

百福控股

BEST FOOD HOLDING

(Incorporated in the Cayman Islands with limited liability)

(於開曼群島註冊成立之有限公司)

Stock Code 股份代號：1488



国人快餐



和合谷

良心品质





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Corporate Information

公司資料

BOARD OF DIRECTORS

Executive directors

Mr. Zhao John Huan (*Chairman*)
Mr. Wang Xiaolong
Mr. Wang Yuanzheng

Independent non-executive directors

Mr. Heng Victor Ja Wei
Mr. Leung Kwai Kei
Mr. Tsang Hin Man Terence

AUDIT COMMITTEE

Mr. Leung Kwai Kei (*Chairman*)
Mr. Heng Victor Ja Wei
Mr. Tsang Hin Man Terence

REMUNERATION COMMITTEE

Mr. Leung Kwai Kei (*Chairman*)
Mr. Wang Xiaolong
Mr. Heng Victor Ja Wei

NOMINATION COMMITTEE

Mr. Zhao John Huan (*Chairman*)
Mr. Leung Kwai Kei
Mr. Tsang Hin Man Terence

COMPANY SECRETARY

Mr. So Wai Yin

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

董事會

執行董事

趙令歡先生 (*主席*)
王小龍先生
王遠征先生

獨立非執行董事

邢家維先生
梁貴基先生
曾憲文先生

審核委員會

梁貴基先生 (*主席*)
邢家維先生
曾憲文先生

薪酬委員會

梁貴基先生 (*主席*)
王小龍先生
邢家維先生

提名委員會

趙令歡先生 (*主席*)
梁貴基先生
曾憲文先生

公司秘書

蘇偉賢先生

註冊辦事處

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

Corporate Information (continued) 公司資料(續)

PRINCIPAL OFFICE

Suite 2701
One Exchange Square
Central Hong Kong

PRINCIPAL BANKERS

Hong Kong:

Hang Seng Bank Limited
Citibank, N.A.

AUDITORS

Deloitte Touche Tohmatsu
Certified Public Accountants

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Royal Bank of Canada Trust Company (Cayman) Limited

4th Floor, Royal Bank House
24 Shedden Road, George Town
Grand Cayman KY1-1110
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

WEBSITE

<http://www.irasia.com/listco/hk/bestfood/index.htm>

總辦事處

香港中環
交易廣場第一座
2701室

主要往來銀行

香港：

恒生銀行有限公司
花旗銀行有限公司

核數師

德勤•關黃陳方會計師行
執業會計師

主要股份過戶登記處

Royal Bank of Canada Trust Company
(Cayman) Limited
4th Floor, Royal Bank House
24 Shedden Road, George Town
Grand Cayman KY1-1110
Cayman Islands

香港股份過戶登記分處

卓佳秘書商務有限公司
香港
皇后大道東183號
合和中心22樓

網址

<http://www.irasia.com/listco/hk/bestfood/index.htm>



CHAIRMAN'S STATEMENT

主席報告





BUSINESS REVIEW

2016 is a new start for Best Food Holding Company Limited (the "Company"), together with its subsidiaries (the "Group"). The board (the "Board") of directors of the Company (the "Directors") and the management conducted a systematic review and fine-tuned Company's future development strategies. Based on the steady operation of the existing handbag business, the Company will take the multi-brand chain food and beverage investment and investment management as its core development direction in the future, and will keep the operation of manufacturing and sales of handbags in the near future.

In addition, 2016 is a year with the preliminary achievement made by the Company under the guidance of the new strategies. the Company took fast-paced actions and finished the assembling of new management team, the acquisition of the majority share of "和合谷" and the minority interest investment in "西少爺" and "遇見小麵", after which the basic framework and foundation of the investment and management platform of the Company has been thus established. By virtue of upfront investment practice, the Company has established favorable reputations and significant influences in the food and beverage ("F&B") industry and F&B investment arena.

業務回顧

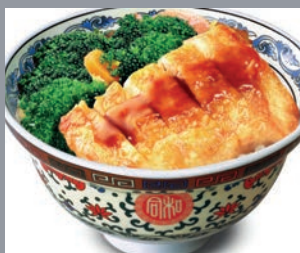
2016年是百福控股有限公司(「本公司」, 連同其附屬公司統稱「本集團」)重新出發的壹年。本公司董事(「董事」)會(「董事會」)及管理層對本公司未來發展戰略進行了系統性梳理和重新規劃, 本公司將多品牌連鎖餐飲投資管理作為未來本集團核心發展方向, 同時集團原有的手袋業務在一段時間內將維持穩定經營。

2016年也是本公司新戰略取得初步成果的壹年。本年度, 本集團以緊鑼密鼓的頻率高效完成了上市公司平臺搭建、「和合谷」的主要股權收購、「西少爺」及「遇見小麵」的小股權投資、新興餐飲品牌佈局等一系列工作。本公司餐飲行業的投資管理平臺已基本成形, 通過前期投資實踐已經在餐飲行業及餐飲投資界建立了良好的口碑和較大的影響力。

Chairman's Statements (continued) 主席報告(續)

The Group recorded profit of HK\$17.23 million for the year ended 31 December 2016, increased by 72.05% as compared to HK\$10.01 million last year.

本集團純利截至2016年12月31日止年度為1,723萬港元，較去年度1,001萬港元增加72.05%。



PROSPECTS AND STRATEGIC PLANNING

During the past few years, we are pleased to see that consumption has become the biggest driver of growth of China's economy, among which, thanks to its volume over 3,000 billion and steady increase of more than 10%, the food and beverage industry is playing a decisive role in supporting overall economic growth of China.

Meanwhile, China's food and beverage industry has undergone tremendous and profound changes in market demand and supply, which implies the inflection point for most of outstanding Chinese chain F&B brands is around the corner, and chain catering brands with the ability to provide convenience, safety, health and fashion sense will probably stand out in the near future. However, for historical reasons, most of Chinese chain F&B brands are still small and fragmented. Some excellent fast food and casual dining enterprises are faced with tremendous insufficiencies of capital and resource integration capabilities in their course of seeking breakthrough. At this moment, sustainable investments from organizations with capital operation, investment

展望及未來規劃

過去幾年，消費已成為中國經濟增長的主要動力。餐飲行業作為消費領域的重要分支，其超過3萬億的市場體量和超過10%的增長速度對於支撐中國整體經濟增長起到舉足輕重的作用。

同時，我們觀察到中國餐飲行業在需求和供給端均正在發生著巨大而深刻的變革，我們相信，對於大部分中國優秀的品牌連鎖餐飲行業迎來良好的發展機遇，能夠提供便利、安全、健康、時尚感的連鎖餐飲品牌將可能在不久的將來脫穎而出。儘管由於歷史原因，中國連鎖餐飲品牌大多仍然處在小而散的階段。一些優秀的快餐、休閒餐企業在尋求突破的過程中面臨資本、資源整合能力的巨大缺口，但擁有資本運作能力，具備投資管理、資源整

Chairman's Statements (continued) 主席報告(續)

management and resource integration capabilities will play a crucial part in rapid growth of Chinese chain F&B brands. Based on the above judgments and with the accumulative investment expertise in consumer sectors in the past 10 years, Hony Capital decided to invest the Company. The Company will achieve the continuous value-based growth by such two-wheel drive as investments and post-investment management. On one hand, with excellent entrepreneur and management team, the Company will build a multi-category brand portfolio through acquisition and minority share investment to the catering industry. On the other hand, the Company will build an elite professional management team in order to provide value-added services in the key areas of value creation process and resources integration of F&B operations to the investee.

Based on the above adjustments, Hony Capital has invested HK\$1.5 billion through the subscription of convertible bonds issued by the company as a pre-investment, and will take the Company as the strategic platform for investments to the catering industry.

The past 2016 has saw the Company take its first foray into leapfrog development for future. We firmly believe that with management's relentless and vigorous efforts together with supports from all shareholders, the Company will achieve its goal of opening more than ten thousands of brand stores, and will stand out in Hong Kong capital market by becoming a unique food and beverage investment and management group in the near future.

APPRECIATION

On behalf of the Board, I would like to extend our sincere gratitude to our shareholders, customers and business partners for their persistent support throughout the year. In addition, I would also like to take this opportunity to thank all colleagues and staff for their persistent contribution to the Group.

On behalf of the Board
Zhao John Huan
Chairman

Hong Kong, 28 March 2017

合能力的機構對行業進行持續投入將對有潛質的中國連鎖餐飲品牌的快速崛起發揮至關重要的作用。基於以上判斷，弘毅投資在近十年的消費品行業投資實踐基礎上，投資本公司。後續，本公司將通過投資加投資管理的雙輪驅動實現企業價值的持續增長。一方面，圍繞優秀企業家及管理團隊，本公司將通過收購和參股連鎖餐飲品牌，構建多品類的品牌組合。另一方面，本公司將通過精簡專業的投資管理團隊在價值創造，資源整合等餐飲核心環節為被投企業提供增值服務。

基於以上判斷，弘毅投資認購本公司發行的15億港元可轉股債券作為先期投入，並以本公司為餐飲行業的戰略平台。

2016年本公司邁出了走向未來跨越式成長的第一步。我們堅信通過管理層勵精圖治的不懈努力和所有股東的鼎力支持，本公司將在不遠的將來實現旗下品牌門店總數超過一萬家的目標，成長為香港資本市場獨樹一幟的多品牌連鎖餐飲投資管理集團。

鳴謝

本人謹代表董事會，向本集團股東、客戶及業務夥伴於本年度給予的鼎力支持，表示衷心致意。此外，本人亦藉此機會感謝各位員工努力不懈為本集團作出貢獻。

代表董事會
趙令歡
主席

香港，2017年3月28日



MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析



Management Discussion and Analysis (continued) 管理層討論及分析(續)

COMMENTARY

Overall Review

For the year ended 31 December 2016, as the food and beverage investment business management segment is still under construction, only the sales of two months is consolidated, while the sales of manufacturing and sales of handbags segment further decreased, the Group recorded revenue of HK\$560 million, decreased by 15.05% as compared to last year; and a profit for the year of about HK\$17.23 million, increased by 72.05% as compared to last year.

For the year ended 31 December 2016, for the food and beverage investment business management sector, the total sales of invested subsidiaries and associates amount to HK\$510 million, increased by 25%. The sales attributed to the Company amounts to HK\$63 million as we invested since November 2016 and only the sales of two months is consolidated.

For the year ended 31 December 2016, the manufacturing and sales of handbags sector recorded revenue of HK\$496 million, representing a decrease of 24.7%, as compared to HK\$659 million to last year.

The Food and Beverage Investment Business Management Sector

Strategic planning

During the past few years, we are pleased to see that consumption has become the biggest driver of growth of China's economy. After 2010, consumption as a percentage of GDP has been continually increasing. In 2016, consumption accounted for more than 55% of GDP, contributing more than 70% of the GDP growth rate. The national food and beverage revenue reached RMB 3.58 trillion in 2016, with year-over-year growth more than 10%, according to the National Bureau of Statistics of China. Thanks to its huge volume and steady increase, the food and beverage industry is playing a decisive role in supporting overall economic growth in China.

Meanwhile, China's food and beverage industry has undergone tremendous and profound changes in market demand and supply.

In view of demand, we observed that the change in lifestyle and increase in eating out in China were fueled by growth in urbanization. As post-80 and post-90 generations gradually become the mainstream consumers, consumption upgrading and tremendous shifts in consumer mix were unfolded rapidly. The changes in demand side herald that chain catering brands with the ability to provide convenience, safety, health and fashion sense will probably stand out in the near future.

業務發展評論

業績回顧

截至2016年12月31日止年度，由於餐飲業務尚在構建過程中，僅有兩個月收入計入本集團，而原有手袋業務收入進一步下滑，因此本集團錄得營業額約5.60億港元，較去年下降15.05%，年內溢利約1,723萬港元，較去年上升72.05%。

其中，截至2016年12月31日止年度，餐飲投資管理業務板塊全年總營業額為5.10億港元（已投資之子公司及聯營公司全年營業額合計），較去年增長25%，歸屬本集團營業額為0.63億港元（因和合谷於2016年11月開始納入本集團合併報表範圍，僅兩個月營業額計入本集團營業額）。

截至2016年12月31日止年度，手袋業務板塊營業額4.96億港元（2015：6.59億港元），較去年下降24.7%。

餐飲投資管理業務板塊

戰略規劃

過去幾年，消費已成為中國經濟增長的最大動力。2010年之後，我國最終消費支出佔GDP的比重持續上升。2016年最終消費支出佔GDP的比重提高到超過55%，對國內生產總值增長的貢獻率超過70%。根據國家統計局數據，2016年全國餐飲收入達到3.58萬億元人民幣，同比增長率超過10%。餐飲行業因其巨大的體量和穩定的增長對於支撐中國整體經濟增長起到舉足輕重的作用。

同時，我們觀察到中國餐飲行業在需求和供給端均正在發生著巨大而深刻的變革。

在需求端，我們觀察到隨著中國城鎮化進一步深入帶來的生活方式改變驅動著居民外出就餐頻率和滲透率的大幅提升；隨著八零九零一代消費者逐步進入主流消費人群帶來的消費者結構改變驅動著消費升級得以快速展開。這些需求端的變化，預示著能夠提供便利、安全、健康、時尚感的連鎖餐飲品牌將可能在不久的將來脫穎而出。

Management Discussion and Analysis (continued) 管理層討論及分析(續)

In view of market supply, different aspects in the value chain of the F&B industry in China evolve quickly through scale and segmentation. The supply chain in the upstream of the catering industry is gradually improving. There are increasing emerging brands with revolutionary innovations in product types, business models and marketing that operate restaurant chains, and online food distribution channels now receive popularity. However, for historical reasons, most of Chinese chain F&B brands are still small and fragmented. Some excellent fast food and casual dining enterprises are faced with tremendous insufficiencies of capital and resource integration capabilities in their course of seeking breakthrough. At this moment, sustainable investments from organizations with capital operation, investment management and resource integration capabilities will play a crucial part in rapid growth of Chinese chain F&B brands.

Based on the above judgments and the accumulative investment expertise in consumer sectors in the past 10 years, Hony Capital decided to invest in the Company, upon which a platform will be built as the core objective. Hony Capital has invested HK\$1,500 million through the subscription of convertible bonds issued by the Company and will achieve its goal of opening more than ten thousands of brand stores, building a leading multi-branding restaurant chain investment and management company in China with worldwide influence, through long term and continuous investments.

Enterprise value realization method

The Company will achieve the continuous value-based growth by this two-wheel drive, through investments and post-investment management.

From investment perspective, with its extensive connections and ample pipelines established in the industry, the Company will carry out systematic investment to F&B brands and catering services, as well as strategic corporation with professional service providers in both upstream and downstream business of the value chain. At the same time, by leveraging Hony Capital's years of practical experience and systematic investment decision making process, the management team of the Company is competent to create an industrial database, thus developing an agile investment decision making process and facilitating efficient investment execution. By virtue of investment practice, the Company has established favorable reputations and significant influences in the food and beverage industry and food and beverage investment industry.

From post-investment management perspective, the Company will build an elite professional management team. On one hand, through innovative thoughts, the Company has established an entrepreneur club where seminars and business visits will be regularly organized. By interactions and sharing, resources of portfolio companies will be fully utilized. On the other hand, focusing on key areas of value creation process and value-added services capacities in resources integration, the Company aims at building its capabilities in value-added services in marketing, supply chain management, internet based online platform, off-line sales network development and team building.

在供給端，中國餐飲行業產業鏈各環節也在向專業化和規模化進行迅速嬗變。餐飲行業上游的供應鏈環節正在逐步完善；餐飲連鎖經營環節湧現出在產品類型、經營模式、品牌營銷方面發生革命性創新的新興品牌；基於互聯網的專業線上銷售平臺現正流行。而由於歷史原因，大部分中國連鎖餐飲品牌大多仍然處在小而散的階段。一些優秀的快餐、休閒餐企業在尋求突破的過程中面臨資本、資源整合能力的巨大缺口。此時，擁有資本運作能力，具備投資管理、資源整合能力的機構對行業進行持續投入將對中國連鎖餐飲品牌的快速崛起發揮至關重要的作用。

基於以上判斷，弘毅投資在近十年的消費品行業投資實踐基礎上，投資本公司。其核心目的就是以其為平臺，並通過認購本公司發行15億港元可換股債券作為先期投入，後續將通過長期的持續投入，達成旗下品牌門店數超過一萬家的目標，打造中國絕對領先、世界有影響力的多品牌連鎖餐飲投資管理集團。

企業價值實現方法

本公司將通過投資加投資管理的雙輪驅動實現企業價值的持續增長。

在投資方面，本公司基於在餐飲行業建立的深厚人脈關係和項目儲備，圍繞餐飲品牌及餐飲服務進行系統性投資，並與餐飲行業上下游價值鏈的專業服務商進行戰略性合作。同時，本公司團隊借鑒弘毅投資在消費投資領域積累的多年實踐和系統性方法，建立餐飲行業基礎數據庫，快速進行項目判斷，高效推動投資執行。目前，本公司通過前期投資實踐已經在餐飲行業及餐飲投資界建立了良好的口碑和較大的影響力。

在投資管理方面，本公司將搭建一隻精簡專業的投資管理團隊，一方面通過組建百福企業家俱樂部，定期開展專題研討、考察活動，充分利用被投企業的資源、創新性做法，組織被投企業家之間的碰撞互動與資源共享；另一方面，圍繞餐飲企業價值創造過程，通過資源整合建立強大的增值服務能力，在市場營銷、供應鏈管理、互聯網運營信息平臺、渠道拓展、團隊建設等各個餐飲核心環節為被投企業提供增值服務。

Management Discussion and Analysis (continued) 管理層討論及分析(續)

In sum, the Company will achieve value creation through both external growth and organic growth. On one hand, the Company will carry on business as a holding company or hold interests in investee companies to achieve external growth. On the other hand, organic growth will be achieved through scale up and new store openings of invested brands.

In terms of external growth, with outstanding entrepreneur and management team, the Company will acquire majority shares of large scale chain stores which have sufficiently large scale and stable profitability. At the same time, the Company will hold minority interests in high growth and emerging brands, the increase in profitability and valuation of which will be picked up by the listed company. Joint-stock brands can incorporate into listed companies or operate separate listing later through share swap to enlarge revenue and profits for listed companies and form a larger community of interests. In the aspect of business model selection of chain restaurant brands, the Company will focus on fast-food, casual dining and chain restaurant reflecting new life style with the potential of easy standardization and quick duplication. Meanwhile, the Company will also actively seek relevant investment opportunities along the value chain of catering industry.

In terms of organic growth, with its expertise in collaboration in marketing, supply chain management, internet based online platform, off-line sales network development and team building, the Company has the ability to accelerate the speed, as well as boost the chance of success, in new stores openings. In addition, through upgrading enterprise resources planning system and internet system, operation efficiency of portfolio companies will be enhanced, thus facilitating increase in same store sales growth.

Business development

The establishment of management platform

Base on the above strategy, Hony Capital acquired the controlling stake in the Company through Sonic Tycoon Limited in August 2016, and the Company changed the English name of the Company from “Lee & Man Handbags Holding Limited” to “Best Food Holding Company Limited” and the Chinese name of the Company from “理文手袋集團有限公司” to “百福控股有限公司” in December 2016.

From August 2016 to December 2016, the Company took fast-paced actions and finished the assembling of new management team, the acquisition of the majority equity interest of Beijing HHG Restaurant Management Co., Ltd* (北京和合谷餐飲管理有限公司) (“HHG”), and the minority interest investment in Guangzhou Yujian Xiaomian Restaurant Management Co., Ltd* (廣州遇見小面餐飲管理有限公司) (“Xiaomian”) and Qidian Tongzhou Restaurant Management (Beijing) Co., Ltd* (奇點同舟餐飲管理(北京)有限公司) (“Tongzhou”), after which the basic framework and foundation of the investment and management platform of the Company has been thus established.

從實現本公司控股價值增長的具體路徑上考量，本公司將通過控股型投資和參股型投資實現外延式增長，通過已投資品牌加速開店及同店增長實現內涵式增長。

在外延式增長方面，圍繞優秀企業家及管理團隊，本公司將通過收購達到一定體量並實現穩定盈利的連鎖餐飲品牌構建上市公司的控股品牌組合，為上市公司整體收入規模和利潤水平提供支撐；通過參股高成長性的新興品牌，分享其盈利提升及估值水平提升帶來的收益。參股品牌後續將可以進一步通過換股方式併入上市公司或運作獨立上市，增大上市公司的收入和利潤體量，形成更大的利益共同體。在連鎖餐飲品牌的模式選擇方面，本公司將聚焦於易標準化，可快速複製的快餐、類快餐、體現新興生活方式的連鎖餐飲品牌企業，同時尋找餐飲產業鏈延伸的相關投資機會。

在內涵式增長方面，通過本公司對於所投資企業在市場營銷、供應鏈管理、互聯網運營信息平臺、渠道拓展、團隊建設等各個核心環節的協同體系搭建，促進被投企業得以保持較高的開店速度，提高開店成功率；並通過運營體系提升及互聯網工具使用效率提升，推動被投企業得以實現較高的同店銷售增速。

業務進展

管理平臺搭建

基於以上戰略，弘毅投資通過捷亨有限公司於2016年8月完成對「理文手袋」的控股股權收購，並於2016年12月完成對更名為「百福控股」。

本公司在2016年8月至12月間，以緊鑼密鼓的頻率高效完成了上市公司平臺搭建、控股項目收購、新興餐飲品牌佈局等一系列工作，控股北京領先的米飯快餐「和合谷」，並參股新銳品牌「遇見小麵」，以及北京領先的中式快餐品牌「西少爺」。本公司餐飲行業的投資管理平臺已基本成形，未來幾年所投企業將進入快速增長階段。

Management Discussion and Analysis (continued) 管理層討論及分析(續)

HHG Investment

From August 2016 to March 2017, Delightful Year Holdings Limited (“Delightful Year”), a wholly owned subsidiary of the Company incorporated in Hong Kong, held a majority equity interest of HHG.

Restaurant network: HHG is principally engaged in Chinese fast food restaurants chain business under the “Hehegu” brand in the PRC. After years of effort of the management team under the leadership of the founder, Zhao Shen, “Hehegu” has become the leading Chinese fast food brand in Beijing. With more than 90 directly owned stores and 14 franchised stores in Beijing, Tianjin and Hebei province (compared with 81 directly owned stores and 16 franchised stores in 2015), HHG has a well-established fast food business operation concept and potential for development. With the supporting from the Company, HHG plans to expand its store network drastically in 2017, continue to enhance its market position and strengthen its business in Beijing and Northern China, and carry out overseas expansion under the supporting of Hony Capital and the Company.

Sales growth: HHG continuously enhances operation service standards and efficiency. Matching with brand marketing and integration of online and offline marketing channels, including Wechat, Alipay and other payment ways, it joins forces with online leading take-out websites and launches varieties of sales activities. In addition, by means of optimizing menus, launching new products, adjusting dish structures, reviewing pricing strategy, and improving dining environment, HHG is devoted to promoting the comprehensive experience for customers. For the year ended 31 December 2016, despite a weak market, HHG recorded revenue of RMB342 million, increased by 6% as compared to last year. In 2016, seat turnover rate of HHG achieved 7, with average spending per customer of RMB33.

Same-store sales growth: In 2016, HHG achieved a same store sales growth rate of 3.3% and maintained a high level of same-store growth rate. In 2017, HHG will upgrade and optimize brand image again. Based on reinforcing advantages for breakfast hours, it aims at improving efficiency during rush hours for lunch and dinner so as to enhance business performance. Through establishing the customer relationship management platform, HHG advances precision marketing, and further strengthens customer relationships.

Supply chain management: Adhering to strict quality standards for the procurement of raw materials and equipped with a central kitchen for a unified processing and production. In 2017, HHG will build a new central kitchen in Baodi, Tianjing to further improve the efficiency of processing and production, and guarantee food security.

Attached is the statement profit or loss of HHG for the year end of December 31, 2016. The net profit of January to October in 2016 is not audited while that of November and December, which included in the scope of consolidation, has been audited by Pricewaterhousecoopers Beijing office.

和合谷投資

2016年8月至2017年3月，本公司通過旗下全資子公司喜年控股有限公司完成對和合谷的控股權收購。

門店網絡：和合谷主要在中國以「和合谷」品牌從事中式快餐連鎖業務。在創始人趙申為領導的管理團隊帶領下，經過多年努力，已成為北京領先的中式快餐連鎖品牌，在北京、天津及河北省直營90餘家門店、14家加盟店，已建立良好的快餐運營理念，具備良好的發展潛力。於2017年，和合谷在本公司的支持下將大幅提升開店速度，繼續鞏固在現有市場的領導地位並加強業務滲透，在北京、華北繼續深耕密植，並在弘毅投資及本公司支持下計劃進行海外拓展。

銷售增長：和合谷不斷提升營運服務標準及效率；同時配合品牌營銷，整合線上線下營銷渠道，包括微信、支付寶、其他支付途徑，攜手領先的線上外賣網站，推出豐富多彩的銷售活動。此外，和合谷通過不斷優化菜單、推出新品、調整菜品結構、梳理定價策略、改善用餐環境，提升顧客綜合體驗。截至2016年12月31日止年度，在市場依舊疲軟情況下，和合谷的營業額為3.42億元人民幣，較去年增長6%。於2016年，翻座率達到7，顧客人均消費額33元人民幣。

同店增長：和合谷2016年可比同店銷售增長率為3.3%，保持了較高的同店增長水平。於2017年，和合谷將在品牌形象的再次升級優化，同時在加強早餐時段優勢的基礎上，提高午、晚餐高峰時段營業時間的效率，藉此提升經營業績。通過客戶關係管理平臺的建立，推進精準營銷，進一步強化顧客粘度。

供應鏈：和合谷對於原材料採購秉持嚴格的質量標準，並配有中央廚房進行統一的加工生產。於2017年，和合谷將在天津寶坻建設新的中央廚房，進一步提高加工生產效率，保障食品安全。

附表為和合谷截至2016年12月31日止年度損益表。和合谷2016年1月至10月期內溢利未經審計，11月至12月期內溢利已包含在合併報表中且經普華永道北京所審計。

Management Discussion and Analysis (continued) 管理層討論及分析(續)

STATEMENT OF PROFIT OR LOSS OF HHG

For the year ended 31 December 2016

和合谷損益表

截至2016年12月31日止年度

		2016/01- 2016/10 HK\$'000 千港元	2016/11- 2016/12 HK\$'000 千港元	2016 HK\$'000 千港元
Sales	收入	339,406	63,377	402,262
Cost of inventory	存貨成本	(150,403)	(21,206)	(171,227)
Staff and rental expense	人工及租賃費用	(116,789)	(23,276)	(139,917)
Selling and marketing costs	銷售及分銷費用	(35,474)	(8,888)	(44,357)
Administrative expenses	行政費用	(26,402)	(5,286)	(31,656)
Other income	其他收入	2,234	910	3,151
Operating profit	經營溢利	12,572	5,631	18,256
Finance costs	財務費用	(596)	(36)	(630)
Profit before income tax	除稅前溢利	11,976	5,595	17,626
Income tax expenses	所得稅支出	(3,612)	(1,895)	(5,528)
Profit for the years/periods	年內/ 期內溢利	8,364	3,700	12,098

* The difference of the accumulation of profit of January to October in 2016 and that of November and December with the profit of the whole year is caused by exchange rate fluctuation.

* 2016年1月至10月期內溢利及11月至12月期內溢利累計金額與年內溢利總額差異為匯率折算差異。

Xiaomian Investment

On December 31, 2016, the Company completed the capital increase of Guangzhou Yujian Xiaomian Restaurant Management Co., Ltd* (廣州遇見小麵餐飲管理有限公司) ("Xiaomian"). Xiaomian owns the "Xiaomian" brand and it is a flagship noodle chain established in Guangzhou in 2014 with Chongqing noodles as its selling product. The founding team of the "Xiaomian" brand graduated from The Hong Kong University of Science and Technology and started its entrepreneurship in the Chinese fast food industry.

For the year ended 31 December 2016, Xiaomian operates 10 stores in Guangzhou. In 2016, Xiaomian achieved seat turnover rate of 7, with average spending per customer of RMB30.

遇見小麵

於2016年12月31日，本公司完成對遇見小麵的投資。小麵旗下擁有遇見小麵品牌，其為2014年於廣州創立的以重慶小麵為主打的新銳連鎖品牌。該品牌創始人團隊為香港科技大學同窗，並在中式快餐行業連續創業。

截至2016年12月31日止年度，遇見小麵在廣州經營10家門店。遇見小麵2016年翻座率達到7，顧客人均消費額30元人民幣。

Management Discussion and Analysis (continued) 管理層討論及分析(續)

TongZhou Investment

On November 30, 2016, the Company completed the capital increase and share transfer of Qidian Tongzhou Restaurant Management (Beijing) Co., Ltd* (奇點同舟餐飲管理(北京)有限公司) (“Tongzhou”). Tongzhou owns the “West Master” brand and it is a flagship Chinese fast food chain established in Beijing in 2014 with Chinese bun as its selling product. The founding team of the “West Master” brand came from the world’s leading Internet companies, namely Baidu and Tencent. The team has strong expertise in online marketing.

For the year ended 31 December 2016, Tongzhou operates 15 stores in Beijing. In 2016, Tongzhou achieved a same store sales growth rate of 28%, with average spending per customer of RMB33. The average sales per square meter of West Master in 2016 is more than RMB4,000, significantly higher than that of similar brands.

Yu Yang Mei Chu Investment

On March 4, 2017, the Company entered into a capital increase agreement with the existing shareholders of Shenzhen Yu Yang Mei Chu Internet Technologies LLC* (深圳魚羊美廚網絡科技有限公司) (“Yu Yang Mei Chu”). Yu Yang Mei Chu owns the “Sexy Salad” brand, which is a fast growing brand of salad category in the Chinese catering industry and became one of the salad representative brands in the South China area within two years since the brand was established. The founder of the “Sexy Salad” brand graduated from Sun Yat-sen University, and the core founding team members are entrepreneurs who came from leading consumer goods companies such as Procter & Gamble and Okamoto.

For the year ended 31 December 2016, Yu Yang Mei Chu operates 4 stores in Guangzhou and Shenzhen. In 2016, Yu Yang Mei Chu achieved a same store sales growth rate of 19 %, with average spending per customer of RMB85. Among total sales, the portion of takeaway amounts to more than 50%, the high consumer loyalty offers Yu Yang Mei Chu more flexibility for its store styles and location options.

In 2016, the Company started its first step towards great-leap-forward development. We firmly believe that with the efforts of the management and the supports from all shareholders, the Company will be the unique multi-brand catering group in Hong Kong capital market in the near future.

西少爺

於2016年11月30日，本公司完成對西少爺增資及轉讓。西少爺為於2014年於北京創立的經營以肉夾饅為核心產品的中式快餐連鎖品牌。該品牌創始團隊分別來自全球著名的互聯網公司百度、騰訊，擅長互聯網營銷。

截至2016年12月31日止年度，西少爺在北京經營15家門店。西少爺2016年實現28%的同店增長，顧客人均消費額33元人民幣。西少爺2016年平均每平米銷售額超過4000元人民幣，大幅高於同類型品牌。

好色派沙拉

於2017年3月4日，本公司投資好色派沙拉。好色派沙拉是中國餐飲行業沙拉品類中迅速崛起的新銳品牌，在兩年時間內從零起步成為華南地區沙拉代表品牌之一。創始人畢業於中山大學，團隊主要成員均為連續創業者，來自寶潔、岡本等領先消費品公司。

截至2016年12月31日止年度，好色派沙拉在深圳及廣州經營4家門店。好色派沙拉2016年實現19%的同店增長，顧客人均消費額85元人民幣。其銷售收入中外賣比例超過50%，較高的消費者忠誠度為其門店模式和位置選擇提供更多靈活性。

2016年本公司邁出了走向未來跨越式成長的第一步。我們堅信通過管理層勵精圖治的不懈努力和所有股東的鼎力支持，本公司將在不遠的將來成長為香港資本市場獨樹一幟的多品牌連鎖餐飲投資管理集團。

Yuepin Investment

On March 31, 2017, the Company entered into a capital increase agreement with the existing shareholders of Shenzhen Yuepin Restaurant Management Limited (深圳越品餐飲管理有限公司) (“Yuepin”), the core products of which are Vietnamese dishes. Yuepin, currently operates two chain brands – “Yue Xiao Pin” and “Mei Nai Xiao Guan”, was established in March, 2013 by the founder, Guo Bin, who has been engaged in the Western food industry for more than ten years. “Yue Xiao Pin” focuses on pho (a Vietnamese noodle soup), snacks, drinks and other light fast food, while “Mei Nai Xiao Guan”, providing Vietnamese cuisines such as seafood with Vietnamese characteristics, snacks, pho, special cookings, salad, etc. for dinners, attracts lots of urban white collars with its selling point of “French environment + Vietnamese cuisines”. Before collaboration with the Company, Yuepin has already set up the independent central kitchens and stable catering supply chains, laying a solid foundation for standardized and large-scale production. At the same time, Yuepin actively lays out in the core business district, researches on the tastes and habits of consumers based on big data, and then selects and improves dishes.

For the year ended December 31, 2016, Yuepin had 7 stores in Shenzhen, and recorded a significant increase of sales compared to that of the last year. In the future, Yuepin will continue to enhance its market position in Shenzhen and extend to Guangzhou, Shanghai and other first-tier cities with its potential to become the champion of Vietnamese dishes restaurants.

Manufacturing and Sales of Handbags

For the year ended 31 December 2016, the manufacturing and sales of handbags sector recorded revenue of HK\$496 million, representing a decrease of 24.7%, as compared to HK\$659 million last year. The recorded revenue decreased significantly mainly due to the manufacturers from other South-East Asia countries such as Philippines and Vietnam exporting the products with more competitive prices, which imposed serious pressure on sales order price. In order to increase the competitiveness in the market, the Company began to build a new plant in Myanmar in the end of 2015, and is almost ready for use. The operation of the new plant will reduce the overall production cost of the manufacturing and sales of handbag section, thus enhancing the ability to accept orders.

越品餐飲

於2017年3月31日，本公司與以越南菜為核心產品的越品餐飲簽署投資協議。越品成立於2013年3月，創始人郭斌曾從事過十幾年的西餐行業，目前旗下經營兩個連鎖品牌—「越小品」與「美奈小館」。其中，「越小品」側重越南湯粉、小吃以及飲品等輕快餐；而「美奈小館」則升級為正餐，提供越南特色海鮮、小吃、湯粉、特色小炒、沙拉等越南料理，以「法式環境+越南菜品」的賣點吸引了諸多城市白領。在與本公司聯手之前，越品就已經設立了獨立中央廚房以及穩定的餐飲供應鏈，為產品標準化、規模化打下了堅實基礎；同時，越品積極在各核心商圈佈局，並結合後台大數據研究消費者的口味和習慣，進而甄選、改良菜品。

截至2016年12月31日止年度，越品餐飲在深圳經營7家門店，年銷售額較去年大幅增長。未來，越品餐飲將在深耕深圳本地市場的基礎上進軍廣州、上海等核心城市，其具備成為國內越南菜品類冠軍的潛力。

手袋業務板塊

截至2016年12月31日止年度，手袋業務板塊營業額4.96億港元(2015：6.59億港元)，較去年下降24.7%。收入大幅下降主要是由於來自菲律賓和越南等其他東南亞國家的製造商出口的產品具有更有競爭力的價格，對銷售訂單價格造成了一定的壓力。為增強在市場上的競爭能力，本公司已於2015年底在緬甸開始籌建的新廠，已基本達到投產狀態。新工廠的運營將可減省手袋業務板塊整體平均生產成本，從而增強接單能力。

Management Discussion and Analysis (continued) 管理層討論及分析(續)

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL STRUCTURE

The gearing ratio of the Group as at 31 December 2016 was 57.05% (31.12.2015: 54.09%). The total shareholders' equity of the Group as at 31 December 2016 was HK\$300 million (31.12.2015: HK\$284 million). As at 31 December 2016, the Group had current assets of HK\$304 million (31.12.2015: HK\$483 million) and current liabilities of HK\$185 million (31.12.2015: HK\$75 million). The current ratio was 1.64 as at 31 December 2016 as compared to 6.46 as at 31 December 2015.

The Group generally finances its operations with internally generated cash flow and credit facilities provided by its principal bankers in Hong Kong. As at 31 December 2016 and 31 December 2015, the Group had no outstanding bank borrowings. As at 31 December 2016, the Group maintained bank balances and cash of HK\$123 million (31.12.2015: HK\$309 million). The Group's net cash-to-equity ratio (cash and cash equivalents net of total borrowings over shareholders' equity) was -0.39 as at 31 December 2016 (31.12.2015: 0.17).

The Group possesses sufficient cash and available banking facilities to meet its commitments and working capital requirements.

CAPITAL COMMITMENTS

As at 31 December 2016, the Group had capital expenditure contracted for but not provided in the consolidated financial statements in respect of the property, plant and equipment improvement in amount of HK\$8.79 million.

HUMAN RESOURCES

At 31 December 2016, the Group had a workforce of about 4,000 people (Food and beverage investment business management: 1,500 people, Manufacturing and sales of handbags: 2,500 people). The Group maintains a good relationship with its employees, and provides them with proper training and competitive compensation and incentives. The staffs are remunerated based on their work performance, professional experience and prevailing market situation. Remuneration packages comprise salary and bonuses based on individual merits.

流動資金、財務資源及資本結構

於2016年12月31日，本集團的資產負債率為57.05% (31.12.2015 : 54.09%)。於2016年12月31日，本集團的股東權益總額為3.00億港元 (31.12.2015 : 2.84億港元)。於2016年12月31日，本集團的流動資產達3.04億港元 (31.12.2015 : 4.83億港元)，而流動負債則為1.85億港元 (31.12.2015 : 0.75億港元)。於2016年12月31日的流動比率為1.64，而於2015年12月31日則為6.46。

本集團一般以內部產生的現金流，以及香港主要往來銀行提供的信貸備用額作為業務的營運資金。於2016年12月31日及2015年12月31日，本集團沒有未償還銀行借款。於2016年12月31日本集團銀行結餘及現金1.23億港元 (31.12.2015 : 3.09億港元)。本集團的淨現金對權益比率 (現金及現金等價物減銀行借款總額除以股東權益) 於2016年12月31日為-0.39 (31.12.2015 : 0.17)。

本集團具備充裕的現金及可供動用的銀行備用額，以應付集團的資本承擔及營運資金需要。

資本承擔

於2016年12月31日，本集團已訂約而未計入綜合財務報表內的資本性支出，用作物業、廠房及設備改良之數額為879萬港元。

人力資源

於2016年12月31日，本集團員工約4,000名 (其中餐飲投資管理業務板塊1,500名，手袋業務板塊2,500名)。本集團與員工關係一向良好，並為員工提供足夠培訓、優厚福利及獎勵計劃。員工酬金乃按彼等之工作表現、專業經驗及當時之市場狀況而釐定，除基本薪金外並按員工表現發放花紅。

Corporate Governance Report

企業管治報告

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining high standards of corporate governance. The board of directors (the “Board”) of the Company believes that sound and reasonable corporate governance practices are essential for the growth of the Group and for safeguarding and maximizing shareholders’ interests. On 1 April 2012, the Code on Corporate Governance Practices (“Former CG Code”) contained in Appendix 14 to the Rules governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”) was amended and renamed as Corporate Governance Code and Corporate Governance Report (“New CG Code”). The Company has adopted the code provisions set out in the New CG Code. The Board is committed to complying with the code provisions as stated in the New CG code to the extent that the directors of the Company (“Directors”) consider it is applicable and practical to the Company.

In the opinion of the directors, the Company has complied with the Code on Corporate Governance Practices (the “Code”) as set out in Appendix 14 of the Listing Rules throughout the year ended 31 December 2016 except where stated and explained below.

- Mr. Zhao John Huan is the chairman and the chief executive officer of the Company. He oversees and manages the Group’s business as the chairman with the assistance of the Group’s senior management team. Other functions normally undertaken by a chief executive officer of the company are delegated to members of the Group’s senior management team. This structure deviates from the code provision of Code that requires the roles of the chairman and the chief executive officer to be separate and not performed by the same individual. The Directors has considered this matter carefully and decided not to adopt the provision. The Directors believe that the current management structure has been effective in facilitating the operation and development of the Group and its business for a considerable period of time and that the necessary checks and balances consistent with sound corporate governance practices are in place. Accordingly, the Directors do not envisage the Group should change its current management structure. However, the Directors will review the management structure from time to time to ensure it continues to meet these objectives.

企業管治常規

本公司致力保持高水準之企業管治。本公司董事會（「董事會」）相信，對本集團成長及對保障及提高股東權益，完善及合理的企業管治常規實在不可或缺。於2012年4月1日，香港聯合交易所證券上市規則（「上市規則」）附錄十四所列表載企業管治常規守則（「前企業管治守則」）經修訂及易名為企業管治守則及企業管治報告（「新企業管治守則」）。本公司已採用新企業管治守則所載的守則條文。董事局承諾，在本公司董事（「董事」）認為適用於本公司及切實可行的前提下，遵守新企業管治守則所載的守則條文行事。

董事認為，除下文所載述及闡釋者外，本公司於截至2016年12月31日止年度內一直遵守上市規則附錄14所載之企業管治常規守則（「守則」）。

- 趙令歡先生擔任本公司執行主席及行政總裁。趙令歡先生在本集團高級管理層協助下監督管理本集團之業務。其他一般由行政總裁處理之職務則由本集團高級管理層負責。守則之條文規定主席及行政總裁之職務需要清楚劃分，且不可由同一人擔任，而本集團之管理架構與此有所偏離。董事已仔細考慮有關事宜，並決定不採納有關條文。董事相信現行管理架構在過往一直有效地推動本集團及其業務之營運及發展，並已建立符合完善企業管治常規所需之審查及制衡機制。因此，董事並不認為本集團應改變現有管理架構。然而，董事將不時檢討管理架構，以確保其持續達致有關目標。

Corporate Governance Report (continued) 企業管治報告(續)

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix 10 of the Listing Rules as a code of conduct regarding directors' securities transactions in 2011. All the members of the Board have confirmed, following specific enquiry by the Company that they have complied with the required standard as set out in the Model Code throughout the year ended 31 December 2016. The Model Code also applies to other specified senior management of the Group.

BOARD OF DIRECTORS

Composition and role

The Board comprises:

Executive director

Mr. Zhao John Huan (*Chairman*)
Mr. Wang Xiaolong
Mr. Wang Yuanzheng

Independent non-executive director

Mr. Leung Kwai Kei
Mr. Heng Victor Ja Wei
Mr. Tsang Hin Man Terence

As at 31 December 2016, the Board comprises three executive directors (one of whom is the Chairman) and three independent non-executive directors. The three independent non-executive directors represent more than one-third of the Board. In addition, three of the independent non-executive directors possess appropriate business, professional accounting qualifications and legal expertise.

The principal focus of the Board is on the overall strategic development of the Group. The Board also monitors the financial performance and the internal controls of the Group's business operations.

董事之證券交易

本公司已於2011年採納上市規則附錄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」)作為董事進行證券交易之行為守則。本公司經向所有董事作出具體查詢後，全體董事皆確認於截至2016年12月31日止年度內均遵守標準守則所載之規定守則。標準守則亦適用於本集團之特定高級管理層。

董事會

架構及角色

董事會包括：

執行董事

趙令歡先生(主席)
王小龍先生
王遠征先生

獨立非執行董事

梁貴基先生
邢家維先生
曾憲文先生

於2016年12月31日，董事會包括3位執行董事(其中1位為主席)及3位獨立非執行董事。3位獨立非執行董事佔董事會成員三分之一以上。此外，3位獨立非執行董事分別具適當之商業、專業會計師資格及法律經驗。

董事會主要著眼於本集團之整體策略發展。董事會亦監察本集團之財務表現及經營業務之內部監控。

Corporate Governance Report (continued) 企業管治報告(續)

The independent non-executive directors also serve the important function of ensuring and monitoring the basis for an effective corporate governance framework. The Board considers that each independent non-executive director is independent in character and judgment and that they all meet the specific independence criteria as required by the Listing Rules. The Company has received from each independent non-executive director an annual confirmation or confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The independent non-executive directors are explicitly identified in all of the Company's corporate communications.

In accordance with the Company's articles of association, all Directors are subject to retirement by rotation and re-election at annual general meeting at least once every three years and any director appointed by the Board or elected by the shareholders of the Company to fill a casual vacancy or as an addition to the Board shall hold office until the next following general meeting, as the case may be, of the Company after his/her appointment and be subject to re-election at such meeting.

The Chairman is primarily responsible for drawing up and approving the agenda for each board meeting in consultation with all directors. Notice of at least 14 days have been given to all directors for all regular board meetings and the directors can include matters for discussion in the agenda if necessary. Agenda and accompanying board papers in respect of regular board meetings are sent out in full to all directors within reasonable time before the meeting. Draft minutes of all board meetings are circulated to directors for comment within a reasonable time prior to confirmation.

Minutes of board meetings and meetings of board committees are kept by duly appointed secretaries of the respective meetings and all directors have access to board papers and related materials, and are provided with adequate information in a timely manner, which enable the Board to make an informed decision on matters placed before it.

獨立非執行董事亦在確保及監察有效企業管治之架構中擔當非常重要的角色。董事會相信每一位獨立非執行董事均有其獨立性及判斷力，彼等均合乎上市規則規定之特定獨立準則。本公司已接獲各獨立非執行董事根據上市規則第3.13條規定所作出之年度獨立性確認函。而獨立非執行董事均可在本公司所有企業通訊內明確識別。

根據本公司組織章程細則，所有董事均須每三年最少輪值退任一次並於股東週年大會上膺選連任，而為填補臨時空缺而獲董事會委任或由本公司股東選出的任何董事或作為董事會額外成員的任何董事，其任期自委任起直至本公司下屆股東大會為止(視情況而定)，並須於該大會上膺選連任。

主席經徵詢全體董事，首要負責草擬及審批每次董事會會議之議程。開會通知最少於常務會議14天前發送予各董事，如需要，董事可要求在議程內加插討論事項。召開常務會議時，一套完整議程連同開會文件會在開會前之合理時間內發送予各董事。草擬的會議紀錄亦會於合理時間內送交各董事省閱，方予確認。

董事會及董事委員會之會議紀錄由相關會議所委任之秘書保存，所有董事均有權查閱董事會文件及相關資料及適時地獲提供足夠資料，使董事會可於決策事項前作出有根據的判斷。

Corporate Governance Report (continued) 企業管治報告(續)

During the year under review, eight full board meetings were held and the individual attendance of each director is set out below:

於回顧年度內，已召開八次全体董事會，各董事出席情況詳列如下：

Name of director	董事姓名	Number of board meetings attendance 出席董事會會議次數
Mr. Zhao John Huan (<i>Chairman</i>) (appointed on 9 August, 2016)	趙令歡先生(主席) (於2016年8月9日上任)	4/8
Mr. Wang Xiaolong (appointed on 9 August, 2016)	王小龍先生(於2016年8月9日上任)	4/8
Mr. Wang Yuanzheng (appointed on 9 August, 2016)	王遠征先生(於2016年8月9日上任)	4/8
Ms. Wai Siu Kee (resigned on 9 August, 2016)	衛少琦女士(於2016年8月9日辭任)	4/8
Mr. Kung Fang David (resigned on 9 August, 2016)	龔鈺先生(於2016年8月9日辭任)	4/8
Ms. Lee Man Ching (resigned on 9 August, 2016)	李文禎女士(於2016年8月9日辭任)	4/8
Mr. So Wing Keung (resigned on 9 August, 2016)	蘇永強先生(於2016年8月9日辭任)	3/8
Mr. Heng Victor Ja Wei	邢家維先生	8/8
Mr. Tsang Hin Man Terence	曾憲文先生	7/8
Mr. Xian Shunxiang (appointed on 9 August, 2016 and resigned on 4 January, 2017)	冼順祥先生(於2016年8月9日上任並 於2017年1月4日辭任)	4/8

Each newly appointed Director receives comprehensive, formal and tailored induction on his appointment, so as to ensure that he has appropriate understanding of the business and operations of the Group and that he is fully aware of his responsibilities and obligations under the Listing Rules and relevant regulatory requirements. There are also arrangements in place for providing continuing briefing and professional development to Directors at the Company's expenses whenever necessary.

各新委任董事獲委任時均會獲得一項全面、正規及切合個人需要的入職指引，以確保彼對本集團業務及運作有恰當的了解，並全面知悉其根據上市規則及有關法例規定下之職責及責任。在有需要時，本公司亦會安排向董事提供持續簡介及專業發展，費用由本公司承擔。

The Company provides regular updates and presentations on changes and developments relating to the Group's business and the legislative and regulatory environments to the Directors at Board meetings or through emails.

本公司就本集團業務發展及立法及監管環境之變動，於董事局會議內或通過發送電子郵件向董事提供定期更新及呈列。

Corporate Governance Report (continued) 企業管治報告(續)

The Directors are committed to complying with Code Provision A.6.5 of the New CG Code which came into effect on 1 April 2012 on Directors' training. All Directors have participated in continuous professional development to develop and refresh their knowledge and skills and provided a record of training they received for the year ended 31 December 2016 to the Company. The type of training received is summarized below:

董事承諾遵守由2012年4月1日起生效之新企業管治守則有關董事培訓之守則條文第A.6.5條，截至2016年12月31日止年度，全體董事均有參與發展及更新彼等知識及技能之持續專業發展，並已向本公司提供彼等所接受培訓的類型如下：

Name of director	董事姓名	Reading regulatory updates 閱讀監管規定更新資料	Attending external seminars/ programmes 參與外界機構舉辦 研討會/活動
Executive directors	執行董事		
Mr. Zhao John Huan (<i>Chairman</i>) (appointed on 9 August, 2016)	趙令歡先生(主席) (於2016年8月9日上任)	✓	✓
Mr. Wang Xiaolong (appointed on 9 August, 2016)	王小龍先生 (於2016年8月9日上任)	✓	✓
Mr. Wang Yuanzheng (appointed on 9 August, 2016)	王遠征先生 (於2016年8月9日上任)	✓	✓
Ms. Wai Siu Kee (resigned on 9 August, 2016)	衛少琦女士 (於2016年8月9日辭任)	✓	✓
Mr. Kung Fang David (resigned on 9 August, 2016)	龔鈞先生 (於2016年8月9日辭任)	✓	✓
Ms. Lee Man Ching (resigned on 9 August, 2016)	李文禎女士 (於2016年8月9日辭任)	✓	✓
Mr. So Wing Keung (resigned on 9 August, 2016)	蘇永強先生 (於2016年8月9日辭任)	✓	✓
Mr. Heng Victor Ja Wei	邢家維先生	✓	✓
Mr. Tsang Hin Man Terence	曾憲文先生	✓	✓
Mr. Xian Shunxiang (appointed on 9 August, 2016 and resigned on 4 January, 2017)	冼順祥先生 (於2016年8月9日上任並 於2017年1月4日辭任)	✓	✓

Corporate Governance Report (continued) 企業管治報告(續)

AUDIT COMMITTEE

The Audit Committee was established in 2011 and its current members include:

Mr. Leung Kwai Kei (*Chairman*)
Mr. Heng Victor Ja Wei
Mr. Tsang Hin Man Terence

The Board considers that each Audit Committee member has broad commercial experience and there is a suitable mix of expertise in accounting, business and legal on the Audit Committee. The composition and members of the Audit Committee complies with the requirements under Rule 3.21 of the Listing Rules. The new written terms of reference which describe the authority and duties of the Audit Committee were adopted in March 2012 to conform to the provisions of the New CG Code, a copy of which is posted on the Company's website.

The Audit Committee meets regularly to review the Group's financial reporting and other information to shareholders, the system of internal controls, risk management and the effectiveness and objectiveness of the audit process. The Audit Committee also provides an important link between the Board and the Company's auditors in matters coming within the scope of its terms of reference and keeps under review the independence and objectivity of the auditors.

The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group and discussed internal controls and financial reporting matters including a review of the accounts for the year ended 31 December 2016.

During the year under review, two Audit Committee meetings were held and the individual attendance of each member is set out below:

審核委員會

審核委員會於2011年成立，其現時成員包括：

梁貴基先生(主席)
邢家維先生
曾憲文先生

董事會認為各審核委員會成員均具備廣泛營商經驗，審核委員會當中兼備合適之會計、商業及法律專業。審核委員會之架構及成員符合上市規則第3.21條之規定。為符合新企業管治守則條文，載列審核委員會權限及職責的新訂書面職權範圍已於2012年3月被採納，職權範圍全文已刊載於本公司網頁內。

審核委員會定期開會以檢討本集團之財務匯報及給予股東之其他資料、內部監控系統、風險管理及審核過程之有效性及客觀性。審核委員會並為董事會及本公司核數師之間之重要橋樑，在其職權範圍內持續檢討核數師之獨立性及客觀性。

審核委員會已與管理層檢討本集團所採納之會計原則及慣例，並已就內部監控及財務匯報等事項進行討論，其中包括審閱截止2016年12月31日止年度之會計賬目。

於回顧年度內，共召開二次審核委員會會議，各名個別成員的出席情況載列如下：

Name of director	董事姓名	Number of attendance	出席次數
Mr. Heng Victor Ja Wei	邢家維先生	2/2	2/2
Mr. So Wing Keung (resigned since 9 August, 2016)	蘇永強先生(於2016年8月9日辭任)	2/2	2/2
Mr. Tsang Hin Man Terence	曾憲文先生	2/2	2/2
Mr. Xian Shunxiang (appointed on 9 August, 2016 and resigned on 4 January, 2017)	冼順祥先生(於2016年8月9日上任並於2017年1月4日辭任)	N/A	不適用

REMUNERATION COMMITTEE

The Remuneration Committee was established in 2011 and its current members include:

Mr. Leung Kwai Kei (*Chairman*)
Mr. Wang Xiaolong
Mr. Heng Victor Ja Wei

All members of the Remuneration Committee are independent non-executive directors. The Remuneration Committee advises the Board on the Group's overall policy and structure for the remuneration of directors and senior management. The Remuneration Committee ensures that no director or any of his associate is involved in deciding his own remuneration. The new terms of reference of the Remuneration Committee were adopted in March 2012 to conform to the provisions of the New CG Code, a copy of which is posted on the Company's website.

In determining the emolument payable to directors, the Remuneration Committee takes into consideration factors such as salaries paid by comparable companies, time commitment and responsibilities of the directors, employment conditions elsewhere in the Group and the desirability of performance-based remuneration.

The Remuneration Committee has met during the year to determine the policy for the remuneration of directors and assess performance of executive directors and certain senior management. During the year under review, one Remuneration Committee meetings were held and the individual attendance of each member is set out below:

薪酬委員會

薪酬委員會於2011年成立，其現時成員包括：

梁貴基先生(主席)
王小龍先生
邢家維先生

所有薪酬委員會成員均為獨立非執行董事。薪酬委員會為本集團董事及高級管理層之薪酬之整體政策及架構向董事會作出建議。薪酬委員會確保概無董事或其任何聯繫人參與釐定其本身之薪酬。為符合新企業管治守則條文，薪酬委員會新訂的職權範圍已於2012年3月被採納，並已刊載於本公司網頁內。

在釐定應付予董事之酬金時，薪酬委員會乃考慮各項因素，包括同業薪金水平，董事所奉獻之時間及其職責，集團內部的僱傭情況及與表現掛鈎之酬金。

薪酬委員會已於本年度開會以釐定董事之酬金政策及評估執行董事及若干高級管理層之表現。於回顧年度內，共召開一次薪酬委員會會議，各名個別成員的出席情況載列如下：

Name of director	董事姓名	Number of attendance	出席次數
Mr. Heng Victor Ja Wei	邢家維先生	1/1	1/1
Mr. So Wing Keung (resigned since 9 August, 2016)	蘇永強先生(於2016年8月9日辭任)	1/1	1/1
Mr. Tsang Hin Man Terence	曾憲文先生	1/1	1/1
Mr. Wang Xiaolong (appointed on 9 August, 2016)	王小龍先生(於2016年8月9日上任)	N/A	不適用
Mr. Xian Shunxiang (appointed on 9 August, 2016 and resigned on 4 January, 2017)	冼順祥先生(於2016年8月9日上任並於2017年1月4日辭任)	N/A	不適用

Corporate Governance Report (continued) 企業管治報告(續)

Auditors' Remuneration

For the year ended 31 December 2016, the fee payable to the Company's external auditor in respect of audit and non-audit services provided to the Company and its subsidiaries is set out below:

		HK\$'000 千港元
Audit services	審計服務	2,492
Non-audit services	非審計服務	616
		3,108

NOMINATION COMMITTEE

The Nomination Committee was established in March 2012 and its current members include:

Mr. Zhao John Huan (*Chairman*)
Mr. Leung Kwai Kei
Mr. Tsang Hin Man Terence

The majority members are independent non-executive directors. The Nomination Committee has the duty of reviewing annually the board structure and composition.

The terms of reference of the Nomination Committee were adopted in March 2012 to confirm to the provision of the New CG Code, a copy of which is posted on the Company's website.

In recommending candidates for appointment to the Board, the Nomination Committee will consider candidates objectively with due regards to the diversity. Diversity of the Board will be considered from a number of perspectives, including but not limited to age, gender, cultural and educational background, professional experience, as well as other attributes and strengths that relate to the Company's business model and specific needs from time to time. The recommendations of the Nomination Committee will report formally to the Board for decision.

核數師薪酬

於截止2016年12月31日止年度，就本公司及其附屬公司獲提供的審計及非審計服務向本公司外聘核數師應付的費用載列如下：

提名委員會

提名委員會於2012年3月成立，現時成員包括：

趙令歡先生(主席)
梁貴基先生
曾憲文先生

其大部份成員均為獨立非執行董事。提名委員會有責任每年檢討董事會架構及組成。

提名委員會的職權範圍已於2012年3月被採納，並已刊載於本公司網頁內，以符合新企業管治守則的規定。

於推薦人選以委任加入董事會時，提名委員會將客觀考慮人選，並適度顧及成員的多元化。董事會成員多元化將從多個方面進行考慮，包括但不限於年齡、性別、文化背景、教育背景、專業經驗以及兼備本公司業務模式及不時的具體需求有關的因素。提名委員會之建議將正式報告董事會以作決定。

Corporate Governance Report (continued) 企業管治報告(續)

The Nomination Committee has met during the year to approve and adopt its terms of reference. During the year under review, one Nomination Committee meetings were held and the individual attendance of each member is set out below:

提名委員會已於本年度開會以通過採納其書面職權範圍。於回顧年度內，共召開一次提名委員會會議，各名個別成員的出席情況載列如下：

Name of director	董事姓名	Number of attendance	出席次數
Ms. Wai Siu Kee (resigned since 9 August, 2016)	衛少琦女士(於2016年8月9日辭任)	1/1	
Mr. Heng Victor Ja Wei (resigned since 9 August, 2016)	邢家維先生(於2016年8月9日辭任)	1/1	
Mr. So Wing Keung (resigned since 9 August, 2016)	蘇永強先生(於2016年8月9日辭任)	0/1	
Mr. Tsang Hin Man Terence	曾憲文先生	0/1	
Mr. Zhao John Huan (appointed on 9 August, 2016)	趙令歡先生(於2016年8月9日上任)	N/A	不適用
Mr. Xian Shunxiang (appointed on 9 August, 2016 and resigned on 4 January, 2017)	冼順祥先生(於2016年8月9日上任並於2017年1月4日辭任)	N/A	不適用

BOARD DIVERSITY

During the year, the Company continued to monitor the board composition with regard to its diversity policy which requires board appointments to be made based on merit and candidates to be considered against an objective criteria, including diversity. In order to maintain an appropriate mix and balance of talent, skills, experience and background on the Board, the Nomination Committee developed measurable objectives to implement this policy and monitored progress towards achieving these objectives during the year ended 31 December 2016.

The current board composition was also evaluated by reference to, among other things, the age, gender, cultural and educational background and professional experience of each director, against the Company's business model and specific needs.

The directors of the Company believes diversity is important to enhance the Board's effectiveness by encouraging a diversity of perspectives and to maintain high standards of corporate governance. The directors of the Company will continue to monitor and develop new objectives for implementing and achieving improved diversity on the Board as and when it considers appropriate with regard to the specific needs of the Company and the market from time to time.

董事會多元化

年內，本公司繼續監察董事會組成的多元化政策，該政策要求董事會委任以用人唯才為原則，並以多元化等客觀條件考慮董事人選。截至2016年12月31日止年度，提名委員會為維持適當的才能、技能、經驗和背景之組合及平衡，已訂立可計量目標以實施上述政策，並監察達成有關目標的進度。

本公司亦參照每名董事的年齡、性別、文化背景、教育背景以及專業經驗等方面，因應本公司的業務模式及具體需求評核現任董事會的組成。

本公司董事深信，多元化政策能夠鼓勵不同觀點百花齊放，對提升董事會效能及維持高水平企業管治至關重要。本公司董事將繼續因應本公司和市場不時的具體需求，在其認為有需要時監察及訂立新目標，藉以執行及達致董事會的多元性。

Corporate Governance Report (continued) 企業管治報告(續)

INTERNAL CONTROLS

The Board has overall responsibility for the system of internal controls of the Group and for reviewing its effectiveness. The Board is committed to implementing an effective and sound internal controls system to safeguard the interest of shareholders and the Group's assets. The Board has delegated to executive management the implementation of the system of internal controls and reviewing of all relevant financial, operational, compliance controls and risk management function within an established framework.

The Board, through the Audit Committee, had conducted annual review of the effectiveness of the internal controls system of the Group for the year ended 31 December 2016. Members of the management team are required to confirm the effectiveness of the system of the internal controls of their responsible areas during the year. The Board believes that, in the absence of any evidence to the contrary, the system of internal controls maintained by the Group throughout the year ended 31 December 2016, provides reasonable assurance against material financial misstatements or loss, including the safeguarding of assets, the maintenance of proper accounting records, the reliability of financial information, compliance with appropriate legislation and regulation, and the identification and containment of business risks. The Board confirmed the effectiveness of the internal controls system and no significant areas of concern have been identified, and considered the system effective and adequate.

COMPANY SECRETARY

Mr. So Wai Yin has been engaged by the Company as its company secretary. The company secretary confirmed that he undertook no less than 15 hours of relevant professional training and relevant updates during the year ended 31 December 2016.

DIRECTORS' RESPONSIBILITY STATEMENT

The directors are responsible for the preparation of accounts for each financial period which give a true and fair view of the state of affairs of the Group and of the results and cash flow for that period. In preparing the accounts for the year ended 31 December 2016, the directors have selected suitable accounting policies and applied them consistently; adopted appropriate Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards; made adjustments and estimates that are prudent and reasonable; and have prepared the accounts on the going concern basis. The directors are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group.

內部監控

董事會全面負責本集團之內部監控系統及檢討其有效性。董事會致力實行有效及完善之內部監控系統以保障股東利益及本集團的資產。董事會已指派執行管理層在設定之範疇內實行內部監控系統及檢討所有相關財政、營運、遵守法則監控及風險管理功能。

董事局已透過審核委員會就本集團截至2016年12月31日止年度之內部監控系統之有效性進行年度檢討。管理團隊成員必須確認年內彼等負責範圍內之內部監控系統之有效性。董事會確信，在沒有任何相反證據的情況下，本集團於截至2016年12月31日止年度所依循的內部控制系統提供了合理的保證，可避免發生任何重大財務錯報或損失，包括資產的保護、適當會計記錄的保存、財務資料的可靠性、遵守適當的法律法規，以及辨別與控制商業風險等。董事局就內部監控系統有效性作出確認，並無發現需關注之重大事宜，故此認為系統屬有效充分。

公司秘書

蘇偉賢先生已獲本公司委任為其公司秘書。公司秘書確認，彼於截至2016年12月31日止年度期間接受不少於15小時的相關專業培訓及相關更新。

董事的職責

董事須負責編製各財政期間能真實與公正地反映本集團之財政狀況及該期間之業績及現金流量之賬目。在編製截止2016年12月31日止年度之賬目時，董事已貫徹採用合適之會計政策，採納合適的香港財務報告準則及香港會計準則，作出審慎及合理的調整及評估，及在持續進行有關業務之基準而編製。董事並須負責保存適當之會計紀錄，以能合理準確地披露本集團在任何時候之財務狀況。

SHAREHOLDERS' RIGHTS

The Company has only one class of shares. All shares have the same voting rights and are entitled to the dividend declared. The rights of the shareholders of the Company ("Shareholders") are set out in Company's articles of association.

Shareholders of the Company can: (i) convene an extraordinary general meeting; (ii) forward enquiries to the board of directors; (iii) forward proposals at shareholders' meetings and (iv) nominate Directors for election. Details of relevant procedures are available on the Company's website.

INVESTOR RELATIONS AND COMMUNICATION

The Board is committed to providing clear and full information about the Group's performance to shareholders through the publication of interim results and annual results in a timely manner. In addition to dispatching circulars, notices and financial reports to shareholders, additional information is also available to shareholders on the website of the Company.

The annual general meeting provides a useful platform for shareholders to raise comments and exchange views with the Board. Shareholders are encouraged to attend annual general meetings for which the Company gives at least 21 days' notice. The Chairman and Directors and external auditors are available to answer questions on the Company's businesses at the meeting.

Separate resolutions are proposed at the annual general meeting on each substantially separate issue, including the election of individual directors. In addition, poll voting procedure is included in the circular to shareholders dispatched together with the annual report.

CONSTITUTIONAL DOCUMENTS

There was no significant change in the Company's constitutional documents for the year ended 31 December 2016.

股東權利

本公司僅擁有一類股份，所有股份均擁有相同的投票權並可獲派已宣派之股息。本公司股東（「股東」）的權利載於公司細則。

本公司股東可以(i)召開股東特別大會；(ii)向董事會提出查詢；及(iii)在股東大會上提出建議；及(iv)提名候選董事。相關程序詳情可於本公司網站查閱。

與投資者交流及溝通

董事會致力透過刊發中期業績及年度業績，適時地將本集團之表現清晰及全面地提供予股東。除發送通函、通告及財務報告予股東外，股東亦可透過本公司網頁獲取額外資訊。

股東週年大會提供一個良好的平臺讓股東向董事會發表及交流意見。本公司發出不少於21天之通告以鼓勵股東出席股東週年大會。主席、董事及外聘核數師均會列席會議以便回答本公司業務上之提問。

各重大獨立事項(包括個別董事之選任)均會於股東週年大會上單獨提呈決議案。此外，載有投票表決程序之通函會與年報一併寄發予股東。

組織章程文件

本公司之組織章程文件於截至2016年12月31日止年度並無重大變動。

Profile of Directors and Senior Management

董事及高級管理層簡介

EXECUTIVE DIRECTOR

Mr. ZHAO John Huan, aged 54, Chairman and Chief Executive Officer of the Group, is the chairman and the chief executive officer of Hony Capital Limited (“**Hony Capital**”), a private equity firm in the People’s Republic of China. Mr. Zhao also serves as Executive Vice President of Hony Capital’s sponsor firm, Legend Holdings Corporation (HKSE: 3396), the parent company of Lenovo Group Limited (HKSE: 0992). Mr. Zhao also serves on the boards of Lenovo Group Limited, China Glass Holdings Limited (HKSE: 3300), Zoomlion Heavy Industry Science and Technology Co., Ltd. (SZSE: 000157, HKSE: 1157), Shanghai Chengtuo Holding Co., Ltd. (SSE: 600649) and Shanghai Jin Jiang International Hotels Development Co., Ltd. (SSE: 600754 (A Shares) and 900934 (B Shares)). Mr. Zhao was also a non-executive director of Chinasoft International Ltd (HKSE: 0354) between July 2011 and April 2015, an executive director of CSPC Pharmaceutical Group Limited (HKSE: 1093) between December 2008 and May 2015, a non-executive director of New China Life Insurance Company Ltd (HKSE: 1336) between November 2012 to March 2015, a non-executive director of Wumart Stores, Inc. (HKSE: 1025 before withdrawal of its listing in January 2016) between November 2009 to June 2014, a director of Fiat Industrial S.p.A., a company listed on MTA Italian Stock Exchange between January 2011 to September 2013, a non-executive Director of New China Life Insurance Company Ltd. (HKSE: 1336) between November 2012 to March 2015, a director of Jiangsu Phoenix Publishing & Media Corporation Limited (SSE: 601928) between June 2009 to June 2012 and a non-executive director of Hospital Corporation China Limited (HKSE: 3869) since March 2016. Mr. Zhao holds an MBA degree from the Kellogg School of Management at Northwestern University and dual Master’s degrees in Electronic Engineering and Physics from Northern Illinois University.

Mr. WANG Xiaolong, aged 41, an Executive Director of the Group, is currently the managing director of Hony Capital. Mr. XL Wang joined Hony Capital in 2004 and has been consistently focusing on investment in the consumer and retail sector since then, with a particular emphasis on subsectors such as retail, food and beverage, chain restaurant, apparel, etc.. Mr. XL Wang holds directorships in Anhui Commercial Capital Co., Ltd. (NEEQ: 835433), Sichuan Lessin Department Store Co., Ltd. (NEEQ: 833860) and Guangdong Coagent Electronics S&T Co., Ltd. (NEEQ: 833323). Mr. XL Wang holds a Tsinghua-MIT Joint MBA degree from Tsinghua University and a bachelor’s degree in engineering from Shanghai Jiao Tong University.

執行董事

趙令歡先生，54歲，本集團主席兼行政總裁，弘毅投資有限公司（「弘毅投資」）（一間中華人民共和國的私有股權公司）董事長及行政總裁。趙先生亦擔任弘毅投資的贊助公司，即聯想控股股份有限公司（香港聯交所代號：3396）（聯想集團有限公司（香港聯交所代號：0992）的母公司）的執行副總裁。趙先生亦於聯想集團有限公司、中國玻璃控股有限公司（香港聯交所代號：3300）、中聯重科股份有限公司（深圳證券交易所代號：000157、香港聯交所代號：1157）、上海城投控股股份有限公司（上海證券交易所代號：600649）及上海錦江國際酒店發展股份有限公司（上海證券交易所代號：600754（A股）及900934（B股））董事會任職。趙先生亦曾於2011年7月至2015年4月擔任中軟國際有限公司（香港聯交所代號：0354）的非執行董事、於2008年12月至2015年5月擔任石藥集團有限公司（香港聯交所代號：1093）的執行董事、於2012年11月至2015年3月擔任新華人壽保險股份有限公司（香港聯交所代號：1336）的非執行董事、於2009年11月至2014年6月擔任北京物美商業集團股份有限公司（於2016年1月撤銷上市地位前的香港聯交所代號：1025）的非執行董事於2011年1月至2013年9月出任Fiat Industrial S.p.A.（一家於意大利證券交易所上市的公司）的董事、於2012年11月至2015年3月出任新華人壽保險股份有限公司（香港聯交所代號：1336）的非執行董事、於2009年6月至2012年6月出任江蘇鳳凰出版傳媒股份有限公司（上海證券交易所代號：601928）的董事，以及自2017年3月擔任弘和仁愛醫療集團有限公司（香港聯交所代號：3869）的非執行董事。趙先生持有西北大學凱洛格商學院工商管理碩士學位以及北伊利諾伊州大學電子工程及物理學雙碩士學位。

王小龍先生，41歲，本集團執行董事，現任弘毅投資董事總經理。王小龍先生於2004年加入弘毅投資，自此持續專注於消費零售業的投資，尤其側重零售、食品及飲料、連鎖飯店及服裝等分部。王小龍先生擔任安徽商之都股份有限公司（全國中小企業股份轉讓系統代號：835433）、四川力誠百貨股份有限公司（全國中小企業股份轉讓系統代號：833860）及廣東好幫手電子科技股份有限公司（全國中小企業股份轉讓系統代號：833323）的董事。王小龍先生擁有清華大學的清華大學一麻省理工大學聯合工商管理碩士學位及上海交通大學的工程學學士學位。

Profile of Directors and Senior Management (continued) 董事及高級管理層簡介(續)

Mr. WANG Yuanzheng, aged 35, an Executive Director of the Group, joined Hony Capital in 2011 and is currently vice president of Hony Capital. Mr. YZ Wang has been focusing on investment in the consumer and retail sector since then. Prior to joining Hony Capital, Mr. YZ Wang worked as an associate director in the investment banking department at UBS Securities. Mr. YZ Wang holds a Master's degree in Financial Mathematics from Kaiserlautern University and a bachelor's degree in Pure and Applied Mathematics from Tsinghua University.

王遠征先生，35歲，本集團執行董事，於2011年加入弘毅投資，現任弘毅投資副總裁。自此，王遠征先生一直專注於消費零售業的投資。於加入弘毅投資之前，王遠征先生擔任瑞銀證券投資銀行部副董事。王遠征先生擁有Kaiserlautern大學的金融數學碩士學位及清華大學純粹數學與應用數學的學士學位。

INDEPENDENT NON-EXECUTIVE DIRECTOR

Mr. Leung Kwai Kei, aged 54, an Independent Non-Executive Director of the Group, has over 25 years of work experience in the food and beverage industry and retail industry in Hong Kong and China. Before joining the Company, Mr. Leung worked in McDonald's Restaurants (HK) Limited and McDonald's China Company Limited from 1988 to 2012, and used to play managerial roles in various departments. In 2012, Mr. Leung joined Walmart China Company Limited as the senior vice president of business development department responsible for its business development. Since 2014, Mr. Leung has been working in Regus Property (Shanghai) Company Limited as the country manager. Mr. Leung holds a Master of Management degree from Macquarie University and a Bachelor of Economics degree from the University of Sydney. He is a qualified certified practising accountant in ASPCA of Australia.

獨立非執行董事

梁貴基先生，54歲，本集團獨立非執行董事，於香港及中國餐飲行業及零售行業積逾25年工作經驗。加入本公司前，梁先生於1988年至2012年曾在麥當勞有限公司及麥當勞中國有限公司任職，並曾於不同部門擔任管理角色。於2012年，梁先生加入沃爾瑪中國有限公司擔任業務開發部高級副總裁，負責其業務開發。自2014年起，梁先生一直於雷格斯物業(上海)有限公司擔任全國經理。梁先生持有Macquarie University的管理學碩士學位及悉尼大學的經濟學學士學位。彼為澳洲ASPCA之執業會計師。

Mr. HENG Victor Ja Wei, aged 39, an Independent Non-Executive Director of the Group. He is a partner of Morison Heng, Certified Public Accountants. He holds a master of science degree of the Imperial College of Science, Technology and Medicine, the University of London. He is a member of The Association of Chartered Certified Accountants and member of The Hong Kong Institute of Certified Public Accountants. Mr. Heng serves as an independent non-executive director in China Fire Safety Enterprise Group Limited (Stock Code: 0445), Matrix Holdings Limited (Stock Code: 1005) and Lee & Man Chemical Company Limited (Stock Code: 0746). He also serves as the company secretary and authorized representative of China Life Insurance Company Limited (Stock Code: 2628).

邢家維先生，39歲，本集團獨立非執行董事。彼為華利信會計師事務所的合夥人。彼擁有英國倫敦大學帝國理工學院理學碩士學位。彼為英國特許公認會計師公會會員及香港會計師公會會員。彼於中國消防企業集團有限公司(股份代號：0445)、美力時集團有限公司(股份代號：1005)及理文化工有限公司(股份代號：0746)出任獨立非執行董事。並且，邢先生並於中國人壽保險股份公司(股份代號：2628)擔任公司秘書及授權代表。

Mr. TSANG Hin Man Terence, aged 54, an Independent Non-Executive Director of the Group. He was admitted as a solicitor in Hong Kong in 1993 and he is currently the sole proprietor of Tsang & Co., H.M. Mr. Tsang obtained a bachelor's degree in science from the University College London, the University of London. He also holds a bachelor's degree in law from the University of Westminster, United Kingdom. Mr. Tsang serves as an independent non-executive director in Differ Group Holding Company Limited (Stock Code: 8056), China Investment and Finance Group Limited (Stock Code: 1226) and as a non-executive director in Winto Group (Holdings) Limited (Stock Code: 8238).

曾憲文先生，54歲，本集團獨立非執行董事。彼自1993年於香港獲得律師資格，現時為曾憲文律師事務所的唯一擁有人。曾先生擁有倫敦大學的倫敦大學學院理學學士學位。彼亦擁有英國威斯敏斯特大學法律學士學位。曾先生於鼎豐集團控股有限公司(股份代號：8056)及中國投融资集團有限公司(股份代號：1226)出任獨立非執行董事。彼亦於惠陶集團(控股)有限公司(股份代號：8238)出任非執行董事。

Profile of Directors and Senior Management (continued) 董事及高級管理層簡介(續)

SENIOR MANAGEMENT

Mr. JING Shen, aged 37, Chief Financial Officer of the Group, joined the Company in November 2016. From April 2014 to October 2016, Mr. Jing held the position of chief executive officer at Beijing Niologie Commercial and Trading Co., Ltd. In 2008, Mr. Jing joined Hony Capital In 2008 and was eventually promoted to vice president. Mr. Jing obtained a Master's degree in Business Administration from China Europe International Business School in February 2008 and a bachelor's degree from Beijing Foreign Studies University in July 2002.

Mr. XIAN Shunxiang, aged 51, Chief Operating Officer of the Group, was the vice president of Cosmo Lady (China) Holdings Company Limited (HKSE: 2298) and responsible for their retail operations. From May 2008 to October 2011, Mr. Xian held the position of chief operating officer at Real Kung Fu Catering Management Co., Ltd.. In 1990, Mr. Xian joined McDonald's (Shenzhen) Limited as one of the trainee managers and was eventually promoted to operations director. Mr. Xian graduated from China Europe International Business School, Shanghai, upon finishing the China Europe Leadership Development of Senior Level Programme in January 2010. He obtained a college degree in Chinese from Shenzhen Institute of Education, Shenzhen, Guangdong Province in July 1988.

Mr. So Wai Yin, aged 42, Company Secretary of the Group, has over 18 year experience in financial reporting, management accounting, auditing, tax planning and regulatory compliance, treasury, corporate finance and Company Secretarial practice of listed companies. Prior to joining Hony Capital in September 2008, Mr. So worked as the Qualified Accountant and Company Secretary at Golden Resorts Group Limited (now known as Kingston Securities Limited, HKSE: 1031) where he was overseeing overall financial control and reporting functions, treasury, corporate finance, and regulatory compliance matters. Before joining Kingston, Mr. So worked in Deloitte where he engaged in audit assignments for various public/private companies and leading several Initial Public Offer (IPO) projects. Mr. So is a Certified Public Accountant of Hong Kong Institute of Certified Public Accountant and a Fellow Member of Association of Chartered Certified Accountant.

高級管理層

景慎先生，37歲，本集團財務總監，於2016年11月加入本公司。自2014年四月至2016年10月，景先生於Beijing Niologie Commercial and Trading Co., Ltd.擔任行政總裁一職。景先生於2008年加入弘毅投資並最終獲晉升為副總裁。景先生於2008年2月於中歐國際工商學院取得工商管理碩士學位，並於2002年7月於北京外國語大學取得學士學位。

冼順祥先生，51歲，本集團營運總監，曾為都市麗人(中國)控股有限公司(香港聯交所代號：2298)副總裁，負責其零售營運。於2008年5月至2011年10月，冼先生擔任真功夫餐飲管理有限公司的營運總裁。於1990年，冼先生加入麥當勞(深圳)有限公司，擔任受訓經理之一，並最終晉升為營運總監。於2010年1月，冼先生在完成中歐高階領導力發展課程後畢業於上海中歐國際工商學院。彼於1988年7月取得廣東省深圳市深圳教育學院中文大專學位。

蘇偉賢先生，42歲，本集團公司秘書，在上市公司財務申報、管理會計、核數、稅項管理及法律合規、財資、企業融資及公司秘書方面擁有逾18年經驗。於2008年9月加入弘毅投資之前，蘇先生於黃金集團有限公司(現稱金利豐金融集團有限公司，香港聯交所代號：1031)擔任合資格會計師及公司秘書，彼負責監督整體財務控制及申報職能、財資、企業融資及法律合規事宜。在加入金利豐之前，蘇先生在德勤工作，負責多間公營/私營公司的核數任務，並於多個首次公開發售項目擔任領導角色。蘇先生為香港會計師公會執業會計師及英國特許公認會計師公會資深會員。

Profile of Directors and Senior Management (continued) 董事及高級管理層簡介(續)

Mr. Zhao Shen, aged 67, Chairman of HHG. In 1968, Zhao Shen had been to the Great Northern Wilderness, stationed troops and reclaimed and safeguarded the border regions for more than ten years; in 1982 entered the Beijing Second Steel Rolling Mill. In February 1988, Zhao Shen took up the post of elevator factory director in Shougang Group. On July 1st, 1996, Zhao Shen took up the post of general manager of Beijing Yoshinoya Fast Food Co., Ltd.. In 2004, Zhao Shen founded Beijing HeHeGu Catering Service Management Co., Ltd., determined to inherit traditional Chinese food culture, and explore the model of double-kitchen, to achieve the standardization of “Chinese People Fast Food”. He has successively won the titles of “Shougang Labor Model”, “Top Ten Factory Director of Beijing”, “Labor Medal of National May 1”, “Beijing Excellent Socialism Constructor of Chinese Characteristics”, “Beijing Outstanding Communist”, “Chinese Catering Industry Outstanding Entrepreneur”, “Chinese restaurant industry annual top ten figures” and other honors. Nowadays, Zhao Shen is the vice president of China Cuisine Association, the Chairman of the Professional Committee of Chinese Cuisine Fast Food, and the Chairman of HeHeGu Catering Service Management Co., Ltd..

Mr. Zhao Jingjing, aged 35, Chief Manager of HHG. Zhao Jingjing joined HeHeGu company in 2007, and started at the bottom. He has been working in Marketing, Operation, R&D Department successively, and accumulated plentiful experience of marketing, operation management, product design and development, informationization construction, establishing new model etc.. In October 2015, Zhao Jingjing was appointed Chief Manager. He has been rated as “Excellent Friends of Workers”, “The Best Emerging Enterpriser of Chinese Food Industry”. He is also committee, CPPCC member.

趙申先生，67歲，和合谷董事長。曾於1968年起赴北大荒，屯墾戍邊十餘載；1982年進入北京第二軋鋼廠，後到首鋼電梯廠任廠長；1996年7月起任北京吉野家總經理；2004年創立了和合谷品牌，立志傳承中國傳統飲食文化，探索通過雙廚房模式（中央廚房的工業化、自動化和終端廚房的智慧化、立體化的無縫銜接），實現國人速食的標準化。曾先後榮獲「首鋼勞動模範」「北京市十佳廠長」「五一勞動獎章」「北京市優秀中國特色社會主義事業建設者」「北京市優秀共產黨員」「中國餐飲最具影響力企業家」「中國餐飲行業傑出企業家」「中國餐飲業年度十大人物」等榮譽。現為中國烹飪協會副會長、中烹協速食專業委員會主席。

趙京晶先生，35歲，和合谷總經理。2007年入職北京和合谷餐飲管理有限公司從門店一線員工開始做起，並先後在市場部、研究所、營運部、技術部任職，在門店運營、市場宣傳、產品設計與研發、資訊化建設與應用、新模式設計等方面積累了豐富的經驗。2015年10月起出任和合谷總經理。曾被評為「優秀職工支友」、「最佳中餐新銳人物」、「北京市西城區第十四屆政協委員」、「北京市西城區第十四屆委員」。

Directors' Report

董事會報告

The directors present their annual report and the audited consolidated financial statements of the Company and its subsidiaries (the "Group") for the year ended 31 December 2016.

董事會謹此提呈本公司及其附屬公司(統稱「本集團」)截至2016年12月31日止年度之年報及經審核綜合財務報表。

CHANGE OF COMPANY NAME

Pursuant to a special resolution passed by the shareholders of the Company on 21 November 2016 and approved by the Register of Company in Cayman Islands on 6 December 2016, the name of the Company was changed from Lee & Man Handbags Holding Limited 理文手袋集團有限公司 to Best Food Holding Company Limited 百福控股有限公司。

更改公司名稱

根據本公司股東於2016年11月21日通過之特別決議案，並於2016年12月6日獲開曼群島公司註冊處批准，本公司之名稱已由Lee & Man Handbags Holding Limited 理文手袋集團有限公司更改為Best Food Holding Company Limited 百福控股有限公司。

PRINCIPAL ACTIVITIES

The Company act as an investment holding company. The principal activities of its principal subsidiaries are set out in note 39 to the consolidated financial statements.

主要業務

本公司為一間投資控股公司。其主要附屬公司之主要業務載於綜合財務報表附註39。

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2016 are set out in the consolidated statement of profit or loss and other comprehensive income on page 50.

業績及分派

本集團截至2016年12月31日止年度之業績載於第50頁之綜合損益及其他全面收益表。

The directors do not recommend the payment of a dividend and propose that the profit for the year be retained.

董事會不建議派發股息，並建議把年度溢利予以保留。

TAX RELIEF AND EXEMPTION

The Company is not aware of any tax relief and exemption available to Shareholders by reason of their holding of the Company's securities.

稅項減免

就本公司所知，概無股東因持有本公司證券而獲得任何稅項減免。

MANAGEMENT CONTRACT

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

管理合約

本年度並無訂立或存有與本公司全部或大部分業務有關的管理及行政合約。

EQUITY-LINKED AGREEMENTS

Save for the share option scheme as set out below, the Company has not entered into any equity-linked agreement during the year.

DISTRIBUTABLE RESERVES

As at 31 December 2016, the Company's reserve available for distribution to shareholders represented the retained profits of HK\$7,829,000 (2015: HK\$876,000).

FIVE YEAR FINANCIAL SUMMARY

A summary of the results and the assets and liabilities of the Group for the last five financial years is set out on page 160 of the annual report.

DIRECTORS

The directors of the Company during the year and up to the date of this report were:

Executive directors

Mr. Zhao John Huan (<i>Chairman</i>)	(appointed on 9 August 2016)
Mr. Wang Xiaolong	(appointed on 9 August 2016)
Mr. Wong Yuanzheng	(appointed on 9 August 2016)
Ms. Wai Siu Kee	(resigned on 9 August 2016)
Mr. Kung Fang, David	(resigned on 9 August 2016)
Ms. Lee Man Ching	(resigned on 9 August 2016)

Independent non-executive directors

Mr. Heng Victor Ja Wei	
Mr. Tsang Hin Man Terence	
Mr. Xian Shunxiang	(appointed on 9 August 2016 and resigned on 4 January 2017)
Mr. Leung Kwai Kei	(appointed on 4 January 2017)
Mr. So Wing Keung	(resigned on 9 August 2016)

The term of office of each of the independent non-executive directors is the period up to his retirement as required by the Company's Articles of Association.

股票掛鈎協議

除下文載列的購股權計劃外，本公司於本年度並無訂立任何股票掛鈎協議。

可供分派儲備

於2016年12月31日，本公司可供分派給股東之儲備代表保留溢利7,829,000港元(2015年：876,000港元)。

五年財務概要

本集團近五個財政年度之業績及資產負債概要載於年報第160頁。

董事

於本年度及截至本報告日止，本公司之董事為：

執行董事

趙令歡先生(主席)	(於2016年8月9日獲委任)
王小龍先生	(於2016年8月9日獲委任)
王遠征先生	(於2016年8月9日獲委任)
衛少琦女士	(於2016年8月9日辭任)
龔鈺先生	(於2016年8月9日辭任)
李文禎女士	(於2016年8月9日辭任)

獨立非執行董事

邢家維先生	
曾憲文先生	
冼順祥先生	(於2016年8月9日獲委任，並於2017年1月4日辭任)
梁貴基先生	(於2017年1月4日獲委任)
蘇永強先生	(於2016年8月9日辭任)

各獨立非執行董事之任期為直至其須根據本公司組織章程細則之規定退任為止。

Directors' Report (continued) 董事會報告(續)

DIRECTORS' SERVICE CONTRACTS

None of the Directors offering for re-election at the forthcoming annual general meeting has a service contract with the Company which is not terminable within one year without payment of compensation other than statutory compensation.

INTERESTS AND SHORT POSITIONS OF DIRECTORS AND CHIEF EXECUTIVES

At 31 December 2016, the interests of the directors and the chief executive of the Company in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of part XV of the Securities and Future Ordinance (Chapter 571 of the laws of Hong Kong) (the "SFO")) as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO, or as otherwise to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), were as follows:

董事之服務合約

概無於應屆股東週年大會上重選連任的董事與本公司訂立不可於一年內終止而毋須支付法定補償以外補償的服務合約。

董事及高級行政人員之權益及淡倉

於2016年12月31日，本公司之董事及高級行政人員於本公司或其相聯法團(定義見香港法例第571章證券及期貨條例(「證券及期貨條例」)第XV部)之股份、相關股份或債權證中，擁有記錄於本公司根據證券及期貨條例第352條須存置之登記冊之權益，或根據香港聯合交易所有限公司(「聯交所」)證券上市規則(「上市規則」)附錄10所載上市發行人董事進行證券交易之標準守則(「標準守則」)須另行知會本公司及聯交所之權益如下：

Name of director	Capacity	Number of issued ordinary shares held	Percentage of the issued share capital of the Company
董事姓名	身份	所持已發行普通股數目	佔本公司已發行股本百分比
Mr. Zhao John Huan 趙令歡先生	Interest in controlled corporation (Note 1) 於受控法團之權益(附註1)	1,701,520,440	206.24%

Note:

1. Sonic Tycoon Limited is a non-wholly owned subsidiary of Fortune Eight Alps Limited, which is a wholly owned subsidiary of Hony Capital Fund VIII (Cayman), L.P., an exempted limited partnership managed by Hony Capital Fund VIII GP (Cayman), L.P. (as sole general partner), which is managed by its sole general partner, Hony Capital Fund VIII GP (Cayman) Limited, which is wholly owned by Hony Group Management Limited, which is owned as to 80% by Hony Managing Partners Limited, which is wholly owned by Exponential Fortune Group Limited, which is owned as to 49% by Mr. Zhao John Huan.

附註：

1. 捷亨有限公司為Fortune Eight Alps Limited之非全資附屬公司，而Fortune Eight Alps Limited為Hony Capital Fund VIII (Cayman), L.P. (一家由Hony Capital Fund VIII GP (Cayman), L.P. (為唯一普通合夥人)管理之獲豁免有限合夥企業)之全資附屬公司。Hony Capital Fund VIII GP (Cayman), L.P.由其唯一普通合夥人Hony Capital Fund VIII GP (Cayman) Limited管理。Hony Capital Fund VIII GP (Cayman) Limited由Hony Group Management Limited全資擁有。Hony Managing Partners Limited擁有Hony Group Management Limited 80%權益。Hony Managing Partners Limited由Exponential Fortune Group Limited全資擁有，而趙令歡先生擁有Exponential Fortune Group Limited 49%權益。

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

The directors of the Company were entitled to participate in a share option scheme adopted by Lee & Man Chemical Company Limited (the "LM Share Option Scheme"), details of which are set out in Lee & Man Chemical Company Limited's annual report for the year ended 31 December 2016. No share option was granted under the LM Share Option Scheme since its inception.

In addition, on 18 May 2011, the Company has also adopted a share option scheme (the "Handbag Share Option Scheme") in which the Company's directors and employees are entitled to participate, details of which are set out in note 33 to the consolidated financial statements. No share option was granted under the Handbag Share Option Scheme since its inception.

Save as above, during the year neither the Company, its holding company nor any of its subsidiaries and fellow subsidiaries, a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS

At 31 December 2016, shareholders (other than directors and chief executive of the Company) who had interests and short positions in the shares and underlying shares of the Company which have been disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under section 336 of the SFO were as follows:

Long positions

Ordinary shares of HK\$0.10 each of the Company

Name of shareholder	Capacity	Number of issued ordinary shares held	Percentage of the issued share capital of the Company
股東名稱	身份	所持已發行普通股數目	佔本公司已發行股本百分比
Exponential Fortune Group Limited	Interest in controlled corporation (Note 1)	1,701,520,440	206.24%
Exponential Fortune Group Limited	於受控法團之權益(附註1)		

購買股份或債權證之安排

本公司董事有權參與由理文化工有限公司採納的一項購股權計劃(「理文購股權計劃」)，有關詳情載於理文化工有限公司截至2016年12月31日止年度之年報。自理文購股權計劃開始以來，概無據此授出任何購股權。

此外，於2011年5月18日，本公司亦已採納一項購股權計劃(「手袋購股權計劃」)，本公司董事及僱員有權參與該計劃，有關詳情載於綜合財務報表附註33。自手袋購股權計劃開始以來，概無據此授出任何購股權。

除上文外，本公司、其控股公司或其任何附屬公司或同系附屬公司於本年度內概無參與任何安排，使本公司董事藉購入本公司或任何其他法人團體之股份或債權證而獲得利益。

主要股東之權益及淡倉

於2016年12月31日，股東(本公司董事及最高行政人員除外)於本公司之股份及相關股份中，擁有根據證券及期貨條例第XV部第2及3分部之條文已向本公司披露、或已記錄於根據證券及期貨條例第336條須由本公司存置之登記冊之權益及淡倉如下：

好倉

本公司每股0.10港元之普通股

Directors' Report (continued)

董事會報告(續)

Name of shareholder 股東名稱	Capacity 身份	Number of issued ordinary shares held 所持已發行 普通股數目	Percentage of the issued share capital of the Company 佔本公司已發行 股本百分比
Hony Managing Partners Limited Hony Managing Partners Limited	Interest in controlled corporation (Note 1) 於受控法團之權益(附註1)	1,701,520,440	206.24%
Hony Group Management Limited Hony Group Management Limited	Interest in controlled corporation (Note 1) 於受控法團之權益(附註1)	1,701,520,440	206.24%
Hong Capital Fund VIII GP (Cayman) Limited Hong Capital Fund VIII GP (Cayman) Limited	Interest in controlled corporation (Note 1) 於受控法團之權益(附註1)	1,701,520,440	206.24%
Hony Capital Fund VIII GP (Cayman), L.P. Hony Capital Fund VIII GP (Cayman), L.P.	Interest in controlled corporation (Note 1) 於受控法團之權益(附註1)	1,701,520,440	206.24%
Hony Capital Fund VIII (Cayman), L.P. Hony Capital Fund VIII (Cayman), L.P.	Interest in controlled corporation (Note 1) 於受控法團之權益(附註1)	1,701,520,440	206.24%
Fortune Eight Alps Limited Fortune Eight Alps Limited	Interest in controlled corporation (Note 1) 於受控法團之權益(附註1)	1,701,520,440	206.24%
Sonic Tycoon Limited 捷亨有限公司	Interest in controlled corporation (Note 1) 於受控法團之權益(附註1)	1,701,520,440	206.24%
Boardtime International Limited Boardtime International Limited	Interest in controlled corporation 於受控法團之權益	79,134,000	9.59%
City China International Limited 城中國際有限公司	Security interest in shares 股份抵押權益	79,134,000	9.59%
Eminence Enterprise Limited 高山企業有限公司	Interest in controlled corporation 於受控法團之權益	79,134,000	9.59%

Directors' Report (continued) 董事會報告(續)

Notes:

1. Sonic Tycoon Limited is a non-wholly owned subsidiary of Fortune Eight Alps Limited, which is a wholly owned subsidiary of Hony Capital Fund VIII (Cayman), L.P., an exempted limited partnership managed by Hony Capital Fund VIII GP (Cayman), L.P. (as sole general partner), which is managed by its sole general partner, Hony Capital Fund VIII GP (Cayman) Limited, which is wholly owned by Hony Group Management Limited, which is owned as to 80% by Hony Managing Partners Limited, which is wholly owned by Exponential Fortune Group Limited, which is owned as to 49% by Mr. Zhao John Huan.

附註：

1. 捷亨有限公司為Fortune Eight Alps Limited之非全資附屬公司，而Fortune Eight Alps Limited為Hony Capital Fund VIII (Cayman), L.P. (一家由Hony Capital Fund VIII GP (Cayman), L.P. (為唯一普通合夥人)管理之獲豁免有限合夥企業)之全資附屬公司。Hony Capital Fund VIII GP (Cayman), L.P.由其唯一普通合夥人Hony Capital Fund VIII GP (Cayman) Limited管理。Hony Capital Fund VIII GP (Cayman) Limited由Hony Group Management Limited全資擁有。Hony Managing Partners Limited擁有Hony Group Management Limited 80%權益。Hony Managing Partners Limited由Exponential Fortune Group Limited全資擁有，而趙令歡先生擁有Exponential Fortune Group Limited 49%權益。

CONNECTED TRANSACTIONS

During the year ended December 31, 2016, following transaction between the connected person(s) (as defined in the Listing Rules) and the Company has been entered into for which relevant disclosure had been made by the Company by way of announcement in compliance with the disclosure requirements under Chapter 14A of the Listing Rules:

On September 18, 2016, the Company and Sonic Tycoon Limited (the "Investor"), a direct substantial shareholder of the Company, entered into an investment agreement, pursuant to which the Company agreed to issue and the Investor agreed to subscribe for the convertible bonds in the aggregate principal amount up to HK\$1,500,000,000 for a total consideration equal to the principal amount of such convertible bonds. The proceeds from issuing the convertible bonds are intended to be used for the Company's future acquisitions in the mass market focused consumables sector including, without limitation, the food and beverage industry, to diversify the Group's business and broaden its income stream.

關連交易

於截至2016年12月31日止年度期間，本公司已遵守上市規則第14A章項下之披露規定以公告方式對關連人士(定義見上市規則)與本公司所訂立之以下交易作出有關披露：

於2016年9月18日，本公司與本公司直接主要股東捷亨有限公司(「投資者」)訂立投資協議，據此，本公司同意發行，且投資者同意認購本金總額達1,500,000,000港元之可換股債券，總代價相等於該等可換股債券之本金金額。發行之可換股債券之所得款項擬用於本公司日後於大眾市場消費品領域(包括但不限於餐飲行業)之收購，以促進本集團業務多元化發展及擴闊收入來源。

Directors' Report (continued) 董事會報告(續)

In the opinion of the independent non-executive directors, these transactions entered into by the Group were:

- (i) in the ordinary and usual course of business of the Group;
- (ii) either (a) on normal commercial terms; or (b) where there was no available comparison, on terms that were fair and reasonable so far as the shareholders of the Company were concerned;
- (iii) either (a) in accordance with the terms of the agreements; or (b) where there were no such agreements, on terms no less favourable than those available to or from independent third parties; and
- (iv) within the relevant cap amounts as agreed by the Stock Exchange.

Save as disclosed above, there were no other transactions which need to be disclosed as connected transactions in accordance with the requirements of the Listing Rules.

DIRECTORS' INTEREST IN CONTRACTS OF SIGNIFICANCE

Other than as disclosed under the heading "Connected Transactions", no contracts of significance to which the Company, its holding company or any of its fellow subsidiaries and subsidiaries was a party and in which a director of the Company had a material interest, whether directly and indirectly, subsisted at the end of the year or at any time during the year.

BUSINESS REVIEW AND PERFORMANCE

A review and outlook of the business of the Company and a discussion and analysis of the Group's performance during the year and the material factors underlying its results and financial position are provided in the Chairman's Statement and Management Discussion and Analysis respectively from pages 4 to 7 and pages 8 to 16 of this Annual Report.

各獨立非執行董事認為，本集團訂立該等交易乃：

- (i) 在本集團日常及一般業務中進行；
- (ii) 按(a)正常商業條款；或(b)當無可比較時，其條款對本公司股東而言乃屬公平合理；
- (iii) 按(a)協議條款；或(b)當無此等協議時，不遜於給予或自獨立第三方所得之條款；及
- (iv) 所涉及金額不超逾與聯交所議定之有關最高限額。

除上文所披露外，並無任何其他交易須按上市規則之規定披露為關連交易。

董事於重大合約中之權益

除「關連交易」一段所披露外，本公司、其控股公司或其任何同系附屬公司及附屬公司於年終或年內任何時間概無參與訂立與本公司董事有直接或間接重大權益的重大合約。

業務回顧及表現

於年內本公司業務回顧及前景以及本集團業績表現及財務狀況之相關重要因素的探討和分析，分別載列於本年報第4至第7頁的主席報告書及第8至16頁的管理層討論及分析。

MAJOR CUSTOMERS AND SUPPLIERS

During the year, the aggregate sales attributable to the Group's five largest customers comprised approximately 54% of the Group's total sales and the sales attributable to the Group's largest customer were approximately 21% of the Group's total sales.

The aggregate purchases during the year attributable to the Group's five largest suppliers were less than 30% of total purchases.

None of the directors, their associates or any shareholders which, to the knowledge of the directors, owned more than 5% of the Company's issued share capital had any interest in the share capital of any of the five largest customers of the Group.

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

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

PRE-EMPTIVE RIGHTS

There are no provision for pre-emptive rights under the Company's Articles of Association, or the laws of the Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received, from each of the independent non-executive directors, an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the independent non-executive directors are independent.

主要客戶及供應商

年內，本集團五大客戶之累計銷售佔本集團之總營業額約54%及本集團最大客戶之銷售佔本集團之總營業額約21%。

年內本集團之五大供應商之累計購貨佔本集團總購貨額少於30%。

概無董事、彼等之聯繫人或就董事所知擁有本公司已發行股本5%以上之任何股東，擁有本集團任何五大客戶任何股本權益。

購買、出售或贖回本公司之上市證券

本公司及其任何附屬公司於年內概無購買、出售或贖回任何本公司之上市證券。

優先購股權

本公司之組織章程細則或開曼群島法例均無有關優先購股權之條文，規定本公司須按持股比例向現有股東發售新股份。

委任獨立非執行董事

本公司已自每名獨立非執行董事收取根據上市規則第3.13條作出之年度獨立性確認。本公司認為所有獨立非執行董事確屬獨立人士。

Directors' Report (continued) 董事會報告(續)

EMOLUMENT POLICY

The emolument policy of the employees of the Group is set up by the Remuneration Committee on the basis of their merit, qualifications and competence.

The emoluments of the directors of the Company are decided by the Remuneration Committee, having regard to the Company's operating results, individual performance and comparable market statistics.

The Company has adopted a share option scheme as an incentive to directors and eligible employees. Details of the scheme are set out in note 33 to the consolidated financial statements.

SUFFICIENCY OF PUBLIC FLOAT

According to the information that is publicly available to the Company and within the knowledge of the directors, the Company has maintained a sufficient public float throughout the year ended 31 December 2016.

PERMITTED INDEMNITY PROVISION

The Company has arranged for appropriate insurance cover for Directors' and officers' liabilities in respect of legal actions against its Directors and senior management arising out of corporate activities. The permitted indemnity provision is in force for the benefit of the Directors as required by the provisions of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong).

酬金政策

本集團僱員之酬金政策由薪酬委員會設立，乃以僱員之功績、專業資格及才能為基準。

本公司董事之酬金由薪酬委員會按本公司之經營業績、其個人之工作表現及可資比較市場統計數據而釐定。

本公司已採納一項購股權計劃，作為董事及合資格僱員之獎勵，計劃詳情載於綜合財務報表附註33。

足夠公眾持股量

本公司根據公開可提供的資訊及董事所知，本公司於截至2016年12月31日止整個年度內皆保持足夠公眾持股量。

獲准許彌償條文

本公司就其董事及高級管理人員可能面對因企業活動產生之法律行動之責任已作適當之投保安排。根據公司條例(香港法例第622章)的條文所規定以董事為受益人的獲准許彌償條文現在生效。

AUDITOR

The financial statements have been audited by Messrs. Deloitte Touche Tohmatsu who will retire as the auditor of the Company with effect from the conclusion of the AGM.

On behalf of the Board

Mr. Zhao John Huan

CHAIRMAN

Hong Kong, 28 March 2017

核數師

本財務報表已經由德勤•關黃陳方會計師行審核，其將退任本公司核數師，自股東週年大會結束起生效。

代表董事會

主席

趙令歡先生

香港，2017年3月28日

Independent Auditor's Report

獨立核數師報告

Deloitte.

德勤

TO THE MEMBERS OF BEST FOOD HOLDING COMPANY LIMITED
(FORMERLY KNOWN AS LEE & MAN HANDBAGS HOLDING LIMITED)
(incorporated in the Cayman Islands with limited liability)

致百福控股有限公司股東
(前稱理文手袋集團有限公司)
(於開曼群島註冊成立之有限公司)

OPINION

We have audited the consolidated financial statements of Best Food Holding Company Limited (the “Company”) and its subsidiaries (collectively referred to as the “Group”) set out on pages 50 to 159, which comprise the consolidated statement of financial position as at 31 December 2016, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, 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 disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

意見

本核數師行已審核載於第50頁至第159頁百福控股有限公司(「貴公司」)及其附屬公司(統稱為「貴集團」)之綜合財務報表，此等財務報表包括於2016年12月31日之綜合財務狀況表，與截至該日止年度之綜合損益及其他全面收益表、綜合權益變動表及綜合現金流量表，以及綜合財務報表附註，包括主要會計政策概要。

本核數師行認為，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」)真實而中肯地反映了貴集團於2016年12月31日的綜合財務狀況及截至該日止年度的綜合財務表現及綜合現金流量，並已遵照香港公司條例之披露規定妥為擬備。

意見基礎

本核數師行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。本核數師行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之責任」部分中作進一步闡述。根據香港會計師公會頒佈的專業會計師道德守則(「守則」)，本核數師行獨立於貴集團，並已根據守則履行其他道德責任。本核數師行相信，本核數師行所獲得的審計憑證能充足及適當地為本核數師行的審計意見提供基礎。

Independent Auditor's Report (continued) 獨立核數師報告(續)

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.

關鍵審計事項

關鍵審計事項乃根據本核數師行的專業判斷，認為對本期綜合財務報表的審計最為重要的事項。這些事項乃在本核數師行審計整體綜合財務報表及出具意見時進行處理的。本核數師行不會對這些事項提供單獨的意見。

Key audit matters

關鍵審計事項

How our audit addressed the key audit matters

本核數師行進行審計時如何處理關鍵審計事項

Impairment assessment on trademark and goodwill in relation to the acquisition of subsidiaries

收購附屬公司之商標及商譽的減值評估

We identified the impairment assessment on trademark and goodwill in relation to the acquisition of subsidiaries as disclosed in note 42 as a key audit matter due to the significance of the amounts concerned to the consolidated financial statements, and the complexity and the judgement exercised by the Group's management in the impairment assessment on trademark and goodwill.

本核數師行已識別附註42所披露收購附屬公司之商標及商譽的減值評估為關鍵審計事項，乃由於其於綜合財務報表中涉及龐大金額，及貴集團管理層在進行商標及商譽減值評估時所涉及的複雜性及判斷所致。

Our procedures in relation to the impairment assessment on trademark and goodwill in relation to the acquisition of subsidiaries included:

本核數師行有關收購附屬公司商標及商譽減值評估的程序包括：

- Understanding the impairment assessment of trademark and goodwill in relation to the acquisition of subsidiaries performed by the Group, including the valuation model adopted and key assumptions used;
- 了解有關貴集團所進行附屬公司收購之商標及商譽減值評估，包括所採用之估值模型及主要假設；
- Assessing the reasonableness of the impairment assessment performed by the Group, including the value in use, and the terminal growth rate and discount rate used;
- 評估貴集團所進行減值評估之合理性，包括在用價值、所用最終增長率及折現率；

Independent Auditor's Report (continued) 獨立核數師報告(續)

Key audit matters

關鍵審計事項

How our audit addressed the key audit matters

本核數師行進行審計時如何處理關鍵審計事項

Impairment assessment on trademark and goodwill in relation to the acquisition of subsidiaries

收購附屬公司之商標及商譽的減值評估

As disclosed in note 4 to the consolidated financial statements, the acquisition of the HHG Group (as defined in note 39 to the consolidated financial statements) has been accounted for using the purchase method under which the trademark was purchased as part of the acquisition and the goodwill arose on acquisition of the HHG Group. In determining whether goodwill and trademark are impaired at each reporting date requires an estimation of the value in use of the CGU in the food and beverage investment business management segment belonging to the HHG Group. The value in use is determined based on the cash flow forecast for the CGU discounted to its present value and requires the use of key assumptions including the future cash flows, terminal growth rate and discount rate, taking into account the key assumptions used by the independent professional valuer appointed by the Group for the valuation performed on the acquisition date, the financial budgets approved by the management, past performance and management's expectations for the market development.

誠如綜合財務報表附註4所披露，收購和合谷集團(定義見綜合財務報表附註39)已使用採購法入賬，據此，商標乃作為收購的一部分購買，而收購和合谷集團則產生商譽。於釐定各報告日期的商譽及商標是否出現減值時，需要估計屬於和合谷集團之餐飲投資業務管理分部的現金產生單位之在用價值。在用價值乃按照將現金產生單位折現至其現值之現金流量預測釐定，並需要使用主要假設，包括未來現金流量、最終增長率及折現率，當中考慮貴集團所委任獨立專業估值師就於收購日期進行估值所用之主要假設、管理層批准之財政預算、過往表現及管理層對市場發展之預期。

Based on the assessment made by the Group, the management of the Group considers that no impairment was identified on the trademark and goodwill as at 31 December 2016.

按照貴集團作出之評估，貴集團管理層認為，於2016年12月31日並無就商標及商譽識別任何減值。

- Assessing the reasonableness of future cash flows expected to arise from the CGU based on the historical results of the HHG Group, the approved financial budgets, and the available industry and market data; and
- 按照和合谷集團之過往業績、經批准財政預算以及可取得行業及市場數據，評估預期將自現金產生單位產生之未來現金流量之合理性；及
- Assessing whether the disclosures of the impairment assessment in the consolidated financial statements are sufficient and appropriate.
- 評估減值評估於綜合財務報表之披露是否充足及適當。

Independent Auditor's Report (continued) 獨立核數師報告(續)

Key audit matters

關鍵審計事項

Valuation of investments in associates

於聯營公司投資的估值

We identified the valuation of investments in associates as disclosed in note 19 to the consolidated financial statements as a key audit matter due to the significance of the amounts concerned to the consolidated financial statements, and the complexity and the judgement exercised by the Group's management in valuation of the investments in associates.

本核數師行已識別綜合財務報表附註19所披露於聯營公司投資的估值為關鍵審計事項，乃由於其於綜合財務報表中涉及龐大金額，及貴集團管理層在進行聯營公司投資估值時所涉及的複雜性及判斷所致。

As disclosed in note 4 to the consolidated financial statements, in determining whether the interests in associates are impaired at each reporting date requires an estimation of the recoverable amount of the associates. The recoverable amounts of the associates were determined based on the values in use calculations with the key assumptions including the future cash flows expected to arise from the associates, terminal growth rates and discount rates, taking into account the key assumptions used by the independent professional valuer appointed by the Group for the valuations performed on the corresponding acquisition dates, the financial budgets approved by the associates' directors, past performance and associates' directors' expectations for the market development.

誠如綜合財務報表附註4所披露，於各報告日期釐定於聯營公司之權益是否出現減值需要估計聯營公司之可收回金額。聯營公司之可收回金額乃按在用價值計算，並按照主要假設釐定，包括預期將自聯營公司產生之未來現金流量、最終增長率及折現率，當中考慮貴集團所委任獨立專業估值師就於相應收購日期進行估值所用之主要假設、聯營公司董事批准之財政預算、過往表現及聯營公司董事對市場發展之預期。

Based on the assessment made by the Group, no impairment loss on the associates was recognised as at 31 December 2016.

基於貴集團所作出的評估，於2016年12月31日並無就聯營公司確認減值虧損。

How our audit addressed the key audit matters

本核數師行進行審計時如何處理關鍵審計事項

Our procedures in relation to assessing the valuation of investments in associates included:

本核數師行有關評估聯營公司投資估值的程序包括：

- Understanding the impairment assessment of the investments performed by the Group, including the valuation models adopted and key assumptions used;
- 了解有關貴集團所進行之投資減值評估，包括所採納之估值模型及主要假設；
- Assessing the reasonableness of the impairment assessment performed by the Group, including the values in use, and the terminal growth rates and discount rates used; and
- 評估貴集團所進行減值評估之合理性，包括在用價值、所用最終增長率及折現率；及
- Assessing the reasonableness of future cash flows expected to arise from the associates based on the historical results of the associates, the financial budgets prepared by the associates' directors and the available industry and market data.
- 按照聯營公司之過往業績、聯營公司董事編製之財政預算以及可取得行業及市場數據，評估預期將自聯營公司產生之未來現金流量之合理性。

Independent Auditor's Report (continued) 獨立核數師報告(續)

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include 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 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 THOSE CHARGED WITH GOVERNANCE 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 and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are 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。其他資料包括年報所載資料，惟不包括綜合財務報表及本核數師報告。

本核數師行於綜合財務報表的意見並不涵蓋其他資料，本核數師行亦不對其他資料發表任何形式的鑒證結論。

結合本核數師行對綜合財務報表的審計，本核數師行的責任為閱讀其他資料，在此過程中，考慮其他資料是否與財務報表或本核數師行在審計過程中所了解的情況存在重大抵觸或者似乎存在重大錯誤陳述的情況。基於本核數師行已執行的工作，如果本核數師行認為其他資料存在重大錯誤陳述，本核數師行需要報告該事實。在這方面，本核數師行沒有任何報告。

董事及管治層就綜合財務報表須承擔之責任

貴公司董事須負責根據香港財務報告準則及香港公司條例之披露規定編製真實及公平之綜合財務報表，及落實董事認為編製綜合財務報表所必要之有關內部監控，以使綜合財務報表並無因欺詐或錯誤而導致之重大錯誤陳述。

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

管治層須負責監督貴集團的財務報告過程。

Independent Auditor's Report (continued) 獨立核數師報告(續)

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with 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 skepticism 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 之責任

本核數師行的目標，乃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，並出具包括本核數師行意見的核數師報告。本核數師行乃按照與本核數師行協定的委聘條款的規定，僅向閣下(作為整體)報告。除此以外，本核數師行的報告不可用作其他用途。本核數師行概不就本報告的內容，對任何其他人士負責或承擔責任。合理保證是高水平的保證，但不能保證按照香港審計準則進行的審計，在某一重大錯誤陳述存在時總能發現。錯誤陳述可以由欺詐或錯誤引起，如果合理預期它們單獨或匯總起來可能影響綜合財務報表使用者依賴賬項所作出的經濟決定，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，本核數師行已運用專業判斷，保持了專業懷疑態度。本核數師行亦：

- 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，作為本核數師行意見的基礎。由於欺詐可能涉及串謀、偽造、蓄意遺漏、虛假陳述，或凌駕於內部控制之上，因此未能發現因欺詐而導致的重大錯誤陳述的風險高於未能發現因錯誤而導致的重大錯誤陳述的風險。
- 了解與審計相關的內部控制，以設計適當的審計程序，但目的並非對貴集團內部控制的有效性發表意見。
- 評價董事所採用會計政策的恰當性及作出會計估計和相關披露的合理性。

Independent Auditor's Report (continued) 獨立核數師報告(續)

- 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.
- 對董事採用持續經營會計基礎的恰當性作出結論。根據所獲取的審計憑證，確定是否存在與事項或情況有關的重大不確定性，從而可能導致對貴集團的持續經營能力產生重大疑慮。如果本核數師行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，則本核數師行應當發表非無保留意見。本核數師行的結論是基於核數師報告日止所取得的審計憑證。然而，未來事項或情況可能導致貴集團不能持續經營。
- 評價綜合財務報表的整體列報方式、結構和內容，包括披露，以及綜合財務報表是否中肯反映相關交易和事項。
- 就貴集團內實體或業務活動的財務信息獲取充足、適當的審計憑證，以便對綜合財務報表發表意見。本核數師行負責貴集團審計的方向、監督和執行。本核數師行為審計意見承擔全部責任。

We communicate with those charged with governance 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 those charged with governance 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.

From the matters communicated with those charged with governance, 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.

本核數師行已與管治層溝通(其中包括)計劃的審計範圍、時間安排、重大審計發現等，包括本核數師行在審計中識別出內部控制的任何重大缺陷。

本核數師行亦向管治層會提交聲明，說明本核數師行已符合有關獨立性的相關專業道德要求，並與彼等溝通有可能合理地被認為會影響本核數師行獨立性的所有關係和其他事項，以及在適用的情況下，相關的防範措施。

從與管治層溝通的事項中，本核數師行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。本核數師行在核數師報告中描述這些事項，除非法律法規不允許公開披露這些事項，或在極端罕見的情況下，如果合理預期在本核數師行報告中溝通某事項造成的負面後果超過產生的公眾利益，本核數師行決定不應在報告中溝通該事項。



Independent Auditor's Report (continued) 獨立核數師報告(續)

The engagement partner on the audit resulting in the independent auditor's report is Ip Chiu Yin.

出具本獨立核數師報告的審計項目合夥人為葉超然。

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
28 March 2017

德勤•關黃陳方會計師行
執業會計師
香港
2017年3月28日

Consolidated Statement of Profit or Loss and Other Comprehensive Income

綜合損益及其他全面收益表

For the year ended 31 December 2016 截至2016年12月31日止年度

		Notes 附註	2016 HK\$'000 千港元	2015 HK\$'000 千港元
Revenue	收入	5 & 6	559,632	658,797
Cost of sales	銷售成本		(386,250)	(465,284)
Gross profit	毛利		173,382	193,513
Other income	其他收入		8,176	4,000
Other gains and losses	其他收益及虧損	7	41,655	(565)
Distribution and selling expenses	分銷及銷售成本		(60,195)	(58,015)
General and administrative expenses	一般及行政開支		(132,424)	(121,686)
Share of loss of associates	應佔聯營公司虧損	19	(224)	—
Finance costs	融資成本	8	(6,565)	(1,724)
Profit before taxation	除稅前溢利		23,805	15,523
Income tax expense	所得稅支出	9	(6,578)	(5,510)
Profit for the year	年內溢利	10	17,227	10,013
Profit for the year attributable to:	年內溢利歸屬於：			
Owners of the Company	本公司擁有人		15,868	10,013
Non-controlling interest	非控股權益		1,359	—
			17,227	10,013
Other comprehensive income (expense)	其他全面收益(開支)			
<i>Item that will not be reclassified to profit or loss:</i>	<i>不會重新分類至損益之項目：</i>			
Remeasurement of defined benefit assets	重新衡量之界定利益資產		403	280
<i>Item that may be reclassified subsequently to profit or loss:</i>	<i>其後可能會重新分類至損益之項目：</i>			
Exchange differences arising on translation of foreign operations	因換算海外業務而產生的匯兌差額		(8,758)	(1,976)
Other comprehensive expense for the year	年內其他全面支出		(8,355)	(1,696)
Total comprehensive income for the year	年內全面收益總額		8,872	8,317
Total comprehensive income for the year attributable to:	年內全面收益總額歸屬於：			
Owners of the Company	本公司擁有人		8,784	8,317
Non-controlling interests	非控股權益		88	—
			8,872	8,317
Earnings per share (HK cents) — basic	每股盈利(港仙)—基本	12	1.92	1.21

Consolidated Statement of Financial Position

綜合財務狀況表

At 31 December 2016 於2016年12月31日

		Notes 附註	2016 HK\$'000 千港元	2015 HK\$'000 千港元
NON-CURRENT ASSETS	非流動資產			
Property, plant and equipment	物業、廠房及設備	15	111,582	61,863
Prepaid lease payments	預付租賃款項	16	52,943	33,856
Investment properties	投資物業	17	36,414	29,816
Interests in associates	於聯營公司之權益	19	95,800	—
Goodwill	商譽	20	51,699	—
Intangible assets	無形資產	21	101,357	—
Derivative financial instrument	衍生金融工具	24	7,020	—
Other receivable from a former subsidiary	前附屬公司之其他應收款	38	17,854	—
Other asset	其他資產		395	395
Deferred tax assets	遞延稅項資產	30	17,123	2,921
Deposits paid for the acquisition of property, plant and equipment	購置物業、廠房及設備之已付訂金		7,674	2,354
Rental and utility deposits	租賃費及水電費之訂金		11,710	—
Defined benefit assets	界定利益資產	36	5,138	4,697
Prepayment for equity investments	預付股權投資款		6,304	—
			523,013	135,902
CURRENT ASSETS	流動資產			
Inventories	存貨	18	70,428	73,508
Prepaid lease payments	預付租賃款項	16	1,329	864
Trade and other receivables	應收貿易及其他款項	23	90,639	99,202
Amount due from an associate	應收聯營公司款項	28	324	—
Tax recoverable	可收回稅項		1,226	907
Other financial assets	其他金融資產	24	17,045	—
Bank balances and cash	銀行結餘及現金	25	123,028	308,576
			304,019	483,057
CURRENT LIABILITIES	流動負債			
Trade and other payables	應付貿易及其他款項	26	174,576	69,954
Amount due to a related party	應付關連方款項	31	1,083	1,371
Amount due to a related company	應付關連公司款項	27	151	152
Derivative financial instruments	衍生金融工具	24	—	1,284
Tax payable	應付稅項		9,487	2,053
			185,297	74,814
NET CURRENT ASSETS	流動資產淨值		118,722	408,243

Consolidated Statement of Financial Position (continued)

綜合財務狀況表(續)

At 31 December 2016 於2016年12月31日

		Notes 附註	2016 HK\$'000 千港元	2015 HK\$'000 千港元
TOTAL ASSETS LESS CURRENT LIABILITIES	總資產減流動負債		641,735	544,145
NON-CURRENT LIABILITIES	非流動負債			
Deferred tax liabilities	遞延稅項負債	30	24,773	—
Deferred government grants	遞延政府補助	29	1,783	—
Loan from a related party	關聯方貸款	31	260,000	260,000
			286,556	260,000
NET ASSETS	資產淨值		355,179	284,145
CAPITAL AND RESERVES	資本及儲備			
Share capital	股本	32	82,500	82,500
Reserves	儲備		217,449	201,645
Equity attributable to owners of the Company	本公司擁有人應佔權益		299,949	284,145
Non-controlling interests	非控股權益		55,230	—
Total equity	總權益		355,179	284,145

The consolidated financial statements on pages 50 to 159 were approved and authorised for issue by the Board of Directors on 28 March 2017 and are signed on its behalf by:

第50頁至第159頁所載之綜合財務報表已於2017年3月28日經董事會通過及授權刊發，並由下列董事代表簽署：

Zhao John Huan

趙令歡

Chairman

主席

Wang Xiaolong

王小龍

Director

董事

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

		Share capital	Non-distributable reserve	Asset revaluation reserve	Translation reserve	Special reserve	Accumulated profits	Total	Non-controlling interest	Total
		股本	不可分派儲備	資產重估儲備	匯兌儲備	特別儲備	累計溢利	合計	非控股權益	合計
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元
			(Note iii) (附註iii)	(Note i) (附註i)		(Note ii) (附註ii)				
At 1 January 2015	於2015年1月1日	82,500	864	6,641	4,121	(38,562)	228,514	284,078	—	284,078
Profit for the year	年內溢利	—	—	—	—	—	10,013	10,013	—	10,013
Remeasurement of defined benefit assets	重新衡量之界定利益資產	—	—	—	—	—	280	280	—	280
Exchange differences of foreign operations arising on translation	因換算海外業務而產生的匯兌差額	—	—	—	(1,976)	—	—	(1,976)	—	(1,976)
Total comprehensive (expense) income for the year	年內全面(支出)收益總額	—	—	—	(1,976)	—	10,293	8,317	—	8,317
Dividends recognised as distributions (note 11)	已確認分派之股息(附註11)	—	—	—	—	—	(8,250)	(8,250)	—	(8,250)
Transfer to non-distributable reserve	轉入不可分派儲備	—	154	—	—	—	(154)	—	—	—
At 31 December 2015	於2015年12月31日	82,500	1,018	6,641	2,145	(38,562)	230,403	284,145	—	284,145
Profit for the year	年內溢利	—	—	—	—	—	15,868	15,868	1,359	17,227
Remeasurement of defined benefit assets	重新衡量之界定利益資產	—	—	—	—	—	403	403	—	403
Exchange differences arising on translation of foreign operations	因換算海外業務而產生的匯兌差額	—	—	—	(7,487)	—	—	(7,487)	(1,271)	(8,758)
Total comprehensive (expense) income for the year	年內全面(支出)收益總額	—	—	—	(7,487)	—	16,271	8,784	88	8,872
Deemed contribution from the immediate holding company	視作直接控股公司注資	—	—	—	—	7,020	—	7,020	—	7,020
Acquisition of subsidiaries (note 42)	收購附屬公司(附註42)	—	—	—	—	—	—	—	55,142	55,142
Transfer to non-distributable reserve	轉入不可分派儲備	—	124	—	—	—	(124)	—	—	—
At 31 December 2016	於2016年12月31日	82,500	1,142	6,641	(5,342)	(31,542)	246,550	299,949	55,230	355,179

Consolidated Statement of Changes in Equity (continued) 綜合權益變動表(續)

For the year ended 31 December 2016 截至2016年12月31日止年度

Notes:

- (i) The asset revaluation reserve represents the increase in revaluation arising from the owner-occupied properties becoming to investment properties prior to 1 January 2008.
- (ii) The special reserve of the Group represents:
- (a) the difference between the nominal value of the share capital issued by Lee & Man Development Limited ("LM Development") and the nominal amount of the share capital of subsidiaries acquired by it pursuant to a group organisation in 1993;
 - (b) the difference between the nominal value of the share capital of a subsidiary, LM Development, acquired pursuant to a group reorganisation in June 2011 and the nominal value of the share capital issued by the Company;
 - (c) the expenses borne by shareholders for the listing of the Company; and
 - (d) a deemed contribution from the immediate holding company arising from a put option which the Company has the right to issue convertible bonds to the immediate holding company, the details of which are disclosed in note 24(i) to the consolidated financial statements.
- (iii) According to the relevant laws in the People's Republic of China (the "PRC"), wholly foreign-owned enterprises in the PRC are required to transfer at least 10% of their net profits after taxation, as determined under the PRC accounting regulations, to a non distributable reserve fund until the reserve balance reaches 50% of their registered capital. The transfer to this reserve must be made before the distribution of a dividend to equity owners. The non-distributable reserve fund can be used to offset the previous years' losses, if any. The non-distributable reserve fund is non-distributable other than upon liquidation.

附註：

- (i) 資產重估儲備是指於2008年1月1日前，由自用擁有物業變更為投資物業所增加的重估儲備。
- (ii) 本集團之特別儲備指：
- (a) 理文發展有限公司(「理文發展」)已發行股本面值與根據集團於1993年重組所收購之多間附屬公司之股本面值之差額；
 - (b) 根據集團於2011年6月重組所收購之一間附屬公司理文發展之股本面值與本公司已發行股本面值之差額；
 - (c) 就本公司上市由股東承擔之開支；及
 - (d) 本公司有權向直接控股公司發行可換股債券之認沽期權產生視作直接控股公司注資，詳情披露於綜合財務報表附註24(i)。
- (iii) 根據中華人民共和國(「中國」)相關法律，在中國的外資企業須轉讓最少10%之除稅後純利(按中國會計法規釐定)至不可分派儲備資金，直至儲備結餘達到其註冊資本之50%。轉讓該儲備必須於分派股息予權益擁有人前。不可分派儲備資金可用作抵銷過往年度虧損(如有)。除清盤外，不可分派儲備是不得分派。

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

		2016 HK\$'000 千港元	2015 HK\$'000 千港元
OPERATING ACTIVITIES	經營活動		
Profit before taxation	除稅前溢利	23,805	15,523
Adjustments for:	調整：		
Amortisation of deferred government grants	遞延政府補助攤銷	(272)	—
Amortisation of intangible assets	無形資產攤銷	169	—
Depreciation of property, plant and equipment	物業、廠房及設備之折舊	19,400	14,322
Gain on disposal of subsidiaries	出售附屬公司收益	(33,389)	—
Gain on fair value changes of investment properties	投資物業公平值變動之收益	(6,404)	(538)
Interest expenses	利息支出	6,565	1,724
Interest income	利息收入	(289)	(79)
Loss (gain) on disposal of property, plant and equipment	出售物業、廠房及設備之虧損 (收益)	2,523	(65)
Loss on fair value changes on derivative financial instruments	衍生金融工具公平值變動之虧損	40	1,284
Release of prepaid lease payments	預付租賃款項之釋出	1,347	622
Retirement benefit gain	退休福利之收益	(38)	(52)
Reversal of write-down of inventories	存貨撇減撥回	—	(3,524)
Share of loss of an associate	應佔聯營公司虧損	224	—
Operating cash flows before movements in working capital	營運資金變動前之經營業務現金流量	13,681	29,217
Increase (decrease) in trade and other payables	應付貿易及其他款項增加(減少)	2,803	(13,920)
Decrease in amount due to a related company	應付關連公司款項減少	(1)	(61)
Decrease in inventories	存貨減少	5,991	1,071
Decrease in rental and utility deposits	租賃費及水電費之按金減少	869	—
Decrease in trade and other receivables	應收貿易及其他款項減少	31,674	43,665
Cash generated from operations	經營業務所得現金	55,017	59,972
Hong Kong Profits Tax (paid) refunded	已(付)退香港利得稅	(2,224)	210
Interest paid	已付利息	(6,788)	(353)
PRC Enterprise Income Tax ("EIT") paid	已付中國企業所得稅 (「企業所得稅」)	(2,710)	(1,136)
NET CASH FROM OPERATING ACTIVITIES	經營活動所得現金淨額	43,295	58,693

Consolidated Statement of Cash Flows (continued)

綜合現金流量表(續)

For the year ended 31 December 2016 截至2016年12月31日止年度

	Notes 附註	2016 HK\$'000 千港元	2015 HK\$'000 千港元	
INVESTING ACTIVITIES	投資活動			
Capital injection in associates	於聯營公司注資	19	(96,024)	—
Acquisition of subsidiaries, net of cash and cash equivalent acquired	收購附屬公司(扣除所得現金及現金等價物)	42	(80,154)	—
Purchase of property, plant and equipment	購置物業、廠房及設備		(40,669)	(14,711)
Purchase of prepaid lease payment	購置預付租賃款項		(21,872)	(12,230)
Deposits paid for acquisition of property, plant and equipment	購置物業、廠房及設備之已付訂金		(7,675)	(2,354)
Prepayment for equity investment	預付股權投資款項		(2,307)	—
Settlement of derivative financial instruments	結算衍生金融工具		(1,324)	(3)
Advance to an associate	墊付予聯營公司		(324)	—
Purchase of intangible assets	購置無形資產		(230)	—
Disposal of subsidiaries, net of cash and cash equivalent disposed	出售附屬公司(扣除出售現金及現金等價物)	43	29,139	—
Government grants received	已收政府補助		2,075	—
Interest received	已收利息		148	79
Proceeds from disposal of property, plant and equipment	出售物業、廠房及設備所得款項		84	65
NET CASH USED IN INVESTING ACTIVITIES	投資活動所耗現金淨額		(219,133)	(29,154)
FINANCING ACTIVITIES	融資活動			
Bank borrowings raised	籌集銀行借款		—	21,228
Dividends paid	已付股息		—	(8,250)
Loan from a related party	關聯方貸款		—	260,000
Repayment of amount due to non-controlling interests	償還應付非控股權益款項		(6,933)	—
Repayment of bank borrowings	償還銀行借款		—	(46,947)
NET CASH (USED IN) FROM FINANCING ACTIVITIES	融資活動所(耗)得現金淨額		(6,933)	226,031
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	現金及現金等價物(減少)增加淨額		(182,771)	255,570
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	於年初之現金及現金等價物		308,576	53,436
EFFECT OF CHANGES IN EXCHANGE RATE	匯率變動之影響		(2,777)	(430)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR, represented by bank balances and cash	於年末之現金及現金等價物 銀行結餘及現金		123,028	308,576

Notes to the Consolidated Financial Statements

綜合財務報表附註

For The Year Ended 31 December 2016 截至2016年12月31日止年度

1. GENERAL

The Company is a public limited company incorporated in the Cayman Islands under the Companies Law (Revised) Chapter 22 of the Cayman Islands and its shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). Its parent company is Sonic Tycoon Limited, whose ultimate holding company and controlling shareholder is Hony Capital Fund VIII (Cayman), L.P.. The addresses of the registered office and principal place of business of the Company are disclosed in the section “Corporate Information” of the annual report.

The Company changes its name from “Lee & Man Handbags Holding Limited” to “Best Food Holding Company Limited” and adopted the Chinese name of “百福控股有限公司” as the secondary name to replace “理文手袋集團有限公司” which has been used for identification purpose only. The change of name was approved by the shareholders at the Extraordinary General Meeting and has become effective from 6 December 2016.

The Company acts as an investment holding company. The activities of its principal subsidiaries are set out in note 39.

The functional currency of the Company is United States dollars (“USD”), while the consolidated financial statements are presented in Hong Kong dollars (“HK dollars”) as the Company is listed in Hong Kong.

1. 一般事項

本公司根據開曼群島公司法(經修訂)第22章於開曼群島註冊成立為上市有限公司，且其股份於香港聯合交易所有限公司(「聯交所」)上市。其母公司為捷亨有限公司，而其最終持股公司及控股公司為Hony Capital Fund VIII (Cayman), L.P.。本公司之註冊辦事處及主要營業地點的地址於年報「公司資料」一節披露。

本公司將其名稱由「Lee & Man Handbags Holding Limited」更改為「Best Food Holding Company Limited」，並採納中文名稱「百福控股有限公司」為第二名稱，以取代「理文手袋集團有限公司」，僅作識別用途。更改名稱已於股東特別大會上獲股東批准，並自2016年12月6日起生效。

本公司為一間投資控股公司，其主要附屬公司之活動載於附註39。

本公司的功能貨幣為美元(「美元」)。由於本公司於香港上市，故其綜合財務報表乃以港元(「港元」)呈列。

Notes to the Consolidated Financial Statements (continued)

綜合財務報表附註(續)

For The Year Ended 31 December 2016 截至2016年12月31日止年度

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

Amendments to HKFRSs that are mandatorily effective for the current year

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

Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations
Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012–2014 Cycle

2. 應用新訂香港財務報告準則(「香港財務報告準則」)及修訂本

於本年度強制生效的香港財務報告準則修訂本

本集團於本年度首次應用以下由香港會計師公會(「香港會計師公會」)頒佈之香港財務報告準則修訂本：

香港財務報告準則第11號(修訂本)	收購共同經營權益的會計法
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)	釐清折舊與攤銷的可接受方法
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)	投資主體：豁免應用合併
香港財務報告準則(修訂本)	2012年至2014年週期之香港財務報告準則年度改進

Notes to the Consolidated Financial Statements (continued) 綜合財務報表附註(續)

For The Year Ended 31 December 2016 截至2016年12月31日止年度

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

Annual Improvements to HKFRSs 2012–2014 Cycle include a number of amendments to various HKFRSs

The amendments to HKAS 19 clarify that the rate used to discount post-employment benefit obligations should be determined by reference to market yields at the end of the reporting period on high quality corporate bonds. The assessment of the depth of a market for high quality corporate bonds should be at the currency level (i.e. the same currency as the benefits are to be paid). For currencies for which there is no deep market in such high quality corporate bonds, the market yields at the end of the reporting period on government bonds denominated in that currency should be used instead.

The application of amendments to HKFRSs has had no material impact on the Group’s financial performance and position for the current and prior years and/or the disclosures set out in the Group’s consolidated financial statements.

2. 應用新訂香港財務報告準則(「香港財務報告準則」)及修訂本(續)

2012年至2014年週期之香港財務報告準則年度改進包括對多項香港財務報告準則作出的修訂本

香港會計準則第19號(修訂本)釐清用以折現退休福利責任的利率應經參照優質公司債券於報告期末的市場收回率而釐定。對優質公司債券市場深度的評估應按貨幣水平(即將支付利益的同一貨幣)作出。就有關優質債券並無深入市場的貨幣而言，以該貨幣計值的政府債券於報告期末的市場收益率應獲使用。

應用香港財務報告準則修訂本對本集團目前及過往年度之財務表現及狀況及／或載於本集團綜合財務報表之披露均無重大影響。

Notes to the Consolidated Financial Statements (continued) 綜合財務報表附註(續)

For The Year Ended 31 December 2016 截至2016年12月31日止年度

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

New and amendments to HKFRSs in issue but not yet effective

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

HKFRS 9	Financial Instruments ¹
HKFRS 15	Revenue from Contracts with Customers and the related Amendments ¹
HKFRS 16	Leases ²
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions ¹
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts ¹
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to HKAS 7	Disclosure Initiative ⁴
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses ⁴
Amendments to HKFRSs	Annual Improvements to HKFRSs 2014–2016 Cycle ⁵

¹ Effective for annual periods beginning on or after 1 January 2018

² Effective for annual periods beginning on or after 1 January 2019

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

⁴ Effective for annual periods beginning on or after 1 January 2017

⁵ Effective for annual periods beginning on or after 1 January 2017 or 1 January 2018, as appropriate

2. 應用新訂香港財務報告準則(「香港財務報告準則」)及修訂本(續)

已頒佈但尚未生效的新訂香港財務報告準則及修訂本

本集團並無提早應用以下已頒佈但尚未生效的新訂香港財務報告準則及修訂本：

香港財務報告準則第9號	金融工具 ¹
香港財務報告準則第15號	客戶合同收入及相關修訂 ¹
香港財務報告準則第16號	租賃 ²
香港財務報告準則第2號(修訂本)	股份支付交易的分類和計量 ¹
香港財務報告準則第4號(修訂本)	採用香港財務報告準則第9號金融工具時一併應用香港財務報告準則第4號保險合約 ¹
香港財務報告準則第10號及香港會計準則第28號(修訂本)	投資者與其聯營或合營企業之間的資產出售或注資 ³
香港會計準則第7號(修訂本)	披露主動性 ⁴
香港會計準則第12號(修訂本)	就未變現虧損確認遞延稅項資產 ⁴
香港財務報告準則(修訂本)	2014年至2016年週期之香港財務報告準則年度改進 ⁵

¹ 於2018年1月1日或之後開始之年度期間生效

² 於2019年1月1日或之後開始之年度期間生效

³ 於待定期日或之後開始之年度期間生效

⁴ 於2017年1月1日或之後開始之年度期間生效

⁵ 於2017年1月1日或2018年1月1日(按適用者)或之後開始之年度期間生效

Notes to the Consolidated Financial Statements (continued)

綜合財務報表附註(續)

For The Year Ended 31 December 2016 截至2016年12月31日止年度

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

HKFRS 9 Financial Instruments

HKFRS 9 introduces new requirements for the classification and measurement of financial assets, financial liabilities, general hedge accounting and impairment requirements for financial assets.

Key requirements of HKFRS 9 that are relevant to the Group are:

- in relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

Based on the Group's financial instruments and risk management policies as at 31 December 2016, application of HKFRS 9 in the future may have a material impact on the classification and measurement of the Group's financial assets. The expected credit loss model may result in early provision of credit losses which are not yet incurred in relation to the Group's financial assets measured at amortised cost.

HKFRS 15 Revenue from Contracts with Customers

HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 *Revenue*, HKAS 11 *Construction Contracts* and the related interpretations when it becomes effective.

2. 應用新訂香港財務報告準則(「香港財務報告準則」)及修訂本(續)

香港財務報告準則第9號「金融工具」

香港財務報告準則第9號引入就金融資產、金融負債、一般對沖會計法及金融資產減值要求之分類及計量的新規定。

與本集團有關之香港財務報告準則第9號之主要規定載列如下：

- 關於金融資產減值，香港財務報告準則第9號規定按一項預期信用損失模式，而非根據香港會計準則第39號按一項已發生的信用損失模式。該預期信用損失模式規定一個實體須就其預期信用損失及該等預期信用損失之變動在每個報告日期入賬，以反映自初始確認時信貸風險之變動。換句話說，現已不再需要對之前發生的信用事件確認信用損失。

根據本集團於2016年12月31日之金融工具及風險管理政策，將來應用香港財務報告準則第9號可能對本集團的金融資產之分類及計量產生重大影響。預期信用損失模式可能導致本集團以攤銷成本計量的金融資產尚未發生之信用損失提早撥備。

香港財務報告準則第15號「客戶合同收入」

香港財務報告準則第15號已頒佈並建立了一個單一的綜合模型，以確認來自客戶合同的收入。當香港財務報告準則第15號生效時，將取代現時沿用的收入確認指引包括香港會計準則第18號「收入」，香港會計準則第11號「建築合同」及相關的詮釋。

Notes to the Consolidated Financial Statements (continued)

綜合財務報表附註(續)

For The Year Ended 31 December 2016 截至2016年12月31日止年度

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

HKFRS 15 Revenue from Contracts with Customers (Continued)

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when ‘control’ of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

In 2016, the HKICPA issued clarifications to HKFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

The directors of the Company anticipate that the application of HKFRS 15 in the future may result in more disclosures, however, the directors of the Company do not anticipate that the application of HKFRS 15 will have a material impact on the timing and amounts of revenue recognised in the respective reporting period.

2. 應用新訂香港財務報告準則(「香港財務報告準則」)及修訂本(續)

香港財務報告準則第15號「客戶合同收入」(續)

香港財務報告準則第15號的核心原則乃一個實體應確認收入以體現向客戶轉讓承諾貨品或服務的數額，並反映實體預期交換該等貨品或服務而應得的對價。具體來說，該準則引入了5步法來確認收入：

- 第1步：確定與一個客戶的合同
- 第2步：確定合同內的履約義務
- 第3步：釐定交易價格
- 第4步：將交易價格分攤至合同內的履約義務
- 第5步：當實體符合履約義務時確認收入

根據香港財務報告準則第15號，當一個實體符合履約義務時確認收入，即當貨品或服務按特定的履約義務轉移並由客戶「控制」時。更為規範的指引已加入香港財務報告準則第15號內以茲處理特別的情況。此外，香港財務報告準則第15號亦要求較廣泛的披露。

於2016年，香港會計師公會就識別履約責任、主事人與代理之考慮因素及牌照申請指引發出有關香港財務報告準則第15號之澄清。

本公司董事預計，日後應用香港財務報告準則第15號可能會導致更多披露，惟本公司董事預計應用香港財務報告準則第15號將不會對相關報告期間確認收益的金額及時間造成重大影響。

Notes to the Consolidated Financial Statements (continued)

綜合財務報表附註(續)

For The Year Ended 31 December 2016 截至2016年12月31日止年度

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

HKFRS 16 Leases

HKFRS 16 introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. HKFRS 16 will supersede HKAS 17 Leases and the related interpretations when it becomes effective.

HKFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others. For the classification of cash flows, the Group currently presents upfront prepaid lease payments as investing cash flows in relation to leasehold lands for owned use and those classified as investment properties while other operating lease payments are presented as operating cash flows. Under the HKFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing and operating cash flows respectively.

In contrast to lessee accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by HKFRS 16.

2. 應用新訂香港財務報告準則(「香港財務報告準則」)及修訂本(續)

香港財務報告準則第16號「租賃」

香港財務報告準則第16號為識別出租人及承租人的租賃安排及會計處理引入一個綜合模式。當香港財務報告準則第16號生效時，將取代香港會計準則第17號租賃及相關的詮釋。

香港財務報告準則第16號根據所識別資產是否由客戶控制來區分租賃及服務合約。除短期租賃及低值資產租賃外，經營及融資租賃的差異自承租人會計處理中移除，並由承租人須就所有租賃確認使用權資產及相應負債的模式替代。

使用權資產初步按成本計量，隨後以成本(惟若干例外情況除外)減累計折舊及減值虧損計量，並就租賃負債的任何重新計量而作出調整。租賃負債初步按租賃款項(非當日支付)之現值計量。隨後，租賃負債會就(其中包括)利息及租賃款項以及租賃修訂的影響作出調整。就現金流量分類而言，本集團目前將預付租賃款項呈列為與自用租賃土地及分類為投資物業的租賃土地有關的投資現金流量，其他經營租賃款項則呈列為經營現金流量。根據香港財務報告準則第16號，有關租賃負債的租賃款項將分配至本金及利息部分，並分別以融資經營現金流量呈列。

與承租人會計處理方法相反，香港財務報告準則第16號大致保留香港會計準則第17號內出租人的會計要求，並繼續規定出租人將租賃分類為經營租賃或融資租賃。

此外，香港財務報告準則第16號亦要求較廣泛的披露。

Notes to the Consolidated Financial Statements (continued) 綜合財務報表附註(續)

For The Year Ended 31 December 2016 截至2016年12月31日止年度

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

HKFRS 16 Leases (Continued)

As at 31 December 2016, the Group as lessee has non-cancellable operating lease commitments of HK\$221,339,000 as disclosed in note 34. A preliminary assessment indicates that these arrangements will meet the definition of a lease under HKFRS 16, and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of HKFRS 16. In addition, the application of new requirements may result changes in measurement, presentation and disclosure as indicated above. However, it is not practicable to provide a reasonable estimate of the financial effect until the directors complete a detailed review.

Amendments to HKAS 7 Disclosure Initiative

The amendments require an entity to provide disclosures that enable users of consolidated financial statements to evaluate changes in liabilities arising from financing activities including both changes arising from cash flows and non-cash changes. Specially, the amendments require the following changes in liabilities arising from financing activities to be disclosed: (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other business; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes.

The amendments apply prospectively for annual periods beginning on or after 1 January 2017 with earlier application permitted. The application of the amendments will result in additional disclosures on the Group's financing activities, specifically reconciliation between the opening and closing balances in the consolidated statement of financial position for liabilities arising from financing activities will be provided on application.

In the opinion of the directors, the application of these amendments will not result in any impact on the financial performance or financial position of the Group in these consolidated financial statements, except for the disclosure of changes arising from obtaining or losing control of subsidiaries or other businesses.

2. 應用新訂香港財務報告準則(「香港財務報告準則」)及修訂本(續)

香港財務報告準則第16號「租賃」(續)

於2016年12月31日，誠如附註34所披露，本集團(作為承租人)有不可撤銷的經營租賃承擔為數221,339,000港元。初步評估顯示該等安排將符合香港財務報告準則第16號項下租賃的定義，因此本集團將會就所有該等租賃確認使用權資產及對應負債，除非於應用香港財務報告準則第16號時該等租賃符合低值或短期租賃。此外，應用新規定可能導致上文所述的計量、呈列及披露變動。然而，在董事完成詳細檢討後，才可能對財務影響作出合理估計。

香港會計準則第7號(修訂本)「主動披露」

修訂本規定實體披露能讓綜合財務報表使用者評估融資活動產生的負債的變動，包括現金流量引致之變動及非現金變動。尤其是，修訂本規定披露以下來自融資活動的負債變動：(i)來自融資現金流量的變動；(ii)來自取得或失去附屬公司或其他業務的控制權的變動；(iii)外幣匯率變動的影響；(iv)公平值變動；及(v)其他變動。

修訂本於2017年1月1日或之後開始的年度期間前瞻性應用，並許可提早應用。應用修訂本將導致有關本集團融資活動的額外披露，尤其是融資活動產生的負債於綜合財務狀況表的期初與期末結餘的對賬，將於應用修訂本時披露。

董事認為，除了對來自取得或失去附屬公司或其他業務的控制權的變動作出披露外，應用該等修訂將不會對該等綜合財務報表中本集團之財務表現或財務狀況造成任何影響。

Notes to the Consolidated Financial Statements (continued) 綜合財務報表附註(續)

For The Year Ended 31 December 2016 截至2016年12月31日止年度

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

Amendments to HKAS 7 Disclosure Initiative (Continued)

Except as described above, the directors of the Company anticipated that the application of other new and amendments to HKFRSs in issue but not yet effective will have no material impact on the Group’s consolidated financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities (the “Listing Rules”) on the Stock Exchange and by the Hong Kong Companies Ordinance (“Companies Ordinance”).

The consolidated financial statements have been prepared on the historical cost basis except for investment properties and derivative financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

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

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

2. 應用新訂香港財務報告準則(「香港財務報告準則」)及修訂本(續)

香港會計準則第7號(修訂本) 「主動披露」(續)

除上文所述者外，本公司董事預期應用已頒佈但尚未生效之其他新訂及香港財務報告準則修訂本對本集團之綜合財務報表並無重大影響。

3. 主要會計政策

綜合財務報表乃遵照香港會計師公會頒佈之香港財務報告準則編製。此外，綜合財務報表載有聯交所證券上市規則(「上市規則」)及香港公司條例(「公司條例」)規定的適用披露。

綜合財務報表乃按歷史成本基準編製，惟按各報告期末之公平值計算之投資物業及衍生金融工具則除外，其會計政策於下文解釋。

歷史成本一般按交易貨品及服務時之代價公平值計算。

公平值乃市場參與者間於計量日期進行之有序交易中，出售資產所收取或轉讓負債所支付之價格，不論該價格是否可直接觀察或以其他估值技術估計。於估計一項資產或負債之公平值時，本集團考慮市場參與者於計量日期為該資產或負債進行定價時將會考慮之特徵。在該等綜合財務報表中計量及/或披露之公平值均在此基礎上予以確定，惟香港財務報告準則第2號以股份為基礎支付範圍內之以股份為基礎之支付交易、香港會計準則第17號範圍內之租賃交易、以及與公平值類似惟並非公平值之計量(例如香港會計準則第2號存貨內之可變現淨值或香港會計準則第36號減值資產內之使用價值)除外。

Notes to the Consolidated Financial Statements (continued) 綜合財務報表附註(續)

For The Year Ended 31 December 2016 截至2016年12月31日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

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

The principal accounting policies are set out below.

Basis of consolidation

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

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

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

3. 主要會計政策(續)

非金融資產公平值的計量乃參考市場參與者可從使用其資產得到的最高及最佳效用，或將其售予另一名可從使用該資產得到最高及最佳效用的市場參與者所產生的經濟效益。

此外，就財務報告而言，公平值計量根據公平值計量之輸入數據可觀察程度及公平值計量之輸入數據對其整體之重要性分類為第一級、第二級或第三級，詳情如下：

- 第一級輸入數據為實體於計量日期可取得之相同資產或負債於活躍市場之報價(未經調整)；
- 第二級輸入數據為就資產或負債直接或間接可觀察之輸入數據，包括於第一級內之報價除外；及
- 第三級輸入數據為資產或負債之不可觀察輸入數據。

主要會計政策載列於下文。

綜合基準

本綜合財務報表包含本公司以及由本公司及其附屬公司控制之實體之財務報表。取得控制權指當本公司：

- 對被投資方行使權力；
- 因參與被投資方之業務而獲得或有權獲得可變回報；及
- 有能力行使其權力以影響該等回報。

倘事實及情況反映上文所列三項控制因素其中一項或多項改變，則本公司將重估是否仍然控制被投資方。

Notes to the Consolidated Financial Statements (continued)

綜合財務報表附註(續)

For The Year Ended 31 December 2016 截至2016年12月31日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of consolidation (Continued)

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

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

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

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

Changes in the Group's ownership interests in existing subsidiaries

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attributable to the owners of the Company. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKAS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

3. 主要會計政策(續)

綜合基準(續)

當本集團取得附屬公司之控制權，便將該附屬公司綜合入賬；當本集團失去附屬公司之控制權，便停止將該附屬公司綜合入賬。具體而言，年內收購或出售之附屬公司之收入及支出會於本集團取得控制權當日起計入綜合損益及其他全面收益表，直至本集團對該附屬公司之控制權終止當日為止。

損益及其他綜合收益各部份乃歸屬於本公司擁有人及非控股權益。儘管將導致非控股權益出現虧拙，附屬公司的全面收益總額亦歸屬於本公司擁有人及非控股權益。

如有需要，附屬公司之財務報表將作出調整，以使其會計政策與本集團之會計政策一致。

所有集團內成員間有關資產及負債、權益、收入、支出及現金流之交易均於綜合入賬時全數對銷。

本集團於現有附屬公司擁有權權益變動

倘本集團失去對附屬公司的控制權，則收益或虧損於損益內確認且以下列兩者間之差額計算(i)所收代價之公平值與任何保留權益之公平值總和及(ii)資產(包括商譽)之先前賬面值與本公司擁有人應佔附屬公司之負債。過往在有關附屬公司之其他全面收益確認之所有金額均入賬，猶如本集團已直接出售附屬公司之相關資產或負債(即按適用香港財務報告準則具體規定/准許重新分類至損益或轉移至其他股本類別)。在原附屬公司所保留任何投資於失去控制權當日的公平值根據香港會計準則第39號被視為初步確認公平值供後續會計處理(如適用)於聯營公司或合營企業中投資之初步確認成本。

Notes to the Consolidated Financial Statements (continued) 綜合財務報表附註(續)

For The Year Ended 31 December 2016 截至2016年12月31日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 Income Taxes and HKAS 19 Employee Benefits respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 Share-based Payment at the acquisition date (see the accounting policy below); and
- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net amount of the identifiable assets acquired and the liabilities assumed as at acquisition date. If, after re-assessment, the net amount of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

3. 主要會計政策(續)

業務合併

收購業務以收購法入賬。業務合併所轉讓代價以公平值計量，而公平值按本集團所轉讓資產、本集團對被收購方前擁有人所產生負債以及本集團就交換被收購方控制權所發行股本於收購日期的公平值總和計算。收購有關成本一般於產生時於損益內確認。

於收購日期，所購入可識別資產及所承擔負債，按其公平值確認，惟下列各項除外：

- 遞延稅項資產或負債及有關僱員福利安排的資產或負債分別遵循香港會計準則第12號所得稅及香港會計準則第19號僱員福利確認及計量；
- 與被收購方以股份為基礎支付交易或為替代被收購方以股份為基礎支付安排而訂立之本集團以股份為基礎支付安排有關的負債或股本工具，於收購日期根據香港財務報告準則第2號以股份為基礎之支付計量(見下文會計政策)；及
- 根據香港財務報告準則第5號持作出售非流動資產及已終止經營業務分類為持作出售之資產(或出售組合)按該準則計量。

商譽按所轉讓代價、於被收購方任何非控股權益之金額及收購方過往所持被收購方股權(如有)公平值總和超出所收購可識別資產及所承擔負債於收購日期之淨額計量。倘於重新評估後，所收購可識別資產及所承擔負債之淨額超出所轉讓代價、於被收購方任何非控股權益之金額及收購方過往所持被收購方權益(如有)公平值之總和，差額即時於損益確認為議價收購收益。

Notes to the Consolidated Financial Statements (continued) 綜合財務報表附註(續)

For The Year Ended 31 December 2016 截至2016年12月31日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Business combinations (Continued)

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis.

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see the accounting policy above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not large than an operating segment.

A cash-generating unit (or groups of cash-generating units) to which goodwill has been allocated is tested for impairment annually or more frequently when there is an indication that the unit (or groups of cash-generating units) may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit (or groups of cash-generating units) to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro-rata basis based on the carrying amount of each asset in the unit (or groups of cash-generating units).

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal.

The Group's policy for goodwill arising on the acquisition of an associate is described below.

3. 主要會計政策(續)

業務合併(續)

非控股權益為現有所有權權益，授權持有人於清盤時按比例分佔相關附屬公司資產淨值，其可初步按公平值或非控股權益按比例分佔被收購方可識別資產淨值之已確認數額計量。計量基準可按個別交易選擇。

商譽

收購業務產生之商譽按收購業務之日之成本(見上文會計政策)減累計減值虧損(如有)列賬。

為進行減值測試，商譽乃分配至預期將從合併所帶來的協同效益中受惠的各個集團的現金產生單位或現金產生單位組合，而該單位或單位組合指就內部管理目的監控商譽的最低水平且不超過經營分類。

獲得商譽分配的現金產生單位(或現金產生單位組合)每年進行減值測試及每當有跡象顯示該單位(或現金產生單位組合)可能出現減值時更為頻繁地進行減值測試。就於某一報告期間收購產生的商譽而言，獲得商譽分配的現金產生單位(或現金產生單位組合)於該報告期間結束前進行減值測試。倘現金產生單位的可收回金額低於該單位的賬面值，則首先分配減值虧損以減低分配至該單位的任何商譽的賬面值，然後按該單位內各項資產的賬面值所佔比例分配至該單位(或現金產生單位組合)的其他資產。

於出售相關現金產生單位後，商譽的應佔金額計入出售損益金額。

本集團就收購一間聯營公司產生之商譽政策載於下文。

Notes to the Consolidated Financial Statements (continued) 綜合財務報表附註(續)

For The Year Ended 31 December 2016 截至2016年12月31日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interests in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associates used equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of loss of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

3. 主要會計政策(續)

於聯營公司之權益

聯營公司指本集團能對其行使重大影響力之實體。重大影響力指可參與受投資公司之財務及營運決策但不是控制或共同控制該等政策之權力。

聯營公司的業績以及資產及負債以權益會計法於該等綜合財務報表入賬。作會計權益法用途的聯營公司的財務報表乃按與本集團就同類交易及同類事項的統一會計政策編製。根據權益法，於聯營公司之投資初步按成本於綜合財務狀況表內確認，並於其後就確認本集團應佔該聯營公司或合營企業的損益及其他全面收入予以調整。當本集團應佔該聯營公司的虧損超出本集團於該聯營公司的權益(包括實質上成為本集團於該聯營公司投資淨額一部分的任何長期權益)時，本集團終止確認其應佔之進一步虧損。僅於本集團已產生法律或推定責任，或已代表聯營公司支付款項之情況下，方會進一步確認虧損。

於聯營公司之投資乃自被投資方成為聯營公司當日起按權益法入賬。收購於聯營公司之投資時，投資成本超出本集團應佔該被投資方之可識別資產及負債之公平值淨額之任何數額確認為商譽，並計入該投資之賬面值。本集團所佔之可識別資產及負債的公平值淨額超出投資成本部分，在重新評估後，即時於投資收購期間於損益內確認。

Notes to the Consolidated Financial Statements (continued)

綜合財務報表附註(續)

For The Year Ended 31 December 2016 截至2016年12月31日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interests in associates (Continued)

The requirements of HKAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 "Impairment of Assets" as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When the Group ceases to have significant influence over an associate, it is accounted for as a disposal of the entire interest in the investee with a resulting gain or loss being recognised in profit or loss. When the Group retains an interest in the former associate and the retained interest is a financial asset within the scope of HKAS 39, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition. The difference between the carrying amount of the associate at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of the relevant interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

3. 主要會計政策(續)

於聯營公司之權益(續)

本集團於聯營公司之投資乃按香港會計準則第39號之規定來決定是否需要確認任何減值虧損。倘有需要，投資之全部賬面值(包括商譽)將視作單一資產並按香港會計準則第36號「資產減值」透過將其可收回金額(即使用價值和公平值減出售成本之較高者)與賬面值作比較以進行減值測試。任何已確認之減值虧損會成為投資賬面值之一部分。倘投資之可收回金額其後回升，減值虧損之任何撥回會按照香港會計準則第36號確認。

倘本集團對聯營公司失去重大影響力，其入賬列作出售被投資方的全部權益，所產生的損益於損益確認。倘根據香港會計準則第39號之範圍，本集團保留於聯營公司之權益且該保留權益為金融資產，則本集團會於該日按公平值計量保留權益，而該公平值被視為於初步確認時之公平值。聯營公司於終止採用權益法當日的賬面值與任何保留權益及出售聯營公司之相關權益之所得款項公平值間之差額，會於釐定出售該聯營公司之收益或虧損時入賬。此外，本集團會將先前在其他全面收入就該聯營公司確認之所有金額入賬，基準與該聯營公司直接出售相關資產或負債所需基準相同。因此，倘該聯營公司先前已於其他全面收入確認之收益或虧損，會於出售相關資產或負債時重新分類至損益。本集團會於終止採用權益法時將收益或虧損由權益重新分類至損益(作為重新分類調整)。

Notes to the Consolidated Financial Statements (continued)

綜合財務報表附註(續)

For The Year Ended 31 December 2016 截至2016年12月31日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interests in associates (Continued)

When the Group reduces its ownership interest in an associate but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interest in the associate that are not related to the Group.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

Revenue is recognised when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the Group and when specific criteria have been met for each of the Group's activities, as described below.

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

3. 主要會計政策(續)

於聯營公司之權益(續)

倘本集團削減其於聯營公司之所有權權益而本集團繼續採用權益法，若有關收益或虧損會於出售相關資產或負債時重新分類至損益，則本集團會將先前已於其他全面收入確認與削減所有權權益有關之收益或虧損部分重新分類至損益。

倘集團實體與本集團之聯營公司進行交易，僅在聯營公司之權益與本集團無關之情況下，方會於本集團綜合財務報表中確認與聯營公司進行交易所產生之溢利及虧損。

收入確認

收入按已收或應收代價之公平值計量。收入已就估計客戶退貨、回扣及其他類似備抵作出扣減。

當收入的金額能可靠地計量，而未來經濟利益可能流入本集團，且符合以下本集團各業務的特定準則時，將會確認收入。

貨物銷售於貨物付運及擁有權轉移後，並同時符合以下所有條件時確認：

- 本集團將商品所有重大風險及回報之擁有權已轉移給買方；
- 本集團既沒有保留通常與所有權相聯繫的繼續管理權，也沒有對已出售商品實施有效控制；
- 收入金額能夠可靠地計量；
- 與交易相關的經濟利益很可能流入本集團；及
- 有關交易所產生或將予產生的成本能夠可靠地計量。

Notes to the Consolidated Financial Statements (continued)

綜合財務報表附註(續)

For The Year Ended 31 December 2016 截至2016年12月31日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition (Continued)

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Leasing

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

The Group as lessee

Operating lease payments, including the cost of acquiring land held under operating lease, are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

3. 主要會計政策(續)

收入確認(續)

當經濟利益可能流入本集團時，而其收益金額能可靠地計量，有關金融資產之利息收入予以確認。利息收入乃以時間為基準按未償還本金及適用實際利率累計，而實際利率為透過金融資產之預期可用年期將估計日後所收現金實際折讓至該資產初步確認之賬面淨值之比率。

租賃

凡租賃之條款規定擁有權所附帶之一切風險及回報實質上轉移至承租人者，該租賃即歸類為融資租賃。其他租賃全部列作經營租賃。

本集團作為承租人

經營租賃之付款(包括以經營租賃持有土地的購入成本)乃按相關租約年期以直線法確認為費用，除非另有其他系統基準而更有代表性的時間模式去計算租賃資產之經濟利益被消耗。經營租賃產生的或有租金於發生的時間內確認為費用。

當訂立經營租賃時收到租金優惠，該等優惠被確認為負債。所有租金優惠以直線法確認為遞減租金開支，除非另有其他系統基準而更有代表性的時間模式，去計算租賃資產之經濟利益消耗。

Notes to the Consolidated Financial Statements (continued) 綜合財務報表附註(續)

For The Year Ended 31 December 2016 截至2016年12月31日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leasing (Continued)

Leasehold land and building

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

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as “prepaid lease payments” in the consolidated statement of financial position and is amortised over the lease term on a straight-line basis except for those that are classified and accounted for as investment properties under the fair value model.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

3. 主要會計政策(續)

租賃(續)

租賃土地及樓宇

當租賃包括土地及樓宇部份時，本集團以評估與各部份擁有權有關的絕大部份風險及回報是否已轉移至本集團為基礎，評估如何將各部份分類為融資或經營租賃，除非肯定兩部分均為經營租賃，則於該情況下，整項租賃乃分類為經營租賃。尤其，最低租賃款項(包括任何一次性預付款項)乃以租約開始時，於土地及樓宇部份之間進行分配，比例為以租賃權益於土地部份及樓宇部份的相對公平值而定。

倘租賃款項能夠可靠分配時，則入賬時列作經營租約的租賃土地權益乃於綜合財務狀況表列作「預付租賃款項」，並以直線法於租期內攤銷，除了那些被歸類為公平值模式下的投資物業。

外幣

編製各個別集團實體之財務報表時，以該實體功能貨幣以外之貨幣(外幣)進行之交易均按其各自之功能貨幣於交易日期之適用匯率入賬。於報告期末，以外幣計值之貨幣項目均按結算日之適用匯率重新換算。以外幣計值並按公平值列賬之非貨幣項目乃按釐定公平值當日之適用匯率重新換算。按外幣歷史成本計量之非貨幣項目不會重新換算。

結算貨幣項目及兌換貨幣項目所產生之匯兌差額會於產生期間於損益內確認。

Notes to the Consolidated Financial Statements (continued)

綜合財務報表附註(續)

For The Year Ended 31 December 2016 截至2016年12月31日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Foreign currencies (Continued)

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. HK dollars) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during the period, in which case, the exchange rates prevailing at the dates of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve.

Goodwill and fair value adjustments on identifiable assets acquired on an acquisitions of a foreign operation are treated as assets and liabilities of that foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

3. 主要會計政策(續)

外幣(續)

就呈列綜合財務報表而言，本集團海外經營業務之資產及負債乃按於報告期末之適用匯率換算為本集團之列賬貨幣(即港元)，而收入及支出乃按該年度之平均匯率進行換算，除非匯率於該期間內出現大幅波動則作別論，於此情況下，則採用於交易當日之適用匯率。所產生之匯兌差額(如有)乃於其他全面收益及累計權益內確認(匯兌儲備)。

因收購海外業務而收購之可識別資產的商譽及公平值調整乃視作該海外業務之資產及負債，並按各報告期末之適用匯率換算。匯兌差額乃於其他全面收益內確認。

借貸成本

所有借貸成本均於產生期間於損益內確認。

政府補助

在合理地保證本集團會遵守政府補助的附帶條件以及將會得到補助後，政府補助方會予以確認。

政府補助乃就本集團確認的有關支出(預期補助可予抵銷成本的支出)期間按系統化的基準於損益中確認。具體而言，以要求本集團購買、建造或收購非流動資產為主要條件的政府補助乃於綜合財務狀況表確認為遞延收入，並於相關資產的可用年期內基於系統合理基準轉撥至損益中。

Notes to the Consolidated Financial Statements (continued) 綜合財務報表附註(續)

For The Year Ended 31 December 2016 截至2016年12月31日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Retirement benefit costs

Payments to the Mandatory Provident Fund Scheme (the “MPF scheme”) as required under the Hong Kong Mandatory Provident Fund Schemes Ordinance and state-managed retirement benefit schemes are recognised as an expense when employees have rendered service entitling them to the contributions.

For defined retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the consolidated statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- remeasurement.

The Group presents the first two components of defined benefit costs in profit or loss in the line item of general and administrative expenses. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit assets recognised in the consolidated statement of financial position represents the actual deficit or surplus in the Group’s defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

3. 主要會計政策(續)

退休福利成本

根據香港強制性公積金計劃條例規定之強制性公積金計劃(「強積金計劃」)及國家管理退休福利計劃之付款於僱員提供服務使其可享有供款時計入為開支。

就界定退休福利計劃而言，提供福利之成本乃根據預計單位信貸法釐定，並於各年度報告期末進行精算估值。重新計量組成部份，包括精算損益、資產上限變動之影響(如適用)及計劃資產於扣息後的回報，應即時於發生期間內於財務狀況表反映及於其他全面收益確認為收入或支出。確認與其他全面收益部份的重新計量組成部份立即轉入保留盈利及不得重新分類為損益。過往服務費用於計劃修訂期間於損益中確認。利息淨額採用期初之折現率及界定福利負債或資產計算。界定福利成本分類為以下組成部份：

- 服務費用(包括當期服務費用、過往服務費用以及縮減及結算之損益)；
- 淨利息支出或收入；及
- 重新計量。

本集團於一般及行政開支項目之損益呈列首兩部份之界定福利成本。縮減損益入賬為過往服務成本。

於綜合財務狀況表確認之退休福利資產指本集團界定福利計劃之實際虧拙或盈餘。任何以此計算方法得出之盈餘僅限於有關計劃之退款或減少對該等計劃之未來供款可獲得的經濟利益現值。

Notes to the Consolidated Financial Statements (continued) 綜合財務報表附註(續)

For The Year Ended 31 December 2016 截至2016年12月31日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from “profit before taxation” as reported in the consolidated statement of profit or loss and other comprehensive income because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group’s liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interest are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

3. 主要會計政策(續)

稅項

所得稅開支指即期應付稅項及遞延稅項的總和。

即期應付稅項根據該年度的應課稅溢利計算。應課稅溢利有別於綜合損益及其他全面收益表內所呈報的(「除稅前溢利」)，此乃由於其並無計入其他年度的應課稅或可扣稅收支項目，亦無計入日後的毋須課稅及不可扣稅的項目。本集團的即期稅項乃按已於各報告期末訂定或大致訂定的稅率計算。

遞延稅項乃就綜合財務報表內的資產與負債賬面值與計算應課稅溢利所採用的相應稅基間的暫時性差額確認。遞延稅項負債一般就所有應課稅暫時性差額予以確認，而遞延稅項資產則於可能動用應課稅溢利以抵銷可扣稅的暫時性差額予以確認。倘因初步確認一項既不影響應課稅溢利亦不影響會計溢利的(業務合併以外)交易的資產與負債而產生暫時性差額，則有關遞延資產與負債不予確認。

遞延稅項負債乃就於附屬公司的投資所產生的應課稅暫時性差額確認，惟倘本集團能控制暫時性差額的撥回以及暫時性差額有機會不會於可見將來撥回除外。與該等投資及權益相關之可扣稅暫時差額所產生之遞延稅項資產僅於可能有足夠應課稅溢利可以使用暫時差額之益處且預計於可見將來可以撥回時確認。

Notes to the Consolidated Financial Statements (continued) 綜合財務報表附註(續)

For The Year Ended 31 December 2016 截至2016年12月31日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED) 3. 主要會計政策(續)

Taxation (Continued)

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purpose of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model, the carrying amount of such properties are presumed to be recovered entirely through sale.

Current and deferred tax are recognised in profit or loss.

Property, plant and equipment

Property, plant and equipment including buildings held for use in the production or supply of goods or for administrative purposes (other than properties under construction as described below) are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Properties in the course of construction for production or administrative purposes are carried at cost, less any recognised impairment loss. Costs include professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such assets are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other assets, commences when the assets are ready for their intended use.

稅項(續)

遞延稅項資產的賬面值乃於各報告期末進行檢討，並在沒可能有足夠應課稅溢利收回全部或部分資產時予以扣減。

遞延稅項資產及負債按預期清償負債或資產變現期間內適用之稅率於報告期末已頒佈或實質上頒佈之稅率(及稅法)為基礎計量。

遞延稅項負債及資產之計量，反映了本集團於報告期末，預期對收回資產或清償負債之賬面值的方式所產生稅務結果。

就採用公平值模式計量的投資物業的遞延稅項負債及遞延稅項資產之計量而言，該等物業的賬面值乃假設可透過銷售收回。

當期及遞延稅項於損益內確認。

物業、廠房及設備

除下述之在建物業外，於綜合財務狀況表列示的物業、廠房及設備(包括持有作貨物生產或供應或行政用途的樓宇)乃按成本減其後累計折舊及其後累計減值虧損(如有)入賬。

用作生產或行政用途之在建中物業，按成本減任何已確認之減值虧損列賬。成本包括專業費用及借貸成本(合資格資產)根據本集團的會計政策進行資本化。該等資產完工並可投入擬定用途時，則會分類至合適的物業、廠房及設備類別。該等資產計提折舊的基準與其他資產相同，即在資產可投入擬定用途時開始計提折舊。

Notes to the Consolidated Financial Statements (continued)

綜合財務報表附註(續)

For The Year Ended 31 December 2016 截至2016年12月31日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment (Continued)

Depreciation is recognised so as to write off the cost of assets other than properties under construction less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties are measured initially at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use or no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the period in which the property is derecognised.

3. 主要會計政策(續)

物業、廠房及設備(續)

除在建物業外，物業、廠房及設備按其估計可使用年期，以其估計餘值按直線法計算，確認折舊並撇銷成本。估計可使用年期、餘值及折舊方法於各報告期間末檢討，任何估計變動的影響按前瞻基準入賬。

物業、廠房及設備項目於出售時或當繼續使用該資產而預期不會產生任何日後經濟效益時終止確認。任何一項物業、廠房及設備之出售及報廢，按該項目之出售所得款與賬面值間之差額計算盈虧，並計入損益。

投資物業

投資物業乃持有作賺取租金及／或尋求資本增值之物業。

投資物業於初次確認時按成本計量，當中包括任何直接應佔開支。初次確認後，投資物業採用公平值計量。就投資物業公平值變動所產生之收益或虧損，均計入發生當期之損益內。

當出售或永久停止使用投資物業，或預計出售投資物業不會帶來日後經濟利益時，即終止確認投資物業。終止確認物業所產生之任何收益或虧損(按出售所得款項淨額與該資產之賬面值之差額計算)計入當期終止確認該物業之損益內。

Notes to the Consolidated Financial Statements (continued) 綜合財務報表附註(續)

For The Year Ended 31 December 2016 截至2016年12月31日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful lives and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets acquired in a business combination

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

Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are reported at cost less accumulated amortisation and any accumulated impairment losses, on the same basis as intangible assets that are acquired separately. Alternatively, intangible assets acquired in a business combination with indefinite useful lives are carried at cost less any subsequent accumulated impairment loss (see the accounting policy in respect of impairment losses on tangible and intangible assets below).

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

3. 主要會計政策(續)

無形資產

個別收購之無形資產

個別收購並具有有限使用年期的無形資產按成本減累計攤銷及任何累計減值虧損列賬。具有有限使用年期的無形資產攤銷乃以直線法按其估計可使用年期確認。估計可使用年期及攤銷方法於各報告期末檢討，任何估計變動的影響按前瞻基準入賬。

於業務合併收購之無形資產

業務合併所購得並與商譽分開確認的無形資產初步按收購日期的公平值確認並視為成本值。

初始確認後，於業務合併中所收購的具有有限使用年期的無形資產按獨立收購的無形資產相同的基準，以成本減累計攤銷及任何累計減值虧損呈報。此外，於業務合併中所收購的具無限使用年期的無形資產按成本減任何其後累計減值虧損(有關有形及無形資產的減值虧損會計政策見下文)入賬。

無形資產於出售時或不會再因使用或出售而產生未來經濟利益時終止確認。終止確認無形資產產生的收益或虧損，即資產出售所得款項淨額與賬面值的差額於終止確認資產時在損益確認。

Notes to the Consolidated Financial Statements (continued)

綜合財務報表附註(續)

For The Year Ended 31 December 2016 截至2016年12月31日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment losses on tangible and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

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

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit. An impairment loss is recognised immediately in profit or loss.

3. 主要會計政策(續)

有形及無形資產(不包括商譽)減值虧損

本集團於各報告期末檢討其具有限可使用年期之有形及無形資產之賬面值，以釐定該等資產是否蒙受減值虧損之跡象。倘出現該等跡象，則估計有關資產之可收回金額，以釐定減值虧損(如有)之程度。倘無法估計個別資產之可收回金額，則本集團會估計該資產所屬現金產生單位之可收回金額。於可確定分配基準屬合理及貫徹一致時，企業資產亦分配至個別現金產生單位，或另行分配至可確定分配基準屬合理及貫徹一致時之最小現金產生單位組別。

具有無限可使用年期的無形資產及尚未可供使用的無形資產每年最少一次及於該資產出現可能減值的跡象時進行減值測試。

可收回金額乃公平值(扣除銷售成本)與使用價值間之較高者。在評估使用價值時，估計未來現金流量反映貨幣之時間價值之目前市場評估及未經調整未來現金流量估計之特定資產之風險稅前貼現率貼現至現值。

倘估計資產(或現金產生單位)之可收回金額低於其賬面值，則該資產(或現金產生單位)之賬面值將減至其可收回金額。於分配減值虧損時，首先分配減值虧損以減少任何商譽的賬面值(如適用)，然後按比例根據該單位各資產的賬面值分配至其他資產。資產賬面值不得減少至低於其公平值減出售成本(如可計量)、其使用價值(如可釐定)及零之中的最高值。已另行分配至資產之減值虧損金額將按比例分配至該單位其他資產。減值虧損會即時確認為損益內。

Notes to the Consolidated Financial Statements (continued) 綜合財務報表附註(續)

For The Year Ended 31 December 2016 截至2016年12月31日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED) 3. 主要會計政策(續)

Impairment losses on tangible and intangible assets other than goodwill (Continued)

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on a weighted average basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss ("FVTPL")) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss.

Financial assets

Financial assets are classified into the following specified categories: loans and receivables, financial assets at FVTPL. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

有形及無形資產(不包括商譽)減值虧損(續)

倘減值虧損其後撥回，則該資產(或現金產生單位)之賬面值將增至經修訂估計之可收回金額，惟增加之賬面值不得超過假設該資產(或現金產生單位)於過往年度並無確認減值虧損下而釐定之賬面值。減值虧損撥回會即時確認於損益內。

存貨

存貨乃按成本及可變現淨值兩者之較低者入賬。存貨成本乃按加權平均基準釐定。可變現淨值指存貨之估計售價減所有完成及銷售之所需估計費用。

金融工具

金融資產及金融負債乃當集團實體成為工具合約條文的訂約方時確認。

金融資產及金融負債按公平值初步計量。收購或發行金融資產及金融負債直接應佔之交易成本(按公平值計入損益(「按公平值計入損益」)的金融資產及金融負債除外)乃於初步確認時加入金融資產或金融負債之公平值或自金融資產或金融負債之公平值內增加或扣除(倘適用)。收購於損益表按公平值計算之金融資產或金融負債直接應佔之交易成本即時於損益表內確認。

金融資產

金融資產分為以下指定類別：貸款及應收賬款和按公平值列賬及計入損益之金融資產。分類視乎金融資產性質及目的而定，在初始確定時釐定。所有日常買或賣金融資產乃按交易日確認及終止確認。日常買或賣金融資產需按市場訂立的規則或慣例在時限內交付資產。

Notes to the Consolidated Financial Statements (continued)

綜合財務報表附註(續)

For The Year Ended 31 December 2016 截至2016年12月31日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

Effective interest method

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

Interest income is recognised on an effective interest basis for debt instruments.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and other receivables, other receivable from a former subsidiary, amount due from an associate and bank balances and cash) are measured at amortised cost using the effective interest method, less any impairment (see accounting policy on impairment loss on financial assets below).

Financial assets at FVTPL

Financial assets classified as financial assets at FVTPL are derivatives that are not designated as hedging instruments.

Financial assets at FVTPL are measured at fair value, with any gains or losses arising from remeasurement recognised in profit or loss.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

3. 主要會計政策(續)

金融工具(續)

金融資產(續)

實際利率法

實際利率法乃計算債務工具之攤銷成本及按有關期間攤分利息收入之方法。實際利率乃將估計日後現金收入(包括所有已付或已收構成整體實際利率之費用、交易成本及其他溢價或折價)按債務工具之預期使用年期,或較短期間(倘合適)實際貼現至初始確認之賬面淨值之利率。

債務工具之利息收入按實際利率基準確認。

貸款及應收款項

貸款及應收款項為附帶固定或可釐定付款的非衍生金融資產,而其在活躍市場並無報價。於初步確認後,貸款及應收款項(包括應收貿易賬款及其他款項、前附屬公司之其他應收款、應收聯營公司款項以及銀行結餘及現金)採用實際利息法按攤銷成本減任何減值虧損入賬(請參閱下文之金融資產減值虧損會計政策)。

按公平值計入損益的金融資產

金融資產分類為按公平值計入損益的金融資產,且並非指定為對沖工具的衍生工具。

按公平值計入損益的金融資產乃按公平值計量,重新計量而產生的任何收益或虧損確認於損益內。

金融資產減值

金融資產(按公平值計入損益的金融資產除外)於各報告期末評估是否有減值跡象。倘出現客觀證據,即金融資產初步確認後產生之一項或多項事件令金融資產之估計未來現金流量受到影響,則金融資產被視為減值。

Notes to the Consolidated Financial Statements (continued) 綜合財務報表附註(續)

For The Year Ended 31 December 2016 截至2016年12月31日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

For loans and receivables, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest and principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For segment of manufacturing and sales of handbags, objective evidence of impairment for receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all loans and receivables with the exception of trade and other receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade or other receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

3. 主要會計政策(續)

金融工具(續)

金融資產(續)

金融資產減值(續)

就貸款及應收款而言，減值之客觀證據可包括：

- 發行人或對手方出現重大財政困難；或
- 違約，如未能繳付或延遲償還利息或本金；或
- 借款人有可能面臨破產或財務重組。

就製造及銷售手袋分部而言，應收賬款出現減值的客觀證據包括本集團過往收款經驗、平均信貸期的逾期還款數目上升及國家或地區經濟狀況出現明顯變動導致應收賬款未能償還。

就按攤銷成本計值之金融資產而言，減值虧損金額乃按資產賬面值與按原有實際利率貼現之估計未來現金流量現值之差額確認。

所有貸款及應收款項有關之減值虧損會直接於貸款及應收款項之賬面值中作出扣減，惟應收貿易賬款除外，其賬面值會透過撥備賬作出扣減。撥備賬內之賬面值變動會於損益內確認。當應收貿易賬款被視為不可收回時，其將於撥備賬內撇銷，原先已撇銷之金額於其後收回，乃於損益中計入。

就以攤銷成本計值之金融資產而言，倘於隨後期間減值虧損的數額減少，而此項減少可客觀地與確認減值虧損後的某一事件聯繫，則先前確認的減值虧損於損益中予以撥回，惟於撥回減值當日的資產賬面值不得超逾未確認減值時的攤銷成本。

Notes to the Consolidated Financial Statements (continued)

綜合財務報表附註(續)

For The Year Ended 31 December 2016 截至2016年12月31日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Financial liabilities and equity instruments

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

Equity instruments

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

Other financial liabilities

Other financial liabilities (including trade and other payables, amount due to a related party, amount due to a related company and loan from a related party) are subsequently measured at amortised cost using the effective interest method.

Effective interest method

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

Interest expense is recognised on an effective interest basis.

Derivative financial instruments

Derivatives are initially recognised at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss immediately.

3. 主要會計政策(續)

金融工具(續)

金融負債及股本工具

集團實體發行之債務及股本工具乃根據合同安排之性質與金融負債及股本工具之定義分類為金融負債或股本。

股本工具

股本工具為帶有本集團資產剩餘權益(經扣除其所有負債)之任何合約。本公司發行的股本工具按所收取所得款項減直接發行成本確認。

其他金融負債

其他金融負債包括應付貿易賬款及其他應付款項、應付關聯方款項、應付關連公司款項及關聯方貸款。其後採用實際利率法按攤銷成本計量。

實際利率法

實際利率法是一種計算金融負債資產攤銷成本及按有關期間攤分利息支出之方法。實際利率乃將估計日後現金支出(包括所有已付或已收並構成實際利率整體之費用、交易成本及其他溢價或折價)按金融負債之預期可使用年期折現至初步確認時之賬面淨值之折現比率。

利率開支按實際利率基準確認。

衍生金融工具

衍生工具最初按衍生合約訂立日期的公平值確認，其後於每個報告期末重新計量其公平值。所產生的收益或虧損即時於損益內確認。

Notes to the Consolidated Financial Statements (continued) 綜合財務報表附註(續)

For The Year Ended 31 December 2016 截至2016年12月31日止年度

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (Continued)

Derecognition

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

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

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

3. 主要會計政策(續)

金融工具(續)

終止確認

僅當來自資產的現金流的合約性權利已屆滿，或當金融資產其絕大部分擁有權的風險及回報轉移至其他實體時，本集團方會終止確認該金融資產。

於終止確認金融資產時，資產賬面值與已收及應收代價以及於其他全面收益確認並於權益累計的累計損益總額之間的差額，乃於損益確認。

當及僅當本集團的責任獲解除、取消或屆滿時，本集團方會終止確認金融負債。已終止確認的金融負債賬面值與已付及應付代價之間的差額於損益確認。

Notes to the Consolidated Financial Statements (continued) 綜合財務報表附註(續)

For The Year Ended 31 December 2016 截至2016年12月31日止年度

4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make various estimates based on past experience and expectations of the future and other information. The key sources of estimation uncertainty at the end of the reporting period that can significantly affect the carrying amounts of assets recognised in the consolidated financial statements within the next financial year are disclosed below.

Impairment assessment on trademark and goodwill arising from the acquisition of subsidiaries

During the year ended 31 December 2016, the Group has completed the acquisition of 60% equity interest in HHG Group (as defined in note 39) as disclosed in note 42 and the acquisition has been accounted for using the purchase method. Based on a valuation performed by an independent professional valuer engaged by the Group, the trademark (grouped under intangible assets as set out in note 21) of HK\$101,395,000 was recognised as part of the acquisition of HHG Group at fair value at the date of acquisition, and the goodwill of HK\$52,901,000 arose on acquisition of HHG Group. The trademark and goodwill are allocated the cash-generating unit ("CGU") in the food and beverage investment business management segment.

In determining whether goodwill and trademark (being the intangible asset with indefinite useful life) are impaired at each reporting date requires an estimation of the value in use of the CGU in the food and beverage investment business management segment. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the CGU, the growth rates and a suitable discount rate applied to the forecast, taking into account the key assumptions used by the independent professional valuer appointed by the Group for the valuation performed on the acquisition date, the financial budgets approved by the management, past performance and management's expectations for the market development, in order to calculate the present value. Where the actual future cash flows are less than expected, or change in facts and circumstances which results in downward revision of future cash, a material impairment loss may arise. As at 31 December 2016, the carrying amounts of goodwill and intangible asset with indefinite useful life are HK\$51,699,000 (2015: HK\$Nil) and HK\$99,091,000 (2015: HK\$Nil), respectively. Based on the assessment made by the Group, no impairment was identified on the goodwill and trademark as at 31 December 2016. Details of the impairment testing on goodwill and intangible assets with indefinite useful life are disclosed in note 22.

4. 估計不確定性之主要來源

於應用本集團之會計政策(如附註3所述)時,本公司董事須根據過往經驗、預期未來狀況及其他資料作出各方面之估計。於報告期末可嚴重影響在下一個財政年度內於綜合財務報表確認的資產賬面值之估計不確定性之主要來源概述如下。

收購附屬公司所產生的商標及商譽減值評估

誠如附註42所披露,本集團已於截至2016年12月31日止年度完成收購和合谷集團之60%股權(定義見附註39),而收購事項乃經採用收購法列賬。根據本集團委聘的一名獨立專業估值師所作出的估值,101,395,000港元的商標(歸類為無形資產,載於附註21)於收購日已按公平值確認為收購和合谷集團的一部份,而收購和合谷集團產生52,901,000港元的商譽。商標及商譽均被分配至餐飲投資管理業務分部的現金產生單位(「現金產生單位」)。

釐定商譽及商標(即並無使用限期之無形資產)於各報告日期是否已減值須對餐飲投資管理業務分部的現金產生單位所用價值作出估計。計算所用價值時,本集團須估計現金產生單位所產生的預期未來現金流量、應用於預測的增長率及合適折現率,並考慮本集團委聘之獨立專業估值師於收購日進行估值時所採用主要假設、管理層所批准的財務預算、市場發展的過往表現及管理層對其預期,以計算現值。倘實際未來現金流量低於預期,或事實及情況有變以致未來現金下調,則可能會出現重大減值虧損。於2016年12月31日,並無使用限期之商譽及無形資產賬面值分別為51,699,000港元(2015年:零港元)及99,091,000港元(2015年:零港元)。根據本集團所作出的評估,商譽及商標於2016年12月31日並無識別減值。有關並無使用限期之商譽及無形資產之減值測試詳情於附註22披露。

Notes to the Consolidated Financial Statements (continued) 綜合財務報表附註(續)

For The Year Ended 31 December 2016 截至2016年12月31日止年度

4. KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Valuation of investments in associates

During the year ended 31 December 2016, the Group has completed the acquisitions of associates and the cost of unlisted investments amounting to HK\$96,024,000 as disclosed in note 19.

In determining whether the interests in associates are impaired at each reporting date requires an estimation of the recoverable amounts of the associates. The recoverable amounts of the associates were determined based on value in use calculation, with reference to the estimated cash flows in the coming five years and cash flows beyond five years are extrapolated by applying corresponding suitable growth rates. In estimating the values in use of the investments, significant judgement was exercised by the associates' directors in the preparation of the discounted cash flows which require the estimation of key assumptions including the future cash flows expected to arise from the associates, the estimation of growth rates in future cash flow forecast and discount rates applied to the forecasts, taking into account the key assumptions used by the independent professional valuer appointed by the Group for the valuations performed on the corresponding acquisition dates, the financial budgets approved by the associates' directors, past performance and associates' directors' expectations for the market development. As at 31 December 2016, the carrying amount of the interests in associates is HK\$95,800,000 (2015: Nil). Based on the assessment made by the Group, no impairment loss on the associates was recognised as at 31 December 2016 (2015: HK\$Nil).

Intangible assets with an indefinite useful life

The Group's carrying amount of intangible asset (i.e. trademark) with an indefinite useful life as at 31 December 2016 was approximately HK\$99,091,000 (2015: HK\$Nil). Included in the interests in associates, there are also trademarks which are considered by the associates' directors to have indefinite useful life. The Group considers the trademarks of the Group and the associates have an indefinite useful life because they are expected to contribute net cash inflows indefinitely and accordingly the trademarks will not be amortised until their useful lives are determined to be finite. A change of useful lives of the trademarks from indefinite to finite would result in amortisation charges of the trademarks which would reduce future results and decrease non-current assets of the Group.

4. 估計不確定性之主要來源(續)

於聯營公司之投資之估值

誠如附註19所披露，本集團已於截至2016年12月31日止年度完成收購聯營公司，而未上市投資成本為96,024,000港元。

釐定於聯營公司之權益於各報告日期是否已減值須對聯營公司之可收回金額作出估計。聯營公司之可收回金額乃根據計算所用價值，並經參考未來五年之估計現金流量及應用相對合適增長率推斷五年後的現金流量而釐定。在估計投資所用價值及編製折現現金流量時，聯營公司董事須作出重大判斷，而重大判斷須估計若干主要假設，包括應用於預測的聯營公司所產生的預期未來現金流量、估計未來現金流量預期中的增長率及折現率，並考慮本集團委聘之獨立專業估值師於相應收購日進行估值時所採用主要假設、聯營公司董事批准的財務預算、市場發展的過往表現及聯營公司董事對其預期。於聯營公司之權益之賬面值於2016年12月31日為95,800,000港元(2015年：零)。根據本集團所作出的評估，聯營公司於2016年12月31日並無就聯營公司確認任何減值虧損(2015年：零港元)。

並無使用限期之無形資產

於2016年12月31日，本集團並無使用限期之無形資產(即商標)之賬面值約為99,091,000港元(2015年：零港元)。於聯營公司之權益亦包括聯營公司董事認為並無使用限期之商標。本集團認為本集團及聯營公司之商標並無使用限期，乃由於預期產生的現金流入淨額並不明確所致，因此，商標於確認其使用限期前不會攤銷。商標之使用限期由無限變更為有限時，將會產生商標攤銷費用，從而導致本集團之未來業績變差及減少非流動資產。

Notes to the Consolidated Financial Statements (continued) 綜合財務報表附註(續)

For The Year Ended 31 December 2016 截至2016年12月31日止年度

4. KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Impairment loss on trade receivables and other receivable from a former subsidiary

The assessment of the impairment loss on trade receivables of the Group is based on the evaluation of collectability, aging analysis of accounts and on management's judgment. The assessment of the impairment loss on other receivable from a former subsidiary of the Group is based on the evaluation of collectability and on management's judgment. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the current creditworthiness of each customer and the former subsidiary. If the financial conditions of the Group's customers and the former subsidiary were to deteriorate, resulting an impairment of their ability to make payments, additional allowances may be required. Impairment is made based on the estimation of the future cash flows discounted at the original effective rate to calculate the present value. As at 31 December 2016, the carrying values of trade receivables and other receivable from the former subsidiary were approximately HK\$46,408,000 (2015: HK\$58,803,000) and HK\$17,854,000 (2015: HK\$Nil) respectively.

Deferred taxation on investment properties

For the purposes of measuring deferred taxes arising from investment properties that are measured using the fair value model, the directors of the Company have reviewed the Group's investment properties and concluded that the Group's investment properties are not held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time.

Therefore, in determining the Group's deferred taxation on investment properties, the directors have determined that the presumption that the carrying amounts of investment properties measured using the fair value model are recovered entirely through sale is not rebutted. The Group has not recognised any deferred taxes on fair value of investment properties as the Group is not subject to any material income taxes on the disposal of the investment properties.

4. 估計不確定性之主要來源(續)

應收貿易賬款及前附屬公司之其他應收賬款之減值虧損

本集團之應收貿易賬款減值虧損評估乃根據賬目之可收回性評估、賬齡分析及管理層判斷而作出。本集團應收前附屬公司之其他應收賬款減值虧損評估乃根據可收回性評估及管理層判斷而作出。在評估該等應收賬款最終能否變現時須作出大量判斷，包括每位客戶及前附屬公司之當前信譽。倘本集團客戶及前附屬公司之財務狀況變差，其將會導致彼等還款能力減值，則須作出額外儲備。減值乃根據按原定實際利率估計折現未來現金流量以計算現值。於2016年12月31日，應收貿易賬款及前附屬公司之其他應收賬款之賬面值分別約為46,408,000港元(2015年：58,803,000港元)及17,854,000港元(2015年：零港元)。

投資物業之遞延稅項

就以公平值模式計量投資物業所產生之遞延稅項而言，本公司董事已審閱本集團之投資物業，並認為本集團持有投資物業之業務模式，並非旨在享用於持有該等投資物業期間所產生之所有顯著經濟利益。

因此，於釐定本集團於投資物業之遞延稅項時，董事釐定，使用公平值模式計量之投資物業賬面值乃全部透過出售予以收回之假設並沒有被推翻。本集團並無就投資物業之公平值確認任何遞延稅項，乃由於本集團毋須就出售投資物業繳付任何重大所得稅所致。

Notes to the Consolidated Financial Statements (continued) 綜合財務報表附註(續)

For The Year Ended 31 December 2016 截至2016年12月31日止年度

4. KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Write-down of inventories

Management reviews the inventories listing at the end of each reporting period, and makes allowance for obsolete and slow-moving inventory items that are no longer suitable for use in operation. Allowance was made by reference to the latest market value for these inventories. Where the net realisable value is less than the cost, a material write down may arise. As at 31 December 2016, the carrying amount of inventories (net of allowances) was approximately HK\$70,428,000 (2015: HK\$73,508,000).

Recognition of deferred tax

As at 31 December 2016, no deferred tax liabilities have been recognised on the undistributed profits of the group companies in the PRC as the Group plans to retain those profits in the respective entities for their daily operations and future development. In case there is a change in such plan, additional tax liabilities will arise, which will be recognised in the profit or loss for the period in which the management intends to declare such profits in the foreseeable future or the Group's future development plan is amended, whichever is earlier. Details of the above unrecognised deferred taxation are set out in note 30.

Fair value measurements and valuation processes

Some of the Group's assets and liabilities are measured at fair value for financial reporting purposes. The board of directors of the Company determines the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value of an asset or a liability, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group engages third party qualified valuers to perform the valuation. The directors work closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model and to understand the cause of fluctuations in the fair value of the assets and liabilities.

The Group uses valuation techniques that include inputs that are not based on observable market data to estimate the fair value of certain types of financial instruments. Notes 17 and 41c provide detailed information about the valuation techniques, inputs and key assumptions used in the determination of the fair value of various assets and liabilities.

4. 估計不確定性之主要來源(續)

存貨撇減

管理層於各個報告期末審閱存貨清單，並對確認為不再適合用於生產之陳舊及滯銷存貨項目計提撥備。撥備乃參照最近期之市場價值就該等存貨計提撥備。當可變現淨值低於成本時，將會產生重大撇減。於2016年12月31日，存貨之賬面值(扣除撥備後)約為70,428,000港元(2015年：73,508,000港元)。

確認遞延稅項

於2016年12月31日，並無為位於中國的集團公司之未分派溢利確認遞延稅項負債，乃因本集團計劃保留各實體之溢利作為日常營運及將來發展。若該計劃有變，將出現額外稅項負債，若管理層在可預見的將來有意宣派該等溢利或本集團之將來發展計劃有變(以較早者為準)，則該稅項將在當期損益中確認。上述未確認遞延稅項的詳情載於附註30。

公平值計量及估值過程

就財務呈報而言，部份本集團資產及負債乃按公平值計量。本公司董事會就公平值計量釐定合適之估值技術及輸入數據。

於估計資產或負債之公平值時，本集團盡可能使用可觀察市場數據。在並無第一級輸入數據之情況下，本集團委聘第三方合資格估值師進行估值。董事與合資格外聘估值師緊密合作，以設立合適估值技術及輸入數據至模式內，並了解導致資產及負債公平值波動之原因。

本集團採用包括並非根據可觀察市場數據之輸入數據之估值技術估計若干類別之金融工具之公平值。附註17及41c提供有關釐定不同資產及負債之公平值所用之估值技術、輸入數據及主要假設之詳細資料。

Notes to the Consolidated Financial Statements (continued) 綜合財務報表附註(續)

For The Year Ended 31 December 2016 截至2016年12月31日止年度

5. REVENUE

An analysis of the Group's revenue for the year is as follows:

		2016 HK\$'000 千港元	2015 HK\$'000 千港元
Income from manufacturing and sales of handbags	來自製造及銷售手袋的收入	496,255	658,797
Income from food and beverage investment business management	來自餐飲投資管理業務的收入	63,377	—
		559,632	658,797

6. SEGMENT INFORMATION

The following is an analysis of the Group's revenue and results by operating segments under HKFRS 8 Operating Segments, based on information reported to the Company's executive directors, being the chief operating decision maker (the "CODM"), for the purposes of resource allocation and assessment of segment performance, which focus on types of goods or services delivered or provided.

During the year ended 31 December 2016, the Group has acquired new business of food and beverage business detailed in note 42. The food and beverage investment business management forms a new operating segment during the year ended 31 December 2016 for the segment reporting purpose to the CODM. The Group's operating and reportable segments under HKFRS 8 – Operating Segments are as follows:

- (i) Manufacturing and sales of handbags; and
- (ii) Food and beverage investment business management.

5. 收入

本集團於年內的收益分析如下：

		2016 HK\$'000 千港元	2015 HK\$'000 千港元
Income from manufacturing and sales of handbags	來自製造及銷售手袋的收入	496,255	658,797
Income from food and beverage investment business management	來自餐飲投資管理業務的收入	63,377	—
		559,632	658,797

6. 分部資料

以下為根據香港財務報告準則第8號經營分部對本集團按經營分部劃分的收入及業績的分析，分析乃基於為資源分配及評估分部表現而向本公司執行董事(即主要經營決策者(「主要經營決策者」))而呈報之資料，其集中於所交付或提供貨物或服務之類別。

截至2016年12月31日止年度，本集團已收購餐飲業務的新業務，詳情載於附註42。截至2016年12月31日止年度，就主要經營決策者的分部報告而言，餐飲投資管理業務形成新經營分部。本集團於香港財務報告準則第8號一經營分部項下之經營及報告分部載列如下：

- (i) 製造及銷售手袋；及
- (ii) 餐飲投資管理業務。

Notes to the Consolidated Financial Statements (continued) 綜合財務報表附註(續)

For The Year Ended 31 December 2016 截至2016年12月31日止年度

6. SEGMENT INFORMATION (CONTINUED)

Segment revenues and results

The following is an analysis of the Group's revenue and results by reportable segment:

Year ended 31 December 2016

6. 分部資料(續)

分部收入和業績

以下為本集團按報告分部劃分之收入和業績分析：

截至2016年12月31日止年度

		Manufacturing and sales of handbags 製造及 銷售手袋 HK\$'000 千港元	Food and beverage investment business management 餐飲投資 管理業務 HK\$'000 千港元	Consolidated 合併 HK\$'000 千港元
Segment revenue — external	分部收入 — 外部	496,255	63,377	559,632
Segment (loss) profit	分部(虧損)溢利	(6,405)	5,229	(1,176)
Change on fair value of:	公平值變動：			
— investment properties	— 投資物業			6,404
— derivative financial instruments	— 衍生金融工具			(40)
Share of loss of associates	應佔聯營公司虧損			(224)
Gain on disposal of subsidiaries	出售附屬公司收益			33,389
Unallocated income	未分配收入			2,142
Unallocated expenses	未分配開支			(10,125)
Finance costs	財務費用			(6,565)
Profit before taxation	除稅前溢利			23,805

Notes to the Consolidated Financial Statements (continued) 綜合財務報表附註(續)

For The Year Ended 31 December 2016 截至2016年12月31日止年度

6. SEGMENT INFORMATION (CONTINUED)

Segment revenues and results (Continued)

Year ended 31 December 2015

6. 分部資料(續)

分部收入和業績(續)

截至2015年12月31日止年度

		Manufacturing and sales of handbags 製造及 銷售手袋 HK\$'000 千港元	Food and beverage investment business management 餐飲投資 管理業務 HK\$'000 千港元	Consolidated 合併 HK\$'000 千港元
Segment revenue — external	分部收入 — 外部	658,797	—	658,797
Segment profit	分部溢利	19,497	—	19,497
Change on fair value of:	公平值變動：			
— investment properties	— 投資物業			538
— derivative financial instruments	— 衍生金融工具			(1,284)
Unallocated expenses	未分配開支			(1,504)
Finance costs	財務費用			(1,724)
Profit before taxation	除稅前溢利			15,523

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 3.

Segment profit represents the profit earned by/loss from each segment without allocation of change on fair value of investment properties/ derivative financial instruments, share of loss of associates, gain on disposal of subsidiaries, unallocated income, unallocated expenses and financial costs. This is the measure reported to the CODM for the purpose of resources allocations and performance assessment.

經營分部的會計政策與本集團於附註3載述的會計政策相同。

分部溢利指各分部所賺取的溢利/虧損，而無分配投資物業/衍生金融工具公平值變動、應佔聯營公司虧損、出售附屬公司之收益、未分配收入、未分配開支及財務成本。此乃為資源分配及表現評估而向主要經營決策者呈報之計量方法。

Notes to the Consolidated Financial Statements (continued)

綜合財務報表附註(續)

For The Year Ended 31 December 2016 截至2016年12月31日止年度

6. SEGMENT INFORMATION (CONTINUED)

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable segment:

As at 31 December 2016

6. 分部資料(續)

分部資產和負債

以下為本集團按報告分部劃分之資產和負債分析：

於2016年12月31日

		Manufacturing and sales of handbags 製造和 銷售手袋 HK\$'000 千港元	Food and beverage investment business management 餐飲投資 管理業務 HK\$'000 千港元	Consolidated 合併 HK\$'000 千港元
Segment assets	分部資產	302,016	299,966	601,982
Unallocated assets	未分配資產			225,050
Consolidated total assets	合併總資產			827,032
Segment liabilities	分部負債	51,420	127,237	178,657
Unallocated liabilities	未分配負債			293,196
Consolidated total liabilities	合併總負債			471,853

Notes to the Consolidated Financial Statements (continued) 綜合財務報表附註(續)

For The Year Ended 31 December 2016 截至2016年12月31日止年度

6. SEGMENT INFORMATION (CONTINUED)

Segment assets and liabilities (Continued)

As at 31 December 2015

6. 分部資料(續)

分部資產和負債(續)

於2015年12月31日

		Manufacturing and sales of handbags 製造和 銷售手袋 HK\$'000 千港元	Food and beverage investment business management 餐飲投資 管理業務 HK\$'000 千港元	Consolidated 合併 HK\$'000 千港元
Segment assets	分部資產	350,447	—	350,447
Unallocated assets	未分配資產			268,512
Consolidated total assets	合併總資產			618,959
Segment liabilities	分部負債	72,003	—	72,003
Unallocated liabilities	未分配負債			262,811
Consolidated total liabilities	合併總負債			334,814

For the purpose of monitoring segment performance and allocating resources between segments.

- all assets, other than investment properties, interests in associates, derivative financial instrument, other financial assets, other receivable from a former subsidiary and assets of the investment holding companies, are allocated to reportable and operating segments; and
- all liabilities, other than derivative financial instrument and liabilities of the investment holding companies, are allocated to reportable and operating segments.

就監察分部表現及分配分部之間的資源而言。

- 除投資物業、於聯營公司之權益、衍生金融工具、其他財務資產、應收前附屬公司之其他賬款及投資控股公司資產外，所有資產均已分配至報告及經營分部；及
- 除衍生金融工具及投資控股公司的負債外，所有負債均已分配至報告及經營分部。

Notes to the Consolidated Financial Statements (continued)

綜合財務報表附註(續)

For The Year Ended 31 December 2016 截至2016年12月31日止年度

6. SEGMENT INFORMATION (CONTINUED)

Other segment information

6. 分部資料(續)

其他分部資料

		Manufacturing and sales of handbags	Food and beverage investment business management	Consolidated
		製造和 銷售手袋	餐飲投資 管理業務	合併
		HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元
2016	2016年			
Amounts included in the measure of segment profit or loss or segment assets:	計量分部損益或分部資產包括以下金額：			
Addition to non-current assets (note)	非流動資產增加(附註)	66,129	4,086	70,215
Depreciation of property, plant and equipment	物業、廠房及設備折舊	16,260	3,140	19,400
Loss (gain) on disposal of property, plant and equipment	出售物業、廠房及設備之虧損(收益)	2,527	(4)	2,523
Release of prepaid lease payments	解除預付租賃款項	1,347	—	1,347

Notes to the Consolidated Financial Statements (continued) 綜合財務報表附註(續)

For The Year Ended 31 December 2016 截至2016年12月31日止年度

6. SEGMENT INFORMATION (CONTINUED)

Other segment information (Continued)

6. 分部資料(續)

其他分部資料(續)

	Manufacturing and sales of handbags 製造和 銷售手袋 HK\$'000 千港元	Food and beverage investment business management 餐飲投資 管理業務 HK\$'000 千港元	Consolidated 合併 HK\$'000 千港元
2015	2015年		
Amounts included in the measure of segment profit or loss or segment assets:	計量分部損益或分部資產包括以下金額：		
Addition to non-current assets (note)	非流動資產增加 (附註)	29,295	—
			29,295
Depreciation of property, plant and equipment	物業、廠房及設備折舊	14,322	—
			14,322
Gain on disposal of property, plant and equipment	出售物業、廠房及設備之收益	(65)	—
			(65)
Release of prepaid lease payments	解除預付租賃款項	622	—
			622

Note: Amounts include additions to property, plant and equipment, prepaid lease payments and deposits paid for acquisition of property, plant and equipment.

附註：金額包括新增物業、廠房及設備、預付租賃款項及購置物業、廠房及設備之已付訂金。

Notes to the Consolidated Financial Statements (continued) 綜合財務報表附註(續)

For The Year Ended 31 December 2016 截至2016年12月31日止年度

6. SEGMENT INFORMATION (CONTINUED)

Other segment information (Continued)

No other amounts are regularly provided to the CODM but not included in the measure of segment profit or loss or segment assets.

Geographical information

Information about the Group's non-current assets, other than derivative financial instrument, defined benefit assets and deferred tax assets is presented based on the geographical location of the assets.

6. 分部資料(續)

其他分部資料(續)

概無其他金額乃定期提供予主要經營決策者而並無包括在計量分部損益或分部資產的金額中。

地區資料

本集團除衍生金融工具、界定利益資產及遞延稅項資產外之非流動資產資料按資產地區呈列如下：

		Non-current assets	
		非流動資產	
		2016	2015
		HK\$'000	HK\$'000
		千港元	千港元
The PRC	中國	377,909	77,871
Thailand	泰國	36,414	29,816
Myanmar	緬甸	79,409	20,597
		493,732	128,284

Notes to the Consolidated Financial Statements (continued) 綜合財務報表附註(續)

For The Year Ended 31 December 2016 截至2016年12月31日止年度

6. SEGMENT INFORMATION (CONTINUED)

The Group's revenue from external customers by geographical location during the year is as follows:

6. 分部資料(續)

年內本集團來自外部客戶的收入按地區劃分詳情如下：

		Revenue from external customers 來自外部客戶的收入	
		2016 HK\$'000 千港元	2015 HK\$'000 千港元
The USA	美國	182,689	279,651
The PRC	中國	92,588	37,187
Other Asian countries	其他亞洲國家	64,798	92,983
Italy	義大利	55,681	59,397
Hong Kong	香港	42,660	30,835
Canada	加拿大	41,739	43,589
The Netherlands	荷蘭	28,156	53,311
Other European countries	其他歐洲國家	24,656	35,330
The United Kingdom	英國	9,647	13,491
Germany	德國	9,176	12,982
South American countries	南美國家	6,333	41
The Middle East and Africa	中東和非洲	1,509	—
		559,632	658,797

Notes to the Consolidated Financial Statements (continued)

綜合財務報表附註(續)

For The Year Ended 31 December 2016 截至2016年12月31日止年度

6. SEGMENT INFORMATION (CONTINUED)

Information about major customers

Revenue from customers of manufacturing and sales of handbags segment of the corresponding years contributing over 10% of the total revenue of the Group are as follows:

		2016 HK\$'000 千港元	2015 HK\$'000 千港元
Customer A	客戶 A	133,167	138,133
Customer B	客戶 B	N/A (Note) 不適用(附註)	72,496

Note: The corresponding revenue did not contribute over 10% of the total revenue of the Group.

6. 分部資料(續)

有關主要客戶的資料

來自製造及銷售手袋分部客戶的收益佔本集團於相應年度總收益逾10%者如下：

附註：相應收益佔本集團總收益不超過10%。

7. OTHER GAINS AND LOSSES

		2016 HK\$'000 千港元	2015 HK\$'000 千港元
Net exchange gain	匯兌收益淨額	4,425	116
Loss on fair value changes on derivative financial instruments	衍生金融工具之公平值變動虧損	(40)	(1,284)
(Loss) gain on disposal of property, plant and equipment	出售物業、廠房及設備(虧損)收益	(2,523)	65
Gain on fair value changes of investment properties	投資物業之公平值變動收益	6,404	538
Gain on disposal of subsidiaries	出售附屬公司之收益	33,389	—
		41,655	(565)

7. 其他收益及虧損

Notes to the Consolidated Financial Statements (continued)

綜合財務報表附註(續)

For The Year Ended 31 December 2016 截至2016年12月31日止年度

8. FINANCE COSTS

8. 融資成本

		2016 HK\$'000 千港元	2015 HK\$'000 千港元
Interest on bank borrowings	銀行借款利息	—	353
Interest on bank overdrafts	銀行透支利息	19	—
Interest on loan from a related party and interest on late repayment	關聯方貸款利息及延遲還款利息	6,510	1,371
Interest on loan from non-controlling interests	非控股權益貸款利息	36	—
		6,565	1,724

9. INCOME TAX EXPENSE

9. 所得稅開支

		2016 HK\$'000 千港元	2015 HK\$'000 千港元
The charge comprises:	支出包括：		
Current tax:	即期稅項：		
Hong Kong Profits Tax	香港利得稅	4,638	4,596
PRC EIT	中國企業所得稅	3,057	1,753
		7,695	6,349
Under(over)provision in prior year:	過往年度撥備不足(超額撥備)：		
Hong Kong Profits Tax	香港利得稅	461	(38)
PRC EIT	中國企業所得稅	(2)	—
Deferred tax (note 30):	遞延稅項(附註30)：		
Current year	本年度	(1,576)	(801)
		6,578	5,510

Notes to the Consolidated Financial Statements (continued)

綜合財務報表附註(續)

For The Year Ended 31 December 2016 截至2016年12月31日止年度

9. INCOME TAX EXPENSE (CONTINUED)

Hong Kong

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

The PRC

Under the Law of the PRC on Enterprise Income Tax and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards.

Myanmar

The Myanmar subsidiary is entitled to five years' exemption from Myanmar Corporation Income Tax since the year of incorporation (i.e. 2015).

The tax charge for the year can be reconciled to the profit before taxation per the consolidated statement of profit or loss and other comprehensive income as follows:

9. 所得稅開支(續)

香港

香港利得稅乃根據兩個年度之估計應課稅溢利按16.5%稅率計算。

中國

根據中國企業所得稅法及企業所得稅法實施條例，中國附屬公司之稅率由2008年1月1日起為25%。

緬甸

緬甸附屬公司自註冊成立年度(即2015年)以來有權享有五年緬甸企業所得稅豁免。

年內稅項開支可與綜合損益及其他全面收益表所列除稅前溢利對賬如下：

		2016 HK\$'000 千港元	2015 HK\$'000 千港元
Profit before taxation	除稅前溢利	23,805	15,523
Tax at the domestic income tax rate of 16.5%	按本地所得稅稅率16.5%計算之稅項	3,928	2,561
Tax effect of share of loss of an associate	應佔聯營公司虧損之稅務影響	37	—
Tax effect of expenses not deductible in determining taxable profit	釐定應課稅溢利時不可扣稅支出之稅務影響	4,817	12
Tax effect of tax loss not recognised	未確認稅項虧損之稅務影響	4,747	1,821
Tax effect of income not taxable in determining taxable profit	釐定應課稅溢利時毋須課稅收入之稅務影響	(8,319)	(10)
Tax effect of temporary difference not recognised	未確認暫時差額的稅務影響	—	32
Tax effect of profit not subject to tax under 50:50 arrangement	按50:50安排下毋須課稅溢利之稅務影響	—	(72)
Utilisation of tax losses previously not recognised	使用之前未確認稅項虧損	—	(88)
Effect of different tax rate of subsidiaries operating in other jurisdictions	於其他司法權區經營業務的附屬公司不同稅率之影響	622	341
Under(over)provision for tax in prior year	以往年度稅項撥備不足(超額撥備)	459	(38)
Others	其他	287	951
Income tax expense for the year	年內所得稅開支	6,578	5,510

Notes to the Consolidated Financial Statements (continued) 綜合財務報表附註(續)

For The Year Ended 31 December 2016 截至2016年12月31日止年度

9. INCOME TAX EXPENSE (CONTINUED)

Details of deferred taxation at the end of the reporting period and during the year are set out in note 30.

9. 所得稅開支(續)

遞延稅項於報告期末及於年內之詳情載於附註30。

10. PROFIT FOR THE YEAR

10. 年內溢利

		2016 HK\$'000 千港元	2015 HK\$'000 千港元
Profit for the year has been arrived at after charging (crediting):	年內溢利已扣除(計入):		
Directors' emoluments (note 13)	董事薪酬(附註13)	2,133	3,204
Staff salaries and other benefits, excluding those of directors	員工薪金及福利, 不包括董事	215,395	237,927
Contributions to retirement benefit schemes, excluding those of directors	退休福利計劃供款, 不包括董事	2,140	1,574
Total employee benefit expenses	員工福利總開支	219,668	242,705
Capitalised in inventories	存貨資本化	(2,632)	(3,474)
		217,036	239,231
Cost of inventories recognised as expenses (including reversal of write-down of inventories of HK\$nil (2015: HK\$3,524,000))	已確認為支出的存貨成本(包括存貨撇減撥回零港元(2015年: 3,524,000港元))	362,974	465,284
Depreciation of property, plant and equipment	物業、廠房及設備之折舊	19,400	14,322
Capitalised in inventories	存貨資本化	(125)	(179)
		19,275	14,143
Auditors' remuneration	核數師酬金		
— Audit services	— 審計服務	2,492	1,000
— Non-audit services	— 非審計服務	616	75
Release of prepaid lease payments	預付租賃款項之釋出	1,347	622
Amortisation of intangible asset (included in general and administrative expenses)	無形資產攤銷(於一般及行政開支列賬)	169	—
Imputed interest income on other receivable due from a former subsidiary	應收前附屬公司之其他應收賬款的估計利息收入	(141)	—
Interest income on bank balances	銀行結餘利息收入	(148)	(79)

Notes to the Consolidated Financial Statements (continued)

綜合財務報表附註(續)

For The Year Ended 31 December 2016 截至2016年12月31日止年度

11. DIVIDENDS

11. 股息

		2016	2015
		HK\$'000	HK\$'000
		千港元	千港元
Dividends recognised as distributions during the year:	年內已確認分派之股息：		
Final dividend of HK1.0 cent per share for the year ended 31 December 2014	截至2014年12月31日止年度末期股息每股1.0港仙	—	8,250

The board of directors of the Company has determined not to declare final dividend for the year ended 31 December 2016 (2015: nil).

本公司董事會決議不宣派截至2016年12月31日止年度之末期股息(2015年：無)。

12. EARNINGS PER SHARE

12. 每股盈利

The calculation of the basic earnings per share is based on the profit for the year of HK\$15,868,000 (2015: HK\$10,013,000) and 825,000,000 (2015: 825,000,000) shares.

每股基本盈利乃按年內溢利15,868,000港元(2015年：10,013,000港元)及825,000,000股(2015年：825,000,000股)作計算。

Diluted earnings per share is not presented because there were no dilutive ordinary shares in issue during both years.

由於該兩個年度概無已發行攤薄普通股，因此並無呈列每股攤薄盈利。

Notes to the Consolidated Financial Statements (continued) 綜合財務報表附註(續)

For The Year Ended 31 December 2016 截至2016年12月31日止年度

13. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

Directors' and chief executive's remuneration for the year, disclosed pursuant to the applicable Listing Rule and Companies Ordinance, is as follows:

13. 董事及行政總裁酬金

跟據適用之上市規則及公司條例，年內董事及行政總裁之酬金披露如下：

		Other emoluments 其他酬金			Total 合計 HK\$'000 千港元
		Fees 袍金 HK\$'000 千港元	Salaries and other benefits 薪金及其他福利 HK\$'000 千港元	Retirement benefit schemes contributions 退休福利計劃供款 HK\$'000 千港元	
2016	2016年				
<i>Executive directors</i>	<i>執行董事</i>				
Zhao John Huan (<i>Chief Executive</i>) (appointed on 9 August 2016)	趙令歡(行政總裁)(於 2016年8月9日獲 委任)	—	—	—	—
Wang Xiaolong (appointed on 9 August 2016)	王小龍(於2016年 8月9日獲委任)	—	—	—	—
Wang Yuanzheng (appointed on 9 August 2016)	王遠征(於2016年 8月9日獲委任)	—	—	—	—
Wai Siu Kee ("Ms. Wai") (resigned on 9 August 2016)	衛少琦(「衛女士」)(於 2016年8月9日辭任)	—	708	—	708
Kung Fang, David (resigned on 9 August 2016)	龔鈺(於2016年 8月9日辭任)	—	653	11	664
Lee Man Ching (resigned on 9 August 2016)	李文禎(於2016年 8月9日辭任)	—	305	11	316
<i>Independent non-executive directors</i>	<i>獨立非執行董事</i>				
Heng Victor Ja Wei	邢家維	150	—	—	150
Tsang Hin Man Terrence	曾憲文	150	—	—	150
Xian Shunxiang (appointed on 9 August 2016 and resigned on 4 January 2017)	冼順祥(於2016年 8月9日獲委任並於 2017年1月4日辭任)	55	—	—	55
Leung Kwai Kei (appointed on 4 January 2017)	梁貴基(於2017年 1月4日獲委任)	—	—	—	—
So Wing Keung (resigned on 9 August 2016)	蘇永強(於2016年 8月9日辭任)	90	—	—	90
		445	1,666	22	2,133

Notes to the Consolidated Financial Statements (continued)

綜合財務報表附註(續)

For The Year Ended 31 December 2016 截至2016年12月31日止年度

13. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS (CONTINUED)

13. 董事及行政總裁酬金(續)

		Other emoluments 其他酬金			
		Fees	Salaries and other benefits	Retirement benefit schemes contributions	Total
		袍金	薪金及 其他福利	退休福利 計劃供款	合計
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元
2015	2015年				
<i>Executive directors</i>	<i>執行董事</i>				
Wai Siu Kee (<i>Chief Executive</i>)	衛少琦 (<i>行政總裁</i>)	—	1,170	—	1,170
Kung Fang, David	龔鈺	—	504	18	522
Lee Man Ching	李文禎	—	1,080	18	1,098
<i>Independent non-executive directors</i>	<i>獨立非執行董事</i>				
Heng Victor Ja Wei	邢家維	138	—	—	138
So Wing Keung	蘇永強	138	—	—	138
Tsang Hin Man Terrence	曾憲文	138	—	—	138
		414	2,754	36	3,204

The executive directors' and independent non-executive directors' emoluments shown above were paid for their services in connection with the management of the affairs of the Company and the Group and for their services as directors of the Company respectively.

For the years ended 31 December 2016 and 2015, no emoluments were paid by the Group to the directors as an inducement to join or upon joining the Group or as a compensation for a loss of office. No directors waived any emoluments during these years.

上文所示之執行董事及獨立非執行董事酬金乃分別就彼等有關管理本公司及本集團事務以及彼等擔任本公司董事的服務而支付。

截至2016年及2015年12月31日止年度，本集團並無支付任何酬金作為加入本集團獎勵或作為辭任補償。概無董事於該等年度內放棄任何酬金。

Notes to the Consolidated Financial Statements (continued) 綜合財務報表附註(續)

For The Year Ended 31 December 2016 截至2016年12月31日止年度

14. EMPLOYEES' EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, two (2015: one) were directors of the Company whose emoluments are included in note 13 above. The aggregate emoluments of the five highest paid individuals, including directors, were as follows:

		2016	2015
		HK\$'000	HK\$'000
		千港元	千港元
Salaries and other benefits	薪金及其他福利	5,305	4,696
Contributions to retirement benefits schemes	退休福利計劃供款	72	72
Discretionary bonus payments	表現相關獎金	88	852
		5,465	5,620

Discretionary bonus was determined with reference to the Group's operating results, individual performance and comparable market statistics.

The emoluments were within the following band:

		2016	2015
		Number of	Number of
		Employees	employees
		僱員數目	僱員數目
Not exceeding HK\$1,000,000	不超過1,000,000港元	1	—
HK\$1,000,001 to HK\$1,500,000	1,000,001港元至1,500,000港元	4	5
		5	5

14. 僱員酬金

在本集團五名最高薪酬人士中，兩名(2015年：一名)為本公司董事，其薪酬已載於上文附註13。五名最高薪酬人士(包括董事)之總酬金如下：

表現相關獎金乃經參考本集團營業業績、個人表現及可比較市場統計數據而釐定。

酬金介乎下列幅度：

Notes to the Consolidated Financial Statements (continued)

綜合財務報表附註(續)

For The Year Ended 31 December 2016 截至2016年12月31日止年度

15. PROPERTY, PLANT AND EQUIPMENT

15. 物業、廠房及設備

		Buildings	Furniture, fixtures and equipment	Leasehold improvements	Motor vehicles	Plant and machinery	Construction in progress	Total
		樓宇	傢俬、裝置及設備	租賃改良	汽車	廠房及機器	在建工程	合計
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元	千港元
COST	成本							
At 1 January 2015	於2015年1月1日	97,051	30,394	38,185	6,661	55,861	—	228,152
Currency realignment	匯兌調整	—	(71)	(65)	(41)	(497)	—	(674)
Additions	添置	—	1,268	8,320	426	128	6,232	16,374
Disposals	出售	—	(97)	—	(596)	—	—	(693)
At 31 December 2015	於2015年12月31日	97,051	31,494	46,440	6,450	55,492	6,232	243,159
Acquisition of subsidiaries (note 42)	收購附屬公司(附註42)	—	11,256	21,013	814	3,783	644	37,510
Disposal of subsidiaries (note 43)	出售附屬公司(附註43)	—	(1,777)	(12,734)	—	—	—	(14,511)
Currency realignment	匯兌調整	—	(1,215)	(2,909)	(185)	(997)	(159)	(5,465)
Additions	添置	—	2,896	6,875	843	571	31,793	42,978
Disposals	出售	—	(907)	(4,208)	(327)	—	—	(5,442)
At 31 December 2016	於2016年12月31日	97,051	41,747	54,477	7,595	58,849	38,510	298,229
DEPRECIATION	折舊							
At 1 January 2015	於2015年1月1日	78,136	26,331	16,762	5,542	41,032	—	167,803
Currency realignment	匯兌調整	—	(23)	(11)	(8)	(94)	—	(136)
Provided for the year	本年度撥備	4,853	1,777	4,267	456	2,969	—	14,322
Eliminated on disposals	出售時對銷	—	(97)	—	(596)	—	—	(693)
At 31 December 2015	於2015年12月31日	82,989	27,988	21,018	5,394	43,907	—	181,296
Eliminated on disposal of subsidiaries (note 43)	出售附屬公司時對銷(附註43)	—	(779)	(6,827)	—	—	—	(7,606)
Currency realignment	匯兌調整	—	(900)	(2,214)	(120)	(374)	—	(3,608)
Provided for the year	本年度撥備	4,853	2,719	8,333	595	2,900	—	19,400
Eliminated on disposals	出售時對銷	—	(544)	(1,964)	(327)	—	—	(2,835)
At 31 December 2016	於2016年12月31日	87,842	28,484	18,346	5,542	46,433	—	186,647
NET BOOK VALUE	賬面淨值							
At 31 December 2016	於2016年12月31日	9,209	13,263	36,131	2,053	12,416	38,510	111,582
At 31 December 2015	於2015年12月31日	14,062	3,506	25,422	1,056	11,585	6,232	61,863

Notes to the Consolidated Financial Statements (continued) 綜合財務報表附註(續)

For The Year Ended 31 December 2016 截至2016年12月31日止年度

15. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The above items of property, plant and equipment are depreciated on a straight-line method at the following rates per annum:

Buildings	5%–20%
Leasehold improvements	5%–25%
Furniture, fixtures and equipment	15%–20%
Motor vehicles	15%–25%
Plant and machinery	15%–20%

The carrying value of the Group's property interests comprises buildings on land under medium-term land use rights in the PRC.

16. PREPAID LEASE PAYMENTS

The Group's prepaid lease payments comprise leasehold lands held under medium-term lease located in:

15. 物業、廠房及設備(續)

上述物業、廠房及設備項目之折舊乃以直線法按下列年率折舊：

樓宇	5%–20%
租賃改良	5%–25%
傢俬、裝置及設備	15%–20%
汽車	15%–25%
廠房及機器	15%–20%

本集團物業權益的賬面值指在中國境內之中期土地使用權土地上的樓宇。

16. 預付租賃款項

本集團之預付租賃款項是指中期租賃土地位於：

		2016	2015
		HK\$'000	HK\$'000
		千港元	千港元
The PRC	中國	21,185	22,490
Myanmar	緬甸	33,087	12,230
		54,272	34,720
Analysed for reporting purposes as:	就呈報分析如下：		
Non-current asset	非流動資產	52,943	33,856
Current asset	流動資產	1,329	864
		54,272	34,720

Notes to the Consolidated Financial Statements (continued) 綜合財務報表附註(續)

For The Year Ended 31 December 2016 截至2016年12月31日止年度

17. INVESTMENT PROPERTIES

17. 投資物業

		2016 HK\$'000 千港元	2015 HK\$'000 千港元
At fair value	按公平值		
<i>Completed investment properties</i>	<i>已竣工投資物業</i>		
Balance at beginning of year	年初結餘	29,816	32,103
Gain on property revaluation	物業重估收益	6,404	538
Effect of foreign currency exchange differences	外幣匯兌差異的影響	194	(2,825)
Balance at end of year	年末結餘	36,414	29,816

The Group's property interests held for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties.

The fair value of the Group's investment properties as at 31 December 2016 and 2015 has been arrived at on the basis of a valuation carried out on 30 December 2016 and 30 December 2015 respectively by Thai Property Appraisal Lynn Phillips Co., Ltd., an independent qualified professional valuers not connected to the Group.

The fair value of the investment properties was determined based on the market approach. The market approach uses prices and other relevant information generated by market transactions involving comparable investment properties.

In estimating the market value of the properties, the highest and best use of the properties is their current use.

本集團持有目的為資本增值的物業權益乃採用公平值模式計量，並歸類及入賬為投資物業。

本集團的投資物業於2016年及2015年12月31日的公平值乃根據由與本集團概無關連的獨立合資格專業估值師Thai Property Appraisal Lynn Phillips Co., Ltd. 分別於2016年12月30日及2015年12月30日進行的估值釐定。

投資物業的公平值乃分別根據市場法釐定。市場法採用涉及可資比較投資物業的市場交易產生之價格及其他相關資料。

於估計物業的市值時，物業的最高及最佳用途為其目前用途。

Notes to the Consolidated Financial Statements (continued) 綜合財務報表附註(續)

For The Year Ended 31 December 2016 截至2016年12月31日止年度

17. INVESTMENT PROPERTIES (CONTINUED)

One of the key inputs used in valuing the investment properties was the sales prices of completed properties nearby the Group's investment properties and the estimated price of the Group's investment properties is HK\$2,249/sq. wah where wah is a common unit of length used in Thailand and one unit of wah is equal to 2 meters. An increase in the sales prices would result in an increase in fair value measurement of the investment properties, and vice versa.

Details of the Group's investment properties and information about the fair value hierarchy as at 31 December 2016 and 31 December 2015 are as follows:

		Fair value as at Level 3 31.12.2016 於2016年 12月31日之 第3級 公平值 HK\$'000 千港元	Fair value as at Level 3 31.12.2015 於2015年 12月31日之 第3級 公平值 HK\$'000 千港元
Industrial property plants located in Thailand	位於泰國的工業物業 廠房	36,414	29,816

There were no transfers into or out of Level 3 during the year.

本年度並無物業從第3級轉入或轉出。

18. INVENTORIES

18. 存貨

	2016 HK\$'000 千港元	2015 HK\$'000 千港元
Raw materials	41,514	29,337
Work in progress	13,285	31,554
Finished goods	15,629	12,617
	70,428	73,508

Notes to the Consolidated Financial Statements (continued)

綜合財務報表附註(續)

For The Year Ended 31 December 2016 截至2016年12月31日止年度

19. INTERESTS IN ASSOCIATES

19. 於聯營公司之權益

		2016 HK\$'000 千港元	2015 HK\$'000 千港元
Costs of unlisted investments	未上市投資成本	96,024	—
Share of post-acquisition loss and total comprehensive expense	分佔收購後虧損及全面開支總額	(224)	—
		95,800	—

Details of the Group's associates as at 31 December 2016 are as follows:

本集團聯營公司於2016年12月31日之詳情如下：

Name of associate 聯營公司名稱	Place of incorporation 註冊成立地點	Paid up registered capital 已繳足註冊股本	Proportion of equity interest held by the Group 本集團持有股權部份		Proportion of voting rights held by the Group 本集團持有投票權部份		Principal activity 主要活動
			2016	2015	2016	2015	
奇點同舟餐飲管理(北京)有限公司 ("西少爺")	The PRC 中國	Renminbi ("RMB")1,562,500 人民幣 (「人民幣」) 1,562,500元	18%	—	18% (Note 1) (附註1)	—	Chinese fast food restaurants chain 中國連鎖快餐店
廣州遇見小面餐飲管理有限公司 ("遇見小面")	The PRC 中國	RMB99,734 人民幣99,734元	20%	—	20% (Note 2) (附註2)	—	Chinese fast food restaurants chain 中國連鎖快餐店

Note 1: The Group is able to exercise significant influence over 西少爺 because it has the power to appoint one out of seven directors of that company under the equity owners' agreement of that company.

附註1：本集團可對西少爺行使重大影響力，乃由於根據該公司股權擁有人協議，本集團有權委任該公司七名董事中其中一名董事。

Note 2: The Group is able to exercise significant influence over 遇見小面 because it has the power to appoint one out of three directors of that company under the equity owners' agreement of that company.

附註2：本集團可對遇見小面行使重大影響力，乃由於根據該公司股權擁有人協議，本集團有權委任該公司三名董事中其中一名董事。

Notes to the Consolidated Financial Statements (continued)

綜合財務報表附註(續)

For The Year Ended 31 December 2016 截至2016年12月31日止年度

19. INTERESTS IN ASSOCIATES (CONTINUED)

On 5 November 2016, the Company entered into a capital increase agreement with the existing equity owners of 遇見小面, pursuant to which the Company agreed to inject contribution to 遇見小面 at an amount of RMB25,000,000 (equivalent to approximately HK\$27,928,000). The transaction was completed on 23 December 2016. 遇見小面 is principally engaged in the business of Chinese fast food restaurants chain business under “遇見小面” brand in the PRC.

On 9 November 2016, the Company entered into a capital increase and transfer agreement with the equity owners of 西少爺, pursuant to which the Company agreed to acquire 18% equity interest investment in 西少爺 at a cash consideration of RMB60,750,000 (equivalent to approximately HK\$68,096,000). The transaction was completed on 6 December 2016. 西少爺 is principally engaged in the business of Chinese fast food restaurants chain business under “西少爺” brand in the PRC.

Summarised financial information of 西少爺 and 遇見小面 is set out below:

19. 於聯營公司之權益(續)

於2016年11月5日，本公司與遇見小面現有股權擁有人訂立增資協議，據此，本公司同意以人民幣25,000,000元(相當於約27,928,000港元)向遇見小面注資。該交易已於2016年12月23日完成。遇見小面主要於中國以「遇見小面」品牌從事中國連鎖快餐店業務。

於2016年11月9日，本公司與西少爺股權擁有人訂立增資協議，據此，本公司同意以現金代價人民幣60,750,000元(相當於約68,096,000港元)收購西少爺18%股權。該交易已於2016年12月6日完成。西少爺主要於中國以「西少爺」品牌從事中國連鎖快餐店業務。

有關西少爺及遇見小面的財務資料概要載列如下：

		西少爺 2016 HK\$'000 千港元	遇見小面 2016 HK\$'000 千港元
Current assets	流動資產	106,373	31,016
Non-current assets	非流動資產	14,669	10,482
Current liabilities	流動負債	(12,618)	(6,355)
Revenue	收益	7,638	754
(Loss) profit for the year	年度(虧損)溢利	(1,242)	4

Notes to the Consolidated Financial Statements (continued)

綜合財務報表附註(續)

For The Year Ended 31 December 2016 截至2016年12月31日止年度

19. INTERESTS IN ASSOCIATES (CONTINUED)

Reconciliation of the above summarised financial information to the carrying amount of the interest in associate recognised in the consolidated financial statements:

19. 於聯營公司之權益(續)

上列財務資料概要與於聯營公司權益於綜合財務報表確認之賬面值之對賬：

		西少爺 2016 HK\$'000 千港元	遇見小面 2016 HK\$'000 千港元
Net assets of the associates	聯營公司之資產淨值	108,424	35,143
Proportion of the Group's direct ownership interests in the associates	本集團於聯營公司之直接擁有權權益部份	18%	20%
Net assets of interest in associate attributable to the Group	本集團應佔聯營公司權益之資產淨值	19,516	7,029
Goodwill	商譽	21,656	10,392
Effect of fair value adjustments at acquisition	收購時之公平值調整影響	26,700	10,507
Carrying amount of the Group's interest in the associate	本集團於聯營公司權益之賬面值	67,872	27,928

20. GOODWILL

20. 商譽

		HK\$'000 千港元
At 1 January 2015 and 31 December 2015	於2015年1月1日及2015年12月31日	—
Arising on acquisition of subsidiaries (note 42)	於收購附屬公司時產生(附註42)	52,901
Exchange adjustment	匯兌調整	(1,202)
At 31 December 2016	於2016年12月31日	51,699

Particulars regarding impairment testing on goodwill are disclosed in note 22.

商譽減值測試詳情披露於附註22。

Notes to the Consolidated Financial Statements (continued) 綜合財務報表附註(續)

For The Year Ended 31 December 2016 截至2016年12月31日止年度

21. INTANGIBLE ASSETS

21. 無形資產

		Computer software 電腦軟件 HK\$'000 千港元	Trademark 商標 HK\$'000 千港元	Total 總計 HK\$'000 千港元
COST	成本			
At 1 January 2015 and 31 December 2015	於2015年1月1日及 2015年12月31日	—	—	—
Acquired on acquisition of subsidiaries (note 42)	於收購附屬公司獲得 (附註42)	2,262	101,395	103,657
Addition	添置	230	—	230
Exchange adjustments	匯兌調整	(123)	(2,304)	(2,427)
At 31 December 2016	於2016年12月31日	2,369	99,091	101,460
AMORTISATION	攤銷			
At 1 January 2015 and 31 December 2015	於2015年1月1日及 2015年12月31日	—	—	—
Charge for the year	年內開支	169	—	169
Exchange adjustments	匯兌調整	(66)	—	(66)
At 31 December 2016	於2016年12月31日	103	—	103
CARRYING VALUES	賬面值			
At 31 December 2016	於2016年12月31日	2,266	99,091	101,357
At 31 December 2015	於2015年12月31日	—	—	—

Computer software is amortised on a straight-line basis over the expected useful life of 5 years.

電腦軟件於預計使用年期5年內以直線法攤銷。

The trademark has a legal life of 10 years and is renewable every 10 years at minimal cost. The directors of the Company are of the opinion that the Group would renew the trademark continuously and has the ability to do so. Various studies including product life cycle studies, market, competitive and environmental trends and brand extension opportunities have been performed by management of the Group, which support that the trademark has no foreseeable limit to the period over which the trademarked products are expected to generate net cash flows for the Group.

商標法定年期為10年，並可以微乎其微的成本每10年重續一次。本公司董事認為，本集團可持續重續商標，並認為其有能力如此行事。本集團管理層已進行多項研究，包括產品壽命週期研究、市場、競爭及環境趨勢及擴展品牌機會。該等研究可支持商標就具有商標產品預期為本集團產生淨現金流量的期間並無可預見限制。

Notes to the Consolidated Financial Statements (continued) 綜合財務報表附註(續)

For The Year Ended 31 December 2016 截至2016年12月31日止年度

21. INTANGIBLE ASSETS (CONTINUED)

As a result, the trademark is considered by the management of the Group as having an indefinite useful life because it is expected to contribute to net cash inflows indefinitely. The trademark will not be amortised until its useful life is determined to be finite. Instead it will be tested for impairment annually and whenever there is an indication that it may be impaired. Particulars of the impairment testing are disclosed in note 22.

22. IMPAIRMENT TESTING ON GOODWILL AND INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIFE

For the purposes of impairment testing, goodwill and trademark with indefinite useful life set out in notes 20 and 21 have been allocated to individual CGU comprising two subsidiaries in the segment of food and beverage investment business management. The carrying amounts of goodwill and trademark as at 31 December 2016 allocated to HHG Group (as defined in note 39) are as follows:

		Goodwill 商譽		Trademark 商標	
		2016 HK\$'000 千港元	2015 HK\$'000 千港元	2016 HK\$'000 千港元	2015 HK\$'000 千港元
HHG Group	和合谷集團	51,699	—	99,091	—

During the year ended 31 December 2016, management of the Group determines that there are no impairment of the CGU containing goodwill and trademark with indefinite useful life.

21. 無形資產(續)

因此，本集團管理層認為商標具有無限可使用年期，乃由於其預期會無限產生淨現金流量。商標在可明確釐定其可使用年期前並不會攤銷，惟將會進行年度減值測試，及在其顯示為可能會減值時進行減值測試。減值測試詳情披露於附註22。

22. 商譽及具有無限可使用年期無形資產的減值測試

就減值測試而言，載於附註20及21的商譽及具有無限可使用年期之商標乃分配至個別現金產生單位，包括餐飲投資管理業務分部的兩間附屬公司。於2016年12月31日，分配至和合谷集團(定義見附註39)的商譽及商標的賬面值如下：

截至2016年12月31日止年度，本集團管理層釐定，包含具有無限可使用年期的商譽及商標的現金產生單位均並無減值。

Notes to the Consolidated Financial Statements (continued) 綜合財務報表附註(續)

For The Year Ended 31 December 2016 截至2016年12月31日止年度

22. IMPAIRMENT TESTING ON GOODWILL AND INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIFE (CONTINUED)

The recoverable amount of the CGU has been determined based on a value in use calculation. That calculation uses cash flow projections based on financial budgets approved by management covering a five-year period, and pre-tax discount rate of 18.7%. HHG Group's cash flows beyond the five-year period are extrapolated using a steady 3% growth rate. This growth rate is based on the relevant industry growth forecasts and does not exceed the average long-term growth rate for the relevant industry.

Cash flow projections during the forecast period for the CGU are based on the expected gross margins during the forecast period. Forecasted gross margins were determined based on past performance and the management's expectations for the market development. Management believes that any reasonably possible change in any of these assumptions would not cause the carrying amount of the CGU to exceed the recoverable amount of the CGU.

22. 商譽及具有無限可使用年期無形資產的減值測試(續)

現金產生單位的可收回金額乃根據使用價值計算而釐定。該計算乃根據管理層批准涵蓋五年期間的財務預算及除稅前折現率為18.7%，採用現金流量預測進行。和合谷集團逾五年期間之現金流量乃以3%的穩定增長率推斷。該增長率乃基於相關行業增長預測得出，且並不超出相關行業的平均長期增長率。

現金產生單位的預測期間的現金流量預測乃基於預測期間的預期毛利率得出。預測毛利率乃基於市場發展的過往表現及管理層對有關預期得出。管理層相信，即使任何該等假設出現任何合理可能變動，其將不會導致現金產生單位的賬面值超出現金產生單位的可收回金額。

23. TRADE AND OTHER RECEIVABLES

		2016 HK\$'000 千港元	2015 HK\$'000 千港元
Trade receivables	應收貿易賬款	46,408	58,803
Bills receivables	應收票據	12,021	20,997
		58,429	79,800
Prepayments and deposits	預付款項及按金	19,909	12,628
Other receivables	其他應收款項	12,301	6,774
Total trade and other receivables	應收貿易及其他款項合計	90,639	99,202

23. 應收貿易及其他款項

Notes to the Consolidated Financial Statements (continued)

綜合財務報表附註(續)

For The Year Ended 31 December 2016 截至2016年12月31日止年度

23. TRADE AND OTHER RECEIVABLES (CONTINUED)

The aged analysis of trade and bills receivables based on the invoice date at the end of the reporting period is as follows:

		2016	2015
		HK\$'000	HK\$'000
		千港元	千港元
Not exceeding 30 days	不超過30天	30,255	57,150
31–60 days	31至60天	18,866	13,585
61–90 days	61至90天	3,119	8,942
Over 90 days	90天以上	6,189	123
		58,429	79,800

The following amounts of trade receivables, bills receivables and other receivables are denominated in currencies other than the functional currency of the relevant group entities.

		2016	2015
		HK\$'000	HK\$'000
		千港元	千港元
RMB	人民幣	210	379
HK dollars	港元	1,075	208

23. 應收貿易及其他款項(續)

應收貿易賬款及票據於報告期末按發票日之賬齡分析如下：

以下應收貿易賬款、應收票據及其他應收款項均以相關集團實體的功能貨幣以外的貨幣記賬。

Notes to the Consolidated Financial Statements (continued) 綜合財務報表附註(續)

For The Year Ended 31 December 2016 截至2016年12月31日止年度

23. TRADE AND OTHER RECEIVABLES (CONTINUED)

Before accepting any new customer, the Group assesses the potential customer's credit quality by investigating its historical credit record and then defines its credit limit. The Group generally allows its trade customers an average credit period ranging from 7 to 90 days. Trade receivables of an aggregate carrying amount of HK\$38,316,000 (2015: HK\$54,475,000) that are neither past due nor impaired have good credit quality with reference to the track record of these customers under internal assessment by the Group. As of 31 December 2016 and 2015, no allowance for doubtful debts has provided for receivables aged over 90 days. Included in the Group's trade receivable are debtors with an aggregate carrying amount of HK\$8,092,000 (2015: HK\$4,328,000) which were past due at the reporting date but for which the Group has not provided for impairment loss. There has not been a significant change in credit quality of the relevant customers and the Group believes that the amounts are still recoverable as there are continuing subsequent settlement. The Group does not hold any collateral over these balances.

Aging of trade receivables which are past due but not impaired:

		2016 HK\$'000 千港元	2015 HK\$'000 千港元
Overdue:	逾期：		
Not exceeding 30 days	不超過30天	1,468	2,233
31-60 days	31至60天	1,035	1,331
61-90 days	61至90天	100	708
Over 90 days	90天以上	5,489	56
Total	合計	8,092	4,328

As at 31 December 2016 and 31 December 2015, all bills receivables are not past due.

23. 應收貿易及其他款項(續)

於接納任何新客戶前，本集團透過調查潛在客戶之過往信貸紀錄評估其信貸質量，繼而決定其信貸額度。本集團一般給予其貿易客戶之平均賒賬期介乎7至90天。經參考該等客戶於本集團的內部評估過往記錄，賬面總值達38,316,000港元(2015年：54,475,000港元)的未逾期亦未減值應收貿易賬款具有良好信貸質量。於2016年及2015年12月31日，概無賬齡超過90天之應收貿易賬款計提呆賬撥備。本集團之應收貿易賬款包括總賬面值達8,092,000港元(2015年：4,328,000港元)之應收賬款，其於報告日期已經逾期，惟本集團並無就此計提減值虧損。相關客戶之信貸質量並無重大變動，且由於其後持續結賬，故本集團認為該等款項仍可收回。本集團並無就該等結餘持有任何抵押品。

逾期而未減值的應收貿易款項之賬齡如下：

於2016年12月31日及2015年12月31日，所有應收票據均無逾期。

Notes to the Consolidated Financial Statements (continued) 綜合財務報表附註(續)

For The Year Ended 31 December 2016 截至2016年12月31日止年度

24. DERIVATIVE FINANCIAL INSTRUMENTS/OTHER FINANCIAL ASSETS 24. 衍生金融工具/其他金融資產

		2016 HK\$'000 千港元	2015 HK\$'000 千港元
Derivative financial asset	衍生金融資產		
Put option on issuance of convertible bonds (Note i) — Non-current	發行可換股債券認沽期權 (附註i) — 非即期	7,020	—
Other financial assets	其他金融資產		
Unlisted investments in wealth management products (Note ii) — current	於理財產品的非上市投資 (附註ii) — 即期	17,045	—
Derivative financial liability	衍生金融負債		
Foreign currency forward contracts (Note iii) — Current	外幣遠期合約(附註iii) — 即期	—	1,284

Notes:

(i) Put option on issuance of convertible bonds

On 18 September 2016 and 10 October 2016, the Company and the immediate holding company entered into an agreement and a supplementary agreement pursuant to which the Company agreed to issue and the immediate holding company agreed to subscribe for the convertible bonds in the aggregate principal amount up to HK\$1,500,000,000 for a total consideration equal to the principal amount of such convertible bonds. The interest is 3% per annum. The conversion price of the convertible bonds shall be HK\$1.18 per conversion share, subject to adjustment pursuant to the terms and conditions of the convertible bonds. The availability period is a fixed term of two years commencing from 10 October 2016 and neither party will have the right to extend. As at 31 December 2016, no convertible bonds were issued but it constitutes a put option for the Company. The amount represents the fair value of the put option on issuance of convertible bonds by the Company to the immediate holding company.

(ii) Unlisted investments in wealth management products

Other financial assets represented the Group's investment in unlisted wealth management products issued by commercial banks in the PRC which is carried at fair value through profit or loss. The repayment of principals of certain investments are not guaranteed and all the investments have expected rates of return. The investments are denominated in RMB and redeemable within one year. The maximum exposure to credit risk at the reporting date is the carrying value of these assets. In the opinion of the directors of the Company, the fair values of these investments at 31 December 2016 approximated their principal amounts.

附註：

(i) 發行可換股債券認沽期權

於2016年9月18日及2016年10月10日，本公司與直接控股公司訂立協議及補充協議，據此，本公司同意發行及直接控股公司同意認購本金總額達1,500,000,000港元之可換股債券，總代價相等於該等可換股債券之本金額，並以年利率3%計息。可換股債券之轉換價將為每股轉換股份1.18港元，可根據可換股債券之條款及條件予以調整。有效期自2016年10月10日起計固定年期兩年，且任何一方均無權延長有效期。於2016年12月31日，本公司亦無發行任何構成認沽期權的可換股債券。該金額指本公司向直接控股公司發行可換股債券之認沽期權之公平值。

(ii) 於理財產品的非上市投資

其他金融資產指本集團於中國的商業銀行發行的非上市理財產品的投資，其乃透過損益以公平值列賬。若干投資之本金均無償還保證，而所有投資均具有預期回報率。投資乃以人民幣計值，且於一年內可予贖回。於報告日期所面臨的最大信貸風險為該等資產的賬面值。本公司董事認為，該等投資於2016年12月31日之公平值與其本金金額相若。

Notes to the Consolidated Financial Statements (continued) 綜合財務報表附註(續)

For The Year Ended 31 December 2016 截至2016年12月31日止年度

24. DERIVATIVE FINANCIAL INSTRUMENTS/OTHER FINANCIAL ASSETS (CONTINUED)

Notes: (Continued)

(iii) Foreign currency forward contracts

The amount represents the fair value of foreign currency forward contracts held by the Group with terms stated as follows:

Notional amount	名義金額	Maturity 到期日	Exchange rate 匯率
As at 31 December 2015	於2015年12月31日		
Sell USD771,426	沽771,426美元	13.1.2016	USD1: RMB6.4815 1美元: 人民幣6.4815元
Sell USD1,495,806	沽1,495,806美元	19.1.2016	USD1: RMB6.4848 1美元: 人民幣6.4848元
Sell USD3,050,647	沽3,050,647美元	25.1.2016	USD1: RMB6.4883 1美元: 人民幣6.4883元
Sell USD1,276,295	沽1,276,295美元	28.2.2016	USD1: RMB6.5032 1美元: 人民幣6.5032元
Sell USD2,457,445	沽2,457,445美元	25.2.2016	USD1: RMB6.5108 1美元: 人民幣6.5108元

25. BANK BALANCES AND CASH

Bank balances and cash comprise cash held by the Group and short term bank deposits with an original maturity of three months or less. The deposits carry prevailing market interest rates which range from 0.01% to 0.35% (2015: 0.01% to 0.35%) per annum.

The following amounts of bank and cash are denominated in the foreign currencies other than the functional currency of the relevant group entities.

24. 衍生金融工具/其他金融資產(續)

附註:(續)

(iii) 外幣遠期合約

該款項指本集團持有之外幣遠期合約，其條款列載如下：

25. 銀行結餘及現金

銀行結餘及現金包括本集團持有之現金及原本為三個月或以下到期之短期銀行存款。該等存款按當前市場年利率介乎0.01%至0.35%(2015年: 0.01%至0.35%)計息。

以下銀行及現金結餘均以相關集團實體的功能貨幣以外的貨幣記賬。

		2016 HK\$'000 千港元	2015 HK\$'000 千港元
Euro	歐元	53	221
RMB	人民幣	92	1,324
HK dollars	港元	53,475	257,038

Notes to the Consolidated Financial Statements (continued)

綜合財務報表附註(續)

For The Year Ended 31 December 2016 截至2016年12月31日止年度

26. TRADE AND OTHER PAYABLES

Trade and other payables principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period obtained for trade purchases is 7 to 60 days.

26. 應付貿易及其他款項

應付貿易及其他款項主要包括貿易購貨及持續開支成本之未付金額。貿易購貨之平均賒賬期為7至60天。

		2016 HK\$'000 千港元	2015 HK\$'000 千港元
Trade and bills payable aged:	應付貿易賬款及票據之賬齡：		
Not exceeding 30 days	不超過30天	37,054	23,946
31-60 days	31至60天	2,776	6,840
61-90 days	61至90天	612	4,145
Over 90 days	90天以上	1,001	1,382
		41,443	36,313
Other payables	其他應付款項	56,997	4,842
Accrued salaries	應計薪金	34,015	17,587
Accrued bonus	應計花紅	1,999	4,481
Other accrued expenses	其他應計費用	13,192	6,731
Consideration payable for acquisition of subsidiaries (note 42)	收購附屬公司應付代價(附註42)	26,930	—
		174,576	69,954

The following amounts of trade and other payables are denominated in currencies other than the functional currency of the relevant group entities.

以下應付貿易及其他款項均以相關集團實體的功能貨幣以外的貨幣記賬。

		2016 HK\$'000 千港元	2015 HK\$'000 千港元
Euro	歐元	822	—
RMB	人民幣	27,118	165
HK dollars	港元	3,714	2,561

Notes to the Consolidated Financial Statements (continued) 綜合財務報表附註(續)

For The Year Ended 31 December 2016 截至2016年12月31日止年度

27. AMOUNT DUE TO A RELATED COMPANY

The amount represented a trade balance due to Capital Nation Investments Limited ("Capital Nation").

Capital Nation is beneficially owned and controlled by Ms. Lee Rosanna Man Lai who is the daughter of Mr. Lee Wan Keung ("Mr. Lee"), the controlling shareholder of Full Gold Trading Limited ("Full Gold"). Full Gold has ceased to be the ultimate holding company of the Company since 3 June 2016.

The amount is unsecured, non-interest bearing, repayable on demand and aged within 60 days.

28. AMOUNT DUE FROM AN ASSOCIATE

The amount is unsecured, non-interest bearing, repayable on demand and expected to be recovered within twelve months from the end of the reporting period.

29. GOVERNMENT GRANTS

During the year ended 31 December 2016, the Group received government grants amounting to HK\$2,075,000, mainly for the establishment of restaurants and purchase of manufacturing machineries. Such government grants were recorded as deferred government grants and would be credited to the statement of comprehensive income over the useful life of the corresponding machineries using straight-line method.

27. 應付關連公司款項

有關款項乃應付Capital Nation Investments Limited (「Capital Nation」)之貿易餘額。

Capital Nation由Full Gold Trading Limited (「Full Gold」)之控股股東李運強先生(「李先生」)之女兒李文麗女士實益擁有及控制。Full Gold自2016年6月3日起不再為本公司之最終控股公司。

有關款項為無抵押、免息、須按要求償還及賬齡為60天內。

28. 應收聯營公司款項

該款項為無抵押、無息、須按要求償還，並預期將自報告期末起計十二個月內償還。

29. 政府補助

截至2016年12月31日止年度，本集團獲取政府補助達2,075,000港元，乃主要用作成立餐廳及採購生產機器。有關政府補助記賬為遞延政府補助，並將使用直線法在有關機器的可使用年期內計入綜合全面收益表。

Notes to the Consolidated Financial Statements (continued)

綜合財務報表附註(續)

For The Year Ended 31 December 2016 截至2016年12月31日止年度

30. DEFERRED TAXATION

The following are the major deferred tax liabilities (assets) recognised and movement thereon during the current and prior reporting periods.

		Accelerated Payroll and accrued expenses 工資及 應計費用 HK\$'000 千港元	(accounting) tax depreciation 遞增(會計) 稅項折舊 HK\$'000 千港元	Trademark 商標 HK\$'000 千港元	Others 其他 HK\$'000 千港元	Total 合計 HK\$'000 千港元
At 1 January 2015	於2015年1月1日	—	(2,120)	—	—	(2,120)
Credit to profit or loss	計入損益	—	(801)	—	—	(801)
At 31 December 2015	於2015年12月31日	—	(2,921)	—	—	(2,921)
(Credit) charge to profit or loss	(計入損益)於損益扣除	(497)	(1,120)	—	41	(1,576)
Acquisition of subsidiaries (note 42)	收購附屬公司(附註42)	(9,387)	(3,141)	25,349	(397)	12,424
Exchange difference	匯兌差額	218	72	(576)	9	(277)
At 31 December 2016	於2016年12月31日	(9,666)	(7,110)	24,773	(347)	7,650

At the end of the reporting period, the Group had unutilised tax losses of HK\$16,250,000 (2015: HK\$10,466,000) available to offset against future profits. No deferred tax asset had been recognised in respect of the tax losses due to the unpredictability of future taxable profit streams. The unrecognised tax losses at 31 December 2016 were reduced by HK\$22,984,000 due to the disposal of subsidiaries. Tax losses of HK\$6,938,000 (2015: HK\$8,892,000) may be carried forward indefinitely.

Under the EIT Law of the PRC, withholding tax is imposed on dividends declared in respect of profits earned by the PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has not been provided for in the consolidated financial statements in respect of temporary attributable to accumulated profits of the PRC subsidiaries amounting to HK\$5,750,000 (2015: HK\$8,135,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

30. 遞延稅項

當前及過往報告期間已確認之主要遞延稅項負債(資產)及其變動如下。

於報告期末，本集團有未用的稅務虧損16,250,000港元(2015年：10,466,000港元)以抵銷未來溢利。由於未來應課稅溢利流屬不可預測，故並無就稅務虧損確認遞延稅項資產。於2016年12月31日之尚未確認稅務虧損已減少22,984,000港元，乃由於出售附屬公司所致。稅務虧損達6,938,000港元(2015年：8,892,000港元)或可無限期結轉。

根據中國企業所得稅法，從2008年1月1日起，中國附屬公司所賺取溢利而宣派之股息均需繳納預提稅項。由於本集團能夠控制撥回暫時性差額的時間，及於可見將來極可能不會撥回暫時性差額，故綜合財務報表並無就中國附屬公司累計溢利應佔之暫時性差額達5,750,000港元(2015年：8,135,000港元)計提遞延稅項撥備。

Notes to the Consolidated Financial Statements (continued) 綜合財務報表附註(續)

For The Year Ended 31 December 2016 截至2016年12月31日止年度

31. AMOUNT DUE TO A RELATED PARTY/LOAN FROM A RELATED PARTY

The Group's loan from Ms. Wai of HK\$260,000,000 bears interest at 2.5% per annum and is unsecured. As at 31 December 2015, the loan should be repayable in October 2017 and during the year ended 31 December 2016, the repayment date of loan was extended to September 2018.

At 31 December 2016, the Group's amount due to Ms. Wai of HK\$1,083,000 (2015: HK\$1,371,000) represents the interest payable for the loan from her. The amount is interest-free, unsecured and repayable within twelve months from the end of the reporting period.

Ms. Wai resigned as director of the Company on 9 August 2016.

Both amounts are denominated in HK\$.

31. 應付關連方款項／關連方貸款

本集團來自衛女士之260,000,000港元貸款乃以年利率2.5%計息，並為無抵押。於2015年12月31日，該筆貸款應於2017年10月償還，而於截至2016年12月31日止年度，該貸款之償還日期已延後至2018年9月。

於2016年12月31日，本集團應付衛女士之款項1,083,000港元(2015年：1,371,000港元)為來自彼之貸款之應付利息。該款項為免息、無抵押及須於報告期末起計十二個月內償還。

衛女士於2016年8月9日辭任本公司董事。

該等款項均以港元計值。

32. SHARE CAPITAL

32. 股本

		Number of ordinary shares 普通股數目	Amount 金額 HK\$'000 千港元
Ordinary shares of HK\$0.10 each:	每股面值0.10港元之普通股：		
Authorised:	法定：		
At 1 January 2015, 31 December 2015 and 31 December 2016	於2015年1月1日、2015年12月31日及2016年12月31日	5,000,000,000	500,000
Issued and fully paid:	已發行及繳足：		
At 1 January 2015, 31 December 2015 and 31 December 2016	於2015年1月1日、2015年12月31日及2016年12月31日	825,000,000	82,500

Notes to the Consolidated Financial Statements (continued) 綜合財務報表附註(續)

For The Year Ended 31 December 2016 截至2016年12月31日止年度

33. SHARE OPTION SCHEME

The share option scheme of the Company (the “Scheme”) was adopted pursuant to a resolution passed on 18 May 2011 for the purpose of providing incentives to directors and eligible persons. The Scheme will remain in force for a period of 10 years from adoption of such scheme and will expire on 17 May 2021.

Under the Scheme, the board of directors of the Company could at their discretion grant options to (i) any director, employee or consultant of the Company or a company in which the Company holds an equity interest or a subsidiary of such company (“Affiliate”); or (ii) any discretionary trust whose discretionary objects include any director, employee or consultant of the Company or an Affiliate; or (iii) a company beneficially owned by any director, employee or consultant of the Company or an Affiliate; or (iv) any customer, supplier or adviser as may be determined by the directors of the Company from time to time to subscribe for the shares of the Company.

Options granted must be taken up within 21 days of the date of grant. The maximum number of shares of the Company in respect of which options might be granted under the Scheme shall not exceed 10% of the issued share capital of the Company any point in time. The maximum number of the shares of the Company in respect of which options might be granted to any individual in any 12-month period shall not exceed 1% of the shares of the Company in issue on the last date of such 12-month period unless approval of the shareholders of the Company was obtained in accordance with the Listing Rules on the Stock Exchange.

Options may be exercised during such period (including the minimum period, if any, for which an option must be held before it could be exercised) as may be determined by the directors of the Company (which shall be less than ten years from the date of issue of the relevant option). Options may be granted without initial payment. The exercise price was equal to the highest of (i) nominal value of the shares of the Company; (ii) the closing price per share as stated in the Stock Exchange’s daily quotations sheets on the date of the grant of the options; and (iii) the average closing price per share as stated in the Stock Exchange’s daily quotations sheets for the five business days immediately preceding the date of the grant of the options.

No share options were granted since the adoption.

33. 購股權計劃

本公司根據一項於2011年5月18日通過之決議案，已採納購股權計劃(「計劃」)，以獎勵董事及合資格人士。計劃從採納該計劃起計10年內有效，並於2021年5月17日屆滿。

根據計劃，本公司董事會可酌情向(i)本公司或本公司擁有股本權益之公司或該公司之附屬公司(「聯屬公司」)之任何董事、僱員或顧問；或(ii)受益人包括本公司或聯屬公司之任何董事、僱員或顧問之任何全權信託；或(iii)由本公司或聯屬公司之任何董事、僱員或顧問實益擁有之公司；或(iv)由本公司董事會於不時決定之任何客戶、供應商或顧問授予購股權以供認購本公司股份。

獲授予之購股權必須於獲授當日起計21天內接納。有關根據計劃所授出之購股權所涉及之本公司股份數目，在任何時候最高均不得超過本公司已發行股本之10%。除非根據聯交所上市規則獲得本公司股東批准，否則於任何12個月期間授予任何個別人士之購股權所涉及之最高本公司股份數目，不得超過於該12個月期間之最後一日之已發行本公司股份之1%。

購股權可於本公司董事釐定之有關期間(該期間將由發行有關購股權當日起計十年內，並包括購股權可予行使前必須持有之最短期限(如有))內行使。購股權可在毋須作出初期付款之情況下授出，並可按下述三項中之最高者作為行使價格(i)本公司股份之面值；(ii)股份於授出購股權當日聯交所每日報價表所列之每股收市價；及(iii)股份於緊接授出日期前五個營業日在聯交所之每日報價表所列之平均每股收市價。

自採納起，並無授出購股權。

Notes to the Consolidated Financial Statements (continued) 綜合財務報表附註(續)

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34. OPERATING LEASES

The Group as lessee

		2016 HK\$'000 千港元	2015 HK\$'000 千港元
Minimum lease payments paid under operating leases in respect of office premises and retail shops during the year	年內有關辦公室物業及零售店舖經營租約之最低租賃付款	26,912	24,446

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

		2016 HK\$'000 千港元	2015 HK\$'000 千港元
Within one year	一年內	59,374	27,644
In the second to fifth years inclusive	於第二至第五年內(包括首尾兩年)	140,298	19,970
More than five years	超過五年	21,667	—
		221,339	47,614

Operating lease payments represent rentals for the Group's office, retail shops and restaurants. Leases are negotiated for an average term ranging from one to ten years. Monthly rental was fixed for certain leases.

The above lease commitments represent basic rents only and do not include contingent rents payable in respect of certain retail shops and restaurants leased by the Group. In general, these contingent rents are calculated with reference to the relevant retail shop's and restaurants' turnover using predetermined formulae. It is not possible to estimate in advance the amount of such contingent rents payable. During the year ended 31 December 2016, the amount of contingent rental recognised as expenses were approximately HK\$979,000 (2015: nil).

34. 經營租約

本集團為承租人

		2016 HK\$'000 千港元	2015 HK\$'000 千港元
Minimum lease payments paid under operating leases in respect of office premises and retail shops during the year	年內有關辦公室物業及零售店舖經營租約之最低租賃付款	26,912	24,446

於報告期末，本集團就不可註銷經營租約之未來最低租賃付款之承擔到期如下：

		2016 HK\$'000 千港元	2015 HK\$'000 千港元
Within one year	一年內	59,374	27,644
In the second to fifth years inclusive	於第二至第五年內(包括首尾兩年)	140,298	19,970
More than five years	超過五年	21,667	—
		221,339	47,614

經營租賃付款指本集團辦公室、零售店舖及餐廳之租金。經磋商後，租賃之平均租期介乎一至十年。若干租賃之每月租金為固定。

上述租賃承擔僅指基本租金及不包括本集團承租的若干零售店舖及餐廳之或然應付租金。在一般情況下，該等或然租金乃參照相關零售店舖及餐廳之營業額按預先釐定的公式計算。該等應付或然租金的金額並不能在事前估計。截至2016年12月31日止年度，確認為開支之或然租金金額約為979,000港元(2015年：零)。

Notes to the Consolidated Financial Statements (continued) 綜合財務報表附註(續)

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35. CAPITAL COMMITMENTS

35. 資本承擔

		2016 HK\$'000 千港元	2015 HK\$'000 千港元
Capital expenditure contracted for but not provided in the consolidated financial statements in respect of the acquisition of property, plant and equipment	就購置物業、廠房及設備已訂約但未於綜合財務報表內撥備之資本性支出	8,791	13,084

36. RETIREMENT BENEFIT SCHEMES

36. 退休福利計劃

Defined benefit scheme

The Group is a member of a defined benefit scheme which was open to qualified employees of the Group's subsidiaries. In December 2000, all the then existing members of the defined benefit scheme were enrolled into the MPF Scheme and their accrued benefits for the past services under the defined benefit scheme were frozen as at 30 November 2000. The defined benefit scheme was closed to new employees from December 2000 onwards.

Under the defined benefit scheme, employees are entitled to retirement benefits varying between 0% and 100% of their salaries as at 30 November 2000 multiplied by the pensionable service up to 30 November 2000 on attainment of a retirement age of 55. No other post-retirement benefits are provided.

The plan exposes the Group to actuarial risks such as investment risk and interest rate risk.

Investment risk

The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to the yields of the Hong Kong Government Exchange Fund Notes; if the return on plan asset is below this rate, it will create a plan deficit.

界定利益計劃

本集團為一項界定利益計劃之成員，該計劃乃為本集團之附屬公司之合資格僱員而設。於2000年12月，界定利益計劃當時之所有成員已登記加入強積金計劃，其於界定利益計劃下過往服務之累積利益已於2000年11月30日被凍結。界定利益計劃亦由2000年12月起不再接受新僱員加入。

根據界定利益計劃，僱員於年屆55歲退休之齡時，可收取之退休福利乃相等於其於2000年11月30日之薪酬之0%至100%不等，並乘以截至2000年11月30日止之應計算退休金之服務年資。本集團並未提供其他退休後福利。

該計劃使本集團面臨精算風險，如投資風險及利率風險。

投資風險

界定利益計劃負債之現值乃參照香港政府外匯基金票據之收益率而決定之折現率計算。倘計劃資產之回報低於該比率，將產生計劃虧拙。

Notes to the Consolidated Financial Statements (continued) 綜合財務報表附註(續)

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36. RETIREMENT BENEFIT SCHEMES (CONTINUED)

Defined benefit scheme (Continued)

Interest rate risk

A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan's debt investments.

The risk relating to benefits to be paid to the dependents of plan members (widow and orphan benefits) is re-insured by an external insurance company.

The most recent actuarial valuation of the plan assets and the present value of the defined benefit obligation was carried out as at 31 December 2016 by Towers Watson Hong Kong Limited. The present value of the defined benefit obligation, the related current service cost and past service cost were measured using the projected unit credit method.

The main actuarial assumptions used were as follows:

		2016 HK\$'000 千港元	2015 HK\$'000 千港元
Discount rate per annum	年折現率	1.2%	0.8%

The actuarial valuation shows that the market value of plan assets at 31 December 2016 was HK\$8,955,000 (2015: HK\$8,529,000) and that the actuarial value of these assets represented 235% (2015: 223%) of the benefits that were accrued to members. The surplus at 31 December 2016 of HK\$5,138,000 (2015: HK\$4,697,000) is to be cleared over the estimated remaining service period of the current membership of 2 years (2015: 3 years).

36. 退休福利計劃(續)

界定利益計劃(續)

利率風險

債券利率降低將會增加計劃負債，然而，該部份將會由計劃債務投資回報之增長部份抵銷。

有關向計劃成員家屬(遺孀及孤兒)支付福利的風險由外部保險公司重新擔保。

計劃資產及界定利益承擔現值之最近期精算評估乃由韜睿惠悅香港有限公司於2016年12月31日作出評估。界定利益承擔現值、相關之現時服務成本及過往服務成本乃採用預估單位信貸法計算。

所採用之主要精算假設如下：

		2016 HK\$'000 千港元	2015 HK\$'000 千港元
Discount rate per annum	年折現率	1.2%	0.8%

精算評估顯示計劃資產於2016年12月31日之市值為8,955,000港元(2015年：8,529,000港元)，而該等資產之精算價值乃相當於計劃成員應得利益之235%(2015年：223%)。於2016年12月31日之盈餘為5,138,000港元(2015年：4,697,000港元)將於現有會籍的2年(2015年：3年)估計剩餘服務年期內結算。

Notes to the Consolidated Financial Statements (continued)

綜合財務報表附註(續)

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36. RETIREMENT BENEFIT SCHEMES (CONTINUED)

Defined benefit scheme (Continued)

Interest rate risk (Continued)

Amounts recognised in comprehensive income in respect of these defined benefit plans are as follows.

36. 退休福利計劃(續)

界定利益計劃(續)

利率風險(續)

於全面收益中確認之有關該等界定利益計劃款項如下。

		2016	2015
		HK\$'000	HK\$'000
		千港元	千港元
Net interest income	淨利息收入	38	52
Component of defined benefit assets recognised in profit or loss	於損益中確認之界定利益資產組成部份	38	52
Remeasurement on the net defined benefit assets:	界定利益資產淨額之重新計量：		
Return on plan assets (excluding amounts included in net interest expense)	計劃資產回報(不包括已計入利息開支淨額款項)	370	329
Actuarial gains (losses)	精算收益(虧損)	33	(49)
Components of defined benefit assets recognised in other comprehensive income	於其他全面收益中確認之界定利益資產組成部份	403	280
Total	合計	441	332

Notes to the Consolidated Financial Statements (continued) 綜合財務報表附註(續)

For The Year Ended 31 December 2016 截至2016年12月31日止年度

36. RETIREMENT BENEFIT SCHEMES (CONTINUED)

Defined benefit scheme (Continued)

The amount included in the consolidated statement of financial position arising from the Group's obligation in respect of its defined benefit retirement benefit plan is as follows:

		2016 HK\$'000 千港元	2015 HK\$'000 千港元
Present value of funded defined benefit obligations	界定利益承擔之現值	3,817	3,832
Fair value of plan assets	計劃資產之公平值	(8,955)	(8,529)
Defined benefit asset	界定利益資產	(5,138)	(4,697)

Movements in the present value of the funded defined benefit obligations in the current year were as follows:

		2016 HK\$'000 千港元	2015 HK\$'000 千港元
Opening balance	期初結餘	3,832	3,895
Interest cost	利息成本	18	28
Benefit paid	已付利益	—	(140)
Actuarial (gains) losses	精算(收益)虧損	(33)	49
Closing balance	期末結餘	3,817	3,832

36. 退休福利計劃(續)

界定利益計劃(續)

已列入綜合財務狀況表中本集團於界定利益退休福利計劃之承擔所產生之數額如下：

		2016 HK\$'000 千港元	2015 HK\$'000 千港元
Present value of funded defined benefit obligations	界定利益承擔之現值	3,817	3,832
Fair value of plan assets	計劃資產之公平值	(8,955)	(8,529)
Defined benefit asset	界定利益資產	(5,138)	(4,697)

年內界定利益承擔現值之變動如下：

		2016 HK\$'000 千港元	2015 HK\$'000 千港元
Opening balance	期初結餘	3,832	3,895
Interest cost	利息成本	18	28
Benefit paid	已付利益	—	(140)
Actuarial (gains) losses	精算(收益)虧損	(33)	49
Closing balance	期末結餘	3,817	3,832

Notes to the Consolidated Financial Statements (continued) 綜合財務報表附註(續)

For The Year Ended 31 December 2016 截至2016年12月31日止年度

36. RETIREMENT BENEFIT SCHEMES (CONTINUED)

Defined benefit scheme (Continued)

Movements in the fair value of the plan assets in the current year were as follows:

		2016	2015
		HK\$'000	HK\$'000
		千港元	千港元
Opening balance	期初結餘	8,529	8,260
Interest income	利息收入	56	80
Benefit paid	已付利益	—	(140)
Remeasurement gain:	重新計量收益：		
Return on plan assets	計劃資產回報	370	329
Closing balance	期末結餘	8,955	8,529

The major categories of plan assets at the end of the reporting period are as follows:

		Fair value of plan assets	
		計劃資產之公平值	
		2016	2015
		HK\$'000	HK\$'000
		千港元	千港元
Debt instruments	債券工具	8,955	8,529

The plan assets do not include any equity shares in the Company or property held by the Group.

The fair value of the above debt instruments is determined based on quoted market price in active markets.

36. 退休福利計劃(續)

界定利益計劃(續)

年內計劃資產公平值之變動如下：

		2016	2015
		HK\$'000	HK\$'000
		千港元	千港元
Opening balance	期初結餘	8,529	8,260
Interest income	利息收入	56	80
Benefit paid	已付利益	—	(140)
Remeasurement gain:	重新計量收益：		
Return on plan assets	計劃資產回報	370	329
Closing balance	期末結餘	8,955	8,529

計劃資產於報告期末之主要分類如下：

		Fair value of plan assets	
		計劃資產之公平值	
		2016	2015
		HK\$'000	HK\$'000
		千港元	千港元
Debt instruments	債券工具	8,955	8,529

計劃資產並無包含本公司之股本股份或本集團持有之物業。

上述債券工具之公平值乃根據活躍市場所報市價而釐定。

Notes to the Consolidated Financial Statements (continued) 綜合財務報表附註(續)

For The Year Ended 31 December 2016 截至2016年12月31日止年度

36. RETIREMENT BENEFIT SCHEMES (CONTINUED)

Defined benefit scheme (Continued)

The history of experience adjustments is as follows:

	2016 HK\$'000 千港元	2015 HK\$'000 千港元	2014 HK\$'000 千港元	2013 HK\$'000 千港元	2012 HK\$'000 千港元
Present value of defined benefit obligations 界定利益承擔現值	3,817	3,832	3,895	6,300	6,428
Fair value of plan assets 計劃資產之公平值	(8,955)	(8,529)	(8,260)	(10,186)	(9,699)
Surplus 盈餘	(5,138)	(4,697)	(4,365)	(3,886)	(3,271)
Actuarial gains (losses) on plan liabilities 計劃負債精算收益(虧損)	33	(49)	56	135	—
Actuarial gains on plan assets 計劃資產精算收益	—	—	—	—	(185)

Defined contribution scheme

The Group also operates the MPF Scheme for all qualifying employees. The assets of the scheme are held separately from those of the Group, in funds under the control of trustees. The Group contributes monthly the lower of HK\$1,500 or 5% of the relevant monthly payroll costs to the MPF Scheme, which contribution is matched by employees. The employees of the Group's subsidiaries in the PRC are members of a state-managed retirement benefit scheme operated by the government of the PRC. The Group is required to contribute certain percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit scheme is to make the specified contributions.

36. 退休福利計劃(續)

界定利益計劃(續)

過往調整實況如下：

界定供款計劃

本集團為所有合資格的僱員設立一項強積金計劃。該計劃之資產與本集團之資產分開持有，並由受託人控制。本集團向強積金計劃供款1,500港元或有關每月薪酬成本之5%(以較低者為準)，而僱員之供款比率相同。本集團之中國附屬公司之僱員均為中國政府管理之國營退休福利計劃之成員。本集團須按薪酬開支之若干百分比向退休福利計劃供款。本集團對有關退休福利計劃之責任是作出指定之供款。

Notes to the Consolidated Financial Statements (continued)

綜合財務報表附註(續)

For The Year Ended 31 December 2016 截至2016年12月31日止年度

37. RELATED AND CONNECTED PARTY DISCLOSURES

- (i) During the year, the Group had transactions with related parties, certain of which are also deemed to be connected parties pursuant to the Listing Rules. Save as the interest expense and arrangement for the issuance of convertible bonds as disclosed in notes 8 and 24 respectively, the Group had transactions with these parties during the year are as follows:

Name of party 各方名稱	Relationship 關係	Nature of transactions 交易性質	2016	2015
			HK\$'000 千港元	HK\$'000 千港元
Related party 關連人士				
Lee & Man (International) Investment Limited 理文(國際)投資有限公司	A company beneficially owned and controlled by Mr. Lee 由李先生實益擁有及控制之公司	Management fee income received 已收管理費收入	308	687
Capital Nation	A company beneficially owned and controlled by Ms. Lee Rosanna Man Lai, a daughter of Mr. Lee 由李先生之女兒李文麗女士實益擁有及控制之公司	Corrugated cardboard and carton boxes purchased 購買瓦楞紙板及紙箱	549	1,126
Lee & Man Realty Investment Limited 理文置業有限公司	A company beneficially owned and controlled by Mr. Lee 由李先生實益擁有及控制之公司	Licence fee paid 已付使用權費	1,249	2,537

Note: The above companies ceased to be related companies of the Company when Full Gold ceased to be the ultimate holding company of the Company since 3 June 2016.

- (i) 本集團於年內與相關方進行交易，其中數名根據上市規則亦被視為關連人士。除附註8及24分別披露利息支出及有關發行可換股債券之安排外，本集團於年內與該等各方所進行之交易如下：

附註：上述公司於Full Gold自2016年6月3日起不再為本公司之最終控股公司時，已不再為本公司之關連公司。

(ii) Related and connected party balances

Details of the Group's outstanding balances with related parties who are also the connected parties are set out in the consolidated statement of financial position and notes 27, 28 and 31.

(ii) 相關及關連方結餘

本集團與相關人士(而其亦為關連人士)之尚未清償餘額資料已載於綜合財務狀況表及附註27、28及31。

Notes to the Consolidated Financial Statements (continued) 綜合財務報表附註(續)

For The Year Ended 31 December 2016 截至2016年12月31日止年度

37. RELATED AND CONNECTED PARTY DISCLOSURES (CONTINUED)

(iii) Compensation of key management personnel

The remuneration of directors and other members of key management during the year was as follows:

		2016 HK\$'000 千港元	2015 HK\$'000 千港元
Short-term employee benefits	短期員工福利	5,047	8,132
Post-employment benefits	退休福利	73	108
		5,120	8,240

38. OTHER RECEIVABLE FROM A FORMER SUBSIDIARY

The balance represents the other receivable due from a former subsidiary, which was disposed of the Group during the year ended 31 December 2016 (note 43). The amount is interest-free, unsecured and expected to be recovered by the end of 2020 based on the sale and purchase agreement for the Disposal as defined in note 43. The discount rate in measuring the fair value of the other receivable is 10% per annum. The recoverability of the other receivables is reviewed and monitored by the Group closely. The directors of the Company consider that the other receivable is recoverable. Subsequent to the reporting date, the repayment date is changed to the end of 2017 based on a supplementary agreement entered into by the Group and the new owner of the former subsidiary.

37. 相關及關連方交易披露(續)

(iii) 主要管理層酬金

董事及其他主要管理層成員於年內之酬金如下：

38. 來自前附屬公司之其他應收款項

該結餘指來自前附屬公司之其他應收款項，其已由本集團於截至2016年12月31日止年度出售(附註43)。該款項為免息、無抵押，並預期將於2020年年底前按照出售事項(定義見附註43)之買賣協議償還。計量其他應收款項公平值之折現率為每年10%。其他應收款項之可收回性已經本集團審閱並密切監察。本公司董事認為，其他應收款項為可予收回。於報告日期後，還款日期根據本集團與前附屬公司之新擁有人訂立的補充協議更改為2017年年底。

Notes to the Consolidated Financial Statements (continued) 綜合財務報表附註(續)

For The Year Ended 31 December 2016 截至2016年12月31日止年度

39. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Particulars of the Company's principal subsidiaries at 31 December 2016 and 2015 are as follows:

39. 本公司之主要附屬公司詳情

本公司之主要附屬公司於2016年及2015年12月31日之詳情如下：

Name of company 公司名稱	Place and date of incorporation/ establishment 註冊成立/ 成立地點及日期	Issued and fully paid share capital/ registered capital 已發行及繳足股本/ 註冊資本	Attributable equity interest held by the Group 本集團持有之 應佔股本權益		Principal activities 主要業務
			2016	2015	
Dongguan Deluxe Handbag Manufacturing Limited* (Note i) 東莞卓展手袋有限公司 (附註i)	The PRC 11 January 2012 中國 2012年1月11日	Paid-in capital HK\$1,000,000 實收資本 1,000,000 港元	100%	100%	Manufacture and sale of handbags 製造及銷售手袋
Dongguan Jia Xin Handbag Company Limited* (Note i) 東莞嘉信手袋有限公司 (附註i)	The PRC 25 February 2014 中國 2014年2月25日	Registered and paid-in capital HK\$10,000,000 註冊及實收資本 10,000,000 港元	100%	100%	Manufacture of handbags 製造手袋
Dongguan Lee Wai Handbag Co. Ltd* (Note i) 東莞利偉手袋有限公司 (附註i)	The PRC 25 September 2009 中國 2009年9月25日	Registered and paid-in capital HK\$6,000,000 註冊及實收資本 6,000,000 港元	100%	100%	Manufacture and sale of handbags 製造及銷售手袋
Dongguan Wei Hua Handbag Company Limited* (Note i) 東莞威華手袋有限公司 (附註i)	The PRC 28 January 2014 中國 2014年1月28日	Registered and paid-in capital HK\$10,000,000 註冊及實收資本 10,000,000 港元	100%	100%	Manufacture of handbags 製造手袋
Harvey Handbags Company Limited	Myanmar 19 August 2015 緬甸 2015年8月19日	Registered and paid-in capital USD1,500,000 註冊及實收資本 1,500,000 美元	100%	100%	Manufacture of handbags 製造手袋
Lee & Man Company Limited 理文洋行有限公司	Hong Kong 21 November 1978 香港 1978年11月21日	Ordinary HK\$1,000,000 普通股 1,000,000 港元 Non-voting deferred HK\$1,000,000 無投票權遞延股份 1,000,000 港元	100%	100%	Manufacture and sale of handbags 製造及銷售手袋
Lee & Man Handbag (Thailand) Company Limited	Thailand 11 November 1997 泰國 1997年11月11日	Ordinary Baht 30,000,000 普通股 30,000,000 泰銖	100%	100%	Property holding in Thailand 於泰國持有物業
Lee & Man Handbag Manufacturing Company Limited 理文手袋廠有限公司	Hong Kong 20 August 1976 香港 1976年8月20日	Ordinary HK\$10,000 普通股 10,000 港元 Non-voting deferred HK\$500,000 無投票權遞延股份 500,000 港元	100%	100%	Manufacture and sale of handbags 製造及銷售手袋

Notes to the Consolidated Financial Statements (continued) 綜合財務報表附註(續)

For The Year Ended 31 December 2016 截至2016年12月31日止年度

39. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (CONTINUED)

39. 本公司之主要附屬公司詳情 (續)

Name of company 公司名稱	Place and date of incorporation/ establishment 註冊成立/ 成立地點及日期	Issued and fully paid share capital/ registered capital 已發行及繳足股本/ 註冊資本	Attributable equity interest held by the Group 本集團持有之 應佔股本權益 2016 2015		Principal activities 主要業務
Lee & Man Management Company Limited	Hong Kong 24 November 1992	Ordinary HK\$2	100%	100%	Provision of management and administration services
理文管理有限公司	香港 1992年11月24日	普通股2港元			提供管理及行政服務
Pernelle Development Company Limited (Note iii)	The British Virgin Islands 29 August 2013	Ordinary USD90	N/A	100%	Sale of handbags
Pernelle Development Company Limited (附註iii)	英屬處女群島 2013年8月29日	普通股90美元	不適用		銷售手袋
Beijing HHG Restaurant Management Co. Ltd. ("Beijing HHG") (Note ii) 北京和合谷餐飲管理有限公司(「北京和合谷」)(附註ii)	The PRC 2 December 2003 中國 2003年12月2日	Registered and paid-in capital RMB10,000,000 註冊及實收資本人民幣10,000,000元	60%	N/A	Chinese fast food restaurants chain 中國連鎖快餐店
Tianjin HHG Restaurant Management Co. Ltd. (Note ii) 天津和合谷餐飲管理有限公司(附註ii)	The PRC 11 September 2013 中國 2013年9月11日	Registered and paid-in capital RMB500,000 註冊及實收資本人民幣500,000元	60%	N/A	Chinese fast food restaurants chain 中國連鎖快餐店

* English name for identification purposes only.

* 英文名稱僅供識別。

Notes:

附註：

- (i) The companies are registered in the form of wholly-owned foreign investment enterprises.
- (ii) These companies are newly acquired during the year ended 31 December 2016.
- (iii) The entire equity interest of Pernelle Development Company Limited was disposed to an independent third party on 1 December 2016. Details are set out in note 43.

- (i) 該等公司以外商獨資企業形式註冊。
- (ii) 該等公司為於截至2016年12月31日止年度新收購公司。
- (iii) Pernelle Development Company Limited之全部股權於2016年12月1日已出售予一名獨立第三方。詳情載於附註43。

Notes to the Consolidated Financial Statements (continued) 綜合財務報表附註(續)

For The Year Ended 31 December 2016 截至2016年12月31日止年度

39. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (CONTINUED)

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affect the results or assets and liabilities of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

The deferred shares of the above entities practically carry no rights to participate in profits or surplus assets or to receive notice of or to attend or vote at any general meeting of the respective companies or to participate in any distribution on winding up.

None of the subsidiaries had any debt securities outstanding at the end of the year, or at any time during the year.

Details of a non-wholly owned subsidiary that has material non-controlling interest

The Group's non-wholly-owned subsidiaries that have material non-controlling interests at the end of the reporting period include Beijing HHG and its subsidiaries (collectively referred to as the "HHG Group"). The table below shows details of the HHG Group that have material non-controlling interests:

Name of subsidiary 附屬公司名稱	Place of incorporation/ establishment and principal place of business 註冊成立/成立地點及 主要業務地點	Proportion of ownership interest and voting rights held by non- controlling interest 權益擁有權比例及 非控股權益所持投票權		Profit allocated to non-controlling interests		Accumulated non-controlling interests	
		2016	2015	2016 HK\$'000 千港元	2015 HK\$'000 千港元	2016 HK\$'000 千港元	2015 HK\$'000 千港元
Beijing HHG 北京和合谷	The PRC 中國	40%	N/A 不適用	1,359	N/A 不適用	55,230	N/A 不適用

39. 本公司之主要附屬公司詳情(續)

董事認為，上表所列之本公司附屬公司對本集團之業績或資產及負債造成主要影響。董事認為，提供其他附屬公司之詳情會造成資料過於冗長。

以上實體之遞延股份實際上並無附帶權利參與分派溢利或盈餘資產或接收各有關公司任何股東大會之通告或出席大會或於會上投票或參與清盤之任何分派。

概無附屬公司於年終或年內任何時間持有任何已發行在外之債務證券。

擁有重大非控股權益之非全資附屬公司詳情

本集團於報告期末擁有重大非控股權益之非全資附屬公司包括北京和合谷及其附屬公司(下文稱「和合谷集團」)。下表顯示和合谷集團所擁有之重大非控股權益詳情：

Notes to the Consolidated Financial Statements (continued) 綜合財務報表附註(續)

For The Year Ended 31 December 2016 截至2016年12月31日止年度

39. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (CONTINUED)

Details of a non-wholly owned subsidiary that has material non-controlling interest (Continued)

Summarised financial information in respect of the Group's subsidiary that has material non-controlling interest is set out below. The summarised financial information below represents amounts before intra-group eliminations.

HHG Group

Current assets	流動資產	95,071
Non-current assets	非流動資產	170,241
Current liabilities	流動負債	(100,681)
Non-current liabilities	非流動負債	(26,556)
Equity attributable to owners of Beijing HHG	北京和合谷擁有人應佔權益	82,845
Non-controlling interests	非控股權益	55,230
Revenue	收益	63,377
Profit for the year	年度溢利	3,398
Profit attributable to owners of the Company	本公司擁有人應佔溢利	2,039
Profit for the year attributable to the non-controlling interests	非控股權益應佔年度溢利	1,359
Profit for the year	年度溢利	3,398

39. 本公司之主要附屬公司詳情 (續)

擁有重大非控股權益之非全資 附屬公司詳情(續)

有關本集團擁有重大非控股權益附屬公司之財務資料概要載於下文。下列財務資料概要指集團內對銷前之金額。

和合谷集團

2016
HK\$'000
千港元

Notes to the Consolidated Financial Statements (continued)

綜合財務報表附註(續)

For The Year Ended 31 December 2016 截至2016年12月31日止年度

39. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (CONTINUED)

Details of a non-wholly owned subsidiary that has material non-controlling interest (Continued)

HHG Group

39. 本公司之主要附屬公司詳情(續)

擁有重大非控股權益之非全資附屬公司詳情(續)

和合谷集團

		2016 HK\$'000 千港元
Other comprehensive expense for the year attributable to the owner of the Company	本公司擁有人應佔年度其他全面開支	(1,906)
Other comprehensive expense for the year attributable to the non-controlling interests	非控股權益應佔年度其他全面開支	(1,271)
Other comprehensive expense for the year	年度其他全面開支	(3,177)
Total comprehensive income for the year attributable to the owners of the Company	本公司擁有人應佔年度全面收益總額	133
Total comprehensive income for the year attributable to the non-controlling interests	非控股權益應佔年度全面收益總額	88
Total comprehensive income	全面收益總額	221
Net cash inflow from operating activities	經營活動產生現金流入淨額	16,605
Net cash outflow from investing activities	投資活動產生現金流出淨額	(4,541)
Net cash outflow from financing activities	融資活動產生現金流出淨額	(4,858)
Net cash inflow	現金流入淨額	7,206

Notes to the Consolidated Financial Statements (continued) 綜合財務報表附註(續)

For The Year Ended 31 December 2016 截至2016年12月31日止年度

40. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure the entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debt, which includes the loan from and amount due to a related party disclosed in note 31, net of bank balances and cash, and equity attributable to owners of the Company, comprising issued share capital and various reserves.

The directors of the Company review the capital structure periodically. As part of this review, the directors consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the directors, the Group will balance its overall capital structure through the payment of dividends, new share issues as well as issue of new debts.

40. 資本風險管理

本集團進行資本管理，以確保本集團旗下各實體能夠持續經營業務，同時透過優化債務及股本平衡，為股東爭取最大回報。本集團的整體策略自上年度以來保持不變。

本集團的資本結構包括淨負債(包括來自關連方貸款及應付關連方款項(披露於附註31)，扣除銀行結餘及現金)及本公司擁有人應佔權益(包含已發行股本及各項儲備)。

本公司董事定期檢討資本架構。作為是項檢討的一部分，董事考慮資本成本及各類資本的相關風險。根據董事的建議，本集團將透過派付股息、發行新股及發行新債以平衡其整體資本架構。

41. FINANCIAL INSTRUMENTS

41a. Categories of financial instruments

41. 金融工具

41a. 金融工具之類別

		2016 HK\$'000 千港元	2015 HK\$'000 千港元
<i>Financial assets</i>	<i>金融資產</i>		
Loans and receivables (including cash and cash equivalents)	貸款及應收款項(包括現金及現金等價物)	208,104	388,833
FVTPL	於損益按公平值計算		
— Derivative financial instrument	— 衍生金融工具	7,020	—
— Other financial assets	— 其他金融資產	17,045	—
<i>Financial liabilities</i>	<i>金融負債</i>		
Financial liabilities at amortised cost	按攤銷成本計的金融負債	358,209	331,536
FVTPL	於損益按公平值計算		
— Derivative financial instruments	— 衍生金融工具	—	1,284

Notes to the Consolidated Financial Statements (continued) 綜合財務報表附註(續)

For The Year Ended 31 December 2016 截至2016年12月31日止年度

41. FINANCIAL INSTRUMENTS (CONTINUED)

41b. Financial risk management objectives and policies

The Group's major financial instruments include other receivable from a former subsidiary, trade and other receivables, amount due from an associate, other financial assets, bank balances and cash, trade and other payables, derivative financial instruments, amount due to a related company, amount due to a related party and loan from a related party. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

(i) Currency risk

The Group mainly operates in Hong Kong and the PRC and the exposure in exchange rate risks mainly arises from fluctuations of foreign currencies, including Euro, HK dollars and RMB against the functional currency of the relevant group entities. Material transactions and balances that are not denominated in the functional currency of the relevant entities give rise to foreign currency exposure as follows:

- (i) Euro — in terms of revenue and bank balances
- (ii) HK dollars and RMB — in terms of revenue, expenses, bank balances and cash and capital expenditure

Exchange rate fluctuations and market trend have always been the concern of the Group. As HK dollars are linked with US dollars, the Group does not have material exchange risk on this currency pair.

41. 金融工具(續)

41b. 財務風險管理目標及政策

本集團之主要金融工具包括來自前附屬公司之其他應收款項、應收貿易及其他款項、應收聯營公司款項、其他金融資產、銀行結餘及現金、應付貿易及其他款項、衍生金融工具、應付關連公司款項、應付關連方款項及關連方貸款。該等金融工具之詳情於相關附註披露。該等金融工具之相關風險包括市場風險(貨幣風險及利率風險)、信貸風險及流動資金風險。下文載列如何降低該等風險之政策。管理層管理及監控該等風險，以確保及時及有效地採取適當之措施。

市場風險

(i) 貨幣風險

本集團主要於香港及中國經營業務，匯兌風險主要由外幣(包括歐元、港元及人民幣)兌換相關集團實體之功能貨幣時之匯率波動所產生。並非以相關實體之功能貨幣列值之重大交易及結餘產生之外幣風險如下：

- (i) 歐元 — 於收益及銀行結餘
- (ii) 港元及人民幣 — 於收益、費用、銀行結餘及現金以及資本性支出

本集團一向關注匯率波動及市場趨勢。由於港元與美元掛鈎，本集團於該組貨幣上並無重大匯兌風險。

Notes to the Consolidated Financial Statements (continued)

綜合財務報表附註(續)

For The Year Ended 31 December 2016 截至2016年12月31日止年度

41. FINANCIAL INSTRUMENTS (CONTINUED)

41b. Financial risk management objectives and policies (Continued)

Market risk (Continued)

(i) Currency risk (Continued)

Non-derivative foreign currency monetary assets and monetary liabilities

At the end of the reporting period, the carrying amount of the Group's monetary assets and monetary liabilities (excluding those in HK dollars for entities with US dollars as functional currency) denominated in currencies other than the functional currency of the relevant group entities are as follows:

41. 金融工具(續)

41b. 財務風險管理目標及政策(續)

市場風險(續)

(i) 貨幣風險(續)

非衍生外幣貨幣資產及貨幣負債

於報告期末，本集團除相關集團實體功能貨幣以外列值之貨幣資產及貨幣負債(以港幣列值而其功能貨幣為美元之實體除外)，其賬面值如下：

		2016 HK\$'000 千港元	2015 HK\$'000 千港元
Monetary assets	貨幣資產		
Euro	歐元	53	221
HK dollars	港元	72,404	257,245
RMB	人民幣	302	1,703
Monetary liabilities	貨幣負債		
Euro	歐元	822	65
HK dollars	港元	264,797	264,011
RMB	人民幣	27,118	165

Notes to the Consolidated Financial Statements (continued)

綜合財務報表附註(續)

For The Year Ended 31 December 2016 截至2016年12月31日止年度

41. FINANCIAL INSTRUMENTS (CONTINUED)

41b. Financial risk management objectives and policies (Continued)

Market risk (Continued)

(i) Currency risk (Continued)

Non-derivative foreign currency monetary assets and monetary liabilities (Continued)

Sensitivity analysis

The following table details the Group's sensitivity to a 5% (2015: 5%) increase and decrease in the functional currency of the relevant group entities against the above foreign currencies. 5% (2015: 5%) is the sensitivity rate used when reporting foreign currency risk and represents management's assessment of the reasonably possible change in foreign exchange rates.

The sensitivity analysis includes only outstanding foreign currency denominated monetary items other than those denominated in HK dollars held by entities whose functional currency is US dollars because HK dollars are linked to US dollars. A strengthening of the above foreign currencies against the functional currency of the relevant group entities would give rise to the following impact to post-tax profit for the year and vice versa.

		2016	2015
		HK\$'000	HK\$'000
		千港元	千港元
Monetary assets and liabilities:	貨幣資產及負債：		
(Decrease) increase on post-tax profit	年度除稅後溢利(減少)增加		
for the year			
— Euro	— 歐元	(32)	7
— HK dollars	— 港元	(8,027)	(282)
— RMB	— 人民幣	(1,120)	64

Derivative financial instruments

During the year ended 31 December 2015, the Group had entered into foreign currency forward contracts with banks to reduce its exposure to currency fluctuations risk of RMB against USD. These derivatives were not accounted for under hedge accounting. The Group was required to estimate the fair value of these derivative financial instruments at the end of the reporting period, which therefore exposed the Group to foreign currency risk.

41. 金融工具(續)

41b. 財務風險管理目標及政策(續)

市場風險(續)

(i) 貨幣風險(續)

非衍生外幣貨幣資產及貨幣負債(續)

敏感度分析

下表詳述本集團在有關集團實體之功能貨幣兌上述外幣時上升及下降5%(2015年: 5%)的敏感度。5%(2015年: 5%)為申報外幣風險所用的敏感度率,並代表管理層評估外幣匯率的合理可能變動。

敏感度分析僅包括尚未清償以外幣列值之貨幣項目,惟其功能貨幣為美元之實體所持有以港元列值者則除外,原因是港元乃與美元掛鈎。當上述外幣兌有關集團實體之功能貨幣轉強時,則將會對年度除稅後溢利造成以下影響,反之亦然。

		2016	2015
		HK\$'000	HK\$'000
		千港元	千港元
Monetary assets and liabilities:	貨幣資產及負債：		
(Decrease) increase on post-tax profit	年度除稅後溢利(減少)增加		
for the year			
— Euro	— 歐元	(32)	7
— HK dollars	— 港元	(8,027)	(282)
— RMB	— 人民幣	(1,120)	64

衍生金融工具

截至2015年12月31日止年度,本集團已與銀行訂立外幣遠期合約,以減低其人民幣兌美元的貨幣波動風險。該等衍生工具概無按對沖會計法入賬。本集團須於報告期末估計該等衍生金融工具的公平值,因此將使本集團面臨外幣風險。

Notes to the Consolidated Financial Statements (continued)

綜合財務報表附註(續)

For The Year Ended 31 December 2016 截至2016年12月31日止年度

41. FINANCIAL INSTRUMENTS (CONTINUED)

41b. Financial risk management objectives and policies (Continued)

Market risk (Continued)

(i) Currency risk (Continued)

Derivative financial instruments (Continued)

Sensitivity analysis

If the forward exchange rate of RMB against USD had been 5% higher/lower while all other input variables of the valuation models were held constant, the Group's post-tax profit for the year would increase (decrease) as follows:

		2016 HK\$'000 千港元	2015 HK\$'000 千港元
Higher by 5%	上升5%		
Derivative financial instruments	衍生金融工具	—	1,779
Lower by 5%	下跌5%		
Derivative financial instruments	衍生金融工具	—	(1,610)

(ii) Interest rate risk

The Group's fair value and cash flow interest rate risks mainly relate to its fixed rate loan from a related party (see note 31 for details of the loan). The Group's bank balances also have exposure to cash flow interest rate risk due to the fluctuation of the prevailing market interest rate on bank balances. The directors consider the Group's exposure to fair value interest rate risk in relation to its short term fixed-rate bank deposits is not significant as interest bearing bank balances are within short maturity periods.

The Group currently does not have any interest rate hedging policy in relation to fair value interest rate risks. The directors monitor the Group's exposure on an ongoing basis and will consider hedging interest rate risk should the need arise.

The directors consider the cash flow interest rate risk is insignificant and therefore no sensitivity analysis is prepared.

41. 金融工具(續)

41b. 財務風險管理目標及政策(續)

市場風險(續)

(i) 貨幣風險(續)

衍生金融工具(續)

敏感度分析

倘人民幣兌美元的遠期匯率上升/下降5%，而估值模型之所有其他可變輸入值均維持不變，則本集團之年度除稅後溢利將會增加(減少)如下：

(ii) 利率風險

本集團之公平值及現金流利率風險主要關於其定息關連方貸款(貸款詳情載於附註31)。本集團之銀行結餘亦因應銀行結餘之當前市場利率波動而面臨現金流量利率風險。董事認為本集團就其短期定息銀行貸款所面臨之公平值利率風險並不重大，原因是該等計息銀行結餘均於短期內到期。

本集團目前並無任何有關公平值利率風險的利率對沖政策。董事持續監察本集團面臨之風險，並在有需要時考慮對沖利率風險。

董事認為，現金流量利率風險並不重大，故並無編製敏感度分析。

Notes to the Consolidated Financial Statements (continued) 綜合財務報表附註(續)

For The Year Ended 31 December 2016 截至2016年12月31日止年度

41. FINANCIAL INSTRUMENTS (CONTINUED)

41b. Financial risk management objectives and policies (Continued)

Credit risk

As at 31 December 2016, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties provided by the Group is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position. The Group is also exposed to concentration of credit risk as a substantial portion of its sales is generated from a limited number of customers. At 31 December 2016, the top five customers of the Group accounted for about 29% (2015: 42%) of the Group's trade receivables.

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The credit risk on bank deposits and other financial assets is limited because the counterparties are banks with good reputation.

The Group is also exposed to concentration on credit risk on other receivable from a former subsidiary. Exposure to credit risk is managed through regular analysis of the ability of the former subsidiary to meet repayment obligation. In this regard, the directors of the Company consider that the credit risk in relation to other receivable from a former subsidiary is monitored on a revolving basis and subject to a quarterly or more frequent review.

41. 金融工具(續)

41b. 財務風險管理目標及政策(續)

信貸風險

於2016年12月31日，本集團因對手未能履行責任而導致財務損失的最高信貸風險來自綜合財務狀況表載列的各已確認金融資產的賬面值。由於本集團大部份銷售乃由有限數目的客戶產生，故本集團亦面臨信貸集中之風險。於2016年12月31日，本集團五大客戶佔本集團應收貿易賬款約29% (2015年：42%)。

為將信貸風險降至最低，本集團管理層已委任一組人員負責釐定信貸額度、信貸批核及其他監察程序以確保已採取適當跟進行動收回逾期債務。此外，本集團於各報告期末檢討各項個別貿易債項之可收回金額，以確保就不可收回金額作出充足減值虧損。就此而言，本公司董事認為本集團之信貸風險已大幅降低。

由於對方均為信譽良好之銀行，故銀行存款及其他金融資產之信貸風險有限。

本集團亦面臨集中於來自前附屬公司之其他應收款項之信貸風險。所面臨之信貸風險乃經定期分析前附屬公司履行還款義務之能力而得出。在此方面，本公司董事認為，有關來自前附屬公司之其他應收款項之信貸風險乃進行循環監察，並須每季一次或更頻密進行檢討。

Notes to the Consolidated Financial Statements (continued)

綜合財務報表附註(續)

For The Year Ended 31 December 2016 截至2016年12月31日止年度

41. FINANCIAL INSTRUMENTS (CONTINUED)

41b. Financial risk management objectives and policies (Continued)

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuation in cash flows. The Group also has available banking facilities to meet its short-term working capital requirements. The management monitors the utilisation of bank borrowings and ensure compliance with loan covenants.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates. The table includes both interest and principal cash flows. To the extent the interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period.

In addition, the following table details the Group's liquidity analysis for its derivative financial instruments. The tables have been drawn up based on the undiscounted contractual net cash (inflows) and outflows on derivative instruments that settle on a net basis. The liquidity analysis for the Group's derivative financial instruments are prepared based on the contractual maturities as the management consider that the contractual maturities are essential for an understanding of the timing of the cash flows of derivatives.

41. 金融工具(續)

41b. 財務風險管理目標及政策(續)

流動資金風險

在管理流動資金風險時，本集團監察及維持現金及現金等值物於管理層視為足夠的水平，以撥支本集團營運，並減輕現金流量波動的影響。本集團亦可取得銀行融資以滿足其短期營運資金需要。管理層監察銀行貸款使用情況，並確保其遵守貸款合約。

下表詳列本集團非衍生金融負債之尚餘合約到期日。該表乃根據本集團須付款之最早日期之金融負債未折現現金流量編製。有關其他非衍生金融負債之到期日乃基於協定還款日期而定。該表載有利息及本金現金流量。倘利息現金流量為浮動利率，則未折現金額乃從報告期末的利率中產生。

此外，下表詳列本集團衍生金融工具之流動資金分析。該表乃根據衍生金融工具以淨額結算之未折現合約淨現金(流入)及流出而編製。本集團衍生金融工具之流動資金分析乃根據管理層認為就為了解衍生工具現金流量的時間而言屬重要的合約到期日而編製。

Notes to the Consolidated Financial Statements (continued)

綜合財務報表附註(續)

For The Year Ended 31 December 2016 截至2016年12月31日止年度

41. FINANCIAL INSTRUMENTS (CONTINUED)

41. 金融工具(續)

41b. Financial risk management objectives and policies (Continued)

41b. 財務風險管理目標及政策(續)

Liquidity risk (Continued)

流動資金風險(續)

		Weighted average effective interest rate		31-60 days	61-90 days	91-365 days	Over 365 days	Total undiscounted cash flows	Carrying amount
		interest rate	On demand or 0-30 days	days	days	days	365 days	cash flows	amount
		加權平均實際利率	應要求或0至30天	31至60天	61至90天	91至365天	超過365天	未折現現金流量總計	賬面值
		%	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
			千港元	千港元	千港元	千港元	千港元	千港元	千港元
As at 31 December 2016	於2016年12月31日								
Non-derivative financial liabilities	非衍生金融負債								
Non-interest bearing	不計息	—	104,890	464	—	—	—	105,354	105,354
Consideration payable for acquisition of subsidiary	收購附屬公司之應付代價	3.3	—	—	27,669	—	—	27,669	26,930
Fixed interest rate instruments	定息工具	2.5	—	—	—	—	271,481	271,481	260,000
			104,890	464	27,669	—	271,481	404,504	392,284
		Weighted average effective interest rate	On demand or 0-30 days	31-60 days	61-90 days	91-365 days	Over 365 days	Total undiscounted cash flows	Carrying amount
		加權平均實際利率	應要求或0至30天	31至60天	61至90天	91至365天	超過365天	未折現現金流量總計	賬面值
		%	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
			千港元	千港元	千港元	千港元	千港元	千港元	千港元
As at 31 December 2015	於2015年12月31日								
Non-derivative financial liabilities	非衍生金融負債								
Non-interest bearing	不計息	—	69,165	1,000	—	1,371	—	71,536	71,536
Fixed interest rate instruments	定息工具	2.5	—	—	—	—	271,629	271,629	260,000
			69,165	1,000	—	1,371	271,629	343,165	331,536
Derivative financial liability – net settlement	衍生金融負債 – 淨額交收								
Foreign exchange forward contracts	外匯遠期合約	—	741	543	—	—	—	1,284	1,284

Notes to the Consolidated Financial Statements (continued)

綜合財務報表附註(續)

For The Year Ended 31 December 2016 截至2016年12月31日止年度

41. FINANCIAL INSTRUMENTS (CONTINUED)

41c. Fair value measurements of financial instruments

This note provides information about how the Group determines fair values of various financial assets and financial liabilities.

- (i) Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Company's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

41. 金融工具(續)

41c. 金融工具之公平值計量

本附註提供了本集團如何確定各類金融資產及金融負債之公平值的資料。

- (i) 本集團持續按公平值計量的金融資產及金融負債的公平值

於各報告期末，部份本公司金融資產及金融負債乃按公平值計算。下表提供如何釐定該等金融資產及金融負債之公平值的資料(特別是所使用的估值技術及輸入數據)。

Financial assets/financial liabilities 金融資產/金融負債	Fair value as at 公平值於		Fair value hierarchy 公平值級別	Valuation technique(s) and key input(s) 估值技術及主要輸入數據	Significant unobservable input(s) 重大不可觀察輸入數據
	31/12/2016	31/12/2015			
1) Foreign currency forward contracts classified as derivative financial instruments	Nil	Liabilities - HK\$1,284,000	Level 2	Discounted cash flows. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contracted forward rates, discounted at a rate that reflects the credit risk of various counterparties.	N/A
分類為衍生金融工具的外幣遠期合約	零	負債 -1,284,000港元	第2級	折現現金流量。根據遠期匯率(自於報告期末可觀察的遠期匯率得出)及已訂約的遠期匯率來估計未來現金流量，並採用反映各對手信貸風險的比率將之折現。	不適用
2) Investment in unlisted wealth management products classified as other financial assets	Assets - HK\$17,045,000	Nil	Level 3	Discounted cash flows. Future cash flows are estimated based on unobservable expected rates of return of financial asset.	Expected rate of return of financial asset (Note 1).
於分類為其他金融資產的非上市理財產品投資	資產 -17,045,000港元	零	第3級	折現現金流量。根據金融資產之不可觀察預期回報率，估計未來現金流量。	金融資產之預期回報率(附註1)。
3) Put option on issuance of convertible bonds	Assets - HK\$7,020,000	Nil	Level 3	Binomial option pricing model based on expected volatility of the underlying convertible bonds and expected volatility of the market price of the Company's share.	Expected volatility of the underlying convertible bonds and expected volatility of the market price of the Company's share (Note 2).
發行可換股債券之認沽期權	資產 -7,020,000港元	零	第3級	基於本公司股份市價之預期波動、本公司股份之市價波動及無風險利率之二項式期權定價模式。	本公司股份市價之預期波動(附註2)。

Notes to the Consolidated Financial Statements (continued)

綜合財務報表附註(續)

For The Year Ended 31 December 2016 截至2016年12月31日止年度

41. FINANCIAL INSTRUMENTS (CONTINUED)

41c. Fair value measurements of financial instruments (Continued)

(i) (Continued)

There were no transfers amongst Level 1, Level 2 and Level 3 for both years.

Note 1: An increase in expected rate of return of financial asset used in isolation would result in an increase in the fair value measurement of the investment in unlisted wealth management products, and vice versa.

Note 2: An increase in expected volatility of the market prices of the Company's share would result in an increase in the fair value measurement of the put option on issuance of convertible bonds, and vice versa.

(ii) Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required)

The directors consider that the carrying amounts of financial assets and financial liabilities (excluding derivative instruments) recognised in the consolidated financial statements approximate their fair values.

As at 31 December 2016 and 2015, the fair value measurements of derivative financial instruments of the Group are categorised into Level 3 and Level 2 respectively. The fair values of the financial liabilities included in the Level 2 category above have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparties.

41. 金融工具(續)

41c. 金融工具之公平值計量(續)

(i) (續)

於兩個年度內，第1級、第2級與第3級之間並無轉讓。

附註1：獨立採用之金融資產之預期回報率增加將導致於非上市理財產品之投資公平值計量增加，反之亦然。

附註2：本公司股份市價之預期波動增加將導致發行可換股債券認沽期權之投資公平值計量增加，反之亦然。

(ii) 並非按經常基準以公平值計量(但須作出公平值披露)之金融資產及金融負債之公平值

董事認為，確認於綜合財務報表之金融資產及金融負債(衍生工具除外)的賬面值與其公平值相若。

於2016年及2015年12月31日，本集團衍生金融工具之公平值計量分別分類為第3級及第2級。包含在上述第2級的金融負債的公平值已根據公認定價模式按折現現金流分析釐定，當中最重要之輸入數據為反映交易對手信貸風險的折現率。

Notes to the Consolidated Financial Statements (continued)

綜合財務報表附註(續)

For The Year Ended 31 December 2016 截至2016年12月31日止年度

41. FINANCIAL INSTRUMENTS (CONTINUED)

41d. Financial assets and financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements

The disclosures set out in the tables below include financial assets and financial liabilities that are subject to an enforceable master netting arrangement or similar agreement that covers similar financial instruments, irrespective of whether they are offset in the Group's consolidated statement of financial position.

Financial assets subject to offsetting, enforceable master netting arrangements and similar agreements

	Gross amounts of recognised financial assets	Gross amounts of recognised financial liabilities set off in the consolidated statement of financial position	Net amounts of financial assets presented in the consolidated statement of financial position	Related amounts not set off in the consolidated statement of financial position		Net amount
				Financial instruments	Cash collateral received	
	已確認金融資產總額 HK\$'000 千港元	綜合財務狀況表內抵銷之已確認金融負債總額 HK\$'000 千港元	綜合財務狀況表內呈列之金融資產淨額 HK\$'000 千港元	並無於綜合財務狀況表內抵銷之相關金額 金融工具 HK\$'000 千港元	並無於綜合財務狀況表內抵銷之相關金額 現金抵押品 已收取 HK\$'000 千港元	淨額 HK\$'000 千港元
As at 31 December 2015						
Bank balances	17,021	—	17,021	(1,284)	—	15,737

Financial liabilities subject to offsetting, enforceable master netting arrangements and similar agreements

	Gross amounts of recognised financial liabilities	Gross amounts of recognised financial assets set off in the consolidated statement of financial position	Net amounts of financial liabilities presented in the consolidated statement of financial position	Related amounts not set off in the consolidated statement of financial position		Net amount
				Financial instruments	Cash collateral received	
	已確認金融負債總額 HK\$'000 千港元	綜合財務狀況表內抵銷之已確認金融資產總額 HK\$'000 千港元	綜合財務狀況表內呈列之金融負債淨額 HK\$'000 千港元	並無於綜合財務狀況表內抵銷之相關金額 金融工具 HK\$'000 千港元	並無於綜合財務狀況表內抵銷之相關金額 現金抵押品 已收取 HK\$'000 千港元	淨額 HK\$'000 千港元
As at 31 December 2015						
Derivatives	(1,284)	—	(1,284)	1,284	—	—

41. 金融工具(續)

41d. 涉及抵銷、可執行總抵銷安排及類似協議之金融資產及金融負債

下表所載之披露包括涉及可執行總抵銷安排或涵蓋類似金融工具之類似協議之金融資產及金融負債，而不論是否於本集團之綜合財務狀況表內抵銷。

涉及抵銷、可執行總抵銷安排及類似協議之金融資產

涉及抵銷、可執行總抵銷安排及類似協議之金融負債

Notes to the Consolidated Financial Statements (continued) 綜合財務報表附註(續)

For The Year Ended 31 December 2016 截至2016年12月31日止年度

42. ACQUISITION OF SUBSIDIARIES

On 15 September 2016, Delightful Year Holdings Limited (“Delightful Year”), a wholly-owned subsidiary of the Company, entered into a sale and purchase agreement with Ms. Chen Ying (“the Seller”), an independent third party, pursuant to which Delightful Year conditionally agreed to purchase and the Seller conditionally agreed to sell 60% equity interest in HHG Group for a cash consideration of RMB93,120,000 (equivalent to approximately HK\$108,683,000) and a deferred cash consideration of RMB24,290,000 (equivalent to approximately HK\$27,827,000) with an interest rate of 3.3% per annum, which is payable before 25 October 2017 (the “Acquisition”). The present value of deferred cash consideration at the date of acquisition amounted to HK\$26,930,000. The Acquisition was completed on 31 October 2016 (the “Completion Date”). HHG Group is principally engaged in the business of Chinese fast food restaurants chain business under “Hehegu” brand in the PRC.

Consideration transferred

		HK\$'000 千港元
Cash	現金	108,683
Deferred considerations payable	應付遞延代價	26,930
		<hr/>
		135,613

Acquisition-related costs amounting to HK\$714,000 have been excluded from the consideration transferred and have been recognised as an expense in the current year, within the general and administrative expenses line item in the consolidated statement of profit or loss and other comprehensive income.

42. 收購附屬公司

於2016年9月15日，本公司全資附屬公司喜年控股有限公司(「喜年」)與獨立第三方陳英女士(「賣方」)訂立買賣協議，據此，喜年有條件同意購買而賣方有條件同意出售和合谷集團之60%股權，現金代價為人民幣93,120,000元(相當於約108,683,000港元)及遞延現金代價為人民幣24,290,000元(相當於約27,827,000港元)，並以年利率3.3%計息，其須於2017年10月25日前支付(「收購事項」)。於收購日之遞延現金代價現值為26,930,000港元。收購事項已於2016年10月31日(「完成日」)完成。和合谷集團主要在中國以「和合谷」品牌從事中國連鎖快餐店業務。

已轉移代價

	HK\$'000 千港元
Cash	108,683
Deferred considerations payable	26,930
	<hr/>
	135,613

收購事項相關成本714,000港元並不計入已轉移代價，並於本年度綜合損益及其他全面收益表內一般及行政開支項目中確認為開支。

Notes to the Consolidated Financial Statements (continued) 綜合財務報表附註(續)

For The Year Ended 31 December 2016 截至2016年12月31日止年度

42. ACQUISITION OF SUBSIDIARIES (CONTINUED)

Assets acquired and liabilities recognised at the date of acquisition are as follows:

42. 收購附屬公司(續)

於收購日已確認之已收購資產及負債如下：

		HK\$'000 千港元
Property, plant and equipment (note 15)	物業、廠房及設備(附註15)	37,510
Rental and utility deposits	租金及水電按金	12,862
Prepayment for equity investments	股本投資預付款項	4,116
Intangible assets (note 21)	無形資產(附註21)	103,657
Deferred tax assets (note 30)	遞延稅務資產(附註30)	12,925
Trade and other receivables	應收貿易及其他款項	32,545
Inventories	存貨	8,635
Other financial assets	其他金融資產	17,442
Bank balances and cash	銀行結餘及現金	28,529
Trade and other payables	應付貿易及其他款項	(83,736)
Tax payable	應付稅項	(4,014)
Deferred tax liabilities	遞延稅務負債	(25,349)
Amount due to a shareholder	應付股東款項	(7,268)
Net assets acquired	已收購資產淨額	137,854

Notes to the Consolidated Financial Statements (continued) 綜合財務報表附註(續)

For The Year Ended 31 December 2016 截至2016年12月31日止年度

42. ACQUISITION OF SUBSIDIARIES (CONTINUED)

The fair value of trade and other receivables at the date of acquisition amounted to HK\$32,545,000. The gross contractual amounts of those trade and other receivables acquired amounted to HK\$32,545,000 at the date of acquisition. The contractual cash flows are expected to be collected under the best estimate at acquisition date.

Goodwill arising on acquisition

		HK\$'000 千港元
Consideration transferred	已轉移代價	135,613
Plus: non-controlling interests (40% in HHG Group)	加：非控股權益 (和合谷集團之40%)	55,142
Less: net assets acquired	減：已收購資產淨額	(137,854)
		52,901

Net cash outflow arising on acquisition

		HK\$'000 千港元
Consideration paid in cash	以現金支付代價	108,683
Less: cash and cash equivalent balances acquired	減：已取得現金及現金等值物餘額	(28,529)
		80,154

The non-controlling interest in HHG Group recognised at the acquisition date was measured with reference to the non-controlling interest's proportionate share of the fair value of the net assets of HHG Group at that date.

Goodwill arose in the acquisition of HHG Group because the cost of the combination effectively included amounts in relation to the benefit of expected revenue growth, future market development and the assembled workforce of HHG Group. These benefits are not recognised separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

42. 收購附屬公司(續)

於收購日之應收貿易及其他款項之公平值為32,545,000港元。於收購日，該等應收貿易及其他款項之已取得總合約金額為32,545,000港元。於收購日，根據最佳估計，預期將可收回合約現金流量。

收購所產生之商譽

		HK\$'000 千港元
Consideration transferred	已轉移代價	135,613
Plus: non-controlling interests (40% in HHG Group)	加：非控股權益 (和合谷集團之40%)	55,142
Less: net assets acquired	減：已收購資產淨額	(137,854)
		52,901

收購所產生之現金流出淨額

		HK\$'000 千港元
Consideration paid in cash	以現金支付代價	108,683
Less: cash and cash equivalent balances acquired	減：已取得現金及現金等值物餘額	(28,529)
		80,154

和合谷集團於收購日確認之非控股權益乃經參考非控股權益按比較分佔和合谷集團於當日的淨資產公平值計量。

收購和合谷集團產生商譽，乃由於有效合併成本包括與預期收益增長、未來市場發展及和合谷集團已建立工作團隊方面的利益有關的金額所致。由於該等利益並不符合可識別無形資產的確認準則，故該等利益並不會與商譽分開確認。

Notes to the Consolidated Financial Statements (continued) 綜合財務報表附註(續)

For The Year Ended 31 December 2016 截至2016年12月31日止年度

42. ACQUISITION OF SUBSIDIARIES (CONTINUED)

Included in the profit for year ended 31 December 2016 were revenue of HK\$63,377,000 and profit of HK\$3,398,000 attributable to the business generated by HHG Group.

Had the acquisition been completed on 1 January 2016, total group revenue for the year would have been HK\$898 million, and profit for the year would have been HK\$27 million. The pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2016, nor is it intended to be a projection of future results.

43. DISPOSAL OF SUBSIDIARIES AND CERTAIN ASSETS OF SUBSIDIARIES

On 1 December 2016, the Group and an independent third party entered into a sale and purchase agreement so that the Group agreed to dispose its entire equity interest in Pernelle Development Company Limited and its subsidiaries (collectively referred to as "Pernelle Group") and certain assets of subsidiaries for a total consideration of HK\$30,000,000 (the "Disposal"). The Pernelle Group is principally engaged in sale of handbags.

42. 收購附屬公司(續)

計入截至2016年12月31日止年度之溢利為收益63,377,000港元，而應佔和合谷集團業務所產生的溢利則為3,398,000港元。

倘收購事項已於2016年1月1日完成，年度集團總收益將為898百萬港元，而年度溢利則為27百萬港元。該備考資料僅供說明用途，未必反映本集團於假設收購已於2016年1月1日完成的情況下所實際錄得的收益及經營業績，亦不擬作為未來業績的預測。

43. 出售附屬公司及附屬公司若干資產

於2016年12月1日，本集團與一名獨立第三方訂立買賣協議，據此，本集團同意出售其於Pernelle Development Company Limited及其附屬公司(統稱「Pernelle集團」)之全部股權及附屬公司之若干資產，總代價為30,000,000港元(「出售事項」)。Pernelle集團主要從事銷售手袋。

		HK\$'000 千港元
Cash consideration received	已收取現金代價	30,000

Notes to the Consolidated Financial Statements (continued)

綜合財務報表附註(續)

For The Year Ended 31 December 2016 截至2016年12月31日止年度

43. DISPOSAL OF SUBSIDIARIES AND CERTAIN ASSETS OF SUBSIDIARIES (CONTINUED)

43. 出售附屬公司及附屬公司若干資產(續)

Analysis of assets and liabilities over which control was lost

失去控制權之資產及負債分析

		1.12.2016
		HK\$'000
		千港元
Property, plant and equipment (note 15)	物業、廠房及設備(附註15)	6,905
Amount due from former group companies	應收前集團公司款項	1,346
Inventories	存貨	5,738
Trade and other receivables	應收貿易及其他款項	8,127
Bank balances and cash	銀行結餘及現金	861
Trade payable to former group companies	應付前集團公司貿易款項	(6,704)
Amount due to former group companies	應付前集團公司款項	(17,713)
Trade and other payables	應付貿易及其他款項	(1,949)
Net liabilities disposed of		(3,389)
Gain on Disposal		出售事項收益
Consideration	代價	30,000
Net liabilities disposed of	已出售淨負債	3,389
<i>Gain on disposal</i>		<i>33,389</i>
Cash inflow arising on Disposal		出售事項所產生現金流入
Cash consideration received	已收取現金代價	30,000
Less: bank balances and cash disposed of	減：已出售銀行結餘及現金	(861)
		29,139

Notes to the Consolidated Financial Statements (continued) 綜合財務報表附註(續)

For The Year Ended 31 December 2016 截至2016年12月31日止年度

44. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY

44. 本公司財務狀況表及儲備

		2016 HK\$'000 千港元	2015 HK\$'000 千港元
NON-CURRENT ASSETS	非流動資產		
Investments in subsidiaries	於附屬公司之投資	18,592	18,592
Other receivable from a former subsidiary	應收前附屬公司其他款項	17,854	—
Derivative financial instrument	衍生金融工具	7,020	—
		43,466	18,592
CURRENT ASSETS	流動資產		
Amounts due from subsidiaries	應收附屬公司款項	225,319	38,270
Prepayment	預付款項	—	422
Bank balances and cash	銀行結餘及現金	44,207	238,274
		269,526	276,966
CURRENT LIABILITIES	流動負債		
Amount due to a related party	應付關連方款項	1,083	1,371
Other payables	其他應付款項	3,905	156
		4,988	1,527
NET CURRENT ASSETS	流動資產淨額	264,538	275,439
TOTAL ASSETS LESS CURRENT LIABILITIES	總資產減流動負債	308,004	294,031
NON-CURRENT LIABILITY	非流動負債		
Loan from a related party	關連方貸款	260,000	260,000
		48,004	34,031
CAPITAL AND RESERVES	股本及儲備		
Share capital	股本	82,500	82,500
Reserves (Note)	儲備(附註)	(34,496)	(48,469)
TOTAL EQUITY	總權益	48,004	34,031

Notes to the Consolidated Financial Statements (continued) 綜合財務報表附註(續)

For The Year Ended 31 December 2016 截至2016年12月31日止年度

44. STATEMENT OF FINANCIAL POSITION AND RESERVES OF THE COMPANY (CONTINUED)

Note:

Reserves

		Accumulated profits	Special reserve	Total
		累計溢利	特別儲備	合計
		HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元
At 1 January 2015	於2015年1月1日	11,452	(49,345)	(37,893)
Loss for the year	年度虧損	(2,326)	—	(2,326)
Dividends recognised as distribution	確認為分派的股息	(8,250)	—	(8,250)
At 31 December 2015	於2015年12月31日	876	(49,345)	(48,469)
Profit for the year	年度虧損	6,953	—	6,953
Deemed contribution from the immediate holding company	視為直接控股公司出資	—	7,020	7,020
At 31 December 2016	於2016年12月31日	7,829	(42,325)	(34,496)

44. 本公司財務狀況表及儲備(續)

附註：

儲備

45. EVENTS AFTER THE END OF REPORTING PERIOD

Subsequent to the end of the reporting period, the following events took place:

- (i) On 1 December 2016, the Group entered into a sales and purchase agreement with non-controlling interests to further acquire 19% of equity interest in HHG Group with a consideration of RMB41,000,000 (equivalent to approximately HK\$46,591,000). The transaction was completed on 9 January 2017. Accordingly, the equity interest of the Company in HHG Group further increased from 60% as at 31 December 2016 to 79% as at 9 January 2017. The Group has accounted for the increase in the Group's ownership interest in HHG Group as an equity transaction and recognise any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid in capital reserve.

45. 報告期末後事項

於報告期末後發生以下事項：

- (i) 於2016年12月1日，本集團與非控股權益訂立買賣協議，進一步收購和合谷集團之19%股權，代價為人民幣41,000,000元（相當於約46,591,000港元）。該項交易已於2017年1月9日完成。因此，本公司於和合谷集團之股權由2016年12月31日的60%進一步增加至2017年1月9日的79%。本集團於和合谷集團所增加的擁有權權益已入賬為股本交易，並確認經調整非控股權益與於股本儲備已付代價公平值之間的任何差額。

Notes to the Consolidated Financial Statements (continued) 綜合財務報表附註(續)

For The Year Ended 31 December 2016 截至2016年12月31日止年度

45. EVENTS AFTER THE END OF REPORTING PERIOD (CONTINUED)

- (ii) On 4 January 2017, the Company issued convertible bonds in the aggregate principal amount of HK\$160,000,000. The conversion price of the convertible bonds is HK\$1.18 per share and assuming full conversion, the convertible bonds will be converted into 135,593,220 shares in the Company. The proceeds from the issue amounted to HK\$160,000,000. The directors of the Company are in the process of assessing the related financial impacts to the consolidated financial statements.
- (iii) On 12 January 2017, the Group entered into a capital increase agreement (the "Agreement") with non-controlling interests of HHG Group. Pursuant to the Agreement, the Group would further contribute a sum of RMB50,000,000 (equivalent to approximately HK\$56,551,000) in cash to HHG Group, a non-wholly-owned subsidiary of the Company, of which RMB2,000,000 (equivalent to approximately HK\$2,262,000) was contributed to the registered capital of HHG Group and RMB48,000,000 (equivalent to approximately HK\$54,289,000) would be contributed to the capital reserve of HHG Group. Details of which the above were disclosed in the Company's announcement dated 6 March 2017 and the transaction was completed on the same date. Accordingly, the equity interest of the Company in HHG Group further increased from 79% as at 9 January 2017 to 82.5% as at 6 March 2017. The Group has accounted for the increase in the Group's ownership interest in HHG Group as an equity transaction and recognise any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid in capital reserve.

45. 報告期末後事項(續)

- (ii) 於2017年1月4日，本集團發行可換股債券，本金總額為160,000,000港元。可換股債券之轉換價為每股1.18港元，假設可換股債券獲全面轉換，其將可換轉為本公司135,593,220股股份。發行所得款項為160,000,000港元。本公司董事正在評估對綜合財務報表的相關財務影響。
- (iii) 於2017年1月12日，本集團與和合谷集團非控股權益訂立增資協議(「該協議」)。根據該協議，本集團將進一步出資合共人民幣50,000,000元(相當於約56,551,000港元)現金至本公司全資附屬公司和合谷集團，其中人民幣2,000,000元(相當於約2,262,000港元)已出資至和合谷集團註冊資本，而人民幣48,000,000元(相當於約54,289,000港元)將出資至和合谷集團股本儲備。有關上述詳情披露於本公司日期為2017年3月6日之公告，而該交易已於當日完成。因此，本公司於和合谷集團的股權由2017年1月9日的79%進一步增加至2017年3月6日的82.5%。本集團於和合谷集團所增加的擁有權權益已入賬為股本交易，並確認經調整非控股權益與於股本儲備已付代價公平值之間的任何差額。

Financial Summary

財務概要

		Year ended 31 December					
		截至12月31日止年度					
		2012	2013	2014	2015	2016	
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
		千港元	千港元	千港元	千港元	千港元	
		(restated)					
		(經重列)					
RESULTS	業績						
Revenue	營業額	932,916	817,344	817,708	658,797	559,632	
Profit before taxation	除稅前溢利	120,031	79,156	33,634	15,523	23,805	
Income tax expenses	所得稅支出	(10,045)	(6,775)	(241)	(5,510)	(6,578)	
Profit for the year	年內溢利	109,986	72,381	33,393	10,013	17,227	
		At 31 December					
		於12月31日					
		2012	2013	2014	2015	2016	
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
		千港元	千港元	千港元	千港元	千港元	
		(restated)					
		(經重列)					
ASSETS AND LIABILITIES	資產及負債						
Total assets	資產總額	414,176	393,818	394,615	618,959	827,032	
Total liabilities	負債總額	(144,095)	(122,152)	(110,537)	(334,814)	(471,853)	
Net assets	資產淨額	270,081	271,666	284,078	284,145	355,179	

Schedule of Property

物業資料

INVESTMENT PROPERTY

投資物業

Location 地點	Area 面積	Use 用途	Group's ownership 本集團擁有權
No. 189 Chachoengsao- Nakornratchasima Road, Lad-Takien Sub-district, Kabinburi District, Prachinburi Province	16,194 square wah 16,194 平方華	Held for capital appreciation 持作資本增值	100%

Environmental, Social and Governance Report

環境、社會及管治報告

ABOUT THE REPORT

This is the first Environmental, Social and Governance (“ESG”) Report (“the Report”) released by Best Food Holding Company Limited (“the Company” or “We”). The reporting scope includes the ESG work of Beijing HHG Restaurant Management Co., Ltd (“HHG”), Lee & Man Company Limited, and Lee & Man Handbag Manufacturing Company Limited (the latter two referred to as “Lee & Man”) in the mainland of People’s Republic of China. The Report covers the period from 1 January 2016 to 31 December 2016.

The information disclosed by this Report is guided by the “comply or explain” provisions set out the “Environmental, Social and Governance Reporting Guide” as contained in Appendix 27 to the Rules Governing the Listing of Securities released by the Stock Exchange of Hong Kong Limited.

ESG MANAGEMENT SYSTEM

ESG Philosophy

Harmony. It is the Company’s ESG vision to realize harmonious coexistence with the environment and the society. We firmly and actively fulfill the corporate social responsibility (CSR), and strive to build a harmonious relationship between the Company and the environment, employees and the society through our constant efforts.

Team Cooperation. Team cooperation is a clear guideline for the Company to achieve good ESG performance. As the Company’s businesses include both the catering industry and the manufacturing industry, it is faced with more complicated challenges in ESG management. As a result, the Company can only realize its vision of harmony through team cooperation of all employees.

Scientific management. It is the effective way for the Company to realize good ESG performance. The company sticks to promoting scientific management methods to create a more efficient CSR management model.

ESG Management Structure

In order to effectively promote ESG work, the Board of Directors is responsible for ESG strategy formulation and ESG direction; the management of HHG and that of the Lee & Man create ESG plans and manage their own ESG work; at the same time, all departments carry out specific work to ensure the implementation of ESG work.

關於本報告

本報告是百福控股有限公司(簡稱「公司」或「我們」)首份環境、社會及管治報告。報告範疇包括旗下北京和合谷餐飲管理有限公司(簡稱「和合谷」、理文手袋廠有限公司及理文洋行有限公司(後兩者簡稱「理文」)在中國大陸的環境、社會及管治工作情況。報告期為2016年1月1日至2016年12月31日。

本報告披露內容為《香港聯合交易所有限公司證券上市規則》附錄27之《環境、社會及管治報告指引》的「一般披露」議題。

環境、社會及管治體系

環境、社會及管治理念

*和諧。*實現與環境及社會的和諧相處是本公司實現環境、社會及管治良好表現的發展願景。我們堅定而積極地履行企業社會責任，希望通過自身的不斷努力，在企業與環境、員工以及社會之間營造和諧共處之關係。

*團隊合作。*團隊合作是本公司實現履行環境、社會及管治良好表現的明確方針。本公司業務範圍橫跨餐飲業與製造業，在環境、社會及管治工作方面面臨著更為複雜的挑戰。只有通過公司同仁的團隊合作，才能實現營造和諧共處之企業願景。

*科學管理。*科學管理是本公司實現環境、社會及管治良好表現的有效途徑。本公司堅持推進科學合理的管理方法，從而創造更加高效的企業社會責任管理模式。

環境、社會及管治架構

為了有效推進環境社會及管治工作，董事會負責環境、社會及管治戰略的制定和方向的把控；和合谷及理文管理層為公司環境、社會及管治計劃的制定者，對各自相關工作進行管理；與此同時，各一線運營部門設立則為具體工作的執行者，確保環境、社會及管治工作的落實。

Environmental, Social and Governance Report (continued) 環境、社會及管治報告(續)

Stakeholder Engagement

In order to effectively identify the major stakeholders of the Company's businesses and their key expectations, the Company proactively identifies stakeholders from all walks of life, and established diversified channels to build a long-term and effective communication mechanism.

利益相關方參與

為了有效識別企業運營所涉及的主要利益相關方及其關鍵訴求，本公司對各界利益相關方進行積極識別，並建立多元化溝通途徑，從而與各界主要利益相關方建立起長期有效的溝通機制。

Major Stakeholders 主要利益相關方	Key Expectations 主要訴求	Ways of Communication 溝通方式
Government and regulators 政府及監管機構	Compliance operation 合規運營 Compliance with laws 遵紀守法	Official documents 公文往來 Policy implementation 政策執行
Shareholders and investors 股東及投資者	Transparent governance 管治透明 Investment returns 投資回報	Annual reports and announcements 年報及公告 meetings 會議
Employees 員工	Labour rights 勞工權益 Career development 職業發展	Employees' meetings 員工會議 The trade unions 工會
Suppliers 供應商	Fair competition 公平競爭 Honest cooperation 誠信合作	Conferences 會議 Telephone calls and Emails 電話及郵件
Clients and customers 客戶、消費者	Product responsibility 產品責任 Service value 服務價值	Face-to-face communication 面對面交流 Telephone calls and Emails 電話及郵件
Community 社區	Community development 社區發展 Public warfare activities 公益參與	visits 互訪 Donation and other activities 捐助等公益活動參與

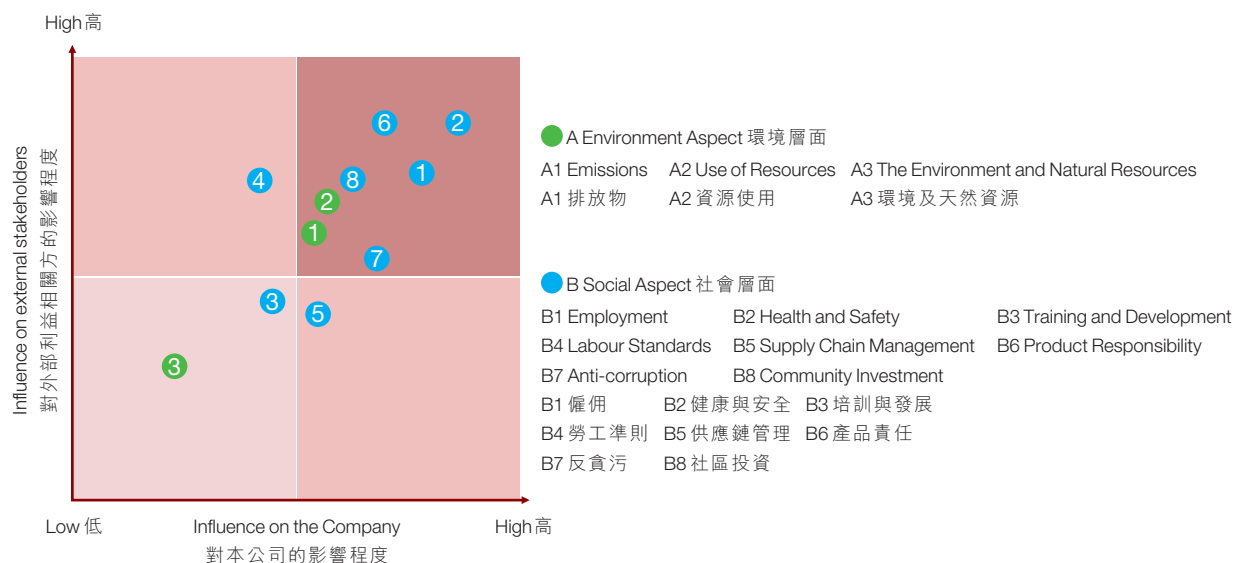
Environmental, Social and Governance Report (continued) 環境、社會及管治報告(續)

Materiality Assessment

During this reporting period, through constant stakeholder engagement, the Company identified their major ESG concerns as the focus of the Company's ESG work and report.

議題重要性

本年度，公司通過持續的利益相關方溝通，識別出主要利益相關方的主要關注點，作為工作及報告的主要內容。



ENVIRONMENTAL ASPECT

As the Company's businesses involve both the catering industry and the manufacturing industry, we deeply realize the complicated challenges in environmental protection during the continuous practice. To actively fulfill CSR in the environmental aspect, the Company developed the management mode of "independent management of businesses, and unified performance standard". The two business sectors made their own management rules, taking into consideration of the characteristics of operations, so as to ensure targeted and effectiveness environmental management.

Compliance operation is the unified performance requirement on environmental protection for the two business sectors. Both HHG and Lee & Man proactively identify and abide by laws and regulations in the environmental aspect, such as the *Environmental Protection Law of the People's Republic of China*, the *Law of the People's Republic of China on Energy Conservation*, the *Law of the People's Republic of China on Environmental Impact Assessment* and the *Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste*. In 2016, the Company had no material illegal event in environmental aspect.

環境

本公司業務範圍橫跨餐飲業與製造業，在不斷的實踐過程中，我們深刻認識到在環境保護領域所面臨的更為綜合性的挑戰。為了積極履行環保層面企業社會責任，本公司制定了「業務板塊獨立管理，績效表現標準統一」的管理模式。兩大業務板塊結合自身業務運營特點，制定管理制度，確保環境保護管理工作的針對性與有效性。

合規運營，是本公司對於兩大業務板塊在環境保護層面的基本統一績效要求。和合谷與理文均積極識別其運營所使用的環境相關法律法規，包括《中華人民共和國環境保護法》、《中華人民共和國節約能源法》、《中華人民共和國環境影響評價法》及《中華人民共和國固體廢物污染環境防治法》等，並按照相關法規要求，確保運營的合法合規。2016年度，本公司在環境領域未發生重大違法事件。

Environmental, Social and Governance Report (continued) 環境、社會及管治報告(續)

Emissions

According to the requirements of relevant laws and regulations as well as the environmental impact assessment approval, the Company identifies and manages the major emissions during production and operation.

The major wastes during HHG's production and operation are waste oil and other kitchen waste, and are well managed by the Processing and Distribution Center and Stores. In order to unify the management of waste oil, HHG hires a qualified company to recycle waste oil to be disposed of in accordance with laws and regulations. At the same time, other kitchen waste produced by stores is also recycled by the third-party company.

Lee & Man made clear environment, health and safety (EHS) policy which specifies the EHS duties, and established EHS management team. The major emissions of Lee & Man's production are waste gas, solid waste and waste water. The factory strictly follows the local environmental protection bureau's requirements set out in the environmental impact assessment document. Waste gas produced from processes such as painting spraying is absorbed by activated carbon to reach a standard before discharging; hazardous waste and waste water from water curtain cabinet are handed over to qualified company for treatment; and other waste water is properly treated by the factory for recycling or discharge. In order to reduce waste production, the factory requires material recycle.

Use of Resources

Energy conservation has always been a principle for the Company's production and operation.

HHG applies the concept of effective use of resources in every detail. In early 2011, HHG won the "2010 Beijing Top Ten Brands in Green Innovation Award". Since then, HHG has maintained this fine tradition. Now, the Processing and Distribution Center and the new stores all use LED lights, which not only double the luminance, but also saves electricity consumption by 5/6. The Process and Distribution Center replaced boilers with solar panels, to achieve the goal of energy saving. At all stores, the Operation Department manages the effective use of water and electricity through cost control. In addition, HHG also emphasizes technology innovation. By optimizing the machining process and adjusting order, heat energy is effectively utilized.

排放物

根據相關法律法規及環評批覆要求，公司對生產及運營過程中的主要排放物進行了重點識別及管控。

和合谷在生產運營中的主要廢棄物包括廢油及其他廚餘垃圾，加工配送中心及門店均有相應管理部門進行管理。為統一管理餐飲廢油，和合谷委託有資質的廠家進行統一回收，並按照法規要求進一步處理。同時，門店所產生的其他廚餘垃圾亦由該廠家回收。

理文則制定了明確的環境、健康與安全(EHS)政策，明確了工廠EHS的具體職責，並成立了EHS小組。理文在生產中的主要排放物為廢氣、固體廢棄物及廢水。工廠嚴格按照地方環保局環評批覆要求，對泡皮及噴漆等工序廢氣經活性炭吸附達標後進行外排；危險廢棄物及水簾櫃廢水則移交有資質的單位處理；對於其他廢水，工廠經過適當處理後回用於生產或妥善地排放出廠。為了減少廢棄物的產生，工廠要求迴圈使用可用物料。

資源使用

節約資源，是公司生產運營始終堅持的原則。

和合谷將有效使用資源的理念踐行在每一個細節。早在2011年初，和合谷就榮獲了「2010年度北京十大商業品牌環保創新獎」。自此，和合谷一直保持這一優良傳統。現在，加工配送中心和新開店鋪全部採用LED燈，不僅光亮度提高一倍多，而且耗電量只有原來的1/6。加工配送中心還淘汰了鍋爐，採用太陽能集熱板，實現了節約能源的目標。在各個門店，營運部門通過控制成本，實現水、電等資源的有效利用。此外，和合谷還強調工藝的創新，通過優化加工工藝和調整加工順序，有效利用熱能。

Environmental, Social and Governance Report (continued) 環境、社會及管治報告(續)

Case: A Progress of 2.2 Centimeters

HHG always strives to realize the goal of energy conservation through details. The improvement of order receipt is an example.

At a store, an HHG employee found that area of the bank header and foot, the HHG logo, the store's phone number and the greeting words on the receipt is altogether 2.5cm in height, accounting for nearly half of the whole receipt. After improvement by removing redundant information and adjusting the layout of necessary information, the length of each receipt is reduced by 2.2 cm.

The seemingly tiny length of 2.2 cm actually contributes to substantial conservation of paper! Assuming the daily sales is about 7,000 orders, each with two receipts which are 4.4 cm in length, a total of 112,420 meters can be saved in a year! When this is applied to all stores, the achievement is more significant.

Lee & Man has included energy conservation as an important work in its EHS management.

In order to save electricity, the manufacturing factories replaced T8 tubes with T5 energy-saving tubes. The factories also require that air conditioning temperature should be set no lower than 26°C in summer, and no higher than 20°C in winter. Notices are posted in factories to remind employees to close the door to reduce heat exchange. Employees are also told to turn off all electric appliances to prevent standby power consumption. The security staff also check and turn off all lights at workshops and offices after work.

For water conservation, Lee & Man purchased a set of air heat pump for 24-hour supply of hot water. The automatic control of water supply through intelligent card contributes to power and water conservation and effectively controls the total quantity of water.

In order to save raw materials, the factories encourage recycling packages, and also reduce waste of materials through optimizing processes and staff training.

Environment and Natural Resources

The Company has been committed to energy conservation and emission reduction, green production and green operation, so as to minimize the influence of its businesses on the environment and natural resources.

案例：2.2釐米的進步

和合谷始終堅持從小處著手，實現節約資源的大目標。點餐憑證的小票的改進即是一大體現。

在某門店，和合谷的員工發現小票的單眉和單腳的留白、和合谷標誌、公司聯繫電話、「歡迎光臨」字樣，加起來有2.5釐米高，佔小票將近一半的比例。改進之後，把多餘的資訊去掉，對必須列印的內容大小進行調整，每張小票節約2.2釐米。

看似微小的2.2釐米，卻能實實在在節約用紙量！按照該店的銷售量，平均每天7,000單，每單兩張小票共節約4.4釐米，一年可節約用紙共112,420米！如果把所有門店的節約量算上，該成果更為顯著。

理文已將能源節約作為EHS管理的重要工作。

為了節約用電，工廠已將T8老式燈管全部更換為T5節能燈。工廠還規定，空調溫度設置夏季不低於26°C，冬季不高於20°C；並在廠內張貼標識，要求員工隨手關門，減少熱量交換；教育員工離開崗位時將各類設備電源關閉，防止待機耗電。理文亦通過保安巡檢，檢查下班後各車間或部門的照明燈的開關情況。

為了節約用水，理文購置一套空氣熱泵，實現全自動控制全天候供應熱水，並採用智慧IC卡取水系統，控制每個龍頭出水，達到節水節能的效果，有效控制用水總量。

為節約原材料的使用，工廠提倡迴圈使用包裝物，並通過優化操作流程、培訓員工操作，減少原材料的浪費。

環境及天然資源

公司始終秉承節能減排、綠色生產、綠色營運的理念，盡可能減少業務活動對生態環境及天然資源的影響。

Environmental, Social and Governance Report (continued) 環境、社會及管治報告(續)

Social Aspect

The company aims to build a harmonious interest community, so it attaches great importance to the relationship with investors, employees, clients, suppliers, community, the public and government, so as to achieve comprehensive social benefits.

Employment

The Company firmly believes that excellent talents are important asset for the company, and also the foundation for its sustainable development. Through strictly observing relevant laws and regulations such as the Labor Law of the People's Republic of China, the Labor Contract Law of the People's Republic of China, and the Minimum Wage Standards, the Company formulated management rules such as "Employees' Handbook", "HR Manual", and "Management Handbook". Accordingly, the Company strictly manages employee recruitment, provides employees with a variety of benefits, and creates a good working environment.

Equal Opportunity

The Company adheres to fair and open recruitment irrespective of gender, age, marriage status, ethnicity, cultural background, disability, and religious beliefs, and ensures equal pay for equal work.

At the same time, the Company provides a good platform for employees' development by offering equal promotion channel for all based on employees' competency.

Various Benefits

To better attract talents and retain talents to work for the Company, we provide employees with various benefits, so that employees can enjoy both material and spiritual incentives while working hard.

HHG issued "Management Measures on Employees' Wages", which established a long-term mechanism for employees to share corporate achievements. Each month, through skill and performance assessment, HHG makes comprehensive evaluation of frontline employees and selects outstanding employee for rewards and praise in the corporate magazines. Each year during the Spring Festival, HHG headquarters leaders visit stores in person and bring gifts to employees. Every autumn, HHG headquarters organize outing activities. In addition, for employees who have been awarded outstanding employee for three consecutive years, HHG awards overseas travels to broaden their horizon.

社會

本公司意在營造一個和諧的利益共同體，重視與投資者、員工、客戶、供貨方、社區、公眾及政府等在內的社會有關組織的關係，從而實現社會綜合效益。

僱傭

公司深信優秀的人才是公司的重要資產，也是公司可持續發展的基石。通過嚴格遵守《中華人民共和國勞動法》、《中華人民共和國勞動合同法》及《最低工資規定》等各項規章制度，並通過《員工手冊》、《人力資源手冊》及《管理手冊》等制度的實施，公司對員工招聘進行嚴格管理，並為員工提供多種福利，創造良好的工作環境。

平等機會

公司堅持公開、公平的招聘制度，不因性別、年齡、婚姻、種族、文化背景、殘疾、及宗教信仰等而有所差別，並確保同工同酬。

同時，公司為員工發展提供良好的平臺，根據人才能力給予平等的職位晉升管道。

多種福利

為了更好地吸引人才、留住人才，我們為員工提供多種福利，使員工在辛勤工作的同時，享受公司提供的多種福利，獲得精神與物質的激勵。

和合谷發佈了《員工工資管理辦法》，建立了企業發展成果與員工共用的長效機制。每月，通過技能考核並結合平時表現，和合谷對一線員工進行綜合評價，對評選出的先進員工進行獎勵並在內刊上表揚。每年春節期間，和合谷總部領導均親自前往門店慰問員工，為員工帶去禮物，也給員工帶去了溫暖；每逢秋季，和合谷總部組織員工進行郊遊。此外，對於連續三年獲得優秀員工稱號的員工，和合谷給予境外旅遊的獎勵，開闊員工視野。

Environmental, Social and Governance Report (continued) 環境、社會及管治報告(續)

Lee & Man also attaches great importance to employee activities. On every major festival, Lee & Man holds grand celebration and enjoys the occasion with its staff.

理文亦重視員工活動的開展，每逢重大節日，舉行大型文娛活動，與職工一起歡慶佳節。



HHG Award for Innovation and Progress
和合谷進步創新獎



HHG Award for Ten Years' Contribution
和合谷十年老員工獎



HHG Autumn Outing
和合谷秋遊



HHG Overseas Travel
和合谷境外遊



Lee & Man Birthday Party
理文生日晚會

Environmental, Social and Governance Report (continued) 環境、社會及管治報告(續)

Work-Life Balance

In order to relieve employees' work pressure, we also provide all kinds of entertainment activities and venues to enrich their leisure time.

工作生活平衡

為了緩解員工辛勤工作的壓力，我們為員工提供多種休閒娛樂活動及活動場所，豐富員工的業餘生活。



HHG HQ Reading Room
和合谷總部書屋



HHG Reading Sharing Session
和合谷讀書分享會



Lee & Man Reading Room
理文閱讀室



Lee & Man Basketball Match
理文籃球比賽



Lee & Man Table Tennis Room
理文乒乓球活動場所



Lee & Man Yoga
理文瑜伽活動



Lee & Man Chess
理文象棋

Environmental, Social and Governance Report (continued) 環境、社會及管治報告(續)

Health and Safety

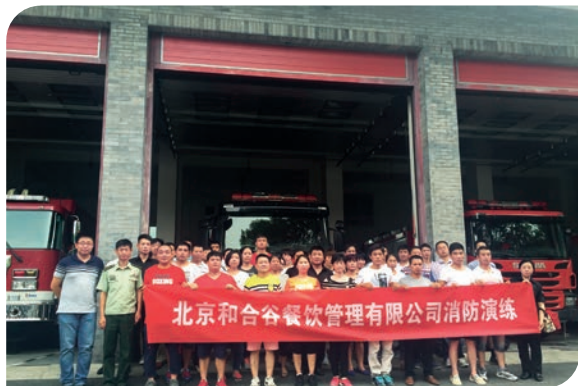
The Company has always put employees' occupational health and safety first. On the basis of observing relevant laws and regulations such as the *Law of the People's Republic of China on Work Safety and Regulations on Work-Related Injury Insurance*, the Company made a series of management rules on safe production, so as to create a safe working environment and protect employees' occupational health and safety.

At HHG, the first class for new employees is about safety which trains staff to always keep safety in mind and increase safety awareness. At the Food Processing Center, HHG purchased quality production equipment with high safety factor, and provides labor protection supplies to employees for free. Meanwhile, the quality control staff at the production lines inspect and record equipment operation and employees' wearing of labor protection supplies every day to timely discover and eliminate hidden trouble. At stores, HHG hires safety specialists to manage the safety production issues. Once a work-related injury accident occurs, HHG requires that the store manager and supervisor inform the Human Resources Department via telephone call and take timely and effective treatment measures.

健康與安全

公司始終把員工的職業健康與安全放在第一位。在遵守《中華人民共和國安全生產法》、《中華人民共和國工傷保險條例》等法律法規的基礎上，公司制定了一系列與安全生產有關的管理制度，為員工營造安全的工作環境，切實保障員工的職業健康與安全。

在和合谷，員工入職第一課即為安全培訓，教育員工必須時刻樹立並加強安全意識。在食品加工中心，和合谷購置安全係數較高的優質生產設備，並為員工免費提供各類勞保用品。同時，各生產線品控員每天對設備運行情況及員工勞保用品佩戴進行檢查及記錄，及時發現並消除安全隱患。在各門店，和合谷專設安全員，對安全生產進行管理。一旦有任何工傷事故發生，和合谷要求所有店長和督導必須第一時間電話報告人力資源部門，並採取及時有效的處理措施。



HHG Fire Drill



和合谷消防演練

Environmental, Social and Governance Report (continued) 環境、社會及管治報告(續)

Lee & Man also regards employees' safety and health as the top priority in production. It made policy and procedures on occupational health and safety management, and makes timely adjust to adapt to the new work environment change and standard. To gain employees' support and encourage participation in this aspect, Lee & Man established Health and Safety Committee at factories, and offers training to employees on existing and upcoming policies, procedures and instructions. According to the "Guidance on Health and Safety", Lee & Man requires that all workers should wear labor protection suppliers, and reminders are given at all factory areas. The EHS team conducts safety check on a regular basis. If there is any work-related injury, the first-aid kit in the factory and infirmary can provide timely rescue for the injured employee. For each work-related injury incident, the EHS management makes investigation and record in accordance with the "Rules on Incident Reporting, Investigation and Treatment", make careful analysis and warn employees to learn from the cases.

理文亦將人員安全健康作為生產的頭等大事，並制訂了各項有關職業健康與安全管理方面的政策和程序，及時做出調整以適應新的工作環境變化和標準。為使健康與安全管理工作能得到員工的支援和參與，理文成立了工廠健康與安全委員會，且通過開展培訓向員工宣傳各項已在執行和即將執行的政策、程序、工作指引等。根據《健康與安全工作指引》規定，理文要求各作業員工必須佩戴勞保用品，並在各區域設置防護提醒標識。EHS小組定期開展安全檢查。如有工傷事件發生，廠內配備的醫務室及車間急救箱均可使傷者得到及時救助。對每一件已發生的工傷事故，EHS管理人員嚴格按照《事故報告、調查與處理制度》進行調查及記錄，謹慎分析並總結，並警示員工吸取教訓。



First-aid Kit
急救箱設置



Labor Protection Supplies
勞保用品佩戴

Environmental, Social and Governance Report (continued) 環境、社會及管治報告(續)

Development and Training

While pursuing corporate development, we also encourage employees' development. The Company developed a series of training system, and established and improved the training management system, to support employees' career development.

HHG always adheres to the people-oriented policy, and actively implements the training demands to realize the mutual development of "brand building" and "talent cultivation. HHG provides targeted training for different employees, such as the "Eyas Program" and the "Eagle Program". The "Eyas Program", designed for general employees, includes training on work procedures, post duties and computer operation. Trainees will participate in assessment, after which they can be promoted to second deputy manager of stores. The "Eagle Program", designed for employees who want to be store manager, includes trainings on corporate culture, store manager's responsibilities and authority, business management, leadership and communication, food safety, sales and data analysis, etc. Also, trainees have to pass examinations to become candidates of store manager.



HHG Training on Food Safety
和合谷食品安全培訓

Lee & Man also emphasizes employees' development and training. Given the characteristics of the manufacturing factory, its major training is new staff training. The "Rule on New Employee Training" stipulates that all new employees should receive training on the factory's basic regulations and production safety. The factory's basic regulations training includes factory rules and corporate system, safety, health, computer security, and anti-terrorism, so as to help new employees to understand the company and its culture, promote their identity with company, and train their compliance, pragmatism and enterprise. Production safety is the key in training, including chemicals, machine operation, fire safety, etc., to improve employees' skills and safety consciousness, so as to prevent casualty accidents and reduce occupational harm.

發展與培訓

在公司自身發展的同時，我們亦鼓勵員工將個人發展融入到企業發展中。公司制定了一系列培訓制度，建立並健全培訓管理系統，全力支持員工的職業發展。

和合谷始終堅持以人為本的政策方針，積極落實培訓需求的總體要求，堅持「做好品牌」與「培育人才」共同發展。和合谷為不同員工提供有針對性的培訓項目，如「雛鷹計劃」、「雄鷹計劃」等。「雛鷹計劃」適用於基層員工，主要培訓內容包括崗位元流程及職責，電腦操作。培訓後，培訓班人員參加考核，考核通過即可晉升第二副經理。「雄鷹計劃」適用於有意晉升店長的員工，培訓內容包括企業文化、店長工作職責和許可權、業務管理、領導力與溝通、食品安全、銷售與資料分析等。同樣，培訓後員工參加考核，通過考核後即成為店長備選人員。



HHG Skill Competition
和合谷員工技術大比武

理文亦重視員工的發展與培訓。基於企業生產特點，員工培訓主要為新員工培訓。《新員工培訓》規定，新員工須接受工廠基本規章培訓及生產安全培訓。工廠基本規章培訓包括廠規與公司制度、安全、健康、電腦安全、反恐五個方面，幫助新員工初步瞭解企業概況和文化，提升新員工對公司的認同感，培訓遵章守紀、務實進取的工作作風。生產安全培訓則是培訓的重中之重，培訓內容包括化學品培訓、機器使用操作、消防安全培訓等，以提高員工技能、加強員工安全意識、防範傷亡事故和減輕職業危害。

Environmental, Social and Governance Report (continued) 環境、社會及管治報告(續)



Lee & Man Training on Chemicals
理文化學品使用培訓



Lee & Man First Aid Training
理文急救培訓

Labour standards

The company strictly follows laws and regulations such as the *Labor Law of the People's Republic of China* and *Provisions on the Prohibition of Using Child Labor*, and formulated and implemented related management rules to forbid using child labor and forced labor. During recruitment, the Human Resource Department strictly reviews candidates' identity cards and education degree certificates to verify their age so as to avoid child labor. In 2016, the Company did not have any use of child labor or forced labor.

The Company made rational working hours in accordance with laws and regulations. In particular, due to the characteristics of the manufacturing industry, working overtime at Lee & Man factory is common. However, the factory limits overtime, and strictly prohibits forced overtime. Employees have to apply and get prior approval for working overtime, which is also recorded for corresponding overtime wages in accordance with national provisions.

勞工準則

公司嚴格遵守《中華人民共和國勞動法》及《禁止使用童工規定》等相關法律法規，並通過相關規章制度的制定及執行，嚴厲禁止使用童工及強制勞工的現象。在招聘過程中，人力資源部嚴格審核人員的身份資訊，通過核對身份證、學歷學位證書等方式，核查入職員工年齡，禁止招聘童工。2016年，公司無任何使用童工及強制勞工的現象。

公司依據法律規定制定合理的工作時間，尤其因理文的行業特殊性，員工加班屬於普通現象，但工廠在營運中有節制地限制加班時間，並嚴厲禁止強制加班的現象發生。員工加班均需提前申請，經批准後對加班時間進行記錄，並據此根據國家規定為員工提供相應的加班費。

Environmental, Social and Governance Report (continued)

環境、社會及管治報告(續)

Supply Chain Management

With constant division of labour market, supplier quality has become an important part of a Company's quality management. Only by managing the quality of the source, can the product quality be assured. Therefore, the Company adopted a series of management measures to strengthen the management of suppliers.

On the choice of food suppliers, HHG prefers first-class enterprises within the industry, and conducts inspection before establishing cooperation. HHG assesses suppliers on a regular basis by its Quality Department, Logistics Department and Procurement Department on suppliers' product quality and service. Meanwhile, HHG also carries out regular (quarterly) or irregularly site visits to suppliers to inspect the processing environment, raw material quality and number of quality inspection personnel according to its "Suppliers Management Rules". If any problem related to suppliers' product quality is found during the inspection, production or sales, HHG would promptly notify the supplier for improvement and suspend cooperation until it is qualified again. HHG also pays special attention to safety management of suppliers of store decoration. These suppliers shall sign contracts containing regulations on safety management and pay security deposit to ensure safety construction.

In 2016, in order to strengthen supply chain management, HHG sent a Letter of "Key of Supplier Management" to its suppliers, which specifies HHG's requirements on supplier access and management capacity.

To strengthen the management on supplier selection, evaluation and product quality, Lee & Man article formulated and strictly implemented provisions on "Business Partner Security" for supplier evaluation and management of raw material quality. If the quality of a supplier's goods is unstable, or the supplier often delays delivery and affects production, Lee & Man will send the supplier a "Notice of Improvement" to ask it to take actions for improvement and make report. The Procurement Department is responsible for follow-up and keeping records.

供應鏈管理

隨著市場分工的不斷精細化，供應商品質成為公司品質管制的重要環節。只有從源頭抓起，加強供應商的管理，品質才能得到根本的保障。因此，公司通過一系列管理措施，加強對供應商的管理。

在食品供應商的選擇上，和合谷優先選擇行業內一流企業，並在確定合作前對供應商進行視察瞭解。和合谷內部定期對供應商進行評審，通過品質部、物流部及採購部三方評審，對供應商的產品品質及服務進行評估。同時，和合谷亦根據《供應商管理制度》對主要供應商進行定期(每季度)或不定期的驗廠，檢查供應商的加工環境、原料品質及質檢人員數量。若在驗廠、生產或銷售中發現任何供應商導致的問題，和合谷將及時通知供應商進行整改並暫停合作。整改合格後恢復合作，否則將終止合作。對於門店裝修施工的供應商，和合谷尤其注意施工中的安全管理，所選供應商必須簽署含安全條例的合同，並繳納安全保證金，確保安全施工。

2016年，為加強供應商的管理，和合谷向供應商發送了關於《供應源頭把控的重點》的函，明確傳達了和合谷在供應商准入制度、供應商管理能力的要求。

為了加強對供應商的挑選及評審，確保供應商的產品品質，理文制定了《商業合作夥伴安全》制度。通過嚴格執行該制度，理文嚴格把控供應商評估，管理原料品質。若供應商所提供的貨物品質不穩定，或交貨期經常延期而影響生產，理文將向該供應商發出《供應商改善通知書》，要求其改善並匯報改善情況，採購部負責跟進，並保存記錄。

Environmental, Social and Governance Report (continued) 環境、社會及管治報告(續)

Product Responsibility

Product Quality is the life for a company and a foundation for corporate existence and development. To achieve sustainable development, the Company has always emphasized the importance of product quality. The Company actively complies with laws and regulations such as the Food Safety Law of the People's Republic of China, the Law of the People's Republic of China on the Protection of Consumer Rights and Interests and the Law of the People's Republic of China Against Unfair Competition, to protect consumer rights and interests, to ban false advertising, to respect intellectual property rights, and to participate in market competition in a fair manner. The Company has always been committed to gaining good reputation through high-quality products, and conquering market through sincere service, and unceasingly enterprising in the fierce market competition.

Keeping in mind the mission of “providing customers with healthy, delicious, convenient and affordable dining service with conscientiousness”, HHG gives top priority to food safety. It successively obtained certificates of the ISO9001 Quality Management System and the ISO22000 Food Safety Management System. As a “Famous Trademark of Beijing” and one of “China's Top Ten Fast Food Brands”, HHG is a “Model of National Nutritious and Healthy Food” and was involved in drafting the “Nutritional Catering Requirements for Restaurant Industry” (SB/T 10474-2008), and the “Food Safety Management System — Requirements for Catering Services” (GB/T 27306-2008). It is committed to developing public catering and improving the quality of life.

HHG formulated strict management system to strengthen product quality management. The “Management Manual on Quality and Food Safety” is a guiding principle and code of conduct of quality and food safety, and the “Standard for Raw Material” strictly controls all links from suppliers to customers. Meanwhile, HHG adopted internal and external audit to conduct comprehensive risk-oriented quality and safety management, to eliminate the “blind zone” in management. In April 2016, HHG invited experts from China Certification & Inspection for external audit to further improve its quality and security system management system.

In practice, HHG has adopted a dual-kitchen mode for standardized operation since its first store. During product processing at the central kitchen and the terminal (store) kitchens, HHG increases automation and reduces artificial factors by using mechanized equipment. Advanced cold-chain logistics distribution system is adopted for timely delivery of the most fresh and delicious products to stores every day. On-board GPRS system is equipped for real-time monitoring, to ensure that products are transported at low temperature for food safety. The store kitchens use three-dimensional and intelligent equipment for six functions including pan-frying, deep-frying, sautéing, steaming, boiling, and roasting, so that the final cooking procedure is finished at stores to provide customers with fresh and delicious food.

產品責任

產品品質是企業的生命，是企業存在與發展的基礎。為實現企業可持續發展，公司始終強調產品品質的重要性。公司積極遵守《中華人民共和國食品安全法》、《中華人民共和國消費者權益保障法》、《中華人民共和國反不正當競爭法》等相關法律法規，切實保護消費者權益、禁止虛假廣告、尊重智慧財產權，公平參與市場競爭。公司始終以優質產品贏得口碑，以用心服務征服市場，在激烈的市場競爭中不斷進取。

和合谷始終將「用良心品質，為顧客提供健康美味、便捷實惠的餐飲服務」為使命，將食品安全放在首位，先後通過了ISO9001品質管制體系認證、ISO22000食品安全管理體系認證。作為「北京市著名商標」、「中國十大速食品牌」之一，和合谷是「全國營養健康餐飲示範單位」和《餐飲業營養配餐技術要求》(SB/T 10474-2008)、《食品安全管理體系餐飲業要求》(GB/T 27306-2008)標準的起草單位，堅持發展大眾餐飲，提高人民生活品質。

為了加強產品品質管制，和合谷制定了嚴格的管理制度。《品質及食品安全管理手冊》是品質及食品安全管理體系的綱領和行為準則，《原料標準》嚴格控制從供應商到顧客所有環節。同時，和合谷採用內部審核與外部審核相結合的方法，開展以風險為導向的全面品質安全體系管理，掃除管理「盲區」。2016年4月，和合谷邀請中國檢驗認證集團專家進行外部審核，進一步完善品質安全體系管理制度。

在實踐中，從第一家店鋪開始，和合谷就堅持運用雙廚房模式來實現餐飲標準化的運營。在中央廚房、終端廚房的產品加工製作過程中，堅持通過機械化設備提高加工自動化程度，減少人為因素。運用先進的冷鏈物流配送系統，每日將最新鮮、美味的產品及時配送到門店，通過對車載GPRS系統的即時監控，可以確保產品始終處於低溫運輸條件下，從而保證食品安全。門店廚房通過立體化、智慧化設備的運用，實現產品製作的煎、炸、炒、蒸、煮、烤六大功能，讓產生口感的最後一道工序在門店廚房實現，從而達到為顧客提供新鮮、美味食物的目的。

Environmental, Social and Governance Report (continued) 環境、社會及管治報告(續)

Case: Self-Discipline for Quality

“Even when 99.99% of the products are safe, it is still unsafe if the rest 0.01% is sold to customers.”

HHG's soya-bean milk is genuine soya-bean milk that is originally made from traditional grinding process, and is then boiled and sterilized, resulting in good smell and delicious taste.

With the huge increase of new stores and customers' increasing recognition of HHG soya-bean milk, the order of soya-bean milk was almost doubled. Due to the limited production venue and equipment, the production capacity was unable to meet the demand by a large margin. Excessive production of soybean milk would not ensure quality and taste. As a result, HHG decided to reduce soya-bean milk production, as HHG firmly believes that food safety is the top priority, and production has to yield to quality.

In addition to ensuring food safety and taste, HHG also attaches great importance to customer feedback. Through the formulation and implementation of the “Crisis Handbook”, HHG standardized the solution of customer complaints and other problems, to ensure that timely and effective response and to protect customers' interests. Moreover, HHG also set up customer service center to answer customers' questions and deal with complaints in a timely manner. For online orders, the IT Department strengthens the maintenance of the computer system, to ensure the safety of customer information.

Adhering to the principle of “quality first, and customer-oriented”, Lee & Man produces products that meet legal requirements and customer requirements. To this end, Lee & Man formulated the “Quality Manual” which provides guidance for the whole process of quality inspection and control from raw materials to finished product shipments.

Lee & Man attaches great importance to the protection of intellectual property rights. It actively complies with laws and regulations such as the Patent Law of the People's Republic of China. To protect its own intellectual property rights, Lee & Man hired professional consultants on patent application. As for materials and finished products with clients' brand, Lee & Man uses the ERP system to monitor and keep records.

案例：良心品質，慎獨自律

「產品即使99.99%安全，有0.01%的不安全到了顧客那裡，就是100%的不安全。」

和合谷的豆漿是真正的原磨豆漿，經傳統工藝磨漿，然後煮漿、滅菌，保留了豆漿的原汁原味，因此醇香可口。

隨著新開店鋪大幅增加，加上和合谷豆漿得到越來越多的顧客認可，各店豆漿訂貨量幾乎翻倍。在現有場地和設備的限制下，生產能力尚無法滿足如此大的需求量，若是過多生產豆漿，則品質和口感都難以有百分之百的保證。在這種情況下，和合谷決定進行豆漿限產，因為和合谷始終堅信，食品安全高於一切，產量服從品質。

除了保證食品安全及味道，和合谷亦重視消費者的資訊回饋。通過《危機手冊》的制定及落實，和合谷對客戶投訴等各類問題的解決流程及方案進行規範，確保客戶投訴得到及時、有效的回應，保證其利益得到保證。同時，和合谷還設立了客服中心，及時解決顧客疑問、處理投訴。對於網上購餐的使用者，和合谷資訊部門亦加強電腦系統維護，保證客戶資訊的安全。

理文以「品質第一，顧客至上」的宗旨，並以生產出滿足法律法規要求及顧客要求的產品為品質方針。為此，理文制定了《品質手冊》，為品質工作從來料到成品出貨的全過程品質核對總和控制提供工作指引，實現產品的全過程品質控制。

理文重視智慧財產權的保護工作，積極遵守《中華人民共和國專利法》等有關法律法規，為保護自身智慧財產權，理文聘請了專業顧問進行專利申請；對於載有客戶商標的物料或成品，則使用ERP系統進行監控及記錄保存。

Environmental, Social and Governance Report (continued) 環境、社會及管治報告(續)

Anti-Corruption

Clean and transparent corporate management is an objective requirement for a company's sustainable development. While abiding by relevant laws and regulations, the Company pays great attention to development and management of the integrity culture.

HHG always adheres to honest operation. In 2016, HHG was rewarded "Enterprise Model of Honest Operation" by China Association of International Trade. At the same time, HHG also emphasizes strengthening the management of employees' professional ethics and code of conduct which are specified on the "Staff Handbook". As for corruption incidents, HHG encourages employees to report through email, telephone and WeChat to the Human Resources Department, which will handling the cases accordingly.

In order to ensure employees' honesty, loyalty and ethics, Lee & Man made specification on business ethics in its management rules to forbid unethical behaviors and encourage honesty and ethical behaviors. At the same time, through "Notice to Suppliers", Lee & Man made rules on honest trade to prevent corruption in procurement. Lee & Man also formulated the "Anti-Corruption and Anti-Bribery Procedures" to prevent any bribery and corruption such as abuse of power in factory management, and to ensure that employees' legitimate rights and interests are protected. This management rule specifically prohibits employees from receiving or offering kickbacks or commissions from or to customers or suppliers through any measure, or bribing people involved in business with the Company. The Company would resort to legal procedures in case of any violation. In addition, the management rule also stipulates that, all employees have the right to report unethical behaviors to the Senior Management, and the management's telephone numbers and E-mail addresses are available to all employees. For all reports, the factory is committed to prudent treatment providing personal protection or appropriate incentives.

Community Investment

The Company attaches great importance to community participation, and actively builds a relationship of harmonious coexistence and mutual benefit with the community where the Company's business operates. Through participating in community activities, we actively serve the community and give something back to the society.

HHG has maintained good interaction with the West Chang'an Community where its Headquarters is located over the years. Due to the long-term engagement, HHG has gained the trust and recodification of the community. During the community election, HHG was selected as the food supplier. In 2016, HHG was awarded "Model of Employees' Home at West Chang'an Community" and "Philanthropic Enterprise" by the General Trade Union of West Chang'an Community.

反貪污

廉潔透明的企業管理是企業可持續發展的客觀要求，公司在遵守相關法律法規的同時，亦十分注重企業的廉潔誠信的文化建設及管理。

和合谷始終堅持誠信經營。2016年，和合谷被中國國際貿易學會授予「誠信經營示範企業」的榮譽稱號。同時，和合谷亦注意加強對員工的職業道德及行為準則的管理，《員工手冊》中明確規定了員工應有的職業操守及行為準則。對於任何貪污腐敗事件，和合谷鼓勵員工通過郵箱、電話及微信方式，向人力資源部門舉報。人力資源部門視情節輕重，做出相關處理。

為確保員工誠實、忠誠及遵守良好的道德行為，理文在管理條例中專門就商業道德進行了規範，以制止不道德行為，同時鼓勵誠實和道德行為。同時，通過《供應商須知》，理文確定了廉潔交易守則，防止採購中的腐敗現象。理文還制定了《反腐敗反賄賂程序》，以防止工廠在管理過程中出現行賄受賄等濫用職權的腐敗行為，並確保員工得到合法的權益保障。該制度明確禁止員工不得以任何手法收取客戶或供應商提供的回扣、佣金等其他形式的非法報酬，亦不得向與公司有業務往來之人員賄賂，一經發現，將以法律程序處理。此外，該制度也規定，所有員工均有權利向公司高層報告員工的不道德行為，且管理層的電話及郵箱均已向所有員工公佈。對於所有舉報，工廠承諾謹慎對待，並為報告者提供身份保護或適當的獎勵。

社區投資

公司重視社區參與，積極與運營地所在社區構建和諧共榮的關係。通過參與所在社區的活動，我們積極服務社會、回報社會。

和合谷與總部所在地的西長安社區長期以來保持良好的互動。正因和合谷與社區常年保持良好的溝通，獲得了社區的信賴及認可，在社區換屆選舉之際，和合谷被選定為社區用餐提供商。2016年，和合谷被西長安街街道總工會授予「西長安地區模範職工之家」及「募捐慈善愛心企業」的稱號。

Environmental, Social and Governance Report (continued) 環境、社會及管治報告(續)

As a catering enterprise, HHG emphasizes cooperation with colleges and other companies to give full play to each other's advantages to achieve a multi-win results for colleges, students and the enterprise. Since 2013, HHG has been cooperating with China Agricultural University. On the one hand, HHG is an internship base for its Food College and provides graduate students thesis topics relevant to HHG's food problems during the production and operation; On the other hand, the laboratories at the University supports HHG on food testing and experiment. As such, the cooperation promotes the combination of education and practice, so that students can see the results of what have learned and researched.

作為餐飲企業，和合谷重視校企合作，發揮學校與企業的各自優勢，實現學校、學生及企業的多方共贏。自2013年開始，和合谷便與中國農業大學開展校企合作。一方面，和合谷是中國農業大學食品學院的實習基地，並為在校畢業生提供畢業設計課題，解決和合谷在實際生產及運營中遇到的食品問題；另一方面，農業大學的實驗室亦支援和合谷進行食品檢測及實驗工作。以此合作方式，促進了教育與實踐的結合，使學生能看到其所學、所研究的實際成果。



HHG Employees' blood donation
和合谷員工無償獻血活動

Case: Showyes Project

To provide a public welfare platform for orphans and school-age students from poor families for their growth, in 2013, China Social Welfare Foundation led the launch of the "Showyes Project". With a full understanding of the implementation and significance of this project in 2016, HHG became a participant. It donated 700,000 yuan for targeted poverty alleviation and scholarships, and provided internships for students to work at HHG.

In July 2016, around 40 students from Liangshan District, a poverty-stricken area in Sichuan Province, came to Beijing for internship at HHG. To help them adapt to the internship, HHG arranged training teachers for one-on-one guidance, and took them to place of scenic spots and historic sites in Beijing.

After 3 days' pre-service training, students quickly adapted to the internship. Seven of them passed the selection of second deputy manager, and stepped into management positions after 2 months' training.

HHG believes that its participation of the Showyes Project provides a good platform to help students' development and growth.

案例：授漁計劃

為給適齡孤兒和貧困家庭的學生搭建一個全面成長成才的公益平臺，2013年，中國社會福利基金會組織發起「授漁計劃」公益專案。2016年，在充分瞭解到此項目的執行及意義後，和合谷成為授漁計劃專案企業，向其捐贈70萬元人民幣善款用於精準扶貧及助學，同時為學生提供實習工作崗位。

2016年7月，40餘名四川涼山貧困地區的學生來到北京，在和合谷開始實習。為了讓這些學生儘快適應實習環境，和合谷安排指導老師對學生進行一對一指導培訓，還帶學生參觀北京名勝古跡。

經過3天的崗前培訓，學生們很快就適應了實習生活。其中，七名學生通過了第二副經理的選拔，在2個月的管理培訓後正式步入了管理崗位。

和合谷相信，通過為授漁計劃的學生提供良好的平臺，和合谷能夠幫助他們成人、成才。

Environmental, Social and Governance Report (continued)
環境、社會及管治報告(續)



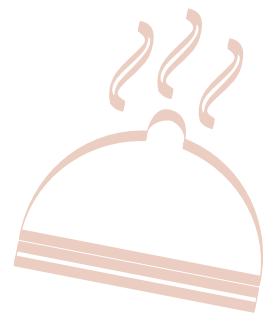
HHG Showyes Project
和合谷授漁計劃

Lee & Man is also devoted to social public welfare undertakings, and strives to give play to its value by actively participating in order maintenance for competitions, public welfare activities and environmental protection volunteer activities.

理文同樣致力於社會公益事業，努力發揮企業本身價值，積極參加賽事維序、公益活動及環保志願者活動中。



Lee & Man employees at order maintaining activity during the long-distance running along the Dong River for public welfare
理文員工參加東江段公益長跑維序活動



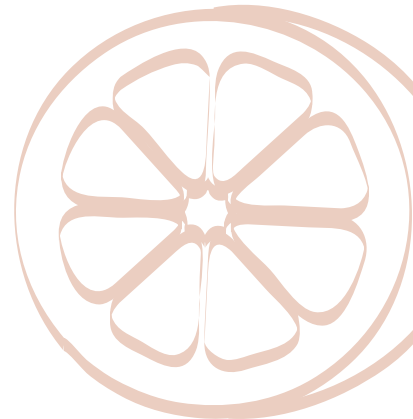
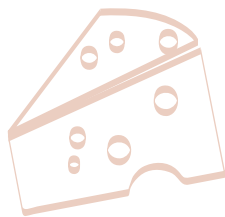
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Lee & Man employees at the order maintaining activity during the trial operation of Subway Line 2
 理文員工參加城市輕軌2號線試運行維序活動



Lee & Man employees at a volunteering activity, the Brisk Walking Everyday (天天健康行), to serve the elderly
 理文員工參加「天天健康行」系列長者服務活動





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