



葉氏化工集團有限公司
Yip's Chemical Holdings Limited

於開曼群島註冊成立之有限公司
Incorporated in the Cayman Islands with limited liability
股份代號 Stock Code: 408

2017

Annual Report 年報

Rise to Challenges
Soar New Heights

迎難而上 振翅高飛

集團宏圖

CORPORATE VISION





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概要
Highlights

本公司股東應佔純利
Profit attributable to
owners of the Company

170,560,000 港元HK\$

營業額
Revenue

10,280,001,000 港元HK\$

期末股息
Final dividend

10 港仙 HK CENTS

全年股息
Dividend for the year

15 港仙 HK CENTS

截至2017年12月31日止年度（經審核）
For the year ended 31 December 2017 (audited)

每股盈利

Earnings per share

30.2 港仙 HK CENTS



公司資料 Corporate Information

董事會

非執行董事

葉志成先生 (集團主席)
唐滙棟先生 (董事任期至二零一八年度
股東週年大會結束止)
黃廣志先生*
古遠芬先生*
吳紹平先生*

* 獨立非執行董事

執行董事

葉子軒先生
(副主席兼聯席行政總裁)
王旭先生 (聯席行政總裁)
何世豪先生 (財務總裁)
鄭國照先生
(由二零一八年一月一日起辭任職務)

高層領導團隊

葉子軒先生
王旭先生
何世豪先生
葉鈞先生
鄭國照先生
(由二零一八年一月一日起辭任職務)
馮秉光先生
(由二零一八年一月一日起辭任職務)
邱靜雯女士
(由二零一八年一月一日起辭任職務)
謝憶珠女士
(由二零一七年一月一日起獲委任)

Board of Directors

Non-executive Directors

Mr. Ip Chi Shing (Chairman)
Mr. Tong Wui Tung (term of directorship will last
until the conclusion of 2018 annual general meeting)
Mr. Wong Kong Chi*
Mr. Ku Yuen Fun*
Mr. Ng Siu Ping*

* Independent Non-executive Directors

Executive Directors

Mr. Yip Tsz Hin
(Deputy Chairman and Co-Chief Executive Officer)
Mr. Wong Yuk (Co-Chief Executive Officer)
Mr. Ho Sai Hou (Chief Financial Officer)
Mr. Kwong Kwok Chiu
(resigned from the duty with effect from 1 January 2018)

Senior Leadership Team

Mr. Yip Tsz Hin
Mr. Wong Yuk
Mr. Ho Sai Hou
Mr. Ip Kwan
Mr. Kwong Kwok Chiu
(resigned from the duty with effect from 1 January 2018)
Mr. Fung Ping Kwong
(resigned from the duty with effect from 1 January 2018)
Ms. Yau Ching Man
(resigned from the duty with effect from 1 January 2018)
Ms. Tse Yik Chu
(appointed with effect from 1 January 2017)



審核委員會

黃廣志先生 (委員會主席)
唐滙棟先生 (董事任期至二零一八年度
股東週年大會結束止)
古遠芬先生
吳紹平先生

薪酬委員會

吳紹平先生 (委員會主席)
唐滙棟先生
(董事任期至二零一八年度
股東週年大會結束止)
黃廣志先生
古遠芬先生

安全健康環保委員會

古遠芬先生 (委員會主席)
黃廣志先生
吳紹平先生

公司秘書

何世豪先生

核數師

德勤•關黃陳方會計師行
(香港執業會計師)
香港金鐘道八十八號
太古廣場一座三十五樓

Audit Committee

Mr. Wong Kong Chi (Chairman of the committee)
Mr. Tong Wui Tung (term of directorship will last until
the conclusion of 2018 annual general meeting)
Mr. Ku Yuen Fun
Mr. Ng Siu Ping

Remuneration Committee

Mr. Ng Siu Ping (Chairman of the committee)
Mr. Tong Wui Tung
(term of directorship will last until the conclusion of
2018 annual general meeting)
Mr. Wong Kong Chi
Mr. Ku Yuen Fun

Health, Safety and Environment Committee

Mr. Ku Yuen Fun (Chairman of the committee)
Mr. Wong Kong Chi
Mr. Ng Siu Ping

Company Secretary

Mr. Ho Sai Hou

Auditor

Deloitte Touche Tohmatsu
(Certified Public Accountants)
35/F., One Pacific Place
88 Queensway, Hong Kong



公司資料
Corporate Information

律師

香港：

張秀儀 唐滙棟 羅凱栢 律師行
香港港灣道三十號新鴻基中心
五樓五零一室

開曼群島：

Maples and Calder
PO Box 309, Ugland House
Grand Cayman
KY1-1104
Cayman Islands

主要往來銀行

香港上海滙豐銀行有限公司
恒生銀行有限公司
中國銀行股份有限公司
法國巴黎銀行
瑞穗銀行
三菱東京UFJ銀行
富邦銀行(香港)有限公司
比利時聯合銀行香港分行
中國建設銀行
交通銀行

主要股份過戶登記處

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

香港股份過戶登記處

卓佳秘書商務有限公司
香港
皇后大道東一八三號
合和中心二十二樓

Solicitors

in Hong Kong:

Cheung Tong & Rosa Solicitors
Room 501, 5/F., Sun Hung Kai Centre
30 Harbour Road, Hong Kong

in the Cayman Islands:

Maples and Calder
PO Box 309, Ugland House
Grand Cayman
KY1-1104
Cayman Islands

Principal Bankers

The Hongkong and Shanghai Banking Corporation Limited
Hang Seng Bank Limited
Bank of China Limited
BNP Paribas
Mizuho Bank, Ltd.
The Bank of Tokyo-Mitsubishi UFJ, Limited
Fubon Bank (Hong Kong) Limited
KBC Bank N.V., Hong Kong Branch
China Construction Bank
Bank of Communications

Principal Share Registrar and Transfer Office

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

Hong Kong Share Registrar and Transfer Office

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



註冊辦事處

PO Box 309
Ugland House
Grand Cayman
KY1-1104
Cayman Islands

總辦事處及主要營業地點

香港灣仔
告士打道77-79號
富通大廈27樓

電話：(852) 2675 2288
圖文傳真：(852) 2675 2345
國際互聯網網址：
<http://www.yipschemical.com>

股份代號

408

Registered Office

PO Box 309
Ugland House
Grand Cayman
KY1-1104
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Head Office and Principal Place of Business

27/F., Fortis Tower
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Wanchai, Hong Kong

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Fax: (852) 2675 2345
Internet homepage:
<http://www.yipschemical.com>

Stock Code

408



主席報告－回顧與展望 Chairman's Statement – Review and Prospects



主席 Chairman
葉志成先生
Mr. Ip Chi Shing

本人欣然向集團全體股東呈報二零一七年度的全年業績報告。期內在溶劑業務規模效應突顯，銷售強勁增長的帶動下，集團銷售額繼二零一四年後，再次攀上一百億港元的歷史新高，較去年同期增長20%。銷售量亦同時創下近128萬噸的佳績，較去年增長7%。在股東應佔純利方面，受集團其餘三個核心業務表現遠遜預期的不利影響，同時期內因應國內對化工行業安全環保等方面的規範日趨嚴格，集團屬下各廠房積極配合，在整改和未來配置方面作出近億港元的投入和保守撥備預提，最終導致未能與銷售增長同步，僅錄得與去年相近持平的1.71億港元。在財務表現方面，集團持續秉承發展不忘穩健、審慎理財的原則，在嚴控信貸監管，優化資產質素等方面作出持續不懈的努力。因此，在銷售額大幅提昇的營運狀態下，其借貸比率僅比去年微升0.7個百分點，維持在51.1%的合理可控水平。在綜合考慮集團對業務前景持審慎樂觀和貫徹一向積極回饋股東的願景後，本公司董事會建議向集團全體股東派發期末股息每股10港仙，連同已派發的中期股息，全年合共派發股息每股15港仙，與去年相同。本人深切期望，在平衡發展的資金需要和股東期望的前提下，年內能盡快突破持續數年的派息悶局。

I am pleased to present to all shareholders the annual results of the Group for the year 2017. In the year, due to the potent economies of scale effect and strong sales growth in the solvents business, the Group's sales revenue grew 20% year-on-year to reach the HK\$10 billion mark again, a feat that was last accomplished in 2014. Sales volume was also a historical high of almost 1.28 million metric tons, a growth of 7% from the year before. However, profit attributable to owners of the Company could not grow in line with sales and stood at only HK\$171 million, a level comparable to that of last year. This was because the performance of the other three core businesses had fallen far short of expectations, and at the same time almost HK\$100 million in investments and prudent provisions and accruals were set aside for the installation or revamp of equipment and facilities by the Group's various plants in response to the ever-escalating tightening in safety and environmental standards imposed on the chemical industry in the mainland. In the course of developing its business, the Group continued to uphold the principle of prudent financial management and made sustained efforts in carrying out strict credit controls and improving asset quality. Consequently, even though increase in sales revenue was substantial, gearing ratio only edged up slightly by 0.7 percentage point and was kept at a reasonable and controllable level of 51.1%. The Board of Directors was cautiously optimistic of the Group's business prospects and would continue the Group's long-term dividend policy of actively rewarding shareholders, therefore proposed to declare a final dividend of HK10 cents per share. Together with the paid out interim dividend, the total dividend for the full year was HK15 cents per share, the same as in the previous year. It is my deepest wish that, after balancing the capital need for development and meeting shareholder expectations, we could, in the coming year, break away from the stagnant dividend growth of the past few years.



回顧

去年整體的經營大環境基本上是良好的。世界各區域經濟實體普遍走出低迷，需求回暖。國內的情況更是不俗：政局穩定、去產能過剩、產業轉型提昇，成效顯著。國民內部消費佔比的不斷加大，使國內的經濟增長在更健康的狀況下達到了預期的目標。然而於化工行業和集團來說，去年的經營環境則是挑戰大於機遇的。嚴格執行國家對行業規管的各項新措施，令經營成本壓力大增；各種原材料價格年內持續不斷上升，個別的升幅更是多年之罕見。加上期內同業競爭異常激烈，成本上漲難以全部向客戶轉嫁，以致產品價格不斷滯後，成為普遍現象。集團內各核心業務，令人欣喜與失望並存。銷售增長放緩，毛利率下跌，陷於苦鬥的有之；充份把握機遇，在做大的基礎上規模效應更為體現，繼續做強，更上一個新階段的有之；因而形成一個強烈的比照。這種截然不同的業務表現是集團內的首次，同時也為集團各級的管理團隊帶來了深刻的反思，也帶來了更大的鞭策。我們抱著決心，立定目標，年內必須扭轉形勢，將挑戰化為更大的機遇！

Review

The overall business environment last year was basically sound. Economies in different regions of the world had, in general, emerged from a slump and demand was revived. Conditions in the mainland were also encouraging as the political situation was stable and efforts in reducing overcapacity and in transforming and upgrading industries had produced significant effects. With internal consumption accounting for an ever-larger share of the GDP, economic growth in the mainland met expected targets under much healthier circumstances. Yet, for the chemical industry as a whole and to the Group specifically, the business environment last year offered more challenges than opportunities. The strict implementation of various new national measures imposed on the industry had heaped a heavy burden on operating costs; raw material prices had been rising relentlessly throughout the year and, for some, the magnitude of such increase had not been seen for many years. Moreover, it was common in the industry that product prices lagged behind the rise of costs, which was difficult to be transferred entirely to customers due to cut-throat competition. Among the Group's core businesses, there were causes for joy, but there were also notes of disappointment; some were struggling because sales had slowed down and gross profit margin had fallen, but there were some which could make full use of opportunities from expanded production capacity to achieve bigger economies of scale and become stronger and more competitive. Such a stark contrast in business performance was a first for the Group; it was a lesson for management at different levels to learn and it served as a reminder to spur us on as well. With determination, we have set the objective that we will turn the situation around within the coming year and convert all challenges into greater opportunities.



主席報告－回顧與展望

Chairman's Statement – Review and Prospects

展望

預期本年度的整體經營大環境將充滿頗多不明朗因素，包括朝鮮半島、南海、台海等的地緣政治震盪，以及美國保護主義升溫，中美出現貿易磨擦機會大增的潛在風險。但本人預期，這些狀況縱然出現，都將不會為全球經濟的回暖，特別是對中國經濟的平穩健康增長帶來太大的影響。中長線而言，中國政府的一帶一路和粵港澳大灣區的高層次國家發展宏圖，必將為中國本身和所有參與者帶來無限商機。為了捕捉先機，集團在二零一八年初成功收購擁有具85年歷史，在港澳和中國南方城市享有高美譽度的「駱駝」塗料品牌，並以此為契機，同時加快部署擴大集團各核心業務在粵港澳大灣區的發展。

集團的中期目標是決心在二零二一年，即慶祝集團創辦50周年和上市30周年前，集團的業務狀況必將有一個重大明顯及突破性的改變。因此更端視本年度按規劃落實一系列措施，為達致上述目標奠下基礎作出各項甚具挑戰性準備。今年是重要的一年，我們年初已完成上至董事會、高層領導團隊，下至各子公司的各級管理團隊的架構精簡與決策流程的加快。特別是針對市場消費模式和競爭對手的變化，以及國家對行業規管的愈加嚴謹，集團已成立專責部門，協助管理層檢視整體業務的長期策略，並透過探索併購機會，壯大及改善現有業務，或者拓展新相關業務，定位在環保、終端及服務化，使集團整體業務踏上新台階。

Outlook

It is expected that the coming year will be one clouded with a slew of uncertainties, including possible geopolitical shocks in and around the Korean peninsula, the South China Sea and the Taiwan Strait. Also, with escalating American protectionism, the risk of Sino-American trade conflicts taking place has greatly multiplied. However, I believe that even if these scenarios occur, they will not have too much impact on the recovery of the global economy or on the steady and healthy growth of China's economy. In the mid- to long-term, high-level state development initiatives such as the Belt and Road and the Guangdong-Hong Kong-Macau Greater Bay Area will definitely bring new business opportunities to China itself and to all participants. To help seize pre-emptive opportunities, the Group has acquired in early 2018 "Camel" – a coatings brand which was founded 85 years ago and now viewed in high esteem in Hong Kong, Macau and Southern China cities. This will also be the spearhead of the Group's quickened efforts in expanding its core businesses in the Greater Bay Area.

The Group's mid-term objective is to achieve a major breakthrough in its business by 2021 when it celebrates the 50th anniversary of its founding and the 30th anniversary of its public listing. To achieve this objective, it will conscientiously implement a series of planned measures and do arduous preparations to lay solid foundation for future success. The coming year will be a pivotal year, and we have already streamlined organisation structures and stepped up decision-making processes at all levels – from the Board of Directors and Senior Leadership Team to management in all subsidiaries. Specifically, in response to changes in the market consumption patterns and in competitors, as well as the state's ever-tightening regulatory control over the industry, the Group has set up a department, through assisting management to review long-term business strategy and exploring merger and acquisitions opportunities, to drive expansion or improve current businesses and develop new related businesses, with its sight set on business segments that are environmentally friendly, end-users and services oriented, hence bringing the Group's overall business to a new level.



展望 (續)

總括而言，本人對集團年內的業務前景滿懷決心和期盼，並將一如既往，以不斷致力為股東創造更佳的回報為己任。藉此向集團全體員工們辛勞貢獻；所有持份者對集團的大力支持和指導；董事會的領導和管理層的團結、決心改變、不懈努力，致以衷心的感謝！

鳴謝

鄺國照先生自二零一八年一月一日始，辭任本公司執行董事職務，但同時繼續出任油墨業務的總經理。本人代表集團董事會對鄺先生任職執行董事期間所作出的貢獻表示感謝，並對鄺先生日後更聚焦帶領油墨業務更創輝煌致以期盼！

葉志成
主席

Outlook (Continued)

In conclusion, I am full of determination and expectation on business prospects in the coming year and, as usual, take it upon myself to do my best to create better return for our shareholders. I would like to take this opportunity to extend my heartfelt gratitude to all employees of the Group for their hard work and dedication, to stakeholders for their unfailing support and guidance, to the Board of Directors for its leadership and to the management team for its unity, determination and unremitting efforts on changes.

Note of Appreciation

Mr. Kwong Kwok Chiu has resigned from his duty as an Executive Director of the Company with effect from 1 January 2018 but will continue to serve as General Manager of the inks group. On behalf of the Board, I would like to express our gratitude to Mr. Kwong for his contribution when he served as an Executive Director. We are fully confident that in future, under Mr. Kwong's focused leadership, the inks business will scale new heights.

IP CHI SHING
CHAIRMAN



聯席行政總裁報告 Report of the Co-Chief Executive Officers

葉子軒先生
Mr. Yip Tsz Hin



王旭先生
Mr. Wong Yuk



集團截至二零一七年十二月三十一日止年度的業績要項包括：

- 一. 總銷售額再破百億接近103億港元。總銷售噸數再創新高近128萬噸；
- 二. 溶劑業務增長強勁，銷售額大增35%。毛利率維持在雙位數字。經營溢利大幅增加16%；
- 三. 塗料及油墨兩業務受壓於原材料大升，產品升價滯後，毛利率分別下跌7及5個百分點，導致經營溢利分別下跌69%及45%；
- 四. 潤滑油業務同樣受累於原料價上升，另業務仍然處於轉型中，銷售額及毛利率雙雙下跌，故再度錄得經營虧損；

Key aspects of the Group's performance for the year ended 31 December 2017 are as follows:

1. Total sales revenue once again broke the HK\$10 billion mark to close to HK\$10.3 billion. Total product sales tonnage reached a new record high of almost 1.28 million metric tons;
2. The solvents business grew strongly with sales revenue surging by 35%. Gross profit margin maintained at a double-digit level. Operating profit rose substantially by 16%;
3. Hampered by rising raw material prices and lagging product prices, the gross profit margins of the coatings and inks businesses fell by 7 percentage points and 5 percentage points respectively, leading to a corresponding drop of 69% and 45% in operating profit;
4. The lubricants business was likewise trammelled by increases in raw material prices. As the business was still undergoing transformation, sales revenue dropped in concert with gross profit margin, and an operating loss was once again recorded;



- 五. 本期固定資產加速折舊撥備5,900萬港元。由於國內安環政策日趨嚴緊，集團各廠須大力陸續投入改造配置，並為預期相關受影響設備作出預提撥備；
 - 六. 葉氏化工大廈及上海青浦廠房投資物業公允價值增值4,400萬港元；
 - 七. 綜合上述因素，本年度集團純利達1.71億港元，比去年同期微增；
 - 八. 受惠於去年採取的外匯管理措施，人民幣匯率的波動將不再對本集團的損益產生重大的影響；及
 - 九. 持續審慎理財，儘管為應付業務不斷發展，營運資金顯著增加，但借貸比例與去年同期對比僅微升0.7個百分點至51.1%。
5. In the review period, provision for fixed assets' accelerated depreciation was HK\$59 million. As the mainland's safety and environmental policies became increasingly stringent, plants of the Group had to invest heavily in revamping facilities and had to make provisions for equipment that would likely be affected;
 6. The fair values of investment properties, Yip's Chemical Building and the Qingpu plant in Shanghai, increased by a total of HK\$44 million;
 7. The totality of the above factors resulted in a net profit of HK\$171 million for the Group, which was only up slightly compared with the previous year:
 8. Benefited from the foreign exchange control measures adopted last year, fluctuations in the renminbi exchange rate shall no longer have any material impact on the Group's profit or loss in future; and
 9. As a result of continued prudent financial management, the gearing ratio was only slightly up by 0.7 percentage point to 51.1% despite a significant increase in operating funds to cater to continuous business development.

集團四大業務回顧及展望如下：

The review and outlook of the Group's four business segments are as follows:

溶劑

本年度銷售大增，主要受惠於出口量近倍增長的帶動，再次證明溶劑業務的品質、綜合競爭力備受國內、外用戶認可。受制於中國安環政策的日趨嚴緊，各化工類企業均有減產，甚而局部停產的現象。我們儘管已大舉投資整改，也無可避免地出現輕微減少產能的現象。

Solvents

The hefty increase in sales revenue this year was attributable mainly to the almost doubling in export sales, testifying once again that the quality and overall competitiveness of the solvents business is recognised by domestic and overseas users. As a result of the mainland's ever-tightening safety and environmental policies, many chemical enterprises had invariably seen a cutback or even a partial halt in production. Though we had invested heavily in coping with new requirements, a slight reduction in production capacity was inevitable.

受惠於有量有利的局面，本年度的經營溢利創出開業以來最大的收益，達到接近4億港元的新高。

With appreciable volume and profitability, the operating profit of almost HK\$400 million for the review year was the highest since the business was founded.



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溶劑 (續)

因應國內安環法規要求的趨勢，管理層審慎規劃華南華東廠房的生產規模，本年度為受規劃影響而產生的固定資產作出預提5,900萬港元的撥備，令該業務的經營溢利未能與營業額達致同步升幅。

管理層經歷了本年度的安環應對，市場競爭應對，對業務的綜合競爭力更顯信心。目前規劃的擴產計劃包括：

- 一. 在現有泰興工廠的預留地加建醋酸酯45萬噸及丙烯酸丁酯10萬噸的產能，工程將於春節後正式展開，預計二零一八年末竣工投產。
- 二. 積極與江門市政府洽商，在合適的化工園區尋覓新地，探索發展新產品的可能性。
- 三. 參觀中國已成熟的，有待開發的港口用地，為繼續投資或再擴產能或向上游產品延伸作出準備。

管理層相信，未來一至兩年溶劑業務的銷售額將有顯著的增長，而朝著上述的幾大目標進發，業務將可踏上一個更高的台階。

Solvents (Continued)

Observing the regulatory trend on safety and environmental issues, the management made prudent planning of the production scales of the Southern and Eastern China plants and decided to make provisions of HK\$59 million for the fixed assets affected. As a result, the operating profit for the solvents business could not rise in lockstep with sales revenue.

Having dealt with the safety and environmental regulation issues and the market competition issues, the management is now much more confident with the overall competitiveness of the solvents business. Capacity expansion projects currently planned include:

1. Installing additional production capacity of 450,000 metric tons acetates and 100,000 metric tons butyl acrylate on a previously reserved land lot situated in Taixing plant. The project will commence after the Chinese New Year and is expected to be completed for production by the end of 2018.
2. Working with Jiangmen Municipal People's Government to look for a new plot in a chemical park for developing new products.
3. Exploring mainland harbour sites which are ready for development. This is the first step for possible investment, capacity expansion or diversification into upstream products.

The management believes that, in the next one to two years, sales revenue of the solvents business will grow markedly and, if we pursue the above goals, the business will be propelled to new heights.



塗料

中國內地原料供應緊張，導致價格上漲而且全年高企。在「供給側改革」及競爭白熱化的大環境下，整個行業都經歷著轉型過程，因此若要把價格轉移給市場，必需謹慎從事。整體銷售額雖能維持在去年水平，毛利卻錄得24%的跌幅，令經營溢利減至830萬港元，同比下挫69%。

在供應鏈的營運優化方面，外聘顧問的第一期工作已於二零一七年十一月結束，在其協助下，年內結構性成本的削減已初見成效。配合塗料集團的各項降本措施，年內整體單位經營成本已減低7%，然而全面效益仍有待體現。

除原料價格上漲外，環保標準亦越益嚴格。未來數年，集團須在處理揮發性有機化合物的設施上投放可觀資金。為此，塗料業務去年在金山廠房已投入約1,100萬港元的資本支出，預計整個項目開支需達2,400萬港元。由於整個業界面對同樣困境，致市場上出現各種整合契機，本集團於二零一八年初成功收購了德家朗駱駝旗下於中國（包括香港及澳門）的塗料業務及資產，本集團相信收購「駱駝」(Camel)及「Aquapro」品牌將和現有塗料業務在生產、技術、分銷及市場方面創造協同效應，為集團帶來正面貢獻。

Coatings

Supply constraint of raw materials in the mainland has led to price escalation and the prices stayed at a high level throughout the year. As the entire industry is experiencing transformation impacted by 'supply-side reform' and intense competition, cost transfer to the market is to be done delicately. Overall sales revenue was at similar level though gross profit recorded a 24% reduction, leading to a decline of operating profit to HK\$8.3 million, a 69% drop year on year.

For the optimization project of supply chain, external consultant has completed its phase one involvement in November 2017, with an early success recorded in structural cost reduction. In complement to internal cost reduction measures, unit operating cost has moved down by 7% in the year, though overall benefit is yet to be realized.

In addition to soaring raw material prices, considerable investment in volatile organic compound ("VOC") treatment facilities would be necessary in coming years to meet ever-tightening environmental standards. The coatings business has already recorded a HK\$11 million capex outlay for the installation in our Jinshan plant last year, and is expected to reach HK\$24 million when completed. All these challenges posed in the market have also led to potential consolidation opportunities where the Group succeeded in acquiring the coating business and assets of DGL Camel in China (inclusive of Hong Kong and Macau) in early 2018. The Group believes that the acquired brands "Camel" and "Aquapro" would create synergies in such areas as manufacturing, technology, distribution and marketing with current coatings business, bringing positive contribution to the Group.



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油墨

年內，油墨業務的業績同樣受原料價格持續高企影響。雖然銷售額與去年同期相若，然而毛利仍下跌20%至2.73億港元。整體經營溢利為5,500萬港元，相對二零一六年同期減少45%。

由於預期高企的原料價格會持續一段時間，因此銷售需更著力於優質客戶，此舉致年內平版油墨業務得到顯著改善。同時，凹版環保水墨的業務推廣也有質的提升，總銷量比去年提升了近四倍，成功爭取到十多名客戶的穩定使用，定下穩固基礎。這兩方面均為油墨業務注入動力。

與此同時，在塗料業務成功開展的供應鏈成本優化項目，也會逐步在油墨業務開展，以進一步降低運營成本，提高競爭力。

另外，油墨業務面對原料價格高企和有需要為應付較高的環保標準作出投資的挑戰，但同時也為油墨市場帶來整合機會。來年，集團將會積極探討相關業務整合的可能性。

潤滑油

年內，由於推行更嚴格的環保法規，售賣較低端潤滑油的小本經營車房已絕跡市場，令這個傳統市場的銷售大受打擊。再加上原料價格上升，以及為業務轉型而增加的營銷投資，導致潤滑油業務出現840萬港元的經營虧損。

儘管如此，集團對潤滑油業務未來的業績仍然樂觀，因為該業務已採取了正確的業務轉型措施，近年集中向不同市場銷售較高端的「力士」潤滑油，並投放合理的資源進行線上和線下推廣。而在二零一七年底，潤滑油業務更首次試驗產品結合服務元素，於總部所在地東莞開設四間養車連鎖店，提供快速及標準化的換油服務，開拓國內龐大的汽車保養市場。

Inks

Throughout the year, performance of the inks business was hampered by sustained high raw material prices. While sales revenue managed to catch up to close to that of previous year, gross profit recorded a drop of 20% to HK\$273 million. Overall operating profit stood at HK\$55 million, a 45% reduction year-on-year.

Focus on quality customers was placed with great emphasis amid the continuous high raw material prices; it has led to considerable improvement of the offset ink business in the reporting year. Also, gravure water-based ink gained an early foothold, with total sales tonnage increased by nearly four times and stable supplies to more than 10 clients established. The two initiatives generated positive momentum to the inks business.

Meanwhile, the supply chain optimization project initiated by coatings business will also be gradually implemented in inks business, with the aim to lower operating cost and enhance competitiveness.

As similar challenges of high raw material prices and investment in meeting higher environmental standards also apply to inks business where market consolidation opportunities would appear, the Group would actively look into potential consolidation in the coming year.

Lubricants

Throughout the year, more stringent environmental regulations pushed backyard garages selling relatively lower tier lubricants out of the market. Sales to this traditional segment has recorded a considerable setback in the year. This, in conjunction with the increase of raw material prices and marketing investment into transforming the business, has led to an operating loss of HK\$8.4 million for the lubricants business.

Nevertheless, the Group is positive to its future performance given the lubricants business has adopted the correct strategic move to transform its business to selling higher tier Hercules lubricants to different segments in recent years, including reasonable marketing expenses in above and below the line promotion. Lubricants business also made its first step in integrating services with products by setting foot in automobile maintenance market. It opened four automobile maintenance chains to provide fast and standardized lubricant replacement services in Dongguan, the headquarters of the business, by the end of 2017.



展望

「供給側改革」和更嚴厲的環保政策將仍會繼續影響上游的原料價格和下游的顧客需求，為行業構成挑戰。為應對這些挑戰，集團決意深化業務轉型，推動優質銷售和增長、結構性地降低營運成本，並通過併購和放棄沒有增長潛力的業務來把握整合機遇。

集團將一方面有序的投入資源，滿足嚴謹的環保法規要求，大力度的從集團及子集團的各個層面降低結構性成本，在動盪的競爭環境裡穩定陣腳後大步向前。另一方面集團會大膽探索並開展環保化、終端化、服務化的相關業務，為新的長期增長點做好基礎。

雖然前路艱巨，我們仍滿懷信心相信只要持之以恆地去推行正確的策略，並以刻不容緩的態度去扭轉表現不佳的業務，整體業績必然會在未來數年重踏上更健康的軌道。

葉子軒
聯席行政總裁

王旭
聯席行政總裁

Outlook

“Supply-side reform” and more stringent environmental policies would continue to pose challenges in upstream raw material prices and downstream customer demands in the industry. In response to such challenges, the Group is determined to deepen our business transformation by driving quality sales and growth and structurally lowering our cost of operations; we will also grasp consolidation opportunities through initiatives of merger, acquisition and divestment of business with no growth potential.

The Group will, on one hand, devote resources orderly to meet environmental standards while making efforts on the reduction of structural costs at all Group and subsidiary levels. This will secure the Group's position amidst a turbulent competitive environment before it strides forward again. On the other hand, to better pave the foundation for new long-term growth, the Group will make bold attempts to explore and roll out related businesses which are environmentally friendly, end-users oriented and services oriented.

Though the journey would not be a smooth ride, we are confident that with the right strategies and the sense of urgency to turnaround those underperforming businesses earnestly, overall performance would be able to track on a much healthier platform in the years to come.

YIP TSZ HIN
CO-CHIEF EXECUTIVE OFFICER

WONG YUK
CO-CHIEF EXECUTIVE OFFICER



集團總部及廠房 Group's Headquarters and Plants



位於香港灣仔的集團總部(二零一七年五月一日開始生效)
The Group's headquarters in Wanchai,
Hong Kong (with effect from 1 May 2017)



位於上海張江的集團研發中心
The Group's R&D Centre in Zhangjiang,
Shanghai



位於江蘇泰興的溶劑廠房
The solvents plant in Taixing, Jiangsu



位於廣東江門的溶劑廠房
The solvents plant in Jiangmen, Guangdong



位於上海金山的塗料廠房
The coatings plant in Jinshan,
Shanghai



位於四川成都的塗料廠房
The coatings plant in Chengdu,
Sichuan



位於廣東惠州的塗料廠房
The coatings plant in Huizhou,
Guangdong



位於廣東中山的油墨廠房
The inks plant in Zhongshan,
Guangdong

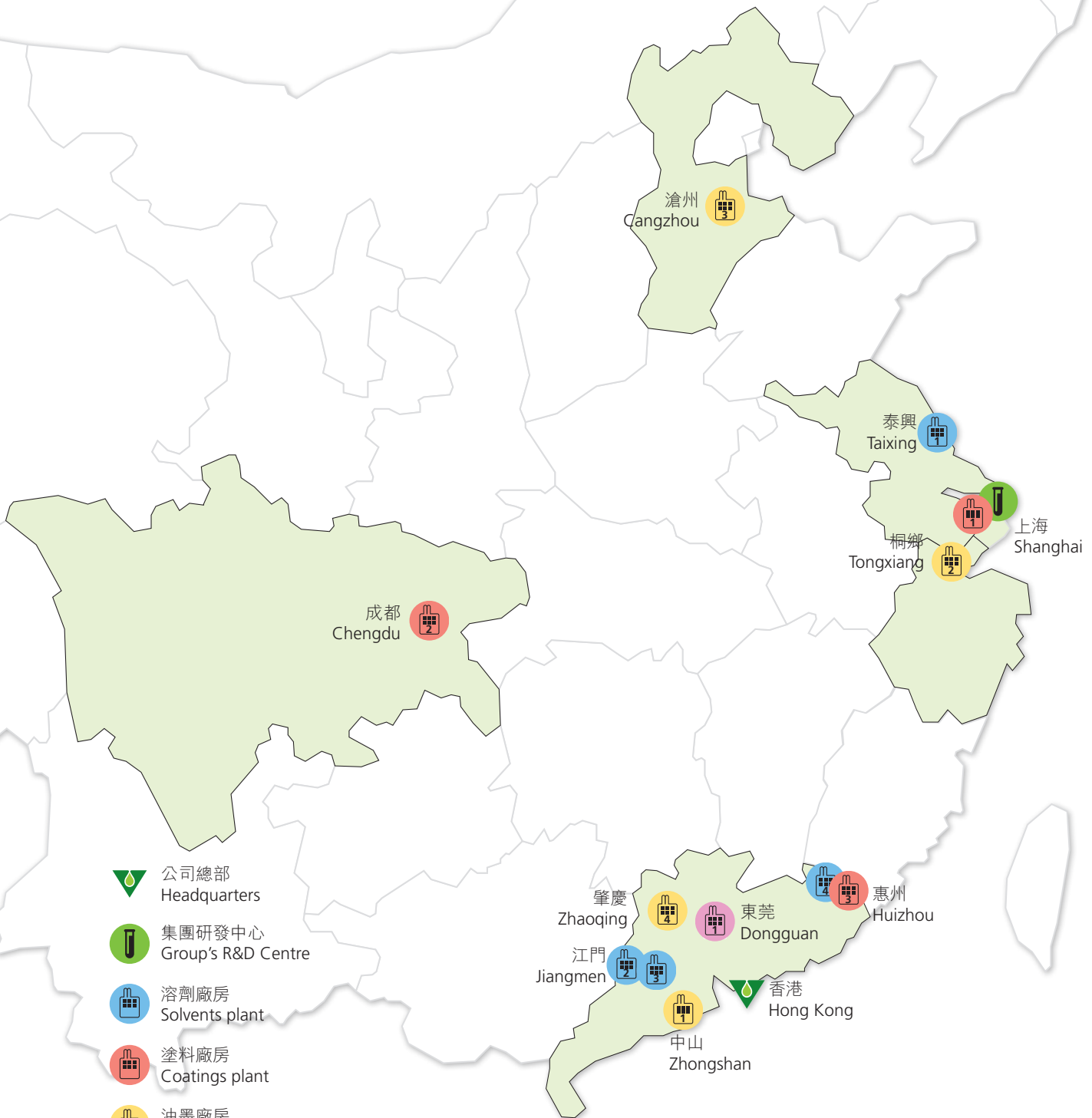


位於浙江桐鄉的油墨廠房
The inks plant in Tongxiang,
Zhejiang



位於河北滄州的油墨廠房
The inks plant in Cangzhou,
Hebei

集團總部及廠房
Group's Headquarters and Plants



-  公司總部
Headquarters
-  集團研發中心
Group's R&D Centre
-  溶劑廠房
Solvents plant
-  塗料廠房
Coatings plant
-  油墨廠房
Inks plant
-  潤滑油廠房
Lubricants plant

產品分銷網絡覆蓋全國各省
Distribution network covers all provinces in China

業務簡介 Business Profiles

油墨
Inks





溶劑
Solvents



塗料
Coatings



潤滑油
Lubricants



業務簡介 — 溶劑 Business Profiles – Solvents

溶劑是集團最大的核心業務，集團為全球最大的醋酸酯類溶劑生產商。瞄準中國改革開放的發展機會，集團旗下子公司謙信化工發展有限公司於一九九三年與江門市啟盛化工發展有限公司成為合作夥伴，憑藉中外合資的優勢，互相取長補短，聯手打造了超過二十載的輝煌成績。

溶劑業務主要生產工業用的環保型有機溶劑，包括醋酸乙酯、醋酸正丁酯，醋酸正丙酯，醋酸混丁酯、乙醇及丙烯酸丁酯，廣泛應用於塗料、製革、醫藥、黏合劑等行業。集團溶劑業務於華南及華東均設有生產基地，位於江蘇泰興的新醋酸酯生產線於二零一五年投產後運行暢順。溶劑業務擁有強大的營銷隊伍和覆蓋全國以至世界各地的銷售網絡，並採用直銷主導的經營模式，除了可確保服務貼心到位外，亦可讓銷售團隊更了解客戶的需要，為業務重要優勢之一。

集團一向注重客戶，溶劑業務以客為本的售前及售後服務贏得客戶多年來的信賴及支持。我們與世界級的化工企業合作，採購質量優越穩定的原材料，保障產品質量。

面對中國龐大的市場需求，葉氏化工把握機遇，除了不斷擴大醋酸酯產能，在同業中確保持先優勢外，更致力開拓具有協同效應的相關新產品，以擴大產品組合。

Solvents form the largest part of the Group's core businesses and the Group is the world's largest acetate solvents producer. A major turn of event took place in 1993 when Handsome Chemical Development Limited, a Group subsidiary, set sight on the opportunities made available from the reform and liberalization in China and formed a joint venture with Jiangmen Qisheng Chemical Development Company Limited. By capitalizing on the advantages of a sino-foreign joint venture and by complementing each other, the two partners were able to achieve over 20 years of dazzling performance.

The Group produces mainly eco-friendly industrial organic solvents. These include ethyl acetate, normal butyl acetate, propyl acetate, mixed butyl acetate, ethanol and butyl acrylate which are extensively used in industries in coatings, tannery, medicine and adhesives. The solvents division has established production bases in Southern and Eastern China. The production line of acetate solvents in Taixing, Jiangsu has been running smoothly since its commencement of operation in 2015. The business maintains a huge sales force and operates a sales network that covers the whole of China and reaches overseas. By operating mainly on a direct-sales basis, it manages not only in ensuring thorough and satisfactory services, but also in affording its sales team a better understanding of customer needs — a vital edge of the business.

Customers have always been the Group's main concern and the pre- and post-sales customer-oriented services of the solvents business have, over the years, won the trust and support of customers. We cooperate with world-class chemical companies in sourcing for raw materials of superior and stable quality as a way to guarantee product quality.

Presented with China's huge market demand, Yip's Chemical grasps full advantage of the opportunity not only by expanding its acetate solvents capacity to ensure its competitive edge in the industry, but also by developing new related products that offer synergic effects in order to expand product portfolio.



業務簡介 — 塗料 Business Profiles – Coatings

紫荊花塗料集團（「塗料集團」）於二零一五年起正式營運，管理葉氏化工旗下於國內的建築塗料、工業塗料及樹脂業務。

建築塗料

建築塗料產品包括內外牆乳膠漆及木器漆。塗料集團銳意成為中國家裝漆市場的領導者，銷售點覆蓋全國大中城市和大部分鄉鎮，深受廣大用戶的好評和信賴。在建築工程界，通過提供專業的產品以及優質的服務，贏得了眾多知名房企的信賴，並結成長期戰略合作夥伴關係，令塗料集團的專業工程項目覆蓋全國各地。

隨著消費者對環保及健康的日益關注，塗料集團不斷創新，推出環保型的新產品，並研發一系列先進的環保技術，致力為消費者提供一個安全健康清新的家居環境。為了滿足塗料業務未來的高速發展需要，塗料集團於上海市金山區精細化工產業園區設有一所年產能接近二十萬噸的塗料產品、配套溶劑及輔料產品生產基地。

The Bauhinia Coatings Group (“the coatings group”) officially commenced operation in 2015 and its business scope covers architectural coatings, industrial coatings and resins in the mainland.

Architectural Coatings

The architectural coatings products include inner and outer emulsion wall paints and wood paints. The coatings group strives to be the leader in China’s household paints market. With sales outlets covering China’s large and medium-sized cities as well as the majority of townships, the coatings group has won favourable comments and goodwill from innumerable users. In the sector of architecture and construction, professional products and exceptional services of the coatings group have gained the confidence of many well-known property developers. With long term strategic partnership forged with many of these developers, projects using the coatings group’s architectural paints can now be found across the country.

With the growing environmental awareness and health consciousness of consumers, the coatings group has been staying innovative in order to provide consumers with a safe, healthy and refreshing home environment. To this end, it has rolled out a number of new eco-friendly products and developed a range of advanced environmental technologies. In order that it can meet the needs of rapid business development in future, the coatings group has set up a production base in Jinshan Fine Chemical Industrial Park in Shanghai. This production base has an annual capacity to produce around 200,000 metric tons of coatings, complementary solvents and associated products.





業務簡介 — 塗料

Business Profiles – Coatings

工業塗料

工業塗料的產品系列廣泛，包括傢俱木器、塑料及防腐塗料。在工業漆市場，塗料集團的工業漆多年來一直保持快速增長，通過專業的產品品質及服務，贏得了新老客戶的口碑和高度信賴。工業塗料旗下實驗室為中國合格評定國家認可委員會認可實驗室，可因應客戶要求提供相應檢測服務，為客戶之產品提供等同由中國商檢局發出的各類型驗證報告書，除了為產品品質提供強力保證外，同時亦大大提升了集團與眾多國際品牌的終端用戶或使用單位的合作空間。

樹脂

塗料集團生產樹脂，並垂直整合至相關塗料成品，以提供更具競爭力之原材料及進一步提升產品質素。產品分醇酸樹脂、丙烯酸樹脂、聚氨酯固化劑、氨基樹脂、紫外線樹脂和水性樹脂六大類，可以依客戶的要求，開發客戶所需的塗料用樹脂。

葉氏化工於二零一八年初收購「駱駝」、「Aquapro」及「VIVA」塗料品牌，及其於香港、澳門及中國內地的建築塗料及工業塗料業務。集團深信此收購將有助其在香港塗料市場取得重要地位，並與塗料集團的原本業務在製造、技術、經銷及市場推廣領域創造更大協同效益，為將來在粵港澳大灣區的發展打好基礎。

Industrial Coatings

Industrial coatings consist of a range of products, including coatings for furniture and plastic, as well as anti-corrosive coatings. The industrial paints of the coatings group have been maintaining rapid growth over the years. Its superb product quality and professional services have succeeded in eliciting a high degree of trust from new and old customers alike. Industrial coatings laboratory is an accredited laboratory recognised by China National Accreditation Service for Conformity Assessment (“CNAS”). As such, it can offer testing services upon customer requests. It can also issue various types of testing reports on customer products that have the same validity as those issued by China Commodity Inspection Bureau. This serves not only to provide solid guarantee on product quality, but also substantially expand the room for cooperation between the coatings group and the end-users or using entities of a host of international brands.

Resins

The coatings group also produces resins, so that vertical integration with the production of finished coating products can be made. This will provide more competitive raw materials and will further raise product quality. It is specialized in six groups of products, including alkyd resins, acrylic resins, PU hardeners, UV resins, amino resins and water-based resins, with the flexibility to develop coating resins in accordance to customers’ requirements.

Yip’s Chemical acquired coatings brands, namely “Camel”, “Aquapro” and “VIVA” in early 2018, and their respective architectural and industrial coatings businesses in Mainland China, Hong Kong and Macau. The Group believes that the acquisition would help gain a significant foothold in Hong Kong’s coatings market and will create synergy effect with the current businesses of the coatings group on areas such as manufacturing, technology, distribution and marketing, building solid foundation for the development of Guangdong-Hong Kong-Macau Greater Bay Area.



業務簡介 — 油墨 Business Profiles – Inks



葉氏化工的油墨業務始於一九九八年，旗下品牌「洋紫荊」油墨目前已發展為全國最大油墨供應商，並躋身全球頂級油墨企業二十強之列。洋紫荊油墨主要生產塑膠印刷油墨及紙品印刷油墨等產品，應用於食品、飲料、禮品包裝及紙張印刷等行業，在華南、華東及華北地區的策略性據點皆設有生產基地，銷售網絡覆蓋全國。二零一三年隨著集團業務整合，洋紫荊油墨新增印後加工配套產品，至此，完善的產品體系為未來油墨業務的持續發展添上動力。

為符合清潔生產要求，洋紫荊油墨率先採用獨立的無苯車間及管道化生產模式，並配備國內最先進的自控系統，是國內屈指可數的與企業資源管理相連接的油墨生產系統。洋紫荊油墨更是中國油墨行業中首批引入有害物質管理體系的企業，致力保障員工健康及保護環境。

洋紫荊油墨提倡綠色環保理念，無論在環保產品或綠色技術研發都達到行業上的領先水平。洋紫荊油墨除了獲得「優秀環保油墨生產商」稱號外，近來已成功開發揮發性有機化合物(VOC)含量低的水性油墨，其FD系列大豆油環保型膠印油墨亦憑藉高效的環保性能及清潔的作業方式，獲得「綠色技術大獎」。同時，洋紫荊油墨亦設有為中國合格評定國家認可委員會認可的實驗室，提供專業的產品檢測服務。

Yip's Chemical's inks business was started in 1998. By now it is China's largest supplier of inks under the Bauhinia Variegata brand and one of the top 20 ink enterprises globally. Plastic printing inks and paper printing inks for use in food, drinks and gift packaging and paper printing are the main Bauhinia Variegata products. With manufacturing bases in strategic locations throughout Southern, Eastern and Northern China, these products are sold over a countrywide sales network. In 2013, the company launched postprinting materials to support the Group's business integration.

In order to fulfill clean production principle, Bauhinia Variegata takes the lead in establishing separate aromatic-free production plant and introducing fully piped manufacturing mode. The Bauhinia Variegata production system is not only equipped with the most advanced automatic controls, but is also one of the few in China linked to an Enterprise Resources Planning system. In addition, in its effort to protect employee health and the environment, Bauhinia Variegata has also become one of the first companies in the China's inks industry in adopting a hazardous substance process management system.

Bauhinia Variegata is a staunch advocate of environmental protection and is leading the industry in both environmentally friendly products and green technologies. Not only named as "Outstanding Eco-friendly Ink Manufacturer", it successfully develops water-based inks with low volatile organic compounds (VOC) and its FD series of eco-friendly soy offset printing inks has also won a "Green Technology Award" on the basis of its highly effective environmental properties and clean operation practices. In addition, equipped with a laboratory that has been certified by CNAS, Bauhinia Variegata provides a professional product testing service.



業務簡介 — 潤滑油 Business Profiles – Lubricants

集團的潤滑油生產始於一九九二年，以「力士」、「博高」為品牌的汽車及工業用、特種潤滑油等產品系列一應俱全。

「力士」潤滑油包括一系列汽車及相關工業潤滑油產品，如發動機油、不凍液等，其研發的甲醇靈活燃料發動機專用潤滑油更成功在國家高技術研究發展計劃（863計劃）的攻關項目獲得認可。「博高」高效能特種潤滑油，則主要用於金屬加工、汽車、家電、電子等行業，銷售網絡遍佈全國各地，是中國具競爭力的特種潤滑油品牌之一。

潤滑油業務近年重點發展「力士」潤滑油，重塑品牌和定位，力爭在中國汽車後市場一席之地。二零一八年開始於業務總部所在地東莞開設四間養車連鎖店，提供快速及標準化的換油服務，通過完善整個產業鏈，積極探索產品服務化，終端化的新的發展道路。

The Group has been producing lubricants since 1992 and is now supplying a complete range of automotive, industrial and specialty lubricants under the Hercules and Pacoil brand names.

The Hercules lubricants consist of range of automotive and industrial lubrication products including engine oils and antifreezes. The lubricating oil Hercules developed specifically for use in methanol fuel engines has successfully been recognised as a key achievement by the National High-tech R&D Programme (the “863 Programme”). The high performance Pacoil specialty lubricants are mainly used in umpteen industries including metal processing, automobiles, home appliances and electronics. With a countrywide sales network, Pacoil is one of the competitive specialty lubricant brands in China.

With endeavor to be a prominent player of automotive aftermarket industry, lubricants business put its emphasis on Hercules lubricants in recent years and carried out brand revitalization. In early 2018, it has opened four chain stores to provide fast and standardized lubricant replacement services in Dongguan, where the headquarters of the business is located. This enables expansion of value chain thus to develop a business model which is service and end-user oriented.





研究及開發 Research and Development

葉氏化工一直致力提升旗下各類化工產品質量及不斷開拓新產品，並以產品研發作為集團未來重要發展支柱之一。集團早於二零一一年於上海張江高科技園區成立研發中心。研發中心擁有一支由專業人士組成的精英團隊，同時配置先進的試生產設備、高標準的檢測設備，通過科學而嚴格的管理，保證新產品質量的可靠性。

為進一步增強長遠競爭力，集團研發人員積極研發創新產品。截至二零一七年年末，研發中心及各子公司技術部門獲國家知識產權局授權170項專利。此外，研發中心於二零一六年獲上海市知識產權局認定為「上海市專利工作試點企業」。研發中心成立至今已被確認為「科技小巨人培育企業」、「國家級高新技術企業」、「浦東新區企業研發機構」及「上海市專利工作試點企業」，彰顯了研發中心的技術實力及優勢。

隨著市場同質化的加深，研發出適合市場需求的新產品，對於一個企業的生存和發展有著重要意義。集團有信心研發中心將發展成為國內知名的化工技術研發基地，為現有業務締結更佳的協同效應。

Yip's Chemical always strives to raise the quality of its various products and is relentless in developing new ones, so much so that product research and development (R&D) is regarded as one of the mainstays of the Group's future expansion. As early as 2011, it had set up an R&D Centre in Shanghai Zhangjiang Hi-tech Park (the "Centre"). The Centre now boasts an elite team of professionals and an array of advanced trial production equipment and precise testing instruments. Through stringent scientific management, the Centre ensures the reliability and quality of new products.

The Group's R&D personnel are active in developing innovative products to further enhance the long-term competitiveness of the Group. As of year-end of 2017, the Centre and the technical departments of all subsidiaries have been granted 170 patents by China's State Intellectual Property Office. In addition, the Centre was recognised as "Shanghai Patent Pilot Enterprise" (上海市專利工作試點企業) by Shanghai Intellectual Property Administration (上海市知識產權局) in 2016. The Centre has been recognised as a "Little Giant Science and Technology Incubation Enterprise" (科技小巨人培育企業), "National High-tech Enterprise" (國家級高新技術企業), "Pudong New Area Enterprise R&D Institution" (浦東新區企業研發機構) and "Shanghai Patent Pilot Enterprise" (上海市專利工作試點企業) since its establishment, all highlighting the technological strength and competitive advantage of the Centre.

As market homogenisation increases, the development of new products that meet market needs would be vital to the survival and future expansion of an enterprise. The Group is fully confident that the Centre will become a renowned R&D base in chemical technology in mainland, through which better synergies will be created for existing businesses.



五年財務概要表 Five Year Financial Summary

		截至十二月三十一日止年度 For the year ended 31 December				
		二零一七年 2017 千港元 HK\$'000	二零一六年 2016 千港元 HK\$'000	二零一五年 2015 千港元 HK\$'000	二零一四年 2014 千港元 HK\$'000	二零一三年 2013 千港元 HK\$'000
業績	Results					
營業額	Revenue	10,280,001	8,555,646	8,584,225	10,255,839	9,876,033
銷售量(千噸)	Sales volume ('000 metric tons)	1,277	1,191	1,015	974	907
除稅前溢利	Profit before taxation	390,955	391,912	162,034	371,248	391,457
稅項	Taxation	(136,269)	(148,744)	(74,643)	(100,280)	(79,736)
本年度純利	Profit for the year	254,686	243,168	87,391	270,968	311,721
應佔溢利	Attributable to					
本公司股東	Owners of the Company	170,560	169,343	47,847	223,182	250,622
非控股權益	Non-controlling interests	84,126	73,825	39,544	47,786	61,099
		254,686	243,168	87,391	270,968	311,721
每股資料	Per share data					
每股溢利(港仙)	Earnings per share (HK cents)					
— 基本	— Basic	30.2	30.0	8.5	39.7	44.6
— 攤薄	— Diluted	30.2	30.0	8.5	39.6	44.4
每股股息(港仙)*	Dividend per share (HK cents)*	15.0	15.0	14.5	25.0	25.0

* 二零一五年之每股股息包括特別股息4.5港仙。

* Dividend per share in 2015 included special dividend HK4.5 cents per share.

財務比率		Financial ratios				
平均總資產回報率	Return on average total assets	2.2%	2.3%	0.6%	2.7%	3.3%
平均股東資金回報率	Return on average shareholders' funds	6.2%	6.6%	1.7%	7.5%	8.8%

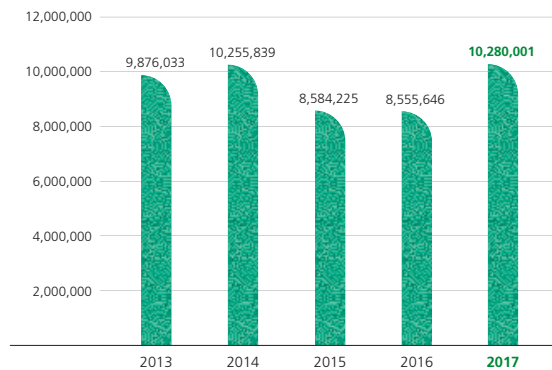
		於十二月三十一日 As at 31 December				
		二零一七年 2017 千港元 HK\$'000	二零一六年 2016 千港元 HK\$'000	二零一五年 2015 千港元 HK\$'000	二零一四年 2014 千港元 HK\$'000	二零一三年 2013 千港元 HK\$'000
資產及負債	Assets and Liabilities					
資產總值	Total assets	8,068,146	7,137,356	7,439,067	8,282,435	8,128,500
負債總值	Total liabilities	(4,516,968)	(4,132,368)	(4,394,868)	(4,881,739)	(4,720,088)
		3,551,178	3,004,988	3,044,199	3,400,696	3,408,412
本公司股東應佔權益	Equity attributable to owners of the Company	2,978,917	2,529,249	2,594,459	2,951,008	2,973,042
非控股權益	Non-controlling interests	572,261	475,739	449,740	449,688	435,370
		3,551,178	3,004,988	3,044,199	3,400,696	3,408,412
淨銀行借貸對股東資金比率	Net bank borrowings to shareholders' funds	51%	50%	54%	58%	47%



營業額 (千港元)

Revenue (HK\$'000)

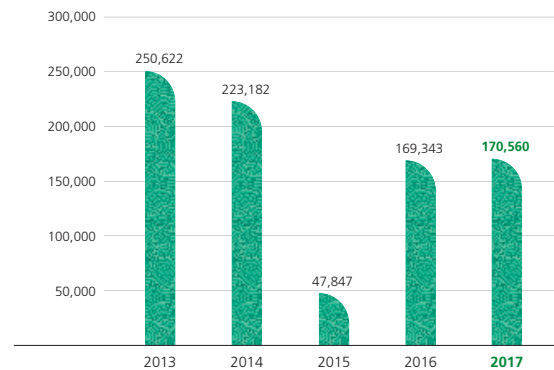
截至十二月三十一日止年度
For the Year ended 31 December



本公司股東應佔溢利 (千港元)

Profit attributable to owners of the Company (HK\$'000)

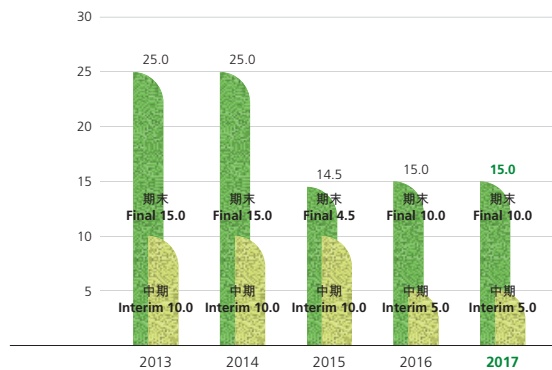
截至十二月三十一日止年度
For the Year ended 31 December



每股股息 (港仙)

Dividend per share (HK cents)

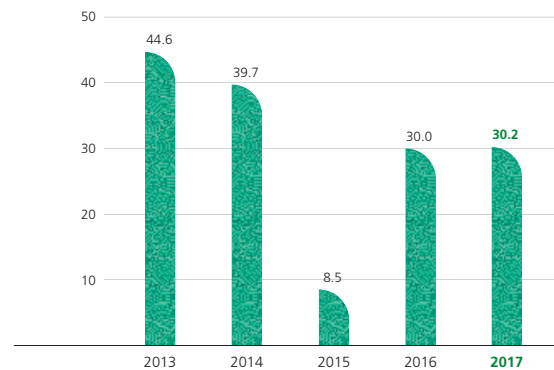
截至十二月三十一日止年度
For the Year ended 31 December



每股盈利 (港仙)

Earnings per share (HK cents)

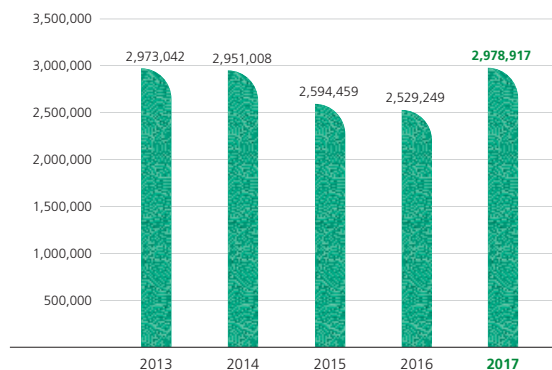
截至十二月三十一日止年度
For the Year ended 31 December



本公司股東應佔權益 (千港元)

Equity attributable to owners of the Company (HK\$'000)

於十二月三十一日
As at 31 December





營業額及分類業績之五年分析 Analysis of Revenue and Segment Results for the Past Five Years

營業額

Revenue

截至十二月三十一日止年度
For the year ended 31 December

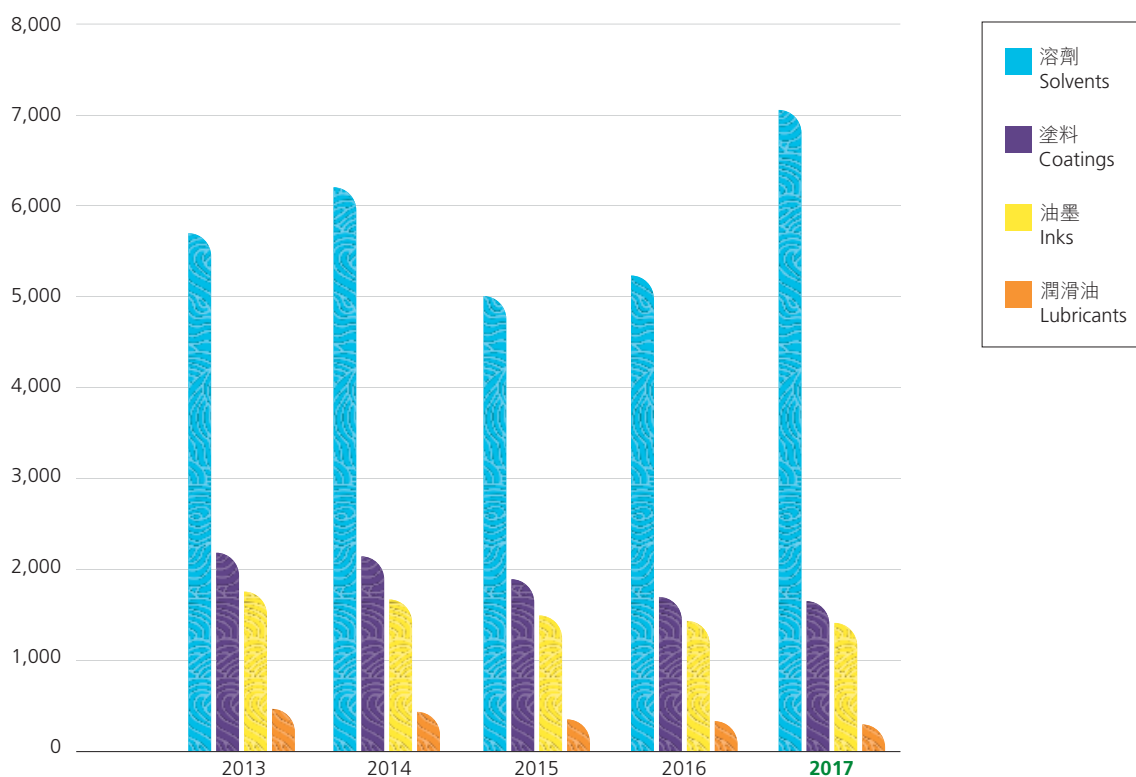
		二零一七年 2017 千港元 HK\$'000	二零一六年 2016 千港元 HK\$'000	二零一五年 2015 千港元 HK\$'000	二零一四年 2014 千港元 HK\$'000	二零一三年 2013 千港元 HK\$'000
溶劑	Solvents	7,046,878	5,225,315	5,006,792	6,204,174	5,697,296
塗料	Coatings	1,649,626	1,696,080	1,890,989	2,140,393	2,182,575
油墨	Inks	1,409,738	1,431,869	1,492,634	1,666,183	1,754,440
潤滑油	Lubricants	293,227	327,957	348,388	431,837	463,831
交易抵銷	Elimination	(119,468)	(125,575)	(154,578)	(186,748)	(222,109)
總額	Total	10,280,001	8,555,646	8,584,225	10,255,839	9,876,033

營業額 (百萬港元)

截至十二月三十一日止年度

Revenue (HK\$Million)

For the Year ended 31 December





營業額及分類業績之五年分析
Analysis of Revenue and Segment Results for the Past Five Years

分類業績

Segment Result

截至十二月三十一日止年度

For the year ended 31 December

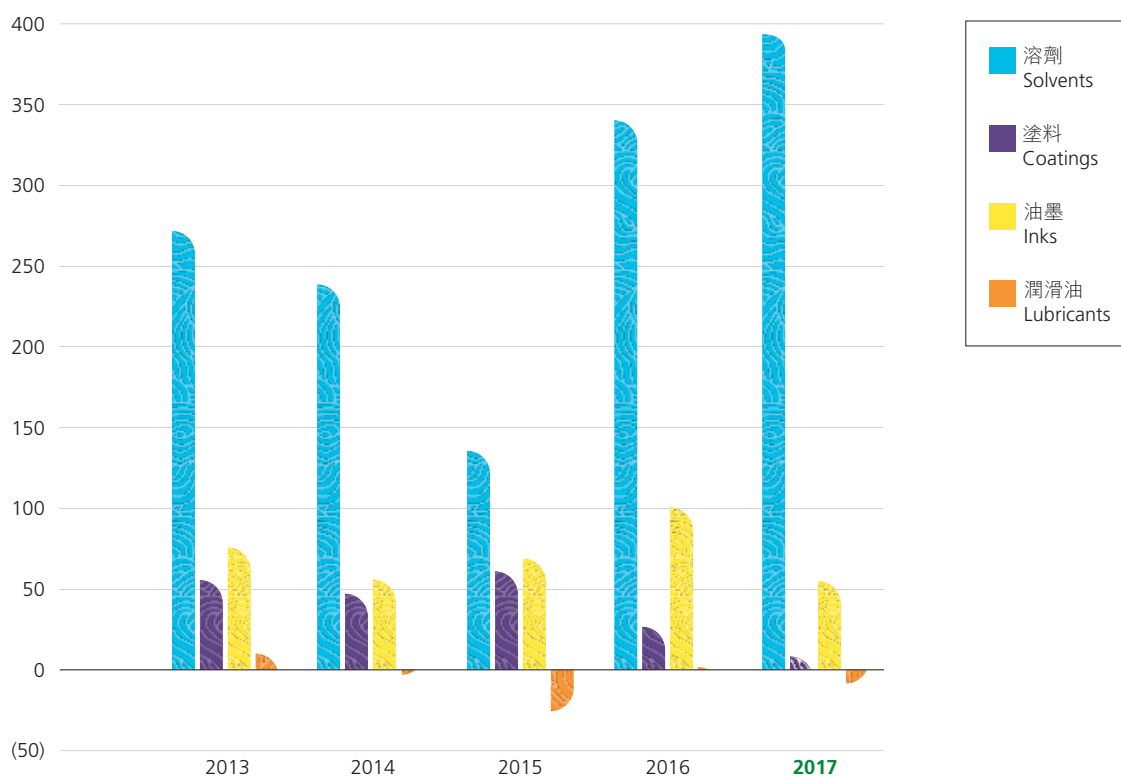
		二零一七年	二零一六年	二零一五年	二零一四年	二零一三年
		2017	2016	2015	2014	2013
		千港元	千港元	千港元	千港元	千港元
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
溶劑	Solvents	393,338	339,892	135,596	238,405	271,537
塗料	Coatings	8,291	26,666	60,922	47,095	55,580
油墨	Inks	54,984	100,380	68,857	55,826	75,845
潤滑油	Lubricants	(8,405)	1,677	(25,519)	(2,934)	9,996
交易抵銷	Elimination	(197)	(99)	353	180	6,780
總額	Total	448,011	468,516	240,209	338,572	419,738

分類業績 (百萬港元)

截至十二月三十一日止年度

Segment Result (HK\$Million)

For the Year ended 31 December





流動資金及財務資源 Liquidity and Financial Resources

於二零一七年十二月三十一日，集團的借貸比率（以淨銀行借貸佔本公司股東應佔權益為計算基準）為51.1%（二零一六年十二月三十一日：50.4%）。期內集團因購買位於灣仔的香港辦公室總部，並需要更多的營運資金用以支持銷售增長及收取更多的銀行承兌匯票（即應收票據），導致淨銀行借貸上升，但因人民幣匯率於本年度上升約7.8%令股東應佔權益上升，故集團的借貸比率比去年同期只輕微上升0.7個百分點。如中期業績報告提及，儘管人民幣匯率於期內持續上升，集團仍保持謹慎管理外匯風險，盡量減低人民幣匯率波動對集團業績之影響。經營業務所產生之現金流量方面，集團錄得淨現金流入65,583,000港元（二零一六年：淨現金流入376,800,000港元），對比去年淨現金流入下降主要因為應付賬款及應計費用結餘滯留及應收票據上升（上升主要來自溶劑業務，期內錄得35%營業額增長）。

As at 31 December 2017, the Group's gearing ratio (measured by net bank borrowings as a percentage of equity attributable to owners of the Company) was 51.1% (31 December 2016: 50.4%). The mild 0.7 percentage point increase in gearing ratio was a result of an increase in net bank borrowings of the Group for funding the purchase of its new Hong Kong headquarters in Wan Chai, meeting the need for more working capital to support sales growth and also from the rise in receipts of bankers' acceptances (i.e. bills receivables), offset by the increase in equity attributable to owners due to a 7.8% appreciation of the Renminbi ("RMB") for the year. As mentioned in the interim report, although the RMB continued to appreciate in 2017, the Group had remained prudent in managing foreign exchange exposure and minimised the impact of RMB fluctuation on its results. As for operating cash flow, the Group recorded a net cash inflow of HK\$65,583,000 (2016: net cash inflow of HK\$376,800,000). The decrease in operating cash inflow was mainly attributable to the stagnant payables and accruals as well as increase in bills receivables (mostly from solvents business which recorded a 35% increase in sales revenue for the year).



流動資金及財務資源
Liquidity and Financial Resources

於二零一七年十二月三十一日，集團的銀行總欠款為2,468,405,000港元（二零一六年十二月三十一日：2,246,319,000港元），扣除短期銀行存款、銀行結餘以及現金946,074,000港元（二零一六年十二月三十一日：971,103,000港元）後，淨銀行借貸為1,522,331,000港元（二零一六年十二月三十一日：1,275,216,000港元）。銀行總欠款中，須於一年內清還之短期貸款為1,208,148,000港元（二零一六年十二月三十一日：789,848,000港元），其中1,136,214,000港元以港幣定值，71,934,000港元以人民幣定值（二零一六年十二月三十一日：789,848,000港元以港幣定值）。此外，一年後到期的長期貸款為1,260,257,000港元（二零一六年十二月三十一日：1,456,471,000港元），全數以港幣定值（二零一六年十二月三十一日：全數以港幣定值）。短期銀行存款、銀行結餘以及現金使用以下貨幣定值，包括72,706,000港元以港幣定值、720,158,000港元以人民幣定值、152,734,000港元以美元定值、476,000港元以其他貨幣等定值（二零一六年十二月三十一日：173,722,000港元以港幣定值、582,928,000港元以人民幣定值、214,447,000港元以美元定值和6,000港元以其他貨幣等定值）。

As at 31 December 2017, the gross bank borrowings of the Group amounted to HK\$2,468,405,000 (31 December 2016: HK\$2,246,319,000). After deduction of short-term bank deposits, bank balances and cash amounting to HK\$946,074,000 (31 December 2016: HK\$971,103,000), net bank borrowings amounted to HK\$1,522,331,000 (31 December 2016: HK\$1,275,216,000). Out of the gross bank borrowings, HK\$1,208,148,000 (31 December 2016: HK\$789,848,000) were short-term loans repayable within one year. Such loans were denominated in two currencies, HK\$1,136,214,000 in Hong Kong Dollar and HK\$71,934,000 in RMB (31 December 2016: HK\$789,848,000 in Hong Kong Dollar). Long-term loans repayable after one year amounted to HK\$1,260,257,000 (31 December 2016: HK\$1,456,471,000), and they were all denominated in Hong Kong Dollar (31 December 2016: all in Hong Kong Dollar). The short-term bank deposits, bank balances and cash were denominated in the following currencies, HK\$72,706,000 in Hong Kong Dollar, HK\$720,158,000 in RMB, HK\$152,734,000 in US Dollar, HK\$476,000 in other currencies (31 December 2016: HK\$173,722,000 in Hong Kong Dollar, HK\$582,928,000 in RMB, HK\$214,447,000 in US Dollar and HK\$6,000 in other currencies).



流動資金及財務資源 Liquidity and Financial Resources

為延續過往到期的中長期貸款，集團於二零一七年已合共取得710,000,000港元之三至四年長期雙邊貸款。於二零一七年十二月三十一日，中長期貸款（含一年內須償還之部份為852,214,000港元）佔所有貸款的比例為86%。由於部份集團的借貸以浮動利率計息，借貸成本會受利率波動影響，美國聯儲局於本年上調聯邦利率三次兼啟動縮表，港元一個月之銀行同業拆息於年內亦因而較為波動及有上升趨勢。為減低利率波動對集團融資成本的影響，集團不時與銀行簽訂如利率掉期等協議，為部分中長期雙邊貸款固定借貸利率，對沖貸款利率波動的風險。於二零一七年十二月三十一日，集團貸款中以定息安排的佔銀行總借貸及非流動借貸分別為50%和56%。

於二零一七年十二月三十一日，共有19間於香港及中國大陸的銀行向集團提供合共5,775,096,000港元的銀行額度，足夠應付現時集團營運及未來發展所需資金。銀行額度中，64%以港元定值、34%以人民幣定值及2%以美元定值。正如以往報告中提及，集團一直擴充其人民幣貸款組合，以應付人民幣匯率潛在不穩定之波動及香港利率上升之影響。於二零一七年十二月三十一日，集團人民幣流動貸款額度已增至620,000,000人民幣（二零一六年十二月三十一日：570,000,000人民幣）及已提取數筆流動貸款合共60,000,000人民幣。預計人民幣匯率雙向波動將成常態，集團已減持國內大部份盈餘資金，並增加人民幣流動貸款額度以應付不時之資金需求。另外，集團與主要銀行籌備成立人民幣跨境現金池，以促進香港與國內之間的資金管理工作。集團將在香港和國內以港幣、美元、人民幣或其他外幣構建優惠的銀行貸款組合，繼續在降低借貸成本及控制匯兌風險之間取得合適平衡。

To refinance previous mid-to-long-term loans which are due for repayment, the Group obtained bilateral long-term (three to four years) loans of HK\$710,000,000 in 2017. As at 31 December 2017, mid-to long-term loans (including portions repayable within one year of HK\$852,214,000) accounted for 86% of the total bank loans. Since some of the borrowings of the Group carry interest at floating rates, borrowing costs are subject to interest rate fluctuation. During the year, the US Federal Reserve raised federal interest rate three times and started to reduce its balance sheet. The one-month Hong Kong Dollar HIBOR rate during the year was thus more volatile and went on a rising trend. To mitigate the impact of interest rate fluctuation on the Group's financing costs, the Group, from time to time, makes arrangements with banks such as interest rate swaps to fix the interest rate of some of its bilateral mid-to-long-term loans and to hedge against the risk of such fluctuations. As at 31 December 2017, the Group's loans under fixed rate arrangement made up 50% and 56% of its total and non-current bank borrowings respectively.

As at 31 December 2017, a total of 19 banks in Hong Kong and Mainland China granted banking facilities of HK\$5,775,096,000 to the Group, providing it with sufficient funds to meet present working capital and expansion requirements. Of these banking facilities, 64%, 34% and 2% were denominated in Hong Kong Dollar, RMB and US Dollar respectively. As explained in previous reports, the Group has been expanding its RMB loan portfolio to address exposure to potential RMB exchange rate fluctuation and impact from interest rate rise in Hong Kong. As at 31 December 2017, the Group's RMB revolving loan facilities increased to RMB620,000,000 (31 December 2016: RMB570,000,000) and several drawdowns in the total amount of RMB60,000,000 had been made. Expecting fluctuation of RMB exchange rate to prevail in the future, the Group has reduced its surplus fund in the mainland and increased its RMB revolving loan facilities to meet funding needs from time to time. The Group also works closely with its major banks to set up cross-border RMB cash pool to facilitate management of capital flow between Hong Kong and the mainland. The Group will continue to strike an optimal balance between lowering borrowing costs and minimising currency exposure by structuring a favorable combination of Hong Kong Dollar, US Dollar, RMB or other foreign currency bank loans in Hong Kong and the mainland.

香港 Hong Kong

《財資》The Asset

2017年度企業大獎－環境、社會及企業管治金獎
The Asset Corporate Awards 2017 – Gold Award for Environmental, Social and Corporate Governance

香港生產力促進局

Hong Kong Productivity Council

第八屆香港傑出企業公民獎－嘉許標誌及於回饋社會範疇獲特別嘉許（企業組別）
The 8th Hong Kong Outstanding Corporate Citizenship Award – Corporate Citizenship Logo and Special Mention (Enterprise)

香港工業總會

Federation of Hong Kong Industries

第五屆工業獻愛心表揚計劃－卓越關懷大獎及最具創意大獎（中小企組別）
The 5th Industry Cares Recognitions Scheme – Outstanding Caring Award and Most Innovative Award (SME Group)

香港社會服務聯會

The Hong Kong Council of Social Service

10年Plus「商界展關懷」標誌
“10 Years Plus Caring Company” logo

香港社會福利署 Social Welfare Department

2016義務工作嘉許銅狀
Bronze Award for Volunteer Service 2016

環保促進會 Green Council

香港綠色企業大獎2017－超卓環保安全健康獎銅獎（大型企業）
Hong Kong Green Awards 2017 – Bronze Award for Environmental, Health and Safety Award (Large Corporation)

International ARC Awards

「傳統年報－化工」類別榮譽獎
Honours Award – “Traditional Annual Report – Chemicals” category

中國內地 Mainland China

中國外商投資協會

China Association of

Enterprises with Foreign Investment

中國外商投資企業履行社會責任優秀案例－員工關愛獎
Excellent CSR Practices of Foreign-invested Enterprises in China – Employee Caring Award

中國財經峰會

China Finance Summit

2017年度企業社會責任典範
Best CSR 2017

2017傑出品牌形象獎

Best Brand Image 2017

集團主席葉志成先生榮獲

「時代創變榜－2017年度影響力人物」
Mr. Tony Ip, Chairman of the Group, was named 2017 People of the Year

Ink World

2017世界油墨20強第13位
Ranked 13th among The Top 20 International Ink Companies 2017

Coatings World

2017世界塗料第59位
Ranked 59th among the International Coatings Companies 2017

中國塗料報

China Coatings News

第八屆金漆獎－
2016年傑出木器塗料品牌
The 8th Golden Paint Award – Outstanding Wood Coatings Brand 2016

上海市企業誠信建設活動組委會及

上海市化工行業協會

Shanghai Corporate Credibility Promotion Activity and Shanghai Chemical Industry Association

三星級誠信創建企業

Three-star Trustworthy Enterprise



企業可持續發展 Corporate Sustainability

集團以「百年葉氏」為願景，銳意為持份者創造長遠價值，並以「肩承社會責任」為其實現企業宏圖的七大推動元素之一。面對日益嚴謹的環保規範，集團十分重視營運的合規性並積極制定應對措施。集團一直提倡清潔生產，並將此方針由減排節能擴展至研發環保產品將綠色生活帶到終端消費者。

集團了解與持份者真誠及開放溝通的重要性，並自二零一六年起，按香港聯合交易所《環境、社會及管治報告指引》的要求，發表當年的《環境、社會及管治報告》。該報告讓我們有系統地根據持份者的關注展示有關議題的績效，除了環保及清潔生產，還包括社區投資以及對員工及顧客的安全健康保障等方面。為展示集團對可持續發展的決心，集團將首次以獨立報告形式發佈二零一七年的《環境、社會及管治報告》，加強與持份者於此方面溝通。

With the vision of “A Century of Revered Leadership”, the Group is determined in creating long-term values for its stakeholders and embraces “undertaking corporate social responsibility (CSR)” as one of the seven driving forces in the corporate vision. In light of the increasing stringent environmental regulatory trend, the Group put great emphasis in the compliance of relevant laws and implemented effective policies. The Group has been advocating the philosophy of clean production, and has extended this concept to develop environmentally friendly products to bring green living to our end-users.

The Group recognizes the importance of open communications with stakeholders, and has issued an Environmental, Social and Governance (ESG) Report in accordance to the Hong Kong Stock Exchange ESG Reporting Guide since 2016. Such an effort allows a systematic approach in demonstrating our related performance which our stakeholders are interested in, including progress of clean production, community investment and health and safety initiatives for employees and customers. To demonstrate its commitment towards sustainable development, the Group will, for the first time, issue its *Environmental, Social and Governance Report* independently for 2017 as a way to strengthen communication on these issues with stakeholders.



人力資源 Human Resources



於二零一七年十二月三十一日，本集團之僱員人數合共為3,505人，其中72人來自香港，3,433人來自中國各個省份。

集團對人力資源資本的管理及發展非常重視。除鼓勵所有僱員透過內部、外部培訓課程及上崗演練不斷自我提升外，集團還提供教育資助計劃讓員工自我增值，提高工作技能及績效，於工作上發揮所長。對於有承擔、有能力的員工，不論背景、地區、學歷，集團均提供合適之發展平臺。集團現時的管理團隊，在各領域經過不斷的磨練而晉身管理層，負起領導集團發展的責任。除積極在內部提升優秀的員工外，集團亦會從外間直接聘用一些卓越的管理人才，或從香港、內地、及國際間的高等學府招聘有潛質的應屆畢業生加以培育。集團推行多年的「管理培訓生計劃」部份表現優越的培訓生已晉身公司的管理層。

集團提供具挑戰性的工作環境，設置多方面的激勵機制，鼓勵員工自強不息，從而不斷提升集團的人才競爭力，推動業務持續發展。集團不時參考市場趨勢檢討薪酬及獎勵政策，提供合理及具競爭力的薪酬與福利，包括底薪及以業績和個人表現為評核目標而發放的花紅，確保有效吸引和挽留人才。

As of 31 December 2017, the Group has total number of 3,505 employees. 72 employees are from Hong Kong while 3,433 are from different provinces in China.

The Group places great emphasis on the management and development of human capital. The employees are encouraged to strive for improvement through internal and external training program, on-the-job training and participation in the Group's educational subsidies, allowing for self-development in knowledge and skills and to maximize their potential in their work. We offer suitable platform for development of highly committed and capable employees, regardless of their background, geographical region or educational levels. Through versatile experience in challenging roles, the current management team of the Group has come through the ranks to advance to positions of management. Besides the focus of developing employees internally, the Group seeks not only to attract talent from outside but also to recruit top graduates from the best tertiary institutions in Hong Kong, Mainland China, and abroad as well as to provide them with training and development opportunities. The Management Trainee Program has been implementing for a number of years. Some of the management trainees have demonstrated their excellent capabilities and been advanced to positions of leadership within the Group.

The Group offers a challenging work environment, sets up different programs for motivating employees to strive for improvement and to upgrade their skills in order to sustain the development of business. From time to time, the Group will make reference to market trends for the review of remuneration and reward policy so as to ensure reasonable and competitive compensation and benefits. These include basic salary and results and individual performance-based bonus to attract and retain talents.



董事及行政人員簡介 Directors' and Management Executives' Profiles



葉志成先生
Mr. Ip Chi Shing

主席兼非執行董事

葉志成先生，現年七十歲，為本集團主席及創辦人，並於二零一二年轉任為本集團主席及本公司之非執行董事。葉先生專注於董事會的領導、集團長遠發展策略和集團人材規劃與傳承等。彼為本集團副主席、本集團聯席行政總裁、本公司執行董事兼高層領導團隊成員葉子軒先生之兄長，亦為本集團企業發展總裁及高層領導團隊成員葉鈞先生之父親。葉先生於二零零六年成立了「葉志成慈善基金有限公司」，現時致力於中港兩地之慈善工作包括中國助學及幫助香港弱勢社群，積極回饋社會。

執行董事

葉子軒先生，現年五十九歲，於一九七七年加入本集團。葉先生為本集團副主席、本集團聯席行政總裁、本公司執行董事及高層領導團隊成員。葉先生在製造及經營石油化工產品方面累積超過四十年經驗。彼為本集團主席兼本公司非執行董事葉志成先生之弟。



葉子軒先生
Mr. Yip Tsz Hin

Chairman and Non-executive Director

Mr. Ip Chi Shing, aged 70, is the Chairman and the Co-founder of the Group and Mr. Ip was re-designated as the Chairman of the Group and a Non-executive Director of the Company in 2012. Mr. Ip focuses on the leading of the Board, the Group's long-term development strategy and the planning and inheritability of human resources of the Group. He is the brother of Mr. Yip Tsz Hin, the Deputy Chairman of the Group, a Co-Chief Executive Officer of the Group, an Executive Director of the Company as well as a member of the Senior Leadership Team and the father of Mr. Ip Kwan, the Chief Corporate Development Officer of the Group and a member of the Senior Leadership Team. In 2006, Mr. Ip established "Ip Chi Shing Charitable Foundation Limited" with the current objectives of carrying out charity activities in China and Hong Kong include fostering education in China and providing care for the underprivileged groups in Hong Kong and making contributions to society.

Executive Directors

Mr. Yip Tsz Hin, aged 59, joined the Group in 1977. Mr. Yip is the Deputy Chairman of the Group, a Co-Chief Executive Officer of the Group, an Executive Director of the Company and a member of Senior Leadership Team. Mr. Yip has over 40 years of experience in the manufacture of and trading in petrochemical products. He is the brother of Mr. Ip Chi Shing, the Chairman of the Group and a Non-executive Director of the Company.



王旭先生
Mr. Wong Yuk



何世豪先生
Mr. Ho Sai Hou

執行董事 (續)

王旭先生，現年五十四歲，於二零一五年加入本集團。王先生現為本集團聯席行政總裁、本公司執行董事及高層領導團隊成員。王先生畢業於香港大學機械工程系並於一九九二年完成香港中文大學工商管理碩士課程。在加入本集團前，彼於全球最大的甲醇公司梅賽尼斯擔任中國策略及投資的董事總經理。彼亦於蜆殼集團服務超過二十六年並曾擔任殼牌特種油品中國／香港總經理及殼牌公司中國區下游業務的高級代表。王先生於石油化工業擁有三十多年的豐富經驗。

何世豪先生，現年五十一歲，於二零一零年加入本集團。何先生現為本集團財務總裁、本公司執行董事、高層領導團隊成員及本公司公司秘書。何先生持有香港大學社會科學系會計學學士學位，並於二零零七年於中歐國際工商學院完成行政工商管理碩士學位。何先生曾於數間香港上市公司任職，為其集團財務總監、執行董事及公司秘書。彼為香港會計師公會會計師及特許公認會計師公會資深會員，彼在會計、財務、稅務及公司秘書方面具備超過二十年相關工作經驗。

Executive Directors (Continued)

Mr. Wong Yuk, aged 54, joined the Group in 2015. Mr. Wong is a Co-Chief Executive Officer of the Group, an Executive Director of the Company and a member of the Senior Leadership Team. Mr. Wong obtained a Bachelor of Science in Mechanical Engineering from The University of Hong Kong and completed a Master in Business Administration with The Chinese University of Hong Kong in 1992. Before he joined the Group, he was the Managing Director – China Strategy and Investment of Methanex, a global market leader in methanol. He had also worked with Shell for over 26 years and was its General Manager – Shell Specialities China/Hong Kong and China Local Senior Downstream Representative. Mr. Wong has more than 30 years of extensive experience in the petrochemical industry.

Mr. Ho Sai Hou, aged 51, joined the Group in 2010. Mr. Ho is the Chief Financial Officer of the Group, an Executive Director of the Company, a member of the Senior Leadership Team and the Company Secretary of the Company. Mr. Ho obtained a Bachelor of Social Sciences Degree in Accounting from The University of Hong Kong and completed his EMBA with The China Europe International Business School in 2007. Previously, Mr. Ho had worked for several listed companies in Hong Kong as their chief financial officer, executive director and company secretary. He is a certified public accountant of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants. He has over 20 years of experience in accounting, finance, taxation and company secretarial work.



董事及行政人員簡介
Directors' and Management Executives' Profiles



唐滙棟先生
Mr. Tong Wui Tung



黃廣志先生
Mr. Wong Kong Chi

非執行董事

唐滙棟先生，現年六十八歲，於一九九三年獲委任為本公司獨立非執行董事，並於二零零四年獲調任為本公司非執行董事。唐先生為張秀儀 唐滙棟 羅凱栢 律師行之合夥人。張秀儀 唐滙棟 羅凱栢 律師行為本集團之香港法律顧問，並就提供予本集團之服務收取一般專業收費。唐先生為香港執業律師，在香港執業超過三十年，並為香港上市公司碧桂園控股有限公司之獨立非執行董事。

獨立非執行董事

黃廣志先生，現年六十歲，於一九九三年獲委任為本公司獨立非執行董事。彼為特許公認會計師公會資深會員及香港會計師公會會計師。黃先生從事香港商人銀行業務十多年，並於一九九三年退休。黃先生並無擔任其他上市公司任何董事職位。

Non-executive Director

Mr. Tong Wui Tung, aged 68, was elected as an Independent Non-Executive Director of the Company in 1993 and was re-designated as a Non-Executive Director of the Company in 2004. Mr. Tong is a partner of the law firm, Messrs. Cheung Tong & Rosa Solicitors, legal advisers of the Group on Hong Kong Law which receives usual professional fees in connection with services rendered to the Group. Mr. Tong has been practising as a solicitor in Hong Kong for over 30 years and is also an independent non-executive director of Country Garden Holdings Company Limited, a company listed on The Stock Exchange of Hong Kong Limited.

Independent Non-executive Directors

Mr. Wong Kong Chi, aged 60, has been an Independent Non-executive Director of the Company since 1993. He is a fellow member of the Association of Chartered Certified Accountants and a certified public accountant of the Hong Kong Institute of Certified Public Accountants. Mr. Wong retired in 1993 after working in the merchant banking industry for over 10 years. Mr. Wong does not hold any directorship in other listed companies.



古遠芬先生
Mr. Ku Yuen Fun



吳紹平先生
Mr. Ng Siu Ping

獨立非執行董事 (續)

古遠芬先生，現年六十六歲，於二零零八年獲委任為本公司獨立非執行董事。古先生畢業於香港理工學院（現名香港理工大學），及後開始於蜆殼化工集團工作。古先生在大中華區石油化工業務方面擁有豐富經驗。他曾出任香港蜆殼有限公司之董事、商界環保協會之董事局董事及天津國際石油儲運有限公司之主席。古先生並無擔任其他上市公司任何董事職位。

吳紹平先生，現年五十九歲，於一九九一年加入本集團並於一九九二年獲委任為本公司執行董事。吳先生於二零一一年榮休並調任為本公司非執行董事。彼於二零一四年再調任為本公司獨立非執行董事。吳先生持有香港理工學院（現名香港理工大學）會計高級文憑及香港浸會大學公司管治與董事學之理學碩士學位。彼為特許公認會計師公會資深會員及香港會計師公會會計師。吳先生在核數及會計行業累積三十多年經驗。吳先生並無擔任其他上市公司任何董事職位。

Independent Non-executive Directors

(Continued)

Mr. Ku Yuen Fun, aged 66, has been an Independent Non-executive Director of the Company since 2008. Mr. Ku graduated from the Hong Kong Polytechnic (now known as the Hong Kong Polytechnic University) and began his career at Shell Chemicals. Mr. Ku has extensive managerial experience in the oil & petrochemical industries in the Greater China region. He was a Director of Shell Hong Kong Limited, a Board Director of the Business Environment Council and the Chairman of Tianjin International Petroleum Storage and Transportation Company Limited. Mr. Ku does not hold any directorship in other listed companies.

Mr. Ng Siu Ping, aged 59, joined the Group in 1991 and was appointed as an Executive Director of the Company since 1992. Mr. Ng retired in 2011 and was thereafter re-designated as a Non-executive Director of the Company. He was re-designated as an Independent Non-executive Director of the Company in 2014. Mr. Ng obtained a Higher Diploma in Accountancy from the Hong Kong Polytechnic (now known as the Hong Kong Polytechnic University) and a Master Degree of Science in Corporate Governance and Directorship from the Hong Kong Baptist University. He is a fellow member of the Association of Chartered Certified Accountants and a certified public accountant of the Hong Kong Institute of Certified Public Accountants. Mr. Ng has over 30 years of experience in the field of auditing and accounting. Mr. Ng does not hold any directorship in other listed companies.



董事及行政人員簡介

Directors' and Management Executives' Profiles

行政人員

葉鈞先生，現年三十五歲，於二零零七年加入本集團為集團董事助理。葉先生現為集團企業發展總裁及高層領導團隊成員。彼曾任紫荊花塗料集團聯席總裁及紫荊花塗料集團有限公司之總經理。彼為集團主席兼非執行董事葉志成先生之子。彼持有倫敦經濟學院經濟及政治學士學位。在加入集團前，彼曾任職於投資銀行行業三年。

謝憶珠女士，現年四十一歲，於二零零九年加入本集團。謝女士現為本集團人力資源總監及高層領導團隊成員。彼曾任本集團投資者關係及企業傳訊總監。彼持有香港浸會大學傳理系學士學位及愛爾蘭國立大學理學（財務）碩士。加入本集團前，彼從事於一家國際石油公司之對外事務工作。謝女士同時積極參與公職，現為勞工及福利局康復諮詢委員會委員、其屬下公眾教育小組委員，以及非政府組織創業軒執行委員。

鄭國照先生，現年五十三歲，於一九八七年加入本集團。鄭先生現為油墨組之總經理。鄭先生曾任本公司執行董事及高層領導團隊成員。彼持有香港公開大學工商管理碩士學位，並在石油化工的營銷和管理方面累積二十多年的經驗。

馮秉光先生，現年五十四歲，於二零一零年加入本集團。馮先生現為紫荊花塗料集團聯席總裁。彼曾任本集團高層領導團隊成員及資深人力資源總監。彼持有倫敦大學頒發經濟學學士學位及華威大學獲得工商管理碩士學位。彼同時獲香港中文大學和英國人事和發展協會頒發培訓管理文憑。馮先生擁有廣泛的人力資源專業經驗，包括組織發展，管理發展，人才管理和僱員關係等。他曾在保險、石油化工和醫藥等多個行業的跨國企業公司裏工作。加入本集團前，馮先生是香港一家上市公司的集團人力資源總監。

Management Executives

Mr. Ip Kwan, aged 35, joined the Group as an assistant to Director of the Group in 2007. Mr. Ip is currently the Chief Corporate Development Officer of the Group and a member of the Senior Leadership Team. He was previously a Co-President of the Bauhinia Coatings Group and the General Manager of the Bauhinia Coatings Group Limited. He is the son of Mr. Ip Chi Shing, the Chairman of the Group and a Non-executive Director of the Company. He graduated from the London School of Economics with a Bachelor's degree in Government and Economics. Before joining the Group, he had worked in the investment banking industry for three years.

Ms. Tse Yik Chu, aged 41, joined the Group in 2009. Ms. Tse is currently the Director of Group Human Resources and a member of the Senior Leadership Team. She was previously the Investor Relations and Corporate Communications Director of the Group. Ms. Tse obtained a Bachelor of Communication from the Hong Kong Baptist University and a Master of Science in Finance from the National University of Ireland. Prior to joining the Group, Ms. Tse engaged in corporate affairs in an international oil company. Ms. Tse also actively involves in public service and she is currently committee members of Rehabilitation Advisory Committee and its sub-committee on Public Education on Rehabilitation. She is also an executive member of a non-government organization called Support the Employment of People with Disabilities (SEPD).

Mr. Kwong Kwok Chiu, aged 53, joined the Group in 1987. Mr. Kwong is the General Manager of the Inks Group. Mr. Kwong was previously an Executive Director of the Company and a member of the Senior Leadership Team. He obtained a Master's Degree in Business Administration from The Open University of Hong Kong and has over 20 years of experience in the field of marketing and management of petrochemical industry.

Mr. Fung Ping Kwong, aged 54, joined the Group in 2010. Mr. Fung is a Co-President of the Bauhinia Coatings Group. He was a member of the Senior Leadership Team as well as the Head and Senior Leader of Group Human Resources. He obtained a Bachelor's Degree in Science (Economics) from The University of London, a Master's Degree in Business Administration from The University of Warwick and a Diploma in Training Management jointly conferred by The Chinese University of Hong Kong and The Institute of Personnel and Development, United Kingdom. Mr. Fung has extensive experience in different human resources areas including organisational development, management development, talents management and employee relations. He worked in a number of multi-national companies from insurance, petrochemical and pharmaceutical industries. Before he joined the Group, he was the Group Human Resources Director of a Hong Kong listed company.



行政人員 (續)

邱靜雯女士，現年三十四歲，於二零零五年加入本集團為管理培訓生。邱女士現為紫荊花塗料集團聯席總裁。彼曾任本集團高層領導團隊成員、營運總監及本集團全資附屬公司凌志潤滑油有限公司之總經理。邱女士持有香港大學計算機工程學士學位。

趙楚榜先生，現年五十六歲，資深工程師。趙先生於一九九三年加入本集團並於二零零五年獲委任為江門謙信化工發展有限公司之董事總經理。彼畢業於華南理工大學。趙先生從事化工業務超過三十年，具有豐富的管理工作經驗。

陳振新先生，現年三十七歲，於二零一五年加入本集團。陳先生現為本集團潤滑油組總經理。彼畢業於中國人民大學國際關係學院。在加入本集團前，彼曾從事潤滑油之採購、物流、專案管理、企業資源規劃系統、生產、業務開發、銷售和加油站零售網路拓展等。陳先生於石油化工業擁有超過十五年經驗。

康寧博士，現年四十八歲，於二零一六年加入本集團。康博士現為本集團技術總裁。康博士畢業於中國科院化學研究所，並於加拿大麥吉爾大學及蒙特利爾大學完成博士後研究。在加入本集團前，曾於Polymer Source, Inc.擔任生物材料部門經理、中科院青島生物能源與過程研究所研究員、博士生導師和團隊負責人、陶氏化學中央研究院配方科學部技術總監、PPG包裝塗料有限公司亞太區技術總監、江蘇長順集團有限公司研究院院長等職務。康博士於化工領域擁有超過二十五年的豐富經驗。

Management Executives (Continued)

Ms. Yau Ching Man, aged 34, joined the Group as Executive Management Trainee in 2005. Ms. Yau is currently a Co-President of the Bauhinia Coatings Group. She was a member of the Senior Leadership Team, the Head of Operations and the General Manager of Best Lubricant Blending Limited, a wholly-owned subsidiary of the Group. Ms. Yau holds a Bachelor Degree in Computer Engineering from The University of Hong Kong.

Mr. Zhao Chu Bang, aged 56, is an experienced engineer. Mr. Zhao joined the Group in 1993 and has been the Managing Director of the Jiangmen Handsome Chemical Development Limited since 2005. He graduated from The South China University of Technology. Mr. Zhao has over 30 years of experience in the chemical industry and has extensive experience in management.

Mr. Chen Zhen Xin, aged 37, joined the Group in 2015. Mr. Chen is the General Manager of Lubricant Group. Mr. Chen graduated from Remin University of China, School of International Studies. Prior to joining the Group, he has various experience in lubricating procurement, logistics, project management, enterprise resource planning systems, manufacturing, business development, sales and retail gas station networking. Mr. Chan has over 15 years of experience in oil-chemical industry.

Dr. Kang Ning, aged 48, joined the Group in 2016. Dr. Kang is the Chief Technology Officer of the Group. Dr. Kang got his PhD from Institute of Chemistry, Chinese Academy of Sciences and completed postdoctoral research at McGill University and the University of Montreal. Before he joined the Group, he was a manager of biomaterials division at Polymer Source Inc. (Canada), professor (PhD supervisor) and team leader at Qingdao Institute of Bioenergy and Bioprocess Technology at Chinese Academy of Sciences, technical leader of Formulation Science in The Dow Chemical Company, Asia Pacific Technical Director of PPG Packaging Coatings, President of Jiangsu Changshun Group Co., Ltd. Research Institute, etc. Dr. Kang has over 25-year experience in chemical area.



董事會報告書 Directors' Report

本公司董事（「董事」）提呈本公司及其附屬公司（於此統稱為「本集團」）於截至二零一七年十二月三十一日止年度之報告及經審核綜合財務報告。

主要業務及業務回顧

本公司為一間投資控股公司，其主要附屬公司從事製造及買賣溶劑、塗料、油墨及潤滑油。於截至二零一七年十二月三十一日止年度，本集團的主要業務之性質並無重大改變。

有關公司條例附表5規定於截至二零一七年十二月三十一日止年度內披露之活動詳情，包括對公司業務的中肯審視及附財務關鍵表現指標（包括營業額、銷量及本集團純利以及其業務分部之營業額及經營溢利）及對公司業務相當可能有的未來發展之揭示，已詳載於本年報第8至17頁之主席報告及聯席行政總裁報告。該等指標從業務發展及盈利能力方面明本集團在實現其「百年葉氏 引以為傲 備受尊崇」集團宏圖過程中的整體表現及其個別業務的表現。該等指標以及平均總資產回報率及股東資金平均回報率等其他財務指標過往五年的趨勢披露於本年報第28至29頁。如在該財政年度終結後發生的、對公司有影響的重大事件，將載於綜合財務報表附註。本集團之流動資金及財務資源詳載於第32至34頁。除上述部份外，其他規定之活動詳情披露如下：

The directors of the Company (the "Directors") present their annual report and the audited consolidated financial statements of the Company and its subsidiaries (hereinafter collectively referred to as the "Group") for the year ended 31 December 2017.

Principal Activities and Business Review

The Company is an investment holding company. Its principal subsidiaries are engaged in the manufacture of and trading in solvents, coatings, inks and lubricants. There were no significant changes in the nature of the Group's principal activities during the year ended 31 December 2017.

Details of the activities during the year ended 31 December 2017 as required by Schedule 5 of the Companies Ordinance including, a fair review of the business of the Group with financial performance indicators including revenue, sales volume and net profit of the Group as well as revenue and operating profit of its business segments and an indication of likely future development in the Company's business are explained in the Chairman's Statement and the Report of the Co-Chief Executive Officers from pages 8 to 17 of this annual report. These indicators illustrate the performance of the Group as a whole and of its individual businesses in terms of business development and profitability in attaining its corporate vision of "Towards a Century of Revered Leadership". The past five years' trend of these indicators together with other financial ratios of return on average total assets and return on average shareholders' funds are disclosed in pages 28 to 29 of this annual report. Particulars of important events affecting the Group that have occurred since the end of the financial year, if any, can be found in the notes to the consolidated financial statements. The Group's liquidity and financial resources are discussed in pages 32 to 34. Save as the above sections, details of the other activities required to be disclosed are explained as follows:



主要業務及業務回顧 (續)

主要風險及不明朗因素

本集團之業務及展望連同財務狀況及營運業績將受一些風險及不明朗因素影響，包括業務風險、營運風險及財務風險。業務風險方面：由於本集團所有業務主要集中在中國大陸，故此本集團將受到中國之經濟及政治發展及市場情況影響。營運風險方面：因為本集團以製造化工產品為主，所以於營運期間需要承受環境、健康及安全方面之風險。財務風險方面：本集團之金融資產及負債將有市場風險（外匯風險、利率風險及其他價格風險）、信貸風險及流動資金風險。有關減低該等財務風險之政策已詳載於綜合財務報表附註30。

遵守相關法律及法規

就董事會及管理層所知，本集團已於各重要方面遵守對本集團業務及經營產生重大影響之相關法律及法規。年內，本集團概無嚴重違反或不遵守適用法律及法規。

對本公司有重要影響的相關法律及法規其中包括，香港公司法（香港法例第622章），開曼群島公司法及與其業務有關的規例，包括健康、安全及環保、工作環境、僱傭等方面的規例。此外，香港聯合交易所有限公司上市規則適用於本公司。

本公司致力於透過內部監控、風險管理及培訓等多項措施，確保遵守該等規定。

環境政策

本集團的環境政策，披露於本年報第36頁的企業可持續發展部份。

Principal Activities and Business Review

(Continued)

Principal Risks and Uncertainties

The Group's businesses and prospects as well as financial conditions and results of operations will be affected by a number of risks and uncertainties including business risks, operational risks and financial risks. For business risks, all the Group's businesses are mainly carried out in the mainland so it will be subject to the economic and political development and market situation of the PRC. For operational risks, the Group is engaged in manufacturing of chemical products and it is thus exposed to various environmental, health and safety risks in running its operations. For financial risks, the Group's financial assets and liabilities will have market risk (currency risk, interest rate risk and other price risk), credit risk and liquidity risk associated therewith. Details of the policies on how to mitigate these financial risks are set out in note 30 to the consolidated financial statements.

Compliance with the Relevant Laws and Regulations

As far as the Board and management are aware, the Group has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Group. During the year, there was no material breach of or non-compliance with the applicable laws and regulations by the Group.

The relevant laws and regulations that have a significant impact on the Company include, among others, the Hong Kong Companies Ordinance (Chapter 622), the Cayman Islands Company Law and the regulations in relation to its business including health, safety and environmental protection, workplace conditions and employment. In addition, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited apply to the Company.

The Company seeks to ensure compliance with these requirements through various measures such as internal control, risk management and trainings.

Environment Policies

The discussions on the Group's environmental policies are contained in Corporate Sustainability section on page 36 of this annual report.



董事會報告書
Directors' Report

主要業務及業務回顧 (續)

與客戶、供應商、員工及其他持份者之關係

本集團有大量的客戶和供應商散佈在不同行業和地區。本集團與客戶和供應商之關係良好。由於本集團五大客戶佔本集團總營業額不足5%，且信貸涉及大量交易對手及客戶，本公司董事認為本集團概無嚴重的信貸集中風險。關於信貸管理制度及授予客戶的信貸條件的進一步詳情載於綜合財務報表附註22。本集團與員工、與投資者和股東的關係已分別詳載於第37頁人力資源部份及企業管治報告第79至80頁。

薪酬政策及長期激勵計劃

本集團之薪酬政策概況已載於第37頁「人力資源」部份。

長期激勵計劃主要包括購股權計劃。詳情請參閱本報告第53至54頁及載於簡明綜合財務報告附註32購股權計劃。

業績及盈利分配

於截至二零一七年十二月三十一日止年度，本集團損益及其他之業績及本公司之盈利分配分別載於第89頁之綜合全面收益表及綜合財務報告附註11。本年度內已向本公司股東（「股東」）派發中期股息每股5港仙。董事會建議派發期末股息每股10港仙予於二零一八年六月十五日辦公時間結束時名列於股東名冊上之股東，總金額為不少於56,389,000港元，溢利餘額保留於儲備。

Principal Activities and Business Review

(Continued)

Relationship with Customers, Suppliers, Employees and other Stakeholders

The Group maintains a large number of customers and suppliers, which spread across diverse industries and geographical areas. The Group has good relationship with its customers and suppliers. As the top 5 largest customers of the Group accounted for less than 5% of the Groups' total revenue, the directors of the Company considered that the Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers. Further details of the credit control system and credit terms granted to customers are shown in note 22 to the consolidated financial statements. The Group's relationship with its employees and with investors and shareholders are shown in page 37 under the heading of Human Resources and in pages 79 to 80 of the Corporate Governance Report, respectively.

Emolument Policy and Long-term Incentive Plan

The general description of remuneration policy of the Group is shown in page 37 of the section headed "Human Resources".

Long-term incentive plan primarily consists of Share Option Schemes. Please refer to pages 53 to 54 of this report and note 32 to the consolidated financial statements for the details of the Share Option Schemes.

Results and Appropriations

The results of the Group and appropriations of the Company for the year ended 31 December 2017 are set out in the consolidated statement of profit or loss and other comprehensive income on page 89 and note 11 to the consolidated financial statements respectively. An interim dividend of HK5 cents per share was paid to the shareholders of the Company (the "Shareholders") during the year. The Directors propose the distribution of a final dividend of HK10 cents per share totalling not less than HK\$56,389,000 to Shareholders whose names appear on the Register of Members at the close of business on 15 June 2018 and the retention of the remaining profit in reserves.



已發行股份數目

本公司已發行股份數目於年內之變動詳情已載於綜合財務報告附註28。

股份是根據購股權計劃(定義見「購股權」部份)行使購股權發行。

儲備

本集團儲備於年內之變動詳情已載於綜合財務報告第93頁之綜合權益變動表。

本公司可供派發期末股息之儲備指股份溢價、特別儲備及保留溢利。按照開曼群島公司法第22章規定，在受制於本公司之公司組織章程大綱及細則規定之情況下，以及如果在緊接派發股息後，本公司能在正常業務經營期間償還到期債務之情況下，本公司之股份溢價才能用作向股東進行分派或支付股息。按照本公司之公司組織章程細則，從本公司於二零一七年十二月三十一日之股份溢價及保留溢利港元967,602,000(二零一六年：917,386,000港元)中撥款派發股息。

物業、廠房及設備與投資物業

本集團物業、廠房及設備與投資物業於年內之變動詳情已分別載於綜合財務報告附註13及15。

附屬公司

本公司於二零一七年十二月三十一日之主要附屬公司詳情已載於綜合財務報告附註37。

Number of Issued Shares

Details of movements in the number of issued shares of the Company during the year are set out in note 28 to the consolidated financial statements.

The shares are issued pursuant to the exercise of the share options under the Share Option Schemes (as defined in the section headed "Share Options").

Reserves

Details of movements in the reserves of the Group during the year are set out in the consolidated statement of changes in equity on page 93 of the consolidated financial statements.

The Company's reserves available for distribution of the final dividend represent the share premium, special reserve and retained profits. Under Chapter 22 of the Companies Law of the Cayman Islands, the share premium of the Company is available for distribution of or paying dividends to Shareholders subject to the provisions of its Memorandum and Articles of Association and provided that immediately following the distribution of dividend, the Company is able to pay its debts as they fall due in the ordinary course of business. In accordance with the Company's Articles of Association, dividends can be distributed out of the share premium and retained profits of the Company, which amounted to HK\$967,602,000 as at 31 December 2017 (2016: HK\$917,386,000).

Property, Plant and Equipment and Investment Properties

Details of the movements in the property, plant and equipment and investment properties of the Group during the year are set out in notes 13 and 15 to the consolidated financial statements respectively.

Subsidiaries

Details of the Company's principal subsidiaries as at 31 December 2017 are set out in note 37 to the consolidated financial statements.



董事會報告書
Directors' Report

董事及服務合約

年內及截至本報告日期為止本公司之董事如下：

主席，非執行董事：

葉志成先生

執行董事：

葉子軒先生（副主席兼聯席行政總裁）

王旭先生（聯席行政總裁）

何世豪先生（財務總裁）

鄭國照先生

（由二零一八年一月一日起辭任職務）

非執行董事：

唐滙棟先生

獨立非執行董事：

黃廣志先生

古遠芬先生

吳紹平先生

Directors and Service Contracts

The Directors during the year and as at the date of this report were:

Chairman and Non-executive Director:

Mr. Ip Chi Shing

Executive Directors:

Mr. Yip Tsz Hin (Deputy Chairman and Co-Chief Executive Officer)

Mr. Wong Yuk (Co-Chief Executive Officer)

Mr. Ho Sai Hou (Chief Financial Officer)

Mr. Kwong Kwok Chiu

(resigned from the duty with effect from 1 January 2018)

Non-executive Director:

Mr. Tong Wui Tung

Independent Non-executive Directors:

Mr. Wong Kong Chi

Mr. Ku Yuen Fun

Mr. Ng Siu Ping



董事及服務合約 (續)

遵照本公司組織章程細則第112條，非執行董事兼主席葉志成先生、獨立非執行董事黃廣志先生及古遠芬先生將於本公司於二零一八年六月五日即將舉行之本公司股東週年大會（「股東週年大會」）上依章告退，惟彼等願膺選連任董事。非執行董事唐滙棟先生原須在本公司即將舉行之股東週年大會上輪值告退，然而唐先生已通知本公司，他將不會在股東週年大會上膺選連任，因此唐先生將於股東週年大會結束後退任。其餘所有董事則繼續留任。於本年度每位非執行董事及獨立非執行董事已接納其指定任期為直至其下一次需由股東重選之股東週年大會結束時為止。

於股東週年大會上獲提名膺選連任之董事概無與本公司或其附屬公司訂立任何本公司在一年內不可在不予賠償（法定賠償除外）的情況下終止之服務合約。

非執行董事及獨立非執行董事之袍金乃由董事會確定。

應付予董事之酬金乃參考其資格及經驗，承擔的責任，對本公司之貢獻及類似職位於現時市場薪酬水平釐定。

Directors and Service Contracts (Continued)

In accordance with article 112 of the Company's Articles of Association, Mr. Ip Chi Shing, a Non-executive Director and the Chairman, Mr. Wong Kong Chi and Mr. Ku Yuen Fun, being Independent Non-executive Directors, will retire by rotation at the forthcoming annual general meeting of the Company to be held on 5 June 2018 ("AGM") and, being eligible, will offer themselves for re-election as Directors at the forthcoming AGM. Mr. Tong Wui Tung, a Non-executive Director, is also subject to retirement by rotation at the forthcoming AGM. However, Mr. Tong has informed the Company that he will not offer himself for re-election at the AGM and will therefore retire at the conclusion of the AGM. All remaining Directors will continue in office. Each of the Non-executive and Independent Non-executive Directors were appointed for a specific term until the closing of the next annual general meeting at which he is being re-elected by the Shareholders.

No Director being proposed for re-election at the AGM has a service contract with the Company or its subsidiaries which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

The fees of the Non-executive and Independent Non-executive Directors are determined by the Board.

The emolument payable to the Directors is determined with reference to their qualification and experience, responsibilities undertaken, contribution to the Company and the prevailing market level of remuneration of similar position.



董事會報告書
Directors' Report

董事及最高行政人員於證券之權益及淡倉

盡本公司所知，於二零一七年十二月三十一日，董事及其各自的聯繫人士於本公司股份中的權益（定義見證券及期貨條例（「證券及期貨條例」）第XV部份）須(a)根據證券及期貨條例第XV部份第7及第8部知會本公司及香港聯合交易所有限公司（「聯交所」）（包括彼等根據證券及期貨條例之該等條文被假設或視為擁有之權益或淡倉）；或(b)根據證券及期貨條例第352條記載置存之登記冊內的權益；或(c)根據上市發行人董事進行證券交易的標準守則知會本公司及聯交所的權益如下：

好倉

Directors' and Chief Executives' Interests and Short Positions in Securities

To the best of the Company's knowledge, at 31 December 2017, the interests of the Directors and their respective associates in the shares of the Company (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which are 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 the Part XV of the SFO (including interests or short positions which they are taken or deemed to have taken under such provision of the SFO); or (b) to be recorded in the register to be kept pursuant to Section 352 of the SFO; or (c) pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers to be notified to the Company and the Stock Exchange were as follows:

Long positions

		所持普通股及相關股份數目 Number of Ordinary Shares and Underlying Shares held				於二零一七年十二月三十一日佔本公司已發行股本之百分比 Percentage of the Issued Share Capital of the Company as at 31.12.2017	
董事姓名 Name of Directors		股份權益 Interests in Shares 個人 Personal	股份權益 Interests in Shares 家族 Family	股份權益 Interests in Shares 公司 Corporate	購股權權益 Interests in Share Options ¹ 個人 Personal	總數 Total	
葉志成先生	Mr. Ip Chi Shing	155,042,532	8,802,000 (a)	24,380,000 (b)	-	188,224,532	33.38%
葉子軒先生	Mr. Yip Tsz Hin	28,540,248	14,000,000 (c)	-	-	42,540,248	7.54%
王旭先生	Mr. Wong Yuk	-	-	-	-	-	-
何世豪先生	Mr. Ho Sai Hou	-	-	-	200,000	200,000	0.04%
鄺國照先生 ²	Mr. Kwong Kwok Chiu ²	-	-	-	200,000	200,000	0.04%
唐雁棟先生	Mr. Tong Wui Tung	-	700,000 (d)	-	-	700,000	0.12%
黃廣志先生	Mr. Wong Kong Chi	-	100,000 (e)	-	-	100,000	0.02%
古遠芬先生	Mr. Ku Yuen Fun	20,680	14,000 (f)	-	-	34,680	0.01%
吳紹平先生	Mr. Ng Siu Ping	2,532,000	50,000 (g)	-	-	2,582,000	0.46%



董事及最高行政人員於證券之權益及淡倉 (續)

好倉 (續)

附註：

- (a) 此等股份當中，6,796,000股由葉志成先生與妻子梁碧瑜女士共同持有，2,006,000股則由其妻子持有。
- (b) 此等股份分別由一間葉志成慈善基金有限公司之慈善組織(20,300,000股)和一間葉氏關愛延續基金有限公司之有限公司(4,080,000股)所持有。葉志成先生於葉志成慈善基金有限公司和葉氏關愛延續基金有限公司的股東大會分別擁有50% (與其妻子共有100%)及60% (與其弟妹共有100%)之投票權，故被視為擁有在該兩間公司持有此等股份之權益。
- (c) 此等股份由葉子軒先生之妻子葉曹家麗女士持有。
- (d) 此等股份由唐滙棟先生之妻子劉梅心女士持有。
- (e) 此等股份由黃廣志先生之妻子詹小慧女士持有。
- (f) 此等股份由古遠芬先生之妻子蘇艷霞女士持有。
- (g) 此等股份由吳紹平先生之妻子蕭靄莉女士持有。
- ¹ 所有購股權為非上市實物結算股本衍生工具。
- ² 鄭國照先生於二零一八年一月一日起辭任執行董事。

Directors' and Chief Executives' Interests and Short Positions in Securities (Continued)

Long positions (Continued)

Notes:

- (a) Out of these shares, 6,796,000 shares are jointly held with Madam Liang Bih Yu, the wife of Mr. Ip Chi Shing and 2,006,000 shares are held by his wife.
- (b) These shares are held respectively by Ip Chi Shing Charitable Foundation Limited, a charitable organisation (20,300,000 shares) and Yip's Care Extension Foundation Limited, a limited company, (4,080,000 shares). Mr. Ip Chi Shing controls 50% (together with his wife control 100%) and 60% (together with his younger sister and brother control 100%) of the voting power at the general meetings of Ip Chi Shing Charitable Foundation Limited and Yip's Care Extension Foundation Limited respectively. He is therefore deemed to be interested in these shares held by these two corporations.
- (c) These shares are held by Madam Yip Tso Ka Lai, Brenda, the wife of Mr. Yip Tsz Hin.
- (d) These shares are held by Madam Lau Mui Sum, the wife of Mr. Tong Wui Tung.
- (e) These shares are held by Madam Jim Siu Wai, the wife of Mr. Wong Kong Chi.
- (f) These shares are held by Madam So Yim Ha, the wife of Mr. Ku Yuen Fun.
- (g) These shares are held by Madam Siu Oi Li, Maicy, the wife of Mr. Ng Siu Ping.
- ¹ All the share options are unlisted physically settled equity derivatives.
- ² Mr. Kwong Kwok Chiu resigned as Executive Director with effect from 1 January 2018.



董事會報告書
Directors' Report

董事及最高行政人員於證券之權益及淡倉 (續)

好倉 (續)

董事在本公司購股權計劃(即部分相關股份)下所持有購股權之詳情可見下一節「購股權」。

葉志成先生、葉子軒先生及葉志成先生妻子梁碧瑜女士各持有本公司之附屬公司葉氏恒昌(集團)有限公司之無投票權遞延股一股。

除上文所披露者及董事以本公司或其附屬公司受託人身份持有附屬公司若干代名人股份外，於二零一七年十二月三十一日，各董事、最高行政人員或其聯繫人士均沒有於本公司或其任何聯營公司(按證券及期貨條例)之證券中持有任何權益或淡倉。

購股權

股東於二零一二年五月二十五日舉行之股東週年大會上已批准採納新購股權計劃(「新計劃」)及終止本公司於二零零二年九月三日已採納的舊計劃(「舊計劃」)，連同新計劃，統稱為(「購股權計劃」)，新計劃將於二零二二年五月二十四日到期屆滿。而在舊計劃終止前授出之購股權將繼續生效並可根據舊計劃之規則下行使。而新計劃之主要目的是確定及激勵合資格參與人士作出貢獻、提供獎勵、協助本公司挽留合資格參與人士及招攬額外僱員，並向彼等提供直接經濟利益，以達致本公司之長期業務目標。新計劃之詳情已載於綜合財務報告附註32。

Directors' and Chief Executives' Interests and Short Positions in Securities (Continued)

Long positions (Continued)

Details of the share options held by the Directors under the Company's existing share option scheme (i.e. part of the interests in the underlying shares) are shown in the next section headed "Share Options".

Each of Mr. Ip Chi Shing, Mr. Yip Tsz Hin and Madam Liang Bih Yu, the wife of Mr. Ip Chi Shing, holds one non-voting deferred share of Yip's H.C. (Holding) Limited, a subsidiary of the Company.

Other than as disclosed above and certain nominee shares in subsidiaries held by Directors in trust for the Company or its subsidiaries, as at 31 December 2017, none of the Directors, chief executive nor their associates held any interests or short positions in the securities of the Company or any of its associated corporations as defined in the SFO.

Share Options

The Shareholders at the AGM held on 25 May 2012 approved the adoption of a new share option scheme (the "New Share Option Scheme") and the termination of the old share option scheme which was adopted by the Company on 3 September 2002 (the "Old Share Option Scheme", together with the "New Share Option Scheme", collectively known as "Share Option Schemes"). The New Share Option Scheme will expire on 24 May 2022. Options granted under the Old Share Option Scheme prior to its termination will continue to be valid and exercisable in accordance with the rules thereof. The main purpose of the New Share Option Scheme is to recognise and motivate the contribution of eligible participants, to provide incentives to them, to help the Company retain eligible participants and recruit additional employees and to provide them with a direct economic interest in attaining the long term business objectives of the Company. Particulars of the New Share Option Scheme are set out in note 32 to the consolidated financial statements.



購股權 (續)

於截至二零一七年十二月三十一日止年度內，根據本公司購股權計劃已授予若干董事及僱員購股權之變動如下：

Share Options (Continued)

During the year ended 31 December 2017, movements in the number of options which had been granted to certain Directors and employees under the Company's Share Option Schemes are as follows:

	授出日期 Date of grant	行使價 Exercise price 港元 HK\$	購股權行使期 Exercise period of share options	購股權數目 Number of Share Options			於二零一七年 十二月三十一日 尚未行使 Outstanding as at 31.12.2017
				於二零一七年 一月一日 尚未行使 Outstanding as at 1.1.2017	本年度 已行使 during the year	本年度 已失效/註銷 during the year	
董事 Directors							
何世家先生 Mr. Ho Sai Hou	二零一三年一月十一日 11 January 2013	5.942	二零一五年一月十一日至 二零二三年一月十日 11 January 2015 to 10 January 2023	200,000	-	-	200,000
鄭國照先生 ¹ Mr. Kwong Kwok Chiu ¹	二零一三年一月十一日 11 January 2013	5.942	二零一五年一月十一日至 二零二三年一月十日 11 January 2015 to 10 January 2023	200,000	-	-	200,000
				400,000	-	-	400,000
若干人士 Eligible Persons							
	二零零七年四月三日 3 April 2007	4.050	二零零七年四月三日至 二零一七年四月二日 3 April 2007 to 2 April 2017	152,000	-	(152,000)	-
	二零零八年十月三十一日 31 October 2008	1.950	二零零八年十月三十一日至 二零一八年十月三十日 31 October 2008 to 30 October 2018	220,000	(78,000)	(2,000)	140,000
	二零零九年十月五日 5 October 2009	4.536	二零零九年十月五日至 二零一九年十月四日 5 October 2009 to 4 October 2019	710,000	-	(70,000)	640,000
	二零一三年一月十一日 11 January 2013	5.942	二零一五年一月十一日至 二零二三年一月十日 11 January 2015 to 10 January 2023	4,740,000	-	(510,000)	4,230,000
				5,822,000	(78,000)	(734,000)	5,010,000
				6,222,000	(78,000)	(734,000)	5,410,000

¹ 鄭國照先生於二零一八年一月一日起辭任執行董事。

¹ Mr. Kwong Kwok Chiu resigned as Executive Director with effect from 1 January 2018.



董事會報告書 Directors' Report

購股權 (續)

於截至二零一七年十二月三十一日止年度內，並無授出購股權予董事或僱員。有關於年內行使的購股權，其緊接購股權行使日期之前的本公司股份加權平均收市價為3.237港元。

除上文所披露者外，於年內任何時間，本公司或其任何附屬公司概無參與任何安排，以使董事藉收購本公司或任何其他法人團體之股份或債券而獲益。

除上文所披露者外，於年內各董事或其配偶或十八歲以下之子女均無任何權利以認購本公司之證券，或曾行使任何該等權利。

主要股東

盡本公司所知，於二零一七年十二月三十一日，根據證券及期貨條例第336條規定所存置之登記冊所載或已知會本公司持有本公司股份或相關股份權益之本公司股東（除上文所披露的本公司董事或最高行政人員外）如下：

好倉

主要股東名稱 Name of Substantial Shareholder	身份 Capacity	附註 Note	所持股份數目 Number of shares held	於二零一七年 十二月三十一日 佔本公司已發行 股本之百分比 Percentage of the issued share capital of the Company as at 31.12.2017
葉鳳娟女士 Ms. Ip Fung Kuen	實益擁有人 Beneficial Owner	1	47,547,913	8.43%
FMR LLC	公司權益 Corporate Interest	2	39,640,000	7.03%
FIDELTY PURITAN TRUST	實益擁有人 Beneficial Owner	3	28,220,000	5.00%

Share Options (Continued)

During the year ended 31 December 2017, no option was granted to Directors or employees. In respect of the options exercised during the year, weighted average closing price of the shares of the Company immediately before the dates on which the options were exercised was HK\$3.237.

Other than as disclosed above, at no time during the year was the Company or any of its subsidiaries, a party to any arrangement 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.

Other than as disclosed above, none of the Directors, or their spouses or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such right during the year.

Substantial Shareholders

To the best of the Company's knowledge, as at 31 December 2017, the following shareholders (other than the Directors or chief executives of the Company disclosed above) had interest in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO or as otherwise notified to the Company:

Long positions



主要股東 (續) 好倉 (續)

附註：

1. 持有股份數目之計算為(i)葉女士根據證券及期貨條例披露持有本公司已發行股份之權益為47,592,000股；(ii)葉女士於二零一二年六月購買955,913股股份及(iii)葉女士於二零一五年三月出售1,000,000股股份。
2. FMR LLC透過FMR Co., Inc.間接持有39,640,000股本公司股份。FMR Co., Inc.由FMR LLC之全資附屬公司Fidelity Management & Research Company全資擁有。本公司獲通知於上述由FMR Co., Inc.持有之39,640,000股本公司股份中，3,710,000股本公司股份為FMR LLC全資擁有之Fidelity Management Trust Company持有，而7,536,000股本公司股份為FMR LLC若干僱員及股東最終擁有之Fidelity Investments Canada ULC持有。該等FMR LLC僱員及股東擁有Fidelity Canada Investors LLC之100%股權，而Fidelity Canada Investors LLC擁有483A Bay Street Holdings LP之64%股權。483A Bay Street Holdings LP擁有BlueJay Lux 1 S.a.r.l.之100%股權，而BlueJay Lux 1 S.a.r.l.擁有FIC Holdings ULC之100%股權，繼而FIC Holdings ULC擁有Fidelity Investments Canada ULC之100%股權。
3. Fidelity Puritan Trust直接持有28,220,000股本公司股份，本公司獲告知該股份視為FMR LLC名下之權益。

Substantial Shareholders (Continued) Long positions (Continued)

Note:

1. The calculation of the number of shares held takes into account (i) the interests of Ms. Ip in the issued share capital of the Company disclosed under the SFO (i.e. 47,592,000); (ii) the acquisition of 955,913 shares by Ms. Ip in June 2012 and (iii) the disposal of 1,000,000 shares by Ms. Ip in March 2015.
2. FMR LLC held 39,640,000 shares of the Company indirectly through FMR Co., Inc. FMR Co., Inc. is wholly owned by Fidelity Management & Research Company, which is a wholly-owned subsidiary of FMR LLC. The Company was notified that of the above mentioned 39,640,000 shares of the Company held by FMR Co., Inc., 3,710,000 shares of the Company were held for Fidelity Management Trust Company, which is wholly-owned by FMR LLC, while 7,536,000 shares of the Company were held for Fidelity Investments Canada ULC, which is ultimately owned by certain employees and shareholders of FMR LLC. Those employees and shareholders of FMR LLC own 100% equity interest in Fidelity Canada Investors LLC, which owns 64% equity interest in 483A Bay Street Holdings LP. 483A Bay Street Holdings LP owns 100% equity interest in BlueJay Lux 1 S.a.r.l., which owns 100% equity interest in FIC Holdings ULC, which in turn owns 100% equity interest in Fidelity Investments Canada ULC.
3. 28,220,000 shares of the Company were held directly by Fidelity Puritan Trust and the Company was notified that such shares are deemed interest of FMR LLC.



董事會報告書
Directors' Report

主要股東 (續)

除上文所披露外，於二零一七年十二月三十一日，除了以上一節「董事及最高行政人員於證券之權益及淡倉」已披露之權益外，概無人士通知本公司指彼等在本公司股份中的權益或淡倉需根據證券及期貨條例第336條登記。

購買、出售或贖回本公司之上市證券

於截至二零一七年十二月三十一日止年度內，本公司或其任何附屬公司概無購買、出售或贖回本公司之任何上市證券。

主要供應商及客戶

在截至二零一七年十二月三十一日止年度內，本集團前五名客戶之營業總額佔本集團總營業額少於30%。

本集團前五名供應商之購貨總額佔本集團總購貨額少於30%。

於二零一七年十二月三十一日，各董事、其聯繫人士或就董事所知擁有本公司股本5%以上之股東概無在本集團前五名供應商中擁有任何權益。

公司管治

本公司之企業管治詳情載於本年度報告第61至80頁之「企業管治報告」。

Substantial Shareholders (Continued)

Save as disclosed above, as at 31 December 2017, no person, other than the interests disclosed above in the section "Directors' and Chief Executives' Interests and Short Positions in Securities", had notified the Company of an interest or short position in the shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

Purchase, Sale or Redemption of the Company's Listed Securities

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

Major Suppliers and Customers

During the year ended 31 December 2017, the aggregate sales attributable to the Group's five largest customers accounted for less than 30% of the Group's total revenue.

The aggregate purchases attributable to the Group's five largest suppliers accounted for less than 30% of the Group's total purchases.

As at 31 December 2017, none of the Directors, their associates or any Shareholders (which to the best knowledge of the Directors own more than 5% of the Company's share capital) had any interest in the Group's five largest suppliers.

Corporate Governance

Report on the Company's corporate governance is set out in "Corporate Governance Report" on pages 61 to 80 of this annual report.



公眾持股量

根據本公司所得的公開資料及董事所知，在截至二零一七年十二月三十一日止年度及本報告日期，公眾人士持有之股份百分比按上市規則不少於本公司已發行股份25%之足夠公眾持股量。

股票掛鉤協議

除上文所披露之新購股權計劃及舊購股權計劃外，於年內或年末，本公司概無訂立將會或可導致本公司發行股份之股票掛鉤協議，或要求本公司訂立任何協議將會或可導致本公司發行股份之股票掛鉤協議。

捐款

在截至二零一七年十二月三十一日止年度內，本集團作出慈善及其它捐款合共約3,513,546港元。

獲准許之彌償條文

根據本公司之組織章程細則，本公司每位董事、核數師或其他人員有權作為本公司董事、核數師或其他人員於抗辯任何訴訟（不論民事或刑事）就任何法律訴訟（不論是民事或刑事）抗辯而獲判勝訴或獲裁定無罪，其所導致或蒙受之一切損失或責任從本公司資產中獲得彌償。

本公司已就其董事及行政人員可能面對因企業活動產生之法律訴訟、為董事及行政人員之職責作適當之投保安排。

有關獲准許之彌償條文已於回顧年度內一直生效，並於本報告獲批准時目前生效。

Sufficiency of Public Float

Based on the information that is publicly available to the Company and within the knowledge of the Directors, throughout the year ended 31 December 2017 and at the date of this report, there is sufficient public float of not less than 25% of the Company's total issued shares capital as required under the Listing Rules.

Equity-linked Agreements

Other than the New Share Option Scheme and the Old Share Option Scheme as disclosed above, no equity-linked agreements that will or may result in the Company issuing shares or that require the Company to enter into any agreements that will or may result in the Company issuing shares were entered into by the Company during the year or subsisted at the end of the year.

Donations

During the year ended 31 December 2017, the Group made charitable and other donations amounting to HK\$3,513,546.

Permitted Indemnity Provision

The Articles of Association of the Company provides that each Director, auditor or other officer of the Company shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities incurred or sustained by him as a Director, Auditor or other officer of the Company in defending any proceedings, whether civil or criminal, in which judgment is given in his favour, or in which he is acquitted.

The Company has arranged for appropriate insurance to cover Directors' and officers' liabilities in respect of legal actions against its Directors and officers arising out of corporate activities.

Such permitted indemnity provisions have been in force throughout the year under review and is currently in force at the time of the approval of this report.



董事會報告書
Directors' Report

關連交易及董事之合約權益

- (a) 在截至二零一七年十二月三十一日止年度內，本集團分別支付960,000港元（二零一六年：960,000港元）及600,000港元（二零一六年：600,000港元）之租金予港德投資有限公司及嘉捷投資有限公司，董事葉志成先生（「本公司控股股東及董事」）及葉子軒先生（「董事」）分別於該兩間公司持有實益權益。
- (b) 年內，本集團收取葉志成慈善基金有限公司（「基金會」）的租金及使用費為400,000港元（二零一六年：無）及服務費收入為41,000港元（二零一六年：無），葉志成先生為本公司控股股東及董事，並擁有基金會控股權益。
- (c) 主要管理人員為本公司董事及行政人員。支付給他們的薪酬詳情載於綜合財務報告附註6。

除以上所披露者外，於本年度年終時或年內任何時間並不存在本公司或其任何附屬公司有份參與本公司董事、與董事關連之實體及控股股東或其附屬公司擁有重大直接或間接權益之重大合約。

Connected Transactions and Directors' Interests in Contracts

- (a) During the year ended 31 December 2017, the Group paid rent of HK\$960,000 (2016: HK\$960,000) and HK\$600,000 (2016: HK\$600,000) to Goldex Investments Limited and Galsheer Investments Limited respectively in which Mr. Ip Chi Shing (the controlling shareholder of the Company and a Director) and Mr. Yip Tsz Hin (a Director), have beneficial interests respectively.
- (b) During the year, the Group received rent and license fee of HK\$400,000 (2016: nil) and service fee income of HK\$41,000 (2016: nil) from Ip Chi Shing Charitable Foundation Limited in which Mr. Ip Chi Shing, the controlling shareholder of the Company and a Director, has controlling interest over it.
- (c) The key management personnel are the directors of the Company and the management executives of the Company. The details of the remuneration paid to them are set out in note 6 to the consolidated financial statements.

Other than disclosed above, no contracts of significance to which the Company or any of its subsidiaries was a party and in which a Director, an entity connected with a director, and a controlling shareholder of the Company or its subsidiary companies had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.



須予披露交易 收購物業

於二零一六年十一月十日，Atlantic Treasure Limited、美聯物業代理（商業）有限公司與Radiant New Limited（本公司之全資附屬公司）訂立一份物業臨時買賣合約，涉及買賣香港告士打道77、78-79號富通大廈27樓及一樓第3及4停車位（「該物業」）。該物業買賣已於二零一七年一月十八日完成。上述第4號停車位租賃予獨立第三方至二零一七年二月二十八日止，每月租金為4,400港元。該物業現時由Radiant New Limited持有作辦公室自用及長期出租的投資物業。該物業持有長期租賃。

收購資產及業務

於二零一八年一月二日，葉氏駱駝（香港）有限公司（前稱「葉氏塗料（香港）有限公司」）及恒昌塗料（惠陽）有限公司（統稱「買方」）（兩者均為本公司之全資附屬公司）與德家朗駱駝國際有限公司、德家朗駱駝（香港）有限公司、德家朗駱駝塗料（東莞）有限公司、德家朗駱駝塗料（上海）有限公司（統稱「賣方」）連同賣方擔保人DuluxGroup (Investments) Pty Limited及國民製煉漆油有限公司訂立資產出售協議（該「協議」）。據該協議，買方已同意購買，而賣方已同意出售該等資產及該業務（定義載於已於二零一八年一月二日刊發之公告內）。上述資產及業務收購已於二零一八年二月一日完成。

Discloseable Transaction Acquisition of property

On 10 November 2016, Atlantic Treasure Limited, Midland Realty (Comm.) Ltd. and Radiant New Limited, a wholly-owned subsidiary of the Company, entered into a provisional agreement for the sale and purchase of 27th Floor and Space Nos. 3 and 4 on 1st Floor, Fortis Bank Tower, Nos. 77, 78-79 Gloucester Road, Hong Kong (the "Property"). The sale and purchase of the Property was completed on 18 January 2017. The said Space No. 4 of the carpark space was rented to an independent third party at a monthly rental of HK\$4,400 until 28 February 2017. The Property is currently held by Radiant New Limited as self-use office and as long-term investment property for rental. The Property is held on long lease.

Acquisition of assets and business

On 2 January 2018, Yip's Camel (Hong Kong) Limited (formerly known as "Yip's Coatings (Hong Kong) Limited") and 恒昌塗料（惠陽）有限公司 (Hang Cheung Coatings (Hui Yang) Limited*) (collectively the "Purchasers"), both wholly-owned subsidiaries of the Company, entered into an agreement for sale of assets ("Agreement") with the DGL Camel International Limited, DGL Camel (Hong Kong) Limited, 德家朗駱駝塗料（東莞）有限公司 (DGL Camel Coatings (Dongguan) Limited*), 德家朗駱駝塗料（上海）有限公司 (DGL Camel Coatings (Shanghai) Limited*) (collectively the "Vendors") as well as DuluxGroup (Investments) Pty Limited and The National Lacquer and Paint Products Company Limited, being the Vendors' guarantors. Under the Agreement, the Purchasers, agreed to purchase and the Vendors agreed to sell the Assets and the Business (as defined in the published announcement dated 2 January 2018). The said acquisition of assets and business was completed on 1 February 2018.

* For identification purposes only



董事會報告書
Directors' Report

管理及行政合同

除與本公司董事及全職僱員所訂立之僱員合約，於年內年本公司並沒有就公司全部或主要業務之管理及行政訂立合同或支付費用。

優先購買權

本公司之公司組織章程細則及開曼群島公司法概無有關優先購買權之條文，規定本公司須向現有股東提出按照彼等所持股份比例發售新股之建議。

核數師

截至二零一七年十二月三十一日止年度之財務報告已由德勤•關黃陳方會計師行審計，核數師的任期將在公司年會舉行時屆滿，惟合資格並願意應聘連任。有關重新委聘德勤•關黃陳方會計師行為本公司核數師之決議案將於本公司之股東週年大會上提呈。

承董事會命
葉志成
主席

香港，二零一八年三月二十一日

Contracts Concerning Management and Administration

Save for employment contracts with directors and full time employees of the Company, no contracts concerning the management and administration of the whole or any principal business of the Company were entered into or subsisted during the year.

Pre-emptive Rights

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

Auditor

The consolidated financial statements for the year ended 31 December 2017 have been audited by the Company's auditors, Messrs. Deloitte Touche Tohmatsu, who shall retire and, being eligible, will offer themselves for re-appointment. A resolution will be submitted to the annual general meeting to re-appoint Messrs. Deloitte Touche Tohmatsu as the auditor of the Company.

On behalf of the Board
IP CHI SHING
CHAIRMAN

Hong Kong, 21 March 2018

企業管治報告 Corporate Governance Report



遵例聲明

本公司致力維持高水準之企業管治，以達到集團對僱員、顧客、供應商、商業夥伴和股東們所得之價值實現最大化及保障他們的權益兩大目標。本公司在截至二零一七年十二月三十一日止年度內，除並無設立提名委員會外，本公司均遵守聯交所證券上市規則（「上市規則」）附錄十四之「企業管治守則及企業管治報告」（「守則」）。本公司並無設立提名委員會的原因已於下述一節「董事會組成」載列。（守則條文第A5.1項至A5.4項）。

上市公司董事進行證券交易的標準守則

本公司已採納上市規則有關上市公司董事證券交易的附錄十所載的標準守則（「標準守則」）作為董事進行證券交易行為的標準。在作出特定查詢後，本公司所有董事確認在截至二零一七年十二月三十一日止年度已遵守標準守則規定的標準。

Statement of Compliance

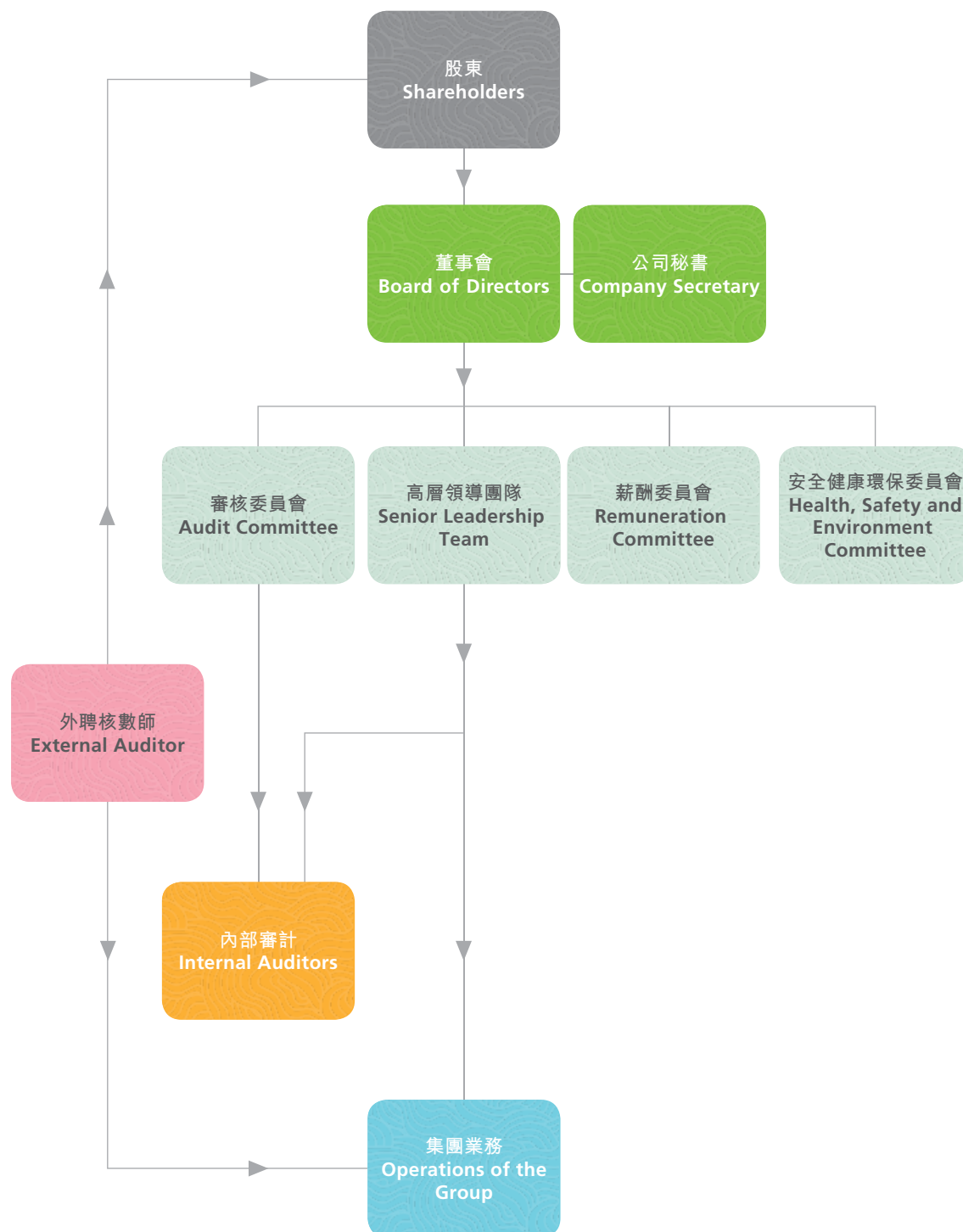
The Company is committed to maintaining high standards of corporate governance so as to achieve the Group's objectives of maximizing values for its employees, customers, suppliers, business partners and shareholders, and safeguarding the interests of them. The Company has complied with all code provisions of the "Corporate Governance Code and Corporate Governance Report" (the "CG Code") contained in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") throughout the year ended 31 December 2017 except that the Company does not have a nomination committee on the ground as stated under the section headed "Composition of the Board" (CG Code provisions A.5.1 to A.5.4).

Model Code for Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. After making specific enquiries, all Directors have confirmed that they have fully complied with the required standard as set out in the Model Code during the year ended 31 December 2017.



企業管治架構圖 Corporate Governance Structure





董事會

董事會主要職責為制定集團政策、監察該等政策的落實執行、並向管理層就本集團的整體管理提供監督及協助。

董事會組成

截止本年報公佈的時間，集團主席為葉志成先生，董事會共由八位董事組成，包括三位執行董事、兩位非執行董事及三位獨立非執行董事。獨立非執行董事的數目按上市規則第3.10A條規定佔董事會成員人數超過三分之一。本公司每位非執行董事及獨立非執行董事的指定任期為直至本公司下一個股東週年大會需由股東重新選任為止。列明董事會成員職位及職能的名單已登載於本公司及聯交所網站內。

鄺國照先生於二零一八年一月一日辭任本公司的執行董事及繼續擔任油墨集團總經理。

各董事之履歷載於第38至第41頁董事及行政人員簡介。主席葉志成先生為聯席行政總裁葉子軒先生之兄長外。除上述披露外，董事之間概無其他關係。

本公司確認已經根據上市規則第3.13條收到三位獨立非執行董事就其獨立性而作出的年度確認函。其中兩名現任獨立非執行董事具備專業會計資格及相關財務管理經驗。

董事會不時就其組成及成員作出檢討，確保董事會具備所需技巧、經驗及廣泛才能，以便有效履行職責。目前，董事會負責新董事之提名及委任工作。本公司認為由整個董事會履行提名委員會的職能更為有利及高效。

The Board

The Board's principal duties are setting policies, monitoring the execution of such policies, and providing supervision and assistance to the overall management of the Group.

Composition of the Board

As of the date of this annual report, the Board is chaired by Mr. Ip Chi Shing and comprised a total of eight Directors, namely, three Executive Directors, two Non-executive Directors and three Independent Non-executive Directors. The number of Independent Non-executive Directors represents more than one-third of the Board which fulfill the requirement under Rule 3.10A of the Listing Rules. Each of the Non-executive Directors and Independent Non-executive Directors is appointed for a specific term until the closing of the relevant annual general meeting at which he is being re-elected by the Shareholders. The list of Directors with their roles and functions is available on the websites of the Company and the Stock Exchange.

With effect from 1 January 2018, Mr. Kwong Kwok Chiu resigned as an Executive Director of the Company and remains as the General Manager of the Inks Group.

Biographic details of the Directors are set out in the section of Directors' and Management Executives' Profiles on pages 38 to 41. Mr. Ip Chi Shing, the Chairman, is the brother of Mr. Yip Tsz Hin who is a Co-Chief Executive Officer ("Co-CEO") of the Group. Save as disclosed above, the Directors are not otherwise related to each other.

The Company has received annual confirmations from all three Independent Non-executive Directors in respect of their independence as set out in Rule 3.13 of the Listing Rules and still considers the Independent Non-executive Directors to be independent. Two of the Independent Non-executive Directors possess the appropriate professional accounting qualifications and related financial management experience.

The Board regularly reviews its composition and membership to ensure that it has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Group's business to discharge its responsibilities effectively. Currently, the Board is responsible for the nomination and appointment of new directors. The Company considers it is more beneficial and efficient for the full Board to perform the functions of the nomination committee.



企業管治報告
Corporate Governance Report

董事會 (續)

董事會已制定了董事會成員多元化政策(「政策」)以制訂達致董事會成員多元化的方法。本政策撮要如下：

- 甄選人選將按一系列多元化範疇為基準，包括但不限於性別、年齡、文化及教育背景、種族、專業經驗、技術、知識及服務任期。最終將按人選的長處及可為董事會提供的貢獻而作決定
- 董事會將匯報董事會在多元化層面的組成，並監督本政策的執行
- 董事會將在適當時候檢討本政策，以確保本政策行之有效

在截至二零一七年十二月三十一日止年度，董事會已審閱董事在於適當情況下使用本公司費用以尋求獨立專業意見之程序。

本公司已購買董事及高級職員責任及公司補償保險。

The Board (Continued)

The Board adopted the Board Diversity Policy (the “Policy”) which sets out the approach to achieve diversity on the Board. The Policy is summarized as follows:

- the selection of candidates of the Board will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of services. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board
- the Board will report on the Board’s composition under diversified perspectives and monitor the implementation of the Policy
- the Board will review the Policy at appropriate times so as to ensure its effectiveness

During the year ended 31 December 2017, the Board reviewed the procedures for the Directors to seek independent professional advice in appropriate circumstances at the Company’s expenses.

Directors and officers liability and company reimbursement insurance coverage has also been arranged.



董事會 (續) 董事會運作

在截至二零一七年十二月三十一日止年度，董事會共舉行了五次董事會常規會議、十一次其他會議及一次非執行董事會議。各董事於有關會議之出席次數載列如下：

		董事會常規會議出席率 Regular Board Meetings Attendance	董事會其他會議出席率 Other Board Meetings Attendance
執行董事：	Executive Directors:		
葉子軒先生	Mr. Yip Tsz Hin	4/5	10/11
王旭先生	Mr. Wong Yuk	5/5	10/11
何世豪先生	Mr. Ho Sai Hou	5/5	11/11
鄭國照先生 ¹	Mr. Kwong Kwok Chiu ¹	5/5	5/11
		董事會常規 會議出席率 Regular Board Meetings Attendance	非執行董事 會議出席率 Non-executive Directors Meeting Attendance
非執行董事：	Non-executive Directors:		董事會其他 會議出席率 Other Board Meetings Attendance
葉志成先生 (主席)	Mr. Ip Chi Shing (Chairman)	5/5	2/11
唐滙棟先生	Mr. Tong Wui Tung	5/5	1/11
		董事會常規 會議出席率 Regular Board Meetings Attendance	非執行董事 會議出席率 Non-executive Directors Meeting Attendance
獨立非執行董事：	Independent Non-executive Directors:		董事會其他 會議出席率 Other Board Meetings Attendance
黃廣志先生	Mr. Wong Kong Chi	4/5	2/11
古遠芬先生	Mr. Ku Yuen Fun	4/5	2/11
吳紹平先生	Mr. Ng Siu Ping	4/5	1/11

¹ 鄭國照先生於二零一八年一月一日起辭任執行董事。

截至二零一七年十二月三十一日止年度內，舉行了五次董事會常規會議，相關與會董事均有親身出席及積極參與。除舉行董事會常規會議外，董事會於二零一七年度亦召開了十一個董事會其他會議，以批准日常事務或討論董事會當時任何有需要注意之事宜。董事會主席與非執行及獨立非執行董事舉行了一次並無執行董事出席的會議。

The Board (Continued) Operation of the Board

During the year ended 31 December 2017, five regular Board meetings, eleven other Board meetings and one Non-executive Directors meeting were held. The attendance of each Director at these meetings is shown in the table below:

		董事會常規 會議出席率 Regular Board Meetings Attendance	非執行董事 會議出席率 Non-executive Directors Meeting Attendance	董事會其他 會議出席率 Other Board Meetings Attendance
執行董事：	Executive Directors:			
葉子軒先生	Mr. Yip Tsz Hin	4/5	10/11	
王旭先生	Mr. Wong Yuk	5/5	10/11	
何世豪先生	Mr. Ho Sai Hou	5/5	11/11	
鄭國照先生 ¹	Mr. Kwong Kwok Chiu ¹	5/5	5/11	
		董事會常規 會議出席率 Regular Board Meetings Attendance	非執行董事 會議出席率 Non-executive Directors Meeting Attendance	董事會其他 會議出席率 Other Board Meetings Attendance
非執行董事：	Non-executive Directors:			
葉志成先生 (主席)	Mr. Ip Chi Shing (Chairman)	5/5	1/1	2/11
唐滙棟先生	Mr. Tong Wui Tung	5/5	1/1	1/11
		董事會常規 會議出席率 Regular Board Meetings Attendance	非執行董事 會議出席率 Non-executive Directors Meeting Attendance	董事會其他 會議出席率 Other Board Meetings Attendance
獨立非執行董事：	Independent Non-executive Directors:			
黃廣志先生	Mr. Wong Kong Chi	4/5	1/1	2/11
古遠芬先生	Mr. Ku Yuen Fun	4/5	1/1	2/11
吳紹平先生	Mr. Ng Siu Ping	4/5	1/1	1/11

¹ Mr. Kwong Kwok Chiu resigned as Executive Director on 1 January 2018.

During the year ended 31 December 2017, five regular Board meetings were held, which involved the active participation in person by all the attending Directors. Besides these regular Board meetings, eleven other Board meetings were convened during 2017 to approve routine business or discuss any matters that required the Board's timely attention. The Chairman of the Board held a meeting with all Non-executive Directors and Independent Non-executive Directors without the presence of Executive Directors.



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董事會 (續)
董事會運作 (續)

在截至二零一七年十二月三十一日止年度內，本公司之公司秘書（「公司秘書」），確保（當中包括）各董事可獲得其所需要的資料及遵循所有董事會程序。同時公司秘書亦負責為各董事提供持續專業發展之機會，以發展及更新彼等的知識及技巧，確保彼等向董事會作出知情及恰當之貢獻。董事亦獲提供本公司表現、財務狀況及前景的每月更新資料，以便董事會整體及各董事履行其職務。公司秘書何世豪先生為本公司全職僱員。於本年度，何先生確認其已接受不少於十五小時的相關專業培訓。

董事培訓及專業發展

本公司不時地為董事安排內部培訓，形式包括講座、工作坊及閱覽有關法律、規則及監管之最新發展、管理、財務及商業等資料，以便各董事提高及更新自身的知識和技巧。在截至二零一七年十二月三十一日止年度，董事會已檢討董事入職及專業發展政策。

The Board (Continued)
Operation of the Board (Continued)

During the year ended 31 December 2017, the role of the company secretary of the Company (“Company Secretary”) included, amongst others, ensuring that the Directors have access to all necessary information and that all Board procedures were followed. The Company Secretary was also responsible for offering opportunities of continuing professional development to all Directors to develop and refresh their knowledge and skills to help ensure that their contribution to the Board remains informed and relevant. Directors were also provided with monthly updates on the Company’s performance, financial position and prospects to enable the Board as a whole and each Director to discharge their duties. The Company Secretary, Mr. Ho Sai Hou, is a full time employee of the Company. Mr. Ho confirmed that he fulfilled the requirement of taking no less than 15 hours of relevant professional training during the year under review.

Directors’ Training and Professional Development

The Company, from time to time, provides in-house trainings for the Directors in the form of seminars, workshops and reading materials on the latest development of applicable laws, rules and regulations, management, financial and business issues to develop and refresh their knowledge and skills. During the year ended 31 December 2017, the Board reviewed the policy for directors’ induction and professional development.



董事會 (續) 董事培訓及專業發展 (續)

另外，本公司鼓勵各董事參與相關專業培訓研討會及課程。根據董事所提供的記錄，截至二零一七年十二月三十一日止年度董事所接受的培訓概要如下：

The Board (Continued) Directors' Training and Professional Development (Continued)

In addition, all Directors are encouraged to participate in various professional development seminars and courses. A summary of training received by Directors during the year ended 31 December 2017 according to the records provided by the Directors is as follows:

董事：	Directors:	培訓類別		
		內部培訓	講座及／或會議 及／或研討會 Seminars and/or conferences and/ of forums	閱讀材料及 網上學習 Reading and on-line studying
葉志成先生 (主席)	Mr. Ip Chi Shing (Chairman)	✓		✓
唐滙棟先生	Mr. Tong Wui Tung		✓	✓
葉子軒先生	Mr. Yip Tsz Hin	✓		✓
王旭先生	Mr. Wong Yuk	✓		✓
何世豪先生	Mr. Ho Sai Hou	✓	✓	✓
鄭國照先生 ¹	Mr. Kwong Kwok Chiu ¹	✓		✓
黃廣志先生	Mr. Wong Kong Chi		✓	✓
古遠芬先生	Mr. Ku Yuen Fun			✓
吳紹平先生	Mr. Ng Siu Ping		✓	

¹ 鄭國照先生於二零一八年一月一日起辭任執行董事。

¹ Mr. Kwong Kwok Chiu resigned as Executive Director on 1 January 2018.



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董事會 (續)
董事會授權

董事會為本公司的最高權力實體，集體負責領導、策劃及監控集團，及履行企業管治責任和職能，相關工作內容在需由董事會作出決定的事項內有詳細說明。在截至二零一七年十二月三十一日止年度內，董事會主席一職由葉志成先生擔任，葉子軒先生及王旭先生同時擔任集團聯席行政總裁。於二零一八年一月一日起，鄺國照先生辭任執行董事。如下部所述，本公司成立了高層領導團隊（「領導團隊」），現由聯席行政總裁葉子軒先生及王旭先生負責監察本集團領導團隊及其他高層管理人員之工作。以上之架構是為了清楚明確的分別主席管理董事會的職責以及管理層監督集團整體內部運作的職責。

董事會已授權給領導團隊，而該等職責包括但不限於制定和推行政策及業務發展策略，以及對本集團不同業務單位的表現作出監控。領導團隊現有成員合共五位成員，當中包括三位本公司執行董事葉子軒先生、王旭先生及何世豪先生。領導團隊的三名成員於二零一八年一月一日辭任領導團隊職務，包括鄺國照先生、馮秉光先生及邱靜雯女士。此等改變可以減輕上述高層管理人員參與集團整體策略和發展工作，讓彼等集中精力於各自子集團的前線營運及業務發展。

The Board (Continued)
Delegation by the Board

The Board, as the highest governing body, is collectively responsible for leading, planning and controlling the businesses of the Group, and also for performing the corporate governance duties and functions as more specifically set out in the list of matters reserved for the Board. During the year ended 31 December 2017, the position of the Chairman of the Board was held by Mr. Ip Chi Shing, and the positions of Co-CEOs were held by Mr. Yip Tsz Hin and Mr. Wong Yuk. With effect from 1 January 2018, Mr. Kwong Kwok Chiu resigned as an Executive Director. As disclosed in the section below, the Company established the Senior Leadership Team ("SLT"). Mr. Yip Tsz Hin and Mr. Wong Yuk, the Co-CEOs, currently oversee the work of SLT and other senior management of the Group. The above structure is to ensure a clear distinction between Chairman's duty to manage the Board and the management's duty to oversee the overall internal operation of the Group.

The Board has delegated to SLT with broad management responsibilities including, but not limited to, formulating and implementing policies and business strategies, as well as supervising the performance of the Group's different business segments. SLT currently comprises a total of five members, three of which are Executive Directors of the Company, namely, Mr. Yip Tsz Hin, Mr. Wong Yuk and Mr. Ho Sai Hou. Three members of SLT resigned from the SLT with effect from 1 January 2018, namely Mr. Kwong Kwok Chiu, Mr. Fung Ping Kwong and Ms. Yau Ching Man. Such changes will ease these senior management from their duties regarding the Group's overall strategy and development and allow them to focus on frontline operation and business development of their respective subgroups.



董事會 (續) 董事會授權 (續)

本公司設有一份指定須由董事會作出決定事項之正式清單，並會定期檢討該清單。該等重要事項包括：

- 制定長期目標及策略
- 批准初步業績公告
- 批准年度預算
- 批准主要資本開支、收購及出售

- 制定風險管理政策
- 批准須予公佈的交易及關連交易
- 建議及宣派股息
- 委任新董事
- 成立董事會轄下的委員會
- 檢討及監察內部監控及風險管理

- 檢討及監察企業管治政策及法律與法規及企業管治守則之務實遵守

- 批准重要政策及指引

高層領導團隊 領導團隊成員

- 葉子軒先生
- 王旭先生
- 何世豪先生
- 鄭國照先生
(於二零一八年一月一日起
辭任職務)
- 葉鈞先生
- 馮秉光先生
(於二零一八年一月一日起
辭任職務)
- 邱靜雯女士
(於二零一八年一月一日起
辭任職務)
- 謝憶珠女士
(於二零一七年一月一日起
獲委任)

The Board (Continued) Delegation by the Board (Continued)

A formal schedule of matters reserved for the Board is maintained and is subject to regular review. The more important matters include:

- setting long term objectives and strategies
- approving preliminary results announcements
- approving annual budgets
- approving major capital expenditure, acquisitions and disposals
- establishing risk management policies
- approving notifiable transactions and connected transactions
- declaring and recommending the payment of dividends
- appointing new directors
- establishing Board committees
- reviewing and monitoring of internal control and risk management
- reviewing and monitoring the policies and practices on compliance with legal and regulatory requirement and practices on corporate governance and compliance with CG Code
- approving major policies and guidelines

Senior Leadership Team SLT members

- Mr. Yip Tsz Hin
- Mr. Wong Yuk
- Mr. Ho Sai Hou
- Mr. Kwong Kwok Chiu
(resigned from the duty with effect
from 1 January 2018)
- Mr. Ip Kwan
- Mr. Fung Ping Kwong
(resigned from the duty with effect
from 1 January 2018)
- Ms. Yau Ching Man
(resigned from the duty with effect
from 1 January 2018)
- Ms. Tse Yik Chu
(appointed with effect from 1 January 2017)



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董事會 (續)
領導團隊之職務及責任

- 協助董事會制定政策和策略
- 執行並實施董事會制定的政策與策略計劃
- 管治及監控子集團業務
- 協助及協調子集團的運作，為集團爭取最佳效益

目前，董事會有三個委員會，分別為薪酬委員會、審核委員會及安全健康環保委員會。所有董事委員會根據其職權範圍書由董事會授權。

薪酬委員會及董事及高級管理層之薪酬

薪酬委員會於二零零五年六月成立，在截至二零一七年十二月三十一日止年度內，由一位非執行董事及三位獨立非執行董事組成，吳紹平先生為薪酬委員會主席。薪酬委員會主要角色及功能如下：

- 設立正規而具透明度的程序制訂薪酬政策
- 向董事會建議集團所有董事及高級管理層之薪酬政策及結構
- 釐定各執行董事及高級管理層之薪酬待遇

薪酬委員會之職權範圍書已登載於本公司及聯交所網站內，亦可向公司秘書要求提供查閱。

The Board (Continued)
Duties and responsibilities of SLT

- Assist the Board in setting the policies and strategies
- Execute the policies and strategic plans set by the Board
- Supervise the businesses of the subsidiaries
- Assist and co-ordinate the operations of subsidiaries, and maximize the benefits for the Group

Currently, there are three committees, namely the Remuneration Committee, Audit Committee and Health, Safety and Environment Committee. All the Board committees are empowered by the Board under their own terms of reference.

The Remuneration Committee and Remuneration of Directors and Senior Management

The Remuneration Committee was formed in June 2005. During the year ended 31 December 2017, the Remuneration Committee consisted of one Non-executive Director and three Independent Non-executive Directors. Mr. Ng Siu Ping was the chairman of the Remuneration Committee. Major roles and functions of the Remuneration Committee include:

- establishing a formal and transparent procedure for developing remuneration policy
- making recommendation to the Board on the Group's policy and structure for the remuneration of Directors and senior management
- determining the remuneration packages of all individual Executive Directors and senior management

The terms of reference of the Remuneration Committee is available on the Company's website, Stock Exchange's website and from the Company Secretary upon request.



薪酬委員會及董事及高級管理層之薪酬 (續)

截至二零一七年十二月三十一日止年度，薪酬委員會舉行了兩次正式會議，各成員於有關會議之出席次數載列如下：

成員	Member	出席率 Attendance
吳紹平先生	Mr. Ng Siu Ping	2/2
唐滙棟先生	Mr. Tong Wui Tung	2/2
黃廣志先生	Mr. Wong Kong Chi	2/2
古遠芬先生	Mr. Ku Yuen Fun	2/2

於該等會議上，薪酬委員會：

- 評核執行董事之表現
- 審議及釐定執行董事及高級管理人員二零一七年的調薪幅度
- 檢討二零一六年高級管理人員獎勵方案的成效及討論二零一七及二零一八年度的獎勵方案

董事酬金包括因管理本公司及其附屬公司事務而付給董事之款項。在截至二零一七年十二月三十一日止年度支付予本公司各董事及高級管理層的數額詳列於綜合財務報告附註6。

審核委員會

審核委員會於一九九八年十一月成立，在截至二零一七年十二月三十一日止年度內，由一位非執行董事及三位獨立非執行董事組成，主席為黃廣志先生。審核委員會主要職責如下：

- 審閱本集團財務資料
- 監管本集團財務申報制度、風險管理及內部監控系統
- 監察本集團與外聘核數師的關係

審核委員會之職權範圍已登載於本公司及聯交所網站內，並可向公司秘書要求提供查閱。

The Remuneration Committee and Remuneration of Directors and Senior Management (Continued)

During the year ended 31 December 2017, the Remuneration Committee held two meetings and the attendance of each member at these meeting is shown in the table below:

In these meetings, the Remuneration Committee:

- Assessed the performance of Executive Directors
- Reviewed and determined the salary adjustment for Executive Directors and senior management in 2017
- reviewed the effectiveness of the reward scheme for senior management in 2016 and discuss the reward scheme in 2017 and 2018

Directors' emoluments consisted of payments to Directors in connection with the management of the affairs of the Company and its subsidiaries. The fees paid to each Director and senior management for the year ended 31 December 2017 are set out in Note 6 to the consolidated financial statements.

The Audit Committee

The Audit Committee was formed in November 1998. During the year ended 31 December 2017, the Audit Committee comprised one Non-executive Director and three Independent Non-executive Directors and was chaired by Mr. Wong Kong Chi. Major duties of the Audit Committee include:

- reviewing financial information of the Group
- overseeing the Group's financial reporting system, risk management and internal control procedures
- monitoring of the relationship between the Group and its external auditors

The terms of reference of the Audit Committee is available on the Company's website, Stock Exchange's website and from the Company Secretary upon request.



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審核委員會於截至二零一七年十二月三十一日止年度舉行了四次會議，各成員於有關會議之出席次數載列如下：

The Audit Committee held four meetings during the year ended 31 December 2017 and the attendance of each member at these meetings is shown in the table below:

成員	Member	出席率 Attendance
吳紹平先生	Mr. Ng Siu Ping	4/4
黃廣志先生	Mr. Wong Kong Chi	4/4
古遠芬先生	Mr. Ku Yuen Fun	4/4
唐滙棟先生	Mr. Tong Wui Tung	4/4

在該等會議中，審核委員會：

In these meetings, the Audit Committee:

- 在本集團二零一六年度及二零一七年年中期業績提交董事會批准前對其進行審閱。在進行審閱的過程中，審核委員會專注於本集團表現與上年業績之重大偏差，以及判斷、選擇及應用會計政策之主要範圍及遵守法律規定及監管規定
- 審閱內部審計部之報告，與內部審計主管就重大發現進行討論，檢討內部審計部的資源是否足夠及內部審計功能之有效性並批准內部審計計劃
- 按已設有之指引及程序審閱集團之風險管理及內部監控系統並進行檢討
- 與本集團之外聘核數師就核數計劃進行討論，按其保持獨立性之政策就其獨立性進行評估，以及檢討其所提供之非核數服務範圍
- 檢討集團在會計、內部審計及財務報告方面的資源、員工資歷及經驗是否足夠，以及員工所接受的培訓課程及有關預算是否足夠
- 批核集團之外聘核數師的酬金
- reviewed the 2016 annual and 2017 interim results before submitting to the Board for approval and in doing so, the committee focused on material deviations of the Group's performance from past year's results, major areas of judgment, selection and application of accounting policies and compliance with legal and regulatory requirements
- received reports from the internal audit department, discussed material findings with the head of internal audit, reviewed the adequacy of resources of the internal audit department and effectiveness of the internal audit function and approved the internal audit plan
- reviewed the effectiveness of the Group's risk management and internal control systems in accordance with established guidelines and procedures
- discussed the audit plan with the Group's external auditors and assessed its independence with reference to its policies for maintaining independence and reviewed the extent of non-audit services provided
- considered the adequacy of resources, staff qualifications and experience, training programmes and budget of the Group's accounting, internal audit and financial reporting function
- approved the audit fees paid to the Group's external auditors

審核委員會已於二零一八年三月十六日之審核委員會會議上審閱本集團截至二零一七年十二月三十一日止年度的經審核綜合財務報告。

An Audit Committee meeting was held on 16 March 2018 to review the Group's audited consolidated financial statements for the year ended 31 December 2017.



安全健康環保委員會

安全健康環保委員會（「安委會」）於二零一二年一月一日成立，以提高集團對健康、安全及環保工作的重視。在截至二零一七年十二月三十一日止年度內，安委會由三位獨立非執行董事組成，主席由古遠芬先生出任。安委會主要職責包括：

- 集團的「安全健康環保政策」的採納及更新
- 集團對健康、安全及環保的風險胃納的釐定
- 管理集團就「健康安全環保」的監控環境（包括組織架構、獎懲制度、資源投放、作業文化等）

安委會之職權範圍已登載於本公司網站內，並可向公司秘書要求提供查閱。

安委會於截至二零一七年十二月三十一日止年度舉行了三次會議，各成員於有關會議之出席次數載列如下：

成員	Member	出席率 Attendance
古遠芬先生	Mr. Ku Yuen Fun	3/3
黃廣志先生	Mr. Wong Kong Chi	3/3
吳紹平先生	Mr. Ng Siu Ping	3/3

在該等會議中，安委會：

- 審閱並修訂本集團安委會政策以及委員會的職權範圍
- 檢討與修訂了集團安健環事故管理政策、高層團隊入廠巡查要求、培訓政策
- 審閱由集團安健環部草擬的年度廠房巡查計劃
- 監察健康安全環保政策的實施及出席營運點安全巡查

Health, Safety and Environment Committee

The Health, Safety and Environment (“HSE”) Committee was established on 1 January 2012 in order to enhance the importance of the health, safety and environmental protection works to the Group. During the year ended 31 December 2017, the HSE Committee comprised three Independent Non-executive Directors members and was chaired by Mr. Ku Yuen Fun. Major duties of the HSE Committee include:

- the adoption and renewal of the Group’s health, safety and environment policies
- the determining of the Group’s appetite for health, safety and environment risk
- managing the Group’s monitoring environment for health, safety and environment matters, including organization structure, reward and punishment systems, resource inputs, operation culture, etc.

The terms of reference of the HSE Committee is available on the Company’s website and from the Company Secretary upon request.

During the year ended 31 December 2017, the HSE Committee held three meetings and the attendance of each member at these meetings is shown in the table below:

成員	Member	出席率 Attendance
古遠芬先生	Mr. Ku Yuen Fun	3/3
黃廣志先生	Mr. Wong Kong Chi	3/3
吳紹平先生	Mr. Ng Siu Ping	3/3

In these meetings, the HSE Committee:

- reviewed and amended the HSE policy as well as the terms of reference of the HSE Committee of the Group
- reviewed and revised the Group’s HSE accident management policy, senior management’s inspection of operation sites requirements and training policies
- approved an annual schedule and plan for inspection of operation sites drafted by the HSE department
- supervised the implementation of HSE policies as well as attended safety inspection of an operating site



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問責及核數 董事及核數師需承擔的責任

董事承認彼等編製本集團財務報表及彼等向股東發佈公告之責任，並承諾就本集團之表現、狀況及前景作出均衡、清晰及全面之評估。董事會並不知悉任何可能對本集團繼續作持續經營之能力產生嚴重懷疑之重大不確定因素。

核數師之報告責任於第81至88頁之獨立核數師報告內陳述。

風險管理及內部監控

董事會確認其對本集團風險管理及內部監控系統負責。系統旨在管理而非消除未能達成業務目標的風險，而且只能就重大失實陳述或損失作出合理而非絕對的保證。

此外，董事會透過以下架構及程序持續監督本集團的風險管理及內部監控系統：

- 成立不同董事委員會並制訂清晰的委員會職權範圍，以監控風險及控制主要業務活動。董事委員會定期直接與集團高層管理人員溝通，並向董事會匯報重大發現及就提升集團風險管理及內部監控系統的有效性提出建議。
- 董事會授權集團管理人員進行業務活動，同時推行集團政策及建立集團權限，以確保有關活動審慎進行並於風險與回報之間取得平衡。根據集團政策及集團權限，集團管理人員需定期向董事會匯報主要營運風險及在進行重大交易前取得董事會審批。

Accountability and Audit Directors' and Auditors' responsibilities

The Directors acknowledge their responsibilities for preparing the financial statements of the Group and their announcements to shareholders and commit to the presentation of a balanced, clear and comprehensive assessment of the Group's performance, position and prospects. The Board is not aware of any material uncertainties that may cast significant doubt upon the Group's ability to continue as a going concern.

The Auditors' reporting responsibilities are stated in the Independent Auditors' Report on pages 81 to 88.

Risk Management and Internal Control

The Directors acknowledge their responsibility for the risk management and internal control systems of the Group. The systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable but not absolute assurance against material misstatement or loss.

Furthermore, the Board oversees the Group's risk management and internal control systems on an ongoing basis through the following structures and processes:

- Various Board sub-committees are set up with clear terms of reference to monitor risks and controls of key business activities. These Board sub-committees engage directly with senior management of the Group regularly and report to the Board on material findings and make recommendations to improve the effectiveness of the Group's risk management and internal control systems.
- Whilst the Board delegates wide powers to the management to conduct business activities, it also promulgates Group Policies (GPs) and establishes Group Authorization Limits (GAs) to ensure that such activities are conducted prudently and that proper balance is maintained between risks and rewards. Under these GPs and GAs, management is required to report to the Board regularly on major operational risks and to seek Board's specific approval on material transactions.



風險管理及內部監控 (續)

董事會每年：

- 接收各董事委員會提交的年度報告，該等報告總結各董事委員會過往一年的業務及來年的重點工作；
- 每年檢討集團風險管理及內部監控系統的有效性，檢討方向包括：
 - 重大風險及其改變；
 - 財務匯報程序；
 - 上市規則遵守情況；
 - 重大監控失誤及不足之處；及
 - 集團財務及內審功能於資源、員工的資歷及經驗、人員培訓及預算方面是否足夠

董事會於二零一三年採納本集團資訊政策及處理內部資訊指引，並於二零一六年十二月一日修訂上述政策及指引。本集團已成立團隊以管理及控制內幕消息（「內幕消息團隊」）。內幕消息團隊成員包括任何董事會成員、集團財務總裁、公司秘書部代表及任何授權人員。內幕消息團隊成員審查及監督本集團的活動以識別是否存在任何內幕消息，並及時作出準確及充分的披露。

本公司設有內部審計功能。內部審計部於一九九七年成立，獨立地監察內部監控程序之實施及符合集團政策，並就內部監控系統之有效性提出建議。內審部主管同時向何世豪先生（本集團財務總裁、本公司執行董事及公司秘書及領導團隊成員）及審核委員會匯報。

Risk Management and Internal Control

(Continued)

Annually, the Board:

- Receives annual reports from each of its sub-committees which summarize the businesses covered during the past year and major work focus for the following year.
- Conducts an annual review of the effectiveness of the Group's risk management and internal control systems regarding:
 - significant risks and their changes;
 - financial reporting procedures;
 - listing rule compliance;
 - significant control failings and weaknesses; and
 - adequacy of resources, staff qualifications and experience, training and budget of the Group's financial and internal audit functions

The Board adopted "the Group Information Policy and Guidelines for Handling Inside Information" in 2013 and revised the aforesaid policy and guidelines on 1 December 2016. The Group formed a team to manage and control the inside information (the "IS Team"). The IS Team members include any Board members, the Chief Financial Officer, a representative from the Company Secretarial Department and any authorised persons. The IS Team members review and monitor the Group's activities to identify if there is any inside information and to make accurate and adequate disclosure timely.

The Company has an internal audit function. The internal audit department was set up in 1997 to monitor independently the implementation of the internal control procedures, compliance with group policies and to make recommendations on the effectiveness of the internal control systems. The head of internal audit reports jointly to Mr. Ho Sai Hou (the Chief Financial Officer of the Group, an Executive Director and the Company Secretary of the Company and a member of SLT) and to the Audit Committee.



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核數師之酬金

截至二零一七年十二月三十一日止年度，已付予／應付予本集團外聘核數師德勤·關黃陳方會計師行之費用如下：

所提供之服務	Services rendered	付／應付酬金 Fee paid/payable 千港元 HK\$'000
審核服務	Audit services	3,830
非審核服務	Non-audit services	
審閱中期報告	Interim review	720
審核公積金	Audit of provident fund	4

股東權益

本公司只有一個類別的股份。所有股份有相同的投票權及有權獲得宣派的股息。股東權益（除其他事項外）已列載於本公司的重列組織章程細則（「重列章程細則」）及開曼群島公司法。

股東召開股東大會的權利與程序

根據重列章程細則第68條，股東大會可應本公司兩名或以上股東之書面要求而召開，有關要求須送達本公司於香港之主要營業地點（或倘本公司不再設置上述主要營業地址，則為註冊辦事處），當中列明大會之主要商議事項並由請求人簽署，惟該等請求人於送達要求之日須持有本公司不少於十分之一附帶於本公司股東大會投票權之繳足股本。

股東大會亦可應本公司任何一名股東（彼為一間認可結算所（或其代理人））之書面要求而召開，有關要求須送達本公司於香港之主要營業地點（或倘本公司不再設置上述主要營業地址，則為註冊辦事處），當中列明大會之主要商議事項並由請求人簽署，惟該請求人於送達要求之日須持有本公司不少於十分之一附帶於本公司股東大會投票權之繳足股本。

Auditor's Remuneration

For the year ended 31 December 2017, the fee paid/payable to the Group's external auditor, Messrs. Deloitte Touche Tohmatsu, is set out as follows:

Shareholders' Rights

The Company has only one class of shares. All shares have the same voting rights and are entitled to all dividends declared. The rights of the shareholders are set out in, amongst others, the restated articles of association of the Company (the "Restated Articles") and the Companies Law of the Cayman Islands.

Rights and Procedures for Shareholders to convene a General Meeting

Pursuant to Article 68 of the Restated Articles, a general meeting shall be convened on the written requisition of any two or more shareholders deposited at the principal place of business of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office specifying the objects of the meeting and signed by the requisitionists, provided that such requisitionists held as at the date of deposit of the requisition not less than one-tenth of the paid-up capital of the Company which carries the rights of voting at the general meeting.

A general meeting may also be convened on the written requisition of any one shareholder which is a recognized clearing house (or its nominee) deposited at the principal place of business of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office specifying the objects of the meeting and signed by the requisitioner, provided that such requisitioner held as at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company which carries the right of voting at the general meeting of the Company.



股東召開股東大會的權利與程序 (續)

倘董事會於送達要求之日起計二十一日內並無按既定程序於往後的二十八日內召開大會，則請求人自身或代表彼等所持全部投票權50%以上之任何請求人可按盡量接近董事會召開大會之相同方式召開股東大會，惟按上述方式召開之任何大會不得於送達有關要求之日起計三個月屆滿後召開，且本公司須向請求人償付因應董事會未有召開大會而致使彼等須召開大會所合理產生之所有開支。

根據重列章程細則第116條，概無任何退任董事外之人士（除非獲董事會推薦）有資格於股東大會上參選董事一職，除非於一段為期最少七日之期間（須不早於寄發指定進行選舉之大會之通告後一日開始，且不遲於有關大會日期前七日結束）內，由一名有權出席有關通告所指之大會並於會上投票之本公司股東（並非獲建議參選之人士）向公司秘書發出其有意建議該名人士參選之書面通知，而該名獲建議參選之人士亦發出書面簽署通知表明其參選之意願。

於股東大會上提呈建議

有關遞呈必須列明會議目的，並由遞呈要求人士按上述「股東召開股東大會的權利與程序」指引簽署及將相關文件送到本公司位於香港的總部及主要營業地點，且可由多份相類似之文件（各文件須由一名或多名遞呈要求人士簽署）組成。

向董事會提出詢問

股東可以書面形式向董事會提出詢問。股東可將相關書面詢問郵寄到公司位於香港的總部及主要營業地點，或透過本公司網頁(www.yipschemical.com)的「聯絡我們」以電郵方式提出。

Rights and Procedures for Shareholders to convene a General Meeting (Continued)

If the Board does not within 21 days from the date of deposit of the requisition proceed duly to convene the meeting to be held within a further 28 days, the requisitionist(s) themselves or any of them representing more than one-half of the total voting rights of all of them, may convene the general meeting in the same manner, as nearly as possible, as that in which meetings may be convened by the Board provided that any meeting so convened shall not be held after the expiration of three months from the date of deposit of the requisition, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to them by the Company.

Pursuant to Article 116 of the restated Articles, no person other than a retiring Director shall, unless recommended by the Board, be eligible for election to the office of Director at any general meeting unless, during the period, which shall be at least 7 days, commencing no earlier than the day after the dispatch of the notice of the meeting appointed for such election and ending no later than 7 days prior to the date of such meeting, there has been given to the Company Secretary notice in writing by a member of the Company (not being the person to be proposed), entitled to attend and vote at the meeting for which such notice is given, of his intention to propose such person for election and also notice in writing signed by the person to be proposed of his willingness to be elected.

Putting Forward Proposals at Shareholders' Meeting

The requisition must state the purposes of the meeting, and must be signed by the requisitionists and deposited at the head office and Hong Kong principal place of business of the Company, and may consist of several documents in like form each signed by one or more requisitionists.

Right to put enquiries to the Board

Shareholders may send their written enquiries to the Company by post to the head office and Hong Kong principal place of business of the Company or via e-mail through the Company's website (please refer to "Contact Us" at www.yipschemical.com).



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股東會議

董事會致力與本公司股東（「股東」）維持溝通，為此本公司透過週年股東大會及其他股東大會與股東直接交流。

二零一七年週年股東大會於二零一七年六月六日舉行。各董事於是次會議之出席情況載列如下：

Shareholders' Meetings

The Board strives to maintain an on-going dialogue with the Shareholders and in particular, through annual general meeting to communicate with Shareholders directly.

The 2017 AGM was held on 6 June 2017. The attendance of each Director at this meeting is shown in the table below:

執行董事：	Executive Directors:	股東週年大會出席率 AGM Attendance
葉子軒先生	Mr. Yip Tsz Hin	1/1
王旭先生	Mr. Wong Yuk	1/1
何世豪先生	Mr. Ho Sai Hou	1/1
鄭國照先生 ¹	Mr. Kwong Kwok Chiu ¹	1/1

1 鄭國照先生於二零一八年一月一日起辭任執行董事

1 Mr. Kwong Kwok Chiu resigned as Executive Director with effect from 1 January 2018.

非執行董事：	Non-executive Directors:	股東週年大會出席率 AGM Attendance
葉志成先生	Mr. Ip Chi Shing	1/1
唐滙棟先生	Mr. Tong Wui Tung	1/1

獨立非執行董事：	Independent Non-executive Directors:	股東週年大會出席率 AGM Attendance
黃廣志先生	Mr. Wong Kong Chi	1/1
古遠芬先生	Mr. Ku Yuen Fun	1/1
吳紹平先生	Mr. Ng Siu Ping	1/1

截至二零一七年十二月三十一日止年度，本公司的組織章程文件並無重大變動。重列組織章程細則更新版本已登載於本公司及聯交所網站內，並可向公司秘書要求提供查閱。

During the year ended 31 December 2017, there is no change in the Company's constitutional documents. The latest version of the Restated Articles of the Company is available on the Company's website, Stock Exchange's website and from the Company Secretary upon request.



投資者關係及股東通訊

本集團致力在業務上每個環節維持高水平企業管治，適時向投資者及股東提供準確及具透明度的資訊，力求與持份者保持良好的雙向溝通。

本集團深明與投資者和股東保持適時溝通之重要性。因此，本集團投資者關係及企業傳訊部定期與投資者和股東會面，透過持續性的對話，建立長期的良好關係。本集團每年在公佈中期及全年業績後隨即舉行大型投資者簡介會或電話會議，並且其後安排網上錄播，讓關注本集團業績的香港、國內及海外的投資者及股東能適時了解本集團的營運表現及重大的企業發展。本集團亦會在公佈業績後主動與投資者及股東安排一對一會面或電話會議，由管理層解答問題，確保他們對公司的業績及發展有透徹的了解。本集團每年舉辦股東週年大會，通過直接和公開的對話，與股東保持良好的互動溝通。

二零一七年本集團投資者關係及企業傳訊部安排與本地、國內及海外股東、機構投資者、基金經理及研究分析員進行接近20次面對面會議或電話會議；年內本集團投資者關係及企業傳訊部接見了約55名本地、國內及海外投資者。該部門亦會根據需要安排投資者及股東參觀本集團的廠房，讓他們親身了解各業務的生產流程及營運情況。

Investor Relations and Communication with Shareholders

The Group strives to maintain a high level of corporate governance in every facet of its business; provide investors and shareholders with accurate, transparent and timely information; and seek good two-way communication with stakeholders.

The Group fully understands the importance of maintaining timely communication with investors and shareholders. In this regard, the Group's Investor Relations and Corporate Communications Department regularly holds meetings with investors and shareholders so as to build a good long-term relationship through continuing dialogues. Immediately after the announcement of interim and annual results every year, the Group will hold an investor briefing or audio conference. A webcast or recorded audio conference will also be hosted subsequently so that investors and shareholders from Hong Kong, the mainland or the overseas will be able to learn timely of the Group's operating performance and major development. After the results announcements the Group will also take the initiative to arrange meetings or teleconferences with investors and shareholders where the management will answer their questions to ensure that they have a thorough understanding of the results and development. In the annual general meeting of shareholders every year, the Group is able to maintain good interactive communication with shareholders through direct and open dialogues.

In 2017, the Investor Relations and Corporate Communications Department arranged around 20 face-to-face meetings or teleconferences with shareholders, institutional investors, fund managers and analysts from Hong Kong, the mainland and the overseas; the department met around 55 investors from Hong Kong, the mainland and the overseas in the year. In case of need, it would also arrange visits of the Group's plants for investors and shareholders so that they can understand the production process of each of the businesses and gain a better grasp of its operational situation.



投資者關係及股東通訊

(續)

除了與機構投資者會面，本集團亦重視與零售投資者的溝通。因此，於年內舉辦了傳媒溝通會及經紀簡介會，向媒體更新集團最新的發展情況，藉此提升集團於零售投資者層面的知名度。為確保本集團的重要資訊能夠適時及公平地發佈，本集團廣泛利用集團網站上載中期及全年財務報告、公告、新聞稿和簡報等資料，讓投資者和股東可快捷方便地於網站內查閱及下載所需資料，讓各界緊貼集團的最新業務發展。本集團亦建立葉氏化工面書(Facebook)專頁及微信(WeChat)訂閱號，定期發放集團的最新資訊，亦藉此兩社交平台增加與本地、國內及海外持份者的交流。

Investor Relations and Communication with Shareholders *(Continued)*

In addition to meeting with institutional investors, the Group also values its communication with retail investors. Therefore media briefings and broker presentation were held in the year to update the media the Group's latest development and to raise the Group's profile at the retail investor level. To ensure the timely and fair announcement of important information about the Group, the Group is extensively using its corporate website for uploading interim and annual financial statements, announcements, press releases and presentation materials. Investors and shareholders can thus quickly and easily browse or download the information they need so that they can keep abreast of the latest development of the Group. The Group has also set up Yip's Chemical Facebook page and WeChat subscription page for posting the Group's latest information regularly. The Group expects to enhance constructive and engaging conversations with various stakeholders from Hong Kong, the mainland and the overseas through these social media platforms.



Deloitte.

德勤

致葉氏化工集團有限公司股東
(於開曼群島註冊成立之有限公司)

To the Shareholders of Yip's Chemical Holdings Limited
(incorporated in the Cayman Islands with limited liability)

意見

本核數師行已審核刊載於第89頁至第212頁有關葉氏化工集團有限公司(「貴公司」)及其附屬公司(統稱為「貴集團」)的綜合財務報告。此綜合財務報告包括於二零一七年十二月三十一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，以及綜合財務報告附註，包括主要會計政策概要。

本行認為，該等綜合財務報告已根據香港會計師公會(「香港會計師公會」)頒佈的香港財務報告準則(「香港財務報告準則」)真實而公平地反映 貴集團於二零一七年十二月三十一日的綜合財務狀況及 貴集團於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適用之披露規定妥為編製。

意見的基礎

本行已根據香港會計師公會頒佈的香港核數準則(「香港核數準則」)進行審核。本行就該等準則承擔的責任在本報告綜合財務報告審核一節作進一步闡述。根據香港會計師公會的專業會計師道德守則(「守則」)，本行獨立於 貴集團，並已履行守則中的其他道德責任。本行相信，本行所獲得的審核憑證充足及適當地為本行的審核意見提供基礎。

Opinion

We have audited the consolidated financial statements of Yip's Chemical Holdings Limited (the "Company") and its subsidiaries (collectively referred to as "the Group") set out on pages 89 to 212, 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, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

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.

獨立核數師報告

Independent Auditor's Report

關鍵審核事項

關鍵審核事項是根據本行的專業判斷，認為對審核本期綜合財務報告最為重要的事項。該等事項在本行審核整體綜合財務報告及出具意見時進行處理，而本行不會對該等事項提供單獨的意見。

關鍵審核事項	我們的審核如何處理關鍵審核事項
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貿易應收賬款之估值

本行識別貿易應收賬款之估值為關鍵審核事項，原因是呆賬撥備按管理層的估計及判斷計提。於釐定呆賬撥備時，管理層會考慮貿易應收賬款的客戶的信貸記錄、結算模式、其後結算及賬齡分析。

請參閱綜合財務報告附註22。

本行就貿易應收賬款進行估值的程序包括：

- 了解 貴集團就貿易應收賬款的撥備政策及管理層對貿易應收賬款之可收回性的評估；
- 評估 貴集團貿易應收賬款的撥備政策的合理性；
- 抽樣測試貿易應收賬款的賬齡分析之支持文件；及
- 抽樣測試貿易應收賬款其後結算之支持文件。

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.

Key audit matter	How our audit addressed the key audit matter
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Valuation of trade receivables

We identified the valuation of trade receivables as a key audit matter as the allowance for doubtful debts is based on estimation and judgement by management. In determining the allowance for doubtful debts, management considers the customers' credit history, settlement patterns, subsequent settlements and aging analysis of the trade receivables.

Refer to note 22 to the consolidated financial statements.

Our procedures in relation to valuation of trade receivables included:

- Obtaining an understanding of the Group's provision policy on trade receivables and management's assessment on the recoverability of trade receivables;
- Evaluating the reasonableness of the Group's provision policy on trade receivables;
- Testing the aging analysis of trade receivables, on a sample basis, to the supporting documents; and
- Testing the subsequent settlement of trade receivables, on a sample basis, to the supporting documents.

關鍵審核事項 (續)

Key Audit Matters (Continued)

關鍵審核事項	我們的審核如何處理關鍵審核事項	Key audit matter	How our audit addressed the key audit matter
存貨估值	<p>本行識別存貨估值為關鍵審核事項，原因是存貨撥備按管理層於報告期末後就識別過時存貨及製成品的估計銷售價格作出的估計及判斷作出。根據管理層對存貨可變現淨值之評估，經考慮估計存貨的完成成本、現時市況、賬齡分析及其後銷售價格，就存貨計提撥備。</p> <p>我們就存貨估值的程序包括：</p> <ul style="list-style-type: none"> • 了解 貴集團就存貨撥備的撥備政策及管理層對存貨撥備的評估； • 評估 貴集團對存貨的撥備政策的合理性； • 抽樣測試存貨的賬齡分析之支持文件；及 • 抽樣測試存貨的其後銷售或使用之支持文件。 <p>請參閱綜合財務報告附註21。</p>	<p><i>Valuation of inventories</i></p> <p>We identified the valuation of inventories as a key audit matter as the allowance for inventories is made based on management's identification of aged or obsolete inventories and estimation and judgement on estimating selling prices of finished goods subsequent to the end of reporting period. Allowance is applied to inventories based on assessment of net realisable value by management, by considering the estimated costs of completion, current market conditions, aging analysis and subsequent selling prices of the inventories.</p> <p>Refer to note 21 to the consolidated financial statements.</p>	<p>Our procedures in relation to valuation of inventories included:</p> <ul style="list-style-type: none"> • Obtaining an understanding of the Group's provision policy on inventory and management's assessment on the allowance for inventories; • Evaluating the reasonableness of the Group's provision policy on inventories; • Testing the aging analysis of inventories, on a sample basis, to the supporting documents; and • Testing the subsequent sales or usage of inventories, on a sample basis, to the supporting documents.

獨立核數師報告

Independent Auditor's Report

關鍵審核事項 (續)

關鍵審核事項	我們的審核如何處理關鍵審核事項
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中華人民共和國(「中國」)附屬公司未分配溢利應佔之暫時差異之遞延稅項

我們識別中國附屬公司未分配溢利應佔之暫時差異之遞延稅項為關鍵審核事項，原因是該遞延稅項涉及管理層就該等附屬公司股息分派計劃的決定。根據股息分派計劃，管理層估計將獲中國附屬公司分派的金額，並據此確認遞延稅項撥備。股息分派計劃的任何變動可能對應付預扣稅造成重大影響。

請參閱綜合財務報告附註27。

我們就貴集團對中國附屬公司未分配溢利應佔之暫時差異之遞延稅項估計的程序包括：

- 從管理層了解中國所有附屬公司的最新股息分派計劃，以及彼等的判斷及考慮；
- 獲得管理層編製的遞延稅項賬目變動情況及核證年內中國附屬公司實際已付預扣稅；及
- 評估計算遞延稅項時採納的預扣稅率的適當性及合理性，並與管理層討論已確認遞延稅項的充裕性。

Key Audit Matters (Continued)

Key audit matter	How our audit addressed the key audit matter
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Deferred tax in respect of temporary differences attributable to the undistributed profits of subsidiaries in the People's Republic of China (the "PRC")

We identified deferred tax in respect of temporary differences attributable to the undistributed profits of subsidiaries in the PRC as a key audit matter, as it involves the determination by management on the dividend distribution plan of these subsidiaries. Based on the dividend distribution plan, management estimates the amount to be distributed from subsidiaries in the PRC and recognises the provision for deferred taxation accordingly. Any change to the dividend distribution plan could potentially have a significant effect on the withholding tax payable.

Refer to note 27 to the consolidated financial statements.

Our procedures in relation to Group's estimation of deferred tax in respect of temporary differences attributed to the undistributed profits of subsidiaries in the PRC included:

- Understanding from management the latest dividend distribution plan for all subsidiaries in the PRC and their judgement and consideration thereon;
- Obtaining the deferred taxation account movements prepared by management and verifying the actual withholding tax paid by the subsidiaries in the PRC during the year; and
- Evaluating the appropriateness and reasonableness of the withholding tax rate adopted for deferred tax calculation and discussing with management on the adequacy on the deferred tax being recognised.

其他資料

貴公司董事須對其他資料負責。其他資料包括年報內的所有資料，但不包括綜合財務報告及本行的核數師報告。

本行對綜合財務報告的意見並不涵蓋其他資料，本行亦不對該等其他資料發表任何形式的鑒證結論。

結合本行對綜合財務報告的審核，本行的責任是閱讀其他資料，在此過程中，考慮其他資料是否與綜合財務報告或我們在審核過程中所了解的情況存在重大抵觸或者似乎存在重大錯誤陳述的情況。基於本行已執行的工作，如果本行認為其他資料存在重大錯誤陳述，本行需要報告該事實。在這方面，本行沒有任何報告。

董事及管治層就綜合財務報告須承擔的責任

貴公司董事須負責根據香港會計師公會頒佈的香港財務報告準則及香港公司條例的披露規定編製真實而中肯的綜合財務報告，並對其認為為使綜合財務報告的編製不存在由於欺詐或錯誤而導致的重大錯誤陳述所需的內部控制負責。

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

管治層須負責監督貴集團的財務報告過程。

Other Information

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

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

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

Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

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

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

獨立核數師報告

Independent Auditor's Report

核數師就審核綜合財務報告須承擔的責任

本行的目標，是對綜合財務報告整體是否不存在由於欺詐或錯誤而導致的重大錯誤陳述取得合理保證，並僅向閣下（作為整體）按照我們所協定的應聘條款出具包括本行意見的核數師報告，除此之外，本報告別無其他目的。本行不會就本報告的內容向任何其他人士負上或承擔任何責任。合理保證是高水平的保證，但不能保證按照香港核數準則進行的審核，在某一重大錯誤陳述存在時總能發現。錯誤陳述可以由欺詐或錯誤引起，且倘合理預期該錯誤陳述（個別或整體）影響綜合財務報告使用者的經濟決策，則被視為重大錯誤陳述。

在根據香港核數準則進行審核的過程中，我們運用了專業判斷，保持了專業懷疑態度。我們亦：

- 識別和評估由於欺詐或錯誤而導致綜合財務報告存在重大錯誤陳述的風險，設計及執行審核程序以應對這些風險，以及獲取充足和適當的審核憑證，作為本行意見的基礎。由於欺詐可能涉及串謀、偽造、蓄意遺漏、虛假陳述，或凌駕於內部控制之上，因此未能發現因欺詐而導致的重大錯誤陳述的風險高於未能發現因錯誤而導致的重大錯誤陳述的風險。
- 了解與審核相關的內部控制，以設計適當的審核程序，但目的並非對貴集團內部控制的有效性發表意見。
- 評價董事所採用會計政策的恰當性及作出會計估計和相關披露的合理性。

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

核數師就審核綜合財務報告須承擔的責任 (續)

- 對董事採用持續經營會計基礎的恰當性作出結論。根據所獲取的審核憑證，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。如果本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告中的相關披露，或假若有關的披露不足，則修訂本行的意見。本行的結論是基於核數師報告日止所取得的審核憑證。然而，未來事項或情況可能導致貴集團不能持續經營。
- 評價綜合財務報告的整體列報方式、結構和內容，包括披露，以及綜合財務報告是否中肯地呈列相關交易和事項。
- 就貴集團內實體或業務活動的財務資料獲取充足、適當的審核憑證，以便對綜合財務報告發表意見。本行負責集團審核的方向、監督和執行。本行為審核意見承擔全部責任。

本行與管治層溝通審核的計劃範圍及時間以及重大審核發現等，其中包括本行在審核中識別出內部控制的任何重大不足之處。

本行亦向管治層提交聲明，表明本行已符合有關獨立性的相關專業道德要求，並與彼等溝通可能合理被認為會影響本行獨立性的所有關係及其他事項以及在適用的情況下相關的防範措施。

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

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

獨立核數師報告

Independent Auditor's Report

核數師就審核綜合財務報告須承擔的責任 (續)

從與管治層溝通的事項中，我們確定哪些事項對本期綜合財務報告的審核最為重要，因而構成關鍵審核事項。我們在核數師報告中描述該等事項，除非法律法規不允許公開披露該等事項，或在極端罕見的情況下，如果合理預期在我們報告中溝通某事項造成的負面後果超過產生的公眾利益，我們決定不應在報告中溝通該事項。

出具本獨立核數師報告的審核項目合夥人是曾志偉。

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (Continued)

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

The engagement partner on the audit resulting in the independent auditor's report is Tsang Chi Wai.

德勤•關黃陳方會計師行

執業會計師

香港

二零一八年三月二十一日

Deloitte Touche Tohmatsu
Certified Public Accountants

Hong Kong

21 March 2018

綜合損益及其他全面收益表
Consolidated Statement of Profit or Loss and Other Comprehensive Income

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

		附註 Notes	二零一七年 2017 千港元 HK\$'000	二零一六年 2016 千港元 HK\$'000
營業額	Revenue	5	10,280,001	8,555,646
銷售成本	Cost of sales		(8,739,490)	(6,967,660)
毛利	Gross profit		1,540,511	1,587,986
其他收入	Other income		55,316	61,234
其他收益及虧損	Other gains and losses	7	18,218	(50,004)
銷售及經銷費用	Selling and distribution expenses		(422,161)	(421,390)
一般及行政費用	General and administrative expenses		(744,660)	(726,439)
財務費用	Finance costs	8	(56,269)	(59,475)
除稅前溢利	Profit before taxation	9	390,955	391,912
稅項	Taxation	10	(136,269)	(148,744)
本年純利	Profit for the year		254,686	243,168
其他全面收益(支出)：	Other comprehensive income (expense):			
不會重新分類到 損益的項目：	Items that will not be reclassified to profit or loss:			
因折算至呈報貨幣 而產生之匯兌差額	Exchange differences arising on translation to presentation currency		350,697	(259,436)
轉入投資物業時 重估物業、 廠房及設備 — 重估盈餘 — 遞延稅項	Revaluation of property, plant and equipment upon transfer to investment property – Surplus on revaluation – Deferred taxation		31,702 –	77,487 (29,839)
			382,399	(211,788)
其後可能會重新分類到 損益的項目：	Items that may be reclassified subsequently to profit or loss:			
現金流對沖時對沖工具 公允值變化 — 利率掉期合約 — 遠期合約	Fair value change on hedging instruments in cash flow hedge – Interest rate swap contracts – Forward contracts		(1,379) 88	14,303 (88)
因折算海外業務 而產生之匯兌差額	Exchange differences arising on translation of foreign operations		24,443	(12,803)
			23,152	1,412
本年其他全面收益 (支出)	Other comprehensive income (expense) for the year		405,551	(210,376)
本年全面收益總額	Total comprehensive income for the year		660,237	32,792

綜合損益及其他全面收益表

Consolidated Statement of Profit or Loss and Other Comprehensive Income

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

		二零一七年 2017 千港元 HK\$'000	二零一六年 2016 千港元 HK\$'000
	附註 Note		
本年純利應佔份額：	Profit for the year attributable to:		
本公司股東	Owners of the Company	170,560	169,343
非控股權益	Non-controlling interests	84,126	73,825
		254,686	243,168
本年全面收益（支出）	Total comprehensive income (expense)		
總額應佔份額：	for the year attributable to:		
本公司股東	Owners of the Company	534,100	(11,842)
非控股權益	Non-controlling interests	126,137	44,634
		660,237	32,792
每股盈利	Earnings per share		
— 基本	— Basic	HK30.2 cents 港仙	HK30.0 cents港仙
— 攤薄	— Diluted	HK30.2 cents 港仙	HK30.0 cents港仙

綜合財務狀況表
Consolidated Statement of Financial Position

於二零一七年十二月三十一日 At 31 December 2017

		二零一七年 2017 千港元 HK\$'000	二零一六年 2016 千港元 HK\$'000
		附註 Notes	
非流動資產	Non-current assets		
物業、廠房及設備	Property, plant and equipment	13	1,688,920
預付土地租金	Prepaid lease payments	14	261,017
投資物業	Investment properties	15	332,771
可供出售投資	Available-for-sale investment	17	3,992
商譽	Goodwill	18	69,574
無形資產	Intangible assets	19	488
購買物業、廠房及 設備訂金	Deposits paid for acquisition of property, plant and equipment		31,865
其他非流動資產	Other non-current asset	20	4,600
衍生金融工具	Derivative financial instruments	25	3,449
			2,396,676
流動資產	Current assets		
存貨	Inventories	21	914,032
貿易應收款項及應收票據	Trade and bills receivables	22	3,444,933
其他應收賬款及預付款項	Other debtors and prepayments	22	352,994
預付土地租金	Prepaid lease payments	14	7,179
衍生金融工具	Derivative financial instruments	25	3,592
短期銀行存款 — 於三個月內到期	Short-term bank deposits — with original maturity within three months	23	57,723
銀行結餘及現金	Bank balances and cash	23	888,351
			5,668,804
持作出售之非流動資產	Non-current assets held for sale	16	2,666
			5,671,470
流動負債	Current liabilities		
應付賬款及應計費用	Creditors and accrued charges	24	1,917,464
應付稅款	Taxation payables		88,720
衍生金融工具	Derivative financial instruments	25	68
借貸—一年內到期	Borrowings – amount due within one year	26	1,208,148
			3,214,400
流動資產淨值	Net current assets		2,457,070
總資產減流動負債	Total assets less current liabilities		4,853,746
			4,948,343
			–
			4,948,343
			1,771,877
			72,002
			311
			789,848
			2,634,038
			2,314,305
			4,503,318

綜合財務狀況表

Consolidated Statement of Financial Position

於二零一七年十二月三十一日 At 31 December 2017

			二零一七年 2017 千港元 HK\$'000	二零一六年 2016 千港元 HK\$'000
	附註 Notes			
非流動負債		Non-current liabilities		
衍生金融工具	25	Derivative financial instruments	2	47
借貸—一年後到期	26	Borrowings – amount due after one year	1,260,257	1,456,471
遞延稅項負債	27	Deferred tax liabilities	42,309	41,812
			1,302,568	1,498,330
			3,551,178	3,004,988
股本及儲備		Capital and reserves		
股本	28	Share capital	56,389	56,381
儲備		Reserves	2,922,528	2,472,868
本公司股東應佔權益		Equity attributable to owners of the Company	2,978,917	2,529,249
非控股權益		Non-controlling interests	572,261	475,739
			3,551,178	3,004,988

董事會已於二零一八年三月二十一日批准及授權刊發第89頁至第212頁的綜合財務報告，並由以下董事代表簽署：

The consolidated financial statements on pages 89 to 212 were approved and authorised for issue by the Board of Directors on 21 March 2018 and are signed on its behalf by:

葉志成
董事

葉子軒
董事

IP CHI SHING
DIRECTOR

YIP TSZ HIN
DIRECTOR

綜合權益變動表 Consolidated Statement of Changes in Equity

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

		歸屬於本公司股東之權益 Attributable to owners of the Company												
		股本	股份溢價	購股權儲備	不可分派儲備	對沖儲備	匯兌儲備	法定儲備	資本回購儲備	物業重估儲備	保留溢利	合計	非控股權益	合計
		Share capital	Share premium	Share option reserve	Non-distributable reserve	Hedging reserve	Translation reserve	Legal reserve	Capital redemption reserve	Property revaluation reserve	Retained profits	Total	Non-controlling interests	Total
		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	千港元	千港元	千港元	千港元
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
					(附註a) (Note a)			(附註b) (Note b)						
於二零一六年一月一日	At 1 January 2016	56,371	504,539	7,233	67,666	(5,953)	139,188	84,040	5,416	38,321	1,697,638	2,594,459	449,740	3,044,199
本年純利	Profit for the year	-	-	-	-	-	-	-	-	-	169,343	169,343	73,825	243,168
因折算或呈報貨幣而產生之匯兌差額不會重新分類到損益	Exchange differences arising on translation to presentation currency that will not be reclassified to profit or loss	-	-	-	-	-	(230,281)	-	-	-	-	(230,281)	(29,155)	(259,436)
可能會重新分類到損益的因折算海外業務產生之匯兌差額	Exchange difference arising on translation of foreign operations that may be reclassified to profit or loss	-	-	-	-	-	(12,803)	-	-	-	-	(12,803)	-	(12,803)
現金流量對沖中對沖工具公允值之變化	Fair value change on hedging instruments in cash flow hedge	-	-	-	-	14,251	-	-	-	-	-	14,251	(36)	14,215
於轉入投資物業時重估物業、廠房及設備	Revaluation of property, plant and equipment upon transfer to investment property	-	-	-	-	-	-	-	-	77,487	-	77,487	-	77,487
- 重估盈餘	- Surplus on revaluation	-	-	-	-	-	-	-	-	(29,839)	-	(29,839)	-	(29,839)
- 遞延稅項	- Deferred taxation	-	-	-	-	-	-	-	-	-	-	-	-	-
本年全面收益(支出)總額	Total comprehensive income (expense) for the year	-	-	-	-	14,251	(243,084)	-	-	47,648	169,343	(11,842)	44,634	32,792
小計	Sub-total	56,371	504,539	7,233	67,666	8,298	(103,896)	84,040	5,416	85,969	1,866,981	2,582,617	494,374	3,076,991
因購股權獲行使而以溢價發行之股份	Shares issued at premium upon exercise of share options	10	205	(20)	-	-	-	-	-	-	-	195	-	195
取消購股權及轉讓至保留溢利	Share options cancelled and transfer to retained profits	-	-	(1,278)	-	-	-	-	-	-	1,278	-	-	-
註銷附屬公司之撥回	Release upon deregistration of subsidiaries	-	-	-	-	-	(10,771)	(9,911)	-	-	20,682	-	-	-
轉讓	Transfer	-	-	-	-	-	-	44,078	-	-	(44,078)	-	-	-
已付本公司股東股息	Dividends paid to owners of the Company	-	-	-	-	-	-	-	-	-	(53,563)	(53,563)	-	(53,563)
已付附屬公司非控股股東股息	Dividends paid to non-controlling shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	(18,635)	(18,635)
於二零一六年十二月三十一日	At 31 December 2016	56,381	504,744	5,935	67,666	8,298	(114,667)	118,207	5,416	85,969	1,791,300	2,529,249	475,739	3,004,988

綜合權益變動表

Consolidated Statement of Changes in Equity

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

		歸屬於本公司股東之權益 Attributable to owners of the Company												
		購股權儲備		不可分派儲備	對沖儲備	匯兌儲備	法定儲備	資本回購儲備	物業重估儲備	保留溢利	合計	非控股權益	合計	
股本	股份溢價	Share option reserve	Non-distributable reserve	Hedging reserve	Translation reserve	Legal reserve	Capital redemption reserve	Property revaluation reserve	Retained profits	Total	Non-controlling interests	Total		
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	千港元	千港元	千港元	千港元	千港元	
HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	HKS'000	
本年純利	Profit for the year	-	-	-	-	-	-	-	-	170,560	170,560	84,126	254,686	
因折算成呈報貨幣而產生之匯兌差額不會重新分類到損益	Exchange differences arising on translation to presentation currency that will not be reclassified to profit or loss	-	-	-	-	308,722	-	-	-	308,722	41,975	350,697		
可能會重新分類到損益的因折算海外業務產生之匯兌差額	Exchange difference arising on translation of foreign operations that may be reclassified to profit or loss	-	-	-	-	24,443	-	-	-	24,443	-	24,443		
現金流量對沖中對沖工具公允值之變化	Fair value change on hedging instruments in cash flow hedge	-	-	-	(1,327)	-	-	-	-	(1,327)	36	(1,291)		
於轉入投資物業時重估物業、廠房及設備	Revaluation of property, plant and equipment upon transfer to investment property	-	-	-	-	-	-	-	-	-	-	-	-	
—重估盈餘	— Surplus on revaluation	-	-	-	-	-	-	-	31,702	-	31,702	-	31,702	
本年全面(支出)收益總額	Total comprehensive (expense) income for the year	-	-	-	(1,327)	333,165	-	-	31,702	170,560	534,100	126,137	660,237	
小計	Sub-total	56,381	504,744	5,935	67,666	6,971	218,498	118,207	5,416	117,671	1,961,860	3,063,349	601,876	3,665,225
因購股權獲行使而以溢價發行之股份	Shares issued at premium upon exercise of share options	8	159	(15)	-	-	-	-	-	-	152	-	152	
就發行股份產生之成本	Cost incurred in connection with issue of shares	-	(1)	-	-	-	-	-	-	-	(1)	-	(1)	
取消購股權及轉賬至保留溢利	Share options cancelled and transfer to retained profits	-	-	(640)	-	-	-	-	-	640	-	-	-	
註銷附屬公司之撥回	Release upon deregistration of a subsidiary	-	-	-	-	(2,711)	-	-	-	2,711	-	-	-	
轉賬	Transfer	-	-	-	-	-	36,249	-	-	(36,249)	-	-	-	
已付本公司股東股息	Dividends paid to owners of the Company	-	-	-	-	-	-	-	-	(84,583)	(84,583)	-	(84,583)	
已付一間附屬公司非控股股東股息	Dividends paid to non-controlling shareholders of a subsidiary	-	-	-	-	-	-	-	-	-	-	(29,615)	(29,615)	
於二零一七年十二月三十一日	At 31 December 2017	56,389	504,902	5,280	67,666	6,971	215,787	154,456	5,416	117,671	1,844,379	2,978,917	572,261	3,551,178

附註：

- (a) 不可分派儲備指部份於中國的附屬公司將保留溢利用於資本再投資及以下各項之資金：(i)彌補以往年度虧損或(ii)擴大生產運作。
- (b) 不可分派之法定儲備為香港以外附屬公司根據有關註冊地點之法定要求撥入之溢利。

Notes:

- (a) The non-distributable reserve represents capitalisation of retained profits of certain subsidiaries established in the PRC for capital re-investment in these subsidiaries and funds shall be used to (i) make up prior year losses or (ii) expand production operations.
- (b) The legal reserve is non-distributable and represents the transfer of profits of a subsidiary outside Hong Kong pursuant to the legal requirements in the relevant place of registration.

綜合現金流量表
Consolidated Statement of Cash Flows

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

	二零一七年 2017 千港元 HK\$'000	二零一六年 2016 千港元 HK\$'000
經營業務之現金流	Cash flows from operating activities	
除稅前溢利	390,955	391,912
經以下調整：	Adjustments for:	
無形資產攤銷	740	1,203
預付土地租金攤銷	6,903	5,718
物業、廠房及設備之折舊	198,615	136,946
投資物業公允價值變化之收益	(44,079)	(5,125)
衍生金融工具公允價值之收益	-	(9,686)
財務費用	56,269	59,475
利息收入	(9,478)	(18,511)
出售／註銷物業、廠房及設備及土地使用權之虧損淨額	8,487	20,364
可供出售投資之減值虧損	1,971	-
呆壞賬準備	18,305	21,718
滯銷存貨準備	11,061	12,934
收回已作呆賬準備之款項	(709)	(5,017)
折算往來公司賬戶結餘之匯兌差額	(15,267)	24,067
未計營運資金變動前之經營業務現金流	623,773	635,998
存貨增加	(50,833)	(125,277)
貿易應收賬款及應收票據增加	(433,534)	(252,864)
其他應收賬款及預付款項減少(增加)	28,882	(94,397)
應付賬款及應計費用增加	20,321	322,590
營運所產生之現金	188,609	486,050
支付中國企業所得稅	(123,026)	(109,250)
經營業務所產生之淨現金	65,583	376,800
	Net cash from operating activities	

綜合現金流量表

Consolidated Statement of Cash Flows

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

		二零一七年 2017 千港元 HK\$'000	二零一六年 2016 千港元 HK\$'000
投資業務所用之現金流	Cash flows used in investing activities		
購買物業、廠房及設備	Purchase of property, plant and equipment	(145,383)	(42,005)
購買物業、廠房及設備之訂金	Deposits paid for acquisition of property, plant and equipment	(35,522)	(55,192)
購買投資物業	Purchase of investment properties	(17,961)	–
購買可供出售投資	Purchase of available-for-sale investment	(5,753)	–
已收利息	Interest received	9,478	18,511
出售物業、廠房及設備以及土地使用權所收之款項	Proceeds from disposal of property, plant and equipment and land use rights	1,003	3,229
存入多於三個月後到期之短期銀行存款	Placement of short-term bank deposits with original maturity more than three months	–	(100,000)
提取多於三個月後到期之短期銀行存款	Withdrawal of short-term bank deposits with original maturity more than three months	–	124,363
投資業務所用之淨現金	Net cash used in investing activities	(194,138)	(51,094)
融資業務產生(所用)之現金流	Cash flows from (used in) financing activities		
償還借貸	Repayment of borrowings	(1,158,102)	(2,749,751)
支付利息	Interest paid	(56,269)	(59,475)
支付股息	Dividends paid	(84,583)	(53,563)
支付附屬公司非控股股東股息	Dividends paid to non-controlling shareholders of subsidiaries	(29,615)	(18,635)
支付股份發行成本	Share issue cost paid	(1)	–
新增借貸	Borrowings raised	1,380,188	2,220,907
發行股份所得款項	Proceeds from issue of shares	152	195
融資業務所產生(所用)之淨現金	Net cash from (used in) financing activities	51,770	(660,322)
現金及現金等額淨減少	Net decrease in cash and cash equivalents	(76,785)	(334,616)
本年初時之現金及現金等額	Cash and cash equivalents at beginning of the year	971,103	1,349,905
匯率變動所產生之影響	Effect of foreign exchange rate changes	51,756	(44,186)
本年底時之現金及現金等額	Cash and cash equivalents at end of the year	946,074	971,103
現金及現金等額結餘分析	Analysis of balances of cash and cash equivalents		
銀行結餘及現金	Bank balances and cash	888,351	921,928
於三個月內到期之短期銀行存款	Short-term bank deposits with original maturity within three months	57,723	49,175
		946,074	971,103

1. 緒言

本公司為一間在開曼群島註冊成立之豁免公司，其股份於香港聯合交易所有限公司（「聯交所」）上市。本公司之註冊辦事處及主要營業地點於本年報公司資料內披露。

綜合財務報告以港元呈列，而本公司之功能貨幣為人民幣（「人民幣」）。本公司選擇港元作為其呈報貨幣之原因，是基於本公司股份乃於聯交所上市之公眾公司，而大部份投資者位於香港。

本公司為一間投資控股公司，其主要附屬公司從事製造及買賣溶劑、油墨、塗料及潤滑油業務。

2. 新訂及經修訂香港財務報告準則（「香港財務報告準則」）的應用

於本年度強制生效的經修訂香港財務報告準則

於本年度，本集團已首次應用以下由香港會計師公會（「香港會計師公會」）頒佈的香港財務報告準則之修訂：

香港會計準則 第7號之修訂	披露計劃
香港會計準則 第12號之修訂	就未變現虧損確認遞延 稅項資產
香港財務報告準則 第12號之修訂	作為香港財務報告準則 二零一四年至二零 一六年週期之年度改 進之一部分

1. General

The Company is an exempted company incorporated in the Cayman Islands and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The addresses of the registered office and principal place of business of the Company are disclosed in the corporate information to the annual report.

The consolidated financial statements are presented in Hong Kong dollars while the functional currency of the Company is Renminbi ("RMB"). The reason for selecting Hong Kong dollars as its presentation currency is because the Company is a public company with the shares listed on the Stock Exchange, where most of its investors are located in Hong Kong.

The Company is an investment holding company. Its principal subsidiaries are engaged in the manufacture of and trading in solvents, inks, coatings and lubricants.

2. Application of New and Revised Hong Kong Financial Reporting Standards ("HKFRSs")

Amendments to HKFRSs that are mandatorily effective for the current year

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

Amendments to HKAS 7	Disclosure Initiative
Amendments to HKAS 12	Recognition of Deferred Tax Assets for Unrealised Losses
Amendments to HKFRS 12	As part of the Annual Improvements to HKFRSs 2014 – 2016 Cycle

綜合財務報告附註

Notes to the Consolidated Financial Statements

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

2. 新訂及經修訂香港財務報告準則（「香港財務報告準則」）的應用（續）

於本年度強制生效的經修訂香港財務報告準則（續）

除下文描述之外，於本年度採用香港財務報告準則之修訂，對本集團於本年度及過往年度之財務表現及財務狀況及／或載於該等綜合財務報告內之披露並無重大影響。

香港會計準則第7號之修訂「披露計劃」

本集團已於本年度首次應用該修訂。該修訂要求實體作出披露，以便財務報表的使用者可評估融資活動所引致的負債變動，包括現金及非現金變動。此外，該修訂亦要求，當金融資產的現金流量已經或其未來現金流量將會計入融資活動的現金流量時，實體須披露有關金融資產的變動。

具體而言，該修訂要求披露下列各項：(i)融資現金流量的變動；(ii)取得或失去附屬公司或其他業務控制權所引起的變動；(iii)外幣匯率變動的影響；(iv)公允值的變動；及(v)其他變動。

該等項目之年初及年終結餘之間之對賬於附註31提供。與該修訂之過渡條文相符，本公司並無披露上一年度之比較資料。除附註31中之額外披露外，應用該修訂並無對本公司之綜合財務報表產生影響。

2. Application of New and Revised Hong Kong Financial Reporting Standards (“HKFRSs”) (Continued)

Amendments to HKFRSs that are mandatorily effective for the current year (Continued)

Except as described below, the application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Amendments to HKAS 7 “Disclosure Initiative”

The Group has applied these amendments for the first time in the current year. The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both cash and non-cash changes. In addition, the amendments also require disclosures on changes in financial assets if cash flows from those financial assets were, or future cash flows will be, included in cash flows from financing activities.

Specifically, the amendments require the following to be disclosed: (i) changes from financing cash flows; (ii) changes arising from obtaining or losing control of subsidiaries or other businesses; (iii) the effect of changes in foreign exchange rates; (iv) changes in fair values; and (v) other changes.

A reconciliation between the opening and closing balances of these items is provided in note 31. Consistent with the transition provisions of the amendments, the Company has not disclosed comparative information for the prior year. Apart from the additional disclosure in note 31, the application of these amendments has had no impact on the Company's consolidated financial statements.

2. 新訂及經修訂香港財務報告準則（「香港財務報告準則」）的應用（續）

已頒佈但尚未生效之新訂及經修訂香港財務報告準則

本集團並無提早採用下列已頒佈但尚未生效之新訂及經修訂之香港財務報告準則：

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	客戶合約收益及相關修訂 ¹
香港財務報告準則第16號	租賃 ²
香港財務報告準則第17號	保險合約 ⁴
香港（國際財務報告詮釋委員會）— 詮釋第22號	外幣交易及墊付代價 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
香港財務報告準則第2號之修訂	釐清及計量以股份為基礎付款之交易 ¹
香港財務報告準則第4號之修訂	應用香港財務報告準則第9號金融工具與香港財務報告準則第4號保險合約 ¹
香港財務報告準則第9號之修訂	具有負補償之提前還款特性 ²
香港財務報告準則第10號及香港會計準則第28號之修訂	投資者與其聯營公司或合營企業之間的資產出售或注資 ³

2. Application of New and Revised Hong Kong Financial Reporting Standards (“HKFRSs”) (Continued)

New and revised HKFRSs in issue but not yet effective

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective.

HKFRS 9	Financial Instruments ¹
HKFRS 15	Revenue from Contracts with Customers and the related Amendments ¹
HKFRS 16	Leases ²
HKFRS 17	Insurance Contracts ⁴
HK(IFRIC) – Int 22	Foreign Currency Transactions and Advance Consideration ¹
HK(IFRIC) – Int 23	Uncertainty over Income Tax Treatments ²
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions ¹
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts ¹
Amendments to HKFRS 9	Prepayment Features with Negative Compensation ²
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³

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2. 新訂及經修訂香港財務報告準則（「香港財務報告準則」）的應用 (續)

已頒佈但尚未生效之新訂及經修訂香港財務報告準則 (續)

香港會計準則第28號之修訂	於聯營公司及合營企業之長期權益 ²
香港會計準則第28號之修訂	作為香港財務報告準則二零一四年至二零一六年週期之年度改進之一部分 ¹
香港會計準則第40號之修訂	轉讓投資物業 ¹
香港財務報告準則之修訂	香港財務報告準則二零一五年至二零一七年週期之年度改進 ²

- 1 於二零一八年一月一日或之後開始之年度期間生效
- 2 於二零一九年一月一日或之後開始之年度期間生效
- 3 於待釐定日期或之後開始之年度期間生效
- 4 於二零二一年一月一日或之後開始之年度期間生效

2. Application of New and Revised Hong Kong Financial Reporting Standards (“HKFRSs”) (Continued)

New and revised HKFRSs in issue but not yet effective (Continued)

Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures ²
Amendments to HKAS 28	As part of the Annual Improvements to HKFRSs 2014-2016 Cycle ¹
Amendments to HKAS 40	Transfers of Investment Property ¹
Amendments to HKFRS	Annual Improvements to HKFRSs 2015-2017 Cycle ²

- 1 Effective for annual periods beginning on or after 1 January 2018
- 2 Effective for annual periods beginning on or after 1 January 2019
- 3 Effective for annual periods beginning on or after a date to be determined
- 4 Effective for annual periods beginning on or after 1 January 2021

2. 新訂及經修訂香港財務報告準則（「香港財務報告準則」）的應用（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號納入有關金融資產及金融負債的分類及計量、一般對沖會計處理及金融資產減值要求的新規定。

香港財務報告準則第9號之主要規定載述如下：

- 香港財務報告準則第9號範圍內的所有已確認金融資產須於其後按攤銷成本或公允值計量。具體而言，以旨在收取合約現金流量之業務模式持有及合約現金流量僅為支付本金及尚未償還本金之利息之債務投資，一般於其後會計期末按攤銷成本計量。其業務模式皆以收取合約現金流量及銷售金融資產為目的而持有的債務工具，及在債務工具合約條款中於指定日期而產生的現金流僅為支付尚未償還欠款的本金和利息，其計量乃一般透過其他全面收益按公允值（「透過其他全面收益按公允值」）入賬。所有其他金融資產均於其後報告期按公允值計量。此外，根據香港財務報告準則第9號，實體可作出不可撤回之選擇，以於其他全面收益呈列權益投資（並非持作買賣者）公允值之其後變動，只有股息收入一般於損益確認。

2. Application of New and Revised Hong Kong Financial Reporting Standards (“HKFRSs”) (Continued)

HKFRS 9 Financial instruments

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

Key requirements of HKFRS 9 are described as follows:

- All recognised financial assets that are within the scope of HKFRS 9 are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at fair value through other comprehensive income (“FVTOCI”). All other financial assets are measured at their fair values at subsequent reporting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

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2. 新訂及經修訂香港財務報告準則（「香港財務報告準則」）的應用（續）

香港財務報告準則第9號 金融工具（續）

- 就指定為透過損益按公允值（「透過損益按公允值」）列賬之金融負債之計量而言，香港財務報告準則第9號規定該金融負債之信貸風險變動而引致的公允值變動之金額於其他全面收益內呈列，除非於其他全面收益中確認該負債信貸風險變動影響會導致或擴大損益上之會計錯配。金融負債之信貸風險引致之公允值變動其後不會重新分類至損益。根據香港會計準則第39號金融工具：確認及計量，指定為透過損益按公允值列賬之金融負債之整筆公允值變動金額於損益呈列。
- 就不會引致終止確認之對金融負債之不重大修訂而言，相關金融負債之賬面值將按經修訂合約現金流之現值計算並按金融負債之原有實際利率貼現。所產生之交易成本或費用被調整至經修改金融負債之賬面值並按餘下年期攤銷。對金融負債賬面值之任何調整均於修訂日期在損益內確認。現時，本集團就並無於損益內確認收益／虧損之金融負債之非重大修訂而修訂實際利率。

2. Application of New and Revised Hong Kong Financial Reporting Standards (“HKFRSs”) (Continued)

HKFRS 9 Financial instruments (Continued)

- with regard to the measurement of financial liabilities designated as at fair value through profit or loss (“FVTPL”), HKFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability’s credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liabilities’ credit risk are not subsequently reclassified to profit or loss. Under HKAS 39 Financial Instruments: Recognition and Measurement, the entire amount of the change in the fair value of the financial liability designated as FVTPL is presented in profit or loss.
- for non-substantial modifications of financial liabilities that do not result in derecognition, the carrying amount of the relevant financial liabilities will be calculated at the present value of the modified contractual cash flows and discounted at the financial liabilities’ original effective interest rate. Transaction costs or fees incurred are adjusted to the carrying amount of the modified financial liabilities and are amortised over the remaining term. Any adjustment to the carrying amount of the financial liability is recognised in profit or loss at the date of modification. Currently, the Group revises the effective interest rates for non-substantial modification of financial liabilities with no gain/loss being recognised in profit or loss.

2. 新訂及經修訂香港財務報告準則（「香港財務報告準則」）的應用（續）

香港財務報告準則第9號 金融工具（續）

- 關於金融資產減值，香港財務報告準則第9號規定一項預期信貸損失模型，而非香港會計準則第39號項下一項已發生的信貸損失模型。該預期信貸損失模型規定一個實體須計算其預期信貸損失及在各報告期末的預期信貸損失之變動，以反映自初始確認後的信貸風險變動。換句話說，現已不再需要有信貸事件經已發生才可確認信貸損失。
- 新一般對沖會計法規定保留了香港會計準則第39號的三類對沖會計法。根據香港財務報告準則第9號，可作對沖會計之交易類別已引入更大靈活度，尤其是擴闊合資格作為對沖工具之工具類別及可作對沖會計之非金融項目之風險分部類別。此外，已毋須再做追溯的量化效益測試，同時也引入就本集團風險管理活動需作的提升披露規定。

2. Application of New and Revised Hong Kong Financial Reporting Standards (“HKFRSs”) (Continued)

HKFRS 9 Financial instruments (Continued)

- in relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.
- the new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in HKAS 39. Under HKFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the retrospective quantitative effectiveness test has been removed. Enhanced disclosure requirements about the Group’s risk management activities have also been introduced.

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2. 新訂及經修訂香港財務報告準則（「香港財務報告準則」）的應用（續）

香港財務報告準則第9號 金融工具（續）

根據本集團於二零一七年十二月三十一日之金融工具及風險管理政策，本公司董事預期首次應用香港財務報告準則第9號可能產生以下潛在影響：

分類及計量：

- 於附註22及23披露之按攤銷成本列賬之貸款及應收賬款：其於目的為收取合約現金流量之業務模式內所持有，及合約現金流量僅為償還本金及尚未償還本金之利息。因此，於應用香港財務報告準則第9號後，該等金融資產將繼續按攤銷成本作後續計量。
- 於附註17披露之按成本減減值列賬之分類為可供出售投資之股本證券：根據香港財務報告準則第9號，該等證券合資格指定為以透過其他全面收益按公允值列賬的方式計量，本集團將於其後報告期末按公允值計量該等證券而公允值收益或虧損將於其他全面收益中確認並於投資重估儲備內累計。
- 所有其他金融資產及金融負債將繼續根據香港會計準則第39號按與現時所用相同之基準計量。

2. Application of New and Revised Hong Kong Financial Reporting Standards (“HKFRSs”) (Continued)

HKFRS 9 Financial instruments (Continued)

Based on the Group’s financial instruments and risk management policies as at 31 December 2017, the directors of the Company anticipate the following potential impact on initial application of HKFRS 9:

Classification and measurement:

- Loans and receivables carried at amortised cost as disclosed in notes 22 and 23: these are held within a business model whose objective is to collect the contractual cash flows that are solely payments of principal and interest on the principal outstanding. Accordingly, these financial assets will continue to be subsequently measured at amortised cost upon the application of HKFRS 9.
- Equity securities classified as available-for-sale investment carried at cost less impairment as disclosed in note 17: these securities qualified for designation as measured at FVTOCI under HKFRS 9 and the Group will measure these securities at fair value at the end of subsequent reporting periods with fair value gains or losses to be recognised as other comprehensive income and accumulated in the investments revaluation reserve.
- All other financial assets and financial liabilities will continue to be measured on the same bases as are currently measured under HKAS 39.

2. 新訂及經修訂香港財務報告準則（「香港財務報告準則」）的應用（續）

香港財務報告準則第9號 金融工具（續）

減值

一般而言，本公司董事預期應用香港財務報告準則第9號的預期信貸虧損模式將導致本集團於應用香港財務報告準則第9號後，就本集團按攤銷成本計量之金融資產以及其他須作出減值撥備的項目之尚未產生的信貸虧損提前撥備。

根據本公司董事的評估，倘若本集團應用預期信貸虧損模式，於應用香港財務報告準則第9號後，應用預期信貸虧損模式將不會對以攤銷成本計量之金融資產產生重大影響。

對沖會計處理法

新的對沖會計處理法將會更緊密地配合本集團的風險管理政策（更多合資格對沖工具及對沖項目）。當應用香港財務報告準則第9號後，本集團評估現時之對沖關係，結果顯示其合資格作為持續性對沖關係。因此，本公司董事預期應用新對沖規定不一定會對本集團當前之對沖分類及對沖會計法造成重大影響。

2. Application of New and Revised Hong Kong Financial Reporting Standards (“HKFRSs”) (Continued)

HKFRS 9 Financial instruments (Continued)

Impairment

In general, the directors of the Company anticipate that the application of the expected credit loss model of HKFRS 9 will result in earlier provision of credit losses which are not yet incurred in relation to the Group’s financial assets measured at amortised costs and other items that are subject to the impairment provisions upon application of HKFRS 9 by the Group.

Based on the assessment by the directors of the Company, if the expected credit loss model were to be applied by the Group, the application of the expected credit loss model will not have a material impact on the financial assets measured at amortised cost upon the application of HKFRS 9.

Hedge accounting

As the new hedge accounting requirements will align more closely with the Group’s risk management policies, with generally more qualifying hedging instruments and hedged items, an assessment of the Group’s current hedging relationships indicates that they will qualify as continuing hedging relationships upon application of HKFRS 9. Accordingly, the directors of the Company anticipate that the application of the new hedging requirements may not have a material impact on the Group’s current hedge designation and hedge accounting.

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2. 新訂及經修訂香港財務報告準則（「香港財務報告準則」）的應用（續）

香港財務報告準則第15號客戶合約收益

香港財務報告準則第15號已頒佈並建立了一個單一的綜合模型，以供實體對來自客戶合約的收益進行會計處理時使用。當香港財務報告準則第15號生效後，將取代現時的收益確認指引，包括香港會計準則第18號「收益」、香港會計準則第11號「建築合約」及相關的詮釋。

香港財務報告準則第15號的核心原則乃一個實體應確認收益，以體現向客戶轉讓承諾的貨品或服務，其金額為反映實體預期交換該等貨品或服務而應得的代價。具體來說，該準則引入收益確認五步法：

- 第1步：識別與一個客戶的合約
- 第2步：識別合約內的履約義務
- 第3步：釐定交易價格
- 第4步：將交易價格分攤至合約內的履約義務
- 第5步：當實體履行履約義務時確認收益

2. Application of New and Revised Hong Kong Financial Reporting Standards (“HKFRSs”) (Continued)

HKFRS 15 Revenue from contracts with customers

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

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

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

2. 新訂及經修訂香港財務報告準則（「香港財務報告準則」）的應用（續）

香港財務報告準則第15號 客戶合約收益（續）

根據香港財務報告準則第15號，當一個實體履行履約義務時確認收益，即當特定履約義務相關貨品或服務的「控制權」轉移至客戶時。香港財務報告準則第15號內已加入更為規範的指引以處理特別的情況。此外，香港財務報告準則第15號亦要求廣泛的披露。

於二零一六年，香港會計師公會就香港財務報告準則第15號有關識別履約責任、委託人與代理的考量及許可應用指引頒佈澄清事項。

本公司董事預期日後應用香港財務報告準則第15號或會導致更多披露，然而，本公司董事預期應用香港財務報告準則第15號不會對於各報告期確認的收益之時間及金額產生重大影響。

香港財務報告準則第16號 租賃

香港財務報告準則第16號為識別出租人及承租人的租賃安排及會計處理引入一個綜合模式。香港財務報告準則第16號將於生效後取代香港會計準則第17號「租賃」及相關詮釋。

香港財務報告準則第16號根據所識別資產是否由客戶控制區分租賃及服務合約。除短期租賃及租賃低值資產外，經營租約與融資租賃的差異自承租人會計處理中撤銷，並以承租人須就所有租賃確認使用權資產及相應負債的模式取代。

2. Application of New and Revised Hong Kong Financial Reporting Standards (“HKFRSs”) (Continued)

HKFRS 15 Revenue from contracts with customers (Continued)

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

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

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

HKFRS 16 Leases

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

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

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2. 新訂及經修訂香港財務報告準則（「香港財務報告準則」）的應用（續）

香港財務報告準則第16號租賃（續）

使用權資產初步按成本計量，而其後則按成本（若干例外情況除外）減累計折舊及減值虧損計量，並就租賃負債任何重新計量作出調整。租賃負債初步按並非於該日支付的租賃付款現值計量。其後，租賃負債就利息及租賃付款以及（其中包括）租賃修訂的影響作出調整。就現金流量分類而言，本集團現時將前期預付土地租金呈列為與租賃土地及分類為投資物業有關的投資現金流量，而其他經營租賃付款則呈列為經營現金流量。於應用香港財務報告準則第16號後，有關租賃負債的租賃付款將分配為本金及利息部分，並呈列為本集團的經營現金流量。

與承租人會計處理相反，香港財務報告準則第16號大致上傳承香港會計準則第17號的出租人會計處理規定，並繼續要求出租人將租賃分類為經營租約或融資租賃。

此外，香港財務報告準則第16號亦要求廣泛的披露。

於二零一七年十二月三十一日，如附註34所披露，本集團有不可撤銷的經營租約承擔84,694,000港元。初步評估顯示該等安排將符合租賃的定義。於應用香港財務報告準則第16號後，本集團將就所有該等租賃確認使用權資產及相應負債，惟其合資格為低值或短期租賃除外。

2. Application of New and Revised Hong Kong Financial Reporting Standards (“HKFRSs”) (Continued)

HKFRS 16 Leases (Continued)

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

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

Furthermore, extensive disclosures are required by HKFRS 16.

As at 31 December 2017, the Group has non-cancellable operating lease commitments of HK\$84,694,000 as disclosed in note 34. A preliminary assessment indicates that these arrangements will meet the definition of a lease. Upon application of HKFRS 16, the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases.

2. 新訂及經修訂香港財務報告準則（「香港財務報告準則」）的應用（續）

香港財務報告準則第16號租賃（續）

此外，本集團現時將已付可退回租賃按金2,032,000港元及已收可退回租賃按金2,656,000港元視為租賃下之權利及責任，適用香港會計準則第17號。根據香港財務報告準則第16號下租賃付款之定義，該等按金並非與使用相關資產之權利有關之付款，因此，該等按金之賬面值可能調整至攤銷成本，而該調整被視為額外租賃付款。對已付可退回租賃按金之調整將計入使用權資產之賬面值。對已收可退回租賃按金之調整將被視為預收租賃付款。

此外，應用新規定可能引致上文所指明之計量、呈列及披露變動。

本公司董事預期應用其他新訂及經修訂香港財務報告準則及詮釋不會對本集團日後之業績及財務狀況產生重大影響。

3. 主要會計政策

本綜合財務報告根據香港會計師公會所頒佈之香港財務報告準則編撰。此外，本綜合財務報告包括了聯交所證券上市規則（「上市規則」）及香港公司條例（「公司條例」）所規定之適用披露。

本綜合財務報告按歷史成本法編撰，除了若干金融工具及投資物業乃按公允值計量，有關說明在下文會計政策載述。

2. Application of New and Revised Hong Kong Financial Reporting Standards (“HKFRSs”) (Continued)

HKFRS 16 Leases (Continued)

In addition, the Group currently considers refundable rental deposits paid of HK\$2,032,000 and refundable rental deposits received of HK\$2,656,000 as rights and obligations under leases to which HKAS 17 applies. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right to use the underlying assets, accordingly, the carrying amounts of such deposits may be adjusted to amortised cost and such adjustments are considered as additional lease payments. Adjustments to refundable rental deposits paid would be included in the carrying amount of right-of-use assets. Adjustments to refundable rental deposits received would be considered as advance lease payments.

In addition, the application of new requirements may result changes in measurement, presentation and disclosure as indicated above.

The directors of the Company anticipate that the application of other new and amendments to HKFRSs and Interpretations will have no material impact on the results and the financial position of the Group in the future.

3. Significant Accounting Policies

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

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

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3. 主要會計政策 (續)

歷史成本通常按交換貨品及服務所付代價之公允值計算。

公允值指市場參與者之間在計量日進行的有序交易中出售一項資產所收取的價格或轉移一項負債所支付的價格，無論該價格為直接觀察到的結果還是採用其他估值技術作出的估計。在對資產或負債的公允值作出估計時，本集團考慮了市場參與者在計量日為該資產或負債進行定價時將會考慮的那些特徵。在本綜合財務報告中計量及／或披露的公允值均在此基礎上予以確定，但香港財務報告準則第2號以股份支付範圍內的以股份支付交易、香港會計準則第17號範圍內的租賃交易、以及與公允值類似但並非公允值的計量（例如香港會計準則第2號存貨中的可變現淨值或香港會計準則第36號資產減值中的使用價值）除外。

此外，就財務報告而言，公允值計量根據公允值計量的輸入數據可觀察程度及公允值計量的輸入數據對其整體的重要性分類為第一級、第二級或第三級，詳情如下：

- 第一級輸入數據是實體於計量日期可以取得的相同資產或負債於活躍市場之報價（未經調整）；
- 第二級輸入數據是就資產或負債直接或間接地可觀察之輸入數據（第一級內包括的報價除外）；及
- 第三級輸入數據是資產或負債的不可觀察輸入數據。

3. Significant Accounting Policies

(Continued)

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

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

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

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

3. 主要會計政策 (續)

主要會計政策載列如下。

綜合基準

本綜合財務報告包含本公司及由本公司及其附屬公司控制之實體之財務報告。取得控制權是指本公司：

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

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

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

損益及其他全面收益各項目均歸屬於本公司股東及非控股權益。附屬公司的全面收益總額歸屬於本公司股東及非控股權益，即使此舉會導致非控股權益的結餘為負數。

3. Significant Accounting Policies

(Continued)

The principal accounting policies are set out below.

Basis of consolidation

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

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

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

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

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

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3. 主要會計政策 (續)

在必要時，本集團會將附屬公司財務報告作出調整，以令其會計政策與本集團所採用者一致。

與本集團成員公司間交易有關之所有集團內公司間之資產及負債、權益、收入、開支及現金流量均在編製綜合賬目時完全抵銷。

業務合併

收購業務採用收購法入賬。業務合併所轉讓的代價按公允值計量，而計算方法為本集團於交換被收購方的控制權時所轉讓的資產、本集團向被收購方原擁有人產生的負債及本集團發行的股本權益於收購日之公允值總額。有關收購的成本一般於產生時在損益中確認。

於收購日期，所收購之可識別資產及所承擔之負債乃按公允值確認，惟以下情況除外：

- 遞延稅項資產或負債及僱員福利安排相關的資產或負債分別按香港會計準則第12號「所得稅」及香港會計準則第19號「僱員福利」確認及計量；
- 與被收購方的以股份為基礎的付款安排或為取代被收購方的以股份為基礎的付款安排而訂立的本集團的以股份為基礎的付款安排有關的負債或權益工具，乃於收購日期按香港財務報告準則第2號「以股份支付交易」計量（請參閱有關以股份支付交易的會計政策）；及

3. Significant Accounting Policies

(Continued)

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

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

Business combinations

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

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

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 Income Taxes and HKAS 19 Employee Benefits respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 Share-based Payment at the acquisition date (see the accounting policy on share-based payment transactions); and

3. 主要會計政策 (續)

業務合併 (續)

- 根據香港財務報告準則第5號「持作出售的非流動資產及已終止經營業務」分類為持作出售的資產(或出售組別)根據該準則計量。

商譽是以所轉讓之代價、被收購方任何非控股權益金額、及收購方以往所持有之被收購方股權之公允值(如有)之總和,減所收購之可識別資產及所承擔之負債於收購日期之淨值後,所超出之差額計值。倘經重估後,所收購之可識別資產與所承擔負債於收購日期之淨額高於轉讓之代價、非控股權益於被收購方中所佔金額以及收購方以往持有之被收購方股權之公允值(如有)之總和,則差額即時於損益內確認為議價收購收益。

非控股權益(屬於目前的擁有權權益及於進行清盤時賦予其持有人按比例分佔相關附屬公司資產淨值的權利)初步按非控股權益佔被收購方可識別資產淨值已確認金額的比例或公允值計量。計量基準乃按個別交易選取。其他類別的非控股權益乃按其公允值計量。

3. Significant Accounting Policies

(Continued)

Business combinations (Continued)

- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that standard.

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

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

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3. 主要會計政策 (續)

商譽

收購業務所產生的商譽，按於業務收購日期（請參閱有關業務合併的會計政策）的成本減任何累計減值虧損（如有）入賬。

為進行減值測試，商譽被分配到本集團各相關因收購產生的協同效應而得益之現金產生單位，或現金產生單位之組合，而該單位或單位組合指就內部管理目的監控商譽的最低水平且不超過經營分類。

各被分配商譽之現金產生單位（或現金產生單位組合）每年一次或有出現減值跡象時更頻密地進行減值測試。就於某個報告期因收購而產生之商譽，被分配商譽之現金產生單位（或現金產生單位組合）於該報告期完結前進行減值測試。當現金產生單位之可收回金額少於賬面值，則提取的減值虧損首先沖抵分配至該單位之商譽，其後按各資產賬面值的比例沖抵該單位（或現金產生單位組合）內其他資產。

當相關之現金產生單位被出售時，其相關之商譽將包括在出售損益金額的測算內。

3. Significant Accounting Policies

(Continued)

Goodwill

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

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

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

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

3. 主要會計政策 (續)

物業、廠房及設備

物業、廠房及設備包括用作生產或提供貨物或服務或作為行政用途的樓宇、租賃土地（分類為融資租賃）及永久業權土地（下述在建工程除外）。其於綜合財務狀況表按成本值扣除其後累計折舊及累計減值損失（如有）列賬。

正在建造以供生產、供應或行政用途的物業，按成本減任何已確認的減值虧損列賬。成本包括專業費用及對合資格資產而言，根據本集團會計政策撥充資本的借貸成本。有關物業於完成及可供用於擬定用途時重新分類為適當類別的物業、廠房及設備。此等資產之折舊基準與其他物業資產相同，乃於資產可供用於擬定用途時開始計提。

除在建工程外，折舊乃按資產之估計可用年限扣除估計剩餘價值後以直線法註銷其成本。估計可使用年期、剩餘價值及折舊法於各報告期末檢討，而任何估計變動之影響按前瞻基準入賬。

當物業、廠房及設備項目因已證實結束業主自用而改變用途而變為投資物業時，該項目（包括相關預付土地租金）賬面值與公允值的差額於轉移日於其他全面收入確認及於物業重估儲備內累計。相關重估儲備於日後資產出售或報廢時，將直接轉入保留溢利。

3. Significant Accounting Policies

(Continued)

Property, plant and equipment

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

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

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

If an item of property, plant and equipment becomes an investment property because its use has changed as evidenced by end of owner-occupation, any difference between the carrying amount and the fair value of that item (including the relevant prepaid lease payments) at the date of transfer is recognised in other comprehensive income and accumulated in property revaluation reserve. On the subsequent sale or retirement of the asset, the relevant revaluation reserve will be transferred directly to retained profits.

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3. 主要會計政策 (續)

物業、廠房及設備 (續)

物業、廠房及設備項目於出售時或當繼續使用該資產預期不會產生任何未來經濟利益時解除確認。因出售或報廢物業、廠房及設備項目而產生之任何溢利或虧損(按該資產之出售所得款項及賬面值間之差額計算)於損益確認。

發展中以將來供業主自用之樓宇

當樓宇正在發展過程中以供生產或行政用途，預付土地租金之攤銷於建築期內列入作為在建中樓宇成本之一部分。在建中樓宇按成本減任何已識別減值虧損列賬。當樓宇可供使用時(即當樓宇已建於所在地點，並符合條件以管理層計劃之方式營運)則開始折舊。

投資物業

投資物業指持作賺取租金及/或持作資本增值之物業。投資物業包括持作未落實未來用途之土地，而該土地被視作持作資本增值用途。

投資物業初始按成本(包括任何直接引起之開支)計量。於初始確認後，投資物業乃按彼等之公允值計量。以經營租賃持有以賺取租金或實現資本增值之本集團所有物業權益均列為投資物業及採用公允值模式計量。投資物業公允值變動產生之收益或虧損乃於產生期間計入損益。

3. Significant Accounting Policies

(Continued)

Property, plant and equipment (Continued)

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

Buildings under development for future owner-occupied purpose

When buildings are in the course of development for production or for administrative purposes, the amortisation of prepaid lease payments provided during the construction period is included as part of costs of buildings under construction. Buildings under construction are carried at cost, less any identified impairment losses. Depreciation of buildings commences when they are available for use (i.e. when they are in the location and condition necessary for them to be capable of operating in the manner intended by management).

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties include land held for undetermined future use, which is regarded as held for capital appreciation purpose.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values. All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are accounted for as investment properties and are measured using the fair value model. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

3. 主要會計政策 (續)

投資物業 (續)

投資物業乃於出售或投資物業永久不再使用及預期不能由其出售中獲取任何未來經濟利益時解除確認。因解除確認該物業而產生之任何收益或虧損（按出售所得款項淨額與該資產賬面值兩者間之差額計算）計入解除確認該物業期間之損益。

持作出售之非流動資產

倘非流動資產之賬面值將主要透過出售交易而非持續使用而收回，該資產將分類為持作出售。只有當資產可按現狀即時出售，並只受出售資產之一般及慣常條款所限，而且達成出售的機會極高時，方會被視為已符合上述條件。管理層必須對出售積極計劃，而出售預期應可於分類日期起計一年內符合確認為已完成出售之資格。

當本集團承諾進行涉及出售於聯營公司或合營企業的投資或部分投資的出售計劃，倘符合上述標準，將予出售的該項投資或部分投資分類為持作出售，而本集團將由投資（或部分投資）分類為持作出售之時起，終止就分類為持作出售的該部分使用權益法。

分類為持作出售之非流動資產乃按其過往之賬面值及公允值減出售成本兩者之較低者計量。

3. Significant Accounting Policies

(Continued)

Investment properties (Continued)

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

Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset and its sale is highly probable. Management must be committed to a plan for the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving disposal of an investment, or a portion of an investment, in an associate or joint venture, the investment or the portion of the investment that will be disposed of is classified as held for sale when the criteria described above are met, and the Group discontinues the use of the equity method in relation to the portion that is classified as held for sale from the time when the investment (or a portion of the investment) is classified as held for sale.

Non-current assets classified as held for sale are measured at the lower of their previous carrying amount and fair values less costs to sell.

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3. 主要會計政策 (續)

無形資產

獨立收購之無形資產

獨立收購且具有有限使用年期之無形資產乃按成本減累計攤銷及任何累計減值虧損列賬。具有有限使用年期之無形資產於估計可使用年期內以直線法攤銷。估計可使用年期及攤銷方法於各報告期末進行審閱，而任何估計變動的影響則按前瞻基準入賬（參照下列有關有形資產和無形資產（商譽除外）減值的會計政策）。

無形資產於出售或當預期使用或出售不會產生經濟利益時解除確認。因解除確認無形資產而產生之收益或虧損乃按出售所得款項淨額與該資產之賬面值之差額計量，並於該資產解除確認時之損益中確認。

有形資產及無形資產（商譽除外）減值

於報告期末，本集團檢討其具有有限使用年期之有形及無形資產之賬面值，以確定有否跡象顯示該等資產出現減值虧損。倘若有該等情況，將估計資產之可收回金額以釐定減值虧損的程度（如有）。倘若不大可能個別估計資產之可收回金額，則由本集團估計該資產所屬現金產生單位之可收回金額。當可識別分配之合理及一致基準，則公司資產亦被分配至個別現金產生單位，或於其他情況下，按識別之合理及一致分配基準彼等被分配至現金產生單位的最小組合。

3. Significant Accounting Policies

(Continued)

Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful lives that acquired separately are carried at costs less accumulated amortisation and any accumulated impairment loss. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis (see the accounting policy in respect of impairment on tangible and intangible assets other than goodwill below).

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

Impairment on tangible and intangible assets other than goodwill

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

3. 主要會計政策 (續)

有形資產及無形資產(商譽除外)減值 (續)

倘減值虧損其後撥回，則資產(或現金產生單位)賬面值須增加至其經修訂之估計可收回金額，惟該增加之賬面值不得超過往年度假設並無就資產(或現金產生單位)確認任何減值虧損下而釐定之賬面值。減值虧損撥回會即時確認為損益。

存貨

存貨以成本及可變現淨值兩者之較低者列賬。存貨成本採用加權平均法釐定。可變現淨值指存貨估計售價減成交之全部估計成本及銷售所需成本。

金融工具

金融資產及金融負債乃當某集團公司成為工具合約條文之訂約方時確認。

金融資產及金融負債按公允值初次確認。收購或發行金融資產及金融負債直接引起之交易成本(透過損益以公允值列賬之金融資產或金融負債除外)乃於初次確認時加入金融資產或金融負債之公允值或自金融資產或金融負債之公允值內扣除(如合適)。收購透過損益以公允值列賬之金融資產或金融負債直接引起之交易成本即時於損益內確認。

3. Significant Accounting Policies

(Continued)

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

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

Inventories

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

Financial instruments

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

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

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3. 主要會計政策 (續)

金融工具 (續)

金融資產

本集團之金融資產主要分為貸款及應收款項以及可供出售(「可供出售」)金融資產。分類乃按金融資產之性質及目的，並於初次確認時釐定。所有定期購買或出售金融資產乃按交易日基準確認及解除確認。定期購買或出售金融資產乃購買或出售並需按市場規則或慣例設定之時間框架內轉移資產。

實際利率法

實際利率法是一種計算債務工具攤銷成本與分攤利息收入到相關期間之方法。實際利率是將估計未來現金收入(包括所有構成實際利率整體之付出或收取的費用及款項、交易成本及其他溢價或折讓)於債務工具預期年期或更短期間(如適用)精確貼現為初次確認的賬面淨值之貼現率。

債務工具的利息收入乃按實際利率基準確認。

3. Significant Accounting Policies

(Continued)

Financial instruments (Continued)

Financial assets

The Group's financial assets are mainly loans and receivables and available-for-sale ("AFS") financial assets. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Effective interest method

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

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

3. 主要會計政策 (續)

金融工具 (續)

金融資產 (續)

可供出售金融資產

可供出售金融資產乃指定為可供出售或未有劃分為(a)貸款及應收款項、(b)持至到期投資或(c)透過損益按公允值列賬之金融資產的非衍生工具。

當本集團確立其收取可供出售股本工具股息的權利時，即會於損益確認該等股息。

並無活躍市場報價及其公允值不能可靠計量的可供出售股本投資，及與該等並無報價股本投資掛鈎並須以交付此等股本投資作結算的衍生工具，乃於各報告期末按成本減任何已識別減值虧損計量（參閱下文有關金融資產減值的會計政策）。

貸款及應收款項

貸款及應收款項乃並無於活躍市場報價之固定或可釐定付款之非衍生金融資產。於初次確認後，貸款及應收款項（包括貿易應收款項及應收票據、其他應收賬款、短期銀行存款、銀行結餘及現金）均按採用實際利率法計算之已攤銷成本減任何減值虧損計量（見下文有關金融資產減值的會計政策）。

金融資產減值

金融資產於各報告期末已作評估，以釐定是否存有減值跡象。倘出現客觀證據，即因金融資產初次確認後產生之一項或多項事件，令金融資產的估計未來現金流量受到影響，則金融資產視作要減值。

3. Significant Accounting Policies

(Continued)

Financial instruments (Continued)

Financial assets (Continued)

AFS financial assets

AFS financial assets are non-derivatives that are either designated as available-for-sale or not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at FVTPL.

Dividends on AFS equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established.

AFS 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 investments are measured at cost less any identified impairment losses at the end of each reporting period (see accounting policy in respect of impairment of financial assets below).

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and bills receivables, other debtors, short-term bank deposits, bank balances and cash) are measured at amortised cost using the effective interest method, less any impairment (see accounting policy on impairment of financial assets below).

Impairment of financial assets

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

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3. 主要會計政策 (續)

金融工具 (續)

金融資產 (續)

金融資產減值 (續)

就其他金融資產而言，減值的客觀證據可能包括：

- 發行人或交易對方出現重大財政困難；或
- 違反合約，如拖欠或無力支付利息或本金；或
- 借款人有可能面臨破產或財務重組。

就可供出售股本投資而言，證券公允值大幅或長時間低於其成本被視為減值之客觀證據。

就若干類別的金融資產（如不單獨作出減值評估的貿易應收款項）而言，會一併作彙集減值評估。應收賬款組合出現減值的客觀證據可能包括本集團過往收款經驗、組合內逾期超過平均信貸期30天至90天的還款數目上升、國家或地區經濟狀況出現明顯變動導致應收賬款未能償還。

就按已攤銷成本計量的金融資產而言，減值虧損金額以資產的賬面值與估計未來現金流量的現值（以金融資產的原始實際利率折現）間的差額確認。

3. Significant Accounting Policies

(Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

For other financial assets, objective evidence of impairment could include:

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

For AFS equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For certain categories of financial assets, such as trade debtors that are assessed not to be impaired individually are, in addition, 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 average credit period ranging from 30 to 90 days, observable changes in national or local economic conditions that correlate with default on receivables.

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

3. 主要會計政策 (續)

金融工具 (續)

金融資產 (續)

金融資產減值 (續)

與所有金融資產有關的減值虧損會直接於金融資產的賬面值中作出扣減，惟貿易應收款項除外，其賬面值會透過撥備賬作出扣減。撥備賬內的賬面值變動會於損益中確認。當某一貿易應收款項及其他應收款被視為不可收回時，其將於撥備賬內撇銷。於其後重新收取的已撇銷款項計入損益。

當可供出售金融資產被視為已減值時，先前於其他全面收益確認之累計收益或虧損乃於發生減值之期間重新分類至損益。

就以已攤銷成本計量的金融資產而言，倘於隨後期間減值虧損的數額減少，而此項減少可客觀地與確認減值後的某一事件聯繫，則先前確認的減值虧損於損益中予以撥回，惟於撥回減值當日的投資賬面值不得超逾假設未確認減值時的已攤銷成本。

就可供出售股本投資而言，先前於損益確認之減值虧損不會透過損益撥回。公允值於減值虧損後之任何增加均會於其他全面收益中確認。就可供出售債務投資而言，倘投資公允值上升客觀上與確認減值虧損後發生之某一事項有關連，則減值虧損其後透過損益撥回。

3. Significant Accounting Policies

(Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

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

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

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

In respect of AFS equity investments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income. In respect of AFS debt investments, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

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3. 主要會計政策 (續)

金融工具 (續)

金融負債及權益工具

某集團公司發行之債務及權益工具乃根據合約安排之實質與金融負債及權益工具之定義分類為金融負債或權益。

權益工具

權益工具為證明擁有本集團資產剩餘權益（經扣除其所有負債）之任何合約。本集團發行之權益工具以已收所得款項（經扣除直接發行成本後）予以確認。

實際利率法

實際利率法是一種計算金融負債攤銷成本與分配利息支出到相關期間之方法。實際利率是將估計未來現金支出（包括所有構成實際利率整體之付出或收取的費用及點子、交易成本及其他溢價或折讓）於金融負債之預期年期或更短期間（如適用）精確貼現為初次確認期的賬面淨值之貼現率。

除按公允值計入損益之金融負債中的利息支出計入收益或虧損淨額外，利息支出乃按實際利率基準確認。

3. Significant Accounting Policies

(Continued)

Financial instruments (Continued)

Financial liabilities and equity instruments

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

Equity instruments

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

Effective interest method

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

Interest expense is recognised on an effective interest basis other than those financial liabilities classified as at FVTPL, of which the interest expense is included in net gains or losses.

3. 主要會計政策 (續)

金融工具 (續)

金融負債及權益工具 (續)

按公允值計入損益之金融負債

本集團按公允值計入損益之金融負債主要為衍生金融工具。

倘屬下列情況，金融負債則分類為持作買賣：

- 所收購之金融負債主要用於在不久將來購回；或
- 於初次確認時屬於本集團整體管理之可辨別金融工具組合之一部份，且近期事實上有出售以賺取短期溢利的模式；或
- 屬於非指定用作有效對沖工具的衍生工具。

按公允值計入損益之金融負債按公允值計量，重新計量產生之任何收益或虧損在損益中確認。

其他金融負債

其他金融負債（包括應付款項及其他應付款項以及借貸）乃隨後按實際利率法以攤銷成本計量。

衍生金融工具

衍生工具以衍生工具合約簽訂日之公允值作初次確認及其後以報告期末之公允值重新計量。所產生的收益或虧損將即時於損益內確認，除非該衍生工具是指定而有效之對沖工具，在此情況下，於損益內確認的時間取決於對沖關係的性質。

3. Significant Accounting Policies

(Continued)

Financial instruments (Continued)

Financial liabilities and equity instruments

(Continued)

Financial liabilities at fair value through profit or loss

Financial liabilities at FVTPL of the Group are mainly derivative financial instruments.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing in the near future; or
- on initial recognition it is a part of a portfolio of an identified financial instrument that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

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

Other financial liabilities

Other financial liabilities (including creditors and other payables and borrowings) are subsequently measured at amortised cost, using the effective interest method.

Derivative financial instruments

Derivatives are initially recognised at fair values at the date when derivative contracts are entered into and are subsequently remeasured to their fair values at the end of the reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedging relationship.

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3. 主要會計政策 (續)

金融工具 (續)

衍生金融工具 (續)

不符合對沖會計法之衍生工具被視為持作買賣之金融資產或持作買賣之金融負債。

對沖會計法

本集團指定某些衍生工具(即利率掉期合約)用作浮息銀行借貸現金流量之對沖。

於對沖關係之開始,本集團記錄對沖工具和被對沖項目的關係,及進行各類對沖交易之風險管理目標及其策略。此外,於對沖開始和進行期間,本集團記錄對沖工具是否能高度有效地抵銷被對沖項目因對沖風險引致的現金流量變動。

現金流量對沖

指定和符合現金流量對沖之衍生工具公允值變動,其有效部份於其他全面收益內確認及於對沖儲備項內累計。其無效部份之收益或虧損,即時於損益內確認及計入「其他收益及虧損」排列項。

先前於其他全面收益確認及於權益累計之金額於被對沖項目在損益內確認時,會重新分類至損益內,一併列於確認之被對沖項目內。然而,若被對沖之預期交易導致確認一項非金融資產或非金融負債,則先前於其他全面收益確認並於現金流量對沖儲備中累計之收益及虧損自現金流量對沖儲備內轉出,並計入非金融資產或非金融負債之成本初步計量中。

3. Significant Accounting Policies

(Continued)

Financial instruments (Continued)

Derivative financial instruments (Continued)

Derivatives that do not qualify for hedge accounting are deemed as financial assets held for trading or financial liabilities held for trading.

Hedge accounting

The Group designates certain derivatives as hedges of the cash flow of floating-rate bank borrowings (i.e. interest rate swap contracts).

At the inception of the hedging relationship, the Group documents the relationship between the hedging instrument and hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument is highly effective in offsetting changes in cash flows of the hedged item attributable to the hedged risk.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in other comprehensive income and accumulated under the heading of hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss and is included in the "other gains and losses" line item.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item is recognised in profit or loss, in the same line as the recognised hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in other comprehensive income and accumulated in the cash flow hedging reserve are transferred from the cash flow hedging reserve and included in the initial measurement of the cost of the non-financial asset or non-financial liability.

3. 主要會計政策 (續)

金融工具 (續)

現金流量對沖 (續)

當本集團解除對沖關係、對沖工具已屆滿、售出、終止、行使或不再符合對沖會計法，對沖會計法將被終止。當時於其他全面收益內確認及於權益累計之任何收益或虧損將保留於權益內，並在預測交易最終於損益確認時確認。當預測交易不再預期發生，累計至權益的收益或虧損即時於損益確認。

解除確認

本集團僅於資產收取現金流量的合約權利屆滿時，或向另一實體轉讓金融資產及資產擁有權絕大部份風險及回報時解除確認金融資產。倘本集團並無轉讓或保留所有權的絕大部份風險及回報並繼續控制所轉讓資產，則本集團確認其在資產中的保留權益及其可能須支付金額的相關負債。倘本集團保留已轉讓金融資產擁有權絕大部份風險及回報，本集團可繼續確認該金融資產，亦可就已收取之所得款項確認已抵押借貸。

於全面解除確認金融資產時，資產賬面值與已收及應收代價及已於其他全面收益內確認累積及於權益之累計收益或虧損總和之差額，將於損益中確認。

當且僅當本集團之責任獲解除、註銷或已到期時，則會解除確認金融負債。解除確認之金融負債賬面值與已付及應付代價之差額於損益中確認。

3. Significant Accounting Policies

(Continued)

Financial instruments (Continued)

Cash flow hedges (Continued)

Hedge accounting is discontinued when the Group revokes the hedging relationship, the hedging instrument expires or is sold, terminated, exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for the amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

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

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

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3. 主要會計政策 (續)

租賃

倘若租賃條款在實質上將所有權有關之風險和報酬幾乎全部轉移予承租人，租賃會分類為融資租賃。所有其他租賃均分類為經營租約。

本集團作為出租人

經營租約之租金收入乃按相關租賃年期以直線法於損益中確認。

本集團作為承租人

經營租約租金（包括以經營租約持有土地的收購成本）乃按相關租賃年期以直線法確認為支出。經營租約產生之或然租金於產生期間確認為開支。

把訂立經營租約而收取的租賃獎勵確認為負債，以直線法將獎勵的利益總額沖減租金費用。

租賃土地及樓宇

倘一項租賃同時包括土地及樓宇部分，則本集團根據對各部份的擁有權所附帶之絕大部份風險及回報是否已轉讓予本集團之評估，獨立將各部份分類評估為融資租賃或經營租約，除非明顯兩個部份均為經營租約則例外，在此情況下，整份租約分類為經營租約。具體而言，最低租賃租金（包括任何一次支付之預付款項）乃按土地部份及樓宇部份於租賃開始時的租賃權益相對公允值比例於土地及樓宇部份之間分配。

3. Significant Accounting Policies

(Continued)

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.

The Group as lessee

Operating lease payments, including the cost of acquiring land held under operating lease, are recognised as an expense on a straight-line basis over the lease term. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis.

Leasehold land and building

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

3. 主要會計政策 (續)

租賃 (續)

租賃土地及樓宇 (續)

租賃租金能夠可靠分配時，按經營租約入賬之租賃土地權益於綜合財務狀況表中列為「預付土地租金」，並按直線法在租賃期間攤銷。當租賃租金無法於土地及樓宇部份進行可靠分配時，整個租賃一般被分類為融資租賃。

收益之確認

收益乃按已收或應收代價之公允值計量。收益已就估計客戶退貨、回扣及其他類似撥備作出扣減。

當收益金額可可靠地計量；倘未來經濟利益可能流入本集團且達成本集團各業務的特定標準時，方會確認收益。

貨品之銷售收益於已送交貨品及移交所有權之時予以確認。

利息收入是按未提取本金及適用實際利率以時間基準計算，有關利率乃將估計日後現金收款於金融資產預期年期精確貼現為初次確認的該資產賬面淨值之利率。

本集團就確認經營租約收益的會計政策載於上文租賃之會計政策。

3. Significant Accounting Policies

(Continued)

Leasing (Continued)

Leasehold land and building (Continued)

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. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease.

Revenue recognition

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

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

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

The Group's accounting policy for recognition of revenue from operating leases is described in the accounting policy for leasing above.

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3. 主要會計政策 (續)

外幣

於編製各個別集團公司之財務報告時，以該公司功能貨幣以外之貨幣（外幣）進行之交易均按交易日期之適用匯率確認。於報告期末，以外幣為定值之貨幣項目均按該日之適用匯率重新折算。按公允值以外幣定值之非貨幣項目乃按於公允值釐定當日之適用匯率重新折算。按外幣過往以成本計量之非貨幣項目毋須重新折算。

結算貨幣項目及重新折算貨幣項目所產生之匯兌差額，於其產生期間在損益中確認，惟因並無計劃亦不大可能發生結算應收或應付海外業務之貨幣項目（因此構成於海外業務投資淨額之一部分）之匯兌差額則除外，該等匯兌差額初步於其他全面收益內確認，並於出售或部分出售本集團權益時自權益重新分類至損益。

就呈列綜合財務報告而言，本集團海外業務之資產及負債乃按於報告期末之適用匯率折算為本集團之呈列貨幣（即港元），而收入及支出乃按該期間之平均匯率進行折算，除非匯率於該期間內出現大幅波動則作別論，於此情況下，則採用於交易當日之適用匯率。所產生之匯兌差額（如有）乃於其他全面收益內確認並累積於匯兌儲備項下權益內（非控股權益應佔，如適用）。

3. Significant Accounting Policies

(Continued)

Foreign currencies

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

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise, except for exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the Group's interests.

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

3. 主要會計政策 (續)

外幣 (續)

出售海外業務(即出售本集團於海外業務之全部權益,或涉及喪失對包括海外業務在內之附屬公司控制權之出售事項)時,就本公司股東應佔該項業務於權益中累計之所有匯兌差額會重新分類至損益。此外,就出售部份附屬公司但未導致本集團喪失對該附屬公司控制權而言,其應佔累計匯兌差額按相應比例重新計入非控股權益,且不會於損益確認。

於二零零五年四月一日或以後,於收購海外業務時而就收購可識別資產產生之有關商譽及公允值調整乃歸納為該海外經營業務之資產及負債,並按於報告期末之適用匯率進行折算。產生之匯兌差額乃於其他全面收益內確認。

於二零零五年四月一日之前,於收購海外業務時而就收購可識別資產而產生之有關商譽及公允值調整乃作收購者的非貨幣之外幣項目,並以收購日的歷史成本入賬。

借貸成本

收購、建造或生產合資格資產(為須耗用長時間以達至其擬定用途或可供出售之資產)之直接應佔借貸成本計入該等資產之成本,直至該等資產大致可達至其擬定用途或可供出售時為止。

特定借貸在等候作合資格資產開支前,用作短期投資所得之投資收入須從合資格資本化之借貸成本中扣除。

所有其他借貸成本乃於其產生期間在損益中確認。

3. Significant Accounting Policies

(Continued)

Foreign currencies (Continued)

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss. In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss.

Goodwill and fair value adjustments on identifiable assets acquired arising on an acquisition of a foreign operation on or after 1 April 2005 are treated as assets and liabilities of that foreign operation and translated at the rate of exchange prevailing at the end of the reporting period. Exchange differences arising are recognised in other comprehensive income.

Goodwill and fair value adjustments on identifiable assets acquired arising on acquisition of foreign operations before 1 April 2005 are treated as non-monetary foreign currency items of the acquirer and reported using the historical cost prevailing at the date of the acquisition.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

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3. 主要會計政策 (續)

政府補助金

當有合理保證本集團將會符合政府補助金所附條件及收取補助金時，方會確認政府補助金。

補償已產生開支或虧損或向本集團提供即時財務資助而不涉及日後相關費用之應收政府補助金，於成為應收期間在損益確認。

稅項

所得稅項支出包括當期應課稅額與遞延稅項總和。

當期應課稅額乃按年內之應課稅溢利計算。應課稅溢利有別於綜合損益及其他全面收益表內呈報之「除稅前溢利」，由於計算應課稅溢利包括一些於其他年度才須課稅或才獲扣減之收入及支出，一些毋須課稅及不獲扣減之項目亦包括在內。本集團現行稅項乃按報告期末時已執行或實質上已執行之稅率計算。

遞延稅項乃因綜合財務報告中資產及負債賬面金額與計算應課稅溢利的對應稅項基準出現暫時差異而確認。遞延稅項負債一般確認所有應課稅項目之暫時差異，而遞延稅項資產一般只確認可於日後用作扣減應課稅溢利而獲寬減稅項之暫時差異。如於交易中初次確認（商業合併除外）其他資產或負債，但並未對應課稅溢利或會計溢利造成影響而出現暫時差異，該等遞延資產或負債將不會確認。此外，倘暫時差異來自初次確認商譽，則遞延稅項負債不獲確認。

3. Significant Accounting Policies

(Continued)

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 that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Taxation

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

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

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

3. 主要會計政策 (續)

稅項 (續)

遞延稅項負債乃按於附屬公司之投資而引致之應課稅暫時差異而確認，惟若本集團可控制暫時差異之撥回及暫時差異有可能未必於可見將來撥回之情況則除外。當很可能取得足夠之應課稅溢利以抵扣與有關投資相關之暫時差異之利益，並且暫時差異在可預見未來將逆轉時，方確認可扣稅暫時差異所產生之遞延稅項資產。

遞延稅項資產之賬面金額應於每個報告期末再作檢討，其減少之幅度為應課稅溢利並未足夠使全部或該部分資產收回。

遞延稅項資產及負債以報告期末已執行或實質上已執行之稅率（及稅法）為基礎，按預期於清償該負債或實現該資產期間應用之稅率計量。

遞延稅項負債及資產之計量反映本集團於報告期末預期收回或清償其資產及負債賬面金額之方式所導致之稅務後果。

就計量利用公允值模式計量之投資物業之遞延稅項負債或遞延稅項資產而言，該等物業的賬面值乃假設通過銷售全數收回，除非該假設被推翻則除外。當投資物業可予折舊及以某業務模式（其業務目標是隨時間而非透過銷售耗用投資物業所包含的絕大部分經濟利益）持有時，有關假設會被推翻。

3. Significant Accounting Policies

(Continued)

Taxation (Continued)

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

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

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

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

For the purposes of measuring deferred tax liabilities or deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

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3. 主要會計政策 (續)

稅項 (續)

現行稅項及遞延稅項於損益內確認，惟其與於其他全面收益或直接於權益內確認的項目相關者除外，該等情況下，現行稅項及遞延稅項亦分別於其他全面收益或直接於權益內確認。倘因對業務合併進行初次會計處理而產生之現行稅項或遞延稅項，稅務影響乃計入業務合併之會計處理。

退休福利成本

當僱員已提供服務賦予彼等權利獲得供款，向約定供款退休福利計劃作出之付款作為開支確認。

以股份支付交易

以股份安排為基礎的股份支付交易

授予僱員之購股權

所獲服務之公允值乃參考授出購股權日期之公允值釐定，倘授出之購股權立即歸屬，則於授出日期全數確認為開支，並相應增加權益（購股權儲備）。

當行使購股權時，以往於購股權儲備確認之金額將轉撥至股份溢價。當購股權於歸屬日期後被放棄或於屆滿日仍未獲行使，以往於購股權儲備確認之金額將轉撥至保留溢利。

3. Significant Accounting Policies

(Continued)

Taxation (Continued)

Current and deferred tax is recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Retirement benefit costs

Payments to defined contribution retirement benefit plans are recognised as expenses when employees have rendered service entitling them to the contributions.

Share-based payment transactions

Equity-settled share-based payment transactions

Share options granted to employees

The fair value of services received determined by reference to the fair value of share options granted at the grant date is recognised as an expense in full at the grant date when the share options granted vest immediately, with a corresponding increase in equity (share option reserve).

When the share options are exercised, the amount previously recognised in the share option reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share option reserve will be transferred to retained profits.

4. 主要會計判斷及估計不明朗因素之主要來源

於應用附註3所述之本集團會計政策時，本公司董事須對未能從其他來源容易取得的資產及負債賬面價值作出判斷、估計及假設。估計及相關假設乃基於歷史經驗及董事認為相關的其他因素。實際結果或有別於有關估計。

估計及相關假設乃按持續經營基準檢討。倘會計估計之修訂僅影響估計獲修訂之期間，則會計估計之修訂於該期間予以確認，倘若修訂影響現時及未來期間，則會計估計之修訂於修訂及未來期間內予以確認。

(i) 應用會計政策的主要判斷

以下為除涉及估計的判斷（見下文）外，董事在應用本集團的會計政策時作出且對綜合財務報告內確認的金額具最重大影響力的主要判斷。

因中華人民共和國（「中國」）附屬公司未分配利潤的暫時性差異而引致的遞延稅項

本公司董事已審閱因中國附屬公司未分配利潤的暫時性差異而引致的遞延稅項的計算方法，並釐定中國附屬公司股息分配計劃。本公司董事在作出判斷時已考慮本集團對營運現金的總體需求。

4. Critical Accounting Judgement and Key Sources of Estimation Uncertainty

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make judgments, estimates and assumption about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

(i) Critical judgement in applying accounting policies

The following is the critical judgement, apart from those involving estimations (see below), that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Deferred tax in respect of temporary differences attributable to the undistributed profits of subsidiaries in the People's Republic of China (the "PRC")

The directors of the Company has reviewed the calculation of deferred tax in respect of the temporary differences attributable to the undistributed profits of subsidiaries in the PRC, and determined the dividend distribution plan of the subsidiaries in the PRC. In making the judgement, the directors of the Company considered the overall needs of operating cash of the Group.

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4. 主要會計判斷及估計不明朗因素之主要來源

(續)

(ii) 估計不明朗因素之主要來源

以下乃於報告期末就未來及其他估計不明朗因素之主要來源所作出之主要假設，該等假設具重大風險，可能對下一個財政年度之資產及負債賬面值產生重大調整。

商譽之估計減值

釐定商譽有否減值須估計獲分配商譽之現金產生單位之使用價值。在計算使用價值時，本集團須估計該現金產生單位產生之未來現金流量，並以適當之貼現率計算其現值。於二零一七年十二月三十一日，商譽之賬面值為69,574,000港元（二零一六年：69,574,000港元）。可收回金額計算方法之詳情於附註18披露。

貿易應收賬款之估計減值

本集團根據應收賬款的可回收性之評估作出呆賬撥備。於釐定是否需要作出呆賬撥備時，本集團考慮貿易應收賬款客戶之過往信貸記錄、結算模式、其後付款及賬齡分析。若貿易應收賬款之預期可回收性不同於原來估計，則該差異將對該等估計變動期間之貿易應收賬款之賬面值及呆賬撥備產生影響。於二零一七年十二月三十一日，貿易應收賬款之賬面值為1,786,024,000港元（已扣除呆賬準備73,564,000港元）（二零一六年：賬面值為1,671,012,000港元（已扣除呆賬準備68,075,000港元））。

4. Critical Accounting Judgement and Key Sources of Estimation Uncertainty (Continued)

(ii) Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Estimated impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. As at 31 December 2017, the carrying amount of goodwill was HK\$69,574,000 (2016: HK\$69,574,000). Details of the recoverable amount calculation are disclosed in note 18.

Estimated impairment of trade receivables

The Group makes allowance for doubtful debts based on assessment on the recoverability of trade receivables. In determining whether an allowance for doubtful debts is required, the Group takes into consideration of the customers' credit history, settlement patterns, subsequent settlements and aged analysis of the trade receivables. Where the expectation of the recoverability of trade receivables is different from the original estimate, such difference will impact the carrying value of trade receivables and allowance for doubtful debts in the period in which such estimate has changed. As at 31 December 2017, the carrying amount of trade receivables is HK\$1,786,024,000 (net of allowance for doubtful debts of HK\$73,564,000) (2016: carrying amount of HK\$1,671,012,000 (net of allowance for doubtful debts of HK\$68,075,000)).

4. 主要會計判斷及估計不明朗因素之主要來源

(續)

(ii) 估計不明朗因素之主要來源 (續)

存貨撥備之估計

本集團管理層審閱各報告期末之賬齡分析，並對已確定為不再適用於運營的已過時及滯銷存貨項目作出撥備。可變現淨值之估計乃基於最近的發票價格及當前市況。當可變現淨值低於賬面值，可能產生減值虧損。於二零一七年十二月三十一日，存貨的賬面值約為914,032,000港元（已扣除滯銷存貨準備21,684,000港元）（二零一六年：808,203,000港元（已扣除滯銷存貨準備21,388,000港元））。

物業、廠房及設備可使用年期及減值評估

管理層釐定其物業、廠房及設備的估計可使用年期、剩餘價值及折舊方法以釐定相關折舊費用。該估計乃根據類似性質及功能的物業、廠房及設備的實際可使用年期的過往經驗而釐定。此外，在出現任何顯示可能無法收回資產賬面值的事件或情況有變時，管理層會評估減值。倘可使用年期預計少於預期，則本集團管理層將增加折舊費用。於二零一七年十二月三十一日，物業、廠房及設備的賬面值為1,688,920,000港元（二零一六年：1,597,930,000港元）。

4. Critical Accounting Judgement and Key Sources of Estimation Uncertainty (Continued)

(ii) Key sources of estimation uncertainty (Continued)

Estimated allowance for inventories

The management of the Group reviews an aged analysis at the end of each reporting period, and makes allowance for obsolete and slow-moving inventory items identified that are no longer suitable for use in operation. Estimation of net realisable value are based on the latest invoice prices and current market condition. Where the net realisable value is less than the carrying amount, impairment loss may arise. As at 31 December 2017, the carrying amount of inventories is approximately HK\$914,032,000 (net of allowance for slowing moving inventories of HK\$21,684,000) (2016: HK\$808,203,000 (net of allowance for slowing moving inventories of HK\$21,388,000)).

Useful lives and impairment assessment of property, plant and equipment

The management determines the estimated useful lives, the residual values and the depreciation method in determining the related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. In addition, management assesses impairment whenever events or changes in circumstances indicate that the carrying amounts of an asset may not be recoverable. The management of the Group will increase the depreciation charge where useful lives are expected to be shorter than expected. As at 31 December 2017, the carrying amount of property, plant and equipment is HK\$1,688,920,000 (2016: HK\$1,597,930,000).

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4. 主要會計判斷及估計不明朗因素之主要來源

(續)

(ii) 估計不明朗因素之主要來源 (續)

公允值計量及估值過程

就財務報告而言，本集團若干資產及負債按公允值計量。本集團管理層負責釐定公允值計量的適當估值技術及輸入數據。

在估計資產或負債的公允值時，本集團盡可能使用現有可觀察市場數據。在並無第一級的輸入數據的情況下，本集團委聘第三方合資格估值師進行估值。本集團管理層與合資格外聘估值師緊密合作設立對模型適用的估值技術及輸入數據，並向本公司董事會彙報估值發現結果以解釋資產及負債公允值波動的原因。

於估計若干類別金融工具的公允值時，本集團採用包括並非根據可觀察市場數據之輸入數據的估值技術。有關釐定各種資產及負債公允值所用估計技術、輸入數據及主要假設的詳細資料載於附註15及30。

4. Critical Accounting Judgement and Key Sources of Estimation Uncertainty (Continued)

(ii) Key sources of estimation uncertainty (Continued)

Fair value measurements and valuation processes

Some of the Group's assets and liabilities are measured at fair value for financial reporting purposes. The management of the Group is responsible to determine the appropriate valuation techniques and inputs for fair value measurements.

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

The Group uses valuation techniques that include inputs that are not based on observable market data to estimate the fair value of certain types of financial instruments. Notes 15 and 30 provide detail information about the valuation techniques, inputs and key assumptions used in the determination of the fair value of various assets and liabilities.

5. 營業額及分類資料

營業額

營業額代表於年內向客戶銷售貨物之已收及應收款項，並扣除折扣及銷售相關稅項。

分類資料

從管理角度，本集團於香港財務報告準則第8號項下之呈列經營分類包括四個業務分類，即(i)溶劑、(ii)塗料、(iii)油墨及(iv)潤滑油。

本集團呈列之分類主要業務如下：

溶劑	— 製造及買賣單體溶劑及相關產品
塗料	— 製造及買賣塗料及相關產品
油墨	— 製造及買賣油墨及相關產品
潤滑油	— 製造及買賣潤滑油產品

於達致本集團之呈報分類時，並無合併經營分類。

經營分類之會計政策與附註3所述之本集團會計政策相同。

分類溢利或虧損指本年各分類在未有分配利息收入、衍生金融工具公允值之變化、投資物業公允值之變化、出售企業資產之盈虧、中央行政費用及財務費用前賺取的溢利或產生的虧損。此為向本公司聯席行政總裁（本集團之主要營運決策者）報告之資料，旨在作出資源分配及表現評估。

5. Revenue and Segment Information

Revenue

Revenue represents the amount received and receivable for goods sold to customers during the year, net of discounts and sales related taxes.

Segment information

For management purposes, the Group's reportable operating segments under HKFRS 8 included four business divisions, namely (i) solvents, (ii) coatings, (iii) inks, and (iv) lubricants.

Principal activities of the Group's reportable segments are as follows:

Solvents	— manufacture of and trading in raw solvents and related products
Coatings	— manufacture of and trading in coatings and related products
Inks	— manufacture of and trading in inks and related products
Lubricants	— manufacture of and trading in lubricants products

No operating segments have been aggregated in arriving at the reporting segments of the Group.

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

Segment profit or loss represents the profit earned or loss incurred for the year by each segment without allocation of interest income, fair value change on derivative financial instruments, fair value change of investment properties, gain or loss on disposal of corporate assets, central administration costs and finance costs. This is the information reported to the Co-Chief Executive Officers of the Company, the Group's chief operating decision makers, for the purposes of resource allocation and performance assessment.

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5. 營業額及分類資料 (續)

5. Revenue and Segment Information

(Continued)

分類資料 (續)

Segment information (Continued)

(a) 分類營業額及業績

(a) Segment revenue and results

本集團於回顧年內按呈列及經營分類之營業額及業績分析如下：

An analysis of the Group's revenue and results by reportable and operating segments for the year under review is as follows:

		呈列 分類總計 Reportable segment						綜合 Consolidated
		溶劑 Solvents	塗料 Coatings	油墨 Inks	潤滑油 Lubricants	交易抵銷 Elimination	綜合 Consolidated	
		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	
截至二零一七年 十二月三十一日止年度	Year ended 31 December 2017							
分類營業額	Segment revenue							
對外銷售	External sales	6,935,222	1,642,351	1,409,261	293,167	-	10,280,001	
分類間銷售	Inter-segment sales	111,656	7,275	477	60	(119,468)	-	
總額	Total	7,046,878	1,649,626	1,409,738	293,227	(119,468)	10,280,001	
業績	Results							
分類業績	Segment results	393,338	8,291	54,984	(8,405)	(197)	448,011	
投資物業公允價值變化之 收益(附註7)	Gain on fair value change of investment properties (note 7)							44,079
未分配收入	Unallocated income							22,974
未分配費用	Unallocated expenses							(67,840)
財務費用	Finance costs							(56,269)
除稅前溢利	Profit before taxation							390,955

5. 營業額及分類資料 (續)

5. Revenue and Segment Information

(Continued)

分類資料 (續)

Segment information (Continued)

(a) 分類營業額及業績 (續)

(a) Segment revenue and results (Continued)

		溶劑 Solvents	塗料 Coatings	油墨 Inks	潤滑油 Lubricants	呈列	交易抵銷 Elimination	綜合 Consolidated
						分類總計 Reportable segment total		
		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
截至二零一六年 十二月三十一日止年度	Year ended 31 December 2016							
分類營業額	Segment revenue							
對外銷售	External sales	5,107,750	1,690,196	1,429,793	327,907	8,555,646	-	8,555,646
分類間銷售	Inter-segment sales	117,565	5,884	2,076	50	125,575	(125,575)	-
總額	Total	5,225,315	1,696,080	1,431,869	327,957	8,681,221	(125,575)	8,555,646
業績	Results							
分類業績	Segment results	339,892	26,666	100,380	1,677	468,615	(99)	468,516
外幣銀行貸款產生之 匯兌虧損 (附註7)	Exchange loss arising from a foreign currency bank loan (note 7)							(10,583)
衍生金融工具公允價值之 變化 (附註7)	Fair value change on derivative financial instruments (note 7)							9,686
投資物業公允價值變化之 收益 (附註7)	Gain on fair value change of investment properties (note 7)							5,125
未分配收入	Unallocated income							26,143
未分配費用	Unallocated expenses							(47,500)
財務費用	Finance costs							(59,475)
除稅前溢利	Profit before taxation							391,912

分類間銷售與對外銷售的條款相近。

Inter-segment sales are charged at the similar terms as external sales.

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

5. 營業額及分類資料 (續)

5. Revenue and Segment Information

(Continued)

分類資料 (續)

Segment information (Continued)

(b) 其他資料

(b) Other information

於計量分類損益或分類資產時
包括下列金額：

Amounts included in the measurement of segment
profit or loss or segment assets:

		溶劑 Solvents 千港元 HK\$'000	塗料 Coatings 千港元 HK\$'000	油墨 Inks 千港元 HK\$'000	潤滑油 Lubricants 千港元 HK\$'000	呈列 分類總計 Reportable segment total 千港元 HK\$'000	企業層面 Corporate level 千港元 HK\$'000	綜合 Consolidated 千港元 HK\$'000
截至二零一七年 十二月三十一日止年度	Year ended 31 December 2017							
非流動資產添置(附註) 物業、廠房及設備之折舊	Additions to non-current assets (note) Depreciation of property, plant and equipment	30,835	16,439	22,140	1,741	71,155	133,464	204,619
預付土地租金攤銷	Release of prepaid lease payments	1,428	3,032	915	188	5,563	1,340	6,903
無形資產之攤銷	Amortisation of intangible assets	501	-	227	-	728	12	740
呆壞賬撥備淨額	Allowance for bad and doubtful debt, net	3,611	10,662	3,883	(560)	17,596	-	17,596
滯銷存貨撥備	Allowance for slow moving inventories	5,421	351	2,782	2,507	11,061	-	11,061
出售/註銷物業、廠房及 設備及土地使用權之 虧損	Loss on disposal/written-off of property, plant and equipment and land use rights	2,602	2,990	2,386	497	8,475	12	8,487
可供出售投資之減值虧損	Impairment loss on available-for-sale investment	-	-	-	-	-	1,971	1,971
投資物業公允值變化之 收益	Gain on fair value change of investment properties	-	-	-	-	-	(44,079)	(44,079)
截至二零一六年 十二月三十一日止年度	Year ended 31 December 2016							
非流動資產添置(附註) 物業、廠房及設備之折舊	Additions to non-current assets (note) Depreciation of property, plant and equipment	30,158	9,831	27,033	1,224	68,246	28,951	97,197
預付土地租金攤銷	Release of prepaid lease payments	1,452	3,041	929	187	5,609	109	5,718
無形資產之攤銷	Amortisation of intangible assets	886	-	294	-	1,180	23	1,203
呆壞賬撥備淨額	Allowance for bad and doubtful debt, net	(177)	9,521	5,428	1,929	16,701	-	16,701
滯銷存貨撥備	Allowance for slow moving inventories	7,342	(288)	3,707	2,173	12,934	-	12,934
出售/註銷物業、廠房及 設備及土地使用權之 虧損	Loss on disposal/written-off of property, plant and equipment and land use rights	2,485	5,379	7,917	4,367	20,148	216	20,364
投資物業公允值變化之 收益	Gain on fair value change of investment properties	-	-	-	-	-	(5,125)	(5,125)

附註：非流動資產不包括金融工
具。

Note: Non-current assets excluded financial instruments.

5. 營業額及分類資料 (續)

5. Revenue and Segment Information

(Continued)

分類資料 (續)

Segment information (Continued)

(c) 本集團按呈列及經營分類的分類資產及分類負債分析如下：

(c) An analysis of the Group's segment assets and segment liabilities by reportable and operating segments is as follows:

		溶劑 Solvents 千港元 HK\$'000	塗料 Coatings 千港元 HK\$'000	油墨 Inks 千港元 HK\$'000	潤滑油 Lubricants 千港元 HK\$'000	綜合 Consolidated 千港元 HK\$'000
於二零一七年 十二月三十一日	At 31 December 2017					
資產	Assets					
呈列分類資產	Reportable segment assets	3,221,620	1,367,446	1,670,853	248,703	6,508,622
其他未分配資產	Other unallocated assets					1,559,524
綜合總資產	Consolidated total assets					8,068,146
負債	Liabilities					
呈列分類負債	Reportable segment liabilities	1,003,468	432,771	403,786	51,893	1,891,918
應付稅款	Taxation payables					88,720
遞延稅項負債	Deferred tax liabilities					42,309
其他未分配負債	Other unallocated liabilities					2,494,021
綜合總負債	Consolidated total liabilities					4,516,968
於二零一六年 十二月三十一日	At 31 December 2016					
資產	Assets					
呈列分類資產	Reportable segment assets	2,588,632	1,388,783	1,574,947	246,124	5,798,486
其他未分配資產	Other unallocated assets					1,338,870
綜合總資產	Consolidated total assets					7,137,356
負債	Liabilities					
呈列分類負債	Reportable segment liabilities	842,168	460,880	429,451	51,845	1,784,344
應付稅款	Taxation payables					72,002
遞延稅項負債	Deferred tax liabilities					41,812
其他未分配負債	Other unallocated liabilities					2,234,210
綜合總負債	Consolidated total liabilities					4,132,368

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5. 營業額及分類資料 (續)

分類資料 (續)

(d) 為監控分類表現及分配資源予各分類：

- 除短期銀行存款、銀行結餘及現金、投資物業、其他非流動資產、衍生金融工具、可供出售投資、持作出售之非流動資產及未分配資產外，所有資產分配予各經營分類；及
- 除應付稅款、遞延稅項負債、衍生金融工具、借貸及未分配負債外，所有負債分配予各經營分類。

地區資料

截至二零一七年十二月三十一日止年度，本集團對外客戶之營業額，主要來自中國的客戶（取得營業額之集團公司所在地方）其金額為9,201,039,000港元（二零一六年：8,016,141,000港元）。本集團大部分非流動資產（不包括衍生金融工具）均位於中國（持有該資產之集團公司所在地方），其金額為2,009,148,000港元（二零一六年：1,980,744,000港元）。

主要客戶

於兩個報告期間，本集團沒有個別客戶錄得佔超過本集團營業額的百分之十。

5. Revenue and Segment Information

(Continued)

Segment information (Continued)

(d) For the purposes of monitoring segment performances and allocating resources between segments:

- all assets are allocated to operating segments other than short-term bank deposits, bank balances and cash, investment properties, other non-current asset, derivative financial instruments, available-for-sale investment, non-current assets held for sale and the unallocated assets; and
- all liabilities are allocated to operating segments other than taxation payables, deferred tax liabilities, derivative financial instruments, borrowings and the unallocated liabilities.

Geographical information

The Group's revenue from external customers for the year ended 31 December 2017 was substantially generated from customers located in the PRC (place of domicile of the group entities that derive revenue) amounting to HK\$9,201,039,000 (2016: HK\$8,016,141,000). Substantially all of the Group's non-current assets excluding derivative financial instruments were also located in the PRC (place of domicile of the group entities that hold such assets) amounting to HK\$2,009,148,000 (2016: HK\$1,980,744,000).

Major customers

No individual customer of the Group has contributed over 10% of the revenue of the Group for both reporting periods.

6. 董事酬金及僱員酬金

已付或應付予9名(二零一六年: 10名)董事之酬金如下:

6. Directors' Remuneration and Employees' Emoluments

The emoluments paid or payable to each of the 9 (2016: 10) directors were as follows:

	執行董事			非執行董事			獨立非執行董事			合計	高級管理層	
	Executive directors			Non-executive directors			Independent non-executive directors					
	葉子軒 Yip Tsz Hin 千港元 HK\$'000 (附註c) (Note c)	王旭 ^a Wong Yuk ^d 千港元 HK\$'000 (附註c) (Note c)	何世豪 Ho Sai Hou 千港元 HK\$'000	鄺國照 ^a Kwong Kwok Chiu ^a 千港元 HK\$'000	葉志成 Ip Chi Shing 千港元 HK\$'000	唐雁棟 Tong Wui Tung 千港元 HK\$'000	吳紹平 Ng Siu Ping 千港元 HK\$'000	黃廣志 Wong Kong Chi 千港元 HK\$'000	古遠芬 Ku Yuen Fun 千港元 HK\$'000	合計 Total 千港元 HK\$'000	高級管理層 Management executives 千港元 HK\$'000	
截至二零一七年 十二月三十一日止年度	Year ended 31 December 2017											
董事袍金	Fees	400	400	400	400	-	320	200	500	300	2,920	-
其他酬金	Other emoluments											
薪金及其他福利(附註a)	Salaries and other benefits (Note a)	3,228	2,546	1,843	1,537	1,432	-	-	-	-	10,586	10,714
非強制性按盈利分配之花紅 (附註b)	Discretionary bonus (Note b)	-	-	71	-	-	-	-	-	-	71	1,819
退休福利計劃供款	Retirement benefit scheme contributions	224	97	170	142	-	-	-	-	-	633	634
酬金總額	Total emoluments	3,852	3,043	2,484	2,079	1,432	320	200	500	300	14,210	13,167

	執行董事			非執行董事			獨立非執行董事			合計	高級管理層	
	Executive directors			Non-executive directors			Independent non-executive directors					
	葉子軒 Yip Tsz Hin 千港元 HK\$'000 (附註c) (Note c)	黃金樞 ^b Wong Wong Kam Yim ^b 千港元 HK\$'000	王旭 ^a Wong Yuk ^d 千港元 HK\$'000 (附註c) (Note c)	何世豪 Ho Sai Hou 千港元 HK\$'000	鄺國照 ^a Kwong Kwok Chiu ^a 千港元 HK\$'000	葉志成 Ip Chi Shing 千港元 HK\$'000	唐雁棟 Tong Wui Tung 千港元 HK\$'000	吳紹平 Ng Siu Ping 千港元 HK\$'000	黃廣志 Wong Kong Chi 千港元 HK\$'000	古遠芬 Ku Yuen Fun 千港元 HK\$'000	合計 Total 千港元 HK\$'000	高級管理層 Management executives 千港元 HK\$'000
截至二零一六年 十二月三十一日止年度	Year ended 31 December 2016											
董事袍金	Fees	400	-	400	400	-	320	200	500	300	2,920	-
其他酬金	Other emoluments											
薪金及其他福利(附註a)	Salaries and other benefits (Note a)	3,102	-	2,390	1,730	1,450	1,442	-	-	-	10,114	11,631
非強制性按盈利分配之花紅 (附註b)	Discretionary bonus (Note b)	952	-	824	693	830	-	-	-	-	3,299	313
退休福利計劃供款	Retirement benefit scheme contributions	213	-	90	160	134	-	-	-	-	597	743
酬金總額	Total emoluments	4,667	-	3,704	2,983	2,814	1,442	320	200	500	16,930	12,687

以上所載執行董事之薪酬主要針對彼等對本公司及本集團管理實務提供之服務。以上所載非執行董事及獨立非執行董事之薪酬主要針對彼等作為本公司董事之服務。

The executive directors' emoluments shown above were mainly for their services in connection with the management of the affairs of the Company and the Group. The emoluments of the non-executive directors and independent non-executive directors shown above were mainly for their services as directors of the Company.

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6. 董事酬金及僱員酬金

(續)

附註：

- (a) 截至二零一七年十二月三十一日止年度，上述董事之薪金及其他福利包括經營租約租金1,560,000港元（二零一六年：1,560,000港元）。
- (b) 非強制性按盈利分配之花紅乃參考年度之經營業績、個人表現及可比之市場統計數據而決定。
- (c) 葉子軒先生及王旭先生為本公司之聯席行政總裁，以上所載彼等之酬金主要針對彼等作為行政總裁所提供之服務。
- # 於二零一六年一月一日獲委任為本公司執行董事。
- ⊙ 於二零一六年一月一日退任及辭任本公司執行董事。
- * 於二零一八年一月一日辭任本公司執行董事。

本集團5位酬金最高人員中4位為本公司董事（二零一六年：4位），其酬金詳情於上述披露。其餘1位（二零一六年：1位）僱員之酬金如下：

6. Directors' Remuneration and Employees' Emoluments (Continued)

Notes:

- (a) The directors' salaries and other benefits above included operating leases rentals of HK\$1,560,000 (2016: HK\$1,560,000) for the year ended 31 December 2017.
- (b) The discretionary bonus is determined with reference to the operating results, individual performance and comparable market statistics during the year.
- (c) Mr. Yip Tsz Hin and Mr. Wong Yuk were the Co-Chief Executive Officers of the Company, and their emoluments disclosed above included those for services rendered by them as the Chief Executive.
- # Appointed as an executive director of the Company on 1 January 2016.
- ⊙ Retired and resigned as an executive director of the Company on 1 January 2016.
- * Resigned as an executive director of the Company on 1 January 2018.

Of the five individuals with the highest emoluments in the Group, four (2016: four) were directors of the Company whose emoluments are disclosed above. The emoluments of the remaining one (2016: one) individual were as follows:

		二零一七年 2017 千港元 HK\$'000	二零一六年 2016 千港元 HK\$'000
薪金及其他福利	Salaries and other benefits	2,298	2,025
非強制性按盈利分配之花紅	Discretionary bonus	1,819	—
		4,117	2,025

6. 董事酬金及僱員酬金*(續)*

在以上兩個報告期間，本集團5位最高薪之人員（包括董事），並沒有收到用以吸引其加入或當其加入本集團時之酬金或離職賠償。此外，沒有董事在兩個報告期間內放棄任何酬金。

其餘1位僱員之酬金範圍如下：

2,000,001港元至2,500,000港元	HK\$2,000,001 to HK\$2,500,000
4,000,001港元至4,500,000港元	HK\$4,000,001 to HK\$4,500,000

有關高級管理層之酬金（不包括本公司董事）範圍如下：

零港元至1,000,000港元	HK\$0 to HK\$1,000,000
1,000,001港元至1,500,000港元	HK\$1,000,001 to HK\$1,500,000
1,500,001港元至2,000,000港元	HK\$1,500,001 to HK\$2,000,000
2,000,001港元至2,500,000港元	HK\$2,000,001 to HK\$2,500,000
4,000,001港元至4,500,000港元	HK\$4,000,001 to HK\$4,500,000

6. Directors' Remuneration and Employees' Emoluments *(Continued)*

During both reporting periods, no emoluments were paid by the Group to the five highest paid individuals, including directors, as an inducement to join or upon joining the Group or as compensation for loss of office. In addition, no director waived any emoluments during both reporting periods.

The emoluments of the remaining one individual were within the following bands:

二零一七年 2017 僱員人數 No. of employees	二零一六年 2016 僱員人數 No. of employees
–	1
1	–
1	1

The emoluments of the management executives (excluding the directors of the Company) were within the following bands:

二零一七年 2017 僱員人數 No. of employees	二零一六年 2016 僱員人數 No. of employees
–	1
4	6
1	1
1	1
1	–
7	9

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7. 其他收益及虧損

本集團其他收益（虧損）包括：

7. Other Gains and Losses

The Group's other gains (losses) comprise of:

		二零一七年 2017 千港元 HK\$'000	二零一六年 2016 千港元 HK\$'000
外幣銀行貸款產生之匯兌虧損 （附註(i)及附註5）	Exchange loss arising from a foreign currency bank loan (Note (i) and note 5)	-	(10,583)
跨幣掉期合約及 外匯遠期合約之 衍生金融工具之 公允值收益（附註(i)及附註5）	Fair value gain on derivative financial instruments of a cross currency swap contract and foreign exchange forward contracts (Note (i) and note 5)	-	9,686
小計	Sub-total	-	(897)
其他外幣結餘及交易產生之 淨匯兌收益（虧損）	Net exchange gain (loss) arising from other foreign currency balances and transactions	2,193	(17,167)
呆壞賬撥備（附註(ii)）	Allowance for bad and doubtful debts (Note (ii))	(18,305)	(21,718)
收回已作呆賬撥備之 款項（附註(ii)）	Amount recovered from doubtful debts (Note (ii))	709	5,017
可供出售投資之減值虧損	Impairment loss on available-for-sale investment	(1,971)	-
出售／註銷物業、廠房及 設備及土地使用權之 淨虧損	Net loss on disposal/written off of property, plant and equipment and land use rights	(8,487)	(20,364)
投資物業公允值變化之 收益（附註5）	Gain on fair value change of investment properties (note 5)	44,079	5,125
		18,218	(50,004)

7. 其他收益及虧損 (續)

附註：

- (i) 於二零一三年四月，本集團籌集一筆澳元（「澳元」）銀行貸款24,800,000澳元（相等於198,648,000港元）。為將外幣風險降至最低，本集團訂立跨幣掉期合約以經濟上對沖該外幣銀行貸款。於截至二零一六年十二月三十一日止年度內，本集團悉數償還該澳元銀行貸款，而跨幣掉期合約已到期。有關跨幣掉期合約之公允值之詳情載列於附註25。
- (ii) 本公司董事定期評估貿易應收款項之回收狀況，並參照相關欠款之過往還款經驗及回款情況而計提呆壞賬撥備。

7. Other Gains and Losses (Continued)

Notes:

- (i) In April 2013, the Group raised a bank loan in Australian dollar ("AUD") of AUD24,800,000 (equivalent to HK\$198,648,000). In order to minimise the exposure to foreign currency risk, the Group entered into a cross currency swap contract to hedge economically against the foreign currency bank loan. During the year ended 31 December 2016, the bank loan in AUD was fully repaid and the cross currency swap contract was expired. Details of the fair value of the cross currency swap contract is set out in note 25.
- (ii) The directors of the Company assess the recoverability of the trade receivables on a regular basis and determine the allowance for bad and doubtful debts after taking into accounts of the repayment history and settlement situation of the relevant debts.

8. 財務費用**8. Finance Costs**

		二零一七年 2017 千港元 HK\$'000	二零一六年 2016 千港元 HK\$'000
銀行借貸的利息	Interest on bank borrowings	49,843	47,712
利率掉期指定為浮息債務之 現金流量對沖而產生之利息	Interest arising on interest rate swaps designated as cash flow hedges of floating rate debts	6,426	11,763
		56,269	59,475

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9. 除稅前溢利

9. Profit Before Taxation

		二零一七年 2017 千港元 HK\$'000	二零一六年 2016 千港元 HK\$'000
除稅前溢利已扣除下列各項：	Profit before taxation has been arrived at after charging:		
無形資產攤銷	Amortisation of intangible assets	740	1,203
核數師酬金	Auditor's remuneration	3,830	4,250
滯銷存貨撥備	Allowance for slow moving inventories	11,061	12,934
確認為支出之存貨成本	Cost of inventories recognised as an expense	8,739,490	6,967,660
物業、廠房及設備之折舊	Depreciation of property, plant and equipment	198,615	136,946
減：於存貨中資本化	Less: capitalised in inventories	(100,215)	(94,789)
		98,400	42,157
租賃物業之經營租約租金	Operating lease payments in respect of rented premises	19,881	22,030
預付土地租金攤銷	Release of prepaid lease payments	6,903	5,718
員工成本，包括董事酬金（附註6）	Staff costs, including directors' remuneration (note 6)	629,518	667,897
減：於存貨中資本化	Less: capitalised in inventories	(214,530)	(215,267)
		414,988	452,630
並經已計入（計入其他收入）：	and after crediting (included in other income):		
利息收入	Interest income	9,478	18,511
已確認之政府補助金	Government grants recognised	15,794	20,802
租金收入	Rental income	13,867	4,829

10. 稅項

10. Taxation

		二零一七年 2017 千港元 HK\$'000	二零一六年 2016 千港元 HK\$'000
現行稅項－中國	Current tax – PRC		
本年	Current year	108,724	106,469
預扣稅	Withholding tax	29,273	36,616
		137,997	143,085
遞延稅項（附註27）	Deferred taxation (note 27)		
香港	Hong Kong	(1,060)	575
中國	PRC	(668)	5,084
		(1,728)	5,659
		136,269	148,744

香港利得稅按兩年估計應課稅溢利16.5%計算。

根據中華人民共和國企業所得稅法（「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自二零零八年一月一日起為25%。

本集團若干於中國經營之附屬公司符合資格作為高新技術企業或設在中國西部地區的鼓勵類產業企業，有權享有15%之所得稅率。中國企業所得稅已於計入該等稅務優惠後作出撥備。

預扣稅指根據中華人民共和國企業所得稅法實施條例從若干中國附屬公司自二零零八年一月一日起已賺取的溢利中分派的股息確認之稅項，中華人民共和國企業所得稅法實施條例規定有關股東溢利分派時須按5%至10%的稅率繳納預扣稅。年內，本集團根據企業所得稅法按10%之稅率就轉讓一間位於中國之附屬公司之收益確認預扣稅18,625,000港元（二零一六年：無）。

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

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the subsidiaries in the PRC is 25% from 1 January 2008 onwards.

Certain of the Group's subsidiaries operating in the PRC are either be eligible as High and New Technology Enterprise or operating in encouraged industries in Western Region of China, and are entitled to an income tax rate of 15%. EIT of the PRC has been provided for after taking these tax incentives into account.

The withholding tax represented taxation recognised in respect of the dividends to be distributed from profits earned by certain subsidiaries in the PRC starting from 1 January 2008 under the Implementation Regulation of the EIT Law of the PRC that requires withholding tax with tax rate ranging from 5% to 10% upon the distribution of such profits to the shareholders. During the year, the Group recognised the withholding tax amounting HK\$18,625,000 (2016: nil) in respect of the gain on transfer of a subsidiary in the PRC with tax rate of 10% under the EIT Law.

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10. 稅項 (續)

其他司法權區之稅項乃按有關司法權區之適用稅率計算。

稅項之對賬表如下：

10. Taxation (Continued)

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

A statement of reconciliation of taxation is as follows:

		二零一七年 2017 千港元 HK\$'000	二零一六年 2016 千港元 HK\$'000
除稅前溢利	Profit before taxation	390,955	391,912
按本地所得稅稅率25% 計算之稅項支出 (二零一六年：25%)	Tax charge at the domestic income tax rate of 25% (2016: 25%)	97,739	97,978
不可扣稅的開支對稅務之影響	Tax effect of expenses not deductible for tax purposes	29,263	27,167
無需繳稅的收入對稅務之影響	Tax effect of income not taxable for tax purposes	(12,213)	(2,676)
未予以確認的稅項虧損對 稅務之影響	Tax effect of tax losses not recognised	61,599	44,359
使用之前未確認的稅項虧損對 稅務之影響	Tax effect of utilisation of tax losses previously not recognised	(11,934)	(7,920)
部分附屬公司之優惠稅率對 所得稅之影響	Effect of income tax on concessionary rates for certain subsidiaries	(57,751)	(53,242)
對未分配溢利之預扣稅之影響	Effect of withholding tax on undistributed profits	10,345	42,033
轉讓一間附屬公司之收益之 預扣稅影響	Effect of withholding tax on gain on transfer of a subsidiary	18,625	-
其他	Others	596	1,045
本年度稅項	Taxation for the year	136,269	148,744

本地所得稅稅率乃使用本集團大部分業務所在司法權區之稅率。

The domestic income tax rate is a tax rate in the jurisdiction where the operation of the Group is substantially based.

11. 股息

11. Dividends

		二零一七年 2017 千港元 HK\$'000	二零一六年 2016 千港元 HK\$'000
於年內確認為派發之股息：	Dividends recognised as distribution during the year:		
二零一七年年中期股息： 每股5.0港仙（二零一六年： 每股5.0港仙）	Interim dividend for 2017 of HK5.0 cents (2016: HK5.0 cents) per share	28,194	28,191
二零一六年期末股息：	Final dividend for 2016 of HK10.0 cents per share	56,389	—
二零一五年特別股息：	Special dividend for 2015 of HK4.5 cents per share	—	25,372
		84,583	53,563

董事建議派發有關截至二零一七年十二月三十一日止年度股息每股10.0港仙，總金額不少於56,389,000港元，並待股東在即將舉行之股東週年大會上批准。

A dividend equivalent to HK10.0 cents per share totalling not less than HK\$56,389,000, in respect of the year ended 31 December 2017 has been proposed by the directors and is subject to approval by the shareholders in the forthcoming annual general meeting.

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12. 每股盈利

本公司股東應佔每股基本及攤薄後盈利乃根據下列數據計算：

12. Earnings Per Share

The calculation of the basic and diluted earnings per share attributable to owners of the Company is based on the following data:

		二零一七年 2017 千港元 HK\$'000	二零一六年 2016 千港元 HK\$'000
本年本公司股東應佔溢利及計算每股基本及攤薄後盈利之盈利	Profit for the year attributable to owners of the Company and earnings for the purposes of calculating basic and diluted earnings per share	170,560	169,343
		股份數目 Number of shares	
		千股 '000	千股 '000
計算每股基本盈利之加權平均股數	Weighted average number of shares for the purpose of calculating basic earnings per share	563,874	563,810
可能對普通股產生之攤薄影響： 購股權	Effect of dilutive potential ordinary shares: Share options	59	50
計算每股攤薄後盈利之加權平均股數	Weighted average number of shares for the purpose of calculating diluted earnings per share	563,933	563,860

計算每股攤薄盈利並未假設本公司之購股權獲按4.050港元、4.536港元及5.942港元之行使價行使，原因是二零一七年及二零一六年該等購股權之行使價高於股份之平均市價。

The computation of diluted earnings per share does not assume the exercise of the Company's options of exercise prices of HK\$4.050, HK\$4.536 and HK\$5.942 because the exercise prices of those options were higher than the average market price for shares for both 2017 and 2016.

13. 物業、廠房及設備

13. Property, Plant and Equipment

		在建工程 Construction in progress 千港元 HK\$'000	租賃土地及 樓宇 Leasehold land and buildings 千港元 HK\$'000	傢俬、裝置及 辦公室設備 Furniture, fixtures and office equipment 千港元 HK\$'000	汽車 Motor vehicles 千港元 HK\$'000	廠房及機器 Plant and machinery 千港元 HK\$'000 (附註) (Note)	合計 Total 千港元 HK\$'000
成本值	AT COST						
於二零一六年一月一日	At 1 January 2016	75,309	876,541	165,398	42,272	1,272,055	2,431,575
外匯結算差額	Currency realignment	(5,173)	(48,212)	(7,758)	(2,628)	(77,035)	(140,806)
重新分類	Reclassifications	(38,243)	28,820	1,696	-	7,727	-
添置	Additions	14,763	80,874	17,027	1,665	55,904	170,233
出售/註銷	Disposals/written off	-	(503)	(7,616)	(4,517)	(23,952)	(36,588)
轉入投資物業產生之 重估盈餘	Surplus on revaluation arising from transfer to investment properties	-	50,627	-	-	-	50,627
轉入投資物業	Transfer to investment properties	-	(115,180)	(9,439)	-	-	(124,619)
於二零一六年十二月三十一日	At 31 December 2016	46,656	872,967	159,308	36,792	1,234,699	2,350,422
外匯結算差額	Currency realignment	3,622	68,990	10,107	2,776	104,094	189,589
添置	Additions	264	115,826	25,817	1,752	39,041	182,700
出售/註銷	Disposals/written off	(2,098)	(1,363)	(2,023)	(2,704)	(20,780)	(28,968)
轉入投資物業產生之 重估盈餘	Surplus on revaluation arising from transfer to investment properties	-	31,702	-	-	-	31,702
轉入投資物業	Transfer to investment properties	-	(38,333)	-	-	-	(38,333)
重新分類為持作出售	Reclassified as held for sale	-	(4,263)	-	-	-	(4,263)
於二零一七年十二月三十一日	At 31 December 2017	48,444	1,045,526	193,209	38,616	1,357,054	2,682,849
折舊及減值	DEPRECIATION AND IMPAIRMENT						
於二零一六年一月一日	At 1 January 2016	-	195,220	99,127	29,456	384,412	708,215
外匯結算差額	Currency realignment	-	(17,599)	(470)	(2,262)	(31,008)	(51,339)
年內折舊	Depreciation for the year	-	29,915	17,874	3,460	85,697	136,946
出售/註銷時抵銷	Eliminated on disposals/written off	-	(334)	(4,927)	(2,663)	(5,652)	(13,576)
轉入投資物業時抵銷	Elimination on transfer to investment properties	-	(23,573)	(4,181)	-	-	(27,754)
於二零一六年十二月三十一日	At 31 December 2016	-	183,629	107,423	27,991	433,449	752,492
外匯結算差額	Currency realignment	-	13,366	6,150	2,360	45,754	67,630
年內折舊	Depreciation for the year	-	32,906	18,160	2,848	144,701	198,615
出售/註銷時抵銷	Eliminated on disposals/written off	-	(1,014)	(1,737)	(2,112)	(14,615)	(19,478)
轉入投資物業時抵銷	Elimination on transfer to investment properties	-	(3,733)	-	-	-	(3,733)
重新分類為持作出售	Reclassified as held for sale	-	(1,597)	-	-	-	(1,597)
於二零一七年十二月三十一日	At 31 December 2017	-	223,557	129,996	31,087	609,289	993,929
賬面值	CARRYING VALUES						
於二零一七年十二月三十一日	At 31 December 2017	48,444	821,969	63,213	7,529	747,765	1,688,920
於二零一六年十二月三十一日	At 31 December 2016	46,656	689,338	51,885	8,801	801,250	1,597,930

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13. 物業、廠房及設備 (續)

上文所述之物業、廠房及設備項目 (不包括在建工程) 乃以直線法按以下年率折舊:

租賃土地	以租賃之尚餘年期計算
樓宇	以租賃之尚餘年期或2.5%，以較短者計算
傢俬、裝置及辦公室設備	4.5%至25%
汽車	9%至25%
廠房及機器	5%至20%

附註：於截至二零一七年十二月三十一日止年度內，本公司董事審閱若干廠房及機器之估計可使用年期，並認為該等廠房及機器原本之平均估計可使用年期由11年已變為6年。本年度，該等廠房及機器之估計可使用年期之變化之影響按前瞻基準入賬並確認為額外折舊開支約59,030,000港元。

13. Property, Plant and Equipment

(Continued)

The above items of property, plant and equipment, other than construction in progress, are depreciated on a straight-line basis at the following rates per annum:

Leasehold land	Over the remaining term of the lease
Buildings	Over the shorter of the remaining term of the lease or 2.5%
Furniture, fixtures and office equipment	4.5% to 25%
Motor vehicles	9% to 25%
Plant and machinery	5% to 20%

Note: During the year ended 31 December 2017, the directors of the Company reviewed the estimated useful life of certain plant and machinery and considered the average original estimated useful life of these plant and machinery have been changed from 11 years to 6 years. The effect of change in estimated useful life of these plant and machinery are accounted for on a prospective basis and is recognised as additional depreciation expense of approximately HK\$59,030,000 in the current year.

14. 預付土地租金

14. Prepaid Lease Payments

		二零一七年 2017 千港元 HK\$'000	二零一六年 2016 千港元 HK\$'000
本集團預付土地租金包括：	The Group's prepaid lease payments comprise:		
香港以外地區持有之租賃土地	Leasehold land outside Hong Kong	268,196	255,489
分析作報告用途：	Analysed for reporting purposes as:		
非流動資產	Non-current assets	261,017	248,805
流動資產	Current assets	7,179	6,684
		268,196	255,489

15. 投資物業

15. Investment Properties

		千港元 HK\$'000
公允值	FAIR VALUE	
於二零一六年一月一日	At 1 January 2016	93,200
外匯結算差額	Currency realignment	(3,780)
自物業、廠房及設備轉入(附註)	Transfer from property, plant and equipment (Note)	96,865
自預付土地租金轉入(附註)	Transfer from prepaid lease payment (Note)	34,920
公允值增加	Increase in fair value	5,125
於二零一六年十二月三十一日	At 31 December 2016	226,330
外匯結算差額	Currency realignment	6,142
添置	Additions	21,620
自物業、廠房及設備轉入(附註)	Transfer from property, plant and equipment (Note)	34,600
公允值增加	Increase in fair value	44,079
於二零一七年十二月三十一日	At 31 December 2017	332,771

本集團投資物業於二零一七年十二月三十一日之公允值乃按與本集團並無關連之獨立合資格專業估值師於報告期末進行之估值釐定。

估值乃使用直接比較法釐定，並假設這些物業均經參照有關市場上可相比較銷售交易個案在現況下交吉出售，或使用投資法釐定，並計及當前轉移物業權益之市場租金，及就任何潛在復歸收入作出適當撥備。直接比較法是建基於類似地點之類似物業近期市場可觀察交易。投資法是建基於類似地點之類似物業近期市場可觀察租金收入。於估計物業之公允值時，物業之最高及最佳用途為目前用途。

本集團位於香港及中國的投資物業的公允值分類為公允值級別第三級。年內概無轉入或轉出第三級。

The fair values of the Group's investment properties as at 31 December 2017 have been arrived at on the basis of valuations carried out at the end of the reporting period by an independent qualified professional valuer, which is not connected with the Group.

The valuation was arrived at by using direct comparison approach assuming sale of the properties in their existing states with the benefit of vacant possession and by making reference to comparable sales transactions as available in the relevant market, or by using investment approach taking into account the current market rent passing of the property interest with due provision for any reversionary income potential. The direct comparison approach is based on market observable recent transactions of similar properties in similar location. The investment approach is based on market observable recent rental income of similar properties in similar properties in similar locations. In estimating the fair value of the properties, the highest and best use of the properties is their current use.

The fair value of the Group's investment properties situated in Hong Kong and in the PRC is classified as Level 3 of the fair value hierarchy. There were no transfers into or out of Level 3 during the year.

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15. 投資物業 (續)

附註：於截至二零一七年十二月三十一日止年度內，本集團變更其部分物業、廠房及設備（二零一六年：物業、廠房及設備以及預付土地租金）之用途，並將其租賃予獨立第三方以獲取租金收入。轉入投資物業後，該等物業錄得經重估收益約31,702,000港元（二零一六年：77,487,000港元）。二零一六年扣除相關遞延稅項負債後的金額約29,839,000港元透過其他全面收益計入物業重估儲備。

下表載列於二零一七年及二零一六年十二月三十一日有關如何釐定該等投資物業之公允值（尤其是所使用的估值技術及輸入數據），以及公允值計量按照公允值計量的輸入數據的可觀察程度進行分類的公允值級別的資料。

15. Investment Properties (Continued)

Note: During the year ended 31 December 2017, the Group changed the use of certain of its property, plant and equipment (2016: property, plant and equipment and prepaid lease payments) and had leased them out to independent third parties for rental income. Upon the transfer to investment properties, these properties were revalued with a gain on revaluation of approximately HK\$31,702,000 (2016: HK\$77,487,000). This amount net of the corresponding deferred tax liability of approximately HK\$29,839,000 in 2016 has been credited to property revaluation reserve through other comprehensive income.

The following table gives information about how the fair values of these investment properties as at 31 December 2017 and 2016 are determined (in particular, the valuation techniques and inputs used), as well as the fair value hierarchy into which the fair value measurements are categorised based on the degree to which the inputs to the fair value measurements is observable.

15. 投資物業 (續)

15. Investment Properties (Continued)

於綜合財務狀況表本集團
所持投資物業之賬面值

Carrying value of investment
properties held by the Group
in the consolidated statement
of financial position

公允值級別
Fair value
hierarchy

估值方法及主要輸入數據
Valuation technique(s)
and key input(s)

重大無法觀察輸入數據
Significant unobservable
input(s)

無法觀察輸入數據與
公允值之關係

Relationship of
unobservable inputs to
fair value

於二零一七年十二月三十一日

At 31 December 2017

香港葉氏化工大廈整棟樓連 同4個貨車停車位及 4個私人停車位 218,000,000港元	第三級	投資法經計及當前轉移物業 權益之市場租金，及就任 何潛在復歸收入作出適當 撥備。	每平方米市場租金介乎13.20港元至 15.10港元及資本化比率3.6%。採 用市場直接可比較數據，並計及地 點及其他個別因素（例如大小、樓 宇設施、樓層、樓齡等）	每平方米市場租金微升 將大幅提高公允值。
The whole of Yip's Chemical Building together with 4 lorry parking spaces and 4 private car parking spaces in Hong Kong HK\$218,000,000	Level 3	Investment approach taking into account the current market rent passing of the property interest with due provision for any reversionary income potential.	Market rent per square feet, using market direct comparables and taking into account of location and other individual factors such as size, building facilities, levels, age of building, etc., which is ranging from HK\$13.20/sq.ft to HK\$15.10/sq.ft and capitalisation rate is 3.6%.	A slight increase in the market rent per square feet will increase significantly the fair value.
香港富通大廈27樓若干部分 21,647,000港元	第三級	直接比較法假設在現況下銷 售及經參照有關市場上可 供查閱之可資比較銷售交 易。	每平方米價格介乎18,810港元至 22,900港元，採用市場直接可比較 數據，並計及地點及其他個別因素 （例如大小、樓宇設施、樓層、樓齡 等）	每平方米價格微升 將大幅提高公允值。
A certain portions of the 27th Floor of Fortis Tower in Hong Kong HK\$21,647,000	Level 3	Direct comparison method assuming sale in their existing states and by reference to comparable sales transactions as available in the relevant market.	Price per square feet, using market direct comparables and taking into account of location and other individual factors such as size, building facilities, levels, age of building, etc., which is ranging from HK\$18,810/sq.ft to HK\$22,900/sq.ft.	A slight increase in the price per square feet will increase significantly the fair value.
於中國上海青浦區的工業 開發項目 93,124,000港元	第三級	直接比較法假設在現況下銷 售及經參照有關市場上可 供查閱之可資比較銷售交 易。	每平方米價格介乎人民幣4,000元至 人民幣4,830元，採用市場直接可 比較數據，並計及地點及其他個 別因素（例如大小、樓宇設施、樓 層、樓齡等）	每平方米價格微升 將大幅提高公允值。
An industrial development in Qingpu District, Shanghai, the PRC HK\$93,124,000	Level 3	Direct comparison method assuming sale in their existing states and by reference to comparable sales transactions as available in the relevant market.	Price per square meter, using market direct comparables and taking into account of location and other individual factors such as size, building facilities, levels, age of building, etc., which is ranging from RMB4,000/sq.m. to RMB4,830/sq.m.	A slight increase in the price per square meter will increase significantly the fair value.

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15. 投資物業 (續)

15. Investment Properties (Continued)

於綜合財務狀況表本集團 所持投資物業之賬面值 Carrying value of investment properties held by the Group in the consolidated statement of financial position	公允價值級別 Fair value hierarchy	估值方法及主要輸入數據 Valuation technique(s) and key input(s)	重大無法觀察輸入數據 Significant unobservable input(s)	無法觀察輸入數據與 公允價值之關係 Relationship of unobservable inputs to fair value
於二零一六年十二月三十一日 At 31 December 2016				
香港葉氏化工大廈地面、1、2、3 及4樓(不包括4樓的電腦服務 器室)及1個私人停車位及3個 貨車停車位 151,100,000港元	第三級	直接比較法假設在現況下銷 售及經參照有關市場上可 供查閱之可資比較銷售交 易。	每平方呎價格介乎2,800港元至 3,300港元,採用市場直接可比較 數據,並計及地點及其他個別因素 (例如大小、樓宇設施、樓層、樓齡 等)	每平方呎價格微升 將大幅提高公允價值。
Ground, 1st, 2nd, 3rd and 4th Floor excluding the computer server room on 4th Floor and 1 private carparking space and 3 lorry carparking spaces of Yip's Chemical Building in Hong Kong HK\$151,100,000	Level 3	Direct comparison method assuming sale in their existing states and by reference to comparable sales transactions as available in the relevant market.	Price per square feet, using market direct comparables and taking into account of location and other individual factors such as size, building facilities, levels, age of building, etc., which is ranging from HK\$2,800/sq.ft to HK\$3,300/sq.ft.	A slight increase in the price per square feet will increase significantly the fair value.
於中國上海青浦區的 工業開發項目 75,230,000港元	第三級	直接比較法假設在現況下銷 售及經參照有關市場上可 供查閱之可資比較銷售交 易。	每平方米價格介乎人民幣3,550元至 人民幣3,650元,採用市場直接可 比較數據,並計及地點及其他個 別因素(例如大小、樓宇設施、樓 層、樓齡等)	每平方米價格微升 將大幅提高公允價值。
An industrial development in Qingpu District, Shanghai, the PRC HK\$75,230,000	Level 3	Direct comparison method assuming sale in their existing states and by reference to comparable sales transactions as available in the relevant market.	Price per square meter, using market direct comparables and taking into account of location and other individual factors such as size, building facilities, levels, age of building, etc., which is ranging from RMB3,550/sq.m. to RMB3,650/sq.m.	A slight increase in the price per square meter will increase significantly the fair value.

獨立合資格專業估值師所採納之葉氏化工大廈的估值技術由直接比較法變更為投資法,原因乃整棟香港葉氏化工大廈於當前期間租出及投資法適用於為租賃物業估值。

The valuation technique of Yip's Chemical Building adopted by the independent qualified professional valuer changed from direct comparison method to investment approach because of the whole of Yip's Chemical Building rent out in the current period and investment approach is appropriate to value a tenanted property.

以經營租約持有以賺取租金或實現資本增值之本集團所有物業權益均採用公允價值模式計量,及分類並列為投資物業。

All the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties.

16. 持作出售之非流動資產

於二零一七年十二月十三日，本公司之一間附屬公司與一名獨立第三方訂立臨時買賣協議，以出售位於中國之一處辦公室物業。本公司董事已評估是否符合香港財務報告準則第5號「持作出售的非流動資產及已終止經營業務」所載之持作出售標準。經計及(a)該標的物業可即時供出售之事實，及(b)協議條款中所載令出售得以完成將須符合之條件，出售其後於二零一八年一月完成，因此相關物業於二零一七年十二月三十一日被分類為持作出售。預期出售所得款項淨額將超過物業之賬面值，因此，概無確認減值虧損。

17. 可供出售投資

可供出售投資包括：
非上市股本證券，按成本減
已確認減值虧損

於報告期末，非上市股本證券按成本減減值計量，原因是合理公允價值估計範圍如此重大以致本公司董事認為公允價值不能可靠計量。

於截至二零一七年十二月三十一日止年度內，本集團與一名獨立第三方訂立買賣協議，以收購深圳市補優優網絡科技有限公司（一間於中國註冊成立之公司）之3.33%股權，現金代價為人民幣5,000,000元（相當於5,753,000港元）。投資對象之主要業務為提供室內裝修及保養服務。

16. Non-Current Assets Held for Sale

On 13 December 2017, a subsidiary of the Company has entered into a provisional agreement for sale and purchase with an independent third party to dispose of an office premise located in the PRC. The directors of the Company assessed whether the held-for-sale criteria set out in HKFRS 5 "Non-current assets held for sale and discontinued operations" are met. Taking into account (a) the fact that the subject property is immediately available for sale, and (b) the conditions to be met to complete the disposal as set out in the terms of the agreement, the disposal was completed subsequently in January 2018 and accordingly the relevant property was classified as held for sale as at 31 December 2017. The net proceeds of the disposal are expected to exceed the carrying amount of the property and accordingly, no impairment loss has been recognised.

17. Available-For-Sale Investment

Available-for-sale investment comprises:
Unlisted equity securities, at cost less
impairment loss recognised

The unlisted equity securities are measured at cost less impairment at the end of the reporting period because the ranges of reasonable fair value estimates are so significant that the directors of the Company are of the opinion that the fair values cannot be measured reliably.

During the year ended 31 December 2017, the Group entered into a sale and purchase agreement with an independent third party to acquire 3.33% equity interest in the registered capital of 深圳市補優優網絡科技有限公司, a company incorporated in the PRC, for a cash consideration of RMB5,000,000 (equivalent to HK\$5,753,000). The principal activity of the investee is providing indoor renovation and maintenance services.

二零一七年
2017
千港元
HK\$'000

3,992

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18. 商譽

18. Goodwill

		千港元 HK\$'000
成本價	AT COST	
於二零一六年一月一日、 二零一六年十二月三十一日及 二零一七年十二月三十一日	At 1 January 2016, 31 December 2016 and 31 December 2017	71,462
減值	IMPAIRMENT	
於二零一六年一月一日、 二零一六年十二月三十一日及 二零一七年十二月三十一日	At 1 January 2016, 31 December 2016 and 31 December 2017	1,888
賬面值	CARRYING VALUES	
於二零一七年及二零一六年 十二月三十一日	At 31 December 2017 and 2016	69,574

於業務合併收購之商譽乃於收購時分配至預期將從該業務合併中受惠之現金產生單位（「現金產生單位」）。商譽之賬面值已分配如下：

Goodwill acquired in a business combination is allocated, at acquisition, to the cash-generating units ("CGU"s) that are expected to benefit from that business combination. The carrying amount of goodwill had been allocated as follows:

		二零一七年及 二零一六年 2017 & 2016 千港元 HK\$'000
製造及買賣溶劑	Manufacture of and trading in solvents	59,479
製造及買賣塗料	Manufacture of and trading in coatings	10,095
		69,574

現金產生單位之可收回金額乃按其使用價值而釐定。計算使用價值時採用之主要假設乃根據年內之貼現率、增長率及預期銷售價及直接成本之變動而釐定。管理層以可反映現時市場評估貨幣時值及該現金產生單位所面對特定風險之稅前比率估算貼現率。增長率乃基於對業界之增長預測而定出。銷售價及直接成本之變動則根據過往慣例及預期日後市場之變化而釐定。

The recoverable amounts of the CGUs are determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the year. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. The growth rates are based on industry growth forecasts. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.

18. 商譽 (續)

為減值評估之目的，本集團按照獲管理層批准之各項現金產生單位之最近財務預算得出之未來五年（二零一六年：五年）現金流預測，並使用反映市場現時對貨幣時值的評估及現金產生單位所面對特定風險之貼現率4.61%（二零一六年：4.73%）對商譽進行減值評估。根據本集團的行業增長預測，年度增長率介乎0%至10%（溶劑）及6%至24%（塗料）（二零一六年：5%至14%（溶劑）及6%至8%（塗料））。截至二零一七年十二月三十一日止年度，本集團並無確認任何減值虧損。

18. Goodwill (Continued)

For impairment assessment purpose, the Group performed impairment review for goodwill based on cash flow forecasts derived from the most recent financial budgets for the next five years (2016: five years) for each CGUs approved by management using a discount rate 4.61% (2016: 4.73%) which reflects current market assessments of the time value of money and the risks specific to the CGUs. The growth rates per annum range from 0% to 10% for solvents and 6% to 24% for coatings (2016: 5% to 14% for solvents and 6% to 8% for coatings) in light of the Group's industry growth forecasts. No impairment loss has been recognised by the Group for the year ended 31 December 2017.

19. 無形資產**19. Intangible Assets**

		技術知識 Technical knowhow 千港元 HK\$'000	不競爭協議 Non-competition covenants 千港元 HK\$'000	商標及品牌 Trademarks and patent brands 千港元 HK\$'000	合計 Total 千港元 HK\$'000
成本價	AT COST				
於二零一六年一月一日	At 1 January 2016	5,498	18,261	1,952	25,711
外匯結算差額	Currency realignment	(81)	(934)	-	(1,015)
於二零一六年十二月三十一日	At 31 December 2016	5,417	17,327	1,952	24,696
外匯結算差額	Currency realignment	105	1,205	-	1,310
於二零一七年十二月三十一日	At 31 December 2017	5,522	18,532	1,952	26,006
攤銷及減值	AMORTISATION AND IMPAIRMENT				
於二零一六年一月一日	At 1 January 2016	5,331	16,846	1,073	23,250
外匯結算差額	Currency realignment	(78)	(896)	-	(974)
年內撥備	Provided for the year	122	886	195	1,203
於二零一六年十二月三十一日	At 31 December 2016	5,375	16,836	1,268	23,479
外匯結算差額	Currency realignment	104	1,195	-	1,299
年內撥備	Provided for the year	43	501	196	740
於二零一七年十二月三十一日	At 31 December 2017	5,522	18,532	1,464	25,518
賬面值	CARRYING VALUES				
於二零一七年十二月三十一日	At 31 December 2017	-	-	488	488
於二零一六年十二月三十一日	At 31 December 2016	42	491	684	1,217

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19. 無形資產 (續)

上述無形資產使用年期有限。該等無形資產乃採用直線法於下列年期攤銷：

技術知識	5 – 10年
不競爭協議	10年
商標及品牌	10年

技術知識代表向獨立第三方收購某種絕緣清漆、油墨及絲網產品的生產技術知識及技巧。

不競爭協議代表於收購公司後，限制資產的出售方或被收購方於10年之特定年期內不可從事相同業務。

商標及品牌指收購之品牌名稱，該等品牌於市場內獲高度認可及具知名度。

20. 其他非流動資產

此金額乃指本集團持有會所債券之成本及於報告期末按成本減累計減值虧損（如有）計量。

21. 存貨

原料	Raw materials
在製品	Work in progress
製成品	Finished goods

19. Intangible Assets (Continued)

The above intangible assets have finite useful lives. Such intangible assets are amortised on a straight-line basis over the following periods:

Technical knowhow	5 – 10 years
Non-competition covenants	10 years
Trademarks and patent brands	10 years

Technical knowhow represents technical knowledge and techniques acquired from independent third parties to manufacture certain insulating varnish, ink and screening products.

Non-competition covenants represent the right to restrict the vendors of assets or acquirees, after acquisition of the entities, to carry on the same business for specific periods for 10 years.

Trademarks and patent brands represent the brand names acquired which have high recognition and awareness in the market.

20. Other Non-Current Asset

The amount represents the cost of club debenture held by the Group and is measured at cost less accumulated impairment losses, if any, at the end of the reporting period.

21. Inventories

	二零一七年 2017 千港元 HK\$'000	二零一六年 2016 千港元 HK\$'000
原料	540,567	472,595
在製品	22,636	23,964
製成品	350,829	311,644
	914,032	808,203

22. 貿易應收款項及應收票據、其他應收賬款及預付款項

22. Trade and Bills Receivables, Other Debtors and Prepayments

		二零一七年 2017 千港元 HK\$'000	二零一六年 2016 千港元 HK\$'000
貿易應收款項	Trade receivables	1,859,588	1,739,087
減：呆賬撥備	Less: Allowance for doubtful debts	(73,564)	(68,075)
		1,786,024	1,671,012
應收票據	Bills receivables	1,658,909	1,133,598
		3,444,933	2,804,610

貿易應收款項

於報告期末按發票日期之貿易應收款項賬齡分析（經扣除呆賬撥備）如下：

Trade receivables

An aged analysis of trade receivables, net of allowance for doubtful debts, presented based on the invoice date at the end of the reporting period is as follows:

		二零一七年 2017 千港元 HK\$'000	二零一六年 2016 千港元 HK\$'000
零至三個月	0 – 3 months	1,479,359	1,374,642
四至六個月	4 – 6 months	241,779	226,663
六個月以上	Over 6 months	64,886	69,707
		1,786,024	1,671,012

本集團容許向其除銷客戶提供30天至90天不等之信貸期。本集團或會向付款記錄良好之長期或大規模客戶授予較長的信貸期。

The Group allows a credit period ranging from 30 to 90 days to its trade customers. A longer credit period may be granted to large or long established customers with good payment history.

在接納任何新客戶前，本集團內部信貸控制系統會評估潛在客戶之信貸質素，董事會已任命管理層負責為客戶釐定信貸限額及信貸審批。客戶之限額會定期審閱。大約78%（二零一六年：73%）之貿易應收款項為既未逾期亦無減值，其原因為根據本集團所採用之信貸控制系統，該等貿易應收款項獲評為良好信貸。

Before accepting any new customers, the Group has an internal credit control system to assess the potential customers' credit quality and the board of directors has delegated the management to be responsible for determination of credit limits and credit approvals for customers. Limits attributed to customers are reviewed periodically. Approximately 78% (2016: 73%) of the trade receivables are neither past due nor impaired as they were assessed to be of good credit rating attributable under the credit control system used by the Group.

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22. 貿易應收款項及應收票據、其他應收賬款及預付款項 (續)

貿易應收款項 (續)

本集團貿易應收款項包括已逾期的應收賬款，總賬面值為393,080,000港元(二零一六年：459,336,000港元)。該等已逾期應收賬款皆被密切監察並根據過往經驗為最終會清付之賬款，故此，本集團並無就該等款項作出減值虧損撥備。本集團就該等結餘並無持有任何抵押品。

於報告期末已逾期但未減值之貿易應收賬款按發票日期之賬齡分析如下：

零至三個月	0 – 3 months
四至六個月	4 – 6 months
六個月以上	Over 6 months

在釐定貿易應收賬款之可收回性時，自在早前授出信貸起至報告日期，本集團監察貿易應收賬款信用質素之任何變動。本公司董事認為，本集團並無重大集中信貸風險，有關風險由大量交易方及客戶分薄。

22. Trade and Bills Receivables, Other Debtors and Prepayments (Continued)

Trade receivables (Continued)

Included in the Group's trade receivables are past due debtors with aggregate carrying amount of HK\$393,080,000 (2016: HK\$459,336,000). These past due debtors are all closely monitored and by past experience, they will eventually settle their debts, so the Group has not provided for impairment loss. The Group does not hold any collateral over these balances.

The following is an aged analysis of trade receivables, which are past due but not impaired at the end of the reporting period based on the invoice date:

	二零一七年 2017 千港元 HK\$'000	二零一六年 2016 千港元 HK\$'000
零至三個月	220,332	240,726
四至六個月	130,561	148,903
六個月以上	42,187	69,707
	393,080	459,336

In determining the recoverability of the trade debtors, the Group monitors any change in the credit quality of the trade debtors since the credit was granted and up to the reporting date. The directors of the Company considered that the Group has no significant concentration of credit risk, with exposure spread over a large number of counterparties and customers.

22. 貿易應收款項及應收票據、其他應收賬款及預付款項 (續)

貿易應收款項 (續)

呆賬撥備：

年初	At beginning of the year
外匯結算差額	Currency realignment
確認之減值虧損	Impairment losses recognised
於本年度已收回之款項	Amounts recovered during the year
註銷不可收回之款項	Amounts written off as uncollectible
年末	At end of the year

對處於清盤或重大財務困難之貿易應收賬款作出減值。本集團就該等結餘並無持有任何抵押品。

應收票據

應收票據為銀行承兌匯票，即由國內銀行承兌及擔保付款之定期匯票。本集團按個別情況接受客戶以國內銀行承兌之銀行承兌匯票償還貿易應收款項。

此類發行或背書予本集團的銀行承兌匯票通常於發行日期後不超過十二個月內到期。銀行承兌匯票將主要由中國國有銀行或商業銀行於該等銀行承兌匯票到期日支付。

22. Trade and Bills Receivables, Other Debtors and Prepayments (Continued)

Trade receivables (Continued)

Allowance for doubtful debts:

二零一七年 2017 千港元 HK\$'000	二零一六年 2016 千港元 HK\$'000
68,075	110,716
5,907	(4,498)
18,305	21,718
(709)	(5,017)
(18,014)	(54,844)
73,564	68,075

Impairment is made for trade debtors that have been placed under liquidation or in severe financial difficulties. The Group does not hold any collateral over these balances.

Bills receivables

Bills receivables represent 銀行承兌匯票 ("banker's acceptances"), i.e. time drafts accepted and guaranteed for payment by the PRC banks. The Group accepts the settlement of trade receivables by customers using banker's acceptances accepted by the PRC banks on a case by case basis.

These banker's acceptances are issued to or endorsed to the Group and with maturity date in general not longer than twelve months from the date of issuance. The banker's acceptances will be settled by the banks, which are state-owned banks or commercial banks in the PRC, on the maturity date of such banker's acceptances.

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22. 貿易應收款項及應收票據、其他應收賬款及預付款項 (續)

應收票據 (續)

於二零一七年十二月三十一日，本集團向債權人背書金額為793,511,000港元(二零一六年：639,079,000港元)的若干銀行承兌匯票，以結算應付彼等的貿易賬款。因此，本集團繼續將該等已背書之銀行承兌匯票全額計入應收票據，並確認應付債權人之相關款項，直至背書銀行承兌匯票之到期日。

轉讓金融資產

以下本集團的應收票據乃透過具全面追索權背書予供應商。由於本集團並無轉讓該等應收賬款的重大風險及回報，其繼續悉數確認應收賬款之賬面值。該等應收賬款按攤銷成本列入本集團綜合財務狀況表。

22. Trade and Bills Receivables, Other Debtors and Prepayments (Continued)

Bills receivables (Continued)

At 31 December 2017, the Group endorsed certain banker's acceptances with an amount of HK\$793,511,000 (2016: HK\$639,079,000) to creditors to settle the trade payables to them. Accordingly, the Group continued to include the full amount of these endorsed banker's acceptances under bills receivables and recognised the relevant payable to creditors until the maturity date of the endorsed banker's acceptances.

Transfer of financial assets

The following were the Group's bills receivables that were endorsed to suppliers with full recourse. As the Group has not transferred the significant risks and rewards relating to these receivables, it continues to recognise the full carrying amount of the receivables. These receivables are carried at amortised cost in the Group's consolidated statement of financial position.

具全面追索權背書予
供應商的應收票據
**Bills receivables
endorsed to suppliers
with full recourse**

	二零一七年 2017 千港元 HK\$'000	二零一六年 2016 千港元 HK\$'000
已轉讓資產之賬面值	793,511	639,079
有關負債之賬面值	(793,511)	(639,079)
Carrying amount of transferred assets	793,511	639,079
Carrying amount of associated liabilities	(793,511)	(639,079)

22. 貿易應收款項及應收票據、其他應收賬款及預付款項 (續)

其他應收賬款及預付款項

其他應收賬款及預付款項主要包括預付供應商款項、應收供應商佣金及應收進項增值稅。

貿易應收賬款及應收票據及其他應收賬款包括下列並非以有關集團公司之功能貨幣定值之款項：

港元	Hong Kong dollars
美元(「美元」)	United States dollars ("USD")
日圓(「日圓」)	Japanese Yen ("YEN")

22. Trade and Bills Receivables, Other Debtors and Prepayments (Continued)

Other debtors and prepayments

Other debtors and prepayments mainly consist of payments in advance to suppliers, commission receivable from suppliers and value-added tax recoverable.

Included in trade receivables and bill receivables and other debtors are the following amounts denominated in currencies other than the functional currency of the group entities to which they relate:

二零一七年 2017 千港元 HK\$'000	二零一六年 2016 千港元 HK\$'000
2,298	3,363
33,247	28,138
–	625

23. 短期銀行存款、銀行結餘及現金

短期銀行存款及銀行結餘及現金包括下列並非以有關集團公司之功能貨幣定值之款項：

美元	USD
港元	Hong Kong dollars
人民幣	RMB

23. Short-Term Bank Deposits, Bank Balances and Cash

Included in short-term bank deposits and bank balances and cash are the following amounts denominated in currencies other than the functional currencies of the group entities to which they relate:

二零一七年 2017 千港元 HK\$'000	二零一六年 2016 千港元 HK\$'000
152,734	214,447
5,333	9,586
889	49,876

所有銀行存款及銀行結餘按市場年利率介乎0.001%至6% (二零一六年：0.001%至6%) 不等計息。

All bank deposits and bank balances were carrying interest at market rates ranging from 0.001% to 6% (2016: 0.001% to 6%) per annum.

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24. 應付賬款及應計費用

於報告期末，應付賬款及應計費用結餘包括貿易應付賬款1,483,112,000港元（二零一六年：1,362,338,000港元）。餘額主要包括客戶預付款、應付員工薪金及福利、銷售佣金、應付倉儲及運費等。

於報告期末按發票日期之貿易應付賬款賬齡分析如下：

零至三個月	0 – 3 months
四至六個月	4 – 6 months
六個月以上	Over 6 months

應付賬款包括下列並非以有關集團公司之功能貨幣定值之款項：

美元	USD
----	-----

24. Creditors and Accrued Charges

At the end of the reporting period, the balance of creditors and accrued charges included trade creditors of HK\$1,483,112,000 (2016: HK\$1,362,338,000). Remaining balances mainly consist of receipts in advance from customers, payables of staff salaries and benefits, sales commission, payable of storage and transportation, etc.

An aged analysis of trade creditors at the end of the reporting period based on the invoice date is as follows:

二零一七年 2017 千港元 HK\$'000	二零一六年 2016 千港元 HK\$'000
1,171,286	1,139,905
295,793	218,760
16,033	3,673
1,483,112	1,362,338

Included in creditors are the following amounts denominated in currency other than the functional currency of the group entities to which they relate:

二零一七年 2017 千港元 HK\$'000	二零一六年 2016 千港元 HK\$'000
77,984	123,583

25. 衍生金融工具

25. Derivative Financial Instruments

		流動		非流動	
		Current		Non-current	
		二零一七年	二零一六年	二零一七年	二零一六年
		2017	2016	2017	2016
		千港元	千港元	千港元	千港元
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
以對沖會計法處理之 衍生金融資產	Derivatives financial assets under hedge accounting				
利率掉期合約	Interest rate swap contracts	3,592	4,075	3,449	4,468
外匯遠期合約	Foreign exchange forward contracts	-	77	-	-
		3,592	4,152	3,449	4,468
以對沖會計法處理之 衍生金融負債	Derivatives financial liabilities under hedge accounting				
利率掉期合約	Interest rate swap contracts	68	146	2	47
外匯遠期合約	Foreign exchange forward contracts	-	165	-	-
		68	311	2	47

以現金流量對沖之利率掉期合約

本集團與多間商業銀行訂立多項利率掉期合約，通過將浮動利率轉換為固定利率，將銀行之若干港元浮息銀行借貸之現金流量波動風險降至最低。該等合約之條款經磋商後與對沖銀行借貸之條款一致（即面值與銀行借貸之本金額、幣值及利率指標相同）。董事認為利率掉期合約屬高效對沖工具，並根據對沖會計法指定該等工具為現金流量對沖工具。

就對沖利率波動之現金流量風險而言，對沖為高度有效。截至二零一七年十二月三十一日止年度，現金流量對沖所使用對沖工具之公允值變動虧損為1,379,000港元（二零一六年：收益14,303,000港元）已於其他全面收益確認及累計於權益內。董事預期累計總和將於報告期間後未來到日期間於不同日期於損益內入賬。

Interest rate swap contracts under cash flow hedges

The Group entered into a number of interest rate swap contracts with the commercial banks to minimise its exposure to cash flow changes of its floating-rate Hong Kong dollars bank loans from banks by swapping floating interest rates to fixed interest rates. The terms of these contracts were negotiated to match with those of the hedged bank loans with the same notional amounts to principal amounts of bank loans, currency and interest rate index. The directors consider that the interest rate swap contracts are highly effective hedging instruments and have designated them as cash flow hedging instruments for hedge accounting purpose.

The hedges were highly effective in hedging cash flow exposure to interest rate movements. Fair value change on hedging instruments in cash flow hedge of loss of HK\$1,379,000 for the year ended 31 December 2017 (2016: gain of HK\$14,303,000) have been recognised in other comprehensive income and accumulated in equity. The directors expected the accumulated sum is to be released to profit or loss at various dates in the coming maturity periods after the reporting period.

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25. 衍生金融工具 (續)

25. Derivative Financial Instruments

(Continued)

以現金流量對沖之利率掉期合約 (續)

Interest rate swap contracts under cash flow hedges (Continued)

於報告期末，附註26所披露之銀行借貸包括現金流量對沖項之下銀行貸款1,108,971,000港元（二零一六年：1,354,319,000港元），而該等以現金流量對沖之利率掉期合約之主要條款如下：

Included in borrowings as disclosed in note 26 were bank loans of HK\$1,108,971,000 (2016: HK\$1,354,319,000) which were under cash flow hedges and the major terms of the interest rate swap contracts under cash flow hedges at the end of the reporting period are as follows:

面值 Notional amount	到期日 Maturity	收取浮息 Receive floating	支付定息 Pay fixed
於二零一七年十二月三十一日 At 31 December 2017			
22,300,000港元 HK\$22,300,000	二零一八年五月二十三日 23.5.2018	港元一個月之銀行同業拆息* HK\$1-month HIBOR*	2.54厘 2.54%
90,000,000港元 HK\$90,000,000	二零一八年六月十三日 13.6.2018	港元一個月之銀行同業拆息 HK\$1-month HIBOR	3.22厘 3.22%
128,571,000港元 HK\$128,571,000	二零一九年五月三十日 30.5.2019	港元一個月之銀行同業拆息 HK\$1-month HIBOR	3.05厘 3.05%
55,600,000港元 HK\$55,600,000	二零一九年三月三十一日 31.3.2019	港元一個月之銀行同業拆息 HK\$1-month HIBOR	2.22厘 2.22%
50,000,000港元 HK\$50,000,000	二零一九年十月二十九日 29.10.2019	港元一個月之銀行同業拆息 HK\$1-month HIBOR	3.20厘 3.20%
62,500,000港元 HK\$62,500,000	二零一九年一月二日 2.1.2019	港元一個月之銀行同業拆息 HK\$1-month HIBOR	2.85厘 2.85%
250,000,000港元 HK\$250,000,000	二零二零年四月一日 1.4.2020	港元一個月之銀行同業拆息 HK\$1-month HIBOR	2.82厘 2.82%
200,000,000港元 HK\$200,000,000	二零二零年三月三十一日 31.3.2020	港元一個月之銀行同業拆息 HK\$1-month HIBOR	1.94厘 1.94%
250,000,000港元 HK\$250,000,000	二零二一年四月十九日 19.4.2021	港元一個月之銀行同業拆息 HK\$1-month HIBOR	2.44厘 2.44%

* HIBOR指香港銀行同業拆息利率。

* HIBOR represents Hong Kong Interbank Offered Rate.

25. 衍生金融工具 (續)

25. Derivative Financial Instruments

(Continued)

以現金流量對沖之利率掉期合約 (續)

Interest rate swap contracts under cash flow hedges (Continued)

面值 Notional amount	到期日 Maturity	收取浮息 Receive floating	支付定息 Pay fixed
於二零一六年十二月三十一日 At 31 December 2016			
30,000,000港元 HK\$30,000,000	二零一七年八月十四日 14.8.2017	港元三個月之銀行同業拆息 HK\$3-month HIBOR	2.61厘 2.61%
13,750,000港元 HK\$13,750,000	二零一七年八月二十一日 21.8.2017	港元三個月之銀行同業拆息 HK\$3-month HIBOR	2.62厘 2.62%
11,250,000港元 HK\$11,250,000	二零一七年九月十三日 13.9.2017	港元三個月之銀行同業拆息 HK\$3-month HIBOR	2.62厘 2.62%
23,333,000港元 HK\$23,333,000	二零一七年十月十九日 19.10.2017	港元三個月之銀行同業拆息 HK\$3-month HIBOR	2.67厘 2.67%
20,000,000港元 HK\$20,000,000	二零一七年十月三十一日 31.10.2017	港元三個月之銀行同業拆息 HK\$3-month HIBOR	2.68厘 2.68%
214,286,000港元 HK\$214,286,000	二零一九年五月三十日 30.5.2019	港元一個月之銀行同業拆息 HK\$1-month HIBOR	3.05厘 3.05%
66,700,000港元 HK\$66,700,000	二零一八年五月二十三日 23.5.2018	港元一個月之銀行同業拆息 HK\$1-month HIBOR	2.54厘 2.54%
150,000,000港元 HK\$150,000,000	二零一八年六月十三日 13.6.2018	港元一個月之銀行同業拆息 HK\$1-month HIBOR	3.22厘 3.22%
100,000,000港元 HK\$100,000,000	二零一九年三月三十一日 31.3.2019	港元一個月之銀行同業拆息 HK\$1-month HIBOR	2.22厘 2.22%
75,000,000港元 HK\$75,000,000	二零一九年十月二十九日 29.10.2019	港元一個月之銀行同業拆息 HK\$1-month HIBOR	3.20厘 3.20%
100,000,000港元 HK\$100,000,000	二零一九年一月二日 2.1.2019	港元一個月之銀行同業拆息 HK\$1-month HIBOR	2.85厘 2.85%
350,000,000港元 HK\$350,000,000	二零二零年四月一日 1.4.2020	港元一個月之銀行同業拆息 HK\$1-month HIBOR	2.82厘 2.82%
200,000,000港元 HK\$200,000,000	二零二零年三月三十一日 31.3.2020	港元一個月之銀行同業拆息 HK\$1-month HIBOR	1.94厘 1.94%

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25. 衍生金融工具 (續)

外匯遠期合約

於二零一七年十二月三十一日，該等合約公允值變動錄得收益88,000港元(二零一六年：虧損88,000港元)於其他全面收益內確認及累計於對沖儲備。該等合約絕大部分為交收遠期合約。本集團訂立此等合約，每份合約皆配對金額及到期日相約之美元採購合約，為集團司庫運作之一部分，旨在捕捉現貨與遠期外匯市場間之價差。本集團簽定每一項此類安排時均將鎖定美元／人民幣匯率。因此，儘管各合約期間之特定日期對該等個別外匯遠期合約進行估值可能會產生收益或虧損，但該等收益或虧損最終絕大部分均會與此等安排抵銷。本集團訂立若干外匯遠期合約，於二零一七年十二月三十一日，該等外匯遠期合約全部均已到期。董事認為遠期合約屬高效對沖工具，並根據對沖會計法設定該等工具為截至二零一七年十二月三十一日止年度的現金流量對沖工具。

25. Derivative Financial Instruments

(Continued)

Foreign exchange forward contracts

As at 31 December 2017, the change in fair value of these contracts recorded a gain of HK\$88,000 (2016: a loss of HK\$88,000) and was recognised in other comprehensive income and accumulated in hedging reserve. The majority of these contracts were deliverable forward contracts. Such contracts were entered into as part of the Group's treasury operation for the purpose of capturing the price differential between the spot and forward foreign currency exchange markets by entering into purchase contracts that were denominated in USD with the similar amounts and maturity dates on a one by one basis. Each of these arrangements, when contracted by the Group, will lock USD/RMB exchanges rate. Accordingly, although the valuation of each of these foreign exchange forward contracts might give rise to a gain or loss at a particular date within the term of the respective contract, such gain or loss will eventually be substantially offset by each of these arrangements. The Group entered into a number of foreign exchange forward contracts and those foreign exchange contracts were all expired as at 31 December 2017. The directors consider that the forward contracts are highly effective hedging instruments and have designated them as cash flow hedging instruments for hedge accounting purpose for the year ended 31 December 2017.

25. 衍生金融工具 (續)**外匯遠期合約 (續)**

於報告期末，本集團承諾之主要尚未交收外匯遠期合約之面值範圍如下：

面值 Notional amount	到期日 Maturity	匯率 Exchange rates
於二零一六年十二月三十一日 At 31 December 2016		
買704,007美元 Buy USD704,007	二零一七年一月十六日 16.1.2017	美元／人民幣6.948 USD/RMB6.948
買820,368美元 Buy USD820,368	二零一七年一月十八日 18.1.2017	美元／人民幣6.948 USD/RMB6.948
買1,080,648美元 Buy USD1,080,648	二零一七年一月二十三日 23.1.2017	美元／人民幣7.033 USD/RMB7.033
買890,902美元 Buy USD890,902	二零一七年二月三日 3.2.2017	美元／人民幣7.036 USD/RMB7.036
買978,483美元 Buy USD978,483	二零一七年二月七日 7.2.2017	美元／人民幣7.039 USD/RMB7.039
買1,034,884美元 Buy USD1,034,884	二零一七年二月十三日 13.2.2017	美元／人民幣7.041 USD/RMB7.041

25. Derivative Financial Instruments*(Continued)***Foreign exchange forward contracts***(Continued)*

The ranges of the notional amounts of the major outstanding foreign exchange forward contracts to which the Group is committed at the end of the reporting period are as follows:

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25. 衍生金融工具 (續)

跨幣掉期合約

跨幣掉期

本集團訂立跨幣掉期合約，作為集團司庫運作之一部分，旨在透過將浮動利率（澳元）掉期為固定利率（港元）盡力降低外幣風險以及在經濟上對沖外幣銀行貸款。因此，儘管跨幣掉期合約的價值或會在合約期限內特定日期產生收益或虧損，本集團管理層預期有關收益或虧損大部分在合約期末最終將與外幣銀行貸款產生的外匯收益或虧損抵銷。於截至二零一六年十二月三十一日止年度內，以澳元計值之銀行貸款獲悉數償還，跨幣掉期合約已到期。於二零一六年十二月三十一日，合約公允值變動錄得收益10,661,000港元（二零一七年：無）於損益內確認。

本集團並無就對沖會計法為跨幣掉期合約指定任何對沖關係。

上述衍生工具乃按公允值計量。根據公允值級別，於二零一七年十二月三十一日上述衍生工具之計量分類為第二級（詳情請參閱附註30）。

25. Derivative Financial Instruments

(Continued)

Cross currency swap contract

Cross Currency Swap

The Group entered into a cross currency swap contract as part of the Group's treasury operation for the purpose of minimising the exposure to foreign currency risk and to hedge economically against the foreign currency bank loan by swapping floating interest rates in AUD to fixed interest rate in HK\$. Accordingly, although the valuation of the cross currency swap contract might give rise to a gain or loss at a particular date within the term of the contract, the management of the Group expected that such gain or loss will eventually be substantially offset with the exchange gain or loss arising from the foreign currency bank loan at the end of the contract. During the year ended 31 December 2016, the bank loan in AUD was fully repaid and the cross currency swap contract was expired. As at 31 December 2016, the change in fair value of the contract recorded a gain of HK\$10,661,000 (2017: nil) which was recognised in profit or loss.

The Group did not designate any hedging relationship on the cross currency swap contract for the purpose of hedge accounting.

The above derivatives are measured at fair value. The classification of the measurement of the above derivatives at 31 December 2017 is Level 2 under the fair value hierarchy (see note 30 for details).

26. 借貸

26. Borrowings

		二零一七年 2017 千港元 HK\$'000	二零一六年 2016 千港元 HK\$'000
借貸包括銀行貸款：	Borrowings included bank loans:		
銀行貸款	Bank loans	2,468,405	2,246,319
無抵押	Unsecured	2,468,405	2,246,319
銀行貸款需於以下年期清還*：	The bank loans are repayable as follows*：		
一年內	Within one year	1,208,148	789,848
一年後至兩年內	More than one year but not exceeding two years	668,357	772,214
兩年後至五年內	More than two years but not more than five years	591,900	684,257
		2,468,405	2,246,319
減：須於一年內清還並歸納為流動負債之借貸	Less: Borrowings due within one year shown under current liabilities	(1,208,148)	(789,848)
歸納為非流動負債之借貸	Borrowings shown under non-current liabilities	1,260,257	1,456,471

* 到期金額按貸款協議中載列的計劃償還日期計算。

* The amounts due are based on scheduled repayment dates set out in the borrowing agreements.

本集團銀行貸款之年利率為香港銀行同業拆息加0.50%至香港銀行同業拆息加2.05%（二零一六年：香港銀行同業拆息加1.125%至香港銀行同業拆息加2.05%），以及經公佈的中國人民銀行貸款基準利率減一個固定息差（二零一六年：無）。利率一般於每兩周至一個月（二零一六年：每兩周至六個月）重新定一次。

The Group's bank loans carry annual interests at the range of HIBOR plus 0.50% to HIBOR plus 2.05% (2016: HIBOR plus 1.125% to HIBOR plus 2.05%) and at the quoted lending rate of People's Bank of China minus a fixed margin (2016: nil). Interest is repriced in the period from two weeks up to one month (2016: two weeks up to six months).

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26. 借貸 (續)

26. Borrowings (Continued)

		二零一七年 2017	二零一六年 2016
實際利率	Effective interest rates		
定息借貸	Fixed-rate borrowings	2.03%至4.35% 2.03% to 4.35%	1.45%至2.79% 1.45% to 2.79%
浮息借貸	Variable-rate borrowings	1.57%至3.24% 1.57% to 3.24%	1.87%至2.78% 1.87% to 2.78%

借貸包括165,934,000港元(二零一六年: 105,000,000港元)定息借貸, 有關合約將於一年內到期。

Included in borrowings are HK\$165,934,000 (2016: HK\$105,000,000) at fixed-rate borrowings with the contractual maturity dates within 1 year.

借貸包括下列並非以有關集團公司之功能貨幣定值之款項:

Included in borrowings are the following amounts denominated in currency other than the functional currency of the group entities to which they relate:

		二零一七年 2017 千港元 HK\$'000	二零一六年 2016 千港元 HK\$'000
港元	Hong Kong dollars	77,900	166,700

27. 遞延稅項負債

以下為本集團已確認之主要遞延稅項負債(資產)及於本年及上年內之有關變動:

27. Deferred Tax Liabilities

The followings are the major deferred tax liabilities (assets) recognised by the Group and movements thereon during the current and prior years:

		加速稅項折舊 Accelerated tax depreciation	稅項虧損 Tax losses	未分配溢利之 預扣稅 Withholding tax on undistributed profits	物業重新估值 Revaluation of properties	其他 Others	總計 Total
		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 (附註) (Note)	千港元 HK\$'000
於二零一六年一月一日	At 1 January 2016	3,135	(623)	3,006	-	2,224	7,742
於分派時撥回預扣稅	Reversal of withholding tax upon distribution	-	-	(36,616)	-	-	(36,616)
扣除(計入)至損益	Charge (credit) to profit or loss	713	(138)	42,033	-	(333)	42,275
扣除至年內其他全面收益	Charge to other comprehensive income for the year	-	-	-	29,839	-	29,839
外匯結算差額	Currency realignment	-	-	-	(1,428)	-	(1,428)
於二零一六年十二月三十一日	At 31 December 2016	3,848	(761)	8,423	28,411	1,891	41,812
於分派時撥回預扣稅	Reversal of withholding tax upon distribution	-	-	(10,648)	-	-	(10,648)
(計入)扣除至損益	(Credit) charge to profit or loss	(254)	(806)	10,345	-	(365)	8,920
外匯結算差額	Currency realignment	-	-	-	2,225	-	2,225
於二零一七年十二月三十一日	At 31 December 2017	3,594	(1,567)	8,120	30,636	1,526	42,309

附註: 其他主要代表於收購附屬公司時按公允值調整被收購資產(即無形資產、預付土地租金及物業、廠房及設備)而產生之遞延稅項負債。

Note: Others mainly represent deferred tax liabilities arising from fair value adjustments on assets acquired (i.e. intangible assets, prepaid lease payments and property, plant and equipment) on acquisition of subsidiaries.

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27. 遞延稅項負債 (續)

於二零一七年十二月三十一日，本集團有未使用稅務虧損約1,074,277,000港元(二零一六年：870,729,000港元)可供抵銷未來溢利。於二零一七年十二月三十一日，已確認稅務虧損9,497,000港元(二零一六年：4,611,000港元)為遞延稅項資產。由於未能預計未來的溢利流量，故未有為餘下1,064,780,000港元(二零一六年：866,118,000港元)確認遞延稅項資產。未確認稅務虧損中979,936,000港元(二零一六年：839,409,000港元)可無限期轉結，餘額將於二零二二年或之前到期。

本集團已根據中國企業所得稅法實施條例規定經計及將從中國若干附屬公司自二零零八年一月一日起已賺取的溢利中分派的股息後就附屬公司未分配溢利確認遞延稅項。中國企業所得稅法實施條例規定有關股東溢利分派須按5%至10%的稅率繳納預扣稅。由於董事認為本集團可控制撥回暫時差異的時間，而暫時差異於可預見將來可能不會撥回，故本集團並無就中國附屬公司自二零零八年一月一日起已賺取的若干未經分派保留溢利1,753,566,000港元(二零一六年：1,491,194,000港元)確認遞延稅項。

27. Deferred Tax Liabilities (Continued)

At 31 December 2017, the Group had unused tax losses of approximately HK\$1,074,277,000 (2016: HK\$870,729,000) available to offset against future profits. As at 31 December 2017, a deferred tax asset has been recognised in respect of such losses amounted to HK\$9,497,000 (2016: HK\$4,611,000). No deferred tax asset has been recognised in respect of the remaining HK\$1,064,780,000 (2016: HK\$866,118,000) due to the unpredictability of future profit streams. Included in the unrecognised tax losses, HK\$979,936,000 (2016: HK\$839,409,000) may be carried forward indefinitely and the remaining balance will expire at various dates up to and including 2022.

Deferred taxation on undistributed profits of subsidiaries has been recognised taking into accounts the dividends to be distributed from profits earned by certain subsidiaries in the PRC starting from 1 January 2008 under the Implementation Regulation of the EIT Law of the PRC that requires withholding tax with tax rate ranging from 5% to 10% upon the distribution of such profits to the shareholders. Deferred taxation has not been recognised in respect of certain undistributed retained profits earned by the subsidiaries in the PRC starting from 1 January 2008 amounting to HK\$1,753,566,000 (2016: HK\$1,491,194,000) as the directors are of the opinion that 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.

28. 股本

28. Share Capital

	法定	已發行及繳足	
	Authorised	Issued and fully paid	
	二零一七年 及二零一六年 2017 & 2016 千港元 HK\$'000	二零一七年 2017 千港元 HK\$'000	二零一六年 2016 千港元 HK\$'000
每股面值0.10港元之股份 Shares of HK\$0.10 each	80,000	56,389	56,381

年內本公司之已發行股本有以下變動：

Movements in the issued share capital of the Company during the year are as follows:

		股份數目	金額
		Number	Amount
		of shares	千港元
		千股	千港元
		'000	HK\$'000
於二零一六年一月一日	At 1 January 2016	563,711	56,371
行使購股權(附註a)	Exercise of share options (Note a)	100	10
於二零一六年十二月三十一日	At 31 December 2016	563,811	56,381
行使購股權(附註b)	Exercise of share options (Note b)	78	8
於二零一七年十二月三十一日	At 31 December 2017	563,889	56,389

附註：

Notes:

(a) 於截至二零一六年十二月三十一日止年度內，共有100,000份購股權獲行使，引致本公司發行100,000股每股面值0.10港元之股份，每股作價分別為1.950港元。

(a) During the year ended 31 December 2016, 100,000 share options were exercised, resulting in the issue of 100,000 shares of HK\$0.10 each in the Company at a price of HK\$1.950 per share.

(b) 於截至二零一七年十二月三十一日止年度內，共有78,000份購股權獲行使，引致本公司發行78,000股每股面值0.10港元之股份，每股作價分別為1.950港元。

(b) During the year ended 31 December 2017, 78,000 share options were exercised, resulting in the issue of 78,000 shares of HK\$0.10 each in the Company at a price of HK\$1.950 per share.

所有已發行股份均在所有方面與當時之現有股份享有同等權益。

All shares issued rank pari passu with the then existing shares in issue in all respects.

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29. 資本風險管理目標與政策

本集團管理其資本以確保通過優化債務與權益平衡為股東爭取最高回報，使本集團公司能夠持續經營。本集團整體政策與過往年度相同。

本集團之資本結構包括債務，主要為於附註26披露之借貸及本公司股東應佔權益（含已發行股本及儲備（包括保留溢利））。

本公司董事定期審核資本結構。作為審核一部分，董事將考慮資本成本及與資本有關的風險。按董事建議，本集團通過支付股息、發行新股及發行新債或者贖回現有債項，以平衡本集團整體資本結構。

29. Capital Risk Management Objectives and Policies

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 owners through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of debts, which mainly include the borrowings disclosed in note 26, and equity attributable to owners of the Company, comprising issued share capital and reserves including retained profits.

The directors of the Company review the capital structure on a regular basis. As part of this review, the directors consider the cost of capital and the risks associated with capital. Based on recommendations of the directors, the Group will balance its overall capital structure through the payment of dividends and new share issues as well as the issue of new debts or the redemption of existing debts.

30. 金融工具

金融工具類別

30. Financial Instruments

Categories of financial instruments

		二零一七年 2017 千港元 HK\$'000	二零一六年 2016 千港元 HK\$'000
金融資產	Financial assets		
貸款及應收賬款	Loans and receivables		
貸款及應收賬款（包括現金及現金等值項目）	Loans and receivables (including cash and cash equivalents)	4,432,525	3,820,030
衍生金融工具：	Derivative financial instruments:		
— 指定為對沖工具	— designated as hedging instruments	7,041	8,620
可供出售金融資產	Available-for-sale financial asset		
可供出售投資	Available-for-sale investment	3,992	—
金融負債	Financial liabilities		
攤銷成本	Amortised cost	4,056,457	3,719,244
衍生金融工具：	Derivative financial instruments:		
— 指定為對沖工具	— designated as hedging instruments	70	358

30. 金融工具 (續)

財務風險管理目標與政策

本集團金融工具包括貿易應收賬款及應收票據、其他應收賬款、衍生金融工具、短期銀行存款、銀行結餘及現金、可供出售投資、應付賬款及其他應付賬款以及借貸。該等金融工具詳情於各附註披露。該等金融工具相關之風險包括市場風險（外匯風險、利率風險及其他價格風險）、信貸風險及流動資金風險。下列已呈列如何降低該等風險之政策。管理層管理及監控該等風險，以確保及時有效地採取適當措施。本集團所面對之市場風險或其管理及計量該風險之方式概無重大變動。

市場風險

外匯風險

本公司若干附屬公司以外幣進行銷售及採購，令本集團面對外幣風險。本集團約11%（二零一六年：6%）的銷售以非相關進行銷售的集團公司功能貨幣列值，而約83%（二零一六年：83%）的採購以相關集團公司的功能貨幣列值。

本集團以外幣列值的貨幣資產及負債於報告期末之賬面值於相關附註披露。於截至二零一六年十二月三十一日止年度內，本集團已訂立外匯遠期合約，以減少因外匯變動而產生之以美元列值的應付賬款的外幣風險潛在波動。本集團訂立此等合約，每份合約皆配對金額及到期日相約之美元採購合約，為集團司庫運作之一部分，旨在捕捉現貨與遠期外匯市場間之價差。所有尚未結算外匯遠期合約已於截至二零一七年十二月三十一日止年度內結算。管理層持續監控外幣風險，並將於有需要時考慮對沖重大的外匯風險。

30. Financial Instruments (Continued)

Financial risk management objectives and policies

The Group's financial instruments include trade and bills receivables, other debtors, derivative financial instruments, short-term bank deposits, bank balances and cash, available-for-sale investment, creditors and other payables and borrowings. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner. There has been no significant change to the Group's exposure to market risk or the manner in which it manages and measures the risk.

Market risk

Currency risk

Several subsidiaries of the Company have foreign currency sales and purchases, which expose the Group to foreign currency risk. Approximately 11% (2016: 6%) of the Group's sales are denominated in currencies other than the functional currency of the relevant group entities making the sale, whilst almost 83% (2016: 83%) of purchases are denominated in the relevant group entities' functional currency.

The carrying amount of the Group's foreign currency denominated monetary assets and liabilities at the end of the reporting period are disclosed in respective notes. During the year ended 31 December 2016, the Group entered into certain foreign exchange forward contracts to reduce its exposure in potential variability of foreign currency risk arising from changes in foreign exchange exposure in USD denominated creditors. Such contracts were entered into as part of the Group's treasury operation for the purpose of capturing the price differential between the spot and forward foreign currency exchange markets by entering into purchase contracts that were denominated in USD with the similar amounts and maturity dates on a one by one basis. All the outstanding foreign exchange forward contracts were settled during the year ended 31 December 2017. The management continuously monitors the foreign exchange exposure and will consider hedging significant foreign currency risk should the need arise.

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30. 金融工具 (續)

財務風險管理目標與政策

(續)

市場風險 (續)

外匯風險 (續)

敏感度分析

本集團主要面對美元、人民幣及港元的外匯風險。下表詳述本集團公司之功能貨幣兌相關外幣升跌5% (二零一六年: 5%) 的敏感度。5% (二零一六年: 5%) 為管理層對外匯匯率可能出現之合理變動評估的敏感度率。敏感度分析僅包括尚未結算以外幣列值的貨幣項目，對期末外匯匯率5% (二零一六年: 5%) 變動作兌換調整。敏感度分析包括應收賬款及應收票據、銀行結餘、應付賬款及借貸。在淨負債的情形下，下列正數指功能貨幣兌相關貨幣升值5% (二零一六年: 5%) 時，除稅後溢利有所增加，如在淨資產的情形下則相反。當功能貨幣兌相關貨幣跌5% (二零一六年: 5%) 時，將對除稅後溢利有同等相反的影響。

美元	USD
人民幣	RMB
港元	Hong Kong dollars

部分應收／應付集團公司款項以非相關集團公司功能貨幣列值，本集團因而面對外匯風險。當人民幣兌相關貨幣升5% (二零一六年: 5%) 時，本集團除稅後溢利將增加1,388,000港元 (二零一六年: 減少1,051,000港元)，反之則有同等相反影響。

30. Financial Instruments (Continued)

Financial risk management objectives and policies (Continued)

Market risk (Continued)

Currency risk (Continued)

Sensitivity analysis

The Group is mainly exposed to currency risk of USD, RMB and Hong Kong dollars. The following table details the Group's sensitivity to a 5% (2016: 5%) increase and decrease in functional currency of respective group entities against the relevant foreign currencies. 5% (2016: 5%) is the sensitivity rate used which represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 5% (2016: 5%) change in foreign currency rates. The sensitivity analysis includes trade and bills receivables, bank balances, creditors as well as borrowings. A positive number below indicates an increase in profit after taxation where functional currency strengthens 5% (2016: 5%) against the relevant foreign currency for net liability position and vice versa. For a 5% (2016: 5%) weakening of functional currency against the relevant foreign currency, there would be an equal and opposite impact on the profit after taxation.

	二零一七年 2017 千港元 HK\$'000	二零一六年 2016 千港元 HK\$'000
美元	(4,201)	(4,970)
人民幣	(37)	(2,082)
港元	2,964	6,474

The Group is also exposed to currency risk concerning the amounts due from/to group entities, which are denominated in currencies other than the functional currency of the relevant group entities. When RMB strengthens 5% (2016: 5%) against the relevant foreign currency, profit after taxation of the Group will increase by HK\$1,388,000 (2016: decrease by HK\$1,051,000) and vice versa.

30. 金融工具 (續)

財務風險管理目標與政策 (續)

市場風險 (續)

外匯風險 (續)

敏感度分析 (續)

管理層認為，由於年終風險並不反映年內風險，故敏感度分析並不代表年內在外匯風險。

利率風險

本集團須面對由定息銀行存款及銀行貸款所產生之公允值利率風險（該等借貸詳情見附註26）。但因銀行存款及大部分定息銀行貸款將於一年內到期，管理層認為此項風險並未對本集團構成重大影響。

本集團亦就按現行市場存款利率計息的銀行存款及浮息銀行借貸面對現金流量利率風險（詳情見附註23及26）。為維持本集團之銀行借貸為固定利率，本集團訂立利率掉期以對沖部分銀行貸款現金流變動之風險。該等利率掉期與被對沖銀行貸款之主要條款相同。利率掉期乃指定為有效之對沖工具，並已使用對沖會計法（詳情見附註25）。

本集團之現金流利率風險主要集中在銀行結餘之利率及本集團以港元計值之借貸產生之香港銀行同業拆息波動。

由於銀行結餘之現行市場利率波動，本集團之銀行結餘具現金流量利率風險。董事認為，由於計息銀行結餘之到期期間較短，本集團少於三個月到期之短期銀行存款及銀行結餘所面對之利率風險並不重大，故不包括於敏感度分析中。

30. Financial Instruments (Continued)

Financial risk management objectives and policies (Continued)

Market risk (Continued)

Currency risk (Continued)

Sensitivity analysis (Continued)

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure during the year.

Interest rate risk

The Group is exposed to fair value interest rate risk in relation to fixed-rate bank deposits and bank loans (see note 26 for details of these borrowings). However, since the bank deposits and the majority of the fixed-rate bank loans will mature within one year, the management considers the risk is insignificant to the Group.

The Group is also exposed to cash flow interest rate risk in relation to bank deposits carried interest at prevailing market deposit rate and floating-rate bank loans (see notes 23 and 26 for details). In order to keep the Group's bank loans at fixed rates, the Group entered into interest rate swaps to hedge against its exposures to changes in cash flows of certain bank loans. The critical terms of these interest rate swaps are the same to those of hedged bank loans. Interest rate swaps are designated as effective hedging instruments and hedge accounting is used (see note 25 for details).

The Group cash flow interest rate risk is mainly concentrated on the fluctuation of interest rates on bank balances and HIBOR arising from the Group's Hong Kong dollar denominated borrowings.

The Group's bank balances have exposure to cash flow interest rate risk due to the fluctuation of the prevailing market interest rate on bank balances. The directors consider the Group's exposure of the short-term bank deposits with original maturity of less than three months and bank balances to interest rate risk is not significant as interest bearing bank balances are within short maturity period and thus it is not included in sensitivity analysis.

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30. 金融工具 (續)

財務風險管理目標與政策

(續)

市場風險 (續)

利率風險 (續)

敏感度分析

下列敏感度分析乃以報告期末對非衍生工具之利率風險釐定。就多於三個月後到期之計息銀行存款及借貸之分析，乃假設於報告期末未償還資產及負債為全期末償還。採用上下浮動50個基點（二零一六年：50個基點），乃基於管理層對利率之可能合理的變動之評估作出。

倘計息借貸（不包括屬現金流對沖的1,108,971,000港元之銀行貸款（二零一六年：1,154,319,000港元））利率上升／下跌50個基點（二零一六年：50個基點），而所有其他變數不變，截至二零一七年十二月三十一日止年度的除稅後溢利將減少／增加約3,918,000港元（二零一六年：減少／增加約2,714,000港元）。此主要歸因於本集團承受計息短期銀行存款及浮息借貸之利率風險，於報告期末並不對沖所承受之現金流量利率風險。

30. Financial Instruments (Continued)

Financial risk management objectives and policies (Continued)

Market risk (Continued)

Interest rate risk (Continued)

Sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period. For interest bearing bank deposits with original maturity of more than three months and borrowings, the analysis is prepared assuming the amount of assets and liabilities outstanding at the end of the reporting period were outstanding for the whole period. A 50 basis points (2016: 50 basis points) increase or decrease is used which represents management's assessment of the reasonably possible change in interest rates.

If interest rates on interest bearing borrowings (excluding bank loans under cash flow hedges of HK\$1,108,971,000 (2016: HK\$1,154,319,000)) had been 50 basis points (2016: 50 basis points) higher/lower and all of other variables were held constant, the profit after taxation for the year ended 31 December 2017 would decrease/increase by approximately HK\$3,918,000 (2016: decrease/increase by approximately HK\$2,714,000). This is mainly attributable to the Group's exposure to interest rates on its interest bearing short-term bank deposits and variable-rate borrowings which are not hedged against their exposures to cash flow interest rate risk at the end of the reporting period.

30. 金融工具 (續)

財務風險管理目標與政策 (續)

市場風險 (續)

其他價格風險

本集團因其衍生金融工具而面對其他價格風險。本集團之其他價格風險主要集中於利率掉期及外匯遠期合約。

敏感度分析

下列敏感度分析乃以報告期末衍生工具所承受之其他價格風險釐定：

- 倘利率掉期合約之遠期利率上升／下降50個基點（二零一六年：50個基點），而所有其他變數不變，則對沖儲備之借項將因利率掉期合約之公允價值變動減少／增加6,974,000港元（二零一六年：7,330,000港元）。

信貸風險

於二零一七年十二月三十一日，本集團就交易方將因未能履行責任對本集團造成之財務損失可能承擔之最高信貸風險，為綜合財務狀況表內所列有關已確認金融資產之賬面值。

為盡量減低信貸風險，本集團管理層任命相關人員制定有關信貸額度、信貸審批及其他監控程序，以確保作出跟進行動收回過期債項。此外，本集團審閱於報告期末之每項個別貿易賬款及其他應收賬款之可收回金額，以確保可為不可收回金額撥出充足之減值虧損。於此情況下，本公司董事認為本集團之信貸風險已顯著減少。

30. Financial Instruments (Continued)

Financial risk management objectives and policies (Continued)

Market risk (Continued)

Other price risk

The Group is exposed to other price risk through its derivative financial instruments. The Group's other price risk is mainly concentrated on the interest rate swaps and foreign exchange forward contracts.

Sensitivity analysis

The sensitivity analyses have been determined based on the exposure to other price risks for derivatives at the end of the reporting period:

- if the forward interest rate of interest rate swap contracts had been 50 basis points (2016: 50 basis points) higher/lower and all other variables were held constant, the debit side of hedging reserve would decrease/increase by HK\$6,974,000 (2016: HK\$7,330,000) as a result of fair value change on interest rate swap contracts.

Credit risk

As at 31 December 2017, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to perform an obligation by the counterparties are arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position.

In order to minimise the credit risk, the management of the Group has delegated the responsible personnel for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt and other debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

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30. 金融工具 (續)

財務風險管理目標與政策

(續)

信貸風險 (續)

應收票據的信貸風險有限，因本集團已訂立程序及政策，確保應收票據由具信貸質素的銀行或農村合作銀行出具。

由於交易方主要為獲國際信貸評級機構評級為良好信貸評級之銀行，故流動資金之信貸風險有限。

除存放於若干高信貸評級銀行之流動資金及主要由中國具良好聲譽的銀行出具之應收票據所承受之集中信貸風險外，本集團並無有關貿易應收賬款及其他應收賬款之任何其他重大集中信貸風險。貿易應收賬款包括分佈於不同行業及地區之大量客戶。

流動資金風險

本集團為管理流動資金風險，監控現金及現金等值項目的水平，將其維持於管理層認為合適的水平，以支援本集團的業務，亦減低現金流量波動的影響。管理層監控銀行借貸的使用情況及確保符合貸款契約。

本集團依賴銀行借貸作為流動資金的主要來源。於二零一七年十二月三十一日，本集團未動用的銀行信貸額度約2,949,614,000港元（二零一六年：2,427,466,000港元）。

下表詳述本集團金融負債的餘下合約到期情況。就非衍生金融負債而言，乃根據本集團須付金融負債最早之日的非貼現現金流量以制定表格。表格包括利息及本金現金流量。按淨額基準結算的衍生工具，呈報其非貼現現金流出淨額情況。

30. Financial Instruments (Continued)

Financial risk management objectives and policies (Continued)

Credit risk (Continued)

In respect of bills receivables, the credit risk is limited as the Group has procedures and policies in place to ensure they are from banks or rural cooperative banks with acceptable credit quality.

The credit risk on liquid funds is limited because the counterparties are mainly banks with high credit ratings assigned by international credit-rating agencies.

Other than concentration of credit risk on liquid funds which are deposited with several banks with high credit ratings and bills receivables mainly from banks with good reputation in the PRC, the Group does not have any other significant concentration of credit risk on trade and other debtors. Trade receivables consist of a large number of customers, which spread across diverse industries and geographical areas.

Liquidity risk

In 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. The management monitors the utilisation of bank borrowings and ensure compliance with loan covenants.

The Group relies on bank loans as a significant source of liquidity. As at 31 December 2017, the Group had available unutilised bank facilities of approximately HK\$2,949,614,000 (2016: HK\$2,427,466,000).

The following table details the Group's remaining contractual maturity for its financial liabilities. For non-derivative financial liabilities, the table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. For derivative instruments settled on a net basis, undiscounted net cash outflows are presented.

30. 金融工具 (續)

財務風險管理目標與政策
(續)

流動資金風險 (續)

流動資金及利率風險表

30. Financial Instruments (Continued)

Financial risk management objectives
and policies (Continued)

Liquidity risk (Continued)

Liquidity and interest risk tables

	加權 平均利率 Weighted average interest rate	一個月以上 但不超過 一年	一年以上 但不超過 兩年	兩年以上 但不超過 五年	合約非貼現 現金流量 總額	賬面值 Carrying amount		
		More than 1 year but less than 2 years	More than 2 years but less than 5 years	contractual undiscounted cash flows	Total			
	%	千港元	千港元	千港元	千港元	千港元		
	%	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000		
於二零一七年十二月三十一日								
非衍生金融負債								
應付賬款及其他應付賬款		不適用 N/A	625,503	962,549	-	-	1,588,052	1,588,052
借貸								
- 浮息	2.58	94,703	722,904	674,898	634,311	2,126,816	2,047,471	
- 定息	2.91	108,240	296,211	19,718	-	424,169	420,934	
		828,446	1,981,664	694,616	634,311	4,139,037	4,056,457	
衍生工具 - 總額結算								
利率掉期合約								
- 流入		(467)	(3,080)	(372)	-	(3,919)	(3,877)	
- 流出		478	3,139	375	-	3,992	3,947	
		11	59	3	-	73	70	
於二零一六年十二月三十一日								
非衍生金融負債								
應付賬款及其他應付賬款		不適用 N/A	733,375	739,550	-	-	1,472,925	1,472,925
借貸								
- 浮息	2.32	72,223	548,154	752,085	707,327	2,079,789	2,004,319	
- 定息	2.09	114,199	63,799	47,359	19,880	245,237	242,000	
		919,797	1,351,503	799,444	727,207	3,797,951	3,719,244	
衍生工具 - 淨結算								
外匯遠期合約								
		44	121	-	-	165	165	
衍生工具 - 總額結算								
利率掉期合約								
- 流入		(377)	(2,943)	(981)	-	(4,301)	(4,238)	
- 流出		394	3,077	1,026	-	4,497	4,431	
		17	134	45	-	196	193	

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30. 金融工具 (續)

金融工具之公允值計量

本集團的衍生金融工具於各報告期末按公允值計量。下表載列有關如何釐定該等金融工具的公允值(尤其是所使用的估值技術及輸入數據), 以及公允值計量按照公允值計量的輸入數據的可觀察程度進行分類的公允值級別(第一至三級)的資料。

金融工具 Financial instruments	公允值於 Fair value as at		公允值級別 Hierarchy	公允值估值技術及主要輸入數據 Fair value valuation techniques and key input(s)
	二零一七年 十二月三十一日 31.12.2017	二零一六年 十二月三十一日 31.12.2016		
於綜合財務狀況表分類為衍生金融工具的利率掉期合約	資產(根據對沖會計法) - 7,041,000 港元	資產(根據對沖會計法) - 8,543,000 港元	第二級	貼現現金流量。未來現金流量乃計及交易方及本集團之信貸風險(倘適用)後基於遠期利率(從報告期末的可觀察收益率曲線得出)及合約利率(按適用貼現率貼現)而估計。
Interest rate swap contracts classified as derivative financial instruments in the consolidated statement of financial position	負債(根據對沖會計法) - 70,000 港元 Assets (under hedge accounting) - HK\$7,041,000	負債(根據對沖會計法) - 193,000 港元 Assets (under hedge accounting) - HK\$8,543,000	Level 2	Discounted cash flow. Future cash flows are estimated based on forward interest rates (from observable yield curves at the end of the reporting period) and contracted interest rates, discounted at an applicable discount rate taking into account the credit risk of the counter- parties and of the Group as appropriate.
	Liabilities (under hedge accounting) - HK\$70,000	Liabilities (under hedge accounting) - HK\$193,000		

30. Financial Instruments (Continued)

Fair value measurements of financial instruments

The Group's derivative financial instruments are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial instruments are determined (in particular, the valuation techniques and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (Level 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

30. 金融工具 (續)

30. Financial Instruments (Continued)

金融工具之公允值計量

Fair value measurements of financial instruments (Continued)

(續)

金融工具 Financial instruments	公允值於 Fair value as at		公允值級別 Hierarchy	公允值估值技術及主要輸入數據 Fair value valuation techniques and key input(s)
	二零一七年 十二月三十一日 31.12.2017	二零一六年 十二月三十一日 31.12.2016		
於綜合財務狀況表 分類為衍生金融 工具的外匯遠期 合約	資產—零 負債—零	資產(根據對沖 會計法) —77,000港元 負債(根據對沖 會計法) —165,000港元	第二級	貼現現金流。未來現金流量乃計及交易方及本集團之信貸風險(倘適用)後基於遠期匯率及市場利率(從報告期末的可觀察收益率曲線得出)及合約外幣匯率及市場利率(按適用貼現率貼現)而估計。
Foreign exchange forward contracts classified as derivative financial instruments in the consolidated statement of financial position	Assets – Nil Liabilities – Nil	Assets (under hedge accounting) – HK\$77,000 Liabilities (under hedge accounting) – HK\$165,000	Level 2	Discounted cash flow. Future cash flows are estimated based on forward currency exchange rate and market interest rate (from observable yield curves at the end of the reporting period) and contracted foreign currency exchange rate and market interest rate, discounted at an applicable discount rate taking into account the credit risk of the counter- parties and of the Group as appropriate.

其他金融資產及金融負債之公允值乃根據基於貼現現金流量分析的一般公認定價模式釐定。本公司董事認為按攤銷成本列賬的該等金融資產及金融負債之賬面值與其公允值相若。

The fair value of other financial assets and financial liabilities are determined in accordance with general accepted pricing models based on discounted cash flow analysis. The directors of the Company consider that the carrying amounts of these financial assets and financial liabilities recorded at amortised cost approximate their fair values.

涉及抵銷、可執行總互抵銷協議及類似協議的金融資產及負債

Financial assets and liabilities subject to offsetting, enforceable master netting arrangements and similar agreements

本集團就其衍生金融工具訂立國際掉期及衍生產品協會(「國際掉期及衍生產品協會」)總協議。就該衍生金融工具確認的金額並無符合於本公司綜合財務狀況表抵銷的標準，因為本集團並無就衍生交易抵押任何現金抵押品。

The Group entered into International Swaps and Derivatives Association (“ISDA”) Master Agreements for its derivatives financial instruments. The amounts recognised for the derivatives financial instruments do not meet the criteria for offsetting in the Group’s consolidated statement of financial position since there is no cash collateral pledged in respect of the Group’s derivative transactions.

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31. 融資活動產生之負債對賬

下表所載有關本集團自融資活動產生的負債變動詳情，包括現金及非現金變動。自融資活動產生的負債屬曾於或將於本集團的綜合現金流量表內分類為融資活動產生的現金流量。

31. Reconciliation of Liabilities Arising From Financing Activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

		借貨 Borrowings 千港元 HK\$'000	應付利息 Interest payable 千港元 HK\$'000	應付股息 Dividend payable 千港元 HK\$'000	總計 Total 千港元 HK\$'000
於二零一七年一月一日	At 1 January 2017	2,246,319	-	-	2,246,319
融資現金流	Financing cash flows	222,086	(56,269)	(114,198)	51,619
財務費用	Finance costs	-	56,269	-	56,269
宣派股息	Dividends declared	-	-	114,198	114,198
於二零一七年 十二月三十一日	At 31 December 2017	2,468,405	-	-	2,468,405

32. 購股權計劃

於二零一二年五月二十五日，本公司股東在股東週年大會上已批准採納新購股權計劃（「新購股權計劃」），同時終止本公司於二零零二年九月三日已採納的舊購股權計劃（「舊購股權計劃」）。在舊購股權計劃終止前授出之購股權將繼續生效並可根據舊購股權計劃之規則行使。新購股權計劃將於二零二二年五月二十四日到期以便遵從上市規則第17章之條款。新購股權計劃之目的為確定及激勵參與人士作出貢獻，並提供鼓勵及直接經濟利益，以達到本公司之長期業務目標。新購股權計劃的主要條款與舊購股權計劃之條款相似，董事會可授出購股權予本集團之合資格僱員，包括本公司或其附屬公司之董事，本集團之法律、金融、管理及技術顧問及諮詢人、主要客戶及原料及機械供應商，以認購本公司之股份。授出之購股權之行使期自授出日期起計不超過十年，且董事會於購股權可行使期內可對行使購股權實施限制。接納獲授之購股權時應支付1港元之象徵式代價。購股權股份之認購價須不少於以下三者最高者(i)股份於授出日期之收市價；(ii)股份於緊接授出日期前五個交易日之平均收市價；及(iii)股份之面值。可授出之購股權有關之股份數目上限，不得超過於批准新購股權計劃當日本公司之已發行股本10%之面值金額。然而，因行使所有尚未行使購股權而發行之股份數目上限總額不得超過不時已發行股本之30%。在未獲得本公司之股東事先批准，在任何一年內，授予任何人士之購股權股份數目，不得超過本公司不時已發行股份之1%。

32. Share Option Scheme

On 25 May 2012, the shareholders of the Company at the annual general meeting approved the adoption of a new share option scheme (the "New Share Option Scheme") and the termination of the old share option scheme (the "Old Share Option Scheme") which was adopted by the Company on 3 September 2002. Options granted under the Old Share Option Scheme prior to such termination will continue to be valid and exercisable in accordance with the rules of the Old Share Option Scheme. The New Share Option Scheme will expire on 24 May 2022 in order to comply with the terms of Chapter 17 of the Listing Rules. The purpose of the New Share Option Scheme is to recognise and motivate the participants and to provide incentives and a direct economic interest in attaining the long term business objectives of the Company. The principal terms of the New Share Option Scheme are similar to those of the Old Share Option Scheme, the Board may grant options to any eligible employees of the Group, including directors of the Company or its subsidiaries, legal, financial, management and technical advisers and consultants, major customers and raw material and machinery suppliers of the Group, to subscribe for shares of the Company. The exercise period of options granted shall not be more than ten years from the date of grant and the Board may impose restrictions on the exercise of options during the period options may be exercised. A nominal consideration of HK\$1 is payable on acceptance of the grant of options. The subscription price of the option share is not less than the higher of (i) the closing price of the shares on the date of grant; (ii) the average closing prices of the shares on the five trading days immediately preceding the date of grant; and (iii) the nominal value of the shares. The maximum number of shares in respect of which options may be granted may not exceed in nominal amount of 10% of the issued share capital of the Company at the date of approval of the New Share Option Scheme. However, the total maximum number of shares which may be issued upon exercise of all outstanding shares options must not exceed 30% of the issued share capital from time to time. The number of shares in respect of which options may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company in issue from time to time, without prior approval from the Company's shareholders.

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32. 購股權計劃 (續)

根據舊購股權計劃授出之購股權即時歸屬及將繼續有效及可根據舊購股權計劃之規則予以行使。

本公司之購股權計劃之尚未行使購股權之變動及其相關之加權平均行使價於每個報告期間概列如下：

截至二零一七年十二月三十一日止年度

32. Share Option Scheme (Continued)

The share options granted before under the Old Share Option Scheme vest immediately and will continue to be valid and exercisable in accordance with the rules of the Old Share Option Scheme.

A summary of the movements of the outstanding options and their related weighted average exercise prices during each of the reporting periods under the Company's share option scheme is as follows:

For the year ended 31 December 2017

	授出日期 Date of grant	購股權數目 Number of share options				於二零一七年	
		於二零一七年 一月一日 尚未行使 行使價 Outstanding at 1.1.2017 港元 HK\$	年內已授出 Granted during the year	年內已行使 Exercised during the year	年內已註銷 Cancelled during the year	十二月 三十一日 尚未行使 Outstanding at 31.12.2017	
舊購股權計劃 Old Share Option Scheme	二零零七年四月三日 3.4.2007	4.050	152,000	-	-	(152,000)	-
	二零零八年十月三十一日 31.10.2008	1.950	220,000	-	(78,000)	(2,000)	140,000
	二零零九年十月五日 5.10.2009	4.536	710,000	-	-	(70,000)	640,000
			1,082,000	-	(78,000)	(224,000)	780,000
新購股權計劃 New Share Option Scheme	二零一三年一月十一日 11.1.2013	5.942	5,140,000	-	-	(510,000)	4,630,000
			港元 HK\$	港元 HK\$	港元 HK\$	港元 HK\$	港元 HK\$
加權平均每股行使價 Weighted average exercise price per share		5.594	-	1.950	5.405	5.672	

32. 購股權計劃 (續)

32. Share Option Scheme (Continued)

截至二零一六年十二月三十一日止
年度

For the year ended 31 December 2016

	授出日期 Date of grant	行使價 Exercise price 港元 HK\$	購股權數目 Number of share options				於二零一六年 十二月 三十一日 尚未行使 Outstanding at 31.12.2016
			於二零一六年 一月一日 尚未行使 Outstanding at 1.1.2016	年內已授出 Granted during the year	年內已行使 Exercised during the year	年內已註銷 Cancelled during the year	
舊購股權計劃 Old Share Option Scheme	二零零七年四月三日 3.4.2007	4.050	478,000	-	-	(326,000)	152,000
	二零零八年十月三十一日 31.10.2008	1.950	320,000	-	(100,000)	-	220,000
	二零零九年十月五日 5.10.2009	4.536	1,050,000	-	-	(340,000)	710,000
			<u>1,848,000</u>	<u>-</u>	<u>(100,000)</u>	<u>(666,000)</u>	<u>1,082,000</u>
新購股權計劃 New Share Option Scheme	二零一三年一月十一日 11.1.2013	5.942	5,960,000	-	-	(820,000)	5,140,000
			港元 HK\$	港元 HK\$	港元 HK\$	港元 HK\$	港元 HK\$
加權平均每股行使價 Weighted average exercise price per share			5.473	-	1.950	5.205	5.594

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32. 購股權計劃 (續)

有關包括與以上資料表內董事持有購股權之詳情如下：

截至二零一七年十二月三十一日止年度

32. Share Option Scheme (Continued)

Details of the options held by the directors included in the above table are as follows:

For the year ended 31 December 2017

	授出日期 Date of grant	購股權數目 Number of share options			
		於二零一七年 一月一日 尚未行使 Outstanding at 1.1.2017	年內重新分類 Reclassified during the year	年內已行使 Exercised during the year	於二零一七年 十二月 三十一日 尚未行使 Outstanding at 31.12.2017
新購股權計劃 New Share Option Scheme	二零一三年一月十一日 11.1.2013	5.942 400,000	-	-	400,000

32. 購股權計劃 (續)

32. Share Option Scheme (Continued)

截至二零一六年十二月三十一日止
年度

For the year ended 31 December 2016

	授出日期 Date of grant	行使價 Exercise price 港元 HK\$	購股權數目 Number of share options			
			於二零一六年 一月一日 尚未行使 Outstanding at 1.1.2016	年內重新分配 Reclassified during the year (附註) (Note)	年內已行使 Exercised during the year	於二零一六年 十二月 三十一日 尚未行使 Outstanding at 31.12.2016
舊購股權計劃 Old Share Option Scheme	二零零七年四月三日 3.4.2007	4.050	200,000	(200,000)	-	-
	二零零八年十月三十一日 31.10.2008	1.950	100,000	(100,000)	-	-
	二零零九年十月五日 5.10.2009	4.536	200,000	(200,000)	-	-
			500,000	(500,000)	-	-
新購股權計劃 New Share Option Scheme	二零一三年一月十一日 11.1.2013	5.942	600,000	(200,000)	-	400,000

附註：黃金焯先生自二零一六年一月一日起辭任董事，彼持有的購股權數目重新分類為非董事購股權。

Note: Mr. Wong Kam Yim has been retired as director since 1 January 2016 and his number of share options was reclassified as share option to non-director.

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32. 購股權計劃 (續)

緊接行使購股權日期前本公司股份的加權平均收市價為3.237港元(二零一六年: 2.544港元)。於年末尚未行使購股權之加權平均剩餘合約年期為4.53年(二零一六年: 5.37年)。

根據舊購股權計劃授出的所有購股權於授出日期立即歸屬, 行使期自授出日期起計十年。根據新購股權計劃授出的購股權於授出日期起兩年後歸屬及該等購股權自二零一五年一月十一日起至二零二三年一月十日止可予行使。

32. Share Option Scheme (Continued)

The weighted average closing price of the shares of the Company immediately before the dates on which the share options were exercised was HK\$3.237 (2016: HK\$2.544). The options outstanding at the end of the year have a weighted average remaining contract life of 4.53 years (2016: 5.37 years).

All share options granted under the Old Share Option Scheme vested immediately at the dates of grant with the exercisable period of ten years from the dates of grant. The share options granted under the New Share Option Scheme were vested over two years from the dates of grant and they are exercisable commencing from 11 January 2015 to 10 January 2023.

33. 承擔

33. Commitments

	二零一七年 2017 千港元 HK\$'000	二零一六年 2016 千港元 HK\$'000
有關收購物業、廠房及設備以及土地使用權之資本開支已訂約但綜合財務報告中未予撥備	42,012	8,189
Capital expenditure in respect of the acquisition of property, plant and equipment and land use rights contracted for but not provided in the consolidated financial statements	42,012	8,189

34. 經營租約承擔

本集團作為承租人

於報告期末，本集團就於下列年期屆滿之租賃物業之不可撤銷經營租約而須承擔繳付未來最低租賃租金：

		二零一七年 2017 千港元 HK\$'000	二零一六年 2016 千港元 HK\$'000
一年內	Within one year	16,417	14,056
第二至第五年（首尾兩年包括在內）	In the second to fifth year inclusive	50,600	48,393
五年後	After five years	17,677	24,499
		84,694	86,948

根據與本集團訂立之租約，租賃條款及租金由一年至二十年不等。

本集團作為出租人

於報告期末，本集團與租戶就下列未來最低租賃租金訂立合約：

		二零一七年 2017 千港元 HK\$'000	二零一六年 2016 千港元 HK\$'000
一年內	Within one year	10,466	13,899
第二至第五年（首尾兩年包括在內）	In the second to fifth year inclusive	13,371	21,265
		23,837	35,164

持有的物業已有約定的租戶，年期介乎一年至五年。

34. Operating Lease Commitments

The Group as lessee

At the end of the reporting period, the Group had outstanding commitments for future minimum lease payments under non-cancellable operating leases in respect of rented properties which fall due as follows:

Under the leases entered into by the Group, the lease terms and rentals are fixed from one year to twenty years.

The Group as lessor

At the end of the reporting period, the Group had contracted with tenants for the following future minimum lease payments:

The properties held have committed tenants ranging from one year to five years.

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35. 關連人士交易

- (a) 年內，本集團分別支付 960,000 港元（二零一六年 960,000 港元）及 600,000 港元（二零一六年：600,000 港元）之租金予港德投資有限公司（「港德」）及嘉捷投資有限公司（「嘉捷」），本公司之董事葉志成先生及葉子軒先生分別於港德及嘉捷持有控股權益。
- (b) 年內，本集團收到葉志成慈善基金有限公司的租金及使用費用為 400,000 港元（二零一六年：無）及服務費用收入為 41,000 港元（二零一六年：無），葉志成先生為本公司董事並擁有該公司控股權益。
- (c) 主要管理人員為本公司之董事及本公司之高級管理層。彼等薪酬詳情載於附註 6。

36. 退休福利計劃

本集團參與根據職業退休計劃條例登記之定額供款計劃（「職業退休計劃」）及根據強積金條例於二零零零年十二月成立之強積金計劃（「強積金計劃」）。該等計劃之資產與本集團之資產分開持有，由受保人管理之信託基金所持有。在強積金計劃成立之前，原為職業退休計劃成員之僱員可選擇繼續參與職業退休計劃或轉至強積金計劃，所有於二零零零年十二月一日或以後新入職本集團之僱員需參與強積金計劃。

35. Related Party Transactions

- (a) During the year, the Group paid rent of HK\$960,000 (2016: HK\$960,000) and HK\$600,000 (2016: HK\$600,000) to Goldex Investments Limited (“Goldex”) and Galsheer Investments Limited (“Galsheer”) respectively in which Mr. Ip Chi Shing and Mr. Yip Tsz Hin, directors of the Company, have controlling interests over Goldex and Galsheer respectively.
- (b) During the year, the Group received rent and license fee of HK\$400,000 (2016: nil) and service fee income of HK\$41,000 (2016: nil) from Ip Chi Shing Charitable Foundation Limited in which Mr. Ip Chi Shing, director of the Company, has controlling interest over it.
- (c) The key management personnel are the directors of the Company and the management executives of the Company. The details of the remuneration paid to them are set out in note 6.

36. Retirement Benefit Plan

The Group participates in both a defined contribution scheme which is 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 Ordinance in December 2000. The assets of the schemes are held separately from those of the Group, in funds under the control of trustees. Employees who were members of the ORSO Scheme prior to the establishment of the MPF Scheme were offered a choice of staying within the ORSO Scheme or switching to the MPF Scheme, whereas all new employees joining the Group on or after 1 December 2000 are required to join the MPF Scheme.

36. 退休福利計劃 (續)

本集團於中國之附屬公司僱員乃由中國政府運作之國家監管退休福利計劃之成員。此等附屬公司之供款為僱員薪金之若干百分比，作為該退休福利計劃之資金。本集團之唯一責任為向該退休福利計劃提供特定的供款。

扣除至損益之成本為47,727,000港元(二零一六年：46,785,000港元)代表本集團按計劃規則訂明之比率於本會計期間應向該等計劃作出支付或應付之供款。於二零一七年十二月三十一日，就報告期間應付之供款446,000港元(二零一六年：457,000港元)仍未付予該等計劃。該等款項已於報告期末後支付。

37. 主要附屬公司

本公司之主要附屬公司之詳情如下：

公司名稱 Name of company	成立/註冊地點 Place of incorporation/ registration	已發行股本/註冊資本之面值 Nominal value of issued share capital/registered capital	本集團持有 應佔已發行股本/ 註冊資本面值之百分比 Proportion of nominal value of issued share capital/registered capital held by the Group		主要業務 Principal activities
			二零一七年 2017	二零一六年 2016	
億澤發展有限公司 Base Rich Development Limited	香港 Hong Kong	普通股—2港元 Ordinary – HK\$2	100% (附註a) 100% (Note a)	100%	物業投資 Property investment
紫荊花化工(上海)有限公司 Bauhinia Chemical (Shanghai) Company Limited	中國—獨資外資企業 PRC – wholly owned foreign enterprise	資本貢獻—人民幣2,000,000元 Capital contribution – RMB2,000,000	100% 100%	100%	買賣塗料 Trading in coatings
紫荊花塗料(上海)有限公司 Bauhinia Coatings Manufacturing (Shanghai) Co., Limited	中國—獨資外資企業 PRC – wholly owned foreign enterprise	資本貢獻—40,800,000美元 Capital contribution – USD40,800,000	100% 100%	100%	製造及買賣塗料 Manufacture of and trading in coatings

36. Retirement Benefit Plan (Continued)

The employees of the Group's subsidiaries in the PRC are members of a state-managed retirement benefit plan operated by the government of the PRC. The subsidiaries are required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions.

The costs charged to profit or loss of HK\$47,727,000 (2016: HK\$46,785,000) represent contributions paid or payable to these plans by the Group at rates specified in the rules of the plans in respect of the current accounting period. As at 31 December 2017, contributions of HK\$446,000 (2016: HK\$457,000) due in respect of the reporting period had not been paid over to the plans. The amounts were paid over subsequent to the end of the reporting period.

37. Principal Subsidiaries

Details of the Company's principal subsidiaries are as follows:

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37. 主要附屬公司 (續)

37. Principal Subsidiaries (Continued)

公司名稱 Name of company	成立/註冊地點 Place of incorporation/ registration	已發行股本/註冊資本之面值 Nominal value of issued share capital/registered capital	本集團持有 應佔已發行股本/ 註冊資本面值之百分比 Proportion of nominal value of issued share capital/registered capital held by the Group		主要業務 Principal activities
			二零一七年 2017	二零一六年 2016	
Bauhinia Paints Limited	英屬處女群島 British Virgin Islands	普通股-1,000港元 Ordinary - HK\$1,000	100% 100%	100% 100%	投資控股 Investment holding
紫荊花製漆(成都)有限公司	中國-獨資外資企業	資本貢獻 -人民幣28,000,000元	100%	100%	製造及買賣塗料
Bauhinia Paints Manufacturing (Chengdu) Company Limited	PRC - wholly owned foreign enterprise	Capital contribution - RMB28,000,000	100%	100%	Manufacture of and trading in coatings
大中漆廠有限公司	香港	普通股-20港元 遞延股-600,000港元	100% (附註b)	100% (附註b)	投資控股
Bauhinia Paints Manufacturing Limited	Hong Kong	Ordinary - HK\$20 Deferred - HK\$600,000	100% (Note b)	100% (Note b)	Investment holding
紫荊花製漆(上海)有限公司	中國-獨資外資企業	資本貢獻-6,100,000美元	100%	100%	物業投資以及製造及買賣潤滑油
Bauhinia Paints Manufacturing (Shanghai) Company Limited	PRC - wholly owned foreign enterprise	Capital contribution - USD6,100,000	100%	100%	Property investment and manufacture of and trading in lubricants
紫荊花製漆(深圳)有限公司	中國-獨資外資企業	資本貢獻-28,800,000港元	100%	100%	買賣塗料
Bauhinia Paints Manufacturing (Shenzhen) Company Limited	PRC - wholly owned foreign enterprise	Capital contribution - HK\$28,800,000	100%	100%	Trading in coatings
洋紫荊油墨(河北)有限公司	中國-獨資外資企業	資本貢獻 -人民幣88,000,000元	100%	100%	製造及買賣油墨
Bauhinia Variegata Ink & Chemicals (Hebei) Limited	PRC - wholly owned foreign enterprise	Capital contribution - RMB88,000,000	100%	100%	Manufacture of and trading in inks
洋紫荊油墨(浙江)有限公司	中國-獨資外資企業	資本貢獻-40,000,000美元	100%	100%	製造及買賣油墨
Bauhinia Variegata Ink & Chemicals (Zhejiang) Limited	PRC - wholly owned foreign enterprise	Capital contribution - USD40,000,000	100%	100%	Manufacture of and trading in inks
洋紫荊油墨(中山)有限公司	中國-獨資外資企業	資本貢獻-180,000,000港元	100%	100%	製造及買賣油墨
Bauhinia Variegata Ink & Chemicals (Zhongshan) Limited	PRC - wholly owned foreign enterprise	Capital contribution - HK\$180,000,000	100%	100%	Manufacture of and trading in inks
凌志潤滑油有限公司	香港	普通股-2港元	100%	100%	投資控股
Best Lubricant Blending Limited	Hong Kong	Ordinary - HK\$2	100%	100%	Investment holding
大勇投資有限公司	香港	普通股-10,000港元	100%	100%	物業投資
Big Youth Investments Limited	Hong Kong	Ordinary - HK\$10,000	100%	100%	Property investment

37. 主要附屬公司 (續)

37. Principal Subsidiaries (Continued)

公司名稱 Name of company	成立/註冊地點 Place of incorporation/ registration	已發行股本/註冊資本之面值 Nominal value of issued share capital/registered capital	本集團持有 應佔已發行股本/ 註冊資本面值之百分比 Proportion of nominal value of issued share capital/registered capital held by the Group		主要業務 Principal activities
			二零一七年 2017	二零一六年 2016	
Brandway limited	英屬處女群島 British Virgin Islands	普通股-1美元 Ordinary - USD1	100% 100%	100% 100%	投資控股 Investment holding
協和化工倉儲有限公司 Concord Chemical Storing Limited	香港 Hong Kong	普通股-160,000港元 Ordinary - HK\$160,000	75% 75%	75% 75%	投資控股及買賣溶劑 Investment holding and trading in solvents
大昌樹脂(惠州)有限公司 Da Chang Polymers (Huizhou) Limited	中國-獨資外資企業 PRC - wholly owned foreign enterprise	資本貢獻-24,500,000港元 Capital contribution - HK\$24,500,000	100% 100%	100% 100%	買賣樹脂 Trading in resins
東莞太平洋博高潤滑油有限公司 Dongguan Pacoil Lubricant Company Limited	中國-獨資外資企業 PRC - wholly owned foreign enterprise	資本貢獻-50,000,000港元 Capital contribution - HK\$50,000,000	100% 100%	100% 100%	製造及買賣潤滑油 Manufacture of and trading in lubricants
金聯有限公司 Goldchain Limited	香港 Hong Kong	普通股-2港元 Ordinary - HK\$2	100% 100%	100% 100%	投資控股 Investment holding
萬潤有限公司 Great Success Limited	薩摩亞 Samoa	普通股-1美元 Ordinary - USD1	100% 100%	100% 100%	投資控股 Investment holding
謙信化工發展有限公司 Handsome Chemical Development Limited	香港 Hong Kong	普通股-600,000港元 Ordinary - HK\$600,000	100% 100%	100% 100%	投資控股及買賣溶劑 Investment holding and trading in solvents
謙信化工服務有限公司 Handsome Chemical Services Limited	香港 Hong Kong	普通股-60,000港元 Ordinary - HK\$60,000	100% 100%	100% 100%	提供司庫服務 Provision of treasury services
恒昌塗料(惠陽)有限公司 Hang Cheung Coatings (Hui Yang) Limited	中國-獨資外資企業 PRC - wholly owned foreign enterprise	資本貢獻-20,000,000美元 Capital contribution - USD20,000,000	100% 100%	100% 100%	製造及買賣塗料 Manufacture of and trading in coatings
Hang Cheung Petrochemical (International) Limited	英屬處女群島 British Virgin Islands	普通股-1美元 Ordinary - USD1	100% 100%	100% 100%	投資控股 Investment holding

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37. 主要附屬公司 (續)

37. Principal Subsidiaries (Continued)

公司名稱 Name of company	成立/註冊地點 Place of incorporation/ registration	已發行股本/註冊資本之面值 Nominal value of issued share capital/registered capital	本集團持有 應佔已發行股本/ 註冊資本面值之百分比 Proportion of nominal value of issued share capital/registered capital held by the Group		主要業務 Principal activities
			二零一七年 2017	二零一六年 2016	
恒昌石油化工有限公司 Hang Cheung Petrochemical Limited	香港 Hong Kong	普通股-800,000港元 Ordinary - HK\$800,000	100% 100%	100% 100%	買賣塗料 Trading in coatings
Hang Cheung (W.S.) Limited	薩摩亞 Samoa	普通股-1美元 Ordinary - USD1	100% 100%	100% 100%	投資控股 Investment holding
紫荊花塗料集團有限公司 Bauhinia Coatings Group Limited	香港 Hong Kong	普通股-149,665港元 遞延股-335港元 Ordinary - HK\$149,665 Deferred - HK\$335	100% (附註b) 100% (Note b)	100% (附註b) 100% (Note b)	投資控股 Investment holding
惠州盛達化工有限公司 Huizhou Shengda Chemical Company Limited	中國-獨資外資企業 PRC - wholly owned foreign enterprise	資本貢獻 -人民幣15,000,000元 Capital contribution - RMB15,000,000	75% 75%	75% 75%	製造及買賣溶劑 Manufacture of and trading in solvents
江門謙信化工發展有限公司 Jiangmen Handsome Chemical Development Limited	中國-合資合營企業 PRC - equity joint venture	資本貢獻-149,800,000港元 Capital contribution - HK\$149,800,000	75% 75%	75% 75%	製造及買賣溶劑 Manufacture of and trading in solvents
江門天誠溶劑製品有限公司 Jiangmen Thansome Solvents Production Limited	中國-獨資外資企業 PRC - wholly owned foreign enterprise	資本貢獻-53,000,000港元 Capital contribution - HK\$53,000,000	75% 75%	75% 75%	製造及買賣溶劑 Manufacture of and trading in solvents
Prophet Investments Limited	英屬處女群島 British Virgin Islands	普通股-1美元 Ordinary - USD1	100% 100%	100% 100%	投資控股 Investment holding
Radiant New Limited	英屬處女群島 British Virgin Islands	普通股-1美元 Ordinary - USD1	100% 100%	100% 100%	物業投資 Property investment
泰興金江化學工業有限公司 Taixing Jinjiang Chemical Industry Company Limited	中國-獨資外資企業 PRC - wholly owned foreign enterprise	資本貢獻-723,980,000港元 Capital contribution - HK\$723,980,000	75% 75%	75% 75%	製造及買賣溶劑 Manufacture of and trading in solvents
TM Holding (Hong Kong) Limited	香港 Hong Kong	普通股-2港元 Ordinary - HK\$2	100% 100%	100% 100%	持有商標 Holding of trade mark
TM Holding Limited	英屬處女群島 British Virgin Islands	普通股-1港元 Ordinary - HK\$1	100% 100%	100% 100%	持有商標 Holding of trade mark

37. 主要附屬公司 (續)

37. Principal Subsidiaries (Continued)

公司名稱 Name of company	成立/註冊地點 Place of incorporation/ registration	已發行股本/註冊資本之面值 Nominal value of issued share capital/registered capital	本集團持有 應佔已發行股本/ 註冊資本面值之百分比 Proportion of nominal value of issued share capital/registered capital held by the Group		主要業務 Principal activities
			二零一七年 2017	二零一六年 2016	
Yip's Chemical (BVI) Limited	英屬處女群島 British Virgin Islands	普通股—500港元 Ordinary – HK\$500	100% 100%	100% 100%	投資控股 Investment holding
葉氏化工研發(上海)有限公司 Yip's Chemical Research & Development (Shanghai) Company Limited	中國—獨資外資企業 PRC – wholly owned foreign enterprise	資本貢獻—17,000,000美元 Capital contribution – USD17,000,000	100% 100%	100% 100%	研究及開發 Research and development
葉氏塗料(香港)有限公司 (其後改名為「葉氏駱駝(香港) 有限公司」)	香港 Hong Kong	普通股—1港元 Ordinary – HK\$1	100%	–	買賣塗料 Trading in coatings
Yip's Coatings (Hong Kong) Limited (subsequently changed to "Yip's Camel (Hong Kong) Limited")					
葉氏恆昌(集團)有限公司	香港 Hong Kong	普通股—999,500港元 遞延股—500港元 Ordinary – HK\$999,500 Deferred – HK\$500	100% (附註b) 100% (Note b)	100% (附註b) 100% (Note b)	投資控股及提供服務 Investment holding and provision of services
Yip's H.C. (Holding) Limited					
葉氏工業控股有限公司 Yip's Industrial Holdings Limited	香港 Hong Kong	普通股—10,000港元 Ordinary – HK\$10,000	75% 75%	75% 75%	投資控股及買賣溶劑 Investment holding and trading in solvents
葉氏油墨(集團)有限公司 Yip's Ink & Chemicals (Group) Limited	香港 Hong Kong	普通股—2港元 Ordinary – HK\$2	100% 100%	100% 100%	投資控股及買賣油墨 Investment holding and trading in inks
葉氏潤滑油(集團)有限公司 Yip's Lubricant Limited	香港 Hong Kong	普通股—290,000港元 Ordinary – HK\$290,000	100% 100%	100% 100%	投資控股及買賣潤滑油 Investment holding and trading in lubricants
Yip's Pacific Limited	英屬處女群島 British Virgin Islands	普通股—36,251,000港元 Ordinary – HK\$36,251,000	100% 100%	100% 100%	投資控股 Investment holding
葉氏潤滑油(上海)有限公司	中國—獨資外資企業 PRC – wholly owned foreign enterprise	資本貢獻—250,000美元 Capital contribution – USD250,000	100% 100%	100% 100%	買賣潤滑油 Trading in lubricants
德慶華彩合成樹脂有限公司	中國—合資營企業 PRC – equity joint venture	普通股—9,300,000美元 Ordinary – USD9,300,000	60% 60%	60% 60%	製造及買賣樹脂 Manufacture of and trading in resins
葉氏信息科技(深圳)有限公司	中國—獨資外資企業 PRC – wholly owned foreign enterprise	資本貢獻—人民幣1,000,000元 Capital contribution – RMB1,000,000	100% 100%	100% 100%	提供服務 Provision of services

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37. 主要附屬公司 (續)

附註：

- (a) 該附屬公司其後於二零一八年三月一日被出售。詳情請參閱附註38。
- (b) 非由本集團持有之遞延股份無權收取股息或任何該公司股東大會之通告或出席任何該公司股東大會或在會上投票。在清盤時，倘普通股持有人（即本集團）已獲全數退還就該等股份支付之資本及共100,000,000,000港元，則遞延股份持有人方有權從該公司剩餘資產中獲退還就無投票權遞延股份支付之資本。

除Yip's Chemical (BVI) Limited由本公司直接持有外，所有其它附屬公司均為間接持有。除無具體營業地點之投資控股公司外，所有上述附屬公司之主要營業地點均為其各自成立／註冊之地區。

上表所列本集團之附屬公司乃董事認為會影響本集團業績或資產或負債之主要附屬公司。董事認為列載其他附屬公司之詳情將過於冗長累贅。

各附屬公司於二零一七年十二月三十一日或年內任何時間概無任何借貸證券。

37. Principal Subsidiaries (Continued)

Notes:

- (a) The subsidiary is subsequently disposed on 1 March 2018. Please refer to note 38 for details.
- (b) The deferred shares, which are not held by the Group, carry no right to dividend or to receive notice of or to attend or vote at any general meeting of the company. On a winding-up, the holders of the deferred shares are entitled out of the surplus assets of the company to a return of capital paid up on the non-voting deferred shares but only when holders of ordinary shares, namely, the Group, have received in full the return of capital paid on them and, in aggregate, a total sum of HK\$100,000,000,000.

Except for Yip's Chemical (BVI) Limited which is held directly by the Company, all other subsidiaries are indirectly held. Except for the investment holding companies which have no specific place of operation, all the above subsidiaries operate principally in their respective place of incorporation/registration.

The above table lists the subsidiaries of the Group which, in the opinion of the directors, principally affected the results or assets or liabilities of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

None of the subsidiaries had any debt securities subsisting at 31 December 2017 or at any time during the year.

37. 主要附屬公司 (續)

下表顯示擁有重大非控股權益之本集團非全資附屬公司之詳情：

37. Principal Subsidiaries (Continued)

The table below shown details of non-wholly owned subsidiaries of the Group that have material non-controlling interests:

附屬公司名稱 Name of subsidiary	註冊成立地點及主要經營地點 Place of incorporation and principal place of business	非控股權益持有之所有 權權益及投票權比例 Proportion of ownership interests and voting rights held by non-controlling interests		分配予非控股權益之溢利 Profits allocated to non-controlling interests		累計非控股權益 Accumulated non-controlling interests	
		二零一七年 2017	二零一六年 2016	二零一七年 2017	二零一六年 2016	二零一七年 2017	二零一六年 2016
		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
江門謙信化工發展有限公司及其附屬公司(「江門謙信集團」) Jiangmen Handsome Chemical Development Limited and its subsidiary (the "Jiangmen Handsome Group")	中國 PRC	25%	25%	70,533	63,888	336,728	231,514
協和化工倉儲有限公司及其附屬公司(「協和集團」) Concord Chemical Storing Limited and its subsidiaries (the "Concord Group")	香港 Hong Kong	25%	25%	10,365	6,439	212,012	224,959

附註：泰興金江化學工業有限公司於二零一七年自協和集團轉讓至江門謙信集團。於轉讓前後，非控股權益持有之所有權權益及投票權比例概無變動。其經營業績相應分配至江門謙信集團。

Note: Taixing Jinjiang Chemical Industry Company Limited was transferred from the Concord Group to the Jiangmen Handsome Group during the year of 2017. There was no change in proportion of ownership interests and voting rights held by non-controlling interests before and after the transfer. This respective operating results are allocated to the Jiangmen Handsome Group accordingly.

有關本集團擁有重大非控股權益之附屬公司之財務資料(根據香港財務報告準則編製)概要載列如下。以下財務資料概要為抵銷集團間交易前之數額。

Summarised financial information, which is prepared in accordance with HKFRSs, in respect of the Group's subsidiaries that have material non-controlling interests is set out below. The summarised financial information below represents amounts before elimination of intragroup transactions.

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37. 主要附屬公司 (續)

37. Principal Subsidiaries (Continued)

		二零一七年 2017 千港元 HK\$'000	二零一六年 2016 千港元 HK\$'000
江門謙信集團	Jiangmen Handsome Group		
收益	Revenue	6,922,068	3,286,423
支出	Expenses	(6,639,935)	(3,030,872)
本年純利	Profit for the year	282,133	255,551
本年全面收益總額	Total comprehensive income for the year	406,230	205,661
非流動資產	Non-current assets	564,417	255,092
流動資產	Current assets	2,953,283	1,180,828
流動負債	Current liabilities	(2,167,769)	(509,135)
非流動負債	Non-current liability	(3,020)	(728)
總權益	Total equity	1,346,911	926,057
經營業務之現金(流出) 流入淨額	Net cash (outflow) inflow from operating activities	(10,191)	189,553
投資業務之現金流出淨額	Net cash outflow from investing activities	(533,329)	(8,626)
融資業務之現金流入(流出) 淨額	Net cash inflow (outflow) from financing activities	740,153	(227,447)
現金流入(流出)淨額	Net cash inflow (outflow)	196,633	(46,520)
支付非控股權益股息	Dividends paid to non-controlling interests	-	(6,778)

37. 主要附屬公司 (續)

37. Principal Subsidiaries (Continued)

		二零一七年 2017 千港元 HK\$'000	二零一六年 2016 千港元 HK\$'000
協和集團	Concord Group		
收益	Revenue	250,510	2,037,138
支出	Expenses	(209,047)	(2,011,381)
本年純利	Profit for the year	41,463	25,757
本年全面收益(支出)總額	Total comprehensive income (expense) for the year	81,299	(38,491)
非流動資產	Non-current assets	21,590	374,771
流動資產	Current assets	859,252	1,026,691
流動負債	Current liabilities	(32,784)	(499,280)
非流動負債	Non-current liabilities	(9)	(2,345)
總權益	Total equity	848,049	899,837
經營業務之現金流入淨額	Net cash inflow from operating activities	22,335	97,907
投資業務之現金流入淨額	Net cash inflow from investing activities	516,618	47,931
融資業務之現金流出淨額	Net cash outflow from financing activities	(627,918)	(159,919)
現金流出淨額	Net cash outflow	(88,965)	(14,081)
支付非控股權益股息	Dividends paid to non-controlling interests	(29,615)	(11,857)

綜合財務報告附註

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

38. 報告期後事項

於二零一八年一月二日，本公司兩間間接全資附屬公司與若干獨立第三方（該等獨立第三方的主要業務乃製造、銷售、分銷及推廣塗料）訂立協議，以人民幣111,741,000元（相當於136,813,000港元）的代價收購其業務。業務收購於二零一八年二月一日完成。於刊發本報告日期，董事正編製估值以釐定被收購資產及負債的公允值。

於二零一八年二月十三日，本集團與一名獨立第三方訂立買賣協議，據此，本集團將出售於本公司一間全資附屬公司億澤發展有限公司（「億澤」）的全部權益，現金代價約為4,911,000美元（相當於約38,305,000港元）。億澤持有一處位於中國的土地的預付土地租金。該交易於二零一八年三月一日完成。

38. Events after the Reporting Period

On 2 January 2018, two indirect wholly-owned subsidiaries of the Company, entered into an agreement with certain independent third parties, of which principal business activities are manufacture, sale, distribution and marketing of coatings, to acquire the business at a cash consideration of RMB111,741,000 (equivalent to HK\$136,813,000). The acquisition of business was completed on 1 February 2018. As at the date of issue of this report, the Directors are in progress of preparing the valuation to determine the fair value of assets and liabilities being acquired.

On 13 February 2018, the Group entered into a sale and purchase agreement with an independent third party, pursuant to which, the Group will dispose the entire interests in a wholly-owned subsidiary of the Company, Base Rich Development Limited ("Base Rich"), at cash consideration amounting approximately USD4,911,000 (equivalent to approximately HK\$38,305,000). Base Rich held the prepaid lease payments of a land located in the PRC. The transaction was completed on 1 March 2018.

39. 本公司財務狀況表

39. Statement of Financial Position of the Company

		二零一七年 2017 千港元 HK\$'000	二零一六年 2016 千港元 HK\$'000
非流動資產	Non-current assets		
於附屬公司之未上市投資	Unlisted investment in subsidiaries	445,808	412,014
應收一間附屬公司款項	Amount due from a subsidiary	837,174	753,742
		1,282,982	1,165,756
流動資產	Current assets		
其他應收賬款及預付款項	Other receivables and prepayments	180	145
應收一間附屬公司款項	Amount due from a subsidiary	12,843	–
銀行結餘及現金	Bank balances and cash	630	522
		13,653	667
流動負債	Current liabilities		
其他應付賬款及應計費用	Other creditors and accrued charges	3,618	3,770
應付一間附屬公司款項	Amount due to a subsidiary	–	10,367
金融衍生工具	Derivative financial instruments	6,203	6,715
		9,821	20,852
流動資產(負債)淨值	Net current assets (liabilities)	3,832	(20,185)
資產淨值	Net assets	1,286,814	1,145,571
		二零一七年 2017 千港元 HK\$'000	二零一六年 2016 千港元 HK\$'000
資本及儲備	Capital and reserves		
股本	Share capital	56,389	56,381
儲備(附註)	Reserves (Note)	1,230,425	1,089,190
總權益	Total equity	1,286,814	1,145,571

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39. 本公司財務狀況表 (續)

39. Statement of Financial Position of the Company (Continued)

附註：

Note:

		股份溢價 Share premium 千港元 HK\$'000	購股權 儲備 Share options reserve 千港元 HK\$'000	其他儲備 Other reserve 千港元 HK\$'000 (附註) (Note)	匯兌儲備 Translation reserve 千港元 HK\$'000	資本回購 儲備 Capital redemption reserve 千港元 HK\$'000	保留溢利 Retained earning 千港元 HK\$'000	總計 Total 千港元 HK\$'000
於二零一六年一月一日	At 1 January 2016	504,539	7,233	77,700	143,981	5,416	160,949	899,818
本年純利	Profit for the year	-	-	-	-	-	303,977	303,977
因折算至呈報貨幣而產生之 匯兌差額	Exchange difference arising on translation to presentation currency	-	-	-	(61,228)	-	-	(61,228)
本年全面收益(支出)總額	Total comprehensive (expense) income for the year	-	-	-	(61,228)	-	303,977	242,749
因行使購股權而以溢價發行之 股份	Share issued at premium upon exercise of share options	205	(20)	-	-	-	-	185
取消購股權及轉賬至 保留溢利	Share options cancelled and transfer to retained profits	-	(1,278)	-	-	-	1,278	-
已付股息	Dividends paid	-	-	-	-	-	(53,562)	(53,562)
於二零一六年 十二月三十一日	At 31 December 2016	504,744	5,935	77,700	82,753	5,416	412,642	1,089,190
本年純利	Profit for the year	-	-	-	-	-	134,001	134,001
因折算至呈報貨幣而產生之 匯兌差額	Exchange difference arising on translation to presentation currency	-	-	-	91,674	-	-	91,674
本年全面收益總額	Total comprehensive income for the year	-	-	-	91,674	-	134,001	225,675
因行使購股權而以溢價發行之 股份	Share issued at premium upon exercise of share options	159	(15)	-	-	-	-	144
因發行股份而產生之成本	Cost incurred in connection with issue of shares	(1)	-	-	-	-	-	(1)
取消購股權及轉賬至 保留溢利	Share options cancelled and transfer to retained profits	-	(640)	-	-	-	640	-
已付股息	Dividends paid	-	-	-	-	-	(84,583)	(84,583)
於二零一七年 十二月三十一日	At 31 December 2017	504,902	5,280	77,700	174,427	5,416	462,700	1,230,425

附註：其他儲備指因於一九九一年集團重組而產生的儲備。

Note: Other reserve represents the reserve arising from group reorganisation in 1991.

