承擔任何責任。合理保證是高水平的保證，但不能保證按照香港審計準則進行的審計，在某一重大錯誤陳述存在時總能發現。錯誤陳述可以由欺詐或錯誤引起，倘若合理預期彼等單獨或匯總起來可能影響綜合財務報表使用者依賴綜合財務報表所作出的經濟決定，則有關的錯誤陳述可被視作重大。

在根據香港審計準則進行審計的過程中，我們運用了專業判斷，保持了專業懷疑態度。我們亦：

- 識別和評估由於欺詐或錯誤而導致綜合財務報表存在重大錯誤陳述的風險，設計及執行審計程序以應對這些風險，以及獲取充足和適當的審計憑證，作為我們意見的基礎。由於欺詐可能涉及串謀、偽造、蓄意遺漏、虛假陳述，或凌駕於內部監控之上，因此未能發現因欺詐而導致的重大錯誤陳述的風險高於未能發現因錯誤而導致的重大錯誤陳述的風險。
- 了解與審計相關的內部監控，以設計適當的審計程序，但目的並非對貴集團內部監控的有效性發表意見。
- 評價董事所採用會計政策的恰當性及作出會計估計和相關披露的合理性。

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (Continued)

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

核數師就審計綜合財務報表承擔的責任 (續)

- 對董事採用持續經營會計基礎的恰當性作出結論。根據所獲取的審計憑證，確定是否存在與事項或情況有關的重大不確定性，從而可能導致對貴集團的持續經營能力產生重大疑慮。倘若我們認為存在重大不確定性，則有必要在核數師報告中提請使用者注意綜合財務報表中的相關披露。假若有關的披露不足，則我們應當發表非無保留意見。我們的結論是基於截至核數師報告日止所取得的審計憑證。然而，未來事項或情況可能導致貴集團不能持續經營。
- 評價綜合財務報表的整體列報方式、結構和內容，包括披露，以及綜合財務報表是否公平反映交易和事項。
- 就貴集團內實體或業務活動的財務資料獲取充足、適當的審計憑證，以便對綜合財務報表發表意見。我們負責貴集團審計的方向、監督和執行。我們為審計意見承擔全部責任。

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

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

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (Continued)

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

The engagement partner on the audit resulting in this independent auditor's report is Michael W.H. Chan.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 17 March 2017

核數師就審計綜合財務報表承擔的責任（續）

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

出具本獨立核數師報告的審計項目合夥人是陳惠康。

羅兵咸永道會計師事務所
執業會計師

香港，2017年3月17日

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

綜合財務狀況表

AS AT 31 DECEMBER 2016

於2016年12月31日

		As at 31 December	
		於12月31日	
		2016	2015
		HK\$'000	HK\$'000
		港幣千元	港幣千元
ASSETS	資產	Note	
		附註	
Non-current assets	非流動資產		
Leasehold land and land use rights	租賃土地及土地使用權	6	180,329
Property, plant and equipment	物業、廠房及設備	7	1,042,310
Investment properties	投資物業	8	41,028
Intangible assets	無形資產	9	78,971
Investments accounted for using the equity method	以權益法入賬之投資	11	-
Deferred income tax assets	遞延所得稅資產	19	30,032
Available-for-sale financial assets	可供出售金融資產	12	122,936
Prepayments for property, plant and equipment	預付物業、廠房及設備款項	14	11,863
			1,507,469
Current assets	流動資產		
Inventories	存貨	13	891,010
Trade and other receivables	貿易及其他應收款	14	2,205,314
Derivative financial instruments	衍生金融工具	22	5,479
Available-for-sale financial assets	可供出售金融資產	12	1,123,535
Pledged bank deposits	已抵押銀行存款	15	36,790
Cash and cash equivalents	現金及現金等價物	16	1,661,429
			5,923,557
Total assets	總資產		7,431,026
EQUITY	權益		
Equity attributable to the owners of the Company	本公司擁有人應佔權益		
Share capital	股本	17	4,967,225
Other reserves	其他儲備	18	(2,938,147)
Retained earnings	保留盈利		2,486,662
			4,515,740
Non-controlling interests	非控股權益		39,385
Total equity	權益總額		4,555,125

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

綜合財務狀況表

AS AT 31 DECEMBER 2016

於2016年12月31日

		As at 31 December	
		於12月31日	
		2016	2015
		HK\$'000	HK\$'000
		港幣千元	港幣千元
LIABILITIES	負債	Note	
		附註	
Non-current liabilities	非流動負債		
Deferred income tax liabilities	遞延所得稅負債	19	150,379
Deferred government grants	遞延政府補貼	20	61,028
			211,407
Current liabilities	流動負債		
Trade and other payables	貿易及其他應付款項	21	2,611,834
Derivative financial instruments	衍生金融工具	22	-
Current income tax liabilities	即期所得稅負債		52,660
Borrowings	借款	23	-
			2,664,494
Total liabilities	總負債		2,875,901
Total equity and liabilities	權益及負債總額		7,431,026

The notes on pages 98 to 203 are an integral part of these consolidated financial statements.

載於第98至203頁之附註為該等綜合財務報表之組成部分。

The consolidated financial statements on pages 91 to 203 were approved by the board of directors on 17 March 2017 and were signed on its behalf.

董事會於2017年3月17日批准於第91至203頁之綜合財務報表，並代表董事會簽署。

Director
董事
Xiang Weimin
向衛民

Director
董事
Pan Xinling
潘新玲

CONSOLIDATED INCOME STATEMENT

綜合收益表

FOR THE YEAR ENDED 31 DECEMBER 2016

截至2016年12月31日止年度

		Year ended 31 December	
		截至12月31日止年度	
		2016	2015
		HK\$'000	HK\$'000
		港幣千元	港幣千元
	Note		
	附註		
Revenue	5	7,954,460	8,040,366
Cost of goods sold		(6,776,454)	(6,930,634)
Gross profit		1,178,006	1,109,732
Other gains – net	24	149,838	90,279
Selling and marketing expenses		(216,228)	(212,013)
Administrative expenses		(384,310)	(428,348)
Operating profit		727,306	559,650
Finance incomes	27	27,775	35,947
Finance expenses	27	(3,971)	(15,972)
Finance incomes – net	27	23,804	19,975
Share of profit of associates accounted for using the equity method	11	18,825	51,396
Profit before income tax		769,935	631,021
Income tax expense	28	(178,306)	(108,322)
Profit for the year		591,629	522,699
Profit attributable to:			
Owners of the Company		596,574	525,030
Non-controlling interests		(4,945)	(2,331)
		591,629	522,699
Earnings per share attributable to the owners of the Company, expressed in HK cents per share			
Basic	29	20.83	18.34
Diluted	29	20.83	18.33

The notes on pages 98 to 203 are an integral part of these consolidated financial statements.

載於第98至203頁之附註為該等綜合財務報表之組成部分。

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

綜合全面收益表

FOR THE YEAR ENDED 31 DECEMBER 2016

截至2016年12月31日止年度

		Year ended 31 December	
		截至12月31日止年度	
		2016	2015
		HK\$'000	HK\$'000
		港幣千元	港幣千元
Profit for the year	年度利潤	591,629	522,699
Other comprehensive income:	其他全面收益：		
<i>Items that may be reclassified to profit or loss</i>	<i>可重新分類至損益的項目</i>		
Currency translation differences	外幣折算差額	(283,125)	(265,564)
Change in value of available-for-sale financial assets	可供出售金融資產的價值變動	10,186	11,704
Other comprehensive loss for the year, net of tax	年度其他全面虧損（扣除稅項）	(272,939)	(253,860)
Total comprehensive income for the year	年度全面收益總額	318,690	268,839
Total comprehensive income for the year attributable to:	以下人士應佔年度全面收益總額：		
– Owners of the Company	– 本公司擁有人	327,197	274,900
– Non-controlling interests	– 非控股權益	(8,507)	(6,061)
		318,690	268,839

The notes on pages 98 to 203 are an integral part of these consolidated financial statements.

載於第98至203頁之附註為該等綜合財務報表之組成部分。

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

綜合權益變動表

FOR THE YEAR ENDED 31 DECEMBER 2016

截至2016年12月31日止年度

		Attributable to the owners of the Company 本公司擁有人應佔				Non- controlling interests	Total equity
		Share capital 股本 HK\$'000 港幣千元	Other reserves 其他儲備 HK\$'000 港幣千元	Retained earnings 保留盈利 HK\$'000 港幣千元	Total 合計 HK\$'000 港幣千元	非控股權益 HK\$'000 港幣千元	權益總額 HK\$'000 港幣千元
Balance at 1 January 2015	於2015年1月1日之結餘	4,965,641	(2,539,934)	1,838,646	4,264,353	65,491	4,329,844
Comprehensive income:	全面收益：						
Profit/(loss) for the year	年度利潤／(虧損)	-	-	525,030	525,030	(2,331)	522,699
Other comprehensive income:	其他全面收益：						
Available-for-sale financial assets	可供出售金融資產	-	11,704	-	11,704	-	11,704
Currency translation differences	外幣折算差額	-	(261,834)	-	(261,834)	(3,730)	(265,564)
Total comprehensive income	全面收益總額	-	(250,130)	525,030	274,900	(6,061)	268,839
Transaction with owners:	與擁有人進行的交易：						
Transfer to statutory reserves (note 18)	轉撥至法定儲備(附註18)	-	16,057	(16,057)	-	-	-
Share option scheme (note 17)	購股權計劃(附註17)						
- proceeds from shares issued	- 發行股份所得款項	1,240	-	-	1,240	-	1,240
- share issuance expenses	- 股份發行開支	(23)	-	-	(23)	-	(23)
Contribution by owners relating to share-based payment (note 18(b))	有關擁有人以股份為 基礎支付的貢獻 (附註18(b))	-	16,672	-	16,672	-	16,672
Dividend relating to 2014 (note 30)	2014年度股息(附註30)	-	-	(214,771)	(214,771)	-	(214,771)
Total transaction with owners	與擁有人進行之交易總額	1,217	32,729	(230,828)	(196,882)	-	(196,882)
Balance at 31 December 2015	於2015年12月31日之結餘	4,966,858	(2,757,335)	2,132,848	4,342,371	59,430	4,401,801

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

綜合權益變動表

FOR THE YEAR ENDED 31 DECEMBER 2016

截至2016年12月31日止年度

		Attributable to the owners of the Company 本公司擁有人應佔				Non-	Total
		Share capital 股本 HK\$'000 港幣千元	Other reserves 其他儲備 HK\$'000 港幣千元	Retained earnings 保留盈利 HK\$'000 港幣千元	Total 合計 HK\$'000 港幣千元	controlling interests 非控股權益 HK\$'000 港幣千元	equity 權益總額 HK\$'000 港幣千元
Balance at 1 January 2016	於2016年1月1日之結餘	4,966,858	(2,757,335)	2,132,848	4,342,371	59,430	4,401,801
Comprehensive income:	全面收益：						
Profit/(loss) for the year	年度利潤／(虧損)	-	-	596,574	596,574	(4,945)	591,629
Other comprehensive income:	其他全面收益：						
Available-for-sale financial assets	可供出售金融資產	-	10,186	-	10,186	-	10,186
Currency translation differences	外幣折算差額	-	(279,563)	-	(279,563)	(3,562)	(283,125)
Total comprehensive income	全面收益總額	-	(269,377)	596,574	327,197	(8,507)	318,690
Transaction with owners:	與擁有人進行的交易：						
Transfer to statutory reserves (note 18)	轉撥至法定儲備(附註18)	-	56,632	(56,632)	-	-	-
Share option scheme (note 17)	購股權計劃(附註17)						
- proceeds from shares issued	- 發行股份所得款項	393	-	-	393	-	393
- share issuance expenses	- 股份發行開支	(26)	-	-	(26)	-	(26)
Contribution by owners relating to share-based payment (note 18(b))	有關擁有人以股份為 基礎支付的貢獻 (附註18(b))	-	20,395	-	20,395	-	20,395
Unclaimed dividend forfeited (note 21(c))	沒收未領取股息 (附註21(c))	-	-	7	7	-	7
Dividend relating to 2015 (note 30)	2015年度股息(附註30)	-	-	(186,135)	(186,135)	-	(186,135)
Others	其他	-	11,538	-	11,538	(11,538)	-
Total transaction with owners	與擁有人進行之交易總額	367	88,565	(242,760)	(153,828)	(11,538)	(165,366)
Balance at 31 December 2016	於2016年12月31日之結餘	4,967,225	(2,938,147)	2,486,662	4,515,740	39,385	4,555,125

The notes on pages 98 to 203 are an integral part of these consolidated financial statements.

載於第98至203頁之附註為該等綜合財務報表之組成部分。

CONSOLIDATED STATEMENT OF CASH FLOWS

綜合現金流量表

FOR THE YEAR ENDED 31 DECEMBER 2016

截至2016年12月31日止年度

		Year ended 31 December 截至12月31日止年度	
		2016	2015
		HK\$'000	HK\$'000
		港幣千元	港幣千元
	Note 附註		
Cash flows from operating activities	經營活動之現金流量		
Cash generated from operations	經營產生之現金	31(a) 905,001	660,338
Interest paid	已付利息	(3,971)	(15,972)
Interest received	已收利息	9,784	24,137
Income tax paid	已付所得稅	(122,696)	(96,991)
Net cash generated from operating activities	經營活動產生之現金淨額	788,118	571,512
Cash flows from investing activities	投資活動之現金流量		
Purchases of property, plant and equipment	購置物業、廠房及設備	7 (101,824)	(266,140)
(Increase)/decrease in prepayments for property, plant and equipment	預付物業、廠房及設備款項(增加)/減少	14 (6,760)	50,708
Investment income from available-for-sale financial assets – wealth management products	可供出售金融資產之投資收入 – 財富管理產品	24 41,510	20,852
Proceeds from disposal of property, plant and equipment	出售物業、廠房及設備所得款項	31(b) 4,649	19,838
Development cost	開發成本	9 (20,464)	(21,061)
Proceeds from deferred government grants	遞延政府補貼所得款項	20 32,944	–
Proceeds from sale of associates	出售聯營公司所得款項	31(c) 369,417	–
Dividends received	已收股息	16,214	26,784
Proceeds from sales of available-for-sale financial assets – wealth management products	出售可供出售金融資產所得款項 – 財富管理產品	699,995	–
Purchases of available-for-sale financial assets – wealth management products	購置可供出售金融資產 – 財富管理產品	(1,166,658)	(745,362)
Net cash used in investing activities	投資活動所用之現金淨額	(130,977)	(914,381)
Cash flows from financing activities	融資活動之現金流量		
Proceeds from borrowings	借款所得款項	–	476,038
Repayments of borrowings	償還借款	(20,650)	(537,997)
Decrease in pledged bank deposits	已抵押銀行存款減少	40,170	2,968
Dividends paid	已付股息	(186,135)	(214,771)
Proceeds from issuance of ordinary shares	發行普通股所得款項	17(a) 393	1,240
Shares issuance expenses	發行股份開支	17(a) (26)	(23)
Net cash used in financing activities	融資活動所用之現金淨額	(166,248)	(272,545)
Net increase/(decrease) in cash and cash equivalents	現金及現金等價物增加/(減少)淨額	490,893	(615,414)
Cash and cash equivalents at the beginning of the year	年初之現金及現金等價物	1,236,209	1,939,564
Effect on exchange difference	匯兌差異影響	(65,673)	(87,941)
Cash and cash equivalents at end of the year	年終之現金及現金等價物	16 1,661,429	1,236,209

The notes on pages 98 to 203 are an integral part of these consolidated financial statements.

載於第98至203頁之附註為該等綜合財務報表之組成部分。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

1 General Information

Welling Holding Limited (the “Company”) and its subsidiaries (together the “Group”) manufacture, distribute and sell motors and electronic and electric components for electrical household appliances in the People’s Republic of China (the “PRC”) and overseas.

The Company is a limited liability company incorporated in Hong Kong. The address of its registered office is Suite 3904, 39/F, Tower 6, The Gateway, Harbour City, 9 Canton Road, Tsim Sha Tsui, Kowloon, Hong Kong.

The Company’s shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited.

These financial statements are presented in Hong Kong dollars (“HK\$”), unless otherwise stated.

These consolidated financial statements have been approved for issue by the board of directors on 17 March 2017.

2 Summary of Significant Accounting Policies

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

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards (the “HKFRSs”) and requirements of the Hong Kong Companies Ordinance Cap. 622. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets and financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

1 一般資料

威靈控股有限公司(「本公司」)及其附屬公司(統稱「本集團」)在中華人民共和國(「中國」)及海外製造、分銷及銷售家用電器之電機及電子電器產品。

本公司為於香港註冊成立之有限責任公司，註冊辦事處地址為香港九龍尖沙咀廣東道9號海港城港威大廈第6座39樓3904室。

本公司股份於香港聯合交易所有限公司主板上上市。

除另有指明外，該等財務報表以港幣(「港幣」)呈列。

該等綜合財務報表已於2017年3月17日獲本公司董事會批准刊發。

2 主要會計政策概要

編製該等綜合財務報表所應用之主要會計政策載列如下。除另有指明外，該等政策於所呈報的所有年度內貫徹應用。

2.1 編製基準

本集團之綜合財務報表根據香港財務報告準則(「香港財務報告準則」)及香港公司條例(第622章)之規定編製。綜合財務報表乃按歷史成本法編製，並就重估可供出售金融資產及按公允價值列值並計入損益之金融資產及金融負債(包括衍生工具)作出修訂。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

2 Summary of Significant Accounting Policies (Continued)

2.1 Basis of preparation (Continued)

The preparation of consolidated financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4.

2.1.1 Changes in accounting policy and disclosures

(a) New and amended standards adopted by the Group

The following new and amended standards have been adopted by the Group for the first time for the financial year beginning on or after 1 January 2016:

HKAS 1 (Amendments)	Disclosure initiative
HKAS 16 and HKAS 38 (Amendments)	Clarification of acceptable methods of depreciation and amortisation
HKAS 16 and HKAS 41 (Amendments)	Agriculture: bearer plants
HKAS 27 (Amendments)	Equity method in separate financial statements
HKFRS 10, HKFRS 12 and HKAS 28 (Amendments)	Investment entities: applying the consolidation exception
HKFRS 11 (Amendments)	Accounting for acquisitions of interests in joint operations
HKFRS 14	Regulatory deferral accounts
Annual improvements project	Annual improvements 2012 – 2014 cycle

The adoption of these amendments did not have any significant impact on the Group's results and financial position nor any substantial changes in the Group's accounting policies and the presentation of the consolidated financial statements.

2 主要會計政策概要 (續)

2.1 編製基準 (續)

編製符合香港財務報告準則之綜合財務報表需要使用若干關鍵會計估計。管理層在運用本集團會計政策過程中亦須行使判斷。涉及高度判斷或高度複雜性的範疇，或假設及估計對綜合財務報表而言屬重大之範疇於附註4披露。

2.1.1 會計政策及披露之變動

(a) 本集團採納之新訂及經修訂準則

本集團已於2016年1月1日或之後開始之財政年度首次採納以下新訂及經修訂準則：

香港會計準則第1號 (修訂本)	披露主動性
香港會計準則第16號及香港會計準則第38號 (修訂本)	澄清折舊及攤銷之可接受方法
香港會計準則第16號及香港會計準則第41號 (修訂本)	農業：生產性植物
香港會計準則第27號 (修訂本)	獨立財務報表之權益法
香港財務報告準則第10號、香港財務報告準則第12號及香港會計準則第28號 (修訂本)	投資實體：應用綜合入賬的例外情況
香港財務報告準則第11號 (修訂本)	收購合資經營業務權益之會計處理
香港財務報告準則第14號年度改進項目	監管遞延賬目 2012年至2014年週期之年度改進

採納該等修訂本並無對本集團的業績及財務狀況造成重大影響，亦無導致本集團的會計政策及綜合財務報表呈報方式產生任何顯著變動。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

2 Summary of Significant Accounting Policies (Continued)

2.1 Basis of preparation (Continued)

2.1.1 Changes in accounting policy and disclosures (Continued)

(b) New and amended standards not yet adopted

New and amended standards have been issued and are relevant to the Group but are not effective for the financial year beginning 1 January 2016 and have not been early adopted:

2 主要會計政策概要 (續)

2.1 編製基準 (續)

2.1.1 會計政策及披露之變動 (續)

(b) 尚未採納之新訂及經修訂準則

已頒佈但於2016年1月1日開始之財政年度尚未生效而與本集團相關且未獲提早採用之新訂及經修訂準則：

		Effective for annual periods beginning on or after 於以下日期或 之後開始之年度期間 生效
HKAS 7 (Amendments) 香港會計準則第7號 (修訂本)	Disclosure initiative 披露主動性	1 January 2017 2017年1月1日
HKAS 12 (Amendments) 香港會計準則第12號 (修訂本)	Recognition of deferred tax assets for unrealised losses 就未變現虧損作出遞延稅項資產之確認	1 January 2017 2017年1月1日
HKFRS 2 (Amendments) 香港財務報告準則第2號 (修訂本)	Classification and measurement of share-based payment transactions 以股份為基礎的付款交易之分類及計量	1 January 2018 2018年1月1日
HKFRS 9 香港財務報告準則第9號	Financial instruments 金融工具	1 January 2018 2018年1月1日
HKFRS 15 香港財務報告準則第15號	Revenue from contracts with customers 客戶合約收入	1 January 2018 2018年1月1日
HKFRS 16 香港財務報告準則第16號	Leases 租賃	1 January 2019 2019年1月1日
HKFRS 10 and HKAS 28 (Amendments) 香港財務報告準則第10號及 香港會計準則第28號 (修訂本)	Sale or contribution of assets between an investor and its associate or joint venture 投資者與其聯營公司或合營企業之間的資產銷售或投入	1 January 2019 2019年1月1日

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

2 Summary of Significant Accounting Policies (Continued)

2.1 Basis of preparation (Continued)

2.1.1 Changes in accounting policy and disclosures (Continued)

(b) New and amended standards not yet adopted (Continued)

The Group has already commenced an assessment of the impact of these new and amended standards which are relevant to the Group's operation. According to the preliminary assessment made by the directors of the Company, no significant impact on the financial performance and positions of the Group is expected when adopting HKFRS 9 and HKFRS 15. The directors also do not expect the adoption of HKFRS 16 would result in significant impact on the Group's financial performance and positions except for the recognition of the right-of-use assets and corresponding lease liabilities arising from accounting for operating leases by the Company as a lessee.

2.2 Subsidiaries

2.2.1 Consolidation

A subsidiary is an entity (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

2 主要會計政策概要 (續)

2.1 編製基準 (續)

2.1.1 會計政策及披露之變動 (續)

(b) 尚未採納之新訂及經修訂準則 (續)

本集團已開始評估該等與本集團營運有關之新訂及經修訂準則之影響。根據本公司董事作出之初步評估，採用香港財務報告準則第9號及香港財務報告準則第15號預期並無對本集團之財務表現及狀況存在任何重大影響。董事亦預期，採用香港財務報告準則第16號會對本集團之財務表現及狀況並無重大影響，惟確認因對本公司作為承租人之經營租賃進行會計處理而產生之使用權資產及相應租賃負債除外。

2.2 附屬公司

2.2.1 合併賬目

附屬公司指本集團擁有控制權之實體（包括結構化主體）。當本集團承受或享有參與實體所得之可變回報，且有能力透過其對實體之權力影響該等回報時，則本集團控制該實體。附屬公司在控制權轉移至本集團之日起合併入賬，並在控制權終止之日起停止合併入賬。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

2 Summary of Significant Accounting Policies (Continued)

2.2 Subsidiaries (Continued)

2.2.1 Consolidation (Continued)

- (a) Business combination involving entities under common control

For business combination involving entities under common control, the consolidated financial statements incorporate the financial statements of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party.

The net assets of the combining entities or businesses are combined using the existing book values from the controlling parties' perspective. No amount is recognised in consideration for goodwill or excess of acquirers' interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The consolidated income statement includes the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where there is a shorter period, regardless of the date of the common control combination.

The comparative amounts in the consolidated financial statements are presented as if the entities or businesses had been combined at the previous balance sheet date or when they first came under common control, whichever is shorter.

A uniform set of accounting policies is adopted by those entities. All intra-group transactions, balances and unrealised gains on transactions between combining entities or businesses are eliminated on consolidation.

2 主要會計政策概要 (續)

2.2 附屬公司 (續)

2.2.1 合併賬目 (續)

- (a) 涉及受共同控制實體之業務合併

就涉及受共同控制實體之業務合併而言，綜合財務報表包括受共同控制合併之合併實體或業務之財務報表，猶如該等合併實體或業務早於首次受控制方控制當日已合併。

合併實體或業務之資產淨值以從控制方角度計算之現有賬目值合併列賬。倘控制方持續持有權益，共同控制合併時產生之商譽或收購方所佔被收購方可識別資產、負債及或然負債公允淨值之權益超逾成本之差額不予確認。

綜合收益表包括各合併實體或業務自呈列之最早日期或合併實體或業務首次受共同控制日期（以較短期間為準，而不論共同控制合併日期）起之業績。

綜合財務報表中之比較數據，已假設實體或業務於上一個結算日或首次受到共同控制時（以較短者為準）已合併而呈列。

該等實體一律採納相同的會計政策。所有集團內公司間交易、合併實體或業務進行交易之結餘及未變現交易收益均於合併賬目時對銷。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

2 Summary of Significant Accounting Policies (Continued)

2.2 Subsidiaries (Continued)

2.2.1 Consolidation (Continued)

- (b) Business combination other than involving entities under common control

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis. Non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair value or the present ownership interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by HKFRS.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

2 主要會計政策概要(續)

2.2 附屬公司(續)

2.2.1 合併賬目(續)

- (b) 不涉及共同控制實體之業務合併

本集團利用購買法將業務合併入賬。購買一間附屬公司所轉讓的代價，為所轉讓資產、對被收購方的前所有人產生的負債，及本集團發行的股本權益的公允價值。所轉讓的代價包括或然代價安排所產生的任何資產或負債的公允價值。在業務合併中所購買可辨認的資產以及所承擔的負債及或然負債，首先以彼等於購買日期的公允價值計量。

本集團以逐項收購為基礎，確認於被收購方的任何非控股權益。被購買方的非控制性權益為現時的擁有權權益，並賦予持有人一旦清盤時按比例應佔主體的淨資產，可按公允價值或按現時擁有權權益應佔被收購方可識別淨資產的確認金額比例而計量。非控制性權益的所有其他組成部分按收購日期的公允價值計量，除非香港財務報告準則規定必須以其他計量基準計算。

購買相關成本在產生時列支。

倘業務合併分階段進行，則收購方先前持有之被收購方股權於購買日期之賬面值應按購買日期之公允價值重新計量，因重新計量而產生之任何收益或虧損於損益內確認。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

2 Summary of Significant Accounting Policies (Continued)

2.2 Subsidiaries (Continued)

2.2.1 Consolidation (Continued)

- (b) Business combination other than involving entities under common control (Continued)

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with HKAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the consolidated income statement (note 2.9.1).

Intra-group transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

2 主要會計政策概要 (續)

2.2 附屬公司 (續)

2.2.1 合併賬目 (續)

- (b) 不涉及共同控制實體之業務合併 (續)

本集團將予轉讓之任何或然代價於購買日期按公允價值確認。或然代價(被視為一項資產或負債)公允價值之其後變動根據香港會計準則第39號之規定,於損益確認或確認為其他全面收益之變動。倘將或然代價分類為權益,則不會重新計量。後續結算在權益內入賬。

所轉讓代價、被收購方之任何非控股權益金額及任何先前於被收購方之股權於購買日期之公允價值超過所收購可識別淨資產公允價值之差額,乃入賬列作商譽。倘所轉讓代價、已確認非控股權益及先前持有權益之計量總額低於所收購附屬公司淨資產之公允價值(於議價收購之情況下),則該差額會直接於綜合收益表內確認(附註2.9.1)。

集團成員單位之間的內部交易、結餘及因集團公司間之交易而產生之未變現收益予以對銷。未變現虧損亦予以對銷。附屬公司呈報之金額已按需要作出調整,以與本集團之會計政策一致。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

2 Summary of Significant Accounting Policies (Continued)

2.2 Subsidiaries (Continued)

2.2.2 Separate financial statements

Interests in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.3 Associates

An associate is an entity over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition. Upon the acquisition of the ownership interest in an associate, any difference between the cost of the associate and the Group's share of the net fair value of the associate's identifiable assets and liabilities is accounted for as goodwill.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

2 主要會計政策概要 (續)

2.2 附屬公司 (續)

2.2.2 獨立財務報表

附屬公司權益按成本扣除減值列賬。成本包括投資的直接歸屬成本。附屬公司的業績由本公司按已收及應收股息入賬。

於收到附屬公司投資之股息後，如股息超過宣派股息期內附屬公司的全面收益總額，或如在獨立財務報表的投資賬面值超過綜合財務報表中被投資公司淨資產（包括商譽）的賬面值，則必須對該等投資作減值測試。

2.3 聯營公司

聯營公司指本集團對其有重大影響力而無控制權的主體，通常附帶有20%至50%投票權的股權。聯營公司投資以權益法入賬。根據權益法，投資初始以成本確認，而賬面值被增加或減少以確認投資者享有被投資者在收購日期後的損益份額。本集團於聯營公司的投資包括購買時已辨認的商譽。在收購聯營公司的權益時，收購成本與本集團應佔聯營公司可辨認資產和負債的公允價值淨額的任何差額確認為商譽。

如聯營公司的權益持有被削減但仍保留重大影響力，則僅按比例將之前在其他全面收益中確認的數額重新分類至損益（如適當）。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

2 Summary of Significant Accounting Policies (Continued)

2.3 Associates (Continued)

The Group's share of post-acquisition profit or loss is recognised in the consolidated income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to 'share of profit of investments accounted for using equity method' in the consolidated income statement.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Gains or losses on dilution of equity interest in associates are recognised in the consolidated income statement.

2 主要會計政策概要 (續)

2.3 聯營公司 (續)

本集團應佔收購後利潤或虧損於綜合收益表內確認，而應佔其收購後的其他全面收益變動則於其他全面收益內確認，並相應調整投資賬面值。如本集團應佔一家聯營公司的虧損等於或超過其在該聯營公司的權益，包括任何其他無抵押應收款，本集團不會確認進一步虧損，除非本集團對聯營公司已產生法律或推定債務或已代聯營公司作出付款。

本集團在每個報告日期釐定是否有任何客觀證據證明聯營公司投資已減值。如投資已減值，本集團將計算減值數額（按聯營公司可收回數額與其賬面值的差額計算），並在綜合收益表中確認於「以權益法入賬之應佔投資利潤」旁。

本集團與其聯營公司之間的上游和下游交易的利潤及虧損，在本集團的財務報表中確認，但僅限於無關連投資者在聯營公司權益的數額。除非交易提供證據顯示所轉讓資產已減值，否則未變現虧損亦予以對銷。聯營公司的會計政策已按需要作出改變，以確保與本集團採用的政策符合一致。

稀釋聯營公司股權所產生的收益或虧損於綜合收益表確認。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

2 Summary of Significant Accounting Policies (Continued)

2.4 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the board of directors that makes strategic decisions.

2.5 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Hong Kong dollar ("HK\$"), which is different from the Company's functional currency of Renminbi ("RMB"), in view of that the shares of the Company are listed on The Stock Exchange of Hong Kong Limited.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated income statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

2 主要會計政策概要 (續)

2.4 分部報告

經營分部按照向首席經營決策者提供的內部報告貫徹一致的方式報告。首席經營決策者被認定為作出策略性決定的董事會，負責分配資源和評估經營分部的表現。

2.5 外幣折算

(a) 功能和呈列貨幣

本集團每個主體的財務報表所列項目均以該主體經營所在的主要經濟環境的貨幣計量（「功能貨幣」）。鑒於本公司股份於香港聯合交易所有限公司上市，因此綜合財務報表以港幣（「港幣」）呈列，有別於本公司的功能貨幣人民幣（「人民幣」）。

(b) 交易及結餘

外幣交易採用交易或項目重新計量的估值日期的現行匯率換算為功能貨幣。除了符合在權益中遞延入賬的現金流量套期和淨投資套期外，結算此等交易產生的匯兌收益和虧損以及將外幣計值的貨幣資產和負債以年終匯率折算產生的匯兌收益和虧損在綜合收益表確認。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

2 Summary of Significant Accounting Policies (Continued)

2.5 Foreign currency translation (Continued)

(b) Transactions and balances (Continued)

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the consolidated income statement within 'finance incomes – net'. All other foreign exchange gains and losses are presented in the consolidated income statement within 'other gains – net'.

Changes in the fair value of debt securities denominated in foreign currency classified as available-for-sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gains or losses. Translation differences on non-monetary financial assets, such as equities classified as available-for-sale, are included in the available-for-sale revaluation reserve in other comprehensive income.

(c) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of the reporting period;

2 主要會計政策概要 (續)

2.5 外幣折算 (續)

(b) 交易及結餘 (續)

與借款和現金及現金等價物有關的匯兌收益和虧損在綜合收益表內的「融資收入－淨額」中列報。所有其他匯兌收益和虧損在綜合收益表內的「其他收益－淨額」中列報。

以外幣為單位及被分類為可供出售的債務證券的公允價值變動，按照證券的攤銷成本變動與該證券賬面值的其他變動所產生的折算差額進行分析。與攤銷成本變動有關的折算差額確認為利潤或虧損，賬面值的其他變動則於其他全面收益中確認。

非貨幣性金融資產及負債（例如按公允價值計量且其變動計入損益的權益）的折算差額列報為公允價值收益和虧損的一部份。非貨幣性金融資產（例如分類為可供出售的權益）的折算差額計入其他全面收益中的可供出售重估儲備。

(c) 集團公司

其功能貨幣與呈列貨幣不同的所有集團內的主體（當中沒有惡性通貨膨脹經濟的貨幣）的業績和財務狀況按如下方法換算為呈列貨幣：

- (i) 每份列報的財務狀況表內的資產和負債按報告日期的收市匯率換算；

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

2 Summary of Significant Accounting Policies (Continued)

2.5 Foreign currency translation (Continued)

(c) Group companies (Continued)

- (ii) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- (iii) all resulting currency translation differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Currency translation differences arising are recognised in other comprehensive income.

2.6 Leasehold land and land use rights

Leasehold land and land use rights are up-front to acquire long-term interests in the usage of land and it is accounted for as an operating lease. It is stated at cost and charged to the consolidated income statement over the remaining period of the lease on a straight-line basis, net of any impairment losses.

2 主要會計政策概要 (續)

2.5 外幣折算 (續)

(c) 集團公司 (續)

- (ii) 每份收益表內的收益和費用按平均匯率換算 (除非此平均匯率並不代表交易日期現行匯率的累計影響的合理約數; 在此情況下, 收支項目按交易日期的匯率換算); 及
- (iii) 所有由此產生的外幣折算差額在其他全面收益中確認。

購買境外主體產生的商譽及公允價值調整視為該境外主體的資產和負債, 並按期末匯率換算。產生的外幣折算差額在其他全面收益中確認。

2.6 租賃土地及土地使用權

租賃土地及土地使用權為取得土地使用長期權益之預付款項, 並入賬列作經營租賃。於租賃之剩餘期間, 以直線基準 (扣除任何減值虧損) 按成本列賬, 並於綜合收益表扣除。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

2 Summary of Significant Accounting Policies (Continued)

2.7 Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the consolidated income statement during the financial period in which they are incurred.

Depreciation of property, plant and equipment is calculated using the straight-line method to allocate cost to their residual values over their estimated useful lives, as follows:

		Estimated useful lives 估計可使用年期
Buildings	樓宇	10-20 years 年
Furniture, fixtures and decoration	傢俬、設備及裝修	3-5 years 年
Plant and machinery	廠房及機器	5-10 years 年
Motor vehicles	汽車	5-10 years 年
Electronic and other equipment	電子及其他設備	3-5 years 年

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

2 主要會計政策概要(續)

2.7 物業、廠房及設備

物業、廠房及設備按歷史成本減折舊及減值虧損列賬。歷史成本包括收購該等項目直接應佔之開支。

其後成本僅在與該項目相關之未來經濟利益很可能流入本集團，而該項目之成本能可靠計量時，方會包括在資產之賬面值或確認為獨立資產(如適用)。被更換部分之賬面值將不再確認。所有其他維修及保養均需於產生之財政期間內於綜合收益表扣除。

物業、廠房及設備之折舊採用以下估計可使用年期將成本按直線法分攤至剩餘價值計算：

	Estimated useful lives 估計可使用年期
樓宇	10-20 years 年
傢俬、設備及裝修	3-5 years 年
廠房及機器	5-10 years 年
汽車	5-10 years 年
電子及其他設備	3-5 years 年

資產之剩餘價值及可使用年期在每個報告期終進行檢討及在適當時進行調整。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

2 Summary of Significant Accounting Policies (Continued)

2.7 Property, plant and equipment (Continued)

Construction-in-progress represents the direct costs of construction incurred and machinery pending to installation plus interest capitalised up to date of completion of the construction of property, plant and equipment less any impairment losses. No provision for depreciation is made on construction-in-progress until such time the relevant assets are completed and put into use. Construction-in-progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 2.10).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other gains – net' in the consolidated income statement.

2.8 Investment properties

Property that is held for long-term rental yields, and that is not occupied by the Group, are classified as investment property. Investment property is stated at historical cost less accumulated depreciation and impairment loss, if any.

Subsequent expenditure is charged to the carrying amount of the asset only when it is probable that future economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. All other repairs and maintenance costs are expensed in profit or loss during the financial period in which they are incurred.

Depreciation of investment property is calculated using the straight-line method to allocate cost to their residual values over their estimated lease period.

2 主要會計政策概要 (續)

2.7 物業、廠房及設備 (續)

在建工程乃指興建物業、廠房及設備及有待安裝之機器所引起之直接成本並加上完工日期前之資本化利息減去任何減值虧損。在建工程不予折舊，直至相關資產完成及可供使用為止。在建工程於完成並準備投入使用時重新分類為適當類別之物業、廠房及設備。

若資產之賬面值高於其估計可收回金額，其賬面值會即時撇減至其可收回金額 (附註2.10)。

出售收益及虧損會透過比較所得款項與賬面值而釐定，並於綜合收益表「其他收益—淨額」中確認。

2.8 投資物業

持作長期收租用途且並非由本集團佔用之物業分類為投資物業。投資物業按歷史成本減累計折舊及減值虧損 (如有) 列賬。

其後開支僅在與該資產相關之未來經濟利益很可能流入本集團，而該資產之成本能可靠計量時，方會於資產之賬面值中扣除。所有其他維修及保養成本均需於產生之財政期間內於損益支銷。

投資物業之折舊採用估計租賃年期將成本按直線法分攤至剩餘價值計算。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

2 Summary of Significant Accounting Policies (Continued)

2.9 Intangible assets

2.9.1 Goodwill

Goodwill arises on the acquisition of subsidiaries represents the excess of the consideration transferred over the Group's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

2.9.2 Technology

Technology acquired is initially measured at the purchase costs and amortised on a straight-line basis over the estimated useful lives.

2 主要會計政策概要 (續)

2.9 無形資產

2.9.1 商譽

商譽產生自收購附屬公司，相當於所轉讓代價超過本集團在被收購方的可辨認資產淨值、負債和或然負債淨公允價值權益與非控股權益在被收購方公允價值的數額。

就減值測試而言，在業務合併中購入的商譽會分配至每個現金產生單位（「現金產生單位」）或現金產生單位組（預期可從合併中獲取協同利益）。獲分配商譽的每個單元或單元組指在主體內商譽被監控作內部管理用途的最底層次。商譽在經營分部層次進行監控。

每年對商譽進行減值檢討，或如事件或情況轉變顯示可能存在減值，則更頻密地檢討。商譽賬面值與可收回數額（使用價值與公允價值減出售成本較高者）比較。任何減值須即時確認為開支及不得於其後撥回。

2.9.2 技術

收購的技術最初按購買成本計量，並按估計可使用年期以直線法攤銷。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

2 Summary of Significant Accounting Policies (Continued)

2.9 Intangible assets (Continued)

2.9.3 Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised as an expense in the period in which it is incurred. Expenditure on development activities (relating to the design and testing of new or improved products) is capitalised under the category of development cost if the product or process is technically and commercially feasible, the Group has sufficient resources and the intention to complete the development, and if the cost can be reliably measured. Upon the commencement of the commercial production of a product, the expenditure on development cost amortised on a straight-line basis over the period of its expected benefit. Research and development costs comprise costs that are directly attributable to research and development activities or that can be allocated on a reasonable basis to such activities.

Subsequent expenditure on development activities after its completion is recognised as an expense when it is incurred unless it is probable that this expenditure will enable the asset to generate future economic benefits in excess of its originally assessed standard of performance and this expenditure can be measured and attributed to the asset reliably. If these conditions are met, the subsequent expenditure is added to the cost of the intangible asset.

Development costs previously recognised as expenses are not recognised as assets in subsequent periods. Capitalised development costs are amortised from the point at which the assets are ready for use on a straight-line basis over their useful lives.

2 主要會計政策概要 (續)

2.9 無形資產 (續)

2.9.3 研究及開發

從事研究活動以獲取新的科學或技術知識及認知之有關開支，乃於產生期間確認為開支。倘產品或程序在技術及商業上均具可行性，本集團有充裕之資源及意向完成開發，且成本能可靠計量，有關開發活動（與嶄新或改良產品的設計及測試有關）之開支則於開發成本分類項下資本化。為產品展開商業生產後，開發成本的費用按其預期獲益的期間以直線法攤銷。研究及開發成本包括直接歸屬研發活動的成本或可合理分配至各活動的成本。

開發活動完成後的後續費用於其產生時確認為開支，除非開支有可能使資產產生的未來經濟利益超出其原本評定表現的標準，以及開支能可靠計量且歸屬特定資產。在符合上述條件下，後續費用會計入無形資產的成本。

先前確認為開支之開發成本於其後期間不會確認為資產。資本化開發成本自資產可供使用之時起按可使用年期以直線法攤銷。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

2 Summary of Significant Accounting Policies (Continued)

2.10 Impairment of non-financial assets

Intangible assets that have an indefinite useful life or intangible assets not ready to use are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.11 Financial assets

2.11.1 Classification

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, and available-for-sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non-current.

2 主要會計政策概要 (續)

2.10 非金融資產的減值

使用壽命不限定的無形資產或未能使用的無形資產無需攤銷，但每年須就減值進行測試。當有事件出現或情況改變顯示資產賬面值可能無法收回時，可攤銷之資產會進行減值檢討。減值虧損按資產的賬面值超出其可收回金額的差額確認。可收回金額為資產的公允價值扣除銷售成本的金額與使用價值兩者之間的較高者。於評估減值時，資產按可分開辨認現金流量（現金產生單位）的最低層次組合。除商譽外，已蒙受減值的非金融資產在每個報告日期均就減值是否可以轉回進行檢討。

2.11 金融資產

2.11.1 分類

本集團將其金融資產分類為以下類別：按公允價值計量且其變動計入損益、貸款及應收款，以及可供出售。分類視乎購入金融資產之目的。管理層在初始確認時釐定金融資產的分類。

(a) 按公允價值計量且其變動計入損益的金融資產

按公允價值計量且其變動計入損益的金融資產指交易性金融資產。金融資產若在購入時主要用作在短期內出售，則分類為此類別。衍生工具除非被指定為套期，否則亦分類為持作交易性。在此類別的資產假若預期在12個月內結算，分類為流動資產；否則分類為非流動資產。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

2 Summary of Significant Accounting Policies (Continued)

2.11 Financial assets (Continued)

2.11.1 Classification (Continued)

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for the amounts that are settled or expected to be settled more than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise 'trade and other receivables' and 'cash and cash equivalents' in the statement of financial position (notes 2.16 and 2.17).

(c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

2 主要會計政策概要 (續)

2.11 金融資產 (續)

2.11.1 分類 (續)

(b) 貸款及應收款

貸款及應收款為有固定或可確定付款額且沒有在活躍市場上報價的非衍生金融資產。此等項目包括在流動資產內，但於報告期末後超過12個月結算或預期將於超過12個月結算的數額，則分類為非流動資產。本集團的貸款及應收款由財務狀況表「貿易及其他應收款」與「現金及現金等價物」組成（附註2.16及2.17）。

(c) 可供出售金融資產

可供出售金融資產為被指定作此類別或並無分類為任何其他類別的非衍生工具。除非投資到期或管理層有意在報告期末後12個月內處置該投資，否則此等資產列在非流動資產內。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

2 Summary of Significant Accounting Policies (Continued)

2.11 Financial assets (Continued)

2.11.2 Recognition and measurement

Regular way purchases and sales of financial assets are recognised on the trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the consolidated income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the consolidated income statement within 'other gains – net' in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the consolidated income statement as part of other gains when the Group's right to receive payments is established.

Changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognised in other comprehensive income.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the consolidated income statement as 'gains and losses from investment securities'.

2 主要會計政策概要 (續)

2.11 金融資產 (續)

2.11.2 確認和計量

常規購買及出售的金融資產在交易日確認—交易日指本集團承諾購買或出售該資產之日。對於非以公允價值計量且其變動並非計入損益的所有金融資產，其投資初始按其公允價值加交易成本確認。按公允價值計量且其變動計入損益的金融資產，初始按公允價值確認，而交易成本則在綜合收益表支銷。當從投資收取現金流量的權利已到期或已轉讓，而本集團已將所有權的絕大部份風險和報酬轉讓時，金融資產即終止確認。可供出售金融資產及按公允價值計量且其變動計入損益的金融資產其後按公允價值列賬。貸款及應收款其後利用實際利率法按攤銷成本列賬。

來自「按公允價值計量且其變動計入損益的金融資產」類別的公允價值變動所產生的收益或虧損，列入產生期間綜合收益表內的「其他收益—淨額」中。來自按公允價值計量且其變動計入損益的金融資產的股息收益，當本集團收取有關款項的權利確定時，在綜合收益表內確認為其他收益部份。

分類為可供出售的貨幣性及非貨幣性證券的公允價值變動在其他全面收益中確認。

當分類為可供出售的證券售出或減值時，在權益中確認的累計公允價值調整列入綜合收益表內作為「投資證券的收益和虧損」。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

2 Summary of Significant Accounting Policies (Continued)

2.11 Financial assets (Continued)

2.11.2 Recognition and measurement (Continued)

Interest on available-for-sale securities calculated using the effective interest method is recognised in the consolidated income statement as part of other gains. Dividends on available-for-sale equity instruments are recognised in the consolidated income statement as part of other gains when the Group's right to receive payments is established.

2.12 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

2.13 Impairment of financial assets

(a) Assets carried at amortised cost

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

2 主要會計政策概要 (續)

2.11 金融資產 (續)

2.11.2 確認和計量 (續)

可供出售證券利用實際利率法計算的利息在綜合收益表內確認為其他收益部份。至於可供出售權益工具的股息，當本集團收取有關款項的權利確定時，在綜合收益表內確認為其他收益部份。

2.12 抵銷金融工具

當有法定可執行權力可抵銷已確認金額，並有意圖按淨額基準結算或同時變現資產和結算負債時，金融資產與負債可互相抵銷，並在財務狀況表報告其淨額。法定可執行權利不得依存未來事件，且必須屬於可在正常業務過程及於本公司或對手方違約、資不抵債或破產時強制執行。

2.13 金融資產減值

(a) 以攤銷成本列賬的資產

本集團於每個報告期末評估是否存在客觀證據證明某一金融資產或某一金融資產組出現減值。只有當存在客觀證據證明於因為首次確認資產後發生一宗或多宗事件導致出現減值（「虧損事項」），而該宗（或該等）虧損事項對該項或該組金融資產的估計未來現金流量構成的影響可以可靠估計，有關的金融資產或金融資產組才算出現減值及產生減值虧損。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

2 Summary of Significant Accounting Policies (Continued)

2.13 Impairment of financial assets (Continued)

(a) Assets carried at amortised cost (Continued)

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated income statement. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated income statement.

2 主要會計政策概要 (續)

2.13 金融資產減值 (續)

(a) 以攤銷成本列賬的資產 (續)

減值虧損的證據可包括債務人或一組債務人遇上嚴重財政困難、逾期或拖欠償還利息或本金、債務人很有可能破產或進行其他財務重組，以及有可觀察數據顯示估計未來現金流量有可計量的減少，例如與違約有相互關連的拖欠情況或經濟狀況改變。

對於貸款及應收款類別，虧損金額乃根據資產賬面值與按金融資產原實際利率貼現估計未來現金流量（不包括仍未產生的未來信用虧損）計算的現值兩者的差額計量。資產賬面值予以削減，而虧損金額則在綜合收益表確認。如貸款或持有至到期投資有浮動利率，計量任何減值虧損的貼現率為按合同釐定的當前實際利率。在實際應用中，本集團可利用可觀察的市場價格，按工具的公允價值計量減值。

如在後繼期間，減值虧損的數額減少，而此減少可客觀地聯繫至減值在確認後才發生的事件（例如債務人的信用評級有所改善），則之前已確認的減值虧損撥回會於綜合收益表內確認。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

2 Summary of Significant Accounting Policies (Continued)

2.13 Impairment of financial assets (Continued)

(b) Assets classified as available-for-sale

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired.

For debt securities, if any such evidence exists the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss. If, in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the consolidated income statement.

For equity investments, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss. Impairment losses recognised in the consolidated income statement on equity instruments are not reversed through the consolidated income statement.

2.14 Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if not, the gain or loss from fair value change is recognised immediately in the consolidated income statement within 'other gains – net'.

2 主要會計政策概要 (續)

2.13 金融資產減值 (續)

(b) 可供出售資產

本集團在每個報告期末評估是否有客觀證據證明某一金融資產或某一金融資產組已經減值。

對於債券，若存在任何此等證據，累計虧損—按購買成本與當時公允價值的差額，減該金融資產之前在損益確認的任何減值虧損計算—自權益中剔除並在損益中確認。如在較後期間，被分類為可供出售債務工具的公允價值增加，而該增加可客觀地與減值虧損在損益確認後發生的事件有關，則減值虧損會透過綜合收益表撥回。

就股權投資而言，證券公允價值大幅或長期低於其成本亦為資產減值的證據。倘存在任何有關證據，累計虧損（按收購成本與現時公允價值的差額，減該財務資產之前在損益確認的任何減值虧損計量）自權益剔除，並在損益內確認。在綜合收益表確認的權益工具減值虧損並不會透過綜合收益表撥回。

2.14 衍生金融工具

衍生工具初步按衍生工具合約訂立日之公允價值確認，其後按公允價值重新計量。確認所造成的收益或虧損之方法取決於該衍生工具是否指定為對沖工具，倘其並無被指定為對沖工具，則公允價值變動所產生之收益或虧損即時於綜合收益表中「其他收益—淨額」內確認。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

2 Summary of Significant Accounting Policies (Continued)

2.15 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. The cost of finished goods and work-in-progress comprises design costs, raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.16 Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment.

2.17 Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

2 主要會計政策概要 (續)

2.15 存貨

存貨按成本及可變現淨值兩者的較低者列賬。成本利用加權平均法釐定。製成品及在產品的成本包括設計成本、原材料、直接勞工、其他直接費用和相關的生產費用（依據正常經營能力）。這不包括借款費用。可變現淨值為在日常經營活動中的估計銷售價，減適用的變動銷售費用。

2.16 貿易及其他應收款

貿易應收款為在日常經營活動中就所售出商品而應收客戶的款項。如貿易及其他應收款的收回預期在一年或以內（如仍在正常經營週期中，則可較長時間），其被分類為流動資產；否則分類為非流動資產。

貿易及其他應收款以公允價值為初始確認，其後利用實際利率法按攤銷成本扣除減值準備計量。

2.17 現金及現金等價物

於綜合現金流量表中，現金及現金等價物包括手頭現金、銀行通知存款、原到期日為三個月或以內的其他短期高流動性投資。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

2 Summary of Significant Accounting Policies (Continued)

2.18 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.19 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.20 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

2 主要會計政策概要 (續)

2.18 股本

普通股被分類為權益。

直接歸屬於發行新股或期權的新增成本在權益中列為所得款項的減少(扣除稅項)。

2.19 貿易應付款

貿易應付款為在日常經營活動中就向供應商購買商品或服務而應支付的債務。如貿易應付款的支付日期在一年或以內(如仍在正常經營週期中,則可較長時間),其被分類為流動負債;否則分類為非流動負債。

貿易應付款以公允價值為初始確認,其後利用實際利率法按攤銷成本計量。

2.20 借款

借款按公允價值並扣除產生的交易費用為初始確認。借款其後按攤銷成本列賬;所得款項(扣除交易成本)與贖回價值的任何差額利用實際利率法於借款期間內在綜合收益表確認。

設立貸款融資時支付的費用倘部份或全部融資將會很可能被提取,該費用確認為貸款的交易費用。在此情況下,費用遞延至貸款提取為止。如沒有證據證明部份或全部融資將會很可能被提取,則該費用資本化作為流動資金服務的預付款,並按有關的融資期間攤銷。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

2 Summary of Significant Accounting Policies (Continued)

2.20 Borrowings (Continued)

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

2.21 Borrowings Costs

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

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

2.22 Current and deferred income tax

The tax expense for the year comprises current and deferred tax. Tax is recognised in the consolidated income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

2 主要會計政策概要 (續)

2.20 借款 (續)

當合約中規定之責任解除、取消或屆滿時，借貸會從資產負債表中剔除。已消除或轉移給另一方之財務負債之賬面值與已支付代價（包括已轉移之非現金資產或承擔之負債）之間的差額，在損益確認為其他收入或融資成本。

除非本集團可無條件將負債的結算遞延至報告期末後最少12個月，否則借款分類為流動負債。

2.21 借款成本

直接歸屬於收購、興建或生產合資格資產（指必須經一段長時間處理以作其預定用途或銷售的資產）的一般及特定借款成本，加入該等資產的成本內，直至資產大致上達致其預定用途或銷售為止。

所有其他借款成本在產生期間內於損益中確認。

2.22 當期及遞延所得稅

本年度的稅項支出包括當期和遞延稅項。稅項在綜合收益表中確認，但與其他全面收益中或直接在權益中確認的項目有關者則除外。在該情況下，稅項亦分別在其他全面收益或直接在權益中確認。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

2 Summary of Significant Accounting Policies (Continued)

2.22 Current and deferred income tax (Continued)

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred income tax

(i) Inside basis differences

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

2 主要會計政策概要 (續)

2.22 當期及遞延所得稅 (續)

(a) 當期所得稅

當期所得稅支出根據本公司的附屬公司及聯營公司經營及產生應課稅收入的國家於報告期末已頒佈或實質上已頒佈的稅務法例計算。管理層就適用稅務法例解釋所規限的情況定期評估報稅表的狀況，並在適用情況下根據預期須向稅務機關支付的稅款設定準備。

(b) 遞延所得稅

(i) 內在差異

遞延所得稅利用負債法按資產和負債的稅基與資產和負債在綜合財務報表的賬面值所產生的暫時性差異確認。然而，若遞延稅項負債來自在交易（不包括業務合併）中對資產或負債的初始確認，而在交易時不影響會計損益或應課稅利潤或虧損，則不予以確認。遞延所得稅採用在報告期末前已頒佈或實質上已頒佈，並在有關的遞延所得稅資產變現或遞延所得稅負債結算時預期將會適用的稅率（及法例）而釐定。

遞延所得稅資產僅在很可能有未來應課稅利潤而就此可使用暫時性差異時確認。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

2 Summary of Significant Accounting Policies (Continued)

2.22 Current and deferred income tax (Continued)

(b) Deferred income tax (Continued)

(ii) Outside basis differences

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries and associates, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally the Group is unable to control the reversal of the temporary difference for associates. Only where there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference not recognised.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries and associates only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

(c) Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2 主要會計政策概要 (續)

2.22 當期及遞延所得稅 (續)

(b) 遞延所得稅 (續)

(ii) 外在差異

遞延所得稅負債就於附屬公司和聯營公司投資產生的應課稅暫時性差異而撥備，惟本集團可以控制暫時性差異的撥回時間，而暫時性差異在可預見將來很可能不會轉回的遞延所得稅負債則除外。一般而言，本集團無法控制撥回聯營公司之暫時性差異。僅在已訂立有關協議的情況下，本集團方能夠控制撥回未確認之暫時性差異。

遞延所得稅資產按附屬公司及聯營公司投資產生之可予扣減暫時性差異而確認，惟以暫時性差異可能於日後撥回且可動用充足應課稅利潤抵銷可用之暫時性差異者為限。

(c) 抵銷

當有法定可執行權利將當期稅項資產與當期稅務負債抵銷，且遞延所得稅資產和負債涉及由同一稅務機關對應課稅主體或不同應課稅主體但有意向以淨額基準結算所得稅結餘時，則可將遞延所得稅資產與負債互相抵銷。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

2 Summary of Significant Accounting Policies (Continued)

2.23 Employee benefits

(a) Retirement benefits obligation

The Group has arranged for its Hong Kong employees to join the Mandatory Provident Fund Scheme (the "MPF Scheme"), a defined contribution scheme managed by an independent trustee.

The Group's subsidiaries incorporated in the PRC make contributions to a state-sponsored defined contribution scheme for the Group's local staff on a monthly basis pursuant to laws of the PRC and relevant regulations issued by local social security authorities.

The Group's contributions to the defined contribution retirement schemes are expensed as incurred.

The Group has no further payment obligations once the contributions have been paid.

(b) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of HKAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

2 主要會計政策概要 (續)

2.23 僱員福利

(a) 退休金責任

本集團已安排其香港僱員參加強制性公積金計劃(「強積金計劃」)。強積金計劃為一項由獨立受託人管理之既定供款計劃。

按照中國法律及當地社會保障機構頒佈之有關法規，本集團於中國註冊成立之附屬公司須為本集團當地員工向國家資助之既定供款計劃按月供款。

本集團向既定供款退休計劃之供款於供款產生時支銷。

本集團一經繳付供款後再無進一步付款責任。

(b) 辭退福利

辭退福利在本集團於正常退休日期前終止僱用僱員，或當僱員接受自願遣散以換取此等福利時支付。本集團於以下日期(以較早者為準)確認辭退福利：(a)當本集團無法再撤回該等福利要約時；及(b)當實體確認香港會計準則第37號範疇內之重組成本，並支付辭退福利時。若提出鼓勵自願遣散的要約，則辭退福利以預期接納要約的僱員數目計量。在報告期末後超過12個月支付的福利應折現至其現值。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

2 Summary of Significant Accounting Policies (Continued)

2.23 Employee benefits (Continued)

(c) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of reporting period.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

2.24 Share-based payments

(a) Equity-settled share-based payment transactions

The Group operates a number of equity-settled, share-based compensation plans, under which the entity receives services from employees as consideration for equity instruments (options) of the Group. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (for example, an entity's share price);
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save).

Non-market performance and service conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

2 主要會計政策概要 (續)

2.23 僱員福利

(c) 僱員假期權益

僱員的年假權益在假期累計至僱員時確認。會就因僱員於截至報告期末所提供服務而產生的年假估計負債作出撥備。

僱員的病假權益和產假在休假前不作確認。

2.24 以股份為基礎的支付

(a) 以權益結算以股份為基礎的交易

本集團設有多項以權益結算、以股份為基礎的報酬計劃，根據該等計劃，主體收取僱員的服務以作為本集團權益工具（期權）的代價。僱員為換取獲授予期權而提供服務的公允價值確認為費用。將作為費用的總金額參考所授期權的公允價值釐定：

- 包括任何市場業績條件（例如主體的股價）；
- 不包括任何服務和非市場業績可行權條件（例如盈利能力、銷售增長目標和僱員在某特定時期內留任實體）的影響；及
- 包括任何非可行權條件（例如規定僱員儲蓄）的影響。

非市場表現和服務條件包括在有關預期可行權的期權數目的假設中。費用的總金額在行權期內確認，行權期指將符合所有特定可行權條件的期間。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

2 Summary of Significant Accounting Policies (Continued)

2.24 Share-based payments (Continued)

(a) Equity-settled share-based payment transactions (Continued)

At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-marketing performance and service conditions. It recognises the impact of the revision to original estimates, if any, in the consolidated income statement, with a corresponding adjustment to equity.

In addition, in some circumstances employees may provide services in advance of the grant date and therefore the grant date fair value is estimated for the purposes of recognising the expense during the period between service commencement period and grant date.

When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital.

(b) Share-based payment transactions among group entities

The grant by the Company's ultimate holding company of options over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as share-based payment expenses, with a corresponding credit to equity.

2.25 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

2 主要會計政策概要 (續)

2.24 以股份為基礎的支付 (續)

(a) 以權益結算以股份為基礎的交易 (續)

在每個報告期末，本集團依據非市場表現和服務條件修訂其對預期可行權的期權數目的估計。主體在綜合收益表確認對原估算修訂（如有）的影響，並對權益作出相應調整。

此外，在某些情況下，僱員可能在授出日期之前提供服務，因此授出日期的公允價值就確認服務開始期與授出日期之間期間內的開支作出估計。

在期權獲行使後，本公司發行新股。經扣除任何直接歸屬交易成本後收取的所得款項撥入股本。

(b) 集團內以股份為基礎的交易

本公司最終控股公司向本集團附屬公司的僱員授出其權益工具的期權，被視為資本投入。收取僱員服務的公允價值，參考授出日期的公允價值計量，並在行權期內確認，作為以股份為基礎的支付，並相應計入權益。

2.25 撥備

倘本集團因過往事件而負上現有法定或推定責任，並且可能須動用資源履行有關責任，而相關金額能可靠估計，則會確認撥備。不會就未來經營虧損確認撥備。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

2 Summary of Significant Accounting Policies (Continued)

2.25 Provisions (Continued)

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.26 Financial guarantees

Financial guarantees are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument. Such financial guarantees are given to banks, financial institutions and other bodies on behalf of associates to secure loans, overdrafts and other banking facilities.

Financial guarantees are initially recognised in the financial statements at fair value on the date the guarantee was given. The fair value of a financial guarantee at the time of signature is zero because all guarantees are agreed on arm's length terms and the value of the premium agreed corresponds to the value of the guarantee obligation. No receivable for the future premiums is recognised. Subsequent to initial recognition, the Company's liabilities under such guarantees are measured at the higher of the initial amount and the best estimate of the amount required to settle the guarantee. These estimates are determined based on experience of similar transactions and history of past losses, supplemented by the judgement of management. Any increase in the liability relating to guarantees is reported in the consolidated income statement within other operating expenses.

2 主要會計政策概要 (續)

2.25 撥備 (續)

倘有多項類似責任時，履行該等責任導致損失之可能性按責任之整體類別而釐定。即使同一類別責任內任何一個項目導致損失之可能性可能不大，惟亦需就此確認撥備。

撥備乃按預期需用作履行責任之開支之現值使用稅前比率計量，有關比率反映當時市場對金錢之時間值及該責任之特定風險之評估。因時間流逝而增加之撥備確認為利息開支。

2.26 融資擔保

融資擔保為發行人支付特定款項以補償持有人因一名特定債務人於到期時未能根據債務工具之條款支付款項而引起之損失之合約。該等融資擔保是代表聯營公司向銀行、金融機構及其他組織發出，以取得貸款、透支及其他銀行授信。

融資擔保初步按發出擔保當日之公允價值在財務報表確認。由於所有擔保均在公平磋商原則下協定，而所協定之溢價價值與擔保責任的價值亦相符，因此融資擔保於簽訂時之公允價值為零。概不會確認未來溢價之應收款。經初步確認後，本公司在該等擔保下之負債，乃按初始金額與清償有關擔保所需之金額之最佳估計兩者中之較高者計量。該等估計乃根據同類交易經驗及過往虧損歷史，輔以管理層作出的判斷而釐定。任何有關擔保之負債增加，一概在綜合收益表內呈列為其他經營開支。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

2 Summary of Significant Accounting Policies (Continued)

2.26 Financial guarantees (Continued)

Where guarantees in relation to loans of the associates are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment in the financial statements of the Group.

2.27 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of discounts returns and value-added taxes. The Group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Group's activities, as described below. The Group bases its estimates of return on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(a) Sales of finished goods and raw materials

Sales of finished goods and raw materials are recognised when an entity has delivered products to the customer, the customer has accepted the products and collectibility of the related receivables is reasonably assured.

(b) Interest income

Interest income is recognised using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans and receivables are recognised using the original effective interest rate.

2 主要會計政策概要 (續)

2.26 融資擔保 (續)

若按無償代價就聯營公司之貸款而作出擔保，有關公允價值則入賬列作注資，並在本集團的財務報表內確認為投資成本的一部分。

2.27 收入確認

收入按已收或應收代價的公允價值計量，並相當於供應貨品的應收款，扣除折扣、退貨和增值稅後列賬。當收入的金額能夠可靠計量；當未來經濟利益很可能流入有關主體；及當本集團每項活動均符合具體條件時（如下文所述），本集團便會確認收入。本集團會根據退貨往績並考慮客戶類別、交易種類和每項安排的特點作出估計。

(a) 製成品及原材料銷售

製成品及原材料銷售於實體向客戶交付產品，客戶接收產品且可合理確保可收回相關應收款時確認。

(b) 利息收入

利息收入採用實際利息法確認。倘應收款出現減值，本集團會將賬面值減至其可收回金額（即按工具之原定實際利率貼現之估計未來現金流量），並繼續解除貼現作為利息收入。減值貸款及應收款之利息收入使用原定實際利率確認。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

2 Summary of Significant Accounting Policies (Continued)

2.27 Revenue recognition (Continued)

(c) Dividend income

Dividend income is recognised when the right to receive payment is established.

(d) Rental income

Rental income is recognised in the consolidated income statement on a straight-line basis over the term of the lease.

2.28 Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are expensed in the consolidated income statement on a straight-line basis over the period of the lease.

2.29 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the consolidated income statement over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to property, plant and equipment are included in non-current liabilities as deferred government grants and are credited to the consolidated income statement on a straight-line basis over the expected lives of the related assets.

2 主要會計政策概要 (續)

2.27 收入確認 (續)

(c) 股息收入

股息收入於收取股息之權利確定時確認。

(d) 租金收入

租金收入於綜合收益表內按租期以直線法確認。

2.28 經營租賃

凡擁有權之絕大部分風險及回報由出租人保留之租賃，均列作經營租賃。根據經營租賃（扣除出租人給予之任何優惠）作出之付款按租期以直線法於綜合收益表支銷。

2.29 政府補貼

當能夠合理保證將可獲取政府補貼，而本集團符合所有附帶條件時，則會按公允價值確認政府提供之補貼。

與成本有關之政府補貼遞延入賬，並於與擬補償之成本配合之所需期間在綜合收益表中確認。

與物業、廠房及設備有關之政府補貼作為遞延政府補貼計入非流動負債，並按相關資產預期壽命以直線法於綜合收益表入賬。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

2 Summary of Significant Accounting Policies (Continued)

2.30 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's and the Company's financial statements in the period in which the dividends are approved by the Company's shareholders or directors, where appropriate.

3 Financial Risk Management

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, cash flow and fair value interest rate risk and price risk), credit risk, liquidity risk and concentration risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

(a) Market risk

(i) Foreign exchange risk

The Group exposes to foreign exchange risks as certain portion of its business activities are denominated in foreign currencies, primarily with respect to the HK\$, the United States dollar ("USD") and the Euro ("EUR").

To manage their foreign exchange risks arising from future commercial transactions, entities in the Group enter into forward contracts, transacted with the commercial banks. The directors are of the view that the Group's exposure to foreign exchange risk is manageable.

2 主要會計政策概要(續)

2.30 股息分派

分派予本公司股東之股息在股息獲得本公司股東或董事(如適合)批准之期間內,在本集團及本公司之財務報表中確認為負債。

3 財務風險管理

3.1 財務風險因素

本集團之業務承受多種財務風險:市場風險(包括外匯風險、現金流量及公允價值利率風險,以及價格風險)、信貸風險、流動資金風險及集中風險。本集團之整體風險管理政策集中關注難以預測之金融市場,並致力將對本集團財務表現造成之潛在不利影響減至最低。本集團使用衍生金融工具對沖若干風險。

(a) 市場風險

(i) 外匯風險

由於本集團部分業務活動以外幣(主要是港幣、美元(「美元」)及歐元(「歐元」))列值,故本集團面對外匯風險。

為管理來自未來商業交易之外匯風險,本集團之實體與商業銀行訂立遠期合約。董事認為,本集團面對之外匯風險在可控制範圍以內。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

3 Financial Risk Management (Continued)

3.1 Financial risk factors (Continued)

(a) Market risk (Continued)

(i) Foreign exchange risk (Continued)

At 31 December 2016, if the HK\$ has weakened/strengthened by 5% against the RMB with all other variables held constant, the post-tax profit for the year would have been HK\$51,000 (2015: HK\$226,000) lower/higher, mainly as a result of foreign exchange losses/gains on translation of HK\$-denominated cash and cash equivalents, other receivables and other payables.

At 31 December 2016, if the USD has weakened/strengthened by 5% against the RMB with all other variables held constant, the post-tax profit for the year would have been HK\$55,207,000 (2015: HK\$18,403,000) lower/higher, mainly as a result of foreign exchange losses/gains on translation of USD-denominated cash and cash equivalents, trade and other receivables, trade and other payables.

At 31 December 2016, if the EUR has weakened/strengthened by 5% against the RMB with all other variables held constant, the post-tax profit for the year would have been HK\$10,629,000 (2015: HK\$6,056,000) lower/higher, mainly as a result of foreign exchange losses/gains on translation of EUR-denominated cash and cash equivalents, trade and other receivables, trade and other payables.

(ii) Cash flow and fair value interest rate risk

As the Group has no significant interest-bearing assets, the Group's income and operating cash flows are substantially independent of changes in market interest rates.

3 財務風險管理 (續)

3.1 財務風險因素 (續)

(a) 市場風險 (續)

(i) 外匯風險 (續)

於2016年12月31日，如港幣兌人民幣貶值／升值5%，而所有其他變數均不變，則本年度之稅後利潤會減少／增加港幣51,000元（2015年：港幣226,000元），主要由於換算以港幣列值之現金及現金等價物、其他應收款及其他應付款所產生之外匯虧損／收益。

於2016年12月31日，如美元兌人民幣貶值／升值5%，而所有其他變數均不變，則本年度之稅後利潤會減少／增加港幣55,207,000元（2015年：港幣18,403,000元），主要由於換算以美元列值之現金及現金等價物、貿易及其他應收款、貿易及其他應付款所產生之外匯虧損／收益。

於2016年12月31日，如歐元兌人民幣貶值／升值5%，而所有其他變數均不變，則本年度之稅後利潤會減少／增加港幣10,629,000元（2015年：港幣6,056,000元），主要由於換算以歐元列值之現金及現金等價物、貿易及其他應收款、貿易及其他應付款所產生之外匯虧損／收益。

(ii) 現金流量及公允價值利率風險

由於本集團並無重大計息資產，故本集團之收入及經營現金流量基本上不受市場利率變動影響。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

3 Financial Risk Management (Continued)

3.1 Financial risk factors (Continued)

(a) Market risk (Continued)

(ii) Cash flow and fair value interest rate risk (Continued)

The Group's interest rate risk arises from short-term borrowings. All the borrowings obtained at variable rates expose the Group to cash flow interest rate risk. As at 31 December 2016 and 2015, the Group did not have any long-term borrowings.

The Group's amounts due from/(to) related parties were issued at interest free, and expose the Group to fair value interest rate risk.

The directors are of the view that the interest rate risk is not material as at 31 December 2016.

(iii) Price risk

The Group exposes to commodity price risk, mainly due to the fluctuations in prices of copper and aluminium, which are key raw materials to the Group's products. The price risk due to copper and aluminium is reduced through the derivatives market and through certain clause in contracts with our customers to enable the Group to have the flexibility to pass the increases in raw material costs to the customers.

At 31 December 2016, if the copper and aluminium price had been 5% higher/lower with other variables held constant, the post-tax profit for the year would have been of HK\$10,413,000 (2015: HK\$9,211,000) higher/lower, representing the change in fair value of copper and aluminium derivatives at the end of the reporting period.

The Group is not exposed to equity securities price risk.

3 財務風險管理 (續)

3.1 財務風險因素 (續)

(a) 市場風險 (續)

(ii) 現金流量及公允價值利率風險 (續)

本集團利率風險因短期借款而產生。由於所有借款按浮動利率計息，故此本集團面對現金流量利率風險。於2016年及2015年12月31日，本集團並無任何長期借款。

由於本集團應收／(應付)關聯方款項以無息計量，故本集團面對公允價值利率風險。

董事認為，於2016年12月31日，利率風險並不重大。

(iii) 價格風險

本集團承受商品價格風險，主要由於銅及鋁(為本集團產品之主要原材料)價格波動。透過衍生市場及與客戶訂立之合約所載之若干條款，可減低銅及鋁所產生之價格風險，並使本集團可靈活將原材料的成本漲價轉嫁給客戶。

於2016年12月31日，倘銅及鋁價格上升／下跌5%，而所有其他變數均不變，本年度之稅後利潤將增加／減少港幣10,413,000元(2015年：港幣9,211,000元)，即銅及鋁衍生產品於報告期末之公允價值變動。

本集團並無面臨股本證券價格風險。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

3 Financial Risk Management (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk

The Group has no significant concentrations of credit risk. Credit risk arises from cash and cash equivalents, pledged bank deposits, derivative financial instruments, available-for-sale financial assets, due from related parties and trade and other receivables.

For cash and cash equivalents, pledged bank deposits, derivative financial instruments and available-for-sale financial assets, management manages the credit risk by transacting with state-owned financial institutions and reputable commercial banks. The maximum exposure to the credit risk before collateral held or other credit enhancements relating to cash and cash equivalents, pledged bank deposits, derivative financial instruments and available-for-sale financial assets, were their carrying value as disclosed in note 16, note 15, note 22 and note 12, respectively, as at 31 December 2016 and 2015.

For trade and other receivables and due from related parties, the credit quality of the counterparties is assessed by taking into account their financial position, credit history and other factors. Individual credit limits are set based on the assessment of the credit quality. Given the constant repayment history, the directors are of the view that the risk of default by these counterparties is low.

3 財務風險管理（續）

3.1 財務風險因素（續）

(b) 信貸風險

本集團並無高度集中之信貸風險。信貸風險來自現金及現金等價物、已抵押銀行存款、衍生金融工具、可供出售金融資產、應收關聯方款項以及貿易及其他應收款。

在現金及現金等價物、已抵押銀行存款、衍生金融工具及可供出售金融資產方面，管理層透過與國有金融機構及信譽良好之商業銀行進行交易來管理信貸風險。信貸風險於持有抵押品前，或與現金及現金等價物、已抵押銀行存款、衍生金融工具及可供出售金融資產相關的其他信貸條件改善前，其於2016年及2015年12月31日的最高風險為其分別披露於附註16、附註15、附註22及附註12的賬面值。

在貿易及其他應收款以及應收關聯方款項方面，對方之信貸質素乃考慮其財務狀況、信貸記錄及其他因素後作出評估。個別信貸限額乃根據信貸質素之評估而設立。鑒於定期還款記錄，董事認為該等對方拖欠還款之風險甚微。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

3 Financial Risk Management (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

For financial guarantees provided for the associates, the Group monitors the credit quality of the associates by taking into account their financial position and business development plan. During the year, the associates was disposed and the financial guarantees provided for the associates were released.

3 財務風險管理 (續)

3.1 財務風險因素 (續)

(b) 信貸風險 (續)

有關本集團向聯營公司提供的融資擔保，本集團透過評核彼等的財務狀況及業務發展計劃，藉以監管其信貸質素。於本年度，聯營公司已出售，而為聯營公司提供的融資擔保已解除。

		2016	2015
		HK\$'000	HK\$'000
		港幣千元	港幣千元
		Face value	Face value
		面值	面值
Financial guarantees	融資擔保		
– bank loans drawn (note 34)	– 已提取銀行貸款 (附註34)	–	179,045

(c) Liquidity risk

Liquidity risk management includes maintaining sufficient cash balance, the availability of funding from an adequate amount of committed credit facilities and the ability to close out market positions.

(c) 流動資金風險

流動資金風險管理包括維持充足現金結餘、從已得的信貸融資額度獲取足夠資金及規避市場風險之能力。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

3 Financial Risk Management (Continued)

3.1 Financial risk factors (Continued)

(c) Liquidity risk (Continued)

The table below analyses the Group's non-derivative financial liabilities and net-settled financial derivative financial liabilities into relevant maturity groupings based on the remaining period at the end of the reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

3 財務風險管理 (續)

3.1 財務風險因素 (續)

(c) 流動資金風險 (續)

下表分析本集團於報告期末至合約到期日的餘下期間按有關到期組別分類之非衍生金融負債及淨結算金融衍生財務負債淨額。表中所披露之金額乃合約未貼現現金流量。

		Less than 1 year 1年以下 HK\$'000 港幣千元	Between 1 and 2 years 1年至2年 HK\$'000 港幣千元	Over 2 years 2年以上 HK\$'000 港幣千元
At 31 December 2016	於2016年12月31日			
Trade and other payables	貿易及其他應付款	2,611,834	–	–
At 31 December 2015	於2015年12月31日			
Borrowings	借款	20,731	–	–
Trade and other payables	貿易及其他應付款	2,989,166	–	–
Derivative financial instruments	衍生金融工具	7,751	–	–
Principal amount of financial guarantees	融資擔保本金			
– bank loans drawn	– 已提取銀行貸款	179,045	–	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

3 Financial Risk Management (Continued)

3.2 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. The Group's strategy for the year ended 31 December 2016 was to maintain a gearing ratio under 75% or had a net cash position. This ratio was calculated as net debt divided by total equity. Net debt is calculated as total borrowings less pledged bank deposits and cash and cash equivalents. As the Group was in a net cash position as at 31 December 2016 and 2015, gearing ratio was not applicable.

3 財務風險管理 (續)

3.2 資本管理

本集團之資本管理目標乃為保障本集團持續經營之能力，以為股東帶來回報，同時兼顧其他股權持有人之利益，並維持最佳之資本結構以減低資本成本。

為維持或調整資本結構，本集團可能調整支付予股東的股息、支付於股東的股本回報、發行新股份或出售資產以減低債務。

與業內其他公司一樣，本集團利用資本負債比率監察其資本。本集團截至2016年12月31日止年度的策略為保持資本負債比率低於75%或達至淨現金狀況。此比率按照債項淨額除以權益總額計算。債項淨額按借款總額減去已抵押銀行存款和現金及現金等價物計算。由於本集團於2016年及2015年12月31日處於淨現金狀況，資本負債比率並不適用。

		2016 HK\$'000 港幣千元	2015 HK\$'000 港幣千元
Cash and cash equivalents (note 16)	現金及現金等價物 (附註16)	1,661,429	1,236,209
Pledged bank deposits	已抵押銀行存款	36,790	76,960
Less: Total borrowings (note 23)	減：借款總額 (附註23)	-	(20,650)
Net cash	現金淨額	1,698,219	1,292,519
Total equity	權益總額	4,555,125	4,401,801
Gearing ratio (%)	資本負債比率 (%)	N/A 不適用	N/A 不適用

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

3 Financial Risk Management (Continued)

3.3 Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Group's financial assets that are measured at fair value as at 31 December 2016.

3 財務風險管理（續）

3.3 公允價值估計

下表是根據估值方法，分析按公允價值入賬之金融工具。不同分級定義如下：

- 相同資產或負債之活躍市場報價（未經調整）（第一級）。
- 除包括在第一級之報價外，資產或負債之可觀察直接（即價格）或間接（即源自價格者）輸入數據（第二級）。
- 並非根據可觀察市場資料而釐定之資產或負債之輸入數據（即不可觀察之輸入數據）（第三級）。

下表呈列本集團於2016年12月31日按公允價值計量之金融資產。

		Level 1 第一級 HK\$'000 港幣千元	Level 2 第二級 HK\$'000 港幣千元	Level 3 第三級 HK\$'000 港幣千元	Total 總計 HK\$'000 港幣千元
Assets	資產				
Financial assets at fair value through profit or loss	按公允價值計量且其變動計入損益之金融資產				
Derivative financial instruments	衍生金融工具				
– Commodity futures contracts	– 期貨商品合約	89	–	–	89
– Foreign exchange forward contracts	– 外匯遠期合約	–	5,390	–	5,390
Available-for-sale financial assets	可供出售金融資產				
– Wealth management products	– 財富管理產品	–	1,123,535	–	1,123,535
– Equity investments	– 股權投資	–	–	122,936	122,936

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

3 Financial Risk Management (Continued)

3 財務風險管理 (續)

3.3 Fair value estimation (Continued)

3.3 公允價值估計 (續)

The following table presents the Group's financial assets and liabilities that are measured at fair value as at 31 December 2015.

下表呈列本集團於2015年12月31日按公允價值計量之金融資產及負債。

		Level 1 第一級 HK\$'000 港幣千元	Level 2 第二級 HK\$'000 港幣千元	Level 3 第三級 HK\$'000 港幣千元	Total 總計 HK\$'000 港幣千元
Assets	資產				
Financial assets at fair value through profit or loss	按公允價值計量且其變動計入損益之金融資產				
Derivative financial instruments	衍生金融工具				
– Commodity futures contracts	– 期貨商品合約	7,963	–	–	7,963
– Foreign exchange forward contracts	– 外匯遠期合約	–	1,286	–	1,286
Available-for-sale financial assets	可供出售金融資產				
– Wealth management products	– 財富管理產品	–	720,857	–	720,857
– Equity investments	– 股權投資	–	–	120,306	120,306
Liabilities	負債				
Financial liabilities at fair value through profit or loss	按公允價值計量且其變動計入損益之金融負債				
Derivative financial instruments	衍生金融工具				
– Commodity futures contracts	– 期貨商品合約	1,688	–	–	1,688
– Foreign exchange forward contracts	– 外匯遠期合約	–	6,063	–	6,063

There were no transfers between level 1 and level 2 during the year.

年內，第一級與第二級之間概無相互轉移。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

3 Financial Risk Management (Continued)

3.3 Fair value estimation (Continued)

(a) Financial instruments in level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the end of reporting period. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1. Instruments included in level 1 comprise commodity futures contracts.

(b) Financial instruments in level 2

The fair value of financial instruments that are not traded in an active market (for example, foreign exchange forward contracts) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

The fair value of foreign exchange forward contracts is determined using forward exchange rates at the balance sheet date, with the resulting value discounted back to present value.

3 財務風險管理 (續)

3.3 公允價值估計 (續)

(a) 第一級金融工具

在活躍市場買賣之金融工具之公允價值，是根據報告期間完結時之市場所報價格為基準。倘報價可隨時及可定期從交易市場、交易商、經紀、產業集團、價格服務機構或監管機關獲得，並且該等價格代表真實、按公平基準之定期市場交易，則該市場被視為活躍市場。本集團持有之金融資產所用之市場報價為當時買入價。該等工具獲納入第一級。獲納入第一級之工具包括期貨商品合約。

(b) 第二級金融工具

並非在活躍市場買賣之金融工具（例如外匯遠期合約）之公允價值，則利用估值技術釐定。該等估值技術盡用可獲得之可觀察市場數據，從而盡量減少對實體特定估計之依賴程度。倘按公允價值計量一項工具之所有重大輸入數據均可觀察獲得，則該項工具獲納入第二級。

倘一個或多個重大輸入數據並非根據可觀察市場數據釐定，則該項工具獲納入第三級。

外匯遠期合約之公允價值乃使用結算日之遠期匯率釐定，產生之價值貼現回現值。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

3 Financial Risk Management (Continued)

3.3 Fair value estimation (Continued)

(c) Financial instruments in level 3

The following table presents the changes in level 3 instruments for the year ended 31 December 2015 and 2016:

3 財務風險管理 (續)

3.3 公允價值估計 (續)

(c) 第三級金融工具

下表呈列截至2015年及2016年12月31日止年度第三級工具之變動：

		Available-for-sale financial assets 可供出售金融資產 HK\$'000 港幣千元
At 1 January 2015	於2015年1月1日	118,678
Net gains transferred to equity	淨收益轉撥至權益	8,900
Currency translation differences	外幣折算差額	(7,272)
At 31 December 2015	於2015年12月31日	120,306
At 1 January 2016	於2016年1月1日	120,306
Net gains transferred to equity	淨收益轉撥至權益	10,707
Currency translation differences	外幣折算差額	(8,077)
At 31 December 2016	於2016年12月31日	122,936

If the fair value of equity investments would be shifted by 10%, the impact on the net gains transferred to equity would be HK\$1,071,000.

倘股權投資之公允價值轉移10%，則對轉撥至權益之淨收益影響將為港幣1,071,000元。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

4 Critical Accounting Estimates and Judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

4.1 Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Estimated impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 2.9.1. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of certain key assumptions (note 9). Changing in such key assumptions selected by management, including the discount rates or the growth rate assumptions, could materially affect the net present value used in the impairment test.

If the estimated pre-tax discount rate applied to the discounted cash flows for the CGU of GD Welling and Changzhou Welling had been 2% and 7% higher than management's estimates respectively, the recoverable amount of goodwill would be lower than its carrying amount and impairment of goodwill would be recognised.

If the estimated gross margin of the CGU of GD Welling and Changzhou Welling had been 2% and 1% lower than management's estimates respectively, the recoverable amount of goodwill would be lower than its carrying amount and impairment of goodwill would be recognised.

4 重要會計估計及判斷

估計及判斷之評估會不斷進行，並且依據過往經驗及其他因素作為基礎，其中包括按現況對未來事件之合理預期。

4.1 重要會計估計及假設

本集團對未來作出估計及假設。所得之會計估計根據涵義甚少等同於相關的實際結果。具有重大風險可導致資產及負債之賬面值於下一個財政年度中出現重大調整之估計及假設闡述如下。

(a) 商譽減值估計

本集團每年按照附註2.9.1所述之會計政策測試商譽是否有任何減值。現金產生單位之可收回金額按使用價值計算而釐定，該等計算須採用若干主要假設（附註9）。倘管理層改變挑選之主要假設（包括貼現率或增長率假設），足以對減值測試中使用之淨現值構成重大影響。

倘適用於廣東威靈及常州威靈現金產生單位貼現現金流量之估計稅前貼現率分別較管理層所估計者增加2%及7%，商譽可收回值將低於其賬面值，且商譽減值將予以確認。

倘廣東威靈及常州威靈現金產生單位之估計毛利率較管理層所估計者分別減少2%及1%，商譽可收回值將低於其賬面值，且商譽減值將予以確認。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

4 Critical Accounting Estimates and Judgments (Continued)

4.1 Critical accounting estimates and assumptions (Continued)

(a) Estimated impairment of goodwill (Continued)

If the growth rate of the CGU of GD Welling and Changzhou Welling had been 5% and 1% lower than management's estimates respectively, the recoverable amount of goodwill would be lower than its carrying amount and impairment of goodwill would be recognised.

(b) Income taxes

Significant judgement is required in determining the provision for income tax. There are many transactions and calculations for which the ultimate determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such difference will impact the income tax and deferred tax provision in the period in which such determination is made.

(c) Useful lives adopted for the calculation of depreciation of property, plant and equipment

The estimate of useful lives of property, plant and equipment was made by the management with reference to the established industry practices, technical assessments made on the durability of the assets, as well as the historical magnitude and trend of repair and maintenance expenses incurred by the Group. It could change significantly as a result of technical innovations and competitor actions in responses to severe industry cycles.

If the estimated useful lives of property, plant and equipment had been higher/lower by 10% from management's estimates, the depreciation charge would have decreased/increased by HK\$16,103,000 and HK\$19,681,000 (2015: HK\$17,156,000 and HK\$20,968,000), respectively.

4 重要會計估計及判斷 (續)

4.1 重要會計估計及假設 (續)

(a) 商譽減值估計 (續)

倘廣東威靈及常州威靈現金產生單位之增長率較管理層所估計者分別減少5%及1%，商譽可收回值將低於其賬面值，且商譽減值將予以確認。

(b) 所得稅

釐定所得稅撥備時需要作出重大判斷。在日常業務過程中，多項交易及計算之最終稅項釐定並不確定。倘若該等事項的最終稅項結果與最初記錄者有所差異，有關差額將影響有關釐定期間之所得稅及遞延稅項撥備。

(c) 計算物業、廠房及設備折舊採納的可使用年期

物業、廠房及設備的可使用年期由管理層參照既定行業慣例、有關資產耐用性的技術評估、本集團過往發生的維修及保養開支的幅度及走勢進行估計。該估計可能會由於技術創新及競爭對手因嚴峻的行業週期採取行動而發生重大變動。

倘若物業、廠房及設備估計可使用年期較管理層所估計增加／減少10%，折舊開支將分別減少／增加港幣16,103,000元及港幣19,681,000元 (2015年：港幣17,156,000元及港幣20,968,000元)。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

4 Critical Accounting Estimates and Judgments (Continued)

4.1 Critical accounting estimates and assumptions (Continued)

(d) Provision for impairment of inventories

Provision for impairment of inventories is based on the net realisable value which is the selling price in the ordinary course of business, less applicable variable selling expenses. The calculation of the net realisable value is determined based on management's estimates of the selling price and variable selling expenses according to prevailing market conditions.

The amount of impairment of inventories included in the consolidated income statement for the year ended 31 December 2016 is HK\$2,963,000 (2015: HK\$874,000).

(e) Impairment of trade receivables

Management reviews its trade receivables for objective evidence of impairment. Significant financial difficulties of the debtor, the probability that the debtor will enter bankruptcy, and default or significant delay in payments are considered as objective evidence that a receivable is impaired. In determining this, management makes judgments as to whether there is observable data indicating that there has been a significant change in the payment ability of the debtor, or whether there have been significant changes with adverse effect on the market and economic environment in which the debtor operates in. Where there is objective evidence of impairment, management makes judgments as to whether an impairment loss should be recorded as an expense.

Provision for impairment of trade receivables of the Group for the year ended 31 December 2016 is HK\$56,926,000 (2015: HK\$54,218,000).

4 重要會計估計及判斷 (續)

4.1 重要會計估計及假設 (續)

(d) 存貨減值撥備

存貨減值撥備按可變現淨值計算，而可變現淨值為日常業務過程中的售價減適用可變銷售開支。計算可變現淨值時是按當時市場狀況以管理層估計的售價及可變銷售開支為基準予以釐訂。

截至2016年12月31日止年度之綜合收益表所載存貨減值金額為港幣2,963,000元 (2015年：港幣874,000元)。

(e) 貿易應收款減值

管理層審閱其貿易應收款有否客觀減值憑證。債務人陷入嚴重的財困、債務人可能破產以及違責或長期拖欠還款均被視為應收款有客觀減值憑證。在釐定減值時，管理層需判斷有否可觀察資料顯示債務人的還款能力有重大變動，或有否對債務人業務所在的市場及經濟環境構成不利影響的重大變動。如有客觀減值憑證，管理層判斷有否減值虧損應記錄為開支。

本集團截至2016年12月31日止年度的貿易應收款減值撥備為港幣56,926,000元 (2015年：港幣54,218,000元)。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

5 Segment information

The principal activities of the Group are the manufacturing, distribution and selling of motors and electronic and electric components for electrical household appliances in the PRC and overseas.

In accordance with the Group's internal financial reporting provided to the chief operating decision-maker, the board of directors, who is responsible for allocating resources, assessing performance of the operating segments and making strategic decisions, the management considers the business from both business and geographical perspectives. From business perspective, the Group has only one business segment.

The Group is domiciled in the PRC. The Group's revenue from customers located in the PRC and outside PRC are presented as follows:

		2016	2015
		HK\$'000	HK\$'000
		港幣千元	港幣千元
Revenue from customers in the PRC	來自中國境內客戶之收入	5,592,416	5,606,554
Revenue from customers outside the PRC	來自中國境外客戶之收入	2,362,044	2,433,812
		7,954,460	8,040,366

Revenue is allocated based on the country in which customers are located. No revenue derived from a single external customer has exceeded 10% of the total revenue.

No geographical segment analysis on non-current assets is prepared as substantially all of the Group's assets were located in the PRC.

5 分部資料

本集團之主要業務為在中國及海外製造、分銷及銷售家用電器之電機及電子及電器產品。

根據本集團提交予董事會（即負責分配資源、評估營運分部表現及制定策略決策之主要經營決策者）之內部財務報告，管理層認為可從業務及地域兩方面考慮業務狀況。從業務方面來看，本集團僅有一個業務分部。

本集團設於中國。本集團來自中國境內及境外客戶之收入呈列如下：

收入根據客戶所在國家分配。概無來自單一外部客戶的收入佔總收入10%以上。

本集團絕大部分資產位於中國，故並無編製非流動資產之地區分部分析。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

6 Leasehold Land and Land Use Rights

The Group's interests in leasehold land and land use rights represent prepaid operating lease payments and their net book values are analysed as follows:

		2016	2015
		HK\$'000	HK\$'000
		港幣千元	港幣千元
Opening net book amount	年初賬面淨值	197,646	215,212
Amortisation charge	攤銷開支	(4,991)	(5,213)
Currency translation differences	外幣折算差額	(12,326)	(12,353)
Closing net book amount	年終賬面淨值	180,329	197,646

At 31 December 2016 and 2015, no leasehold land and land use rights have been pledged as security for the Group's banking facilities (note 23).

6 租賃土地及土地使用權

本集團於租賃土地及土地使用權之權益為預付經營租賃款項，其賬面淨值分析如下：

於2016年及2015年12月31日，無任何租賃土地及土地使用權作為本集團銀行授信之抵押（附註23）。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

7 Property, Plant and Equipment

7 物業、廠房及設備

		Buildings	Furniture, fixtures and decoration 傢俬·設備及裝修	Plant and machinery 廠房及機器	Motor vehicles 汽車	Electronic and other equipment 電子及其他設備	Construction-in-progress 在建工程	Total 合計
		HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元
At 1 January 2015	於2015年1月1日							
Cost	成本	557,916	30,536	1,198,633	28,218	132,686	90,904	2,038,893
Accumulated depreciation	累計折舊	(162,635)	(19,488)	(499,904)	(17,180)	(93,007)	-	(792,214)
Net book amount	賬面淨值	395,281	11,048	698,729	11,038	39,679	90,904	1,246,679
Year ended 31 December 2015	截至2015年12月31日止年度							
Opening net book amount	年初賬面淨值	395,281	11,048	698,729	11,038	39,679	90,904	1,246,679
Additions	添置	3,538	30,412	155,342	1,291	52,113	23,444	266,140
Currency translation differences	外幣折算差額	(21,958)	(407)	(35,527)	(500)	(1,651)	(5,303)	(65,346)
Disposals	出售	(3,095)	(11,193)	(46,585)	(940)	(2,425)	(471)	(64,709)
Transfers	轉撥	3,755	433	76,059	-	5,995	(86,242)	-
Depreciation	折舊	(28,198)	(6,065)	(121,354)	(3,663)	(29,432)	-	(188,712)
Closing net book amount	年終賬面淨值	349,323	24,228	726,664	7,226	64,279	22,332	1,194,052
At 31 December 2015	於2015年12月31日							
Cost	成本	529,512	48,184	1,212,668	23,932	169,422	22,332	2,006,050
Accumulated depreciation	累計折舊	(180,189)	(23,956)	(486,004)	(16,706)	(105,143)	-	(811,998)
Net book amount	賬面淨值	349,323	24,228	726,664	7,226	64,279	22,332	1,194,052
Year ended 31 December 2016	截至2016年12月31日止年度							
Opening net book amount	年初賬面淨值	349,323	24,228	726,664	7,226	64,279	22,332	1,194,052
Additions	添置	224	3,012	39,815	627	30,780	27,366	101,824
Currency translation differences	外幣折算差額	(20,852)	(1,389)	(41,965)	(341)	(2,365)	(1,417)	(68,329)
Disposals	出售	(208)	(228)	(3,967)	(191)	(3,478)	(37)	(8,109)
Transfers	轉撥	4,057	(6,717)	1,538	1,580	16,340	(16,798)	-
Depreciation	折舊	(28,059)	(7,064)	(98,743)	(2,821)	(40,441)	-	(177,128)
Closing net book amount	年終賬面淨值	304,485	11,842	623,342	6,080	65,115	31,446	1,042,310
At 31 December 2016	於2016年12月31日							
Cost	成本	495,515	35,314	1,154,090	23,979	198,307	31,446	1,938,651
Accumulated depreciation	累計折舊	(191,030)	(23,472)	(530,748)	(17,899)	(133,192)	-	(896,341)
Net book amount	賬面淨值	304,485	11,842	623,342	6,080	65,115	31,446	1,042,310

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

7 Property, Plant and Equipment (Continued)

Depreciation charge of HK\$146,591,000 (2015: HK\$172,453,000) has been charged to cost of goods sold, HK\$321,000 (2015: HK\$606,000) to selling and marketing expenses, and HK\$30,216,000 (2015: HK\$15,653,000) to administrative expenses.

As at 31 December 2016 and 2015, construction-in-progress mainly comprises new manufacturing equipment being constructed.

8 Investment Properties

Opening net book amount	年初賬面淨值	46,591	52,435
Depreciation	折舊	(2,722)	(2,898)
Currency translation differences	外幣折算差額	(2,841)	(2,946)
Closing net book amount	年終賬面淨值	41,028	46,591
Cost	成本	54,906	58,624
Accumulated depreciation	累計折舊	(13,878)	(12,033)
Net book amount	賬面淨值	41,028	46,591

The fair value of the Group's investment properties as at 31 December 2016 was HK\$48,081,000 (2015: HK\$51,951,000), as estimated by the directors of the Group. It falls under level 3 in the fair value hierarchy. No valuation has been performed by independent qualified professional valuers.

The rental income of the investment properties in 2016 was HK\$4,083,000 (2015: HK\$4,348,000).

As at 31 December 2016 and 2015, the Group had no unprovided contractual obligations for future repairs and maintenance.

7 物業、廠房及設備(續)

在折舊開支中，港幣146,591,000元(2015年：港幣172,453,000元)已計入銷售貨品成本，港幣321,000元(2015年：港幣606,000元)已計入銷售及市場推廣開支，及港幣30,216,000元(2015年：港幣15,653,000元)已計入行政開支。

於2016年及2015年12月31日的在建工程主要包括正在建設中的新製造設備。

8 投資物業

	2016 HK\$'000 港幣千元	2015 HK\$'000 港幣千元
Opening net book amount	46,591	52,435
Depreciation	(2,722)	(2,898)
Currency translation differences	(2,841)	(2,946)
Closing net book amount	41,028	46,591
Cost	54,906	58,624
Accumulated depreciation	(13,878)	(12,033)
Net book amount	41,028	46,591

經本集團董事估計，本集團投資物業於2016年12月31日的公允價值為港幣48,081,000元(2015年：港幣51,951,000元)，處於公允價值架構的第三級。無獨立合資格專業估值師執行任何估值。

2016年投資物業的租金收入為港幣4,083,000元(2015年：港幣4,348,000元)。

於2016年及2015年12月31日，本集團就未來修理及維修並無未撥備的合同債務。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

8 Investment Properties (Continued)

(a) Leasing arrangements

Investment properties have been leased to tenants under long-term operating leases with rentals payable quarterly.

Minimum lease receivables under non-cancellable operating leases of investment properties not recognised in the financial statements are as follows:

		2016 HK\$'000 港幣千元	2015 HK\$'000 港幣千元
Not later than one year	不超過一年	4,083	1,812
Later than one year and not later than five years	超過一年但不超過五年	1,701	-
		5,784	1,812

The investment properties of the Group is situated in the PRC.

8 投資物業（續）

(a) 租賃安排

投資物業已按照長期經營租賃出租予承租人，租金按季度繳納。

根據不可撤銷經營租賃就未於財務報表確認的投資物業的應收最低租金金額如下：

	2016 HK\$'000 港幣千元	2015 HK\$'000 港幣千元
Not later than one year	4,083	1,812
Later than one year and not later than five years	1,701	-
	5,784	1,812

本集團的投資物業位於中國。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

9 Intangible Assets

9. 無形資產

		Goodwill	Technology	Development cost	Total
		商譽	技術	開發成本	合計
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
		港幣千元	港幣千元	港幣千元	港幣千元
At 1 January 2015	於2015年1月1日				
Cost	成本	29,927	31,795	17,066	78,788
Accumulated amortisation	累計攤銷	–	(10,333)	–	(10,333)
Net book amount	賬面淨值	29,927	21,462	17,066	68,455
Year ended 31 December 2015	截至2015年12月31日止年度				
Opening net book amount	年初賬面淨值	29,927	21,462	17,066	68,455
Additions	添置	–	–	21,061	21,061
Amortisation charge	攤銷開支	–	(3,116)	(1,299)	(4,415)
Currency translation differences	外幣折算差額	(1,746)	(1,131)	(1,769)	(4,646)
Closing net book amount	年終賬面淨值	28,181	17,215	35,059	80,455
At 31 December 2015	於2015年12月31日				
Cost	成本	28,181	29,940	36,358	94,479
Accumulated amortisation	累計攤銷	–	(12,725)	(1,299)	(14,024)
Net book amount	賬面淨值	28,181	17,215	35,059	80,455
Year ended 31 December 2016	截至2016年12月31日止年度				
Opening net book amount	年初賬面淨值	28,181	17,215	35,059	80,455
Additions	添置	–	–	20,464	20,464
Amortisation charge	攤銷開支	–	(2,926)	(9,359)	(12,285)
Written off	撇銷	–	–	(4,402)	(4,402)
Currency translation differences	外幣折算差額	(1,787)	(969)	(2,505)	(5,261)
Closing net book amount	年終賬面淨值	26,394	13,320	39,257	78,971
At 31 December 2016	於2016年12月31日				
Cost	成本	26,394	28,042	48,616	103,052
Accumulated amortisation	累計攤銷	–	(14,722)	(9,359)	(24,081)
Net book amount	賬面淨值	26,394	13,320	39,257	78,971

Amortisation charge of HK\$12,285,000 (2015: HK\$4,415,000) has been charged to administrative expenses.

攤銷開支港幣12,285,000元(2015年:港幣4,415,000元)已於行政開支中扣除。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

9 Intangible Assets (Continued)

The goodwill is attributable to the synergies expected to arise upon the Group's acquisition of the cash-generating units ("CGU") of Guangdong Welling Motor Manufacturing Co., Ltd. ("GD Welling") and Changzhou Welling Motor Manufacturing Co., Ltd. ("Changzhou Welling") located in the PRC from the third parties. A summary of the goodwill allocation is presented as follows:

		2016 HK\$'000 港幣千元	2015 HK\$'000 港幣千元
GD Welling	廣東威靈	22,057	23,551
Changzhou Welling	常州威靈	4,337	4,630
		26,394	28,181

The recoverable amount of the CGU is determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below.

9 無形資產 (續)

本集團從第三方收購位於中國的廣東威靈電機製造有限公司(「廣東威靈」)及常州威靈電機製造有限公司(「常州威靈」)的現金產生單位(「現金產生單位」)預計會產生協同效應，而協同效應帶來商譽。商譽分配概要呈列如下：

現金產生單位之可收回金額乃按使用價值計算予以釐定。有關計算使用稅前現金流量預測(根據管理層批准之五年期財政預算)作出。五年期以外之現金流量乃按下文所述之估計增長率推斷。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

9 Intangible Assets (Continued)

The key assumptions used for value-in-use calculations are as follows:

9 無形資產 (續)

使用價值計算之主要假設如下：

		GD Welling 廣東威靈	Changzhou Welling 常州威靈
As at 31 December 2016			
Gross margin (budgeted gross margin)	於2016年12月31日 毛利率 (預算毛利率)	12%	13%
Volume growth rate	銷量增長率	6%	9%
Long term growth rate	長期增長率	1%	3%
Discount rate (pre-tax discount rate applied to the cash flow projections)	貼現率 (用於現金流量預測之 稅前貼現率)	13%	13%
As at 31 December 2015			
Gross margin (budgeted gross margin)	於2015年12月31日 毛利率 (預算毛利率)	12%	13%
Volume growth rate	銷量增長率	7%	10%
Long term growth rate	長期增長率	1%	3%
Discount rate (pre-tax discount rate applied to the cash flow projections)	貼現率 (用於現金流量預測之 稅前貼現率)	13%	13%

Management determined the compound annual volume growth rate for each CGU covering over the five-year forecast period to be a key assumption. The volume of sales in each period is the main driver for revenue and costs. The compound annual volume growth rate is based on past performance and management's expectations for the market development. The long term growth rates used are consistent with the forecasting's included in industry report. The discount rates used are pre-tax and reflect specific risks relating to the Group. No impairment is considered necessary based on the assessment.

管理層將每個現金產生單位在五年預測期的複合年銷量增長率確定為一項主要假設。每個期間的銷售量均是收入及成本的主要來源。複合年銷量增長率是基於過往表現及管理層對市場發展的預期。所使用的長期增長率與行業報告內的預測相一致。所使用的貼現率均為稅前貼現率並反映與本集團相關的特定風險。評估顯示無需考慮減值。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

10 Subsidiaries

The following list contains the particulars of the subsidiaries of the Group as at 31 December 2016. All of these are controlled subsidiaries as defined under note 2.2 and have been consolidated into the Group's financial statements.

10 附屬公司

下表載列本集團於2016年12月31日之附屬公司詳情。所有該等受控制附屬公司（定義見附註2.2），已合併在本集團之財務報表。

Name 名稱	Place of incorporation and operation/ establishment and kind of legal entity 註冊成立及營業/ 成立地點及法定實體類別	Principal activities 主要業務	Particulars of issued share capital/ registered capital 已發行股本/ 註冊資本之詳情	Interest held 所持權益
Directly held: 直接持有：				
Welling Holding (BVI) Ltd. 威靈控股(BVI)有限公司	British Virgin Islands, limited liability company 英屬處女群島· 有限責任公司	Investment holding 投資控股	10,000 ordinary shares of USD1 each 10,000股每股面值1美元之普通股	100%
Indirectly held: 間接持有：				
Changzhou Honglu Huate Electric Co., Ltd 常州弘祿華特電機有限公司	PRC, limited liability company 中國·有限責任公司	Manufacture and trading of motors 製造及買賣電機	Registered capital RMB40,622,545 註冊資本 人民幣40,622,545元	75.97%
Changzhou Welling Motor Manufacturing Co., Ltd. ("Changzhou Welling") 常州威靈電機製造有限公司（「常州威靈」）	PRC, limited liability company (sino-foreign equity joint venture enterprise) 中國·有限責任公司（中外合資企業）	Manufacture and trading of motors 製造及買賣電機	Registered capital USD23,634,600 註冊資本23,634,600美元	75.97%
Foshan Welling Electronic & Electric Co., Ltd. 佛山市威靈電子電器有限公司	PRC, limited liability company (sino-foreign equity joint venture enterprise) 中國·有限責任公司（中外合資企業）	Manufacture and trading of motors 製造及買賣電機	Registered capital USD15,000,000 註冊資本15,000,000美元	100%
Foshan Welling Material Supply Co., Ltd. 佛山市威靈材料供應有限公司	PRC, limited liability company 中國·有限責任公司	Trading of raw materials 買賣原材料	Registered capital RMB20,000,000 註冊資本 人民幣20,000,000元	100%
Foshan Welling Washer Motor Manufacturing Co., Ltd. ("Welling Washer") 佛山市威靈洗滌電機製造有限公司（「威靈洗滌」）	PRC, limited liability company (sino-foreign equity joint venture enterprise) 中國·有限責任公司（中外合資企業）	Manufacture and trading of motors 製造及買賣電機	Registered capital USD6,400,000 註冊資本6,400,000美元	100%
Guangdong Welling Motor Manufacturing Co., Ltd. ("GD Welling") 廣東威靈電機製造有限公司（「廣東威靈」）	PRC, limited liability company (foreign investment enterprises) 中國·有限責任公司（外資企業）	Manufacture and trading of motors 製造及買賣電機	Registered capital USD48,810,000 註冊資本48,810,000美元	100%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

10 Subsidiaries (Continued)

10 附屬公司 (續)

Name 名稱	Place of incorporation and operation/ establishment and kind of legal entity 註冊成立及營業/ 成立地點及法定實體類別	Principal activities 主要業務	Particulars of issued share capital/ registered capital 已發行股本/ 註冊資本之詳情	Interest held 所持權益
Indirectly held: (Continued) 間接持有：(續)				
Hefei Welling Motor Manufacturing Co., Ltd. 合肥威靈電機製造有限公司	PRC, limited liability company 中國·有限責任公司	Investment holding 投資控股	Registered capital RMB50,000,000 註冊資本 人民幣50,000,000元	100%
Huaian Welling Motor Manufacturing Co., Ltd. ("Huaian Welling") 淮安威靈電機製造有限公司 (「淮安威靈」)	PRC, limited liability company (sino-foreign equity joint venture enterprise) 中國·有限責任公司 (中外合資企業)	Manufacture and trading of motors 製造及買賣電機	Registered capital USD45,000,000 註冊資本45,000,000美元	100%
Midea Welling Motor Technology (Shanghai) Co., Ltd. 美的威靈電機技術(上海)有限公司	PRC, limited liability company 中國·有限責任公司	Providing technical consultancy services 提供技術顧問服務	Registered capital RMB10,000,000 註冊資本 人民幣10,000,000元	100%
Welling International Hong Kong Ltd. 威靈國際香港有限公司	Hong Kong, limited liability company 香港·有限責任公司	Investment holding and trading of motors 投資控股及買賣電機	10,000,000 ordinary shares 10,000,000股普通股	100%
Welling (Wuhu) Motor Manufacturing Co., Ltd. ("Wuhu Welling") 威靈(蕪湖)電機製造有限公司 (「蕪湖威靈」)	PRC, limited liability company (sino-foreign equity joint venture enterprise) 中國·有限責任公司 (中外合資企業)	Manufacture and trading of motors 製造及買賣電機	Registered capital USD17,680,000 註冊資本17,680,000美元	100%
Wuhu Welling Motor Sales Co., Ltd. 蕪湖威靈電機銷售有限公司	PRC, limited liability company 中國·有限責任公司	Trading of motors 買賣電機	Registered capital RMB50,000,000 註冊資本 人民幣50,000,000元	100%

The English name of certain companies referred in this financial statements represent management's best effort at translating the Chinese names of these companies as no English names have been registered.

本財務報表所述若干公司的英文名稱為管理層根據其中文名稱翻譯所得，該等公司並無登記任何官方英文名稱。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

10 Subsidiaries (Continued)

(a) Material non-controlling interests

The total non-controlling interest as at 31 December 2016 is HK\$39,385,000 (2015: HK\$59,430,000), which are all attributed to Changzhou Welling Group, which included Changzhou Welling and its subsidiary Changzhou Honglu Huate Electric Co., Ltd.

Summarised financial information on subsidiaries with material non-controlling interests

Set out below are the summarised financial information for Changzhou Welling Group.

Summarised balance sheet

		Changzhou Welling Group	
		常州威靈集團	
		2016	2015
		HK\$'000	HK\$'000
		港幣千元	港幣千元
Current	流動		
– Assets	– 資產	101,162	101,272
– Liabilities	– 負債	(127,946)	(134,574)
Total current net liabilities	流動負債淨額總計	(26,784)	(33,302)
Non-current	非流動		
– Assets	– 資產	194,051	223,612
– Liabilities	– 負債	(3,365)	(4,339)
Total non-current net assets	非流動資產淨額總計	190,686	219,273
Net assets	資產淨額	163,902	185,971

10 附屬公司 (續)

(a) 重大非控股權益

於2016年12月31日的非控股權益合共為港幣39,385,000元(2015年:港幣59,430,000元)·全部均來自常州威靈集團(由常州威靈及其附屬公司常州弘祿華特電機有限公司組成)。

具有重大非控股權益的附屬公司的財務資料概要

以下載述常州威靈集團之財務資料概要。

資產負債表概要

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

10 Subsidiaries (Continued)

(a) Material non-controlling interests (Continued)

Summarised financial information on subsidiaries with material non-controlling interests (Continued)

Summarised income statement

10 附屬公司 (續)

(a) 重大非控股權益 (續)

具有重大非控股權益的附屬公司的財務資料概要 (續)

收益表概要

		Changzhou Welling Group	
		常州威靈集團	
		2016	2015
		HK\$'000	HK\$'000
		港幣千元	港幣千元
Revenue	收入	342,815	300,606
Loss before income tax	扣除所得稅前虧損	(18,930)	(12,684)
Income tax (expense)/credit	所得稅 (開支) / 抵免	(1,649)	2,492
Loss for the year	年度虧損	(20,579)	(10,192)
Loss for the year allocated to non-controlling interests	分配予非控股股東權益的年度虧損	(4,945)	(2,331)
Other comprehensive loss allocated to non-controlling interests	分配予非控股權益的其他全面虧損	(3,562)	(3,730)
Total comprehensive loss allocated to non-controlling interests	分配予非控股權益的全面虧損總計	(8,507)	(6,061)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

10 Subsidiaries (Continued)

(a) Material non-controlling interests (Continued)

Summarised financial information on subsidiaries with material non-controlling interests (Continued)

Summarised cash flows

		Changzhou Welling Group	
		常州威靈集團	
		2016	2015
		HK\$'000	HK\$'000
		港幣千元	港幣千元
Cash flows from operating activities	經營活動之現金流量		
Cash (used in)/generated from operations	經營(所用)/產生之現金	(8,753)	21,431
Income tax paid	已付所得稅	(155)	(827)
Net cash (used in)/generated from operating activities	經營活動(所用)/產生之現金淨額	(8,908)	20,604
Net cash used in investing activities	投資活動所用之現金淨額	(1,329)	(13,490)
Net cash generated from financing activities	融資活動產生之現金淨額	2,446	5,938
Net (decrease)/increase in cash and cash equivalents	現金及現金等價物(減少)/增加淨額	(7,791)	13,052
Cash and cash equivalents at beginning of year	年初之現金及現金等價物	16,868	4,595
Effect on exchange difference	匯兌差異影響	(744)	(779)
Cash and cash equivalents at end of year	年終之現金及現金等價物	8,333	16,868

The information above is the amount before inter-company eliminations.

10 附屬公司(續)

(a) 重大非控股權益(續)

具有重大非控股權益的附屬公司的財務資料概要(續)

現金流量概要

以上資料均為公司間對銷前金額。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

11 Investments Accounted for Using the Equity Method 11 以權益法入賬之投資

		2016 HK\$'000 港幣千元	2015 HK\$'000 港幣千元
At beginning of the year	年初	345,897	328,918
Share of profit of associates	應佔聯營公司利潤	18,825	51,396
Dividend received	已收股息	-	(13,752)
Disposal (note 31(c))	出售(附註31(c))	(360,892)	-
Exchange difference	匯兌差異	(3,830)	(20,665)
At end of the year	年終	-	345,897

On 15 August 2016, GD Welling and Welling International Hong Kong Ltd. entered into an equity interest transfer agreement and a share transfer agreement with Shanxi Linfen Huaxiang Shiye Co., Ltd. in relation to the disposal of 49% of the equity interest in Shanxi Huaxiang Group Co., Ltd ("Shanxi Huaxiang") and the disposal of 98 shares of Linkgo-HK Limited ("Linkgo-HK") (representing 49% of the issued shares of Linkgo-HK) to Shanxi Linfen Huaxiang Shiye Co., Ltd. at a consideration of RMB313,227,943 and HK\$98, respectively. The above disposals had been completed as at 31 December 2016 and resulted in a gain of approximately HK\$8,525,000 (note 24). After the completion of the above disposals, GD Welling and Welling International Hong Kong Ltd. had no longer hold any equity interest in Shanxi Huaxiang and Linkgo-HK.

於2016年8月15日，廣東威靈及威靈國際香港有限公司與山西臨汾華翔實業有限公司分別就出售山西華翔集團有限公司（「山西華翔」）49%的股權權益及出售香港林柯有限公司（「香港林柯」）98股股份（相當於香港林柯已發行股份49%）訂立股權轉讓合同及股份轉讓合同，以代價人民幣313,227,943元及港幣98元出售予山西臨汾華翔實業有限公司。上述出售事項已於2016年12月31日完成，產生收益約港幣8,525,000元（附註24）。上述出售事項完成後，廣東威靈及威靈國際香港有限公司不再擁有於山西華翔及香港林柯之任何股權。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

12 Available-For-Sale Financial Assets

12 可供出售金融資產

		2016 HK\$'000 港幣千元	2015 HK\$'000 港幣千元
Non-current	非流動		
Equity investment, at fair value (a)	股權投資，以公允價值計算(a)	122,936	120,306
Current	流動		
Investment in wealth management products, at fair value (b)	於財富管理產品的投資， 以公允價值計算(b)	1,123,535	720,857
		1,246,471	841,163

(a) Non-current available-for-sale financial assets represent the equity interests in an unlisted company, Midea Group Finance Co., Ltd (the "Finance Company"), which shall provide a range of financial services as approved by the China Banking Regulatory Commission. The registered capital of the Finance Company was RMB1,500 million while GD Welling held 5% equity interest in it. The Group has no significant influence on the Finance Company.

The fair value of available-for-sale financial assets was determined by the directors. Fair value gain, net of tax amounting to HK\$9,101,000 was recognised in other comprehensive income for the year ended 31 December 2016 (2015: HK\$7,565,000). The directors assessed the fair value of the equity investment and are in the opinion that the fair value of the Finance Company approximately its net assets as at 31 December 2016 and 2015.

(b) Current available-for-sale financial assets represent the wealth management products issued by banks and financial institutions with expected investment return rates ranging from 2.6% to 5.4% per annum in the PRC. The principals and returns are not guaranteed. Fair value gain, net of tax amounting to HK\$1,085,000 was recognised in other comprehensive income for the year ended 31 December 2016 (2015: HK\$4,139,000). The fair value of the wealth management products approximate to their costs plus expected investment return.

(a) 非流動可供出售金融資產指非上市公司美的集團財務有限公司（「財務公司」）的股權。財務公司經中國銀行業監督管理委員會批准可提供多種金融服務，其註冊資本為人民幣15億元，廣東威靈持有其5%的股權。本集團對財務公司並無重大影響力。

可供出售金融資產的公允價值由董事釐定。公允價值收益（扣除稅項）港幣9,101,000元（2015年：港幣7,565,000元）於截至2016年12月31日止年度的其他全面收益內確認。董事評核股權投資的公允價值，並認為財務公司於2016及2015年12月31日之公允價值與其資產淨值相若。

(b) 流動可供出售金融資產指由銀行及金融機構發行之財富管理產品，預期於中國之每年投資回報率介乎2.6%至5.4%。本金及回報為非保證。公允價值收益（扣除稅項）港幣1,085,000元（2015年：港幣4,139,000元）於截至2016年12月31日止年度之其他全面收益內確認。財富管理產品之公允價值與其成本加上預期投資回報後相若。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

13 Inventories

		2016 HK\$'000 港幣千元	2015 HK\$'000 港幣千元
Raw materials	原材料	175,109	88,805
Work-in-progress	在製品	25,012	13,563
Finished goods (note)	製成品 (附註)	690,889	452,570
		891,010	554,938

The cost of inventories recognised as expense and included in cost of goods sold amounted to HK\$5,670,778,000 (2015: HK\$5,918,722,000), which were deducted the proceed for the disposal of left over materials approximately HK\$289,999,000.

Note: As at 31 December 2016, the Group had finished goods which were delivered and kept in stores at customers' location amounting to approximately HK\$300,069,000 (2015: HK\$172,657,000). No sales have been recognised for these finished goods as the risks and rewards have not been passed to the customers.

13 存貨

存貨成本港幣5,670,778,000元(2015年:港幣5,918,722,000元)已確認為開支並計入銷售貨品成本內,已扣除處置邊角料物料所得約港幣289,999,000元。

附註: 於2016年12月31日,本集團交付及存放在客戶地點的製成品約港幣300,069,000元(2015年:港幣172,657,000元)。由於風險及回報未轉嫁予客戶,故該等製成品的銷售並未獲確認。

14 Trade and Other Receivables

		2016 HK\$'000 港幣千元	2015 HK\$'000 港幣千元
Trade receivables (note (a))	貿易應收款 (附註(a))	1,132,651	1,017,813
Less: allowance for impairment (note (c))	減: 減值撥備 (附註(c))	(56,926)	(54,218)
Trade receivables-net	貿易應收款-淨額	1,075,725	963,595
Amounts due from related parties (notes (a), 35(b))	應收關聯方款項 (附註(a)、35(b))	676,299	1,301,080
Notes receivable (notes (a), (d))	應收票據 (附註(a)、(d))	206,494	550,651
		1,958,518	2,815,326
Prepayments	預付款	143,958	83,899
Other receivables	其他應收款	85,124	76,073
Recoverable value-added tax – net (note (e))	可收回增值稅-淨額 (附註(e))	29,577	16,529
		2,217,177	2,991,827
Less: non-current portion	減: 非即期部分		
– Prepayments for property, plant and equipment	– 預付物業、廠房及設備款項	(11,863)	(5,103)
		2,205,314	2,986,724

14 貿易及其他應收款

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

14 Trade and Other Receivables (Continued)

As at 31 December 2016 and 2015, the fair values of trade and other receivables of the Group approximate their carrying amounts.

The carrying values of trade and other receivables of the Group are denominated in the following currencies:

		2016 HK\$'000 港幣千元	2015 HK\$'000 港幣千元
RMB	人民幣	1,500,793	2,364,650
USD	美元	538,020	469,558
EUR	歐元	171,286	156,721
Others	其他	7,078	898
		2,217,177	2,991,827

(a) The majority of the Group's trade receivables are with credit period from 30 to 150 days. As at 31 December 2016 and 2015, the ageing analysis of the gross trade receivables, amounts due from related parties and notes receivable, respectively are as follows:

Gross trade receivables:		貿易應收款總額:		2016 HK\$'000 港幣千元	2015 HK\$'000 港幣千元
Within 3 months	3個月以內	780,522	791,208		
3 to 6 months	3至6個月	272,607	186,193		
Over 6 months	6個月以上	79,522	40,412		
		1,132,651	1,017,813		
Amounts due from related parties:		應收關聯方款項:		2016 HK\$'000 港幣千元	2015 HK\$'000 港幣千元
Within 3 months	3個月以內	634,351	743,520		
3 to 6 months	3至6個月	40,408	547,326		
Over 6 months	6個月以上	1,540	10,234		
		676,299	1,301,080		

14 貿易及其他應收款 (續)

於2016年及2015年12月31日，本集團之貿易及其他應收款之公允價值與其賬面值相若。

本集團貿易及其他應收款之賬面值按下列貨幣列值：

(a) 本集團大部分貿易應收款之信貸期介乎30日至150日。於2016年及2015年12月31日，貿易應收款總額、應收關聯方款項及應收票據之賬齡分析分別如下：

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

14 Trade and Other Receivables (Continued)

(a) (Continued)

Notes receivable:	應收票據:	2016	2015
		HK\$'000 港幣千元	HK\$'000 港幣千元
Within 3 months	3個月以內	122,971	196,269
3 to 6 months	3至6個月	83,523	354,382
		206,494	550,651

As at 31 December 2016, the trade receivables of HK\$1,037,669,000 (2015: HK\$934,078,000) are not impaired.

(b) As at 31 December 2016, trade receivables of HK\$257,147,000 (2015: HK\$142,869,000) were past due but not impaired. These relate to a number of independent customers for whom there is no significant financial difficulty and based on past experience, the overdue amounts can be recovered. The ageing analysis of these trade receivables is as follows:

		2016	2015
		HK\$'000 港幣千元	HK\$'000 港幣千元
3 to 6 months	3至6個月	248,686	141,671
Over 6 months	6個月以上	8,461	1,198
		257,147	142,869

14 貿易及其他應收款 (續)

(a) (續)

於2016年12月31日，貿易應收款港幣1,037,669,000元（2015年：港幣934,078,000元）並未減值。

(b) 於2016年12月31日，貿易應收款港幣257,147,000元（2015年：港幣142,869,000元）已逾期但未減值。此與多位並無重大財務困難的獨立客戶有關，且根據過往經驗，逾期款項可予收回。該等貿易應收款之賬齡分析如下：

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

14 Trade and Other Receivables (Continued)

- (c) As at 31 December 2016, trade receivables of approximately HK\$94,982,000 (2015: HK\$83,735,000) were impaired. The provision in relation thereto was approximately HK\$56,926,000 (2015: HK\$54,218,000) as at 31 December 2016. The individual impaired receivables mainly relate to past due receivables from customers. The ageing of these receivables is as follows:

		2016 HK\$'000 港幣千元	2015 HK\$'000 港幣千元
3 to 6 months	3至6個月	23,921	44,522
Over 6 months	6個月以上	71,061	39,213
		94,982	83,735

Movements of the Group's allowance for impairment of trade receivables is as follows:

		2016 HK\$'000 港幣千元	2015 HK\$'000 港幣千元
At beginning of the year	年初	54,218	48,111
Provision for impairment	減值撥備	14,794	9,277
Bad debts written off	壞賬撇銷	(8,380)	-
Currency translation differences	外幣折算差額	(3,706)	(3,170)
At end of year	年終	56,926	54,218

The creation and release of allowance for impaired receivables have been included in administrative expenses in the consolidated income statement (note 25). Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

The provision written back represented the subsequent collection of previously provided impaired amounts.

The other classes within trade and other receivables do not contain impaired assets.

14 貿易及其他應收款 (續)

- (c) 於2016年12月31日，貿易應收款約港幣94,982,000元（2015年：港幣83,735,000元）出現減值。於2016年12月31日之有關撥備約港幣56,926,000元（2015年：港幣54,218,000元）。個別減值應收款主要與客戶逾期應收款有關。該等應收款之賬齡如下：

本集團貿易應收款的減值撥備變動如下：

新增及解除之應收款減值撥備已計入綜合收益表之行政開支內（附註25）。倘預期不能收回額外現金，則計入撥備賬之金額一般會撇銷。

撥回撥備為其後收回之過往撥備減值金額。

貿易及其他應收款之其他類別不包括已減值資產。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

14 Trade and Other Receivables (Continued)

- (d) The balance represents bank acceptance notes with maturity periods within six months. The maximum exposure to credit risk at the reporting date is the fair value of each class of receivables mentioned above. The Group does not hold any collateral as security.
- (e) The Group has paid input value-added taxes (“VAT”) to the State Tax Bureau for the goods purchased from its suppliers. In accordance with the relevant PRC tax regulations, these VAT can be offset with the output VAT arising from future sales but are not refundable. The balances at 31 December 2016 and 2015 represented net input VAT after offsetting the output VAT payable by the Group for domestic sales made during the year.

15 Pledged Bank Deposits

Certain bank balances were pledged against bank acceptance notes issued by the Group and these deposits will be released upon the maturity of the relevant bank acceptance notes issued. These pledged bank deposits bear interest at bank saving’s rates of 1.82% per annum (2015: 2.56% per annum). All pledged bank deposits are denominated in RMB.

16 Cash and Cash Equivalents

The weighted average effective interest rate on bank deposits was 0.88% per annum (2015: 1.46% per annum).

14 貿易及其他應收款 (續)

- (d) 有關結餘為六個月內到期之銀行承兌票據。於報告日期之最大信貸風險為上述各類應收款之公允價值。本集團並無持有任何抵押品作抵押。
- (e) 本集團已就購自供應商的貨品向國家稅務局支付進項增值稅(「增值稅」)。根據有關中國稅務法規，該等增值稅可抵銷未來銷售產生的銷項增值稅，惟不可退還。於2016年及2015年12月31日結餘指抵銷本集團年內就國內銷售應付的銷項增值稅後進項增值稅淨額。

15 已抵押銀行存款

若干銀行結餘乃作為本集團所發出之銀行承兌票據之抵押，而該等存款將於發出之相關銀行承兌票據到期日解除。該等已抵押銀行存款按銀行存款年利率1.82% (2015年：年利率2.56%)計息。所有已抵押銀行存款以人民幣計值。

16 現金及現金等價物

		2016 HK\$'000 港幣千元	2015 HK\$'000 港幣千元
Bank deposits and cash on hand	銀行存款及手頭現金	1,661,429	1,236,209

銀行存款之加權平均實際年利率為0.88% (2015年：年利率1.46%)。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

17 Share Capital and Share Options

(a) Share capital

Ordinary shares, issued and fully paid:

		Number of shares	
		股份數目	
		('000)	HK\$'000
		(千股)	港幣千元
At 1 January 2015	於2015年1月1日	2,862,033	4,965,641
Shares issued under the share option scheme (note (i))	根據購股權計劃已發行之股份 (附註(i))	1,580	1,217
At 31 December 2015 and 1 January 2016	於2015年12月31日及2016年1月1日	2,863,613	4,966,858
Shares issued under the share option scheme (note (ii))	根據購股權計劃已發行之股份 (附註(ii))	500	367
At 31 December 2016	於2016年12月31日	2,864,113	4,967,225

Note:

- (i) The share options exercised by the employees of the Group for the year ended 31 December 2015, resulted in 1,580,000 shares being issued at HK\$0.785 each, yielding proceeds after transaction costs of approximately HK\$1,217,000, which was recognised as share capital. The weighted average closing price of shares of the Company at the time of exercise of share options was HK\$1.40.
- (ii) The share options exercised by the employees of the Group for the year ended 31 December 2016, resulted in 500,000 shares being issued at HK\$0.785 each, yielding proceeds after transaction costs of approximately HK\$367,000, which was recognised as share capital. The weighted average closing price of shares of the Company at the time of exercise of share options was HK\$1.56.

17 股本及購股權

(a) 股本

普通股，已發行及繳足：

		Number of shares	
		股份數目	
		('000)	HK\$'000
		(千股)	港幣千元
At 1 January 2015	於2015年1月1日	2,862,033	4,965,641
Shares issued under the share option scheme (note (i))	根據購股權計劃已發行之股份 (附註(i))	1,580	1,217
At 31 December 2015 and 1 January 2016	於2015年12月31日及2016年1月1日	2,863,613	4,966,858
Shares issued under the share option scheme (note (ii))	根據購股權計劃已發行之股份 (附註(ii))	500	367
At 31 December 2016	於2016年12月31日	2,864,113	4,967,225

附註：

- (i) 截至2015年12月31日止年度，本集團僱員行使購股權，導致1,580,000股股份按每股港幣0.785元之價格發行，扣除交易費後之所得款項約港幣1,217,000元，確認為股本。購股權獲行使時，本公司股份之加權平均收市價為港幣1.40元。
- (ii) 截至2016年12月31日止年度，本集團僱員行使購股權，導致500,000股股份按每股港幣0.785元之價格發行，扣除交易費後之所得款項約港幣367,000元，確認為股本。購股權獲行使時，本公司股份之加權平均收市價為港幣1.56元。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

17 Share Capital and Share Options (Continued) 17 股本及購股權 (續)

(b) Share options

The share option scheme adopted on 27 June 2003 (the “2003 Share Option Scheme”) was terminated on 30 May 2013 and a new share option scheme (the “2013 Share Option Scheme”) was adopted by the shareholders of the Company at the Company’s annual general meeting held on 30 May 2013.

Pursuant to the terms of the 2013 Share Option Scheme, the Company may grant share options to eligible participants as recognition and acknowledgement of the contributions that the eligible participants have made or may make to the Group or any affiliates; and to attract, retain and motivate talented eligible participants to strive for the future developments and expansion of the Group and to provide the Company with a flexible means of giving incentive to, rewarding, remunerating, compensating and/or providing benefits to the eligible participants. Eligible participants of the 2013 Share Option Scheme include (1) any full-time or part-time employees or potential employees, executives or officers of the Group or any affiliates; (2) any directors (including non-executive directors and independent non-executive directors) of the Group or any affiliates; or (3) anyone who, as to be determined by the Board at its absolute discretion, have contributed or will contribute to the Group or any affiliates.

The 2013 Share Option Scheme is valid for a period of 10 years commencing from 30 May 2013. The limit on the number of shares which may be issued upon exercise of all outstanding share options granted and yet to be exercised under the 2013 Share Option Scheme and any other share option schemes of the Company must not exceed 30% of the total number of shares of the Company in issue from time to time. The total number of shares which may be issued upon exercise of all share options to be granted under the 2013 Share Option Scheme and any other share option schemes of the Company shall not in aggregate exceed 10% of the total number of shares of the Company in issue as at the date of approval of the 2013 Share Option Scheme (being 283,724,682 shares), but the Company may seek approval of its shareholders in general meeting for refreshing the 10% limit under the 2013 Share Option Scheme.

(b) 購股權

於2003年6月27日獲採納之購股權計劃(「2003年購股權計劃」)已於2013年5月30日終止，而新購股權計劃(「2013年購股權計劃」)已於2013年5月30日舉行之本公司股東週年大會上獲本公司股東採納。

根據2013年購股權計劃的條款，本公司可向合資格參與者授出購股權，以肯定及表彰合資格參與者對本集團或任何聯屬公司已作出或可能作出的貢獻；以及吸引、挽留及激勵有才能的合資格參與者為本集團的未來發展及拓展克盡厥職，並為本公司提供靈活的政策向合資格參與者提供激勵、獎勵、獎賞、報酬及／或利益。2013年購股權計劃的合資格參與者包括(1)本集團或任何聯屬公司之任何全職或兼職僱員或準僱員、行政人員或高級職員；(2)本集團或任何聯屬公司之任何董事(包括非執行董事及獨立非執行董事)；或(3)董事會全權酌情認為對本集團或任何聯屬公司已作出或將作出貢獻之任何人士。

2013年購股權計劃自2013年5月30日起有效期為10年。於根據本公司2013年購股權計劃及任何其他購股權計劃已授出但尚未行使之所有購股權獲行使時可予發行之股份數目限額，不得超過本公司不時已發行股份總數之30%。於根據本公司2013年購股權計劃及任何其他購股權計劃將予授出之所有購股權獲行使時可予發行之股份總數，合共不得超過於2013年購股權計劃獲批准當日本公司已發行股份總數之10%(即283,724,682股)，惟本公司可於股東大會上尋求股東批准更新2013年購股權計劃下之10%限額。

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綜合財務報表附註

17 Share Capital and Share Options (Continued) 17 股本及購股權 (續)

(b) Share options (Continued)

The total number of shares issued and to be issued upon exercise of the share options granted under the 2013 Share Option Scheme and any other share option schemes of the Company to each eligible participant in any 12-month period shall not exceed 1% of the total number of shares of the Company in issue. Any further grant of share options in excess of such limit must be separately approved by the shareholders of the Company in general meeting.

Share options granted under the 2013 Share Option Scheme to a Director, chief executive or substantial shareholder of the Company or their respective associates, must be approved by the independent non-executive Directors of the Company (excluding independent non-executive Director who is the grantee of the share options). In addition, any share options granted to a substantial shareholder or an independent non-executive Director of the Company, or any of their respective associates, in aggregate more than 0.1% of the total number of shares of the Company in issue or with an aggregate value (based on the closing price of the Company's shares at the date of each grant) in excess of HK\$5,000,000, within any 12-month period up to and including the date of such grant, must be subject to shareholders' approval in general meeting of the Company.

The offer of a grant of share options may be accepted by the grantee with payment of HK\$1 as consideration within 28 days from the date of approval for the grant of share options by the Board. The exercise period of the share options granted may be determined by the Board and in any event, such period shall not be longer than 10 years from the date upon which any particular share options are granted in accordance with the 2013 Share Option Scheme.

The exercise price of the share options shall be at least the highest of (i) the closing price of the Company's shares as stated in daily quotations sheet of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on the date of grant of share options, which must be a business day; and (ii) the average closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheet for the five business days immediately preceding the date of grant of share options, which must be a business day.

(b) 購股權 (續)

於根據本公司2013年購股權計劃及任何其他購股權計劃授出之購股權獲行使時，於任何12個月期間已發行及將發行予每名合資格參與者之股份總數，不得超過本公司已發行股份總數之1%。任何進一步授出超過此限額之購股權須獲本公司股東於股東大會上另行批准。

根據2013年購股權計劃向本公司董事、最高行政人員或主要股東或彼等各自聯繫人授出購股權，須獲本公司獨立非執行董事（不包括身為購股權承授人之獨立非執行董事）批准。此外，於截至授出日期（包括該日）止任何12個月期間，向本公司主要股東或獨立非執行董事或彼等各自之任何聯繫人授出之任何購股權，倘若合共超過本公司已發行股份總數之0.1%或總值（根據本公司於各授出日期之股份收市價計算）超過港幣5,000,000元，則須於本公司股東大會上獲股東批准。

承授人可於董事會批准授出購股權當日起計28日內，以支付港幣1元之代價接納授出購股權建議。所授出購股權之行使期可由董事會釐定，惟無論如何該期限不得超過根據2013年購股權計劃授出任何特定購股權日期起計10年。

購股權之行使價須至少為下列之最高者 (i) 於授出購股權當日（須為營業日）香港聯合交易所有限公司（「聯交所」）每日報價表所示之本公司股份收市價；及 (ii) 於緊接授出購股權當日（須為營業日）前五個營業日聯交所每日報價表所示之本公司股份平均收市價。

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綜合財務報表附註

17 Share Capital and Share Options (Continued) 17 股本及購股權 (續)

(b) Share options (Continued)

As at 31 December 2016, 700,000 share options remain outstanding and exercisable under the 2003 Share Option Scheme. No share options were granted to any eligible participants since the adoption of the 2013 Share Option Scheme.

Movements in the share options granted under the 2003 Share Option Scheme during the year ended 31 December 2016 were as follows:

Name	Date of Grant	Exercise price HK\$	Exercisable period	Balance as at 1 January 2016 於2016年 1月1日之 結餘	Exercised during the year (note (i)) 於年內 已行使 (附註(i))	Balance as at 31 December 2016 於2016年 12月31日之 結餘	Approximate percentage of shareholdings (note(ii)) 股權概約 百分比 (附註(ii))
姓名	授出日期	行使價 港幣	行使期				
Director	董事						
Mr. Lam Ming Yung	林明勇先生	3.900	30/07/2007 – 29/07/2017	400,000	–	400,000	0.014%
Employees	僱員						
In aggregate	合共	3.900	30/07/2007- 29/07/2017	300,000	–	300,000	0.011%
		0.785	01/04/2010- 31/03/2017	500,000	(500,000)	–	–
Total	合計			1,200,000	(500,000)	700,000	

Note:

- (i) The weighted average closing price of the shares of the Company immediately before the date on which the share options were exercised was HK\$1.54.
- (ii) The percentage has been compiled on the basis of 2,864,112,822 shares of the Company as at 31 December 2016.

於2016年12月31日，根據2003年購股權計劃尚有700,000份購股權尚未行使及可予行使。自2013年購股權計劃獲採納之日起，概無任何合資格參與者獲授購股權。

於截至2016年12月31日止年度，根據2003年購股權計劃授出之購股權變動如下：

Name	Date of Grant	Exercise price HK\$	Exercisable period	Balance as at 1 January 2016 於2016年 1月1日之 結餘	Exercised during the year (note (i)) 於年內 已行使 (附註(i))	Balance as at 31 December 2016 於2016年 12月31日之 結餘	Approximate percentage of shareholdings (note(ii)) 股權概約 百分比 (附註(ii))
姓名	授出日期	行使價 港幣	行使期				
Director	董事						
Mr. Lam Ming Yung	林明勇先生	3.900	30/07/2007 – 29/07/2017	400,000	–	400,000	0.014%
Employees	僱員						
In aggregate	合共	3.900	30/07/2007- 29/07/2017	300,000	–	300,000	0.011%
		0.785	01/04/2010- 31/03/2017	500,000	(500,000)	–	–
Total	合計			1,200,000	(500,000)	700,000	

附註：

- (i) 緊接購股權獲行使之日期前，本公司股份的加權平均收市價為港幣1.54元。
- (ii) 百分比乃按於2016年12月31日2,864,112,822股本公司已發行股份之基準計算。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

17 Share Capital and Share Options (Continued) 17 股本及購股權 (續)

(b) Share options (Continued)

The fair values of the options granted are determined using the Binomial Valuation Model ("the Model"). Key assumptions of the Model are set out below:

		9 January 2009	30 July 2007
Date of grant:		2009	2007
授出日期:		2009年1月9日	2007年7月30日
Risk-free rate:	無風險利率:	1.299%	4.13%
Expected dividend yield:	預期股息率:	3%	0%
Expected volatility of the market price of the Company's shares:	本公司股份市價之預期波幅:	52.34%	65.38%
Expected option life:	購股權之預期年期:	8.2 years 8.2年	5.23 years 5.23年
Fair value as at the date of grant (approximately):	於授出日期之公允價值 (概約數):	HK\$25,229,000 港幣25,229,000元	HK\$3,453,000 港幣3,453,000元

The Model requires the input of subjective assumptions, including the volatility of share price. As changes in subjective input assumptions can materially affect the fair value estimate, in the directors' opinion, the Model does not necessarily provide a reliable single measure of the fair value of share options.

(b) 購股權 (續)

已授出購股權之公允價值採用「二項式估值模型」(「該模型」)釐定。該模型之主要假設載列如下:

該模型要求輸入主觀假設(包括股價波幅)。由於輸入主觀假設之變動會對公允價值估計造成重大影響,故董事認為,該模型未必是計量購股權公允價值之唯一可靠方法。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

18 Other Reserves

18 其他儲備

		Statutory reserve fund	General reserve fund	Enterprise expansion fund	Share option reserve	Share- based payment reserve 以股份 為基礎的 支付儲備	Available- for-sale revaluation reserve 可供出售 重估儲備	Exchange reserve 匯兌儲備	Merger reserve 合併儲備	Total 合計
		HK\$'000 港幣千元 Note (a) 附註(a)	HK\$'000 港幣千元 Note (a) 附註(a)	HK\$'000 港幣千元 Note (a) 附註(a)	HK\$'000 港幣千元	HK\$'000 港幣千元 Note (b) 附註(b)	HK\$'000 港幣千元	HK\$'000 港幣千元	HK\$'000 港幣千元 Note (c) 附註(c)	HK\$'000 港幣千元
Balance at 1 January 2015	於2015年1月1日結餘	6,593	200,583	191,430	25,779	31,123	19,598	242,973	(3,258,013)	(2,539,934)
Contribution by owners relating to share-based payment (note (b)(ii), (iii))	有關擁有人以股份為基礎支付的貢獻 (附註(b)(ii)、(iii))	-	-	-	-	16,672	-	-	-	16,672
Change in value of available-for-sale financial assets, net of tax (note 12)	可供出售金融資產價值變動，扣除稅項 (附註12)	-	-	-	-	-	11,704	-	-	11,704
Transfer to statutory reserve	轉撥至法定儲備	1,155	7,451	7,451	-	-	-	-	-	16,057
Currency translation differences	外幣折算差額	-	-	-	-	-	-	(261,834)	-	(261,834)
Balance at 31 December 2015	於2015年12月31日結餘	7,748	208,034	198,881	25,779	47,795	31,302	(18,861)	(3,258,013)	(2,757,335)
Balance at 1 January 2016	於2016年1月1日結餘	7,748	208,034	198,881	25,779	47,795	31,302	(18,861)	(3,258,013)	(2,757,335)
Contribution by owners relating to share-based payment (note (b)(ii), (iii), (iv))	有關擁有人以股份為基礎支付的貢獻 (附註(b)(ii)、(iii)、(iv))	-	-	-	-	20,395	-	-	-	20,395
Change in value of available-for-sale financial assets, net of tax (note 12)	可供出售金融資產價值變動，扣除稅項 (附註12)	-	-	-	-	-	10,186	-	-	10,186
Transfer to statutory reserve	轉撥至法定儲備	-	28,316	28,316	-	-	-	-	-	56,632
Currency translation differences	外幣折算差額	-	-	-	-	-	-	(279,563)	-	(279,563)
Others	其他	-	11,538	-	-	-	-	-	-	11,538
Balance at 31 December 2016	於2016年12月31日結餘	7,748	247,888	227,197	25,779	68,190	41,488	(298,424)	(3,258,013)	(2,938,147)

(a) The Company's PRC subsidiaries are required to follow the laws and regulations of the PRC and their articles of association. These subsidiaries are required to provide for certain statutory funds, namely, general reserve fund and enterprise expansion fund, which are appropriated from net profit after taxation but before dividend distribution based on the local statutory accounts prepared in accordance with accounting principles and relevant financial regulations applicable to enterprises established in the PRC. These PRC subsidiaries are required to allocate at least 10% of its net profit to the reserve fund until the balance of such fund has reached 50% of its registered capital. Such appropriations are determined at the discretion of the directors. The general reserve fund can only be used, upon approval by the relevant authority, to offset accumulated deficit or increase capital.

(a) 本公司在中國之附屬公司須遵守中國法律及法規，以及各自之組織章程細則。該等附屬公司須提供若干法定基金，分別為一般儲備基金及企業發展基金，均自除稅後但未計股息分派之純利中提取。該純利根據按中國內地企業適用之會計原則及相關財務法規而編製之國內法定賬目計算。此等中國附屬公司須將其純利最少10%分配至儲備基金，直至該儲備基金結餘達至其註冊資本之50%為止。此等撥款由董事酌情釐定。一般儲備基金僅在有關當局批准後始可用作抵銷累計虧損或增加資本。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

18 Other Reserves (Continued)

(b) (i) 2012 Midea Incentive Share Plan

Midea Group Co., Ltd. (“Midea”), the intermediate holding company of the Company, implemented an incentive share plan for core management staff of Midea and its subsidiaries during the year ended 31 December 2012, under which Midea Holding Co., Ltd. (“Midea Holding”), the controlling shareholder of Midea, transferred its equity interest in Ningbo Meicheng Equity Investment Partnership (“Ningbo Meicheng”) to the participants to the said incentive share plan. Ningbo Meicheng holds an aggregate interest of 3% (representing 30 million shares) in the share capital of Midea. Further to the arrangement of the incentive share plan, Midea Holding transferred 3% of its equity interest in Ningbo Meicheng to two executive directors of the Company, namely, Mr. Zhou Xiangyang (resigned on 9 July 2015) and Mr. Jiang Deqing (resigned on 3 June 2014) on 22 November 2012.

Since the Company has no obligation to settle the above share-based payment transaction granted by Midea Holding, the difference between the fair value of the shares transferred and the cash consideration paid for such shares amounting to HK\$19,423,000 was treated as an equity-settled share-based payment. Award of the said shares were vested immediately and this share-based payment were recognised as expenses in the Group’s consolidated income statement. The Group accounted for the shares granted to its Directors as a contribution from its ultimate holding company and credited it to share-based payment reserve. The fair value of the shares transferred as estimated by management using market approach by referencing the market capitalisation and Price/Earnings multiple for the listed and unlisted subsidiaries controlled by Midea, respectively.

18 其他儲備 (續)

(b) (i) 2012美的持股計劃

截至2012年12月31日止年度，本公司中間控股公司美的集團股份有限公司（「美的」）為其本身及其附屬公司核心管理人員實行持股計劃，據此，美的之控股股東美的控股有限公司（「美的控股」）將其於寧波美晟股權投資合夥企業（「寧波美晟」）的股權轉讓予上述持股計劃的參與者。寧波美晟持有美的股本中合共3%的權益（相當於30,000,000股股份）。而在持股計劃安排內，美的控股亦於2012年11月22日將其於寧波美晟的3%股權轉讓予本公司兩名執行董事周向陽先生（已於2015年7月9日辭任）及姜德清先生（已於2014年6月3日辭任）。

由於本公司無責任支付美的控股授出上述以股份為基礎支付的交易，故此獲轉讓股份的公允價值與已付有關股份現金代價之差額港幣19,423,000元已被視為以權益結算以股份為基礎的支付。上述授出的股份已即時歸屬，而以股份為基礎的支付於本集團綜合收益表內確認為開支。本集團將授予其董事的股份以其最終控股公司作出的貢獻入賬，並計入以股份為基礎的支付儲備。獲轉讓股份的公允價值按管理層的估計利用市場價格比較法，並參照美的的分別控制的上市及非上市附屬公司的市值與市盈率予以釐定。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

18 Other Reserves (Continued)

(b) (ii) Midea Share Option Incentive Plan Phase I

On 18 February 2014, Midea granted Midea Share Option Incentive Plan Phase I to the core management staffs of Midea and its subsidiaries, under which 2,145,000 share options were granted to the Directors and senior managements of the Group. A bonus issue of shares on the basis of 15 bonus shares for every 10 existing shares for the year ended 31 December 2013 to the shareholders was approved at Midea's annual general meeting held on 21 April 2014. In addition, the shareholders of Midea approved a bonus issue of shares on the basis of 5 bonus shares for every 10 existing shares for the year ended 31 December 2015 to the shareholders on 26 April 2016. Therefore, adjustments were made to the outstanding share options and the exercise price. As at 31 December 2016, 1,970,000 share options remain outstanding and exercisable under Midea Share Option Incentive Plan Phase I.

(iii) Midea Share Option Incentive Plan Phase II

On 27 May 2015, Midea granted Midea Share Option Incentive Plan Phase II to the core management staff of Midea and its subsidiaries, under which 2,280,000 share options were granted to the Directors and senior managements of the Group. The shareholders of Midea approved a bonus issue of shares on the basis of 5 bonus shares for every 10 existing shares for the year ended 31 December 2015 to the shareholders on 26 April 2016. Therefore, adjustments were made to the outstanding share options and the exercise price. As at 31 December 2016, 2,158,600 share options remain outstanding and exercisable under Midea Share Option Incentive Plan Phase II.

18 其他儲備(續)

(b) (ii) 美的購股權激勵計劃第一期

美的於2014年2月18日向美的及其附屬公司核心管理人員授出美的購股權激勵計劃第一期。據此向本集團董事及高級管理人員授出2,145,000股購股權。於2014年4月21日召開的美的股東週年大會上通過按每10股截至2013年12月31日止年度之現有股份派15股紅股的紅股派送方案。此外，於2016年4月26日，美的股東批准按每持有10股截至2015年12月31日止年度的現有股份獲發5股紅股之基準向股東派送紅股。因此，對尚未行使購股權及行使價作出調整。於2016年12月31日，根據美的購股權激勵計劃第一期尚有1,970,000份購股權尚未行使及可予行使。

(iii) 美的購股權激勵計劃第二期

美的於2015年5月27日向美的及其附屬公司核心管理人員授出美的購股權激勵計劃第二期。據此向本集團董事及高級管理人員授出2,280,000份購股權。於2016年4月26日，美的股東批准按每持有10股截至2015年12月31日止年度的現有股份獲發5股紅股之基準向股東派送紅股。因此，對尚未行使購股權數目及行使價作出調整。於2016年12月31日，根據美的購股權激勵計劃第二期尚有2,158,600份購股權尚未行使及可予行使。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

18 Other Reserves (Continued)

(b) (iv) Midea Share Option Incentive Plan Phase III

On 28 June 2016, Midea granted Midea Share Option Incentive Plan Phase III to the core management staff of Midea and its subsidiaries, under which 4,230,000 share options were granted to the Directors and senior managements of the Group.

Since the Company has no obligation to settle the above share-based payment transactions granted by Midea, the fair value of the share options granted was treated as an equity-settled share-based payment. Award of the said share options were vested in three tranches subject to the achievement of Midea's performance target and these share-based payments were recognised as expenses in the Group's consolidated income statement. The Group accounted for the shares granted to its Directors and senior managements as a contribution from its ultimate holding company and credited to share-based payment reserve.

Movements of the Group's contribution by owners related to share-based payment is as follows:

		2016 HK\$'000 港幣千元	2015 HK\$'000 港幣千元
Balance at 1 January	於1月1日結餘	47,795	31,123
Midea Share Option Incentive Plan Phase I	美的購股權激勵計劃第一期	3,366	8,096
Midea Share Option Incentive Plan Phase II	美的購股權激勵計劃第二期	9,252	8,576
Midea Share Option Incentive Plan Phase III	美的購股權激勵計劃第三期	7,777	–
Balance at 31 December	於12月31日結餘	68,190	47,795

(c) Merger reserve represents the difference between the consideration paid for the acquisition under common control, and the aggregate nominal value of share capital/paid-up capital of the subsidiaries comprising the Group contributed by the owners of the Company.

18 其他儲備(續)

(b) (iv) 美的購股權激勵計劃第三期

美的於2016年6月28日向美的及其附屬公司核心管理人員授出美的購股權激勵計劃第三期，據此向本集團董事及高級管理人員授出4,230,000份購股權。

由於本公司無責任支付美的授出上述以股份為基礎支付的交易，故授出的購股權之公允價值被視為以權益結算以股份為基礎的支付。上述授出的購股權分三批歸屬，視美的表現目標的達成情況而定，而以股份為基礎的支付於本集團綜合收益表內確認為開支。本集團將授予其董事及高級管理人員的股份以其最終控股公司作出的貢獻入賬，並計入以股份為基礎的支付儲備。

有關本集團擁有人以股份為基礎的支付的貢獻變動如下：

(c) 合併儲備指在共同控制下收購所付之代價與本公司擁有人注入本集團成員附屬公司之股本／繳足股本之面值總額之差額。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

19 Deferred Income Tax

Deferred income tax is calculated in full on temporary differences under the liability method using taxation rates applicable to the companies comprising the Group.

The analysis of deferred income tax assets and deferred income tax liabilities is as follows:

19 遞延所得稅

遞延所得稅採用負債法就暫時差異按本集團旗下公司適用之稅率悉數計算。

遞延所得稅資產及遞延所得稅負債之分析如下：

		2016 HK\$'000 港幣千元	2015 HK\$'000 港幣千元
Deferred income tax assets:	遞延所得稅資產：		
– Deferred income tax assets to be recovered within 12 months	– 於12個月內收回之遞延所得稅資產	30,032	19,499
Deferred income tax liabilities:	遞延所得稅負債：		
– Deferred income tax liabilities to be released after more than 12 months	– 於12個月後解除之遞延所得稅負債	116,780	107,976
– Deferred income tax liabilities to be released within 12 months	– 於12個月內解除之遞延所得稅負債	33,599	28,248
		150,379	136,224

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

19 Deferred Income Tax (Continued)

The movement in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Deferred income tax assets:

		Impairment losses	Fair value losses	Unpaid accruals	Deferred government grants	Total
		減值虧損	公允價值虧損	未付預提費用	遞延政府補貼	合計
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		港幣千元	港幣千元	港幣千元	港幣千元	港幣千元
At 1 January 2015	於2015年1月1日	15,787	2,098	18,922	7,824	44,631
Charged to consolidated income statement	於綜合收益表內扣除	(7,593)	(1,000)	(11,274)	(3,579)	(23,446)
Currency translation differences	外幣折算差額	(624)	(83)	(663)	(316)	(1,686)
At 31 December 2015	於2015年12月31日	7,570	1,015	6,985	3,929	19,499
Credit/(charged) to consolidated income statement	於綜合收益表內計入/(扣除)	619	(992)	2,735	9,921	12,283
Currency translation differences	外幣折算差額	(506)	(23)	(558)	(663)	(1,750)
At 31 December 2016	於2016年12月31日	7,683	-	9,162	13,187	30,032

Deferred income tax assets are recognised for tax losses carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable. The Group did not recognise deferred income tax assets of HK\$1,213,000 (2015: HK\$6,083,000) in respect of losses amounting to HK\$4,850,000 (2015: HK\$24,330,000) that can be carried forward against future taxable income. Such losses will expire on 2021.

19 遞延所得稅 (續)

未經考慮在相同稅務司法權區內抵銷結餘前，遞延所得稅資產及負債於年內之變動如下：

遞延所得稅資產：

倘日後可透過應課稅利潤變現有有關稅項得益，方會確認結轉之稅項虧損為遞延所得稅資產。可結轉而用作抵銷日後應課稅收入之虧損為港幣4,850,000元（2015年：港幣24,330,000元），而本集團並無確認由此虧損所產生之港幣1,213,000元（2015年：港幣6,083,000元）遞延所得稅資產。有關虧損將於2021年屆滿。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

19 Deferred Income Tax (Continued)

19 遞延所得稅 (續)

Deferred income tax liabilities:

遞延所得稅負債：

		Undistributed profits of PRC subsidiaries 中國 附屬公司之 未分派利潤 HK\$'000 港幣千元	Fair value gain 公允價值 收益 HK\$'000 港幣千元	Revaluation of assets 重估資產 HK\$'000 港幣千元	Total 合計 HK\$'000 港幣千元
At 1 January 2015	於2015年1月1日	107,187	7,438	5,382	120,007
Charged/(credited) to consolidated income statement	於綜合收益表內 扣除/(計入)	28,101	928	(781)	28,248
Charged directly to equity	直接於權益扣除	-	2,065	-	2,065
Payment of withholding tax	繳付預扣稅	(6,148)	-	-	(6,148)
Currency translation differences	外幣折算差額	(7,113)	(551)	(284)	(7,948)
At 31 December 2015	於2015年12月31日	122,027	9,880	4,317	136,224
Charged/(credited) to consolidated income statement	於綜合收益表內 扣除/(計入)	33,037	1,296	(734)	33,599
Charged directly to equity	直接於權益扣除	-	1,798	-	1,798
Payment of withholding tax	繳付預扣稅	(11,609)	-	-	(11,609)
Currency translation differences	外幣折算差額	(8,634)	(756)	(243)	(9,633)
At 31 December 2016	於2016年12月31日	134,821	12,218	3,340	150,379

Deferred income tax liabilities have been recognised for the withholding tax and other taxes that would be payable on the unremitted earnings of all subsidiaries after the deduction of relevant statutory reserves.

對於所有附屬公司未匯出盈利應繳納的預扣稅及其他稅項已確認遞延所得稅負債(扣除相關法定儲備)。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

20 Deferred Government Grants

20 遞延政府補貼

		HK\$'000 港幣千元
At 1 January 2015	於2015年1月1日	34,615
Credited to consolidated income statement	計入綜合收益表	(479)
Currency translation difference	外幣折算差額	(1,999)
At 31 December 2015	於2015年12月31日	32,137
At 1 January 2016	於2016年1月1日	32,137
Receipt of grants	已收補貼	32,944
Credited to consolidated income statement	計入綜合收益表	(665)
Currency translation difference	外幣折算差額	(3,388)
At 31 December 2016	於2016年12月31日	61,028

The amounts represented subsidies granted by local government authority in the PRC which related to acquisition of leasehold land and land use rights and high technology research and development program.

The deferred government grants will be amortised to other gains from the point at which the relevant assets are ready for use on a straight-line basis over the assets' useful lives.

有關金額分別指中國當地政府機關就收購租賃土地及土地使用權以及高新科技研發項目提供之補貼。

遞延政府補貼將於相關資產可供使用之時起於資產可使用年內按直線法攤銷至其他收益。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

21 Trade and Other Payables

21 貿易及其他應付款

		2016 HK\$'000 港幣千元	2015 HK\$'000 港幣千元
Trade payables (note (a))	貿易應付款 (附註(a))	1,408,335	1,077,052
Notes payable (notes (a),(b))	應付票據 (附註(a)、(b))	684,590	1,400,265
Amounts due to related parties (notes (a), 35(b))	應付關聯方款項 (附註(a)、35(b))	37,333	145,638
		2,130,258	2,622,955
Provision for staff welfare and bonus	員工福利及花紅撥備	170,879	126,975
Accruals	預提費用	121,735	24,090
Advances from customers	預收客戶賬款	25,556	8,212
Other payables (note (c))	其他應付款 (附註(c))	163,406	206,934
		2,611,834	2,989,166

(a) The ageing analysis of the trade payables, notes payable and amounts due to related parties of the Group is as follows:

(a) 本集團貿易應付款、應付票據及應付關聯方款項之賬齡分析如下：

		2016 HK\$'000 港幣千元	2015 HK\$'000 港幣千元
Within 3 months	3個月以內	1,686,102	1,661,358
3 to 6 months	3至6個月	437,593	951,928
Over 6 months	6個月以上	6,563	9,669
		2,130,258	2,622,955

(b) The balance represents non-interest bearing bank acceptance notes issued by the Group with maturity periods of less than six months. As at 31 December 2016, certain notes payable were pledged by bank deposits of approximately HK\$36,790,000 (2015: HK\$76,960,000).

(b) 有關結餘指本集團發出之不計息銀行承兌票據，到期期限少於六個月。於2016年12月31日，若干應付票據以銀行存款約港幣36,790,000元（2015年：港幣76,960,000元）作為抵押。

(c) For the year ended 31 December 2016, HK\$7,000 (2015: Nil) of dividends declared by the Company, which were unclaimed after a period of six years from the date of declaration, were forfeited and transferred to retained earnings in accordance with the Company's Articles of Association.

(c) 截至2016年12月31日止年度，本公司所宣派股息中之港幣7,000元（2015年：無），於宣派日期起六年期間後未被領取，因此已根據本公司之組織章程細則予以沒收及轉撥至保留盈利。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

22 Derivative Financial Instruments

22 衍生金融工具

		2016		2015	
		Assets	Liabilities	Assets	Liabilities
		資產	負債	資產	負債
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
		港幣千元	港幣千元	港幣千元	港幣千元
Commodity futures contracts (a)	商品期貨合約(a)	89	-	7,963	1,688
Foreign exchange forward contracts (b)	外匯遠期合約(b)	5,390	-	1,286	6,063
		5,479	-	9,249	7,751

(a) The Group has entered into various copper and aluminum futures contracts to manage the fluctuation of copper and aluminum price which did not meet the criteria for hedge accounting. The fair value gain of the non-hedging copper and aluminum futures contracts amounting to approximately HK\$6,879,000 (note 24) were dealt within the consolidated income statement during the year (2015: HK\$10,792,000).

The notional principal amounts of outstanding commodity futures contracts as at 31 December 2016 were HK\$6,586,000 (2015: HK\$201,847,000).

(b) The Group has entered into various foreign exchange forward contracts to manage the fluctuation of foreign currencies which did not meet the criteria for hedge accounting. The fair value gain of non-hedging foreign exchange forward contracts amounting to approximately HK\$4,274,000 (note 24), were dealt within the consolidated income statement during the year (2015: HK\$24,420,000).

The notional principal amounts of the outstanding foreign exchange forward contracts as at 31 December 2016 were HK\$321,594,000 (2015: HK\$268,003,000).

The maximum exposure to credit risk at the reporting date is the fair value of the derivative assets in the consolidated statement of financial position.

(a) 本集團已訂立多項銅及鋁期貨合約，藉以管理銅及鋁價格波動，但不符合資格作對沖會計處理。非作對沖之銅及鋁期貨合約之公允價值收益約港幣6,879,000元（附註24），於年內在綜合收益表內處理（2015年：港幣10,792,000元）。

於2016年12月31日尚未結算商品期貨合約之名義本金金額為港幣6,586,000元（2015年：港幣201,847,000元）。

(b) 本集團已訂立多項外匯遠期合約，藉以管理外匯波動，但不符合資格作對沖會計處理。非作對沖之外匯遠期合約之公允價值收益約港幣4,274,000元（附註24），於年內在綜合收益表內處理（2015年：港幣24,420,000元）。

於2016年12月31日尚未結算外匯遠期合約之名義本金金額為港幣321,594,000元（2015年：港幣268,003,000元）。

於報告日期之最大信貸風險為衍生資產於綜合財務狀況表之公允價值。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

23 Borrowings

23 借款

		2016 HK\$'000 港幣千元	2015 HK\$'000 港幣千元
Current	即期		
Short-term bank borrowings, unsecured	短期銀行借款－無抵押	-	20,650

At 31 December 2016, the Group's bank borrowings were repayable as follows:

於2016年12月31日，本集團銀行借款之還款情況如下：

		2016 HK\$'000 港幣千元	2015 HK\$'000 港幣千元
Within one year	一年內	-	20,650

The exposure of the Group's borrowings to interest rate changes and the contractual repricing dates are as follows:

本集團之借款面臨之利率變動風險及合約重新定價日期如下：

		2016 HK\$'000 港幣千元	2015 HK\$'000 港幣千元
Borrowings with floating rate as:	浮息借款：		
6 months or less	6個月或以下	-	20,650

The effective interest rates of the above floating rate borrowings at 31 December 2015 was 2.01% per annum.

於2015年12月31日，上述浮息借款之實際年利率為2.01%。

The carrying amount of bank borrowings approximates their fair value, as the impact of discounting is not significant.

由於貼現影響有限，銀行借款之賬面值與其公允價值相若。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

23 Borrowings (Continued)

The carrying amounts of the borrowings are denominated in the following currencies.

		2016 HK\$'000 港幣千元	2015 HK\$'000 港幣千元
USD	美元	-	18,247
EUR	歐元	-	2,403
		-	20,650

23 借款 (續)

借款之賬面值以下列貨幣列值。

24 Other Gains – Net

		2016 HK\$'000 港幣千元	2015 HK\$'000 港幣千元
Government grants received (a)	已收政府補貼(a)	12,506	18,079
Amortisation of deferred government grants (note 20)	遞延政府補貼攤銷(附註20)	665	479
Derivative financial instruments:	衍生金融工具:		
– fair value gain on commodity futures contracts not qualified for hedge accounting (note 22(a))	– 不符合資格作對沖會計處理之商品期貨合約公允價值收益(附註22(a))	6,879	10,792
– fair value gain on foreign exchange forward contracts not qualified for hedge accounting (note 22(b))	– 不符合資格作對沖會計處理之外匯遠期合約公允價值收益(附註22(b))	4,274	24,420
Dividend income from available-for-sale financial assets – equity investment	可供出售金融資產之股息收入 – 股權投資	16,214	13,032
Exchange gain	匯兌收益	51,869	33,827
Loss on disposals of property, plant and equipment	出售物業、廠房及設備之虧損	(3,460)	(44,871)
Claim from suppliers	來自供應商的索償	1,489	2,348
Rental income	租金收入	8,064	6,903
Investment income from available-for-sale financial assets – wealth management products	可供出售金融資產之投資收入 – 財富管理產品	41,510	20,852
Gain on disposals of the equity interests of associate (note 31)	出售聯營公司股權之收益(附註31)	8,525	-
Others	其他	1,303	4,418
		149,838	90,279

(a) For the year ended 31 December 2016 and 2015, majority of the amount was granted as subsidies for the Group's contribution to taxation and technology innovation.

(a) 截至2016年及2015年12月31日止年度，大部分補貼款項均為表揚本集團在稅務及技術創新方面之貢獻。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

25 Expenses by Nature

Expenses included in cost of goods sold, selling and marketing expenses and administrative expenses are analysed as follows:

25 性質分類之開支

計入銷售貨品成本、銷售及市場推廣開支及行政開支之開支分析如下：

		2016 HK\$'000 港幣千元	2015 HK\$'000 港幣千元
Cost of inventories recognised as expense (note 13)	確認為開支之存貨成本(附註13)	5,670,778	5,918,722
Employee benefit expenses (note 26)	僱員福利開支(附註26)	886,054	894,413
Depreciation of property, plant and equipment (note 7)	物業、廠房及設備折舊(附註7)	177,128	188,712
Depreciation of investment properties (note 8)	投資物業折舊(附註8)	2,722	2,898
Amortisation of leasehold land and land use rights (note 6)	租賃土地及土地使用權攤銷(附註6)	4,991	5,213
Amortisation of intangible assets (note 9)	無形資產攤銷(附註9)	12,285	4,415
Provision for impairment of trade receivables-net (note 14(c))	貿易應收款減值撥備—淨額(附註14(c))	14,794	9,277
Provision of impairment of inventories – net	存貨減值撥備—淨額	2,963	874
Operating leases rental for land and buildings	土地及樓宇經營租賃租金	16,274	12,533
Auditors' remuneration	核數師酬金		
– Audit services	— 核數服務	2,277	2,463
– Non-audit services	— 非核數服務	711	183

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

26 Employee Benefit Expenses

26 僱員福利開支

		2016 HK\$'000 港幣千元	2015 HK\$'000 港幣千元
Wages and salaries	工資及薪金	705,136	671,443
Pension costs-defined contribution plans (a)	退休金成本－既定供款計劃(a)	46,933	53,456
Medical benefits-defined contribution plans	醫療福利－既定供款計劃	22,428	23,944
Redundancy payment	遣散費	4,389	38,366
Contribution by owners relating to share-based payment (note 18(b))	有關擁有人以股份為基礎支付的貢獻 (附註18(b))	20,395	16,672
Other allowances and benefits	其他津貼及福利	86,773	90,532
		886,054	894,413

(a) Pensions – defined contribution plans

The Group has arranged for its Hong Kong employees to join the MPF Scheme. Under the MPF Scheme, each of the Group companies (the employer) and its employees make monthly contributions to the scheme at 5% of the employees' earnings as defined under the Mandatory Provident Fund Legislation. The contributions from each of the employers and employees are subject to a cap of HK\$1,500 per month and thereafter contributions are voluntary.

Employees of the Group's subsidiaries in the PRC are required to participate in a defined contribution retirement scheme administered and operated by the local municipal government. The Group is currently required to make a monthly contribution equivalent to 15% to 28% of the employees' salary (subject to a floor and cap) as set by local municipal governments to each scheme locally to fund the retirement benefits of the employees.

(a) 退休金－既定供款計劃

本集團已安排其香港僱員參加強積金計劃。根據強積金計劃，本集團旗下每間公司（僱主）及其僱員須按強制性公積金法例規定，每月將僱員入息之5%作為計劃供款。僱主及僱員各自之供款上限為每月港幣1,500元，其後均為自願供款。

本集團位於中國之附屬公司之僱員須參與由當地市政府管理及運營之既定供款退休金計劃。本集團現須每月支付當地市政府就每個當地計劃所設定、相當於僱員月薪15%至28%（設有上下限額）之供款，以為僱員退休金福利提供資金。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

27 Finance Incomes – Net

		2016 HK\$'000 港幣千元	2015 HK\$'000 港幣千元
Finance incomes – interest income on bank deposits	融資收入－銀行存款之利息收入	9,784	24,137
Exchange gain	匯兌收益	17,991	11,810
		27,775	35,947
Finance expenses	融資開支	(3,971)	(15,972)
Finance incomes – net	融資收入－淨額	23,804	19,975

27 融資收入－淨額

28 Income Tax Expense

(a) Macao and British Virgin Islands profits tax

The Group has not been subject to any taxation in these jurisdictions for the year ended 31 December 2016 (2015: Nil).

(b) Hong Kong profits tax

Hong Kong profits tax is provided at annual income tax rate of 16.5% for the year ended 31 December 2016 (2015: 16.5%).

(c) PRC Corporate Income Tax

Group companies registered in the PRC are subject to PRC Corporate Income Tax ("CIT"). According to the new CIT effective from 1 January 2008, all PRC enterprises are subject to a standard corporate income tax rate of 25%, except for enterprises under specific preferential policies and provisions are disclosed as follows.

GD Welling, Welling Washer and Wuhu Welling have been eligible to high technology enterprises CIT incentive starting from year 2008 to 2016. The applicable preferential tax rate of high technology enterprises is 15% for the year ended 31 December 2016 (2015: 15%).

28 所得稅開支

(a) 澳門及英屬處女群島利得稅

本集團於截至2016年12月31日止年度毋須繳納此等司法權區之任何稅項(2015年:無)。

(b) 香港利得稅

截至2016年12月31日止年度,香港利得稅乃按照年度所得稅稅率16.5%計提(2015年:16.5%)。

(c) 中國企業所得稅

本集團於中國註冊的公司須繳納中國企業所得稅(「企業所得稅」)。根據自2008年1月1日起生效之新中國企業所得稅,除下文所披露之受惠於特殊優惠政策及規定之企業,所有中國公司均須按25%標準企業所得稅率繳稅。

廣東威靈、威靈洗滌與蕪湖威靈由2008年至2016年間合資格享有高新科技企業之企業所得稅獎勵。截至2016年12月31日止年度,高新科技企業之可用優惠稅率為15%(2015年:15%)。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

28 Income Tax Expense (Continued)

(c) PRC Corporate Income Tax (Continued)

Huaian Welling has been eligible to high technology enterprises CIT incentive from year 2010 to 2018. The applicable preferential tax rate of high technology enterprises is 15% for the year ended 31 December 2016 (2015: 15%).

		2016 HK\$'000 港幣千元	2015 HK\$'000 港幣千元
Current tax	即期所得稅		
– PRC corporate income tax	– 中國企業所得稅	151,608	53,269
– Hong Kong profits tax	– 香港利得稅	5,382	3,359
		156,990	56,628
Deferred income tax	遞延所得稅	21,316	51,694
Income tax expense	所得稅開支	178,306	108,322

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the entities as follows:

淮安威靈由2010年至2018年間合資格享有高新科技企業之企業所得稅獎勵。截至2016年12月31日止年度，高新科技企業之可用優惠稅率為15%（2015年：15%）。

本集團扣除稅前利潤之稅項與採用實體利潤適用之加權平均稅率所計算之理論稅額之差異如下：

		2016 HK\$'000 港幣千元	2015 HK\$'000 港幣千元
Profit before income tax	扣除所得稅前利潤	769,935	631,021
Calculated at the PRC statutory tax rate of 25% (2015: 25%)	按中國法定稅率25%計算 (2015年：25%)	192,484	157,755
Effect of difference in applicable tax rates	適用稅率差異之影響	(71,037)	(75,951)
Withholding tax on attributable profit	應佔利潤預扣稅	33,037	28,101
Income not subject to tax	毋須課稅之收入	(508)	(11,478)
Gain on disposal of associates subject to tax	須課稅之出售聯營公司之收益	17,898	–
Expenses not deductible for taxation purposes	不可扣稅之開支	5,219	3,812
Tax losses not recognised as deferred income tax assets	未確認為遞延所得稅項資產之 稅項虧損	1,213	6,083
Income tax expense	所得稅開支	178,306	108,322

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

28 Income Tax Expense (Continued)

PRC corporate income tax is provided for at 25% (2015: 25%) of the taxable profits for the PRC statutory financial reporting purposes, adjusted for items which are not assessable or deductible for the PRC corporate income tax purpose.

The tax charge relating to components of other comprehensive income is as follows:

28 所得稅開支(續)

中國企業所得稅乃按中國法定財務呈報應課稅利潤之25% (2015年: 25%) 計提, 並對不可就中國企業所得稅可評稅或可扣減之項目作出調整。

與其他全面收益部分相關的稅項支出載列如下:

		2016		
		Before tax	Tax charged	After tax
		除稅前	稅項支出	除稅後
		HK\$'000	HK\$'000	HK\$'000
		港幣千元	港幣千元	港幣千元
Fair value gains on available-for-sale financial assets (note 12)	可供出售金融資產之公允價值收益(附註12)	11,984	(1,798)	10,186
Currency translation differences	外幣折算差額	(283,125)	-	(283,125)
		(271,141)	(1,798)	(272,939)
		2015		
		Before tax	Tax charged	After tax
		除稅前	稅項支出	除稅後
		HK\$'000	HK\$'000	HK\$'000
		港幣千元	港幣千元	港幣千元
Fair value gains on available-for-sale financial assets (note 12)	可供出售金融資產之公允價值收益(附註12)	13,769	(2,065)	11,704
Currency translation differences	外幣折算差額	(265,564)	-	(265,564)
		(251,795)	(2,065)	(253,860)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

29 Earnings Per Share

(a) Basic

Basic earnings per share are calculated by dividing the profit attributable to the owners of the Company by the weighted average number of ordinary shares in issue during the year.

		2016	2015
Profit for the year attributable to the owners of the Company (HK\$'000)	本公司擁有人應佔年度利潤 (港幣千元)	596,574	525,030
Weighted average number of ordinary shares for the purposes of basic earnings per share ('000 shares)	用於計算每股基本盈利之 普通股加權平均數(千股)	2,863,797	2,863,478
Basic earnings per share (HK cents)	每股基本盈利(港仙)	20.83	18.34

(b) Diluted

For the year ended 31 December 2016, the outstanding share options granted by the Company has no potential dilutive effect. For the year ended 31 December 2015, diluted earnings per share were calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The dilutive potential ordinary shares of the Company are performance-based share options. For the share options, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

29 每股盈利

(a) 基本

每股基本盈利乃按本公司擁有人應佔利潤除以年內已發行普通股之加權平均數計算。

(b) 攤薄

截至2016年12月31日止年度，本公司授出之尚未行使購股權並無潛在攤薄影響。截至2015年12月31日止年度，每股攤薄盈利乃假設所有潛在攤薄普通股均獲悉數轉換後，通過調整已發行普通股之加權平均數計算。本公司之潛在攤薄普通股為以表現為基準之購股權。就購股權而言，會按尚未行使購股權所附認購權之貨幣價值進行計算，以釐定可按公允價值（按本公司股份平均年度市場股價釐定）收購之股份數目。按上述方法計算之股份數目會與假設因購股權獲行使而應已發行之股份數目作比較。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

29 Earnings Per Share (Continued)

(b) Diluted (Continued)

		2016	2015
Profit for the year attributable to the owners of the Company (HK\$'000)	本公司擁有人應佔年度利潤 (港幣千元)	596,574	525,030
Weighted average number of ordinary shares for the purposes of basic earnings per share ('000 shares)	用於計算每股基本盈利之 普通股加權平均數(千股)	2,863,797	2,863,478
Adjustments for share options ('000 shares)	購股權調整(千股)	-	243
		2,863,797	2,863,721
Diluted earnings per share (HK cents)	每股攤薄盈利(港仙)	20.83	18.33

29 每股盈利(續)

(b) 攤薄(續)

30 Dividend

		2016	2015
		HK\$'000	HK\$'000
		港幣千元	港幣千元
Proposed final dividend of HK7.5 cents per ordinary share (2015: HK6.5 cents)	建議末期股息每股普通股7.5港仙 (2015年: 6.5港仙)	214,808	186,135

At a meeting held on 17 March 2017, the directors proposed a final dividend of HK7.5 cents per ordinary share (2015: HK6.5 cents). This proposed dividend is not reflected as a dividend payable in these consolidated financial statements.

於2017年3月17日舉行之會議上，董事建議宣派末期股息每股普通股7.5港仙(2015年: 6.5港仙)。此項建議股息並未在本綜合財務報表內反映為應付股息。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

31 Notes to the Consolidated Statement of Cash Flows 31 綜合現金流量表附註

(a) Reconciliation of profit before income tax to cash generated from operations:

(a) 扣除所得稅前利潤與經營產生之現金對賬表：

		2016 HK\$'000 港幣千元	2015 HK\$'000 港幣千元
Profit before income tax	扣除所得稅前利潤	769,935	631,021
Adjustments for:	調整：		
– Depreciation of property, plant and equipment (note 7)	– 物業、廠房及設備折舊 (附註7)	177,128	188,712
– Depreciation of investment properties (note 8)	– 投資物業折舊 (附註8)	2,722	2,898
– Amortisation of leasehold land and land use rights (note 6)	– 租賃土地及土地使用權攤銷 (附註6)	4,991	5,213
– Amortisation of intangible assets (note 9)	– 無形資產攤銷 (附註9)	12,285	4,415
– Written off for intangible asset (note 9)	– 撇銷無形資產 (附註9)	4,402	–
– Deferred government grants (note 20)	– 遞延政府補貼 (附註20)	(665)	(479)
– Loss on disposals of property, plant and equipment (note 24)	– 出售物業、廠房及設備虧損 (附註24)	3,460	44,871
– Gain on disposals of the equity interests of associates (note 24)	– 出售聯營公司股權之收益 (附註24)	(8,525)	–
– Contribution by owners related to share-based payment (note 18(b))	– 有關擁有人以股份為基礎支付的貢獻 (附註18(b))	20,395	16,672
– Share of profits of investments accounted for using the equity method (note 11)	– 應佔以權益法入賬之投資利潤 (附註11)	(18,825)	(51,396)
– Interest income (note 27)	– 利息收入 (附註27)	(9,784)	(24,137)
– Interest expenses (note 27)	– 利息開支 (附註27)	3,971	15,972
– Impairment of inventories – net	– 存貨減值 – 淨額	–	3,068
– Provision for impairment of trade and other receivables-net (note 14(c))	– 貿易及其他應收款減值撥備淨額 (附註14(c))	14,794	9,277
– Dividend income from available-for-sale financial assets – equity investment (note 24)	– 可供出售金融資產之股息收入 – 股權投資 (附註24)	(16,214)	(13,032)
– Investment income from available-for-sale financial assets – wealth management products (note 24)	– 可供出售金融資產之投資收入 – 財富管理產品 (附註24)	(41,510)	(20,852)
Changes in working capital:	營運資金變動：		
– Inventories	– 存貨	(336,072)	433,940
– Derivative financial instruments	– 衍生金融工具	(3,981)	7,876
– Trade and other receivables	– 貿易及其他應收款	703,826	(165,925)
– Trade and other payables	– 貿易及其他應付款	(377,332)	(427,776)
Cash generated from operations	經營產生之現金	905,001	660,338

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

31 Notes to the Consolidated Statement of Cash Flows (Continued)

(b) Proceeds from sale of property, plant and equipment comprise:

		2016 HK\$'000 港幣千元	2015 HK\$'000 港幣千元
Net book amount (note 7)	賬面淨值(附註7)	8,109	64,709
Loss on disposals of property, plant and equipment (note 24)	出售物業、廠房及設備虧損(附註24)	(3,460)	(44,871)
Proceeds from disposals of property, plant and equipment	出售物業、廠房及設備所得款項	4,649	19,838

(c) Proceeds from disposal of associates:

		2016 HK\$'000 港幣千元	2015 HK\$'000 港幣千元
Proceeds from disposal of associates	出售聯營公司之所得款項	369,417	–
Carrying value (note 11)	賬面值(附註11)	(360,892)	–
Gain on disposals of associates (note 24)	出售聯營公司之收益(附註24)	8,525	–

(d) There is no non-cash transaction during this year.

32 Contingent Liabilities

Except for the financial guarantees disclosed in note 34, as at 31 December 2016 and 2015, the Group did not have any material contingent liabilities.

31 綜合現金流量表附註(續)

(b) 出售物業、廠房及設備之所得款項包括：

		2016 HK\$'000 港幣千元	2015 HK\$'000 港幣千元
Net book amount (note 7)	賬面淨值(附註7)	8,109	64,709
Loss on disposals of property, plant and equipment (note 24)	出售物業、廠房及設備虧損(附註24)	(3,460)	(44,871)
Proceeds from disposals of property, plant and equipment	出售物業、廠房及設備所得款項	4,649	19,838

(c) 出售聯營公司之所得款項：

		2016 HK\$'000 港幣千元	2015 HK\$'000 港幣千元
Proceeds from disposal of associates	出售聯營公司之所得款項	369,417	–
Carrying value (note 11)	賬面值(附註11)	(360,892)	–
Gain on disposals of associates (note 24)	出售聯營公司之收益(附註24)	8,525	–

(d) 年內概無非現金交易。

32 或然負債

除附註34所披露之融資擔保外，於2016年及2015年12月31日，本集團概無任何重大或然負債。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

33 Commitments

(a) Capital commitments

Capital expenditures contracted for at the end of the year is as follows:

		2016	2015
		HK\$'000	HK\$'000
		港幣千元	港幣千元
Capital expenditures contracted for	已訂約但未撥備的資本開支		
but not provided		141,095	67,906

(b) Operating lease commitments

The future aggregate minimum lease payments of the Group under non-cancellable operating leases are as follows:

		2016	2015
		HK\$'000	HK\$'000
		港幣千元	港幣千元
Not later than one year	不超過一年	4,740	6,468
Later than one year and not later than five years	超過一年但不超過五年	9,922	13,780
		14,662	20,248

33 承擔

(a) 資本承擔

於年末已訂約的資本開支如下：

(b) 經營租賃承擔

本集團根據不可撤銷之經營租賃於未來應付之最低租賃款項總額如下：

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

34 Financial Guarantees

During the year, the guarantees was released for the disposal of the associates (note 11).

As at 31 December 2015, the Group and the controlling shareholder of an associate had jointly and severally given guarantee to banks in respect of the banking facilities extended to the associate of the Group of approximately HK\$656,497,000. As at 31 December 2015, bank loans of approximately HK\$179,045,000 being guaranteed by the Group to the associate had been drawn down. Under the terms of the relevant financial guarantee contract, the Group and the controlling shareholder of the associate will make payments to reimburse the lenders upon failure of the guaranteed associate to make payments when the bank loans are due.

Terms and face values of the liabilities guaranteed were as follows:

Financial guarantees	融資擔保
– bank loans drawn	– 已提取銀行貸款

In the opinion of the directors, the fair values of these financial guarantees are insignificant at initial recognition and the directors consider that the possibility of the default of the parties involved is remote, accordingly no value has been recognised at the inception of the guarantee contracts and at the end of the reporting period.

34 融資擔保

於年內，擔保於出售聯營公司後獲解除（附註11）。

於2015年12月31日，本集團及聯營公司控股股東共同及個別就授予本集團聯營公司為數約港幣656,497,000元之銀行授信作擔保。於2015年12月31日，該等聯營公司已提取獲本集團擔保的銀行貸款約港幣179,045,000元。根據相關融資擔保合約條款，本集團及聯營公司控股股東會就所擔保聯營公司無法在銀行貸款限期還款時，替其償還予借款人。

擔保負債之條款及面值如下：

2016	2015
HK\$'000	HK\$'000
港幣千元	港幣千元
Face value	Face value
面值	面值

–	179,045
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董事認為，該等融資擔保的公允價值於初始確認時並不重大，亦認為相關協議方違約之可能性甚微，因此，於擔保合約開始時及報告期末尚未確認價值。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

35 Related Party Transactions

The ultimate holding company of the Group is Midea Holding Company Limited, which owns 68.63% of the Company's shares. The remaining 31.37% of the shares are widely held. The ultimate controlling party of the Group is Mr. He Xiangjian.

Transactions between the Group and other related parties during the year are summarised below:

(a) Transactions with related parties

The following transactions were carried out with related parties in accordance with the terms mutually agreed between the respective parties:

35 關聯方交易

本集團最終控股公司為美的控股有限公司，其擁有本公司68.63%之股份。餘下31.37%之股份由各方持有。本集團之最終控股人士為何享健先生。

本集團與其他關聯方於年內之交易概述如下：

(a) 與關聯方之交易

以下乃與關聯方按各訂約方相互協定之條款進行之交易：

		2016 HK\$'000 港幣千元	2015 HK\$'000 港幣千元
Sales to related parties*:	向關聯方銷售*：		
– Controlled by the ultimate holding company	– 由最終控股公司控制	3,638,616	3,656,024
Purchases from related parties*:	向關聯方採購*：		
– Controlled by the ultimate holding company	– 由最終控股公司控制	110,539	47,163
– Controlled by a close family member of the ultimate holding company's substantial shareholder	– 由最終控股公司主要股東之近親控制	85,142	152,891
		195,681	200,054

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

35 Related Party Transactions (Continued)

35 關聯方交易 (續)

(a) Transactions with related parties (Continued)

(a) 與關聯方之交易 (續)

		2016 HK\$'000 港幣千元	2015 HK\$'000 港幣千元
Other transactions with related parties	與關聯方之其他交易		
– Controlled by the ultimate holding company	– 由最終控股公司控制		
(i) Logistics services received from related parties*	(i) 向關聯方獲取物流服務*	73,752	67,812
(ii) Rental income received from a related party*	(ii) 向關聯方獲取的租金收入*	4,083	4,348
(iii) Contribution by owners related to share-based payment (note 18(b))	(iii) 有關擁有人以股份為基礎支付的貢獻 (附註18(b))	20,395	16,672
(iv) Investment income from available-for-sale financial assets – wealth management products subscribed from a related party	(iv) 自關聯方認購之可供出售金融資產 – 財富管理產品投資收入	6,053	1,752
(v) Wealth management products subscribed from a related party	(v) 自關聯方認購之財富管理產品	134,152	119,363
(vi) Sales of patent to a related party	(vi) 向關聯方出售專利	1,651	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

35 Related Party Transactions (Continued)

35 關聯方交易 (續)

(a) Transactions with related parties (Continued)

(a) 與關聯方之交易 (續)

		2016 HK\$'000 港幣千元	2015 HK\$'000 港幣千元
Financial services provided by the Finance Company*	財務公司提供的財務服務*		
– Controlled by the ultimate holding company	– 由最終控股公司控制		
(i) Issues of bills	(i) 開具之票據	2,097,862	3,320,236
(ii) Discounted bills	(ii) 貼現票據	350,365	1,303,681
(iii) Interest income on deposits received	(iii) 收取存款利息收入	8,783	22,756
(iv) Interest expense and bank charges paid	(iv) 支付利息開支及銀行費用	3,723	14,387
(v) Settlement of foreign currency	(v) 外幣結算	298,402	519,039
(vi) Guarantee	(vi) 擔保	103,968	–

* The related party transactions constitute continuing connected transactions as defined in Chapter 14A of the Listing Rules. The disclosures required by Chapter 14A of the Listing Rules are provided in section "Continuing Connected Transactions" of the Reports of the Directors.

* 關聯方交易構成上市規則第14A章定義之持續關連交易。上市規則第14A章規定之披露資料載於董事會報告「持續關連交易」一節。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

35 Related Party Transactions (Continued)

35 關聯方交易 (續)

(b) Balances with related parties

(b) 與關聯方之結餘

		2016 HK\$'000 港幣千元	2015 HK\$'000 港幣千元
Due from related parties included in trade and other receivables:	應收關聯方款項，包括在貿易及其他應收款：		
– Controlled by the ultimate holding company	– 由最終控股公司控制	676,299	1,301,080

The credit periods for majority of amounts due from related parties are within 90 days.

大部份的應收關聯方款項之信貸期為90日內。

As at 31 December 2016, the amounts due from related parties including notes receivable of approximately HK\$120,524,000 (2015: HK\$880,492,000).

於2016年12月31日，應收關聯方款項金額包括應收票據約港幣120,524,000元 (2015年：港幣880,492,000元)。

		2016 HK\$'000 港幣千元	2015 HK\$'000 港幣千元
Due to related parties included in trade and other payables:	應付關聯方款項，包括在貿易及其他應付款：		
– Controlled by the ultimate holding company	– 由最終控股公司控制	4,569	28,057
– Controlled by a close family member of the ultimate holding company's substantial shareholder	– 由最終控股公司主要股東之近親控制	32,764	117,581
		37,333	145,638

As at 31 December 2016, the amounts due to related parties including notes payable of approximately HK\$2,599,000 (2015: HK\$95,971,000).

於2016年12月31日，應付關聯方款項金額包括應付票據約為港幣2,599,000元 (2015年：港幣95,971,000元)。

The balances due from/to related parties are denominated in RMB, unsecured, interest free and are repayable on demand. No balance due from related parties is past due or impaired.

應收／應付關聯方結餘以人民幣列值，並為無抵押、免息且須於要求時償還。概無應收關聯方結餘逾期或減值。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

35 Related Party Transactions (Continued)

35 關聯方交易 (續)

(b) Balances with related parties (Continued)

(b) 與關聯方之結餘 (續)

		2016 HK\$'000 港幣千元	2015 HK\$'000 港幣千元
Other balances with related parties	與關聯方之其他結餘		
– Controlled by the ultimate holding company	– 由最終控股公司控制		
(i) Short-term deposits in the Finance Company	(i) 於財務公司之短期存款	987,209	1,234,141
(ii) Bills have been issued but not yet due in the Finance Company	(ii) 於財務公司已開具但尚未到期票據	719,033	1,506,806
(iii) Discounted bills receivable not yet due in the Finance Company	(iii) 於財務公司已貼現但尚未到期應收票據	221,887	1,194
(iv) Available-for-sale financial assets – wealth management products subscribed from a related party	(iv) 自關聯方認購之可供出售金融資產 – 財富管理產品	134,152	119,363

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

36 Statement of Financial Position and Reserve Movement of the Company 36 本公司財務狀況表及儲備變動

		As at 31 December	
		於12月31日	
		2016	2015
		HK\$'000	HK\$'000
		港幣千元	港幣千元
ASSETS	資產		
Non-current assets	非流動資產		
Property, plant and equipment	物業、廠房及設備	-	20
Interests in subsidiaries	於附屬公司的權益	5,066,304	5,371,945
		5,066,304	5,371,965
Current assets	流動資產		
Trade and other receivables	貿易及其他應收款	483	484
Dividend receivable	應收股息	230,000	203,000
Cash and cash equivalents	現金及現金等價物	13,562	2,315
		244,045	205,799
Total assets	總資產	5,310,349	5,577,764
EQUITY	權益		
Equity attributable to the owners of the Company	本公司擁有人應佔權益		
Share capital	股本	4,967,225	4,966,858
Other reserves	其他儲備	42,480	349,813
Retained earnings	保留盈利	287,508	246,707
Total equity	權益總額	5,297,213	5,563,378
LIABILITIES	負債		
Current liabilities	流動負債		
Trade and other payables	貿易及其他應付款	13,136	14,386
Total liabilities	總負債	13,136	14,386
Total equity and liabilities	權益及負債總額	5,310,349	5,577,764

The statement of financial position of the Company was approved by the board of directors on 17 March 2017 and was signed on its behalf.

董事會於2017年3月17日批准本公司之財務狀況表，並代表董事會簽署。

Director
董事
Xiang Weimin
向衛民

Director
董事
Pan Xinling
潘新玲

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

36 Statement of Financial Position and Reserve Movement of the Company (Continued) 36 本公司財務狀況及儲備變動表 (續)

		Other reserves 其他儲備			
		Retained earnings	Share option reserve	Exchange reserve	Total
		保留盈利	購股權儲備	匯兌儲備	合計
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
		港幣千元	港幣千元	港幣千元	港幣千元
Balance at 1 January 2015	於2015年1月1日之結餘	276,476	25,779	669,321	695,100
Profit for the year	年度利潤	185,002	-	-	-
Dividends paid relating to 2014	有關2014年之已付股息	(214,771)	-	-	-
Currency translation differences	外幣折算差額	-	-	(345,287)	(345,287)
Balance at 31 December 2015	於2015年12月31日之結餘	246,707	25,779	324,034	349,813
Balance at 1 January 2016	於2016年1月1日之結餘	246,707	25,779	324,034	349,813
Profit for the year	年度利潤	226,929	-	-	-
Dividend paid relating to 2015	有關2015年之已付股息	(186,135)	-	-	-
Unclaimed dividend forfeited (note 21(c))	沒收未領取股息 (附註21(c))	7	-	-	-
Currency translation differences	外幣折算差額	-	-	(307,333)	(307,333)
Balance at 31 December 2016	於2016年12月31日之結餘	287,508	25,779	16,701	42,480

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

37 Benefits and Interests of Directors

(a) Benefits and interests of directors and chief executive

Directors' and Chief Executive's emoluments disclosed pursuant to section 383 of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

For the year ended 31 December 2016

Name of Director	董事姓名	Fees	Salaries and other	Discretionary	Retirement	Sub-total	Contribution	Total
			benefits	bonuses	scheme contributions		by owners related to share-based payment (Note)	
		袍金	薪金及 其他福利	酌情花紅	退休金 計劃供款	小計	有關擁有人 以股份為 基礎支付的 貢獻(附註)	總計
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元
Executive Directors		執行董事						
Mr. Xiang Weimin (i)	向衛民先生(i)	-	1,021	2,333	12	3,366	-	3,366
Mr. Zhong Lin (Chief Executive)	鍾林先生(首席執行官)	-	620	1,179	12	1,811	1,086	2,897
Ms. Pan Xinling (i)	潘新玲女士(i)	-	525	1,556	12	2,093	857	2,950
Mr. Li Li (ii)	李力先生(ii)	-	398	1,708	12	2,118	972	3,090
Mr. Xiao Mingguang (iii)	肖明光先生(iii)	-	-	-	-	-	-	-
Mr. Li Feide	李飛德先生	-	-	-	-	-	-	-
Ms. Yuan Liqun (iv)	袁利群女士(iv)	-	-	-	-	-	-	-
Independent Non-executive Directors		獨立非執行董事						
Mr. Tan Jinsong	譚勁松先生	180	-	-	-	180	-	180
Mr. Lam Ming Yung	林明勇先生	180	-	-	-	180	-	180
Ms. Cao Zhoutao	曹洲濤女士	180	-	-	-	180	-	180
		540	2,564	6,776	48	9,928	2,915	12,843

37 董事福利及權益

(a) 董事及最高行政人員之福利及權益

董事及最高行政人員之薪酬已根據《香港公司條例》第383條及公司(披露董事利益資料)規例第2部之規定披露如下:

截至2016年12月31日止年度

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

37 Benefits and Interests of Directors (Continued)

37 董事福利及權益 (續)

(a) Benefits and interests of directors and chief executive (Continued)

(a) 董事及最高行政人員之福利及權益 (續)

For the year ended 31 December 2015

截至2015年12月31日止年度

Name of Director	董事姓名	Fees	Salaries and other benefits	Discretionary bonuses	Retirement scheme contributions	Sub-total	Contribution by owners related to share-based payment (Note)	Total
		袍金	薪金及其他福利	酌情花紅	退休金計劃供款	小計	有關擁有人以股份為基礎支付的貢獻(附註)	總計
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元	港幣千元
Executive Directors		執行董事						
Mr. Xiang Weimin (i)	向衛民先生(i)	-	543	2,293	5	2,841	-	2,841
Mr. Zhong Lin (Chief Executive)	鍾林先生(首席執行官)	-	503	1,133	9	1,645	328	1,973
Ms. Pan Xinling (i)	潘新玲女士(i)	-	238	1,193	5	1,436	-	1,436
Mr. Li Li (ii)	李力先生(ii)	-	89	1,576	2	1,667	-	1,667
Mr. Zhou Xiangyang (v)	周向陽先生(v)	-	643	978	5	1,626	-	1,626
Mr. Yu Yonghua (vi)	余永華先生(vi)	-	288	-	4	292	328	620
Mr. Luo Huagang (vii)	羅華剛先生(vii)	-	475	2,071	8	2,554	328	2,882
Ms. Yuan Liqun (iv)	袁利群女士(iv)	-	-	-	-	-	-	-
Mr. Li Feide	李飛德先生	-	-	-	-	-	-	-
Independent Non-executive Directors		獨立非執行董事						
Mr. Tan Jinsong	譚勁松先生	180	-	-	-	180	-	180
Mr. Lam Ming Yung	林明勇先生	180	-	-	-	180	-	180
Ms. Cao Zhoutao	曹洲濤女士	180	-	-	-	180	-	180
		540	2,779	9,244	38	12,601	984	13,585

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

37 Benefits and Interests of Directors (Continued) 37 董事福利及權益 (續)

(a) Benefits and interests of directors and chief executive (Continued)

- (i) Mr. Xiang Weimin and Ms. Pan Xinling were appointed on 9 July 2015.
- (ii) Mr. Li Li was appointed on 23 November 2015.
- (iii) Mr. Xiao Mingguang was appointed on 15 July 2016.
- (iv) Ms. Yuan Liqun resigned on 15 July 2016.
- (v) Mr. Zhou Xiangyang resigned on 9 July 2015.
- (vi) Mr. Yu Yonghua resigned on 9 July 2015.
- (vii) Mr. Luo Huagang resigned on 10 November 2015.

Note: These represent the fair value of share options granted to the Directors under Midea Share Option Incentive Plans. The value of these share options is measured according to the Group's accounting policies for share-based payment transactions as set out in note 2.24.

The details of these benefits in kind, including the principal terms and number of options granted, are disclosed under the paragraph "Disclosure of Interests" in the Directors' Report.

(b) Directors' termination benefits

No directors' emoluments, retirement benefits, payments or benefits in respect of termination of directors' services were paid to or receivable by the directors during the year ended 31 December 2016 (2015: HK\$424,000).

(a) 董事及最高行政人員之福利及權益 (續)

- (i) 向衛民先生及潘新玲女士於2015年7月9日獲委任。
- (ii) 李力先生於2015年11月23日獲委任。
- (iii) 肖明光先生於2016年7月15日獲委任。
- (iv) 袁利群女士於2016年7月15日辭任。
- (v) 周向陽先生於2015年7月9日辭任。
- (vi) 余永華先生於2015年7月9日辭任。
- (vii) 羅華剛先生於2015年11月10日辭任。

附註：此代表根據美的購股權激勵計劃向董事授出之購股權的公允價值。該等購股權的公允價值乃根據附註2.24所載本集團就以股份為基礎的付款交易採用之會計政策計量。

該等實物福利之詳情，包括所授出購股權之主要條款及數目，乃披露於董事會報告「權益披露」一段。

(b) 董事之離職福利

於截至2016年12月31日止年度內，概無有關董事離職已付予董事或董事應收之董事薪酬、退休福利、付款或福利(2015年：港幣424,000元)。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

37 Benefits and Interests of Directors (Continued) 37 董事福利及權益 (續)

(c) Employees' emoluments

Of the five individuals with the highest emoluments in the Group, three (2015: four) are directors whose emoluments are disclosed above. The aggregate of the emolument in respect of the remaining two individuals (2015: one) are as follows:

		2016 HK\$'000 港幣千元	2015 HK\$'000 港幣千元
Salaries and other benefits	薪金及其他福利	1,074	295
Discretionary bonuses	酌情花紅	4,341	1,386
Retirement scheme contributions	退休金計劃供款	24	6
Termination benefit	離職福利	-	171
Contribution by owners related to share-based payment	有關擁有人以股份為基礎支付的貢獻	1,658	328
		7,097	2,186

The emoluments of the remaining two individuals (2015: one) with the highest emoluments are within the following bands:

		Number of individuals 人數	
		2016	2015
HK\$2,000,000 to HK\$3,000,000	港幣2,000,000元至港幣3,000,000元	-	1
HK\$3,000,001 to HK\$4,000,000	港幣3,000,001元至港幣4,000,000元	2	-

(c) 僱員薪酬

本集團五名最高薪酬人士包括三名(2015年:四名)董事,其酬金於上文披露。餘下兩名(2015年:一名)人士之酬金總額如下:

餘下兩名(2015年:一名)最高薪酬人士之酬金屬以下組別:

FIVE-YEAR FINANCIAL SUMMARY

五年財務摘要

		Year ended 31 December 截至12月31日止年度				
		2016	2015	2014	2013	2012
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		港幣千元	港幣千元	港幣千元	港幣千元	港幣千元
		Audited	Audited	Audited	Audited	Audited
		經審核	經審核	經審核	經審核	經審核
Results	業績					
Revenue	收入	7,954,460	8,040,366	9,273,399	8,881,723	7,787,502
Profit attributable to the owners of the Company	本公司擁有人 應佔利潤	596,574	525,030	678,372	785,499	640,256
Assets and liabilities	資產及負債					
Total assets	總資產	7,431,026	7,594,486	8,046,711	7,891,778	6,839,053
Total liabilities	總負債	(2,875,901)	(3,192,685)	(3,716,867)	(4,016,802)	(3,735,799)
Total equity	權益總額	4,555,125	4,401,801	4,329,844	3,874,976	3,103,254

