



# 天虹紡織集團有限公司 TEXHONG TEXTILE GROUP LIMITED

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

Stock Code 股份代號 : 2678



年報  
ANNUAL REPORT **2017**



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# 財務摘要

## FINANCIAL HIGHLIGHTS

### OPERATING PERFORMANCE DATA

### 經營表現數據

		2017	2016		2015	2014	2013
		二零一七年	二零一六年	Change	二零一五年	二零一四年	二零一三年
For the year ended 31 December		RMB '000	RMB '000		RMB '000	RMB '000	RMB '000
截至十二月三十一日止年度		人民幣千元	人民幣千元	變動	人民幣千元	人民幣千元	人民幣千元
Revenue	收入	16,306,375	13,647,737	19.5%	10,574,854	10,470,321	8,228,533
Gross profit	毛利	2,439,959	2,645,143	-7.8%	1,905,832	1,294,214	1,583,383
Profit for the year	年度溢利	1,174,725	1,201,073	-2.2%	588,968	306,721	1,126,027
Profit attributable to shareholders	股東應佔溢利	1,151,862	1,187,531	-3.0%	590,826	306,721	1,125,890
Earnings per share	每股盈利						
— Basic	— 基本	RMB 人民幣 1.26 元	RMB 人民幣 1.33 元	-5.3%	RMB 人民幣 0.67 元	RMB 人民幣 0.35 元	RMB 人民幣 1.27 元
— Diluted	— 攤薄	RMB 人民幣 1.26 元	RMB 人民幣 1.33 元	-5.3%	RMB 人民幣 0.67 元	RMB 人民幣 0.35 元	RMB 人民幣 1.27 元

### FINANCIAL POSITION DATA

### 財務狀況數據

		2017	2016		2015	2014	2013
		二零一七年	二零一六年	Change	二零一五年	二零一四年	二零一三年
As at 31 December		RMB '000	RMB '000		RMB '000	RMB '000	RMB '000
於十二月三十一日		人民幣千元	人民幣千元	變動	人民幣千元	人民幣千元	人民幣千元
Total assets	總資產	15,534,431	15,284,349	1.6%	11,401,097	9,138,546	8,944,315
Non-current assets	非流動資產	7,813,552	7,142,656	9.4%	5,773,867	4,753,644	4,389,588
Current assets	流動資產	7,720,879	8,141,693	-5.2%	5,627,230	4,384,902	4,554,727
Total liabilities	總負債	9,558,718	10,092,905	-5.3%	7,462,528	5,683,914	5,563,897
Current liabilities	流動負債	6,420,730	7,419,903	-13.5%	4,625,335	2,490,947	2,685,985
Non-current liabilities	非流動負債	3,137,988	2,673,002	17.4%	2,837,193	3,192,967	2,877,912
Net current assets	流動資產淨值	1,300,149	721,790	80.1%	1,001,895	1,893,955	1,868,742
Net assets	資產淨值	5,975,713	5,191,444	15.1%	3,938,569	3,938,569	3,380,418
Equity attributable to shareholders	股東應佔權益	5,910,127	5,148,721	14.8%	3,911,155	3,454,632	3,380,418

### FINANCIAL INDICATORS

### 財務指標

For the year ended 31 December		2017	2016	2015	2014	2013
截至十二月三十一日止年度		二零一七年	二零一六年	二零一五年	二零一四年	二零一三年
Inventory turnover days	存貨周轉天數	87	79	73	77	100
Trade and bill receivables turnover days	應收貿易及票據款項周轉天數	36	35	40	39	39
Trade and bill payables turnover days	應付貿易及票據款項周轉天數	78	87	82	72	78
Current ratio	流動比率	1.2	1.1	1.2	1.8	1.7
Net debt to equity ratio (Note 1)	負債淨額權益比率 (附註1)	0.68	0.80	0.48	0.54	0.55
Return on equity (Note 2)	權益回報率 (附註2)	21%	26%	16%	9%	38%

Note 1: Based on total borrowings net of cash and cash equivalents and pledged bank deposits over equity attributable to shareholders at each year end.

附註1: 根據各年終時的借貸總額扣除現金及現金等值物以及已抵押銀行存款除以股東應佔權益計算得出。

Note 2: Based on each year's profit attributable to shareholders over the average of the equity attributable to shareholders at the beginning and ending of the financial year.

附註2: 根據各年的股東應佔溢利除以該財政年度年初及年終股東應佔權益之平均數計算得出。

# 企業簡介及架構

## CORPORATE PROFILE AND STRUCTURE



Texhong Galaxy Technology Limited  
天虹銀河科技有限公司

### CORPORATE PROFILE

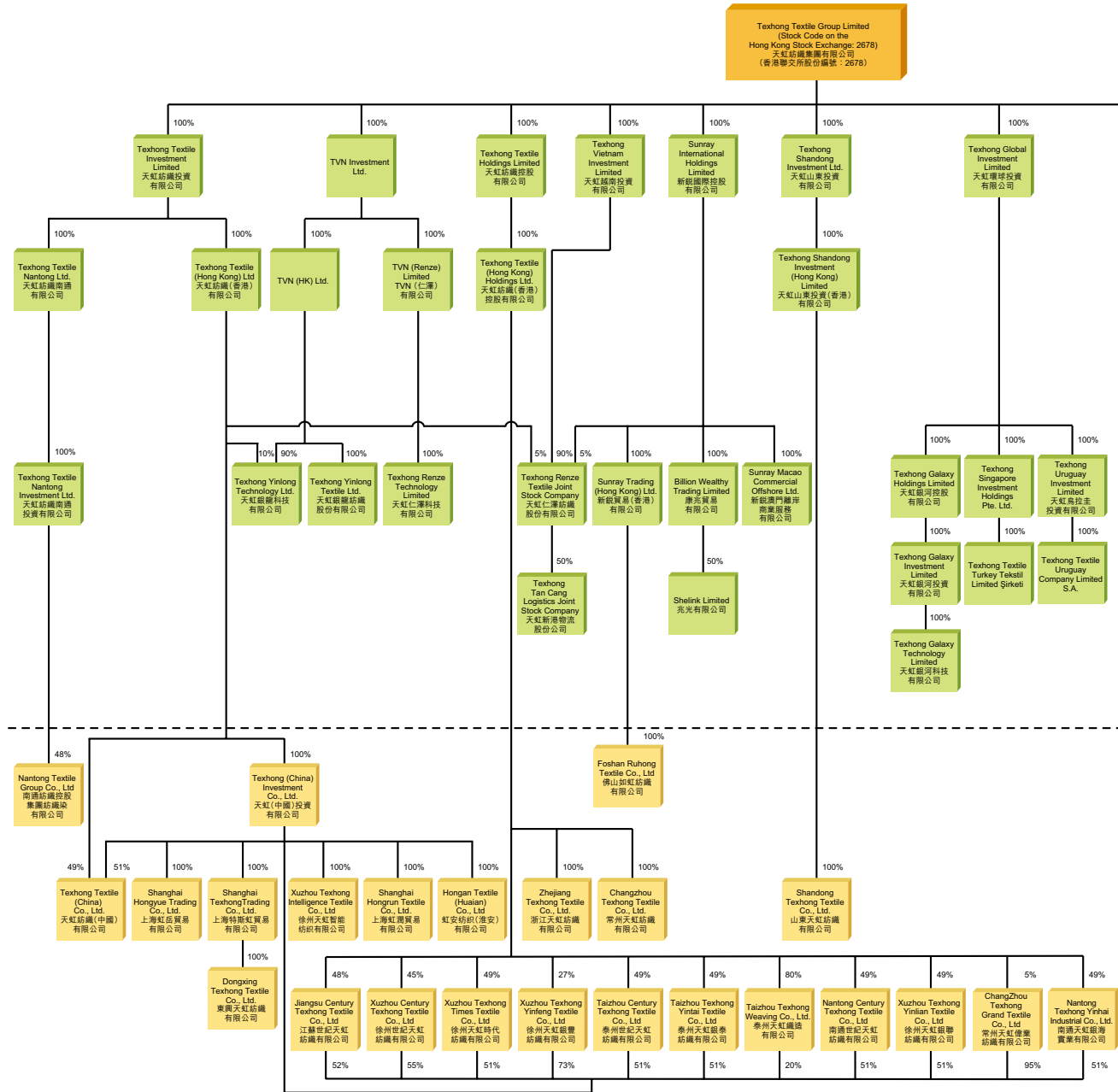
Texhong Textile Group Limited (the “Company”, together with its subsidiaries, the “Group”) (stock code: 2678) is one of the largest cotton textile manufacturers in the People’s Republic of China (“China” or the “PRC”) and is a leading textile enterprise focusing on manufacturing high value-added core-spun textile products. The Group is principally engaged in the manufacture and distribution of quality yarn, grey fabrics, garment fabrics as well as garments, especially high value-added core-spun yarn. Since 1997, the Group has grown rapidly and has over 3,000 customers in China and overseas, with its sales network spanning across the PRC, Vietnam, North America, Europe, Brazil, Turkey, Bangladesh, Japan and South Korea. With its sales headquarter established in Shanghai, the Group has production bases in the PRC, Vietnam, Cambodia and Nicaragua respectively, with major production facilities comprising about 3.03 million spindles and 1,283 looms.

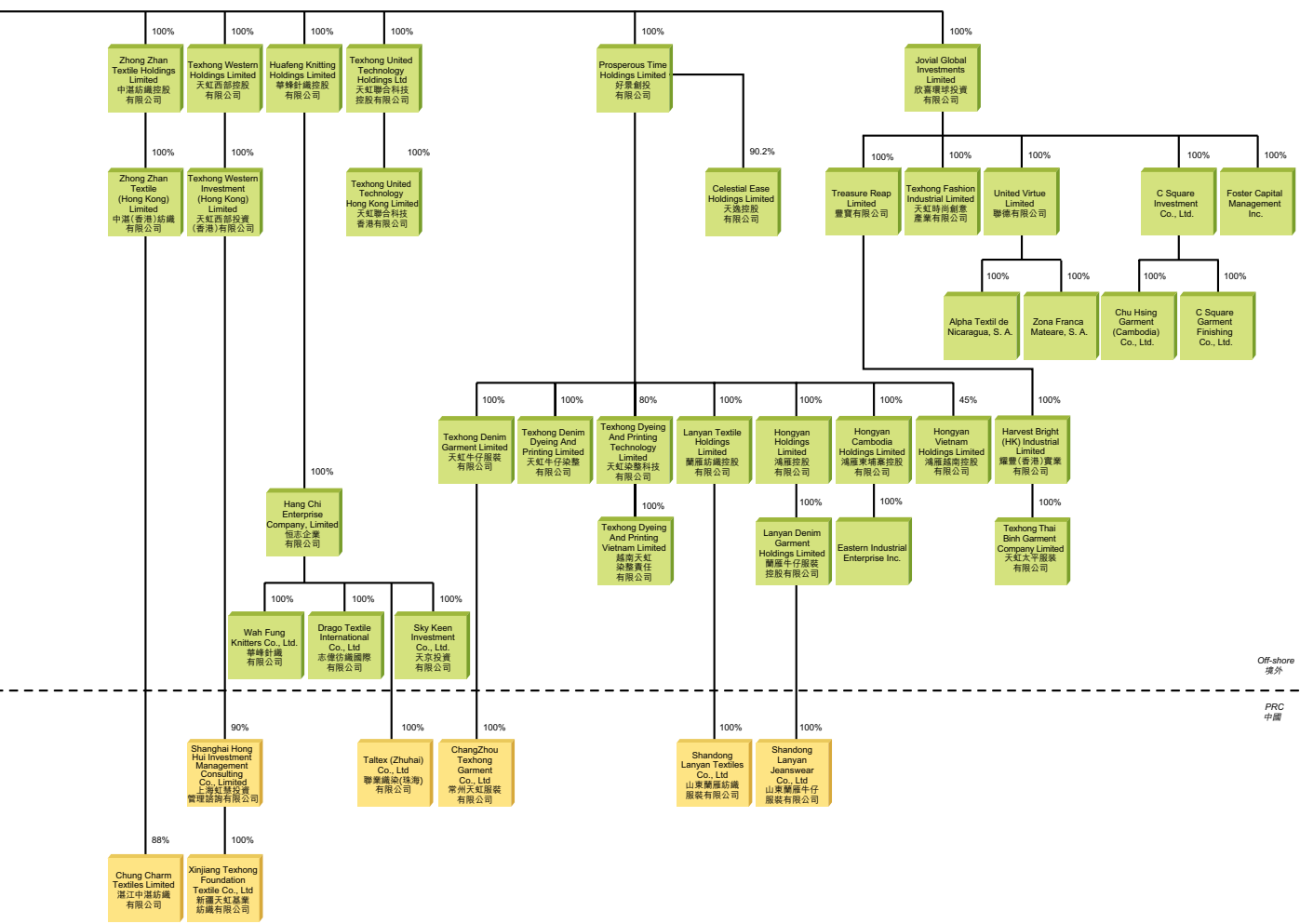
### 企業簡介

天虹紡織集團有限公司(「本公司」，連同其附屬公司統稱「本集團」)(股份編號：2678)是中華人民共和國(「中國」)最大的棉紡織品製造商之一，更是中國領先的高附加值包芯紡織產品生產企業。本集團的主要業務為製造及銷售優質紗線、坯布、面料和服裝，尤其專注生產具有高附加值的包芯紗線。自一九九七年始，本集團業務發展迅速，更擁有超過3,000個國內外客戶，銷售網絡遍及中國、越南、北美、歐洲、巴西、土耳其、孟加拉、日本及南韓。本集團以上海為銷售總部，於中國、越南、柬埔寨及尼加拉瓜分別設有生產基地，主要生產設施包括大約303萬紗錠及1,283台織機。

# 企業簡介及架構 CORPORATE PROFILE AND STRUCTURE

## CORPORATE STRUCTURE 企業架構





# 主席報告書

## CHAIRMAN'S STATEMENT



Hong Tianzhu 洪天祝  
Chairman 主席

On behalf of the Company's board of directors (the "Board"), I am pleased to present the annual results of the Group for the year ended 31 December 2017 to the shareholders of the Company.

本人謹代表本公司董事會(「董事會」)·欣然向本公司股東呈列本集團截至二零一七年十二月三十一日止年度的全年業績。



# 主席報告書 CHAIRMAN'S STATEMENT

## RESULTS

In 2017, the textile industry in China experienced fierce competition with customers having keen demand for diverse and differentiated products. Besides, the Chinese government stepped up enforcement of environmental protection laws, which posed tremendous pressure on dyeing and printing corporations in the industry. Some of them had to suspend operation to rectify non-compliance with the environmental protection law and some even had to shut down, and as a result, orders fluctuated for a period of time. This difficult operating environment, while testing for small and medium enterprises under the unfavourable condition, actually worked in favour of large enterprises.

To satisfy customers' strong demand for the differentiated products of the Group, we continued to expand our yarn production capacity and added 140,000 spindles in the second half of 2017 by acquiring second-hand equipment at low cost and leasing. The Group's yarn sales volume hit record high for the 11th consecutive year at approximately 650,000 tonnes, over 8.0% more than that of last year, and income from yarn sales climbed to more than RMB14 billion. Being affected by the market sentiment, the selling prices of some yarns decreased in the first half of the year. Although the selling prices of yarns rebounded in the second half of the year and the gross profit margin of yarns returned slowly on the uptrend, the gross profit margin was relatively high in the previous year, it dropped from 20.1% to 16.3% this year. For the year ended 31 December 2017, the Group's profit attributable to shareholders amounted to RMB1.15 billion and basic earnings per share was RMB1.26, decreased by 3.0% and 5.3% respectively, when compared with last year.

To better facilitate development of our jeanswear business, we acquired two jeanswear factories in March 2017, one in Vietnam and the other in Cambodia, from the Taiwanese company Nien Hsing Textile and adjusted the Group's jeanswear teams and production lines in Shandong and Cambodia. We produced and sold over 13 million pairs of jeans during the year, serving mainly customers in the US, Japan and Europe. Although the business recorded some losses during the year, at our hard work in the past few months, we have secured orders from a reputable Japanese customer and regained the recognition of the existing customers of the business acquired. By continuously improving the quality of orders, enhancing production equipment and efficiency, we believed our jeanswear business will turn around in 2018.

## 業績

二零一七年度，中國紡織行業競爭激烈，客戶對於產品的多樣化、差異化需求殷切。另外，中國政府加大力度執行環保法，對於行業內從事染整業務的企業構成重大壓力，部分企業不得不暫停營業對其不符合環境保護法例要求的行為進行整改，甚至關停結業，在一段時間內也引致訂單有所波動，在不利的情况下，中小規模企業面對嚴峻的經營環境，而行業內的大規模企業相反尤其受惠。

為滿足客戶對本集團差異化產品的強勁需求，我們持續擴充紗線產能，於二零一七年下半年以低成本收購二手設備以及租賃方式增加14萬紗錠。本集團紗線銷量連續11年創出歷史新高達約65萬噸，相比去年增長超過8.0%，紗線銷售收入突破人民幣140億元。受市場氣氛影響，上半年部分紗線銷售價格有所下降，雖然下半年銷售價格有所回升，而紗線毛利率也出現緩慢回升趨勢，但由於去年紗線毛利率處於偏高水平，全年紗線毛利率從去年的20.1%下降至16.3%。截至二零一七年十二月三十一日止年度，本集團的股東應佔溢利為人民幣11.5億元，每股基本盈利人民幣1.26元，分別較去年降低3.0%和5.3%。

為了更有效推進我們的牛仔服裝業務的發展，二零一七年三月份我們收購了臺灣年興紡織於越南及柬埔寨兩家牛仔服裝工廠，並調整本集團於山東及柬埔寨的牛仔服裝團隊及生產線，於年內生產並銷售超過1,300萬條牛仔褲，主要服務美國、日本及歐洲的客戶，雖然本年度還有一定虧損，但經過我們過去幾個月的努力，已經取得日本一知名客戶的訂單以及被收購業務的原有客戶的重新肯定，通過不斷改善訂單質量、提升生產裝備及效率，我們相信於二零一八年牛仔服裝業務將能扭虧為盈。

# 主席報告書

## CHAIRMAN'S STATEMENT

### OUTLOOK

The Group celebrated its 20th anniversary in 2017. In the past two decades, using our own capital and various loan facilities, we had built a foundation of three million spindles with turnover exceeding RMB16 billion and generating free cash flow over RMB1 billion a year. As such we have sufficient resources to support the continuous expansion of our long-standing yarn business and also the development of our new jeanswear business, which will become another growth engine of the Group in the medium to long term.

We have created a premium production and operating environment on our industry chain platform in the industrial park in Northern Vietnam for our existing denim yarn customers to develop and produce fabrics. As such, we will be able to spare ourselves from the risk of investing in such business and vast capital expenditure required, while developing in complement and achieving a win-win situation together with our customers. We can also quickly accomplish high-quality industry chain integration in Vietnam, which will allow us to carry out production, operation and management of the entire industry chain in a single industrial park. We will be able to achieve prompt delivery, perfect for satisfying the requirement of the brands nowadays to reduce inventory risk and place additional orders during the same season based on the then consumer demands.

We believe large and advanced enterprises in different sectors shall emerge at the drive of management and technological reforms in the manufacturing industry in China in the Smart Age. The strong will become stronger. Large enterprises will be leaving their medium to small peers farther and farther behind on the aspects of differentiation, specialization, economy of scale, globalization and rationalization. The Group, being one of the leading players in the industry, needs its staff, old and new, to embrace change and integration as well as growing together to help the Group achieve synergies in the application of resources and capabilities, maintain and keep enhancing its competitive advantages, and work hard on product innovation and leadership, as well as improving efficiency. The Group began to invest and set up plants in Vietnam a decade ago, a move that has enabled us to maintain industry leadership now. Currently, we ride on our advantages in Vietnam to develop our business. We expect to diligently implement and take to fruition our industry chain integration concept which will let the Group thrive in the future.

### 展望

二零一七年是集團創立二十周年，我們過去二十年利用自有資金，加上各類貸款融資打造了超過300萬紗錠的基礎規模，營收已突破人民幣160億元，每年創造超過人民幣10億元的自由現金流，由此我們擁有充足資源用以支撐原有紗線業務的持續擴張，又能夠為拓展牛仔服裝的新業務提供足夠的資源保障，為集團營造中長期增長的另一引擎。

我們在越南北部工業園區的產業鏈平台創造了上佳的生產經營環境，將能讓我們現有的牛仔紗線客戶負責布料的開發、生產，避免我們自身投資有關業務的風險及龐大資本開支的同時，做到互補共贏，快速在越南達到高水平產業鏈整合，在一個工業園區內完成全產業鏈的生產經營管理，做到快速反應交貨，完全滿足現今品牌對於降低庫存風險以及在同一季節中針對消費者當時的需求而追加訂單。

我們相信中國製造業在智能化時代所帶動的管理與技術的革新，在各行業將會有越來越多大規模先進企業被打造出來。強者恆強，大企業在差異化、專業化、規模化、國際化及精益化方面將會逐漸拋離中小企業，作為行業中領先的一份子，本集團的新、舊同事都需要在蛻變及融合中共同成長，達到資源與能力協同，保持競爭優勢並繼續提升，在產品創新領先及提升效率上努力不懈。十年前本集團開始在越南投資設廠，讓我們目前得以在行業中保持領先，我們期望把產業鏈整合的概念貫徹落實，讓集團在未來不斷茁壯成長。

# 主席報告書

## CHAIRMAN'S STATEMENT

### ACKNOWLEDGEMENT

Lastly, I would like to express my sincere gratitude on behalf of the Board to all our shareholders for giving the Group their care and support over the years.

**Hong Tianzhu**  
*Chairman*

9 March 2018

### 鳴謝

最後，本人謹代表董事會對全體股東一直以來對本集團的關注和支持致以由衷的感謝！

**洪天祝**  
*主席*

二零一八年三月九日

# 管理層討論及分析

## MANAGEMENT DISCUSSION AND ANALYSIS

### OVERVIEW

The Group is pleased to present to the shareholders the annual results of the Group for the year ended 31 December 2017. During the year, the Group's revenue grew by 19.5% to RMB16.31 billion when compared with last year. Profit attributable to shareholders decreased by 3.0% to RMB1,152 million against last year. Basic earnings per share decreased from RMB1.33 to RMB1.26. The year-on-year decrease in the profit attributable to shareholders was mainly due to the disproportionately high gross profit margin of yarns resulting from increased cotton prices last year while the selling prices of certain types of yarns were temporarily under pressure this year, which undermined the profitability of the related business during the year.

### INDUSTRY REVIEW

Textile enterprises, especially those in dyeing and printing business, have been the hardest hit by efforts of the Chinese government to crack down on industries causing pollution. Against this backdrop, compliant enterprises stand out and have advantages in capturing market share despite the testing industry environment, and as a result "the strong gets stronger".

According to statistics from the National Bureau of Statistics of the PRC, in 2017, the aggregate sales achieved by enterprises armed with sizeable capacity in the textile industry amounted to RMB3,864.0 billion, representing a 4.0% growth year-on-year. Total profit was RMB197.65 billion, up by 3.9% year-on-year. The sales of garment and apparel enterprises with sizeable capacity in the textile industry amounted to RMB2,217.24 billion, representing a year-on-year increase of 1.0%, and net profit was RMB126.37 billion, up by 2.9% year-on-year. For the production volume in 2017, yarn was 40.50 million tonnes, representing a 5.6% growth year-on-year, while fabric was 69.56 billion metres, representing a year-on-year growth of 1.2%. The production volume of synthetic fibre was 49.196 million tonnes, representing a 5.0% growth year-on-year. In 2017, the PRC exported textiles and garments of total worth US\$109.77 billion, representing a year-on-year increase of 4.5%. Of that total, textiles exports accounted for US\$157.18 billion, representing a year-on-year decrease of 0.4%.

According to statistics from the Customs of Vietnam, the sales volume of yarn and staple of the country grew by 15.6% to 1.349 million tonnes in 2017, while sales increased by 22.7%, when compared with 2016, to US\$3.593 billion. Value of garments exports grew by 9.2% to US\$26.038 billion.

### 綜覽

我們欣然向股東報告本集團截至二零一七年十二月三十一日止年度的全年業績。年內，本集團之收入較去年上升19.5%至人民幣163.1億元。股東應佔溢利較去年減少3.0%至人民幣11.52億元。每股基本盈利亦由去年的人民幣1.33元減少至人民幣1.26元。股東應佔溢利同比下降的主要原因是去年紗線的利潤率受棉花價格上升帶動以至高於正常水平，而本年度部分紗線的銷售價格暫時受壓削弱了有關業務的利潤所致。

### 行業回顧

在中國政府大力整治污染行業下，紡織企業特別牽涉到印染業務的一群首當其衝，同一時間，合規守法的企業在這大環境中更能凸顯其優勢，在危機中搶佔市場份額，形成強者越強的局面。

根據中國國家統計局的數據顯示，二零一七年，紡織業規模企業累計實現營業收入人民幣38,640億元，同比增長4.0%；實現利潤總額1,976.5億元，同比增長3.9%。紡織服裝、服飾業規模企業實現銷售人民幣22,172.4億元，同比增長1.0%；淨利潤1,263.7億元，同比增長2.9%。產量方面，二零一七年，紗線產量4,050萬噸，同比增長5.6%；布產量695.6億米，同比增長1.2%；化纖產量4,919.6萬噸，同比增長5.0%。根據中國海關總署發布的數據顯示，二零一七年，紡織品累計出口1,097.7億美元，同比增長4.5%；服裝出口1,571.8億美元，同比減少0.4%。

根據越南海關數據顯示，二零一七年越南紗線及短纖銷售量增加15.6%至134.9萬噸，銷售額較二零一六年上升22.7%至35.93億美元。服裝出口額增加9.2%至260.38億美元。

### BUSINESS REVIEW

For the year ended 31 December 2017, revenue of the Group reached record high at RMB16.31 billion, representing an increase of 19.5% when compared with last year, mainly attributable to the increase in revenue from sales of yarns and the newly acquired jeanswear business.

The Group derives revenue from sales of yarns, grey fabrics, garment fabrics as well as jeanswear. During the year, yarn continued to be its major product, generating revenue of RMB14.6 billion, an increase of 15.5% comparing with the previous year, accounting for 89.4% of its total revenue for the year. The increase was mainly driven by sales volume growth. With production capacity expanded, the Group's yarn sales volume for the year ended 31 December 2017 increased to another historical high at about 650,000 tonnes, a 8.0% climb against last year. Revenue from jeanswear was RMB634 million, around 3.9% of the Group's total revenue for the year.

The overall gross profit margin of the Group decreased from 19.4% for the year ended 31 December 2016 to 15.0% for the year ended 31 December 2017. The decrease was mainly attributable to the increase in cotton price pushing the gross profit margin of yarn to a higher than normal level last year, while in contrast the prices of certain yarns were under pressure from the market especially in the first half of 2017. Moreover, the newly added downstream business was still in early development stage with a much lower gross profit margin than the yarn business. All the above mentioned factors together caused a decrease of 4.4 percentage points in the overall gross profit margin.

For the year ended 31 December 2017, the Group recorded profit attributable to shareholders of RMB1,152 million, with basic earnings per share of RMB1.26 representing a decrease of 3.0% and 5.3% respectively when compared with last year. The decrease in profit attributable to shareholders was mainly attributable to the temporary decrease in profit from yarn business. Nevertheless, as a one-off profit was recorded from the acquisition of jeanswear business during the year, the decrease in net profit was smaller than that in gross profit.

The Group will continue to implement its established corporate strategies, optimize its product mix and develop new products to meet market trends and needs. It will fully exploit the advantage of its global production presence to further improve its financial performance.

### 業務回顧

截至二零一七年十二月三十一日止年度，本集團的收入達到破紀錄人民幣**163.1億元**，比去年上升**19.5%**，主要由於紗線銷售以及新收購的牛仔服裝銷售增長所帶動。

本集團的收入包括紗線、坯布、面料和牛仔服裝的銷售。年內紗線繼續成為本集團的重點產品，其收入佔集團本年度總收入的**89.4%**，達到人民幣**146億元**，相比去年增長**15.5%**。增幅主要受銷量增加所帶動。截至二零一七年十二月三十一日止年度，在產能擴張的帶動下，本集團紗線銷量相較去年增加**8.0%**至約**65萬噸**，繼續打破歷年銷量記錄。牛仔服裝的收入為人民幣**6.34億元**，佔集團本年度總收入的約**3.9%**。

截至二零一七年十二月三十一日止年度，本集團整體毛利率由截至二零一六年十二月三十一日止年度的**19.4%**下降至**15.0%**。主要由於去年紗線毛利率受棉花價格帶動以至高於正常水平，但本年度特別上半年受市場影響部分紗線價格受壓形成反差，加上新增下游業務在起步階段，其毛利率遠低於紗線業務，綜合以上原因導致整體毛利率下降**4.4**個百分點。

截至二零一七年十二月三十一日止年度，本集團的股東應佔溢利為人民幣**11.52億元**，每股基本盈利人民幣**1.26元**，較去年分別下降**3.0%**及**5.3%**。股東應佔溢利下降主要是受紗線利潤暫時下降影響，但由於年內錄得收購牛仔服裝業務的一次性利潤，淨利潤下降的幅度低於毛利下降。

本集團將繼續執行既有企業策略，優化產品組合，開發迎合市場趨勢及需要的新產品，充分利用現有國際化的生產佈局優勢，致力進一步改善本集團的財務表現。

### BUSINESS REVIEW (Continued)

The Group will continue to strengthen the collaboration with the world leading fibre developers to produce trendy yet functional yarns to cater for the development in the differentiated high-end market. The Group also continued to reinforce its cooperative relationship with Toray of Japan, extending the cooperation from yarn business to jeanswear business. In response to market demand, the Group's research and development centre has kept pushing for improvement of product quality and development of new products so as to help the Group maintain the leadership position in the industry and capture highest quality customers in the different high-end product arenas.

### PROSPECT

The PRC has orderly sold the national cotton reserve in the past two consecutive years, the cotton reserve is now at a more reasonable level compared with a few years ago. Assuming the PRC will continue the policy of selling the cotton reserve, we expect domestic and foreign cotton prices to remain relatively stable in 2018.

As at the end of 2017, the Group had major production facilities comprising about 3.03 million spindles and 1,283 looms. Of all the spindles, approximately 1.78 million were in the PRC and approximately 1.25 million were in Vietnam. In light of the strong demand for differentiated yarn products, the Group intends to gradually commence expansion plans in Northern Vietnam, Xuzhou and Shandong, the PRC in 2018. The additional production capacity will be exploited with new and second-hand equipment. Approximately 220,000 and 380,000 spindles will be added in Vietnam and the PRC respectively. The Group is also actively seeking for opportunities to acquire yarn factories in the PRC to meet market demand for differentiated products. Furthermore, relevant effort will be made to expand downstream business and upgrade existing equipment. The expansion plan is estimated to cost approximately RMB2 billion in 2018 and 2019 and will be completed in stages. The sales targets for 2018 are 720,000 tonnes of yarns, 80 million metres of grey fabrics, 40 million metres and 18,000 tonnes of garment fabrics and 18 million pairs of jeans.

### 業務回顧(續)

本集團持續與全球領先的纖維開發商深入合作生產時尚功能紗線，迎合差異化高端市場的開發。本集團亦繼續強化與日本東麗公司的合作關係，從紗線業務擴展至牛仔服裝業務。本集團的研發中心也不斷應市場需求而改良產品質素及開發新產品，銳意在業界保持領先地位，並主攻在不同高端產品領域上最優質的客戶群。

### 前景

中國已經連續兩年有序出售國家棉花儲備，以至棉花儲備的存量已比幾年前大幅降低至比較合理的水平。假定中國繼續維持有關出售棉花儲備的政策，我們預期二零一八年國內外棉花價格將相對穩定。

截至二零一七年底，本集團主要生產設施包括大約303萬紗錠及1,283台織機，其中中國及越南分別為約178萬紗錠及約125萬紗錠。由於差異化紗線需求強勁，我們計劃二零一八年內陸續開始在越南北部及中國徐州及山東的擴展計劃，新產能將混合全新及二手設備，預計越南及中國分別新增約22萬及38萬紗錠，在中國也會積極尋找紗廠收購機會，以應付市場對差異化產品的需求。此外，下游業務也會有適量擴充以及設備升級換代，預計擴充計劃在二零一八年及二零一九年需約人民幣20億元，並分階段完成。二零一八年目標銷售72萬噸紗線、8,000萬米坯布、4,000萬米及18,000噸面料以及1,800萬條牛仔褲。

## 管理層討論及分析

# MANAGEMENT DISCUSSION AND ANALYSIS

### PROSPECT (Continued)

After the adjustment and consolidation made in 2017, the Group's jeanswear business will develop more efficiently and has been gradually gaining the trust of new customers and existing customers of the acquired business, giving the Group a big boost in enhancement of order quality, balancing production between peak and low season and improving production efficiency. The Group looks forward to its jeanswear business turning around to profit in 2018. At the same time, implementation of the strategy for the establishment of the industry chain platform in Vietnam will continue in order to attract more existing denim fabric manufacturers and industry peers to set up factories in the industrial park in Vietnam. By capitalizing on the advantage of our existing denim yarn raw material resources in Vietnam and the production capabilities of our existing denim yarn customers, the Group targets to produce jeanswear of international quality and wins the recognition of famous brands with prompt response and fast product delivery, thereby lay a solid foundation for its rapid expansion in the future.

On the yarn business front, it is now in an apparently better position than 2017, but whether its profit margin will return to a higher level remains to be seen, subject to the inflow of orders in the next few months in the advent of the peak season.

In July 2017, the Group was again named by Fortune magazine as one of the "Fortune 500 Chinese Companies 2017", a strong testament to the continuous expansion of the Group and the wide recognition its business model enjoys. The Group will continue to work tirelessly, putting in its best effort, to bring long term and sustainable returns to shareholders.

### 前景(續)

經過二零一七年的調整與磨合，本集團的牛仔服裝業務將更有效率的往前推進，目前已逐步取得新客戶及被收購業務的原有客戶的信任，對於訂單質量優化、平衡淡旺季生產以及進一步提升生產效率有莫大作用，我們期待牛仔服裝業務可以於二零一八年扭虧為盈。而越南產業鏈平台佈局的策略亦繼續進行，以吸引更多現有牛仔布生產商及同業到越南工業園區設廠。我們致力利用在越南已形成的牛仔紗線原材料資源優勢，結合我們現有牛仔紗客戶的生產能力，出品達國際水平品質的牛仔服裝，做到快速反應交貨，以贏得知名品牌的認同，為未來快速擴充打好基礎。

紗線業務方面，以目前所見相比二零一七年有所改善，但毛利率是否能回復到較佳水平還需多幾個月時間觀察銷售旺季開始後的訂單情況。

於二零一七年七月，本集團繼續榮獲為《財富》雜誌推選為二零一七年中國企業500強之一，證明集團不斷壯大，業務模式繼續獲得廣泛認同。本集團將繼續努力不懈，全力為股東帶來長遠及可持續的回報。

# 管理層討論及分析

## MANAGEMENT DISCUSSION AND ANALYSIS

### FINANCIAL REVIEW

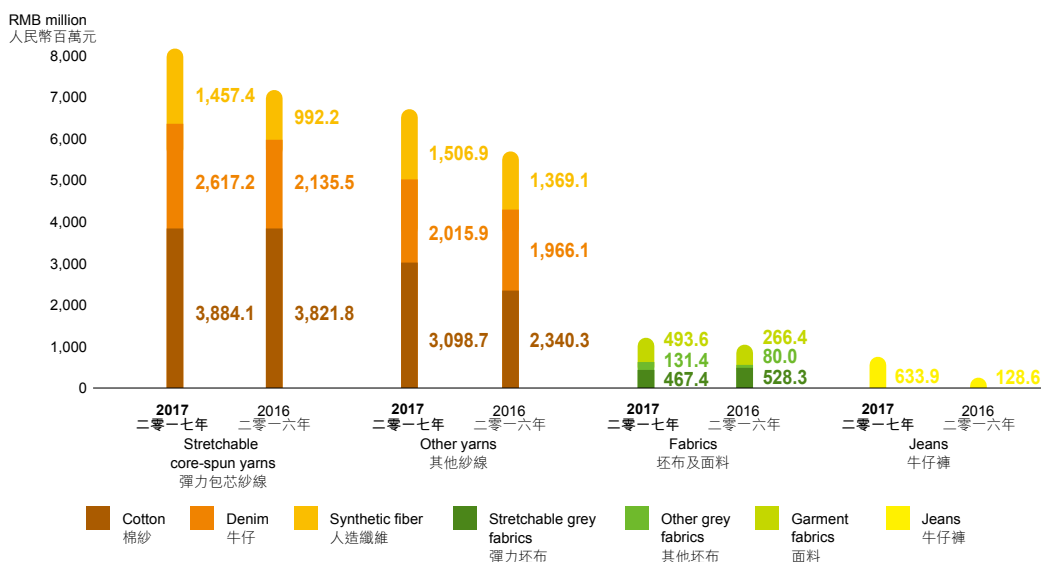
#### Sales

The Group's sales mainly comprises the sales of yarns, grey fabrics and garment fabrics, as well as jeanswear. With the commencement of operation of our new production facilities, and the commitment of staff members, the sales of yarn increased by about 15.5% in 2017 as compared to that of 2016. Sales analyses of the Group by products are shown below.

### 財務回顧

#### 銷售

本集團的銷售主要來自銷售紗線、坯布及面料與牛仔服裝。由於本集團於新建的生產設施投產及全體人員的努力，二零一七年集團紗線銷售額較二零一六年增長約15.5%。下列為本集團各種產品的銷售分析。



		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元	Sales change between 2017 and 2016 二零一七年 銷售額對比 二零一六年 之轉變
Stretchable core-spun yarns	彈力包芯紗線			
— Cotton	— 棉紗	3,884,130	3,821,813	1.6%
— Denim	— 牛仔	2,617,195	2,135,524	22.6%
— Synthetic fiber	— 人造纖維	1,457,380	992,237	46.9%
Other yarns	其他紗線			
— Cotton	— 棉紗	3,098,705	2,340,275	32.4%
— Denim	— 牛仔	2,015,865	1,966,129	2.5%
— Synthetic fiber	— 人造纖維	1,506,885	1,369,085	10.1%
Grey fabrics	坯布			
— Stretchable grey fabrics	— 彈力坯布	467,367	528,279	-11.5%
— Other grey fabrics	— 其他坯布	131,402	79,955	64.3%
Garment fabrics	面料	493,554	285,834	72.7%
Jeans	牛仔褲	633,892	128,606	392.9%
<b>Total</b>	<b>總計</b>	<b>16,306,375</b>	<b>13,647,737</b>	<b>19.5%</b>



# 管理層討論及分析 MANAGEMENT DISCUSSION AND ANALYSIS

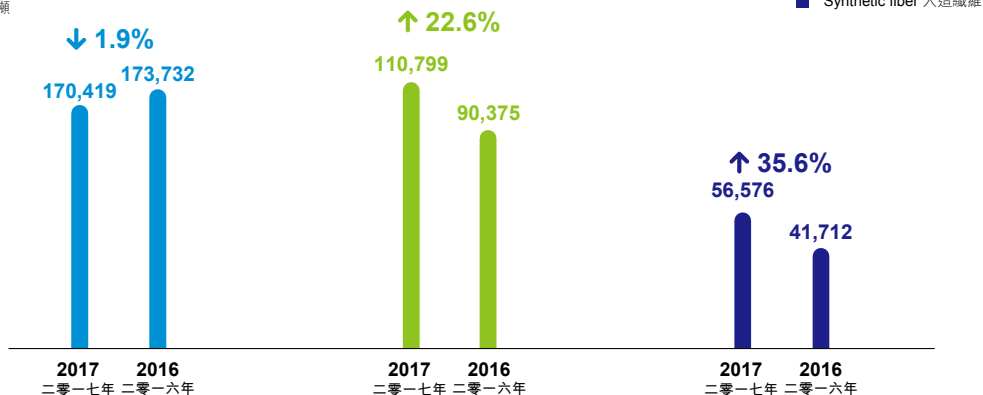
## FINANCIAL REVIEW (Continued) Sales (Continued)

## 財務回顧(續) 銷售(續)

### Sales Volume 銷量

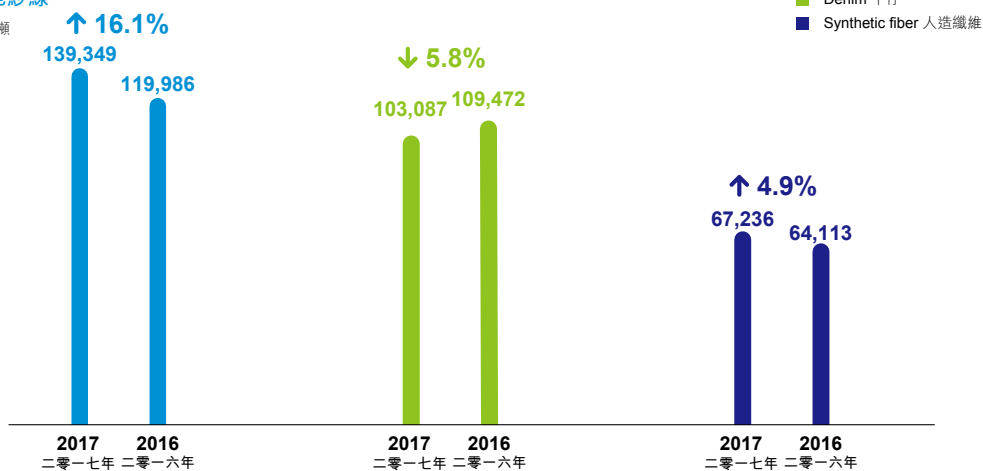
#### Stretchable core-spun yarns 彈力包芯紗線

Ton 噸



#### Other yarns 其他紗線

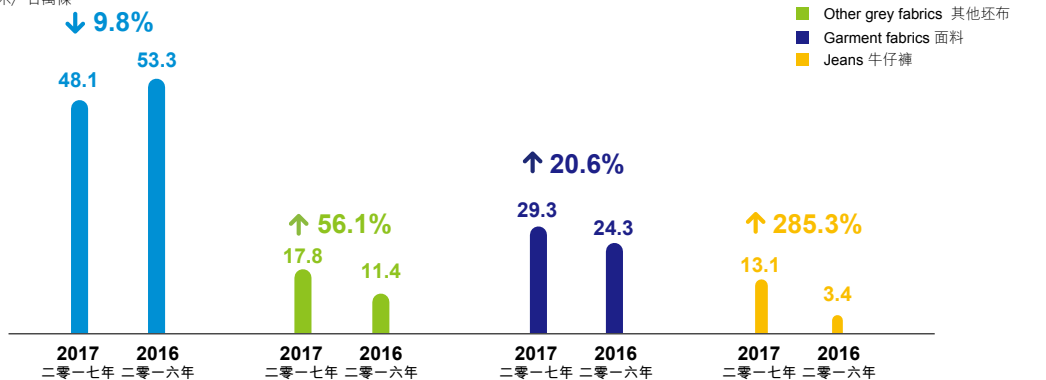
Ton 噸



#### Grey fabrics, Garment fabrics and Jeans

#### 坯布、面料及牛仔褲

Million meters/Million pairs  
百萬米/百萬條



# 管理層討論及分析

## MANAGEMENT DISCUSSION AND ANALYSIS

### FINANCIAL REVIEW (Continued)

#### Sales (Continued)

### 財務回顧(續)

#### 銷售(續)

	Sales volume		Selling price		Gross profit margin	
	銷量		售價		毛利率	
	2017	2016	2017	2016	2017	2016
	二零一七年	二零一六年	二零一七年	二零一六年	二零一七年	二零一六年
Stretchable core-spun yarns (Ton/RMB per ton)	彈力包芯紗線(噸/人民幣每噸)					
— Cotton	170,419	173,732	22,792	21,998	15.4%	21.0%
— Denim	110,799	90,375	23,621	23,630	19.0%	24.3%
— Synthetic fiber	56,576	41,712	25,760	23,788	18.3%	22.3%
Other yarns (Ton/RMB per ton)	其他紗線(噸/人民幣每噸)					
— Cotton	139,349	119,986	22,237	19,505	15.1%	17.4%
— Denim	103,087	109,472	19,555	17,960	16.2%	18.9%
— Synthetic fiber	67,236	64,113	22,412	21,354	14.3%	15.4%
Grey fabrics (Million meters/RMB per meter)	坯布(百萬米/人民幣每米)					
— Stretchable grey fabrics	48.1	53.3	9.7	9.9	5.1%	11.9%
— Other grey fabrics	17.8	11.4	7.4	7.0	-5.3%	8.6%
Garment fabrics (Million meters/RMB per meter)	面料(百萬米/人民幣每米)					
	29.3	24.3	16.8	11.8	7.5%	15.0%
Jeans (Million pairs/RMB per pair)	牛仔褲(百萬條/人民幣每條)					
	13.1	3.4	48.4	37.8	2.3%	-0.1%

The Chinese textile market is the Group's major market, accounting for 80.1% of our total sales of 2017. The ten largest customers of the Group for 2017 are as follows:

Shaoguan Shunchang Weaving Factory Co., Ltd.  
 Ningbo Daqian Textile Co., Ltd.  
 Guangdong Qianjin Jeans Co., Ltd.  
 Toray International, Inc.  
 Zhejiang Limayunshan Textile Co., Ltd.  
 American Eagle Outfitters, Inc.  
 XinChangJing Textiles Co., Ltd.  
 YiXing Magnolia Garment Co., Ltd.  
 Haining Denim Weaving Co., Ltd.  
 Baijia Dyeing Factory Ltd.

The Group has more than 3,000 customers. As the Group produces differentiated products, the Group does not rely on orders from a particular customer. The ten largest customers only accounted for 16.7% of the total sales of 2017 and each one of them has a more than 5 years' business relationship with the Group.

中國紡織市場是本集團的主要市場，佔本集團二零一七年總銷售額的80.1%，以下是本集團於二零一七年的十大客戶：

韶關市順昌布廠有限公司  
 寧波大千紡織品有限公司  
 廣東前進牛仔布有限公司  
 Toray International, Inc.  
 浙江立馬雲山紡織股份有限公司  
 American Eagle Outfitters, Inc.  
 增城市新昌景紡織品有限公司  
 宜興熹黑白玉蘭服裝有限公司  
 海寧牛仔織造有限公司  
 中山百佳染整有限公司

本集團擁有客戶逾3,000家，由於本集團以生產差異化產品為重點，且本集團並不依賴單一客戶的訂單，二零一七年十大客戶僅佔總銷售額的16.7%。以上十大客戶與本集團的業務往來均超過五年以上。

## 管理層討論及分析

## MANAGEMENT DISCUSSION AND ANALYSIS

### FINANCIAL REVIEW (Continued)

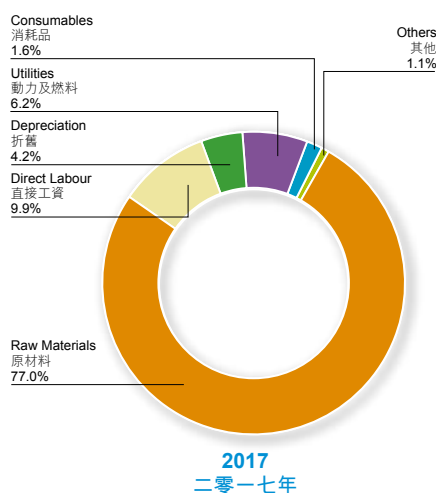
#### Gross profit and gross profit margin

Gross profit of the Group decreased from RMB2.65 billion to RMB2.44 billion, representing a decrease of 7.8% as compared to that of 2016. The overall gross profit margin also decreased by 4.4 percentage point to 15.0% as compared to that of 2016. The decrease in gross profit margin was mainly due to increase in cotton prices that resulted in a gross profit margin higher than normal level for yarns last year. In contrast, certain relatively simple types of yarns faced price pressure in the first half of this year. Moreover, the downstream business was still in the initial stage with a lower gross profit margin than the yarn business, leading to a more substantial decrease in gross profit margin.

#### Cost structure

Cost of sales increased by 26.0% to RMB13.9 billion when compared to that of 2016. Raw material cost accounted for about 77.0% of the total cost of sales of 2017. Cotton is our major raw material.

The breakdown of our cost of sales is shown below:



#### Selling and distribution costs

For the year ended 31 December 2017, the Group's selling and distribution costs amounted to RMB581.7 million, representing an increase of 17.1% when compared to that of 2016. The increase was attributable to the increase in transportation costs and salaries of sales personnel due to increase in sales volume.

#### General and administrative expenses

For the year ended 31 December 2017, the Group's general and administrative expenses decreased by 6.4% to RMB511.9 million when compared to that of 2016, which represented 3.1% of the Group's sales. The decrease was mainly due to the decrease in costs for arrangement and repayment of debts.

### 財務回顧(續)

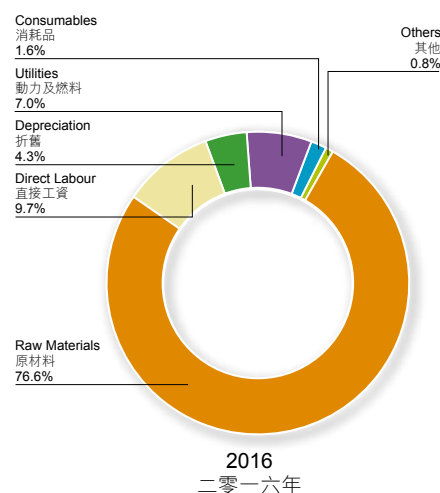
#### 毛利及毛利率

本集團的毛利由二零一六年人民幣26.5億元下降7.8%至人民幣24.4億元。整體毛利率亦較二零一六年下降4.4個百分點至15.0%。毛利率下降主要由於去年紗線毛利率由於棉花價格上升至高於正常水平，相反本年度上半年部分相對簡單的紗線品種價格受壓，此外下游業務處於起步階段，其毛利率也遠低於紗線業務，因此導致毛利率下降的比例較大。

#### 成本架構

銷售成本較二零一六年增加26.0%至人民幣139億元。於二零一七年之原材料成本佔總銷售成本約77.0%。棉花為我們的主要原材料。

下列為本集團銷售成本的明細：



#### 銷售及分銷開支

於截至二零一七年十二月三十一日止年度，本集團之銷售及分銷開支較二零一六年上升17.1%至人民幣5.817億元。升幅是由於銷量增加，令運輸成本及銷售人員薪金上漲所致。

#### 一般及行政開支

於截至二零一七年十二月三十一日止年度，本集團之一般及行政開支較二零一六年下降6.4%至人民幣5.119億元，佔本集團銷售額3.1%。減幅乃主要由於安排及償還債務的成本減少所致。

# 管理層討論及分析

## MANAGEMENT DISCUSSION AND ANALYSIS

### FINANCIAL REVIEW (Continued)

#### Cash flows

### 財務回顧(續)

#### 現金流量

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Net cash generated from operating activities	經營活動所得現金淨額	2,192,611	606,575
Net cash used in investing activities	投資活動所耗現金淨額	(1,337,721)	(2,045,779)
Net cash (used in)/generated from financing activities	融資活動(所用)/所得現金淨額	(1,201,380)	1,312,390
Cash and cash equivalents at end of the year	於年末的現金及現金等值物	1,466,718	1,813,208

For the year ended 31 December 2017, net cash generated from operating activities amounted to RMB2,192.6 million, which represents a significant increase comparing with 2016 mainly because of the significant increase in cash outflow of raw material purchase and the prepayment of cotton purchase required by the domestic cotton suppliers last year, while such situation has improved this year. Net cash used in investing activities amounted to RMB1,337.7 million, which was mainly used for the payment of capital expenditures for capacity expansion, acquisitions of subsidiaries and investments in associates. During the year under review, net cash used in financing activities amounted to RMB1,201.4 million, which was mainly used in repayment of bank loans and dividends.

#### Liquidity and financial resources

As at 31 December 2017, the Group's bank and cash balances (including pledged bank deposits) amounted to RMB1,555.0 million (as at 31 December 2016: RMB1,994.4 million). The Group's inventories increased by RMB832.9 million to RMB3,764.2 million and our trade and bills receivables increased by RMB40.20 million to RMB1,630.1 million (as at 31 December 2016: RMB2,931.3 million and RMB1,590.0 million respectively). The inventory turnover days and trade and bills receivables turnover days were 87 days and 36 days respectively, compared to 79 days and 35 days in 2016. Increase in inventory turnover days was mainly attributable to the increase in average inventory for the year due to the inventories from the acquisition of subsidiaries in the first half and by the end of 2017.

截至二零一七年十二月三十一日止年度，本集團錄得經營活動所得現金淨額人民幣21.926億元，相較二零一六年大幅上升，主要是因為去年國內棉花供應商要求採用預付款方式結算棉花採購款，以及原料採購現金流出大幅增加，而今年有關情況有所緩解。本集團投資活動所耗現金淨額為人民幣13.377億元，主要用於擴充產能的資本開支、收購附屬公司及投資聯營公司之付款。於回顧年度內，融資活動所用現金淨額為人民幣12.014億元，主要用於償還銀行貸款及股息。

#### 流動資金及財務資源

於二零一七年十二月三十一日，本集團的銀行及現金結餘(包括已抵押銀行存款)為人民幣15.550億元(於二零一六年十二月三十一日：人民幣19.944億元)。本集團的存貨及應收貿易及票據款項分別增加人民幣8.329億元至人民幣37.642億元及增加人民幣4.020萬元至人民幣16.301億元(於二零一六年十二月三十一日：分別為人民幣29.313億元及人民幣15.900億元)。存貨周轉天數及應收貿易及票據款項周轉天數分別為87及36天，而二零一六年則分別為79天及35天。二零一七年上半年及年底收購附屬公司帶來的存貨導致全年存貨平均值增加，因此存貨周轉天數增加。

**FINANCIAL REVIEW** (Continued)

**Liquidity and financial resources** (Continued)

Trade and bills payables decreased by RMB82.60 million to RMB2,961.7 million as at 31 December 2017 (as at 31 December 2016: RMB3,044.3 million), the payable turnover days was 78 days, compared to 87 days in 2016. Decrease in the payable turnover days was mainly due to the decrease in cotton purchases as compared to last year.

The total bank borrowings of the Group reduced by RMB559.7 million to RMB5,549.6 million as at 31 December 2017. Current bank borrowings decreased by RMB987.3 million to RMB2,562.4 million while non-current bank borrowings increased by RMB427.6 million to RMB2,987.2 million. The increase in the proportion of non-current bank borrowings enhanced the stability of the financial structure. Despite its higher interest rate than current borrowings, the Group will continue to maintain a considerable proportion of long-term borrowings.

As at 31 December 2017 and 2016, the Group's financial ratios were as follows:

		2017 二零一七年	2016 二零一六年
Current ratio	流動比率	1.20	1.10
Debt to equity ratio <sup>1</sup>	負債權益比率 <sup>1</sup>	0.94	1.19
Net debt to equity ratio <sup>2</sup>	負債淨額權益比率 <sup>2</sup>	0.68	0.80

<sup>1</sup> Based on total borrowings over equity attributable to shareholders

<sup>1</sup> 根據總借貸除以股東應佔權益

<sup>2</sup> Based on total borrowings net of cash and cash equivalents and pledged bank deposits over equity attributable to shareholders

<sup>2</sup> 根據總借貸(減去現金及現金等價物及已抵押銀行存款)除以股東應佔權益

**Borrowings**

As at 31 December 2017, the Group's total bank borrowings amounted to RMB5,549.6 million, among which RMB2,298.1 million (41.4%) was denominated in Renminbi, RMB1,010.3 million (18.2%) was denominated in United States dollars ("US\$" or "USD") and RMB2,241.2 million (40.4%) was denominated in Hong Kong dollars ("HK\$" or "HKD"). These bank borrowings borne interest at rates ranging from 1.2% to 6.5% per annum (2016: 3.3% to 6.5%).

As at 31 December 2017, the Group has outstanding current bank borrowings of RMB2,562.4 million (2016: RMB3,549.7 million). Decrease in current bank borrowings was mainly due to more working capital borrowings in relation to the prepayment of cotton purchase and inventories last year, while such borrowings decreased this year.

**財務回顧** (續)

**流動資金及財務資源** (續)

於二零一七年十二月三十一日，應付貿易及票據款項減少人民幣8,260萬元至人民幣29.617億元(於二零一六年十二月三十一日：人民幣30.443億元)，其付款周轉天數為78天，而二零一六年則為87天。應付款項周轉天數對比去年降低主要因為棉花採購量減少所致。

於二零一七年十二月三十一日，本集團的銀行借貸總額減少人民幣5.597億元至人民幣55.496億元。流動銀行借貸減少人民幣9.873億元至人民幣25.624億元，而非流動銀行借貸則增加人民幣4.276億元至人民幣29.872億元。非流動銀行借貸的比例增加有助於增加財務結構的安全性，本集團將繼續嘗試維持相當比例的長期貸款縱使貸款利率會高於流動貸款。

於二零一七年及二零一六年十二月三十一日，本集團之財務比率如下：

**借貸**

於二零一七年十二月三十一日，本集團的銀行借貸總額為人民幣55.496億元，其中人民幣22.981億元(41.4%)以人民幣列值，及人民幣10.103億元(18.2%)以美元(「美元」)列值以及人民幣22.412億元(40.4%)則以港元(「港元」)列值。該等銀行借貸按年利率1.2%至6.5%(二零一六年：3.3%至6.5%)計息。

於二零一七年十二月三十一日，本集團之未償還流動銀行借貸為人民幣25.624億元(二零一六年：人民幣35.497億元)。流動銀行借貸減少主要由於去年棉花預付款及存貨相關的營運資金借貸較多，本年度有關借貸減少所致。

## 管理層討論及分析

# MANAGEMENT DISCUSSION AND ANALYSIS

### FINANCIAL REVIEW (Continued)

#### Borrowings (Continued)

In respect of the Group's borrowings, the Group has to comply with certain restrictive financial covenants.

As at 31 December 2017, bank borrowings of RMB464.7 million (2016: RMB658.2 million) were secured by the pledge of the Group's land use rights with a net book amount of RMB26.70 million (2016: RMB26.0 million); the pledge of the Group's property, plant and equipment with a net book amount of approximately RMB180.9 million (2016: RMB116.5 million) and inventories with a net book amount of RMB261.2 million (2016: RMB393.0 million). No bank acceptance was secured as at 31 December 2017 (2016: RMB206.8 million).

#### Foreign exchange risk

The Group mainly operates in the PRC and Vietnam. Most of the Group's transactions, assets and liabilities are denominated in RMB and US\$. Foreign exchange risk may arise from future commercial transactions, recognised assets and liabilities and net investments in foreign operations. The Group's exposure to foreign exchange risk is mainly attributable to its borrowings and raw material procurement denominated in US\$ or HK\$. The Group manages its foreign exchange risks by performing regular reviews and closely monitoring its foreign exchange exposures.

To mitigate the risk of depreciation of Renminbi, the Group has taken steps to reduce its US dollar indebtedness exposure by cutting down its US dollar-denominated borrowings and purchasing a suitable amount of currency option contracts. The protection offered by some of the currency option contracts entered is only to the extent of USD1 to RMB7.6. In the event that Renminbi depreciates beyond that level, the Group will be required to bear the relevant foreign exchange risk. In addition, other than bills payable in US\$, the Group had exposure in Hong Kong dollar indebtedness of about HK\$673 million without protection of option contracts as at 31 December 2017.

#### Capital expenditure

For the year ended 31 December 2017, the capital expenditure of the Group amounted to RMB724 million (2016: RMB1,924 million). It was mainly comprised of the investments in fixed assets in Vietnam and Mainland China.

#### Contingent liabilities

As at 31 December 2017, the Group had no material contingent liabilities.

### 財務回顧(續)

#### 借貸(續)

本集團須就其借貸遵守若干財務限制條款。

人民幣4.647億元(二零一六年：人民幣6.582億元)的銀行借貸已以本集團於二零一七年十二月三十一日賬面淨值為人民幣2,670萬元(二零一六年：人民幣2,600萬元)的土地使用權；賬面淨值約為人民幣1.809億元(二零一六年：人民幣1.165億元)的物業、廠房及設備及賬面淨值為人民幣2.612億元(二零一六年：人民幣3.93億元)的存貨作抵押。於二零一七年十二月三十一日，概無銀行承兌匯票獲抵押(二零一六年：人民幣2.068億元)。

#### 外匯風險

本集團主要在中國及越南營運。本集團大部分交易、資產及負債以人民幣及美元計值。外匯風險可能來自於未來海外業務中的商業貿易、已確認資產及負債及投資淨額。本集團所面對的外匯風險主要來自其以美元或港元計值的借貸及原料採購貨款。本集團進行定期檢討及密切關注其外匯風險程度以管理其外匯風險。

為應對人民幣貶值風險，本集團透過削減美元借款以及購入適量的貨幣期權合約以減低美元負債敞口。已訂立的部分貨幣期權合約提供的保障僅限於一美元兌人民幣7.6元之內。當人民幣貶值超過該水平，本集團仍需負擔有關外匯風險。另外，於二零一七年十二月三十一日，除美元計值的應付票據外，本集團還有約6.73億港元的港元負債敞口沒有期權合約保護。

#### 資本開支

於截至二零一七年十二月三十一日止年度，本集團之資本開支為人民幣7.24億元(二零一六年：人民幣19.24億元)，主要為越南及中國內地的固定資產投資。

#### 或然負債

於二零一七年十二月三十一日，本集團並無重大或然負債。

### FINANCIAL REVIEW (Continued)

#### Disclosure pursuant to Rule 13.18 of the Rules (the “Listing Rules”) Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “Stock Exchange”)

As announced by the Company on 12 April 2013, the Company and certain of its subsidiaries entered into a purchase agreement with Deutsche Bank AG, Singapore Branch, J.P. Morgan Securities plc and Standard Chartered Bank in connection with the issue of US\$200 million 6.500% senior notes (the “2013 Notes”) due 2019. The indenture (the “Indentures”) governing the 2013 Notes provides that upon the occurrence of a change of control triggering event, the Company will make an offer to purchase all outstanding 2013 Notes at a purchase price equal to 101% of their principal amount plus accrued and unpaid interest, if any, to (but not including) the offer to purchase payment date.

A change of control under the Indentures includes, among others, any transaction that results in either (i) the Permitted Holders (as defined below), which include Mr. Hong Tianzhu (“Mr. Hong”), the controlling shareholder of the Company and companies controlled by him, being the beneficial owners (as such term is used in the Indentures) of less than 50.1% of the total voting power of the voting stock of the Company; or (ii) any person or group (as such terms are used in the Indentures) is or becomes the beneficial owner, directly or indirectly, of total voting power of the voting stock of the Company greater than such total voting power held beneficially by the Permitted Holders. “Permitted Holders” means any or all of (1) Messrs. Hong Tianzhu and Zhu Yongxiang; (2) any affiliate of the persons specified in paragraph (1); and (3) any person both the capital stock and the voting stock of which (or in the case of a trust, the beneficial interests in which) are owned 80% by persons specified in paragraphs (1) and (2) above.

The 2013 Notes were fully redeemed before maturity on 18 January 2017.

### 財務回顧(續)

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」)第13.18條作出之披露

誠如本公司於二零一三年四月十二日所公佈，本公司及其若干附屬公司與德意志銀行新加坡分行、摩根大通及渣打銀行訂立購買協議，內容有關發行於二零一九年到期的200,000,000美元6.500%優先票據(「二零一三年票據」)。監管二零一三年票據的契約(「契約」)訂明在發生觸發控制權變動之事件之情況下，本公司將按相等於本金額之101%之購買價另加計至購買付款日期(惟不包括當日)之應計及未付利息(如有)，提出購買所有未償還二零一三年票據。

契約內所指的控制權變動包括(其中包括)引致以下後果的任何交易：(i)許可持有人(定義見下文)(包括本公司控股股東洪天祝先生(「洪先生」)及彼控制的公司)成為本公司具投票權股份中總投票權少於50.1%的實益擁有人(按該等詞條用於契約中的涵義)；或(ii)任何人士或組別(按該等詞條用於契約中的涵義)為或成為直接或間接擁有超過許可持有人實益持有的該等總投票權的本公司具投票權股份中總投票權的實益擁有人。「許可持有人」指下列任何或全部人士：(1)洪天祝先生及朱永祥先生；(2)(1)段指明之人士之任何聯屬人士；及(3)其股本及具投票權股份均(或如為信託，則當中之實益權益)由上文(1)及(2)段指明之人士擁有80%之任何人士。

二零一三年票據已於二零一七年一月十八日到期前提早悉數贖回。

### FINANCIAL REVIEW (Continued)

#### Disclosure pursuant to Rule 13.18 of the Rules (the “Listing Rules”) Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “Stock Exchange”) (Continued)

As announced by the Company on 18 May 2015, by an agreement dated 18 May 2015 (“2015 Facility Agreement”) entered into by, among others, the Company as borrower and a syndicate of banks and financial institutions as lenders, the lenders have agreed to grant a term loan facility (“2015 Facility”) of up to the aggregate principal amount of US\$110 million for any refinancing, repayment, redemption, purchase or repurchase of the 2011 Notes due in January 2016 issued by the Company, in whole or part, at or before their maturity. The 2015 Facility shall be fully repaid in May 2018 and is guaranteed by certain subsidiaries of the Company. The amount of the 2015 Facility represents approximately 27% of the total amount of banking/credit facilities (including the 2015 Facility) presently available to the Group. The 2015 Facility Agreement contains the usual cross default provisions and a further requirement that Mr. Hong shall be and continue to be the chairman of the Company, directly or indirectly beneficially own not less than 25% of the total voting shares issued by the Company, and be and remain the single largest holder of the voting shares issued by the Company. A breach of such requirement will constitute an event of default under the 2015 Facility Agreement, and as a result, the 2015 Facility is liable to be declared immediately due and payable. The occurrence of such circumstance may trigger the cross default provisions of other banking/credit facilities available to the Group and, as a possible consequence, these other facilities may also be declared to be immediately due and payable.

As announced by the Company on 20 April 2016, by an agreement dated 20 April 2016 (“2016 Facility Agreement”) entered into by, among others, Texhong Galaxy Technology Limited (“Texhong Galaxy”), a wholly-owned subsidiary of the Company, as borrower and a syndicate of banks and financial institutions as lenders, the lenders have agreed to grant a facility (“2016 Facility”) in the aggregate principal amount of up to US\$103,000,000 to finance the development of Texhong Galaxy’s production plant in Haiha District, Quang Ninh Province, Vietnam. The 2016 Facility shall be fully repaid in April 2023 and is guaranteed by the Company.

### 財務回顧(續)

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」)第13.18條作出之披露(續)

誠如本公司於二零一五年五月十八日所公佈，根據由(其中包括)本公司(作為借款人)及由銀行及金融機構組成之銀團(作為貸款人)於二零一五年五月十八日訂立之協議(「二零一五年信貸協議」)，貸款人同意授出有期信貸融資(「二零一五年信貸融資」)，本金總額達110,000,000美元，用於任何再融資、在本公司所發行於二零一六年一月到期之二零一一年票據到期之時或之前償還、贖回、購買或購回全部或部份票據。二零一五年信貸融資須於二零一八年五月悉數償還，並以本公司若干附屬公司作擔保。二零一五年信貸融資之金額相當於現時本集團可供動用之銀行／信貸融資額度(包括二零一五年信貸融資)總額約27%。二零一五年信貸協議載有一般交叉違約條文，以及另一項有關洪先生須繼續為本公司主席之規定，而其直接或間接實益擁有不少於本公司已發行表決股份總額25%，並將繼續為本公司已發行表決股份之單一最大持有人。違反有關規定將構成二零一五年信貸協議之違約事項，因此二零一五年信貸融資須即時宣佈為到期及須予償還。發生有關情況可能導致觸發本集團其他銀行／信貸融資額度之交叉違約條文，因此該等其他信貸額度亦可能即時宣佈為到期及須予償還。

誠如本公司於二零一六年四月二十日所公佈，藉著本公司全資附屬公司天虹銀河科技有限公司(「天虹銀河」)(作為借款人)與由多間銀行及財務機構組成之銀團(作為貸款人)所訂立日期為二零一六年四月二十日之協議(「二零一六年信貸協議」)，貸款人同意授出一項本金總額最多為103,000,000美元的融資(「二零一六年信貸融資」)，以撥付天虹銀河於越南廣寧省海河區生產廠房之發展。二零一六年信貸融資須於二零二三年四月全數償還，並由本公司作擔保。



## 管理層討論及分析

## MANAGEMENT DISCUSSION AND ANALYSIS

### FINANCIAL REVIEW (Continued)

Disclosure pursuant to Rule 13.18 of the Rules (the “Listing Rules”) Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “Stock Exchange”) (Continued)

The 2016 Facility Agreement contains a requirement that Mr. Hong Tianzhu shall maintain, directly or indirectly, the status of the largest individual shareholder of the Company and maintain the position of chairman of the Group. A breach of such requirement will constitute an event of default under the 2016 Facility Agreement, and as a result, the 2016 Facility is liable to be declared immediately due and payable. The occurrence of such circumstance may trigger the cross default provisions of other banking/credit facilities available to the Group and, as a possible consequence, these other facilities may also be declared to be immediately due and payable.

As at the date of this annual report, the Company is in compliance with the 2015 Facility Agreement and the 2016 Facility Agreement.

### Human resources

As at 31 December 2017, the Group had a total workforce of 38,024 employees (as at 31 December 2016: 27,279), of whom 16,984 employees were located in the sales headquarters and our manufacturing plants in Mainland China. The remaining 21,040 employees were stationed in regions outside Mainland China including Vietnam, Cambodia, Nicaragua, Taiwan, Hong Kong and Macao. New employees were recruited to cater for the Group’s business expansion during the year. The Group offers its staff competitive remuneration schemes. In addition, discretionary bonuses and share options may also be granted to eligible staff based on individual and Group’s performance. The Group is committed to creating a learning and sharing culture in the organization. Heavy emphasis is placed on the training and development of individual staff and team building, as the Group’s success is dependent on the contribution of all skilled and motivated employees.

### Dividend policy

The Board intends to maintain a long term, stable dividend payout ratio of about 30% of the Group’s net profit for the year attributable to owners of the Company, providing shareholders with an equitable return. The Board has resolved to distribute a final dividend of 21 HK cents per share in respect of the year ended 31 December 2017 to shareholders whose names appear on the register of member on 8 May 2018 and will be payable on or about 18 May 2018, subject to the approval by the shareholders at the forthcoming annual general meeting of the Company on 26 April 2018. An interim dividend of 24 HK cents per share was paid by the Company on 18 September 2017.

### 財務回顧(續)

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」)第13.18條作出之披露(續)

二零一六年信貸協議規定洪天祝先生須繼續(直接或間接)維持本公司最大個人股東的地位及繼續擔任本集團主席一職。違反有關規定將構成二零一六年信貸協議項下之違約事項，並因此二零一六年信貸融資須即時宣佈為到期及應付。發生有關情況可能導致觸發本集團其他銀行／信貸融資額度之交叉違約條文，因此，該等其他信貸額度亦可能即時宣佈為到期及應付。

於本年報日期，本公司遵守二零一五年信貸協議及二零一六年信貸協議。

### 人力資源

於二零一七年十二月三十一日，本集團員工合共38,024名僱員(於二零一六年十二月三十一日：27,279名)，其中16,984名僱員位於中國大陸之銷售總部及生產工廠。其餘21,040名僱員駐於中國大陸境外地區，包括越南、柬埔寨、尼加拉瓜、台灣、香港及澳門。新聘僱員為應付本集團於年度內擴充的業務。本集團向其員工提供具競爭力的酬金計劃。此外，合資格員工亦可按其個人及本集團的表現獲授酌情花紅及購股權。本集團致力於組織內建立學習及分享文化。本集團的成功有賴由技巧純熟且士氣高昂的員工，故此本集團重視員工的個人培訓及發展，以及建立團隊。

### 股息政策

董事會旨在維持長期、穩定的派息率，即本集團年內歸屬於本司擁有人淨利潤約30%，為股東提供合理回報。董事會已決議就截至二零一七年十二月三十一日止年度分派每股21港仙之末期股息，予名列二零一八年五月八日股東名冊內之股東，並將於二零一八年五月十八日或前後派發，惟須得到股東於二零一八年四月二十六日本公司應屆股東週年大會上批准後，方可作實。本公司於二零一七年九月十八日派付每股24港仙之中期股息。

# 管理層討論及分析

## MANAGEMENT DISCUSSION AND ANALYSIS

### MATERIAL RISKS OF THE GROUP

The following are the key risks that the Group considers to be of great significance to the Group in its current status. These risks may have materially adverse effect on the Group's business.

For the possible impact of each risk on the Group should it occur, we have made a detail description and set down corresponding control measures and mitigation plan to manage the risk.

The impact of risk relating to the business of the Group will change over time. The size, complexity and coverage of our business and the changing environment in which the Group operates also mean that the list cannot be an exhaustive list of all material risks that could affect the Group.

### 本集團的重大風險

以下為我們認為對本集團就其現狀而言意義重大的主要風險。該等風險可能會對本集團的業務造成嚴重不利影響。

對於每一類風險發生時可能對本集團產生的影響，我們都作了詳細描述，並制訂了相應的監控措施和對策來管理該等風險。

與本集團業務有關的風險的影響將隨時間推移。我們業務的規模、複雜程度和覆蓋範圍以及經營環境的不斷變化也意味著此列表不可能包含所有影響本集團的重大風險。

Risks description 風險描述	Major control measures and risk mitigation 主要監控措施及風險對策	Changes of risk level from last year 風險水平較上年變化
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### Business concentration 業務集中

Product concentration: The Group has established its market position as a manufacturer of high value-added core-spun cotton textile products and core-spun cotton is the major earning source of the Group. In the event of any change in fashion trend, customers may prefer other textile materials. Competition in such market may also intensify suddenly. If the Group fails to respond to the change in an efficient and effective manner, the profitability of the Group may be adversely affected.

Geographical concentration: The Mainland China is the major market of the Group and, thus, the Group is subject to the economic, political and social condition and change in domestic demand for the products of the Group in China.

產品集中：本集團已在市場建立其作為高附加值棉包芯紡織產品製造商的地位，棉包芯紗綫為集團主要盈利點。倘若時裝潮流有任何變化，客戶日後可能偏好其他紡織物料，又或者該市場的競爭突然變得更激烈，如果本集團未能迅速及有效回應變動，本集團的盈利能力或會受不利影響。

地域集中：中國大陸為本集團主要市場，因此本集團受到中國經濟、政治和社會狀況以及本集團產品於中國國內需求的改變的影響。

- Enhance customer communication with an outstanding marketing team which thoroughly and promptly understands the requirements of customers.
- Step up cooperation with raw material suppliers and monitor the market trend of change in new textile materials
- Boost input for research and development team and improve product functionality and develop new products in response to market demands
- Explore downstream industries and increase the contribution of downstream products
- Facilitate the development of import and export business continuously to tap into overseas markets

←→  
Unchanged

- 透過優秀的市場營銷團隊，加強與客戶溝通，充分及時瞭解客戶需求
- 加強與原料供應商的合作，關注市場新紡織物料變動趨勢
- 加大研發團隊投入，應市場需求改善產品功能及開發新產品
- 拓展下游產業，增加下游產品的比重
- 不斷加強進出口業務的開發，開拓海外市場

←→  
無變動



## 管理層討論及分析

## MANAGEMENT DISCUSSION AND ANALYSIS

### MATERIAL RISKS OF THE GROUP

(Continued)

### 本集團的重大風險 (續)

Risks description 風險描述	Major control measures and risk mitigation 主要監控措施及風險對策	Changes of risk level from last year 風險水平較上年變化
<b>Risk of fluctuation of cotton prices</b> 棉花價格波動風險		
Cotton is the major production material of the Group and the fluctuation of cotton prices may not align with fluctuation of end-product prices at all times. In the event of intense fluctuation of cotton prices, the gross profit margin of the Group will be heavily affected.	<ul style="list-style-type: none"><li>• Closely monitor the dynamics of cotton futures and supply and demand balance and correlation in the spot market and hedge risks mainly through measures like maintaining stable procurement and inventory strategies</li><li>• Diversify the development of the synthetic fiber category and reduce the Group's reliance on the cotton category</li></ul>	 Unchanged
棉花是本集團主要的生產原料，棉花價格的波動幅度不一定與終端產品的價格波動完全同步。倘若棉花價格劇烈波動，將會對本集團毛利率造成巨大影響。	<ul style="list-style-type: none"><li>• 密切關注棉花期貨動向以及現貨方面的供需平衡關係，主要以維持穩定的採購及存貨策略等措施來對沖風險</li><li>• 增加化纖產品品種開發，降低本集團對棉紗品種的依賴</li></ul>	 無變動

# 管理層討論及分析

## MANAGEMENT DISCUSSION AND ANALYSIS

### MATERIAL RISKS OF THE GROUP (Continued)

### 本集團的重大風險 (續)

Risks description 風險描述	Major control measures and risk mitigation 主要監控措施及風險對策	Changes of risk level from last year 風險水平較上年變化
<b>Foreign exchange and interest risk</b> 外匯及利率風險	<ul style="list-style-type: none"> <li>• Foster communication with financial institutions and market analysis institutions to interpret the dynamics of financial market and make specific adjustments to financing structure</li> <li>• Increase loans in RMB to reduce the ratio of loans in USD to directly mitigate risks</li> <li>• Lock up exposure of liabilities in foreign currencies, including foreign liabilities arising from daily operation and financing, using foreign financing products, such as forward contracts and options</li> <li>• Closely monitor various important economic data published by the People's Bank of China and the Federal Reserve and keep abreast with its interest rate policy</li> <li>• Obtain quotations for interest rate swap from financial institutions regularly and utilize financial instruments in a timely manner to switch from floating to fixed interest rate</li> </ul>	<p>↓</p> <p>Causes of the trend:</p> <ul style="list-style-type: none"> <li>• Substantial part exposure to foreign currency liabilities has been locked up</li> <li>• Structure of the financings in various currencies has been optimized gradually</li> </ul>
<p>匯率波動可能導致重大外幣損失，影響本集團的原料採購成本以及融資成本。倘若美元／人民幣的匯率波動加劇，本集團的盈利能力可能將面臨重大不確定性。</p> <p>倘若銀行現行利率上升，浮動計息的負債或會導致集團融資成本增加。</p>	<ul style="list-style-type: none"> <li>• 加強與金融機構及市場分析機構的溝通，瞭解金融市場動向，針對性的調整融資結構</li> <li>• 增加人民幣貸款以減低美元貸款比例直接降低風險</li> <li>• 利用遠期、期權等外匯金融產品來鎖定外幣負債敞口，包括日常經營的外幣負債及融資性外幣負債</li> <li>• 密切關注中國人民銀行及美聯儲的各項重要經濟數據，對其利率政策持續關注</li> <li>• 與金融機構保持常規利率掉期報價，適時利用金融工具將浮動利率變為固定利率</li> </ul>	<p>↓</p> <p>形成趨勢的原因：</p> <ul style="list-style-type: none"> <li>• 大多數的外幣負債敞口已經被鎖定</li> <li>• 各幣種融資結構在逐漸優化</li> </ul>



## 管理層討論及分析

## MANAGEMENT DISCUSSION AND ANALYSIS

### MATERIAL RISKS OF THE GROUP

(Continued)

### 本集團的重大風險 (續)

Risks description 風險描述	Major control measures and risk mitigation 主要監控措施及風險對策	Changes of risk level from last year 風險水平較上年變化
<b>Financing risk</b> 融資風險		
<p>The Group is now in the stage of business expansion with higher financing needs. In the event that the financial institutions which provide the existing facilities cease to offer such financing to the Group or banking facilities on similar terms and the Group fails to obtain alternatives, the Group may not have sufficient funds for its commitment of capital projects and may restrict or hinder the business operation of the Group.</p>	<ul style="list-style-type: none"><li>Enhance the transparency of the Group's operation for banks' understanding and maintain good working relationship between the Group and financial institutions</li><li>Monitor various financing indicators in real-time and provide timely alerts to ensure compliance in respect of various indicators</li><li>Diversify the portfolio of financial institutions and financing products</li><li>Devise a reasonable spread for financing with different terms to strike a balance between financing costs and risks</li></ul>	 Unchanged
<p>本集團目前處於業務擴張階段，有較高的融資需要。倘若提供現有融資的金融機構停止向本集團提供有關融資或類似條款的銀行融資，而本集團亦未能另覓新的融資，則本集團或不能獲得足夠的資金用於資本項目投入，因而可能限制或阻礙本集團的業務營運。</p>	<ul style="list-style-type: none"><li>增強銀行對於集團運行狀況瞭解的透明度，維護好本集團與融資機構的合作關係</li><li>實時監控各項融資指標，及時預警，確保各項指標不違約</li><li>增加融資機構和融資產品組合的多樣性</li><li>合理配置不同期限的融資，兼顧融資成本及融資風險</li></ul>	 無變動

# 管理層討論及分析

## MANAGEMENT DISCUSSION AND ANALYSIS

### MATERIAL RISKS OF THE GROUP (Continued)

### 本集團的重大風險 (續)

Risks description 風險描述	Major control measures and risk mitigation 主要監控措施及風險對策	Changes of risk level from last year 風險水平較上年變化
<p><b>Customer credit management risk</b> 客戶信用管理風險</p>	<ul style="list-style-type: none"> <li>• Monitor and evaluate credit terms granted to customers regularly</li> <li>• Monitor the collectability of receivables in real-time and provide alerts and warnings for amount overdue and customers with abnormal business operation</li> <li>• Closely monitor market dynamics and operation of customers to devise plan for customer visit and collect the latest information of customers</li> <li>• Enhance customer reconciliation system</li> <li>• Adopt collectability of receivables as a criterion of staff performance assessment to promote staff members' awareness of payment demand</li> <li>• Arrange export credit insurance for all overseas customers with newly established relationship</li> </ul>	<p>↑ Causes of the trend:</p> <ul style="list-style-type: none"> <li>• Increasing business volume and business type lead to increasing total receivables</li> <li>• Unfavorable operation environment in the textile industry spurs operation risk for customers</li> </ul>
<p>本集團以生產各式各樣的產品為重點，不依賴於某單一客戶。本集團擁有客戶逾3,000家，客戶眾多且地區分布分散。由於市場環境嚴峻，加上有部份客戶要求延長信用期，本集團面對應收賬款的壞賬風險。</p>	<ul style="list-style-type: none"> <li>• 監察及定期評估客戶的賬期</li> <li>• 實時監督應收款情況，對超期以及業務營運異常的客戶的應收賬款進行預警提示</li> <li>• 密切關注市場動態和客戶經營情況，制定客戶拜訪的計劃，瞭解客戶最新信息</li> <li>• 改善客戶對賬機制</li> <li>• 將應收款的回收情況納入業務員績效考核，增強業務人員的催款意識</li> <li>• 對於所有剛剛合作的海外客戶均辦理出口信用保險</li> </ul>	<p>↑ 形成趨勢的原因：</p> <ul style="list-style-type: none"> <li>• 業務量及業務類型的不斷增加導致應收款總額增加</li> <li>• 紡織行業經營環境不佳造成客戶經營風險增加</li> </ul>

## 管理層討論及分析

# MANAGEMENT DISCUSSION AND ANALYSIS

### MATERIAL RISKS OF THE GROUP

(Continued)

### 本集團的重大風險(續)

Risks description 風險描述	Major control measures and risk mitigation 主要監控措施及風險對策	Changes of risk level from last year 風險水平較上年變化
<p><b>Product liability risk</b> 產品責任風險</p> <p>The Group offers a wide range of products and its portfolio is ever-expanding, creating a huge risk of product liability for the Group. Although the Group has not incurred any material losses from product liability, there have been individual claims from customers in respect of product quality.</p>	<ul style="list-style-type: none"><li>• Increase efforts on quality control and devise improvement solutions for quality fluctuation</li><li>• Control production process using state-of-the-art measurement equipment and online quality control system</li><li>• Improve production technology training for staff members and cultivate responsibility awareness of plant production staff and management members at each level</li><li>• Actively reach out to customers for product liability incidents and coordinate for resolution and hold relevant staff accountable internally</li></ul>	<p>↑</p> <p>Causes of the trend:</p> <ul style="list-style-type: none"><li>• Increased product portfolio</li><li>• More stringent requirements on product quality and differentiation from customers</li></ul>
<p>本集團產品品種繁多，且新品種日益增加，對本集團產品責任帶來了巨大的風險。雖然本集團尚未因產品責任導致本集團有任何重大損失，但是存在客戶對於產品質量的個別索賠事件。</p>	<ul style="list-style-type: none"><li>• 加大質量監控力度並針對出現的質量波動進行改進攻關</li><li>• 利用先進的試驗儀器及在綫質量控制系統，對產品生產的過程進行控制</li><li>• 增加員工生產技術的培訓，提高工廠生產人員及各級管理人員的責任意識</li><li>• 就產品責任事件與客戶積極溝通，協調處理，對內追究相關人員責任</li></ul>	<p>↑</p> <p>形成趨勢的原因：</p> <ul style="list-style-type: none"><li>• 新品種增加</li><li>• 客戶對產品質量及差異化的要求提高</li></ul>

# 管理層討論及分析

## MANAGEMENT DISCUSSION AND ANALYSIS

### MATERIAL RISKS OF THE GROUP (Continued)

### 本集團的重大風險 (續)

Risks description 風險描述	Major control measures and risk mitigation 主要監控措施及風險對策	Changes of risk level from last year 風險水平較上年變化
<p><b>Tax risk</b> 稅務風險</p>	<ul style="list-style-type: none"> <li>Engage financial officers familiar with local tax policies and regulations to conduct tax audit and handle tax examination of the government</li> <li>Engage professional local tax consultation institutions for consultations on tax compliance advices, tax incentive policies and tax preparation solutions</li> <li>Liaise with local tax authority frequently to have thorough understanding of change in tax policies and policy interpretation, thereby reducing risks of tax non-compliance and enforcement of tax administration</li> </ul>	<p>↑ Causes of the trend:</p> <ul style="list-style-type: none"> <li>Intensifying tax regulations in different countries</li> <li>Increasing international coverage of operation presence, resulting in mounting overseas tax risk</li> </ul>
<p>本集團目前經營區域涵蓋中國大陸、香港、澳門、台灣、越南、柬埔寨及土耳其等多個國家和地區，在稅務籌劃及日常運營過程中，我們面臨以下稅務風險：</p> <ul style="list-style-type: none"> <li>對地區性稅務政策理解有誤而產生的稅務違規風險；</li> <li>稅務政策解讀與稅務籌劃的合法性需要得到稅務行政部門的確認。在這一確認過程中，稅務行政執法可能出現偏差。</li> </ul>	<ul style="list-style-type: none"> <li>聘請熟悉當地稅務政策法規的財務人員進行稅務核算，應對政府稅務檢查</li> <li>聘請當地專業的稅務諮詢機構進行稅務合規建議、稅務優惠政策以及稅務籌劃方案諮詢</li> <li>與當地稅務機關緊密溝通，全面掌握稅務政策變動及政策解讀，減少稅務違規風險以及稅務行政執法風險。</li> </ul>	<p>↑ 形成趨勢的原因：</p> <ul style="list-style-type: none"> <li>各國稅收監管不斷增加</li> <li>經營區域日益國際化，凸顯海外稅務風險</li> </ul>



## 管理層討論及分析

## MANAGEMENT DISCUSSION AND ANALYSIS

### MATERIAL RISKS OF THE GROUP

### 本集團的重大風險(續)

(Continued)



Risks description 風險描述	Major control measures and risk mitigation 主要監控措施及風險對策	Changes of risk level from last year 風險水平較上年變化
<b>Legal and other regulatory risk</b> 法律及其他監管風險	<ul style="list-style-type: none"><li>Engage qualified legal advisors or consultation institutions to review and provide advices on relevant documents to ensure legal compliance</li><li>The company secretary is responsible for offering advices to the board of directors and board committees in respect of the latest legal, regulatory and governance matters and ensuring their awareness of such matters</li></ul>	 Unchanged
<p>As a listed company on the Stock Exchange of Hong Kong Limited (the "Stock Exchange"), the Group must comply with the "Securities and Futures Ordinance" and the "Listing Rules" of the Stock Exchange as well as the laws and regulations in places which the Group operates in. As social and economic environment evolves, many countries and relevant authorities continue to promulgate laws and rules to update economic matters, such as corporate governance, foreign investment, commerce, tax and trade. The introduction or amendments of these laws and regulations may adversely affect the business and prospects of the Group.</p> <p>本集團作為一所於香港聯合交易所(「聯交所」)上市公司，必須遵守《證券及期貨條例》和聯交所《上市規則》以及本集團經營所在地的法律及法規。隨著社會經濟環境的變化，各國以及相關機構會不斷頒布更新公司管治、海外投資、商業、稅務及貿易等經濟事務的法律及規例。這些法律及法規的新增或變更均可能對本集團業務及前景造成負面影響。</p>	<ul style="list-style-type: none"><li>聘請合資格的法律顧問或諮詢機構審閱相關文書並提出意見，確保遵從法律合規要求</li><li>公司秘書負責向董事會及董事委員會就最新的法律、監管及管治事宜提供意見及確保他們得悉該等事宜</li></ul>	 無變動

# 管理層討論及分析

## MANAGEMENT DISCUSSION AND ANALYSIS

### MATERIAL RISKS OF THE GROUP (Continued)

### 本集團的重大風險 (續)

Risks description 風險描述	Major control measures and risk mitigation 主要監控措施及風險對策	Changes of risk level from last year 風險水平較上年變化
<b>Energy supply risk</b> 能源供應風險	<ul style="list-style-type: none"> <li>Equip production factories subject to potential electricity shortage with generators to minimize the duration of electricity shortage</li> <li>Conduct technological renovation on equipment to reduce energy consumption</li> <li>Liaise with the government to seek permit for uninterrupted electricity supply</li> </ul>	 Unchanged
<p>本集團於製造過程中耗用大量的電力，電力供應短缺可能對本集團生產設施的運轉造成不利影響。</p>	<ul style="list-style-type: none"> <li>為可能出現電力短缺的生產工廠配備發電機，盡可能縮短電力供應短缺的時間</li> <li>對設備進行技術改造，降低能源消耗</li> <li>與政府溝通，盡可能獲取持續供應電力的許可</li> </ul>	 無變動

## 管理層討論及分析

# MANAGEMENT DISCUSSION AND ANALYSIS

### MATERIAL RISKS OF THE GROUP

(Continued)

### 本集團的重大風險 (續)

Risks description 風險描述	Major control measures and risk mitigation 主要監控措施及風險對策	Changes of risk level from last year 風險水平較上年變化
<p><b>Human resources risk</b> 人力資源風險</p>		
<p>The Group operates in a labour-intensive industry. While our new plant, with more advanced production facilities, has helped to reduce our deployment of labour force to a certain extent, our need in manpower remains relatively high compared to some other industrial segments. If we experience any labour shortage or technical inadequacy of its labour force, the efficiency in utilization of our production facilities will be impaired, and our profitability will be affected as a result.</p> <p>The Group has been expanding its operation abroad. The cultural difference between our foreign and Chinese employees may bring risk to the regular and normal operation of our Company.</p>	<ul style="list-style-type: none"> <li>Commence effective performance-based unit count in recognition of the principle of ‘better reward comes with greater contribution’</li> <li>Expand the scope of staff training to create a highly efficient and capable workforce</li> <li>Prepare and work further ahead on any decisions related to employees and that any issue which may arise will be promptly dealt with</li> <li>Address issue concerning the conditions of our canteen and staff quarters, enhance the quality of our employees’ livelihood, and improve our backup supporting service</li> <li>Train up and enhance the management capability of our management staff, roll out skill and capability reinforcement programme, strengthen the sense of belonging and honour of our staff</li> <li>Improve staff retention through maintaining and expanding our presence in the locality</li> </ul>	<p>↔ Unchanged</p>
<p>本集團所處行業為勞動密集型行業，雖然新工廠配備了更為先進的生產設施，在一定程度上降低了勞工，但是相比其他行業，對於勞工的需求依然較高。若人員不足或人員生產技能不佳將導致生產設施利用效率降低，進而影響集團的盈利能力。</p> <p>本集團海外規模不斷擴大，海外員工與中國籍員工的文化差異可能為企業的正常運轉帶來風險。</p>	<ul style="list-style-type: none"> <li>高效開展績效計件，體現多勞多得的原則</li> <li>擴大員工培訓範疇，使得每個員工都具備高效的工作能力</li> <li>關係到員工方面的決策需提前做好預案，出現問題及時解決</li> <li>改善食堂、宿舍問題，提高員工生活質素，做好後勤保障服務</li> <li>培訓提升管理人員的管理水平，開展活動提升員工的質素，增強員工對企業的認同感、榮譽感</li> <li>為提升員工保有率，維護並擴大公司在當地的影響力</li> </ul>	<p>↔ 無變動</p>

# 管理層討論及分析

## MANAGEMENT DISCUSSION AND ANALYSIS

### MATERIAL RISKS OF THE GROUP (Continued)

### 本集團的重大風險 (續)

Risks description 風險描述	Major control measures and risk mitigation 主要監控措施及風險對策	Changes of risk level from last year 風險水平較上年變化
<p><b>Environmental protection compliance risk</b> 環保合規風險</p>	<ul style="list-style-type: none"> <li>• Selectively pick our suppliers, enter into purchase agreements with suppliers which guarantee the raw materials supplied are in compliance with environmental protection standard (in particular dyestuff and chemicals)</li> <li>• Establish a factory internal check system and procedure in compliance with product-wise regular core environmental protection standard, set up a highly regulated control system and strictly implement it</li> <li>• Pay attention to news about development in environmental regulations, cause new factories to operate in strict compliance with any new regulations and existing factories to transform and upgrade their facilities in order to meet with environmental protection standard.</li> </ul>	<p>↑ Causes of the trend:</p> <ul style="list-style-type: none"> <li>• Increase in number of dyeing factories and higher risk in environmental governance</li> <li>• The PRC government tightens its control over environmental protection, which may affect the production operation of business enterprises</li> </ul>
<p>本集團生產過程須遵守各國或地區的環境保護法律及條例。本集團在過去並無因環境污染而被罰款或予以處罰，但是並不保證各國或地區政府不會於日後引入更嚴厲控制環境污染的新法律及條例。另外，本集團也因對下游產業投資而可能增加有關風險。</p>	<ul style="list-style-type: none"> <li>• 優選供應商，與供應商簽訂保證原料環保達標的供貨協議，尤其是染化料及化學品方面</li> <li>• 建立產品常規核心環保指標的工廠自檢系統與流程，建立規範的管理制度並嚴格執行</li> <li>• 關注環境法規方面的變動信息，對於新建工廠嚴格按照新法規執行，對於老工廠積極進行改造，以達到新的環保合規標準</li> </ul>	<p>↑ 形成趨勢的原因：</p> <ul style="list-style-type: none"> <li>• 染廠項目增加，環境治理風險增加</li> <li>• 中國政府對環保方面的管制力度增加，或對企業的生產業經營產生影響</li> </ul>
<p>現有環保法律及條例出現轉變，可能令本集團產生龐大的開支，以提升其現有環境保護設施的環保等級，本集團的盈利能力可能受不利影響。</p>		

# 企業管治報告

## CORPORATE GOVERNANCE REPORT

The Group is committed to maintaining a high level of corporate governance with an emphasis on the principles of transparency, accountability and independence. The Board believes that good corporate governance is essential to the success of the Group and the enhancement of shareholders' value.

### CORPORATE GOVERNANCE CODE (the "CG CODE")

The Company is committed to maintaining high level of corporate governance and has steered its development and protected the interests of its shareholders in an enlightened and open manner. The Board comprises five executive Directors and three independent non-executive Directors. The Board has adopted the code provisions of the Corporate Governance Code (the "Code Provisions") set out in Appendix 14 to the Listing Rules. During the reporting period, the Company had complied with the Code Provisions.

### THE BOARD

The Board currently comprises eight Directors and its composition is set out as follows:

#### Executive Directors:

Hong Tianzhu (*Chairman*)  
Zhu Yongxiang (*Vice Chairman and  
Chief Executive Officer*)  
Tang Daoping  
Hui Tsz Wai  
Ji Zhongliang

#### Independent non-executive Directors ("INEDs"):

Tao Xiaoming  
Cheng Longdi  
Ting Leung Huel, Stephen MH, FCCA, FCPA  
(PRACTISING), ACA, CTA(HK), FHKIoD

本集團致力維持高水平之企業管治，以強調高透明度、問責性及獨立性為原則。董事會相信優良之企業管治對本集團之成功及提升股東價值至為重要。

### 企業管治守則(「企業管治守則」)

本公司一直致力保持高水平企業管治，以開明和開放的理念維護本集團的發展及保障股東們的權益。董事會由五名執行董事及三名獨立非執行董事組成。董事會已採納載於上市規則附錄十四內企業管治守則的《守則條文》(「《守則條文》」)。於報告期內，本公司已遵守《守則條文》。

### 董事會

董事會目前由八名董事組成，其成員載列如下：

#### 執行董事：

洪天祝(主席)  
朱永祥(副主席兼行政總裁)

湯道平  
許子慧  
吉忠良

#### 獨立非執行董事(「獨立非執行董事」)：

陶肖明  
程隆棣  
丁良輝MH, FCCA, FCPA  
(PRACTISING), ACA, CTA(HK), FHKIoD

# 企業管治報告

## CORPORATE GOVERNANCE REPORT

### THE BOARD (Continued)

The brief biographical details of the Directors are set out in the “Directors and Senior Management” section on pages 59 to 63. There was no relationship (including financial, business, family or other material/relevant relationship) among members of the Board.

The Company has three INEDs representing more than one-third of the Board. At least one of the INEDs has appropriate professional qualifications or accounting or related financial management expertise under Rule 3.10 of the Listing Rules. The Board has received from each INED an annual confirmation of his independence and considers that all the INEDs are independent under the guidelines set out in Rule 3.13 of the Listing Rules.

The Board meets regularly to discuss the overall strategy as well as the operation and financial performance of the Group, and to review and approve the Group’s annual and interim results. During the year, four Board meetings and one general meeting were held and attendance of each Director at the Board meetings and the general meeting is set out as follows:

### 董事會(續)

董事之履歷詳情載於第59至63頁之「董事及高級管理層」一節內。董事會成員間概無任何關係(包括財務、業務、家庭或其他重大/相關關係)。

本公司之三名獨立非執行董事佔董事會人數多於三分之一。根據上市規則第3.10條，至少一名獨立非執行董事必須具備適當之專業資格或會計或相關財務管理專業知識。董事會已接獲每名獨立非執行董事有關其獨立性之年度確認書，並認為所有獨立非執行董事均具備上市規則第3.13條所載之指引下之獨立性。

董事會定期召開會議，討論本集團之整體策略以及營運及財政表現，並審閱及批准本集團之全年及中期業績。於年內，已舉行四次董事會會議及一次股東大會，各董事出席董事會會議及股東大會之情況如下：

		Number of Board meetings attended/held 出席／ 舉行董事會 會議次數	Number of General meetings attended/held 出席／舉行 股東大會次數
<b>Executive Directors:</b>	<b>執行董事：</b>		
Hong Tianzhu (Chairman)	洪天祝 (主席)	4/4	1/1
Zhu Yongxiang (Vice Chairman and Chief Executive Officer)	朱永祥(副主席兼行政總裁)	4/4	0/1
Tang Daoping	湯道平	4/4	0/1
Hui Tsz Wai	許子慧	4/4	1/1
Ji Zhongliang	吉忠良	4/4	0/1
<b>Independent Non-Executive Directors:</b>	<b>獨立非執行董事：</b>		
Cheng Longdi	程隆棣	4/4	0/1
Ting Leung Huel, Stephen MH, FCCA, FCPA (PRACTISING), ACA, CTA(HK), FHKIoD	丁良輝 MH, FCCA, FCPA (PRACTISING), ACA, CTA(HK), FHKIoD	4/4	1/1
Tao Xiaoming	陶肖明	4/4	1/1

# 企業管治報告

## CORPORATE GOVERNANCE REPORT

### THE BOARD *(Continued)*

The Board has reserved for its decision or consideration matters covering mainly the Group's overall strategy, investment plans, annual and interim results, recommendations on Directors' appointment or reappointment, material contracts and transactions as well as other significant policies and financial matters. The Board has delegated the day-to-day responsibility to the senior management under the supervision of the Board.

Board meetings are scheduled to be held at approximately quarterly intervals and as required by business needs. At least 14 days' notice of a Board meeting is normally given to all Directors who are given an opportunity to include matters for discussion in the agenda. The company secretary assists the chairman of the Board in preparing the agenda for meetings and ensures that all applicable rules and regulations are complied with. The agenda and the accompanying Board papers are normally sent to all Directors at least three days before the intended date of a regular Board meeting (and so far as practicable for other Board meetings). Draft minutes of each Board meeting are circulated to all Directors for their comment before the same will be tabled at the following Board meeting for approval. All minutes are kept by the company secretary and are open for inspection at any reasonable time on reasonable notice by any Director.

Every Director is entitled to have access to Board papers and related materials and has access to the advice and services of the company secretary. The Board and each Director also have separate and independent access to the Company's senior management. Directors will be continuously updated on the major development of the Listing Rules and other applicable regulatory requirements to ensure compliance and upkeep of good corporate governance practices.

### 董事會 *(續)*

經董事會決定或考慮之事宜包括本集團整體策略、投資計劃、全年及中期業績、董事委任或重新委任之建議、重大合約及交易，以及其他重大政策及財務等事宜。董事會已將日常職責委派予高級管理層，並由董事會監督。

董事會會議預定為約每季及按業務需要而舉行。召開董事會會議一般會給予全體董事至少十四天之通知，以便彼等皆有機會提出商討事項列入會議議程。公司秘書協助董事會主席編製會議議程，以及確保已遵守所有適用規則及規例。議程及隨附之董事會文件一般在舉行定期董事會會議（及就可行情況下，其他董事會會議）前至少三天發呈全體董事。每份董事會會議記錄之初稿於提交下一次董事會會議審批前，先供全體董事傳閱並提出意見。所有會議記錄均由公司秘書保存，並供任何董事於發出合理通知時，於任何合理時間內查閱。

每名董事有權查閱董事會文件及相關資料，及可向公司秘書尋求意見及服務。董事會及各董事亦可個別及獨立地接觸本公司之高級管理層。董事將獲持續提供上市規則及其他適用監管規定之最新發展之資料，以確保彼等遵守及秉持優秀企業管治常規。

# 企業管治報告

## CORPORATE GOVERNANCE REPORT

### DIRECTORS' CONTINUOUS PROFESSIONAL DEVELOPMENT

To ensure the Directors' contribution to the Board remains informed and relevant and in compliance with paragraph A.6.5 of the CG Code, the Company would arrange and fund suitable continuous professional development for the Directors to participate in order to develop and refresh their knowledge and skills.

During the year ended 31 December 2017, the Company had provided all the Directors with regular updates regarding the Company's performance as well as updates on latest amendments and developments to the Listing Rules and other relevant legal and regulatory requirements from time to time.

### DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct ("the Securities Code") regarding securities transactions by Directors and officers on terms no less exacting than the required standard set out in the Model Code ("Model Code") for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules.

A copy of the Securities Code has been sent to each Director of the Company first on his/her appointment and thereafter twice annually, 30 days and 60 days before the date of the Board meetings to approve the Company's interim result and annual result respectively, with a reminder that the Director cannot deal in the securities and derivatives of the Company until after such results have been published, and that all his dealings must be conducted in accordance with the Securities Code.

Under the Securities Code, Directors are required to notify Mr. Hong Tianzhu or Mr. Zhu Yongxiang or a Director (other than himself/herself) designated by the Board for the specific purpose (the "Designated Director") and receive a dated written acknowledgement from such Designated Director before dealing in the securities and derivatives of the Company.

During the year, the Company, having made specific enquiry on all the Directors, confirms that all the Directors have complied with the required standard set out in the Securities Code and the Model Code.

### 董事之持續專業發展

為確保董事在具備全面資訊及切合所需之情況下對董事會作出貢獻，符合企業管治守則第A.6.5條，本集團為董事安排及出資支持適合之持續專業發展項目，供學習及更新知識及技能。

於截至二零一七年十二月三十一日止年度，本公司向全體董事提供有關本公司表現之定期更新，亦不時向全體董事提供有關上市規則以及其他相關法律及監管規定之最新修訂及發展之最新資料。

### 董事進行之證券交易

本公司已就有關董事及主要人員進行之證券交易採納一套操守守則(「《證券守則》」)，條款不遜於上市規則附錄十上市發行人董事進行之證券交易的標準守則(「《標準守則》」)所載之要求標準。

《證券守則》之副本已於本公司每名董事首次獲委任時，及其後每年兩次(分別於批准本公司中期業績及全年業績而召開之董事會會議日期前30天及60天送交各董事，連同之備忘錄列明，在有關業績刊發前，董事不得買賣本公司證券及衍生工具，而一切買賣均須根據《證券守則》進行。

根據《證券守則》，董事在買賣本公司之證券及衍生工具前，須知會洪天祝先生或朱永祥先生或董事會就特定目的而指定之一名董事(「指定董事」)(除該董事本身外)，並接獲該指定董事發出具有日期之書面確認。

年內，本公司經向全體董事作出特定查詢後，確認所有董事已一直遵守《證券守則》及《標準守則》所載之標準。



# 企業管治報告

## CORPORATE GOVERNANCE REPORT

### ROLES OF CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Code A.2.1 stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual.

Mr. Hong Tianzhu is the chairman of the Company. Mr. Zhu Yongxiang is the vice chairman and chief executive officer of the Company.

### TERM OF APPOINTMENT OF INDEPENDENT NON-EXECUTIVE DIRECTORS

Each of Mr. Ting Leung Huel Stephen, Professor Cheng Longdi, Professor Tao Xiaoming has been appointed as an independent non-executive Director for an initial term of one year commencing from their respective date of appointment as an INED renewable automatically for successive term of one year each commencing from the next day after the expiry of the then current term of appointment, unless terminated by not less than three months' notice in writing served by either the independent non-executive Director or the Company expiring at the end of the initial term or at any time thereafter. The Company has paid an annual director's fee of HKD300,000 to Mr. Ting Leung Huel Stephen, HKD150,000 to Professor Cheng Longdi, and HKD180,000 to Professor Tao Xiaoming for the year ended 31 December 2017. Save for the above directors' fees, none of the independent non-executive Directors has received any other remuneration for holding their office as an independent non-executive Director.

### BOARD COMMITTEES

The Board has established a remuneration committee (the "Remuneration Committee"), an audit committee (the "Audit Committee") and the nomination committee (the "Nomination Committee"), each of which has its specific written terms of reference. Copies of minutes of all meetings and resolutions of the committees, which are kept by the company secretary, are circulated to all Board members and the committees are required to report back to the Board on their decision and recommendations where appropriate. The procedures and arrangements for a Board meeting, as mentioned on page 35 in the section "The Board" above, have been adopted for the committee meetings so far as practicable.

### 主席及行政總裁之角色

守則A.2.1規定主席與行政總裁的角色應有區分，並不應由一人同時兼任。

洪天祝先生為本公司的主席。朱永祥先生為本公司的副主席兼行政總裁。

### 獨立非執行董事之委任任期

丁良輝先生、程隆棣教授及陶肖明教授已獲委任為獨立非執行董事，首任年期為一年，由彼等各自獲委任為獨立非執行董事之日期開始，自當時委任任期屆滿翌日起自動連任一年，惟獨立非執行董事或本公司於首任到期時或之後任何時間以不少於三個月書面通知終止委任除外。本公司已就截至二零一七年十二月三十一日止年度分別向丁良輝先生、程隆棣教授及陶肖明教授支付年度董事袍金300,000港元、150,000港元及180,000港元。除上述董事袍金外，並無任何獨立非執行董事預期可就擔任其獨立非執行董事的職位收取任何其他酬金。

### 董事委員會

董事會已成立薪酬委員會（「薪酬委員會」）、審核委員會（「審核委員會」）及提名委員會（「提名委員會」），並以書面具體列明其職權範圍。所有委員會之會議記錄及決議案均由公司秘書保存，並提供副本予全體董事會成員傳閱，而各委員會需按其決定及建議（倘適合）向董事會匯報。董事會會議之程序及安排（於上文第35頁「董事會」一節提述）已按可行情況下在每次委員會會議上採納。

# 企業管治報告

## CORPORATE GOVERNANCE REPORT

### BOARD COMMITTEES (Continued)

#### Remuneration Committee

The Company has established the Remuneration Committee since November 2004, which currently comprises three independent non-executive Directors of the Company, namely Mr. Ting Leung Huel, Stephen, Professor Tao Xiaoming and Professor Cheng Longdi and the chairman and an executive Director of the Company, namely Mr. Hong Tianzhu. The chairman of the Remuneration Committee is Mr. Ting Leung Huel, Stephen. The Remuneration Committee has adopted terms of reference which are in line with the code provisions of the CG Code. The Remuneration Committee is provided with sufficient resources to discharge its duties and has access to independent professional advice in accordance with the Company's policy if considered necessary.

The major roles and functions of the Remuneration Committee are:

- (a) to make recommendations to the Board on the Company's policy and structure for all directors' and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;
- (b) to review and approve the management's remuneration proposals with reference to the board's corporate goals and objectives;
- (c) to make recommendations to the board on the remuneration packages of individual executive Directors and senior management, this should include benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment;
- (d) to make recommendations to the Board on the remuneration of non-executive Directors;
- (e) to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the group;
- (f) to review and approve compensation payable to executive Directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive;

### 董事委員會(續)

#### 薪酬委員會

本公司自二零零四年十一月起已成立薪酬委員會，現時該委員會由本公司三名獨立非執行董事組成，包括丁良輝先生、陶肖明教授及程隆棣教授及本公司主席兼執行董事洪天祝先生。薪酬委員會主席為丁良輝先生。薪酬委員會已採納符合《企業管治守則》守則條文的職權範圍。薪酬委員會獲提供充裕資源以履行其職務，並可按本公司政策在有需要時尋求獨立專業意見。

薪酬委員會之主要角色及職能如下：

- (a) 就董事及本公司高級管理人員的全體薪酬政策及架構，及就設立正規而具透明度的程序制訂薪酬政策，向董事會提出建議；
- (b) 因應董事會所訂企業方針及目標而檢討及批准管理層的薪酬建議；
- (c) 就個別執行董事及高級管理人員的薪酬待遇向董事會提供推薦建議。此應包括非金錢利益、退休金權利及賠償金額（包括喪失或終止職務或委任的賠償）；
- (d) 就非執行董事的薪酬向董事會提出建議；
- (e) 考慮同類公司支付的薪酬、須付出的時間及職責以及本集團內其他職位的僱用條件；
- (f) 檢討及批准向執行董事及高級管理人員就其喪失或終止職位或委任而須支付的賠償，以確保該等賠償與合約條款一致；若未能與合約條款一致，賠償亦須公平合理，不致過多；

# 企業管治報告

## CORPORATE GOVERNANCE REPORT

### BOARD COMMITTEES (Continued)

#### Remuneration Committee (Continued)

- (g) to review and approve compensation arrangements relating to dismissal or removal of directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate; and
- (h) to ensure that no director or any of his associates is involved in deciding his own remuneration.

The Remuneration Committee shall meet at least once a year. One committee meeting was held in 2017 to review and discuss the existing policy and structure for the remuneration of Directors, the remuneration packages of both the executive and non-executive Directors and the attendance of each member is set out as follows:

Committee member	委員會成員	Number of committee meeting attended/held 出席/舉行委員會會議之次數
Ting Leung Huel, Stephen	丁良輝	1/1
Hong Tianzhu	洪天祝	1/1
Tao Xiaoming	陶肖明	1/1
Cheng Longdi	程隆棣	1/1

In addition to the Committee meetings, the Remuneration Committee also dealt with matters by way of circulation during 2017. The remuneration payable to Directors will depend on their respective contractual terms under their employment or service contracts as approved by the Board on the recommendation of the Remuneration Committee.

In order to attract, retain and motivate the senior executives and key employees of the Group, including the executive Directors, the Company adopted a share option scheme (the "Share Option Scheme") in April 2014 for a term of ten years. Details of the share option scheme are set out in the Directors' Report on pages 68 to 70 and note 15 to the financial statements.

### 董事委員會(續)

#### 薪酬委員會(續)

- (g) 檢討及批准因董事行為失當而解僱或罷免有關董事所涉及的賠償安排，以確保該等安排與合約條款一致；若未能與合約條款一致，有關賠償亦須合理適當；及
- (h) 確保任何董事或其任何聯繫人不得參與釐定他自己的薪酬。

薪酬委員會每年須至少召開一次會議。於二零一七年已舉行一次委員會會議，以審議及討論董事之現行薪酬政策及架構，執行董事及非執行董事之薪酬待遇，而各成員之出席情況如下：

除委員會會議外，薪酬委員會亦於二零一七年內透過傳閱方式處理事宜。應付董事之薪酬將視乎薪酬委員會向董事會提供之建議獲批准後，並按各自之僱傭或服務合約內之條款而釐定。

本公司已於二零一四年四月採納一項購股權計劃(「購股權計劃」)以吸引、延攬及推動本集團高級行政人員及主要僱員(包括執行董事)，為期十年。購股權計劃詳情載於董事會報告第68至70頁及財務報表附註15。

# 企業管治報告

## CORPORATE GOVERNANCE REPORT

### BOARD COMMITTEES (Continued)

#### Audit Committee

The Audit Committee has been established since November 2004, the current members of the Audit Committee are Mr. Ting Leung Huel, Stephen, Professor Tao Xiaoming and Professor Cheng Longdi. The chairman of the Audit Committee is Mr. Ting Leung Huel, Stephen. To retain independence and objectivity, the Audit Committee has been chaired by an INED with appropriate professional qualifications or accounting or related financial management expertise. The Audit Committee has adopted terms of reference, which are in line with the code provisions of the CG Code. The Audit Committee is provided with sufficient resources to discharge its duties and has access to independent professional advice according to the Company's policy if considered necessary.

The major roles and functions of the Audit Committee are:

- (a) to be primarily responsible for making recommendation to the Board on the appointment, reappointment and removal of the external auditor, and to approve the remuneration and terms of engagement of the external auditor, and any questions of resignation or dismissal of that auditor;
- (b) to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standard;
- (c) to develop and implement policy on the engagement of an external auditor to supply non-audit services;
- (d) to monitor integrity of financial statements of the Company and the Company's annual report and accounts, half-year report and, if prepared for publication, quarterly reports, and to review significant financial reporting judgments contained in them, and to review the Company's annual report and accounts, half-year report and, if prepared for publication, quarterly reports before submission to the Board;
- (e) to discuss problems and reservations arising from the interim and final audits, and any matters the auditors may wish to discuss;
- (f) to review the Company's financial controls, risk management and internal control systems;

### 董事委員會(續)

#### 審核委員會

審核委員會自二零零四年十一月成立，現有成員為丁良輝先生、陶肖明教授及程隆楸教授。審核委員會主席為丁良輝先生。為保持獨立性及客觀性，審核委員會由一名具備合適專業資格或會計或相關財務管理專業知識之獨立非執行董事擔任主席。審核委員會已採納符合《企業管治守則》守則條文的職權範圍。審核委員會獲提供充裕資源以履行其職務，並可按本公司之政策在有需要時尋求獨立專業意見。

審核委員會之主要角色及職能：

- (a) 主要負責向董事會就委任、重新委任及罷免外聘核數師提出建議，以及批准外聘核數師之薪酬及聘用條款，並處理任何有關該核數師辭任或辭退該核數師之問題；
- (b) 根據適用準則檢討及監察外聘核數師之獨立性及客觀性及審核程序之效率；
- (c) 研究及實施委任外聘核數師提供非審核服務的政策；
- (d) 監察本公司財務報表及本公司年度報告及賬目、中期報告及季度報告(倘編製供刊發之用)的完整性，並審核其中的重大財務報告判斷，及於本公司的年度報告及賬目、中期報告及季度報告(倘編製供刊發之用)呈交董事會之前先行審核；
- (e) 商議就中期審閱及年終審核而產生之任何問題及保留事項，及核數師擬商討之任何事宜；
- (f) 檢討本集團之財務監控、風險管理及內部監控系統；

# 企業管治報告

## CORPORATE GOVERNANCE REPORT

### BOARD COMMITTEES (Continued)

#### Audit Committee (Continued)

- (g) to discuss with the management the risk management and internal control systems and ensure that management has discharged its duty to have effective systems;
- (h) to consider any findings of major investigations of risk management and internal control matters as delegated by the Board or on its own initiative and management's response;
- (i) to review the Group's financial and accounting policies and practices; and
- (j) to review the external auditor's management letter, any material queries raised by the auditor to management in respect of the accounting records, financial accounts or systems of control and management's response.

The Audit Committee shall meet at least twice a year. Two committee meetings were held in 2017 and the attendance of each member is set out as follows:

### 董事委員會(續)

#### 審核委員會(續)

- (g) 與管理層討論風險管理及內部監控系統及確保管理層已盡其職責以達至有效之系統；
- (h) 考慮董事會授予或自發進行之風險管理內部監控事項之主要調查之任何發現以及管理層之回應；
- (i) 審核本集團的財務及會計政策及常規；及
- (j) 審核外聘核數師的管理函件、核數師就會計記錄、財務賬目或控制系統向管理層提出的任何重大提問，及管理層的回應。

審核委員會每年須至少召開兩次會議。於二零一七年已舉行兩次委員會會議，而各成員之出席情況如下：

Committee member	委員會成員	Number of committee meeting attended/held 出席／舉行委員會會議之次數
Ting Leung Huel, Stephen	丁良輝	2/2
Tao Xiaoming	陶肖明	2/2
Cheng Longdi	程隆棣	2/2

During the meetings held in 2017, the Audit Committee had performed the work as summarised below:

- (i) reviewed and approved the audit scope and fees proposed by the external auditor regarding the final audit of the Group for the year ended 31 December 2016 (the "2016 Final Audit");
- (ii) reviewed the external auditor's report of findings in relation to the 2016 Final Audit;

於二零一七年舉行之會議，審核委員會已履行之工作概述如下：

- (i) 檢討及批准外聘核數師建議之本集團截至二零一六年十二月三十一日止年度之年終審核(「二零一六年年終審核」)之核數範圍及費用；
- (ii) 檢討外聘核數師之二零一六年年終審核結果之報告；

# 企業管治報告

## CORPORATE GOVERNANCE REPORT

### BOARD COMMITTEES (Continued)

#### Audit Committee (Continued)

- (iii) reviewed the financial reports for the year ended 31 December 2016 and for the six months ended 30 June 2017; and
- (iv) reviewed the effectiveness of internal control system of the Group including financial, operational and compliance control and risk management functions of the Group.

There was no disagreement between the Board and the Audit Committee on the selection, appointment, resignation or dismissal of the external auditors.

#### Nomination Committee

On 19 March 2012, the Board has approved the establishment of the Nomination Committee which became effective on 1 April 2012. The current members of Nomination Committee comprises an executive Director and the chairman of the Company, Mr. Hong Tianzhu and three independent non-executive Directors, namely Professor Tao Xiaoming, Professor Cheng Longdi and Mr. Ting Leung Huel, Stephen. The chairman of the Nomination Committee is Mr. Hong Tianzhu. The Nomination Committee has adopted terms of reference which are in line with the code provisions of the CG Code. The Nomination Committee is provided with sufficient resources to discharge its duties and has access to independent professional advice in accordance with the Company's policy if considered necessary.

The major roles and functions of the Nomination Committee are:

- (a) to review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations on any proposed changes to the board to complement the Company's corporate strategy;
- (b) to identify individuals suitably qualified to become members of the Board and select or make recommendations to the Board on the selection of individuals nominated for directorships;
- (c) to assess the independence of the independent non-executive Directors;

### 董事委員會(續)

#### 審核委員會(續)

- (iii) 檢討截至二零一六年十二月三十一日止年度及截至二零一七年六月三十日止六個月之財務報告；及
- (iv) 檢討本集團內部監控制度，包括本集團的財務、營運及合規控制情況及風險管理功能的有效性。

董事會及審核委員會就甄選、委聘、退任或罷免外聘核數師並無意見分歧。

#### 提名委員會

於二零一二年三月十九日，董事會批准成立提名委員會，於二零一二年四月一日生效。提名委員會現任成員包括執行董事兼本公司主席洪天祝先生，及三名獨立非執行董事，即陶肖明教授、程隆棣教授及丁良輝先生。提名委員會主席為洪天祝先生。提名委員會已採納與企業管治守則的守則條文一致的職權範圍。提名委員會提供足夠資源履行職務，並已考慮在適當情況下，根據本公司政策尋求獨立專業意見。

提名委員會的主要職位及功能如下：

- (a) 至少每年檢討董事會的架構、人數及組成(包括技能、知識及經驗方面)，並為配合本公司的策略而擬對董事會作出調整向董事會提出建議；
- (b) 物色具備合適資格可擔任董事的人士，並挑選提名有關人士出任董事或就此向董事會提供意見；
- (c) 評估獨立非執行董事的獨立性；

# 企業管治報告

## CORPORATE GOVERNANCE REPORT

### BOARD COMMITTEES (Continued)

#### Nomination Committee (Continued)

- (d) to make recommendations to the Board on:
- (i) the role, responsibilities, capabilities, skills, knowledge and experience required from members of the Board;
  - (ii) the policy on the terms of employment of non-executive Directors;
  - (iii) the composition of the Audit Committee, Remuneration Committee and other board committees of the Company;
  - (iv) proposed changes to the structure, size and composition of the Board;
  - (v) candidates suitably qualified to become members of the Board;
  - (vi) the selection of individuals nominated for directorship;
  - (vii) the re-election by shareholders of the Company of any Directors who are to retire by rotation having regard to their performance and ability to continue to contribute to the Board;
  - (viii) the continuation (or not) in service of any independent non-executive Director serving more than nine years and to provide recommendation to the shareholders of the Company as to how to vote in the resolution approving the re-election of such independent non-executive Director;
  - (ix) the appointment or re-appointment of Directors;
  - (x) succession planning for Directors in particular the chairman and the chief executive; and
  - (xi) the policy concerning diversity of Board members;

### 董事委員會(續)

#### 提名委員會(續)

- (d) 向董事會就下列事宜作出推薦建議：
- (i) 作為董事會成員所應有的角色、責任、能力、技能、知識及經驗；
  - (ii) 委聘非執行董事條件的政策；
  - (iii) 審核委員會、薪酬委員會及其他董事會委員會的組成；
  - (iv) 董事會的架構、人數及組成擬作出的變動；
  - (v) 具備合適資格擔任董事的候選人；
  - (vi) 挑選被提名人士出任董事；
  - (vii) 由本公司股東重新委任輪流退任董事，於此，須考慮其工作表現及對董事會繼續作出貢獻的能力；
  - (viii) 在任多於九年的獨立非執行董事的去留問題，並就該等獨立非執行董事的繼續委任與否向本公司股東就審議有關決議案贊成與否提供建議；
  - (ix) 委任或重新委任董事；
  - (x) 董事接替計畫(尤其是主席及行政總裁)；及
  - (xi) 有關董事會成員多元化的政策；

# 企業管治報告

## CORPORATE GOVERNANCE REPORT

### BOARD COMMITTEES (Continued)

#### Nomination Committee (Continued)

- (e) to give full consideration to the following in the discharge of its duties as mentioned above or elsewhere in these terms of reference:
- (i) succession planning of Directors;
  - (ii) leadership needs of the Group with a view of maintaining or fostering the competitive edge of the Group over others;
  - (iii) changes in market environment and commercial needs of the market in which the Group operates;
  - (iv) the skills and expertise required from members of the Board;
  - (v) the Board's policy concerning diversity of Board members adopted from time to time; and
  - (vi) the relevant requirements of the Listing Rules with regard to directors of a listed issuer;
- (f) in respect of any proposed service contracts to be entered into by any members of the Group with its director or proposed director, which require the prior approval of the shareholders of the Company at general meeting under rule 13.68 of the Listing Rules, to review and provide recommendations to the shareholders of the Company (other than shareholders who are directors with a material interest in the relevant service contracts and their respective associates) as to whether the terms of the service contracts are fair and reasonable and whether such service contracts are in the interests of the Company and the shareholders as a whole, and to advise shareholders on how to vote;
- (g) to ensure that on appointment to the Board, non-executive Directors receive a formal letter of appointment setting out what is expected of them in terms of time commitment, committee service and involvement outside meetings of the Board;
- (h) to conduct exit interviews with any Director upon their resignation in order to ascertain the reasons for his departure; and
- (i) to consider other matters, as defined or assigned by the Board from time to time.

### 董事委員會(續)

#### 提名委員會(續)

- (e) 在履行上述責任或本職權範圍項下的其他責任，對下列各項給予充份考慮：
- (i) 董事繼任計劃；
  - (ii) 本集團為保持或加強本集團的競爭優勢所需要的領導才能；
  - (iii) 市場環境的轉變及本集團營運市場的商業需要；
  - (iv) 董事會成員所須具備的技能及專才；
  - (v) 不時採納有關董事會成員多元化的政策；及
  - (vi) 上市規則對上市發行人的董事的相關要求；
- (f) 檢討及就所有按上市規則第 13.68 條須事先取得本公司股東於股東大會上批准的現董事或建議委任董事與集團成員的擬定服務合同，向本公司股東就該議定服務合同條款的公平及合理性、服務合同對本公司及整體股東而言是否有利及本公司股東應怎樣作出表決，向本公司股東（而身為董事並在該等服務合同中有重大利益的股東和其連繫人士除外）提呈建議；
- (g) 確保非執行董事獲邀加入董事會時收到正式的聘書，其中列明公司期望非執行董事投入的時間、應盡的服務和在董事會會議以外的參與；
- (h) 會見辭去本公司董事職責的董事並瞭解其離職原因；及
- (i) 考慮董事會不時確定或委派的其他事項。



# 企業管治報告

## CORPORATE GOVERNANCE REPORT

### BOARD COMMITTEES (Continued)

#### Nomination Committee (Continued)

On 5 August 2013, the Board adopted a board diversity policy (the "Policy") which aims to set out the approach to achieve diversity on the Board. All Board appointments will be based on merit while taking into account diversity including gender diversity. The Nomination Committee will regularly review the measurable objectives to ensure its effectiveness to achieve diversity on the Board. The following measurable objectives have been set for implementing the board diversity policy:

- inclusion of candidates for Board members with overseas working experience (outside of PRC);
- ensuring that there is no limitation on gender on selection of Directors;
- inclusion of candidates for Board members with working experience in other industries; and
- inclusion of candidates for Board members with knowledge and skills in different aspects.

The Nomination Committee shall meet at least once a year. One committee meeting was held in 2017 to review the structure and composition of the Board and the re-election of the retiring Directors and the attendance of each member is set out as follows:

### 董事委員會(續)

#### 提名委員會(續)

董事會於二零一三年八月五日採納董事會成員多元化政策(「該政策」)，旨在羅列達成董事會成員多元化的進路方法。董事會內任命的原則是任人唯才，亦考慮到多元性，包括性別多元。提名委員會將定期審閱可計量目標，確保有效達成董事會多元化。已就執行董事會多元化政策而訂立以下可計量目標：

- 董事會的候選董事應包括具備海外(中國境外)工作經驗者；
- 應確保不限性別地選任董事；
- 董事會的候選董事應包括具備其他行業工作經驗者；及
- 董事會的候選董事應具備不同領域的知識及技術。

提名委員會每年須至少召開一次會議。於二零一七年已舉行一次委員會會議，以檢討董事會的架構及組織，以及重選退任董事，而各成員之出席情況如下：

Committee member	委員會成員	Number of committee meeting attended/held 出席／舉行委員會會議之次數
Hong Tianzhu	洪天祝	1/1
Tao Xiaoming	陶肖明	1/1
Cheng Longdi	程隆棣	1/1
Ting Leung Huel, Stephen	丁良輝	1/1

# 企業管治報告

## CORPORATE GOVERNANCE REPORT

### BOARD COMMITTEES (Continued)

#### Nomination Committee (Continued)

The Nomination Committee has adopted a written nomination procedure (the “Nomination Procedure”) specifying the process and criteria for the selection and recommendation of candidates for directorship of the Company. The Nomination Committee shall, based on those criteria as set out in the Nomination Procedure (such as appropriate experience, personal skills and time commitment etc.), identify and recommend the proposed candidate to the Board for approval of an appointment.

New Directors, on appointment, will be given an induction package containing all key legal and Listing Rules’ requirements as well as guidelines on the responsibilities and obligations to be observed by a Director. The package will also include the latest published financial reports of the Company and the documentation for the corporate governance practices adopted by the Board. The senior management will subsequently conduct such briefing as is necessary to give the new Directors more detailed information on the Group’s businesses and activities.

### CORPORATE GOVERNANCE PRACTICES

The Company has not set up any corporate governance committee. Since April 2012, the Board has adopted written terms of reference in compliance with the code provisions of the CG Code.

The Board is mainly responsible for keeping the effectiveness of the corporate governance and system of internal non-financial controls of the Group. The Board shall introduce and propose relevant principles concerning corporate governance and to review and determine the corporate governance policy, so as to enhance and to ensure a high standard of corporate governance practices in the Group.

During the year, the Board regularly reviews and monitors the training and continuous professional development of the Directors, and the Company’s policies and practices on compliance with legal and regulatory requirements.

### 董事委員會(續)

#### 提名委員會(續)

提名委員會已採納一套以書面列載之提名程序(「提名程序」)，具體列明本公司董事候選人之挑選及推薦程序及準則。提名委員會會根據提名程序所載之該等準則(如恰當資歷、個人專長及投放時間等)作為基礎向董事會物色及建議人選以予批准委任。

新董事在獲委任後將會取得一套入職資料文件，載有所有主要法律及上市規則規定，以及有關董事應遵守之責任及義務之指引。資料文件亦包括本公司最新公佈之財務報告及董事會採納之企業管治常規文件。高級管理層其後將於有需要時提供說明，並為新董事提供本集團業務及活動之詳細資料。

### 企業管治常規

本公司並無設立任何企業管治委員會。由二零一二年四月起，董事會採納符合企業管治守則內各項守則條文的書面職權範圍。

董事會主要負責維持本集團的企業管治及內部非財務監控系統的有效性。董事會將就企業管治引用及建議相關守則，並審閱及釐定企業管治政策，以提高及確保本集團的高標準企業管治常規。

年內，董事會定期檢討並審視董事的培訓及持續專業發展，以及本公司遵行法定及監管要求的政策及常規。

# 企業管治報告

## CORPORATE GOVERNANCE REPORT

### ACCOUNTABILITY AND AUDIT

#### Financial Reporting

The Directors acknowledge their responsibility for preparing, with the support from finance department, the financial statements of the Group. In preparing the financial statements for the year ended 31 December 2017, the requirements of the Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and Interpretations issued by the Hong Kong Institute of Certified Public Accountants and the applicable disclosure requirements of the Listing Rules and the Companies Ordinance were complied with.

The reporting responsibilities of the Company's external auditor, Messrs. PricewaterhouseCoopers, are set out in the Auditor's Report on pages 120 to 127.

#### Risk Management and Internal Control Framework

The risk management and internal controls system will assist the Group to fully achieve its strategic objective by identifying and assessing all the risk exposure of the Group and setting down corresponding control measures, with a view to attain the long-term vision of the Group. We believe that effective risk management and internal controls system will enhance shareholders' value in the long term. The risk faced by the Group directly relates to its control measures and mitigation plan.

### 問責及核數

#### 財務匯報

於財務部之協助下，董事確認彼等編製本集團財務報表之責任。截至二零一七年十二月三十一日止年度之財務報表已按照香港會計師公會頒佈之香港財務報告準則、香港會計準則及詮釋，以及上市規則及公司條例之適用披露規定而編製。

本公司外聘核數師羅兵咸永道會計師事務所之匯報責任載於第120至127頁之核數師報告。

#### 風險管理及內部監控 框架

風險管理及內部監控系統藉著識別和評估本集團所面臨的各項風險，並制定相關的監控措施，協助本集團全面實現戰略目標，進而達成本集團的長期願景。我們相信有效的風險管理及內部監控系統能提升長遠的股東價值。本集團所面對的風險與其監控措施及對策有直接關聯。

# 企業管治報告

## CORPORATE GOVERNANCE REPORT

### ACCOUNTABILITY AND AUDIT (Continued)

#### Risk Management and Internal Control (Continued)

##### Framework (Continued)

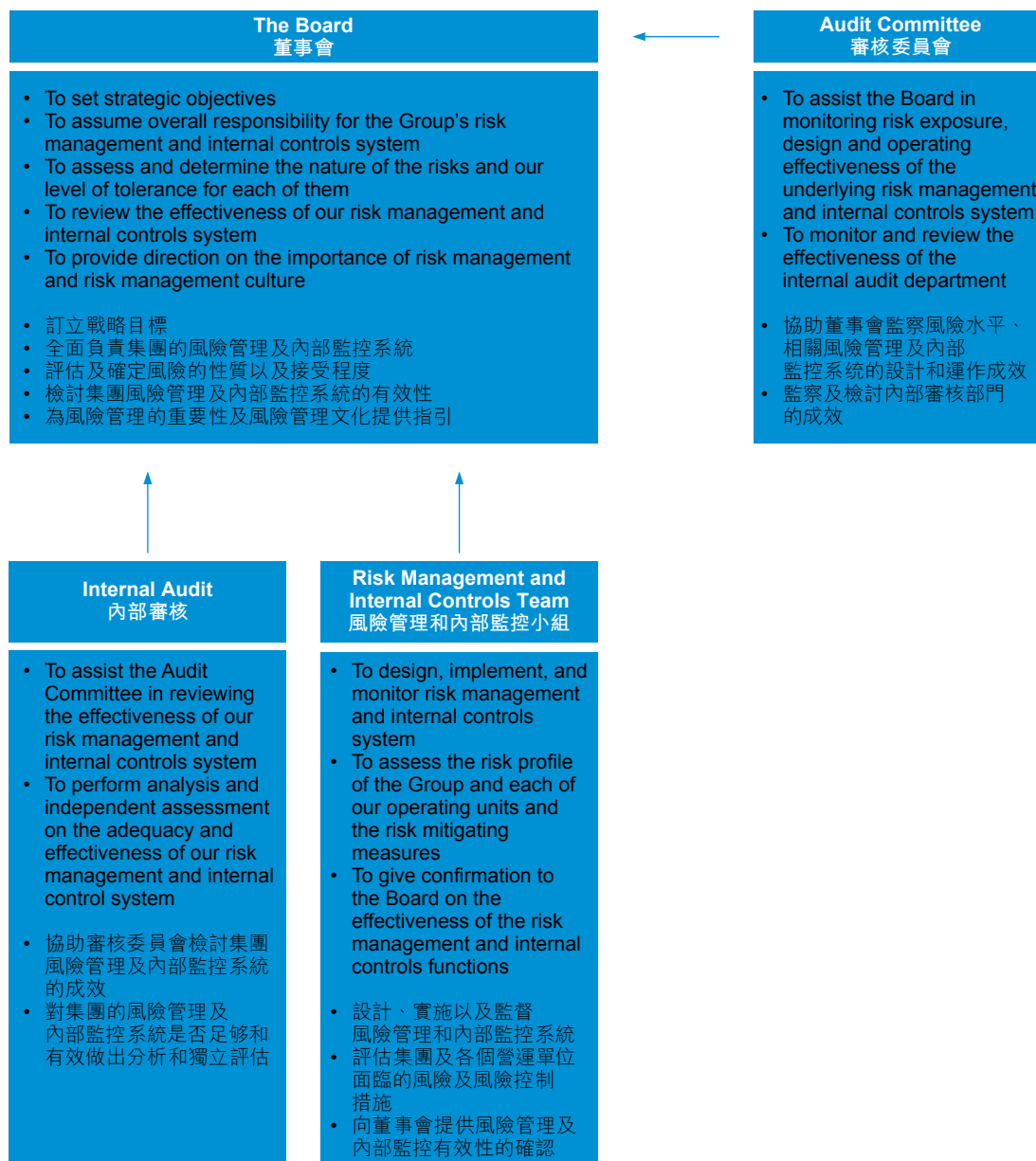
Accordingly, the risk management and internal controls framework of our Group is as follows:

### 問責及核數(續)

#### 風險管理及內部監控(續)

##### 框架(續)

由此，本集團的風險管理及內部監控框架如下：



# 企業管治報告

## CORPORATE GOVERNANCE REPORT

### ACCOUNTABILITY AND AUDIT (Continued) Risk Management and Internal Control (Continued) Framework (Continued)

The operating model of the Group's risk management and internal control framework conforms to the internal controls framework of COSO (the Committee of Sponsoring Organizations of the Treadway Commission) in the following five aspects:

- **Control Environment**

The Group has established a clear organization structure and delegated powers necessary to perform different business functions to management at different levels but it is subject to the limit set by the Board. The Board meets regularly to discuss and approve the business strategies and working plans set by each operating units. The Group will report our financial performance to the Board on monthly basis.

Our governance rules and requirements are very transparent to employees. We hope to build up risk awareness and internal controls responsibility in our corporate culture by creating an internal organizational environment driven by the management operating philosophy, risk awareness, integrity and ethical values.

- **Risk Assessment**

The Group identifies, assesses and grades the risks that are most relevant to the success of the Group based on the possibility of occurrence and the impact on the financial result of the risk). Risk management and internal controls team is responsible for setting the appropriate tone from the top, performing risk assessment, as well as taking care of the design, implementation and maintenance of internal controls. Meanwhile, it requires department heads from each of the operating units to identify operating risks from the bottom in order to determine the major risks and the risk levels of the Group.

- **Control Activities**

The Group has policy and procedure in place for all business functions, including authorization, approval and audit, recommendation, performance review, asset protection and division of duty, to ensure effective execution of organization objectives and mitigation of risk activities.

### 問責及核數(續)

#### 風險管理及內部監控(續)

##### 框架(續)

本集團風險管理及內部監控框架運作方式與 COSO 委員會 (the Committee of Sponsoring Organizations of the Treadway Commission) 內部監控框架一致，包括下列五方面內容：

- **監控環境**

建立清晰的組織架構，授予各級管理層經營不同業務職能所需的權力，惟其權力範圍受到董事會設定的限制。董事會定期開會討論及通過各營運單位所制定的業務策略及工作計劃。本集團的財務表現亦會每月向董事會報告。

公司管治守則及制度規定對僱員均非常透明，我們希望在企業文化中建立風險意識及內部監控責任感，營造以管理運作理念、風險意識、誠信及道德價值驅動的內部組織環境。

- **風險評估**

本集團識別、評估、並就與本集團成功與否最為有關的風險進行評級(根據該等風險發生的可能性及其對財務結果的影響)。風險管理及內部監控小組負責「自上而下」為監控定調、風險評估及設計、執行、維護內部控制，同時「自下而上」要求各營運單位主管參與識別營運風險，從而釐定本集團的主要風險及風險等級。

- **監控活動**

本集團為各業務功能設定政策及程序，包括授權、批准及審核、建議、表現檢討、資產保障及職責分工，確保有效執行組織目標及減低風險活動。

# 企業管治報告

## CORPORATE GOVERNANCE REPORT

### ACCOUNTABILITY AND AUDIT (Continued)

#### Risk Management and Internal Control (Continued)

##### Framework (Continued)

- **Information and Communication**  
The risk management and internal controls team performs risk assessment and prepare the Annual Report of Risk Management on a semi-annual basis, which sets out the identified risks and related control procedures. The report will be submitted to the Board and reviewed by the Audit Committee annually.
- **Monitoring**  
The Group self-assesses its controls and risks by internal review and circulating major control procedures to its employees to maintain continuous monitoring of the internal control procedures. Rectification will be made according to findings of the control procedures in order to improve internal monitoring.

#### Risk Management and Internal Controls Team

##### Composition

A risk management and internal controls team has been set up by the Group in 2016, which comprises Mr. Tang Daoping (executive Director and chief operation officer), Mr. Hui Tsz Wai (executive Director) and Mr. Ji Zhongliang (executive Director), and members including general manager and department head from each of our operating units, and general managers and department head of finance and human resources department of our subsidiaries. Mr. Hong Tianzhu, an executive Director and chairman of the Group and Mr. Zhu Yongxiang, an executive Director and vice chairman and chief executive officer of the Group act as advisors of the working team.

### 問責及核數(續)

#### 風險管理及內部監控(續)

##### 框架(續)

- **資訊及溝通**  
風險管理及內部監控小組每半年進行一次風險評估工作，編制《風險管理年度報告》，載明所識別的風險及其相關監控程序，報告將提交董事會，並由審核委員會每年審閱。
- **監察工作**  
本集團實行自我評估監控及風險，透過內部評審及向僱員傳達關鍵的監控程序，以持續監控內部控制流程。因應監控過程的結果作出修正，以改善內部監控活動。

#### 風險管理和內部監控小組

##### 成員構成

本集團自二零一六年起成立風險管理和內部監控小組，小組包括執行董事兼營運總裁湯道平先生、執行董事許子慧先生和執行董事吉忠良先生，小組成員包括各營運單位總經理及主要負責人、各附屬公司總經理以及財務和人事部門主要負責人。本集團執行董事兼主席洪天祝先生和執行董事兼副主席及行政總裁朱永祥先生出任工作小組顧問。

# 企業管治報告

## CORPORATE GOVERNANCE REPORT

### ACCOUNTABILITY AND AUDIT (Continued)

#### Risk Management and Internal Control (Continued)

#### Risk Management and Internal Controls Team (Continued)

##### Major Tasks

Set out below are the major responsibilities of our risk management and internal control team:

- The team shall formulate proposal and plan for building and promotion of corporate culture in risk awareness and to lead in providing risk management training.
- The team shall prepare and conduct annual and interim reviews on risk profile and formulate mitigating measures.
- The team shall summarize and analyze the findings of the review exercise, to advise any modification to the risk management strategy, to lead and assist relevant departments in formulating counter measures in addressing any material risks.
- It shall conduct annual internal evaluation on its own risk management function, to lead and mobilize the establishment and modification of risk management and internal controls system, to give guidance to subsidiaries on initiation of setting up of risk management system.
- It shall prepare the Annual Report on Risk Management and submit the same to our Audit Committee for review and approval.
- It shall be responsible to formulate or modify the relevant risk management and internal controls system and to oversee its implementation, to give guidance and assist the subsidiaries on setting up and optimizing their risk management practical measures.
- It shall be responsible for the organization, compiling of minutes and oversight of implementation of relevant resolutions concerning the risk management function in the meetings of the Audit Committee and Board meetings.
- It shall strictly comply its plan to counter risks by implementing the measures stipulated therein and to monitor the work rate and efficiency of such implementation on an ongoing basis, and advise on remedy in a timely manner.
- It shall monitor the status and development of any risk events and formulate and devise contingency plan in a timely manner, to forthwith report or inform the Audit Committee on such matters.

### 問責及核數(續)

#### 風險管理及內部監控(續)

#### 風險管理和內部監控小組(續)

##### 主要工作內容

下文列載風險管理及內部監控團隊之主要職責：

- 制定公司風險文化培育與宣貫工作方案和計劃，組織風險管理培訓。
- 組織開展年度或階段性風險評估及應對工作。
- 對評估結果匯總分析，提出風險管理策略調整建議，組織並協助相關部門制定重大風險應對方案。
- 對年度風險管理工作情況進行自評估，組織推動風險管理及內部監控體系的建設和改進提升，指導附屬公司開展風險管理體系建設。
- 編制《風險管理年度報告》，並提交本集團審核委員會審核。
- 負責擬定或修訂風險管理及內部監控相關制度並監督落實，指導和協助附屬公司制定完善具體風險的管理辦法。
- 負責審核委員會會議及董事會會議有關風險管理部分的組織、會議紀要的整理和決議事項的督促落實。
- 嚴格根據風險應對計劃，實施應對措施，並持續監控應對計劃的執行效率和效果，及時提請修正。
- 監控風險事件的變化狀態，適時制定和啟動應急預案，並及時向審核委員會通報或備案。

# 企業管治報告

## CORPORATE GOVERNANCE REPORT

### ACCOUNTABILITY AND AUDIT (Continued) Risk Management and Internal Control (Continued) Risk Management and Internal Controls Team (Continued)

#### Work Accomplished in 2017

Our risk management and internal controls team held two meetings in 2017, and reported twice to the Audit Committee and the Board on the annual risk assessment and findings of internal controls review. The team accomplished the following work in 2017:

1. issued relevant documents on risk assessment and internal controls within the Group to enhance its risk management culture;
2. performed a general review on the major risk exposure of the Group, especially in areas relating to raw material purchase, foreign exchange and exchange rate, credit management and taxation;
3. discussed the possible risk and impact on operating result with department heads from each of our operating units;
4. reviewed and improved corresponding internal controls measure;
5. prepared and submitted the annual report on risk assessment and internal controls to the Audit Committee and the Board.

Details of the major risks of the Group are set out in the “Management Discussion and Analysis” section on pages 24 to 34.

#### Review of Internal Controls Effectiveness

For the year ended 31 December 2017, our Board had reviewed the representations made by the management in respect of risk management and internal controls, and considered that our Group’s risk management and internal controls system effective and adequate. No significant areas of weaknesses and deficiency that might have affected the financial, operational, compliance controls and risk management functions of the Group were identified. The Board is of the view that the resources, qualification and experience of staff of the Group’s accounting, internal audit and financial reporting functions, and their training and budget are adequate.

### 問責及核數(續) 風險管理及內部監控(續) 風險管理和內部監控小組(續)

#### 二零一七年已完成工作

風險管理和內部監控小組於二零一七年舉行了兩次會議，並就年度風險評估及內部監控檢討結果向審核委員會和董事會彙報兩次。該小組於二零一七年已完成工作包括：

1. 本集團內部下刊發風險評估及內部監控相關文件，增強了本集團的風險管理文化；
2. 全面審視本集團面對的重大風險，尤其是有關原料採購、外匯及匯率、信用管理及稅務方面所涉及的風險；
3. 與各營運單位主管討論風險發生的可能性及對經營結果的影響；
4. 檢討及完善相應的內部監控措施；
5. 編制風險評估及內部監控年度報告，提報審核委員會及董事會。

有關本集團主要風險的詳情載列於第24至34頁之「管理層討論及分析」一節內。

#### 檢討內部監控成效

於二零一七年十二月三十一日止年度，董事會已檢討管理層關於風險管理及內部監控有效性的聲明，認為本集團風險管理及內部監控系統有效及足夠，未發現任何可能影響集團財務監控、運作監控、合規監控以及風險管理職能的重要風險監控缺失事項。董事會認為本集團會計、內部審核及財務彙報職能方面的資源、員工資歷及經驗，以及員工所接受的培訓及預算是足夠的。



# 企業管治報告

## CORPORATE GOVERNANCE REPORT

### ACCOUNTABILITY AND AUDIT (Continued)

#### Risk Management and Internal Control (Continued)

##### Review of Internal Controls Effectiveness (Continued)

The risk management and internal controls system is designed to manage rather than eliminate the risk of failure to achieve our business objectives. Like all other systems, it could not entirely eliminate the impact of all unforeseeable risks and events beyond our control that might emerge and occur during the course of our operation. Consequently, the Board may only provide reasonable, but not absolute, assurance that there was no significant misrepresentation or deficiency as to the completeness and effectiveness of our Group's risk management and internal controls.

##### Disclosure of Inside Information

Regarding procedures and measures of internal controls for the handling and dissemination of inside information, the Group:

1. is aware of its obligation under the Securities and Futures Ordinance, the Listing Rules and the overriding principle that inside information should be announced on a timely manner;
2. conducts its affairs in strict compliance with the applicable laws and regulations prevailing in Hong Kong;
3. has implemented and disclosed its policy on fair disclosure by pursuing broad, non-exclusive distribution of information to the public through channels such as financial reporting, announcements and its website;
4. has included in the Code of Conduct a strict prohibition on the unauthorized use of non-public or inside information;
5. has communicated to all relevant staff regarding the implementation of the Continuous Disclosures Policy and relevant trainings are also provided.

### 問責及核數(續)

#### 風險管理及內部監控(續)

##### 檢討內部監控成效(續)

風險管理及內部監控系統旨在管理而非消除未能達成業務目標的風險。與所有其他系統一樣，該系統並不能完全排除經營過程中遇到的不可預測風險及不可控事件等因素的影響。因此，董事會只能對本集團風險管理及內部監控的完整及有效性不會有重大的失實陳述或損失作出合理而非絕對的保證。

##### 內幕消息的披露

有關處理及發布內幕消息的程序及內部監控措施，本集團：

1. 知悉根據證券及期貨條例、上市規則以及首要原則，其有責任及時公布內幕消息；
2. 嚴格遵照香港現行適用法律及法規執行本公司事務；
3. 透過財務報告、公佈及其網站等途徑，向公眾廣泛及非獨家地披露資料，以實施及披露其公平披露政策；
4. 已將嚴格禁止非授權使用保密及內幕消息的規定納入其行為操守守則；
5. 已向所有相關人員傳達有關實施持續披露政策的執行情況並提供相關培訓。

# 企業管治報告

## CORPORATE GOVERNANCE REPORT

### ACCOUNTABILITY AND AUDIT (Continued)

#### External Auditor's Remuneration

During the year, the remuneration paid and payable to the Company's external auditor, Messrs. PricewaterhouseCoopers, is set out as follows:

### 問責及核數(續)

#### 外聘核數師之酬金

於年內，已付及應付本公司外聘核數師羅兵咸永道會計師事務所之酬金載列如下：

Services rendered to the Group	向本集團提供之服務	Paid/Payable 已付／應付費用 RMB'000 人民幣千元
Annual audit service	年度審核服務	3,900
Audit services for potential bond offerings	潛在債券發行審核服務	1,350
Non-audit services (including consulting service for transfer pricing and agreed-upon procedures for selected financial information of the Group, financial due diligence and preliminary announcement of results)	非審核服務(包括轉移訂價的顧問服務及本集團特選財務資料，財務盡職調查及初步業績公佈的協定程序)	2,150
Total:	合計：	7,400

### COMMUNICATION WITH SHAREHOLDERS

The Board recognizes the importance of good communication with shareholders. Information in relation to the Group is disseminated to shareholders in a timely manner through a number of formal channels, which include interim and annual reports, announcements and circulars.

The Company's annual general meeting (the "AGM") is a valuable forum for the Board to communicate directly with the shareholders. The chairman actively participated in the AGM held during the year and personally chaired the meeting to answer any questions from the shareholders. A separate resolution had been proposed by the chairman in respect of each issue to be considered at the AGM. An AGM circular and AGM notice had been distributed to all shareholders in accordance with the requirements of the articles of association of the Company and the Listing Rules, setting out details of each proposed resolution, voting procedures and other relevant information. The chairman explained the procedures for conducting a poll at the beginning of the AGM, and answered any questions from shareholders regarding voting by way of poll.

### 與股東之溝通

董事會瞭解與股東保持良好聯繫之重要性。有關本集團之資料乃按時透過多種正式途徑向股東傳達，包括中期報告及年報、公佈及通函。

本公司股東週年大會(「股東週年大會」)乃董事會直接與股東聯繫之寶貴機會。主席於年內舉行之股東週年大會上積極回應任何股東之查詢。主席已就每項在股東週年大會上審議之議題提呈個別之決議案。股東週年大會通函及通告已根據本公司組織章程細則及上市規則之規定發送予全體股東，該通函及通告載列每項擬提呈決議案之詳情、投票程序及其他相關資料。主席於股東週年大會開始時，已解釋以投票方式進行表決之程序，已回答股東就按股數投票之任何提問。

# 企業管治報告

## CORPORATE GOVERNANCE REPORT

### SHAREHOLDERS' RIGHTS

#### Procedures for shareholders to convene an extraordinary general meeting

The following procedures for shareholders (the "Shareholders", each a "Shareholder") of the Company to convene an extraordinary general meeting (the "EGM") of the Company are prepared in accordance with Article 64 of the articles of association of the Company:

1. One or more Shareholders (the "Requisitionist(s)") 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 shall have the right, by written notice (the "Requisition"), to require an EGM to be called by the Directors for the transaction of any business specified therein.
2. Such Requisition shall be made in writing to the Board or the company secretary of the Company via email at the email address of the Company at [main@texhong.com](mailto:main@texhong.com).
3. The EGM shall be held within two months after the deposit of such Requisition.
4. If the Directors fail to proceed to convene such meeting within 21 days of the deposit of such Requisition, the Requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the Requisitionist(s) as a result of the failure of the Directors shall be reimbursed to the Requisitionist(s) by the Company.

#### Procedures for raising enquiries

1. Shareholders should direct their questions about their shareholdings, share transfer, registration and payment of dividend to the Company's branch share registrar in Hong Kong, details of which are set out in the section headed "Corporate Information" of this annual report.
2. Shareholders may at any time raise any enquiry in respect of the Company via email at the email address of the Company at [main@texhong.com](mailto:main@texhong.com).
3. Shareholders are reminded to lodge their questions together with their detailed contact information for the prompt response from the Company if it deems appropriate.

### 股東權利

#### 股東召開股東特別大會之程序

下列本公司股東(「股東」, 各為一名「股東」)召開股東特別大會(「股東特別大會」)之程序, 乃根據本公司組織章程細則第64條所編製:

1. 於遞呈要求日期持有不少於本公司繳足股本十分之一的任何一名或多名有權於股東大會上投票的股東(「呈請人」)通過書面通知有權要求董事會召開股東特別大會(「呈請」), 以處理有關要求中指明的任何事項。
2. 有關呈請須以書面形式並透過發送電郵至本公司電郵地址 [main@texhong.com](mailto:main@texhong.com) 向本公司董事會或公司秘書提出。
3. 股東特別大會將於遞呈呈請後兩個月內召開。
4. 倘董事未能在呈請遞交後21天內召開股東特別大會, 則呈請人以同樣方式可自行召開股東特別大會, 而因董事未能召開該大會令呈請人產生的所有合理費用, 本公司須向呈請人進行償付。

#### 提出查詢的程序

1. 股東如對名下股權、股份轉讓、登記及派付股息有任何疑問, 應向本公司香港股份過戶登記分處提出, 其詳情載於本年報「公司資料」一節內。
2. 股東可隨時透過發送電郵本公司電郵地址 [main@texhong.com](mailto:main@texhong.com) 提出任何有關本公司的查詢。
3. 倘股東提出問題時, 務請留下彼等詳細聯絡資料以便本公司適時迅速回應。

# 企業管治報告

## CORPORATE GOVERNANCE REPORT

### SHAREHOLDERS' RIGHTS (Continued)

#### Procedures and contact details for putting forward proposals at shareholders' meetings

1. To put forward proposals at a general meeting of the Company, a Shareholder should lodge a written notice of his/her/its proposal (the "Proposal") with his/her/its detailed contact information via email at the email address of the Company at [main@texhong.com](mailto:main@texhong.com).
2. The identity of the Shareholder and his/her/its request will be verified with the Company's branch share registrar in Hong Kong and upon confirmation by the branch share registrar that the request is proper and in order and made by a Shareholder, the Board will include the Proposal in the agenda for the general meeting.
3. The notice period to be given to all the Shareholders for consideration of the Proposal raised by the Shareholder concerned at the general meeting varies according to the nature of the Proposal as follows:
  - (i) Notice of not less than 21 days in writing if the Proposal requires approval by way of an ordinary resolution in an annual general meeting or a special resolution of the Company;
  - (ii) Notice of not less than 14 days in writing if the Proposal requires approval in meeting other than an annual general meeting or approval by way of a special resolution of the Company.

### CORPORATE GOVERNANCE ENHANCEMENT

Enhancing corporate governance is not simply a matter of applying and complying with the CG Code but about promoting and developing an ethical and healthy corporate culture. We will continue to review and, where appropriate, improve our current practices on the basis of our experience, regulatory changes and development. Any views and suggestions from our Shareholders are also welcome to enhance our transparency.

On behalf of the Board

**Hong Tianzhu**  
Chairman

Hong Kong, 9 March 2018

### 股東權利(續)

#### 於股東大會提呈建議的程序及詳細聯絡資料

1. 為於本公司股東大會上提呈建議，股東須以書面提交該建議(「建議」)，連同詳細聯絡資料，透過電郵傳送至本公司電郵地址 [main@texhong.com](mailto:main@texhong.com)。
2. 本公司會向本公司之香港股份過戶登記分處核實股東身份及其要求，於獲得股份過戶登記分處確認股東作出的要求為恰當及適當後，董事會將在股東大會的議程內加入建議。
3. 就上述股東提出於股東大會考慮之建議而向全體股東發出通告之通知期因應建議之性質有所不同，詳情如下：
  - (i) 倘建議須於本公司股東週年大會上以普通決議案方式獲得批准或以特別決議案方式獲得批准，則須不少於21日之書面通知；
  - (ii) 倘建議須於本公司大會而非於股東週年大會上獲得批准，或以本公司特別決議案方式獲得批准，則須不少於14日之書面通知。

### 提升企業管治水平

提升企業管治水平並非只為應用及遵守聯交所之《企業管治守則》，乃為推動及建立道德與健全之企業文化為依歸。吾等將不斷檢討並按經驗、監管變動及發展，於適當時候改善現行常規。本公司歡迎股東提供任何意見及建議以提高本公司之透明度。

代表董事會

**洪天祝**  
主席

香港，二零一八年三月九日

## 董事及高級管理層

# DIRECTORS AND SENIOR MANAGEMENT

### DIRECTORS

#### Executive Directors

**Mr. Hong Tianzhu**, aged 50, is an executive Director and chairman of the Group. He is the founder of the Group. He is responsible for the strategic development and strategic deployment, project investment and decision-making for major issues, leadership and policy decision-making for establishment of corporate culture of the Group. Mr. Hong is currently an executive vice chairman of the Hong Kong General Chamber of Textiles Limited. He has over 20 years of experience in the textile industry. Prior to establishing the Group, Mr. Hong was a vice general manager of 晉江藝豐服裝織造有限公司 (Jinjiang Yifeng Garment Weaving Company Limited). Mr. Hong's interest in the shares of HK\$0.10 each in the share capital of the Company ("Shares") is disclosed under the paragraph headed "Report of the Directors — Directors' and chief executives' interests and short positions in the Shares, underlying shares and debentures of the Company or any associated corporations" in this annual report.

**Mr. Zhu Yongxiang**, aged 51, is an executive Director, vice Chairman and chief executive officer of the Group. He is responsible for the strategy implementation, operational planning and decision-making, decision-making for major issues and organizational implementation of the Group. Mr. Zhu graduated from the 南通紡織工學院 (Nantong Textile Industry College) in 1987. Prior to joining the Group in 1997, Mr. Zhu was an assistant to the general manager of 南通第二棉紡織廠 (Nantong No. 2 Cotton Textile Factory). Mr. Zhu's interest in the Shares of the Company is disclosed under the paragraph headed "Report of the Directors — Directors' and chief executives' interests and short positions in the Shares, underlying Shares and debentures of the Company or any associated corporations" in this annual report.

**Mr. Tang Daoping**, aged 52, is an executive Director and chief operation officer of the Group. He is responsible for the operation management of the Group. Mr. Tang graduated from 徐州廣播電視大學 (Xuzhou Radio and TV University) in 1996 majoring in accounting and administrative management. Mr. Tang has over 30 years of experience in the textile industry. He was a workshop manager of 睢寧棉紡織廠 (Suining Cotton Textile Factory) prior to joining the Group in 1998 as a vice general manager. Mr. Tang was promoted and became a director of Jiangsu Century Texhong in September 2002. Mr. Tang's interest in the Shares of the Company is disclosed under the paragraph headed "Report of the Directors — Directors' and chief executives' interests and short positions in the Shares, underlying Shares and debentures of the Company or any associated corporations" in this annual report.

### 董事

#### 執行董事

**洪天祝先生**，50歲，本集團的執行董事及主席。洪先生是本集團創始人，負責本集團的戰略發展和戰略布局、項目投資和重要工作決策、企業文化建設的引領和決策。洪先生是現任香港紡織商會常務副會長。彼於紡織業擁有逾二十年經驗，在成立本集團前，彼曾任晉江藝豐服裝織造有限公司的副總經理。洪先生於本公司股本中每股面值0.10港元之股份（「股份」）之權益在本年報「董事會報告—董事及行政總裁於本公司或任何相聯法團之股份、相關股份及債權證之權益及淡倉」一段披露。

**朱永祥先生**，51歲，本集團的執行董事、副主席兼行政總裁。彼負責本集團的戰略實施、營運策劃布局和決策、重要工作決策與組織實施。朱先生於一九八七年畢業於南通紡織工學院。於一九九七年加入本集團前，朱先生曾任南通第二棉紡織廠的總經理助理。朱先生於本公司的股份權益在本年報「董事會報告—董事及行政總裁於本公司或任何相聯法團之股份、相關股份及債權證之權益及淡倉」一段披露。

**湯道平先生**，52歲，本集團執行董事兼營運總裁。彼負責本集團的營運管理。彼於一九九六年畢業於徐州廣播電視大學，主修會計及行政管理，並於紡織業擁有逾三十年經驗。湯先生曾於睢寧棉紡織廠出任工廠經理，後於一九九八年加入本集團為副總經理。湯先生於二零零二年九月晉升為江蘇世紀天虹的董事。湯先生於本公司的股份權益在本年報「董事會報告—董事及行政總裁於本公司或任何相聯法團之股份、相關股份及債權證之權益及淡倉」一段披露。

## 董事及高級管理層

### DIRECTORS AND SENIOR MANAGEMENT

#### DIRECTORS (Continued)

##### Executive Directors (Continued)

**Mr. Hui Tsz Wai**, aged 44, is an executive Director. He is responsible for the management of finance, information system and treasury management of the Group. Mr. Hui graduated from the Chinese University of Hong Kong with a bachelor of business administration (honours) degree. He is a fellow member of the Association of Chartered Certified Accountants and a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants. He is also a Chartered Financial Analyst and a Certified Fraud Examiner. He has more than 20 years' working experience in finance related area. Prior to first joining the Group in November 2004, Mr. Hui had been working at one of the big four international accounting firms for about nine years. Mr. Hui had been the company secretary of the Company and the chief financial officer of the Group. Mr. Hui's interest in the Shares of the Company is disclosed under the paragraph headed "Report of the Directors — Directors' and chief executives' interests and short positions in the Shares, underlying Shares and debentures of the Company or any associated corporations" in this annual report.

**Mr. Ji Zhongliang**, aged 54, is an executive Director. He is responsible for the operations management of the Group's garment fabric and garment business segment. Mr. Ji graduated from Jiangsu College of Engineering and Technology of the PRC (江蘇工程職業技術學院) (formerly known as Nantong Textile Industry School (南通紡織工業學校)) in July 1982. Prior to joining the Group in August 2015, he had been the vice president of Black Peony (Group) Co. Ltd. (黑牡丹(集團)股份有限公司) (stock code: 600510), the shares of which are listed on the Shanghai Stock Exchange from December 2011 to May 2015. He had been the general manager of Chanzhou K&J Import and Export Co., Ltd. (常州凱杰進出口有限公司), which is principally engaged in import and export of cotton and fabrics in the PRC from October 1997 to May 2011, the general manager of Black Peony Group Import and Export Co., Ltd. (黑牡丹集團進出口有限公司), which is principally engaged in import and export of textile, garments and daily necessities in the PRC from May 2011 to December 2011, and the chairman of the board of directors of Black Peony (HK) Limited, which is principally engaged in manufacture of denim in the PRC, from December 2011 to May 2015. Mr. Ji has more than 30 years' working experience in the textile industry. Mr. Ji is a director of Celestial Ease Holdings Limited, Texhong Dyeing and Printing Technology Limited and Hongyan Cambodia Holdings Limited, indirect non-wholly owned subsidiaries of the Company. Mr. Ji's interest in the Shares of the Company is disclosed under the paragraph headed "Report of the Directors — Directors' and chief executives' interests and short positions in the Shares, underlying Shares and debentures of the Company or any associated corporations" in this annual report.

#### 董事(續)

##### 執行董事(續)

**許子慧先生**，44歲，執行董事。彼負責本集團財務、信息系統、資金的管理。許先生畢業於香港中文大學，獲頒工商管理(榮譽)學士學位。彼為英國特許公認會計師公會資深會員及香港會計師公會執業會計師。彼亦為特許財務分析員兼舞弊查核師。彼於財務相關領域擁有逾二十年工作經驗。許先生於二零零四年十一月首次加盟本集團前，一直於其中一家四大國際會計師行任職約九年。許先生曾任本公司公司秘書及本集團財務總監。許先生於本公司的股份權益在本年報「董事會報告—董事及行政總裁於本公司或任何相聯法團之股份、相關股份及債權證之權益及淡倉」一段披露。

**吉忠良先生**，54歲，執行董事。彼負責本集團的面料及服裝事業部的營運管理。吉先生於一九八二年七月畢業於中國江蘇工程職業技術學院(前稱南通紡織工業學校)。於二零一五年八月加入本集團前，彼自二零一一年十二月至二零一五年五月擔任上海證券交易所上市公司黑牡丹(集團)股份有限公司(股份代號：600510)之副總裁。彼亦自一九九七年十月至二零一一年五月擔任常州凱杰進出口有限公司(該公司主要在中國從事棉及布料進出口業務)之總經理；自二零一一年五月至二零一一年十二月擔任黑牡丹集團進出口有限公司(該公司主要在中國從事紡織品、成衣及日用品進出口業務)之總經理；及自二零一一年十二月至二零一五年五月擔任黑牡丹(香港)有限公司(該公司主要在中國生產牛仔布)之董事會主席。吉先生在紡織業累積逾30年工作經驗。吉先生為本公司間接非全資附屬公司天逸控股有限公司、天虹染整科技有限公司及鴻雁柬埔寨控股有限公司之董事。吉先生於本公司的股份權益在本年報「董事會報告—董事及行政總裁於本公司或任何相聯法團之股份、相關股份及債權證之權益及淡倉」一段披露。

## 董事及高級管理層

# DIRECTORS AND SENIOR MANAGEMENT

### DIRECTORS (Continued)

#### Independent Non-executive Directors

**Professor Tao Xiaoming**, aged 60, was appointed as an independent non-executive Director on 3 March 2014. Professor Tao is an elected fellow of The Textile Institute, the American Society of Mechanical Engineers, the Royal Academy of Arts and Design and Commerce of the United Kingdom, and has been the chair professor in Textile Technology at the Institute of Textiles and Clothing of the Hong Kong Polytechnic University since April 2002. She was elected as the world president of The Textile Institute for a tenure of three years from May 2007. Professor Tao received a bachelor's degree in textile engineering from China Textile University (中國紡織大學) (currently known as Donghua University (東華大學)) of the PRC in January 1982 and a doctorate degree in textile physics from University of New South Wales in August 1987. From September 1987 to September 1988 and from October 1990 to September 1994, she had been a scientist of the Commonwealth Scientific and Industrial Research Organisation of Australia. From October 1988 to January 1990, she had been a lecturer of Donghua University. Professor Tao was the recipient of two prestigious individual awards of the field: the honorary fellowship by The Textile Institute in November 2010 and the founder award of the Fiber Society of the United States in November 2013. With seven academic monographs, over 800 research papers published and over 30 patents granted, she has been internationally recognised in particular for her pioneering work on smart textiles and clothing and textile engineering such as low-twist yarns, solospun yarns and fabric sensing technology which have been widely applied in the textile industry.

**Professor Cheng Longdi**, aged 58, was appointed as an independent non-executive Director on 21 November 2004. Professor Cheng obtained his doctorate degree in textile engineering from Donghua University in 2002. He is currently a professor (2nd grade) in College of Textiles and a deputy director of the Key Laboratory of Textile Science and Technology of Donghua University. Professor Cheng is a member of the expert committee of each of the following institutions: the China Cotton Textile Association of New Technology (as a deputy director), the China Knitting Industrial Association, the China Bast And Leaf Fibers Textile Association and the China Textile Machinery Association. Professor Cheng was an engineer of the China Textile Academy (formerly known as Textile Academy of Textile Ministry). Professor Cheng is currently an independent director of Jiangsu Lianfa Textile Co., Ltd. (stock code: 002394) and Hengli Petrochemical Co., Ltd. (stock code: 600346), both companies are listed on the Shenzhen Stock Exchange.

### 董事(續)

#### 獨立非執行董事

**陶肖明教授**，60歲，於二零一四年三月三日獲委任為獨立非執行董事。陶教授為國際紡織學會院士、美國機械工程師學會院士，以及英國皇家藝術、設計及商業研究院 (Royal Academy of Arts and Design and Commerce of the United Kingdom) 院士，並由二零零二年四月起，擔任香港理工大學紡織及製衣學系紡織技術講座教授。自二零零七年五月起，陶教授獲選為國際紡織學會世界會長，任期三年。陶教授於一九八二年一月獲中國紡織大學(現稱為東華大學)頒授紡織工程學士學位，並於一九八七年八月獲頒新南威爾士大學紡織物理學博士學位。由一九八七年九月至一九八八年九月，以及由一九九零年十月至一九九四年九月，為澳洲聯邦科學及工業研究組織之科研人員。由一九八八年十月至一九九零年一月期間，為東華大學講師。陶教授曾獲頒業內兩個地位崇高的個人獎項，分別於二零一零年十一月獲國際紡織學會頒授榮譽院士，以及於二零一三年十一月獲美國纖維學會頒授創始人獎項。陶教授曾出版七部學術專著，發表超過800篇研究論文，並獲得超過30項專利，成就廣受國際認同，尤其以其於智能紡織品及服裝與纖維工程方面的創舉(例如低捻紗、分束紡紗及織物傳感技術)最為突出，而該等技術已廣泛應用於紡織業內。

**程隆棟教授**，58歲，於二零零四年十一月二十一日獲委任為獨立非執行董事。程教授於二零零二年取得東華大學的紡織工程博士學位，亦為東華大學紡織學科二級教授、紡織面料技術教育部重點實驗室常務副主任。程教授為中國棉紡織行業協會新技術專家委員會副主任委員、中國針織行業協會專家委員會委員、中國麻紡織行業協會專家委員會委員、中國紡織機械與器材行業協會專家委員會委員等。程教授曾為中國紡織科學研究院(前稱紡織工業部紡織科學研究院)的工程師。程教授現為深圳證券交易所上市公司江蘇聯發紡織股份有限公司(股份代號：002394)及恒力石化股份有限公司(股份代號：600346)之獨立董事。

## 董事及高級管理層

### DIRECTORS AND SENIOR MANAGEMENT

#### DIRECTORS (Continued)

##### Independent Non-executive Directors (Continued)

**Mr. Ting Leung Huel, Stephen**, MH, FCCA, FCPA (PRACTISING), ACA, CTA (HK), FHKIoD, aged 64, was appointed as independent non-executive Director of the Company on 21 November 2004. Mr. Ting is an accountant in public practice and has more than 30 years' experience in this field. Currently he is a partner and director of Messrs Ting Ho Kwan & Chan, Certified Public Accountants (Practising) and Ting Ho Kwan & Chan CPA Limited respectively. He is currently an independent non-executive director of six other listed companies in Hong Kong, namely China SCE Property Holdings Limited (stock code: 01966), Computer and Technologies Holdings Limited (stock code: 00046), Dongyue Group Limited (stock code: 00189), New Silkroad Culturaltainment Limited (stock code: 00472), Tong Ren Tang Technologies Company Limited (stock code: 01666) and Tongda Group Holdings Limited (stock code: 00698) respectively. He is also a non-executive director of Chow Sang Sang Holdings International Limited (stock code: 00116).

#### SENIOR MANAGEMENT

**Mr. Sha Tao**, aged 52, is a vice president of the Group and director of our grey fabric production and management center. Mr. Sha obtained his bachelor's degree in textile from 無錫輕工業學院 (Wuxi Light Industry University) in 1986. Mr. Sha has over 27 years of experience in the textile industry. Prior to joining the Group in 1998, he was a factory manager of one of the factories of 南通第二棉紡織廠 (Nantong No. 2 Cotton Textile Factory).

**Mr. Hu Zhiping**, aged 54, is a vice president of the Group and general manager of Taizhou business segment. Mr. Hu graduated from 無錫職業大學 (Wuxi Professional University) in textile in 1984. Mr. Hu has over 27 years of experience in the textile industry. He was a vice general manager of 無錫協達織造有限公司 (Wuxi Xieda Weaving Company Limited) prior to joining the Group in 1998.

**Mr. Cao Youchang**, aged 49, is a vice president of the Group and director of the yarn production and management center of the Group. He is responsible for the yarn production of the Group. Mr. Cao graduated from 南通紡織工學院 (Nantong Textile Industry College) with a bachelor's degree in textile engineering in 1994. Mr. Cao has over 22 years of experience in the textile industry. He joined the Group in 2000, and served as the director of yarn technology of the Group.

#### 董事 (續)

##### 獨立非執行董事 (續)

**丁良輝先生**，MH, FCCA, FCPA (PRACTISING), ACA, CTA (HK), FHKIoD, 64歲，於二零零四年十一月二十一日獲委任為本公司之獨立非執行董事。丁先生為執業會計師，於該行業積逾三十年經驗。彼現為丁何關陳會計師行及丁何關陳會計師事務所有限公司之合夥人及董事。現為其他六家香港上市公司之獨立非執行董事，分別為中駿置業控股有限公司(股份代號：01966)、科聯系統集團有限公司(股份代號：00046)、東岳集團有限公司(股份代號：00189)、新絲路文旅有限公司(股份代號：00472)、北京同仁堂科技發展股份有限公司(股份代號：01666)及通達集團控股有限公司(股份代號：00698)。彼亦擔任周生生集團國際有限公司(股份代號：00116)之非執行董事。

#### 高級管理層

**沙淘先生**，52歲，本集團的副總裁兼坯布生產管理中心總監。沙先生於一九八六年畢業自無錫輕工業學院紡工系，並取得學士學位。沙先生於紡織業擁有逾二十七年經驗。彼於一九九八年加入本集團前，曾出任南通第二棉紡織廠其中一家廠房的廠長。

**胡志平先生**，54歲，本集團副總裁兼泰州業務部總經理。胡先生於一九八四年畢業自無錫職業大學紡織系。彼於紡織業擁有逾二十七年經驗。彼於一九九八年加入本集團前，胡先生曾出任無錫協達織造有限公司的副總經理。

**曹友常先生**，49歲，本集團的副總裁兼集團紗線生產管理中心總監並負責本集團的紗線生產。曹先生於一九九四年畢業自南通紡織工學院紡織工程系，並取得學士學位。曹先生於紡織業擁有逾22年經驗。彼於二零零零年加入本集團，曾出任本集團紗線技術總監。



## 董事及高級管理層

### DIRECTORS AND SENIOR MANAGEMENT

#### SENIOR MANAGEMENT (Continued)

Ms. Sze Fung Ting was the company secretary of the Company until her resignation on 28 August 2017. **Mr. Hui Tsz Wai**, aged 44, was appointed as the company secretary of the Company on 28 August 2017. He is responsible for the management of finance, information system and treasury management of the Group. Mr. Hui graduated from the Chinese University of Hong Kong with a bachelor of business administration (honours) degree. He is a fellow member of the Association of Chartered Certified Accountants and a Certified Public Accountant of the Hong Kong Institute of Certified Public Accountants. He is also a Chartered Financial Analyst and a Certified Fraud Examiner. He has more than 20 years' working experience in finance related area. Prior to first joining the Group in November 2004, Mr. Hui had been working at one of the big four international accounting firms for about nine years.

#### 高級管理層(續)

施鳳婷女士過往為本公司的公司秘書，直至二零一七年八月二十八日辭任為此。**許子慧先生**，44歲，於二零一七年八月二十八日獲委任為本公司之公司秘書。彼負責本集團財務、信息系統、資金管理。許先生畢業於香港中文大學，獲頒工商管理(榮譽)學士學位。彼為英國特許公認會計師公會資深會員及香港會計師公會執業會計師。彼亦為特許財務分析員兼舞弊查核師。彼於財務相關領域擁有逾二十年工作經驗。許先生於二零零四年十一月首次加盟本集團前，一直於其中一家四大國際會計師行任職約九年。

# 公司資料

## CORPORATE INFORMATION

### EXECUTIVE DIRECTORS

Mr. Hong Tianzhu (*Chairman*)  
Mr. Zhu Yongxiang (*Vice chairman and chief executive officer*)  
Mr. Tang Daoping  
Mr. Hui Tsz Wai  
Mr. Ji Zhongliang

### INDEPENDENT NON-EXECUTIVE DIRECTORS AND AUDIT COMMITTEE

Mr. Ting Leung Huel, Stephen MH, FCCA, FCPA (PRACTISING), ACA, FTIHK, FHKIoD (*Chairman*)  
Professor Tao Xiaoming  
Professor Cheng Longdi

### REMUNERATION COMMITTEE

Mr. Ting Leung Huel, Stephen MH, FCCA, FCPA (PRACTISING), ACA, FTIHK, FHKIoD (*Chairman*)  
Mr. Hong Tianzhu  
Professor Tao Xiaoming  
Professor Cheng Longdi

### NOMINATION COMMITTEE

Mr. Hong Tianzhu (*Chairman*)  
Mr. Ting Leung Huel, Stephen MH, FCCA, FCPA (PRACTISING), ACA, FTIHK, FHKIoD  
Professor Tao Xiaoming  
Professor Cheng Longdi

### COMPANY SECRETARY

Mr. Hui Tsz Wai

### AUTHORISED REPRESENTATIVES

Mr. Hong Tianzhu  
Mr. Hui Tsz Wai

### HEAD OFFICE

Unit 9, 31st Floor  
Dorset House, Taikoo Place  
979 King's Road  
Quarry Bay  
Hong Kong

### REGISTERED OFFICE

Cricket Square  
Hutchins Drive, PO Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

### 執行董事

洪天祝先生(主席)  
朱永祥先生(副主席兼行政總裁)  
湯道平先生  
許子慧先生  
吉忠良先生

### 獨立非執行董事及審核委員會

丁良輝先生 MH, FCCA, FCPA (PRACTISING), ACA, FTIHK, FHKIoD (主席)  
陶肖明教授  
程隆棣教授

### 薪酬委員會

丁良輝先生 MH, FCCA, FCPA (PRACTISING), ACA, FTIHK, FHKIoD (主席)  
洪天祝先生  
陶肖明教授  
程隆棣教授

### 提名委員會

洪天祝先生(主席)  
丁良輝先生 MH, FCCA, FCPA (PRACTISING), ACA, FTIHK, FHKIoD  
陶肖明教授  
程隆棣教授

### 公司秘書

許子慧先生

### 授權代表

洪天祝先生  
許子慧先生

### 總辦事處

香港  
鰂魚涌  
英皇道979號  
太古坊多盛大廈  
31樓9室

### 註冊辦事處

Cricket Square  
Hutchins Drive, PO Box 2681  
Grand Cayman KY1-1111  
Cayman Islands

## 公司資料

### CORPORATE INFORMATION

#### PRINCIPAL BANKERS

Bank of China (Hong Kong)  
Citibank (China) Co., Ltd. Shanghai Branch  
The Hongkong and Shanghai Banking Corporation Limited  
Australia and New Zealand Banking Group Limited  
Standard Chartered Bank  
Deutsche Bank AG, Hong Kong Branch  
Crédit Agricole Corporate & Investment Bank  
BNP Paribas  
China Merchants Bank  
Bank of China  
Hang Seng Bank Limited  
Export-Import Bank of China

#### AUDITOR

PricewaterhouseCoopers

#### LEGAL ADVISORS AS TO HONG KONG LAW

Chiu & Partners

#### PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

#### HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Boardroom Share Registrars (HK) Limited  
2103B  
21st Floor  
148 Electric Road  
North Point  
Hong Kong

#### WEBSITE

[www.texhong.com](http://www.texhong.com)

#### STOCK CODE

2678

#### 主要往來銀行

中國銀行(香港)  
花旗銀行(中國)有限公司上海分行  
滙豐銀行  
澳新銀行  
渣打銀行  
德意志銀行香港分行  
東方滙理銀行  
法國巴黎銀行  
招商銀行  
中國銀行  
恒生銀行有限公司  
中國進出口銀行

#### 核數師

羅兵咸永道會計師事務所

#### 法律顧問(香港法律)

趙不渝馬國強律師事務所

#### 主要股份過戶登記處

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

#### 香港股份過戶登記分處

寶德隆證券登記有限公司  
香港  
北角  
電氣道148號  
21樓  
2103B

#### 互聯網址

[www.texhong.com](http://www.texhong.com)

#### 股份編號

2678

# 董事會報告

## REPORT OF THE DIRECTORS

The Board of Directors of the Company is pleased to submit their report together with the audited financial statements of the Company for the year ended 31 December 2017.

### PRINCIPAL ACTIVITIES AND GEOGRAPHICAL ANALYSIS OF OPERATIONS

The Company is an investment holding company. The Group is principally engaged in the manufacture and sale of yarns, grey fabrics and garment fabrics as well as garments. The principal activities of the principal subsidiaries of the Company are set out in note 37 to the accompanying financial statements.

#### Business segments

The Group is engaged in the manufacturing and sale of yarns, grey fabrics and garment fabrics as well as garments. Business analysis of sales, segment results, total assets and capital expenditure are set out in note 5 to the accompanying financial statements.

#### Geographical segments

The Group operates in four main geographical areas, the PRC, Vietnam, Cambodia and Macao. Geographical analysis of sales, segment results, total assets, and capital expenditure are set out in note 5 to the accompanying financial statements.

### BUSINESS REVIEW

For details of business review in relation to the development, performance or position of the Company's business, please refer to the section headed "Management Discussion and Analysis" of this annual report.

The Group recognises the importance of compliance with rules and regulations and the impact of non-compliance of such rules and regulations on the business. During the year ended 31 December 2017, to the best knowledge of the Directors, the Group has complied with all the relevant laws and regulations that have a significant impact on the Group in relation to its business including health and safety, workplace conditions, employment and the environment.

As a responsible corporation, the Group is committed to maintaining the highest environmental and social standards to ensure sustainable development of its business. The Group understands that a better future depends on everyone's participation and contribution. It has encouraged all employees to participate in environmental and social activities which benefit the community as a whole.

本公司董事會同寅欣然將其截至二零一七年十二月三十一日止年度之報告連同經已審核之本公司財務報表呈覽。

### 主要業務及營運地區分析

本公司為一間投資控股公司。本集團主要從事生產及銷售紗線、坯布及面料和服裝。本公司重大附屬公司之主要業務活動載於隨附之財務報表附註37。

#### 業務分類

本集團主要製造及銷售紗線、坯布及面料和服裝。營業額、分類業績、資產總額及資本開支業務分析載於隨附之財務報表附註5。

#### 地區分類

本集團主要於中國、越南、柬埔寨及澳門這四個地區經營業務。營業額、分類業績、資產總額及資本開支之地區分析載於隨附之財務報表附註5。

#### 業務回顧

關於本公司業務發展、表現或狀況之業務回顧詳情，請參閱本年報「管理層討論及分析」一節。

本集團知悉遵守規則及法規之重要性及不遵守該等規則及法規對業務之影響。於截至二零一七年十二月三十一日止年度，據董事所知本集團已遵守所有與其業務有關有重大影響的相關法例及法規，包括健康及安全、工作環境條件、就業及環境。

作為一間具社會責任的企業，本集團致力維持最高要求之環境及社會標準，以確保其業務可持續發展。本集團明白有賴所有人的參與及貢獻才能成就美好將來，亦因此鼓勵所有僱員參與環境及社會活動，惠及整個社區。

# 董事會報告

## REPORT OF THE DIRECTORS

### BUSINESS REVIEW (Continued)

As a result of the Group's active engagement in the enhancement of management measures and technology improvement, the Group incurred less unit electricity consumption and expenses in production as compared to that of last year. The Group also advocated conservation of resources in office and encouraged employees to develop good habits, conserve resources and energy to build a green and comfortable office environment.

Details of the Environmental, Social and Governance Report of the Group are set out on pages 89 to 119 of this annual report.

### RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2017 are set out in the consolidated income statement on page 130 of this annual report.

The board recommended the payment of a final dividend of HK\$0.21 per share in respect of the financial year ended 31 December 2017.

### RESERVES

Details of movements in the reserves of the Group during the year ended 31 December 2017 are set out in note 16 to the accompanying financial statements.

### PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group during the year ended 31 December 2017 are set out in note 7 to the accompanying financial statements.

### SHARE CAPITAL

Details of the movements in share capital of the Company are set out in note 14 to the accompanying financial statements.

### DISTRIBUTABLE RESERVES

The Company's distributable reserves as at 31 December 2017 is set out in note 35 to the accompanying financial statements.

### PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's articles of association and the laws of the Cayman Islands, which would oblige the Company to offer new Shares on a pro-rata basis to its existing shareholders.

### 業務回顧(續)

由於本集團積極推進管理措施和技術改造，生產用電單耗用量及開支均比去年有所節約。本集團亦引導各項辦公室減耗措施，鼓勵員工養成良好習慣，節約資源和能源，建設綠色舒適的辦公環境。

本集團「環境、社會及管治報告」詳情載於本年報第89至119頁。

### 業績及分派

本集團於截至二零一七年十二月三十一日止年度之業績載列於本年報第130頁之綜合收益表。

董事會建議派發截至二零一七年十二月三十一日止財政年度之末期股息每股0.21港元。

### 儲備

本集團截至二零一七年十二月三十一日止年度之儲備變動詳情載於隨附之財務報表附註16。

### 物業、廠房及設備

本集團截至二零一七年十二月三十一日止年度之物業、廠房及設備變動詳情載於隨附之財務報表附註7。

### 股本

本公司之股本變動詳情載於隨附之財務報表附註14。

### 可供分派儲備

本公司於二零一七年十二月三十一日之可供分派儲備詳情載於隨附之財務報表附註35。

### 優先購買權

本公司組織章程細則中並無優先購股權之條文，而開曼群島之法例亦無規定本公司須按比例向現有股東發售新股的限制。

# 董事會報告

## REPORT OF THE DIRECTORS

### TAX RELIEF

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

### 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 2 of this annual report.

### PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Save as disclosed below, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2017.

### SHARE OPTIONS

The Share Option Scheme was adopted by the shareholders of the Company at the annual general meeting on 7 April 2014 (the "Adoption Date").

The purpose of the Share Option Scheme is to enable the Group to grant options to selected participants as incentives or rewards for their contributions to the Group. All directors, employees, suppliers of goods or services, customers, persons or entities that provide research, development or other technological support to the Group, shareholders of any member of the Group, advisers or consultants of the Group and any other group or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement and growth of the Group are eligible to participate in the Share Option Scheme.

The Share Option Scheme will remain in force for a period of 10 years after the Adoption Date.

The total number of Shares which may be allotted and issued upon exercise of all options to be granted under the Share Option Scheme and any other share option scheme adopted by the Group must not in aggregate exceed 88,468,117 Shares, representing 10% of the Shares in issue on the Adoption Date and 9.67% of the Shares in issue as at the date of this annual report respectively (the "General Scheme Limit"). The Company may renew the General Scheme Limit with shareholders' approval provided that each such renewal may not exceed 10% of the Shares in the Company in issue as at the date of the shareholders' approval.

### 稅務減免

本公司並不知悉任何因持有本公司證券而提供予本公司股東之稅務寬減或減免。

### 財務概要

本集團過去五個財政年度之業績及資產負債摘要載於本年報第2頁。

### 購買、出售或購回上市證券

除下文所披露者外，於截至二零一七年十二月三十一日止年度內，本公司或其附屬公司概無購買、出售或購回本公司上市證券。

### 購股權

購股權計劃於二零一四年四月七日（「採納日期」）舉行之股東週年大會獲本公司當時全體股東以書面決議案通過採納。

購股權計劃之目的乃讓本集團向指定參與者授予購股權，作為向此等人士對本集團作出之貢獻予以嘉獎或酬謝。所有董事、僱員、貨物或服務供應商、客戶、向本集團提供研究、發展或其他技術支援之人士或實體、本集團任何成員公司之股東、本集團之顧問或專業顧問及任何其他對本集團之發展曾作出貢獻或可透過合營企業、業務聯盟或其他業務安排作出貢獻之團體或類別之參與者均合資格參與購股權計劃。

購股權計劃自採納日期後十年內有效。

於購股權計劃及獲本集團採納之任何其他購股權計劃項下授出之全部購股權倘獲行使而可予配發及發行之股份總數不得超過88,468,117股股份，即採納日期已發行股份之10%及於本年報日期已發行股份9.67%（「一般計劃上限」）。本公司可於獲得股東批准下重訂該一般計劃上限，惟該重訂不得超過於獲股東通過之日本公司已發行股份之10%。

## 董事會報告

# REPORT OF THE DIRECTORS

### SHARE OPTIONS *(Continued)*

The maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option scheme adopted by the Group must not in aggregate exceed 30% of the Shares in issue from time to time.

Unless approved by shareholders of the Company, the total number of Shares issued and to be issued upon exercise of the options granted under the Share Option Scheme and any other share option scheme of the Group (including both exercised or outstanding options) to each participant in any 12-months period shall not exceed 1% of the issued share capital of the Company for the time being (the "Individual Limit").

An option may be accepted by a participant within 21 days from the date of the offer of grant of the option. A nominal consideration of HK\$1 is payable on acceptance of the grant of an option.

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period to be determined and notified by the Directors to each grantee, which period may commence on a day after the date upon which the offer for the grant of options is made but shall end in any event not later than 10 years from the date of grant of the option, subject to the provisions for early termination thereof. Unless otherwise determined by the Directors and stated in the offer of the grant of options to a grantee, there is no minimum period required under the Share Option Scheme for the holding of an option before it can be exercised.

The subscription price for the Shares under the Share Option Scheme will be a price determined by the Directors, but shall not be less than the highest of (i) the closing price of Shares as stated in the Stock Exchange's daily quotations sheet on the date of the offer of grant, which must be a business day; (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations for the five trading days immediately preceding the date of the offer of grant; and (iii) the nominal value of the Shares.

### 購股權 *(續)*

於購股權計劃及獲本集團採納之任何其他購股權計劃項下發行在外而尚未行使之全部購股權倘獲行使而可予發行之股份數目不得超過當時已發行股份之30%。

除獲得本公司股東批准外，於購股權計劃及本集團之任何其他購股權計劃項下於任何十二個月內向各參與者授出之購股權(包括已行使或尚未行使者)倘獲行使而發行或可予發行之股份總數不得超過當時本公司已發行股份之1%「個人上限」。

參與者可於授出購股權要約日期起二十一日內接納購股權。於接納授出之購股權時，須繳付1港元之象徵代價。

購股權可按照購股權計劃之條款於董事會釐定及通知各承授人之期限(期限由授出購股權要約當日之後一日開始，惟無論如何不得遲於購股權授出日期起計十年結束，並受購股權有關提早終止之條文限制)內隨時行使。除董事另有釐定並於向承授人發出之要約函件註明外，購股權計劃並無規定其行使前必須持有之最短時限。

根據購股權計劃，股份之認購價將由董事釐定，惟不得少於(以較高者為準)(i)授出購股權要約日期(須為營業日)在聯交所每日報價表上所示股份之收市價；(ii)緊接授出購股權要約日期前五個交易日在聯交所每日報價表上所示股份之平均收市價；及(iii)股份之面值。

# 董事會報告

## REPORT OF THE DIRECTORS

### SHARE OPTIONS (Continued)

Movements of the share options granted under the Share Option Scheme during the year ended 31 December 2017 are summarised as follows and details of which are set out in note 15 to the consolidated financial statements:

### 購股權(續)

於截至二零一七年十二月三十一日止年度，根據購股權計劃授出之兩份購股權之變動之概要如下，詳情載於綜合財務報表附註15：

List of grantees	Date of grant (Note)	Exercise period	Number of share options 購股權數目							
			Closing price per Share immediately before the date of grant 緊接授出日期前之每股收市價 HK\$ 港元	Exercise price per share 每股行使價 HK\$ 港元	Outstanding as at 1 January 2017 於二零一七年一月一日未行使	Granted during the year 於年內授出	Exercised during the year 於年內行使	Lapsed during the year 於年內失效	Cancelled during the year 於年內註銷	Outstanding as at 31 December 2017 於二零一七年十二月三十一日未行使
<b>Directors</b> 董事										
Mr. Tang Daoping 湯道平先生	23 March 2015 二零一五年三月二十三日	1 January 2016 to 22 March 2025 二零一六年一月一日至 二零二五年三月二十二日	8.27	8.70	670,000	-	-	-	-	670,000
	23 March 2015 二零一五年三月二十三日	1 January 2017 to 22 March 2025 二零一七年一月一日至 二零二五年三月二十二日	8.27	8.70	670,000	-	-	-	-	670,000
	23 March 2015 二零一五年三月二十三日	1 January 2018 to 22 March 2025 二零一八年一月一日至 二零二五年三月二十二日	8.27	8.70	660,000	-	-	-	-	660,000
					2,000,000	-	-	-	-	2,000,000
Mr. Hui Tsz Wai 許子慧先生	23 March 2015 二零一五年三月二十三日	1 January 2016 to 22 March 2025 二零一六年一月一日至 二零二五年三月二十二日	8.27	8.70	1,000,000	-	-	-	-	1,000,000
	23 March 2015 二零一五年三月二十三日	1 January 2017 to 22 March 2025 二零一七年一月一日至 二零二五年三月二十二日	8.27	8.70	1,000,000	-	-	-	-	1,000,000
	23 March 2015 二零一五年三月二十三日	1 January 2018 to 22 March 2025 二零一八年一月一日至 二零二五年三月二十二日	8.27	8.70	1,000,000	-	-	-	-	1,000,000
	28 December 2015 二零一五年十二月二十八日	1 January 2017 to 27 December 2025 二零一七年一月一日至 二零二五年十二月二十七日	5.84	5.70	300,000	-	-	-	-	300,000
	28 December 2015 二零一五年十二月二十八日	1 January 2018 to 27 December 2025 二零一八年一月一日至 二零二五年十二月二十七日	5.84	5.70	300,000	-	-	-	-	300,000
	28 December 2015 二零一五年十二月二十八日	1 January 2019 to 27 December 2025 二零一九年一月一日至 二零二五年十二月二十七日	5.84	5.70	300,000	-	-	-	-	300,000
	28 December 2015 二零一五年十二月二十八日	1 January 2020 to 27 December 2025 二零二零年一月一日至 二零二五年十二月二十七日	5.84	5.70	300,000	-	-	-	-	300,000
	28 December 2015 二零一五年十二月二十八日	1 January 2021 to 27 December 2025 二零二一年一月一日至 二零二五年十二月二十七日	5.84	5.70	300,000	-	-	-	-	300,000
					4,500,000	-	-	-	-	4,500,000
Total 總計					6,500,000	-	-	-	-	6,500,000

Note: The vesting period of the share options is from the date of grant until the commencement of the exercise period.

附註：購股權之歸屬期由授出日期起直至行使期間開始為止。



# 董事會報告

## REPORT OF THE DIRECTORS

### DIRECTORS

The Directors during the year ended 31 December 2017 and up to the date of this report were:

Mr. Hong Tianzhu  
Mr. Zhu Yongxiang  
Mr. Tang Daoping  
Mr. Hui Tsz Wai  
Mr. Ji Zhongliang  
Mr. Ting Leung Huel, Stephen\*  
Professor Cheng Longdi\*  
Professor Tao Xiaoming\*

\* Independent non-executive Directors

In accordance with articles 108(A) and 108(B) of the articles of association of the Company, Mr. Hui Tsz Wai, Mr. Ting Leung Huel, Stephen and Professor Tao Xiaoming will retire from office by rotation and they, being eligible, will offer themselves for re-election at the forthcoming annual general meeting.

### DIRECTORS' SERVICE CONTRACTS

Each of Mr. Hong Tianzhu, Mr. Zhu Yongxiang and Mr. Tang Daoping, all being executive Directors, has entered into a service contract with the Company for an initial term of one year commencing from 21 November 2015, and will continue thereafter for successive terms of one year until terminated by not less than three months' notice in writing served by either party on the other expiring at the end of the initial term or at any time thereafter. Mr. Hui Tsz Wai and Mr. Ji Zhongliang, both being executive Directors, has entered into a service contract with the Company for an initial term of three years commencing from their respective dates of appointment as an executive Director, and will continue thereafter for successive term of one year until terminated by not less than three month's notice in writing served by either party on the other expiring at the end of the initial term or at any time thereafter.

Each of Mr. Ting Leung Huel, Stephen, Professor Tao Xiaoming and Professor Cheng Longdi, all being independent non-executive directors, has been appointed for an initial term of one year commencing from their respective dates of appointment as an INED renewable automatically for a successive term of one year each commencing from the next day after the expiry of the then current term, unless terminated by not less than three months' notice in writing at the end of the initial term or at any time thereafter.

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

### 董事

截至二零一七年十二月三十一日止年度及直至本報告日期，在任之董事如下：

洪天祝先生  
朱永祥先生  
湯道平先生  
許子慧先生  
吉忠良先生  
丁良輝先生\*  
程隆棣教授\*  
陶肖明教授\*

\* 獨立非執行董事

根據本公司組織章程細則第108(A)及108(B)，許子慧先生、丁良輝先生及陶肖明教授將輪值告退，彼等符合資格並願意於即將舉行的股東週年大會上膺選連任。

### 董事服務合約

執行董事洪天祝先生、朱永祥先生及湯道平先生已各自與本公司訂立服務合約，由二零一五年十一月二十一日起計，初步為期一年，將其後將繼續期一年，直至於初始期間末時或其後任何時間，其中一方向另一方發出不少於三個月之書面通知終止為止。許子慧先生及吉忠良先生(均為執行董事)已各自與本公司訂立服務合約，自彼等各自獲委任為執行董事之日期起計，初步為期三年，其後按年續約，直至任何一方於初步年期屆滿前或其後任何時間向另一方發出不少於三個月之書面通知終止合約。

丁良輝先生、陶肖明教授及程隆棣教授均為獨立非執行董事，分別獲委以一年初步任期，由獲委任為獨立非執行董事之日期起計，可於現有委任期屆滿後翌日自動續約一年，直至任何一方於初步年期屆滿前或其後任何時間向另一方發出不少於三個月之書面通知終止合約。

概無董事與本公司或其任何附屬公司訂立服務合同，而有關服務合同在未有支付法定賠償以外之賠償則不得由本集團於一年內予以終止。

## 董事會報告

# REPORT OF THE DIRECTORS

### PERMITTED INDEMNITY PROVISION

The service contracts entered into by the Company with each of the Directors, which are currently in force and were in force during the year ended 31 December 2017, contain indemnity provisions which are permitted indemnity provisions under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) subject to the limitations specified in sections 468 and 469 thereof, for the benefit of the executive Directors. Pursuant to such provisions, the Company shall indemnify and hold harmless any Directors on demand from and against any and all losses, claims, damages, liabilities, and expenses, including without limitation, any proceedings brought against such Directors, arising from the performance of his duties pursuant to or his appointment under the service contracts, so far as permitted by law, except in any case where the matter in respect of which indemnification is sought was caused by the default, neglect, omission or fraud of the executive Directors. The Company has also taken out and maintained appropriate insurance cover to indemnify the Directors for liabilities that may arise out of corporate activities. The insurance coverage is reviewed on an annual basis. During the year ended 31 December 2017, no claims were made against the Directors.

### INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of its independent non-executive Directors confirmation of his independence and the Company considers that each of them to be independent based on the guidelines set out in Rule 3.13 of the Listing Rules.

### 獲准許的彌償條文

本公司與各董事訂立之服務合約(目前生效及於截至二零一七年十二月三十一日止年度生效)載有的彌償條文，屬香港法例第622章公司條例的獲准許彌償條文，惟受當中第468及469條列明的若干限制所限，並以董事為受益人。根據該等條文，本公司應就任何董事在法律允許情況下，根據服務合約下的委任履行職務所產生的任何及所有損失、申索、損害、責任及開支，包括但不限於向該董事提出的任何訴訟，向該董事作出彌償及應要求使該董事免受其損害，惟倘因執行董事違約、疏忽、遺漏或欺詐而索取彌償的任何情況，則作別論。本公司亦已投購及維持適當保險，保障董事不承擔公司活動可能產生的責任。保險保障獲每年檢討。於截至二零一七年十二月三十一日止年度，概無對董事作出申索。

### 獨立非執行董事之獨立性

本公司已獲得各獨立非執行董事確認其獨立性，而根據上市規則第3.13條所載指引，本公司認為其各人均為獨立。

# 董事會報告

## REPORT OF THE DIRECTORS

### EMOLUMENTS OF DIRECTORS, FIVE HIGHEST PAID DIRECTORS/EMPLOYEES AND SENIOR MANAGEMENT

Details of the emoluments of the Directors on a named basis during the year under review are set out in note 36 to the accompanying financial statements.

Details of the five highest paid individuals during the year ended 31 December 2017 are set out in note 25 to the accompanying financial statements.

During the year ended 31 December 2017, the remuneration of the senior management by band is set out as follows:

### 董事、五位最高薪之董事／僱員及高級管理層之酬金

有關回顧年度內根據指名基準之董事酬金詳情載於隨附之財務報表附註36。

截至二零一七年十二月三十一日止年度內之五位最高薪人士之詳情載於隨附之財務報表附註25。

以下為截至二零一七年十二月三十一日止年度高級管理層之薪酬範圍分析：

Remuneration bands 薪酬範圍		Number of senior management 高級管理層人數
Below RMB1,000,000	人民幣1,000,000元以下	2
RMB1,000,001 to RMB2,000,000	人民幣1,000,001元至人民幣2,000,000元	1
RMB2,000,001 to RMB3,000,000	人民幣2,000,001元至人民幣3,000,000元	0
RMB3,000,001 to RMB4,000,000	人民幣3,000,001元至人民幣4,000,000元	0
RMB4,000,001 to RMB5,000,000	人民幣4,000,001元至人民幣5,000,000元	1

### REMUNERATION POLICY

Remuneration policy of the Group is reviewed regularly, making reference to the legal framework, market condition and performance of the Group and individual staff including the Directors). The remuneration policy and remuneration packages of the executive Directors and the senior management of the Group are reviewed by the Remuneration Committee, which are contained in the paragraph headed "Remuneration Committee" under the section headed "Corporate Governance Report" of this annual report.

### 薪酬政策

本集團參考法定架構、市場狀況及本集團及個別員工(包括董事)之表現，定期檢討其薪酬政策。薪酬委員會負責檢討本集團執行董事及高級管理層之薪酬政策及薪酬組合，詳情載於本年度報告「企業管治報告」一節「薪酬委員會」一段內。

### RETIREMENT BENEFIT SCHEMES

Particulars of the Group's retirement benefit schemes are set out in note 25 to the accompanying financial statements.

### 退休福利計劃

本集團退休福利計劃之詳情載於隨附之財務報表附註25。

### BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Brief biographical details of the Directors and senior management as at the date of this annual report are set out on pages 59 to 63 of this annual report.

### 董事及高級管理人員之個人簡歷

董事及高級管理人員於本年報日期之個人簡歷載於本年報第59至63頁。

## 董事會報告 REPORT OF THE DIRECTORS

### DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 31 December 2017, the interests and short positions of each Director and chief executive of the Company in the Shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong (the "SFO")), as recorded in the register maintained by the Company under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code contained in the Listing Rules, were as follows:

### 董事及行政總裁於本公司或任何相聯法團之股份、相關股份及債權證之權益及淡倉

於二零一七年十二月三十一日，本公司各董事及行政總裁於本公司及其相聯法團（定義見香港法例第571章證券及期貨條例（「證券及期貨條例」）第XV部）之股份、相關股份及債權證中擁有根據證券及期貨條例第352條，紀錄於本公司須予存置之登記冊內之權益或淡倉，或根據上市規則所載的標準守則規定須以其他方式通知本公司及聯交所之權益及淡倉如下：

Name of directors of the Company 本公司董事姓名	Name of Group member/ associated corporation 本集團成員公司/ 相聯法團名稱	Nature of interest 權益性質	Number of ordinary shares (Note 1) 普通股數目 (附註1)	Percentage 百分比
Mr. Hong Tianzhu 洪天祝先生	the Company 本公司	Interest of controlled corporation(s) 所控制法人的權益	544,742,400(L) (Note 2) (附註2)	59.53%
	the Company 本公司	Beneficial owner 實益擁有人	5,400,000(L)	0.59%
Mr. Zhu Yongxiang 朱永祥先生	the Company 本公司	Interest of controlled corporation(s) 所控制法人的權益	219,900,000(L) (Note 3) (附註3)	24.03%
Mr. Tang Daoping 湯道平先生	the Company 本公司	Beneficial owner 實益擁有人	3,200,000(L) (Note 4) (附註4)	0.35%
Mr. Hui Tsz Wai 許子慧先生	the Company 本公司	Beneficial owner 實益擁有人	4,500,000(L) (Note 5) (附註5)	0.49%
Mr. Ji Zhongliang 吉忠良先生	Celestial Ease Holdings Limited 天逸控股有限公司	Interest of controlled corporation(s) 所控制法人的權益	750(L) (Note 6) (附註6)	9.80%

## 董事會報告

# REPORT OF THE DIRECTORS

### DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION (Continued)

Notes:

1. The letter "L" denotes the person's long position in the Shares.
2. Among these 544,742,400 Shares, as to 392,842,400 Shares are registered in the name of and beneficially owned by New Green Group Limited, the entire issued share capital of which is beneficially owned by Texhong Group Holdings Limited, a company wholly owned by Mr. Hong Tianzhu and as to 151,900,000 Shares are registered in the name of and beneficially owned by Trade Partner Investments Limited, the entire issued share capital of which is beneficially owned as to 57.44% by Mr. Hong Tianzhu through New Green Group Limited. Under the SFO, Mr. Hong Tianzhu is deemed to be interested in all the Shares held by New Green Group Limited and Trade Partner Investments Limited. Mr. Hong Tianzhu is a director of Texhong Group Holdings Limited, New Green Group Limited and Trade Partner Investments Limited.
3. Among these 219,900,000 Shares, as to 68,000,000 Shares are registered in the name of and beneficially owned by Wisdom Grace Investments Limited, the entire issued share capital of which is beneficially owned by Mr. Zhu Yongxiang and as to 151,900,000 Shares are registered in the name of and beneficially owned by Trade Partner Investments Limited, the entire issued share capital of which is beneficially owned as to 42.56% by Mr. Zhu Yongxiang through Wisdom Grace Investments Limited. Under the SFO, Mr. Zhu Yongxiang is deemed to be interested in all the Shares held by Wisdom Grace Investments Limited and Trade Partner Investments Limited. Mr. Zhu Yongxiang is a director of Wisdom Grace Investments Limited and Trade Partner Investments Limited.
4. These interests includes 2,000,000 share options granted to Mr. Tang Daoping pursuant to the share option scheme of the Company.
5. These interests represent share options granted to Mr. Hui Tsz Wai pursuant to the share option scheme of the Company.
6. These 750 shares are registered in the name of and beneficially owned by Weide Global Limited, the entire issued share capital of which is beneficially owned by Mr. Ji Zhongliang. Under the SFO, Mr. Ji Zhongliang is deemed to be interested in all the shares held by Weide Global Limited.

### 董事及行政總裁於本公司或任何相聯法團之股份、相關股份及債權證之權益及淡倉(續)

附註：

1. 「L」代表該人士於股份之好倉。
2. 該544,742,400股股份中392,842,400股以New Green Group Limited (New Green Group Limited全部已發行股本由Texhong Group Holdings Limited實益擁有，洪天祝先生實益擁有後者100%權益)名義及作為實益擁有人登記；151,900,000股以Trade Partner Investments Limited (洪天祝先生透過New Green Group Limited實益擁有其全部已發行股份的57.44%權益)名義及作為實益擁有人登記。根據證券及期貨條例，洪天祝先生被視為於New Green Group Limited及Trade Partner Investments Limited持有之所有股份佔有權益。洪天祝先生為Texhong Group Holdings Limited、New Green Group Limited及Trade Partner Investments Limited之董事。
3. 該219,900,000股股份中68,000,000股以Wisdom Grace Investments Limited (其全部已發行股本由朱永祥先生實益擁有)名義及作為實益擁有人登記；151,900,000股以Trade Partner Investments Limited (朱永祥先生透過Wisdom Grace Investments Limited實益擁有其全部已發行股份的42.56%權益)名義及作為實益擁有人登記。根據證券及期貨條例，朱永祥先生被視為於Wisdom Grace Investments Limited及Trade Partner Investments Limited持有之所有股份佔有權益。朱永祥先生為Wisdom Grace Investments Limited及Trade Partner Investments Limited之董事。
4. 該等權益代表根據本公司購股權計劃授予湯道平先生的2,000,000份購股權。
5. 該等權益代表根據本公司購股權計劃授予許子慧先生的購股權。
6. 該等750股股份以偉德環球有限公司之名義登記及由其擁有，而該公司之全部已發行股本由吉忠良先生實益擁有。根據證券及期貨條例，吉忠良先生被視為於偉德環球有限公司持有之所有股份中擁有權益。

## 董事會報告 REPORT OF THE DIRECTORS

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

So far as the Directors are aware, as at 31 December 2017, the interests or short position of the persons other than a Director or chief executive of the Company in the Shares, underlying shares or debentures of the Company or its associated corporations which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO were as follows:

Ordinary Shares of the Company:

### 主要股東在本公司股份、相關股份及債權證之權益及淡倉

就董事所知悉，於二零一七年十二月三十一日，於本公司股份或其聯屬法團或相關股份或債權證中擁有根據證券及期貨條例第336條紀錄於本公司須予存置之登記冊內之權益或淡倉的人士（惟本公司之董事或行政總裁除外）如下：

本公司之普通股：

Name of the substantial shareholders 主要股東姓名／名稱	Nature of interests 權益性質	Number of ordinary shares (Note 1) 普通股數目 (附註1)	Percentage 百分比
New Green Group Limited	Beneficial owner 實益擁有人	392,842,400 (L) (Note 2) (附註2)	42.93%
	Interest of controlled corporation(s) 所控制法人權益	151,900,000 (L) (Note 3) (附註3)	16.60%
Trade Partner Investments Limited	Beneficial owner 實益擁有人	151,900,000 (L) (Note 3) (附註3)	16.60%
Wisdom Grace Investments Limited	Beneficial owner 實益擁有人	68,000,000 (L) (Note 4) (附註4)	7.43%
	Interest of controlled corporation(s) 所控制法人權益	151,900,000 (L) (Note 3) (附註3)	16.60%
Texhong Group Holdings Limited	Interest of controlled corporation(s) 所控制法人的權益	544,742,400 (L) (Notes 2 and 3) (附註2及3)	59.53%
Ms. Ke Luping 柯綠萍女士	Interest of spouse 配偶權益	550,142,400 (L) (Note 5) (附註5)	60.12%
Ms. Zhao Zhiyang 趙志揚女士	Interest of spouse 配偶權益	219,900,000 (L) (Note 6) (附註6)	24.03%
Mr. Hui Ching Lau 許清流先生	Interest of controlled corporation(s) 所控制法人的權益	55,058,000 (L) (Note 7) (附註7)	6.02%
Event Star Limited	Beneficial owner 實益擁有人	55,058,000 (L) (Note 7) (附註7)	6.02%

# 董事會報告

## REPORT OF THE DIRECTORS

### SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES AND DEBENTURES OF THE COMPANY (Continued)

Notes:

1. The letter "L" denotes the person's long position in the Shares.
2. These 392,842,400 Shares are registered in the name of and beneficially owned by New Green Group Limited, the entire issued share capital of which is beneficially owned by Texhong Group Holdings Limited, a company wholly beneficially owned by Mr. Hong Tianzhu. Under the SFO, each of Texhong Group Holdings Limited and Mr. Hong Tianzhu is deemed to be interested in all the Shares held by New Green Group Limited.
3. These 151,900,000 Shares are registered in the name of and beneficially owned by Trade Partner Investments Limited, the entire issued share capital of which is beneficially owned as to 57.44% by Mr. Hong Tianzhu through New Green Group Limited and 42.56% by Mr. Zhu Yongxiang through Wisdom Grace Investments Limited. Under the SFO, each of Mr. Hong Tianzhu, Mr. Zhu Yongxiang, New Green Group Limited and Wisdom Grace Investments Limited is deemed to be interested in all the Shares held by Trade Partner Investments Limited.
4. These 68,000,000 Shares are registered in the name of and beneficially owned by Wisdom Grace Investments Limited, the entire issued share capital of which is beneficially owned by Mr. Zhu Yongxiang. Under the SFO, Mr. Zhu Yongxiang is deemed to be interested in all the Shares held by Wisdom Grace Investments Limited.
5. Ms. Ke Luping is the spouse of Mr. Hong Tianzhu. Under the SFO, Ms. Ke Luping is deemed to be interested in the same number of Shares in which Mr. Hong Tianzhu is interested.
6. Ms. Zhao Zhiyang is the spouse of Mr. Zhu Yongxiang. Under the SFO, Ms. Zhao Zhiyang is deemed to be interested in the same number of Shares in which Mr. Zhu Yongxiang is interested.
7. These 55,058,000 Shares are registered in the name of and beneficially owned by Event Star Limited, a company which is 100% controlled by Mr. Hui Ching Lau. Under the SFO, Mr. Hui Ching Lau is deemed to be interested in all the Shares held by Event Star Limited.

### 主要股東在本公司股份、相關股份及債權證之權益及淡倉(續)

附註：

1. 「L」代表該人士於股份之好倉。
2. 該392,842,400股股份以New Green Group Limited (New Green Group Limited全部已發行股本由Texhong Group Holdings Limited實益擁有，洪天祝先生實益擁有後者100%權益)名義及作為實益擁有人登記。根據證券及期貨條例，Texhong Group Holdings Limited及洪天祝先生均被視為於New Green Group Limited持有之所有股份佔有權益。
3. 該151,900,000股股份以Trade Partner Investments Limited (其全部已發行股本由洪天祝先生(透過New Green Group Limited)及朱永祥先生(透過Wisdom Grace Investments Limited)分別實益擁有57.44%及42.56%)名義及作為實益擁有人登記。根據證券及期貨條例，洪天祝先生、朱永祥先生、New Green Group Limited及Wisdom Grace Investments Limited分別被視為於Trade Partner Investments Limited持有之所有股份佔有權益。
4. 該68,000,000股股份以Wisdom Grace Investments Limited (其全部已發行股本由朱永祥先生實益擁有)名義及作為實益擁有人登記。根據證券及期貨條例，朱永祥先生被視為於Wisdom Grace Investments Limited持有之所有股份佔有權益。
5. 柯綠萍女士為洪天祝先生之配偶。根據證券及期貨條例，柯綠萍女士被視為於洪天祝先生佔有權益之同樣數目股份佔有權益。
6. 趙志揚女士為朱永祥先生之配偶。根據證券及期貨條例，趙志揚女士被視為於朱永祥先生佔有權益之同樣數目股份佔有權益。
7. 該等55,058,000股股份以Event Star Limited之名義登記及由其實益擁有，而該公司完全由許清流先生控制。根據證券及期貨條例，許清流先生被視為於Event Star Limited持有之所有股份中擁有權益。

# 董事會報告

## REPORT OF THE DIRECTORS

### ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Save as disclosed under the section headed “Share Options” above, at no time during the 12 months ended 31 December 2017 was the Company, its holding company or its subsidiaries a party to any arrangements which enabled the Directors (including their spouses or children under 18 years of age), to acquire benefits by means of acquisition of Shares in or debenture of the Company or any other body corporate.

### CONTRACTS OF SIGNIFICANCE

Save as disclosed in the related party transaction as set out in note 34 of the financial statements and in the section headed “Connected transactions” in this annual report, no Director nor an entity connected with such director had a material interest, whether directly or indirectly, in any transaction, arrangement or contract of significance in relation to the Group’s business to which the Company or any of its subsidiaries was a party, subsisting at the end of the year or at any time during the year.

Save as disclosed in the related party transaction as set out in note 34 of the financial statements and in the section headed “Connected transactions” in this annual report, no contract of significance has been entered into between the Company or any of its subsidiaries and the controlling shareholder (as defined in the Listing Rules) of the Company or any of its subsidiaries.

### MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company which were not contracts of service with any Director or any person engaged in full time employment of the Company were entered into or subsisted during the year.

### MAJOR CUSTOMERS AND SUPPLIERS

The percentages of purchases and sales for the year attributable to the Group’s major suppliers and customers are as follows:

Purchases	
– the largest supplier	23.15%
– five largest suppliers combined	41.31%
Sales	
– the largest customer	3.98%
– five largest customers combined	11.95%

None of the Directors, their close associates or any shareholder (which to the knowledge of the Directors owns more than 5% of the Company’s share capital) had an interest in the major suppliers or customers noted above.

### 購買股份或債權證之安排

除上述「購股權」一節披露者外，截至二零一七年十二月三十一日止十二個月內，本公司、其控股公司或其附屬公司概無參與訂立安排讓董事(包括其配偶或未滿十八歲之子女)以透過收購本公司或任何其他法人團體之股份或債權證之方法獲得利益。

### 重大合約

除本年報財務報表附註34及「關連交易」一節所載之關連方交易所披露之外，概無董事或與該董事有關連之實體於任何就本集團業務而言屬重大且本公司或其任何附屬公司為訂約方並於年終或年內任何時間存在的交易、安排或合約中擁有重大權益(不論直接或間接)。

除本年報財務報表附註34及「關連交易」一節所載之關連方交易所披露之外，本公司或其任何附屬公司及本公司或其任何附屬公司之控股股東(定義見上市規則)之間概無訂立重大合約。

### 管理層合約

年內概無有關本公司整體或任何重大部分業務之管理及行政之合約(並非與任何董事或獲本公司委聘擔任全職工作之任何人士)獲訂立或存續。

### 主要客戶及供應商

本集團主要供應商及客戶佔本年度之採購額及銷售額百分比如下：

採購額	
–最大供應商	23.15%
–五位最大供應商合計	41.31%
銷售額	
–最大客戶	3.98%
–五位最大客戶合計	11.95%

董事、彼等之緊密聯繫人或任何股東(指據董事所知擁有本公司5%以上股本權益之股東)並無於上述之主要供應商或客戶中擁有任何權益。



# 董事會報告

## REPORT OF THE DIRECTORS

### CONNECTED TRANSACTIONS

During the year ended 31 December 2017, the Group has conducted the following continuing connected transactions which were required to be disclosed pursuant to Rule 14A.71 of the Listing Rules:

#### (1) Continuing connected transactions — Utilities Master Supply and Service Agreement

On 23 May 2017, Texhong Industrial Park Vietnam Limited (天虹工業園區越南有限公司) (“Texhong Industrial Park”) and Texhong Galaxy Technology Limited (天虹銀河科技有限公司) (“Texhong Galaxy”), an indirectly wholly-owned subsidiary of the Company entered into several agreements in respect to provision and supply of utilities and wastewater treatment service (the “Texhong Galaxy Agreements”) pursuant to which Texhong Industrial Park shall provide and supply utilities and wastewater treatment service to Texhong Galaxy, for its use on two parcels of industrial land located at Hai Ha District of Quang Ninh Province in Vietnam with a site area of approximately 225,000 square meters and 215,000 square meters respectively and the infrastructure erected thereon, for a term of three years with effect from 23 May 2017. On the same day, Texhong Industrial Park and Texhong Dyeing And Printing Vietnam Limited (越南天虹染整責任有限公司) (“Texhong Dyeing”), an indirect non wholly-owned subsidiary of the Company also entered into several agreements in respect of the provision and supply of utilities and wastewater treatment service (the “Texhong Dyeing Agreements”) pursuant to which Texhong Industrial Park shall provide and supply utilities and wastewater treatment service to Texhong Dyeing, for its use on a parcel of industrial land located at Texhong Industrial Park, Hai Ha District, Quang Ninh Province, Vietnam with a site area of approximately 123,228 square meters and the infrastructure erected thereon, for a term of three years with effect from 23 May 2017.

### 關連交易

於截至二零一七年十二月三十一日止年度，本集團已進行以下持續關連交易，須根據上市規則第 14A.17 條披露：

#### (1) 持續關連交易 — 水電供應及服務總協議

於二零一七年五月二十三日，天虹工業園區越南有限公司(「天虹工業園區」)與天虹銀河科技有限公司(「天虹銀河」)(本公司之間接全資附屬公司)訂立數份供應水電及提供污水處理服務協議(「天虹銀河協議」)，據此天虹工業園將向天虹銀河提供及供應水電及污水處理服務以供其於兩幅位於越南廣寧省海河區面積分別約225,000平方米及215,000平方米之工業用地及其上興建之基礎設施上使用，自二零一七年五月二十三日起為期三年。同日，天虹工業園區及越南天虹染整責任有限公司(「天虹染整」)(本公司之間接非全資附屬公司)亦訂立數份供應水電及提供污水處理服務協議(「天虹染整協議」)，據此天虹工業園區將向天虹染整供應水電及提供污水處理服務以供其於一幅位於越南廣寧省海河區天虹工業園區面積約為123,228平方米之工業用地及其上興建之基礎設施上使用，自二零一七年五月二十三日起為期三年。

# 董事會報告

## REPORT OF THE DIRECTORS

### CONNECTED TRANSACTIONS (Continued)

#### (1) Continuing connected transactions — Utilities Master Supply and Service Agreement (Continued)

The following table sets out the proposed annual caps for each of the Texhong Galaxy Agreements and Texhong Dyeing Agreements:

### 關連交易 (續)

#### (1) 持續關連交易 — 水電供應及服務總協議 (續)

下表載列各份天虹銀河協議及天虹染整協議之建議年度上限：

Description of the agreement 協議描述	Annual fee payable by Texhong Galaxy to Texhong Industrial Park 天虹銀河應付天虹工業園之全年費用	Annual fee payable by Texhong Dyeing to Texhong Industrial Park 天虹染整應付天虹工業園之全年費用
Power master supply agreement for the supply of electricity  關於供應電力的供電總協議	The aggregate annual fee shall not exceed RMB180 million (equivalent to approximately HK\$203.4 million), RMB248 million (equivalent to approximately HK\$280.3 million) and RMB260.3 million (equivalent to approximately HK\$294.2 million) for the years ending 31 December 2017, 31 December 2018 and 31 December 2019, respectively. 截至二零一七年十二月三十一日、二零一八年十二月三十一日及二零一九年十二月三十一日止年度全年費用總額分別將不會超過人民幣 180,000,000 元(相當於約 203,400,000 港元)、人民幣 248,000,000 元(相當於約 280,300,000 港元)及人民幣 260,300,000 元(相當於約 294,200,000 港元)。	The aggregate annual fee shall not exceed RMB12.3 million (equivalent to approximately HK\$13.9 million), RMB19.4 million (equivalent to approximately HK\$21.9 million) and RMB20.3 million (equivalent to approximately HK\$22.9 million) for the years ending 31 December 2017, 31 December 2018 and 31 December 2019, respectively. 截至二零一七年十二月三十一日、二零一八年十二月三十一日及二零一九年十二月三十一日止年度全年費用總額分別將不會超過人民幣 12,300,000 元(相當於約 13,900,000 港元)、人民幣 19,400,000 元(相當於約 21,900,000 港元)及人民幣 20,300,000 元(相當於約 22,900,000 港元)。

# 董事會報告

## REPORT OF THE DIRECTORS

### CONNECTED TRANSACTIONS (Continued)

#### (1) Continuing connected transactions — Utilities Master Supply and Service Agreement (Continued)

### 關連交易 (續)

#### (1) 持續關連交易 — 水電供應及服務總協議 (續)

Description of the agreement 協議描述	Annual fee payable by Texhong Galaxy to Texhong Industrial Park 天虹銀河應付天虹工業園之全年費用	Annual fee payable by Texhong Dyeing to Texhong Industrial Park 天虹染整應付天虹工業園之全年費用
Water master supply agreement for the supply of water	The aggregate annual fee shall not exceed RMB170,000 (equivalent to approximately HK\$192,200), RMB380,000 (equivalent to approximately HK\$429,400) and RMB400,000 (equivalent to approximately HK\$452,000) for the years ending 31 December 2017, 31 December 2018 and 31 December 2019, respectively.	The aggregate annual fee shall not exceed RMB1.0 million (equivalent to approximately HK\$1.1 million), RMB2.0 million (equivalent to approximately HK\$2.3 million), and RMB2.1 million (equivalent to approximately HK\$2.4 million) for the years ending 31 December 2017, 31 December 2018 and 31 December 2019, respectively.
關於供水的供水總協議	截至二零一七年十二月三十一日、二零一八年十二月三十一日及二零一九年十二月三十一日止年度全年費用總額分別將不會超過人民幣170,000元(相當於約192,200港元)、人民幣380,000元(相當於約429,400港元)及人民幣400,000元(相當於約452,000港元)。	截至二零一七年十二月三十一日、二零一八年十二月三十一日及二零一九年十二月三十一日止年度全年費用總額分別將不會超過人民幣1,000,000元(相當於約1,100,000港元)、人民幣2,000,000元(相當於約2,300,000港元)及人民幣2,100,000元(相當於約2,400,000港元)。

# 董事會報告

## REPORT OF THE DIRECTORS

### CONNECTED TRANSACTIONS (Continued)

#### (1) Continuing connected transactions — Utilities Master Supply and Service Agreement (Continued)

### 關連交易(續)

#### (1) 持續關連交易 — 水電供應及服務總協議(續)

Description of the agreement 協議描述	Annual fee payable by Texhong Galaxy to Texhong Industrial Park 天虹銀河應付天虹工業園之全年費用	Annual fee payable by Texhong Dyeing to Texhong Industrial Park 天虹染整應付天虹工業園之全年費用
Steam master supply agreement for the supply of steam 關於供應蒸汽的蒸汽供應總協議	The aggregate annual fee shall not exceed RMB1.9 million (equivalent to approximately HK\$2.1 million), RMB4.0 million (equivalent to approximately HK\$4.5 million) and RMB4.1 million (equivalent to approximately HK\$4.6 million) for the years ending 31 December 2017, 31 December 2018 and 31 December 2019, respectively. 截至二零一七年十二月三十一日、二零一八年十二月三十一日及二零一九年十二月三十一日止年度全年費用總額分別將不會超過人民幣1,900,000元(相當於約2,100,000港元)、人民幣4,000,000元(相當於約4,500,000港元)及人民幣4,100,000元(相當於約4,600,000港元)。	The aggregate annual fee shall not exceed RMB9.5 million (equivalent to approximately HK\$10.7 million), RMB20.0 million (equivalent to approximately HK\$22.6 million) and RMB21.0 million (equivalent to approximately HK\$23.7 million) for the years ending 31 December 2017, 31 December 2018 and 31 December 2019, respectively. 截至二零一七年十二月三十一日、二零一八年十二月三十一日及二零一九年十二月三十一日止年度全年費用總額分別將不會超過人民幣9,500,000元(相當於約10,700,000港元)、人民幣20,000,000元(相當於約22,600,000港元)及人民幣21,000,000元(相當於約23,700,000港元)。
Wastewater treatment service agreement for the supply of wastewater treatment service for production 關於就生產提供污水處理服務的污水處理服務協議	The aggregate annual fee shall not exceed RMB126,000 (equivalent to approximately HK\$142,400), RMB283,000 (equivalent to approximately HK\$319,800) and RMB298,000 (equivalent to approximately HK\$336,800) for the years ending 31 December 2017, 31 December 2018 and 31 December 2019, respectively. 截至二零一七年十二月三十一日、二零一八年十二月三十一日及二零一九年十二月三十一日止年度全年費用總額分別將不會超過人民幣126,000元(相當於約142,400港元)、人民幣283,000元(相當於約319,800港元)及人民幣298,000元(相當於約336,800港元)。	The aggregate annual fee shall not exceed RMB142,500 (equivalent to approximately HK\$161,000), RMB299,250 (equivalent to approximately HK\$338,100) and RMB313,500 (equivalent to approximately HK\$354,300) for the years ending 31 December 2017, 31 December 2018 and 31 December 2019, respectively. 截至二零一七年十二月三十一日、二零一八年十二月三十一日及二零一九年十二月三十一日止年度全年費用總額分別將不會超過人民幣142,500元(相當於約161,000港元)、人民幣299,250元(相當於約338,100港元)及人民幣313,500元(相當於約354,300港元)。

# 董事會報告

## REPORT OF THE DIRECTORS

### CONNECTED TRANSACTIONS (Continued)

#### (1) Continuing connected transactions — Utilities Master Supply and Service Agreement (Continued)

Texhong Industrial Park is a connected person of the Company by virtue of its being an associate of Mr. Hong Tianzhu, the chairman of the Group and an executive Director. Therefore, the transactions contemplated under the Texhong Galaxy Agreements and the Texhong Dyeing Agreements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Further details of the Texhong Galaxy Agreements and the Texhong Dyeing Agreements are set out in the announcement of the Company dated 23 May 2017.

#### (2) Connected transaction — Acquisition of land use right in Vietnam for construction of production base

On 11 September 2017, Texhong Industrial Park entered into the first agreement with Texhong Galaxy Technology Limited (an indirect wholly-owned subsidiary of the Company) and the second agreement with Texhong United Technology Hong Kong Limited (the “First Agreement” and the “Second Agreement” respectively) in relation to the acquisition of the land use right of a parcel of industrial land located at Texhong Haiha Industrial Park, Hai Ha District, Quang Ninh Province, Vietnam with a site area of approximately 93,120 (“First Land”) and 119,989 (“Second Land”) square meters and the infrastructure erected thereon. The considerations were VND101,732,021,644 (equivalent to approximately RMB29.9 million) and VND131,085,582,720 (equivalent to approximately RMB38.5 million) respectively, which were calculated based on VND1,092,480 (equivalent to approximately RMB320.8) per square meter of the First Land and the Second Land.

Texhong Industrial Park is a connected person of the Company by virtue of its being an associate of Mr. Hong Tianzhu, the chairman of the Group and an executive Director. Therefore, the entering into of the First Agreement and the Second Agreement constituted connected transactions of the Company under Chapter 14A of the Listing Rules.

Further details of the First Agreement and the Second Agreement are set out in the announcement of the Company dated 11 September 2017.

### 關連交易 (續)

#### (1) 持續關連交易 — 水電供應及服務總協議 (續)

天虹工業園為本集團主席兼執行董事洪天祝先生之聯繫人士，故屬本公司之關連人士。因此，根據上市規則第14A章，天虹銀河協議及天虹染整協議項下擬進行交易構成本公司之持續關連交易。

有關天虹銀河協議及天虹染整協議之更多詳情載於本公司日期為二零一七年五月二十三日之公告內。

#### (2) 關連交易 — 收購越南之土地使用權以興建生產基地

於二零一七年九月十一日，天虹工業園區與天虹銀河科技有限公司(本公司之間接全資附屬公司)訂立第一份協議及與天虹聯合科技香港有限公司訂立第二份協議(「第一份收購協議」及「第二份收購協議」)，內容有關收購一幅位於越南廣寧省海河區天虹海河工業園區、地盤面積分別約93,120(「第一幅地塊」)及119,989(「第二幅地塊」)平方米之工業用地及其上興建之基礎設施的土地使用權。代價分別為101,732,021,644越南盾(相當於約人民幣29,900,000元)及131,085,582,720越南盾(相當於約人民幣38,500,000元)，乃分別按第一幅地塊及第二幅地塊每平方米1,092,480越南盾(相當於約人民幣320.8元)計算。

天虹工業園區為本集團主席兼執行董事洪天祝先生之聯繫人士，故屬本公司之關連人士。因此，訂立第一份協議及第二份協議，協議構成上市規則第14A章項下本公司之關連交易。

有關第一份協議及第二份協議之更多詳情載於本公司日期分別為二零一七年九月十一日之公告。

# 董事會報告

## REPORT OF THE DIRECTORS

### CONNECTED TRANSACTIONS (Continued)

#### (3) Continuing Connected Transaction — Gas Supply Agreement

On 20 October 2017, Texhong Industrial Park and Texhong Dyeing entered into a gas supply agreement (the “Gas Supply Agreement”) pursuant to which Texhong Industrial Park shall provide and supply liquefied petroleum gas to Texhong Dyeing for its uses on a parcel of industrial land located at Hai Ha District, Quang Ninh Province, Vietnam with a site area of approximately 123,228 square meters and the infrastructure erected thereon with effect from 20 October 2017 for a term of three years.

The aggregate annual fee payable by Texhong Dyeing to Texhong Industrial Park under the Gas Supply Agreement shall not exceed VND332,249,500 (equivalent to approximately RMB96,500), VND3,270,850,000 (equivalent to approximately RMB950,000) and VND5,164,500,000 (equivalent to approximately RMB1,500,000) for the three years ending 31 December 2017, 31 December 2018 and 31 December 2019.

Texhong Industrial Park is a connected person of the Company by virtue of its being an associate of Mr. Hong Tianzhu, the chairman of the Group and an executive Director. Therefore, the transactions contemplated under the Gas Supply Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Further details of the Gas Supply Agreement are set out in the announcement of the Company dated 20 October 2017.

### 關連交易(續)

#### (3) 持續關連交易 — 燃氣供應協議

於二零一七年十月二十日，天虹工業園區與天虹染整訂立燃氣供應協議（「燃氣供應協議」），據此天虹工業園將向天虹染整提供及供應液態石油氣以供其於一幅位於越南廣寧省海河區面積約123,228平方米之工業用地及其上興建之基礎設施上使用，自二零一七年十月二十日起為期三年。

天虹染整根據燃氣供應協議就截至二零一七年十二月三十一日、二零一八年十二月三十一日及二零一九年十二月三十一日止三個年度應付天虹工業園之全年費用總額將不會超過332,249,500越南盾（相當於約96,500人民幣）、3,270,850,000越南盾（相當於約950,000人民幣）及5,164,500,000越南盾（相當於約1,500,000人民幣）。

天虹工業園為本集團主席兼執行董事洪天祝先生之聯繫人士，故屬本公司之關連人士。因此，根據上市規則第14A章，燃氣供應協議項下擬進行交易構成本公司之持續關連交易。

有關燃氣供應協議之更多詳情載於本公司日期為二零一七年十月二十日之公告內。

## 董事會報告

# REPORT OF THE DIRECTORS

### CONNECTED TRANSACTIONS (Continued)

The independent non-executive Directors have reviewed and confirmed that the above continuing connected transactions undertaken by the Group were entered into (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms; and (iii) in accordance with the terms of the Power Master Supply Agreement that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

PricewaterhouseCoopers, the Company's auditors, were engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 Assurance Engagements Other Than Audits or Reviews of Historical Financial Information and with reference to Practice Note 740 Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules issued by the Hong Kong Institute of Certified Public Accountants. PricewaterhouseCoopers have issued their unqualified letter containing their findings and conclusions in respect of the continuing connected transactions disclosed above by the Group in accordance with the Listing Rules and confirming the matters as stated in Rule 14A.56 of the Listing Rules. A copy of the auditors' letter has been provided by the Company to the Hong Kong Stock Exchange.

### 關連交易(續)

獨立非執行董事已審閱及確認，本集團所進行之上述持續關連交易乃(i)於本集團之一般及正常業務過程中訂立；(ii)按一般商業條款訂立；及(iii)根據供電總協議之條款訂立，且有關條款屬公平合理及符合本公司股東之整體利益。

本公司核數師羅兵咸永道會計師事務所已獲委聘，以根據香港核證委聘工作準則第3000號「審核或審閱過往財務資料以外的核證委聘」及參考香港會計師公會頒佈之實務指引第740號「關於香港《上市規則》所述持續關連交易的核數師函件」對本集團之持續關連交易作出報告。羅兵咸永道會計師事務所根據上市規則發出無保留函件，當中載有其就上文所述本集團之持續關連交易得出之結果及結論，並根據上市規則第14A.56條所規定者作出確認。本公司已向香港聯合交易所呈交核數師函件副本。

# 董事會報告

## REPORT OF THE DIRECTORS

### MATERIAL ACQUISITIONS

On 16 March 2017, the Company entered into an acquisition agreement (“Acquisition Agreement”) with Nien Hsing Textile Co., Ltd. (“Nien Hsing”) for the acquisition of Nien Hsing’s assets which comprise of, among others, the entire equity interest in Nien Hsing Garment (Vietnam) Co., Ltd., Chu Hsing Garment (Cambodia) Co., Ltd., C Square Investment Co., Ltd., Foster Capital Management Inc., Alpha Textil de Nicaragua, S.A., Zona Franca Mateare, S.A. and C Square Garment Finishing Co., Ltd. which are principally engaged in the manufacture and sale of jeans wear, the relevant land, properties and other assets and key employees associated with the business of Nien Hsing and its group companies (“Target Assets”).

The aggregate consideration for the acquisition was approximately US\$53.65 million. The consideration was determined after arm-length’s negotiations between the Company and Nien Hsing with reference to the book value of the Target Assets as shown in the management account of the Target Assets as of 31 December 2016. The consideration was subsequently adjusted to US\$63.93 million on completion of the Acquisition Agreement.

As the applicable percentage ratios (as defined under the Listing Rules) in respect of the transaction contemplated under Acquisition Agreement are more than 5% but less than 25%, the entering into of the Acquisition Agreement constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules.

Further details of the Acquisition Agreement are set out in the announcements of the Company dated 16 March 2017.

Save as disclosed above, there was no material acquisition and disposal of subsidiaries or associated companies by the Company during the financial year ended 31 December 2017.

### 重大收購事項

於二零一七年三月十六日，本公司與年興紡織股份有限公司(「年興」)訂立一項收購協議(「收購協議」)，以便收購年興的資產，其中包括 Nien Hsing Garment (Vietnam) Co., Ltd.、Chu Hsing Garment (Cambodia) Co., Ltd.、C Square Investment Co., Ltd.、Foster Capital Management Inc.、Alpha Textil de Nicaragua, S.A.、Zona Franca Mateare, S.A. 及 C Square Garment Finishing Co., Ltd. (該等公司主要從事牛仔褲的製造及銷售)的全部股權、相關土地、物業及其他資產以及與年興及其集團公司的業務相關的主要僱員(「目標資產」)。

收購事項的總代價約為 53,650,000 美元，代價乃由本公司與年興經參考如目標資產於二零一六年十二月三十一日之管理賬目所示目標資產的賬面值公平磋商後釐定。代價其後於收購協議完成時調整至 63,930,000 美元。

由於收購協議項下擬進行交易涉及之適用百分比率(定義見上市規則)超過 5% 但低於 25%，故根據上市規則第 14 章，訂立收購協議構成本公司之須予披露交易。

有關收購協議的進一步詳情載於本公司日期為二零一七年三月十六日的公告。

除上文所披露者外，截至二零一七年十二月三十一日止財政年度，本公司概無重大收購或出售附屬公司或聯營公司。



# 董事會報告

## REPORT OF THE DIRECTORS

### PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors at the latest practicable date prior to the issue of this annual report, there was sufficient prescribed public float of the issued shares of the Company under the Listing Rules at any time during the financial year ended 31 December 2017.

### AUDIT COMMITTEE

The Company has established the Audit Committee pursuant to a resolution of the Directors passed on 21 November 2004. The Audit Committee comprises three independent non-executive Directors, namely Mr. Ting Leung Huel, Stephen, Professor Tao Xiaoming and Professor Cheng Longdi. Mr. Ting Leung Huel, Stephen is the chairman of the Audit Committee. The rights and duties of the Audit Committee comply with the code provisions of the CG Code. The Audit Committee is responsible for reviewing and supervising the Group's financial reporting process and internal control system and providing advice and recommendations to the Board.

The Audit Committee had reviewed the audited results of the Group for the financial year ended 31 December 2017.

### NOMINATION COMMITTEE

The Company has established the Nomination Committee pursuant to a resolution of the Directors passed on 19 March 2012. The Nomination Committee comprises an executive Director and the chairman of the Company, Mr. Hong Tianzhu and three independent non-executive Directors, namely Professor Tao Xiaoming, Professor Cheng Longdi and Mr. Ting Leung Huel, Stephen. The chairman of the Nomination Committee is Mr. Hong Tianzhu. The Nomination Committee has adopted terms of reference which are in line with the code provisions of the CG Code. The Nomination Committee is provided with sufficient resources to discharge its duties and has access to independent professional advice in accordance with the Company's policy if considered necessary.

### 公眾持股量

根據於本年報刊發前之最後實際可行日期本公司獲得之公開資料及據董事所知，本公司於截至二零一七年十二月三十一日止財政年度任何時間已發行股份均有充份之指定公眾持股量，符合上市規則。

### 審核委員會

根據董事於二零零四年十一月二十一日通過的一項決議案，本公司已成立審核委員會。審核委員會由三名獨立非執行董事組成，包括丁良輝先生、陶肖明教授及程隆棣教授，丁良輝先生為審核委員會主席。審核委員會所採納的權力及職責符合企業管治守則之《守則條文》。審核委員會負責審閱及監督本集團之財務匯報程序及內部監控制度，並向董事會提供意見及推薦建議。

審核委員會已審閱本集團截至二零一七年十二月三十一日止財政年度之經審核業績。

### 提名委員會

根據董事於二零一二年三月十九日通過的一項決議案，本公司已成立提名委員會。提名委員會由執行董事兼本公司主席洪天祝先生及三名獨立非執行董事組成，三名董事分別為陶肖明教授、程隆棣教授及丁良輝先生。洪天祝先生為提名委員會主席。提名委員會所採納的職權範圍符合企業管治守則之《守則條文》。提名委員會獲提供充分資源以履行其職務，並可按本公司政策在有需要時尋求獨立專業意見。

# 董事會報告

## REPORT OF THE DIRECTORS

### REMUNERATION COMMITTEE

The Company has established the Remuneration Committee pursuant to a resolution of the Directors passed on 21 November 2004. The Remuneration Committee comprises three independent non-executive Directors, namely Mr. Ting Leung Huel, Stephen, Professor Tao Xiaoming and Professor Cheng Longdi and the chairman and executive Director, namely Mr. Hong Tianzhu. Mr. Ting Leung Huel, Stephen is the chairman of the Remuneration Committee. The Remuneration Committee has rights and duties consistent with those set out in the code provisions of the CG Code. The Remuneration Committee is principally responsible for formulating the Group's policy and structure for all remunerations of the Directors and senior management and providing advice and recommendations to the Board.

### CHARITABLE CONTRIBUTIONS

During the year, the Group made charitable contributions amounted to approximately RMB4.746 million.

### LITIGATION

Neither the Company nor any of its subsidiaries is engaged in any litigation or arbitration of material importance and no litigation or claim of material importance was known to the Directors to be pending or threatened against the Company or any of its subsidiaries during the year ended 31 December 2017.

### AUDITOR

The financial statements have been audited by PricewaterhouseCoopers who will retire and, being eligible, offer themselves for re-appointment at the forthcoming annual general meeting.

On behalf of the Board

**Hong Tianzhu**  
*Chairman*

Hong Kong, 9 March 2018

### 薪酬委員會

根據董事於二零零四年十一月二十一日通過的一項決議案，本公司已成立薪酬委員會。薪酬委員會由三名獨立非執行董事丁良輝先生、陶肖明教授、程隆棣教授及主席兼執行董事洪天祝先生組成。丁良輝先生為薪酬委員會主席。薪酬委員會已採納與企業管治守則之《守則條文》一致的權力及職責。薪酬委員會主要負責擬訂本集團董事及高級管理層的所有酬金政策及架構，向董事會提供意見及建議。

### 慈善捐款

於本年度，本集團作出慈善捐款約人民幣4,746,000元。

### 訴訟

於截至二零一七年十二月三十一日止年度，本公司或其任何附屬公司概無牽涉於任何重大訴訟或仲裁，而據董事所知，本公司或其任何附屬公司並無涉及待決或面臨威脅之重大訴訟或索償。

### 核數師

財務報表已經由羅兵咸永道會計師事務所審核。該核數師將任滿告退，其合資格並願意於即將舉行的股東週年大會上獲續聘。

承董事會命

**洪天祝**  
*主席*

香港，二零一八年三月九日

# 環境、社會及管治報告

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Texhong Textile Group Limited (the “Company”, together with its subsidiaries, the “Group”) has a corporate mission of “becoming a global leading cotton textile enterprise that emphasizes creating a wonderful life; being committed to develop products with high added-value and providing comprehensive all-rounded services; maximizing the benefits of employees, customers and shareholders; contributing to and serving the society in an earnest way”. It adheres to the principles of “honest partner, creativity and excellence, customer-oriented approach” and insists on a sustainable development model to promote the concept of humanity, environmental friendliness and energy conservation, health and safety, and integrity, with a view to becoming a socially responsible corporation.

As per the “Environment, Social and Governance Reporting Guide” published by The Stock Exchange of Hong Kong Limited (the “Reporting Guide”), the Board has overall responsibility for the Group’s ESG strategy and reporting. The Board is responsible for assessing and determining the risks in relation to the environment, society and governance of the Group, as well as ensuring the establishment of appropriate and effective environmental, social and governance risk management and internal control systems by the Group. The management of the Group is responsible for reporting to the Board for confirmation of the effectiveness of these systems.

According to the requirements of the Appendix 27 “Environmental, Social and Governance Reporting Guide” to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, the Company has prepared this report, not only covers the main business segments of the Group in the manufacturing of yarns, grey fabrics, dyeing, apparels and garment fabrics, but also covers 17 production subsidiaries, situated in Mainland China, Vietnam, Cambodia and Nicaragua, in regard to essential performance indicators in the area of the environmental protection.

This report covers the financial year ended 31 December 2017.

天虹紡織集團有限公司(「本公司」，連同其附屬公司統稱「本集團」)以「成為全球領先的棉紡織企業，創意精彩生活；致力於發展高附加值產品，全面提供增值服務；為員工、客戶和股東創造最大價值，真誠回饋和服務社會」為企業願景使命，恪守「誠實合作、創新卓越、客戶導向」的行動綱領，始終堅持企業可持續發展道路，傳遞以人為本、環保節能、健康安全、誠信經營的理念，努力成為一家有企業社會責任感的公司。

根據香港聯合交易所有限公司發佈的《環境、社會及管治報告指引》(「報告指引」)，董事會全權負責本集團的ESG策略及報告。董事會負責評估及釐定本集團有關環境、社會及管治的風險，並確保本集團設立合適及有效的環境、社會及管治風險管理及內部控制系統。本集團的管理層負責向董事會提供有關該等系統是否有效的確認。

根據《香港聯合交易所有限公司證券上市規則》附錄27《環境、社會及管治報告指引》要求，本公司編制了本報告，覆蓋本集團製造紗線、坯布、印染、成衣及面料等主要業務板塊，並涵蓋位於中國大陸、越南、柬埔寨和尼加拉瓜的17家附屬生產公司的環境範疇的關鍵績效指標。

本報告涵蓋截至二零一七年十二月三十一日止財政年度。

## 1. CARE FOR THE EMPLOYEES

The Group is committed to improving the working environment and the health of employees constantly. It sets up a solid communication mechanism to facilitate self-realization of employees and enhance their cultural life.

### 1.1. Right protection

The Group strictly complied with relevant local laws and regulations, such as “Labor Law of the PRC” and “Labor Contract Law of the PRC” and has formulated the “Employee Manual”, “Recruitment Management System”, “Employee Induction and Loss of Office Management Requirement”, “Employee Promotion Management Requirement”, “Performance Management Measure” etc. to regulate recruitment process. We actively protect employees’ legal rights, human rights and privacy. The Group does not discriminate against recruitment candidates because of gender, age, ethnicity, race and nationality. Right protection covers the following aspects:

- Labor contract: We enter into a legal binding labor contract with every employee in accordance with relevant laws and regulations. Annual leaves are provided to employees according to the Legal requirements.
- Child labor: Recruitment of young workers under the age of 18 must comply with requirements of the laws and regulations, recruitment of child labor is prohibited by the Group.
- Forced labor: The use of forced labor is prohibited.
- Working hour: It complies with all the requirements of the national laws and regulations on working hour and overtime arrangement for employees is on a voluntary basis.

## 1. 關懷員工

本集團致力於持續改善工作環境及員工健康，建立健全溝通機制，幫助員工自我提升，豐富員工文化生活。

### 1.1. 權益保護

本集團嚴格遵守當地的相關法律法規，如《中華人民共和國勞動法》和《中華人民共和國勞動合同法》等，制定了《員工手冊》、《招聘管理制度》、《員工入離職管理規定》、《員工晉升管理規定》、《績效管理辦法》等，規範員工招聘流程，積極保障員工合法權益，保護員工人權及個人隱私。本集團招聘人員不歧視性別、年齡、種族、膚色、國籍，從以下幾個方面保護員工權益：

- 勞動合同：我們根據相關法律及法規與每名僱員簽訂具法律約束力的勞動合同，並依法給予僱員年假。
- 童工：招用18歲以下未成年工必須符合法律、法規的要求，本集團禁止招聘童工。
- 強迫勞動：杜絕強迫勞動。
- 工作時間：遵守各國家法律、法規關於工作時間的要求，在員工自願的情況下安排加班。

# 環境、社會及管治報告

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### 1. CARE FOR THE EMPLOYEES (Continued)

#### 1.1. Right protection (Continued)

- Labor union and collective bargaining agreement: We recognize and respect employees' right to organize and participate in a labor union and collective bargaining.
- Discrimination: Discrimination against ethnicity, race, religious belief, disability, personality, etc. is prohibited.
- Harassment and torture: The Group cares for the physical and mental health of each and every employee and prohibits harassment, torture and corporal punishment.
- Promotion and development: Based on the Group's stratified talent nurturing plan, every employee is provided with fair "branched" promotion and development path. The Group enhances career advancement for employees and expands their development path. For employees with development preference, promotion is based on a combination of skill examination and daily performance, which promotes professionalism, diversified and extended development, and helps rationalize promotional criteria.
- Dismissal: Any dismissal of employees is in strict compliance with local laws and regulations.

The Group regulates the management of labor and employment according to all the relevant national laws, regulations and policies to build a harmonious labor relation. Based on the principles of "equality, willingness and mutual agreement", we enter into a written labor contract with every employee. Annual leaves are provided according to legal requirements. In order to protect employees' rights, the Group provides updates through different means to employees on recent production operation of the Group and rule and regulation system which is closely related to their interests.

### 1. 關懷員工(續)

#### 1.1. 權益保護(續)

- 工會組織和集體談判權：承認並尊重員工組織和參加工會，以及進行集體談判的權利。
- 歧視：杜絕因民族、種族、宗教信仰、殘疾、個人性格等原因使員工受到歧視。
- 騷擾與虐待：集團保障每位員工的身體與精神健康，禁止騷擾、虐待與體罰。
- 晉升與發展：按照集團梯隊人才培養方案，每位員工享有公平的「雙通道」職業生涯晉升發展通道。本集團推進員工職業生涯發展項目，拓寬員工發展通道；對於有發展願望的員工，以技能考試和平時工作表現相結合的形式，予以晉升，從而引導員工提升工作專業程度，在員工發展多元化、發展週期長期化以及晉升標準合理化方面做出了成績。
- 解聘：解聘任何僱員須嚴格遵照當地法律法規。

本集團嚴格執行各國家有關法律、法規和政策，規範勞動用工管理，建立和諧穩定的勞動關係。我們按照「平等、自願、協調一致」的原則，與員工簽訂書面勞動合同（員工勞動合同簽訂率為100%），並依法建立年休假制度。本集團通過多種形式向員工宣講集團近期的生產經營狀況以及與員工利益密切相關的規章制度，保障員工的利益。

## 1. CARE FOR THE EMPLOYEES (Continued)

### 1.2. Emphasis on occupational health

In accordance with the relevant local laws and regulations, such as “Law of the PRC on the Prevention and Control of Occupational Diseases”, “Measures for the Supervision and Administration of Occupational Health Surveillance” and “Code of design of occupational safety and health for textile industry enterprises”, the Group has established guidelines such as “Management of Occupational hygiene and safety”, “Management of inflammable and explosive dangerous goods”, “Safe production responsibility for staff members at each level”, “Management of fire control and open fire”, “Association of safety inspection and examination”, “Objectives of safety and fire control”, “Association of safe operation” and “Distribution and management of labor protection equipment”. Meanwhile, the Company enhances its efforts on occupational health management and occupational disease prevention.

- Offers health and safety education to employees and provides induction safety training and arranges safety retraining for elder employees;
- Inspects occupational hazards at work post, such as noise and dusts, and posts notices and warnings in workplaces and hazard to raise awareness of self-protection;
- Protection gears, such as earplugs and masks, are regularly distributed and proper training in respect of which is carried out among staff;

## 1. 關懷員工(續)

### 1.2. 重視職業健康

本集團根據當地的相關法律法規，如《中華人民共和國職業病防治法》、《職業健康監護管理辦法》和《紡織工業企業職業安全衛生設計規範》等，制定了《職業衛生安全管理制度》、《易燃易爆物危險品管理制度》、《各級人員安全生產職責》、《消防明火管理制度》、《安全檢查考核細則》、《安全消防控制目標》、《安全操作規程》和《勞動保護用品發放管理制度》等制度規程，不斷加強職業健康管理和職業病防治工作。

- 對員工進行健康安全教育，實行入職前安全培訓和老員工安全再培訓；
- 進行生產崗位的噪聲和粉塵等職業危害進行檢測，在車間張貼告知和警示，提高員工自我防護及危害意識；
- 按時分發耳塞、口罩等勞保用品，並對如何正確佩戴進行員工培訓；

# 環境、社會及管治報告

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### 1. CARE FOR THE EMPLOYEES (Continued)

#### 1.2. Emphasis on occupational health

(Continued)

- Organises fire emergency rehearsal and first-aid training;
- Compiles occupational health profile and organizes occupational health physical examination to prevent occupational diseases effectively.

### 1. 關懷員工(續)

#### 1.2. 重視職業健康(續)

- 開展消防應急演練與急救培訓；
- 建立職業健康檔案，並開展職業健康體檢，有效預防職業病的發生。



Chu Hsing Garment (Cambodia) Co., Ltd. First Aid Training  
柬埔寨竹興服裝廠開展急救培訓

#### 1.2.1. Protection for female employees

Female employees assume a wide variety of posts on different levels in the Group. In strict compliance with relevant local laws and regulations, such as “Law of the PRC on the Protection of Women’s Rights and Interests”, “Labor Protection of Female Employees” and “Healthcare Work of Female Employees”, the Group protects the rights of female employees and constantly improves the working environment for female employees. A “Three-period” requirement and regular physical examination system have been put in place to promote female employees’ physical and mental health.

#### 1.2.1. 女職工保護

在本集團，女性員工廣泛分佈在不同層級、不同類別的崗位上。本集團嚴格遵守當地的相關法律法規，如《中華人民共和國婦女權益保障法》、《女職工勞動保護規定》和《女職工保健工作規定》等有關規定，維護女職工的權益並持續改善女職工的工作環境。我們關注職工在工作和生活上的問題，不斷改善女性勞動環境和勞動條件，落實女工「三期」規定及定期體檢制度，關心女職工身心健康。

1. CARE FOR THE EMPLOYEES (Continued)

1.2. Emphasis on occupational health

(Continued)

1.2.2. Promote work-life balance

In 2017, the Group arranged various forms of cultural and sports competition and work campaign to promote work-life balance. In addition, coffee klatches are held regularly between general managers, workshop heads, chief operator and chief mechanist to help employees maintain a positive work attitude. Furthermore, Xuzhou Texhong Yinfeng Textile Co., Ltd. (“Texhong Yinfeng”) constructed facilities like leisure room, television room, basketball court and badminton court to enhance the overall living standard of employees and demonstrated the level of refined management of the Group. In addition, the Group endeavors to support employees in need and offers relief and condolence to hospitalized employees, grieving employees and employees in severe difficulties.



Tug of war competition of Texhong Yinfeng

天虹銀豐拔河比賽

1. 關懷員工(續)

1.2. 重視職業健康(續)

1.2.2. 倡導工作與生活的平衡

二零一七年，本集團開展多種形式的文體競賽和勞動競賽，倡導工作與生活的平衡。同時，本集團定期召開總經理茶話會，組織召開車間班組、值班長和機工組長座談會，幫助員工樹立良好的工作心態。此外，徐州天虹銀豐紡織有限公司(「天虹銀豐」)建立了員工娛樂活動室、電視房、籃球場羽毛球場等設施，以全面保障員工的工作生活水平，體現集團精細化管理的水平。此外，本集團重視困難員工的幫扶，對員工生病住院治療、員工直系親屬死亡、特困員工送去溫暖，上門慰問。



Ha Long Bay Trip of Texhong Dyeing and Printing Vietnam Limited

越南天虹染整責任有限公司下龍灣遊玩活動



# 環境、社會及管治報告

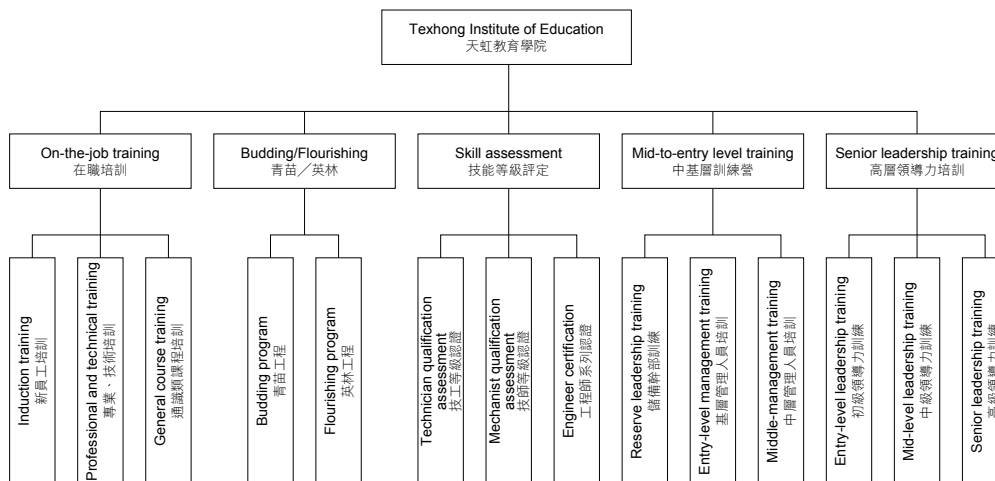
## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### 1. CARE FOR THE EMPLOYEES (Continued)

#### 1.3. Employee training, growth and career development

The Group provides comprehensive and systematic support to the enterprise and employee development. Based on the needs of strategic development of the Group, the Group prepared “Training and implementation measures of Texhong Textile Group” to set up the structure for training, learning course, technician, mechanist/engineer skill assessment, mid-to-entry level training and senior leadership. The Group puts in place a “branched” career path for every employee and nurtures talent in a systematic manner through “budding program” (for university graduates with less than one year of experience), “flourishing program” (for university graduates with one to three years of experience) and “stratified talent nurturing program” (for all employee with more than three years of experience).

➤ Structure of the training system



### 1. 關懷員工(續)

#### 1.3. 員工培訓、成長及職業生涯發展

集團全面系統地支持企業與員工發展。根據集團戰略發展需求，本集團制定了《天虹集團培訓實施管理辦法》，並建立了集團培訓體系、集團課程體系和技工技師/工程師技能等級評定體系、中基層訓練營體系以及高層領導力體系。集團針對所有員工制定了「雙通道」職業發展路徑，並通過「青苗計劃」（1年內大學生）、「英林計劃」（1-3年內大學生）和「人才梯隊培養計劃」（3年以上所有員工）系統性地培養人才。

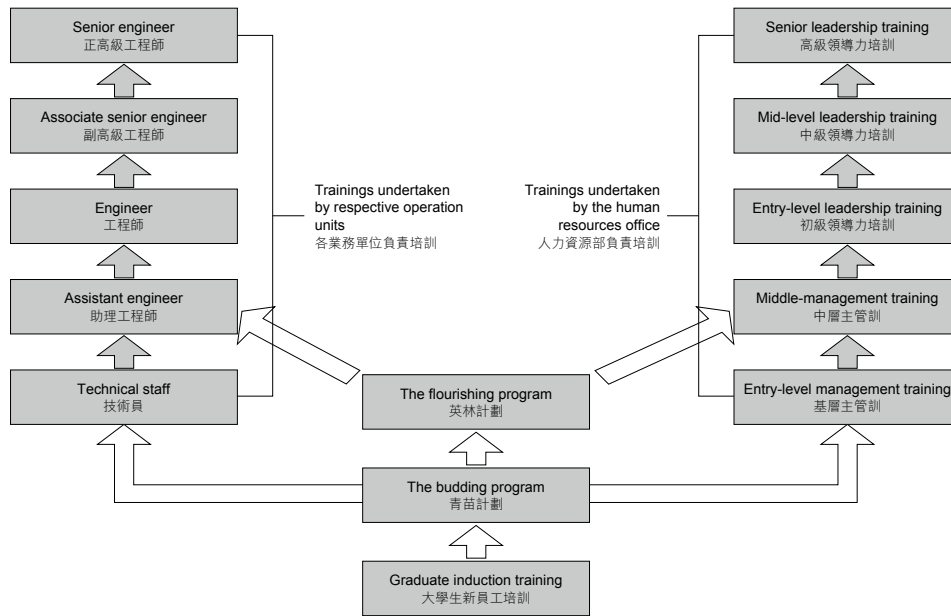
➤ 培訓體系架構

# 環境、社會及管治報告 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

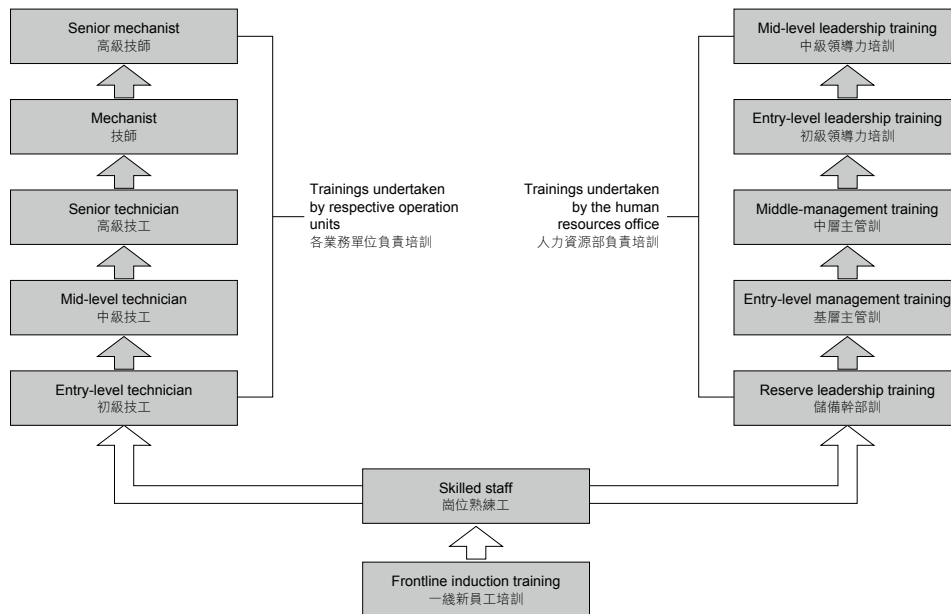
## 1. CARE FOR THE EMPLOYEES (Continued)

### 1.3. Employee training, growth and career development (Continued)

#### ➤ Career path for top tier employee



#### ➤ Career path for university graduate



## 1. 關懷員工 (續)

### 1.3. 員工培訓、成長及職業生涯發展 (續)

#### ➤ 一線員工職業發展路徑

#### ➤ 大學生職業生涯發展路徑

# 環境、社會及管治報告

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### 1. CARE FOR THE EMPLOYEES (Continued)

#### 1.3. Employee training, growth and career development (Continued)

In 2017, we organized various employee training activities, including production training, management skills, safety and induction training for new employees.



### 1. 關懷員工(續)

#### 1.3. 員工培訓、成長及職業生涯發展(續)

二零一七年，我們為開展了包含生產培訓、管理技巧、安全及新入職培訓等多種員工培訓活動。



Employee training and enrichment activities  
員工培訓與拓展活動

### 2. PROVISION OF QUALITY PRODUCTS AND SERVICES TO CUSTOMERS

#### 2.1. Quality management

As market competition escalates, many users are increasingly stringent about product quality and it further fuels the competition in the textile industry. The Group places great emphasis on quality management and strictly complies with relevant local laws and regulations, such as “Product Quality Law of the PRC”, “Law of the PRC on the Protection of Consumers’ Rights and Interests” and “National General Safety Technical Code for Textile Products”. Meanwhile, with increased investment in scientific instruments, the Group adopts advanced equipment for effective control over product quality and integrates quality management into the whole production process. The Group has actively optimised its quality management system and devoted on training for addressing quality issues to ensure product quality and safety, provide better services for downstream customers, boost customer satisfaction and minimise filing of complaints and claims, , and some of the major initiatives taken are as follows:

- Establishment of a quality management system

### 2. 為客戶提供優質產品和服務

#### 2.1. 質量管理

隨著市場競爭日趨激烈，許多用戶不斷提高對產品的質量要求，這使得紡織行業的競爭進一步加劇。本集團高度重視質量管理，嚴格遵守當地的相關法律法規，如《中華人民共和國產品質量法》、《中華人民共和國消費者權益保護法》和《國家紡織產品基本安全技術規範》等。同時，本集團加大科技設備的投入，用先進的設備對產品質量進行有效的監控，將質量管理落實到產品生產的全過程。為了確保產品質量和安全、更好地服務下游客戶、提升客戶滿意度及避免客訴索賠，本集團積極完善質量管理制度，進行質量問題培訓攻關，主要措施包括：

- 建立質量管理體系

2. PROVISION OF QUALITY PRODUCTS AND SERVICES TO CUSTOMERS

(Continued)

2.1. Quality management (Continued)

- Clear and specific work requirements
  - Post and responsibility for each person-in-charge
  - Quality control for delivery
- Establishment of quality management policies
  - “Quality assurance structure”
  - “Quality work manual”
  - “Rules on order assessment and product modification”
  - “Rules on production and storage”
  - “Quality management and shutdown policy”
  - “Rules on quality issue handling”
  - “Responsibility and accountability policy for quality issues”
- Establishment of quality concept
  - Quality meeting is organized for every new product type to analyze quality control points at each level according to customer’s requirements and production features.
  - Respond quickly to internal control quality fluctuation.
  - Cause analysis for substandard quality to prevent reoccurrence.
  - Comprehensive investigation of quality anomalies. Quality control department is responsible for producing monthly quality control report.

2. 為客戶提供優質產品和服務 (續)

2.1. 質量管理 (續)

- 明確具體工作要求
  - 各責任人崗位職責
  - 發貨質量控制
- 建立質量管理制度
  - 《質保體系》
  - 《質量工作手冊》
  - 《訂單評審及品種翻改相關規定》
  - 《產品生產、入庫相關規定》
  - 《質量管理關車制度》
  - 《質量問題與措施相關規定》
  - 《質量問題責任追究制度》
- 建立品質理念
  - 凡接新品種即召開質量會議，根據客戶要求和生產特點，逐級分解質量控制點。
  - 發現內部控制質量波動即迅速處理。
  - 剖析品質異常原因，避免此類問題再次發生。
  - 完整搜集品質異常信息，品管部負責編制品質月報。

# 環境、社會及管治報告

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### 2. PROVISION OF QUALITY PRODUCTS AND SERVICES TO CUSTOMERS

(Continued)

#### 2.1. Quality management (Continued)

- Regular customer visit
  - Monthly market visit with customers to understand market demand and cooperate to develop new products and foster mutual understanding and trust.
- Countermeasures for quality anomalies and reasonable handling of customer complaint
  - Receipt of feedbacks from operators and sampling analysis or customer visit to understand quality information.
  - Cause analysis of quality issues and communication with customer to achieve resolution.

#### 2.2. Improve customer satisfaction

##### 2.2.1. Customer relation

The Group assigns specific staff to each customer in order to handle their enquiries in a timely manner, including enquiries on order quality, quantity requirement, delivery schedule and customer feedback.

The business philosophy of the Group is to expand market share with brand name and increase customer satisfaction. It analyzes user opinions and recommendations from every angle and continuously improves the quality of its products and services to boost customer satisfaction in every possible way. The Group responds to customers' complaints and requirements in a timely and effective manner to improve service quality and management, thereby retaining existing customers and attracting new ones for further business opportunities.

### 2. 為客戶提供優質產品和服務 (續)

#### 2.1. 質量管理 (續)

- 定期走訪客戶
  - 每月一次，與客戶共同走訪市場，瞭解市場需求，共同開發品種，並增加彼此間的瞭解與信任。
- 品質異常對策與合理處理客訴
  - 接受業務員的反饋，取樣分析或者直接走訪客戶瞭解質量信息。
  - 分析產生質量問題的原因，再與客戶溝通，共同解決。

#### 2.2. 提升客戶滿意度

##### 2.2.1. 客戶關係

本集團針對每名客戶安排專門的對接人員，及時處理客戶提出的各項問題，包括：訂單質量、數量要求、交期及客戶反饋的及時處理。

本集團堅持企業的經營理念，以品牌拓市場、視客戶的滿意度為企業追求和目標，全面分析用戶的意見和建議，持續改進產品和服務質量，全方位提升客戶滿意度。本集團及時有效地處理客戶投訴，滿足客戶的要求，推動服務質量和管理的改進，從而留住老客戶，發展新客戶，獲得新商機。

## 2. PROVISION OF QUALITY PRODUCTS AND SERVICES TO CUSTOMERS

(Continued)

### 2.2. Improve customer satisfaction (Continued)

#### 2.2.2. Customer satisfaction

Market intelligence department of the Group conducts biannual satisfaction surveys on major customers who have purchased the Group's products and asks them to complete "Survey form of customer satisfaction". In past sampling done by national, provincial and city supervising authorities on the Group, there has been no unsatisfactory result and the objective of "consistent product quality to meet customers' needs" has been achieved. In accordance with after-sales quality management requirements, professionals of the Group offer all-rounded services for products sold and have been widely recognized by customers.

#### 2.2.3. Customer complaint

The Group strictly adheres to the relevant local laws and regulations, such as "Law of the PRC on the Protection of Consumers' Rights and Interests" to prepare documents like "Flow chart on the handling of quality feedback from customers on yarns of the Group" to ensure speedy and effective resolution for quality issue reported by customers. The Group registers and records every enquiry and requirement on quality raised by customers. To deal with the complaints, we meet with relevant staff to analyze the cause and identify responsible department to devise and implement countermeasures. Reply to customer and handling record will be made within 20 days.

## 2. 為客戶提供優質產品和服務 (續)

### 2.2. 提升客戶滿意度 (續)

#### 2.2.2. 客戶滿意度

本集團市場信息部每半年對購買本集團產品的主要客戶進行滿意度測量，主要途徑為直接與客戶聯繫，並請求客戶填寫《客戶滿意度調查表》。本集團在國家、省及市技術監督部門的歷次抽查中未出現不合格，達到了「產品質量持續穩定，滿足客戶需要」的質量目標。本集團的專業技術人才按照質量售後管理要求，對出售產品進行全方位服務，獲得了客戶的廣泛認可。

#### 2.2.3. 客戶投訴

本集團嚴格按照當地的相關法律法規，如《中華人民共和國消費者權益保護法》等要求，編制了《集團紗線客戶質量反饋處理流程圖》等流程文件，以保證客戶反饋的質量問題得到及時、有效的解決。本集團對客戶提出的質量問題和要求進行逐條登記，並做好記錄，根據彙報情況，召集有關人員分析原因，確定責任部門，研究處理辦法並予以實施，同時在20日內給客戶答覆，並處理和記錄。

## 環境、社會及管治報告

# ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## 2. PROVISION OF QUALITY PRODUCTS AND SERVICES TO CUSTOMERS

(Continued)

### 2.2. Improve customer satisfaction (Continued)

#### 2.2.3. Customer complaint (Continued)

The quality department of the Group categorizes customer feedback and analyzes existing issues, followed by the preparation of after-sales service report. The Group boosts its product quality constantly to create a leading edge in the market. User satisfaction and product reputation also benefit significantly from such practices. Customer managers of the Group are responsible for supervising and examining after-sales services and providing monthly and annual report to after-sales service department at the headquarters. Customer visits are arranged for the general manager of the Group, if necessary.

### 2.3. Innovative development, provision of quality products and services

Since its establishment in 1997, the Group has allocated plenty of resources on technical innovations. With our laboratories as the technical center, the Group has developed a number of new technologies and products, namely pure cotton products, including elastic pure cotton core-spun yarn series, high-end yarns and garment fabrics for knitting, through independent R&D and cooperation with renowned domestic and international fabric developers and research institutions.

## 2. 為客戶提供優質產品和服務 (續)

### 2.2. 提升客戶滿意度 (續)

#### 2.2.3. 客戶投訴 (續)

本集團品質部對收集的客戶反饋信息進行整理分類，分析存在的問題，並編寫售後服務報告。本集團不斷提高的產品質量使其在市場上處於領先優勢，極大地提升了用戶滿意度和產品知名度。本集團客服經理負責監督檢查售後服務工作，並本部售後服務工作進行月度小結和年末總結，必要時安排集團總經理進行客戶走訪。

### 2.3. 創新發展、提供優質產品和服務

本集團自一九九七年成立以來在技術創新上投入了大量資源。本集團以實驗室為技術中心，通過自主研究以及與國內外知名纖維開發商及研究機構的合作，開發了主要以純棉產品為主的包括純棉包芯彈力系列、高檔針織用紗和服裝面料在內的多種新技術、新產品。

## 2. PROVISION OF QUALITY PRODUCTS AND SERVICES TO CUSTOMERS

(Continued)

### 2.3. Innovative development, provision of quality products and services (Continued)

The Group invested in the establishment of a new national research and development institute under Xuzhou Texhong Times Textile Co., Ltd (“Texhong Times”) last year. The person-in-charge of the institute is our technical director. Thanks to the concerted effort of 256 members of the institute, the association and system of the institute have been established and perfected. The Group has established several entrepreneur-scholar researcher joint development bases in cooperation with renowned international fabric developers, domestic universities and research institutions, and developed 21 new products, with significant results after a year of operation in 2017. It has not only boost local economy, but also created approximately 1,000 jobs for local residents.

The Group focuses on cotton core-spun yarn and produces series such as weaving single yarn as well. The Group expands market share with top-notch, superb, premium and advanced products and its product quality reaches the level between 5% to 25% of Uster Technologies, which is the exceptional level for domestic standard and caters for both the domestic and international market primarily focused on product diversification and sophistication.

## 2. 為客戶提供優質產品和服務 (續)

### 2.3. 創新發展、提供優質產品和服務 (續)

去年，本集團在徐州天虹時代紡織有限公司(「天虹時代」)投資新建集團國家級研發中心，由技術總監擔任中心主要負責人。通過256位中心人員的齊心協力，中心的各項規章制度得以建立和完善。本集團先後與國際知名纖維開發商和國內大學及研究機構合作建立產學研開發基地，開發研究新產品21項。經過二零一七一年的投產運營，現已收到顯著的成果，不但拉動了當地的經濟，還解決了當地近1,000人的就業問題。

本集團以棉包芯紗為主打品種，同時也生產針織單紗等系列品種。本集團以高、精、尖、新等新產品佔領市場，其產品的質量水平均達到烏斯特公報5%到25%水平，達到國內標準的優級水平，迎合了目前以產品多樣化和高檔化為主要方向的國內國際市場。



# 環境、社會及管治報告

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### 3. ACHIEVE WIN-WIN SITUATION WITH PARTNERS

#### 3.1. Anti-unfair competition

The Group pays close attention to the protection of intellectual properties and observes relevant local laws and regulations, such as “Trademark Law of the PRC”, “Patent Law of the PRC”, “Regulation for the Implementation of Patent Law of the PRC” and “Anti-Unfair Competition Law of the PRC”. In 2017, the Group continued to take care of the Group’s logos and trademarks to protect our legal rights and intellectual properties and maintain fair competition in the market.

#### 3.2. Respect intellectual property

The Group requires its subsidiaries to use legitimate software, such as IP telephony service, SAP and OA, and prohibits the installation of pirated software.

#### 3.3. Enhance responsibility performance across supply chain

The Group considers the enhancement of social responsibility performance of suppliers a fundamental task and obligation of supply chain management. Through visits and exchange, we promote the Group’s spirit of anti-unfair competition, respect for intellectual property and anti-bribery to every part of the supply chain. The Group has established guidelines such as “Regulation on the management of procurement operation of daily supplies of subsidiaries” and “Regulation on the procurement of certain supplies of the headquarter and Texhong China” to regulate the supply chain system. Moreover, the Group integrates the spirit of environmental and social sustainability into the management of supply chain:

- Open tender for selection of logistic services.

### 3. 與合作夥伴攜手共贏

#### 3.1. 開展反不正當競爭

本集團十分關注知識產權保護，嚴格執行當地的相關法律法規，如《中華人民共和國商標法》、《中華人民共和國專利法》、《中華人民共和國專利法實施細則》和《中華人民共和國反不正當競爭法》等。二零一七年，集團持續關注本集團標識和商標的字樣，確保了集團的合法權益和知識產權，維護了市場的公平性競爭。

#### 3.2. 尊重知識產權

本集團要求各子公司均使用正版軟件，如IP電話，SAP和OA等系統軟件，並禁止非正版軟件的安裝。

#### 3.3. 推動供應鏈履責

本集團把推動供應商履行社會責任作為供應鏈管理的一項基本責任和義務，通過訪問與交流，把本集團的反不正當競爭、尊重知識產權以及反對商業賄賂等信息傳遞到供應鏈的各個環節。本集團制定了《關於集團子公司常用物資採購操作管理的規定》和《集團總部暨天紡中國部分物資的採購規定》等指引以監管供應鏈管理制度。此外，本集團將環境和社會可持續發展精神引入供應鏈管理中：

- 公開招標物流服務。

### 3. ACHIEVE WIN-WIN SITUATION WITH PARTNERS *(Continued)*

#### 3.3. Enhance responsibility performance across supply chain *(Continued)*

- Logistic contract: in case of newly signed or renewed contracts, certain clauses in relation to the requirements of environmental and social sustainability will be added, which is legally binding on the cooperating parties
- Assessment system: certain terms in relation to environmental and social sustainability (refinement and quantification of contract requirements) are added to the existing assessment system of transportation company as a regular management tool.

#### 3.4. Protect customer's privacy

The Group recognizes the importance of customer relation and respect the privacy of every customer. For instance, Shandong Texhong Textile Co., Ltd strictly implements "Regulation on employee management" so that employees who disclose without authorization any customer, technology and other confidential information in relation to business operation or internal department operation shall be put on probation and it may result in termination of employment contract in a serious case.

#### 3.5. Anti-commercial bribery

In accordance with the requirements of relevant local laws and regulations, such as "Company Law of the PRC", "Bidding Law of the PRC", "Anti- Unfair Competition Law of the PRC" and "Interim Provisions on Banning Commercial Bribery", the Group has requested its customers and suppliers to sign a memorandum on anti-commercial bribery.

### 3. 與合作夥伴攜手共贏(續)

#### 3.3. 推動供應鏈履責(續)

- 物流合同：在新簽或續簽的雙方合同中增加與環境和社會可持續發展要求有關的若干條款，對合作的公司有約束性。
- 考核制度：在現有對運輸公司的考核制度中補充若干與環境和社會可持續發展相關的條款(細化量化合同的要求)，作為常態化管理工具。

#### 3.4. 保護客戶隱私

本集團重視與客戶的關係，尊重每個客戶的隱私權。以山東天虹紡織有限公司為例：山東天虹嚴格執行《員工管理條例》，未經批准向他人洩漏與公司業務經營或公司內各部門業務有關的客戶、技術和其他有關公司保密信息的員工會改為試用工，造成嚴重後果的則與其解除勞動合同。

#### 3.5. 反對商業賄賂

本集團依據當地的相關法律法規，如《中華人民共和國公司法》、《中華人民共和國招標投標法》、《中華人民共和國反不正當競爭法》和《關於禁止商業賄賂行為的暫行規定》等的規定，要求客戶及供應商簽署反商業賄賂備忘錄。

# 環境、社會及管治報告 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## 3. ACHIEVE WIN-WIN SITUATION WITH PARTNERS (Continued)

### 3.5. Anti-commercial bribery (Continued)

Every employee of the Group based in the headquarter and middle and senior management members of subsidiaries are subject to “building business integrity for employees of the enterprise” on-site training and must sign an “undertaking of business integrity as an employee of Texhong Textile Group”. The Group has a stringent system for procurement for bulk supplies and has set up a whistle-blowing mechanism shown in the diagram below:

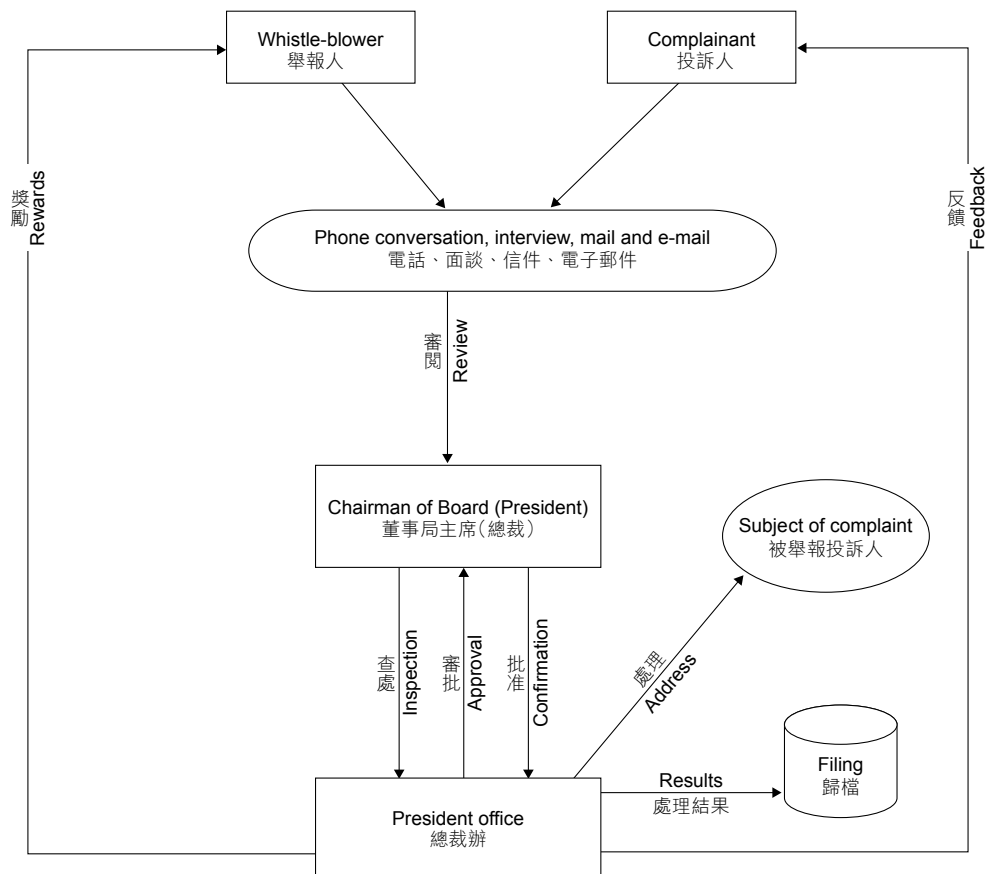
The Group complies with all the national and local laws and regulations regarding extortion, fraud and money laundering. Due to the nature of the industry, the Group does not have the policy regarding extortion, fraud and money laundering at the moment and will adopt such policy should the need arise.

## 3. 與合作夥伴攜手共贏(續)

### 3.5. 反對商業賄賂(續)

本集團總部所有員工及子公司中高層管理人員需接受《企業員工廉潔從業文化建設》現場培訓，並且簽訂《天虹集團員工廉潔從業承諾書》。本集團對大宗物資採購設定嚴謹制度，並針對此過程設立下圖所示的監督舉報機制：

本集團遵守各國家和地方相關的欺詐、勒索和洗黑錢的法律法規。因行業特點，集團目前尚未建立與欺詐、勒索和洗黑錢相關的制度，並將於有需要時採納有關政策。



#### 4. SAFE PRODUCTION

In compliance with the management requirements of relevant local laws and regulations, such as “Production Safety Law of the PRC”, the Group implements the policy of “education, training and management system for safe production”. The Group strictly adheres to the requirements to carry out training on safe production, which primarily include safety association, management system, hazard identification skills and induction safety education of three levels. Internal accidents and accidents for industry peers are both used as comparable cases for learning and discussion. Comparison and rationalization are conducted on the three aspects of “system and association, operation environment, and personnel education” to put things into proper perspective for record and filing.

In accordance with the requirements of relevant local laws and regulations, such as the “Production Safety Law of the PRC”, the Group has established guidelines, such as “Policy on Production Accidents”, “Policy on Production Standardization”, “Policy on Regular Safe Production Meetings”, “Policy on Safe Production Education”, “Policy on Accident Reporting and Handling”, “Policy on Emergency Response”, “Three Simultaneities” of Construction Projects” and “Policy on Facilities and Equipment Maintenance”, to regulate safe production and prevent non-compliance with the relevant laws and regulations. With regard to on-site inspection of non-compliance, relevant disciplinary schemes are executed and lessons are learnt through accident analysis meetings to prevent repeated violation. The principle of “four prohibition” on incomplete cause investigation, incomplete disciplinary action for responsible staff member, incomplete rectification measures and incomplete training for relevant staff member is upheld to improve safety education and implement rectifying measures.

#### 4. 安全生產

本集團根據當地的相關法律法規，如《中華人民共和國安全生產法》的相關管理要求，執行《安全生產教育培訓管理制度》文件。本集團嚴格按照制度規定開展安全生產培訓工作，內容主要包含安全規程、管理制度、危險源辨識技能以及新員工三級安全教育等方面；對集團內部發生的事故及同行業的事故進行對照性的學習和討論；按照「制度規程、作業條件、人員教育」三個方面進行對照梳理，舉一反三，並記錄存檔。

按照當地的相關法律法規，如《中華人民共和國安全生產法》的規定，本集團已制定《生產安全事故管理制度》、《安全生產標準化管理制度》、《安全生產工作例會制度》、《安全生產教育制度》、《事故報告處理制度》、《公司事故應急救援制度》、《建設項目「三同時」》和《設備設施管理制度》等制度規定，加強事故和違章管理，以監管安全生產及防止違反有關法律及法規的情況，還按照事故分析會的模式進行事故反省，並吸取違章帶來的教訓，杜絕重複違章現象，落實好事故原因未查清不放過、責任人員未處理不放過、整改措施未落實不放過和有關人員未受到教育不放過的「四不放過」原則，做好人員安全教育及落實整改措施。

# 環境、社會及管治報告

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### 5. BUILD A SUSTAINABLE ECOSYSTEM

#### 5.1. Energy conservation, cost reduction and efficiency enhancement

In response to the urge for accelerating the development of a “conservation-oriented society”, the Group has actively complied with relevant local laws and regulations like the “Energy Conservation Law of the PRC” and “Water Law of the PRC”, as well as “Energy Management Implementation Details” prepared by the Group to become an efficient, conserving and energy-saving pioneer. The Group has also put in place “Measures for peak-and-trough electricity Consumption and Management for Management Staff”, “Operation Standard for Cooling Equipment in a Workshop in Summer”, “Texhong Yinfeng’s Relevant Requirements on Operation of Refrigerating Equipment”, “2015 Texhong Yinfeng’s New Electricity Consumption Plan to Cut Peak Consumption”, “Requirements to Ensure Proper Operation of a Workshop in Winter”, “Requirements on Leftovers Packaging and On-Site Workshop Management of Xinjiang Texhong Foundation Textile Co., Ltd” and “Notice on Enhancement of Placement, Disposal and Classification Management of Domestic Waste Bin” to facilitate environmental protection and energy management in the Group, boost staff awareness of energy saving and emission reduction.

### 5. 締造可持續生態環境

#### 5.1. 節約能源 降本增效

為積極響應國家提出的加快建設「節約型社會」的要求，本集團積極遵循當地的相關法律法規，如《中華人民共和國節約能源法》、《中華人民共和國水法》等及本集團制定的《能源管理實施細則》，使集團成為高效、勤儉和節能的領路人。本集團還制定了《管理人員峰平谷用電管理考核辦法》、《車間夏季降溫設備啟用標準》、《天虹銀豐製冷設備開停的有關規定》、《新2015天虹銀豐公避峰用電方案》、《確保車間冬季正常運轉要求》、《新疆天虹基業紡織有限公司下腳料打包及車間現場管理要求》和《關於加強生活垃圾桶定置定位和分類管理的通知》等規範性文件，以加強集團的環境保護和資源管理，調動相關人員的節能減排積極性。

5. BUILD A SUSTAINABLE ECOSYSTEM

(Continued)

5.1. Energy conservation, cost reduction and efficiency enhancement (Continued)

5.1.1. Electricity conservation

The Group actively promotes the concept of electricity conservation with enhanced energy management by adopting the following measures in the workplace:

- Establish the energy management system by installing more energy measure instrument, formulating energy consumption standard and conducting energy efficiency assessment;
- Step up analysis on the efficiency of the energy-consuming equipment in order to enhance their operational efficiency for energy saving;
- Designate management unit and personnel for energy conservation and provide training on energy conservation;
- Conduct analysis on the energy consumption to identify any insufficiency of our energy management in a timely manner with a view to raising our energy management capacity;
- Intensify monitoring of the quality of parts and components to improve the quality of maintenance and repair. Identify and fix any possible malfunction of equipment in a timely manner to ensure that equipment is always in good technological condition. Meanwhile, eliminating energy-inefficient equipment to enhance the energy efficiency.

5. 締造可持續生態環境(續)

5.1. 節約能源 降本增效(續)

5.1.1. 節約用電

集團透過於工作場所採納以下措施，積極傳播節能理念，加強能源管理：

- 建立能源管理制度，加強能源計量器具的配置，設立能耗標準，並開展能耗指標考核；
- 加強用能設備的效率分析工作，以提高設備運行效率，達到節能降耗的目的；
- 明確節能的管理部門與人員，提供節能培訓；
- 開展能源利用狀況分析，及時發現能源管理過程中的不足，提高能源管理水平；
- 嚴格對機配件的質量進行把關，提高維護維修的工作質量。及時發現和排除設備故障隱患，確保設備經常處於良好的技術狀態。同時淘汰高能耗落後設備，以提高能源利用率。

# 環境、社會及管治報告

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### 5. BUILD A SUSTAINABLE ECOSYSTEM

(Continued)

#### 5.1. Energy conservation, cost reduction and efficiency enhancement (Continued)

##### 5.1.1. Electricity conservation (Continued)

In 2017, the Group invested significant resources to promote energy saving by various technological transformation and equipment upgrading including transforming inverter and energy-efficient ventilator, replacing LED light, and using air heat water heater. For instance, in 2017, Shandong Lanyan Textiles Co., Ltd. ("Shandong Lanyan") transformed its air compressor system. Such transformation achieved significant energy conservation: electricity consumption was 0.6859kWh/meter before the transformation while that reduced by 0.2218kwh/meter to 0.4641kWh/meter after the transformation. Based on the production rate of 16 million meters per year, Shangdong Lanyan could reduce energy consumption up to 3,548,800kWh per year while saving electricity fee of RMB2.31 million.

### 5. 締造可持續生態環境(續)

#### 5.1. 節約能源 降本增效(續)

##### 5.1.1. 節約用電(續)

二零一七年，集團投入大量資源，依靠包括變頻器改造，節能風機改造、LED等替換、使用空氣能熱水機組等在內的技術改造與設備更新等手段來助推節能降耗。例如，山東蘭雁紡織服裝有限公司(「山東蘭雁」)在二零一七年通過合同能源管理形式進行空壓機系統改造。該改造項目的節能效益顯著：改造前用電量為0.6859 kWh/米，改造後減至0.4641kWh/米，節電0.2218kwh/米。按年產量1,600萬米計，山東蘭雁年節電達3,548,800kWh，年節約電費人民幣231萬元。



Shangdong Lanyan Air Compressor System Transformation  
山東蘭雁空壓機系統改造

## 5. BUILD A SUSTAINABLE ECOSYSTEM

(Continued)

### 5.1. Energy conservation, cost reduction and efficiency enhancement (Continued)

#### 5.1.2. Water conservation

The Group encourages employees to develop water-saving habits by adopting the following measures in the workplace:

- Use water saving productions and implement water recycling.
- Turn off taps after use.
- Regular inspection on pipeline to prevent water leakage.
- Install separate water meters in office, living and production areas and assign dedicated staff to record monthly water consumption and analyze the data collected from each department.

In 2017, the Group launched a range of water-saving projects, such as installation of water-saving equipment, promotion of water recycling and reclaimed water recycling, which saw positive results. For example, Texhong Dyeing and Printing Vietnam Limited (“Texhong Dyeing”) implemented a water recycling project, which used equipment like hot water recycling pipe, water tank and pump to collect the condensation water from each base station cylinder for the use in water tank and shower equipment of base station which required hot water. Out of the 100 tons steam consumed every day, 40 tons hot water was reclaimed to be used in base stations.

The Group attached great importance to the utilization of packaging materials and implemented control over the consumption of packaging materials to boost the resource efficiency.

## 5. 締造可持續生態環境(續)

### 5.1. 節約能源 降本增效(續)

#### 5.1.2. 節約用水

集團透過於工作場所採納以下措施，鼓勵員工養成節水習慣：

- 使用節水型產品，實施水資源的重複利用。
- 要求用水完畢後，及時關閉水龍頭。
- 定期檢查水管，避免漏水情況。
- 辦公區、生活區、生產區和施工現場各設獨立水錶，由專人負責進行登記，每月根據各部用水量的記錄進行數據分析。

二零一七年，集團廣泛開展包括安裝節水設備、增加循環用水、中水回用等節水項目，成效良好。例如，越南天虹染整責任有限公司(「天虹染整」)開展中水回用項目，採用熱水回收管道、儲水池以及水泵等裝備，統一收集各機台烘筒冷凝水，供機台需要用熱水的水箱、噴淋裝置使用。每日所消耗的100噸蒸汽中，有40噸左右熱水重新回用到機台。

本集團重視包裝材料的使用，對包裝材料的用量進行監控，提高資源使用效率。



# 環境、社會及管治報告 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## 5. BUILD A SUSTAINABLE ECOSYSTEM (Continued)

### 5.1. Energy conservation, cost reduction and efficiency enhancement (Continued)

#### 5.1.2. Water conservation (Continued)

## 5. 締造可持續生態環境(續)

### 5.1. 節約能源 降本增效(續)

#### 5.1.2. 節約用水(續)



Texhong Dyeing Water Recycling Project  
天虹染整中水回收項目

2017 A2: Use of Resources KPIs  
2017年A2資源使用關鍵績效指標

The following table sets out the consumption rate of water, energy and packaging material for the year ended 31 December 2017:

下表列載截至二零一七年十二月三十一日止年度的水、能源及包裝材料的消耗率：

KPI KPI	Specific Indicator 具體指標	Resource Consumption 資源消耗量	Intensity 密度
A2.1	Energy 能源	1,591,916 MWh	97.6 MWh/RMB million sales MWh/百萬元人民幣銷售額
A2.2	Water 水	8,651,940 tons 噸	530.6 tons/RMB million sales 噸/百萬元人民幣銷售額
A2.5	Packaging material <sup>1</sup> 包裝材料 <sup>1</sup>	14,002 tons 噸	50.1 tons package/10,000 spindles 噸包裝/萬錠
<sup>1</sup>	Total packaging material represents the total packaging material from all companies in the scope of disclosure, while intensity represents intensity of spindle products.		<sup>1</sup> 包裝材料的總量為披露範圍內所有公司的包裝材料總量，密度為紗錠產品的密度。

## 5. BUILD A SUSTAINABLE ECOSYSTEM

(Continued)

### 5.2. Environmental protection and low carbon

In strict compliance with the requirements of relevant local laws and regulations, such as “Environmental Protection Law of the PRC”, “Water Pollution Prevention and Control Law of the PRC” and “Law of the PRC on the Prevention and Control of Environmental Pollution by Solid Waste”, the Group adhered to green and low-carbon operation and actively adopted emission reduction measures as well as promoting environmental awareness of our staff in order to reduce environmental impacts arising from sewage, exhaust, greenhouse gas, hazardous and non-hazardous wastes generated from our production and operation processes.

The Group primarily discharges effluent and domestic sewage, exhaust and solid waste. There has been no environmental non-compliance for the Group over the past three years.

#### 5.2.1. Effluent

The major operating business of the Group is the production and sales of yarns and grey fabrics while the water resources in the production process are mainly used for refrigeration. The Group requires separate treatment for production effluent and domestic sewage: Production effluent is reused or, if not reusable, directly discharged to the sewer of factory zone sewage treatment for compliant discharge. After the domestic sewage has been biochemically processed in the plant, they will be discharged to the sewer of factory zone, which is then generally managed by the municipal sewage system.

## 5. 締造可持續生態環境(續)

### 5.2. 環境保護 低碳節約

本集團嚴格遵守當地的相關法律法規，如《中華人民共和國環境保護法》、《中華人民共和國水污染防治法》和《中華人民共和國固體廢物污染環境防治法》等規定，堅持綠色低碳運營，積極採取減排措施，培養員工環保意識，以減少集團生產和運營過程中產生的廢水、廢氣、溫室氣體、有害及無害廢棄物所帶來的環境影響。

本集團產生的排放物主要是生產廢水和生活污水、廢氣和固體廢棄物。集團過去三年無環保違規行為。

#### 5.2.1. 廢水

本集團主營業務為紗線和的坯布的生產與銷售，在生產過程中的水資源主要用於制冷。本集團要求對生產廢水和生活污水進行分別處理：生產廢水循環使用，不能循環使用的直接排入廠區內的污水處理管道，以達標排放；生活污水經過廠區內的生化處理後，將排入廠區內的污水管道，最終進入市政污水管網統一處理。

# 環境、社會及管治報告

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### 5. BUILD A SUSTAINABLE ECOSYSTEM

(Continued)

#### 5.2. Environmental protection and low carbon

(Continued)

##### 5.2.2. Exhaust

The Group primarily produces fiber dusts and boiler exhaust in production process. To minimize the negative environmental impact of fiber dusts, the Group requires workshops to close windows during production for close operation. The Group installs dust removal units in every workshop to handle fiber dusts to reduce exhaust emission. In addition, the Group actively works on technical renovation projects and equipment replacement. For example, Texhong Thai Binh Garment Company Limited (“Texhong Thai Binh Garment”) purchased desulfation tower equipment to reduce sulfur emission by approximately 60%; Jiangsu Century Texhong Textile Co., Ltd invested RMB1.5 million in boiler upgrade, where two 6T coal boilers were upgrade to natural gas boilers.

##### 5.2.3. Greenhouse Gas

The Group primarily produces greenhouse gases due to energy consumption in the production process, which comprise two aspects: direct emission (petrol, diesel oil and natural gas combustion) and energy indirect emission (electricity). The Group actively adopts energy-saving measures to reduce energy consumption and adopts clean energy and photovoltaic power generation for the purpose of reducing greenhouse gas emission.

### 5. 締造可持續生態環境(續)

#### 5.2. 環境保護 低碳節約(續)

##### 5.2.2. 廢氣

本集團在生產過程中產生的廢氣主要為纖維粉塵和鍋爐廢氣。為避免纖維粉塵對環境帶來不利影響，集團要求車間生產時段不得對外開啟門窗，做到封閉作業。本集團還在各車間安裝除塵機組淨化處理纖維粉塵，減少廢氣的排放。此外，集團積極開展技改項目和設備換新，如天虹太平服裝有限公司(「天虹太平服裝」)採購了脫硫塔設備，硫排放量減少約60%；江蘇世紀天虹紡織有限公司投入人民幣150萬元進行鍋爐改造，將兩台6T燃煤鍋爐改為天然氣鍋爐。

##### 5.2.3. 溫室氣體

本集團的溫室氣體排放主要源於生產過程的能源消耗，包括範疇一：直接排放(汽油、柴油和天然氣燃燒)和範疇二：能源間接排放(電)。本集團通過採取積極的節能減排措施，減少能源消耗，使用清潔能源和光伏發電，以達到減少溫室氣體排放的目的。

5. BUILD A SUSTAINABLE ECOSYSTEM

(Continued)

5.2. Environmental protection and low carbon  
(Continued)

5.2.4. Solid waste

The Group primarily produces waste cotton, office and domestic waste, waste equipment parts and components and oily waste yarns in the production process. The Group has prepared guidelines such as “Notice On Enhancing Customized Placement Of Rubbish Bin And Classified Management” and “Notice On Enhancing Management And Classified Deposit Of Industrial Waste And Domestic Waste” to manage the classification of domestic waste and industrial waste. It sorts the said solid waste and stores such waste by category in the temporary deposit zone of factory where a banner is hanged and category, volume and storage period are displayed. Waste from the production process, such as cotton waste, can be reused as raw material, while the remaining scrap cotton and impurities are collected for sale and integrated use. Dangerous waste should undergo detoxification treatment by a competent organization according to requirements. General solid waste, such as domestic waste, is collectively handled by the Office of Environment and Sanitation.

5. 締造可持續生態環境(續)

5.2. 環境保護 低碳節約(續)

5.2.4. 固體廢棄物

本集團生產過程中主要產生的廢棄物為廢棉、辦公和生活垃圾、設備廢零部件和含油廢棉紗。集團制定了《關於加強垃圾桶制定位和分類管理的通知》和《關於加強工業垃圾、生活垃圾管理和歸類放置的通知》等指引，以分類管理生活垃圾和工業垃圾。按照類別存放在廠內臨時暫存點，並在暫存點豎立標識，標明種類、數量及存放時期。生產過程中產生的回花等廢料可回用作為項目原料，剩餘的廢棉和雜質經收集後進行外售綜合利用；危險廢棄物按照要求委託有資質的單位進行無害化處理；生活垃圾等一般固體廢棄物由環衛處統一進行處理。

# 環境、社會及管治報告 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## 5. BUILD A SUSTAINABLE ECOSYSTEM (Continued)

### 5.2. Environmental protection and low carbon (Continued)

#### 5.2.4. Solid waste (Continued)

## 5. 締造可持續生態環境(續)

### 5.2. 環境保護 低碳節約(續)

#### 5.2.4. 固體廢棄物(續)



Classified Management of Solid Waste  
分類收集固體廢物

2017 A1: Emissions KPIs  
2017年A1 排放物關鍵績效指標

The following table sets out the emission data and total amount of waste produced for the year ended 31 December 2017:

下表列載截至二零一七年十二月三十一日止年度所產生廢物的排放數據及總量：

KPI KPI	Specific Indicator 具體指標	Emission 排放量	Intensity 密度
A1.1	Effluent 廢水	6,614,207 tons 噸	405.6 tons/RMB million sales 噸/百萬元人民幣銷售額
A1.2	Greenhouse gas 溫室氣體	1,219,903 tons 噸	74.8tCO <sub>2</sub> e/RMB million sales 噸二氧化碳當量/百萬元人民幣銷售額
A1.3	Hazardous waste 有害廢棄物	4,850 tons 噸	0.3 tons/RMB million sales 噸/百萬元人民幣銷售額
A1.4	Non-hazardous waste 無害廢棄物	7,722 tons 噸	0.5 tons/RMB million sales 噸/百萬元人民幣銷售額

### 5.3. Environment and natural resources

The Group is principally engaged the production and sales of yarns and grey fabrics. The production process and techniques of yarns and grey fabrics involve only physical changes which means neither chemical reactions nor additives are involved. As described in section 5.1 above, primary resources used in the production process are electricity and a small amount of water. Other than that, no other natural resources are used in the production process. As such, Aspect A3 of the Reporting Guide is not applicable to the Group.

### 5.3. 環境及天然資源

本集團主營業務為紗線和坯布的生產與銷售，紗線和坯布的生產流程和工藝為物理原理成型，整個過程中無化學反應，也無化學製劑添加；生產過程中主要使用的資源為電力和水，已經在上文 5.1 章節進行了描述。除此之外，生產過程中不會使用其他天然資源。因此，報告指引要求的層面 A3 對本集團不適用。

## 6. COMMUNITY INVESTMENT

The Group has been committed to giving back to society over the years. For instance, we acquired bankrupt cotton textile enterprises in the PRC and offered better remuneration package and living security for retained staff. In response to state policy of “One Belt One Road” initiative, we proactively implemented industrial support in Xinjiang by recruiting ethnic minority employees in order to improve their living quality with job and education opportunities. Being enthusiastic in social welfare, we made donations every year and hired disabled employees so that they can support themselves financially. The Group established Charity and Social Welfare Management System of Texhong Textile Group for organizing charity and welfare activities.

### 6.1. Charitable Donation

- In 2017, Texhong Times made a donation of RMB3 million to Jiangsu Textile Vision Science & Education Fund (江蘇省紡織之光科技教育基金會) and RMB1.5 million to Jiangsu Charity Federation(江蘇省慈善總會) for poverty alleviation;
- In 2017, Nantong Century Texhong Textile Co., Ltd. (“Nantong Texhong”) made a donation of RMB10,829 to county-level Red Cross;
- In 2017, Xinjiang Texhong Foundation Textile Co., Ltd. (“Xinjiang Texhong”) organized education sponsorship program and was keen on donating schoolbags and stationery to impoverished students.

## 6. 社區投資

本集團多年來一直專注於回饋社會，如收購國家破產棉紡企業，提供原職工更好的工資待遇和生活保障；積極響應國家「一帶一路」政策號召，實行產業援疆，積極招錄少數民族員工，解決其就業與學習問題，提升其生活品質；熱心社會公益，除每年的捐款以外，還錄用殘疾員工幫助其自食其力。本集團制定了《天虹紡織集團慈善與公益管理制度》，專責策劃各項慈善和公益活動。

### 6.1. 慈善捐贈

- 天虹時代二零一七年向江蘇省紡織之光科技教育基金會捐款300萬元，向江蘇省慈善總會捐款150萬元。
- 南通世紀天虹紡織有限公司(「南通天虹」)二零一七年為縣紅十字會捐款10,829元費用。
- 新疆天虹基業紡織有限公司(「新疆天虹」)二零一七年組織捐資助學活動，積極向貧困學子捐贈書包與學習用品。

# 環境、社會及管治報告

## ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

### 6. COMMUNITY INVESTMENT (Continued)

#### 6.2. Caring the Disabled

- In 2017, Nantong Texhong hired a total of 9 disabled employees. The Company provided an environment for the disabled staff to develop their full potential in different positions with care and love to their work and lives.
- In 2017, Xuzhou Texhong Yinlian Textile Co., Ltd. ("Texhong Yinlian") actively participated in social and charitable activities and hired 5 disabled employees, thus being recognized as an "Outstanding Overseas Chinese Enterprise" by Federation of Returned Overseas Chinese of Xuzhou.
- In 2017, Shandong Lanyan recruited 34 deaf interns and 11 graduates of fashion degree from Shandong Vocational College of Special Education as well as 5 deaf people in the society.

#### 6.3. Increasing Employment of Ethnic Minorities

- In 2017, Nantong Texhong employed a total of 107 ethnic minority staff including Sui people, Miao people, Dai people and Bouyei people with the principle of equal treatment, harmony, respect of living habits and opinions. We extended our greetings and wishes to them on their traditional festivals.
- In 2017, Xinjiang Texhong employed 2,353 ethnic minority staff from 18 ethnic minorities including Tibetans, Hui, Uighur, Miao and Mongolian.

### 6. 回饋社會(續)

#### 6.2. 關愛殘障人士

- 南通天虹二零一七年共招聘殘疾人9名，並在工作上給予關心，生活上給予關愛，使他們在不同的崗位上發揮潛能。
- 徐州天虹銀聯紡織有限公司(「天虹銀聯」)二零一七年積極參與社會公共事業，慈善事業，並招聘5名殘疾人士，被徐州市僑聯評為「徐州市優秀僑資企業」。
- 山東蘭雁二零一七年從山東特殊教育學院招收服裝專業聾啞實習學生34名，畢業生11名，招聘社會聾啞人士5名。

#### 6.3. 促進少數民族就業

- 南通天虹二零一七年招收水族、苗族、傣族、布衣族等少數民族員工共107人，主張平等對待、和諧共處，尊重其生活習性和想法，在其傳統節日給予祝賀。
- 新疆天虹二零一七年招聘少數民族員工2,353人，員工來自藏族、回族、維吾爾族、苗族、蒙古族等18個民族。

6. COMMUNITY INVESTMENT (Continued)

6.4. Overseas Charity

While maintaining stable production and enhancing management standard since its establishment, Texhong Galaxy Technology Limited (“Texhong Galaxy”) has devoted itself to public affair and charity by making certain donation to the society every year. The company recruited ethnic minority staff in remote mountain area of Vietnam, making contribution to the employment of mountain residents and enhancement of their living standard. Labor Union of the company called on the department staff to donate clothes, bedding, daily necessities to the elderly and children in poverty in remote mountain areas. The company provided scholarship to some 30 outstanding university graduates in poverty of Hanoi University of Science and Technology, Hanoi National University of Education, Thai Nguyen University, Hue University and Hanoi Economic and Technology University\* (河內經濟技術大學) in the Northern part of Vietnam.

Texhong Yinlong Technology Ltd. (“Texhong Yinlong”) always supports the local education in Vietnam. In 2017, the company made donations in aggregate of VND92,000,000 for scholarship or other funding to Huê University, Hanoi University of Science and Technology, University of Economic and Technical Industries, and Thai Nguyen University. Meanwhile, Texhong Yinlong attached great importance to development of talent by recruiting nearly 100 new graduates from tertiary institutions every year. Outstanding trainees will be promoted to junior management and will receive trainings in different subsidiaries across the country in respect of advanced management model and production experience.

6. 回饋社會(續)

6.4. 海外公益

天虹銀河科技有限公司(「天虹銀河」)自成立以來，在穩定生產、提高自身管理水平的同時，還致力於各項公共事業、慈善事業，每年都會向社會提供一定的捐款援助：公司到越南邊遠山區招錄少數民族員工，為解決山區人民就業、提高生活水平做出了貢獻；公司工會號召部室人員捐獻衣物、被褥、日常用品等慈善物品給邊遠山區的貧困老人、兒童；公司給越南北部百科大學、河內師範大學、太原大學、順化外國語大學、河內經濟技術大學等學校三十多名貧困的優秀大學生資助獎學金。

天虹銀龍科技有限公司(「天虹銀龍」)一如既往地支持越南當地的教育事業，在二零一七年，公司陸續為越南順化外國語大學、河內百科大學、河內工業經濟技術大學、太原大學累計捐款共9,200萬越盾作獎學金或其他經費。同時，天虹銀龍注重人才培養，每年招收近百名大專院校應屆畢業生，提拔大量的優秀工人為中基層管理人員，並輸送到中國國內的各個子公司參加培訓，學習中國先進的管理方式及生產經驗。



# 環境、社會及管治報告 ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

## 6. COMMUNITY INVESTMENT (Continued)

### 6.4. Overseas Charity (Continued)

Texhong Thai Binh Garment made a donation of VND5,000,000 to the affected in the typhoon disaster in Central Vietnam in 2017 and made donations to orphanage in Thai Binh every year. Alpha Textil de Nicaragua, S.A. donated empty buckets and pallets to local school “JOSE DOLORES ESTRADA” to serve as rubbish bins and construction materials. Besides, the factory donated snacks, gifts and toys to 200 children located in “LOS BRASILES” as Christmas presents.



Donation of Nicaragua factory  
尼加拉瓜工廠捐贈

## 6. 回饋社會(續)

### 6.4. 海外公益(續)

天虹太平服裝在二零一七年向越南中部風災捐贈500萬越盾，並對太平省孤兒院進行每年一次的捐助。尼加拉瓜染整廠捐贈空桶及棧板給小區所在地學校「JOSE DOLORES ESTRADA」作為垃圾桶及建築材料使用，另捐贈零食、禮品、玩具給小區所在地「LOS BRASILES」200位小朋友作為聖誕節活動的禮品。



Donation of Texhong Galaxy  
天虹銀河捐贈

# 獨立核數師報告

## INDEPENDENT AUDITOR'S REPORT



羅兵咸永道

### To the Shareholders of Texhong Textile Group Limited

(incorporated in the Cayman Islands with limited liability)

#### OPINION

##### What we have audited

The consolidated financial statements of Texhong Textile Group Limited (the "Company") and its subsidiaries (the "Group") set out on pages 128 to 252, which comprise:

- the consolidated balance sheet as at 31 December 2017;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated cash flow statement for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

##### Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2017, 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.

### 致天虹紡織集團有限公司全體股東

(於開曼群島註冊成立的有限公司)

#### 意見

本核數師(以下簡稱「我們」)已審核：

列載於第128至252頁天虹紡織集團有限公司(「貴公司」)及其附屬公司(「貴集團」)的綜合財務報表。此綜合財務報表包括：

- 於二零一七年十二月三十一日的綜合資產負債表；
- 截至該日止年度的綜合收益表；
- 截至該日止年度的綜合全面收益表；
- 截至該日止年度的綜合權益變動表；
- 截至該日止年度的綜合現金流量表；及
- 綜合財務報表附註，其中包括重要會計政策摘要。

##### 我們的意見

我們認為，綜合財務報表已根據香港會計師公會(「香港會計師公會」)頒佈的香港財務報告準則(「香港財務報告準則」)真實而公平地反映貴集團於二零一七年十二月三十一日的綜合財務狀況及其截至該日止年度的綜合財務表現及綜合現金流量，並已按照香港公司條例的披露規定妥為編製。

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# 獨立核數師報告 INDEPENDENT AUDITOR'S REPORT



羅兵咸永道

## 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 this report.

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

## Independence

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

## KEY AUDIT MATTERS

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

## 意見基準

我們已根據香港會計師公會頒佈的香港審計準則（「香港審計準則」）進行審核。我們於該等準則下的責任於本報告的核數師就審核綜合財務報表須承擔的責任一節內詳述。

我們相信，我們所獲得的審核憑證能充分和適當地為我們的意見提供基礎。

## 獨立性

根據香港會計師公會的「專業會計師道德守則」（「守則」）我們獨立於貴集團，並已遵循守則履行其他道德責任。

## 關鍵審核事項

根據我們的專業判斷，關鍵審核事項為我們審核於本期間的綜合財務報表中最重要的事項。我們在審核整體綜合財務報表及就此達致意見時處理此等事項，而不會就此等事項單獨發表意見。

# 獨立核數師報告 INDEPENDENT AUDITOR'S REPORT



羅兵咸永道

Key audit matters identified in our audit are summarised as follows:

- Revenue recognition: Sales of goods
- Business combinations

我們在審核中已識別的關鍵審核事項概述如下：

- 收入確認：商品銷售
- 業務合併

**Key Audit Matter<sup>2</sup>**  
關鍵審核事項<sup>2</sup>

**How our audit addressed the Key Audit Matter**  
我們在審核中的處理關鍵審核事項的方法

## Revenue recognition: Sales of goods

## 收入確認：商品銷售

Refer to Note 2.26 to the consolidated financial statements  
請參閱綜合財務報表附註2.26

We understood, evaluated and validated management's controls in respect of the Group's process to recognise sales transactions, including contract approval, recording of sales based on contract terms, and reconciliations with cash receipts and customers' records. 我們就貴集團確認銷售交易之控制權之程序，包括合約批准、記錄按合約條款之銷售及已收現及客戶記錄對賬，理解、評估及核實管理層。

During the year 2017, the Group recognised RMB16,306,375,000 of revenue from sales of goods. 於二零一七年，貴集團已確認商品銷售收入為人民幣16,306,375,000元。

We tested the revenue derived from different customers and different locations for selected samples by examination of the sales contracts, invoices and goods delivery notes to revenue recorded. We compared the delivery dates based on delivery notes with the timing of revenue recognition, and we also examined transactions which occurred immediately before and after the balance sheet date for their recording as revenue in the proper periods. 透過檢查銷售合約、發票及已記賬收入之送貨記錄，我們按經挑選的樣本測試不同客戶及不同地點產生的收入。我們根據送貨記錄比較送貨日期與確認收入時間，我們亦檢查緊接其於適當期間列賬為收益的結算日前及緊隨其後進行的交易。

Revenue is recognised when the risks and rewards of the underlying products have been transferred to the customers. 收入於相關產品的風險及回報已轉嫁予客戶時確認。

Based on our audit procedures, we found the Group's revenue recognition in relation to sales of goods was supported by the relevant evidence that we gathered. 基於審核程序，我們發現貴集團關於商品銷售的收入確認得到所收集相關證據支持。

We focused on this area due to the high volume of sales generated in various locations and from decentralised customers, and thus significant audit time and resources were devoted in this area, in particular relating to the occurrence, accuracy and timely recording of such transactions.

由於自不同地區及分散的客戶產生巨額銷售，故我們著重此方面，並投入大量審核時間與資源到此領域中，尤其是與有關交易的發生、準確性及及時記錄相關的事宜。

# 獨立核數師報告 INDEPENDENT AUDITOR'S REPORT



羅兵咸永道

## Key Audit Matter<sup>2</sup> 關鍵審核事項<sup>2</sup>

## How our audit addressed the Key Audit Matter 我們在審核中的處理關鍵審核事項的方法

### Business combinations

Refer to Note 2.2.1 and Note 32 to the consolidated financial statements  
請參閱 貴集團綜合財務報表附註2.2.1及附註32。

During the year 2017, the Group completed two acquisitions of garment fabrics and garments business. Accounting for the acquisitions involves a fair value valuation on the acquired assets and liabilities. On 1 May 2017, the Group acquired the 100% equity interest of garments fabrics and garments business of Nien Hsing Textile Co., Ltd. for a total consideration of RMB440,691,000, resulting in the Group's recognition of a negative goodwill of RMB146,578,000 as a gain. On 31 December 2017, the Group acquired the remaining 51% equity interest of an associate and its subsidiaries, engaging in garments fabrics and garments business for a consideration of RMB1, resulting in the Group's recognition of a negative goodwill of RMB26,856,000 as a gain.

於二零一七年，貴集團完成兩項面料及服裝業務之收購。收購之會計處理涉及就已收購資產及負債的公平值方法。於二零一七年五月一日，貴集團收購年興紡織股份有限公司面料及服裝業務之全部權益，總代價為人民幣440,691,000元，導致貴集團確認負商譽所得收益人民幣146,578,000元。於二零一七年十二月三十一日，貴集團收購一間從事面料及服裝業務的聯營公司及其附屬公司餘下51%權益，總代價為人民幣1元，導致貴集團確認負商譽所得收益人民幣26,856,000元。

We focused on this area due to the significant amount of negative goodwill recognized from the acquisitions and in determining the accounting treatment for the acquisitions, the acquired intangible and tangible assets need to be valued and the acquisition consideration needs to be allocated to the assets and liabilities being acquired, which involves a number of significant judgements and assumptions.

我們著重此方面，因為就收購確重大金額的負商譽及釐定收購的會計處理、需要估值的已收購無形及有形資產及需要分配予所收購之資產及負債的收購代價，涉及多項重大判斷及假設。

### 業務合併

Management relied on external independent valuers to determine the fair values of the significant tangible and intangible assets acquired from these business combinations. Therefore, we assessed the competency, objectivity and capabilities of these external valuers. Management relied on external independent valuers to determine the fair values of the significant tangible and intangible assets acquired from these business combinations. Therefore, we assessed the competency, objectivity and capabilities of these external valuers. Management relied on external independent valuers to determine the fair values of the significant tangible and intangible assets acquired from these business combinations. Therefore, we assessed the competency, objectivity and capabilities of these external valuers.

We challenged management's assessment of the appropriate accounting treatment, the identification and valuation of tangible and intangible assets and the allocation of consideration for the acquisitions to the assets and liabilities acquired. We tested the mathematical accuracy of the Group's cash flow model.

我們已質詢管理層對適當會計處理、識別有形及無形資產及其估值及將收購代價分配予所收購的資產及負債。我們已測試貴集團現金流量模型的算術準確度。

We involved our own valuation specialists to assist us in critically assessing the key assumptions in the valuation of the identified tangible and intangible assets, including the appropriateness of the discount rates and terminal growth rate and comparing the inputs used in determining the key assumptions to externally and internally derived data.

我們使用本身的估值專家協助我們嚴格評估已識別有形及無形資產的估值的關鍵假設，包括折現率及永久增長率的適當性，並將釐定關鍵假設使用的輸入數據與外部及內部獲得的數據比較。

We challenged management's key assumptions within the model such as the sales growth rate, terminal growth rate and gross profit margin and compared these key assumptions to externally derived data.

我們質詢管理層的在模型內的關鍵假設，例如銷售增長率、永久增長率及毛利率，並將該等關鍵假設與外部取得的數據比較。

We have also considered the adequacy of the Group's disclosures in respect of the acquisitions in Note 32 to the consolidated financial statements.

我們亦已考慮貴集團於綜合財務報表附註32關於收購的披露是否充份。

Based on our audit procedures, we found the Group's accounting treatment for the business combinations and the Group's disclosures in respect of the acquisitions in Note 32 were supported by the relevant evidence that we gathered.

根據我們的審核程序，我們發現貴集團就業務合併的會計處理及貴集團在附註32就收購的披露獲我們收集的相關憑證支持。

# 獨立核數師報告 INDEPENDENT AUDITOR'S REPORT



羅兵咸永道

## OTHER INFORMATION

The directors of the Company are responsible for the other information set out in the Company's 2017 Annual Report. The other information comprises the information included in the Financial Highlights, Corporate Profile and Structure, Chairman's Statement, Management Discussion and Analysis, Directors and Senior Management and Corporate Information (but does not include the consolidated financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report, and Corporate Governance Report, Report of the Directors and Environmental, Social and Governance Report, which are expected to be made available to us after that date.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will 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 identified above 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 on the other information that we obtained prior to the date of this auditor's report, 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.

When we read the Corporate Governance Report, Report of the Directors and Environmental, Social and Governance Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the audit committee and take appropriate action considering our legal rights and obligations.

## 其他資料

貴公司董事須對載列於貴公司二零一七年年報之其他資料承擔責任。其他資料包括載於我們於本核數師報告日期前取得的財務摘要、企業簡介及架構、主席報告書、管理層討論及分析、董事及高級管理層及公司資料(惟不包括綜合財務報表及我們的核數師報告)，以及我們預期可於該日期後獲得的企業管治報告、董事會報告及環境、社會及管治報告的資料。

我們對綜合財務報表作出的意見並無涵蓋其他資料，而我們不會並將不會對其他資料發表任何形式的核證結論。

就我們審核綜合財務報表而言，我們的責任為閱讀上述的其他資料，從而考慮其他資料是否與綜合財務報表或我們在審核過程中獲悉的資料存在重大不符，或似乎存在重大錯誤陳述。

倘若我們基於對我們於本核數師報告日期前取得的其他資料進行的工作認為其他資料出現重大錯誤陳述，我們須報告有關事實。就此，我們毋須作出報告。

倘我們於閱讀企業管治報告、董事會報告及環境、社會及管治報告時，認為該等資料出現重大錯誤陳述，我們須就有關事項知會審核委員會，並於考慮我們的法律權利及責任後，採取適當的行動。

# 獨立核數師報告 INDEPENDENT AUDITOR'S REPORT



羅兵咸永道

## RESPONSIBILITIES OF DIRECTORS AND THE AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

The audit committee is responsible for overseeing the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, 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 HKSAAs 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.

## 董事及審核委員會就綜合財務報表須承擔的責任

貴公司董事須負責根據香港會計師公會頒佈的香港財務報告準則及按照香港公司條例的披露規定，編製真實而公平的綜合財務報表，以及董事釐定屬必要的內部監控，以使編製的綜合財務報表不存在由於欺詐或錯誤而導致的重大錯誤陳述。

在編製綜合財務報表時，董事須負責評估貴集團持續經營的能力，並披露與持續經營有關的事項（如適用）及採用以持續經營為基礎的會計法，除非董事擬將貴集團清盤或停止營運，或除此之外並無其他實際可行的辦法則作別論。

審核委員會負責監督貴集團的財務報告流程。

## 核數師就審核綜合財務報表須承擔的責任

我們的目標為合理確定綜合財務報表整體而言不會存在由於欺詐或錯誤而導致的重大錯誤陳述，並發出載有我們意見的核數師報告。我們僅向閣下（作為整體）報告，除此以外本報告別無其他目的。我們不會就本報告的內容向任何其他人士負上或承擔任何責任。

合理確定屬高層次的核證，惟根據香港審計準則進行的審核工作不能保證總能察覺所存在的重大錯誤陳述。錯誤陳述可因欺詐或錯誤產生，倘個別或整體在合理預期情況下可影響使用者根據綜合財務報表作出的經濟決定時，則被視為重大錯誤陳述。

# 獨立核數師報告

## INDEPENDENT AUDITOR'S REPORT



羅兵咸永道

As part of an audit in accordance with HKSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
  - Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
  - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
  - Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
  - 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.
- 在根據香港審計準則進行審計的過程中，我們運用專業判斷，保持專業懷疑態度。我們亦：
- 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、設計及執行審計程序以應對該等風險，以及獲取充足和適當的審計憑證，作為我們意見的基礎。由於欺詐可能涉及串謀、偽造、蓄意遺漏、虛假陳述或凌駕內部監控的情況，因此未能發現因欺詐而導致的重大錯誤陳述的風險高於未能發現因錯誤而導致的重大錯誤陳述的風險。
  - 了解與審計相關的內部監控，以設計適當的審計程序，惟並非旨在對貴集團內部監控的有效性發表意見。
  - 評估董事所採用會計政策的恰當性及作出會計估計和相關披露的合理性。
  - 對董事採用持續經營會計基礎的恰當性作出結論，並根據所獲取的審計憑證，確定是否存在與事項或情況有關的重大不確定性，從而可能導致對貴集團的持續經營能力產生重大疑慮。倘我們認為存在重大不確定性，則有必要在核數師報告中提請使用者注意綜合財務報表中的相關披露。倘有關披露不足，則修訂我們意見。我們結論乃基於截至核數師報告日期止所取得的審計憑證。然而，未來事項或情況可能導致貴集團無法持續經營。
  - 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中肯反映相關交易和事項。



# 獨立核數師報告 INDEPENDENT AUDITOR'S REPORT



羅兵咸永道

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Arthur Chi Ping Kwok.

- 就貴集團內實體或業務活動的財務資料獲取充足及適當的審計憑證，以便對綜合財務報表發表意見。我們負責集團審計的方向、監督和執行。我們為審核意見承擔全部責任。

我們與審核委員會就(其中包括)審計的計劃範圍、時間安排及重大審計發現溝通，該等發現包括我們在審計過程中識別的內部監控的任何重大缺失。

我們亦向審核委員會作出聲明，指出我們已符合有關獨立性的相關道德要求，並與彼等溝通可能被合理認為會影響我們獨立性的所有關係及其他事宜，以及相關防範措施(如適用)。

從與審核委員會溝通的事項中，我們釐定對本期綜合財務報表的審計至關重要的事項，因而構成關鍵審核事項。我們在核數師報告中描述該等事項，除非法律或法規不允許公開披露該等事項，或在極端罕見的情況下，倘合理預期在我們報告中溝通某事項造成的負面後果超出產生的公眾利益，則我們決定不應在報告中傳達該事項。

出具本獨立核數師報告的審計合夥人為郭志平。

**PricewaterhouseCoopers**  
Certified Public Accountants

Hong Kong, 9 March 2018

羅兵咸永道會計師事務所  
執業會計師

香港，二零一八年三月九日

# 綜合資產負債表

## CONSOLIDATED BALANCE SHEET

As at 31 December 2017  
於二零一七年十二月三十一日

As at 31 December  
於十二月三十一日

			2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
	Note 附註			
<b>ASSETS</b>		<b>資產</b>		
<b>Non-current assets</b>		<b>非流動資產</b>		
Freehold land and land use rights		永久產權土地及 土地使用權	6	863,083
Property, plant and equipment	6	物業、廠房及設備	7	6,660,122
Investments accounted for using the equity method	7	以權益法入賬之投資	8	182,789
Deferred income tax assets	8	遞延所得稅資產	20	107,558
			<b>7,813,552</b>	7,142,656
<b>Current assets</b>		<b>流動資產</b>		
Inventories	10	存貨	10	3,764,189
Trade and bills receivables	11	應收貿易及票據款項	11	1,630,144
Prepayments, deposits and other receivables	12	預付款項、按金及 其他應收賬款	12	637,229
Derivative financial instruments	18	衍生金融工具	18	134,350
Pledged bank deposits	13	已抵押銀行存款	13	88,249
Cash and cash equivalents	13	現金及現金等值物	13	1,466,718
			<b>7,720,879</b>	8,141,693
<b>Total assets</b>		<b>資產總值</b>	<b>15,534,431</b>	15,284,349
<b>EQUITY</b>		<b>權益</b>		
<b>Equity attributable to owners of the Company</b>		<b>本公司擁有人應佔權益</b>		
Share capital: nominal value	14	股本：面值	14	96,709
Share premium	14	股份溢價	14	433,777
Other reserves	16	其他儲備	16	616,374
Retained earnings	16	保留溢利	16	4,763,267
			<b>5,910,127</b>	5,148,721
<b>Non-controlling interests</b>		<b>非控股權益</b>	<b>65,586</b>	42,723
<b>Total equity</b>		<b>權益總額</b>	<b>5,975,713</b>	5,191,444

# 綜合資產負債表

## CONSOLIDATED BALANCE SHEET

As at 31 December 2017  
於二零一七年十二月三十一日

		As at 31 December 於十二月三十一日	
		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
		Note 附註	
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Borrowings	借貸	17	2,987,229
Deferred income tax liabilities	遞延所得稅負債	20	149,172
Finance lease obligations	融資租賃承擔	19	1,587
			<b>3,137,988</b>
<b>Current liabilities</b>			
Trade and bills payables	應付貿易及票據款項	21	2,961,729
Accruals and other payables	預提費用及其他應付賬款	22	741,451
Current income tax liabilities	當期所得稅負債		36,562
Borrowings	借貸	17	2,562,369
Derivative financial instruments	衍生金融工具	18	112,996
Finance lease obligations	融資租賃承擔	19	5,623
			<b>6,420,730</b>
<b>Total liabilities</b>	<b>負債總值</b>		<b>9,558,718</b>
<b>Total equity and liabilities</b>	<b>總權益及負債</b>		<b>15,534,431</b>

The notes on pages 135 to 252 are an integral part of these consolidated financial statements.

於第135至252頁之附註為此等綜合財務報表之一部分。

The consolidated financial statements on pages 128 to 252 were approved by the Board of Directors on 9 March 2018 and the consolidated balance sheet was signed on its behalf by:

於第128至252頁之綜合財務報表已於二零一八年三月九日獲董事會批准，並由下列董事代表董事會簽署其中的綜合資產負債表：

**Hong Tianzhu**  
Director

**Zhu Yongxiang**  
Director

洪天祝  
董事

朱永祥  
董事

# 綜合收益表

## CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2017  
截至二零一七年十二月三十一日止年度

		Year ended 31 December 截至十二月三十一日止年度	
		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
	Note 附註		
Revenue	收入	5	16,306,375
Cost of sales	銷售成本	24	(13,866,416)
<b>Gross profit</b>	<b>毛利</b>		<b>2,439,959</b>
Selling and distribution costs	銷售及分銷開支	24	(581,717)
General and administrative expenses	一般及行政開支	24	(511,930)
Other income	其他收入	23	169,555
Other (losses)/gains — net	其他(虧損)/收益 — 淨額	23	(64,690)
<b>Operating profit</b>	<b>經營溢利</b>		<b>1,451,177</b>
Finance income	財務收入	26	9,162
Finance costs	財務費用	26	(85,697)
Finance costs — net	財務費用 — 淨額	26	(76,535)
Share of profits less losses of investments accounted for using the equity method	分佔以權益法入賬之投資的溢利減虧損	8	(12,820)
<b>Profit before income tax</b>	<b>除所得稅前溢利</b>		<b>1,361,822</b>
Income tax expense	所得稅開支	28	(187,097)
<b>Profit for the year</b>	<b>年度溢利</b>		<b>1,174,725</b>
<b>Attributable to:</b>	<b>由以下各方應佔：</b>		
Owners of the Company	本公司擁有人		1,151,862
Non-controlling interests	非控制性權益		22,863
			<b>1,174,725</b>
<b>Earnings per share for profit attributable to owners of the Company</b>	<b>本公司擁有人應佔溢利之每股盈利</b>		
— Basic earnings per share	— 每股基本盈利	29	RMB1.26 人民幣 1.26 元
— Diluted earnings per share	— 每股攤薄盈利	29	RMB1.26 人民幣 1.26 元

The notes on pages 135 to 252 are an integral part of these consolidated financial statements.

於第 135 至 252 頁之附註為此等綜合財務報表之一部分。

# 綜合全面收益表

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2017  
截至二零一七年十二月三十一日止年度

		Year ended 31 December 截至十二月三十一日止年度	
		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
	Note 附註		
<b>Profit for the year</b>	年度溢利	<b>1,174,725</b>	1,201,073
<b>Other comprehensive income/(losses)</b>	其他全面收益/(虧損)		
<i>Items that will not be reclassified subsequently to profit or loss</i>	其後將不會重新分類至損益之項目		
Revaluation of buildings	樓宇重估		
— gross	— 總額	—	45,883
— deferred income tax	— 遞延所得稅	—	(16,354)
<i>Items that may be reclassified subsequently to profit or loss</i>	其後或會重新分類至損益之項目		
Share of other comprehensive income/(losses) of investments accounted for using the equity method	分佔以權益法入賬之投資之其他全面收益/(虧損)		
— share of currency translation reserve	— 分佔貨幣兌換儲備	11,175	(8,556)
Currency translation differences	貨幣兌換差額	(8,878)	1,134
	16		
<b>Total comprehensive income for the year</b>	年度全面收益總額	<b>1,177,022</b>	1,223,180
<b>Attributable to:</b>	由以下各方應佔：		
Owners of the Company	本公司擁有人	1,154,159	1,209,471
Non-controlling interests	非控制性權益	22,863	13,709
		<b>1,177,022</b>	1,223,180

The notes on pages 135 to 252 are an integral part of these consolidated financial statements.

於第135至252頁之附註為此等綜合財務報表之一部分。

# 綜合權益變動表

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2017  
截至二零一七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				Non-	Total
		Share capital	Share premium	Other reserves	Retained earnings	Controlling interests 非控制性 權益	equity 總股東 權益
		股本	股份溢價	其他儲備	保留溢利		
Note		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
附註		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
<b>Balance at 1 January 2016</b>	於二零一六年一月一日 的結餘	94,064	189,218	509,922	3,117,951	27,414	3,938,569
<b>Comprehensive income</b>	全面收益						
Profit for the year	年度溢利	-	-	-	1,187,531	13,542	1,201,073
<b>Other comprehensive income/(losses):</b>	其他全面收益/(虧損):						
Surplus on revaluation of buildings	樓宇重估盈餘						
— gross	— 總額	-	-	45,883	-	-	45,883
— deferred income tax	— 遞延所得稅	-	-	(16,354)	-	-	(16,354)
Share of other comprehensive losses of associates accounted for using the equity method	分佔以權益法入賬之 聯營公司之其他全面 虧損						
— share of currency translation reserve	— 分佔貨幣匯兌儲備	-	-	(8,556)	-	-	(8,556)
Currency translation differences	貨幣匯兌差額	16	-	967	-	167	1,134
<b>Total comprehensive income for the year</b>	年度全面收益總額	-	-	21,940	1,187,531	13,709	1,223,180
<b>Transactions with owners</b>	與股權持有人之交易						
Issue of ordinary shares	發行普通股	14	2,645	244,559	-	-	247,204
Capital injection from non-controlling shareholders of subsidiaries	附屬公司非控股股東注資						
		-	-	-	-	1,600	1,600
Dividend relating to 2015	二零一五年股息	30	-	-	(89,155)	-	(89,155)
Dividend relating to 2016	二零一六年股息	30	-	-	(137,235)	-	(137,235)
Employee share option scheme	僱員購股權計劃	15	-	7,281	-	-	7,281
Transfer to statutory reserves	轉撥至法定儲備	16	-	32,724	(32,724)	-	-
Transfer from revaluation reserve to retained earnings	由重估儲備轉撥至 保留溢利						
— gross	— 總額	-	-	(7,221)	7,221	-	-
— deferred income tax	— 遞延所得稅	-	-	1,944	(1,944)	-	-
<b>Total transactions with owners</b>	與股權持有人之交易總額	2,645	244,559	34,728	(253,837)	1,600	29,695
<b>Balance at 31 December 2016</b>	於二零一六年 十二月三十一日的結餘	96,709	433,777	566,590	4,051,645	42,723	5,191,444

## 綜合權益變動表

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2017

截至二零一七年十二月三十一日止年度

		Note 附註	Attributable to owners of the Company 本公司擁有人應佔					Total equity 總股東權益 RMB'000 人民幣千元
			Share capital 股本 RMB'000 人民幣千元	Share premium 股份溢價 RMB'000 人民幣千元	Other reserves 其他儲備 RMB'000 人民幣千元	Retained earnings 保留溢利 RMB'000 人民幣千元	Non- controlling interests 非控制性 權益 RMB'000 人民幣千元	
<b>Balance at 1 January 2017</b>	於二零一七年一月一日的結餘		96,709	433,777	566,590	4,051,645	42,723	5,191,444
<b>Comprehensive income</b>	全面收益		-	-	-	1,151,862	22,863	1,174,725
Profit for the year	年度溢利		-	-	-	1,151,862	22,863	1,174,725
<b>Other comprehensive income/(losses):</b>	其他全面收入/(虧損):							
Share of other comprehensive income of investments accounted for using the equity method	分佔以權益法入賬之投資之其他全面收益							
— share of currency translation reserve	— 分佔貨幣匯兌儲備		-	-	11,175	-	-	11,175
Currency translation differences	貨幣匯兌差額	16	-	-	(8,878)	-	-	(8,878)
<b>Total comprehensive income for the year</b>	年度全面收益總額		-	-	2,297	1,151,862	22,863	1,177,022
<b>Transactions with owners</b>	與股權持有人之交易							
Dividend relating to 2016	二零一六年股息	30	-	-	-	(210,137)	-	(210,137)
Dividend relating to 2017	二零一七年股息	30	-	-	-	(185,935)	-	(185,935)
Employee share option scheme	僱員購股權計劃	15	-	-	3,319	-	-	3,319
Transfer to statutory reserves	轉撥至法定儲備	16	-	-	48,202	(48,202)	-	-
Transfer from revaluation reserve to retained earnings	由重估儲備轉撥至保留溢利							
— gross	— 總額		-	-	(6,362)	6,362	-	-
— deferred income tax	— 遞延所得稅		-	-	2,328	(2,328)	-	-
<b>Total transactions with owners</b>	與股權持有人之交易總額		-	-	47,487	(440,240)	-	(392,753)
<b>Balance at 31 December 2017</b>	於二零一七年十二月三十一日的結餘		96,709	433,777	616,374	4,763,267	65,586	5,975,713

The notes on pages 135 to 252 are an integral part of these consolidated financial statements.

於第 135 至 252 頁之附註為此等財務報表之一部分。

# 綜合現金流量表

## CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2017  
截至二零一七年十二月三十一日止年度

		Year ended 31 December 截至十二月三十一日止年度	
		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
	Note 附註		
<b>Cash flows from operating activities</b>	來自經營活動的現金流量		
Cash generated from operations	經營所產生之現金	2,413,303	804,131
Interest received	已收利息	9,162	9,752
Income tax paid	已付所得稅	(229,854)	(207,308)
Net cash generated from operating activities	經營活動所得現金淨額	2,192,611	606,575
<b>Cash flows from investing activities</b>	來自投資活動的現金流量		
Newly set-up and acquisition of associates and joint ventures	新成立及收購的聯營公司及合營企業	(113,122)	(13,004)
Purchases of property, plant and equipment	購買物業、廠房及設備	(817,806)	(1,769,311)
Purchases of land use rights	購買土地使用權	(41,043)	(169,664)
Proceeds from sale of property, plant and equipment and land use rights	出售物業、廠房及設備以及土地使用權所得款項	49,679	33,211
Payments on acquisitions of subsidiaries, net of cash and cash equivalents acquired	收購附屬公司付款，扣除已收購現金及現金等值物	(396,013)	(44,662)
Purchase of financial instruments	購買金融工具	(39,141)	(125,732)
Net proceeds from settlement of financial instruments	金融工具結算所得款項淨額	19,725	43,383
Net cash used in investing activities	投資活動所耗現金淨額	(1,337,721)	(2,045,779)
<b>Cash flows from financing activities</b>	來自融資活動的現金流量		
Proceeds from borrowings	借貸所得款項	5,252,310	4,269,892
Repayments of borrowings	償還借貸	(5,839,824)	(2,379,408)
Repayments of finance lease obligations	償還融資租賃承擔	-	(359,046)
Dividends paid	已付股息	(396,072)	(226,390)
Interest paid	已付利息	(310,746)	(307,924)
Proceeds from capital injection by non-controlling interests	非控制性權益注資所得款項	-	1,600
Decrease in pledged bank deposits	已抵押銀行存款減少	92,952	66,462
Proceeds from issue of shares	發行股份所得款項	-	247,204
Net cash (used in)/generated from financing activities	融資活動(所用)/所得現金淨額	(1,201,380)	1,312,390
<b>Net decrease in cash and cash equivalents</b>	現金及現金等值物減少淨額	(346,490)	(126,814)
Cash and cash equivalents at beginning of year	年初之現金及現金等值物	1,813,208	1,940,022
<b>Cash and cash equivalents at end of the year</b>	年終之現金及現金等值物	1,466,718	1,813,208

The notes on pages 135 to 252 are an integral part of these consolidated financial statements.

於第135至252頁之附註為此等綜合財務報表之一部分。



# 綜合財務報表附註

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

截至二零一七年十二月三十一日止年度

### 1. GENERAL INFORMATION

Texhong Textile Group Limited (the “Company”) and its subsidiaries (together, the “Group”) are principally engaged in the manufacturing and sales of yarns, grey fabrics and garment fabrics as well as garments.

The Company was incorporated in the Cayman Islands on 12 July 2004 as an exempted company with limited liability under the Companies Law of Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The Company’s shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) since 9 December 2004.

These consolidated financial statements are presented in Chinese Renminbi (“RMB”), unless otherwise stated. These consolidated financial statements have been approved and authorised for issue by the Board of Directors of the Company on 9 March 2018.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

#### 2.1 Basis of preparation

The consolidated financial statements of the Company have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (HKFRSs). The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of buildings, financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss, which are carried at fair value.

### 1. 一般資料

天虹紡織集團有限公司(「本公司」)及其附屬公司(統稱「本集團」)主要業務為製造及銷售紗線、坯布及面料和服裝。

本公司乃於二零零四年七月十二日在開曼群島根據開曼群島公司法註冊成立為一間獲豁免有限公司。其註冊辦事處之地址為Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands。

自從二零零四年十二月九日起，本公司股份已經在香港聯合交易所有限公司(「聯交所」)主板上市。

除另有說明外，該等綜合財務報表乃以人民幣(「人民幣」)呈報。該等綜合財務報表於二零一八年三月九日獲董事會批准及授權刊發。

### 2. 重要會計政策摘要

編製此等綜合財務報表採用的主要會計政策列載如下。除另有說明外，該等政策在所呈報的所有年度內已被貫徹應用。

#### 2.1 編製基準

本公司之綜合財務報表已根據所用適用香港財務報告準則(「香港財務報告準則」)編製，綜合財務報表按照歷史成本法編製，並就按公平值計入損益之樓宇、金融資產及金融負債(包括衍生工具)的重估(均按公平值列賬)而作出修訂。

## 綜合財務報表附註

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017  
截至二零一七年十二月三十一日止年度

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 2.1 Basis of preparation (Continued)

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

### Changes in accounting policies and disclosures

#### (a) New amendments of HKFRSs adopted by the Group in 2017

The following amendments to existing standards have been adopted by the Group for the first time for the financial year beginning on 1 January 2017.

Amendments to HKAS 12 'Income Taxes' on the recognition of deferred tax assets for unrealised losses clarify how to account for deferred tax assets related to debt instruments measured at fair value.

Amendments to HKAS 7 'Statement of Cash Flows' introduced an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities.

Amendments to HKFRS 12 'Disclosure of Interests in Other Entities' is part of the annual improvements to HKFRSs 2014–2016 cycle. The amendments clarify that the disclosure requirements of HKFRS 12 are applicable to interests in entities classified as held for sale except for summarised financial information (para B17 of HKFRS 12). Previously, it was unclear whether all other HKFRS 12 requirements were applicable for those interests.

## 2. 重要會計政策摘要(續)

### 2.1 編製基準(續)

編製符合香港財務報告準則之財務報表需要使用若干關鍵會計估計。這亦需要管理層在應用本集團會計政策過程中行使其判斷。涉及高度判斷或複雜性之範疇，或涉及對綜合財務報表屬重大假設和估計之範疇，於附註4披露。

### 會計政策變更及披露

#### (a) 本集團於二零一七年採納之香港財務報告準則之新修訂

本集團於二零一七年一月一日開始之財政年度首次採納以下現有準則修訂。

香港會計準則第12號「所得稅」(修訂本)就確認未變現虧損的遞延稅項資產，該等修訂澄清如何將以公平值計量的債務工具相關遞延稅項資產入賬。

香港會計準則第7號「現金流量表」(修訂本)引入額外披露，將讓財務報表使用者能評估融資活動所引致的負債變動。

香港財務報告準則第12號「披露於其他實體的權益」(修訂本)乃香港財務報告準則二零一四年至二零一六年週期年度改進的一部分，澄清香港財務報告準則第12號的披露規定適用於分類為持作出售實體的權益，惟財務資料概要(香港財務報告準則第12號第B17段)除外。先前並無釐清所有其他香港財務報告準則第12號規定是否適用於該等權益。

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**2.1 Basis of preparation** (Continued)

**Changes in accounting policies and disclosures** (Continued)

(a) *New amendments of HKFRSs adopted by the Group in 2017* (Continued)

The adoption of the above new amendments did not give rise to any significant impact on the Group's results of operations and financial position for the year ended 31 December 2017.

The amendments to HKAS 7 require disclosure of changes in liabilities arising from financing activities, see note 31(b).

(b) *New standards, amendments and interpretations of HKFRSs issued but are not effective for the financial year beginning on 1 January 2017 and have not been early adopted by the Group*  
A number of new standards, amendments and interpretations to existing standards have been issued but are not yet effective for the financial year beginning on 1 January 2017, and have not been early adopted by the Group in preparing these consolidated financial statements. The Group is yet to assess the full impact of these new standards, amendments and interpretations and intends to adopt them no later than their respective effective dates. These new standards, amendments and interpretations are set out below:

(i) HKFRS 9 'Financial Instruments'

*Nature of change*

HKFRS 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.

**2. 重要會計政策摘要** (續)

**2.1 編製基準** (續)

**會計政策變更及披露** (續)

(a) 本集團於二零一七年採納之香港財務報告準則之新修訂 (續)

採納上述新修訂並無對本集團截至二零一七年十二月三十一日止年度的經營業績及財務狀況產生任何重大影響。

香港會計準則第7號(修訂本)要求披露融資活動所產生負債的變動，見附註31(b)。

(b) 已頒佈但尚未於二零一七年一月一日開始之財政年度生效之香港財務報告準則之訂準則、修訂及詮釋而本集團並無提早採納  
多項新準則、現有準則修訂及詮釋已頒佈但尚未於二零一七年一月一日開始之財政年度生效，而本集團於編製綜合財務報表時並無提早採納。本集團尚未評估該等新準則、修訂及詮釋之全面影響，並擬不遲於其各自之生效日期時予以採納。該等新準則、修訂及詮釋列示如下：

(i) 香港財務報告準則第9號「金融工具」

*變動性質*

香港財務報告準則第9號闡述金融資產及金融負債之分類、計量及終止確認，為對沖會計法引進新規則，並為金融資產引進全新減值模式。

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 2.1 Basis of preparation (Continued)

#### Changes in accounting policies and disclosures (Continued)

(b) *New standards, amendments and interpretations of HKFRSs issued but are not effective for the financial year beginning on 1 January 2017 and have not been early adopted by the Group (Continued)*

(i) HKFRS 9 'Financial Instruments' (Continued)

#### Impact

The Group has reviewed its financial assets and liabilities and is expecting no significant impact from the adoption of the new standard on 1 January 2018:

The Group does not have:

- Debt instrument or equity instrument that are classified as available-for-sale;
- Debt instrument classified as held-to-maturity and measured at amortised cost;
- Equity investments measured at fair value through profit or loss.

There will be no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group does not have any such liabilities. The derecognition rules have been transferred from HKAS 39 'Financial Instruments: Recognition and Measurement' and have not been changed.

## 2. 重要會計政策摘要(續)

### 2.1 編製基準(續)

#### 會計政策變更及披露(續)

(b) 已頒佈但尚未於二零一七年一月一日開始之財政年度生效之香港財務報告準則之訂準則、修訂及詮釋而本集團並無提早採納(續)

(i) 香港財務報告準則第9號「金融工具」(續)

#### 影響

本集團已審閱其金融資產及負債，並預期於二零一八年一月一日採納新準則並無重大影響：

本集團並無：

- 分類為可供出售的債務工具或股本工具；
- 分類為持有至到期日並以攤銷成本計量的債務工具；
- 按公平值計入損益的權益投資。

本集團金融負債之會計處理將不受影響，因為新規定只影響指定為按公平值計入損益之金融負債之會計處理，而本集團並無任何此等負債。終止確認之規則已從香港會計準則第39號「金融工具：確認及計量」轉移，且並無任何變動。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

Changes in accounting policies and disclosures (Continued)

(b) *New standards, amendments and interpretations of HKFRSs issued but are not effective for the financial year beginning on 1 January 2017 and have not been early adopted by the Group (Continued)*

(i) HKFRS 9 'Financial Instruments' (Continued)

Impact (Continued)

The new hedge accounting rules will align the accounting for hedging instruments more closely with the Group's risk management practices. As a general rule, more hedge relationships might be eligible for hedge accounting, as the standard introduces a more principles-based approach. However, at this stage the Group does not expect to identify any new hedge relationships. Accordingly, the Group does not expect a significant impact on the accounting for its hedging relationships.

The new impairment model requires the recognition of impairment provisions based on expected credit losses (ECL) rather than only incurred credit losses as is the case under HKAS 39. It applies to financial assets classified at amortised cost, debt instruments measured at fair value through other comprehensive income, contract assets under HKFRS 15 'Revenue from Contracts with Customers', lease receivables, loan commitments and certain financial guarantee contracts. Based on the assessments undertaken to date, the Group expects a small increase in the loss allowance for trade debtors and in relation to debt investments held at amortised cost. But according to the preliminary result, the financial impact is expected to be immaterial.

2. 重要會計政策摘要(續)

2.1 編製基準(續)

會計政策變更及披露(續)

(b) 已頒佈但尚未於二零一七年一月一日開始之財政年度生效之香港財務報告準則之訂準則、修訂及詮釋而本集團並無提早採納(續)

(i) 香港財務報告準則第9號「金融工具」(續) 影響(續)

新對沖會計規則下，對沖工具的會計處理將與本集團的風險管理常規更一致。作為整體規則，由於準則引入更多原則為本的方針，故可能有更多對沖關係符合對沖會計處理。然而，於此階段，本集團並不預期識別任何新對沖關係。因此，本集團預期並不會對其對沖關係的會計處理造成重大影響。

新減值模式須根據預期信貸虧損確認減值撥備，而非香港會計準則第39號所規定僅根據已產生信貸虧損確認減值撥備。其適用於按攤銷成本分類之金融資產、按公平值計入其他全面收益之債務工具、香港財務報告準則第15號「客戶合約收益」項下合約資產、租賃應收款項、貸款承擔及若干財務擔保合約。根據迄今的評估，本集團預期貿易應收賬款及有關按攤銷成本持有的債務投資虧損撥備輕微增加，惟根據初步結果，預期財務影響將為微不足道。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

Changes in accounting policies and disclosures (Continued)

(b) *New standards, amendments and interpretations of HKFRSs issued but are not effective for the financial year beginning on 1 January 2017 and have not been early adopted by the Group (Continued)*

(i) HKFRS 9 'Financial Instruments' (Continued)

*Impact (Continued)*

The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Group's disclosures about its financial instruments particularly in the year of the adoption of the new standard.

*Date of adoption by Group*

Must be applied for financial years commencing on or after 1 January 2018. The Group will apply the new rules retrospectively from 1 January 2018, with the practical expedients permitted under the standard. Comparatives for 2017 will not be restated.

(ii) HKFRS 15 'Revenue from Contracts with Customers'

*Nature of change*

The HKICPA has issued a new standard for the recognition of revenue. This will replace HKAS 18 which covers revenue arising from the sale of goods and HKAS 11 which covers construction contracts and related literature.

The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer.

The standard permits either a full retrospective or a modified retrospective approach for the adoption.

2. 重要會計政策摘要(續)

2.1 編製基準(續)

會計政策變更及披露(續)

(b) 已頒佈但尚未於二零一七年一月一日開始之財政年度生效之香港財務報告準則之訂準則、修訂及詮釋而本集團並無提早採納(續)

(i) 香港財務報告準則第9號「金融工具」(續)

*影響(續)*

新準則亦引入已擴展之披露規定及呈列變動，預期會改變本集團披露其金融工具之性質及範圍，特別是新準則採納年度。

*本集團的採納日期*

必須於二零一八年一月一日或之後開始之財政年度應用。本集團將於二零一八年一月一日起追溯應用新規例，以及該準則項下所允許的可行權宜處理。二零一七年的比較將不予重列。

(ii) 香港財務報告準則第15號「客戶合約收益」變動性質

香港會計師公會已頒佈確認收益的新準則，並將取替香港會計準則第18號(涵蓋出售貨品所產生收益)及香港會計準則第11號(涵蓋建築合約及相關文檔)。

新準則乃基於收益於貨物或服務控制權轉讓予客戶時確認的原則。

此準則容許全面追溯採納或經修改追溯方式採納。

## 綜合財務報表附註

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

截至二零一七年十二月三十一日止年度

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 2.1 Basis of preparation (Continued)

#### Changes in accounting policies and disclosures (Continued)

(b) *New standards, amendments and interpretations of HKFRSs issued but are not effective for the financial year beginning on 1 January 2017 and have not been early adopted by the Group (Continued)*

(ii) HKFRS 15 'Revenue from Contracts with Customers' (Continued)

#### Impact

Management has assessed the effects of apply the new standard on the Group's financial statements and has identified the following area that will be affected:

- rights of return — HKFRS 15 requires separate presentation on the balance sheet of the rights to recover the goods from the customer and the refund obligation. Due to the large size and low value of the Group's products, the historical goods return rate is very low.

Based on the preliminary assessment result, the Group does not expect a material impact on the adoption of new HKFRS 15.

#### *Date of adoption by Group*

Mandatory for financial years commencing on or after 1 January 2018. The Group intends to adopt the standard using the modified retrospective approach which means that the cumulative impact of the adoption will be recognised in retained earnings as of 1 January 2018 and that comparatives will not be restated.

## 2. 重要會計政策摘要 (續)

### 2.1 編製基準 (續)

#### 會計政策變更及披露 (續)

(b) 已頒佈但尚未於二零一七年一月一日開始之財政年度生效之香港財務報告準則之訂準則、修訂及詮釋而本集團並無提早採納 (續)

(ii) 香港財務報告準則第15號「客戶合約收益」 (續)

#### 影響

管理層已評估應用新準則對本集團財務報表的影響及已識別以下將受影響的範疇：

- 退貨權 — 香港財務報告準則第15號要求在資產負債表內獨立呈報從客戶收回貨品的權利和退款責任。由於本集團產品體積大及價值低，故過往退貨率非常低。

根據初步評估結果，本集團預期採納新香港財務報告準則第15號不會有重大影響。

#### *本集團的採納日期*

於二零一八年一月一日或之後開始之財政年度強制生效。本集團擬以經修改追溯方式採納該準則，即表示採納的累積影響將於二零一八年一月一日在保留盈利確認且比較將不予重列。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

Changes in accounting policies and disclosures (Continued)

(b) *New standards, amendments and interpretations of HKFRSs issued but are not effective for the financial year beginning on 1 January 2017 and have not been early adopted by the Group (Continued)*

(iii) HKFRS 16 'Leases'

*Nature of change*

HKFRS 16 was issued in January 2016. It will result in almost all leases being recognized on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognized. The only exceptions are short-term and low-value leases.

The accounting for lessors will not significantly change.

*Impact*

The standard will affect primarily the accounting for the Group's operating lease. As at 31 December 2017, the Group has non-cancellable operating lease commitments of RMB193 million. However, the Group has not yet determined to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Group's profit and classification of cash flows.

2. 重要會計政策摘要(續)

2.1 編製基準(續)

會計政策變更及披露(續)

(b) 已頒佈但尚未於二零一七年一月一日開始之財政年度生效之香港財務報告準則之訂準則、修訂及詮釋而本集團並無提早採納(續)

(iii) 香港財務報告準則第16號「租賃」

*變動性質*

香港財務報告準則第16號於二零一六年一月頒佈後，絕大部分租賃將於資產負債表確認，因為經營租賃與融資租賃的劃分已被刪除。在新準則下，資產(使用租賃項目之權利)及支付租金之金融負債已獲確認。唯一例外情況為短期低價值之租約。

對於出租人之會計處理將不會出現重大變動。

*影響*

此準則將主要影響本集團經營租賃之會計處理。於二零一七年十二月三十一日，本集團有人民幣193,000,000元之不可撤銷經營租賃承擔。然而，本集團尚未釐定此等承擔將會導致確認資產及未來付款之負債程度，以及對於本集團溢利及現金流量分類的影響。



**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**2.1 Basis of preparation (Continued)**

**Changes in accounting policies and disclosures (Continued)**

(b) *New standards, amendments and interpretations of HKFRSs issued but are not effective for the financial year beginning on 1 January 2017 and have not been early adopted by the Group (Continued)*

(iii) HKFRS 16 'Leases' (Continued)

*Impact (Continued)*

Also, the Group has not yet assessed what other adjustments, if any, are necessary for example because of the change in the definition of the lease term and the different treatment of variable lease payments and of extension and termination options. It is therefore not yet possible to estimate the amount of right-of-use assets and lease liabilities that will have to be recognised on adoption of the new standard and how this may affect the Group's profit or loss and classification of cash flows going forward.

*Date of adoption by Group*

Mandatory for financial years commencing on or after 1 January 2019. At this stage, the Group does not intend to adopt the standard before its effective date. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption.

(iv) Amendments to HKFRS 2 regarding classification and measurement of share-based payment transactions, effective for annual periods beginning on or after 1 January 2018.

(v) Amendments to HKFRS 4 'Insurance Contracts', effective for annual periods beginning on or after 1 January 2018.

**2. 重要會計政策摘要 (續)**

**2.1 編製基準 (續)**

**會計政策變更及披露 (續)**

(b) 已頒佈但尚未於二零一七年一月一日開始之財政年度生效之香港財務報告準則之訂準則、修訂及詮釋而本集團並無提早採納(續)

(iii) 香港財務報告準則第16號「租賃」(續)

*影響 (續)*

並且，本集團尚未評估須作出何種其他調整(如有)，例如，由於租賃期的釋義變動以及可變租賃付款與續租及終止選擇權的不同處理。因此，尚未能估計於採納新準則時必須確認的使用權資產及租賃負債金額以及其將如何影響本集團的損益與未來現金流量分類。

*本集團的採納日期*

於二零一九年一月一日或之後開始之財政年度強制生效。本集團現階段不擬於生效日期前採納此準則。本集團擬應用簡化過渡法且將不會重列首次採納前年度的比較金額。

(iv) 香港財務報告準則第2號(修訂本)關於以股份付款交易的分類及計量，於二零一八年一月一日或之後開始之年度期間生效。

(v) 香港財務報告準則第4號「保險合約」(修訂本)，於二零一八年一月一日或之後開始之年度期間生效。

## 綜合財務報表附註

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017  
截至二零一七年十二月三十一日止年度

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 2.1 Basis of preparation (Continued)

#### Changes in accounting policies and disclosures (Continued)

(b) *New standards, amendments and interpretations of HKFRSs issued but are not effective for the financial year beginning on 1 January 2017 and have not been early adopted by the Group (Continued)*

- (vi) Amendments to HKFRS 1 'First Time Adoption of HKFRS', effective for annual periods beginning on or after 1 January 2018.
- (vii) Amendments to HKAS 28 'Investments in Associates and Joint Ventures', effective for annual periods beginning on or after 1 January 2018.
- (viii) Amendments to HKAS 40 regarding transfers of investment property, effective for annual periods beginning on or after 1 January 2018.
- (ix) HK (IFRIC) 22 'Foreign Currency Transactions and Advance Consideration', effective for annual periods beginning on or after 1 January 2018.
- (x) HK(IFRIC) 23 'Uncertainty over Income Tax Treatments', effective for annual periods beginning on or after 1 January 2019.

## 2. 重要會計政策摘要(續)

### 2.1 編製基準(續)

#### 會計政策變更及披露(續)

- (b) 已頒佈但尚未於二零一七年一月一日開始之財政年度生效之香港財務報告準則之訂準則、修訂及詮釋而本集團並無提早採納(續)
- (vi) 香港財務報告準則第1號「首次採納香港財務報告準則」(修訂本)，於二零一八年一月一日或之後開始之年度期間生效。
- (vii) 香港會計準則第28號「於聯營公司及合營企業的投資」(修訂本)，於二零一八年一月一日或之後開始之年度期間生效。
- (viii) 香港會計準則第40號關於投資物業轉讓(修訂本)，於二零一八年一月一日或之後開始之年度期間生效。
- (ix) 香港(國際財務報告詮釋委員會)－詮釋第22號「外幣交易及預付代價」，於二零一八年一月一日或之後開始之年度期間生效。
- (x) 香港(國際財務報告詮釋委員會)－詮釋第23號「所得稅處理的不確定性」，於二零一九年一月一日或之後開始之年度期間生效。

## 綜合財務報表附註

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

截至二零一七年十二月三十一日止年度

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 2.1 Basis of preparation (Continued)

#### Changes in accounting policies and disclosures (Continued)

(b) *New standards, amendments and interpretations of HKFRSs issued but are not effective for the financial year beginning on 1 January 2017 and have not been early adopted by the Group (Continued)*

(xi) Amendments to HKFRS 10 and HKAS 28 regarding sale or contribution of assets between an investor and its associate or joint venture, originally intended to be effective for annual periods beginning on or after 1 January 2016. The effective date has now been deferred/removed.

### 2.2 Subsidiaries

#### 2.2.1 Consolidation

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

## 2. 重要會計政策摘要 (續)

### 2.1 編製基準 (續)

#### 會計政策變更及披露 (續)

(b) 已頒佈但尚未於二零一七年一月一日開始之財政年度生效之香港財務報告準則之訂準則、修訂及詮釋而本集團並無提早採納 (續)

(xi) 香港財務報告準則第10號及香港會計準則第28號關於投資者與其聯營公司及合營企業之間的資產出售或注資(修訂本)，原訂於二零一六年一月一日或之後開始之年度期間生效。有關生效日期現已押後/刪除。

### 2.2 附屬公司

#### 2.2.1 綜合賬目

(a) 附屬公司指本集團對其有控制權之實體(包括結構實體)。於本集團藉對實體之參與而面臨可變回報之風險或取得可變回報之權利，並藉對該實體行使權力而有能力影響該等回報時，則本集團控制該實體。附屬公司自控制權轉移予本集團當日起綜合入賬，並由控制權終止當日起停止綜合入賬。

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**2.2 Subsidiaries (Continued)**

**2.2.1 Consolidation (Continued)**

**(b) Business combinations**

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

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

Acquisition-related costs are expensed as incurred.

**2. 重要會計政策摘要(續)**

**2.2 附屬公司(續)**

**2.2.1 綜合賬目(續)**

**(b) 業務合併**

本集團採用收購法就業務合併入賬。收購附屬公司的轉讓代價為所轉讓資產、對被收購方前擁有人所產生負債及本集團所發行股權的公平值。轉讓代價包括或然代價安排產生的任何資產或負債的公平值。於業務合併時所收購的可識別資產及所承擔的負債及或然負債，初步按收購日的公平值計量。

本集團按逐項收購基準已確認收購對象任何非控股權益。收購對象的非控股權益為現時擁有權權益及賦予其持有人按實體資產淨值應佔比例之權益，且非控股權益於清盤時可按公平值或按已確認收購對象可識別資產淨值中現時擁有權之比例計量。非控股權益之所有其他部分乃按彼等之收購日期公平值計量，惟按香港財務報告準則要求之另一計量基準除外。

收購相關成本於產生時支銷。

## 綜合財務報表附註

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

截至二零一七年十二月三十一日止年度

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 2.2 Subsidiaries (Continued)

#### 2.2.1 Consolidation (Continued)

##### (b) Business combinations (Continued)

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

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

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

## 2. 重要會計政策摘要(續)

### 2.2 附屬公司(續)

#### 2.2.1 綜合賬目(續)

##### (b) 業務合併(續)

若業務合併分階段進行，則收購方先前所持被收購方權益於收購日期的賬面值按收購日期公平值重新計量，源於有關重新估值之任何收益或虧損於損益中確認。

集團所轉讓的任何或然代價於收購日期按公平值確認。或然代價(視作一項資產或負債)公平值的其後變動根據香港會計準則第39號於損益確認，或計作其他全面收益變動。歸類為權益而並無重新計量之或然代價及其後續償付於權益中入賬。

所轉讓代價、被收購方的任何非控制性權益金額及任何先前於被收購方的股權於收購日期的公平值高於所收購可辨認資產淨值的公平值時，其差額以商譽列賬。就議價購買而言，如轉讓代價、已確認非控制性權益及先前持有的權益計量總額低於所收購附屬公司資產淨值的公平值，其差額將直接在綜合收益表中確認。

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**2.2 Subsidiaries (Continued)**

**2.2.1 Consolidation (Continued)**

**(b) Business combinations (Continued)**

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

**(c) Changes in ownership interests in subsidiaries without change of control**

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions — that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

**2. 重要會計政策摘要(續)**

**2.2 附屬公司(續)**

**2.2.1 綜合賬目(續)**

**(b) 業務合併(續)**

集團內部交易、結存及集團內公司間的交易之未變現收益，均予以對銷。未變現虧損亦予撇銷，除非文易提供已轉讓資產的減值證據。如有需要，附屬公司所呈報之金額已經調整，以貫徹本集團之會計政策。

**(c) 不導致控制權改變之附屬公司所有者權益變動**

不導致失去控制權之非控制性權益交易入賬列作權益交易——即以彼等為擁有人之身分與擁有人進行交易。任何已付代價公平值與所收購相關應佔附屬公司資產淨值賬面值之差額於權益入賬。向非控制性權益出售之盈虧亦於權益入賬。

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**2.2 Subsidiaries (Continued)**

**2.2.1 Consolidation (Continued)**

**(d) Disposal of subsidiaries**

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

**2.2.2 Separate financial statements**

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

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

Impairment testing of the investments in subsidiaries is also required according to Note 2.9.

**2. 重要會計政策摘要 (續)**

**2.2 附屬公司 (續)**

**2.2.1 綜合賬目 (續)**

**(d) 出售附屬公司**

本集團失去控制權時，於實體之任何保留權益按失去控制權當日之公平值重新計量，有關賬面值變動在損益確認。就其後入賬列作聯營公司、合營企業或金融資產之保留權益，其公平值為初始賬面值。此外，先前於其他全面收益確認與該實體有關之任何金額，按猶如本集團已直接出售有關資產或負債之方式入賬。此可能意味先前在其他全面收益確認之金額重新分類至損益。

**2.2.2 獨立財務報表**

於附屬公司的投資乃按成本扣除減值入賬。成本亦包括投資直接應佔成本。附屬公司業績由本公司按已收及應收股息基準入賬。

倘自附屬公司收取的股息超出宣派股息期間該附屬公司的全面收益總額，或倘獨立財務報表的投資賬面值超出合併財務報表所示被投資公司資產淨值(包括商譽)的賬面值，則於自該等投資收取股息時須對於該等附屬公司的投資進行減值測試。

於附屬公司的投資亦需根據附註2.9所述進行減值測試。

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 2.3 Associates

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

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

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

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

## 2. 重要會計政策摘要(續)

### 2.3 聯營公司

聯營公司指所有本集團對其有重大影響力而無控制權之實體，通常附帶有20%至50%投票權之股權。聯營公司投資以權益會計法入賬。根據權益法，投資初始以成本確認，而賬面值則予以增加或減少，以確認投資者在收購日期後佔被投資方損益之比例。本集團於聯營公司之投資包括收購時識別之商譽。收購聯營公司之擁有權權益時，聯營公司之成本與集團應佔聯營公司可識別資產及負債公平淨值間之差額入賬為商譽。

如果對聯營公司的擁有權減少但仍存在重大影響，則先前於其他全面收益確認的金額僅有按比例計算的份額重新分類至損益(如適用)。

本集團收購後應佔的溢利或虧損於綜合收益表內確認，而收購後應佔其他全面收益變動於其他全面收益確認，並就投資賬面值作相應調整。倘本集團應佔聯營公司的虧損等於或超過所持聯營公司的權益(包括任何其他無抵押應收款項)，除非本集團承擔法定或推定責任或已代聯營公司付款，否則不會確認進一步虧損。

本集團在每個報告日期釐定於聯營公司的投資是否存在客觀減值證據。一旦存在減值證據，本集團會按聯營公司可收回金額與其賬面值之間的差額計算減值金額，並於綜合收益表「應佔以權益法入賬之投資」確認有關金額。



## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 2.3 Associates (Continued)

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

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

### 2.4 Joint arrangements

The Group has applied HKFRS 11 to all joint arrangements. Under HKFRS 11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method.

Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. The Group's investments in joint ventures include goodwill identified on acquisition. Upon the acquisition of the ownership interest in a joint venture, any difference between the cost of the joint venture and the Group's share of the net fair value of the joint venture's identifiable assets and liabilities is accounted for as goodwill. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

## 2. 重要會計政策摘要(續)

### 2.3 聯營公司(續)

本集團及其聯營公司之間之上游及下游交易所產生溢利及虧損於本集團財務報表確認，惟僅以非關連投資者於聯營公司之權益為限。除非有關交易提供已轉讓資產減值證據，否則未變現虧損予以對銷。在必要的時候，聯營公司的會計政策會作出改變，以確保與本集團所採納的政策保持一致。

聯營公司股權被攤薄時之盈虧於綜合收益表確認。

### 2.4 合營安排

本集團已對所有合營安排應用香港財務報告準則第11號。根據香港財務報告準則第11號，在合營安排的投資必須分類為共同經營或合營企業，視乎每個投資者的合約權益和責任而定。本集團已評估其合營安排的性質並釐定為合營企業。合營企業按權益法入賬。

根據會計權益法，合營企業權益初步以成本確認，其後經調整以確認本集團分佔的收購後溢利或虧損以及其他全面收入變動的份額。本集團對合營企業的投資包括在收購時已識別的商譽。在收購合營企業的擁有權時，合營企業成本與本集團分佔合營企業可識別資產和負債的公平淨值之差額入賬為商譽。當本集團分佔某一合營企業的虧損超過或相等於在該合營企業的權益(包括任何其他無抵押應收款項)，則本集團不會確認進一步虧損，除非本集團已產生責任或已代合營企業付款。

## 綜合財務報表附註

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017  
截至二零一七年十二月三十一日止年度

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 2.4 Joint arrangements (Continued)

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

### 2.5 Segment reporting

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

### 2.6 Foreign currency translation

#### (a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in RMB, which is the Company's functional and the Group's presentation currency.

#### (b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated income statement.

## 2. 重要會計政策摘要(續)

### 2.4 合營安排(續)

本集團與其合營企業之間的未變現交易收益按本集團在該等合營企業的權益予以對銷。未變現虧損也予以對銷，除非交易提供證據證明所轉讓的資產出現減值。合營企業的會計政策已於有需要時變更以符合本集團採納的政策。

### 2.5 分部報告

經營分部以向主要經營決策者提供內部呈報一致的形式呈報。負責分配資源及評估經營分部表現之主要經營決策者已確定為作出策略決策之本公司之執行董事委員會。

### 2.6 外幣換算

#### (a) 功能及呈報貨幣

本集團旗下每個實體之財務報表所包括之項目，均以該實體之主要營運地區之貨幣(「功能貨幣」)計算。本綜合財務報表乃以人民幣呈報，人民幣為本公司功能貨幣及本集團呈報貨幣。

#### (b) 交易及結餘

外幣交易均按交易當日或估值當日(倘項目再計量)之匯率換算為功能貨幣。此等交易結算以及按年結日之匯率換算外幣資產和負債而產生的匯兌收益及虧損，均於綜合收益表內確認。

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**2.6 Foreign currency translation** (Continued)

**(b) Transactions and balances**  
(Continued)

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the consolidated income statement within 'finance costs — net'. All other foreign exchange gains and losses are presented in the consolidated income statement within 'other (losses)/gains — net'.

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

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

**2. 重要會計政策摘要** (續)

**2.6 外幣換算** (續)

**(b) 交易及結餘** (續)

有關借貸和現金及現金等值物之匯兌收益及虧損於綜合收益表中「財務費用 — 淨額」一項中呈列。所有其他匯兌收益及虧損於綜合收益表中「其他(虧損)/收益 — 淨額」中呈列。

以外幣為單位且分類為可供出售的債務證券的公平值變動，按照證券的攤銷成本變動以及該證券賬面值的其他變動所產生的匯兌差額分析。與攤銷成本變動有關的匯兌差額於損益內確認，而賬面值的其他變動於其他全面收益內確認。

非貨幣財務資產及負債(例如按公平值計入損益之股本)之匯兌差額於損益內確認為公平值盈虧之一部份。非貨幣財務資產(例如分類為可供出售之股本)之匯兌差額計入其他全面收益內。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.6 Foreign currency translation (Continued)

(c) Group companies

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

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

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

2. 重要會計政策摘要(續)

2.6 外幣換算(續)

(c) 集團公司

功能貨幣與呈報貨幣不同的所有本集團內實體(當中沒有嚴重通脹貨幣)的業績和財務狀況按如下方法換算為呈報貨幣:

- (i) 每份呈報的資產負債表內的資產和負債按該資產負債表日期的收市匯率換算;
- (ii) 每份綜合收益表內的收入和費用按平均匯率換算(除非此平均匯率並不代表交易日期匯率的累計影響的合理約數;在此情況下,收支項目按交易日期的匯率換算);及
- (iii) 所有由此產生的貨幣兌換差額於其他全面收益內確認。

收購國外實體產生之商譽及公平值調整,作為國外實體之資產及負債處理,並按收市匯率兌換。所產生之貨幣兌換差額於其他全面收入確認。

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 2.7 Property, plant and equipment

Buildings comprise mainly factories and offices. Buildings are shown at fair value, based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset. All other property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

Increases in the carrying amount arising on revaluation of buildings are recognised in other comprehensive income. Decreases that offset previous increases of the same asset are charged to other comprehensive income; all other decreases are charged to the consolidated income statement. Each year the difference between depreciation based on the revalued carrying amount of the asset charged to the consolidated income statement and depreciation based on the asset's original cost is transferred from 'revaluation reserve' to 'retained earnings'.

## 2. 重要會計政策摘要(續)

### 2.7 物業、廠房及設備

樓宇主要包括工廠和辦公室。樓宇根據外部獨立估值師定期(但最少每三年一次)進行的估值按公平值減其後的折舊列賬。在重估日期的任何累計折舊與資產的賬面值總額對銷，而淨額則重列至資產的重估金額。所有其他物業、廠房及設備按歷史成本減折舊列賬。歷史成本包括收購該等項目直接應佔的開支。

只有在與項目相關的未來經濟效益有可能流入本集團，並能夠可靠地計量項目成本的情況下，本集團才會將其後成本計入為資產賬面值之一部分或確認為獨立資產項目(如適用)。所替換之部分的賬面值乃撇除確認。所有其他維護及保養費用均需於產生時於該財務期間之綜合收益表扣除。

樓宇重估後之賬面增值於其他全面收益確認。與同一資產先前增值對銷的減值部分，於其他全面收益中扣除；餘下之所有減值額則於綜合收益表內扣除。每年，根據於綜合收益表扣除之資產的重估賬面值得出之折舊，與根據資產原來成本得出之折舊的差額乃從「重估儲備」撥轉至「保留溢利」。

## 綜合財務報表附註

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017  
截至二零一七年十二月三十一日止年度

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 2.7 Property, plant and equipment (Continued)

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their costs or revalued amounts to their residual values over their estimated useful lives, as follows:

– Buildings	15 to 40 years
– Machinery and equipment	6 to 15 years
– Furniture and fixtures	3 to 10 years
– Motor vehicles	5 to 7 years

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.9).

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

When revalued assets are sold, the amounts included in revaluation reserve are transferred to retained earnings.

Construction-in-progress, representing buildings on which construction work has not been completed and machinery pending installation, is stated at cost, which includes construction expenditures incurred, cost of machinery, interest capitalised and other direct costs capitalised during the construction and installation period, less accumulated impairment losses, if any. No depreciation is provided in respect of construction-in-progress until the construction and installation work is completed and put into use. On completion, construction-in-progress is transferred to appropriate categories of property, plant and equipment.

## 2. 重要會計政策摘要(續)

### 2.7 物業、廠房及設備(續)

物業、廠房及設備的折舊以直線法計算，以分配其成本值或重估價值至其於估計可使用年期之剩餘價值如下：

— 樓宇	15至40年
— 機器及設備	6至15年
— 傢俬及裝置	3至10年
— 汽車	5至7

本集團在各報告期末重檢資產的剩餘價值及可使用年期，並已按適當情況作出調整。

倘資產的賬面值大於其估計可收回金額，資產的賬面值即時撇減至其可收回金額(附註2.9)。

出售之盈利及虧損是按出售所得款項與有關資產賬面值之差額而釐定，並於綜合收益表中「其他(虧損)/收益 — 淨額」中確認。

重估資產售出後，重估儲備內的金額轉移至保留溢利。

在建工程指未完成建築工程的樓宇及未安裝的機器，按成本入賬，包括所產生建築開支、機器成本、資本化利息及建築與安裝期間其他直接資本化成本，而扣減累計減值虧損(如有)。於建築及安裝工程完成及投入使用前不會就在建工程作出折舊。當工程完成後，在建工程轉撥至適當物業、廠房及設備類別。

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**2.8 Freehold land and land use rights**  
Freehold land is not amortized.

The premiums paid to acquire land use rights are recorded as prepayment for operating lease, and are amortised using the straight-line method over the period of the land use rights of 45 to 50 years.

**2.9 Impairment of investments in subsidiaries, associates, joint ventures and non-financial assets**

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

**2.10 Financial assets**

**2.10.1 Classification**

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

**2. 重要會計政策摘要 (續)**

**2.8 永久產權土地及土地使用權**  
永久產權土地並無攤銷。

就收購土地使用權支付的溢價視作經營租賃的預付款項，並按直線法於土地使用權的45至50年期間內攤銷。

**2.9 附屬公司、聯營公司及合營企業的投資及非金融資產減值**

可使用年期不確定之資產不予攤銷並每年進行減值測試。當任何事件發生或環境變化預示其賬面值可能無法收回時，會對須予攤銷之資產進行減值測試。若某項資產的賬面值超過其可收回金額時，會就其差額確認減值虧損。資產的可收回金額為公平值減出售成本與其可使用價值中較高者。評估資產減值時，資產按可單獨分辨的最小現金流量（現金產生單位）予以分類。除商譽外減值的非金融資產將於各報告日期檢討撥回減值的可能性。

**2.10 金融資產**

**2.10.1 分類**

本集團將其金融資產分類為以下類別：以公平值計量且其變動計入損益的金融資產和貸款及應收款項。分類視乎購入金融資產的目的而定。管理層在初始確認時釐定金融資產的分類。

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**2.10 Financial assets (Continued)**

**2.10.1 Classification (Continued)**

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

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

**(b) Loans and receivables**

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

**2. 重要會計政策摘要(續)**

**2.10 金融資產(續)**

**2.10.1 分類(續)**

**(a) 以公平值計量且其變動計入損益的金融資產**

以公平值計量且其變動計入損益的金融資產為持作買賣的金融資產。倘購入之主要目的為於短期內出售，則金融資產會分類為此類別。衍生工具亦分類為持作買賣，惟彼等獲指定為對沖除外。倘該類別之資產預期將於12個月內結算，則分類為流動資產；否則分類為非流動資產。

**(b) 貸款及應收款項**

貸款及應收款項為有固定或可確定付款額且沒有在活躍市場上報價的非衍生金融資產。此等項目包括在流動資產內，但將於或預期將於報告期末起計超過12個月結算的數額則分類為「非流動資產」。本集團的貸款及應收款項由資產負債表「應收貿易及票據款項」、「按金及其他應收賬款」及「現金及現金等值物」組成(附註2.16及2.17)。



**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)****2.10 Financial assets (Continued)****2.10.2 Recognition and measurement**

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

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

**2.11 Offsetting financial instruments**

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

**2. 重要會計政策摘要 (續)****2.10 金融資產 (續)****2.10.2 確認和計量**

常規購買及出售的金融資產在交易日確認 — 交易日指本集團承諾購買或出售該資產之日。對於所有並非以公平值計量且其變動並非計入損益的金融資產，其投資初始按其公平值加交易成本確認。以公平值計量且其變動計入損益的金融資產初始按公平值確認，交易成本則於綜合收益表內列為開支。當從投資收取現金流量的權利已到期或已轉讓，而本集團已實質上將所有權的所有風險和報酬轉讓時，金融資產即終止確認。以公平值計量且其變動計入損益的金融資產其後按公平值列賬。貸款及應收款項其後利用實際利率法按攤銷成本列賬。

「以公平值計量且其變動計入損益的金融資產」此類別因公平值變動而產生的收益或虧損，會於產生期間在綜合收益表的「其他虧損 — 淨額」內呈列。以公平值計量且其變動計入損益的金融資產的股息收入，在本集團收取付款的權利確立時，於綜合收益表確認為其他收入部分。

**2.11 抵銷金融工具**

當有可合法強制執行權力抵銷已確認金額，並有意圖按淨額基準結算或同時變現資產及結算負債時，金融資產與負債可互相抵銷，並在資產負債表呈報有關淨額。可合法強制執行權利不得取決於未來事件而定，且須在一般業務過程中以及倘本公司或對手方一旦出現拖欠還款、無償債能力或破產時可強制執行。

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 2.12 Impairment of financial assets

#### Assets carried at amortised cost

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

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated income statement. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated income statement.

## 2. 重要會計政策摘要(續)

### 2.12 金融資產減值

#### 按攤銷成本列賬之資產

本集團會於各報告期末評估是否有客觀證據顯示某一項金融資產或某一組金融資產已減值。當有客觀證據顯示於初次確認資產後曾發生一宗或多宗導致減值的事件(「虧損事件」)，而該宗或該等虧損事件對該項或該組金融資產的估計未來現金流量構成能可靠地估計的影響，則該項或該組金融資產已減值及產生減值虧損。

減值證據可包括有跡象顯示債務人或一組債務人遇上嚴重財政困難、拖欠款項或逾期償還利息或本金、債務人可能破產或進行其他財務重組，以及有可觀察數據顯示估計未來現金流量有可計量的下跌，例如與違約有相互關連的拖欠情況或經濟狀況改變。

就貸款及應收賬款而言，虧損的金額乃以資產的賬面值與按金融資產原定實際利率貼現之估計未來現金流量現值(不包括尚未產生之未來信貸虧損)之差額計算。資產賬面值減少，而虧損金額則於綜合收益表內確認。倘貸款以浮動利率計息，則用作計量任何減值虧損的貼現率為根據合約釐定的當期實際利率。在實際運作上，本集團可採用可觀察市價按工具的公平值為基準計量減值。

倘於其後期間減值虧損金額下跌，而下跌在客觀上與一項於確認減值後發生之事件(如債務人之信貸評級改善)有關，則先前已確認之減值虧損撥回會於綜合收益表內確認。

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 2.13 Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designed as a hedging instrument, and if so, the nature of item being hedged. Derivative instruments held by the Group do not qualify for hedge accounting and are accounted for at fair value through profit or loss. Changes in fair value of these derivative instruments that do not qualify for hedge accounting are recognised immediately in the consolidated income statement within 'other (losses)/gains — net'.

### 2.14 Government grants/subsidies

Grants/subsidies from government authorities are recognised at their fair value where there is a reasonable assurance that the grant/subsidies will be received and the Group will comply with all attached conditions.

Government grants/subsidies relating to assets are presented in the balance sheet by deducting the grant in arriving at the carrying amount of the asset.

Government grants/subsidies relating to compensation for relocation are deferred and recognised in the consolidated income statement over the period when the relocation takes place.

### 2.15 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

## 2. 重要會計政策摘要 (續)

### 2.13 衍生金融工具

衍生工具最初於訂立衍生工具合同當日按公平值確認，其後按公平值重新計量。確認所得盈虧方法，取決於衍生工具是否界定為對沖工具及倘屬對沖工具，則取決於被對沖項目性質。本集團持有之衍生工具並不符合對沖會計所指的衍生工具，並透過損益以公平值列賬。任何不符合對沖會計的衍生工具的公平值變動，會即時於綜合收益表中「其他(虧損)/收益 — 淨額」確認。

### 2.14 政府補助／補貼

假若可合理地確定本集團將獲得政府補助／補貼，以及符合所有附帶之條件，政府補助／補貼以公平值確認入賬。

與資產有關之政府補助／補貼乃於扣減補助以得出資產賬面值後在資產負債表呈列。

有關搬遷賠償之政府補助／補貼遞延處理，並於搬遷進行之期間在綜合損益表中確認。

### 2.15 存貨

存貨以成本或可變現淨值兩者之較低者入賬。成本以加權平均法釐定。製成品及在製品之成本包括原材料、直接勞工、其他直接成本及相關間接生產成本(按一般營運能力)。這不包括借貸成本。可變現淨值則以日常業務過程中估計出售價格減應用可變銷售開支計算。

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 2.16 Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

### 2.17 Cash and cash equivalents

In the consolidated cash flow statement, cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

### 2.18 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

### 2.19 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

## 2. 重要會計政策摘要(續)

### 2.16 應收貿易款項及其他應收賬款

應收貿易款項為在日常業務過程中就售出商品或所提供服務應收客戶之款項。倘應收貿易款項及其他應收賬款預期可於一年或之內收款(或倘時間更長,則在業務正常營運周期),則分類為流動資產。倘未能於一年或之內收款,則以非流動資產呈列。

應收貿易款項及其他應收賬款最初按公平值確認,其後以實際利率法按攤銷成本減減值撥備計量。

### 2.17 現金及現金等值物

在綜合現金流量表中,現金及現金等值物包括手頭現金、銀行通知存款、其他原到期日為三個月或以下的短期高流動性投資及銀行透支。

### 2.18 股本

普通股分類列為權益。

與發行新股或購股權直接有關的增量成本,列入權益作為所得款項的減值(扣除稅項)。

### 2.19 應付貿易款項

應付貿易款項為在日常業務過程中自供應商收購商品或服務之付款責任。倘應付賬款於一年或之內到期(或倘時間更長,則在業務正常營運周期),則分類為流動負債。倘並非於一年或之內到期,則以非流動負債呈列。

應付貿易款項最初按公平值確認,其後以實際利率法按攤銷成本計量。

## 綜合財務報表附註

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

截至二零一七年十二月三十一日止年度

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 2.20 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

### 2.21 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

### 2.22 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the consolidated income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

## 2. 重要會計政策摘要 (續)

### 2.20 借貸

借貸最初按公平值(扣除已產生之交易成本)確認。借貸其後按攤銷成本列賬,如扣除交易成本後之所得款項及贖回價值出現差額,則於借貸期內以實際利率法在綜合收益表內確認。

除非本集團有權無條件將債務結算日期遞延至報告期末後至少十二個月,否則借貸分類為流動負債。

### 2.21 借貸成本

直接歸屬於購建或生產合資格資產(該等資產需經較長時間方能達至擬定用途或出售狀態)的一般及特定借款成本,計入該等資產之成本,直至大致達至其擬定用途或出售狀態為止。

在特定借貸撥作合資格資產支出前之暫時投資所賺取之投資收入,須自合資格資本化之借貸成本中扣除。

所有其他借貸成本於其產生期間於損益確認。

### 2.22 即期及遞延所得稅

期內稅項開支包括即期及遞延稅項。稅項在綜合收益表中確認,除非其涉及其他全面收益或直接權益中確認之項目。在此情況下,稅項亦分別在其他全面收益或直接權益中確認。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.22 Current and deferred income tax (Continued)

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company's subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred income tax

*Inside basis differences*

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill and deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

2. 重要會計政策摘要(續)

2.22 即期及遞延所得稅(續)

(a) 即期所得稅

即期所得稅費用根據於結算日本公司之附屬公司經營並獲得應課稅收入所在的國家已經頒佈或實際上已頒佈的稅法計算。管理層定期評估適用稅法規定之情況下的納稅申報情況，並且就應付稅務機關的金額作出適當撥備。

(b) 遞延所得稅

*內在基準差異*

遞延所得稅以負債法就資產及負債的評稅基準與其於綜合財務報表內的賬面值兩者間的暫時差異予以確認。然而，倘遞延稅項負債源自初步確認商譽則不予確認。此外，倘遞延所得稅來自進行交易時初始確認的資產或負債(如屬業務合併則除外)而於進行交易之時並不影響會計或應課稅溢利或虧損，則不確認遞延所得稅。遞延所得稅乃根據於結算日前已頒佈或實際上已頒佈而預期當有關遞延所得稅資產已變現後或遞延所得稅負債已清償後將應用的有關稅率(及法例)釐定。

遞延所得稅資產只會在未來應課稅溢利有可能用作抵銷暫時差異時才會確認。

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**2.22 Current and deferred income tax (Continued)**

**(b) Deferred income tax (Continued)**  
*Outside basis differences*

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries and associates, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally the Group is unable to control the reversal of the temporary difference for associates. Only where there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference in the foreseeable future, deferred tax liability in relation to taxable temporary differences arising from associate's undistributed profits is not recognised.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries and associates only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

**2.23 Employee benefits**

**(a) Employee leave entitlements**

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date. Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

**2. 重要會計政策摘要 (續)**

**2.22 即期及遞延所得稅 (續)**

**(b) 遞延所得稅 (續)**  
*外在基準差異*

遞延所得稅負債須就投資於附屬公司及聯營公司而引致的應課稅暫時差異作出撥備，惟集團可控制暫時差異會在何時轉回，且暫時差異很可能不會在可見的未來轉回的遞延所得稅負債則除外。本集團一般無法控制聯營公司臨時差異之撥回，僅於可見將來訂立協議賦予本集團能力，可控制臨時差異之撥回，源於聯營公司未分派溢利之應課稅臨時差異之遞延稅項負債不予確認。

僅於暫時差額可能將於日後撥回，且有充足之應課稅溢利而動用暫時差額，方會就於附屬公司及聯營公司投資產生之可扣減暫時差額，確認遞延所得稅資產。

**2.23 僱員福利**

**(a) 僱員所享有假期**

僱員所享有的年假當僱員可享有時確認，並因應僱員截至結算日所提供服務而就年假的估計承擔金額作出撥備。僱員所享有的病期及產假於休假時方會確認。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.23 Employee benefits (Continued)

(b) Pension obligations (defined contribution plans)

A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate entity. The group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

For defined contribution plans, the group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

(c) Bonus plan

The Group recognises a provision for bonuses where contractually obliged or where there is a past practice that has created a constructive obligation.

2. 重要會計政策摘要(續)

2.23 僱員福利(續)

(b) 退休金承擔(定額供款計劃)

定額供款計劃為一項本集團向一個獨立實體支付固定供款之退休金計劃。倘該基金並無持有足夠資產，向所有僱員就其在當期及以往期間之僱用服務提供福利，則本集團亦無法定或推定責任作出進一步供款。

本集團以強制、合約或自願基準向公營或私營管理的退休保險計劃作出供款。一旦作出供款，本集團並無進一步付款責任。該等供款於到期時確認為僱員福利開支。預繳供款確認為資產，惟須以可獲現金退款或扣減日後供款為限。

(c) 花紅計劃

本集團於合同規定或由過往做法產生推定責任時就花紅確認撥備。



## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 2.24 Share-based payments

#### Equity-settled share-based payment transactions

The Group operates an equity-settled, share-based compensation plan, under which the entity receives services from employees as consideration for equity instruments (options) of the Group. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (for example, an entity's share price);
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save or holding shares for a specified period of time).

At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-marketing performance and service conditions. It recognises the impact of the revision to original estimates, if any, in the consolidated income statement, with a corresponding adjustment to equity.

In addition, in some circumstances employees may provide services in advance of the grant date and therefore the grant date fair value is estimated for the purposes of recognising the expense during the period between service commencement period and grant date.

When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (and share premium).

## 2. 重要會計政策摘要(續)

### 2.24 以股份為基礎之付款

#### 以權益結算以股份為基礎之付款交易

本集團設有一項以權益結算以股份為基礎之酬金計劃，據此，實體視僱員所提供服務為本集團權益工具(購股權)的代價。僱員就獲授購股權所提供服務的公平值確認為開支。將予支銷總金額參照所授出購股權的公平值而釐定：

- 包括任何市場表現條件，例如實體的股價；
- 不包括任何服務及非市場表現歸屬條件的影響，例如盈利能力、銷售增長目標及在特定時限內留聘實體僱員；及
- 包括任何非歸屬條件的影響，例如在特定時限內規定僱員儲蓄或持有股份。

於各報告期末，本集團根據非市場表現及服務條件修訂對預期歸屬之購股權數目所作之估計，並在綜合收益表確認修訂原來估計產生之影響(如有)，並對權益作出相應調整。

此外，在部分情況下，僱員可在授出日期之前提供服務，故授出日期的公平值就確認服務開始期與授出日期的期間內的開支作出估計。

本公司於購股權獲行使時發行新股份。所收款項(扣除任何直接應計交易成本)會撥入股本(及股份溢價)。

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 2.25 Provisions

Provisions are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

### 2.26 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of discounts returns and value added taxes. The Group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Group's activities, as described below. The Group bases its estimates of return on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

## 2. 重要會計政策摘要(續)

### 2.25 撥備

倘本集團因過往事件而有現時法律或推定責任，並可能須動用資源履行有關責任，且能可靠估計相關金額，則確認撥備。撥備不就未來營運虧損確認。

如有多項類似責任，其需要在償付中流出資源的可能性根據責任的類別整體考慮。即使同一責任類別所包含的任何一個項目相關的資源流出的可能性極低，仍須確認撥備。

撥備以預期用以償付責任的開支，按反映當時市場對金錢時間價值的評估及該責任的特有風險的稅前費率計算的現值計量。因時間過去而增加的撥備確認為利息開支。

### 2.26 收入確認

收入按已收或應收代價之公平值計量，並包括出售的貨品及已供應的服務的款項，以扣除回扣及增值稅後金額列值。當收入的數額能夠可靠計量、未來經濟利益有可能流入有關實體，而本集團每項活動均符合具體條件時(如下文所述)，本集團便會確認收入。本集團會根據其往績並考慮客戶類別、交易種類和每項安排的特點作出回扣估計。

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**2.26 Revenue recognition (Continued)**

**(a) Sales of goods**

Sales of goods are recognised when a Group entity has delivered products to the customer and the risk and reward of the goods has been transferred, the customer has accepted the products and collectibility of the related receivables is reasonably assured.

**(b) Interest income**

Interest income is recognised on a time-proportion basis using the effective interest method. When a loan and receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at original effective interest rate of the instrument, and continues unwinding the discount as interest income.

**2.27 Leases**

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the consolidated income statement on a straight-line basis over the period of the lease.

The Group leases certain property, plant and equipment. Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in finance lease obligations. The interest element of the finance cost is charged to the consolidated income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

**2. 重要會計政策摘要 (續)**

**2.26 收入確認 (續)**

**(a) 貨品銷售**

貨品銷售在本集團實體已將貨品交付予顧客及貨品的風險及回報已轉移後，顧客接收產品後，以及有關應收款項的收回可合理確保時確認。

**(b) 利息收入**

利息收入採用實際利率法按時間比例基準確認。倘貸款及應收款項已減值，本集團將賬面值削減至可收回金額，即按該工具之原有效利率折現之估計未來現金流量，並繼續解除折現，作為利息收入。

**2.27 租賃**

凡擁有權的大部分風險及回報仍歸出租人所有的租賃，均列作經營租賃。根據經營租賃的付款(扣除出租人給予的任何優惠)在租期內以直線基準自綜合損益表扣除。

本集團租賃若干物業、廠房及設備。如本集團大致上承受擁有權的所有風險和回報，則物業、廠房及設備的租賃歸類為融資租賃。融資租賃在租賃開始時，按租賃物業的公平值與最低租賃付款現值兩者之中較低者資本化。

每項租金均分攤為負債及財務支出。相應租金責任在扣除財務支出後計入融資租賃承擔。財務成本的利息部分於租賃期內在綜合損益表中支銷，以計算出每期剩餘負債的固定周期利率。根據融資租賃而獲得的物業、廠房及設備按資產的可使用年期與租賃期兩者之中較短者進行折舊。

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## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

### 2.28 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's and Company's financial statements in the period in which the dividends are approved by the Company's shareholders or directors, when appropriate.

## 3. FINANCIAL RISK MANAGEMENT

### 3.1 Financial risk factors

The Group's activities expose it to a variety of financial risk (including foreign exchange risk, price risk, cash flow and fair value interest rate risk), credit risk and liquidity risk. The Group's risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain of its risk exposures on changes in interest rates.

#### (a) Market risk

##### (i) Foreign exchange risk

The Group mainly operates in Mainland China and Vietnam. Most of the Group's transactions, assets and liabilities are dominated in RMB or United States dollars ("USD"). Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations. The Group is exposed to foreign exchange risk primarily through pledged bank deposits, cash and cash equivalents, trade and bills receivables, trade and bills payables, finance lease obligations and borrowings that are denominated in a currency other than the functional currency of the Company and its subsidiaries. It manages its foreign exchange risks by performing regular review and monitoring of its foreign exchange exposures and purchase of foreign currency forward contracts (Note 18). In 2017, the Group has entered into the forward foreign exchange contracts to manage the expected depreciation of RMB against USD.

## 2. 重要會計政策摘要(續)

### 2.28 股息分派

向本公司股東分派的股息在股息獲本公司股東或董事(倘適用)批准的期間於本集團及本公司的財務報表內確認為負債。

## 3. 財務風險管理

### 3.1 財務風險因素

本集團的業務面對多種財務市場風險(包括外匯風險、價格風險、現金流量及公平值利率風險)、信貸風險及流動資金風險。本集團的風險管理著重金融市場的不可預計因素，並尋求將可能對本集團財政表現產生負面影響的因素降至最低。本集團利用衍生金融工具以對沖利率變動而產生的若干風險。

#### (a) 市場風險

##### (i) 外匯風險

本集團主要在中國大陸及越南營運。本集團大部分交易、資產及負債以人民幣或美元(「美元」)計值。外匯風險來自於未來海外業務中的商業貿易、已確認資產及負債及投資淨額。本集團面對的外匯風險，主要來自已抵押銀行存款、現金及現金等值物、應收貿易及票據款項、應付貿易及票據款項、融資租賃承擔及借貸，因前述各項均以本公司及其附屬公司之功能貨幣以外之貨幣結算。本集團進行定期檢討及監察其外匯敞口和購買遠期外匯合約(附註18)以管理其外匯風險。於二零一七年，本集團已簽訂遠期外匯合約以管理人民幣兌美元的預期貶值。

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### 3. FINANCIAL RISK MANAGEMENT

(Continued)

#### 3.1 Financial risk factors (Continued)

##### (a) Market risk (Continued)

###### (i) Foreign exchange risk (Continued)

At 31 December 2017, if RMB had weakened/strengthened by 5.8% against USD with all other variable held constant, post-tax profit for the year would have been RMB191,531,000 (2016: RMB236,539,000) lower/higher, mainly as a result of the net foreign exchange losses/gains on translation of USD-denominated pledged bank deposits, cash and cash equivalents, trade and bills receivables, trade and bills payables, finance lease obligations and borrowings.

###### (ii) Price risk

The Group is exposed to raw material price risk because of the volatility of the price of main raw material, cotton. The management of the Group analyze the trend of raw material price on weekly basis. To manage its price risk, the Group may decide to enter long term contracts to mitigate the impact from raw material price changes, and diversify the suppliers if they expect significant fluctuation in the future.

###### (iii) Cash flow and fair value interest rate risk

Except for pledged bank deposits and cash at bank (Note 13), the Group has no significant interest-bearing assets. The Group's income and operating cash flows are substantially independent of changes in market interest rates. Management does not anticipate significant impact resulted from changes in interest rates on interest bearing assets.

### 3. 財務風險管理(續)

#### 3.1 財務風險因素(續)

##### (a) 市場風險(續)

###### (i) 外匯風險(續)

於二零一七年十二月三十一日，倘人民幣兌美元的匯率貶值／升值5.8%，而所有其他可變因素維持不變，則年內稅後溢利將會減少／增加人民幣191,531,000元(二零一六年：人民幣236,539,000元)，主要由於匯兌以美元列示的已抵押銀行存款、現金及現金等值物、應收貿易及票據款項、應付貿易及票據款項、融資租賃承擔以及借貸產生的外匯虧損／收益淨額所致。

###### (ii) 價格風險

本集團所面對的原材料價格風險乃由於主要原材料——棉花的價格波動所致。本集團管理層每週分析原材料的價格趨勢。倘彼等預期日後將出現大幅波動，為控制該價格風險，本集團可決定訂立長期合約，以降低原材料價格變動及供應商分散的影響。

###### (iii) 現金流量及公平值利率風險

除已抵押銀行存款及銀行現金(附註13)外，本集團並無其他重大計息資產。大部分本集團的收入及經營現金流量均獨立於市場利率變動。管理層預期計息資產的利率變動將不會產生重大影響。

### 3. FINANCIAL RISK MANAGEMENT

(Continued)

#### 3.1 Financial risk factors (Continued)

##### (a) Market risk (Continued)

##### (iii) Cash flow and fair value interest rate risk (Continued)

The Group's interest-rate risk arises from borrowings. Borrowings obtained at variable rates expose the Group to cash flow interest-rate risk. Borrowings obtained at fixed rates expose the Group to fair value interest-rate risk. As at 31 December 2017, approximately 41% (2016: 72%) of the Group's borrowings were at fixed rates and the remaining were at floating rates.

The Group manages certain of its cash flow and fair value interest rate risk by purchasing cross currency swap contracts. Such cross currency swaps have the economic effect of converting borrowings from floating rates to fixed rates or from fixed rates to floating rates. As at 31 December 2017 and 2016, the Group converts its borrowings from floating rates to fixed rates (Note 18).

As at 31 December 2017, if interest rates on USD-denominated borrowings had been 1 percentage points lower/higher with all other variables held constant, post-tax profit for the year would have been RMB 309,000 (2016: RMB 163,000) higher/lower, mainly as a result of lower/higher interest expense on floating rate borrowings.

### 3. 財務風險管理(續)

#### 3.1 財務風險因素(續)

##### (a) 市場風險(續)

##### (iii) 現金流量及公平值利率風險(續)

本集團的利率風險來自借貸。按浮息計息的借貸令本集團面對現金流量利率風險，按定息計息的借貸則令本集團面對公平值利率風險。於二零一七年十二月三十一日，本集團約41% (二零一六年：72%) 之借貸為定息，其餘為浮息。

本集團透過購買貨幣掉期互換合約而管理其若干現金流量及公平值利率風險。該貨幣掉期互換之經濟影響為將借貸由浮息轉為定息或由定息轉為浮息。於二零一七年及二零一六年十二月三十一日，本集團將其借貸由浮息轉為定息(附註18)。

於二零一七年十二月三十一日，倘以美元列示的借貸利率下跌/上升1個百分點，而所有其他可變因素維持不變，則年內稅後溢利將增加/減少人民幣309,000元(二零一六年：人民幣163,000元)，主要由於浮息借貸的利息開支減少/增加所致。

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### 3. FINANCIAL RISK MANAGEMENT

(Continued)

#### 3.1 Financial risk factors (Continued)

##### (b) Credit risk

The Group has more than 3,000 customers and does not rely on the orders from certain customers. So the Group has no significant concentration of credit risk. The carrying amounts of pledged bank deposits, cash and cash equivalents, trade and bills receivables and prepayments, deposits and other receivables represent the Group's maximum exposure to credit risk in relation to its financial assets.

The Group generally grants credit terms of less than 90 days to its customers in Mainland China and 120 days to its customers in other countries. The Group's management performs periodic credit evaluations/reviews of its customers and ensure that sales are made to customers with an appropriate credit history. The Group places deposits with major banks in Mainland China and Hong Kong, and limits the amount of credit exposure to any financial institution.

To lower the Group's exposure to credit risk, the Group may request 5% deposits from certain of their customers before delivery of goods. In addition, 100% (2016: 100%) of the bills receivable of the Group are endorsed by banks as at 31 December 2017.

The Group believes that adequate provision for doubtful debts has been made in the consolidated financial statements. To the extent that information is available, management has properly reflected revised estimates of expected future cash flows in their impairment assessments.

### 3. 財務風險管理(續)

#### 3.1 財務風險因素(續)

##### (b) 信貸風險

本集團有超過3,000名客戶，並不倚賴若干客戶的訂單。故此，本集團並無重大集中信貸風險。已抵押銀行存款、現金及現金等值物、應收貿易及票據款項以及預付款項、按金及其他應收賬款的賬面值指本集團就其金融資產所須面對的最大信貸風險。

本集團通常授出少於90日的信貸期予中國內地的客戶，以及授出少於120日的信貸期予其他國家的客戶。本集團管理層定期對其客戶進行信貸評估／檢討，並確保僅向具良好信貸記錄之客戶銷貨。本集團將存款存於中國大陸及香港的主要銀行，並限制承擔任何一間金融機構的信貸風險。

為降低本集團所面對之信貸風險，本集團可能在交付貨品前要求若干客戶提供5%之按金。另外，於二零一七年十二月三十一日，100% (二零一六年：100%)之本集團應收票據由銀行背書。

本集團相信已在綜合財務報表中就呆賬作出充足撥備。管理層根據現有資料，已在其減值評估中妥善反映預期未來現金流量的經修訂估計。

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### 3. FINANCIAL RISK MANAGEMENT

(Continued)

#### 3.1 Financial risk factors (Continued)

##### (c) Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. The Group aims to maintain flexibility in funding by keeping committed credit lines available. Details of the undrawn borrowing facilities available to the Group are disclosed in Note 17 to the consolidated financial statements.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

### 3. 財務風險管理(續)

#### 3.1 財務風險因素(續)

##### (c) 流動資金風險

本集團採取審慎的流動資金風險管理，透過高質素的充裕信貸融資保持足夠現金及可動用的資金。本集團旨在透過維持充裕信貸融資，以保持資金之靈活彈性。有關本集團的未動用借貸融資詳情於綜合財務報表附註17中披露。

下表載列本集團的金融負債分析，此乃按相關到期組別並根據由結算日至合約到期日的剩餘期間進行分析。表內披露的金額為合約性未貼現的現金流量。

		Less than 1 year 少於一年 RMB'000 人民幣千元	Between 1 and 2 years 一年至兩年 RMB'000 人民幣千元	Between 2 and 5 years 兩年至五年 RMB'000 人民幣千元	More than 5 years 五年以上 RMB'000 人民幣千元
<b>At 31 December 2017</b>	<b>於二零一七年 十二月三十一日</b>				
Borrowings	借貸	2,564,356	905,116	2,069,765	33,782
Interest payable on borrowings	借貸應付利息	172,439	93,626	71,652	380
Derivative financial instruments	衍生金融工具	112,996	-	-	-
Trade and bills payables	應付貿易及票據款項	2,961,729	-	-	-
Accruals and other payables	預提費用及其他應付賬款	337,682	-	-	-
Finance lease obligations	融資租賃承擔	5,886	1,582	46	-
		6,155,088	1,000,324	2,141,463	34,162
<b>At 31 December 2016</b>	<b>於二零一六年 十二月三十一日</b>				
Borrowings	借貸	3,549,669	860,717	1,498,080	210,885
Interest payable on borrowings	借貸應付利息	187,081	112,575	142,082	10,987
Derivative financial instruments	衍生金融工具	32,275	-	-	-
Trade and bills payables	應付貿易及票據款項	3,044,295	-	-	-
Accruals and other payables	預提費用及其他應付賬款	405,666	-	-	-
		7,218,986	973,292	1,640,162	221,872



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### 3. FINANCIAL RISK MANAGEMENT

(Continued)

#### 3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders or issue new shares.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the consolidated balance sheet) less pledged bank deposits and cash and total equivalents. Total capital is calculated as 'total equity' as shown in the consolidated balance sheet less non-controlling interests plus net debt.

The net gearing ratios at 31 December 2017 and 2016 are as follows:

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Total borrowings (Note 17)	借貸總額(附註 17)	5,549,598	6,109,294
Finance lease obligations (Note 19)	融資租賃承擔(附註 19)	7,210	-
Less: pledged bank deposits and cash and cash equivalents (Note 13)	減：已抵押銀行存款及現金及現金等值物(附註 13)	(1,554,967)	(1,994,409)
Net debt	負債淨額	4,001,841	4,114,885
Total equity excluding non-controlling interests	總股東權益，扣除非控制性權益	5,910,127	5,148,721
Total capital	資本總額	9,911,968	9,263,606
Net gearing ratio	淨資產負債比率	40%	44%

The decrease in the gearing ratio during 2017 resulted primarily from the decrease of borrowings following the repayment of bond in advance.

### 3. 財務風險管理(續)

#### 3.2 資金風險管理

本集團管理資金的目標為保障本集團持續經營的能力，為股東帶來回報及為其他權益持有人帶來利益，並維持理想資本結構以減少資本成本。

為維持或調整資本結構，本集團或會調整向股東派付股息金額或發行新股份。

與業內其他公司一樣，本集團利用資產負債比率監察資本。此比率以負債淨額除以資本總額計算。負債淨額以已抵押銀行存款及借貸總額(包括綜合資產負債表內列示之「流動及非流動借貸」)減現金及現金等值物計算。資本總額以綜合資產負債表內列示之「總股東權益」扣除非控制性權益加負債淨額計算。

於二零一七年及二零一六年十二月三十一日之淨資產負債比率如下：

二零一七年的資產負債比率減少主要由於提早償還債券而令借貸減少所致。

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### 3. FINANCIAL RISK MANAGEMENT

(Continued)

#### 3.3 Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

As at 31 December 2017 and 2016, the Group held interest rate swap contracts, forward foreign exchange contracts, cross currency swap contracts and cotton future contracts. These forward foreign exchange contracts have been fair valued using forward exchange rates that are quoted in an active market. Interest rate swap is fair valued using forward interest rates extracted from observable yield curves. Cross currency swaps are fair valued using forward exchange rates that are quoted in an active market and interest rates extracted from observable yield curves. The cotton future contracts are fair valued using forward cotton price that are quoted in an active market. The effects of discounting are generally insignificant for Level 2 derivatives.

### 3. 財務風險管理(續)

#### 3.3 公平值估計

下表以估值法分析按公平值列賬之金融工具，各等級分析如下：

- 相同資產或負債之活躍市場報價(未經調整)(第一級)。
- 除所報價格(計入第一級)外，資產或負債之直接(如價格)或間接(如源自價格者)可觀察輸入資料(第二級)。
- 並非根據可觀察市場數據釐定之資產或負債輸入資料(即不可觀察輸入資料)(第三級)。

於二零一七年及二零一六年十二月三十一日，本集團持有利率掉期合約、遠期外匯合約、交叉貨幣掉期合約及棉花期貨合約。該等遠期外匯合約以活躍市場報價的遠期匯率計算公平值。利率掉期乃以從可觀察的收益曲線摘錄的遠期匯率計算公平值。交叉貨幣掉期乃使用活躍市場報價的遠期匯率及從可觀察收益曲線摘錄的利率計算公平值。棉花期貨合約乃使用活躍市場報價的遠期棉花價格計算公平值。折現一般對第二級衍生工具並無重大影響。

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### 3. FINANCIAL RISK MANAGEMENT

(Continued)

#### 3.3 Fair value estimation (Continued)

The following table presents the Group's assets and liabilities that are measured at fair value at 31 December 2017 and 2016:

### 3. 財務風險管理(續)

#### 3.3 公平值估計(續)

下表載列本集團於二零一七年及二零一六年十二月三十一日按公平值計量之資產及負債：

		Level 1 第一級 RMB'000 人民幣千元	Level 2 第二級 RMB'000 人民幣千元	Level 3 第三級 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
<b>At 31 December 2017</b>	二零一七年 十二月三十一日				
<b>Assets</b>	資產				
Derivative financial instruments	衍生金融工具	-	134,350	-	134,350
<b>Liabilities</b>	負債				
Derivative financial instruments	衍生金融工具	-	112,996	-	112,996
<b>At 31 December 2016</b>	於二零一六年 十二月三十一日				
<b>Assets</b>	資產				
Derivative financial instruments	衍生金融工具	-	317,882	-	317,882
<b>Liabilities</b>	負債				
Derivative financial instruments	衍生金融工具	-	32,275	-	32,275

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

未有在活躍市場上交易的金融工具(如場外衍生工具)的公平值乃使用估值技術釐定。該等估值技術盡可能使用可觀察市場數據，並盡可能減少依賴實體獨有估計。倘估計工具公平值的所有重大輸入數據為可觀察，則工具計入第二級。

#### 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

##### 4.1 Estimated useful lives and residual values of property, plant and equipment

The Group's management determines the estimated useful lives and residual values and consequently the related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. It could change as a result of technical innovations and competitors action in response to sever industry cycles. Management will increase the depreciation charge where useful lives are less than previously estimated lives, or it will write-off or write down technically obsolete or non-strategic assets that have been abandoned or sold. Actual economic lives may differ from estimated useful lives, and actual residual values may differ from estimated residual values. Periodic reviews could result in a change in depreciable lives and residual values and therefore changes in depreciation expenses in the future periods.

#### 4. 關鍵會計估計及判斷

各項估計及判斷均持續評估，並根據歷史經驗及其他因素(包括於各種情況下對未來事件被認為合理之預期)評估。

本集團作出有關未來情況的估計及假設，按照定義，會計估計結果一般將不會相等於有關實際結果。估計及假設對於就下一個財政年度內的資產及負債賬面值作出重大調整而構成的重大風險如下。

##### 4.1 物業、廠房及設備之估計可使用年期及剩餘價值

本集團之管理層釐定其物業、廠房及設備之估計可使用年期及剩餘價值以及相關折舊費用。該估計乃根據類似性質及功能之物業、廠房及設備之實際可使用年期之過往經驗而釐定，並可能因技術創新及競爭對手為回應嚴峻行業週期採取之行動而有改變。當可使用年期少於先前之估計年期，管理層將增加折舊費用，或將撇銷或撇減已報廢或出售之技術廢舊或非策略性資產。實際經濟年期可能與估計之可使用年期不同，而實際剩餘價值可能與估計之剩餘價值不同。定期檢討可能使可折舊年期及剩餘價值出現變動，因而引致未來期間之折舊開支有變。

**4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)****4.2 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 selling expenses. These estimates are based on the current market condition and the historical experience of manufacturing and selling products of similar nature. It could change significantly as a result of technical innovations, changes in customer taste and competitor actions in response to severe industry cycle. Management reassesses these estimates at each balance sheet date.

**4.3 Impairment of trade, bills and other receivables**

The Group's management determines the provision for impairment of trade, bills and other receivables based on an assessment of the recoverability of the receivables. This assessment is based on the credit history of its customers and other debtors and current market conditions, and requires the use of judgements and estimates. Provisions are applied to trade, bills and other receivables where events or changes in circumstances indicate that the balances may not be collectible and require the use of estimates. Management reassesses the provision at each balance sheet date. Where the expectation is different from the original estimate, such difference will impact carrying value of trade, bills and other receivable and impairment charge in the period in which such estimate has been changed.

**4.4 Income taxes and deferred income tax**

The Group is subject to income taxes in several jurisdictions. Significant judgement is required in determining the provision for income taxes. 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 audit issues based on estimates of whether additional taxes 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.

**4. 關鍵會計估計及判斷(續)****4.2 存貨之可變現淨值**

存貨之可變現淨值乃經扣除完成之估計成本及銷售開支後之日常業務估計售價。該等估計乃基於現行市況及製造與銷售性質類似產品之過往經驗而定，可能會因技術創新、客戶喜好改變及競爭對手為回應嚴峻行業週期採取之行動而出現重大變動。管理層將於各結算日重新評估該等估計。

**4.3 應收貿易及票據款項以及其他應收賬款減值**

本集團管理層按照應收款項之可收回程度釐定應收貿易及票據款項以及其他應收賬款減值撥備。此評估乃根據其客戶及其他債務人過往之信貸記錄以及當時市況而定，並需作出判斷及估計。倘有事件或環境轉變顯示結餘未必可收回或需要採用估計，則對應收貿易及票據款項及其他應收款項應用撥備。管理層於各結算日會重新評估撥備。倘預期與原估計有差別，該差額將影響該估計改變的期內的應收貿易及票據款項及其他應收款項及減值開支。

**4.4 所得稅及遞延所得稅**

本集團須於若干司法管轄區繳納所得稅。在釐定所得稅撥備時，需要作出重大判斷。在正常業務過程中，有許多交易和計算所涉及的最終稅務釐定都是不確定的。本集團根據估計附加稅是否將到期而確認預期發出的審核稅負債。倘該等事項的最終稅務後果與最初記錄金額不同，差額將影響作出此等釐定期間的所得稅及遞延稅項撥備。

#### 4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

##### 4.4 Income taxes and deferred income tax (Continued)

Deferred tax assets relating to certain temporary differences and tax losses are recognised when management considers it is likely that future taxable profits will be available against which the temporary differences or tax losses can be utilised. When the expectations are different from the original estimates, such differences will impact the recognition of deferred tax assets and income tax charges in the period in which such estimates have been changed.

#### 5. SEGMENT INFORMATION

The chief operating decision-maker has been identified as the Committee of Executive Directors of the Company. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Committee of Executive Directors reviews the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

The Committee of Executive Directors considers the business from both a product and geographical perspective. From a product perspective, management assesses the performance from sales of yarns, grey fabrics and garment fabrics as well as garments. The operations are further evaluated on a geographic basis including Mainland China (and Hong Kong), Vietnam, Macao, Cambodia and Nicaragua.

The Committee of Executive Directors assesses the performance of the operating segments based on revenue and operating profit.

#### 4. 關鍵會計估計及判斷(續)

##### 4.4 所得稅及遞延所得稅(續)

凡管理層認為日後極可能有應課稅溢利用作抵銷暫時差額或稅項虧損，則若干暫時差額及稅項虧損有關的遞延稅項資產將予確認。倘預期金額與原定估計不同，則該差額將會影響該估計出現變動期間的遞延稅項資產及所得稅支出的確認。

#### 5. 分部資料

主要經營決策者被視為本公司執行董事委員會。經營分類以向主要經營決策者提供內部呈報一致的形式呈報。執行董事委員會審閱本集團之內部申報，以評估表現及分配資源。管理層已根據該等報告釐定經營分類。

執行董事委員會認為業務可按產品及地區前景分類。管理層從產品角度評估銷售紗線、坯布及面料和服裝的表現。業務以地區基準(包括中國大陸(及香港)、越南、澳門、柬埔寨及尼加拉瓜)作進一步評估。

執行董事委員會根據收入及經營溢利評估經營分類之業績。

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### 5. SEGMENT INFORMATION (Continued)

The segment information for the year ended 31 December 2017 is as follows:

### 5. 分部資料(續)

截至二零一七年十二月三十一日止年度之分類資料如下：

		Year ended 31 December 2017									
		截至二零一七年十二月三十一日止年度									
		Yarns			Garment fabrics and Garments				Grey fabrics		Total
		紗線			面料及服裝				坯布		
Mainland China and Hong Kong		Vietnam	Macao	Mainland China and Hong Kong		Vietnam	Nicaragua	Mainland China		RMB'000	
中國大陸及香港		越南	澳門	中國大陸及香港		柬埔寨	越南	尼加拉瓜	中國大陸		越南
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
Total revenue	總收入	11,864,291	7,124,553	12,469,262	480,394	229,471	324,324	93,257	597,652	29,809	33,213,013
Inter-segment revenue	分類間收入	(364,783)	(6,790,829)	(9,722,334)	-	-	-	-	-	(28,692)	(16,906,638)
Revenue (from external customers)	收入(來自外部客戶)	11,499,508	333,724	2,746,928	480,394	229,471	324,324	93,257	597,652	1,117	16,306,375
Segment results	分類業績	704,008	440,958	236,148	27,932	(36,252)	(8,692)	6,746	697	(14,778)	1,356,767
Unallocated expenses	未分配費用										94,410
Operating profit	經營溢利										1,451,177
Finance income	財務收入										9,162
Finance costs	財務費用										(85,697)
Share of profits less losses of investments accounted for using the equity method	分佔以權益法入賬之投資的溢利減虧損										(12,820)
Income tax expense	所得稅開支										(187,097)
Profit for the year	年度溢利										1,174,725
Depreciation and amortisation	折舊及攤銷	(289,427)	(330,218)	(54)	(26,038)	(12,218)	(5,484)	(587)	(9,161)	(8,772)	(681,959)

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截至二零一七年十二月三十一日止年度

### 5. SEGMENT INFORMATION (Continued)

The segment information for the year ended 31 December 2016 is as follows:

### 5. 分部資料(續)

截至二零一六年十二月三十一日止年度  
之分類資料如下：

		Year ended 31 December 2016 截至二零一六年十二月三十一日止年度									
		Yarns 紗線			Garment fabrics and Garments 面料及服裝			Grey fabrics 坯布		Total 總額	
		Mainland China and Hong Kong 中國大陸 及香港		Macao 澳門	Mainland China and Hong Kong 中國大陸 及香港		Cambodia 柬埔寨	Vietnam 越南	Mainland China 中國大陸	Vietnam 越南	
		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	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元
Total revenue	總收入	10,702,807	5,754,305	10,903,975	338,403	76,037	-	608,234	-	28,383,761	
Inter-segment revenue	分類間收入	(386,761)	(5,564,604)	(8,784,659)	-	-	-	-	-	(14,736,024)	
<b>Revenue (from external customers)</b>	<b>收入(來自外部客戶)</b>	<b>10,316,046</b>	<b>189,701</b>	<b>2,119,316</b>	<b>338,403</b>	<b>76,037</b>	<b>-</b>	<b>608,234</b>	<b>-</b>	<b>13,647,737</b>	
Segment results	分類業績	982,782	354,307	549,931	30,979	(7,277)	(9,110)	41,606	(1,584)	1,941,634	
Unallocated expenses	未分配費用									(52,087)	
Operating profit	經營溢利									1,889,547	
Finance income	財務收入									9,752	
Finance costs	財務費用									(413,167)	
Share of profits less losses of investments accounted for using the equity method	分佔以權益法入賬之投資的溢利減虧損									10,676	
Income tax expense	所得稅開支									(295,735)	
<b>Profit for the year</b>	<b>年度溢利</b>									<b>1,201,073</b>	
Depreciation and amortisation	折舊及攤銷	(234,496)	(297,331)	(102)	(1,166)	(2,288)	(356)	(12,207)	-	(547,946)	



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截至二零一七年十二月三十一日止年度

### 5. SEGMENT INFORMATION (Continued)

The segment assets and liabilities as at 31 December 2017 are as follows:

### 5. 分部資料(續)

於二零一七年十二月三十一日之分類資產及負債如下：

		As at 31 December 2017 於二零一七年十二月三十一日										
		Yarns 紗線			Garment fabrics and Garments 面料及服裝				Grey fabrics 坯布		Total 總額	
		Mainland China and Hong Kong 中國大陸 及香港			Mainland China and Hong Kong 中國大陸 及香港				Mainland China 中國大陸			
		Vietnam 越南	Macao 澳門	Sub-total 小計	Vietnam 越南	Cambodia 柬埔寨	Vietnam 越南	Nicaragua 尼加拉瓜	China 中國大陸	Vietnam 越南		
		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	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	
Total segment assets	分類總資產	7,972,965	3,910,724	495,216	12,378,905	926,361	315,363	607,633	157,145	463,002	399,216	15,247,625
Unallocated assets	未分配資產											286,806
Total assets of the Group	本集團總資產											15,534,431
Total segment liabilities	分類總負債				(5,712,077)	(446,224)	(59,609)	(403,504)	(12,922)	(69,802)	(297,927)	(7,002,065)
Unallocated liabilities	未分配負債											(2,556,653)
Total liabilities of the Group	本集團總負債											(9,558,718)
Capital expenditure	資本開支	427,333	82,819	-	510,152	7,601	27,203	55,251	-	70,281	53,841	724,329

The segment assets and liabilities as at 31 December 2016 are as follows:

於二零一六年十二月三十一日之分類資產及負債如下：

		Year ended 31 December 2016 於二零一六年十二月三十一日										
		Yarns 紗線			Garment fabrics and Garments 面料及服裝				Grey fabrics 坯布		Total 總額	
		Mainland China and Hong Kong 中國大陸 及香港			Mainland China and Hong Kong 中國大陸 及香港				Mainland China 中國大陸			
		Vietnam 越南	Macao 澳門	Sub-total 小計	Vietnam 越南	Cambodia 柬埔寨	Vietnam 越南	Nicaragua 尼加拉瓜	China 中國大陸	Vietnam 越南		
		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	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	
Total segment assets	分類總資產	8,845,466	3,992,467	419,211	13,257,144	362,774	52,131	324,417	440,766	358,225		14,795,457
Unallocated assets	未分配資產											488,892
Total assets of the Group	本集團總資產											15,284,349
Total segment liabilities	分類總負債				(6,341,931)	(221,857)	(5,602)	(129,352)	(44,328)	(287,525)		(7,030,595)
Unallocated liabilities	未分配負債											(3,062,310)
Total liabilities of the Group	本集團總負債											(10,092,905)
Capital expenditure	資本開支	971,502	147,526	37	1,119,065	140,708	29,297	297,558	5,500	331,678		1,923,806

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### 6. FREEHOLD LAND AND LAND USE RIGHTS

### 6. 永久產權土地及土地使用權

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Freehold land	永久產權土地	137,494	24,620
Land use rights	土地使用權	725,589	670,564
		<b>863,083</b>	695,184
		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Opening net book amount	年初賬面淨值	695,184	551,618
Additions	添置	41,043	169,664
Acquisition of subsidiaries (Note 32)	收購附屬公司(附註 32)	189,586	-
Amortisation (Note 24)	攤銷(附註 24)	(16,212)	(16,690)
Disposals (Note 31)	出售(附註 31)	(16,580)	(9,408)
Change of subsidiaries to associates with loss of control	失去控制權由附屬公司 變為聯營公司	(21,456)	-
Currency translation differences	貨幣匯兌差額	(8,482)	-
Closing net book amount	年末賬面淨值	<b>863,083</b>	695,184
Cost	成本	936,526	752,836
Accumulated amortisation	累計攤銷	(73,443)	(57,652)
Net book amount	賬面淨值	<b>863,083</b>	695,184

The Group's freehold land cost is analysed as follows:

本集團之永久產權土地地價分析如下：

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Freehold land	永久產權土地		
— In Cambodia	— 於柬埔寨	119,613	-
— In Uruguay	— 於烏拉圭	10,073	10,073
— In Nicaragua	— 於尼加拉瓜	7,808	-
— In Turkey	— 於土耳其	-	14,547
		<b>137,494</b>	24,620

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### 6. FREEHOLD LAND AND LAND USE RIGHTS (Continued)

The Group's interests in land use rights represent prepaid operating lease payments, and their net book value are analysed as follows:

	2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Leases of between 45 to 50 years		
— In Mainland China	385,203	356,462
— In Vietnam	336,780	310,461
— In Cambodia	3,606	3,641
	<b>725,589</b>	670,564

As at 31 December 2017, land use rights with a net book amount of RMB26,687,000 (2016: RMB25,993,000) was pledged as collateral for the Group's bank borrowings (Note 17).

Amortisation was included in cost of sales.

### 6. 永久產權土地及土地使用權 (續)

本集團於土地使用權的權益指預付經營租賃款項，其賬面淨值分析如下：

於二零一七年十二月三十一日，賬面淨值人民幣26,687,000元(二零一六年：人民幣25,993,000元)的土地使用權已抵押作本集團銀行借貸的抵押品(附註17)。

攤銷已計入銷售成本。

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### 7. PROPERTY, PLANT AND EQUIPMENT 7. 物業、廠房及設備

		Buildings 樓宇 RMB'000 人民幣千元	Machinery and equipment 機器及設備 RMB'000 人民幣千元	Furniture and fixtures 傢俬及裝置 RMB'000 人民幣千元	Motor vehicles 汽車 RMB'000 人民幣千元	Construction- in-progress 在建工程 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
<b>At 1 January 2016</b>	於二零一六年一月一日						
Cost or valuation	成本或估值	1,517,544	3,897,988	48,928	35,388	1,084,780	6,584,628
Accumulated depreciation	累計折舊	(132,316)	(1,413,410)	(23,308)	(17,750)	-	(1,586,784)
<b>Net book amount</b>	賬面淨值	<b>1,385,228</b>	<b>2,484,578</b>	<b>25,620</b>	<b>17,638</b>	<b>1,084,780</b>	<b>4,997,844</b>
<b>Year ended 31 December 2016</b>	截至二零一六年 十二月三十一日止年度						
Opening net book amount	年初賬面淨值	1,385,228	2,484,578	25,620	17,638	1,084,780	4,997,844
Additions	添置	48,976	23,008	9,577	6,184	1,666,397	1,754,142
Revaluation	重新估值	45,883	-	-	-	-	45,883
Transfers	轉讓	366,439	1,502,407	5,226	78	(1,874,150)	-
Disposals (Note 31)	出售(附註31)	(773)	(34,354)	(192)	(175)	-	(35,494)
Depreciation charges (Note 24)	折舊支出(附註24)	(87,067)	(432,983)	(6,281)	(4,925)	-	(531,256)
<b>Closing net book amount</b>	年末賬面淨值	<b>1,758,686</b>	<b>3,542,656</b>	<b>33,950</b>	<b>18,800</b>	<b>877,027</b>	<b>6,231,119</b>
<b>At 31 December 2016</b>	於二零一六年 十二月三十一日						
Cost or valuation	成本或估值	1,977,717	5,381,795	63,132	37,430	877,027	8,337,101
Accumulated depreciation	累計折舊	(219,031)	(1,839,139)	(29,182)	(18,630)	-	(2,105,982)
<b>Net book amount</b>	賬面淨值	<b>1,758,686</b>	<b>3,542,656</b>	<b>33,950</b>	<b>18,800</b>	<b>877,027</b>	<b>6,231,119</b>
<b>Year ended 31 December 2017</b>	截至二零一七年 十二月三十一日止年度						
Opening net book amount	年初賬面淨值	1,758,686	3,542,656	33,950	18,800	877,027	6,231,119
Additions	添置	6,501	84,239	4,970	4,742	582,834	683,286
Acquisition of subsidiaries (Note 32)	收購附屬公司(附註32)	416,265	120,233	9,772	2,041	9,863	558,174
Transfers	轉讓	397,382	551,856	2,543	4,763	(956,544)	-
Disposals (Note 31)	出售(附註31)	(7,809)	(15,763)	(130)	(402)	(14,980)	(39,084)
Depreciation charges (Note 24)	折舊支出(附註24)	(122,130)	(529,829)	(7,810)	(5,978)	-	(665,747)
Loss of control of subsidiaries	失去附屬公司控制權	-	(10,710)	-	-	(80,977)	(91,687)
Currency translation differences	貨幣匯兌差額	(13,530)	(2,106)	(250)	(53)	-	(15,939)
<b>Closing net book amount</b>	年末賬面淨值	<b>2,435,365</b>	<b>3,740,576</b>	<b>43,045</b>	<b>23,913</b>	<b>417,223</b>	<b>6,660,122</b>
<b>At 31 December 2017</b>	於二零一七年 十二月三十一日						
Cost or valuation	成本或估值	2,776,499	6,070,051	79,281	45,908	417,223	9,388,962
Accumulated depreciation	累計折舊	(341,134)	(2,329,475)	(36,236)	(21,995)	-	(2,728,840)
<b>Net book amount</b>	賬面淨值	<b>2,435,365</b>	<b>3,740,576</b>	<b>43,045</b>	<b>23,913</b>	<b>417,223</b>	<b>6,660,122</b>

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## 7. PROPERTY, PLANT AND EQUIPMENT

(Continued)

The analysis of the cost or valuation of the above assets is as follows:

## 7. 物業、廠房及設備(續)

上述資產之成本或估值分析如下：

		Buildings 樓宇 RMB'000 人民幣千元	Machinery and equipment 機器及設備 RMB'000 人民幣千元	Furniture and fixtures 傢俬及裝置 RMB'000 人民幣千元	Motor vehicles 汽車 RMB'000 人民幣千元	Construction- in-progress 在建工程 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
At 31 December 2017	於二零一七年十二月三十一日						
At cost	按成本	798,782	6,070,051	79,281	45,908	417,223	7,411,245
At valuation — 31 December 2017	按估值 — 於二零一七年十二月三十一日	1,977,717	-	-	-	-	1,977,717
		2,776,499	6,070,051	79,281	45,908	417,223	9,388,962
At 31 December 2016	於二零一六年十二月三十一日						
At cost	按成本	-	5,381,795	63,132	37,430	877,027	6,359,384
At valuation — 31 December 2016	按估值 — 於二零一六年十二月三十一日	1,977,717	-	-	-	-	1,977,717
		1,977,717	5,381,795	63,132	37,430	877,027	8,337,101

Buildings with net book amount of RMB1,758,686,000 at 31 December 2016 were stated at fair value, based on a valuation performed by DTZ Debenham Tie Leung Limited, an independent firm of qualified valuers. The Group did not revalue such buildings as at 31 December 2017, because the net book amount of RMB1,644,636,000 as at 31 December 2017 for such buildings did not differ materially from which would be determined using fair value.

The valuation performed as at 31 December 2016 was determined using the depreciated replacement costs approach and was within level 3 of the fair value hierarchy. Current gross reproduction costs of the buildings are adjusted for physical deterioration and all relevant forms of obsolescence and optimization.

The revaluation surplus, net of applicable deferred income tax liabilities, was regarded as other comprehensive income and credited to revaluation reserve in equity (Note 16).

於二零一六年十二月三十一日賬面淨值為人民幣1,758,686,000元之樓宇根據獨立合資格估值師戴德梁行有限公司進行之估值，按公平值列賬。本集團並無重估該等樓宇於二零一七年十二月三十一日之價值，因為該等樓宇於二零一七年十二月三十一日之賬面淨值人民幣1,644,636,000元與使用公平值釐定之價值差別不太。

於二零一六年十二月三十一日進行之估值乃採用折舊重置成本法釐定，並歸入公平值層級第三級內。樓宇目前的整體複製成本已就實體老化及所有陳舊及優化相關形式作出調整。

重估盈餘扣除適用的遞延所得稅負債，作為其他全面收益並已計入權益內的重估儲備(附註16)。

## 綜合財務報表附註

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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截至二零一七年十二月三十一日止年度

## 7. PROPERTY, PLANT AND EQUIPMENT (Continued)

If buildings were stated on historical cost basis, the amounts would be as follows:

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Cost	成本	2,755,946	1,957,163
Accumulated depreciation	累計折舊	(432,271)	(317,085)
Net book amount	賬面淨值	2,323,675	1,640,078

During the year ended 31 December 2017, depreciation of RMB624,451,000 (2016: RMB489,521,000) was included in cost of sales, RMB4,928,000 (2016: RMB4,229,000) was included in selling and distribution costs and RMB36,368,000 (2016: RMB37,506,000) was included in general and administrative expenses.

During the year ended 31 December 2017, no finance cost was capitalised as part of property, plant and equipment (2016: finance cost of RMB18,698,000 was capitalised at a rate of 4.33% per annum) (Note 26).

As at 31 December 2017, property, plant and equipment of approximately RMB180,915,000 (2016: RMB116,548,000) were pledged as collateral of the Group's bank borrowings (Note 17).

Lease rental expense of RMB35,119,000 (2016: RMB42,278,000), relating to the lease of buildings and machinery, was included in cost of sales (Note 24).

The Group leases various machinery and equipment under finance lease agreement. The original lease terms are 3 to 4 years, and ownership of assets lie within the Group (Note 19).

## 7. 物業、廠房及設備(續)

倘樓宇以歷史成本法列賬，金額將如下：

於截至二零一七年十二月三十一日止年度，人民幣624,451,000元(二零一六年：人民幣489,521,000元)的折舊已計入銷售成本，人民幣4,928,000元(二零一六年：人民幣4,229,000元)的折舊已計入銷售及分銷開支及人民幣36,368,000元(二零一六年：人民幣37,506,000元)的折舊已計入一般及行政開支。

於截至二零一七年十二月三十一日止年度，概無財務費用(二零一六年：財務費用人民幣18,698,000元已按年利率4.33%資本化)資本化為物業、廠房及設備之一部分(附註26)。

於二零一七年十二月三十一日，物業、廠房及設備約人民幣180,915,000元(二零一六年：人民幣116,548,000元)已抵押為本集團銀行借貸的抵押品(附註17)。

有關租賃樓宇及機器的租金開支人民幣35,119,000元(二零一六年：人民幣42,278,000元)已計入銷售成本(附註24)。

本集團根據融資租賃協議而租借不同機器及設備。原定租賃期為三至四年，資產擁有權歸屬於本集團(附註19)。

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

截至二零一七年十二月三十一日止年度

### 8. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

The amounts recognised in the consolidated balance sheet are as follows:

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Associates	聯營公司	179,583	87,761
Joint ventures	合營企業	3,206	11,588
At 31 December	於十二月三十一日	<b>182,789</b>	99,349

The amounts recognised in the consolidated income statement are as follows:

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Associates	聯營公司	(5,983)	12,672
Joint ventures	合營企業	(6,837)	(1,996)
For the year ended 31 December	截至十二月三十一日止年度	<b>(12,820)</b>	10,676

#### Investments in associates

#### 於聯營公司的投資

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Share of net assets of unlisted associates	分佔非上市聯營公司 資產淨值	179,392	87,570
Goodwill	商譽	191	191
		<b>179,583</b>	87,761

### 8. 以權益法列賬的投資

以下為已於綜合資產負債表確認的金額：

以下為已於綜合收益表確認的金額：

## 綜合財務報表附註

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### 8. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (Continued)

#### Investments in associates (Continued)

Movements of shares of net assets attributable to the Group are as follows:

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Opening amount	年初金額	87,570	63,483
Change of subsidiaries to associates with loss of control	因失去控制權由附屬公司變為聯營公司	75,392	—
Acquisition	收購	26,855	19,971
Share of (losses)/profits based on equity held	分佔按持有權益計算之(虧損)/溢利	(5,983)	12,672
Step-acquisition from associates to subsidiaries	由聯營公司至附屬公司之分階段收購	(14,631)	—
Share of other comprehensive income/(losses) based on equity held	分攤按持有權益計算之其他全面收入/(虧損)	10,189	(8,556)
Closing amount	年末金額	179,392	87,570

On 30 June 2017, Hongyan Vietnam Holdings Limited, wholly owned by the Group by 30 June 2017, issued its shares to the Group and a third party Hualida Vietnam Investment Development Co., Ltd., respectively. After the issuance of the shares in 2017, the Group owned 45% interest of Hongyan Vietnam Holdings Limited and Hualida Vietnam Investment Development Co., Ltd. owned 55% interest of Hongyan Vietnam Holdings Limited, respectively. Accordingly, Hongyan Vietnam Holdings Limited and its subsidiaries became the associates of the Group after the issuance of shares in 2017. The Group's shares of the fair value of net assets of Hongyan Vietnam Holdings Limited and its subsidiaries on aggregation were RMB75,392,000 on 30 June 2017.

On 30 September 2017, the Group acquired 11% interest of Nantong Textile Group Co., Ltd. for a consideration of RMB26,855,000. As a result of the acquisition, the Group controlled 48% interest of Nantong Textile Group Co., Ltd..

On 31 December 2017, the Group acquired the rest 51% interest of Hang Chi Enterprise Co., Ltd. and its subsidiaries, a group engaged in the manufacturing and sales of textile and fabrics products in China and Hong Kong, for a consideration of RMB1. As a result of the acquisition, the Group fully owned Hang Chi Enterprise Co., Ltd. and its subsidiaries.

### 8. 以權益法列賬的投資(續)

#### 於聯營公司的投資(續)

本集團應佔資產淨值變動如下：

於二零一七年六月三十日，鴻雁越南控股有限公司(二零一七年六月三十日前由本集團全資擁有)發行其股份予本集團及第三方華利達越南投資發展有限公司。發行股份後，本集團擁有鴻雁越南控股有限公司的45%權益，而華利達越南投資發展有限公司擁有鴻雁越南控股有限公司的55%權益。因此，鴻雁越南控股有限公司及其附屬公司於二零一七年股份發行後，成為本集團之聯營公司。本集團合共分佔鴻雁越南控股有限公司及其附屬公司於二零一七年六月三十日之資產淨值之公平值為人民幣75,392,000元。

於二零一七年九月三十日，本集團收購南通紡織控股集團紡織染有限公司之11%權益，代價為人民幣26,855,000元。收購後，本集團控制南通紡織控股集團紡織染有限公司之48%權益。

於二零一七年十二月三十一日，本集團收購恒志企業有限公司及其附屬公司之餘下51%權益，該組公司於中國及香港從事製造及銷售紡織品及面料產品，代價為人民幣1元。收購後，本集團全資擁有恒志企業有限公司及其附屬公司。



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### 8. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (Continued)

#### Investments in associates (Continued)

Set out below are the associates of the Group as at 31 December 2017 which, in the opinion of the directors, are not material to the Group. The associates as listed below have share capital consisting solely of ordinary shares, which are held directly by the Group; the country of incorporation or registration is also their principal place of business.

Nature of investments in associates as at 31 December 2017:

### 8. 以權益法列賬的投資(續)

#### 於聯營公司的投資(續)

以下為於二零一七年十二月三十一日，董事認為對本集團並不重要之本集團聯營公司。下列聯營公司之股本僅由普通股組成，並由本集團直接持有；其註冊成立或註冊國家亦為其主要營業地點。

於二零一七年十二月三十一日，於聯營公司投資的性質：

Name of associate 聯營公司名稱	Place and date of incorporation and form of legal entity 註冊成立地點及日期以及法律實體類別	Principal activities 主要業務	Particulars of issued share capital 已發行股本詳情	Interest held 所持權益
Nantong Textile Group Co., Ltd. 南通紡織控股集團紡織染有限公司	Nantong, Mainland China, 11 September 2002, limited liability company 中國大陸南通，二零零二年九月十一日，有限責任公司	Manufacturing and sales of top-grade textile knitting products and garments 製造及銷售高級紡織產品及成衣	RMB116,375,000 人民幣 116,375,000元	48%
Hongyan Vietnam Holdings Limited 鴻雁越南控股有限公司	British Virgin Islands, 2 July 2015, limited liability company 英屬處女群島，二零一五年七月二日，有限責任公司	Investment holding in British Virgin Islands 於英屬處女群島進行投資控股	RMB166,167,000 人民幣 166,167,000元	45%
Subsidiaries of Hongyan Vietnam Holdings Limited 鴻雁越南控股有限公司之附屬公司				
— Lanyan Denim Garment Vietnam Holdings Limited 蘭雁牛仔服裝越南控股有限公司	Hong Kong, 2 June 2015, limited liability company 香港，二零一五年六月二日，有限責任公司	Investment holding in Hong Kong 於香港進行投資控股	HKD100 100港元	45%
— Hualida (Vietnam) Garments Limited Company 華利達(越南)服裝責任有限公司	Vietnam, January 2016, limited liability company 越南，二零一六年一月，有限責任公司	Manufacturing of garments in Vietnam 於越南製造成衣	VND39,870,000,000 39,870,000,000 越南盾	45%

## 綜合財務報表附註

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017  
截至二零一七年十二月三十一日止年度

### 8. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (Continued)

#### Investments in associates (Continued)

There are no contingent liabilities relating to the Group's interests in the associates.

Set out below are the summarised financial information for Nantong Textile Group Co., Ltd., Hongyan Vietnam Holdings Limited and its subsidiaries, and Hang Chi Enterprise Co., Ltd. and its subsidiaries, which are accounted for using the equity method.

### 8. 以權益法列賬的投資(續)

#### 於聯營公司的投資(續)

概無與本集團所持有聯營公司權益相關的或然負債。

下文載列南通紡織控股集團紡織染有限公司、鴻雁越南控股有限公司及其附屬公司及恒志企業有限公司及其附屬公司(以權益法入賬)的財務資料概要。

#### Summarised balance sheet

#### 資產負債表摘要

		Nantong Textile Group Co., Ltd. 南通紡織控股集團紡織染有限公司		Hongyan Vietnam Holdings Limited 鴻雁越南控股有限公司		Hang Chi Enterprise Co., Ltd. 恒志企業有限公司		Total 總計	
		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
<b>Current</b>	<b>流動</b>								
Cash and cash equivalents	現金及現金等價物	39,923	26,633	8,487	-	-	53,833	48,410	80,466
Other current assets (excluding cash)	其他流動資產 (不包括現金)	387,171	272,240	46,710	-	-	324,561	433,881	596,801
<b>Total current assets</b>	<b>流動資產總值</b>	<b>427,094</b>	<b>298,873</b>	<b>55,197</b>	<b>-</b>	<b>-</b>	<b>378,394</b>	<b>482,291</b>	<b>677,267</b>
Financial liabilities (excluding trade payables)	金融負債(不包括貿易應付款項)	(419,600)	(245,000)	-	-	-	(111,105)	(419,600)	(356,105)
Other current liabilities (including trade payables)	其他流動負債(包括貿易應付款項)	(102,185)	(142,633)	(33,690)	-	-	(561,981)	(135,875)	(704,614)
<b>Total current liabilities</b>	<b>流動負債總值</b>	<b>(521,785)</b>	<b>(387,633)</b>	<b>(33,690)</b>	<b>-</b>	<b>-</b>	<b>(673,086)</b>	<b>(555,475)</b>	<b>(1,060,719)</b>
<b>Non-current</b>	<b>非流動</b>								
Assets	資產	493,520	450,299	138,994	-	-	337,723	632,514	788,022
Liabilities	負債	(175,564)	(167,503)	-	-	-	(10,833)	(175,564)	(178,336)
<b>Net assets</b>	<b>資產淨值</b>	<b>223,265</b>	<b>194,036</b>	<b>160,501</b>	<b>-</b>	<b>-</b>	<b>32,198</b>	<b>383,766</b>	<b>226,234</b>

## 綜合財務報表附註

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

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### 8. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (Continued)

Investments in associates (Continued)

Summarised statement of comprehensive income

### 8. 以權益法列賬的投資(續)

於聯營公司的投資(續)

全面收益表摘要

		Nantong Textile Group Co., Ltd. 南通紡織控股集團紡織染有限公司		Hongyan Vietnam Holdings Limited 鴻雁越南控股有限公司		Hang Chi Enterprise Co., Ltd. 恒志企業有限公司		Total 總計	
		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Revenue	收入	848,254	777,583	39,243	-	617,976	380,583	1,505,473	1,158,166
Depreciation and amortisation	折舊及攤銷	(70,322)	(50,362)	(2,465)	-	(25,493)	(15,561)	(98,280)	(65,923)
Interest income	利息收入	2,510	578	8	-	809	654	3,327	1,232
Interest expense	利息開支	(15,129)	(25,013)	-	-	(15,474)	(10,009)	(30,603)	(35,022)
Profit/(loss) before income tax	所得稅前溢利/(虧損)	35,105	30,107	(7,037)	-	(22,862)	8,905	5,206	39,012
Income tax expense	所得稅開支	(5,876)	(7,647)	-	-	(271)	(4)	(6,147)	(7,651)
Profit/(loss) for the year	年度溢利/(虧損)	29,229	22,460	(7,037)	-	(23,133)	8,901	(941)	31,361
Other comprehensive income/(losses)	其他全面收入/(虧損)	-	-	-	-	20,793	(17,461)	20,793	(17,461)
Total comprehensive income/(losses)	全面收入/(虧損)總額	22,244	22,460	(7,037)	-	(2,340)	(8,560)	19,852	13,900

## 綜合財務報表附註

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017  
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### 8. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (Continued)

#### Investments in associates (Continued)

#### Reconciliation of summarised financial information

Reconciliation of the summarised financial information presented to the carrying amount of Group's interests in the associates.

### 8. 以權益法列賬的投資(續)

#### 於聯營公司的投資(續)

#### 財務資料摘要對賬

按本集團所持聯營公司權益之賬面值列呈財務資料摘要對賬。

Summarised financial information	財務資料摘要	Nantong Textile Group Co., Ltd. 南通紡織控股集團紡織染有限公司		Hongyan Vietnam Holdings Limited 鴻雁越南控股有限公司		Hang Chi Enterprise Co., Ltd. 恒志企業有限公司		Total 總計	
		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Closing net assets	期末資產淨值	223,265	194,036	160,501	-	-	32,198	383,766	226,234
Interests in associates (2017: 48%, 45%, nil; 2016: 37%, nil, 49%)	所持聯營公司權益 (二零一七年： 48%、45%、無； 二零一六年： 37%、無、49%)	107,167	71,793	72,225	-	-	15,777	179,392	87,570
Goodwill	商譽	191	191	-	-	-	-	191	191
Carrying value	賬面值	107,358	71,984	72,225	-	-	15,777	179,583	87,761

#### Investments in joint ventures

#### 於合營企業的投資

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Opening amount	期初金額	11,588	-
Newly set-up	新設立	-	3,004
Acquisition	收購	-	10,580
Share of losses	分攤虧損	(6,837)	(1,996)
Impairment of investment	投資減值	(2,531)	-
Share of other comprehensive income based on equity held	分攤按持有權益計算之其他全面收入	986	-
At 31 December	於十二月三十一日	3,206	11,588

## 綜合財務報表附註

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

截至二零一七年十二月三十一日止年度

### 8. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (Continued)

#### Investments in joint ventures (Continued)

The joint ventures listed below have share capital consisting solely of ordinary shares, which is held directly by the Group.

Nature of investments in joint ventures as at 31 December 2017.

### 8. 以權益法列賬的投資(續)

#### 於合營企業的投資(續)

下文所列的合營企業的股本僅為普通股，由本集團直接持有。

於二零一七年十二月三十一日在合營企業的投資性質。

Name of joint venture	Place and date of incorporation and form of legal entity	Principal activities	Particulars of issued share capital	Interest held
合營企業名稱	註冊成立地點及日期以及法律實體類別	主要業務	已發行股本詳情	所持權益
Texhong Tan Cang Logistics Joint Stock Company	Vietnam, 30 June 2016, limited liability company	Cargo transportation by land and sea; other assistant services; cargo landing-over, storage, management consulting	VND 20,000,000,000	50%
天虹新港物流股份公司	越南，二零一六年六月三十日，有限責任公司	海陸貨物運輸；其他輔助五福；貨物卸運、儲存、管理諮詢	20,000,000,000 越南盾	
Shelink Limited	Hong Kong, 4 April 2005, limited liability company	Engaged in manufacturing and sale of knitted, dyed and finished top-grade textile products	HKD55,692,000	50%
兆光有限公司	香港，二零零五年四月四日，有限責任公司	從事製造及銷售紡織、染色及頂級面料製成品	55,692,000 港元	
Subsidiary of Shelink limited 兆光有限公司的附屬公司				
— Foshan Zhao Yue Textile Co., Ltd.	Foshan, Mainland China, 17 October 2005, limited liability company	Engaged in manufacturing and sale of knitted, dyed and finished top-grade textile products	HKD80,000,000	50%
— 佛山市兆越紡織有限公司	中國大陸佛山，二零零五年十月十七日，有限責任公司	從事製造及銷售紡織、染色及頂級面料製成品	80,000,000 港元	

Texhong Tan Cang Logistics Joint Stock Company, Shelink Limited and Foshan Zhao Yue Textile Co., Ltd. are private companies and there are no quoted market price available for their shares.

天虹新港物流股份公司、兆光有限公司及佛山市兆越紡織有限公司為私人公司，其股份並無市場報價。

#### Commitments and contingent liabilities in respect of joint ventures

There are no contingent liabilities relating to the Group's interests in the joint ventures.

#### 合營企業的承擔及或然負債

概無與本集團所持有合營企業權益相關的或然負債。

## 綜合財務報表附註

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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### 8. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (Continued)

#### Investments in joint ventures (Continued)

#### Summarised financial information for joint ventures

Set out below are the summarised financial information for Texhong Tan Cang Logistics Joint Stock Company, Shelink Limited and its subsidiary, which are accounted for using the equity method.

#### Summarised balance sheet

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
<b>Current</b>	<b>流動</b>		
Cash and cash equivalents	現金及現金等價物	4,596	2,918
Other current assets (excluding cash)	其他流動資產(不包括現金)	43,621	50,071
<b>Total current assets</b>	<b>流動資產總值</b>	<b>48,217</b>	52,989
Financial liabilities (excluding trade payables)	金融負債(不包括貿易應付款項)	(25,500)	(26,589)
Other current liabilities (including trade payables)	其他流動負債(包括貿易應付款項)	(19,301)	(11,576)
<b>Total current liabilities</b>	<b>流動負債總值</b>	<b>(44,801)</b>	(38,165)
<b>Non-current</b>	<b>非流動</b>		
Assets	資產	8,058	8,352
Liabilities	負債	-	-
<b>Total non-current assets</b>	<b>非流動資產總值</b>	<b>8,058</b>	8,352
<b>Net assets</b>	<b>資產淨值</b>	<b>11,474</b>	23,176

### 8. 以權益法列賬的投資(續)

#### 於合營企業的投資(續)

#### 合營企業的財務資料概要

下文載列天虹新港物流股份公司、兆光有限公司及其附屬公司(以權益法入賬)的財務資料概要。

#### 資產負債表摘要

## 綜合財務報表附註

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

截至二零一七年十二月三十一日止年度

### 8. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD (Continued)

Investments in joint ventures (Continued)

Summarised statement of comprehensive income

### 8. 以權益法列賬的投資(續)

於合營企業的投資(續)

全面收益表摘要

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Revenue	收入	42,669	7,358
Depreciation and amortisation	折舊及攤銷	(4,681)	(357)
Interest expense	利息開支	(1,240)	(107)
Interest income	利息收入	285	90
<b>Loss before income tax</b>	<b>所得稅前虧損</b>	<b>(13,574)</b>	<b>(3,992)</b>
Income tax expense	所得稅開支	(102)	-
<b>Loss for the year</b>	<b>年度虧損</b>	<b>(13,676)</b>	<b>(3,992)</b>
<b>Other comprehensive income</b>	<b>其他全面收入</b>	<b>1,972</b>	<b>-</b>
<b>Total comprehensive Loss</b>	<b>全面虧損總額</b>	<b>(11,704)</b>	<b>(3,992)</b>

#### Reconciliation of summarised financial information

Reconciliation of the summarised financial information presented to the carrying amount of Group's interests in the joint ventures

#### 財務資料摘要對賬

已呈列財務資料摘要與本集團於合營企業所持權益的賬面值的對賬

#### Summarised financial information

#### 財務資料摘要

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Closing net assets	期末資產淨值	11,474	23,176
Interests in the joint ventures (50%)	於合營企業的權益(50%)	5,737	11,588
Impairment of investment	投資減值	(2,531)	-
Carrying value	賬面值	3,206	11,588

## 綜合財務報表附註

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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### 9. FINANCIAL INSTRUMENTS BY CATEGORY

### 9. 按類別劃分的金融工具

		Assets at fair value through the profit and loss 按公平值計入損益的資產 RMB'000 人民幣千元	Loans and receivables 貸款及應收款項 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
<b>31 December 2017</b>	二零一七年十二月三十一日			
<b>Assets as per balance sheet</b>	<b>資產負債表所列資產</b>			
Trade and bills receivables (Note 11)	應收貿易及票據款項 (附註 11)	-	1,630,144	1,630,144
Derivative financial instruments (Note 18)	衍生金融工具 (附註 18)	134,350	-	134,350
Deposits and other receivables (Note 12)	按金及其他應收賬款 (附註 12)	-	15,603	15,603
Pledged bank deposits and cash and cash equivalents (Note 13)	已抵押銀行存款及現金及現金等值物 (附註 13)	-	1,554,967	1,554,967
<b>Total</b>	<b>總計</b>	<b>134,350</b>	<b>3,200,714</b>	<b>3,335,064</b>
		Liabilities at fair value through the profit and loss 按公平值計入損益的負債 RMB'000 人民幣千元	Other financial liabilities at amortised cost 按攤銷成本列賬之其他金融負債 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
<b>31 December 2017</b>	二零一七年十二月三十一日			
<b>Liabilities as per balance sheet</b>	<b>資產負債表所列負債</b>			
Borrowings (Note 17)	借貸(附註 17)	-	5,549,598	5,549,598
Derivative financial instruments (Note 18)	衍生金融工具(附註 18)	112,996	-	112,996
Trade and bills payables (Note 21)	應付貿易及票據款項 (附註 21)	-	2,961,729	2,961,729
Accruals and other payables excluding deposits and statutory liabilities (Note 22)	預提費用及其他應付賬款(不包括按金及法定負債)(附註 22)	-	337,682	337,682
Finance lease obligations (Note 19)	融資租賃承擔 (附註 19)	-	7,210	7,210
<b>Total</b>	<b>總計</b>	<b>112,996</b>	<b>8,856,219</b>	<b>8,969,215</b>



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# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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### 9. FINANCIAL INSTRUMENTS BY CATEGORY (Continued)

### 9. 按類別劃分的金融工具(續)

		Assets at fair value through the profit and loss 按公平值計入損益的資產 RMB'000 人民幣千元	Loans and receivables 貸款及應收款項 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
<b>31 December 2016</b>				
<b>Assets as per balance sheet</b>		<b>資產負債表所列資產</b>		
Trade and bills receivables (Note 11)	應收貿易及票據款項 (附註11)	–	1,589,990	1,589,990
Derivative financial instruments (Note 18)	衍生金融工具 (附註18)	317,882	–	317,882
Deposits and other receivables (Note 12)	按金及其他應收賬款 (附註12)	–	6,592	6,592
Pledged bank deposits and cash and cash equivalents (Note 13)	已抵押銀行存款及現金及現金等值物(附註13)	–	1,994,409	1,994,409
<b>Total</b>	<b>總計</b>	<b>317,882</b>	<b>3,590,991</b>	<b>3,908,873</b>
		Liabilities at fair value through the profit and loss 按公平值計入損益的負債 RMB'000 人民幣千元	Other financial liabilities at amortised cost 按攤銷成本列賬之其他金融負債 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
<b>31 December 2016</b>				
<b>Liabilities as per balance sheet</b>		<b>資產負債表所列負債</b>		
Borrowings (Note 17)	借貸(附註17)	–	6,109,294	6,109,294
Derivative financial instruments (Note 18)	衍生金融工具 (附註18)	32,275	–	32,275
Trade and bills payables (Note 21)	應付貿易及票據款項 (附註21)	–	3,044,295	3,044,295
Accruals and other payables excluding deposits and statutory liabilities (Note 22)	預提費用及其他應付賬款(不包括按金及法定負債)(附註22)	–	405,666	405,666
<b>Total</b>	<b>總計</b>	<b>32,275</b>	<b>9,559,255</b>	<b>9,591,530</b>

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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### 10. INVENTORIES

### 10. 存貨

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Raw materials	原材料	2,600,507	2,168,041
Work-in-progress	在製品	279,705	117,580
Finished goods	製成品	883,977	645,676
		<b>3,764,189</b>	<b>2,931,297</b>

The cost of inventories recognised as expense and included in 'cost of sales' amounted to RMB11,190,690,000 (2016: RMB8,651,839,000).

確認為費用且列入「銷售成本」的存貨成本金額為人民幣11,190,690,000元(二零一六年：人民幣8,651,839,000元)。

In 2017, the Group made an inventory provision of approximately RMB177,000 (2016: reversal of inventory provision of RMB7,253,000). These amounts have been included in 'cost of sales' in the consolidated income statement (Note 24).

於二零一七年，本集團計提存貨撥備約人民幣177,000元(二零一六年：撥回存貨撥備人民幣7,253,000元)。該等金額已計入綜合收益表之「銷售成本」中(附註24)。

As at 31 December 2017, inventories with a total net book amount of RMB261,236,000 (2016: RMB393,000,000) were pledged as collateral for the Group's bank borrowings (Note 17).

於二零一七年十二月三十一日，賬面淨值共為人民幣261,236,000元(二零一六年：人民幣393,000,000元)的存貨已作質押，以作為本集團取得銀行借貸之抵押品(附註17)。

### 11. TRADE AND BILLS RECEIVABLES

### 11. 應收貿易及票據款項

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Trade receivables	應收貿易款項	551,357	391,614
Less: provision for impairment	減：減值撥備	(7,141)	(5,407)
Bills receivable	應收票據款項	544,216 1,085,928	386,207 1,203,783
		<b>1,630,144</b>	<b>1,589,990</b>

As at 31 December 2017, included in the trade receivables were amounts due from related parties of RMB3,019,000 (2016: RMB56,215,000) (Note 34).

於二零一七年十二月三十一日，應收貿易款項中包含應收關連方的款項共計人民幣3,019,000元(二零一六年：人民幣56,215,000元)(附註34)。

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

應收貿易及票據款項之公平值接近其賬面值。

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# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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## 11. TRADE AND BILLS RECEIVABLES

(Continued)

As at 31 December 2017, no bills receivable were pledged (2016: bills receivable with a total net book amount of RMB206,797,000 were pledged as collateral for the Group's bank borrowings) (Note 17).

The Group generally grants credit terms of less than 90 days to its customers in Mainland China and 120 days to its customers in other countries. The ageing analysis of the trade and bills receivables (including amounts due to related parties of trading in nature) by invoice date is as follows:

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Within 30 days	30日內	1,171,995	788,378
31 to 90 days	31日至90日	364,234	668,960
91 to 180 days	91日至180日	84,699	128,085
181 days to 1 year	181日至1年	11,200	2,590
Over 1 year	1年以上	5,157	7,384
		<b>1,637,285</b>	<b>1,595,397</b>
Less: provision for impairment	減：減值撥備	<b>(7,141)</b>	<b>(5,407)</b>
Trade and bills receivables — net	應收貿易及票據款項 — 淨額	<b>1,630,144</b>	<b>1,589,990</b>

There is no concentration of credit risk with respect to trade and bills receivables, as the Group has a large number of customers.

Trade receivables that are aged less than 90 days in Mainland China and 120 days in other countries are generally not considered impaired, which amounted to RMB525,377,000 as at 31 December 2017 (2016: RMB367,278,000). As at 31 December 2017, trade receivables aged by more than 90 days in Mainland China or 120 days in other countries of RMB18,839,000 (2016: RMB18,929,000) are considered not to be impaired. These relate to a number of customers for whom there is no recent history of default.

## 11. 應收貿易及票據款項(續)

於二零一七年十二月三十一日，概無應收票據已作質押(二零一六年：賬面淨值共計人民幣206,797,000元的應收票據已作質押，以作為本集團取得銀行借貸之抵押品)(附註17)。

本集團授予其中國大陸客戶之信貸期一般為90日內，而授予其他國家客戶之信貸期為120日內。應收貿易及票據款項(包括性質為應收貿易關連方之款項)按發票日期之賬齡分析如下：

由於本集團擁有大批客戶，故應收貿易及票據款項無集中的信貸風險。

於中國大陸逾期不足90日及於其他國家不足120日之應收貿易款項一般不視為已減值，於二零一七年十二月三十一日的金額為人民幣525,377,000元(二零一六年：人民幣367,278,000元)。於二零一七年十二月三十一日，未被視為已減值之中國大陸逾期90日以上及其他國家逾期120日以上應收貿易款項為人民幣18,839,000元(二零一六年：人民幣18,929,000元)。該等結欠涉及最近並無拖欠記錄之多名客戶。

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### 11. TRADE AND BILLS RECEIVABLES

(Continued)

As at 31 December 2017, trade receivables of RMB7,141,000 (2016: RMB5,407,000) were impaired and had been fully provided for. These receivables relate to a number of customers, including customers in unexpected difficult economic situations. The ageing of these receivables is as follows:

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
181 days to 1 year	181日至1年	1,984	—
Over 1 year	1年以上	5,157	5,407
		<b>7,141</b>	<b>5,407</b>

Trade and bills receivables are denominated in the following currencies:

### 11. 應收貿易及票據款項(續)

於二零一七年十二月三十一日，應收貿易款項人民幣7,141,000元(二零一六年：人民幣5,407,000元)已減值並已作全面撥備。該等應收款項涉及多名客戶，包括處於不可預期經濟困境的客戶。該等應收款項之賬齡如下：

以下列貨幣列示的應收貿易及票據款項如下：

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
RMB	人民幣	1,172,636	1,139,925
USD	美元	417,794	416,939
Hong Kong dollars ("HKD")	港元(「港元」)	38,082	34,067
Vietnam Dong ("VND")	越南盾(「越南盾」)	8,773	4,466
		<b>1,637,285</b>	<b>1,595,397</b>

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## 11. TRADE AND BILLS RECEIVABLES

(Continued)

Movements of the provision for impairment of trade receivables are as follows:

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
At 1 January	於一月一日	5,407	7,995
Accrual/(reversal) of provision for impairment of trade receivables (Note 24)	預提/(撥回)應收貿易款項減值撥備(附註24)	1,734	(2,588)
At 31 December	於十二月三十一日	7,141	5,407

The creation and release of provision for impaired receivables have been included in general and administrative expenses. Amounts charged to the allowance account are written off when there is no expectation of receiving additional cash.

The maximum exposure to credit risk at the reporting date is the fair value of trade and bills receivables.

## 11. 應收貿易及票據款項(續)

應收貿易款項減值撥備變動如下：

增設及解除已減值應收款項撥備已列入一般及行政開支。當預期未能收取額外現金時，在準備賬中扣除的款項將被撇銷。

於報告日期，本集團面對的最大信貸風險為應收貿易及票據款項公平值。

## 12. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

## 12. 預付款項、按金及其他應收賬款

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Prepayments for purchase of raw materials	購買原材料的預付款項	387,838	996,669
Value-added tax recoverable	應退增值稅	181,279	298,328
Prepaid income tax	預付所得稅	30,734	-
Prepaid expenses	預付開支	21,775	6,526
Deposits for operation	營運按金	14,373	4,415
Other receivables	其他應收賬款	1,230	2,177
		637,229	1,308,115

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

As at 31 December 2017, no prepayment was due from related party (2016: prepayments of RMB35,780,000 were due from an associate) (Note 34).

預付款項、按金及其他應收賬款的公平值接近其賬面值。

於二零一七年十二月三十一日，概無應收關聯方之預付款(二零一六年：應收一間聯營公司之預付款人民幣35,780,000元)(附註34)。

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### 13. PLEDGED BANK DEPOSITS AND CASH AND CASH EQUIVALENTS

### 13. 已抵押銀行存款及現金及現金等值物

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Pledged bank deposits	已抵押銀行存款	88,249	181,201
Cash and cash equivalents	現金及現金等值物		
— Cash at bank and in hand	— 銀行及手頭現金	1,466,718	1,813,208
		<b>1,554,967</b>	<b>1,994,409</b>

As at 31 December 2017, the weighted average effective interest rate on pledged bank deposits and other deposits was 2.8% (2016: 1.1%) per annum. The pledged bank deposits have maturities of 90 days at inception (2016: 90 days), and are used for issuance of letters of credit for purchase of raw material.

於二零一七年十二月三十一日，已抵押銀行存款及其他存款之加權平均實際利率為每年2.8%（二零一六年：1.1%）。已抵押銀行存款之存款期為訂立日期起計90日（二零一六年：90日），用於簽發信用狀供購買原材料。

Pledged bank deposits and cash and cash equivalents are denominated in the following currencies:

以下列貨幣列示的已抵押銀行存款及現金及現金等值物如下：

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
RMB	人民幣	1,020,562	898,178
USD	美元	468,951	719,558
VND	越南盾	38,848	34,618
HKD	港元	21,394	306,372
Turkish Lira ("TRY")	土耳其里拉（「里拉」）	2,034	2,865
European Dollar ("EURO")	歐元（「歐元」）	1,084	31,771
New Taiwan Dollar ("NTD")	新台幣（「新台幣」）	371	—
Others	其他	1,723	1,047
		<b>1,554,967</b>	<b>1,994,409</b>

Majority of the cash and cash equivalents are deposited with banks in Mainland China and Hong Kong. The conversion of the RMB denominated balances into other currencies and the remittance of funds out of Mainland China are subject to the rules and regulations relating to foreign exchange controls promulgated by the Mainland China Government.

大部分現金及現金等值物存於中國大陸和香港銀行。將人民幣計值之結餘兌換為其他貨幣以及將資金匯出中國大陸須遵守中國大陸政府頒佈有關外匯管制之規則及規例。

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### 14. SHARE CAPITAL AND SHARE PREMIUM

### 14. 股本及股份溢價

		Number of shares 股份數目 (thousands) (千股)	Ordinary shares 普通股 HKD'000 千港元				
Authorised:	法定：						
<b>Ordinary shares of HKD0.1 each</b>	<b>每股 0.1 港元普通股</b>						
<b>At 31 December 2016 and 2017</b>	<b>於二零一六年及二零一七年 十二月三十一日</b>	4,000,000	400,000				
		Number of shares 股份數目 (thousands) (千股)	Ordinary shares 普通股 RMB'000 人民幣千元	Share premium 股份溢價 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元		
Issued and fully paid:	已發行及繳足：						
<b>Ordinary shares of HKD0.1 each</b>	<b>每股 0.1 港元普通股</b>						
At 31 December 2015	於二零一五年 十二月三十一日	884,681	94,064	189,218	283,282		
Proceeds from shares issued	已發行股份所得款項	30,319	2,645	244,559	247,204		
At 31 December 2016 and 2017	於二零一六年及 二零一七年 十二月三十一日	915,000	96,709	433,777	530,486		

## 15. SHARE-BASED PAYMENT

### Share Option Scheme

Pursuant to a shareholders' resolution passed on 7 April 2014, the Company adopted a share option scheme ("the Share Option Scheme"), which will remain in force for a period of 10 years up to April 2024. Under the Share Option Scheme, the Company's directors may, at their sole discretion, grant to any employee, director, supplier of goods or services, customer, person or entity that provides research, development or other technological support to the Group, shareholder and adviser or consultant of the Group to subscribe for shares in the Company at a price of not less than the higher of (i) the closing price of shares as stated in the daily quotation sheet of the Stock Exchange on the date of the offer of grant; or (ii) the average closing price of shares as stated in the daily quotation 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 share. A nominal consideration of HK\$1 is payable on acceptance of the grant of an option. The maximum number of shares which may be issued upon the exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option scheme adopted by the Group from time to time must not in aggregate exceed 30% of the share capital of the Company in issued from time to time.

## 15. 以股份為基礎付款

### 購股權計劃

根據本公司於二零一四年四月七日通過之股東決議案，本公司採納一項購股權計劃（「購股權計劃」），於截至二零二四年四月止十年期間將仍屬有效。根據購股權計劃，本公司董事可全權酌情向任何僱員、董事、貨品或服務供應商、客戶、為本集團提供研究、發展或其他技術支援的個人或實體、股東及本集團顧問或諮詢人授出購股權，以認購本公司股份，惟價格不低於下列較高者：(i) 於授出要約日期在聯交所每日報價表所列出的股份收市價；或(ii) 於緊接授出要約日期前五個交易日的聯交所每日報價表所列出的股份平均收市價；及(iii) 股份的面值。1港元的名義代價於接納授出購股權要約時支付。在購股權計劃及本集團不時採納的任何其他購股權計劃以下所有授出有待行使購股權獲行使時最高可予發行的股份數目合計不得超過本公司不時已發行股本的30%。



**15. SHARE-BASED PAYMENT (Continued)**  
**Share Option Scheme (Continued)**

Pursuant to the Share Option Scheme, share options to subscribe for an aggregate of 5,000,000 ordinary shares of the Company were granted to two executive directors of the Company on 23 March 2015. The subscription price is HKD8.7 per share. 1,670,000 share options are exercisable over the period from 1 January 2016 to 22 March 2025, 1,670,000 share options are exercisable over the period from 1 January 2017 to 22 March 2025 and 1,660,000 share options are exercisable from 1 January 2018 to 22 March 2025. On 28 December 2015, Share options to subscribe for an aggregate of 1,500,000 ordinary share of the Company were granted to one executive director of the Company. The subscription price is HKD5.7 per share. 300,000 share options are exercisable over the period from 1 January 2017 to 27 December 2025, 300,000 share options are exercisable over the period from 1 January 2018 to 27 December 2025, 300,000 share options are exercisable over the period from 1 January 2019 to 27 December 2025, 300,000 share options are exercisable over the period from 1 January 2020 to 27 December 2025 and 300,000 share options are exercisable over the period from 1 January 2021 to 27 December 2025. The Group has no legal or constructive obligation to repurchase or settle the above options in cash. No options have been exercised since the date of grant to 31 December 2017.

The fair value of options granted on 23 March 2015 was determined using the Binomial Option-Pricing Model. The significant inputs into the model included the share price of HKD8.7 per share at the grant date, exercise price shown above, expected annual risk-free interest rate of 1.582%, expected dividend yield of 1.45% and volatility of 49.80%. The total fair value of these options was RMB17,154,000 and RMB2,424,000 was charged to administrative expenses for the year ended 31 December 2017 (2016: RMB5,796,000).

The fair value of options granted on 28 December 2015 was determined using the Binomial Option-Pricing Model. The significant inputs into the model included the share price of HKD5.7 per share at the grant date, exercise price shown above, expected annual risk-free interest rate of 1.623%, expected dividend yield of 3.42% and volatility of 50.94%. The total fair value of these options was RMB3,171,000 and RMB895,000 was charged for the year ended 31 December 2017 (2016: RMB1,485,000).

**15. 以股份為基礎付款(續)**  
**購股權計劃(續)**

根據購股權計劃，本公司於二零一五年三月二十三日向兩名執行董事授出合共可認購5,000,000股本公司普通股的購股權。認購價為每股8.7港元。1,670,000份購股權可於二零一六年一月一日至二零二五年三月二十二日期間行使；1,670,000份購股權可於二零一七年一月一日至二零二五年三月二十二日期間行使；及1,660,000份購股權可於二零一八年一月一日至二零二五年三月二十二日期間行使。本公司於二零一五年十二月二十八日向一名執行董事授出合共可認購1,500,000股本公司普通股的購股權。認購價為每股5.7港元。300,000份購股權可於二零一七年一月一日至二零二五年十二月二十七日期間行使；300,000份購股權可於二零一八年一月一日至二零二五年十二月二十七日期間行使；300,000份購股權可於二零一九年一月一日至二零二五年十二月二十七日期間行使；300,000份購股權可於二零二零年一月一日至二零二五年十二月二十七日期間行使；及300,000份購股權可於二零二一年一月一日至二零二五年十二月二十七日期間行使。本集團並無法定或推定責任以現金購回或結算上述購股權。自授出日期至二零一七年十二月三十一日，概無購股權獲行使。

於二零一五年三月二十三日授出之購股權之公平值乃採用二項式期權定價模式釐定。該模式之重大輸入數據包括於授出日期之股價每股8.7港元、上述行使價、預期年度無風險利率1.582%、預期股息率1.45%及波幅49.80%。此等購股權之公平值總額為人民幣17,154,000元，而人民幣2,424,000元已於截至二零一七年十二月三十一日止年度之行政開支扣除(二零一六年：人民幣5,796,000元)。

於二零一五年十二月二十八日授出之購股權之公平值乃採用二項式期權定價模式釐定。該模式之重大輸入數據包括於授出日期之股價每股5.7港元、上述行使價、預期年度無風險利率1.623%、預期股息率3.42%及波幅50.94%。此等購股權之公平值總額為人民幣3,171,000元，而於截至二零一七年十二月三十一日止年度則扣除人民幣895,000元(二零一六年：人民幣1,485,000元)。

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### 16. OTHER RESERVES AND RETAINED EARNINGS

#### (a) Other reserves

### 16. 其他儲備及保留溢利

#### (a) 其他儲備

		Capital reserve <sup>(i)</sup>	Share-based compensation reserve 以股份為基礎 補償儲備	Statutory reserves <sup>(ii)</sup>	Revaluation reserve	Translation reserve	Total
		資本儲備 <sup>(i)</sup>	補償儲備	法定儲備 <sup>(ii)</sup>	重估儲備	匯兌儲備	總計
		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
At 1 January 2016	於二零一六年一月一日	162,041	9,898	298,249	49,223	(9,489)	509,922
Transfer to statutory reserves	轉撥至法定儲備	-	-	32,724	-	-	32,724
Employee share option scheme (Note 15)	僱員購股權計劃 (附註15)	-	7,281	-	-	-	7,281
Share of other comprehensive losses of associates accounted for using the equity method	分佔用權益法計入聯營公司之其他全面虧損						
— share of currency translation reserve	一分佔貨幣兌換儲備	-	-	-	-	(8,556)	(8,556)
Currency translation differences	貨幣換算差額	-	-	-	-	967	967
Surplus on revaluation of buildings	重估樓宇之盈餘						
— gross (Note 7)	— 總額(附註7)	-	-	-	45,883	-	45,883
— deferred income tax (Note 20)	— 遞延所得稅(附註20)	-	-	-	(16,354)	-	(16,354)
Transfer from revaluation reserve to retained earnings for buildings revaluation	就樓宇重新估值由重估儲備轉撥至保留溢利						
— gross	— 總額	-	-	-	(7,221)	-	(7,221)
— deferred income tax (Note 20)	— 遞延所得稅 (附註20)	-	-	-	1,944	-	1,944
At 31 December 2016	於二零一六年十二月三十一日	162,041	17,179	330,973	73,475	(17,078)	566,590
At 1 January 2017	於二零一七年一月一日	162,041	17,179	330,973	73,475	(17,078)	566,590
Transfer to statutory reserves	轉撥至法定儲備	-	-	48,202	-	-	48,202
Employee share option scheme (Note 15)	僱員購股權計劃 (附註15)	-	3,319	-	-	-	3,319
Share of other comprehensive income of investments accounted for using the equity method	分佔用權益法計入投資之其他全面收益						
— share of currency translation reserve	一分佔貨幣兌換儲備	-	-	-	-	11,175	11,175
Currency translation differences	貨幣換算差額	-	-	-	-	(8,878)	(8,878)
Transfer from revaluation reserve to retained earnings for buildings revaluation	就樓宇重新估值由重估儲備轉撥至保留溢利						
— gross	— 總額	-	-	-	(6,362)	-	(6,362)
— deferred income tax (Note 20)	— 遞延所得稅 (附註20)	-	-	-	2,328	-	2,328
At 31 December 2017	於二零一七年十二月三十一日	162,041	20,498	379,175	69,441	(14,781)	616,374

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## 16. OTHER RESERVES AND RETAINED EARNINGS (continued)

### (a) Other reserves (continued)

Notes:

- (i) The capital reserve represents the difference between the amount of share capital issued and the net asset value of the subsidiaries acquired under a group reorganisation in 2004.
- (ii) As stipulated by regulations in Mainland China, the Company's subsidiaries established and operated in Mainland China are required to appropriate a portion of their after-tax profit (after offsetting prior years' losses) to statutory reserves, at rates determined by their respective boards of directors. Such transfer is not required when the amount of the statutory reserve reaches 50% of the corresponding subsidiaries' registered capital.

Statutory reserves shall only be used to make up losses of the corresponding subsidiaries, to expand the corresponding subsidiaries' production operations, or to increase the capital of the corresponding subsidiaries. Upon approval by resolutions of the corresponding subsidiaries' shareholders in general meetings, the corresponding subsidiaries may convert their statutory reserves into registered capital and issue bonus capital to existing owners in proportion to their existing ownership structure.

## 16. 其他儲備及保留溢利(續)

### (a) 其他儲備(續)

附註：

- (i) 資本儲備指已發行股本數額與於二零零四年集團重組下收購附屬公司的資產淨值的差額。
- (ii) 根據中國大陸頒佈之規例，本公司在中國大陸成立及營運之附屬公司須按其各自董事會所釐訂之比例，撥一部分除稅後溢利(經抵銷過往年度虧損)至法定儲備。倘法定儲備的金額已達相關附屬公司註冊資本的50%，則無需作出此撥款。

法定儲備僅可用於抵銷相關附屬公司虧損、擴充相關附屬公司生產經營或增加相關附屬公司股本。當獲得相關附屬公司股東於股東大會上以決議案通過，相關附屬公司則可將其法定儲備轉換成註冊資本，並按現有股東的持股比例向彼等發行紅股。

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### 16. OTHER RESERVES AND RETAINED EARNINGS (continued)

#### (b) Retained earnings

### 16. 其他儲備及保留溢利(續)

#### (b) 保留溢利

		RMB'000 人民幣千元
At 1 January 2016	於二零一六年一月一日	3,117,951
Profit for the year	年度溢利	1,187,531
Transfer from revaluation reserve to retained earnings	由重估儲備轉撥至保留溢利	
— gross	— 總額	7,221
— deferred income tax (Note 20)	— 遞延所得稅(附註20)	(1,944)
		4,310,759
Dividend relating to 2015	二零一五年之股息	(89,155)
Dividend relating to 2016	二零一六年之股息	(137,235)
Transfer to statutory reserves	轉撥至法定儲備	(32,724)
At 31 December 2016	於二零一六年十二月三十一日	4,051,645
At 1 January 2017	於二零一七年一月一日	4,051,645
Profit for the year	年度溢利	1,151,862
Transfer from revaluation reserve to retained earnings	由重估儲備轉撥至保留溢利	
— gross	— 總額	6,362
— deferred income tax (Note 20)	— 遞延所得稅(附註20)	(2,328)
		5,207,541
Dividend relating to 2016	二零一六年之股息	(210,137)
Dividend relating to 2017	二零一七年之股息	(185,935)
Transfer to statutory reserves	轉撥至法定儲備	(48,202)
At 31 December 2017	於二零一七年十二月三十一日	4,763,267

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### 17. BORROWINGS

### 17. 借貸

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
<b>Current</b>	<b>即期</b>		
Unsecured bank borrowings	無抵押銀行借貸	583,814	173,334
Secured bank borrowings (Note (a))	有抵押銀行借貸(附註(a))	464,674	602,748
Other bank borrowings (Note (b))	其他銀行借貸(附註(b))	1,513,881	1,509,874
Notes payable (Note (c))	應付票據(附註(c))	-	1,263,713
		<b>2,562,369</b>	<b>3,549,669</b>
<b>Non-current</b>	<b>非即期</b>		
Unsecured bank borrowings	無抵押銀行借貸	1,359,688	1,105,822
Secured bank borrowings (Note (a))	有抵押銀行借貸(附註(a))	-	55,496
Other bank borrowings (Note (b))	其他銀行借貸(附註(b))	1,627,541	1,398,307
		<b>2,987,229</b>	<b>2,559,625</b>
<b>Total borrowings</b>	<b>借貸總額</b>	<b>5,549,598</b>	<b>6,109,294</b>

Notes:

附註:

- (a) Bank borrowings of RMB464,674,000 (2016: RMB658,244,000) were secured by the pledge of the Group's land use rights with a net book amount of RMB26,687,000 (2016: RMB25,993,000) (Note 6); inventories with a net book amount of RMB261,236,000 (2016: RMB393,000,000) (Note 10); property, plant and equipment with a net book amount of approximately RMB180,915,000 (2016: RMB116,548,000) (Note 7); and no bills receivable (2016: RMB206,797,000) (Note 11), as at 31 December 2017.
- (b) Other bank borrowings of RMB3,141,422,000 (2016: RMB2,908,181,000) were secured by cross corporate guarantees provided by certain subsidiaries of the Group as at 31 December 2017.
- (c) At 31 December 2016, US\$182 million senior notes ("Hong Kong Notes") were issued in April 2013, with a principal amount of US\$200 million, interest bearing at a fixed rate of 6.5% per annum and listed on the Hong Kong Stock Exchange. The Hong Kong Notes should be repayable in whole on 18 January 2019 and they were fully repaid on 18 January 2017 in advance.

- (a) 人民幣464,674,000元(二零一六年: 人民幣658,244,000元)的銀行借貸以本集團於二零一七年十二月三十一日的以下各項作抵押: 賬面淨值為人民幣26,687,000元(二零一六年: 人民幣25,993,000元)的土地使用權(附註6); 賬面淨值為人民幣261,236,000元(二零一六年: 人民幣393,000,000元)的存貨(附註10); 賬面淨值約為人民幣180,915,000元(二零一六年: 人民幣116,548,000元)的物業、廠房及設備(附註7); 及概無應收票據(二零一六年: 人民幣206,797,000元)(附註11)。
- (b) 其他銀行借貸以本集團若干附屬公司提供的於二零一七年十二月三十一日數額為人民幣3,141,422,000元(二零一六年: 人民幣2,908,181,000元)的交叉公司擔保作抵押。
- (c) 於二零一六年十二月三十一日, 1.82億美元優先票據(「香港票據」)於二零一三年四月發行, 本金額為2億美元, 按每年6.5%之固定利率計息, 並在香港聯交所上市。香港票據應於二零一九年一月十八日悉數償還及已於二零一七年一月十八日提前悉數償還。

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### 17. BORROWINGS (Continued)

The carrying amounts of the borrowings are denominated in the following currencies:

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
RMB	人民幣	2,298,080	2,923,494
HKD	港元	2,241,191	209,313
USD	美元	1,010,327	2,976,487
		<b>5,549,598</b>	<b>6,109,294</b>

The weighted average effective interest rates per annum at year end are as follows:

### 17. 借貸(續)

借貸的賬面值按以下貨幣計值：

於年結日加權平均實際年利率如下：

		2017 二零一七年			2016 二零一六年		
		USD 美元	RMB 人民幣	HKD 港元	USD 美元	RMB 人民幣	HKD 港元
Bank borrowings	銀行借貸	4.1%	4.5%	2.6%	3.8%	4.3%	3.3%
Notes payable	應付票據	-	-	-	6.5%	-	-

At 31 December 2017, the Group's borrowings were repayable as follows:

於二零一七年十二月三十一日，本集團借貸的到期日如下：

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Within 1 year	1年內	2,562,369	3,549,669
Between 1 and 2 years	1至2年	901,846	856,330
Between 2 and 5 years	2至5年	2,051,601	1,492,410
More than 5 years	超過5年	33,782	210,885
		<b>5,549,598</b>	<b>6,109,294</b>

The fair values of the borrowings approximate their carrying amounts as at the balance sheet date, as the impact of discounting is not significant.

由於折現之影響微不足道，於結算日，借貸之公平值與其賬面值相若。

The Group has undrawn floating rates borrowing facilities of approximately RMB1,182,007,000 (2016: RMB1,235,302,000) which will be expired within one year. The facilities expiring within one year are annual facilities subject to review at various dates during 2018.

本集團未動用之浮動息率借貸融資約人民幣1,182,007,000元(二零一六年：人民幣1,235,302,000元)將於一年內到期。於一年內到期之融資為須於二零一八年不同日期作審閱之年度融資。

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### 18. DERIVATIVE FINANCIAL INSTRUMENTS

### 18. 衍生金融工具

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Assets:	資產：		
Forward foreign exchange contracts (Note (a))	遠期外匯合約(附註(a))	117,580	317,882
Cross currency swap contracts (Note (b))	交叉貨幣掉期合約(附註(b))	324	-
Cotton future contracts (Note (c))	棉花期貨合約(附註(c))	16,446	-
		<b>134,350</b>	<b>317,882</b>
Liabilities:	負債：		
Forward foreign exchange contracts (Note (a))	遠期外匯合約(附註(a))	50,282	24,260
Cross currency swap contracts (Note (b))	交叉貨幣掉期合約(附註(b))	62,714	7,975
Interest rate swap contract (Note (d))	利率掉期合約(附註(d))	-	40
		<b>112,996</b>	<b>32,275</b>

Non-hedging derivatives are classified as a current asset or liability.

非對沖衍生工具分類為流動資產或負債。

#### Notes:

#### 附註：

(a) The forward foreign exchange contracts as at 31 December 2017 comprised thirty-one contracts with notional principal amounts totalling RMB3,861,712,000 (2016: twenty contracts with notional principal amounts totalling RMB5,555,718,000).

(a) 於二零一七年十二月三十一日，遠期外匯合約包括三十一份合約，名義本金總計為人民幣3,861,712,000元(二零一六年：二十份合約，名義本金總計為人民幣5,555,718,000元)。

(b) The cross currency swap contracts as at 31 December 2017 comprised thirteen contracts with notional principal amounts totalling RMB1,630,025,000 (2016: three contracts with notional principal amounts totalling RMB626,150,000).

(b) 於二零一七年十二月三十一日，交叉貨幣掉期合約包括十三份合約，名義本金總計為人民幣1,630,025,000元(二零一六年：三份合約，名義本金總計為人民幣626,150,000元)。

(c) The cotton future contracts as at 31 December 2017 comprised four contracts with notional principal amounts totalling USD7,103,000 (2016: nil).

(c) 於二零一七年十二月三十一日，棉花期貨合約包括四份合約，名義本金總計為7,103,000美元(二零一六年：無)。

(d) The interest rate swap contract as at 31 December 2016 comprised one contract with notional principal amount of RMB173,425,000 and it has been due in 2017.

(d) 於二零一六年十二月三十一日，利率掉期合約包括一份合約，名義本金為人民幣173,425,000元，已於二零一七年到期。

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### 19. FINANCE LEASE OBLIGATIONS

The rights to the leased assets are reverted to the lessor in the event of default of the lease liabilities by the Group.

### 19. 融資租賃承擔

倘本集團拖欠租賃負債，則租賃資產之權利將歸還出租人。

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Gross finance lease liabilities — minimum lease payments	融資租賃負債總額 — 最低租賃付款		
No later than 1 year	一年內	5,886	—
Later than 1 year and no later than 5 years	一年後至五年內	1,628	—
Less: future finance charges on finance leases	減：融資租賃之未來融資費用	(304)	—
		<b>7,210</b>	—
The present value of finance lease liabilities is as follows:	融資租賃負債之現值如下：		
No later than 1 year	一年內	5,623	—
Later than 1 year and no later than 5 years	一年後至五年內	1,587	—
		<b>7,210</b>	—



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### 20. DEFERRED INCOME TAX

The analysis of deferred tax assets and deferred tax liabilities is as follows:

### 20. 遞延所得稅

遞延稅項資產及遞延稅項負債之分析如下：

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Deferred tax assets:	遞延稅項資產：		
— Deferred tax assets to be recovered after more than 12 months	— 超過12個月後收回之遞延稅項資產	45,713	47,145
— Deferred tax assets to be recovered within 12 months	— 在12個月內收回之遞延稅項資產	61,845	69,859
		<b>107,558</b>	117,004
Deferred tax liabilities:	遞延稅項負債：		
— Deferred tax liabilities to be settled after more than 12 months	— 超過12個月後支付之遞延稅項負債	(138,475)	(111,049)
— Deferred tax liabilities to be settled within 12 months	— 在12個月內支付之遞延稅項負債	(10,697)	(2,328)
		<b>(149,172)</b>	(113,377)

The movements in deferred tax assets and liabilities during the year are as follows:

於年內遞延稅項資產及負債變動如下：

Deferred income tax assets:

遞延所得稅資產：

		Tax losses 稅務虧損 RMB'000 人民幣千元	Temporary differences 暫時差異 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
At 1 January 2016 (Charged)/credited to the consolidated income statement	於二零一六年一月一日 於綜合收益表(扣除)/ 貸記	112,345	48,386	160,731
		(44,451)	724	(43,727)
At 31 December 2016	於二零一六年 十二月三十一日	67,894	49,110	117,004
Acquisition of subsidiaries (Note 32) (Charged)/credited to the consolidated income statement	收購附屬公司(附註32) 於綜合收益表(扣除)/ 貸記	14,510	—	14,510
		(30,252)	6,296	(23,956)
At 31 December 2017	於二零一七年 十二月三十一日	52,152	55,406	107,558

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### 20. DEFERRED INCOME TAX (Continued)

Deferred income tax liabilities:

### 20. 遞延所得稅(續)

遞延所得稅負債：

		Fair value adjustments on assets relating to business combinations 有關業務合併之資產之公平值調整 RMB'000 人民幣千元	Revaluation of buildings 樓宇重估 RMB'000 人民幣千元	Withholding tax relating to unremitted earnings of subsidiaries 有關附屬公司未匯付盈利的預扣稅 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
At 1 January 2016	於二零一六年一月一日	7,173	14,745	74,423	96,341
Reversal relating to additional depreciation	有關額外折舊之撥回	-	(1,944)	-	(1,944)
Taxation charged to equity in relation to the revaluation of buildings	就重估樓宇於權益扣除之稅項	-	16,354	-	16,354
Credited to consolidated income statement	計入綜合收益表	(503)	-	(28,933)	(29,436)
Withholding tax relating to unremitted earnings of subsidiaries	有關附屬公司未匯付盈利的預扣稅	-	-	32,062	32,062
At 31 December 2016	於二零一六年十二月三十一日	6,670	29,155	77,552	113,377
Reversal relating to additional depreciation	有關額外折舊之撥回	-	(2,328)	-	(2,328)
Acquisition of subsidiaries (Note 32)	收購附屬公司(附註32)	36,330	-	-	36,330
Credited to consolidated income statement	計入綜合收益表	(503)	-	(8,935)	(9,438)
Withholding tax relating to unremitted earnings of subsidiaries	有關附屬公司未匯付盈利的預扣稅	-	-	11,231	11,231
At 31 December 2017	於二零一七年十二月三十一日	42,497	26,827	79,848	149,172

Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through the future taxable profits is probable. As at 31 December 2017 and 2016, the Group has recognised the deferred income tax assets for all tax loss carry-forwards.

Deferred income tax of RMB2,328,000 (2016: RMB1,944,000) was transferred from other reserves to retained earnings. This represents deferred tax on the difference between the actual depreciation on buildings and the equivalent depreciation based on the historical cost of buildings.

遞延所得稅資產乃就結轉之稅項虧損確認，惟以有可能透過日後之應課稅溢利變現有關稅項利益為限。於二零一七年及二零一六年十二月三十一日，本集團已就所有結轉之稅項虧損確認遞延所得稅資產。

人民幣2,328,000元(二零一六年：人民幣1,944,000元)的遞延所得稅乃由其他儲備轉撥至保留溢利。此代表樓宇的實際折舊與根據樓宇的歷史成本計算的相同折舊之間的差額的遞延稅項。

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### 21. TRADE AND BILLS PAYABLES

### 21. 應付貿易及票據款項

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Trade payables	應付貿易款項	507,749	296,039
Bills payable	應付票據款項	2,453,980	2,748,256
		<b>2,961,729</b>	<b>3,044,295</b>

As at 31 December 2017, included in trade payables were amounts due to related parties of RMB4,557,000 (2016: RMB4,341,000) (Note 34).

於二零一七年十二月三十一日，應付貿易款項中包含應付關連方的款項共計人民幣4,557,000元(二零一六年：人民幣4,341,000元)(附註34)。

The ageing analysis of the trade and bills payables (including amounts due to related parties of trading in nature) is as follows:

應付貿易及票據款項(包括性質為應付貿易關連方之款項)之賬齡分析如下：

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Within 90 days	90日內	1,900,496	1,848,405
91 to 180 days	91日至180日	1,021,831	1,181,040
181 days to 1 year	181日至1年	31,981	9,347
Over 1 year	1年以上	7,421	5,503
		<b>2,961,729</b>	<b>3,044,295</b>

Trade and bills payables are denominated in the following currencies:

以下列貨幣列示的應付貿易及票據款項如下：

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
USD	美元	2,616,097	2,360,899
RMB	人民幣	225,695	532,412
VND	越南盾	110,944	68,030
EURO	歐元	8,270	15,944
HKD	港元	723	-
Japanese Yen ("JPY")	日圓(「日圓」)	-	67,010
		<b>2,961,729</b>	<b>3,044,295</b>

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### 22. ACCRUALS AND OTHER PAYABLES

### 22. 預提費用及其他應付賬款

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Accrued wages and salaries	應計工資及薪酬	247,548	182,943
Accrual of operating expenses	應計經營開支	130,236	116,275
Payables for purchase of property, plant and equipment	購買物業、廠房及設備 應付賬款	116,381	155,573
Deposits from customers	客戶按金	95,677	99,567
Tax payables other than enterprise income tax	應付稅項(企業所得稅除外)	60,544	33,482
Payables for acquisition of subsidiaries	收購附屬公司之應付款項	31,749	42,624
Interest payable	應付利息	5,163	45,041
Other payables	其他應付賬款	54,153	46,153
		<b>741,451</b>	<b>721,658</b>

As at 31 December 2017, no deposits from customers were due to related party (2016: deposits of RMB541,000 were due to an associate) (Note 34).

於二零一七年十二月三十一日，概無應付關連方之客戶按金(二零一六年：應付一間聯營公司按金人民幣541,000元)(附註34)。

### 23. OTHER INCOME AND OTHER (LOSSES)/GAINS, NET

### 23. 其他收入及其他(虧損)/收益，淨額

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Other income	其他收入		
Subsidy income (a)	補貼收入(a)	169,555	126,098
Other (losses)/gains — net	其他(虧損)/收益 — 淨額		
Gains on acquisition of subsidiaries (Note 32)	收購附屬公司收益(附註32)	173,434	—
Gains on step-acquisition of an associate and its subsidiaries	分步收購一間聯營公司及其附屬公司之收益	4,027	—
Gains on acquisition of associates and joint ventures	收購聯營公司及合營企業收益	—	20,551
Derivative financial instruments at fair value through profit or loss:	按公平值計入損益之 衍生金融工具：		
— Realised profits	— 已實現溢利	19,725	43,383
— Unrealised (losses)/profits	— 未實現(虧損)/溢利	(238,616)	111,476
Net foreign exchange losses (Note 27)	匯兌虧損淨額(附註27)	(38,497)	(23,289)
Losses from Notes repurchase	票據回購虧損	—	(291)
Others	其他	15,237	9,843
Total other (losses)/gains — net	其他(虧損)/收益總額 — 淨額	<b>(64,690)</b>	<b>161,673</b>

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### 23. OTHER INCOME AND OTHER (LOSSES)/GAINS, NET (Continued)

- (a) The subsidy income were mainly related to incentives for development in Xinjiang, Xuzhou, Shandong, Changzhou and Shanghai, Mainland China and comprised of grants provided by municipal governments. The Group has received all the subsidy income and there was no future obligation related to these subsidy income.

### 23. 其他收入及其他(虧損)/收益, 淨額(續)

- (a) 補貼收入主要為來自於中國大陸新疆、徐州、山東、常州及上海發展所獲得之優惠及包含由市政府授出之津貼。本集團已收取全數補貼收入, 以及並無有關該等補貼收入之未來責任。

### 24. EXPENSES BY NATURE

### 24. 開支(按性質分類)

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Raw materials and consumables used	耗用原材料及消耗品	11,531,903	8,777,560
Changes in inventories of finished goods and work in progress	製成品及在製品存貨變動	(341,213)	(125,721)
Employment benefit expenses (Note 25)	僱員福利開支(附註25)	1,590,509	1,361,848
Depreciation and amortisation (Notes 6 and 7)	折舊及攤銷(附註6及7)	681,959	547,946
Losses on disposal of property, plant and equipment and land use rights (Note 31)	出售物業、廠房及設備和土地使用權虧損(附註31)	5,985	11,691
Office expenses	辦公開支	82,596	93,301
Utilities	動力及燃料	905,561	787,607
Transportation costs	運輸成本	358,460	343,957
Auditor's remuneration	核數師酬金		
— Annual audit services	— 年度審核服務	3,900	4,100
— Audit services for potential bond offerings	— 潛在債券發行審核服務	1,350	—
— Non-audit services	— 非審核服務	2,150	450
Rental expenses for buildings and machinery (Note 7)	樓宇及機器租金開支(附註7)	35,119	42,278
Net accrual/(reversal) of provision for impairment of trade receivables (Note 11)	應收貿易款項減值撥備之計提/(撥回)淨額(附註11)	1,734	(2,588)
Net accrual/(reversal) of provision for decline in the value of inventories (Note 10)	存貨減值撥備計提/(撥回)淨額(附註10)	177	(7,253)
Other expenses	其他開支	99,873	210,785
Total cost of sales, selling and distribution costs and general and administrative expenses	銷售成本、銷售及分銷開支以及一般及行政開支總額	14,960,063	12,045,961

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### 25. EMPLOYMENT BENEFIT EXPENSES

### 25. 僱員福利開支

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Wages, salaries and bonuses	工資、薪酬及花紅	1,377,794	1,189,327
Pension costs — defined contribution plans (Note (a))	退休金成本界定供款計劃 (附註(a))	108,703	88,778
Other welfare benefits (Note (b))	其他福利(附註(b))	51,498	43,520
Other employment benefits	其他僱員福利	52,514	40,223
		<b>1,590,509</b>	<b>1,361,848</b>

#### (a) Pension — defined contribution plans

As stipulated by rules and regulations in Mainland China, the Group has participated in state-sponsored defined contribution retirement plans for its employees in Mainland China. The Group and the eligible employees are required to contribute 14% to 22% and 7% to 8%, respectively, of the employees' basic salary (subject to a cap) at rates as stipulated by the relevant municipal governments. The Group has no further obligations for the actual payment of pensions or post-retirement benefits beyond the annual contributions. The state-sponsored retirement plans are responsible for the entire pension obligations payable to the retired employees. During the year ended 31 December 2017, the Group contributed approximately RMB60,546,000 (2016: RMB51,539,000) to the aforesaid state-sponsored retirement plans.

As stipulated by rules and regulations in Vietnam, the Group contributes to stated-sponsored employees' social insurance scheme for its employees in Vietnam. The Group contributes to the scheme at a rate of 20% of the employee's salary. The stated-sponsored social insurance scheme is responsible for the entire obligations payable to retired employees. During the year ended 31 December 2017, the Group contributed approximately RMB46,920,000 (2016: RMB36,867,000) to the aforesaid state-sponsored social insurance scheme.

#### (a) 退休金 — 界定供款計劃

根據中國大陸規則及法規規定，本集團已為其中國大陸僱員參與國家資助的界定供款退休計劃。本集團及合資格僱員須分別就僱員基本薪金的14%至22%及7%至8%作出供款(訂有上限)，比率由有關市政府規定。除此項年度供款外，本集團對其任何實際退休金支出或退休後福利則毋須再作任何承擔。退休僱員的所有退休金支出概由國家資助退休計劃承擔。於截至二零一七年十二月三十一日止年度，本集團向上述國家資助退休計劃分別供款約人民幣60,546,000元(二零一六年：人民幣51,539,000元)。

根據越南規則及法規規定，本集團已為其越南僱員向國家資助的僱員社會保險計劃作出供款。本集團按僱員薪金的20%向該計劃供款。退休僱員的所有支出概由國家資助的社會保險計劃承擔。於截至二零一七年十二月三十一日止年度，本集團向上述國家資助的社會保險計劃供款約人民幣46,920,000元(二零一六年：人民幣36,867,000元)。

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### 25. EMPLOYMENT BENEFIT EXPENSES

(Continued)

#### (a) Pension — defined contribution plans

(Continued)

As stipulated by rules and regulations in other countries and regions, during the year ended 31 December 2017, the Group contributed approximately RMB1,237,000 (2016: RMB372,000) to the social insurance scheme of those countries and regions.

#### (b) Other welfare benefits

All of the Group's employees in Mainland China participate in employee social security plans, including medical, housing and other welfare benefits, organised and administered by governmental authorities. During the year ended 31 December 2017, the Group contributed approximately RMB51,498,000 (2016: RMB43,520,000) to these plans.

#### (c) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include three (2016: three) directors whose emoluments are reflected in the analysis shown in Note 36. The emoluments payable to the remaining two (2016: two) individuals are as follows:

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Basic salaries and allowances	基本薪金及津貼	2,016	1,613
Bonuses	花紅	1,920	2,413
		3,936	4,026

### 25. 僱員福利開支(續)

#### (a) 退休金 — 界定供款計劃(續)

根據其他國家及地區的規則及法規規定，本集團於截至二零一七年十二月三十一日止年度向該等國家及地區之社會福利計劃供款約人民幣1,237,000元(二零一六年：人民幣372,000元)。

#### (b) 其他福利

本集團於中國大陸的所有僱員均參與僱員社會保障計劃，該計劃包括由政府機構籌劃及監控的醫療、房屋及其他福利。截至二零一七年十二月三十一日止年度，本集團就上述計劃供款約人民幣51,498,000元(二零一六年：人民幣43,520,000元)。

#### (c) 五位最高薪酬人士

於本年度，本集團五位最高薪酬人士其中三位(二零一六年：三位)為董事，其酬金於附註36的分析內反映。應付予餘下兩位(二零一六年：兩位)人士之酬金如下：

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### 26. FINANCE INCOME AND COSTS

### 26. 財務收入及費用

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Interest expenses — borrowings	利息開支 — 借貸	270,868	257,709
Interest expenses — finance lease obligations	利息開支 — 融資租賃承擔	—	8,406
		270,868	266,115
Net exchange (gains)/losses on financing activities (Note 27)	融資活動所得匯兌(收益)/虧損淨額(附註27)	(185,171)	165,750
Less: amount capitalised in property, plant and equipment (Note 7)	減：物業、廠房及設備資本化金額(附註7)	—	(18,698)
Finance costs — net	財務費用 — 淨額	85,697	413,167
Finance income — interest income on bank deposits	財務收入 — 銀行存款利息收入	(9,162)	(9,752)
Net finance costs	財務費用淨額	76,535	403,415



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### 27. NET FOREIGN EXCHANGE GAINS/ (LOSSES)

The exchange differences included in the consolidated income statement are as follows:

### 27. 匯兌收益／(虧損)淨額

於綜合收益表計入之匯兌差額包括以下項目：

	2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Finance income/(costs) (Note 26) 財務收入／(費用)(附註26)	185,171	(165,750)
Other losses — net (Note 23) 其他虧損淨額(附註23)	(38,497)	(23,289)
Net foreign exchange gains/(losses) 匯兌收益／(虧損)淨額	<b>146,674</b>	(189,039)

### 28. INCOME TAX EXPENSE

The amount of income tax charged to the consolidated income statement represents:

### 28. 所得稅開支

於綜合收益表扣除之所得稅金額如下：

	2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Current tax on profits for the year 年度溢利之即期稅項	175,273	250,531
Adjustment in respect of prior years 過往年度調整	(11,597)	(1,149)
Deferred income tax (Note 20) 遞延所得稅(附註20)	23,421	46,353
	<b>187,097</b>	295,735

**28. INCOME TAX EXPENSE (Continued)****(a) Hong Kong profits tax**

Subsidiaries established in Hong Kong are subject to profits tax at rate of 16.5% (2016:16.5%).

**(b) Mainland China enterprise income tax (“EIT”)**

Effective from 1 January 2008, the subsidiaries established in Mainland China are required to determine and pay the EIT in accordance with the Corporate Income Tax Law of the PRC (the “New CIT Law”) as approved by the National People’s congress on 16 March 2007 and Detailed Implementations Regulations of the New CIT Law (the “DIR”) as approved by the State Council on 6 December 2007. According to the New CIT Law and DIR, subsidiaries established in Mainland China are subject to EIT at rate of 25% during the year (2016: 25%).

**(c) Vietnam income tax**

Subsidiaries established in Vietnam are subject to income tax at rate of 20% (2016: 20%).

As approved by the relevant Tax Bureau in Vietnam, the subsidiary acquired in Vietnam in 2017 is entitled to a preferential tax rate of 7.5% during the year and effective till 31 December 2018.

As approved by the relevant Tax Bureau in Vietnam, the subsidiaries established in Vietnam in 2016, 2014, 2013 and 2011 are entitled to four years’ exemption from income taxes followed by nine years of a 50% tax reduction, commencing from the first profitable year after offsetting the losses carried forward from the previous years, and are entitled to a preferential income tax rate of 10% for 15 years, commencing from the first year generating income from the operation.

**28. 所得稅開支(續)****(a) 香港利得稅**

於香港成立之附屬公司須按 16.5% (二零一六年：16.5%) 之稅率繳納利得稅。

**(b) 中國大陸企業所得稅(「企業所得稅」)**

由二零零八年一月一日起，於中國大陸成立之附屬公司，須依照全國人民代表大會於二零零七年三月十六日通過之中國企業所得稅法(「新企業所得稅法」)，和國務院於二零零七年十二月六日批准之新企業所得稅法條例實施細則(「條例實施細則」)，釐定並繳納企業所得稅。根據新企業所得稅法及條例實施細則，在中國內地成立之附屬公司於年內須繳納企業所得稅，稅率為25%(二零一六年：25%)。

**(c) 越南所得稅**

於越南成立的附屬公司須按20%(二零一六年：20%)之稅率繳付所得稅。

經越南的相關稅務局批准，於二零一七年在越南收購的附屬公司，有權於年內享受優惠稅率7.5%，有效期至二零一八年十二月三十一日。

經越南的相關稅務局批准，於二零一六年、二零一四年、二零一三年及二零一一年在越南成立的附屬公司，有權於抵銷過往年度結轉的虧損後首個獲利年度起，免繳所得稅四年，其後九年則可獲稅率減半優惠，並有權由業務產生收入之首個年度起享受優惠所得稅稅率10%達十五年。

**28. INCOME TAX EXPENSE** (Continued)

(c) **Vietnam income tax**

As approved by the relevant Tax Bureau in Vietnam, the subsidiary established in Vietnam in 2006 should separately calculate income tax on its supplementary investments. The initial investment of the subsidiary is entitled to three years' exemption from income taxes followed by seven years of a 50% tax reduction and is entitled to a preferential income tax rate of 15% for 12 years. The first supplementary investment of the subsidiary is entitled to three years' exemption from income taxes followed by five years of a 50% tax reduction based on the income tax rate of 20% (2016: 20%). The second supplementary investment of the subsidiary is entitled to two years' exemption from income taxes followed by four years of a 50% tax reduction based on the income tax rate of 20% (2016: 20%).

As approved by the relevant Tax Bureau in Vietnam, the other subsidiary in Vietnam should separately calculate income tax on its supplementary investments. The initial investment of the subsidiary is entitled to a tax rate of 15%. The supplementary investment of the subsidiary is entitled to a tax rate of 20% (2016: 20%).

The applicable tax rates for the subsidiaries in Vietnam range from nil to 20% during the year (2016: nil to 20%).

**28. 所得稅開支** (續)

(c) **越南所得稅**

經越南的相關稅務局批准，一家於二零零六年在越南成立的附屬公司，可就其補充投資獨立計算所得稅。該附屬公司的初步投資有權免繳所得稅三年，其後七年則可獲稅率減半優惠，並有權享受優惠所得稅稅率15%達十二年。該附屬公司的首項補充投資有權免繳所得稅三年，其後五年根據20%（二零一六年：20%）的所得稅稅率繳付，可獲稅率減半優惠。該附屬公司的第二項補充投資獲豁免繳納所得稅兩年，其後四年根據20%（二零一六年：20%）的所得稅稅率，可獲所得稅減半優惠。

經越南的相關稅務局批准，另外一家在越南的附屬公司，可就其補充投資獨立計算所得稅。該附屬公司的初步投資有權以15%的稅率繳付所得稅，而該附屬公司的補充投資有權以20%（二零一六年：20%）的稅率繳付所得稅。

年內，在越南的附屬公司的適用稅率，介乎零至20%（二零一六年：零至20%）。

**28. INCOME TAX EXPENSE** (Continued)

**(d) Other income or profits tax**

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of Cayman Islands and, accordingly, is exempted from payment of Cayman Islands income tax.

The Company's subsidiaries established in the British Virgin Islands were incorporated under the International Business Companies Acts or the Business Companies Acts, 2004 of the British Virgin Islands and, accordingly, are exempted from payment of British Virgin Islands income tax.

The Company's subsidiary established in Macao is subject to income tax rate of 9% (2016: 9%). No provision for Macao profits tax has been made as the Group had no assessable profit arising in or derived from Macao during the year (2016: nil).

The Company's subsidiary established in Uruguay is subject to income tax rate of 25% (2016: 25%). No provision for Uruguay profits tax has been made as the Group had no assessable profit arising in or derived from Uruguay during the year (2016: nil).

The Company's subsidiary established in Turkey is subject to income tax at the rate of 20% (2016: 20%). No provision for Turkey profits tax has been made as the Group had no assessable profit arising in or derived from Turkey during the year (2016: nil).

**28. 所得稅開支** (續)

**(d) 其他所得或利得稅**

本公司根據開曼群島公司法於開曼群島註冊成立為獲豁免有限公司，因此獲免繳開曼群島所得稅。

本公司於英屬處女群島成立之附屬公司乃根據英屬處女群島國際商業公司法或二零零四年商業公司法註冊成立，因此獲免繳英屬處女群島所得稅。

於澳門成立之附屬公司須按9% (二零一六年：9%)之稅率繳付所得稅。由於本集團於年內概無在澳門產生或從澳門賺取應課稅溢利，故概無就澳門利得稅作出撥備(二零一六年：零)。

於烏拉圭成立之附屬公司須按25% (二零一六年：25%)之稅率繳付所得稅。概無就烏拉圭利得稅計提撥備，因為本集團於年內並無於烏拉圭產生或獲得應課稅溢利(二零一六年：零)。

於土耳其成立之附屬公司須按20% (二零一六年：20%)之稅率繳付所得稅。由於本集團於年內概無在土耳其產生或從土耳其賺取應課稅溢利，故概無就土耳其利得稅作出撥備(二零一六年：零)。

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### 28. INCOME TAX EXPENSE (Continued)

#### (d) Other income or profits tax (Continued)

The Company's subsidiaries acquired in Cambodia in 2017 and 2015 are subject to income tax at the rate of 20%. No provision for Cambodia profits tax has been made as the Group had no assessable profit arising in or derived from these subsidiaries during the year (2016: nil).

The Company's subsidiary acquired in Nicaragua in 2017 is subject to income tax at the rate of 30%. As approved by relevant Tax Bureau in Nicaragua, the subsidiary is entitled to exemption from profits tax during the year and effective till 31 December 2020.

The Company's subsidiary established in Taiwan in 2017 is subject to income tax at the rate of 17%. Taxable income under NTD 120,000 is exempted from income tax. No provision for Taiwan profits tax has been made as the Group had no assessable profit arising in or derived from Taiwan during the year (2016: nil).

The Company's subsidiaries acquired in Samoa in 2017 are exempted from profits tax during the year.

The tax on the Group's profit before income tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities, as follows:

### 28. 所得稅開支(續)

#### (d) 其他所得或利得稅(續)

於二零一七年及二零一五年在柬埔寨收購之附屬公司須按20%之稅率繳付所得稅。由於本集團年內並無由該等附屬公司產生或衍生的應課稅溢利，故概無就柬埔寨利得稅作出撥備(二零一六年：無)。

於二零一七年在尼加拉瓜收購之附屬公司須按30%之稅率繳付所得稅。經尼加拉瓜有關稅務局批准，該附屬公司於年內獲豁免繳付利得稅，有效期至二零二零年十二月三十一日。

於二零一七年在台灣成立之附屬公司須按17%之稅率繳付所得稅。應課稅收入不足新台幣120,000元獲豁免繳付所得稅。概無就台灣利得稅計提撥備，因為本集團於年內並無於台灣產生或從台灣賺取應課稅溢利(二零一六年：無)。

於二零一七年在薩摩亞收購之附屬公司於年內豁免繳付利得稅。

本集團除所得稅前溢利的稅款與根據適用於綜合實體溢利的加權平均稅率計算之理論金額不同，差異如下：

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Profit before income tax, after excluding share of profits of investments accounted for using the equity method	除所得稅前溢利(經扣除應佔以權益法入賬之投資溢利)	1,374,642	1,486,132
Tax calculated at domestic tax rates applicable to profits of the respective subsidiaries	按適用於相關附屬公司之溢利之當地稅率計算之稅項	236,520	317,595
Effect of tax exemption/reduction	稅項豁免/減免之影響	(41,765)	(24,720)
Expenses not deductible for tax purposes	不可扣稅開支	1,643	880
Adjustment in respect of prior years	過往年度調整	(11,597)	(1,149)
Withholding tax relating to unremitted earnings of subsidiaries	有關附屬公司未匯付盈利的預扣稅	2,296	3,129
		187,097	295,735

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### 28. INCOME TAX EXPENSE (Continued)

#### (d) Other income or profits tax (Continued)

The weighted average applicable tax rate was 17% (2016: 22%).

10% withholding income tax is generally imposed on dividends relating to any profits earned in PRC commencing from 2008 to foreign investors, while for some PRC entities held by companies incorporated in certain places, including Hong Kong and Singapore, preferential tax rate of 5% will be applied if such companies are the beneficial owner of over 25% of these PRC entities according to PRC tax regulations.

### 29. EARNINGS PER SHARE

#### (a) Basic

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year.

### 28. 所得稅開支(續)

#### (d) 其他所得或利得稅(續)

適用的加權平均稅率為17%(二零一六年: 22%)。

中國企業所得稅對境外投資者獲分派二零零八年及之後賺取的利潤的股息一般徵收10%預提所得稅，而就若干地區(包括香港及新加坡)註冊成立之公司所持有的中國實體而言，倘該等公司根據中國之稅務條例為該等中國實體超過25%權益之實益擁有人，則享有5%的優惠稅率。

### 29. 每股盈利

#### (a) 基本

每股基本盈利以本公司擁有人應佔溢利除以年內已發行普通股之加權平均數計算。

		2017 二零一七年	2016 二零一六年
Profit attributable to owners of the Company (RMB'000)	本公司擁有人應佔溢利 (人民幣千元)	1,151,862	1,187,531
Weighted average number of ordinary shares in issue (thousands)	已發行普通股 加權平均數(以千計)	915,000	892,932
Basic earnings per share (RMB per share)	每股基本盈利 (每股人民幣元)	1.26	1.33

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### 29. EARNINGS PER SHARE (Continued)

#### (b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. For the Company's share options, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

### 29. 每股盈利(續)

#### (b) 攤薄

每股攤薄盈利乃透過調整發行在外的普通股加權平均數計算，以假設所有具攤薄影響之潛在普通股獲轉換。就本公司之購股權而言，本公司已根據未行使購股權附帶之認購權之幣值，計算能夠按公平值(釐定為本公司股份之平均年度市價)收購的股份數目。上述計算所得之股份數目與假設購股權獲行使的情況下，已發行的股份數目比較。

		2017 二零一七年	2016 二零一六年
Profit attributable to owners of the Company (RMB'000)	本公司擁有人應佔溢利 (人民幣千元)	1,151,862	1,187,531
<b>Weighted average number of ordinary shares in issue (thousands)</b>	<b>已發行普通股 加權平均數(以千計)</b>	<b>915,000</b>	892,932
Adjustments for: — Share options (thousands)	調整： — 購股權(以千計)	1,317	555
Weighted average number of ordinary shares for diluted earnings per share (thousands)	每股攤薄盈利之普通股 加權平均數(以千計)	916,317	893,487
Diluted earnings per share (RMB per share)	每股攤薄盈利 (每股人民幣元)	1.26	1.33

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### 30. DIVIDENDS

The dividend paid in 2017 were RMB396,072,000 (2016: RMB226,390,000), being HKD 0.50 per ordinary share (2016: HKD0.30 per ordinary share). A proposed final dividend in respect of the year ended 31 December 2017 of HKD0.21 (2016: HKD0.26) per share, amounting to a total dividend of RMB160,618,000 (2016: RMB210,137,000) is to be presented for approval at the annual general meeting of the Company on 26 April 2018. These financial statements do not reflect this as dividend payable.

### 30. 股息

於二零一七年，已支付股息金額為人民幣396,072,000元(二零一六年：人民幣226,390,000元)，每股普通股0.50港元(二零一六年：每股普通股0.30港元)。截至二零一七年十二月三十一日止年度之擬派末期股息為每股0.21港元(二零一六年：0.26港元)，股息總金額達人民幣160,618,000元(二零一六年：人民幣210,137,000元)，將於本公司二零一八年四月二十六日之股東週年大會上提呈批准。此等財務報表並不反映此項為應付股息。

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Interim dividend paid of HKD0.24 (2016: HKD0.18) per ordinary share	已付中期股息每股 普通股0.24港元 (二零一六年：0.18港元)	185,935	137,235
Proposed final dividend of HKD0.21 (2016: HKD0.26) per ordinary share	擬派末期股息每股 普通股0.21港元 (二零一六年：0.26港元)	160,618	210,137
		346,553	347,372



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### 31. CASH FLOW INFORMATION

#### (a) Cash generated from operations

The reconciliation from profit before income tax to cash generated from operations is as follows:

### 31. 現金流資料

#### (a) 經營所產生之現金

除所得稅前溢利與營運產生的現金對賬如下：

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Profit before income tax	除所得稅前溢利	1,361,822	1,496,808
Adjustments for:	調整各項目：		
— Amortisation and depreciation	— 攤銷及折舊	681,959	547,946
— Share of profits less losses of investments accounted for using equity method	— 應佔以權益法入賬之投資溢利減虧損	12,820	(10,676)
— Amortisation of share option scheme	— 購股權計劃攤銷	3,319	7,281
— Losses on disposal of property, plant and equipment and land use rights (Note 24)	— 出售物業、廠房及設備及土地使用權虧損(附註24)	5,985	11,691
— Finance costs — net	— 財務費用淨額	76,535	403,415
— Fair value losses/(gains) on derivative financial instruments and assets	— 衍生金融工具及資產公平值虧損/(收益)	238,616	(111,476)
— Settlement on derivative financial instruments	— 衍生金融工具結算	(19,725)	(43,383)
— Gains on acquisition of associates and joint ventures	— 收購聯營公司及合營企業之收益	—	(20,551)
— Gains on step-acquisition of an associate and its subsidiaries	— 分步收購聯營公司及其附屬公司之收益	(4,027)	—
— Gains on acquisition of subsidiaries (Note 23)	— 收購附屬公司之收益(附註23)	(173,434)	—
Changes in working capital (excluding the effects of exchange differences on consolidation):	營運資金變動(綜合賬目之匯兌差額的影響除外)：		
— Inventories	— 存貨	(562,215)	(1,038,190)
— Trade and bills receivables	— 應收貿易及票據款項	75,180	(558,211)
— Prepayments, deposits and other receivables	— 預付款項、按金及其他應收賬款	799,221	(854,543)
— Trade and bills payables	— 應付貿易及票據款項	(190,147)	817,801
— Accruals and other payables	— 預提費用及其他應付賬款	107,394	156,219
Cash generated from operations	經營所產生之現金	2,413,303	804,131

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### 31. CASH FLOW INFORMATION (Continued)

#### (a) Cash generated from operations

(Continued)

In the consolidated cash flow statement, proceeds from disposal of property, plant and equipment include:

### 31. 現金流資料(續)

#### (a) 經營所產生之現金(續)

於綜合現金流量表，出售物業、廠房及設備的所得款項包括：

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Net book amount — land use rights (Note 6)	賬面淨值 — 土地使用權 (附註6)	16,580	9,408
Net book amount — property, plant and equipment (Note 7)	賬面淨值 — 物業、廠房及設備(附註7)	39,084	35,494
Losses on disposal of property, plant and equipment and land use rights (Note 24)	出售物業、廠房、設備及土地使用權虧損 (附註24)	(5,985)	(11,691)
Proceeds from disposal of property, plant and equipment and land use rights	出售物業、廠房、設備及土地使用權所得款項	49,679	33,211

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### 31. CASH FLOW INFORMATION (Continued)

#### (b) Net debt reconciliation

This section sets out an analysis of net debt and the movements in net debt for each of the periods presented.

### 31. 現金流資料(續)

#### (b) 淨債務對賬

本節載列各個呈列期間的淨債務分析及淨債務變動。

Net debt	淨債務	2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Cash and cash equivalents	現金及現金等值物	1,466,718	1,813,208
Pledged bank deposits	已抵押銀行存款	88,249	181,201
Borrowings — repayable within one year	借款 — 須於一年內償還	(2,562,369)	(3,549,669)
Borrowings — repayable after one year	借款 — 須於一年後償還	(2,987,229)	(2,559,625)
Finance leases — repayable within one year	融資租賃 — 須於一年內 償還	(5,623)	—
Finance leases — repayable after one year	融資租賃 — 須於一年後 償還	(1,587)	—
<b>Net debt</b>	<b>淨債務</b>	<b>(4,001,841)</b>	<b>(4,114,885)</b>
Cash and cash equivalents	現金及現金等值物	1,466,718	1,813,208
Pledged bank deposits	已抵押銀行存款	88,249	181,201
Gross debt — fixed interest rates	總債務 — 固定利率	(2,265,446)	(4,398,692)
Gross debt — variable interest rates	總債務 — 浮動利率	(3,291,362)	(1,710,602)
<b>Net debt</b>	<b>淨債務</b>	<b>(4,001,841)</b>	<b>(4,114,885)</b>

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### 31. CASH FLOW INFORMATION (Continued) (b) Net debt reconciliation (Continued)

### 31. 現金流資料(續) (b) 淨債務對賬(續)

		Other assets 其他資產		Liabilities from financing activities 來自融資活動之負債				Total 總計
		Cash and overdrafts 現金及 現金透支 RMB'000 人民幣千元	Pledged bank deposits 已抵押 銀行存款 RMB'000 人民幣千元	Finance leases due within 1 year 於一年內到期 的融資租賃 RMB'000 人民幣千元	Finance leases due after 1 year 於一年後到期 的融資租賃 RMB'000 人民幣千元	Borrowings due within 1 year 於一年內到期 的借款 RMB'000 人民幣千元	Borrowings due after 1 year 於一年後到期 的借款 RMB'000 人民幣千元	
<b>Net debt as at 1 January 2016</b>	於二零一六年 一月一日 的淨債務	1,940,022	247,663	(123,500)	(235,546)	(1,547,754)	(2,505,306)	(2,224,421)
Cash flows	現金流	(126,814)	(66,462)	123,500	235,546	90,276	(1,980,760)	(1,724,714)
Foreign exchange adjustments	外匯調整	-	-	-	-	(178,562)	12,812	(165,750)
Other non-cash movements	其他非現金變動	-	-	-	-	(1,913,629)	1,913,629	-
<b>Net debt as at 31 December 2016</b>	於二零一六年 十二月三十一日 的淨債務	1,813,208	181,201	-	-	(3,549,669)	(2,559,625)	(4,114,885)
Cash flows	現金流	(346,490)	(92,952)	-	-	2,217,548	(1,630,034)	148,072
Acquisitions — finance leases and borrowings	收購 — 財務租賃 及借款	-	-	(5,623)	(1,587)	(212,989)	-	(220,199)
Foreign exchange adjustments	外匯調整	-	-	-	-	25,625	159,546	185,171
Other non-cash movements	其他非現金變動	-	-	-	-	(1,042,884)	1,042,884	-
<b>Net debt as at 31 December 2017</b>	於二零一七年 十二月三十一日 的淨債務	1,466,718	88,249	(5,623)	(1,587)	(2,562,369)	(2,987,229)	(4,001,841)

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## 32. BUSINESS COMBINATIONS

On 1 May 2017, the Group acquired the entire interest of bundled companies from Nien Hsing Textile Co., Ltd. for a total consideration of RMB440,691,000.

Name of the bundled companies are as follows:

Name of companies 公司名稱	Place of incorporation 註冊成立地點	Principal activities 主要業務
Nien Hsing Garment (Vietnam) Co., Ltd.,	Vietnam 越南	Manufacturing of garment products 製造服裝產品
Chu Hsing Garment (Cambodia) Co., Ltd.,	Cambodia 柬埔寨	Manufacturing of garment products 製造服裝產品
C Square Garment Finishing Co., Ltd.	Cambodia 柬埔寨	Providing garment washing processing services 提供服裝清洗加工服務
Alpha Textil de Nicaragua, S.A.,	Nicaragua 尼加拉瓜	Manufacturing of garment fabrics products 製造面料產品
Zona Franca Mateare, S.A.,	Nicaragua 尼加拉瓜	An operational company of Export Processing Zone Act 一間根據出口加工區法案經營的運營公司
C Square Investment Co., Ltd.,	Samoa 薩摩亞	A holding company 一間控股公司
Foster Capital Management Inc.,	Samoa 薩摩亞	A property management company 一間物業管理公司

Considering the end market's increase in demand for functional apparel and the characteristics of the fast fashion in stylish clothing, Nien Hsing Textile Co., Ltd. reallocates the resources and reduces the weight of denim clothing to decentralize the risk. As of 1 May 2017, the Group signed the Sale and Purchase Agreement with Nien Hsing to acquire the bundled companies, which are mainly engaged in manufacturing and sales of denim clothing.

As a result of the acquisitions, the Group is expected to increase its presence in these markets. It also expects to reduce costs through economies of scale. The Group recognized gains of RMB146,578,000 from the acquisitions primarily arising from fair value gains on the underlying land and buildings and the gains are included in 'other (losses)/gains-net' in the consolidated income statement for the year ended 31 December 2017.

## 32. 業務合併

於二零一七年五月一日，本集團以人民幣440,691,000元之代價向年興紡織股份有限公司收購一組公司的全部權益。

該組公司的名稱如下：

考慮到終端市場對於功能服裝的需求增長及潮流服飾的快餐時尚特點，年興紡織股份有限公司重新分配資源及減少牛仔服裝比重，以降低風險集中度。於二零一七年五月一日，本集團與年興簽立買賣協議以收購該組公司，其主要從事牛仔製造及銷售服裝。

由於該等收購事項，本集團預期於該等市場擴大業務，並預期透過規模經濟降低成本。本集團自該等收購事項確認收益人民幣146,578,000元，主要來自相關土地及樓宇之公平值收益，有關收益已計入截至二零一七年十二月三十一日止年度之綜合收益表「其他(虧損)/收益淨額」內。

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### 32. BUSINESS COMBINATIONS (Continued)

On 31 December 2017, the Group acquired the rest 51% interest of Hang Chi Enterprise Co., Ltd. for an aggregate consideration of RMB1; and Hang Chi Enterprise Co., Ltd., with its subsidiaries are fully owned by the Group.

Name of Hang Chi Enterprise Co., Ltd. and its subsidiaries are as follows:

Name of companies 公司名稱	Place of incorporation 註冊成立地點	Principal activities 主要業務
Hang Chi Enterprise Co., Ltd. 恒志企業有限公司	Hong Kong 香港	Trading, knitting and dyeing of textile and fabric products and investment holding 紡織品及面料產品貿易、針織及漂染和投資控股
Taltex (Zhuhai) Co., Ltd. 聯業織染(珠海)有限公司	Mainland China 中國內地	Manufacturing and sales of various kind of knitted fabric and chemical fiber 製造及銷售各類針織面料及化學纖維
Wah Fung Knitters Co., Ltd. 華峰針織有限公司	Hong Kong 香港	Sales of textiles and investment holding 銷售紡織品及投資控股
Drago Textile International Co., Ltd. 志偉紡織國際有限公司	Hong Kong 香港	Engaged in property investment 從物業投資
Sky Keen Investments Co., Ltd. 天京投資有限公司	Hong Kong 香港	Engaged in property investment 從物業投資

The Group decided to enlarge its market share in knitting and dyeing of textile and fabric products business. The Group signed the Sale and Purchase Agreement to acquire the rest 51% interest of Hang Chi Enterprise Co., Ltd..

As a result of the acquisition, the Group is expected to increase its presence in these markets. It also expects to reduce costs through economies of scale. The Group recognized gains of RMB26,856,000 from the acquisition primarily arising from fair value gains on the underlying land and buildings and the gains are included in 'other (losses)/gains-net' in the consolidated income statement for the year ended 31 December 2017.

### 32. 業務合併(續)

於二零一七年十二月三十一日，本集團以總代價人民幣1元收購恒志企業有限公司的餘下51%權益，由此恒志企業有限公司及其附屬公司由本集團全權擁有。

恒志企業有限公司及其附屬公司名稱如下：

本集團決定擴大其於紡織品及面料產品針織及漂染業務的市場份額。本集團簽立買賣協議以收購恒志企業有限公司餘下51%權益。

由於該收購事項，本集團預期於該等市場擴大業務，並預期透過規模經濟降低成本。本集團自收購事項確認收益人民幣26,856,000元，主要來自相關土地及樓宇之公平值收益，有關收益已計入截至二零一七年十二月三十一日止年度之綜合收益表「其他(虧損)/收益淨額」內。

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### 32. BUSINESS COMBINATIONS (Continued)

The details of the fair value of assets acquired, liabilities assumed at the acquisition date of these acquisitions are summarized on an aggregate basis as follows:

### 32. 業務合併(續)

於該等收購事項之收購日期，已收購資產及所承擔負債公平值總數之詳情概述如下：

		Fair value at acquisition date 收購日期之公平值 RMB'000 人民幣千元
<b>Total consideration:</b>	<b>總代價</b>	
— Cash	— 現金	440,691
<b>Recognised amounts of identifiable assets acquired and liabilities assumed</b>	<b>所收購可識別資產及 所承擔負債之已確認金額</b>	
Cash and cash equivalents	現金及現金等值物	44,678
Property, plant and equipment (Note 7)	物業、廠房及設備(附註7)	558,174
Land use rights (Note 6)	土地使用權(附註6)	189,586
Inventories	存貨	293,800
Trade and bills receivables	應收貿易及票據款項	115,334
Prepayments, deposits and other receivables	預付款項、按金及其他 應收款項	97,895
Deferred income tax assets (Note 20)	遞延所得稅資產(附註20)	14,510
Trade and bills payables	應付貿易及票據款項	(215,710)
Accruals and other payables	預提費用及其他應付款項	(206,425)
Deferred income tax liabilities (Note 20)	遞延所得稅負債(附註20)	(36,330)
Finance lease obligations	融資租賃承擔	(7,210)
Borrowings	借貸	(212,989)
<b>Total identifiable net assets</b>	<b>可識別資產總額淨值</b>	<b>635,313</b>
49% identifiable net assets of Hang Chi Enterprise Co., Ltd. and its subsidiaries	恒志企業有限公司及其 附屬公司之49%可識別 資產淨值	(21,188)
Gains on acquisitions (Note 23)	收購事項之收益(附註23)	(173,434)
		<b>440,691</b>
Cash and cash equivalents in subsidiaries acquired	於所收購附屬公司之 現金及現金等值物	44,678
Consideration for acquisitions settled in cash	收購事項以現金結付之代價	(440,691)
Cash paid on acquisitions	就收購事項支付之現金	(396,013)

Acquisition related costs of RMB2,900,000 have been charged to administrative expenses in the consolidated income statement for the year ended 31 December 2017.

收購事項相關成本人民幣2,900,000元已於截至二零一七年十二月三十一日止年度的綜合收益表之行政開支中扣除。

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### 32. BUSINESS COMBINATIONS (Continued)

The revenue included in the consolidated income statement from 1 May 2017 to 31 December 2017 contributed by the bundled companies acquired from Nien Hsing on 1 May 2017 was RMB606,981,000. Those bundled companies also made losses of RMB10,195,000 over the same period.

Had all the acquired companies been consolidated from 1 January 2017, the consolidated income statement would show pro-forma revenue of RMB17,157,310,000 and profit of RMB1,145,634,000.

### 33. COMMITMENTS

#### (a) Capital expenditure commitments

Capital expenditures at the balance sheet date that have not been incurred are as follows:

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Property, plant and equipment	物業、廠房及設備		
Authorised but not contracted for	已授權但未訂約	1,601,311	—
Contracted but not provided for	已訂約但未撥備	148,954	258,048
Total capital expenditure commitments	資本開支承擔總額	1,750,265	258,048

As at 31 December 2017, the capital expenditure commitments for property, plant and equipment mainly represent the expansion plan and investment budget in Mainland China of RMB782,711,000, and in Vietnam of RMB967,554,000.

### 32. 業務合併(續)

自二零一七年五月一日至二零一七年十二月三十一日，由該組公司(於二零一七年五月一日向年興收購)所貢獻之已計入綜合收益表的收入為人民幣606,981,000元。該組公司亦於同期錄得虧損人民幣10,195,000元。

倘已收購公司全部自二零一七年一月一日起綜合入賬本集團，綜合收益表將錄得備考收入人民幣17,157,310,000元及溢利人民幣1,145,634,000元。

### 33. 承擔

#### (a) 資本開支承擔

於結算日的資本開支(但未產生)如下：

於二零一七年十二月三十一日，物業、廠房及設備的資本開支承擔主要代表在中國及越南的擴充計劃及投資預算，分別為數人民幣782,711,000元及人民幣967,554,000元。



## 綜合財務報表附註

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### 33. COMMITMENTS (Continued)

#### (b) Operating lease commitments

The Group leases various land, offices and warehouses under non-cancellable operating lease agreements. The future aggregate minimum lease payments under non-cancellable operating leases as at the balance sheet date are as follows:

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
No later than 1 year	一年內	27,248	17,980
Later than 1 year and no later than 5 years	一年後至五年內	59,325	32,220
Later than 5 years	超過五年	106,820	50,410
		<b>193,393</b>	100,610
Relating to:	關於：		
Land use rights	土地使用權	22,818	24,630
Property, plant and equipment	物業、廠房及設備	170,575	75,980
		<b>193,393</b>	100,610

### 33. 承擔 (續)

#### (b) 經營租賃承擔

本集團根據不可撤銷經營租賃協議而租賃不同的土地、辦公室及倉庫。根據不可撤銷經營租賃於結算日之未來最低租賃款項總額如下：

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### 34. RELATED-PARTY TRANSACTIONS

Related parties are those as defined under Hong Kong Accounting Standard 24 and include key management of the Group. General speaking, parties are considered to be related if one party has the ability, directly or indirectly, control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control.

The Group is controlled by New Green Group Limited (incorporated in BVI), which directly and indirectly owns 59.5% of the Company's shares. The remaining 40.5% of the shares are widely held. The ultimate parent of the Group is Texhong Group Holdings Limited (incorporated in Cayman Islands). The ultimate controlling party of the Group is Mr. Hong Tian Zhu.

The related parties that had business transactions with the Group are as follows:

Name of related party 關聯方名稱	Relationship with the Group 與本集團的關係
Nantong Textile Group Co., Ltd. 南通紡織控股集團紡織染有限公司	Associated company 聯營公司
Foshan Zhao Yue Textile Co., Ltd. 佛山市兆越紡織有限公司	Joint venture 合營企業
Texhong Tan Cang Logistics Joint Stock Company 天虹新港物流股份公司	Joint venture 合營企業
Texhong Industrial Park Vietnam Limited 天虹工業園區越南有限公司	A company controlled by the chairman of the Group 由本集團主席所控制之公司
Hualida (Vietnam) Garments Limited Company 華利達(越南)服裝責任有限公司	Associated company 聯營公司
Hang Chi Enterprise Co., Ltd. 恒志企業有限公司	Associated company up to 30 December 2017 <sup>(i)</sup> 二零一七年十二月三十日前為聯營公司 <sup>(i)</sup>
Taltex (Zhuhai) Co., Ltd. 聯業織染(珠海)有限公司	Associated company up to 30 December 2017 <sup>(i)</sup> 二零一七年十二月三十日前為聯營公司 <sup>(i)</sup>
Wah Fung Knitters Co., Ltd. 華峰針織有限公司	Associated company up to 30 December 2017 <sup>(i)</sup> 二零一七年十二月三十日前為聯營公司 <sup>(i)</sup>
(i) On 31 December 2017, the Group acquired the rest 51% interest of Hang Chi Enterprise Co., Ltd. and its subsidiaries, including Taltex (Zhuhai) Co., Ltd. and Wah Fung Knitters Co., Ltd.	(i) 於二零一七年十二月三十一日, 本集團收購恒志企業有限公司及其附屬公司其餘51%權益, 包括聯業織染(珠海)有限公司及華峰針織有限公司。

### 34. 與關聯方的交易

關聯方為香港會計準則第24號所定義者, 並且包括本集團主要管理層。大致而言, 倘其中一方能直接或間接控制另一方或在財務及營運決定方面對另一方行使重大影響力, 則被視為關聯方。倘彼等受共同控制, 亦被視為關聯方。

本集團由 New Green Group Limited (於英屬處女群島註冊成立) 控制, 其直接及間接擁有本公司股份之 59.5%。本公司股份餘下之 40.5% 被廣泛持有。本集團之最終母公司為 Texhong Group Holdings Limited (於開曼群島註冊成立)。本集團之最終控制方為洪天祝先生。

與本集團進行商業交易的關聯方如下:

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### 34. RELATED-PARTY TRANSACTIONS

(Continued)

#### (a) Transactions with related parties

### 34. 與關聯方的交易 (續)

#### (a) 與關聯方的交易

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Sales of goods	銷售貨品		
— Taltex (Zhuhai) Co., Ltd.	— 聯業織染(珠海)有限公司	104,985	76,720
— Wah Fung Knitters Co., Ltd.	— 華峰針織有限公司	42,982	27,456
— Foshan Zhao Yue Textile Co., Ltd.	— 佛山市兆越紡織有限公司	3,297	3,074
— Nantong Textile Group Co., Ltd.	— 南通紡織控股集團紡織染有限公司	2,022	—
— Hualida (Vietnam) Garments Limited Company	— 華利達(越南)服裝責任有限公司	518	—
		<b>153,804</b>	<b>107,250</b>
Purchases of land use rights	購買土地使用權		
— Texhong Industrial Park Vietnam Limited	— 天虹工業園區越南有限公司	29,767	108,684
Purchases of goods	購買貨品		
— Nantong Textile Group Co., Ltd.	— 南通紡織控股集團紡織染有限公司	16,221	13,591
— Foshan Zhao Yue Textile Co., Ltd.	— 佛山市兆越紡織有限公司	337	1,149
— Taltex (Zhuhai) Co., Ltd.	— 聯業織染(珠海)有限公司	102	—
		<b>16,660</b>	<b>14,740</b>
Purchases of property, plant and equipment	購買物業、廠房及設備		
— Foshan Zhao Yue Textile Co., Ltd.	— 佛山市兆越紡織有限公司	—	9,127
Purchases of water	購買用水		
— Texhong Industrial Park Vietnam Limited	— 天虹工業園區越南有限公司	383	—
— Foshan Zhao Yue Textile Co., Ltd.	— 佛山市兆越紡織有限公司	101	—
		<b>484</b>	<b>—</b>
Purchases of electricity	購買電力		
— Texhong Industrial Park Vietnam Limited	— 天虹工業園區越南有限公司	79,051	57,352
Purchases of steam	購買蒸汽		
— Texhong Industrial Park Vietnam Limited	— 天虹工業園區越南有限公司	3,189	—
Purchases of wastewater treatment service	購買污水處理服務		
— Texhong Industrial Park Vietnam Limited	— 天虹工業園區越南有限公司	219	—

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### 34. RELATED-PARTY TRANSACTIONS

(Continued)

#### (a) Transactions with related parties (Continued)

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Purchases of services	購買服務		
— Texhong Tan Cang Logistics Joint Stock Company	— 天虹新港物流股份公司	23,114	—
— Taltex (Zhuhai) Co., Ltd.	— 聯業織染(珠海) 有限公司	21,758	—
— Foshan Zhao Yue Textile Co., Ltd.	— 佛山市兆越紡織 有限公司	1,801	—
		46,673	—

In the opinion of the Company's directors and the Group's management, the above related party transactions were carried out in the ordinary course of business, and in accordance with the terms of the underlying agreements and/or the invoices issued by the respective parties.

### 34. 與關聯方的交易 (續)

#### (a) 與關聯方的交易 (續)

本公司董事及本集團的管理層認為上述與關聯方的交易乃於日常業務過程並且根據相關協議的條款及／或由有關各方發出的發票進行。

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## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

截至二零一七年十二月三十一日止年度

### 34. RELATED-PARTY TRANSACTIONS

(Continued)

#### (b) Balance with related parties

### 34. 與關聯方的交易 (續)

#### (b) 與關聯方的結餘

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Trade receivables	應收貿易款項		
— Nantong Textile Group Co., Ltd.	— 南通紡織控股集團紡織染有限公司	2,366	—
— Hualida (Vietnam) Garments Limited Company	— 華利達(越南)服裝責任有限公司	653	—
— Taltex (Zhuhai) Co., Ltd.	— 聯業織染(珠海)有限公司	—	30,817
— Wah Fung Knitters Co., Ltd.	— 華峰針織有限公司	—	22,278
— Foshan Zhao Yue Textile Co., Ltd.	— 佛山市兆越紡織有限公司	—	3,120
		<b>3,019</b>	<b>56,215</b>
Prepayments	預付款項		
— Hang Chi Enterprise Co., Ltd.	— 恒志企業有限公司	—	35,780
Trade payables	應付貿易款項		
— Texhong Industrial Park Vietnam Limited	— 天虹工業園區越南有限公司	4,066	4,021
— Nantong Textile Group Co., Ltd.	— 南通紡織控股集團紡織染有限公司	491	320
		<b>4,557</b>	<b>4,341</b>
Deposits from customer	客戶按金		
— Taltex (Zhuhai) Co., Ltd.	— 聯業織染(珠海)有限公司	—	541

#### (c) Key management compensation

#### (c) 主要管理層薪酬

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Salaries, wages and bonuses	薪酬、工資及花紅	25,020	20,539
Pension costs — defined contribution plan	退休金成本界定供款計劃	659	658
Other benefits	其他福利	132	955
		<b>25,811</b>	<b>22,152</b>

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### 35. BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY

#### (a) Balance sheet of the Company

### 35. 本公司之資產負債表及儲備變動

#### (a) 本公司之資產負債表

		As at 31 December 於十二月三十一日	
		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
<b>ASSETS</b>	<b>資產</b>		
<b>Non-current assets</b>	<b>非流動資產</b>		
Property, plant and equipment	物業、廠房及設備	15	112
Investments in subsidiaries	於附屬公司的投資	3,263,040	3,270,327
		<b>3,263,055</b>	3,270,439
<b>Current assets</b>	<b>流動資產</b>		
Trade and bills receivables	應收貿易及票據款項	320,742	1,491,081
Prepayments, deposits and other receivables	預付款項、按金及其他應收賬款	18,185	33,369
Due from subsidiaries	應收附屬公司款項	2,994,274	2,995,312
Derivative financial instruments	衍生金融工具	51,876	119,439
Cash and cash equivalents	現金及現金等值物	8,930	277,890
		<b>3,394,007</b>	4,917,091
<b>Total assets</b>	<b>總資產</b>	<b>6,657,062</b>	8,187,530
<b>EQUITY</b>	<b>股東權益</b>		
<b>Equity attributable to owners of the Company</b>	<b>本公司擁有人應佔股東權益</b>		
Share capital: nominal value	股本：面值	96,709	96,709
Share premium	股份溢價	433,777	433,777
Other reserves	其他儲備	192,817	189,498
Retained earnings	保留溢利	1,019,227	1,691,098
<b>Total equity</b>	<b>總股東權益</b>	<b>1,742,530</b>	2,411,082
<b>LIABILITIES</b>	<b>負債</b>		
<b>Non-current liabilities</b>	<b>非流動負債</b>		
Borrowings	借貸	2,596,210	1,093,160
		<b>2,596,210</b>	1,093,160

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### 35. BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY

(Continued)

(a) Balance sheet of the Company (Continued)

### 35. 本公司之資產負債表及儲備變動(續)

(a) 本公司之資產負債表(續)

		As at 31 December 於十二月三十一日	
		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
<b>Current liabilities</b>	<b>流動負債</b>		
Bills payable	應付票據款項	1,878,833	1,907,194
Accruals and other payables	預提費用及其他應付賬款	49,408	164,080
Due to subsidiaries	應付附屬公司款項	15,990	869,739
Borrowings	借貸	372,811	1,742,275
Derivative financial instruments	衍生金融工具	1,280	—
		<b>2,318,322</b>	<b>4,683,288</b>
<b>Total liabilities</b>	<b>總負債</b>	<b>4,914,532</b>	<b>5,776,448</b>
<b>Total equity and liabilities</b>	<b>總股東權益及負債</b>	<b>6,657,062</b>	<b>8,187,530</b>

The balance sheet of the Company was approved by the Board of Directors on 9 March 2018 and was signed on its behalf by:

本公司資產負債表已於二零一八年三月九日獲董事會批准，並由下列董事代表董事會簽署：

**Hong Tianzhu**  
Director

**Zhu Yongxiang**  
Director

洪天祝  
董事

朱永祥  
董事

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### 35. BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY

(Continued)

#### (b) Reserve movement of the Company

### 35. 本公司之資產負債表及儲備變動(續)

#### (b) 本公司之儲備變動

		Other reserves 其他儲備 RMB'000 人民幣千元	Retained earnings 保留溢利 RMB'000 人民幣千元
At 1 January 2016	於二零一六年一月一日	182,217	571,303
Profit for the year	年度溢利	–	1,346,185
Employee share option scheme	僱員購股權計劃	7,281	–
Dividend relating to 2015	二零一五年之股息	–	(89,155)
Dividend relating to 2016	二零一六年之股息	–	(137,235)
At 31 December 2016	於二零一六年 十二月三十一日	189,498	1,691,098
At 1 January 2017	於二零一七年一月一日	189,498	1,691,098
Loss for the year	年度虧損	–	(275,799)
Employee share option scheme	僱員購股權計劃	3,319	–
Dividend relating to 2016	二零一六年之股息	–	(210,137)
Dividend relating to 2017	二零一七年之股息	–	(185,935)
At 31 December 2017	於二零一七年 十二月三十一日	192,817	1,019,227



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### 36. BENEFITS AND INTERESTS OF DIRECTORS

#### (a) Directors' and chief executive's emoluments

The Group does not have a chief executive who is not also a director of the Company.

The remuneration of every director is set out below:

For the year ended 31 December 2017, emoluments paid or payable in respect of a person's services as a director, whether of the Company or its subsidiary undertaking:

### 36. 董事福利及權益

#### (a) 董事及行政總裁酬金

本集團沒有不同時為本公司董事的行政總裁。

應付予每位董事的酬金如下：

截至二零一七年十二月三十一日止年度，就個人擔任董事提供服務（不論本公司或其附屬公司）已付或應付酬金：

Name of Director	Fees	Salaries	Discretionary bonuses	Housing allowance	Estimated money value of other benefits	Employer's contribution to benefit scheme	Total
董事姓名	袍金	薪金	酌情花紅	住屋津貼	其他福利之估計價值	僱主福利計劃供款	總計
	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
Executive Directors: 執行董事：							
Hong Tianzhu 洪天祝	-	1,009	1,796	57	-	1	2,863
Zhu Yongxiang 朱永祥	-	1,404	4,489	-	16	87	5,996
Tang Daoping 湯道平	-	1,028	4,500	-	16	87	5,631
Hui Tsz Wai 許子慧	-	3,160	309	-	-	316	3,785
Ji Zhongliang 吉忠良	-	648	480	-	22	59	1,209
Independent non-executive Directors: 獨立非執行董事：							
Ting Leung Huel, Stephen 丁良輝	251	-	-	-	-	-	251
Cheng Longdi 程隆棟	125	-	-	-	-	-	125
Tao Xiaoming 陶肖明	151	-	-	-	-	-	151
	527	7,249	11,574	57	54	550	20,011

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# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017  
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### 36. BENEFITS AND INTERESTS OF DIRECTORS (Continued)

#### (a) Directors' and chief executive's emoluments (Continued)

For the year ended 31 December 2016, emoluments paid or payable in respect of a person's services as a director, whether of the company or its subsidiary undertaking:

Name of Director	Fees	Salaries	Discretionary bonuses	Housing allowance	Estimated money value of other benefits	Employer's contribution to benefit scheme	Total
董事姓名	袍金	薪金	酌情花紅	住屋津貼	其他福利之估計價值	僱主福利計劃供款	總計
	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
Executive Directors: 執行董事:							
Hong Tianzhu 洪天祝	-	1,002	1,855	684	-	1	3,542
Zhu Yongxiang 朱永祥	-	1,425	960	-	14	85	2,484
Tang Daoping 湯道平	-	1,045	4,500	-	14	85	5,644
Hui Tsz Wai 許子慧	-	3,220	895	-	-	322	4,437
Ji Zhongliang 吉忠良	-	648	1,100	-	20	57	1,825
Independent non-executive Directors: 獨立非執行董事:							
Ting Leung Huel, Stephen 丁良輝	268	-	-	-	-	-	268
Cheng Longdi 程隆楦	134	-	-	-	-	-	134
Tao Xiaoming 陶肖明	161	-	-	-	-	-	161
	563	7,340	9,310	684	48	550	18,495

#### (b) Directors' retirement and termination benefits

None of the directors received or will receive any retirement benefits or termination benefits during the year.

#### (c) Consideration provided to third parties for making available directors' services

The Group did not pay consideration to any third parties for making available directors' services during the year.

#### (d) Information about loans, quasi-loans and other dealings in favour of directors, bodies corporate controlled by or entities connected with such directors

No loans, quasi-loans and other dealings were made available in favour of directors, bodies corporate controlled by or entities connected with such directors subsisted at the end of the year or at any time during the year.

### 36. 董事福利及權益 (續)

#### (a) 董事及行政總裁酬金 (續)

截至二零一六年十二月三十一日止年度，就個人擔任董事提供服務(不論本公司或其附屬公司)已付或應付酬金：

#### (b) 董事退任及終止僱用福利

年內，概無董事曾或將獲得任何退任福利或終止僱用福利。

#### (c) 就提供董事服務向第三方提供之代價

年內，本集團概無就提供董事服務向任何第三方支付之代價。

#### (d) 有關以董事、其受控法團或其關連實體為受益人之貸款、準貸款及其他交易的資料

概無於年末或年內任何時間存在之以董事、其受控法團或其關連實體為受益人之貸款、準貸款及其他交易。

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### 36. BENEFITS AND INTERESTS OF DIRECTORS (Continued)

#### (e) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

### 36. 董事福利及權益 (續)

#### (e) 董事於交易、安排或合約之重大權益

本公司概無訂立與本集團業務有關，而本公司董事直接或間接擁有重大權益且於年末或年內任何時間存在之重大交易、安排及合約。

### 37. SUBSIDIARIES

The following is a list of the Group's principal subsidiaries, all of which are unlisted, at 31 December 2017:

### 37. 附屬公司資料

下表列示本集團於二零一七年十二月三十一日的重大附屬公司(均為非上市)：

Name of subsidiary 附屬公司名稱	Place and date of incorporation and form of legal entity 註冊成立地點及日期及法律實體類別	Principal activities and place of operations 主要業務及營運地點	Particulars of issued share capital or paid-in capital 已發行股本或繳入的股本詳情	Interest held 所持權益
<b>Directly held:</b> 直接持有：				
Texhong Textile Holdings Limited 天虹紡織控股有限公司	British Virgin Islands 26 May 2004, limited liability company 英屬處女群島 二零零四年五月二十六日，有限責任公司	Investment holding in British Virgin Islands 於英屬處女群島投資控股	100 ordinary shares of USD1 each 100股每股1美元普通股	100%
Sunray International Holdings Limited 新銳國際控股有限公司	British Virgin Islands 21 January 2005, limited liability company 英屬處女群島 二零零五年一月二十一日，有限責任公司	Investment holding in British Virgin Islands 於英屬處女群島投資控股	1 ordinary share of USD1 each 1股每股1美元普通股	100%
Texhong Vietnam Investment Limited 天虹越南投資有限公司	British Virgin Islands, 6 September 2006, limited liability company 英屬處女群島 二零零六年九月六日，有限責任公司	Investment holding in British Virgin Islands 於英屬處女群島投資控股	50,000 ordinary shares of USD1 each 50,000股每股1美元普通股	100%
<b>Indirectly held:</b> 間接持有：				
Jiangsu Century Texhong Textile Co., Ltd. 江蘇世紀天虹紡織有限公司	Xuzhou, Mainland China, 6 June 2000, limited liability company 中國徐州 二零零零年六月六日，有限責任公司	Manufacturing and sales of yams, grey fabrics, dyed clothes and dress; processing of cotton in Mainland China 於中國大陸製造及銷售紗線、 坯布、染布及服裝；棉花加工	USD15,000,000  15,000,000美元	100%
Nantong Century Texhong Textile Co., Ltd. 南通世紀天虹紡織有限公司	Nantong, Mainland China, 7 June 2002, limited liability company 中國南通 二零零二年六月七日，有限責任公司	Manufacturing and sales of yams, grey fabrics and dyed fabrics in Mainland China 於中國大陸製造及銷售紗線、 坯布及染布	USD5,500,000  5,500,000美元	100%

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### 37. SUBSIDIARIES (Continued)

### 37. 附屬公司資料(續)

Name of subsidiary 附屬公司名稱	Place and date of incorporation and form of legal entity 註冊成立地點及日期及法律實體類別	Principal activities and place of operations 主要業務及營運地點	Particulars of issued share capital or paid-in capital 已發行股本或繳入的股本詳情	Interest held 所持權益
Xuzhou Texhong Yinfeng Textile Co., Ltd. 徐州天虹銀豐紡織有限公司	Xuzhou, Mainland China, 12 May 2004, limited liability company 中國徐州 二零零四年五月十二日，有限責任公司	Manufacturing and sales of yarns, grey fabrics, clothes and dyed fabrics in Mainland China 於中國大陸製造及銷售紗線、 坯布、布料及染布	USD7,800,000 7,800,000美元	100%
Xuzhou Texhong Times Textile Co., Ltd. 徐州天虹時代紡織有限公司	Xuzhou, Mainland China, 29 December 2004, limited liability company 中國徐州 二零零四年十二月二十九日，有限責任公司	Manufacturing and sales of top-grade yarns, thread, grey fabrics, textile knitting products, and garments in Mainland China 於中國大陸製造及銷售高級紗線、 線、坯布、紡織與織造產品及成衣	USD43,000,000 43,000,000美元	100%
Texhong (China) Investment Co., Ltd. 天虹(中國)投資有限公司	Shanghai, Mainland China, 21 June 2005, limited liability company 中國上海 二零零五年六月二十一日，有限責任公司	Investment holding and trading of textile products in Mainland China 投資控股及於中國大陸買賣紡織產品	USD100,000,000 100,000,000美元	100%
Xuzhou Texhong Yinlian Textile Co., Ltd. 徐州天虹銀聯紡織有限公司	Xuzhou, Mainland China, 30 March 2006, limited liability company 中國徐州 二零零六年三月三十日，有限責任公司	Manufacturing top-grade yarns, thread, grey fabrics, dresses, in Mainland China 於中國大陸製造高級紗線、線、 坯布及服裝	USD20,500,000 20,500,000美元	100%
Sunray Macao Commercial Offshore Limited. 新睿澳門離岸商業服務有限公司	Macao, 19 December 2005, limited liability company 澳門 二零零五年十二月十九日，有限責任公司	Trading in Macao 於澳門貿易	MOP\$100,000 100,000澳門幣	100%
Texhong Textile (Hong Kong) Limited. 天虹紡織(香港)有限公司	Hong Kong, 11 May 2006, limited liability company 香港 二零零六年五月十一日，有限責任公司	Investment holding in Hong Kong 於香港進行投資控股	10,000 ordinary share of HKD1 each 10,000股每股1港元普通股	100%
Changzhou Texhong Textile Co., Ltd. 常州天虹紡織有限公司	Changzhou, Mainland China, 1 January 1979, limited liability company 中國常州 一九七九年一月一日，有限責任公司	Manufacturing and sales of textile, decoration and garment in Mainland China 於中國大陸製造及銷售紡織品、 飾品及成衣	RMB32,145,000 人民幣32,145,000元	100%
Sunray Trading (Hong Kong) Limited 新銳貿易(香港)有限公司	Hong Kong, 16 February 2005, limited liability company 香港 二零零五年二月十六日，有限責任公司	Trading, investment and corporate services in Hong Kong 於香港進行貿易、投資及提供 企業服務	10,000 ordinary shares of HKD1 each 10,000股每股1港元普通股	100%
Texhong Renze Textile Joint Stock Company 天虹仁澤紡織股份有限公司	Vietnam, 24 October 2006, limited liability company 越南 二零零六年十月二十四日，有限責任公司	Manufacturing of yarn in Vietnam 於越南製造紗線	USD30,000,000 30,000,000美元	100%

## 綜合財務報表附註

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

截至二零一七年十二月三十一日止年度

### 37. SUBSIDIARIES (Continued)

### 37. 附屬公司資料(續)

Name of subsidiary 附屬公司名稱	Place and date of incorporation and form of legal entity 註冊成立地點及日期及法律實體類別	Principal activities and place of operations 主要業務及營運地點	Particulars of issued share capital or paid-in capital 已發行股本或繳入的股本詳情	Interest held 所持權益
Texhong Textile (Hong Kong) Holdings Limited 天虹紡織(香港)控股有限公司	Hong Kong, 24 October 2007, limited liability company 香港 二零零七年十月二十四日, 有限責任公司	Investment holding in Hong Kong 於香港進行投資控股	100 ordinary shares of HKD1 each 100股每股1港元普通股	100%
TVN (Hong Kong) Limited TVN (Hong Kong) Limited	Hong Kong, 4 December 2007, limited liability company 香港 二零零七年十二月四日, 有限責任公司	Investment holding in Hong Kong 於香港進行投資控股	100 ordinary shares of HKD1 each 100股每股1港元普通股	100%
Shanghai Texhong Trading Co., Ltd. 上海特斯虹貿易有限公司	Shanghai, Mainland China, 11 August 2008, limited liability company 中國上海 二零零八年八月十一日, 有限責任公司	Trading of textile products in Mainland China 在中國大陸進行紡織品貿易	USD500,000 500,000美元	100%
Texhong Yinlong Technology Ltd. 天虹銀龍科技有限公司	Vietnam, 11 April 2012, limited liability company 越南 二零一二年四月十一日, 有限責任公司	Manufacturing of yarn in Vietnam 於越南製造紗線	USD40,000,000 40,000,000美元	100%
Shandong Texhong Textile Co., Ltd. 山東天虹紡織有限公司	Shandong, Mainland China, 1 May 2004, limited liability company 中國山東 二零零四年五月一日, 有限責任公司	Manufacturing and sales of yarns in Mainland China 在中國大陸製造及銷售紗線	RMB700,000,000 人民幣700,000,000元	100%
Shanghai Hong Hui Investment Management Consulting Co., Limited* 上海虹慧投資管理諮詢有限公司	Shanghai, Mainland China, 20 January 2014, limited liability company 中國上海 二零一四年一月二十日, 有限責任公司	Investment holding in Shanghai 於上海進行投資控股	RMB20,000,000 人民幣20,000,000元	90%
Texhong Galaxy Investment Limited 天虹銀河投資有限公司	Hong Kong, 15 January 2014, limited liability company 香港 二零一四年一月十五日, 有限責任公司	Investment holding in Hong Kong 於香港進行投資控股	HKD100 100港元	100%
Texhong Galaxy Technology Limited 天虹銀河科技有限公司	Vietnam, 13 September 2014, limited liability company 越南 二零一四年九月十三日, 有限責任公司	Manufacturing of yarns, grey fabrics, garments and dyed fabrics in Vietnam 於越南製造紗線、坯布、成衣及 染布	USD20,000,000 20,000,000美元	100%
Celestial Ease Holdings Limited 天逸控股有限公司	British Virgin Islands, 27 May 2015, limited liability company 英屬處女群島 二零一五年五月二十七日, 有限責任公司	Investment holding in British Virgin Islands 於英屬處女群島進行投資控股	USD11,964,916 11,964,916美元	90.2%
Shandong Lanyan Textiles Co., Ltd. 山東蘭雁紡織服裝有限公司	Shandong, Mainland China, 21 August 2015, limited liability company 中國山東 二零一五年八月二十一日, 有限責任公司	Manufacturing of yarns, grey fabrics, garments in Shandong 於山東製造紗線、坯布、成衣	USD3,000,000 3,000,000美元	100%

## 綜合財務報表附註

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017  
截至二零一七年十二月三十一日止年度

### 37. SUBSIDIARIES (Continued)

### 37. 附屬公司資料(續)

Name of subsidiary 附屬公司名稱	Place and date of incorporation and form of legal entity 註冊成立地點及日期及法律實體類別	Principal activities and place of operations 主要業務及營運地點	Particulars of issued share capital or paid-in capital 已發行股本或繳入的股本詳情	Interest held 所持權益
Xinjiang Texhong Foundation Textile Co., Ltd.* 新疆天虹基業紡織有限公司*	Xinjiang, Mainland China, 4 July 2015, limited liability company 中國新疆 二零一五年七月四日, 有限責任公司	Manufacturing of yarns in Xinjiang 於新疆製造紗線	RMB398,700,000 人民幣398,700,000元	90%
Taltex (Zhuhai) Co., Ltd. 聯業織染(珠海)有限公司	Zhuhai, Mainland China, 27 April 1994 limited liability company 中國珠海 一九九四年四月二十七日, 有限責任公司	Manufacturing and sales of various kind of knitted fabric and chemical fiber 製造及銷售各類紡織面料及化學纖維	USD60,180,000 60,180,000美元	100%
Wah Fung Knitters Co., Ltd. 華峰針織有限公司	Hong Kong, 7 November 2008 limited liability company 香港 二零零八年十一月七日, 有限責任公司	Sales of textiles and investment holding 銷售紡織品及投資控股	HKD6,000,000 6,000,000港元	100%
Jovial Global Investments Limited 欣喜環球投資有限公司	British Virgin Islands, 9 January 2017, limited liability company 英屬處女群島 二零一七年一月九日, 有限責任公司	Investment holding in British Virgin Islands 於英屬處女群島進行投資控股	USD100 100美元	100%
Texhong Fashion Industrial Limited 天虹時尚創意產業有限公司	Hong Kong, February 2017, limited liability company 香港, 二零一七年二月, 有限責任公司	Investment holding in Hong Kong 於香港進行投資控股	HKD100 100港元	100%

The above table lists the subsidiaries of the Group which, in the opinion of the directors, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

上表載列董事認為主要影響本集團業績或資產之本集團附屬公司。董事認為提供其他附屬公司的資料將導致篇幅過於冗長。

\* represents sino-foreign equity joint venture. All other subsidiaries established in Mainland China are wholly foreign owned enterprises.

\* 指中外合營企業, 所有其他在中國大陸成立之附屬公司為全外資企業。

Texhong (China) Investment Co., Ltd. is a wholly foreign owned investment holding company incorporated in Mainland China.

天虹(中國)投資有限公司為於中國註冊成立之全外資投資控股公司。

None of the subsidiaries had any loan capital in issue at any time during year ended 31 December 2017 (2016: None).

截至二零一七年十二月三十一日止年度內任何時間, 概無附屬公司擁有任何已發行借貸股本(二零一六年: 零)。

The English names of certain subsidiaries established in Mainland China represent the best effort by the Group's management to translate their Chinese names, as they do not have official English names.

若干於中國大陸成立之附屬公司並無正式英文名稱, 其英文名稱為本集團管理層盡最大努力將其中文名稱翻譯為英文之版本。





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