



福田實業(集團)有限公司

Fountain Set (Holdings) Limited

The World's Finest Circular Knits. Since 1969.
世界優質圓筒針織，始於1969

SEHK: 420

Knit Different • Live Different
編織創意 • 活出新意

2017
Annual Report 年報

GROUP PROFILE

About Fountain Set (Holdings) Limited (the “Company”) and its subsidiaries (the “Fountain Set Group” or the “Group”) (Stock Code: 00420.HK)

One of the world’s largest and long-established fabric manufacturers, the Fountain Set Group produces knitted fabric and garments through vertically integrated operations in fabric knitting, dyeing, printing, finishing and garment manufacturing, for many of the renowned apparel retailers and brands.

As a strong believer of research and development, we collaborate with brands and suppliers to develop innovative and creative fabric and garment products to consumers all over the world. Headquartered in Hong Kong and listed on The Stock Exchange of Hong Kong Limited, the Fountain Set Group has 8 production facilities in the People’s Republic of China (the “PRC”), Sri Lanka and Indonesia, with marketing and representative offices in 5 countries and a global workforce of close to 10,000 strong.

Chinatex Corporation Limited, a wholly-owned subsidiary of COFCO Corporation, has become the largest shareholder of the Company since 2012. COFCO Corporation is a state-wholly-owned enterprise established in the PRC and a direct wholly-owned subsidiary of the State-owned Assets Supervision and Administration Commission of the State Council of the PRC.

To learn more about Fountain Set (Holdings) Limited, please visit www.fshl.com

To learn more about Chinatex Corporation Limited, please visit www.chinatex.com

To learn more about COFCO Corporation, please visit www.cofco.com

集團簡介

有關福田實業（集團）有限公司（「本公司」）及其附屬公司（「福田集團」或「本集團」）（股份代號：00420，香港）

福田集團為一家世界最大及歷史悠久的針織面料生產商之一，透過針織、染色、印花、整理及成衣製造等高度垂直綜合服務為許多知名服裝零售商和品牌製造針織面料及成衣。

作為研發的堅信者，我們與品牌和供應商合作，為世界各地的消費者開發創新和創意的面料及成衣產品。福田集團總部位於香港，並於香港聯合交易所有限公司上市，其於中華人民共和國（「中國」）、斯里蘭卡及印尼設有8個生產設施，市場推廣辦事處及代表處分佈5個國家，全球員工接近10,000人。

中國中紡集團有限公司為中糧集團有限公司的全資附屬公司，從2012年起，成為本公司第一大股東。中糧集團有限公司乃一間于中國成立之國有企業，並為中國國務院國有資產監督管理委員會之直接全資附屬公司。

欲知更多福田實業（集團）有限公司資料，請瀏覽www.fshl.com

欲知更多中國中紡集團有限公司資料，請瀏覽www.chinatex.com

欲知更多中糧集團有限公司資料，請瀏覽www.cofco.com

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CORPORATE INFORMATION 公司資料

HONORARY CHAIRMAN

Mr. HA Chung Fong

BOARD OF DIRECTORS

Executive Directors

Mr. ZHAO Yao (Chairman and Chief Executive Officer)

Mr. CHEN Minghong

Mr. LAN Jiang

Non-executive Directors

Dr. YEN Gordon

Mr. ZHANG Chong

Independent Non-executive Directors

Mr. NG Kwok Tung

Mr. YING Wei

Mr. William LAM

JOINT COMPANY SECRETARIES

Ms. CHENG Wai Han Charmaine

Mr. KWOK Siu Man

REGISTERED OFFICE & PRINCIPAL PLACE OF BUSINESS

Block A, 6/F., Eastern Sea Industrial Building
29-39 Kwai Cheong Road, Kwai Chung, New Territories, Hong Kong

WEBSITE

www.fshl.com

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited

Hang Seng Bank Limited

The Hongkong and Shanghai Banking Corporation Limited

Standard Chartered Bank (Hong Kong) Limited

China CITIC Bank International Limited

SOLICITORS

Peter Yuen & Associates in association with Fangda Partners

Vivien Chan & Co.

INDEPENDENT AUDITOR

BDO Limited

Certified Public Accountants

SHARE REGISTRAR

Boardroom Share Registrars (HK) Limited

Room 2103B, 21/F., 148 Electric Road, North Point, Hong Kong

名譽主席

夏松芳先生

董事會

執行董事

趙耀先生 (主席兼行政總裁)

陳鳴洪先生

藍江先生

非執行董事

嚴震銘博士

張涌先生

獨立非執行董事

伍國棟先生

應偉先生

林偉成先生

聯席公司秘書

鄭惠嫻女士

郭兆文先生

註冊辦事處及主要營業地點

香港新界葵涌葵昌路29-39號
東海工業大廈A座6樓

網址

www.fshl.com

主要往來銀行

中國銀行(香港)有限公司

恒生銀行有限公司

香港上海滙豐銀行有限公司

渣打銀行(香港)有限公司

中信銀行(國際)有限公司

律師

阮保光律師事務所聯營上海市方達律師事務所

陳韻雲律師行

獨立核數師

香港立信德豪會計師事務所有限公司

執業會計師

股份過戶登記處

寶德隆證券登記有限公司

香港北角電氣道148號21樓2103B室

EXTENSIVE WORLDWIDE NETWORK 強大環球網絡



HEADQUARTERS • 總部

• HONG KONG 香港

Fountain Set (Holdings) Limited
福田實業(集團)有限公司

PRODUCTION FACILITY • 生產設施

• CHINA 中國

Knitting & Dyeing 針織及染色

Jiangyin Fuhui Textiles Limited
江陰福匯紡織有限公司

Yancheng Fuhui Textiles Limited
鹽城福匯紡織有限公司

Knitting, Dyeing & Printing 針織、染色及印花

Dongguan Shatin Lake Side Textiles
Printing & Dyeing Co., Ltd.
東莞沙田麗海紡織印染有限公司

Garment Manufacturing 製衣

Dong Guan Fuyi Apparel Co., Ltd.
東莞福怡服裝有限公司

Ningbo Young Top Garments Co., Ltd.
寧波創裕製衣有限公司

Suqian Young Top Garments Co., Ltd.
宿遷創裕製衣有限公司

• JAKARTA 耶加達

Garment Manufacturing 製衣

P.T. Sandang Mutiara Cemerlang

• COLOMBO 可倫坡

Knitting, Dyeing & Printing 針織、染色及印花

Ocean Lanka (Private) Limited
海洋蘭卡(私人)有限公司#

● HEADQUARTERS 總部

● PRODUCTION FACILITY 生產設施

● TRADING OFFICE 辦事處

TRADING OFFICE • 辦事處

• CHINA 中國

Sales of Dyed Fabrics 色布銷售

Shenzhen Faun Textiles Limited
深圳福力紡織品有限公司

Shanghai Fuhui Textiles Trading Co., Ltd.
上海福匯紡織貿易有限公司

• HONG KONG 香港

Raw Materials Sourcing 原料採購

Highscene Limited
漢盛有限公司

Sales of Dyed Fabrics 色布銷售

Fountain Set Limited
福田實業有限公司

Sales of Garments 成衣銷售

Hiway Textiles Limited
海匯紡織有限公司

Oceanstar Textiles International Limited
海星紡織國際有限公司

Triumph Luck Limited
凱福有限公司

• MACAO 澳門

Raw Materials Sourcing 原料採購

Prosperlink (Macao Commercial Offshore) Limited
匯漢(澳門離岸商業服務)有限公司

• HO CHI MINH CITY 胡志明市

Fountain Set Limited
- Vietnam Representative Office
福田實業有限公司
- 越南代表處

• SEOUL 首爾

Fountain Set Limited
- Korean Liaison Office
福田實業有限公司
- 韓國代表處

• TOKYO 東京

Fountain Set Limited
- Japan Representative Office
福田實業有限公司
- 駐日本事務所

• UNITED KINGDOM 英國

Fountain Set (Europe) Limited
福田實業(歐洲)有限公司#

Chinese names are only translations of their official English names. In case of inconsistencies, the English names shall prevail.
中文名稱僅為彼等官方英文名稱之譯文。倘有歧異，概以英文名稱為準。

FINANCIAL AND STATISTICAL HIGHLIGHTS

財務及統計摘要

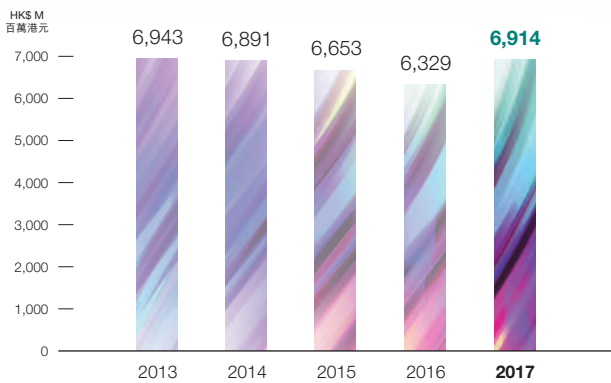
		2017 <i>HK\$Mil</i> 百萬港元	2016 <i>HK\$Mil</i> 百萬港元
Operating Results	營運業績		
Revenue	營業額	6,913.8	6,328.7
Financial Performance	財務表現		
Profit attributable to owners of the Company	本公司擁有人應佔盈利	156.8	127.9
Profit margin	盈利率	2.3%	2.0%
Earnings per share (HK cents)	每股盈利 (港仙)		
– Basic	– 基本	13.0	10.6
– Diluted	– 攤薄	13.0	10.6
Dividends	股息		
(after inclusion of proposed final dividend)	(已包括擬付之末期股息在內)		
Per share (HK cents)	每股 (港仙)	10.4	5.3
Dividend payout ratio	派息比率	80.0%	50.0%

		At 31 December 於12月31日 2017 <i>HK\$Mil</i> 百萬港元	At 31 December 於12月31日 2016 <i>HK\$Mil</i> 百萬港元
Financial Position at Year End	於年度終結時之財務狀況		
Net current assets	流動資產淨值	2,096.1	1,962.0
Total assets	資產總值	5,589.0	5,371.6
Non-current bank borrowings	非流動銀行借貸	219.6	179.5
Total bank borrowings	總銀行借貸	735.2	667.6
Net bank borrowings	銀行借貸淨值	(127.4)	(210.9)
Total liabilities	負債總值	2,032.6	1,918.0
Net asset value per share (HK\$)	每股資產淨值 (港元)	2.82	2.74
Capital expenditure	資本開支	231.3	256.5
Financial Statistics	財務統計		
Return on equity (%)	權益回報率 (%)	4.9%	4.3%
Consolidated tangible net worth	綜合淨有形資產	3,124.3	3,067.8
Consolidated total bank debt to consolidated tangible net worth	綜合總銀行負債對綜合淨有形資產比例	0.2	0.2
Consolidated EBITDA to consolidated interest expense	綜合息稅折舊及攤銷前利潤對綜合利息支出比例	18.1	17.9
Consolidated current assets to consolidated current liabilities	綜合流動資產對綜合流動負債比例	2.2	2.2
Inventory turnover period (days)	存貨周轉期 (日)	86	92
Trade and bills receivables turnover period (days)	營業及票據應收款項周轉期 (日)	67	70
Trade and bills payables turnover period (days)	營業及票據應付款項周轉期 (日)	48	50

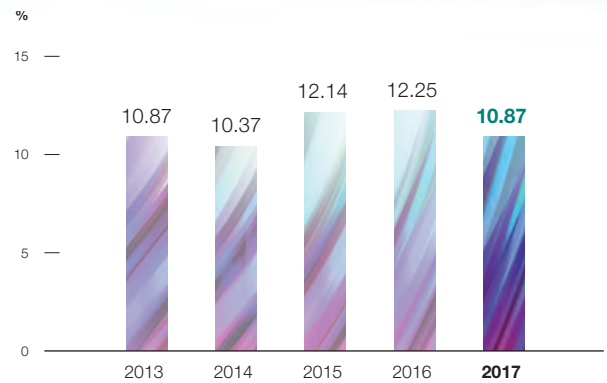
FINANCIAL AND STATISTICAL HIGHLIGHTS

財務及統計摘要

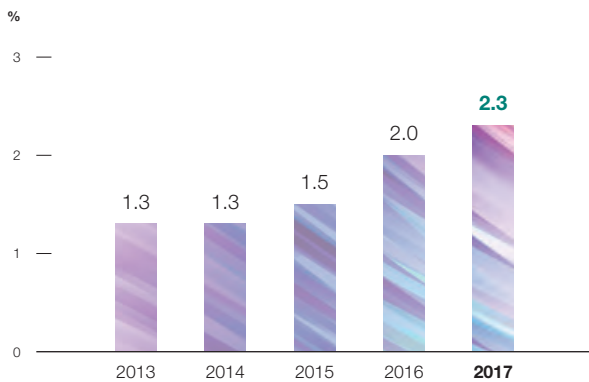
Revenue 營業額



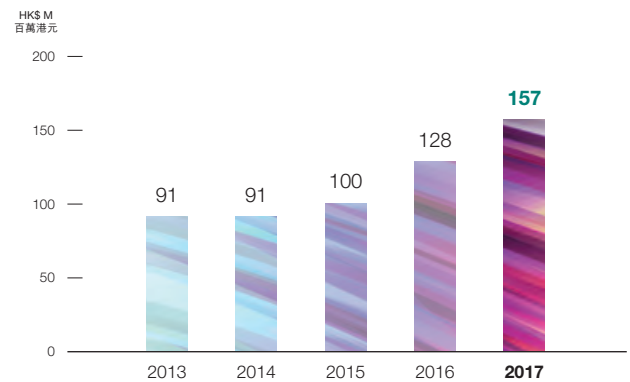
Gross Profit Margin 毛利率



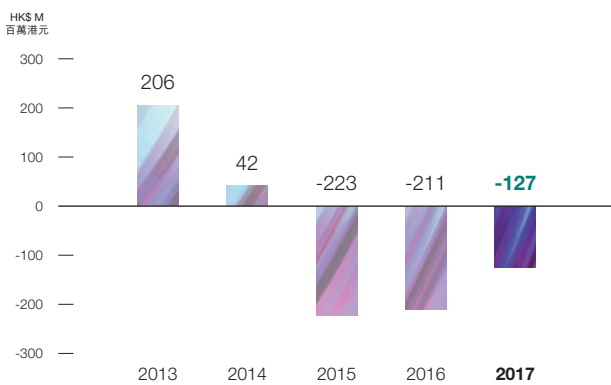
Profit Margin 盈利率



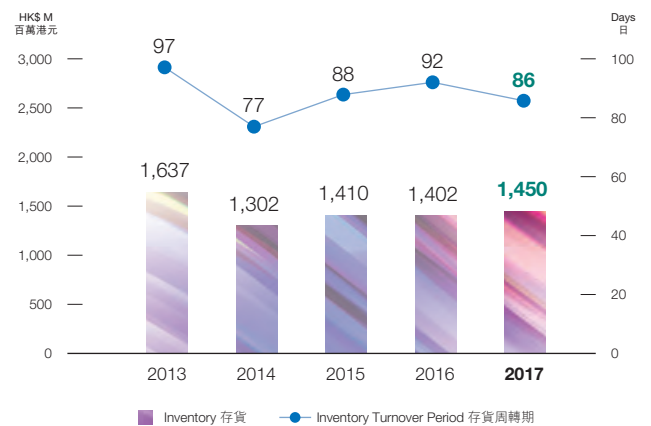
Profit Attributable to Owners of the Company 本公司擁有人應佔盈利



Net Bank Borrowings 銀行借貸淨值



Inventory and Inventory Turnover Period 存貨及存貨周轉期



FINANCIAL SUMMARY

財務概要

A summary of the financial information of the Group for the last five financial years, as extracted from the respective published audited consolidated financial statements, is set out as below. This summary does not form part of the audited consolidated financial statements.

本集團過去五個財政年度之財務資料概要（摘自相關已公佈經審核綜合財務報表）載列如下。此概要並不構成經審核綜合財務報表之一部分。

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

綜合損益表

		For the year ended 31 December 2013 截至2013年 12月31日止年度 HK\$'000 千港元	For the year ended 31 December 2014 截至2014年 12月31日止年度 HK\$'000 千港元	For the year ended 31 December 2015 截至2015年 12月31日止年度 HK\$'000 千港元	For the year ended 31 December 2016 截至2016年 12月31日止年度 HK\$'000 千港元	For the year ended 31 December 2017 截至2017年 12月31日止年度 HK\$'000 千港元
Revenue	營業額	6,942,807	6,891,133	6,653,051	6,328,714	6,913,785
Profit before taxation	除稅前盈利	86,398	123,829	152,207	168,068	212,250
Income tax	所得稅	14,290	(28,068)	(24,133)	(18,076)	(36,304)
Profit for the year	是年度盈利	100,688	95,761	128,074	149,992	175,946
Attributable to:	應佔：					
Owners of the Company	本公司擁有人	91,304	90,590	99,860	127,903	156,846
Non-controlling interests	非控股權益	9,384	5,171	28,214	22,089	19,100
		100,688	95,761	128,074	149,992	175,946

FINANCIAL SUMMARY

財務概要

CONSOLIDATED STATEMENT OF FINANCIAL POSITION 綜合財務狀況表

		At 31 December 於12月31日 2013 HK\$'000 千港元	At 31 December 於12月31日 2014 HK\$'000 千港元 (Note) (註)	At 31 December 於12月31日 2015 HK\$'000 千港元	At 31 December 於12月31日 2016 HK\$'000 千港元	At 31 December 於12月31日 2017 HK\$'000 千港元
Non-current assets	非流動資產	1,867,767	1,789,197	1,707,950	1,738,318	1,746,764
Current assets	流動資產	4,264,878	3,776,536	3,722,604	3,633,297	3,842,207
Current liabilities	流動負債	2,271,639	1,957,936	1,809,609	1,671,279	1,746,107
Net current assets	流動資產淨值	1,993,239	1,818,600	1,912,995	1,962,018	2,096,100
Total assets less current liabilities	資產總值減流動負債	3,861,006	3,607,797	3,620,945	3,700,336	3,842,864
Non-current liabilities	非流動負債	582,359	282,174	226,189	246,691	286,488
Net assets	資產淨值	3,278,647	3,325,623	3,394,756	3,453,645	3,556,376
Capital and reserves	資本及儲備					
Share capital	股本	240,609	862,211	865,716	865,716	865,716
Reserves	儲備	2,876,611	2,320,317	2,364,829	2,432,336	2,536,545
Equity attributable to owners of the Company	本公司擁有人應佔權益	3,117,220	3,182,528	3,230,545	3,298,052	3,402,261
Non-controlling interests	非控股權益	161,427	143,095	164,211	155,593	154,115
Total equity	權益總值	3,278,647	3,325,623	3,394,756	3,453,645	3,556,376

Note: Certain reserves were transferred to share capital according to the requirement under the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) with effect from 3 March 2014..

註：部分儲備根據於2014年3月3日生效的香港法例第622章公司條例之要求轉至股本。

AWARDS AND CERTIFICATIONS 獎項及認證

Fountain Set Limited 福田實業有限公司



No. 文件序號	Name of Award/Certification 獎項／認證名稱	Issued by 發出單位
1	Certificate of Compliance in Organic Content Standard 有機含量標準認證#	Ecocert Greenlife S.A.S
2	Certificate of Compliance in Global Organic Textile Standard 全球有機紡織品標準認證#	Ecocert Greenlife S.A.S

Shanghai Fuhui Textiles Trading Co., Ltd. 上海福匯紡織貿易有限公司



No. 文件序號	Name of Award/Certification 獎項／認證名稱	Issued by 發出單位
1	Strategic Partner* 战略合作伙伴	Qiaodan (Xiamen) Limited* 喬丹(廈門)實業有限公司
2	Excellent Supplier* 優秀供應商	Qiaodan (Xiamen) Limited* 喬丹(廈門)實業有限公司
3	2017 Innovation Award* 2017年度創新突破獎	ANTA Sports Products Limited* 安踏體育用品有限公司

AWARDS AND CERTIFICATIONS 獎項及認證

Jiangyin Fuhui Textiles Limited
江陰福匯紡織有限公司



No. 文件序號	Name of Award/Certification 獎項／認證名稱	Issued by 發出單位
1	2016 Key and Major Enterprise of Jiangyin* 2016年度江陰市重點骨幹企業	Jiangyin Municipal Party Committee of Communist Party of China, Jiangyin Municipal People's Government* 中共江陰市委·江陰市人民政府
2	2016 Foreign Trade Award* 2016年度外貿貢獻獎	Jiangyin High-tech Industrial Development Zone Committee of Communist Party of China* 中共江陰高新技術產業開發區工作委員會 Administration Committee of Jiangyin High-tech Industrial Development Zone* 江陰高新技術產業開發區管理委員會
3	2016 Outstanding Enterprise of Foreign Investment* 2016年度外商投資先進企業	Jiangyin High-tech Industrial Development Zone Committee of Communist Party of China* 中共江陰高新技術產業開發區工作委員會 Administration Committee of Jiangyin High-tech Industrial Development Zone* 江陰高新技術產業開發區管理委員會
4	2016 Outstanding Enterprise of Environment Protection* 2016年度環境保護先進單位	Administration Committee of Jiangyin High-tech Industrial Development Zone* 江陰高新技術產業開發區管理委員會
5	2016 Top 100 Star Enterprise* 2016年度百強明星企業	Jiangyin Municipal Party Committee of Communist Party of China, Jiangyin Municipal People's Government* 中共江陰市委·江陰市人民政府
6	2016 Top 10 International Enterprise* 2016年十佳外貿企業	Jiangyin Municipal Party Committee of Communist Party of China, Jiangyin Municipal People's Government* 中共江陰市委·江陰市人民政府
7	2016 Top 10 Outstanding Enterprise of Energy Conservation and Emission Reduction* 2016年度十佳節能減排先進企業	Jiangyin Municipal Party Committee of Communist Party of China, Jiangyin Municipal People's Government* 中共江陰市委·江陰市人民政府

AWARDS AND CERTIFICATIONS 獎項及認證

Jiangyin Fuhui Textiles Limited 江陰福匯紡織有限公司



No. 文件序號	Name of Award/Certification 獎項／認證名稱	Issued by 發出單位
8	2016 Safe Enterprise* 2016年度平安企業	Jiangyin Safe Enterprise Construction Work Leading Group* 江陰市平安企業創建工作領導小組
9	2016 Outstanding Enterprise of Blood Donation without Compensation* 2016年度無償獻血先進單位	Jiangyin Blood Donation Administration Committee* 江陰市獻血管理委員會
10	2016 Clean by Design Environmental Improvement Program 環境改善計劃 —清潔始於設計證書#	International Finance Corporation 國際金融公司# Natural Resources Defense Council 自然資源守護委員會# Sustainable Apparel Coalition 可持續服裝聯盟#
11	2016 Watercraft unit* 2016年度治水標兵單位	Jiangyin Environmental Protection Committee* 江陰市環境保護委員會
12	The 2nd China Knitting Function (Multi-functional) Product Excellence Award of 2017* 2017年第二屆中國針織功能(多功能性)產品優秀獎	China Knitting Industry Association* 中國針織工業協會
13	Oeko-Tex Standard 100 Oeko-Tex標準100#	TESTEX AG, Swiss Textile Testing Institute TESTEX AG, 瑞士紡織檢定所#
14	Standardization of Safety Production (Grade II)* 安全生產標準化(二級)	The Institute of Safety and Production Science in Jiangsu* 江蘇省安全生產科學研究院

AWARDS AND CERTIFICATIONS 獎項及認證

Yancheng Fuhui Textiles Limited
鹽城福匯紡織有限公司



No. 文件序號	Name of Award/Certification 獎項／認證名稱	Issued by 發出單位
1	2016 Outstanding Enterprise of Safety Production* 2016年度安全生產先進集體	Management Office of Yancheng Economic-Technological Development Zone and Integrated Duty-Free Area* 鹽城經濟技術開發區綜合保稅區管理辦公室
2	2016 Outstanding Enterprise of Fire Safety Management* 2016年度消防安全管理工作先進集體	Fire Brigade of Public Security of Development Zone of Yancheng City* 鹽城市公安消防支隊開發區大隊
3	2016 Citywide “Ankang Cup” Competition Winning Unit* 2016年度全市「安康杯」競賽優勝單位	General Union of Yancheng City* 鹽城市總工會 Administration of Work Safety of Yancheng City* 鹽城市安全生產監督管理局
4	Certified Laboratory 認證實驗室#	Intertek Group 天祥集團#
5	Vice Chairman Member of Jiangsu Association of Enterprises with Foreign Investment* 江蘇省外商投資企業協會副會長單位	Jiangsu Association of Enterprises with Foreign Investment* 江蘇省外商投資企業協會

AWARDS AND CERTIFICATIONS 獎項及認證

Dongguan Shatin Lake Side Textiles Printing & Dyeing Co., Ltd. 東莞沙田麗海紡織印染有限公司



No. 文件序號	Name of Award/Certification 獎項／認證名稱	Issued by 發出單位
1	2016 Top Ten Foreign Investment Enterprise in Tax Payment of Shatian Town & Humen Port* 2016年度沙田鎮、虎門港納稅前十名外資企業	Chinese Communist Party Shatian Town Committee/ People's Government of Shatian Town/Chinese Communist Party Humen Port Working Committee/ Management Committee of Humen Port* 中共沙田鎮委員會／東莞市沙田鎮人民政府／中共虎門港工作委員會／東莞市虎門港管理委員會
2	2016 Top Ten Enterprise in Annual Actual Export of Shatian Town & Humen Port* 2016年度沙田鎮、虎門港實際出口前十名企業	Chinese Communist Party Shatian Town Committee/ People's Government of Shatian Town/Chinese Communist Party Humen Port Working Committee/ Management Committee of Humen Port* 中共沙田鎮委員會／東莞市沙田鎮人民政府／中共虎門港工作委員會／東莞市虎門港管理委員會
3	15th Consecutive Year (2002-2016) Guangdong Province Enterprise of Observing Contract and Valuing Credit* 連續十五年(2012-2016)廣東省守合同重信用企業	Guangdong Province Administration For Industry & Commerce* 廣東省工商行政管理局
4	Oeko-Tex Standard 100 Oeko-Tex標準100#	TESTEX AG, Swiss Textile Testing Institute TESTEX瑞士紡織檢定有限公司#
5	Oeko-Tex Standard 100 Oeko-Tex標準100#	TESTEX AG, Swiss Textile Testing Institute TESTEX瑞士紡織檢定有限公司#
6	2017 accredited Certificate on the Environmental Management System* 2017年環境管理體系認證證書	Changcheng (Tianjin) Quality Assurance Center* 長城(天津)質量保證中心
7	2017 accredited Certificate - WWF Low Carbon Manufacturing Programme 2017年認證證書 - 世界自然基金會低碳製造計劃	World Wildlife Fund - Hong Kong Branch 世界自然基金會 - 香港分會
8	Oeko-Tex Standard 100 Oeko-Tex標準100#	TESTEX AG, Swiss Textile Testing Institute TESTEX瑞士紡織檢定有限公司#

AWARDS AND CERTIFICATIONS 獎項及認證

OCEAN LANKA (PRIVATE) LIMITED 海洋蘭卡(私人)有限公司



No. 文件序號	Name of Award/Certification 獎項／認證名稱	Date of issue 頒發日期	Issued by 發出單位
1	Marks & Spencer Premier Accreditation Scheme 馬莎百貨高級認證計劃#	6/7/2017	Marks & Spencer Group 馬莎百貨集團#
2	Level II+ Laboratory Accreditation Certificate II+級實驗室認可證書#	3/8/2017	adidas® Group & Intertek Group 阿迪達斯集團及天祥集團#
3	Certificate of Compliance in Organic Content Standard 有機含量標準認證#	1/9/2017	Ecocert Greenlife S.A.S
4	Certificate of Compliance in Global Organic Textile Standard 全球有機紡織品標準認證#	1/9/2017	Ecocert Greenlife S.A.S
5	Laboratory Accreditation Certificate 實驗室認證證書#	9/9/2017	Columbia Sportswear 哥倫比亞運動服#
6	Oeko-Tex Standard Oeko-Tex標準100#	26/10/2017	TESTEX AG, Swiss Textile Testing Institute TESTEX瑞士紡織檢定有限公司#
7	Laboratory Accreditation Certificate 實驗室認證證書#	31/10/2017	Columbia Sportswear 哥倫比亞運動服#
8	Oeko-Tex Standard 100 Oeko-Tex標準100#	14/11/2017	TESTEX AG, Swiss Textile Testing Institute TESTEX瑞士紡織檢定有限公司#
9	Oeko-Tex Standard 100 Oeko-Tex標準100#	14/11/2017	TESTEX AG, Swiss Textile Testing Institute TESTEX瑞士紡織檢定有限公司#

* English names are only translation of their official Chinese names. In case of inconsistencies, the Chinese name shall prevail.
英文名稱僅為官方中文名稱之譯文。倘有歧異，概以中文名稱為準。

Chinese names are only translation of their official English names. In case of inconsistencies, the English name shall prevail.
中文名稱僅為官方英文名稱之譯文。倘有歧異，概以英文名稱為準。

CHAIRMAN'S STATEMENT

主席報告

Dear Shareholders,

On behalf of the board of directors of Fountain Set (Holdings) Limited (“we” or “our”, and the “Board” respectively), I am pleased to present the audited consolidated results of the Company and its subsidiaries (the “Group”) for the financial year ended 31 December 2017 (“2017”), and to provide you with an overview of the Group’s strategy and business outlook.

FINANCIAL AND BUSINESS REVIEW

According to the World Bank’s January 2018 Global Economic Prospects, the global economy was experiencing a cyclical recovery, reflecting a rebound in investment, manufacturing activity, and trade in 2017. This improvement comes against the backdrop of benign global financing conditions, generally accommodative policies, rising confidence, and firming commodity prices. Global GDP growth is estimated to have picked up from 2.4% in 2016 to 3% in 2017, above the June forecast of 2.7%. The Producer Price Index of the United States (the “U.S.”) increased 2.6% on average in 2017 while India’s rose by 0.24%. The recovery in global trade coincided with strengthening investment, which is more import-intensive than other components of aggregate demand. Nevertheless, structural headwinds, including slower trade liberalization and value chain integration, as well as elevated policy uncertainty, continue to weigh on the outlook for trade.

According to the National Cotton Council of America, the price of cotton was at the lowest in October 2017 and at the highest in May 2017. During this period, cotton prices rose by about 3.7%. According to the 2017 China Cotton Index annual report published by the China Cotton Association (中國棉花協會), the price of yarns was at the lowest in September 2017 and at the highest in March 2017. During this period, yarn prices rose by about 6.8%. According to the information published on the website of the China Cotton Association, the China cotton price index CCINDEX2129B (中國棉花價格指數) was RMB16,223/ton as at 28 December 2017, compared to RMB16,136/ton as at 3 January 2017. When compared to a year before, the China cotton price index CCINDEX2129B was RMB16,139/ton as at 30 December 2016, compared to RMB13,555/ton as at 4 January 2016. The China cotton price index was at the lowest in January 2017 at RMB16,116/ton and at the highest in November 2017 at RMB16,516/ton. The China cotton price index between 9 January 2017 and 3 November 2017 has increased 2.48%. The US Cotlook A Index was at US85.42 cents/lb as at 31 December 2017, compared to US82.33 cents/lb as at 31 January 2017. The US Cotlook A Index was at the lowest in October 2017 at US78.60 cents/lb and at the highest in May 2017 at US88.64 cents/lb. The US Cotlook A Index was at US79.50 cents/lb as at 31 December 2016, compared to US68.75 cents/lb as at 1 January 2016. The US Cotlook A Index between 1 January 2017 and 31 December 2017 has increased 3.75%. To conclude, cotton price increased during the year under review, which in turn affected the cotton yarn price that had a negative impact on our gross profit margin.

致各股東：

本人謹代表福田實業(集團)有限公司董事會(分別指「我們」及「董事會」)欣然提呈本公司及其附屬公司(「本集團」)截至2017年12月31日止財政年度(「2017年」)經審核之綜合業績，並提供集團策略及業務展望之概覽。

財務及業務發展回顧

根據世界銀行2018年1月期《全球經濟展望》，2017年全球經濟呈現週期性復蘇，投資、製造業活動及貿易行業的表現有所回升。此回升表現，見於全球融資條件合宜、整體寬鬆政策、經濟信心增強以及商品價格穩健的環境。全球的本地生產總值增長率估計由2016年的2.4%升至2017年的3%，高於6月時所預測的2.7%。於2017年，美國生產者價格指數平均增加2.6%，而印度生產者價格指數則平均增加0.24%。全球貿易的復蘇與投資增加相輔而行，與總需求的其他組成部分相比更側重於進口方面。然而，自由貿易發展及價值鏈整合的放緩等結構上的不利因素以及政策不明朗因素增加，繼續使貿易前景蒙陰。

根據美國國家棉業總會的資料顯示，棉花成本於2017年期間上漲3.7%，而棉花價格分別於2017年10月及2017年5月錄得最低及最高水平。根據中國棉花協會發佈的2017年中國棉花價格指數年度報告顯示，紗的價格分別於2017年9月及2017年3月錄得最低及最高水平，且在此期間錄得漲幅約6.8%。根據中國棉花協會網站公佈資訊，中國棉花價格指數CCINDEX2129B於2017年12月28日為每噸人民幣16,223元，而於2017年1月3日則為每噸人民幣16,136元。相比上一年度，中國棉花價格指數CCINDEX2129B於2016年12月30日為每噸人民幣16,139元，於2016年1月4日則為每噸人民幣13,555元。中國棉花價格指數分別於2017年1月及2017年11月錄得最低每噸人民幣16,116元及最高每噸人民幣16,516元的水平。在2017年1月9日至2017年11月3日期間，棉花價格指數錄得2.48%增長。美國Cotlook A指數於2017年12月31日為每磅85.42美分，於2017年1月31日則為每磅82.33美分。美國Cotlook A指數分別於2017年10月及2017年5月錄得最低每磅78.60美分及最高每磅88.64美分的水平。於2016年12月31日，美國Cotlook A指數為每磅79.50美分，而於2016年1月1日則為每磅68.75美分。自2017年1月1日至2017年12月31日期間，美國Cotlook A指數錄得3.75%增長。綜上所述，棉花價格於回顧年內上漲從而影響棉紗價格，對我們的毛利率造成不利影響。

CHAIRMAN'S STATEMENT (continued)
主席報告 (續)

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (“ESG”) POLICIES AND PERFORMANCE

To go green, we will only upload the 2017 ESG report on the respective websites of The Stock Exchange of Hong Kong Limited and the Company. The 2017 ESG report details the Group’s progress in multiple ESG areas, showing where we exceeded expectations and where we need further improvement. We have embraced sustainable innovation as a powerful engine for growth not only for our own business, but across upstream and downstream partners in our industry. In 2016, we have set up a “Sustainability Development and Enhancement Committee” (the “Committee”) which consists of different subsidiaries and cross-functional departments. The Committee not only helps drive the vision across the Group, but also implements our sustainability objectives and goals. The Committee challenges our business to understand our sustainability impacts, sets ambitious targets to address them and overcomes obstacles in meeting them.

Since 2016, we have started a revolutionary new business—centralized heat supply project (the “Project”), of which the business model is a pioneer in the industry. The Shatian Town Industrial Park (the “Park”) (for electroplating, fabric printing and dyeing industry) is one of the seven largest environmental industrial parks in Dongguan, China. It integrates and assembles the industry’s enterprises within the Park and in other areas in Shatian Town, which are required to be relocated. The Project, being one of the ancillary projects of the industrial park development, is also a key project of the implementation plan of the centralized heat supply in Guangdong Industrial Park and Industrial Cluster Areas. The Project will contribute to cleaner air for the community and neighborhood by reducing the emission of nitrogen oxide, sulphur dioxide as well as smoke and dust by replacing the remaining 28 coal-fired heaters within the district.

The Group will continue to invest in advanced technologies and install additional equipment to prevent and reduce pollution. The Group provides periodic training workshops to staff members regarding environmental protection and pollution controls. The Group also invites qualified advisors to visit its factories from time to time to evaluate whether the environmental protection measures are up to standard and to give recommendations for further improvement.

LOOKING FORWARD

In the year ahead, the global economy is likely to face a number of challenges, including worries over possible trade barriers among nations, possible interest rate hikes of the U.S., recovery of oil prices and volatilities in the financial markets. Having said that, according to the World Bank, the growth in emerging markets and developing economies is expected to edge up to 3.1% in 2018 after a much stronger-than-expected 2017, as the recovery in investment, manufacturing and trade continues.

環境、社會及管治(「環境、社會及管治」)政策及表現

為響應環保，我們決定以身作則，只將2017年環境、社會及管治報告分別上載於香港聯合交易所有限公司網站及本公司網站，當中詳述本集團在多個環境、社會及管治領域取得的進展，展示我們超乎預期及仍需改進的領域。我們已採用可持續的創新措施，為自身業務及同行業內的上下游合作夥伴的發展提供強大動力。2016年，我們設立由不同附屬公司及跨職能部門組成的「持續發展及改進委員會」（「該委員會」）。該委員會不僅有助於提升本集團管理人員的視野，亦有助實現可持續發展目的及目標，同時促使本公司瞭解可持續發展對業務的影響，就此設定宏大目標，克服達成目標面臨的障礙。

自2016年，我們開創一項革新業務——集中供熱項目（「項目」），其業務模式是業界先驅。沙田鎮工業園（「工業園」）（針對著色、面料印花及染色行業）為中國東莞市七大環保工業園之一，匯合及聚集園內及沙田鎮其他地區須搬遷的同行業企業。該項目乃該工業園發展的附屬項目之一，亦屬廣東工業園及產業集群區集中供熱實施計劃的關鍵項目。該項目的建成將減少區內餘下的28座燃煤鍋爐，透過降低氮氧化物、二氧化硫及煙塵排放量，為社區及周邊地區營造更潔淨的空氣環境。

集團已經設立生產設施並將繼續投資採用先進技術及新增設備以預防及減少污染。集團定期向員工提供有關環境保護及污染控制的培訓。此外，集團亦不時邀請合資格顧問親臨工廠，以評估環保措施是否達標並提供進一步改善的建議。

展望

未來一年，全球經濟可能面臨各種挑戰，包括對各國之間的可能貿易壁壘、美國可能進一步加息、油價回升及金融市場波動的擔憂。話雖如此，根據世界銀行的資料，由於2017年於投資、製造業及貿易繼續復蘇並優於預期，新興市場及發展中經濟體的增速於2018年有望上升至3.1%。

CHAIRMAN'S STATEMENT (continued)

主席報告 (續)

According to The International Monetary Fund, global growth forecasts for 2018 and 2019 have been revised upward by 0.2 percentage point to 3.9%. The revision reflects increased global growth momentum and the expected impact of the recently approved U.S. tax policy changes. The U.S. tax policy changes are expected to stimulate activity, with the short-term impact in the U.S. mostly driven by the investment response to the corporate income tax cuts. The effect on the growth of the U.S. is estimated to be positive through 2020, cumulating to 1.2% through that year, with a range of uncertainty around this central scenario. Due to the temporary nature of some of its provisions, the tax policy package is projected to lower growth for a few years from 2022 onwards. The effects of the package on output in the U.S. and its trading partners contribute about half of the cumulative revision to global growth over 2018–19. Since the primary market of our end-buyer is the U.S., we expect to be benefited from the tax reform of the U.S.

We expect that 2018 is going to be another challenging year as the growth of the Chinese economy is expected to slow down. We will continue to control raw materials sourcing and finished textile products, reduce overall cost, and speed up time-to-market.

We believe that all of our staff members will work hard to follow the Board's direction and objectives and implement the work plans set by the Board, and to further map out our long-term development strategy. With our spirit of "diligence, frugality, sincerity and integrity" and our general direction to "stabilize operation and to enhance development", we shall keep on enhancing our efficiency and exploring the market with persistent efforts for bringing the Group to a new level. We look forward to completing our annual operating tasks and targets with excellent performances, and creating brilliant returns and results for our shareholders.

APPRECIATION

I am grateful for the excellent guidance and counsel from my fellow Board members. We appreciate the ongoing support of our shareholders, customers, suppliers, bankers and other partners. My gratitude is also extended to the staff members of the Group as they work tirelessly to ensure that the Group remains one of the top circular knitted fabric suppliers in the world.

ZHAO Yao

Chairman and Chief Executive Officer

Hong Kong
26 March 2018

根據國際貨幣基金組織，2018年和2019年的全球增長預測已上調0.2個百分點至3.9%。此次上調反映了全球增長動力加強以及近期通過的美國稅務改革預期帶來的影響。美國稅務改革將促進經濟活動，其中對美國的短期影響主要為寬減企業所得稅而帶動投資。稅改對美國經濟增長的正面影響預期將持續至2020年，期間增速將達到1.2%，惟當中涉及一系列不明朗因素。由於稅改方案的若干條文屬臨時性質，預料方案將使2022年之後數年的增速放緩。該方案對美國及其貿易夥伴的產量的影響，約佔2018至2019年度全球增長累計升幅的一半。由於我們最終買家的主要市場是美國，我們預計將受惠於美國稅改。

我們預期2018年仍為充滿挑戰的一年，中國經濟增長預期將繼續放緩。我們會繼續增強對原材料採購及紡織成品的控制、降低整體成本及加快產品推出市場速度。

相信在全體員工依從董事會制定的方向和目標，精誠團結，全面貫徹董事會的工作部署，繼續研討集團長期發展戰略規劃，秉承集團「勤、儉、誠、信」的精神，按照「穩經營、促發展」既定方針，營運效率定能不斷提高，並拓展市場，為福田實業集團再上新臺階而努力奮鬥，冀能以優異的業績完成年度各項經營任務及指標，為股東創造美好回報和業績。

鳴謝

本人感謝董事會成員的出色指導及睿智建言。我們對一直支持本公司的股東、客戶、供應商、往來銀行及其他業務夥伴表示衷心感謝。本人亦對集團員工為確保集團繼續成為全球領先圓筒針織面料供應商之一作出的不懈努力，深表謝意。

趙耀

主席兼行政總裁

香港
2018年3月26日

MANAGEMENT DISCUSSION AND ANALYSIS 管理層討論與分析

BUSINESS REVIEW

2017 was one of the most crucial years for the Group in the course of its development. During the year, the operations of the Group were affected by the non-demand related fluctuation of the price of raw materials, insufficient orders in the industry, and the reduction of sales entities in the end markets. With the additional impact of “double holiday seasons” (meaning the Chinese new year holiday was being spread over two calendar months), the difficulties in sales at the beginning of the year created an accumulated loss in both January to February, 2017. Thanks to the strong teamwork and unbeatable cohesiveness within the Company, the Group eventually managed to increase its revenue by 9.2% to HK\$6,913.8 million for the year ended 31 December 2017 (2016: HK\$6,328.7 million). The growth rate was a strong 13.8% for the second half of 2017 (“2H17”). The reason for this growth is the effective strategic plan to capture more fabric orders from the existing customers as well as new customers from the United States, Japan and the Europe. During the year under review, the Group’s fabric year-on-year volume growth was approximately 11.4% while the average selling price slightly declined by 2.5% year-on-year due to the change of product mix.

Due to the accumulated loss of the first two months, the Group’s gross profit margin during 2017 was 10.9% (2016: 12.2%). The gross profit margin of 2H17 was 11.7%, which was higher than 11.2% year-on-year; the net profit margin of 2H17 was 2.8%, which was also higher than 2.1% year-on-year, reflecting the momentum of our growth. Thanks to the continuous tight internal cost control, the Group’s profit before income tax expenses was HK\$212.3 million (2016: HK\$168.1 million) for the year ended 31 December 2017, and it was a noticeable 26.3% increment year-on-year that exceeds the revenue growth of 9.2%. Profit for the year increased by 17.3% to HK\$175.9 million (2016: HK\$150.0 million). Profit for the year attributable to owners of the Company increased correspondingly by 22.6% to HK\$156.8 million (2016: HK\$127.9 million). Basic earnings per share was HK13.0 cents (2016: HK10.6 cents).

Facing such a difficult environment, the Board made concrete adjustments to the Group’s operational strategy, optimally capitalized the Group’s production capacity and devoted more effort to developing and refining products, and adapting to the market changes. All staff members of the Group had built team spirit and were determined to achieve the annual operational targets for 2017 in the past three years, and the Group achieved the best annual production output ever during the year under review. Close to full utilization rate in our fabric production facilities was successfully achieved over half of the year under review.

業務回顧

2017年是本集團發展過程中最為重要的一年。集團的經營遭受到原材料價格非需求性大幅波動，行業內整體訂單不足，終端市場銷售實體減少等三重壓制。本年初由於銷售困難，加上“雙節”影響（即農曆新年假期橫跨兩個曆月），產生2017年1月至2月累計虧損。感謝公司員工強大的團隊精神及無與倫比的凝聚力，集團最終成功於截至2017年12月31日止年度的營業額增加9.2%至6,913,800,000港元（2016年：6,328,700,000港元），當中，尤以2017年下半年的強勁升幅率為13.8%。此乃由於以有效的策略計劃吸納更多現有客戶的面料訂單及美國、日本及歐洲的新客戶。於回顧年內，集團面料出貨量按年增長約11.4%，而平均售價則由於產品結構的改變而按年輕微下降2.5%。

由於首兩個月之累計虧損，本集團2017年的毛利率為10.9%（2016年：12.2%）。本集團下半年毛利率為11.7%，高於去年同期的11.2%；而下半年純利率為2.8%，也高於去年同期的2.1%，反映了我們增長的勢頭。藉著持續嚴格的內部成本控制，集團於截至2017年12月31日止年度的除稅前盈利為212,300,000港元（2016：168,100,000港元），按年顯著上升26.3%，升幅亦大於營業額升幅之9.2%。年度盈利上升17.3%至175,900,000港元（2016：150,000,000港元）。本公司擁有人應佔年度盈利相應上升22.6%至156,800,000港元（2016：127,900,000港元）。每股基本盈利為13.0港仙（2016：10.6港仙）。

在此嚴峻的情況下，董事會果斷調整集團經營策略，最大限度集中發揮集團生產製造能力，加大投入力度，努力開發及改進產品，以適應市場變化。集團廣大職工發揚「同心協力、共同奮鬥」的精神，憑藉過去三年以來改革創新的管理成果頑強拼搏，全面實現2017年全年經營目標，全年生產出貨量的發揮超過了歷史最好水平。在回顧年度有超過的一半的時間，我們面料生產設施成功地接近滿產的情況。

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

管理層討論與分析 (續)

Substantial increase in profit for three consecutive years marked the enhancement of our operating capability and management standards, the significant upgrade of production techniques, and the gradual increase in product development capability after three years of continuous reforms, the Group has entered a new stage of growth.

(1) Enhancement of production capacity and management standards

A new production pattern of our three primary fabric production facilities, namely Jiangyin Fuhui Textiles Limited (“Jiangyin Fuhui”), Dongguan Shatin Lake Side Textiles Printing & Dyeing Co., Ltd. (“Dongguan Shatin”) and Yancheng Fuhui Textiles Limited (“Yancheng Fuhui”), was established preliminarily after three years of reforms and embodied “sophistication, quality and uniqueness”. Our production capacity was enhanced noticeably. We established an operation and management system focusing on the integration of production, supply and sales, thereby laying a solid foundation for the Group’s sustainable and steady growth as well as the continuous enhancement of management standards.

Jiangyin Fuhui fabric mill was built in 2001 with a current monthly production capacity of 12.50 million pounds of finished fabric. It is a primary fabric mill of the Group. After streamlining processes, enhancing lean manufacturing and management and upgrading equipment, it has become a mill with extensive varieties, multi-batch, short delivery timeframe and mass production plant that satisfies market demand with high-quality products and services.

Dongguan Shatin fabric mill was built in 1998 with a current monthly production capacity of 7.50 million pounds of finished fabric. It has become a backbone fabric mill of the Group with comprehensive capabilities of producing featured categories and structures, after restructuring its production and management model and improving its workshop of synthetics fabric printing, knitting and dyeing.

Yancheng Fuhui fabric mill was built in 2009 with a monthly production capacity of 4.50 million pounds of finished fabric. Its key development direction is to carry out product research and development, and manufacture refined products in line with Japan and the PRC domestic markets through upgrading equipment and improving production techniques and product development standards.

2017年盈利連續三年保持大幅度增長，標誌著我們過去三年來的不斷改革，整體經營能力和管理水準全面提升，工藝技術水準顯著提高，產品開發能力逐步增強，集團的發展躍上了新的臺階。

(1) 生產製造能力和經營管理水準全面提高

經過三年來的改革發展面料，初步形成了以「精、優、特」為標誌的三大主力面料生產基地江陰福匯紡織有限公司（「江陰福匯」）、東莞沙田麗海紡織印染有限公司（「沙田麗海」）及鹽城福匯紡織有限公司（「鹽城福匯」）的產能新格局，生產製造能力顯著增強。以「產供銷一體化」為核心的經營管理體系的建立，為集團業績持續穩定增長奠定了基礎，經營管理水準不斷提升。

江陰福匯面料廠房建於2001年，現生產能力月產達1,250萬磅成品面料，為集團主力生產企業。經過流程優化、精益製造及管理提升和裝備更新，目前已經成為基礎產品多品種、多批次、短交期、大批量生產的製造企業，以優質產品和服務滿足市場需求。

沙田麗海面料廠房建於1998年，現生產能力月產達750萬磅成品面料，經過生產及管理模式重組和面料印花、化纖織染車間的改造和提升，以全面生產特色品種和結構面料，成為集團的骨幹面料生產企業。

鹽城福匯面料廠房建於2009年，現生產能力月產達450萬磅成品面料，通過裝備更新和工藝技術和產品開發標準的提升，在集團以產品研發和面向日本與中國內銷市場的精細化產品生產為主要發展方向。

MANAGEMENT DISCUSSION AND ANALYSIS (continued)
管理層討論與分析 (續)

(2) The implementation of an operating model integrating production, supply and sales, and the steady enhancement of operating results

In order to alter the traditional stand-alone management model of individual manufacturers and convert them from “earning-focused” to “cost-focused”, we have established an operating model that integrates production, supply and sales that centers on five management systems (namely integrated marketing, centralized procurement and supply, unified production dispatching, integrated cost control and collaborated technology) by integrating the resources of various subsidiaries of the Company.

The operating model that integrates production, supply and sales optimizes the allocation of operation resources and facilitates the sharing of internal resources and advantages, with the Group as a market-oriented operating entity and the overall operating targets as the core, thereby maximizing the overall strength of the Group.

Meanwhile, the Group reformulated a management guideline for standardized safety production to reinforce the management for safe production. Safety production responsibility system and safety production management system were improved, and the investigation of hidden danger in production safety was carried out, so that each step of the processes of knitting, dyeing, finishing, printing and garment manufacturing of the subsidiaries of the Company complies with the laws, regulations and requirements of safety production.

(3) Marketing Strategies

The Group made adjustments well in advance in our strategic plan based on the changes in customers’ consumption structure and the structure of product demand. The Group continued to implement the management model which integrated production, supply and sales. We closely monitored the short-term changes and long-term trend of the market, and increased our efforts in marketing, centralized procurement, production scheduling, cost control and production techniques. We also improved the Group’s overall management capabilities and operational efficiency to enhance the market competitiveness of the Group.

In 2017, the Group actively explored markets in Europe and Japan. With the continuous effort of the business development team, we achieved gratifying results in the growth of business volume and it contributed much to the Group in achieving annual operation targets. In 2017, the orders from the European market recorded a low double digits growth. George, UNIQLO, GU and MUJI are our major new customers that we have collaborated with recently, and we are confident that our continuous collaboration will create a meaningful contribution to our revenue.

(2) 建立以「產供銷一體化」的經營體系以平穩提升經營水準

通過將公司下屬各企業的資源集中整合協同，以集團整體行銷、集中採購供應、統一生產調度、綜合成本控制及工藝技術協作五項管理系統為核心，構建「產供銷一體化」的經營模式，以此改變過去獨立生產企業自主經營的管理模式及由盈利為本轉為側重成本控制。

「產供銷一體化」經營模式，是以集團作為面向市場的經營主體，以總體經營目標為核心，優化經營資源的配置，促進集團內部資源分享、優勢互補，從而實現集團整體實力最優化。

同時，集團重新制定了安全生產標準化管理指引，加強安全生產管理。集團完善安全生產責任制度和安全管理制度，對安全隱患進行調查，使本公司下屬各企業的針織、染整、整理、印花及成衣製造工序各個環節符合了安全生產的法律、法規和要求。

(3) 市場營銷策略

本集團根據客戶消費結構與產品需求結構的變化進行預早的策略調整，繼續貫徹「產供銷一體化」管理模式，緊跟市場短期變化與長期趨勢，深化整體行銷、集中採購、生產調度、成本控制及工藝技術，實現集團整體管理能力和經營效益的同步提高，提高集團整體的市場競爭能力。

於2017年，集團積極開拓歐洲及日本市場，在業務拓展團隊的不懈努力下，在集團業務量增長方面取得了可喜的成績，為集團完成年度經營目標提供了保障。於2017年，來自歐洲市場的訂單錄得低雙位數增長。George、UNIQLO、GU及MUJI是近期新增合作的主要客戶，我們有信心持續的合作將為我們未來營業額產生有意義的貢獻。

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

管理層討論與分析 (續)

For the existing major end-buyer customers of the Group, the Group adheres to the 80/20 rule (i.e. 80% of the sales income derives from 20% of the end-buyer customers) by allocating the quality resources of production and services of the Group to our top 20 major end-buyer customers to increase sales volume. Such a marketing strategy has achieved remarkable results. Through the provision of targeted and differentiated services to the target customers, we can maintain a stable or slightly increase in business volume with such customers. We can also conduct in-depth cooperation with key customers to achieve a breakthrough in cooperative product development and the acceleration of production cycle. In 2017, the proportion of sales volume from the top 10 end-buyer customers increased to 60.0% (2016: 53.8%), and the proportion of sales volume from the top 20 end-buyer customers increased to 78.0% (2016: 75.6%).

For existing small and medium end-buyer customers of the Group, the Group focuses on improving its service ability by actively cooperating with the customers in product specification, quality, delivery and other aspects to increase the volume.

(4) Strengthening internal management

In order to strengthen the ability of the Group in market trend analysis and understand the market change as well as customers' demand, the Group shares, analyzes and discusses on market information with different levels of operation through regular internal meetings. Under the operation management model which integrates production, supply and sales, we formulate relevant measures based on the market information. We actively coordinate and cooperate with the procurement department and production department to arrange the raw materials supply and production schedule. We also ensure orderly and efficient daily production, operation and management of the subsidiaries under the Group.

In addition, at the beginning of 2017, we have strengthened the management and control of marketing plans. We have understood the timing, extent and direction of policy adjustment. We also made timely and effective adjustments to the marketing strategies based on the operation principle of "prioritizing customers' selection; focusing on major customers; suiting the action to the word and completing every task".

Due to the stringent credit control and strict credit management policy, the Group's account receivable has dramatically improved in 2017 compared to that of 2016. The total overdue account receivable was greatly reduced in 2017, resulting in a better cash flow as well as lower credit risk of the Group.

針對集團現有最終客戶，集團仍然堅持八二原則（即80%的銷售收入主要來源於20%的最終客戶），將集團優質生產與服務資源投入至排名前20名的最終客戶以爭取銷售量增加的行銷策略已取得顯著成效。通過向目標客戶提供富有針對性的差異化服務，實現與此類客戶的業務量保持穩定或略微增長的同時，謀求與重點客戶之間的深度合作，力爭在產品合作開發及加快生產週期方面有所突破。在2017年，前10大最終客戶的銷售量佔比升至60.0%（2016年：53.8%），而前20大最終客戶的銷售量佔比則升至78.0%（2016年：75.6%）。

對於集團現有的中小最終客戶，本集團著力提升服務素質，積極與客戶在產品規格、質量、交付及其他方面合作，以增加銷售量。

(4) 加強內部管理

為加強集團對市場走勢的分析與預判的能力，切實把握市場變化與客戶需求，集團以內部例會形式對市場動態向營業各個層級進行資訊共用、分析和討論。依託「產供銷一體化」經營管理模式，將市場訊息轉化為行動對策，與採購、生產部門就關於原材料供應和生產進度的工作安排相互協調、積極配合，保證集團各附屬企業的日常生產、經營及管理工作得以高效有序地進行。

此外，2017年年初，我們提出以「選客為先，主客為重，言出必行，使命必達」作為行為準則，並以此為基礎，加強行銷計劃的管控密度，把握政策調整的時間、力度與方向，對行銷策略進行及時有效的調整。

由於本集團嚴格的信貸控制及嚴謹的信貸管理政策，2017年的應收賬款與2016年同期相比有極大幅度改善。逾期應收賬款總額於2017年大幅減少，改善本集團現金流，同時亦降低了信貸風險。

MANAGEMENT DISCUSSION AND ANALYSIS (continued) 管理層討論與分析(續)

During the year, Balanced Scorecard and Sales Evaluation System (“SES”), effective business performance management tools, were introduced to all sales divisions. Under the SES, the Group can effectively transform the priority of the annual marketing management target and result requirements into detailed assessment criteria and weights, and make regular comprehensive assessments on the quantity and quality of sales targets of different business teams. By combining the SES assessment results and the feedback from key customers, we can enhance the accuracy of completion progress of operation plans for different levels. We can also strengthen the implementation of the Group’s marketing strategies by different levels of the sales department, and effectively implement the Group’s market-oriented strategic plans. In addition, the assessment results of the SES will be considered as one of the important factors for the year-end bonus plan of the business department of the Group.

In order to improve the Group’s production management, the Group has implemented various management methods and reforming measures in service and product quality to fully utilize their production capacity. In terms of service quality, the Group has restructured the former production control department by dividing it into the customer service team and production management team, which are responsible for collection and delivery of information and production scheduling to improve service quality, follow up and adjust the production processes for each order, and ensure that the orders are completed and delivered as required by the customers.

Based on this, we established a regular meeting system and utilized a series of big data derived from the production management model to identify problems related to production and solve them. We further ensure the delivery and quality of products.

For product quality, our subsidiaries strengthened the mechanisms of management, the control of raw materials, the quality inspection covering the whole process and providing quick responses to enable the whole process management before, during and after production. It helped us strengthen the stability of product quality in each production process and effectively enhance the overall production efficiency of our subsidiaries. In addition to ensuring the overall production volume, most of our fabric mills maintained their product inspection pass rate at above 99% throughout the year of 2017.

於回顧年內，「平衡計分卡」(Balanced Scorecard)及行銷團隊評價系統(Sales Evaluation System)引入至所有營業團隊，作為主要的營業績效管理工具。基於行銷團隊評價系統，集團能夠有效將全年行銷管理目標與業績要求的優先性轉化為具體評價指標和計算權重，通過定期對各營業團隊的銷售目標完成的數量與品質進行綜合評估。一方面，將行銷團隊評價系統評核結果與重點客戶的回饋相結合，能夠提高各層級關於營業計劃完成進度的準確性，另一方面，能夠加強營業部各個層級對集團整體行銷策略的執行力，切實落實集團以市場需求為導向的戰略部署。此外，行銷團隊評價系統的評價結果將會作為集團營業部年終獎勵計劃的重要參考條件之一。

為完善集團之生產管理，集團從服務與產品品質入手，提出並落實了多項管理辦法與改革措施，使自身生產能力得以充分發揮。在服務品質方面，集團將原生控部進行改組，分為客服組和生管組，分別負責資訊搜集與傳遞和生產排期工作，以此在提升服務品質的同時，跟進和調節各訂單的生產進程，確保訂單按客戶交期要求完成。

在此基礎上，建立生產例會制度，利用一系列生產管理模型大數據，以鑒定並解決相關生產問題，以此進一步保證產品的交期與品質。

在產品品質方面，各生產企業通過加強原材料管控、全過程質檢及快速反應等機制，實現產品生產的事前、事中、事後的全過程管理，有利於增強產品在各個製造環節的品質穩定性，有效提升企業整體的生產效率。在保證整體產量的基礎上，於2017年，我們大部份的面料廠房全年的產品合格率均保持在99%以上。

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

管理層討論與分析 (續)

(5) Accelerating product development

In 2017, in addition to strengthening the factory internal management and enhancing the production stability, the Group will actively cooperate with its upstream and downstream suppliers on research and development of new high value-added fabric to continuously increase the number of orders placed with the Group.

In 2017, new fabric will be developed based on the notion of “fashionable, technological and green”, and produced with high-quality fiber with high functionality in a smart, green and environmentally friendly manner. As such, future products will be combined with new types of raw materials (such as biomass synthetic fiber and ultra-spun cotton fiber). There may also be knitted fabric and pattern designs which fully utilize the newly acquired weaving, dyeing and sorting equipment. We aspire to develop a series of comfortable, fashionable and environmentally friendly products with functionality.

(6) Equipment upgrade

According to the requirements of Made in China 2025, Intelligent Manufacturing Development Plan (2016–2020) and the Standards for Printing and Dyeing Industry (2017), key sectors in traditional manufacturing industry shall mostly transit to digital manufacturing by 2020 with a penetration rate of 70% for utilization of digital tools for research and development. The utilization rate of numerical control in key processes shall be over 50% and the penetration rate of digital workshops and smart factories shall be over 20%.

For the printing and dyeing industry, the Chinese government requires the printing and dyeing industry in restructuring, transformation and upgrade, thereby accelerating the high-end manufacturing development of the PRC's manufacturing industry. Printing and dyeing enterprises shall accelerate the transformation and reform through innovation and optimize the internal structure to respond to the challenges from the changes in the external market environment on a case-by-case basis. Most of the enterprises began to eliminate their existing production equipment and gradually apply new digital, automated and intelligent equipment in the production process to reduce the overall costs and produce newly differentiated and high value-added products to capture the shares in their respective market segments.

(5) 加快產品開發

於2017年，集團將不斷加強廠房內部管理，提高生產穩定性，將會積極與上、下游供應商協同研究及開發高附加值的新布種，以持續增加集團與客戶的訂單數量。

於2017年開發新布種方向，聚焦於「時尚、科技、綠色」主題，以高端智慧製造，綠色環保製造的高品質高性能纖維為原料。因此，未來開發方向將利用新型原料，如生物質合成纖維及超紡棉纖維等，結合針織布種和花型設計，充分利用新購買的織造、染整和分類設備，開發一系列舒適、時尚、環保和功能性產品。

(6) 裝備升級

根據《中國製造2025》、《智慧製造發展規劃2016–2020》和《印染行業規範條件(2017版)》所提出的要求，在2020年傳統製造業重點領域基本實現數位化製造，實現企業數位化研發工具普及率70%，關鍵工序數控化率超過50%，數位化車間／智慧工廠普及率超過20%。

對於印染行業而言，中國政府要求以此促進印染行業產業結構調整、轉型升級，推動中國製造業向高端製造加速推進。印染企業必須加快轉型升級，以創新為引領，優化內部結構，逐次應對外部市場環境變化帶來的挑戰。絕大部分企業著重開始從淘汰原生產設備入手，逐步將數位化、自動化及智慧化的新設備應用於生產環節，降低綜合成本，並且生產差異化及高附加值的新產品搶佔細分市場。

MANAGEMENT DISCUSSION AND ANALYSIS (continued)
管理層討論與分析(續)

(7) Dividend

In view of the financial results and cash flow situation of the Group, the Board has recommended the payment of a final dividend of HK10.4 cents per share for the year ended 31 December 2017 (2016: HK5.3 cents per share). The total dividend for the year ended 31 December 2017 would be HK10.4 cents per share (payout ratio: 80.0%) as compared with HK5.3 cents per share (payout ratio: 50.0%) for the year ended 31 December 2016. Subject to the approval of the shareholders of the Company (the "Shareholders") at the forthcoming annual general meeting to be held on Thursday, 10 May 2018, it is expected that the payment of the final dividend will be made on or before Thursday, 31 May 2018. Going forward, the Group is committed to maintaining similar range of dividend payout ratio as our dividend policy so as to provide rewarding investment return to the Shareholders.

(8) Events after the Reporting Date

Save as disclosed in note 43 to the consolidated financial statements of the annual report, the Group did not have any significant event after reporting date (i.e. 31 December 2017) and up to the date of this annual report.

(7) 股息

鑒於集團之財務業績及現金流情況，董事會建議就截至2017年12月31日止年度派發每股10.4港仙末期股息(2016年：5.3港仙)。截至2017年12月31日止年度總股息為每股10.4港仙(派息比率：80.0%)，相對截至2016年12月31日止年度總股息為每股5.3港仙(派息比率：50.0%)。待在即將於2018年5月10日(星期四)舉行的股東週年大會上獲本公司股東(「股東」)批准後，末期股息預期將於2018年5月31日(星期四)或之前派付。展望未來，本集團期望能維持與派息政策類似的派息比率，以提供可觀投資回報予股東。

(8) 報告日後事項

除於年報內綜合財務報表附註43所披露外，本集團自報告日(即2017年12月31日)後至本年報日期止，並沒有任何重大事項發生。

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

管理層討論與分析 (續)

FINANCIAL REVIEW

The key operating and financial indicators of the Group for the year ended 31 December 2017 are set out below:

財務回顧

本集團截至2017年12月31日止年度之主要經營及財務指標呈列如下：

		2017	2016
Statement of Profit or Loss Items	損益表項目		
(All amounts in HK\$ thousands unless otherwise stated)	(除特別註明外所有金額均以千港元列示)		
Revenue	營業額	6,913,785	6,328,714
Gross profit	毛利	751,495	775,124
EBITDA*	息稅折舊及攤銷前利潤	406,833	350,009
Profit for the year	是年度盈利	175,946	149,992
Profit attributable to owners of the Company	本公司擁有人應佔盈利	156,846	127,903
Basic earnings per share (HK cents)	每股基本盈利 (港仙)	13.0	10.6
Key Financial Ratios	主要財務比率		
Profitability ratios	盈利能力比率		
Gross profit margin (%)	毛利率 (%)	10.9%	12.2%
EBITDA* margin (%)	息稅折舊及攤銷前利潤率 (%)	5.9%	5.5%
Expenses as a % of revenue	開支佔營業額比率		
Distribution and selling expenses	分銷及銷售費用	2.5%	2.6%
Administrative expenses	行政費用	6.0%	6.7%
Finance costs	融資成本	0.3%	0.3%
Asset efficiency	資產效率		
Inventory turnover period (days)	存貨周轉期 (日)	86	92
Trade and bills receivables turnover period (days)	營業及票據應收款項周轉期 (日)	67	70
Trade and bills payables turnover period (days)	營業及票據應付款項周轉期 (日)	48	50

* EBITDA means earnings before interest, tax, depreciation and amortisation

* EBITDA解釋為息稅折舊及攤銷前利潤

		At 31 December 於12月31日 2017	At 31 December 於12月31日 2016
Asset ratios	資產比率		
Current ratio	流動比率	2.2	2.2
Net debt/EBITDA ratio	淨債務／息稅折舊及攤銷前利潤率	(0.3)	(0.6)
Gearing ratio	資本負債比率		
Total liabilities/Equity attributable to owners of the Company	負債總值／本公司擁有人應佔權益	0.6	0.6

MANAGEMENT DISCUSSION AND ANALYSIS (continued)
管理層討論與分析 (續)

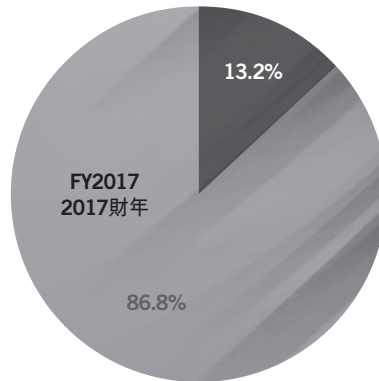
Revenue

The Group's revenue for the year ended 31 December 2017 amounted to approximately HK\$6,913,785,000 (2016: HK\$6,328,714,000).



營業額

集團截至2017年12月31日止年度的營業額約為6,913,785,000港元(2016年: 6,328,714,000港元)。

Revenue by business segments



營業額按業務分類

-  Production and Sales of Dyed Fabrics and Yarns
製造及銷售色布及紗
-  Production and Sales of Garments
製造及銷售成衣

In current year, the Group's core business, production and sales of dyed fabrics and yarns, generated revenue of approximately HK\$5,998,860,000 (2016: HK\$5,461,209,000), accounted for 86.8% (2016: 86.3%) of the Group's total revenue. Revenue from production and sales of garments was approximately HK\$914,925,000 (2016: HK\$867,505,000), accounted for 13.2% (2016: 13.7%) of the Group's total revenue.

於本年度，集團核心業務—製造及銷售色布及紗的營業額約為5,998,860,000港元(2016年: 5,461,209,000港元)，佔集團營業額總值的86.8%(2016年: 86.3%)。製造及銷售成衣的營業額約為914,925,000港元(2016年: 867,505,000港元)，佔集團營業額總值的13.2%(2016年: 13.7%)。

Cost of Sales and Gross Profit Margin

For the year ended 31 December 2017, overall cost of sales of the Group amounted to approximately HK\$6,162,290,000 (2016: HK\$5,553,590,000) and overall gross profit margin was 10.9% (2016: 12.2%).

銷售成本及毛利率

集團截至2017年12月31日止年度之整體銷售成本約為6,162,290,000港元(2016年: 5,553,590,000港元)，整體毛利率為10.9%(2016年: 12.2%)。

During the year under review, the Group's revenue increased by 9.2%, mainly caused by the increase in sales volume of fabric by approximately 11.4%. The decline in average selling price of fabric and the increase in energy costs led to a decrease in gross profit margin as compared with last year.

於回顧年內，本集團的營業額上升9.2%，主要是由於面料銷售量增加約11.4%。而毛利率遜於去年，主要因為面料平均售價下跌以及能源成本上漲。

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

管理層討論與分析 (續)

Distribution and Selling Expenses

For the year ended 31 December 2017, the Group's overall distribution and selling expenses amounted to approximately HK\$172,868,000 (2016: HK\$163,756,000), accounted for 2.5% (2016: 2.6%) of the Group's total revenue.

Administrative Expenses

For the year ended 31 December 2017, the Group's overall administrative expenses amounted to approximately HK\$412,891,000 (2016: HK\$424,275,000), accounted for 6.0% (2016: 6.7%) of the Group's total revenue.

Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA)

For the year ended 31 December 2017, the Group's EBITDA amounted to approximately HK\$406,833,000 (2016: HK\$350,009,000) and the EBITDA margin was 5.9% (2016: 5.5%).

Finance Costs

For the year ended 31 December 2017, the Group's finance costs amounted to approximately HK\$22,533,000 (2016: HK\$19,506,000), representing 0.3% (2016: 0.3%) of the Group's total revenue.

Capital Expenditure

During the year under review, the Group invested approximately HK\$231,326,000 (2016: HK\$256,485,000) in additions of property, plant and equipment. The Group expects its capital expenditure for the next financial year to remain at an average of the past two years.

Income Tax Expense

For the year ended 31 December 2017, income tax expense of the Group amounted to approximately HK\$36,304,000 (2016: HK\$18,076,000).

Profit Attributable to Owners of the Company

For the year ended 31 December 2017, profit attributable to owners of the Company was approximately HK\$156,846,000 (2016: HK\$127,903,000) and corresponding profit margin was 2.3% (2016: 2.0%).

分銷及銷售費用

集團截至2017年12月31日止年度之整體分銷及銷售費用約為172,868,000港元(2016年: 163,756,000港元), 佔集團營業額總值的2.5%(2016年: 2.6%)。

行政費用

集團截至2017年12月31日止年度之整體行政費用約為412,891,000港元(2016年: 424,275,000港元), 佔集團營業額總值的6.0%(2016年: 6.7%)。

息稅折舊及攤銷前利潤(EBITDA)

集團截至2017年12月31日止年度之息稅折舊及攤銷前利潤約為406,833,000港元(2016年: 350,009,000港元), 息稅折舊及攤銷前利潤率為5.9%(2016年: 5.5%)。

融資成本

集團截至2017年12月31日止年度之融資成本約22,533,000港元(2016年: 19,506,000港元), 佔集團營業額總值的0.3%(2016年: 0.3%)。

資本開支

於回顧年內, 集團已投資約為231,326,000港元(2016年: 256,485,000港元)以增加物業、機器及設備。集團預期下一財政年度的資本開支將維持在過去兩年的平均水平。

所得稅支出

集團截至2017年12月31日止年度之所得稅支出約為36,304,000港元(2016年: 18,076,000港元)。

本公司擁有人應佔盈利

集團截至2017年12月31日止年度之本公司擁有人應佔盈利約為156,846,000港元(2016年: 127,903,000港元), 其相關盈利率為2.3%(2016年: 2.0%)。

MANAGEMENT DISCUSSION AND ANALYSIS (continued) 管理層討論與分析(續)

Inventory

As at 31 December 2017, the Group's inventory amounted to approximately HK\$1,450,187,000 (31 December 2016: HK\$1,401,911,000). The inventory turnover period was 86 days, a decrease of 6 days compared with 92 days in 2016.

Trade and Bills Receivables

As at 31 December 2017, the Group's trade and bills receivables amounted to approximately HK\$1,261,584,000 (31 December 2016: HK\$1,209,330,000). Trade and bills receivables turnover period was 67 days, a decrease of 3 days compared with 70 days in 2016.

Trade and Bills Payables

As at 31 December 2017, the Group's trade and bills payables amounted to approximately HK\$817,067,000 (31 December 2016: HK\$752,140,000). Trade and bills payables turnover period was 48 days, a decrease of 2 days compared with 50 days in 2016.

Liquidity and Financial Resources

As at 31 December 2017, the Group's net assets amounted to approximately HK\$3,556,376,000 (31 December 2016: HK\$3,453,645,000). The key figures of financial position were as follows:

存貨

集團於2017年12月31日之存貨約為1,450,187,000港元(2016年12月31日: 1,401,911,000港元)。存貨周轉期為86天,與2016年92天相比減少6天。

營業及票據應收款項

集團於2017年12月31日之營業及票據應收款項約為1,261,584,000港元(2016年12月31日: 1,209,330,000港元)。營業及票據應收款項周轉期為67天,與2016年70天相比減少3天。

營業及票據應付款項

集團於2017年12月31日之營業及票據應付款項約為817,067,000港元(2016年12月31日: 752,140,000港元)。營業及票據應付款項周轉期為48天,與2016年50天相比減少2天。

資金流動性及財政資源

於2017年12月31日,集團資產淨值約為3,556,376,000港元(2016年12月31日: 3,453,645,000港元)。財務狀況的主要資料如下:

		At 31 December 於12月31日 2017 HK\$'000 千港元	At 31 December 於12月31日 2016 HK\$'000 千港元
Non-current assets	非流動資產	1,746,764	1,738,318
Current assets	流動資產	3,842,207	3,633,297
Total assets	資產總值	5,588,971	5,371,615
Current liabilities	流動負債	1,746,107	1,671,279
Non-current liabilities	非流動負債	286,488	246,691
Total liabilities	負債總值	2,032,595	1,917,970
Net assets	資產淨值	3,556,376	3,453,645

The Group met its funding requirements in its usual course of operation by cash flows from operations, as well as long-term and short-term bank borrowings. Capital expenditure was mainly financed by long-term bank borrowings.

集團以營運所得現金流量及銀行的長短期貸款應付日常資金需要,而資本開支則主要由長期銀行貸款撥付。

MANAGEMENT DISCUSSION AND ANALYSIS (continued)

管理層討論與分析 (續)

As at 31 December 2017, the principal financial covenant figures/ratios (according to the banks' definitions) were as follows:

於2017年12月31日，主要的財務契約數據／比率（根據銀行的定義）如下：

		At 31 December 於12月31日 2017	At 31 December 於12月31日 2016
Consolidated tangible net worth	綜合淨有形資產	HK\$3,124,272,000	HK\$3,067,813,000
Consolidated total bank debt to consolidated tangible net worth	綜合總銀行負債對 綜合淨有形資產比例	0.2	0.2
Consolidated EBITDA to consolidated interest expense	綜合息稅折舊及攤銷前 利潤對綜合利息支出比例	18.1	17.9
Consolidated current assets to consolidated current liabilities	綜合流動資產對 綜合流動負債比例	2.2	2.2
Consolidated capital expenditure	綜合資本開支	HK\$231,326,000	HK\$256,485,000

During the year ended 31 December 2017, the Group had complied with all covenant ratios and undertakings.

於截至2017年12月31日止年度內，本集團已遵守所有契約比率及承諾。

As at 31 December 2016, the annual capital expenditure of the Group exceeded the limit of general undertakings to a bank. The Group obtained a waiver letter from a relevant bank not to demand for immediate repayment of the bank borrowings.

於2016年12月31日，本集團年度資本開支超出對一間銀行的一般承諾限額。本集團已從有關銀行獲得豁免書免除即時償還銀行貸款要求。

Risk Management

The Group follows a stringent and prudent risk management policy to manage foreign exchange and interest rate risks.

風險管理

集團會依據嚴格及審慎的風險管理政策應對外匯及利率風險。

The sale and the purchase of raw materials of the Group were mainly denominated in Hong Kong dollars ("HKD"), United States dollars ("USD") and Renminbi ("RMB"). Since the Group mainly carries out production in China, we are exposed to foreign exchange risk arising from RMB exposure. The Group has been closely monitoring the exchange rate fluctuation for USD and RMB and will continue to monitor the trend of the exchange rate and adopt appropriate measures in order to mitigate the foreign currency risk in a cautious manner.

集團之銷售和原料採購以港元、美元及人民幣為主。而主要的生產基地位於中國，故涉及人民幣所產生之外匯風險。集團一直密切留意美元及人民幣匯率的變動，會採取謹慎的方法，適時審視匯率的走勢，安排合適的措施以減低風險。

In addition, bank borrowings of the Group were denominated in HKD and USD and interests were mainly charged on a floating rate basis. Since the market expects that the interest rates in the United States might rise in the coming year, the Group will continue to monitor the interest rates fluctuation in the market and will adopt appropriate measures to minimise the interest rate risk.

此外，集團的銀行借貸以港元和美元為單位，利息主要以浮動利率計算。由於市場預期美國於來年仍有加息的可能，本集團將繼續留意市場的利率波動，並安排合適的措施以減低利率上升的風險。

MANAGEMENT DISCUSSION AND ANALYSIS (continued)
管理層討論與分析 (續)

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2017, the Group had 9,345 (2016: 9,900) full time employees. The Group will continue to implement streamlined production so as to further minimize its labour cost. The Group's emolument policies are formulated on the performance of individual employee and the salary trends in various regions, which are reviewed regularly. Subject to the Group's profitability, the Group may also distribute a discretionary bonus to its employees as an incentive for their contribution to the Group.

The Group has established share option schemes for its employees, and also provides regular training courses and subsidies for continuing education so as to improve the skills of its employees with respect to production, selling and management.

OUTLOOK

The Group is strongly committed to increasing sales with existing quality customers as well as growing new customers. On the other hand, the Group is also dedicated in significantly reducing the overall costs to maintain its competitiveness in the already challenging market. A series of operational equipment upgrades in all our fabric mills will continue to contribute greatly to the benefits of the Group in the long run. The Group will maintain a prudent and pragmatic approach. The Board and the management believe that the Group's marketing and sales strategies and the above operational measures can play a positive role in the long-term business development and continuous efficiency improvement, so that the Group can enjoy higher profitability, a stable financial position and a solid foundation for better performance.

僱員及酬金政策

集團於2017年12月31日之全職僱員人數為9,345人(2016年:9,900人)。本集團將繼續實施精簡生產,以盡量減少勞工成本。集團的僱員酬金政策是根據個別僱員的工作表現及各地區薪酬趨勢而制定並定期作出檢討。集團亦會因應集團之盈利情況,酌情發放花紅予僱員以鼓勵他們對集團之貢獻。

集團為僱員設有購股權計劃,亦會提供定期培訓課程及資助進修計劃,以提高僱員之生產、銷售及管理技能。

前景

集團積極致力於藉助優質客戶以及不斷增長的新客戶增加銷量。另一方面,集團亦矢志大幅削減整體成本以於挑戰重重的市場保持競爭力。面料廠房正進行一系列的營運設備升級,將有助集團之長遠利益。集團將保持務實審慎的態度。董事會及管理層認為集團的營銷及銷售策略和上述各種營運措施均能為長期業務發展帶來正面作用,繼續著力提升效益,致使集團能提高盈利能力,確保財務穩健,為創出更佳的業績打好基礎。

CORPORATE GOVERNANCE REPORT

企業管治報告

The Company is committed to maintaining a high standard of corporate governance practices and procedures. Throughout the year from 1 January 2017 to 31 December 2017 (the “Year”), except for the deviations as disclosed in this report, the Company has consistently adopted and complied with all the applicable code provisions of the Corporate Governance Code (the “CG Code”) as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange” and the “Listing Rules”, respectively) as guidelines to reinforce our corporate governance principles.

BOARD OF DIRECTORS

Board Composition

As at 31 December 2017, the board of directors of the Company (the “Directors” and the “Board”, respectively) comprised 8 members, namely 3 executive Directors (the “EDs”), 2 non-executive Directors (the “NEDs”) and 3 independent non-executive Directors (the “INEDs”). The NEDs and INEDs represented about 63% of the Board members thereat. During the Year and up to the date of this annual report, the Board comprises the following members:

EDs

Mr. ZHAO Yao (*Chairman and Chief Executive Officer*)
Mr. CHEN Minghong
Mr. LAN Jiang

NEDs

Dr. YEN Gordon
Mr. ZHANG Chong

INEDs

Mr. NG Kwok Tung
Mr. YING Wei
Mr. William LAM

The number of INEDs continuously represents one-third of the Board as required by Rule 3.10A of the Listing Rules. The profile of all the current Directors are set out on pages 49 to 53 of this annual report. The relationships among the Board members (including financial, business, family or other material or relevant relationships, if any) are also disclosed there.

本公司致力維持高水平的企業管治常規及程序。由2017年1月1日起至2017年12月31日止年度（「本年度」），本公司一貫地採納及遵守香港聯合交易所有限公司（「聯交所」）證券上市規則（「上市規則」）附錄14所載之企業管治守則（「企管守則」）之全部適用守則條文，惟本報告所披露的偏離情況除外，作為強化本公司企業管治原則之方針。

董事會

董事會成員

於2017年12月31日，本公司之董事會（分別指「董事」及「董事會」）由8名成員組成，包括3名執行董事（「執行董事」）、2名非執行董事（「非執行董事」）及3名獨立非執行董事（「獨立非執行董事」）。非執行董事及獨立非執行董事代表了約63%的董事會成員。本年度及截至本年報日期，董事會成員如下：

執行董事

趙耀先生（*主席兼行政總裁*）
陳鳴洪先生
藍江先生

非執行董事

嚴震銘博士
張涌先生

獨立非執行董事

伍國棟先生
應偉先生
林偉成先生

按上市規則第3.10A條之規定，獨立非執行董事的人數一直佔董事會三分之一。現任董事的個人簡介均載列於本年報第49至第53頁。董事會成員之間的關係（包括財務、業務、家屬或其他重大或相關的關係（如有））亦已作出披露。

CORPORATE GOVERNANCE REPORT (continued)
企業管治報告 (續)

All Directors have entered into service contracts or letters of appointment with the Company, subject to renewal, retirement by rotation and re-election at the general meetings of the Company in accordance with the articles of association of the Company (the “Articles”). Article 102(A) of the Articles provides that at each annual general meeting of the Company (the “AGM”), one-third of the Directors for the time being, or, if their number is not three or a multiple of three, then the number nearest one-third or any other number subject to such manner of rotation as may be required by the statutes, the Listing Rules or other codes, rules, and regulations prescribed from time to time by the applicable regulatory authority, shall retire from office. Article 93 of the Articles also provides that any Director appointed to fill a casual vacancy (who shall hold office until the next following general meeting of the Company) or as an addition to the Board (who shall hold office until the next following AGM) shall then be eligible for re-election, but shall not be taken into account in determining the Directors who are to retire by rotation at such meeting.

Roles and Responsibilities of the Board and Delegation to the Management

The Board is responsible for the leadership and control of the Company and its subsidiaries (the “Group”) and is responsible for promoting the success of the Group by directing and supervising the business operations of the Group in the interests of the Company’s shareholders (the “Shareholders”) by formulating strategic directions and monitoring the financial and management performance of the Group.

The overall management of the Group’s business is vested in the Board. The Board has delegated the day-to-day management of the Group’s business to the executive management team, and focused its attention on matters affecting the Group’s overall strategic policies, finances and the Shareholders. The executive management team assumes full accountability to the Board for the operations of the Group. A formal schedule has been formulated and will be reviewed regularly to identify specific matters that shall be reserved to the Board and those delegated to the management. The Board has given clear directions to the management that certain matters must be referred to the Board for consideration and approval. The Board is the ultimate decision making body of the Company except for matters requiring the approval of the Shareholders in accordance with the Articles, the Listing Rules and other applicable laws and regulations.

所有董事已與本公司訂立服務合約或委任函，委任可予續期，但須根據本公司之組織章程細則（「章程細則」）於本公司之股東大會上輪席告退及膺選連任。章程細則第102(A)條規定，在本公司各股東週年大會（「股東週年大會」）上當時三分之一董事（或倘董事人數並非3或3之倍數，則為最接近三分之一的數目或按法例、上市規則所規定須輪席告退或適用監管機構不時訂明之其他守則、規則及規例所規定之任何其他數目）須退任。章程細則第93條亦規定，獲委任以填補董事會臨時空缺，其任期僅至本公司下一次股東大會為止或增添董事會成員之董事，其任期僅至本公司下一屆股東週年大會為止，並合資格於會上膺選連任，惟不得計算入須於該大會上輪席告退之董事人數內。

董事會之角色及職責以及轉授予管理層

董事會以本公司股東（「股東」）利益為出發點，負責領導及監控本公司及其附屬公司（「本集團」），並透過制定策略決策及監督本集團之財務及管理層表現，指導及監督本集團之業務營運，以促進本集團之成功。

本集團整體業務由董事會負責管理。董事會將本集團日常事務的管理授權予本公司的行政管理層處理，而董事會本身則專注處理可影響本集團整體策略方針、財務及股東的事項。行政管理層須就本集團之所有經營業務向董事會承擔全部責任。本集團制定並將定期審閱正式清單，以確認應由董事會負責及轉授予管理層負責之具體事項。董事會已就須交由董事會考慮及批准之若干事項向管理層作出清晰指引。董事會為本公司之最終決策單位，惟根據章程細則、上市規則及其他適用法例及規例須由股東批准之事宜則除外。

CORPORATE GOVERNANCE REPORT (continued)

企業管治報告 (續)

Practices and Conduct of Meetings

Four regular Board meetings at approximately quarterly intervals were held during the Year. Each of the Directors has actively participated in each meeting in person or via telephone or videoconferencing. Decisions were made by majority vote at the Board meetings.

The dates of 2017 regular Board meetings had been determined in 2016 and any amendments to this schedule were notified to all Directors at least 14 days before the meetings. Appropriate arrangements were in place to allow the Directors to include items in the agenda for regular Board meetings.

All Directors had access to the services of the company secretary of the Company (the "Company Secretary") who regularly updated the Board on governance and regulatory matters. Any Director, wishing to do so in the furtherance of his respective duties, might take independent professional advice (through the chairman of the Board (the "Chairman")) at the Company's expense. The availability of professional advice extended to three Board committees, namely the Audit Committee, the Remuneration Committee and the Nomination Committee. Minutes of the Board meetings were taken by the Company Secretary and, together with any supporting documents, were available to all Directors. Draft and final versions of the minutes were sent to all Directors for their comment and record respectively.

If a Director had a conflict of interest in a transaction or proposal to be considered by the Board and such transaction or proposal was determined by the Board to be material, the individual Director had to declare his interest and was required to abstain from voting on any matter in which he or any of his associates (as defined in the Listing Rules) had a material interest and that he would not be counted in the quorum present at the Board meeting. Such matters were considered at a Board meeting attended by the INEDs who had no material interest in the transaction or proposal.

會議常規及規則

本年度內，本公司曾大約每季舉行定期董事會會議，共4次。各董事積極親身、透過電話或視頻會議參與各會議。董事會會議之決定是以多數票表決。

2017年董事會定期會議的舉行日期在2016年內已定下，所有日期改動均在最少14天前通知各董事。本公司備有適當安排，讓董事提出商討事項以納入董事會定期會議議程內。

公司秘書定期更新董事會的管治及規管事宜，所有董事均可聯絡公司秘書。任何董事可就履行其職責而（透過主席）尋求獨立專業意見，費用由本公司支付。3個董事委員會（審核委員會、薪酬委員會及提名委員會）亦可尋求專業意見。董事會會議記錄由公司秘書負責撰寫，會議記錄連同任何有關文件均可提供予所有董事。初稿供所有董事審閱，而最後定稿供其作記錄之用。

若有董事在董事會將予考慮的交易或建議中存有董事會認為重大利益衝突時，涉及的個別董事須申報利益，而該董事須就彼或其任何聯繫人士具有重大權益之相關董事會決議案放棄投票（如上市規則所列明），且不會計入出席該董事會會議之法定人數內。有關事項須經董事會會議考慮，而該會議需有於交易或建議中不存在重大利益的獨立非執行董事出席。

CORPORATE GOVERNANCE REPORT (continued)
企業管治報告(續)

Directors' Attendance at Board Meetings, Board Committee Meetings and General Meetings

董事於董事會會議、董事會委員會會議及股東大會之出席情況

Details of the attendance of the Directors at meetings of the Board, the Audit Committee, the Remuneration Committee and the Nomination Committee and the general meetings during the Year are set out in the following table:

本年度內，董事於董事會會議、審核委員會會議、薪酬委員會會議、提名委員會會議及股東大會的出席詳情列載於下表：

Meetings attended/Meetings required to be attended during the Year

本年度內董事之出席次數/需要出席之會議

Name of Directors 董事姓名		Board 董事會	Audit Committee 審核委員會	Remuneration Committee 薪酬委員會	Nomination Committee 提名委員會	Annual	Extraordinary
						General Meeting 股東週年大會	General Meeting 股東特別大會
<i>EDs</i> 執行董事							
Mr. ZHAO Yao	趙耀先生	4/4	-	-	2/2	1/1	1/1
Mr. CHEN Minghong	陳鳴洪先生	2/4	-	-	-	1/1	0/1
Mr. LAN Jiang	藍江先生	4/4	-	2/2	-	1/1	1/1
<i>NEDs</i> 非執行董事							
Dr. YEN Gordon	嚴震銘博士	4/4	-	-	-	1/1	1/1
Mr. ZHANG Chong	張涌先生	4/4	4/4	-	-	1/1	1/1
<i>INEDs</i> 獨立非執行董事							
Mr. NG Kwok Tung	伍國棟先生	4/4	4/4	2/2	-	1/1	1/1
Mr. YING Wei	應偉先生	4/4	-	2/2	2/2	0/1	1/1
Mr. William LAM	林偉成先生	4/4	4/4	-	2/2	1/1	1/1
Date of the meetings	會議日期	23/3/2017	3/1/2017	16/3/2017	21/3/2017	22/6/2017	23/3/2017
		22/6/2017	16/3/2017	20/11/2017	21/6/2017		
		24/8/2017	7/7/2017				
		20/11/2017	22/8/2017				

Training of Directors

All Directors have been given relevant guideline materials regarding the duties and responsibilities as a Director as well as relevant laws, rules and regulations applicable to the Directors, the duty of disclosure of interest and the business of the Group and induction materials will also be provided to newly appointed Directors shortly upon their appointment as Directors.

董事培訓

所有董事均已獲提供有關擔任董事之職責及責任、適用於董事之相關法例、規則及規例、權益披露責任及本集團業務之有關指引資料，而於新任董事獲委任為本公司董事後，亦會於短期內向其提供該等介紹資料。

CORPORATE GOVERNANCE REPORT (continued)

企業管治報告 (續)

All Directors have been updated from time to time on the latest developments and changes in the Listing Rules and other applicable regulatory requirements to ensure compliance and enhance their awareness of good corporate governance practices.

Each of the Directors has confirmed that he had complied with code provision A.6.5 of the CG Code on Directors' training. Throughout the Year, each of the Directors named below has participated in continuous professional development by attending seminars/in-house briefing/reading materials on the following topics to develop and refresh his knowledge and skills and provided a record of training to the Company:

所有董事已不時就上市規則及其他適用監管要求之發展及變動獲得最新資料，從而確保合規，同時加強彼等對良好企業管治常規之意識。

董事已各自確認彼已遵守有關董事培訓之企管守則條文第A.6.5條。本年度內，以下所有董事已透過出席有關以下主題之座談會／內部簡介／閱讀材料參與持續專業發展，以發展及更新彼等之知識及技能，並已向本公司提供培訓記錄：

Name of Directors	Topics of Training covered (Notes)	董事姓名	所涵蓋之培訓主題 (附註)
<i>EDs</i>			
Mr. ZHAO Yao	(a), (b) and (c)	趙耀先生	(a)、(b)及(c)
Mr. CHEN Minghong	(a), (b) and (c)	陳鳴洪先生	(a)、(b)及(c)
Mr. LAN Jiang	(a), (b) and (c)	藍江先生	(a)、(b)及(c)
<i>NEDs</i>			
Dr. YEN Gordon	(a), (b) and (c)	嚴震銘博士	(a)、(b)及(c)
Mr. ZHANG Chong	(a), (b) and (c)	張涌先生	(a)、(b)及(c)
<i>INEDs</i>			
Mr. NG Kwok Tung	(a), (b) and (c)	伍國棟先生	(a)、(b)及(c)
Mr. YING Wei	(a), (b) and (c)	應偉先生	(a)、(b)及(c)
Mr. William LAM	(a), (b) and (c)	林偉成先生	(a)、(b)及(c)
<i>Notes:</i>			
(a) corporate governance		(a) 企業管治	
(b) regulatory requirements or risk management		(b) 監管要求或風險管理	
(c) finance or business operation/management		(c) 財務或業務營運／管理	

附註：

CORPORATE GOVERNANCE REPORT (continued)
企業管治報告(續)

Directors' Insurance

The Company has arranged appropriate insurance coverage in respect of potential legal action against the Directors.

董事之保險

本公司已就董事可能面對之法律行動作出適當之投保安排。

CHAIRMAN AND CHIEF EXECUTIVE OFFICER (THE "CEO")

With effect from 23 January 2015, Mr. ZHAO Yao, the Chairman and an ED, has taken up the position of CEO of the Company, details of which were set out in the Company's announcement dated 23 January 2015. This deviates from code provision A.2.1 of the CG Code, which stipulates that the responsibilities of the chairman and chief executive officer should be separate and should not be performed by the same individual. However, having considered the current status of the Group, vesting the roles of both Chairman and CEO in the same person enables the Group to plan its overall strategy more efficiently and achieve the budgeted target. The Board believes that the balance of power and authority under this arrangement is adequately ensured by the Board which comprises experienced, professional and high caliber individuals with sufficient number thereof being INEDs.

主席及行政總裁(「行政總裁」)

自2015年1月23日起，本公司主席及執行董事趙耀先生開始兼任本公司行政總裁職務，詳情已載於日期為2015年1月23日之公司公告。此會偏離企管守則條文A.2.1的規定，主席與行政總裁的角色應有區分，不應由一人同時兼任，但考慮到本集團現時的情況，由同一名人士同時擔任主席及行政總裁兩個職務可以讓本集團更有效率地計劃整體策略及完成預算目標。由於董事會由經驗豐富人士及專業人士組成(包括大多數的非執行董事及獨立非執行董事人數)，相信會有足夠能力確保職能及權力在此安排下得到平衡。

NON-EXECUTIVE DIRECTORS

All the existing NEDs and INEDs were appointed for a specific term. Each of the NEDs and INEDs has entered into a letter of appointment with the Company for a term of one year, subject to renewal, retirement by rotation and re-election at the general meetings of the Company in accordance with the Articles.

非執行董事

所有現有非執行董事及獨立非執行董事均有特定委任年期。非執行董事及獨立非執行董事已各自與本公司訂立委任函，任期為1年，委任可予續期，但須根據章程細則於本公司股東大會上輪席告退及膺選連任。

CONFIRMATION OF INDEPENDENCE

The Company has received, from each of the existing INEDs, an annual written confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Board considers that all the INEDs are independent and at least one of them has appropriate professional qualifications or accounting or related financial management expertise in accordance with Rule 3.10(2) of the Listing Rules.

獨立性確認書

本公司已根據上市規則第3.13條接獲各現任獨立非執行董事的書面年度獨立確認書。根據上市規則第3.10(2)條，董事會認為所有獨立非執行董事均為獨立人士，其中最少一位具備合適專業資格或會計或相關財務管理知識。

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "Model Code") as its own code of conduct regarding Directors' securities transactions. In response to the specific enquiries made by the Company on all Directors, they have confirmed that they had complied with the required standard set out in the Model Code throughout the Year.

董事進行證券交易

本公司已採納上市規則附錄10所載上市公司董事進行證券交易的標準守則(「標準守則」)為其有關董事進行證券交易之守則。就本公司向所有董事作出具體查詢後，彼等已確認於本年度內均已遵守標準守則所要求的標準。

CORPORATE GOVERNANCE REPORT (continued)

企業管治報告 (續)

BOARD COMMITTEES

The Board currently has established three committees, namely the Audit Committee, the Remuneration Committee and the Nomination Committee, each with specific terms of reference. Their terms of reference have been reviewed and approved by the Board and are updated by reference to the CG Code from time to time. The terms of reference of each of the Audit Committee, the Remuneration Committee and the Nomination Committee have been posted on the respective websites of the Stock Exchange and the Company.

During the Year, these committees adhered to their principles, procedures and arrangements set out in their respective terms of reference. The respective committee secretaries took full minutes of the meetings of these committees and the work of each of these committees was reported to the Board regularly.

AUDIT COMMITTEE

The Company has established an Audit Committee with written terms of reference for the purposes of reviewing and providing supervision over the Company's financial reporting process, risk management and internal control systems. The principal duties of the Audit Committee are to consider the appointment and remuneration of the external auditors, to monitor the integrity of the Group's financial statements with a focus on the changes in accounting policies and practices, major judgmental areas, significant audit adjustments, going concern assumptions, and compliance with accounting standards, the Listing Rules and other applicable legal requirements, and to review the Group's financial reporting system, risk management and internal control systems.

As at the date of this annual report, the Audit Committee comprises a NED, Mr. ZHANG Chong, and two INEDs, namely Mr. NG Kwok Tung and Mr. William LAM and is chaired by Mr. NG Kwok Tung.

The Audit Committee held four meetings during the Year and details of the attendance are shown in the table on page 33 of this annual report. A summary of the work of the Audit Committee during the Year is set out as follows:

- provided recommendations to the Board on the re-appointment of independent auditor, and approved the audit fee and the terms of engagement of the independent auditor;

董事會委員會

董事會現已成立3個委員會，分別為審核委員會、薪酬委員會及提名委員會，各自有特定職權範圍書。彼等之職權範圍書已獲董事會批准及審閱，並已參考企管守則作不時更新。審核委員會、薪酬委員會及提名委員會各自之職權範圍書已分別刊載於聯交所及本公司網站。

本年度內，該等委員會均已遵守彼等各自之職權範圍書所載之原則、程序及安排。委員會相關秘書負責為該等委員會撰寫完整的會議記錄，而委員會則定期向董事會作出工作匯報。

審核委員會

本公司已成立審核委員會，並設有書面職權範圍書，藉以檢討及監察本公司之財務申報程序、風險管理及內部監控制度。審核委員會的主要職務為考慮外聘核數師的委任及酬金、監督本集團財務報表是否完整（尤其著重會計政策及實務的更改、重要判斷範圍、重大核數調整、持續經營假設以及是否符合會計準則、上市規則及其他適用之法律要求），同時檢討本集團的財務申報制度、風險管理及內部監控制度。

截止本年報日期，審核委員會由1名非執行董事及2名獨立非執行董事組成，分別為張涌先生、伍國棟先生及林偉成先生。審核委員會主席為伍國棟先生。

本年度內審核委員會舉行了4次會議，出席詳情列於本年報第33頁之表內。審核委員會於本年度內的工作概要包括以下事項：

- 就獨立核數師的重新委任向董事會提供建議，及核准獨立核數師酬金及聘用條款；

CORPORATE GOVERNANCE REPORT (continued)
企業管治報告(續)

- reviewed and monitored the independent auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards, and discussed with the independent auditor before the audit commenced, the nature and scope of the audit and the reporting obligations;
- reviewed the financial statements, interim report and annual report as well as significant financial reporting judgments contained in them;
- reviewed the financial controls, internal control and risk management systems;
- discussed the risk management and internal control systems with management to ensure that the management had performed its duty to have effective systems. Such discussion included the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function;
- ensured co-ordination between the internal and external auditors, and ensured that the internal audit function was adequately resourced and had appropriate standing within the Company, and reviewed and monitored its effectiveness;
- reviewed the financial and accounting policies and practices; and
- reviewed the independent auditor's management letter, any material queries raised by the independent auditors to management regarding the accounting records, financial accounts or systems of control and management's response.
- 按適用的標準檢討及監察獨立核數師的獨立性及客觀性，以及核數程序的有效性；並與獨立核數師在審核工作開始前預先討論審核工作的性質和範圍及有關申報責任；
- 審閱財務報表、中期報告及年度報告，並檢閱其所載有關財務申報的重大判斷；
- 檢閱財務監控、內部監控及風險管理制度；
- 與管理層討論風險管理及內部監控系統，並確保管理層已履行職責建立有效的系統。有關討論包括本公司的財務匯報職能方面資源、員工之資歷及經驗、培訓課程及有關預算是否充足；
- 確保內部和外聘核數師的工作得到協調；及確保內部審核功能在本公司內部有足夠資源運作，並且有適當的地位；以及檢討及監察內部審核功能的有效性；
- 檢閱財務及會計政策及實務；及
- 檢閱獨立核數師致管理層的審核情況說明函件、獨立核數師就會計記錄、財務賬目或監控系統向管理層提出的任何重大疑問及管理層的回應。

AUDITOR'S REMUNERATION

The fees paid/payable to BDO Limited, the Group's independent auditor, in respect of audit and non-audit services for the Year amounted to approximately HK\$3,065,000 and HK\$870,000 respectively. The non-audit services mainly consisted of review, consultancy and taxation services.

RESPONSIBILITIES OF DIRECTORS AND AUDITOR FOR FINANCIAL STATEMENTS

The Directors acknowledge the responsibilities for preparing the financial statements of the Company. They were not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Group's ability to continue as a going concern. The independent auditor's statement about its reporting responsibilities is set out on pages 69 to 74 of this annual report.

There is no disagreement between the Board and the Audit Committee on the re-appointment of the independent auditor, and they both have agreed to recommend the re-appointment of BDO Limited as the Company's independent auditor for the ensuing year at the 2018 AGM for the approval of the Shareholders.

核數師酬金

就審計及非審計服務已付／應付本集團之獨立核數師予香港立信德豪會計師事務所有限公司之費用分別約為3,065,000港元及870,000港元。非核數服務主要包括審閱、諮詢及稅務服務。

董事及核數師對財務報表的責任

董事知悉其有編製本公司財務報表的責任。董事並不知悉任何有關可能對本集團按持續基準繼續經營之能力構成重大疑問之事件或情況之任何重大不明朗因素。獨立核數師發表有關其申報責任的聲明載列於本年報第69至74頁。

董事會與審核委員會對重新委任獨立核數師事宜並沒有意見分歧，他們均同意於本公司的2018年股東週年大會建議股東批准重新委任香港立信德豪會計師事務所有限公司為本公司之獨立核數師。

CORPORATE GOVERNANCE REPORT (continued)

企業管治報告 (續)

NOMINATION COMMITTEE

The Company has established a Nomination Committee with written terms of reference and its principal duties are 1) to review the structure, size and composition of the Board at least annually; 2) to identify and recommend suitably qualified candidates as new Director(s) or to fill Board vacancies as they arise and to assess candidates proposed by the CEO as new Senior Vice President(s) or to fill Senior Vice President vacancies as they arise for the approval of the Board; 3) to assess the independence of the INEDs; and 4) to make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the Chairman and the CEO.

As at the date of this annual report, the Nomination Committee comprises an ED, Mr. ZHAO Yao, and two INEDs, namely Mr. YING Wei and Mr. William LAM and is chaired by Mr. ZHAO Yao.

The Nomination Committee held two meetings during the Year and details of the attendance are shown in the table on page 33 of this annual report. A summary of the work of the Nomination Committee during the Year is set out as follows:

- made recommendations to the Board and determined the policy on the selection of individuals nominated for a senior management position of the Group, and re-appointment of Directors and assessed the independence of the INEDs;
- reviewed the policy of diversity of the Board; and
- reviewed the size, structure and diversity of the Board, and assessed the balance of skills and experience of the Board as expedient with a diversity of perspectives appropriate to the requirements of the business of the Group.

The Company follows a formal, fair and transparent procedure for the appointment of new Directors to the Board. The Nomination Committee will first consider necessary changes in respect of the structure, size and diversity of the Board, identify suitably qualified candidates by considering their professional knowledge and industry experience, personal ethics, integrity and personal skills and time commitments, and make recommendations to the Board for decision. The nomination criteria also include the nominee's skills and experience appropriate for the requirements of the Group's business and, for INEDs, the nominee's independence.

提名委員會

本公司已成立提名委員會，並設有書面職權範圍書，其主要職責包括1)至少每年檢討董事會的架構、人數及組成、2)物色及提名合資格人士成為董事會新成員或填補董事會空缺的人選，以及評審行政總裁建議成為新高級副總裁成員或填補高級副總裁空缺的人選，供董事會批准、3)評核獨立非執行董事的獨立性及4)就董事之委任、重新委任及董事，尤其是主席及行政總裁之繼任計劃，向董事會提供建議。

截至本年報日期，提名委員會由1名執行董事及2名獨立非執行董事組成，分別為趙耀先生、應偉先生及林偉成先生，提名委員會主席為趙耀先生。

本年度內提名委員會舉行了2次會議，出席詳情列於本年報第33頁之表內。提名委員會於本年度內的工作概要包括以下事項：

- 就提名人士出任本集團一高級管理層職位及重新委任董事向董事會提供建議和決定政策，以及評核獨立非執行董事之獨立性；
- 檢討董事會成員多元化政策；及
- 檢討董事會的人數、組成、架構及多元性，並評估董事會技能的均衡和經驗；及觀點多元化以適合及有利於本集團的業務要求。

本公司依照正規、公平、透明之程序委任新董事加入董事會。提名委員會將首先考慮董事會架構、規模及多元性之必要變動，然後考慮專業知識及行業經驗、個人操守、誠信及個人技能及所付出時間物色適當之合資格人選，並向董事會提供建議。提名標準亦包括提名人之技能及經驗是否符合本集團業務之要求及就獨立非執行董事而言，提名人之獨立性。

CORPORATE GOVERNANCE REPORT (continued)
企業管治報告(續)

THE POLICY OF DIVERSITY OF THE BOARD

The Company has adopted a policy of diversity of the Board (the “Policy”). The criteria adopted by the Nomination Committee in considering whether the relevant personnel are suitable as Directors include their qualifications, experience, expertise, skills, knowledge, ethnicity, age, cultural background and so on in view of the provisions of the Listing Rules and the particulars of the Policy as adopted by the Board are summarised as follows:

Purposes:

1. to increase diversity at the level of the Board;
2. to enhance the effectiveness of the Board and the quality of its performance; and
3. to support the attainment of strategic objectives/plan and sustainable and balanced development of the Group.

Measurable Objectives

The optimum composition of the Board will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, professional qualifications, regional and industry experience, skills, knowledge and other experience of the Directors. The ultimate decision will be based on merit and contribution that the selected candidate(s) will bring to the Board.

REMUNERATION COMMITTEE

The Company has established a Remuneration Committee with written terms of reference and its principal duties are 1) to make recommendations to the Board on the remuneration policy of all Directors; 2) to review and approve the Group’s remuneration policy proposed by the CEO and make recommendations to the Board; and 3) to review and approve the management’s remuneration and incentive assessment indicators proposals by reference to the Board’s corporate goals and objectives for the Board’s approval. The Group’s remuneration policy is to provide a competitive level of remuneration in accordance with current market conditions to attract and motivate the Directors and staff for their contribution.

董事會多樣化政策

本公司已採納董事會多樣化政策(「本政策」)。提名委員會在考慮有關人士是否適合成為董事時，基於上市規則及董事會已採納之本政策，採納的準則包括其資歷、經驗、專長、技能及知識、種族、年齡及文化背景等。本政策之細節總結如下：

目的：

1. 增加董事會之多元性；
2. 提升董事會之效率及表現質素；及
3. 支持達到本集團之策略目標／計劃及持續及平衡發展。

可計量目標

最佳的董事會組成將按一系列多元化範疇為基準，包括但不限於董事的性別、年齡、文化及教育背景、專業資格、地區及行業經驗、技能、知識及其他資歷。最終人選將按其長處及可為董事會提供的貢獻作決定。

薪酬委員會

本公司已成立薪酬委員會，並設有書面職權範圍書，其主要職務為1)就制訂所有董事之薪酬政策向董事會提出建議、2)審批行政總裁建議之本集團的薪酬政策及向董事會提出建議及3)因應董事會所訂企業方針及目標而檢討及批准管理層的薪酬及績效考核指標建議，並向董事會提出建議供董事會批准。本集團的薪酬政策旨在根據目前市況提供具競爭力的薪酬，以吸引及激勵董事及員工作出貢獻。

CORPORATE GOVERNANCE REPORT (continued)

企業管治報告 (續)

As at the date of this annual report, the Remuneration Committee comprises an ED, Mr. LAN Jiang, and two INEDs, namely Mr. NG Kwok Tung and Mr. YING Wei, and is chaired by Mr. YING Wei.

The Remuneration Committee held two meetings during the Year and details of attendance are shown in the table on page 33 of this annual report. A summary of the work of the Remuneration Committee during the Year is set out as follows:

- made recommendations to the Board on the remuneration packages of individual Directors and senior management, including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment and assessed their performance;
- reviewed and approved the management's remuneration and incentive assessment indicators proposals by reference to the Board's corporate goals and objectives;
- considered and recommended the inclusion of the 2011 share option scheme of the Company in the award mechanism for the Group's management and employees; and
- ensured that no Director or any of the respective associates (as defined in the Listing Rules) is involved in deciding his own remuneration.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board has overall responsibility for the risk management and internal control systems of the Group. The risk management measures and internal control systems employed by the Group are designed to manage rather than eliminate the risk of failure to achieve the business objectives of the Group, and can only provide reasonable and not absolute assurance against material and/or financial misstatement or loss. The Board has delegated the Audit Committee ("AC") the following duties:

1. to review the Company's financial controls, risk management and internal control systems;
2. to discuss the risk management and internal control systems with management to ensure that the management has performed its duty to have effective systems. This discussion should include the adequacy of resources, staff qualifications and experience, training programs and budget of the Company's accounting and financial reporting function;

截至本年報日期，薪酬委員會由1名執行董事及2名獨立非執行董事組成，分別為藍江先生、伍國棟先生及應偉先生，委員會主席為應偉先生。

本年度內薪酬委員會舉行了2次會議，出席詳情列於本年報第33頁之表內。薪酬委員會於本年度內的工作概要包括以下事項：

- 就個別董事及高級管理層之酬金待遇向董事會提供建議，包括金錢利益、退休金權利及賠償金額（包括喪失或終止職務或委任的賠償），及評審彼等之表現；
- 因應董事會所訂企業方針及目標而審批管理層薪酬及績效考核指標建議；
- 審議及建議把本公司2011年購股權計劃列入授予集團管理人員及雇員獎勵機制；及
- 確保任何董事或各自的任何聯繫人（定義見上市規則）不可參與決定本身之薪酬。

風險管理及內部監控

董事會全權負責維持本集團的風險管理及內部監控系統。本集團使用風險管理及內部監控系統之目的是為減少本集團營運固有的風險以達至可接受程度，但非消除所有風險，及只能就重大及／或財務的數據失實或損失作出合理而非絕對的保證。董事會已交予審核委員會以下職責：

1. 檢討本公司財務監控、風險管理及內部監控系統；
2. 與管理層討論風險管理及內部監控系統，確保管理層已履行職責建立有效的系統。討論內容應包括會計及財務彙報職能方面的資源、相關員工之資歷及經驗是否足夠，以及該等員工所接受的培訓課程及有關本公司預算是否充足；

CORPORATE GOVERNANCE REPORT (continued)
企業管治報告(續)

3. where an internal audit function exists, to ensure co-ordination between the internal and external auditors, and to ensure that the internal audit function is adequately resourced and has appropriate standing within the Company, and to review and monitor its effectiveness; and
4. to consider major investigation findings on risk management and internal control matters as delegated by the Board or on its own initiative and the management's response to these findings.

The Company has established the Internal Audit Department ("IAD") and the Corporate Operation Management Department ("COMD") to manage the internal control and risk management issues of the Group respectively. The COMD reports to both the AC and the CEO, while the IAD reports only to the AC.

The AC and the CEO report to the Board periodically regarding material controls, including financial, operational and compliance controls and other risk issues of the Group identified by the AC and the CEO from time to time. The Board reviews risk management and internal control matters approximately once every six months. The Board and the AC are satisfied with the effectiveness of the Company's procedure for financial reporting.

INTERNAL CONTROL

The IAD is responsible for the internal control matters of the Group and currently comprises four staff members. It is governed by an internal audit charter and has established an internal audit approach for its internal audit function. The IAD has prepared 19 internal audit reports during the year ended 31 December 2017. The Board has confirmed that IAD had been provided with adequate resources and budget and comprised qualified staff with sufficient experience and training programs to perform its internal audit function.

The missions of the IAD are:

- to evaluate and improve the Group's risk management, control and operation processes; and
- to assist the organization in achieving the best practice, thus becoming the best managed company.

3. 如公司設有內部審計職能，須確保內部和外聘核數師的工作得到協調；也須確保內部審核功能在本公司內部有足夠資源運作，並且有適當的地位；以及檢討及監察其成效；及
4. 主動或應董事會的委派，就有關風險管理及內部監控事宜的重要調查結果及管理層對調查結果的回應進行研究；

本公司已成立內部審計部及企業營運管理部並分別負責管理本集團內部監控及風險管理事宜。企業營運管理部向審核委員會及行政總裁彙報，而內部審計部只向審核委員會彙報。

審核委員會及行政總裁定期向董事會彙報實質監控，包括財務、營運及合規監控及其他不時由審核委員會及行政總裁指出有關本集團的風險事宜。董事會約於每6個月會審閱風險管理及內部監控事宜。董事會及審核委員會信納本公司財務申報程序的有效性。

內部監控

內部審計部現時由4名員工組成並負責本集團的內部監控事宜。受內部審計憲章監管及已就其內部審計職能制定了內部審計模式。於截至2017年12月31日止年度內部審計部已完成19個內部審計報告。董事會確定已向內部審計部提供充足的資源及預算及具足夠經驗的合資格員工及培訓課程以執行其內部審計職能。

內部審計部的任務：

- 評估及改善本集團的風險管理、監控及營運流程；及
- 協助組織達到最佳常規並變成最佳管理的公司。

CORPORATE GOVERNANCE REPORT (continued)

企業管治報告 (續)

The IAD is authorized to have unrestricted access to records, personnel, and physical properties relevant to the performance of audits. Their relevance depends on the nature and extent of the audits as well as the audit environment, and is subject to the internal audit guideline on the handling of sensitive information as endorsed by the AC. The IAD is authorized to directly and regularly communicate with the senior management and all executives in individual organization being audited to discuss its major findings. All personnel within the Group are required to assert full cooperation any time and in any place with the IAD necessary to allow it to discharge its responsibilities.

RISK MANAGEMENT

The Group has established a comprehensive risk management framework ("Framework") since year 2016. The Framework is to execute the basic risk management measures in various business sectors such as production, operation and management, with the aim to (i) develop a group-wide, open and proactive risk management culture, and (ii) safeguard the strategic development and current business operations of the Group.

The Framework consists of the following concepts:

內部審計部獲授權可無限制地接觸與進行審計相關的記錄、人員及實物財產。其相關性視乎審計的屬性及程度以及審計環境而定，且須受審核委員會允許有關處理敏感資料的內部審計指引的規限。內部審計部獲授權直接及定期與接受審計的個別組織的高級管理人員及所有行政人員溝通，以討論其主要結果。本集團內所有人員須於任何時間及任何地點積極全面地與內部審計部進行必要的合作，以履行其責任。

風險管理

本集團於2016年開始推行全面風險管理框架（「框架」）。該框架是指通過在生產、經營與管理的各個環節執行風險管理基本流程，以(i)培育集團性、開放及主動的風險管理文化及(ii)為本集團實現發展戰略與經營業績的總體目標提供保障為目標。

框架包括以下的概念：

The Comprehensive Risk Management Framework

全面風險管理框架



CORPORATE GOVERNANCE REPORT (continued)
企業管治報告 (續)

The Company has also established the guideline for the Framework (“Guideline”). According to the Guideline, the risk management function of the Group is made up of the Board, AC, CEO, senior management, COMD, IAD and various subsidiaries of the Company.

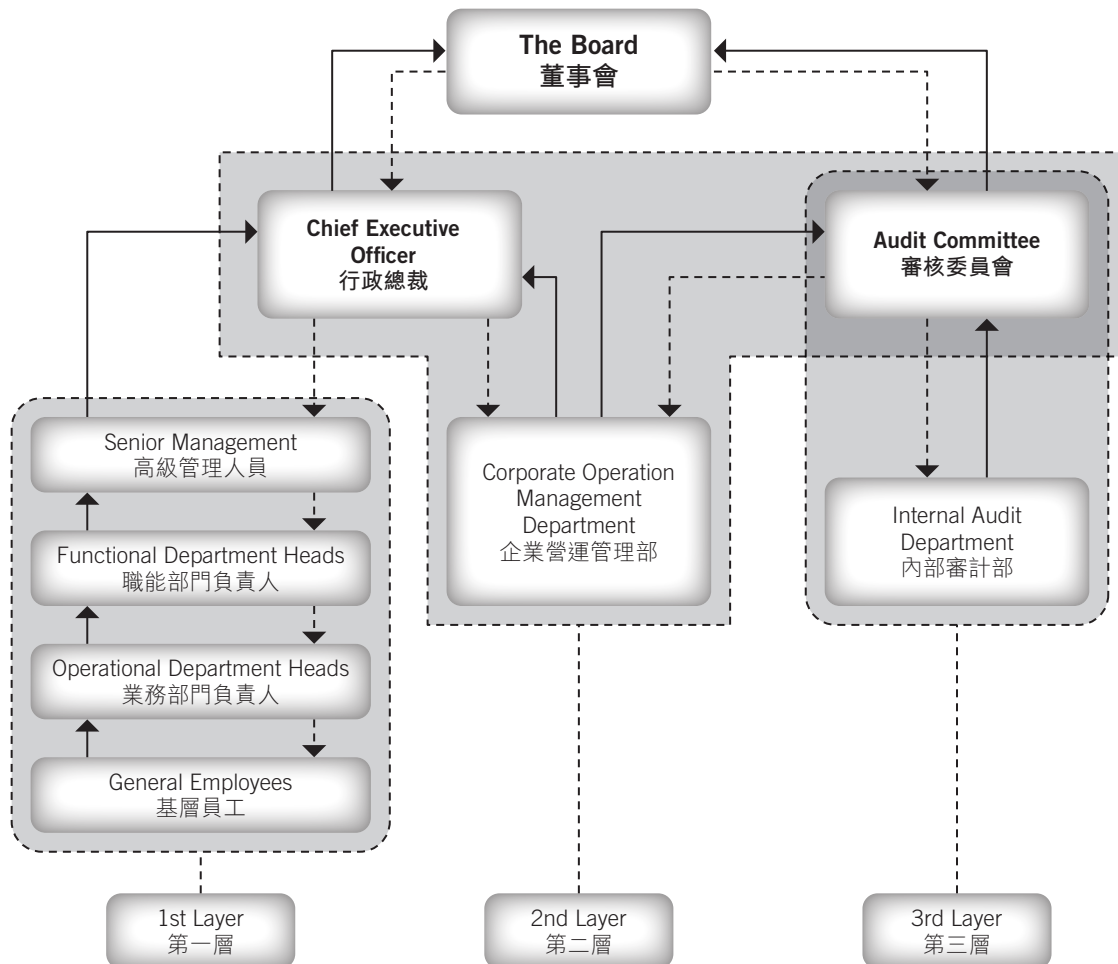
本公司亦制定了框架的守則(「守則」)。根據守則，本集團的風險管理職能由董事會、審核委員會、行政總裁、高級管理人員、企業營運管理部、內部審計部及本公司各個附屬公司所組成。

The Framework is a tri-layer system. The first layer is mainly made up of senior management and heads of various functional and operational departments of the Group, who are the key players for minimizing potential risks in advance. The second layer consists of the AC, CEO and COMD, which is mainly responsible for the organization, co-ordination and planning of the corporate risk management works and monitors the progress of the risk management works. Thus, the second layer is vital during a risk management crisis. The third layer is formed by the AC and the IAD to review and audit the existing operation flow such as information system, business flow and financial disclosure. The third layer is often the key to mitigate risk factors in the aftermath of a risk management crisis.

框架是一個三層系統。第一層主要包括高級管理人員及本集團不同職能部門和業務部門的主管，他們為事前控制風險的關鍵人物。第二層由審核委員會、行政總裁及企業營運管理部構成，主要負責企業風險管理工作的統籌、組織、協調與規劃，並對該項工作的開展與落實情況進行監控，是風險控制危機的關鍵。第三層包含審核委員會和內部審計部，主要負責對現時營運流程如資訊系統、業務流程及財務披露等方面進行審計及審閱，第三層常作為於風險控制危機事後處理上減低風險因素的關鍵。

The following diagram displays the relationship and interaction among the three layers of the Framework:

下圖顯示了框架三層系統之間的關係及互動：



Notes 附註： ———> The up flow of risk related information
 表示風險有關資訊上報

-----> Request to execute the risk management measures
 表示風險管理要求下達

CORPORATE GOVERNANCE REPORT (continued)

企業管治報告 (續)

In 2018, COMD will continue to focus on the following risk management issues:

1. to continue to refine the details of the Framework;
2. to consolidate the volume-based analysis and the nature-based analysis; and
3. to continue to identify and categorize the potential risks faced by the Group.

During 2017, the IAD and the COMD had reviewed the risk management and internal control systems of the Group and reported their findings to the AC. There was no significant defect found in respect of the risk management or internal control system under review. The Board and the AC are satisfied with the effectiveness and adequacy of the risk management and internal control systems of the Group.

INSIDE INFORMATION POLICY

The Group has established a policy for ensuring that inside information ("Inside Information") is disclosed to the public in an equal and timely manner in accordance with the Listing Rules and the Securities and Futures Ordinance.

The senior management of the Group is to provide timely and accurate information, to allow the Board to make an informed decision to determine whether the information is Inside Information and/or whether the Company has to disclose such information to the public. Senior management of the Group must report to the Board and/or CEO any information they have which they believe to be Inside Information and will trigger the Company to discharge its disclosure duty. The Company Secretary will follow up accordingly.

The Company Secretary is responsible for disclosing Inside Information to the public and/or is authorised to collect any information from any department and/or employee of the Group in order to help determining whether the alleged information is Inside Information and/or whether disclosure is required.

於2018年，企業營運管理部將繼續專注下列的風險管理事宜：

1. 持續改善框架的細節；
2. 定量分析與定性分析的方法匯總；及
3. 持續識別與分類本集團可能面對之風險。

於2017年內，內部審計部及企業營運管理部已審閱本集團的風險管理及內部監控系統並向審核委員會彙報。有關檢討概無發現重大風險或內部監控系統問題。董事會及審核委員會均滿意本集團的風險管理及內部監控系統的成效及充足性。

內幕消息政策

本公司已制定政策，以確保內幕消息（「內幕消息」）根據上市規則及證券及期貨條例公平及適時地向公眾發佈。

本集團的高級管理人員有責任提供可靠及適時的資料，讓董事會就厘定有關消息是否為內幕消息及／或本公司是否應即時向公眾公佈，作出知情的決定。所有本集團的高級管理人員須就其所知可能引致本公司須履行披露責任的內幕消息時，應向董事會及／或行政總裁報告，再由公司秘書跟進。

公司秘書負責向公眾披露內幕消息及／或有權向本集團任何部門及／或僱員收集任何資料，以進一步評估該資料是否屬於內幕消息及／或是否需要披露。

CORPORATE GOVERNANCE REPORT (continued)
企業管治報告(續)

CORPORATE GOVERNANCE

Corporate Governance Duties

The Board is responsible for performing the corporate governance duties of the Group, including (a) developing and reviewing the policies and practices on (i) corporate governance and (ii) compliance with legal and regulatory requirements of the Company; (b) reviewing and monitoring the training and continuous professional development of the Directors and management; (c) developing, reviewing and monitoring the code of conduct and compliance manual (if any) applicable to employees and Directors; and (d) reviewing the Company's compliance with the CG Code and disclosure in the Corporate Governance Report. The Board has, amongst other matters, reviewed this Corporate Governance Report, ensuring compliance with the Listing Rules.

COMPANY SECRETARY

Ms. CHENG Wai Han, Charmaine ("Ms. CHENG") joined the Group in October 2003 and is currently a Joint Company Secretary and the Deputy General Manager (Corporate Governance Department) of the Company. She has over 17 years of extensive working experience specializing in investor relations, credit management, company secretarial matters, corporate affairs and insurance operation. Ms. CHENG obtained a Bachelor's degree of Commerce from Mount Allison University, Canada and an Executive Master's degree in Business Administration (EMBA) from the Chinese University of Hong Kong. However, she does not possess the specified qualifications for a company secretary as required by Rule 3.28 of the Listing Rules. Ms. CHENG has received no less than 15 hours of relevant professional training in compliance with Rule 3.29 of the Listing Rules during the Year.

Given the important role of the Company Secretary in the corporate governance function of the Company, particularly in assisting the Company and the Directors in complying with the Listing Rules and other relevant laws and regulations, the Company has also appointed Mr. KWOK Siu Man ("Mr. KWOK") who meets the requirement under Rule 3.28 of the Listing Rules as the other Joint Company Secretary with effect from 18 November 2015 to work closely with and provide assistance to Ms. CHENG in discharge of the latter's duties and responsibilities as a Joint Company Secretary. Mr. KWOK was nominated by Boardroom Corporate Services (HK) Limited ("Boardroom") to act as a Joint Company Secretary and Boardroom has been providing certain corporate secretarial services to the Company pursuant to an engagement letter entered into between the Company and Boardroom. The primary person at the Company with whom Mr. KWOK has been contacting in respect of company secretarial matters is Ms. CHENG.

企業管治

企業管治職責

董事會須負責履行本集團之企業管治職責，包括(a)制定及檢討有關(i)企業管治及(ii)本公司在遵守法例及監管規定方面之政策及慣例；(b)檢討及監察董事及管理人員之培訓及持續專業發展；(c)制定、檢討及監察僱員及董事的操守準則及合規手冊(如有)；及(d)檢討本公司遵守企管守則的情況及在企業管治報告內的披露。董事會已(其中包括)審閱此企業管治報告，確保符合上市規則。

公司秘書

鄭惠嫻女士(「鄭女士」)於2003年10月加入集團，目前為本公司之聯席公司秘書及副總經理(企業管治部)。彼擁有超過17年廣泛工作經驗，專長於投資者關係、信貸管理、公司秘書事務、企業事務及保險營運。鄭女士於加拿大蒙特愛立森大學獲商科學士學位，並於香港中文大學獲得高級管理人員工商管理碩士學位。雖然鄭女士現時未獲得上市規則第3.28條所要求的公司秘書專業資格，但鄭女士年內已遵守上市規則第3.29條所要求接受不少於15小時的相關專業訓練。

有鑑於公司秘書在本公司的企業管治功能中發揮著重要的角色，特別是協助公司及董事遵守上市規則及其他相關法律和條例，本公司於2015年11月18日同時委任了已符合上市規則第3.28條的郭兆文先生(「郭先生」)為聯席公司秘書，與鄭女士共同工作，藉以協助鄭女士達成聯席公司秘書的職務及責任。郭先生是由寶德隆企業服務(香港)有限公司(「寶德隆」)提名為聯席公司秘書。寶德隆會根據聘書的內容對本公司提供指定的企業秘書服務，郭先生主要聯繫鄭女士來處理本公司的秘書事務。

CORPORATE GOVERNANCE REPORT (continued)

企業管治報告 (續)

As Mr. KWOK was first appointed as the company secretary of a Hong Kong Hang Seng Index constituent stock company in 1991 and has been acting in such capacity for a number of other reputable companies listed on the Stock Exchange at substantial times since then, he was not required to have at least 15 hours of relevant continuous professional development training under the Listing Rules for each of the five consecutive years from 2012. Mr. KWOK has received no less than 15 hours of relevant professional training in compliance with Rule 3.29 of the Listing Rules during the Year.

SHAREHOLDERS' RIGHTS

The Board and the management of the Company endeavour to maintain a continuing communication with the Shareholders and investors through various channels, including the Company's general meetings. Set out below is a summary of how the Shareholders can convene a general meeting and put forward proposals at such meetings.

Convening a general meeting

Pursuant to sections 566-568 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) (the "Companies Ordinance"), Shareholder(s) holding at least 5% of the total voting rights of all the Shareholders having a right to vote at general meetings may, by written request authenticated by the Shareholder(s) making it (the "Written Request") and sent to the Company, require the Directors to call a meeting.

The Written Request (i) must state the general nature of the business to be dealt with; and (ii) may include the text of a resolution that may properly be moved and is intended to be moved at the meeting.

The Directors must call a meeting within 21 days after the date on which they become subject to the requirement of the relevant Shareholder(s) and such meeting must be held within 28 days after the date of the notice convening the meeting.

If the Written Request received by the Company identifies a resolution that may properly be moved and is intended to be moved at the meeting, the notice of the meeting must include notice of the resolution. The business that may be dealt with at the meeting includes a resolution that has been included in such notice of meeting. If the resolution is to be proposed as a special resolution, the Directors must include, in the notice of the meeting, the text of the resolution and specifies the intention to propose the resolution as a special resolution.

郭先生於1991年首次擔任一間香港恆生指數成份股公司的公司秘書，其後亦多次出任數間於聯交所上市的公司的公司秘書。於上市規則下，郭先生由2012年開始起連續每5年無需接受不少於15小時的持續專業訓練。雖然郭先生獲得此豁免，郭先生年內已遵守上市規則第3.29條所要求接受不少於15小時的相關專業訓練。

股東之權利

本公司董事會及管理人員致力通過不同渠道與股東及投資者保持持續溝通，包括本公司之股東大會。以下概述股東可如何召開股東大會及於會上提呈建議。

召開股東大會

根據公司條例（香港法例第622章）（「公司條例」）第566-568條，1名或多名股東（佔全體有權在股東大會上表決的股東的總表決權最少5%），可通過遞交經提呈股東認證的書面請求（「書面請求」）至本公司，要求董事召集會議。

該書面要求(i)須述明有待處理的事務的一般性質，及(ii)可包含可恰當地動議並擬在該股東大會上動議的決議文本。

董事必須於他們受到召開股東大會之相關股東的規定所規限日期後的21日內召開股東大會，該大會須在召開該股東大會的通知發出日期後的28日內舉行。

如果本公司收到書面要求，指出一項可恰當地動議並擬在該股東大會上動議的決議，則大會通知必須包括該決議的通知。已包含在大會通知內的決議，則可列為該大會上處理的事務。如果決議案提呈為特別決議案，董事必須於股東大會的通知內包含該決議的文本，並指明擬採用特別決議的形式提出該決議的意向。

CORPORATE GOVERNANCE REPORT (continued)
企業管治報告(續)

If the Directors do not call a meeting as required by the Written Request, the Shareholders who requested the meeting, or any of them representing more than one-half of the total voting rights of all of them, may themselves call a general meeting.

The meeting to be called by the Shareholders must be called (i) within 3 months after the date on which the Directors become subject to the requirement to call a meeting and (ii) in the same manner, as nearly as possible, as that in which that meeting is required to be called by the Directors.

Any reasonable expenses incurred by the Shareholders requesting the meeting by reason of the failure of the Directors duly to call a meeting must be reimbursed by the Company.

Procedures to put forward proposals at general meetings

Pursuant to sections 580 and 582 of the Companies Ordinance, a Shareholder may request the Company to circulate a statement of not more than 1,000 words with respect to a matter mentioned in any proposed resolution or other business to be dealt with at any general meeting.

To put forward proposals at the meeting, a Written Request must be made by (i) Shareholder(s) holding at least 2.5% of the total voting rights of all the Shareholders who have a relevant right to vote on a proposed resolution at the meeting; or (ii) at least 50 members who have a relevant right to vote on a proposed resolution at the meeting.

The Written Request must identify the statement to be circulated, and must be received by the Company at least 7 days before the relevant meeting. The expenses of circulating such statement must be paid by the Shareholder(s) who requested the circulation of the statement unless (i) the Company resolves otherwise or (ii) the meeting to which the requests related is an AGM; and requests sufficient to require the Company to circulate the statement are received in time to enable the Company to send a copy of the statement at the same time as it gives notice of the meeting.

如果董事沒有按上述書面要求的規定召開會議，則要求召開該股東大會的股東，或佔全體該等股東的總表決權過半數的股東，可自行召開股東大會。

股東召開的會議，必須(i)在董事受到召開股東大會的規定所規限的日期後的3個月內，及(ii)盡可能按董事須召開該股東大會的同樣方式召開。

如因董事沒有妥為召開股東大會，導致要求召開會議的股東產生之任何合理開支，將會由公司承擔。

於股東大會上提呈議案程序

根據公司條例第580條及582條，股東可要求公司傳閱關於有待在該股東大會上處理的決議或其他事務，而字數不多於1,000字的陳述書。

如欲在會議上提呈建議，以下人士必須提出書面要求：(i)佔全體有相關表決權利於會上就所提呈決議案表決的股東的總表決權最少2.5%的股東；或(ii)最少50名有相關表決權利於會上就所提呈決議案表決的成員。

該書面要求須指出將予傳閱的陳述書並經所有提出該要求的人認證；及須於該要求所關乎的股東大會前最少7日送抵該公司。要求傳閱有關陳述書的股東須支付傳閱有關陳述書的費用，除非(i)公司通過決議；或(ii)有關要求所關乎的股東大會，是本公司的股東週年大會；及本公司及時收到足以令本公司須傳閱該陳述書的要求，使本公司在發出該股東大會的通知的同時，能夠送交該陳述書的文本。

CORPORATE GOVERNANCE REPORT (continued) **企業管治報告 (續)**

Enquiries from Shareholders

Shareholders should direct their enquiries in respect of their shareholdings or change of address or distribution instructions to the Company's share registrar, Boardroom Share Registrars (HK) Limited. Other Shareholders' enquiries can be directed to the Investor Relations Representative of the Company whose contact details are shown under "Shareholder Information" of this annual report.

CONSTITUTIONAL DOCUMENTS

There was no change in the Company's constitutional documents during the Year.

股東查詢

股東可向本公司之股份過戶登記處寶德隆證券登記有限公司查詢彼等之持股情況、地址更改或分配指示。股東之其他查詢可向本公司投資者關係代表作出，其聯絡資料已列載於本年報「股東資料」內。

組織章程文件

本年度內本公司之組織章程文件並無任何變動。

PROFILES OF DIRECTORS 董事簡介

EXECUTIVE DIRECTORS (THE “EDs”)

Mr. ZHAO Yao

Chairman of the Board, ED and CEO

Chairman of Nomination Committee

Aged 54, was appointed as an ED on 27 November 2012, and as the Chairman of the Board and the Chairman of the Nomination Committee on 14 November 2014. He was further appointed as the CEO of the Company on 23 January 2015. Mr. ZHAO also holds directorships in certain of the subsidiaries of the Company. Mr. ZHAO has almost 30 years of experience in the textile industry. He joined China National Textiles Import and Export Corporation* (中國紡織品進出口總公司) (“General Corporation”), the predecessor of Chinatex Corporation Limited* (中國中紡集團有限公司) (“Chinatex”), a controlling shareholder of the Company, in 1987 and held positions as the Assistant President of Chinatex, the General Manager of Asset Management Department of Chinatex, Chairman and General Manager of Chinatex Xinyuan Assets Management Co., Ltd.* (中紡信遠資產管理有限公司), General Manager of Chinatex Tianyuan Property Management Co., Ltd.* (廊坊中紡天元投資有限公司), General Manager of Chinatex Real Estate Administration Co., Ltd.* (中紡物業管理有限公司), Chairman of Chinatex (H.K.) Holding Limited, Chairman of Huasheng Fujitec Elevator Co., Ltd.* (華升富士達電梯有限公司), Chairman of Shanghai Huasheng Fujitec Escalator Co., Ltd.* (上海華升富士達扶梯有限公司), Chairman of Shanghai Huade Photoelectron Science & Technology Co., Ltd.* (上海華德光電科技有限公司), Financial Manager of Wah Gar Knitwear Factory Company Limited, General Manager of Suzhou Zhongfa Property Management Co., Ltd.* (蘇州中發物業有限公司) and Vice President of Chudai Trading Co., Ltd.* (日本中大株式會社), a subsidiary of Chinatex. Mr. ZHAO graduated with a diploma in industrial accounting from Renmin University of China in 1987. In December 2013, Mr. ZHAO obtained a Senior Management Master’s Degree of Business Administration awarded by University of Texas at Arlington in the United States of America (“USA”).

執行董事

趙耀先生

董事會主席、執行董事兼行政總裁

提名委員會主席

現年54歲，於2012年11月27日獲委任為執行董事，並於2014年11月14日獲委任為董事會主席及提名委員會主席。彼再於2015年1月23日獲委任為本公司行政總裁。趙先生亦於本公司若干附屬公司擔任董事職位。趙先生擁有近30年從事紡織行業之經驗，彼於1987年加入本公司控股股東，中國中紡集團有限公司（「中紡」）的前身中國紡織品進出口總公司（「總公司」），曾任中紡總裁助理兼資產管理部總經理、中紡信遠資產管理有限公司董事長及總經理、廊坊中紡天元投資有限公司總經理、中紡物業管理有限公司總經理、中紡（香港）控股有限公司董事長、華升富士達電梯有限公司董事長、上海華升富士達扶梯有限公司董事長、上海華德光電科技有限公司董事長、香港華嘉企業集團* (Wah Gar Knitwear Factory Company Limited) 財務經理、蘇州中發物業有限公司總經理及中紡所屬子公司日本中大株式會社副社長。趙先生1987年畢業於中國人民大學一分校工業會計專業，並於2013年12月獲得美國德克薩斯大學阿靈頓分校頒發的高級管理人員工商管理碩士學位。

* For identification purpose only

* 僅供識別

PROFILES OF DIRECTORS (continued)

董事簡介 (續)

Mr. CHEN Minghong

Aged 51, served as a NED for the period from 6 June 2012 to 27 November 2012. He was appointed as an ED on 23 January 2015. Mr. CHEN has almost 25 years of experience in the textiles industry. He is currently the Deputy General Manager of Chinatex. Mr. CHEN joined General Corporation, the predecessor of Chinatex, in March 1993. He served successively as the Deputy Manager and Manager of the Cotton Department of Chinatex Cotton Import and Export Corporation* (中紡棉花進出口公司) ("Chinatex Cotton"), a subsidiary of Chinatex, Assistant to General Manager, Deputy General Manager and General Manager of Chinatex Cotton. Mr. CHEN graduated with a Bachelor of Arts degree from the Department of Foreign Languages of Tsinghua University in 1989.

Mr. LAN Jiang

Member of Remuneration Committee

Aged 47, was appointed as an ED and a member of the Remuneration Committee on 9 May 2016. Mr. LAN was appointed as the general manager of Shenzhen Faun Textiles Limited, a subsidiary of the Company, in January 2018. Mr. LAN has over 20 years of experience in the textiles industry. He joined General Corporation, the predecessor of Chinatex, in 1994 and has held positions such as the Financial Manager of Chinatex Shanghai Pudong Imp. & Exp. Co., the Financial Manager, Director and Deputy General Manager of Chinatex (H.K.) Holding Limited and a Director of Chinatex Capital Limited. He has served as a Director of the Hong Kong General Chamber of Textiles Limited since January 2017. Mr. LAN graduated with a Bachelor's Degree of Economics, majoring in International Business Administration from the University of International Business and Economics in China in 1994. Mr. LAN obtained a Master's Degree of Executive Master of Business Administration awarded by The Chinese University of Hong Kong in 2015.

陳鳴洪先生

現年51歲，於2012年6月6日至2012年11月27日期間曾任非執行董事。彼於2015年1月23日獲委任為執行董事。陳先生擁有近25年從事紡織行業之經驗。彼現任中紡的副總經理。陳先生於1993年3月加入中紡的前身一總公司，曾歷任中紡所屬子公司中紡棉花進出口公司（「棉花公司」）棉花部副經理及經理，以及棉花公司總經理助理、副總經理及總經理。陳先生在1989年畢業於清華大學外語系，取得文學學士學位。

藍江先生

薪酬委員會成員

現年47歲，於2016年5月9日獲委任為執行董事及薪酬委員會成員。藍先生自2018年1月獲委任為本公司一間附屬公司深圳福力紡織品有限公司之總經理。藍先生擁有超過20年從事紡織行業之經驗。彼於1994年加入中紡的前身一總公司，先後擔任中紡上海浦東進出口公司財務部經理、中紡（香港）控股有限公司財務部經理、董事及副總經理，以及中紡資本有限公司董事。彼於2017年1月獲委任為香港紡織商會會董。藍先生在1994年畢業於中國對外經濟貿易大學並取得經濟學學士學位，主修國際企業管理，並於2015年獲得香港中文大學頒發高級管理人員工商管理碩士學位。

* For identification purpose only

* 僅供識別

PROFILES OF DIRECTORS (continued)
董事簡介(續)

NON-EXECUTIVE DIRECTORS (THE “INEDs”)

Dr. YEN Gordon

Aged 48, has been a NED since 31 May 2013. Prior to that, he was the Chief Financial Officer of the Group and an ED. He joined the Group in 1999 and was then promoted to the role of ED in 2004 before re-designating as a NED. Dr. YEN is currently the Managing Director of Radiant Venture Capital Limited and the Managing Partner of Radiant Tech Ventures Limited. He also serves as an independent non-executive director and a member of each of the remuneration committee and audit committee of Hopewell Holdings Limited, a company listed in Hong Kong. Dr. YEN is a member of the Henan Province Committee of the Chinese People’s Political Consultative Conference of the People’s Republic of China; a director of GS1 HK Limited; and a director of the Hong Kong Chiu Chow Chamber of Commerce. He holds a Bachelor’s degree in Manufacturing Engineering from Boston University, USA; a Master of Business Administration degree from McGill University, Canada and a Doctor of Business Administration from The Hong Kong Polytechnic University.

Mr. ZHANG Chong

Member of Audit Committee

Aged 47, was appointed as a NED and a member of the Audit Committee on 6 June 2012. Mr. ZHANG is currently the General Manager of Agricultural Industrialization Department of Chinatex. Mr. ZHANG has over 22 years of experience in the textiles industry. He joined General Corporation, the predecessor of Chinatex, in 1995 and has held positions such as the General Manager and the Deputy General Manager of Strategy Department, General Manager of Investment Department, General Manager of Investment Management Department, and Deputy General Manager of Enterprise Management Department of Chinatex, as well as Officer of Policy Research Office and Assistant of Manager Office of General Corporation. Mr. ZHANG graduated with a Master’s degree in Business Management from the Faculty of Business Administration, University of International Business and Economics, China in 1995. Mr. ZHANG completed an Executive Master’s degree in Business Administration (EMBA) at China Europe International Business School (CEIBS) in 2014.

非執行董事

嚴震銘博士

現年48歲，自2013年5月31日起出任非執行董事。彼之前為本集團首席財務官兼執行董事。彼於1999年加入本集團，於轉任為非執行董事前，其於2004年晉升為執行董事。嚴博士現為慧科資本有限公司之董事總經理，及慧科科創投資有限公司之管理合夥人。彼亦為香港上市公司合和實業有限公司之獨立非執行董事及薪酬委員會和審計委員會之成員。嚴博士為中國河南省政協委員，香港貨品編碼協會董事及香港潮州商會會董。彼持有美國波士頓大學生產工程學士學位、加拿大麥基爾大學工商管理碩士學位及香港理工大學工商管理博士學位。

張涌先生

審核委員會成員

現年47歲，於2012年6月6日獲委任為非執行董事及審核委員會之成員。張先生現任中紡農業產業化部總經理。張先生擁有超過22年從事紡織行業之經驗。張先生在1995年加入中紡的前身一總公司，先後擔任中紡戰略發展部總經理及副總經理、投行業務部總經理、投資管理部的總經理及企管部副總經理；以及總公司政策研究室科員及總公司之經理辦公室助理。張先生在1995年畢業於中國對外經濟貿易大學企業管理系，取得管理學碩士學位。張先生於2014年完成中歐國際工商學院(CEIBS)高層管理人員工商管理碩士(EMBA)課程的學習。

PROFILES OF DIRECTORS (continued)

董事簡介 (續)

INDEPENDENT NON-EXECUTIVE DIRECTORS (THE “INEDs”)

Mr. NG Kwok Tung

Chairman of Audit Committee

Member of Remuneration Committee

Aged 67, joined the Board in 1993 as an INED, also chairman of the Audit Committee and a member of the Remuneration Committee. Mr. NG is a practising accountant. He is also a non-executive director of Wah Ha Realty Company Limited, a company listed in Hong Kong. He holds a Bachelor of Commerce Degree and a Licentiate in Accountancy from McGill University, Canada and a Diploma in Chinese Law from the University of East Asia, Macao. Mr. NG is a member of each of Hong Kong Institute of Certified Public Accountants, Institute of Chartered Professional Accountants of British Columbia, Order of Chartered Professional Accountants of Quebec, The Canadian Institute of Chartered Professional Accountants, The Taxation Institute of Hong Kong, The Society of Chinese Accountants and Auditors and the Society of Registered Financial Planners in Hong Kong.

Mr. YING Wei

Chairman of Remuneration Committee

Member of Nomination Committee

Aged 51, was appointed as an INED, the chairman of the Remuneration Committee and a member of the Nomination Committee on 1 January 2015. Mr. YING is a non-practising member of the Chinese Institute of Certified Public Accountants. Mr. YING holds a Master's Degree in Business Administration from the University of San Francisco and a Bachelor's Degree in Economics from the Zhejiang Gongshang University (formerly known as Hangzhou Institute of Commerce). Mr. YING is the managing director of CDH Investments. Mr. YING is currently holding directorships in the following listed companies in Hong Kong, namely an independent non-executive director of CHTC Fong's International Company Limited and Zhongsheng Group Holdings Limited, and a non-executive director of New Focus Auto Tech Holdings Limited and China Health Group Limited. Mr. YING was appointed as a director of Chongqing New Century Cruise Co., Ltd on 27 May 2016, a company listed on Shenzhen Stock Exchange.

獨立非執行董事

伍國棟先生

審核委員會主席

薪酬委員會成員

現年67歲，於1993年加入董事會為獨立非執行董事，亦為審核委員會之主席及薪酬委員會之成員。伍先生現為執業會計師。彼亦為香港上市公司華廈置業有限公司之非執行董事。彼持有加拿大麥基爾大學商學院商科學士學位及高級會計文憑及澳門東亞大學中國法律文憑。伍先生為香港會計師公會、加拿大英屬哥倫比亞特許會計師公會、加拿大魁北克省特許會計師公會、加拿大特許會計師公會、香港稅務學會、香港華人會計師公會及註冊財務策劃師協會會員。

應偉先生

薪酬委員會主席

提名委員會成員

現年51歲，自2015年1月1日獲委任為獨立非執行董事、薪酬委員會之主席及提名委員會之成員。應先生為中國註冊會計師協會非執業會員，並持有舊金山大學工商管理碩士學位及浙江工商大學（前稱杭州商學院）經濟學士學位。應先生為鼎輝投資之董事總經理。應先生於以下於香港上市之公司擔任董事職位，包括中國恒天立信國際有限公司及中升集團控股有限公司之獨立非執行董事；以及新焦點汽車技術控股有限公司及中國衛生集團有限公司之非執行董事。於2016年5月27日，應先生獲委任為重慶新世紀郵輪股份有限公司之董事，該公司為深圳證券交易所之上市公司。

PROFILES OF DIRECTORS (continued)
董事簡介(續)

Mr. William LAM

Member of Audit Committee

Member of Nomination Committee

Aged 59, was appointed as an INED, a member of the Audit Committee and a member of the Nomination Committee on 9 May 2016. Mr. LAM is a solicitor of the Hong Kong Special Administrative Region and the Supreme Court of England and Wales, and a civil celebrant of marriages in Hong Kong. He graduated from the University of Manchester, England in 1981 with a Bachelor of Science Degree in Electronics and Electrical Engineering. His major subjects included Computer Design, Power Transmission and Telecommunications. He is also a member of the Institute of Electrical and Electronics Engineers (M.I.E.E.E.) in USA. After obtaining his Bachelor's Degree, he studied laws at the Manchester Polytechnic (now known as Manchester Metropolitan University), England and the College of Law in Chester, England, respectively. Mr. LAM returned to Hong Kong in 1984 to work in family business in Tai Sun Company (a member of Hong Kong and Kowloon Textile), and Shing Fung Finance Company Limited, both founded by his late father Mr. LAM Muk Kwong in 1958 and 1972, respectively. In 1992, Mr. LAM furthered his studies in laws at the University of Hong Kong and obtained a Postgraduate Certificate in Laws (PCLL) and was admitted as a solicitor of the Supreme Court of Hong Kong in 1994 and then in the following year admitted as a solicitor of the Supreme Court of England and Wales. In 1999, Mr. LAM founded William Lam and Company, Solicitors to start his own practice in law. Mr. LAM also serves in many areas. He is an executive committee member of the Federation of Hong Kong Guangdong Community Organisations, the president of the University of Manchester Alumni Association of Hong Kong and a member of the InnoTech Committee of the Law Society of Hong Kong and was a co-opted member of the Chinese Temples Committee from 2009 to 2015. Mr. LAM has also acted as the legal advisor of various organisations, such as the General Chamber of Textiles, the Chamber of the Hong Kong Computer Industry, the Hong Kong Information Technology Joint Council, the Hong Kong WEEE Recycling Association, the Hong Kong Society of Medical Professionals, the Hong Kong Software Industry Association, the Public Surgeons United, the Government Doctors' Association, the Hong Kong Public Doctors' Association and the Hong Kong New Youth Energy Think Tank.

林偉成先生

審核委員會成員

提名委員會成員

現年59歲，於2016年5月9日獲委任為獨立非執行董事及審核委員會及提名委員會之成員。林先生是香港特別行政區和英格蘭和威爾士的註冊律師及香港婚姻監禮人。林先生於1981年畢業於英國曼徹斯特大學電子及電機工程系理學士學位，主修科目包括電腦設計、輸電交換及電子通訊。彼亦是美國電機電子工程師學會的會員(M.I.E.E.E.)。彼於英國曼徹斯特大學取得理學士學位後往曼徹斯特理工學院(現為曼徹斯特都會大學)和英國法律學院修讀法律。林先生1984年回港後便從事家族生意，在先父林木廣先生於1958年創立的大新公司(港九紗布經銷商之一)和1972年成立的成豐財務有限公司工作。林先生於1992年在香港大學深造法律，並考取專業法律證書(PCLL)。林先生於1994年正式成為香港高等法院律師，翌年取得英格蘭和威爾士高等法院律師資格，並在1999年成立林偉成律師行。林先生出任多項公職，包括現任香港廣東社團總會常務會董、英國曼徹斯特大學校友會(香港)會長、香港律師會創新科技委員會成員和2009年至2015年的華人廟宇委員會增補委員。林先生亦先後擔任香港紡織商會、香港電腦商會、香港資訊科技聯會、香港電器及電子設備回收協會、香港醫療專業人士協會、香港軟件行業協會、公共外科醫生聯盟、政府醫生協會、香港公共醫療醫生協會及香港新活力青年智庫之法律顧問。

DIRECTORS' REPORT

董事會報告

The directors of the Company (the "Directors") present the annual report and the audited consolidated financial statements of the Company and its subsidiaries (the "Group") for the year ended 31 December 2017 (the "Year").

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. The Group is principally engaged in the textile and garment businesses, including the production and sales of knitted fabric and garments. Details of the principal activities of its principal subsidiaries are set out in note 35 to the consolidated financial statements.

FINANCIAL STATEMENTS AND APPROPRIATIONS

The Group's financial performance for the Year and the financial position of the Group as at 31 December 2017 are set out in the consolidated financial statements on pages 75 to 172 of this annual report. No interim dividend was declared for the six months ended 30 June 2017. The board of Directors (the "Board") has recommended the payment of a final dividend of HK10.4 cents per share, amounting to HK\$125,323,000, to the shareholders of the Company (the "Shareholders") whose names appear on the register of members on Monday, 21 May 2018 and the retention of the remaining profit for the Year.

Subject to the approval of the Shareholders at the forthcoming annual general meeting of the Company (the "AGM") to be held on Thursday, 10 May 2018, it is expected that the final dividend will be paid on or before Thursday, 31 May 2018.

BUSINESS REVIEW

A fair review of the business and a discussion and analysis of the performance for the Year and an indication of likely future development in the business of the Group are provided in the Chairman's Statement and the Management Discussion and Analysis (the "MD&A") of this annual report. Description of the principal risks and uncertainties facing the Group can be found throughout this annual report, in particular the Risk Management and Internal Control section under the Corporate Governance Report and the Possible Risks and Uncertainties section of this Directors' Report. Particulars of important events affecting the Company that have occurred since the end of the Year can be found in this annual report and the Notes to the Consolidated Financial Statements. An analysis using financial key performance indicators is provided in the Financial and Statistical Highlights and the MD&A. Compliance with relevant laws and regulations, which have a significant impact on the Group, can be found throughout this annual report, in particular, the Corporate Governance Report.

本公司之董事（「董事」）提呈本公司及其附屬公司（「本集團」）截至2017年12月31日止年度（「本年度」）之年報及經審核綜合財務報表。

主要業務

本公司為一間投資控股公司。本集團主要從事紡織及成衣業務，包括生產及銷售針織布料及成衣。其主要附屬公司之主要業務載列於綜合財務報表附註35內。

財務報表及分配

本集團本年度之財務業績及本集團於2017年12月31日止年度之財務狀況載列於本年報第75及172頁之綜合財務報表內。截至2017年6月30日止六個月內並無派發中期股息，董事會（「董事會」）已建議派發末期股息每股10.4港仙予在2018年5月21日（星期一）名列在本公司股東名冊之股東（「股東」），合共125,323,000港元，並保留本年度餘下的盈利。

待在即將於2018年5月10日（星期四）舉行的本公司股東週年大會（「股東週年大會」）上獲股東批准後，末期股息預期於2018年5月31日（星期四）或之前派付。

業務審視

有關對本集團截至本年度業務的中肯審視及該年度表現的討論及分析，以及業務上相當有可能的未來發展的揭示，已載於本年報的主席報告及管理層討論與分析報告（「管理層討論及分析」）內。對本集團面對的主要風險及不明朗因素的描述，於本年報管理層討論與分析內之風險管理及於董事報告之潛在風險及不明朗因素已作披露。在本年度結束後，對本公司有影響的重大事件的詳情，在本年報各部分及綜合財務報表各附註作出披露。運用財務關鍵表現指標進行的分析，見於本年報的財務及統計摘要及管理層討論與分析報告書。而本集團遵守對本集團有重大影響的有關法律及規例的情況，則已在本年報各部分（尤其在企業管治報告內）作出披露。

DIRECTORS' REPORT (continued)
董事會報告 (續)

In addition, discussions on the Group's environmental policies and relationships with the key stakeholders that have a significant impact on the Group are contained in the Environmental, Social and Governance Policies and Performance section in the Chairman's Statement and MD&A of this annual report.

RISK MANAGEMENT

POSSIBLE RISKS AND UNCERTAINTIES

The Group's possible risks and uncertainties range from raw material risk, market risk, operational risk, credit risk and financial risk.

Raw Material Risk

The Group's business is dependent on the supply and cost of raw materials, in particular cotton yarns and any disruption in the supply or fluctuation in the prices of such raw materials, which could materially and adversely affect the Group's business, results of operations, financial conditions and prospects.

Market Risk

The global financial markets have experienced volatility recently, which may have a negative impact on the Group's business operation. The financial uncertainty may affect the global textile and garment industry, which in turn may affect the business of major retail brands and garment manufacturers, which are the principal customers of the Group.

Operational Risk

The Group's fabric production facilities emit wastewater and other pollutants and are subject to various environmental protection laws and regulations in China and other countries where the Group's production facilities are located. Any change to, or failure by the Group to comply with, environmental protection laws or regulations may cause the Group to incur additional costs and expenses.

In addition, if the production facilities of the Group experience any power, steam or water shortages, the Group's business and results of operations may be harmed.

此外，本集團的環境政策及其與對本集團有重大影響的主要持份者的關係的討論，披露於本年報主席報告的環境、社會及管治政策及表現部分及管理層討論與分析。

風險管理

潛在風險及不明朗因素

本集團的潛在風險及不明朗因素包括原材料風險、市場風險、營運風險、信貸風險及財務風險。

原材料風險

本集團的業務取決於原材料(尤其是棉紗)的供應及成本，供應出現任何中斷或原材料價格出現波動可能會對本集團的業務、經營業績、財務狀況及前景造成重大不利影響。

市場風險

全球金融市場近期動盪不穩，可能會對本集團的業務經營造成不利影響。金融不明朗因素可能影響全球紡織及成衣行業，而這或會影響大型零售品牌及成衣製造商(為本集團的主要客戶)的業務。

營運風險

本集團的面料生產設施排放廢水及其他污染物，並須受中國及本集團生產設施所在地的其他國家的各種環保法例及法規的規限。環保法例或法規的任何變動或本集團未能遵守環保法例或法規可能令本集團產生額外費用及開支。

此外，倘本集團的生產設施出現任何電力、蒸汽或水力不足，本集團的業務及經營業績或會受損。

DIRECTORS' REPORT (continued)

董事會報告 (續)

Credit Risk

Credit risk arises from the possibility that a customer in a transaction may default. The Group identifies and manages credit risk by defining the target market segment, formulating appropriate credit policies, and carrying out credit assessment and monitoring asset quality. The Group has established policies, procedures, and rating systems to identify, measure, monitor, control and report on credit risk. They are reviewed and enhanced on an ongoing basis to cater for market changes, statutory requirements and best practices in risk management processes.

Financial Risk

For financial risk, please refer to the Risk Management section under the MD&A and note 37(b) to the consolidated financial statements.

INVESTMENT PROPERTIES

Details of the movements in the investment properties of the Group during the Year are set out in note 13 to the consolidated financial statements. Particulars of the Group's investment properties are set out on page 68 of this annual report.

PROPERTY, PLANT AND EQUIPMENT

During the Year, the Group had additions of HK\$231,326,000 to property, plant and equipment, which were mainly used to expand and upgrade the Group's manufacturing facilities.

Details of the above and other movements in the property, plant and equipment of the Group during the Year are set out in note 14 to the consolidated financial statements.

SHARE CAPITAL

Details of the movements in the share capital of the Company during the Year are set out in note 30 to the consolidated financial statements.

DISTRIBUTABLE RESERVES OF THE COMPANY

The Company's reserves available for distribution to the Shareholders as at 31 December 2017, calculated under sections 291, 297 and 299 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), amounted to HK\$1,351,580,000 (31 December 2016: HK\$1,338,071,000).

信貸風險

信貸風險源於客戶未能履行其交易承擔。本集團透過設定目標市場分部、制定適當的信貸政策和執行信貸評核程序，以及監控資產素質，來識別和管理信貸風險。本集團已制訂多項政策、程序及評級系統，以識別、衡量、監察、控制及匯報本集團所承受的信貸風險。本集團持續檢討和改善該等指引，以配合市場轉變、有關法定要求及風險管理程序的最佳做法。

財務風險

就財務風險而言，請參閱管理層討論與分析內之風險管理及綜合財務報表附註37(b)內。

投資物業

本年度本集團之投資物業變動詳情載列於綜合財務報表附註13內。本集團之投資物業詳情載列於本年報第68頁。

物業、機器及設備

本年度本集團添置物業、機器及設備231,326,000港元，主要用於擴大及增強本集團之生產設備。

本年度本集團之物業、機器及設備就上述及其他變動詳情載列於綜合財務報表附註14內。

股本

本年度之本公司股本變動詳情載列於綜合財務報表附註30內。

本公司之可供分派儲備

於2017年12月31日，本公司可供分派予股東之儲備（根據香港法例第622章公司條例第291、297及299條的規定計算）為1,351,580,000港元（2016年12月31日：1,338,071,000港元）。

DIRECTORS' REPORT (continued)
董事會報告(續)

DIRECTORS

The Directors during the Year and up to the date of this Directors' Report were as follows:

Executive Directors (the "EDs")

Mr. ZHAO Yao (*Chairman and Chief Executive Officer*)
Mr. CHEN Minghong
Mr. LAN Jiang

Non-executive Directors (the "NEDs")

Dr. YEN Gordon
Mr. ZHANG Chong

Independent Non-executive Directors (the "INEDs")

Mr. NG Kwok Tung
Mr. YING Wei
Mr. William LAM

According to the articles of association of the Company (the "Articles"), Mr. NG Kwok Tung, Mr. YING Wei and Mr. William LAM will retire and being eligible, will offer themselves for re-election at the forthcoming AGM.

As at 31 December 2017, no Director proposed for re-election at the forthcoming AGM had a service contract with the Company or any of its subsidiaries, which is not determinable by the Group within one year without payment of compensation, other than statutory compensation.

The biographical details of the Directors are set out on pages 49 to 53 of this annual report.

董事

本年度內及截至本董事會報告日期，董事名單如下：

執行董事

趙耀先生 (*主席兼行政總裁*)
陳鳴洪先生
藍江先生

非執行董事

嚴震銘博士
張涌先生

獨立非執行董事

伍國棟先生
應偉先生
林偉成先生

根據本公司章程細則(「章程細則」)，伍國棟先生、應偉先生及林偉成先生將於即將舉行的股東週年大會上輪值告退及均符合資格膺選連任，彼等均願意於股東週年大會上膺選連任。

於2017年12月31日，並無擬在即將舉行之股東週年大會上重選連任之董事，與本公司或其任何附屬公司訂立本集團在1年內不可在不予賠償(法定賠償除外)的情況下終止的服務合約。

有關董事履歷之詳情載列於本年報第49頁至第53頁。

DIRECTORS' REPORT (continued)

董事會報告 (續)

DIRECTORS' INTERESTS IN SECURITIES

As at 31 December 2017, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")), which were required: (a) to be notified to the Company and The Stock Exchange of Hong Kong Limited (the "Stock Exchange") pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), (b) to be entered in the register referred to therein (the "Register") pursuant to section 352 of the SFO, or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules" and the "Model Code", respectively), were as follows:

Long positions in shares of the Company (the "Shares"):

Name of Director 董事姓名	Number of Shares held 股份數目	Capacity 身份	Approximate % of the issued Shares 約佔本公司總 已發行股本 百分比
Dr. YEN Gordon 嚴震銘博士	8,380,000	Beneficial owner 實益擁有人	0.70

Save as disclosed above, as at 31 December 2017, none of the Directors and the chief executive of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), (a) which had been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), (b) which were recorded in the Register pursuant to section 352 of the SFO or (c) as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

董事之證券權益

於2017年12月31日，本公司董事及最高行政人員於本公司或其任何相聯法團（具有香港法例第571章證券及期貨條例（「證券及期貨條例」）第XV部所賦予之涵義）之股份、相關股份及債權證中須擁有(a)按證券及期貨條例第XV部第7及8分部通知本公司及香港聯合交易所有限公司（「聯交所」）之權益及淡倉（包括根據證券及期貨條例之有關規定彼等被當作或視為擁有之權益及淡倉）；(b)根據證券及期貨條例第352條記錄於該條所述之名冊（「名冊」）之權益及淡倉；或(c)按聯交所證券上市規則（「上市規則」）附錄10所載上市公司董事進行證券交易之標準守則（「標準守則」）通知本公司及聯交所之權益及淡倉如下：

於本公司股份（「股份」）的好倉情況：

除上述披露者外，於2017年12月31日，概無本公司董事、最高行政人員於本公司或其任何相聯法團（具有證券及期貨條例第XV部所賦予之涵義）之任何股份、相關股份及債權證中擁有根據本公司(a)按證券及期貨條例第XV部第7及8分部通知本公司及聯交所之權益及淡倉（包括根據證券及期貨條例之有關規定彼等被當作或視為擁有之權益及淡倉）；(b)根據證券及期貨條例第352條記錄於該條所述之名冊（「名冊」）之權益及淡倉；或(c)按標準守則須通知本公司及聯交所之任何權益及淡倉。

DIRECTORS' REPORT (continued)
董事會報告(續)

SHARE OPTION SCHEMES

The Company adopted a share option scheme on 25 January 2002 (the "2002 Scheme") and another share option scheme on 20 January 2011 (the "2011 Scheme").

The 2002 Scheme

The 2002 Scheme was adopted by the Company at the extraordinary general meeting held on 25 January 2002. The 2002 Scheme was to expire on 24 January 2012 and was early terminated on 20 January 2011. The primary purpose of the 2002 Scheme was to provide the Company with a flexible means of giving incentives to, rewarding, remunerating, compensating and/or providing benefits to the employees and for such other purposes as the Board may approve from time to time. All the share options granted under the 2002 Scheme lapsed in the year 2016.

The 2011 Scheme

The Company adopted the new 2011 Scheme pursuant to a shareholders' resolution passed at the extraordinary general meeting held on 20 January 2011 (the "Adoption Date"). The purpose of the 2011 Scheme is to provide the Company with a flexible means of giving incentive to, rewarding, remunerating, compensating and/or providing benefits to the Participants (as defined in the 2011 Scheme) and for such other purposes as the Board may approve from time to time.

The Participants of the 2011 Scheme include (i) any directors or any employees (whether full-time or part-time) of the Company and its subsidiaries, associated companies, jointly controlled entities and related companies from time to time (the "FSH Group"); (ii) any discretionary objects of a discretionary trust established by any directors or any employees (whether full-time or part-time) of each member of the FSH Group; (iii) any consultants, professional and other advisers to each member of the FSH Group (including their employees or executives or any persons, firms or companies proposed to be appointed for providing such services); and (iv) any chief executives or substantial shareholders of the Company, provided that the Board may have absolute discretion to determine whether or not one falls within the above categories.

購股權計劃

本公司於2002年1月25日採納一項購股權計劃(「2002年計劃」)及於2011年1月20日採納另一項新購股權計劃(「2011年計劃」)。

2002年計劃

2002年計劃乃由本公司於2002年1月25日舉行之股東特別大會上採納，2002年計劃原於2012年1月24日終止，但於2011年1月20日已提前終止。2002年計劃的主要目的為讓本公司可靈活地向僱員給予鼓勵、獎賞、報酬、補償及／或提供福利及就董事會不時批准的其他目的。於2016年內，所有根據2002年計劃授出之購股權均告失效。

2011年計劃

本公司根據於2011年1月20日(「採納日」)舉行之股東特別大會上通過之一項股東決議案採納2011年計劃。2011年計劃旨在給予本公司一種靈活方案，以向參與者(「如2011年計劃所定義」)給予獎勵、回饋、酬勞、報酬及／或提供利益，及就董事會可不時批准之其他目的。

2011年計劃之參與者包括(i)本公司、其不時之附屬公司、相關連公司、共同控制公司及相關的公司(「FSH集團」)的任何董事或任何僱員(不論全職或兼職)；(ii) FSH集團各成員公司的任何董事或任何職員(不論全職或兼職)所成立全權信託的任何全權受益人；(iii)FSH集團各成員公司的任何諮詢顧問、專業及其他顧問(包括彼等僱員或行政人員或擬委聘提供該等服務的任何人士、商號或公司)；及(iv)本公司的任何主要行政人員或主要股東，惟董事會可全權酌情決定任何人士是否屬於上述類別。

DIRECTORS' REPORT (continued)

董事會報告 (續)

The maximum number of Shares which may be issued upon exercise of all options to be granted under the 2011 Scheme and the maximum number of Shares which may be issued upon the exercise of all options to be granted under any other share option schemes of the Company (if any) are in aggregate equal to 10% of the total number of Shares in issue as at the Adoption Date, i.e. 79,401,096 Shares. Under the 2011 Scheme, share options comprising 3,352,000 Shares, 23,045,000 Shares and 26,100,000 Shares were granted on 18 May 2011, 18 August 2011 and 19 January 2018, respectively. The closing prices of the Shares immediately before the dates of grant were HK\$1.80 and HK\$1.21 and HK\$1.10 each, respectively. Among those granted on 18 May 2011 and 18 August 2011, share options comprising 1,980,000 Shares were exercised on 30 June 2015, and share options comprising 24,417,000 Shares lapsed due to non-exercise thereof or resignation of grantees.

The total number of Shares issued and to be issued upon exercise of the share options granted and to be granted pursuant to the 2011 Scheme and any other share option schemes of the Company to each Participant (including exercised, cancelled and outstanding options) in any 12-month period shall not exceed 1% of the total number of Shares in issue (the "Individual Limit"). Any further grant of share options in excess of the Individual Limit shall be subject to Shareholders' approval with such grantee and his associates abstaining from voting.

In addition, share options granted to a substantial shareholder (as defined in the Listing Rules) of the Company or an INED or any of their respective associates (as defined in the Listing Rules) in any 12-month period up to and including the date of such grant in excess of 0.1% of the Shares in issue and having an aggregate value, based on the closing price of the Shares at the date of each grant, exceeding HK\$5 million must be approved by Shareholders in general meeting in advance.

The exercise price is determined by the Board at the date of grant and should be the higher of (a) the average of the closing prices of each Share as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant; and (b) the closing price of each Share as stated in the Stock Exchange's daily quotation sheet on the date of grant. The amount payable on acceptance of the share option granted is HK\$1.00. The option period of the share option granted is determined by the Board at the time of offering the grant and, in any event, shall not be longer than 10 years from the date of grant.

The 2011 Scheme shall be valid and effective for a period of 10 years commencing on the Adoption Date, after which period no further share option will be granted.

As at 31 December 2017, there was no outstanding share option under the 2011 Scheme. Other particulars and movements of the Company's share option schemes during the Year are set out in note 32 to the consolidated financial statements.

因行使根據2011年計劃將予授出的所有購股權及本公司任何其他購股權計劃(如有)項下將予授出的所有購股權而可能發行的股份總數,最多合共相當於2011年計劃採納日已發行股份的10%,即數目為79,401,096股。根據2011年計劃,於2011年5月18日、2011年8月18日及2018年1月19日已分別授出包含3,352,000股、23,045,000股及26,100,000股股份之購股權。股份於緊接授出日期前之收市價分別為1.80港元、1.21港元及1.10港元。其中就於2011年5月18日及2011年8月18日授予中包含1,980,000股股份之購股權已於2015年6月30日獲行使,而包含24,417,000股股份之購股權因限期前未得以行使或因承授人離職而告失效。

於任何十二個月期間因授予每名參與者的購股權(包括已行使、註銷及尚未行使的購股權)獲行使而已經及將予發行的股份總數,不得超過已發行股份總數的1%("個別限額"),進一步授出任何超逾個別限額之購股權須經股東另行批准,方可授出,而該參與者及其聯繫人須放棄表決。

此外,於任何12個月期間內,向本公司之主要股東或獨立非執行董事、或彼等各自之任何聯繫人士(定義見上市規則所列明)授出超逾本公司已發行股份之0.1%,或總值(按本公司股份於授出日期之收市價計算)超逾5,000,000港元之購股權,須遵照上市規則於股東大會上獲股東批准。

行使價由本公司董事會於提出授予購股權時釐定,但必須為下列較高者:(a)於緊接授出該購股權之日前五個營業日於聯交所發出之每日報價表所示之股份平均收市價;或(b)於授出該購股權之日於聯交所發出之每日報價表所示之股份收市價。接納購股權的代價為1港元。購股權之行使期限為董事會於提出授予購股權時釐定,惟任何情況下,由授出日期起計,不得超過10年。

2011年計劃之有效期自採納日起生效,為期10年,於該期限後將不可再授予購股權。

截至2017年12月31日,2011年計劃下,概無尚未行使的購股權。年內本公司購股權計劃的其他資料及變動,載於綜合財務報表附註32。

DIRECTORS' REPORT (continued)
董事會報告(續)
SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS

As at 31 December 2017, the following persons (other than a Director or the chief executive of the Company)/entities had interests and short positions in the Shares and underlying Shares as recorded in the register of interests of the substantial shareholders required to be kept by the Company pursuant to section 336 of the SFO (the "Substantial Shareholders' Register").

Long positions in Shares:

主要股東及其他人士權益

於2017年12月31日，根據本公司按證券及期貨條例第336條所存置之主要股東名冊(「主要股東名冊」)記錄，下列人士(本公司董事或最高行政人員除外)／實體於股份及相關股份中擁有權益及淡倉為：

於股份的好倉情況：

Name of substantial shareholders	Number of Shares held	Capacity	Approximate % of the issued Shares
主要股東名稱	持有股份數目	身份	約佔已發行股份百分比
COFCO Corporation ("COFCO") 中糧集團有限公司(「中糧」)	433,494,000 (Notes 1 and 2) (附註1及2)	Interest of controlled corporations 控制法團的權益	35.97
Chinatex Corporation Limited ("Chinatex") 中國中紡集團有限公司(「中紡」)	433,494,000 (Notes 1 and 2) (附註1及2)	Interest of controlled corporations 控制法團的權益	35.97
Chinatex Yieldfull Investment Co., Ltd. ("Yieldfull") 中紡盈豐投資管理有限公司(「盈豐」)	409,036,000 (Note 1) (附註1)	Beneficial owner 實益擁有人	33.94
Chinatex Jinhui Investment Management Co., Ltd.* ("Jinhui") 中紡錦輝投資管理有限責任公司(「錦輝」)	409,036,000 (Note 1) (附註1)	Interest of a controlled corporation 控制法團的權益	33.94
Mr. HA Chung Fong ("Mr. HA") 夏松芳先生(「夏先生」)	135,152,000 (Note 3) (附註3)	Beneficial owner 實益擁有人	11.22
	69,160,948 (Notes 3 and 5) (附註3及5)	Other interests 其他權益	5.74

* For identification purpose only

* 僅供識別

DIRECTORS' REPORT (continued)
董事會報告 (續)

Name of substantial shareholders	Number of Shares held	Capacity	Approximate % of the issued Shares 約佔已發行股份百分比
主要股東名稱	持有股份數目	身份	
Ms. TANG Kuen Mui 鄧娟妹女士	204,312,948 (Note 3) (附註3)	Spouse's interests 配偶權益	16.96
Super Brilliance Company Limited ("Super Brilliance")	69,160,948 (Notes 4 and 5) (附註4及5)	Beneficial owner 實益擁有人	5.74
Island Treasure Investments Limited ("Island Treasure")	69,160,948 (Notes 4 and 5) (附註4及5)	Interest of a controlled corporation 控制法團的權益	5.74
Onwide (H.K.) Limited ("Onwide") 安和(香港)有限公司(「安和」)	69,160,948 (Notes 4 and 5) (附註4及5)	Trustee 受託人	5.74
Mr. WONG Tak Leung, Charles ("Mr. WONG") 王德良先生(「王先生」)	69,160,948 (Notes 4 and 5) (附註4及5)	Interest of controlled corporations 控制法團的權益	5.74

Notes:

- Yieldfull is a wholly-owned subsidiary of Jinhui. Jinhui is a wholly-owned subsidiary of Chinatex and Chinatex is a wholly-owned subsidiary of COFCO. Therefore, each of Jinhui, Chinatex and COFCO is deemed to be interested in the Shares held by Yieldfull.
- As at 31 December 2017, Chinatex (H.K.) Holding Limited held 24,458,000 Shares as beneficial owner. Chinatex (H.K.) Holding Limited is a wholly-owned subsidiary of Chinatex and Chinatex is a wholly-owned subsidiary of COFCO. Therefore, each of Chinatex and COFCO is deemed to be interested in the Shares held by Chinatex (H.K.) Holding Limited.
- Ms. TANG Kuen Mui, spouse of Mr. HA, is deemed to be interested in the Shares held by Mr. HA.
- Super Brilliance is a wholly-owned subsidiary of Island Treasure. Island Treasure is a wholly-owned subsidiary of Onwide and Onwide is owned as to 100% by Mr. WONG. Therefore, each of Island Treasure, Onwide and Mr. WONG is deemed to be interested in the Shares held by Super Brilliance.
- Onwide is the trustee of the HA Trust, a discretionary trust set up by Mr. HA for the benefit of his family.

附註:

- 盈豐為錦輝之全資附屬公司，錦輝為中紡之全資附屬公司，而中紡則為中糧的全資附屬公司。因此，錦輝、中紡及中糧各自被視作擁有盈豐所持股份之權益。
- 於2017年12月31日，中紡(香港)控股有限公司持有24,458,000股股份(作為實益擁有人)。中紡(香港)控股有限公司為中紡之全資附屬公司，而中紡則為中糧之全資附屬公司。因此，中紡及中糧各自被視作擁有中紡(香港)控股有限公司所持股份之權益。
- 鄧娟妹女士為夏先生之配偶，因而被當作擁有夏先生所持股份之權益。
- Super Brilliance為Island Treasure之全資附屬公司，Island Treasure為安和之全資附屬公司，而王先生擁有安和的全部權益。因此，Island Treasure、安和及王先生各自被視作擁有Super Brilliance所持股份之權益。
- 安和為HA Trust的受託人，HA Trust為夏先生為其家族利益而成立的一項酌情信託。

Save as disclosed above, as at 31 December 2017, the Directors were not aware of any persons (other than a Director or the chief executive of the Company) who/entities which had any interest and short position in the Shares and underlying Shares, which were required to be recorded in the Substantial Shareholders' Register.

除上述披露者外，於2017年12月31日，董事並不知悉任何人士(本公司董事或最高行政人員除外)／實體於股份及相關股份中擁有須記錄於主要股東名冊之權益或淡倉。

DIRECTORS' REPORT (continued)
董事會報告 (續)

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Save as disclosed above, at no time during the Year was the Company, or its holding companies, or any of its subsidiaries or fellow subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate and no such arrangements subsisted as at 31 December 2017.

PERMITTED INDEMNITY PROVISION

Pursuant to the Articles, every Director shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities which he may sustain or incur in or about the execution of the duties of his office.

The Company has arranged appropriate directors and officers liability insurance in respect of relevant legal actions against the Directors.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

Save as disclosed in the section headed "Connected Transactions" in this Directors' Report below and note 42 to the consolidated financial statements, no transactions, arrangements or contracts of significance in relation to the Group's business, to which the Company, or its holding companies, or any of its subsidiaries or fellow subsidiaries was a party and in which a Director or an entity connected with a Director had a material interest, whether directly or indirectly, subsisted as at 31 December 2017 or at any time during the Year.

DIRECTORS OF SUBSIDIARIES

The names of all directors who have served on the boards of the subsidiaries of the Company during the Year or during the period from 1 January 2018 to the date of this Directors' Report are available on the Company's website at www.fshl.com.

CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS

Save as disclosed in note 42 to the consolidated financial statements, there was no contract of significance (whether for the provision of services to the Group or not) in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which any controlling shareholder (as defined in the Listing Rules) of the Company or any of its subsidiaries had a material interest, whether directly or indirectly, subsisted at the end of the Year or at any time during the Year.

購買股份或債券安排

除上述披露者外，本公司、或其任何控股公司、或其任何附屬公司或其任何同系附屬公司，於截至2017年12月31日止及年度內均無或存在任何安排，使董事可藉購買本公司或任何其他公司之股份或債券而獲益。

獲准許的彌償條文

根據章程細則，每名董事就其執行職務或與此有關所蒙受或招致之一切損失或負債，均有權從本公司資產中獲得彌償。

本公司已就董事及主要職員可能面對之有關法律行動安排適當的董事及主要職員責任保險。

董事擁有之重要交易，安排或合約權益

除本董事會報告「關連交易」部分及綜合財務報表附註42所披露者外，於截至2017年12月31日或在本年度任何時間，本公司、或其任何控股公司、或任何其附屬公司或其任何同系附屬公司，並無與董事或與董事有關連的實體訂立或存在任何與本集團業務直接或間接重大權益之重要交易，安排或合約。

附屬公司之董事

於本年度內或於2018年1月1日起至本董事會報告日期止期間任職於本公司附屬公司董事會的全體董事姓名載於本公司網站www.fshl.com。

控股股東擁有之合約權益

除綜合財務報表附註42所披露者外，於年度結束時或在本年度任何時間，本公司或任何其附屬公司並無與其控股股東或任何其附屬公司訂立或存在任何與本集團業務直接或間接重大權益之重要合約（不論是否為本集團提供服務）。

DIRECTORS' REPORT (continued) 董事會報告 (續)

CONNECTED TRANSACTIONS

The Company's independent auditor was engaged to report on the Group's continuing connected transactions (as defined in the Listing Rules) (the "Continuing Connected Transactions") in accordance with the Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements other than Audits or Reviews of Historical Financial Information" and by 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 independent auditor has issued a letter containing its findings and conclusions in respect of the Continuing Connected Transactions disclosed by the Group in note 42 to the consolidated financial statements in accordance with Rule 14A.56 of the Listing Rules. A copy of the independent auditor's letter has been provided by the Company to the Stock Exchange. The information in relation to the Continuing Connected Transactions entered into during the Year is set out in note 42 to the consolidated financial statements.

The Company's independent auditor has confirmed that all of the Continuing Connected Transactions (a) had been approved by the Board; (b) were in accordance with the pricing policies of the Group, where applicable; (c) had been entered into in accordance with the terms of the agreements governing the transactions; and (d) had not exceeded the respective cap amounts in respect of each of the Continuing Connected Transactions.

The INEDs have also reviewed the Continuing Connected Transactions and confirmed that the same had been entered into by the Group:

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

關連交易

本公司獨立核數師已獲委聘根據香港會計師公會頒佈的《香港核證工作準則》第3000號(經修訂)「對過往財務資料進行審核或審閱以外的核證工作」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(定義見上市規則所列明)(「持續關連交易」)的核數師函件」報告本集團之持續關連交易。獨立核數師已根據上市規則第14A.56條發出函件,當中載有獨立核數師對本集團於綜合財務報表附註42所披露之持續關連交易之發現及結論。本公司已將獨立核數師函件副本送呈聯交所。於本年度訂立之持續關連交易之資料已載於綜合財務報表附註42。

本公司獨立核數師已確認,所有持續關連交易(a)已獲董事會批准;(b)根據本集團之定價政策釐定(如適用);(c)根據監管該等交易之協議條款訂立;及(d)各項持續關連交易並無超過各自之上限金額。

獨立非執行董事亦已審閱上述持續關連交易,並確認上述持續關連交易乃由本集團按下列基準訂立:

- (i) 於本集團日常及正常業務過程中訂立;
- (ii) 按一般商業條款或不遜於本集團提供予獨立第三方或獨立第三方提供予本集團之條款訂立;及
- (iii) 根據監管該等交易之協議條款訂立,而該等協議條款屬公平合理,並符合本公司股東的整體利益。

DIRECTORS' REPORT (continued)
董事會報告 (續)

RELATED PARTY TRANSACTION

None of the related party transactions disclosed in note 42 to the consolidated financial statements constituted a one-off connected transaction or continuing connected transaction under Chapter 14A of the Listing Rules. The Company has complied with the disclosure requirements for all the one-off connected transactions or continuing connected transactions (as the case may be) in accordance with Chapter 14A of the Listing Rules.

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

During the Year, the Company had not redeemed its listed securities, nor did the Company or any of its subsidiaries purchase or sell any of such securities.

CONFIRMATION OF INDEPENDENCE

The Company has received from each of the INEDs an annual written confirmation of independence pursuant to Rule 3.13 of the Listing Rules. The Company considered that all the INEDs meet the independence guidelines set out in Rule 3.13 of the Listing Rules and are independent in accordance with the terms of the guidelines.

REMUNERATION POLICY

The remuneration policy of the employees (including key management) of the Group was established by the management of the Group on the basis of their merit, qualifications and competence. The remuneration committee of the Board (the "Remuneration Committee") will review and approve the remuneration policy to be recommended to the Board for approval.

The remuneration of each of the Directors is reviewed and recommended by the Remuneration Committee to the Board for approval, having regard to the Company's operating results, individual performance and comparable market statistics. None of the Directors or executives, or any of their respective associates (as defined in the Listing Rules), is involved in dealing with his own remuneration.

The Company has adopted the 2002 Scheme and the 2011 Scheme as an incentive to the Directors and eligible employees, details of which are set out in the "SHARE OPTION SCHEMES" section above and note 32 to the consolidated financial statements.

關聯人士交易

概無於綜合財務報表附註42所披露之關聯人士交易根據上市規則第14A章構成一次性關連交易或持續關連交易。本公司已根據上市規則第14A章遵守有關所有一一次性關連交易或持續關連交易(視情況而定)之披露規定。

購買、出售及贖回本公司之上市證券

本年度內，本公司及其任何附屬公司並無購買、出售或贖回本公司之上市證券。

獨立性之確認

本公司已獲得每名獨立非執行董事年度書面聲明以確認各自按上市規則第3.13條的獨立性。本公司認為全體獨立非執行董事均符合上市規則第3.13條所載之獨立指引，並根據有關指引屬獨立。

薪酬政策

有關本集團僱員(包括主要管理人員)之薪酬政策由本集團管理層制定，以彼等之表現、資歷及工作能力為基準，由董事會薪酬委員會(「薪酬委員會」)審批，並作為建議向董事會呈交，供其審批。

每位董事之酬金參照本公司之營運業績、個別表現及比較市場統計數字而釐定，並由薪酬委員會審閱及作為建議向董事會呈交，供其審批。概無董事或執行人員或其任何聯繫人士(如上市規則所列)參與處理其本身之薪酬事宜。

本公司採納2002年計劃及2011年計劃，藉以給予董事及合資格僱員獎勵，計劃詳情載於上文「購股權計劃」部分及綜合財務報表附註32。

DIRECTORS' REPORT (continued) 董事會報告 (續)

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the Year, none of the Directors or their respective associates (as defined in the Listing Rules) had any interest in any business which competed or was likely to compete, either directly or indirectly, with the business of the Group.

UPDATE ON THE DIRECTORS' INFORMATION UNDER RULE 13.51B(1) OF THE LISTING RULES

Pursuant to Rule 13.51B(1) of the Listing Rules, change in the information of the Directors since the date of the 2017 interim report of the Company required to be disclosed in this annual report is as follows:

Mr. LAN Jiang was appointed as the general manager of Shenzhen Faun Textiles Limited, a subsidiary of the Company, in January 2018.

MANAGEMENT CONTRACTS

No contracts (except for the EDs' service 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.

MAJOR CUSTOMERS AND SUPPLIERS

During the Year, the aggregate revenue attributable to the Group's five largest customers was less than 30% of the total revenue for the Year.

During the Year, the aggregate purchases attributable to the Group's five largest suppliers accounted for 33.43% of the total purchases for the Year. The amount of purchases from the Group's largest supplier represented approximately 15.09% of the Group's total purchases.

None of the Directors nor any of their close associates (as defined in the Listing Rules) nor any Shareholders (which, to the best knowledge of the Directors, owns more than 5% of the number of issued Shares) had any beneficial interest in the Group's five largest customers and/or five largest suppliers during the Year.

DONATIONS

During the Year, the Group made charitable and other donations totaling HK\$470,000 (2016: HK\$1,014,000).

CORPORATE GOVERNANCE

The principal corporate governance practices adopted by the Company are set out in the Corporate Governance Report on pages 30 to 48 of this annual report.

董事於競爭業務之權益

本年度內，董事或彼等各自之聯繫人士（定義見上市規則）概無在與本集團業務直接或間接構成競爭或可能構成競爭之業務中擁有權益。

根據上市規則第13.51B(1)條更新董事資料

根據上市規則第13.51B(1)條，自本公司2017年中期報告日期以來本公司董事資料的變動須於本年報中披露如下：

藍江先生於2018年1月獲委任為本公司附屬公司深圳福力紡織品有限公司的總經理。

管理合約

於本年度內，除與執行董事訂立之服務合約，並無訂立或存在與本公司業務全部或任何重大部分有關的管理及行政合約。

主要客戶及供應商

本集團本年度內之5大客戶共佔營業總額少於30%。

本集團本年度內之5大供應商共佔採購總額之33.43%。來自本集團最大供應商的採購額佔本集團總採購額約15.09%。

年內，董事或彼等的任何緊密聯繫人（「如上市規則所列」）或任何股東（就董事所深知擁有已發行股份數目5%以上）概無於本集團五大客戶及／或五大供應商中擁有任何實益權益。

捐款

本年度本集團作出之慈善及其他捐款共470,000港元（2016年：1,014,000港元）。

企業管治

本公司採納之主要企業管治常規載於本年報第30至48頁之企業管治報告內。

DIRECTORS' REPORT (continued)
董事會報告(續)

EQUITY-LINKED AGREEMENT

Save as the share options granted, no equity-linked agreements were entered into by the Company during the Year or subsisted at the end of the Year.

SUFFICIENCY OF PUBLIC FLOAT

From the information publicly available to the Company and within the knowledge of the Directors, the Company has maintained a sufficient public float of not less than 25% of the issued Shares throughout the Year and the period thereafter up to the date of this Directors' Report.

AUDIT COMMITTEE'S REVIEW

The Company has established an audit committee of the Board (the "Audit Committee") for the purposes of reviewing and providing supervision over the Company's financial reporting process, internal controls and risk management. The Audit Committee presently comprises one NED and two INEDs, and one of the INEDs acts as the chairman of the Audit Committee. The Audit Committee has reviewed the audited final results and the systems of internal control and risk management of the Company for the Year.

INDEPENDENT AUDITOR

The Board has taken the Audit Committee's recommendation that a resolution will be submitted to the forthcoming AGM for the Shareholders' consideration and approval to re-appoint BDO Limited as the independent auditor of the Company.

On behalf of the Board

ZHAO Yao

Chairman and Chief Executive Officer

Hong Kong
26 March 2018

股權掛鉤協議

除購股權授予外，於是年度結束時，本公司概無訂立或存在任何股權掛鉤協議。

夠公眾持股量

從本公司可獲得之公開資料顯示及就董事所知，本公司於截至本年度及本董事會報告日期期間一直維持不少於已發行股份25%之足夠公眾持股量。

審核委員會審閱

本公司已成立董事會審核委員會(「審核委員會」)，藉以檢討及監察本公司之財務申報程序、內部監控及風險管理。審核委員會現由1名非執行董事及2名獨立非執行董事組成，並由其中1名獨立非執行董事擔任審核委員會主席。審核委員會已審閱本公司本年度之經審核末期業績及內部監控制度。

獨立核數師

董事會應審核委員會推薦於應屆股東週年大會上將提呈決議案供股東考慮及批准以續聘香港立信德豪會計師事務所有限公司為本公司獨立核數師。

代表董事會

趙耀

主席兼行政總裁

香港
2018年3月26日

PARTICULARS OF INVESTMENT PROPERTIES

投資物業詳情

Particulars of investment properties held by the Group at 31 December 2017 are as follows:
於2017年12月31日，本集團投資物業的詳情如下：

Location 地點	Lease 租賃年期	Use 用途	The Group's effective interest 本集團有效權益
Unit A2 on 5/F., & unit A1 on 7/F., Eastern Sea Industrial Building, 29-39 Kwai Cheong Road, Kwai Chung, New Territories, Hong Kong 香港新界葵涌葵昌路29-39號 東海工業大廈 5樓A2室及7樓A1室	Medium-term leases 中期租賃	Warehouse and office 貨倉及辦公室	100%
Office Units A3801, 03, 05, 06, 08-10 and 12, Block A, United Plaza, Futian District, Shenzhen, the PRC 中國深圳市福田區濱河路與彩田路交匯處 聯合廣場A棟塔樓 A3801, 03, 05, 06, 08至10和12	Medium-term land use rights 中期土地使用權	Office 辦公室	100%
Factory Nos. 5, 9 and 11 No 66-68, Danxia Road, Xiangshan Industry Zone, Ningbo, Zhejiang Province, the PRC 中國浙江省寧波市象山縣工業園區丹霞路66-68號 廠區內5, 9及11號廠房	Medium-term land use rights 中期土地使用權	Factory and office 廠房及辦公室	55.5%
3/F and 5/F of Dormitory Block No. 3 No 66-68, Danxia Road, Xiangshan Industry Zone, Ningbo, Zhejiang Province, the PRC 中國浙江省寧波市象山縣工業園區丹霞路66-68號 廠區內宿舍第三棟第三和第五層	Medium-term land use rights 中期土地使用權	Dormitory 宿舍	55.5%
A pier located at west port dike of Baiqu Port, near No. 9 Xiaoshun Road, High-tech Zone, Jiangyin, Jiangsu Province, the PRC 中國江蘇省江陰高新區蕭山路9號旁 白屈港河西港堤碼頭	Medium-term land use rights 中期土地使用權	Pier 碼頭	100%

INDEPENDENT AUDITOR'S REPORT 獨立核數師報告



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TO THE MEMBERS OF FOUNTAIN SET (HOLDINGS) LIMITED
(incorporated in Hong Kong with limited liability)

OPINION

We have audited the consolidated financial statements of Fountain Set (Holdings) Limited ("the Company") and its subsidiaries (together "the Group") set out on pages 75 to 172, which comprise the consolidated statement of financial position as at 31 December 2017, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2017, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

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

致福田實業(集團)有限公司各位股東
(於香港註冊成立的有限公司)

意見

本核數師行已審核載於第75至172頁內的福田實業(集團)有限公司(「貴公司」)及其附屬公司(統稱為「貴集團」)的綜合財務報表,此等財務報表包括於2017年12月31日的綜合財務狀況表及截至該日止年度的綜合損益及其他全面收益表、綜合權益變動表及綜合現金流量表,以及綜合財務報表附註,包括主要會計政策概要。

本核數師行認為,該等綜合財務報表已根據香港會計師公會(「香港會計師公會」)頒佈的香港財務報告準則(「香港財務報告準則」)真實且公平地反映了 貴集團於2017年12月31日的綜合財務狀況及截至該日止年度的綜合財務表現及綜合現金流量,並已按照香港公司條例妥為編製。

意見基準

本核數師行已根據香港會計師公會頒佈的香港審計準則(「香港審計準則」)進行審核工作。本核數師行於該等準則下的責任在本核數師行的報告內「核數師就審核綜合財務報表須承擔的責任」一節中作進一步闡述。根據香港會計師公會的「職業會計師道德守則」(「守則」),本核數師行獨立於 貴集團,並已遵循守則履行其他道德責任。本核數師行相信,本核數師行所獲得的審核憑證能充足及適當地為本核數師行的意見提供基礎。

關鍵審核事項

根據本核數師行的專業判斷,關鍵審核事項為本核數師行於審核本期間的綜合財務報表中最重要的事項。本核數師行在審核全部綜合財務報表及就此達致意見時處理此等事項,而不會就此等事項單獨發表意見。

INDEPENDENT AUDITOR'S REPORT (continued)

獨立核數師報告(續)

KEY AUDIT MATTERS (continued)

Key audit matter

Impairment of inventories

Refer to note 20 to the consolidated financial statements

A degree of substandard products are typically produced during the normal course of the Group's production process. Moreover, inventories of the Group will become aged and/or obsolete in the absence or cancellation of orders. The Group maintains a sophisticated information technology system to keep track of the aging and utilisation of inventories and materials regarded as wastage for the estimation of net realisable value.

Based on the utilisation of inventories which became wastage and long-aged, the Group made an accumulated provision of HK\$195,251,000 as at year end by reference to estimated net realisable value of inventories.

We identified the impairment of inventories as a key audit matter because the estimates of net realisable value and how materials are regarded as wastage on which this impairment entailed a significant degree of management judgement.

Our response:

We performed audit procedures in relation to management's impairment assessment of inventories which included:

- evaluating the methodology and key assumptions adopted by management in estimating the net realisable value and discussing them with management;
- challenging the reasonableness of key assumptions based on our knowledge of the business and industry;
- checking, on a sample basis, the accuracy and relevance of the input data used by management in capturing the aging and utilisation of inventories and estimate the net realisable value of those inventories; and
- testing controls over recording impairment of inventories.

關鍵審核事項(續)

關鍵審核事項

存貨減值

請參閱綜合財務報表附註20

貴集團於日常生產過程中通常會產生一定程度的不合格產品。此外，若無訂單或取消訂單，貴集團的存貨會變為陳舊及／或廢棄。貴集團設有完善的資訊科技系統，從以監察存貨及被視作廢棄物的材料之賬齡及使用情況以估算可變現淨值。

根據廢棄及陳舊存貨的使用情況，貴集團於年度終結時經參考存貨的估計可變現淨值作出累計撥備195,251,000港元。

本核數師行確定存貨減值為關鍵審核事項，此乃由於對有關可變現淨值作出減值估計以及材料為何被視為廢棄材料時，涉及管理層的重大判斷。

本核數師行的應對：

本核數師行就管理層的存貨減值評估進行的審核程序包括：

- 對管理層於估計可變現淨值時所採納的方法及主要假設進行評估並與管理層進行討論；
- 依據本核數師行對業務及行業的了解，質疑關鍵假設的合理性；
- 抽樣檢查管理層於計算存貨賬齡及使用情況，以及估計該等存貨的可變現淨值時所使用輸入數據的準確性及相關性；及
- 測試對記錄存貨減值的監控。

INDEPENDENT AUDITOR'S REPORT (continued)
獨立核數師報告(續)

OTHER INFORMATION IN THE ANNUAL REPORT

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information. We are required to report that fact. We have nothing to report in this regard.

DIRECTORS' RESPONSIBILITIES 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 HKFRSs issued by the HKICPA and the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatements, 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 also responsible for overseeing the Group's financial reporting process. The Audit Committee assists the directors in discharging their responsibilities in this regard.

年報內的其他資料

董事須對其他資料負責。其他資料包括 貴公司年報所載資料，惟不包括綜合財務報表及本核數師行就此發出的核數師報告。

本核數師行對綜合財務報表的意見並不涵蓋其他資料，本核數師行亦不會對其他資料發表任何形式的核證結論。

就本核數師行審核綜合財務報表而言，本核數師行的責任為閱讀其他資料，從而考慮其他資料是否與綜合財務報表或本核數師行在審核過程中獲悉的資料存在重大不符，或似乎存在重大錯誤陳述。基於本核數師行已執行的工作，倘本核數師行認為其他資料有重大錯誤陳述，本核數師行須報告該事實。就此，本核數師行毋須作出報告。

董事就綜合財務報表須承擔的責任

董事須負責根據香港會計師公會頒佈的香港財務報告準則及香港公司條例，編製真實且公平的綜合財務報表，及落實其認為編製綜合財務報表所必要的內部監控，以使綜合財務報表不存在由於欺詐或錯誤而導致的重大錯誤陳述。

於編製綜合財務報表時，董事須負責評估 貴集團持續經營的能力，並在適用情況下披露與持續經營相關的事項，並運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。

董事亦須負責監督 貴集團財務申報程序。審核委員會協助董事履行其在這方面的責任。

INDEPENDENT AUDITOR'S REPORT (continued) 獨立核數師報告(續)

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with Section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

核數師就審核綜合財務報表須承擔 的責任

本核數師行的目標為對綜合財務報表是否不存在由欺詐或錯誤而導致的任何重大錯誤陳述取得合理保證，並出具包括本核數師行意見的核數師報告。本報告乃根據香港公司條例第405條僅向整體股東作出報告，並無作其他用途。本核數師行不會就本報告內容向任何其他人士負責或承擔任何責任及債務。

合理核證是高水平的核證，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。錯誤陳述可因欺詐或錯誤產生，倘個別或整體在合理預期情況下可影響使用者根據該等綜合財務報表作出的經濟決定時，則被視為重大錯誤陳述。

本核數師行根據香港審計準則執行審核的工作之一，是在審核的過程中運用專業判斷及保持職業懷疑。本核數師行亦：

- 識別及評估由於欺詐或錯誤而導致綜合財務報表存在重大錯誤陳述的風險，設計及執行審核程序以應對該等風險，以及獲取充足和適當的審核憑證，作為本核數師行意見的基礎。由於欺詐可能涉及串謀、偽造、蓄意遺漏、虛假陳述或凌駕內部監控的情況，因此未能發現因欺詐而導致的重大錯誤陳述的風險高於未能發現因錯誤而導致的重大錯誤陳述的風險。
- 了解與審核相關的內部監控，以設計適當的審計程序，惟並非旨在對貴集團內部監控的有效性發表意見。
- 評估董事所採用會計政策的恰當性及作出會計估計和相關披露的合理性。

INDEPENDENT AUDITOR'S REPORT (continued)
獨立核數師報告(續)

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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

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

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

核數師就審核綜合財務報表須承擔的責任(續)

- 對董事採用持續經營會計基準的恰當性作出結論，並根據所獲取的審核憑證，確定是否存在與事項或情況有關的重大不確定性，從而可能導致對 貴集團的持續經營能力產生重大疑慮。倘本核數師行認為存在重大不確定性，則有必要在核數師報告中提請使用者注意綜合財務報表中的相關披露。倘有關披露不足，則修訂本核數師行意見。本核數師行的結論乃基於截至本核數師行的核數師報告日期止所得的審核憑證。然而，未來事項或情況可能導致 貴集團不能持續經營。
- 評估綜合財務報表的整體呈報方式、結構及內容，包括披露資料，以及綜合財務報表是否公平反映相關交易和事項。
- 就 貴集團內實體或業務活動的財務資料獲取充足及適當的審核憑證，以便對綜合財務報表發表意見。本核數師行負責集團審核的方向、監督及執行。本核數師行為審核意見承擔全部責任。

本核數師行與審核委員會就(其中包括)審核的計劃範圍、時間安排及重大審核發現溝通，該等發現包括本核數師行在審核過程中識別的內部監控的任何重大缺陷。

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

INDEPENDENT AUDITOR'S REPORT (continued)
獨立核數師報告 (續)

**AUDITOR'S RESPONSIBILITIES FOR THE AUDIT
OF THE CONSOLIDATED FINANCIAL STATEMENTS
(continued)**

From the matters communicated with the directors, 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.

BDO Limited

Certified Public Accountants

Chow Tak Sing, Peter

Practising Certificate Number P04659

Hong Kong, 26 March 2018

**核數師就審核綜合財務報表須承擔
的責任 (續)**

從與董事溝通的事項中，本核數師行釐定對本期間綜合財務報表審核至關重要的事項，因而構成關鍵審核事項。本核數師行在核數師報告中描述該等事項，除非法律或法規不允許公開披露該等事項，或在極少數情況下，倘合理預期在本核數師行的報告中溝通某事項造成的負面後果超出產生的公眾利益，則本核數師行決定不應在報告中溝通該事項。

香港立信德豪會計師事務所有限公司

執業會計師

周德陞

執業證書編號P04659

香港，2018年3月26日

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME 綜合損益及其他全面收益表

FOR THE YEAR ENDED 31 DECEMBER 2017 截至2017年12月31日止年度

		Notes 附註	2017 HK\$'000 千港元	2016 HK\$'000 千港元
Revenue	營業額	6	6,913,785	6,328,714
Cost of sales	銷售成本		(6,162,290)	(5,553,590)
Gross profit	毛利		751,495	775,124
Other revenue	其他收入		44,892	48,338
Other gains and losses	其他收益及虧損		22,250	(48,452)
Distribution and selling expenses	分銷及銷售費用		(172,868)	(163,756)
Administrative expenses	行政費用		(412,891)	(424,275)
Finance costs	融資成本	7	(22,533)	(19,506)
Share of profit of an associate	應佔一間聯營公司之盈利	17	1,905	595
Profit before income tax expense	除所得稅支出前盈利		212,250	168,068
Income tax expense	所得稅支出	8	(36,304)	(18,076)
Profit for the year	是年度盈利	9	175,946	149,992
Profit for the year attributable to:	應佔是年度盈利:			
Owners of the Company	本公司擁有人		156,846	127,903
Non-controlling interests	非控股權益		19,100	22,089
			175,946	149,992
			HK cents 港仙	HK cents 港仙
Earnings per share	每股盈利			
– Basic	– 基本	12	13.0	10.6
– Diluted	– 攤薄	12	13.0	10.6

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

綜合損益及其他全面收益表

FOR THE YEAR ENDED 31 DECEMBER 2017 截至2017年12月31日止年度

		Note 附註	2017 HK\$'000 千港元	2016 HK\$'000 千港元
Profit for the year	是年度盈利	9	175,946	149,992
Other comprehensive income, net of tax	其他全面收益（經扣除稅項）			
Items that may be reclassified subsequently to profit or loss:	其後可能重新分類至損益之項目：			
Net gain arising on revaluation of available-for-sale financial assets during the year	年內重估可供出售金融資產產生之收益淨值		272	1,410
Exchange differences arising on translation of foreign operations	換算海外業務產生之匯兌差額		16,434	(16,051)
Release upon disposal of available-for-sale financial assets	處置可供出售金融資產時轉出		(901)	(3,012)
Reclassification adjustment of translation reserve upon deregistration of a subsidiary	註銷一間附屬公司時匯兌儲備之重新分類調整		1,127	-
Other comprehensive income/ (expense) for the year	是年度其他全面收益／（開支）		16,932	(17,653)
Total comprehensive income for the year	是年度全面收益總值		192,878	132,339
Total comprehensive income for the year attributable to:	應佔是年度全面收益總值：			
Owners of the Company	本公司擁有人		168,075	116,000
Non-controlling interests	非控股權益		24,803	16,339
			192,878	132,339

CONSOLIDATED STATEMENT OF FINANCIAL POSITION 綜合財務狀況表

AS AT 31 DECEMBER 2017 於2017年12月31日

		Notes 附註	At 31 December 於12月31日 2017 HK\$'000 千港元	At 31 December 於12月31日 2016 HK\$'000 千港元
Non-current assets	非流動資產			
Investment properties	投資物業	13	60,775	67,410
Property, plant and equipment	物業、機器及設備	14	1,509,246	1,463,317
Prepaid lease payments – non-current portion	預付租賃款項 – 非流動部分	15	96,715	99,115
Other intangible assets	其他無形資產	16	18,346	21,617
Interest in an associate	於一間聯營公司之權益	17	18,805	16,900
Investment in life insurance policies	人壽保險保單之投資	19	–	20,050
Deferred tax assets	遞延稅項資產	18	42,877	49,909
			1,746,764	1,738,318
Current assets	流動資產			
Inventories	存貨	20	1,450,187	1,401,911
Trade and bills receivables	營業及票據應收款項	21	1,261,584	1,209,330
Prepayments, deposits and other receivables	預付款項、按金及其他應收款項	22	261,728	136,420
Prepaid lease payments – current portion	預付租賃款項 – 流動部分	15	2,604	2,600
Tax recoverable	可收回稅項		3,500	4,479
Restricted bank deposits	受限制銀行存款	23	13,003	10,406
Short-term bank deposits	短期銀行存款	24	206,405	177,660
Bank balances and cash	銀行結餘及現金	24	643,196	690,491
			3,842,207	3,633,297
Current liabilities	流動負債			
Trade and bills payables	營業及票據應付款項	25	817,067	752,140
Other payables and accruals	其他應付款項及應計費用	26	307,442	322,845
Amounts due to non-controlling shareholders	欠非控股股東款項	27	80,100	80,100
Amount due to an associate	欠一間聯營公司款項	27	5,286	5,499
Deferred income – current portion	遞延收入 – 流動部分	28	1,622	1,592
Tax payable	應付稅項		18,984	20,912
Bank borrowings – due within one year	銀行借貸 – 一年內到期	29	515,606	488,191
			1,746,107	1,671,279
Net current assets	流動資產淨值		2,096,100	1,962,018
Total assets less current liabilities	資產總值減流動負債		3,842,864	3,700,336

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

綜合財務狀況表

AS AT 31 DECEMBER 2017 於2017年12月31日

			At 31 December 於12月31日 2017 HK\$'000 千港元	At 31 December 於12月31日 2016 HK\$'000 千港元
		Notes 附註		
Non-current liabilities	非流動負債			
Deferred income – non-current portion	遞延收入 – 非流動部分	28	58,989	60,370
Bank borrowings – due after one year	銀行借貸 – 一年後到期	29	219,623	179,453
Deferred tax liabilities	遞延稅項負債	18	7,876	6,868
			286,488	246,691
Net assets	資產淨值		3,556,376	3,453,645
Capital and reserves	資本及儲備			
Share capital	股本	30	865,716	865,716
Other reserves	其他儲備		2,536,545	2,432,336
Equity attributable to owners of the Company	本公司擁有人應佔權益		3,402,261	3,298,052
Non-controlling interests	非控股權益	31	154,115	155,593
Total equity	權益總值		3,556,376	3,453,645

The consolidated financial statements on pages 75 to 172 were approved and authorised for issue by the Board of Directors on 26 March 2018 and are signed on its behalf by:

第75至172頁的綜合財務報表已於2018年3月26日由董事會通過及核准發放，並由下列董事代表簽署：

ZHAO Yao
趙耀
Director
董事

LAN Jiang
藍江
Director
董事

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

綜合權益變動表

FOR THE YEAR ENDED 31 DECEMBER 2017 截至2017年12月31日止年度

		Attributable to owners of the Company 本公司擁有人應佔								
		Share capital 股本 HK\$'000 千港元	Investment revaluation reserve 投資重估儲備 HK\$'000 千港元	Translation reserve 匯兌儲備 HK\$'000 千港元	Share options reserve 購股權儲備 HK\$'000 千港元	Statutory reserves 法定儲備 HK\$'000 千港元 (note) (附註)	Retained earnings 滾存盈利 HK\$'000 千港元	Total 總值 HK\$'000 千港元	Non- controlling interests 非控股權益 HK\$'000 千港元	Total equity 權益總值 HK\$'000 千港元
At 1 January 2016	於2016年1月1日	865,716	2,231	(41,430)	7,459	97,414	2,299,155	3,230,545	164,211	3,394,756
Exchange differences arising on translation of foreign operations	換算海外業務產生之匯兌差額	-	-	(10,301)	-	-	-	(10,301)	(5,750)	(16,051)
Net gain arising on revaluation of available-for-sale financial assets during the year	年內重估可供出售金融資產產生之收益淨值	-	1,410	-	-	-	-	1,410	-	1,410
Release upon disposal of available-for-sale financial assets	處置可供出售金融資產時轉出	-	(3,012)	-	-	-	-	(3,012)	-	(3,012)
Profit for the year	是年度盈利	-	-	-	-	-	127,903	127,903	22,089	149,992
Total comprehensive (expense)/income for the year	是年度全面(開支)/收益總值	-	(1,602)	(10,301)	-	-	127,903	116,000	16,339	132,339
Equity-settled share-based payments reverse	以權益結算以股份為基礎之付款撥回	-	-	-	(292)	-	-	(292)	-	(292)
Dividend recognised as distribution	已確認為分派之股息	-	-	-	-	-	(48,201)	(48,201)	-	(48,201)
Transfer from retained earnings to statutory reserves	由滾存盈利調撥至法定儲備	-	-	-	-	2,263	(2,263)	-	-	-
Transfer from share options reserve to retained earnings	由購股權儲備調撥至滾存盈利	-	-	-	(6,352)	-	6,352	-	-	-
Dividends paid to non-controlling shareholders	已付股息予非控股股東	-	-	-	-	-	-	-	(24,957)	(24,957)
At 31 December 2016	於2016年12月31日	865,716	629	(51,731)	815	99,677	2,382,946	3,298,052	155,593	3,453,645
Exchange differences arising on translation of foreign operations	換算海外業務產生之匯兌差額	-	-	10,731	-	-	-	10,731	5,703	16,434
Reclassification adjustment of translation reserve upon deregistration of a subsidiary	註銷一間附屬公司時匯兌儲備之重新分類調整	-	-	1,127	-	-	-	1,127	-	1,127
Net gain arising on revaluation of available-for-sale financial assets during the year	年內重估可供出售金融資產產生之收益淨值	-	272	-	-	-	-	272	-	272
Release upon disposal of available-for-sale financial assets	處置可供出售金融資產時轉出	-	(901)	-	-	-	-	(901)	-	(901)
Profit for the year	是年度盈利	-	-	-	-	-	156,846	156,846	19,100	175,946
Total comprehensive (expense)/income for the year	是年度全面(開支)/收益總值	-	(629)	11,858	-	-	156,846	168,075	24,803	192,878
Dividend recognised as distribution	已確認為分派之股息	-	-	-	-	-	(63,866)	(63,866)	-	(63,866)
Transfer from statutory reserves to retained earnings upon deregistration of PRC subsidiaries	註銷中國附屬公司時由法定儲備調撥至滾存盈利	-	-	-	-	(22,581)	22,581	-	-	-
Transfer from retained earnings to statutory reserves	由滾存盈利調撥至法定儲備	-	-	-	-	5,494	(5,494)	-	-	-
Transfer from share options reserve to retained earnings	由購股權儲備調撥至滾存盈利	-	-	-	(815)	-	815	-	-	-
Dividends paid to non-controlling shareholders	已付股息予非控股股東	-	-	-	-	-	-	-	(25,447)	(25,447)
Appropriation to non-controlling shareholder upon deregistration of a subsidiary	註銷一間附屬公司時分派予非控股股東	-	-	-	-	-	-	-	(834)	(834)
At 31 December 2017	於2017年12月31日	865,716	-	(39,873)	-	82,590	2,493,828	3,402,261	154,115	3,556,376

Note: The statutory reserves represent the appropriation of certain percentages of profit after taxation of certain subsidiaries in the People's Republic of China (the "PRC") as recommended by the directors of those subsidiaries as reported under the PRC statutory financial statements. According to the provision of the articles of association of the subsidiaries, the statutory reserves shall only be used for making up losses, capitalisation into share capital, expansion of the relevant subsidiary's operation and for the welfare of the subsidiary's staff and workers.

附註：法定儲備指若干在中華人民共和國(「中國」)的附屬公司的董事按中國法定財務報表的呈報要求建議將該等附屬公司若干比率的稅後盈利撥備的金額。根據附屬公司組織章程細則的條款，法定儲備僅可用於彌補虧損、撥充股本、擴充相關附屬公司的業務及附屬公司員工及工人的福利。

CONSOLIDATED STATEMENT OF CASH FLOWS

綜合現金流量表

FOR THE YEAR ENDED 31 DECEMBER 2017 截至2017年12月31日止年度

		2017 HK\$'000 千港元	2016 HK\$'000 千港元
CASH FLOWS FROM OPERATING ACTIVITIES	營運項目所得的現金流量		
Profit before income tax expense	除所得稅支出前盈利	212,250	168,068
Adjustments for:	調整：		
Government grants	政府補貼	(3,493)	(3,805)
Amortisation of deferred income	遞延收入的攤銷	(1,607)	(1,507)
Depreciation of investment properties	投資物業之折舊	3,780	3,896
Depreciation of property, plant and equipment	物業、機器及設備之折舊	181,497	174,756
Amortisation of other intangible assets	其他無形資產之攤銷	3,271	3,271
Equity-settled share-based payments reverse	以權益結算以股份為基礎之付款撥回	-	(292)
Finance costs	融資成本	22,533	19,506
Interest income	利息收入	(4,557)	(4,587)
Loss on disposal/written-off of property, plant and equipment	出售／註銷物業、機器及設備之虧損	18,731	13,283
Share of profit of an associate	應佔一間聯營公司之盈利	(1,905)	(595)
Gain on disposal of available-for-sale financial assets	處置可供出售金融資產之收益	(901)	(751)
Impairment loss (reversed)/recognised on trade and bills receivables, net	營業及票據應收款項之減值損失(撥回)／確認淨值	(19,849)	21,401
Impairment loss reversed on other receivables	其他應收款項之減值損失撥回	(89)	(483)
Release of prepaid lease payments	預付租賃款項轉出	2,602	2,601
Loss on deregistration of a subsidiary	註銷一間附屬公司之虧損	1,127	-
Operating profit before working capital changes	營運資金變動前之營運盈利	413,390	394,762
(Increase)/decrease in inventories	存貨之(增加)／減少	(43,975)	3,369
(Increase)/decrease in trade and bills receivables	營業及票據應收款項之(增加)／減少	(9,045)	62,184
Increase in prepayments, deposits and other receivables	預付款項、按金及其他應收款項之增加	(125,002)	(21,844)
Increase/(decrease) in trade and bills payables	營業及票據應付款項之增加／(減少)	36,749	(74,505)
Decrease in other payables and accruals	其他應付款項及應計費用之減少	(15,461)	(20,657)
Decrease in amount due to an associate	欠一間聯營公司款項之減少	(213)	(1,581)
Cash generated from operations	營運所得之現金	256,443	341,728
Hong Kong profits tax paid	已付香港利得稅	(532)	(5,947)
Overseas tax paid	已付海外稅項	(28,747)	(28,766)
NET CASH FROM OPERATING ACTIVITIES	營運項目所得的現金淨值	227,164	307,015

CONSOLIDATED STATEMENT OF CASH FLOWS
綜合現金流量表

FOR THE YEAR ENDED 31 DECEMBER 2017 截至2017年12月31日止年度

	Notes 附註	2017 HK\$'000 千港元	2016 HK\$'000 千港元
NET CASH FROM OPERATING ACTIVITIES	營運項目所得的現金淨值	227,164	307,015
CASH FLOWS FROM INVESTING ACTIVITIES	投資項目所得的現金流量		
Interest received	已收利息	4,523	4,487
Proceeds from disposal of property, plant and equipment	出售物業、機器及設備所得款項	1,247	2,433
Proceeds from disposal of available-for-sale financial assets	處置可供出售金融資產所得款項	20,050	16,538
Purchase of property, plant and equipment	購買物業、機器及設備	(231,326)	(256,485)
Increase in restricted bank deposits	受限制銀行存款增加	(2,597)	(3,363)
Government grants received	已收政府補貼	3,749	5,056
NET CASH USED IN INVESTING ACTIVITIES	投資項目所用的現金淨值	(204,354)	(231,334)
CASH FLOWS FROM FINANCING ACTIVITIES	融資項目所得的現金流量		
Repayment of bank borrowings	償還銀行借貸	(1,534,107)	(1,376,979)
Interest paid	已付利息	(21,402)	(16,790)
Dividends paid to non-controlling shareholders	已付股息予非控股股東	(25,447)	(24,957)
Dividends paid	已付股息	(63,866)	(48,201)
New bank borrowings raised	新籌集之銀行借貸	1,600,618	1,389,965
Appropriation to a non-controlling shareholder upon deregistration of a subsidiary	註銷一間附屬公司時分派予一名非控股股東	(834)	-
NET CASH USED IN FINANCING ACTIVITIES	融資項目所用的現金淨值	(45,038)	(76,962)
NET DECREASE IN CASH AND CASH EQUIVALENTS	現金及等同現金項目的減少淨值	(22,228)	(1,281)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	於是年度開始時的現金及等同現金項目	868,151	870,223
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	匯率變動對現金及等同現金項目的影響	3,678	(791)
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	於是年度終結時的現金及等同現金項目	849,601	868,151
ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS:	現金及等同現金項目結存的分析:		
Short-term bank deposits	短期銀行存款	206,405	177,660
Bank balances and cash	銀行結餘及現金	643,196	690,491
		849,601	868,151

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

31 DECEMBER 2017 2017年12月31日

1. GENERAL

The Company is a public limited company incorporated in Hong Kong. Its shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The addresses of the registered office and the principal place of business of the Company are disclosed in the Corporate Information to the annual report.

The financial statements are presented in Hong Kong dollars (“HK\$”), which is also the functional currency of the Company.

The Company acts as an investment holding company. The principal activities of its principal subsidiaries are set out in note 35.

The directors consider its immediate parent is Chinatex Yieldfull Investments Co., Ltd. and ultimate parent is Chinatex Corporation Limited (previously named as Chinatex Corporation and renamed as Chinatex Corporation Limited with effect from 14 December 2017), a state-owned enterprise under the direct supervision and administration of, and is beneficially owned by, the State-owned Assets Supervision and Administration Commission of the State Council of the PRC.

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

(a) Adoption of new/revised HKFRSs – effective on 1 January 2017

Annual Improvements to HKFRSs 2014-2016 Cycle	Amendments to HKFRS 12, Disclosure of Interests in Other Entities
Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses

The adoption of these amendments has no material impact on the Group’s financial statements.

1. 簡介

本公司為在香港註冊成立的公眾有限公司，其股份於香港聯合交易所有限公司（「聯交所」）上市。本公司的註冊辦事處地址及主要營業地點於本年報公司資料內披露。

財務報表乃以港元呈列，港元亦為本公司的功能貨幣。

本公司乃一間投資控股公司。其主要附屬公司的主要業務載列於附註35內。

董事認為，其直接母公司為中紡盈豐投資有限公司，而其最終母公司為中國中紡集團有限公司（前稱中國中紡集團公司，並自2017年12月14日起更名為中國中紡集團有限公司），一家由中國國務院國有資產監督管理委員會直接監督及管理以及實益擁有之國有企業。

2. 採納香港財務報告準則（「香港財務報告準則」）

(a) 採納新訂／經修訂之香港財務報告準則－於2017年1月1日生效

香港財務報告準則2014年至2016年週期之年度改進	香港財務報告準則第12號之修訂本，披露於其他實體之權益
香港會計準則第7號之修訂本	披露計劃
香港會計準則第12號之修訂本	就未變現虧損確認遞延稅項資產

採納該等修訂本對本集團的財務報表並無重大影響。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
綜合財務報表附註(續)

31 DECEMBER 2017 2017年12月31日

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (continued)

(b) New/revised HKFRSs that have been issued but are not yet effective

The following new/revised HKFRSs, potentially relevant to the Group’s financial statements, have been issued, but are not yet effective and have not been early adopted by the Group. The Group’s current intention is to apply these changes on the date they become effective.

HKFRS 9	Financial Instruments ¹
HKFRS 15	Revenue from Contracts with Customers ¹
HKFRS 16	Leases ²
HK(IFRIC) 22	Foreign Currency Transactions and Advance Consideration ¹
HK(IFRIC) 23	Uncertainty over Income Tax Treatments ²
Annual Improvements to HKFRSs 2014-2016 Cycle	Amendments to HKAS 28, Investments in Associates and Joint Ventures ¹
Annual Improvements to HKFRSs 2015-2017 Cycle	Amendment to HKAS 23, Borrowing Costs ²
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions ¹
Amendments to HKFRS 9	Prepayment Features with Negative Compensation ²
Amendments to HKFRS 15	Revenue from Contracts with Customers (Clarifications to HKFRS 15) ¹
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures ²
Amendments to HKAS 40	Transfers of Investment Property ¹
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³

1 Effective for annual periods beginning on or after 1 January 2018
 2 Effective for annual periods beginning on or after 1 January 2019
 3 The amendments were originally intended to be effective for periods beginning on or after 1 January 2016. The effective date has now been deferred/removed. Early application of the amendments continues to be permitted.

2. 採納香港財務報告準則(「香港財務報告準則」)(續)

(b) 已頒佈但尚未生效之新訂／經修訂香港財務報告準則

下列可能與本集團財務報表有關之新訂／經修訂香港財務報告準則經已頒佈，惟尚未生效亦未經本集團提早採納。本集團目前擬於該等變動生效日期應用該等變動。

香港財務報告準則第9號	金融工具 ¹
香港財務報告準則第15號	客戶合同收入 ¹
香港財務報告準則第16號	租賃 ²
香港(國際財務報告詮釋委員會)詮釋第22號	外幣交易及預付代價 ¹
香港(國際財務報告詮釋委員會)詮釋第23號	所得稅處理之不確定性 ²
香港財務報告準則2014年至2016年週期之年度改進	香港會計準則第28號之修訂本，於聯營公司及合營公司之投資 ¹
香港財務報告準則2015年至2017年週期之年度改進	香港會計準則第23號之修訂本，借貸成本 ²
香港財務報告準則第2號之修訂本	以股份為基礎之付款交易的分類及計量 ¹
香港財務報告準則第9號之修訂本	帶有負補償特性之預付款項 ²
香港財務報告準則第15號之修訂本	客戶合同收入(澄清香港財務報告準則第15號) ¹
香港會計準則第28號之修訂本	於聯營公司及合營公司的長期權益 ²
香港會計準則第40號之修訂本	轉撥投資物業 ¹
香港財務報告準則第10號及香港會計準則第28號之修訂本	投資者與其聯營公司或合營公司之間的資產出售或注資 ³

1 於2018年1月1日或之後開始之年度期間生效
 2 於2019年1月1日或之後開始之年度期間生效
 3 該等修訂本原訂於2016年1月1日或之後開始之期間生效。生效日期現已延遲／刪除。繼續允許提前應用有關修訂本。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**綜合財務報表附註 (續)**

31 DECEMBER 2017 2017年12月31日

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (continued)**(b) New/revised HKFRSs that have been issued but are not yet effective (continued)****HKFRS 9 – Financial Instruments**

HKFRS 9 introduces new requirements for the classification and measurement of financial assets. Debt instruments that are held within a business model whose objective is to hold assets in order to collect contractual cash flows (the business model test) and that have contractual terms that give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding (the contractual cash flow characteristics test) are generally measured at amortised cost. Debt instruments that meet the contractual cash flow characteristics test are measured at FVTOCI if the objective of the entity’s business model is both to hold and collect the contractual cash flows and to sell the financial assets. Entities may make an irrevocable election at initial recognition to measure equity instruments that are not held for trading at FVTOCI. All other debt and equity instruments are measured at FVTPL.

HKFRS 9 includes a new expected loss impairment model for all financial assets not measured at FVTPL replacing the incurred loss model in HKAS 39 and new general hedge accounting requirements to allow entities to better reflect their risk management activities in financial statements.

HKFRS 9 carries forward the recognition, classification and measurement requirements for financial liabilities from HKAS 39, except for financial liabilities designated at FVTPL, where the amount of change in fair value attributable to change in credit risk of the liability is recognised in other comprehensive income unless that would create or enlarge an accounting mismatch. In addition, HKFRS 9 retains the requirements in HKAS 39 for derecognition of financial assets and financial liabilities.

2. 採納香港財務報告準則 (「香港財務報告準則」) (續)**(b) 已頒佈但尚未生效之新訂／經修訂香港財務報告準則 (續)****香港財務報告準則第9號－金融工具**

香港財務報告準則第9號引進金融資產分類及計量的新規定。按業務模式持有資產而目的為收取合約現金流量的債務工具 (業務模式測試) 以及具產生現金流量的合約條款且僅為支付本金及未償還本金利息的債務工具 (合約現金流量特徵測試)，一般按攤銷成本計量。倘該實體業務模式的目的為持有及收取合約現金流量以及出售金融資產，則符合合約現金流量特徵測試的債務工具以按公平價值計入其他全面收益計量。實體可於初步確認時作出不可撤銷的選擇，以按公平價值計入其他全面收益計量並非持作買賣的股本工具。所有其他債務及股本工具以按公平價值計入損益計量。

香港財務報告準則第9號就並非按公平價值計入損益的所有金融資產納入新的預期虧損減值模式 (取代香港會計準則第39號的已產生虧損模式) 以及新的一般對沖會計規定，以讓實體於財務報表內更好地反映其風險管理活動。

香港財務報告準則第9號遵照香港會計準則第39號有關金融負債的確認、分類及計量的規定，惟指定按公平價值計入損益的金融負債除外，除非會產生或擴大會計錯配風險，該負債信貸風險變動引致的公平價值變動金額於其他全面收益確認。此外，香港財務報告準則第9號保留香港會計準則第39號有關終止確認金融資產及金融負債的規定。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
綜合財務報表附註(續)

31 DECEMBER 2017 2017年12月31日

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (continued)

(b) New/revised HKFRSs that have been issued but are not yet effective (continued)

HKFRS 15 – Revenue from Contracts with Customers

The new standard establishes a single revenue recognition framework. The core principle of the framework is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. HKFRS 15 supersedes existing revenue recognition guidance including HKAS 18 Revenue, HKAS 11 Construction Contracts and related interpretations.

HKFRS 15 requires the application of 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 each performance obligation
- Step 5: Recognise revenue when each performance obligation is satisfied

HKFRS 15 includes specific guidance on particular revenue related topics that may change the current approach taken under HKFRS. The standard also significantly enhances the qualitative and quantitative disclosures related to revenue.

2. 採納香港財務報告準則(「香港財務報告準則」)(續)

(b) 已頒佈但尚未生效之新訂／經修訂香港財務報告準則(續)

香港財務報告準則第15號－客戶合同收入

本項新準則設立單一的收入確認框架。該框架的核心原則為實體應確認收入以金額描述轉讓已承諾的貨品或服務予客戶，該金額反映該實體預期就交換該等商品及服務有權獲得的代價。香港財務報告準則第15號將取代現行收入確認指引(包括香港會計準則第18號收入、香港會計準則第11號建築合約及相關詮釋)。

香港財務報告準則第15號要求應用五個步驟確認收入：

- 第一步：識別與客戶的合約
- 第二步：識別合約中的履約責任
- 第三步：釐定交易價
- 第四步：將交易價分配至各履約責任
- 第五步：於各履約責任完成時確認收入

香港財務報告準則第15號包含與特定收入相關的特定指引，該等指引或會更改香港財務報告準則現時應用之方法。該準則亦對收入相關的披露作出大幅質化與量化改進。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**綜合財務報表附註 (續)**

31 DECEMBER 2017 2017年12月31日

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (continued)**(b) New/revised HKFRSs that have been issued but are not yet effective (continued)****HKFRS 16 – Leases**

HKFRS 16, which upon the effective date will supersede HKAS 17 “Leases” and related interpretations, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under HKFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, HKAS 17.

2. 採納香港財務報告準則(「香港財務報告準則」)(續)**(b) 已頒佈但尚未生效之新訂／經修訂香港財務報告準則(續)****香港財務報告準則第16號－租賃**

香港財務報告準則第16號由生效日期起將取代香港會計準則第17號「租賃」及相關詮釋，其引入單一承租人會計處理模式，並規定承租人就為期超過12個月之所有租賃確認資產及負債，除非相關資產為低價值資產則另作別論。具體而言，根據香港財務報告準則第16號，承租人須確認使用權資產（表示其有權使用相關租賃資產）及租賃負債（表示其有責任支付租賃款項）。因此，承租人應確認使用權資產折舊及租賃負債利息，並將租賃負債之現金還款分類為本金部分及利息部分，並於現金流量表內呈列。此外，使用權資產及租賃負債初步按現值基準計量。計量包括不可撤銷租賃付款，亦包括承租人合理地肯定將行使選擇權延續租賃或行使選擇權終止租賃之情況下，將於選擇權期間內作出之付款。此會計處理方法與承租人就租賃採用的會計處理顯著不同，後者適用於根據原準則香港會計準則第17號分類為營運租賃之租賃。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
綜合財務報表附註(續)

31 DECEMBER 2017 2017年12月31日

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (continued)

(b) New/revised HKFRSs that have been issued but are not yet effective (continued)

HKFRS 16 – Leases (continued)

In respect of the lessor accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

As at 31 December 2017, the Group’s total future minimum lease payments under non-cancellable operating lease of HK\$323,743,000 as disclosed in note 40. A preliminary assessment indicates that these arrangements will meet the definition of a lease under HKFRS 16, and hence the Group will recognise a right-of-use asset and a corresponding lease liability in respect of all the leases unless they qualify for low value or short-term leases upon the application of HKFRS 16. In addition, the application of new requirement may result changes in measurement, presentation and disclosure as indicated above.

HK(IFRIC) Int 22 – Foreign Currency Transactions and Advance Consideration

The Interpretation provides guidance on determining the date of the transaction for determining an exchange rate to use for transactions that involve advance consideration paid or received in a foreign currency and the recognition of a non-monetary asset or non-monetary liability. The Interpretations specifies that the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part thereof) is the date on which the entity initially recognises the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration.

2. 採納香港財務報告準則(「香港財務報告準則」)(續)

(b) 已頒佈但尚未生效之新訂／經修訂香港財務報告準則(續)

香港財務報告準則第16號－租賃(續)

就出租人會計處理而言，香港財務報告準則第16號大致繼承了香港會計準則第17號之出租人會計處理規定。因此，出租人繼續將其租賃分類為營運租賃或財務租賃，並且對兩類租賃進行不同之會計處理。

如附註40所披露，於2017年12月31日，本集團於不可撤銷營運租賃項下的未來最低租賃付款總額為323,743,000港元。初步評估指出，該等安排將滿足香港財務報告準則第16號項下的租賃定義，故此，本集團將確認使用權資產以及有關所有租賃的相應租賃負債，除非彼等於應用香港財務報告準則第16號時符合低價值或短期租賃的條件。此外，如上文所示，應用新規定可能導致計量、呈列及披露出現變動。

香港(國際財務報告詮釋委員會)詮釋第22號－外幣交易及預付代價

該詮釋就釐定交易日期以釐定用於涉及以外幣支付或收取預付代價的交易的匯率，以及如何確認非貨幣資產或非貨幣負債提供指引。該詮釋指出，釐定首次確認相關資產、開支或收益(或當中部分)所使用之匯率之交易日期為實體首次確認支付或收取預付代價產生的非貨幣資產或非貨幣負債之日。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**綜合財務報表附註 (續)**

31 DECEMBER 2017 2017年12月31日

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (continued)**(b) New/revised HKFRSs that have been issued but are not yet effective (continued)****HK(IFRIC) Int 23 – Uncertainty over Income Tax Treatments**

The Interpretation supports the requirements of HKAS 12, Income Taxes, by providing guidance over how to reflect the effects of uncertainty in accounting for income taxes.

Under the Interpretation, the entity shall determine whether to consider each uncertain tax treatment separately or together based on which approach better predicts the resolution of the uncertainty. The entity shall also assume the tax authority will examine amounts that it has a right to examine and have full knowledge of all related information when making those examinations. If the entity determines it is probable that the tax authority will accept an uncertain tax treatment, then the entity should measure current and deferred tax in line with its tax filings. If the entity determines it is not probable, then the uncertainty in the determination of tax is reflected using either the “most likely amount” or the “expected value” approach, whichever better predicts the resolution of the uncertainty.

Annual Improvements to HKFRSs 2014-2016 Cycle – Amendments to HKAS 28, Investments in Associates and Joint Ventures

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to HKAS 28, Investments in Associates and Joint Ventures, clarifying that a Venture Capital organisation’s permissible election to measure its associates or joint ventures at fair value is made separately for each associate or joint venture.

Annual Improvements to HKFRSs 2015-2017 Cycle – Amendments to HKAS 23, Borrowing Costs

The amendments clarify that if a specific borrowing remains outstanding after the related qualifying asset is ready for its intended use or sale, it becomes part of the funds and entity borrows generally.

2. 採納香港財務報告準則 (「香港財務報告準則」) (續)**(b) 已頒佈但尚未生效之新訂／經修訂香港財務報告準則 (續)****香港 (國際財務報告詮釋委員會) 詮釋第 23號 – 所得稅處理之不確定性**

該詮釋透過就如何反映所得稅會計處理涉及的不確定性因素影響提供指引，為香港會計準則第12號所得稅的規定提供支持。

根據該詮釋，實體須釐定分別或集中考慮各項不確定稅項處理，以更好預測不確定性因素的解決方式。實體亦須假設稅務機關將會檢討其有權檢討的金額，並在作出上述檢討時完全知悉所有相關資料。如實體釐定稅務機關可能會接受一項不確定稅項處理，則實體應按與其稅務申報相同的方式計量是年度及遞延稅項。否則，釐定稅項涉及的不確定性因素採用「最可能金額」或「預期值」法兩者中能更好預測不確定性因素解決方式的方法來反映。

香港財務報告準則2014年至2016年週期之年度改進 – 香港會計準則第28號之修訂本，於聯營公司及合營公司之投資

根據年度改進過程頒佈之此等修訂本對現時並不明確之多項準則作出微細且並不急切之修改。其中包括香港會計準則第28號之修訂本，於聯營公司及合營公司之投資，該修訂本澄清風險資本機構可選擇按公平價值計量其聯營公司或合營公司時，有關選擇分別對每間聯營公司或合營公司作出。

香港財務報告準則2015年至2017年週期之年度改進 – 香港會計準則第23號之修訂本，借貸成本

該修訂本澄清，倘特定借貸於有關符合條件資產達致其擬定用途或供出售後仍未償還，則特定借貸成為資金的一部分且實體通常借貸。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
綜合財務報表附註(續)

31 DECEMBER 2017 2017年12月31日

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (continued)

(b) New/revised HKFRSs that have been issued but are not yet effective (continued)

Amendments to HKFRS 2 – Classification and Measurement of Share-based Payment Transactions

The amendments provide requirements on the accounting for the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments; share-based payment transactions with a net settlement feature for withholding tax obligations; and a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

Amendments to HKFRS 9 – Prepayment Features with Negative Compensation

The amendments clarify that prepayable financial assets with negative compensation can be measured at amortised cost or at fair value through other comprehensive income if specified conditions are met – instead of at fair value through profit or loss.

Amendments to HKFRS 15 – Revenue from Contracts with Customers (Clarifications to HKFRS 15)

The amendments to HKFRS 15 included clarifications on identification of performance obligations; application of principal versus agent; licenses of intellectual property; and transition requirements.

Amendments to HKAS 40 – Transfers of Investment Property

The amendments clarify that to transfer to or from investment properties there must be a change in use and provides guidance on making this determination. The clarification states that a change of use will occur when a property meets, or ceases to meet, the definition of investment property and there is supporting evidence that a change has occurred.

The amendments also re-characterise the list of evidence in the standard as a non-exhaustive list, thereby allowing for other forms of evidence to support a transfer.

2. 採納香港財務報告準則(「香港財務報告準則」)(續)

(b) 已頒佈但尚未生效之新訂／經修訂香港財務報告準則(續)

香港財務報告準則第2號之修訂本－以股份為基礎之付款交易的分類及計量

有關修訂本規定歸屬及非歸屬條件對以現金結算以股份為基礎之付款計量的會計處理；預扣稅責任具有淨值結算特徵的以股份為基礎之付款交易；以及交易類別由以現金結算變更為以權益結算之以股份為基礎之付款條款及條件的修訂。

香港財務報告準則第9號之修訂本－帶有負補償特性之預付款項

有關修訂本澄清，倘符合指定條件，帶有負補償特性之預付金融資產可按攤銷成本或按公平價值計入其他全面收益計量－而非按公平價值計入損益計量。

香港財務報告準則第15號之修訂本－客戶合同收入(澄清香港財務報告準則第15號)

香港財務報告準則第15號之修訂本包括澄清對履約責任的識別；應用委託人及代理人；知識產權許可；及過渡需要。

香港會計準則第40號之修訂本－轉撥投資物業

該修訂本澄清，就轉入或轉出投資物業須有變更用途並就此目的提供指引。當物業滿足或不再滿足投資物業之定義且有證據支持已出現變更時，則澄清說明將出現用途變更。

該修訂本亦於該準則中將證據清單重新描繪為非詳盡清單，故此允許其他形式的證據支持轉撥。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**綜合財務報表附註 (續)**

31 DECEMBER 2017 2017年12月31日

2. ADOPTION OF HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (continued)**(b) New/revised HKFRSs that have been issued but are not yet effective (continued)****Amendments to HKFRS 10 and HKAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture**

The amendments clarify the extent of gains or losses to be recognised when an entity sells or contributes assets to its associate or joint venture. When the transaction involves a business the gain or loss is recognised in full, conversely when the transaction involves assets that do not constitute a business the gain or loss is recognised only to the extent of the unrelated investors' interests in the joint venture or associate.

The Group has already commenced an assessment of the impact of adopting the above standards and amendments to existing standards to the Group. Except as HKFRS 16 described above, the directors of the Company anticipate that the application of other new and amendments to HKFRSs and an interpretation will have no material impact on the Group's financial performance and positions and/or the disclosures to the financial statements of the Group.

3. BASIS OF PREPARATION**(a) Statement of compliance**

The financial statements have been prepared in accordance with all applicable HKFRSs, Hong Kong Accounting Standards (“HKASs”) and Interpretations (hereinafter collectively referred to as the “HKFRSs”) and the provisions of the Hong Kong Companies Ordinance. In addition, the financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange (“the Listing Rules”).

(b) Basis of measurement

The financial statements have been prepared under the historical cost basis except for certain financial instruments that are measured at fair values.

(c) Functional and presentation currency

The financial statements are presented in Hong Kong dollars (“HK\$”), which is the same as the functional currency of the Company.

2. 採納香港財務報告準則(「香港財務報告準則」)(續)**(b) 已頒佈但尚未生效之新訂／經修訂香港財務報告準則(續)****香港財務報告準則第10號及香港會計準則第28號之修訂本－投資者與其聯營公司或合營公司之間的資產出售或注資**

有關修訂本澄清實體向其聯營公司或合營公司出售或注入資產時，將予確認之收益或虧損程度。當交易涉及一項業務，則須確認全數收益或虧損。反之，當交易涉及不構成一項業務的資產，則僅須就不相關投資者於合資公司或聯營公司之權益確認收益或虧損。

本集團已對採納上述準則及本集團現有準則的修訂本的影響進行評估。除上文香港財務報告準則第16號所披露者外，本公司董事預計應用其他新訂香港財務報告準則及香港財務報告準則修訂本及詮釋將不會對本集團的財務表現及狀況及／或本集團的財務報表披露資料造成重大影響。

3. 編製基準**(a) 遵例聲明**

財務報表乃按照所有適用之香港財務報告準則、香港會計準則(「香港會計準則」)及詮釋(以下統稱「香港財務報告準則」)以及香港公司條例之條文而編製。此外，財務報表包括聯交所證券上市規則(「上市規則」)所規定之適用披露資料。

(b) 計量基準

財務報表乃按歷史成本基準編製，惟若干金融工具按公平價值列賬除外。

(c) 功能及呈列貨幣

財務報表以港元呈列，亦為本公司之功能貨幣。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
綜合財務報表附註(續)

31 DECEMBER 2017 2017年12月31日

4. SIGNIFICANT ACCOUNTING POLICIES

(a) Business combination and basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries (“the Group”). Inter-company transactions and balances between group companies together with unrealised profits are eliminated in full in preparing the consolidated financial statements. Unrealised losses are also eliminated unless the transaction provides evidence of impairment on the asset transferred, in which case the loss is recognised in profit or loss.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the dates of acquisition or up to the dates of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

Acquisition of subsidiaries or businesses is accounted for using the acquisition method. The cost of an acquisition is measured at the aggregate of the acquisition-date fair value of assets transferred, liabilities incurred and equity interests issued by the Group, as the acquirer. The identifiable assets acquired and liabilities assumed are principally measured at acquisition-date fair value. The Group’s previously held equity interest in the acquiree is re-measured at acquisition-date fair value and the resulting gains or losses are recognised in profit or loss. The Group may elect, on a transaction-by-transaction basis, to measure the non-controlling interests that represent present ownership interests in the subsidiary either at fair value or at the proportionate share of the acquiree’s identifiable net assets. All other non-controlling interests are measured at fair value unless another measurement basis is required by HKFRSs. Acquisition-related costs incurred are expensed unless they are incurred in issuing equity instruments in which case the costs are deducted from equity.

Any contingent consideration to be transferred by the acquirer is recognised at acquisition-date fair value. Subsequent adjustments to consideration are recognised against goodwill only to the extent that they arise from new information obtained within the measurement period (a maximum of 12 months from the acquisition date) about the fair value at the acquisition date. All other subsequent adjustments to contingent consideration classified as an asset or a liability are recognised in profit or loss.

4. 主要會計政策

(a) 業務合併及綜合基準

綜合財務報表包含本公司及其附屬公司(「本集團」)的財務報表。集團公司之間內部公司交易及結餘以及未變現之盈利已於編製綜合財務報表時完全對銷。未變現虧損亦已作對銷，除非是項交易提供所轉讓資產之減值證據，則在損益賬內確認虧損。

是年度收購或出售的附屬公司的業績已根據其收購生效或出售日期(如適用)包括在綜合損益及其他全面收益表內。如有需要，附屬公司的財務報表會作出調整，使其會計政策與本集團其他成員公司所採用者一致。

收購附屬公司或業務採用收購法入賬。收購成本按本集團(作為收購方)於收購日期所轉移資產、所產生的負債及發行的股權的公平價值總額計量。所收購之可識別資產及所承擔的負債主要按收購日期公平價值計算。本集團先前於被收購方所持有的股權將按收購日期公平價值重新計算，所產生的收益或虧損於損益賬內確認。本集團可就每宗交易選擇按公平價值或按應佔被收購方可識別資產淨值的比例計量代表於附屬公司的目前擁有權權益之非控股權益。所有其他非控股權益按公平價值計量，除非香港財務報告準則規定另一項計量基準，則作別論。因收購所產生之相關成本一概列作開支，除非有關成本是於發行股本工具時產生，則有關成本會於權益中扣除。

收購方將予轉移之任何或然代價按收購日期公平價值確認。其後對代價之調整，則僅於調整是源自有關於收購日期之公平價值之新資料，且新資料是於計量期間(最長為收購日期起12個月)內取得時，方以商譽確認。所有其他對分類為資產或負債的或然代價作出之其後調整於損益賬內確認。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**綜合財務報表附註 (續)**

31 DECEMBER 2017 2017年12月31日

4. SIGNIFICANT ACCOUNTING POLICIES (continued)**(a) Business combination and basis of consolidation (continued)**

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interest. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of.

Subsequent to acquisition, the carrying amount of non-controlling interests that represent present ownership interests in the subsidiary is the amount of those interests at initial recognition plus such non-controlling interest's share of subsequent changes in equity. Total comprehensive income is attributed to such non-controlling interests even if this results in those non-controlling interests having a deficit balance.

(b) Subsidiaries

A subsidiary is an investee over which the Company is able to exercise control. The Company controls an investee if all three of the following elements are present: power over the investee, exposure, or rights, to variable returns from the investee, and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

In the Company's statement of financial position, investments in subsidiaries are stated at cost less impairment loss, if any. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

4. 主要會計政策 (續)**(a) 業務合併及綜合基準 (續)**

當本集團失去該附屬公司之控制權，出售盈利或虧損為以下兩者之差額：(i)已收代價公平價值與任何保留權益公平價值之總額與(ii)附屬公司過往之資產（包括商譽）及負債之賬面值及任何非控股權益。如相關資產或負債已經出售，以往於其他全面收益確認與該附屬公司有關之金額須以相同方式入賬。

於收購後，代表於附屬公司的現有擁有權益的非控股權益的賬面值指該等權益於初步確認的金額加上該非控股權益應佔權益之其後變動。即使導致該等非控股權益結餘出現虧絀，全面收益總值亦歸屬於該等非控股權益。

(b) 附屬公司

附屬公司為本公司可以對其行使控制權的被投資方。倘出現以下全部三個因素時，本公司即控制一名被投資方：有權控制被投資方、承擔或享有來自被投資方可變回報的風險或權利，及利用其權力影響該等可變回報的能力。當有事實及情況顯示任何該等控制因素可能出現變動時，將會重新評估控制權。

於本公司的財務狀況表內，於附屬公司的投資乃按成本扣除減值損失（如有）入賬。附屬公司的業績由本公司按已收及應收的股息基準入賬。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
綜合財務報表附註(續)

31 DECEMBER 2017 2017年12月31日

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor a joint arrangement. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not control or joint control over those policies.

Associates are accounted for using the equity method whereby they are initially recognised at cost and thereafter, their carrying amount are adjusted for the Group's share of the post-acquisition change in the associates' net assets except that losses in excess of the Group's interest in the associate are not recognised unless there is an obligation to make good those losses.

Profits and losses arising on transactions between the Group and its associates are recognised only to the extent of unrelated investors' interests in the associate. The investor's share in the associate's profits and losses resulting from these transactions is eliminated against the carrying value of the associate. Where unrealised losses provide evidence of impairment of the asset transferred they are recognised immediately in profit or loss.

Any premium paid for an associate above the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired is capitalised and included in the carrying amount of the associate. Where there is objective evidence that the investment in an associate has been impaired, the carrying amount of the investment is tested for impairment in the same way as other non-financial assets.

(d) Investment properties

Investment properties are properties held either to earn rentals or for capital appreciation or for both, but not held for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are stated at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any. Depreciation is charged so as to write off the cost of investment properties net of expected residual value over the estimated useful live using straight-line method. The useful life, residual value and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period.

4. 主要會計政策(續)

(c) 聯營公司

聯營公司指本集團能對其行使重大影響力，而並非附屬公司或於合營安排之實體。重大影響力指可參與被投資方之財務及營運政策之決策但不是控制或共同控制該等政策之權力。

聯營公司以權益法入賬。根據權益法，投資初始以成本確認，其後，其賬面值根據本集團在收購後分佔聯營公司資產淨值的變動進行調整，惟超過本集團在聯營公司中的權益的虧損則不會確認，除非有義務填補有關虧損，則作別論。

本集團與其聯營公司之間的交易所產生的損益會予以確認，但僅限於無關連投資者在聯營公司之權益。投資者應佔因該等交易而產生的有關聯營公司損益與聯營公司的賬面值對銷。倘未變現虧損提供所轉讓資產之減值證據，則立即於損益賬內確認。

任何收購聯營公司之成本超過本集團應佔所收購的可識別資產、負債及或然負債的公平價值的部分會予以資本化，並計入聯營公司的賬面值。倘有客觀證據顯示於聯營公司之投資已經減值，則投資的賬面值會以與其他非金融資產相同的方式進行減值測試。

(d) 投資物業

投資物業為持作賺取租金或資本增值或兩者兼有，而非於日常業務過程中持作出售、用於生產或提供商品或服務，或作行政用途的物業。

投資物業初步以成本(包括任何直接應佔開支)計量。於初步確認後，投資物業以成本減往後累計折舊及往後累計減值損失(如有)列賬。投資物業之折舊乃按其估計可使用年期經扣減其預期剩餘價值後，以直線法撇銷其成本。可使用年期、剩餘價值及折舊方法於各報告期終進行檢討並於適當情況下作出調整。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**綜合財務報表附註 (續)**

31 DECEMBER 2017 2017年12月31日

4. SIGNIFICANT ACCOUNTING POLICIES (continued)**(e) Property, plant and equipment**

Property, plant and equipment including buildings held for use in the production or supply of goods or services, or for administrative purposes (other than construction in progress and freehold land) are stated at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

The cost of property, plant and equipment includes its purchase price and the costs directly attributable to the acquisition of the items.

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

Property, plant and equipment (other than construction in progress and freehold land) are depreciated so as to write off their cost or valuation net of expected residual value over their estimated useful lives on a straight-line basis. The useful lives, residual value and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period. The useful lives are as follows:

Freehold land	Nil
Leasehold land and buildings	Shorter of 20 – 50 years or period of the lease term
Furniture, fixtures and equipment	3 – 10 years
Plant and machinery	5 – 10 years
Motor vehicles	3 ¹ / ₃ – 5 years
Construction in progress	Nil

Freehold land is carried at cost less any recognised impairment loss.

4. 主要會計政策 (續)**(e) 物業、機器及設備**

物業、機器及設備包括持作生產或供應貨物或提供服務或行政用途的建築物（惟在建工程及永久持有的土地除外），以成本扣減往後累計折舊及累計減值損失（如有）後列賬。

物業、機器及設備的成本包括其購買價及收購該等項目直接應佔之成本。

僅當項目相關之未來經濟利益可能會流入本集團，而且能夠可靠地計算該項目之成本時，其後成本方會計入資產之賬面值或確認為一項獨立資產（如適宜）。被取代部分之賬面值將終止確認。所有其他維修及保養在其產生之財政期間於損益賬內確認為開支。

除在建工程及永久持有的土地外，物業、機器及設備乃按估計可使用年期經扣減其預期剩餘價值後，以直線法撇銷其成本。可使用年期、剩餘價值及折舊方法於各報告期終進行檢討及調整（如適宜）。可使用年期載列如下：

永久持有的土地	無
租賃土地及建築物	20–50年或租賃年期 （以較短者為準）
傢俬、裝置及設備	3–10年
廠房及機器	5–10年
車輛	3 ¹ / ₃ –5年
在建工程	無

永久持有的土地乃按成本減任何已確認減值損失列賬。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
綜合財務報表附註(續)

31 DECEMBER 2017 2017年12月31日

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Property, plant and equipment (continued)

Construction in progress is stated at cost less impairment losses. Cost comprises direct costs of construction as well as borrowing costs capitalised during the periods of construction and installation. Capitalisation of these costs ceases and the construction in progress is transferred to the appropriate class of property, plant and equipment when substantially all the activities necessary to prepare the assets for their intended use are completed. No depreciation is provided for in respect of construction in progress until it is completed and ready for its intended use.

An asset is written down immediately to its recoverable amount if its carrying amount is higher than the asset's estimated recoverable amount.

The gain or loss on disposal of an item of property, plant and equipment is the difference between the net sale proceeds and its carrying amount, and is recognised in profit or loss on disposal.

(f) Leasing

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

The Group as lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

The Group as lessee

The total rentals payable under the operating leases are recognised in profit or loss on a straight-line basis over the lease term. Lease incentives received are recognised as an integrated part of the total rental expense, over the term of the lease.

4. 主要會計政策(續)

(e) 物業、機器及設備(續)

在建工程以成本扣減減值損失列賬。成本指建築的直接成本，以及於建築及安裝期間資本化的借貸成本。當絕大部分準備該資產以用作擬定用途所須的活動已完成時，則停止資本化成本，並將在建工程轉移至相關類別的物業、機器及設備。在建工程於完成及可按擬定用途使用前不作折舊撥備。

倘資產的賬面值高於其估計可收回金額，則會即時撇減至其可收回金額。

處置一項物業、機器及設備產生的收益或虧損為銷售所得款項淨額與其賬面值的差額，並於處置時於損益賬內確認。

(f) 租賃

如租賃條款將擁有權的絕大部分風險及回報轉嫁給承租人，則該等租賃被分類為財務租賃。所有其他租賃則分類為營運租賃。

本集團作為出租人

營運租賃的租金收入乃按有關租賃年期以直線法在損益賬內確認。磋商及安排營運租賃產生的初步直接成本會加入該租賃資產的賬面值內並按租賃年期以直線法確認為開支。

本集團作為承租人

根據營運租賃應付的租金總額以直線法按租賃年期在損益賬內確認。已收取租賃優惠於租賃年期內確認為租金開支總額不可或缺的部分。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**綜合財務報表附註 (續)**

31 DECEMBER 2017 2017年12月31日

4. SIGNIFICANT ACCOUNTING POLICIES (continued)**(g) Leasehold land and building**

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

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

(h) Inventories

Inventories are initially recognised at cost, and subsequently at the lower of cost and net realisable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost is calculated using the first-in first-out method. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

4. 主要會計政策 (續)**(g) 租賃土地及建築物**

倘租賃包括土地及建築物部分，則本集團會基於有關各部分擁有權所附之絕大部分風險及回報是否轉讓予本集團的評定，獨立評估各要素作為財務或營運租賃的分類。具體而言，最低租賃付款（包括任何一次過預付款）按租賃開始時土地及建築物部分之租賃權益的相對公平價值比例於土地與建築物部分之間分配。

倘租賃付款能夠可靠地分配，則列為營運租賃的租賃土地權益於綜合財務狀況表呈列為「預付租賃款項」，並以直線基準於租賃年期內攤銷。

(h) 存貨

存貨初始按成本確認，其後按成本及可變現淨值的較低者確認。成本包括所有採購成本、轉換成本及將存貨達致其目前地點及狀況所產生的其他成本。成本以先進先出基準計算。可變現淨值指一般業務過程中的估計售價減去作出銷售所需的估計成本。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
綜合財務報表附註(續)

31 DECEMBER 2017 2017年12月31日

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Intangible assets (other than goodwill)

(i) Intangible assets

Intangible assets acquired separately are initially recognised at cost. Subsequently, intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses.

Amortisation is provided on a straight-line basis over their useful lives as follows. Intangible assets with indefinite useful lives are carried at cost less any accumulated impairment losses. The amortisation expense is recognised in profit or loss and included in administrative expenses.

Software Shorter of 5 – 10 years or period of the contract term

(ii) Impairment

Intangible assets with finite lives are tested for impairment when there is an indication that an asset may be impaired. Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, irrespective of whether there is any indication that they may be impaired. Intangible assets are tested for impairment by comparing their carrying amounts with their recoverable amounts (see note 4(n)).

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount; however, the carrying amount should not be increased above the lower of its recoverable amount and the carrying amount that would have resulted had no impairment loss been recognised for the asset in prior years. All reversals are recognised in the consolidated statement of profit or loss and other comprehensive income immediately.

4. 主要會計政策(續)

(i) 無形資產(商譽除外)

(i) 無形資產

獨立收購的無形資產初步按成本確認。其後，確定可使用年期之無形資產會按成本扣減累計攤銷及累計減值損失列賬。

攤銷乃以直線法按以下可使用年期計提撥備。不確定可使用年期之無形資產會按成本扣減任何累計減值損失列賬。攤銷費用於損益賬內確認及計入行政費用。

軟件 5–10年或合約年期(以較短者為準)

(ii) 減值

具有限使用年期之無形資產於資產出現可能減值之跡象時進行減值測試。具不確定可使用年期之無形資產及尚未可供使用之無形資產不論是否出現任何可能減值之跡象，均會於每年進行減值測試。無形資產之減值測試為比較其賬面值與其可收回金額(見附註4(n))。

倘估計資產之可收回金額低於其賬面值，則資產之賬面值減至其可收回金額。減值損失即時確認為開支。

倘減值損失於其後撥回，資產賬面值將增加至其經修訂之估計可收回金額；然而，賬面值不應增加至超過其可收回金額及於過往年度並無就資產確認減值損失的情況下原賬面值(以較低者為準)。全部撥回可於綜合損益及其他全面收益表內即時確認。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**綜合財務報表附註 (續)**

31 DECEMBER 2017 2017年12月31日

4. SIGNIFICANT ACCOUNTING POLICIES (continued)**(j) Financial instruments****(i) Financial assets**

The Group classifies its financial assets at initial recognition, depending on the purpose for which the asset was acquired. Financial assets are initially measured at fair value plus transaction costs that are directly attributable to the acquisition of the financial assets. Regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. A regular way purchase or sale is a purchase or sale of a financial asset under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned.

Loans and receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (trade debtors), and also incorporate other types of contractual monetary asset. Subsequent to initial recognition, loans and receivables (including trade and bills receivables, other receivables, amounts due from subsidiaries, bank deposits and bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses.

Available-for-sale financial assets

These assets are non-derivative financial assets that are designated as available-for-sale or are not included in other categories of financial assets. Subsequent to initial recognition, these assets (including investment in life insurance policies) are carried at fair value with changes in fair value recognised in other comprehensive income, except for impairment losses and foreign exchange gains and losses on monetary instruments, which are recognised in profit or loss.

For available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, they are measured at cost less any identified impairment losses.

4. 主要會計政策 (續)**(j) 金融工具****(i) 金融資產**

本集團於初步確認金融資產時，視乎收購資產的目的將其分類。金融資產初步以公平價值加收購金融資產的直接交易成本計算。以常規方式購入或出售之金融資產乃按交易日基準確認及終止確認。以常規方式購入或出售指須按合約條款要求於有關市場法規或慣例通常所訂時限內交付資產之金融資產購入或出售。

貸款及應收款項

該等資產為在活躍市場非報價的附帶固定或可釐定付款的非衍生金融資產。該等資產乃主要於向客戶提供商品及服務過程中產生（應收賬款），且同時亦包括其他類別之合約貨幣資產。於初步確認後，貸款及應收款項（包括營業及票據應收款項、其他應收款項、附屬公司所欠款項、銀行存款以及銀行結餘及現金）均按實際利率方法，扣除任何已識別的減值損失後的攤銷成本列賬。

可供出售金融資產

該等資產為指定為可供出售或不計入其他金融資產類別的非衍生金融資產。於初始確認後，該等資產（包括人壽保險保單之投資）乃按公平價值列賬，而公平價值的變動於其他全面收益內確認，惟於損益賬內確認的貨幣工具減值損失及匯兌盈虧除外。

於活躍市場並無市場報價且公平價值不能可靠計量的可供出售股本權益投資及與該等無報價的股本工具掛鉤及必須透過交付該等工具進行交付的衍生工具，均按成本減任何已識別減值損失列賬。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
綜合財務報表附註(續)

31 DECEMBER 2017 2017年12月31日

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Financial instruments (continued)

(ii) Impairment loss on financial assets

The Group assesses, at the end of each reporting period, whether there is any objective evidence that financial asset is impaired. Financial asset is impaired if there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset that can be reliably estimated. Evidence of impairment may include:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- granting concession to a debtor because of debtor's financial difficulty;
- it becoming probable that the debtor will enter bankruptcy or other financial reorganisation.

For loans and receivables

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the respective credit period and observable changes in national or local economic conditions that correlate with default on receivables.

An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired, and is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate.

4. 主要會計政策(續)

(j) 金融工具(續)

(ii) 金融資產之減值損失

本集團於各報告期終會評估是否有任何客觀證據證明金融資產出現減值。倘於初步確認資產後，因發生一項或多項的事件引致客觀證據證明減值及有關事件對金融資產估計未來現金流量之影響無法可靠計量，則金融資產出現減值。減值的證據可能包括：

- 債務人出現嚴重財務困難；
- 違反合約，例如欠繳或拖欠利息或本金付款；
- 由於債務人財務困難，向債務人授予寬限；
- 債務人很有可能將宣告破產或進行其他財務重組。

貸款及應收款項

就若干類別的金融資產(如營業應收款項)而言，不會單獨作出減值評估的資產會於日後彙集一併評估減值。應收款項組合出現的減值客觀證據可包括本集團的過往收款經驗、組合內延遲還款至超逾有關信貸期之次數增加及國家或地區經濟狀況出現明顯變動導致應收款項未能償還。

減值損失乃於有客觀證據證明資產出現減值時於損益賬內確認，並按該資產的賬面值與按原先實際利率貼現的估計未來現金流量現值的差額計量。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**綜合財務報表附註 (續)**

31 DECEMBER 2017 2017年12月31日

4. SIGNIFICANT ACCOUNTING POLICIES (continued)**(j) Financial instruments (continued)****(ii) Impairment loss on financial assets (continued)*****For loans and receivables (continued)***

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

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

For available-for-sale financial assets

Where a decline in the fair value constitutes objective evidence of impairment, the amount of the loss is removed from equity and recognised in profit or loss.

Any impairment losses on available-for-sale debt investments are subsequently reversed in profit or loss if an increase in the fair value of the investments can be objectively related to an event occurring after the recognition of impairment loss.

For available-for-sale equity investment, any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income.

For available-for-sale equity investment that is carried at cost, the amount of impairment loss is measured as the difference between the carrying amount of the asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss is not reversed.

4. 主要會計政策 (續)**(j) 金融工具 (續)****(ii) 金融資產之減值損失 (續)*****貸款及應收款項 (續)***

貸款及應收款項的賬面值直接按所有貸款及應收款項的減值損失調低，惟營業應收款項除外，其賬面值乃透過使用撥備賬目而調低。撥備賬目的賬面值變動於損益賬內確認。倘營業應收款項被視為無法收回，則於撥備賬內撇銷。其後收回過往撇銷的款項計入損益賬內。

倘於往後期間，減值損失金額減少，而該減少可客觀地與減值損失確認後發生的事件有關，則先前確認的減值損失透過損益撥回，惟該資產於撥回減值當日的賬面值不得超過在並無確認減值的情況下應有的已攤銷成本。

可供出售金融資產

倘公平價值減少構成減值的客觀證據，則虧損金額自權益扣除及於損益賬內確認。

如投資公平價值之增加客觀上與確認減值損失後發生之事件相關，則可供出售債務投資之減值損失其後會從損益中撥回。

可供出售股本權益投資於減值損失後的任何公平價值增加乃於其他全面收益內確認。

按成本列賬可供出售股本權益投資的減值損失金額乃以資產賬面值及按類似金融資產的現時市場回報率貼現的估計未來現金流量現值兩者的差額計算。有關減值損失不得撥回。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
綜合財務報表附註(續)

31 DECEMBER 2017 2017年12月31日

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Financial instruments (continued)

(iii) Financial liabilities

The Group classifies its financial liabilities, depending on the purpose for which the liabilities were incurred. Financial liabilities at amortised costs are initially measured at fair value, net of directly attributable costs incurred.

Financial liabilities at amortised cost including trade and bills payables, other payables, amounts due to subsidiaries/non-controlling shareholders/an associate, bank borrowings are subsequently measured at amortised cost, using the effective interest method. The related interest expense is recognised in profit or loss.

Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

(iv) Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period.

(v) Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

(vi) Derecognition

The Group derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with HKAS 39.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expires.

4. 主要會計政策(續)

(j) 金融工具(續)

(iii) 金融負債

本集團視乎負債產生的目的將其金融負債分類。按攤銷成本計量的金融負債初步以公平價值，扣除所產生的直接應佔成本後計算。

按攤銷成本計量的金融負債包括營業及票據應付款項、其他應付款項、欠附屬公司／非控股股東／聯營公司款項、銀行借貸，其後乃按實際利率方法以攤銷成本計量。有關利息費用於損益賬內確認。

收益或虧損於終止確認負債時透過攤銷程序於損益賬內確認。

(iv) 實際利率方法

實際利率方法是一種計算金融資產或金融負債的攤銷成本以及按有關期間攤分利息收入或利息費用的方法。實際利率是將估計未來現金付款透過金融資產或金融負債的預期年期或更短期間(倘適用)準確貼現的利率。

(v) 權益工具

本公司發行的權益工具乃以所收款項，扣除直接發行成本後記賬。

(vi) 終止確認

本集團於金融資產有關之未來現金流量合約權利屆滿，或此類金融資產已轉讓且該轉讓根據香港會計準則第39號符合終止確認標準時，終止確認金融資產。

當有關合約所訂明責任已告解除、註銷或屆滿時，則金融負債將被終止確認。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**綜合財務報表附註 (續)**

31 DECEMBER 2017 2017年12月31日

4. SIGNIFICANT ACCOUNTING POLICIES (continued)**(k) Cash and cash equivalents**

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise short-term bank deposits, bank balances and cash are subject to an insignificant risk of changes in value, and have a short maturity of generally within one year when acquired, which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statements of financial position, cash and cash equivalents comprise short-term bank deposits, bank balances and cash which are not restricted as to use.

(l) Government grants

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

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Government grants related to depreciable assets are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss over the useful lives of the related assets.

(m) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, which it is probable will result in an outflow of economic benefits that can be reliably estimated.

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, the existence of which 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.

4. 主要會計政策 (續)**(k) 現金及等同現金項目**

就綜合現金流量表而言，現金及等同現金項目包括短期銀行存款、銀行結餘及現金均受價值變動的輕微風險所限，且到期日數短暫，一般於收購後一年內到期，且按要求償還並組成本集團現金管理不可或缺部分。

就綜合財務狀況表而言，現金及等同現金項目包括短期銀行存款、銀行結餘及現金，其用途不受限制。

(l) 政府補貼

除非能合理確定本集團將符合補貼所附帶之條件及將獲發有關補貼，否則政府補貼不予確認。

政府補貼於本集團確認有關成本為開支的期間內，有系統地於損益賬內確認，該補貼擬用於補償相關成本。與折舊資產有關的政府補貼於綜合財務狀況表確認為遞延收入，並按相關資產的可使用年期撥入損益。

(m) 撥備及或然負債

倘本集團因過往事件而承擔法律或推定責任，而有可能將導致經濟利益外流及能夠可靠估計時，則會為未確定時間或金額之負債確認撥備。

倘經濟利益需要外流的可能性不大，或不能對有關金額作出可靠估計時，則有關責任會作為或然負債披露，惟經濟利益外流之可能性極低則作別論。僅以發生或未發生一項或多項未來事件方可確定是否存在的可能責任，亦會披露為或然負債，惟經濟利益外流之可能性極低則作別論。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
綜合財務報表附註(續)

31 DECEMBER 2017 2017年12月31日

4. SIGNIFICANT ACCOUNTING POLICIES (continued)
(n) Impairment of assets (other than financial assets)

At the end of the reporting period, the Group reviews the carrying amounts of the following assets to determine whether there is any indication that those assets have suffered an impairment loss or an impairment loss previously recognised no longer exist or may have decreased:

- investment properties;
- property, plant and equipment;
- prepaid lease payments;
- other intangible assets; and
- interest in an associate;

If the recoverable amount (i.e. the greater of the fair value less costs of disposal and value in use) of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount under another HKFRS, in which case the reversal of the impairment loss is treated as a revaluation increase under that HKFRS.

Value in use is based on the estimated future cash flows expected to be derived from the asset, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit.

4. 主要會計政策(續)
(n) 資產減值(金融資產除外)

於報告期終,本集團會檢討以下資產的賬面值,以判斷是否有任何跡象顯示該等資產出現減值損失,或過往確認的減值損失是否不再存在或已經減少:

- 投資物業;
- 物業、機器及設備;
- 預付租賃款項;
- 其他無形資產;及
- 於聯營公司的權益;

若估計一項資產的可收回金額(即公平價值減處置成本與使用價值兩者的較高者)低於其賬面值時,該資產的賬面值會減至其可收回金額。此項減值損失會立即確認為支出。

倘減值損失其後出現逆轉,則該資產的賬面值可增加至其經修訂的估計可收回金額,惟增加後的賬面值不得超過該資產於過往年度並未確認減值損失時的賬面值。此項減值損失撥回會立即確認為收入,惟有關資產根據另一香港財務報告準則以重估金額列賬,則減值損失撥回會根據該香港財務報告準則視為重估增值。

使用價值按基於預計將源自資產之估計未來現金流量,按照能反映當時市場對貨幣時間值和資產或現金產生單位特定風險的評估的稅前貼現率貼現至其現值計算。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**綜合財務報表附註 (續)**

31 DECEMBER 2017 2017年12月31日

4. SIGNIFICANT ACCOUNTING POLICIES (continued)**(o) Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold and services provided in the normal course of business, net of returns, discounts and sales related taxes.

Revenue from the sale of goods is recognised when the goods are delivered and title has passed, at which date the following conditions are satisfied:

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

Rental income under operating lease is recognised on a straight-line basis over the term of the relevant lease.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably.

(p) Capitalisation of borrowing costs

Borrowing costs attributable directly to the acquisition, construction or production of qualifying assets which require a substantial period of time to be ready for their intended use or sale, are capitalised as part of the cost of those assets. Income earned on temporary investments of specific borrowings pending their expenditure on those assets is deducted from borrowing costs capitalised. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

4. 主要會計政策 (續)**(o) 收入確認**

收入按已收或應收代價的公平價值計量，乃指於日常業務過程中售出貨品及提供服務應收的款項，經扣除退貨、折扣及銷售相關稅項。

貨品銷售收入於貨品付運及擁有權移交後確認，即下列條件獲達成之日：

- 本集團已將貨品擁有權之重大風險及回報轉移予買方；
- 本集團並無保留一般與擁有權有關之銷售貨品持續管理權或實際控制權；
- 收入金額能夠可靠地計量；
- 與交易相關之經濟效益很可能流入本集團；及
- 有關交易產生或將產生之成本能夠可靠地計量。

營運租賃之租金收入按有關租賃年期以直線法確認。

金融資產的利息收入乃於經濟效益可能流入本集團，且收入金額能被可靠地計量時予以確認。

(p) 借貸成本撥作資本

收購、建造或生產合資格資產（即需要大量時間達成其擬定用途或供銷售的資產）直接應佔的借貸成本撥作資本，作為該等資產成本的一部分。該等資產有待支銷的特定借貸臨時投資所賺得的收入，從資本化的借貸成本中扣除。所有其他借貸成本在其產生期間的損益賬內確認。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
綜合財務報表附註(續)

31 DECEMBER 2017 2017年12月31日

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Income taxes

Income taxes for the year comprise current tax and deferred tax.

Current tax is based on the profit or loss from ordinary activities adjusted for items that are non-assessable or disallowable for income tax purposes and is calculated using tax rates that have been enacted or substantively enacted at the end of reporting period.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for tax purposes. Except for goodwill and recognised assets and liabilities that affect neither accounting nor taxable profits, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is measured at the tax rates appropriate to the expected manner in which the carrying amount of the asset or liability is realised or settled and that have been enacted or substantively enacted at the end of reporting period.

An exception to the general requirement on determining the appropriate tax rate used in measuring deferred tax amount is when an investment property is carried at fair value under HKAS 40 "Investment Property". Unless the presumption is rebutted, the deferred tax amounts on these investment properties are measured using the tax rates that would apply on sale of these investment properties at their carrying amounts at the reporting date. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all the economic benefits embodied in the property over time, rather than through sale.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, associates and jointly controlled entities, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Income taxes are recognised in profit or loss except when they relate to items recognised in other comprehensive income in which case the taxes are also recognised in other comprehensive income or when they relate to items recognised directly in equity in which case the taxes are also recognised directly in equity.

4. 主要會計政策(續)

(q) 所得稅

是年度所得稅包括是年度稅項及遞延稅項。

是年度稅項乃根據日常業務之盈利或虧損，就所得稅而言毋須課稅或不可扣稅之項目作出調整，按報告期終已頒佈或實際上已頒佈的稅率計算。

遞延稅項乃就用於財務報告目的之資產及負債的賬面值與用於稅務目的之相應金額之間的暫時差額而確認。除商譽以及不影響會計或應課稅盈利的已確認資產及負債外，會就所有應課稅暫時差額確認遞延稅項負債。遞延稅項資產於有可能動用應課稅盈利抵銷可抵扣暫時差額的情況下確認。遞延稅項乃按預期資產變現或清償負債賬面值的方式以及於報告期終已頒佈或實質上已頒佈的適用稅率計量。

對於計量遞延稅項金額時用於釐定適合稅率的一般規定而言，有一個例外情況，即投資物業是根據香港會計準則第40號「投資物業」而按公平價值列賬。除非該假定被推翻，否則此等投資物業的遞延稅項金額是以出售此等投資物業時所適用的稅率以及按其於報告日期的賬面值而計量。若投資物業是可計提折舊並根據一個商業模式而持有，而該業務模式的目的是隨著時間推移而消耗該物業所體現的絕大部分經濟效益（而不是通過出售）時，該假定即被推翻。

就附屬公司、聯營公司及共同控制實體的投資相關的應課稅暫時差異會被確認為遞延稅項負債，惟若本集團可控制暫時差異的撥回及於可見將來不會將暫時差異撥回則除外。

所得稅乃於損益賬內確認，除非該等稅項與其他全面收益或與於權益內直接確認的項目有關，在此情況下，該等稅項亦分別於其他全面收益或直接於權益中確認。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**綜合財務報表附註 (續)**

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4. SIGNIFICANT ACCOUNTING POLICIES (continued)**(r) Foreign currencies**

Transactions entered into by group entities in currencies other than the currency of the primary economic environment in which they operate (the “functional currency”) are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the end of reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income, in which case, the exchange differences are also recognised in other comprehensive income.

On consolidation, income and expense items of foreign operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) at the average exchange rates for the year, unless exchange rates fluctuate significantly during the period, in which case, the rates approximating to those ruling when the transactions took place are used. All assets and liabilities of foreign operations are translated at the rate ruling at the end of reporting period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity as foreign exchange reserve (attributed to minority interests as appropriate). Exchange differences recognised in profit or loss of group entities’ separate financial statements on the translation of long-term monetary items forming part of the Group’s net investment in the foreign operation concerned are reclassified to other comprehensive income and accumulated in equity as foreign exchange reserve.

On disposal of a foreign operation, the cumulative exchange differences recognised in the foreign exchange reserve relating to that operation up to the date of disposal are reclassified to profit or loss as part of the profit or loss on disposal.

4. 主要會計政策 (續)**(r) 外幣**

集團實體以其經營所在的主要經濟環境貨幣(「功能貨幣」)以外的貨幣進行的交易乃按交易發生時的適用匯率入賬。外幣貨幣資產及負債則以報告期終的適用匯率換算。按公平價值以外幣列賬的非貨幣項目乃按釐定公平價值當日的匯率重新換算。按歷史成本以外幣計算的非貨幣項目毋須重新換算。

於結算及換算貨幣項目時產生的匯兌差額乃於其產生的期間於損益賬內確認。於重新換算以公平價值列賬的非貨幣項目時產生的匯兌差額計入該期間之損益賬內，惟重新換算之非貨幣項目所產生差額的盈虧是在其他全面收益確認時，在此情況下，有關匯兌差額亦於其他全面收益確認。

綜合賬目時，海外業務的收入及支出項目乃按該年度的平均匯率換算為本集團的呈列貨幣(即港元)，除非匯率於該期間內出現大幅波動則除外，在此情況下則會採用進行該等交易時的相若匯率換算。所有海外業務的資產及負債均以報告期終的適用匯率換算。所產生的匯兌差額(如有)於其他全面收益確認，並於權益累計入賬為外匯儲備(少數股東權益外匯儲備(如適用))。於換算構成本集團於所涉海外業務的部分投資淨額的長期貨幣項目時，集團實體獨立財務報表的損益賬內確認的匯兌差額則重新分類至其他全面收益，並於權益累計入賬為外匯儲備。

當處置海外業務時，外匯儲備內確認該業務截至處置日期止的累積匯兌差額將重新分類至損益賬，作為處置盈利或虧損的一部分。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
綜合財務報表附註(續)

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4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Employee benefits

(i) Short term employee benefits

Short term employee benefits are employee benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. Short term employee benefits are recognised in the year when the employees render the related service.

(ii) Defined contribution retirement plan

Contributions to defined contribution retirement plans are recognised as an expense in profit or loss when the services are rendered by the employees.

(iii) Termination benefits

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

(t) Equity-settled share-based payment transactions

The fair value of services received determined by reference to the fair value of share options granted at the grant date is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (share options reserve).

At the end of the reporting period, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the estimates during the vesting period, if any, is recognised in profit or loss, with a corresponding adjustment to share options reserve.

At the time when the share options are exercised, the amount previously recognised in the share options reserve will be credited to share capital. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in the share options reserve will be transferred to retained profits.

4. 主要會計政策(續)

(s) 僱員福利

(i) 短期僱員福利

短期僱員福利是指預計在僱員提供相關服務的年度呈報期末後十二個月以內將全數結付的僱員福利(離職福利除外)。短期僱員福利於僱員提供相關服務的年度內確認。

(ii) 定額供款退休計劃

向定額供款退休計劃作出的供款,於僱員提供服務時在損益賬內確認為開支。

(iii) 離職福利

離職福利於本集團在不得撤銷提供該等福利時或本集團確認重組成本(涉及支付離職福利)時(以較早者為準)確認。

(t) 以權益結算以股份為基礎之付款交易

參考購股權於授出日的公平價值所釐定的已收取服務的公平價值,於歸屬期間以直線法支銷,並會於權益中作出相應增加(購股權儲備)。

於報告期終,本集團修訂其對預期最終會歸屬的購股權數目之估計。於歸屬期間,修訂該等估計的影響(如有)將於損益賬內確認,並於購股權儲備作出相應調整。

當購股權獲行使時,原於購股權儲備中確認的金額將計入股本。當購股權於歸屬日期後遭沒收或於到期日仍未獲行使,則原於購股權儲備中確認的金額則會撥入滾存盈利。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**綜合財務報表附註 (續)**

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4. SIGNIFICANT ACCOUNTING POLICIES (continued)**(u) Related parties**

- (a) A person or a close member of that person's family is related to the Group if that person:
- (i) has control or joint control over the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of key management personnel of the Group or the Company's parent.
- (b) An entity is related to the Group if any of the following conditions apply:
- (i) 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).
 - (ii) 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).
 - (iii) Both entities are joint ventures of the same third party.
 - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) The entity is a post-employment benefit plan for the benefit of the employees of the Group or an entity related to the Group.
 - (vi) The entity is controlled or jointly controlled by a person identified in (a).
 - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of key management personnel of the entity (or of a parent of the entity).
 - (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or the Group's parent.

4. 主要會計政策 (續)**(u) 關聯人士**

- (a) 倘屬以下人士，則該人士或該人士的近親與本集團有關聯：
- (i) 對本集團有控制權或共同控制權；
 - (ii) 對本集團有重大影響力；或
 - (iii) 為本集團或本公司母公司主要管理人員的成員。
- (b) 倘符合下列任何條件，則該實體與本集團有關聯：
- (i) 該實體及本集團屬同一集團（即各母公司、附屬公司及同系附屬公司為互相關聯）。
 - (ii) 一個實體是另一實體的聯營公司或合營公司（或集團之成員之聯營公司或合營公司，而該集團當中的另一實體為成員）。
 - (iii) 兩個實體皆為相同第三方的合營公司。
 - (iv) 一個實體為第三實體之合營公司及另一實體為第三實體的聯營公司。
 - (v) 該實體為本集團或與本集團有關聯的實體的僱員福利而設的離職後福利計劃。
 - (vi) 該實體受(a)內所識別的人士控制或共同控制。
 - (vii) 於(a)(i)內所識別對實體有重大影響的人士或是實體（或實體之母公司）主要管理人員的成員。
 - (viii) 該實體或其所屬集團的任何成員公司向本集團或本集團的母公司提供主要管理人員服務。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
綜合財務報表附註(續)

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4. SIGNIFICANT ACCOUNTING POLICIES (continued)

(u) Related parties (continued)

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 and include:

- (i) that person's children and spouse or domestic partner;
- (ii) children of that person's spouse or domestic partner; and
- (iii) dependents of that person or that person's spouse or domestic partner.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

The key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are as follows:

Useful lives and residual values of items of property, plant and equipment

In determining the useful lives and residual values of items of property, plant and equipment, the Group has to consider various factors, such as technical or commercial obsolescence arising from changes or improvements in production, or from a change in the market demand for the product or service output of the asset expected usage of the asset, expected physical wear and tear, the care and maintenance of the asset, and legal or similar limits on the use of the asset. The estimation of the useful life of the asset is based on the experience of the Group with similar assets that are used in a similar way. Additional depreciation is made if the estimated useful lives and/or the residual values of items of property, plant and equipment are difference from previous estimation. Useful lives and residual values are reviewed at each financial year end date based on changes in circumstances.

4. 主要會計政策(續)

(u) 關聯人士(續)

該名人士的近親為可能被預期於與實體進行交易時影響該名人士或受該名人士影響的該等家族成員並包括:

- (i) 該名人士的子女及配偶或家庭夥伴;
- (ii) 該名人士的配偶或家庭夥伴的子女;及
- (iii) 該名人士或該名人士的配偶或家庭夥伴的家屬。

5. 不確定性估計的主要來源

於報告期終有極大風險會導致下個財政年度的資產及負債的賬面值出現重大調整之不確定性估計的主要來源如下:

物業、機器及設備項目的可使用年期及剩餘價值

在釐定物業、機器及設備項目的可使用年期及剩餘價值時,本集團須考慮多項因素,例如因生產變動或改進或市場對有關資產的產品或服務輸出的需求有所改變而產生的技術性或商業性過時、資產預期用途、預期自然損耗、資產維修及保養以及使用資產所受到的法律或類似限制。估計資產的可使用年期時,本集團根據經驗考慮類似用途的類似資產。倘若物業、機器及設備項目的估計可使用年期及/或剩餘價值與先前估計不同,則增加折舊。可使用年期及剩餘價值於每個財政年度結算日按情況變化檢討。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**綜合財務報表附註 (續)**

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5. KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)**Estimated impairment of trade receivables**

When there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Where the actual future cash flows are different from expected, a material impairment or reversal may arise.

Allowance for inventories

Inventories are valued at the lower of cost and net realisable value. The Group regularly reviews its inventory levels in order to identify slow-moving and obsolete merchandise. When the Group identifies items of inventories which have a market price that is lower than its carrying amount, the Group estimates the amount of write-down of inventories as allowance for inventories. If the market price of inventories of the Group becomes lower than its carrying amount subsequently, an additional allowance may be required.

5. 不確定性估計的主要來源 (續)**營業應收款項的估計減值**

當有客觀證據證明出現減值損失，本集團會考慮估計未來現金流量。減值損失金額乃按資產賬面值與按金融資產原先實際利率（即初步確認時計算的實際利率）貼現的估計未來現金流量（不包括尚未產生的日後信貸虧損）現值的差額計量。當實際未來現金流量與預期相異時，或會產生重大減值或撥回。

存貨撥備

存貨乃按成本及可變現淨值的較低者估值。本集團定期檢討其存貨水平，以辨別滯銷及陳舊商品。倘本集團發現存貨項目的市價低於其賬面值，則本集團估計存貨撇減的金額為存貨撥備。倘本集團的存貨市價之後低於其賬面值，則或須作出額外撥備。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
綜合財務報表附註(續)

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6. REVENUE AND SEGMENT INFORMATION

The board of directors of the Company, i.e. the chief operating decision maker, regularly reviews the operating results and financial information based on distinct geographical areas of location of customers, including Hong Kong (place of domicile of the Group), the People's Republic of China (the "PRC"), Taiwan, Korea, Sri Lanka, America, Europe and Others (i.e. representing other geographical locations mainly Bangladesh, Vietnam, Singapore and Macau). All of these geographical areas are operating segments except "Others" which is an aggregation of operating segments.

The following is an analysis of the Group's revenue and profit from the production and sales of dyed fabrics, yarns and garments and results by reportable segment for the year.

2017

		Hong Kong 香港 HK\$'000 千港元	The PRC 中國 HK\$'000 千港元	Taiwan 台灣 HK\$'000 千港元	Korea 韓國 HK\$'000 千港元	Sri Lanka 斯里蘭卡 HK\$'000 千港元	America 美洲 HK\$'000 千港元	Europe 歐洲 HK\$'000 千港元	Others 其他地區 HK\$'000 千港元	Segment total 分類總值 HK\$'000 千港元	Eliminations 對銷 HK\$'000 千港元	Consolidated 綜合 HK\$'000 千港元
Revenue	營業額											
External sales	對外銷售	1,552,586	1,430,586	654,260	1,024,772	723,035	513,969	51,417	963,160	6,913,785	-	6,913,785
Inter-segment sales (note)	分類間銷售(附註)	4,772,958	2,682,576	-	-	333,261	-	-	146,873	7,935,668	(7,935,668)	-
Total segment revenue	分類營業額總值	6,325,544	4,113,162	654,260	1,024,772	1,056,296	513,969	51,417	1,110,033	14,849,453	(7,935,668)	6,913,785
Results	業績											
Segment profit	分類盈利	127,896	144,589	55,507	86,945	51,406	41,170	4,357	80,884			592,754
Interest income	利息收入											4,557
Unallocated income	未分配收入											23,051
Depreciation and amortisation	折舊及攤銷											(191,150)
Other unallocated expenses	其他未分配支出											(196,334)
Finance costs	融資成本											(22,533)
Share of profit of an associate	應佔一間聯營公司之盈利											1,905
Profit before income tax expense	除所得稅支出前盈利											212,250

6. 營業額及分類資料

本公司董事會(即主要營運決策者)根據客戶所在地區不同的地域位置定期審閱經營業績及財務資料,包括香港(本集團所屬地)、中華人民共和國(「中國」)、台灣、韓國、斯里蘭卡、美洲、歐洲及其他地區(即指其他地域位置,主要為孟加拉、越南、新加坡及澳門)。所有該等地域位置為營運分類,而「其他地區」則為綜合之營運分類。

以下為本集團於是年度源自製造及銷售色布、紗及成衣按可申報分類劃分之營業額及盈利以及業績所作之分析。

2017年

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

綜合財務報表附註(續)

31 DECEMBER 2017 2017年12月31日

6. REVENUE AND SEGMENT INFORMATION
(continued)

2016

		Hong Kong 香港	The PRC 中國	Taiwan 台灣	Korea 韓國	Sri Lanka 斯里蘭卡	America 美洲	Europe 歐洲	Others 其他地區	Segment total 分類總值	Eliminations 對銷	Consolidated 綜合
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
Revenue	營業額											
External sales	對外銷售	1,439,830	1,119,663	631,045	1,166,770	751,178	407,387	48,589	764,252	6,328,714	-	6,328,714
Inter-segment sales (note)	分類間銷售(附註)	4,414,472	2,369,402	-	-	362,057	28,732	-	152,250	7,326,913	(7,326,913)	-
Total segment revenue	分類營業額總值	5,854,302	3,489,065	631,045	1,166,770	1,113,235	436,119	48,589	916,502	13,655,627	(7,326,913)	6,328,714
Results	業績											
Segment profit	分類盈利	133,033	108,964	54,950	101,603	73,728	38,005	4,248	69,442			583,973
Interest income	利息收入											4,587
Unallocated income	未分配收入											2,997
Depreciation and amortisation	折舊及攤銷											(184,524)
Other unallocated expenses	其他未分配支出											(220,054)
Finance costs	融資成本											(19,506)
Share of profit of an associate	應佔一間聯營公司之盈利											595
Profit before income tax expense	除所得稅支出前盈利											168,068

Note: Inter-segment sales are charged at price by reference to the prevailing market rates.

附註：分類間銷售之價格乃參照當時之市場價格而釐定。

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 4. Segment profit represents the profit earned by each segment without allocation of central administration costs and other expenses (including non-production related employee benefits expenses, directors' emoluments, bank charges, etc.), depreciation and amortisation, interest income, loss on disposal/written-off of property, plant and equipment, gain from disposal of available-for-sale financial assets, finance costs, share of profit of an associate, loss on deregistration of a subsidiary, etc. This is the measure reported to the board of directors of the Company for the purposes of resource allocation and performance assessment. No analysis on segment assets and liabilities is disclosed as it is not presented to the board of directors of the Company.

可申報分類之會計政策與附註4所述之本集團會計政策相同。分類盈利乃指各分類所賺取的盈利，當中並無計入中央行政成本及其他費用（包括非與生產有關之僱員福利開支、董事酬金、銀行費用等）、折舊及攤銷、利息收入、出售／註銷物業、機器及設備之虧損、處置可供出售金融資產之收益、融資成本、應佔一間聯營公司之盈利、註銷一間附屬公司之虧損等。此乃為資源分配及績效評估而向本公司董事會匯報之基準。對分類資產及負債並沒有作出分析披露，因該資料沒有向本公司董事會呈列。

6. 營業額及分類資料(續)

2016年

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
綜合財務報表附註(續)

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6. REVENUE AND SEGMENT INFORMATION
(continued)

Other segment information

Amounts included in the measure of segment profit:

		Hong Kong 香港 HK\$'000 千港元	The PRC 中國 HK\$'000 千港元	Taiwan 台灣 HK\$'000 千港元	Korea 韓國 HK\$'000 千港元	Sri Lanka 斯里蘭卡 HK\$'000 千港元	America 美洲 HK\$'000 千港元	Europe 歐洲 HK\$'000 千港元	Others 其他地區 HK\$'000 千港元	Consolidated 綜合 HK\$'000 千港元
2017	2017年									
Impairment loss (reversed)/ recognised on trade and bills receivables, net	營業及票據應收 款項之減值損失 (撥回)/確認淨值	(350)	(13,513)	170	(822)	(59)	30	-	(5,305)	(19,849)
2016	2016年									
Impairment loss (reversed)/ recognised on trade and bills receivables, net	營業及票據應收 款項之減值損失 (撥回)/確認淨值	292	15,822	(1,007)	1,355	(153)	(22)	(1)	5,115	21,401

Revenue from the Group's products

The following is an analysis of the Group's revenue from external customers by products:

6. 營業額及分類資料(續)

其他分類資料

已包括入計量分類盈利之金額:

本集團產品之營業額

以下為按產品劃分本集團來自外部客戶營業額之分析:

		2017 HK\$'000 千港元	2016 HK\$'000 千港元
Production and sales of dyed fabrics and yarns	製造及銷售色布及紗	5,998,860	5,461,209
Production and sales of garments	製造及銷售成衣	914,925	867,505
		6,913,785	6,328,714

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**綜合財務報表附註(續)**

31 DECEMBER 2017 2017年12月31日

6. REVENUE AND SEGMENT INFORMATION (continued)**Geographical information**

The following is an analysis of geographical location of the Group's non-current assets (*note*) at the end of the reporting period:

		At 31 December 於12月31日 2017 <i>HK\$'000</i> 千港元	At 31 December 於12月31日 2016 <i>HK\$'000</i> 千港元
The PRC	中國	1,506,890	1,470,256
Hong Kong	香港	36,752	39,832
Sri Lanka	斯里蘭卡	159,620	158,086
Others	其他地區	625	185
		1,703,887	1,668,359

Note: Non-current assets excluded deferred tax assets and investment in life insurance policies.

6. 營業額及分類資料(續)**地域資料**

於報告期終，本集團之非流動資產(附註)按地域位置之分析如下：

附註：非流動資產不包括遞延稅項資產及人壽保險保單之投資。

Information about major customers

No revenue from individual customer contributed over 10% of the total revenue of the Group for the years ended 31 December 2017 and 31 December 2016.

有關主要客戶之資料

截至2017年12月31日及2016年12月31日止年度，來自個別客戶之營業額佔本集團營業總額均無超過10%。

7. FINANCE COSTS**7. 融資成本**

		2017 <i>HK\$'000</i> 千港元	2016 <i>HK\$'000</i> 千港元
Finance costs on:	融資成本：		
Bank borrowings	銀行借貸	22,533	19,506

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
綜合財務報表附註(續)

31 DECEMBER 2017 2017年12月31日

8. INCOME TAX EXPENSE

8. 所得稅支出

		2017 HK\$'000 千港元	2016 HK\$'000 千港元
Current tax:	是年度稅項：		
Hong Kong	香港	1,523	2,371
The PRC	中國	22,440	15,893
Other jurisdictions	其他司法地區	3,222	7,604
		27,185	25,868
Under/(over) provision in prior years:	過往年度撥備不足／(超額撥備)：		
Hong Kong	香港	(81)	(40)
The PRC	中國	407	1,717
Other jurisdictions	其他司法地區	820	59
		1,146	1,736
		28,331	27,604
Deferred tax (note 18):	遞延稅項(附註18)：		
Hong Kong	香港	441	291
The PRC	中國	7,368	(10,319)
Other jurisdictions	其他司法地區	164	500
		7,973	(9,528)
		36,304	18,076

Hong Kong Profits Tax is calculated at 16.5% (31 December 2016: 16.5%) of the estimated assessable profit for the year.

香港利得稅乃按是年度之估計應課稅盈利以16.5% (2016年12月31日: 16.5%) 之稅率計算。

Under the law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25%.

根據中國企業所得稅法(「企業所得稅法」)及企業所得稅法實施條例, 中國附屬公司之稅率為25%。

Pursuant to the relevant laws and regulations in Sri Lanka, the tax rate of Sri Lanka subsidiary is 12%.

根據斯里蘭卡有關之法律及法規, 斯里蘭卡附屬公司之稅率為12%。

Taxation arising in other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

其他司法地區之稅項是以有關各自司法地區當時之稅率計算。

Details of the deferred tax are set out in note 18.

有關遞延稅項之詳情載於附註18。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

綜合財務報表附註(續)

31 DECEMBER 2017 2017年12月31日

8. INCOME TAX EXPENSE (continued)

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

8. 所得稅支出(續)

是年度於綜合損益及其他全面收益表的稅項支出與除所得稅支出前盈利的對賬如下：

		2017 HK\$'000 千港元	2016 HK\$'000 千港元
Profit before income tax expense	除所得稅支出前盈利	212,250	168,068
Tax at domestic rates applicable to profits or losses in the jurisdiction concerned	按有關司法地區適用於損益之當地稅率計算的稅項	35,255	15,177
Tax effect of expenses not deductible for tax purpose	費用不獲扣稅的稅務影響	10,501	14,167
Tax effect of income not taxable for tax purpose	收入毋須課稅的稅務影響	(2,486)	(1,669)
Under provision in prior years	過往年度撥備不足	1,146	1,736
Tax effect of tax losses not recognised	稅項虧損未被確認的稅務影響	3	1,783
Tax effect of other deferred tax not recognised	其他遞延稅項未被確認的稅務影響	1,555	9,746
Utilisation of tax losses previously not recognised	運用過往未被確認的稅項虧損	(7,132)	(19,172)
Utilisation of other deferred tax previously not recognised	運用過往未被確認的其他遞延稅項	(2,846)	(3,850)
Effect on opening deferred tax balances resulting from a decrease in applicable tax rate	適用稅率減少對遞延稅項期初結餘之影響	-	455
Deferred tax provided/(reversed) on withholding tax on overseas subsidiaries	就海外附屬公司預扣稅作出的遞延稅項撥備/(撥回)	298	(298)
Others	其他	10	1
Tax charge for the year	是年度稅項支出	36,304	18,076

The weighted average applicable tax rate for the year increased significantly which is caused by changes in profitability of the Group's subsidiaries in respective countries they are operating.

是年度加權平均適用稅率大幅上升乃由於本集團之附屬公司於彼等經營所在各國之盈利能力變動所致。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
 綜合財務報表附註(續)

31 DECEMBER 2017 2017年12月31日

9. PROFIT FOR THE YEAR

9. 是年度盈利

		2017 HK\$'000 千港元	2016 HK\$'000 千港元
Profit for the year has been arrived at after charging/(crediting):	是年度盈利已扣減/(計入)下列各項:		
Amortisation of deferred income ¹	遞延收入的攤銷 ¹	(1,607)	(1,507)
Amortisation of other intangible assets (note 16) ³	其他無形資產之攤銷(附註16) ³	3,271	3,271
Auditors' remuneration	核數師之薪酬	3,065	3,063
Cost of inventories sold (note i)	存貨銷售成本(附註i)	6,162,290	5,553,590
Depreciation of investment properties (note 13)	投資物業之折舊(附註13)	3,780	3,896
Depreciation and impairment of property, plant and equipment (note 14)	物業、機器及設備之折舊及減值(附註14)	181,497	174,756
Employee costs (including directors' emoluments set out in note 10)	僱員成本(包括載於附註10之董事酬金)	961,823	947,128
Gain on disposal of available-for-sale financial assets ²	處置可供出售金融資產之收益 ²	(901)	(751)
Government grants (note ii) ¹	政府補貼(附註ii) ¹	(3,493)	(3,805)
Impairment loss reversed on other receivables, net ²	其他應收款項之減值損失撥回淨值 ²	(89)	(483)
Impairment loss (reversed)/recognised on trade and bills receivables, net ²	營業及票據應收款項之減值損失(撥回)/確認淨值 ²	(19,849)	21,401
Interest income ¹	利息收入 ¹	(4,557)	(4,587)
Loss on deregistration of a subsidiary ²	註銷一間附屬公司之虧損 ²	1,127	-
Loss on disposal/written-off of property, plant and equipment ²	出售/註銷物業、機器及設備之虧損 ²	18,731	13,283
Net exchange (gain)/losses ²	匯兌(收益)/虧損淨值 ²	(21,269)	15,002
Net rental income from investment properties ¹	投資物業的租金收入淨值 ¹	(9,655)	(10,156)
Release of prepaid lease payments	預付租賃款項轉出	2,602	2,601

¹ Included in other revenue

² Included in other gains and losses

³ Included in administrative expenses

¹ 包括在其他收入內

² 包括在其他收益及虧損內

³ 包括在行政費用內

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

綜合財務報表附註(續)

31 DECEMBER 2017 2017年12月31日

9. PROFIT FOR THE YEAR (continued)

Notes:

- (i) Cost of inventories sold includes HK\$1,666,095,000 (2016: HK\$1,598,598,000) of staff costs, depreciation, subcontracting fee, provision/(reversal) of write-down of inventories and other manufacturing overheads, which are also included in the respective total amounts disclosed above for each of these types of expenses.
- (ii) Government grants mainly represent grants of HK\$2,109,000 (2016: HK\$3,092,000) received from the PRC local government authority as subsidies to the Group for (a) acquiring certain property, plant and equipment for energy saving scheme and environmental protection scheme implemented by the PRC local government; (b) incentive of foreign trade; and (c) incentive of steady growth of business.

There were no restrictions with the use of such government grants.

10. INFORMATION REGARDING DIRECTORS' AND EMPLOYEES' EMOLUMENTS

(a) Directors' emoluments

Directors' emoluments disclosed pursuant to Section 383 of the Hong Kong Companies Ordinance (Cap. 622) (the Ordinance) and the Companies (Disclosure of Information about Benefits of Directors) Regulation (Cap. 622G) (the Regulation) are as follows:

2017

		ZHAO	YEN	NG Kwok	William	ZHANG	CHEN	YING	LAN	Total
		Yao	Gordon	Tung	LAM	Chong	Minghong	Wei	Jiang	
		趙耀	嚴農銘	伍國棟	林偉成	張涌	陳鳴洪	應偉	藍江	總值
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元	千港元
Fees	袍金	-	200	250	200	-	-	200	200	1,050
Other emoluments	其他酬金									
Salaries and other benefits	薪金及其他福利	3,304	-	-	-	-	-	-	-	3,304
Discretionary bonuses*	酌情獎金*	1,525	-	-	-	-	-	-	-	1,525
Retirement benefits scheme contribution	退休福利計劃供款	18	-	-	-	-	-	-	-	18
		4,847	200	250	200	-	-	200	200	5,897

9. 是年度盈利(續)

附註:

- (i) 存貨銷售成本包括1,666,095,000港元(2016年: 1,598,598,000港元)員工成本、折舊、加工費用、註銷存貨之撥備/(撥回)及其他製造費用。此等項目亦已包括在上文所披露各類開支之相關總額內。
- (ii) 政府補貼主要指收取來自中國當地政府機構授出的2,109,000港元(2016年: 3,092,000港元)作為本集團(a)為中國當地政府實施之節能計劃及環保計劃而購置若干物業、機器及設備; (b)鼓勵外貿; 及(c)激勵業務穩定增長之補貼。

該等政府補貼並無使用限制。

10. 董事及僱員酬金資料

(a) 董事酬金

根據香港公司條例(第622章)(條例)第383條及公司(披露董事利益資料)規例(第622G章)(規例)披露的董事酬金如下:

2017年

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
 綜合財務報表附註(續)

31 DECEMBER 2017 2017年12月31日

10. INFORMATION REGARDING DIRECTORS' AND EMPLOYEES' EMOLUMENTS (continued)

(a) Directors' emoluments (continued)

2016

	HA Kam On, Victor 夏錦安 HK\$'000 千港元 (note i) (附註i)	YEN Gordon 嚴農銘 HK\$'000 千港元	GONG Zhengyi 宮征誼 HK\$'000 千港元 (note ii) (附註ii)	ZHAO Yao 趙耀 HK\$'000 千港元	NG Kwok Tung 伍國棟 HK\$'000 千港元	CHOW Wing Kin, Anthony 周永健 HK\$'000 千港元 (note iii) (附註iii)	William LAM 林偉成 HK\$'000 千港元 (note iv) (附註iv)	ZHANG Chong 張涌 HK\$'000 千港元	CHEN Minghong 陳鳴洪 HK\$'000 千港元	YING Wei 應偉 HK\$'000 千港元	LAN Jiang 藍江 HK\$'000 千港元 (note v) (附註v)	Total 總值 HK\$'000 千港元
Fees 袍金	221	200	-	-	250	100	129	-	-	200	129	1,229
Other emoluments 其他酬金												
Salaries and other benefits 薪金及其他福利	-	-	870	3,304	-	-	-	-	-	-	-	4,174
Discretionary bonuses* 酌情獎金*	-	-	-	1,525	-	-	-	-	-	-	-	1,525
Equity-settled share-based payments 以權益結算以股份 為基礎之付款	-	51	-	-	-	-	-	-	-	-	-	51
Retirement benefits scheme contribution 退休福利計劃供款	9	-	9	18	-	-	-	-	-	-	-	36
	230	251	879	4,847	250	100	129	-	-	200	129	7,015

* The basis of the discretionary bonus is based on the profitability of the Group.

Notes:

- (i) Mr. Ha Kam On, Victor resigned as Executive Director on 19 May 2016.
- (ii) Mr. Gong Zhengyi retired as Executive Director on 24 June 2016.
- (iii) Mr. Chow Wing Kin, Anthony, SBS, JP retired as Independent Non-Executive Director on 24 June 2016.
- (iv) Mr. William Lam was appointed as Independent Non-Executive Director on 9 May 2016.
- (v) Mr. Lan Jiang was appointed as Executive Director on 9 May 2016.

During the year, no emoluments were paid by the Group to any director as an inducement to join or upon joining the Group or as compensation for loss of office. No directors waived any emoluments in the year.

10. 董事及僱員酬金資料(續)

(a) 董事酬金(續)

2016年

	HA Kam On, Victor 夏錦安 HK\$'000 千港元 (note i) (附註i)	YEN Gordon 嚴農銘 HK\$'000 千港元	GONG Zhengyi 宮征誼 HK\$'000 千港元 (note ii) (附註ii)	ZHAO Yao 趙耀 HK\$'000 千港元	NG Kwok Tung 伍國棟 HK\$'000 千港元	CHOW Wing Kin, Anthony 周永健 HK\$'000 千港元 (note iii) (附註iii)	William LAM 林偉成 HK\$'000 千港元 (note iv) (附註iv)	ZHANG Chong 張涌 HK\$'000 千港元	CHEN Minghong 陳鳴洪 HK\$'000 千港元	YING Wei 應偉 HK\$'000 千港元	LAN Jiang 藍江 HK\$'000 千港元 (note v) (附註v)	Total 總值 HK\$'000 千港元
Fees 袍金	221	200	-	-	250	100	129	-	-	200	129	1,229
Other emoluments 其他酬金												
Salaries and other benefits 薪金及其他福利	-	-	870	3,304	-	-	-	-	-	-	-	4,174
Discretionary bonuses* 酌情獎金*	-	-	-	1,525	-	-	-	-	-	-	-	1,525
Equity-settled share-based payments 以權益結算以股份 為基礎之付款	-	51	-	-	-	-	-	-	-	-	-	51
Retirement benefits scheme contribution 退休福利計劃供款	9	-	9	18	-	-	-	-	-	-	-	36
	230	251	879	4,847	250	100	129	-	-	200	129	7,015

* 酌情獎金的基礎是基於本集團盈利能力。

附註:

- (i) 夏錦安先生於2016年5月19日辭任執行董事。
- (ii) 宮征誼先生於2016年6月24日退任執行董事。
- (iii) 周永健先生，銀紫荊星章，太平紳士於2016年6月24日退任獨立非執行董事。
- (iv) 林偉成先生於2016年5月9日獲委任為獨立非執行董事。
- (v) 藍江先生於2016年5月9日獲委任為執行董事。

於是年度，本集團並無向任何董事支付酬金，以作為加盟本集團或於加入本集團時的獎勵或離職補償。是年度概無董事放棄任何酬金。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**綜合財務報表附註(續)**

31 DECEMBER 2017 2017年12月31日

10. INFORMATION REGARDING DIRECTORS' AND EMPLOYEES' EMOLUMENTS (continued)**(b) Employees' emoluments**

The five highest paid employees included one (31 December 2016: one) director, whose emoluments are set out in note (a) above. Emoluments of the remaining four (31 December 2016: four) employees are as follows:

		2017 HK\$'000 千港元	2016 HK\$'000 千港元
Salaries and other benefits	薪金及其他福利	9,425	8,113
Retirement benefits scheme contributions	退休福利計劃供款	187	168
Discretionary bonuses	酌情獎金	3,123	3,339
		12,735	11,620

Their emoluments were within the following bands:

		2017	2016
HK\$1,500,000 to HK\$2,000,000	1,500,000港元至2,000,000港元	-	1
HK\$2,500,001 to HK\$3,000,000	2,500,001港元至3,000,000港元	2	1
HK\$3,000,001 to HK\$3,500,000	3,000,001港元至3,500,000港元	1	1
HK\$3,500,001 to HK\$4,000,000	3,500,001港元至4,000,000港元	1	1

(c) Senior management's emoluments

The emoluments paid or payable to members of senior management were within the following bands:

		2017	2016
Below HK\$1,000,000	少於1,000,000港元	2	4
HK\$4,000,001 to HK\$5,000,000	4,000,001港元至5,000,000港元	1	1

10. 董事及僱員酬金資料(續)**(b) 僱員酬金**

最高酬金的5名僱員包括1位(2016年12月31日:1位)董事,其酬金詳情載於上述附註(a)。餘下4位(2016年12月31日:4位)僱員的酬金如下:

		2017 HK\$'000 千港元	2016 HK\$'000 千港元
Salaries and other benefits	薪金及其他福利	9,425	8,113
Retirement benefits scheme contributions	退休福利計劃供款	187	168
Discretionary bonuses	酌情獎金	3,123	3,339
		12,735	11,620

彼等之酬金介乎以下組別:

		2017	2016
HK\$1,500,000 to HK\$2,000,000	1,500,000港元至2,000,000港元	-	1
HK\$2,500,001 to HK\$3,000,000	2,500,001港元至3,000,000港元	2	1
HK\$3,000,001 to HK\$3,500,000	3,000,001港元至3,500,000港元	1	1
HK\$3,500,001 to HK\$4,000,000	3,500,001港元至4,000,000港元	1	1

(c) 高級管理層酬金

已付或應付高級管理層成員之酬金介乎以下組別:

		2017	2016
Below HK\$1,000,000	少於1,000,000港元	2	4
HK\$4,000,001 to HK\$5,000,000	4,000,001港元至5,000,000港元	1	1

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 綜合財務報表附註(續)

31 DECEMBER 2017 2017年12月31日

11. DIVIDENDS
11. 股息

		2017 HK\$'000 千港元	2016 HK\$'000 千港元
Dividend recognised as distribution during the year:	是年度已確認為分派之股息：		
2016 final dividend of HK5.3 cents (2015 final dividend of HK4.0 cents) per share	2016年末期股息每股5.3港仙 (2015年末期股息：4.0港仙)	63,866	48,201

No interim dividend was paid or proposed for both years.

於兩個年度並無已付或擬派中期股息。

The final dividend of HK10.4 cents in respect of the year ended 31 December 2017 (2016: HK5.3 cents) per share, amounting to approximately HK\$125,323,000 (2016: HK\$63,866,000) in total, has been recommended by the directors of the Company and is subject to the approval of the shareholders at the forthcoming annual general meeting of the Company.

本公司董事建議派付截至2017年12月31日止年度之末期股息每股10.4港仙(2016年：5.3港仙)，合共約125,323,000港元(2016年：63,866,000港元)，並須待股東於本公司應屆股東週年大會上批准。

12. EARNINGS PER SHARE
12. 每股盈利

The calculation of the basic earnings and diluted earnings per share attributable to owners of the Company is based on the following data:

本公司擁有人應佔每股基本盈利及攤薄盈利乃根據下列數據計算：

		2017 HK\$'000 千港元	2016 HK\$'000 千港元
Earnings	盈利		
Profit for the year attributable to owners of the Company for the purposes of basic earnings and diluted earnings per share	就計算每股基本盈利及攤薄盈利所用之本公司擁有人應佔是年度盈利	156,846	127,903

		2017	2016
Number of shares	股份數目		
Weighted average number of ordinary shares for the purposes of basic earnings and diluted earnings per share	就計算每股基本盈利及攤薄盈利所用之普通股加權平均數目	1,205,026,960	1,205,026,960

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**綜合財務報表附註(續)**

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12. EARNINGS PER SHARE (continued)

The computation of diluted earnings per share for the years ended 31 December 2017 and 31 December 2016 does not assume the exercise of the Company's outstanding share options because the adjusted exercise prices of those options calculated in accordance with HKAS 33 "Earnings Per Share" are higher than the average market price of the shares for both years.

13. INVESTMENT PROPERTIES**12. 每股盈利(續)**

由於根據香港會計準則第33號「每股盈利」計算之本公司尚未行使購股權之經調整行使價高於股份於兩個年度之平均市價，因此計算截至2017年12月31日及2016年12月31日止年度之每股攤薄盈利時並無假設該等購股權已獲行使。

13. 投資物業

HK\$'000 千港元

Cost	成本	
At 1 January 2016	於2016年1月1日	80,936
Currency realignment	外幣換算差額	(3,986)
Reclassification from buildings	從建築物調撥	280
At 31 December 2016	於2016年12月31日	77,230
Currency realignment	外幣換算差額	2,427
Reclassification to buildings	調撥至建築物	(5,661)
At 31 December 2017	於2017年12月31日	73,996
Depreciation	折舊	
At 1 January 2016	於2016年1月1日	6,385
Currency realignment	外幣換算差額	(461)
Provided for the year	是年度撥備	3,896
At 31 December 2016	於2016年12月31日	9,820
Currency realignment	外幣換算差額	407
Provided for the year	是年度撥備	3,780
Reclassification to buildings	調撥至建築物	(786)
At 31 December 2017	於2017年12月31日	13,221
Carrying values	賬面值	
At 31 December 2017	於2017年12月31日	60,775
At 31 December 2016	於2016年12月31日	67,410

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
綜合財務報表附註(續)

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13. INVESTMENT PROPERTIES (continued)

The Group's investment properties consisted of leased properties and leased pier. The fair value of the Group's investment properties at 31 December 2017 was HK\$202,102,000 (31 December 2016: HK\$189,436,000). The fair value of leased properties was HK\$179,507,000 (31 December 2016: HK\$166,574,000) and the fair value of leased pier was HK\$22,595,000 (31 December 2016: HK\$22,862,000) which have been arrived at based on a valuation carried out by RHL Appraisal Limited, an independent property valuer.

The valuation of leased properties was determined by direct comparison method, which is based on the principle of substitution, where comparison is made based on prices realised on actual sales and/or asking prices of comparable properties. Comparable properties of similar size, scale, nature, character and location are analysed and carefully weighed against all the respective advantages and disadvantages of each property in order to arrive at a fair comparison of market value.

The valuation of leased pier was determined by Depreciated Replacement Cost approach, which is based on an estimate of the market value for the existing use of the land, plus the current cost of replacement of the improvements less allowance for physical deterioration and all relevant forms of obsolescence and optimisation. The key input of Depreciated Replacement Cost approach is the building construction cost per square metre. A significant increase/decrease in building construction cost per metre used would result in a significant increase/decrease in the fair value of the leased pier.

The valuation of leased properties takes into account the characteristics of the investment properties, which include the location, size, shape, view, floor level, year of completion and other factors collectively, to arrive at the unit market price. The key input of direct comparison method is the unit market price. A significant increase/decrease in the market price would result in a significant increase/decrease in the fair value of the leased properties.

The fair value of investment properties is a level 3 recurring fair value measurement. The fair value measurement is based on the above properties' highest and best use, which does not differ from their actual use.

The above investment properties are depreciated on a straight-line basis over the shorter of 20 to 50 years or period of the lease term.

All of the investment properties of the Group are held to earn rentals or for capital appreciation.

13. 投資物業(續)

本集團的投資物業包括租賃物業及租賃碼頭。本集團投資物業於2017年12月31日的公平價值為202,102,000港元(2016年12月31日:189,436,000港元)。租賃物業的公平價值為179,507,000港元(2016年12月31日:166,574,000港元)及租賃碼頭的公平價值為22,595,000港元(2016年12月31日:22,862,000港元),乃由獨立物業估值師永利行評值顧問有限公司進行的估值計算得出。

租賃物業的估值乃按直接比較法,根據替代原則而釐定。據此,比較乃按實際銷售實現之價格及/或可供比較物業之索價作出。大小、規模、性質、特徵及地點相若之可供比較物業乃按照各物業之相關利弊進行分析及仔細衡量,以達致公平市值比較。

租賃碼頭的估值乃按折舊重置成本法釐定,該方法乃根據土地的現有用途對市值作出估計,加上目前裝修重置的成本減去實質損耗撥備及所有相關形式的陳舊及優化計算。折舊重置成本法的主要輸入數據為每平方米的建築成本。每平方米的建築成本大幅上升/下跌將導致租賃碼頭之公平價值大幅上升/下跌。

租賃物業估值時會考慮投資物業之整體特性,包括位置、尺寸、形狀、景觀、樓層、落成年份及其他因素,以得出單位市場價格。直接比較法之主要輸入數據為單位市場價格。市場價格大幅上升/下跌將導致租賃物業之公平價值大幅上升/下跌。

投資物業之公平價值為第3級經常性公平價值計量。公平價值計量乃以以上物業之最高及最佳用途為依據,其與物業之實際用途並無差別。

上述投資物業以直線法按20至50年或租賃年期(以較短者為準)折舊。

本集團所有投資物業乃持作賺取租金或資本增值。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

綜合財務報表附註(續)

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14. PROPERTY, PLANT AND EQUIPMENT

14. 物業、機器及設備

		Freehold and leasehold land 永久持有及 租賃的土地 HK\$'000 千港元	Buildings 建築物 HK\$'000 千港元	Furniture, fixtures and equipment 傢俬、裝置及 設備 HK\$'000 千港元	Plant and machinery 廠房及機器 HK\$'000 千港元	Motor vehicles 車輛 HK\$'000 千港元	Construction in progress 在建工程 HK\$'000 千港元	Total 總值 HK\$'000 千港元
Cost	成本							
At 1 January 2016	於2016年1月1日	21,548	941,736	807,676	2,248,651	24,054	16,081	4,059,746
Currency realignment	外幣換算差額	2	(3,998)	(5,622)	(2,894)	(139)	(2,155)	(14,806)
Additions	增加	-	12	10,623	115,536	3,341	126,973	256,485
Reclassifications to:	調撥至:							
- investment properties	- 投資物業	-	(408)	-	-	-	-	(408)
- others	- 其他	-	39,164	38,162	10,662	-	(87,988)	-
Disposals/written-off	出售/註銷	-	-	(29,015)	(41,643)	(3,155)	(9,030)	(82,843)
At 31 December 2016	於2016年12月31日	21,550	976,506	821,824	2,330,312	24,101	43,881	4,218,174
Currency realignment	外幣換算差額	18	3,481	7,064	4,777	162	1,884	17,386
Additions	增加	-	64	13,594	129,453	1,678	86,537	231,326
Reclassifications from:	調撥自:							
- investment properties	- 投資物業	-	4,875	-	-	-	-	4,875
- others	- 其他	-	15,962	66,950	6,184	-	(89,096)	-
Disposals/written-off	出售/註銷	-	-	(17,151)	(51,575)	(2,417)	-	(71,143)
At 31 December 2017	於2017年12月31日	21,568	1,000,888	892,281	2,419,151	23,524	43,206	4,400,618
Depreciation and impairment	折舊及減值							
At 1 January 2016	於2016年1月1日	12,445	364,915	612,370	1,637,824	20,072	-	2,647,626
Currency realignment	外幣換算差額	-	(1,319)	(2,031)	(1,263)	(92)	-	(4,705)
Provided for the year	是年度撥備	215	40,144	27,457	105,254	1,686	-	174,756
Eliminated on reclassification to investment properties	調撥至投資物業時撇銷	-	(128)	-	-	-	-	(128)
Eliminated on disposals/written-off	出售/註銷時撇銷	-	-	(23,037)	(36,702)	(2,953)	-	(62,692)
At 31 December 2016	於2016年12月31日	12,660	403,612	614,759	1,705,113	18,713	-	2,754,857
Currency realignment	外幣換算差額	-	1,175	2,082	2,813	113	-	6,183
Provided for the year	是年度撥備	215	42,049	35,304	102,433	1,496	-	181,497
Eliminated on disposals/written-off	出售/註銷時撇銷	-	-	(13,861)	(35,070)	(2,234)	-	(51,165)
At 31 December 2017	於2017年12月31日	12,875	446,836	638,284	1,775,289	18,088	-	2,891,372
Carrying values	賬面值							
At 31 December 2017	於2017年12月31日	8,693	554,052	253,997	643,862	5,436	43,206	1,509,246
At 31 December 2016	於2016年12月31日	8,890	572,894	207,065	625,199	5,388	43,881	1,463,317

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
綜合財務報表附註(續)

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14. PROPERTY, PLANT AND EQUIPMENT (continued)

The cost of above items of property, plant and equipment are depreciated, after taking into account of their estimated residual values, on a straight-line basis.

14. 物業、機器及設備(續)

上述物業、機器及設備之成本於計入彼等之估計剩餘價值後以直線法折舊。

15. PREPAID LEASE PAYMENTS

15. 預付租賃款項

		At 31 December 於12月31日 2017 HK\$'000 千港元	At 31 December 於12月31日 2016 HK\$'000 千港元
The Group's prepaid lease payments comprise:	本集團的預付租賃款項包括：		
Leasehold land situated outside Hong Kong	位於香港以外的租賃土地	99,319	101,715
Analysed for reporting purposes as:	就呈報而言的分析：		
Current assets	流動資產	2,604	2,600
Non-current assets	非流動資產	96,715	99,115
		99,319	101,715

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**綜合財務報表附註(續)**

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16. OTHER INTANGIBLE ASSETS**16. 其他無形資產**

		Software 軟件 HK\$'000 千港元
Cost	成本	
At 1 January 2016	於2016年1月1日	31,267
Additions	增加	-
At 31 December 2016	於2016年12月31日	31,267
Additions	增加	-
At 31 December 2017	於2017年12月31日	31,267
Amortisation	攤銷	
At 1 January 2016	於2016年1月1日	6,379
Provided for the year	是年度撥備	3,271
At 31 December 2016	於2016年12月31日	9,650
Provided for the year	是年度撥備	3,271
At 31 December 2017	於2017年12月31日	12,921
Carrying values	賬面值	
At 31 December 2017	於2017年12月31日	18,346
At 31 December 2016	於2016年12月31日	21,617

17. INTEREST IN AN ASSOCIATE**17. 於一間聯營公司之權益**

		At 31 December 於12月31日 2017 HK\$'000 千港元	At 31 December 於12月31日 2016 HK\$'000 千港元
Unlisted shares, at cost	非上市股份，以成本列出	16,204	16,204
Share of post-acquisition profit	應佔收購後盈利	2,601	696
		18,805	16,900

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
綜合財務報表附註(續)

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17. INTEREST IN AN ASSOCIATE (continued)

Particulars of the associate of the Group at 31 December 2017 and 31 December 2016 is as follows:

17. 於一間聯營公司之權益(續)

本集團聯營公司於2017年12月31日及2016年12月31日之詳情如下:

Name	Form of business structure	Place of incorporation	Place of operation and principal activities	Percentage of ownership interests/voting rights/profit share 所佔擁有權權益/ 投票權/ 盈利百分比
名稱	業務架構形式	註冊成立所在地	營業所在地及主要業務	
東莞欣潤水務有限公司	Corporation 法團	The PRC 中國	Construction and managing of sewage treatment plant in the PRC 於中國建設及管理污水處理廠	30%

The primary business of 東莞欣潤水務有限公司 is engaged in construction and managing of sewage treatment plant in Dongguan of Guangdong Province.

東莞欣潤水務有限公司的主要業務乃於廣東省東莞市建設及管理污水處理廠。

The above associate is accounted for using the equity method in the consolidated financial statements.

上述聯營公司乃以權益法於綜合財務報表列賬。

Summarised financial information of an associate that are not individually material:

個別非屬重要之聯營公司之財務資料概述:

		2017 HK\$'000 千港元	2016 HK\$'000 千港元
Profit from continuing operations	持續經營業務之盈利	1,905	595
Other comprehensive income	其他全面收益	-	-
Total comprehensive income	全面收益總值	1,905	595

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

綜合財務報表附註(續)

31 DECEMBER 2017 2017年12月31日

18. DEFERRED TAX

The major deferred tax liabilities/(assets) recognised by the Group and movements thereon during the current and prior reporting periods are as follows:

18. 遞延稅項

本集團於本報告期間及過往報告期間確認的主要遞延稅項負債/(資產)及其變動如下:

		Accelerated tax depreciation	Tax losses	Others	Total
		提前稅項折舊	稅項虧損	其他	總值
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元
				(note)	
				(附註)	
At 1 January 2016	於2016年1月1日	13,294	(4,999)	(41,812)	(33,517)
Charged/(credited) to profit or loss	於損益賬內扣除/(計入)	263	535	(10,326)	(9,528)
Currency realignment	外幣換算差額	4	-	-	4
At 31 December 2016	於2016年12月31日	13,561	(4,464)	(52,138)	(43,041)
Charged/(credited) to profit or loss	於損益賬內扣除/(計入)	(764)	756	7,981	7,973
Currency realignment	外幣換算差額	67	-	-	67
At 31 December 2017	於2017年12月31日	12,864	(3,708)	(44,157)	(35,001)

Note: The amount represents mainly deferred tax assets arising from unrealised profit on inventories, unrealised gain on transfer of plant and equipment between subsidiaries and deferred tax liabilities arising from withholding tax charged on a PRC/overseas subsidiary at the amounts of HK\$2,105,000 (31 December 2016: HK\$4,206,000), HK\$1,976,000 (31 December 2016: HK\$2,034,000) and HK\$323,000 (31 December 2016: HK\$25,000) respectively.

附註: 有關款額主要為存貨的未變現盈利及附屬公司之間機器及設備調撥的未變現收益所產生的遞延稅項資產, 以及一間中國/海外附屬公司扣除的預扣稅所產生的遞延稅項負債, 分別為2,105,000港元(2016年12月31日: 4,206,000港元)、1,976,000港元(2016年12月31日: 2,034,000港元)及323,000港元(2016年12月31日: 25,000港元)。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
綜合財務報表附註(續)

31 DECEMBER 2017 2017年12月31日

18. DEFERRED TAX (continued)

As at 31 December 2017, the Group had unused tax losses of approximately HK\$108 million (31 December 2016: HK\$216 million) available for offset against future profits. A deferred tax asset has been recognised in respect of approximately HK\$23 million (31 December 2016: HK\$27 million) of such losses, which represent tax losses incurred by certain of the Company's subsidiaries as it is considered by the management that future taxable profits will be available against which the tax losses can be utilised. No deferred tax asset has been recognised in respect of the remaining HK\$85 million (31 December 2016: HK\$189 million) tax losses due to the unpredictability of future profit streams. As at 31 December 2017, of the above tax losses, an aggregate amount of approximately HK\$17 million (31 December 2016: HK\$56 million) can be carried forward for five years following the year when the losses were incurred. Other tax losses may be carried forward indefinitely.

In addition, at 31 December 2017, the Group had other deductible temporary differences of approximately HK\$60 million (31 December 2016: HK\$73 million) mainly consist of unrealised gain on transfer of plant and equipment between subsidiaries, unrealised profit on inventories, allowance for doubtful debts and inventories and interest capitalisation. No deferred tax asset has been recognised in relation to such deductible temporary differences as it is not certain that taxable profits will be available against which the deductible temporary differences can be utilised.

According to the EIT Law, starting from 1 January 2008, 10% withholding income tax will be imposed on dividends relating to profits earned in the calendar year 2008 onwards to foreign investors for the companies established in the PRC. For investors incorporated in Hong Kong and holds at least 25% of the equity interest in the PRC company, reduced rate of 5% will be applied. Deferred tax has not been provided for in the consolidated financial statements in respect of temporary differences attributable to retained profits of the PRC subsidiaries amounting to HK\$260,247,000 (31 December 2016: HK\$210,494,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Besides, no deferred tax has been provided for in the consolidated financial statements in respect of the temporary differences attributable to such loss amounting to HK\$37,262,000 (31 December 2016: HK\$40,784,000).

18. 遞延稅項(續)

於2017年12月31日，本集團可用作抵銷未來盈利的未運用稅項虧損約為108,000,000港元(2016年12月31日：216,000,000港元)。而此項虧損中約23,000,000港元(2016年12月31日：27,000,000港元)已確認為一項遞延稅項資產，此乃本公司若干附屬公司所產生的稅項虧損，經管理層考慮認為未來的應課稅盈利將抵銷此稅項虧損。餘下的稅項虧損為85,000,000港元(2016年12月31日：189,000,000港元)因未能預測將來的盈利來源而未有確認為遞延稅項資產。於2017年12月31日，上述稅項虧損中，總金額約17,000,000港元(2016年12月31日：56,000,000港元)可於產生虧損年度後轉存5年。其他稅項虧損可能無限期地轉存。

此外，於2017年12月31日，本集團其他可扣減暫時差異約為60,000,000港元(2016年12月31日：73,000,000港元)，主要包含附屬公司之間機器及設備調撥的未變現收益、存貨的未變現盈利、呆賬及存貨撥備以及利息資本化。因未能確定應課稅盈利將可作抵銷此可扣減暫時差異，故未有確認該可扣減暫時差異為遞延稅項資產。

根據企業所得稅法，由2008年1月1日起，於中國成立的公司向境外投資者派發與於2008曆年及以後年度的盈利有關的股息須繳納10%預扣所得稅。於香港註冊成立且持有中國公司最少25%權益的投資者，將應用寬減稅率5%。由於本集團可以控制暫時差異撥回之時間，而暫時差異很可能於可見將來不會撥回，故並未就中國附屬公司滾存盈利之暫時差異260,247,000港元(2016年12月31日：210,494,000港元)在綜合財務報表內作出遞延稅項撥備。此外，綜合財務報表內並無就該等虧損產生的暫時差異37,262,000港元(2016年12月31日：40,784,000港元)作出遞延稅項撥備。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**綜合財務報表附註(續)**

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18. DEFERRED TAX (continued)

As at 31 December 2017, the Group provided the deferred tax in full in respect of the withholding tax attributable to the undistributed profits after 1 January 2008 of a PRC subsidiary amounting to HK\$11,653,000. The reduced rate of 5% applied.

As at 31 December 2016, the Group provided the deferred tax in full in respect of the withholding tax attributable to the undistributed profits of an oversea subsidiary amounting to HK\$995,000. The rate applied is the domestic income tax rate.

For the purposes of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is an analysis of the deferred tax balances for reporting purposes:

		At 31 December 於12月31日 2017 <i>HK\$'000 千港元</i>	At 31 December 於12月31日 2016 <i>HK\$'000 千港元</i>
Deferred tax assets	遞延稅項資產	(42,877)	(49,909)
Deferred tax liabilities	遞延稅項負債	7,876	6,868
		(35,001)	(43,041)

19. INVESTMENT IN LIFE INSURANCE POLICIES

In prior period before 2016, the Group entered into two contracts with two insurance companies, which contain seven life insurance policies to insure against the death of seven key members of management of the Group, with an aggregate insured sum of approximately US\$18.8 million (equivalent to approximately HK\$145.8 million). Under these contracts, the beneficiary and policy holder is the Company. The Company has made upfront payments of HK\$36,178,000 in prior period. The monthly insurance costs and administrative charges determined by the insurance companies will be deducted from the account value. The insurers will declare interest (including the guaranteed interest) to the Company on a monthly basis, based on the amount of account value, at a rate to be determined at their own discretion.

18. 遞延稅項(續)

於2017年12月31日，本集團已就一間中國附屬公司於2008年1月1日後未分派盈利為11,653,000港元之預扣稅全數計提遞延稅項撥備。應用寬減稅率5%。

於2016年12月31日，本集團已就一間海外附屬公司未分派盈利為995,000港元之預扣稅全數計提遞延稅項撥備。所應用之稅率為該地方所得稅率。

就綜合財務狀況表的呈列而言，若干遞延稅項資產及負債已抵銷。以下是就呈報而言的遞延稅項結餘分析：

19. 人壽保險保單之投資

於2016年前之過往期間，本集團與兩間保險公司訂立兩張合約，當中包含七份人壽保險保單，為本集團七名主要管理層成員之身故事宜投保，投保金額合共約為18,800,000美元（相等於約145,800,000港元）。根據該等合約，受益人及保單持有人為本公司。本公司於過往期間已支付預付款項36,178,000港元。每月支付的保費及保險公司釐定的行政費用將從賬戶價值中扣除。保險公司每月可根據賬戶價值按其酌情決定之利率向本公司宣派利息（包括保證利息）。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
綜合財務報表附註(續)

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**19. INVESTMENT IN LIFE INSURANCE POLICIES
(continued)**

In 2016, the Group terminated a contract which contained five life insurance policies. A gain on disposal amounting to HK\$751,000, which included a reclassification from other comprehensive income of HK\$3,012,000, has been recognised in the consolidated statement of profit or loss in 2016.

During the year, the Group terminated the remaining contract which contained two life insurance policies. A gain on disposal amounting to HK\$901,000, which included a reclassification from other comprehensive income of HK\$901,000, has been recognised in the consolidated statement of profit or loss for the year.

20. INVENTORIES

19. 人壽保險保單之投資(續)

於2016年，本集團終止一張合約(當中包含五份人壽保險保單)，處置收益為751,000港元(包括從其他全面收益調撥3,012,000港元)已於2016年在綜合損益表內確認。

於年內，本集團終止餘下之合約(當中包含兩份人壽保險保單)，處置收益為901,000港元(包括從其他全面收益調撥901,000港元)已於是年度綜合損益表內確認。

20. 存貨

		At 31 December 於12月31日 2017 <i>HK\$'000 千港元</i>	At 31 December 於12月31日 2016 <i>HK\$'000 千港元</i>
Spare parts	備件	42,995	44,992
Raw materials	原料	624,626	646,164
Work-in-progress	半製品	441,275	397,563
Finished goods	製成品	341,291	313,192
		1,450,187	1,401,911

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

綜合財務報表附註(續)

31 DECEMBER 2017 2017年12月31日

21. TRADE AND BILLS RECEIVABLES

21. 營業及票據應收款項

		At 31 December 於12月31日 2017 HK\$'000 千港元	At 31 December 於12月31日 2016 HK\$'000 千港元
Trade receivables	營業應收款項	965,409	941,500
Bills receivables	票據應收款項	324,358	316,860
Less: allowance for doubtful debts	減: 呆賬撥備	(28,183)	(49,030)
		1,261,584	1,209,330

The Group allows a credit period ranging from 30 days to 60 days to its trade customers. The following is an ageing analysis of trade and bills receivables based on the payment due dates net of allowance for doubtful debts:

本集團提供介乎30天至60天信貸期予其營業客戶。營業及票據應收款項根據付款到期日(經扣除呆賬撥備)的賬齡分析如下:

		At 31 December 於12月31日 2017 HK\$'000 千港元	At 31 December 於12月31日 2016 HK\$'000 千港元
Not yet due	未到期	1,121,989	743,201
Overdue 1-30 days	逾期1-30天	90,821	228,570
Overdue 31-60 days	逾期31-60天	24,211	114,875
Overdue >60 days	逾期超過60天	24,563	122,684
		1,261,584	1,209,330

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines its credit limits. Credit sales are made to customers with satisfactory trustworthy credit history. Credit limits attributed to customers are reviewed regularly. Trade receivables that are neither past due nor impaired have good track records with the Group.

本集團於接納任何新客戶前，會評估該潛在客戶的信貸質素及界定其信貸限額。信貸銷售將會給予信貸記錄良好的客戶。客戶信貸限額定期予以檢討。本集團既無逾期亦無減值的營業應收款項均擁有良好往績記錄。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
綜合財務報表附註(續)

31 DECEMBER 2017 2017年12月31日

21. TRADE AND BILLS RECEIVABLES (continued)

Included in the Group's trade and bills receivables balance are debtors with an aggregate carrying amount of HK\$139,595,000 (31 December 2016: HK\$466,129,000) which was past due at the end of the reporting period for which the Group has not provided for impairment loss, as there is no significant change in credit quality and the amounts are either settled subsequently or still considered recoverable based on the historical experience. The Group does not hold any collateral over these balances.

No interest is charged on the overdue trade receivables. The Group has fully provided for all trade receivables over 360 days as, based on historical experience, trade receivables that are past due beyond 360 days are generally not recoverable. Trade receivables between 60 days and 360 days have been provided for based on estimated irrecoverable amounts, determined by reference to past default experiences.

Movements in the allowance for doubtful debts are as follows:

		At 31 December 於12月31日 2017 HK\$'000 千港元	At 31 December 於12月31日 2016 HK\$'000 千港元
Balance at beginning of the year	年初結餘	49,030	43,332
Impairment loss (reversed)/recognised on trade and bills receivables, net	營業及票據應收款項之減值損失(撥回)/確認淨值	(19,849)	21,401
Amounts written-off as uncollectible	因不可收回而撇銷的金額	(998)	(15,703)
Balance at end of the year	年終結餘	28,183	49,030

At 31 December 2017, the Group's trade and bills receivables included in the allowance for doubtful debts with an aggregate balance of HK\$28,183,000 (31 December 2016: HK\$49,030,000) was individually determined to be impaired. The Group does not hold any collateral over these balances.

21. 營業及票據應收款項(續)

包括在本集團營業及票據應收款項結餘內的應收賬合共賬面值為139,595,000港元(2016年12月31日:466,129,000港元),其於報告期終已逾期,由於信貸質素並無重大變動且該等金額已於其後結清或根據過往經驗仍視為可予收回,本集團並無就此作出減值損失撥備。本集團並無就該等結餘持有任何抵押品。

逾期營業應收款項不計入利息。本集團已就超過360天的所有營業應收款項全數計提撥備,此乃由於根據過往經驗逾期超過360天的營業應收款項一般是無法收回。60天至360天之間的營業應收款項乃按估計無法收回金額並參考過往欠款經驗所釐定而計提撥備。

呆賬撥備之變動如下:

於2017年12月31日,包括在呆賬撥備合共結餘為28,183,000港元(2016年12月31日:49,030,000港元)的本集團營業及票據應收款項已個別釐定為已減值。本集團並無就該等結餘持有任何抵押品。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**綜合財務報表附註 (續)**

31 DECEMBER 2017 2017年12月31日

21. TRADE AND BILLS RECEIVABLES (continued)**Transferred financial assets that are derecognised in their entirety**

At 31 December 2017, the Group endorsed certain bills receivable accepted by banks in Mainland China (the “Derecognised Bills”) to certain of its suppliers in order to settle the trade payables due to such suppliers with a carrying amount in aggregate of HK\$114,944,000 (2016: HK\$115,608,000). The Derecognised Bills had a maturity of one to six months at the end of the reporting period. In accordance with the Law of Negotiable Instruments in the PRC, the holders of the Derecognised Bills have a right of recourse against the Group if the PRC banks default (the “Continuing Involvement”). In the opinion of the Directors, the Group has transferred substantially all risks and rewards relating to the Derecognised Bills. Accordingly, it has derecognised the full carrying amounts of the Derecognised Bills and the associated trade payables. The maximum exposure to loss from the Group’s Continuing Involvement in the Derecognised Bills and the undiscounted cash flows to repurchase these Derecognised Bills is equal to their carrying amounts. In the opinion of the directors, the fair values of the Group’s Continuing Involvement in the Derecognised Bills are not significant.

21. 營業及票據應收款項 (續)**全部終止確認的已轉讓金融資產**

於2017年12月31日，本集團向其若干供應商背書獲中國內地的銀行接納的若干票據應收款項（「終止確認票據」），以結清賬面值合共為114,944,000港元（2016年：115,608,000港元）的欠付該等供應商的營業應付款項。於報告期終，終止確認票據的期限為一至六個月。根據中國票據法，倘中國的銀行違約，則終止確認票據持有人對本集團有追索權（「持續參與」）。董事認為，本集團已轉移有關終止確認票據的絕大部分風險及回報，據此，已取消確認終止確認票據及相關營業應付款項的全部賬面值。本集團因持續參與終止確認票據及因購回該等終止確認票據的未貼現現金流量而面臨的最大損失等於其賬面值。董事認為，本集團之持續參與終止確認票據的公平價值並不重大。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
綜合財務報表附註(續)

31 DECEMBER 2017 2017年12月31日

22. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

		At 31 December 於12月31日 2017 <i>HK\$'000</i> 千港元	At 31 December 於12月31日 2016 <i>HK\$'000</i> 千港元
Value-added tax recoverable	可收回增值稅	126,551	34,518
Deposits, prepayments and other receivables	按金、預付款項及其他應收款項	135,177	101,902
		261,728	136,420

22. 預付款項、按金及其他應收款項

23. RESTRICTED BANK DEPOSITS

As at 31 December 2017, restricted bank deposits of HK\$13,003,000 (31 December 2016: HK\$10,406,000) mainly represented guaranteed deposits placed in a bank in PRC as securities for the bills payables.

23. 受限制銀行存款

於2017年12月31日，受限制銀行存款13,003,000港元(2016年12月31日：10,406,000港元)主要指存放於中國一家銀行作為票據應付款項抵押的有擔保存款。

24. SHORT-TERM BANK DEPOSITS AND BANK BALANCES AND CASH

Short-term bank deposits and bank balances carry market interest rates ranging from 0.01% to 11.05% (31 December 2016: 0.01% to 3.3%) per annum.

24. 短期銀行存款及銀行結餘及現金

短期銀行存款及銀行結餘乃按介乎0.01%至11.05%(2016年12月31日：0.01%至3.3%)之市場年利率計息。

25. TRADE AND BILLS PAYABLES

		At 31 December 於12月31日 2017 <i>HK\$'000</i> 千港元	At 31 December 於12月31日 2016 <i>HK\$'000</i> 千港元
Trade payables	營業應付款項	641,859	516,861
Bills payables	票據應付款項	175,208	235,279
		817,067	752,140

25. 營業及票據應付款項

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**綜合財務報表附註 (續)**

31 DECEMBER 2017 2017年12月31日

25. TRADE AND BILLS PAYABLES (continued)

The following is an ageing analysis of trade payables based on the payment due dates:

		At 31 December 於12月31日 2017 HK\$'000 千港元	At 31 December 於12月31日 2016 HK\$'000 千港元
Not yet due	未到期	553,549	431,767
Overdue 1-30 days	逾期1-30天	66,510	57,492
Overdue 31-60 days	逾期31-60天	11,144	10,661
Overdue >60 days	逾期超過60天	10,656	16,941
		641,859	516,861

All the bills payables of the Group were not yet due at the end of the reporting period.

As at 31 December 2017, bills payables of HK\$43,345,000 (31 December 2016: HK\$18,920,000) were secured by the Group's restricted bank deposits of HK\$13,003,000 (31 December 2016: HK\$5,676,000).

The average credit period on purchase of goods ranges from 30 days to 120 days. The Group has financial risk management policies in place to ensure that payables are within the credit time frame.

26. OTHER PAYABLES AND ACCRUALS

		At 31 December 於12月31日 2017 HK\$'000 千港元	At 31 December 於12月31日 2016 HK\$'000 千港元
Other payables	其他應付款項	125,117	133,375
Accruals	應計費用	182,325	189,470
		307,442	322,845

25. 營業及票據應付款項 (續)

營業應付款項按付款到期日的賬齡分析如下：

於報告期終，本集團之所有票據應付款項均未到期。

於2017年12月31日，票據應付款項43,345,000港元（2016年12月31日：18,920,000港元）乃由本集團之受限制銀行存款13,003,000港元（2016年12月31日：5,676,000港元）作為抵押。

購貨的平均信貸期介乎30天至120天。本集團已設有財務風險管理政策，以確保應付款項均處於信貸期限內。

26. 其他應付款項及應計費用

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
綜合財務報表附註(續)

31 DECEMBER 2017 2017年12月31日

27. AMOUNTS DUE TO NON-CONTROLLING SHAREHOLDERS/AN ASSOCIATE

(a) Amounts due to non-controlling shareholders

The amounts are unsecured, interest-free and repayable on demand.

(b) Amount due to an associate

The amount is unsecured, interest-free and repayable with agreed 30 days credit period.

28. DEFERRED INCOME

27. 欠非控股股東／一間聯營公司款項

(a) 欠非控股股東款項

有關款項為無抵押、免息及應要求償還。

(b) 欠一間聯營公司款項

有關款項為無抵押、免息及須於30天協定信貸期間償還。

28. 遞延收入

		At 31 December 於12月31日 2017 HK\$'000 千港元	At 31 December 於12月31日 2016 HK\$'000 千港元
Arising from government grants (<i>note</i>)	由政府補貼所產生(附註)	60,611	61,962
Current	流動	1,622	1,592
Non-current	非流動	58,989	60,370
		60,611	61,962

Note: In 2008, the Group received a government subsidy of HK\$72,912,000 for the purchase of certain assets, which had been deferred to recognise as income over the useful lives of the relevant assets upon the fulfillment of the relevant conditions. The Group has no unfulfilled conditions attaching to the government grants.

附註: 於2008年,本集團已收一項政府補貼72,912,000港元,用於購買若干資產,補貼已於達成相關條件後按有關資產使用年期確認為收入。本集團並無該等政府補貼所附帶的未達成條件。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

綜合財務報表附註(續)

31 DECEMBER 2017 2017年12月31日

29. BANK BORROWINGS

29. 銀行借貸

		At 31 December 於12月31日 2017 HK\$'000 千港元	At 31 December 於12月31日 2016 HK\$'000 千港元
Unsecured borrowings:	無抵押借貸：		
Bank loans	銀行貸款	479,083	358,010
Import bills loans	進口貸款	256,146	309,634
		735,229	667,644
Repayable as follows:	須於下列期間償還：		
On demand or within one year (note (a))	應要求償還或1年內(附註(a))	515,606	488,191
More than one year, but not exceeding two years	1年以上但不超過2年	186,309	39,461
More than two years, but not exceeding five years	2年以上但不超過5年	33,314	139,992
		735,229	667,644
Less: Amounts repayable on demand or due within one year shown under current liabilities	減：應要求償還或1年內到期金額轉入流動負債項目		
– bank borrowings due within one year	– 1年內到期的銀行借貸	(515,606)	(488,191)
Amounts due after one year	1年後到期金額	219,623	179,453

Note:

(a) As at 31 December 2017 and 2016, the current liabilities include bank loans that are all scheduled to repay within one year.

附註：

(a) 於2017年及2016年12月31日，流動負債包括須於1年內到期償還之銀行貸款。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
綜合財務報表附註(續)

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29. BANK BORROWINGS (continued)

The bank borrowings of the Group are mainly variable rate borrowings which carry interest at HIBOR plus a spread, ranging from 1% to 2.6% (31 December 2016: 0.9% to 2.8%) or London Interbank Offered Rate plus a spread, ranging from 1% to 2.25% (31 December 2016: 0.9% to 1.75%) per annum in Hong Kong. The average effective interest rates of the bank borrowings of the Group is 2.63% (31 December 2016: 2.49%) per annum. Some other bank borrowings of the Group carry interest at fixed-rates ranging from 2% to 2.09% (31 December 2016: 1.02% to 1.57%) per annum.

Pursuant to the Group's banking facilities letters, the Group was required to maintain a number of covenant ratios and general undertakings including the limit of annual capital expenditure (the "CAPEX"). As at 31 December 2016, there was a bank borrowing with principal amount of HK\$280,000,000 which carries interest at HIBOR plus 2.6% per annum (the "term loan") exceeded the CAPEX limit of general undertakings. This bank borrowing is repayable in seven equal installments at the date which falls 18 months, 21 months, 24 months, 27 months, 30 months, 33 months and 36 months from 22 December 2014. As at 31 December 2016, the carrying amount of the term loan is HK\$159,225,000. According to the term of general undertakings, the lender has the right to demand accelerated repayment. The Group obtained a waiver letter in relation to the term loan and the lender has agreed not to demand payment as a consequence of such excess of the CAPEX limit of the general undertakings. As at 31 December 2017, the Group had complied with all covenant ratios and general undertakings.

30. SHARE CAPITAL

29. 銀行借貸(續)

本集團的銀行借貸主要為浮息借貸，於香港乃按香港銀行同業拆息加上息差介乎1%至2.6% (2016年12月31日：0.9%至2.8%) 或倫敦銀行同業拆息加上息差介乎1%至2.25% (2016年12月31日：0.9%至1.75%) 之年利率計息。本集團銀行借貸之平均實際年利率為2.63% (2016年12月31日：2.49%)。本集團部分其他銀行借貸乃按固定年利率介乎2%至2.09% (2016年12月31日：1.02%至1.57%) 計息。

根據本集團的銀行融資函件，本集團須維持數個契約比率及一般承諾，包括年度資本開支限額（「年度資本開支限額」）。於2016年12月31日，一項本金為280,000,000港元以香港銀行同業拆息加上2.6%年利率計息的銀行借貸（「定期貸款」）超出一般承諾的年度資本開支限額。該銀行借貸於2014年12月22日後的第18個月、21個月、24個月、27個月、30個月、33個月及36個月當日分七次等額償還。於2016年12月31日，定期貸款賬面值為159,225,000港元。根據一般承諾條款，貸款人有權要求提前還款。本集團已獲得有關定期貸款的豁免書，且貸款人已同意不會因超出一般承諾的年度資本開支限額而要求償付。於2017年12月31日，本集團已遵守所有契約比率及一般承諾。

30. 股本

		At 31 December 於12月31日 2017		At 31 December 於12月31日 2016	
		No. of shares 股份數目	HK\$'000 千港元	No. of shares 股份數目	HK\$'000 千港元
Ordinary shares, issued and fully paid	普通股·已發行及 繳足股本	1,205,026,960	865,716	1,205,026,960	865,716

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**綜合財務報表附註(續)**

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31. NON-CONTROLLING INTERESTS

Ocean Lanka (Private) Limited, a 60% (2016: 60%) owned subsidiary of the Company, has material non-controlling interests ("NCI"). The NCI of all other subsidiaries that are not 100% owned by the Group are considered not to be material.

Summarised financial information in relation to the NCI of Ocean Lanka (Private) Limited, before intra-group eliminations, is presented below:

31. 非控股權益

本公司於一間附屬公司Ocean Lanka (Private) Limited，擁有60%（2016年：60%）股權的重大非控股權益（「非控股權益」）。並非由本集團擁有100%權益之所有其他附屬公司之非控股權益被認為並不重大。

於集團內部對銷之前，有關Ocean Lanka (Private) Limited非控股權益的概要財務資料呈列如下：

		2017 HK\$'000 千港元	2016 HK\$'000 千港元
For the year ended 31 December	截至12月31日止年度		
Revenue	營業額	651,004	721,900
Profit for the year	是年度盈利	18,509	49,308
Total comprehensive income	全面收益總額	15,290	49,064
Profit allocated to NCI	分配至非控股權益的盈利	7,404	19,723
For the year ended 31 December	截至12月31日止年度		
Cash flows from operating activities	營運項目所得的現金流量	29,870	59,584
Cash flows used in investing activities	投資項目所用的現金流量	(19,280)	(16,718)
Cash flows used in financing activities	融資項目所用的現金流量	(62,465)	(46,638)
Effect of exchange rate changes on cash and cash equivalents	匯率變動對現金及等同現金項目的影響	923	71
Net cash outflows	現金流出淨額	(50,952)	(3,701)
		At 31 December 於12月31日 2017 HK\$'000 千港元	At 31 December 於12月31日 2016 HK\$'000 千港元
As at 31 December	於12月31日		
Current assets	流動資產	305,445	353,409
Non-current assets	非流動資產	159,639	158,105
Current liabilities	流動負債	(71,097)	(76,504)
Non-current liabilities	非流動負債	(8,344)	(8,674)
Net assets	資產淨值	385,643	426,336
Accumulated non-controlling interests	累計非控股權益	154,257	170,534

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
綜合財務報表附註(續)

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32. SHARE-BASED PAYMENT TRANSACTIONS

The 2002 Scheme

The Company has a share option scheme (the “2002 Scheme”), which was adopted by the Company at the extraordinary general meeting held on 25 January 2002. The 2002 Scheme was expired on 24 January 2012 and was early terminated on 20 January 2011. The primary purpose of the 2002 Scheme is to provide the Company with a flexible mean of giving incentives to, rewarding, remunerating, compensating and/or providing benefits to the employees and for such other purposes as the board of directors of the Company may approve from time to time. Under the 2002 Scheme, the board of directors of the Company may offer to full time employees, including full time executive directors, of the Company and/or its subsidiaries who have completed the probation period options to subscribe for shares in the Company in accordance with the terms of the 2002 Scheme for the consideration of HK\$1 for each lot of share options granted. The total number of shares in respect of which options may be granted under the 2002 Scheme is not permitted to exceed 10% of the shares of the Company in issue at the date of approval of the 2002 Scheme. The Company may seek approval from shareholders of the Company in general meeting to refresh the 10% limit. In addition, the maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the 2002 Scheme and any other share option schemes of the Company shall not exceed 30% (or such higher percentage as may be allowed under the Listing Rules) of the total number of shares in issue from time to time. The number of shares in respect of which options may be granted to any employee in any 12-month period is not permitted to exceed 1% of the total number of shares of the Company in issue, subject to approval from shareholders of the Company. Options granted must be taken within 28 days of the date of grant or such longer or shorter period as the board of directors of the Company may think fit. The minimum period for which an option must be held before it can be exercised is one year or such other period as the board of directors of the Company may think fit commencing from the date of grant (“Holdup period”). An option period, at the absolute discretion of the board of directors of the Company, shall commence on the expiry of the Holdup period and expire no later than the 10th anniversary of the date of grant. The exercise price is determined by the board of directors of the Company and will be at least the highest of the followings:

32. 以股份為基礎之付款交易

2002年計劃

本公司擁有一項購股權計劃(「2002年計劃」)，乃由本公司於2002年1月25日舉行之股東特別大會上採納。2002年計劃已於2012年1月24日屆滿並於2011年1月20日提前終止。2002年計劃的主要目的為讓本公司可向僱員給予鼓勵、獎賞、報酬、補償及／或提供福利及就本公司董事會不時批准的其他目的而言提供一個靈活方式。根據2002年計劃，本公司董事會可按2002年計劃的條款授予本公司及／或其附屬公司已通過試用期的全職僱員(包括全職執行董事)購股權以認購本公司股份，每次接受購股權的代價為1港元。根據2002年計劃所授出的購股權而發行的股份總數，最多不得超過2002年購股權計劃獲批准當日的已發行股份總數的10%。本公司可在股東大會上尋求股東批准，更新此10%的上限。此外，根據2002年計劃及本公司任何其他購股權計劃已授出但尚未行使的購股權獲行使而發行的股份總數，最多不得超過本公司不時已發行股份總數的30%(或根據上市規則容許的較高上限)。除已獲本公司股東批准外，任何1位僱員於任何12個月期間內，其因行使將獲授購股權的股份總數，最多不得超過本公司已發行股份總數的1%。僱員必須在購股權授出日起28日內或本公司董事會可能認為適當的其他較長或較短期間內接納所獲授予的購股權。僱員必須最少於授出日起計1年或本公司董事會可能認為適當的其他期間(「持有期」)持有購股權後，才可作出認購。認購期由本公司董事會按絕對酌情權釐定，將由持有期屆滿後開始計算及不遲於授出日後10週年屆滿。行使價由本公司董事會議定，但必須為以下3者中的最高者：

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**綜合財務報表附註 (續)**

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32. SHARE-BASED PAYMENT TRANSACTIONS (continued)**The 2002 Scheme (continued)**

- (a) the closing price of shares at the date of grant of a share option;
- (b) the average closing price of the shares for the five business days immediately preceding the date of grant; and
- (c) the nominal value of a share.

Under the 2002 Scheme, 22,400,000 options were granted on 17 September 2010. The closing price of the Company's shares immediately before the date of grant was HK\$1.29. All the share options granted under the 2002 scheme were lapsed in the year 2016. Details of the movements of those options and other information of the grant are set out below.

The 2011 Scheme

On 20 January 2011, the 2002 Scheme was early terminated and the Company adopted a new share option scheme (the "2011 Scheme") pursuant to a resolution passed at the extraordinary general meeting held on the same date (the "Adoption Date"). Further details are set out in the announcement of the Company dated 10 December 2010.

The terms and conditions of the 2011 Scheme are basically the same as those of the 2002 Scheme except that the eligible participants of the 2011 Scheme include, among others, directors and full-time or part-time employees whereas the eligible participants of the 2002 Scheme cover only directors and full-time employees. In addition, there is no specific period for accepting the share options granted and also no specific Holdup period, which are determined by the board of directors upon the grant of share options as they think as appropriate.

The 2011 Scheme shall valid and effective for a period of 10 years commencing on the Adoption Date, after which period no further option will be granted.

Under the 2011 Scheme, share options of 3,352,000 and 23,045,000 were granted on 18 May 2011 and 18 August 2011, respectively. The closing prices of the Company's shares immediately before the dates of grant were HK\$1.80 and HK\$1.21, respectively, among which share options comprising 1,980,000 shares were exercised on 30 June 2015, and the remaining share options comprising 24,417,000 shares were lapsed due to not being exercised or resignation of grantees.

32. 以股份為基礎之付款交易 (續)**2002年計劃 (續)**

- (a) 股份於購股權授出日期的收市價；
- (b) 股份於緊接授出日期之前5個營業日的平均收市價；及
- (c) 股份的每股面值。

根據2002年計劃，已於2010年9月17日授出22,400,000份購股權。本公司股份於緊接授出日期前之收市價為1.29港元。根據2002年計劃授出的所有購股權已於2016年失效。有關該等購股權變動詳情及授出之其他資料載列於下文。

2011年計劃

於2011年1月20日，2002年計劃已被提前終止，而本公司已根據於同日（「採納日」）舉行之股東特別大會上通過之一項決議案採納一項新購股權計劃（「2011年計劃」）。進一步詳情載於本公司日期為2010年12月10日之公告內。

2011年計劃之條款及條件基本上與2002年計劃相同，惟2011年計劃之合資格參與者包括（其中包括）董事及全職或兼職僱員，而2002年計劃之合資格參與者僅包括董事及全職僱員。此外，概無由董事會於購股權授出時已釐定之接納已授出購股權特定期限，亦無特定持有期（如彼等認為適用）。

2011年計劃之有效期自採納日起生效，為期10年，於該期限後將不可再授予購股權。

根據2011年計劃，於2011年5月18日及2011年8月18日已分別授出包含3,352,000股及23,045,000股股份之購股權。本公司股份於緊接授出日期前之收市價分別為1.80港元及1.21港元，其中包含1,980,000股股份之購股權已於2015年6月30日獲行使，而餘下包含24,417,000股股份之購股權因限期前未得以行使或因承授人離職而告失效。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
綜合財務報表附註(續)

31 DECEMBER 2017 2017年12月31日

32. SHARE-BASED PAYMENT TRANSACTIONS
(continued)

The following table discloses movements of the Company's share options granted under the 2002 Scheme and the 2011 Scheme.

32. 以股份為基礎之付款交易(續)

下表披露本公司根據2002年計劃及2011年計劃已授出購股權之變動情況。

	Scheme	Date of grant	Exercise price	Outstanding at 1 January 2017	Expired during the year	Outstanding at 31 December 2017
	計劃	授出日期	行使價	於2017年1月1日尚未行使	年內已屆滿	於2017年12月31日尚未行使
Director						
董事						
Dr. YEN Gordon	2011	18 August 2011	HK\$1.21	1,320,000	(1,320,000)	-
嚴震銘博士	2011年	2011年8月18日	1.21港元			
Exercisable at the end of the year	於是年度終結時可予行使			1,320,000		-

	Scheme	Date of grant	Exercise price	Outstanding at 1 January 2016	Forfeited during the year	Outstanding at 31 December 2016
	計劃	授出日期	行使價	於2016年1月1日尚未行使	年內已沒收	於2016年12月31日尚未行使
Directors						
董事						
Mr. HA Kam On, Victor	2002	17 September 2010	HK\$1.29	4,600,000	(4,600,000)	-
夏錦安先生	2002年	2010年9月17日	1.29港元			
	2011	18 August 2011	HK\$1.21	3,300,000	(3,300,000)	-
	2011年	2011年8月18日	1.21港元			
Dr. YEN Gordon	2011	18 August 2011	HK\$1.21	1,320,000	-	1,320,000
嚴震銘博士	2011年	2011年8月18日	1.21港元			
Total	合共			9,220,000	(7,900,000)	1,320,000
Exercisable at the end of the year	於是年度終結時可予行使			6,060,000		1,320,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**綜合財務報表附註(續)**

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**32. SHARE-BASED PAYMENT TRANSACTIONS
(continued)**

Share options granted on 17 September 2010 under the 2002 Scheme are exercisable during the period from 17 March 2014 to 17 March 2017 in three tranches, being

- 17 March 2014 to 17 March 2017 (up to 30.00% of the share options granted are exercisable)
- 17 March 2015 to 17 March 2017 (up to 60.00% of the share options granted are exercisable)
- 17 March 2016 to 17 March 2017 (all share options granted are exercisable)

Share options granted on 18 May 2011 under the 2011 Scheme are exercisable during the period from 18 May 2012 to 17 May 2015 in three tranches, being

- 18 May 2012 to 17 May 2015 (up to 32.52% of the share options granted are exercisable)
- 18 May 2013 to 17 May 2015 (up to 65.04% of the share options granted are exercisable)
- 18 May 2014 to 17 May 2015 (all share options granted are exercisable)

32. 以股份為基礎之付款交易(續)

於2010年9月17日根據2002年計劃授出之購股權可於2014年3月17日至2017年3月17日期間分3個階段予以行使，即

- 2014年3月17日至2017年3月17日(最多佔已授出購股權之30.00%可予行使)
- 2015年3月17日至2017年3月17日(最多佔已授出購股權之60.00%可予行使)
- 2016年3月17日至2017年3月17日(所有已授出之購股權可予行使)

於2011年5月18日根據2011年計劃授出之購股權可於2012年5月18日至2015年5月17日期間分3個階段予以行使，即

- 2012年5月18日至2015年5月17日(最多佔已授出購股權之32.52%可予行使)
- 2013年5月18日至2015年5月17日(最多佔已授出購股權之65.04%可予行使)
- 2014年5月18日至2015年5月17日(所有已授出之購股權可予行使)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
綜合財務報表附註(續)

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**32. SHARE-BASED PAYMENT TRANSACTIONS
(continued)**

Share options granted on 18 August 2011 under the 2011 Scheme are exercisable by 2 batches as follows:

Batch 1: 15,900,000 share options are exercisable during the period from 19 August 2012 to 18 August 2017 in five tranches, being

- 19 August 2012 to 18 August 2017 (up to 20.00% of the share options granted are exercisable)
- 19 August 2013 to 18 August 2017 (up to 40.00% of the share options granted are exercisable)
- 19 August 2014 to 18 August 2017 (up to 60.00% of the share options granted are exercisable)
- 19 August 2015 to 18 August 2017 (up to 80.00% of the share options granted are exercisable)
- 19 August 2016 to 18 August 2017 (all share options granted are exercisable)

Batch 2: 7,145,000 share options are exercisable during the period from 19 August 2012 to 18 August 2015 in three tranches, being

- 19 August 2012 to 18 August 2015 (up to 34.15% of the share options granted are exercisable)
- 19 August 2013 to 18 August 2015 (up to 68.31% of the share options granted are exercisable)
- 19 August 2014 to 18 August 2015 (all share options granted are exercisable)

32. 以股份為基礎之付款交易(續)

於2011年8月18日根據2011年計劃授出之購股權可分2批予以行使，載列如下：

第1批：15,900,000份購股權可於2012年8月19日至2017年8月18日期間分5個階段予以行使，即

- 2012年8月19日至2017年8月18日（最多佔已授出購股權之20.00%可予行使）
- 2013年8月19日至2017年8月18日（最多佔已授出購股權之40.00%可予行使）
- 2014年8月19日至2017年8月18日（最多佔已授出購股權之60.00%可予行使）
- 2015年8月19日至2017年8月18日（最多佔已授出購股權之80.00%可予行使）
- 2016年8月19日至2017年8月18日（所有已授出之購股權可予行使）

第2批：7,145,000份購股權可於2012年8月19日至2015年8月18日期間分3個階段予以行使，即

- 2012年8月19日至2015年8月18日（最多佔已授出購股權之34.15%可予行使）
- 2013年8月19日至2015年8月18日（最多佔已授出購股權之68.31%可予行使）
- 2014年8月19日至2015年8月18日（所有已授出之購股權可予行使）

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**綜合財務報表附註(續)**

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**32. SHARE-BASED PAYMENT TRANSACTIONS
(continued)****32. 以股份為基礎之付款交易(續)**

The fair values of the share options were determined using the Binomial model: 購股權之公平價值乃採用二項式模式釐定：

		Under the 2002 Scheme Share options granted on 17 September 2010 根據2002年計劃 於2010年9月17日 已授出的購股權	Under the 2011 Scheme Share options granted on 18 May 2011 根據2011年計劃 於2011年5月18日 已授出的購股權	Under the 2011 Scheme Share options granted on 18 August 2011 根據2011年計劃 於2011年8月18日 已授出的購股權
Number of options	購股權數目	22,400,000	3,352,000	23,045,000
Grant date fair value	授出日期之公平價值	HK\$15,812,000港元	HK\$2,718,000港元	HK\$13,156,000港元
Grant date share price	授出日期之股價	HK\$1.29港元	HK\$1.80港元	HK\$1.21港元
Exercise price	行使價	HK\$1.29港元	HK\$1.91港元	HK\$1.21港元
Suboptimal exercise factor	次優行使因素	2	2	2
Contractual life	合約年期	6.5 years 年	4 years 年	4-6 years 年
Expected volatility	預計波幅	58.25%	66.97%	59.96%-66.16%
Dividend yield	股息率	0%	0.58%	0.88%
Risk-free interest rate	無風險利率	1.59%	1.23%	0.48%-0.99%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
綜合財務報表附註(續)

31 DECEMBER 2017 2017年12月31日

**32. SHARE-BASED PAYMENT TRANSACTIONS
(continued)**

Expected volatilities were determined by using historical volatilities of the stock return of the Company over the previous 4 to 6.5 years. The risk-free interest rates used in the model were determined based on the yield of Hong Kong Sovereign Curve for the share options granted on 17 September 2010 and the yield of Hong Kong Exchange Fund Note for the share options granted on 18 May 2011 and 18 August 2011.

In 2016, the Group recognised a net reversal of HK\$292,000 in relation to share options granted by the Company. Out of the amount, total expense of HK\$51,000 was incurred that related to the directors of the Company.

There was no remaining contractual life of the options as at 31 December 2017 (31 December 2016: The options outstanding had a weighted average remaining contractual life of 0.6 years).

At the end of the reporting period, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the original estimates, if any, is recognised in profit and loss over the remaining vesting period, with a corresponding adjustment to the share options reserve.

The Binomial model has been used to estimate the fair value of the share options. The variables and assumptions used in computing the fair value of the share options are based on the directors' best estimate. The value of an option varies with different variables of certain subjective assumptions.

32. 以股份為基礎之付款交易(續)

預期波幅乃採用本公司過去4至6.5年股票回報之歷史波幅釐定。模式中所採用之無風險利率乃根據香港主權曲線回報率(yield of Hong Kong Sovereign Curve)(就2010年9月17日已授出之購股權)及香港外匯基金債券回報率(就2011年5月18日及2011年8月18日已授出之購股權)釐定。

於2016年,本集團已就本公司授出之購股權確認撥回淨額292,000港元。於該金額中,總開支51,000港元與本公司董事有關。

於2017年12月31日,購股權並無剩餘合約年期(2016年12月31日:尚未行使的購股權的加權平均剩餘合約年期為0.6年)。

於報告期終,本集團修訂其對預期最終歸屬的購股權數目之估計。修訂原先估計產生之影響(如有)按剩餘歸屬年期於損益賬內確認,並於購股權儲備作出相應調整。

購股權之公平價值採用二項式模式估計。計算購股權公平價值所採用之變動因素及假設乃根據董事之最佳估計而釐定。購股權之價值於若干主觀假設之變動因素下會有所不同。

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綜合財務報表附註(續)

31 DECEMBER 2017 2017年12月31日

33. RESERVES

The Company

33. 儲備

本公司

		Investment revaluation reserve 投資重估儲備 HK\$'000 千港元	Share options reserve 購股權儲備 HK\$'000 千港元	Retained earnings 滾存盈利 HK\$'000 千港元	Total 總值 HK\$'000 千港元
At 1 January 2016	於2016年1月1日	2,231	7,475	1,333,630	1,343,336
Transfer from share options reserve to retained earnings	由購股權儲備調撥至滾存盈利	-	(6,352)	6,352	-
Profit for the year	是年度盈利	-	-	46,290	46,290
Net gain arising on revaluation of available-for-sale financial assets during the year	年內重估可供出售金融資產產生之收益淨值	1,410	-	-	1,410
Release upon disposal of available-for-sale financial assets	處置可供出售金融資產時轉出	(3,012)	-	-	(3,012)
Dividend recognised as distribution	已確認為分派之股息	-	-	(48,201)	(48,201)
Equity-settled share-based payments reverse	以權益結算以股份為基礎之付款撥回	-	(308)	-	(308)
At 31 December 2016	於2016年12月31日	629	815	1,338,071	1,339,515
Transfer from share options reserve to retained earnings	由購股權儲備調撥至滾存盈利	-	(815)	815	-
Profit for the year	是年度盈利	-	-	76,560	76,560
Net gain arising on revaluation of available-for-sale financial assets during the year	年內重估可供出售金融資產產生之收益淨值	272	-	-	272
Release upon disposal of available-for-sale financial assets	處置可供出售金融資產時轉出	(901)	-	-	(901)
Dividend recognised as distribution	已確認為分派之股息	-	-	(63,866)	(63,866)
At 31 December 2017	於2017年12月31日	-	-	1,351,580	1,351,580

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 綜合財務報表附註(續)

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34. HOLDING COMPANY'S STATEMENT OF FINANCIAL POSITION

34. 控股公司之財務狀況報表

		Notes 附註	At 31 December 於12月31日 2017 HK\$'000 千港元	At 31 December 於12月31日 2016 HK\$'000 千港元
Non-current assets	非流動資產			
Property, plant and equipment	物業、機器及設備		3,674	3,264
Investment in life insurance policies	人壽保險保單之投資		-	20,050
Investments in subsidiaries	附屬公司投資		19,181	20,111
			22,855	43,425
Current assets	流動資產			
Prepayments, deposits and other receivables	預付款項、按金及其他應收款項		2,020	2,163
Amounts due from subsidiaries	附屬公司所欠款項		2,662,610	2,984,541
Tax recoverable	可收回稅項		18	256
Bank balances and cash	銀行結餘及現金		40,508	48,912
			2,705,156	3,035,872
Current liabilities	流動負債			
Other payables and accruals	其他應付款項及應計費用		8,535	7,811
Amounts due to subsidiaries	欠附屬公司款項		501,757	866,255
			510,292	874,066
Net current assets	流動資產淨值		2,194,864	2,161,806
Total assets less current liabilities	資產總值減流動負債		2,217,719	2,205,231
Non-current Liabilities	非流動負債			
Deferred tax liabilities	遞延稅項負債		423	-
Net assets	資產淨值		2,217,296	2,205,231
Capital and reserves	資本及儲備			
Share capital	股本	30	865,716	865,716
Other reserves	其他儲備	33	1,351,580	1,339,515
Total equity	權益總值		2,217,296	2,205,231

ZHAO Yao
 趙耀
 Director
 董事

LAN Jiang
 藍江
 Director
 董事

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

綜合財務報表附註(續)

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35. INVESTMENTS IN SUBSIDIARIES

Particulars of the principal subsidiaries of the Company at 31 December 2017 and 31 December 2016 are as follows:

35. 附屬公司投資

於2017年12月31日及2016年12月31日本公司主要附屬公司的詳情如下：

Name of subsidiary 附屬公司名稱	Place/country of incorporation/ registration and operation 註冊成立/登記及 營業所在地/國家	Issued and fully paid share capital/ registered capital 已發行及繳足的 股本/登記股本	Proportion of issued share capital/registered capital held by the Company 本公司所持 已發行股本/登記股本的比率		Principal activities 主要業務
			Directly 直接 %	Indirectly 間接 %	
東莞福怡服裝有限公司 (note a) (附註a)	The PRC 中國	HK\$14,000,000 14,000,000港元	-	100	Production and sales of garments 製造及銷售成衣
Dongguan Shatin Lake Side Textiles Printing & Dyeing Co., Ltd. (note b) 東莞沙田麗海紡織印染有限公司 (附註b)	The PRC 中國	HK\$307,500,000 307,500,000港元	-	95	Knitting, dyeing, printing and sales of dyed fabrics 針織、染色、印花和銷售色布
Fountain Set Limited 福田實業有限公司	Hong Kong 香港	HK\$3,000,000 3,000,000港元	100	-	Trading of dyed fabrics and yarns 色布及色紗貿易
Highscene Limited 漢盛有限公司	Hong Kong 香港	HK\$3,000,000 3,000,000港元	100	-	Trading of yarns 胚紗貿易
Hiway Textiles Limited 海匯紡織有限公司	Hong Kong 香港	HK\$2 2港元	-	100	Trading of garments 成衣貿易
Jiangyin Fuhui Textiles Limited (note a) 江陰福匯紡織有限公司(附註a)	The PRC 中國	USD110,000,000 110,000,000美元	-	100	Knitting, dyeing and sales of dyed fabrics and yarns 針織、染色和銷售色布及色紗
Lake Side Printing Factory Limited 麗海印花廠有限公司	Hong Kong 香港	HK\$2 2港元	100	-	Investment holdings 投資控股

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 綜合財務報表附註(續)

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35. INVESTMENTS IN SUBSIDIARIES (continued)

35. 附屬公司投資(續)

Name of subsidiary 附屬公司名稱	Place/country of incorporation/ registration and operation 註冊成立/登記及 營業所在地/國家	Issued and fully paid share capital/ registered capital 已發行及繳足的 股本/登記股本	Proportion of issued share capital/registered capital held by the Company 本公司所持		Principal activities 主要業務
			Directly 直接 %	Indirectly 間接 %	
Ningbo Young Top Garments Co., Ltd. (note a) 寧波創裕製衣有限公司(附註a)	The PRC 中國	USD26,000,000 26,000,000美元	-	55.5	Production and sales of garments 製造及銷售成衣
Ocean Lanka (Private) Limited	Democratic Socialist Republic of Sri Lanka 斯里蘭卡民主 社會主義共和國	Sri Lanka Rupee ("LKR") 985,000,000 985,000,000 斯里蘭卡盧比(「盧比」)	-	60	Knitting, dyeing, printing and sales of dyed fabrics 針織、染色、印花和銷售色布
Oceanstar Textiles International Limited 海星紡織國際有限公司	Hong Kong 香港	HK\$2 2港元	-	100	Trading of garments 成衣貿易
Ocean Yarn Dyeing Factory Limited 海洋染紗廠有限公司	Hong Kong 香港	HK\$2 2港元	100	-	Investment holding 投資控股
Prosperlink (Macao Commercial Offshore) Limited 匯漢(澳門離岸商業服務)有限公司	Macao 澳門	Macao Pataca 100,000 100,000澳門幣	-	100	Trading of yarns, dyestuffs and chemicals 胚紗及顏化料貿易
上海福匯紡織貿易有限公司 (note a) (附註a)	The PRC 中國	RMB5,000,000 人民幣5,000,000元	-	100	Trading of dyed fabrics 色布貿易
深圳福力紡織品有限公司 (note a) (附註a)	The PRC 中國	RMB35,000,000 人民幣35,000,000元	-	100	Trading of dyed fabrics 色布貿易
Suqian Young Top Garments Co., Ltd. (note a) 宿遷創裕製衣有限公司(附註a)	The PRC 中國	USD800,000 800,000美元	-	55.5	Production and sales of garments 製造及銷售成衣

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

綜合財務報表附註(續)

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35. INVESTMENTS IN SUBSIDIARIES (continued)

35. 附屬公司投資(續)

Name of subsidiary 附屬公司名稱	Place/country of incorporation/ registration and operation 註冊成立/登記及 營業所在地/國家	Issued and fully paid share capital/ registered capital 已發行及繳足的 股本/登記股本	Proportion of issued share capital/registered capital held by the Company 本公司所持 已發行股本/登記股本的比率		Principal activities 主要業務
			Directly 直接 %	Indirectly 間接 %	
Triumph Luck Limited 凱福有限公司	Hong Kong 香港	HK\$1,000,000 1,000,000港元	-	55.5	Trading of garments 成衣貿易
東莞福田綠洲供熱有限公司 (note a) (附註a)	The PRC 中國	RMB50,000,000 人民幣50,000,000元	-	100	Heating supply 熱力供應
鹽城福匯紡織有限公司 (note a) (附註a)	The PRC 中國	USD60,500,000 60,500,000美元	-	100	Knitting, dyeing and sales of dyed fabrics and yarns 針織、染色和銷售色布及色紗

Notes:

- a. Companies are established as wholly foreign owned enterprise in the PRC.
- b. Companies are established as cooperative joint ventures in the PRC.

附註:

- a. 於中國以外商獨資企業成立的公司。
- b. 於中國以合資經營的合作形式成立的公司。

The above table includes the subsidiaries of the Company which, in the opinion of the directors of the Company, principally affected the results of the Group for the year or formed a substantial portion of the assets and liabilities of the Group at the end of the reporting period. To give details of other subsidiaries would, in the opinion of the directors of the Company, result in particulars of excessive length.

以上本公司的附屬公司乃基於本公司董事認為其對本集團是年度業績有重要影響或構成本集團於報告期終的資產及負債重要部分而表列。本公司董事認為併列其他附屬公司的詳情會引致篇幅過於冗長。

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綜合財務報表附註(續)

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36. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior years.

The capital structure of the Group consists of debts, which include the borrowings disclosed in note 29, and equity attributable to owners of the Company, comprising issued share capital and reserves.

The directors of the Company review the capital structure on an on-going basis. As part of this review, the directors consider the cost of capital and the risks associated with the share capital. Based on recommendations of the directors, the Group may balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debts and the redemption of existing debts.

37. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

36. 資本風險管理

本集團管理資本之目的，在於確保本集團各實體得以持續經營，同時透過取得債務與權益之間的最佳平衡，為持份者爭取最大回報。本集團的整體策略與往年一致。

本集團的資本架構包括債務（當中包括附註29所披露的借貸）及本公司擁有人應佔權益（包括已發行股本及儲備）。

本公司董事按持續基準檢討資本架構。作為檢討一部分，董事會考慮資本的成本與股本的相關風險。根據董事的建議，本集團會以透過派發股息、發行新股及購回股份以及發行新債務及贖回現有債務以平衡其整體資本架構。

37. 金融工具

(a) 金融工具類別

		At 31 December 於12月31日 2017 HK\$'000 千港元	At 31 December 於12月31日 2016 HK\$'000 千港元
Financial assets	金融資產		
Available-for-sales financial assets (Investment in life insurance policies)	可供出售金融資產 (人壽保險保單之投資)	-	20,050
Loans and receivables (including cash and cash equivalents)	貸款及應收款項 (包括現金及等同現金項目)	2,153,108	2,114,917
Financial liabilities	金融負債		
Financial liabilities measured at amortised cost	金融負債按攤銷成本計量	1,730,681	1,598,332

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**綜合財務報表附註 (續)**

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37. FINANCIAL INSTRUMENTS (continued)**(b) Financial risk management objectives and policies**

The major financial instruments of the Group include investment in life insurance policies, trade and bills receivables, other receivables, restricted and short-term bank deposits, bank balances and cash, trade and bills payables, other payables, amounts due to non-controlling shareholders, amount due to an associate and bank borrowings. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk**(i) Currency risk**

Certain entities in the Group have foreign currency transactions, which expose the Group to foreign currency risk.

The Group manages and monitors foreign exchange exposures to ensure appropriate measures are implemented on a timely and effective manner. To mitigate the risk of foreign currency, the Group manages the foreign currency bank balances by performing regular review. The Group will continue to assess if the use of the foreign currency hedging strategy as appropriate in order to mitigate the foreign currency risk.

37. 金融工具 (續)**(b) 財務風險管理目標及政策**

本集團的主要金融工具包括人壽保險保單之投資、營業及票據應收款項、其他應收款項、受限制及短期銀行存款、銀行結餘及現金、營業及票據應付款項、其他應付款項、欠非控股股東的款項、欠一間聯營公司的款項及銀行借貸。該等金融工具之詳情已於各自附註中披露。與該等金融工具有關的風險包括市場風險(貨幣風險及利率風險)、信貸風險及流動資金風險。下文載列有關如何降低該等風險的政策。管理層管理及監控該等風險，以確保及時和有效地採取適當措施。

市場風險**(i) 貨幣風險**

本集團若干實體有外幣交易，故本集團涉及外幣風險。

本集團管理及監控外匯風險，以確保及時和有效地採取適當措施。為降低外幣風險，本集團透過定期檢討以管理外幣之銀行結餘。本集團將繼續評估是否使用適當外幣對沖策略以降低外幣風險。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
綜合財務報表附註(續)

31 DECEMBER 2017 2017年12月31日

37. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Market risk (continued)

(i) Currency risk (continued)

At the end of the reporting period, the carrying amounts of foreign currency denominated monetary assets and monetary liabilities of the Group that are considered significant by the management are as follows:

Monetary assets and monetary liabilities:

37. 金融工具(續)

(b) 財務風險管理目標及政策(續)

市場風險(續)

(i) 貨幣風險(續)

於報告期終，管理層認為屬重大的本集團以外幣列值的貨幣資產及貨幣負債的賬面值如下：

貨幣資產及貨幣負債：

	Assets 資產		Liabilities 負債	
	At 31 December 於12月31日 2017 HK\$'000 千港元	At 31 December 於12月31日 2016 HK\$'000 千港元	At 31 December 於12月31日 2017 HK\$'000 千港元	At 31 December 於12月31日 2016 HK\$'000 千港元
USD	628,376	723,616	627,063	646,545
RMB	447,973	392,716	342,098	318,396
CAD	2,910	21,596	-	-
LKR	1,010	1,353	2,955	645
HK\$	15,097	3,684	1,393	7,654
Indonesian Rupiah ("IDR")	1,597	1,521	1,303	1,226

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37. FINANCIAL INSTRUMENTS (continued)**(b) Financial risk management objectives and policies (continued)****Market risk (continued)****(i) Currency risk (continued)***Sensitivity analysis*

The Group is mainly exposed to the risk of fluctuation of USD, RMB, CAD and HK\$ when such currencies are different from the relevant group entities.

The following table detail the sensitivity of the Group to a 5% increase and decrease in the above foreign currencies against the functional currency of the corresponding group entity, except for HK\$ against USD since HK\$ is pegged to USD. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items at the year end for a 5% change in foreign currency rates. On this basis, there will be an increase/(decrease) in pre-tax profit for the year where foreign currencies strengthen against the functional currencies of the corresponding group entity by 5%, and vice versa. The analysis is performed on the same basis for 2016.

Monetary assets and monetary liabilities:

37. 金融工具 (續)**(b) 財務風險管理目標及政策 (續)****市場風險 (續)****(i) 貨幣風險 (續)***敏感度分析*

本集團主要涉及美元、人民幣、加元及港元(當該等貨幣與相關集團實體的功能貨幣不同時)的波動風險。

下表詳細載列上述外幣兌相關集團實體功能貨幣升值或貶值5%的敏感度，由於港元與美元掛鈎，因此港元兌美元除外。5%為向主要管理人員內部呈報外匯風險及管理人員對匯率可能合理變動的評估所採用的敏感度比率。敏感度分析僅包括尚未結算以外幣列值的貨幣項目，並於年終按5%的外匯率變動調整其換算。按此基準，當外幣兌相關集團實體功能貨幣升值5%，是年度稅前盈利將會增加/(減少)，反之亦然。有關分析乃按2016年的相同基準進行。

貨幣資產及貨幣負債：

		At 31 December 於12月31日 2017 HK\$'000 千港元	At 31 December 於12月31日 2016 HK\$'000 千港元
Increase/(decrease) in pre-tax profit for the year	是年度稅前盈利增加/(減少)		
USD against CAD	美元兌加元	-	2
RMB against HK\$	人民幣兌港元	5,546	3,990
CAD against HK\$	加元兌港元	143	1,078
HK\$ against RMB	港元兌人民幣	498	-
		6,187	5,070

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37. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Market risk (continued)

(ii) Interest rate risk

The Group is mainly exposed to cash flow interest rate risk primarily in relation to variable-rate bank balances and borrowings. It is the Group's policy to keep its bank borrowings at floating rate of interests so as to minimise the fair value interest rate risk. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of HIBOR arising from the Group's Hong Kong dollars denominated borrowings. In light of low interest rate expected to be maintained in long period of time, the Group shall monitor the interest rate fluctuation closely and arrange appropriate financial instruments to minimise the interest rate risk.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for non-derivative instruments (included variable-rate borrowings only as the directors consider the exposure on bank balances is not significant) at 31 December 2017 and 2016. The analysis is prepared assuming the amount of liability outstanding at the end of the reporting period was outstanding for the whole year. A 50 (31 December 2016: 50) basis points increase or decrease in interest rate is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

For non-derivative bank borrowings, if interest rate had been 50 basis points higher/lower and all other variables were held constant, the Group's pre-tax profit for the year would increase/decrease by HK\$3,181,000 (31 December 2016: increase/decrease in pre-tax profit by HK\$3,348,000).

37. 金融工具(續)

(b) 財務風險管理目標及政策(續)

市場風險(續)

(ii) 利率風險

本集團的現金流量利率風險主要與浮息銀行結餘及借貸有關。本集團的政策是維持其銀行借貸於浮動利率以減低公平價值利率風險。本集團的現金流量利率風險主要集中於由本集團以港元計值的借貸產生之香港銀行同業拆息波動。由於低利率預料維持一段長時間，本集團會密切留意利率波動，並安排合適的金融工具降低利率風險。

敏感度分析

下列敏感度分析根據非衍生工具(僅包括浮息借貸，因董事認為就銀行結餘所承擔之風險並不重大)於2017年及2016年12月31日的利率風險釐定。有關分析乃基於報告期終尚未償還的負債數額在本年整個年度內均為未償還的假設而編製。向主要管理人員內部呈報利率風險乃採用50個(2016年12月31日：50個)基點的升降，代表管理層對利率可能合理變動的評估。

就非衍生銀行借貸而言，倘利率上升／下跌50個基點，而所有其他變數維持不變，則本集團的是年度稅前盈利將增加／減少3,181,000港元(2016年12月31日：稅前盈利增加／減少3,348,000港元)。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**綜合財務報表附註 (續)**

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37. FINANCIAL INSTRUMENTS (continued)**(b) Financial risk management objectives and policies (continued)****Credit risk**

As at 31 December 2017 and 2016, the maximum exposure to credit risk by the Group which will cause a financial loss due to failure to discharge an obligation by the counterparties is arising from the carrying amounts of the recognised financial assets as stated in the statements of financial position.

In order to manage the credit risk, management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. Credit sales of products are only made to customers with good credit quality and repayment history. In addition, the Group regularly reviews the recoverable amount of debt on both collective and individual basis to ensure that adequate impairment losses are made for irrecoverable amounts. During the year ended 31 December 2017, a net impairment loss of HK\$19,849,000 in respect of the trade and bills receivables was reversed (31 December 2016: a net impairment loss HK\$21,401,000 in respect of the trade and bills receivables was recognised).

Furthermore, the Company only provides financial guarantees to its subsidiaries after a careful consideration of its subsidiaries' financial conditions. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The credit risk on liquid funds of the Group is limited because the counterparties are banks with high credit ratings assigned by reputable credit-rating agencies.

Other than concentration of credit risk on liquid funds which are deposited with several banks with high credit ratings, the Group has no significant concentration of credit risk with exposure spread over a number of counterparties.

37. 金融工具 (續)**(b) 財務風險管理目標及政策 (續)****信貸風險**

於2017年及2016年12月31日，本集團因對手方未能履行責任而導致財務損失的最高信貸風險為各項在財務狀況表所呈列已確認金融資產的賬面金額。

為管理信貸風險，本集團的管理層已委派一組人員負責釐定信貸限額、信貸審批及其他監控程序，以確保採取跟進行動收回逾期債項。產品信貸銷售僅提供予具有良好信貸質素及還款記錄的客戶。此外，本集團會定期按集體及個別基準檢討債項的可收回款額，以確保就無法收回款額作出足夠的減值損失。於截至2017年12月31日止年度內，本集團已就營業及票據應收款項撥回減值損失淨值19,849,000港元（2016年12月31日：營業及票據應收款項確認減值損失淨值21,401,000港元）。

此外，本公司僅於審慎考慮其附屬公司的財務狀況後方向其附屬公司提供財務擔保。就此而言，本公司董事認為本集團的信貸風險已大幅減低。

本集團的流動資金信貸風險有限，因對手方均為具信譽的信貸評級機構給予高信貸評級的銀行。

除有關存放於若干高信貸評級銀行的流動資金之信貸風險集中外，本集團並無面對重大集中信貸風險，因風險分散於多個對手方。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
綜合財務報表附註(續)

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37. FINANCIAL INSTRUMENTS (continued)

(b) Financial risk management objectives and policies (continued)

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. Management monitors the utilisation of bank borrowings and ensures compliance with the relevant loan covenants.

Other than equity, the Group relies on bank borrowings as a significant source of liquidity. As at 31 December 2017, the available unutilised banking facilities of the Group are approximately HK\$2,915 million (31 December 2016: HK\$3,037 million).

The following tables detail the Group's remaining contractual maturity for their non-derivative financial liabilities based on the agreed repayment terms. The tables have been drawn up based on the undiscounted cash flows of the financial liabilities based on the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows. To the extent that interest is floating rates, the undiscounted amount is derived from interest rate at the end of the reporting period.

37. 金融工具(續)

(b) 財務風險管理目標及政策(續)

流動資金風險

於管理流動資金風險時，本集團會監察及維持管理層視為足夠水平的現金及等同現金項目，以撥付本集團營運所需及減低現金流量波動的影響。管理層會監察銀行借貸的運用情況，並確保遵守相關貸款契約。

除權益外，本集團倚賴銀行借貸作為主要流動資金來源。於2017年12月31日，本集團的可動用但未運用銀行信貸額約為2,915,000,000港元(2016年12月31日：3,037,000,000港元)。

下表詳列根據議定償還條款本集團非衍生金融負債的餘下合同到期情況。該表乃按照本集團可能被要求付款的最早日期根據金融負債的未貼現現金流量編製。該表包括利息及本金現金流量。在利息採用浮動利率之限度內，未貼現金額乃由報告期終之利率得出。

		Weighted average effective interest rate	Less than 1 month or on demand	1-3 months	3 months to 1 year	Over 1 year	Total undiscounted cash flows	Carrying amount at 31 December 2017
		加權平均實際利率 %	少於1個月或應要求 HK\$'000 千港元	1至3個月 HK\$'000 千港元	3個月至1年 HK\$'000 千港元	超過1年 HK\$'000 千港元	未貼現現金流量總值 HK\$'000 千港元	於2017年12月31日的賬面值 HK\$'000 千港元
Non-derivative financial liabilities	非衍生金融負債							
Trade, bills and other payables	營業、票據及其他應付款項	-	618,478	244,971	46,617	-	910,066	910,066
Amounts due to non-controlling shareholders	欠非控股股東款項	-	80,100	-	-	-	80,100	80,100
Amount due to an associate	欠一間聯營公司款項	-	5,286	-	-	-	5,286	5,286
Bank borrowings	銀行借貸							
- variable rate	- 浮息	2.95	143,503	134,387	147,214	222,213	647,317	635,229
- fixed rate	- 定息	2.04	-	-	100,831	-	100,831	100,000
			847,367	379,358	294,662	222,213	1,743,600	1,730,681

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**綜合財務報表附註(續)**

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37. FINANCIAL INSTRUMENTS (continued)**(b) Financial risk management objectives and policies (continued)****Liquidity risk (continued)**

	Weighted average effective interest rate	Less than 1 month or on demand	1-3 months	3 months to 1 year	Over 1 year	Total undiscounted cash flows	Carrying amount at 31 December 2016 於2016年 12月31日的 賬面值
	加權平均 實際利率 %	少於1個月或 應要求 HK\$'000 千港元	1至3個月 HK\$'000 千港元	3個月至1年 HK\$'000 千港元	超過1年 HK\$'000 千港元	未貼現現金 流量總值 HK\$'000 千港元	HK\$'000 千港元
Non-derivative financial liabilities							
Trade, bills and other payables		營業、票據及其他應付 款項					
	-	552,076	252,029	40,984	-	845,089	845,089
Amounts due to non-controlling shareholders	-	80,100	-	-	-	80,100	80,100
Amount due to an associate	-	5,499	-	-	-	5,499	5,499
Bank borrowings		銀行借貸					
- variable rate	2.35	3,077	167,011	329,023	184,647	683,758	667,644
		640,752	419,040	370,007	184,647	1,614,446	1,598,332

The amounts included above for variable interest rate instruments for non-derivative financial liabilities is subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

(c) Fair value**(i) Financial instruments not measured at fair value**

Financial instruments not measured at fair value include cash and cash equivalents, trade and bills receivables, other receivables, trade and bills payables, other payables, amounts due to non-controlling shareholders, amount due to an associate, and bank borrowings.

Due to their short term nature, the carrying value of cash and cash equivalents, trade and bills receivables, other receivables, trade and bills payables, other payables, amounts due to non-controlling shareholders and amount due to an associate approximates fair value.

The carrying amounts of the Group's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 31 December 2017 and 31 December 2016.

37. 金融工具(續)**(b) 財務風險管理目標及政策(續)****流動資金風險(續)**

倘浮動利率之變動有別於於報告期終所釐定之利率估計，則上述非衍生金融負債之浮息工具之金額可能有所改變。

(c) 公平價值**(i) 並非以公平價值計量之金融工具**

並非以公平價值計量之金融工具包括現金及等同現金項目、營業及票據應收款項、其他應收款項、營業及票據應付款項、其他應付款項、欠非控股股東款項、欠一間聯營公司的款項及銀行借貸。

由於屬短期性質，現金及等同現金項目、營業及票據應收款項、其他應收款項、營業及票據應付款項、其他應付款項、欠非控股股東款項及欠一間聯營公司款項的賬面值與其公平價值相若。

本集團按成本或攤銷成本列值的金融工具的賬面值，與彼等於2017年12月31日及2016年12月31日的公平價值並無重大差異。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
綜合財務報表附註(續)

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37. FINANCIAL INSTRUMENTS (continued)

(c) Fair value (continued)

(ii) Financial instruments measured at fair value

Fair value hierarchy

The following table presents the fair value of the Group's financial instruments measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, Fair value measurement. The level into which a fair value measurement is classified and is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
- Level 3 valuations: Fair value measured using significant unobservable inputs.

At 31 December 2016, all of the Group's investment in life insurance policies was grouped into Level 2 category.

There were no transfers between the three Levels during the year and prior year.

37. 金融工具(續)

(c) 公平價值(續)

(ii) 以公平價值計量之金融工具

公平價值架構

下表呈列按經常性基準於報告期終計量的本集團金融工具的公平價值，並按香港財務報告準則第13號「公平價值計量」所界定的3級公平價值層級分類。公平價值計量層級的分類及釐定乃根據估值技術所使用輸入參數的可觀察性及重要性作出，載列如下：

- 第1級估值：公平價值僅使用第1級輸入參數計量，即相同資產或負債於計量日期在活躍市場中的未經調整報價。
- 第2級估值：公平價值乃使用第2級輸入參數計量，即不符合第1級標準的可觀察輸入參數，且不會使用不可觀察的重大輸入參數。不可觀察輸入參數為並無市場數據可作參考者。
- 第3級估值：公平價值乃使用重大不可觀察輸入參數計量。

於2016年12月31日，本集團所有人壽保險保單之投資乃歸類為第2級別。

於年內及過往年度並無於3個級別之間作出轉撥。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**綜合財務報表附註 (續)**

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37. FINANCIAL INSTRUMENTS (continued)**(c) Fair value (continued)****(ii) Financial instruments measured at fair value (continued)****Valuation techniques and inputs used in Level 2 fair value measurements**

The fair value of investment in life insurance policies is determined based on account value as stated in cash surrender value statement issued by insurers.

38. NOTES SUPPORTING CONSOLIDATED STATEMENT OF CASH FLOWS

Reconciliation of liabilities arising from financing activities:

37. 金融工具 (續)**(c) 公平價值 (續)****(ii) 以公平價值計量之金融工具 (續)****第2級公平價值計量所使用的估值技術及輸入參數**

於人壽保險保單之投資的公平價值乃根據保險公司所簽發的保單現金退保價值報告所列的賬戶價值計算。

38. 綜合現金流量表附註

融資活動產生的負債之對賬：

		Bank borrowings 銀行借貸 (note 29) (附註29) HK\$'000 千港元
At 1 January 2017	於2017年1月1日	667,644
Changes from cash flows:	現金流量變動：	
New bank borrowings raised	新籌集之銀行借貸	1,600,618
Repayment of bank borrowings	償還銀行借貸	(1,534,107)
Bank facilities arrangement fees paid	支付銀行融資安排費用	(480)
Total changes from financing cash flows	融資現金流量變動總額	66,031
Other changes:	其他變動：	
Amortisation of bank facilities arrangement fee	銀行融資安排費用之攤銷	1,554
Total other changes	其他變動合計	1,554
At 31 December 2017	於2017年12月31日	735,229

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
綜合財務報表附註(續)

31 DECEMBER 2017 2017年12月31日

39. CAPITAL COMMITMENTS

39. 資本承擔

		At 31 December 於12月31日 2017 <i>HK\$'000</i> 千港元	At 31 December 於12月31日 2016 <i>HK\$'000</i> 千港元
Capital expenditure contracted for but not provided in the consolidated financial statements in respect of acquisition of property, plant and equipment	與購買物業、機器及設備相關之已簽約但於綜合財務報表未有作出撥備之資本開支	66,663	116,959

40. OPERATING LEASES

40. 營運租賃

As lessee

作為承租人

		2017 <i>HK\$'000</i> 千港元	2016 <i>HK\$'000</i> 千港元
Minimum lease payments paid under operating lease during the year:	是年度就營運租賃而支付的最低租賃支出：		
Land and buildings	土地及建築物	36,065	34,370
Plant and machinery	廠房及機器	5,039	4,949
		41,104	39,319

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

綜合財務報表附註(續)

31 DECEMBER 2017 2017年12月31日

40. OPERATING LEASES (continued)

As lessee (continued)

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

		At 31 December 於12月31日 2017			At 31 December 於12月31日 2016		
		Land and buildings 土地及建築物 HK\$'000 千港元	Plant and machinery 廠房及機器 HK\$'000 千港元	Total 合計 HK\$'000 千港元	Land and buildings 土地及建築物 HK\$'000 千港元	Plant and machinery 廠房及機器 HK\$'000 千港元	Total 合計 HK\$'000 千港元
Within one year	1年內	36,722	742	37,464	35,219	1,300	36,519
In the second to fifth year inclusive	第2年至第5年內 (首尾兩年包括在內)	109,128	-	109,128	111,348	501	111,849
Over five years	5年以上	177,151	-	177,151	193,098	-	193,098
		323,001	742	323,743	339,665	1,801	341,466

Operating lease payments represent rentals payable by the Group for certain of its office premises, factories, and plant and machinery. Leases are negotiated for terms ranging from one to fifty years for land and buildings and from one to five years for plant and machinery. There is no contingent rental arrangement.

As lessor

Gross rental income earned from investment properties of the Group during the year was approximately HK\$10,121,000 (2016: HK\$10,756,000). The related outgoings amounted to HK\$466,000 (2016: HK\$600,000).

At the end of the reporting period, the Group had contracted with tenants, in respect of rented premises, for the following future minimum lease receipts.

		At 31 December 於12月31日 2017 HK\$'000 千港元	At 31 December 於12月31日 2016 HK\$'000 千港元
Within one year	1年內	7,571	9,145
In the second to fifth year inclusive	第2年至第5年內 (首尾兩年包括在內)	4,376	5,278
		11,947	14,423

40. 營運租賃(續)

作為承租人(續)

於報告期終，本集團就不可取消營運租賃的未來最低租賃支出承擔於下列到期日支付：

營運租賃支出乃本集團就其若干辦公室、工廠及廠房及機械的應付租金。經磋商的租賃年期就土地及建築物乃介乎1至50年之間，就廠房及機器則介乎1至5年之間。並未有或然租金安排。

作為出租人

於是年內，本集團就投資物業所賺得的租金收入總值約為10,121,000港元(2016年：10,756,000港元)。有關支出為466,000港元(2016年：600,000港元)。

於報告期終，本集團與租戶就租賃物業已訂約的未來最低租賃收入如下。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
綜合財務報表附註(續)

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41. RETIREMENT BENEFIT SCHEMES

The Group operates a defined contribution scheme registered under the Occupational Retirement Schemes Ordinance (the “ORSO Scheme”) and a Mandatory Provident Fund Scheme (the “MPF Scheme”) established under the Mandatory Provident Fund Scheme Ordinance for all the eligible employees of the Group in Hong Kong. The assets of both schemes are held separately from those of the Group in funds under the control of trustees. The retirement benefits cost charged to the profit or loss represents the contributions payable to the funds by the Group at rates specified in the rules of the schemes.

Employees of the Group in other jurisdictions currently participate in state-sponsored pension scheme or defined contribution schemes operated by the Government of such jurisdictions. The Group is required to contribute a certain percentage of their payroll to the schemes to fund the benefits. The only obligation of the Group with respect to the schemes is to make the required contributions.

During both years, there was no significant forfeited contribution, which arose upon employees leaving the retirement benefits schemes, available to reduce the contribution payable in the future years.

The retirement benefits scheme contributions, amounting to HK\$57,404,000 (2016: HK\$56,270,000) have been charged to profit or loss for the year and included in employee costs as set out in note 9.

42. RELATED AND CONNECTED PARTIES DISCLOSURES

(a) Related party balances

Details of the Group’s outstanding balances with related parties are set out in the consolidated statement of financial position and in note 27.

41. 退休福利計劃

本集團根據職業退休計劃條例註冊成立一項定額供款計劃(「職業退休計劃」)及根據強制性公積金計劃條例設立一項強制性公積金計劃(「強積金計劃」)予所有合資格的本集團香港僱員。這兩個計劃的資產乃獨立於本集團資產並由信託人管理。在損益賬內扣除的退休福利成本乃本集團根據計劃既定比率計算的應付基金供款。

本集團其他司法地區的僱員現正參與該司法地區政府營運的國家退休福利計劃或定額供款計劃。本集團須將僱員薪酬的若干百分比供款予該等計劃作為福利基金。本集團對該等計劃的唯一責任是按規定作出供款。

於兩個年度，因僱員退出退休福利計劃而沒收的供款並不重大，此款項並可用作扣減未來年度的應付供款。

已於是年度在損益賬內扣除的退休福利計劃供款金額為57,404,000港元(2016年：56,270,000港元)，並已計入附註9所載之僱員成本內。

42. 關聯及關連人士的披露

(a) 關聯人士的結餘

本集團與關聯人士的未償還結餘詳情載列於綜合財務狀況表及附註27內。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

綜合財務報表附註(續)

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42. RELATED AND CONNECTED PARTIES DISCLOSURES (continued)

(b) Related party transactions

During the year, the Group entered into the following transactions with related parties:

Name of related party 關聯人士名稱	Related party relationship 與關聯人士的關係	Nature of transaction 交易性質	2017 HK\$'000 千港元	2016 HK\$'000 千港元
東莞欣潤水務有限公司	Associate 聯營公司	Sewage expenses 污水處理費用	30,190	30,366

None of the related party transactions disclosed above constituted connected transaction or continuing connected transactions as defined in Chapter 14A of the Listing Rules.

42. 關聯及關連人士的披露(續)

(b) 關聯人士交易

是年度本集團與關聯人士進行下列交易：

上述披露之關聯人士交易均不構成上市規則第14A章所界定之關連交易或持續關連交易。

(c) Connected party transactions

Name of connected party 關連人士名稱	Nature of transactions 交易性質	2017 HK\$'000 千港元	2016 HK\$'000 千港元
The FM Group (note i) FM集團(附註i)	Sale of fabrics, yarns, fibers and garment parts 售賣布料、紗、纖維及成衣配件	177,841	183,354
The AH Group (note ii) AH集團(附註ii)	Sale of fabrics, yarns, fibers and garment parts 售賣布料、紗、纖維及成衣配件	145,641	160,263
The LFK Group (note iii) LFK集團(附註iii)	Sale of fabrics, yarns, fibers and garment parts 售賣布料、紗、纖維及成衣配件	111,210	257,132
Factory Co (note iv) 織廠公司(附註iv)	Provision of fabrics knitting services by Factory Co 織廠公司提供針織加工服務	-	3,542
Chinatex Group (note v) 中紡集團(附註v)	Purchase of yarns, cotton, cooking oil and foodstuffs 採購紗、棉花及糧油食品	25,672	29,130

(c) 關連人士交易

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
綜合財務報表附註(續)

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42. RELATED AND CONNECTED PARTIES
DISCLOSURES (continued)

(c) Connected party transactions (continued)

Notes:

- (i) The Company and Mr. Feroz Omar ("Mr. Omar") entered into a master agreement (the "2015 FM Master Sales Agreement") and a renewed FM Master Sales Agreement (the "2018 FM Master Sales Agreement") respectively on 19 April 2013 and 18 November 2015 regarding the sales of fabrics, yarns, fibers and garment parts by the Group to the FM Group. Mr. Omar is a director and substantial shareholder of a non-wholly owned subsidiary of the Company and hence a connected person of the Company under the Listing Rules. The FM Group comprises companies which Mr. Omar and his associates and relatives individually or together exercise or control the exercise of more than 50% of the voting power at general meetings or control the composition of a majority of the board of directors. Accordingly, members of the FM Group are associates of Mr. Omar and hence connected persons of the Company under the Listing Rules. The transactions contemplated under the 2015 FM Master Sales Agreement and the 2018 FM Master Sales Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

The 2015 FM Master Sales Agreement is for a term commencing from 1 September 2013 to 31 December 2015 and the 2018 FM Master Sales Agreement is for a term commencing from 1 January 2016 to 31 December 2018 (both days inclusive).

The four-month cap amount for the period from 1 September 2013 to 31 December 2013 and annual cap amount for the two financial years ended 31 December 2015 for the 2015 FM Master Sales Agreement are HK\$77,000,000, HK\$230,000,000 and HK\$230,000,000 respectively as set out in the announcement of the Company dated 19 April 2013.

The extent of these connected transactions did not exceed the annual cap of HK\$230,000,000 for the year ended 31 December 2015 as set out in the announcement of the Company dated 19 April 2013.

The annual cap amount for the three financial years ended 31 December 2018 for the 2018 FM Master Sales Agreement are HK\$230,000,000, HK\$230,000,000 and HK\$230,000,000 respectively as set out in the announcement of the Company dated 18 November 2015.

The revised FM annual cap amount for the two financial years ended 31 December 2018 for the 2018 FM Master Sale Agreement are HK\$300,000,000 and HK\$350,000,000 as set out in the announcement dated 26 January 2017.

Reference is made to the announcement of the Company dated 26 January 2017 in relation to, among other things, the revision of annual caps for continuing connected transactions and a circular released by the Company dated 8 March 2017.

42. 關聯及關連人士的披露(續)

(c) 關連人士交易(續)

附註:

- (i) 本公司與Feroz Omar先生(「Omar先生」)於2013年4月19日及2015年11月18日就本集團向FM集團出售布料、紗、纖維及成衣配件分別訂立總協議(「2015年FM總銷售協議」)及經更新的FM總銷售協議(「2018年FM總銷售協議」)。Omar先生為本公司一間非全資附屬公司之董事兼主要股東，根據上市規則，彼為本公司之關連人士。FM集團之成員公司包括由Omar先生及其聯繫人士及親屬可在該等公司的股東大會上個別地或共同地行使或控制行使過半數以上的表決權，或控制該等公司的董事會大部分成員的公司，因此FM集團之成員公司為Omar先生之聯繫人士，故而根據上市規則為本公司之關連人士。根據上市規則第14A章，2015年FM總銷售協議及2018年FM總銷售協議項下進行之交易構成本公司之持續關連交易。

2015年FM總銷售協議之期限自2013年9月1日起計至2015年12月31日，而2018年FM總銷售協議之期限自2016年1月1日起計至2018年12月31日(包括首尾兩天)。

誠如本公司日期為2013年4月19日之公告所載，2015年FM總銷售協議由2013年9月1日至2013年12月31日止期間的4個月上限金額及截至2015年12月31日止兩個財政年度的年度上限金額分別為77,000,000港元、230,000,000港元及230,000,000港元。

該等關連交易並無超過本公司日期為2013年4月19日之公告所載截至2015年12月31日止年度之年度上限230,000,000港元。

誠如本公司日期為2015年11月18日之公告所載，2018年FM總銷售協議於截至2018年12月31日止三個財政年度的年度上限金額分別為230,000,000港元、230,000,000港元及230,000,000港元。

誠如本公司日期為2017年1月26日之公告所載，2018年FM總銷售協議於截至2018年12月31日止兩個財政年度的經修訂FM年度上限金額分別為300,000,000港元及350,000,000港元。

茲提述本公司日期為2017年1月26日內容有關(其中包括)修訂持續關連交易年度上限的公告以及本公司日期為2017年3月8日的通函。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

綜合財務報表附註 (續)

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42. RELATED AND CONNECTED PARTIES DISCLOSURES (continued)

(c) Connected party transactions (continued)

Notes: (continued)

- (ii) The Company and Mr. Anil Kumar Lalchand Hirdaramani ("Mr. Hirdaramani") entered into a master agreement (the "2015 AH Master Sales Agreement") and a renewed AH Master Sales Agreement (the "2018 AH Master Sales Agreement") respectively on 19 April 2013 and 18 November 2015 regarding the sales of fabrics, yarns, fibers and garment parts by the Group to the AH Group. Mr. Hirdaramani is a director and substantial shareholder of a non-wholly owned subsidiary of the Company and hence a connected person of the Company under the Listing Rules. The AH Group comprises companies which Mr. Hirdaramani and his associates and relatives individually or together exercise or control the exercise of more than 50% of the voting power at general meetings or control the composition of a majority of the board of directors. Accordingly, members of the AH Group are associates of Mr. Hirdaramani and hence connected persons of the Company under the Listing Rules. The transactions contemplated under the 2015 AH Master Sales Agreement and the 2018 AH Master Sales Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

The 2015 AH Master Sales Agreement is for a term commencing from 1 September 2013 to 31 December 2015 and the 2018 AH Master Sales Agreement is for a term commencing from 1 January 2016 to 31 December 2018 (both days inclusive).

The four-month cap amount for the period from 1 September 2013 to 31 December 2013 and annual cap amount for the two financial years ended 31 December 2015 for the 2015 AH Master Sales Agreement are HK\$77,000,000, HK\$230,000,000 and HK\$230,000,000 as set out in the announcement of the Company dated 19 April 2013.

The extent of these connected transactions did not exceed the annual cap of HK\$230,000,000 for the year ended 31 December 2015 as set out in the announcement of the Company dated 19 April 2013.

The annual cap amount for the three financial years ended 31 December 2018 for the 2018 AH Master Sales Agreement are HK\$150,000,000, HK\$150,000,000 and HK\$150,000,000 respectively as set out in the announcement of the Company dated 18 November 2015.

During the year ended 31 December 2016, the total connected transaction amount received by the Company was approximately HK\$160,260,000, which exceeded the 2016 AH annual cap of HK\$150,000,000.

The revised AH annual cap amount for the two financial years ended 31 December 2018 for the 2018 AH Master Sale Agreement are HK\$300,000,000 and HK\$350,000,000 respectively as set out in the announcement dated 26 January 2017.

Reference is made to the announcement of the Company dated 26 January 2017 in relation to, among other things, the exceeding of the 2016 AH Annual Cap and revision of annual caps for continuing connected transactions and a circular released by the Company dated 8 March 2017.

42. 關聯及關連人士的披露 (續)

(c) 關連人士交易 (續)

附註：(續)

- (ii) 本公司與Anil Kumar Lalchand Hirdaramani先生(「Hirdaramani先生」)於2013年4月19日及2015年11月18日就本集團向AH集團出售布料、紗、纖維及成衣配件分別訂立總協議(「2015年AH總銷售協議」)及經更新的AH總銷售協議(「2018年AH總銷售協議」)。Hirdaramani先生為本公司一間非全資附屬公司之董事兼主要股東，根據上市規則，彼為本公司之關連人士。AH集團之成員公司包括由Hirdaramani先生及其聯繫人士及親屬可在該等公司股東大會上個別地或共同地行使或控制行使過半數以上的表決權，或控制該等公司董事會大部分成員的公司，因此AH集團之成員公司為Hirdaramani先生之聯繫人士，故而根據上市規則為本公司之關連人士。根據上市規則第14A章，2015年AH總銷售協議及2018年AH總銷售協議項下進行之交易構成本公司之持續關連交易。

2015年AH總銷售協議之期限由2013年9月1日至2015年12月31日，而2018年AH總銷售協議之期限由2016年1月1日至2018年12月31日(包括首尾兩天)。

誠如本公司日期為2013年4月19日之公告所載，2015年AH總銷售協議由2013年9月1日至2013年12月31日止期間的4個月上限金額及截至2015年12月31日止兩個財政年度的年度上限金額分別為77,000,000港元、230,000,000港元及230,000,000港元。

該等關連交易並無超過本公司日期為2013年4月19日之公告所載截至2015年12月31日止年度之年度上限230,000,000港元。

誠如本公司日期為2015年11月18日之公告所載，2018年AH總銷售協議於截至2018年12月31日止三個財政年度的年度上限金額分別為150,000,000港元、150,000,000港元及150,000,000港元。

截至2016年12月31日止年度，本公司收到的關連交易總額約為160,260,000港元，超過2016年為數150,000,000港元之AH年度上限。

誠如本公司日期為2017年1月26日之公告所載，2018年AH總銷售協議於截至2018年12月31日止兩個財政年度的經修訂AH年度上限金額分別為300,000,000港元及350,000,000港元。

茲提述本公司日期為2017年1月26日內容有關(其中包括)超過2016年AH年度上限及修訂持續關連交易年度上限的公告以及本公司日期為2017年3月8日的通函。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
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42. RELATED AND CONNECTED PARTIES
DISCLOSURES (continued)

(c) Connected party transactions (continued)

Notes: (continued)

(iii) The Company and LFK (Holdings) Limited ("LFK") entered into a master agreement (the "2015 LFK Master Sales Agreement") and a renewed LFK Master Sales Agreement (the "2018 LFK Master Sales Agreement") respectively on 19 April 2013 and 18 November 2015 regarding the sale of fabrics, yarns, fibers and garment parts by the Group to members of the LFK Group (i.e. LFK and its subsidiaries). Mr. Ha Kam On, Victor ("Mr. Ha") is a former executive Director and hence a connected person of the Company for 12 months from 19 May 2016, the date of resignation of Mr. Ha under the Listing Rules. LFK is 100% owned by a discretionary trust whose settlor and protectors include Mr. Ha's relatives. Accordingly, members of the LFK Group are associates of Mr. Ha and hence connected persons of the Company for 12 months from 19 May 2016 under the Listing Rules. As at 19 May 2017, Mr. Ha and LFK Group have ceased to be connected persons of the Company under Chapter 14A of the Listing Rules. The transactions contemplated under the 2015 LFK Master Sales Agreement and the 2018 LFK Master Sales Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

The 2015 LFK Master Sales Agreement is for a term commencing from 1 September 2013 to 31 December 2015 and the 2018 LFK Master Sales Agreement is for a term commencing from 1 January 2016 to 31 December 2018 (both days inclusive).

The four-month cap amount for the period from 1 September 2013 to 31 December 2013 and annual cap amount for the two financial years ended 31 December 2015 for the 2015 LFK Master Sales Agreement are HK\$124,000,000, HK\$372,000,000 and HK\$372,000,000 respectively as set out in the announcement of the Company dated 19 April 2013.

The extent of these connected transactions did not exceed the annual cap of HK\$372,000,000 for the year ended 31 December 2015 as set out in the announcement of the Company dated 19 April 2013.

The annual cap amount for the three financial years ended 31 December 2018 for the 2018 LFK Master Sales Agreement are HK\$300,000,000, HK\$340,000,000 and HK\$380,000,000 respectively as set out in the announcement of the Company dated 18 November 2015.

(iv) The Company and 江陰匯堅針織有限公司 ("Factory Co") entered into a master agreement (the "2015 Master Services Agreement") and a renewed Master Services Agreement (the "2018 Master Services Agreement") respectively on 19 April 2013 and 18 November 2015 regarding the provision of fabrics knitting services by Factory Co to the Group. Factory Co is owned as to 51% by the brother of a former director of certain subsidiaries in the Group, whom is a connected person under Chapter 14A of the Listing Rules. Thus Factory Co is an associate of a connected person and deemed to be a connected person of the Company under Chapter 14A of the Listing Rules. As at 31 March 2016, the former director and Factory Co have ceased to be connected persons of the Company under Chapter 14A of the Listing Rules. The transactions contemplated under the 2015 Master Services Agreement and the 2018 Master Services Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

The 2015 Master Services Agreement is for a term commencing from 1 September 2013 to 31 December 2015 and the 2018 Master Services Agreement is for a term commencing from 1 January 2016 to 31 December 2018 (both days inclusive).

42. 關聯及關連人士的披露(續)

(c) 關連人士交易(續)

附註:(續)

(iii) 本公司與LFK (Holdings) Limited (「LFK」)於2013年4月19日及2015年11月18日就本集團向LFK集團成員公司(即LFK及其附屬公司)出售布料、紗、纖維及成衣配件分別訂立總協議(「2015年LFK總銷售協議」)及經更新的LFK總銷售協議(「2018年LFK總銷售協議」)。由於夏錦安先生(「夏先生」)為前任執行董事,因此根據上市規則,彼於2016年5月19日(即夏先生辭任日期)起12個月為本公司之關連人士。LFK由全權信託擁有100%權益,而全權信託的授予人及保護人包括夏先生的親屬。因此,根據上市規則,LFK集團之成員公司為夏先生之聯繫人,因而自2016年5月19日起12個月為本公司之關連人士。根據上市規則第14A章,夏先生及LFK集團於2017年5月19日不再為本公司之關連人士。根據上市規則第14A章,2015年LFK總銷售協議及2018年LFK總銷售協議項下擬進行之交易構成本公司之持續關連交易。

2015年LFK總銷售協議之期限由2013年9月1日至2015年12月31日,而2018年LFK總銷售協議之期限由2016年1月1日至2018年12月31日(包括首尾兩天)。

誠如本公司日期為2013年4月19日之公告所載,2015年LFK總銷售協議由2013年9月1日至2013年12月31日止期間的4個月上限金額及截至2015年12月31日止兩個財政年度的年度上限金額分別為124,000,000港元、372,000,000港元及372,000,000港元。

該等關連交易並無超過本公司日期為2013年4月19日之公告所載截至2015年12月31日止年度之年度上限372,000,000港元。

誠如本公司日期為2015年11月18日之公告所載,2018年LFK總銷售協議於截至2018年12月31日止三個財政年度的年度上限金額分別為300,000,000港元、340,000,000港元及380,000,000港元。

(iv) 本公司與江陰匯堅針織有限公司(「織廠公司」)於2013年4月19日及2015年11月18日就織廠公司向本集團提供針織加工服務分別訂立總協議(「2015年總服務協議」)及經更新的總服務協議(「2018年總服務協議」)。由於織廠公司由本集團若干附屬公司之1名前董事之弟弟(根據上市規則第14A章為關連人士)擁有51%股權,因此根據上市規則第14A章,織廠公司為本公司關連人士之聯繫人及被視作本公司之關連人士。於2016年3月31日,前任董事及織廠公司不再為上市規則第14A章項下本公司的關連人士。根據上市規則第14A章,2015年總服務協議及2018年總服務協議項下進行之交易構成本公司之持續關連交易。

2015年總服務協議之期限由2013年9月1日至2015年12月31日,而2018年總服務協議之期限由2016年1月1日至2018年12月31日(包括首尾兩天)。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**綜合財務報表附註 (續)**

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42. RELATED AND CONNECTED PARTIES DISCLOSURES (continued)**(c) Connected party transactions (continued)**

Notes: (continued)

The four-month cap amount for the period from 1 September 2013 to 31 December 2013 and annual cap amount for the two financial years ended 31 December 2015 for the 2015 Master Services Agreement are HK\$16,000,000, HK\$49,000,000 and HK\$49,000,000 respectively as set out in the announcement of the Company dated 19 April 2013.

The extent of these connected transactions did not exceed the annual cap of HK\$49,000,000 for the year ended 31 December 2015 as set out in the announcement of the Company dated 19 April 2013.

The annual cap amount for the three financial years ended 31 December 2018 for the 2018 Master Services Agreement are HK\$27,000,000, HK\$21,000,000 and HK\$18,000,000 respectively as set out in the announcement of the Company dated 18 November 2015.

- (v) The Company and Chinatex Corporation Limited ("Chinatex") entered into a material purchase framework agreement (the "2015 Material Purchase Framework Agreement") and a renewed Material Purchase Framework Agreement (the "2018 Material Purchase Framework Agreement") respectively on 19 December 2012 and 18 November 2015 in relation to the purchase of yarn, cotton, other materials for the manufacture of fabric, garments, whereas cooking oil and foodstuffs for the provision of meals to the employees by the Group from the Chinatex Group (i.e. Chinatex and its subsidiaries). Chinatex is a controlling shareholder of the Company and hence a connected person of the Company under the Listing Rules. Accordingly, members of the Chinatex Group are associates of Chinatex and hence connected persons of the Company under the Listing Rules. The transactions contemplated under the 2015 Material Purchase Framework Agreement and the 2018 Material Purchase Framework Agreement constitute continuing connected transactions for the Company under Chapter 14A of the Listing Rules.

The 2015 Material Purchase Framework Agreement is for a term commencing from 25 January 2013 to 31 December 2015 and the 2018 Material Purchase Framework Agreement is for a term commencing from 1 January 2016 to 31 December 2018 (both days inclusive).

The annual cap amounts for the three financial years ended 31 December 2015 for the 2015 Material Purchase Framework Agreement are HK\$310,000,000, HK\$411,000,000 and HK\$512,000,000 as set out in the announcement of the Company dated 19 December 2012.

The extent of these connected transactions did not exceed the annual cap of HK\$512,000,000 for the year ended 31 December 2015 as set out in the announcement of the Company dated 19 December 2012.

The annual cap amount for the three financial years ended 31 December 2018 for the 2018 Material Purchase Framework Agreement are HK\$100,000,000, HK\$200,000,000 and HK\$300,000,000 respectively as set out in the announcement of the Company dated 18 November 2015.

42. 關聯及關連人士的披露 (續)**(c) 關連人士交易 (續)**

附註：(續)

誠如本公司日期為2013年4月19日之公告所載，2015年總服務協議由2013年9月1日至2013年12月31日止期間的4個月上限金額及截至2015年12月31日止兩個財政年度的年度上限金額分別為16,000,000港元、49,000,000港元及49,000,000港元。

該等關連交易並無超過本公司日期為2013年4月19日之公告所載截至2015年12月31日止年度之年度上限49,000,000港元。

誠如本公司日期為2015年11月18日之公告所載，2018年總服務協議於截至2018年12月31日止三個財政年度的年度上限金額分別為27,000,000港元、21,000,000港元及18,000,000港元。

- (v) 本公司與中國中紡集團有限公司（「中紡」）於2012年12月19日及2015年11月18日就本集團向中紡集團（即中紡及其附屬公司）採購棉紗、棉花、其他生產布料相關的原材料、成衣以及用於向本集團僱員提供膳食之糧油食品分別訂立物資採購框架協議（「2015年物資採購框架協議」）及經更新的物資採購框架協議（「2018年物資採購框架協議」）。中紡為本公司之控股股東，因此，根據上市規則，中紡為本公司之關連人士。相應地，根據上市規則，中紡集團之成員公司為中紡之聯繫人，因而為本公司之關連人士。根據上市規則第14A章，2015年物資採購框架協議及2018年物資採購框架協議項下進行之交易構成本公司之持續關連交易。

2015年物資採購框架協議之期限由2013年1月25日至2015年12月31日，而2018年物資採購框架協議之期限由2016年1月1日至2018年12月31日（包括首尾兩天）。

誠如本公司日期為2012年12月19日之公告所載，2015年物資採購框架協議於截至2015年12月31日止三個財政年度之年度上限金額分別為310,000,000港元、411,000,000港元及512,000,000港元。

該等關連交易並無超過本公司日期為2012年12月19日之公告所載截至2015年12月31日止年度之年度上限512,000,000港元。

誠如本公司日期為2015年11月18日之公告所載，2018年物資採購框架協議於截至2018年12月31日止三個財政年度的年度上限金額分別為100,000,000港元、200,000,000港元及300,000,000港元。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)
綜合財務報表附註(續)

31 DECEMBER 2017 2017年12月31日

42. RELATED AND CONNECTED PARTIES
DISCLOSURES (continued)

(d) Compensation of key management personnel

The remuneration of directors and other members of key management during the year was as follows:

		2017	2016
		HK\$'000 千港元	HK\$'000 千港元
Fees	袍金	1,050	1,229
Short-term benefits	短期福利	3,304	4,174
Post-employment benefits	離職後福利	18	36
Discretionary bonuses	酌情獎金	1,525	1,525
Equity-settled share-based payments	以權益結算以股份為基礎之付款	-	51
		5,897	7,015

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

(e) Transactions with other state-owned entities in the PRC

The Group operates in an economic environment currently predominated by enterprises directly or indirectly owned, jointly controlled or significantly influenced by the PRC government (collectively the "state-owned entities"). The Company's directors consider that state-owned entities are independent third parties so far as the Group's business transactions with them are concerned.

During the year, the Group had transactions with other state-owned entities including, but not limited to, the sales of finished goods, purchases of raw materials/utilities and transactions with state-owned banks.

42. 關聯及關連人士的披露(續)

(d) 主要管理人員的薪酬

是年度董事及其他主要管理人員的薪酬如下:

		2017	2016
		HK\$'000 千港元	HK\$'000 千港元
Fees	袍金	1,050	1,229
Short-term benefits	短期福利	3,304	4,174
Post-employment benefits	離職後福利	18	36
Discretionary bonuses	酌情獎金	1,525	1,525
Equity-settled share-based payments	以權益結算以股份為基礎之付款	-	51
		5,897	7,015

董事及主要管理人員之酬金由董事會參照本公司之營運業績、個別表現及可比較市場統計數字而釐定，並由薪酬委員會審閱。

(e) 與其他中國國有實體進行的交易

本集團經營所在的經濟環境現時主要由中國政府直接或間接擁有、共同控制或可對其行使重大影響力的實體(統稱「國有實體」)主導。本公司董事認為，至今曾與本集團進行商業交易的國有實體均為獨立第三方。

於年內，本集團曾與其他國有實體進行交易，包括但不限於銷售製成品、購買原料/水電，以及與國有銀行間的交易。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**綜合財務報表附註 (續)**

31 DECEMBER 2017 2017年12月31日

42. RELATED AND CONNECTED PARTIES DISCLOSURES (continued)**(e) Transactions with other state-owned entities in the PRC (continued)**

The sales of finished goods and purchase of raw materials/utilities to these state-owned entities are individually not significant. In addition, the Group's bank balances (including short-term bank deposits and restricted bank deposits) and bank borrowings of HK\$433,063,000 and HK\$345,754,000 (31 December 2016: HK\$468,746,000 and HK\$273,071,000) respectively are placed/arranged with state-owned banks as at 31 December 2017.

43. EVENTS AFTER THE REPORTING DATE

(a) The Company announced on 12 January 2018 that on 9 January 2018, the Company received notification from Chinatex, an intermediate controlling shareholder of the Company, that the State-owned Assets Supervision and Administration Commission of the State Council of the PRC (the "SASAC") had transferred its entire equity interest in Chinatex at nil consideration to COFCO Corporation, a state-owned enterprise established in the PRC and a directly wholly-owned subsidiary of SASAC, upon completion of which COFCO Corporation held 100% of the equity interest in Chinatex, and became an intermediate controlling shareholder of the Company (the "Restructuring"). Before and after the Restructuring, Chinatex remains as an intermediate controlling shareholder of the Company and SASAC is the ultimate controlling shareholder of the Company.

(b) The Company announced on 19 January 2018 that the Company offered to grant share options (the "Share Options") to subscribe for a total of 26,100,000 ordinary shares of the Company (the "Shares") to an executive Director and certain employees of the Company and its subsidiaries (the "Grantees"), subject to the acceptance of the Grantees, pursuant to the share option scheme of the Company adopted on 20 January 2011. Among the total Share Options granted, a Share Option to subscribe for 300,000 Shares had been granted to Mr. LAN Jiang, an executive director of the Company, and which had been approved by the independent non-executive directors of the Company pursuant to Rule 17.04(1) of the Listing Rules.

42. 關聯及關連人士的披露 (續)**(e) 與其他中國國有實體進行的交易 (續)**

向該等國有實體銷售製成品及購買原料／水電的個別交易並非重大。此外，於2017年12月31日，本集團的銀行結餘（包括短期銀行存款及受限制銀行存款）及銀行借貸中分別有433,063,000港元及345,754,000港元（2016年12月31日：分別為468,746,000港元及273,071,000港元）為存放於國有銀行／由國有銀行安排。

43. 報告期後事項

(a) 本公司於2018年1月12日宣佈，本公司於2018年1月9日收到本公司間接控股股東中紡之通知，中國國務院國有資產監督管理委員會（「國資委」）將其所持有中紡之全部股權已以零代價轉讓至一間於中國成立之國有企業，並為國資委之直接全資附屬公司中糧集團有限公司（「中糧集團」），轉讓完成後，中糧集團持有中紡100%股權，並成為本公司之間接控股股東（「重組」）。於進行重組前後，中紡仍為本公司之間接控股股東且國資委仍為本公司之最終控股股東。

(b) 本公司於2018年1月19日宣佈，本公司根據其於2011年1月20日採納之購股權計劃向一位執行董事及本公司及其附屬公司若干僱員（「承授人」）提出授予購股權（「購股權」）以認購本公司合共26,100,000股普通股股份（「股份」），惟須待承授人接納後方可作實。就所授予之所有購股權中，其中一份購股權乃授予本公司一名執行董事藍江先生以認購300,000股股份，並根據上市規則第17.04(1)條要求已獲獨立非執行董事批准。

SHAREHOLDER INFORMATION

股東資料

Listing : Listed on the Main Board of
The Stock Exchange of Hong Kong Limited
since 20 April 1988

Stock Code : 420

Board Lot : 2,000

Shares Issued : 1,205,026,960

上市 : 自1988年4月20日起
於香港聯合交易所有限公司
主板上市

股份代號 : 420

買賣單位 : 2,000

已發行股份 : 1,205,026,960

Financial Calendar 2017

Financial year end	31 December 2017
Interim results announced	24 August 2017
Annual results announced	26 March 2018
Register of members closed for determining the right to attend and vote at Annual General Meeting	7 – 10 May 2018
Annual General Meeting	10 May 2018
Register of members closed for determining the entitlement to the proposed final dividend	21 – 25 May 2018
Distribution of final dividend	31 May 2018
2018 interim results to be announced	Late August 2018

Shareholder Services

For enquiries about share transfer and registration,
please contact the Company's share registrar:

Boardroom Share Registrars (HK) Limited

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148 Electric Road, North Point
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2017年財務日誌

財政年度結算	2017年12月31日
中期業績公佈	2017年8月24日
年度業績公佈	2018年3月26日
股份暫停登記以釐定 出席股東週年大會 及於會上投票資格	2018年5月7日至10日
股東週年大會	2018年5月10日
股份暫停登記以釐定 享有擬派末期股息 資格	2018年5月21至25日
末期股息派發	2018年5月31日
2018中期業績公佈	2018年8月下旬

股東服務

任何有關股份過戶及登記的查詢，
請聯絡本公司股份過戶登記處：

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