



hosa

HOSA INTERNATIONAL LIMITED
浩沙國際有限公司

(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：02200



2017
ANNUAL REPORT
年度報告



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Corporate Information

公司資料

BOARD OF DIRECTORS

Executive Directors

Mr. Shi Hongliu (*Chairman*)
Mr. Shi Hongyan (*Vice Chairman and Chief Executive Officer*)
Mr. Shi Zhixiong
Mr. Lui Wai Ming (*Chief Financial Officer*)

Independent Non-Executive Directors

Ms. Ko Yuk Lan
Mr. Yao Ge
Mr. He Wenyi

BOARD COMMITTEES

Audit Committee

Ms. Ko Yuk Lan (*Chairlady*)
Mr. Yao Ge
Mr. He Wenyi

Nomination Committee

Mr. Yao Ge (*Chairman*)
Mr. Shi Hongyan
Mr. He Wenyi

Remuneration Committee

Mr. Yao Ge (*Chairman*)
Mr. Shi Zhixiong
Mr. He Wenyi

Risk Management Committee

Mr. Shi Hongliu (*Chairman*)
Mr. Shi Hongyan
Mr. Shi Zhixiong
Mr. Lui Wai Ming

REGISTERED OFFICE

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

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 1902, 19/F
Far East Finance Centre
16 Harcourt Road
Hong Kong

AUTHORISED REPRESENTATIVES

Mr. Shi Hongliu
Mr. Chiu Ming King

董事會

執行董事

施洪流先生(*董事長*)
施鴻雁先生(*副董事長及行政總裁*)
施志雄先生
雷偉銘先生(*首席財務官*)

獨立非執行董事

高玉蘭女士
姚戈先生
何文義先生

董事委員會

審計委員會

高玉蘭女士(*主席*)
姚戈先生
何文義先生

提名委員會

姚戈先生(*主席*)
施鴻雁先生
何文義先生

薪酬委員會

姚戈先生(*主席*)
施志雄先生
何文義先生

風險管理委員會

施洪流先生(*主席*)
施鴻雁先生
施志雄先生
雷偉銘先生

註冊辦事處

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

香港主要營業地點

香港
夏慤道16號
遠東金融中心
19樓1902室

授權代表

施洪流先生
趙明璟先生

Corporate Information

公司資料

COMPANY SECRETARY

Mr. Chiu Ming King

公司秘書

趙明璟先生

THE CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

SMP Partners
(Cayman) Limited
Royal Bank House – 3rd Floor
24 Shedden Road, P.O. Box 1586
Grand Cayman, KY1-1110
Cayman Islands

開曼群島主要股份過戶登記處

SMP Partners
(Cayman) Limited
Royal Bank House – 3rd Floor
24 Shedden Road, P.O. Box 1586
Grand Cayman, KY1-1110
Cayman Islands

HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Shop 1712–1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

香港證券登記處

香港中央證券登記有限公司
香港
灣仔
皇后大道東183號
合和中心
17樓1712–1716室

PLACE OF LISTING

The Main Board of The Stock Exchange of Hong Kong Limited
(the "Stock Exchange")

上市地點

香港聯合交易所有限公司(「聯交所」)主板

STOCK CODE

2200

股份代號

2200

PRINCIPAL BANKERS

Bank of China, Jinjiang Branch
Bank of China (Hong Kong)

主要往來銀行

中國銀行晉江支行
中國銀行(香港)

AUDITOR

KPMG
Certified Public Accountants
8/F, Prince's Building
10 Chater Road, Central
Hong Kong

核數師

畢馬威會計師事務所
執業會計師
香港
中環遮打道10號
太子大廈8樓

LEGAL ADVISOR

Luk & Partners
In Association with
Morgan, Lewis & Bockius
Suites 1902–09, 19th Floor
Edinburgh Tower, The Landmark
15 Queen's Road Central, Hong Kong

法律顧問

陸繼鏘律師事務所
與摩根路易斯律師事務所聯營
香港中環皇后大道中15號
置地廣場公爵大廈
19樓1902-09室

WEBSITE

www.hosa.cn

網站

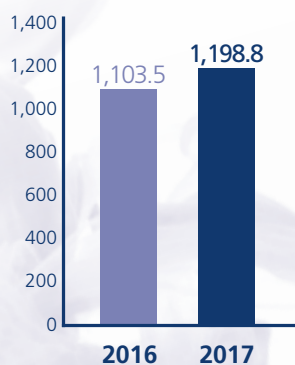
www.hosa.cn

Financial Highlights

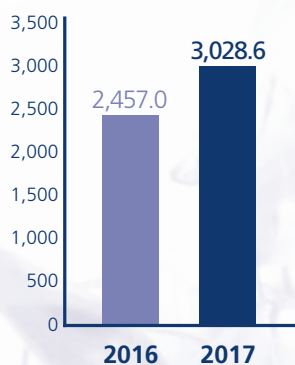
財務摘要

For the year ended 31 December/ As at 31 December	截至12月31日止年度/ 於12月31日	2017	2016	Change (%) 變動(%)
Financial highlight (RMB million)	財務摘要(人民幣百萬元)			
Revenue	營業額	1,198.8	1,103.5	8.6
Gross profit	毛利	500.1	567.3	(11.8)
Profit before taxation	除稅前利潤	292.4	327.2	(10.6)
Profit for the year attributable to equity shareholders of the Company	本公司權益股東應佔年度利潤	246.5	268.8	(8.3)
Total comprehensive income for the year attributable to equity shareholders of the Company	本公司權益股東應佔年度綜合收益總額	265.1	254.5	4.2
Earnings before interest, tax, depreciation and amortisation	除利息、稅項、折舊及攤銷前盈利	325.0	341.3	(4.8)
Total equity attributable to equity shareholders	權益股東應佔權益總額	2,032.6	1,856.2	9.5
Total assets	總資產	3,028.6	2,457.0	23.3
Financial ratios	財務比率			
Net debt to shareholders' fund (%)	淨債務與股東資金比率(%)	Net cash 淨現金	Net cash 淨現金	N/A 不適用
Interest coverage (<i>times</i>)	利息償付率(倍數)	13.3	77.0	(82.7)
Financial information per share (RMB million)	每股財務資料(人民幣百萬元)			
Earnings	盈利	0.15	0.16	(6.3)
Dividends	股息	0.051	0.057	(10.5)
Equity attributable to equity holders	權益持有人應佔權益	1.22	1.11	9.9

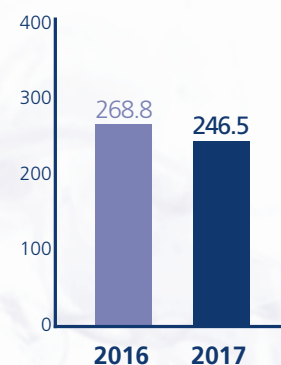
REVENUE 營業額
(RMB million) (人民幣百萬元)



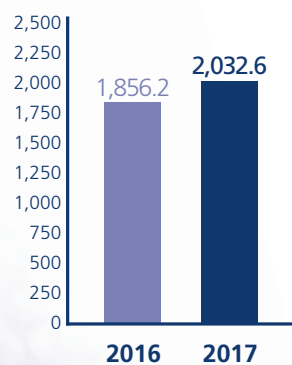
TOTAL ASSETS 總資產
(RMB million) (人民幣百萬元)



NET PROFIT 純利
(RMB million) (人民幣百萬元)



EQUITY 權益
(RMB million) (人民幣百萬元)

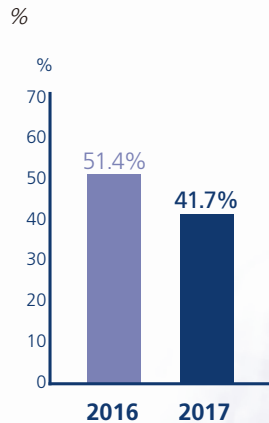


Key Financial Ratios

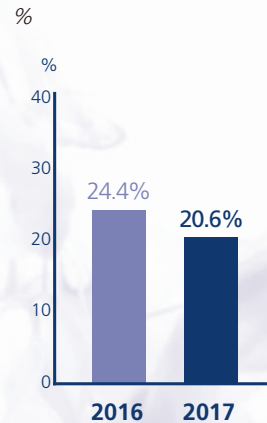
主要財務比率

Financial ratio	財務比率	2017	2016
Profitability ratios			
Gross profit margin	毛利率	41.7%	51.4%
Net profit margin before interest and tax	除利息及稅項前淨利潤率	26.4%	30.0%
Net profit margin	淨利潤率	20.6%	24.4%
Return on equity	權益回報率	13.6%	14.3%
Return on total assets	總資產回報率	9.7%	11.0%
Liquidity ratios			
Current ratio	流動比率	2.75 times 倍	3.98 times 倍
Quick ratio	速動比率	2.46 times 倍	3.61 times 倍
Stock turnover days	存貨周轉日數	132.8 days 日	163.1 days 日
Debtors' turnover days	應收賬款周轉日數	126.3 days 日	99.7 days 日
Creditors' turnover days	應付賬款周轉日數	88.3 days 日	122.7 days 日
Capacity adequacy ratios			
Gearing ratio	負債比率	23.1%	13.0%
Debt to net worth ratio	債務淨值比率	42.1%	24.0%
Interest coverage (times)	利息償付率(倍數)	13.3	77.0
Others			
Net debt to shareholders' funds	淨債務與股東資金比率	Net cash 淨現金	Net cash 淨現金

GROSS PROFIT MARGIN 毛利率



NET PROFIT MARGIN 淨利潤率



Chairman's Statement

董事長報告書

Mr. Shi Hongliu
Chairman & Executive Director

施洪流先生，
董事長兼執行董事



Chairman's Statement

董事長報告書

On behalf of the board of directors (the "Board") of Hosa International Limited (the "Company", together with its subsidiaries, collectively the "Group"), I am pleased to present the Company's annual results report for the year ended 31 December 2017.

As of 31 December 2017, the revenue of the Group was RMB1,198.8 million, representing an increase of 8.6%. The net profit was RMB246.5 million, representing a decrease of 8.3%. The basic earnings per share was RMB0.15 representing a decrease of 6.3%. Overall operating condition remained stable and sound.

Based on the Group's performance for the year of 2017, the Board recommended the payment of a final dividend of HK2.2 cents (equivalent to approximately RMB1.85 cents) per share to the shareholders of the Company (the "Shareholders") as of 31 December 2017, and with the interim dividend of HK3.9 cents (equivalent to approximately RMB3.3 cents) per share, the total dividend payout ratio for the year was approximately 35%.

In 2017, the Group continuously focused on sports health market. The Group used professional contests and activities as principal marketing promotion strategy to create the advantage in differentiation in its brand identity. The Company continuously sponsored fitness, aerobics and beauty contest, and devoted more efforts in the sponsorships of professional swimming competitions, including title sponsored the National Sports Academy Swimming Championships, the National Swimming Championships, the Adolescents Swimming Championships in various provinces and cities, titled sponsorships for Youth Diving Championships and other sports programs. The Group totally sponsored nearly a hundred of professional competitions and title sponsored nearly ten provincial swimming teams and swimming contests of certain provinces. Meanwhile, the Group had in-depth cooperation with Fédération Internationale de Natation Association ("FINA"). The group title sponsored the FINA 10 km Marathon Swimming World Cup and sponsored Diving Series. The Group is the sole strategic partner with FINA for launch of its celebration activities for the Annual Awards Ceremony and title sponsored the "Hosa Global Swimming and Urban Tourism Development Summit Forum", which promoted the popularization and development of China's national fitness and created the professional image and strategic value of the Hosa brand.

本人謹代表浩沙國際有限公司(「本公司」，連同其附屬公司，統稱為「本集團」)董事會(「董事會」)提呈本公司截至2017年12月31日止的年度業績報告。

截至2017年12月31日本集團的營業額為人民幣1,198.8百萬元，比去年上升8.6%，淨利潤為人民幣246.5百萬元，比去年下跌8.3%。每股基本盈利人民幣0.15元，比去年下跌6.3%，整體運營情況依然處於穩定而健康狀態。

基於2017年本集團的業績表現，董事會建議向本公司股東(「股東」)派付截至2017年12月31日止末期股息每股2.2港仙(相當於約人民幣1.85分)。加上中期股息每股3.9港仙(相當於約人民幣3.3分)，佔全年權益持有人應佔盈利的35%。

2017年，本集團繼續專注運動健康市場，以專業賽事及活動為主要市場推廣策略，在品牌方面建立了差異化優勢。除了繼續贊助健身健美、選美大賽外，還加大了對游泳專業賽事贊助的支持力度，先後贊助、冠名了全國體育院校游泳錦標賽、全國游泳冠軍賽、各省市青少年游泳錦標賽、少年兒童跳水錦標賽等近百場賽事，以及十多家省級游泳隊及其所在省份的各類省級游泳賽事；與此同時，與國際游泳聯合會深度合作，冠名了10km馬拉松游泳世界盃，贊助了世界盃跳水賽，成為FINA2017年度頒獎典禮盛典活動唯一戰略合作夥伴，獨家冠名贊助的「浩沙•全球游泳運動與城市旅遊發展高峰論壇」，助推了中國全民健身的普及和發展，打造了浩沙品牌的專業形象及戰略價值。

Chairman's Statement

董事長報告書

In 2017, Group sought to develop, transform and upgrade itself in four aspects, namely new retail business, brand segmentation, product structure optimization and reform of the distribution channels. Meanwhile, the Group was awarded various awards, including the China Association for Quality Inspection Awards (中國品質檢驗協會獎項), Hosa Brand Swimwear Ranked First in The Market for Similar Products and Top Ten Innovative Textile Products of Year 2017 (2017年度紡織十大創新產品). And once again listed on the China's 500 Most Valuable Brands assessed by the World Brand Lab with brand value amounting to RMB5.676 billion. The Group mainly adopted the following measures in year 2017:

1. established new retail department and carry out related work, implement the strategic development direction of new retail and online and offline sales integration, and lay the foundation for new retail business;
2. on the basis of professionalism in swimming, fitness and yoga, the Group strengthened the development of youth products, and innovated and improved the structure of sports and health products;
3. through the title sponsorship of provincial swimming teams, promote the construction of channels for schools, professional venues and group purchase, and open up the youth consumer market.

In recent years, PRC State Council of several opinions regarding the sports and health industry. In particular, the 19th National Congress of Communist Party of China has upgraded the national fitness program into a national strategy. This provides a major development opportunity for the development of the health service industry and sports service industry. The plan stated that, by 2020, the number of people who do exercises once or more a week will reach 700 million, the number of people who frequently do exercises will reach 435 million, and the total scale of sports consumption will reach RMB1.5 trillion. National fitness will form a new focal point for economic growth. Meanwhile, with the rise in Internet popularization rate in China and changes in consumption habits, the Group will focus on the promotion of the following tasks in year 2018:

1. to continue to promote "Hosa new retail", including implementation of integration of online and offline sales, establishment of brand new online to offline function, improvement in consumption experience of customers through ordering products via mobile applications and providing mobile payment service at our offline stores as well as other services;

2017年，本集團重點從新零售業務、品牌細分、產品結構完善、銷售渠道四個方面推進企業的發展和轉型升級，集團亦獲得了包括「中國品質檢驗協會獎項」、「[Hosa]牌泳裝榮列同類產品市場綜合佔有率第一位」、「2017年度紡織十大創新產品」等多種多個獎項，再度榮登由世界品牌實驗室評估的「中國500最具價值品牌」，品牌價值達到人民幣56.76億元。本集團於2017年主要採取了以下措施：

1. 成立新零售部門及開展相關工作，落實新零售及線上線下銷售整合的戰略發展方向，為新零售業務奠定基礎；
2. 在保持游泳、健身瑜伽等產品專業度的基礎上，加強青少年產品的開發，創新和完善運動健康產品結構；
3. 通過對各省級游泳隊的冠名贊助，推進學校及專業場館渠道、團購渠道的建設，開拓青少年消費市場。

近年來，中國國務院發佈了多個關於運動健康產業有關的意見，特別是中共十九大將全民健身上升為國家戰略，這為健康服務業和體育服務業的發展提供了重大的發展機遇。有關計劃明確，到2020年，中國大陸每週參加1次及以上體育鍛煉的人數達到7億，經常參加體育鍛煉的人數將達到4.35億，體育消費總規模達到人民幣1.5萬億，全民健身已然成為了新的經濟增長點。同時，基於中國互聯網普及率的上升及消費習慣的改變，2018年本集團將重點推進以下相關工作：

1. 繼續推進「浩沙新零售」，包括落實線上線下銷售的整合、建立全新O2O功能、通過移動APP訂購產品及門店移動支付等服務，特別是把健身房打造成購物體驗空間，以此來提升客戶的消費體驗；

Chairman's Statement

董事長報告書

2. to continue to broaden sports and health products mix, integrate sports and health products and services to explore new business growth drivers based on users' requirements;
3. to continue to promote cooperation by titled sponsorship for various sports and health events, and enhance the professionalism and reputation of the brand.
4. to deepen the expansion of professional and group purchase channels and improve the coverage of sales channels.

In recent years, the Group has been under transformation and upgrade, which in turn had a certain impact on the performance indicators. However, the Group believes that with its efforts in the promotion of its new retail business, the implementation of membership system, and further optimisation of the strategic layout of sports and health ecosphere, which will sharpen its competitive edge in the sports and health sector and build up its competitiveness in long term, in turn expanding the room for future development in effective manner and creating greater value for and returns to customers and shareholders.

The contributions and support from the senior management, staff, partners, consumers and shareholders of the Group are the cornerstone and incentive for continuous development of the Group. I would like to convey my sincere gratitude to everyone who supports and trusts the Group.

Shi Hongliu

Chairman and Executive Director

Hong Kong, 21 March 2018

2. 根據使用者需求，繼續延伸運動健康產品，整合運動健康產品和服務，開發新的業務增長點；
3. 繼續推進各類運動健康活動的冠名贊助合作，提升品牌的專業度和美譽度；
4. 深化專業渠道及團購渠道的拓展，提升產品渠道的覆蓋。

基於本集團近年正在致力於轉型升級的原因，暫時對業績指標產生一定的影響，但是相信隨著本集團新零售戰略的進一步推進，會員系統的進一步落實，運動健康生態圈佈局的進一步完善，勢必會日益強化本集團在運動健康領域的競爭優勢，有效拓展未來發展空間，為消費者、股東創造更大的價值和回報。

本集團高級管理層、員工、合作夥伴、消費者及股東的貢獻和支援，是本集團持續發展的基礎和動力，本人謹此向各位表示衷心的感謝！

施洪流

董事長兼執行董事

香港，2018年3月21日

Management Discussion and Analysis

管理層討論及分析

1 MARKET OVERVIEW

In recent years, the State Council issued a number of policies, proposing vigorous efforts in developing mass sports programs, advocating a new trend of comprehensive fitness and promoting the establishment of Healthy China. The plan stated that, by 2020, the number of people who frequently do exercise will reach 435 million, and the total scale of sports consumption will reach RMB1.5 trillion. National fitness will promote industrial development, and form new economic growth driver. The promising development trend of the sports and health industry creates favourable external conditions for the Group, which possesses competitive resources of the related industry, to implement the strategy of sports health industry and the successful transformation and upgrade.

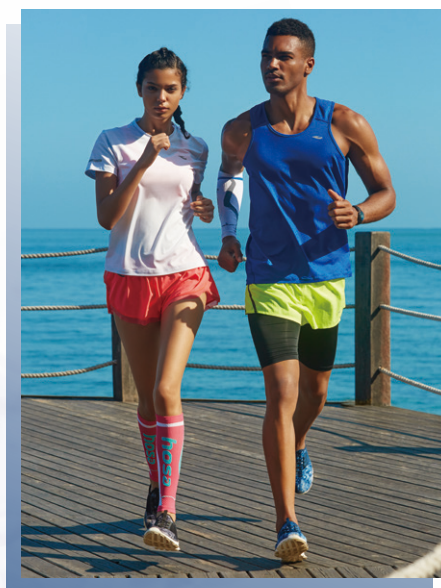
In 2017, the gross domestic product ("GDP") was increased by 6.9%, representing an increase as compared with the growth of 6.7% last year. Domestic online retail business continued to grow rapidly, the national online retail sales had reached RMB7.18 trillion for the year, representing a year-on-year increase of 32.2%. In view of this, the Group will actively promote the development of new retail business.



1 市場概覽

近年，國務院發佈了多項政策提出要大力發展群眾體育，宣導全面健身新時尚，推進健康中國建設並明確表示到了2020年，經常參加體育鍛煉的人數將達到4.35億，體育消費總規模達到人民幣1.5萬億，全民健身能促進產業發展，形成新的經濟增長點。體育和健康產業呈現蓬勃發展的趨勢，為具備運動健康領域優勢資源的本集團的運動健康產業發展戰略的推進，及本集團順利完成轉型升級，創造了良好的外部條件。

2017年，國內生產總值（「GDP」）增長6.9%，同比去年增長6.7%有所上升。國內網上零售繼續高速增長，全年全國網上零售額達7.18萬億元，同比增長32.2%。有見及此，本集團積極推動新零售業務。



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2 BUSINESS HIGHLIGHTS

In 2017, the Group continued to actively promote innovations in respect of branding, sales channels and retail outlets and the transformation and upgrade of the enterprise. Although there was a decline in net profit as compared with the same period of last year, the operating condition was still healthy in general and the risks remained controllable, which are in line with the expectation on the fluctuating performance of the Group during the stage of transformation and upgrade. The strategy of sports and health industry has been implemented, which provides the Group with a greater room for development.

The Group's revenue for 2017 amounted to RMB1,198.8 million (2016: RMB1,103.5 million), representing an increase of 8.6% as compared with the same period of last year. The profit for the year attributable to the shareholders of the Group amounted to RMB246.5 million (2016: RMB268.8 million), representing a decrease of 8.3% as compared with the same period of last year.

(a) Products

Currently, the Group's sports and health products and equipment are indoor sportswear, including fitness wear and swimwear. In 2017, with the emphasis on sports and fitness, the Group developed new products which met the professional needs of sports so as to optimise its product structure. As of 31 December 2017, the Group's fitness wear and swimwear achieved sales revenue of RMB432.9 million and RMB582.2 million (2016: RMB540.4 million and RMB563.1 million respectively), representing a decrease of 19.9% and an increase of 3.4% respectively as compared to the same period last year.



2 業務摘要

2017年，本集團繼續積極推進品牌、銷售渠道和終端的創新和企業的轉型升級。雖然淨利潤同比去年同期有所下滑，但整體運營情況依然處於健康狀態，風險依然可控，基本符合本集團企業轉型升級期的業績波動預期，而運動健康產業戰略也開始全面展開，為本集團創造更大的發展空間。

2017年，本集團的營業額為人民幣1,198.8百萬元(2016年：人民幣1,103.5百萬元)，比去年同期上升8.6%。本集團股東應佔年度利潤人民幣246.5百萬元(2016年：人民幣268.8百萬元)，比去年同期下跌8.3%。

(a) 產品

本集團現階段提供的運動健康產品和裝備為室內運動服飾，包括健身瑜伽服飾及水運動服飾。2017年本集團以運動健身場景為核心，按運動系列專業需求開發新產品以完善產品結構。截至2017年12月31日，本集團健身瑜伽服飾及水運動服飾銷售收入分別達到人民幣432.9百萬元和人民幣582.2百萬元(2016年：分別為人民幣540.4百萬元和人民幣563.1百萬元)，比去年同期分別下跌19.9%和上升3.4%。

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(b) Branding

In order to meet the multi-faceted demand from sports and health communities, the Group currently possesses two brands of products, namely Hosa and Water Cube. In 2017, the Group continued putting more effort on the promotion of Hosa as a brand in professional competitions and activities. As a title sponsor of the FINA Marathon Swimming World Cup and Diving Series and being the global partner of FINA, the Group sponsored, including but not limited to, the Marathon Swimming World Cup and the diving tournament of FINA World Cup. The Group also continued the promotion of and develop the independent sale channels for Water Cube brand apparel, and by leveraging its brand influence, high professional standard and price-performance ratio, the Group continued to expand sales in the mass swimwear market. As of 31 December 2017, the Hosa brand revenue amounted to RMB876.5 million (2016: RMB963.2 million), representing a decrease of 9.0% as compared with the same period in 2016, while the Water Cube brand apparel's revenue amounted to RMB138.7 million (2016: RMB140.3 million), representing a decrease of 1.1% as compared with the same period in 2016.

(c) Channels and Sales Outlets

In 2017, the Group strengthened the existing offline retail outlets. At the same time, the Group improved the cooperation model with distributors by giving distributors a higher level of flexibility in marketing activities to respond to market changes in a more rapid manner. In addition, the Group will actively promote "Hosa new retail" to integrate online and offline resources and sufficiently explore opportunities for "Internet+".

(b) 品牌

為滿足運動健康群體的多層次需求，本集團現擁有浩沙和水立方兩個品牌產品。2017年，本集團繼續浩沙品牌在專業賽事及活動的推廣，作為國際游泳聯合會（「國際泳聯」）馬拉松世界盃和跳水系列賽的冠名贊助商和國際泳聯的全球合作夥伴，贊助了馬拉松游泳世界盃、國際泳聯世界盃跳水賽等賽事。另外，繼續水立方品牌服飾的推廣，開發獨立渠道，並以其品牌影響力、產品專業度和高性價比，繼續擴大在大眾水運動市場的銷售。截至2017年12月31日，浩沙品牌的營業額為人民幣876.5百萬元（2016年：人民幣963.2百萬元），比2016年同期下跌9.0%，水立方品牌服飾營業額為人民幣138.7百萬元（2016年：人民幣140.3百萬元），比2016年同期下跌1.1%。

(c) 渠道和銷售終端

2017年，本集團除鞏固現有線下銷售終端。同時改進分銷商合作模式，給予分銷商於市場推廣活動上更高的自由度，以更迅速的應對市場變化。另外，本集團將積極推動「浩沙新零售」，整合線上線下資源，充分開拓「互聯網+」的機遇。

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(d) Marketing and Consumer Relations

Focusing on promoting the lifestyle as being natural, joyful and healthy through the participation in sports, the Group continued to carry out accurate and effective brand promotion and marketing campaigns which focused on its target customers, and brought about delightful and pleasant experience in sports and health to its consumers. In 2017, other than the continuous promotion and development of national fitness, the Group also actively sponsored adolescents swimming competitions to nurture talented sports players and athletes for the country, while fulfilling its social responsibilities by enhancing the physical health and health awareness of adolescents and improving the health of national citizens.



(d) 市場推廣和消費者關係

本集團一直致力於傳播自然、快樂、運動健康生活方式，針對目標消費者採用精準高效的品牌和市場推廣策略，為消費者的運動健康生活帶來輕鬆快樂的體驗。為推廣健身文化，2017年，本集團除了繼續推進全民健身的普及和發展，同時亦積極贊助青少年游泳賽事，為國家培養體育競技人才，提高青少年體質健康水準及健康意識，強化國民健康並盡企業的社會責任。



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In 2017, the Group continuously focused on sports health market. The Group used professional contests and activities as principal marketing promotion strategy to create the advantage in differentiation in its brand identity. The Company continuously sponsored fitness, aerobics and beauty contest, and devoted more efforts in the sponsorships of professional swimming competitions, including title sponsored the National Sports Academy Swimming Championships, the National Swimming Championships, the Adolescents Swimming Championships in various provinces and cities, titled sponsorships for Youth Diving Championships and other sports programs. The Group totally sponsored nearly a hundred of professional competitions and title sponsored nearly ten provincial swimming teams and swimming contests of certain provinces. Meanwhile, the Group had in-depth cooperation with Fédération Internationale de Natation Association (“FINA”). The group title sponsored the FINA 10 km Marathon Swimming World Cup and sponsored Diving Series. The Group is the sole strategic partner with FINA for launch of its celebration activities for the Annual Awards Ceremony and title sponsored the “Hosa Global Swimming and Urban Tourism Development Summit Forum”, which promoted the popularization and development of China’s national fitness.

2017年，本集團繼續專注運動健康市場，以專業賽事及活動為主要市場推廣策略，在品牌方面建立了差異化優勢。除了繼續贊助健身健美、選美大賽外，還加大了對游泳專業賽事贊助的支持力度，先後贊助、冠名了全國體育院校游泳錦標賽、全國游泳冠軍賽、各省市青少年游泳錦標賽、少年兒童跳水錦標賽等近百場賽事，以及十多家省級游泳隊及其所在省份的各類省級游泳賽事；與此同時，與國際游泳聯合會深度合作，冠名了10km馬拉松游泳世界盃，贊助了世界盃跳水賽，成為FINA2017年度頒獎典禮盛典活動唯一戰略合作夥伴，獨家冠名贊助的「浩沙•全球游泳運動與城市旅遊發展高峰論壇」，助推了中國全民健身的普及和發展。



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The above promotional events received relatively satisfactory response in the market, and the brand influence and professional status of Hosa were also effectively promoted.

(e) Product Research and Development

Equipped with nearly 20 years of experience in indoor sportswear research and development, rich professional knowledge and technological build-up, the Group has established a seasoned research and development team for indoor sports apparel that is familiar with the demand of indoor sportswear in China's consumer market. The Group has created a globalized and professional research and development system formed by domestic and foreign professional cooperating institutions including Hosa International Beijing Design Centre, Hosa International Fujian Technology Centre, French Design Studio, function and prototype expert team from Japan as well as The Asian Fitness Academy, which enabled the Group to continuously enhance its competitive strengths in terms of the professional design, fashion design, functional development and technology of indoor sportswear and thus maintained the market competitive edge of the Group's products. In addition, Hosa obtained the certification for competition swimwear of FINA, in which Hosa is the only enterprise obtained such certification in the PRC up to now.

以上各項推廣活動，取得了較好的市場反響，有效地提升了浩沙的品牌影響力和專業地位。

(e) 產品研發

本集團有室內運動服飾近20年的研發經驗，擁有豐富的專業知識和技術積累，建立了一支瞭解中國市場消費者室內運動服飾產品需求的資深室內運動服飾研發團隊，現已形成包括浩沙國際北京設計中心、浩沙國際福建技術中心及法國設計工作室、日本功能和版型技術專家團隊、亞洲健身學院等國內外專業合作機構在內的全球化專業化的研發體系，從而使本集團在室內運動服飾專業設計、時尚設計、功能開發和技術領域持續提升競爭優勢，從而保證了本集團產品的市場競爭優勢。另外，浩沙泳裝通過了國際泳聯的比賽泳裝認證，是國內至今唯一通過認證的企業。



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(f) Financial Review

Revenue

By operating segments

Revenue of the Group for the financial year ended 31 December 2017 was RMB1,198.8 million (2016: RMB1,103.5 million), representing an increase of 8.6% as compared to the revenue for the financial year ended 31 December 2016. The following table sets forth the sources of revenue by operating segments in the Group's operations:

(f) 財務回顧

營業額

按經營分部劃分

本集團截至2017年12月31日止財政年度的營業額為人民幣1,198.8百萬元(2016年：人民幣1,103.5百萬元)，較截至2016年12月31日止財政年度的營業額上升8.6%。下表載列本集團按業務經營分部劃分的收入來源：

		Year ended 31 December 截至12月31日止年度			
		2017		2016	
		RMB'000	%	RMB'000	%
		人民幣千元	百分比	人民幣千元	百分比
Domestic sales	國內銷售				
Swimwear – Hosa	水運動 – 浩沙	302,614	25.2	341,566	31.0
Swimwear – Water Cube	水運動 – 水立方	138,726	11.6	140,295	12.6
Fitness wear – Hosa	健身瑜伽 – 浩沙	431,502	36.0	540,067	49.0
Fabric	布料	166,894	13.9	–	–
Others	其他	8,049	0.7	–	–
Subtotal	小計	1,047,785	87.4	1,021,928	92.6
Overseas sales	海外銷售				
Swimwear – Hosa	水運動 – 浩沙	140,901	11.8	81,253	7.4
Fitness wear – Hosa	健身瑜伽 – 浩沙	1,437	0.1	359	0.0
Fabric	布料	8,646	0.7	–	–
Subtotal	小計	150,984	12.6	81,612	7.4
Total	總計	1,198,769	100.0	1,103,540	100.0

Domestic sales increased from RMB1,021.9 million for the financial year ended 31 December 2016 to RMB1,047.8 million for the financial year ended 31 December 2017, representing an increase of 2.5%. Overseas sales increased from RMB81.6 million for the financial year ended 31 December 2016 to RMB151.0 million for the financial year ended 31 December 2017, representing an increase of 85.0%. Given that the market potential remains relatively large in China, the Group will continue to focus on its sales efforts in the PRC market in the coming years.

國內銷售由截至2016年12月31日止財政年度的人民幣1,021.9百萬元上升至截至2017年12月31日止財政年度的人民幣1,047.8百萬元，增幅為2.5%。海外銷售由截至2016年12月31日止財政年度的人民幣81.6百萬元上升至截至2017年12月31日止財政年度的人民幣151.0百萬元，上升85.0%。由於中國市場仍存在較大的市場發展空間，本集團在未來幾年的銷售重點仍將以中國市場為主。

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Cost of sales

Cost of sales of the Group primarily consisted of production costs and procurement costs of finished products from external sources. Production costs include raw material costs, labour costs as well as manufacturing overhead incurred in the production of swimwear, fitness wear and fabric. The following table sets forth a breakdown of the cost of sales for the Group's products:

銷售成本

本集團的銷售成本主要包括生產成本及向外部採購成品的成本。生產成本包括生產水運動、健身瑜伽及布料產生的原材料成本、勞工成本及製造費用。下表載列本集團產品的銷售成本明細：

		Year ended 31 December 截至12月31日止年度			
		2017		2016	
		RMB'000	%	RMB'000	%
		人民幣千元	百分比	人民幣千元	百分比
Raw materials	原材料	554,774	79.4	405,712	75.7
Labour	勞工	56,330	8.1	50,297	9.4
Manufacturing overhead	製造費用	20,452	2.9	17,213	3.2
Procurement costs of finished products	成品採購成本	67,100	9.6	62,991	11.7
		698,656	100.0	536,213	100.0

Raw material costs primarily refer to the costs of procuring raw materials used in the production of our products, such as fabrics, threads and ancillary clothing materials. For the year ended 31 December 2017, the average purchase price for the Group's key raw materials was RMB40.2 (2016: RMB53.4) per kilogram, which was lower than that for the year ended 31 December 2016.

原材料成本主要指採購生產本集團產品所用的原材料(如面料、線料及配套成衣材料)的成本。截至2017年12月31日止年度，本集團主要原材料的平均採購價為每公斤人民幣40.2元(2016年：人民幣53.4元)，低於截至2016年12月31日止年度的有關價格。

Certain production and processing procedures of the Group's products, primarily fabric manufacturing, fabric printing and dyeing as well as fabric cutting, sewing and stitching, are outsourced to external contract manufacturers. The Group provides fabric materials to contract manufacturers for processing and pay outsourced processing and service fees. Such outsourced processing and service fees are categorized under the Group's raw material costs. Labour costs consisted of salaries, benefits and other forms of compensation paid to the Group's production staff. Manufacturing overhead mainly includes depreciation of production facilities, costs associated with operating our facilities including electricity, water, maintenance costs, etc.

本集團產品的若干生產加工步驟(主要為面料製造、面料印染、面料裁剪及縫紉)外包予外部的外包生產商。本集團提供面料材料供外包生產商進行加工，並支付外包委託加工及服務費。該等外包委託加工及服務費分類至本集團的原材料成本項下。勞工成本包括向本集團生產員工支付的薪金、福利及其他補償開支。製造費用主要包括生產設施折舊、與設施運作相關的成本(如水電及維修成本)等。

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The following table sets forth a breakdown of the cost of sales by operating segments:

下表載列按經營分部劃分的銷售成本明細：

		Year ended 31 December 截至12月31日止年度			
		2017		2016	
		RMB'000	%	RMB'000	%
		人民幣千元	百分比	人民幣千元	百分比
Swimwear – Hosa	水運動－浩沙	234,535	33.6	198,866	37.0
Swimwear – Water Cube	水運動－水立方	84,828	12.2	83,524	15.6
Fitness wear – Hosa	健身瑜伽－浩沙	217,339	31.1	253,823	47.4
Fabric	布料	156,036	22.3	–	–
Others	其他	5,918	0.8	–	–
		698,856	100.0	536,213	100.0

Gross profit

Gross profit of the Group for the year ended 31 December 2017 was RMB500.1 million (2016: RMB567.3 million), representing a decrease of 11.8% as compared to that of the year ended 31 December 2016. Gross profit margin of the Group for the year ended 31 December 2017 was 41.7% (2016: 51.4%).

毛利

本集團截至2017年12月31日止年度的毛利為人民幣500.1百萬元(2016年：人民幣567.3百萬元)，較截至2016年12月31日止年度減少11.8%。截至2017年12月31日止年度本集團的毛利率為41.7%(2016年：51.4%)。



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The following table sets forth a breakdown of the Group's gross profit from operations and gross profit margin by operating segments:

下表載列按經營分部劃分的本集團經營所得毛利及毛利率明細：

		Year ended 31 December 截至12月31日止年度			
		2017		2016	
		Gross Profit Margin	Gross Profit	Gross Profit	Gross Profit Margin
		毛利率	毛利	毛利	毛利率
		RMB'000	%	RMB'000	%
		人民幣千元	百分比	人民幣千元	百分比
Swimwear – Hosa	水運動－浩沙	208,980	41.8	223,953	39.5
Swimwear – Water Cube	水運動－水立方	53,898	10.8	56,771	10.0
Fitness wear – Hosa	健身瑜伽－浩沙	215,600	43.1	286,603	50.5
Fabric	布料	19,504	3.9	–	0.0
Others	其他	2,131	0.4	–	0.0
Total	合計	500,113	100.0	567,327	100.0

Other revenue

Other revenue of the Group primarily consisted of government grants and interest income from interest-bearing bank deposits. The government grants were provided by provincial or prefectural government authorities in the form of unconditional subsidies as recognition for the Group's contribution to the local economy through the Group's business operation and achievements as one of the core enterprises in the local cluster of enterprises. Other revenue decreased from RMB57.9 million in 2016 to RMB41.3 million in 2017, representing a decrease of 28.6%. Such decrease was mainly due to the decrease in the aggregate amount of government grants, which amounted to RMB2.3 million in 2017 (2016: RMB12.6 million).

其他收入

本集團的其他收入主要包括政府補貼及計息銀行存款的利息收入。政府補貼乃由省政府或縣政府機關以無條件資助的形式提供，以肯定本集團透過業務營運對地方經濟的貢獻及本集團作為地方行業群中核心企業之一的成就。其他收入由2016年的人民幣57.9百萬元下降至2017年的人民幣41.3百萬元，下降28.6%。有關下降主要由於2017年的政府補貼總金額有所減少，金額為人民幣2.3百萬元（2016年：人民幣12.6百萬元）。

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Selling and distribution expenses

Selling and distribution expenses consisted primarily of advertising and promotion expenses, remuneration and employee benefits for our sales and marketing personnel, rental expenses, packaging and transportation expenses, depreciation and amortisation expenses of our properties used for sales and marketing activities and other miscellaneous expenses. Advertising and promotion expenses primarily include fees paid for event sponsorship and television, magazine and billboard advertising. Selling and distribution expenses decreased from RMB185.7 million in 2016 to RMB119.7 million in 2017, representing a decrease of 35.5%. Selling and distribution expenses represented approximately 10.0% of the revenue in 2017 (2016: 16.8%).

Administrative and other operating expenses

Administrative and other operating expenses consisted primarily of remuneration and employee benefits for the Group's administrative staff, travel and transportation expenses, general office expenses and other miscellaneous expenses. Administrative and other operating expenses were RMB101.8 million in 2017 (2016: RMB109.2 million). The administrative and other operating expenses to total revenue was 8.5% in 2017, which was lower than 9.9% of the same period of last year.

Finance costs

The Group's finance costs primarily consisted of interest charged to the Group's interest-bearing bank borrowings. Total finance costs increased from RMB4.3 million in 2016 to RMB23.8 million in 2017, representing an increase of 452.8%. As at 31 December 2017, the bank borrowings of the Group amounted to RMB377.1 million (2016: RMB320.6 million).

銷售及經銷成本

銷售及經銷成本主要包括廣告和宣傳開支、銷售和市場推廣人員的薪酬和員工福利、租金開支、包裝及運輸開支、用於銷售及市場推廣活動的物業折舊及攤銷開支及其他雜項開支。廣告及宣傳開支主要包括就活動贊助以及電視、雜誌及廣告牌支付的費用。銷售及經銷成本由2016年的人民幣185.7百萬元減少至2017年的人民幣119.7百萬元，跌幅為35.5%。銷售及經銷成本佔2017年的營業額約10.0%（2016：16.8%）。

行政及其他經營開支

行政及其他經營開支主要包括本集團行政員工的薪酬和員工福利、差旅及運輸開支、一般辦公室開支及其他雜項開支。行政及其他經營開支2017年為人民幣101.8百萬元（2016年：人民幣109.2百萬元）。2017年之行政及其他經營開支與總收入之佔比為8.5%，低於去年同期的9.9%。

財務成本

本集團的財務成本主要包括就本集團計息銀行借款收取的利息。總財務成本由2016年的人民幣4.3百萬元增加至2017年的人民幣23.8百萬元，增幅為452.8%。於2017年12月31日，本集團之銀行借款為人民幣377.1百萬元（2016：人民幣320.6百萬元）。

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管理層討論及分析

Profit from operations and dividend

The profit from operations for the year ended 31 December 2017 decreased by 4.6% to RMB316.2 million as compared with RMB331.5 million for the year ended 31 December 2016. Interim dividend of HK3.9 cents (equivalent to approximately RMB3.3 cents) per share for the first half of the year of 2017 was declared and paid to the Shareholders. For the year ended 31 December 2017, the Board has proposed a final dividend of HK2.2 cents (equivalent to approximately RMB1.85 cents) per share, and with the interim dividend of HK3.9 cents, the total dividend payout ratio for the year was approximately 35%. The above proposed dividends are subject to the approval of the Shareholders at the forthcoming annual general meeting.

Key financial ratios

The following table sets forth certain of the Group's major financial ratios as at 31 December of the year indicated:

		2017	2016
Current ratio	流動比率	2.75 time 倍	3.98 time 倍
Quick ratio	速動比率	2.46 time 倍	3.61 time 倍
Inventory turnover days	存貨周轉日數	132.8 days 日	163.1 days 日
Debtors' turnover days	應收賬款周轉日數	126.3 days 日	99.7 days 日
Creditors' turnover days	應付帳款周轉日數	88.3 days 日	122.7 days 日
Gearing ratio	負債比率	23.1%	13.0%

Working capital and working capital management

The inventory turnover days of the Group were 132.8 days for the year ended 31 December 2017 as compared to 163.1 days for the year ended 31 December 2016. The inventory turnover days decreased by 30.3 days. The Group's debtors' turnover days increased to 126.3 days for the year ended 31 December 2017 as compared to 99.7 days for the year ended 31 December 2016. The Group generally allows credit period ranging from 90 days to 180 days to customers. The Group's creditors' turnover days (including both trade and bills payables) were 88.3 days for the year ended 31 December 2017 as compared to 122.7 days for the year ended 31 December 2016. The overall working capital cycle has increased from 140.1 days to 170.8 days. The overall operation remained at a normal level.

來自經營業務的溢利及股息

截至2017年12月31日止年度，來自經營業務的溢利較截至2016年12月31日止年度的人民幣331.5百萬元下降4.6%至人民幣316.2百萬元。本公司向股東宣派2017年度上半年的中期股息每股3.9港仙(相當於約人民幣3.3分)。於截至2017年12月31日止年度，董事會已建議派付末期股息每股2.2港仙(相當於約人民幣1.85分)，中期已派息3.9港仙，全年總派息率約35%。以上建議派付的股息須待股東於應屆股東周年大會上批准。

主要財務比率

下表載列本集團於所示年度截至12月31日的若干主要財務比率：

	2017	2016
Current ratio	2.75 time 倍	3.98 time 倍
Quick ratio	2.46 time 倍	3.61 time 倍
Inventory turnover days	132.8 days 日	163.1 days 日
Debtors' turnover days	126.3 days 日	99.7 days 日
Creditors' turnover days	88.3 days 日	122.7 days 日
Gearing ratio	23.1%	13.0%

營運資金及營運資金管理

本集團截至2017年12月31日止年度的存貨周轉日數為132.8日，而截至2016年12月31日止年度為163.1日。存貨周轉日數下降30.3日。本集團截至2017年12月31日止年度的應收賬款周轉日數上升至126.3日，而截至2016年12月31日止年度為99.7日。本集團一般允許向客戶提供90日至180日的信貸期。本集團截至2017年12月31日止年度的應付帳款周轉日數(包括貿易應付款項及應付票據)為88.3日，而截至2016年12月31日止年度為122.7日。整體營運資金週期由140.1日增加至170.8日。整體營運質量仍處於正常水平。

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The Group's primary objective of working capital management is to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for the Shareholders and benefits for other stakeholders, by pricing products commensurately with the level of risk and by securing access to finance at a reasonable cost. The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher Shareholders' returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

Liquidity, financial resources and capital structure

As at 31 December 2017, the Group had net current assets of RMB1,727.5 million (2016: RMB1,760.8 million) of which cash and bank deposits were RMB1,855.5 million (2016: RMB1,709.0 million). Total bank borrowings as at 31 December 2017 were RMB377.1 million (2016: RMB320.6 million), while the bills payable were RMB157.9 million (2016: RMB124.1 million). Notes payable as at 31 December 2017 was RMB321.1 million (2016: RMB Nil). The Group's gearing ratio as at 31 December 2017 (total bank borrowings and notes payable divided by total assets) was 23.1% (2016: 13.0%). The Group's transactions and the monetary assets are principally denominated in Renminbi. The Group did not experience any material difficulties in operations or liquidity as a result of fluctuations in exchange rates during the year. The Group adopts centralised financing and treasury policies in order to ensure the Group's funding is utilised efficiently. Conservative approach is adopted in monitoring foreign exchange exposure and interest rate risk. The Group's liquidity position remains strong and the Group possesses sufficient cash and available banking facilities to meet its commitments and working capital requirements. This strong cash position enables the Group to explore investment and business development opportunities when expanding its market share in China.

本集團管理資金的主要目標為，透過按風險水平給予產品相應定價並以合理成本取得融資的方式保障本集團持續經營的能力，以便本集團可繼續向股東提供回報及向其他持份者提供利益。本集團積極定期審閱及管理其資本架構，在有可能以更高水平借款達致更高股東回報，與穩健資本狀況所帶來優勢及保障之間維持平衡，並根據經濟狀況的變動對資本架構作出調整。

流動資金、財務資源及資本架構

截至2017年12月31日，本集團的流動資產淨值為人民幣1,727.5百萬元(2016年：人民幣1,760.8百萬元)，其中現金及銀行存款為人民幣1,855.5百萬元(2016年：人民幣1,709.0百萬元)。於2017年12月31日的銀行借款總額為人民幣377.1百萬元(2016年：人民幣320.6百萬元)，而應付票據為人民幣157.9百萬元(2016年：人民幣124.1百萬元)。票據於2017年12月31日為人民幣321.1百萬元(2016：人民幣零元)。本集團於2017年12月31日的負債比率(銀行借款及票據總額除以資產總值)為23.1%(2016年：13.0%)。本集團的交易及貨幣資產主要以人民幣計值。年內，本集團的業務營運或流動資金並無因匯率波動而經歷任何重大困難。本集團採用集中的融資及庫務政策，以確保本集團的資金獲得高效利用。在監控外匯風險及利率風險方面，本集團採用保守方式。本集團的流動資金狀況仍然強勁，而本集團擁有充足現金及可得銀行融資以滿足其承擔及營運資金需求。有關強勁的現金狀況令本集團於中國擴充市場份額時可探索投資及業務發展機會。

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管理層討論及分析

Use of Proceeds – Initial Public Offering

The shares of the Company were listed on the main board of the Stock Exchange on 16 December 2011 with net proceeds from the global offering of approximately RMB488.6 million (after deducting underwriting commissions and related expenses). The amounts utilised as at 31 December 2017 are as follows:

所得款項用途 – 初次公開發售

本公司股份於2011年12月16日在聯交所主板掛牌，是次全球發售所得款項淨額約為人民幣488.6百萬元(扣除包銷佣金及相關費用後)。於2017年12月31日已動用金額如下：

Purposes of net proceeds 所得款項淨額用途	Percentage 百分比	As at 31 December 2017 於2017年12月31日		
		Amount of net proceeds 所得款項 淨額 (RMB million) (人民幣 百萬元)	Amount utilised 已動用 金額 (RMB million) (人民幣 百萬元)	Remaining balance 餘額 (RMB million) (人民幣 百萬元)
1. Expansion of distribution network 擴展分銷網絡	35%	171.0	171.0	–
2. Enhancement of brand image through marketing and promotion 透過市場推廣及宣傳提升品牌形象	25%	122.1	122.1	–
3. Expansion of production capacity 擴充產能	15%	73.3	7.0	66.3
4. Investment in research, design and development activities 研究、設計及開發活動的投資	10%	48.9	48.9	–
5. Development and upgrading of supply chain and information management systems 發展及升級供應鏈及信息管理系統	5%	24.4	–	24.4
6. Funding for working capital and other general corporate purposes 為營運資金及其他一般公司用途提供資金	10%	48.9	48.9	–
	100%	488.6	397.9	90.7

The Company does not intend to apply the remaining net proceeds for the purposes other than those disclosed in the prospectus of the Company dated 6 December 2011 (the "Prospectus").

本公司無意按本公司日期為2011年12月6日的招股章程(「招股章程」)所披露以外的目的使用餘下所得款項淨額。

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管理層討論及分析

Use of Proceeds – Share Placements

On 17 September 2013, Ho Born Investment Holdings Limited (“Ho Born”), the Company and Goldman Sachs (Asia) L.L.C., as the placing agent, entered into a placing and subscription agreement pursuant to which the placing agent agreed to procure purchasers to subscribe for 54,500,000 existing shares owned by Ho Born to not fewer than six independent placees at the placing price of HK\$2.85 per share, and Ho Born conditionally agreed to subscribe, and the Company agreed to allot and issue to Ho Born for such number of subscription shares which is equivalent to the number of shares actually placed under the placing at the subscription price of HK\$2.85 per share. Details of these transactions are set out in the Company’s announcement dated 17 September 2013.

Approximately RMB116.9 million (after deducting underwriting commissions and related expenses) was raised from the subscription. The amounts utilised as of 31 December 2017 are as follows:

所得款項用途 – 股份配售

於2013年9月17日，浩邦投資控股有限公司（「浩邦」）、本公司及高盛（亞洲）有限責任公司（作為配售代理）訂立一份配售及認購協議，據此，配售代理同意促使認購人按每股股份2.85港元之配售價認購由浩邦擁有之54,500,000股現有股份及配售予不少於六名獨立承配人，而浩邦已有條件同意認購及本公司已同意向浩邦配發及發行相等於實際上按每股股份2.85港元之認購價配售之股份數目之該數目認購股份。該等交易之詳情載列於本公司日期為2013年9月17日之公佈。

透過認購籌得約人民幣116.9百萬元（經扣除包銷佣金及相關開支後）。於2017年12月31日已動用之金額如下：

Purposes of net proceeds	Percentage	As at 31 December 2017		
		Amount of net proceeds	Amount utilised	Remaining balance
所得款項淨額用途	百分比	所得款項淨額 (RMB million) (人民幣百萬元)	已動用金額 (RMB million) (人民幣百萬元)	餘額 (RMB million) (人民幣百萬元)
1. Enhancement of brand image through marketing and promotion 透過市場推廣及宣傳提升品牌形象	30%	35.0	35.0	–
2. Expansion of production capacity 擴充產能	15%	17.5	–	17.5
3. Investment in research, design and development activities 研究、設計及開發活動的投資	40%	46.9	46.9	–
4. Funding for working capital and other general corporate purposes 為營運資金及其他一般公司用途提供資金	15%	17.5	17.5	–
	100%	116.9	99.4	17.5

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管理層討論及分析

The Company does not intend to apply the remaining net proceeds for the purposes other than those disclosed in the announcement of the Company dated 17 September 2013.

Apart from the capital raising activity mentioned above, the Company has not conducted any equity fund raising activities in the past 12 months from the date of this announcement.

Capital expenditure and capital commitments

During the year ended 31 December 2017, the capital expenditure amounted to RMB17.8 million. As at 31 December 2017, the capital commitments amounted to RMB Nil.

Foreign exchange risk management

Most of the sales and purchases of the Group are settled in Renminbi, which is not freely convertible into foreign currencies. The fluctuations in Renminbi during the year did not have any significant effect on the Group's results. The Group is not exposed to any significant foreign exchange risk. In addition, the Group will conduct periodic review of its exposure to foreign exchange risk.

Contingent Liabilities

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

(g) Employees and Remuneration Policies

As at 31 December 2017, the Group had a workforce of about 1,300 people. Salaries of employees are maintained at competitive level and are reviewed annually, with close reference to the relevant labour market and economic situation. The Group has adopted share option schemes whereby employees of the Group are granted options to acquire shares in the Company. Good relationship has been maintained between the Group and its employees. The Group also provides internal training to staff and pays out bonuses based on staff performance and profits of the Group.

For details on the Group's employee policies, please refer to Environmental and Social Responsibility Report set out on pages 56 to 68 of this annual report.

(h) Relationships with distributors and suppliers

The Group mainly sells its products to distributors, who placed the Group's products to retail outlets for final sales.

本公司無意按本公司日期為2013年9月17日的公佈所披露以外的目的使用餘下所得款項淨額。

除上述集資活動外，本公司於本公佈日期起計過去12個月並未進行任何股本集資活動。

資本開支及資本承擔

截至2017年12月31日止年度，資本開支達到人民幣17.8百萬元。於2017年12月31日，資本承擔為人民幣零元。

外匯風險管理

本集團大部分買賣均以人民幣結算，而人民幣不可自由兌換為外幣。人民幣於年內的波動並無對本集團的業績造成任何重大影響。本集團並沒有面臨任何重大的外匯風險。另外，本集團會定期檢討其外匯風險。

或有負債

於2017年12月31日，本集團並無重大或有負債。

(g) 僱員及薪酬政策

於2017年12月31日，本集團擁有員工約1,300人。僱員薪金保持在具競爭力水平，並密切參考有關勞工市場及經濟狀況予以每年檢討。本集團採納購股權計劃，據此，本集團僱員獲授予購股權購買本公司股份。本集團與其僱員之間保持良好關係。本集團亦向員工提供內部培訓，並根據員工表現及本集團利潤支付獎金。

有關本集團僱員政策的詳情，請參考列於本年報56至68頁的環境及社會責任報告。

(h) 與分銷商及供應商的關係

本集團主要出售產品予分銷商，而彼等在零售終端放置本集團的產品作最終銷售。

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The Group would make on-site visits to distributors to ensure that they comply with the terms of the distribution agreement. It closely monitors the inventory and performance of distributors by requiring them to submit sales reports. The Group also provides distributors with various training and support, provides guidance to distributors on optimizing their product mix and offers them various tools and training in inventory management. In addition, the Group offers frequent training regarding its products, brand image, sales and marketing strategies and company policies, and it supports distributors during their marketing efforts. The Group believes that such support motivates distributors and improves the operational efficiency of the Group's sales and distribution network.

Suppliers of the Group include raw material suppliers and contract manufacturers. The Group has developed solid and steady relationships with many of its key suppliers. Given solid and steady relationships with the suppliers, the Group believes that its suppliers generally provide supplies to the Group with a priority and the Group has not experienced any material shortage or delays in receiving supplies or services from the suppliers during the track record period.

3 PRINCIPAL RISKS AND UNCERTAINTIES

A number of factors may affect the results and business operations of the Group. Major risks and uncertainties are summarised below.

a. Brand/Reputation Risk

The Company has established and maintained its Hosa brand as an indoor sportswear brand that aims to provide complete satisfaction in the functionality, comfort and style of its products, primarily targeting customers with health consciousness and spending power.

If the Group is unsuccessful in promoting its Hosa brand or fails to maintain its brand position and market perception, consumer acceptance of its Hosa brand may erode, and the Group's business, financial condition, results of operations and prospects may be materially and adversely affected.

本集團會對經銷商進行實地檢察，確保彼等遵守經銷協議的條款。本集團亦透過要求分銷商遞交銷售報告，緊密監控彼等的存貨及表現。本集團亦為分銷商提供各種培訓及支援及提供優化產品組合的指引，並為彼等提供各種存貨管理工具及培訓。此外，本集團經常提供有關本集團產品、品牌形象、銷售及市場推廣策略以及公司政策方面的培訓，並支持經銷商進行市場推廣工作。本集團相信，此等支援有助激勵經銷商，並改善本集團銷售及經銷網絡的營運效率。

本集團的供應商包括原材料供貨商及外包生產商。本集團與其多家主要供應商建立了密切且穩定的關係。因與供應商有密切且穩定的關係，本集團相信，本集團供應商一般會優先向本集團供貨，而本集團於往績記錄期間向供貨商收取供應或服務並無經歷任何重大短缺或延誤。

3 主要風險及不確定因素

本集團的業績及業務營運受因素的影響。主要風險及不確定因素概述如下。

a. 品牌／聲譽風險

本公司已創立及持有其浩沙品牌，作為旨在提供本集團產品全面的功能性、舒適和時尚的室內運動服飾品牌，該品牌主要鎖定對健康關注及有購買力的人士為目標客戶。

倘本集團未能成功推廣其浩沙品牌或未能維持其品牌地位及市場觀感，則消費者對本集團浩沙品牌的接受程度或會降低，本集團的業務、財務狀況、經營業績及前景可能受到重大不利影響。

Management Discussion and Analysis

管理層討論及分析

Any negative publicity or disputes relating to the Group's Hosa brand, products, sponsorship activities or management, the loss of any award or accreditation associated with the Group's Hosa brand or products or the use of the "Hosa" trademark or brand name by other businesses could materially and adversely affect the Group's business, financial condition, results of operations and prospects.

b. Market Trend

The Group's success depends on the market perception and consumer acceptance of Hosa brand and the Group's products, which in large part, rely on the Group's ability to anticipate and respond to different consumer tastes in a timely manner.

If the Group is unable to utilise new technologies and processes, anticipate and respond to market and fashion trends and consumer preferences in a timely manner, demand for Hosa products may decrease. The Group's business would also suffer if product creations or modifications do not respond to the needs of customers, are not appropriately timed with market opportunities or are not effectively brought to market. Any failure by the Group to offer products that respond to changing market and fashion trends and consumer preferences, or any shift in market or fashion trends and consumer preferences away from Hosa brand and the Group's products, could adversely affect consumer interest in the Group's products.



有關本集團浩沙品牌、產品、贊助活動或管理層的任何負面報導或糾紛、失去與本集團的浩沙品牌或產品有關的任何獎項或認證或其他業務所使用的「浩沙」商標或品牌，可能會對本集團的業務、財務狀況、經營業績及前景帶來重大不利影響。

b. 市場趨勢

本集團的成功依賴市場對浩沙品牌及本集團產品的觀感與消費者對浩沙品牌及本集團產品的接受程度，這在很大程度上視乎本集團能否預測不同的消費者品味並及時作出回應而定。

倘本集團未能及時利用新技術及工藝、預測市場、時尚潮流的走勢以及消費者喜好並作出相應配合，則對浩沙產品的需求可能會下降。倘本集團的產品創新或修改未能回應客戶所需、未能適時配合市場機會或未能有效推出市場，本集團的業務亦會蒙受損失。本集團未能提供配合不斷轉變的市場及時尚潮流以及消費者喜好的產品，或市場或時尚潮流以及消費者喜好偏離浩沙品牌及本集團產品，均可能對消費者對本集團產品的興趣造成不利影響。

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c. Competition

Currently, the Group's swimwear and fitness wear products face different levels of competition in their respective market sectors. As the indoor sportswear market is ever-evolving and competitors with similar brand positioning may emerge and intensify the current competition, there can be no assurance that the Group will be able to compete effectively against competitors who may have greater financial resources, greater scales of production, superior technology, better brand recognition and a wider, more diverse and established distribution network. To compete effectively and maintain the Group's market share, the Group may be forced to, among other actions, reduce prices, provide more sales incentives to distributors, and increase capital expenditures, which may in turn negatively affect the Group's profit margins, business and financial conditions and results of operations.

d. Operation of Distributors

As the Group's term of agreements with distributors is generally 2 years, it is possible that their agreements with the Group will not be renewed on favourable terms or at all. If any of the Group's distributors terminates or does not renew its distribution agreement with the Group, the Group may not be able to replace such distributor with a new and effective distributor with similar business scale in a timely manner, on terms acceptable to the Group, or at all. If any of the distributors ceases its business relationship with the Group, the Group's business, financial condition, results of operations and prospects could be materially and adversely affected.

c. 競爭

目前，本集團的水運動及健身瑜伽產品在其各自的市場分部面對不同程度的競爭。而具有相似品牌定位的競爭對手可能出現並加劇現有競爭，本集團不能保證可有效地與可能擁有較多財務資源、較大生產規模、較先進的技術、較高品牌知名度及較廣泛、較多元化及較健全經銷網絡的競爭對手競爭。為提高競爭效率及維持本集團市場份額，本集團可能被迫(其中包括)減價、向經銷商提供更多銷售激勵及增加資本開支，因而或會為本集團的利潤率、業務、財務狀況及經營業績帶來負面影響。

d. 分銷商經營情況

由於本集團與經銷商協議期限一般為兩年，故彼等與本集團的協議可能不會按有利的條款重續，或不會重續。倘本集團任何的一級經銷商終止或並不重續與本集團的經銷協議，本集團未必能及時按本集團可接受的條款以有效的新的業務規模相近的一級經銷商取代該等一級經銷商，或甚至未能覓得替代。因此倘任何經銷商與本集團終止經銷協議，可能會對本集團的業務、財務狀況、經營業績及前景造成重大不利影響。

Management Discussion and Analysis

管理層討論及分析

The Group mainly sold products to distributors, who subsequently distributed our products to sub-distributors or sold our products to end-consumers. The Group relies on its distributors to oversee and ensure sub-distributors. The sub-distributors' failure to comply with the Group's policies, such as aggressive discounting of the retail price of the Group's products, could result in the erosion of goodwill, a decrease in the market value of the Group's Hosa brand and an unfavourable public perception about the quality of the Group's products, which in turn could result in a material adverse effect on the Group's business, financial condition, results of operation and prospects.

The Group has no control over distributors or sub-distributors' practice of obtaining retail spaces within department stores. If the Group's distributors fail to secure retail spaces within the department stores on commercially reasonable terms, the Group's distributors may not be able to find alternative locations in areas that offer similar business environments, and the Group's competitors may move into such retail spaces previously occupied by the Group's distributors. As a result, the Group's sales performance may be materially and adversely affected.

4 ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group's production process is carried out with low emissions and low energy consumption, and it will not produce great amount of pollutants. The Group has been endeavoring to ensure that the production process is in compliance with the relevant environmental rules and regulations. In the past, to the best of our knowledge the Group has not been in breach of any relevant environmental rules and regulations and has not been imposed any relevant penalty. It is expected that the future operational activities of the Group would not be significantly affected by the environmental policies. For details on the Group's environmental policy, please refer to Environmental and Social Responsibility Report set out on pages 56 to 68 of this annual report.



本集團主要出售產品予一級經銷商，其後再由彼等經銷本集團的產品予二級經銷商或出售本集團的產品予終端消費者，本集團依賴其一級經銷商監督二級經銷商。如二級經銷商未能遵守本集團的政策(比如按本集團產品的零售價格提供大額折扣)，可能會導致本集團浩沙品牌的商譽受損、市場價值下跌及公眾對本集團產品質量的印象不佳，從而可能對本集團的業務、財務狀況、經營業績及前景構成重大不利影響。

由於本集團對其經銷商百貨商場內取得零售空間的做法並無控制權，倘本集團的經銷商未能以商業上合理的條款取得百貨商場的零售空間，本集團的經銷商未必能於提供類似業務環境的地區找到替代地點，而本集團競爭對手可能會遷至該等之前由本集團經銷商佔用的零售空間。因此，本集團的銷售表現可能會受到重大不利影響。

4 環境政策及表現

本集團的生產過程低排放、低能耗及不會產生大量污染物。本集團一直致力確保生產過程中遵守相關環保規則及法規。盡我們所知，本集團過往並未違反任何相關環保規則及法規，亦未遭受任何相關的處罰，預計本集團未來的經營活動亦不會受到環境政策的重大影響。有關本集團詳細的環境政策，請參考此年報中的列於56頁至68頁的環境及社會責任報告。



Management Discussion and Analysis

管理層討論及分析

5 COMPLIANCE WITH LAWS AND REGULATIONS

The Group's operations are mainly carried out by the Company's subsidiaries in mainland China while the Company is listed on the Stock Exchange. The Group's operations accordingly shall comply with relevant laws and regulations in mainland China and Hong Kong. During the year ended 31 December 2017 and up to the date of this report, to the best of our knowledge, the Group has complied with all the relevant laws and regulations in mainland China and Hong Kong, and there was no material breach of or non-compliance with the applicable laws and regulations by the Group.

6 LOOKING AHEAD

In recent years, PRC State Council of several opinions regarding the sports and health industry. In particular, the 19th Communist Party of China National Congress has upgraded the national fitness program into a national strategy. This provides a major development opportunity for the development of the health service industry and sports service industry. The plan stated that, by 2020, the number of people who do exercises once or more a week will reach 700 million, the number of people who frequently do exercises will reach 435 million, and the total scale of sports consumption will reach RMB1.5 trillion. National fitness will form a new focal point for economic growth. Meanwhile, with the rise in Internet popularization rate in China and changes in consumption habits, the Group will focus on the promotion of the following tasks in year 2018:

1. to continue to promote "Hosa new retail", including implementation of integration of online and offline sales, establishment of brand new online to offline function, improvement in consumption experience of customers through ordering products via mobile applications and providing mobile payment service at our offline stores as well as other services;
2. to continue to broaden sports and health products mix, integrate sports and health products and services to explore new business growth drivers based on users' requirements;

5 遵守法律及法規

本集團的業務主要由本公司於中國內地的附屬公司進行，而本公司於聯交所上市。因此，本集團營運須遵守中國內地及香港的有關法律及法規。截至2017年12月31日止年度及直至本報告日期，盡我們所知，本集團已遵守中國內地及香港的所有有關法律及法規，並沒有出現嚴重違反或未有遵守適用法律及法規的情況。

6 展望未來

近年來，中國國務院發佈了多個關於運動健康產業有關的意見，特別是中共十九大將全民健身上升為國家戰略，這為健康服務業和體育服務業的發展提供了重大的發展機遇。有關計劃明確，到2020年，中國大陸每週參加1次及以上體育鍛煉的人數達到7億，經常參加體育鍛煉的人數將達到4.35億，體育消費總規模達到人民幣1.5萬億，全民健身已然成為了新的經濟增長點。同時，基於中國互聯網普及率的上升及消費習慣的改變，2018年本集團將重點推進以下相關工作：

1. 繼續推進「浩沙新零售」，包括落實線上線下銷售的整合、建立全新O2O功能、通過移動APP訂購產品及門店移動支付等服務，特別是把健身房打造成購物體驗空間，以此來提升客戶的消費體驗；
2. 根據使用者需求，繼續延伸運動健康產品，整合運動健康產品和服務，開發新的業務增長點；

Management Discussion and Analysis

管理層討論及分析

3. to continue to promote cooperation by titled sponsorship for various sports and health events, and enhance the professionalism and reputation of the brand.
4. to deepen the expansion of professional and group purchase channels and improve the coverage of sales channels.

In recent years, the Group has been under transformation and upgrade, which in turn had a certain impact on the performance indicators. However, the Group believes that with its efforts in the promotion of its new retail business, the implementation of membership system, and further optimisation of the strategic layout of sports and health ecosphere, which will sharpen its competitive edge in the sports and health sector and build up its competitiveness in long term, in turn expanding the room for future development in effective manner and creating greater value for and returns to customers and shareholders.

3. 繼續推進各類運動健康活動的冠名贊助合作，提升品牌的專業度和美譽度；
4. 深化專業渠道及團購渠道的拓展，提升銷售渠道的覆蓋。

基於本集團近年正在致力於轉型升級的原因，暫時對業績指標產生一定的影響，但是相信隨著本集團新零售戰略的進一步推進，會員系統的進一步落實，運動健康生態圈佈局的進一步完善，勢必會日益強化本集團在運動健康領域的競爭優勢，有效拓展未來發展空間，為消費者、股東創造更大的價值和回報。



Major Events 大事記

3月

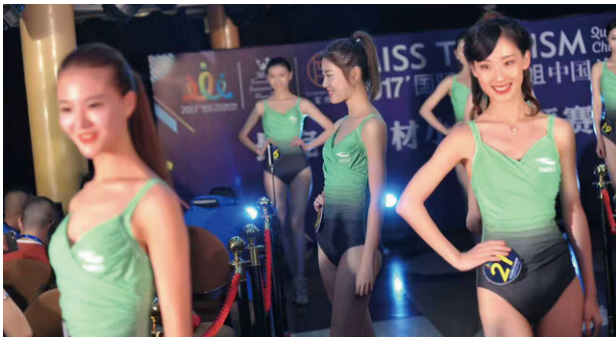


4月



Major Events 大事記

5月



6月

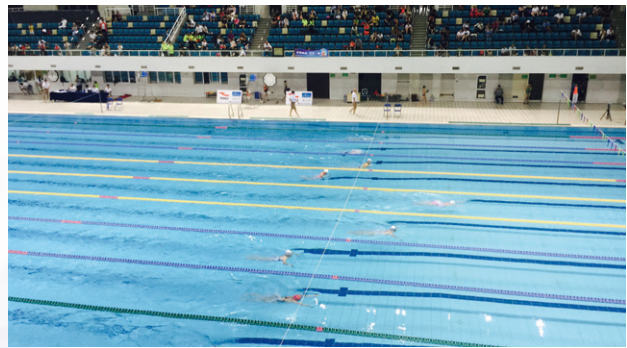


Major Events 大事記

7月

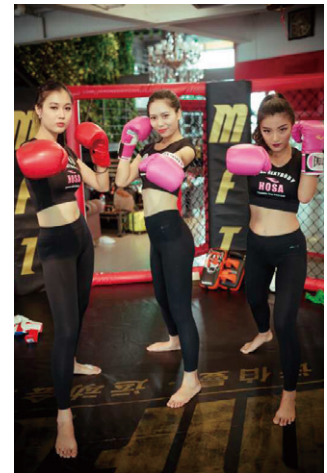


8月



Major Events 大事記

9月



10月



Major Events 大事記

11月



12月



Directors and Senior Management

董事及高級管理層

DIRECTORS

The Board is responsible and has general powers for the management and conduct of the business of the Group. The Board currently consists of seven directors (the “Directors”, each a “Director”), including four executive Directors and three independent non-executive Directors. The following table sets forth information regarding members of the Board.

董事

董事會對本集團業務之管理及操作負有責任並且擁有一般管理職權。董事會目前由七名董事（「董事」）組成，包括四名執行董事及三名獨立非執行董事。下表載列有關董事會成員的資料。

Name 姓名	Appointment Date 委任日期	Age 年齡	Position 職位	Roles and Responsibilities 角色及職責
Mr. Shi Hongliu 施洪流先生	2 September 2010 2010年9月2日	52	chairman and executive Director 董事長及執行董事	corporate strategic planning and overall business development of the Group 本集團的企業策略規劃和整體業務發展
Mr. Shi Hongyan 施鴻雁先生	2 September 2010 2010年9月2日	49	vice chairman, chief executive officer and executive Director 副董事長、行政總裁及執行董事	developing and implementing operation plans, and monitoring the overall manufacturing activities of the Group 發展和實施本集團的營運計劃及監督整體生產活動
Mr. Shi Zhixiong 施志雄先生	1 December 2015 2015年12月1日	44	executive Director 執行董事	overseeing the production and supply chain management of the Group 主管本集團生產及供應鏈管理
Mr. Lui Wai Ming 雷偉銘先生	1 April 2016 2016年4月1日	47	executive Director and chief finance officer 執行董事及首席財務官	overseeing the finance and capital market operation of the Group 主管本集團財務及資本市場運作

Directors and Senior Management

董事及高級管理層

Name 姓名	Appointment Date 委任日期	Age 年齡	Position 職位	Roles and Responsibilities 角色及職責
Ms. Ko Yuk Lan	23 November 2011	56	independent non-executive Director	attending meetings of the Board to perform duties, but not participating in the day-to-day management of the business operations of the Group
高玉蘭女士	2011年11月23日		獨立非執行董事	出席董事會會議以履行職務，但不會參與本集團業務營運的日常管理
Mr. Yao Ge	7 June 2011	58	independent non-executive Director	attending meetings of the Board to perform duties, but not participating in the day-to-day management of the business operations of the Group
姚戈先生	2011年6月7日		獨立非執行董事	出席董事會會議以履行職務，但不會參與本集團業務營運的日常管理
Mr. He Wenyi	1 December 2015	45	independent non-executive Director	attending meetings of the Board to perform duties, but not participating in the day-to-day management of the business operations of the Group
何文義先生	2015年12月1日		獨立非執行董事	出席董事會會議以履行職務，但不會參與本集團業務營運的日常管理

Directors and Senior Management

董事及高級管理層

EXECUTIVE DIRECTORS

Mr. Shi Hongliu

Aged 52, is the founder of the Hosa brand. He was appointed as the chairman and executive Director on 2 September 2010. Mr. Shi has over 28 years of experience in the apparel industry and is primarily responsible for the corporate strategic planning and overall business development of the Group. From 1983 to 1996, he was a sole proprietor in the apparel industry where he primarily engaged in distributing sportswear for women in Beijing, Shanghai and Guangzhou. From 1996 to 2011, he assumed various positions at Fujian Province Jinjiang City Haosha Garments Co., Ltd. ("Haosha Garments"). From September 1996 to March 2000, he was the chief brand manager of Haosha Garments responsible for formulating, implementing brand strategy and improving the competitiveness of Hosa brand. From March 2000 to March 2006, he was the general manager of Haosha Garments responsible for developing and implementing business development strategies and overseeing the overall administrative and business activities of this company. From March 2006 to February 2011, he was the supervisor of Haosha Garments. Since November 1997, he has been a director of Haosha International (H.K.) Limited ("Haosha H.K.") and is responsible for overlooking the operation, development strategy as well as corporate investment activities of Haosha H.K. Since October 2005, being one of the founders of Haosha Industry (Fujian) Co., Ltd. ("Haosha Industry"), he has been the chairman of the board responsible for overseeing the operation and investment activities of Haosha Industry and general manager since January 2011. Mr. Shi Hongliu is a brother of Mr. Shi Hongyan. Apart from being a Director, Mr. Shi Hongliu had not been a director of any other listed company in the past three years.

Mr. Shi was selected as one of the "Top Ten Meritorious Entrepreneurs" (十大功勳企業家) at China's International Fashion Week by China National Textile and Apparel Council (中國紡織工業協會) in 2007, and "Brand China Person of the Year (Apparel Industry)" (品牌中國(服裝行業)年度人物) by Brand China Industry Alliance (品牌中國產業聯盟) in 2010. He is also the honorary chairman of the Chamber of Commerce of Jinjiang in Shanghai (上海晉江商會名譽會長).

執行董事

施洪流先生

52歲，浩沙品牌的創辦人。他於2010年9月2日獲委任為董事長及執行董事。施先生在服裝行業擁有超過28年的經驗，主要負責本集團的企業策略規劃和整體業務發展。從1983年至1996年，他是服裝行業的個體經營者，主要於北京、上海及廣州從事經銷女裝運動服飾。從1996年至2011年，他於福建省晉江市浩沙製衣有限公司(「浩沙製衣」)擔任多個職位。他從1996年9月至2000年3月擔任浩沙製衣品牌總經理，負責制定和實施品牌戰略及提升浩沙品牌的競爭力。他從2000年3月至2006年3月擔任浩沙製衣總經理，負責發展和實施業務發展策略及主管該公司的整體行政和業務活動。從2006年3月至2011年2月，他曾任浩沙製衣的監事。自從1997年11月起，他一直為浩沙國際(香港)有限公司(「浩沙香港」)的董事，負責監督浩沙香港的營運、發展戰略以及公司投資活動。自2005年10月起，作為浩沙實業(福建)有限公司(「浩沙實業」)的創辦人之一，他一直擔任董事會主席，負責主管浩沙實業的營運和投資活動，並自2011年1月起擔任總經理。施洪流先生為施鴻雁先生的胞兄。除擔任董事外，施先生過去三年並無擔任任何其他上市公司的董事職務。

施先生於2007年的中國國際時裝週獲中國紡織工業協會評選為「十大功勳企業家」之一，並於2010年獲品牌中國產業聯盟評選為「品牌中國(服裝行業)年度人物」。他亦為上海晉江商會名譽會長。

Directors and Senior Management

董事及高級管理層

Mr. Shi completed a diploma program for general managers of enterprises (總經理課程) of China Europe International Business School (中歐國際工商學院) in December 2008.

Mr. Shi Hongliu is responsible for setting up overall future strategies of the group, the financial and operational strategies and managing the overall operations in Fujian Jinjiang and Beijing head office. Mr. Shi is also the ultimate in-charge of the management accounting of the PRC subsidiaries and the treasury functions of the Group.

Mr. Shi Hongyan

Aged 49, was appointed as the vice chairman, chief executive officer and executive Director of the Company on 2 September 2010. Mr. Shi Hongyan has over 20 years of experience in the apparel industry and is primarily responsible for developing and implementing operation plans, and monitoring the overall manufacturing activities of the Group. From 1988 to 1996, he was a sole proprietor in the apparel industry where he primarily engaged in distributing sportswear for women in Beijing, Shanghai and Guangzhou. From 1996 to 2011, he assumed various positions at Haosha Garments. From September 1996 to March 2000, he was the director of Haosha Garments responsible for establishing management systems and overseeing the administrative and business operations. From March 2000 to March 2006, he was the chief production manager responsible for formulating and implementing the production plans and supervising the production process. From March 2006 to February 2011, he was the director and general manager of Haosha Garments. Since October 2005, he has been the vice chairman of the board of Haosha Industry. And from October 2005 to January 2011, he was the general manager of Haosha Industry where he was responsible for implementing production plans and overseeing the production operation. Since January 2011, he has been the vice general manager of Haosha Industry. Mr. Shi Hongyan is a brother of Mr. Shi Hongliu. Apart from being a Director, Mr. Shi Hongyan had not been a director of any other listed company in the past three years.

施先生於2008年12月完成中歐國際工商學院的總經理課程。

施洪流先生負責制訂集團整體未來策略、融資及營運策略及管理福建晉江及北京總辦公室的整體營運。施先生亦為中國附屬公司會計管理及本集團財資職能的最終負責人。

施鴻雁先生

49歲，於2010年9月2日獲委任為本公司副董事長、行政總裁及執行董事。施鴻雁先生在服裝行業擁有超過20年經驗，主要負責發展及實施本集團的營運計劃以及監督整體生產活動。從1988年至1996年，他是服裝行業的個體經營者，主要於北京、上海及廣州從事經銷女裝運動服飾。從1996年至2011年，他於浩沙製衣擔任多個職位。他從1996年9月至2000年3月擔任浩沙製衣董事，負責制定管理系統及主管行政和業務營運。從2000年3月至2006年3月，他擔任生產總經理，負責制定和實施生產計劃及監督生產過程。從2006年3月至2011年2月，他擔任浩沙製衣的董事及總經理。自2005年10月起，他一直擔任浩沙實業的董事會副主席。他從2005年10月至2011年1月擔任浩沙實業總經理，負責實施生產計劃及主管生產營運。他自2011年1月起一直擔任浩沙實業的副總經理。施鴻雁先生為施洪流先生的胞弟。除擔任董事外，施鴻雁先生過去三年並無擔任任何其他上市公司的董事職務。

Directors and Senior Management

董事及高級管理層

Mr. Shi Hongyan currently assumes leadership roles in various institutions, the details of which are set out in tabular format below.

施鴻雁先生目前於多個機構擔任領導職位，詳情於下表載列。

Terms of Office 任期	Position 職位	Name of Institution 機構名稱
August 2004–now 2004年8月至今	member of the first standing committee 首屆常務委員會委員	Quanzhou City Trademark Association 泉州市商標協會
September 2005–now 2005年9月至今	vice chairman of the first council 首屆理事會副會長	Jinjiang City Textile and Apparel Association 晉江市紡織服裝協會
February 2006–now 2006年2月至今	vice chairman of the eighth council 第八屆理事會副會長	Jinjiang City Association of Industry and Commerce 晉江市工商聯
July 2008–now 2008年7月至今	vice chairman of the second council 第二屆理事會副會長	Quanzhou City Association of Quality and Technical Supervision 泉州市品質技術監督協會
August 2008–now 2008年8月至今	vice chairman of the second council 第二屆理事會副會長	Fujian Province Apparel Industry Association 福建省服裝服飾行業協會
2009–now 2009年至今	member 委員	The Eleventh Jinjiang City Committee of the Chinese People's Political Consultative Conference 中國人民政治協商會議第十一屆晉江市委員會

Mr. Shi Hongyan was selected as one of the First Outstanding Young Enterprising Talents in Quanzhou (首屆泉州青年優秀創業人才) in April 2005 and Outstanding Young Entrepreneurs of Fujian Province (福建省優秀青年企業家) in November 2006.

施鴻雁先生於2005年4月獲選為首屆泉州青年優秀創業人才之一，並於2006年11月獲選為福建省優秀青年企業家。

Mr. Shi Hongyan completed a diploma program for chief executive officers of enterprises (企業總裁高級研修班) of the Economics College of Peking University (北京大學經濟學院) in 2003.

施鴻雁先生於2003年完成北京大學經濟學院的企業總裁高級研修班課程。

Mr. Shi Hongyan is mainly responsible for the public relationships of the Group including attending different functions/events. He acts as the spokesman in these event/functions.

施鴻雁先生主要負責本集團的公共關係，包括出席不同的儀式／活動。彼在此等儀式／活動中擔任發言人。

Directors and Senior Management

董事及高級管理層

Mr. Shi Zhixiong

Aged 44, was appointed as the executive Director on 1 December 2015. Mr. Shi Zhixiong worked at the research and development department of Haosha Garments Co., Ltd. which is a fabric, dyeing and printing products manufacturer, from 1996 to 2003 with his last position as manager. Mr. Shi Zhixiong served as the sales director responsible for sales and marketing development and deputy general manager responsible for implementing business development strategies and overseeing the business activities of Haosha Garments Co., Ltd. from 2003 to 2010 and from 2010 to 2015 respectively. Mr. Shi Zhixiong possesses profound knowledge and experiences in production and supply chain management.

Mr. Lui Wai Ming

Aged 47, was appointed as the chief financial officer of the Company on 7 August 2015 and as an executive Director of the Company on 1 April 2016. He holds an Executive Master Degree in Business Administration from Cheung Kong Graduate School of Business in the People's Republic of China. Mr. Lui is a fellow member of the Association of Chartered Certified Accountants and an associate member of Hong Kong Institute of Certified Public Accountants. Mr. Lui has extensive experience in auditing, accounting, investment, financial and corporate management for over 20 years. Mr. Lui is currently an independent non-executive director of Tansh Global Food Group Co., Ltd, a main board listed company in Hong Kong (stock code: 3666) and Ernest Borel Holdings Limited, a main board listed company in Hong Kong (stock code: 1856). He was an independent non-executive director of Tai Shing International (Holdings) Limited, a GEM board listed company in Hong Kong (stock code: 8103) from 22 May 2014 to 29 Jan 2016 and Golden Shield Holdings (Industrial) Limited, a main board listed company in Hong Kong (stock code: 2123) from 12 January 2015 to 11 May 2015, during the period he focused on investigation into the outstanding audit issues and the legal proceedings, and the company is currently under liquidation.

施志雄先生

44歲，於2015年12月1日獲委任為執行董事。施志雄先生於1996年至2003年任職於浩沙製衣有限公司(浩沙製衣有限公司為一家布料及印染產品生產商)研發部，最終擔任主管一職。施志雄先生於2003年至2010年為浩沙製衣有限公司銷售總監負責銷售及市場拓展。而於2010年至2015年施志雄先生則為浩沙製衣有限公司的副總經理，負責執行業務發展戰略及監督業務活動。施志雄先生對生產及供應鏈管理有豐富的知識及經驗。

雷偉銘先生

47歲，於2015年8月7日獲委任為本公司的首席財務官及於2016年4月1日獲委任為本公司的執行董事。彼持有中華人民共和國長江商學院高級管理人員工商管理碩士學位。雷先生為英國特許公認會計師公會資深會員及香港會計師公會會員。雷先生於審計、會計、投資、金融及企業管理領域擁有超過20年的豐富經驗。雷先生目前為國際天食集團有限公司(為一間於香港主板上市的公司，股份代號：3666)的獨立非執行董事及依波路控股有限公司(為一間於香港主板上市的公司，股份代號：1856)的獨立非執行董事。彼自2014年5月22日至2016年1月29日為泰盛國際(控股)有限公司(為一間於香港創業板上市的公司，股份代號：8103)的獨立非執行董事；2015年1月12日至2015年5月11日為金盾控股(實業)有限公司(為一間於香港主板上市的公司，股份代號：2123)的獨立非執行董事，於該期間，彼集中調查未解決審計事宜及法律程序，且該公司現正進行清盤。

Directors and Senior Management

董事及高級管理層

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. Ko Yuk Lan

Aged 56, was appointed as an independent non-executive Director on 23 November 2011. She has over 25 years of experience in financial management and corporate finance and had worked in an international accounting firm and other companies listed on the Main Board of the Stock Exchange. She is currently the chief financial officer and company secretary of China Lilang Limited (中國利郎有限公司) (stock code: 1234). Ms. Ko is a member of the Hong Kong Institute of Certified Public Accountants and the Chartered Institute of Management Accountants. Apart from being a Director, Mr. Ko had not been a director of any other listed company in the past three years. Ms. Ko graduated from Hong Kong Polytechnic University with a professional diploma in management accountancy in November 1984.

Mr. Yao Ge

Aged 58, was appointed as an independent non-executive Director on 7 June 2011. After his graduation in September 1994 to late 1994, Mr. Yao was independently exploring the development of Japanese traditional garments and its overall apparel market in Japan. In December 1994, he returned to China and independently explored the Chinese apparel market and industrial textile structure. In October 1996, he started working at the marketing centre of China Fashion Association (中國服裝設計師協會), and was later promoted to the deputy secretary general in December 1999 and the supervisor of the marketing centre in February 2001. He was appointed as the deputy director of China's Professional Fashion Models Committee (中國職業時裝模特委員會) in July 2002. Since May 2003, he has been the chairman of the board of directors of Beijing Oriental Bentley Culture Development Co., Ltd. (北京東方賓利文化發展中心). Apart from being a Director, Mr. Yao had not been a director of any listed company in the past three years.

Mr. Yao received silver award for Tokyo 21st Clothing Fashion Paintings and Crafts Exhibition (東京第21屆服飾流行畫和手工藝展) in 1993 and recognition award for Japanese Apparel Fashion Design Contest (日本服飾流行設計比賽) in 1994.

Mr. Yao received his college diploma in journalism from Shenyang Radio and Television University (瀋陽廣播電視大學) in November 1988 and went to Japan for advanced study in 1990. He completed a two-year Japanese language course at Asahi International School (朝日國際學校) in September 1992 and a two years' advanced study in garment design at Tokyo Shimizu Institute (東京清水學院) in September 1994 and received a certificate in garment design.

獨立非執行董事

高玉蘭女士

56歲，於2011年11月23日獲委任為獨立非執行董事。她於財務管理及企業財務方面擁有逾25年經驗。彼曾於一間國際性會計師事務所及其他於聯交所主板上市的公司工作。彼現為中國利郎有限公司(股份代號：1234)的首席財務官兼公司秘書。高女士為香港會計師公會及英國特許管理會計師公會會員。除擔任董事外，高女士過去三年並無擔任任何其他上市公司的董事職務。高女士於1984年11月畢業於香港理工大學，取得管理會計學專業文憑。

姚戈先生

58歲，於2011年6月7日獲委任為獨立非執行董事。畢業後，姚先生從1994年9月至1994年年底於日本進行日本傳統成衣以及其整體服飾市場發展的獨立考察。1994年12月，他返回中國並進行中國服飾市場及工業紡織架構的獨立考察。他於1996年10月開始在中國服裝設計師協會市場推廣中心任職，其後於1999年12月獲晉升為副秘書長，並於2001年2月獲晉升為市場推廣中心主管。他於2002年7月獲委任為中國職業時裝模特委員會副主任。自2003年5月起，他一直為北京東方賓利文化發展中心董事會主席。除擔任董事外，姚先生過去三年並無擔任任何上市公司的董事職務。

姚先生於1993年獲頒東京第21屆服飾流行畫和手工藝展銀獎，並於1994年獲頒日本服飾流行設計比賽表彰獎。

姚先生於1988年11月取得瀋陽廣播電視大學新聞系大專文憑，並於1990年赴日本進修。他於1992年9月完成朝日國際學校的兩年日文課程，並於1994年9月完成於東京清水學院的兩年成衣設計進修，取得成衣設計證書。

Directors and Senior Management

董事及高級管理層

Mr. He Wenyi

Aged 45, was appointed as an independent non-executive director on 1 December 2015. Mr. He Wenyi is the deputy director of the Peking University Institute for Sport Science as well as the executive officer and the researcher of China Institute for Sports Value under the Peking University.

Mr. He Wenyi studied in the Department of Philosophy of Peking University, College of Philosophy and Sociology of Beijing Normal University and School of Public Administration of Central South University. He focused on the researches regarding cultural industries and sports industries in the Peking University Institute for Cultural Industries from 2001 to 2009. He works at the Peking University Institute for Sport Science from 2009 up to now and his major research areas are sports industries, cultural industries, intellectual property rights, philosophy (ethics, religious studies), etc.

Mr. He Wenyi participated in the research and formulation of the reform and development policies of national sports industries and has played a role in the formulation of development plans of winter sports in China. Mr. He was also the associate editor of Annual Report on Development of Sports Industry in China, the associate editor of Development Report of Sports Industry in Beijing, the editorial board member of the Annual Report of Chinese Cultural Industries, the professional assessor of Guiding Fund – 2 – for the Development of Sports Industry in Beijing, the professional assessor of Support Fund for Cultural Industries in Beijing. Moreover, he hosted the formulation of 13th Five-Year Plan for Sports Industry in various counties in Beijing.

COMPANY SECRETARY

Mr. Chiu Ming King was appointed as the company secretary of the Company (the “Company Secretary”) on 7 August 2015. Mr. Chiu currently serves as the executive director of Corporate Services of Vistra Corporate Services (HK) Limited. He has over 10 years of experience in the company secretarial field and provides professional services to various listed companies.

Mr Chiu has been an associate member of the Institute of Chartered Secretaries and Administrators and the Hong Kong Institute of Chartered Secretaries (“HKICS”) since 2003 and became a fellow member of the HKICS since September 2015. He has been a member of the Membership Committee and Professional Services Panel of HKICS.

Mr Chiu obtained a bachelor of arts from University of Toronto in Canada in June 1999 and received a master of arts in professional accounting and information systems from City University of Hong Kong in November 2003.

何文義先生

45歲，於2015年12月1日獲委任為本公司獨立非執行董事。何文義先生為北京大學體育科學研究所副所長；北京大學中國體育產業研究中心執行主任；研究員。

何文義先生曾就讀於北京大學哲學系、北京師範大學哲學與社會學院和中南大學公共管理學院。2001年至2009年在北京大學文化產業研究院從事文化產業及體育產業研究工作，2009年至今任職北京大學體育科學研究所，主要研究領域：體育產業、文化產業、知識產權、哲學(倫理學、宗教學)等。

何文義先生曾參與國家體育產業改革發展政策的研究及制定，參與我國冰雪運動發展規劃的制定；是《中國體育產業發展年度報告》副主編，《北京市體育產業發展報告》副主編，《中國—2—文化產業年度報告》編委；北京市體育產業發展引導資金評審專家，北京市文化產業扶持資金評審專家；主持北京市多個區縣的體育產業十三五規劃制定。

公司秘書

趙明環先生，於2015年8月7日獲委任為本公司之公司秘書(「公司秘書」)。趙先生現時為Vistra Corporate Services (HK) Limited的企業服務執行董事，彼於公司秘書行業擁有逾10年經驗，並為多間上市公司客戶提供專業服務。

趙先生自2003年起一直為英國特許秘書及行政人員公會和香港特許秘書公會(「香港特許秘書公會」)會員，並自2015年9月起成為香港特許秘書公會之資深會員。他現為香港特許秘書公會的會籍委員會及專業服務小組的成員。

趙先生於1999年6月自加拿大多倫多大學取得文學學士學位，並於2003年11月自香港城市大學取得專業會計與資訊系統的文學碩士學位。

Corporate Governance Report

企業管治報告

The Company is committed to the establishment of good corporate governance practices and procedures with a view to being a transparent and responsible organization which is open and accountable to the Shareholders. The Board strives to adhere to the principles of corporate governance set out in the Corporate Governance Code and Corporate Governance Report (the “CG Code”) in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”) and has adopted sound corporate governance practices to meet the legal and commercial standards, focusing on areas such as internal control, fair disclosure and accountability to the Shareholders to ensure the transparency and accountability of all operations of the Company. The Company believes that effective corporate governance is an essential factor to create more value for the Shareholders. The Board will continue to review and improve the corporate governance practices of the Group from time to time to ensure that the Group is led by an effective Board in order to optimise return for the Shareholders.

During the period from 1 January 2017 to 31 December 2017, the Company has complied with the code provisions of the CG Code set out in Appendix 14 to the Listing Rules.

THE BOARD

The Board consists of seven Directors, comprising four executive Directors, and three independent non-executive Directors. The executive Directors are Mr. Shi Hongliu (Chairman), Mr. Shi Hongyan (Vice Chairman), Mr. Shi Zhixiong and Mr. Lui Wai Ming. The independent non-executive Directors are Ms. Ko Yuk Lan, Mr. He Wenyi and Mr. Yao Ge. Among members of the Board, Mr. Shi Hongliu is the elder brother of Mr. Shi Hongyan. Save as disclosed herein, to the best knowledge of the Company, there is no other financial, business or family relationship among the members of the Board. The functions and duties conferred on the Board include convening Shareholders’ meetings and reporting on the work of the Board to the Shareholders at Shareholders’ meetings as may be required by applicable laws, implementing resolutions passed at Shareholders’ meetings, determining the Company’s business plans and investment plans, formulating the Company’s annual budget and final accounts, formulating the Company’s proposals for dividend and bonus distributions as well as exercising other powers, functions and duties as conferred on it by the articles of association of the Company (the “Articles”) and applicable laws. The senior management is delegated with the authority and responsibilities by the Board for the day-to-day management and operations of the Group. The Board meets regularly to review the financial and operating performance of the Company, and considers and approves the overall strategies and policies of the Company. The composition of the Board is well-balanced with the Directors having sound industry knowledge, extensive corporate and strategic planning experience and/or expertise relevant to the business of the Group. The executive Directors and independent non-executive Directors bring a variety of experience and expertise to the Company.

本公司致力建立良好的企業管治常規及程序，冀能成為一具透明度及負責任的機構，以開放態度向股東負責。董事會致力於遵守載於聯交所證券上市規則（「上市規則」）附錄十四的企業管治守則及企業管治報告（「企業管治守則」）所載的企業管治原則，並已採納良好的企業管治常規，以符合法律及商業準則，專注於例如內部監控、公平披露及向股東負責等領域，以確保本公司所有業務的透明度及問責性。本公司相信，有效的企業管治是為股東創造更多價值的重要元素。董事會將繼續不時檢討及改善本集團的企業管治常規，以確保本集團由有效董事會領導以為股東帶來最大回報。

於2017年1月1日至2017年12月31日期間，本公司已遵守上市規則附錄十四所載列之企業管治守則之守則條文。

董事會

董事會由七名董事組成，包括四名執行董事及三名獨立非執行董事。執行董事為施洪流先生（董事長）、施鴻雁先生（副董事長）、施志雄先生及雷偉銘先生。獨立非執行董事為高玉蘭女士、何文義先生及姚戈先生。在董事會成員中，施洪流先生為施鴻雁先生的兄長。除本報告披露者外，就本公司所知，董事會成員之間概無其他財務、業務或家庭關係。董事會的職能及職責包括根據適用法律之可能規定召開股東大會並於大會上向股東報告董事會的工作，實施股東大會上通過的決議案，釐定本公司的業務計劃及投資計劃，制定本公司的年度預算及決算賬目，制定本公司的股息及花紅分派建議以及行使本公司的組織章程細則（「細則」）及適用法律賦予董事會的其他權力、職能及職責。董事會授予高級管理層授權及責任負責本集團的日常管理及經營。董事會定期會面，以檢討本公司的財務及經營表現，並審議及批准本公司的總體策略及政策。董事會的成員各有所長，而董事對於本集團所從事業務均具備充分行業知識、豐富的企業及策略規劃經驗及／或專門技術。執行董事及獨立非執行董事為本公司帶來不同的經驗及專門技術。

Corporate Governance Report

企業管治報告

The Company has received an annual confirmation of independence from each of its independent non-executive Directors pursuant to Rule 3.13 of the Listing Rules. Based on the contents of such confirmation, the Company considers that all of the independent non-executive Directors are independent and that they have met the specific independence guidelines as set out in Rule 3.13 of the Listing Rules.

All Directors have separate and independent access to the Company's senior management to fulfill their duties and, upon reasonable request, to seek independent professional advice in appropriate circumstances, at the Company's expense. All Directors also have access to the Company Secretary who is responsible for ensuring that the Board procedures, and all applicable rules and regulations, are followed. An agenda and accompanying Board/Board committee papers are distributed to the Directors/Board committee members with reasonable notice in advance of the meetings. Minutes of Board meetings and meetings of Board committees, which records in sufficient detail the matters considered by the Board and decisions reached, including any concerns raised by Directors or dissenting views expressed, are kept by the Company Secretary and are open for inspection by Directors.

The Board meets regularly to review the financial and operating performance of the Company, and considers and approves the overall strategies and policies of the Company.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The chairman and chief executive officer of the Company are two distinct and separate positions, which are held by Mr. Shi Hongliu and Mr. Shi Hongyan, respectively, both being executive Directors.

COMPANY SECRETARY

The Company Secretary is Mr. Chiu Ming King. Mr. Chiu, who is the executive director of Corporate Services of Vistra Corporate Services (HK) Limited providing professional services to various listed companies. Although Mr. Chiu is not a full time employee of the Company, he is responsible for advising the Board on governance matters. Details of the biography of Mr. Chiu are set out in the section headed "Directors and Senior Management" of this annual report.

In compliance with Rule 3.29 of the Listing Rules, during the year ended 31 December 2017, Mr. Chiu received not less than 15 hours of the relevant professional training. The primary contact person of the Company with the Company Secretary is the financial manager of the Company, Mr. Hui Siu Wing.

根據上市規則第3.13條，本公司已從各位獨立非執行董事接獲年度獨立性確認書。根據有關確認書的內容，本公司認為，所有獨立非執行董事均為獨立，且彼等符合上市規則第3.13條所載有關獨立性的特定指引。

所有董事可個別及獨立地與本公司的高級管理層接洽以履行彼等的職責，並於提出合理的要求後在適當的情況下尋求獨立專業意見，費用由本公司支付。所有董事亦可與公司秘書接洽，而公司秘書乃負責確保董事會的程序及一切適用規則和規例獲得遵循。議程及隨附的董事會/董事委員會文件於會議召開前事先給予合理通知下分發予董事/董事委員會成員。董事會會議及董事委員會會議的記錄乃詳細記錄董事會所考慮的事項及達致的決定，包括董事所提出的任何事項或發表的反對意見，概由公司秘書存檔，並可供董事查閱。

董事會定期會面，以審閱本公司的財務及經營表現，並審議及批准本公司的總體策略及政策。

董事長及行政總裁

本公司的董事長及行政總裁為兩個明確劃分的不同職位，分別由施洪流先生及施鴻雁先生（均為執行董事）擔任。

公司秘書

公司秘書為趙明璟先生。趙先生為向多間上市公司客戶提供專業服務的Vistra Corporate Services (HK) Limited的企業服務執行董事。雖然趙先生並非本公司全職僱員，彼負責向董事會提供管治事宜方面意見。趙先生的履歷載列於本年報的「董事及高級管理層」一節。

為遵守上市規則第3.29條，於截至2017年12月31日止年度，趙先生已接受不少於15個小時之相關專業培訓。與公司秘書聯絡的主要聯絡人是本公司的財務經理，許少榮先生。

Corporate Governance Report

企業管治報告

INDEPENDENT NON-EXECUTIVE DIRECTORS

Each of the independent non-executive Directors has entered into a letter of appointment with the Company for terms of three years commencing from 16 December 2011 for Ms. Ko Yuk Lan and Mr. Yao Ge and from 1 December 2015 for Mr. He Wenyi and thereafter may be terminated by not less than three months' notice in writing or payment in lieu of such notice served by either party on the other. The service contracts are automatically renewed upon expiration.

In accordance with article 84 of the Articles, at each annual general meeting, one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years.

BOARD DIVERSITY POLICY

Pursuant to the CG Code, the Board approved a new board diversity policy (the "Board Diversity Policy") in August 2013. The Company recognises and embraces the benefits of diversity of Board members. While all Board appointments will continue to be made on a merit basis, the Company will ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the needs of the Company's business. Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, experience (professional or otherwise), skills and knowledge.

BOARD COMMITTEES

As an integral part of sound corporate governance practices, the Board has established the following Board committees to oversee the particular aspects of the Group's affairs. Each of these committees is consisted wholly of or of a majority of independent non-executive Directors.

Audit Committee

The audit committee of the Company (the "Audit Committee") has been established, in compliance with Rules 3.21 and 3.22 of the Listing Rules, with written terms of reference in compliance with Code Provision C.3.3 of the CG Code. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control system of the Group and to provide advice and comments to the Board. The members meet regularly with the external auditors and the Company's senior management for the review, supervision and discussion of the Company's financial reporting and internal control procedures and ensure that management has discharged its duty to have an effective internal control system. The Audit Committee comprises three members, namely Ms. Ko Yuk Lan, Mr. He Wenyi and Mr. Yao Ge, all of whom are independent non-executive Directors. Ms. Ko Yuk Lan, who has appropriate professional qualifications and experience in accounting matters, was appointed as the chairman of the Audit Committee.

獨立非執行董事

各位獨立非執行董事已與本公司訂立委聘書，高玉蘭女士及姚戈先生為自2011年12月16日開始，而何文義先生為自2015年12月1日開始，為期三年。其後可由任何一方發出不少於三個月的書面通知或向對方發出代通知金的方式終止。服務合約於屆滿後自動續期。

根據細則第84條，於每次股東週年大會上，當時三分之一董事（倘數目並非三(3)之倍數，則為最接近之數目，惟不得少於三分之一）須輪值告退，惟各董事均須最少每三年在股東週年大會輪值退任一次。

董事會多元化政策

根據企業管治守則，董事會於2013年8月批准一項新董事會多元化政策（「董事會多元化政策」）。本公司明白及深信董事會成員多元化帶來的裨益。雖然董事會的所有委任將繼續以人選的優點及長處為選擇基礎，惟本公司將確保董事會擁有切合本公司業務需要的平衡技能、經驗及多元化觀點。在挑選人選時將以一系列不同的準則為基準，其中包括但不限於性別、年齡、文化及教育背景、經驗（專業或其他方面）、技術及知識。

董事委員會

作為良好企業管治常規的重要構成部分，董事會已成立以下的董事委員會，以監察本集團特定範疇的事務。各委員會的成員皆由全部或大部分為獨立非執行董事組成。

審計委員會

本公司的審計委員會（「審計委員會」）已按照上市規則第3.21及3.22條成立，並按企業管治守則第C.3.3條守則條文的規定制訂其書面職權範圍。審計委員會的主要職責為審視及監督本集團的財務申報程序及內部監控系統，並向董事會提供建議及意見。成員定期與外聘核數師及本公司高級管理層進行會面，以審視、監督及討論本公司的財務申報及內部監控程序，並確保管理層履行其職責建立有效的內部監控系統。審計委員會由三名成員組成，即高玉蘭女士、何文義先生及姚戈先生（均為獨立非執行董事）。高玉蘭女士具備適當的專業資格及會計事宜經驗，獲委任為審計委員會主席。

Corporate Governance Report

企業管治報告

Pursuant to the meetings of the Audit Committee on 21 March 2017 and 21 August 2017, the Audit Committee has reviewed the consolidated financial statements of the Group for the year ended 31 December 2016 and the six months ended 30 June 2017 respectively, the accounting principles and practices adopted by the Group, and the selection and appointment of the external auditors. There had been no disagreement between the Board and the Audit Committee during the financial year ended 31 December 2017.

Remuneration Committee

The remuneration committee of the Company (the “Remuneration Committee”) has been established, in compliance with Rules 3.25 and 3.26 of the Listing Rules, with written terms of reference in compliance with Code Provision of B.1.2 of the CG Code. The principal responsibilities of the Remuneration Committee are to determine the policies in relation to human resources management, to review the compensation strategies, to determine the remuneration packages of senior executives and managers, to approve the terms of the service contract of the executive Directors, to assess the performance of the executive Directors, to recommend and establish annual and long-term performance criteria and targets as well as to review and supervise the implementation of all executive compensation packages and employee benefit plans. Pursuant to its terms of reference, the Remuneration Committee is responsible for making recommendations to the Board on the remuneration packages of individual executive Directors and senior management of the Company. The Board expects the Remuneration Committee to exercise independent judgment and ensures that executive Directors do not participate in the determination of their own remuneration.

Pursuant to the meeting of the Remuneration Committee on 21 March 2017, the Remuneration Committee has reviewed the remuneration policy and structure relating to the Directors and senior management of the Company.

Nomination Committee

The nomination committee of the Company (the “Nomination Committee”) has been established, in compliance with Code Provision A.5.1 of the CG Code, with written terms of reference in compliance with Code Provision of A.5.2 of the CG Code. The Nomination Committee is responsible for reviewing the structure, size and composition of the Board, making recommendation to the Board on selection of candidates for directorships, appointment, reappointment of Directors and Board succession and assessing the independence of independent non-executive Directors.

The Nomination Committee will also give consideration to the Board Diversity Policy when identifying suitably qualified candidates to become members of the Board, and the Board will review the Board Diversity Policy on a regular basis to ensure its effectiveness.

根據審計委員會分別於2017年3月21日及2017年8月21日舉行的會議，審計委員會已分別審閱本集團截至2016年12月31日止年度及截至2017年6月30日止六個月的合併財務報表、本集團採納的會計原則及常規以及外聘核數師的甄選及委任。截至2017年12月31日止財政年度，董事會與審計委員會之間並無意見分歧。

薪酬委員會

本公司的薪酬委員會(「薪酬委員會」)已按照上市規則第3.25及3.26條成立，並按企業管治守則第B.1.2條守則條文的規定制訂其書面職權範圍。薪酬委員會的主要職責為制定人力資源管理相關政策；審閱薪酬策略；釐定高級行政人員及經理的薪酬待遇；批准執行董事的服務合約的條款；評估執行董事的績效；建議及設立年度及長期績效標準及目標，並審閱及監督所有行政薪酬方案及員工福利計劃的執行。根據其職權範圍，薪酬委員會負責就本公司個別執行董事及高級管理人員的薪酬待遇向董事會提供建議。董事會預期薪酬委員會行使獨立判斷並確保執行董事並不參與釐定彼等本身的薪酬。

根據薪酬委員會於2017年3月21日舉行的會議，薪酬委員會已審閱有關本公司董事及高級管理層的薪酬政策及架構。

提名委員會

本公司的提名委員會(「提名委員會」)已按照企業管治守則第A.5.1條守則條文成立，並按企業管治守則第A.5.2條守則條文的規定制訂其書面職權範圍。提名委員會負責審視董事會的結構、規模和組成；就甄選董事候選人、委任、重新委任董事及董事會的繼任事宜向董事會提供意見，並評估獨立非執行董事的獨立性。

提名委員會於物色合適的合資格人選成為董事會成員時，亦將考慮董事會多元化政策，而董事會將定期檢討董事會多元化政策以確保其成效。

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Pursuant to the meeting of the Nomination Committee on 21 March 2017, the Nomination Committee has reviewed the structure, size and composition of the Board and assessed independence of the independent non-executive Directors.

Risk Management Committee

The risk management committee of the Company (the “Risk Management Committee”) was established with written terms of reference in compliance with the relevant requirements of CG Code. The principal responsibilities of the Risk Management Committee are to monitor and review the Group’s risk management system and risk management policies and procedures and report to the Board of the effectiveness of such system and procedures, and advise the Board on the Group’s risk-related matters.

Pursuant to the meetings of the Risk Management Committee on 21 August 2017 and 1 December 2017, the Risk Management Committee has reviewed the risk management system and risk management policies and procedures.

CORPORATE GOVERNANCE FUNCTION

The Company’s corporate governance function is carried out by the Board pursuant to a set of written terms of reference adopted by the Board in compliance with Code Provision D.3.1 of the CG Code, which include (a) to develop and review the Company’s policies and practices on corporate governance and make recommendations to the Board; (b) to review and monitor the training and continuous professional development of the Directors and senior management of the Group; (c) to review and monitor the Company’s policies and practices on compliance with legal and regulatory requirements; (d) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees of the Group and the Directors; and (e) to review the Company’s compliance with the CG Code and disclosure in the corporate governance report.

根據提名委員會於2017年3月21日舉行的會議，提名委員會已審閱董事會的架構、規模及組成並評估獨立非執行董事的獨立性。

風險管理委員會

本公司的風險管理委員會（「風險管理委員會」）按照企業管治守則的相關規定而成立，並備有書面職權範圍。風險管理委員會的主要職責為監察及檢討本集團風險管理系統及風險管理政策程序，並向董事會匯報該等系統及程序的有效性，同時就本集團的風險相關事宜向董事會提供意見。

根據風險管理委員會於2017年8月21日及2017年12月1日舉行的會議，風險管理委員會已審閱本集團風險管理系統及風險管理政策程序。

企業管治職能

本公司的企業管治職能根據董事會遵照企業管治守則第D.3.1條守則條文採納的一套書面職權範圍由董事會履行，包括(a)制定及檢討本公司的企業管治政策及常規，並向董事會提出有關建議；(b)檢討及監察本集團董事及高級管理層的培訓及持續專業發展；(c)檢討及監察本公司在遵守法律及監管規定方面的政策及常規；(d)制定、檢討及監察適用於本集團僱員及董事的企業管治方面的操守準則及合規手冊（如有）；及(e)檢討本公司遵守企業管治守則的情況以及於企業管治報告中的披露。

Corporate Governance Report

企業管治報告

NUMBER OF MEETINGS AND DIRECTORS' ATTENDANCE

The individual attendance record of each Director at the meetings of the Board, Audit Committee, Remuneration Committee, Nomination Committee, Risk Management Committee and general meetings of the Company during the year ended 31 December 2017 is set out below:

會議及董事出席次數

於截至2017年12月31日止年度內，各位董事出席本公司董事會、審計委員會、薪酬委員會、提名委員會、風險管理委員會的會議及股東大會的個人出席記錄載列如下：

		Board Meeting	Audit Committee	Remuneration Committee	Nomination Committee	Risk Management Committee	General Meeting
		董事會會議	審計委員會	薪酬委員會	提名委員會	風險管理委員會	股東大會
<i>Executive Directors</i> 執行董事							
Mr. Shi Hongliu (<i>Chairman of the Board</i>)	施洪流先生(董事長)	5/5	N/A 不適用	N/A 不適用	N/A 不適用	2/2	1/1
Mr. Shi Hongyan	施鴻雁先生	5/5	N/A 不適用	N/A 不適用	1/1	2/2	1/1
Mr. Shi Zhixiong	施志雄先生	5/5	N/A 不適用	1/1	N/A 不適用	2/2	1/1
Mr. Lui Wai Ming	雷偉銘先生	5/5	N/A 不適用	N/A 不適用	N/A 不適用	2/2	1/1
<i>Independent non-executive Directors</i> 獨立非執行董事							
Ms. Ko Yuk Lan	高玉蘭女士	4/5	2/2	N/A 不適用	N/A 不適用	N/A 不適用	1/1
Mr. Yao Ge	姚戈先生	4/5	2/2	1/1	1/1	N/A 不適用	0/1
Mr. He Wenji	何文義先生	4/5	2/2	1/1	1/1	N/A 不適用	0/1

None of the meetings set out above was attended by any alternate Director.

概無任何替任董事出席上文所載列的會議。

Corporate Governance Report

企業管治報告

CONTINUOUS PROFESSIONAL DEVELOPMENT

The Directors have been informed of the requirement under Code Provision A.6.5 of the CG Code regarding continuous professional development. According to the records maintained by the Company, the Directors received the following training with an emphasis on the roles, functions and duties of a director of a listed company in compliance with the new requirement of the Corporate Governance Code on continuous professional development during the year ended 31 December 2017:

持續專業發展

董事已獲通知企業管治守則第A.6.5條守則條文項下有關於持續專業發展的規定。根據本公司存置之記錄，於截至2017年12月31日止年度，現任董事接受以下訓練，尤其遵照企業管治守則有關持續專業發展方面的新規定，著重於上市公司的董事的角色、職能及職責：

Name of Director 董事名稱	Corporate Governance/ Updates on Laws, Rules and Regulations 企業管治/法律、規則及 法規更新		Accounting/Financial/ Management or Other Professional Skills 會計/財務/管理或 其他專業技能			
	Read materials 閱讀資料	Attend Seminars/ Briefings 出席 研討會/ 簡報會	Read materials 閱讀資料	Attend Seminars/ Briefings 出席 研討會/ 簡報會		
<i>Executive Directors</i> Mr. Shi Hongliu (Chairman of the Board)		執行董事 施洪流先生 (董事長)	✓	✓	✓	✓
Mr. Shi Hongyan	✓	施鴻雁先生	✓	✓	✓	✓
Mr. Shi Zhixiong	✓	施志雄先生	✓	✓	✓	✓
Mr. Lui Wai Ming	✓	雷偉銘先生	✓	✓	✓	✓
<i>Independent non-executive Directors</i> Ms. Ko Yuk Lan		獨立非執行董事 高玉蘭女士	✓	✓	✓	✓
Mr. Yao Ge	✓	姚戈先生	✓	✓	✓	✓
Mr. He Wenyi	✓	何文義先生	✓	✓	✓	✓

Corporate Governance Report

企業管治報告

COMPLIANCE WITH THE MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") as set out in Appendix 10 of the Listing Rules as its own code of conduct for securities transactions by the Directors. Specific enquiries have been made with all Directors and all Directors confirmed that they have complied with the Model Code throughout the year ended 31 December 2017.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparation of the consolidated financial statements for the financial year ended 31 December 2017 which give a true and fair view of the financial position of the Group at that date and of the Group's financial performance and cash flows for the year then ended and are properly prepared on the going concern basis in accordance with the applicable statutory requirements and accounting standards.

AUDITORS' REMUNERATION

The Company has appointed KPMG as the auditor of the Company. The fees for the audit and review services provided by the auditors to the Group for the year ended 31 December 2017 amounted to RMB2,881,000.

The statement of the external auditors of the Company concerning their reporting responsibilities on the consolidated financial statements of the Company is set out in the "Independent Auditors' Report" on pages 87 to 94 of this annual report.

遵守董事進行證券交易的標準守則

本公司已採納上市規則附錄十所載的上市發行人董事進行證券交易的標準守則(「標準守則」)作為其董事進行證券交易的行為守則。經向全體董事作出具體查詢，全體董事均確認，彼等於截至2017年12月31日止年度內一直遵守標準守則的規定。

董事對合併財務報表的責任

董事知悉彼等編製截至2017年12月31日止財政年度合併財務報表的責任，財務報表真實及公平反映本集團於該日的財務狀況及本集團截至該日期止年度的財務表現及現金流量，並根據適用的法定規定及會計準則按持續經營基準妥為編製。

核數師酬金

本公司已委任畢馬威會計師事務所作為本公司的核數師。截至2017年12月31日止年度，就核數師向本集團提供的審計及審閱服務支付之費用為人民幣2,881,000元。

本公司外聘核數師有關其對本公司合併財務報表的申報責任的聲明載列於本年報第87至94頁內的「獨立核數師報告」。

Corporate Governance Report

企業管治報告

INTERNAL CONTROL AND RISK MANAGEMENT

The Board acknowledges its responsibility for the effectiveness of risk management and internal control systems of the Group. These systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable but not absolute assurance against material misstatement or loss. Internal control and risk management systems are reviewed annually to ensure its continuous effectiveness. The Company has established written policies and procedures applicable to all operating units to ensure the effectiveness of internal controls and risk management. The Group constantly allocates resources to internal control and risk management systems, reasonably (but not absolutely) guarantees that no material misstatement or loss will be incurred, and manages (but not eliminates) the risks of failing to achieve business objectives.

The Group has in place a risk management framework which has the following five components: risk identification, risk assessment, risk treatment, reporting and monitoring. This framework is subject to continuous improvement and was in place throughout 2017 and up to the date of this report. The key risks of the Group are summarized in the paragraph headed “Principal Risks and Uncertainties” in the Management Discussion and Analysis set out on pages 26 to 29 of this Annual Report. The day-to-day operation is entrusted to the individual department, which is accountable for its own conduct and performance, and is required to strictly adhere to the policies set by the Board.

The Company has established internal audit function and regularly carries out reviews on the effectiveness of the internal control in order to ensure that they are able to meet and deal with the dynamic and ever changing business environment.

During the year under review, the Board has conducted a review and assessment of the effectiveness of the Company’s internal control systems including financial, operational and compliance controls and risk management. Such review and assessment covered the financial, compliance and operational controls as well as risk management mechanisms. The Board believes that the existing risk management and internal control system is adequate and effective.

The Company has adopted an Inside Information Policy and provided trainings to employees and directors related to inside information in order to ensure the company is compliance with regulatory requirements.

內部監控及風險管理

董事會確認其對本集團風險管理及內部監控系統有效性之責任。該等系統旨在管理而非消除未能達成業務目標的風險，並且只能就不會有重大的失實陳述或損失作出合理而非絕對的保證。內部監控和風險管理系統會每年檢視，以確保其持續有效性。本公司已制定適用於所有營運單位的書面政策及程序，確保內部監控及風險管理的效率。同時，本集團持續分配資源予內部監控及風險管理系統，合理（而非絕對）地保證不會出現嚴重的誤報或損失，並管理（而非消除）未能達到業務目標的風險。

本集團已建立風險管理框架，包括以下五個組成部分：風險識別，風險評估，風險處理，報告和監測。此框架不斷得到改進，並在2017年至本報告日期期間執行。本集團的主要風險於本年度報告第26至29頁所載的管理層討論及分析中的「主要風險及不確定性」概述。日常營運則委託個別部門，其對本身部門的行為及績效負責任，並須嚴格遵守董事會制定的政策。

本公司有設立內部審核功能並定期對內部監控的有效性進行審閱，確保其能夠符合及應對靈活多變的經營環境。

於回顧年度內，董事會已對本公司的內部監控系統的效率進行檢討及評估，包括財務、營運及合規控制及風險管理。該檢討及評估涵蓋財務、合規、營運監控以及風險管理機制，董事會相信，現有的風險管理及內部監控系統乃足夠及充分有效。

本公司已制定內幕消息政策，並為董事及僱員提供相關的培訓，以確保本公司遵守相關的監管規定。

Corporate Governance Report

企業管治報告

SHAREHOLDERS' RIGHTS

How Shareholders can convene an extraordinary general meeting and putting forward proposals at Shareholders' meetings

Pursuant to the Articles, any one or more Shareholder holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the secretary of the Company by mail at Unit 1902, 19/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition and such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Procedures by which enquiries may be put to the Board

Shareholders may send their enquiries and concerns to the Board by addressing them to the secretary of the Company by mail at Unit 1902, 19/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong or by email at ir@hosa.cn. The Company Secretary forwards communications relating to matters within the Board's direct responsibilities to the Board and communications relating to ordinary business matters, such as suggestions, inquiries and customer complaints, to the chief executive officer of the Company.

CONSTITUTIONAL DOCUMENT

There has been no change in the Company's constitutional documents during the year ended 31 December 2017.

股東權利

股東召開股東特別大會以及在股東大會上提出建議的方式

根據細則，於遞交呈請通知書日期持有獲賦予於本公司任何股東大會上投票權利的本公司繳足股本不少於十分之一的任何一名或多名股東，於任何時候均有權透過向董事會或本公司秘書以郵遞書面呈請的方式（郵遞地址為香港夏慤道16號遠東金融中心19樓1902室），要求董事會就處理該呈請要求所列明的任何事務召開股東特別大會；而該大會須於遞交該項呈請要求後兩個月內舉行。若董事會於接獲呈請通知書21日內未能召開會議，則呈請人可自行以相同方式召開會議，而呈請人因董事會未能召開會議產生的所有合理開支，均須由本公司償付予呈請人。

股東可向董事會提出查詢的程序

股東可透過將其查詢及關注問題郵寄至香港夏慤道16號遠東金融中心19樓1902室或通過電子郵件 ir@hosa.cn 寄至本公司秘書，以發送給董事會。公司秘書將董事會直接職責範圍內相關事宜的通訊傳達給董事會，而與日常業務事宜（如建議、查詢及客戶投訴）有關的通訊傳達給本公司的行政總裁。

組織章程文件

截至2017年12月31日止年度，本公司的組織章程文件概無變動。

Corporate Governance Report

企業管治報告

COMMUNICATION WITH SHAREHOLDERS

The Board recognises the importance of maintaining a clear, timely and effective communication with the Shareholders and investors of the Company. The Board also recognises that effective communication with its investors is critical in establishing investor confidence and to attract new investors. Therefore, the Group is committed to maintaining a high degree of transparency to ensure the investors of the Company and the Shareholders will receive accurate, clear, comprehensive and timely information of the Group through the publication of annual reports, interim reports, announcements and circulars. The Company also publishes all corporate communications on the Company's website at www.hosa.cn. The Board maintains regular dialogues with institutional investors and analysts from time to time to keep them informed of the Group's strategy, operations, management and plans. The chairman of the Board and members of various Board committees will attend the annual general meeting of the Company to answer questions raised by the Shareholders. The resolution of every important proposal will be proposed at general meetings separately.

Voting at general meetings of the Company is conducted by way of poll in accordance with the Listing Rules. The poll results will be announced at general meetings and published on the websites of the Stock Exchange and the Company. In addition, the Company regularly meets with institutional investors, financial analysts and financial media, and promptly releases information related to any significant progress of the Company, so as to promote the development of the Company through mutual and efficient communications.

與股東的溝通

董事會深明與股東及本公司投資者保持明確、及時和有效的聯繫之重要性。董事會亦深知與投資者之有效溝通，乃建立投資者信心及吸引新投資者的關鍵。因此，本集團致力於保持高透明度，以確保本公司投資者及股東通過所刊發的年報、中期報告、公佈及通函，得到準確、清晰、全面而及時的集團資料。本公司亦在本公司網站www.hosa.cn刊登全部公司通訊。董事會與機構投資者及分析師不時保持溝通，讓彼等知悉本集團的策略、營運、管理及計劃。董事會主席及各董事委員會成員將出席本公司股東週年大會並解答由股東提出的問題。股東大會上，各項重要議案須以獨立決議案方式提呈。

本公司股東大會上的表決將根據上市規則以投票表決形式進行。投票的結果將於股東大會上宣佈，並將分別在聯交所及本公司的網站上公佈。此外，本公司會定期與機構投資者、財務分析師及金融媒體會晤，並即時發佈有關本公司任何重大進程的資料，從而透過雙向及高效的溝通促進本公司的發展。

Environmental and Social Responsibility Report

環境及社會責任報告

PROLOGUE

This is the environmental and social responsibility report of Hosa International Limited and its subsidiaries (collectively, the “Group”), which is disclosed with reference to the Environmental, Social and Governance Reporting Guide provided by Appendix 27 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. Unless otherwise stated, this report covers data and relevant policies on two major areas, namely environmental and social responsibility, of the Group and its brands, production plants and offices for the period commencing from 1 January 2017 to 31 December 2017 (collectively, the “Year”).

The Group, as a corporate citizen, understands that it shall take responsibilities to each stakeholder, including staff, suppliers, clients, investors, and natural environment. The Group has all along made great efforts to perform its responsibilities, and it hopes to fulfill its social responsibilities as a corporate citizen while carrying out business development, by implementing policies in relation to the protection of natural environment and the promotion of social development on one hand and considering the interests of each stakeholder on the other hand. The Group reviews itself constantly and would like to perform better in areas of caring for stakeholders and environmental protection. We are pleased to hear from you, please email us at ir@hosa.cn for any suggestions to our policies on environmental and social responsibility.

ENVIRONMENTAL POLICY AND DATA

The Group attaches great importance to environmental protection, and has implemented green and low-carbon production method, controlled emission volume and waste, reduced consumption of resources and proactively carried out environmental protection works through various measures, which include improving waste recycling system, installing modern production equipment with energy conservation, and encouraging staff on energy conservation and waste reduction. The Group has also stringently complied with the Environmental Protection Law of the People’s Republic of China, the Energy Conservation Law of the People’s Republic of China and other relevant regulations.

前言

本報告為浩沙國際有限公司及其附屬公司(統稱「本集團」)的環境及社會責任報告，本報告是參考香港聯合交易所有限公司之上市規則附錄27規定「環境、社會及管治報告指引」所披露。除另有說明外，本報告書涵蓋本集團及旗下的品牌、生產廠房及辦公室於2017年1月1日起至2017年12月31日止(統稱「本年度」)就環境及社會責任兩個主要範疇之數據及相關政策。

作為企業公民，本集團明白需要對各持份者負責任，包括員工、供應商、客戶、投資者、自然環境等等。本集團一直克盡己任，希望能在業務發展的同時，可以盡上企業公民的責任，一方面落實保護自然環境及推進社區發展的政策，另一方面照顧各持份者的利益。本集團時刻檢討，希望在照顧持份者及保護環境的範疇做得更好，我們樂意聽取閣下的意見，如閣下對本集團的環境及社會責任政策有任何建議，請電郵至ir@hosa.cn。

環境政策及數據

本集團非常重視環境保護，透過完善廢料回收制度、安裝現代化的節能生產設備、鼓勵員工節能及減少浪費等措施，實施綠色低碳生產方法，控制排放量和廢棄物，降低資源消耗。本集團積極落實環保工作，並嚴格遵守《中華人民共和國環境保護法》、《中華人民共和國節約能源法》以及其他相關法規。

Environmental and Social Responsibility Report

環境及社會責任報告

Policies for Energy Conservation and Emission Reduction

The Group is always promoting energy conservation, and hopes to decrease the cost of production while protecting the environment. The Group's consumption of water derives from running water provided by government approval organisation and no problem has been identified in finding suitable water sources. During the Year, the Group implemented, including but not limited to, the following policies on energy conservation:

1. Encouraging staff to save power and water, and fulfilling environmental responsibility by individuals, such as requesting staff to switch off power consuming equipment instantly during off-hours, including lightings, air-conditioners and computers. A detailed record of mileage and fuel consumption of official business vehicles will be included in the performance assessment of relevant departments for regular reporting and analysis;
2. Regularly checking water equipment, replacing and repairing damaged water supply and emission systems in a timely manner, and installing water-saving faucets;
3. Giving priority to use energy-saving equipment with low power consumption, which includes installing energy-saving LED lighting systems, allocating resources in installing heat pump water heaters with energy conservation and environmental protection functions to provide hot water for production purposes, etc.;
4. Using recycled paper packaging as far as possible for the packaging design of products to minimise the use of plastic packaging; and
5. Planting different types of trees at its office buildings and production bases to mitigate greenhouse effect and purify the air on one hand, and adjust temperature in summer to reduce dependence on the air-conditioning system on the other hand, thereby lowering electricity consumption. As of 31 December 2017, the total number of trees in the Group's office buildings and production bases (trees with heights reaching at least 5 meters in general) amounted to about 300.

The Group is actively seeking for more energy-saving equipment and policies to reduce power consumption, electricity use, carbon emissions and adoption of packaging materials, and will also continuously review the effectiveness of the above policies.

節約能源及減少排放政策

本集團一直以來都提倡節約能源，希望在保護環境的同時亦能降低生產成本。本集團的用水都取自由政府認可機構提供的自來水，於尋找適用水源上並未發現任何問題。本年度，本集團實行了包括但不限於以下的節能政策：

1. 鼓勵員工節約用電及用水，並將環保責任落實到個人，例如規定員工下班要及時關閉照明電源、空調、電腦等耗電設備，詳細記錄公務車輛行駛里數和油耗支出，列入相關部門的業績考核，定期匯報和分析，等等；
2. 定期檢查水源設備，及時更換維修損壞的供水及排水系統，並安裝更省水的水龍頭；
3. 優先選擇採用耗電量較低的節能型設備設施，包括安裝更節能的LED照明系統、投入資源安裝更節能環保的空氣能熱水器以提供生產用的熱水、等等；
4. 在產品包裝設計上儘可能使用可循環再用的紙質包裝物，儘量減少塑膠製品包裝物；及
5. 於辦公樓及生產基地種植不同類型的樹木，一方面減緩溫室效應及淨化空氣，另一方面亦可於夏天調節氣溫減低對空調系統的依賴，從而減少用電。截至2017年12月31日，本集團辦公樓及生產基地的樹木總數(普遍可以達到至少5米的樹木)已達約300棵。

本集團正積極尋求更多節能設備及政策以減少用電量、用電、碳排放及包裝物的使用，亦會持續檢討以上政策的成效。

Environmental and Social Responsibility Report

環境及社會責任報告

Sewage and Waste Treatment Policy

The Group procured its fabric and dyeing and printing services from other suppliers, and the production process of which only involves simple processing operation, such as cutting and sewing, with limited impact on environment, and only produces small amount of waste water and harmless waste, such as wastepaper, packaging materials, fabrics and others, rather than producing harmful waste gas directly. The Group has a strict system to deal with waste water and solid waste, and we have implemented, including but not limited to, the following policies for the Year:

1. Conducting sample safety inspection on waste water produced in the office and during the production and operation process. It will suspend the emission and follow up the issue in a timely manner when there is an excessive concentration of waste water;
2. Part of the daily washing water from employees in the production bases will be directly used for toilet flushing, and part of the water will be directly used for irrigation of flowers and grasses through sewer connected to the greening zone of the bases;
3. Major wastes derived during the production process are fabrics and papers. Such wastes will be subject to classification and sorting instead of being discarded directly. Recyclable waste will be reused after processing, whereas those cannot be recycled will be stored and sold to waste buyers regularly; and
4. Reducing pollutants produced in the daily life of staff, such as installing underground smog emission system at the canteen, which helps reducing the effect of oil fumes produced in the process of cooking on nearby residents and staff to the minimal level, setting garbage classification bins inside the factories to divide garbage into recyclable and non-recyclable, and providing free food waste from the canteen to farmers for recycling, etc.

The Group will constantly review and examine the effectiveness of the above policies and study other policies for effective disposal and reduction in discharge of waste.

處理污水及廢棄物政策

本集團的布料及染印服務均採購自其他供應商，生產過程只涉及簡單的加工程式，如剪裁及車縫，對環境造成的影響有限，亦不會直接產生有害廢氣，只會產生少量的污水及無害廢棄物，如廢紙、包裝物、布料等等。對於污水及廢棄物本集團有嚴格的制度處理，於本年度，我們實行了包括但不限於以下的政策：

1. 對於辦公與生產經營過程中產生的污水，本集團會進行安全性抽查，如發現污水的濃度過高，會即時停止排放及進行處理；
2. 生產基地中員工日常洗滌用水部分會直接用於沖洗廁所，部分會通過下水道接通基地的綠化區直接用於花草灌溉；
3. 生產過程中產生的較重大的廢料為布料及紙張，這些廢料不會直接丟棄，而是先分類整理，可循環再用的廢料經處理後會重新再用，而不可循環再用的則會儲存起來並定期銷售給廢料收購方；及
4. 減低員工日常生活所產生的污染物，例如於食堂安裝地下排煙系統，將烹煮過程中產生的油煙對附近居民及員工的影響減至最低、工廠內設置分類垃圾桶，將可回收及不可回收的垃圾分類處理、食堂廚餘免費提供給養殖戶回收，等等。

本集團將不斷檢討及審視以上政策的效益及研究其他有效處理及可減少廢棄物排放的政策。

Environmental and Social Responsibility Report

環境及社會責任報告

Environmental Key Performance Indicators

The following are the environmental key performance indicators assessed by the Group for the Year:

關鍵環境績效指標

以下為本集團於本年度所統計的關鍵環境績效指標：

	Amount of Emissions/Usage 排放量／使用量	Density 密度
1 Nitrogen oxide emissions 氮氧化物排放量	383 kg 383公斤	295 g/per staff 295克／每位員工
2 Sulfur dioxide emissions 二氧化硫排放量	14 kg 14公斤	11g/per staff 11克／每位員工
3 Particulate emissions 顆粒物排放量	21 kg 21公斤	16 g/per staff 16克／每位員工
4 Total greenhouse gas emissions 溫室氣體總排放量	10,574 ton 10,574噸	8 ton/per staff 8噸／每位員工
5 Total harmless waste 無害廢棄物總量		
– papers – 紙張	9 tons 9噸	7 kg/per staff 7公斤／每位員工
– fabrics – 布料	60 tons 60噸	46 kg/per staff 46公斤／每位員工
6 Total energy consumption 能源總耗量		
– electricity – 電力	2,227,571 KWh 2,227,571 千瓦時	1,714 KWh/per staff 1,714 千瓦時／每位員工
– gasoline – 汽油	130,020 L 130,020 升	100 L/per staff per staff 100 升／每位員工
– diesel – 柴油	35,564 L 35,564 升	27 L/per staff 27 升／每位員工
– liquefied petroleum gas – 液化石油氣	39 tons 39 噸	30 kg/per staff 30 公斤／每位員工
7 Total water consumption 總耗水量	76,526 tons 76,526 噸	59 tons/per staff 59 噸／每位員工
8 Total amount of packaging materials 包裝材料的總量		
– plastics – 塑膠	49 tons 49 噸	38 kg/per staff 38 公斤／每位員工
– papers – 紙張	175 tons 175 噸	134 kg/per staff 134 公斤／每位員工

Environmental and Social Responsibility Report

環境及社會責任報告

EMPLOYEE AND WORKING ENVIRONMENT

Regarding employees as valuable assets, the Group has been striving to create a safe and healthy working environment for employees over these years, and to retain talents through improving the training system and providing competitive remuneration and welfare.

There are three major principles for the Group to recruit and promote staff, namely transparent positions, equal assessment and fair evaluation. All applicants shall have an opportunity on equal assessment, and the Group will conduct appraisal on such applicants based on interview performance, academic background, work experience, etc.. The same practice of equality without discrimination as well as the same remuneration basis will be adopted for staff of a different gender and race.

The Group pays attention to the work-life balance of staff. A number of staff activities have been held for our staff during the Year, such as choral competition, mid-autumn evening party, lunar new year dinner, etc., creating a healthy working environment with delightful atmosphere, which helps enhancing their sense of belonging to the Group. The Group also sets standard working hours by taking into consideration the position and department the employee belongs to, and prohibits its staff from working excessive overtime for specified hours, unless permission is given by the department head. All staff shall be entitled to a particular number of days of annual leave no less than such as required by the laws depending on their positions, departments and working years.

The Group has optimized mature system for remuneration management with reference to remuneration rates in the industry so as to offer our staff with equal and fair remuneration, thereby motivating them effectively. Apart from basic wages, our staff will also receive a year-end bonus as well as various welfare, such as holiday fee, marriage gifts, and allowance for dispatched labour, according to working performance. In addition, the Group strictly requires that all salaries for staff shall be paid on time every month, and makes contribution to insurance and retirement pension schemes for its staff of an amount no less than that as required by local laws.

In order to prevent unreasonable dismissal, the Group has an optimized system for resignation management, which stipulates that all dismissal shall be proposed with sufficient ground. Department heads shall communicate with the department of human resources and the department will make suggestions on the dismissal based on the situation of the employee concerned, which shall be subject to the final approval of the management. The department of human resources shall liaise with the employee concerned not only to get well-prepared for the leaving of the employee but also ensuring equal treatment for such employee and to relieve the negative emotion of the employee.

僱員及工作環境

本集團視員工為寶貴的資產，多年來致力於為員工營造安全和健康的工作環境，並通過完善的培訓制度及提供具競爭力的薪酬及福利，以留住人才。

本集團招聘及晉升員工有三個大原則：崗位公開，考核公平，評價公正。所有求職者均可獲公平的考核過程，本集團會根據求職者的面試表現、學歷、工作經驗，等等作考核。對不同性別及種族員工均以平等和不歧視為評核的原則，並且採用相同的薪酬基準。

本集團重視員工在工作與生活之間的平衡，本年度舉辦多個員工活動，如：合唱比賽、中秋晚會、春節晚會等等，營造健康及氣氛良好的工作環境，增強員工對本集團的歸屬感。本集團亦按員工的職位及所屬部門設立標準工時，並且除非在得到部門負責人許可下，禁止員工加班超過特定時數。所有員工均可根據其職位、部門及在職年數獲得不低於法例要求的年假日數。

本集團有完善的〈薪酬管理制度〉，並會參考行業的薪酬水平，令員工能得到公平及公正的待遇，以有效地激勵員工。員工除了會得到基本工資，還會根據其工作表現得到年終獎金，以及不同的福利，例如：過節費，婚禮金，駐外津貼，等等。本集團亦嚴格地規定所有員工的薪金必定每月按時發放，並會根據當地法律為員工支付不低於法律要求的保險及退休金。

為防止無理解僱，本集團有完善的〈離職管理制度〉，規定所有解僱的個案需要充分的理據，部門負責人需要與人力資源部溝通，並由人力資源部根據員工情況做出解僱建議，最後由管理層審批。人力資源部亦必須與離職員工約見面談，除了為員工做好離職準備，確保他們得到公平的對待，亦需要安撫員工的情緒。

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Health and Safety

The Group strives to provide a healthy and safe working environment for its staff, and stringently complies with relevant regulations on staff safety and fire safety. During the Year, the Group implemented the following measures to protect staff safety, including but not limited to:

- Promoting escape precaution and conducting drills against typhoon, fire and earthquake hazards regularly;
- Operating a self-owned canteen and setting up a safety committee to conduct routine inspection in respect of the hygiene and food safety of the canteen to ensure food security;
- Providing regular trainings and lectures regarding safety issue for employees;
- Organizing the measure of 24-hour security by arranging patrol duty within areas with potential safety hazard regularly;
- Distributing protective equipment, including masks, head covers and wired gloves, to staff that participate in fabric inspection, warehousing, cutting and other production processes; and
- Installing fire facilities and emergency lighting systems in factories.

Employee Development and Training

In order to improve the knowledge and skills of staff, the Group has established a sound training system and a training department specifically responsible for training. In order for new recruits to understand the profile, rules and regulations, corporate culture and the overall operation of the enterprise, new recruits will receive different training courses based on their positions and departments. The Group will also provide regular training courses for all existing staff to consolidate and update their knowledge and skills.

Other than imparting knowledge to the staff, training courses will also include assessment and internship stages, and provide targeted recommendations to staff based on the assessment results in order to consolidate their future development. The Group also invests in resources to develop an online training platform called Ho Xue Network College to let all staff participate in training through mobile phones and computers at any time, in anywhere, thereby greatly enhancing the convenience, and the staff will be more interested in training through a lively and interesting way of learning.

健康與安全

本集團致力為員工提供健康及安全的工作環境，並且嚴格遵守相關的員工安全及消防條例。於本年度，本集團實行了包括但不限於以下保障員工安全的措施：

- 定期進行颱風、火患、地震逃生防範宣傳及演練；
- 本集團自營食堂，並成立食堂安全委員會對食堂衛生、食品安全等例行抽查，確保食物安全；
- 定期為員工提供安全相關的培訓及講座；
- 保安24小時定期對各安全隱患區域進行巡邏檢查；
- 對布料檢測、倉庫、裁剪等生產環節員工配備口罩、頭罩、鋼絲手套等防護裝備；及
- 於工廠安裝消防設施及緊急照明系統。

僱員發展及培訓

為提高員工的知識及技能，本集團有完善的培訓制度，並有專職負責培訓的培訓部門。為使新入職員工了解企業的概況、規章制度、企業文化和企業的整體運作，新入職的員工都會按其職位及部門得到不同的入職培訓課程。本集團亦會為所有現有員工定期提供培訓課程，以鞏固及更新他們的知識和技能。

培訓課程除了教授員工知識外，還會包含評核及實習環節，並根據評核結果為員工提出針對性的建議，以鞏固他們將來的發展。本集團亦投入資源開發名為〈浩學網路學院〉的網上培訓平台，令所有員工都可以通過手機及電腦隨時隨地參與培訓，除了大大提升便利性外，亦透過生動有趣的學習方式令員工對培訓更感興趣。

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In addition, the Group has established a “new staff training mentor program”, and appointed senior staff as the mentor of new recruits. In addition to providing guidance to the new staff on work methods and skills, answering their problems encountered, the senior staff will also set good examples to guide the new staff in respect of the corporate culture so as to integrate the new staff into the Company as soon as possible.

Labor Standards

The Group strictly complies with the PRC and Hong Kong labor laws and is prohibited from employing child labor, forced or compulsory labor. The employment of all staff of the Group was conducted in accordance with local labor laws during the Year.

Supply Chain Management

The Group is committed to protecting the environment and avoiding any negative impact on the society. To ensure the health and safety of the raw materials provided by the suppliers, the Group has established a Supplier Management System and strictly abides by it.

The Group will conduct an on-site evaluation on suppliers in accordance with the Supplier Management System and engage professional testing organizations for the testing of products from suppliers. The Group will review suppliers on the basis of, including but not limited to, the followings:

- review whether the production procedures of suppliers are in compliance with local laws and regulations, industry norms and product safety requirements;
- review whether the suppliers have made every effort to protect the environment and provide safe working environment for their staff; and
- review whether the product quality, production equipment and price, etc. of the suppliers, is in line with the requirements of the Group.

In the event that the Group finds that the suppliers have violated the laws, damaged the environment or failed to provide safe working environment for the staff, the Group will give a warning or even cease the partnership.

此外，本集團設有〈新員工培訓導師計劃〉，並委派資深的員工作新入職員工的導師，導師除了對新員工進行工作方法、技能的指導、解答其遇到的疑難問題外，亦會以身作則，對新員工進行企業文化的引導，使新員工儘快融入公司。

勞工準則

本集團嚴格遵守中國及香港勞工法律，嚴禁僱用童工、強迫或強制勞工。於本年度，本集團所有員工的聘用均根據當地勞工法律而進行。

供應鏈管理

本集團一直以來盡力保護環境及避免對社會造成任何負面影響，為確保供應商提供的原材料健康及安全，本集團建立了一套〈供應商管理制度〉，並嚴格遵守。

本集團會根據〈供應商管理制度〉對供應商作出現場評審及聘任專業的檢測機構為供應商的產品作檢測，本集團會以包括但不限於以下的基準評審供應商：

- 評審供應商的生產程序是否符合當地法律法規、行業規範及產品安全的要求；
- 評審供應商有否盡力保護環境及為員工提供安全的工作環境；及
- 評審供應商的產品質量、生產設備、價格等等，是否符合本集團的要求。

如本集團發現供應商有違規違法、破壞環境或未能為員工提供安全的工作環境的情況，本集團會對其提出警告甚至中止合作關係。

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環境及社會責任報告

Product Responsibility

The Group is committed to providing customers with quality products. The Group has a legal department in place for registration and management of our trademarks and intellectual property rights. If any trademark infringement of the Group is found in the market, then the legal department will require the other party to remove the infringement products from the shelves and take legal actions to protect consumers. The Group will also take the initiative to visit distributors to collect feedbacks and recommendations on the quality of the products, prepare written reports on the recommendations and feedbacks collected and carry out discussion and improvement on the products.

To ensure that the products bought by consumers are healthy and safe, the Group has a strict quality inspection system from selection of suppliers, design and development to the production process to make sure the products meet the safety standards issued by China General Administration of Quality Supervision, Inspection and Quarantine (國家質量監督檢驗檢疫總局), Standardisation Administration of the People's Republic of China (中國國家標準化管理委員會) and other relevant regulatory authorities. In the event that any defects or safety problems are found in the products, the products will be recalled or remedied according to the Return and Replacement Process of Defective Products.

The Group understands that consumers attach great importance to personal privacy. Being a responsible social citizen, the Group is committed to protecting the personal information of consumers. The Group has formulated a comprehensive information security policy, and has strictly required the staff to comply with the policies on collection, usage, storage and disposal of consumers' information.

Anti-corruption

The Group prohibits any form of corruption, bribery or fraud. The Group has a clear Anti-corruption Code, and encourages the staff to report any cases suspecting violation of the Anti-corruption Code. If anyone who has been found to violate such code, he shall be subject to disciplinary action. There are no any confirmed corruption incidents of the Group during the Year.

產品責任

本集團致力於為客戶提供優質的產品。本集團設有法務部門為旗下商標及智識財產權進行註冊及管理，如發現市場上有任何對本集團商標侵權的情況，定必要求對方下架及採取法律行動以保障消費者。本集團亦會主動訪問分銷商，以收集分銷商對產品品質的回饋意見和建議，對收集到的建議和意見做成書面報告，並對產品進行研討及改進。

為確保消費者購買的都是健康安全的產品，本集團從選擇供應商，設計開發，到生產過程都有嚴格的品質檢定系統以確保產品符合國家質量監督檢驗檢疫總局、中國國家標準化管理委員會或其他相關監管機構所發佈的安全標準。如發現產品有任何的缺失或安全問題，會根據〈殘次品退換貨流程〉召回產品或進行補救措施。

本集團明白消費者十分重視個人私隱，作為負責任的社會公民，本集團致力於保障致力保護消費者的個人資料。本集團已制定全面的資料保障政策，並且嚴格要求員工遵守有關消費者的資料收集、使用、儲存及處理的政策。

反貪污

本集團嚴禁任何形式的貪污、行賄或詐騙行為。本集團有明確的〈反貪污守則〉，並鼓勵員工舉報任何涉嫌違反〈反貪污守則〉的個案，如被證實違反該守則者，必須接受紀律處分。本集團於本年度無發生任何已經證實的貪污事件。

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環境及社會責任報告

COMMUNITY INVESTMENT

The Group has been concerning about the needs of the community while developing its business, and has actively developed resources to benefit the community and the public to fulfill the responsibility of corporate citizenship for years. During the year, the Group organized a number of sports and health activities which were open to the public, sponsored and supported hundreds of activities and tournaments such as National Swimming Tournament, aerobics activities and sports forum.

1. “Hosa Cup” 2017 National Aerobics Championship

The event was organized by the Gymnastics Management Center of General Administration of Sport of China and the Chinese Aerobics Association, and was sponsored by the Administration of Sport of Fujian, Datian County Municipal Government and Hosa Group, thereby accomplishing the objectives of popularizing and promoting artistic gymnastics to grassroots level, leading the mass fitness craze, advocating the concept of national fitness. The important section of the opening ceremony of “Hosa Cup” 2017 National Aerobics Championship successfully broke the honorary Guinness World Records of “most people doing aerobics in front of videos” with a valid score of 4,814 people. Under support of the Gymnastics Management Center of General Administration of Sport of China, the Group vigorously carried out the mass cultural and sports activities such as cheerleading, aerobics, line dance, square fitness dance and other activities, and called on the public to achieve healthy life through sports, from which they can enjoy good health and happiness.

社區投資

多年來，本集團在發展業務的同時，亦關注社區的需要，積極投入資源惠澤社區與民眾，盡企業公民的責任。於本年度，本集團舉辦多個公開讓民眾參與的運動健康活動，贊助支持了全國游泳錦標賽、健美操活動、體育論壇等各類活動及賽事達數百場之多。

1. 「浩沙杯」2017全國健美操冠軍賽

由國家體育總局體操運動管理中心、中國健美操協會主辦，福建省體育局、大田縣人民政府、浩沙集團承辦，實現了藝術體操向基層普及、推廣的目的，引領全民健身熱潮，提倡全民健身理念。「浩沙杯」2017全國健美操冠軍賽開幕式的重要環節，成功以4,814人的有效成績打破「最多人隨錄影一起做健身操」健力士世界紀錄榮譽。在國家體育總局體操運動管理中心的支持下，大力開展拉拉操、健美操、排舞、廣場健身舞等群眾性文體活動，號召民眾通過運動來獲得健康的生活，從運動中享受健康，享受快樂。



Environmental and Social Responsibility Report

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2. FINA titled/sponsored 2017 global tournaments

In order to promote the swimming and diving culture and the development of sports industry, the Group sponsored FINA 10KM Marathon Swimming World Cup and Diving World Series for three consecutive years. The first match of the Marathon Swimming World Cup in the Year started in Argentina in February, and ended successfully in Hong Kong in October. Lasting for more than eight months with seven races, the event is held in a number of countries in Asia, Europe and America, gathering the enthusiasm of the swimming enthusiasts over the world to jointly challenge the limit of water sports.

2. FINA冠名／贊助2017全年全球賽事

為推動游泳及跳水文化及體育事業發展，本集團連續三年贊助國際泳聯(FINA)10KM馬拉松游泳世界盃及世界跳水系列賽。馬拉松游泳世界盃本年度的賽事從2月阿根廷首站開遊，到10月香港站完美收官，歷時8個多月7站比賽，足跡踏遍亞洲、歐洲、美洲的多個國家，集結全球游泳愛好者的運動熱情，共同挑戰水運動極限。



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3. Serving as titled sponsor of Chinese swimming teams in provincial level

The Group continued to offer titled sponsorship for Chinese swimming teams during the Year, provided swimwear and equipment to swimmers of Chinese provincial level swimming teams, including: Beijing Water Cube Team, Liaoning Hosa team, Shanghai Hosa team, Anhui Hosa team, Jiangxi Hosa team, Heilongjiang Hosa team, Hunan Hosa Team, Shandong Hosa team, Guangzhou Hosa team, Shaanxi Hosa team and Hubei Hosa team. The Group is committed to facilitating the sound development of national sports industry and contributing to construction of healthy China.

3. 冠名贊助中國省級游泳隊

本集團於本年度繼續冠名贊助中國游泳隊，為中國省級游泳隊泳手提供游泳服裝和裝備，包括：北京水立方隊、遼寧浩沙隊、上海浩沙隊、安徽浩沙隊、江西浩沙隊、黑龍江浩沙隊、湖南浩沙隊、山東浩沙隊、廣州浩沙隊、陝西浩沙隊和湖北浩沙隊。本集團致力推進國家體育事業的健康發展，為健康中國建設作出貢獻。



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4. Serving as titled sponsor of Adolescents Swimming Contests

The Group has long been concerning about the healthy growth of the youth, provides a platform to the youth for swimming and training, and actively nurtures the healthy lifestyle of the youth, hoping to pass the concept of health and happiness to more people in order to contribute to the goal of healthy China. During the Year, the Group sponsored a number of youth and student swimming competitions, including the “Hosa Cup” Seventeenth Session of Swimming Tournament for University Students, “Hosa Cup” 2017 Swimming Tournament for Colleges in Capital City, 2017 Hosa Cup “Su Lu Yu Wan Jin” Children Swimming Championships, “Hosa Cup” 2017 National Swimming Tournament for Sports Colleges, “Hosa Cup” Adolescents Swimming Tournament in Shaanxi Province.

4. 冠名贊助青少年游泳大賽

本集團長期關注青少年的健康成長，為青少年提供游泳鍛煉的平台，積極培養青少年健康向上的生活方式，希望能夠把健康、快樂的理念傳遞給更多的人，為健康中國的目標盡一份力量。於本年度，本集團冠名贊助多個青少年及學生游泳比賽，包括「浩沙盃」第十七屆大學生游泳錦標賽，「浩沙杯」2017年首都高等學校游泳錦標賽、2017浩沙杯「蘇魯豫皖晉」少兒游泳冠軍賽、「浩沙杯」2017年全國體育院校游泳錦標賽、陝西省「浩沙盃」青少年游泳錦標賽，等等。



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Report of the Directors

董事會報告

The Directors have pleasure in presenting their report together with the audited consolidated financial statements for the year ended 31 December 2017.

PRINCIPAL ACTIVITIES

The Company and its subsidiaries are principally engaged in the design and production of a wide range of mid-to-high end sportswear products, including swimwear and fitness wear, which are sold under the well-known Hosa and Water Cube brand.

BUSINESS REVIEW

A business review as required by Schedule 5 to the Hong Kong Companies Ordinance, including a discussion of the principal risks and uncertainties facing the Group, an indication of likely future developments in the Group's business and stakeholder relationship, can be found in the Management Discussion and Analysis set out on pages 26 to 29 of this annual report. In addition, details of the Group's environmental policies and compliance with laws and regulations can be found in the Environmental and Social Responsibility Report set out on pages 56 to 68 of this annual report. The discussion and the report form part of this report of the Directors.

SUBSIDIARIES

Details of the principal subsidiaries of the Group as at 31 December 2017 are set out in note 13 to the financial statements.

FINANCIAL STATEMENTS

The profit of the Group for the year ended 31 December 2017 and the state of the Company's and the Group's affairs as at that date are set out in the financial statements on pages 95 to 175 of this annual report.

DIVIDENDS

An interim dividend of HK3.9 cents (equivalent to approximately RMB3.3 cents) per share was paid to our Shareholders during the year. The Board recommended the distribution of a final dividend of HK2.2 cents (equivalent to approximately RMB1.85 cents) per share in cash to Shareholders for the year ended 31 December 2017, representing a total payout of approximately RMB86.3 million, subject to approval by the Shareholders at the annual general meeting ("AGM") to be held on Friday, 30 April 2018.

董事欣然提呈本報告連同截至2017年12月31日止年度的經審核合併財務報表。

主要業務

本公司及其附屬公司主要從事設計及生產多元化的中高端運動服飾產品，包括水運動及健身瑜伽，並以著名的浩沙和水立方品牌出售。

業務審視

根據香港公司條例附表5所規定，有關該業務審視的進一步討論與分析(包括本集團所面臨主要風險及不確定因素之討論，本集團業務未來可能發展之指引及與持份者關係)，可在本年報第26至29頁所載的管理層討論與分析中查閱。此外，關於本集團環境政策及對本集團的法律及規例之遵守情況，均載於本年報第56至68頁的「環境及社會責任報告」章節內。此討論及報告構成本董事會報告的一部分。

附屬公司

本集團於2017年12月31日的主要附屬公司詳情載於財務報表附註13。

財務報表

本集團截至2017年12月31日止年度的利潤，以及本公司及本集團於該日的事務狀況，載於本年報第95至175頁的財務報表內。

股息

年內已向股東支付中期股息每股股份3.9港仙(相當於約人民幣3.3分)。董事會建議派付截至2017年12月31日止年度的末期現金股息每股2.2港仙(相當於約人民幣1.85分)予股東，總派付金額約為人民幣86.3百萬元，惟須獲股東在將於2018年4月30日(星期五)舉行的股東週年大會(「股東週年大會」)上批准後，方可作實。

Report of the Directors

董事會報告

SUMMARY FINANCIAL INFORMATION

A summary of the published results and of the assets, liabilities of the Group for the last five financial years is set out on pages 176 to 180. This summary does not form part of the audited consolidated financial statements.

RESERVES

Details of movements in reserves of the Company and the Group are set out in note 25 to the financial statements and in the consolidated statement of changes in equity, respectively.

DISTRIBUTABLE RESERVES OF THE COMPANY

As at 31 December 2017, the Company's reserves available for distribution, calculated in accordance with the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, amounted to approximately HK\$39.8 million. Details of the distributable reserves of the Company as at 31 December 2017 are set out in note 25 to the financial statements.

CHARITABLE DONATIONS

Charitable donations made by the Group during the year ended 31 December 2017 amounted to RMB800,000 (2016: RMB nil).

PROPERTY, PLANT AND EQUIPMENT

Movements in property, plant and equipment of the Group for the year ended 31 December 2017 are set out in note 10 to the financial statements.

財務資料概要

本集團最近五個財政年度的已刊發業績以及資產及負債的概要載列於第176至180頁。此概要並不構成經審核合併財務報表的一部分。

儲備

本公司及本集團的儲備變動詳情分別載於財務報表附註25及合併權益變動表。

本公司的可供分派儲備

於2017年12月31日，本公司根據開曼群島公司法第22章(1961年第3號法例，經綜合及修訂)計算的可供分派儲備約為39.8百萬港元。有關本公司於2017年12月31日的可供分派儲備詳情載於財務報表附註25。

慈善捐款

截至2017年12月31日止年度，本集團作出的慈善捐款約為人民幣800,000元(2016年：人民幣零元)。

物業、廠房及設備

本集團截至2017年12月31日止年度的物業、廠房及設備變動載於財務報表附註10。

Report of the Directors

董事會報告

SHARE CAPITAL

Details of the movements in share capital of the Company during the year ended 31 December 2017 are set out in note 25 to the financial statements.

DIRECTORS

The Directors during the year ended 31 December 2017 were:

Executive Directors

Mr. Shi Hongliu (*Chairman*)
Mr. Shi Hongyan (*Vice Chairman and Chief Executive Officer*)
Mr. Shi Zhixiong
Mr. Lui Wai Ming (*Chief Financial Officer*)

Independent Non-Executive Directors

Ms. Ko Yuk Lan
Mr. Yao Ge
Mr. He Wenyi

The Company has received annual confirmation of independence from each of the existing independent non-executive Directors in accordance with Rule 3.13 of the Listing Rules. The Company considers that all the independent non-executive Directors are independent in accordance with the Listing Rules.

Each of the executive Directors on the Board had entered into a service contract with the Company for terms of three years commencing from 16 December 2011 for Mr. Shi Hongliu and Mr. Shi Hongyan, from 1 December 2015 for Mr. Shi Zhixiong and from 1 April 2016 for Mr. Lui Wai Ming and thereafter may be terminated by not less than three months' notice in writing or payment in lieu of such notice served by either party on the other. The service contracts are automatically renewed upon expiration.

Each of the independent non-executive Directors on the Board had entered into a letter of appointment with the Company with terms of three years commencing from 16 December 2011 for Ms. Ko Yuk Lan and Mr. Yao Ge, and from 1 December 2015 for Mr. He Wenyi and thereafter may be terminated by not less than three months' notice in writing served by the respective independent non-executive Director on the Company, and by immediate notice in writing served by the Company on the respective independent non-executive Director.

股本

截至2017年12月31日止年度，本公司的股本變動詳情載於財務報表附註25。

董事

於截至2017年12月31日止年度的董事包括：

執行董事

施洪流先生(*董事長*)
施鴻雁先生(*副董事長及行政總裁*)
施志雄先生
雷偉銘先生(*首席財務官*)

獨立非執行董事

高玉蘭女士
姚戈先生
何文義先生

本公司已接獲現任各獨立非執行董事按照上市規則第3.13條發出的年度獨立性確認書。本公司認為根據上市規則，所有獨立非執行董事均為獨立人士。

董事會的各執行董事已與本公司訂立服務合約，為期三年，由2011年12月16日(就施洪流先生及施鴻雁先生)，2015年12月1日(就施志雄先生而言)及2016年4月1日(就雷偉銘先生而言)起開始，其後可由任何一方發出不少於三個月的書面通知或向對方發出代通知金的方式終止。服務合約於屆滿後自動續期。

董事會的各獨立非執行董事已與本公司訂立一份委聘書，為期三年，由2011年12月16日(就高玉蘭女士及姚戈先生而言)及由2015年12月1日(就何文義先生而言)起開始，其後可由各獨立非執行董事向本公司發出不少於三個月的書面通知或由本公司向各獨立非執行董事發出即時書面通知的方式終止。

Report of the Directors

董事會報告

In accordance with article 84 of the Articles, Mr. Shi Zhixiong, Mr. He Wenyi and Ms. Ko Yuk Lan will retire from the Board by rotation at the forthcoming annual general meeting. Mr. Shi Zhixiong and Mr. He Wenyi are eligible, offer themselves for re-election.

Changes in Directors' Information

Pursuant to Rule 13.51B of the Listing Rules, during the period from 21 August 2017 (the date of the company's 2017 interim report) to 21 March 2018 (the date of the company's 2017 annual report), the changes in directors' information are as follows:

- as at 27 October 2017, Mr. Lui Wai Ming was appointed as an independent non-executive director of Ernest Borel Holdings Limited (a company listed on the main board of Hong Kong, stock code: 1856).

No Director proposed for re-election at the forthcoming annual general meeting has a service contract which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than statutory compensation.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors and senior management are set out on pages 37 to 44 of this annual report.

DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Saved as disclosed herein, for the year ended 31 December 2017, none of the Directors had any direct or indirect material interest in any transactions, arrangements or contracts of significance to which the Company, its holding company, or any of its subsidiaries and subsidiaries of its holding company was a party and remained subsisting at the end of the year.

根據細則第84條，施志雄先生、何文義先生及高玉蘭女士將於應屆股東週年大會上輪值退任董事會。施志雄先生及何文義先生符合資格並將膺選連任。

董事資料的變動

根據上市規則第13.51B條，於2017年8月21日(本公司2017年中期報告當日)至2018年3月21日(為本公司2017年年報當日)期間，董事資料的變動如下：

- 於2017年10月27日，雷偉銘先生被委任為依波路控股有限公司(為一間於香港主板上市的公司，股份代號：1856)的獨立非執行董事。

建議於應屆股東週年大會上膺選連任的董事概無與本公司訂立如不作賠償(法定賠償除外)則不能於一年內由本公司或其任何附屬公司終止的服務合約。

董事及高級管理層履歷

董事及高級管理層的履歷詳情載於本年報第37至44頁。

董事在交易、安排或合約中的重大權益

除下文披露者外，本公司、其控股公司或其任何附屬公司概無訂有本公司董事於當中擁有直接或間接重大權益，並且於截至2017年12月31日止年度或年終時仍然生效的重大合約。

Report of the Directors

董事會報告

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2017, the Directors and the chief executive of the Company had the following interests or short positions in the shares (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 ("SFO")) which have been notified to the Company and the Stock Exchange pursuant to Division 7 and 8 of Part XV of the SFO, including interests and short positions which the Directors and the chief executive of the Company are taken and deemed to have under such provisions of the SFO, or which are required to be and are recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code:

董事及最高行政人員於股份、相關股份及債券的權益及淡倉

於2017年12月31日，本公司董事及最高行政人員於本公司及其相聯法團(定義見證券及期貨條例(「證券及期貨條例」)第XV部)的股份(「股份」)、相關股份及債券中，擁有以下根據證券及期貨條例第XV部第7及8分部須知會本公司及聯交所的權益或淡倉(包括根據證券及期貨條例的有關條文被當作或視為本公司董事及最高行政人員擁有的權益及淡倉)，或須及已列入根據證券及期貨條例第352條規定存置的登記冊內，或根據標準守則須知會本公司及聯交所的權益或淡倉：

Name of Director	Name of company	Capacity/ Nature of interest	Number of Shares	Number of Shares subject to options granted Under the Share Option Scheme adopted on 23 November 2011 根據2011年11月23日採納的購股權計劃授出的購股權涉及的股份數目	Approximate percentage of shareholding in the Company/ associated corporations 於本公司/ 相聯法團的 股權概約百分比
董事姓名	公司名稱	身份/權益性質	股份數目		
Mr. Shi Hongliu ⁽¹⁾ 施洪流先生 ⁽¹⁾	The Company 本公司	Interests of controlled corporations 於受控制法團的權益	829,884,859 (Long position) (好倉)	-	49.78%
	The Company 本公司	Beneficial interests 實益權益	500,000 (Long position) (好倉)	-	0.03%
Mr. Shi Hongyan 施鴻雁先生	Ho Born Investment Holdings Limited 浩邦投資控股有限公司	Beneficial interests 實益權益	26,233	-	26.23%
Mr. Lui Wai Ming 雷偉銘先生	The Company 本公司	Beneficial interests 實益權益	-	1,500,000	0.09%

Notes:

(1) Ho Born Investment Holdings Limited and Well Born Industrial Group Limited are beneficially owned as to 49.85% by Mr. Shi Hongliu. Mr. Shi Hongliu is therefore deemed to be interested in the aggregate of 829,884,859 Shares held by Ho Born Investment Holdings Limited and Well Born Industrial Group Limited.

附註：

(1) 浩邦投資控股有限公司及偉邦實業集團有限公司由施洪流先生實益擁有49.85%。故此，施洪流先生被視為於浩邦投資控股有限公司及偉邦實業集團有限公司所持有的合共829,884,859股股份中擁有權益。

Report of the Directors

董事會報告

Save as disclosed above, as at 31 December 2017, none of the Directors or the chief executive of the Company had or was deemed to have any interests or short position in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO), which had been recorded in the register maintained by the Company pursuant to section 352 of the SFO or which had been notified to the Company and the Stock Exchange pursuant to the Model Code.

At no time was the Company, its holding company, or any of its subsidiaries a party to any arrangements to enable the Directors and the chief executive of the Company (including their spouse and children under 18 years of age) to hold any interest or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO).

SHARE OPTION SCHEMES

Share Option Scheme

The Company adopted a share option scheme (the "Share Option Scheme") on 23 November 2011 for the purpose of giving certain eligible persons an opportunity to have a personal stake in the Company and motivating them to optimise their future performance and efficiency to the Group and/or rewarding them for their past contributions, and attracting and retaining, or otherwise maintaining on-going relationships with, such eligible persons who are significant to and/or whose contributions are or will be beneficial to the performance, growth or success of the Group.

The maximum number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other schemes of the Group shall not in aggregate exceed 10% of the Shares in issue as at the Listing Date, i.e. 1,600,000,000 Shares. The maximum number of Shares issued and to be issued upon exercise of the options granted under the Share Option Scheme to any one person (including exercised and outstanding options) in any 12-month period shall not exceed 1% of the Shares in issue from time to time.

除上文披露者外，於2017年12月31日，概無本公司董事或最高行政人員於本公司及其相聯法團(定義見證券及期貨條例第XV部)的股份、相關股份及債券中，擁有或被視為擁有已列入本公司根據證券及期貨條例第352條規定存置的登記冊內，或根據標準守則須知會本公司及聯交所的任何權益或淡倉。

本公司、其控股公司或其任何附屬公司從未訂立任何安排，使本公司董事及最高行政人員(包括彼等的配偶及未滿18歲子女)於本公司或其相聯法團(定義見證券及期貨條例第XV部)的股份、相關股份或債券中持有任何權益或淡倉。

購股權計劃

購股權計劃

本公司於2011年11月23日採納購股權計劃(「購股權計劃」)，旨在給予若干合資格人士於本公司擁有個人股權的機會，並激勵彼等於日後為本集團做出最佳表現及效率，及／或就彼等過去的貢獻給予獎勵，以吸引及挽留或以其他方式與該等對本集團的表現、發展或成功乃屬重要及／或其貢獻有利於或將有利於本集團的表現、發展或成功的合資格人士維持持續良好關係。

因行使根據購股權計劃及本集團任何其他計劃將予授出的所有購股權而可能發行的最高股份數目，合共不得超過於上市日期已發行股份(即1,600,000,000股股份)的10%。根據購股權計劃向任何一名人士授出購股權(包括已行使及未獲行使的購股權)而獲行使已發行及將予發行的最高股份數目於任何12個月期間不得超過已發行股份的1%。

Report of the Directors

董事會報告

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period as determined by the Board and not exceeding 10 years from the date of the grant. There is no minimum period for which an option must be held before it can be exercised. Participants of the Share Option Scheme are required to pay the Company HK\$1.0 upon acceptance of the grant on or before 28 days after the offer date. The exercise price of the options is determined by the Board in its absolute discretion and shall not be less than whichever is the highest of:

- (a) the nominal value of a Share;
- (b) the closing price of a Share as stated in the Stock Exchange's daily quotations sheet on the date of offer; and
- (c) the average closing price of a Share as stated in the Stock Exchange's daily quotation sheet for the five business days immediately preceding the date of offer.

The Share Option Scheme shall be valid and effective for a period of 10 years from the Listing Date, after which no further options will be granted or offered but the provisions of the Share Option Scheme shall remain in force and effect in all other respects. All options granted prior to the termination of the Share Option Scheme and not then exercised shall continue to be valid and exercisable subject to and in accordance with the Share Option Scheme.

每份購股權均可根據購股權計劃的條款於董事會釐定的期間內隨時行使，惟不得超過授出日期起計10年。每份購股權在行使前並無最短持有期。購股權計劃參與者如接納所授出的購股權，須於要約日期起計28日或之前向本公司支付1.0港元。購股權的行使價由董事會全權酌情釐定，惟行使價不得低於以下最高者：

- (a) 股份面值；
- (b) 股份於要約日期於聯交所每日報價表所報的收市價；及
- (c) 緊接要約日期前五個營業日聯交所每日報價表所報股份平均收市價。

購股權計劃由上市日期起計10年內一直有效及生效，其後不會授出或提呈其他購股權，但購股權計劃的條文在所有其他方面仍然有效及生效。於購股權計劃終止前已授出但尚未行使的全部購股權仍然有效並可根據購股權計劃予以行使。

Report of the Directors

董事會報告

Details of the share options granted under the Share Option Scheme as at 31 December 2017 are as follows:

於2017年12月31日，根據購股權計劃授出的購股權的詳情如下：

Name of director	As at 1 January 2017	Granted during the period	Exercised during the period	As at 31 December 2017	Exercise price	Date of grant	Exercise period
董事姓名	於2017年1月1日	期內授出	期內行使	於2017年12月31日尚未行使	每股行使價	授出日期	行使期
Mr. Lui Wai Ming 雷偉銘先生	1,500,000	-	-	1,500,000	HK\$2.37 2.37港元	1 April 2016 2016年4月1日	(Notes (i) and (ii)) (附註(i)及(ii))
Total: 合計：	1,500,000	-	-	1,500,000			

Notes:

附註：

- (i) The closing price immediately before the date on which the options were granted on 1 April 2016 was HK\$2.20.
- (ii) Details of exercise period of the share options granted to Mr. Lui Wai Ming are as follows:

- (i) 緊接於2016年4月1日授出購股權當日的收市價為2.20港元。
- (ii) 授予雷偉銘先生的購股權行使期詳情如下：

Exercise period 行使期	Percentage of exercisable share options 可予行使購股權的百分比
1 April 2018 to 31 March 2021 2018年4月1日至2021年3月31日	30% of the total number of share options granted 已授出購股權總數的30%
1 April 2019 to 31 March 2021 2019年4月1日至2021年3月31日	30% of the total number of share options granted 已授出購股權總數的30%
1 April 2020 to 31 March 2021 2020年4月1日至2021年3月31日	40% of the total number of share options granted 已授出購股權總數的40%

The total number of shares available for issue under the Share Option Scheme is 158,500,000, representing approximately 9.5% of the Company's issued share capital as at the date of this annual report.

於本年報日期，購股權計劃可供發行的股份數目合共158,500,000股，佔本公司已發行股本約9.5%。

No share options granted under the Share Option Scheme were lapsed, exercised or cancelled for the year ended 31 December 2017.

截至2017年12月31日止年度，概無根據購股權計劃授出的購股權已失效，被註銷或獲行使。

Further details of the Share Option Scheme are set out in note 23 to the financial statements.

購股權計劃的進一步詳情載於財務報表附註23。

Report of the Directors

董事會報告

ARRANGEMENT FOR DIRECTORS TO PURCHASE SHARES OR DEBENTURES

Save as disclosed in "Share Option Schemes" above, at no time during the year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Director of the Company or their respective spouses or minor children, or were such rights exercised by them, or was the Company, its holding company or any of its subsidiaries a party to any arrangements to enable the Directors of the Company to acquire benefits by means of the acquisition of shares in, or debt securities (including debentures) of the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

So far as is known to any Director or chief executive of the Company, as at 31 December 2017, the persons or corporations (other than Director or chief executive of the Company) who had interest or short positions in the shares and underlying shares of the Company which were required to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept under section 336 of the SFO were as follows:

Name of Shareholders	Capacity/Nature of Interest	Number of Shares	Approximate percentage of shareholding in the Company 佔本公司股權的概約百分比
股東名稱	身份／權益性質	股份數目	
Ho Born Investment Holdings Limited ⁽¹⁾	Beneficial interests	710,076,859 (Long position)	42.59%
浩邦投資控股有限公司 ⁽¹⁾	實益權益	(好倉)	
Well Born Industrial Group Limited ⁽¹⁾	Beneficial interests	119,808,000 (Long position)	7.19%
偉邦實業集團有限公司 ⁽¹⁾	實益權益	(好倉)	
Mr. Fang Chengyu	Beneficial interests	103,026,000 (Long position)	6.18%
方誠鈺先生	實益權益	(好倉)	

Notes:

(1) Mr. Shi Hongliu and Mr. Shi Hongyan, executive Directors, are two of the directors of Ho Born Investment Holdings Limited and Well Born Industrial Group Limited.

董事購買股份或債券的安排

除上文「購股權計劃」所披露者外，本公司概無於年內任何時間向本公司任何董事、彼等各自的配偶或未成年的子女授出權利，藉以認購本公司的股份或債券而獲取利益，而彼等亦無行使任何該等權利；本公司、其控股公司或其任何附屬公司概無訂立任何安排，致使本公司董事可藉購入本公司或任何其他法人團體的股份或債務證券(包括債券)而獲取利益。

主要股東於股份及相關股份的權益及淡倉

就本公司任何董事或最高行政人員所知，於2017年12月31日，以下人士或法團(並非本公司董事或最高行政人員)於本公司股份及相關股份中，擁有根據證券及期貨條例第XV部第2及3分部的條文須披露予本公司的權益或淡倉，或已列入根據證券及期貨條例第336條規定存置的登記冊內的權益或淡倉：

附註：

(1) 執行董事施洪流先生及施鴻雁先生為浩邦投資控股有限公司及偉邦實業集團有限公司的兩名董事。

Report of the Directors

董事會報告

Save as disclosed above, as at 31 December 2017, the Directors and the chief executive of the Company are not aware of any other person or corporation having an interest or short position in the shares and underlying shares of the Company which would require to be disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

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

During the year ended 31 December 2017, neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities.

CONTINUING CONNECTED TRANSACTIONS

Haosha Industry, an indirect wholly-owned subsidiary of our Company, has entered into certain transactions with Haosha Garments and Quanzhou Haosha Fitness Centre Co., Ltd. "Haosha Fitness Centre".

CONNECTED PERSON

Haosha Garments is a limited liability company established in the PRC on 24 October 1996, and is owned as to 75% by Mr. Shi Hongliu and 25% by Mr. Shi Hongyan, respectively. Mr. Shi Hongliu is an executive Director and is entitled to exercise more than 30% of the voting power at general meetings of Haosha Garments. Accordingly, Haosha Garments is an associate of Mr. Shi Hongliu under Rule 1.01 of the Listing Rules and therefore a connected person of the Company under Rule 14A.07 of the Listing Rules.

Haosha Fitness Centre is a limited liability company established under the laws of the PRC on 18 December 2013 and is owned as to 60% by Mr. Shi Hongliu and 40% by Mr. Shi Hongyan, respectively. Mr. Shi Hongliu and Mr. Shi Hongyan are executive Directors and are entitled to exercise more than 30% of the voting power at general meetings of Haosha Fitness Centre. Accordingly, Haosha Fitness Centre is an associate of Mr. Shi Hongliu and Mr. Shi Hongyan under Rule 1.01 of the Listing Rules and therefore a connected person of the Company under Rule 14A.07 of the Listing Rules.

除上文披露者外，於2017年12月31日，本公司董事及最高行政人員並不知悉有任何其他人士或法團於本公司的股份及相關股份中擁有根據證券及期貨條例第XV部第2及3分部的條文須披露予本公司的權益或淡倉，或已列入本公司根據證券及期貨條例第336條規定存置的登記冊內的權益或淡倉。

購買、出售或贖回本公司上市證券

於截至2017年12月31日止年度，本公司或其任何附屬公司概無購買、出售或贖回本公司任何上市證券。

持續關連交易

本公司的間接全資附屬公司浩沙實業已與浩沙製衣及泉州浩沙健身俱樂部有限公司「浩沙健身俱樂部」訂立若干交易。

關連人士

浩沙製衣為一家於1996年10月24日於中國成立的有限責任公司，分別由施洪流先生及施鴻雁先生擁有75%及25%。施洪流先生為一名執行董事，並有權於浩沙製衣的股東大會上行使多於30%的投票權。因此，根據上市規則第1.01條，浩沙製衣為施洪流先生的聯繫人，故此，根據上市規則第14A.07條為本公司的關連人士。

浩沙健身俱樂部為一間根據中國法律於2013年12月18日成立的有限公司，現時分別由施洪流先生及施鴻雁先生擁有60%及40%權益，施洪流先生及施鴻雁先生均為本公司的執行董事，並有權於浩沙健身俱樂部的股東大會上行使多於30%的投票權。因此，根據上市規則第1.01條，浩沙健身俱樂部為施洪流先生及施鴻雁先生的聯繫人，故此，根據上市規則第14A.07條為本公司的關連人士。

Report of the Directors

董事會報告

The continuing connected transactions

(a) Procurement agreement with Haosha Garments

On 7 June 2011, Haosha Industry, an indirectly wholly-owned subsidiary of our Company, entered into a procurement agreement with Haosha Garments, whereby Haosha Garments agreed to supply its fabric products to Haosha Industry from time to time for Haosha Industry to manufacture Hosa branded indoor sportswear products. The procurement agreement is for a term from 1 January 2011 to 31 December 2013 renewable for a further three years at the option of Haosha Industry subject to compliance with applicable requirements of the Listing Rules. Haosha Industry has the right to terminate the procurement agreement at any time before expiration subject to compliance with the Listing Rules.

In order to continue the relevant transactions with Haosha Garments, Haosha Industry entered into a procurement agreement with Haosha Garments on 19 December 2013. A new procurement agreement ("New Procurement Agreement") was entered between Haosha Industry and Haosha Garments on 22 November 2016, whereby Haosha Industry agreed to purchase from Haosha Garments, and Haosha Garments agreed to sell to Haosha Industry, fabric products from time to time. The New Procurement Agreement is for a term of three years, from 1 January 2017 to 31 December 2019, and is renewable for another three year at the option of Haosha Industry subject to compliance with applicable requirements of Listing Rules. The annual caps for the transactions under the New Procurement Agreement for each of the three years ending 31 December 2019 are RMB9 million, RMB12 million and RMB15 million.

持續關連交易

(a) 與浩沙製衣的採購協議

於2011年6月7日，本公司的間接全資附屬公司浩沙實業與浩沙製衣訂立採購協議，據此，浩沙製衣同意不時向浩沙實業供應其面料產品，以供浩沙實業生產浩沙品牌室內運動服飾產品之用。採購協議年期由2011年1月1日起至2013年12月31日止，可由浩沙實業選擇再重續三年，惟必須符合上市規則的適用規定。浩沙實業有權於屆滿前隨時終止採購協議，惟須符合上市規則規定。

為繼續與浩沙製衣進行相關交易，於2013年12月19日，浩沙實業與浩沙製衣訂立一份採購協議，及於2016年11月22日，浩沙實業與浩沙製衣訂立一份新採購協議（「新採購協議」），據此，浩沙實業同意不時向浩沙製衣採購及浩沙製衣同意不時向浩沙實業出售面料產品。新採購協議為期三年，自2017年1月1日至2019年12月31日止，並可由浩沙實業選擇另行重續三年，惟須遵守上市規則之適用規定。於截至2019年12月31日止三個年度各年，新採購協議項下之交易之年度上限為人民幣9百萬元、人民幣12百萬元及人民幣15百萬元。

Report of the Directors

董事會報告

Haosha Garments has been a fabric products provider of the Group and the Group expects itself to continue procuring fabric products from Haosha Garments in view of their long-term business relationship, which enables Haosha Garments to respond to the order requests of the Group in a more prompt and accurate manner compared with other independent suppliers of similar products available in the market, as well as the proximity between Haosha Garments and Haosha Industry, which helps reduce the transportation costs. The prices at which the Group procures the fabric products from Haosha Garments are based on terms that are comparable to those available from independent suppliers of similar products, on arm's length negotiation and on normal commercial terms.

For the year ended 31 December 2017, the Group procured fabric products of RMB7.5 million from Haosha Garments to manufacture Hosa branded indoor sportswear products and the amount of procurement fees paid/payable to Haosha Garments was within the approved annual cap of RMB9 million (excluding value added tax).

(b) Processing Agreement with Haosha Garments

In light of the fact that Haosha Industry lacks the in-house facilities for dyeing and printing its procured fabric products, Haosha Industry entered into a processing agreement with Haosha Garments on 7 June 2011, pursuant to which Haosha Garments agreed to provide dyeing and printing services to Haosha Industry from time to time on commercial terms. The processing agreement is for a term from 1 January 2011 to 31 December 2013 renewable for a further period of three years at the option of Haosha Industry subject to compliance with applicable requirements of the Listing Rules. Haosha Industry has the right to terminate the processing agreement at any time before expiration subject to compliance with the Listing Rules.

浩沙製衣為本集團的面料產品供應商，而鑒於彼此的長期業務關係，本集團預期其將會繼續向浩沙製衣採購面料產品，令浩沙製衣能夠較市場上其他類似產品的獨立供應商更迅速準確地應付本集團的訂單要求，而浩沙製衣與浩沙實業鄰近，亦有助減低運輸成本。本集團自浩沙製衣採購面料產品的價格乃按與本集團就類似產品獲獨立供應商提供的可資比較條款，並按公平磋商及按一般商業條款釐定。

截至2017年12月31日止年度，本集團就向浩沙製衣採購面料產品供生產浩沙品牌室內運動服飾產品共人民幣7.5百萬元，而支付／應付予浩沙製衣的採購費用在獲批年度上限人民幣9百萬元(不含增值稅)以內。

(b) 與浩沙製衣的委託加工協議

由於浩沙實業缺乏為其採購的面料產品進行印染的內部設施，於2011年6月7日，浩沙實業與浩沙製衣訂立委託加工協議，據此，浩沙製衣同意不時按商業條款為浩沙實業供應印染服務。委託加工協議年期由2011年1月1日起至2013年12月31日止，可由浩沙實業選擇再重續三年，惟須符合上市規則的適用規定。浩沙實業有權於屆滿前隨時終止委託加工協議，惟須符合上市規則規定。

Report of the Directors

董事會報告

In order to continue the relevant transactions with Haosha Garments, Haosha Industry entered into a processing agreement with Haosha Garments on 19 December 2013. A new processing agreement (“New Processing Agreement”) was entered between Haosha Industry and Haosha Garments on 22 November 2016, whereby Haosha Industry agreed to purchase from Haosha Garments, and Haosha Garments agreed to supply to Haosha Industry, dyeing and printing services from time to time. The New Processing Agreement is for a term of three years, from 1 January 2017 to 31 December 2019, and is renewable for another three years at the option of Haosha Industry subject to compliance with applicable requirements of Listing Rules. The annual caps for the transactions under the New Processing Agreement for each of the three years ending 31 December 2019 are RMB66 million, RMB72 million and RMB80 million, as approved by the independent shareholders of the Company at the extraordinary general meeting held on 29 December 2016. Further details of such transaction are set out in the announcements of the Company dated 22 November 2016 and the circular of the Company dated 2 December 2016.

Haosha Garments has been the processing service provider of the Group and the Group expects itself to continue using processing services provided by Haosha Garments in view of their long-term business relationship, which enables Haosha Garments to respond to the order requests of the Group in a more prompt and accurate manner compared with other independent suppliers of similar services available in the market, as well as the proximity between Haosha Garments and Haosha Industry, which helps reduce the transportation costs. The prices at which Haosha Garments provides processing services to the Group are based on terms that are comparable to those offered by independent suppliers of similar services, on arm’s length negotiation and on normal commercial terms.

For the year ended 31 December 2017, the Group incurred RMB56.4 million for the processing services provided by Haosha Garments and the amount of processing fees paid/payable to Haosha Garments was within the approved annual cap of RMB66 million (excluding value added tax).

為日後繼續與浩沙製衣進行相關交易，浩沙實業於2013年12月19日與浩沙製衣訂立一份委託加工協議及於2016年11月22日訂立一份新委託加工協議（「新委託加工協議」），據此，浩沙實業同意不時向浩沙製衣採購及浩沙製衣同意不時向浩沙實業提供印染服務。新委託加工協議為期三年，自2017年1月1日至2019年12月31日止，並可由浩沙實業選擇另行重續三年，惟須遵守上市規則之適用規定。於截至2019年12月31日止三個年度各年，新委託加工協議項下之交易之年度上限為人民幣66百萬元、人民幣72百萬元及人民幣80百萬元，已獲本公司之獨立股東於2016年12月29日舉行之股東特別大會上批准。有關該等交易之進一步詳情載列於本公司日期為2016年11月22日之公佈以及本公司日期為2016年12月2日的通函。

浩沙製衣為本集團的委託加工服務供應商，而鑒於彼此的長期業務關係，本集團預期其將會繼續使用浩沙製衣提供的委託加工服務，令浩沙製衣能夠較市場上其他類似服務的獨立供應商更迅速準確地應付本集團的訂單要求，而浩沙製衣與浩沙實業鄰近，亦有助減低運輸成本。浩沙製衣向本集團提供委託加工服務的價格乃按獨立供應商就類似服務的可資比較條款，並按公平磋商及按一般商業條款釐定。

截至2017年12月31日止年度，本集團就浩沙製衣提供的委託加工服務而產生人民幣56.4百萬元，而支付／應付予浩沙製衣的委託加工費用在獲批年度上限人民幣66百萬元（不含增值稅）以內。

Report of the Directors

董事會報告

(c) Sales Agreement with Haosha Fitness Centre

On 22 November 2016, Haosha Industry entered into a sales agreement with Haosha Fitness Centre (“Sales Agreement”), whereby Haosha Fitness Centre agreed to purchase from Haosha Industry, and Haosha Industry agreed to supply to Haosha Fitness Centre, health products from time to time. The procurement agreement is for a term from 1 January 2017 to 31 December 2019 renewable for a further period of three years at the option of Haosha Industry subject to compliance with applicable requirements of the Listing Rules. Haosha Industry has the right to terminate the Sales Agreement at any time before the expiration subject to compliance with the Listing Rules.

The annual caps for the transactions under the Sales Agreement for each of the three years ending 31 December 2019 are RMB20 million, RMB30 million and RMB50 million.

Haosha Fitness Centre is a leading fitness centre chain and has 70 fitness centres all over the PRC’s major cities, which is a sizable distribution channel. The Sales Agreement enables the Group to make use of the distribution channel to develop the health product market. The price and terms of the individual orders in respect of the Sales Agreement will be conducted on normal commercial terms and negotiated on an arm’s length basis, on similar basis with other independent third party customers, and shall be on terms which are no less favourable to the Group than those provided to independent third party customers.

For the year ended 31 December 2017, the Group sold health products of RMB7.9 million to Haosha Fitness Centre. The sales amount was within the approved annual cap of RMB20 million (excluding value added tax).

The independent non-executive Directors have reviewed the above-mentioned continuing connected transactions between the Group and Haosha Garments, and confirmed that such transactions were entered into:

- (i) in the ordinary and usual course of business of the Group;
- (ii) on normal commercial terms and on terms no less favourable to the Group than terms available from independent third parties; and
- (iii) in accordance with the relevant agreement governing them on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

(c) 與浩沙健身俱樂部的銷售協議

於2016年11月22日，浩沙實業與浩沙健身俱樂部訂立委託銷售協議，根據銷售協議，浩沙健身俱樂部同意向浩沙實業不時採購及浩沙實業同意向浩沙健身俱樂部提供健康產品。銷售協議由2017年1月1日起至2019年12月31日止，可由浩沙實業選擇再重續三年，惟須符合上市規則的適用規定。浩沙實業有權於屆滿前隨時終止銷售協議，惟須符合上市規則規定。

截至2019年12月31日止三個年度各年，銷售協議項下交易的年度上限為人民幣20百萬元、人民幣30百萬元及人民幣50百萬元。

浩沙健身俱樂部是領先的連鎖健身俱樂部，擁有70間遍佈全中國各大城市的健身俱樂部，是一個相當具規模的銷售渠道。銷售協議讓本集團借助有關銷售渠道，開拓健康產品的市場。銷售協議個別訂單的價格及條款將經公平磋商後按一般商業條款及與其他獨立第三方客戶類似的基準訂立，且其條款對本集團而言不遜於向獨立第三方客戶提供的條款。

截至2017年12月31日止年度，本集團就向浩沙健身俱樂部銷售健康產品共人民幣7.9百萬元，而向浩沙健身俱樂部的銷售額在獲批年度上限為人民幣20百萬元(不含增值稅)以內。

獨立非執行董事已審閱本集團與浩沙製衣之間的上述持續關連交易，並確認有關交易已按下列方式訂立：

- (i) 於本集團日常及一般業務過程中；
- (ii) 按一般商業條款及不遜於本集團可自獨立第三方獲取的條款；及
- (iii) 根據相關協議的約定，並按公平合理且符合股東整體利益的條款訂立。

Report of the Directors

董事會報告

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "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. The Company's auditors have issued their unqualified letter containing their findings and conclusions in respect of the continuing connected transactions disclosed by the Group in this annual report in accordance with Rule 14A.56 of the Listing Rules. A copy of the auditors' letter has been provided by the Company to the Stock Exchange. The auditors' letter confirms that, in respect of the above-mentioned continuing connected transactions:

- a. nothing has come to the auditors' attention that causes the auditors to believe that the above-mentioned continuing connected transactions have not been approved by the Company's board of directors.
- b. for transactions involving the provision of goods or services by the Group, nothing has come to the auditor's attention that causes the auditor to believe that the above-mentioned continuing connected transactions were not, in all material respects, in accordance with the pricing policies of the Group.
- c. nothing has come to the auditors' attention that causes the auditors to believe that the above-mentioned continuing connected transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions.
- d. with respect to the aggregate amount of the above-mentioned continuing connected transactions, nothing has come to the auditors' attention that causes the auditors to believe that the above-mentioned continuing connected transactions have exceeded the annual cap as set by the Company.

SIGNIFICANT RELATED PARTIES

The Company confirms that it has complied with the disclosure requirements in accordance with Chapter 14A of the Hong Kong Listing Rules in respect of the above continuing connected transactions. Save as disclosed, significant related party transactions which do not constitute connected transactions and continuing connected transactions under the Listing Rules in the year are disclosed in Note 29 of the financial statements prepared under the International Financial Reporting Standards.

本公司的核數師受聘根據香港會計師公會頒佈的香港審計工作準則第3000號「審計或審閱過往財務資料以外的審計工作」(修訂)及參照實務說明第740號「關於香港上市規則所述持續關連交易的核數師函件」報告本集團的持續關連交易。本公司的核數師已根據上市規則第14A.56條發出其無保留意見函件，當中載列彼等對有關本集團在本年報內披露的持續關連交易的發現及結論。本公司已將核數師函件副本送呈聯交所。核數師函件確認就上述持續關連交易而言：

- a. 核數師概無注意到任何事宜致令核數師相信上述持續關連交易尚未經本公司董事會批准。
- b. 就涉及本集團商品或服務的交易而言，核數師概無注意到任何事宜致令核數師相信上述持續關連交易在所有重大方面未有按照本集團的定價政策進行。
- c. 核數師概無注意到任何事宜致令核數師相信上述持續關連交易在所有重大方面未有根據規管該等交易的相關協議進行。
- d. 就上述持續關連交易之總金額而言，核數師概無注意到任何事宜致令核數師相信上述持續關連交易已超出由本公司所制定之年度上限金額。

關於重大關連方

本公司確認就上述有關持續關連交易已符合香港上市規則第14A章的披露規定。除上文所披露者外，年內根據上市規則並未構成關連交易及持續關連交易之重大關連方交易於按國際財務報告準則編製的此財務報表附註29內披露。

Report of the Directors

董事會報告

CONTRACTS WITH CONTROLLING SHAREHOLDERS

No contract of significance had been entered into between the Company or any of its subsidiaries and the controlling shareholders during the year ended 31 December 2017.

NON-COMPETE UNDERTAKINGS

Each of the controlling shareholders has confirmed to the Company of his/its compliance with the non-compete undertakings provided to the Company under the Deed of Non-Competition (as defined in the Prospectus). The independent non-executive Directors have reviewed the status of compliance and confirmed that all the undertakings under the Deed of Non-Competition have been complied with by the controlling shareholders.

DIRECTORS' INTEREST IN COMPETING BUSINESS

None of the Directors is or was interested in any business, apart from the Group's business, that competes or competed or is or was likely to compete, either directly or indirectly, with the Group's business at any time during the year ended 31 December 2017 and up to and including the date of this annual report.

MANAGEMENT CONTRACTS

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

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's articles of association or the laws of Cayman Islands where the Company is incorporated applicable to the Company.

EMOLUMENT POLICY

The Group's emolument policies are based on the merit, qualifications and competence of individual employees and are reviewed by the Remuneration Committee periodically.

與控股股東的合約

截至2017年12月31日止年度，本公司或其任何附屬公司並無與控股股東訂立任何重大合約。

不競爭承諾

各控股股東已向本公司確認，其已遵守根據不競爭契據(定義見招股章程)向本公司提供的不競爭承諾。獨立非執行董事已審視其遵例情況，並確認控股股東已遵守根據不競爭契據的所有承諾。

董事於競爭業務的權益

截至2017年12月31日止年度內任何時間及直至及包括本年報日期，概無董事於本集團業務以外以前或現在直接或間接與本集團業務構成競爭或可能構成競爭的任何業務中擁有權益。

管理合約

年內，概無訂立或存在有關本公司整體或任何重大部分業務管理及行政的任何合約。

優先購買權

本公司的組織章程細則或本公司註冊成立之所在地開曼群島適用於本公司的法例並無訂有優先購買權的條文。

薪酬政策

本集團的薪酬政策乃基於個別僱員的貢獻、資歷及能力，並定期由薪酬委員會審閱。

Report of the Directors

董事會報告

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

The Company has adopted two share option schemes to motivate and reward its Directors and eligible employees. Details of these schemes are set out in the paragraph headed "Share Option Schemes" above and note 23 to the financial statements.

PENSION SCHEME

The Group operates a defined contribution mandatory provident fund scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for eligible employees. Contributions are made based on a percentage of the employees' basic salaries and are charged to the consolidated income statements as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The employees of the Group's subsidiaries which operate in China are required to participate in defined contribution central pension schemes operated by the local municipal government. The subsidiaries of the Group are required to contribute certain percentages of its payroll costs to the central pension schemes. The contributions are charged to the consolidated income statements as they become payable in accordance with the rules of the central pension scheme.

The Group has no other material obligation for the payment of pension benefits beyond the annual contributions described above.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, aggregate sales to the Group's largest and five largest customers accounted for 12.9% (2016: 15.0%) and 50.3% (2016: 51.9%), respectively, of the Group's total revenue.

董事的薪酬乃由薪酬委員會參考本集團的經營業績、個人表現及可資比較的市場統計數據作出建議，並由董事會決定。

本公司已採納兩項購股權計劃，以激勵及獎勵其董事及合資格僱員。有關該等計劃的詳情載於上文「購股權計劃」一段及財務報表附註23。

退休金計劃

本集團根據強制性公積金計劃條例為合資格參與界定供款強制性公積金退休福利計劃（「強積金計劃」）的僱員設立強積金計劃。供款乃根據強積金計劃的規則按僱員基本薪金的某百分比計算，並於應付時於合併收益表扣除。強積金計劃資產與本集團資產分開存放，由獨立管理的基金持有。本集團作出的僱主供款一經向強積金計劃供款，即全數歸僱員所有。

本集團於中國大陸經營的附屬公司的僱員須參與地方市政府管理的界定供款中央退休金計劃。本集團附屬公司須按其薪酬成本的若干百分比向中央退休金計劃供款。供款乃根據中央退休金計劃的規則於應付時於合併收益表扣除。

除上文所述的年度供款外，本集團並無任何其他支付退休金福利的重大責任。

主要客戶及供應商

年內向本集團最大及五大客戶的銷售總額分別佔本集團收入總額的12.9%（2016年：15.0%）及50.3%（2016年：51.9%）。

Report of the Directors

董事會報告

During the year, aggregate purchases from the Group's largest and five largest suppliers accounted for 11.7% (2016: 18.8%) and 46.8% (2016: 43.1%), respectively, of the Group's total purchases from suppliers.

At no time during the year ended 31 December 2017, did a Director, his/her associate(s) or a Shareholder, which to the knowledge of the Director owns more than 5% of the Company's share capital, have an interest in any other of the Group's five largest customers and suppliers.

AUDITORS

KPMG will retire and, being eligible, offer themselves for reappointment. A resolution for their re-appointment as auditors of the Company will be proposed at the AGM.

PERMITTED INDEMNITY PROVISIONS

The Articles provides that every Director is entitled to be indemnified out of the assets and profits of the Company against all actions, costs, losses and damages which he/she may sustain by reason of any act done, concurred in or omitted in or about the execution of his/her duty, or supposed duty, in his/her office, provided that the indemnity shall not extend to any matter in respect of any fraud or dishonesty which may attach to him/her.

The Company has subscribed appropriate and sufficient insurance coverage on directors' liabilities in respect of legal actions taken against Directors arising out of corporate activities throughout the year.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors as at the date of this annual report, the Company has maintained the prescribed public float of not less than 25% of the Company's issued Shares as required under the Listing Rules for the year ended 31 December 2017.

BANK LOANS

As at 31 December 2017, the Group has outstanding bank loans of RMB377,135,000 (2016: RMB320,632,000), which carried interest rate of 2% – 7% (2016: 1% – 5%). The amount of interest capitalised during the year ended 31 December 2017 was nil.

On behalf of the Board
Shi Hongliu
Chairman

Hong Kong, 21 March 2018

年內向本集團最大及五大供應商的採購總額分別佔本集團向供應商的總採購額11.7%(2016年: 18.8%)及46.8%(2016年: 43.1%)。

於截至2017年12月31日止年度任何時間，概無董事、其聯繫人或就董事所知擁有本公司股本超過5%的股東於本集團其他五大客戶及供應商當中任何一方擁有權益。

核數師

畢馬威會計師事務所將退任，惟符合資格續聘。於股東週年大會上將提呈一項決議案，以續聘其為本公司的核數師。

獲准許的彌償條文

細則規定，每位董事有權就其任期內執行的職務或應執行的職務而可能因所作出、發生之作為或不作為而招致與此相關之所有行動、成本、損失或損害從本公司資產中獲得賠償。

本公司已於年內購買適合及充足保險，以覆蓋董事就企業活動期間產生對董事所提出法律訴訟的責任。

足夠的公眾持股量

根據本公司所獲的公開資料及就董事所知，於本年報日期，本公司於截至2017年12月31日止年度一直維持上市規則所規定不少於本公司已發行股份25%的指定公眾持股量。

銀行貸款

於2017年12月31日，本集團之銀行貸款餘額為人民幣377,135,000元(2016年: 人民幣320,632,000)，年利率為2%至7%(2016: 1%至5%)。截至2017年12月31日止年度已資本化的利息金額為零。

代表董事會
施洪流
董事長

香港，2018年3月21日

Independent Auditor's Report

獨立核數師報告



**Independent auditor's report to the shareholders of
Hosa International Limited**
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Hosa International Limited ("the Company") and its subsidiaries ("the Group") set out on pages 95 to 175, which comprise the consolidated statement of financial position as at 31 December 2017, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2017 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* ("the Code") together with any ethical requirements that are relevant to our audit of the consolidated financial statements in the Cayman Islands, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

獨立核數師報告
致浩沙國際有限公司股東
(於開曼群島註冊成立的有限公司)

意見

我們已審計列載於第95至175頁的浩沙國際有限公司(「貴公司」)及其附屬公司(「貴集團」)的合併財務報表，其中包括於2017年12月31日的合併財務狀況表、截至該日止年度的合併損益及其他綜合收益表、合併權益變動表及合併現金流量表，以及合併財務報表的附註，包括主要會計政策概要。

我們認為，合併財務報表已根據國際會計準則委員會(「國際會計準則委員會」)頒布的《國際財務報告準則》(「國際財務報告準則」)真實而中肯地反映了貴集團於2017年12月31日的合併財務狀況及其截至該日止年度的合併財務表現及合併現金流量，並已遵照香港《公司條例》的披露規定妥為編製。

意見的基礎

我們已根據香港會計師公會(「香港會計師公會」)頒布的《香港審計準則》(「香港審計準則」)進行審計。我們就該等準則承擔的責任在本報告「核數師就審計合併財務報表承擔的責任」部分中闡述。根據香港會計師公會的《職業會計師道德守則》(以下簡稱「守則」)以及與我們對開曼群島合併財務報表審計相關的任何道德要求，我們獨立於貴集團，並已履行守則中的其他職業道德責任。我們相信，我們所獲得的審計憑證能充足及適當地為我們的審計意見提供基礎。

Independent Auditor's Report

獨立核數師報告

KEY AUDIT MATTERS

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

Revenue recognition: Distributor arrangements

Refer to note 3 to the consolidated financial statements and the accounting policy 1(s) on page 121 and page 115.

The Key Audit Matter

Revenue mainly comprises sales of swimwear and fitness wear to distributors.

The Group enters into a framework distribution agreement with each distributor on a biennial basis and, according to the terms of the distribution agreements, products are manufactured based on purchase orders received and then delivered to the location designated by the distributor, at which point the risks and rewards of ownership of the goods are considered to have been transferred to the distributor and revenue is recognised.

During trade fairs held by the Group during the year, the distributors reach general purchase agreements with the Group, which indicate the amounts and quantity of goods to be ordered in the coming months. Adjustments to orders are allowed to be placed within the agreed time period.

How the matter was addressed in our audit

Our audit procedures to assess the recognition of revenue from distributor arrangements included the following:

- inspecting the framework distribution agreements with distributors, on a sample basis, to understand the terms of the sale transactions, including the terms of delivery and any sales return arrangements, to assess the Group's revenue recognition criteria with reference to the requirements of the prevailing accounting standards;
- comparing, on a sample basis, the orders in the general purchase agreements reached during the trade fairs, with the revenue from the corresponding distributors as recorded by the Group during the year, and understanding the reasons for any material differences by inquiring sales personnel and inspecting relevant underlying documentation for the order adjustments;

關鍵審計事項

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

收入確認：對分銷商的銷售

參考合併財務報表第121頁的附註3及第115頁的會計政策1(s)。

關鍵審計事項

收入主要包括向分銷商銷售水運動及健身服飾。

貴集團與各分銷商每兩年訂立框架分銷協議，根據分銷協議的條款，產品乃基於已收取的購買訂單製造，其後交付至分銷商指定的地點，貨品擁有權的風險及回報被視為已轉移至分銷商，從而確認收入。

在貴集團本年度舉行的訂貨會中，分銷商與貴集團達成一般購買協議，其表明在未來數月訂購的預期金額及貨品數量。允許在約定的時間段內對訂單作出調整。

該事項在我們的審計中如何處理

我們就對分銷商銷售的收入確認執行的審計程序如下：

- 對分銷框架協議進行抽樣檢查，以了解銷售交易的條款，包括交付及任何銷售回報安排的條款，以參考現行會計準則規定評估貴集團的收入確認標準；
- 抽取樣本，將訂貨會期間達成的一般購買協議的訂單，與貴集團年內記錄的相應分銷商的收入記錄進行比較，並通過詢問銷售人員和檢查訂單調整的相關基礎文件以了解任何重大差異的原因；

Independent Auditor's Report

獨立核數師報告

We identified the recognition of revenue from distributor arrangements as a key audit matter because revenue is one of the key performance indicators of the Group and therefore there is an inherent risk of manipulation of the timing of recognition of revenue by management to meet specific targets or expectations.

- assessing, on a sample basis, whether specific revenue transactions around the financial year end had been recognised in the appropriate financial period on the basis of the terms of sale as set out in the distribution agreements by comparing the details in the relevant sales invoices with acceptance documents signed by the distributors;
- identifying sales returns from the sales ledger after the year end and inspecting relevant underlying documentation to assess if the related adjustments to revenue had been accounted for in the appropriate financial period; and
- selecting a sample of sales journals during the reporting period that met certain risk-based criteria and comparing details of journals, with the relevant underlying documentation.

我們將對分銷商銷售的收入確認識別為關鍵審計事項，乃由於收入為貴集團關鍵業績指標之一，因此存在管理層為了達到特定目標或預期而操縱收入確認時點的內在風險。

- 抽取近年末部分的收入確認樣本，通過比對銷售發票以及分銷商簽署的收貨文件以評估收入是否根據分銷協議中的銷售條款確認在恰當的期間內；
- 從銷售明細中賬辨識銷售退回，並檢查相關支持性文件以評估有關收入調整是否計入適當的財務期間；及
- 從報告期間抽取銷售分錄中部分符合特定風險特徵的樣本，並對比分錄詳情及相關支持性文件。

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獨立核數師報告

Recoverability of trade receivables

Refer to note 17 to the consolidated financial statements and the accounting policies 1(j)(i) on page 137 and page 107.

The Key Audit Matter

At 31 December 2017, the Group's gross trade receivables totalled RMB475 million, against which provision of RMB0.69 million for doubtful debts was recorded.

Management assesses the need for provisions for doubtful debts based of the expected credit losses to be incurred, which is estimated by taking into account the ageing of overdue balances, repayment history of the Group's individual distributors and current market and distributor-specific conditions, all of which involve a significant degree of management judgement.

We identified assessing the recoverability of trade receivables as a key audit matter because of the inherent uncertainty in assessing if trade receivables will be recovered in full and because current market conditions are unpredictable and the assessment of the provisions for doubtful debts requires the exercise of significant management judgement.

How the matter was addressed in our audit

Our audit procedures to assess the recoverability of trade receivables included the following:

- obtaining an understanding of and assessing the design, implementation and operating effectiveness of management's key internal controls relating to credit control, debt collection and making provisions for doubtful debts;
- assessing whether items were correctly categorised in the trade receivables ageing report by comparing a sample of individual items with underlying sales invoices;

貿易應收款的可收回性

參考合併財務報表第137頁的附註17及第107頁的會計政策1(j)(i)。

關鍵審計事項

於2017年12月31日，貴集團貿易應收款總額合計為人民幣475百萬元，針對貿易應收款計提壞賬準備為人民幣0.69百萬元。

管理層基於預期的信貸虧損來決定計提壞賬準備的必要性，該預計乃經考慮逾期款項的賬齡、個別分銷商的償還歷史及現行市場及分銷商特定的情況，上述考慮涉及重大的管理層判斷。

我們將貿易應收款的可收回性識別為關鍵審計事項，由於評估貿易應收款是否能全數收回存在固有不確定性，並且由於現行市場情況無法估計，而壞賬準備的評估需要行使重大的管理層判斷。

該事項在我們的審計中如何處理

我們評估貿易應收款的可收回性的審計程序如下：

- 了解並評估管理層針對信貸控制、貿易款回收及壞賬準備的計提相關的關鍵控制的設計、執行及運行有效性；
- 通過抽樣比較個別應收項目與相關銷售發票，評估貿易應收款賬齡分佈的準確性；

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獨立核數師報告

- obtaining an understanding of the basis of management's judgements about the recoverability of individual material and all overdue trade receivable balances with reference to the ageing of overdue balances and historical and post year end payment records;
 - assessing the historical accuracy of the estimates made by management for the provisions for doubtful debts by comparing the provisions made by management as at 31 December 2016 with the actual new provisions and recoveries in respect of trade receivables as at 31 December 2016 during the current year; and
 - inspecting, on a sample basis, cash receipts from distributors subsequent to the financial year end relating to trade receivable balances at 31 December 2017.
- 通過參照逾期款項的賬齡以及以往年度的期後收款情況，了解管理層就個別重大以及全部逾期款項的可收回性所作出判斷的基礎；
 - 通過比較管理層於2016年12月31日所做的壞賬準備與本年內針對2016年12月31日貿易應收款餘額所收回的款項以及實際新增的準備，評估管理層針對壞賬準備所做估計的歷史準確性；及
 - 針對2017年12月31日貿易應收款餘額，抽樣查看分銷商於期後的回款情況。

Independent Auditor's Report

獨立核數師報告

INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

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

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

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

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

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs issued by the IASB 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 directors are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

除合併財務報表及核數師報告以外的信息

董事需對其他信息負責。其他信息包括年度報告內除了合併財務報表及我們就此發出的核數師報告以外的所有資料。

我們對合併財務報表的意見並不涵蓋其他信息，我們亦不對其他信息發表任何形式的鑒證結論。

在我們審計合併財務報表時，我們的責任是閱讀其他信息，在此過程中，考慮其他信息是否與合併財務報表或我們在審計過程中所了解的情況有重大抵觸，或者似乎有重大錯誤陳述。

基於我們已執行的工作，如果我們認為此其他信息有重大錯誤陳述，我們需要報告該事實。在這方面，我們沒有任何報告。

董事就合併財務報表須承擔的責任

董事須負責根據國際會計準則委員會頒布的《國際財務報告準則》及香港《公司條例》的披露規定編製真實而中肯的合併財務報表，並對其認為為使合併財務報表的編製不存在由於欺詐或錯誤而導致的重大錯誤陳述所必需的內部監控負責。

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

董事由審計委員會協助履行其監督貴集團財務報告過程的責任。

Independent Auditor's Report

獨立核數師報告

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made 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 HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with 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.

核數師就審計合併財務報表承擔的責任

我們的目標，是對整體合併財務報表是否存在由於欺詐或錯誤而導致的任何重大錯誤陳述取得合理保證，並出具包括我們意見的核數師報告。我們僅向整體股東報告，除此之外本報告不可用作其他用途。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。

合理保證是高水平的保證，但不能保證按《香港審計準則》進行的審計在某一重大錯誤陳述存在時總能發現。錯誤陳述可以由欺詐或錯誤引起，如果合理預期它們個別或滙總起來可能影響合併財務報表使用者所作出的經濟決定，則有關的錯誤陳述可被視作重大。

在根據《香港審計準則》進行審計的過程中，我們運用了職業判斷，保持了職業懷疑態度。我們亦：

- 識別和評估由於欺詐或錯誤而導致合併財務報表存在重大錯誤陳述的風險，設計及執行審計程序以應對這些風險，以及取得充足和適當的審計憑證，作為我們意見的基礎。由於欺詐可能涉及串謀、偽造、蓄意遺漏、虛假陳述，或凌駕於內部監控之上，因此未能發現因欺詐而導致的重大錯誤陳述的風險比較因錯誤而導致的重大錯誤陳述的風險為高。
- 了解與審計相關的內部監控，以設計適當的審計程序，但目的並非對貴集團內部監控的有效性發表意見。
- 評價董事所採用會計政策的恰當性及作出會計估計和相關披露資料的合理性。
- 對董事採用持續經營會計基礎的恰當性作出結論。根據所得的審計憑證，決定是否存在與事件或情況有關的重大不確定性，而可能對貴集團持續經營的能力構成重大疑慮。如果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對合併財務報表中的相關披露資料的關注。假若有關的披露資料不足，則我們須出具非無保留意見的核數師報告。我們的結論是基於截至核數師報告日止所取得的審計憑證。然而，未來事件或情況可能導致貴集團不能繼續持續經營。

Independent Auditor's Report

獨立核數師報告

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with 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 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 Cheung Tsang Fai.

KPMG

Certified Public Accountants
8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

21 March 2018

- 評價合併財務報表的整體列報方式、結構和內容，包括披露資料，以及合併財務報表是否公允反映交易和事項。
- 就集團中實體或業務活動的財務資料獲取充分、適當的審計證據，以對合併財務報表發表意見。我們負責指導、監督和執行集團審計。我們對審計意見承擔全部負責。

我們與審計委員會溝通了計劃的審計範圍、時間安排、重大審計發現等事項，包括我們在審計期間識別出內部監控的任何重大缺陷。

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

從與審計委員會溝通的事項中，我們決定哪些事項對本期合併財務報表的審計最為重要，因而構成關鍵審計事項。我們會在核數師報告中描述這些事項，除非法律法規不允許對某件事項作出公開披露，或在極端罕見的情況下，若有合理預期在我們報告中溝通某事項而造成的負面後果將會超過其產生的公眾利益，我們將不會在此等情況下在報告中溝通該事項。

本獨立核數師報告的審計項目合夥人是張增輝。

畢馬威會計師事務所

執業會計師
香港中環
遮打道10號
太子大廈8樓

2018年3月21日

Consolidated Statement of Profit or Loss and Other Comprehensive Income

合併損益及其他綜合收益表

For the year ended 31 December 2017 截至2017年12月31日止年度
(Expressed in Renminbi unless otherwise indicated) (除另有指明外，均以人民幣列示)

		Note	2017	2016
		附註	RMB'000	RMB'000
			人民幣千元	人民幣千元
Revenue	營業額	3	1,198,769	1,103,540
Cost of sales	銷售成本	3	(698,656)	(536,213)
Gross profit	毛利		500,113	567,327
Other revenue	其他收入	4	41,328	57,850
Other net (loss)/income	其他淨(虧損)/收入	4	(3,681)	1,193
Selling and distribution expenses	銷售及經銷成本		(119,736)	(185,689)
Administrative and other operating expenses	行政及其他經營開支		(101,847)	(109,198)
Profit from operations	經營利潤		316,177	331,483
Finance costs	財務成本	5(a)	(23,811)	(4,307)
Profit before taxation	除稅前利潤	5	292,366	327,176
Income tax	所得稅	6	(45,842)	(58,339)
Profit for the year attributable to equity shareholders of the Company	本公司權益股東應佔年度利潤		246,524	268,837
Other comprehensive income for the year	年度其他綜合收益			
Item that may be reclassified subsequently to profit or loss:	可能於其後重新分類至損益之項目：			
Exchange differences on translation of financial statements of operations outside the mainland China	換算中國內地境外附屬公司的財務報表的匯兌差異		18,579	(14,319)
Total comprehensive income for the year attributable to equity shareholders of the Company	本公司權益股東應佔年度綜合收益總額		265,103	254,518
Earnings per share (RMB)	每股盈利(人民幣元)			
— Basic	— 基本	9	0.15	0.16
— Diluted	— 攤薄		0.15	0.16

The notes on pages 99 to 175 form part of these financial statements. Details of dividends payable to equity shareholders of the Company attributable to the profit for the year are set out in note 25(b).

第99至175頁的附註構成成本財務報表的一部分。應付本公司權益股東年度利潤應佔股息的詳情載於附註25(b)。

Consolidated Statement of Financial Position

合併財務狀況表

As at 31 December 2017 於2017年12月31日

(Expressed in Renminbi unless otherwise indicated) (除另有指明外，均以人民幣列示)

		Note 附註	2017 RMB'000 人民幣千元	2016 RMB'000 人民幣千元
Non-current assets	非流動資產			
Property, plant and equipment	物業、廠房及設備	10	93,485	85,299
Lease prepayments	預付租金	11	16,904	17,319
Intangible assets	無形資產	12	1,306	513
Interest in an associate	於聯營公司投資	14	100,000	–
Loan to an associate	發放予聯營公司貸款	15	100,000	–
Deferred tax assets	遞延稅項資產	24(b)	687	3,021
Total non-current assets	非流動資產總值		312,382	106,152
Current assets	流動資產			
Inventories	存貨	16	288,279	220,255
Trade and other receivables	貿易及其他應收款	17	572,426	421,547
Pledged deposits	已質押存款	18	132,917	255,959
Fixed deposits held at banks with maturity over three months	到期日超過三個月的銀行定期存款	19(a)	1,370,673	1,364,266
Cash and cash equivalents	現金及現金等價物	19(a)	351,916	88,796
Total current assets	流動資產總值		2,716,211	2,350,823
Current liabilities	流動負債			
Trade and other payables	貿易及其他應付款	20	251,762	236,028
Bank loans	銀行貸款	21	377,135	320,632
Notes payable	票據	22	321,112	–
Current taxation	即期稅項	24(a)	38,685	33,346
Total current liabilities	流動負債總額		988,694	590,006
Net current assets	流動資產淨值		1,727,517	1,760,817
Total assets less current liabilities	總資產減流動負債		2,039,899	1,866,969
Non-current liability	非流動負債			
Deferred tax liabilities	遞延稅項負債	24(b)	7,341	10,782
Total non-current liability	非流動負債總值		7,341	10,782
Net assets	資產淨值		2,032,558	1,856,187
Capital and reserves	資本及儲備			
Share capital	股本	25(c)	13,567	13,567
Reserves	儲備	25(d)	2,018,991	1,842,620
Total equity	權益總額		2,032,558	1,856,187

Approved and authorised for issue by the board of directors on 21 March 2018.

由董事會於2018年3月21日批准及授權刊發。

Shi Hongliu
施洪流
Director
董事

Shi Hongyan
施鴻雁
Director
董事

The notes on pages 99 to 175 form part of these financial statements.

第99至175頁的附註構成本財務報表的一部分。

Consolidated Statement of Changes in Equity

合併權益變動表

For the year ended 31 December 2017 截至2017年12月31日止年度
(Expressed in Renminbi unless otherwise indicated) (除另有指明外，均以人民幣列示)

		Share capital	Share premium	Capital redemption reserve	Capital reserve	Statutory reserve	Exchange reserve	Other reserve	Share-based compensation reserve	Retained earnings	Total
		股本	股份溢價	贖回儲備	資本儲備	法定儲備	匯兌儲備	其他儲備	以股份為基準的補償儲備	保留利潤	總計
		(note 25(c))	(note 25(d)(i))	(note 25(d)(ii))	(note 25(d)(iii))	(note 25(d)(iv))	(note 25(d)(v))	(note 25(d)(vi))	(note 25(d)(vii))		
Note		RMB'000	RMB'000	RMB'000	RMB'000	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	人民幣千元	人民幣千元	人民幣千元	人民幣千元
Balance at 1 January 2016	於2016年1月1日的結餘	13,494	21,627	29	60	69,572	(8,763)	91,132	5,509	1,518,102	1,710,762
Changes in equity for 2016:	2016年權益變動：										
Profit for the year	年度盈利	-	-	-	-	-	-	-	-	268,837	268,837
Other comprehensive income	其他綜合收益	-	-	-	-	-	(14,319)	-	-	-	(14,319)
Total comprehensive income	綜合收益總額	-	-	-	-	-	(14,319)	-	-	268,837	254,518
Equity-settled share-based payments	以權益結算之股份支付	25(d)(vi)	-	-	-	-	-	-	(800)	-	(800)
Shares issued on exercise of share options	行使購股權之已發行股份	25(c)	73	13,764	-	-	-	-	(4,530)	-	9,307
Dividends approved in respect of current year	就本年度批准的股息	25(b)	-	(21,627)	-	-	-	-	-	(95,973)	(117,600)
Balance at 31 December 2016	於2016年12月31日的結餘	13,567	13,764	29	60	69,572	(23,082)	91,132	179	1,690,966	1,856,187
Balance at 1 January 2017	於2017年1月1日的結餘	13,567	13,764	29	60	69,572	(23,082)	91,132	179	1,690,966	1,856,187
Changes in equity for 2017:	2017年權益變動：										
Profit for the year	年度盈利	-	-	-	-	-	-	-	-	246,524	246,524
Other comprehensive income	其他綜合收益	-	-	-	-	-	18,579	-	-	-	18,579
Total comprehensive income	綜合收益總額	-	-	-	-	-	18,579	-	-	246,524	265,103
Equity-settled share-based payments	以權益結算之股份支付	25(d)(vi)	-	-	-	-	-	-	231	-	231
Dividends approved in respect of current year	就本年度批准的股息	25(b)	-	(13,764)	-	-	-	-	-	(75,199)	(88,963)
Balance at 31 December 2017	於2017年12月31日的結餘	13,567	-	29	60	69,572	(4,503)	91,132	410	1,862,291	2,032,558

The notes on pages 99 to 175 form part of these financial statements.

第99至175頁的附註構成本財務報表的一部分。

Consolidated Statement of Cash Flows

合併現金流量表

For the year ended 31 December 2017 截至2017年12月31日止年度

(Expressed in Renminbi unless otherwise indicated) (除另有指明外，均以人民幣列示)

	Note 附註	2017 RMB'000 人民幣千元	2016 RMB'000 人民幣千元
Operating activities			
Cash generated from operations	19(b)	129,443	116,534
Income tax paid		(41,610)	(34,816)
Net cash generated from operating activities		87,833	81,718
Investing activities			
Payments for purchase of property, plant and equipment		(11,527)	(8,097)
Payments for purchase of intangible assets		(589)	(149)
Proceeds from disposal of property, plant and equipment		61	–
Interest received		38,561	41,519
Decrease/(increase) in pledged deposits		123,042	(81,043)
Placement of time deposits with original maturity over three months		(514,407)	(1,364,266)
Maturity of time deposits with original maturity over three months		508,000	1,281,500
Payment for investment in an associate		(100,000)	–
Loan to an associate		(100,000)	–
Net cash used in investing activities		(56,859)	(130,536)
Financing activities			
Proceeds from bank loans		348,977	310,489
Repayments of bank loans		(279,497)	(132,076)
Proceeds from loans from immediate controlling party		5,771	52,396
Repayments of loans from immediate controlling party		(56,473)	–
Proceeds from shares issued under share option scheme		–	9,307
Net proceeds from notes issued	22	323,823	–
Interest paid		(22,119)	(4,323)
Dividends paid to equity shareholders of the Company		(88,336)	(119,179)
Net cash generated from financing activities		232,146	116,614
Net increase in cash and cash equivalents		263,120	67,796
Cash and cash equivalents at 1 January		88,796	21,000
Cash and cash equivalents at 31 December	19(a)	351,916	88,796

The notes on pages 99 to 175 form part of these financial statements.

第99至175頁的附註構成本財務報表的一部分。

Notes to the Consolidated Financial Statements

合併財務報表附註

(Expressed in Renminbi unless otherwise indicated)
(除另有指明外，均以人民幣列示)

1 SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

The Company was incorporated in the Cayman Islands on 2 September 2010. The shares of the Company have been listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 16 December 2011.

These consolidated financial statements have been prepared in accordance with all applicable International Financial Reporting Standards ("IFRSs"), which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards ("IASs") and Interpretations issued by International Accounting Standards Board ("IASB"), accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. Significant accounting policies adopted by the Group are disclosed below.

The IASB has issued certain new and revised IFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 1(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these consolidated financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2017 comprise the Company and its subsidiaries (together referred to as the "Group") and its associate.

The measurement basis used in the preparation of these consolidated financial statements is the historical cost basis.

The functional currency of the Company is Hong Kong Dollars ("HK\$"). These consolidated financial statements are presented in Renminbi ("RMB") as the functional currency of the Group's operating subsidiaries is RMB. These consolidated financial statements presented in RMB have been rounded to the nearest thousand.

1 重大會計政策

(a) 合規聲明

本公司於2010年9月2日在開曼群島註冊成立。本公司股份自2011年12月16日起已於香港聯合交易所有限公司(「聯交所」)主板上市。

該等合併財務報表已根據適用之國際財務報告準則(「國際財務報告準則」)(總體包括國際會計準則委員會(「國際會計準則委員會」)頒佈之所有適用之個別國際財務報告準則、國際會計準則(「國際會計準則」)及詮釋)編製。該等合併財務報表亦符合香港《公司條例》的披露規定。該等合併財務報表亦符合聯交所證券上市規則之適用披露條文。本集團採納之主要會計政策之概要載列於下文。

國際會計準則委員會已頒佈了多項新訂及經修訂的國際財務報告準則，有關準則於本集團的本會計期間首次生效或可供提前採納。於本期間及過往會計期間，由於初次應用上述與本集團有關的新訂及經修訂國際財務報告準則而導致會計政策變動已反映於合併財務報表中，有關資料載於附註1(c)內。

(b) 財務報表的編製基準

截至2017年12月31日止年度的合併財務報表包括本公司及其附屬公司(統稱「本集團」)及其聯營公司。

編製該等合併財務報表時所採用之計量基準為歷史成本法。

本公司的功能貨幣為港元(「港元」)。由於本集團經營附屬公司的功能貨幣為人民幣(「人民幣」)，故該等合併財務報表以人民幣呈列。以人民幣呈列的該等合併財務報表均湊整至最接近的千元。

Notes to the Consolidated Financial Statements

合併財務報表附註

(Expressed in Renminbi unless otherwise indicated)

(除另有指明外，均以人民幣列示)

1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Basis of preparation of the financial statements (Continued)

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

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

Judgements made by management in the application of IFRSs that have significant effect on the consolidated financial statements and major sources of estimation uncertainty are discussed in note 2.

(c) Changes in accounting standards

The IASB has issued the following amendments to IFRSs that are first effective for the current accounting period of the Group:

- *Annual Improvements to IFRSs 2014–2016 Cycle*
- *Amendments to IAS 7, Disclosure initiative*
- *Amendments to IAS 12, Income taxes – Recognition of deferred tax assets for unrealised losses*

1 重大會計政策(續)

(b) 財務報表的編製基準(續)

編製符合國際財務報告準則的該等合併財務報表時，管理層須作出判斷、估計及假設，該等判斷、估計及假設可影響政策的應用及所呈報的資產、負債、收入及開支金額。估計及相關假設乃根據相信於該等情況下為合理的過往經驗及多個其他因素而定，有關結果構成判斷有關資產及負債賬面值(該等賬面值未能直接從其他資料來源清楚得知)的基準。實際結果可能與估計有出入。

估計及相關假設均會被持續審閱。倘會計估計的修訂僅影響作出修訂的期間，則修訂於作出修訂的期間內確認，倘修訂對現時及未來期間均有影響，則於修訂及未來期間均確認修訂。

於應用國際財務報告準則時管理層所作對合併財務報表具有重大影響的判斷及估計不確定因素的主要來源已於附註2中討論。

(c) 會計準則的變動

國際會計準則理事會已頒佈下列國際財務報告準則的修訂，有關修訂在本集團的當前會計期間首次生效：

- *國際財務報告準則2014年至2016年週期之年度改進*
- *國際會計準則第7號(修訂本)，披露計劃*
- *國際會計準則第12號(修訂本)，確認未變現虧損之遞延稅項資產*

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1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Changes in accounting standards (Continued)

None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented. However, additional disclosure has been included in note 19(c) to satisfy the new disclosure requirements introduced by the amendments to IAS 7, *Statement of cash flows: Disclosure initiative*, which require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

(d) Subsidiaries

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

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

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 1(j)).

1 重大會計政策(續)

(c) 會計準則的變動(續)

概無該等發展對本集團的當前或以往期間的業績及財務狀況的編製或呈列方式有重大影響。然而，附註19(c)包含額外披露以滿足國際會計準則第7號現金流量表：披露計劃引入的新披露要求，企業需提供披露使財務報表使用者能夠評估涉及融資活動產生的負債的變更，包括因現金流和非現金變化而產生的變動。本集團尚未應用任何在當前會計期間尚未生效的新準則或詮釋。

(d) 附屬公司

附屬公司指本集團控制的實體。當本集團承受或享有參與實體所得的可變回報，且有能透過其對實體的權力影響該等回報時，則本集團控制該實體。於評估本集團是否擁有有關權力時，僅會考慮其實質權利(由集團及其他方擁有)。

於附屬公司的投資自控制權開始當日起合併計入合併財務報表，直至控制權終止當日為止。集團內公司間的結餘、交易及現金流以及集團內公司間交易所產生的任何未實現利潤，在編製合併財務報表時均全數對銷。集團內公司間交易所產生的未實現虧損則僅在無出現減值證據的情況下以與對銷未實現收益相同的方法予以對銷。

在本公司財務狀況表內，於附屬公司的投資按成本減減值損失(見附註1(j))列賬。

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1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Associates

An associate is an entity in which the Group or the Company has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

An investment in an associate is accounted for in the consolidated financial statements under the equity method. Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). Thereafter, the investment is adjusted for the post acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment (see notes 1 (j)). Any acquisition-date excess over cost, the Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the year are recognised in the consolidated statement of profit or loss, whereas the Group's share of the post-acquisition post-tax items of the investees' other comprehensive income is recognised in the consolidated statement of profit or loss and other comprehensive income.

When the Group's share of losses exceeds its interest in the associate, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method together with the Group's long-term interests that in substance form part of the Group's net investment in the associate.

Unrealized profits and losses resulting from transactions between the Group and its associate are eliminated to the extent of the Group's interest in the investee, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

If an investment in an associate becomes an investment in a joint venture or vice versa, retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method.

In the Company's consolidated statement of financial position, investments in associates are stated at cost less impairment losses (see note 1(j)).

1 重大會計政策(續)

(e) 聯營公司

聯營公司是指本集團或本公司對其管理層(包括參與財務和經營政策決策)有重大影響力，但無控制權或共同控制權的實體。

對聯營公司的投資按權益法在合併財務報表中入賬。按權益法，按投資成本進行初始計量，並按照本集團應佔被投資單位可辨認淨資產於收購日公允價值超過投資成本(如有)的任何超出部分進行調整。其後，該投資按收購後本集團分佔被投資公司資產淨值的變動及任何與投資有關的減值虧損(見附註1(j))調整。任何超過收購日成本的金額，本集團應佔被投資公司的收購後的除稅後業績及任何減值虧損於合併損益表內確認，而本集團應佔被投資單位的收購後的除稅後的其他綜合收益於合併損益及其他全面收益表中確認。

倘本集團應佔虧損超過其於聯營公司的權益，則本集團的權益將減至零，並會終止確認進一步虧損，惟倘本集團產生法定或推定責任或代表被投資公司作出付款。就此而言，本集團權益為權益法下投資的賬面值連同實質上構成本集團於聯營公司淨投資的一部分本集團長期權益。

本集團與其聯營公司間交易產生的未實現損益以本集團在被投資方所佔的權益予以抵銷，但已有證據顯示已轉讓資產出現減值除外，在此情況下，該等未實現虧損即時於損益內確認。

如果對聯營公司的投資成為合營企業的投資，反之亦然，保留的權益不會重新計量。相反，投資仍按權益法核算。

在本公司的合併財務狀況表中，對聯營公司的投資以成本減減值損失列帳(見附註1(j))。

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1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Property, plant and equipment

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses (see note 1(j)).

The cost of self-constructed items of property, plant and equipment includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads and borrowing costs (see note 1(u)).

No depreciation is provided in respect of construction in progress.

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

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

- Buildings situated on leasehold land are depreciated over the shorter of the unexpired term of lease and their estimated useful lives, being no more than 20 years after the date of completion.
- Plant and machinery 5 – 10 years
- Motor vehicles 2 – 4 years
- Furniture fixtures and equipment 3 – 5 years

Both the useful life of an asset and its residual value, if any, are reviewed annually.

1 重大會計政策(續)

(f) 物業、廠房及設備

物業、廠房及設備項目按成本減去累計折舊及減值損失(見附註1(j))列賬。

自建物業、廠房及設備項目的成本包括物料成本、直接勞工成本、拆卸及搬遷項目以及恢復項目所在地原貌的成本的初步估計(倘有關)和適當比例的生產經常費用及借貸成本(見附註1(u))。

在建工程不作折舊撥備。

報廢或出售物業、廠房及設備項目所產生的盈虧以該項目的出售所得款項淨額與其賬面值之間的差額釐定，並於報廢或出售當日在損益內予以確認。

物業、廠房及設備項目的折舊按下列估計可用年期，以直線法撇銷其成本減去其估計剩餘價值(如有)計算：

- 位於租賃土地上的樓宇按未屆滿的租賃期及其估計可用年期(以較短者為準，且不超過完成日期後20年)折舊。
- 廠房及設備 5至10年
- 汽車 2至4年
- 傢俬及裝置 3至5年

資產的可用年期及其剩餘價值(如有)均每年進行審閱。

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(除另有指明外，均以人民幣列示)

1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Intangible assets

Intangible assets represent software and are stated in the consolidated statement of financial position at cost less accumulated amortisation (where the estimated useful life is finite) and impairment losses (see note 1(j)).

Amortisation of intangible assets with finite useful lives is charged to profit or loss on a straight-line basis over the assets' estimate useful lives. Software are amortised from the date they are available for use over a period of three years.

Both the period and method of amortisation are reviewed annually.

(h) Lease prepayments

Lease prepayments represent cost of land use rights paid to the People's Republic of China ("PRC") governmental authorities. Land use rights are carried at cost less accumulated amortisation and impairment losses (see note 1(j)). Amortisation is charged to profit or loss on a straight-line basis over the respective periods of the rights.

(i) Operating lease charges

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

1 重大會計政策(續)

(g) 無形資產

無形資產指軟件，按成本減去累計攤銷(當估計可用年期為有限)及減值損失(見附註1(j))於合併財務狀況表列賬。

具有有限可用年期的無形資產攤銷乃於資產估計可用年期內以直線法在損益中扣除。軟件由其可供使用當日起計三年期間內攤銷。

攤銷期間及方法均每年進行審閱。

(h) 預付租金

預付租金指向中華人民共和國(「中國」)政府機構支付之土地使用權成本。土地使用權按成本減累計攤銷及減值損失列賬(見附註1(j))。攤銷以直線法於權利的各自期間自損益中扣除。

(i) 經營租賃支出

倘本集團可使用經營租賃下的資產，則根據租賃而支付的款項會於租賃期所涵蓋的會計期間內以等額分期於損益中扣除，除非有其他基準更能代表租賃資產所產生的利益模式則屬例外。所獲取的租賃優惠於損益中確認為淨租金總額的組成部分。或有租金於產生的會計期間在損益中扣除。

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1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Impairment of assets

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

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

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

1 重大會計政策(續)

(j) 資產減值

(i) *股本證券投資及貿易及其他應收款的減值*

對於以成本或攤餘成本列賬的股本證券及其他流動及非流動應收款項的投資於各報告期末進行審閱，以釐定是否存在客觀減值證據。客觀減值證據包括本集團關注以下一項或多項損失事件的可觀察數據：

- 債務人出現重大財務困難；
- 違約(如拖欠或延遲支付利息或本金)；
- 債務人可能破產或進行其他財務重組；
- 科技、市場、經濟或法律環境出現對債務人有不利影響的重大變動；及
- 權益工具投資公允價值的重大或持續下降以至低於其成本。

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(除另有指明外，均以人民幣列示)

1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Impairment of assets (Continued)

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

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

- For investments in associates accounted for under the equity method in the consolidated financial statements (see note 1(e)), the impairment loss is measured by comparing the recoverable amount of the investment with its carrying amount in accordance with note 1(j)(ii). The impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount in accordance with note 1(j)(ii).
- For trade and other current receivables carried at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material. This assessment is made collectively where these financial assets share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective Group.

1 重大會計政策(續)

(j) 資產減值(續)

(i) 股本證券投資及貿易及其他應收款的減值(續)

倘存在任何有關證據，減值損失按以下方式釐定及確認：

- 就於合併財務報表按權益法入賬的聯營公司投資(見附註1(e))而言，減值虧損乃根據附註1(j)(ii)將投資的可收回金額與其賬面值比較而計量。倘根據附註1(j)(ii)釐定可收回金額的估計出現有利變動，則減值虧損會撥回。
- 就按攤銷成本計算的貿易及其他應收款而言減值損失根據資產的賬面值與估計未來現金流量現值兩者間的差額計量，如貼現影響屬重大，則按金融資產原實際利率(即初始確認該等資產時計算的實際利率)貼現。倘金融資產具備類似風險特徵，例如類似的逾期情況及並未單獨評估為減值，則有關評估會一同進行。金融資產的未來現金流量根據與該類資產具有類似信貸風險特徵的資產的過往虧損經驗一同評估減值。

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1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Impairment of assets (Continued)

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

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

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

(ii) Impairment of other assets

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

- property, plant and equipment;
- lease prepayments;
- intangible assets; and
- investment in subsidiaries, associates in the Company's statement of financial position.

1 重大會計政策(續)

(j) 資產減值(續)

(i) 股本證券投資及貿易及其他應收款的減值(續)

- 若於其後期間，減值損失數額減少，而有關減少可客觀地與在確認減值損失後發生的事件聯繫，則減值損失會透過損益轉回。減值損失轉回不得導致資產賬面值超出在過往年度並無確認減值損失的情況下原應釐定的金額。

減值虧損直接與相關資產撇銷，惟貿易應收賬款的已確認減值損失計入貿易及其他應收款除外，其可收回性被視為不確定但並非微乎其微。在此情況下，呆賬的減值損失使用備抵賬列賬。倘本集團信納收回的機會微乎其微，則被視為不可收回的金額會直接從貿易應收賬款撇銷，而在備抵賬中持有有關該債務的任何金額會被轉回。其後收回過往於備抵賬中扣除的款項，會從備抵賬轉回。備抵賬的其他變動及過往直接撇銷而其後收回的款項，均在損益中確認。

(ii) 其他資產的減值

本集團會在各報告期末審閱內部及外部資料來源，以確定下列資產是否出現減值跡象，或過往確認的減值損失是否不再存在或已經減少：

- 物業、廠房及設備；
- 預付租金；
- 無形資產；及
- 本公司財務狀況表內的於附屬公司、聯營公司的投資。

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1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Impairment of assets (Continued)

(ii) Impairment of other assets (Continued)

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

– Calculation of recoverable amount

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

– Recognition of impairment losses

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

1 重大會計政策(續)

(j) 資產減值(續)

(ii) 其他資產的減值(續)

倘若存在任何有關跡象，則會估計資產的可收回金額。

– 計算可收回金額

資產的可收回金額為其公允價值減出售成本與使用價值之間的較高者。於評估使用價值時，估計未來現金流量乃按能反映現時市場對貨幣時間值及資產特定風險的評估的稅前貼現率，貼現至其現值。倘資產所產生的現金流入大致上不能獨立於其他資產所產生的現金流入，則以能獨立產生現金流入的最小資產組別(即現金產生單位)來釐定可收回金額。

– 確認減值損失

每當資產或其所屬現金產生單位的賬面值超過其可收回金額，即會於損益中確認減值損失。就現金產生單位確認的減值損失按比例分配，以減少現金產生單位(或一組單位)中其他資產的賬面值，惟資產賬面值不會減少至低於其個別公允價值減出售成本(若能衡量)或使用價值(若能釐定)。

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1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Impairment of assets (Continued)

(ii) Impairment of other assets (Continued)

– Reversals of impairment losses

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

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

(iii) Interim financial reporting and impairment

Under the Rule Governing the Listing of Securities on the Stock Exchange, the Group is required to prepare an interim financial report in compliance with IAS 34, *Interim financial reporting*, in respect of the first six months of the financial year. At the end of the interim period, the Group applies the same impairment testing, recognition, and reversal criteria as it would at the end of the financial year (see notes 1(j)(i) and (ii)).

(k) Inventories

Inventories are carried at the lower of cost and net realisable value.

Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

1 重大會計政策(續)

(j) 資產減值(續)

(ii) 其他資產的減值(續)

– 轉回減值損失

倘用以釐定可收回金額的估計出現有利變動，有關減值損失將予轉回。

轉回的減值損失以在過往年度並無確認減值損失的情況下原應釐定的資產賬面值為限。轉回的減值損失乃於確認轉回的年度內計入損益。

(iii) 中期財務報告及減值

根據聯交所證券上市規則，本集團須遵照國際會計準則第34號中期財務報告編製有關財政年度首六個月之中期財務報告。於中期期末，本集團採用等同財政年度末之減值測試、確認、及撥回標準(附註1(j)(i)及(ii))。

(k) 存貨

存貨以成本及可實現淨值兩者的較低者入賬。

成本乃使用加權平均成本公式計算，並包括所有採購成本、轉換成本和將存貨運至現址及使其達至現時狀況所產生的其他成本。

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1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) Inventories (Continued)

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

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

(l) Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method, less allowance for impairment of doubtful debts (see note 1(j)), except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts.

(m) Interest-bearing borrowings

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

(n) Trade and other payables

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

1 重大會計政策(續)

(k) 存貨(續)

可實現淨值乃於日常業務過程中的估計售價，減去估計完成的成本及進行銷售所需的估計成本。

於出售存貨時，該等存貨的賬面值在相關收入確認的期間確認為開支。存貨撇減至可實現淨值的任何金額及存貨的所有虧損，在撇減或出現虧損的期間確認為開支。存貨的任何撇減轉回在出現轉回期間確認為沖減存貨開支。

(l) 貿易及其他應收款

貿易及其他應收款初始按公允價值確認，其後使用實際利率法按攤銷成本減呆賬的減值撥備列賬（見附註1(j)），惟應收款乃向關聯方提供及無任何固定還款期的免息貸款或貼現影響並不重大者則屬例外。在該等情況下，應收款乃按成本減呆賬減值撥備列賬。

(m) 計息借款

計息借款初始按公允價值減應佔交易成本確認。初始確認後，計息借款按攤銷成本列賬，而初始確認金額與贖回值之間任何差額，連同任何利息及應付費用，使用實際利率法於借款期內在損益中確認。

(n) 貿易及其他應付款

貿易及其他應付款初始按公允價值確認，其後按攤銷成本列賬，除非貼現的影響並不重大，在此情況下則按成本列賬。

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1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

(p) Employee benefits

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

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

Contributions to appropriate local defined contribution retirement schemes pursuant to the relevant labour rules and regulations in the PRC are recognised as an expense in profit or loss as incurred, except to the extent that they are included in the cost of inventories not yet recognised as an expense.

(ii) *Share-based payments*

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

1 重大會計政策(續)

(o) 現金及現金等價物

現金及現金等價物包括銀行存款及手頭現金、存放在銀行及其他財務機構的活期存款及短期高流動性的投資(此等投資可隨時換算為已知金額的現金，其價值變動風險不大及在購入時已將於三個月內到期)。

(p) 僱員福利

(i) *短期僱員福利及界定供款退休計劃供款*

薪金、年度花紅、有薪年假、界定供款退休計劃供款以及非貨幣性福利成本均在僱員提供相關服務的年度內計算。倘付款或結算獲遞延處理，且影響重大，則該等金額按其現值列賬。

除已計入但尚未確認為開支的存貨成本外，根據中國有關勞工規則及法規向當地適當界定供款退休計劃作出的供款於產生期間在損益確認為開支。

(ii) *以股份為基準的付款*

授予僱員的購股權的公允價值分別計入僱員成本，並在權益中的以股份為基準的補償儲備作相應增加。公允價值按授出日期當日採用二項式點陣模型計算，並計入授出購股權的條款與條件。倘僱員於無條件有權享有該等購股權前須達到某些歸屬條件，則於歸屬期內攤分計入購股權的估計公允價值總額，並計入該購股權將獲歸屬的可能性。

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1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(p) Employee benefits (Continued)

(ii) Share-based payments (Continued)

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

(q) Income tax

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

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

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

1 重大會計政策(續)

(p) 僱員福利(續)

(ii) 以股份為基準的付款(續)

於歸屬期間須對預期將予歸屬的購股權數目進行評估。對以往年度確認的累計公允價值的任何調整，於進行檢討的年度在損益表內計入／扣除，並於資本儲備內作相應調整，除非原有僱員開支合資格確認為資產。於歸屬日期，確認為開支的金額須予調整，以反映實際上已歸屬的購股權數目（並於資本儲備內作相應調整），惟倘只因未能達到與本公司股份市價有關的歸屬條件而導致被沒收則除外。有關的權益部分於資本儲備內確認，直至有關的購股權已獲行使（其時轉入股份溢價賬）或購股權已屆滿（其時直接解除至保留利潤）為止。

(q) 所得稅

年度所得稅包括即期稅項及遞延稅項資產與負債的變動。即期稅項及遞延稅項資產與負債的變動均在損益確認，惟倘其與其他綜合收益或直接於權益中確認的項目有關，則在此情況下，有關稅項金額分別於其他綜合收益或直接於權益中確認。

即期稅項為年度應課稅收益的預期應付稅項，採用於報告期末已頒佈或實質已頒佈的稅率計算，以及就過往年度應付稅項作出的任何調整。

遞延稅項資產及負債分別因可扣稅及應課稅暫時性差額所產生，暫時性差額即資產及負債就財務報告而言的賬面值與其稅基兩者之間的差額。遞延稅項資產亦會因未動用稅項虧損及未動用稅項抵免而產生。

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1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) Income tax (Continued)

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

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

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

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

1 重大會計政策(續)

(q) 所得稅(續)

除若干少數例外情況外，所有遞延稅項負債及所有遞延稅項資產均於日後可能有應課稅利潤用以抵銷可動用資產時確認。可支持確認源自可扣稅暫時性差額的遞延稅項資產的日後應課稅利潤包括該等源自轉回現有應課稅暫時性差額的數額，惟該等差額須與相同稅務機關及相同應課稅實體有關，並預期於轉回可扣稅暫時性差額的同一期間或源自遞延稅項資產的稅項虧損可承後或承前結轉的期間轉回。在釐定現有應課稅暫時性差額是否支持確認因未動用稅項虧損及抵免產生的遞延稅項資產時採用相同的標準，即倘該等暫時性差額與相同稅務機關及相同應課稅實體有關，且預期在可動用稅項虧損或抵免期間內轉回則會計入該等暫時性差額。

確認遞延稅項資產及負債的少數例外情況，為與從初始確認但並不影響會計及應課稅利潤的資產或負債(惟並非業務合併的一部分)產生的暫時性差額，及與於附屬公司投資有關的暫時性差額，惟就應課稅差額而言，僅以本集團可控制轉回時間且不大可能在可見未來轉回的差額為限，或就可扣稅差額而言，則以可能在未來轉回的差額為限。

已確認的遞延稅項金額乃按資產及負債賬面值的預期實現或清償方式，使用於報告期末已頒佈或實質已頒佈的稅率計量。遞延稅項資產及負債並無貼現。

遞延稅項資產的賬面值會於各報告期末審閱，並減至不再可能有足夠應課稅利潤以利用有關稅務優惠時為止。任何減幅會於可能有足夠應課稅利潤時轉回。

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1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(q) Income tax (Continued)

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

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

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

1 重大會計政策(續)

(q) 所得稅(續)

分派股息而產生的額外所得稅在支付相關股息責任獲確立時確認。

即期稅項結餘及遞延稅項結餘，及其變動分開列示，並不予抵銷。即期稅項資產與即期稅項負債，以及遞延稅項資產與遞延稅項負債只會在本公司或本集團有合法可強制執行權利以即期稅項資產抵銷即期稅項負債，並在符合下列附帶條件的情況下，才可互相抵銷：

- 若屬即期稅項資產及負債，本公司或本集團計劃按淨額基準結算，或同時實現該資產及清償該負債；或
- 若屬遞延稅項資產及負債，該資產及負債須與相同稅務機關就以下其中一項徵收的所得稅有關：
 - 相同應課稅實體；或
 - 不同應課稅實體，計劃在預期有重大金額的遞延稅項負債或資產須予清償或收回的每個未來期間，按淨額基準實現即期稅項資產及清償即期稅項負債，或同時實現即期稅項資產及清償即期稅項負債。

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(Expressed in Renminbi unless otherwise indicated)

(除另有指明外，均以人民幣列示)

1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) Provisions and contingent liabilities

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

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

(s) Revenue recognition

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

(i) Sale of goods

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

(ii) Interest income

Interest income is recognised as it accrues using the effective interest method.

1 重大會計政策(續)

(r) 撥備及或有負債

當本集團或本公司因過去事件須承擔法定或推定責任，而履行該責任很可能需要付出經濟利益及能可靠估計時，則須就未確定時間或金額的負債確認撥備。倘貨幣的時間值重大，則撥備會以履行該等責任而預期所需支出的現值列賬。

當不大可能需要經濟利益流出，或其數額未能可靠估計，除非經濟利益流出的可能性極微，否則須披露該等責任為或有負債。其存在僅能以一宗或以上日後事件的發生與否來確定的潛在責任，除非經濟利益流出的可能性極微，否則亦披露為或有負債。

(s) 收入確認

收入按已收或應收對價的公允價值計量。收入在經濟利益有可能流入本集團及收入與成本(如適用)能可靠計量時按下列基準於損益內確認：

(i) 銷售貨品

收入於客戶接收貨物及與擁有權有關的風險及回報之時確認。收入不包括增值稅或其他銷售稅，並於扣除任何貿易折扣後計算。

(ii) 利息收入

利息收入乃採用實際利率法於其產生時確認。

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(Expressed in Renminbi unless otherwise indicated)

(除另有指明外，均以人民幣列示)

1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(s) Revenue recognition (Continued)

(iii) Government grants

Government grants are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are deducted from the carrying amount of the asset and consequently are effectively recognised in profit or loss over the useful life of the asset by way of reduced depreciation expense.

(t) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates.

The results of operations outside the mainland China are translated into RMB at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Statement of financial position items are translated into RMB at the closing foreign exchange rates at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve.

(u) Borrowing costs

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

1 重大會計政策(續)

(s) 收入確認(續)

(iii) 政府補貼

倘可合理確定能夠收取政府補貼，而本集團將符合政府補貼所附帶的條件，則政府補貼在財務狀況表中初始確認。補償本集團所產生開支的補貼於產生開支的同一期間有系統地於損益中確認為收入。補償本集團資產成本的補貼在相關資產賬面值中扣除，其後於該項資產的可用年期以減少折舊開支方式於損益內實際確認。

(t) 外幣換算

於年度進行的外幣交易按交易日適用的匯率進行換算。以外幣計值的貨幣資產及負債按於報告期末的匯率換算。匯兌盈虧則於損益內確認。

按歷史成本以外幣為單位計量的非貨幣資產及負債，使用交易日適用的匯率換算。

中國內地境外業務的業績乃按與交易日適用的匯率相若的匯率換算為人民幣。財務狀況表項目乃按於報告期末的最後收盤外幣匯率換算為人民幣。所產生的匯兌差額於其他綜合收益確認及於權益中的匯兌儲備獨立累計。

(u) 借款成本

與收購、建造或生產需要長時間才可以投入擬定用途或銷售的資產直接相關的借款成本，將予資本化作為該資產成本的一部分。其他借款成本則於產生期間支銷。

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合併財務報表附註

(Expressed in Renminbi unless otherwise indicated)
(除另有指明外，均以人民幣列示)

1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(v) Related parties

- (i) A person, or a close member of that person's family, is related to the Group if that person:
 - (a) has control or joint control over the Group;
 - (b) has significant influence over the Group; or
 - (c) is a member of the key management personnel of the Group or the Group's parent.
- (ii) An entity is related to the Group if any of the following conditions applies:
 - (a) The entity and the Group are members of the same Group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (b) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a Group of which the other entity is a member).
 - (c) Both entities are joint ventures of the same third party.
 - (d) One entity is a joint venture of a third party and the other entity is an associate of the third entity.
 - (e) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
 - (f) The entity is controlled or jointly-controlled by a person identified in (i).

1 重大會計政策(續)

(v) 關聯方

- (i) 倘屬以下人士，則該人士或該人士的近親家庭成員與本集團有關聯：
 - (a) 控制或共同控制本集團；
 - (b) 對本集團有重大影響；或
 - (c) 為本集團或本集團母公司的主要管理層成員。
- (ii) 倘符合下列任何條件，即實體與本集團有關聯：
 - (a) 該實體與本集團屬同一集團的成員公司（即各母公司、附屬公司及同系附屬公司彼此間有關連）。
 - (b) 一間實體為另一實體的聯營公司或合營企業（或另一實體為成員公司的集團成員公司的聯營公司或合營企業）。
 - (c) 兩間實體均為同一第三方的合營企業。
 - (d) 一間實體為第三方實體的合營企業，而另一實體為同一第三方實體的聯營公司。
 - (e) 實體為本集團或與本集團有關聯的實體就僱員利益而設的離職後福利計劃。
 - (f) 實體受(i)所識別人士控制或受共同控制。

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(除另有指明外，均以人民幣列示)

1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(v) Related parties (Continued)

- (ii) An entity is related to the Group if any of the following conditions applies: (Continued)
- (g) A person identified in (i)(a) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- (h) The entity, or any member of a Group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

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

(w) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial statements provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

1 重大會計政策(續)

(v) 關聯方(續)

- (ii) 倘符合下列任何條件，即實體與本集團有關聯：(續)
- (g) 於(i)(a)所識別人對實體有重大影響力或屬該實體(或該實體的母公司)主要管理層成員。
- (h) 實體或其所屬集團旗下任何成員公司向本集團或本集團母公司提供主要管理人員服務。

一名人士的近親家庭成員指預期在與實體的交易中可影響該人士或受該人士影響的家庭成員。

(w) 分部報告

經營分部及財務報表內呈報的每個分部項目的金額，乃自定期向本集團最高行政管理層提供作為分配資源及評核本集團不同業務及地理分布表現的財務報表中識別。

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合併財務報表附註

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2 ACCOUNTING JUDGEMENT AND ESTIMATES

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 selection of critical accounting policies, the judgements and other uncertainties affecting application of those policies and the sensitivity of reported results to changes in condition and assumptions are factors to be considered when reviewing the financial statements. The principal accounting policies are set forth in note 1. The Group believes the following critical accounting policies involve the most significant judgements and estimates used in the preparation of the financial statements.

(a) Impairments

If circumstances indicate that the carrying value of an asset may not be recoverable, the asset may be considered "impaired", and an impairment loss may be recognised in profit or loss. The carrying amounts of assets are reviewed periodically in order to assess whether the recoverable amounts have declined below the carrying amounts. These assets are tested for impairment whenever events or changes in circumstances indicate that their recorded carrying amounts may not be recoverable. When such a decline has occurred, the carrying amount is reduced to recoverable amount.

The recoverable amount is the greater of the fair value less costs of disposal and value in use. In determining the value in use, expected cash flows generated by the asset are discounted to their present value, which requires significant judgement relating to level of sales volume, sales revenue and amount of operating costs. The Group uses all readily available information in determining an amount that is a reasonable approximation of recoverable amount, including estimates based on reasonable and supportable assumptions and projections of sales volume, sales revenue and amount of operating costs.

2 會計判斷及估計

估計及判斷乃持續評估及基於過往經驗及其他因素(包括因應當時情況相信為對未來事件的合理預期)。

重大會計政策的選擇、影響該等政策應用的判斷及其他不明朗因素以及所呈報業績對條件及假設變動的敏感度均為審閱財務報表時所考慮的因素。主要會計政策載列於附註1。本集團相信，以下重大會計政策涉及編製財務報表時所使用最為重大的判斷及估計。

(a) 減值

倘若情況顯示資產的賬面值或不可收回，則該資產可被視為「已減值」，並於損益中確認減值損失。資產的賬面值會定期予以檢討，以評估可收回金額有否跌至低於賬面值。當有事件或情況變動顯示其已記錄賬面值或不可收回時，則就該等資產進行減值測試。倘若出現有關下跌，賬面值會減至可收回金額。

可收回金額為公允價值減出售成本與現值兩者中的較高者。釐定現值時，有關資產所產生的預期現金流量乃貼現至其現值，這需要對銷量水平、銷售收入及經營成本金額作出重大判斷。本集團會運用一切可得資料，釐定可收回金額的合理約數，包括根據對銷量、銷售收入及經營成本金額的合理且可以證據支持的假設和預測作出的估計。

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2 ACCOUNTING JUDGEMENT AND ESTIMATES (CONTINUED)

(b) Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale. These estimates are based on the current market conditions and the historical experience of selling products with similar nature. Any change in the assumptions would increase or decrease the amount of inventories write-down or the related reversals of write-down made in prior years and affect the Group's net assets value. The Group reassesses these estimates at the end of the reporting period.

(c) Impairment of trade and other receivables

The Group estimates the impairment allowances for trade and other receivables by assessing the recoverability based on credit history and prevailing market conditions. This requires the use of estimates and judgements. Allowances are applied to trade and other receivables where events or changes in circumstances indicate that the balances may not be collectible. Where the expectation is different from the original estimate, such difference will affect the carrying amounts of trade and other receivables and thus the impairment loss in the period in which such estimate is changed. The Group reassesses the impairment allowances at the end of the reporting period.

(d) Depreciation and amortisation

Property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives, after taking into account the estimated residual value. Intangible assets with finite useful lives are amortised on straight-line basis over the estimated useful lives. The Group reviews the estimated useful lives of the assets regularly in order to determine the amount of depreciation and amortisation expenses to be recorded during any reporting period. The useful lives are based on the Group's historical experience with similar assets and taking into account anticipated technological changes. The depreciation and amortisation expenses for future periods are adjusted prospectively if there are significant changes from previous estimates.

2 會計判斷及估計(續)

(b) 存貨的可實現淨值

存貨的可實現淨值乃於日常業務過程中的估計售價，減估計完成的成本及進行銷售所需的估計成本。該等估計乃基於目前市場狀況及銷售同類產品的過往經驗。假設的任何變動將增加或減少過往年度存貨撇銷的金額或相關的撇銷轉回，並影響本集團的資產淨值。本集團於報告期末重新評估該等估計。

(c) 貿易及其他應收款的減值

本集團會根據信貸歷史及當前的市場狀況，透過評估貿易及其他應收款的可收回情況估計其減值撥備。這需要使用估計及判斷。當有事件出現或情況變動顯示結餘可能無法收回時，便會就貿易及其他應收款計提撥備。倘預期數額與原先估計有所不同，有關差額將影響有關估計變動期間的貿易及其他應收款的賬面值以及減值損失。本集團於報告期末重新評估該等減值撥備。

(d) 折舊及攤銷

物業、廠房及設備乃經計及估計剩餘價值後以直線法於其估計可用年期內折舊。有限定使用期限的無形資產於估計可用年期按直線基準攤銷。本集團定期審閱資產的估計可用年期，以釐定於任何報告期內記錄的折舊金額及攤銷開支。可用年期乃根據本集團以往對類似資產的經驗，並考慮預期的技術改變後得出。倘若過往估計出現重大改變，未來期間的折舊及攤銷開支則會作追溯調整。

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(Expressed in Renminbi unless otherwise indicated)
(除另有指明外，均以人民幣列示)

3 REVENUE AND SEGMENT REPORTING

The principal activities of the Group are design, manufacture and wholesale of swimwear and fitness wear.

Revenue represents the sales value of goods sold less returns, discounts and value added tax.

Segment information is presented in respect of the Group's business segments. The primary format, business segments, is based on the Group's management and internal reporting structure.

In 2017, the Group's management combined the design, manufacture and wholesales of fitness wear and sports underwear into one segment and streamlined its business into separate segments as follows:

- Design, manufacture and wholesale of swimwear under the brand name of "Hosa" ("Swimwear-Hosa");
- Design, manufacture and wholesale of swimwear under the brand name of "Water Cube" ("Swimwear-Water Cube");
- Design, manufacture and wholesale of fitness wear under the brand name of "Hosa" ("Fitness wear – Hosa"); and
- Manufacture and sales of fabrics ("Fabrics").

3 營業額及分部報告

本集團的主要業務為水運動及健身服飾的設計、生產及批發。

營業額指已出售貨品的銷售價值減去退貨、折扣及增值稅。

分部資料乃就本集團業務分部呈列。主要形式(業務分部)乃根據本集團管理及內部申報架構劃分。

於2017年，本集團的管理層已將健身服飾及運動內衣的設計生產及批發合為一個獨立分部，本集團的業務分部載列如下：

- 「浩沙」品牌下水運動的設計、生產及批發(「水運動－浩沙」)；
- 「水立方」品牌下水運動的設計、生產及批發(「水運動－水立方」)；
- 「浩沙」品牌下健身服飾的設計、生產及批發(「健身服飾－浩沙」)；及
- 生產及銷售布料(「布料」)。

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(除另有指明外，均以人民幣列示)

3 REVENUE AND SEGMENT REPORTING (CONTINUED)

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the years ended 31 December 2017 and 2016 is set out below:

3 營業額及分部報告(續)

向本集團最高級行政管理層提供以於截至2017年及2016年12月31日止年度分配資源及評估分部表現而有關本集團須申報分部的資料載列如下：

		Swimwear - Hosa 水運動 - 浩沙 RMB'000 人民幣千元	Swimwear - Water Cube 水運動 - 水立方 RMB'000 人民幣千元	Fitness wear - Hosa 健身服飾 - 浩沙 RMB'000 人民幣千元	Fabrics 布料 RMB'000 人民幣千元	Subtotal of reportable segments 須申報 分部小計 RMB'000 人民幣千元	Other 其他 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Year ended 31 December 2017	截至2017年 12月31日止年度							
Revenue	營業額	443,515	138,726	432,939	175,540	1,190,720	8,049	1,198,769
Cost of sales	銷售成本	(234,535)	(84,828)	(217,339)	(156,036)	(692,738)	(5,918)	(698,656)
Gross profit	毛利	<u>208,980</u>	<u>53,898</u>	<u>215,600</u>	<u>19,504</u>	<u>497,982</u>	<u>2,131</u>	<u>500,113</u>
Year ended 31 December 2016	截至2016年 12月31日止年度							
Revenue	營業額	422,819	140,295	540,426	-	1,103,540	-	1,103,540
Cost of sales	銷售成本	(198,866)	(83,524)	(253,823)	-	(536,213)	-	(536,213)
Gross profit	毛利	<u>223,953</u>	<u>56,771</u>	<u>286,603</u>	<u>-</u>	<u>567,327</u>	<u>-</u>	<u>567,327</u>

Other represents revenue from sales of health products.

其他為健康產品的銷售收入。

The Group's revenue by geographical locations is determined by the destination where the goods are delivered.

本集團按地理位置劃分的營業額乃以產品交付目的地釐定。

		Year ended 31 December 截至12月31日止年度	
		2017 RMB'000 人民幣千元	2016 RMB'000 人民幣千元
Domestic	國內	1,047,785	1,021,928
Hong Kong	香港	150,413	81,612
Others	其他	571	-
		<u>1,198,769</u>	<u>1,103,540</u>

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(Expressed in Renminbi unless otherwise indicated)
(除另有指明外，均以人民幣列示)

3 REVENUE AND SEGMENT REPORTING (CONTINUED)

The Group has three customers (2016: three customers) with whom transactions have exceeded 10% of the Group's revenue for the year ended 31 December 2017. The amount of sales to these customers amounted to approximately RMB401,843,000 for the year ended 31 December 2017 (2016: RMB408,400,000).

4 OTHER REVENUE AND OTHER NET (LOSS)/INCOME

3 營業額及分部報告(續)

截至2017年12月31日止年度，本集團與三名客戶(2016年：三名客戶)的交易超過本集團營業額的10%。截至2017年12月31日止年度，來自該等客戶的銷售額約為人民幣401,843,000元(2016年：人民幣408,400,000元)。

4 其他收入及其他淨(虧損)/收入

		Year ended 31 December	
		截至12月31日止年度	
		2017	2016
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Other revenue	其他收入		
Interest income – financial institutions	利息收入—金融機構	37,978	40,900
Government grants	政府補貼	2,300	12,578
Written back of long-aged liabilities	長期掛賬的負債轉回	–	3,482
Others	其他	1,050	890
		41,328	57,850
Other net (loss)/income	其他淨(虧損)/收入		
Exchange (loss)/gain	匯兌(虧損)/收益	(2,327)	1,567
Loss on disposal of raw materials	出售原材料虧損	–	(295)
Loss on disposal of property, plant and equipment	出售物業、廠房及設備損失	(250)	–
Donation	捐款	(800)	–
Others	其他	(304)	(79)
		(3,681)	1,193

Government grants of the Group were unconditional and were therefore recognised as income when received.

本集團的政府補貼為無條件，因此於收取時確認為收入。

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(除另有指明外，均以人民幣列示)

5 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting):

5 除稅前利潤

除稅前利潤乃經扣除／(計入)以下各項後得出：

		Year ended 31 December 截至12月31日止年度	
		2017 RMB'000 人民幣千元	2016 RMB'000 人民幣千元
(a) Finance costs:	(a) 財務成本：		
Interests on bank loans	銀行借款利息	16,200	4,307
Interests on guaranteed notes	票據利息	7,611	-
		<u>23,811</u>	<u>4,307</u>
(b) Staff costs:	(b) 員工成本：		
Contributions to defined contribution retirement plans (note 26)	界定供款退休計劃供款 (附註26)	2,075	1,995
Equity-settled share-based payment expenses (note 23)	以權益結算以股份支付開支 (附註23)	231	179
Equity-settled share-based payment expenses reversal (note 23)	以權益結算以股份支付開支轉回 (附註23)	-	(979)
Salaries, wages and other benefits	薪金、工資及其他福利	89,688	94,907
		<u>91,994</u>	<u>96,102</u>
(c) Other items:	(c) 其他項目：		
Amortisation of intangible assets and lease prepayments	無形資產及預付租金攤銷	855	820
Auditor's remuneration	審計師酬金	2,881	2,702
Depreciation	折舊	8,051	9,028
Operating lease charges in respect of properties	有關物業的經營租賃支出	6,750	6,374
Research and development costs (note (i))	研發成本 (附註(i))	55,813	63,073
Cost of inventories (note (iii))	存貨成本 (附註(iii))	<u>698,656</u>	<u>536,213</u>

Notes:

- (i) Research and development costs for the year ended 31 December 2017 include staff costs of employees in the design, research and development department of RMB10,608,000 (2016: RMB13,064,000), which are also included in the staff costs as disclosed in note 5(b).
- (ii) Cost of inventories for the year ended 31 December 2017 includes RMB50,560,000 (2016: RMB54,080,000) relating to staff costs, depreciation and amortisation expenses, which amount is included in the respective total amounts disclosed separately above in notes 5(b) and (c) for each of these types of expenses.

附註：

- (i) 截至2017年12月31日止年度的研發成本包括設計及研發部僱員的員工成本人民幣10,608,000元(2016年：人民幣13,064,000元)，亦已計入於附註5(b)披露的員工成本。
- (ii) 截至2017年12月31日止年度的存貨成本包括人民幣50,560,000元(2016年：人民幣54,080,000元)，乃與員工成本、折舊及攤銷開支有關，而上述金額亦計入就各該等開支類別在上文附註5(b)及(c)另外披露的各總額中。

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(除另有指明外，均以人民幣列示)

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

6 合併損益及其他綜合收益表中的所得稅

(a) Taxation in the consolidated statement of profit or loss and other comprehensive income represents:

(a) 合併損益及其他綜合收益表中的稅項指：

		Year ended 31 December 截至12月31日止年度	
		2017	2016
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Current tax – PRC income tax	即期稅項 – 中國所得稅		
Provision for the year	年度撥備	43,349	46,094
PRC dividend withholding tax (iv)	中國股息預扣稅(iv)	3,600	11,300
Deferred tax	遞延稅項		
Origination and reversal of temporary differences (note 24(b))	暫時性差額的產生和轉回 (附註24(b))	2,334	945
Reversal of dividends withholding tax (note 24(b))	股息預扣稅轉回 (附註24(b))	(3,441)	–
		<u>45,842</u>	<u>58,339</u>

(b) Reconciliation between tax expense and accounting profit at applicable tax rates:

(b) 稅項開支與按適用稅率計算的會計利潤的對賬：

		Year ended 31 December 截至12月31日止年度	
		2017	2016
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Profit before taxation	除稅前利潤	<u>292,366</u>	<u>327,176</u>
Notional tax on profit before taxation, calculated at the statutory tax rates applicable to the respective tax jurisdictions (i)	按適用於各稅務司法權區法定稅率計算的除稅前利潤的名義稅項(i)	78,392	85,117
Tax effect of PRC preferential tax treatments (ii)	中國優惠稅務待遇的稅務影響(ii)	(41,487)	(40,643)
Tax effect of non-deductible expenses	不可扣稅開支的稅務影響	5,337	2,565
Withholding tax on profit retained by PRC subsidiaries (iii)	中國附屬公司保留利潤的預扣稅(iii)	3,600	11,300
Actual tax expense	實際稅項開支	<u>45,842</u>	<u>58,339</u>

Notes to the Consolidated Financial Statements

合併財務報表附註

(Expressed in Renminbi unless otherwise indicated)

(除另有指明外，均以人民幣列示)

6 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

(b) Reconciliation between tax expense and accounting profit at applicable tax rates: (Continued)

- (i) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands (“BVI”), the Group is not subject to any income tax in the Cayman Islands and the BVI.

No provision was made for Hong Kong Profits Tax as the Group did not earn any assessable profit subject to Hong Kong Profits Tax for the years ended 31 December 2017 and 2016.

- (ii) According to the PRC Corporate Income Tax (“CIT”) Law that took effect on 1 January 2008, the statutory income tax rate of the Group’s subsidiaries in mainland China which are Haosha Industry (Fujian) Co., Ltd. (“Haosha Industry”) and Haosha Industry (Datian) Co., Ltd. (“Haosha Industry (Datian)”) is 25%.

In accordance with the CIT Law, its implementation rules and the relevant regulations, Haosha Industry was granted the High and New Technology Enterprise Status (“HNTE”) in 2013 for a valid period of 3 years from 2013 to 2015 which entitles Haosha Industry to a reduced income tax rate at 15% during the valid periods under the CIT Law and its relevant regulations. Haosha Industry successfully renewed the HNTE qualification on 1 December 2016 and continues to enjoy a preferential income tax rate of 15% for another three years from 2016 to 2018.

- (iii) According to PRC CIT Law and its implementation rules, dividends receivable by non-PRC corporate residents from PRC enterprises which are earned since 1 January 2008 are subject to withholding tax at a rate of 10%, unless reduced by tax treaties or arrangements. Under the Sino-Hong Kong Double Tax Arrangement, a qualified Hong Kong tax resident will be liable for withholding tax at the rate of 5% for dividend income derived from the PRC if the Hong Kong tax resident is the “beneficial owner” and holds 25% or more of the equity interests of the PRC Company.

On 25 October 2017, the Group had obtained the certificates of Hong Kong tax residents from the Inland Revenue Department of Hong Kong, which are effective from 2016 to 2018.

The Directors of the Group have determined that in determining the amounts of dividends to be distributed from PRC subsidiaries to the Hong Kong incorporated subsidiary in future, the amounts of dividends declared or to be declared by the Company would be considered. As at 31 December 2017, the Directors of the Group determined that the estimated dividends to be distributed will not be greater than RMB111,000,000 (31 December 2016: RMB107,820,000) in the foreseeable future.

6 合併損益及其他綜合收益表中的所得稅(續)

(b) 稅項開支與按適用稅率計算的會計利潤的對賬：(續)

- (i) 根據開曼群島及英屬維京群島(「英屬維京群島」)的規則及法規，本集團毋須繳納開曼群島及英屬維京群島的任何所得稅。

由於本集團於截至2017年及2016年12月31日止年度並無賺取任何須繳納香港利得稅的應課稅利潤，因此並無就香港利得稅計提撥備。

- (ii) 根據於2008年1月1日生效的中國企業所得稅(「企業所得稅」)法，本集團中國內地附屬公司浩沙實業(福建)有限公司(「浩沙實業」)及浩沙實業(大田)有限公司(「浩沙實業(大田)」)的法定所得稅稅率為25%。

根據企業所得稅法、其實施細則及相關法規，浩沙實業於2013年獲授予高新技術企業資格，由2013年至2015年，有效期3年，根據企業所得稅法及其相關法規，浩沙實業於有效期內的所得稅稅率獲減至15%。浩沙實業於2016年12月1日成功更新高新技術企業資格，從2016年至2018年三年期間繼續享有15%的優惠稅率。

- (iii) 根據中國企業所得稅法及其實施條例，非中國企業居民自中國企業應收股息須按自2008年1月1日開始賺取的利潤的10%稅率繳納預扣稅，除非獲稅務條約或安排減免則屬例外。此外，根據中港避免雙重徵稅安排，倘一名合資格香港稅務居民為中國公司的「實益擁有人」，並持有25%或以上股權，該名香港稅務居民自中國產生的股息收入則須按5%稅率繳納預扣稅。

於2017年10月25日，本集團已從香港稅務局取得由2016年至2018年生效的香港稅務居民證書。

本集團董事在決定未來從中國境內附屬公司分配至香港註冊成立的附屬公司的股利金額時，本公司已宣告和將要宣告的股利將會一同考慮。於2017年12月31日，本集團董事預期在可預見的將來將要分配不超過人民幣111,000,000元(2016年：人民幣107,820,000元)的股利。

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(除另有指明外，均以人民幣列示)

6 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (CONTINUED)

(b) Reconciliation between tax expense and accounting profit at applicable tax rates: (Continued)

- (iv) PRC dividend withholding tax represents tax charged by the PRC tax authority on dividends distributed by the Group's PRC subsidiaries during the year.

7 DIRECTORS' EMOLUMENTS

Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation is as follows:

Year ended 31 December 2017

		Salaries, allowances and benefits in kind		Contributions to retirement benefit scheme		Share-based payments (ii) with share-based payments (iii)	Discretionary bonuses	Total
		Fee	薪金、津貼及實物福利	退休福利計劃供款	以股份為基準的付款(iii)			
		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							
Mr. Shi Hongliu	施洪流先生	-	963	4	-	-	-	967
Mr. Shi Hongyan	施鴻雁先生	-	843	4	-	-	-	847
Mr. Shi Zhixiong	施志雄先生	-	609	4	-	-	-	613
Mr. Lui Wai Ming (i)	雷偉銘先生(i)	-	1,727	16	231	-	-	1,974
Sub-total	小計	-	4,142	28	231	-	-	4,401
Independent Non-executive Directors	獨立非執行董事							
Ms. Ko Yuk Lan	高玉蘭女士	-	250	-	-	-	-	250
Mr. He Wenyi	何文義先生	-	180	-	-	-	-	180
Mr. Yao Ge	姚戈先生	-	180	-	-	-	-	180
Sub-total	小計	-	610	-	-	-	-	610
Total	總計	-	4,752	28	231	-	-	5,011

6 合併損益及其他綜合收益表中的所得稅(續)

(b) 稅項開支與按適用稅率計算的會計利潤的對賬：(續)

- (iv) 中國股息預扣稅即為中國稅務部門就本集團的中國附屬公司於年內所徵收的稅項。

7 董事薪酬

董事薪酬乃根據香港公司條例第383(1)條及公司(披露董事利益資料)規例第2部分作出如下披露：

截至2017年12月31日止年度

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7 DIRECTORS' EMOLUMENTS (CONTINUED)

Year ended 31 December 2016

7 董事薪酬(續)

截至2016年12月31日止年度

		Salaries, allowances and benefits in kind	Contributions to retirement benefit scheme	Share-based payments ⁽ⁱⁱ⁾ 以股份為 基準的付款 ⁽ⁱⁱ⁾	Discretionary bonuses 酌情花紅	Total
	Fee 袍金	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
Executive Directors	執行董事					
Mr. Shi Hongliu	施洪流先生	-	962	4	-	966
Mr. Shi Hongyan	施鴻雁先生	-	842	4	-	846
Mr. Shi Zhixiong	施志雄先生	-	604	4	-	608
Mr. Lui Wai Ming ⁽ⁱ⁾	雷偉銘先生 ⁽ⁱ⁾	-	1,195	12	179	1,386
Sub-total	小計	-	3,603	24	179	3,806
Independent Non-executive Directors	獨立非執行董事					
Ms. Ko Yuk Lan	高玉蘭女士	-	250	-	-	250
Mr. He Wenyi	何文義先生	-	180	-	-	180
Mr. Yao Ge	姚戈先生	-	180	-	-	180
Sub-total	小計	-	610	-	-	610
Total	總計	-	4,213	24	179	4,416

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7 DIRECTORS' EMOLUMENTS (CONTINUED)

Notes:

- (i) Mr. Lui Wai Ming was appointed as executive director on 1 April 2016.
- (ii) These payments represent the estimated value of share options granted to the directors under the Company's share option scheme. The value of these share options is measured according to the Group's accounting policies for share-based payment transactions as set out in note 1(p)(ii).

The details of these benefits in kind, including the principal terms and number of options granted, are disclosed under the paragraph "Share option scheme" in the directors' report and note 23.

For the years ended 31 December 2016 and 2017, no amount was paid or payable by the Group to the directors or any of the five highest paid individuals set out in note 8 as an inducement to join or upon joining the Group or as compensation for loss of office.

8 INDIVIDUAL WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, four (2016: four) are directors whose remuneration are disclosed in note 7. Emoluments in respect of the remaining one individual (2016: one) are as follows:

Salaries and other emoluments	薪金及其他薪酬	555	489
Retirement scheme contributions	退休計劃供款	16	15
		571	504

The emoluments of the one individual (2016: one) with the highest emoluments are within the following band:

HK\$500,001 to 1,000,000	500,001至1,000,000港元	1	1
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7 董事薪酬(續)

附註：

- (i) 雷偉銘先生於2016年4月1日獲委任為執行董事。
- (ii) 這些付款為根據本公司購股權計劃授予董事的購股權估計價值。這些購股權的價值是根據如附註1(p)(ii)所列的本集團以股份為基準的交易會計政策而計量。

這些福利的詳情，包括授出的主要條款及購股權數目，已在董事報告及附註23的購股權計劃一段中披露。

截至2016年及2017年12月31日止年度，本集團概無支付或應付董事或附註8載列的五名最高薪酬人士任何款項，作為加盟本集團或加盟本集團時的獎勵金，或作為離職補償。

8 最高薪酬人士

五名最高薪酬人士中，四名(2016年：四名)為董事，彼等的薪酬於附註7披露。餘下一名(2016年：一名)人士的薪酬如下：

Year ended 31 December	
截至12月31日止年度	
2017	2016
RMB'000	RMB'000
人民幣千元	人民幣千元

上述一名(2016年：一名)最高薪酬人士的薪酬介乎下列範圍：

Year ended 31 December	
截至12月31日止年度	
2017	2016
Number of individuals	Number of individuals
人數	人數

		1	1
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合併財務報表附註

(Expressed in Renminbi unless otherwise indicated)

(除另有指明外，均以人民幣列示)

9 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB246,524,000 (2016: RMB268,837,000) and the weighted average number of 1,667,276,000 ordinary shares (2016: 1,660,301,000) in issue during the year, calculated as follows:

Weighted average number of ordinary shares

		2017 '000 千股	2016 '000 千股
Ordinary shares at 1 January	於1月1日的普通股	1,667,276	1,658,881
Effect of share options exercised	行使購股權的影響	–	1,420
Weighted average number of ordinary shares at 31 December	於12月31日的普通股加權平均數	<u>1,667,276</u>	<u>1,660,301</u>

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB246,524,000 (2016: RMB268,837,000) and the weighted average number of ordinary shares of 1,667,359,000 shares (2016: 1,665,025,000), calculated as follows:

Weighted average number of ordinary shares (diluted)

		2017 '000 千股	2016 '000 千股
Weighted average number of ordinary shares at 31 December	於12月31日的普通股加權平均數	1,667,276	1,660,301
Effect of deemed issue of shares under the Company's share option scheme for nil consideration (note 23)	根據本公司購股權計劃按零對價視作發行股份的影響(附註23)	83	4,724
Weighted average number of ordinary shares (diluted) at 31 December	於12月31日的普通股加權平均數(攤薄)	<u>1,667,359</u>	<u>1,665,025</u>

9 每股盈利

(a) 每股基本盈利

每股基本盈利乃根據本公司普通權益股東應佔利潤人民幣246,524,000元(2016年：人民幣268,837,000元)及年內已發行普通股加權平均數1,667,276,000股(2016年：1,660,301,000股)計算。

普通股加權平均數

	2017 '000 千股	2016 '000 千股
Ordinary shares at 1 January	1,667,276	1,658,881
Effect of share options exercised	–	1,420
Weighted average number of ordinary shares at 31 December	<u>1,667,276</u>	<u>1,660,301</u>

(b) 每股攤薄盈利

每股攤薄盈利乃根據本公司普通權益股東應佔利潤人民幣246,524,000元(2016年：人民幣268,837,000元)及普通股加權平均數1,667,359,000股(2016年：1,665,025,000股)計算如下：

普通股加權平均數(攤薄)

	2017 '000 千股	2016 '000 千股
Weighted average number of ordinary shares at 31 December	1,667,276	1,660,301
Effect of deemed issue of shares under the Company's share option scheme for nil consideration (note 23)	83	4,724
Weighted average number of ordinary shares (diluted) at 31 December	<u>1,667,359</u>	<u>1,665,025</u>

Notes to the Consolidated Financial Statements

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(Expressed in Renminbi unless otherwise indicated)
(除另有指明外，均以人民幣列示)

10 PROPERTY, PLANT AND EQUIPMENT

10 物業、廠房及設備

		Buildings 樓宇 RMB'000 人民幣千元	Plant and machinery 廠房及機器 RMB'000 人民幣千元	Motor vehicles 汽車 RMB'000 人民幣千元	Furniture, fixtures and equipment 傢俬及裝置 RMB'000 人民幣千元	Leasehold improvement 租賃物業裝修 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
Cost	成本：							
1 January 2016	於2016年1月1日	29,330	35,310	8,419	8,816	8,967	34,382	125,224
Additions	添置	-	4,648	157	575	96	8,912	14,388
At 31 December 2016	於2016年12月31日	29,330	39,958	8,576	9,391	9,063	43,294	139,612
1 January 2017	於2017年1月1日	29,330	39,958	8,576	9,391	9,063	43,294	139,612
Additions	添置	-	11,803	67	725	571	3,438	16,604
Disposals	出售	-	(3,990)	(942)	(249)	-	-	(5,181)
At 31 December 2017	於2017年12月31日	29,330	47,771	7,701	9,867	9,634	46,732	151,035
Accumulated depreciation	累計折舊：							
1 January 2016	於2016年1月1日	8,449	18,558	6,548	6,012	5,718	-	45,285
Charge for the year	年度折舊	1,694	3,204	812	1,458	1,860	-	9,028
At 31 December 2016	於2016年12月31日	10,143	21,762	7,360	7,470	7,578	-	54,313
1 January 2017	於2017年1月1日	10,143	21,762	7,360	7,470	7,578	-	54,313
Charge for the year	年度折舊	1,694	3,895	520	945	997	-	8,051
Written back on disposals	出售撥回	-	(3,707)	(895)	(212)	-	-	(4,814)
At 31 December 2017	於2017年12月31日	11,837	21,950	6,985	8,203	8,575	-	57,550
Net book value:	賬面淨值：							
At 31 December 2017	於2017年12月31日	17,493	25,821	716	1,664	1,059	46,732	93,485
At 31 December 2016	於2016年12月31日	19,187	18,196	1,216	1,921	1,485	43,294	85,299

All property, plant and equipment owned by the Group are located in the PRC. Buildings are situated on leasehold land with lease term of 50 years in the PRC.

本集團所有物業、廠房及設備均位於中國。樓宇坐落於中國的租賃土地上，租賃期為50年。

Notes to the Consolidated Financial Statements

合併財務報表附註

(Expressed in Renminbi unless otherwise indicated)

(除另有指明外，均以人民幣列示)

11 LEASE PREPAYMENTS

11 預付租金

		2017 RMB'000 人民幣千元	2016 RMB'000 人民幣千元
Cost:	成本：		
At 1 January	於1月1日	19,304	19,304
Additions	添置	—	—
		<u>19,304</u>	<u>19,304</u>
At 31 December	於12月31日	<u>19,304</u>	<u>19,304</u>
Accumulated amortisation:	累計攤銷：		
At 1 January	於1月1日	1,985	1,570
Charge for the year	年度攤銷	415	415
		<u>2,400</u>	<u>1,985</u>
At 31 December	於12月31日	<u>2,400</u>	<u>1,985</u>
Net book value:	賬面淨值：		
At 31 December	於12月31日	<u>16,904</u>	<u>17,319</u>

As at 31 December 2017, the Group's interests in leasehold land are held on medium-term leases of 50 years in the PRC. As at 31 December 2017, the Group was in the process of obtaining the land use right certificate in respect of a parcel of leasehold land in the PRC with net book value of RMB6,497,000 (2016: RMB6,669,000).

於2017年12月31日，本集團在中國租賃土地的權益以中期租賃持有，為期50年。於2017年12月31日，本集團現正就一幅位於中國的租賃土地取得土地使用權證，其賬面淨值為人民幣6,497,000元（2016年：人民幣6,669,000元）。

Notes to the Consolidated Financial Statements

合併財務報表附註

(Expressed in Renminbi unless otherwise indicated)
(除另有指明外，均以人民幣列示)

12 INTANGIBLE ASSETS

12 無形資產

		Software 軟件 RMB'000 人民幣千元
Cost:	成本：	
At 1 January 2016	於2016年1月1日	1,896
Additions	添置	149
		<hr/>
At 31 December 2016	於2016年12月31日	2,045
		<hr/>
At 1 January 2017	於2017年1月1日	2,045
Additions	添置	1,233
		<hr/>
At 31 December 2017	於2017年12月31日	3,278
		<hr/>
Accumulated amortisation:	累計攤銷：	
At 1 January 2016	於2016年1月1日	1,127
Charge for the year	年度攤銷	405
		<hr/>
At 31 December 2016	於2016年12月31日	1,532
		<hr/>
At 1 January 2017	於2017年1月1日	1,532
Charge for the year	年度攤銷	440
		<hr/>
At 31 December 2017	於2017年12月31日	1,972
		<hr/>
Net book value:	賬面淨值：	
At 31 December 2017	於2017年12月31日	1,306
		<hr/> <hr/>
At 31 December 2016	於2016年12月31日	513
		<hr/> <hr/>

The amortisation charge for the year is included in administrative and other operating expenses in the consolidated statement of profit or loss and other comprehensive income.

年度攤銷費用已計入合併損益及其他綜合收益表行政及其他經營開支內。

Notes to the Consolidated Financial Statements

合併財務報表附註

(Expressed in Renminbi unless otherwise indicated)

(除另有指明外，均以人民幣列示)

13 INVESTMENTS IN SUBSIDIARIES

The following list contains only the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group.

13 於附屬公司的投資

下文僅載列主要影響本集團的業績、資產或負債的附屬公司：

Name of Company 公司名稱	Place of incorporation and business 註冊成立及經營地點	Particular of issued and paid up capital 已發行及繳足資本詳情	Proportion of ownership interest held by 持有的所有權益比例		Principal activities 主要業務
			the Company 本公司	a subsidiary 一間附屬公司	
Hosa Investment Holdings Limited ("Hosa Investment") 浩沙投資控股有限公司(「浩沙投資」)	BVI/Hong Kong 英屬維京群島／香港	US\$1 1美元	100%	–	Investment holding 投資控股
Hosa Group Holdings Limited ("Hosa Group") 浩沙集團控股有限公司(「浩沙集團」)	Hong Kong 香港	HK\$10,000 10,000港元	–	100%	Investment holding 投資控股
Haosha Industry* 浩沙實業(福建)有限公司*	PRC 中國	RMB121,500,000 人民幣 121,500,000元	–	100%	Design, manufacture and sales of swimwear and fitness wear 設計、製造及銷售水運動及健身服飾

* The English translation of the entity's name is for reference only. The official name of the entity is in Chinese.

* 該等公司名稱的英文翻譯僅供參考。該等公司的正式名稱為中文。

Notes to the Consolidated Financial Statements

合併財務報表附註

(Expressed in Renminbi unless otherwise indicated)
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14 INTEREST IN AN ASSOCIATE

The following contains the particulars of the associate, which is an unlisted corporate entity whose quoted market price is not available:

14 於聯營公司投資

以下載列該聯營公司的詳情，該企業是一家非上市的公司企業，其市場報價不可獲得：

Name of associate 聯營公司名稱	Form of business structure 業務結構	Place of incorporation and business 註冊成立及經營地點	Particulars of registered capital 註冊資本詳情	Proportion of ownership interest 持有權益比例			Principal activity 主要業務
				Group's effective interest 集團有效權益	Held by the Company 由本公司持有	Held by a subsidiary 由子公司持有	
Beijing Hongyu Innovative Technology Co., Ltd* (北京宏宇創新科技有限公司)	Incorporated	PRC	RMB 71,428,571	30%	–	30%	Provision of sports and health contents on the mobile Internet (Note 1)
北京宏宇創新科技有限公司	已成立	中國	人民幣 71,428,571				以移動互聯網提供運動健康內容 (附註1)

* The English translation of the entity's name is for reference only. The official name of the entity is in Chinese.

* 企業名稱的英文翻譯僅供參考。該企業的正式名稱為中文。

Note 1: On 31 October 2017, Haosha (Shenzhen) Investment and Consulting Limited (「Hosa Shenzhen」), a wholly-owned subsidiary of the Company, conditionally agreed to subscribe for 30% of the interest in Beijing Hongyu Innovative Technology Co., Ltd for a consideration of RMB100 million. The aforementioned transaction was completed on 19 December 2017.

附註1：於2017年10月31日，本公司全資附屬公司浩沙(深圳)投資諮詢有限公司(「浩沙深圳」)有條件地同意認購北京宏宇創新科技有限公司30%權益，代價為人民幣1億元。上述交易已於2017年12月19日完成。

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合併財務報表附註

(Expressed in Renminbi unless otherwise indicated)

(除另有指明外，均以人民幣列示)

14 INTEREST IN AN ASSOCIATE (CONTINUED)

The associate is accounted for using the equity method in the consolidated financial statements.

Summarised financial information of the associate, reconciled to the carrying amounts in the consolidated financial statements, are disclosed below:

		2017 RMB'000 人民幣千元
Gross amounts of the associate	聯營公司的總額	
Current assets	流動資產	145,506
Non-current assets	非流動資產	8,618
Current liabilities	流動負債	14,073
Non-current liabilities	非流動負債	100,000
Equity	權益	40,051
Revenue	營業額	220
Loss for the year	年度虧損	(52,812)
Other comprehensive income	其他綜合收益	-
Total comprehensive income	綜合收益總額	(52,812)
Reconciled to the Group's interest in the associate	調整至本集團於該聯營公司的權益	
Gross amounts of net assets of the associate	聯營公司的淨資產總額	40,051
Group's effective interest	集團有效權益	30%
Group's share of net assets of the associate	集團分佔聯營公司的虧損	12,015
Goodwill	商譽	87,985
Carrying amount in the consolidated financial statements	合併財務報表中的賬面金額	<u>100,000</u>

15 LOAN TO AN ASSOCIATE

The loan is to Beijing Hongyu and is unsecured, for a term of three years at the interest rate of 4.75% per annum.

16 INVENTORIES

(a) Inventories in the consolidated statement of financial position comprise:

Raw materials	原材料
Work in progress	在製品
Finished goods	成品

14 於聯營公司投資(續)

聯營公司於綜合財務報表採用權益法入賬。

聯營公司的財務信息與合併財務報表中的賬面金額的對賬匯總如下：

15 發放予聯營公司的貸款

該貸款發放予北京宏宇，無抵押，為期三年，年利率為4.75%。

16 存貨

(a) 合併財務狀況表的存貨由以下項目組成：

At 31 December 於12月31日	
2017 RMB'000 人民幣千元	2016 RMB'000 人民幣千元

Raw materials	原材料	188,642	101,390
Work in progress	在製品	12,624	9,771
Finished goods	成品	87,013	109,094
		<u>288,279</u>	<u>220,255</u>

Notes to the Consolidated Financial Statements

合併財務報表附註

(Expressed in Renminbi unless otherwise indicated)
(除另有指明外，均以人民幣列示)

16 INVENTORIES (CONTINUED)

(b) The analysis of the amount of inventories recognised as an expense and included in profit or loss is as follows:

		Year ended 31 December 截至12月31日止年度	
		2017 RMB'000 人民幣千元	2016 RMB'000 人民幣千元
Carrying amount of inventories sold	已售存貨賬面值	698,762	536,094
Write-down of inventories	存貨撥備	649	823
Reversal of write-down of inventories	存貨撥備轉回	(755)	(704)
		698,656	536,213

16 存貨(續)

(b) 確認為開支並計入損益的存貨金額分析如下：

17 TRADE AND OTHER RECEIVABLES

		At 31 December 於12月31日	
		2017 RMB'000 人民幣千元	2016 RMB'000 人民幣千元
Trade receivables	貿易應收款	475,236	354,559
Bills receivable	應收票據	–	35
Less: allowance for doubtful debts (note 17(b))	減：呆賬準備(附註17(b))	(689)	–
		474,547	354,594
Deposits and prepayments	按金及預付款	65,035	40,430
Other receivables	其他應收款	32,844	26,523
		572,426	421,547

All of the trade and other receivables are expected to be recovered within one year.

The Group accepts bank and commercial acceptance bills for settlement of trade receivables. As at 31 December 2017, outstanding bank and commercial acceptance bills in the amount of RMB256,030,000 (2016: RMB401,490,000) have been discounted to the banks. As these bills have been discounted without recourse, the Group has derecognised these outstanding bills as receivables as at 31 December 2017 and 2016.

所有貿易應收款及其他應收款預期將於一年內收回。

本集團接納以銀行及商業承兌票據支付貿易應收款。於2017年12月31日的應收銀行及商業承兌票據人民幣256,030,000元(2016年：人民幣401,490,000元)指已透過貼現轉讓予銀行的未到期承兌票據。由於類承兌票據被貼現時不存在追索權利，故此，本集團於2017年12月31日及於2016年12月31日終止確認該類未到期承兌票據作為應收款。

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(除另有指明外，均以人民幣列示)

17 TRADE AND OTHER RECEIVABLES (CONTINUED)

(a) Ageing analysis

As of the end of the reporting period, the ageing analysis of trade and bills receivables (which are included in trade and other receivables), based on the invoice date and net of allowance for doubtful debts, is as follows:

Within 1 month	1個月內
More than 1 month but within 3 months	1個月以上但3個月內
More than 3 months but within 6 months	3個月以上但6個月內
More than 6 months but within 1 year	6個月以上但1年內
More than 1 year	1年以上

Further details on the Group's credit policy are set out in note 27(a).

As at 31 December 2017, current balance included in trade receivables (net of allowance for doubtful debts) amounted to RMB399,705,000 (2016: RMB339,153,000). Amount past due was RMB74,841,000 (2016: RMB15,441,000). Receivables that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

17 貿易及其他應收款(續)

(a) 賬齡分析

於報告期末，根據發票日期並扣除呆賬撥備的貿易應收款及應收票據(包含於貿易及其他應收款內)的賬齡分析如下：

At 31 December 於12月31日		2017 RMB'000 人民幣千元	2016 RMB'000 人民幣千元
Within 1 month	1個月內	106,892	91,746
More than 1 month but within 3 months	1個月以上但3個月內	156,259	168,628
More than 3 months but within 6 months	3個月以上但6個月內	136,555	78,779
More than 6 months but within 1 year	6個月以上但1年內	72,085	13,037
More than 1 year	1年以上	2,756	2,404
		474,547	354,594

本集團信貸政策的其他詳情載於附註27(a)。

於2017年12月31日，包括在貿易應收款(扣除呆賬撥備)內的即期結餘為人民幣399,705,000元(2016年：人民幣339,153,000元)。逾期金額為人民幣74,841,000元(2016年：人民幣15,441,000元)。並無逾期亦無減值的應收款項與並無近期違約紀錄的廣泛客戶有關。

已逾期但無減值之應收款與多名與本集團具有良好往績之獨立客戶有關。根據過往經驗，管理層相信，由於信貸質素並無重大變動，且該等餘額仍被視為可全數收回，因此無須就該等餘額作出減值撥備。

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(除另有指明外，均以人民幣列示)

17 TRADE AND OTHER RECEIVABLES (CONTINUED)

(b) Impairment of trade and bills receivables

Impairment losses in respect of trade receivables are recorded using an allowance account unless the Group is satisfied that the recovery of the amount is remote, in which case the impairment loss is written off against trade receivables directly (see note 1(j)(i)).

The movement in the allowance for doubtful debts during the year, including both specific and collective loss components, is as follows:

17 貿易及其他應收款(續)

(b) 貿易應收款及應收票據減值

有關貿易應收款及應收票據的減值損失使用備抵賬列賬，惟若本集團信納收回的機會微乎其微則作別論，在此情況下，減值損失直接從貿易應收款撇銷(見附註1(j)(i))。

年內呆賬撥備的變動，包括特定及集體虧損部分如下：

		2017 <i>RMB'000</i> 人民幣千元	2016 <i>RMB'000</i> 人民幣千元
At 1 January	於1月1日	-	-
Impairment loss recognised	確認減值虧損	<u>689</u>	-
At 31 December	於12月31日	<u><u>689</u></u>	<u><u>-</u></u>

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18 PLEDGED DEPOSITS

		At 31 December 於12月31日	
		2017 RMB'000 人民幣千元	2016 RMB'000 人民幣千元
Amount pledged as security for bank loans (note 21)	已就銀行貸款質押之款項 (附註21)	69,560	207,800
Amount pledged as security for bills payable (note 20)	已就應付票據質押之款項 (附註20)	63,357	48,159
		132,917	255,959

The pledged deposits are expected to be released upon the settlement of the relevant bank loans and bills payable within 12 months.

已質押存款預期於清償相關銀行貸款及應付票據後在12個月內解除。

19 CASH AND CASH EQUIVALENTS AND FIXED DEPOSITS HELD AT BANKS

(a) Cash and cash equivalents and fixed deposits held at banks comprise:

		2017 RMB'000 人民幣千元	2016 RMB'000 人民幣千元
Fixed deposits held at banks with maturity over three months	存款期超過三個月的 銀行定期存款	1,370,673	1,364,266
Cash and cash equivalents in the consolidated cash flow statement	於合併現金流量表之 現金及現金等價物	351,916	88,796
		1,722,589	1,453,062

Cash and cash equivalent represents cash at bank and on hand as at the end of the reporting period.

19 現金及現金等價物及銀行定期存款

(a) 現金及現金等價物及於銀行持有的定期存款由以下項目組成：

現金及現金等價物代表於報告期末的銀行存款及手頭現金。

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19 CASH AND CASH EQUIVALENTS AND FIXED DEPOSITS HELD AT BANKS (CONTINUED)

19 現金及現金等價物及銀行定期存款(續)

(b) Reconciliation of profit before taxation to cash generated from operations:

(b) 除稅前利潤與經營所得現金的對賬：

		Year ended 31 December 截至12月31日止年度	
		2017	2016
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Profit before taxation	除稅前利潤	292,366	327,176
Adjustments for:	就下列各項作出調整：		
- Depreciation	- 折舊	8,051	9,028
- Amortisation of intangible assets and lease repayments	- 無形資產及預付租金攤銷	855	820
- Finance costs	- 財務成本	23,811	4,307
- Loss on disposal of property, plant and equipment	- 出售物業、廠房及設備的損失	250	-
- Interest income-financial institutions	- 利息收入—金融機構	(37,978)	(40,900)
- Provision for doubtful debts	- 呆賬準備	689	-
- (Reversal of write-down)/write-down of inventories	- (撥回沖減)/沖減存貨	(106)	119
- Equity-settled share-based payments	- 以權益結算之股份支付	231	(800)
- Foreign exchange loss	- 匯兌虧損	2,327	2,338
		290,496	302,088
Changes in working capital	營運資金變動		
(Increase)/decrease in inventories	存貨(增加)/減少	(67,918)	38,705
Increase in trade and other receivables	貿易及其他應收款增加	(157,457)	(82,002)
Increase/(Decrease) in trade and other payables	貿易及其他應付款增加/(減少)	64,322	(142,257)
Cash generated from operations	經營所得現金	129,443	116,534

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19 CASH AND CASH EQUIVALENTS AND FIXED DEPOSITS HELD AT BANKS (CONTINUED)

19 現金及現金等價物及銀行定期存款(續)

(c) Reconciliation of liabilities arising from financing activities

(c) 融資活動產生負債的對賬

		Bank loans 銀行貸款 RMB'000 人民幣千元 (note 21) (附註21)	Borrowings from shareholders 股東貸款 RMB'000 人民幣千元 (note 29(c)) (附註29(c))	Guaranteed notes 票據 RMB'000 人民幣千元 (note 22) (附註22)	Total 總計 RMB'000 人民幣千元
At 1 January 2017	於2017年1月1日	320,632	53,671	–	374,303
Changes from financing cash flows:	融資現金流變動：				
Proceeds from bank loans	銀行貸款所得款項	348,977	–	–	348,977
Repayments of bank loans	償還銀貸款	(279,497)	–	–	(279,497)
Borrowings from shareholders	股東貸款所得款項	–	5,771	–	5,771
Repayment of borrowings from shareholders	償還股東貸款	–	(56,473)	–	(56,473)
Net proceeds from issue of notes	發行票據淨得款項	–	–	323,823	323,823
Total changes from financing cash flows	融資現金流總變動	69,480	(50,702)	323,823	342,601
Exchange adjustments	匯率調整	(12,977)	(2,969)	(4,403)	(20,349)
Other change:	其他變動：				
Interest expenses (note 5(a))	利息支出(附註5(a))	–	–	1,692	1,692
Total other change	其他總變動	–	–	1,692	1,692
At 31 December 2017	於2017年12月31日	377,135	–	321,112	698,247

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20 TRADE AND OTHER PAYABLES

20 貿易及其他應付款

		At 31 December 於12月31日	
		2017	2016
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Trade payables	貿易應付款	35,842	20,052
Bills payable	應付票據	157,933	124,098
Receipts in advance	預收款	2,167	1,455
Amount due to the immediate controlling party	應付直接控股方	—	53,671
Dividends payable	應付股息	12	12
Other payables and accruals	其他應付款及應計費用	55,808	36,740
		251,762	236,028

Bills payable as at 31 December 2017 and 2016 were secured by pledged bank deposits as disclosed in note 18.

於2017年及2016年12月31日的應付票據以已質押銀行存款作抵押乃披露於附註18。

All of the trade and other payables are expected to be settled or recognised as income within one year or are repayable on demand.

所有貿易及其他應付款預期於一年內結付或確認為收入或按要求償還。

As of the end of the reporting period, the ageing analysis of trade creditors and bills payable (which are included in trade and other payables), based on the invoice date, is as follows:

於報告期末，根據發票日期的貿易應付賬款及應付票據(計入貿易及其他應付款)的賬齡分析如下：

		At 31 December 於12月31日	
		2017	2016
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Within 1 month	1個月內	48,200	51,296
More than 1 month but within 3 months	1個月以上但3個月內	69,725	15,750
More than 3 months but within 6 months	3個月以上但6個月內	54,494	70,697
More than 6 months	6個月以上	21,356	6,407
		193,775	144,150

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21 BANK LOANS

As at 31 December 2017, the bank loans were repayable with 12 months. The bank loans were secured or guaranteed as follows:

		At 31 December 於12月31日	
		2017	2016
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Secured by pledged bank deposits (note 18)	由已質押銀行存款擔保 (附註18)	61,665	206,632
Guaranteed by a key management personnel (note 29(b))	由主要管理人員保證 (附註29(b))	36,300	14,000
Unsecured	沒有擔保	279,170	100,000
		377,135	320,632

The bank loans were mainly used for purchase of raw materials and financing the dividends paid to shareholders.

於2017年12月31日，銀行貸款須於12個月內償還。銀行貸款的擔保或保證情況如下：

		At 31 December 於12月31日	
		2017	2016
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Secured by pledged bank deposits (note 18)	由已質押銀行存款擔保 (附註18)	61,665	206,632
Guaranteed by a key management personnel (note 29(b))	由主要管理人員保證 (附註29(b))	36,300	14,000
Unsecured	沒有擔保	279,170	100,000
		377,135	320,632

銀行貸款主要用作購買原材料及支付股東股息。

22 NOTES PAYABLE

As at 31 December 2017, the notes payable were issued to institutional investors, with an effective interest rate of 9.17% and repayable with 12 months.

		At 31 December 於12月31日	
		2017	2016
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Guaranteed by shareholders (note 29(b))	由股東擔保(附註29(b))	321,112	-

The carrying amount of the notes payable is not materially different from its fair value as at 31 December 2017.

22 票據

於2017年12月31日，票據發行予機構投資者，實際利率為9.17%，並須於12個月內償還。

		At 31 December 於12月31日	
		2017	2016
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Guaranteed by shareholders (note 29(b))	由股東擔保(附註29(b))	321,112	-

於2017年12月31日，票據之賬面值與公允值並無重大差異。

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23 EQUITY SETTLED SHARE-BASED TRANSACTIONS

The Company has two share option schemes namely, a Pre-IPO Employee Share Option Scheme (the "Pre-IPO Share Option Scheme") and a share option scheme (the "Share Option Scheme"), which were adopted on 23 November 2011.

On 23 November 2011, the Company granted options to subscribe for an aggregate of 20,500,000 shares of the Company to its directors, senior management, employees and others under the Pre-IPO Share Option Scheme, being 80% of the initial public offering price.

The Share Option Scheme shall remain in force for a period of 10 years ending on 23 November 2021. Pursuant to the Share Option Scheme, the directors of the Company may invite, at their discretion, eligible participants, including employees and directors of any company in the Group, to take up options to subscribe for shares of the Company to a maximum of 40,000,000 shares.

For the year ended 31 December 2017, the Company did not grant any option to subscribe under the Share Option Scheme.

On 1 April 2016, the Company granted options to subscribe for an aggregate of 1,500,000 shares of the Company to its executive director and chief financial officer under the Share Option Scheme.

The exercise price of options under the Share Option Scheme shall be determined by the board of directors at its absolute discretion but in any event will not be less than the higher of:

- (i) the closing price of the shares (the "Shares") as stated in the Stock Exchange's daily quotations sheet on the date, which must be a business day, of the date of grant;
- (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheet for the five business days immediately preceding the date of grant; and
- (iii) the nominal value of the Shares.

23 以權益結算以股份為基準的交易

本公司於2011年11月23日採納兩項購股權計劃，即首次公開發售前僱員購股權計劃（「首次公開發售前購股權計劃」）及購股權計劃（「購股權計劃」）。

於2011年11月23日，本公司根據首次公開發售前購股權計劃向其董事、高級管理人員、僱員及其他人士授出可按首次公開發售價的80%認購合共20,500,000股本公司股份的購股權。

購股權計劃的有效期為10年，直至2021年11月23日為止。根據購股權計劃，本公司董事可酌情邀請合資格參與者（包括本集團旗下任何公司的僱員及董事）接納可最多認購40,000,000股本公司股份的購股權。

截至2017年12月31日止年度，本公司並無根據購股權計劃授出任何購股權。

於2016年4月1日，本公司根據購股權計劃向其執行董事兼首席財務官授出可認購1,500,000股本公司股份的購股權。

購股權計劃下的購股權行使價將由董事會全權酌情釐定，惟無論如何不得低於下列的較高者：

- (i) 授出購股權當日（須為營業日）聯交所每日報價表所列的股份（「股份」）收市價；
- (ii) 緊接授出當日前五個營業日聯交所每日報價表所列股份平均收市價；及
- (iii) 股份面值。

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(除另有指明外，均以人民幣列示)

23 EQUITY SETTLED SHARE-BASED TRANSACTIONS (CONTINUED)

(a) The terms and conditions of the grants are as follows:

(i) **Pre-IPO Share Option Scheme**

Options granted on 23 November 2011

		Number of options granted 已授購股權數目	Vesting condition 歸屬條件	Contractual life of options 購股權合約年期
Options granted to directors	授予董事的購股權	6,460,000	Note (*) 附註(*)	Note (*) 附註(*)
Options granted to senior management	授予高級管理層的購股權	3,400,000	Note (*) 附註(*)	Note (*) 附註(*)
Options granted to other employees	授予其他僱員的購股權	8,640,000	Note (*) 附註(*)	Note (*) 附註(*)
Options granted to others	授予其他人士的購股權	2,000,000	Note (*) 附註(*)	Note (*) 附註(*)
		<u>20,500,000</u>		

Note (*): These options are exercisable during the period commencing from the day immediately following the expiry of the one year period after 16 December 2011 (the "Listing Date"), and ending on the day falling five years after 23 November 2011 (the "Granted Date"), during which, (a) up to 30% options granted may be exercised on or prior to the end of the second year after the Listing Date; (b) subject to (a), up to 60% options granted may be exercised on or prior to the end of the third year after the Listing Date; and (c) subject to (a) and (b), all outstanding options may be exercised prior to the expiry of the said exercise period, failing which the options will lapse and no longer be exercisable.

23 以權益結算以股份為基準的交易(續)

(a) 授出的條款及條件如下：

(i) **首次公開發售前購股權計劃**

於2011年11月23日授出的購股權

附註(*)：該等購股權可於自緊隨2011年12月16日(「上市日期」)後一年期間屆滿之日開始至2011年11月23日(「授出日期」)後五年止的期間內行使，在此期間：(a)至多30%的已授出購股權可於上市日期後第二年年底或之前行使；(b)至多60%的已授出購股權可於上市日期後第三年年底或之前行使(須受(a)的規限)；及(c)所有尚未行使的購股權可於前述行使期屆滿前行使(須受(a)及(b)的規限)，如未獲行使，該等購股權將失效且不再可行使。

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(除另有指明外，均以人民幣列示)

23 EQUITY SETTLED SHARE-BASED TRANSACTIONS (CONTINUED)

(a) The terms and conditions of the grants are as follows:
(continued)

(ii) *Share Option Scheme*

Options granted on 1 April 2016

		Number of options granted 已授購股權數目	Vesting condition 歸屬條件	Contractual life of options 購股權合約年期
Options granted to a director	授出於董事	1,500,000	Note (#) 附註(#)	Note (#) 附註(#)

Note (#): These options are exercisable during the period commencing from the day immediately following the expiry of the two-year period after 1 April 2016 (the "Granted Date"), and ending on the day falling five years after the Granted Date, during which, (a) up to 30% options granted may be exercised on or prior to the end of the third year after the Granted Date; (b) subject to (a), up to 60% options granted may be exercised on or prior to the end of the fourth year after the Granted Date; and (c) subject to (a) and (b), all outstanding options may be exercised prior to the expiry of the said exercise period, failing which the options will lapse and no longer be exercisable.

23 以權益結算以股份為基準的交易(續)

(a) 授出的條款及條件如下：(續)

(ii) *購股權計劃*

於2016年4月1日授出

附註(#)：這些認購權可於緊隨2016年4月1日(「授出日期」)後兩年期滿之日起，及於授出日期後五年內之期間行使，其中(a)最多30%授出購股權可於授出日期後第三年年底或之前行使；(b)除(a)項另有規定外，最多60%授出購股權可於授出日期後第四年年底或之前行使；(c)除(a)及(b)條另有規定外，所有尚未行使的購股權可於上述行使期屆滿前行使，否則該等購股權將失效及不再可行使。

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23 EQUITY SETTLED SHARE-BASED TRANSACTIONS (CONTINUED)

(b) The number and weighted average exercise price of share options are as follows:

(i) Pre-IPO Share Option Scheme

		2017		2016	
		Exercise price 行使價	No. of options 購股權數目	Exercise price 行使價	No. of options 購股權數目
Outstanding at the beginning of the year	於年初尚未行使	-	-	HK\$1.28	11,415,000
Exercised during the year	年內已行使	-	-	HK\$1.28	(8,395,000)
Expired during the year	年內已屆滿	-	-	HK\$1.28	(3,020,000)
Outstanding at the end of the year	於年末尚未行使	-	-	-	-
Exercisable at the end of the year	於年末可予行使	-	-	-	-

There were no outstanding or exercisable options under the Pre-IPO Share Option Scheme as at 31 December 2016 and 2017.

(ii) Share Option Scheme

The options outstanding at 31 December 2017 was 1,500,000, and had an exercise price of HK\$2.37 and a weighted average remaining contractual life of 3.25 years.

(c) Fair value of share options and assumptions

The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted. The estimate of the fair value of the share options granted is measured based on a binomial lattice model. The contractual life of the share option is used as an input into this model. Expectations of early exercise are incorporated into the binomial lattice model.

23 以權益結算以股份為基準的交易(續)

(b) 購股權的數目及加權平均行使價如下：

(i) 首次公開發售前購股權計劃

		2017		2016	
		Exercise price 行使價	No. of options 購股權數目	Exercise price 行使價	No. of options 購股權數目
Outstanding at the beginning of the year	於年初尚未行使	-	-	HK\$1.28	11,415,000
Exercised during the year	年內已行使	-	-	HK\$1.28	(8,395,000)
Expired during the year	年內已屆滿	-	-	HK\$1.28	(3,020,000)
Outstanding at the end of the year	於年末尚未行使	-	-	-	-
Exercisable at the end of the year	於年末可予行使	-	-	-	-

於2016及2017年12月31日，無尚未行使或可行使的首次公開發售前購股權。

(ii) 購股權計劃

於2017年12月31日，尚未行使的購股權為1,500,000股，行使價為2.37港元，加權剩餘合約年期為3.25年。

(c) 購股權的公允價值及假設

就交換所授出購股權而取得服務的公允價值，乃參考已授出購股權的公允價值計量。所授出購股權的公允價值估算按二項式點陣模式計量。購股權的合約年期乃代入此模式。提早行使的預期會計入二項式點陣模式。

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23 EQUITY SETTLED SHARE-BASED TRANSACTIONS (CONTINUED)

(c) Fair value of share options and assumptions (continued)

(i) Pre-IPO Share Option Scheme

Fair value at measurement date 於計算日的公允價值	HK\$12,439,818 12,439,818港元
Share price 股份價格	HK\$1.60 1.60港元
Exercise price 行使價	HK\$1.28 1.28港元
Expected volatility 預期波幅	51.40%
Expected option life 購股權預計年期	5 years 5年
Expected dividends 預期股息	5.06%
Risk-free interest rate 無風險利率	0.67%

The expected volatility is based on the historic volatility (calculated based on the weighted average remaining life of the share options), adjusted for any expected changes to future volatility based on publicly available information. Expected dividends are based on historical dividends. Changes in the subjective input assumptions could materially affect the fair value estimate.

23 以權益結算以股份為基準的交易(續)

(c) 購股權的公允價值及假設(續)

(i) 首次公開發售前購股權計劃

預期波幅以歷史波幅(根據購股權的加權平均剩餘年期計算)為基準，並根據因可公開獲得的資料導致未來波幅的任何預期變化予以調整。預期股息以歷史股息為基準。所採用主觀代入假設的變動可對公允價值估計產生重大影響。

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23 EQUITY SETTLED SHARE-BASED TRANSACTIONS (CONTINUED)

(c) Fair value of share options and assumptions (continued)

(ii) Share Option Scheme

Fair value at measurement date 於計算日的公允價值	HK\$760,744 760,744港元
Share price 股份價格	HK\$2.22 2.22港元
Exercise price 行使價	HK\$2.37 2.37港元
Expected volatility 預期波幅	34.37%
Expected option life 購股權預計年期	5 years 5年
Expected dividends 預期股息	2.42%
Risk-free interest rate 無風險利率	0.91%

The volatility is estimated by the weekly historical volatility of the Company as at the Granted Date. Expected dividends is estimated by the trailing 12-month dividend payouts of the Company divided by its closing share price as at the dividend declaration date. Changes in the subjective input assumptions could materially affect the fair value estimate.

23 以權益結算以股份為基準的交易(續)

(c) 購股權的公允價值及假設(續)

(ii) 購股權計劃

波幅是以本公司於授出日該星期的歷史波動率估計。預期股息是根據追蹤12個月本公司派發的股息除以其於股息宣佈日的收市價格。更改主觀輸入假設可能會重大地影響公允價值的估計。

Notes to the Consolidated Financial Statements

合併財務報表附註

(Expressed in Renminbi unless otherwise indicated)
(除另有指明外，均以人民幣列示)

24 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

24 合併財務狀況表中的所得稅

(a) Current taxation in the consolidated statement of financial position represents:

(a) 合併財務狀況表中的即期稅項指：

		At 31 December 於12月31日	
		2017 RMB'000 人民幣千元	2016 RMB'000 人民幣千元
PRC corporate income tax	中國企業所得稅	4,785	3,046
PRC dividend withholding tax	中國股息預扣稅	33,900	30,300
		38,685	33,346

(b) Deferred tax assets and liabilities recognised

(b) 已確認遞延稅項資產及負債

The components of deferred tax assets/(liabilities) recognised in the consolidated statement of financial position and the movements during the year are as follows:

於合併財務狀況表中確認的遞延稅項資產／(負債)組成部分及年內變動如下：

		Provision of	Provision for	Accruals	Undistributed	Unrealised	Total
		impairment of deposits and prepayments	impairment of inventories		profit of PRC subsidiaries		
		減值撥備	存貨減值撥備	應計費用	中國附屬公司未分派利潤	未實現溢利	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
Deferred tax assets and liabilities arising from:	遞延稅項資產及負債產生：						
At 1 January 2016	於2016年1月1日	-	132	1,711	(10,782)	2,123	(6,816)
Credited/(charged) to profit or loss	於損益內計入／(扣除)	114	18	(1,711)	(11,300)	634	(12,245)
Release upon distribution of dividends	分派股息後解除	-	-	-	11,300	-	11,300
At 31 December 2016 and 1 January 2017	於2016年12月31日及2017年1月1日	114	150	-	(10,782)	2,757	(7,761)
Charged to profit or loss	於損益表內扣除	(10)	(16)	-	(5,550)	(2,308)	(7,884)
Reversal for change of withholding tax rate	預扣稅率變化撥回	-	-	-	5,391	-	5,391
Release upon distribution of dividends	分派股息後解除	-	-	-	3,600	-	3,600
At 31 December 2017	於2017年12月31日	104	134	-	(7,341)	449	(6,654)

Notes to the Consolidated Financial Statements

合併財務報表附註

(Expressed in Renminbi unless otherwise indicated)

(除另有指明外，均以人民幣列示)

24 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

(b) Deferred tax assets and liabilities recognised (continued)

Reconciliation to the consolidated statements of financial position:

		At 31 December 於12月31日	
		2017 RMB'000 人民幣千元	2016 RMB'000 人民幣千元
Net deferred tax asset recognised in the consolidated statement of financial position	於合併財務狀況表確認的遞延稅項資產淨值	687	3,021
Net deferred tax liability recognised in the consolidated statement of financial position	於合併財務狀況表確認的遞延稅項負債淨值	(7,341)	(10,782)
		(6,654)	(7,761)

(c) Deferred tax liabilities not recognised

As at 31 December 2017, temporary differences relating to the undistributed profits of certain subsidiaries of the Group in the mainland China amounted to RMB1,815,372,000 (2016: RMB1,647,705,000). Deferred tax liabilities of RMB84,852,000 (2016: RMB153,988,000) have not been recognised in respect of the withholding tax that would be payable on the distribution of these retained profits, as the Company controls the dividend policy of these subsidiaries in the mainland China and the Directors have determined that these profits are not likely to be distributed in the foreseeable future.

24 合併財務狀況表中的所得稅 (續)

(b) 已確認遞延稅項資產及負債 (續)

與合併財務狀況表對賬：

		At 31 December 於12月31日	
		2017 RMB'000 人民幣千元	2016 RMB'000 人民幣千元
Net deferred tax asset recognised in the consolidated statement of financial position	於合併財務狀況表確認的遞延稅項資產淨值	687	3,021
Net deferred tax liability recognised in the consolidated statement of financial position	於合併財務狀況表確認的遞延稅項負債淨值	(7,341)	(10,782)
		(6,654)	(7,761)

(c) 尚未確認的遞延稅項負債

於2017年12月31日，與本集團在中國大陸的若干附屬公司的未分派利潤有關的暫時性差額達人民幣1,815,372,000元(2016年：人民幣1,647,705,000元)。遞延稅項負債人民幣84,852,000元(2016年：人民幣153,988,000元)並無就於分派該等保留利潤時應付的預扣稅進行確認，原因是本公司控制中國大陸附屬公司的股息政策，而董事已釐定該等利潤在可見未來不大可能會進行分派。

Notes to the Consolidated Financial Statements

合併財務報表附註

(Expressed in Renminbi unless otherwise indicated)
(除另有指明外，均以人民幣列示)

25 CAPITAL, RESERVES AND DIVIDENDS

(a) Movements in the components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set below:

The Company

	Share capital	Share premium	Capital redemption reserves	Exchange reserve	Share-based compensation reserve	Retained earnings	Total		
	股本	股份溢價	資本贖回儲備	匯兌儲備	以股份為基準的補償儲備	累計虧損	總計		
	(note 25(c))	(note 25(d)(i))	(note 25(d)(ii))	(note 25(d)(iv))	(note 25(d)(vii))				
Note	RMB'000	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	人民幣千元		
Balance at 1 January 2016	於2016年1月1日的結餘	13,494	21,627	29	(8,763)	5,509	46,053	77,949	
Changes in equity for 2016:	2016年度權益變動：								
Total comprehensive income for the year	年內綜合收益總額	-	-	-	(14,319)	-	73,204	58,885	
Equity-settled share-based payments	以權益結算之股份支付	25(d)(vi)	-	-	-	(800)	-	(800)	
Shares issued on exercise of share option	行使購股權之已發行股份	25(c)	73	13,764	-	-	(4,530)	-	9,307
Dividends approved in respect of current year	就本年度批准的股息	25(b)	-	(21,627)	-	-	(95,973)	(117,600)	
Balance at 31 December 2016	於2016年12月31日的結餘	<u>13,567</u>	<u>13,764</u>	<u>29</u>	<u>(23,082)</u>	<u>179</u>	<u>23,284</u>	<u>27,741</u>	

25 資本、儲備及股息

(a) 權益組成部分的變動

本集團的合併權益各個部分之期初及期末結餘的對賬載於合併權益變動表。本公司於年初至年末的權益個別部分的變動詳情載列如下：

本公司

Notes to the Consolidated Financial Statements

合併財務報表附註

(Expressed in Renminbi unless otherwise indicated)

(除另有指明外，均以人民幣列示)

25 CAPITAL, RESERVES AND DIVIDENDS 25 資本、儲備及股息(續)

(CONTINUED)

(a) Movements in the components of equity (continued)

(a) 權益組成部分的變動(續)

		Share capital	Share premium	Capital redemption reserves	Exchange reserve	Share-based compensation reserve	Retained earnings	Total
		股本	股份溢價	資本贖回儲備	匯兌儲備	以股份為基準的補償儲備	(累計虧損)/ 保留利潤	總計
		(note 25(c))	(note 25(d)(i))	(note 25(d)(i))	(note 25(d)(iv))	(note 25(d)(vii))		
	Note	RMB'000	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	人民幣千元
Balance at 1 January 2017	於2017年1月1日的結餘	13,567	13,764	29	(23,082)	179	23,284	27,741
Changes in equity for 2017:	2017年度權益變動：							
Total comprehensive income for the year	年內綜合收益總額	-	-	-	18,370	-	86,681	105,051
Equity-settled share-based payments	以權益結算之股份支付	25(d)(vi)	-	-	-	231	-	231
Dividends approved in respect of current year	就本年度批准的股息	25(b)	(13,764)	-	-	-	(75,199)	(88,963)
Balance at 31 December 2017	於2017年12月31日的結餘	13,567	-	29	(4,712)	410	34,766	44,060

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25 CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

25 資本、儲備及股息(續)

(b) Dividends

(b) 股息

(i) Dividends payable to equity shareholders of the Company attributable to the year:

(i) 本年度應付本公司權益股東的股息：

	2017 RMB'000 人民幣千元	2016 RMB'000 人民幣千元
Interim dividend declared of HK3.9 cents per share (2016: HK4.2 cents per share)	56,270	59,593
Final dividend proposed after the end of the reporting period of HK2.2 cents per share (2016: HK2.3 cents per share)	30,013	34,493
	86,283	94,086

The dividends proposed after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

報告期末後擬派的股息並無於報告期末確認為負債。

(ii) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the year:

(ii) 應付本公司權益股東應佔過往財政年度股息(於該年度獲批准及已支付)：

	2017 RMB'000 人民幣千元	2016 RMB'000 人民幣千元
Final dividend in respect of the previous financial year, approved and paid during the year, of HK 2.3 cents per share (2016:HK 2.2 cents per share)	33,968	30,385
Special dividend in respect of the previous financial year, approved and paid during the year, of HK nil cents per share (2016: HK2.0 cents per share)	-	27,622
	33,968	58,007

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25 CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

25 資本、儲備及股息(續)

(c) Share capital

(c) 股本

Authorised and issued share capital

(i) 法定及已發行股本

		Number of shares 股份數目	Nominal value of ordinary shares 普通股面值	
			HK\$'000 千港元	RMB'000 人民幣千元
Authorised:	法定：			
Ordinary shares of HK \$0.01 each	每股面值0.01港元之普 通股	10,000,000	100,000	87,450
Original shares, issued and fully paid:	已發行及繳足之 普通股：			
At 1 January 2016	於2016年1月1日	1,658,881	16,589	13,494
Shares issued under share option scheme	購股權計劃下之 已發行股份	8,395	84	73
At 31 December 2016, 1 January 2017 and 31 December 2017	於2016年12月31日， 2017年1月1日及 2017年12月31日	1,667,276	16,673	13,567

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

普通股持有人有權收取不時宣派的股息，並可在本公司大會上每持有一股股份投一票。對於本公司的剩餘資產，所有普通股均享有同等權益。

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25 CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

(d) Nature and purpose of reserves

(i) Share premium and capital redemption reserve

Under the Companies Law of the Cayman Islands, the share premium account of the Company may be applied for payment of distributions or dividends to shareholders provided that immediately following the date on which the distribution or dividend is proposed to be paid, the Company is able to pay its debts as they fall due in the ordinary course of business.

Capital redemption reserve represented the nominal amount of the shares repurchased.

(ii) Capital reserve

The capital reserve in the consolidated statements of financial position as at 31 December 2017 and 2016 represented exchange differences and the excess of value of assets injected to Haosha Industry by the investors over nominal value of share capital, which was accounted for in equity under capital reserve.

(iii) Statutory reserve

According to the Articles of Association of Haosha Industry and Haosha Industry (Datian), the entities are required to transfer part of its net profits (after offsetting prior year losses), as approved by the board of directors, to statutory general reserve. Haosha Industry and Haosha Industry (Datian) are required to appropriate general reserve at 10% of its profit after taxation, as determined under the PRC accounting rules and regulations, until the reserve balance reaches 50% of the registered capital. As at 31 December 2017, appropriations were made by Haosha Industry (Datian) to the general reserve at 10% of its profit after taxation. However, such reserve made by Haosha Industry reached the aforementioned percentage, thus no further appropriation is required.

25 資本、儲備及股息(續)

(d) 儲備性質及目的

(i) 股份溢價及資本贖回儲備

根據開曼群島公司法，本公司的股份溢價賬可供派付分派或股息予股東，惟緊隨建議派付分派或股息日期之後，本公司能於日常業務過程中償還到期債務。

資本贖回儲備指購回股份的面值。

(ii) 資本儲備

於2017年及2016年12月31日之合併財務狀況表內的資本儲備指外匯差額及投資者注入浩沙實業之資產價值多於股本面值的部分，該等金額入賬列為權益中的資本儲備。

(iii) 法定儲備

根據浩沙實業及浩沙實業(大田)的組織章程細則，該等實體必須轉撥其根據董事會的批准釐定的部分純利(抵銷過往年度虧損後)至法定一般儲備。浩沙實業及浩沙實業(大田)須將其根據中國會計規則及法規釐定的除稅後利潤的10%撥作一般儲備，直至儲備結餘達到註冊資本的50%。於2017年12月31日，浩沙實業(大田)按其除稅後利潤10%向一般儲備作出撥款。惟浩沙實業作出的該儲備已達至上述百分比，因此無須進一步撥款。

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(除另有指明外，均以人民幣列示)

25 CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

(d) Nature and purpose of reserves (continued)

(iv) Exchange reserve

The exchange reserve of the Group comprises all foreign exchange differences arising from the translation of the financial statements of operations outside the mainland China which are dealt with in accordance with the accounting policies as set out in note 1(t).

(v) Other reserve

The other reserve comprises the following:

- the difference of RMB91,124,000 represents 75% of the historical carrying value of paid-in capital of Haosha Industry amounting RMB91,125,000 acquired over the nominal value of the shares issued by the Company amounting HK\$1,000 (RMB equivalent of approximately RMB833); and
- the difference of HK\$9,999 (RMB equivalent of approximately RMB8,000) between the historical carrying value of entire paid-in capital of Hosa Group amounting to HK\$10,000 and the consideration of HK\$1 acquired by Hosa Investment.

(vi) Share-based compensation reserve

Share-based compensation reserve represents the fair value of share options granted to certain directors, senior managements, employees and others of the Group.

(e) Distributability of reserve

The aggregate amounts of distributable reserves (including share premium and retained earnings) of the Company as at 31 December 2017 and 2016 were HK\$39,756,000 (RMB equivalent of approximately RMB34,766,000) and HK\$41,417,000 (RMB equivalent of approximately RMB37,048,000) respectively.

25 資本、儲備及股息(續)

(d) 儲備性質及目的(續)

(iv) 匯兌儲備

本集團的匯兌儲備包括換算中國內地境外業務的財務報表所產生的所有外匯差額，該等差額按照附註1(t)載列的會計政策予以處置。

(v) 其他儲備

其他儲備包括下列各項：

- 差額人民幣91,124,000元指所收購浩沙實業實收資本歷史賬面值的75%為人民幣91,125,000元超出本公司發行的股份面值為1,000港元(人民幣等值約人民幣833元)的部分；及
- 浩沙集團全數實收資本歷史賬面值為10,000港元與浩沙投資收購的對價1港元的差額9,999港元(人民幣等值約人民幣8,000元)。

(vi) 以股份為基準的補償儲備

以股份為基準的補償儲備指本集團若干董事、高級管理人員、僱員及其他人士獲授的購股權的公允價值。

(e) 可供分派儲備

本公司於2017年12月31日及2016年12月31日的可供分派儲備總額(包括股份溢價及保留利潤)分別為39,756,000港元(相當於人民幣34,766,000元)及41,417,000港元(相當於人民幣37,048,000元)。

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25 CAPITAL, RESERVES AND DIVIDENDS (CONTINUED)

(f) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for its shareholders and benefits for other stakeholders, by pricing products commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholders returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

26 EMPLOYEE RETIREMENT BENEFITS

Defined contribution retirement plans

Pursuant to the relevant labour rules and regulations in the PRC, the Group's subsidiaries in the PRC participate in defined contribution retirement benefit schemes (the "Schemes") organised by the PRC municipal government authorities whereby the Group is required to make contributions to the Schemes at the rates of 18% to 20% of the eligible employees' salaries. The local government authorities are responsible for the entire pension obligations payable to retired employees.

The Group also operates a Mandatory Provident Fund Scheme (the "MPF scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance and not previously covered by the defined benefit retirement plan. The MPF scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF scheme, the Group and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK\$30,000. Contributions to the plan vest immediately.

The Group has no other material obligation for the payment of pension benefits associated with the Schemes beyond the annual contributions described above.

25 資本、儲備及股息(續)

(f) 資本管理

本集團管理資本之首要目標乃保障本集團能夠持續經營，從而透過按與風險相符之水平將產品定價及以合理成本取得融資，繼續為其股東及其他利益相關者帶來回報及福利。

本集團積極及定期對資本架構進行檢討及管理，以在較高股東回報情況下可能伴隨之較高借款水平與穩健的資本狀況帶來的好處及保障之間取得平衡，並應因經濟狀況的變化對資本架構作出調整。

26 僱員退休福利

界定供款退休計劃

根據中國相關勞工規則及法規，本集團在中國的附屬公司參與由中國市政府機關籌辦的界定供款退休福利計劃(「計劃」)。據此，本集團必須按合資格僱員薪金的18%至20%向計劃供款。當地政府機關負責所有應付退休僱員的養老責任。

本集團亦根據香港強制性公積金計劃條例為受香港僱傭條例管轄的司法權區，且過往並未參與界定供款退休計劃的受聘僱員設立一項強制性公積金計劃(「強積金計劃」)。強積金計劃為一項由獨立受託人管理的界定供款退休計劃。根據強積金計劃，本集團及其僱員各自須按僱員相關收入的5%向計劃供款，最高為每月相關收入的30,000港元。計劃供款即時歸屬。

除上述年度供款外，本集團就與上述計劃有關的退休金福利的款項而言並無其他重大責任。

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合併財務報表附註

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(除另有指明外，均以人民幣列示)

27 FINANCIAL RISK MANAGEMENT AND FAIR VALUES

Exposure to credit, liquidity, interest rate and foreign currency risks arises in the normal course of the Group's business. The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

The Group's credit risk is primarily attributable to trade and other receivables. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

In respect of trade and other receivables, individual credit evaluations are performed on all customers. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. Trade receivables are generally due within 90 – 180 days from the date of billing. Normally, the Group does not obtain collateral from customers.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. At the end of the reporting period, 9% (2016: 7%) and 37% (2016: 37%) of the total trade and other receivables were due from the Group's largest customer and the five largest customers respectively.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated statement of financial position after deducting any impairment allowance.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade and other receivables are set out in note 17.

27 財務風險管理及公允價值

信貸、流動資金、利率及外幣風險於本集團的日常業務過程中產生。本集團面對該等風險，而本集團採用以管理該等風險的財務風險管理政策及慣例於下文載列。

(a) 信貸風險

本集團的信貸風險主要源自貿易及其他應收款。管理層已制訂信貸政策並按持續基準監察所承受的信貸風險。

就貿易及其他應收款而言，本集團會對所有客戶進行個別信貸評估。該等評估集中於客戶的過往償還到期款項的紀錄及目前的還款能力，並會考慮客戶的特定賬目資料以及有關客戶經營業務的經濟環境的資料。貿易應收款一般於自發票之日起計90至180日內到期。一般而言，本集團並無向客戶取得抵押物。

本集團所承受的信貸風險主要受各客戶的個別特性所影響而非客戶經營業務所在的行業或國家，因此信貸風險高度集中的情況主要發生於本集團對個別客戶有著重大風險承擔時產生。於報告期末，9%（2016年：7%）及37%（2016年：37%）的貿易及其他應收款總額分別為應收本集團的最大客戶及五大客戶的款項。

本集團所承受的最高信貸風險指經扣除任何減值撥備後，合併財務狀況表內各金融資產的賬面值。

有關本集團因貿易及其他應收款而面對的信貸風險的進一步定量披露載列於附註17。

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合併財務報表附註

(Expressed in Renminbi unless otherwise indicated)
(除另有指明外，均以人民幣列示)

27 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONTINUED)

(b) Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the short-term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by the chairman of the Group when the borrowings exceed certain predetermined levels of authority. The Group's policy is to regularly monitor liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

All non-interest bearing financial liabilities of the Group are carried at amount not materially different from their contractual undiscounted cash flow as all the financial liabilities are with maturities within one year or repayable on demand at the end of the reporting period.

The contractual undiscounted cash flow and carrying amount of the short-term bank loans and notes payable as at 31 December 2017 are set out as follows:

		2017		2016	
		Contractual undiscounted cash outflow	Contractual undiscounted cash outflow	Contractual undiscounted cash outflow	Contractual undiscounted cash outflow
		合約未貼現現金流	合約未貼現現金流	合約未貼現現金流	合約未貼現現金流
		Within 1 year or on demand	Carrying amount at 31 December	Within 1 year or on demand	Carrying amount at 31 December
		一年內或根據需求	於12月31日賬面金額	一年內或根據需求	於12月31日賬面金額
		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
Bank loans	銀行貸款	385,898	377,135	325,962	320,632
Notes payable	票據	343,058	321,112	-	-
		728,956	698,247	325,962	320,632

27 財務風險管理及公允價值(續)

(b) 流動資金風險

本集團內的個別經營個體負責其本身的現金管理，包括現金盈餘的短期投資及募集貸款以應付預期的現金需求，惟倘借款超出若干預定的授權水平，則須取得本集團董事長批准。本集團的政策乃定期監察流動資金需求及其借貸契諾的遵守情況，以確保其維持充裕儲備及取得主要金融機構提供足夠的承諾資金，以應付短期及長期的流動資金需求。

於報告期末，由於所有財務負債均於一年內到期或按要求償還，本集團所有不計息財務負債乃與其合約已終止現金流量並無重大差別的金額列賬。

於2017年12月31日，短期銀行貸款及票據的訂約未貼現現金流量和賬面值載列如下：

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(Expressed in Renminbi unless otherwise indicated)

(除另有指明外，均以人民幣列示)

27 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONTINUED)

(c) Interest rate risk

The Group's interest rate risk arises primarily from bank loans and notes payable. The Group's interest rate profile as monitored by management is set out in (i) below.

(i) Interest rate profile

		2017		2016	
		Effective interest rate 實際利率*	Amount 金額 RMB'000 人民幣千元	Effective interest rate 實際利率*	Amount 金額 RMB'000 人民幣千元
Fixed rate borrowings:	固定利率借款：				
Bank loans	銀行貸款	4.39% – 6.74%	315,470	5.05% – 5.22%	114,000
Notes payable	票據	9.17%	321,112	–	–
Variable rate borrowings:	浮動利率借款：				
Bank loans	銀行貸款	2.36% – 2.42%	61,665	1.01% – 1.19%	206,632
			698,247		320,632

* The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

(ii) Sensitivity analysis

At 31 December 2017, it is estimated that a general increase/decrease of 1% in interest rates, with all other variables held constant, would have increased/decreased the Group's profit after tax for the year and retained profits by approximately RMB1,171,000 (2016: decreased/increased the Group's profit after tax for the year and retained profits by approximately RMB1,182,000). Other components of equity would not be affected by the changes in interest rates.

27 財務風險管理及公允價值(續)

(c) 利率風險

本集團的利率風險主要來自銀行貸款及票據。由管理層監查的本集團利率組合載於下文(i)。

(i) 利率組合

* 實際利率是指在金融工具的預計使用年限內，或在適當的情況下較短的期間，將金融資產或金融負債預計的未來現金支付或收入貼現成賬面淨值的比率。

(ii) 敏感度分析

於2017年12月31日，假設其他變量保持不變，倘若利率上升/下跌1%，則本集團該年的稅後利潤和保留利潤將分別增加/減少約人民幣1,171,000元(2016年：減少/增加本集團的稅後利潤和保留利潤約人民幣1,182,000元)。權益其他部分將不會受利率變動的影響。

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(Expressed in Renminbi unless otherwise indicated)
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27 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONTINUED)

(d) Currency risk

As the Group's principal activities are carried out in the PRC, the Group's transactions are mainly denominated in Renminbi, which is not freely convertible into foreign currencies. All foreign exchange transactions involving Renminbi must take place through the People's Bank of China or other institutions authorised to buy and sell foreign exchange. The exchange rates adopted for the foreign exchange transactions are the rates of exchange quoted by the People's Bank of China that are determined largely by supply and demand.

As at 31 December 2016 and 2017, cash at bank that were placed with banks in the PRC amounted to RMB1,702,761,000 and RMB1,848,641,000, respectively. Remittance of funds out of the PRC is subject to the exchange restrictions imposed by the PRC government.

As at 31 December 2017 and 2016, The Group had no significant foreign exchange exposure, as the bank loans dominated in HK\$ were held by the entity for which HK\$ is the functional currency.

Sensitivity analysis

At 31 December 2017, it is estimated that a general appreciation/depreciation of 1% in RMB, with all other variables held constant, would have decreased/increased the Group's net profit for the year and retained profits by approximately RMB905,000 (2016: increased/decreased by RMB331,000).

The sensitivity analysis assumes that the change in foreign exchange rate had been applied to re-measure the bank loan which expose the Group to foreign currency risk at the end of the reporting period. The analysis excludes differences that would result from the translation of the financial statement of foreign operations into the Group's presentation currency.

27 財務風險管理及公允價值(續)

(d) 貨幣風險

由於本集團的主要業務在中國進行，本集團的交易主要以人民幣計值。人民幣不可自由兌換為外幣。所有涉及人民幣的外匯交易必須通過中國人民銀行或其他授權買賣外匯的機構進行。外匯交易採用的匯率乃中國人民銀行所報的匯率，該匯率主要按供求釐定。

於2016年及2017年12月31日，存放於中國銀行的銀行存款分別為人民幣1,702,761,000元及人民幣1,848,641,000元。將資金匯出中國境外，必須遵守中國政府施加的外匯管制。

於2016年及2017年12月31日，本集團並無重大外匯風險，因為以港元計值的銀行貸款由港元為功能貨幣的實體所持有。

敏感度分析

於2017年12月31日，假設其他變量保持不變，倘若人民幣整體匯率上升/下跌1%，則本集團該年的淨利潤和保留利潤將減少/增加約人民幣905,000元(2016年：增加/減少人民幣331,000元)。

此敏感度分析假設於報告期末，外匯的變動已應用於重新計算令本集團面臨外匯風險的銀行貸款。此分析並不包括可能因境外業務的財務報表轉換成本集團所採用之列值貨幣時所產生之外匯差價。

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(除另有指明外，均以人民幣列示)

27 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (CONTINUED)

(e) Fair values

All financial assets and liabilities are carried at amounts not materially different from their fair values as at 31 December 2016 and 2017.

28 COMMITMENTS

(a) Capital commitments outstanding at 31 December 2017 not provided for in the financial statements were as follows:

		At 31 December 於12月31日	
		2017	2016
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Contracted for	已訂約	–	2,400
Authorised but not contracted for	已授權但未訂約	–	12,200
		–	14,600

(b) At 31 December 2017, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

		At 31 December 於12月31日	
		2017	2016
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Within 1 year	1年內	5,802	5,624
After 1 year but within 5 years	1年後但5年內	5,350	11,500
		11,152	17,124

During the years ended 31 December 2016 and 2017, the Group is the lessee in respect of items of offices in Hong Kong and mainland China held under operating leases. The leases typically run for an initial period of one to five years, with an option to renew the lease when all terms are renegotiated. None of the leases includes contingent rentals.

27 財務風險管理及公允價值(續)

(e) 公允價值

於2016年及2017年12月31日，所有金融資產及負債的賬面值與其公允價值並無重大分別。

28 承擔

(a) 於2017年12月31日並未於財務報表作出撥備的未償付資本承擔如下：

		At 31 December 於12月31日	
		2017	2016
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Contracted for	已訂約	–	2,400
Authorised but not contracted for	已授權但未訂約	–	12,200
		–	14,600

(b) 於2017年12月31日，根據不可撤銷經營租賃應付的未來最低租金付款總額如下：

		At 31 December 於12月31日	
		2017	2016
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Within 1 year	1年內	5,802	5,624
After 1 year but within 5 years	1年後但5年內	5,350	11,500
		11,152	17,124

截至2016年及2017年12月31日止年度，本集團為經營租賃下所持的香港及中國內地辦公室項目的承租人。租賃一般初步為期一至五年，在重新磋商所有條款後可選擇重續租賃。租賃概無包含或有租金。

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29 MATERIAL RELATED PARTY TRANSACTIONS

In addition to the related party information disclosed elsewhere in the financial statements, the Group entered into the following material related party transactions. During the year, the directors are of the view that the followings are related parties of the Group:

29 重大關聯方交易

除在財務報表其他部分所披露的關聯方資料外，本集團已訂立下列重大關聯方交易。年內，董事認為以下乃本集團的關聯方：

Name of party 各方名稱	Relationship 關係
Fujian Province Jinjiang City Haosha Garments Co., Ltd.* ("Haosha Garments") 福建省晉江市浩沙製衣有限公司(「浩沙製衣」)	75% and 25% owned by Mr. Shi Hongliu and Mr. Shi Hongyan respectively, who are the directors of the Company 由本公司董事施洪流先生及施鴻雁先生分別擁有75%及25%
Ho Born Investment Holdings Limited ("Ho Born Investment") 浩邦投資控股有限公司(「浩邦投資」)**	49.85% and 26.23% owned by Mr. Shi Hongliu and Mr. Shi Hongyan respectively 由施洪流先生及施鴻雁先生分別擁有49.85%及26.23%
Well Born Industrial Group Limited ("Well Born Industrial") 偉邦實業集團有限公司(「偉邦實業」)**	49.85% and 26.23% owned by Mr. Shi Hongliu and Mr. Shi Hongyan respectively 由施洪流先生及施鴻雁先生分別擁有49.85%及26.23%
Quanzhou HOSA Fitness Club Co., Ltd.* ("Haosha Fitness Centre") 泉州浩沙健身俱樂部有限公司(「浩沙健身俱樂部」)	60% and 40% owned by Mr. Shi Hongliu and Mr. Shi Hongyan respectively 由施洪流先生及施鴻雁先生分別擁有60%及40%
Beijing Hongyu Innovative Technology Co., Ltd. ("Beijing Hongyu")* 北京宏宇創新科技有限公司(「北京宏宇」)	30% owned by Haosha (Shenzhen) Investment and Consulting Company Limited* 由浩沙(深圳)投資諮詢有限公司持有30%

* The English translation of the Company's name is for reference only. The official name of the Company is in Chinese.

* 公司名稱的英文翻譯僅供參考。該公司的正式名稱為中文。

** The Chinese translation of the companies' names is for reference only. The official names of the companies are in English.

** 公司名稱的中文翻譯僅供參考。該公司的正式名稱為英文。

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合併財務報表附註

(Expressed in Renminbi unless otherwise indicated)

(除另有指明外，均以人民幣列示)

29 MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

(a) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's Directors as disclosed in note 7 and certain of the highest paid employees as disclosed in note 8, is as follows:

		Year ended 31 December 截至12月31日止年度	
		2017 RMB'000 人民幣千元	2016 RMB'000 人民幣千元
Short-term employee benefits	短期僱員福利	5,307	4,502
Equity settled share-based payments	以權益結算之股份支付	231	179
Contributions to defined contribution retirement plans	界定供款退休計劃供款	44	27
		5,582	4,708

Total remuneration is included in "staff costs" (note 5(b)).

29 重大關聯方交易(續)

(a) 主要管理人員薪酬

本集團主要管理人員的薪酬(包括附註7所披露已付予本公司董事的款項以及附註8所披露的已付予若干最高薪酬僱員的款項)如下:

總薪酬已計入「員工成本」內(附註5(b))。

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(除另有指明外，均以人民幣列示)

29 MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

29 重大關聯方交易(續)

(b) Transactions with the related parties

(b) 與關聯方的交易

		Year ended 31 December 截至12月31日止年度	
		2017 RMB'000 人民幣千元	2016 RMB'000 人民幣千元
	Note 附註		
Purchases of products – Haosha Garments	購買產品 – 浩沙製衣	7,476	3,461
Receiving processing services – Haosha Garments	獲取委託加工服務 – 浩沙製衣	56,363	51,224
Loans from immediate controlling party – Ho Born Investment	來自直接控股方的貸款 (i) – 浩邦投資	5,771	52,396
Repayments of loans from immediate controlling party – Ho Born Investment	償還直接控股方的貸款 – 浩邦投資	56,473	–
Sales of goods – Haosha Fitness Centre	銷售 – 浩沙健身俱樂部	7,893	–
Loan to an associate – Beijing Hongyu	發放予聯營公司貸款 – 北京宏宇	100,000	–
Interest income from an associate – Beijing Hongyu	收取聯營公司利息 – 北京宏宇	989	–

Notes:

- (i) Loans from the immediate controlling party is unsecured, interest-free and repayable within one year. The loans is included in "Trade and other payables" (note 20).
- (ii) As at 31 December 2017, key management personnel of the Group provided guarantee for the Group's bank loans with an outstanding balance of RMB36,300,000 (note 21).
- (iii) As at 31 December 2017, Mr. Shi Hongliu, Mr. Shi Hongyan, Ho Born Investment and Well Born Industrial provided guarantee for the Group's notes payable with an outstanding balance of RMB321,112,000 (note 22).

附註:

- (i) 來自直接控股方的貸款並無抵押，免息並且在一年內償還。此貸款包含在貿易及其他應付款內(附註20)。
- (ii) 於2017年12月31日，本集團的銀行貸款餘額中有人民幣36,300,000(附註21)由主要管理人員提供擔保。
- (iii) 於2017年12月31日，施洪流先生、施鴻雁先生、浩邦投資及偉邦實業為本集團票據提供擔保，餘額為人民幣321,112,000元(附註22)。

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合併財務報表附註

(Expressed in Renminbi unless otherwise indicated)

(除另有指明外，均以人民幣列示)

29 MATERIAL RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Balances with the related parties

As the end of the reporting period, the Group had the following balances with related parties:

29 重大關聯方交易(續)

(c) 與關聯方的結餘

於報告期末，本集團與關聯方有下列結餘：

		Year ended 31 December	
		截至12月31日止年度	
		2017	2016
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Prepayments	預付款		
– Haosha Garments	– 浩沙製衣	2,978	767
Bills payable	應付票據		
– Haosha Garments	– 浩沙製衣	(31,940)	(2,000)
Amount due to the immediate controlling party	應付直接控股方		
– Ho Born Investment	– 浩邦投資	–	(53,671)
Trade receivables	應收賬款		
– Haosha Fitness Centre	– 浩沙健身俱樂部	7,260	–
Loan to an associate	發放予聯營公司貸款		
– Beijing Hongyu	– 北京宏宇	100,000	–
Interest receivables	應收利息		
– Beijing Hongyu	– 北京宏宇	989	–
		79,287	(54,904)

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30 COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

30 公司層面財務狀況表

		Note	2017 RMB'000 人民幣千元	2016 RMB'000 人民幣千元
		附註		
Non-current asset	非流動資產			
Investments in subsidiaries	於附屬公司的投資	13	—	—
Total non-current asset	非流動資產總值		—	—
Current assets	流動資產			
Other receivables	其他應收款		433,783	292,264
Cash and cash equivalents	現金及現金等價物		2,569	5,837
Total current assets	流動資產總值		436,352	298,101
Current liabilities	流動負債			
Other payables	其他應付款		9,515	63,728
Bank loans	銀行貸款		61,665	206,632
Notes payable	票據	22	321,112	—
Total current liabilities	流動負債總額		392,292	270,360
Net current assets	流動資產淨值		44,060	27,741
Total assets less current liabilities/Net assets	總資產減流動負債／資產淨值		44,060	27,741
Capital and reserves	資本及儲備			
Share capital	股本	25(c)	13,567	13,567
Reserves	儲備	25(d)	30,493	14,174
Total equity	權益總額		44,060	27,741

31 IMMEDIATE AND ULTIMATE CONTROLLING PARTY

At 31 December 2017, the Directors consider the immediate controlling party of the Group to be Ho Born Investment Holdings Limited, which is incorporated in the British Virgin Islands. This entity does not produce financial statements available for public use. The Directors consider the ultimate controlling party of the Group to be Mr Shi Hongliu.

31 直接及最終控制方

於2017年12月31日，董事認為本集團的直接控制方為浩邦投資控股有限公司，而該公司於英屬維京群島註冊成立。該實體並無編製可供公開查閱的財務報表。董事認為本集團之最終控制方為施洪流先生。

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32 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2017

Up to the date of issue of these financial statements, the IASB has issued a number of amendments and new standards which are not yet effective for the year ended 31 December 2017 and which have not been adopted in these financial statements. These include the following which may be relevant to the Group.

32 截至2017年12月31日止年度已頒佈但未生效的修訂、新訂準則及詮釋的可能影響

直至本報告刊發日期，國際會計準則委員會已頒佈數項截至2017年12月31日止年度尚未生效的修訂及新訂準則，而此等財務報表並無採納該等修訂及新訂準則。該等修訂及新訂準則包括下列，可能與本集團相關。

	Effective for accounting periods beginning on or after 於以下日期或之後 開始的會計期間生效
Amendments to IFRS 2, <i>Classification and measurement of share-based payment transactions</i> 國際財務報告準則第2號， <i>股份支付交易的分類和計量</i>	1 January 2018 2018年1月1日
IFRS 15, <i>Revenue from contracts with customers</i> 國際財務報告準則第15號， <i>來自客戶合約的收益</i>	1 January 2018 2018年1月1日
IFRS 9, <i>Financial instruments</i> 國際財務報告準則第9號， <i>金融工具</i>	1 January 2018 2018年1月1日
IFRIC 22, <i>Foreign currency transactions and advance consideration</i> 國際財務報告解釋第22號 <i>外幣交易與預收(付)對價</i>	1 January 2018 2018年1月1日
Amendments to IAS 28, <i>Long-term interests in associates and joint ventures</i> 國際會計準則第28號之修訂， <i>於聯營公司及合營企業之長期權益</i>	1 January 2019 2019年1月1日
IFRS 16, <i>Leases</i> 國際財務報告準則第16號， <i>租賃</i>	1 January 2019 2019年1月1日
IFRIC 23, <i>Uncertainty over income tax treatments</i> 國際財務報告解釋第23號 <i>所得稅之不確定性之處理</i>	1 January 2019 2019年1月1日
Annual Improvements to IFRSs 2015–2017 cycle 國際財務報告準則2015年至2017年週期之年度改進	1 January 2019 2019年1月1日

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32 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2017 (CONTINUED)

The Group is in the process of making an assessment of what the impact of these amendments, new standards and interpretations is expected to be in the period of initial application. So far the Group has identified some aspects of the new standards which may have a significant impact on the consolidated financial statements. Further details of the expected impacts are discussed below. While the assessment has been substantially completed for IFRS 9 and IFRS 15, the actual impacts upon the initial adoption of the standards may differ as the assessment completed to date is based on the information currently available to the Group, and further impacts may be identified before the standards are initially applied in the Group's interim financial report for the six months ended 30 June 2018. The Group may also change its accounting policy elections, including the transition options, until the standards are initially applied in that financial report.

IFRS 9, Financial instruments

IFRS 9 will replace the current standard on accounting for financial instruments, IAS 39, Financial instruments: Recognition and measurement. IFRS 9 introduces new requirements for classification and measurement of financial assets, including the measurement of impairment of financial assets and hedge accounting. On the other hand, IFRS 9 incorporates without substantive changes the requirements of IAS 39 for recognition and derecognition of financial instruments and the classification of financial liabilities.

32 截至2017年12月31日止年度已頒佈但未生效的修訂、新訂準則及詮釋的可能影響(續)

本集團正在評估該等修訂本及新訂準則預期於首次應用期間的影響。截至目前，本集團已確認新訂準則的若干範疇可能對綜合財務報表產生重大影響。有關預期影響的進一步詳情將於下文討論。雖然對國際財務報告準則第9號和國際財務報告準則第15號的評估已基本完成，但首次應用該準則的實際影響可能會有不同，因為迄今為止完成的評估是基於本集團目前可獲得的信息，並且可能會於本集團截至2018年6月30日止六個月的中期財務報告首次應用該準則前發現進一步的影響。本集團亦可能會改變會計政策的選擇，包括過渡方案，直至該準則首次應用於該財務報表。

國際財務報告準則第9號，金融工具

國際財務報告準則第9號將取代有關金融工具會計處理的現有準則，國際會計準則第39號，金融工具：確認及計量。國際財務報告準則第9號引入金融資產分類及計量、金融資產減值計算及對沖會計處理的新規定。另一方面，國際財務報告準則第9號納入且無大幅改動國際會計準則第39號有關確認及終止確認金融工具及金融負債分類的規定。

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32 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2017 (CONTINUED)

IFRS 9, Financial instruments (continued)

Expected impacts of the new requirements on the Group's financial statements are as follows:

(a) Classification and measurement

IFRS 9 contains three principal classification categories for financial assets: measured at (1) amortised cost, (2) fair value through profit or loss (FVTPL) and (3) fair value through other comprehensive income (FVTOCI) as follows:

- The classification for debt instruments is determined based on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the asset. If a debt instrument is classified as FVTOCI then effective interest, impairments and gains/losses on disposal will be recognised in profit or loss.
- For equity securities, the classification is FVTPL regardless of the entity's business model. The only exception is if the equity security is not held for trading and the entity irrevocably elects to designate that security as FVTOCI. If an equity security is designated as FVTOCI then only dividend income on that security will be recognised in profit or loss. Gains, losses and impairments on that security will be recognised in other comprehensive income without recycling.

With respect to the Group's loan to an associate, the Group is still assessing whether the current classification as financial assets measured at amortised cost will still be appropriate under IFRS 9, and further analysis is required to determine whether this change in accounting policy may have a material impact on the amounts reported in any given reporting period.

The Group expects that its other financial assets/liabilities currently measured at amortised cost will continue with their respective classification and measurements upon the adoption of IFRS9.

32 截至2017年12月31日止年度已頒佈但未生效的修訂、新訂準則及詮釋的可能影響(續)

國際財務報告準則第9號，金融工具(續)

新規定對本集團財務報表的預期影響如下：

(a) 分類及計量

國際財務報告準則第9號載有三個主要金融資產分類類別：(1)以攤銷成本計量；(2)按公允價值計入損益(「FVTPL」)及(3)按公允價值計入其他全面收益(「FVTOCI」)，現載列如下：

- 債務工具的分類按實體管理金融資產的商業模式及該資產的合約現金流量特性釐定。倘債務工具分類為FVTOCI，則實際利息、減值及出售的收益／虧損將會於損益內確認。
- 就股本證券而言，其分類為FVTPL(不論實體的業務模式)。唯一例外為倘股本證券並非持作買賣，則該實體不可撤回地選擇將該證券指定為FVTOCI。倘股本證券指定為FVTOCI，則僅有該證券的股息收入將會於損益內確認。該證券的收益、虧損及減值將會在其他全面收益內確認(不可撥回)。

就本集團向聯營公司提供的貸款而言，本集團仍在評估在國際財務報告準則第9號下，按攤銷成本計量的金融資產的現行分類是否仍適用，並需要進一步分析以確定會計政策的這一變化是否可能對任何特定報告期內報告的金額造成重大影響。

本集團預期目前按攤銷成本計量的其他金融資產／負債將於採納國際財務報告準則第9號繼續其各自的分類及計量。

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32 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2017 (CONTINUED)

IFRS 9, Financial instruments (continued)

(b) Impairment

The new impairment model in IFRS 9 replaces the “incurred loss” model in IAS 39 with an “expected credit loss” model. Under the expected credit loss model, it will no longer be necessary for a loss event to occur before an impairment loss is recognised. Instead, an entity is required to recognise and measure either a 12-month expected credit loss or a lifetime expected credit loss, depending on the asset and the facts and circumstances. The Group expects that the application of the expected credit loss model will result in earlier recognition of credit losses. However, a more detailed analysis is required to determine the extent of the impact.

IFRS 15, Revenue from contracts with customers

IFRS 15 establishes a comprehensive framework for recognising revenue from contracts with customers. IFRS 15 will replace the existing revenue standards, IAS 18, Revenue, which covers revenue arising from sale of goods and rendering of services, and IAS 11, Construction contracts, which specifies the accounting for revenue from construction contracts. The core principle of IFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduces a 5-step approach to revenue recognition:

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

32 截至2017年12月31日止年度已頒佈但未生效的修訂、新訂準則及詮釋的可能影響(續)

國際財務報告準則第9號，金融工具(續)

(b) 減值

國際財務報告準則第9號的新減值模式以「預期信貸虧損」模式取代國際會計準則第39號的「已產生虧損」模式。根據預期信貸虧損模式，其將不再需要在確認減值虧損前發生虧損事件。相反，一間實體須將預期信貸虧損確認並計量為十二個月的預期信貸虧損或可使用年期內的預期信貸虧損，惟視乎資產、事實及情況而定。此項新減值模式可能導致提早確認有關本集團應收賬款及其他金融資產的信貸虧損。然而，釐定影響的程度須進行更詳細的分析。

國際財務報告準則第15號，來自客戶合約的收入

國際財務報告準則第15號建立了一個確認來自客戶合約收入的綜合框架。國際財務報告準則第15號將取代現有的收入準則：國際會計準則第18號－收入(涵蓋銷售商品和提供服務產生的收入)和國際會計準則第11號－建造合約(規定了建造合約收入的會計核算)。國際財務報告準則第15號之核心原則為實體應確認收入以說明向客戶轉讓承諾貨品或服務，而該金額能反映該實體預期就交換該等貨品或服務有權獲得之代價。該準則引入確認收入之五個步驟：

- 第一步：識別與客戶訂立之合約
- 第二步：識別合約中之履約責任
- 第三步：釐定交易價
- 第四步：將交易價分配至合約中之各履約責任
- 第五步：於(或隨著)實體完成履約責任時確認收入

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32 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2017 (CONTINUED)

IFRS 15, Revenue from contracts with customers (continued)

Under IFRS 15, revenue is recognised when the customer obtains control of the promised good or service in the contract. IFRS 15 identifies 3 situations in which control of the promised good or service is regarded as being transferred over time:

- (a) When the customer simultaneously receives and consumes the benefits provided by the entity's performance, as the entity performs;
- (b) When the entity's performance creates or enhances an asset (for example work in progress) that the customer controls as the asset is created or enhanced;
- (c) When the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

If the contract terms and the entity's activities do not fall into any of these 3 situations, then under IFRS 15 the entity recognises revenue for the sale of that good or service at a single point in time, being when control has passed. Transfer of risks and rewards of ownership is only one of the indicators that will be considered in determining when the transfer of control occurs. Furthermore, extensive disclosures are required by IFRS 15.

The Group has preliminarily assessed the impact of IFRS 15, and consider the requirements to recognise revenue under IFRS 15 is similar to the Group's current revenue recognition policy for sales of goods and therefore, the Group expects that the application of IFRS 15 will not have a significant impact on the Group's results of operations and financial position.

32 截至2017年12月31日止年度已頒佈但未生效的修訂、新訂準則及詮釋的可能影響(續)

國際財務報告準則第15號，來自客戶合約的收入(續)

根據國際財務報告準則第15號，收入於客戶獲得合約中承諾商品和服務的控制權時確認。國際財務報告準則第15號確定了對承諾商品或服務的控制被視為隨時間轉移的三種情況：

- (a) 當客戶同時取得及消耗實體履約所提供的利益時；
- (b) 實體的履約行為創造或改良了客戶在資產被創造或改良時就控制的資產(如在產品)；
- (c) 實體的履約行為並未創造一項可被實體用於替代用途的資產，並且實體具有就迄今為止已完成的履約部分獲得客戶付款的可執行權利。

如果合約條款及實體履約行為並不屬於任何該等三種情況，則根據國際財務報告準則第15號，實體於某一時間點(即控制權轉移時)就銷售商品或服務確認收入。所有權的風險及回報的轉移僅為釐定控制權轉移發生時將考慮的其中一項指標。此外，國際財務報告準則第15號要求詳盡披露。

本集團已初步評估國際財務報告準則第15號的影響，並考慮到國際財務報告準則第15號確認收入的要求類似於集團目前的銷售收入的確認政策，因此，本集團預期國際財務報告準則第15號的應用不會對本集團的經營業績及財務狀況產生重大影響。

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32 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2017 (CONTINUED)

IFRS 16, Leases

Currently the Group enters into some leases as the lessee. Once IFRS 16 is adopted, subject to practical expedients, lessees will account for all leases in a similar way to current finance lease accounting, i.e. at the commencement date of the lease the lessee will recognise and measure a lease liability at the present value of the minimum future lease payments and will recognise a corresponding "right-of-use" asset. After initial recognition of this asset and liability, the lessee will recognise interest expense accrued on the outstanding balance of the lease liability, and the depreciation of the right-of-use asset, instead of the current policy of recognising rental expenses incurred under operating leases on a systematic basis over the lease term. As a practical expedient, the lessee can elect not to apply this accounting model to short-term leases (i.e. where the lease term is 12 months or less) and to leases of low-value assets, in which case the rental expenses would continue to be recognised on a systematic basis over the lease term.

IFRS 16 will primarily affect the Group's accounting as a lessee of leases for properties, plant and equipment which are currently classified as operating leases. The application of the new accounting model is expected to lead to an increase in both assets and liabilities and to impact on the timing of the expense recognition in the statement of profit or loss over the period of the lease. At 31 December 2017 the Group's future minimum lease payments under non-cancellable operating leases amount to RMB11,152,000 for properties, the majority of which is payable either between 1 and 5 years after the reporting date or in more than 5 years. Some of these amounts may therefore need to be recognised as lease liabilities, with corresponding right-of-use assets, once IFRS 16 is adopted. The Group will need to perform a more detailed analysis to determine the amounts of new assets and liabilities arising from operating lease commitments on adoption of IFRS 16, after taking into account the applicability of the practical expedient and adjusting for any leases entered into or terminated between now and the adoption of IFRS 16 and the effects of discounting.

IFRS 16 is effective for annual periods beginning on or after 1 January 2019. The Group has decided not to early adopt IFRS 16 in its 2018 consolidated financial statements.

32 截至2017年12月31日止年度已頒佈但未生效的修訂、新訂準則及詮釋的可能影響(續)

國際財務報告準則第16號，租賃

本集團作為承租人訂立部分租賃，而其他則為以出租人訂立。國際財務報告準則第16號一經採納，承租人將不再區分融資租賃及經營租賃。取而代之，受可行權宜方法所規限，承租人將所有租賃以類似現有融資租賃會計處理的方法入賬，即承租人於租賃開始日期按最低未來租賃款項現值確認及計量租賃負債，及確認相應的使用權資產。於初步確認該資產及負債後，承租人將確認租賃負債尚未償還的結餘所產生的利息開支及使用權資產折舊，而非根據現有政策於租賃期內按系統基準確認根據經營租賃所產生的租賃開支。作為一項可行權宜方法，承租人可選擇不將此會計模式應用於短期租賃(即租期為12個月或以下)及低價值資產的租賃，於該等情況下，租金開支將繼續於租期內按系統基準確認。

國際財務報告準則第16號主要影響本集團於物業、廠房及設備的租賃(現分類為經營租賃)作為承租人的會計處理。採用新會計模式預期會增加資產及負債，以及影響於租賃期內損益表確認開支的時間。於2017年12月31日，本集團不可撤銷的未來最低租賃付款金額為人民幣11,152,000元，其中大部分應在報告日期後1至5年或5年以上支付。因此，採用國際財務報告準則第16號後，若干該等款項可能須確認為租賃負債，並附帶相應使用權資產。經考慮可行權宜方法的適用性及就現時與採用國際財務報告準則第16號期間已訂立或終止的任何租約及折現影響作出調整後，本集團將須進行更為詳細的分析以釐定於採用國際財務報告準則第16號時經營租賃承擔所產生的新資產及負債的金額。

國際財務報告準則第16號在2019年1月1日或之後開始的年度期間生效。本集團決定在其2018年合併財務報表中不提早採用國際財務報告準則第16號。

Five Years Financial Summary

五年財務概要

(Expressed in Renminbi unless otherwise indicated)

(除另有指明外，均以人民幣列示)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

合併財務狀況表

		2017	2016	2015	2014	2013
		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
Non-current assets	非流動資產					
Property, plant and equipment	物業、廠房及設備	93,485	85,299	79,939	83,808	59,126
Lease prepayments	預付租金	16,904	17,319	17,734	18,149	18,564
Intangible assets	無形資產	1,306	513	769	522	499
Interest in an associate	於聯營公司投資	100,000	—	—	—	—
Loan to an associate	發放予聯營公司貸款	100,000	—	—	—	—
Deferred tax assets	遞延稅項資產	687	3,021	3,966	3,422	3,514
Total non-current assets	非流動資產總值	312,382	106,152	102,408	105,901	81,703
Current assets	流動資產					
Inventories	存貨	288,279	220,255	259,079	169,096	151,409
Trade and bills receivables	貿易應收款及應收票據	474,547	354,594	248,486	269,222	247,274
Deposits and prepayments	按金及預付款	65,035	40,430	45,524	22,938	17,693
Other receivables	其他應收款	32,844	26,523	50,024	28,812	3,991
Pledged deposits	已質押存款	132,917	255,959	174,916	15,832	17,684
Cash at bank and in hand	銀行存款及手頭現金	1,722,589	1,453,062	1,302,500	1,259,737	1,059,149
Total current assets	流動資產總值	2,716,211	2,350,823	2,080,529	1,765,637	1,497,200
Total assets	資產總值	3,028,593	2,456,975	2,182,937	1,871,538	1,578,903
Current liabilities	流動負債					
Bank loans	銀行貸款	377,135	320,632	129,739	—	—
Trade payables	貿易應付款	35,842	20,052	97,427	83,516	50,987
Bills payable	應付票據	157,933	124,098	118,862	48,223	60,945
Receipts in advance	預收款	2,167	1,455	18,463	9,985	5,634
Other payables and accruals	其他應付款及應計費用	55,820	90,423	86,134	66,310	56,571
Notes payable	票據	321,112	—	—	—	—
Current taxation	即期稅項	38,685	33,346	10,768	15,161	8,710
Total current liabilities	流動負債總額	988,694	590,006	461,393	223,195	182,847
Non-current liabilities	非流動負債					
Deferred tax liabilities	遞延稅項負債	7,341	10,782	10,782	7,197	—
Total liabilities	負債總額	996,035	600,788	472,175	230,392	182,847
Shareholders' equity	股東權益	2,032,558	1,856,187	1,710,762	1,641,146	1,396,056
Total liabilities and equity	負債及權益總額	3,028,593	2,456,975	2,182,937	1,871,538	1,578,903

Five Years Financial Summary

五年財務概要

(Expressed in Renminbi unless otherwise indicated)

(除另有指明外，均以人民幣列示)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

合併損益及其他綜合收益表

		2017 RMB'000 人民幣千元	2016 RMB'000 人民幣千元	2015 RMB'000 人民幣千元	2014 RMB'000 人民幣千元	2013 RMB'000 人民幣千元
Continuing operations:	持續經營業務					
Revenue	營業額	1,198,769	1,103,540	1,178,001	1,216,546	1,021,520
Cost of sales	銷售成本	(698,656)	(536,213)	(573,413)	(576,273)	(431,209)
Gross profit	毛利	500,113	567,327	604,588	640,273	590,311
Other revenue	其他收入					
– Interest income	– 利息收入	37,978	40,900	36,633	43,560	11,735
– Government grants	– 政府補貼	2,300	12,578	24,418	29,259	12,999
– Others	– 其他	1,050	4,372	779	323	771
		41,328	57,850	61,830	73,142	25,505
Other net (loss)/income	其他(虧損)/收入淨額					
– Exchange (loss)/gain	– 匯兌(虧損)/收益	(2,327)	1,567	(519)	(2,428)	5,457
– Others	– 其他	(1,354)	(374)	(7)	(247)	(2,682)
		(3,681)	1,193	(526)	(2,675)	2,775
Selling and distribution expenses	銷售及經銷成本	(119,736)	(185,689)	(206,770)	(133,494)	(104,537)
Administrative and other operating expenses	行政及其他經營開支	(101,847)	(109,198)	(119,228)	(88,281)	(75,223)
Profit from operations	經營利潤	316,177	331,483	339,894	488,965	438,831
Finance costs	財務成本	(23,811)	(4,307)	(1,002)	–	(398)
Profit before taxation	除稅前利潤	292,366	327,176	338,892	488,965	438,433
Income tax expenses	所得稅開支	(45,842)	(58,339)	(71,617)	(85,803)	(68,074)
Profit for the year	年度利潤	246,524	268,837	267,275	403,162	370,359
Exchange differences on translation of financial statements of operations outside the mainland China	換算中國內地境外附屬公司的財務報表的匯兌差異	18,579	(14,319)	(2,433)	1,996	(7,513)
Total comprehensive income for the year attributable to equity shareholders of the Company	本公司權益股東應佔年度綜合收益總額	265,103	254,518	264,842	405,158	362,846
Earnings per share – basic and diluted (RMB)	每股盈利 – 基本及攤薄 (人民幣元)	0.15	0.16	0.16	0.24	0.23

Five Years Financial Summary

五年財務概要

(Expressed in Renminbi unless otherwise indicated)

(除另有指明外，均以人民幣列示)

CONSOLIDATED CASH FLOW STATEMENT

合併現金流量表

		2017 RMB'000 人民幣千元	2016 RMB'000 人民幣千元	2015 RMB'000 人民幣千元	2014 RMB'000 人民幣千元	2013 RMB'000 人民幣千元
Operating activities	經營活動					
Cash generated from operations	經營所得現金	129,443	116,534	306,478	440,921	428,706
Income tax paid	已付所得稅	(41,610)	(34,816)	(72,969)	(72,063)	(67,129)
		<u>87,833</u>	<u>81,718</u>	<u>233,509</u>	<u>368,858</u>	<u>361,577</u>
Net cash generated from operating activities	經營活動所得現金淨額	87,833	81,718	233,509	368,858	361,577
Investing activities	投資活動					
Payment for purchase of property, plant and equipment	購置物業、廠房及設備付款	(11,527)	(8,097)	(6,210)	(31,170)	(17,475)
Payment for purchase of Intangible assets	購置無形資產付款	(589)	(149)	(622)	(256)	(421)
Proceeds from disposal of property, plant and equipment	出售物業、廠房及設備所得款項	61	—	—	14	—
Interest received	已收取利息	38,561	41,519	40,095	22,519	15,045
(Increase)/decrease in pledged deposits	已質押存款(增加)/減少	123,042	(81,043)	(159,084)	1,852	80,594
Placement of time deposits with original maturity over three months	存入原到期日超過三個月之定期存款	(514,407)	(1,364,266)	(1,281,500)	(1,222,298)	(723,950)
Maturity of time deposits with original maturity over three months	原到期日超過三個月之定期存款到期額	508,000	1,281,500	1,222,298	723,950	327,977
Payment for investment in an associate	投資聯營公司付款	(100,000)	—	—	—	—
Loan to an associate	發給予聯營公司貸款	(100,000)	—	—	—	—
		<u>(56,859)</u>	<u>(130,536)</u>	<u>(185,023)</u>	<u>(505,389)</u>	<u>(318,230)</u>
Net cash used in investing activities	投資活動所用現金淨額	(56,859)	(130,536)	(185,023)	(505,389)	(318,230)

Five Years Financial Summary

五年財務概要

(Expressed in Renminbi unless otherwise indicated)
(除另有指明外，均以人民幣列示)

CONSOLIDATED CASH FLOW STATEMENT (CONTINUED)

合併現金流量表(續)

		2017 RMB'000 人民幣千元	2016 RMB'000 人民幣千元	2015 RMB'000 人民幣千元	2014 RMB'000 人民幣千元	2013 RMB'000 人民幣千元
Financing activities	融資活動					
Proceeds from bank loans	銀行貸款所得款項	348,977	310,489	129,606	–	–
Repayment of bank loans	償還銀行貸款	(279,497)	(132,076)	–	–	(88,644)
Proceeds from loan from the immediate controlling shareholder	直接控股股東貸款所得款項	5,771	52,396	–	–	–
Repayments of loans from controlling shareholders	直接控股股東貸款還款	(56,473)	–	–	–	–
Proceeds from shares issued under share option scheme	根據購股權計劃發行股份所得款項	–	9,307	4,127	709	3,329
Net proceeds from placing shares	自配售股份所得款項淨額	–	–	–	–	116,872
Payment for repurchase of shares	股份購回付款	–	–	(898)	(5,368)	–
Net proceeds from notes issued	發行票據淨得款項	323,823	–	–	–	–
Interest paid	已付利息	(22,119)	(4,323)	(892)	–	(569)
Dividends paid to equity shareholders of the Company	已付本公司權益股東的股息	(88,336)	(119,179)	(196,868)	(156,570)	(141,672)
Net cash generated from/(used in) financing activities	融資活動所得/(所用)現金淨額	232,146	116,614	(64,925)	(161,229)	(110,684)
Net increase/(decrease) in cash and cash equivalents	現金及現金等價物增加/(減少)淨額	263,120	67,796	(16,439)	(297,760)	(67,337)
Cash and cash equivalents at 1 January	於1月1日的現金及現金等價物	88,796	21,000	37,439	335,199	402,536
Cash and cash equivalents at 31 December	於12月31日的現金及現金等價物	351,916	88,796	21,000	37,439	335,199

Five Years Financial Summary

五年財務概要

(Expressed in Renminbi unless otherwise indicated)

(除另有指明外，均以人民幣列示)

MAJOR FINANCIAL RATIOS

主要財務比率

	2017	2016	2015	2014	2013
A. Profitability ratios:					
1. Growth/(decline)					
a. Revenue					
b. Net profit					
c. Total comprehensive income					
2. Profit margins					
a. Gross profit margin					
b. Operating profit margin					
c. Total comprehensive income					
d. Net profit margin					
3. Return on equity/total assets					
a. Return on equity					
b. Return on total assets					
B. Liquidity ratios:					
1. Liquidity ratios					
a. Current ratios					
b. Quick ratios					
2. Turnover ratios					
a. Stock turnover days					
b. Debtors' turnover days					
c. Creditors' turnover days					
C. Capital adequacy ratios:					
1. Gearing ratio					
a. Bank loan & notes payable					
2. Debt to net worth ratio					
a. Debt to equity ratio					
b. Interest coverage					
3. Effective tax rate					
A. 盈利能力比率：					
1. 增長/(下降)					
a. 營業額	8.6%	(6.3%)	(3.2%)	19.1%	20.5%
b. 淨利潤	(8.3%)	0.6%	(33.7%)	8.9%	11.9%
c. 綜合收益總額	4.2%	(3.9%)	(34.6%)	11.7%	9.6%
2. 利潤率					
a. 毛利率	41.7%	51.4%	51.3%	52.6%	57.8%
b. 經營利潤率	26.4%	30.0%	28.9%	40.2%	43.0%
c. 綜合收益總額	22.1%	23.1%	22.5%	33.3%	35.5%
d. 淨利潤率	20.6%	24.4%	22.7%	33.1%	36.3%
3. 權益/總資產回報率					
a. 權益回報率	13.6%	14.3%	15.8%	26.7%	29.6%
b. 總資產回報率	9.7%	11.0%	13.1%	23.5%	25.5%
B. 流動資金比率：					
1. 流動資金比率					
a. 流動比率	2.75	3.98	4.51	7.91	8.19
b. 速動比率	2.46	3.61	3.95	7.15	7.36
2. 周轉比率					
a. 存貨周轉日數	132.8	163.1	136.3	101.5	107.3
b. 應收賬款周轉日數	126.3	99.7	80.2	77.6	89.4
c. 應付賬款周轉日數	88.3	122.7	110.8	77.2	79.0
C. 資本充足比率：					
1. 負債比率					
a. 銀行貸款及票據	23.1%	13.0%	5.9%	–	–
2. 債務淨值比率					
a. 負債權益比率	42.1%	24.0%	14.5%	2.9%	4.4%
b. 利息償付率	13.3	77.0	339.2	N/A	1,100.80
3. 實際稅率	15.7%	17.8%	21.1%	17.5%	15.50%

