



泛亞環保集團有限公司
Pan Asia Environmental Protection Group Limited

(於開曼群島註冊成立之有限公司)
(Incorporated in the Cayman Islands with limited liability)

股份代號 stock code : 00556.HK

Annual Report
2016 年報

Creating a
Greener Future
開創無污染的未來



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Corporate Information

公司資料

DIRECTORS

Executive Directors

Mr. Jiang Quanlong (*Chairman*)
Mr. Jiang Xin (*Chief Executive Officer*)
Mr. Cho Yu Chung

Non-executive Director

Mr. Fan Yajun

Independent non-executive Directors

Mr. Lai Wing Lee
Mr. Leung Shu Sun, Sunny
Professor Wang Guozhen

COMPANY SECRETARY

Mr. Wan San Fai, Vincent

AUTHORISED REPRESENTATIVES

Mr. Jiang Quanlong
Mr. Wan San Fai, Vincent

PRINCIPAL BANKERS

China Construction Bank Corporation
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Hang Seng Bank Limited

INDEPENDENT AUDITOR

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董事

執行董事

蔣泉龍先生 (主席)
蔣鑫先生 (行政總裁)
曹宇頌先生

非執行董事

范亞軍先生

獨立非執行董事

賴永利先生
梁樹新先生
王國珍教授

公司秘書

溫新輝先生

授權代表

蔣泉龍先生
溫新輝先生

主要往來銀行

中國建設銀行股份有限公司
招商銀行股份有限公司
恒生銀行有限公司

獨立核數師

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Chairman's Statement

主席報告書

To Our Shareholders:

On behalf of the Board (the "Board") of Directors (the "Directors"), I am pleased to present the annual report of Pan Asia Environmental Protection Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2016. During the financial year of 2016, the Group's two sectors of business continue to have solid performance, which has further strengthened the Group's position as an integrated environmental protection ("EP") services and eco-friendly construction materials provider.

Facing significant environmental challenges, the Central Government (the "Central Government") of the People's Republic of China (the "PRC") has implemented a series of national policies and regulations in 2016, including "The Environmental Protection Tax Law" and the "Implementation Plan for the Reform of Environmental Impact Assessment in the 13th Five-year Plan Period", etc., aiming at tackling environmental pollution concerns. The Central Government will strictly enforce all laws, regulations and standards on EP to ensure that economic growth and environmental protection go hand-in-hand. It is apparent that EP has now become one of the top priorities at the national level. It was estimated by the Ministry of Environmental Protection of the PRC that the total social investment in environmental protection during the 13th Five-year Plan period would reach approximately RMB17 trillion. The investment in environmental protection would be huge in the coming years due to the public's increasing concerns about the quality of the living environment and the Central Government's emphasis on the sustainable development of the country. The roadmap of the 18th National Congress of the Communist Party of China on "Building a beautiful China" has brought the EP industry to an unprecedented importance.

During the 5th annual meeting of the National People's Congress, the Premier of the State Council, Mr. Li Keqiang announced in the 2017 Government Work Report that in order to achieve the target of reducing carbon dioxide emissions, China would cut steel capacity by 50 million tonnes and coal output by more than 150 million tonnes in 2017 as a means to curb overcapacity and bring back the unpolluted blue skies. Meanwhile, he also pledged for "further reductions in the emission of major pollutants" with sulphur dioxide and nitrogen oxide emissions to be cut by 3% respectively and a sharp reduction in factory emissions of tiny harmful particulate matter (PM2.5). With environmental protection being one of most important issues on the agenda at the annual meeting of the National People's Congress, it is predictable that the EP industry will be the important driving force for motivating the continuous economic growth in China.

致各位股東：

本人謹代表董事（「董事」）會（「董事會」）向各位股東提呈泛亞環保集團有限公司（「本公司」）及其附屬公司（統稱「本集團」）截至二零一六年十二月三十一日止年度之年度報告。於二零一六財政年度，本集團兩項業務繼續表現出色，進一步加強了本集團作為綜合環保（「環保」）服務及環保建材供應商之定位。

面對日益嚴重的環境問題，中華人民共和國（「中國」）中央政府（「中央政府」）於二零一六年實施了一連串國家政策及條例，包括《環境保護稅法》及《「十三五」環境影響評價改革實施方案》等，旨在更有效地應對環境污染問題。為確保經濟增長和環境保護協調發展，中央政府將嚴格執行所有環保相關的法律、條例和標準。環保作為中國最重要的議題之一，顯然其重要性已上升到國家戰略層面。中國環境保護部估計於第十三個五年規劃期間全國上下對環保產業的總投資將達到約人民幣17萬億元。由於國內民眾對生活環境質素的關注與日俱增，以及中央政府愈加重視經濟與環境的協調發展，故未來數年國家對環保產業的投資規模將十分巨大。自「努力建設美麗中國」路線圖在第十八屆全國代表大會提出以來，環保行業的重要性已上升至前所未有的新高度。

於全國人民代表大會第五次會議期間，國務院總理李克強先生在二零一七政府工作報告中指出，為了達到降低二氧化碳排放量的目標，中國於二零一七年將削減鋼產能5,000萬噸及煤產量1.5億噸以上，以進一步去產能及打好藍天保衛戰，同時亦承諾「進一步降低主要污染物排放量」，包括二氧化硫及氮氧化物排放量要分別下降3%，以及工廠細懸浮微粒（PM2.5）排放量需大幅減少。環境保護已成為人大會議議程中最重要之議題之一，這預示著環保行業將成為中國經濟持續增長的核心動力之一。

The green construction industry in China is now entering into a new stage of green building development. According to the "Action Plan of Production and Application of Green Building Materials" (《促進綠色建材生產和應用行動方案》) jointly issued by the Ministry of Housing and Urban Rural Development (the "MHURD") and the Ministry of Industry and Information Technology, it is required that by 2018, the application proportion of green building materials in new buildings must reach 30%, the application proportion of green buildings must reach 50%, the pilot demonstration project application ratio for green buildings must reach 70%, and the building renovation application ratio will be increased to 80%. To make the most of the business opportunities brought about by the surging market demand for green construction materials as mandated by the Central Government policies, the Group is boosting its development of the eco-friendly construction materials business by further strengthening the promotion of its wood wool cement board ("WWCB").

With the high priority and continuous active promotion of EP by the Central Government, the Group expects more opportunities to come in view of the continued favourable government policies in both the EP industry and in view of the Group's capability and experience accumulated in dealing with both EP construction engineering projects and eco-friendly construction materials businesses. The Group will strive to grasp the opportunities to drive long term growth.

FINANCIAL REVIEW

For the year ended 31 December 2016, the Group achieved a total revenue of RMB814.3 million, declining by 23.8% as compared to RMB1,068.6 million in 2015, primarily due to two government project contracts being secured in 2015 while no new government project contracts were awarded for the reporting year. Gross profit decreased to about RMB217.2 million (2015: RMB245.2 million) and gross profit margin was 26.7% (2015: 22.9%). The Group recorded a profit attributable to owners of the Company of RMB75.4 million (2015: RMB69.9 million). Profit for the year increased due to improving gross profit margin and preferential income tax rate of 15% entitled by Wuxi Pan Asia Environmental Protection Technologies Limited ("Wuxi Pan Asia"). The basic earnings per share were RMB8.98 cents (2015: RMB8.32 cents).

綠色建築行業在中國已邁入一個嶄新的發展階段。根據城鄉和住房建設部（「住建部」）與工業和信息化部聯合發佈的《促進綠色建材生產和應用行動方案》，到二零一八年，綠色建材在新建建築物的應用比例必須達到30%，綠色建築物的應用比例必須達到50%，試點示範項目的應用比例必須達到70%，而既有建築改造應用比例提高至80%。在中央政府政策帶動下，市場對綠色建材的需求持續增加，為充分把握其隨之帶來的機遇，本集團進一步加強推廣木絲水泥板，以推動環保建材業務的發展。

在中央政府對環保行業高度重視及積極推廣環保產業的背景，結合有利的政府政策以及本集團在處理環保建設工程業務及環保建材業務的能力及豐富經驗，本集團相信環保產業將迎來更廣闊的發展空間，本集團將切實把握此等機遇以推動長期的盈利增長。

財務摘要

於截至二零一六年十二月三十一日止年度，本集團總收入為人民幣8.143億元，較二零一五年的人民幣10.686億元減少23.8%，主要由於本集團於二零一五年取得兩項政府工程合約，但於報告年度內沒有取得新的政府工程合約所致。毛利下降至約人民幣2.172億元（二零一五年：人民幣2.452億元），毛利率為26.7%（二零一五年：22.9%）。本公司擁有人應佔溢利為人民幣7,540萬元（二零一五年：人民幣6,990萬元）。年內溢利增加是因為毛利率改善和無錫泛亞環保科技有限公司（「無錫泛亞」）享有優惠所得稅率15%所致。每股基本盈利為人民幣8.98分（二零一五年：人民幣8.32分）。

PROSPECTS

EP Construction Engineering Project Business

Environmental pollution remains serious in China, and in particular, some areas are frequently hit by heavy smog. To improve air quality and to increase the number of “blue sky” days remain the top environmental priorities according to Premier Li Keqiang’s speech at the 2017 National People’s Congress. The country is seeking to switch from an economy that relies on heavily polluting industries to a consumer-driven green economy. This transition should significantly stimulate domestic demand for EP products.

To tackle water pollution, the Central Government of the PRC has published the “Notice of the State Council on Issuing the Action Plan for Prevention and Control of Water Pollution” (《國務院關於印發水污染防治行動計劃的通知》), “Proposal for Setting up Monitoring Network of Environmental Quality for Surface Water under the State’s 13th Five-Year Plan” (《十三五國家地表水環境質量監測網設置方案》) and “Guidance for Urban Black and Odorous Water Body Treatment” (《城市黑臭水體整治工作指南》) for setting up more stringent requirements on the prevention of industrial pollution and treatment of urban living waste. With extensive experience in the provision of EP products and services as well as the strong support of favourable national policies, the Group continues to tap on the trend of environmental protection in order to fully exploit the enormous potential of the market. Currently, the Group has 63 uncompleted water and flue gas treatment contracts on hand with a total value of approximately RMB612.3 million. In particular, the Group is devoting efforts to expand the Public Private Partnership (“PPP”) projects in Xinjiang Uyghur Autonomous Region in order to capture business opportunities brought about by Government policies. The Group is actively expanding its customer portfolio to broaden the income streams and increase their contribution to the total revenue. Such measures are expected to facilitate long-term healthy growth of the Group’s business.

展望

環保建設工程業務

中國的環境污染依然嚴重，其中一些地區更經常飽受霧霾的侵襲。根據總理李克強在二零一七年全國人大會議上的講話，改善空氣質量及增加藍天日數仍是目前環保工作的重中之重。中國正尋求經濟轉型，將逐步實現由重污染行業驅動的經濟增長轉變為由消費拉動的綠色型經濟增長，而此等轉型勢必會大幅刺激國內各行各業對環保產品的需求。

為治理水污染，中國中央政府已印發《國務院關於印發水污染防治行動計劃的通知》、《十三五國家地表水環境質量監測網設置方案》及《城市黑臭水體整治工作指南》，就預防工業污染及處理城市生活垃圾處理設定更嚴格的標準。憑藉本集團於提供環保產品及服務方面的豐富經驗，加上利好政策的強大支持，本集團將繼續抓緊環保大趨勢的發展良機，全面發掘龐大的市場潛力。目前，本集團的水及煙氣處理未完成合約共有63份，合約總金額約人民幣6.123億元。其中，本集團正大力拓展位於新疆維吾爾自治區的公私合作制（「PPP」）項目，以把握政府政策締造的巨大商機。本集團將進一步拓寬客戶組合，以擴闊收入來源，從而提升其對整體收入的貢獻。該等經營策略預期將促進本集團業務長期且穩健的發展。

Eco-friendly Construction Materials Business

With the aim of helping to achieve China's target of having 30% of the new construction projects attaining a green certification by 2020, the Group was engaged in aggressive expansion of its eco-friendly construction materials business. Having the exclusive right to import WWCB production facilities from the Netherlands and to manage business operations for the facilities and products in the PRC, the Group has helped to compile the National Industry Standard for WWCB construction and inspection which has been implemented since 1 August 2016. Furthermore, the MHURD of the PRC has recently announced a series of regulations and standards for buildings including the "Technical Code for Prefabricated Timber Buildings" (《裝配式木結構建築技術規範》), the "Technical Code for Prefabricated Steel Buildings" (《裝配式鋼結構建築技術規範》) and the "Technical Code for Prefabricated Concrete Buildings" (《裝配式混凝土結構建築技術規範》) which will be effective on 1 June 2017. Fuelled by further market penetration of WWCB with the publication of the National Industry Standard, the Group intends to continuously expand its core business and improve its brand image to further tap on the EP industry which has been progressively regarded as a potentially profitable sector in recent years and a driver for sustainable economic development in China.

In view of the increasing favourable policy support, the Group has been vigorously introducing WWCB to governments, developers and construction contractors across China. Given the abundant experience in WWCB production, the Group has obtained quality certification from the China High-speed Railway (CHR). At present, the Group is engaged in further negotiation with CHR for building 6-storey WWCB buildings around all train stations of the CHR network. China has the world's largest high-speed rail network stretching more than 22,000km. The length of high-speed railways in operation is expected to be around 30,000km, connecting more than 80% of the big cities by 2020, or specifically 255 big and mega cities according to the statistics released by the Information Office of the State Council of the PRC. This creates huge opportunity for the Group's eco-friendly construction materials business in the near future.

環保建材業務

為確保實現二零二零年全國綠色建築佔新建建築比例達30%的宏偉目標，本集團將積極擴張環保建材業務。本集團擁有從荷蘭進口的木絲水泥板生產設施及在中國營運該設施及產品的獨家權利，並幫助編製用作木絲水泥板施工及驗收的木絲水泥板國家行業標準，該國家行業標準已經於二零一六年八月一日起正式實施。此外，中國住建部最近公佈一系列的建築物條例和標準，包括《裝配式木結構建築技術規範》、《裝配式鋼結構建築技術規範》和《裝配式混凝土結構建築技術規範》，將於二零一七年六月一日正式生效。國家行業標準的發佈有助於推動木絲水泥板進一步滲透市場，有見及此，本集團會繼續大力擴展該核心業務，提升其品牌形象以進一步把握環保行業發展壯大帶來的契機。近年來，環保行業不僅成為推動中國經濟持續發展的重要行業，更被視為擁有巨大盈利潛力的行業之一。

鑒於政策的大力支持，本集團積極向中國各級政府、開發商及承建商介紹推廣木絲水泥板。憑藉於木絲水泥板生產中積累的豐富經驗，本集團通過了中國高速鐵路（「中國高鐵」）的質量認證。目前，本集團正與中國高鐵就其覆蓋網絡內的所有火車站附近興建六層高的木絲水泥板大樓進行磋商。作為全球最大的高速鐵路網絡，中國高鐵全長已超過22,000公里。根據中國國務院新聞辦公室公布的統計數字，到二零二零年，預計高速鐵路總長度將增至約30,000公里，連接全國超過80%的大城市或255個大城市及超級大城市。這一龐大的高鐵網絡為本集團環保建材業務未來的發展提供無限商機。

Chairman's Statement

主席報告書

On the other hand, the proportion of Chinese people living in cities is expected to rise from 50% to 65% by 2030, and the Government has outlined plans in the 13th Five-Year Plan to ensure that new and existing buildings shall meet certain environmental standards. WWCB not only enables the Group to seize opportunities to expand and boost revenues, but also to make a greater contribution to China's strategy to go green. Up to now, the Group has successfully extended its business presence into Inner Mongolia, Shijiazhuang, Nanjing and Chengdu and will strive to expand its network. The Group believes that this sector will continue to have many opportunities for expansion and the Group will strive to grasp such opportunities to drive long-term growth.

CLOSURE OF REGISTER OF MEMBERS

The annual general meeting ("AGM") of the Company is scheduled to be held on Friday, 16 June 2017. For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Tuesday, 13 June 2017 to Friday, 16 June 2017, both days inclusive, during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the AGM, unregistered holders of shares of the Company shall ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Monday, 12 June 2017.

APPRECIATION

Finally, on behalf of the Board and the management, I would like to express my sincerest gratitude to the shareholders, clients, suppliers, partners, and staffs who have made unremitting efforts for the Group's development and have supported the Group to steadily grow its ongoing EP business and expand into the new eco-friendly construction materials business.

Jiang Quanlong

Chairman

Hong Kong, 30 March 2017

另一方面，二零二零年中國城市人口比重預計將由50%增至65%，政府在第第十三個五年計劃中概述了多個計劃，以確保新建及現有建築物符合若干環保標準。木絲水泥板不僅有助於本集團進一步增加整體收入，更能推動中國綠色環保策略的貫徹落實。截至目前，本集團已成功將業務版圖擴展至內蒙古、石家莊、南京及成都，未來將繼續擴大業務網絡。本集團相信環保產業未來發展空間仍然十分巨大，商機無限，本集團將把握該等商機以謀求業務的長期增長。

暫停辦理股份過戶登記手續

本公司謹訂於二零一七年六月十六日（星期五）舉行股東周年大會（「股東周年大會」）。為釐定出席股東周年大會並於會上投票之資格，本公司股東名冊將於二零一七年六月十三日（星期二）至二零一七年六月十六日（星期五）（包括首尾兩日）暫停辦理股份過戶登記手續，期間將不會辦理股份過戶登記。為符合資格出席股東周年大會並於會上投票，本公司的未登記股份持有人須確保，所有股份過戶文件連同有關股票須於二零一七年六月十二日（星期一）下午四時三十分前送交本公司之香港股份過戶登記分處卓佳證券登記有限公司，地址為香港皇后大道東183號合和中心22樓。

致謝

本人謹代表董事會及管理層衷心感謝各股東、客戶、供應商、業務夥伴及員工為本集團的業務發展所付出的努力，以及本集團在穩步發展原有環保業務的同時，拓展新的環保建材業務過程中的給予大力支持。

蔣泉龍

主席

香港，二零一七年三月三十日

Management Discussion and Analysis

管理層討論與分析

BUSINESS REVIEW

The Group is an integrated EP services and eco-friendly construction materials provider in the PRC. The Group is principally engaged in the provision of EP construction engineering solutions and services to customers, and the development, manufacturing and sales of new eco-friendly construction materials.

SALES OF EP PRODUCTS AND EQUIPMENT

During the year under review, sales of EP products and equipment remained as the largest income contributor of the Group. This segment recorded a revenue of RMB637.8 million, accounting for approximately 78.3% of the Group's total revenue. The gross profit amounted to RMB135.2 million, with a gross profit margin of 21.2%.

Sales of Water Treatment Products and Equipment

Water treatment systems are mainly used for treating industrial and urban waste water. During the year under review, the Group completed 16 water treatment-related sales contracts, and the business generated a revenue of approximately RMB533.4 million, accounting for approximately 65.5% of the Group's total revenue.

Sales of Flue Gas Treatment Products and Equipment

The Group's comprehensive flue gas treatment supply chain provides related products and equipment plus services ranging from engineering design to maintenance support. During the year under review, the Group completed 12 projects relating to sales of flue gas treatment equipment and this segment recorded a revenue of approximately RMB104.4 million, accounting for about 12.8% of the Group's total revenue.

EP Construction Engineering Projects

Armed with extensive industry expertise, professional research and development capabilities and technologies, the Group provides one-stop EP solutions to a diverse range of clients. Most of the projects in this segment spanned over different financial periods and are booked to the accounts according to the stage of completion. During the year under review, this segment did not record any revenue.

業務回顧

本集團為中國綜合環保服務及環保建材供應商，主要為客戶提供環保建設工程解決方案及服務，以及從事開發、製造及銷售新型環保建材。

銷售環保產品及設備

於回顧年內，銷售環保產品及設備仍為本集團的最大收益來源。該分部錄得收入人民幣6.378億元，佔本集團總收入約78.3%。毛利達到人民幣1.352億元，毛利率為21.2%。

銷售水處理產品及設備

本集團的水處理系統主要用於工業廢水及城市污水處理。於回顧年內，本集團完成了16份水處理相關銷售合約，此業務為本集團帶來收入約人民幣5.334億元，佔本集團總收入約65.5%。

銷售煙氣處理產品及設備

本集團擁有完善的煙氣處理產品及設備供應鏈服務，涵蓋工程設計以至保養服務。於回顧年內，本集團已完成12個銷售煙氣處理設備的相關項目，此分部錄得收入約人民幣1.044億元，佔本集團總收入約12.8%。

環保建設工程項目

本集團憑藉豐富的行業知識以及專業的研發能力和技術，為不同客戶提供一站式的環保解決方案。本分部的項目大多按完成進度跨年度入賬。於回顧年內，本分部無錄得收入。

Management Discussion and Analysis

管理層討論與分析

MANUFACTURE AND SALE OF EP CONSTRUCTION MATERIALS

In view of the huge opportunities in the EP construction materials industry, the Group has been active in promoting WWCB in the domestic market to help the development of its EP related businesses with particularly high growth potential and to boost the Group's capability to capture business opportunities bred by national policies. During the year under review, this segment recorded a revenue of approximately RMB176.5 million (2015: RMB176.6 million), accounting for approximately 21.7% of the Group's total revenue.

WWCB is an eco-friendly inorganic energy-conserving construction material made by compressing cement, eco-friendly fast growing timber and non-toxic additives together under super high pressure. WWCB enjoys distinctive features of heat insulation and is fire resistant, sound-proof, moisture-proof, mould-proof and has insect repelling properties. With such outstanding features, it is widely used in residential and commercial buildings, noise barriers along highways and railways, and can be used as acoustic materials for music halls, railway stations and car parks. WWCB has a lower engineering cost than traditional construction materials. As WWCB can be re-processed into decoration materials and building panels and blocks, it has high redevelopment and application value, hence also high capacity to generate profit in the market.

The Group's collaboration with the industry leader from the Netherlands continues. All the six production lines imported from the Netherlands, each with an annual output capacity of approximately 140,000m³, were in commercial operation during the year under review. Five of them are standard lines that produce WWCB of thickness between 10mm to 100mm. The sixth production line is the most advanced and a fully automated large wall component production line which can manufacture large wall components of maximum dimensions of 3m x 6m x 40cm that can be installed on buildings directly. With WWCB showing great market potential, production lines will be modified and reformed to meet related market demands. Smart production will be achieved to enhance the flexibility of automated production lines and reduce production manpower, the aim of which is to build a highly automated and efficient factory.

製造及銷售環保建築材料

有見環保建築材料行業的巨大機遇，本集團在本地市場積極推廣木絲水泥板，以推動具高增長潛力的環保相關業務發展，同時提升本集團能力以把握國家政策帶來的商機。於回顧年內，此分部錄得收入約人民幣1.765億元（二零一五年：人民幣1.766億元），佔本集團總收入約21.7%。

木絲水泥板為綠色無機節能建材，由水泥、經濟速生林木材及無毒添加劑經超高壓製成，集保溫、阻燃、隔音、防潮、防霉、防蟲等眾多優點於一身。由於產品具有優良的特性，因此廣泛應用於住房及商用建築物，修建高速公路及鐵路系統的隔音屏障，並可作為音樂廳、鐵路站及停車場的吸隔音材料。與傳統建材相比，木絲水泥板的工程成本較低。由於木絲水泥板可再加工成為裝飾材料、建築板材及構件，其二次開發應用價值較高，因此市場溢利空間更為龐大。

本集團繼續與荷蘭行業領導合作。六條由荷蘭進口、各年產量約為140,000立方米的生產線於回顧年度均已投產。五條為可產出厚度介乎10毫米至100毫米的木絲水泥板的標準生產線。第六條生產線為最先進的全自動大型牆體構件生產線，可生產最大邊長為3米×6米×40厘米的大型牆體構件，並可直接安裝為牆體。木絲水泥板展現出龐大的市場潛力，本集團將按市場需求調整和改造生產線，並實行智能生產，以提高自動生產線的靈活性和減省生產人手，最終建立高度自動化和效率超卓的工廠。

Management Discussion and Analysis 管理層討論與分析

Being the largest and most advanced WWCB producer in the world, the Group was enlisted to help compile the National Industry Standard “Technological Specifications for Application of WWCB” (“木絲水泥板應用技術規程”) which has been implemented since 1 August 2016 for WWCB construction and inspection. The Group’s instrumental role in the work affirmed its leadership in the environmental construction materials industry, and with the Standard set and implemented, market penetration of WWCB will accelerate and innovation that can revolutionize construction materials will reign. These developments are favourable for the Group with established advantages in WWCB and are expected to bring long-term return to the Group in the future.

Given the rosy prospect of WWCB, the Group has put more effort in establishing closer relationship with its existing customers and reaching out to different potential clients with the aim to expand its client portfolio and obtain more projects in the public and private sectors. The introduction of high-speed rail (“HSR”) in China, in particular, presents enormous opportunities. During the year under review, WWCB obtained national accreditation qualifying it for proceeding into a more advanced stage. With WWCB’s excellence in sound insulation and the successful example of its application in the Jiamin Highway project, the Group is confident of its chance to participate in HSR sound barrier construction projects. A project which involves the construction of sound barriers for two HSR stations, and which will potentially be followed by works for other HSR stations, is pending confirmation. Participation in government or government-supported projects is expected to sustain the growth of the Group’s revenue.

Drawing on its expertise in producing large wall components, the Group has developed new integrated wall component products with decorative and heat insulation features, thus providing notable cost efficiency to construction companies and contractors. On 22 December 2016, the Group signed a strategic cooperation framework agreement with China Triumph International Engineering Company Limited (“China Triumph”), in relation to new houses with prefabricated construction materials. Pursuant to the agreement, cooperation between the two companies will begin in various areas to promote the development of prefabricated construction materials that meet the applicable standards, and which are affordable, safe, green and with attractive appearance. China Triumph has also agreed to pursue the launch of a system for breathable and ecological new houses with superb indoor “breathability” which allows optimum humidity control. These innovative concepts promise to provide a more comfortable living environment for people. In addition, both parties are committed to supporting new rural reconstruction, general construction of small towns, development of tourist attractions and lake attractions in the Yangtze Delta and construction of the Yangtze ecological corridor, as well as establishing new concept modern enterprises. Going forward, the Group intends to focus on the market of new wall material products and is looking to groom the business into a new growth driver.

作為全球最大及最先進的木絲水泥板生產商，本集團協助編製「木絲水泥板應用技術規程」的國家行業標準，並已於二零一六年八月一日正式實施，用作建設及審查木絲水泥板。本集團在其中擔任的重要作用，確保它在環保建築材料行業的領導地位，隨著建立和實行標準，木絲水泥板將加快速度滲透市場，而革新建築材料的創新性將獨佔鰲頭。本集團在木絲水泥板市場上已建立優勢，這些正面的發展將對本集團有利，預計能帶來長遠回報。

由於木絲水泥板前景秀麗，本集團除致力與現有客戶建立更密切的關係，同時亦繼續發掘不同的潛在客戶，藉此擴大客戶組合及爭取更多公私營項目，尤其是中國建設高速鐵路（「高鐵」），將帶來龐大商機。於回顧年內，木絲水泥板已成功獲得國家認證並進入更高階段的審核。有見木絲水泥板的卓越隔音特性，而且用於嘉閱高速公路項目的成功例子，本集團相信有機會參與高鐵興建隔音屏障的項目。其中兩個高鐵站隔音屏障工程項目快將落實，此後更有機會進行其他高鐵站的工程。預計參與政府或政府支持的項目將為本集團的收入帶來持續增長。

憑藉生產大型牆體構件的專業知識，本集團更開發了集隔熱保溫及飾面特點的於一體化的新型牆體產品，因此能提高建築公司及承包商的成本效益。於二零一六年十二月二十二日，本集團與中國建材國際工程集團有限公司（「建材國際」）就新型房屋及裝配式建材簽訂戰略合作框架協議。據此，兩家公司將推動多個領域的合作，共同促進符合適用標準以及經濟、安全、綠色、美觀要求的裝配式建築材料發展。建材國際亦同意推出室內透氣性極佳的可呼吸生態新型房屋體系，能調控更理想濕度。此等創新建造概念，為人類提供更舒適的居住環境。另外，雙方更會致力進行長江三角洲新農村改造、小集鎮整體總包建設，旅遊景區建設、湖泊旅遊景點建設、打造長江帶生態長廊建設，建立新理念現代企業。展望未來，本集團計劃集中於新型牆體物料產品的市場，期望把業務發展為新增長動力。

Management Discussion and Analysis

管理層討論與分析

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2016, total assets of the Group amounted to RMB2,052.2 million, an increase of RMB189.7 million as compared to RMB1,862.5 million in 2015. The increase was mainly due to the increase in trade and other receivables, tax recoverable and cash and bank balances of the Group. The Group's total liabilities as at 31 December 2016 amounted to RMB672.8 million, an increase of RMB114.9 million as compared to RMB557.9 million in 2015. The main reason for this increase in total liabilities was due to the increase in trade and other payables and deposits received and receipts in advance. The Group's total equity as at 31 December 2016 was RMB1,379.4 million (2015: RMB1,304.6 million). As at 31 December 2016, the Group had no bank borrowings (2015: Nil) and its gearing ratio calculated on the basis of total borrowings over total equity was nil (2015: Nil). The Group's cash and cash equivalents amounted to RMB349.7 million as at 31 December 2016 (2015: RMB276.0 million).

EXPOSURE TO EXCHANGE RATE FLUCTUATION

The Group adopts a conservative financial policy. Business transactions and liabilities of the Group are largely denominated in Renminbi and Hong Kong Dollar, and so is the majority of the Group's bank deposits. As at 31 December 2016, the Group did not have any foreign currency bank liabilities, foreign exchange contracts, interest or currency swaps or other financial derivatives for hedging purposes. Nevertheless, the management will continue to monitor the Group's foreign exchange exposure and will take relevant measures with prudence as and when appropriate. As at 31 December 2016, the Group did not hold any derivatives for hedging against interest rate and foreign exchange risks.

CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

As at 31 December 2016, the Group had capital expenditure commitment in respect of the acquisition of property, plant and equipment in the total amount of RMB9.7 million (2015: RMB9.7 million). The Group provides product maintenance services to customers of flue gas desulphurization ("FGD") construction projects and certain EP products for a period ranging from six months to two years after a project is completed or a product is delivered. At the same time, the Group enjoys warranties for the work and equipment from its sub-contractors and suppliers. The Directors of the Company believe that the amount of warranty liabilities, if any, in excess of the amount covered by the warranties given by sub-contractors and suppliers would not have any adverse material effect on the overall financial position or operating results of the Group.

流動資金及財務資源

於二零一六年十二月三十一日，本集團之資產總值為人民幣20.522億元，較二零一五年之人民幣18.625億元增加人民幣1.897億元。資產總值增加主要由於本集團應收貿易及其他款項、可收回稅金以及現金及銀行結餘增加所致。於二零一六年十二月三十一日，本集團之負債總額為人民幣6.728億元，較二零一五年之人民幣5.579億元增加人民幣1.149億元。負債總額增加之主要原因為應付貿易及其他款項以及已收按金及預收款增加所致。於二零一六年十二月三十一日，本集團之權益總額為人民幣13.794億元（二零一五年：人民幣13.046億元）。於二零一六年十二月三十一日，本集團概無銀行借貸（二零一五年：無），而其權益負債比率（以借貸總額除以權益總額之比率計算）為零（二零一五年：零）。於二零一六年十二月三十一日，本集團之現金及現金等值物為人民幣3.497億元（二零一五年：人民幣2.760億元）。

承受匯率波動風險

本集團奉行穩健的財務政策。本集團絕大多數營業交易與負債均以人民幣及港元計值，而且本集團大部份銀行存款亦一樣。於二零一六年十二月三十一日，本集團無任何外幣銀行負債、外匯合同、利息或貨幣掉期或其他對沖用途之金融衍生工具。然而，管理層將繼續監察外匯風險，並在適當時採取審慎措施。於二零一六年十二月三十一日，本集團並無持有對沖利率或外匯風險的任何衍生工具。

資金承擔及或然負債

於二零一六年十二月三十一日，本集團就採購物業、廠房及設備之資本開支承擔總額為人民幣970萬元（二零一五年：人民幣970萬元）。本集團已完工之煙氣脫硫建築工程及若干已收售環保產品為其客戶提供產品保養服務，保養期由工程結束後或產品送遞後計六個月至兩年不等。同時，本集團亦享有其分包商及供應商就所提供之建築工程及設備之保養服務。本公司董事相信，保修負債之變現金額（如有）超逾分包商及供應商所提供保修所涉之金額，將不會對本集團整體財務狀況或營運業績造成任何重大不利影響。

Management Discussion and Analysis

管理層討論與分析

PLEDGE OF ASSETS

A bank deposit of the Company's subsidiary of approximately RMB6.5 million as at 31 December 2016 (2015: RMB6.5 million) was pledged to a bank to secure a facility granted to the subsidiary.

SIGNIFICANT INVESTMENTS, ACQUISITIONS AND DISPOSAL OF ASSETS

Save as disclosed in this annual report, the Group did not have any significant investments, acquisitions and disposal of assets during the financial year under review.

EVENTS AFTER THE REPORTING PERIOD

Since the end of the year under review, no important event with material impact on the Group has occurred.

RELATIONSHIP WITH EMPLOYEES AND KEY STAKEHOLDERS

As at 31 December 2016, the Group had approximately 130 employees. Salaries of employees were maintained at competitive levels and are reviewed annually, with close reference to the relevant labour market and economic situations. Remuneration of the Directors is determined based on a variety of factors such as market conditions and the specific responsibilities of the individual Director. Apart from the basic remuneration and benefits required by law, the Group also provides discretionary bonuses based on its results and the performance of the individual employee. The Group also has an employee share option scheme in place. Total remuneration costs, including Directors' remuneration, for the year ended 31 December 2016 were RMB15.4 million (2015: RMB17.1 million). During the year under review, the Group organized professional and vocational trainings for its employees. The Directors believe that the Group has admirable relations with its employees.

In addition, the Group understands that in order to achieve its long-term goals, it is important to maintain good relationship with business partners, shareholders, investors and bankers. Thus the Group has formulated an investor relations scheme to help it foster close relationship with shareholders and investors. Tailored activities are organized from time to time to communicate with and rally rapport of key stakeholders.

資產抵押

於二零一六年十二月三十一日，本公司附屬公司之銀行存款約人民幣650萬元（二零一五年：人民幣650萬元）已抵押予銀行，以作為授予該附屬公司之銀行融資之擔保。

重大投資、收購及資產出售

除本年報所披露者外，本集團於回顧財政年度內並無任何重大投資、收購及資產出售。

報告期後事項

自回顧年度結束，概無發生將對本集團造成重大影響之重要事項。

與僱員及主要持份者之關係

於二零一六年十二月三十一日，本集團僱用約130名員工。僱員之薪酬現維持在一個具競爭力之水平，並參考相關人力市場及經濟情況，每年進行檢討。董事之酬金乃根據一系列包括市場狀況及每位董事之職責之因素而釐定。除法律規定之基本薪酬及法定福利外，本集團亦根據本身之業績及個別員工之表現，酌情發放花紅。本集團亦已採納員工購股權計劃。截至二零一六年十二月三十一日止年度，薪酬成本總額（包括董事酬金）為人民幣1,540萬元（二零一五年：人民幣1,710萬元）。於回顧年內，本集團為其僱員舉辦專業及職業培訓。董事相信本集團與僱員關係良好。

此外，為達成長遠目標，本集團明白與商業夥伴、股東、投資者及銀行保持良好關係非常重要。為了與股東及投資者維持密切的關係，本集團已制定投資者關係計劃，並不定期舉辦合適的活動，藉此與主要持份者溝通及保持關係融洽。

Corporate Governance Report

企業管治報告

CORPORATE GOVERNANCE PRACTICES

The Board is pleased to present the Corporate Governance Report in the Group's annual report for the year ended 31 December 2016.

The Board was committed to achieving high corporate governance standards.

The Company's corporate governance practices are based on the principles and code provisions as set out in the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules").

The Board believes that high corporate governance standards are essential in providing a framework for the Group to safeguard the interests of shareholders, enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability.

In the opinion of the Directors, throughout the year ended 31 December 2016, the Company has complied with the code provisions as set out in the CG Code, except for code provision E.1.2 which stipulates that the Chairman of the Board should attend the annual general meeting of the Company, details of which are set out in the section headed "Communication with Shareholders and Investors" of this Corporate Governance Report.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted its own code of conduct regarding Directors' dealings in the Company's securities (the "Company's Securities Dealing Code") on terms no less exacting than the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules.

Specific enquiry has been made of all the Directors and the Directors have confirmed that they have complied with the Company's Securities Dealing Code throughout the year ended 31 December 2016.

企業管治常規

董事會欣然提呈本集團截至二零一六年十二月三十一日止年度年報內的企業管治報告。

董事會致力於達致高水平的企業管治。

本公司的企業管治常規乃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」）附錄十四所載的企業管治守則（「企業管治守則」）所載列的原則及守則條文編製。

董事會認為，高水平的企業管治對於為本集團提供保障股東權益、提升其企業價值、制定其業務策略和政策以及提高其透明度及問責性的框架而言至關重要。

董事認為，於截至二零一六年十二月三十一日止整個年度內，本公司一直遵守企業管治守則所載的守則條文，惟守則條文第E.1.2條除外（其規定董事會主席應出席本公司股東周年大會），有關詳情載於本企業管治報告「與股東及投資者的溝通」一節。

董事的證券交易

本公司已就董事買賣本公司證券採納本身的一套嚴格程度不遜於上市規則附錄十所載列的《上市發行人董事進行證券交易之標準守則》（「標準守則」）所訂標準的守則（「本公司證券買賣守則」）。

經向全體董事作出具體查詢後，董事確認彼等於截至二零一六年十二月三十一日止整個年度一直遵守本公司證券買賣守則。

The Company's Securities Dealing Code no less exacting than the Model Code for securities transactions also applies to all employees who are likely to be in possession of unpublished price sensitive information of the Company. No incident of non-compliance of the Company's Securities Dealing Code by the employees was noted by the Company.

BOARD OF DIRECTORS

Board Composition

The Board currently comprises seven members including three executive Directors, one non-executive Director and three independent non-executive Directors:

Executive Directors:

Mr. Jiang Quanlong, *Chairman and member of the Nomination Committee and Remuneration Committee*
Mr. Jiang Xin, *Chief Executive Officer*
Mr. Cho Yu Chung

Non-executive Director:

Mr. Fan Yajun

Independent Non-executive Directors:

Mr. Lai Wing Lee, *chairman of the Nomination Committee and Remuneration Committee and member of the Audit Committee*
Mr. Leung Shu Sun, Sunny, *chairman of the Audit Committee and member of the Nomination Committee and Remuneration Committee*
Professor Wang Guozhen, *member of the Audit Committee, Nomination Committee and Remuneration Committee*

Mr. Fan Yajun was re-designated as non-executive Director with effect from 12 April 2016. Mr. Cho Yu Chung was appointed as executive Director with effect from 28 September 2016. Mr. Jiang Xin was appointed as executive Director and Chief Executive Officer and Mr. Jiang Lei resigned as executive Director and Chief Executive Officer both with effect from 22 December 2016.

The biographical information of the Directors are set out in the section headed "Directors and Senior Management" on pages 29 to 33 of the annual report for the year ended 31 December 2016. The relationships between the Directors are disclosed therein.

嚴格程度不遜於有關證券交易的標準守則的本公司證券買賣守則同樣適用於所有可能會掌握本公司未公開的價格敏感消息的僱員。據本公司所悉，僱員並無違反本公司證券買賣守則。

董事會

董事會組成

董事會成員現時合共有七名董事，包括三名執行董事、一名非執行董事及三名獨立非執行董事：

執行董事：

蔣泉龍先生，*主席兼提名委員會及薪酬委員會成員*
蔣鑫先生，*行政總裁*
曹宇頌先生

非執行董事：

范亞軍先生

獨立非執行董事：

賴永利先生，*提名委員會及薪酬委員會主席兼審核委員會成員*
梁樹新先生，*審核委員會主席兼提名委員會及薪酬委員會成員*

王國珍教授，*審核委員會、提名委員會及薪酬委員會成員*

范亞軍先生獲調任為非執行董事，自二零一六年四月十二日起生效。曹宇頌先生獲委任為執行董事，自二零一六年九月二十八日起生效。蔣鑫先生獲委任為執行董事及行政總裁，而蔣磊先生辭任執行董事及行政總裁，均自二零一六年十二月二十二日起生效。

董事履歷資料載於截至二零一六年十二月三十一日止年度的年報第29至33頁的「董事及高級管理層」一節。董事之間的關係亦於該節披露。

Corporate Governance Report

企業管治報告

Chairman and Chief Executive Officer

The positions of Chairman and Chief Executive Officer are held by Mr. Jiang Quanlong and Mr. Jiang Xin respectively. Mr. Jiang Xin was appointed as Chief Executive Officer when Mr. Jiang Lei resigned from such position on 22 December 2016. The Chairman provides leadership and is responsible for the effective functioning and leadership of the Board. The Chief Executive Officer focuses on the Company's business development and daily management and operations generally.

Independent Non-executive Directors

During the year ended 31 December 2016, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors representing at least one-third of the Board with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has received written annual confirmation from each of the independent non-executive Directors in respect of his independence in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules. The Company is of the view that all independent non-executive Directors are independent.

Appointment and Re-election of Directors

The non-executive Director of the Company has entered into a service contract with the Company which is renewable from year to year until terminated by either party with 3 months' notice in writing served on the other side. Each of the independent non-executive Directors of the Company is appointed under a letter of appointment which is terminable by either party with 3 months' notice in writing served on the other side.

主席及行政總裁

主席及行政總裁職務分別由蔣泉龍先生及蔣鑫先生擔任。蔣鑫先生於二零一六年十二月二十二日當蔣磊先生辭任行政總裁時獲委任為該職務。主席發揮其領導力，並負責領導及確保董事會有效運作。行政總裁則專注於本公司的業務發展、日常管理及整體營運。

獨立非執行董事

截至二零一六年十二月三十一日止年度，董事會一直遵守上市規則有關委任至少三名獨立非執行董事並佔董事會人數至少三分之一，而其中一名獨立非執行董事須具備適當專業資格或會計或相關財務管理專業知識的規定。

本公司已收到各獨立非執行董事根據上市規則第3.13條所載獨立性指引就其獨立性發出的年度確認書。本公司認為，全體獨立非執行董事均屬獨立。

董事的委任及重選

本公司非執行董事已與本公司訂立服務合約，每年可予續期，直至任何一方向另一方發出三個月書面通知終止。本公司各獨立非執行董事均根據委任書獲委任，惟該委任可經任何一方向另一方發出三個月的書面通知予以終止。

The Company's Articles of Association provides that all Directors appointed to fill a casual vacancy shall be subject to election by shareholders at the first general meeting after appointment.

Under the Articles of Association of the Company, at each annual general meeting, one-third of the Directors for the time being, or if their number is not three or a multiple of three, the number nearest to but not less than one-third shall retire from office by rotation provided that every Director, including those appointed for a specific term, shall be subject to retirement by rotation at least once every three years. The retiring Directors shall be eligible for re-election.

Responsibilities of the Board

The Board should assume responsibility for leadership and control of the Company and is collectively responsible for directing and supervising the Company's affairs.

The Board directly, and indirectly through its committees, leads and provides direction to management by laying down strategies and overseeing their implementation, monitors the Group's operational and financial performance, and ensures that sound internal control and risk management systems are in place.

All Directors, including non-executive Director and independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning.

The independent non-executive Directors are responsible for ensuring a high standard of regulatory reporting of the Company and providing a balance in the Board for bringing effective independent judgement on corporate actions and operations.

All Directors have full and timely access to all the information of the Company and may, upon request, seek independent professional advice in appropriate circumstances at the Company's expenses for discharging their duties to the Company.

The Directors shall disclose to the Company details of other offices held by them and the Board regularly reviews the contribution required from each Director to perform his responsibilities to the Company.

本公司組織章程細則規定，所有獲委任以填補臨時空缺的董事均須於獲委任後的首屆股東大會上接受股東的重選。

根據本公司組織章程細則，於每屆股東周年大會上，當時為數三分之一的董事（如董事人數並非三或三的倍數，則須為最接近但不少於三分之一的董事人數）須輪值退任，惟所有董事須最少每三年輪值退任一次。退任董事合資格膺選連任。

董事會的職責

董事會承擔領導及控制本公司的職責並集體負責指導及監管本公司的事務。

董事會直接（及間接透過其各委員會）領導及指導管理層，其工作包括制定策略及監督管理層執行情況、監控本集團營運及財務表現，以及確保設有完備的內部監控及風險管理系統。

全體董事（包括非執行董事及獨立非執行董事）均為董事會帶來多種領域的寶貴業務經驗、知識及專長，使其高效及有效地運作。

獨立非執行董事須負責確保本公司監管報告具有高標準以及就企業行動及運作提供有效的獨立判斷並為董事會帶來平衡。

全體董事均可全面並及時獲得本公司所有資料，及可在適當情況下經提出要求後尋求獨立專業意見，以向本公司履行其職責，費用由本公司承擔。

董事須向本公司披露彼等所擔任其他職務的詳情，而董事會亦定期檢討各董事向本公司履行其職責所需作出的貢獻。

Corporate Governance Report

企業管治報告

The Board reserves for its decision all major matters relating to policy matters, strategies and budgets, internal control and risk management, material transactions (in particular those that may involve conflict of interests), financial information, appointment of directors and other significant operational matters of the Company. Responsibilities relating to implementing decisions of the Board, directing and co-ordinating the daily operation and management of the Company are delegated to the management.

The Company has arranged appropriate insurance coverage on Directors' and officers' liabilities in respect of any legal actions taken against Directors and senior management arising out of corporate activities. The insurance coverage would be reviewed on an annual basis.

Continuous Professional Development of Directors

The existing Directors are continually updated with the legal and regulatory developments, the market changes and the business activities and development of the Company to ensure that their contribution to the Board remains informed and relevant.

Every newly appointed director has received formal, comprehensive and tailored induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of director's responsibilities and obligations under the Listing Rules and relevant statutory requirements. Such induction shall be supplemented by visits to the Company's key plant sites and meetings with senior management of the Company.

Directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills. Internally-facilitated briefings for Directors would be arranged and reading material on relevant topics would be provided to Directors where appropriate. All Directors are encouraged to attend relevant training courses at the Company's expenses.

During the year ended 31 December 2016, Mr. Leung Shu Sun, Sunny had attended a seminar which was organized by a law firm in relation to the updates on the Listing Rules and disclosure requirements. Mr. Leung had also read publications relating to internet finance and investment in the adverse market. Professor Wang Guozhen had attended a training session for independent directors which was organized by Shanghai Securities Co., Ltd. (上海證券有限責任公司). Professor Wang had also read various chapters relating to fund, company listing, reasons for the appointment of independent directors for listed companies, and the establishment, development and requirements of listing on the Stock Exchange.

Relevant reading materials including legal and regulatory updates and seminar handouts have been provided to the Directors for their reference and studying and the Directors have read the materials.

董事會保留其有關本公司政策事項、策略及預算、內部監控及風險管理、重大交易(尤其是可能涉及利益衝突的交易)、財務資料、委任董事及其他重大營運事項的所有重大事項的決策。有關執行董事會決策、指導及協調本公司日常營運及管理的職責均授權予管理層處理。

本公司已安排適當的董事及主管責任保險，涵蓋董事及高級管理層就企業活動而對彼等產生的法律訴訟責任。該保險範圍將會每年檢討。

董事的持續專業發展

現任董事持續獲得有關法例及監管的發展、市場變化以及本公司業務及發展的更新資料，藉此確保彼等繼續對董事會作出知情及相關貢獻。

每位新獲委任董事均於首次接受委任時獲得正式、全面及專門的入職培訓，以確保該董事對本公司的業務及營運均有適當的理解，並充分知悉彼於上市規則及相關法定規定下的責任及義務。除該等入職培訓外，亦會讓新獲委任董事參觀本公司的主要工廠，並與本公司高級管理層會面。

董事應參與適當的持續專業發展，以發展及更新彼等的知識及技能。本公司將為董事安排內部簡報，並於適當時候向董事提供相關議題的閱讀材料。全體董事均獲鼓勵參加相關培訓課程，費用由本公司承擔。

截至二零一六年十二月三十一日止年度，梁樹新先生曾出席由律師事務所就上市規則更新及披露規定所舉辦的講座。梁先生亦已閱覽有關互聯網金融及於不利市場投資的刊物。王國珍教授曾出席上海證券有限責任公司為獨立董事所舉辦的培訓課程。王教授亦已閱覽有關資金、公司上市、上市公司委任獨立董事的理由以及聯交所的成立、發展及上市要求的多個章節。

相關閱覽材料(包括法律及法規更新及講座資料)亦已提供予董事以供彼等參考及研讀，且董事已閱覽有關資料。

BOARD COMMITTEES

The Board has established three committees, namely, the Audit Committee, the Remuneration Committee and the Nomination Committee, for overseeing particular aspects of the Company's affairs. All Board committees of the Company are established with specific written terms of reference which deal clearly with their authority and duties. The terms of reference of the Board committees are posted on the Company's website and the Stock Exchange's website and are available to shareholders upon request.

The list of the chairman and members of each Board committee is set out under "Board of Directors" on page 15 of this Corporate Governance Report.

Audit Committee

The terms of reference of the Audit Committee are of no less exacting terms than those set out in the CG Code.

The main duties of the Audit Committee are to assist the Board in reviewing the financial information and reporting process, risk management and internal control systems, effectiveness of the internal audit function, scope of audit and appointment of external auditor, and arrangements to enable employees of the Company to raise concerns about possible improprieties in financial reporting, internal control or other matters of the Company.

During the year ended 31 December 2016, the Audit Committee held two meetings to review the annual financial results and reports in respect of the year ended 31 December 2015 and the interim financial results and reports for the period ended 30 June 2016 and significant issues on the financial reporting, operational and compliance controls, the effectiveness of the risk management and internal control systems and internal audit function, appointment of external auditor, engagement of non-audit services and relevant scope of works and arrangements for employees to raise concerns about possible improprieties.

The Audit Committee also met the external auditor twice without the presence of the executive Directors.

董事委員會

董事會已設立三個委員會，分別為審核委員會、薪酬委員會及提名委員會，以監察本公司各範疇的具體事務。所有本公司董事委員會的成立均有書面界定其職權範圍，清楚列載各委員會的權力及職責。有關董事委員會職權範圍的資料已刊登於本公司網站及聯交所網站並應股東要求可供查閱。

各董事委員會的主席及成員名單載於本企業管治報告第15頁的「董事會」內。

審核委員會

審核委員會的職權範圍不遜於企業管治守則所載條款。

審核委員會的主要職責為協助董事會檢討本公司的財務資料及報告程序、風險管理及內部監控系統、內部審核功能的效能、審核範疇及委任外部核數師和使本集團員工就本公司財務報告、內部控制或其他事宜的可能不當行為提出舉報的安排。

於截至二零一六年十二月三十一日止年度，審核委員會曾舉行兩次會議，以審閱截至二零一五年十二月三十一日止年度的年度財務業績及報告和截至二零一六年六月三十日止期間的中期財務業績及報告，以及有關財務匯報、營運及合規控制、風險管理、內部監控系統及內部審核功能的效能、外部核數師的委任、聘任非審核服務及相關工作範圍以及安排僱員就可能的不當行為提出舉報的重大事宜。

審核委員會亦曾在執行董事不在場的情況下與外部核數師會面兩次。

Corporate Governance Report

企業管治報告

Remuneration Committee

The terms of reference of the Remuneration Committee are of no less exacting terms than those set out in the CG Code.

The primary functions of the Remuneration Committee include reviewing and making recommendations to the Board on the remuneration packages of individual executive Directors and senior management, the remuneration policy and structure for all Directors and senior management, and establishing transparent procedures for developing such remuneration policy and structure to ensure that no Director or any of his associates will participate in deciding his own remuneration.

During the year ended 31 December 2016, the Remuneration Committee held three meetings to review and make recommendation to the Board on the remuneration policy and structure of the Company and the remuneration packages of the executive Directors, senior management, the newly appointed Directors and other related matters.

Details of the remuneration of the senior management by band are set out in note 11 in the notes to the audited financial statements for the year ended 31 December 2016.

Nomination Committee

The terms of reference of the Nomination Committee are of no less exacting terms than those set out in the CG Code.

The principal duties of the Nomination Committee include reviewing the Board composition, developing and formulating relevant procedures for the nomination and appointment of Directors, making recommendations to the Board on the appointment and succession planning of Directors, and assessing the independence of independent non-executive Directors.

薪酬委員會

薪酬委員會的職權範圍不遜於企業管治守則所載條款。

薪酬委員會的主要職責包括審閱及釐定個別執行董事及高級管理層的薪酬待遇、全體董事及高級管理層的薪酬政策及架構，並就此向董事會提出建議及制定透明的程序藉以確立有關薪酬政策及架構，確保董事或其任何聯繫人不會參與決定其自身薪酬。

截至二零一六年十二月三十一日止年度，薪酬委員會舉行了三次會議，以審閱本公司薪酬政策及架構以及執行董事、高級管理人員及新獲委任董事薪酬待遇及其他相關事宜，並就此向董事會提出建議。

按組別分類的高級管理層薪酬的詳情載於截至二零一六年十二月三十一日止年度經審核財務報表附註11。

提名委員會

提名委員會的職權範圍不遜於企業管治守則所載條款。

提名委員會主要負責檢討董事會組成，制訂提名及委任董事的有關程序，就董事的委任及繼任計劃向董事會提供推薦意見，以及評估獨立非執行董事的獨立性。

In assessing the Board composition, the Nomination Committee would take into account various aspects as well as factors concerning Board diversity as set out in the Company's Board diversity policy, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge and industry and regional experience etc. The Nomination Committee would discuss and agree on measurable objectives for achieving diversity on the Board, where necessary, and recommend them to the Board for adoption.

In identifying and selecting suitable candidates for directorships, the Nomination Committee would consider the candidate's character, qualifications, experience, independence and other relevant criteria necessary to complement the corporate strategy and achieve Board diversity, where appropriate, before making recommendation to the Board.

During the year ended 31 December 2016, the Nomination Committee held three meetings to review the structure, size and composition of the Board and the independence of the independent non-executive Directors, to consider the qualifications of the retiring directors standing for election at the annual general meeting and to consider and recommend to the Board on the appointment of Messrs. Jiang Xin and Cho Yu Chung as executive Directors and re-designation of Mr. Fan Yajun as non-executive Director. The Nomination Committee considered an appropriate balance of diversity perspectives of the Board is maintained.

Corporate Governance Functions

The Board is responsible for performing the functions set out in the code provision D.3.1 of the CG Code.

During the year, the Board had reviewed the Company's corporate governance policies and practices, training and continuous professional development of directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Company's Securities Dealing Code and the Model Code, and the Company's compliance with the CG Code and disclosure in this Corporate Governance Report.

於評估董事會組成時，提名委員會將考慮本公司董事會多元化政策所載若干方面以及董事會多元化諸多因素，包括但不限於董事的性別、年齡、文化及教育背景、專業資格、技能、知識、行業及地區經驗等。提名委員會將討論及協定達致董事會多元化的度量目標（倘必要）並向董事會推薦以供採納。

在物色及甄選合適的董事候選人時，提名委員會將在向董事會提出推薦意見前考慮候選人的品格、資歷、經驗、獨立性及就補充公司策略及達致董事會成員多元化而言屬必要的其他相關準則（倘適用）。

截至二零一六年十二月三十一日止年度，提名委員會舉行了三次會議，以檢討董事會的架構、規模及組成及獨立非執行董事的獨立性、考慮擬於股東周年大會上重選的退任董事的資格，以及就委任蔣鑫先生與曹宇頌先生為執行董事及調任范亞軍先生為非執行董事向董事會提出推薦意見。提名委員會認為，董事會組成在多元化方面維持適當平衡。

企業管治職能

董事會負責執行企業管治守則D.3.1條所載的職能。

董事會於年內已檢討本公司的企業管治政策及常規、董事及高級管理層的培訓及持續專業發展、本公司有關遵守法律及監管規定的政策及常規、遵守本公司證券買賣守則及標準守則的情況以及本公司遵守企業管治守則及本企業管治報告中的披露情況。

Corporate Governance Report

企業管治報告

ATTENDANCE RECORDS OF DIRECTORS

The attendance record of each Director at the Board and Board Committee meetings and the general meetings of the Company held during the year ended 31 December 2016 is set out in the table below:

Name of Director	董事姓名	Attendance/Number of Meetings 出席次數／會議次數					Annual General Meeting 股東周年大會
		Board 董事會	Audit Committee 審核委員會	Remuneration Committee 薪酬委員會	Nomination Committee 提名委員會		
Jiang Quanlong	蔣泉龍	5/5	N/A不適用	3/3	3/3	0/1	
Jiang Lei (resigned on 22 December 2016)	蔣磊 (於二零一六年 十二月二十二日辭任)	4/4	N/A不適用	N/A不適用	N/A不適用	N/A不適用	
Jiang Xin (appointed on 22 December 2016)	蔣鑫 (於二零一六年 十二月二十二日獲委任)	0/1	N/A不適用	N/A不適用	N/A不適用	N/A不適用	
Cho Yu Chung (appointed on 28 September 2016)	曹宇頌 (於二零一六年 九月二十八日獲委任)	1/1	N/A不適用	N/A不適用	N/A不適用	N/A不適用	
Fan Yajun	范亞軍	5/5	N/A不適用	N/A不適用	N/A不適用	0/1	
Lai Wing Lee	賴永利	5/5	2/2	3/3	3/3	0/1	
Leung Shu Sun, Sunny	梁樹新	5/5	2/2	3/3	3/3	1/1	
Wang Guozhen	王國珍	5/5	2/2	3/3	3/3	1/1	

Apart from regular Board meetings, the Chairman also held meetings with the non-executive Directors (including independent non-executive Directors) without the presence of executive Directors during the year.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board acknowledges its responsibility for the risk management and internal control systems and reviewing their effectiveness. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board has the overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives, and establishing and maintaining appropriate and effective risk management and internal control systems.

董事出席記錄

各董事於截至二零一六年十二月三十一日止年度舉行的董事會及董事委員會會議以及本公司股東大會的出席記錄載列如下：

年內，除定期董事會會議外，主席亦曾於執行董事不在場的情況下與非執行董事（包括獨立非執行董事）舉行會議。

風險管理及內部監控

董事會確認知悉其負責風險管理及內部監控系統並檢討其成效之責任。該等系統旨在管理而非消除未能達成業務目標的風險，而且只能就不會有重大的失實陳述或損失作出合理而非絕對的保證。

董事會全面負責評估及釐定本公司達成策略目標時所願意接納的風險性質及程度，並設立和維持合適而有效的風險管理及內部監控系統。

The Audit Committee assists the Board in leading the management and overseeing their design, implementation and monitoring of the risk management and internal control systems.

The Company has developed and adopted various risk management procedures and guidelines with defined authority for implementation by key business processes and office functions, including project management, sales and leasing, financial reporting, human resources and information technology.

All divisions conducted internal control assessment regularly to identify risks that potentially impact the business of the Group and various aspects including key operational and financial processes, regulatory compliance and information security. Self-evaluation has been conducted annually to confirm that control policies are properly complied with by each division.

The management, in coordination with division heads, assessed the likelihood of risk occurrence, provide treatment plans, and monitor the risk management progress, and reported to the Audit Committee and the Board on all findings and the effectiveness of the systems.

The management has reported to the Board and the Audit Committee on the effectiveness of the risk management and internal control systems for the year ended 31 December 2016.

The Company has engaged external professional firm for providing the internal audit function and performing independent review of the adequacy and effectiveness of the risk management and internal control systems. The internal audit function examined key issues in relation to the accounting practices and all material controls and provided its findings and recommendations for improvement to the Audit Committee.

審核委員會協助董事會開展管理工作並監督董事會設計、實施及監管風險管理及內部監控系統。

本公司已制定及採納多項風險管理程序及指引，並通過明晰關鍵業務流程及部門職能（包括項目管理、銷售及租賃、財務匯報、人力資源及信息技術）訂明操作權責。

各部門均定期進行內部監控評測，以識別可能影響本集團業務及包括主要營運及財務流程、監管合規及信息安全在內多個方面的潛在風險。各部門亦每年進行自我評估，以確保妥當遵守控制政策。

管理層與各部門領導相互配合，評估發生風險事件的可能性並提供應對計劃及監控風險管理程序，並就一切有關結果及該系統的效能向審核委員會及董事會作出報告。

管理層已就風險管理及內部監控系統於截至二零一六年十二月三十一日止年度之成效向董事會及審核委員會作出報告。

本公司已委聘外部專業公司提供內部審核功能並就風險管理及內部監控系統是否足夠及其成效進行獨立審核。內部審核功能已就有關會計常規及所有重大控制審核重大問題，及向審核委員會提供其審核結果及改進推薦意見。

Corporate Governance Report

企業管治報告

The Board, as supported by the Audit Committee as well as the management report and the internal audit findings, reviewed the risk management and internal control systems, including the financial, operational and compliance controls, for the year ended 31 December 2016, and considered that such systems are effective and adequate. The annual review also covered the financial reporting and internal audit function and staff qualifications, experiences and relevant resources.

Arrangements are in place to facilitate employees of the Company to raise, in confidence, concerns about possible improprieties in financial reporting, internal control or other matters of the Company.

The Company has developed its disclosure policy which provides a general guide to the Company's Directors, officers, senior management and relevant employees in handling confidential information, monitoring information disclosure and responding to enquiries.

Control procedures have been implemented to ensure that unauthorized access and use of inside information are strictly prohibited.

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended 31 December 2016.

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The statement of the independent auditor of the Company about their reporting responsibilities on the financial statements is set out in the Independent Auditor's Report on pages 68 to 77.

董事會參考管理層報告以及內部審核結果，在審核委員會的協助下就截至二零一六年十二月三十一日止年度之風險管理及內部監控系統（包括財務、營運及合規控制）作出檢討，並認為此等系統有效及足夠。年度審核亦已涵蓋財務匯報及內部審核功能以及員工資歷、經驗及相關資源。

本公司已設立方便其僱員就本公司財務匯報、內部監控或其他事項可能出現的不適當行為而以保密形式表達關注的安排。

本公司已制定披露政策，為本公司董事、職員、高級管理層及相關僱員提供處理機密資料、監察資料披露及回應查詢的常規指引。

公司已制定監控措施，嚴禁任何未經授權獲取及使用內幕資料。

董事對財務報表的責任

董事確認彼等編製本公司截至二零一六年十二月三十一日止年度財務報表的責任。

董事並不知悉有關可能會令本公司按持續基準經營的能力備受質疑的事件或狀況的任何重大不確定因素。

本公司獨立核數師有關其對財務報表的申報責任的聲明載於第68至77頁獨立核數師報告內。

Corporate Governance Report

企業管治報告

AUDITORS' REMUNERATION

An analysis of the remuneration paid to the external auditors of the Company in respect of audit services and non-audit services for the year ended 31 December 2016 is set out below:

Service Category

服務類別

Audit Services	審計服務
Non-audit Services	非審計服務
– Review of accounts for the period ended 30 June 2016	– 審閱截至二零一六年六月三十日止期間賬目
– Review results announcement	– 審閱業績公告

核數師薪酬

截至二零一六年十二月三十一日止年度向本公司外聘核數師支付有關審計服務及非審計服務的酬金分析如下：

Fees Paid/Payable 已付／應付費用

	Equivalent to approximately 約相等於	
	HK\$'000 港幣千元	RMB'000 人民幣千元
	1,330	1,152
	430	373
	50	43
	<u>1,810</u>	<u>1,568</u>

COMPANY SECRETARY

The Board appoints Mr. Wan San Fai, Vincent as its Company Secretary in accordance with the Company's Articles of Association and in compliance with the requirements of the Listing Rules. Mr. Wan has complied with the professional training requirement as set out in Rule 3.29 of the Listing Rules during the year ended 31 December 2016.

公司秘書

董事會根據本公司組織章程細則並在遵守上市規則規定之前提下委任溫新輝先生為公司秘書。截至二零一六年十二月三十一日止年度，溫先生已遵守上市規則第3.29條載列的專業培訓規定。

SHAREHOLDERS' RIGHTS

The Company engages with shareholders through various communication channels and a shareholders' communication policy is in place to ensure that shareholders' views and concerns are appropriately addressed. The policy is regularly reviewed to ensure its effectiveness.

股東權利

本公司以各種溝通渠道與股東接觸，股東通訊政策亦得到落實，確保股東意見及關注事宜得到妥善解決。該政策定期檢討，以確保行之有效。

Corporate Governance Report

企業管治報告

To safeguard shareholder interests and rights, separate resolution should be proposed for each substantially separate issue at general meetings, including the election of individual Director. All resolutions put forward at general meetings will be voted on by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and of the Stock Exchange after each general meeting.

Convening an Extraordinary General Meeting by Shareholders

Pursuant to Article 64 of the Articles of Association of the Company, extraordinary general meetings may be convened on the requisition of one or more shareholders holding, at the date of deposit of the requisition, not less than one tenth of the paid up capital of the Company having the right of voting at general meetings. Such requisition shall be made in writing to the Directors or the Secretary for the purpose of requiring an Extraordinary General Meeting to be called by the Directors for the transaction of any business specified in such requisition. If within twenty-one (21) days of such deposit the Directors do not proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) shall be reimbursed to the requisitionist(s) by the Company.

Putting Forward Proposals at General Meetings

For proposal of a person for election as Director, pursuant to Article 113 of the Articles of Association of the Company, no person, other than a retiring Director, shall, unless recommended by the Directors for election, be eligible for election to the office of Director at any general meeting, unless notice in writing of the intention to propose that person for election as a Director and notice in writing by that person of his willingness to be elected shall have been lodged at the Company's Head Office at Suite 6302, The Center, 99 Queen's Road Central, Hong Kong or at the Company's Registration Office at Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong at least seven (7) clear days before the date of the general meeting and the period for lodgement of such notices shall commence no earlier than the day after the despatch of the notice of the general meeting appointed for such election and shall be at least seven (7) clear days in length.

為保障股東權益及權利，各實質上獨立的事宜（包括推選個別董事）應以獨立決議案形式於股東大會上提呈。於股東大會上提出的所有決議案將根據上市規則以投票表決方式進行表決，而投票結果將於每次股東大會舉行後於本公司及聯交所網站刊登。

股東召開股東特別大會

根據本公司組織章程細則第64條，股東特別大會可應於遞呈請求當日持有不少於有權於股東大會上投票的本公司繳足股本十分之一的一位或以上股東要求予以召開。有關請求須以書面形式向董事或秘書提出，述明要求董事召開股東特別大會以處理請求內訂明的任何事項。如於遞呈請求書日期起二十一(21)日內董事未能召開該大會，請求人自身可以同一方式召開大會，請求人因董事未能召開大會而產生的所有合理開支須由本公司補償予請求人。

於股東大會上提出議案

關於推選董事人選的議案，根據本公司組織章程細則第113條，除非一項有意提名選舉該位人士為董事的書面通知以及一項該位被推選人士簽發表明其願意膺選的書面通知已呈交至本公司總辦事處（地址為香港皇后大道中99號中環中心6302室）或本公司過戶登記處卓佳證券登記有限公司（地址為香港皇后大道東183號合和中心22樓），否則概無人士（退任董事除外）有權在任何股東大會上膺選出任董事職位（除非由董事推選）。提交該等通知的期間須由不早於指定進行該推選的股東大會通告寄發翌日起計，及不遲於該股東大會舉行日期前七(7)個整日結束，而向本公司發出該等通知的最短期間須為最少七(7)個整日。

Shareholders who wish to put forward other proposals at general meetings may follow the procedures in “Convening an Extraordinary General Meeting by Shareholders” set out above to convene an extraordinary general meeting for business specified in the written requisition.

Putting Forward Enquiries to the Board

For putting forward any enquiries to the Board of the Company, shareholders may send written enquiries to the Company. The Company will not normally deal with verbal or anonymous enquiries.

Contact Details

Shareholders may send their enquiries or requests as mentioned above to the following:

Address: Suite 6302, The Center, 99 Queen’s Road Central,
Hong Kong
(For the attention of the Board of Directors)
Fax: (852) 3747-8047
Email: info@paep.com.cn

For the avoidance of doubt, shareholder(s) must deposit and send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the above address, apart from other specified office of the Company, if any, and provide their full name, contact details and identification in order to give effect thereto. Shareholders’ information may be disclosed as required by law.

擬於股東大會上提呈其他建議的股東可跟隨上述「股東召開股東特別大會」所載的程序，為該書面要求所載的任何事務召開股東特別大會。

向董事會作出查詢

股東如欲向本公司董事會作出任何查詢，可將查詢內容以書面形式寄送至本公司。本公司一般不會處理口頭或匿名的查詢。

聯絡詳情

股東可將上述查詢或請求發送至下列地址：

地址：香港皇后大道中99號中環中心
6302室
(註明董事會收啟)
傳真：(852) 3747-8047
電郵：info@paep.com.cn

為免生疑，股東須向上述地址（除本公司的其他指定地址（如有）外）送交及發出正式簽署的書面請求、通知或聲明或查詢（視情況而定）的正本，並提供彼等全名、聯絡詳情及身份，以使之生效。股東資料或會根據法律規定予以披露。

Corporate Governance Report

企業管治報告

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

The Company considers that effective communication with shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company endeavours to maintain an on-going dialogue with shareholders and in particular, through annual general meetings and other general meetings. At the annual general meeting, directors (or their delegates as appropriate) are available to meet shareholders and answer their enquiries.

During the year under review, the Chairman of the Board was unable to attend the annual general meeting held on 3 June 2016 due to a business trip. He will use his best endeavours to attend all future shareholders' meetings of the Company.

During the year under review, the Company has not made any changes to its Articles of Association. An up to date version of the Company's Articles of Association is also available on the Company's website and the Stock Exchange's website.

與股東及投資者的溝通

本公司認為，與股東有效溝通對促進投資者關係及讓投資者了解本集團業務表現及策略而言至關重要。本公司致力於維持與股東的持續溝通，尤其是透過股東周年大會及其他股東大會。董事（或彼等的代表，如適用）將出席股東周年大會，與股東會面並解答股東疑問。

於回顧年內，董事會主席因出差而未能出席於二零一六年六月三日舉行的股東周年大會。彼將竭力出席本公司日後所有的股東大會。

於回顧年度內，本公司並無對其組織章程細則作出任何修訂。本公司組織章程細則的最新版本於本公司網站及聯交所網站可供查閱。

Directors and Senior Management

董事及高級管理層

BOARD OF DIRECTORS

Executive Directors

Mr. Jiang Quanlong, aged 64, is the Chairman of the Board and an executive Director. He was appointed as Director in August 2006. He is also a member of the Nomination Committee and the Remuneration Committee. He has over 15 years of experience in China's EP industry. He is responsible for formulating strategies guiding the Group's overall development and strengthening the competitive position of the Group in the PRC's EP market. In addition, he is the chairman and executive director of China Rare Earth Holdings Limited (Stock Code: 769) ("China Rare Earth"), the shares of which are listed on the Main Board of the Stock Exchange. Mr. Jiang is the father of Mr. Jiang Xin, an executive Director and Chief Executive Officer of the Company, and father of Mr. Jiang Lei, both being controlling shareholders of the Company. He is also a director of Praise Fortune Limited, controlling shareholder of the Company.

Mr. Jiang Xin, aged 31, is an executive Director and Chief Executive Officer of the Company. He was appointed as an executive Director in December 2016. He is currently the general manager of China Rare Earth, the shares of which are listed on the Main Board of the Stock Exchange. He joined China Rare Earth in August 2008 and was promoted to the present position of general manager in August 2012. Mr. Jiang Xin obtained a bachelor's degree in arts majoring in international business, finance and economics from University of Manchester in June 2006 and a bachelor's degree in arts majoring in business studies from University of Wales in July 2008. Mr. Jiang Xin is a son of Mr. Jiang Quanlong, Chairman and executive Director, and brother of Mr. Jiang Lei, controlling shareholder of the Company.

Mr. Cho Yu Chung, aged 48, is an executive Director. He was appointed as executive Director in September 2016. Mr. Cho is currently the managing partner of Atrium Asia Group of Companies. He has over 20 years' experience in investments, fund management, corporate management and mergers and acquisitions. From 2013 to 2015, he served as the president commissioner of PT Sarana Meditama Metropolitan Tbk, a hospital-management company which shares are listed in the Indonesia Stock Exchange. Mr. Cho graduated from University of Texas at Austin, the United States, with double bachelor's degrees in computer engineering and mathematics in 1991 and obtained a master's degree in engineering from the same university in 1992.

董事會

執行董事

蔣泉龍先生，64歲，為董事會主席及執行董事。彼於二零零六年八月獲委任為董事。彼同時為提名委員會及薪酬委員會之成員。彼在中國環保業擁有逾十五年經驗。彼負責制訂策略以指引本集團之整體發展及增強本集團於中國環保市場之競爭地位。此外，彼同時為中國稀土控股有限公司（股份代號：769）（「中國稀土」）（其股份於聯交所主板上市）之主席兼執行董事。蔣先生為蔣鑫先生（本公司執行董事及行政總裁）及蔣磊先生（兩者均為本公司控股股東）之父親。彼同時為Praise Fortune Limited（本公司控股股東）之董事。

蔣鑫先生，31歲，為本公司之執行董事及行政總裁。彼於二零一六年十二月獲委任為執行董事。彼現任中國稀土（其股份於聯交所主板上市）之總經理。彼於二零零八年八月加入中國稀土，並於二零一二年八月晉升至現職（總經理）。蔣鑫先生於二零零六年六月自英國曼徹斯特大學取得文學士學位，主修國際商業、金融及經濟，並於二零零八年七月自威爾斯大學取得文學士學位，主修商業研究。蔣鑫先生為本集團主席及執行董事蔣泉龍先生之子及本公司控股股東蔣磊先生之兄弟。

曹宇頌先生，48歲，為本公司之執行董事。彼於二零一六年九月獲委任為執行董事。曹先生現為Atrium Asia Group of Companies之執行事務合夥人。彼於投資、基金管理、企業管理及併購方面擁有逾20年經驗。彼於二零一三年至二零一五年期間擔任PT Sarana Meditama Metropolitan Tbk（一家醫院管理公司，其股份於印尼證券交易所上市）之總裁。曹先生畢業於美國德克薩斯大學奧斯丁分校，於一九九一年獲得計算機工程及數學專業雙學位，並於一九九二年獲得該大學工程專業理學碩士。

Directors and Senior Management 董事及高級管理層

Non-Executive Director

Mr. Fan Yajun, aged 49, is a non-executive Director. He was appointed as executive Director in March 2007 and was re-designated as a non-executive Director on 12 April 2016. Mr. Fan has more than 20 years of experience in business management. He joined the Group in July 2002 and has been responsible for the overall administration and business management. He completed a Master of Business Administration course at Southeast University in July 2004. For the period between August 1999 and August 2005, he was an executive director of China Rare Earth, the shares of which are listed on the Main Board of the Stock Exchange.

Independent Non-Executive Directors

Mr. Lai Wing Lee, aged 77, has been appointed as an independent non-executive Director since December 2007. He is the Chairman of the Nomination Committee and the Remuneration Committee and also a member of the Audit Committee. He has been the managing director of Shenzhen Beishen Environmental Packaging Development Co., Limited, which is mainly engaged in the sales and manufacture of EP packaging products, since August 2005. He graduated from the South China Institute of Technology (now known as South China University of Technology) in 1965. He has over 30 years of experience in enterprise management.

Mr. Leung Shu Sun, Sunny, aged 54, has been appointed as an independent non-executive Director since December 2007. He is the Chairman of the Audit Committee and a member of the Nomination Committee and the Remuneration Committee. He has over 20 years' working experience in, among others, accounting, treasury management, budgeting and corporate finance. He graduated from Hong Kong Polytechnic University with a professional diploma in Accountancy and obtained a master's degree in business administration from the University of South Australia. He is a fellow member of the Association of Chartered Certified Accountants, an associate member of the Hong Kong Institute of Certified Public Accountants and a member of Certified General Accountants' Association of Canada. From 2005 to 2007, he served as the financial controller, qualified accountant and company secretary of

非執行董事

范亞軍先生，49歲，為非執行董事。彼於二零零七年三月獲委任為執行董事並於二零一六年四月十二日調任為非執行董事。范先生擁有逾20年之企業管理經驗。彼於二零零二年七月加入本集團，負責本集團之整體行政及業務管理。彼於二零零四年七月完成東南大學工商管理碩士課程。彼於一九九九年八月至二零零五年八月期間為中國稀土（其股份於聯交所主板上市）之執行董事。

獨立非執行董事

賴永利先生，77歲，自二零零七年十二月起獲委任為獨立非執行董事。彼為提名委員會及薪酬委員會之主席，並同時為審計委員會之成員。彼自二零零五年八月起出任深圳市北深環保包裝發展有限公司之董事總經理，該公司主要從事環保包裝產品之銷售及生產。彼於一九六五年畢業於華南理工學院（現稱為華南理工大學）。彼於企業管理方面擁有逾30年經驗。

梁樹新先生，54歲，自二零零七年十二月起獲委任為獨立非執行董事。彼為審計委員會之主席，並為提名委員會及薪酬委員會之成員。彼在會計、財資管理、預算及企業融資方面，還有其他方面，擁有逾20年工作經驗。彼以會計專業文憑畢業於香港理工大學，並在澳洲國立南澳洲大學獲得工商管理碩士學位。彼為英國特許公認會計師公會資深會員、香港會計師公會會員及加拿大註冊會計師協會會員。彼於二零零五年至二零零七年期間擔任西王糖業控股有限公司（現稱為西王置業控股有限公司）（股份代號：2088）（其股份於聯交所主板上市）之財務總監、合資格會計師及公司秘書。彼自二零零一年至今，

Directors and Senior Management 董事及高級管理層

Xiwang Sugar Holdings Company Limited (now known as Xiwang Property Holdings Company Limited) (Stock Code: 2088), the shares of which are listed on the Main Board of the Stock Exchange. From 2001 to date, he has been a director of a company providing accounting, tax and corporate finance services. From 1999 to 2001, he held key financial position in a listed company in Hong Kong. From 1998 to 1999, he was a finance director of a company principally engaged in the provision of network infrastructure solutions. From 1993 to 1998, he was the financial controller of a company principally engaged in property investment, trading and securities. From 1987 to 1990, he worked in international accounting firms handling audit, tax and accounting matters. Mr. Leung has been an independent non-executive director of Xiwang Special Steel Company Limited (Stock Code: 1266), the shares of which are listed on the Main Board of the Stock Exchange since February 2012. He was appointed as an independent non-executive director of China Art Financial Holdings Limited (Stock Code: 1572), the shares of which are listed on the Main Board of the Stock Exchange on 14 October 2016.

Professor Wang Guozhen, aged 81, has been appointed as an independent non-executive Director since December 2007. He is a member of the Audit Committee, Nomination Committee and Remuneration Committee. Since October 1980, Professor Wang was the chairperson of the Environment Protection Specialist Commission of the Chinese Society of Rare Earths and he became a consultant afterwards. He was, from 1994 to 2005, a member of the Rare Earth Expert Group of China State Planning and Development Commission, and the team leader of the Industry Division. Professor Wang was appointed as an expert of the Expert Group of the Association of China Rare Earth Industry on 8 April 2014. He graduated from the Department of Chemical Engineering of Tianjin University with a major in physical chemistry of metals. He was an independent director of the State-owned Gansu Rare Earth Group Co., Ltd. from 2005 to December 2012. On 1 August 2012, Professor Wang was appointed as an independent non-executive director of China Rare Earth, the shares of which are listed on the Main Board of the Stock Exchange. From 1 December 2012 to 10 September 2015, he was appointed as an independent director of Lianyungang Ligang Rare Earth Industrial Co., Ltd. On 26 January 2013, Professor Wang was appointed as an independent director of Shenghe Resources Holding Co. Ltd (Stock Code: 600392), the shares of which are listed on the Shanghai Stock Exchange. On 13 March 2015, he was appointed as senior expert consultant of rare earth projects of China Enfi Engineering Corporation for a period of three years.

於一家提供會計、稅務及企業融資服務之公司擔任董事。彼自一九九九年至二零零一年期間，於一家香港上市公司擔任主要財務職位。彼自一九九八年至一九九九年期間，於一家主要從事提供網絡基建解決方案業務之公司擔任財務董事。彼自一九九三年至一九九八年期間，為一家主要從事物業投資、貿易及證券之公司之財務總監。彼自一九八七年至一九九零年期間，曾於國際會計師行工作，負責處理審計、稅務及會計事宜。梁先生自二零一二年二月起為西王特鋼有限公司（股份代號：1266）（其股份於聯交所主板上市）之獨立非執行董事。彼於二零一六年十月十四日獲委任為中國藝術金融控股有限公司（股份代號：1572）（其股份於聯交所主板上市）之獨立非執行董事。

王國珍教授，81歲，自二零零七年十二月起獲委任為獨立非執行董事。彼為審計委員會、提名委員會及薪酬委員會之成員。自一九八零年十月起，王教授為中國稀土學會環保專業委員會之主任委員，其後出任為顧問。彼於一九九四年至二零零五年期間為中國國家計劃和發展委員會稀土專家組之成員，並擔任產業組組長。王教授於二零一四年四月八日獲委任為中國稀土行業協會專家組專家。彼畢業於天津大學化學工程系，主修金屬物理化學。彼自二零零五年起至二零一二年十二月出任國有企業甘肅稀土新材料股份有限公司之獨立董事。於二零一二年八月一日，王教授獲委任為中國稀土（其股份於聯交所主板上市）之獨立非執行董事。自二零一二年十二月一日至二零一五年九月十日，彼獲委任為連雲港麗港稀土實業有限公司之獨立董事。於二零一三年一月二十六日，王教授獲委任為盛和資源控股股份有限公司（股票代碼：600392）（其股份於上海證券交易所上市）之獨立董事。於二零一五年三月十三日，彼獲委任為中國恩菲工程技術有限公司稀土項目之高級專家顧問，為期三年。

Directors and Senior Management 董事及高級管理層

SENIOR MANAGEMENT

Mr. Wan San Fai, Vincent, aged 43, is the chief financial officer and company secretary of the Company. He joined the Group in March 2007 and is responsible for the corporate finance function of the Group. He oversees matters relating to financial administration, and compliance and reporting obligations of the Group. Mr. Wan has more than 20 years' experience in auditing, accounting and financial management. Prior to joining the Group, Mr. Wan has worked for a company listed on the Singapore Stock Exchange as its financial controller from 2005 to 2007. Mr. Wan is a member of the Hong Kong Institute of Certified Public Accountants. Mr. Wan holds a Bachelor of Arts degree in Accountancy from the Hong Kong Polytechnic University.

Mr. Huang Wei, aged 33, is the vice general manager of Wuxi Pan Asia. He has about 10 years of experience in EP technology. He joined the Group in 2010 and is responsible for the WWCB division. Before joining the Group, he was a technical manager of Jiangsu Yuansheng Environmental Protection Equipment Co, Limited. He graduated from Xuzhou Normal University, majoring in computer numerical control machining technology.

Mr. Ji Hongwei, aged 46, is the vice general manager of Wuxi Pan Asia. He has more than 10 years of experience in sales and project management. He joined the Group in 2003 and is responsible for sales and marketing of WWCB. Before joining the Group, he was a sales manager of Yixing Xingda Catalyst Factory. He graduated from Dapu Middle School in Yixing City.

高級管理層

溫新輝先生，43歲，本公司之財務總監兼公司秘書。彼於二零零七年三月加入本集團，負責本集團之企業融資部門。彼監督財務管理相關事宜及負責本集團之合規事宜及履行呈報責任。溫先生在審核、會計及財務管理方面擁有逾20年經驗。於加入本集團前，溫先生於二零零五年至二零零七年在一家於新加坡證券交易所上市之公司任財務總監。溫先生現為香港會計師公會之會員。溫先生持有香港理工大學會計學文學士學位。

黃偉先生，33歲，無錫泛亞副總經理。彼在環保技術管理方面擁有約十年經驗。彼於二零一零年加入本集團，負責本集團木絲水泥板事業部。於加入本集團前，彼為江蘇源盛環保設備有限公司技術部經理。黃先生畢業於徐州師範大學數控機床加工技術專業。

季紅偉先生，46歲，無錫泛亞副總經理。彼在銷售及工程管理領域擁有逾十年經驗，彼於二零零三年加入本集團，負責本集團下屬無錫泛亞木絲水泥板銷售工作。於加入本集團前，彼為宜興市興達催化劑廠銷售經理。彼畢業於宜興市大浦中學。

Directors and Senior Management 董事及高級管理層

Mr. Wu Dongping, aged 34, is the financial controller of Wuxi Pan Asia. He has about 10 years of experience in financial management. He joined the Group in May 2014. Before joining the Group, he was a finance manager of Yixing AGC Ceramics Company Limited. He graduated from the Huaiyin Institute of Technology, majoring in accountancy.

Mr. Shen Mingming, aged 61, is the manager of the administration and human resource department of Wuxi Pan Asia. He joined the Group in 2010 and is responsible for the daily management of the Group's human resource, administration and logistics services. Before joining the Group, he worked as deputy general director in Investment Invitation Bureau of Yixing, the PRC. He graduated from Jiangsu Radio and TV University majoring in industrial economy management.

Ms. Sun Ying, aged 35, is the manager of the business development department of Wuxi Pan Asia. She joined the Group in 2003 and is responsible for the business development and business management. She graduated from Yangzhou University majoring in economy management.

吳冬萍先生，34歲，無錫泛亞財務總監。彼在財務管理方面擁有約十年經驗。彼於二零一四年五月加入本集團。於加入本集團前，彼為宜興旭硝子工業陶瓷有限公司財務經理。彼畢業於淮陰工學院會計專業。

沈明明先生，61歲，無錫泛亞行政及人力資源部經理。彼於二零一零年加入本集團，負責本集團人事、行政及後勤服務之日常管理。於加入本集團前，彼在宜興環保科技工業園招商局任副局長。彼畢業於江蘇廣播電視大學工業經濟管理專業。

孫瀟女士，35歲，無錫泛亞商務部部長。彼於二零零三年加入本集團，負責業務拓展及業務管理等工作。彼畢業於揚州大學經濟管理專業。

Report of the Directors

董事會報告

The Board is pleased to present their annual report together with the audited consolidated financial statements of the Group for the year ended 31 December 2016.

PRINCIPAL PLACE OF BUSINESS

The Company is incorporated in the Cayman Islands and has its principal place of business in the PRC at No. 1 Chuanshan Road, Dingshu Town, Yixing City, Jiangsu Province, PRC 214222 and its principal place of business in Hong Kong at Suite 6302, The Center, 99 Queen's Road Central, Hong Kong.

PRINCIPAL ACTIVITIES

The Group is principally engaged in the sales of pipes, water treatment and flue gas treatment products and equipment, as well as undertaking of EP construction engineering projects and manufacture and sales of EP construction materials in the PRC.

BUSINESS REVIEW

A business review of the Group is set out in the sections headed "Management Discussion and Analysis" on pages 9 to 13 and "Environmental, Social and Governance Report" on pages 48 to 67 of this annual report.

MAJOR CUSTOMERS AND SUPPLIERS

The information in respect of the major customers and suppliers of the Group during the financial year is as follows:

The largest customer	最大客戶
Five largest customers in aggregate	五大客戶總計
The largest supplier	最大供應商
Five largest suppliers in aggregate	五大供應商總計

None of the Directors, their close associates (as defined in the Listing Rules) or any shareholders of the Company (which to the knowledge of the Directors owned more than 5% of the Company's share capital) had a beneficial interest in the Group's five largest customers and suppliers.

董事會欣然提呈彼等之年報連同本集團之截至二零一六年十二月三十一日止年度之經審核綜合財務報表。

主要營業地點

本公司乃一家於開曼群島註冊成立之公司，其位於中國之主要營業地點為中國江蘇省宜興市丁蜀鎮川善公路1號（郵政編號：214222），其於香港之主要營業地點為香港皇后大道中99號中環中心6302室。

主要業務

本集團主要於中國從事銷售管道、水處理及煙氣處理產品及設備，以及承接環保建設工程項目及製造及銷售環保建築材料。

業務回顧

本集團之業務回顧載於本年報第9至13頁「管理層討論與分析」及48至67頁「環境、社會及企業管治」章節。

主要客戶及供應商

於財政年度內有關本集團主要客戶及供應商之資料如下：

		Percentage of the Group's total 佔本集團總額之百分比	
		Revenue 收入	Purchases 採購額
The largest customer	最大客戶	18.4%	—
Five largest customers in aggregate	五大客戶總計	64.7%	—
The largest supplier	最大供應商	—	34.8%
Five largest suppliers in aggregate	五大供應商總計	—	51.1%

概無董事、彼等之緊密聯繫人士（定義見上市規則）或本公司任何股東（據董事所知擁有本公司股本5%以上）於本集團五大客戶及供應商擁有實益權益。

FINANCIAL STATEMENTS

The profits of the Group for the financial year ended 31 December 2016 and the state of the Company's and the Group's affairs as at that date are set out in the financial statements on pages 78 to 215.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2016 (2015: Nil) as the capital will be reserved for the development of the Group's business operations.

DISTRIBUTABLE RESERVES

Profit attributable to equity holders of the Company, before dividends, of RMB75,443,000 (2015: RMB69,860,000) have been transferred to reserves. Other movements in reserves are set out in note 30 to the financial statements.

As at 31 December 2016, the distributable reserve of the Company amounted to approximately RMB752,009,000 (2015: RMB762,252,000).

PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment of the Group during the financial year are set out in note 15 to the financial statements.

SHARE CAPITAL

Details of the movements in share capital of the Company during the financial year are set out in note 29 to the financial statements.

DIRECTORS

The Directors during the financial year were:

Executive Directors

Mr. Jiang Quanlong (*Chairman*)

Mr. Jiang Xin (*Chief Executive Officer*)
(appointed on 22 December 2016)

Mr. Jiang Lei (*Chief Executive Officer*)
(resigned on 22 December 2016)

Mr. Cho Yu Chung (appointed on 28 September 2016)

財務報表

本集團於截至二零一六年十二月三十一日止財政年度之溢利及本公司及本集團於該日之狀況載於財務報表第78至第215頁。

末期股息

董事會不建議派發截至二零一六年十二月三十一日止年度之末期股息（二零一五年：無），以保留充裕資金發展本集團各項業務。

可分發儲備

本公司權益持有人應佔溢利（未計股息）為人民幣75,443,000元（二零一五年：人民幣69,860,000元）已轉撥至儲備。儲備之其他變動載於財務報表附註30。

於二零一六年十二月三十一日，本公司可分發儲備大約為人民幣752,009,000元（二零一五年：人民幣762,252,000元）。

物業、廠房及設備

本集團於財政年度內之物業、廠房及設備之變動詳情載於財務報表附註15。

股本

本公司股本於財政年度內之變動詳情載於財務報表附註29。

董事

於財政年度內之董事為：

執行董事

蔣泉龍先生（主席）

蔣鑫先生（行政總裁）（於二零一六年十二月二十二日獲委任）

蔣磊先生（行政總裁）
（於二零一六年十二月二十二日辭任）

曹宇頌先生（於二零一六年九月二十八日獲委任）

Report of the Directors

董事會報告

Non-executive Director

Mr. Fan Yajun (re-designated as non-executive Director on 12 April 2016)

Independent Non-executive Directors

Mr. Lai Wing Lee
Mr. Leung Shu Sun, Sunny
Professor Wang Guozhen

Mr. Fan Yajun shall retire from the office as non-executive Director and Professor Wang Guozhen shall retire from the office as independent non-executive Director at the forthcoming AGM in accordance with article 108(A) of the Articles of Association. In addition, Mr. Cho Yu Chung and Mr. Jiang Xin who have been appointed by the Board on 28 September 2016 and 22 December 2016 respectively shall hold office until the AGM pursuant to article 112 of the Company's Articles of Association. All the above directors, being eligible, will offer themselves for re-election.

CONFIRMATION OF INDEPENDENCE

The Company has received from each of the independent non-executive Directors an annual confirmation of independence pursuant to Rule 3.13 of the Listing Rules and considers all the independent non-executive Directors to be independent.

DIRECTORS' SERVICE CONTRACTS

No director proposed for re-election at the forthcoming AGM has an unexpired service contract which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than normal statutory obligations.

DIRECTORS' PERMITTED INDEMNITY PROVISION

Under the Company's Articles of Association, every Director or officer of the Company acting in relation to any of the affairs of the Company shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs and damages which he may incur or sustain in the execution of the duties of his office or otherwise in relation thereto. Such provision is in force during the year under review and as of the date of this annual report.

非執行董事

范亞軍先生（於二零一六年四月十二日調任為非執行董事）

獨立非執行董事

賴永利先生
梁樹新先生
王國珍教授

范亞軍先生及王國珍教授將根據組織章程細則第108(A)條於應屆股東周年大會上分別退任非執行董事及獨立非執行董事之職務。此外，根據本公司組織章程細則第112條，曹宇頌先生及蔣鑫先生已分別於二零一六年九月二十八日及二零一六年十二月二十二日獲董事會委任，任期直至股東周年大會為止。上述全部董事均合資格及願意重選連任。

確認獨立性

本公司已接獲各獨立非執行董事根據上市規則第3.13條作出之年度獨立性確認書，並認為全體獨立非執行董事均為獨立人士。

董事之服務合約

概無擬於應屆股東周年大會重選之董事訂有未到期服務合約，而本公司或其任何附屬公司在一年內不支付賠償（一般法定賠償除外）不可終止。

董事獲允許的彌償保證條文

根據本公司的組織章程細則，就本公司任何事務行事的本公司各董事或主管人員，可就其執行職務而產生或承受或因其職務而以其他方式產生或承受的所有行動、費用及損害，從本公司的資產及利潤中獲得彌償並免受損害。有關條文於回顧年度內及截至本年報日期一直有效。

DIRECTORS'/CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Save for the information disclosed in "Related Party Transactions" in note 34 to the financial statements, no transaction, arrangement or contract of significance in which a Director or an entity connected with a Director had a material interest, whether directly or indirectly, subsisted during or at the end of 2016, and there was no contract of significance between the Company or a subsidiary of the Company with the controlling shareholder or any of its subsidiaries during the year under review.

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

Neither the Company nor any of its subsidiary purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2016.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of this annual report, the Company has maintained the prescribed public float under the Listing Rules.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ITS ASSOCIATED CORPORATIONS

As at 31 December 2016, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance of Hong Kong ("SFO")) as recorded in the register of interests maintained by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

董事／控股股東於重大合約中之權益

除於財務報表附註34「有關連人士交易」所披露之資料外，於二零一六年年內或年底概無存在董事或與董事有關連的實體直接或間接擁有重大權益的交易、安排或重大合約，且於回顧年內本公司或本公司附屬公司與控股股東或其任何附屬公司概無任何重大合約。

購入、出售或贖回本公司之上市證券

於截至二零一六年十二月三十一日止年度，本公司或其附屬公司概無購入、出售或贖回本公司之任何上市證券。

足夠之公眾持股量

根據截至本年報日期，本公司可公開取得之資料及據董事所知，本公司一直維持上市規則項下規定之公眾持股量。

董事及最高行政人員於本公司或其相聯法團的股份、相關股份及債券中之權益及淡倉

於二零一六年十二月三十一日，本公司董事及最高行政人員於本公司及其相聯法團（定義見香港證券及期貨條例（「證券及期貨條例」）第XV部）之股份、相關股份或債券中擁有須記錄於本公司根據證券及期貨條例第352條保存之權益登記冊或根據標準守則須知會本公司及聯交所之權益及淡倉如下：

Report of the Directors

董事會報告

Interests in shares and underlying shares of the Company

於本公司股份及相關股份之權益

Name of Director 董事姓名	Nature of interest 權益性質	Number of shares held 持有股份數目 (Note 1) (附註1)	Equity derivatives (share option) 股本衍生工具 (購股權) (Notes 1 and 3) (附註1及3)	Approximate percentage of issued share capital 佔已發行股本 之概約百分比
Mr. Jiang Quanlong 蔣泉龍先生	Beneficial interest 實益權益		400,000 (L)	0.05%
Mr. Jiang Xin 蔣鑫先生	Interest of controlled corporation 受控制法團權益	356,568,000 (L) (Note 2) (附註2)		42.45%
	Beneficial interest 實益權益	2,000,000 (L)		0.24%
Mr. Fan Yajun 范亞軍先生	Beneficial interest 實益權益		5,000,000 (L)	0.60%
Mr. Lai Wing Lee 賴永利先生	Beneficial interest 實益權益		1,000,000 (L)	0.12%
Mr. Leung Shu Sun, Sunny 梁樹新先生	Beneficial interest 實益權益		1,000,000 (L)	0.12%
Professor Wang Guozhen 王國珍教授	Beneficial interest 實益權益		1,000,000 (L)	0.12%

Notes:

- The letter "L" denotes the Director's long position in the shares/underlying shares.
- These 356,568,000 shares were registered in the name of and beneficially owned by Praise Fortune Limited. The total number of issued shares in Praise Fortune Limited as at 31 December 2016 was 601 shares of US\$1 each. Mr. Jiang Xin held 300 shares being approximately 49.92% in Praise Fortune Limited and was deemed to be interested in the Shares held by Praise Fortune Limited under the SFO.
- These interests represent the interests in underlying shares in respect of share options granted by the Company to these Directors as beneficial owners, the details of which are set out in the Share Option Scheme section stated below.

附註：

- 字母「L」代表董事於股份／相關股份之好倉。
- 該等356,568,000股股份以Praise Fortune Limited之名義登記並由其實益擁有。Praise Fortune Limited於二零一六年十二月三十一日之已發行股份總數為601股，每股面值1美元。蔣鑫先生擁有300股股份（即約佔Praise Fortune Limited全部已發行股份之49.92%）。根據證券及期貨條例，彼被視為擁有Praise Fortune Limited所持有之股份權益。
- 該等權益指本公司向有關董事（作為實益持有人）授出購股權所涉及的相關股份權益，有關詳情載於下文購股權計劃。

Save as disclosed above, as at 31 December 2016, so far as was known to any Director or chief executive of the Company, neither the Directors nor the chief executive had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO).

除上述披露外，於二零一六年十二月三十一日，就本公司任何董事或最高行政人員所知，概無董事或最高行政人員於本公司或任何其相聯法團（定義見證券及期貨條例第XV部）之任何股份、相關股份或債券中擁有任何權益或淡倉。

SHARE OPTION SCHEME

The Company adopted a share option scheme (the “Share Option Scheme”), details of which are set out in Note 31 to the financial statements. Details of the share options granted under the Share Option Scheme and their movements during the year ended 31 December 2016 were as follows:

購股權計劃

本公司採納一項購股權計劃（「購股權計劃」），詳情載於財務報表附註31。根據購股權計劃授出之購股權之詳情及其在截至二零一六年十二月三十一日止年度之變動載列如下：

Directors 董事	Date of Grant 授出日期	Exercise Price per share 每股行使價 HK\$ 港元	Vesting Period 歸屬期	Exercise Period 行使期間	Number of Share Options 購股權數目			
					Balance as at 1/1/2016 於二零一六年一月一日之結餘	Granted during the year 於年內已授出	Exercised/ Cancelled/ Lapsed during the year 於年內已行使/已註銷/已失效	Balance as at 31/12/2016 於二零一六年十二月三十一日之結餘
Mr. Jiang Quanlong 蔣泉龍先生	14/5/2008	2.81	14/5/2008 to 13/5/2009	14/5/2009 to 13/5/2018	400,000	-	-	400,000
Mr. Jiang Lei (resigned on 22 December 2016) 蔣磊先生 (於2016年12月22日辭任)	14/5/2008	2.81	14/5/2008 to 13/5/2009	14/5/2009 to 13/5/2018	400,000	-	-	400,000
Mr. Fan Yajun 范亞軍先生	14/5/2008	2.81	14/5/2008 to 13/5/2009	14/5/2009 to 13/5/2018	2,500,000	-	-	2,500,000
	11/6/2012	0.83	11/6/2012 to 10/6/2013	11/6/2013 to 10/6/2022	2,500,000	-	-	2,500,000
Mr. Lai Wing Lee 賴永利先生	14/5/2008	2.81	14/5/2008 to 13/5/2009	14/5/2009 to 13/5/2018	500,000	-	-	500,000
	11/6/2012	0.83	11/6/2012 to 10/6/2013	11/6/2013 to 10/6/2022	500,000	-	-	500,000
Mr. Leung Shu Sun, Sunny 梁樹新先生	14/5/2008	2.81	14/5/2008 to 13/5/2009	14/5/2009 to 13/5/2018	500,000	-	-	500,000
	11/6/2012	0.83	11/6/2012 to 10/6/2013	11/6/2013 to 10/6/2022	500,000	-	-	500,000

Report of the Directors

董事會報告

Directors 董事	Date of Grant 授出日期	Exercise Price per share 每股行使價 HK\$ 港元	Vesting Period 歸屬期	Exercise Period 行使期間	Number of Share Options 購股權數目			Balance as at 31/12/2016 於二零一六年十二月三十一日之結餘
					Balance as at 1/1/2016 於二零一六年一月一日之結餘	Granted during the year 於年內已授出	Exercised/Cancelled/Lapsed during the year 於年內已行使/已註銷/已失效	
Professor Wang Guozhen 王國珍教授	14/5/2008	2.81	14/5/2008 to 13/5/2009	14/5/2009 to 13/5/2018	500,000	-	-	500,000
	11/6/2012	0.83	11/6/2012 to 10/6/2013	11/6/2013 to 10/6/2022	500,000	-	-	500,000
					<u>8,800,000</u>	<u>-</u>	<u>-</u>	<u>8,800,000</u>
Continuous contract employees 長期合約僱員	14/5/2008	2.81	14/5/2008 to 13/5/2009	14/5/2009 to 13/5/2018	9,000,000	-	(3,000,000)	6,000,000
	11/6/2012	0.83	11/6/2012 to 10/6/2013	11/6/2013 to 10/6/2022	28,500,000	-	-	28,500,000
					<u>37,500,000</u>	<u>-</u>	<u>(3,000,000)</u>	<u>34,500,000</u>
Total 總計					<u>46,300,000</u>	<u>-</u>	<u>(3,000,000)</u>	<u>43,300,000</u>

DIRECTORS' RIGHT TO ACQUIRE SHARES AND DEBENTURES

Other than the Share Option Scheme disclosed above, at no time during the year was the Company or any of its holding company, subsidiaries or fellow subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of acquisition of shares in or debentures of, the Company or any other body corporate.

EQUITY-LINKED AGREEMENTS

Save for the Share Option Scheme disclosed above, no equity-linked agreements were entered into by the Company, or existed during the year under review.

董事收購股份及債券之權利

除上述購股權計劃所披露者外，於本年內任何時間，本公司或其控股公司或附屬公司或同系附屬公司並無訂立任何安排，使董事可透過收購本公司或任何其他法人團體之股份或債券而獲益。

股票掛鈎協議

除上文披露之購股權計劃外，於回顧年度內本公司概無訂立任何股票掛鈎協議，亦無存在有關協議。

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

So far as was known to the Directors and chief executive of the Company, as at 31 December 2016, the following persons (other than the Directors or chief executive of the Company) had interests or short positions in the shares or underlying shares of the Company as recorded in the register of interests required to be kept by the Company under section 336 of the SFO:

Interests in the shares and underlying shares of the Company

主要股東於本公司股份及相關股份之權益及淡倉

於二零一六年十二月三十一日，據本公司董事及最高行政人員所知，下列人士（本公司董事或最高行政人員除外）於本公司之股份或相關股份中擁有須根據證券及期貨條例第336條存置之權益登記冊內之權益或淡倉如下：

於本公司股份及相關股份之權益

Name 名稱	Nature of interest 權益性質	Number of shares held 所持股份數目 (Note 1) (附註1)	Equity derivatives (share option) 股本衍生工具 (購股權) (Note 1) (附註1)	Approximate percentage of issued share capital 佔已發行股本之概約百分比
Praise Fortune Limited	Beneficial interest 實益權益	356,568,000 (L)		42.45%
Mr. Jiang Lei 蔣磊先生	Interest of controlled corporation 受控制法團權益	356,568,000 (L) (Note 2) (附註2)		42.45%
	Beneficial interest 實益權益	582,000 (L)		0.07%
	Beneficial interest 實益權益		400,000 (L)	0.05%
Ms. Li Jingru (Note 3) 李靜如女士 (附註3)	Interest of spouse 配偶權益	358,568,000 (L)		42.69%
Ms. Chai Yongping (Note 4) 柴永萍女士 (附註4)	Interest of spouse 配偶權益	357,150,000 (L)		42.52%
	Interest of spouse 配偶權益		400,000 (L)	0.05%
Avenue Asset Management Limited (Note 5) (附註5)	Investment manager 投資經理	250,000,000 (L)		29.76%
Avenue Multi-Strategy Fund SPC on behalf of Avenue Multi-Strategy Fund Segregated Portfolio 1 (Note 5) (附註5)	Beneficial interest 實益權益	250,000,000 (L)		29.76%

Report of the Directors

董事會報告

Notes:

1. The Letter "L" denotes the person's long position in the shares/ underlying shares.
2. These shares were registered in the name of and beneficially owned by Praise Fortune Limited. The total number of issued shares in Praise Fortune Limited as at 31 December 2016 was 601 shares of US\$1 each. These 601 shares were owned as to 300 shares being approximately 49.92% by Mr. Jiang Xin, an executive Director, 300 shares being approximately 49.92% by Mr. Jiang Lei and 1 share being approximately 0.16% by Ms. Qian Yuanying. Mr. Jiang Quanlong, an executive Director is a director of Praise Fortune Limited. Under the SFO, Mr. Jiang Xin and Mr. Jiang Lei were deemed to be interested in the shares held by Praise Fortune Limited.
3. Ms. Li Jingru is the spouse of Mr. Jiang Xin and was therefore deemed to be interested in all the Shares in which Mr. Jiang Xin was deemed to be interested.
4. Ms. Chai Yongping is the spouse of Mr. Jiang Lei and was therefore deemed to be interested in all the Shares and underlying shares in which Mr. Jiang Lei was deemed to be interested.
5. These 250,000,000 shares were beneficially owned by Avenue Multi-Strategy Fund SPC on behalf of Avenue Multi-Strategy Fund Segregated Portfolio 1. Avenue Asset Management Limited was interested in these 250,000,000 shares in the capacity of investment manager.

Save as disclosed above, as at 31 December 2016, the Company has not been notified by any person (other than the Directors or chief executive of the Company) who had interests or short position in the shares or underlying shares of the Company.

MANAGEMENT CONTRACTS

No contracts, other than the service contracts of the Directors or any person engaged in the full-time employment of the Company, concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

附註：

1. 字母「L」指有關人士於股份／相關股份之好倉。
2. 該等股份以Praise Fortune Limited之名義登記並由其實益擁有。Praise Fortune Limited於二零一六年十二月三十一日之已發行股份總數為601股每股面值1美元之股份。該601股股份乃由蔣鑫先生（執行董事）擁有300股股份（即約49.92%），由蔣磊先生擁有300股股份（即約49.92%）及由錢元英女士擁有1股股份（即約0.16%）。執行董事蔣泉龍先生為Praise Fortune Limited之董事。根據證券及期貨條例，蔣鑫先生及蔣磊先生被視為於Praise Fortune Limited所持有之股份中擁有權益。
3. 李靜如女士乃蔣鑫先生之配偶，因此被視為於蔣鑫先生被視為擁有之全部股份中擁有權益。
4. 柴永萍女士乃蔣磊先生之配偶，因此被視為於蔣磊先生被視為擁有之全部股份及相關股份中擁有權益。
5. 該250,000,000股股份乃由Avenue Multi-Strategy Fund SPC代表Avenue Multi-Strategy Fund Segregated Portfolio 1實益擁有。Avenue Asset Management Limited以投資經理身份於該250,000,000股股份中擁有權益。

除上述披露外，截至二零一六年十二月三十一日，本公司概不知悉有任何人士（本公司董事或最高行政人員除外）於本公司股份或相關股份中擁有權益或淡倉。

管理合約

除本公司董事或任何全職人士之服務合約外，年內概無訂立或存在有關本公司整體業務或其中任何重要部分之管理及行政合約。

COMPETING BUSINESS INTERESTS OF DIRECTORS

Non-Competition Undertaking

Under the restrictive covenants of a share purchase agreement dated 1 December 2007 executed among (i) YY Holdings as vendor, (ii) Praise Fortune Limited, Mr. Jiang Quanlong, Ms. Qian Yuanying, Mr. Jiang Lei and Mr. Jiang Xin as covenantors, and (iii) the Company as the purchaser, each of Praise Fortune Limited, Ms. Qian Yuanying, Mr. Jiang Quanlong, Mr. Jiang Lei and Mr. Jiang Xin (collectively the "Covenantors") has undertaken that he/she/it will not and shall procure his/her/its close associates will not:

- (a) at any time disclose to any person, or himself/herself/itself use for any purpose, and shall use his/her/its best endeavours to prevent the publication or disclosure of, any information concerning the business, accounts or finances of any Group company, or any of its clients', suppliers' or customers' transactions or affairs, which may, or may have, come to his/her/its knowledge;
- (b) at any time during which the Company is listed on the Stock Exchange and for so long as each of the Covenantors and their respective close associates collectively hold, whether individually or taken together, 30% or more of the issued shares or is regarded as the controlling shareholder(s) of the Company under the Listing Rules or for a period of two years from the date of the Listing, whichever is the longest period of time:
 - (i) directly or indirectly solicit, interfere with, employ or endeavour to entice away from any Group company with a view to competing with the Group any person who, to his/her/its knowledge, is now, or has during the 12 months preceding the date of the share purchase agreement been, a client, customer, supplier or employee of, or has been in the habit of dealing with, any Group company;
 - (ii) at any time use the name or trading style of any Group company, or any trademarks or logos or device similar in appearance to any trademarks, in the PRC, Hong Kong or any other part of the world, or represent himself as carrying on or continuing or being connected with any Group company or its business for any purposes whatsoever; and/or

董事於競爭業務之權益

不競爭承諾

根據由(i) YY Holdings (賣方)、(ii) Praise Fortune Limited、蔣泉龍先生、錢元英女士、蔣磊先生及蔣鑫先生(承諾人)與(iii)本公司(買方)於二零零七年十二月一日訂立之購股協議之限制性條款, Praise Fortune Limited、錢元英女士、蔣泉龍先生、蔣磊先生及蔣鑫先生(統稱為「承諾人」)分別承諾,其將不會且將促使其緊密聯繫人士亦不會:

- (a) 於任何時間向任何人士透露或其本人因任何目的利用就其所知可能涉及本集團任何公司之業務、賬目或財務之資料,或其客戶、供應商或客戶之交易或事務,並將竭盡所能防止該等資料交易或事務被公開或透露;
- (b) 於本公司在聯交所上市期間內,及根據上市規則或自上市之日起計兩年期間內(以最長者為準)任何時間,共同持有(無論單獨或視作共同持有)30%或以上已發行股份或被視為本公司控股股東之各承諾人及彼等各自緊密聯繫人士:
 - (i) 直接或間接誘使、干預、聘用或試圖誘使就其所知現時或於購股協議訂立日期前十二個月期間為本集團任何公司之客戶、顧客、供應商或僱員或慣常與本集團任何成員公司進行交易之任何人士離開本集團任何公司以與本集團競爭;
 - (ii) 於任何時間,在中國、香港或任何其他國家或地區使用本集團任何公司之名稱或經營模式或與彼等任何商標之外觀相似之任何商標、圖標或圖案,或不論任何目的代表其本身開展或繼續從事與本集團任何公司或其業務有關之業務;及/或

Report of the Directors 董事會報告

- (iii) directly or indirectly carry on or be engaged or concerned or interested in the businesses of (i) the production of water treatment and flue gas treatment and solid waste treatment equipment and components and pipes; (ii) the sale and installation of water treatment and flue gas treatment and solid waste treatment equipment and pipes; and (iii) the contracting of water treatment and flue gas treatment and solid waste treatment projects, being the current principal businesses of the Group.

Each of the Covenantors has undertaken in favour of the Company under the share purchase agreement to procure the provision to the Company of all information necessary for the enforcement of the above undertaking. Each of the Covenantors further undertakes in favour of the Company to make a statement in the annual report of the Company confirming compliance by it and its affiliates with the terms of the non-competition undertaking in the share purchase agreement. The Company has received the confirmation in relation to compliance by them and their affiliates with the terms of the non-competition undertaking in the share purchase agreement for the year ended 31 December 2016.

Each of the Covenantors has confirmed that he/she/it is not currently engaged in any business, which directly or indirectly competes or may compete with the Group's business.

Benxi Fanya Environmental Heat & Power Co., Ltd. ("Benxi Fanya") is owned as to 49% by Asia Global Tech Group Limited ("AGT (HK)"), and as to 51% by Benxi (Asia) Thermal Technology Company Limited ("Benxi Asia") (beneficially owned as to 90% and 10% by Ms. Qian Yuanying (the spouse of Mr. Jiang Quanlong) and Mr. Fan Xinyang (son of Mr. Fan Yajun)). AGT (HK) is beneficially owned as to 54%, 18%, 18% and 10% by Ms. Qian Yuanying, Mr. Jiang Lei, Mr. Jiang Xin (both of whom are sons of Mr. Jiang Quanlong) and Mr. Fan Xinyang respectively. The permitted business scope on the business licence of Benxi Fanya includes, among others, heat supply, electricity generation, operation and construction of pipeline. As at the date of this annual report, Benxi Fanya was principally engaged in generating electricity and heat, and was not engaged or interested in any businesses which compete with the current principal businesses of the Group. Jiangsu

- (iii) 直接或間接開展、從事或涉及本集團現有主要業務或於其中擁有權益，即：(i)生產水處理及煙氣處理及固體廢棄物處理設備及元件及管材；(ii)水處理及煙氣處理及固體廢棄物處理設備及管材銷售及安裝；及(iii)承包水處理及煙氣處理及固體廢棄物處理工程（為本集團目前之主要業務）。

各承諾人均已根據購股協議作出以本公司為受益人之承諾，以促使向本公司提供執行上述承諾所需之全部資料。各承諾人進一步作出以本公司為受益人之承諾，將於本公司年報中作出聲明，確認其及其聯屬公司將遵守購股協議內不競爭承諾之條款。本公司已收到確認，彼等及彼等之聯屬公司已於截至二零一六年十二月三十一日止年度遵守購股協議內之不競爭承諾條款。

各承諾人均已確認，彼等現時並無從事與本集團業務直接或間接構成競爭或可能構成競爭之任何業務。

本溪泛亞環保熱電有限公司（「本溪泛亞」）由Asia Global Tech Group Limited（「AGT (HK)」）擁有49%及本溪亞洲熱能科技有限公司（「本溪亞洲」）（分別由錢元英女士（蔣泉龍先生之配偶）持有90%及范欣暘先生（范亞軍先生之子）持有10%）擁有51%。AGT (HK)分別由錢元英女士、蔣磊先生、蔣鑫先生（均為蔣泉龍先生之子）及范欣暘擁有54%、18%、18%及10%。本溪泛亞之營業執照所列許可經營範圍涵蓋（其中包括）供熱、發電、熱力管網的配套建設與經營。於本年報日期，本溪泛亞主要從事電力及熱能生產，而並無從事與本集團現有主要業務構成競爭之任何業務或於其中擁有權益。江蘇天元科技有限公司（「江蘇天元」）由本

Tianyuan Technologies Limited (“Jiangsu Tianyuan”) is owned by the associates of Mr. Fang Guohong, a former executive Director of the Company who resigned on 25 March 2009. The permitted business scope on the business licence of Jiangsu Tianyuan includes, among others, research and development of denitrification EP equipment and technology, manufacture of FGD EP equipment, desulphurization absorption tower and flue glass flake anticorrosive material and denitrification EP equipment. As at the date of this annual report, Jiangsu Tianyuan was principally engaged in the business of producing thermal insulation components, and was not engaged or interested in any businesses which compete with the current principal businesses of the Group. The permitted scope of business of each of Benxi Fanya and Jiangsu Tianyuan is relatively wide, but it is not unusual for a corporate entity to provide for a broader scope of business in its corporate documents to allow for flexibility. At present, neither Benxi Fanya nor Jiangsu Tianyuan has any plan to vary their respective business licences to exclude or alter the permitted activities as set out therein.

Mr. Jiang Quanlong is also the chairman and one of the executive directors of China Rare Earth, a company whose securities are listed on the Main Board of the Stock Exchange. China Rare Earth and its subsidiaries are principally engaged in manufacturing and sales of rare earth products and refractory products. As the Group’s principal business is to provide integrated EP solutions in areas such as water and flue gas treatments, the current principal businesses of the Group and those of China Rare Earth and its subsidiaries do not compete with each other.

Under the restrictive covenants of several service agreements dated 1 December 2007 between the Company and each of the executive Directors, the executive Directors gave undertakings similar to the wordings stated in paragraph (b) above of the said share purchase agreement.

The independent non-executive Directors shall review, at least on an annual basis, the compliance with the non-competition undertaking by each of such persons on their existing or future competing business and the Company shall disclose the result of such review either through the annual report of the Company, or by way of announcement to the public. The independent non-executive Directors have reviewed and confirmed the compliance by each of such persons with the non-competition undertaking for the year ended 31 December 2016.

公司前任執行董事方國洪先生之聯繫人士擁有。江蘇天元營業執照所列許可經營範圍涵蓋（其中包括）脫硝環保設備及技術的研發；煙氣脫硫環保設備、脫硫吸收塔、煙道玻璃鱗片防腐材料、脫硝環保設備之製造。於本年報日期，江蘇天元主要從事生產熱絕緣元件之業務，而並無從事與本集團現有主要業務構成競爭之任何業務或於其中擁有權益。本溪泛亞與江蘇天元之獲許可經營範圍相對較廣。但為保持靈活性，一間公司實體往往會於其公司文件中設定較廣之業務範圍。目前，本溪泛亞與江蘇天元並無計劃更換其各自之營業執照，以去除或修改其中載明之獲許可業務。

蔣泉龍先生亦為中國稀土（其股份於聯交所主板上市）之主席兼執行董事。中國稀土及其附屬公司主要從事製造及銷售稀土產品及耐火產品。由於本集團之主要業務為提供水及煙氣處理等範疇之綜合環保解決方案，故此本集團目前之主要業務與中國稀土及其附屬公司之業務並不構成競爭。

根據本公司與每位執行董事於二零零七年十二月一日訂立之若干服務協議之限制性承諾，執行董事均作出與上文所述購股協議(b)段措詞類似之承諾。

獨立非執行董事須至少每年檢討各有關人士於彼等之現有或日後競爭業務遵守不競爭承諾方面之守規情況，而本公司將透過本公司年報或公告向公眾人士披露有關檢討結果。獨立非執行董事已審閱並已確認各有關人士已於截至二零一六年十二月三十一日止年度遵守不競爭承諾。

Report of the Directors

董事會報告

As the controlling shareholders namely, Praise Fortune Limited, Mr. Jiang Lei and Mr. Jiang Xin and Mr. Jiang Quanlong as a director of Praise Fortune Limited have given non-competition undertakings in favour of the Company and none of them has interests in other business that compete or are likely to compete with the business of the Group, the management and operation of the operating entities are independent from each other. The Directors are of the view that the Group is capable of carrying on its business independently of the controlling shareholders.

PRE-EMPTIVE RIGHTS

There is 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 its existing shareholders.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 216 of the annual report.

RETIREMENT BENEFIT COSTS

The retirement schemes of the Company and its subsidiaries are primarily in form of contributions to the Hong Kong mandatory provident fund and China statutory public welfare fund. Particulars of these retirement schemes are set out in note 9 to the financial statements.

PROFESSIONAL TAX ADVICE RECOMMENDED

If the shareholders of the Company are unsure about the taxation implications of purchasing, holding, disposing of, dealing in, or the exercise of any rights in relation to the shares, they are advised to consult an expert.

由於控股股東即Praise Fortune Limited、蔣磊先生及蔣鑫先生及蔣泉龍先生(Praise Fortune Limited之董事)已給予以本公司為受益人之不競爭承諾，且彼等概無於與本集團業務競爭或可能與本集團業務競爭之其他業務中擁有權益，各經營實體之管理及營運相互獨立，因此董事認為本集團有能力獨立於控股股東經營本集團業務。

優先購買權

本公司組織章程細則或開曼群島法律均無有關強制本公司按比例向其現有股東發售新股份之優先購買權之規定。

財務摘要

本集團在過去五個財政年度之業績及資產與負債摘要載於年報第216頁。

退休福利成本

本公司及其附屬公司之退休計劃主要以香港強制性公積金及中國法定公積金供款之形式。此等退休計劃之詳情載於財務報表附註9。

建議之專業稅務意見

如本公司股東未能確定購買、持有、出售、處理或行使有關股份之任何權利之稅務影響，謹請彼等諮詢專業人士。

CHANGES IN DIRECTORS' INFORMATION

Changes in information of Directors which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules are set out below:

1. Mr. Jiang Quanlong ceased to be the sole director of Praise Fortune Limited and is now a director of Praise Fortune Limited. He is the father of Mr. Jiang Xin who was appointed as executive Director and Chief Executive Officer of the Company with effect from 22 December 2016.
2. Mr. Leung Shu Sun, Sunny was appointed as an independent non-executive director of China Art Financial Holdings Limited (Stock Code: 1572) (the shares of which are listed on the Main Board of the Stock Exchange) on 14 October 2016.

AUDITOR

The consolidated financial statements for the years ended 31 December 2014 and 2015 were audited by Crowe Horwath (HK) CPA Limited. Crowe Horwath (HK) CPA Limited has resigned as the auditor of the Group with effect from 24 January 2017. Ascenda Cachet CPA Limited was appointed as auditor of the Group with effect from 24 January 2017 and to hold office until the conclusion of next annual general meeting.

The consolidated financial statements for the year ended 31 December 2016 have been audited by Ascenda Cachet CPA Limited. Ascenda Cachet CPA Limited will retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of Ascenda Cachet CPA Limited as auditor of the Company will be proposed at the forthcoming AGM.

On behalf of the Board
Jiang Quanlong
Chairman

Hong Kong, 30 March 2017

董事資料的變動

根據上市規則第13.51B(1)條須予披露的董事資料的變動載列如下：

1. 蔣泉龍先生不再為Praise Fortune Limited的唯一董事，現為Praise Fortune Limited的董事。彼為蔣鑫先生的父親，而蔣鑫先生已獲委任為本公司執行董事兼行政總裁，自二零一六年十二月二十二日起生效。
2. 梁樹新先生已於二零一六年十月十四日獲委任為中國藝術金融控股有限公司（股份代號：1572）（其股份於聯交所主板上市）的獨立非執行董事。

核數師

截至二零一四年及二零一五年十二月三十一日止年度之綜合財務報表乃經由國富浩華（香港）會計師事務所有限公司審核。國富浩華（香港）會計師事務所辭任本集團核數師職務，自二零一七年一月二十四日起生效。天健德揚會計師事務所有限公司獲委任為本集團之核數師，自二零一七年一月二十四日起生效，任期直至本公司下屆股東周年大會結束為止。

截至二零一六年十二月三十一日止年度之綜合財務報表已經由天健德揚會計師事務所有限公司審核。天健德揚會計師事務所有限公司將退任惟合資格獲重新聘任。重新聘任天健德揚會計師事務所有限公司為本公司之核數師之決議案於應屆股東周年大會上提呈。

代表董事會
蔣泉龍
主席

香港，二零一七年三月三十日

Environmental, Social and Governance Report

環境、社會及管治報告

1. ABOUT THIS REPORT

The Group focuses on its core business in EP services and provision of green construction materials. This first Environmental, Social, and Governance (“ESG”) Report outlines our approaches, commitment and strategies to sustainability and highlights our environmental and social performance. The reporting period is from 1 January 2016 to 31 December 2016. We have followed the ESG Reporting Guide under Appendix 27 of the Main Listing Rules Chapter 13.91 of The Hong Kong Exchanges and Clearing Limited. Additional information in relation to the Group’s corporate governance and financial performance can be found in other sections of this Annual Report.

This ESG Report covers the ESG performance of our operating plants and offices in Yixing, Jiangsu Province, PRC and the headquarters in Hong Kong. Throughout this report, we focus on the aspects that are material to stakeholders including clients, communities, employees, institutions, governments, non-governmental organizations, shareholders, subcontractors, suppliers and industry associations, who are critical to the Group’s access. The Group is working to create sustainable growth for the benefit of all our stakeholders. Those aspects and key performance indicators (“KPI”) defined in the ESG Reporting Guide which are considered to be relevant and material to the Group’s business and operation will be presented under the four subject areas: Environmental Protection, Employment and Labour Practices, Operational Practices, and Community Contribution. A complete list of index in compliance with the ESG Reporting Guide is also available at the end of this Report for reference.

We are committed to maintaining a long-term partnership with our stakeholders and are actively engaged in addressing their concerns with follow-up actions. If you, as one of our stakeholders, have any questions about the content of the ESG Report or comments on the Group’s sustainability issues, please feel free to contact us via info@paep.com.cn.

1. 關於本報告

本集團專注從事提供環保服務及綠色建材之核心業務。本首份環境、社會及管治（「環境、社會及管治」）報告概述我們在可持續性方面的方針、承諾及策略，並重點突出我們的環境及社會績效。匯報期由二零一六年一月一日至二零一六年十二月三十一日。我們已遵守香港交易及結算有限公司主板上市規則附錄二十七所載《環境、社會及管治報告指引》及第13.91條。有關本集團企業管治及財務業績的其他資料，可在本年報其他章節查閱。

本環境、社會及管治報告涵蓋我們在中國江蘇省宜興市所經營廠房及辦公室以及香港總部的環境、社會及管治績效。於本報告中，我們通篇關注對客戶、社區、僱員、機構、政府、非政府組織、股東、分包商、供應商及行業協會等權益人屬重大的有關層面，而該等權益人對本集團的成功至關重要。本集團正竭力為全體權益人利益實現可持續增長。《環境、社會及管治報告指引》所界定的被視為與本集團業務及營運相關及就此而言屬重大的有關層面及關鍵績效指標（「關鍵績效指標」）將分四個主要範疇予以呈報：環保、僱傭及勞工常規、營運慣例及社區貢獻。遵守《環境、社會及管治報告指引》的一份完整索引清單亦於本報告最後部分可供查閱。

我們致力與權益人維持長期夥伴關係，並積極採取後續行動回應彼等之關切。權益人如對環境、社會及管治報告的內容有任何疑問，或對本集團可持續性事宜有任何意見，請隨時電郵至info@paep.com.cn聯繫我們。

Environmental, Social and Governance Report

環境、社會及管治報告

2. “GO GREEN” BUSINESS

The Group provides tailor-made EP solutions to customers who have specific requirements of water or air treatment systems based on their industry standards. Our clients include, but not limited to, power plants, non-ferrous metals producers and coal-fired power plants. We are dedicated to assist our clients to achieve their goals of significant reduction of greenhouse gases and other pollutants. We continue to pursue the importance on environmental protection aligned with “The Thirteen Five-Year Plan” initiated by the Central Government. The plan requires a greater reduction in emissions of pollutants, and heavily emphasizes the need to improve water and air quality for which the Group continuously supports. Since the EP industry is one of the strategic emerging industries highlighted in the “Thirteen Five-Year Plan”, the Group, as a pioneer service provider in the EP industry, believes that these strategies will accelerate the development of the EP industry in China.

With the goal of “leading the industrial industry forward, saving social resources and providing favorable living environment”, the Group has introduced exclusive state-of-the-art technology and equipment and put into operation lines of WWCB which are environmental friendly, energy saving, sound absorbing and insulating, and fire-resistant. As a type of new “green” low-tech sustainable construction materials, WWCB are made from eco-friendly, fast-growing timber, non-toxic additives and cement. They can be reused/recycled several times over a long lifecycle of more than 400 years, and be converted back to fundamental elements at the end of lifecycle for recycling.

The properties of WWCB are summarized as follow:

- Good thermal insulation
- Excellent heat buffering capacity
- Wet and dry rot resistance
- Fire resistance
- Termite/Vermin resistance
- Good sound absorption
- Excellent base for stucco and plaster
- Light weight to handle
- Easy to process in construction
- Relative low energy consumption to produce
- No fossil fuel or binders used
- Limited impact on local natural resources
- No waste product at end of life cycle
- Nice and attractive ‘natural look’ visual appearance

2. 「綠色先行」業務

本集團根據行業標準向對水或氣體處理系統有特定要求的客戶提供定製環保解決方案。我們的客戶包括但不限於電廠、有色金屬生產商及火電廠。我們致力協助客戶達致顯著降低溫室氣體及其他污染物排放之目標。伴隨中央政府出台「第十三個五年規劃」，我們持續著力開展環境保護。規劃要求加大污染物減排力度，著重強調改善水氣質量的必要性，而本集團一直致力於此。由於環保行業為「第十三個五年規劃」中強調的戰略性新興產業，作為環保行業的一流服務提供商，本集團相信該等戰略將加速中國環保行業的發展。

為實現「引領行業發展、節約社會資源及營造舒適生活環境」的目標，本集團已推出獨家頂尖技術及設備，並將其用於木絲水泥板，而木絲水泥板具備環保、節能、吸音、隔熱及阻燃等特性。作為新型「綠色」低技術可持續建築材料，木絲水泥板由經濟速生林木材、無毒添加劑及水泥製成。木絲水泥板的生命週期長達400餘年，可多次重複使用／回收利用，並可於生命週期完結時轉化為基本元素以供回收利用。

木絲水泥板的特性概述如下：

- 良好的隔熱性
- 一流的熱緩衝能力
- 防潮及防腐
- 阻燃
- 抗白蟻／害蟲性
- 良好的吸音性
- 粉刷及抹灰打底的理想材料
- 易於處理
- 建設時易於加工
- 生產能耗較低
- 不使用化石燃料或粘合劑
- 對當地自然資源的影響有限
- 於生命週期完結時不產生廢料
- 視覺外觀友好且極具「自然氣息」

Environmental, Social and Governance Report

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While the Central Government has placed a high priority for EP and green building materials accompanied with continuous active and wide-spread promotion, the Group keeps trying our utmost efforts to build a sustainable future.

3. ENVIRONMENTAL PROTECTION

The Earth, our precious planet, is the most valuable asset for us. We are accountable for protecting this planet and building a sustainable future for our generations and their generations. The Group is committed to upholding high environmental standards to fulfil relevant requirements under applicable laws or ordinances during the operation of the business.

3.1 Gas Emissions

While we are producing eco-friendly building materials, we are determined to reduce the impact on environment from our daily operation. The WWBC production lines imported from the Netherlands are designed to be energy saving. The Group does not directly produce greenhouse gas in the operation. Nevertheless, the Group is committed to actively minimizing our impact on the environment especially air quality by implementing several environmental protection measures in the office and workplace. We have also taken a variety of measures to strengthen our environmental performance such as maximization of the usage of natural sunlight in warehouses by installing transparent rooftops. Through advanced technology and efficient management system, we strive to improve our operational efficiency and have been able to largely reduce the level of emission.

3.2 Non-Hazardous Waste Management

In general, our operation generates some minor non-hazardous wastes such as wood fabrics and trimmed edges of products. Being a responsible corporate citizen, we are determined to reduce our impact on the environment as much as possible. We have therefore set up a workshop for converting these wastes into building bricks for our internal uses such as road maintenance.

在中央政府將環保及綠色建材擺在重要優先位置並不斷積極廣泛推廣的背景下，本集團持續竭力打造可持續發展的未來。

3. 環境保護

我們居住的地球是我們最具價值的資產。我們有責任保護這顆星球，為子孫後代打造可持續發展的未來。本集團在業務營運中秉持高度的環境標準，以達致適用法律或條例的相關規定。

3.1 氣體排放

在生產環保建材的同時，我們竭力降低日常營運對環境的影響。本集團營運中並不直接產生溫室氣體。儘管如此，本集團一直積極在辦公室及車間實施多項環保措施，最大限度降低其對環境，尤其是空氣質量的影響。我們亦採取各項措施以增強我們的環境績效，如通過安裝透明屋頂於倉庫最大限度增加自然光照的使用。自荷蘭進口的木絲水泥板生產線屬節能設計，透過使用先進技術及高效管理系統，我們努力提升營運效率，並已能大幅降低排放量。

3.2 無害廢棄物管理

我們的營運過程會產生少許無害廢棄物，如木屑及產品邊角料。作為負責的企業公民，我們竭盡所能降低對環境的影響。為此，我們已設立一個車間，用於將該等廢棄物轉換為建築用磚，用於路面維護等內部用途。

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3.3 Environmental Performance

In accordance with the ESG Reporting Guide set out by the Stock Exchange, the data of the “Emissions” and “Use of Resources” of the Group during the reporting period of 2016 are tabulated below.

Energy use and emissions 使用能源及排放	Unit 單位	2016 二零一六年
Electricity 電	kWh 千瓦特小時	2,860,659
Unleaded petrol 無鉛汽油	L 升	1,159,383
Greenhouse gas emissions 溫室氣體排放量	CO ₂ e (Tonne) 二氧化碳當量 (噸)	2,140
NO _x 氮氧化物	g 克	15,261
SO _x 二氧化硫	g 克	17,043
PM 懸浮粒子	g 克	1,124
Resources use 使用物料	Unit 單位	2016 二零一六年
Water 水	m ³ (立方米)	35,858

Integrating our business into sustainable development, the Group will continue to strengthen the environmental protection and strive to build a green and healthy environment to fulfil our responsibilities as a responsible corporate citizen.

3.3 環境績效

根據聯交所列出的《環境、社會及管治報告指引》，二零一六年匯報期本集團的「排放」及「使用物料」數據特列載於下表。

依憑將業務融入可持續發展，本集團將繼續加強環境保護，致力營造綠色健康的環境，以履行我們作為企業公民的責任。

4. EMPLOYMENT AND LABOUR PRACTICES

4.1 Corporate Policy of Employment and Labour

The Group considers human capital as the most important asset for our long-term operation and business development. Through providing a desirable workplace, continuous training and prospective career opportunities to our employees, the Group has put itself in a good position to maintain a robust business performance and growth.

Our employees are mainly located in Hong Kong and China. The Group safeguards the rights of our employees by strictly complying with the requirements of the Labour Law of Hong Kong and the Labour Law of the PRC as well as regulations related to child labour and force labour.

4. 僱傭及勞工常規

4.1 企業僱傭及勞工政策

本集團將人力資本視為其長期營運及業務發展的最重要資產。透過向僱員提供理想的工作場所、持續培訓及富有前景的職業機會，本集團已準備好維持強健的業務表現及增長。

我們的僱員主要位於香港及中國內地。本集團嚴格遵守香港勞動法及中國勞動法的相關規定，以及童工及勞動力方面的規例，以保障僱員的權利。

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We strive to be a caring employer and to fully comply with the local labour legislations. In China, we have participated in welfare schemes concerning pension insurance, unemployment insurance, maternity insurance, occupational injury insurance and medical insurance in accordance with the Social Insurance Law of the PRC (中華人民共和國社會保險法), as well as housing provident fund contributions and other local regulations of the PRC. In Hong Kong, we provide medical insurance, disability and invalidity coverage, maternity leave, incentive and bonus to all our full time employees. We have also participated in the Mandatory Provident Fund (MPF) Scheme, prescribed by the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Law of Hong Kong).

4.2 Corporate Policy of Recruitment and Training

We believe one of the major elements which drives our long-term success is the invaluable workforce, thus we pledge to offer our employees a safe, fair, discrimination-free, diverse and harmonious work atmosphere as well as rewarding career path. The Group aims to uphold a fair and equitable human resource policy, in which quality and merit of the candidates are the most important elements during the recruitment and promotion processes. We provide equal opportunities to our employees regardless of race, ethnic background, sexual orientation, political affiliation, gender identify, religion, marital status, age, nationality or disability. We also comply strictly with the Laws of the PRC on the Protection of Rights and Interests of Women.

We believe that the competence, work experience and skill-sets of our staff play an important role in maintaining our operation efficiency. To equip our staff with appropriate professional skill and knowledge required for their position, we provide a wide range of professional skill trainings and personal development programmes, including in-house training courses and external training workshops. Through education and training, the Group can nurture the employees to elevate their personal qualities, reinforce their skill-set and keep up with the most updated professional knowledge.

我們竭力成為關懷僱員的僱主，並完全遵守地方勞動法規。在中國，我們已根據《中華人民共和國社會保險法》以及住房公積金供款及其他中國地方法規參與養老保險、失業保險、生育保險、工傷保險及醫療保險等方面的福利計劃。在香港，我們向所有全職僱員提供醫療保險、傷殘保險、生育假期、獎金及花紅等。我們亦參加香港法例第485章《強制性公積金計劃條例》規定的強制性公積金（強積金）計劃。

4.2 企業招募及培訓政策

我們認為僱員的付出是推動我們長期成功的其中一項不可缺少的主要因素，因此，我們承諾向僱員提供安全、公平、無歧視、多樣化及和諧的工作環境以及有益的職業道路。本集團旨在秉持公平公正的人力資源政策，據此，於招募及晉升過程中，應聘者的質素及品德為最重要因素。我們向僱員提供公平機會，不會考慮僱員的膚色、種族、背景、性取向、政治面貌、性別認同、宗教信仰、婚姻狀況、年齡、國籍或身體缺陷。我們亦嚴格遵守《中華人民共和國婦女權益保障法》。

我們認為，僱員的能力、工作經驗及技能組合在維持我們營運效率方面扮演重要角色。為針對僱員所任職務使彼等掌握適當的專業技能及知識，我們提供廣泛的專業技能培訓及個人發展項目，包括內部培訓課程及外部培訓班。透過相關教育及培訓，本集團可幫助僱員提升個人質素、加強技能儲備及緊跟最新的專業知識。

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4.3 Corporate Policy of Health and Work Safety

The Group believes that operating in safe manner is critical to its long-term success as a leading company in the EP industry. Successful completion of projects can only be achieved when our employees, subcontractors and clients are working in a healthy and safe workplace. We have identified three major risks in our warehouse including fire, working at height, and operation of fork lifts. Safety induction is provided to all new joiners whereas safety workshops are held from time to time to raise the safety awareness among employees. Caution signals and operation instructions are put up in the warehouse. We believe that those measures can enable us a safe workplace.

Strong cohesion is achieved by good and continuous communication between employees at all level of operations of the Group. We promote direct channel of communication among our employees and managers and to keep them informed of the Group's development and strategies. We also organise a broad range of leisure programmes to promote work life balance and to enhance the team spirit among the Group.

4.3 企業健康及安全工作環境政策

本集團相信，安全作業對其成為環保行業領導公司的長期成功至關重要。僱員、分包商及客戶在健康安全的工作場所作業，項目方可順利完工。經過我們的詳細評估，我們的車間主要的安全風險包含明火、高空作業及叉車作業。有鑑於此，我們向全體新入職人員提供入職安全教育，並不時舉辦安全講座，以提高僱員的安全意識。我們在倉庫張貼警告信號及作業指示。我們認為該等措施有助維持工作場所安全。

本集團各營運部門僱員維持良好持續溝通，形成強大凝聚力。我們推動僱員與經理之間直接溝通，並隨時告知彼等集團的發展情況及策略。我們亦舉辦廣泛的休閒活動，以促進工作生活平衡，進而增強本集團內部的團隊精神。

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4.4 Social Performance

In accordance with the ESG Reporting Guide set out by the Stock Exchange, the data of the “Social Performance” of the Group during the reporting period of 2016 are tabulated as well as presented in graphs below.

4.4 社會績效

根據聯交所列出的《環境、社會及管治報告指引》，二零一六年匯報期本集團的「社會績效」數據特列載於下表。

**As at 31 December
2016
於二零一六年
十二月三十一日**

Total Workforce as of 31 December 2016	於2016年12月31日的員工總數	134
Turnover rate by gender (%)	僱員流失比率按性別劃分	
Female	女性	9.70
Male	男性	22.39
Turnover rate by Age Group (%)	僱員流失比率按年齡組別劃分	
Under 30 years old	30歲以下	19.40
30 – 50 years old	30-50歲	9.70
Over 50 years old	50歲以上	2.99
Turnover rate by Geographical Region (%)	僱員流失比率按年齡地區劃分	
Hong Kong	香港	0
China	中國內地	32.09

5. OPERATING PRACTICES

5. 營運慣例

5.1 Supply Chain Management

We believe the value in ethics, honesty and integrity, operating in compliance with applicable laws and regulations. We encourage our business partners to adopt the best environmental and social practices. Products and services with environmentally friendly and socially responsible features will be given a higher technical score during our assessment process.

5.1 供應鏈管理

我們在營運中遵守適當的法律法規；堅持良好的道德、誠實及廉正為我們的核心理念。我們鼓勵業務夥伴採納最佳的環境及社會常規。在評估過程中，我們會給予環保及具備社會責任功效的產品及服務較高的技術分。

One of our major raw materials, eco-friendly fast-growing timber, is sourced from suppliers who support local farmers particularly in the Subei Region of the northern part of Jiangsu Province where our factories are located. Through these suppliers, we contribute our goodwill back to the local community.

我們的主要原材料之一經濟速生林木材乃自支持地方農戶，尤其是我們工廠所處江蘇省北部蘇北地區的農戶的供應商採購。透過該等供應商，我們返惠予地方社區。

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To maintain an outstanding internal control, the Group has developed a series of management systems and procedures to be aligned with the Corporate Governance required by the Hong Kong Stock Exchange. In addition, the Group encourages all business partners to develop energy-saving and consumption-reducing policy in line with our pursuit of sustainable development.

5.2 Corporate Policy of Anti-Corruption

The Group is committed to upholding a high standard of business ethics, developing a series of policy of anti-fraud, anti-bribery, anti-extortion and anti-money laundering with reference to the Prevention of Bribery Ordinance (Cap 201 of the laws of Hong Kong). The Group emphasizes the principle of “Commitment, Assurance of High Quality, Fair Deals and Faithfulness” such that all employees perform their duties with utmost level of good faith, determination and professionalism, and ensure that the reputation of the Group will not be tarnished because of misconduct and corruption behavior.

6. COMMUNITY INVESTMENT

The Group is committed to improving the society through continuous community involvement. We support the local community through different means including employee volunteering and personal donations. Both the Group and its employees have put their best effort in helping the local communities and people in need in the society.

為維持良好的內部控制，本集團已發展出一系列將符合香港聯交所企業管治規定的管理體系及程序。此外，本集團鼓勵所有業務夥伴訂定節能降耗政策，以符合我們實現可持續發展的願景。

5.2 企業反賄賂政策

本集團竭力秉持高度的商業道德，已參考香港法例第201章《防止賄賂條例》訂定一系列反欺詐、反賄賂、反勒索及反洗黑錢政策。本集團強調「承諾、保證高質素、公平交易及誠信」的原則，以便全體僱員以最真誠、堅定及專業的態度履行職責，確保本集團聲譽不會因瀆職及貪污行為而受損。

6. 社區投資

本集團致力透過持續的社區參與貢獻社會。本集團透過僱員志願服務及個人捐贈等不同方式支持地方社區。本集團及其僱員均盡全力幫助地方社區及社會上的有需要人群。

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7. SEHK ESG GUIDE CONTENT INDEX

7. 聯交所《環境、社會及管治報告指引》內容索引

Aspects, General Disclosures and KPIs 層面、一般披露及 關鍵績效指標

Description 描述

Relevant Section in ESG Report 環境、社會及管治報告中的相關章節

Remarks 備註

Aspect A1: Emissions
層面A1: 排放物

General Disclosure
一般披露

Information on:

- (a) the policies; and
- (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste

有關廢氣及溫室氣體排放、向水及土地的排污、有害及無害廢棄物的產生等的:

- (a) 政策;及
- (b) 遵守對發行人有重大影響的相關法律及規例的資料

Environmental Protection
環境保護

KPI A1.1
關鍵績效指標A1.1

Types of emissions and respective emissions data
排放物種類及相關排放數據

Environmental Protection
環境保護

KPI A1.2
關鍵績效指標A1.2

Greenhouse gas emissions in total and, where appropriate, intensity
溫室氣體總排放量及(如適用)密度

Environmental Protection
環境保護

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Aspects, General Disclosures and KPIs 層面、一般披露及關鍵績效指標	Description 描述	Relevant Section in ESG Report 環境、社會及管治報告中的相關章節	Remarks 備註
KPI A1.3 關鍵績效指標A1.3	Total hazardous waste produced and, where appropriate, intensity 所產生有害廢棄物總量及(如適用)密度	-	The Group has not identified any hazardous wastes that were produced by our core business 本集團尚未發現核心業務產生任何有害廢棄物
KPI A1.4 關鍵績效指標A1.4	Total non-hazardous waste produced and intensity 所產生無害廢棄物總量及密度	-	No significant non-hazardous wastes were produced by our core business 核心業務並不產生任何重大無害廢棄物
KPI A1.5 關鍵績效指標A1.5	Description of measures to mitigate emissions and results achieved 減低排放量的措施及所得成果的描述	Environmental Protection 環境保護	
KPI A1.6 關鍵績效指標A1.6	Description of how hazardous and non – hazardous wastes are handled, reduction initiatives and results achieved 處理有害及無害廢棄物的方法、減低產生量的措施及所得成果的描述	Environmental Protection 環境保護	
Aspect A2: Use of Resources 層面A2:資源使用			
General Disclosure 一般披露	Policies on efficient use of resources including energy, water and other raw materials 有效使用資源(包括能源、水及其他原材料)的政策	Environmental Protection 環境保護	

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Aspects, General Disclosures and KPIs 層面、一般披露及關鍵績效指標	Description 描述	Relevant Section in ESG Report 環境、社會及管治報告中的相關章節	Remarks 備註
KPI A2.1 關鍵績效指標A2.1	Direct and/or indirect energy consumption by type in total and intensity 按類型劃分的直接及／或間接能源總耗量及密度	Environmental Protection 環境保護	
KPI A2.2 關鍵績效指標A2.2	Water consumption in total and intensity 總耗水量及密度	Environmental Protection 環境保護	
KPI A2.3 關鍵績效指標A2.3	Description of energy use efficiency initiatives and results achieved 能源使用效益計劃及所得成果的描述	Environmental Protection 環境保護	
KPI A2.4 關鍵績效指標A2.4	Description of whether there is any issue in sourcing water, water efficiency initiatives and results achieved 求取適用水源上可有任何問題，以及提升用水效益計劃及所得成果的描述	-	The Group believes that our water consumption is mainly used for domestic purpose and no issues have been addressed at this moment 本集團認為，耗水量主要用於日常辦公室，且目前尚未發現任何問題。
KPI A2.5 關鍵績效指標A2.5	Total packaging material used for finished products, and if applicable, with reference to per unit produced 製成品所用包裝材料的總量及（如適用）每生產單位估量	-	Use of packaging material is not applicable to our core business 包裝材料的使用不適用於本集團核心業務
Aspect A3: The Environment and Natural Resources 層面A3:環境及天然資源			

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Aspects, General Disclosures and KPIs 層面、一般披露及關鍵績效指標	Description 描述	Relevant Section in ESG Report 環境、社會及管治報告中的相關章節	Remarks 備註
General Disclosure 一般披露	<p>Policies on minimizing the issuer's significant impact on the environment and natural resources</p> <p>減低發行人對環境及天然資源造成重大影響的政策</p>	Environmental Protection 環境保護	
KPI A3.1 關鍵績效指標A3.1	<p>Description of the significant impacts of activities on the environment and natural resources and actions taken to manage them</p> <p>業務活動對環境及天然資源的重大影響及已採取管理有關影響的行動的描述</p>	Environmental Protection 環境保護	
Aspect B1: Employment 層面B1:僱傭			
General Disclosure 一般披露	<p>Information on:</p> <p>(a) the policies; and</p> <p>(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare</p> <p>有關薪酬及解僱、招聘及晉升、工作時數、假期、平等機會、多元化、反歧視以及其他待遇及福利的:</p> <p>(a) 政策;及</p> <p>(b) 遵守對發行人有重大影響的相關法律及規例的資料</p>	Employment and Labour Practices 僱傭及勞工常規	

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環境、社會及管治報告

Aspects, General Disclosures and KPIs 層面、一般披露及關鍵績效指標	Description 描述	Relevant Section in ESG Report 環境、社會及管治報告中的相關章節	Remarks 備註
KPI B1.1 關鍵績效指標B1.1	Total workforce by gender, employment type, age group and geographical region 按性別、僱傭類型、年齡組別及地區劃分的僱員總數	–	Non-disclosure 不披露
KPI B1.2 關鍵績效指標B1.2	Employee turnover rate by gender, age group and geographical region 按性別、年齡組別及地區劃分的僱員流失比率	–	Non-disclosure 不披露
Aspect B2: Health and Safety 層面B2:健康與安全			
General Disclosure 一般披露	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards 有關提供安全工作環境及保障僱員避免職業性危害的:	Employment and Labour Practices 僱傭及勞工常規	
KPI B2.1 關鍵績效指標B2.1	Number and rate of work-related fatalities 因工作關係而死亡的人數及比率	–	No work-related fatalities occurred during the reporting period 於報告期內並無任何因工作關係而死亡的記錄。

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Aspects, General Disclosures and KPIs 層面、一般披露及關鍵績效指標	Description 描述	Relevant Section in ESG Report 環境、社會及管治報告中的相關章節	Remarks 備註
KPI B2.2 關鍵績效指標B2.2	Lost days due to work injury 因工傷損失工作日數	-	No lost days due to work injury were recorded during the reporting period 於報告期內並無因工傷而損失工作日數的記錄。
KPI B2.3 關鍵績效指標B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored 所採納的職業健康與安全措施, 以及相關執行及監察方法的描述	Employment and Labour Practices 僱傭及勞工常規	
Aspect B3: Development and Training 層面B3:發展及培訓			
General Disclosure 一般披露	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities 有關提升僱員履行工作職責的知識及技能的政策。描述培訓活動	Employment and Labour Practices 僱傭及勞工常規	
KPI B3.1 關鍵績效指標B3.1	The percentage of employees trained by gender and employee category 按性別及僱員類別劃分的受訓僱員百分比	-	Non-disclosure 不披露

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Aspects, General Disclosures and KPIs 層面、一般披露及關鍵績效指標	Description 描述	Relevant Section in ESG Report 環境、社會及管治報告中的相關章節	Remarks 備註
KPI B3.2 關鍵績效指標B3.2	The average training hours completed per employee by gender and employee category 按性別及僱員類別劃分,每名僱員完成受訓的平均時數	-	Non-disclosure 不披露
Aspect B4: Labour Standards 層面B4:勞工準則	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour 有關防止童工或強制勞工的: (a) 政策;及 (b) 遵守對發行人有重大影響的相關法律及規例的資料	Employment and Labour Practices 僱傭及勞工常規	No such incidents were reported during the reporting period 於匯報期內並無呈報有關事件。
KPI B4.1 關鍵績效指標B4.1	Description of measures to review employment practices to avoid child and forced labour 檢討招聘慣例的措施以避免童工及強制勞工的描述	Employment and Labour Practices 僱傭及勞工常規	No such incidents were reported during the reporting period 於匯報期內並無呈報有關事件。

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Aspects, General Disclosures and KPIs 層面、一般披露及關鍵績效指標	Description 描述	Relevant Section in ESG Report 環境、社會及管治報告中的相關章節	Remarks 備註
KPI B4.2 關鍵績效指標B4.2	Description of steps taken to eliminate child and forced labour practices when discovered 在發現違規情況時消除童工及強制勞工情況所採取的步驟的描述	-	No such incidents were reported during the reporting period 於匯報期內並無呈報有關事件。
Aspect B5: Supply Chain Management 層面B5:供應鏈管理	Policies on managing environmental and social risks of the supply chain 管理供應鏈的環境及社會風險政策	Operating Practices 營運慣例	134 suppliers, solely from China, were contracted for the core business during the reporting period 於匯報期內已與134名供應商(均來自中國)就核心業務訂約
General Disclosure 一般披露	Policies on managing environmental and social risks of the supply chain 管理供應鏈的環境及社會風險政策	Operating Practices 營運慣例	134 suppliers, solely from China, were contracted for the core business during the reporting period 於匯報期內已與134名供應商(均來自中國)就核心業務訂約
KPI B5.1 關鍵績效指標B5.1	Number of suppliers by geographical region 按地區劃分的供應商數目		134 suppliers, solely from China, were contracted for the core business during the reporting period 於匯報期內已與134名供應商(均來自中國)就核心業務訂約

Environmental, Social and Governance Report

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Aspects, General Disclosures and KPIs 層面、一般披露及關鍵績效指標	Description 描述	Relevant Section in ESG Report 環境、社會及管治報告中的相關章節	Remarks 備註
KPI B5.2 關鍵績效指標B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored 有關聘用供應商的慣例，向其執行有關慣例的供應商數目、以及有關慣例的執行及監察方法的描述	Operating Practices 營運慣例	
Aspect B6: Product Responsibility 層面B6:產品責任	<p>Information on:</p> <p>(a) the policies; and</p> <p>(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress</p> <p>有關所提供產品和服務的健康與安全、廣告、標籤及私隱事宜以及補救方法的:</p> <p>(a) 政策;及</p> <p>(b) 遵守對發行人有重大影響的相關法律及規例的資料</p>	Go-Green Business 「綠色先行」業務	

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Aspects, General Disclosures and KPIs 層面、一般披露及關鍵績效指標	Description 描述	Relevant Section in ESG Report 環境、社會及管治報告中的相關章節	Remarks 備註
KPI B6.1 關鍵績效指標B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons 已售或已運送產品總數中因安全與健康理由而須回收的百分比	-	Not identified as material aspect 不被定義為重大議題
KPI B6.2 關鍵績效指標B6.2	Number of products and service related complaints received and how they are dealt with 接獲關於產品及服務的投訴數目以及應對方法	-	Not identified as material aspect 不被定義為重大議題
KPI B6.3 關鍵績效指標B6.3	Description of practices relating to observing and protecting intellectual property rights 與維護及保障知識產權有關的慣例的描述	-	Not identified as material aspect 不被定義為重大議題
KPI B6.4 關鍵績效指標B6.4	Description of quality assurance process and recall procedures 質量檢定過程及產品回收程序的描述	-	Not identified as material aspect 不被定義為重大議題
KPI B6.5 關鍵績效指標B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored 消費者資料保障及私隱政策,以及相關執行及監察方法的描述	-	Not identified as material aspect 不被定義為重大議題
Aspect B7: Anti-corruption 層面B7:反貪污			

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Aspects, General Disclosures and KPIs 層面、一般披露及關鍵績效指標	Description 描述	Relevant Section in ESG Report 環境、社會及管治報告中的相關章節	Remarks 備註
General Disclosure 一般披露	<p>Information on:</p> <p>(a) the policies; and</p> <p>(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering</p> <p>有關防止賄賂、勒索、欺詐及洗黑錢的:</p> <p>(a) 政策;及</p> <p>(b) 遵守對發行人有重大影響的相關法律及規例的資料</p>	Operating Practices 營運慣例	
KPI B7.1 關鍵績效指標B7.1	<p>Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases</p> <p>於匯報期內對發行人或其僱員提出並已審結的貪污訴訟案件的數目及訴訟結果</p>	-	<p>No concluded legal cases regarding corruption practices were brought against the issuer or its employees during the reporting cases</p> <p>於匯報期內概無就賄賂行為而對發行人或其僱員提起最終法律案件。</p>
KPI B7.2 關鍵績效指標B7.2	<p>Description of preventive measures and whistle – blowing procedures, how they are implemented and monitored</p> <p>防範措施及舉報程序,以及相關執行及監察方法的描述</p>	Operating Practices 營運慣例	

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Aspects, General Disclosures and KPIs 層面、一般披露及關鍵績效指標	Description 描述	Relevant Section in ESG Report 環境、社會及管治報告中的相關章節	Remarks 備註
Aspect B8: Community Investment 層面B8:社區投資			
General Disclosure 一般披露	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities takes into consideration communities' interests 有關以社區參與來了解營運所在社區需要和確保其業務活動會考慮社區利益的政策	Community Investment 社區投資	
KPI B8.1 關鍵績效指標B8.1	Focus areas of contribution 專注貢獻範疇	-	Non-disclosure 不披露
KPI B8.2 關鍵績效指標B8.2	Resources contributed to the focus areas 在專注範疇所動用資源	-	Non-disclosure 不披露

Independent Auditor's Report

獨立核數師報告



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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PAN ASIA ENVIRONMENTAL PROTECTION GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Pan Asia Environmental Protection Group Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") set out on pages 78 to 215, 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, the consolidated statement of changes in equity and the 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.

致泛亞環保集團有限公司全體股東之 獨立核數師報告

(於開曼群島註冊成立之有限公司)

意見

本核數師已審核第78至215頁所載泛亞環保集團有限公司(「貴公司」)及其附屬公司(以下統稱「貴集團」)之綜合財務報表，包括二零一六年十二月三十一日之綜合財務狀況表及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。

本核數師認為，綜合財務報表已根據香港會計師公會頒佈之香港財務報告準則真實而中肯地反映了貴集團於二零一六年十二月三十一日之綜合財務狀況及其截至該日止年度之綜合財務表現及綜合現金流量，並已遵照香港公司條例之披露規定妥為編製。

意見基準

本核數師之審核工作按照香港會計師公會頒佈之香港審計準則(「香港審計準則」)進行。本核數師就該等準則承擔的責任在本報告「核數師審核綜合財務報表之責任」部分中進一步闡述。根據香港會計師公會的專業會計師道德守則(「守則」)，本核數師獨立於貴集團，並已履行守則中的其他職業道德責任。本核數師相信，本核數師所獲得的審核憑證能充足及適當地為本核數師的意見提供基礎。

Independent Auditor's Report

獨立核數師報告

KEY AUDIT MATTERS

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

We have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

關鍵審核事項

關鍵審核事項為本核數師之專業判斷中，審核本期綜合財務報表中最重要的事項。該等事項於本核數師審核整體綜合財務報表及出具意見時進行處理。本核數師不會對該等事項提供單獨意見。就下文各事項而言，有關吾等審核時處理此等事項的描述僅適用於此等情況。

本核數師已履行本報告「核數師審核綜合財務報表之責任」一節所述之責任，包括有關該等事項之責任。因此，本核數師的審核包括程序的執行，該等程序乃為應對本核數師對綜合財務報表重大錯誤陳述風險的評估而設計。本核數師的審核程序結果（包括為處理以下事項而執行的程序）為本核數師就隨附綜合財務報表的審核意見提供了基礎。

Independent Auditor's Report

獨立核數師報告

Valuation of the Group's inventories

貴集團的存貨估值

Refer to notes 2(h) and 39(a) to the consolidated financial statements for the directors' disclosures of the related accounting policies, judgement and estimates and note 19 to the consolidated financial statements for further information.

董事就有關會計政策、判斷及估計的披露請參閱綜合財務報表附註2(h)及39(a)，進一步資料請參閱綜合財務報表附註19。

Key Audit Matter

關鍵審核事項

The carrying amount of the Group's inventories was approximately RMB197,984,000 as at 31 December 2016.

Management determined the net realisable value of the inventories by using the estimated selling prices in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale, which involved significant estimates and assumptions.

The determination of the basis of write down is a significant judgement based on historical experience of stock losses and expected future sales prices.

於二零一六年十二月三十一日，本集團存貨之賬面值約人民幣197,984,000元。

管理層使用日常業務過程中之估計售價減估計完成之成本及進行銷售所需之估計成本（涉及大量估計及假設）釐定存貨之可變現淨值。

撇減基準的釐定乃基於存貨虧損之過往經驗及預期未來售價的重大判斷。

How our audit addressed the Key Audit Matter

本核數師的審核如何處理關鍵審核事項

Our procedures in relation to management's assessment of the valuation of the Group's inventories included, among others, the followings:

- Obtaining an understanding of how management estimated the net realisable value of inventories and evaluating the historical accuracy of the allowance estimation by management;
- Discussing with management and assessing the basis of the management's estimation of subsequent selling prices, costs to completion and costs necessary to make the sales;

本核數師就管理層對貴集團存貨估值的評估執行的程序包括（其中包括）：

- 瞭解管理層如何估計存貨可變現淨值並評估管理層撥備估計的過往準確性；
- 與管理層討論並評估管理層估計後續售價、完成之成本及進行銷售所需之成本的基準；

Valuation of the Group's inventories (Continued) 貴集團的存貨估值(續)

Key Audit Matter 關鍵審核事項

The Group carried out the inventory review as at 31 December 2016 and concluded that no allowance for write down or write off of inventories was provided during the year ended 31 December 2016.

Based on the management's determination of the net realisable value of the inventories, the management concluded that the valuation of the Group's inventories was appropriate as at 31 December 2016.

貴集團於二零一六年十二月三十一日進行存貨檢討，並認為截至二零一六年十二月三十一日止年度並無就撇減或撇銷存貨計提撥備。

根據管理層釐定的存貨可變現淨值，管理層認為，於二零一六年十二月三十一日，貴集團的存貨估值屬適當。

How our audit addressed the Key Audit Matter

本核數師的審核如何處理關鍵審核事項

- Assessing the methodology and assumptions used in the calculation of the net realisable value of the inventories; and recalculating the allowance for write down or write off of inventories;
- Checking, on a sample basis, the accuracy and relevance of the selling prices of the inventories subsequent to year-end, the costs to completion and the costs necessary to make the sales; and
- Assessing the sufficiency of allowance where the estimated net realisable value was lower than the cost as at 31 December 2016.
- 評估計算存貨可變現淨值採用的方法及假設；及重新計算撇減或撇銷存貨的撥備；
- 運用抽樣基準，檢查年末後存貨售價、完成之成本及進行銷售所需之成本的準確性及相關性；及
- 倘估計可變現淨值低於二零一六年十二月三十一日之成本，評估撥備是否充足。

Independent Auditor's Report

獨立核數師報告

Impairment of the Group's trade and other receivables

貴集團應收貿易及其他款項減值

Refer to notes 2(g), 2(j) and 39(a) to the consolidated financial statements for the directors' disclosures of the related accounting policies, judgements and estimates and note 20 to the consolidated financial statements for further information.

董事就有關會計政策、判斷及估計的披露請參閱綜合財務報表附註2(g)、2(j)及39(a)，進一步資料請參閱綜合財務報表附註20。

Key Audit Matter

關鍵審核事項

The carrying amount of the Group's trade and other receivables (including current and non-current portions) was approximately RMB926,860,000 as at 31 December 2016.

The impairment of trade and other receivables is estimated by the management through the application of judgment and use of assumptions. The Group's policy for recognition of impairment on trade and other receivables is based on the evaluation of collectibility, ageing analysis of accounts and on management's judgement. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each debtor.

The Group performed the impairment assessment on trade and other receivables as at 31 December 2016 and provided impairment loss on trade receivables and other receivables amounting to approximately RMB47,131,000 and RMB4,911,000, respectively, during the year ended 31 December 2016. The Group also reversed impairment loss on trade receivables and other receivables amounting to approximately RMB130,000 and RMB90,000, respectively, during the year ended 31 December 2016.

於二零一六年十二月三十一日，貴集團之應收貿易及其他款項（包括流動及非流動部份）賬面值約為人民幣926,860,000元。

管理層通過應用判斷及假設計估計應收貿易及其他款項減值。貴集團應收貿易及其他款項減值確認的政策乃基於可收回性評估、賬目賬齡分析及管理層判斷。評估該等應收款項的最終變現需要大量判斷，包括各債務人的現時信譽及過往收回歷史。

貴集團對二零一六年十二月三十一日之應收貿易及其他款項進行減值評估，並於二零一六年十二月三十一日止年度對應收貿易及其他款項減值虧損分別計提撥備約人民幣47,131,000元及人民幣4,911,000元。截至二零一六年十二月三十一日止年度，貴集團亦分別就應收貿易及其他款項回撥減值虧損約人民幣130,000元及人民幣90,000元。

How our audit addressed the Key Audit Matter

本核數師的審核如何處理關鍵審核事項

Our procedures in relation to management's impairment assessment on the Group's trade and other receivables included, among others, the followings:

- Obtaining an understanding of how management estimated the impairment loss on trade and other receivables and evaluating the historical accuracy of the allowance estimation by management;
- Reviewing the ageing analysis of trade and other receivables throughout the year to understand the settlement patterns by the debtors;

本核數師就管理層對貴集團應收貿易及其他款項的減值評估執行的程序包括（其中包括）：

- 瞭解管理層如何估計應收貿易及其他款項減值虧損，並評估管理層撥備估計的過往準確性；
- 檢討整個年度之應收貿易及其他款項賬齡分析，以瞭解債務人的清償模式；

Impairment of the Group's trade and other receivables (Continued)

貴集團應收貿易及其他款項減值(續)

Key Audit Matter **關鍵審核事項**

Based on the management's assessment on the impairment of trade and other receivables, the management concluded that the impairment loss on trade and other receivables was adequate as at 31 December 2016.

根據管理層對應收貿易及其他款項減值的評估，管理層認為，於二零一六年十二月三十一日之應收貿易及其他款項減值虧損屬適當。

How our audit addressed the Key Audit Matter **本核數師的審核如何處理關鍵審核事項**

- Testing the key controls of the Group relating to preparation of the ageing analysis of trade and other receivables and carrying out testing on the ageing analysis, on a sample basis, to the source documents;
- Assessing the basis of management's assessment of recoverability of trade and other receivables with reference to the management's evaluation of debtors' creditworthiness, debtors' credit history including default or delay in payments, debtors' settlement records, subsequent settlements from debtors and ageing analysis of each individual debtor; and
- Recalculating the amount of impairment loss on trade and other receivables and assessing the sufficiency of the allowances as at 31 December 2016.
- 測試 貴集團有關編製應收貿易及其他款項賬齡分析的監控及運用抽樣基準對原文檔進行賬齡分析測試；
- 參照管理層對債務人信譽、債務人信貸歷史(包括違約或延期付款)、債務人結付記錄、債務人隨後之結付及各個人債務人賬齡分析評估管理層對應收貿易及其他款項可收回性的評估基準；及
- 重新計算應收貿易及其他款項減值虧損金額，及評估二零一六年十二月三十一日的撥備是否充足。

Independent Auditor's Report

獨立核數師報告

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises 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 consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS 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 issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors of the Company 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 of the Company 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就此發出的核數師報告。

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

就本核數師審核綜合財務報表而言，本核數師的責任是閱讀其他資料，在此過程中，考慮其他資料是否與綜合財務報表或本核數師在審核過程中所瞭解的情況有重大不一致，或似乎有重大錯誤陳述。基於本核數師已執行的工作，倘本核數師認為其他資料有重大錯誤陳述，本核數師需要報告該事實。本核數師就此並無任何事項須報告。

董事及管治層編製綜合財務報表之責任

貴公司董事須遵照香港會計師公會頒佈之香港財務報告準則及香港公司條例之披露規定，負責編製真實公平的綜合財務報表以及董事認為需要之有關內部監控，以確保綜合財務報表之編製並不存在由於欺詐或錯誤而導致的重大錯誤陳述。

於編製綜合財務報表時，貴公司董事負責評估貴集團根據持續經營基準經營的能力，披露（倘適用）有關持續經營的事項及採用持續經營會計基準，惟貴公司董事擬清算貴集團或終止營運或除此之外並無其他實際選擇除外。

管治層負責監督貴集團的財務報告程序。

Independent Auditor's Report

獨立核數師報告

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion 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 judgement and maintain professional scepticism throughout the audit. We also:

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

核數師審核綜合財務報表之責任

本核數師的目標是對綜合財務報表是否存在由於欺詐或錯誤而導致的任何重大錯誤陳述取得合理保證，並出具包括本核數師意見的核數師報告。本核數師僅向閣下（作為整體）按照協定的委聘條款報告，除此之外本報告別無其他目的。本核數師不會就本報告的內容向任何其他人士負責或承擔任何責任。合理保證是高水平的保證，但不能保證按香港審計準則進行的審核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，若合理預期彼等個別或共同可能影響綜合財務報表使用者所作出的經濟決策，則有關錯誤陳述可被視作重大。

作為根據香港審計準則進行審核的一部份，本核數師運用了專業判斷，保持了職業懷疑態度。本核數師亦：

- 識別及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，設計及執行審核程序以應對該等風險，以及取得充足和適當的審核憑證，作為本核數師意見的基準。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較因錯誤而導致的重大錯誤陳述的風險為高。
- 瞭解與審核相關的內部控制，以設計情形適當的審核程序，但目的並非為對貴集團內部控制的有效性發表意見。
- 評估董事所採用會計政策的適當性及作出會計估計和相關披露的合理性。

Independent Auditor's Report

獨立核數師報告

- 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適當性作出結論。根據所得的審核憑證，決定是否存在與事件或情況有關的重大不確定性，而可能對貴集團根據持續經營基準經營的能力構成重大疑慮。倘本核數師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垂注綜合財務報表中的相關披露資料。若有關披露資料不足，則本核數師須修改意見。本核數師的結論乃基於截至核數師報告日止所取得的審核憑證。然而，未來事件或情況可能導致貴集團不能根據持續經營基準經營。
- 評估綜合財務報表的整體呈報方式、結構及內容，包括披露資料，以及綜合財務報表是否公允地反映有關交易及事項。
- 就集團中實體或業務活動的財務資料獲取充分、適當的審核憑證，以對綜合財務報表發表意見。本核數師負責指導、監督及執行集團審核。本核數師對審核意見承擔全部責任。

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.

本核數師與管治層溝通了(其中包括)計劃的審核範圍、審核時間及重大審核發現，包括本核數師在審核期間識別出內部控制的任何重大缺陷。

本核數師亦向管治層提交聲明，說明本核數師已符合有關獨立性的相關職業道德要求，並與彼等溝通所有合理地被認為會影響本核數師獨立性的關係及其他事項，以及相關的防範措施(倘適用)。

Independent Auditor's Report 獨立核數師報告

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.

The engagement director on the audit resulting in this independent auditor's report is Chan Yuk Tong.

從與管治層溝通的事項中，本核數師確定對本期綜合財務報表的審核最為重要的事項，因而構成關鍵審核事項。本核數師會在核數師報告中描述該等事項，除非法律法規不允許對某個事項作出公開披露，或在極端罕見的情況下，若有合理預期在本核數師報告中溝通某事項而造成的負面後果將會超過其產生的公眾利益，本核數師將不會在此等情況下在報告中溝通該事項。

本獨立核數師報告的審核項目合夥人是陳育棠。

Ascenda Cachet CPA Limited
Certified Public Accountants
Hong Kong, 30 March 2017

Chan Yuk Tong
Practising Certificate Number P03723

天健德揚會計師事務所有限公司
執業會計師
香港，二零一七年三月三十日

陳育棠
執業證書編號P03723

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
截至二零一六年十二月三十一日止年度

		Note 附註	2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
Continuing operations:	持續經營業務：			
Revenue	收入	4	814,346	1,068,593
Cost of sales and services rendered	銷售及提供服務成本		(597,153)	(823,354)
Gross profit	毛利		217,193	245,239
Other income	其他收益	4	17,457	18,089
Other net loss	其他淨虧損	4	(4,633)	(905)
Selling and distribution expenses	銷售及分銷開支		(38,724)	(62,805)
General and administrative expenses	一般及行政開支		(40,583)	(44,797)
Other operating expenses	其他經營開支		(54,797)	(55,528)
Profit before taxation	除稅前溢利	6	95,913	99,293
Income tax expenses	所得稅開支	8(a)	(20,470)	(32,472)
Profit for the year from continuing operations	年內來自持續經營業務之溢利		75,443	66,821
Discontinued operations:	已終止經營業務：			
Profit for the year from discontinued operations	年內來自已終止經營業務之溢利	7	-	1,996
Profit for the year	年內溢利		75,443	68,817
Other comprehensive (loss)/income for the year (after tax and reclassification adjustments)	年內其他全面(虧損)/收益(稅後及經重新分類調整)			
<i>Item that will not be reclassified to profit or loss:</i>	<i>將不會重新分類至損益之項目：</i>			
- Exchange differences on translation of financial statements to presentation currency	- 換算財務報表至呈列貨幣產生之匯兌差額		(583)	167
Total comprehensive income for the year	年內全面收益總額		74,860	68,984

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
截至二零一六年十二月三十一日止年度

	Note 附註	2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
Profit for the year attributable to owners of the Company arises from:	本公司擁有人應佔來自以下各項之年內溢利：		
- Continuing operations	- 持續經營業務	75,443	66,821
- Discontinued operations	- 已終止經營業務	-	3,039
		75,443	69,860
Loss for the year attributable to non-controlling interests arises from:	非控股權益應佔來自以下各項之年內虧損：		
- Continuing operations	- 持續經營業務	-	-
- Discontinued operations	- 已終止經營業務	-	(1,043)
		-	(1,043)
		75,443	68,817
Total comprehensive income/(loss) for the year attributable to:	以下人士應佔年內全面收益／(虧損)總額：		
- Owners of the Company	- 本公司擁有人	74,860	70,027
- Non-controlling interests	- 非控股權益	-	(1,043)
		74,860	68,984
		RMB cents 人民幣分	RMB cents 人民幣分
EARNINGS PER SHARE	每股盈利		
Basic earnings per share	每股基本盈利		
- From continuing operations	- 來自持續經營業務	8.98	7.96
- From discontinued operations	- 來自已終止經營業務	-	0.36
		8.98	8.32
Diluted earnings per share	每股攤薄盈利		
- From continuing operations	- 來自持續經營業務	8.86	7.83
- From discontinued operations	- 來自已終止經營業務	-	0.36
		8.86	8.19

The notes on pages 84 to 215 form part of these financial statements.

第84頁至第215頁之附註屬本財務報表之一部份。

Consolidated Statement of Financial Position

綜合財務狀況表

As at 31 December 2016
於二零一六年十二月三十一日

	Note 附註	2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
NON-CURRENT ASSETS			
Prepaid lease payments	14	50,958	52,146
Property, plant and equipment	15	399,098	428,836
Available-for-sale financial asset	16	-	-
Prepayments for consultation, marketing and promotional services	17	43,700	83,300
Trade receivables with extended credit terms	20	17,876	112,744
Deferred tax assets	27(b)	1,328	6,192
		512,960	683,218
CURRENT ASSETS			
Prepaid lease payments	14	1,191	1,194
Inventories	19	197,984	238,605
Trade and other receivables	20	908,984	606,979
Pledged bank deposits	33	6,543	6,543
Tax recoverable	27(a)	74,796	50,004
Cash and bank balances	22	349,740	275,964
		1,539,238	1,179,289
CURRENT LIABILITIES			
Trade and other payables	23	270,844	187,553
Deposits received and receipts in advance		365,656	331,329
Tax payable	27(a)	10,888	10,888
		647,388	529,770
NET CURRENT ASSETS		891,850	649,519
TOTAL ASSETS LESS CURRENT LIABILITIES		1,404,810	1,332,737
NON-CURRENT LIABILITIES			
Deferred tax liabilities	27(b)	(21,976)	(24,105)
Deferred government grants	28	(3,393)	(4,051)
		(25,369)	(28,156)
NET ASSETS		1,379,441	1,304,581
CAPITAL AND RESERVES			
Share capital	29	78,073	78,073
Reserves	30	1,301,368	1,226,508
TOTAL EQUITY		1,379,441	1,304,581
		1,379,441	1,304,581

The consolidated financial statements on pages 78 to 215 were approved and authorised for issue by the board of directors on 30 March 2017 and are signed on its behalf by:

經董事會於二零一七年三月三十日批准及授權刊發第78頁至第215頁之綜合財務報表並由下列董事代表簽署：

Jiang Quanlong
Director

蔣泉龍
董事

Jiang Xin
Director

蔣鑫
董事

The notes on pages 84 to 215 form part of these financial statements.

第84頁至第215頁之附註屬本財務報表之一部份。

Consolidated Statement of Changes in Equity

綜合權益變動表

For the year ended 31 December 2016
截至二零一六年十二月三十一日止年度

		Attributable to owners of the Company 本公司擁有人應佔											
		Share capital	Share premium	Special reserve	Capital reserve	Enterprise expansion reserve	Statutory surplus reserve	Translation reserve	Share option reserve	Retained profits	Subtotal	Non-controlling interests	Total equity
		股本	股份溢價	特別儲備	股本儲備	擴展儲備	盈餘儲備	匯兌儲備	購股權儲備	保留溢利	小計	非控股權益	權益總額
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
		(Note 29)	(Note 30(i))	(Note 30(ii))	(Note 30(iii))	(Note 30(iv))	(Note 30(v))	(Note 30(vi))	(Note 30(vii))	(Note 30(viii))	(Note 30(ix))	(Note 30(x))	(Note 30(xi))
		(附註29)	(附註30(i))	(附註30(ii))	(附註30(iii))	(附註30(iv))	(附註30(v))	(附註30(vi))	(附註30(vii))	(附註30(viii))	(附註30(ix))	(附註30(x))	(附註30(xi))
As at 1 January 2015	於二零一五年一月一日	78,073	466,844	94,225	133	52,454	61,727	(8,661)	17,592	485,928	1,248,315	(8,298)	1,240,017
Profit/(loss) for the year	年內溢利/(虧損)	-	-	-	-	-	-	-	-	69,860	69,860	(1,043)	68,817
Other comprehensive income	其他全面收益	-	-	-	-	-	-	-	-	-	-	-	-
- Exchange differences on translation of financial statements to presentation currency	- 換算財務報表至呈列貨幣產生之匯兌差額	-	-	-	-	-	-	167	-	-	167	-	167
Total comprehensive income for the year	年內全面收益總額	-	-	-	-	-	-	167	-	69,860	70,027	(1,043)	68,984
Dividends paid (Note 12(b))	已付股息(附註12(b))	-	-	-	-	-	-	-	-	(13,761)	(13,761)	-	(13,761)
Transfer to reserves	轉撥至儲備	-	-	-	-	8,865	8,865	-	-	(17,730)	-	-	-
Disposal of subsidiaries (Note 40)	出售附屬公司(附註40)	-	-	-	(133)	-	-	-	-	133	-	9,341	9,341
As at 31 December 2015 and 1 January 2016	於二零一五年十二月三十一日及二零一六年一月一日	78,073	466,844	94,225	-	61,319	70,592	(8,494)	17,592	524,430	1,304,581	-	1,304,581
Profit for the year	年內溢利	-	-	-	-	-	-	-	-	75,443	75,443	-	75,443
Other comprehensive loss	其他全面虧損	-	-	-	-	-	-	-	-	-	-	-	-
- Exchange differences on translation of financial statements to presentation currency	- 換算財務報表至呈列貨幣產生之匯兌差額	-	-	-	-	-	-	(583)	-	-	(583)	-	(583)
Total comprehensive income for the year	年內全面收益總額	-	-	-	-	-	-	(583)	-	75,443	74,860	-	74,860
Transfer to retained profits upon lapse of share options	於購股權失效後轉撥至保留溢利	-	-	-	-	-	-	-	(2,332)	2,332	-	-	-
Transfer to reserves	轉撥至儲備	-	-	-	-	7,788	7,788	-	-	(15,576)	-	-	-
As at 31 December 2016	於二零一六年十二月三十一日	78,073	466,844	94,225	-	69,107	78,380	(9,077)	15,260	586,629	1,379,441	-	1,379,441

The notes on pages 84 to 215 form part of these financial statements.

第84頁至第215頁之附註屬本財務報表之一部份。

Consolidated Statement of Cash Flows

綜合現金流量表

For the year ended 31 December 2016
截至二零一六年十二月三十一日止年度

	Notes 附註	2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
Operating activities	經營活動		
Profit for the year	年內溢利	75,443	68,817
Adjustments for:	調整：		
Amortisation of prepaid lease payments	攤銷預付租賃款項	1,191	1,194
Depreciation of property, plant and equipment	物業、廠房及設備 之折舊	26,215	27,292
Gain on disposal of subsidiaries	出售附屬公司之收益	-	(5,150)
Loss on disposals of property, plant and equipment	出售物業、廠房及設備 之虧損	3,831	-
Government grants	政府補助	(658)	(936)
Impairment loss on trade receivables	應收貿易款項之減值虧損	47,131	23,116
Impairment loss on other receivables	其他應收款項之減值虧損	4,911	2,784
Impairment loss on available-for-sale financial asset	可供出售金融資產之 減值虧損	-	9,000
Income tax	所得稅	20,470	32,479
Interest expenses	利息開支	-	666
Interest income	利息收入	(1,223)	(1,519)
Gain on early settlement of trade receivables with extended credit terms	提早結付獲延長信貸期之 應收貿易款項之增益	(5,004)	-
Imputed interest on trade receivables with extended credit terms	獲延長信貸期之應收貿易 款項之估算利息	(10,249)	(3,947)
Reversal of impairment loss on trade receivables	應收貿易款項之減值 虧損撥回	(130)	(11,590)
Reversal of impairment loss on other receivables	其他應收款項之減值 虧損撥回	(90)	(380)
		161,838	141,826
Changes in working capital	營運資金變動		
Decrease/(increase) in inventories	存貨減少/(增加)	40,621	(77,262)
Increase in trade receivables with normal credit terms	正常信貸期之應收貿易 款項增加	(262,453)	(206,226)
Decrease/(increase) in trade receivables with extended credit terms	獲延長信貸期之應收貿易 款項減少/(增加)	136,301	(212,387)
Increase in other receivables	其他應收款項增加	(120,349)	(45,283)
Decrease in prepayments for consultation, marketing and promotional services	諮詢、市場推廣及宣傳 服務預付款減少	42,457	90,743
Increase in trade and other payables	應付貿易及其他款項增加	82,598	66,086
Increase in deposits received and receipts in advance	已收按金及預收款增加	34,327	226,709

Consolidated Statement of Cash Flows

綜合現金流量表

For the year ended 31 December 2016
截至二零一六年十二月三十一日止年度

			2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
Cash generated from/(used in) operations	經營業務產生/(所用)之現金		115,340	(15,794)
PRC Enterprises Income Tax paid	已付中國企業所得稅	27(a)	(42,527)	(62,771)
Net cash generated from/(used in) operating activities	經營活動產生/(所用)之現金淨額		72,813	(78,565)
Investing activities	投資活動			
Interest received	已收利息		1,223	1,519
Net cash outflows from disposal of subsidiaries	出售附屬公司之現金流出淨額	40	-	(873)
Dividends paid	已付股息	12(b)	-	(13,761)
Payments for acquisition of property, plant and equipment	購買物業、廠房及設備付款		(288)	(6,353)
Proceeds from government grants	政府補助所得款項		-	278
Net cash generated from/(used in) investing activities	投資活動產生/(所用)之現金淨額		935	(19,190)
Financing activities	融資活動			
Interest paid	已付利息		-	(666)
Repayment of short-term bank loan	償還短期銀行貸款		-	(5,000)
Net cash used in financing activities	融資活動所用之現金淨額		-	(5,666)
Net increase/(decrease) in cash and cash equivalents	現金及等同現金項目增加/(減少)淨額		73,748	(103,421)
Cash and cash equivalents at beginning of the year	年初之現金及等同現金項目		275,964	379,236
Effect of foreign exchange rate changes, net	外匯匯率變動之影響淨額		28	149
Cash and cash equivalents at end of the year	年終之現金及等同現金項目		349,740	275,964
Analysis of the balance of cash and cash equivalents	現金及等同現金項目結存分析			
Cash and bank balances	現金及銀行結餘	22	349,740	275,964

The notes on pages 84 to 215 form part of these financial statements.

第84頁至第215頁之附註屬本財務報表之一部份。

Notes to the Financial Statements

財務報表附註

For the year ended 31 December 2016
截至二零一六年十二月三十一日止年度

1. GENERAL INFORMATION

Pan Asia Environmental Protection Group Limited (the “Company”) was incorporated as an exempted company and registered in the Cayman Islands with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The addresses of the registered office and principal place of business of the Company are disclosed in the “Corporate Information” section to the annual report.

The Company and its subsidiaries (together the “Group”) are principally engaged in the sales of environmental protection (“EP”) products and equipment, undertaking of EP construction engineering projects, and manufacture and sales of EP construction materials in the People's Republic of China (the “PRC”), and investment holding.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance (“CO”). These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”). Significant accounting policies adopted by the Group are disclosed below.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

1. 一般資料

泛亞環保集團有限公司（「本公司」）於開曼群島註冊成立為一間獲豁免有限公司，其股份於香港聯合交易所有限公司（「聯交所」）上市。本公司之註冊辦事處及主要營業地點地址披露於年報「公司資料」一節。

本公司及其附屬公司（統稱「本集團」）主要在中華人民共和國（「中國」）從事環保（「環保」）產品及設備之銷售、承接環保建設工程項目，以及製造及銷售環保建築材料以及投資控股。

2. 主要會計政策

a) 守規聲明

此等財務報表已根據香港會計師公會（「香港會計師公會」）頒佈之所有適用香港財務報告準則（「香港財務報告準則」）（此乃包括所有適用之個別香港財務報告準則、香港會計準則（「香港會計準則」）及詮釋之統稱）、香港普遍採納會計原則及香港公司條例（「公司條例」）之披露規定而編製。此等財務報表亦遵守聯交所證券上市規則（「上市規則」）之適用披露規定。本集團採納之主要會計政策披露如下。

香港會計師公會已頒佈若干新訂及經修訂香港財務報告準則，均於本集團之本會計期間首次生效或可供提早採納。附註3提供了有關首次應用該等發展而導致的本財務報表內所反映的本集團於本會計期間及過往會計期間的任何會計政策變動的資料。

Notes to the Financial Statements

財務報表附註

For the year ended 31 December 2016
截至二零一六年十二月三十一日止年度

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2016 comprise the Company and its subsidiaries.

The measurement basis used in the preparation of the financial statements is the historical cost basis except for certain financial instruments, which are stated at their fair value as explained in the accounting policies set out below.

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about the carrying amounts of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of HKFRSs that have a significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 39.

2. 主要會計政策 (續)

b) 財務報表之編製基準

截至二零一六年十二月三十一日止年度綜合財務報表包括本公司及其附屬公司之財務報表。

財務報表之編製乃以歷史成本作計量基準，惟若干金融工具以公平值計量除外（見下文會計政策所闡釋）。

編製符合香港財務報告準則之財務報表，管理層需作出判斷、估計和假設，該等判斷、估計及假設對會計政策之應用以及所呈報資產、負債、收入和支出之金額構成影響。該等估計及有關假設乃根據過往經驗及被認為在該情況下屬合理之多項其他因素而作出，其結果便成為判斷資產及負債賬面值之基礎，而該賬面值顯然無法從其他來源取得。實際結果可能有別於該等估計。

該等估計及相關假設會按持續基準進行檢討。對會計估計進行修訂時，倘修訂僅影響該期間，則修訂會於修訂估計之期間確認；或倘有關修訂同時影響即期及未來期間，則會於修訂期間及未來期間確認。

管理層在應用對本財務報表構成重大影響之香港財務報告準則時所作出之判斷，以及估計不確定性之主要來源，將在附註39內討論。

Notes to the Financial Statements

財務報表附註

For the year ended 31 December 2016
截至二零一六年十二月三十一日止年度

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the owners of the Company. Loans from holders of non-controlling interests and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position.

2. 主要會計政策 (續)

c) 附屬公司及非控制權益

附屬公司指受本集團控制之實體。當本集團承受或享有由參與實體所得不定回報時，且有能透過其對實體之權力影響該等回報時，則本集團控制該實體。於評估控制權時，惟本集團及其他人士持有之實質性權利計算在內。

於附屬公司之投資將由控制權開始至控制權終止之期間計入綜合財務報表。集團內部往來之餘額與交易以及由集團內部交易產生之任何未變現溢利，均在編製綜合財務報表時全數抵銷。集團內部交易所產生之未變現虧損，其抵銷方法與以抵銷未變現收益之方法相同，但抵銷額只限於沒有證據顯示已出現減值之部份。

非控股權益指並非本公司直接或間接應佔附屬公司之權益。就該等權益，本集團並未與該等權益持有人協定任何額外條款，使本集團整體就該等權益而負上符合金融負債定義之合約責任。

非控股權益在綜合財務狀況表內列入權益，但與本公司擁有人應佔權益分開列示。非控股權益於本集團業績中所佔之權益，在綜合損益及其他全面收益表內以非控股權益與本公司擁有人各佔本年度損益總額及全面收益總額之方式列示。非控股權益持有人之貸款及其他有關該等持有人之合約責任，於綜合財務狀況表列為金融負債。

Notes to the Financial Statements

財務報表附註

For the year ended 31 December 2016
截至二零一六年十二月三十一日止年度

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Subsidiaries and non-controlling interests (Continued)

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset, or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 2(g)), unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

d) Other investments in equity securities

The Group's policies for investments in equity securities, other than investments in subsidiaries, are as follows:

Investments in equity securities are initially stated at fair value, which is their transaction price unless it is determined that the fair value at initial recognition differs from the transaction price and that fair value is evidenced by a quoted price in an active market for an identical asset or liability or based on a valuation technique that uses only data from observable markets. Cost includes attributable transaction costs, except where indicated otherwise below. These investments are subsequently accounted for as follows, depending on their classification.

2. 主要會計政策 (續)

c) 附屬公司及非控制權益 (續)

本集團於一間附屬公司之權益變動(並無導致失去控制權)列作權益交易,並對合併權益中的控股及非控股權益金額作出調整,以反映有關權益的變動,惟概無對商譽作出任何調整及並無確認任何損益。

倘本集團失去一間附屬公司的控制權,將列作出售其於該附屬公司的全部權益,因此產生的收益或虧損於損益中確認。於失去控制權當日仍保留於前附屬公司的任何權益乃按公平值確認,而該款項將視為於初步確認金融資產時或(如適用)就於聯營公司或合營企業之投資進行初步確認時之成本之公平值。

在本公司財務狀況表中,附屬公司之投資以成本減任何減值虧損列賬(見附註2(g)),除非該投資被列為持作銷售(或計入分類為持作出售之出售組別)。

d) 其他股本證券投資

本集團之股本證券投資(除附屬公司投資外)政策如下:

股本證券投資初步按公平值(即其交易價格)列賬;但如可根據一項變數只包括可觀察市場數據之估值方法更可靠地估計出公平值則除外。成本包括應佔交易成本;惟下文所述者除外。此等投資其後因應所屬分類入賬如下。

Notes to the Financial Statements

財務報表附註

For the year ended 31 December 2016
截至二零一六年十二月三十一日止年度

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) Other investments in equity securities (Continued)

Investments in securities held for trading are classified as current assets. Any attributable transaction costs are recognised in profit or loss as incurred. At the end of each reporting period the fair value is remeasured, with any resultant gain or loss being recognised in profit or loss. The net gain or loss recognised in profit or loss does not include any dividends or interest earned on these investments as these are recognised in accordance with the policies set out in notes 2(s)(v) and 2(s)(iv).

Investments in securities which do not fall into securities held for trading or held-to-maturity securities are classified as available-for-sale financial assets. At the end of each reporting period, the fair value is remeasured with any resultant gain or loss being recognised in other comprehensive income and accumulated separately in equity in the fair value reserve. As an exception to this, investments in equity securities that do not have a quoted price in an active market for an identical instrument and whose fair value cannot be reliably measured are recognised in the statement of financial position at cost less impairment losses (see note 2(g)). Dividend income from equity securities is recognised in profit or loss in accordance with the policy set out in note 2(s)(v).

When the investments are derecognised or impaired, the cumulative gain or loss recognised in equity is reclassified to profit or loss. Investments are recognised/derecognised on the date the Group commits to purchase/sell the investments or they expire.

2. 主要會計政策 (續)

d) 其他股本證券投資 (續)

持作貿易用途之證券投資被歸類為流動資產，任何應佔交易成本於產生時在損益表中確認。於各報告期末，會重新計算公平值，所得之盈虧於損益表中確認。在損益表中確認之盈虧淨額並不包括從此等投資賺取所得之任何股息或利息，因為有關股息或利息會按附註2(s)(v)及2(s)(iv)所載政策確認。

不屬於持作買賣證券或持有至到期證券之證券投資分類為可供出售金融資產。公平值於各報告期末重新計量，由此產生之任何收益或虧損於其他全面收益中確認，並於公平值儲備權益中單獨累積。例外情況包括，倘股本證券投資於活躍市場並無報價及其公平值無法可靠計量，則該等投資在財務狀況表中以成本值減去耗損虧損確認入賬（見附註2(g)）。股本證券產生之股息收入根據附註2(s)(v)所載政策於損益內確認。

倘不再確認該等投資或減值，權益內之累計收益或虧損將重新確認至損益內。該等投資於本集團承諾購買／出售投資當日或投資到期日確認／終止確認。

Notes to the Financial Statements

財務報表附註

For the year ended 31 December 2016
截至二零一六年十二月三十一日止年度

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) Property, plant and equipment

Property, plant and equipment, other than construction in progress, are stated in the consolidated statement of financial position at cost less any accumulated depreciation and any accumulated impairment losses (see note 2(g)).

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

Buildings	Over the shorter of the term of the lease and 20 years
Furniture, fixtures and equipment	5 years
Leasehold improvements	1 year to 5 years
Motor vehicles	5 years
Molding	1 year
Plant and machineries	10 years

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

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

2. 主要會計政策 (續)

e) 物業、廠房及設備

物業、廠房及設備(在建工程除外)概以成本減任何累積折舊及任何累積減值虧損於綜合財務狀況表列賬(見附註2(g))。

物業、廠房及設備項目乃使用直線法按其估計可使用年期減彼等之估計剩餘價值(如有)以撇銷其成本值計算折舊。

樓宇	租期及二十年之較短者
傢俬、裝置及設備	五年
租賃物業裝修	一至五年
汽車	五年
模具	一年
廠房及機器	十年

當一項物業、廠房及設備之各部份有不同之可使用年期，此項目各部份之成本將按合理基礎分配，而每部份將作個別折舊。資產之可使用年期及其剩餘價值(倘適用)會每年進行檢討。

因報廢或出售物業、廠房及設備項目而產生之盈虧乃釐定為出售所得款項淨額與該項目之賬面值間之差額，並於報廢或出售之日於損益內確認。

Notes to the Financial Statements

財務報表附註

For the year ended 31 December 2016
截至二零一六年十二月三十一日止年度

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

f) Leased assets

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

i) *Classification of assets leased to the Group*

Assets that are held by the Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases, except for land held for own use under an operating lease, the fair value of which cannot be measured separately from the fair value of a building situated thereon at the inception of the lease, is accounted for as being held under a finance lease, unless the building is also clearly held under an operating lease. For these purposes, the inception of the lease is the time that the lease was first entered into by the Group, or taken over from the previous lessee.

2. 主要會計政策 (續)

f) 租賃資產

如本集團能確定某項安排賦予有關人士權利，可透過付款或支付一系列款項而於協定期間內使用特定資產，有關安排包括一項交易或一系列交易)即屬或包含租賃。本集團之結論乃基於有關安排之細節評估而作出，並不論有關安排是否具備租賃之法律形式。

i) *本集團租用之資產之分類*

就本集團根據租賃持有之資產而言，如有關租賃把絕大部份擁有權之風險及利益轉移至本集團，則有關資產被分類為根據融資租賃持有之資產。不會轉移絕大部份擁有權之風險及利益予本集團之租賃乃分類為經營租賃；惟根據經營租賃持作自用之土地而言，如其公平值不能夠與訂立租賃時已建於其上之建築物之公平值分開計量，則將當作根據融資租賃持有者入賬；惟如有關建築物亦是根據經營租賃確實持有則除外。就此而言，訂立租賃之時指本集團首次訂立租賃之時，或自前度承租人接收之時。

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財務報表附註

For the year ended 31 December 2016
截至二零一六年十二月三十一日止年度

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

f) Leased assets (Continued)

ii) Operating lease charges

Where the Group has the use of assets under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged as expenses in the accounting period in which they are incurred.

iii) 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.

2. 主要會計政策 (續)

f) 租賃資產 (續)

ii) 經營租賃支出

如屬本集團根據經營租賃使用所持資產之情況，則根據租賃作出之付款會在租賃期所涵蓋之會計期間內，以等額分期付款方式計入損益中；惟如有其他基準能更清楚地反映租賃資產所產生之收益模式則除外。已收取之租賃獎勵在損益中確認為總租賃付款淨額的一部份。或然租金於產生之會計期間作費用註銷。

iii) 租賃土地及樓宇

當租賃包括土地及樓宇部份，本集團根據對附於各部份所有權之絕大部份風險及回報是否已轉移本集團之評估，分別將各部份之分類評定為融資或經營租約，惟在該兩部份均明顯為經營租約之情況下，整份租賃歸類為經營租賃。具體而言，最低租賃款項（包括任何一筆過預付款項）於租約訂立時按租約土地部份及樓宇部份中之租賃權益相對公平價值比例於土地與樓宇部份間分配。

在租賃款項可可靠分配之情況下，被列為經營租賃之租賃土地權益於綜合財務狀況表中呈列為「預付租賃款項」，並於租賃期內按直線基準攤銷。

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財務報表附註

For the year ended 31 December 2016
截至二零一六年十二月三十一日止年度

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

g) Impairment of assets

i) *Impairment of investments in equity securities and other receivables*

Investments in equity securities and other current and non-current receivables that are stated at cost or amortised cost or are classified as available-for-sale financial asset are reviewed at the end of each reporting period to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the Group about one or more of the following loss events:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becoming probable that the debtor will enter bankruptcy or other financial reorganisation;
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; and
- a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

2. 主要會計政策 (續)

g) 資產減值

i) *股本證券投資及其他應收款項之減值*

按成本或攤銷成本列賬或分類為可供出售金融資產的股本證券投資及其他流動及非流動應收款項，會在各報告期末作檢討以決定是否有客觀減值證據。客觀減值證據包括本集團注意到以下一項或多項虧損事項之可觀察數據：

- 債務人有重大財政困難；
- 違反合約，如逾期或拖欠償還利息或本金；
- 債務人可能破產或進行其他財務重組；
- 科技、市場、經濟或法律環境有重大改變，並對債務人有不利影響；及
- 股本工具投資之公平值大幅或長期下跌至低於其成本值。

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財務報表附註

For the year ended 31 December 2016
截至二零一六年十二月三十一日止年度

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

g) Impairment of assets (Continued)

i) *Impairment of investments in equity securities and other receivables (Continued)*

If any such evidence exists, any impairment loss is determined and recognised as follows:

- For unquoted equity securities carried at cost, the impairment loss is measured as the difference between the carrying amount of the financial asset and the estimated future cash flows, discounted at the current market rate of return for a similar financial asset where the effect of discounting is material. Impairment losses for equity securities carried at cost are not reversed.

2. 主要會計政策 (續)

g) 資產減值 (續)

i) *股本證券投資及其他應收款項之減值 (續)*

若有任何上述證據存在，將按以下方式釐定及確認減值虧損：

- 就按成本值列賬之非上市股本證券而言，如貼現之影響屬重大，減值虧損以金融資產之賬面值與以同類金融資產當時之市場回報率貼現之預計未來現金流量間之差額計量。按成本值列賬之股本證券之減值虧損不可撥回。

Notes to the Financial Statements

財務報表附註

For the year ended 31 December 2016
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2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

g) Impairment of assets (Continued)

i) *Impairment of investments in equity securities and other receivables (Continued)*

- For trade receivables and other current receivables and other financial assets carried at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material. This assessment is made collectively where these financial assets share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

2. 主要會計政策 (續)

g) 資產減值 (續)

i) *股本證券投資及其他應收款項之減值 (續)*

- 就按已攤銷成本列賬之應收貿易款項及其他流動應收款項及其他金融資產而言，如貼現之影響屬重大，減值虧損以資產之賬面值與以金融資產原有實際利率（即在初步確認有關資產時計算之實際利率）貼現預計未來現金流量現值間之差額計量。倘該等金融資產具備類似之風險特徵，例如類似之逾期情況及並未單獨被評估為減值，則有關之評估會集體進行。被集體為減值作評估之金融資產之未來現金流量會根據與該組被評估資產具有類似信貸風險特徵之資產之過往虧損情況進行。

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截至二零一六年十二月三十一日止年度

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

g) Impairment of assets (Continued)

i) *Impairment of investments in equity securities and other receivables (Continued)*

If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of debtors included within trade and other receivables, whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When the Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against debtors directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

2. 主要會計政策 (續)

g) 資產減值 (續)

i) *股本證券投資及其他應收款項之減值 (續)*

如減值虧損於往後期間減少，且客觀上與減值虧損確認後發生之事件有關，則於損益撥回減值虧損。減值虧損撥回後資產之賬面值不能超逾倘其在過往年度並無確認任何減值虧損而應已釐定之數額。

減值虧損直接撇銷相應資產，惟有關應收貿易及其他款項內之應收款項已確認減值虧損除外，因其可收回性被視為可疑但並非微乎其微。在此情況下，呆壞賬之減值虧損以撥備賬記錄。倘本集團確認能收回應收貿易款項之機會微乎其微，則被視為不可收回之金額會直接撇銷應收款項，而在撥備賬中就該債務保留之任何金額會被撥回。倘之前計入撥備賬之款項在其後收回，則有關款項於撥備賬撥回。撥備賬之其他變動及其後收回先前直接撇銷之款項均於損益內確認。

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財務報表附註

For the year ended 31 December 2016
截至二零一六年十二月三十一日止年度

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

g) Impairment of assets (Continued)

ii) Impairment of other assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment;
- prepaid lease payments; and
- investments in subsidiaries in the Company's statement of financial position.

If any such indication exists, the asset's recoverable amount is estimated.

- Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

2. 主要會計政策 (續)

g) 資產減值 (續)

ii) 其他資產減值

於各報告期末，內部及外部資料會予檢討，以識別有否跡象顯示以下資產已出現減值，或之前已確認之減值是否已不存在或減少：

- 物業、廠房及設備；
- 預付租賃款項；及
- 本公司財務狀況表內之於附屬公司之投資。

倘若存在任何有關跡象，則會估計資產之可收回金額。

- 計算可收回金額

資產之可收回金額以其公平值減出售成本和使用價值計算，以兩者較高值為準。於評估使用價值時，估計未來現金流量乃以能反映現時市場評估資金時間值及資產特定風險之稅前貼現率貼現至其現值。倘資產不可在大致上獨立於其他資產之情況下產生現金流量，則可收回價值以能獨立地產生現金流量之最小組別資產（即現金產生單位）計算。

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財務報表附註

For the year ended 31 December 2016
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2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

g) Impairment of assets (Continued)

ii) Impairment of other assets (Continued)

– Recognition of impairment losses

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

– Reversals of impairment losses

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

2. 主要會計政策 (續)

g) 資產減值 (續)

ii) 其他資產減值 (續)

– 確認減值虧損

每當資產或其所屬之現金產生單位之賬面值超過其可收回金額時，於損益內確認減值虧損。就現金產生單位確認之減值虧損，首先會分配予現金產生單位（或一組單位）以減少其所獲分配之任何商譽賬面值，其後再按比例減少單位（或一組單位）其他資產之賬面值，惟資產賬面值不會減少至低於其本身之公平值減出售成本（若能計量）或使用價值（若能釐定）。

– 撥回減值虧損

倘用以釐定可收回數額之估計出現有利轉變，則撥回減值虧損。

撥回減值虧損僅限於倘過往年度並未確認減值虧損而釐定之資產之賬面值。撥回減值虧損乃於確認撥回之年度計入損益。

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財務報表附註

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2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

g) Impairment of assets (Continued)

iii) *Interim financial reporting and impairment*

Under the Listing Rules, the Group is required to prepare an interim financial report in compliance with HKAS 34, Interim Financial Reporting, in respect of the first six months of the financial year. At the end of the interim period, the Group applies the same impairment testing, recognition, and reversal criteria as it would at the end of the financial year (see notes 2(g)(i) and 2(g)(ii)).

Impairment losses recognised in an interim period in respect of available-for-sale financial asset and unquoted equity securities carried at cost are not reversed in a subsequent period. This is the case even if no loss, or a smaller loss, would have been recognised had the impairment been assessed only at the end of the financial year to which the interim period relates. Consequently, if the fair value of an available-for-sale financial asset increases in the remainder of the annual period, or in any other period subsequently, the increase is recognised in other comprehensive income and not profit or loss.

h) Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

2. 主要會計政策 (續)

g) 資產減值 (續)

iii) *中期財務報告及減值*

根據上市規則，本集團須遵照香港會計準則第34號「中期財務報告」編製有關財政年度首六個月之中期財務報告。於中期期末，本集團採用與本財政年度末相同之減值測試、確認及撥回標準（見附註2(g)(i)及2(g)(ii)）。

按成本列賬之可供出售金融資產及非上市股本證券於中期確認之減值虧損不會於往後期間撥回。即使在該中期所屬之財政年度末評估減值並確認沒有虧損，或虧損屬輕微，亦不會撥回減值虧損。因此，倘一項可供出售金融資產之公平值於剩餘會計期間或隨後任何期間增加，增幅於其他全面收入而非損益內確認。

h) 存貨

存貨按成本或可變現淨值兩者之較低者列賬。成本以加權平均成本方程式計算，包括使存貨達致目前地點及狀況而產生之購買成本、兌換成本及其他成本。

可變現淨值乃按日常業務過程中之估計售價減完成之估計成本及進行銷售所需之估計成本計算。

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財務報表附註

For the year ended 31 December 2016
截至二零一六年十二月三十一日止年度

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

h) Inventories (Continued)

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

i) Construction contracts

Construction contracts are contracts specifically negotiated with a customer for the construction of an asset or a group of assets, where the customer is able to specify the major structural elements of the design. The accounting policy for contract revenue is set out in note 2(s)(ii). When the outcome of a construction contract can be estimated reliably, contract costs are recognised as an expense by reference to the stage of completion of the contract at the end of the reporting period. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately. Where the outcome of a construction contract cannot be estimated reliably, contract costs are recognised as an expense in the period in which they are incurred.

Construction contracts in progress at the end of the reporting period are recorded at the net amount of costs incurred plus recognised profits less recognised losses and progress billings, and are presented in the consolidated statement of financial position as the “Amounts due from customers for contract work” (as an asset) or the “Amounts due to customers for contract work” (as a liability), as applicable. Progress billings not yet paid by the customer are included under “Trade and other receivables”. Amounts received before the related work is performed are presented as “Deposits received and receipts in advance”.

2. 主要會計政策 (續)

h) 存貨 (續)

所出售存貨的賬面金額在相關收入獲確認的期間內列為支出。存貨金額撇減至可變現淨值及存貨的所有虧損，均在出現減值或虧損的期間內列為支出。存貨的任何減值撥回之金額在出現撥回期間內已確認作為扣除已列作開支的存貨金額。

i) 建造合約

倘客戶能夠指定設計的主要結構性元素，建造合約為與客戶就建造資產或一組資產而特別磋商的合約。合約收入之會計政策載列於附註2(s)(ii)。倘能夠可靠地估計建造合約之成果，則合約成本會參照報告期末之合約完成程度確認為支出。如合約總成本有可能超過合約總收入，便會即時將預期虧損確認為支出。倘不能可靠地估計工程合約之成果，則合約成本於產生期間確認為支出。

於報告期末尚在進行中之工程合約，按已產生之成本加上已確認之盈利，再減去已確認之虧損及按進度開列之款項入賬，並於綜合財務狀況表中呈列為「應收客戶合約工程款項」（作為資產）或「應付客戶合約工程款項」（作為負債）（視何者適用）。客戶尚未支付之進度款項在「應收貿易及其他款項」入賬。相關工程進行前之已收取款項在「已收按金及預收款」。

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財務報表附註

For the year ended 31 December 2016
截至二零一六年十二月三十一日止年度

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

j) Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method less allowance for impairment of doubtful debts, except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts (see note 2(g)).

k) Prepayments for consultation, marketing and promotional services

Prepayments for consultation, marketing and promotional services are charged to profit or loss when the services are rendered by the service providers.

l) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in profit or loss over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

m) Trade and other payables

Trade and other payables are initially recognised at fair value. Trade and other payables are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

2. 主要會計政策 (續)

j) 應收貿易及其他款項

應收貿易及其他款項初步按公平值確認，其後則採用實際利息法按已攤銷成本減呆賬減值撥備列賬，惟應收款項為免息、無固定償還期限或折現時並無重大影響之有關連人士貸款則除外。在該等情況下，應收款項按成本減呆壞賬減值虧損撥備列賬（見附註2(g)）。

k) 諮詢、市場推廣及宣傳服務預付款

諮詢、市場推廣及宣傳服務預付款於服務供應商提供服務時計入損益。

l) 計息借貸

計息借貸初步按公平值減應佔交易成本確認。初步確認後，計息借貸以攤銷成本列賬，而首次確認金額與贖回價值間之任何差額連同任何利息及應付費用，按實際利息法在借貸期間於損益內確認。

m) 應付貿易及其他款項

應付貿易及其他款項均於初期按公平值確認。其後按攤銷成本列賬，惟倘貼現之影響並不重大，則按成本列賬。

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財務報表附註

For the year ended 31 December 2016
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2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

n) Cash and cash equivalents

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

o) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction from the proceeds.

p) Employee benefits

i) *Short-term employee benefits and contributions to defined contribution retirement plans*

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

2. 主要會計政策 (續)

n) 現金及等同現金項目

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

o) 股本

普通股分類為權益。發行新普通股或購股權增加的直接應佔成本於權益中列為所得款項的扣減項目。

p) 僱員福利

i) *短期僱員福利及定額供款退休計劃供款*

薪金、年度花紅、有薪年假、界定供款退休計劃供款及非貨幣福利成本，乃於僱員提供有關服務之年度計算。倘款項支付或清付須遞延處理且其影響屬重大，則該等金額以其現值列賬。

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財務報表附註

For the year ended 31 December 2016
截至二零一六年十二月三十一日止年度

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

p) Employee benefits (Continued)

ii) *Share-based payments*

The fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in share option reserve within equity. The fair value is measured at grant date using the binomial option pricing model, taking into account the terms and conditions upon which the options were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the share options, the total estimated fair value of the share options is spread over the vesting period, taking into account the probability that the options will vest.

2. 主要會計政策 (續)

p) 僱員福利 (續)

ii) 股份基礎付款

授予僱員之購股權公平值會確認為僱員成本，並會相應增加權益內之購股權儲備。公平值於授出當日採用二項式期權定價模式釐定，並會考慮購股權之授出條款及條件。倘僱員須於無條件獲授購股權前達成歸屬條件，則購股權之估計公平總值會在歸屬期內攤分，並會考慮購股權歸屬的可能性。

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財務報表附註

For the year ended 31 December 2016
截至二零一六年十二月三十一日止年度

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

p) Employee benefits (Continued)

ii) Share-based payments (Continued)

During the vesting period, the number of share options that is expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognised in prior years is charged/credited to profit or loss for the year of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the share option reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of share options that vest (with a corresponding adjustment to the share option reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the Company's shares. The equity amount is recognised in the share option reserve until either the option is exercised (when it is transferred to the share premium account) or the option expires (when it is released directly to retained profits).

iii) Termination benefits

Termination benefits are recognised at the earlier of when the Group can no longer withdraw the offer of those benefits and when it recognises restructuring costs involving the payment of termination benefits.

2. 主要會計政策 (續)

p) 僱員福利 (續)

ii) 股份基礎付款 (續)

於歸屬期內會檢討預期歸屬之購股權數目。於過去年度確認之累計公平值而產生之任何調整，乃於審核年度於損益扣除／計入，惟合資格確認為資產之原本僱員開支則除外，並對購股權儲備作相應調整。於歸屬日，確認為開支之款額會予以調整，以反映歸屬購股權之實際數目（並對購股權儲備作相應調整），惟因並無達致與本公司股份市值相關之歸屬條件才沒收之購股權除外。權益款額乃於購股權儲備內確認，直至購股權獲行使（當其轉撥至股份溢價賬）或購股權到期（直接撥入保留溢利時）為止。

iii) 離職福利

離職福利於本集團不能再撤回該等福利時以及於本集團確認重組成本所涉及離職福利付款時，於上述兩者之間較早發生時確認。

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財務報表附註

For the year ended 31 December 2016
截至二零一六年十二月三十一日止年度

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

q) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary differences or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

2. 主要會計政策 (續)

q) 所得稅

本年度所得稅包括即期稅項及遞延稅項資產及負債之變動。即期稅項及遞延稅項資產及負債之變動均在損益內確認，惟彼等有關於其他全面收益或權益確認之項目除外，在該等情況下，有關稅款分別於其他全面收益確認或於權益直接確認。

即期稅項乃按年內應課稅收入根據在各報告期末已執行或實質上已執行之稅率計算之預期應付稅項，加上過往年度應付稅項之任何調整。

遞延稅項資產及負債分別由可扣稅及應課稅暫時差異產生，即資產及負債就財務呈報之賬面值與其課稅基礎值之差異。遞延稅項資產亦可由未動用稅項虧損及未動用稅項抵免產生。

除若干有限之例外情況外，所有遞延稅項負債和遞延稅項資產（以未來可能有應課稅溢利可予抵銷之資產為限）均予以確認。支持確認由可抵扣暫時差異所產生之遞延稅項資產之未來應課稅溢利包括因撥回目前存在之應課稅暫時差異而產生之數額；但此等撥回之差異必須與同一稅務機關及同一應課稅實體有關，並預期在可抵扣暫時差異預計撥回之同一期間或遞延稅項資產所產生可抵扣虧損可向後期或向前期結轉之期間內撥回。在決定目前存在之應課稅暫時差異是否足以支持確認由未動用稅項虧損和稅項抵免所產生之遞延稅項資產時，亦會採用同一準則，即差異是否與同一稅務機關及同一應課稅實體有關，並是否預期在能夠使用未動用稅項虧損和稅項抵免撥回之同一期間內撥回。

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財務報表附註

For the year ended 31 December 2016
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2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

q) Income tax (Continued)

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

2. 主要會計政策 (續)

q) 所得稅 (續)

該等確認遞延稅項資產及負債之有限例外情況，包括首次確認但並不影響會計溢利及應課稅溢利之資產或負債（惟其不可為企業合併之部份）、以及有關於附屬公司投資所引致之暫時差異（如為應課稅差異，只限於本集團可控制回撥之時間，並且不大可能在可見未來回撥之差異；或如為可予扣減差異，則只限於可能在未來回撥之差異）。

已確認之遞延稅項數額乃按照資產及負債賬面值之預期變現或清償方式，以於報告期末實施或實際上已實施之稅率計算。遞延稅項資產及負債均無作折現計算。

遞延稅項資產之賬面值會在各報告期末予以審閱，若日後不再可能有足夠應課稅溢利用以抵扣相關稅項利益，則扣減遞延稅項資產賬面值。若日後可能有足夠應課稅溢利用以抵扣，則撥回所扣減之數額。

股息分派產生之額外所得稅於支付相關股息之負債獲確認時予以確認。

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財務報表附註

For the year ended 31 December 2016
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2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

q) Income tax (Continued)

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or
- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:
 - the same taxable entity; or
 - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

2. 主要會計政策 (續)

q) 所得稅 (續)

即期稅項結餘和遞延稅項結餘及其變動額將各自列示，並不予抵銷。即期稅項資產及遞延稅項資產只會在本集團有合法可強制執行權利以即期所得稅項資產抵銷即期所得稅項負債時，並且符合以下附帶條件之情況下，方可分別抵銷即期及遞延稅項負債：

- 即期稅項資產及負債：本集團計劃按淨額基準結算，或同時變現該資產及清償該負債；或
- 遞延稅項資產和負債：此等資產及負債必須與同一稅務機關就以下其中一項徵收之所得稅有關：
 - 同一應課稅實體；或
 - 不同之應課稅實體，該等實體預期在日後每個預計有大額遞延稅項負債需要清償或大額遞延稅項資產可以收回之期間內，按淨額基準變現即期稅項資產及清償即期稅項負債，或同時變現該資產及清償該負債。

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For the year ended 31 December 2016
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2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

r) Provisions and contingent liabilities

Provisions are recognised for other liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

s) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

i) Sales of goods

Revenue is recognised when goods are delivered which is taken to be the point in time when the customer has accepted the goods and the related risks and rewards of ownership. Revenue excludes value added tax and other sales taxes and is after deduction of any goods returns and trade discounts.

2. 主要會計政策 (續)

r) 撥備及或然負債

當本集團因過往事件而須負上法定或推定責任，而履行該責任很可能導致經濟效益流出及能夠就此作出可靠估計時，方為未確定時間或金額之其他負債確認撥備。當數額涉及重大之時間價值時，則會按預期用以履行責任之開支之現值作出撥備。

倘不一定需要流出經濟效益履行責任或未能可靠估計金額，則該等責任將作為或然負債予以披露，惟出現經濟效益流出之可能性極微則除外。可能出現之責任（僅於一項或多項未來事件發生或不發生之情況下確定其是否存在）亦作為或然負債予以披露，惟出現經濟效益流出之可能性極微則除外。

s) 收入確認

收入按已收或應收代價之公平值列賬。倘其可能為流向本集團之經濟利益，且收入及成本（倘合適）能夠可靠計量，則收入於損益確認如下：

i) 貨品銷售

收入乃於交付貨品及其所有權相關風險及回報已由客戶接納時確認。收入不包括增值稅及其他銷售稅，並經扣除任何退貨及貿易折扣。

Notes to the Financial Statements

財務報表附註

For the year ended 31 December 2016
截至二零一六年十二月三十一日止年度

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

s) Revenue recognition (Continued)

ii) Contract revenue

When the outcome of a construction contract can be estimated reliably, revenue from a fixed price contract is recognised using the percentage of completion method, measured by reference to the percentage of contract costs incurred to date to estimated total contract costs for the contract.

When the outcome of a construction contract cannot be estimated reliably, revenue is recognised only to the extent of contract costs incurred that it is probable will be recoverable.

iii) Revenue from professional services

Revenue from professional services is recognised when the services are rendered.

iv) Interest income

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 the asset's net carrying amount on initial recognition.

v) Dividends

Dividend income from unlisted investments is recognised when the shareholder's rights to receive payment is established.

2. 主要會計政策 (續)

s) 收入確認 (續)

ii) 合約收入

當建造合約之結果能可靠估計，則固定造價合約之收入根據完工百分比法確認，其參照迄今已發生之合約成本佔合約預計總成本之百分比計量。

倘建造合約之結果不能被可靠估計，則僅已產生可收回之合約成本方可確認為收入。

iii) 來自專業服務之收入

來自專業服務之收入乃於提供服務時確認。

iv) 利息收入

來自金融資產之利息收入於經濟利益有可能流入本集團而收入的金額能可靠地計量時確認。利息收入按時間基準，根據未償還本金額及適用的實際利率確認，而實際利率乃將估計未來現金收入透過金融資產的預計使用期完全貼現至資產於初步確認的賬面淨值之利率。

v) 股息

未上市投資所得股息收益乃於建立可收取有關款項之股東權利後予以確認。

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財務報表附註

For the year ended 31 December 2016
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2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

s) Revenue recognition (Continued)

vii) Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed. Where the grant relates to an asset, the fair value is credited to deferred government grants account and is released to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

viii) Rental income from operating leases

Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable. Contingent rentals are recognised as income in the accounting period in which they are earned.

ix) Imputed interest income

When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The imputed rate of interest is the prevailing rate for a similar instrument of an issuer with a similar credit rating. The difference between the fair value and the nominal amount of the consideration at initial recognition is recognised in profit or loss. Imputed interest income is accrued on a time basis, by reference to the principal outstanding and at the imputed rate of interest.

2. 主要會計政策 (續)

s) 收入確認 (續)

vii) 政府補助

政府補助在合理肯定能收到補助且符合所有附帶條件的情況下按公平值確認。當補助涉及開支項目時，於其擬補償的成本支銷期間按系統基準確認為收入。當補貼涉及某項資產時，公平值計入遞延政府補助賬目，並按有關資產的預期可使用年期每年等額撥至損益。

viii) 經營租賃之租金收入

經營租賃之應收租金收入在租賃期所涵蓋期間內，以等額在損益中確認；但如有其他基準能更清楚地反映租賃資產所產生之收益模式則除外。所獲租賃減免在損益確認為應收淨租金付款總額一部份。或然租金將於其產生之會計期間確認為收入。

ix) 估算利息收入

當安排實際上構成融資交易時，有關代價之公平值乃使用估算利率貼現所有未來收入而釐定。估算利率為具有類似信貸評級之發行人之類似工具的適用利率。代價公平值及面值之間的差異於初步確認時確認為損益。估算利息收入按時間基準，根據未償還本金額及估算利率累計。

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財務報表附註

For the year ended 31 December 2016
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2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

t) Translation of foreign currencies

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). These consolidated financial statements are presented in Renminbi ("RMB"), rounded to the nearest thousand except for per share data, which is different from the Company's functional currency of Hong Kong dollars ("HK\$") as the majority of the Group's transactions is denominated in RMB.

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss, except those arising from foreign currency borrowings used to hedge a net investment in a foreign operation which are recognised in other comprehensive income.

Non-monetary assets and liabilities measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was measured.

2. 主要會計政策 (續)

t) 外幣換算

本集團旗下各實體之財務報表所列項目均以該實體經營所在主要經濟環境之通行貨幣(「功能貨幣」)計量。該等綜合財務報表以人民幣(「人民幣」)(已湊整至最接近千位數(惟每股數據除外)與本公司之功能貨幣港元(「港元」)不同呈列，因本集團大部份交易乃以人民幣計值。

於本年度之外幣交易均按交易當日之適用匯率換算。以外幣計值之貨幣資產及負債則按報告期末之外幣匯率換算。匯兌盈虧則於損益中確認，惟用於對沖海外業務淨投資之外幣借款所產生之匯兌盈虧，則在其他全面收益中確認。

以歷史成本計量之外幣非貨幣資產及負債，按交易日之匯率換算。以公平值列賬而以外幣計值之非貨幣資產及負債，按計量公平值當日之外幣匯率進行換算。

Notes to the Financial Statements

財務報表附註

For the year ended 31 December 2016
截至二零一六年十二月三十一日止年度

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

t) Translation of foreign currencies (Continued)

The results of those entities within the Group which have a functional currency other than RMB are translated into RMB at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Statement of financial position items are translated into RMB at the closing foreign exchange rates ruling at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the translation reserve.

On the disposal of any of such entities, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognised.

u) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

2. 主要會計政策 (續)

t) 外幣換算 (續)

以人民幣以外之貨幣作為功能貨幣之本集團內之實體之業績使用期內之匯率(按交易當日之相若外幣匯率)換算成人民幣金額,財務狀況表項目按報告期末之收市外幣匯率換算為人民幣金額。所產生之匯兌差異於其他全面收益確認及個別累計於匯兌儲備權益。

於出售任何該等實體時,倘出售之損益確認,與海外業務有關之匯兌差異之累計金額從權益中重新分類為損益。

u) 借貸成本

購買、建造或生產就其擬作用途或銷售而需要相當長時間的資產所直接涉及之借貸成本列作該等資產成本之一部份。其他借貸成本於產生期間支銷。

當發生資產開支、產生借貸成本及正進行就其擬作用途或銷售而須準備資產的活動時,則借貸成本開始資本化為合資格資產成本之一部份。倘就其擬作用途或銷售而須準備合資格資產的大部份活動中斷或完成,則借貸成本暫停或終止資本化。

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財務報表附註

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2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

v) Discontinued operations

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which represents a separate major line of business or geographical area of operations, or is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. It also occurs if the operation is abandoned.

When an operation is classified as discontinued, a single amount is presented on the face of the statement of profit or loss and other comprehensive income, which comprises:

- the post-tax profit or loss of the discontinued operation; and
- the post-tax gain or loss recognised on the measurement to fair value less costs to sell, or on the disposal, of the assets or disposal group(s) constituting the discontinued operation.

2. 主要會計政策 (續)

v) 已終止經營業務

已終止經營業務為本集團業務之組成部份，其營運及現金流量可與本集團其餘業績清楚區分，並為按業務或地區劃分之獨立主要業務，或屬於出售按業務或經營地區劃分之獨立主要業務之單一統籌計劃之一部份，或屬於僅為轉售而購入之附屬公司。

一項業務於出售時或符合條件列為持作銷售時（以較早者為準），或被廢止時，會分類為已終止經營業務。

當一項業務分類為已終止經營，則會以單一數額於綜合損益及其他全面收益表內呈列，當中包括下列各項：

- 已終止經營業務之除稅後溢利或虧損；及
- 於計量已終止經營業務之公平值減銷售成本，或於出售構成已終止經營業務之資產或出售集團時確認之除稅後盈虧。

Notes to the Financial Statements

財務報表附註

For the year ended 31 December 2016
截至二零一六年十二月三十一日止年度

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

w) Related parties

- a) A person, or a close member of that person's family, is related to the Group if that person:
- has control or joint control over the Group;
 - has significant influence over the Group; or
 - is a member of the key management personnel of the Group or the Group's parent.
- b) An entity is related to the Group if any of the following conditions applies:
- The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - Both entities are joint ventures of the same third party.
 - One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

2. 主要會計政策 (續)

w) 有關連人士

- a) 倘屬以下人士，則該人士或該人士之近親與本集團有關連：
- 控制或共同控制本集團；
 - 對本集團有重大影響力；或
 - 為本集團或本集團母公司之主要管理層成員。
- b) 倘符合下列任何條件，則該實體與本集團有關連：
- 該實體與本集團屬同一集團之成員公司（即各母公司、附屬公司及同系附屬公司彼此間有關連）。
 - 一間實體為另一實體之聯營公司或合營企業（或另一實體為集團旗下成員公司之聯營公司或合營企業之成員公司）。
 - 兩間實體均為同一第三方之合營企業。
 - 一間實體為第三方實體之合營企業，而另一實體為該第三方實體之聯營公司。

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財務報表附註

For the year ended 31 December 2016
截至二零一六年十二月三十一日止年度

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

w) Related parties (Continued)

- b) An entity is related to the Group if any of the following conditions applies: (Continued)
 - v. The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
 - vi. The entity is controlled or jointly controlled by a person identified in note 2(w)(a).
 - vii. A person identified in note 2(w)(a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
 - viii. The entity, or any member of a Group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

2. 主要會計政策 (續)

w) 有關連人士 (續)

- b) 倘符合下列任何條件，則該實體與本集團有關連：(續)
 - v. 該實體為本集團或與本集團有關連之實體就僱員利益設立之離職福利計劃。
 - vi. 該實體受附註2(w)(a)內所定義人士控制或共同控制。
 - vii. 附註2(w)(a)(i)內所定義人士對實體有重大影響力或屬該實體(或該實體之母公司)之主要管理層成員。
 - viii. 向本集團或本集團之母公司提供主要管理人員服務之實體或其所屬集團之任何成員。

任何人士之近親是指與該實體交易時預期可影響該名人士或受該人士影響的家庭成員。

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財務報表附註

For the year ended 31 December 2016
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2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

x) Research and development costs

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

2. 主要會計政策 (續)

x) 研發成本

研發活動之支出於其產生期間確認為開支。

僅當所有下列事項已獲證實，則由開發或從內部項目之開發階段產生之內部生成無形資產予以確認：

- 在技術可行性上能完成無形資產以供使用或出售；
- 有意完成無形資產及使用或出售資產；
- 使用或出售無形資產之能力；
- 無形資產日後產生經濟利益之方式；
- 可動用適當科技、財務及其他資源完成開發及使用或出售無形資產；及
- 可於開發期間可靠計算無形資產應佔之開支時之能力。

就內部產生之無形資產而初步確認之金額指從無形資產首次符合上文所列之確認條件日期起所發生之總金額。倘不能確認內部產生之無形資產，則開發開支會於發生期間內於損益確認。

初步確認之後，內部產生之無形資產乃按成本減累計攤銷及累計減值虧損，按個別收購之無形資產之相同基準予以呈報。

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財務報表附註

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2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

y) Segment reporting

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial information provided regularly to the Group's Chief Executive Officer, who is the Group's chief operating decision maker ("CODM"), for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

3. CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued a number of amendments to HKFRSs that are first effective for the current accounting period of the Group. None of these developments have had a material effect on how the Group's results and financial positions for the current or prior accounting periods have been prepared or presented.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

2. 主要會計政策 (續)

y) 分部報告

於綜合財務報表之營運分部及各分部項目之金額乃自定期向本集團之行政總裁，即本集團之首席營運決策人（「首席營運決策人」）提供以分配資源及評估本集團各業務類別之表現及地域位置之財務資料中確認。

就財務報告而言，除非分部具備相似的經濟特徵與產品及服務性質、生產工序性質、客戶類型或類別、用作分派產品或提供服務之方法及監管環境之性質方面相似，否則各個重大營運分部不會進行合算。個別非重大之營運分部，倘符合上述大部份標準，則可進行合算。

3. 會計政策變動

香港會計師公會已頒佈下列香港財務報告準則之修訂本，其於本集團當前會計期間首次生效。該等變動對本集團本會計期間及過往會計期間的業績及財務狀況之編製或呈列方式並無重大影響。

本集團並未就本會計期間應用尚未生效的任何新訂準則或詮釋。

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財務報表附註

For the year ended 31 December 2016
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4. REVENUE, OTHER INCOME AND OTHER NET LOSS

Continuing operations:

Revenue

Revenue from continuing operations represents the fair value of the amounts received and receivable for goods sold, and revenue from construction contracts, which excludes value-added and other sales taxes, and is after deduction of any goods returns and trade discounts.

The amount of each significant category of revenue recognised in revenue from continuing operations during the year is as follow:

Sales of EP products and equipment	環保產品及設備之銷售
Sales of EP construction materials	環保建築材料之銷售
Revenue from EP construction engineering projects	來自環保建設工程項目之收入

4. 收入、其他收益及其他淨虧損

持續經營業務：

收入

來自持續經營業務之收入指因銷售產品及建築合約收入所產生之已收及應收款項的公平值，惟不包括增值稅及其他銷售稅，並經扣除任何退貨及貿易折扣。

年內確認來自持續經營業務收入之各項主要類別如下：

2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
637,846	864,588
176,500	176,622
-	27,383
814,346	1,068,593

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For the year ended 31 December 2016
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4. REVENUE, OTHER INCOME AND OTHER NET LOSS (Continued)

4. 收入、其他收益及其他淨虧損 (續)

		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
Continuing operations:	持續經營業務：		
Other income	其他收益		
Interest income on bank deposits	銀行存款利息收入	1,223	1,513
Total interest income on financial assets not at fair value through profit or loss	並非按公平值於損益入賬之金融資產之利息收入總額	1,223	1,513
Gain on early settlement of trade receivables with extended credit terms (Note 20(b))	提早結付獲延長信貸期之應收貿易款項之收入 (附註20(b))	5,004	-
Imputed interest on trade receivables with extended credit terms (Note 20(b))	獲延長信貸期之應收貿易款項之估算利息 (附註20(b))	10,249	3,947
Rental income from operating lease	經營租賃之租金收入	103	103
Government grants [#]	政府補助 [#]	658	936
Reversal of impairment loss on trade receivables	應收貿易款項減值虧損撥回	130	11,590
Reversal of impairment loss on other receivables	應收其他款項之減值虧損撥回	90	-
		17,457	18,089

[#] The amount included the government grants of approximately RMB658,000 (2015: RMB658,000) relating to the subsidies from the PRC government for acquisition of property, plant and equipment which was released from deferred government grants to profit or loss during the year ended 31 December 2016. The remaining amount of government grants amounting to approximately RMB278,000 (2016: Nil) during the year ended 31 December 2015 was mainly granted to the Group as subsidies to support the operations of the Company's subsidiary established in the PRC during that year and those government grants had no conditions or contingencies attached to them and they were non-recurring in nature.

[#] 該金額包括與來自中國政府就收購物業、廠房及設備而作出的約人民幣658,000元(二零一五年：人民幣658,000元)的政府補助，其於截至二零一六年十二月三十一日止年度自遞延政府補助撥至損益。於截至二零一五年十二月三十一日止年度，政府補助餘額約人民幣278,000元(二零一六年：零)，主要授予本集團作為有關資助，以支持本集團於該年度內成立的附屬公司之營運，而該等政府補助並無附帶條件或偶發事項，且屬於非經常性質。

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財務報表附註

For the year ended 31 December 2016
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4. REVENUE, OTHER INCOME AND OTHER NET LOSS (Continued)

4. 收入、其他收益及其他淨虧損 (續)

Continuing operations:

持續經營業務：

Other net loss

其他淨虧損

Loss from litigation claim (Note 5)
Compensation of loss from indemnity (Note 5)

訴訟申索虧損 (附註5)
彌償保證虧損賠償 (附註5)

Net exchange loss
Loss on disposals of property, plant and equipment

匯兌虧損淨額
出售物業、廠房及設備之虧損

2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
(46,641)	-
46,641	-
-	-
(802)	(905)
(3,831)	-
(4,633)	(905)

5. LOSS FROM LITIGATION CLAIM AND COMPENSATION OF LOSS FROM INDEMNITY, NET

5. 訴訟申索虧損及彌償保證虧損賠償淨額

In 2007, Wuxi Pan Asia Environmental Protection Technologies Limited ("Wuxi Pan Asia"), an indirect wholly-owned subsidiary of the Company, undertook several sales of EP products and equipment to Guannan County Government (灌南縣人民政府). It was agreed that Guannan County Government would grant a specified area of land to Wuxi Pan Asia as settlement for the trade receivables arising from the sales of EP products and equipment. In anticipation of the grant of the land, Wuxi Pan Asia established two companies in the PRC, namely 連雲港泛亞置業有限公司 (Lianyungang Pan Asia Properties Limited) ("Pan Asia Properties") and 連雲港民心置業有限公司 (Lianyungang Minxin Properties Limited) ("Minxin Properties") for the purpose of transfer of the land. On 16 October 2007, Wuxi Pan Asia entered into an agreement (the "Agreement") with two independent third parties (the "Plaintiffs"), with an aim to carry out a property development project on certain area of the land (the "First Land"). Under the Agreement, Wuxi Pan Asia was obliged to contribute the First Land to Pan Asia Properties as capital injection.

於二零零七年，本公司間接全資附屬公司無錫泛亞環保科技有限公司（「無錫泛亞」）曾數次向灌南縣人民政府銷售環保產品及設備。經議定，灌南縣人民政府將向無錫泛亞出讓指定面積的一幅地塊，以償付環保產品及設備銷售所產生的應收貿易款項。由於預計會出讓該幅地塊，無錫泛亞在中國設立兩間公司，分別為連雲港泛亞置業有限公司（「泛亞置業」）及連雲港民心置業有限公司（「民心置業」），以便轉讓該幅地塊。於二零零七年十月十六日，無錫泛亞與兩名獨立第三方（「原告」）訂立一份協議（「協議」），旨在於該幅地塊若干區域（「第一幅地塊」）開展一項物業開發項目。根據協議，無錫泛亞須向泛亞置業提供第一幅地塊作為注資。

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For the year ended 31 December 2016
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5. LOSS FROM LITIGATION CLAIM AND COMPENSATION OF LOSS FROM INDEMNITY, NET (Continued)

However, Wuxi Pan Asia failed to receive the First Land as specified in the Agreement from Guannan County Government and another parcel of land (the “Second Land”) was then granted by Guannan County Government to Wuxi Pan Asia. As the Second Land was not within the scope of the Agreement and with the view that the Agreement had no legal binding effect on the Second Land, Wuxi Pan Asia assigned the Second Land to Minxin Properties (the “Assignment”) on 28 December 2009. According to the Assignment, Minxin Properties should undertake, among other things, to compensate any loss Wuxi Pan Asia may incur in consequence of breaching the Agreement. On the same day, Wuxi Pan Asia disposed of its entire equity interests in Minxin Properties to an independent third party.

In 2014, a civil case was brought against Wuxi Pan Asia by the Plaintiffs for breach of the Agreement (the “Litigation”). After subsequent proceedings and appeals, the case was finally adjudicated by the Jiangsu Higher People’s Court (江蘇省高級人民法院). With reference to the Jiangsu Higher People’s Court’s judgment dated 26 December 2016, Wuxi Pan Asia is liable for a total claimed amount of approximately RMB70,754,000 (the “Claimed Amount”).

Part of the Claimed Amount amounting to approximately RMB24,113,000 was accrued by the Group as “other payables” and included in trade and other payables in the consolidated statement of financial position in previous years and was reclassified as “payable for legal fees and liabilities arising from litigation claim” and included in trade and other payables in the consolidated statement of financial position as at 31 December 2016 and 2015. The remaining balance of the Claimed Amount amounting to approximately RMB46,641,000 is provided for as “payable for legal fees and liabilities from litigation claim” and a loss from litigation claim amounting to approximately RMB46,641,000 was recognised in profit or loss during the year ended 31 December 2016.

In accordance with the Assignment, Minxin Properties is to compensate the loss of approximately RMB46,641,000 arising from the Litigation. On 28 December 2016, Minxin Properties signed an agreement with Wuxi Pan Asia and agreed to compensate the loss of approximately RMB46,641,000 arising from the Litigation, which was credited against the loss from the litigation claim in profit or loss and a receivable of compensation of loss from indemnity (Note 20) was recorded by the Group. Minxin Properties subsequently settled the full amount to Wuxi Pan Asia on 27 March 2017.

5. 訴訟申索虧損及彌償保證虧損賠償淨額 (續)

然而，無錫泛亞未能從灌南縣政府收到協議指定的第一幅地塊，而灌南縣政府其後已向無錫泛亞出讓另一幅地塊（「第二幅地塊」）。由於第二幅地塊並不在協議規定範圍，且協議對第二幅地塊不具法律約束力，無錫泛亞於二零零九年十二月二十八日向民心置業轉讓第二幅地塊（「轉讓」）。根據轉讓，民心置業應承擔（其中包括）就無錫泛亞因違反協議而可能產生的任何虧損作出補償。同日，無錫泛亞向一名獨立第三方出售其於民心置業的全部股權。

於二零一四年，原告以無錫泛亞違反協議為理據提起民事訴訟（「訴訟」）。經後續訴訟及上訴後，該案件已由江蘇省高級人民法院作出最終判決。根據江蘇省高級人民法院二零一六年十二月二十六日的判決，無錫泛亞須承擔總額約人民幣70,754,000元的賠償金（「賠償金」）。

部份賠償金，約人民幣24,113,000元已由本集團計作「其他應付款項」，並計入過往年度綜合財務狀況表的應付貿易及其他款項及重新分類為「訴訟申索產生的應付法律費用及債項」，並已計入於二零一六年及二零一五年十二月三十一日之綜合財務狀況表的應付貿易及其他款項。餘下之賠償金，約人民幣46,641,000元，已作為「訴訟申索產生的應付法律費用及債項」計提撥備及訴訟申索產生的虧損約人民幣46,641,000元已於截至二零一六年十二月三十一日止年度在損益中確認。

根據轉讓，民心置業需承擔訴訟產生的虧損賠償約人民幣46,641,000元。於二零一六年十二月二十八日，民心置業與無錫泛亞簽立一份協議，同意負責訴訟產生的約人民幣46,641,000元的虧損賠償，該款項已於訴訟申索損益中扣減，而本集團已記錄彌償保證虧損賠償應收款項（附註20）。民心置業其後已於二零一七年三月二十七日向無錫泛亞悉數結付有關款項。

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For the year ended 31 December 2016
截至二零一六年十二月三十一日止年度

6. PROFIT BEFORE TAXATION

Profit before taxation from continuing operations is arrived at after charging the following:

6. 除稅前溢利

年內來自持續經營業務之除稅前溢利已扣除下列各項：

	2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
a) Staff costs (including directors' emoluments) (Note):		
– Contributions to defined contribution retirement plans (Note 9)	1,022	1,246
– Salaries, wages and other benefits	14,388	15,863
	15,410	17,109
b) Other items:		
Amortisation of prepaid lease payments	1,191	1,194
Auditors' remuneration		
– audit services	1,152	1,204
– other services	416	393
Cost of inventories (Note)	597,153	797,554
Depreciation of property, plant and equipment	26,215	26,954
Impairment loss on trade receivables*	47,131	23,116
Impairment loss on other receivables*	4,911	2,784
Impairment loss on available-for-sale financial asset*	–	9,000
Operating lease charges		
– leasing of properties	1,528	1,660
– leasing of equipment	9	7
Marketing and promotional expenses#	37,358	52,123
Research and development expenses*	2,695	20,286

* These items are included in other operating expenses in the consolidated statement of profit or loss and other comprehensive income.

This item is included in selling and distribution expenses in the consolidated statement of profit or loss and other comprehensive income.

* 該等項目計入綜合損益及其他全面收益表之其他經營開支。

該項目計入綜合損益及其他全面收益表之銷售及分銷開支。

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6. PROFIT BEFORE TAXATION (Continued)

Note:

During the year ended 31 December 2016, cost of inventories includes approximately RMB24,122,000 (2015: RMB24,259,000) relating to staff costs and depreciation, which amount is also included in the respective total amounts disclosed separately above.

7. DISCONTINUED OPERATIONS

On 1 December 2015, Wuxi Pan Asia entered into a sale and purchase agreement with an independent third party to dispose of its entire equity interests in 無錫市中電空冷技術有限公司 (Wuxi Zhong Dian Kong Leng Technology Limited) (“Wuxi Zhong Dian”) at a consideration of RMB800,000 (the “Disposal”). Wuxi Zhong Dian and its subsidiaries (collectively referred to as the “Disposal Group”) were principally engaged in provision of EP related professional services and undertaking of EP construction engineering projects in the PRC. The Disposal was completed on 22 December 2015 and the Group’s operations of provision of EP related professional services were classified as discontinued operations.

The results and cash flows from the discontinued operations were analysed as follows:

6. 除稅前溢利 (續)

附註：

截至二零一六年十二月三十一日止年度，存貨成本約人民幣24,122,000元（二零一五年：人民幣24,259,000元）乃關於員工成本及折舊，而該金額亦已計入上文分開披露之總金額內。

7. 已終止經營業務

於二零一五年十二月一日，無錫泛亞與一名獨立第三方訂立買賣協議，以按代價人民幣800,000元出售無錫市中電空冷技術有限公司（「無錫中電」）全部股本權益（「出售事項」）。無錫中電及其附屬公司（統稱為「出售集團」）主要在中國從事提供環保相關專業服務及承接環保建設工程項目。出售事項已於二零一五年十二月二十二日完成，而本集團提供環保相關專業服務之業務分類為已終止經營業務。

來自已終止經營業務之業績及現金流量之分析如下：

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7. DISCONTINUED OPERATIONS (Continued) 7. 已終止經營業務 (續)

		2015 二零一五年 RMB'000 人民幣千元
Results from discontinued operations:	來自已終止經營業務之業績：	
Revenue	收入	6,296
Cost of sales and services rendered	銷售及提供服務成本	<u>(1,870)</u>
Gross profit	毛利	4,426
Other income	其他收益	503
General and administrative expenses	一般及行政開支	(6,833)
Other operating expenses	其他經營開支	(577)
Finance costs	融資成本	<u>(666)</u>
Loss before taxation	除稅前虧損	(3,147)
Income tax expenses	所得稅開支	<u>(7)</u>
		(3,154)
Gain on disposal of subsidiaries (Note 40)	出售附屬公司之收益 (附註40)	<u>5,150</u>
Profit for the year from discontinued operations	年內來自已終止經營業務之溢利	<u><u>1,996</u></u>
Profit/(loss) for the year from discontinued operations attributable to:	以下人士應佔年內來自已終止經營業務之溢利/(虧損)：	
- Owners of the Company	- 本公司擁有人	3,039
- Non-controlling interests	- 非控股權益	<u>(1,043)</u>
		<u><u>1,996</u></u>

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7. DISCONTINUED OPERATIONS (Continued)

Loss before taxation from discontinued operations is arrived at after charging/(crediting) the following:

Cost of inventories
Depreciation of property, plant and equipment
Interest income
Reversal of impairment loss on other receivables

Staff costs
– Contributions to defined contribution plans
– Salaries, wages and other benefits

Cash flows from discontinued operations:

Net cash outflows from operating activities
Net cash inflows from investing activities
Net cash outflows from financing activities

Net cash outflows from discontinued operations

存貨成本
物業、廠房及設備之折舊
利息收入
其他應收款項之減值虧損撥回

員工成本
– 定額供款計劃的供款
– 薪金、工資及其他福利

來自己終止經營業務之現金流量：

來自經營活動之現金流出淨額
來自投資活動之現金流入淨額
來自融資活動之現金流出淨額

來自己終止經營業務之現金流出淨額

7. 已終止經營業務(續)

來自己終止經營業務之除稅前虧損已扣除/(計入)下列各項：

2015
二零一五年
RMB'000
人民幣千元

587

338

(6)

(380)

749

4,707

5,456

(395)

6

(5,666)

(6,055)

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8. INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

- a) Taxation relating to continuing operations in the consolidated statement of profit or loss and other comprehensive income represents:

Current tax:	即期稅項：
PRC Enterprise Income Tax – Provision for the year (Note 27(a))	中國企業所得稅 – 本年度撥備 (附註27(a))
Deferred tax:	遞延稅項：
Origination and reversal of temporary differences (Note 27(b))	臨時性差額之產生及 撥回 (附註27(b))
Effect on change in tax rate (Note 27(b))	稅率變動之影響 (附註27(b))
 Income tax expenses	 所得稅開支

- i) The Company and its subsidiaries incorporated in the British Virgin Islands are not subject to any income tax pursuant to the rules and regulations of their respective countries of incorporation.
- ii) PRC Enterprise Income Tax is calculated at 25% of the estimated assessable profits of the Company's subsidiaries established in the PRC during the years ended 31 December 2016 and 2015.
- iii) Pursuant to the relevant tax laws and regulations in the PRC, Wuxi Pan Asia is classified as foreign invested "High and New Technology Enterprises" and is entitled to a preferential income tax rate of 15% for a period of three years from 1 January 2016.

8. 於綜合損益及其他全面收益表之所得稅

- a) 於綜合損益及其他全面收益表內有關持續經營業務之稅項指：

2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
17,735	32,761
3,279	(289)
(544)	–
2,735	(289)
20,470	32,472

- i) 本公司及其於英屬處女群島註冊成立之附屬公司根據彼等各自註冊成立之國家之規則及規例毋須繳付任何所得稅。
- ii) 中國企業所得稅乃根據本公司於中國成立之附屬公司於截至二零一六年及二零一五年十二月三十一日止年度之估計應課稅溢利按稅率25%計算。
- iii) 根據中國相關稅法及法規，無錫泛亞獲分類為外商投資之「高新技術企業」，並有權於二零一六年一月一日起三年期間享有優惠所得稅率15%。

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8. INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (Continued)

- a) Taxation relating to continuing operations in the consolidated statement of profit or loss and other comprehensive income represents: (Continued)
- iv) No provision for Hong Kong Profits Tax has been made for the years ended 31 December 2016 and 2015 as the Group did not have assessable profits arising in Hong Kong during both years.
- v) The PRC Enterprise Income Tax Law also requires withholding tax of 10% upon distribution of profits by the subsidiaries established in the PRC since 1 January 2008 to its overseas shareholders.
- b) Reconciliation between tax expenses and accounting profit at applicable tax rates is as follows:

8. 於綜合損益及其他全面收益表之所得稅 (續)

- a) 於綜合損益及其他全面收益表內有關持續經營業務之稅項指：(續)
- iv) 由於本集團於截至二零一六年及二零一五年十二月三十一日止年度並無源自香港之應課稅溢利，故於該兩個年度並無就香港利得稅作出撥備。
- v) 《中華人民共和國企業所得稅法》亦規定，自二零零八年一月一日起，中國附屬公司向其海外股東所作溢利分派須按10%的稅率繳納預扣稅。
- b) 按適用稅率計算之稅項支出與會計溢利之對賬如下：

		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
Profit before taxation from continuing operations	來自持續經營業務之除稅前溢利	95,913	99,293
Notional tax on profit before taxation calculated at the statutory rates applicable to respective tax jurisdictions	按適用於在各自司法權區之法定稅率計算除稅前溢利之名義稅項	25,170	24,706
Tax effect of non-deductible expenses	不可扣稅開支之稅務影響	2,312	239
Tax effect of unused tax losses not recognised	未確認尚未動用稅項虧損之稅務影響	379	2,740
Tax effect of concessionary tax rate granted to a subsidiary	授予一間附屬公司優惠稅率之稅務影響	(11,052)	-
Decrease in opening deferred tax liabilities resulting from decrease in applicable tax rate of a subsidiary	一間附屬公司的適用稅率調降引致年初遞延稅項負債減少	(3,021)	-
Decrease in opening deferred tax assets resulting from decrease in applicable tax rate of a subsidiary	一間附屬公司的適用稅率調降引致年初遞延稅項資產減少	2,477	-
Tax effect of withholding tax at 10% on distributable profits of the subsidiaries established in the PRC	於中國成立之附屬公司可分派溢利按10%稅率	4,205	4,787
Income tax expenses	所得稅支出	20,470	32,472

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9. RETIREMENT BENEFITS COSTS

Defined contribution retirement plan

The Group has arranged for its Hong Kong employees employed under the jurisdiction of the Hong Kong Employment Ordinance to join the Mandatory Provident Fund Scheme (the "MPF Scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance and Hong Kong Employment Ordinance. The MPF Scheme is a defined contribution retirement plan managed by independent trustees. Under the MPF Scheme, the Group (the employer) and its employees makes monthly contributions to the scheme at 5% of the employees' relevant income as defined under the Mandatory Provident Fund Schemes Ordinance. The contributions from each of the employer and employees are subject to a cap of HK\$1,500 per month and thereafter contributions are voluntary. Contributions to the plan vest immediately.

The employees of the Company's subsidiaries established in the PRC are members of a state-sponsored retirement plan operated by the local government in the PRC and these subsidiaries make mandatory contributions to the state-sponsored retirement plan to fund the employees retirement benefits. The retirement contributions paid by these subsidiaries are based on a certain percentage of the relevant portion of the payroll of all qualifying employees in accordance with the relevant regulations in the PRC and are charged to profit or loss as incurred. The Group discharges its retirement obligations upon payment of the retirement contributions to the state-sponsored retirement plan operated by the local governments in the PRC.

9. 退休福利成本

定額供款退休計劃

根據香港強制性公積金計劃條例及香港僱傭條例規定，本集團已安排其根據香港僱傭條例管轄下所僱用的香港僱員參與強制性公積金計劃（「強積金計劃」）。強積金計劃乃由獨立受託人管理之定額供款退休計劃。根據強積金計劃，本集團（作為僱主）及其僱員須每月各自按僱員相關收入（定義見強制性公積金計劃條例）之5%向該計劃作出供款。僱主及僱員每月各自之供款以1,500港元為上限，另可自願額外供款。對該計劃之供款即時歸屬。

本公司於中國成立之附屬公司之僱員均參與中國當地政府運作並由國家資助之退休福利計劃，該等附屬公司向該項國家資助之退休福利計劃強制性供款以為僱員之退休福利提供資金。該等中國附屬公司之退休金供款乃基於所有合資格僱員薪酬之有關部份之特定百分比，及根據中國之有關規定，並按照所發生之金額計入損益表。本集團在向由中國地方政府運作並由國家資助之退休金計劃供款之後即為已履行其於僱員退休福利方面之責任。

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9. RETIREMENT BENEFITS COSTS (Continued)

Defined contribution retirement plan (Continued)

The Group's contributions to defined contribution retirement plans for the years ended 31 December 2016 and 2015 are as follows:

Contributions to defined contribution retirement plans	定額供款退休計劃供款
--	------------

9. 退休福利成本 (續)

定額供款退休計劃 (續)

本集團截至二零一六年及二零一五年十二月三十一日止年度之定額供款退休計劃供款如下：

2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
1,022	1,246

10. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

The directors of the Company are members of the senior management of the Group during the years ended 31 December 2016 and 2015. Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulations are as follows:

Fees	袍金
Salaries, allowances and other benefits	薪金、津貼及其他利益
Contributions to defined contribution retirement plans	定額供款退休計劃供款

10. 董事及最高行政人員酬金

截至二零一六年及二零一五年十二月三十一日止年度，本公司董事亦為本集團高級管理層成員。根據香港公司條例第383(1)條及公司（披露董事利益資料）規例2部所披露之董事酬金如下：

2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
928	569
1,451	1,408
28	27
2,407	2,004

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10. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS (Continued)

10. 董事及最高行政人員酬金 (續)

		Year ended 31 December 2016 截至二零一六年十二月三十一日止年度			
			Salaries, allowances and other benefits	Contributions to defined contribution retirement plans	Total
Name of director	董事姓名	Fees 袍金 RMB'000 人民幣千元	薪金、津貼及 其他利益 RMB'000 人民幣千元	定額供款 退休計劃供款 RMB'000 人民幣千元	總計 RMB'000 人民幣千元
Executive directors		執行董事			
Mr. Jiang Quanlong (note (i))	蔣泉龍先生 (附註(i))	104	356	6	466
Mr. Jiang Xin (note (ii))	蔣鑫先生 (附註(ii))	-	-	-	-
Mr. Jiang Lei (note (iii))	蔣磊先生 (附註(iii))	104	1,095	22	1,221
Mr. Cho Yu Chung (note (iv))	曹宇頌先生 (附註(iv))	325	-	-	325
Non-executive director		非執行董事			
Mr. Fan Yajun (note (v))	范亞軍先生 (附註(v))	104	-	-	104
Independent non-executive directors		獨立非執行董事			
Mr. Lai Wing Lee	賴永利先生	52	-	-	52
Mr. Leung Shu Sun, Sunny	梁樹新先生	187	-	-	187
Professor Wang Guozhen	王國珍教授	52	-	-	52
		928	1,451	28	2,407

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10. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS (Continued)

10. 董事及最高行政人員酬金 (續)

		Year ended 31 December 2015 截至二零一五年十二月三十一日止年度				
Name of director	董事姓名	Fees 袍金 RMB'000 人民幣千元	Salaries, allowances and other benefits 薪金、津貼及 其他利益 RMB'000 人民幣千元	Contributions to defined contribution retirement plans 定額供款 退休計劃供款 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元	
Executive directors		執行董事				
Mr. Jiang Quanlong (note (i))	蔣泉龍先生 (附註(i))	98	356	6	460	
Mr. Jiang Lei (note (iii))	蔣磊先生 (附註(iii))	98	1,052	21	1,171	
Mr. Fan Yajun (note (v))	范亞軍先生 (附註(v))	98	-	-	98	
Independent non-executive directors		獨立非執行董事				
Mr. Lai Wing Lee	賴永利先生	49	-	-	49	
Mr. Leung Shu Sun, Sunny	梁樹新先生	177	-	-	177	
Professor Wang Guozhen	王國珍教授	49	-	-	49	
		<u>569</u>	<u>1,408</u>	<u>27</u>	<u>2,004</u>	

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10. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS (Continued)

Notes:

- (i) Mr. Jiang Quanlong is the Chairman of the Company.
- (ii) Mr. Jiang Xin was appointed as the Chief Executive and executive director of the Company with effect from 22 December 2016.
- (iii) Mr. Jiang Lei resigned as the Chief Executive and executive director of the Company with effect from 22 December 2016.
- (iv) Mr. Cho Yu Chung was appointed as an executive director of the Company with effect from 28 September 2016.
- (v) Mr. Fan Yajun, previously an executive director of the Company, has been re-designated as a non-executive director of the Company with effect from 12 April 2016.

As at 31 December 2016 and 2015, the directors of the Company held share options under the Company's share option scheme. Details of which are disclosed in note 31.

During the years ended 31 December 2016 and 2015, no directors received any emoluments from the Group as an inducement to join or upon joining the Group or as compensation for loss of office. No directors has waived or agreed to waive any emoluments during both years.

10. 董事及最高行政人員酬金 (續)

附註：

- (i) 蔣泉龍先生為本公司董事長。
- (ii) 蔣鑫先生獲委任為本公司最高行政人員及執行董事，自二零一六年十二月二十二日起生效。
- (iii) 蔣磊先生辭任最高行政人員及執行董事，自二零一六年十二月二十二日起生效。
- (iv) 曹宇頌先生獲委任為本公司執行董事，自二零一六年九月二十八日起生效。
- (v) 范亞軍先生先前為本公司執行董事，獲調任為本公司非執行董事，自二零一六年四月十二日起生效。

於二零一六年及二零一五年十二月三十一日，本公司董事根據本公司購股權計劃持有購股權。有關購股權詳情載於附註31。

截至二零一六年及二零一五年十二月三十一日止年度，概無董事已自本集團收取任何酬金作為促使加入或於加入本集團時之獎金或離職之賠償。概無董事於該兩個年度放棄或同意放棄任何酬金。

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11. INDIVIDUALS WITH HIGHEST EMOLUMENTS AND SENIOR MANAGEMENT'S EMOLUMENTS

(a) Five highest paid individuals

Of the five individuals with the highest emoluments, two (2015: two) are directors of the Company whose emoluments are disclosed in note 10. The aggregate of the emoluments in respect of the remaining three (2015: three) individuals from the continuing operations are as follows:

Salaries, allowances and other benefits	薪金、津貼及其他利益
Contributions to defined contribution retirement plans	定額供款退休計劃供款

During the years ended 31 December 2016 and 2015, no emoluments were paid or payable by the Group to the five highest paid individuals as inducement to join or upon joining the Group or as compensation for loss of office during both years.

The emoluments of the above three (2015: three) individuals with the highest emoluments are within the following bands:

Bands:	組別:
Nil to HK\$1,000,000	零至1,000,000港元
HK\$1,500,001 to HK\$2,000,000	1,500,001港元至2,000,000港元

11. 最高酬金人士及高級管理人員酬金

(a) 五名最高薪人士

五位最高酬金人士包括兩位(二零一五年:兩位)本公司董事,其酬金詳情載於附註10。餘下來自持續經營業務之三位(二零一五年:三位)人士之酬金如下:

2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
2,308	2,183
42	29
2,350	2,212

截至二零一六年及二零一五年十二月三十一日止年度,本集團概無向五位最高酬金人士支付或應付任何酬金作為於兩個年度促使加入或於加入本集團時之獎金或離職之賠償。

上述三位(二零一五年:三位)最高酬金人士之酬金組別如下:

Number of individuals 人數	
2016 二零一六年	2015 二零一五年
2	2
1	1
3	3

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11. INDIVIDUALS WITH HIGHEST EMOLUMENTS AND SENIOR MANAGEMENT'S EMOLUMENTS (Continued)

(b) Senior management's emoluments

The emoluments paid or payable to senior management are within the following bands:

Bands:	組別：
Nil to HK\$1,000,000	零至1,000,000港元
HK\$1,500,001 to HK\$2,000,000	1,500,001港元至 2,000,000港元

Note: The total numbers of individuals included two individuals of senior managements from the discontinued operations whose emoluments were within "Nil to HK\$1,000,000" band during the year ended 31 December 2015.

11. 最高酬金人士及高級管理人員酬金 (續)

(b) 高級管理人員酬金

已付或應付予高級管理人員之酬金組別如下：

Number of individuals	
人數	
2016	2015
二零一六年	二零一五年
5	7
1	1
6	8

*附註：*截至二零一五年十二月三十一日止年度，高級管理人員之總人數包括兩位來自已終止經營業務而其酬金歸入於「零至1,000,000港元」之組別。

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12. DIVIDENDS

(a) Dividend proposed

The directors of the Company do not recommend the payment of a final dividend for the year ended 31 December 2016 (2015: Nil).

(b) Dividends declared and paid

Final dividend for the year ended 31 December 2014 of HK2 cents per ordinary share (2016: Nil)

12. 股息

(a) 建議股息

本公司董事不建議派付截至二零一六年十二月三十一日止年度之末期股息(二零一五年：無)。

(b) 已宣派及支付股息

截至二零一四年十二月三十一日止年度末期股息每股普通股2港仙(二零一六年：無)

2016	2015
二零一六年	二零一五年
RMB'000	RMB'000
人民幣千元	人民幣千元
-	13,761

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13. EARNINGS PER SHARE

From continuing and discontinued operations:

The calculation of the basic and diluted earnings per share attributable to owners of the Company is based on the following data:

Earnings

Profit for the year attributable to owners of the Company for the purposes of basic and diluted earnings per share

盈利

就計算每股基本及攤薄盈利而言的本公司擁有人應佔年內溢利

Number of shares

Weighted average number of ordinary shares for the purposes of calculating basic earnings per share

Add: Effects of dilutive potential ordinary shares from share options

Weighted average number of ordinary shares for the purposes of calculating diluted earnings per share

股份數目

就計算每股基本盈利而言的普通股加權平均數

加：購股權的潛在攤薄普通股影響

就計算每股攤薄盈利而言的普通股加權平均數

13. 每股盈利

來自持續經營及已終止經營業務：

本公司擁有人應佔每股基本及攤薄盈利乃按以下數據計算：

	2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
	75,443	69,860
	2016 二零一六年	2015 二零一五年
	840,000,000	840,000,000
	11,455,388	12,853,988
	851,455,388	852,853,988

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13. EARNINGS PER SHARE (Continued)

From continuing operations:

The calculation of the basic and diluted earnings per share from continuing operations attributable to owners of the Company is based on the following data:

Earnings figures are calculated as follows:

Profit for the year attributable to owners of the Company from continuing and discontinued operations	本公司擁有人應佔年內來自持續經營及已終止經營業務之溢利
Adjusted for: Profit for the year from discontinued operations attributable to owners of the Company	調整：本公司擁有人應佔年內來自已終止經營業務之溢利
Earnings for the purposes of basic and diluted earnings per share from continuing operations	就計算每股基本及攤薄盈利而言的來自持續經營業務之盈利

The denominators used are the same as those detailed above for both basic and diluted earnings per share from continuing and discontinued operations.

13. 每股盈利 (續)

來自持續經營業務：

本公司擁有人應佔來自持續經營業務之每股基本及攤薄盈利乃按以下數據計算：

盈利數字計算如下：

2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
75,443	69,860
-	(3,039)
75,443	66,821

來自持續經營及已終止經營業務之每股基本及攤薄盈利所使用之分母均與上文所詳述者相同。

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13. EARNINGS PER SHARE (CONTINUED)

From discontinued operations:

Basic earnings per share from discontinued operations for the year ended 31 December 2015 was RMB0.36 cents (2016: Nil) per share, based on the profit for the year from discontinued operations attributable to owners of the Company amounting to approximately RMB3,039,000 (2016: Nil) during that year and the denominators detailed above for basic earnings per share from continuing and discontinued operations.

Diluted earnings per share from discontinued operations for the year ended 31 December 2015 was RMB0.36 cents (2016: Nil) per share, based on the profit for the year from discontinued operations attributable to owners of the Company amounting to approximately RMB3,039,000 (2016: Nil) during that year and the denominators detailed above for diluted earnings per share from continuing and discontinued operations.

13. 每股盈利 (續)

來自已終止經營業務：

截至二零一五年十二月三十一日止年度，來自已終止經營業務之每股基本盈利為每股人民幣0.36分（二零一六年：無），乃根據該年度本公司擁有人應佔年內來自已終止經營業務之溢利約人民幣3,039,000元（二零一六年：無）及上文就來自持續經營及已終止經營業務之每股基本盈利所詳述的分母計算。

截至二零一五年十二月三十一日止年度，來自已終止經營業務之每股攤薄盈利為每股人民幣0.36分（二零一六年：無），乃根據該年度本公司擁有人應佔年內來自已終止經營業務之溢利約人民幣3,039,000元（二零一六年：無）及上文就來自持續經營及已終止經營業務之每股攤薄盈利所詳述的分母計算。

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For the year ended 31 December 2016
截至二零一六年十二月三十一日止年度

14. PREPAID LEASE PAYMENTS

Carrying amount:	賬面值：
As at 1 January	於一月一日
Additions during the year	年內添置
Amortisation for the year	年內攤銷
Derecognised on disposal of subsidiaries (Note 40)	出售附屬公司時終止確認 (附註40)
As at 31 December	於十二月三十一日
Analysed by:	分析如下：
Non-current portion	非流動部份
Current portion	流動部份
Total	總計

The prepaid lease payments represent prepayments of lease premium for lands situated in the PRC under medium-term leases. The amortisation charge for the year is included in “general and administrative expenses” in the consolidated statement of profit or loss and other comprehensive income.

The Group is in the process of obtaining the land use right certificate for a leasehold land with carrying amount of RMB13,508,000 as at 31 December 2016 (2015: RMB13,816,000).

14. 預付租賃款項

2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
53,340	54,534
-	5,180
(1,191)	(1,194)
-	(5,180)
52,149	53,340
50,958	52,146
1,191	1,194
52,149	53,340

預付租賃款項指根據中期租賃條款支付之位於中國之預付土地租金。本年度攤銷費用計入綜合損益及其他全面收益表之「一般及行政開支」內。

本集團正就於二零一六年十二月三十一日的賬面值為人民幣13,508,000元(二零一五年：人民幣13,816,000元)的租賃土地獲取土地使用權證。

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For the year ended 31 December 2016
截至二零一六年十二月三十一日止年度

15. PROPERTY, PLANT AND EQUIPMENT

15. 物業、廠房及設備

		Buildings	Furniture, fixtures and equipment 傢俬、裝置及設備	Leasehold improvements 租賃物業裝修	Plant and machineries 廠房及機器	Motor vehicles 汽車	Molding 模具	Construction in progress 在建工程	Total 總額
		RMB'000 人民幣千元 (Note) (附註)	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元
Cost:	成本:								
As at 1 January 2015	於二零一五年一月一日	190,622	3,662	23,318	189,353	9,214	14,860	127,326	558,355
Additions	添置	9,850	685	-	-	-	613	5,055	16,203
Transfers	轉撥	-	-	2,098	-	-	-	(2,098)	-
Derecognised on disposal of subsidiaries (Note 40)	出售附屬公司時終止確認 (附註40)	(10,898)	(700)	(1,305)	(3,192)	(437)	-	-	(16,532)
Exchange adjustments	匯兌調整	-	12	11	-	26	-	-	49
As at 31 December 2015 and 1 January 2016	於二零一五年十二月三十一日及 二零一六年一月一日	189,574	3,659	24,122	186,161	8,803	15,473	130,283	558,075
Additions	添置	-	42	-	-	-	-	246	288
Transfers	轉撥	-	-	3,982	919	-	-	(4,901)	-
Disposals	出售	-	-	(4,552)	-	-	-	-	(4,552)
Exchange adjustments	匯兌調整	-	19	17	-	40	-	-	76
As at 31 December 2016	於二零一六年十二月三十一日	189,574	3,720	23,569	187,080	8,843	15,473	125,628	553,887
Accumulated depreciation:	累計折舊:								
As at 1 January 2015	於二零一五年一月一日	30,574	2,415	2,807	50,641	5,851	14,377	-	106,665
Charge for the year	本年度開支	8,604	349	1,319	14,858	1,117	1,045	-	27,292
Eliminated on disposal of subsidiaries (Note 40)	出售附屬公司時減除 (附註40)	(364)	(646)	(1,304)	(2,011)	(424)	-	-	(4,749)
Exchange adjustments	匯兌調整	-	11	12	-	8	-	-	31
As at 31 December 2015 and 1 January 2016	於二零一五年十二月三十一日及 二零一六年一月一日	38,814	2,129	2,834	63,488	6,552	15,422	-	129,239
Charge for the year	本年度開支	8,529	364	1,251	15,376	644	51	-	26,215
Written back on disposals	出售撥回	-	-	(721)	-	-	-	-	(721)
Exchange adjustments	匯兌調整	-	18	17	-	21	-	-	56
As at 31 December 2016	於二零一六年十二月三十一日	47,343	2,511	3,381	78,864	7,217	15,473	-	154,789
Carrying amounts:	賬面值:								
As at 31 December 2016	於二零一六年十二月三十一日	142,231	1,209	20,188	108,216	1,626	-	125,628	399,098
As at 31 December 2015	於二零一五年十二月三十一日	150,760	1,530	21,288	122,673	2,251	51	130,283	428,836

Note:

All the buildings are situated in the PRC and are situated on lands held under medium-term leases.

附註:

所有樓宇均於中國及位於根據中期租賃條款持有之土地上。

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For the year ended 31 December 2016
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16. AVAILABLE-FOR-SALE FINANCIAL ASSET

Unlisted equity investment in the PRC, at cost	按成本計算之於中國 非上市股本投資
Less: Impairment losses recognised	減：已確認之減值虧損

The unlisted equity investment represents 5% equity interest in a private entity established in the PRC. The unlisted equity investment, which is not held for short-term trading, is carried at cost less accumulated impairment losses as the investment does not have a quoted price in an active market and the range of reasonable fair value estimates is so significant that the directors of the Company are of the opinion that its fair value cannot be measured reliably. As at 31 December 2016, the Group does not intend to dispose of the investment in the near future.

During the year ended 31 December 2015, the Group performed an impairment assessment on its available-for-sale financial asset by taken into account the unexpected low revenue and substantial operating loss of the investment and an impairment loss of RMB9,000,000 (2016: Nil) was recognised in profit or loss during that year.

16. 可供出售金融資產

2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
9,000	9,000
(9,000)	(9,000)
<u> </u>	<u> </u>
<u> </u>	<u> </u>
-	-

非上市股本投資為在中國成立之私人實體之5%股權。並非為短期買賣而持有之非上市股本投資，由於並無活躍市場所報價格且其合理公平值的範圍太大因而本公司董事認為其公平值不能可靠地計量，故按成本減累計減值虧損列賬。於二零一六年十二月三十一日，本集團並不擬於不久將來出售該投資。

截至二零一五年十二月三十一日止年度，本集團考慮到該投資的未能預期之低收入及重大營運虧損而對其可供出售金融資產進行減值評估，於年內在損益中確認減值虧損人民幣9,000,000元（二零一六年：無）。

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財務報表附註

For the year ended 31 December 2016
截至二零一六年十二月三十一日止年度

17. PREPAYMENTS FOR CONSULTATION, MARKETING AND PROMOTIONAL SERVICES

- (a) Movements of prepayments for consultation, marketing and promotional services, based on estimated dates of services rendered, during the year are as follows:

As at 1 January	於一月一日
Refund of prepayments (Note)	已退還預付款 (附註)
Utilised and charged to profit or loss	已動用及計入損益
As at 31 December	於十二月三十一日
Analysed for reporting purposes as follows:	就呈報分析如下:
Non-current portion	非流動部份
Current portion (included in trade and other receivables (Note 20))	流動部份 (計入應收貿易及其他款項 (附註20))
Total	總計

The outstanding balance of the prepayments at the end of each reporting period represents the followings:

Prepayments for consultation services	諮詢服務預付款
Prepayments for marketing and promotional services	市場推廣及宣傳服務預付款
Total	總計

17. 諮詢、市場推廣及宣傳服務預付款

- (a) 年內諮詢、市場推廣及宣傳服務預付款根據所提供服務的估計日期之變動如下:

2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
125,757	216,500
-	(13,150)
(42,457)	(77,593)
83,300	125,757
43,700	83,300
39,600	42,457
83,300	125,757

於各報告期末的未償還預付款結餘呈列如下:

2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
-	2,857
83,300	122,900
83,300	125,757

Notes to the Financial Statements

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For the year ended 31 December 2016
截至二零一六年十二月三十一日止年度

17. PREPAYMENTS FOR CONSULTATION, MARKETING AND PROMOTIONAL SERVICES (Continued)

- (b) The analysis of the carrying amount of prepayments for consultation, marketing and promotional services which will be charged to profit or loss is as follows:

Within one year	一年內
After one year but less than two years	一年後但兩年內
After two years but less than five years	兩年後但五年內

Prepayments for consultation, marketing and promotional services represent the prepayments made by the Group to several independent architectural research and design institutes and universities in the PRC (the "Parties") for providing consultation services to set up and establish industry standards and national criteria with respect to applications of wood wool cement board ("WWCB") related materials on different aspects, and for providing marketing and promotional services to the Group.

During the year ended 31 December 2014, the Group entered into several agreements (the "Agreements") with the Parties for the purpose of (i) providing consultation services to the Group so as to set up and establish industry standards and national criteria for applications of WWCB related materials in the PRC and (ii) rendering marketing and promotional services to the Group for enhancing the development of the Group's WWCB related materials and market penetration in the PRC during the years from 2015 to 2019. The total consideration of the Agreements is RMB266,000,000 of which RMB230,500,000 was paid by the Group during the year ended 31 December 2014. Pursuant to the Agreements, the Group has reserved the rights to recall part of or all of the prepayments already made to the Parties if the Parties cannot fulfill the conditions as stated in the Agreements.

17. 諮詢、市場推廣及宣傳服務預付款 (續)

- (b) 將計入損益的諮詢、市場推廣及宣傳服務預付款之賬面值分析如下：

2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
39,600	42,457
39,600	39,600
4,100	43,700
83,300	125,757

諮詢、市場推廣及宣傳服務預付款指本集團就向本集團提供有關為木絲水泥板(「木絲水泥板」)相關物料於不同方面之應用及編製行業標準及國家準則的諮詢服務，以及市場推廣及宣傳服務而向中國多家獨立建築設計及研究機構及大學(「訂約方」)作出的預付款。

於截至二零一四年十二月三十一日止年度，本集團與訂約方就(i)於中國為木絲水泥板相關物料之應用及編製行業標準及國家準則而向本集團提供諮詢服務；及(ii)於二零一五年至二零一九年在中國為促進本集團木絲水泥板相關物料的發展及市場滲透率向本集團提供市場推廣及宣傳服務而訂立若干協議(「該等協議」)。該等協議的總代價為人民幣266,000,000元，其中人民幣230,500,000元已由本集團於截至二零一四年十二月三十一日止年度支付。根據該等協議，倘訂約方未能滿足該等協議所述條件，本集團保留收回已向訂約方支付的部份或全部預付款的權利。

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財務報表附註

For the year ended 31 December 2016
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17. PREPAYMENTS FOR CONSULTATION, MARKETING AND PROMOTIONAL SERVICES (Continued)

- (b) The analysis of the carrying amount of prepayments for consultation, marketing and promotional services which will be charged to profit or loss is as follows: (Continued)

During the year ended 31 December 2016, the expenses for consultation services of approximately RMB2,857,000 (net of tax of approximately RMB2,695,000) (2015: approximately RMB22,343,000 (net of tax of approximately RMB20,286,000)) and the expenses for marketing and promotional services of approximately RMB39,600,000 (net of tax of approximately RMB37,358,000) (2015: approximately RMB55,250,000 (net of tax of approximately RMB52,123,000)) were recognised as “research and development expenses” and “marketing and promotional expenses” in profit or loss respectively.

Note: On 30 June 2015, two of the Parties entered into an agreement with the Group and agreed to refund part of the prepayments for consultation, marketing and promotional services amounting to approximately RMB13,150,000 to the Group as a result of non-fulfilment of certain conditions as stated in the Agreements and the amount was fully received by the Group in August 2015.

17. 諮詢、市場推廣及宣傳服務預付款 (續)

- (b) 將計入損益的諮詢、市場推廣及宣傳服務預付款之賬面值分析如下：(續)

於截至二零一六年十二月三十一日止年度，諮詢服務開支約人民幣2,857,000元(經扣除稅項約人民幣2,695,000元)(二零一五年：約人民幣22,343,000元(經扣除稅項約人民幣20,286,000元))及市場推廣及宣傳服務開支約人民幣39,600,000元(經扣除稅項約人民幣37,358,000元)(二零一五年：約人民幣55,250,000元(經扣除稅項約人民幣52,123,000元))已於損益內分別確認為「研發開支」及「市場推廣及宣傳開支」。

附註：於二零一五年六月三十日，由於未能滿足協議內所述若干條件，其中兩名訂約方與本集團訂立協議，同意退還本集團諮詢、市場推廣及宣傳服務的部份預付款約人民幣13,150,000元，而該款項已由本集團於二零一五年八月悉數收回。

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18. INVESTMENTS IN SUBSIDIARIES

Details of the Company's subsidiaries as at 31 December 2016 are as follows:

18. 於附屬公司之投資

於二零一六年十二月三十一日，本公司之附屬公司詳情如下：

Name of subsidiary 附屬公司名稱	Place of incorporation/ establishment and type of legal entity 註冊成立/ 成立地點及 法律實體性質	Issued and fully paid share capital/ registered capital 已發行及繳足 股本／註冊股本	Proportion of ownership interest 擁有權比例			Principal activities and place of operations 主要業務及經營地點
			The Group's effective interest 本集團 實際權益	Held by the Company 由本公司 持有	Held by a subsidiary 由附屬公司 持有	
Pan Asia Environmental Protection Technologies Limited	British Virgin Islands, limited liability company 英屬處女群島， 有限公司	US\$200/ Ordinary Share 200美元／普通股	100%	100%	–	Investment holding/ Hong Kong 投資控股／香港
Dragon Commend Limited	British Virgin Islands, limited liability company 英屬處女群島， 有限公司	US\$1/ Ordinary Share 1美元／普通股	100%	100%	–	Not yet commenced business 暫無營業
Wuxi Pan Asia (Note i) 無錫泛亞 (附註i)	The PRC, jointly- foreign-owned enterprise 中國，外商合資企業	US\$54,280,000/ Registered Capital 54,280,000美元／ 註冊股本	100%	58.95%	41.05%	Sales of EP products and equipment, undertaking of EP construction engineering projects, and manufacture and sales of EP construction materials/the PRC 環保產品及設備之銷 售，承接環保建設工 程項目及製造及銷售 環保建築材料／中國
Pan Asia Environmental (Jiangsu) Limited (Note i) 泛亞環保(江蘇)有限公司 (附註i)	The PRC, wholly-foreign- owned enterprise 中國， 外商獨資企業	N/A (Note ii) 不適用 (附註ii)	100%	–	100%	Not yet commenced business 暫無營業

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18. INVESTMENTS IN SUBSIDIARIES (Continued)

18. 於附屬公司之投資 (續)

Name of subsidiary 附屬公司名稱	Place of incorporation/ establishment and type of legal entity 註冊成立/ 成立地點及 法律實體性質	Issued and fully paid share capital/ registered capital 已發行及繳足 股本 / 註冊股本	Proportion of ownership interest 擁有權比例			Principal activities and place of operations 主要業務及經營地點
			The Group's effective interest 本集團 實際權益	Held by the Company 由本公司 持有	Held by a subsidiary 由附屬公司 持有	
Pan Asia Environmental Protection (China) Company Limited (Note i) 泛亞環保(中國)有限公司 (附註i)	The PRC, wholly- foreign-owned enterprise 中國, 外商獨資企業	HK\$100,000,000/ Registered Capital 100,000,000港元/ 註冊股本	100%	-	100%	Sales of EP products and equipment and undertaking of EP construction engineering projects/the PRC 環保產品及設備之銷售 及承接環保建設工程 項目 / 中國
Lianyungang Minxin Investment Limited (Note i) 連雲港民心投資有限公司 (附註i)	The PRC, domestic- invested limited liability company 中國, 境內投資 有限公司	RMB10,000,000/ Registered Capital 人民幣10,000,000 元 / 註冊股本	100%	-	100%	Undertaking of EP construction engineering projects/ the PRC 承接環保建設工程 項目 / 中國

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18. INVESTMENTS IN SUBSIDIARIES (Continued)

None of the subsidiaries had any debt securities subsisting at the end of the year or within any time during the year.

Notes:

- (i) The English names for these companies which were established in the PRC are not officially registered but included here as a translation for identification purpose.
- (ii) As at 31 December 2016, the registered capital of this company was not yet injected by the Group.
- (iii) The Group had no subsidiaries which have material non-controlling interests during the years ended 31 December 2016 and 2015.

19. INVENTORIES

Raw materials	原材料
Work-in-progress	在製品
Finished goods	製成品

18. 於附屬公司之投資 (續)

於年末或本年度任何時間內概無附屬公司有任何債務證券存續。

附註：

- (i) 於中國成立之公司之英文名稱並非正式註冊登記之名稱，本報告中所載英文名稱均為翻譯所得，供識別之用。
- (ii) 於二零一六年十二月三十一日，該公司註冊股本尚未由本集團注入。
- (iii) 截至二零一六年及二零一五年十二月三十一日止年度，本集團並無附屬公司擁有重大非控股權益。

19. 存貨

2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
614	928
66,370	91,867
131,000	145,810
197,984	238,605

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20. TRADE AND OTHER RECEIVABLES

20. 應收貿易及其他款項

		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
Trade receivables with normal credit terms (Note a)	正常信貸期之應收貿易款項 (附註a)	597,273	334,820
Trade receivables with extended credit terms (Note b)	獲延長信貸期之應收貿易款項 (附註b)	95,286	216,334
		<hr/>	<hr/>
Total trade receivables	應收貿易款項總額	692,559	551,154
Less: Allowance for doubtful debts	減：呆賬撥備	(78,323)	(31,322)
		<hr/>	<hr/>
Total trade receivables, net of allowance for doubtful debts	應收貿易款項總額，經扣除呆賬撥備	614,236	519,832
Less: Non-current portion of trade receivables with extended credit terms	減：獲延長信貸期之應收貿易款項之非流動部份	(17,876)	(112,744)
		<hr/>	<hr/>
Current portion of trade receivables	應收貿易款項之流動部份	596,360	407,088
Other receivables (Note c)	其他應收款項 (附註c)	27,871	29,487
Less: Allowance for doubtful debts	減：呆賬撥備	(7,605)	(2,784)
		<hr/>	<hr/>
		20,266	26,703
		<hr/>	<hr/>
Receivable of compensation of loss from indemnity (Note 5)	彌償保證虧損賠償應收款項 (附註5)	46,641	-
Retention receivables (Note d)	應收質保款項 (附註d)	88,582	35,839
Amounts due from related companies (Note 21)	應收關連公司的款項 (附註21)	-	1,016
Amounts due from customers for contract work (Note 26)	應收客戶合約工程款項 (附註26)	-	962
		<hr/>	<hr/>
Loans and receivables	貸款及應收款項	751,849	471,608
Prepayments for consultation, marketing and promotional services (Note 17)	諮詢、市場推廣及宣傳服務預付款 (附註17)	39,600	42,457
Prepayments and deposits	預付款及按金	47,845	47,631
Other tax recoverables	其他可收回稅金	69,690	45,283
		<hr/>	<hr/>
		908,984	606,979
		<hr/> <hr/>	<hr/> <hr/>

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財務報表附註

For the year ended 31 December 2016
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20. TRADE AND OTHER RECEIVABLES (Continued)

The Group generally allows credit period ranging from 0 to 365 days to its trade customers with normal credit terms and credit period up to three years to its trade customers with extended credit terms which is based on the contractual repayment schedule. Further details on the Group's credit policy are set out in note 38(b)(i).

The following is an ageing analysis of trade receivables with normal credit terms and trade receivables with extended credit terms, net of allowance for doubtful debts, respectively, presented based on the invoice date at the end of the reporting period which approximated the respective revenue recognition dates:

20. 應收貿易及其他款項 (續)

本集團一般給予其貿易客戶0至365日的正常信貸期，並會根據合約訂明的還款時間表，給予其貿易客戶長達三年之延長信貸期。有關本集團信貸期政策之進一步詳情，載於附註38(b)(i)。

以下為具正常信貸期的應收貿易款項及獲延長信貸期的應收貿易款項，各自根據於報告期末的發票日期（與有關收入的確認日期相若）並經扣除呆壞賬撥備之賬齡分析：

		Normal credit terms 正常信貸期		Extended credit terms 延長信貸期		Total 總計	
		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
0 – 30 days	0至30日	72,496	3,717	-	-	72,496	3,717
31 – 60 days	31至60日	29,712	25,200	-	-	29,712	25,200
61 – 90 days	61至90日	133,315	38,952	-	128,254	133,315	167,206
91 – 180 days	91至180日	119,145	154,318	-	88,080	119,145	242,398
181 – 365 days	181至365日	78,382	81,311	-	-	78,382	81,311
Over 365 days	365日以上	85,900	-	95,286	-	181,186	-
		518,950	303,498	95,286	216,334	614,236	519,832

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20. TRADE AND OTHER RECEIVABLES (Continued)

a) Trade receivables with normal credit terms

The ageing analysis of trade receivables with normal credit terms that are neither individually nor collectively considered to be impaired is as follows:

Neither past due nor impaired	未逾期亦未減值
Less than 1 month past due	逾期少於1個月
1 to 3 months past due	逾期1至3個月
4 to 6 months past due	逾期4至6個月
More than 6 months past due	逾期超過6個月

Receivables that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral over these balances.

20. 應收貿易及其他款項 (續)

a) 具正常信貸期之應收貿易款項

並無個別或共同視作減值的具正常信貸期之應收貿易款項之賬齡分析如下：

2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
181,846	272,946
140,009	4,781
130,584	3,018
31,271	11,770
35,240	10,983
518,950	303,498

既未逾期亦未減值之應收款項與多名近期無拖欠還款記錄之客戶有關。

已逾期但未減值之應收款項與多名擁有與本集團有良好往績記錄之獨立客戶有關。基於過往經驗，由於信貸質素並無重大變化且該等餘額仍被視為可全數收回，故管理層相信毋須就有關餘額作出減值撥備。本集團並無持有該等餘額之任何抵押品。

Notes to the Financial Statements

財務報表附註

For the year ended 31 December 2016
截至二零一六年十二月三十一日止年度

20. TRADE AND OTHER RECEIVABLES (Continued)

a) Trade receivables with normal credit terms (Continued)

Impairment losses in respect of trade receivables with normal credit terms are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against trade receivables directly (see note 2(g)).

The movement in the allowance for doubtful debts of trade receivables with normal credit terms during the year, including both specific and collective loss components, is as follows:

As at 1 January	於一月一日	
Impairment loss recognised	已確認減值虧損	
Reversal of impairment loss	減值虧損撥回	
Eliminated on disposal of subsidiaries	出售附屬公司時撇銷	
As at 31 December	於十二月三十一日	

Reversal of impairment loss on trade debtors represents the recovery of debts due from these debtors previously considered to be impaired. An allowance for these receivable amounts that had been made in previous years was reversed back accordingly.

As at 31 December 2016, trade receivables with normal credit terms of approximately RMB78,323,000 (2015: RMB31,322,000) were individually determined to be impaired. These individually impaired receivables were outstanding for over one year as at the end of the reporting period or were due from debtors with financial difficulties. The Group does not hold any collateral over these balances.

20. 應收貿易及其他款項 (續)

a) 具正常信貸期之應收貿易款項 (續)

具正常信貸期的應收貿易款項之減值虧損乃於撥備賬中確認，除非本集團相信收回該金額之可能性很低，則該減值虧損會直接於應收貿易款項中撇銷（見附註2(g)）。

年內具正常信貸期的應收貿易款項之呆賬撥備變動（包括特定及整體虧損部份）如下：

2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
31,322	27,226
47,131	23,116
(130)	(11,590)
-	(7,430)
78,323	31,322

應收貿易賬款減值虧損撥回指之前被視為減值的應收該等債務人的債項獲收回。於過往年度就該等應收款項作出撥備之金額已作出相應撥回。

於二零一六年十二月三十一日，具正常信貸期的應收貿易款項約人民幣78,323,000元（二零一五年：人民幣31,322,000元）已個別釐定為減值。該等個別減值之應收款項於報告期末逾期超過一年，或由陷入財政困難之債務人欠付。本集團對該等結餘並無持有任何抵押物。

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20. TRADE AND OTHER RECEIVABLES (Continued)

b) Trade receivables with extended credit terms

The amount represented the carrying amount of trade receivables arising from the sales of EP products and equipment to certain government authorities in the PRC during the year ended 31 December 2015. At initial recognition, the consideration to be received by the Group was RMB237,050,000 which will be settled by several instalments as stipulated in the sale contracts in which the last settlement date will be on or before 31 October 2018. The fair value of the consideration recognised at the initial recognition was approximately RMB212,387,000, determined using discounted cash flows at an imputed rate of interest. The difference of approximately RMB24,663,000 between the nominal value of the consideration and the fair value of the consideration at the initial recognition was debited to revenue.

The movements of trade receivables with extended credit terms during the year are as follows:

20. 應收貿易及其他款項 (續)

b) 獲延長信貸期之應收貿易款項

該金額指截至二零一五年十二月三十一日止年度內向中國若干政府機關銷售環保產品及設備所產生的應收貿易款項之賬面值。於初始確認時，本集團將收取之代價為人民幣237,050,000元，將按銷售合約內訂明的數個還款期清繳，其中最後一個付款日期將為二零一八年十月三十一日或之前。於初始確認時所確認的代價公平值約為人民幣212,387,000元，乃使用折現現金流法按估算利率釐定。於初始確認時代價的面值與代價公平值之間的差額約人民幣24,663,000元從收入中扣除。

獲延長信貸期的應收貿易款項於年內之變動如下：

		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
As at 1 January	於一月一日	216,334	-
Fair value of the consideration at initial recognition	於初始確認時之代價公平值	-	212,387
Imputed interest recognised during the year (Note 4)	年內確認之估算利息 (附註4)	10,249	3,947
Gain on early settlement of trade receivables with extended credit terms (Note 4)	提早結付獲延長信貸期之應收貿易款項之增益 (附註4)	5,004	-
Settlement from customers (including the portion of early settlement of trade receivables)	客戶結付 (包括應收貿易款項的提早結付部分)	(136,301)	-
As at 31 December	於十二月三十一日	95,286	216,334
Less: Amounts due within one year included in trade receivables – current	減：計入應收貿易款項之一年內到期款項 – 即期	(77,410)	(103,590)
Amounts shown under non-current assets	在非流動資產項下所示之金額	17,876	112,744

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20. TRADE AND OTHER RECEIVABLES (Continued)

b) Trade receivables with extended credit terms (Continued)

At the end of the reporting period, the Group has trade receivables with extended credit terms which fall due as follows:

Within one year	一年內
After one year but less than two years	一年後但兩年內
After two years but less than three years	兩年後但三年內

As at 31 December 2016 and 2015, no allowance for doubtful debts was provided for trade receivables with extended credit terms.

The ageing analysis of trade receivables with extended credit terms that are neither individually nor collectively considered to be impaired is as follows:

Neither past due nor impaired	未逾期亦未減值
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As at 31 December 2016, the trade receivables with extended credit terms of approximately RMB95,286,000 (2015: RMB216,334,000) were due from certain government authorities in the PRC which will be settled by several instalments up to three years.

20. 應收貿易及其他款項 (續)

b) 獲延長信貸期之應收貿易款項 (續)

於報告期末，本集團的獲延長信貸期之應收貿易款項之到期情況如下：

2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
77,410	103,590
17,876	85,920
-	26,824
95,286	216,334

於二零一六年及二零一五年十二月三十一日，並無就獲延長信貸期之應收貿易款項作出呆賬撥備。

並無個別或共同視作減值之獲延長信貸期之應收貿易款項之賬齡分析如下：

2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
95,286	216,334

於二零一六年十二月三十一日，獲延長信貸期之應收貿易款項約為人民幣95,286,000元(二零一五年：人民幣216,334,000元)，乃應收中國若干政府機關款項，將在最多三年內分數期清繳。

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20. TRADE AND OTHER RECEIVABLES (Continued)

c) Other receivables

The movement in the allowance for doubtful debts during the year, including both specific and collective loss components, is as follows:

As at 1 January	於一月一日
Impairment loss recognised	已確認減值虧損
Reversal of impairment loss	減值虧損撥回
Eliminated on disposal of subsidiaries	出售附屬公司時撇銷
As at 31 December	於十二月三十一日

Reversal of impairment loss on other receivables represents the recovery of debts due from these debtors previously considered to be impaired. An allowance for these receivable amounts that had been made in previous years was reversed back accordingly.

At at 31 December 2016, other receivables of approximately RMB7,605,000 (2015: RMB2,784,000) were individually determined to be impaired. These individually impaired receivables were outstanding for over one year as at the end of the reporting period or were due from debtors with financial difficulties. The Group does not hold any collateral over these balances.

d) Retention receivables

Retention receivables (generally 5% to 10% of the total contracted value) are amounts which are not paid by the customers until fulfilment of warranty period of generally 1 to 2 years specified in the contracts for the payment of such amounts. The amount of retentions are expected to be recovered through its normal operating cycle.

20. 應收貿易及其他款項 (續)

c) 其他應收款項

年內之呆賬撥備變動(包括特定及整體虧損部份)如下:

2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
2,784	1,042
4,911	2,784
(90)	(380)
-	(662)
7,605	2,784

其他應收款項減值虧損撥回指之前被視為減值的應收該等債務人的債項獲收回。於過往年度就該等應收款項作出撥備之金額已作出相應撥回。

於二零一六年十二月三十一日，其他應收款項約人民幣7,605,000元(二零一五年：人民幣2,784,000元)個別釐定為已減值。於報告期末，該等個別減值應收款項尚未收回超過一年或應收自財務困難的債務人。本集團並無就該等結餘持有任何抵押品。

d) 應收質保款項

應收質保款項指客戶尚未支付之金額(一般為合約總價值之5%至10%)，有關款項將於履行合約訂明之擔保期(一般為一至兩年)後方予支付。預期有關質保款項可於其一般營運週期內收回。

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21. AMOUNTS DUE FROM RELATED COMPANIES

21. 應收關連公司的款項

Name of related company 關連公司名稱	Relationship with the Group 與本集團的關係	Maximum amount outstanding during the year ended 31 December 截至十二月三十一日止年度未償還最高金額			
		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
Jianhua Yaozu Autonomous County Zhongnan Mining Limited (Note) 江華瑤族自治縣中南礦業有限公司 (附註)	A company of which Mr. Jiang Lei, a former director of the Company, is also a legal representative 本公司前董事蔣磊先生亦擔任法定代表之公司	-	16	16	1,016
Benxi Fanya Environmental Heat & Power Co., Ltd. (Note) 本溪泛亞環保熱電有限公司 (附註)	A company of which Mr. Fan Yajun, a director of the Company, is also a director and one of the ultimate beneficiaries 本公司董事范亞軍先生亦擔任董事且為其中一名最終受益人之公司	-	1,000	1,000	1,000
	A company of which Mr. Jiang Lei, a former director of the Company, is also one of the ultimate beneficiaries 本公司前董事蔣磊先生亦為其中一名最終受益人之公司	-	1,016	1,016	1,016
		-	1,016	1,016	1,016

The amounts due from related companies were unsecured, interest-free and repayable on demand.

Note:

The English names for these companies which were established in the PRC are not officially registered but included here as a translation for identification purpose.

應收關連公司的款項為無抵押、免息及須按要求即時還款。

附註：

於中國成立之公司之英文名稱並非正式註冊登記之名稱，本報告中所載英文名稱均為翻譯所得，供識別之用。

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22. CASH AND BANK BALANCES

Cash and bank balances comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less. As at 31 December 2016, the bank balances and deposits carried interests at the prevailing market interest rate which ranged from 0% to 0.3% (2015: 0% to 0.35%) per annum.

As at 31 December 2016, the Group had bank balances and cash denominated in RMB that were either not freely convertible or were subject to exchange controls in the PRC, amounting to approximately RMB349,075,000 (2015: RMB275,743,000).

22. 現金及銀行結餘

現金及銀行結餘包括本集團持有之現金及原定到期日為三個月或以下之短期銀行存款。於二零一六年十二月三十一日，銀行結餘及存款按現行市場年利率介乎零至0.3%（二零一五年：零至0.35%）計息。

於二零一六年十二月三十一日，本集團持有不能於中國自由兌換或受外匯管制影響之以人民幣計值之銀行結餘及現金約為人民幣349,075,000元（二零一五年：人民幣275,743,000元）。

23. TRADE AND OTHER PAYABLES

23. 應付貿易及其他款項

		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
Trade payables (Note a)	應付貿易款項 (附註a)	109,609	109,160
Accruals and other payables	應計費用及其他應付款項	51,281	31,068
Amounts due to directors (Note 24)	應付董事款項 (附註24)	2,512	2,876
Amounts due to related companies (Note 25)	應付關連公司款項 (附註25)	34,363	16,339
Amounts due to customers for contract work (Note 26)	應付客戶合約工程款項 (附註26)	-	1,657
Payable for legal fees and liabilities from litigation claim (Note 5)	訴訟申索產生的應付法律費用及負債款項 (附註5)	70,754	24,113
Financial liabilities measured at amortised cost	以攤銷成本計量的金融負債	268,519	185,213
Other PRC tax payables	其他應付中國稅項	2,325	2,340
		270,844	187,553

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23. TRADE AND OTHER PAYABLES (Continued)

a) Ageing analysis of trade payables

The ageing analysis of trade payables at the end of each reporting period based on invoice date is as follows:

0 – 30 days	0至30日
31 – 60 days	31至60日
61 – 90 days	61至90日
91 – 180 days	91至180日
181 – 365 days	181至365日
Over 365 days	365日以上

24. AMOUNTS DUE TO DIRECTORS

Mr. Jiang Quanlong	蔣泉龍先生
Mr. Jiang Lei	蔣磊先生

The amounts due to directors were unsecured, interest-free and repayable on demand.

23. 應付貿易及其他款項 (續)

a) 應付貿易款項之賬齡分析

應付貿易款項於各報告期末按發票日期之賬齡分析如下：

2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
4,822	253
7,042	11,155
6,150	7,574
22,011	11,549
4,557	36,471
65,027	42,158
109,609	109,160

24. 應付董事款項

2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
2,512	2,376
-	500
2,512	2,876

應付董事款項乃無抵押、免息及須按要求償還。

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25. AMOUNTS DUE TO RELATED COMPANIES

25. 應付關連公司款項

Name of related company 關連公司名稱	Relationship with the Group 與本集團關係	2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
Yixing Silver Mile Fluorescent Materials Co., Ltd. (Note) 宜興銀茂熒光材料有限公司 (附註)	A company of which Mr. Jiang Quanlong, a director of the Company, is also a director of its shareholder 本公司董事蔣泉龍先生亦為其股東之董事之公司	4,443	4,443
Praise Fortune Limited	The Company's immediate and ultimate controlling party 本公司之直接及最終控制方	29,920	11,896
		34,363	16,339

The amounts due to related companies were unsecured, interest-free and repayable on demand.

Note:

The English name for this company which was established in the PRC is not officially registered but included here as a translation for identification purpose.

應付關連公司款項乃無抵押、免息及須按要求即時還款。

附註：

於中國成立之公司之英文名稱並非正式註冊登記之名稱，本報告中所載英文名稱均為翻譯所得，供識別之用。

Notes to the Financial Statements 財務報表附註

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26. AMOUNTS DUE (TO)/FROM CUSTOMERS FOR CONTRACT WORK

Details of construction contracts in progress at the end of each reporting period are as follows:

Contract costs incurred to date	迄今所產生之合約成本	-	29,478
Recognised profits less recognised losses	已確認溢利減已確認虧損	-	5,210
		-	34,688
Less: Progress billings	減：進度款項	-	(35,383)
		-	(695)
<i>Represented by:</i>			
Amounts due from customers for contract work (Note 20)	代表：應收客戶合約工程款項 (附註20)	-	962
Amounts due to customers for contract work (Note 23)	應付客戶合約工程款項 (附註23)	-	(1,657)
		-	(695)

As at 31 December 2015, the amounts due from customers for contract work were expected to be recovered within one year.

Receipts in advance from customers for contract work amounting to approximately RMB1,222,000 as at 31 December 2015 were included in "Deposits received and receipts in advance".

26. (應付)／應收客戶合約工程款項

於各報告期末執行之在建工程合約詳情如下：

2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
-	29,478
-	5,210
-	34,688
-	(35,383)
-	(695)
-	962
-	(1,657)
-	(695)

於二零一五年十二月三十一日，預期於一年內收回應收客戶合約工程款項。

於二零一五年十二月三十一日，預收客戶合約工程款項約為人民幣1,222,000元，已計入「已收按金及預收款」內。

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27. INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

27. 綜合財務狀況表內之所得稅

a) The movement of tax (recoverable)/payable in the consolidated statement of financial position during the year are as follows:

a) 綜合財務狀況表所列之(可收回)/應付稅項於年內之變動如下:

		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
As at 1 January	於一月一日	(39,116)	(9,113)
Provision for the year	年內撥備		
– PRC Enterprise Income Tax	– 中國企業所得稅撥備		
– continuing operations (Note 8(a))	– 持續經營業務 (附註8(a))	17,735	32,761
– discontinued operations (Note 7)	– 已終止經營業務 (附註7)	–	7
Income tax paid during the year	年內已付所得稅	(42,527)	(62,771)
As at 31 December	於十二月三十一日	<u>(63,908)</u>	<u>(39,116)</u>
<i>Represented by:</i>	代表:		
Tax payable	應付稅項	10,888	10,888
Tax recoverable	可收回稅項	(74,796)	(50,004)
Net tax recoverable	可收回稅項淨額	<u>(63,908)</u>	<u>(39,116)</u>

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27. INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

b) Deferred taxation

The components of deferred tax liabilities/(assets) recognised in the consolidated statement of financial position and the movements during the year are as follows:

		Withholding tax on undistributed earnings	Depreciation allowances in excess of related depreciation	Fair value adjustment on trade receivables with extended credit terms and others	Total
		未分派盈利之預扣稅	超出相關折舊之折舊撥備	獲延長信貸期之應收貿易款項的公平值調整及其他	總計
		RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元
As at 1 January 2015	於二零一五年一月一日	11,766	6,436	-	18,202
Charged/(credited) to profit or loss (Note 8(a))	在損益支銷/(計入) (附註8(a))	4,787	1,116	(6,192)	(289)
As at 31 December 2015 and 1 January 2016	於二零一五年十二月三十一日及二零一六年一月一日	16,553	7,552	(6,192)	17,913
Effect on change in tax rate of a subsidiary (Note 8(a))	一間附屬公司的稅率變動之影響 (附註8(a))	-	(3,021)	2,477	(544)
Charged/(credited) to profit or loss (Note 8(a))	在損益支銷/(計入) (附註8(a))	4,205	(3,313)	2,387	3,279
As at 31 December 2016	於二零一六年十二月三十一日	20,758	1,218	(1,328)	20,648

27. 綜合財務狀況表內之所得稅 (續)

b) 遞延稅項

年內於綜合財務狀況表確認之遞延稅項負債/(資產)之組成部份及變動如下:

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27. INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

b) Deferred taxation (Continued)

The following is the analysis of the deferred tax balances for financial reporting purposes:

Deferred tax assets	遞延稅項資產
Deferred tax liabilities	遞延稅項負債

Pursuant to the Enterprise Income Tax Laws of the PRC (the "New EIT Laws"), a 10% withholding tax is levied on dividends declared to foreign investors from foreign investment enterprise established in the PRC. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax arrangement between the PRC and the jurisdiction of the foreign investors. For the Group, the applicable tax rate is 10%. The Group is therefore liable to withholding taxes on dividend distributed by those subsidiaries established in the PRC in respect of earnings generated from 1 January 2008 onwards. The Group recognised deferred tax liabilities in respect of expected distributable earnings from its subsidiaries established in the PRC since 1 January 2008 with reference to the Group's dividend policy, no matter whether any dividends have been declared out of such earnings by the subsidiaries at the reporting date. The directors of the Company will review the funding requirements of the Group from time to time and revise the dividend policy of its subsidiaries as appropriate.

As at 31 December 2016, the Group has unrecognised deferred tax liabilities of approximately RMB19,353,000 (2015: RMB15,275,000) in relation to withholding tax on undistributed earnings of approximately RMB193,528,000 (2015: RMB152,745,000) due to the retention of undistributed earnings by the subsidiaries established in the PRC determined by the directors of the Company.

27. 綜合財務狀況表內之所得稅 (續)

b) 遞延稅項 (續)

以下為就財務申報目的而對遞延稅項結餘之分析：

2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
(1,328)	(6,192)
21,976	24,105
20,648	17,913

根據中國企業所得稅法（「新企業所得稅法」），在中國成立的外資企業向外國投資者所宣派的股息須繳交10%預扣稅。此規定自二零零八年一月一日起生效，適用於二零零七年十二月三十一日後的盈利。倘中國與外國投資者所屬司法權區訂有稅務安排，或可按較低稅率繳交預扣稅。就本集團而言，適用稅率為10%。因此，本集團須就於中國成立的附屬公司於二零零八年一月一日以後產生的盈利所分派的股息繳納預扣稅。就自二零零八年一月一日以後在中國成立的附屬公司的預期可分配盈利而言，本集團根據其股息政策，確認遞延稅項負債，無論附屬公司於報告日是否已自該等盈利派發任何股息。本公司董事將不時檢討本集團的資金要求，於適當時修改其附屬公司股息政策。

於二零一六年十二月三十一日，本集團與未分配盈利約人民幣193,528,000元（二零一五年：人民幣152,745,000元）的預扣稅有關的未確認遞延稅項負債為約人民幣19,353,000元（二零一五年：人民幣15,275,000元），乃由於本公司董事決定由在中國成立的附屬公司保留未分配盈利所致。

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27. INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

b) Deferred taxation (Continued)

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

As at 31 December 2016, deductible temporary differences in respect of tax losses not recognised in these financial statements were approximately RMB26,017,000 (2015: RMB29,098,000). No deferred tax asset has been recognised in respect of such deductible temporary differences due to the unpredictability of future profit streams. Included in the above are tax losses of approximately RMB26,017,000 (2015: RMB29,098,000) which can only be carried forward for a maximum period of five years.

27. 綜合財務狀況表內之所得稅 (續)

b) 遞延稅項 (續)

本公司向其股東支付之股息並無附帶所得稅影響。

於二零一六年十二月三十一日，未於本財務報表確認的稅項虧損的可抵扣暫時差異約人民幣26,017,000元（二零一五年：人民幣29,098,000元）。由於未來利潤流難以預計，本集團並未就該等可抵扣暫時差異確認遞延稅項資產。上述項目包括稅項虧損約人民幣26,017,000元（二零一五年：人民幣29,098,000元），僅可最多結轉為期五年。

28. DEFERRED GOVERNMENT GRANTS

As at 1 January 於一月一日
Released to profit or loss 撥入損益

As at 31 December 於十二月三十一日

The deferred government grants are the subsidies received from the PRC government for acquisition of property, plant and equipment.

28. 遞延政府補助

2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
4,051 (658)	4,709 (658)
3,393	4,051

遞延政府補助來自中國政府就收購物業、廠房及設備的補助。

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29. SHARE CAPITAL

Authorised and issued share capital

Ordinary shares of HK\$0.1 each 每股面值0.1港元普通股

Authorised:

As at 1 January and 31 December 於一月一日及
十二月三十一日

Issued and fully paid:

As at 1 January and 31 December 於一月一日及
十二月三十一日

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

29. 股本

法定及已發行股本

2016 and 2015
二零一六年及二零一五年

Number of shares 股份數目 '000 千股	Amount 金額 HK\$'000 千港元
4,000,000	400,000
840,000	84,000
	(Equivalent to approximately RMB78,073,000) (相等於約人民幣 78,073,000元)

普通股持有人有權收取不時宣派之股息並有權於本公司大會上以每股一票投票。全部普通股對本公司剩餘資產而言屬同等。

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30. RESERVES

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

30. 儲備

本集團的綜合權益各組成部份之年初及年終結餘之對賬載於綜合權益變動表。本公司權益的個別組成部份於年初及年終之間的變動詳情載列如下：

		Attributable to owners of the Company 本公司擁有人應佔						
		Share capital 股本	Share premium 股份溢價	Contributed surplus 繳入盈餘	Translation reserve 匯兌儲備	Share option reserve 購股權儲備	Accumulated losses 累計虧損	Total 總額
		RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元
		(Note 29) (附註29)	(Note (i)) (附註(i))	(Note (iv)) (附註(iv))	(Note (vi)) (附註(vi))	(Note (vii)) (附註(vii))		
As at 1 January 2015	於二零一五年一月一日	78,073	466,844	372,178	(123,280)	17,592	(53,087)	758,320
Loss for the year	年內虧損	-	-	-	-	-	(9,922)	(9,922)
Other comprehensive income	其他全面收益							
- Exchange difference on translation of financial statements to presentation currency	- 換算財務報表至呈列貨幣產生之匯兌差額	-	-	-	34,848	-	-	34,848
Total comprehensive income for the year	年內全面收益總額	-	-	-	34,848	-	(9,922)	24,926
Dividends (Note 12(b))	股息(附註12(b))	-	-	-	-	-	(13,761)	(13,761)
As at 31 December 2015 and 1 January 2016	於二零一五年十二月三十一日及二零一六年一月一日	78,073	466,844	372,178	(88,432)	17,592	(76,770)	769,485
Loss for the year	年內虧損	-	-	-	-	-	(12,575)	(12,575)
Other comprehensive income	其他全面收益							
- Exchange difference on translation of financial statements to presentation currency	- 換算財務報表至呈列貨幣產生之匯兌差額	-	-	-	51,666	-	-	51,666
Total comprehensive income for the year	年內全面收益總額	-	-	-	51,666	-	(12,575)	39,091
Transfer to accumulated losses upon lapse of share options	於購股權失效後轉撥至累計虧損	-	-	-	-	(2,332)	2,332	-
As at 31 December 2016	於二零一六年十二月三十一日	78,073	466,844	372,178	(36,766)	15,260	(87,013)	808,576

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30. RESERVES (Continued)

Share premium and reserves

i) Share premium

Under the Companies Law (Revised) of the Cayman Islands, the share premium of the Company is distributable to the owners of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business.

ii) Special reserve

The special reserve of the Group represents the difference between the nominal value and share premium of the subsidiaries acquired and the nominal value of the Company's shares issued for the acquisition of these subsidiaries at the time of group reorganisation immediately prior to the listing of the Company's shares on 1 December 2007.

iii) Capital reserve

The capital reserve represents the excess capital contribution from the non-controlling interest of 遼寧泛亞環境設計工程有限公司, a former subsidiary of the Company.

30. 儲備 (續)

股份溢價及儲備

i) 股份溢價

根據開曼群島公司法(經修訂),本公司之股份溢價可分派予本公司擁有人,惟緊隨建議分派股息當日之後,本公司須有能力償還於日常業務過程中到期之債項。

ii) 特別儲備

本集團之特別儲備指所收購附屬公司之面值及股份溢價與緊接本公司股份於二零零七年十二月一日上市前本公司於集團重組時就收購該等附屬公司所發行股份之面值之差額。

iii) 股本儲備

股本儲備指來自非控股權益對本公司的前附屬公司遼寧泛亞環境設計工程有限公司之超額注資。

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30. RESERVES (Continued)

Share premium and reserves (Continued)

iv) *Contributed surplus*

The contributed surplus represents the difference between the nominal value of the ordinary shares issued by the Company and the net assets value of subsidiaries acquired through an exchange of shares pursuant to the group reorganisation.

v) *Enterprise expansion reserve and statutory surplus reserve*

Statutory surplus reserve and enterprise expansion reserve are set up by the Company's subsidiaries established in the PRC by way of appropriation from the profit for the year in accordance with the relevant laws and regulations in the PRC. These subsidiaries are required to allocate certain percent of its net profit for the year as reported in their PRC statutory accounts to the statutory surplus reserve and enterprise expansion reserve until such reserves reach 50% of registered capital. These reserves are non-distributable. The statutory surplus reserve can be used to make up prior year losses of these subsidiaries, if any, and can be applied in conversion into capital by means of capitalisation issues. The enterprise expansion reserve is used for expanding the capital base of these subsidiaries by means of capitalisation issue.

30. 儲備 (續)

股份溢價及儲備 (續)

iv) *繳入盈餘*

繳入盈餘指本公司已發行普通股之面值與根據集團重組透過換股所收購附屬公司之資產淨值的差額。

v) *企業擴展儲備及法定盈餘儲備*

法定盈餘儲備及企業擴展儲備乃於中國成立之本公司附屬公司根據相關中國法律法規透過分撥年度溢利設立。該等附屬公司必須分配其中國法定賬目中所呈報之若干百分比年度純利至法定盈餘儲備及企業擴展儲備，直至有關儲備達至註冊資本之50%。該等儲備不可分配。法定盈餘儲備可用於彌補過往年度該等附屬公司之虧損(如有)及可以資本化發行之方式轉換為資本。企業擴展儲備將用於以資本化發行之方式擴大該等附屬公司之資本基礎。

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30. RESERVES (Continued)

Share premium and reserves (Continued)

vi) Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of the entities within the Group whose functional currency is other than RMB. The reserve is dealt with in accordance with the accounting policies set out in note 2(t).

vii) Share option reserve

The share option reserve arose upon on the grant of share options of the Company and is dealt with in accordance with the accounting policies set out in note 2(p)(ii).

Distributable reserves of the Company

Under the Companies Law (Revised) of the Cayman Islands, share premium and contributed surplus are distributable to shareholders, subject to the condition that the Company cannot declare or pay a dividend, or make a distribution out of share premium and contributed surplus if (i) it is, or would after the payment be unable to pay its liabilities as they become due, or (ii) the realisable value of its assets would thereby be less than the aggregate of its liabilities and its share capital account.

As at 31 December 2016, the Company's reserves available for distribution to shareholders amounted to approximately RMB752,009,000 (2015: RMB762,252,000), computed in accordance with the Companies Law (Revised) of the Cayman Islands and the Company's articles of association. This includes the Company's share premium of approximately RMB466,844,000 (2015: RMB466,844,000) and contributed surplus of approximately RMB372,178,000 (2015: RMB372,178,000), less accumulated losses of approximately RMB87,013,000 (2015: RMB76,770,000), which are available for distribution.

30. 儲備 (續)

股份溢價及儲備 (續)

vi) 匯兌儲備

匯兌儲備包括換算其功能貨幣非人民幣之本集團實體之財務報表產生之所有外匯差額。本公司根據附註2(t)所載會計政策處理儲備。

vii) 購股權儲備

購股權儲備乃因授出本公司之購股權而產生，及按附註2(p)(ii)所載會計政策處理。

本公司之可分派儲備

根據開曼群島公司法(經修訂)，股份溢價及繳入盈餘可分派予股東，惟倘本公司支付有關款項後(i)將不能償還到期之債項；或(ii)可變現資產值將低於負債及股本賬合計之數額，則不得宣派或支付股息，或從股份溢價及繳入盈餘作出分派。

於二零一六年十二月三十一日，根據開曼群島公司法(經修訂)及本公司組織章程細則計算，本公司可供分派予股東之儲備約為人民幣752,009,000元(二零一五年：人民幣762,252,000元)。該數額包括本公司股份溢價約人民幣466,844,000元(二零一五年：人民幣466,844,000元)及繳入盈餘約人民幣372,178,000元(二零一五年：人民幣372,178,000元)減累計虧損約人民幣87,013,000元(二零一五年：人民幣76,770,000元)，可作出分派。

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31. SHARE OPTION SCHEME

The Company's share option scheme (the "Share Option Scheme") was adopted pursuant to a resolution passed on 1 December 2007. The purpose of the Share Option Scheme is to enable the Company to grant options to selected participants as incentives or rewards for their contributions to the Group. Under the Share Option Scheme, the directors of the Company may grant options to the following eligible participants:

- i) any employee (whether full-time or part-time, including any executive director but excluding any non-executive director) of the Company, any of its subsidiaries or any entity ("Invested Entity") in which the Group holds an equity interest;
- ii) any non-executive director (including independent non-executive director) of the Company, any of its subsidiaries or any Invested Entity;
- iii) any supplier of goods or services to any member of the Group or any Invested Entity;
- iv) any customer of the Group or any Invested Entity;
- v) any person or entity that provides research, development or other technological support to the Group or any Invested Entity;
- vi) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity;
- vii) any advisor (professional or otherwise) or consultant to any area of business or business development of any member of the Group or any Invested Entity; and
- viii) any other group or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement to the development and growth of the Group.

31. 購股權計劃

本公司之購股權計劃(「購股權計劃」)乃根據於二零零七年十二月一日通過之決議案獲採納。購股權計劃旨在促使本公司授予經甄選參與者購股權，作為彼等為本集團作出貢獻之獎勵或獎賞。根據購股權計劃，本公司董事可向下列合資格參與者授出購股權：

- i) 本公司、其任何附屬公司或本集團持有其股權之任何實體(「投資實體」)之任何僱員(不論全職或兼職，包括任何執行董事，但不包括任何非執行董事)；
- ii) 本公司、其任何附屬公司或任何投資實體之任何非執行董事(包括獨立非執行董事)；
- iii) 向本集團任何成員公司或任何投資實體提供貨品或服務之任何供應商；
- iv) 本集團或任何投資實體之任何客戶；
- v) 為本集團或任何投資實體提供研究、開發或其他科技支持之任何人士或實體；
- vi) 本集團任何成員公司或任何投資實體之任何股東或由本集團任何成員公司或任何投資實體發行之任何證券之任何持有人；
- vii) 本集團任何成員公司或任何投資實體之任何業務範疇或業務發展之任何諮詢人(不論是否專業人士)或顧問；及
- viii) 透過合營企業、業務聯盟或對本集團之發展及增長作出其他業務安排而作出或可能作出貢獻之任何其他團體或類別之參與者。

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31. SHARE OPTION SCHEME (Continued)

The total number of shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option scheme of the Group must not in aggregate exceed 10% of the shares in issue on the day on which trading of the shares commenced on the Main Board of the Stock Exchange (“General Scheme Limit”). The total number of shares available for issue under the Share Option Scheme is 80,000,000 (including those granted but yet to be exercised), representing 9.5% of the issued shares of the Company as at 31 December 2016 (2015: 9.5%).

The maximum number of shares in respect of which options may be granted under the Share Option Scheme must not in aggregate exceed 30% of the shares of the Company in issue from time to time. The number of shares in respect of which options may be granted to any participant is not permitted to exceed 1% of the shares of the Company in issue during the 12-month period before the date of grant without prior approval from the Company’s shareholders. Any grant of options under the Share Option Scheme to a director, chief executive or substantial shareholder of the Company or any of their respective associates (as defined under the Listing Rules) must be approved by the independent non-executive directors of the Company. In addition, any grant of options to a substantial shareholder or an independent non-executive director or any of their respective associates in excess of 0.1% of the shares of the Company in issue and with an aggregate value (based on the closing price of the Company’s shares at the date of grant) in excess of HK\$5 million within any 12-month period must be approved by shareholders of the Company in general meeting.

Unless otherwise determined by the directors of the Company and stated in the offer of the grant of options to a grantee, there is one year vesting period required under the Share Option Scheme for the holding of an option before it can be exercised.

31. 購股權計劃 (續)

因行使根據購股權計劃及本集團任何其他購股權計劃所授出之全部購股權而可能發行之股份總數合共不得超過股份開始在聯交所主板買賣當日已發行股份之10% (「一般計劃限額」)。根據購股權計劃可供發行之股份總數為80,000,000股 (包括已授出但尚未行使者)，佔本公司於二零一六年十二月三十一日之已發行股份9.5% (二零一五年：9.5%)。

根據購股權計劃可予授出之購股權涉及之股份數目最多不超過本公司不時已發行股份總數之30%。未經本公司股東批准，任何參與者於授出日期前十二個月期間獲授之購股權所涉及之股份數目不得超過本公司已發行股份1%。根據購股權計劃向本公司董事、最高行政人員或主要股東或彼等各自之任何聯繫人士 (定義見上市規則) 授出任何購股權，須由本公司之獨立非執行董事批准。此外，於任何十二個月內向主要股東或獨立非執行董事或彼等各自之任何聯繫人士授出超過本公司已發行股份0.1%及總值 (根據本公司股份於授出日期之收市價計算) 超過5,000,000港元之購股權，須獲得本公司股東在股東大會上批准。

除非本公司董事另行決定及在向承授人提呈授出購股權要約時表明，否則購股權計劃規定在行使前需持有購股權一年之歸屬期限。

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31. SHARE OPTION SCHEME (Continued)

An offer for the grant of options to a grantee shall be accepted by no later than 21 days from the date of offer. HK\$1 per grant of options is payable on the acceptance of the grant of options. Options may be exercised in accordance with the terms of the Share Option Scheme and expiring in accordance with the terms of the Share Option Scheme or upon the expiry of the tenth anniversary of the Share Option Scheme, whichever is the earlier.

The exercise price is determined by the directors of the Company, and shall not be less than the highest of (i) the closing price of the Company's shares as stated in the daily quotations sheets of the Stock Exchange on the date of the offer of grant; (ii) the average closing price of the Company's shares as stated in the daily quotations sheets of the Stock Exchange for the five trading days immediately preceding the date of the offer of grant; and (iii) the nominal value of the Company's share.

a) The terms and conditions of the share options granted to directors and employees are as follows:

		Number of share options granted 授出 購股權數目	Vesting conditions 歸屬條件	Contractual life of options 購股權 合約年期
Granted to directors:	授予董事之購股權：			
– on 14 May 2008	– 二零零八年 五月十四日	5,800,000	one year 一年	10 years 十年
– on 11 June 2012	– 二零一二年 六月十一日	5,000,000	one year 一年	10 years 十年
Granted to employees:	授予僱員之購股權：			
– on 14 May 2008	– 二零零八年 五月十四日	12,000,000	one year 一年	10 years 十年
– on 11 June 2012	– 二零一二年 六月十一日	30,000,000	one year 一年	10 years 十年
Total number of share options granted	授出購股權總數	<u>52,800,000</u>		

31. 購股權計劃 (續)

向獲授人作出的授出購股權要約須不遲於要約日期後21日內接納。接納獲授之購股權時須就每份購股權支付1港元。購股權可根據購股權計劃之條款行使，並根據購股權計劃之條款或於購股權計劃滿十週年時失效（以較早者為準）。

行使價由本公司董事釐定，而且不得低於(i)授出要約日期聯交所每日報價表所載本公司股份之收市價；(ii)緊接授出購股權日期前五個營業日聯交所每日報價表所載本公司股份之平均收市價；及(iii)本公司股份面值（以最高者為準）。

a) 授予董事及僱員購股權之條款及條件如下：

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31. SHARE OPTION SCHEME (Continued)

a) **The terms and conditions of the share options granted to directors and employees are as follows: (Continued)**

On 14 May 2008, 17,800,000 share options were granted for HK\$1 consideration per offer to directors, senior management and employees of the Group under the Company's Share Option Scheme. Each option gives the holder the right to subscribe for one ordinary share of HK\$0.1 each of the Company. These share options vested on 14 May 2009, and are exercisable until 13 May 2018. The exercise price is HK\$2.81 per share. As at 31 December 2016, the outstanding share options granted and accepted by directors and employees was 10,800,000 (2015: 13,800,000).

On 11 June 2012, 39,000,000 share options were granted to directors, senior management and employees of the Group under the Company's Share Option Scheme at a consideration of HK\$1 for each offer of which 35,000,000 share options were accepted in July 2012. Each option gives the holder the right to subscribe for one ordinary share of HK\$0.1 each of the Company. These share options vested on 11 June 2013, and will be exercisable until 10 June 2022. The exercise price is HK\$0.83 per share. As at 31 December 2016, the outstanding share options granted and accepted by directors and employees was 32,500,000 (2015: 32,500,000).

No share options were lapsed during the year ended 31 December 2015 and 3,000,000 share options were lapsed during the year ended 31 December 2016.

No share options were exercised during the years ended 31 December 2016 and 2015.

31. 購股權計劃 (續)

a) **授予董事及僱員購股權之條款及條件如下：(續)**

於二零零八年五月十四日，根據本公司之購股權計劃以每份1港元的代價向本集團董事、高級管理人員及僱員授出17,800,000份購股權。每份購股權賦予持有人認購本公司一股每股面值為0.1港元之普通股的權利。該等購股權於二零零九年五月十四日歸屬，並可於二零一八年五月十三日之前行使。行使價為每股2.81港元。於二零一六年十二月三十一日，已授出且獲董事及僱員接納之尚未行使購股權為10,800,000份(二零一五年：13,800,000份)。

於二零一二年六月十一日，根據本公司之購股權計劃以每份1港元的代價向本集團董事、高級管理人員及僱員授出39,000,000份購股權，其中35,000,000份購股權於二零一二年七月獲接納。每份購股權賦予持有人認購本公司一股每股面值為0.1港元之普通股的權利。該等購股權已於二零一三年六月十一日歸屬，並可於二零二二年六月十日之前行使。行使價為每股0.83港元。於二零一六年十二月三十一日，已授出且獲董事及僱員接納之尚未行使購股權為32,500,000份(二零一五年：32,500,000份)。

截至二零一五年十二月三十一日止年度並無購股權失效。截至二零一六年十二月三十一日止年度，3,000,000份購股權已失效。

截至二零一六年及二零一五年十二月三十一日止年度，概無購股權獲行使。

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31. SHARE OPTION SCHEME (Continued)

- b) The number and weighted average exercise price of share options granted and accepted by directors and employees are as follows:

Outstanding at beginning of the year	年初尚未行使
Lapsed during the year	年內失效
Outstanding at end of the year	年終尚未行使
Exercisable at end of the year	年終可予行使

The options outstanding as at 31 December 2016 had an exercise price of HK\$2.81 or HK\$0.83 (2015: HK\$2.81 or HK\$0.83) and had a weighted average remaining contractual life of 4.207 years (2015: 5.207 years).

31. 購股權計劃 (續)

- b) 已授出以及董事及僱員已接納之購股權之數目及加權平均行使價如下：

2016 二零一六年		2015 二零一五年	
Weighted average exercise price 加權平均行使價	Number of share options 購股權數目	Weighted average exercise price 加權平均行使價	Number of share options 購股權數目
HK\$1.42港元	46,300,000	HK\$1.42港元	46,300,000
HK\$2.81港元	(3,000,000)	N/A不適用	—
HK\$1.32港元	43,300,000	HK\$1.42港元	46,300,000
HK\$1.32港元	43,300,000	HK\$1.42港元	46,300,000

於二零一六年十二月三十一日尚未行使購股權之行使價為2.81港元或0.83港元(二零一五年：2.81港元或0.83港元)，加權平均剩餘合約年限為4.207年(二零一五年：5.207年)。

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31. SHARE OPTION SCHEME (Continued)

c) Fair value of share options and assumptions

The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted. The estimate of the fair value of the share options granted is measured based on the Binomial Option Pricing Model. The contractual life of the share option is used as an input into this model.

Fair value of share options and assumptions 購股權之公平值及假設

Fair value at measurement date	於計量日期之公平值
Share price	股價
Exercise price	行使價
Expected volatility (expressed as weighted average volatility used in the modeling under the Binomial Option Pricing Model)	預期波幅（以「二項式」期權定價模式內採用的加權平均波幅表示）
Option life (expressed as weighted average life used in the modeling under the Binomial Option Pricing Model)	購股權年期（以「二項式」期權定價模式內採用的加權平均年期表示）
Expected dividends	預期股息
Risk-free interest rate (based on Exchange Fund Notes)	無風險利率（根據外匯基金票據）

The expected volatility is based on the historic volatility (calculated based on the weighted average remaining life of the share options), adjusted for any expected changes to future volatility based on publicly available information. Expected dividends are based on historical dividends. Changes in the subjective input assumptions could materially affect the fair value estimate.

There were one year vesting period associated with the share options granted.

31. 購股權計劃（續）

c) 購股權之公平值及假設

以授出購股權而獲得之服務之公平值按獲授購股權之公平值計量。獲授購股權之估計公平值按「二項式」期權定價模式計算。購股權之合約年期為此模式之一項輸入參數。

Share options granted on 授出之購股權

11 June 2012 二零一二年 六月十一日	14 May 2008 二零零八年 五月十四日
HK\$0.25港元至 to HK\$0.27港元 HK\$0.83港元 HK\$0.83港元	HK\$0.881港元 HK\$2.79港元 HK\$2.81港元
54%	40%
10 years 十年	10 years 十年
4.82%	3%
1.13%	3.21%

預期波幅乃根據歷史波幅計算（以購股權之加權平均剩餘年期計算），再基於公眾所知的資料就未來波幅之預期變動調整。預期股息乃根據過往股息釐定。所採用主觀輸入參數假設之變動可對公平值之估計構成重大影響。

已授出之購股權附帶一年歸屬期限。

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32. SEGMENT REPORTING

The Group manages its business by divisions and all those divisions are located in the PRC. In a manner consistent with the way in which information is reported internally to the Group's CODM for the purposes of resources allocation and performance assessment, the Group has presented the following three reportable segments. No operating segments have been aggregated to form the following reportable segments.

- Sales of EP products and equipment: this segment involves the sales of EP products and equipment to external customers.
- Manufacture and sales of EP construction materials: this segment involves the manufactures and sales of EP construction materials to external customers, and the main product is WWCB.
- EP construction engineering projects: this segment undertakes the EP construction engineering projects for external customers.

An operating segment regarding the provision of EP related professional services was discontinued during the year ended 31 December 2015. The segment information reported in this note does not include any amounts for the discontinued operation, which are described in more details in note 7.

32. 分部報告

本集團按部門劃分管理其業務，所有該等部門均位於中國。為了與就資源分配及表現評估向本集團之首席營運決策人內部呈報之資料方式更為一致，本集團呈列以下三個可呈報分部。並無將任何經營分部合併以構成以下之可呈報分部。

- 環保產品及設備之銷售：本分部向外部客戶銷售環保產品及設備。
- 製造及銷售環保建築材料：本分部製造及向外界客戶銷售環保建築材料，主要產品為木絲水泥板。
- 環保建設工程項目：此分部從事外部客戶環保建設工程營建項目。

有關提供環保相關專業服務的經營分部已於截至二零一五年十二月三十一日止年度終止經營。本附註所呈報的分部資料不包括有關已終止經營業務的任何款額，更多詳情載於附註7。

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32. SEGMENT REPORTING (Continued)

a) Segment revenue, profit or loss, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's CODM monitors the results, assets and liabilities attributable to each reportable segment on the following basis:

Segment assets include all tangible and intangible assets, and current assets with the exception of tax recoverable, unallocated cash and bank balances, investments in financial assets and other corporate assets. Segment liabilities include trade and other payables, deposits received and receipts in advance attributable to individual segments.

Revenue and expenses are allocated to the reportable segments with reference to sales generated and services rendered by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments. Inter-segment assistance provided by one segment to another is not measured.

The measure used for reporting segment profit is "adjusted EBITDA" that is, "adjusted earnings before interest, taxes, depreciation and amortisation", where "interest" is regarded as including investment income and "depreciation and amortisation" is regarded as including impairment losses on non-current assets. To arrive at adjusted EBITDA, the Group's earnings are further adjusted for items not specifically attributed to individual segments, such as directors' emoluments, auditors' remuneration and other head office or corporate administration costs.

In addition to receiving segment information concerning adjusted EBITDA, the Group's CODM is provided with segment information concerning revenue, depreciation, amortisation and impairment losses and additions to non-current segment assets used by the segments in their operations. Inter-segment sales are priced with reference to prices charged to external parties for similar orders.

32. 分部報告 (續)

a) 分部收入、溢利或虧損、資產及負債

就評估分部表現及分部間分配資源而言，本集團之首席營運決策人按以下基準監察各可呈報分部之業績、資產及負債：

分部資產包括所有有形、無形及流動資產(可收回稅項、未分配現金及銀行結餘、金融資產及其他公司資產之投資除外)。分部負債包括各分部應佔的應付貿易及其他款項、已收按金及預收款。

收益及支出乃經參考該等分部產生之銷售額及提供之服務，以及所產生之支出或該等分部應佔之資產折舊或攤銷產生之支出分配予該等分部。分部間提供之支持不計算在內。

用於呈報分部溢利的方法為「經調整EBITDA」，即「經調整之未計利息、稅項、折舊及攤銷前的溢利」，其中「利息」包括投資收入，而「折舊及攤銷」包括非流動資產之減值虧損。為達至「經調整EBITDA」，本集團之盈利乃對並未指定屬於個別分部之項目作出進一步調整，如董事薪酬及核數師之酬金及其他總部或公司行政成本。

除收到有關經調整EBITDA之分部資料外，本集團之首席營運決策人獲提供有關收入、折舊、攤銷及減值虧損以及非流動分部資產添置之分部資料。分部間銷售乃經參考就類似訂單向外部人士收取之價格而進行定價。

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財務報表附註

For the year ended 31 December 2016
截至二零一六年十二月三十一日止年度

32. SEGMENT REPORTING (Continued)

a) Segment revenue, profit or loss, assets and liabilities (Continued)

Information regarding the Group's reportable segments as provided to the Group's CODM for the purposes of resources allocation and assessment of segment performance for the years ended 31 December 2016 and 2015 is set out below:

32. 分部報告 (續)

a) 分部收入、溢利或虧損、資產及負債 (續)

截至二零一六年及二零一五年十二月三十一日止年度，就資源分配及分部表現評估而向本集團首席營運決策人提供之本集團可呈報分部資料載列如下：

Continuing operations:	持續經營業務：	Sales of EP products and equipment		Manufacture and sales of EP construction materials		EP construction engineering projects		Total	
		2016	2015	2016	2015	2016	2015	2016	2015
		二零一六年	二零一五年	二零一六年	二零一五年	二零一六年	二零一五年	二零一六年	二零一五年
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
Reportable segment revenue from external customers	來自外部客戶之可呈報分部收入	637,846	864,588	176,500	176,622	-	27,383	814,346	1,068,593
Inter-segment revenue	分部間收入	-	-	-	-	-	-	-	-
Reportable segment revenue	可呈報分部收入	<u>637,846</u>	<u>864,588</u>	<u>176,500</u>	<u>176,622</u>	<u>-</u>	<u>27,383</u>	<u>814,346</u>	<u>1,068,593</u>
Reportable segment profit (adjusted EBITDA)	可呈報分部溢利 (經調整之EBITDA)	<u>107,490</u>	<u>163,109</u>	<u>45,356</u>	<u>8,395</u>	<u>-</u>	<u>820</u>	<u>152,846</u>	<u>172,324</u>
Depreciation and amortisation	折舊及攤銷	(61)	(80)	(23,986)	(24,478)	-	-	(24,047)	(24,558)
Impairment loss on trade receivables	應收貿易款項之減值虧損	(38,129)	(19,276)	(9,002)	(271)	-	(3,569)	(47,131)	(23,116)
Impairment loss on other receivables	其他應收款項之減值虧損	(4,911)	-	-	-	-	-	(4,911)	-
Reversal of impairment loss on trade receivables	應收貿易款項減值虧損撥回	-	8,785	130	-	-	2,805	130	11,590
Reportable segment assets	可呈報分部資產	<u>745,883</u>	<u>667,641</u>	<u>699,669</u>	<u>766,869</u>	<u>18,606</u>	<u>6,898</u>	<u>1,464,158</u>	<u>1,441,408</u>
Additions to non-current segment assets during the year	年內添置非流動分部資產	-	-	246	5,668	-	-	246	5,668
Reportable segment liabilities	可呈報分部負債	<u>470,468</u>	<u>416,135</u>	<u>35,611</u>	<u>34,080</u>	<u>14,162</u>	<u>17,574</u>	<u>520,241</u>	<u>467,789</u>

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32. SEGMENT REPORTING (Continued)

b) Reconciliations of reportable segment revenue, profit or loss, assets and liabilities

Continuing operations:

Revenue

Reportable segment revenue
Elimination of intra-group transactions

Consolidated revenue

Profit

Reportable segment profit derived from external customers
Depreciation and amortisation
Unallocated head office and corporate income
Unallocated head office and corporate expenses

Consolidated profit before taxation

Assets

Reportable segment assets
Tax recoverable
Unallocated cash and bank balances
Unallocated head office and corporate assets

Consolidated total assets

Liabilities

Reportable segment liabilities
Tax payable
Deferred tax liabilities
Unallocated head office and corporate liabilities

Consolidated total liabilities

32. 分部報告 (續)

b) 可呈報分部收入、溢利或虧損、資產及負債之對賬

	2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
Revenue		
Reportable segment revenue	814,346	1,068,593
Elimination of intra-group transactions	-	-
Consolidated revenue	<u>814,346</u>	<u>1,068,593</u>
Profit		
Reportable segment profit derived from external customers	152,846	172,324
Depreciation and amortisation	(27,406)	(28,148)
Unallocated head office and corporate income	1,416	1,616
Unallocated head office and corporate expenses	(30,943)	(46,499)
Consolidated profit before taxation	<u>95,913</u>	<u>99,293</u>
Assets		
Reportable segment assets	1,464,158	1,441,408
Tax recoverable	74,796	50,004
Unallocated cash and bank balances	349,740	275,964
Unallocated head office and corporate assets	163,504	95,131
Consolidated total assets	<u>2,052,198</u>	<u>1,862,507</u>
Liabilities		
Reportable segment liabilities	520,241	467,789
Tax payable	10,888	10,888
Deferred tax liabilities	21,976	24,105
Unallocated head office and corporate liabilities	119,652	55,144
Consolidated total liabilities	<u>672,757</u>	<u>557,926</u>

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32. SEGMENT REPORTING (Continued)

c) Information about major customers

Revenue from external customers individually contributing 10% or more of the Group's total revenue is as follows:

Customer A	客戶甲
Customer B	客戶乙
Customer C	客戶丙
Customer D	客戶丁
Customer E	客戶戊

Revenue from the above customers during the years ended 31 December 2016 and 2015 are generated from sales of EP products and equipment.

d) Geographical information

(i) Revenue from external customers

The following table sets out information about the geographical location of the Group's revenue from continuing operations from external customers. The geographical location of customers is based on the location at which the services were provided or the goods were delivered.

Mainland China (place of domicile)	中國大陸 (註冊地)
South Korea	南韓
Others	其他

32. 分部報告 (續)

c) 有關主要客戶之資料

個別地貢獻本集團總收入10%或以上之來自外部客戶之收入如下：

2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
149,829	-
141,385	-
84,444	-
-	169,231
-	157,535

截至二零一六年及二零一五年十二月三十一日止年度，來自上述客戶的收入從銷售環保產品及設備產生。

d) 地區資料

(i) 來自外部客戶之收入

下表載列有關本集團持續經營業務所產生的來自外部客戶之收入的所在地區之資料。客戶所在地區按提供服務或貨品付運地點劃分。

2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
811,235	1,067,628
2,997	941
114	24
814,346	1,068,593

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32. SEGMENT REPORTING (Continued)

d) Geographical information (Continued)

(ii) Specified non-current assets

The Group's specified non-current assets comprise property, plant and equipment, prepaid lease payments and prepayments for consultation, marketing and promotional services.

The geographical location of these specified non-current assets is based on (i) the physical location of the assets, in the case of property, plant and equipment and prepaid lease payments, and (ii) the location of the services to be provided by the service providers, in the case of prepayments for consultation, marketing and promotional services.

The following table sets out information about the geographical location of the specified non-current assets.

Mainland China (place of domicile)	中國大陸 (註冊地)
Hong Kong	香港

32. 分部報告 (續)

d) 地區資料 (續)

(ii) 指定非流動資產

本集團之指定非流動資產，包括物業、廠房及設備，預付租賃款項以及諮詢、市場推廣及宣傳服務預付款。

該等指定非流動資產的所在地區乃根據(i)就物業、廠房及設備及預付租賃款項而言，資產的實際所在地；及(ii)就諮詢、市場推廣及宣傳服務預付款而言，服務提供商將會提供服務的地點。

下表載列有關指定非流動資產的所在地區之資料。

2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
493,507	563,942
249	340
493,756	564,282

33. PLEDGE OF ASSETS

A bank deposit of the Company's subsidiary of approximately RMB6,543,000 as at 31 December 2016 (2015: RMB6,543,000) was pledged to a bank to secure a banking facility granted to this subsidiary.

33. 資產抵押

於二零一六年十二月三十一日，本公司一間附屬公司之銀行存款約人民幣6,543,000元（二零一五年：人民幣6,543,000元）已抵押，以作為該附屬公司獲授之銀行融資之擔保。

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34. RELATED PARTY TRANSACTIONS

- a) During the years ended 31 December 2016 and 2015, in addition to the transactions and balances disclosed elsewhere in these financial statements, the Group also entered into the following material related party transactions:

Name of related party 有關連人士名稱	Relationship with related party 與有關連人士之關係	Nature of transaction 交易性質
Wuxi Xin Wei High Temperature Ceramics Co., Ltd. (Note) ("Wuxi Xin Wei") 無錫新威高溫陶瓷有限公司 (附註) 〔無錫新威〕	A company of which Mr. Jiang Quanlong, a director of the Company, is also a director of its holding company 本公司董事蔣泉龍先生亦為其控股公司之董事之公司	Receipt of rental income 收取租金收入

Note:

The English name for this company which was established in the PRC is not officially registered but included here as a translation for identification purpose.

- b) Remuneration for key management personnel of the Group representing the amounts paid to the Company's directors as disclosed in note 10 and the highest paid employees and senior management as disclosed in note 11 is as follows:

Short-term employee benefits	短期僱員福利
Post-employment benefits	離職福利

34. 有關連人士交易

- a) 截至二零一六年及二零一五年十二月三十一日止年度，除於此等財務報表其他部份所披露之交易及結存外，本集團亦曾訂立下列重大有關連人士交易：

2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
53	53

附註：

於中國成立之公司之英文名稱並非正式註冊登記之名稱，本報告中所載英文名稱均為翻譯所得，供識別之用。

- b) 本集團主要管理人員之薪酬（即附註10所披露之付予本公司董事及附註11所披露之最高酬金人士及高級管理人員之金額）載列如下：

2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
4,482	4,249
74	97
4,556	4,346

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35. COMMITMENTS

(a) Capital commitments

Capital expenditure contracted but not provided for in the financial statements:	有關下列各項之已訂約但未於財務報表作出撥備之資本開支：
– in respect of the acquisition of property, plant and equipment	– 購買物業、廠房及設備

(b) Operating lease commitments

As lessee

At the end of each reporting period, the Group had operating lease commitments for future minimum lease payments under non-cancellable operating leases in respect of office premises, factory premises and equipment which fall due as follows:

Within one year	一年內
After one year but within five years	一年後但五年內

Leases and rentals are negotiated and fixed for periods of three years. None of the leases includes contingent rentals.

35. 承擔

(a) 資本承擔

2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
9,680	9,680

(b) 經營租賃承擔

作為承租人

於各報告期末，本集團就辦公室物業、工廠物業及設備根據不可撤銷經營租賃而須於未來支付最低租賃款額之經營租賃承擔到期情況如下：

2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
1,477	1,477
635	2,112
2,112	3,589

租約及租金乃通過磋商釐定，為期三年。概無租賃包括或然租金。

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35. COMMITMENTS (Continued)

(b) Operating lease commitments (Continued)

As lessor

The Group had contracted with a tenant for a lease term of 5 years. The following is the non-cancellable future minimum lease payments to be received by the Group:

Within one year	一年內
After one year but within five years	一年後但五年內

Included in the above is future minimum lease payments receivable from Wuxi Xin Wei, a related company, of approximately RMB71,000 (2015: RMB124,000) and the non-cancellable future minimum lease payments receivables is as follows:

Within one year	一年內
After one year but within five years	一年後但五年內

The related company is a company of which Mr. Jiang Quanlong, a director of the Company, is also a director of its holding company.

35. 承擔 (續)

(b) 經營租賃承擔 (續)

作為出租人

本集團已與一名租戶訂立租期五年的合約。以下為本集團將收取的不可撤銷未來最低租金付款：

2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
53	53
18	71
71	124

上述經營租賃承擔包括約人民幣71,000元(二零一五年：人民幣124,000元)之一間關連公司無錫新威未來最低租賃應收款項及不可撤銷未來最低租賃應收款項如下：

2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
53	53
18	71
71	124

關連公司為一間本公司董事蔣泉龍先生亦為其控股公司之董事之公司。

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36. CONTINGENT LIABILITIES

The Group has provided product warranties to its customers in respect of construction work completed and certain of its EP products sold for a warranty period ranging from 6 months to 2 years after project completion or product delivery. At the same time, the Group has also received warranties in respect of those construction work and equipment supplied from its sub-contractors and suppliers. The directors of the Company believe that the amount of crystallised warranty liabilities will not have a material adverse effect on the overall financial position or financial performance of the Group.

37. CAPITAL MANAGEMENT

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, and to generate sufficient profit to maintain growth and provide a satisfactory return to its shareholders.

The management actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure through the amount of dividend payment to shareholders or raise new debt financing. No changes were made in the objectives or policies during the year.

The management monitors the Group's capital structure on the basis of a net debt-to-equity ratio. For this purpose, the Group defines net debt as total debt (which includes trade and other payables, and deposits received and receipts in advance) minus cash and bank balances.

36. 或然負債

本集團就已竣工建築工程及其售出之若干環保產品為其客戶提供產品保養，保養期由工程結束後或產品送遞後計六個月至兩年不等。同時，本集團亦享有其承包商及供應商就所提供之建築工程及設備之保養服務。本公司董事相信保養負債之實際金額將不會對本集團整體財務狀況或財務表現造成重大不利影響。

37. 資本管理

本集團管理資本之首要目標乃保障本集團能夠繼續根據持續經營基準經營，以及產生足夠盈利以維持增長，及為股東賺取滿意之回報。

管理層積極及定期對資本架構進行檢討及管理，以在較高股東回報情況下可能伴隨之較高借貸水平與穩健之資本狀況帶來之好處及保障之間取得平衡，並透過對股東派發股息或進行新債務融資就資本架構作出調整。年內，概無就該等目標及政策作出任何變動。

管理層按債權比率淨值基準密切監察本集團之資本結構。為此，本集團界定債務淨額為債務總額（包括應付貿易及其他款項及已收按金及預收款）減現金及銀行結餘。

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37. CAPITAL MANAGEMENT (Continued)

The net debt-to-equity ratio as at 31 December 2016 and 2015 was as follows:

Current liabilities:	流動負債：
Trade and other payables	應付貿易及其他款項
Deposits received and receipts in advance	已收按金及預收款
Subtotal	小計
Less: Cash and bank balances	減：現金及銀行結餘
Net debt	負債淨額
Total equity	權益總額
Net debt-to-equity ratio	淨負債與權益比率

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

37. 資本管理 (續)

於二零一六年及二零一五年十二月三十一日之債權比率淨值如下：

2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
270,844	187,553
365,656	331,329
636,500	518,882
(349,740)	(275,964)
286,760	242,918
1,379,441	1,304,581
20.79%	18.62%

本公司或任何其附屬公司概無受外部實施之資本規定限制。

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38. FINANCIAL INSTRUMENTS

a) Categories of financial instruments

Financial assets

Trade receivables
Other receivables
Receivable of compensation of
loss from indemnity
Retention receivables
Amounts due from related
companies
Amounts due from customers for
contract work
Pledged bank deposits
Cash and bank balances

Loans and receivables

Available-for-sale financial asset

Financial liabilities measured at amortised cost

Trade and other payables

金融資產

應收貿易款項
其他應收款項
彌償保證虧損賠償
應收款項
應收質保款項
應收關連公司的款項
應收客戶合約工程款項
已抵押銀行存款
現金及銀行結餘

貸款及應收款項

可供出售金融資產

以攤銷成本計量的金融負債

應付貿易及其他款項

38. 金融工具

a) 金融工具分類

	2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
	614,236	519,832
	20,266	26,703
	46,641	-
	88,582	35,839
	-	1,016
	-	962
	6,543	6,543
	349,740	275,964
	1,126,008	866,859
	-	-
	268,519	185,213

b) Financial risk management objective and policies

Exposure to credit, interest rate, liquidity and currency risks arises in the normal course of the Group's business. These risks are limited by the Group's financial management policies and practices described below.

There has been no change to the types of the Group's exposure in respect of financial instruments or the manner in which it manages and measures the risks.

b) 金融風險管理目標及政策

本集團在日常業務中須承受信貸、利率、流動資金及貨幣風險。本集團透過下文所述財務管理政策及常規管理該等風險。

本集團有關金融工具或其管理及計量風險之方式之承擔類別並無變動。

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財務報表附註

For the year ended 31 December 2016
截至二零一六年十二月三十一日止年度

38. FINANCIAL INSTRUMENTS (Continued)

b) Financial risk management objective and policies (Continued)

i) Credit risk

As at 31 December 2016, the maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated statement of financial position after deducting any impairment allowance.

The Group's credit risk is primarily attributable to trade receivables, amounts due from related parties, retention receivables, receivable of compensation of loss from indemnity, and other receivables which are disclosed elsewhere in these financial statements. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults.

In respect of trade receivables, individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. The Group generally allows credit period ranging from 0 to 365 days to its trade customers with normal credit terms and credit period up to three years to its trade customers with extended credit terms which is based on the contractual repayment schedule. Normally, the Group does not obtain collateral from its customers.

38. 金融工具 (續)

b) 金融風險管理目標及政策 (續)

i) 信貸風險

於二零一六年十二月三十一日，最大的信貸風險承擔為綜合財務狀況表中各金融資產之賬面值（經扣除任何減值撥備）。

本集團之信貸風險主要來自於此等財務報表其他部份披露之應收貿易款項、應收關連方款項、應收質保款項、彌償保證虧損賠償應收款項及其他應收款項。管理層設定了既定之信貸政策，並持續監察該等信貸風險。

信貸風險指對手方在其合約責任的失責以致本集團蒙受財務損失的風險。本集團已採取只與信譽良好對手方交易及獲取充足抵押品（如有需要）之政策，以減低違約產生之財務虧損風險。

就應收貿易款項而言，本集團對要求一定金額以上信貸之所有客戶個別進行信貸評估。評估主要根據客戶之歷史交易記錄及現時之償付能力，並考慮特定客戶之信用特徵及其所處經營環境。本集團一般給予貿易客戶0至365日的正常信貸期，給予其貿易客戶長達三年之延長信用期。在一般情況下，本集團不會自客戶獲取抵押品。

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財務報表附註

For the year ended 31 December 2016
截至二零一六年十二月三十一日止年度

38. FINANCIAL INSTRUMENTS (Continued)

b) Financial risk management objective and policies (Continued)

i) Credit risk (Continued)

In respect of trade receivables, the Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Taking into account the creditworthiness of the Group's customers, the credit risk measures and the historical levels of the bad debts, the directors of the Company consider that such concentration of credit risk would result in significant credit default exposure to the Group. At the end of the reporting period, 5.20% (2015: 22.85%) and 34.56% (2015: 74.30%) of trade receivables were due from the Group's largest customer and the five largest customers, respectively, arose from the sales of EP products and equipment segment.

The credit risk on the Group's trade receivables with extended credit terms is limited because the counterparties are certain government authorities in the PRC having no default payment history.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade receivables are set out in note 20.

Amounts due from related parties, retention receivables, receivable of compensation of loss from indemnity, and other receivables are regularly monitored by the Group and follow up actions are taken to recover these balances in the case of any risk of default.

The credit risk on liquid funds is limited because the counterparties are banks with good reputation and high credit ratings.

38. 金融工具 (續)

b) 金融風險管理目標及政策 (續)

i) 信貸風險 (續)

就應收貿易款項而言，本集團之信貸風險主要受每個客戶之個別情況所影響。考慮到本集團客戶之信譽、信貸風險措施及過往之壞賬水平，本公司董事認為，此種集中信貸風險會對本集團構成重大信貸拖欠風險。於報告期末，來自銷售環保產品及設備分部之應收本集團最大客戶及五大客戶分別佔應收貿易款項5.20% (二零一五年：22.85%) 及34.56% (二零一五年：74.30%)。

本集團獲延長信貸期的應收貿易款項之信貸風險有限，因為對手方為並無拖欠還款記錄之中國若干政府機構。

有關本集團面臨之應收貿易款項產生之信貸風險之更多量性披露載於附註20。

應收關連方款項、應收質保款項、彌償保證虧損賠償應收款項及其他應收款項會定期由本集團監察以及本集團就任何拖欠風險採取跟進行動以收回該等結餘。

流動資金信貸風險有限，因為對手方為具有良好信譽及高信貸評級的銀行。

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For the year ended 31 December 2016
截至二零一六年十二月三十一日止年度

38. FINANCIAL INSTRUMENTS (Continued)

b) Financial risk management objective and policies (Continued)

ii) Interest rate risk

The Group's cash flow interest rate risk relates primarily to variable-rates of pledged bank deposits and bank balances.

The Group does not anticipate significant interest rate risk because the interest rates of these balances are not expected to change significantly.

i) Interest rate profile

The following table details the interest rate profile of the Group's variable-rates pledged bank deposits and bank balances at the end of the reporting period:

		2016 二零一六年		2015 二零一五年	
		Effective interest rate 實際利率%	RMB'000 人民幣千元	Effective interest rate 實際利率%	RMB'000 人民幣千元
Bank balances	銀行結餘	0%-0.3%	349,719	0%-0.3%	275,927
Pledged bank deposits	已抵押銀行存款	1.5%	6,543	1.5%	6,543
Total balance	總結餘		356,262		282,470

38. 金融工具 (續)

b) 金融風險管理目標及政策 (續)

ii) 利率風險

本集團之現金流量利率風險主要與已抵押銀行存款及銀行結餘之浮動利率有關。

本集團並無預期重大利率風險，因為該等結餘的利率預計無重大變化。

i) 利率概況

下表詳述本集團的已抵押銀行存款及銀行結餘之浮動利率於本報告期末的利率概況：

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財務報表附註

For the year ended 31 December 2016
截至二零一六年十二月三十一日止年度

38. FINANCIAL INSTRUMENTS (Continued)

b) Financial risk management objective and policies (Continued)

ii) Interest rate risk (Continued)

ii) Sensitivity analysis

At 31 December 2016, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would increase/decrease the Group's profit after tax and increase/decrease the Group's retained profits by approximately RMB3,028,000 (2015: RMB2,119,000). Other components of equity would not be affected by the changes in interest rates.

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to the exposure to interest rate risk for non-derivative financial instruments in existence at that date. The 100 basis point increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period until the end of the next reporting period. The analysis is performed on the same basis for year 2015.

38. 金融工具 (續)

b) 金融風險管理目標及政策 (續)

ii) 利率風險 (續)

ii) 敏感度分析

於二零一六年十二月三十一日，據估計，在所有其他變數維持不變之情況下，利率普遍上升／下降100個基點將令本集團之除稅後溢利增加／減少及本集團之保留溢利增加／減少約人民幣3,028,000元(二零一五年：人民幣2,119,000元)。權益之其他部份將不會受利率變動之影響。

上述敏感度分析乃假設利率變動已於報告期末發生，並已應用於該日存在之非衍生金融工具須承受之利率風險。100個基點之增幅或跌幅為管理層就直至下個報告期末期間利率之合理可能變動所作之評估。二零一五年的分析是以相同的基準進行。

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財務報表附註

For the year ended 31 December 2016
截至二零一六年十二月三十一日止年度

38. FINANCIAL INSTRUMENTS (Continued)

b) Financial risk management objective and policies (Continued)

iii) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset as they fall due. The Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with lending covenants and to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from banks to meet its liquidity requirements in the short and longer term.

The following table details the remaining contractual maturities at the end of the reporting period of the Group's non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group can be required to pay.

38. 金融工具 (續)

b) 金融風險管理目標及政策 (續)

iii) 流動資金風險

流動資金風險乃指本集團於履行有關以現金交付方式或其他金融資產結算到期之金融負債義務時遇到困難的風險。本集團之政策為定期監控目前及預期之流動資金需求及其遵守貸款契據之情況，以確保本集團維持充裕現金儲備及獲往來銀行承諾提供足夠資金，以應付其短期及較長期之流動資金需求。

下表為詳列本集團之非衍生金融負債於報告期末之餘下合約期限。此乃基於合約所定未貼現現金流（包括根據合約利率（或倘為浮動利率，則基於報告期末的現行利率）計算之利息付款）及本集團可能須付款之最早日期計算。

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財務報表附註

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38. FINANCIAL INSTRUMENTS (Continued)

b) Financial risk management objective and policies (Continued)

iii) Liquidity risk (Continued)

38. 金融工具 (續)

b) 金融風險管理目標及政策 (續)

iii) 流動資金風險 (續)

	2016 二零一六年			2015 二零一五年		
	Contractual undiscounted cash flow 合約所定未貼現現金流			Contractual undiscounted cash flow 合約所定未貼現現金流		
	Within one year or year or Carrying on demand amount 一年內或 賬面值 按 RMB'000 要求償還 人民幣千元			Within one year or year or Carrying on demand amount 一年內或 賬面值 按 RMB'000 要求償還 人民幣千元		
			Total 總額 RMB'000 人民幣千元			Total 總額 RMB'000 人民幣千元
Non-derivative financial liabilities	非衍生金融負債					
Trade and other payables	應付貿易及其他款項					
	268,519	268,519	268,519	185,213	185,213	185,213

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財務報表附註

For the year ended 31 December 2016
截至二零一六年十二月三十一日止年度

38. FINANCIAL INSTRUMENTS (Continued)

b) Financial risk management objective and policies (Continued)

iv) Currency risk

The Group is exposed to currency risk primarily through sales and purchases that are denominated in a currency other than the functional currency of the operations to which they relate. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure if necessary.

i) Exposure to currency risk

The following table details the Group's exposure at the end of each reporting period to currency risk arising from recognised assets and liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purposes, the amounts of exposure are shown in RMB, translated using the spot rate at the end of the reporting period.

38. 金融工具 (續)

b) 金融風險管理目標及政策 (續)

iv) 貨幣風險

本集團涉及之貨幣風險主要來自與以業務所涉及功能貨幣以外之貨幣計值之買賣交易有關之風險。本集團目前並無外幣對沖政策。然而，管理層會監控外匯風險，並將在需要時考慮對沖重大外匯風險。

i) 面臨貨幣風險

下表詳列本集團於各報告期末面臨之貨幣風險，有關風險乃因以實體經營有關之功能貨幣以外之貨幣計值之已確認資產及負債而產生。就呈報目的而言，該等風險金額乃以人民幣表示，並以報告期末之即期利率換算。

Exposure to foreign currencies (expressed in RMB'000)
面對的外幣風險 (以人民幣千元列示)

		2016 二零一六年		2015 二零一五年	
		Hong Kong Dollars 港元	United States Dollars 美元	Hong Kong Dollars 港元	United States Dollars 美元
Amounts due to related companies	應付關連公司款項	(12,702)	-	(11,896)	-
Cash and bank balances	現金及銀行結餘	-	2,418	-	3,737
Overall exposure	整體風險	(12,702)	2,418	(11,896)	3,737

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For the year ended 31 December 2016
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38. FINANCIAL INSTRUMENTS (Continued)

b) Financial risk management objective and policies (Continued)

iv) Currency risk (Continued)

ii) Sensitivity analysis

The following table indicates the approximate change in the Group's profit after tax for the year and retained profits and other components of equity in response to reasonably possible changes in the foreign exchange rates to which the Group has significant exposure at the end of the reporting period.

38. 金融工具 (續)

b) 金融風險管理目標及政策 (續)

iv) 貨幣風險 (續)

ii) 敏感度分析

下表顯示於報告期末本集團之年內除稅後溢利及保留溢利及權益其他部份在本集團面臨重大風險之匯率合理及可能變動下之概約變動。

		2016 二零一六年				2015 二零一五年			
		Increase/ (decrease) in foreign exchange rates 外幣匯率 上升/(下跌)	Effect on profit after tax 對稅後 溢利之影響 RMB'000 人民幣千元	Effect on retained profits 對保留溢利 之影響 RMB'000 人民幣千元	Effect on other components of equity 對權益其他 部份之影響 RMB'000 人民幣千元	Increase/ (decrease) in foreign exchange rates 外幣匯率 上升/(下跌)	Effect on profit after tax 對稅後 溢利之影響 RMB'000 人民幣千元	Effect on retained profits 對保留溢利 之影響 RMB'000 人民幣千元	Effect on other components of equity 對權益其他 部份之影響 RMB'000 人民幣千元
Hong Kong									
Dollars	港元	1%	(108)	(108)	-	1%	(89)	(89)	-
		(1%)	108	108	-	(1%)	89	89	-
United States									
Dollars	美元	1%	21	21	-	1%	28	28	-
		(1%)	(21)	(21)	-	(1%)	(28)	(28)	-

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財務報表附註

For the year ended 31 December 2016
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38. FINANCIAL INSTRUMENTS (Continued)

b) Financial risk management objective and policies (Continued)

iv) Currency risk (Continued)

ii) Sensitivity analysis (Continued)

The sensitivity analysis above has been determined assuming that the change in foreign exchange rate had occurred at the end of the reporting period and had been applied to the Group's exposure to currency risk for financial instruments in existence at that date. The stated changes represent management's assessment of reasonably possible changes in foreign exchanges rates over the period until the end of the next reporting period. The analysis is performed on the same basis for year 2015.

In the management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year-end exposure does not affect the exposure during the year.

38. 金融工具 (續)

b) 金融風險管理目標及政策 (續)

iv) 貨幣風險 (續)

ii) 敏感度分析 (續)

以上敏感度分析基於假設外幣匯率變動發生於報告期末，且應用於本集團就當天存在的金融工具所面臨的貨幣風險。上述變動是管理層對直至下個報告期末止期間外幣匯率合理及有可能的變動的評估，二零一五年的分析是以相同的基準進行。

管理層認為，敏感度分析未能代表固有之外幣匯率風險，乃由於年結日風險並不影響年內風險。

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38. FINANCIAL INSTRUMENTS (Continued)

c) Estimation of fair values

The following summarises the major methods and assumptions used in estimating the fair values of the following financial instruments.

i) *Loan and receivables and financial liabilities at amortised cost*

For financial assets and financial liabilities that are liquid or having a short-term maturity, it is assumed that the carrying amounts approximate their fair values. The assumption is applied to trade receivables with normal credit terms, other receivables, trade and other payables, pledged bank deposits and bank balances without a specific maturity. For other financial instruments (including trade receivables with extended credit terms), the fair values are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

38. 金融工具 (續)

c) 公平值估計

以下概述以下金融工具的估計公平值所用之主要方法及假設。

i) *貸款及應收款項以及以攤銷成本計量的金融負債*

流動性或到期日短之金融資產及金融負債乃假設其賬面值與公平值相若。該假設適用於無特定到期日之具正常信貸期的應收貿易款項、其他應收款項、應付貿易及其他款項、已抵押銀行存款以及銀行結餘。至於其他金融工具(包括獲延長信貸期的應收貿易款項)，其公平值根據公認定價模型釐定並以貼現現金流分析為基準。

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財務報表附註

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截至二零一六年十二月三十一日止年度

39. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATES UNCERTAINTY

a) Key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 2, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumption are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if revision affects both current and future period.

j) Useful lives and residual values of property, plant and equipment and prepaid lease payments

Management determines the estimated useful lives and residual values for the Group's property, plant and equipment and prepaid lease payments in accordance with the Group's accounting policies stated in notes 2(e) and 2(f) respectively. The Group will revise the depreciation charge and the amortisation expense where useful lives and residual values are different from previous estimates, or will write off or write down technically obsolete or non-strategic assets that have been abandoned or sold.

39. 關鍵會計判斷及估計不明朗因素主要來源

a) 不明朗估計之主要來源

誠如附註2所披露，在應用本集團會計政策時，本公司董事須判斷顯然無法從其他來源取得之資產及負債賬面值。該等估計及有關假設乃根據過往經驗及被認為在屬相關之其他因素而作出。實際結果可能有別於該等估計。

該估計及相關假設會按持續基準進行檢討。對會計估計進行修訂時，倘修訂僅影響該期間，則修訂會於修訂估計之期間確認；或倘有關修訂同時影響即期及未來期間，則會於修訂期間及未來期間確認。

j) 物業、廠房及設備以及預付租賃款項之可使用年期及剩餘價值

管理層根據附註2(e)及2(f)分別所載之本集團會計政策釐定本集團物業、廠房及設備以及預付租賃款項之估計可使用年期及剩餘價值。本集團將修訂折舊支出及攤銷開支（如可使用年期及剩餘價值與先前估計不同），或撇銷或撇減已被棄用或出售之在技術上過時或屬非策略性之資產。

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39. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATES UNCERTAINTY (Continued)

a) Key sources of estimation uncertainty (Continued)

ii) *Impairment of property, plant and equipment and prepaid lease payments*

If circumstances indicate that the carrying value of an item of the property, plant and equipment and prepaid lease payments may not be recoverable, the asset may be considered “impaired”, and an impairment loss may be recognised in profit or loss in accordance with the accounting policy for impairment of property, plant and equipment and prepaid lease payments as described in note 2(g)(ii). The carrying amounts of assets are reviewed periodically in order to assess whether the recoverable amounts have declined below the carrying amounts. These assets are tested for impairment whenever events or changes in circumstances indicate that their recorded carrying amounts may not be recoverable. When such a decline has occurred, the carrying amount is reduced to recoverable amount.

39. 關鍵會計判斷及估計不明朗因素主要來源 (續)

a) 不明朗估計之主要來源 (續)

ii) *物業、廠房及設備以及預付租賃款項之減值*

倘有跡象顯示物業、廠房及設備項目及預付租賃款項之賬面值不能收回，則資產可能視為「已減值」，並按附註2(g)(ii)所述有關物業、廠房及設備及預付租賃款項減值之會計政策於損益確認減值虧損。資產賬面值會定期進行檢討以評估可收回金額有否降至低於賬面值。倘有事件或情況轉變顯示資產入賬之賬面值可能無法收回，即會對有關資產進行減值測試。若出現有關減值情況，則會將賬面值減至可收回金額。

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39. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATES UNCERTAINTY (Continued)

a) Key sources of estimation uncertainty (Continued)

ii) *Impairment of property, plant and equipment and prepaid lease payments (Continued)*

The recoverable amount is the greater of the fair value less costs of disposal and the value in use. In determining the value in use, expected future cash flows generated by the asset are discounted to their present value, which requires significant judgement relating to the level of revenue and amount of operating costs. The Group uses all readily available information in determining an amount that is a reasonable approximation of recoverable amount, including estimates based on reasonable and supportable assumptions and projections of the level of revenue and amount of operation costs. Changes in these estimates could have a significant impact on the carrying value of the assets and could result in additional impairment charge or reversal of impairment in future periods. As at 31 December 2016, the carrying amount of the Group's prepaid lease payments, and property, plant and equipment are approximately RMB52,149,000 (2015: RMB53,340,000) and RMB399,098,000 (2015: RMB428,836,000), respectively.

39. 關鍵會計判斷及估計不明朗因素主要來源 (續)

a) 不明朗估計之主要來源 (續)

ii) 物業、廠房及設備以及預付租賃款項之減值 (續)

可收回金額乃公平值減出售成本與使用價值之較高者。釐定使用價值時，會將資產產生之預期未來現金流量折現至其現值，此需要對收益水平及經營成本金額作出重大判斷。本集團利用所有可得資料(包括基於合理及有力假設之估計以及對收益水平及經營成本金額之預測)，釐定可收回金額之合理近似金額。該等估計之變動可能對資產賬面值產生重大影響，並可能導致於未來期間之額外減值支出或撥回減值。於二零一六年十二月三十一日，本集團之預付租賃款項以及物業、廠房及設備賬面值分別約為人民幣52,149,000元(二零一五年：人民幣53,340,000元)及人民幣399,098,000元(二零一五年：人民幣428,836,000元)。

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39. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATES UNCERTAINTY (Continued)

a) Key sources of estimation uncertainty (Continued)

iii) *Net realisable value of inventories*

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. These estimates are based on the current market conditions and the historical experience of manufacturing and selling products of similar nature. Management will reassess the estimates at the end of each reporting period. The carrying amount of the Group's inventories as at 31 December 2016 is approximately RMB197,984,000 (2015: RMB238,605,000).

iv) *Trade and other receivables*

The Group's management determines the provision for impairment of trade and other receivables based on the evaluation of collectibility, ageing analysis of accounts and on management's judgement. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each debtor. Management reassesses the provision at the end of each reporting period. The carrying amount of the Group's loans and receivables (included in current and non-current trade and other receivables) as at 31 December 2016 is approximately RMB769,725,000 (2015: RMB584,352,000).

39. 關鍵會計判斷及估計不明朗因素主要來源 (續)

a) 不明朗估計之主要來源 (續)

iii) *存貨之可變現淨值*

存貨之可變現淨值乃估計於日常業務過程中之銷售價格，減去估計之完成費用及進行銷售所需之估計成本。該等估計乃基於當前之市場狀況及生產及銷售同類產品之以往經驗。管理層將於各報告期末重新評估該等估計。於二零一六年十二月三十一日，本集團存貨之賬面值約為人民幣197,984,000元(二零一五年：人民幣238,605,000元)。

iv) *應收貿易及其他款項*

應收貿易及其他款項減值撥備由本集團之管理層根據可收回性評估、賬目賬齡分析及管理層判斷決定。評估該等應收款項的最終變現能力需要進行大量判斷，包括各債務人的現時信譽及過往收回歷史。該估計乃基於本集團客戶以往之信貸記錄及當前市場狀況。管理層將於各報告期末重新評估該等撥備。於二零一六年十二月三十一日，本集團之貸款及應收款項(計入流動及非流動應收貿易及其他款項)之賬面值約為人民幣769,725,000元(二零一五年：人民幣584,352,000元)。

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39. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATES UNCERTAINTY (Continued)

a) Key sources of estimation uncertainty (Continued)

v) Construction contracts

As explained in policy notes 2(i) and (2)(s)(ii), revenue and profit recognition on an incompleting project is dependent on estimating the total outcome of the construction contract, as well as the work done to date. Based on the Group's recent experience and the nature of the construction activities undertaken by the Group, the Group makes estimates of the point at which it considers the work is sufficiently advanced such that the costs to complete and revenue can be reliably estimated. As a result, until this point is reached the amounts due from customers for contract work as disclosed in note 26 will not include profit or loss which the Group may eventually realise from the work done to date. In addition, actual outcomes in terms of total cost or revenue may be higher or lower than that estimated at the end of the reporting period, which would affect the revenue and profit recognised in future years as an adjustment to the amounts recorded to date.

vi) Warranty provisions

As explained in note 36, the Group does not make provision for product warranties arising from sales of its EP products and equipment, and provision of EP construction engineering projects, taking into account the Group's recent claim experience as the Group has also received warranties in respect of those construction work and equipment supplied from its sub-contractors and suppliers. It is not indicative of future claims that it will receive in respect of past sales.

39. 關鍵會計判斷及估計不明朗因素主要來源 (續)

a) 不明朗估計之主要來源 (續)

v) 建造合約

誠如政策附註2(i)及(2)(s)(ii)所述，未完成項目的收入及溢利確認取決於建造合約的成果及直至當日止的工作完成程度的估計。根據本集團最近經驗及本集團進行的建造業務性質，本集團已就其認為工程已取得充足預付款項而作出估計，因此能夠可靠地估計完成成本及收入。因此，直至此金額達到附註26所披露的合約工程應收客戶款項為止，不會計入本集團最終自截至當日止工程完成進度中所變現的損益。此外，以總成本或收入計算的實際成果可能高於或低於報告期末的估計，可能影響未來數年的收入及溢利，作為截至當日錄得金額的調整。

vi) 保養撥備

誠如附註36所闡釋，由於本集團獲其分包商及供應商就相關建設工程及設備提供之保養服務，故經考慮近期之索賠經驗，本集團並無就其銷售環保產品及設備所提供之產品保養而作出撥備，亦無就環保建設工程項目作出撥備。這並不表明其日後將因過往銷售而遭受索賠。

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39. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATES UNCERTAINTY (Continued)

b) Critical accounting judgements in applying the Group's accounting policies

In determining the carrying amounts of certain assets and liabilities, the Group makes assumptions for the effects of uncertain future events on those assets and liabilities at the end of each reporting period. These estimates involve assumptions about such items as cash flows and discount rates used. The Group's estimates and assumptions are based on historical experience and expectations of future events and are reviewed periodically. In addition to assumptions and estimations of future events, judgements are also made during the process of applying the Group's accounting policies.

i) *Income taxes*

The Group is subject to income tax in Hong Kong and various taxes in the PRC. Significant judgement is required in determining the provision for taxation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax issues based on estimates of whether additional tax will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

39. 關鍵會計判斷及估計不明朗因素主要來源 (續)

b) 應用本集團之會計政策當中作出之重要判斷

在釐定若干資產及負債之賬面值時，本集團就不確定的未來事件對各報告期間結算日資產及負債之影響作出假設。有關估計涉及對現金流量及所用折現率之假設。本集團根據過往經驗及對未來事件之預計作出估計及假設，並定期檢討。除對未來事件之假設及估計外，本集團在應用會計政策時亦作出判斷。

i) *所得稅*

本集團在香港須繳付所得稅，而在中國須繳付不同稅項。於釐定稅項撥備時須作出重大判斷。於一般業務過程中存有頗多交易及計算，使得最終稅務釐定存在不確定性。本集團根據對是否須繳納額外稅項之估計就預期稅務事宜確認負債。倘上述事宜之最終稅務結果與最初記錄之金額有所不同，有關差額將影響作出有關釐定期間之所得稅及遞延稅項撥備。

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財務報表附註

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39. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATES UNCERTAINTY (Continued)

b) Critical accounting judgements in applying the Group's accounting policies (Continued)

ii) *Withholding tax on the distributable profits of the Company's subsidiaries established in the PRC*

On 16 March 2007, National People's Congress approved the New EIT Laws which was effective from 1 January 2008. According to the relevant regulations of the New EIT Laws, when a foreign investment enterprise distributes dividends out of the profits earned from 1 January 2008 onwards to its foreign investors, they are subject to the PRC Enterprise Income Tax. The applicable income tax rate varies with the origin of the overseas investors.

The Group has made provision for withholding tax on dividends expected to be remitted from the subsidiaries established in the PRC, based on the Group's general dividend policy for the profits generated by these subsidiaries after 1 January 2008. The Group provided withholding tax for such undistributed profits as deferred tax liabilities. The directors of the Company will regularly review the dividend distribution policy of these subsidiaries from time to time.

39. 關鍵會計判斷及估計不明朗因素主要來源 (續)

b) 應用本集團之會計政策當中作出之重要判斷 (續)

ii) 本公司在中國成立的附屬公司的可分派溢利預扣稅

於二零零七年三月十六日，全國人民代表大會通過了新企業所得稅法，並於二零零八年一月一日起生效。根據新企業所得稅法之有關規定，中國國內之外商投資企業向境外投資者分派自二零零八年一月一日起產生之溢利作為股息，需要徵收中國企業所得稅，並根據外商投資者所處之不同地區適用不同之所得稅率。

本集團已根據有關本集團中國附屬公司自二零零八年一月一日後產生的溢利之一般股息政策就預期自該等中國成立之附屬公司匯寄之股息計提預扣稅撥備。本集團就相關未分派溢利計提預扣稅撥備，作為遞延稅項負債。本公司董事將會定期檢討該等附屬公司不時制訂之股息分派政策。

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40. DISPOSAL OF SUBSIDIARIES

As disclosed in note 7, the Group discontinued its operations of provision of EP related professional services at the time of disposal of its entire equity interest in Wuxi Zhong Dian. The gain from disposal of the Disposal Group was analysed as follows:

40. 出售附屬公司

按附註7所披露，本集團於出售其於無錫中電的全部股本權益時，終止其提供環保相關專業服務之業務。出售出售集團之收益分析如下：

		2015 二零一五年 RMB'000 人民幣千元
Cash consideration received	已收現金代價	800
Analysis of assets and liabilities over which control was lost:	失去控制權的資產及負債之分析：	
Prepaid lease payments	預付租賃款項	5,180
Property, plant and equipment	物業、廠房及設備	11,783
Trade and other receivables	應收貿易及其他款項	181,801
Inventories	存貨	82,927
Cash and bank balances	現金及銀行結餘	1,673
Amount due from a fellow subsidiary	應收一間同系附屬公司款項	1,332
Trade and other payables	應付貿易及其他款項	(55,328)
Short-term bank loan	短期銀行貸款	(9,000)
Deposits received and receipts in advance	已收按金及預收款	(232,727)
Amount due to an intermediate holding company	應付中間控股公司款項	(22,921)
Amount due to a fellow subsidiary	應付一間同系附屬公司款項	(1,867)
Non-controlling interests	非控股權益	9,341
Net liabilities disposed of	出售之負債淨額	(27,806)
Gain on disposal of subsidiaries:	出售附屬公司之收益：	
Cash consideration received	已收現金代價	800
Net liabilities disposed of	出售之負債淨額	27,806
Assignment of amount due from a fellow subsidiary	應收一間同系附屬公司之分配金額	1,332
Assignment of amount due to an intermediate holding company	應付中間控股公司之分配金額	(22,921)
Assignment of amount due to a fellow subsidiary	應付一間同系附屬公司之分配金額	(1,867)
Gain on disposal of subsidiaries (Note 7)	出售附屬公司之收益 (附註7)	5,150
Net cash outflows arising on disposal:	出售之現金流出淨額：	
Cash consideration received	已收現金代價	800
Less: Cash and cash equivalents disposed of	減：出售之現金及等同現金項目	(1,673)
Net cash outflows from disposal of subsidiaries	出售附屬公司之現金流出淨額	(873)

The results and cash flows of the Disposal Group, which comprised only the operation of provision of EP related professional services, for the period from 1 January 2015 to the date of disposal were disclosed in note 7.

出售集團自二零一五年一月一日至出售日期期間之業績及現金流量 (僅包括提供環保相關專業服務之業務) 披露於附註7。

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41. MAJOR NON-CASH TRANSACTIONS

During the year ended 31 December 2015, trade receivables of approximately RMB15,030,000 were settled by prepaid lease payments and buildings with carrying amounts of approximately RMB5,180,000 and RMB9,850,000 respectively.

41. 主要非現金交易

於截至二零一五年十二月三十一日止年度，應收貿易款項約人民幣15,030,000元以賬面值分別約人民幣5,180,000元及人民幣9,850,000元之租賃土地及樓宇結算。

42. COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

42. 公司層面財務狀況表

		Note 附註	2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元
NON-CURRENT ASSETS	非流動資產			
Plant and equipment	廠房及設備		249	337
Investments in subsidiaries	於附屬公司之投資	18	588,871	551,544
			589,120	551,881
CURRENT ASSETS	流動資產			
Amount due from a subsidiary	應收一間附屬公司的款項		280,526	262,578
Other receivables	其他應收款項		1,124	774
Cash and bank balances	現金及銀行結餘		625	187
			282,275	263,539
CURRENT LIABILITIES	流動負債			
Amounts due to subsidiaries	應付附屬公司的款項		44,331	42,743
Other payables	其他應付款項		18,488	3,192
			62,819	45,935
NET CURRENT ASSETS	流動資產淨值		219,456	217,604
NET ASSETS	資產淨值		808,576	769,485
CAPITAL AND RESERVES	股本及儲備			
Share capital	股本	29	78,073	78,073
Reserves	儲備	30	730,503	691,412
TOTAL EQUITY	權益總額		808,576	769,485

Approved and authorised for issue by the board of directors on 30 March 2017 and are signed on its behalf by:

經董事會於二零一七年三月三十日批准及授權刊發，並由下列董事代表簽署：

Jiang Quanlong
Director

蔣泉龍
董事

Jiang Xin
Director

蔣鑫
董事

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43. IMMEDIATE AND ULTIMATE CONTROLLING PARTY

The directors of the Company consider the immediate and ultimate controlling party of the Group to be Praise Fortune Limited, which was incorporated in the British Virgin Islands. This entity does not produce financial statements available for public use.

43. 直接及最終控制方

本公司董事認為，本集團之直接及最終控制方為於英屬處女群島註冊成立之公司Praise Fortune Limited。該實體並無編製可供公眾查閱之財務報表。

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44. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2016

Up to the date of issuance of these financial statements, the HKICPA has issued a number of amendments and new standards which are not yet effective for the year ended 31 December 2016 and which have not been adopted in these financial statements. These include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after		於下列日期 或之後開始 之會計期間 生效
Amendments to HKAS 7 “Statement of Cash Flows: Disclosure Initiative”	1 January 2017	香港會計準則第7號 (修訂本)「現金流量 表：披露計劃」	二零一七年 一月一日
Amendments to HKAS 12 “Income Taxes: Recognition of Deferred Tax Assets for Unrealised Losses”	1 January 2017	香港會計準則第12號 (修訂本)「所得稅： 就未變現虧損確認 遞延稅項資產」	二零一七年 一月一日
HKFRS 9 “Financial Instruments”	1 January 2018	香港財務報告準則第9號 「金融工具」	二零一八年 一月一日
HKFRS 15 “Revenue from Contracts with Customers”	1 January 2018	香港財務報告準則第15號 「來自客戶合約之收益」	二零一八年 一月一日
Amendments to HKFRS 2 “Share- based Payment: Classification and Measurement of Share-based Payment Transactions”	1 January 2018	香港財務報告準則第2號 (修訂本)「以股份為 基礎付款：以股份為 基礎付款交易的分類 及計量」	二零一八年 一月一日
HKFRS 16 “Leases”	1 January 2019	香港財務報告準則 第16號「租賃」	二零一九年 一月一日

44. 已頒佈但於截至二零一六年十二月三十一日止年度尚未生效之修訂本、新準則及詮釋之可能影響

截至此等財務報表刊發日期，香港會計師公會已頒佈若干於截至二零一六年十二月三十一日止年度尚未生效且並無於此等財務報表中採納的修訂本及新準則。其中包括以下可能與本集團有關者。

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For the year ended 31 December 2016
截至二零一六年十二月三十一日止年度

44. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2016 (Continued)

The Group is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application. So far the Group has identified some aspects of the new standards which may have a significant impact on the consolidated financial statements. Further details of the expected impacts are discussed below.

As the Group has not completed its assessment, further impacts may be identified in due course and will be taken into consideration when determining whether to adopt any of these new requirements before their effective date and which transitional approach to take, where there are alternative approaches allowed under the new standards.

HKFRS 9 “Financial instruments”

HKFRS 9 will replace the current standard on accounting for financial instruments, HKAS 39 “Financial Instruments: Recognition and Measurement”. HKFRS 9 introduces new requirements for classification and measurement of financial assets, calculation of impairment of financial assets and hedge accounting. On the other hand, HKFRS 9 incorporates without substantive changes the requirements of HKAS 39 for recognition and derecognition of financial instruments and the classification of financial liabilities. Expected impacts of the new requirements on the Group’s consolidated financial statements are as follows:

44. 已頒佈但於截至二零一六年十二月三十一日止年度尚未生效之修訂本、新準則及詮釋之可能影響（續）

本集團正在評估該等修訂本及新準則在首次應用期間預期將產生之影響。迄今，本集團已發現新準則的若干方面可能對綜合財務報表造成重大影響。預期影響的進一步詳情論述於下文。

由於本集團尚未完成其評估，故本集團可於適當時候識別進一步影響，並將於決定於該等新規定生效日期前是否採納任何該等新規定及在根據新訂準則有替代方法可用時採用何種過渡方法時考慮該等影響。

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號將取代有關金融工具會計處理方法的現有準則香港會計準則第39號「金融工具：確認及計量」。香港財務報告準則第9號引入分類及計量金融資產、計算金融資產減值及對沖會計的新規定。另一方面，香港財務報告準則第9號納入且並無大幅變動香港會計準則第39號有關確認及終止確認金融工具及金融負債分類的規定。新規定對本集團綜合財務報表的預期影響如下：

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財務報表附註

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44. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2016 (Continued)

HKFRS 9 “Financial instruments” (Continued)

(a) Classification and measurement

HKFRS 9 contains three principal classification categories for financial assets: measured at (i) amortised cost, (ii) fair value through profit or loss (“FVTPL”) and (iii) fair value through other comprehensive income (“FVTOCI”) as follows:

- The classification for debt instruments is determined based on the entity’s business model for managing the financial assets and the contractual cash flow characteristics of the asset. If a debt instrument is classified as FVTOCI then effective interest, impairments and gains/losses on disposal will be recognised in profit or loss.
- For equity securities, the classification is FVTPL regardless of the entity’s business model. The only exception is if the equity security is not held for trading and the entity irrevocably elects to designate that security as FVTOCI. If an equity security is designated as FVTOCI then only dividend income on that security will be recognised in profit or loss. Gains, losses and impairments on that security will be recognised in other comprehensive income without recycling.

44. 已頒佈但於截至二零一六年十二月三十一日止年度尚未生效之修訂本、新準則及詮釋之可能影響 (續)

香港財務報告準則第9號「金融工具」(續)

(a) 分類及計量

香港財務報告準則第9號包括金融資產的三個主要分類方法：(i)按攤銷成本；(ii)按公平值於損益入賬（「按公平值於損益入賬」）；及(iii)按公平值於其他全面收益入賬（「按公平值於其他全面收益入賬」）計量如下：

- 債務工具之分類乃基於實體管理金融資產的業務模式及該資產的合約現金流特點而釐定。倘債務工具分類為按公平值於其他全面收益入賬計量，則實際權益、減值及出售收益／虧損將於損益內確認。
- 就股本證券而言，不論實體採用何種業務模式均分類為按公平值於損益入賬計量，惟股本證券並非持作買賣及該實體不可撤回地選擇指定該證券為按公平值於其他全面收益入賬計量則例外。倘股本證券獲指定為按公平值於其他全面收益入賬計量，則僅該證券的股息收入將於損益內確認。該證券之收益、虧損及減值將於其他全面收益內確認且不可撥回。

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44. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2016 (Continued)

HKFRS 9 “Financial instruments” (Continued)

(a) Classification and measurement (Continued)

Based on the preliminary assessment, the Group expects that its financial assets currently measured at amortised cost and FVTPL will continue with their respective classification and measurements upon the adoption of HKFRS 9.

The classification and measurement requirements for financial liabilities under HKFRS 9 are largely unchanged from HKAS 39, except that HKFRS 9 requires the fair value change of a financial liability designated at FVTPL that is attributable to changes of that financial liability's own credit risk to be recognised in other comprehensive income (without reclassification to profit or loss). The Group currently does not have any financial liabilities designated at FVTPL and therefore this new requirement may not have any impact on the Group on adoption of HKFRS 9.

44. 已頒佈但於截至二零一六年十二月三十一日止年度尚未生效之修訂本、新準則及詮釋之可能影響 (續)

香港財務報告準則第9號「金融工具」(續)

(a) 分類及計量 (續)

根據初步評估，本集團預期其現時按攤銷成本及按公平值於損益入賬計量之金融資產將於採納香港財務報告準則第9號後繼續其各自之分類及計量。

香港財務報告準則第9號有關金融負債之分類及計量規定與香港會計準則第39號相較基本保持不變，惟香港財務報告準則第9號規定因指定為按公平值於損益入賬計量之金融負債信貸風險有變而導致其公平值變動之部分乃於其他全面收益內確認（不會重新分類至損益）。本集團現時並無任何指定為按公平值於損益入賬計量之金融負債，因此於採納香港財務報告準則第9號時，該新規定不會對本集團造成任何影響。

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財務報表附註

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44. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2016 (Continued)

HKFRS 9 “Financial instruments” (Continued)

(b) Impairment

The new impairment model in HKFRS 9 replaces the “incurred loss” model in HKAS 39 with an “expected credit loss” model. Under the expected credit loss model, it will no longer be necessary for a loss event to occur before an impairment loss is recognised. Instead, an entity is required to recognise and measure expected credit losses as either 12-month expected credit losses or lifetime expected credit losses, depending on the asset and the facts and circumstances. This new impairment model may result in an earlier recognition of credit losses on the Group’s trade receivables and other financial assets. However, a more detailed analysis is required to determine the extent of the impact.

(c) Hedge accounting

HKFRS 9 does not fundamentally change the requirements relating to measuring and recognising ineffectiveness under HKAS 39. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting. The Group currently does not have any hedge and therefore this new requirement may not have any impact on the Group on adoption of HKFRS 9.

44. 已頒佈但於截至二零一六年十二月三十一日止年度尚未生效之修訂本、新準則及詮釋之可能影響 (續)

香港財務報告準則第9號「金融工具」(續)

(b) 減值

香港財務報告準則第9號之新減值模式以「預期信貸虧損」模式取代香港會計準則第39號項下的「已產生虧損」模式。根據預期信貸虧損模式，毋須再待發生虧損事件方確認減值虧損。相反，實體須根據資產以及事實及情況確認及計量預期信貸虧損為12個月預期信貸虧損或永久預期信貸虧損。新減值模式可能導致提早就本集團貿易應收款項及其他金融資產確認信貸虧損。然而，仍需更詳細的分析以釐定影響之程度。

(c) 對沖會計處理

香港財務報告準則第9號並無從根本上改變香港會計準則第39號項下有關計量及確認無效性的規定。然而，符合資格進行對沖會計處理的交易類別獲引入更大靈活性。由於本集團目前並無進行任何對沖，故此項新規定不會在採納香港財務報告準則第9號時對本集團產生任何影響。

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44. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2016 (Continued)

HKFRS 15 “Revenue from Contracts with Customers”

HKFRS 15 establishes a comprehensive framework for recognising revenue from contracts with customers. HKFRS 15 will replace the existing revenue standards, HKAS 18 “Revenue”, which covers revenue arising from sale of goods and rendering of services, and HKAS 11 “Construction Contracts”, which specifies the accounting for revenue from construction contracts. The Group is currently assessing the impacts of adopting HKFRS 15 on its consolidated financial statements. Based on the preliminary assessment, the Group has identified the following areas which are likely to be affected:

(a) Timing of revenue recognition

The Group’s revenue recognition policies are disclosed in note 2(s). Currently, revenue arising from construction contracts and the provision of services is recognised over time, whereas revenue from the sale of goods is generally recognised when the risks and rewards of ownership have passed to the customers.

Under HKFRS 15, revenue is recognised when the customer obtains control of the promised good or service in the contract. HKFRS 15 identifies three situations in which control of the promised good or service is regarded as being transferred over time:

- (i) When the customer simultaneously receives and consumes the benefits provided by the entity’s performance, as the entity performs;
- (ii) When the entity’s performance creates or enhances an asset (for example work in progress) that the customer controls as the asset is created or enhanced;

44. 已頒佈但於截至二零一六年十二月三十一日止年度尚未生效之修訂本、新準則及詮釋之可能影響 (續)

香港財務報告準則第15號「來自客戶合約之收益」

香港財務報告準則第15號建立了確認來自客戶合約收益的全面框架。香港財務報告準則第15號將取代現有收益準則，即香港會計準則第18號「收益」(包括銷售貨物及提供服務所產生的收益)及香港會計準則第11號「建造合約」(訂明建造合約收益的會計處理方法)。本集團現正評估採納香港財務報告準則第15號對其綜合財務報表之影響。根據初步評估，本集團已識別以下可能受影響之方面：

(a) 收益確認之時間

本集團之收益確認政策披露於附註2(s)。目前，建造合約及提供服務所得收益隨時間推移確認，售貨所得收益則通常於所有權風險及回報轉移予客戶時確認。

根據香港財務報告準則第15號，收益於客戶獲得合約之承諾貨物或服務之控制權時確認。香港財務報告準則第15號確定了以下對承諾貨物或服務之控制權被視為隨時間轉移之三種情況：

- (i) 當客戶於實體履約時同時接受及使用實體履約所提供之利益時；
- (ii) 當實體履約創造或增強一項於資產被創造或增強時由客戶控制之資產(如在建工程)時；

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44. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2016 (Continued)

HKFRS 15 “Revenue from Contracts with Customers” (Continued)

(a) Timing of revenue recognition (Continued)

- (iii) When the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

If the contract terms and the entity's activities do not fall into any of these three situations, then under HKFRS 15 the entity recognises revenue for the sale of that good or service at a single point in time, being when control has passed. Transfer of risks and rewards of ownership is only one of the indicators that will be considered in determining when the transfer of control occurs.

As a result of this change from the risk-and-reward approach to the contract-by-contract transfer-of-control approach, it is possible that once the Group adopts HKFRS 15 some of the Group's business activities that are currently recognised at a point in time may meet the HKFRS 15 criteria for revenue recognition over time. This will depend on the terms of the sales contract and the enforceability of any specific performance clauses in that contract, which may vary depending on the jurisdiction in which the contract would be enforced. It is also possible that for the remainder of the Group's contracts the point in time when revenue is recognised may be earlier or later than under the current accounting policy. However, further analysis is required to determine whether this change in accounting policy may have a material impact on the amounts reported in any given financial reporting period.

44. 已頒佈但於截至二零一六年十二月三十一日止年度尚未生效之修訂本、新準則及詮釋之可能影響 (續)

香港財務報告準則第15號「來自客戶合約之收益」(續)

(a) 收益確認之時間 (續)

- (iii) 當實體之履約並無創造對實體而言具替代用途之資產，且該實體對迄今完成之履約付款具有可執行權利時。

倘合約條款及實體活動並不屬於任何該等三種情況，則根據香港財務報告準則第15號，實體於某一指定時間點（即控制權轉移時）就銷售貨物或服務確認收益。所有權風險及回報之轉移僅為釐定控制權轉移發生時將考慮的其中一項指標。

由於從風險及回報法向按合約轉讓控制權法轉變，一旦本集團採納香港財務報告準則第15號，本集團目前按時間點確認的若干業務活動可能須符合香港財務報告準則第15號的標準隨時間推移確認收益。這將取決於銷售合約的條款及該合約任何特定執行條文能否執行，而這可因應執行該合約所在司法權區而有所不同。就本集團其餘合約而言，收益確認之時間點亦可能較根據現有會計政策之時間點提前或推遲。然而，釐定有關會計政策變動是否會對任何特定財務報告期間呈報之金額有重大影響仍須待進一步分析。

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財務報表附註

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44. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2016 (Continued)

HKFRS 15 “Revenue from Contracts with Customers” (Continued)

(b) Significant financing component

HKFRS 15 requires an entity to adjust the transaction price for the time value of money when a contract contains a significant financing component, regardless of whether the payments from customers are received significantly in advance or in arrears. Currently, the Group would only apply such a policy when payments are significantly deferred, which is currently not common in the Group’s arrangements with its customers.

(c) Sales with a right of return

Currently when the customers are allowed to return the products, the Group estimates the level of returns and makes an adjustment against revenue and cost of sales. The Group expects that the adoption of HKFRS 15 will not materially affect how the Group recognises revenue and cost of sales when the customers have a right of return. However, the new requirement to recognise separately a return asset for the products expected to be returned will impact the presentation in the consolidated statement of financial position as the Group currently adjusts the carrying amounts of inventory for the expected returns, instead of recognising a separate asset.

44. 已頒佈但於截至二零一六年十二月三十一日止年度尚未生效之修訂本、新準則及詮釋之可能影響 (續)

香港財務報告準則第15號「來自客戶合約之收益」(續)

(b) 重大融資部分

香港財務報告準則第15號要求實體於合約包含重大融資部分時就貨幣時間價值調整交易價格，而不管來自客戶之付款將大部分提前收取或延後收取。目前，本集團僅於付款大幅延期時（目前本集團與其客戶間之安排中並不常見）採納此政策。

(c) 具退貨權之銷售

目前，當客戶被允許退回產品時，本集團會估計退貨水平並就收益及銷售成本作出調整。本集團預期採納香港財務報告準則第15號將不會對本集團於客戶有退貨權時確認收益及銷售成本之方式造成重大影響。然而，由於本集團目前就預期退貨對存貨賬面值進行調整而非另行確認資產，因此另行就預期將被退回之產品確認退回資產之新規定將影響於綜合財務狀況表之呈列。

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44. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2016 (Continued)

HKFRS 16 “Leases”

As disclosed in note 2(f), currently the Group classifies leases into finance leases and operating leases and accounts for the lease arrangements differently, depending on the classification of the lease. The Group enters into some leases as the lessor and others as the lessee.

HKFRS 16 is not expected to impact significantly on the way that lessors account for their rights and obligations under a lease. However, once HKFRS 16 is adopted, lessees will no longer distinguish between finance leases and operating leases. Instead, subject to practical expedients, lessees will account for all leases in a similar way to current finance lease accounting, i.e. at the commencement date of the lease the lessee will recognise and measure a lease liability at the present value of the minimum future lease payments and will recognise a corresponding “right-of-use” asset. After initial recognition of this asset and liability, the lessee will recognise interest expense accrued on the outstanding balance of the lease liability, and the depreciation of the right-of-use asset, instead of the current policy of recognising rental expenses incurred under operating leases on a systematic basis over the lease term. As a practical expedient, the lessee can elect not to apply this accounting model to short-term leases (i.e. where the lease term is 12 months or less) and to leases of low-value assets, in which case the rental expenses would continue to be recognised on a systematic basis over the lease term.

HKFRS 16 will primarily affect the Group’s accounting as a lessee of leases for properties and equipment which are currently classified as operating leases. The application of the new accounting model is expected to lead to an increase in both assets and liabilities and to impact on the timing of the expense recognition in the consolidated statement of profit or loss and other comprehensive income over the period of the lease.

44. 已頒佈但於截至二零一六年十二月三十一日止年度尚未生效之修訂本、新準則及詮釋之可能影響（續）

香港財務報告準則第16號「租賃」

誠如附註2(f)所披露，本集團現時將租賃分類為融資租賃及經營租賃，並根據租賃的分類對租賃安排進行不同列賬。本集團（作為出租人）與其他方（作為承租人）訂立若干租約。

預期香港財務報告準則第16號將不會大幅影響出租人根據租約將彼等權利及義務入賬的方式。然而，一旦採納香港財務報告準則第16號，承租人將不再區分融資租賃及經營租賃。相反，受可行權宜方法的規限，承租人將按與現有融資租賃會計處理方法類似的方式將所有租約入賬，即於租約開始日期，承租人將按日後最低租賃付款的現值確認及計量租賃負債，及將確認相應的「使用權」資產。於初步確認該資產及負債後，承租人將確認租賃負債結餘所產生的利息開支及使用權資產折舊，而非根據現有政策於租期內按系統基準確認根據經營租約所產生的租賃開支。作為一項可行權宜方法，承租人可選擇不將此會計模式應用於短期租賃（即租期為12個月或以下）及低價值資產的租賃，於該等情況下，租金開支將繼續於租期內按系統基準確認。

香港財務報告準則第16號將主要影響本集團作為租約承租人就若干物業及設備（現時分類為經營租賃）的會計處理方法。預期應用新會計模式將導致資產及負債均有所增加，及影響租約期間於綜合損益及其他全面收益表確認開支的時間。

Notes to the Financial Statements

財務報表附註

For the year ended 31 December 2016
截至二零一六年十二月三十一日止年度

44. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2016 (Continued)

HKFRS 16 “Leases” (Continued)

As disclosed in note 35(b), the Group's future minimum lease payments under non-cancellable operating leases as at 31 December 2016 amounted to approximately RMB2,112,000 for properties and equipment, which are payable between 1 and 5 years. Some of these amounts may therefore need to be recognised as lease liabilities, with corresponding right-of-use assets, once HKFRS 16 is adopted. The Group will need to perform a more detailed analysis to determine the amounts of new assets and liabilities arising from operating lease commitments on adoption of HKFRS 16, after taking into account the applicability of the practical expedient and adjusting for any leases entered into or terminated between now and the adoption of HKFRS 16 and the effects of discounting.

The Group is considering whether to adopt HKFRS 16 before its effective date of 1 January 2019. However, early adoption of HKFRS 16 is only permitted if this is no earlier than the adoption of HKFRS 15. It is therefore unlikely that HKFRS 16 will be adopted before the effective date of HKFRS 15, being 1 January 2018.

44. 已頒佈但於截至二零一六年十二月三十一日止年度尚未生效之修訂本、新準則及詮釋之可能影響 (續)

香港財務報告準則第16號「租賃」(續)

誠如附註35(b)所披露，於二零一六年十二月三十一日，本集團於不可撤銷經營租賃項下就物業及設備的日後最低租賃付款達約人民幣2,112,000元，須於一至五年內支付。因此，一旦採納香港財務報告準則第16號，若干該等款項可能須確認為租賃負債，並附帶相應使用權資產。經考慮可行權宜方法的適用性及就現時與採納香港財務報告準則第16號期間已訂立或終止的任何租約及貼現影響作出調整後，本集團將須進行更為詳細的分析以釐定於採納香港財務報告準則第16號時經營租賃承擔所產生的新資產及負債的金額。

本集團正考慮是否於香港財務報告準則第16號生效日期二零一九年一月一日前對其進行應用。然而，提前採納香港財務報告準則第16號僅可於採納香港財務報告準則第15號後方可進行。因此香港財務報告準則第16號不大可能於香港財務報告準則第15號之生效日期（即二零一八年一月一日）前獲採納。

Financial Summary

財務摘要

The following is a summary of the consolidated results and the consolidated assets and liabilities of the Group for the last five financial years.

下表為本集團過往五個財政年度之綜合業績及綜合資產與負債摘要。

CONSOLIDATED RESULTS

綜合業績

		For the year ended 31 December 截至十二月三十一日止年度				
		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元	2014 二零一四年 RMB'000 人民幣千元	2013 二零一三年 RMB'000 人民幣千元	2012 二零一二年 RMB'000 人民幣千元
Continuing operations:	持續經營業務：					
Revenue	收入	814,346	1,068,593	577,533	587,980	410,838
Profit/(loss) before taxation	除稅前溢利／(虧損)	95,913	99,293	62,497	(18,026)	(27,266)
Income tax expenses	所得稅開支	(20,470)	(32,472)	(22,901)	(3,371)	(5,984)
Profit/(loss) for the year from continuing operations	年內來自持續經營業務之溢利／(虧損)	75,443	66,821	39,596	(21,397)	(33,250)
Discontinued operations:	已終止經營業務：					
Profit/(loss) for the year from discontinued operations	年內來自已終止經營業務之溢利／(虧損)	-	1,996	(16,193)	-	-
Profit/(loss) for the year	年內溢利／(虧損)	75,443	68,817	23,403	(21,397)	(33,250)

CONSOLIDATED ASSETS AND LIABILITIES

綜合資產與負債

		As at 31 December 於十二月三十一日				
		2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元	2014 二零一四年 RMB'000 人民幣千元	2013 二零一三年 RMB'000 人民幣千元	2012 二零一二年 RMB'000 人民幣千元
Total non-current assets	非流動資產總值	512,960	683,218	644,029	429,876	360,912
Total current assets	流動資產總值	1,539,238	1,179,289	1,157,929	1,096,053	1,243,248
Total assets	資產總值	2,052,198	1,862,507	1,801,958	1,525,929	1,604,160
Total liabilities	負債總值	(672,757)	(557,926)	(561,941)	(360,032)	(418,889)
Net assets	資產淨值	1,379,441	1,304,581	1,240,017	1,165,897	1,185,271



泛亞環保集團有限公司
Pan Asia Environmental Protection Group Limited

(於開曼群島註冊成立之有限公司)
(Incorporated in the Cayman Islands with limited liability)

股份代號 stock code : 00556.HK