

寶峰時尚

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2017
年度報告
ANNUAL REPORT



www.baofengmodern.com
Stock Code :1121



寶峰時尚國際控股有限公司
(於開曼群島註冊成立的有限公司)
股份代號 :1121

Baofeng Modern International Holdings Company Limited
(Incorporated in the Cayman Islands with limited liability)

BOARD OF DIRECTORS

Executive Directors

Mr. ZHENG Jingdong (Chairman)
Mr. LEUNG Tsz Chung (Vice-chairman)

Non-Executive Director

Ms. LIN Weihuan

Independent Non-Executive Directors

Ms. AN Na
Mr. CHEN Shaohua
Professor ZHAO Jinbao

BOARD COMMITTEES

Audit Committee

Mr. CHEN Shaohua (Chairperson)
Professor ZHAO Jinbao
Ms. AN Na

Remuneration Committee

Ms. AN Na (Chairperson)
Professor ZHAO Jinbao
Mr. CHEN Shaohua

Nomination Committee

Professor ZHAO Jinbao (Chairperson)
Mr. CHEN Shaohua
Ms. AN Na

COMPANY SECRETARY

Mr. IP Pui Sum

AUTHORISED REPRESENTATIVES

Mr. ZHENG Jingdong
Mr. LEUNG Tsz Chung

STOCK CODE

01121

董事會

執行董事

鄭景東先生(主席)
梁子冲先生(副主席)

非執行董事

林煒歡女士

獨立非執行董事

安娜女士
陳少華先生
趙金保教授

董事委員會

審核委員會

陳少華先生(主席)
趙金保教授
安娜女士

薪酬委員會

安娜女士(主席)
趙金保教授
陳少華先生

提名委員會

趙金保教授(主席)
陳少華先生
安娜女士

公司秘書

葉沛森先生

授權代表

鄭景東先生
梁子冲先生

股份代號

01121

Corporate Information

公司資料

COMPANY WEBSITE

www.baofengmodern.com

HEAD OFFICE IN THE PRC

Huoju Industrial Zone
Jiangnan Town
Licheng District
Quanzhou City
Fujian Province
PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 504, 5/F
OfficePlus @Sheung Wan
93-103 Wing Lok Street
Sheung Wan
Hong Kong

REGISTERED OFFICE

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

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG SHARE REGISTRAR

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

AUDITORS

Confucius International CPA Limited

PRINCIPAL BANKERS

Bank of China (Hong Kong)
China Construction Bank

公司網站

www.baofengmodern.com

中國總部

中國
福建省
泉州市
鯉城區
江南鎮
火炬工業區

香港主要營業地點

香港
上環
永樂街93-103號
協成行上環中心
5樓504室

註冊辦事處

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

開曼群島主要股份過戶登記處

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

香港證券登記處

卓佳證券登記有限公司
香港
皇后大道東183號
合和中心22樓

核數師

天健國際會計師事務所有限公司

主要往來銀行

中國銀行(香港)
中國建設銀行

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Five-Year Financial Summary

五年財務概要

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

		2017 二零一七年	2016 二零一六年	2015 二零一五年	2014 二零一四年	2013 二零一三年
Profitability data (RMB million)	盈利能力數據 (人民幣百萬元)					
Revenue	收益	125.5	215.8	171.7	196.8	624.1
Gross profit	毛利	28.5	75.3	42.9	19.1	186.9
(Loss)/profit for the year	年內(虧損)/溢利	(345.4)	(317.6)	(25.7)	(31.2)	67.9
Profitability ratios (%)	盈利能力比率(%)					
Gross profit margin	毛利率	22.7%	34.9%	25.0%	9.7%	30.0%
Net (loss)/profit margin	淨(虧損)/溢利率	(346.9)%	(147.2)%	(15.0)%	(15.8)%	10.9%
Assets and liabilities data (RMB million)	資產及負債數據 (人民幣百萬元)					
Non-current assets	非流動資產	705.3	1,417.0	1,597.4	129.5	138.2
Current assets	流動資產	110.4	117.6	870.4	1,243.3	1,313.5
Current liabilities	流動負債	294.1	224.8	821.7	278.5	326.2
Non-current liabilities	非流動負債	108.2	466.5	517.1	3.1	3.1
Shareholders' equity	股東權益	413.4	843.4	1,129.0	1,091.2	1,122.4
Asset and working capital data	資產及營運資金數據					
Current asset ratios (%)	流動資產比率(%)	13.5%	7.7%	35.3%	90.6%	90.5%
Current ratios (time)	流動比率(倍)	0.4x	0.5x	1.1x	4.5x	4.0x
Gearing ratios (%)	負債比率(%)	49.0%	44.6%	54.2%	20.3%	22.5%

Chairman's Statement

主席報告書

Dear Shareholders,

On behalf of the board (the "Board") of directors (the "Directors") of Baofeng Modern International Holdings Company Limited ("Baofeng Modern" or the "Company"), I am pleased to present the financial report of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2017.

During 2017, as the slippers retail industry experienced stiff competition from online retailers, some overseas customers tried to scale back their shops and controlled the stock level, resulting in a decrease in quantity ordered, delay of placing orders and a decrease of the revenue of Original Equipment Manufacturer ("OEM") business of approximately RMB50.1 million for 2017. Besides, as the People's Republic of China ("PRC") government started to strengthen the environmental protection and control on the highly polluting industries in 2016, the prices of chemical raw materials increased significantly in 2017 which caused the cost of graphene-based ethylene-vinyl acetate ("EVA") foam material to increase substantially. Moreover, the Environmental Protection Bureau imposed a limit on the production scale of foam material of our existing production site. As the annual production volume of foam material was restricted and the costs of various chemical raw materials kept increasing, the Group focused on producing own branded automated customized graphene-based slippers ("Graphene-based Slippers") with higher gross profit margin instead of graphene-based EVA foam material in 2017. As such, the Group repositioned the graphene-based products and mainly use graphene-based EVA foam material to produce Graphene-based Slippers and developed the Online-to-Offline ("O2O") business model for the sales and distribution of Graphene-based Slippers during the year. As the time used to improve and upgrade the do-it-yourself ("DIY") automated vending system, the key machine for the O2O business model, was longer than expected, the revenue of graphene-based EVA foam material and slippers with sterilizing, good elasticity and tear resistant functions ("Graphene-based Products") only amounted to approximately RMB2.1 million for 2017. Due to the decrease in the revenue of OEM business and the unexpected low contribution from Graphene-based Products, the revenue of the Group amounted to approximately RMB125.5 million in 2017 representing a decrease of 41.9% in comparison to approximately RMB215.8 million in last year. During the year, the gross profit margin of the Group decreased to 22.7% (2016: 34.9%) which was mainly attributable to the significant increase in cost of chemical raw materials.

各位尊敬的股東：

本人謹代表寶峰時尚國際控股有限公司（「寶峰時尚」或「本公司」）董事（「董事」）會（「董事會」）提呈本公司及其附屬公司（統稱「本集團」）截至二零一七年十二月三十一日止年度的財務報告。

於二零一七年，由於拖鞋零售行業面臨線上零售商的激烈競爭，一些海外客戶嘗試縮減其店鋪數量及控制存貨水準，導致訂購之數量減少、延遲下訂單及原設備製造商（「OEM」）業務的銷售額於二零一七年下降約人民幣50,100,000元。此外，由於中華人民共和國（「中國」）政府於二零一六年開始加強對環境保護及高污染行業的監管，化工原料價格於二零一七年大幅增加，導致石墨烯乙稀-醋酸乙稀共聚物（「EVA」）發泡材料的成本大幅增加。此外，環保局對我們現有生產基地的發泡材料生產規模施加限制。由於發泡材料的年產量受到限制且各種化工原料的成本持續增加，本集團於二零一七年集中生產毛利率較高的自有品牌自動售賣私人訂制之石墨烯拖鞋（「石墨烯拖鞋」），取代石墨烯EVA發泡材料。因此，本集團於年內重新定位石墨烯產品，主要以石墨烯EVA發泡材料來生產石墨烯拖鞋並開發了線上線下（「O2O」）業務模式以銷售和分銷石墨烯拖鞋。由於改進和升級自助（「DIY」）自動售貨系統（O2O業務模式的主要機器）的時間比預期長，二零一七年度具備殺菌、高彈性、抗拉功能之石墨烯EVA發泡材料及拖鞋（「石墨烯產品」）的收益僅為約人民幣2,100,000元。由於OEM業務收益減少及石墨烯產品的貢獻低於預期，本集團於二零一七年度之收益約為人民幣125,500,000元，較去年約人民幣215,800,000元減少41.9%。年內，本集團毛利率下降至22.7%（二零一六年：34.9%），主要是由於化工原料成本大幅增加所致。

Chairman's Statement

主席報告書

Though the revenue of Graphene-based Products was lower than expected in 2017, the feedback from customers and the market was positive. This positive feedback enhanced the confidence of the Group on the O2O business model. In the coming year, the Group will develop and launch Graphene-based Slippers and graphene-based shoes with different styles and functions and the Group targets to develop a new retail model for selling these products.

Moreover, the Group would continue to develop and launch different types of graphene application products. The sterilizing chips for air purifiers and air conditioners already completed the development stage and proved to be highly effective on reducing formaldehyde, toluene, xylene and volatile organic compounds and will be launched in the first half of 2018. As the PRC government tightened the environmental protection and control and the public pays more attention to the environmental protection, the Directors believed that there would be a great market demand. In the coming years, the Group would continue deploying more resources on the research and development of graphene application products and would focus on promoting the graphene technology and the development of graphene application products in different fields in order to develop new markets and new business. The Company strives to become a material science technology application company and the Board is of the view that this transformation would enhance the competitiveness and long-term development of the Group and help the Group to generate more revenue and profit in the future.

Last but not the least, on behalf of the Board, I would like to thank our management and all staff for their dedication and contribution to the development of the Group. I would also like to take this opportunity to express my sincere gratitude to our customers, suppliers, business partners and shareholders for their continuous commitment and support.

Zheng Jingdong
Chairman

Hong Kong, 29 March 2018

儘管石墨烯產品於二零一七年之收益低於預期，客戶和市場的反饋是正面的。這種正面的反饋增強本集團對O2O業務模式的信心。未來一年，本集團將開發及推出不同風格及功能的石墨烯拖鞋及石墨烯鞋，及本集團的目標是開發一種新零售模式以銷售這些產品。

此外，本集團將繼續研發並推出不同類型的石墨烯應用產品。用於空氣淨化器和空調的殺菌芯片已經完成開發階段，並獲證明對減少甲醛、甲苯、二甲苯和揮發性有機化合物非常有效，並將於二零一八年上半年推出。由於中國政府加強環境保護和控制，公眾更加重視環境保護，董事認為市場需求很大。未來數年，本集團將繼續在石墨烯應用產品研發方面投入更多資源，並將集中推廣石墨烯技術及石墨烯應用產品在不同領域的發展，以開拓新市場及新業務。本公司致力成為一家材料科技應用公司，董事會認為此轉型將增強本集團的競爭力及長遠發展，並有助本集團在未來產生更多收益及利潤。

最後，本人謹代表董事會，向本集團管理層及全體僱員致謝，感謝各位為本集團發展作出的努力和貢獻。本人亦謹此對本集團客戶、供應商、業務夥伴及股東的鼎力支持致以衷心的感謝。

主席
鄭景東

香港，二零一八年三月二十九日

Management Discussion and Analysis

管理層討論及分析

Due to the decrease in the revenue of OEM business and the unexpected low contribution from Graphene-based Products, the revenue of the Group amounted to approximately RMB125.5 million in 2017 representing a decrease of 41.9% in comparison to approximately RMB215.8 million in last year. As the slippers retail industry experiences stiff competition from online retailers, revenue of OEM business was seriously affected, resulting in a decrease of the revenue of approximately RMB50.1 million or 29.5% to approximately RMB119.9 million for the year. Besides, as the PRC government started to strengthen the environmental protection and control on the highly polluting industries in 2016, many chemical raw materials suppliers closed down. The prices of chemical raw materials and the cost of consigned processing by sub-contractors increased significantly in 2017 which caused the cost of graphene-based EVA foam material to increase substantially. Besides, due to tightening environmental protection and control by the PRC government, the Environmental Protection Bureau imposed a limit on the production scale of foam material of our existing production site. As the annual production volume of foam material was restricted and the costs of various chemical raw materials kept increasing, the Directors considered that the Group should focus on the direction of producing Graphene-based Slippers with higher gross profit margin instead of graphene-based EVA foam material in 2017. As such, the Group repositioned the graphene-based products and mainly use graphene-based EVA foam material to produce Graphene-based Slippers and developed the O2O business model for the sales and distribution of Graphene-based Slippers during the year. As the time used to improve and upgrade the DIY automated vending system, the key machine for the O2O business model, was longer than expected, the revenue of Graphene-based Products only amounted to approximately RMB2.1 million for the year (2016: RMB43.2 million).

During the year, the gross profit margin of the Group decreased to 22.7% (2016: 34.9%) which was mainly attributable to the significant increase in cost of chemical raw materials.

由於OEM業務收益減少及石墨烯產品的貢獻低於預期，本集團於二零一七年之收益約為人民幣125,500,000元，較去年約人民幣215,800,000元減少41.9%。由於拖鞋零售行業面臨線上零售商的激烈競爭，OEM業務的收益受到嚴重影響，導致本年度收益減少約人民幣50,100,000元或29.5%至約人民幣119,900,000元。此外，由於中國政府於二零一六年開始加強對環境保護及高污染行業的監管，許多化工原料供應商倒閉，化工原料價格和分包商委託加工成本於二零一七年大幅增加，導致石墨烯EVA發泡材料的成本大幅增加。此外，由於中國政府加強環境保護和控制，環保局對我們現有生產基地的發泡材料生產規模施加限制。由於發泡材料的年產量受到限制且各種化工原料的成本持續增加，董事認為本集團於二零一七年應集中生產毛利率較高的石墨烯拖鞋的方向，取代石墨烯EVA發泡材料。因此，本集團於年內重新定位石墨烯產品，主要以石墨烯EVA發泡材料來生產石墨烯拖鞋並開發了O2O業務模式以銷售和分銷石墨烯拖鞋。由於改進和升級DIY自動售貨系統（O2O業務模式的主要機器）的時間比預期長，本年度石墨烯產品的收益僅為約人民幣2,100,000元（二零一六年：人民幣43,200,000元）。

年內，本集團毛利率下降至22.7%（二零一六年：34.9%），主要是由於化工原料成本大幅增加所致。

Management Discussion and Analysis

管理層討論及分析

During the year, the Group recorded a net loss of approximately RMB435.4 million (2016: RMB317.6 million), which is mainly attributable to (i) amortisation of intangible assets of approximately RMB128.3 million (2016: RMB105.4 million) and impairment loss on intangible assets of approximately RMB537.3 million (2016: RMB325.6 million); and offset by (ii) the fair value gain on convertible notes and warrants at fair value through profit or loss (“FVTPL”) of approximately RMB55.1 million (2016: fair value loss of RMB31.2 million) and (iii) the fair value gain on provision for contingent consideration at FVTPL of approximately RMB219.9 million (2016: RMB141.9 million).

The amount of impairment loss of approximately RMB477.8 million in relation to the acquisition of certain technological know-how in respect of the application of graphene and includes one patent in the United States of America (“US”), four invention patent applications, three utility model patent applications and two utility model patents in the PRC, relating to the manufacturing of graphene-based EVA foam material, graphene deodorizing and sterilizing chips and graphene-based pressure-sensitive sensors and the exclusive formula (collective as the “Technology Know-how”) from Bluestone Technologies (Cayman) Limited (“Bluestone”) in 2015, was made with reference to a valuation report conducted by an independent professional valuer based on various information provided by the management including but not limited to detailed business plan, financial model and actual sales track records. The Board has reviewed the available information and supporting documents and agreed with the position of the management of the Company that the amount of impairment was adequate.

年內，本集團錄得淨虧損約人民幣435,400,000元（二零一六年：人民幣317,600,000元），主要歸因於：(i)無形資產攤銷約人民幣128,300,000元（二零一六年：人民幣105,400,000元）及無形資產減值虧損約人民幣537,300,000元（二零一六年：人民幣325,600,000元）；並被(ii)按公平值計入損益（「按公平值計入損益」）之可換股票據及認股權證之公平值收益約人民幣55,100,000元（二零一六年：公平值損失為人民幣31,200,000元）；及(iii)按公平值計入損益之或然代價撥備之公平值收益約人民幣219,900,000元（二零一六年：人民幣141,900,000元）所抵銷。

有關於二零一五年向藍石科技（開曼）有限公司（「藍石」）收購有關石墨烯應用的若干技術知識，包括有關生產石墨烯EVA發泡材料、石墨烯除臭殺菌芯片及石墨烯壓力傳感器的美利堅合眾國（「美國」）一項專利、中國四項發明專利申請、三項實用新型專利申請及兩項實用新型專利以及獨家配方（統稱為「技術知識」）的減值虧損金額約為人民幣477,800,000元乃參考一名獨立專業估值師基於管理層提供的多項資料（包括但不限於一份獨立市場研究報告、詳細營銷計劃、商業計劃、財務模型及實際銷售往績記錄）編製的估值報告釐定。董事會已審閱現有資料及支持文件，並同意本公司管理層的意見，即減值金額已足夠。

Management Discussion and Analysis

管理層討論及分析

During last year, the Group engaged several independent third parties in the research and development of manufacturing and application technology of graphene material on sterilizing chips for air purifiers and air conditioners, energy storage materials for batteries and pressure-sensitive lighting devices for shoes and recognised the related deferred development costs as intangible assets. Several invention and utility model patents arising from the deferred development costs were either obtained or under application in the PRC and the sterilizing chips for air purifiers and air conditioners would be launched in the first half of 2018, as a result, the Directors are of the view that future economic benefits will be generated from such development costs. For the energy storage materials for batteries and pressure-sensitive lighting devices for shoes, the Group is currently conducting various tests on these projects and would continue improve and develop the technology in the coming year. As the Directors considered that they will not generate economic benefits for the Group in short term, the total related deferred development costs of RMB59.5 million was fully impaired during the year.

去年內，本集團已聘用數名獨立第三方研發用於空氣淨化器及空調的殺菌芯片、電池儲能材料及鞋履壓敏照明裝置的石墨烯材料的製造及應用技術，並將相關遞延開發成本確認為無形資產。因遞延開發成本產生已在中國取得或正在申請的數項發明及實用新型專利，用於空氣淨化器及空調的殺菌芯片將於二零一八上半年推出，因此，董事認為該等開發成本將產生未來經濟利益。對於電池儲能材料及鞋履壓敏照明裝置，本集團仍就該等項目進行各類測試並將於未來一年繼續改進及開發該技術，由於董事考慮到該等項目於短期內不會為本集團產生經濟利益，相關的總遞延開發成本人民幣59,500,000元於年內已作全數減值。

FINANCIAL REVIEW

Revenue by Product Category

		2017 RMB'000	2016 RMB'000	Increase/ (decrease) % change 增加/ (減少) %變動
Revenue (Boree Products)	收益 (寶人牌產品)	3,517	2,698	30.4%
Revenue (Graphene-based Products)	收益 (石墨烯產品)	2,130	43,171	(95.1%)
Revenue (OEM Business)	收益 (OEM業務)	119,854	169,962	(29.5%)
Revenue (Total)	收益 (總額)	125,501	215,831	(41.9%)

Boree Products

Revenue from Boree Products increased by 30.4% to approximately RMB3.5 million during the year (2016: RMB2.7 million) was due to the increase of online sales.

財務回顧

按產品類別分類的收益

	2017 RMB'000	2016 RMB'000	Increase/ (decrease) % change 增加/ (減少) %變動
二零一七年 人民幣千元		二零一六年 人民幣千元	

寶人牌產品

由於線上銷售增加，寶人牌產品的收益於年內增加30.4%至約人民幣3,500,000元（二零一六年：人民幣2,700,000元）。

Management Discussion and Analysis

管理層討論及分析

FINANCIAL REVIEW (continued)

Graphene-based Products

Due to the unexpected increase in price of chemical raw materials and the restriction on annual production volume of foam material, the Group reconsidered the positioning of graphene application products. Due to the absence of comparable products in the existing footwear and slippers market, the launch of Graphene-based Slippers can distinguish our slippers from normal slippers and repositioned our own branded slippers as slippers with distinctive functions like sterilizing, good elasticity and tear resistant. Besides, as the gross profit margin of Graphene-based Slippers is much higher than the graphene-based EVA foam material, the Group considered that by using graphene-based EVA foam material for the production of Graphene-based Slippers instead of direct sales to customers can generate higher profit for the Group. As a result, the Group focused on the development of DIY automated vending system for the sales and distribution of Graphene-based Slippers during the year and the trial run of the first generation of the DIY automated vending system was completed in the first half of 2017. Based on the trial run data and feedback from customers, improvement and upgrade on the automated vending system hardware and software was made and the second generation of the DIY automated vending system was launched in July 2017. In response to customers' needs, the design of the third generation of the DIY automated vending system was improved to be compatible with both summer and winter Graphene-based Slippers and was launched and started trial run in December 2017. As the time used to improve and upgrade the DIY automated vending system was longer than expected, the revenue of Graphene-based Products only amounted to approximately RMB2.1 million for the year (2016: RMB43.2 million).

OEM Business

As the slippers retail industry experiences stiff competition from online retailers, some overseas customers try to scale back their shops and control the stock level, resulting in a decrease in quantity ordered and delay of placing orders, and so the sales of OEM business decreased by RMB50.1 million or 29.5% to approximately RMB119.9 million as compared with last year (2016: RMB170.0 million).

財務回顧 (續)

石墨烯產品

由於化工原材料價格預期外增加及泡材料年產量的限制，本集團已重新考慮其石墨烯應用產品的定位。由於現有鞋履及拖鞋市場沒有可比較的產品，推出石墨烯拖鞋可區分本集團的拖鞋與一般拖鞋，並將自有品牌拖鞋重新定位為具備殺菌、高彈性、抗拉功能等獨特功能的拖鞋。此外，由於石墨烯拖鞋的毛利率遠高於石墨烯EVA發泡材料，本集團考慮使用石墨烯EVA發泡材料生產石墨烯拖鞋（而非直接向客戶銷售），可為本集團帶來更高的利潤。因此，本集團於年內專注於開發銷售及分銷石墨烯拖鞋的DIY自動售貨系統，於二零一七年上半年，第一代DIY自動售貨系統試運行完成。根據試運行數據及客戶反饋，本集團已改進及升級自動售貨系統硬件及軟件，並於二零一七年七月推出第二代DIY自動售貨系統。為滿足客戶的需求，第三代DIY自動售貨系統經過改進以兼容夏季和冬季石墨烯拖鞋，已於二零一七年十二月推出並開始試運行。由於用於改進和升級DIY自動售貨系統的時間比預期長，年內石墨烯產品的收益僅約人民幣2,100,000元（二零一六年：人民幣43,200,000元）。

OEM業務

由於拖鞋零售行業面臨線上零售商的激烈競爭，一些海外客戶嘗試縮減其店鋪數量及控制存貨水平，導致訂購之數量減少及延遲下訂單，因此於年內OEM業務的銷售額與去年相比下降人民幣50,100,000元或29.5%至約人民幣119,900,000元（二零一六年：人民幣170,000,000元）。

Management Discussion and Analysis

管理層討論及分析

FINANCIAL REVIEW (continued)

Selling and Distribution Expenses

During the year, selling and distribution expenses slightly increased by 4.2% to approximately RMB8.9 million as compared with that of last year (2016: RMB8.6 million), which accounted for 7.1% (2016: 4.0%) of the Group's revenue. The increase was mainly attributable to more marketing activities held for the promotion of Graphene-based Slippers.

General and Administrative Expenses

General and administrative expenses recorded a decrease of approximately RMB12.1 million or 23.3% during the year as compared with that of last year, which was mainly attributable to the decrease in share-based payment expenses of approximately RMB15.3 million in relation to the share options granted by the Company on 10 December 2015, 24 June 2016 and 16 December 2016.

Liquidity and Financial Resources

During the year, net cash inflow from operating activities of the Group amounted to approximately RMB28.3 million (2016: RMB33.2 million). As at 31 December 2017, cash and bank balances were approximately RMB5.9 million, representing an increase of 22.9% as compared with the cash and bank balances as at the end of last year (2016: RMB4.8 million). As at 31 December 2017, around 34.5% and 60.4% of the Group's cash and bank balances were denominated in US dollars and Renminbi respectively. As at 31 December 2017, the interest-bearing bank borrowings of the Group were approximately RMB117.0 million (2016: RMB124.0 million). All bank loans were denominated in Renminbi, with fixed interest rates and repayable within one year.

Capital Structure

As at 1 January 2017 and 31 December 2017, the Company had 1,084,059,608 shares in issue and a paid-up capital of approximately RMB71,629,000.

Significant Investments, Material Acquisitions and Disposals

During the year, the Group did not have any significant investments, material acquisitions and disposals.

財務回顧 (續)

銷售及分銷開支

年內，銷售及分銷開支與去年相比輕微增加4.2%至約人民幣8,900,000元（二零一六年：人民幣8,600,000元），佔本集團收益的7.1%（二零一六年：4.0%）。增加主要是由於就推廣石墨烯拖鞋舉行的營銷活動增加。

一般及行政開支

年內，一般及行政開支與去年相比錄得約人民幣12,100,000元或23.3%的跌幅，主要是由於有關本公司於二零一五年十二月十日、二零一六年六月二十四日及二零一六年十二月十六日授出購股權之以股份支付的開支約人民幣15,300,000元下降所致。

流動資金及財務資源

年內，本集團經營活動之現金流入淨額約為人民幣28,300,000元（二零一六年：人民幣33,200,000元）。於二零一七年十二月三十一日，現金及銀行結餘約為人民幣5,900,000元，較去年末的現金及銀行結餘增加22.9%（二零一六年：人民幣4,800,000元）。於二零一七年十二月三十一日，本集團的現金及銀行結餘約34.5%及60.4%分別以美元及人民幣計值。於二零一七年十二月三十一日，本集團計息銀行借貸約為人民幣117,000,000元（二零一六年：人民幣124,000,000元）。所有銀行貸款均以人民幣計值，利率固定及須於一年內償還。

資本架構

於二零一七年一月一日及二零一七年十二月三十一日，本公司有1,084,059,608股已發行股份及繳足股本約人民幣71,629,000元。

重大投資、重大收購及出售

年內，本集團並無任何重大投資、重大收購及出售。

Management Discussion and Analysis

管理層討論及分析

FINANCIAL REVIEW (continued)

Pledge of Assets

As at 31 December 2017, the bills payables were secured by a pledge of the Group's time deposits amounting to approximately RMB2.1 million (2016: RMB4.3 million). The bank borrowings of the Group were also secured by a pledge of the Group's certain buildings and land use rights with carrying amounts of approximately RMB12.4 million (2016: RMB15.7 million) and approximately RMB32.6 million (2016: RMB33.5 million) respectively.

Contingent Liabilities

As at 31 December 2017 and 2016, there were no material contingent liabilities.

Foreign Exchange Risk

During the year, the sales of the Group were mainly denominated in US dollars and Renminbi. The cost of sales and operating expenses were mainly denominated in Renminbi. Management of the Group monitors the foreign exchange risk and will consider hedging significant foreign currency risk exposure if necessary.

Gearing Ratio

As at 31 December 2017, the gearing ratio of the Group was 49.0% (2016: 44.6%). Gearing ratio was calculated as total debt divided by the total equity plus total debt. Total debt refers to the total liability minus the sum of tax payable, dividend payable and deferred tax liability.

Human Resources

As at 31 December 2017, the Group had a total of approximately 730 employees (2016: 840 employees), with total staff costs for the year ended 31 December 2017, including directors' remuneration, amounted to approximately RMB52,049,000 (2016: RMB70,309,000). The Group's emolument policies are based on the merit, qualifications and competence of individual employee and are reviewed by the remuneration committee periodically. The emoluments of the Directors are recommended by the remuneration committee and are decided by the Board, having regard to the Group's operating results, individual performance and comparable market statistics. The Company also adopted a share option scheme (the "Share Option Scheme") on 8 January 2011 to motivate and reward its Directors and eligible employees.

財務回顧 (續)

資產抵押

於二零一七年十二月三十一日，應付票據由本集團定期存款約人民幣2,100,000元（二零一六年：人民幣4,300,000元）作出抵押。本集團銀行借貸亦由本集團賬面值分別約人民幣12,400,000元（二零一六年：人民幣15,700,000元）及約人民幣32,600,000元（二零一六年：人民幣33,500,000元）的若干樓宇及土地使用權作出抵押。

或然負債

於二零一七年及二零一六年十二月三十一日，本集團並無重大或然負債。

外匯風險

於本年度，本集團的銷售額主要以美元及人民幣計值。銷售成本及經營開支主要以人民幣計值。本集團管理層監控外匯風險，並將考慮在必要時對沖重大外幣風險敞口。

負債比率

於二零一七年十二月三十一日，本集團的負債比率為49.0%（二零一六年：44.6%）。負債比率為總債務除以總權益與總債務之和。總債務為總負債減應付稅項、應付股息及遞延稅項負債的總和。

人力資源

於二零一七年十二月三十一日，本集團共有約730名僱員（二零一六年：840名僱員），截至二零一七年十二月三十一日止年度總員工成本（包括董事薪酬）約為人民幣52,049,000元（二零一六年：人民幣70,309,000元）。本集團的薪酬政策乃基於個別僱員的長處、資格及能力釐定，並由薪酬委員會定期檢討。董事酬金由薪酬委員會經參考本集團的營運業績、個別表現及可比較市場統計數據而提出建議，並由董事會決定。本公司亦於二零一一年一月八日採納購股權計劃（「購股權計劃」），以鼓勵及嘉許其董事及合資格僱員。

Management Discussion and Analysis

管理層討論及分析

FINANCIAL REVIEW (continued)

Use of Net Proceeds from the Share Offering

As at 31 December 2017, the Company had unutilised net proceeds from the Initial Public Offering (“IPO”) in the amount of approximately RMB2.9 million, representing approximately 0.8% of the total net proceeds from the IPO (the “Unutilised Net Proceeds”). Approximately RMB73.4 million of the Unutilised Net Proceeds were originally intended to be used to acquire other branded product business and establish flagship shops and showrooms. As the Company believed that such intended use no longer met the Group’s imminent business development needs, the Board had resolved to change the proposed use of such RMB73,443,000 and apply them for the partial settlement of the third instalment of the consideration for the acquisition of the Technology Know-how in 2016. Besides, in order to develop and strengthen the selling and distribution system, the proposed use of approximately RMB45,026,000 and RMB14,974,000 was changed from increasing production capacity and strengthening the distribution resource planning system respectively to settle the payment for the design and development of the O2O distribution vending system in 2016. In light of current market conditions of footwear industry in the PRC and the development of the Group, the Company believes that the use of the Unutilised Net Proceeds under the original intended purpose may no longer meet the Group’s imminent business development needs. In order to maximise the benefits of the Company and its shareholders, the Company may change the usage of the Unutilised Net Proceeds from the original intended purposes to working capital and other general corporate purposes of the Group. If this happens, further announcements will be made by the Company as and when appropriate in compliance with the Rules Governing the Listing of Securities (the “Listing Rules”) on the Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The ordinary shares of the Company (the “Shares”) were listed on the main board of the Stock Exchange on 28 January 2011 with net proceeds received by the Company from the share offering of HK\$453,570,000 (approximately RMB387,666,000) (after deducting underwriting commission and related expenses).

財務回顧 (續)

股份發售所得款項淨額用途

於二零一七年十二月三十一日，本公司之未動用首次公開發售（「首次公開發售」）所得款項淨額約為人民幣2,900,000元，相當於首次公開發售總所得款項淨額約0.8%（「未動用所得款項淨額」）。未動用所得款項淨額中約人民幣73,400,000元原擬用作收購其他品牌產品業務以及開設旗艦店及陳列室。由於本公司認為該擬定用途不再符合本集團迫切的業務發展需要，董事會已決議更改該人民幣73,443,000元款項之建議用途，將其用作支付部分於二零一六年收購技術知識的第三期代價。此外，為開發及加強銷售及分銷系統，約人民幣45,026,000元及人民幣14,974,000元的建議用途已於二零一六年分別由增加產能及加強分銷資源計劃系統，更改為結算設計及開發O2O分銷售貨系統的付款。鑒於中國鞋履行業當前市況及本集團發展，本公司認為，按照原定用途動用未動用所得款項淨額可能不再符合本集團迫切的業務發展需要。為本公司及其股東締造最大的利益，本公司可能將未動用所得款項淨額之用途由原定用途改為本集團營運資金及其他一般企業用途。如此舉落實，本公司將適時遵照香港聯合交易所有限公司（「聯交所」）證券上市規則（「上市規則」）作出進一步公佈。

本公司普通股（「股份」）於二零一一年一月二十八日於聯交所主板上市，本公司自股份發售收到的所得款項淨額為453,570,000港元（約人民幣387,666,000元）（經扣除包銷佣金及相關開支）。

Management Discussion and Analysis

管理層討論及分析

FINANCIAL REVIEW (continued)

The utilisation of the net proceeds as at 31 December 2017 is set out as follows:

財務回顧 (續)

於二零一七年十二月三十一日，所得款項淨額的動用情況載列如下：

Nature 性質		Amount raised 所籌金額 RMB'000 人民幣千元	Amount utilised 動用金額 RMB'000 人民幣千元
To increase production capacity (approximately RMB45,026,000 was changed to "To settle the payment for the design and development of the O2O distribution vending system")	增加產能 (約人民幣45,026,000元已變更為「結算為設計及開發O2O分銷售貨系統的付款」)	135,683	135,683
Marketing and advertising expenses	推廣及宣傳開支	96,917	96,917
To acquire other branded product business (approximately RMB58,150,000 was changed to "To settle the payment of the acquisition of the Technology Know-how")	收購其他品牌產品業務 (約人民幣58,150,000元已變更為「結算收購技術知識的付款」)	58,150	58,150
To strengthen design capability	增強設計能力	19,383	16,437
To establish flagship shops and showrooms (approximately RMB15,293,000 was changed to "To settle the payment of the acquisition of the Technology Know-how")	開設旗艦店及陳列室 (約人民幣15,293,000元已變更為「結算收購技術知識的付款」)	19,383	19,383
To strengthen the distribution resource planning system (approximately RMB14,974,000 was changed to "To settle the payment for the design and development of the O2O distribution vending system")	加強分銷資源計劃系統 (約人民幣14,974,000元已變更為「結算為設計及開發O2O分銷售貨系統的付款」)	19,383	19,383
General working capital	一般營運資金	38,767	38,767
Total:	總計：	387,666	384,720

Management Discussion and Analysis

管理層討論及分析

FINANCIAL REVIEW (continued)

Use of Net Proceeds from the Issue of a Total of 88,000,000 Warrants on 21 April 2015 (the “2015 Warrants”)

The net proceeds from the issue of 2015 Warrants of approximately HK\$6,000,000 was intended to be retained in Hong Kong as general working capital of the Company and its offshore subsidiaries incorporated in Hong Kong and overseas (the “Offshore Group Members”) to settle the expenses such as administrative expenses, the professional fees and the salary expenses incurred by the Offshore Group Members. The net proceeds of approximately HK\$6,000,000 from the issue of 2015 Warrants had been fully utilised for general working capital of the Offshore Group Members to settle the expenses such as administrative expenses, the professional fees and the salary expenses incurred by the Offshore Group Members during the year ended 31 December 2015. All warrants from the issue of 2015 Warrants have been expired in 2016. No 2015 Warrants have been exercised since the issue date of 2015 Warrants.

FUTURE PROSPECTS

The Group focused on the development of O2O business model for the sales and distribution of Graphene-based Slippers with distinctive functions and a higher gross profit margin and design and development of different styles of Graphene-based Slippers according to customers’ preferences in 2017. Though the time used to improve and upgrade the DIY automated vending system was longer than expected, the feedback from customers and the market was positive. This positive feedback enhanced the confidence of the Group on the O2O business model. In view of the distinctive functions of the Graphene-based Slippers and low operating cost of the DIY automated vending system and the instant cash flow from customers by online payment, the Directors are of the view that the DIY automated vending system is an effective and efficient way of selling the Graphene-based Slippers and can maximise the profit of the Group.

In the coming year, the Group targets to greatly increase the number of DIY automated vending system and will launch marketing campaigns with more resources on the Graphene-based Slippers under the O2O business model. Besides, the Group will develop and launch Graphene-based Slippers and graphene-based shoes with different styles and functions and the Group targets to develop a new retail model for selling these products.

財務回顧 (續)

於二零一五年四月二十一日發行的 88,000,000份認股權證 (「二零一五年認股權證」) 之所得款項淨額用途

來自於發行二零一五年認股權證的所得款項淨額約6,000,000港元擬保留於香港，作為本公司以及其於香港及海外成立的離岸附屬公司 (「離岸集團成員公司」) 的一般營運資金，以償付各項開支，例如離岸集團成員公司所產生的行政開支、專業費用及薪金開支。截至二零一五年十二月三十一日止年度，來自發行二零一五年認股權證的所得款項淨額約6,000,000港元已悉數用於離岸集團成員公司的一般營運資金，以償付各項開支，例如離岸集團成員公司所產生的行政開支、專業費用及薪金開支。於二零一六年，來自於發行二零一五年認股權證的所有認股權證已屆滿。自二零一五年認股權證發行日期起，概無二零一五年認股權證獲行使。

未來前景

於二零一七年，本集團專注於發展以O2O業務模式銷售和分銷具有獨特功能及較高毛利率的石墨烯拖鞋，並根據客戶的喜好設計及開發各種不同風格的石墨烯拖鞋。儘管用於改進和升級DIY自動售貨系統的時間比預期長，客戶和市場的反饋是正面的。這種正面的反饋增強本集團對O2O業務模式的信心。鑑於石墨烯拖鞋的獨特功能、DIY自動售貨系統的低營運成本及客戶通過線上付款的即時現金流，董事認為DIY自動售貨系統是有效及高效銷售石墨烯拖鞋的方式，並且可以為本集團取得最大利益。

未來一年，本集團的目標是大幅增加DIY自動售貨系統的數量，並將投放更多資源進行O2O業務模式下石墨烯拖鞋的營銷活動。此外，本集團將開發及推出不同風格及功能的石墨烯拖鞋及石墨烯鞋，及本集團的目標是開發一種新零售模式以銷售這些產品。

FUTURE PROSPECTS *(continued)*

Moreover, the Group would continue to develop and launch different types of graphene application products. The sterilizing chips for air purifiers and air conditioners already completed the development stage and proved to be highly effective on reducing formaldehyde, toluene, xylene and volatile organic compounds and will be launched in the first half of 2018. As the PRC government tightened the environmental protection and control and the public pays more attention to the environmental protection, the Directors believed that there would be a great market demand for environmental protection products like air purifiers. Besides, in the coming year, the Group would continue improve and develop graphene-based energy storage cathode materials for batteries. As the performance of our graphene-based energy storage cathode materials for batteries is superior than the existing graphite based cathode material for batteries, the Directors believed that there would be a big demand for this product by lithium battery manufacturers in the PRC.

After paying continuous effort and capital investment in the past three years, the Group gradually transformed from a traditional manufacturing company to a high technology company and started to diversify our business to environmental protection and energy related field. In the coming years, the Group would continue deploying more resources on the research and development of graphene application products and would focus on promoting the graphene technology and the development of graphene application products in different fields in order to develop new markets and new business. The Company strives to become a material science technology application company and the Board is of the view that this transformation would enhance the competitiveness and long-term development of the Group and help the Group to generate more revenue and profit in the future.

未來前景 (續)

此外，本集團將繼續研發並推出不同類型的石墨烯應用產品。用於空氣淨化器和空調的殺菌芯片已經完成開發階段，並獲證明對減少甲醛、甲苯、二甲苯和揮發性有機化合物非常有效，將於二零一八年上半年推出。由於中國政府加強環境保護和控制，公眾更加重視環境保護，董事認為空氣淨化器等環保產品的市場需求很大。此外，在未來一年，本集團將繼續改進和發展石墨烯電池儲能負極材料。由於我們的石墨烯電池儲能負極材料的性能優於現有石墨烯電池負極材料，董事相信中國鋰電池製造商將對該產品有很大需求。

經過三年來的不懈努力及資金投入，本集團逐漸由傳統製造企業轉型為高科技公司，並開始將業務擴展至環保及能源相關領域。未來數年，本集團將繼續在石墨烯應用產品研發方面投入更多資源，並將集中推廣石墨烯技術及石墨烯應用產品在不同領域的發展，以開拓新市場及新業務。本公司致力成為一家材料科技應用公司，董事會認為此轉型將增強本集團的競爭力及長遠發展，並有助本集團在未來產生更多收益及利潤。

Corporate Governance Report

企業管治報告

The Board and the management of the Company are committed to the maintenance of good corporate governance practices and procedures. The Company believes that good corporate governance provides a framework that is essential for effective management, a healthy corporate culture, successful business growth and enhancing shareholders' value.

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

The Company has complied with the code provision (the "Code Provision") as set out in the CG Code throughout the year ended 31 December 2017, save for the deviations as discussed below. The Company periodically reviews its corporate governance practices to ensure its continuous compliance.

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 the required standard for securities transactions by the Directors. The Company has made specific enquiries of all the Directors and each of them confirmed that they have complied with the required standards set out in the Model Code during the financial year ended 31 December 2017.

BOARD OF DIRECTORS

The Board members are:

- **Executive Directors:**
Mr. ZHENG Jingdong
(Chairman and Chief Executive Officer)
Mr. LEUNG Tsz Chung (Vice-chairman)

本公司董事會及管理層致力於維持良好之企業管治常規及程序。本公司相信，良好之企業管治將為實施有效管理、培養健康企業文化、成功獲得業務增長及提升股東價值提供不可或缺之架構。

本公司企業管治常規基於聯交所上市規則附錄十四所載企業管治守則（「企業管治守則」）載列的原則及守則條文。

除下文所討論的偏離外，本公司於截至二零一七年十二月三十一日止年度全年一直遵守企業管治守則所載守則條文（「守則條文」）。本公司定期檢討企業管治常規，以確保持續合規。

董事進行證券交易的標準守則

本公司已採納上市規則附錄十所載上市發行人董事進行證券交易的標準守則（「標準守則」）作為董事進行證券交易之規定準則。本公司已向全體董事作出專門查詢，全體董事均確認彼等於截至二零一七年十二月三十一日止財政年度內已遵守標準守則所載之規定準則。

董事會

董事會成員如下：

- **執行董事：**
鄭景東先生
(主席兼行政總裁)
梁子冲先生(副主席)

Corporate Governance Report

企業管治報告

BOARD OF DIRECTORS (continued)

- **Non-Executive Directors:**
Ms. LIN Weihuan
- **Independent Non-Executive Directors:**
Ms. AN Na
Professor ZHAO Jinbao
Mr. CHEN Shaohua

The biographical details of the Directors are disclosed in the section headed "Biographical Details of Directors" on pages 47 to 49 of this annual report. The composition of the Board is well balanced. Each of the Directors has relevant expertise and extensive experiences that may contribute to the business of the Group. The Company has complied with the requirements under Rules 3.10(1) and (2) of the Listing Rules during the financial year ended 31 December 2017. All independent non-executive Directors also meet the guidelines for assessment of their independence as set out in Rule 3.13 of the Listing Rules.

Every director is subject to re-election on retirement by rotation in accordance with the articles of association of the Company (the "Articles").

To the best knowledge of the Company, there is no financial, business, family or other material/relevant relationship among the members of the Board. All of them are free to exercise their independent judgement.

The Board is responsible for establishing the overall strategic development and direction, setting business objectives and development plans, monitoring the performance of the business and senior management and making major investments and funding decisions of the Group.

The daily business operations and administrative functions of the Group are delegated to the management with department heads responsible for different aspects of the business and functions of the Group.

The Board meets regularly throughout the year to formulate overall strategy of the Group, monitor its financial performance and maintain effective oversight over the management. Sufficient notice of meetings is given to Directors prior to a regular board meeting, and each director is able to request inclusion of matters in the agenda for board meeting. Full minutes are prepared after the meetings.

董事會 (續)

- **非執行董事:**
林煒歡女士
- **獨立非執行董事:**
安娜女士
趙金保教授
陳少華先生

董事的履歷詳情披露於本年報第47至49頁「董事履歷詳情」一節。董事會組成結構平衡。各董事擁有相關專業知識及豐富經驗，可為本集團業務作出貢獻。於截至二零一七年十二月三十一日止財政年度內，本公司一直遵守上市規則第3.10(1)及(2)條的規定。所有獨立非執行董事亦符合上市規則第3.13條所載獨立性評估指引。

各董事須根據本公司組織章程細則（「細則」）輪流退任並重選。

就本公司所知，董事會各成員之間概無財務、業務、親屬或其他重大／相關關係。彼等均可自由作出獨立判斷。

董事會負責制定整體策略發展及方向、訂立營運目標及發展計劃、監察業績及高級管理層的表現以及決定本集團的主要投資和資金調動。

本集團的日常業務營運及行政職務已委派負責本集團各業務及職能的部門主管管理。

董事會在全年定期召開會議，以制定本集團的整體策略，監督其財務表現並維持對管理層的有效監督。定期召開董事會會議前會向董事發出充足通告，而各董事亦可要求於董事會會議議程中加入事宜。會議結束後由專人編製完整會議紀錄。

Corporate Governance Report

企業管治報告

BOARD OF DIRECTORS (continued)

Details of the attendance of the Board meetings, the annual general meeting (“AGM”) held during the financial year ended 31 December 2017 are summarised as follows:

董事會 (續)

於截至二零一七年十二月三十一日止財政年度所舉行董事會會議、股東週年大會（「股東週年大會」）的出席紀錄詳情概述如下：

		Number of board meetings attended/ held in 2017 二零一七年出席/ 舉行的董事會 會議次數	Number of AGM attended/ held in 2017 二零一七年出席/ 舉行的股東 週年大會次數
Executive Directors	執行董事		
Mr. ZHENG Jingdong	鄭景東先生	12/12	1/1
Mr. LEUNG Tsz Chung	梁子冲先生	11/12	1/1
Non-Executive Directors	非執行董事		
Ms. LIN Weihuan	林煒歡女士	12/12	1/1
Independent Non-Executive Directors	獨立非執行董事		
Ms. AN Na	安娜女士	12/12	1/1
Professor ZHAO Jinbao	趙金保教授	11/12	1/1
Mr. CHEN Shaohua	陳少華先生	12/12	1/1

PROFESSIONAL TRAINING OF THE COMPANY SECRETARY

Pursuant to Rule 3.29 of the Listing Rules, the company secretary of the Company must take no less than 15 hours of relevant professional training in each financial year. The company secretary, Mr. Ip Pui Sum, provided his training records to the Company, indicating that he has taken no less than 20 hours of relevant professional training by means of attending seminars and reading relevant guideline materials during the financial year ended 31 December 2017.

公司秘書之專業培訓

根據上市規則第3.29條，本公司之公司秘書於各財政年度須接受不少於15小時之相關專業培訓。公司秘書葉沛森先生向本公司遞交其培訓記錄，表明其於截至二零一七年十二月三十一日止財政年度透過參加研討會及閱覽相關指引材料已接受不少於20小時之相關專業培訓。

Corporate Governance Report

企業管治報告

CORPORATE GOVERNANCE FUNCTIONS

The Board is also responsible for performing the corporate governance duties including the duties and responsibilities as set out in D.3 in Appendix 14 to the Listing Rules which include the development and reviewing of policies and practices on corporate governance and compliance with all legal and regulatory requirements, monitoring the training and continuous professional development of Directors and senior management, development and reviewing of the code of conduct and compliance manual (if any) applicable to employees and Directors and reviewing the compliance with the CG Code, and ensuring proper disclosure in the corporate governance report of the Company.

CONTINUOUS PROFESSIONAL DEVELOPMENT OF DIRECTORS

All Directors should participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution to the Board remains informed and relevant. Up to the date of this report, all the Directors have participated in appropriate continuous professional development activities by attending training courses or reading materials on the topics related to corporate governance and regulations or the Company's business or their duties and responsibilities.

The individual training record of each Director received for the year ended 31 December 2017 is summarised below:

企業管治職能

董事會亦負責履行企業管治職責（包括上市規則附錄十四D.3所載責任與義務），包括制定及審閱企業管治政策及常規及遵守所有法律及監管規定，監督董事及高級管理層的培訓及持續專業進修，制定及審閱適用於僱員及董事的操守準則及合規手冊（如有）及審查是否符合企業管治守則，以及確保於本公司企業管治報告中作恰當的披露。

董事的持續專業進修

全體董事均須參與持續專業進修，以增進及更新其知識及技能，確保各董事在知情情況下為董事會作出切合需要的貢獻。截至本報告日期，所有董事已透過參加培訓課程或閱讀有關企業管治及規例或本公司業務或董事義務及職責的資料的方式參與持續專業進修。

於截至二零一七年十二月三十一日止年度，各董事接受的個別培訓記錄概載如下：

Attending seminar(s)/
programme(s)/reading
relevant materials in relation
to the business or Directors'
duties
出席有關業務或
董事職責的座談會/
計劃/閱讀相關
資料的情況

Mr. ZHENG Jingdong
Mr. LEUNG Tsz Chung
Ms. LIN Weihuan
Ms. AN Na
Professor ZHAO Jinbao
Mr. CHEN Shaohua

鄭景東先生
梁子冲先生
林煒歡女士
安娜女士
趙金保教授
陳少華先生

✓
✓
✓
✓
✓
✓

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Code Provision A.2.1 stipulates that the roles of the Chairman and Chief Executive Officer should be separated and should not be performed by the same individual. The Company deviates from this provision because Mr. Zheng Jingdong has been performing both the roles of Chairman and Chief Executive Officer. The Directors consider that vesting two roles in the same person provides the Group with strong and consistent leadership in the development and execution of the Group's business strategies and is beneficial to the Group. The balance of power and authorities is ensured by the operation of the senior management and the Board, which comprise experienced and high caliber individuals. The Board currently comprises 2 executive Directors, 1 non-executive Director and 3 independent non-executive Directors and therefore has a strong independence element in its composition.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Independent non-executive Directors have played a significant role in the Board by bringing their independent judgment at the Board meetings and scrutinising the Group's performance. Their views carry significant weight in the Board's decision, in particular, they bring an impartial view to bear on issues of the Group's strategy, performance and control.

All independent non-executive Directors possess extensive academic, professional and industry expertise and management experience and have provided their professional advices to the Board.

The independent non-executive Directors provide independent advice on the Group's business strategy, results and management so that all interests of shareholders can be taken into account, and the interests of the Company and its shareholders can be protected.

As at 31 December 2017, the Board has three independent non-executive Directors, Professor Zhao Jinbao, Mr. Chen Shaohua and Ms. An Na, one of which, being Mr. Chen Shaohua, possesses appropriate professional accounting qualifications and financial management expertise in compliance with the requirements set out in Rules 3.10(1) and (2) of the Listing Rules.

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

主席及行政總裁

守則條文第A.2.1條規定，主席與行政總裁的職能應予以區分，不應由同一人士兼任。本公司就本條文有所偏離，因鄭景東先生兼任主席及行政總裁職位。董事相信，一人兼任兩個職位可為本集團提供強大一致的領導，方便本集團業務策略的發展及執行，對本集團有利。職權平衡由高級管理層及董事會（由資深且富有才幹的人士組成）運作而保證，董事會現時包括2名執行董事、1名非執行董事及3名獨立非執行董事，因此其構成具有較強的獨立元素。

獨立非執行董事

獨立非執行董事在董事會擔當重任，負責在董事會會議提出獨立意見及監督本集團的表現。彼等的意見對董事會的決定舉足輕重，尤其是關於本集團策略、表現及監控事務的公正見解。

全體獨立非執行董事均具備豐富的學術、專業及行業背景及管理經驗，為董事會提供專業意見。

獨立非執行董事為本集團的業務策略、業績及管理提供獨立意見，確保充份考慮股東的一切權益，保障本公司和股東的利益。

於二零一七年十二月三十一日，董事會有三名獨立非執行董事，分別為趙金保教授、陳少華先生及安娜女士，當中陳少華先生具備符合上市規則第3.10(1)及(2)條規定的合適專業會計資格及財務管理經驗。

本公司已取得各獨立非執行董事根據上市規則第3.13條發出的獨立身份年度確認。本公司認為獨立非執行董事均為獨立人士。

TERMS OF APPOINTMENT OF NON-EXECUTIVE DIRECTORS

Each of the non-executive Directors (including independent non-executive Directors) has entered into a service contract with the Company for an initial term of 3 years, which will continue thereafter until terminated by not less than three-month notice in writing served by either party on the other.

All independent non-executive Directors and non-executive Directors are subject to re-election on retirement by rotation in accordance with the Articles.

APPOINTMENTS, RE-ELECTION AND REMOVAL OF DIRECTORS

Each of the executive Directors, non-executive Directors and independent non-executive Directors of the Company has entered into a service contract with the Company for a specific term. Such term is subject to retirement by rotation and re-election at an AGM at least once every three years in accordance with the Articles. The Articles of the Company provide that any Director appointed by the Board to fill a casual vacancy in the Board shall hold office until the first general meeting of the Company after his/her appointment and be subject to re-election at such meeting, and any Director appointed by the Board as an addition to the existing Board shall hold office only until the next AGM of the Company and shall then be eligible for re-election.

BOARD COMMITTEES

The Company currently has three committees, namely, the audit committee, the remuneration committee and the nomination committee (collectively, the "Board Committees"), for overseeing particular aspects of the Company's affairs. Terms of reference of all Board Committees are in line with the Code Provision and are available on the Stock Exchange's website and the Company's website at www.baofengmodern.com. The Board Committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances, at the Company's expenses.

非執行董事的任期

各非執行董事（包括獨立非執行董事）已與本公司訂立初步任期三年的服務合約，任期直至一方向另一方送達不少於三個月的書面通知終止合約為止。

所有獨立非執行董事及非執行董事均須根據細則輪流退任並重選。

董事的委任、重選及退任

本公司各執行董事、非執行董事及獨立非執行董事已與本公司訂立有特定任期的服務合約，並須根據本公司的細則最少每三年於股東週年大會輪流退任一次。本公司的細則規定，任何獲委任加入董事會以填補臨時空缺的董事，任期將於獲委任後的本公司首次股東大會屆滿，惟可於該大會重選連任，而任何獲委任新加入當時董事會的董事任期將於本公司下屆股東週年大會屆滿，屆時可重選連任。

董事會專門委員會

本公司現有三個委員會，即審核委員會、薪酬委員會及提名委員會（統稱「董事會專門委員會」），監管本公司事務的具體方面。所有董事會專門委員會的職權範圍均符合守則條文，並可於聯交所網站及本公司網站 www.baofengmodern.com 瀏覽。董事會專門委員會獲提供充足資源履行職責，經合理要求，可就適當情況尋求獨立專業意見，費用由本公司承擔。

PUTTING ENQUIRIES TO THE BOARD

Shareholders may send their enquiries and concerns to the Board by addressing them to the Company secretary of the Company by mail at the Company's principal place of business in Hong Kong at Room 504, 5/F., OfficePlus @Sheung Wan, 93-103 Wing Lok Street, Sheung Wan, Hong Kong. The company secretary forwards communications relating to matters within the Board's purview to the Board and communications relating to ordinary business matters, such as suggestions, inquiries and customer complaints, to the chief executives.

AUDIT COMMITTEE

The audit committee was established by the Board on 8 January 2011 with written terms of reference in compliance with the CG Code as set out in Appendix 14 to the Listing Rules. The primary duties of the audit committee are to review and supervise our Group's financial reporting process and risk management and internal control systems, effectiveness of the Group's internal audit function and review and monitor appointment of the auditors and their independence.

The audit committee comprised three independent non-executive Directors, namely Mr. Chen Shaohua, Professor Zhao Jinbao and Ms. An Na, and Mr. Chen Shaohua was the chairperson of the audit committee as at 31 December 2017. The annual results of the Group for the year ended 31 December 2017 have been reviewed by the audit committee. The audit committee held 4 meetings during the financial year ended 31 December 2017 to review interim and annual financial results and reports, significant issues on the financial reporting and compliance procedures, internal control and risk management systems, the effectiveness of the Group's internal audit function and scope of work and appointment of external auditors.

向董事會提出查詢

股東可將其查詢及關注事項寄往本公司之香港主要營業地點（地址為香港上環永樂街93-103號協成行上環中心5樓504室），註明本公司之公司秘書收，以便送交董事會。公司秘書會將有關董事會職權範圍內事宜的通訊轉交董事會及將有關日常業務事宜的通訊（如建議、查詢及客戶投訴）轉交主要行政人員。

審核委員會

董事會已遵照上市規則附錄十四所載企業管治守則於二零一一年一月八日成立審核委員會，並制訂書面職權範圍。審核委員會的主要職責為檢討及監督本集團的財務報告程序與風險管理及內部監控體系、本集團內部審計職能的成效以及檢討及監察核數師的委任及其獨立性。

於二零一七年十二月三十一日，審核委員會由三名獨立非執行董事陳少華先生、趙金保教授及安娜女士組成，陳少華先生為審核委員會主席。本集團截至二零一七年十二月三十一日止年度的全年業績已由審核委員會審閱。於截至二零一七年十二月三十一日止財政年度內，審核委員會舉行了四次會議，以審閱中期及年度財務業績及報告、有關財務申報及合規程序、內部監控及風險管理體系的重大問題、本集團內部審計職能的成效以及外部核數師的工作範圍及委任。

Corporate Governance Report

企業管治報告

Details of the attendance of the audit committee are as follow:

審核委員會的出席紀錄詳情如下：

Members	成員	Attendance of Meeting 會議出席情況
Mr. CHEN Shaohua (Chairperson of audit committee)	陳少華先生 (審核委員會主席)	4/4
Professor ZHAO Jinbao	趙金保教授	3/4
Ms. AN Na	安娜女士	4/4

REMUNERATION COMMITTEE

The Board established the remuneration committee on 8 January 2011 with written terms of reference in compliance with the CG Code as set out in Appendix 14 to the Listing Rules. The primary duties of the remuneration committee are to make recommendations to the Board on the remuneration policies and structure of the remuneration for the Directors and senior management and to set up a formal and transparent procedure for determination of such remuneration policies. It shall also make recommendations to the Board on the remuneration packages of individual executive directors and senior management.

The remuneration committee comprised three independent non-executive Directors, namely Ms. An Na (the chairperson of the remuneration committee), Professor Zhao Jinbao and Mr. Chen Shaohua as at 31 December 2017. The remuneration committee held 1 meeting during the financial year ended 31 December 2017 to review and make recommendations to the Board on the remuneration policy and structure of the Company, and to determine the remuneration packages of executive Directors and senior management.

The details of the attendance of the remuneration committee are as follows:

薪酬委員會

董事會已於二零一一年一月八日遵照上市規則附錄十四所載企業管治守則成立薪酬委員會，並制訂書面職權範圍。薪酬委員會的主要職責為就董事及高級管理層的薪酬政策及薪酬結構向董事會作出推薦意見，並制定確立有關薪酬政策的正式及透明程序。薪酬委員會亦須就各執行董事及高級管理層的薪酬待遇向董事會提供推薦意見。

於二零一七年十二月三十一日，薪酬委員會由三名獨立非執行董事安娜女士（薪酬委員會主席）、趙金保教授及陳少華先生組成。於截至二零一七年十二月三十一日止財政年度內，薪酬委員會舉行了一次會議，以檢討本公司的薪酬政策及架構並向董事會作出推薦，並釐定執行董事及高級管理層的薪酬。

薪酬委員會出席紀錄詳情如下：

Members	成員	Attendance of Meeting 會議出席情況
Ms. AN Na (Chairperson of remuneration committee)	安娜女士 (薪酬委員會主席)	1/1
Professor ZHAO Jinbao	趙金保教授	1/1
Mr. CHEN Shaohua	陳少華先生	1/1

Corporate Governance Report

企業管治報告

Pursuant to Code Provision B.1.5, the annual remuneration of the members of the senior management of the Company by band for the year ended 31 December 2017 is set out below:

根據守則條文第B.1.5條，截至二零一七年十二月三十一日止年度本公司高級管理人員的年薪等級如下：

Remuneration band (RMB) 薪酬範圍 (人民幣)	Number of individuals 人數
500,001 – 1,000,000	4
1,000,001 – 1,500,000	1

Details of remuneration of each Director for the year ended 31 December 2017 are set out in note 9 to the consolidated financial statements contained in this annual report.

各董事截至二零一七年十二月三十一日止年度的薪酬詳情載於本年報所載綜合財務報表附註9。

NOMINATION COMMITTEE

The Board established the nomination committee on 8 January 2011 with written terms of reference in compliance with CG Code as set out in Appendix 14 to the Listing Rules. The primary duties of the nomination committee are set out below:

提名委員會

董事會已於二零一一年一月八日遵照上市規則附錄十四所載企業管治守則成立提名委員會，並制訂書面職權範圍。提名委員會的主要職責載列如下：

- to make recommendations to the Board on the appointment of Directors;
- to review the size, structure and composition of the Board;
- to review the terms of reference, to assess the independence of independent non-executive Directors; and
- to make recommendations to the Board on the re-election of Directors to be proposed for shareholders' approval at the AGM.

- 就董事的委任向董事會作出推薦；
- 檢討董事會的規模、架構及構成；
- 審閱職權範圍，評估獨立非執行董事的獨立性；及
- 就重選擬於股東週年大會上提呈股東批准的董事向董事會作出推薦。

The nomination committee comprised the three independent non-executive Directors, namely Professor Zhao Jinbao (the chairperson of the nomination committee), Mr. Chen Shaohua and Ms. An Na as at 31 December 2017. The nomination committee held 1 meeting during the financial year ended 31 December 2017 to make recommendations to the Board on the appointment of Directors, review the structure, size and composition of the Board and the independence of the independent non-executive Directors and make recommendations to the Board on the re-election of Directors at the AGM.

於二零一七年十二月三十一日，提名委員會由三名獨立非執行董事趙金保教授（提名委員會主席）、陳少華先生及安娜女士組成。提名委員會於截至二零一七年十二月三十一日止財政年度內舉行了一次會議，以就董事的委任向董事會作出推薦、檢討董事會的架構、規模及構成以及獨立非執行董事的獨立性，並就於股東週年大會上重選董事向董事會作出推薦。

Corporate Governance Report

企業管治報告

The details of the attendance of the nomination committee are as follows:

提名委員會出席紀錄詳情如下：

Members	成員	Attendance of Meeting 會議出席情況
Professor ZHAO Jinbao (Chairperson of nomination committee)	趙金保教授 (提名委員會主席)	1/1
Mr. CHEN Shaohua	陳少華先生	1/1
Ms. AN Na	安娜女士	1/1

BOARD DIVERSITY POLICY

During the financial year ended 31 December 2017, the Group adopted a board diversity policy (the "Policy") setting out the approach to achieve and maintain diversity on the Board in order to enhance the effectiveness of the Board.

Pursuant to the Policy, the Group considered the diversity of the Board members can be achieved through the consideration of a number of factors, including but not limited to gender, age, cultural and education background, ethnicity, professional experience, skills, knowledge and length of service.

The Board will consider to set measurable objectives to implement the Policy and review such objectives from time to time to ensure their appropriateness and ascertain the progress made towards achieving those objectives.

The nomination committee will review the Policy from time to time to ensure its continued effectiveness.

DIRECTOR'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors are responsible for the preparation of the financial statements which give a true and fair view of the state of affairs of the Group, and in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board and the disclosure requirements of the Hong Kong Companies Ordinance. The statement by the auditors of the Company about their responsibilities for the financial statements is set out in the independent auditor's report contained in this annual report.

董事會成員多元化政策

於截至二零一七年十二月三十一日止財政年度內，本集團已採納董事會成員多元化政策（「政策」），當中列載為達致及維持董事會成員多元化以提升董事會之有效性而採取之方針。

根據政策，本集團認為透過考慮眾多因素，包括但不限於性別、年齡、文化及教育背景、族群特性、專業經驗、技能、知識及服務年資，可實現董事會成員多元化。

董事會將考慮制定可計量目標以推行政策，並不時檢視該等目標以確保其合適度及確定達致該等目標之進度。

提名委員會將不時檢討政策，以確保政策行之有效。

董事對財務報表的責任

董事負責根據國際會計準則委員會公佈的國際財務報告準則及香港公司條例披露規定編製財務報表，真實公允地呈列本集團的事務狀況。本公司核數師就其對財務報表責任的聲明載於本年報的獨立核數師報告。

RISK MANAGEMENT AND INTERNAL CONTROL

The Board has the responsibility to maintain an effective risk management and internal control system in order to protect the Group's assets and shareholders' interests. The Group has an internal audit function. The Board and audit committee also conduct periodic reviews to ensure the effectiveness of the Group's risk management and internal control systems. The risk management and internal control systems include a well-established corporate structure and organisation with clearly defined lines of responsibility and authority. Each department is responsible for its daily operations, and is also required to implement and monitor the strategies and policies adopted by the Board and effective employment of the resources of the Company, in order to avoid misappropriation of resources and damages made to the Company's assets, and prevent against errors and fraud.

During the financial year ended 31 December 2017, the Board and audit committee conducted a review and assessment of the effectiveness of the internal control system and procedures based on information derived from discussions with the management of the Company and its external auditor. The Board and audit committee believe that the existing risk management and internal control systems are adequate and effective. The review covered all material controls, including financial, operational and compliance controls and risk management functions as well as the adequacy of resources, qualifications and experience of staff of the Company's accounting, internal audit and financial reporting function, and their training programmes and budget.

The Board has established a clearly defined scope of activities, responsibility and authority for each department and its management staff within the Group. The Group has a defined goal for each department to accomplish, these goals were discussed in the Board meeting and pass on to the management through the executive Directors. These goals will be implemented and closely monitored by the executive Directors who shall review the operational and financial results from time to time, and to take any necessary actions for the improvement of its business activities.

風險管理及內部監控

董事會有責任維持有效的風險管理及內部監控體系，以保障本集團資產及股東利益。本集團設有內部審計職能。董事會及審核委員會亦定期進行檢討，確保本集團風險管理及內部監控體系的成效。風險管理及內部監控體系包括完善的企業架構和清楚界定各部門的職責範圍和權屬的組織。各部門不僅負責日常業務的操作，還須實施及監察董事會所採納策略及政策以及本公司資源的有效運用，以防止濫用資源、資產受損、防止錯失及欺詐行為的發生。

於截至二零一七年十二月三十一日止財政年度，董事會及審核委員會根據與本公司管理層及外部核數師的討論所取得的資料，檢討及評估內部監控體系及程序的成效。董事會及審核委員會相信，現有風險管理及內部監控體系已經足夠及有效。檢討工作涵蓋所有重大監控，包括財務、營運及合規監控以及風險管理職能，以及資源充足性、本公司會計、內部審計及財務報告職能人員的資質及經驗以及其培訓課程及預算。

董事會對本集團內各部門及其管理人員設有清晰而明確的活動、職責及權屬範圍。本集團訂立明確的目標予各部門來完成，各項目標均在董事會會議中討論後，由執行董事交給管理層執行。執行董事將不時審閱營運及財務業績，並採取任何必要行動改善業務活動，藉此實施及密切監控有關目標。

NON-COMPETITION UNDERTAKING

Mr. Sze Ching Bor, Best Mark International Limited (“Best Mark”) and Capital Vision International Limited (“Capital Vision”) (collectively, the “Controlling Shareholders”) entered into a deed of non-competition in favour of the Company on 8 January 2011 (the “Deed of Non-Competition”). The undertakings and covenants stipulated under the Deed of Non-Competition cover any business which is or may be in competition with the business of any member of the Group from time to time. The Deed of Non-Competition has become effective since 28 January 2011. There has been no change to the terms of the Deed of Non-Competition for the year ended 31 December 2017. Please refer to the prospectus of the Company dated 18 January 2011 for details of the Deed of Non-Competition.

The Controlling Shareholders have confirmed in writing to the Company of their compliance with the Deed of Non-Competition for disclosure in this annual report for the year ended 31 December 2017.

Upon receiving the confirmation, the independent non-executive Directors had reviewed the same as part of the annual review process. In determining whether the Controlling Shareholders had fully complied with the non-competition undertakings in 2017 for the annual assessment, it was noted that (a) the Controlling Shareholders declared that they had fully complied with the non-competition undertakings in the Deed of Non-Competition for the financial year ended 31 December 2017; (b) no new competing business was reported by the Controlling Shareholders during the year ended 31 December 2017; and (c) there was no particular situation rendering the full compliance of the non-competition undertakings being questionable. In view of the above, the independent non-executive Directors confirmed that all of the non-competition undertakings in the Deed of Non-Competition were complied with by the Controlling Shareholders for the year ended 31 December 2017.

不競爭承諾

史清波先生、Best Mark International Limited (「Best Mark」)及Capital Vision International Limited (「Capital Vision」) (統稱「控股股東」)於二零一一年一月八日以本公司為受益人訂立不競爭契據(「不競爭契據」)。不競爭契據所載承諾及契諾涵蓋不時與或可能與本集團任何成員公司業務產生競爭之任何業務。不競爭契據從二零一一年一月二十八日起生效。截至二零一七年十二月三十一日止年度，不競爭契據之條款並無變動。有關不競爭契據的詳情，請參閱本公司日期為二零一一年一月十八日之招股章程。

控股股東已向本公司書面確認，就截至二零一七年十二月三十一日止年度於本年報作出披露而言，彼等已遵守不競爭契據。

收到確認後，作為年度審閱程序的一部分，獨立非執行董事已審閱確認。就年度評估而釐定控股股東是否已於二零一七年完全遵守不競爭承諾而言，彼等注意到(a)控股股東聲明，控股股東已就截至二零一七年十二月三十一日止財政年度完全遵守不競爭契據中不競爭承諾；(b)截至二零一七年十二月三十一日止年度控股股東並無報告新競爭業務；及(c)並不存在特定情況，令完全遵守不競爭契據可受到質疑。基於上文所述，獨立非執行董事確認，控股股東已於截至二零一七年十二月三十一日止年度遵守不競爭契據中的所有不競爭承諾。

AUDITOR'S REMUNERATION

During the year, the remuneration in respect of audit and non-audit services provided by the Company's auditor, Confucius International CPA Limited were RMB920,000 and RMB251,000 respectively. Non-audit service represents agreed-upon procedures services.

INVESTOR RELATIONS AND COMMUNICATION WITH SHAREHOLDERS

Information about the Group has been provided to the shareholders through financial reports, announcements and general meetings including AGMs in order to keep shareholders well informed of the business activities and directions of the Group. The Group has also established a corporate website www.baofengmodern.com as a channel to facilitate effective communication with the shareholders.

Shareholders may at any time send their enquiries and concerns to the Board in writing to the Company's principal place of business in Hong Kong at Room 504, 5/F, OfficePlus @Sheung Wan, 93-103 Wing Lok Street, Sheung Wan, Hong Kong.

During the financial year ended 31 December 2017, there is no significant change in the Company's constitutional documents.

核數師薪酬

年內，就本公司核數師天健國際會計師事務所有限公司提供審計及非審計服務的酬金分別為人民幣920,000元及人民幣251,000元。非審計服務為商定程序服務。

投資者關係及與股東之溝通

有關本集團的資料已以財務報告、公告及股東大會（包括股東週年大會）形式提供予股東，方便股東隨時瞭解本集團的業務活動及動向。本集團亦設立公司網站www.baofengmodern.com，作為促進與股東有效溝通的渠道。

股東可隨時將其查詢及關注事項以書面形式寄往本公司的香港主要營業地點（地址為香港上環永樂街93-103號協成行上環中心5樓504室），以便送交董事會。

於截至二零一七年十二月三十一日止財政年度內，本公司之組織章程文件概無重大變動。

SHAREHOLDER'S RIGHT

Convening an Extraordinary General Meeting and Putting Forward Proposals at Shareholders' Meetings

Pursuant to Article 58 of the Articles, any one or more members of the Company holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the company secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. If within twenty-one days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

The same requirements and procedures also apply to any proposal to be tabled at shareholders' meetings for adoption.

Directors' and Officers' Liabilities Insurance

Appropriate insurance coverage for Directors' and officers' liabilities in respect of legal actions against the Directors and officers of the Company and its subsidiaries arising out of corporate activities of the Group has been arranged by the Company.

股東的權利

召開股東特別大會及於股東大會上提呈議案

根據細則第58條，任何一位或以上於遞呈要求日期持有不少於本公司繳足股本（賦有於本公司股東大會上投票權）十分之一的本公司股東於任何時候有權向本公司董事會或公司秘書發出有關書面要求，要求董事會召開股東特別大會，以處理有關要求中指明的任何事項；且該大會應於遞呈該要求後兩個月內舉行。倘遞呈後二十一日內，董事會未有召開該大會，則遞呈要求人士可自發以同樣方式作出此舉，而遞呈要求人士因董事會未有召開大會而合理產生的所有開支應由本公司向要求人作出償付。

相同的要求及程序亦適用於任何於股東大會上提呈以供採納的議案。

董事及高級職員的責任保險

就本集團企業活動引致本公司及其附屬公司董事及高級職員所面臨的法律行動，本公司已為董事及高級職員的責任購買相關保險。

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The Company strives to safeguard and balance the interests of each stakeholder and follows the operating principle “taste of life, happy production”. Facing the changes and challenges of business environment, the Group never forget to commit corporate social responsibility while pursuing growth. In respect of the respective area of product safety, product quality, energy saving and environmental protection, social welfare and employee care, the Group will ensure that the business operations can create value for the social, human and natural capital, and actively fulfill corporate social responsibility.

The Board is responsible for determining the environmental, social and governance risks of the Group, formulating environmental, social and governance strategies, ensuring the establishment and maintenance of an effective internal control system on environment, society and governance and conducting regular analysis and independent assessment on the adequacy and effectiveness of the aforementioned system through internal audit functions.

The production and the major business of the Group are based in the PRC. Therefore, the information and data included in the Environmental, Social and Governance Report are the information and data of the Group that originates in the PRC.

本公司致力於保障及平衡各持分者利益，並遵從「品味生活，快樂製造」的經營理念。在面對營商環境的變化與挑戰，追求成長的同時，本集團不忘要盡企業社會責任。於產品安全、產品質量、節能環保、社會公益及員工關懷各個領域上，本集團確保業務營運能為社會、人力及自然資本創造價值，積極履行企業社會責任。

董事會負責釐定本集團有關環境、社會及管治的風險，制訂環境、社會及管治策略，確保本集團設立及維持對環境、社會及管治有效的內部監控系統，以及透過內部審核功能，定期進行分析及獨立評估前述系統是否足夠和有效。

本集團的生產及主要業務均在中國進行，故此環境、社會及管治報告的資料及數據均為本集團在中國發生之數據資料。

Environmental, Social and Governance Report

環境、社會及管治報告

A. ENVIRONMENTAL

The Group always pays attention to environmental protection. In respect of environmental management, the ISO14001 environmental management system has been established and implemented since 2006, with annual review supervised by third-party certification institutions and regulatory authorities. The Group formulates appropriate environmental management operation control procedures, commits to environmental protection through continuous enhancement on production technology and product quality, introduction and promotion of energy conservation, waste reduction, clean production, improvement on pollution prevention and control technology, and material recycling and reuse. In 2017, the Group invested a total of approximately RMB2.1 million for energy saving, environmental protection, and emission and waste reduction. The Group adheres to green and low-carbon development principle, protects the environment as its mission, and integrates environmental protection with enterprise development. The Group strictly follows relevant national environmental laws and regulations to minimize the impact of production and operating activities to the environment to the greatest extent, strives to achieve resource recycling and non-hazardous objectives during production and operation process and continues to build a green and harmonious environment.

A. 環境

本集團一直重視環境保護。在環境管理上，自2006年開始建立並實施ISO14001環境管理體系，並每年接受第三方認證機構和監管部門的監督審查。本集團制定合適的環境管理運行控制程序，透過持續提升生產技術、產品質量，引進及推廣節能、減廢、清潔生產、提升污染防治技術、物料回收利用，致力環境保護。於2017年，本集團共投入約人民幣2,100,000元用於節能、環保及降廢減排。本集團始終堅持綠色和低碳的發展原則，以環境保護為己任，將環境保護和企業發展融為一體。本集團嚴格遵循國家有關環保法律法規，最大限度地降低生產和經營活動對環境造成的影響，努力實現生產運營過程中的資源循環再用和無害化目標，持續打造綠色和諧環境。



Environmental, Social and Governance Report

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A.1 Emissions Management

The Group strives to carry out clean production, abides by the “Environmental Protection Law of the People’s Republic of China” and other relevant laws and regulations, and reduces the environmental impact of emissions generated from the production and operation process. The Group ensures that the emissions generated from production and operation activities are in compliance with national standards and the requirements of local environmental protection authorities of the PRC. In the meantime, the Group formulates and implements daily inspection of pollution treatment facilities, and formulates monthly, quarterly and annual maintenance plans to ensure emission treatment facilities are under normal operation, so as to reduce the impact of emissions on the environment.

As summarised in Table 1 below, the Group’s emissions during the reporting period included: greenhouse gas (“GHG”) and waste water.

Table 1: Total emissions of the Group in 2017

Emissions	排放物	Unit	單位	Intensity*	
				Amount 排放量	(Tonnes/RMB'000) 密度* (噸/人民幣千元)
GHG	溫室氣體				
Direct emission (Scope 1)	直接排放 (範圍1)				
Company car oil consumption	公車耗油	Tonnes	噸	30.43	0.0002
Natural gas	天然氣	Tonnes	噸	1,800.66	0.0143
Indirect emission (Scope 2)	間接排放 (範圍2)				
Externally-purchased electricity	外購電力	Tonnes	噸	2,728.31	0.0217
Wastewater	廢水	Tonnes	噸	39,237.00	0.3126

* The calculation for Intensity is the emissions amount divided by revenue in the Group’s reporting period.

A.1 排放物管理

本集團致力於清潔生產，遵守《中華人民共和國環境保護法》等其他相關法律法規的規定，減少在生產和運營過程中產生的排放物所帶來的環境影響。本集團確保生產經營業務排放之排放物均符合中國國家標準與當地環保部門的規定。同時，本集團制訂及實行每日檢查污染處理設施並制定月度、季度及年度保養計劃，以確保排污處理設備運行正常，以減少排放物對於環境的影響。

於報告期內，本集團的排放物包含：溫室氣體（「溫室氣體」）和廢水。概述於下表一。

表一：本集團二零一七年總排放量

Emissions	排放物	Unit	單位	Intensity*	
				Amount 排放量	(Tonnes/RMB'000) 密度* (噸/人民幣千元)
GHG	溫室氣體				
Direct emission (Scope 1)	直接排放 (範圍1)				
Company car oil consumption	公車耗油	Tonnes	噸	30.43	0.0002
Natural gas	天然氣	Tonnes	噸	1,800.66	0.0143
Indirect emission (Scope 2)	間接排放 (範圍2)				
Externally-purchased electricity	外購電力	Tonnes	噸	2,728.31	0.0217
Wastewater	廢水	Tonnes	噸	39,237.00	0.3126

* 密度的計算方式為本集團報告期內排放物量除以收益。

GHG Emission

Greenhouse gases included carbon dioxide, methane and nitrous oxide, which were mainly from externally-purchased electricity and fuel. The Group is in compliance with the “Law of the People’s Republic of China on the Prevention and Control of Atmospheric Pollution” and other relevant laws and regulations, recycling certain particles generated during the production process to minimize exhaust gas emission to the greatest extent. The Group uses clean natural gas and has installed exhaust gas treatment equipment on production boilers to effectively control exhaust gas and soot generated during the combustion of boilers and ensure the emission concentration meets the standard stipulated in the “Emission Standard of Air Pollutants for Boiler”.

Wastewater

Wastewater generated from the production process and daily domestic sewage from employees will be collected for further processing. No sewage is untreated or illegally released to external waters. The related procedures are in compliance with the “Law of the People’s Republic of China on the Prevention and Control of Water Pollution”.

溫室氣體排放

溫室氣體包括二氧化碳、甲烷和氧化亞氮，主要源自外購電力及燃料。本集團遵守《中華人民共和國大氣污染防治法》等其他相關法律法規的要求，對生產過程中產生的部分顆粒物進行回收，最大程度地減少廢氣的排放量。本集團生產用鍋爐使用清潔能源天然氣並安裝廢氣處理裝置，對鍋爐燃燒時產生的廢氣和煙塵進行有效的控制，並確保排放濃度達到《鍋爐大氣污染物排放標準》中限定的標準。

廢水

生產過程中產生的污水和來自員工的每日生活污水會被收集作進一步處理。概無污水未經處理或非法排放到外部水域。相關處理符合《中華人民共和國水污染防治法》。

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Solid Wastes

The main solid wastes produced during the production process are remaining materials and scrap materials of finished products produced by the Group. To minimize the amount of solid waste generated during the production process, the Group strictly abides by the principles of recycling and reuse, as well as the provisions of the “Law of the People’s Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste”. The Group carries out hazard elimination treatment, classification and recycling on solid wastes pursuant to the “Solid Waste Management Operations Guide” of the Group, including (i) recycling and reuse of grinding powder, scrap; (ii) selling of cardboard boxes, paper products to other paper mills for recycling and reuse; and (iii) unified recycling of domestic wastes for hazard elimination treatment, etc.

Noise Control

The source of noise is mainly from the noise generated by mechanical operations during the production process. The equipments with larger noise are all placed indoor, while noise reduction, sound insulation, shock absorption and other measures are adopted in order to comply with the relevant provisions of the “Emission Standard for Industrial Enterprises Noise at Boundary”.

固體廢物

生產過程中，本集團產生的主要固體廢物為剩餘物料及制成品的邊角料。為盡量減少生產過程中產生的固體廢物，本集團嚴格遵守回收及再利用原則，以及《中華人民共和國固體廢物污染環境防治法》的規定。依據本集團的《固體廢棄物管理作業指導書》對固體廢物進行無害化處理和分類回收，包括(i)磨底粉、邊角料回收利用；(ii)紙箱、紙品賣到其他紙箱造紙廠回收利用；(iii)生活垃圾統一回收後進行無害化處理等。

噪音監控

噪音源主要為生產過程中機械運轉產生的噪音。對噪音比較大的設備均置於室內，並進行消聲、隔聲、減震等措施，以符合《工業企業廠界環境噪聲排放標準》中的相關規定。

Environmental, Social and Governance Report

環境、社會及管治報告

A2. Use of Resources

Summarised in Table 2 below, the resources used by the Group during the reporting period were energy, water, paper and packaging materials.

Table 2: Total resources consumption of the Group in 2017

Resources	資源	Unit	單位	Amount	Intensity* (Unit/RMB'000) 密度* (單位/人民幣千元)
Energy	能源				
Direct consumption	直接消耗				
Petrol	汽油	Litres	公升	13,395.00	0.1067
Natural gas	天然氣	M ³	立方米	823,663.00	6.5630
Indirect consumption	間接消耗				
Electricity	電力	KWh	千瓦時	3,363,304.00	26.7990
Water	水	Tonnes	噸	40,774.00	0.3249
Paper	紙張	Tonnes	噸	2.46	0.0000
Packaging	包裝材料				
By plastic	塑膠類	Tonnes	噸	12.62	0.0001
By paper	紙張類	Tonnes	噸	351.37	0.0028

* The calculation for Intensity is the resources consumption amount divided by revenue in the Group's reporting period.

The Group strives to fully recycle resources as much as possible during product development and production process, constantly pursuing energy conservation and emission reduction.

A2. 資源使用

本集團於報告期內所使用的資源為能源、水、紙張以及包裝材料，概述於下表二。

表二：本集團二零一七年總資源使用量

* 密度的計算方式為本集團報告期內資源用量除以收益。

本集團致力於在產品研發和生產過程中，盡可能地充分循環利用資源，不斷追求實現節能減排。

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The Group has implemented “Green Procurement” policy to actively encourage suppliers to establish production management system with environmental protection and energy saving, purchase environmentally friendly raw materials in higher priority through procurement mechanism and supply chain management, so as to facilitate suppliers to reduce waste of resources and pollution.

The Group also regularly inspects and reviews energy consumption, through internal policies and advanced technologies to prevent wastage so as to conserve energy and resources. Specific measures include: (i) reduction of natural gas consumption through the installation of boiler thermal oil recycling pipeline for heat recycling and reuse; (ii) reduction of hydraulic oil consumption by the use of hydraulic oil precipitation; and (iii) reduction of raw material input by recycling the grinding powder of grinding workshop and the scrap of cutting and clipping workshop. Other actively advocated routine resource conservation measures include: (i) replacing high energy-consumption equipment with the more energy-saving one; (ii) turning off unnecessary equipment, lighting and air conditioning not in use; (iii) strengthening inspection and maintenance of faucets, water pipes and water storage facilities and other water supply systems to avoid any leakage; and (iv) announcing company information in electronic form (such as e-mail or electronic bulletin) if possible and reducing paper use with double-sided printing.

To meet the energy-saving and emission reduction targets of the government, the Group reports and evaluates energy-saving new technologies and emission reduction, and develops energy performance indicators to strictly control energy consumption, improve and enhance energy management.

In addition, the Group encourages employees to submit energy-saving proposals actively, reduces power consumption, promotes continuous energy management training, etc. in order to enhance the knowledge on energy conservation and environmental protection policies and energy saving awareness among employees, so that the resources can be used more efficiently.

本集團實行「綠色採購」政策，積極鼓勵供應商建立環保節能的生產管理體系，通過採購機制及供應鏈管理，優先採購環保原材料，以促使供應商減少資源浪費、降低污染。

本集團亦定期查核及檢視能源耗用情況，透過內部政策及先進技術防止浪費以節約能源及資源，具體措施包括：(i)通過設置鍋爐導熱油循環利用管道進行熱量回收利用，可減少天然氣損耗；(ii)對液壓油進行沉澱再利用，減少液壓油耗用；及(iii)對磨底車間的磨底粉、切片沖裁車間的邊角料進行回收，減少原材料投入。其他積極提倡的日常節約資源措施包括：(i)以較節能設備替換耗能設備；(ii)關掉無須使用的設備、照明及空調；(iii)加強巡查及維修水龍頭、水管及蓄水設備等供水系統，避免出現任何滲漏；及(iv)盡量以電子形式（如電郵或電子公布）發布公司資訊、雙面打印等以期減少用紙。

為承接政府節能減排目標，本集團對節能新技術、節能減排進行申報評估，亦制定能源類績效考核目標，對能源耗用量實施嚴格控制，實現能源管理精進與提升。

除此以外，本集團鼓勵員工積極提交節能提案，降低能源耗用量，持續推行能源管理培訓等，以加強員工對節能環保政策的認知，提升節能意識，致使資源能更有效地使用。

A3. The Environment and Natural Resources

The main environmental impact of the production business is the use of boiler and electricity in its manufacturing process. The operation of the boiler and the use of electricity generate both direct and indirect GHG emissions. To minimise the impact, the production and operation sites of the Group have been evaluated during the initial planning period in respect of the relevant industrial land environment and related regulations and the selected production sites are located in the areas permitted by the local government. During the production and operation process, collection and treatment facilities are installed for proper treatment of pollutants and emissions in order to ensure meeting the standard required by local regulations before discharge. The Group also assesses the feasibility of environmental protection facilities from time to time, adopts effective environmental protection measures and programs, including the prevention and control of pollution and exhaust gas emission, sustainable use of resources and ecological and environmental protection, more active support and promotion of social and environmental sustainable development.

B. EMPLOYMENT AND LABOUR

As a responsible employer, the Group is fully in compliance with the relevant national laws and regulations in respect of remuneration, compensation and dismissal, recruitment and promotion, working hours, holidays, equal opportunities, diversification, anti-discrimination and other employee benefits and welfare. The Group also regards employees as its most valuable asset and strives to provide the competitive salaries, welfare and working environment for them.

B1. Employment

The Group adheres to fair, impartial and open employment principles, providing all employees equal opportunities and fair treatment. The Group strictly abides by the relevant provisions of the "Labour Law of the People's Republic of China" and the "The Labour Contract Law of the People's Republic of China". No arbitrary dismissal of an employee is allowed; the rights and obligations of both parties to the employment contract are clearly stated, the legitimate rights of employees are protected, in order to establish a harmonious and stable employment relationship.

A3. 環境及天然資源

生產業務對環境的主要影響為製造過程中使用鍋爐和電力。鍋爐的運行以及使用電力會以直接或間接的方式釋放溫室氣體。為了盡量減少這些影響，本集團的生產經營場地，在規劃前期即已針對相關工業用地環境與相關法規進行多方評估，所選擇生產基地均座落在當地政府允許區域內。在生產營運過程中，設置污染排放物的收集與處理設施，務求妥善處理至符合當地法規要求標準後方行排放。本集團亦不時評估環保設施可行性，採取有效環保措施及方案，包括廢氣排放、污染防治、可持續的資源運用方式及生態環境保護等，更積極地支持和推動社會及環境持續發展。

B. 僱傭及勞工

作為負責任僱主，本集團全面遵守有關薪酬、賠償及解僱、招聘及晉升、工作時數、假期、平等機會、多元化、反歧視以及其他員工待遇及福利的相關國家法律法規。本集團亦視員工為企業的最寶貴資產，竭力為員工提供具競爭力的薪資、福利及工作環境。

B1. 僱傭

本集團堅守公平、公正和公開的用人原則，給予所有員工平等的機會和公平的待遇。本集團嚴格遵守《中華人民共和國勞動法》和《中華人民共和國勞動合同法》的相關規定，不隨意解聘員工，明確陳述僱傭合同雙方當事人的權利和義務，保護員工的合法權益，以構建和諧穩定的僱傭關係。

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The Group recruits personnel in line with its strategic requirements through various channels like campus interview, social recruitment, network recruitment in a fair and impartial way. The Group provides employees with comprehensive social security benefits, including basic salary, pensions, incentive bonuses, medical insurance, injury insurance, maternity insurance and housing provident fund. The Group will also provide other employee benefits depending on job nature, including meals, uniforms and fully equipped accommodation. The human resources department of the Group conducts regular reviews and updates on the relevant company policies from time to time pursuant to the latest laws and regulations. Employee performance appraisal, management position promotion, and other company policies are implemented to provide career development path to employees like internal promotions, on the job training. To attract high-quality talents and retain outstanding employees, the Group launches Share Option Scheme and timely conducts reviews on salary with reference to market standards, formulates competitive salary and bonus system, and provides competitive and fair remuneration and benefits based on personal performance, professional qualifications, and experience.

The Group treats all employees equally. No employees are discriminated against on the grounds of gender, race, religion, age, disability, family status, sexual orientation, nationality, political opinion, ethnic background or any other non-working related factors. Each newly-recruited employee is required to sign a labour contract, which clearly defines the rights, responsibilities, and obligations of both the employee and the employer, and all employees are entitled to terminate the employment relationship with the related employment company of the Group. The entering, amendment, cancellation and termination of the relevant employment contract are strictly in compliance with the relevant laws and regulations.

本集團運用校園招聘、社會招聘、網絡招聘等各種渠道以公平、公正的方式招聘符合本集團戰略要求的人才。本集團為員工提供完善的社會保障福利，包括基本薪酬、退休金、激勵獎金、醫療保險、工傷保險、生育保險及住房公積金。本集團亦會視乎工作性質提供其他僱員福利，包括膳食、制服及設備齊全的宿舍等。本集團的人力資源部會不時按最新法律及法規定期檢討及更新相關公司政策，並實施員工績效評估、管理職位晉升等公司政策，向員工提供內部晉升與在職訓練等職業發展路徑。為吸納高質素人才及挽留優秀員工，本集團推出購股權計劃，亦會定期參考市場標準進行薪酬檢討，制定具競爭力的薪資與獎金制度，根據個人表現、專業資格及經驗提供具競爭力及公平的薪酬及福利。

本集團對員工一視同仁，所有員工不會因為性別、種族、宗教、年齡、殘疾、家庭狀況、性取向、國籍、政治見解、民族背景或任何其他非工作相關因素而遭受就業歧視。每位新入職員工需要簽署勞動合同，明確定義員工及僱主雙方的權利、責任與義務，所有員工都有權利終止與本集團相關聘用公司的僱傭關係。相關僱傭合同的訂立、變更、解除和終止皆嚴格遵守相關法律政策規定。

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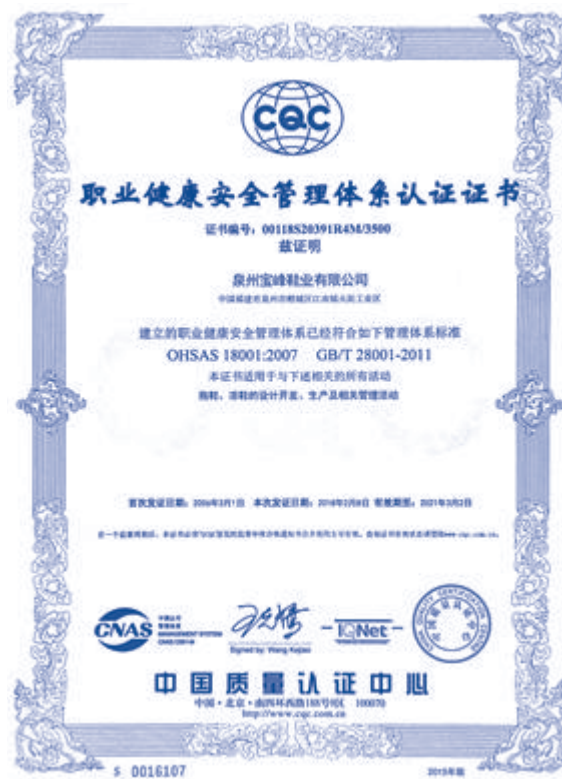
環境、社會及管治報告

B2. Health and Safety

The Group attaches great importance to the health and safety of employees and has obtained OHSAS 18001:2007 Occupational Health and Safety Management System certification, Work Safety Standardisation certification. The Group has set up an occupational health and safety management organisation and a safety production committee and strictly abides by the relevant standards of "Occupation Health and Safety Management System" and "Basic Standard for Work Safety Standardisation". The Group also adheres to the principles of safety production management and formulates the regulatory system of safety production management and operation rules for all positions. The safety and health of employees are effectively protected by the implementation of various job safety management systems and the clarification and definition of safe production responsibilities of all positions.

B2. 健康與安全

本集團高度重視員工健康及安全，已經通過OHSAS 18001:2007職業健康安全管理體系認證、安全生產標準化認證。本集團已設立職業健康安全管理機構、安全生產委員會，並嚴格按照《職業健康安全管理體系》、《安全生產標準化基本規範》等相關標準執行，本集團堅持安全生產的管理原則，制訂安全生產管理規章制度和崗位操作規程，通過執行各項崗位安全管理制度與明晰定義各崗位安全生產職責，切實保障員工安全與健康。



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To provide and maintain a safe and healthy working environment at all times, the Group regularly provides various kinds of work protective gears to employees in accordance with working requirements of each position and supervises and educates them to wear and utilize correctly; appoints responsible staff for the safe production of each department and implements various safety education; installs dust removal and waste discharging devices on facilities generating dust and exhaust gas; controls noise transmission of machinery exceeding the noise limit or provides protective gears to employees. Fire safety inspection, training, and drills are regularly organized to improve safety awareness and self-protection of employees.

The Group also strictly abides by the “Law of the People’s Republic of China on Work Safety”, “Rule for Storage of Chemical Dangers”, “Special Equipment Safety Law of the People’s Republic of China” and other relevant laws and regulations, to build a safe working environment.

B3. Development and Training

In respect of human resources training, the Group provides employees with induction and continuous training to promote their career development. For newly-recruited employees, the Group provides comprehensive orientation training of corporate culture, operation processes, work health and safety, management policies and business development. The Group also encourages employees to participate in on the job training and provides appropriate subsidies to eligible employees. Based on job nature, the Group offers trainings of different types and levels to newly recruited employees, junior supervisors, senior supervisors and key personnel, like management and production project training, aiming at constantly improving the overall quality of employees, so as to maintain sustainable business development in the future.

為提供及時刻保持安全健康的工作環境，本集團根據各崗位的工作需要，定期向員工發放各種保護裝置用品，並監督及教育其正確佩戴和使用；指派部門安全生產責任人，落實各項安全教育；對產生粉塵和廢氣的設備安裝除塵排氣裝置；對噪音超標的設備加以控制其噪音傳播，或為員工提供防護用品。定期組織消防安全的檢查、培訓和演練，提高員工的安全防范意识及自我保護能力。

本集團亦嚴格遵守《中華人民共和國安全生產法》、《常用化學危險品貯存通則》、《中華人民共和國特種設備安全法》等其他相關法律法規，致力構建安全的工作環境。

B3. 發展與培訓

在人力資源培訓方面，本集團為員工提供入職及持續培訓，以促進員工的職業發展。對新入職僱員，本集團會提供全面導向培訓，讓其了解公司文化、操作流程、工作健康及安全、管理政策及業務發展。本集團亦鼓勵員工參加在職培訓，對符合要求的員工給予適當的補貼。針對工作性質，本集團本以分類、分級的形式提供培訓予新入職僱員、基層主管、高級主管及核心人才，如管理培訓及生產項目培訓，使員工的綜合質素能夠不斷提高，以維持未來業務的可持續發展。

B4. Labour Standards

To prevent illegal employment of child labour, underage and forced labour, the Group has established a well-developed mechanism. The employee manual stipulates that selected candidates must meet the legal age. Before confirming the employment, the human resources department of the Group will require applicants to provide valid identity documents to ensure that they are legally employed and fully in compliance with the latest relevant laws and regulations prohibiting child labour and forced labour. The Group also conducts regular inspection and review of the implementation of human resources policies to eliminate child labour and forced labour.

The Group strictly abides by the relevant provisions of the “Labour Law of the People’s Republic of China” and the “The Labour Contract Law of the People’s Republic of China”, and set reasonable working hours and leaves for employees pursuant to local employment ordinances and employment contracts with employees. The Group has installed a human resources computerized attendance system for effective management of staff working hours and vacation dates. If overtime work is required, employees may obtain appropriate overtime payment or compensatory leave under the relevant employment contract or labour legislation. To prevent forced overtime work, overtime must be agreed by employees voluntarily. During office hours, employees are allowed to move freely within the factory or office area (except prohibited special areas), and it is not mandatory for employees to live in the factory quarters.

B4. 勞工準則

為防止非法僱用童工、未成年員工及強迫勞動，本集團已訂立良好機制，《員工手冊》規定錄用員工需達到法定年齡。在確認僱用前，本集團的人力資源部會要求申請人提供有效的身份證明文件，確保申請人合法受僱並全面遵守最新相關法律法規以禁止童工和強迫勞動。本集團亦會定期檢查及檢討人力資源政策的執行情況，以杜絕使用童工和強迫勞動。

本集團嚴格遵守《中華人民共和國勞動法》及《中華人民共和國勞動合同法》相關法律規定，並按照本地僱傭法例及與僱員的僱傭合約，為僱員釐定合理的工時及休假。本集團已安裝人力資源電腦考勤系統，有效管理員工勞動時間及休假期間。若因工作需要加班，員工可根據有關僱傭合約或勞工法例條文獲得適當的加班費或補假，加班工作亦必須由員工同意自願參加，以防止強迫加班之情事發生。上班時間內，除特殊區域須進行管制外，員工可在廠區或辦公室範圍內自由行動，也不強制要求員工須住在工廠宿舍內。

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B5. Supply Chain Management

The Group attaches great importance to sustainable and reliable supply chain to ensure sustainable enterprise development. The Group has formulated and implemented supplier management system. Regarding supplier selection, the Group conducts qualification inspection, factory visit and other assessment processes on potential suppliers with the principles of fairness, impartiality, openness and honesty. Inspection areas include the production capacity, product quality, service quality, environmental protection, occupational health and safety of the supplier.

In order to avoid issues such as varied quality of products and non-standardisation of materials, the goods and materials provided by suppliers are detected by the internal department of the Group or third-party testing organisations, so as to select qualified suppliers. Besides, the relevant departments conduct annual re-evaluation and assessment on the qualified suppliers for the supervision of product quality. At the same time, the Group closely monitors procurement process to ensure that the procured products meet the requirements of production technology and product quality.

B5. 供應鏈管理

為確保企業可持續發展，本集團非常重視可持續及可靠的供應鏈，本集團制定及實施供應商管理制度，在供應商篩選方面，以公平、公正、公開、誠實的原則對潛在供應商進行資質審查及訪廠等評估流程，調查內容包括供應商的生產能力、產品質量、服務質量、環保、職業健康與安全等方面。

為了避免產品質量參差不齊、用料標準不統一等問題，由本集團內部或第三方檢測機構對供應商提供的貨物和材料進行檢測，進而選出合格供應商。另外，相關部門對合格供應商進行每年復檢評價，對產品質量進行監督。同時本集團對採購過程進行嚴謹監控，確保採購的產品符合生產技術和產品質量的要求。

B6. Product Responsibility

The Group attaches great importance to product quality and safety, strictly abides by the "Product Quality Law of the People's Republic of China" and "Law of the People's Republic of China on the Protection of Consumer Rights and Interests", formulates and implements quality policies to ensure product quality. The Group has obtained ISO9001 quality management system certification in 2003. During the process of mass production, quality control personnel performs sampling tests on raw materials, semi-finished goods and finished goods for tracking and identification of any potentially inferior products and preventing problematic material misuse in production. All finished products must be specifically checked before packaging to ensure they are qualified. For the year ended 31 December 2017, the Group did not receive any complaints from regulatory authorities or consumers regarding product safety and did not recover any products due to product safety and health reasons. The Group is not aware of any material non-compliance with relevant laws and regulations on health and safety, advertising, labelling and privacy matters related to products sold during the year.

B6. 產品責任

本集團十分注重產品質量和安全，嚴格遵守《中華人民共和國產品質量法》及《中華人民共和國消費者權益保護法》，制定並實施質量政策，以保證產品質量。本集團於2003年已通過ISO9001質量管理體系認證。在產品量產過程中，全程由質量監控人員對原材料、半成品和製成品執行抽樣測試，追蹤及偵測任何潛在不良產品及防止有問題的材料被誤用於生產。所有成品包裝前皆須經過專人的檢查，以確認產品合格。於截至二零一七年十二月三十一日止年度，本集團並無接獲監管部門或消費者有關產品安全的投訴，亦無因產品安全與健康理由回收任何產品。本集團並無發現於年內有任何嚴重違反有關所銷售產品的健康與安全、廣告、標籤及私隱事宜的相關法律及法規之情況。



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The Group maintains close and good business relationships with product distributors, highly protects the privacy and business secrets of distributors and strives to ensure timely response to the feedback of customers and instant response to product inquiries.

The promotion activities of the Group's products are carried out by advertising agencies in accordance with the Group's policy of privacy, its business strategy, and the "Contract Law of the People's Republic of China", the "Anti-Unfair Competition Law of the People's Republic of China" and the "Criminal Law of the People's Republic of China".

B7. Anti-corruption

The Group adheres to the core value of integrity and strictly abides by the provisions of the "Company Law of the People's Republic of China", the "Anti-Money Laundering Law of the People's Republic of China" and the "Interim Provisions on Banning of Commercial Bribery" and other relevant laws and regulations. The Group has formulated "Baofeng Personnel Management Regulations" and other related systems to standardise various business activities. An internal monitoring system is set up for strengthening anti-fraud, anti-extortion, anti-corruption and bribery supervision, while a reporting mechanism and a reward and punishment committee are also set up to strengthen management and promote compliance, so as to prevent and eliminate fraud, extortion, bribery and corruptions on various aspects of operation and management. The Group prohibits any acts of fraud, extortion, corruption and bribery, prohibits employees from taking advantages of their powers and duties for corruption, embezzlement, encroachment of corporate property, acceptance of bribes and kickbacks, etc. Through various measures like training and promotion, the Group strengthens the communication with employees in respect of internal control and anti-fraud, anti-extortion, anti-corruption, anti-commercial bribery, so as to enhance their awareness in this regard.

本集團與產品經銷商保持密切及良好的業務合作關係，高度保障經銷商的隱私與商業機密，並盡力確保及時地回應客戶的反饋及即時回覆產品的查詢。

本集團產品的推廣活動由廣告代理按照本集團的隱私政策、其經營策略及《中華人民共和國合同法》、《中華人民共和國反不正當競爭法》、《中華人民共和國刑法》法律進行。

B7. 反貪污

本集團始終堅持誠信的核心價值觀及嚴格遵守《中華人民共和國公司法》、《中華人民共和國反洗錢法》和《關於禁止商業賄賂行為的暫行規定》等相關法律法規的規定。本集團亦制定了《寶峰人事管理規定》及其他相關制度，以規範各項經營活動。並設置內部監控系統負責加強反欺詐、反勒索、反貪污及賄賂監察工作，設立舉報機制及獎懲委員會，加強管理和推廣遵守，以防範和杜絕經營管理各環節的欺詐、勒索、賄賂和貪污行為。本集團禁止任何欺詐、勒索、貪污及賄賂行為，嚴禁員工利用職權、職務之便貪污、挪用公款、侵佔公司財物、收受賄賂和回扣等。本集團通過培訓和宣傳等措施加強與員工在內控和反欺詐、反勒索、反貪污、反商業賄賂的溝通，強化員工在此方面的意識。

The Group has formulated supplier relationship guidelines and government authority relationship guidelines. Standard professional code of ethics and conduct is formulated for the communication with business partners, suppliers, customers, etc. and employees are required to follow strictly.

B8. Community Investment

In the meantime of corporate development, the Group does not overlook the responsibility of a citizen of the community, and actively participates in social welfare activities, taking practical actions to bear its due responsibility as a corporate citizen. The Group engages in social welfare activities, such as social welfare investment, community event participation, school donation, schooling support of employees' children, charitable donations, active participation in blood donations, condolence to vulnerable groups, etc.

本集團已制定供應商關係準則及政府部門關係準則。針對與商業伙伴、供應商和客戶等，本集團已制定標準職業道德與行為規範，嚴格要求員工遵守。

B8. 社區投資

企業發展的同時，本集團不忘善盡社會公民的責任，積極參與社會公益活動，以實際行動盡一個企業公民所應承擔的責任。本集團參與公益活動如注重公益投入、社區活動參與、學校捐款、員工子女上學支援、響應慈善捐贈、積極參加捐血、慰問弱勢群體等。

EXECUTIVE DIRECTORS

Mr. Zheng Jingdong

Mr. Zheng Jingdong, aged 52, is the Chairman of the Board, the Chief Executive Officer of the Group and an executive Director. He has been appointed as a Director since 21 July 2008. Mr. Zheng has more than 10 years of experience in the slipper business in the PRC. He has been appointed as a director of Quanzhou Baofeng Shoes Co Ltd since 28 March 2007 and as a director of BAOF International Limited since 21 July 2008. He has been appointed as the Chairman of the Board and the Chief Executive Officer of the Group on 10 May 2013.

Mr. Leung Tsz Chung

Mr. Leung Tsz Chung, aged 48, has been appointed as the executive Director, Vice-Chairman of the Board and the authorised representative under the Listing Rules with effect from 3 February 2015. Mr. Leung holds a degree of bachelor of arts in Business Studies from the Hong Kong Polytechnic University in 1991 and a degree of master in Business Administration from the University of New South Wales in 1996. He is qualified as a certified professional marketer and has over 20 years of extensive experience in business administration and marketing. Mr. Leung is the legal representative of Bay Zu Precision Co., Ltd (北儒精密股份有限公司) since November 2011. Mr. Leung joined 2D Material Technology Company Limited, a wholly owned subsidiary of the Company, as the chief executive officer in November 2014. Mr. Leung would focus on developing the business of material technology and O2O business for the Group.

執行董事

鄭景東先生

鄭景東先生，52歲，為董事會主席、本集團行政總裁兼執行董事。彼自二零零八年七月二十一日起擔任董事，擁有逾10年的中國拖鞋業務經驗。彼自二零零七年三月二十八日及二零零八年七月二十一日起先後獲委任為泉州寶峰鞋業有限公司及寶峰新國際有限公司的董事。彼於二零一三年五月十日獲委任為董事會主席兼本集團行政總裁。

梁子冲先生

梁子冲先生，48歲，自二零一五年二月三日起獲委任為執行董事、董事會副主席以及上市規則下之授權代表。梁先生分別於一九九一年及一九九六年取得香港理工大學商業研究文學士學位及新南威爾斯大學工商管理碩士學位。彼為合資格認許市務師，於工商管理及市場行銷擁有逾二十年豐富經驗。自二零一一年十一月起，梁先生為北儒精密股份有限公司之法定代表。梁先生於二零一四年十一月加入2維材料科技有限公司（本公司之全資附屬公司）擔任行政總裁。梁先生將致力發展本集團之材料科技業務及O2O業務。

Biographical Details of Directors

董事履歷詳情

NON-EXECUTIVE DIRECTORS

Ms. Lin Weihuan

Ms. Lin Weihuan, aged 36, has been appointed as the non-executive Director since 7 January 2016. Ms. Lin obtained a bachelor of business degree in financial management from La Trobe University in Melbourne, Australia in 2005. She later obtained a master of business degree in professional accounting from Victoria University in Melbourne, Australia in 2006. Ms. Lin has over five years of experience in accounting.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. An Na

Ms. An Na, aged 58, was appointed as an independent non-executive Director on 30 June 2010. She has been an executive editor of 中國輕工業出版社 (China Light Industry Press) since 1982. She has also been a vice president of 北京《瑞麗》雜誌社 (Beijing Rayli Magazine House) since 2003 at which she has been responsible for managing and coordinating the publication of several fashion magazines. In February 2015, she resigned her post in Beijing Rayli Magazine House. She received an editor's qualification from 國務院國有資產監督管理委員會 (State-owned Assets Supervision and Administration Commission) in 2008. She obtained a bachelor's degree in Engineering with a major in the study of leather from 西北輕工業學院 (Northwest Institute of Light Industry) (now known as 陝西科技大學 (Shaanxi University of Science and Technology)) in 1982.

非執行董事

林煒歡女士

林煒歡女士，36歲，自二零一六年一月七日起獲委任為非執行董事。林女士於二零零五年獲得澳洲墨爾本拉籌伯大學(La Trobe University)金融管理商學學士學位。彼其後於二零零六年獲得澳洲墨爾本維多利亞大學(Victoria University)專業會計商業碩士學位。林女士於會計方面擁有逾五年經驗。

獨立非執行董事

安娜女士

安娜女士，58歲，於二零一零年六月三十日獲委任為獨立非執行董事，自一九八二年起擔任中國輕工業出版社正編審，並自二零零三年起兼任北京《瑞麗》雜誌社副社長，負責管理及統籌多本時尚雜誌的刊發。彼於二零一五年二月已辭任北京《瑞麗》雜誌社副社長。彼於二零零八年獲國務院國有資產監督管理委員會授予正編審資格。安女士於一九八二年獲得西北輕工業學院(現稱陝西科技大學)工程學士學位，主修皮革。

Biographical Details of Directors

董事履歷詳情

Mr. Chen Shaohua

Mr. Chen Shaohua, aged 51, has been appointed as an independent non-executive Director since 3 February 2015. Mr. Chen graduated from the Open University of China (國家開放大學) (previously known as China Central Radio and TV University (中央廣播電視大學)), and obtained a bachelor's degree in Management majoring in Accounting from Beijing Technology and Business University (北京工商大學) in 2010. He is a member of the Chinese Institute of Certified Public Accountants (CICPA) and qualified as certified assets valuer, certified tax agent, certified real estate valuer, certified cost engineer and certified land valuer in the PRC. Mr. Chen is a senior accountant and senior economist in the PRC. He has over 20 years of extensive experience in accounting, audit and tax matters. Mr. Chen is currently the chairman of the board of directors and legal representative of auditing firm, tax company, asset and property valuation company in the PRC.

Professor Zhao Jinbao

Professor Zhao Jinbao, aged 55, has been appointed as an independent non-executive Director since 3 February 2015. Professor Zhao graduated from Harbin Institute of Technology (哈爾濱工業大學) of the PRC and obtained a bachelor of engineering degree in Electrochemistry in 1984 and a master's degree in Engineering in 1987. Professor Zhao further obtained a doctor's degree in Engineering from Kyoto University in Japan in 1996. He has been a professor of Physical Chemistry in the Xiamen University (廈門大學) of the PRC since 2011. He has over 20 years of extensive experience in research and development in the field of engineering and chemistry and was recruited as one of the experts in The Recruitment Program of Global Experts (海外高層次人才引進計劃), also known as Thousand Talents Program (千人計劃) in the PRC in 2011.

陳少華先生

陳少華先生，51歲，自二零一五年二月三日起獲委任為獨立非執行董事。陳先生畢業於國家開放大學（前稱中央廣播電視大學），並於二零一零年取得北京工商大學管理學學士學位，主修會計。彼為中國註冊會計師協會會員，亦為中國註冊資產評估師、註冊稅務師、註冊房地產估價師、註冊造價工程師及註冊土地估價師。陳先生為中國高級會計師及高級經濟師。彼於會計、審核及稅務事宜擁有逾二十年豐富經驗。陳先生現時為中國審計公司、稅務公司以及資產及物業估價公司之董事會主席及法人代表。

趙金保教授

趙金保教授，55歲，自二零一五年二月三日起獲委任為獨立非執行董事。趙教授畢業於中國哈爾濱工業大學，並分別於一九八四年及一九八七年取得電化學工程學士學位及工學碩士學位。趙教授於一九九六年再取得日本京都大學工程學博士學位。彼自二零一一年起擔任中國廈門大學物理化學系教授。彼於工程及化學範疇內之研發擁有逾二十年豐富經驗，並於二零一一年獲聘為中國「海外高層次人才引進計劃」（亦名為「千人計劃」）之其中一名專家。

Report of the Directors

董事會報告

The Directors are pleased to present their report and the audited financial statements for the year ended 31 December 2017.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. Details of the principal activities of the principal subsidiaries are set out in note 40 to the consolidated financial statements.

There were no significant changes in the nature of the Group's principal activities during the year.

BUSINESS REVIEW

A review of the business of the Group during the year ended 31 December 2017 and a discussion on the Group's future business development and its principal risks and uncertainties are provided in the sections "Chairman's Statement" and "Management Discussion and Analysis" of this annual report. The financial risk management objectives and policies of the Group can be found in note 38 to the consolidated financial statements. An analysis of the Group's performance during the year using financial key performance indicators is provided in the "Five-Year Financial Summary" on page 4 of this annual report.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group always pays attention to environmental protection. Details of the environmental policies and performance of the Group are set out in the section headed "Environmental, Social and Governance Report".

COMPLIANCE WITH LAWS AND REGULATIONS

The Group continues to update the requirement of the relevant laws and regulations in various countries, particularly in the PRC and Hong Kong, applicable to it to ensure compliance. During the year, the Group was not aware of any non-compliance with any relevant laws and regulations that had a significant impact on it.

董事會謹此提呈董事會報告及截至二零一七年十二月三十一日止年度之經審核財務報表。

主要業務

本公司主要業務為投資控股，主要附屬公司的主要業務詳情載於綜合財務報表附註40。

年內本集團的主要業務性質並無重大變更。

業務回顧

本集團截至二零一七年十二月三十一日止年度的業務回顧以及有關本集團未來業務發展及其主要風險與不確定性的討論，載於本年報「主席報告書」及「管理層討論及分析」等節。本集團的財務風險管理目標及政策載於綜合財務報表附註38。使用主要財務表現指標進行的本集團年內表現分析，載列於本年報第4頁「五年財務概要」。

環境政策及表現

本集團一直重視環保。本集團環境政策及表現之詳情載於「環境、社會及管治報告」一節。

遵守法律及法規

本集團不斷了解不同國家（尤其是中國及香港）適用於本集團的相關法律及法規的最新規定，以確保合規。年內，本集團並不知悉對其具有重大影響的未遵守任何相關法律及法規的情況。

RELATIONSHIPS WITH EMPLOYEES, SUPPLIERS AND CUSTOMERS

The Group believes that employees are valuable assets. The Group provides competitive remuneration package to employees and is periodically reviewed with reference to industry practice. Discretionary bonuses and share options may be awarded to employees according to the assessment of individual performance. During the year under review, the Group considered the relationship with employees was good and the turnover rate is acceptable.

The Group also understands that it is important to maintain good relationship with its suppliers and customers to fulfil its immediate and long-term goals. The Group has been working continuously with its suppliers to improve the standard of raw materials and aiming at delivering products with high quality to its customers. All key customers and suppliers have a close and long term relationship with the Group. During the year ended 31 December 2017, there was no material and significant dispute between the Group and its suppliers and/or customers.

RESULTS AND DIVIDENDS

The result of the Group for the year ended 31 December 2017 and the state of affairs of the Company and the Group at that date are set out in the financial statements on pages 73 to 184.

The Board does not recommend payment of a final dividend for the year ended 31 December 2017 (2016: Nil).

SUMMARY OF FINANCIAL INFORMATION

A summary of the financial information of the Group for the last five financial years is set out on page 4 of this annual report. This summary does not form part of the audited financial statements.

PROPERTY, PLANT AND EQUIPMENT

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

SHARE CAPITAL AND SHARE OPTIONS

Details of movements in the Company's share capital and share options during the year are set out in notes 29 and 30 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Articles or the laws of Cayman Islands which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

與僱員、供應商及客戶的關係

本集團相信，僱員是寶貴的資產。本集團為僱員提供具有競爭力的薪酬，並定期參考行業慣例檢討有關薪酬。根據對個人表現的評估，可能授予僱員酌情花紅及購股權。於回顧年度，本集團認為其與僱員的關係良好，且僱員流失率可接受。

本集團亦明白為實現其近期及長期目標，與供應商及客戶維持良好關係是很重要。本集團持續與供應商合作改進原材料標準，並努力向客戶交付優質產品。所有主要客戶及供應商均與本集團維持密切和長遠的關係。截至二零一七年十二月三十一日止年度，本集團與其供應商及／或客戶之間並無重大糾紛。

業績及股息

本集團截至二零一七年十二月三十一日止年度的業績與本公司及本集團於該日的事務狀況載於財務報表第73至184頁。

董事會並不建議派發截至二零一七年十二月三十一日止年度的末期股息（二零一六年：無）。

財務資料概要

本集團過往五個財政年度的財務資料概要載於本年報第4頁。概要並非經審核財務報表的一部分。

物業、廠房及設備

年內本集團的物業、廠房及設備的變動詳情載於綜合財務報表附註15。

股本及購股權

年內本公司股本及購股權變動詳情載於綜合財務報表附註29及30。

優先認購權

本公司細則或開曼群島的法例並無有關優先認購權的規定，要求本公司按比例向既有股東發售新股份。

Report of the Directors

董事會報告

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

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

RESERVES

Details of movements in the reserves of the Company and the Group during the year are set out in note 39 to the consolidated financial statements and in the consolidated statement of changes in equity, respectively.

DISTRIBUTABLE RESERVES

At 31 December 2017, the Company's reserves available for distribution, calculated in accordance with the Companies Law of the Cayman Islands, amounted to approximately RMB20,901,000. The amount of RMB20,901,000 includes the Company's share premium account and contributed surplus of RMB811,351,000 in aggregate at 31 December 2017, which may be distributed provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as and when they fall due in the ordinary course of business.

MAJOR CUSTOMERS AND SUPPLIERS

During the financial year ended 31 December 2017, sales to the Group's five largest customers accounted for 89.8% of the total sales for the year and sales to the largest customer included therein amounted to 60.3%.

Purchases from the Group's five largest suppliers accounted for 24.4% of the total purchases for the year and purchase from the Group's largest supplier included therein amounted to 5.9% of the total purchases for the year.

None of the Directors or any of their associates or any shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest customers or suppliers.

購買、贖回或出售本公司上市證券

截至二零一七年十二月三十一日止年度，本公司及其任何附屬公司概無購買、贖回或出售本公司任何上市證券。

儲備

年內本公司及本集團的儲備變動詳情分別載於綜合財務報表附註39及綜合權益變動表。

可分派儲備

於二零一七年十二月三十一日，本公司可分派儲備根據開曼群島公司法計算約為人民幣20,901,000元。人民幣20,901,000元包括二零一七年十二月三十一日本公司股份溢價賬及實繳盈餘共人民幣811,351,000元，倘緊隨建議分派股息日期後，本公司有能力支付其於日常業務過程中到期的債項，則或會分派上述儲備。

主要客戶及供應商

截至二零一七年十二月三十一日止財政年度，本集團對五大客戶的銷售額佔年度總銷售額的89.8%，而當中對最大客戶的銷售額則佔60.3%。

本集團從五大供應商進行的採購佔年內總採購額的24.4%，而當中從最大供應商進行的採購佔年內總採購額的5.9%。

董事、其聯繫人士及據董事所知持有本公司已發行股本5%以上的股東概無持有本集團五大客戶或供應商任何實益權益。

Report of the Directors

董事會報告

DIRECTORS

The Chairman and the Directors during the year and up to the date of this report were:

- **Executive Directors:**
Mr. ZHENG Jingdong (Chairman and Chief Executive Officer)
Mr. LEUNG Tsz Chung (Vice-chairman)
- **Non-Executive Directors:**
Ms. LIN Weihuan
- **Independent Non-Executive Directors:**
Ms. AN Na
Professor ZHAO Jinbao
Mr. CHEN Shaohua

Pursuant to Articles 84(1) and (2), at each AGM one-third of the Directors for the time being (or, if their number is not a multiple of three (3), the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at the AGM at least once every three years. A retiring Director shall be eligible for re-election. In accordance with Articles 84(1) and (2), Mr. Zheng Jingdong and Ms. An Na shall retire from office by rotation at the AGM. Being eligible, Mr. Zheng Jingdong and Ms. An Na will offer themselves for re-election as an executive Director and an independent non-executive Director, respectively, at the AGM.

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

董事

年內及截至本報告日期，主席及董事為：

- **執行董事：**
鄭景東先生（主席兼行政總裁）
梁子冲先生（副主席）
- **非執行董事：**
林煒歡女士
- **獨立非執行董事：**
安娜女士
趙金保教授
陳少華先生

根據細則第84(1)及(2)條，於每屆股東週年大會上，三分之一之在任董事（或如彼等人數並非三(3)之倍數，則以最接近三分之一但不少於三分之一之數目為準）須輪流退任，而每名董事須最少每三年退任一次。退任董事將合資格膺選連任。根據細則第84(1)及(2)條，鄭景東先生及安娜女士將於股東週年大會上輪流退任。鄭景東先生及安娜女士符合資格於股東週年大會上分別重選為執行董事及獨立非執行董事。

本公司已收到各名獨立非執行董事根據上市規則第3.13條發出的獨立身份年度確認。本公司認為該等獨立非執行董事均為獨立人士。

Report of the Directors

董事會報告

BIOGRAPHICAL DETAILS OF THE DIRECTORS

The biographical details of the Directors are set out on pages 47 to 49 of the annual report.

DIRECTORS' SERVICE CONTRACTS

Each of the Directors has entered into a service contract with our Company for an initial term of 3 years, which will continue thereafter until terminated by not less than three-month notice in writing served by either party on the other. The details of the remuneration of each of the Directors are revealed on note 9 to the consolidated financial statements.

None of the Directors had entered, or was proposing to enter, into any service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

Directors are subject to retirement by rotation at least once every three years as required by the Articles of Association.

PERMITTED INDEMNITY PROVISION

Under the Articles, and subject to the applicable laws and regulations, the Directors and officers of the Group shall be indemnified out of the assets and profits of the Company from or against all actions, costs, charges, losses, damages and expenses which they or any of them may incur or sustain in or about the execution of their duty in their offices. Such permitted indemnity provision has been in force throughout the year ended 31 December 2017. The Company has arranged appropriate Directors' and officers' liability insurance coverage for the Directors and officers of the Group.

DIRECTORS' INTERESTS IN CONTRACTS

Saved for transactions as disclosed in note 34 to the consolidated financial statements, none of the Directors was materially interested, directly or indirectly, in any contract or arrangement during the year which is significant in relation to the business of the Group.

DIRECTORS' INTEREST IN COMPETING BUSINESS

None of the Directors or any of their respective close associates had any material interest in business which competed or might compete with the business of the Group.

MANAGEMENT CONTRACTS

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

董事履歷詳情

董事履歷詳情載於本年報第47至49頁。

董事服務合約

各董事已與本公司訂立初步任期為三年的服務合約，任期直至一方向另一方送達不少於三個月的書面通知終止合約為止。各董事的薪酬詳情披露於綜合財務報表附註9。

概無董事已與或擬與本公司訂有本公司不可於一年內無償（法定補償除外）終止的服務合約。

組織章程細則規定，董事須每三年至少輪流退任一次。

獲准許的彌償條文

根據細則，在遵守適用法律及法規的情況下，董事及本集團高級職員將獲以本公司資產及利潤補償彼等或其中任何人士在履行其職責時或就此可能產生或遭受的所有訴訟、成本、收費、損失、損害及開支。該獲准許的彌償條文於截至二零一七年十二月三十一日止年度全年一直有效。本公司已為董事及本集團高級職員安排適當的董事及高級職員責任險。

董事的合約權益

除綜合財務報表附註34所披露的交易外，概無董事於年內與本集團業務有重大關係的任何合約或安排中直接或間接擁有重大權益。

董事於競爭業務之權益

董事或任何彼等各自之緊密聯繫人概無於與本集團業務構成競爭或可能構成競爭之業務中擁有任何重大權益。

管理合約

年內並無訂立或存續任何有關管理及經營本集團全部或大部分業務的合約。

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

As at 31 December 2017, the interests and short positions of the Directors and chief executives of the Company in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were taken or deemed to have under such provisions of the SFO); (ii) pursuant to section 352 of the SFO, to be entered in the register maintained by the Company referred to therein; or (iii) pursuant to the Model Code contained in Appendix 10 to the Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

Interests in the Shares and underlying Shares:

Name of Director	Capacity and nature of interest	Number of Shares/underlying Shares (other than share options) held 所持股份／相關股份（購股權以外） 數目	Percentage of the Company's issued share capital ⁽¹⁾ 佔本公司已發行股本百分比 ⁽¹⁾
董事姓名	身份及權益性質		
Mr. LEUNG Tsz Chung 梁子冲先生	Beneficial owner 實益擁有人	6,000,000(L)	0.55%

Long positions in share options of the Company:

Name of Directors	Capacity and nature of interest	Number of share options held ⁽²⁾ 所持購股權數目 ⁽²⁾	Percentage of the Company's issued share capital ⁽¹⁾ 佔本公司已發行股本百分比 ⁽¹⁾
董事姓名	身份及權益性質		
Mr. ZHENG Jingdong 鄭景東先生	Beneficial owner 實益擁有人	10,000,000(L)	0.92%
Mr. LEUNG Tsz Chung 梁子冲先生	Beneficial owner 實益擁有人	4,000,000(L)	0.37%

董事及主要行政人員於股份、相關股份及債權證中的權益及淡倉

於二零一七年十二月三十一日，董事及本公司主要行政人員於本公司及其相聯法團（定義見證券及期貨條例（「證券及期貨條例」）第XV部）的股份、相關股份及債權證中擁有(i)根據證券及期貨條例第XV部第7及第8分部須知會本公司及聯交所的權益及淡倉（包括根據證券及期貨條例有關條文被當作或視為擁有的權益及淡倉）；(ii)根據證券及期貨條例第352條須記入該條所述由本公司存置的登記冊的權益及淡倉；或(iii)根據上市規則附錄10所載的標準守則的規定須知會本公司及聯交所的權益及淡倉如下：

於股份及相關股份中的權益：

於本公司購股權中的好倉：

Report of the Directors

董事會報告

Notes:

- (1) The percentage has been calculated based on the total number of Shares in issue as at 31 December 2017 (i.e. 1,084,059,608 shares).
- (2) These represent the number of shares which will be allotted and issued to the respective Directors upon the exercise of the share options granted to each of them under the Share Option Scheme. Accordingly, each of them was regarded as interested in the underlying Shares.
- (3) The letter "L" denotes a long position in the Shares or underlying Shares.

Save as disclosed above, as at 31 December 2017, none of the Directors and chief executives of the Company had any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) pursuant to section 352 of Part XV of the SFO, to be entered in the register referred to therein; or (iii) pursuant to the Model Code contained in Appendix 10 to the Listing Rules, to be notified to the Company and the Stock Exchange.

附註：

- (1) 上述百分比乃根據於二零一七年十二月三十一日的已發行股份總數（即1,084,059,608股）計算。
- (2) 上述數額為因根據購股權計劃授予各董事的購股權獲行使而將向其配發及發行的股份數目。因此，其被視為於相關股份中擁有權益。
- (3) 字母「L」表示於股份或相關股份的好倉。

除上文所披露者外，於二零一七年十二月三十一日，概無董事或主要行政人員於本公司或其任何相聯法團（定義見證券及期貨條例第XV部）的股份、相關股份或債權證中，擁有任何(i)根據證券及期貨條例第XV部第7及第8分部的條文須知會本公司及聯交所的權益或淡倉（包括根據證券及期貨條例有關條文被當作或視為擁有的權益或淡倉）；或(ii)根據證券及期貨條例第XV部第352條須記入該條所述登記冊的權益或淡倉；或(iii)根據上市規則附錄10所載的標準守則的規定須知會本公司及聯交所的權益或淡倉。

CONVERTIBLE SECURITIES, OPTIONS, WARRANTS OR OTHER SIMILAR RIGHTS

All conversion rights attached to the convertible notes in the principal amounts of HK\$110,880,000 and HK\$73,920,000 issued by the Company on 16 December 2015 and 2 February 2016 respectively will mature on 16 December 2018 and 2 February 2019 respectively. There was no conversion of convertible notes during the year ended 31 December 2017. Details of convertible notes of the Company are shown in note 26 to the financial statements.

All conversion rights attached to the warrants issued by the Company on 21 June 2012 matured on 22 December 2017. No warrants have been exercised since the issue date of the warrants. Details of warrants of the Company are shown in note 26 to the financial statements.

Details of share options of the Company are included in the section "Share Option Scheme" below and also shown in note 30 to the financial statements.

可換股票據、購股權、認股權證或其他類似權利

本公司分別於二零一五年十二月十六日及二零一六年二月二日發行本金額為110,880,000港元及73,920,000港元之可換股票據所附之所有轉換權將分別於二零一八年十二月十六日及二零一九年二月二日到期。截至二零一七年十二月三十一日止年度概無轉換可換股票據。本公司可換股票據之詳情載於財務報表附註26。

本公司於二零一二年六月二十一日發行之認股權證所附之所有轉換權已於二零一七年十二月二十二日屆滿。自認股權證發行日期起，概無認股權證獲行使。本公司認股權證之詳情載於財務報表附註26。

本公司購股權之詳情載於下文「購股權計劃」一節，且亦載於財務報表附註30。

Report of the Directors

董事會報告

SHARE OPTION SCHEME

The Company adopted the Share Option Scheme on 8 January 2011. Details of the Share Option Scheme are set out in note 30 to the consolidated financial statements.

The following table discloses the outstanding share options under the Share Option Scheme as at 31 December 2017:

購股權計劃

本公司於二零一一年一月八日採納購股權計劃。購股權計劃的詳情載於綜合財務報表附註30。

下表披露於二零一七年十二月三十一日購股權計劃項下的尚未行使購股權：

Name or Category of participants	參與人的姓名或類別	Date of grant ⁽¹⁾ 授出日期 ⁽¹⁾	Number of share options 購股權數目					Outstanding as at 31 December 2017 於二零一七年 十二月三十一日 尚未行使	Exercise period ⁽²⁾ 行使期 ⁽²⁾	Exercise price per share (HK\$) 每股行使價 (港元)
			Outstanding as at 1 January 2017 於二零一七年 一月一日 尚未行使	Granted during the year 年內授出	Exercised during the year 年內行使	Cancelled during the year 年內註銷	Forfeited during the year 年內沒收			
Executive Directors	執行董事									
ZHENG Jingdong	鄭景東	10/12/2015	1,500,000	-	-	-	-	1,500,000	A	0.81
		10/12/2015	2,000,000	-	-	-	-	2,000,000	B	0.81
		10/12/2015	2,500,000	-	-	-	-	2,500,000	C	0.81
		10/12/2015	2,000,000	-	-	-	-	2,000,000	D	0.81
		10/12/2015	2,000,000	-	-	-	-	2,000,000	E	0.81
LEUNG Tsz Chung	梁子冲	10/12/2015	4,000,000	-	-	-	-	4,000,000	B	0.81
Sub-total	小計		14,000,000	-	-	-	-	14,000,000		
Employees and consultants of the Group in aggregate	本集團僱員及顧問合計									
		10/12/2015	10,502,000	-	-	-	(1,085,000)	9,417,000	A	0.81
		10/12/2015	15,176,000	-	-	-	(1,820,000)	13,356,000	B	0.81
		10/12/2015	2,970,000	-	-	-	(2,275,000)	695,000	C	0.81
		10/12/2015	2,376,000	-	-	-	(1,820,000)	556,000	D	0.81
		10/12/2015	2,376,000	-	-	-	(1,820,000)	556,000	E	0.81
		24/6/2016	52,245,000	-	-	-	(105,000)	52,140,000	F	0.67
		24/6/2016	36,060,000	-	-	-	(140,000)	35,920,000	G	0.67
		24/6/2016	3,075,000	-	-	-	(175,000)	2,900,000	H	0.67
		24/6/2016	2,460,000	-	-	-	(140,000)	2,320,000	I	0.67
		24/6/2016	2,460,000	-	-	-	(140,000)	2,320,000	J	0.67
		16/12/2016	1,425,000	-	-	-	-	1,425,000	K	0.99
		16/12/2016	1,900,000	-	-	-	-	1,900,000	L	0.99
		16/12/2016	2,375,000	-	-	-	-	2,375,000	M	0.99
		16/12/2016	1,900,000	-	-	-	-	1,900,000	N	0.99
		16/12/2016	1,900,000	-	-	-	-	1,900,000	O	0.99
Sub-total	小計		139,200,000	-	-	-	(9,520,000)	129,680,000		
Total	總計		153,200,000	-	-	-	(9,520,000)	143,680,000		

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Notes:

1. The closing prices of the Shares immediately before the date of grant on 10 December 2015, 24 June 2016 and 16 December 2016 were HK\$0.79, HK\$0.69 and HK\$0.99 respectively.
2. The respective exercise periods of the share options granted are as follows:
 - A: From 10 December 2015 to 9 December 2020;
 - B: From 10 December 2016 to 9 December 2020;
 - C: From 10 December 2017 to 9 December 2020;
 - D: From 10 December 2018 to 9 December 2020;
 - E: From 10 December 2019 to 9 December 2020;
 - F: From 24 June 2016 to 23 June 2021;
 - G: From 24 June 2017 to 23 June 2021;
 - H: From 24 June 2018 to 23 June 2021;
 - I: From 24 June 2019 to 23 June 2021;
 - J: From 24 June 2020 to 23 June 2021;
 - K: From 16 December 2016 to 15 December 2021;
 - L: From 16 December 2017 to 15 December 2021;
 - M: From 16 December 2018 to 15 December 2021;
 - N: From 16 December 2019 to 15 December 2021; and
 - O: From 16 December 2020 to 15 December 2021;

The vesting period of the share options is from the date of grant until the commencement of the exercised period.

附註：

1. 股份於緊接授出日期二零一五年十二月十日、二零一六年六月二十四日及二零一六年十二月十六日前的收市價分別為0.79港元、0.69港元及0.99港元。
2. 所授出購股權各自行使期如下：
 - A：二零一五年十二月十日至二零二零年十二月九日；
 - B：二零一六年十二月十日至二零二零年十二月九日；
 - C：二零一七年十二月十日至二零二零年十二月九日；
 - D：二零一八年十二月十日至二零二零年十二月九日；
 - E：二零一九年十二月十日至二零二零年十二月九日；
 - F：二零一六年六月二十四日至二零二一年六月二十三日；
 - G：二零一七年六月二十四日至二零二一年六月二十三日；
 - H：二零一八年六月二十四日至二零二一年六月二十三日；
 - I：二零一九年六月二十四日至二零二一年六月二十三日；
 - J：二零二零年六月二十四日至二零二一年六月二十三日；
 - K：二零一六年十二月十六日至二零二一年十二月十五日；
 - L：二零一七年十二月十六日至二零二一年十二月十五日；
 - M：二零一八年十二月十六日至二零二一年十二月十五日；
 - N：二零一九年十二月十六日至二零二一年十二月十五日；及
 - O：二零二零年十二月十六日至二零二一年十二月十五日。

該等購股權的歸屬期為自授出日期起直至行使期開始止。

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3. Exercise condition: Provided always that a grantee of share options shall remain as a Director, an employee or a consultant of the Company or its subsidiaries, at the time of exercise of his or her share options.
4. The number and/or exercise price of the share options may be subject to adjustments in the case of rights or bonus issues, or other changes in the Company's share capital.

ARRANGEMENT FOR DIRECTORS TO PURCHASE SHARES OR DEBENTURES

Save as disclosed in the section of "Directors' and chief executive's interests and short positions in Shares, underlying Shares and debentures" and "Share Option Scheme" above, at no time during the year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any of the Directors or their respective spouses or minor children, or were any such rights exercised by them; or was the Company, its holding company or any of its subsidiaries and fellow subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

3. 行使條件：購股權承授人於行使其購股權時仍須為本公司或其附屬公司的董事、僱員或顧問。
4. 購股權的數目及／或行使價或會在供股或紅股發行或本公司股本出現其他變動時予以調整。

董事購買股份或債權證的安排

除上文「董事及主要行政人員於股份、相關股份及債權證中的權益及淡倉」及「購股權計劃」等節所披露者外，於年內任何時間，並無授予任何董事或彼等各自的配偶或未成年子女透過收購本公司股份或債權證而獲得利益之權利，彼等亦概無行使任何相關權利；且本公司、其控股公司或其任何附屬公司及同系附屬公司概無訂立令董事可獲得任何其他法人團體的相關權利之任何安排。

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

As at 31 December 2017, so far as was known to the Directors and chief executives of the Company, the following persons or corporations (other than the Directors or chief executives of the Company) who had, or were deemed or taken to have interests and short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and be recorded in the register required to be kept under Section 336 of the SFO or as otherwise notified to the Company were as follows:

Interests and short positions in the Shares and underlying Shares:

Name	Capacity and nature of interests	Number of Shares/ underlying Shares	Percentage of the Company's issued share capital ⁽⁶⁾ 佔本公司已發行股本 百分比 ⁽⁶⁾
名稱	身份及權益性質	股份／相關股份數目	
Mr. Sze ⁽¹⁾ 史先生 ⁽¹⁾	Interest in controlled corporation 所控制法團的權益	285,879,975 (L)	26.37%
Ms. Tsang Shuk Ping ⁽²⁾ 曾淑萍女士 ⁽²⁾	Spousal Interest 配偶權益	285,879,975 (L)	26.37%
Best Mark ⁽³⁾	Beneficial owner/Other 實益擁有人／其他	240,720,365 (L)	22.20%

主要股東及其他人士於股份及相關股份中的權益及淡倉

於二零一七年十二月三十一日，據董事及本公司主要行政人員所知，以下人士或法團（董事或本公司主要行政人員除外）於股份或相關股份中擁有或被視為或當作擁有根據證券及期貨條例第XV部第2及3分部的條文須向本公司披露及登記於根據證券及期貨條例第336條須予存置的登記冊或須另行知會本公司之權益及淡倉如下：

於股份及相關股份中的權益及淡倉：

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Name	Capacity and nature of interests	Number of Shares/ underlying Shares	Percentage of the Company's issued share capital ⁽⁶⁾ 佔本公司已發行股本 百分比 ⁽⁶⁾
名稱	身份及權益性質	股份／相關股份數目	
Total Shine Investments Limited ("Total Shine") ⁽⁴⁾	Beneficial owner 實益擁有人	233,155,792 (L)	21.51%
Mr. Zhang Honghui ⁽⁴⁾ 張鴻輝 ⁽⁴⁾	Interest in controlled corporation 所控制法團的權益	233,155,792 (L)	21.51%
Bluestone ⁽⁵⁾ 藍石 ⁽⁵⁾	Beneficial owner 實益擁有人	220,000,000 (L)	20.29%
Mr. Zhuang Chaohui ⁽⁵⁾ 莊朝暉先生 ⁽⁵⁾	Interest in controlled corporation 所控制法團的權益	220,000,000 (L)	20.29%

Notes:

- (1) Mr. Sze is deemed to be interested in the Shares held by Best Mark and Capital Vision International Limited ("Capital Vision"). Best Mark and Capital Vision are wholly owned and controlled by Mr. Sze and are interested in 240,720,365 Shares and 45,159,610 Shares respectively, representing approximately 22.20% and 4.17%, respectively of the issued Shares.
- (2) Ms. Tsang Shuk Ping, the spouse of Mr. Sze, is deemed to be interested in Mr. Sze's interests in the Company.
- (3) Best Mark is wholly owned and controlled by Mr. Sze.

附註：

- (1) 史先生被視為於Best Mark及Capital Vision International Limited (「Capital Vision」)所持股份中擁有權益。Best Mark及Capital Vision由史先生全資擁有及控制，分別於240,720,365股股份及45,159,610股股份中擁有權益，分別相當於已發行股份約22.20%及4.17%。
- (2) 史先生之妻曾淑萍女士被視為擁有史先生所持本公司之權益。
- (3) Best Mark由史先生全資擁有及控制。

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- (4) Total Shine is interested in 233,155,792 Shares. Mr. Zhang Honghui, who wholly owns and controls Total Shine, is deemed to be interested in the Shares in which Total Shine is interested.
- (5) Bluestone is interested in 220,000,000 underlying Shares under the convertible notes which was issued to it pursuant to the terms of the acquisition agreement as detailed in the circular dated 25 November 2015. Mr. Zhuang Chaohui, who wholly owns and controls Bluestone, is deemed to be interested in the underlying Shares in which Bluestone is interested.
- (6) The percentage has been calculated based on the total number of Shares in issue as at 31 December 2017 (i.e. 1,084,059,608 shares).
- (7) The letters "L" and "S" denote the person's long and short position respectively in the Shares or underlying Shares.
- (4) Total Shine於233,155,792股股份中擁有權益。張鴻輝先生(全資擁有及控制Total Shine)被視為於Total Shine所持股份中擁有權益。
- (5) 藍石於根據收購協議之條款(詳情載於日期為二零一五年十一月二十五日之通函)已經向其發行的可換股票據下220,000,000股相關股份中擁有權益。莊朝暉先生全資擁有及控制藍石,被視為於藍石所持相關股份中擁有權益。
- (6) 該百分比乃根據於二零一七年十二月三十一日已發行股份總數(即1,084,059,608股)計算。
- (7) 字母「L」及「S」分別代表該人士所持股份或相關股份的好倉及淡倉。

Save as disclosed above, as at 31 December 2017, none of the Directors and the chief executives of the Company was aware of any other person (other than the Directors or the chief executives of the Company) or corporation which had, or was deemed or taken to have, an interest or short position in the Shares, underlying Shares or debentures which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO and be recorded in the register required to be kept under section 336 of the SFO or as otherwise notified to the Company.

CONNECTED TRANSACTIONS

No connected transaction was entered into or in existence during the year. The related party transactions disclosed in note 34 to the consolidated financial statements do not fall under the definition of "connected transaction" or "continuing connected transaction" in Chapter 14A of the Listing Rules.

除上文所披露者外,於二零一七年十二月三十一日,董事及本公司主要行政人員概不知悉任何其他人士(董事或本公司主要行政人員除外)或法團擁有或被視為或當作擁有根據證券及期貨條例第XV部第2及第3分部條文須向本公司披露及記錄於根據證券及期貨條例第336條須予存置的登記冊或另外通知本公司的股份、相關股份或債權證的權益或淡倉。

關連交易

年內並無訂立或存續任何關連交易。綜合財務報表附註34所披露的關連人士交易並非上市規則第14A章所界定的「關連交易」或「持續關連交易」。

Report of the Directors

董事會報告

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total issued share capital was held by the public as at the date of this report.

EMOLUMENT POLICY

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

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

The Company adopted a share option scheme to motivate and reward its Directors and eligible employees. Details of the Share Option Scheme are set out in note 30 to the consolidated financial statements.

AUDITOR

Confucius International CPA Limited was appointed as auditor of the Company on 13 February 2018 upon the resignation of Pan-China (H.K.) CPA Limited. Apart from this, there has been no change of auditors of the Company in the past three years.

A resolution for the re-appointment of Confucius International CPA Limited as the Company's auditor is to be proposed at the forthcoming AGM.

ON BEHALF OF THE BOARD

ZHENG Jingdong

Chairman

Hong Kong
29 March 2018

充足的公眾持股量

根據本公司可獲取的公開資料及就董事所知，於本報告日期，公眾至少持有本公司已發行股本總額的25%。

薪酬政策

本集團的薪酬政策乃基於個別僱員的長處、資格及能力釐定，並由薪酬委員會定期檢討。

董事酬金由薪酬委員會經參考本集團的營運業績、個別表現及可比較市場統計數據而提出建議並由董事會決定。

本公司採納購股權計劃，以鼓勵及嘉許其董事及合資格僱員。購股權計劃詳情載於綜合財務報表附註30。

核數師

隨天健（香港）會計師事務所有限公司辭任之後，天健國際會計師事務所有限公司於二零一八年二月十三日獲委任為本公司核數師。除此之外，過往三年本公司之核數師並無變動。

本公司將於應屆股東週年大會上提呈決議案重新委任天健國際會計師事務所有限公司為本公司核數師。

代表董事會

主席
鄭景東

香港
二零一八年三月二十九日

Independent Auditor's Report

獨立核數師報告



**TO THE MEMBERS OF BAOFENG MODERN
INTERNATIONAL HOLDINGS COMPANY LIMITED**
(Incorporated in the Cayman Islands with limited liability)

致寶峰時尚國際控股有限公司股東
(於開曼群島註冊成立之有限公司)

Opinion

We have audited the consolidated financial statements of Baofeng Modern International Holdings Company Limited (the "Company") and its subsidiaries (together the "Group") set out on pages 73 to 184, which comprise the consolidated statement of financial position as at 31 December 2017, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

Basis for opinion

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

意見

我們已審計列載於第73至184頁寶峰時尚國際控股有限公司(「貴公司」)及其附屬公司(統稱「貴集團」)的綜合財務報表，當中包括於二零一七年十二月三十一日的綜合財務狀況表、截至該日止年度的綜合損益及其他全面收益表、綜合權益變動表及綜合現金流量表，以及綜合財務報表附註(包括主要會計政策概要)。

我們認為，該等綜合財務報表已根據國際會計準則理事會(「國際會計準則理事會」)頒佈的國際財務報告準則(「國際財務報告準則」)真實而中肯地反映 貴集團於二零一七年十二月三十一日的綜合財務狀況及截至該日止年度的綜合財務表現及綜合現金流量，並已遵照香港公司條例的披露規定妥為擬備。

意見的基礎

我們已根據香港會計師公會(「香港會計師公會」)頒佈的香港審計準則(「香港審計準則」)進行審計。我們在該等準則下承擔的責任已在本報告「核數師就審計綜合財務報表承擔的責任」部分中進一步闡述。根據香港會計師公會頒佈的「專業會計師道德守則」(「守則」)連同任何與我們審計開曼群島綜合財務報表有關的道德要求，我們獨立於 貴集團，並已履行該等要求及守則中的其他專業道德責任。我們相信，我們所獲得的審計憑證能充足及適當地為我們的意見提供基礎。

Independent Auditor's Report

獨立核數師報告

Material uncertainty in relation to going concern

The accompanying consolidated financial statements for the year ended 31 December 2017 have been prepared assuming that the Group will continue as a going concern. We draw attention to note 3 to the consolidated financial statements which indicates that the Group incurred a net loss of approximately RMB435,370,000 for the year ended 31 December 2017 and, as of that date, the Group's current liabilities exceeded its current assets by approximately RMB183,775,000. These conditions indicate the existence of a material uncertainty that may cast significant doubt on the Group's ability to continue as a going concern. Management's arrangements to address the going concern issue are also described in note 3 to the consolidated financial statements. The consolidated financial statements do not include any adjustments that may result from the outcome of this uncertainty. Our opinion is not modified in respect of this matter.

Key Audit Matters

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

Valuation of trade receivables

We identified the valuation of trade receivables as a key audit matter due to the use of judgement and estimates in assessing the recoverability of trade receivables.

In determining the allowance for trade receivables, the management considers the credit history including default or delay in payments, settlement records, subsequent settlements and aging analysis of the trade receivables.

At 31 December 2017, the carrying amount of trade receivables is RMB28,535,000, net of allowance for doubtful debts of RMB2,689,000.

Details of the trade receivables are set out in note 19 to the consolidated financial statements.

有關持續經營的重大不明朗因素

截至二零一七年十二月三十一日止年度之相關綜合財務報表乃假設貴集團將持續經營來編製。我們提請注意綜合財務報表附註3，當中顯示，截至二零一七年十二月三十一日止年度，貴集團產生虧損淨額約人民幣435,370,000元，且截至該日，貴集團的流動負債超過其流動資產約人民幣183,775,000元。該等狀況表明存在重大不明朗因素，或會對貴集團持續經營之能力產生重大疑問。管理層解決持續經營事宜之安排亦載於綜合財務報表附註3。綜合財務報表概無載入該不確定因素可能導致之任何調整。我們並未就該事宜發表保留意見。

關鍵審計事項

關鍵審計事項是根據我們的專業判斷，認為對本期綜合財務報表的審計最為重要的事項。該等事項是在我們審計整體綜合財務報表及出具意見時進行處理的。我們不會對該等事項提供單獨意見。

應收貿易賬款估值

我們已識別應收貿易賬款確定為關鍵審計事項，乃由於評估應收貿易賬款的可收回性時作出判斷及假設。

於釐定應收貿易賬款撥備時，管理層會考慮信貸歷史，包括拖欠或延遲付款、結算記錄、後續結算及應收貿易賬款的賬齡分析。

於二零一七年十二月三十一日，應收貿易賬款的賬面值為人民幣28,535,000元，扣除呆賬撥備人民幣2,689,000元。

應收貿易賬款的詳情載於綜合財務報表附註19。

Independent Auditor's Report

獨立核數師報告

How our audit addressed the Key Audit Matters

Our procedures in relation to valuation on trade receivables included:

- obtaining an understanding of the Group's procedures on credit limits and credit periods given to customers with the management;
- evaluating the design and implementation of controls applied by management in determining the allowance for doubtful debts;
- evaluating the management's impairment assessment of trade receivables;
- testing the accuracy of the receivables aging analysis and the recoverability of amounts due from debtors through circularisation, testing of subsequent receipts and corroborative enquiry;
- confirming the existence and assessing the valuation of significant receivables as at year end by tracing to subsequent/recent receipts and sending confirmation requests;
- assessing the reasonableness of the methods and assumptions used by the management to estimate the allowance for bad and doubtful debts;
- assessing, validating and discussing with the management and evaluating their assessment on the recoverability of the outstanding debts and the adequacy of allowance made based on the trade receivables aging analysis, collections subsequent to the end of the reporting period, past collection history and trend analysis and knowledge of the businesses, with focus on long outstanding debts and debts which are past due but not impaired; and
- checking, on a sampling basis, the accuracy and relevance of the information included in the impairment assessment of trade receivables.

We found that the estimation and judgement made by management in respect of the recoverability of trade receivables were supportable by the credible evidence.

我們的審計如何處理關鍵審計事項

我們就應收貿易賬款估值進行之程序包括：

- 向管理層了解 貴集團有關給予客戶的信貸限額及信貸期的程序；
- 評估管理層釐定呆賬撥備時所使用控制的制訂及實施；
- 評估管理層對應收貿易賬款的減值評估；
- 透過通函詢徵、測試後續收款及佐證查詢，測試應收賬款賬齡分析的準確性及應收債務人款項的可收回性；
- 通過追蹤後續／當前收款及發出確認請求確認年末是否存在重大應收賬款並評估其估值；
- 評估管理層為估計呆壞賬撥備所採用方法及假設的合理性；
- 針對長期未償還債務及已逾期但未減值的債務，根據應收賬款的賬齡分析、報告期末後收回款項、過往收款記錄及趨勢分析以及對業務的了解，評估、核實及與管理層討論未償還債務可收回性及所作出撥備的充足程度，並評價彼等對前述事宜的評估；及
- 抽樣檢查應收貿易賬款減值評估中所包含資料的準確性及相關性。

我們發現管理層就應收貿易賬款的可收回性作出的估計及判斷乃由可信證據提供支持。

Independent Auditor's Report

獨立核數師報告

Impairment assessment of intangible assets

As set out in note 17 to the consolidated financial statements at 31 December 2017, the Group has significant intangible assets arising from the acquisition of technology know-how in 2015; O2O distribution vending system and capitalisation of deferred development costs in relation to the research and development of manufacturing and application technology of graphene material on sterilizing chips, energy storage materials for batteries and pressure sensitive lighting devices for shoes which are incurred in 2016.

Management is required to carry out an impairment assessment on these intangible assets at least annually. Independent external valuations were obtained in order to support management estimates. These assessments of the recoverable amounts involved significant management's assessment and judgement on the key assumptions used in cash flow projections and profit forecasts based on financial budgets approved by management, which is judgemental and based on a number of assumptions.

How our audit addressed the Key Audit Matters

Our procedures in relation to impairment assessment of intangible assets included:

- Evaluating the independent external valuers competence, capabilities and objectivity;
- Assessing the valuation methodologies adopted by management which are disclosed in Note 17 to the consolidated financial statements;
- Challenging the reasonableness of key assumptions in the valuations based on our knowledge of the business and industry;
- Reconciling input data used in the profit forecasts and cash flow forecasts to supporting evidence, such as approved budgets and considering the reasonableness of those budgets;
- Considering the potential impact of reasonably possible downside changes in these key assumptions; and
- Discussing with the management and the independent valuation valuers engaged by the management to understand the assumptions they used in building up the discounted cash flow model.

無形資產減值虧損

如二零一七年十二月三十一日之綜合財務報表附註17所載，貴集團就於二零一五年收購技術知識；二零一六年收購O2O分銷售貨系統及資本化研發石墨烯材料於殺菌芯片、電池儲能材料及鞋履壓敏照明裝置的生產及應用技術相關的遞延開發成本而產生重大無形資產。

管理層每年須至少對該等無形資產進行一次減值評估。管理層已獲得獨立外部估值，以支持其估計。該等可收回款項之評估涉及管理層對根據管理層批准之財務預算作出之現金流量預測及溢利預測(其中涉及作出判斷及基於多項假設)所用之主要假設作出重大評估及判斷。

我們的審計如何處理關鍵審計事項

我們就無形資產減值虧損進行之程序包括：

- 評估獨立外部估值師之資格、能力及客觀性；
- 評估綜合財務報表附註17所披露之管理層採納之估值方法；
- 根據我們之業務及行業知識質疑估值中關鍵假設之合理性；
- 將溢利預測及現金流量預測所用之輸入數據與支持憑證進行對比，如經批准預算，並考慮該等預算之合理性；
- 考慮該等主要假設可能出現之合理下行變動之潛在影響；及
- 我們與管理層及管理層委聘之獨立估值師討論，以了解彼等達致已貼現現金流量模式所用之假設。

Independent Auditor's Report

獨立核數師報告

How our audit addressed the Key Audit Matters

(continued)

- Checking on sample basis, the accuracy and relevance of the input data used.
- Challenging the assumptions used in business plans and development plans adopted by the Group in relation to the technology know-how and O2O distribution vending system.
- Reviewing the detailed analysis prepared by the management for the deferred development costs and testing the reconciliation of amounts reported to accounting records.
- Discussing with the management about the nature of work being completed for each product and their assessment of the areas of judgement for each product, in particular, the stage of technical development and economic feasibility.
- Updating our understanding of management's process for assessing whether any research and development expenses has met the recognition criteria under IAS 38.

Based on our procedures described, we found the recognition and impairment assessment on intangible assets to be reasonable.

Information other than the Consolidated Financial Statements and Auditor's Report thereon

The directors of the Company are responsible for the other information. The other information comprises all 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.

我們的審計如何處理關鍵審計事項(續)

- 抽樣檢查所用輸入數據之準確性及相關性。
- 質疑 貴集團就技術知識及O2O分銷售貨系統採納之業務計劃及發展計劃所用之假設。
- 檢討管理層就遞延開發成本編製之詳盡分析及測試所呈報金額與會計記錄之一致性。
- 與管理層討論完成各產品所涉工作之性質及彼等對各產品作出判斷領域之評估，尤其是技術發展階段及經濟可行性。
- 更新我們對管理層程序的理解，評估是否有任何符合國際會計準則第38號認可標準的研發費用。

基於上文所述我們的程序，我們認為無形資產的確認及減值評估屬合理。

除綜合財務報表及核數師報告以外的資料

貴公司董事須就其他資料承擔責任。其他資料包括年報中所載所有資料，但不包括綜合財務報表及我們的核數師報告。

我們對綜合財務報表的意見並不涵蓋其他資料，我們亦不對該等其他資料發表任何形式的鑒證結論。

結合我們對綜合財務報表的審計，我們的責任是閱讀其他資料，在此過程中，考慮其他資料是否與綜合財務報表或我們在審計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。基於我們已執行的工作，倘我們認為其他資料存在重大錯誤陳述，我們需要報告該事實。就此而言，我們無任何報告。

Independent Auditor's Report

獨立核數師報告

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

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

The directors are assisted by the audit committee in discharging their responsibilities for overseeing the Group's financial reporting process.

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

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

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

董事對綜合財務報表須承擔的責任

貴公司董事須負責根據國際會計準則委員會頒佈的國際財務報告準則及香港公司條例編製真實而中肯的綜合財務報表，及落實其認為編製綜合財務報表所必要的內部監控，以使綜合財務報表的編製不存在由於欺詐或錯誤而導致的重大錯誤陳述。

於編製綜合財務報表時，董事須負責評估貴集團持續經營的能力，並在適用情況下披露與持續經營相關的事項，並使用持續經營為會計基礎，惟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而為之的情況除外。

董事獲審核委員會協助履行其監督貴集團的財務報告過程的職責。

核數師對審核綜合財務報表須承擔的責任

我們的目標為對綜合財務報表整體是否存在由欺詐或錯誤而導致的重大錯誤陳述取得合理保證，並出具包括我們意見的核數師報告。本報告僅為閣下(作為整體)而作出，並不可用作其他用途。我們並不就本報告的內容對任何其他人士承擔任何義務或負上任何責任。

合理保證是高水準的保證，但不能保證按香港審計準則進行的審計在某一重大錯誤陳述存在時總能發現。錯誤陳述可因欺詐或錯誤產生，倘個別或整體在合理預期情況下可能影響使用者根據該等綜合財務報表作出的經濟決定時，則視有關錯誤陳述為重大有關。

Independent Auditor's Report

獨立核數師報告

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

As part of an audit in accordance with HKSA's, we exercise professional judgement 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.
- 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.

核數師對審核綜合財務報表須承擔的責任(續)

在根據香港審計準則執行審計的工作之一，是在審計的過程中運用專業判斷及保持專業懷疑態度。我們亦：

- 識別及評估由於欺詐或錯誤而導致綜合財務報表存在重大錯誤陳述的風險，設計及執行審計程序以應對該等風險，以及獲取充足和適當的審計憑證，作為我們意見的基礎。由於欺詐可能涉及串謀、偽造、蓄意遺漏、虛假陳述或凌駕內部監控的情況，因此未能發現因欺詐而導致的重大錯誤陳述的風險高於未能發現因錯誤而導致的重大錯誤陳述的風險。
- 了解與審核相關的內部監控，以設計在各種情況下屬適當的審計程序，惟並非旨在對 貴集團內部監控的有效性發表意見。
- 評估董事所採用會計政策的合適性及作出會計估計和相關披露的合理性。
- 對董事採用持續經營會計基礎的合適性作出結論，並根據所獲取的審計憑證，確定是否存在與可能會導致對 貴集團的持續經營能力產生重大疑慮的事項或情況有關的重大不確定性。倘我們認為存在重大不確定性，則有必要在核數師報告中提請使用者注意綜合財務報表中的相關披露；倘有關披露不足，則我們應當發表非無保留意見。我們的結論乃基於截至我們的核數師報告日止所取得的審計憑證。然而，未來事項或情況可能導致 貴集團不能持續經營。
- 評估綜合財務報表的整體呈報方式、結構及內容，包括披露，以及綜合財務報表是否中肯反映相關交易和事項。

Independent Auditor's Report

獨立核數師報告

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

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

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

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

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

Other Matter

The consolidated financial statements of the Group for the year ended 31 December 2016 were audited by the previous auditors of the Group who expressed an disclaimer of opinion on those statements on 28 July 2017.

Confucius International CPA Limited
Certified Public Accountants

Wong Ho Yuen, Gary
Practising Certificate Number: P01316

Hong Kong
29 March 2018

核數師對審核綜合財務報表須承擔的責任(續)

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

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

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

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

其他事項

貴集團截至二零一六年十二月三十一日止年度的綜合財務報表乃由 貴集團前任核數師於二零一七年七月二十八日審核，其並未對該等報表發表意見。

天健國際會計師事務所有限公司
執業會計師

黃浩源
執業證書號碼P01316

香港
二零一八年三月二十九日

Consolidated Statement of Profit or Loss and Other Comprehensive Income

綜合損益及其他全面收益表

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

			2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
	Notes 附註			
REVENUE		收益	125,501	215,831
Cost of sales		銷售成本	(96,994)	(140,529)
GROSS PROFIT		毛利	28,507	75,302
Other net income and gains	6	其他收入及收益淨額	1,691	3,506
Selling and distribution expenses		銷售及分銷開支	(8,949)	(8,591)
General and administrative expenses		一般及行政開支	(39,807)	(51,916)
Amortisation of intangible assets	17	無形資產攤銷	(128,261)	(105,401)
Impairment loss on intangible assets	17	無形資產減值虧損	(537,286)	(325,616)
Impairment loss on non-current assets held for sale	22	持有待售非流動資產減值虧損	(23,244)	-
Finance costs	7	融資成本	(6,050)	(7,933)
Fair value gain/(loss) on convertible notes and warrants at fair value through profit or loss	26	按公平值計入損益之可換股票據及認股權證之公平值收益/(損失)	50,002	(41,617)
Gain on derecognition of warrants at fair value through profit or loss	26	按公平值計入損益之認股權證之終止確認收益	5,067	10,444
Fair value gain on provision for contingent consideration at fair value through profit or loss	27	按公平值計入損益之或然代價撥備之公平值收益	219,888	141,915
LOSS BEFORE TAX		除稅前虧損	(438,442)	(309,907)
Income tax credit/(expense)	11	所得稅抵扣/(費用)	3,072	(7,671)
LOSS FOR THE YEAR AND TOTAL COMPREHENSIVE EXPENSES FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE COMPANY	12	本公司擁有人應佔年內虧損及年內全面開支總額	(435,370)	(317,578)
LOSS PER SHARE		每股虧損		
- Basic (RMB)	14	- 基本(人民幣)	(0.40)	(0.29)
- Diluted (RMB)		- 攤薄(人民幣)	(0.40)	(0.29)

Details of the dividends are disclosed in note 13 to the consolidated financial statements.

股息詳情披露於綜合財務報表附註13。

Consolidated Statement of Financial Position

綜合財務狀況表

As at 31 December 2017 於二零一七年十二月三十一日

			2017	2016
		Notes	二零一七年	二零一六年
		附註	RMB'000	RMB'000
			人民幣千元	人民幣千元
NON-CURRENT ASSETS	非流動資產			
Property, plant and equipment	物業、廠房及設備	15	41,416	82,010
Prepaid land lease payments	預付土地租金	16	26,954	32,640
Intangible assets	無形資產	17	636,981	1,302,378
			705,351	1,417,028
CURRENT ASSETS	流動資產			
Inventories	存貨	18	36,227	24,922
Trade and bills receivables	應收貿易賬款及應收票據	19	29,806	76,132
Prepayments, deposits and other receivables	預付款項、按金及其他應收款項	20	10,321	7,437
Pledged deposits	已質押存款	21	2,127	4,283
Cash and bank balances	現金及銀行結餘	21	5,888	4,789
			84,369	117,563
Assets classified as held for sale	分類為持有待售的資產	22	26,000	-
			110,369	117,563
CURRENT LIABILITIES	流動負債			
Trade and bills payables	應付貿易賬款及應付票據	23	48,001	53,889
Deposits received, other payables and accruals	已收按金、其他應付款項及應計費用	24	39,925	33,518
Interest-bearing bank borrowings	計息銀行借貸	25	117,000	124,000
Warrants	認股權證	26	-	5,067
Convertible notes	可換股票據	26	87,002	-
Income tax payable	應付所得稅項		2,216	8,285
			294,144	224,759
NET CURRENT LIABILITIES	流動負債淨值		(183,775)	(107,196)
TOTAL ASSETS LESS CURRENT LIABILITIES	總資產減流動負債		521,576	1,309,832

Consolidated Statement of Financial Position

綜合財務狀況表

As at 31 December 2017 於二零一七年十二月三十一日

			2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
		Notes 附註		
NON-CURRENT LIABILITIES	非流動負債			
Convertible notes	可換股票據	26	57,820	194,824
Provision for contingent consideration	或然代價撥備	27	47,272	268,565
Deferred tax liability	遞延稅項負債	28	3,071	3,071
			108,163	466,460
NET ASSETS	資產淨值		413,413	843,372
EQUITY	權益			
Share capital	股本	29	71,629	71,629
Reserves	儲備		341,784	771,743
TOTAL EQUITY	權益總額		413,413	843,372

The consolidated financial statements on pages 73 to 184 were approved and authorised for issue by the board of directors on 29 March 2018 and signed on its behalf by:

第73至184頁的綜合財務報表經董事會於二零一八年三月二十九日批准及授權刊發，並由以下人士代表簽署：

ZHENG Jingdong

鄭景東

Director

董事

LEUNG Tsz Chung

梁子冲

Director

董事

Consolidated Statement of Changes in Equity

綜合權益變動表

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

		Share capital	Share premium	Contributed surplus	Statutory surplus fund	Exchange fluctuation reserve	Capital redemption reserve	Share options reserve	Retained profits/ (accumulated losses)	Total reserves	Total equity
		股本	股份溢價	實繳盈餘	法定盈餘公積金	匯兌波動儲備	資本贖回儲備	購股權儲備	保留溢利/ (累計虧損)	儲備總額	權益總額
Notes		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
附註		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
		(note 29)		(note 31(i))	(note 31(ii))	(note 31(iii))					
		(附註29)		(附註31(i))	(附註31(ii))	(附註31(iii))					
At 1 January 2016	於二零一六年一月一日	70,555	401,639	141,376	96,338	155	524	10,688	407,766	1,058,486	1,129,041
Issue of shares upon exercise of share options	於行使購股權時發行股份	1,074	14,686	-	-	-	-	(4,563)	-	10,123	11,197
Loss and total comprehensive expense for the year	年內虧損及全面開支總額	-	-	-	-	-	-	-	(317,578)	(317,578)	(317,578)
Equity-settled share option arrangements	以股權結算的購股權安排	30	-	-	-	-	-	20,712	-	20,712	20,712
Forfeiture of share options	沒收購股權	30	-	-	-	-	-	(1,474)	1,474	-	-
Transfer to statutory surplus fund	轉撥至法定盈餘公積金	-	-	-	(860)	-	-	-	860	-	-
At 31 December 2016 and 1 January 2017	於二零一六年十二月三十一日及二零一七年一月一日	71,629	416,325	141,376	95,478	155	524	25,363	92,522	771,743	843,372
Loss and total comprehensive expense for the year	年內虧損及全面開支總額	-	-	-	-	-	-	-	(435,370)	(435,370)	(435,370)
Equity-settled share option arrangements	以股權結算的購股權安排	30	-	-	-	-	-	5,411	-	5,411	5,411
Forfeiture of share options	沒收購股權	30	-	-	-	-	-	(2,490)	2,490	-	-
At 31 December 2017	於二零一七年十二月三十一日	71,629	416,325	141,376	95,478	155	524	28,284	(340,358)	341,784	413,413

Consolidated Statement of Cash Flows

綜合現金流量表

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

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
	Notes 附註		
OPERATING ACTIVITIES	經營活動		
Loss before tax	除稅前虧損	(438,442)	(309,907)
Adjustments for:	就下列各項調整：		
Interest income	利息收入	6 (83)	(1,072)
Interest expenses	利息開支	7 6,050	7,933
Depreciation	折舊	15 6,467	7,922
Amortisation of prepaid land lease payments	預付土地租金攤銷	16 845	845
Amortisation of intangible assets	無形資產攤銷	17 128,261	105,401
Loss on disposals of items of property, plant and equipment	出售物業、廠房及設備項目虧損	162	6
Impairment loss on intangible assets	無形資產減值虧損	17 537,286	325,616
Impairment loss on non-current assets held for sale	持有待售非流動資產減值虧損	22 23,244	-
Impairment loss on other receivables	其他應收款項減值虧損	-	165
(Reversal of)/impairment loss on trade receivables	應收貿易賬款(減值虧損撥回)/減值虧損	19 (737)	2,065
Write-down of inventories	存貨撇減	98	2,003
Equity-settled share option expenses	以股權結算的購股權開支	5,411	20,712
Fair value (gain)/loss on convertible notes and warrants at fair value through profit or loss	按公平值計入損益之可換股票據及認股權證之公平值(收益)/損失	26 (50,002)	41,617
Gain on derecognition of warrants at fair value through profit or loss	按公平值計入損益之認股權證之終止確認收益	26 (5,067)	(10,444)
Fair value gain on provision for contingent consideration at fair value through profit or loss	按公平值計入損益之或然代價撥備之公平值收益	27 (219,888)	(141,915)
Operating cash flow before changes in working capital	營運資金變動前之經營現金流量	(6,395)	50,947
(Increase)/decrease in inventories	存貨(增加)/減少	(11,403)	4,441
Decrease/(increase) in trade and bills receivables	應收貿易賬款及應收票據減少/(增加)	47,063	(39,163)
Decrease/(increase) in prepayments, deposits and other receivables	預付款項、按金及其他應收款項減少/(增加)	2,831	(151)
(Decrease)/increase in trade and bills payables	應付貿易賬款及應付票據(減少)/增加	(5,888)	15,210
Increase in deposits received, other payables and accruals	已收按金、其他應付款項及應計費用增加	5,002	1,874
Cash generated from operations	經營所得現金	31,210	33,158
Interest received	已收利息	83	1,072
Enterprise income taxes	企業所得稅	(2,997)	(1,026)
Net cash flows generated from operating activities	經營活動所得現金流量淨額	28,296	33,204

Consolidated Statement of Cash Flows

綜合現金流量表

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

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
	Notes 附註		
INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment	投資活動 購置物業、廠房及設備項目	15	(10,438)
Deposits paid for acquisition of property, plant and equipment	購置物業、廠房及設備項目的已付按金		(2,597)
Purchases and addition of intangible assets	購置及新增無形資產	17	(5,800)
Payment of contingent consideration for acquisition of intangible assets	收購無形資產所支付的或然代價		(152,378)
Proceeds from disposals of items of property, plant and equipment	出售物業、廠房及設備項目所得款項		-
Decrease/(increase) in pledged deposits	已質押存款減少/(增加)		(659,410)
			85
			2,156
Net cash flows used in investing activities	投資活動所用現金流量淨額		(14,147)
FINANCING ACTIVITIES			
New shares issued upon exercise of share options	融資活動 於行使購股權時發行新股		-
Repayments of bank loans	償還銀行貸款	25	11,197
Interest paid	已付利息		(5,570)
			(6,050)
Net cash flows used in financing activities	融資活動所用現金流量淨額		(13,050)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	現金及現金等價物增加/(減少)淨額		1,099
Cash and cash equivalents at beginning of year	年初現金及現金等價物		(785,047)
			4,789
CASH AND CASH EQUIVALENTS AT END OF YEAR	年末現金及現金等價物		789,836
			5,888
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS	現金及現金等價物結餘分析		
Cash and bank balances	現金及銀行結餘		4,789
			5,888

Notes to Consolidated Financial Statements

綜合財務報表附註

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

1. CORPORATE INFORMATION

Baofeng Modern International Holdings Company Limited (the “Company”) is a limited liability company incorporated in the Cayman Islands. The registered office address and principal place of business of the Company as disclosed in the “Corporate Information” section of the annual report. The shares of the Company were listed on the Main Board of the Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 28 January 2011 (the “Listing Date”).

The principal activity of the Company is investment holding. Details of the principal activities of its subsidiaries are set out in note 40 to the consolidated financial statements. There were no significant changes in the nature of principal activities of the Company and its subsidiaries (collectively, the “Group”) during the year.

The consolidated financial statements are presented in Renminbi (“RMB”), which is the same as the functional currency of the Company.

In the opinion of the directors of the Company, the immediate holding company and the ultimate holding company of the Company is Best Mark International Limited (“Best Mark”), which was incorporated in the British Virgin Islands (“BVI”). Its ultimate controlling party is Mr. Sze Ching Bor.

1. 公司資料

寶峰時尚國際控股有限公司(「本公司」)為於開曼群島註冊成立的有限責任公司，本公司註冊辦事處及主要營業地點的地址於本年報「公司資料」一節披露。本公司股份於二零一一年一月二十八日(「上市日期」)於香港聯合交易所有限公司(「聯交所」)主板上市。

本公司的主要業務為投資控股。其附屬公司主要業務的詳情載於綜合財務報表附註40。年內本公司及其附屬公司(統稱「本集團」)的主要業務性質並無重大變更。

綜合財務報表以人民幣(「人民幣」)呈列，其亦為本公司之功能貨幣。

本公司董事認為，本公司的直接控股公司及最終控股公司為於英屬處女群島(「英屬處女群島」)註冊成立的Best Mark International Limited(「Best Mark」)。其最終控制人為史清波先生。

Notes to Consolidated Financial Statements

綜合財務報表附註

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

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRSs”)

The Group has applied new and revised IFRSs, which include IFRS(s), International Accounting Standards (“IASs”) and Interpretations, issued by the International Accounting Standards Board (“IASB”) for the first time in the current year:

Amendments to IAS 7	Disclosure Initiative
Amendments to IAS 12	Recognition of Deferred Tax Assets For Unrealised Losses
Amendments to IFRSs	Annual Improvements to IFRSs 2014-2016 Cycle

The application of the new and revised IFRSs 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.

2. 應用新訂及經修訂國際財務報告準則(「國際財務報告準則」)

本集團已於本年度首次應用由國際會計準則理事會(「國際會計準則理事會」)頒佈的新訂及經修訂國際財務報告準則,包括國際財務報告準則、國際會計準則(「國際會計準則」)及詮釋:

國際會計準則第7號(修訂本)	披露計劃
國際會計準則第12號(修訂本)	就未變現虧損確認遞延稅項資產
國際財務報告準則(修訂本)	國際財務報告準則二零一四年至二零一六年周期年度改進

於本年度應用新訂及經修訂國際財務報告準則對本集團於本年度及過往年度之財務表現及狀況及/或該等綜合財務報表所載披露並無重大影響。

Notes to Consolidated Financial Statements

綜合財務報表附註

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

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRSs”) (continued)

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

IFRS 9	Financial Instruments ¹
IFRS 15	Revenue from Contracts with Customers ¹
IFRS 16	Leases ²
IFRS 17	Insurance Contracts ⁵
IFRIC * 22	Foreign Currency Transactions and Advance Consideration ¹
IFRIC 23	Uncertainty over Income Tax Treatments ²
Amendments to IFRS 2	Classification and Measurement of Share-based Payment Transactions ¹
Amendments to IFRS 4	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts ¹
Amendments to IFRS 9	Prepayment Features with Negative Compensation ²
Amendments to IFRS 15	Clarifications to IFRS 15 Revenue from Contracts with Customers ¹
Amendments to IAS 19	Plan Amendment, Curtailment or Settlement ²
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³
Amendments to IAS 28	Long-term Interests in Associates and Joint Ventures ²
Amendments to IAS 28	As part of Annual Improvements to IFRSs 2014–2016 Cycle ¹
Amendments to IAS 40	Transfers of Investment Property ¹
Amendments to IFRSs	Annual Improvements to IFRSs 2015–2017 Cycle ²

* IFRIC represents the International Financial Reporting Standards Interpretation Committee

2. 應用新訂及經修訂國際財務報告準則(「國際財務報告準則」)(續)

本集團並無提早應用以下已頒佈但尚未生效的新訂及經修訂國際財務報告準則：

國際財務報告準則第9號	金融工具 ¹
國際財務報告準則第15號	客戶合約的收益 ¹
國際財務報告準則第16號	租約 ²
國際財務報告準則第17號	保險合約 ⁵
國際財務報告準則詮釋委員會詮釋第22號	外幣交易及預付代價 ¹
國際財務報告準則詮釋委員會詮釋第23號	所得稅處理的不確定性 ²
國際財務報告準則第2號(修訂本)	以股份為基礎的付款交易之分類及計量 ¹
國際財務報告準則第4號(修訂本)	應用國際財務報告準則第9號金融工具連同國際財務報告準則第4號保險合約 ¹
國際財務報告準則第9號(修訂本)	具有負補償之提前還款特性 ²
國際財務報告準則第15號(修訂本)	國際財務報告準則第15號客戶合約的收益之澄清 ¹
國際會計準則第19號(修訂本)	計劃修訂、縮減或清償 ²
國際財務報告準則第10號及國際會計準則第28號(修訂本)	投資者與其聯營公司或合營企業之間的資產出售或注入 ³
國際會計準則第28號(修訂本)	於聯營公司及合營企業之長期權益 ²
國際會計準則第28號(修訂本)	作為國際財務報告準則二零一四年至二零一六年周期年度改進的一部分 ¹
國際會計準則第40號(修訂本)	投資物業轉撥 ¹
國際財務報告準則(修訂本)	國際財務報告準則二零一五年至二零一七年周期年度改進 ²

Notes to Consolidated Financial Statements

綜合財務報表附註

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

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRSs”) (continued)

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 2017 or 1 January 2018, as appropriate.
5. Effective for annual periods beginning on or after 1 January 2021.

IFRS 9 Financial Instruments

IFRS 9 has introduced new requirements for a) classification and measurement of financial assets and financial liabilities, b) impairment of financial assets and c) general hedge accounting.

Specifically, with regard to the classification and measurement of financial assets, IFRS 9 requires all recognised financial assets that are within the scope of IFRS 9 to be subsequently measured at amortised cost or fair value. 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 each of the subsequent accounting periods. Debt investments 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 are solely payments of principal and interest on the principal amount outstanding, are generally measured at fair value through other comprehensive income. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. Further, under IFRS 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 nor contingent consideration recognised by an acquirer in a business combination to which IFRS 3 applies) in other comprehensive income, with only dividend income generally recognised in profit or loss and that cumulative fair value changes will not be reclassified to profit or loss upon derecognition of the investment.

2. 應用新訂及經修訂國際財務報告準則(「國際財務報告準則」)(續)

- 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 於待釐定之日期或之後開始之年度期間生效。
- 4 於二零一七年一月一日或二零一八年一月一日(視情況而定)或之後開始之年度期間生效。
- 5 於二零二一年一月一日或之後開始之年度期間生效。

國際財務報告準則第9號金融工具

國際財務報告準則第9號引入有關a)金融資產及金融負債的分類及計量, b)金融資產減值及c)一般對沖會計處理的新規定。

具體而言,就金融資產的分類及計量,國際財務報告準則第9號要求,所有屬國際財務報告準則第9號範圍的已確認金融資產,須隨後按攤銷成本或公平值計量。目的為收取合約現金流量之業務模式內持有之債務投資,及合約現金流量僅為償還本金及尚未償還本金利息之債務投資,一般於各其後每個會計期間結算日按攤銷成本計量。目的皆以收集合約現金流量及銷售金融資產而達成且按其業務模式內持有之債務投資,及金融資產在合約條款中僅為支付尚未償還欠款之本金和利息,一般按公平值計入其他全面收益計量。所有其他債務投資及股權投資均於其後每個會計期間結算日按公平值計量。此外,根據國際財務報告準則第9號,實體可作出不可撤回之選擇,以於其他全面收益呈列股權投資(並非持作買賣,亦並非收購方於國際財務報告準則第3號適用的業務合併中確認的或然代價)公平值之其後變動,一般只有股息收入於損益內確認,累計公平值變動不會於投資終止確認時重新分類至損益。

Notes to Consolidated Financial Statements

綜合財務報表附註

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

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRSs”) (continued)

IFRS 9 Financial Instruments (continued)

With regard to the measurement of financial liabilities designated as at fair value through profit or loss (“FVTPL”), IFRS 9 requires that the amount of change in the fair value of a financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of such changes in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability’s credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as FVTPL is presented in profit or loss.

With regard to impairment of financial assets, IFRS 9 has adopted an expected credit loss model, as opposed to an incurred credit loss model required under IAS 39. In general, the expected credit loss model requires an entity to assess the change in credit risk of the financial asset since initial recognition at each reporting date and to recognise the expected credit loss depending on the degree of the change in credit risk.

With regard to the general hedge accounting requirements, IFRS 9 retains the three types of hedge accounting mechanisms currently available in IAS 39. Under IFRS 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 effectiveness test has been overhauled and replaced with the principle of an ‘economic relationship’. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity’s risk management activities have also been introduced.

2. 應用新訂及經修訂國際財務報告準則(「國際財務報告準則」)(續)

國際財務報告準則第9號金融工具(續)

就指定為按公平值計入損益(「按公平值計入損益」)之金融負債之計量而言，國際財務報告準則第9號要求，該金融負債之信貸風險變動以致該負債公平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變動會導致或擴大損益中的會計錯配。金融負債之信貸風險引致之公平值變動其後不會重新分類至損益。根據國際會計準則第39號，指定為按公平值計入損益之金融負債之公平值變動全部金額於損益內呈列。

就金融資產減值而言，國際財務報告準則第9號已採納預期信貸虧損模型，而非國際會計準則第39號規定的已發生信貸虧損模型。一般而言，預期信貸虧損模型要求實體於各報告日期評估金融資產自初次確認後的信貸風險變化，並視乎信貸風險變化程度而確認預期信貸虧損。

就一般對沖會計法要求而言，國際財務報告準則第9號保留了國際會計準則第39號中現有的三類對沖會計機制。根據國際財務報告準則第9號，該會計法向合資格作對沖會計之交易類別引入更大靈活性，具體而言，擴大了合資格作為對沖工具之工具類別及合資格作對沖會計之非金融項目之風險部分之類別。此外，有效性測試已徹底改變，以「經濟關係」原則取代。亦不再需要對對沖有效性進行追溯評估。亦已引入有關實體風險管理活動之加強披露規定。

Notes to Consolidated Financial Statements

綜合財務報表附註

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

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRSs”) (continued)

IFRS 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 IFRS 9:

Classification and measurement

Except for financial assets which are subject to expected credit loss model under IFRS 9, all other financial assets and financial liabilities will continue to be measured on the same bases as are currently measured under IAS 39.

The Group currently does not have any debt instruments and equity securities and therefore this new requirement with respect to investments in debt instruments and equity securities may not have any impact on the Group on adoption of IFRS 9.

Impairment

In general, the directors of the Company anticipate that the application of the expected credit loss model of IFRS 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 subject to the impairment provisions upon application of IFRS 9 by the Group. The Group has assessed how its impairment provisions would be affected by the new model. So far it has concluded that there would be no material impact for the application of the new impairment requirements.

Hedge accounting

IFRS 9 does not fundamentally change the requirements relating to measuring and recognising ineffectiveness under IAS 39. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting. The Group did not have any such hedging instruments as at 31 December 2017 and thus the Group’s consolidated financial statements will not be impacted.

2. 應用新訂及經修訂國際財務報告準則(「國際財務報告準則」)(續)

國際財務報告準則第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，本公司董事預計首次應用國際財務報告準則第9號之潛在影響如下：

分類及計量

除須受國際財務報告準則第9號項下預期信貸虧損模式規限之金融資產外，所有其他金融資產及金融負債將繼續按目前根據國際會計準則第39號計量之相同基準計量。

本集團目前概無任何債務工具及權益證券，故有關投資債務工具及權益證券之新規定於採納國際財務報告準則第9號後不會對本集團產生任何影響。

減值

一般而言，本公司董事預期應用國際財務報告準則第9號之預期信貸虧損模式將導致本集團提早就有關本集團按攤銷成本計量之金融資產及其他於本集團應用國際財務報告準則第9號時須計提減值撥備之項目相關之尚未產生的信貸虧損計提撥備。本集團已評估其減值撥備將如何受新模式影響。截至目前，其認為應用新減值規定將不會產生重大影響。

對沖會計處理

國際財務報告準則第9號並無從根本上改變國際會計準則第39號項下有關於計量及確認無效之規定。然而，對符合對沖會計處理之交易類別已引入更大靈活性。由於本集團於二零一七年十二月三十一日概無任何該等對沖工具，故本集團的綜合財務報表將不會受到影響。

Notes to Consolidated Financial Statements

綜合財務報表附註

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

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRSs”) (continued)

IFRS 15 Revenue from Contracts with Customers and the Clarifications to IFRS 15

IFRS 15 establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related Interpretations when it becomes effective.

The core principle of IFRS 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, IFRS 15 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

Under IFRS 15, an entity recognises revenue when 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 IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

The directors of the Company do not anticipate that the adoption of IFRS 15 in the future will have a significant impact on the Group’s consolidated financial statements.

2. 應用新訂及經修訂國際財務報告準則(「國際財務報告準則」)(續)

國際財務報告準則第15號客戶合約的收益及國際財務報告準則第15號之澄清

國際財務報告準則第15號建立一個單一之綜合模型，以供實體將客戶合約產生之收益入賬。國際財務報告準則第15號將在生效時取代現有收益確認指引，包括國際會計準則第18號收益、國際會計準則第11號建設合約及相關詮釋。

國際財務報告準則第15號之核心原則為，實體應確認收益以體現向客戶轉讓承諾貨物或服務之數額，並反映實體預期交換該等貨物或服務而應得之代價。具體而言，國際財務報告準則第15號引入五步法確認收益：

- 第1步：確定與一名客戶之合約
- 第2步：確定合約內之履約責任
- 第3步：釐定交易價格
- 第4步：將交易價格分攤至合約內之履約責任
- 第5步：當實體符合履約責任時確認收益

根據國際財務報告準則第15號，當實體符合履約責任時(即當貨物或服務有關特定履約責任的「控制權」轉移予客戶時)確認收益。

更為規範之指引已加入國際財務報告準則第15號內，以處理特別情況。此外，國際財務報告準則第15號要求作出廣泛披露。

本公司董事預計，日後採納國際財務報告準則第15號將不會對本集團的綜合財務報表產生重大影響。

Notes to Consolidated Financial Statements

綜合財務報表附註

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

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs") (continued)

IFRS 16 Leases

IFRS 16 will supersede the current lease guidance including IAS 17 Leases and the related interpretations when it becomes effective.

With regard to lessee accounting, the distinction of operating leases and finance leases, as required by IAS 17, has been replaced by a model which requires a right-of-use asset and a corresponding liability to be recognised for all leases by lessees except for short-term leases and leases of low value assets. Specifically, 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 re-measurement 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.

Furthermore, the classification of cash flows will also be affected as operating lease payments under IAS 17 are presented as operating cash flows; whereas, under the IFRS 16 model, the lease payments will be split into a principal and an interest portion which will be presented as financing and operating cash flows respectively.

With regard to lessor accounting, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, IFRS 16 requires extensive disclosures in the financial statements.

The directors of the Company do not anticipate that the adoption of IFRS 16 in the future will have a significant impact on the Group's consolidated financial statements.

2. 應用新訂及經修訂國際財務報告準則(「國際財務報告準則」)(續)

國際財務報告準則第16號租約

國際財務報告準則第16號將在生效時取代現有租約指引，包括國際會計準則第17號租約及相關詮釋。

就承租人會計而言，國際會計準則第17號所規定的經營租約及融資租約的區分已由另一種模式取代，該模式要求承租人就所有租約確認使用權資產及相應負債，惟短期租約及低價值資產租約除外。具體而言，使用權資產初始按成本進行計量，其後按成本(若干例外情況除外)減去累計折舊及減值虧損計量，並就租賃負債的任何重新計量進行調整。租賃負債初始以該日未支付的租約付款的現值計量。其後，租賃負債就利息及租約付款進行調整。

此外，現金流量分類亦會受到影響，因為根據國際會計準則第17號的經營租約付款列為經營現金流量；而根據國際財務報告準則第16號的模式，租約付款將分為本金及利息部分，分別呈列作融資及經營現金流量。

就出租人會計而言，國際財務報告準則第16號實質上沿用國際會計準則第17號中的出租人會計規定，並繼續要求出租人將租約分類為經營租約或融資租約。

此外，國際財務報告準則第16號要求在財務報表中進行廣泛披露。

本公司董事預計，日後採納國際財務報告準則第16號將不會對本集團的綜合財務報表產生重大影響。

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綜合財務報表附註

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

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRSs”) (continued)

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

The amendments clarify the following:

- In estimating the fair value of a cash-settled share-based payment, the accounting for the effects of vesting and non-vesting conditions should follow the same approach as for equity-settled share-based payments.
- Where tax law or regulation requires an entity to withhold a specified number of equity instruments equal to the monetary value of the employee's tax obligation to meet the employee's tax liability which is then remitted to the tax authority, i.e. the share-based payment arrangement has a 'net settlement feature', such an arrangement should be classified as equity-settled in its entirety, provided that the share-based payment would have been classified as equity-settled had it not included the net settlement feature.
- A modification of a share-based payment that changes the transaction from cash-settled to equity-settled should be accounted for as follows: the original liability is derecognised. The equity-settled share-based payment is recognised at the modification date fair value of the equity instrument granted to the extent that services have been rendered up to the modification date. Any difference between the carrying amount of the liability at the modification date and the amount recognised in equity should be recognised in profit or loss immediately.

The Group does not have any cash-settled share-based payment arrangements or any withholding tax arrangements with tax authorities in relation to share-based payments and hence the directors of the Company do not anticipate that the application of the amendments in the future will have a significant impact on the Group's consolidated financial statements.

2. 應用新訂及經修訂國際財務報告準則(「國際財務報告準則」)(續)

國際財務報告準則第2號以股份為基礎的付款交易之分類及計量(修訂本)

該等修訂澄清以下各項：

- 在估計現金結算的股份付款的公平值時，歸屬和非歸屬條件的影響的會計處理應遵循按股權結算的股份付款相同的方針。
- 倘若稅務法律或法規要求實體預扣相等於僱員稅務責任的貨幣價值之指定數目股本工具以應付僱員的稅項負債然後匯給稅務機關，即股份付款安排具有「淨結算特徵」，則此類安排應整項分類為按股權結算，前提是倘若並不包括淨結算特徵，則股份付款將歸類為按股權結算。
- 將交易從現金結算改為按股權結算的股份付款的修訂應按以下方式入賬：原始負債被終止確認。按股權結算的股份付款按所授予股本工具的修訂日之公平值確認，並以直至修訂日已提供的服務為限。修訂日的負債賬面值與權益中確認的金額之間的差額，應立即在損益內確認。

本集團並無任何現金結算的股份付款安排或與稅務機關訂有關於股份付款的預扣稅務安排，因此，本公司董事預計於未來應用有關修訂不會對本集團的綜合財務報表造成重大影響。

Notes to Consolidated Financial Statements

綜合財務報表附註

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

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (“IFRSs”) (continued)

IFRIC 22 Foreign Currency Transactions and Advance Consideration

This Interpretation addresses how to determine the date of the transaction for the purpose of determining the exchange rate to be used on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration in a foreign currency. The Interpretation concludes that the date of the transaction for the abovementioned purpose is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration.

The directors of the Company do not anticipate that the application of the Interpretation will have a material impact on the Group's consolidated financial statements.

Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the re-measurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The directors of the Company do not anticipate that the application of the Interpretation will have a material impact on the Group's consolidated financial statements.

2. 應用新訂及經修訂國際財務報告準則(「國際財務報告準則」)(續)

國際財務報告準則詮釋委員會詮釋第22號外幣交易及預付代價

該詮釋闡述如何釐定交易日期，以釐定在終止確認因預先支付或收到外幣代價所產生的非貨幣資產或非貨幣負債時，初次確認相關資產、開支或收入(或其中一部分)將使用的匯率。該詮釋的結論是，就上述目的而言的交易日期，為實體初步確認因預先支付或收到代價所產生的非貨幣資產或非貨幣負債之日。

本公司董事預計應用該詮釋不會對本集團的綜合財務報表造成重大影響。

國際財務報告準則第10號及國際會計準則第28號(修訂本)投資者與其聯營公司或合營企業之間的資產出售或注入

國際財務報告準則第10號及國際會計準則第28號(修訂本)處理投資者與其聯營公司或合營企業之間的資產出售或注入。具體而言，該等修訂訂明，因失去與聯營公司或合營企業(以權益法列賬)的交易中並無包含業務之附屬公司之控制權而產生之盈虧，於母公司損益內確認，且僅以非相關投資者於該聯營公司或合營企業之權益為限。類似地，於(已成為聯營公司或合營企業(以權益法列賬)之)任何前附屬公司所保留之投資按公平值重新計量所產生之盈虧，於前母公司損益內確認，且僅以非相關投資者於新聯營公司或合營企業之權益為限。

本公司董事預計應用該詮釋不會對本集團的綜合財務報表造成重大影響。

Notes to Consolidated Financial Statements

綜合財務報表附註

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

3. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The consolidated financial statements have been prepared in accordance with all the applicable individual IFRSs with collective term includes all applicable individual IFRSs, IASs and Interpretations issued by the IASB. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities (“Listing Rules”) on the Stock Exchange and by the Hong Kong Companies Ordinance.

Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for convertible notes, warrants and provision for contingent consideration which are measured at fair value at the end of each reporting period, as explained in the accounting policy set out below.

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 in the 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 IFRS 2, leasing transactions that are within the scope of IAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

3. 主要會計政策

合規聲明

綜合財務報表乃根據國際會計準則理事會頒佈之所有適用之個別國際財務報告準則(包括所有適用之個別國際財務報告準則、國際會計準則及詮釋)編製。此外，綜合財務報表載有聯交所證券上市規則(「上市規則」)及香港公司條例所規定的適用披露資料。

編製基準

綜合財務報表乃按歷史成本基準編製，惟於各呈報期末按公平值計量的可換股票據、認股權證及或然代價撥備除外，詳情見下文會計政策。

歷史成本一般按換取貨物及服務所付代價的公平值釐定。

公平值乃指市場參與者之間於計量日進行的有序交易中出售資產可收取或轉讓負債須支付的價格，無論該價格是直接觀察到還是採用其他估值方法作出的估計。在對資產或負債的公平值作出估計時，本集團會考慮市場參與者在計量日對該資產或負債定價時所考慮的特徵。在此等綜合財務報表中作計量及／或披露用途的公平值均按此基準釐定，惟國際財務報告準則第2號範圍內的以股份為基礎的付款交易、國際會計準則第17號範圍內的租賃交易與公平值有部分地方相若但並非公平值的計量(譬如國際會計準則第2號中的可變現淨值或國際會計準則第36號中的使用價值)除外。

Notes to Consolidated Financial Statements

綜合財務報表附註

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

3. SIGNIFICANT ACCOUNTING POLICIES

(continued)

Basis of preparation (continued)

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.

Going concern

As at 31 December 2017, the Group's current liabilities exceeded its current assets by approximately RMB183,775,000. The Group incurred a loss for the year of RMB435,370,000. These conditions indicate the existence of a material uncertainty which may cast significant doubt on the Group's ability to continue as a going concern and therefore, the Group may not be able to realise its assets and discharge its liabilities in the normal course of business.

3. 主要會計政策(續)

編製基準(續)

此外，就財務呈報而言，公平值計量根據公平值計量輸入值的可觀察程度及公平值計量輸入值對其整體的重要性分類為第1級、第2級或第3級，詳情如下：

- 第1級 輸入值為實體於計量日可取得的相同資產或負債於活躍市場的未經調整報價；
- 第2級 輸入值為除第1級所含報價以外資產或負債的直接或間接可觀察輸入值；及
- 第3級 輸入值為資產或負債的不可觀察輸入值。

持續經營

於二零一七年十二月三十一日，本集團的流動負債超出其流動資產約人民幣183,775,000元。本集團產生了人民幣435,370,000元的年內虧損。這些狀況表明存在重大不確定性，可能對本集團持續經營的能力產生重大疑問，因此，本集團可能無法於日常業務中變現其資產及清償其負債。

Notes to Consolidated Financial Statements

綜合財務報表附註

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

3. SIGNIFICANT ACCOUNTING POLICIES

(continued)

Basis of preparation (continued)

Going concern (continued)

In view of such circumstances, the directors of the Company have given careful consideration to future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will be able to finance its future working capital and finance requirements. Certain measures have been taken to manage its liquidity needs and to improve its financial position which include, but are not limited to, the following:

1. The Group will negotiate with the banks in the People's Republic of China ("PRC") for the renewal of the Group's PRC bank borrowings when they fall due to secure necessary facilities to meet the Group's working capital and financial requirements in the near future. The directors of the Company have evaluated all the relevant facts available to them and are of the opinion that the Group has a good track record or relationship with the banks which will enhance the Group's ability to renew the Group's PRC bank borrowings upon expiry; and
2. Convertible notes with principal amounts of HK\$110,880,000 and HK\$73,920,000 respectively were issued to Bluestone Technologies (Cayman) Limited ("Bluestone") and will be matured on 16 December 2018 and 2 February 2019 (the "Maturity Dates") respectively. Pursuant to the memorandum signed by Bluestone on 28 March 2018, Bluestone is willing to extend the date of repayment for 1 year from the Maturity Dates in circumstances that i) the convertible notes are not converted into conversion shares before the Maturity Dates; ii) the conversion price per conversion share is higher than the share price of the Company on the Maturity Dates; and iii) Bluestone selects the option to request the Company to repay the principal amount of such convertible notes.

3. 主要會計政策(續)

編製基準(續)

持續經營(續)

鑒於該等情況，在評估本集團是否有能力滿足未來營運資金及財務需要時，本公司董事已審慎考慮本集團的未來流動資金及表現以及其可用融資來源。已採取若干措施管理其流動資金需要及改善其財務狀況，包括但不限於以下各項：

1. 本集團將與中華人民共和國(「中國」)內的銀行磋商，以在本集團的國內銀行借貸到期時續期，取得必要的融資以滿足本集團近期的營運資金及財務需要。本公司董事已評估其已知的所有事實，並認為本集團具有良好的往績記錄或與銀行關係良好，這將加強本集團在國內銀行借貸到期時續期的能力；及
2. 本金額分別為110,880,000港元及73,920,000港元之可換股票據已發行予藍石科技(開曼)有限公司(「藍石」)並將分別於二零一八年十二月十六日及二零一九年二月二日(「到期日」)到期。根據藍石於二零一八年三月二十八日簽署之備忘錄，於下列情況下藍石願意將償還日期延遲自到期日期起1年：i)可換股票據於到期日之前並未轉換為轉換股份；ii)每股轉換股份之轉換價高於到期日本公司之股價；及ii)藍石選擇要求本公司償還該等可換股票據之本金額。

Notes to Consolidated Financial Statements

綜合財務報表附註

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

3. SIGNIFICANT ACCOUNTING POLICIES

(continued)

Basis of preparation (continued)

Going concern (continued)

The directors of the Company have reviewed the Group's cash flow projections prepared by management. The cash flow projections cover a period of not less than fifteen months from the date of the consolidated statement of financial position. The directors of the Company are of the opinion that, taking into account the above-mentioned plans and measures, the Group would have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within the next fifteen months from the date of the consolidated statement of financial position. Accordingly, the directors of the Company are of the opinion that it is appropriate to prepare the consolidated financial statements for the year ended 31 December 2017 on a going concern basis.

Should the Group be unable to continue to operate as a going concern, adjustments would have to be made to write down the value of assets to their recoverable amounts, to provide for further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities respectively. The effect of these adjustments has not been reflected in the consolidated financial statements.

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.

3. 主要會計政策(續)

編製基準(續)

持續經營(續)

本公司董事已審閱管理層編製的本集團現金流量預測。現金流量預測涵蓋綜合財務狀況表日起不少於十五個月的期間。本公司董事認為，經考慮上述計劃及措施，本集團將具有充足的營運資金，可於綜合財務狀況表日起未來十五個月內為經營提供資金及滿足到期財務責任。因此，本公司董事認為，按持續經營基準編製截至二零一七年十二月三十一日止年度的綜合財務報表屬適當。

如本集團無法繼續持續經營，將須作出調整，以將資產價值撇減至可收回金額，就可能出現的其他負債作出撥備，並將非流動資產及非流動負債分別重新分類為流動資產及流動負債。該等調整的影響並未反映在綜合財務報表中。

綜合入賬基準

綜合財務報表合併本公司及本公司(及其附屬公司)所控制實體的財務報表。本公司符合以下情況時，即取得控制權：

- 有權控制投資對象；
- 因其參與投資對象業務而承擔或享有浮動回報的風險或權利；及
- 有能力以其權力影響其回報。

倘有事實及情況顯示上列三項控制權要素當中一項或多項出現變動，本集團會重新評估其是否對投資對象擁有控制權。

Notes to Consolidated Financial Statements

綜合財務報表附註

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

3. SIGNIFICANT ACCOUNTING POLICIES

(continued)

Basis of consolidation (continued)

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.

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

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income.

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.

Investments in subsidiaries

Investments in subsidiaries are stated on the statement of financial position of the Company at cost less any identified impairment loss. The results of the subsidiaries are accounted for by the Company as the basis of dividend received and receivable.

3. 主要會計政策(續)

綜合入賬基準(續)

附屬公司的綜合入賬於本集團取得對有關附屬公司的控制權開始，並於本集團失去對有關附屬公司的控制權時終止。具體而言，年內所收購或出售附屬公司的收入及開支乃自本集團取得控制權之日起計入綜合損益及其他全面收益表，直至本集團不再控制有關附屬公司之日為止。

損益及其他全面收益的每個項目乃歸屬於本公司擁有人及非控股權益。附屬公司的全面收益總額歸屬於本公司擁有人及非控股權益，即使此舉會導致非控股權益產生虧損結餘。

於必要時，本集團將對附屬公司的財務報表作出調整，以令彼等的會計政策與本集團的會計政策一致。

本集團將轉讓的任何或然代價乃於收購日期按公平值確認。按國際會計準則第39號被視為一項資產或負債的或然代價公平值之後續變動，於損益內確認或確認為其他全面收益變動。

有關本集團成員之間交易的所有集團內公司間的資產及負債、權益、收入、支出及現金流量於綜合入賬時悉數對銷。

於附屬公司的投資

於附屬公司的投資按成本減任何已識別減值虧損於本公司的財務狀況表列賬。附屬公司的業績由本公司按已收及應收股息入賬。

Notes to Consolidated Financial Statements

綜合財務報表附註

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

3. SIGNIFICANT ACCOUNTING POLICIES

(continued)

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-makers (“CODM”). The CODM, who are responsible for allocating resources and assessing performance of the operating segments, have been identified as the executive directors that make strategic decisions.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for goods sold in the normal course of business, net of discounts and sales related taxes. Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

3. 主要會計政策(續)

分部呈報

經營分部的呈報方式與向主要經營決策者(「主要經營決策者」)提供的內部報告一致。主要經營決策者被確認為作出策略性決策的執行董事，負責經營分部的資源分配及表現評估。

收益確認

收益乃按一般業務過程中已售貨品的已收或應收代價公平值計量(扣除折扣及相關銷售稅項)。銷售貨品的收益於貨品交付及所有權轉移，並符合下列所有條件時確認：

- 本集團已將貨品所有權的大部分風險及回報轉移至買方；
- 本集團並無保留一般與所有權相關的持續管理參與，亦無實際控制已售貨品；
- 能可靠計量收益金額；
- 與交易相關的經濟利益可能流入本集團；及
- 交易已產生或將產生的成本能可靠計量。

Notes to Consolidated Financial Statements

綜合財務報表附註

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

3. SIGNIFICANT ACCOUNTING POLICIES

(continued)

Revenue recognition (continued)

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to 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 below.

Leasing

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

The Group as lessor

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

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. 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, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

3. 主要會計政策(續)

收益確認(續)

金融資產的利息收入於經濟利益很可能流入本集團及收入金額能可靠計量時確認。利息收入乃按時間基準，並參考未償還本金及適用實際利率累計，實際利率即於金融資產的預期年期內，將估計未來現金收入準確折現至初次確認資產賬面淨值的利率。

本集團有關確認經營租約收益的會計政策於下文租約會計政策載述。

租約

凡租約條款規定將擁有權的絕大部分風險及回報轉移至承租人的租約會分類為融資租約。所有其他租約均分類為經營租約。

本集團作為出租人

經營租約的租金收入在有關租賃期內按直線法於損益內確認。在磋商及安排經營租約時產生的初步直接成本計入租賃資產的賬面值，並於租賃年期以直線法確認。

本集團作為承租人

經營租約付款乃於租賃年期以直線法確認為開支，惟倘另一系統化基準更能代表租賃資產耗用經濟利益的時間模式則除外。經營租約所產生的或然租金乃於其產生的期間確認為開支。

倘訂立經營租約時獲得租賃優惠，則有關優惠會確認為負債。優惠總利益以直線法確認為扣減租金開支，惟倘另一系統化基準更能代表租賃資產耗用經濟利益的時間模式則除外。

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3. SIGNIFICANT ACCOUNTING POLICIES

(continued)

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.

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

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 at the dates of the transactions. At the end of the 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 retranslated.

Exchange differences on monetary items, are recognised in profit or loss in the period in which they arise.

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. RMB) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during the year, in which case, the exchange rate prevailing at the dates of the transaction are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of exchange fluctuation reserve.

3. 主要會計政策(續)

借貸成本

用作收購、建設或生產(即需要一段長時間方可達致其擬定用途或銷售的資產)直接相關的借貸成本計入該等資產的成本內,直至該等資產基本上達致其擬定用途或銷售為止。

所有其他借貸成本於產生期間於損益內確認。

外幣

於編製個別集團實體的財務報表時,以該實體功能貨幣以外貨幣(外幣)結算的交易按交易當日的適用匯率確認。於呈報期末,以外幣計值的貨幣項目會按該日的匯率重新換算。按公平值以外幣列賬的非貨幣項目乃按公平值釐定當日的適用匯率重新換算。按外幣歷史成本計量的非貨幣項目毋須重新換算。

貨幣項目的匯兌差額於產生期間於損益內確認。

就呈列綜合財務報表而言,本集團海外業務的資產及負債乃採用於各呈報期末的適用匯率換算為本集團的呈列貨幣(即人民幣),除非年內匯率出現大幅波動,在該情況下,則須按於該等日期之現行匯率換算。收入及開支項目則按年內平均匯率換算。所產生的匯兌差額(如有)於其他全面收入內確認並於權益中的匯兌波動儲備項下累計。

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綜合財務報表附註

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3. SIGNIFICANT ACCOUNTING POLICIES

(continued)

Retirement benefit costs

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for all of its employees in Hong Kong. Contributions are made based on a percentage of the employees' basic salaries and are recognised as an expense as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The employees of the Group's subsidiary which operates in PRC are required to participate in central pension scheme operated by the local municipal government. The subsidiary is required to contribute a certain percentage of its payroll costs to the central pension scheme. The contributions are charged to the profit or loss as they become payable in accordance with the rules of the central pension scheme.

The Group contributes on a monthly basis to defined contribution housing, medical and other benefit plans organised by the PRC government. The PRC government undertakes to assume the benefit obligations of all existing and retired employees under these plans. Contributions to these plans by the Group are expensed as incurred. The Group has no further obligations for benefits for their qualified employees under these plans.

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.

3. 主要會計政策(續)

退休福利成本

本集團根據強制性公積金計劃條例，為其香港所有僱員設有定額供款強制性公積金退休福利計劃(「強積金計劃」)。供款乃根據僱員底薪的一定百分比作出，並根據強積金計劃規則於供款到期應付時確認為開支。強積金計劃資產與本集團資產分開，乃透過獨立管理基金持有。本集團的僱主供款於向強積金計劃作出供款時全數歸屬僱員所有。

本集團於中國經營的附屬公司的僱員需要參與由地區市政府運作的中央退休金計劃。附屬公司須就中央退休金計劃於薪酬成本中作若干百分比的供款。根據中央退休金計劃的規則，供款因已成為應付款項而計入損益。

本集團每月向中國政府設立的定額供款住房、醫療及其他福利計劃供款。中國政府保證承擔該等計劃保障的所有現職及退休僱員的福利義務。本集團對該等計劃的供款於產生時列支。本集團就該等計劃對其合資格僱員並無其他福利方面的義務。

政府補貼

政府補貼僅於有合理保證本集團符合該補貼的附帶條件而可收取該補貼時，方予確認。

作為已產生開支或虧損的應收補償或就給予本集團即時財務資助而未來無相關成本的政府補貼，於成為應收款項的期間於損益內確認。

Notes to Consolidated Financial Statements

綜合財務報表附註

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

3. SIGNIFICANT ACCOUNTING POLICIES

(continued)

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 tax" as reported in the consolidated statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for 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 bases 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 difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

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 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.

3. 主要會計政策(續)

稅項

所得稅開支指即期應付稅項及遞延稅項的總和。即期應付稅項乃根據年內的應課稅溢利計算。應課稅溢利與綜合損益及其他全面收益表中所呈報的「除稅前溢利」不同，乃由於應課稅溢利不包括在其他年度應課稅收入或可扣稅開支項目，亦不包括毋須課稅及不可扣稅項目。本集團的即期稅項負債乃按呈報期末已頒佈或實際已頒佈的稅率計算。

遞延稅項乃根據綜合財務報表內資產及負債賬面值與計算應課稅溢利所採用相應稅基的暫時差額確認。遞延稅項負債一般會就所有應課稅暫時差額確認。遞延稅項資產只限於在有應課稅溢利可供對銷的所有可扣稅暫時差額時方會確認。

遞延稅項負債乃就投資於附屬公司所產生的應課稅暫時差額予以確認，除非本集團可控制暫時差額的撥回，且此暫時差額在可見將來可能不會撥回。

遞延稅項資產及負債根據於呈報期末已頒佈或實際已頒佈的稅率(及稅法)，並按於清還負債及變現資產期間預期應用的稅率計量。

遞延稅項負債及資產的計量，反映本集團在呈報期末預期收回或清償其資產及負債賬面值的方式所導致的稅務後果。

Notes to Consolidated Financial Statements

綜合財務報表附註

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

3. SIGNIFICANT ACCOUNTING POLICIES

(continued)

Taxation (continued)

Current and deferred tax are 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.

Leasehold land and building

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire lease is classified as an operating lease.

Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease. To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as “prepaid land lease payments” in the consolidated statement of financial position and is amortised over the lease term on a straight-line basis.

Property, plant and equipment

Property, plant and equipment including buildings held for use in the production or supply of goods or for administrative purposes are stated in the consolidated statement of financial position at cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of assets 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.

3. 主要會計政策(續)

稅項(續)

即期及遞延稅項乃於損益內確認，除非是有關已於其他全面收入內或直接於權益中確認的項目，則此等即期及遞延稅項亦分別於其他全面收入內或直接於權益中確認。

租賃土地及樓宇

倘租約包括土地及樓宇成分，本集團根據各成分擁有權所附帶的絕大部分風險及回報是否已轉移至本集團的評估，決定將成分分類為融資或經營租約，除非明確兩類租約均為經營租約，於該情況下，整份租約會分類為經營租約。

具體來說，最低租金付款(包括任何一次性預付款)於租賃開始時按租賃的土地成分及樓宇成分之租賃權益的相對公平值比例在土地與樓宇成分之間進行分配。倘租賃款項能夠可靠分配，以經營租約入賬的租賃土地權益於綜合財務狀況表中呈列為「預付土地租金」，並於租賃年期按直線法攤銷。

物業、廠房及設備

物業、廠房及設備(包括持作生產或供應貨品或作行政用途的樓宇)於綜合財務狀況表中按成本減其後累計折舊及累計減值虧損(如有)列賬。

折舊乃於估計可使用年期使用直線法撇銷資產成本減其剩餘價值而確認。估計可使用年期、剩餘價值及折舊方法於各呈報期末檢討，而任何估計變動的影響會按前瞻基準入賬。

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綜合財務報表附註

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3. SIGNIFICANT ACCOUNTING POLICIES

(continued)

Property, plant and equipment (continued)

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, as the same basis as other property assets, commences when the assets are ready for their intended use.

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 land 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).

Non-current assets held for sale

Non-current assets are classified as held for sale when their carrying amounts are to be recovered principally through sale transactions and sales are considered highly probable. It is stated at the lower of carrying amount and fair value less costs to sell.

3. 主要會計政策(續)

物業、廠房及設備(續)

作生產或供應貨品或行政用途的在建物業按成本減任何已確認減值虧損列賬。成本包括專業費及就合資格資產而言，根據本集團會計政策資本化的借貸成本。該等物業落成及可作擬定用途時，將分類至適當類別的物業、廠房及設備。該等資產的折舊按與其他物業資產採用相同的基準進行，在資產可作擬定用途時開始折舊。

物業、廠房及設備項目乃於出售時或當預期持續使用該資產將不會產生未來經濟利益時終止確認。於終止確認該資產時產生之任何收益或虧損(以出售所得款項淨額與該項目之賬面值間之差額計算)乃計入年度之損益內。

作將來業主自用的在建樓宇

倘樓宇正處於開發階段，以作生產或行政用途，於建築期內計提的預付土地租金攤銷則計入在建樓宇成本之一部分。在建樓宇乃按成本減任何已識別減值虧損列賬。當該等樓宇可投入使用(即其地點及狀況已符合管理層擬定營運要求)時，則開始計提折舊。

持有待售非流動資產

當非流動資產之賬面值乃主要透過出售交易收回，且有關出售被視為極可能發生，則分類為持有待售，並按賬面值與公平值減出售成本之較低者列賬。

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綜合財務報表附註

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3. SIGNIFICANT ACCOUNTING POLICIES

(continued)

Research and development costs

All research costs are charged to the consolidated statement of profit or loss and other comprehensive income as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

Deferred development costs are stated at cost less any impairment losses and are amortised on a systematic basis with reference to projected sales volume, upon future sales volume of related products.

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses. 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.

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

3. 主要會計政策(續)

研究及開發成本

所有研究成本於產生時計入綜合損益及其他全面收益表。

開發新產品項目產生的開支僅於本集團可展示完成無形資產的技術可行性因而可供使用及銷售、完成的意圖及使用或出售資產的能力、資產如何產生未來經濟利益的方法、完成項目的可用資源及於發展期間能可靠地計量開支時才可資本化及遞延。開發產品的開支倘未能符合此等要求，會於產生時計入開支。

遞延開發成本按成本扣除任何減值虧損後列賬，並根據有關產品的預計未來銷售數量參考預測銷量以系統基準攤銷。

單獨收購的無形資產

單獨收購可使用年期有限的無形資產按成本減累計攤銷及任何累計減值虧損列賬。可使用年期有限的無形資產於估計可使用年期以直線法攤銷。估計可使用年期及攤銷方法於各呈報期末檢討，而任何估計變動的影響會按前瞻基準入賬。

無形資產乃於出售時或當預期使用或出售該資產將不會產生未來經濟利益時終止確認。於終止確認無形資產時產生的收益或虧損乃按出售所得款項淨額與資產賬面值之間的差額計量，並於該資產終止確認期間在損益內確認。

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綜合財務報表附註

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3. SIGNIFICANT ACCOUNTING POLICIES

(continued)

Impairment losses on assets

At the end of the reporting period, the Group reviews the carrying amounts of its tangible and intangible assets 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 individual asset, 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 unit, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or the cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or the 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 the cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

3. 主要會計政策(續)

資產的減值虧損

於呈報期末，本集團檢討其有形及無形資產的賬面值，以確定是否存在跡象顯示該等資產蒙受減值虧損。倘出現有關跡象，將對該項資產的可收回金額進行估計，從而確定其減值虧損程度(如有)。倘無法估計個別資產的可收回金額，本集團將估計其所屬現金產生單位的可收回金額。倘可確定合理及一致的分配基準，則公司資產會分配至個別現金產生單位，否則將分配至可確定合理及一致分配基準的最小現金產生單位組。

可收回金額是指減去出售成本後的公平值與使用價值兩者中的較高者。於評估使用價值時，估計未來現金流量按稅前貼現率折算至其現值，該折現率反映當期市場對貨幣時間價值的評估及未來現金流量估計未予調整的資產的特定風險。

倘估計資產(或現金產生單位)的可收回金額低於其賬面值，則該資產(或現金產生單位)的賬面值減低至其可收回金額。減值虧損會即時於損益內確認。

倘其後撥回減值虧損，則該項資產(或現金產生單位)的賬面值增加至其經修訂的估計可收回金額，而已增加的賬面值不得高於假設於過往年度並未確認該項資產(或現金產生單位)的減值虧損所應釐定的賬面值。撥回的減值虧損即時於損益內確認。

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綜合財務報表附註

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

3. SIGNIFICANT ACCOUNTING POLICIES

(continued)

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.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks or other financial institutions and short-term highly liquid investments that are readily convertible to known amount of cash, are subject to an insignificant risk of damages in value, and having been within three months of maturing of acquisition.

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.

Financial assets

The Group's financial assets are loans and receivables. 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.

3. 主要會計政策(續)

存貨

存貨按成本與可變現淨值之較低者列賬。存貨成本按加權平均法計算。可變現淨值指估計存貨售價減所有估計完成成本及作出銷售所需之成本。

現金及現金等價物

就綜合現金流量表而言，現金及現金等價物包括銀行及手頭現金、銀行或其他金融機構之活期存款及購入後三個月內到期，可隨時轉換為已知金額現金的短期高變現能力且價值變動風險不重大的投資。

金融工具

金融資產及金融負債於集團實體成為合約條文的訂約方時確認入賬。

金融資產及金融負債初步按公平值計量。直接因收購或發行金融資產及金融負債而產生的交易成本於首次確認時金融資產或金融負債(不包括按公平值計入損益的金融資產或金融負債)的公平值入賬或扣除(視乎情況而定)。因收購按公平值計入損益的金融資產或金融負債的交易成本，即時於損益內確認。

金融資產

本集團的金融資產分為貸款及應收款項。所有常規的金融資產買賣均按交易日基準確認及取消確認。常規買賣為須於根據市場法規或慣例所確定的時間內交付資產的金融資產買賣。

Notes to Consolidated Financial Statements

綜合財務報表附註

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

3. SIGNIFICANT ACCOUNTING POLICIES

(continued)

Financial instruments (continued)

Financial assets (continued)

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.

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, financial assets included in prepayments, deposits and other receivables, pledged deposits and cash and bank balances are measured at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss on financial assets below).

Interest income is recognised by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.

3. 主要會計政策(續)

金融工具(續)

金融資產(續)

實際利率法

實際利率法是計算債務工具攤銷成本及按有關期間攤分利息收入的方法。實際利率乃為一種在債務工具的預期年期，或較短期間(倘合適)將估計未來現金收入(包括所有已付或收取並為實際利率組成部分的費用及點數、交易成本及其他溢價或折讓)精確貼現至初次確認時的賬面淨額的利率。

就債務工具而言，利息收入乃按實際利率確認。

貸款及應收款項

貸款及應收款項指附帶固定或可釐定付款金額，且並無在活躍市場報價的非衍生金融資產。於初次確認後，貸款及應收款項(包括應收貿易賬款及應收票據、計入預付款項、按金及其他應收款項的金融資產、已質押存款和現金及銀行結餘)採用實際利率法按攤銷成本減任何已識別減值虧損計量(詳見下文金融資產減值虧損的會計政策)。

利息收入使用實際利率確認，惟確認利息影響不大的短期應收款項除外。

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

3. SIGNIFICANT ACCOUNTING POLICIES

(continued)

Financial instruments (continued)

Financial assets (continued)

Impairment loss on financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when 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.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest and principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial assets, such as trade receivables, assets 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 of three months, 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)

金融資產減值虧損

在各呈報期末會評估金融資產是否有任何減值跡象。倘若有任何客觀證據表明，由於一個或多個於初次確認金融資產後發生的事項，且金融資產的估計未來現金流量受到影響，則金融資產被視為減值。

減值的客觀證據可能包括：

- 發行人或交易對方出現重大財務困難；或
- 違約，如拖欠支付或無力償還利息或本金；或
- 借款人可能破產或進行財務重組；或
- 因財政困難而導致該金融資產於活躍市場消失。

此外，若干金融資產類別，如應收貿易賬款及被評估為非個別減值的資產，按整體基準進行減值評估。應收賬款組合的客觀減值證據可包括本集團的過往收款經驗、組合內延遲還款至超逾三個月的平均信貸期的次數增加，以及與應收賬款逾期有關的全國或地方經濟狀況明顯轉變。

就按攤銷成本列賬的金融資產而言，確認的減值虧損金額是按該資產的賬面值與按金融資產原先實際利率折現的估計未來現金流量的現值間的差額計量。

Notes to Consolidated Financial Statements

綜合財務報表附註

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

3. SIGNIFICANT ACCOUNTING POLICIES

(continued)

Financial instruments (continued)

Financial assets (continued)

Impairment loss on financial assets (continued)

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

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

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

Financial liabilities and equity instruments

Debt 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.

The Group's financial liabilities are classified into either financial liabilities at FVTPL or other financial liabilities.

3. 主要會計政策(續)

金融工具(續)

金融資產(續)

金融資產減值虧損(續)

就按成本列賬之金融資產而言，減值虧損金額乃以資產賬面值與按類似金融資產現行市場回報率貼現之估計未來現金流量之現值之差額計量。有關減值虧損將不會於其後期間撥回。

就所有金融資產而言，金融資產的賬面值直接按減值虧損減少，惟應收貿易賬款除外，其賬面值乃透過使用撥備賬目而減少。撥備賬目的賬面值變動於損益內確認。倘應收貿易賬款被視為無法收回，則與撥備賬目撇銷。其後收回過往撇銷的款項計入損益內。

就按攤銷成本計量的金融資產而言，倘於往後期間，減值虧損金額減少，而該減少可客觀地與確認減值虧損後發生的事件有關，則先前確認的減值虧損透過損益內撥回，惟該資產於撥回減值日期的賬面值不得超過在並無確認減值的情況下應有的攤銷成本。

金融負債及股本工具

集團實體發行的債務及股本工具均按所訂立合約安排的內容及金融負債與股本工具的釋義分類為金融負債或股本。

本集團的金融負債分類為按公平值計入損益的金融負債或其他金融負債。

Notes to Consolidated Financial Statements

綜合財務報表附註

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3. SIGNIFICANT ACCOUNTING POLICIES

(continued)

Financial instruments (continued)

Financial liabilities and equity instruments

(continued)

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liabilities are either held for trading or those designated as at FVTPL on initial recognition.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments 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.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39 permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial liabilities at FVTPL are measured at fair value, with any gains or losses arising on remeasurement recognised directly in profit or loss. Fair value is determined in the manner described in note 37.

3. 主要會計政策(續)

金融工具(續)

金融負債及股本工具(續)

按公平值計入損益的金融負債

倘金融負債為持作買賣或於初次確認時指定為按公平值計入損益，金融負債則會分類為按公平值計入損益。

倘若出現下列情況，金融負債則會分類為持作買賣：

- 主要為於近期購回而收購；或
- 於初次確認時，其為本集團聯合管理的已識別金融工具組合的一部分，而具備於近期實際短期獲利的模式；或
- 其為非指定及非有效作為對沖工具的衍生工具。

金融負債(持作買賣的金融負債除外)可於下列情況下於初次確認時指定為按公平值計入損益：

- 該指定可以消除或大幅減少計量或確認方面原應產生的不一致性；或
- 該金融負債構成一組金融資產或金融負債或兩者的一部分，而根據本集團制定的風險管理或投資策略，該項金融負債的管理及績效乃以公平值基準進行評估，且有關分組的資料乃按該基準向內部提供；或
- 其構成包含一項或多項嵌入式衍生工具合約的一部分，而國際會計準則第39號允許將整個組合合約(資產或負債)指定為按公平值計入損益。

按公平值計入損益的金融負債按公平值計量，因重新計量產生的任何收益或虧損直接於損益內確認。公平值按附註37所述的方式釐定。

Notes to Consolidated Financial Statements

綜合財務報表附註

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3. SIGNIFICANT ACCOUNTING POLICIES

(continued)

Financial instruments (continued)

Financial liabilities and equity instruments

(continued)

Other financial liabilities

Other financial liabilities including trade and bills payables, deposit received, other payables and accruals and interest-bearing bank borrowings are subsequently measured at amortised cost, using the effective interest method.

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)

金融負債及股本工具(續)

其他金融負債

其他金融負債(包括應付貿易賬款及應付票據、已收按金、其他應付款項及應計費用及計息銀行借貸)其後採用實際利率法按攤銷成本計量。

實際利率法

實際利率法是計算金融負債攤銷成本及按有關期間攤分利息開支的方法。實際利率乃為一種在金融負債的預期年期，或較短期間(倘合適)將估計未來現金付款(包括所有已付或收取並為實際利率組成部分的費用及點數、交易成本及其他溢價或折讓)精確貼現至初次確認時的賬面淨額的利率。

利息開支按實際利率基準確認，惟分類為按公平值計入損益的金融負債除外，其利息開支已包含在淨收益或淨虧損。

Notes to Consolidated Financial Statements

綜合財務報表附註

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

3. SIGNIFICANT ACCOUNTING POLICIES

(continued)

Financial instruments (continued)

Financial liabilities and equity instruments

(continued)

Convertible notes

Convertible notes entitle the note holder to convert the note into equity instruments, other than into a fixed number of equity instruments at a fixed conversion price, are regarded as combined instruments consist of a liability and a derivative component.

On initial recognition, the convertible notes with the derivative component as a whole are designated as financial liabilities at FVTPL. The entire convertible notes are initially recognised at fair value on the date of issue and are subsequently measured at fair value until extinguished on conversion or redemption. Changes in the fair value of the entire convertible notes are recognised in the profit or loss as they arise. Interest on convertible notes designated as financial liabilities at FVTPL is included in the fair value gain or loss for that period. Upon conversion of the convertible notes, the fair value of the convertible notes converted is reclassified to equity.

Transaction costs that are directly attributable to the issue of the convertible notes designated as financial liabilities at FVTPL are recognised immediately in the profit or loss.

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.

3. 主要會計政策(續)

金融工具(續)

金融負債及股本工具(續)

可換股票據

賦予票據持有人權利把票據轉換為股本工具的可換股票據(按固定兌換價轉換為固定數目股本工具者除外),被視為包括負債及衍生部分的合併工具。

初次確認時,可換股票據連同衍生工具部分整體被指定為按公平值計入損益的金融負債。全部可換股票據於發行日按公平值初步確認,並按公平值進行後續計量,直至獲轉換或贖回而撤銷為止。全部可換股票據的公平值變動於其出現時在損益內確認。指定為按公平值計入損益的金融負債的可換股票據的利息,計入該期間的公平值收益或虧損。可換股票據獲轉換後,其公平值重新分類為權益。

直接歸屬於發行按公平值計入損益的金融負債的可換股票據交易成本,即時在損益內確認。

股本工具

股本工具指任何可證明扣減所有負債後的本集團資產剩餘權益的合約。本集團發行的股本工具按已收所得款項(扣除直接發行成本)確認。

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綜合財務報表附註

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

3. SIGNIFICANT ACCOUNTING POLICIES

(continued)

Financial instruments (continued)

Financial liabilities and equity instruments

(continued)

Warrants

Warrants which meet the definition of a derivative are initially recognised at fair value at initial recognition and are subsequently measured at fair value. Changes in the fair value of warrants are recognised in the profit or loss when they arise.

Derecognition

A financial asset is derecognised 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 continues to recognise the asset to the extent of its continuing involvement and recognises an associated liability. 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.

A financial liability is derecognised 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.

3. 主要會計政策(續)

金融工具(續)

金融負債及股本工具(續)

認股權證

符合衍生金融工具定義的認股權證初次確認時按公平值確認，並按公平值進行後續計量。認股權證的公平值變動於其出現時在損益內確認。

終止確認

金融資產僅於自資產收取現金流量的合約權利屆滿，或將金融資產及其擁有權的絕大部份風險及回報轉移至另一實體時終止確認。倘本集團並無轉移亦無保留擁有權的絕大部份風險及回報，並繼續控制已轉讓資產，本集團會繼續將資產確認入賬，條件為須繼續涉及該項資產，並確認相關負債。倘本集團保留已轉讓金融資產擁有權的絕大部份風險及回報，本集團會繼續確認該金融資產，亦會就已收取的款項確認已抵押借貸。

於終止確認整項金融資產時，資產賬面值與已收及應收代價，及已於其他全面收入中確認並於權益中累計的累計收益或虧損的總和之間的差額，將於損益內確認。

於且僅於本集團的債務獲解除、取消或屆滿時，金融負債會終止確認。終止確認金融負債賬面值與已付及應付代價之間的差額於損益內確認。

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綜合財務報表附註

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

3. SIGNIFICANT ACCOUNTING POLICIES

(continued)

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

Equity-settled share-based payment transactions

For grants of share options that are conditional upon satisfying specified vesting conditions, the fair value of services received is determined by reference to the fair value of share options granted at the date of grant and is expensed on a straight-line basis over the vesting period, with a corresponding increase in share options reserve.

At the end of the reporting period, the Group revises its estimates of the number of share options that are expected to ultimately vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share options reserve.

When share options are exercised, the amount previously recognised in share options 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 options reserve will be transferred to retained profits/(accumulated losses).

3. 主要會計政策(續)

撥備

倘本集團因過往事件而承擔現有責任(法定或推定)，而本集團可能須履行該項責任，且有關責任涉及之金額能可靠估計時則會確認撥備。撥備按於呈報期末對履行現有責任(經計及與責任相關之風險及不確定因素)所需代價之最佳估計計量。倘使用現金流量法估計清償現有責任而計量撥備，其賬面值為該等現金流量的現值(倘時間價值影響屬重大)。

按股權結算以股份支付的交易

就須符合指定歸屬條件而授出購股權而言，所獲服務的公平值乃參考所授出購股權於授出日期的公平值而釐定，並按直線基準於歸屬期內支銷，而購股權儲備亦相應增加。

於呈報期末，本集團對預期最終歸屬的購股權的估計數目進行修訂。修訂最初估計的影響(如有)於損益內確認，以致累計開支反映經修訂估計，並對購股權儲備作出相應調整。

購股權獲行使時，先前於購股權儲備已確認的金額將轉撥至股份溢價。當購股權於歸屬日期獲沒收，或於屆滿日期仍未獲行使，先前於購股權儲備確認的金額將轉撥至保留溢利/(累計虧損)。

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綜合財務報表附註

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

3. SIGNIFICANT ACCOUNTING POLICIES

(continued)

Related parties

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

3. 主要會計政策(續)

關聯方

- (i) 倘符合以下情況，即該人士或該人士之近親家庭成員與本集團有關聯：
 - (a) 控制或共同控制本集團；
 - (b) 對本集團有重大影響力；或
 - (c) 為本集團或本集團母公司主要管理層成員。
- (ii) 倘符合下列任何條件，即該實體與本集團有關聯：
 - (a) 該實體與本集團屬同一集團之成員公司(即各母公司、附屬公司及同系附屬公司彼此間有關聯)。
 - (b) 一間實體為另一實體之聯營公司或合營企業(或另一實體為成員公司之集團旗下成員公司之聯營公司或合營企業)。
 - (c) 實體均為同一第三方之合營企業。
 - (d) 一間實體為第三方實體之合營企業而另一實體則為該第三方實體之聯營公司。

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綜合財務報表附註

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

3. SIGNIFICANT ACCOUNTING POLICIES

(continued)

Related parties (continued)

(ii) (continued)

- (e) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
- (f) The entity is controlled or jointly controlled by a person identified in (i).
- (g) A person identified in (i)(a) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- (h) The entity, or any member of a group of which it is a part, provides key management personnel services to the group or to the group's parent.

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

3. 主要會計政策(續)

關聯方(續)

(ii) (續)

- (e) 實體為本集團或與本集團有關聯之實體就僱員福利設立之離職後僱員福利計劃。
- (f) 實體受(i)所識別人土控制或共同控制。
- (g) (i)(a)所識別人土對實體有重大影響力或屬該實體(或該實體之母公司)之主要管理層成員。
- (h) 實體或屬實體其中一部分之集團任何成員公司向集團或集團母公司提供主要管理人員服務。

某人士之近親家庭成員指彼等與該實體交易時預期可影響該人士或受該人士影響之家庭成員。

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4. CRITICAL ACCOUNTING JUDGEMENTS 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 judgements, estimates and assumptions about the amounts of assets, liabilities, that are not readily apparent for other sources. The estimates and underlying 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.

Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that the directors of the Company have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised and disclosures made in the consolidated financial statements.

4. 重大會計判斷及估計不確定因素主要來源

於應用本集團的會計政策(如附註3所述)時,本公司董事須就未能從其他來源獲得的資產及負債金額作出判斷、估計及假設。估計及相關假設根據過往經驗及被認為有關的其他因素作出。實際結果或會與該等估計不同。

該等估計及相關假設會持續地獲檢討。如有關修訂只影響作出修訂的期間,則會於期間內確認會計估計的修訂,或如有關修訂影響本期間及往後期間,則會於作出修訂期間及往後期間確認會計估計的修訂。

應用會計政策的重大判斷

以下為本公司董事於應用本集團的會計政策過程中所作出的重大判斷(涉及估計者除外,見下文),而該等判斷對已在綜合財務報表中確認的數額及作出的披露有最重大影響。

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綜合財務報表附註

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4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Critical judgements in applying accounting policies
(continued)

Classification between investment properties and owner-occupied properties

The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group. Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

Certain properties of the Group comprise a portion that is held to earn rentals and another portion that is held for use in the supply of goods and for administrative purposes. As the portion that is held to earn rentals is small and could not be sold separately and the portion that is held for use in supply of goods and for administrative purposes is significant, the properties are not classified as investment properties.

Withholding taxes arising from the distributions of dividends

The Group's determination as to whether to accrue for withholding taxes from the distribution of dividends from a subsidiary in the PRC according to the relevant tax jurisdiction is subject to judgement on the timing of the payment of the dividend, where the Group considered that if it is probable that the profits of the subsidiary in the PRC will not be distributed in the foreseeable future, then no withholding taxes should be provided.

4. 重大會計判斷及估計不確定因素主要來源(續)

應用會計政策的重大判斷(續)

投資物業及自用物業的分類

本集團會釐定一項物業是否屬於投資物業，並已制定決定分類的條件。投資物業為持作賺取租金或資本增值或以上兩用途的物業。因此，本集團會衡量物業所產生現金流量是否獨立於本集團持有的其他資產。若干物業包括持作賺取租金或資本增值以及用作提供貨品及服務或行政用途的另一部分。倘該等物業部分能獨立出售或根據融資租約獨立出租，則本集團會將各個相關部分分別入賬。倘該等部分不能獨立出售而持作提供貨品及服務或行政用途的部分並不重大，則該等物業方視為投資物業。本集團會獨立衡量個別物業，以釐定一項物業的配套服務是否重要致使其不合資格分類作投資物業。

本集團若干物業包括持作賺取租金以及持作提供貨品及行政用途的部分。由於持作賺取租金的物業部分不重大，且不能單獨出售，而持作提供貨品及行政用途的物業部分較重大，因此該等物業並非歸類為投資物業。

股息分派產生的預扣稅

本集團釐定是否須根據相關稅法為中國附屬公司所分派的股息計提應計預扣稅時，須判斷支付股息的時間。倘本集團認為可見將來不會有中國附屬公司的溢利分派，則不會作出預扣稅撥備。

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4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Critical judgements in applying accounting policies (continued)

Building

Despite the Group has paid the full purchase consideration as detailed in note 15, certain of the Group's rights to use of the building and land were not granted formal titles from the relevant government authorities. The directors of the Company are of the opinions that the risks and rewards of using these assets have been transferred to the Group and the absence of formal titles to these buildings and land use rights do not impair the value of the relevant properties to the Group.

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 have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Useful lives and impairment of property, plant and equipment

The Group determines the estimated useful lives and 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. Management will revise the depreciation charge where useful lives are different to the ones previously estimated, it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

4. 重大會計判斷及估計不確定因素主要來源(續)

應用會計政策的重大判斷(續)

樓宇

儘管如附註15所述，本集團已支付全部收購代價，但本集團若干樓宇及土地的使用權尚未獲有關政府部門授予正式業權。本公司董事認為，使用該等資產的風險及回報已轉移至本集團，而尚未取得該等樓宇及土地使用權的正式業權不會減損本集團於相關物業的價值。

估計不確定因素的主要來源

以下為於呈報期末，極可能導致下一個財政年度期間資產及負債的賬面值須作出重大調整的有關未來的主要假設及估計之不確定因素的其他主要來源。

物業、廠房及設備的可使用年期及減值

本集團釐定物業、廠房及設備的估計可使用年期及相關折舊開支。該等估計乃基於性質及功能相若的物業、廠房及設備過往的實際可使用年期記錄而作出。管理層會修訂可使用年期與之前估計相異的項目的折舊開支，並撤銷或撤減技術已過時或非策略性質的已棄用或已出售資產。

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4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Key sources of estimation uncertainty (continued)

Useful lives and impairment of property, plant and equipment (continued)

The Group assesses whether there are any indicators of impairment for property, plant and equipment at the end of each reporting period. Property, plant and equipment are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs to sell is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

As at 31 December 2017, the carrying amount of property, plant and equipment was approximately RMB41,416,000 (2016: RMB82,010,000).

Impairment of intangible assets

Intangible asset is tested for impairment if there is any indication that the carrying value of these assets may not be recoverable and the assets are subject to impairment loss. The recoverable amount is the value-in-use. The value-in-use calculation requires the directors of the Company to estimate the future cash flows expected to arise from the relevant cash generating unit and a suitable discount rate is used in order to calculate the present value. As at 31 December 2017, the carrying amount of the Group's intangible asset was approximately RMB636,981,000 (2016: RMB1,302,378,000), net of impairment loss of approximately RMB537,286,000 (2016: RMB325,616,000).

4. 重大會計判斷及估計不確定因素主要來源(續)

估計不確定因素的主要來源(續)

物業、廠房及設備的可使用年期及減值(續)

本集團於各呈報期末評估物業、廠房及設備有否出現任何減值跡象。物業、廠房及設備於有跡象顯示可能無法收回賬面值時測試減值。倘資產或現金產生單位之賬面值高於其可收回金額(即公平值減銷售成本與使用價值兩者之較高者)，即表示出現減值。公平值減銷售成本乃以可取得之類似資產公平交易中具約束力之銷售交易數據，或可觀察市場價格減出售資產所帶來之成本計算。計算使用價值時，管理層必須估算資產或現金產生單位之估計未來現金流量，並選用適當之貼現率，以計算該等現金流量之現值。

於二零一七年十二月三十一日，物業、廠房及設備的賬面值約為人民幣41,416,000元(二零一六年：人民幣82,010,000元)。

無形資產的減值

倘有跡象顯示無形資產的賬面值可能無法收回及有關資產蒙受減值虧損，則對該等資產進行減值測試。可收回金額即使用價值。計算使用價值時，本公司董事須估計預期從有關現金產生單位所得之未來現金流量，並選用合適的貼現率以計算現值。於二零一七年十二月三十一日，本集團無形資產的賬面值扣除減值虧損約人民幣537,286,000元(二零一六年：人民幣325,616,000元)後約為人民幣636,981,000元(二零一六年：人民幣1,302,378,000元)。

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4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Key sources of estimation uncertainty (continued)

Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business less estimated selling expenses. These estimates are based on the current market conditions and the historical experience of selling merchandise of a similar nature. It could change significantly as a result of changes in customer taste or competitor actions. The Group reassesses these estimates at the end of the reporting period. As at 31 December 2017, the carrying amount of inventories was approximately RMB36,227,000 (2016: RMB24,922,000), net of allowance for write-down inventories of approximately RMB4,907,000 (2016: RMB4,809,000).

Impairment allowances for trade and other receivables

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

As at 31 December 2017, the carrying amount of trade receivables was approximately RMB28,535,000 (2016: RMB76,132,000), net of allowance for doubtful debts of approximately RMB2,689,000 (2016: RMB3,426,000).

As at 31 December 2017, the carrying amount of other receivables were approximately RMB1,814,000 with no impairment loss on other receivables (2016: carrying amount of other receivables were approximately RMB4,038,000, net of impairment loss on other receivables of approximately RMB165,000).

4. 重大會計判斷及估計不確定因素主要來源(續)

估計不確定因素的主要來源(續)

存貨的可變現淨值

存貨的可變現淨值為日常業務過程中的估計售價減估計銷售開支。該等估計乃基於現時市況及過往銷售同類性質商品的經驗而作出，並會因客戶喜好的變化或競爭對手的行動而出現重大改變。本集團於呈報期末重估該等估計。於二零一七年十二月三十一日，存貨的賬面值扣除存貨撇減撥備約人民幣4,907,000元(二零一六年：人民幣4,809,000元)後約為人民幣36,227,000元(二零一六年：人民幣24,922,000元)。

應收貿易賬款及其他應收款項減值撥備

本集團基於信貸紀錄及當時市況評估應收貿易賬款及其他應收款項的可收回程度，以估計其減值撥備。本集團需就此作出估計及判斷。一旦發生事件或情況轉變顯示結餘未必可收回，則會就應收貿易賬款及其他應收款項作出撥備。倘預測與原本估計有差異，則有關差異會影響所涉期間的應收貿易賬款及其他應收款項的賬面值以及相關減值虧損。本集團會於呈報期末重估減值撥備。

於二零一七年十二月三十一日，應收貿易賬款的賬面值約為人民幣28,535,000元(二零一六年：人民幣76,132,000元)，已扣除呆賬撥備約人民幣2,689,000元(二零一六年：人民幣3,426,000元)。

於二零一七年十二月三十一日，沒有其他應收款項減值虧損的其他應收款項的賬面值約人民幣1,814,000元(二零一六年：扣除其他應收款項減值虧損人民幣165,000元後其他應收款項的賬面值約為人民幣4,038,000元)。

Notes to Consolidated Financial Statements

綜合財務報表附註

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

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Key sources of estimation uncertainty (continued)

Valuation of convertible notes

As described in note 26 to the consolidated financial statements, the convertible notes are designated as financial liabilities at FVTPL. The Group engaged independent firms of professionally qualified valuers to assist in determining the fair value of convertible notes. The fair value of the convertible notes is determined using the binomial model. The significant inputs into the model included risk-free interest rate, conversion price/exercise price, stock price, expected volatility, expected life and expected dividend yield. When the actual results of the inputs differ from management's estimate, it will have an impact on the fair value gain or loss and the fair value of the convertible notes.

Development costs

Development costs are capitalised in accordance with the accounting policy for research and development costs in note 3. Determining the amounts to be capitalised requires management to make assumptions regarding the expected future cash generation of the assets, discount rates to be applied and the expected period of benefits. At 31 December 2017, the best estimate of the carrying amount of deferred development costs was RMB32,935,000 (2016: RMB92,378,000). Further details are included in note 17.

Provision for contingent considerations of acquisitions

Acquisition of intangible assets has involved post-acquisition performance-based contingent considerations. The Group recognises the fair value of those contingent considerations for acquisitions, as of their respective acquisition dates as part of the consideration transferred in exchange for the acquired intangible assets. These fair value measurements require, among other things, significant estimation of post-acquisition performance of the acquired intangible assets and significant judgement on time value of money. Contingent considerations shall be remeasured at their fair value resulting from events or factors emerging after the acquisition date, with any resulting gain or loss recognised in the consolidated profit and loss account.

4. 重大會計判斷及估計不確定因素主要來源(續)

估計不確定因素的主要來源(續)

可換股票據的估值

根據綜合財務報表附註26所述，可換股票據指定為按公平值計入損益的金融負債。本集團已聘請獨立專業合資格估值公司協助釐定可換股票據的公平值。可換股票據的公平值運用二項模式釐定。該模式所用的主要數據包括無風險利率、換股價／行使價、股價、預期波幅、預期年期及預期股息收益率。倘該等數據的實際結果與管理層的預測有別，則會影響可換股票據的公平值收益或虧損及其公平值。

開發成本

開發成本就附註3所載研發成本根據會計政策資本化。釐定將予資本化的金額需要管理層對下述事項作出假設：該資產預計將來可產生的現金收益、使用的折現率及預計受益期間。於二零一七年十二月三十一日，遞延開發成本的最佳賬面值估計為人民幣32,935,000元(二零一六年：人民幣92,378,000元)。進一步之詳情載於附註17。

收購的或然代價撥備

收購無形資產涉及收購後以表現為基礎的或然代價。本集團於各收購日期將收購的有關或然代價之公平值確認為所轉撥代價的一部分，以交換所收購的無形資產。該等公平值計量需要(其中包括)對所收購無形資產的收購後表現作出重大估計及對貨幣時間價值作出重大判斷。或然代價將按收購日期後因有關事件或因素而產生的公平值重新計量，所產生的任何收益或虧損於綜合損益賬內確認。

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綜合財務報表附註

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

4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Key sources of estimation uncertainty (continued)

Provision for contingent considerations of acquisitions (continued)

The contingent consideration reflects a specified multiple of the post-acquisition profitability of the acquired intangible assets. Consequently, the actual additional consideration payable will vary according to the future performance generated from the intangible assets, and the liabilities provided reflect estimates of such future performances.

Due to the variety of bases of determination, it is not practicable to provide any meaningful sensitivity in relation to the critical assumptions concerning future profitability of the acquired intangible assets and the potential impact on the gain or loss on remeasurement of contingent consideration payables.

5. SEGMENT INFORMATION

Information reported to the directors of the Company, being the CODM, for the purposes of resource allocation and assessment of segment performance, focuses on types of goods or services delivered or provided. Specifically, the Group's reportable and operating segments are as follows:

- (a) the Boree branded products segment manufactures and sells Boree branded slippers, sandals and casual footwear ("Boree Products");
- (b) the Graphene-based products segment applied the technology know-how by applying graphene in the production of graphene-based ethylene-vinyl acetate ("EVA") foam material and slippers with sterilizing, good elasticity and tear resistant functions ("Graphene-based Products"); and
- (c) the Original Equipment Manufacturer ("OEM") segment produces slippers for branding and resale by others.

4. 重大會計判斷及估計不確定因素主要來源(續)

估計不確定因素的主要來源(續)

收購的或然代價撥備(續)

或然代價反映所收購無形資產之收購後盈利能力的指定倍數。因此，實際額外應付代價將視乎無形資產所產生之未來表現而變化，及已計提撥備的負債反映有關未來表現的估計。

由於釐定基準的多樣化，就涉及所收購無形資產的未來盈利能力及對應付或然收購代價重新計量的收益或虧損的可能影響作出任何具有意義的敏感度分析實不可行。

5. 分部資料

向本公司董事，即主要經營決策者，呈報以供資源分配及評估分部表現的資料乃集中於所交付或所提供的貨品或服務類別。具體而言，本集團的可呈報及經營分部如下：

- (a) 寶人牌產品分部生產及出售寶人牌拖鞋、涼鞋及休閒鞋(「寶人牌產品」)；
- (b) 石墨烯產品分部使用技術知識將石墨烯應用於生產具備殺菌、高彈性、抗拉功能之石墨烯乙烯-醋酸乙烯共聚物(「EVA」)發泡材料及拖鞋(「石墨烯產品」)；及
- (c) 原設備製造商(「OEM」)分部生產品牌拖鞋以供轉售。

Notes to Consolidated Financial Statements

綜合財務報表附註

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

5. SEGMENT INFORMATION (continued)

CODM monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on reportable segment result, which is a measure of adjusted result before tax.

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 3. The segment profit or loss represents the profit earned by or loss from each segment without allocation of interest income, other unallocated net income and gains, amortisation of intangible assets, impairment loss on intangible assets and non-current assets held for sale, gain on derecognition of warrants at FVTPL, fair value change on convertible notes, warrants and provision for contingent consideration at FVTPL, finance costs as well as corporate and other unallocated expenses.

Segment assets exclude property, plant and equipment, prepaid land lease payments, intangible assets, raw materials, work in progress, prepayments, deposits and other receivables, pledged deposits, cash and bank balances and assets classified as held for sale as these assets are managed on a group basis.

Segment liabilities exclude trade and bills payables, certain other payables and accruals, interest-bearing bank borrowings, convertible notes, warrants, income tax payable, deferred tax liability and provision for contingent consideration as these liabilities are managed on a group basis.

5. 分部資料(續)

主要經營決策者獨立監察本集團各經營分部的業績，以便決定資源分配及評估表現。分部表現按可呈報分部業績評估，亦會用於計量經調整除稅前業績。

經營分部之會計政策與附註3所述之本集團會計政策一致。分部溢利或虧損指各分部賺取的溢利或產生的虧損，惟並無分配利息收入、其他未分配收入及收益淨額、無形資產攤銷、無形資產及持有待售非流動資產減值虧損、按公平值計入損益之認股權證之終止確認收益、按公平值計入損益之可換股票據、認股權證及或然代價撥備之公平值變動、融資成本以及企業及其他未分配開支。

由於物業、廠房及設備、預付土地租金、無形資產、原材料、在製品、預付款項、按金及其他應收款項、已質押存款、現金及銀行結餘和分類為持有待售的資產均為按集團層面管理的資產，故不計入分部資產。

由於應付貿易賬款及應付票據、部份其他應付款項及應計費用、計息銀行借貸、可換股票據、認股權證、應付所得稅項、遞延稅項負債及或然代價撥備均為按集團層面管理的負債，故不計入分部負債。

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綜合財務報表附註

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

5. SEGMENT INFORMATION (continued)

Segment revenues and results

The following is an analysis of the Group's revenue and results by reportable and operating segment.

Year ended 31 December 2017

5. 分部資料(續)

分部收益及業績

以下為按可呈報及經營分部劃分本集團的收益及業績分析。

截至二零一七年十二月三十一日止年度

		Boree Products 寶人牌 產品 RMB'000 人民幣千元	Graphene- based Products 石墨烯 產品 RMB'000 人民幣千元	OEM RMB'000 人民幣千元	Total 總額 RMB'000 人民幣千元
Segment revenue	分部收益				
Sales to external customers	向外界客戶銷售	3,517	2,130	119,854	125,501
Segment results	分部業績	(1,431)	(14)	21,003	19,558
<i>Reconciliation:</i>	<i>對賬:</i>				
Interest income	利息收入				83
Other unallocated net income and gains	其他未分配收入及收益淨額				1,608
Corporate and other unallocated expenses	企業及其他未分配開支				(39,807)
Amortisation of intangible assets	無形資產攤銷				(128,261)
Impairment loss on intangible assets	無形資產減值虧損				(537,286)
Impairment loss on non-current assets held for sale	持有待售非流動資產減值虧損				(23,244)
Fair value gain on convertible notes and warrants at FVTPL	按公平值計入損益之可換股票據及認股權證之公平值收益				50,002
Gain on derecognition of warrants at FVTPL	按公平值計入損益之認股權證之終止確認收益				5,067
Fair value gain on provision for contingent consideration at FVTPL	按公平值計入損益之或然代價撥備之公平收益				219,888
Finance costs	融資成本				(6,050)
Loss before tax	除稅前虧損				(438,442)

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綜合財務報表附註

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

5. SEGMENT INFORMATION (continued)

Segment revenues and results (continued)

Year ended 31 December 2016

5. 分部資料(續)

分部收益及業績(續)

截至二零一六年十二月三十一日止年度

		Boree Products 寶人牌 產品 RMB'000 人民幣千元	Graphene- based Products 石墨烯 產品 RMB'000 人民幣千元	OEM RMB'000 人民幣千元	Total 總額 RMB'000 人民幣千元
Segment revenue	分部收益				
Sales to external customers	向外界客戶銷售	2,698	43,171	169,962	215,831
Segment results	分部業績	(3,948)	27,133	43,526	66,711
<i>Reconciliation:</i>	<i>對賬:</i>				
Interest income	利息收入				1,072
Other unallocated net income and gains	其他未分配收入及收益淨額				2,434
Corporate and other unallocated expenses	企業及其他未分配開支				(51,916)
Amortisation of intangible assets	無形資產攤銷				(105,401)
Impairment loss on intangible assets	無形資產減值虧損				(325,616)
Fair value loss on convertible notes and warrants at FVTPL	按公平值計入損益之可換股票據及認股權證之公平值損失				(41,617)
Gain on derecognition of warrants at FVTPL	按公平值計入損益之認股權證之終止確認收益				10,444
Fair value gain on provision for contingent consideration at FVTPL	按公平值計入損益之或然代價撥備之公平值收益				141,915
Finance costs	融資成本				(7,933)
Loss before tax	除稅前虧損				(309,907)

Notes to Consolidated Financial Statements

綜合財務報表附註

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

5. SEGMENT INFORMATION (continued)

Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable and operating segment:

Year ended 31 December 2017

		Boree Products 寶人牌 產品 RMB'000 人民幣千元	Graphene- based Products 石墨烯 產品 RMB'000 人民幣千元	OEM RMB'000 人民幣千元	Total 總額 RMB'000 人民幣千元
Segment assets	分部資產	1,885	4,457	33,574	39,916
<i>Reconciliation:</i>	<i>對賬:</i>				
Corporate and other unallocated assets	企業及其他未分配資產				749,804
Assets classified as held for sale	分類為持有待售的資產				26,000
Total assets	資產總額				815,720
Segment liabilities	分部負債	300	-	-	300
<i>Reconciliation:</i>	<i>對賬:</i>				
Corporate and other unallocated liabilities	企業及其他未分配負債				402,007
Total liabilities	負債總額				402,307

5. 分部資料(續)

分部資產及負債

以下為按可呈報及經營分部劃分本集團的資產及負債分析：

截至二零一七年十二月三十一日止年度

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綜合財務報表附註

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

5. SEGMENT INFORMATION (continued)

Segment assets and liabilities (continued)

Year ended 31 December 2016

5. 分部資料(續)

分部資產及負債(續)

截至二零一六年十二月三十一日止年度

		Boree Products 寶人牌 產品 RMB'000 人民幣千元	Graphene- based Products 石墨烯 產品 RMB'000 人民幣千元	OEM RMB'000 人民幣千元	Total 總額 RMB'000 人民幣千元
Segment assets	分部資產	1,497	33,011	48,340	82,848
<i>Reconciliation:</i> Corporate and other unallocated assets	<i>對賬:</i> 企業及其他未分配資產				1,451,743
Total assets	資產總額				1,534,591
Segment liabilities	分部負債	300	–	–	300
<i>Reconciliation:</i> Corporate and other unallocated liabilities	<i>對賬:</i> 企業及其他未分配負債				690,919
Total liabilities	負債總額				691,219

Notes to Consolidated Financial Statements

綜合財務報表附註

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

5. SEGMENT INFORMATION (continued)

Other segment information

Year ended 31 December 2017

	Boree Products 寶人牌 產品 RMB'000 人民幣千元	Graphene- based Products 石墨烯 產品 RMB'000 人民幣千元	OEM RMB'000 人民幣千元	Total 總額 RMB'000 人民幣千元
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Included in arriving at segment profit/(loss) are:	釐定分部溢利/(虧損)時已計入：			
(Reversal of)/impairment loss on trade receivables	應收貿易賬款(減值虧損撥回)/減值虧損	56	-	(793)
Write-down of inventories	存貨撇減	98	-	98
				(639)

Year ended 31 December 2016

截至二零一六年十二月三十一日止年度

	Boree Products 寶人牌 產品 RMB'000 人民幣千元	Graphene- based Products 石墨烯 產品 RMB'000 人民幣千元	OEM RMB'000 人民幣千元	Total 總額 RMB'000 人民幣千元
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Included in arriving at segment profit/(loss) are:	釐定分部溢利/(虧損)時已計入：			
Impairment loss on trade receivables	應收貿易賬款減值虧損	109	-	1,956
Write-down of inventories	存貨撇減	2,003	-	2,003
				4,068

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綜合財務報表附註

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

5. SEGMENT INFORMATION (continued)

Geographical information

(a) Revenue from external customers

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
PRC (principal place of operations)	中國(主要營運地點)	5,664	49,369
United States of America ("US")	美利堅合眾國(「美國」)	109,394	162,750
South America	南美洲	551	402
Europe	歐洲	2,058	335
South East Asia	東南亞	2,353	471
Other countries	其他國家	5,481	2,504
		125,501	215,831

The revenue information above is based on the locations of the customers.

以上收益資料乃基於客戶位置劃分。

(b) Non-current assets

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
PRC (principal place of operations)	中國(主要營運地點)	705,345	1,417,018

The non-current assets information above is based on the locations of the assets.

以上非流動資產資料乃基於資產位置劃分。

Information about major customers

Revenue from customers of the corresponding years contributing over 10% of the total sales of the Group are as follows:

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Customer A	客戶A	75,643	69,330
Customer B*	客戶B*	7,401	22,359
Customer C*	客戶C*	736	32,717
Customer D*	客戶D*	10,168	51,185

* Revenue from Customers B, C and D contributed less than 10% of the total sales of the Group for the year ended 31 December 2017.

5. 分部資料(續)

地區資料

(a) 來自外界客戶的收益

	2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
PRC (principal place of operations)	5,664	49,369
United States of America ("US")	109,394	162,750
South America	551	402
Europe	2,058	335
South East Asia	2,353	471
Other countries	5,481	2,504
	125,501	215,831

以上收益資料乃基於客戶位置劃分。

(b) 非流動資產

	2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
PRC (principal place of operations)	705,345	1,417,018

以上非流動資產資料乃基於資產位置劃分。

主要客戶的資料

於相關年度，來自客戶之收益佔本集團總銷售額10%以上者如下：

	2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Customer A	75,643	69,330
Customer B*	7,401	22,359
Customer C*	736	32,717
Customer D*	10,168	51,185

* 來自客戶B、C及D之收益佔本集團截至二零一七年十二月三十一日止年度總銷售額少於10%。

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

5. SEGMENT INFORMATION (continued)

Information about major customers (continued)

Except Customer C in the Boree Products and Graphene-based Products segments, the Group's other major customers are in the OEM segment.

6. REVENUE, OTHER NET INCOME AND GAINS

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold, after allowances for returns and trade discounts.

An analysis of revenue, other net income and gains is as follows:

5. 分部資料(續)

主要客戶的資料(續)

除客戶C來自寶人牌產品及石墨烯產品分部外，本集團其他主要客戶來自OEM分部。

6. 收益、其他收入及收益淨額

收益亦即本集團的營業額，相當於已扣除退貨及貿易折扣撥備的已售貨品發票淨額。

收益、其他收入及收益淨額的分析如下：

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Revenue	收益		
Manufacture and sale of goods	生產及銷售貨品	125,501	215,831
Other net income and gains	其他收入及收益淨額		
Interest income	利息收入	83	1,072
Sales of scrap material	銷售廢料	300	646
Sales of semi-products	銷售半成品	54	–
Sales of gas emission quota	銷售廢氣排放配額	412	–
Rental income	租金收入	382	515
Subsidy income*	補貼收入*	450	190
Exchange gain	匯兌收益	–	917
Others	其他	10	166
		1,691	3,506

* There are no unfulfilled conditions or contingencies relating to these subsidies.

* 並無有關該等補貼的未達成條件或或然情況。

7. FINANCE COSTS

7. 融資成本

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Interest on bank loans repayable within five years	須於五年內償還的銀行貸款利息	6,050	7,933

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8. LOSS BEFORE TAX

The Group's loss before tax is arrived at after charging/(crediting) the following items:

8. 除稅前虧損

本集團的除稅前虧損已扣除/(計入)以下項目：

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Cost of inventories sold*	已售存貨成本*	96,896	138,526
Depreciation*	折舊*	6,467	7,922
Amortisation of prepaid land lease payments	預付土地租金攤銷	845	845
Amortisation of intangible assets	無形資產攤銷	128,261	105,401
Minimum lease payments under operating leases in respect of land and buildings*	根據土地及樓宇經營租約的最低租金付款*	867	475
Employee benefit expenses (including directors' remuneration - note 9)*:	僱員福利開支(包括董事酬金-附註9)*:		
Wages and salaries	工資及薪金	42,578	47,844
Equity-settled share option expenses	以股權結算的購股權開支	5,411	20,712
Staff welfares	僱員福利	934	275
Contributions to retirement benefits schemes	退休福利計劃供款	3,126	1,478
		52,049	70,309
Auditors' remuneration:	核數師酬金:		
Audit service	審計費用	920	1,103
Non-audit service	非審計費用	251	-
		1,171	1,103
Impairment loss on intangible assets	無形資產減值虧損	537,286	325,616
Impairment loss on non-current assets held for sale	持有待售非流動資產減值虧損	23,244	-
Impairment loss on other receivables (Reversal of)/impairment loss on trade receivables	其他應收款項減值虧損(回)/減值虧損	-	165
Write-down of inventories	存貨撇減	(737)	2,065
Loss on disposals of items of property, plant and equipment	出售物業、廠房及設備項目虧損	98	2,003
Exchange loss/(gain), net	匯兌損失/(收益)淨額	162	6
Research and development costs**	研發成本**	877	(917)
		6,358	5,436

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

8. LOSS BEFORE TAX (continued)

* The cost of inventories sold for the year ended 31 December 2017 includes approximately RMB28,677,000 (2016: RMB37,202,000) relating to direct staff costs, depreciation of manufacturing facilities and operating lease payments in respect of land and buildings, which are also included in the respective total amounts disclosed above for each of these types of expenses.

** The research and development costs are included in "General and administrative expenses" in the consolidated statement of profit or loss and other comprehensive income.

9. DIRECTORS' AND CHIEF EXECUTIVES' REMUNERATION

Directors' and chief executives' remuneration for the years, disclosed pursuant to the applicable Listing Rules, the Hong Kong Companies Ordinance and Companies (Disclosure of information about benefits of directors) Regulations (Cap. 622G), are as follows:

8. 除稅前虧損(續)

* 截至二零一七年十二月三十一日止年度已售存貨成本包括約人民幣28,677,000元(二零一六年:人民幣37,202,000元)的直接僱員成本、生產設施折舊以及土地及樓宇經營租約付款,此等項目亦已計入上文所披露各類開支的相關總額。

** 研發成本已計入綜合損益及其他全面收益表的「一般及行政開支」。

9. 董事及主要行政人員酬金

根據適用上市規則、香港公司條例及公司(披露董事利益資料)規例(第622G章)所披露的年度董事及主要行政人員酬金如下:

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Fees (note a) & (note b)	袍金(附註a)及(附註b)	554	650
Other emoluments:	其他酬金:		
– Salaries, allowances and benefits in kind (note c)	– 薪金、津貼及實物福利(附註c)	1,315	1,294
– Contributions to retirement benefits schemes (note c)	– 退休福利計劃供款(附註c)	32	30
– Equity-settled share option expenses	– 以股權結算的購股權開支	797	2,854
		2,698	4,828

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9. DIRECTORS' AND CHIEF EXECUTIVES' REMUNERATION (continued)

Notes

(a) Independent non-executive directors

The fees paid or payable to independent non-executive directors during the current year are as follows:

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Ms. An Na	安娜女士	175	172
Professor Zhao Jinbao	趙金保教授	103	103
Mr. Chen Shaohua	陳少華先生	173	172
		451	447

There were no other emoluments payable to the independent non-executive directors during the year (2016: Nil).

(b) Non-executive director

The fees paid or payable to non-executive director during the current year are as follows:

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Mr. Sze Ching Bor (resigned on 7 January 2016)	史清波先生(於二零一六年一月七日辭任)	-	3
Mr. Chan Chak Chak Daniel (resigned on 12 December 2016)	陳策策先生(於二零一六年十二月十二日辭任)	-	98
Ms. Lin Weihuan (appointed on 7 January 2016)	林煒歡女士(於二零一六年一月七日獲委任)	103	102
		103	203

There were no other emoluments payable to the non-executive director during the year (2016: Nil).

9. 董事及主要行政人員酬金(續)

附註

(a) 獨立非執行董事

本年度已付或應付獨立非執行董事的袍金如下：

	2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Ms. An Na	175	172
Professor Zhao Jinbao	103	103
Mr. Chen Shaohua	173	172
	451	447

年內，並無應付獨立非執行董事的其他酬金(二零一六年：無)。

(b) 非執行董事

本年度已付或應付非執行董事的袍金如下：

	2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Mr. Sze Ching Bor (resigned on 7 January 2016)	-	3
Mr. Chan Chak Chak Daniel (resigned on 12 December 2016)	-	98
Ms. Lin Weihuan (appointed on 7 January 2016)	103	102
	103	203

年內並無應付非執行董事的其他酬金(二零一六年：無)。

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

9. DIRECTORS' AND CHIEF EXECUTIVES' REMUNERATION (continued)

Notes (continued)

(c) Executive directors and chief executive officer

	Fees	Salaries, allowances and benefits in kind	Equity-settled share option expenses	Contributions to retirement benefits schemes	Total
	袍金	薪金、津貼及實物福利	以股權結算的購股權開支	退休福利計劃供款	總額
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
Year ended 31 December 2017	截至二零一七年十二月三十一日止年度				
Mr. Zheng Jingdong ¹	-	564	797	16	1,377
Mr. Leung Tsz Chung	-	751	-	16	767
	-	1,315	797	32	2,144

	Fees	Salaries, allowances and benefits in kind	Equity-settled share option expenses	Contributions to retirement benefits schemes	Total
	袍金	薪金、津貼及實物福利	以股權結算的購股權開支	退休福利計劃供款	總額
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
Year ended 31 December 2016	截至二零一六年十二月三十一日止年度				
Mr. Zheng Jingdong ¹	-	557	1,537	15	2,109
Mr. Leung Tsz Chung	-	737	1,317	15	2,069
	-	1,294	2,854	30	4,178

¹ Mr. Zheng Jingdong has been appointed as the chief executive officer of the Company on 10 May 2013 and his emoluments disclosed above include those for services rendered by him as the chief executive officer.

There was no arrangement under which a director and chief executive officer waived or agreed to waive any remuneration during the year (2016: Nil).

9. 董事及主要行政人員酬金(續)

附註(續)

(c) 執行董事及行政總裁

¹ 鄭景東先生於二零一三年五月十日獲委任為本公司行政總裁，其上述酬金包括其作為行政總裁所提供服務之酬金。

年內，概無訂立董事及行政總裁放棄或同意放棄任何酬金之安排(二零一六年：無)。

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10. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included two (2016: two) directors and the chief executive officer, details of whose remuneration are set out in note 9(c) above. Details of the remuneration for the year of the remaining three (2016: three) highest paid employee who is neither a director nor chief executive officer of the Company are as follow:

10. 五名最高薪僱員

年內，五名最高薪僱員中有兩名(二零一六年：兩名)為董事及行政總裁，彼等的酬金詳情載於上文附註9(c)。本公司其餘三名(二零一六年：三名)非董事及非行政總裁的最高薪僱員於本年度的酬金詳情如下：

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Salaries, allowances and benefits in kind	薪金、津貼及實物福利	1,227	320
Contributions to retirement benefits scheme	退休福利計劃供款	21	-
Equity-settled share option expenses	以股權結算的購股權開支	646	4,184
		1,894	4,504

The number of non-director and non-chief executive officer, highest paid employees whose remuneration fell within the following bands:

酬金介乎以下範圍之非董事及非行政總裁的最高薪僱員人數：

		Number of employees 僱員數目	
		2017 二零一七年	2016 二零一六年
RMB500,001 to RMB1,000,000	人民幣500,001元至人民幣1,000,000元	3	-
RMB1,000,001 to RMB1,500,000	人民幣1,000,001元至人民幣1,500,000元	-	2
RMB1,500,001 to RMB2,000,000	人民幣1,500,001元至人民幣2,000,000元	-	1
		3	3

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11. INCOME TAX CREDIT/(EXPENSE)

11. 所得稅抵扣／(費用)

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Current – PRC Enterprise Income Tax	即期－中國企業所得稅		
Charge for the year	年內徵稅	2,209	7,569
(Over)/under-provisions in prior years	過往年度(超額撥備)／ 撥備不足	(5,281)	102
Total tax (credit)/expense for the year	年內稅項(抵扣)／費用總額	(3,072)	7,671

No provision for Hong Kong profits tax has been provided as the Group's tax losses brought forward from prior years exceeded the assessable profits arising in Hong Kong for the year (2016: Nil). Taxes on profits assessable in the PRC have been calculated at the prevailing rates, based on existing legislation, interpretations and practices in respect thereof.

由於本集團自過往年度結轉之稅項虧損超過年內在香港產生的應課稅溢利，故並無作出香港利得稅撥備(二零一六年：無)。中國的應課稅溢利稅項乃根據相關的現行法例、詮釋及常規按適用稅率計算。

Under the law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for 2016. During the year ended 31 December 2017, one of the PRC subsidiaries has been granted Advanced and New Technology Enterprise status which entitles the subsidiary to a reduced income tax rate at 15% for 2017.

根據中國企業所得稅法(「企業所得稅法」)及企業所得稅法實施條例，二零一六年中國附屬公司的稅率為25%。截至二零一七年十二月三十一日止年度，其中一間中國附屬公司已獲授高新技術企業資格，且有權於二零一七年享有15%的較低所得稅稅率。

The tax charge for the year can be reconciled to the "loss before tax" per consolidated statement of profit or loss and other comprehensive income as below:

年內稅項費用可與綜合損益及其他全面收益表所呈列的「除稅前虧損」對賬如下：

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Loss before tax	除稅前虧損	(438,442)	(309,907)
Tax at the applicable tax rates	按適用稅率計算的稅項	(75,336)	(48,546)
Income not subject to tax	毋須課稅收入	(46,612)	(19,414)
Expenses not deductible for tax	不可扣稅開支	124,157	75,615
(Over)/under-provisions in prior years	過往年度(超額撥備)／ 撥備不足	(5,281)	102
Tax effect of tax loss utilised	已動用稅項虧損的稅務影響	-	(86)
Income tax (credit)/expense for the year	年內所得稅(抵扣)／費用	(3,072)	7,671

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11. INCOME TAX CREDIT/(EXPENSE) (continued)

Pursuant to the income tax law of the PRC, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in the PRC. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between the PRC and the jurisdiction of the foreign investors. For the Group, the applicable rate for the withholding tax is 5% (2016: 5%). In estimating the withholding taxes on dividends expected to be distributed by those subsidiaries established in the PRC in respect of earnings generated from 1 January 2008, the directors of the Company have made assessment based on the factors which included dividend policy and the level of capital and working capital required for the Group's operations in the foreseeable future. No deferred tax liability has been provided for the remaining of such profits of approximately RMB507,170,000 (2016: RMB547,564,000) as the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

At 31 December 2017, there were no significant unrecognised deferred tax liabilities (2016: Nil) for withholding taxes that would be payable on the unremitted earnings of the Company's subsidiaries expected to be distributed, after considering the abovementioned factors, in the foreseeable future.

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

At 31 December 2017, the Group has unused tax losses of HK\$1,486,000 (2016: HK\$1,491,000) equivalent to RMB1,288,000 (2016: RMB1,275,000) available for offsetting against future profits, no deferred tax asset has been recognised in respect of such tax losses due to the unpredictability of future profit streams. Tax losses may be carried forward indefinitely.

11. 所得稅抵扣／(費用)(續)

根據中國所得稅法，在中國成立的外資企業向外國投資者宣派的股息須繳付10%預扣稅。此項規定於二零零八年一月一日起生效，適用於二零零七年十二月三十一日後的盈利。倘中國與外國投資者所屬司法權區間訂有稅務條約，則適用的預扣稅稅率可能較低。本集團的適用預扣稅稅率為5%（二零一六年：5%）。估計在中國成立的附屬公司預期就二零零八年一月一日起所賺取盈利分派的股息所須繳納的預扣稅時，本公司董事已基於多項因素作出評估，包括本集團的股息政策及於可見將來本集團營運所需的資金及營運資本水平。本集團並無就該等盈餘溢利約人民幣507,170,000元（二零一六年：人民幣547,564,000元）計提遞延稅項負債，乃因本集團可控制撥回暫時差額的時間，且暫時差額於可見未來很可能不會撥回。

於二零一七年十二月三十一日，經考慮上述因素後，就可見將來預計分派本公司附屬公司的未匯出盈利的應付預扣稅而言，並無重大未確認遞延稅項負債（二零一六年：無）。

本公司向其股東派付的股息並無附帶所得稅。

於二零一七年十二月三十一日，本集團的未動用稅項虧損1,486,000港元（二零一六年：1,491,000港元）（相當於人民幣1,288,000元）（二零一六年：人民幣1,275,000元）可用於抵銷未來溢利，由於未來溢利流不可預測，並無就有關稅項虧損確認遞延稅項資產。稅項虧損可無限結轉。

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12. LOSS ATTRIBUTABLE TO OWNERS OF THE COMPANY

The consolidated loss attributable to owners of the Company for the year ended 31 December 2017 includes a loss of approximately RMB336,521,000 (2016: RMB345,844,000) which has been dealt with in the financial statements of the Company (note 39(i)).

The loss of RMB336,521,000 (2016: RMB345,844,000) for the year ended 31 December 2017 included a management fee of RMB140,000 (2016: RMB411,000) to a subsidiary of the Company.

13. DIVIDEND

No dividend was proposed for the years ended 31 December 2017 and 2016 and since the end of the reporting period.

12. 本公司擁有人應佔虧損

截至二零一七年十二月三十一日止年度，本公司擁有人應佔綜合虧損包括虧損約人民幣336,521,000元(二零一六年：人民幣345,844,000元)，已在本公司財務報表處理(附註39(i))。

截至二零一七年十二月三十一日止年度的虧損人民幣336,521,000元(二零一六年：人民幣345,844,000元)包括支付管理費人民幣140,000元(二零一六年：人民幣411,000元)予本公司一間附屬公司。

13. 股息

截至二零一七年及二零一六年十二月三十一日止年度以及自呈報期末以來並無建議派發股息。

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

14. LOSS PER SHARE

The calculation of basic loss per share is based on the consolidated loss for the year attributable to owners of the Company of approximately RMB435,370,000 (2016: RMB317,578,000) and the weighted average number of ordinary shares of 1,084,059,608 (2016: 1,080,827,914) in issue during the year.

The weighted average number of ordinary shares used to calculate the basic loss per share for the year ended 31 December 2017 included the 1,084,059,608 ordinary shares in issue as at 1 January 2017 and 31 December 2017.

The weighted average number of ordinary shares used to calculate the basic loss per share for the year ended 31 December 2016 included the 1,067,579,608 ordinary shares in issue as at 1 January 2016, and 16,200,000 ordinary shares and 280,000 ordinary shares issued on 9 March 2016 and 17 October 2016 respectively in respect of exercise of share options.

During the years ended 31 December 2017 and 2016, diluted loss per share does not assume the exercise of the Company's share options and convertible notes as the exercise of the Company's share options and convertible notes would result in a decrease in loss per share, and is regarded as anti-dilutive.

14. 每股虧損

每股基本虧損乃基於本公司擁有人應佔年內綜合虧損約人民幣435,370,000元(二零一六年：人民幣317,578,000元)及年內已發行普通股之加權平均股數1,084,059,608股(二零一六年：1,080,827,914股)計算。

用作計算截至二零一七年十二月三十一日止年度每股基本虧損的普通股之加權平均股數包括於二零一七年一月一日及二零一七年十二月三十一日已發行的1,084,059,608股普通股。

用作計算截至二零一六年十二月三十一日止年度每股基本虧損的普通股之加權平均股數包括於二零一六年一月一日已發行的1,067,579,608股普通股，以及就行使購股權而分別於二零一六年三月九日及二零一六年十月十七日發行的16,200,000股普通股及280,000股普通股。

截至二零一七年及二零一六年十二月三十一日止年度，每股攤薄虧損並沒有假設行使本公司的購股權及可換股票據，原因是行使本公司的購股權及可換股票據將導致每股虧損減少及被視為反攤薄。

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

15. PROPERTY, PLANT AND EQUIPMENT

15. 物業、廠房及設備

		Buildings	Plant and machinery	Motor vehicles	Furniture fixtures and office equipment 傢俬、裝置及辦公室設備	Leasehold improvements	Construction in progress	Total
		樓宇 RMB'000 人民幣千元	廠房及機器 RMB'000 人民幣千元	汽車 RMB'000 人民幣千元	辦公設備 RMB'000 人民幣千元	租賃裝修 RMB'000 人民幣千元	在建工程 RMB'000 人民幣千元	總額 RMB'000 人民幣千元
Cost:	成本:							
At 1 January 2016	於二零一六年一月一日	72,543	21,309	1,912	6,195	40,795	4,575	147,329
Additions	增加	-	1,698	-	447	346	106	2,597
Disposals	出售	-	-	-	(111)	-	-	(111)
At 31 December 2016	於二零一六年十二月三十一日	72,543	23,007	1,912	6,531	41,141	4,681	149,815
Accumulated depreciation:	累計折舊:							
At 1 January 2016	於二零一六年一月一日	26,298	14,290	1,398	3,890	14,112	-	59,988
Provided during the year	年內撥備	3,265	1,260	176	856	2,365	-	7,922
Eliminated on disposals	出售時撇銷	-	-	-	(105)	-	-	(105)
At 31 December 2016	於二零一六年十二月三十一日	29,563	15,550	1,574	4,641	16,477	-	67,805
Net carrying amount:	賬面淨值:							
At 31 December 2016	於二零一六年十二月三十一日	42,980	7,457	338	1,890	24,664	4,681	82,010
Cost:	成本:							
At 1 January 2017	於二零一七年一月一日	72,543	23,007	1,912	6,531	41,141	4,681	149,815
Additions	增加	-	4,360	-	143	632	5,303	10,438
Disposals	出售	-	(375)	(182)	(46)	-	-	(603)
Transfer	轉撥	-	-	-	-	177	(177)	-
Reclassified as held for sale	重分類為持有待售	(27,300)	-	-	-	(25,991)	-	(53,291)
At 31 December 2017	於二零一七年十二月三十一日	45,243	26,992	1,730	6,628	15,959	9,807	106,359
Accumulated depreciation:	累計折舊:							
At 1 January 2017	於二零一七年一月一日	29,563	15,550	1,574	4,641	16,477	-	67,805
Provided during the year	年內撥備	3,265	1,264	114	772	1,052	-	6,467
Eliminated on disposals	出售時撇銷	-	(144)	(173)	(39)	-	-	(356)
Reclassified as held for sale	重分類為持有待售	-	-	-	-	(8,973)	-	(8,973)
At 31 December 2017	於二零一七年十二月三十一日	32,828	16,670	1,515	5,374	8,556	-	64,943
Net carrying amount:	賬面淨值:							
At 31 December 2017	於二零一七年十二月三十一日	12,415	10,322	215	1,254	7,403	9,807	41,416

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

15. PROPERTY, PLANT AND EQUIPMENT

(continued)

The above items of property, plant and equipment are depreciated on a straight-line basis at the following rates per annum:

Buildings	Over the shorter of the lease terms and 20 years
Plant and machinery	10 years
Motor vehicles	5 years
Furniture, fixtures and office equipment	5 years
Leasehold improvements	Over the shorter of the lease terms and 5 years

The Group's buildings are situated in the PRC and are held under medium term leases.

The Group has pledged buildings with a net carrying value of approximately RMB12,415,000 (2016: RMB15,680,000) to secure general banking facilities granted to the Group.

15. 物業、廠房及設備(續)

上述物業、廠房及設備項目以下列年率按直線法折舊：

樓宇	租期及20年之較短者
廠房及機器	10年
汽車	5年
傢俬、裝置及辦公室設備	5年
租賃裝修	租期及5年之較短者

本集團的樓宇均位於中國，根據中期租約持有。

本集團已抵押賬面淨值約人民幣12,415,000元(二零一六年：人民幣15,680,000元)的樓宇作為本集團獲授一般銀行融資的擔保。

16. PREPAID LAND LEASE PAYMENTS

16. 預付土地租金

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Carrying amount at 1 January	於一月一日的賬面值	33,456	34,301
Amortisation during the year	年內攤銷	(845)	(845)
Reclassified as held for sale	重分類為持有待售	(4,926)	-
Carrying amount at 31 December	於十二月三十一日的賬面值	27,685	33,456
Less: current portion included in prepayments, deposits and other receivables	減：計入預付款項、按金及其他應收款項的流動部分	(731)	(816)
Non-current portion	非流動部分	26,954	32,640

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16. PREPAID LAND LEASE PAYMENTS (continued)

The leasehold land is situated in the PRC and the respective prepaid land lease payments are held under medium term leases.

The Group has pledged the land use right with a net carrying amount of approximately RMB27,685,000 (2016: RMB33,456,000) to secure general banking facilities granted to the Group.

16. 預付土地租金(續)

租賃土地位於中國且相關預付土地租金是根據中期租約持有。

本集團已抵押賬面淨值約人民幣27,685,000元(二零一六年：人民幣33,456,000元)的土地使用權作為本集團獲授一般銀行融資的擔保。

17. INTANGIBLE ASSETS

17. 無形資產

		Technology Know-how	O2O distribution vending system	Deferred development costs	Total
		技術知識 (notes a, c) (附註a、c)	O2O分銷售貨系統 (notes b, c) (附註b、c)	遞延開發成本 (note d) (附註d)	總額
		RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元
Cost:	成本：				
At 1 January 2016	於二零一六年一月一日	1,483,117	-	-	1,483,117
Addition	新增	104,401	60,000	92,378	256,779
At 31 December 2016 and 1 January 2017	於二零一六年十二月三十一日及二零一七年一月一日	1,587,518	60,000	92,378	1,739,896
Addition	新增	-	-	150	150
At 31 December 2017	於二零一七年十二月三十一日	1,587,518	60,000	92,528	1,740,046
Accumulated amortisation and impairment:	累計攤銷及減值：				
At 1 January 2016	於二零一六年一月一日	6,501	-	-	6,501
Provided for the year	年內撥備	105,401	-	-	105,401
Impairment loss for the year	年內減值虧損	325,616	-	-	325,616
At 31 December 2016 and 1 January 2017	於二零一六年十二月三十一日及二零一七年一月一日	437,518	-	-	437,518
Provided for the year	年內撥備	123,214	4,954	93	128,261
Impairment loss for the year	年內減值虧損	477,786	-	59,500	537,286
At 31 December 2017	於二零一七年十二月三十一日	1,038,518	4,954	59,593	1,103,065
Net carrying amount:	賬面淨值：				
At 31 December 2017	於二零一七年十二月三十一日	549,000	55,046	32,935	636,981
At 31 December 2016	於二零一六年十二月三十一日	1,150,000	60,000	92,378	1,302,378

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17. INTANGIBLE ASSETS (continued)

Notes:

- (a) It represented certain technological know-how in respect of the application of graphene and includes one patent in the US (“US Patent”), four invention patent applications, three utility model patent applications and two utility model patents in the PRC (collectively as “PRC Patents”), relating to the manufacturing of graphene-based EVA foam material, graphene deodorizing and sterilizing chips and graphene-based pressure-sensitive sensors and the exclusive formula (collectively “Technology Know-how”), which was acquired from Bluestone, an independent third party, in 2015.

The completion date of the transaction (“Completion Date”) was 16 December 2015. The cost of the Technology Know-how was determined by the directors of the Company and represented the sum of the cash consideration, the fair value of the convertible notes (note 26) and provision for contingent consideration at the acquisition date (note 27), and the capitalised transaction costs arising directly from the acquisition of the Technology Know-how. The Group’s first graphene application products mass production line was completed and commenced trial production in late May 2016, and mass production has already been commenced in July 2016.

The Technology Know-how has definite useful lives and is amortised over 10 years using the straight-line method.

- (b) In July 2016, the Group acquired the design of Online-to-Offline (“O2O”) distribution vending system at the consideration of RMB60,000,000 from two independent third parties. The directors of the Company consider that the O2O distribution vending system would provide customers with an interactive and unique shopping experience, enhance the distribution channel of the products made by the Group and establish the core technical competitiveness of the Group.

The O2O distribution vending system has definite useful lives and is amortised over 9 years using the straight-line method.

17. 無形資產(續)

附註：

- (a) 指有關石墨烯應用的若干技術知識，包括於二零一五年向獨立第三方藍石收購的有關生產石墨烯EVA發泡材料、石墨烯除臭殺菌芯片及石墨烯壓力傳感器的美國一項專利（「美國專利」）、中國四項發明專利申請、三項實用新型專利申請及兩項實用新型專利（統稱為「中國專利」）以及獨家配方（統稱為「技術知識」）。

交易之完成日期（「完成日期」）為二零一五年十二月十六日。技術知識的成本由本公司董事釐定，指現金代價、可換股票據（附註26）及或然代價撥備於收購日期的公平值（附註27）及直接因收購技術知識而產生的資本化交易成本之總額。本集團第一條量產石墨烯應用產品之生產線已於二零一六年五月底建成及成功試產，並已於二零一六年七月份開始量產。

技術知識具有有限可使用年期，並以直線法分10年攤銷。

- (b) 於二零一六年七月，本集團向兩名獨立第三方收購線上線下（「O2O」）分銷售貨系統的設計，代價為人民幣60,000,000元。本公司董事認為，O2O分銷售貨系統為客戶提供互動及獨特的購物體驗，加強由本集團生產之產品的分銷渠道及建立本集團之核心技術競爭力。

O2O分銷售貨系統具有有限可使用年期，並以直線法分9年攤銷。

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

17. INTANGIBLE ASSETS (continued)

Notes: (continued)

- (c) The directors of the Company consider that O2O distribution vending system is a contributory asset necessary to support the earnings associated with the Technology Know-how (collectively "O2O Unit"), being the smallest identifiable group of assets that generates earnings that are largely independent of the earnings from other assets.

The directors of the Company conducted an impairment assessment on the O2O Unit and considered that provision for impairment to the carrying amount of the O2O Unit of RMB477,786,000 (2016: RMB325,616,000) should be made as at 31 December 2017, with reference to a valuation of the value-in-use of the O2O Unit conducted by an independent professional valuer, Ascent Partners Valuation Service Limited ("Ascent Partners"), using multi-period excess earnings method (2016: discounted cash flow approach). The multi-period excess earnings method is based on a discount rate of approximately 23.69% and financial forecasts approved by the directors of the Company. Assumption of budgeted sales was based on estimated daily average sales of slippers from O2O distribution vending system and expected growth rate. Other key assumptions for the multi-period excess earnings method relate to the estimation of earnings which include estimated gross profit margin, operating expenses and working capital requirements, such estimation is based on the expected and forecasted performance generated from the past performance of the O2O Unit and management's expectations for the market development.

17. 無形資產(續)

附註：(續)

- (c) 本公司董事認為，O2O分銷售貨系統屬於一項必要的貢獻性資產以支持與技術知識相關的盈利（統稱「O2O單位」），即產生基本獨立於其他資產盈利之盈利的最小可識別資產組別。

本公司董事已對O2O單位進行減值評估，經參考獨立專業估值師艾升評值諮詢有限公司（「艾升」）使用多期超額收益法（二零一六年：貼現現金流法）對O2O單位的使用價值進行的估值，認為於二零一七年十二月三十一日需要就O2O單位的賬面值計提減值撥備人民幣477,786,000元（二零一六年：人民幣325,616,000元）。多期超額收益法乃基於貼現率約23.69%及本公司董事已批准的財務預測。預算銷售假設基於O2O分銷售貨系統的估計每日平均拖鞋銷售額及預期增長率。多期超額收益法的其他主要假設涉及估計盈利，包括估計毛利率、營運開支及營運資金要求，該估計乃基於使用O2O單位過往表現所產生的預期及預測表現以及管理層對市場發展的預期。

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

17. INTANGIBLE ASSETS (continued)

Notes: (continued)

- (d) In July 2016, the Group engaged several independent third parties in the research and development of manufacturing and application technology of graphene material on graphene deodorizing and sterilizing chips ("Sterilizing Chips"), energy storage materials for batteries and pressure sensitive lighting devices for shoes ("Other Deferred Development Costs"). The directors of the Company seek the opportunities in applying the graphene material in products other than shoes and plan to launch in future.

The directors of the Company conducted an impairment assessment on the Sterilizing Chips with reference to a valuation of the value-in-use of the Sterilizing Chips conducted by an independent professional valuer, Peak Vision Appraisals Limited, using discounted cash flow approach (2016: based on the management's own estimate of the value-in-use). The discounted cash flow approach is based on a post-tax discount rate of approximately 19.19% and cash flow projections prepared from financial forecasts approved by the directors of the Company. Key assumptions for the discounted cash flow approach relate to the estimation of cash inflows/outflows from the development projects which include estimated gross profit margin, operating expenses and working capital requirements, such estimation is based on the expected and forecasted performance generated from the use of the Sterilizing Chips and management's expectations for the market development.

The directors of the Company conducted an impairment assessment on Other Deferred Development Costs and considered that the future economic benefits attributable to Other Deferred Development Costs is uncertain and provision for impairment of RMB59,500,000 (2016: Nil) was made as at 31 December 2017.

17. 無形資產(續)

附註：(續)

- (d) 於二零一六年七月，本集團聘用數名獨立第三方研發石墨烯材料於石墨烯除臭及殺菌芯片（「殺菌芯片」）、電池儲能材料及鞋履壓敏照明裝置的生產及應用技術（「其他遞延開發成本」）。本公司董事尋求將石墨烯材料應用於鞋履以外的產品之機會，並計劃於未來推出。

本公司董事已對殺菌芯片進行減值評估，經參考獨立專業估值師潔鋒評估有限公司使用貼現現金流法（二零一六年：根據管理層本身對使用價值之估計）對殺菌芯片的使用價值進行的估值。貼現現金流法乃基於稅後貼現率19.19%及按本公司董事已批准的財務預測而編製的現金流預測。貼現現金流法的主要假設涉及估計有關開發項目的現金流入／流出，包括估計毛利率、經營開支及營運資金需求，該估計乃基於使用殺菌芯片所產生的預期及預測表現以及管理層對市場發展的預期。

本公司董事已對其他遞延開發成本進行減值評估並認為其他遞延開發成本應佔的未來經濟利益不明朗，及於二零一七年十二月三十一日計提減值撥備人民幣59,500,000元（二零一六年：無）。

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

18. INVENTORIES

Raw materials and consumables	原材料及消耗品
Work in progress	在製品
Finished goods	製成品

During the year ended 31 December 2017, the write-down of inventories of RMB98,000 (2016: RMB2,003,000) was recognised in the profit or loss and included in cost of sales.

19. TRADE AND BILLS RECEIVABLES

Trade receivables	應收貿易賬款
Less: allowance for doubtful debts	減：呆賬撥備
Bills receivables	應收票據

The Group's trading terms with its customers are mainly on credit. The credit period offered to its customers is generally for a period of three months. The Group seeks to apply strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

18. 存貨

2017	2016
二零一七年	二零一六年
RMB'000	RMB'000
人民幣千元	人民幣千元

7,636	7,853
18,544	10,353
10,047	6,716

36,227 24,922

截至二零一七年十二月三十一日止年度，於損益內確認及包含在銷售成本內的存貨撇減為人民幣98,000元（二零一六年：人民幣2,003,000元）。

19. 應收貿易賬款及應收票據

2017	2016
二零一七年	二零一六年
RMB'000	RMB'000
人民幣千元	人民幣千元

31,224	79,558
(2,689)	(3,426)
1,271	-

29,806 76,132

本集團與客戶的貿易條款主要以信貸進行。向客戶提供的信貸期一般為三個月。本集團致力嚴格監控未償還的應收款項，並設有信貸監控部門，以減低信貸風險。高級管理層定期檢討逾期結餘。基於上文所述，且本集團之應收貿易賬款與大量不同的客戶有關，故並無重大集中信貸風險。本集團並無就其應收貿易賬款結餘持有任何抵押品或其他提升信貸的項目。應收貿易賬款均不計息。

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

19. TRADE AND BILLS RECEIVABLES (continued)

An aging analysis of the Group's trade and bills receivables, net of allowance for doubtful debts as at the end of the reporting period, based on the invoice dates, is as follows:

Within 3 months	3個月內
4 to 6 months	4至6個月
7 to 12 months	7至12個月
Over 1 year	1年以上

An aging analysis of the Group's trade and bills receivables that are not considered to be impaired is as follows:

Neither past due nor impaired	未逾期亦無減值
Less than 3 months past due	逾期3個月以內
Over 3 months past due	逾期超過3個月

Included in the Group's trade and bills receivable balances are debtors with aggregate carrying amount of RMB10,103,000 (2016: RMB37,924,000) which are past due as at the reporting date for which the Group has not provided for impairment loss. The Group does not hold any collateral over these balances.

Receivables that were neither past due nor impaired mainly represent sales made to recognised and creditworthy customers for whom there was no recent history of default.

19. 應收貿易賬款及應收票據(續)

於呈報期末，本集團應收貿易賬款及應收票據扣除呆賬撥備後按發票日期劃分的賬齡分析如下：

	2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Within 3 months	19,703	38,208
4 to 6 months	786	33,063
7 to 12 months	6,405	4,861
Over 1 year	2,912	—
	29,806	76,132

本集團並無被視為減值的應收貿易賬款及應收票據的賬齡分析如下：

	2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Neither past due nor impaired	19,703	38,208
Less than 3 months past due	786	33,063
Over 3 months past due	9,317	4,861
	29,806	76,132

本集團應收貿易賬款及應收票據餘額包括賬面總值為人民幣10,103,000元(二零一六年：人民幣37,924,000元)的應收賬款，該等款項於報告日期已逾期，而本集團並未就其作出減值虧損撥備。本集團並無就該等結餘持有任何抵押品。

未逾期亦無減值的應收款項主要為向知名且有信譽的客戶作出的銷售，該等客戶近期並無拖欠紀錄。

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19. TRADE AND BILLS RECEIVABLES (continued)

Receivables that were past due but not impaired relate to a number of independent customers that have a good repayment record with the Group. Based on past experience, the directors of the Company are of the opinion that no impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

Movement in the allowance for doubtful debts

As at 1 January	於一月一日
(Reversal of)/impairment loss on trade receivables	應收貿易賬款(減值虧損撥回)/減值虧損
As at 31 December	於十二月三十一日

Included in the impairment loss are individually impaired trade receivables with an aggregate balance of RMB2,689,000 (2016: RMB3,426,000) which are long outstanding. The Group does not hold any collateral over these balances.

19. 應收貿易賬款及應收票據(續)

已逾期但未減值的應收款項涉及多個與本集團有良好還款紀錄的獨立客戶。根據過往經驗，本公司董事認為，由於信貸質素並無重大改變，且該等結餘仍視為可全數收回，故毋須作出減值撥備。

呆賬撥備變動

	2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
	3,426	1,361
	(737)	2,065
	2,689	3,426

減值虧損包括個別減值的應收貿易賬款，該等款項已長時間未償還，總結餘為人民幣2,689,000元(二零一六年：人民幣3,426,000元)。本集團並無就該等結餘持有任何抵押品。

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

20. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

20. 預付款項、按金及其他應收款項

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Prepayments:	預付款項：		
– Advanced to suppliers	– 向供應商預付款	2,333	871
– Rental deposits	– 租金按金	–	318
– Prepaid land lease payments	– 預付土地租金	731	816
– Others	– 其他	1,315	1,209
Deposits	按金	4,128	185
Other receivables	其他應收款項	1,814	4,203
Less: impairment loss on other receivables	減：其他應收款項減值虧損	–	(165)
		10,321	7,437

None of the above assets is either past due or impaired (2016: RMB165,000 of other receivables). The financial assets included in the above balances relate to receivables for which there was no recent history of default.

上述資產概無逾期或減值(二零一六年：其他應收款項人民幣165,000元)。計入上述結餘的金融資產與近期並無拖欠紀錄的應收款項有關。

21. PLEDGED DEPOSITS, CASH AND BANK BALANCES

Deposits were pledged for bills payable of RMB7,090,000 (2016: RMB14,277,000) for the year ended 31 December 2017 (note 23).

21. 已質押存款、現金及銀行結餘

截至二零一七年十二月三十一日止年度，以存款為人民幣7,090,000元(二零一六年：人民幣14,277,000元)的應付票據作質押(附註23)。

At 31 December 2017, the cash and bank balances and pledged deposits of the Group denominated in RMB amounted to RMB5,681,000 (2016: RMB5,944,000). The RMB is not freely convertible into other currencies, however, under the PRC Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

於二零一七年十二月三十一日，本集團以人民幣計值的現金及銀行結餘及已質押存款為人民幣5,681,000元(二零一六年：人民幣5,944,000元)。人民幣不可自由兌換成其他貨幣。然而，根據中國外匯管制條例及結匯、售匯及付匯管理規定，本集團獲准透過授權進行外匯業務的銀行將人民幣兌換成其他外幣。

Cash at banks earns interest at floating rates based on daily bank deposit rates. Pledged deposits earn fixed interest rate at 1.55% (2016: 1.55%) per annum. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

銀行現金按每日銀行存款利率而定的浮動息率計息。已質押存款按固定年利率1.55%(二零一六年：1.55%)計息。銀行結餘及已質押存款存放在有信譽且近期無拖欠紀錄的銀行。

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

22. ASSETS CLASSIFIED AS HELD FOR SALE

On 10 October 2017, the Group entered into a sales and purchase agreement with an independent third party at a consideration of RMB26,000,000 to dispose of certain property, plant and equipment with land use right located in PRC. In accordance with IFRS 5, the disposal assets were reclassified as assets held for sale. The directors of the Company consider the completion of the disposal to be within 1 year.

The major classes of assets classified as held for sale as at 31 December 2017 are as follows:

22. 分類為持有待售的資產

於二零一七年十月十日，本集團與一名獨立第三方訂立買賣協議，以代價人民幣26,000,000元出售物業、廠房及設備以及位於中國之土地使用權。根據國際財務報告準則第5號，出售資產重新分類為持有待售的資產。本公司董事認為出售將於一年內完成。

於二零一七年十二月三十一日分類為持有待售的資產主要類別如下：

		2017 二零一七年 RMB'000 人民幣千元
Property, plant and equipment	物業、廠房及設備	44,318
Prepaid land lease payments	預付土地租金	4,926
Impairment loss for the year	年內減值虧損	(23,244)
		26,000

The Group has pledged the land use right with a net carrying amount of approximately RMB4,926,000 (2016: Nil) to secure general banking facilities granted to the Group.

本集團已抵押賬面淨值約人民幣4,926,000元(二零一六年：無)的土地使用權作為本集團獲授一般銀行融資的擔保。

23. TRADE AND BILLS PAYABLES

Trade payables	應付貿易賬款
Bills payables	應付票據

23. 應付貿易賬款及應付票據

2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
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Trade payables	應付貿易賬款	40,911	39,612
Bills payables	應付票據	7,090	14,277
		48,001	53,889

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23. TRADE AND BILLS PAYABLES (continued)

An aging analysis of the Group's trade and bills payables as at the end of the reporting period, based on the invoice dates, is as follows:

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Within 3 months	3個月內	29,396	36,998
Over 3 months	3個月以上	18,605	16,891
		48,001	53,889

The trade and bills payables are non-interest-bearing and are normally settled on six months terms (2016: six months). Bills payable of RMB7,090,000 (2016: RMB14,277,000) were secured by the Group's pledged deposits amounting to RMB2,127,000 as at 31 December 2017 (2016: RMB4,283,000).

23. 應付貿易賬款及應付票據(續)

於呈報期末，本集團應付貿易賬款及應付票據按發票日期劃分的賬齡分析如下：

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Within 3 months	3個月內	29,396	36,998
Over 3 months	3個月以上	18,605	16,891
		48,001	53,889

應付貿易賬款及應付票據不計息，且一般於六個月(二零一六年：六個月)內償還。於二零一七年十二月三十一日，本集團通過已質押存款人民幣2,127,000元(二零一六年：人民幣4,283,000元)為人民幣7,090,000元(二零一六年：人民幣14,277,000元)的應付票據作出擔保。

24. DEPOSITS RECEIVED, OTHER PAYABLES AND ACCRUALS

Deposits received:	已收按金：		
– Advanced from customers	– 客戶預付款項	300	300
– Others	– 其他	5,551	530
Value-added tax (“VAT”) payables	應付增值稅(「增值稅」)	–	4,681
Accruals and other payables	應計費用及其他應付款項	33,044	19,704
Provision for contingent consideration (note 27)	或然代價撥備(附註27)	1,030	8,303
		39,925	33,518

Other payables are non-interest-bearing and have a credit term of two to three months.

24. 已收按金、其他應付款項及應計費用

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Deposits received:	已收按金：		
– Advanced from customers	– 客戶預付款項	300	300
– Others	– 其他	5,551	530
Value-added tax (“VAT”) payables	應付增值稅(「增值稅」)	–	4,681
Accruals and other payables	應計費用及其他應付款項	33,044	19,704
Provision for contingent consideration (note 27)	或然代價撥備(附註27)	1,030	8,303
		39,925	33,518

其他應付款項不計息，信貸期為兩至三個月。

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25. INTEREST-BEARING BANK BORROWINGS

25. 計息銀行借貸

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Secured bank loans repayable within one year	須於一年內償還的有抵押銀行貸款	117,000	124,000
(a) At 31 December 2017 and 2016, the bank loans were denominated in RMB (2016: RMB) and bore interest rates ranging from:			(a) 於二零一七年及二零一六年十二月三十一日，銀行貸款均以人民幣(二零一六年：人民幣)計值，並按以下範圍的息率計息：
Year ended 31 December 2017	4.35% – 5.00% per annum		截至二零一七年十二月三十一日止年度 每年4.35%至5.00%
Year ended 31 December 2016	4.60% – 6.25% per annum		截至二零一六年十二月三十一日止年度 每年4.60%至6.25%
(b) At 31 December 2017, the secured bank loans of the Group were secured by a pledge of certain of the Group's buildings and land use rights, with carrying amounts of approximately RMB12,415,000 (2016: RMB15,680,000) and approximately RMB32,611,000 (2016: RMB33,456,000) respectively. In addition, the bank loans were secured by guarantees provided by an independent third party and a director of the Company.			(b) 於二零一七年十二月三十一日，本集團分別已抵押賬面值約人民幣12,415,000元(二零一六年：人民幣15,680,000元)的若干樓宇及約人民幣32,611,000元(二零一六年：人民幣33,456,000元)之土地使用權作為本集團有抵押銀行貸款的擔保。此外，有關銀行貸款由一名獨立第三方以及一名本公司董事提供擔保。
(c) During the year ended 31 December 2017, the Group has repaid the bank loans with principal amount of RMB7,000,000.			(c) 截至二零一七年十二月三十一日止年度，本集團已償還本金額為人民幣7,000,000元之銀行貸款。

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

26. CONVERTIBLE NOTES AND WARRANTS

Valuation of the Convertible Notes and the Warrants

The movements of the Convertible Notes and the Warrants were as follows:

26. 可換股票據及認股權證

可換股票據及認股權證估值

可換股票據及認股權證的變動如下：

		2015 Convertible Notes 二零一五年 可換股票據 (note a) (附註a) RMB'000 人民幣千元	2016 Convertible Notes 二零一六年 可換股票據 (note a) (附註a) RMB'000 人民幣千元	2012 Warrants 二零一二年 認股權證 (note b) (附註b) RMB'000 人民幣千元	2015 Warrants 二零一五年 認股權證 (note b) (附註b) RMB'000 人民幣千元	Total 總額 RMB'000 人民幣千元
Fair value at 1 January 2016	於二零一六年一月一日的公平值	91,717	-	11,146	10,444	113,307
Issued during the year	年內發行	-	55,411	-	-	55,411
Derecognition during the year	年內終止確認	-	-	-	(10,444)	(10,444)
Fair value loss charged/(gain credited) to profit or loss during the year	年內於損益扣除的公平值損失/ (計入的公平值收益)	25,177	22,519	(6,079)	-	41,617
Fair value at 31 December 2016 and 1 January 2017	於二零一六年十二月三十一日及 二零一七年一月一日 的公平值	116,894	77,930	5,067	-	199,891
Derecognition during the year	年內終止確認	-	-	(5,067)	-	(5,067)
Fair value gain credited to profit or loss during the year	年內於損益計入的公平值收益	(29,892)	(20,110)	-	-	(50,002)
Fair value at 31 December 2017	於二零一七年十二月三十一日 的公平值	87,002	57,820	-	-	144,822
Represented by: <u>2017</u>	由以下各項表示： <u>二零一七年</u>					
Current portion	流動部分	87,002	-	-	-	87,002
Non-current portion	非流動部分	-	57,820	-	-	57,820
		87,002	57,820	-	-	144,822
<u>2016</u>	<u>二零一六年</u>					
Current portion	流動部分	-	-	5,067	-	5,067
Non-current portion	非流動部分	116,894	77,930	-	-	194,824
		116,894	77,930	5,067	-	199,891

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26. CONVERTIBLE NOTES AND WARRANTS

(continued)

Valuation of the Convertible Notes and the Warrants (continued)

Notes:

- (a) In connection with the acquisition of the Technology Know-how as explained in note 17, the Company issued zero-coupon unsecured convertible notes (the "2015 Convertible Notes") with principal amount of HK\$110,880,000 as part of the initial consideration on 16 December 2015. As a settlement of part of contingent consideration, the Company also issued zero-coupon unsecured convertible notes (the "2016 Convertible Notes") with principal amount of HK\$73,920,000 on 2 February 2016.

The 2015 Convertible Notes and 2016 Convertible Notes (collectively the "Convertible Notes") entitle the holder to convert them into ordinary shares of the Company (the "Shares") at any time from the date of issue of the 2015 Convertible Notes and 2016 Convertible Notes to the date immediately prior to the Maturity Dates, being the third anniversary of the date of issue, in multiples of HK\$1,000,000 at a conversion price of HK\$0.84 per conversion share subject to adjustments in certain events. The shares to be allotted and issued upon conversions shall rank pari passu in all respects among themselves and with all other ordinary shares in issue by the Company on the date of such allotment and issue. Also, the Company has a right to redeem the Convertible Notes at any time before the maturity date of the Convertible Notes.

During the years ended 31 December 2017 and 2016, the Convertible Notes holder did not convert any Convertible Notes.

The Convertible Notes included a debt instrument with embedded derivatives. Upon initial recognition, the Convertible Notes are designated as financial liabilities at FVTPL since it contains embedded foreign exchange derivatives. The fair values of the Convertible Notes are remeasured at the end of each reporting period and any gains or losses arising from changes in fair value are recognised in the statement of profit or loss.

26. 可換股票據及認股權證(續)

可換股票據及認股權證估值(續)

附註:

- (a) 就附註17所述有關收購技術知識而言，本公司於二零一五年十二月十六日發行本金額為110,880,000港元之零票息無抵押可換股票據（「二零一五年可換股票據」），作為部分的初步代價。作為結算或然代價的一部分，本公司亦於二零一六年二月二日發行本金額為73,920,000港元之零票息無抵押可換股票據（「二零一六年可換股票據」）。

二零一五年可換股票據及二零一六年可換股票據（統稱為「可換股票據」）賦予持有人權利可於二零一五年可換股票據及二零一六年可換股票據發行日期起至緊接到期日（即發行日期的第三個週年當日）前一日的任何時候，以1,000,000港元的倍數按換股價每股換股份0.84港元（於若干情況下可予調整）將二零一五年可換股票據及二零一六年可換股票據轉換為本公司普通股（「股份」）。於換股後將予配發及發行之股份於各方面在彼此之間及與本公司於有關配發及發行日期已發行的所有其他普通股具有同等地位。本公司亦有權於可換股票據到期日前任何時間贖回可換股票據。

截至二零一七年及二零一六年十二月三十一日止年度，可換股票據持有人並無兌換任何可換股票據。

可換股票據包含附帶嵌入式衍生工具的債務工具。於首次確認後，可換股票據被指定為按公平值計入損益的金融負債。可換股票據的公平值於各呈報期末重新計量，公平值變動產生的任何盈虧於損益表內確認。

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綜合財務報表附註

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

26. CONVERTIBLE NOTES AND WARRANTS

(continued)

Valuation of the Convertible Notes and the Warrants (continued)

Notes: (continued)

(a) (continued)

Valuation

As at 31 December 2017 and 2016, the fair values of the Convertible Notes were based on the valuations performed by Ascent Partners and calculated using the binomial model and the inputs into the model were as follows:

26. 可換股票據及認股權證(續)

可換股票據及認股權證估值(續)

附註：(續)

(a) (續)

估值

於二零一七年及二零一六年十二月三十一日，可換股票據的公平值乃根據艾升所進行的估值，並採用二項模式計算，該模式的輸入數據如下：

		2017 二零一七年	2016 二零一六年
2015 Convertible Notes	二零一五年可換股票據		
Stock closing price (HK\$)	股票收盤價(港元)	0.52	0.99
Principal amount (HK\$'000)	本金額(千港元)	110,880	110,880
Coupon rate (%)	票面利率(%)	0	0
Conversion price (HK\$)	換股價(港元)	0.84	0.84
Volatility (%)	波幅(%)	84.94	81.76
Risk-free rate (% per annum)	無風險利率(%，每年)	1.04	1.07
Expected life (years)	預期年期(年)	0.96	1.96
Expected dividend yield (%)	預期股息收益率(%)	0	0
2016 Convertible Notes	二零一六年可換股票據		
Stock closing price (HK\$)	股票收盤價(港元)	0.52	0.99
Principal amount (HK\$'000)	本金額(千港元)	73,920	73,920
Coupon rate (%)	票面利率(%)	0	0
Conversion price (HK\$)	換股價(港元)	0.84	0.84
Volatility (%)	波幅(%)	79.09	80.88
Risk-free rate (% per annum)	無風險利率(%，每年)	1.07	1.10
Expected life (years)	預期年期(年)	1.09	2.09
Expected dividend yield (%)	預期股息收益率(%)	0	0

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綜合財務報表附註

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

26. CONVERTIBLE NOTES AND WARRANTS

(continued)

Valuation of the Convertible Notes and the Warrants (continued)

Notes: (continued)

- (b) Pursuant to a subscription agreement entered into with Asia Equity Value Ltd (the "Subscriber") on 8 June 2012 (the "Subscription Agreement"), the Company issued a 7% senior guaranteed convertible notes with a principal amount of HK\$176,000,000 (i.e. RMB143,470,000) (the "2012 Convertible Notes") to the Subscriber on 21 June 2012 (the "Issuance Date"). No 2012 Convertible Notes remained outstanding as at 31 December 2015. In addition, pursuant to the Subscription Agreement, the Company also issued to the Subscriber warrants (the "2012 Warrants") which carry the rights to subscribe for 62,026,431 new Shares as a condition to the issuance of the 2012 Convertible Notes.

The 2012 Warrants initially give the holder of the 2012 Warrants (the "Warrants Holder") the rights to subscribe for 62,026,431 new Shares. The initial subscription price of the 2012 Warrants is HK\$1.53 per share (the "Subscription Price"), subject to anti-dilution adjustment for stock dividends, stock splits, dilutive securities issuances and other customary adjustment events from time to time in accordance with the terms and conditions of the 2012 Warrants.

26. 可換股票據及認股權證(續)

可換股票據及認股權證估值(續)

附註：(續)

- (b) 根據於二零一二年六月八日與 Asia Equity Value Ltd (「認購人」) 訂立的認購協議(「認購協議」)，本公司於二零一二年六月二十一日(「發行日期」)向認購人發行本金額為176,000,000港元(即人民幣143,470,000元)，按7%計息的優先有擔保可換股票據(「二零一二年可換股票據」)。於二零一五年十二月三十一日，概無二零一二年可換股票據仍未行使。此外，根據認購協議，本公司亦向認購人發行認股權證(「二零一二年認股權證」)，作為發行二零一二年可換股票據的條件，認股權證附有權利可認購62,026,431股新股份。

二零一二年認股權證初步賦予二零一二年認股權證持有人(「認股權證持有人」)權利，可認購62,026,431股新股份。二零一二年認股權證的初步認購價為每股1.53港元(「認購價」)，須根據二零一二年認股權證的條款及條件不時受股票股息、股票分拆、攤薄證券發行及其他慣常調整事件而予以反攤薄調整。

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綜合財務報表附註

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

26. CONVERTIBLE NOTES AND WARRANTS

(continued)

Valuation of the Convertible Notes and the Warrants (continued)

Notes: (continued)

(b) (continued)

On 7 February 2013, the Company entered into a supplemental instrument with the Subscriber to amend certain major terms and conditions of the 2012 Warrants (the "Supplemental Warrants Instrument"). The Supplemental Warrants Instrument had been approved by the Subscriber as the sole holder of the 2012 Warrants in accordance with the terms and conditions of the 2012 Warrants. In accordance with the Supplemental Warrants Instrument, the Company and the Subscriber agreed that any adjustments to the Subscription Price should take effect if the adjustment is HK\$0.01 or more. The Subscription Price had been adjusted from HK\$1.53 to HK\$1.49 with effect from 12 October 2012 as a result of the distribution of the 2012 interim dividend of HK2.5 cents per ordinary share by the Company.

According to the agreement amongst the Subscriber and three independent third parties (the "Transferees") on 29 October 2014, the 2012 Warrants were transferred from the Subscriber to the Transferees on 29 October 2014.

The subscription period of the 2012 Warrants commences from 6 months after the Issuance Date (i.e. 22 December 2012) (the "Warrants Subscription Date"), and expired on the fifth anniversary from the Warrants Subscription Date (i.e. 22 December 2017).

On 13 March 2015, the Company entered into a new warrants subscription agreement (the "2015 Warrants Subscription Agreement") with two warrants subscribers (the "2015 Warrants Subscribers") in relation to the issue of a total of 88,000,000 warrants (the "2015 Warrants") to the 2015 Warrants Subscribers at the issue price of HK\$0.07 per 2015 Warrant. The subscription rights attaching to the 2015 Warrants expired on 20 October 2016.

26. 可換股票據及認股權證(續)

可換股票據及認股權證估值(續)

附註：(續)

(b) (續)

於二零一三年二月七日，本公司與認購人訂立補充文據，以修訂二零一二年認股權證的若干主要條款及條件（「補充認股權證文據」）。補充認股權證文據已根據二零一二年認股權證的條款及條件獲認購人（作為二零一二年認股權證的唯一持有人）批准。根據補充認股權證文據，本公司及認購人同意，倘就認購價所作的任何調整等於或超過0.01港元，則有關調整須生效。由於本公司派付二零一二年中期股息每股普通股2.5港仙，故認購價自二零一二年十月十二日起由1.53港元調整至1.49港元。

根據認購人與三名獨立第三方（「承讓人」）於二零一四年十月二十九日訂立的協議，二零一二年認股權證由認購人於二零一四年十月二十九日轉讓予承讓人。

二零一二年認股權證的認購期間自發行日期後六個月（即二零一二年十二月二十二日）（「認股權證認購日期」）開始直至認股權證認購日期起計滿五週年當日（即二零一七年十二月二十二日）屆滿。

於二零一五年三月十三日，本公司與兩名認股權證認購人（「二零一五年認股權證認購人」）訂立一份新認股權證認購協議（「二零一五年認股權證認購協議」），內容有關按發行價每份二零一五年認股權證0.07港元向二零一五年認股權證認購人發行合共88,000,000份認股權證（「二零一五年認股權證」）。二零一五年認股權證隨附的認購權於二零一六年十月二十日屆滿。

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

26. CONVERTIBLE NOTES AND WARRANTS

(continued)

Valuation of the Convertible Notes and the Warrants (continued)

Notes: (continued)

(b) (continued)

No warrants have been exercised during both years ended 31 December 2016 and 2017.

The 2012 Warrants and 2015 Warrants (collectively as the "Warrants") are classified as derivatives and are accounted for as financial liabilities at FVTPL upon initial recognition since it contains embedded foreign exchange derivatives. The fair values of the Warrants are remeasured at the end of each reporting period and any gains or losses arising from changes in fair value are recognised in the statement of profit or loss.

Valuation

As at 31 December 2016, the fair value of the 2012 Warrants was based on the valuation performed by Asset Appraisal Limited, which is an independent firm of professionally qualified valuers and calculated using the binomial model and the inputs into the model were as follows:

26. 可換股票據及認股權證(續)

可換股票據及認股權證估值(續)

附註：(續)

(b) (續)

於截至二零一六年及二零一七年十二月三十一日止兩個年度，概無認股權證獲行使。

二零一二年認股權證及二零一五年認股權證（統稱為「認股權證」）分類為衍生工具，於首次確認時入賬列作按公平值計入損益的金融負債，原因是其含有嵌入式外匯衍生工具。認股權證的公平值於各呈報期末重新計量，公平值變動產生的任何盈虧於損益表內確認。

估值

於二零一六年十二月三十一日，二零一二年認股權證的公平值乃根據中誠達資產評估顧問有限公司所進行的估值計算，該公司為獨立專業合資格估值師並採用二項模式計算估值，該模式的輸入數據如下：

2016
二零一六年

2012 Warrants

二零一二年認股權證

Stock closing price (HK\$)	股票收盤價(港元)	0.99
Exercise price (HK\$)	行使價(港元)	1.49
Volatility (%)	波幅(%)	55.71
Risk-free rate (% per annum)	無風險利率(%，每年)	0.85
Expected life (years)	預期年期(年)	0.98
Expected dividend yield (%)	預期股息收益率(%)	0

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綜合財務報表附註

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

27. PROVISION FOR CONTINGENT CONSIDERATION

In connection with the acquisition of the Technology Know-how as explained in note 17, provision for contingent consideration as at 31 December 2015 represented the acquisition-date fair value of contingent consideration of i) a maximum of approximately RMB1,289,409,836 in cash (“Cash Consideration”); and ii) the contingent convertible notes (“Contingent CNs”) with principal amount of HK\$73,920,000 (equivalent to approximately RMB60,590,164), which will be issued by the Company after fulfilment of certain conditions specified in the acquisition agreement signed on 14 October 2015 (“Acquisition Agreement”), as part of the consideration for the acquisition of the Technology Know-how.

The settlement of Cash Consideration and the Contingent CNs is subject to the following conditions:

“Second Instalment Conditions” refer to (a) the registration of the transfer of the PRC Patents and the US Patent having been completed in the State Intellectual Property Office of the PRC and the United States Patent and Trademark Office respectively, such that the Company having become the applicant of the PRC Patents (or if the PRC Patents are granted, the Company having become the PRC Patents owner) under the record of the State Intellectual Property Office of the PRC, and the Company having become the US Patent owner under the record of the United States Patent and Trademark Office; and (b) the training provided by Bluestone to the technicians of the Group and its contracted parties having been completed, such that the Group and its contracted parties having been able to produce graphene-based EVA foam material and graphene deodorizing and sterilizing chips based on the Technology Know-how independently, and the graphene-based EVA foam material and graphene deodorizing and sterilizing chips produced having been certified by an independent technical organisation at provincial level or above to meet the inspection standard as stipulated under the Acquisition Agreement.

27. 或然代價撥備

就附註17所述有關收購技術知識而言，於二零一五年十二月三十一日的或然代價撥備指i)現金最多約人民幣1,289,409,836元(「現金代價」)；及ii)本金額73,920,000港元(相當於約人民幣60,590,164元)之或然可換股票據(「或然可換股票據」)之或然代價於收購日期之公平值，該等可換股票據將於二零一五年十月十四日簽訂之收購協議(「收購協議」)指定的若干條件達成後由本公司發行，作為收購技術知識之部分代價。

現金代價及或然可換股票據之結算須待以下條件達成後，方可作實：

「第二期條件」指(a)中國專利及美國專利的轉讓已經分別於中國國家知識產權局及美國專利及商標局完成登記，因此本公司已於中國國家知識產權局記錄中成為中國專利的申請人(或如中國專利已獲授出，則本公司成為中國專利的擁有人)及已於美國專利及商標局的記錄中成為美國專利的擁有人；及(b)藍石向本集團及其合約方的技術人員提供的培訓已完成，而令本集團及其合約方能夠獨立使用技術知識生產石墨烯EVA發泡材料和石墨烯除臭殺菌芯片，且所生產的石墨烯EVA發泡材料和石墨烯除臭殺菌芯片已獲得省級或以上獨立技術認證機構作出技術認證，符合收購協議規定的驗收標準。

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綜合財務報表附註

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

27. PROVISION FOR CONTINGENT CONSIDERATION (continued)

Upon fulfilment of the Second Instalment Conditions, the second instalment in the amount of RMB450,000,000 should be payable by the Company, of which (a) RMB389,409,836 should be paid in cash within 6 months after fulfilment of the Second Instalment Conditions; and (b) RMB60,590,164 should be satisfied by issuing the convertible notes with principal amount of HK\$73,920,000 to Bluestone or its nominee(s) within 15 business days after the fulfilment of the Second Instalment Conditions.

“Third Instalment Conditions” refer to (a) the accumulated turnover of a special purpose vehicle (“SPV”) to be established by the Group for the sales of graphene-based EVA foam material, graphene deodorizing and sterilizing chips and graphene-based wearable devices manufactured using the Technology Know-how and/or any other companies (other than companies of the Group) authorised to use the Technology Know-how having reached RMB40,000,000; and (b) the sales volume of graphene-based EVA foam material having reached 20,000 cubic meters, each within 9 months after the Completion Date (or such later date as the Company may agree).

Upon fulfilment of the Second Instalment Conditions and the Third Instalment Conditions, the third instalment in the amount of RMB270,000,000 should be payable by the Company in cash to Bluestone or its nominee(s) within 15 business days after the fulfilment of the Third Instalment Conditions.

Second Instalment Conditions and Third Instalment Conditions had been fulfilled and the Company had paid RMB389,409,836 by way of cash and RMB60,590,164 by way of issuing the 2016 Convertible Notes (refer to note 26) and RMB270,000,000 by way of cash on 2 February 2016 and 8 September 2016 respectively.

27. 或然代價撥備(續)

於第二期條件達成後，第二期金額人民幣450,000,000元須由本公司支付，其中(a)人民幣389,409,836元須於第二期條件達成後6個月內以現金支付；及(b)人民幣60,590,164元須於第二期條件達成後15個營業日內透過向藍石或其提名人發行本金額為73,920,000港元的可換股票據而支付。

「第三期條件」指於完成日期後9個月內(或本公司同意的較遲日期)(a)本集團將就銷售使用技術知識生產的石墨烯EVA發泡材料、石墨烯除臭殺菌芯片及石墨烯可穿戴裝置而成立的特殊目的公司(「SPV」)及/或獲授權使用技術知識的任何其他公司(不包括本集團各公司)累計營業額已達人民幣40,000,000元；及(b)石墨烯EVA發泡材料銷量已達20,000立方米。

於第二期條件及第三期條件達成後，第三期金額人民幣270,000,000元須由本公司於第三期條件達成後15個營業日內以現金支付予藍石或其提名人。

第二期條件及第三期條件已達成，本公司分別於二零一六年二月二日以現金支付人民幣389,409,836元及透過發行二零一六年可換股票據支付人民幣60,590,164元(請參閱附註26)及於二零一六年九月八日以現金支付人民幣270,000,000元。

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

27. PROVISION FOR CONTINGENT CONSIDERATION (continued)

Pursuant to the Acquisition Agreement, upon fulfilment of the Second Instalment Conditions and the Third Instalment Conditions, Bluestone is entitled to share 35% of the earnings before interests, taxes, depreciation and amortisation (“EBITDA”) of the SPV for the 6-month period ended 30 June or 31 December of each year (“Interim Financial Period”) starting from the year the Second Instalment Conditions and the Third Instalment Conditions are fulfilled and each subsequent Interim Financial Period (until the end of the sixth financial year ending 31 December from the Completion Date), subject to a maximum sharing amount of RMB630,000,000 (the “EBITDA Sharing Mechanism”).

For the avoidance of doubt, the financial year in which the Completion Date ending on would be considered as the first financial year for the purpose of the EBITDA Sharing Mechanism. During the period under the EBITDA Sharing Mechanism, for each Interim Financial Period, the Company should appoint an independent auditor to issue a certificate for the EBITDA of the SPV during the relevant Interim Financial Period within 4 months from the end of such Interim Financial Period, and the sharing amount shall be paid by the Company in cash to Bluestone or its nominee(s) within 15 business days after the issuance of such certificate. Any license fees for the Technology Know-how payable by the SPV to the Group will be disregarded in the calculation of the EBITDA.

If the accumulated EBITDA of the SPV during the period under the EBITDA Sharing Mechanism is less than RMB1,800,000,000 (for the purpose, if the SPV records a loss in any Interim Financial Period, the EBITDA of the SPV of that Interim Financial Period would be regarded as zero in calculating the accumulated EBITDA), the total sharing amount under the EBITDA Sharing Mechanism will be less than RMB630,000,000 and the Company is not obligated to pay the shortfall between RMB630,000,000 and 35% of the actual accumulated EBITDA of the SPV during the period under the EBITDA Sharing Mechanism.

27. 或然代價撥備(續)

根據收購協議，自第二期條件及第三期條件達成後之年度起，藍石有權分佔SPV於第二期條件及第三期條件達成的截至各年六月三十日或十二月三十一日止六個月期間（「中期財務期間」）及此後每個中期財務期間（直至完成日期起第六個截至十二月三十一日止財政年度完結為止）除利息、稅項、折舊及攤銷前盈利（「EBITDA」）的35%，惟最高分成金額為人民幣630,000,000元（「EBITDA分成機制」）。

為免疑慮，就EBITDA分成機制而言，完成日期所屬的財政年度將被視為第一個財政年度。於EBITDA分成機制期間，就每個中期財務期間而言，本公司應委任一名獨立核數師於相關中期財務期間完結後4個月內就SPV於該中期財務期間的EBITDA出具一份證書，本公司須於該證書出具後15個營業日內以現金向藍石或其提名人支付分成款項。計算EBITDA時將不會考慮SPV就技術知識應向本集團支付的任何許可費。

如SPV於EBITDA分成機制下期間的累計EBITDA低於人民幣1,800,000,000元（就此而言，如SPV於任何中期財務期間錄得虧損，計算累計EBITDA時，SPV於該中期財務期間的EBITDA應當被視為零），EBITDA分成機制下的總分成金額將低於人民幣630,000,000元，本公司亦毋須支付人民幣630,000,000元與SPV於該EBITDA分成機制下期間的實際累計EBITDA之35%之間的差額。

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27. PROVISION FOR CONTINGENT CONSIDERATION (continued)

Provision for contingent consideration as at 31 December 2017 represented the contingent cash consideration payable to Bluestone or its nominee(s) under the EBITDA Sharing Mechanism.

The movements of the provision for contingent consideration were as follows:

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
As at the beginning of the year	於年初	276,868	1,029,203
Amount incurred during the year	年內計入金額	(8,678)	-
Settlement during the year	年內結算	-	(610,420)
Fair value gain credited to profit or loss during the year	年內於損益計入之公平值 收益	(219,888)	(141,915)
As at the end of the year	於年末	48,302	276,868
Current portion included in deposits received, other payables and accruals	計入已收按金、其他應付款項 及應計費用之流動部分	(1,030)	(8,303)
Non-current portion	非流動部分	47,272	268,565

The fair value of the provision for contingent consideration is calculated using the discounted cash flow approach (2016: discounted cash flow approach). The inputs into the approach as at 31 December 2017 and 2016 were as follows:

		2017 二零一七年	2016 二零一六年
Discount rate	貼現率	12.32%- 12.54%	12.15%- 12.69%

Note: All Contingent CNs have already been issued as at 31 December 2016.

27. 或然代價撥備(續)

於二零一七年十二月三十一日的或然代價撥備指根據EBITDA分成機制應付藍石或其提名人的或然現金代價。

或然代價撥備之變動如下：

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
As at the beginning of the year	於年初	276,868	1,029,203
Amount incurred during the year	年內計入金額	(8,678)	-
Settlement during the year	年內結算	-	(610,420)
Fair value gain credited to profit or loss during the year	年內於損益計入之公平值 收益	(219,888)	(141,915)
As at the end of the year	於年末	48,302	276,868
Current portion included in deposits received, other payables and accruals	計入已收按金、其他應付款項 及應計費用之流動部分	(1,030)	(8,303)
Non-current portion	非流動部分	47,272	268,565

或然代價撥備的公平值採用貼現現金流法(二零一六年：貼現現金流法)計算。於二零一七年及二零一六年十二月三十一日，該法的輸入數據如下：

		2017 二零一七年	2016 二零一六年
Discount rate	貼現率	12.32%- 12.54%	12.15%- 12.69%

附註：所有或然可換股票據已于二零一六年十二月三十一日發行。

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27. PROVISION FOR CONTINGENT CONSIDERATION (continued)

The provision for contingent consideration is classified as a financial liability which will then be measured at fair value and any changes in fair value will be recognised in the consolidated statement of profit or loss.

The directors of the Company conducted a fair value assessment of the provision for contingent consideration as at 31 December 2017, with reference to a valuation conducted by Ascent Partners.

28. DEFERRED TAX LIABILITY

The amount represents Group's withholding taxes to the dividend payable by a PRC subsidiary amounted RMB62,075,000 as at 31 December 2017 and 2016.

27. 或然代價撥備(續)

或然代價撥備被分類為金融負債，然後將按公平值計量，任何公平值變動將於綜合損益表內確認。

本公司董事已參考艾升作出之估值對二零一七年十二月三十一日之或然代價撥備進行公平值評估。

28. 遞延稅項負債

該金額指本集團就一家中國附屬公司應付股息的預扣稅，於二零一七年及二零一六年十二月三十一日為人民幣62,075,000元。

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29. SHARE CAPITAL

The details of the authorised and issued share capital of the Company are as follows:

29. 股本

本公司法定及已發行股本之詳情如下：

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Authorised:	法定：		
5,000,000,000 ordinary shares of US\$0.01 each	5,000,000,000股每股面值0.01美元的普通股	342,400	342,400
Issued and fully paid:	已發行及繳足：		
1,084,059,608 (2016: 1,084,059,608) ordinary shares of US\$0.01 each	1,084,059,608股(二零一六年：1,084,059,608股)每股面值0.01美元的普通股	71,629	71,629

Ordinary shares

普通股

		Number of ordinary shares of US\$0.01 each 每股面值0.01 美元的普通股 數目	Nominal value of ordinary shares 普通股面值 US\$'000 千美元	Nominal value of ordinary shares 普通股面值 RMB'000 人民幣千元
Authorised:	法定：			
At 1 January 2016, 31 December 2016, 1 January 2017 and 31 December 2017	於二零一六年一月一日、 二零一六年十二月三十一日、 二零一七年一月一日及 二零一七年十二月三十一日	5,000,000,000	50,000	342,400
Issued:	已發行：			
At 1 January 2016	於二零一六年一月一日	1,067,579,608	10,676	70,555
Issue of shares upon exercise of share options (note 30)	於行使購股權時發行股份 (附註30)	16,480,000	165	1,074
At 31 December 2016, 1 January 2017 and 31 December 2017	於二零一六年十二月三十一日、 二零一七年一月一日及 二零一七年十二月三十一日	1,084,059,608	10,841	71,629

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30. SHARE OPTION SCHEME

On 8 January 2011, the Company operates a share option scheme (the "Share Option Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Share Option Scheme include, among others, the Company's directors, including independent non-executive directors, employees, suppliers of goods or services, customers, consultants of the Group, the Company's shareholders, and any non-controlling shareholder in the Company's subsidiaries. The Share Option Scheme became effective on 28 January 2011 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The maximum number of shares which may be issued upon exercise of all option to be granted under the Share Option Scheme and any other schemes of the Group shall not in aggregate exceed 10% of the Shares in issue at the Listing Date. The maximum number of Shares issuable under share options to each eligible participant in the Share Option Scheme within any 12-month period is limited to 1% of the Shares in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their respective associates, are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the Shares in issue and or with an aggregate value (based on the closing price of the Shares at the date of grant) in excess of HK\$5 million, in the 12-month period up to and including the date of grant, are subject to shareholders' approval in advance in a general meeting.

An offer of the grant of share options may be accepted within 28 days from the date of offer, upon payment of a nominal consideration of HK\$1 in total by the grantee. The exercise period of the share options granted is determinable by the directors of the Company, and which shall not exceed 10 years after the date on which the share options are granted and accepted. The exercise of any option may be subject to a vesting schedule to be determined by the Board.

30. 購股權計劃

於二零一一年一月八日，本公司運作一項購股權計劃（「購股權計劃」），旨在向為本集團業務之成功作出貢獻之合資格參與者提供獎勵及報酬。購股權計劃合資格參與者包括（其中包括）本公司董事（包括獨立非執行董事）、本集團僱員、產品或服務供應商、客戶、顧問、本公司股東及本公司附屬公司之任何非控股股東。購股權計劃由二零一一年一月二十八日起生效，除非獲取消或修訂，否則將由該日起計十年內保持有效。

根據購股權計劃及本集團任何其他計劃授出的所有購股權獲行使時可予發行的股份最高數目，合共不得超過於上市日期已發行股份之10%。於任何十二個月期間內，根據購股權計劃授予各合資格參與者之購股權可予發行之最高股份數目以任何時候已發行股份之1%為限。授出超過此限制之任何其他購股權均須獲股東於股東大會上批准。

授予本公司董事、主要行政人員或主要股東或彼等任何聯繫人士之購股權須經獨立非執行董事事先批准。此外，於授出日期起的十二個月期間內，倘授予本公司主要股東或獨立非執行董事或彼等任何聯繫人士之任何購股權超逾已發行股份0.1%或根據於截至及包括授出日期止十二個月期間股份收市價計算之總值超過5,000,000港元，則須經股東於股東大會上事先批准。

授出購股權之要約可於要約日期起計二十八天內由承授人支付名義代價1港元後予以接納。所授出購股權之行使期乃由本公司董事釐定，不得超過購股權授出及獲接納日期後10年。任何購股權之行使可能受限於董事會釐定之歸屬期。

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30. SHARE OPTION SCHEME (continued)

The exercise price of share options is determinable by the directors of the Company, but may not be less than the higher of (i) the Stock Exchange closing price of the Shares on the date of offer of the share options; (ii) the average Stock Exchange closing price of the Shares for the five trading days immediately preceding the date of offer and (iii) the nominal value of the Shares.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

The following share options were outstanding under the Share Option Scheme during the year:

30. 購股權計劃(續)

購股權之行使價由本公司董事釐定，惟不得低於以下之較高者：(i)股份於購股權要約日期在聯交所之收市價；(ii)股份於緊接要約日期前五個交易日在聯交所之平均收市價及(iii)股份的面值。

購股權並不賦予持有人收取股息或於股東大會投票之權利。

年內，根據購股權計劃尚未行使的購股權如下：

		2017 二零一七年		2016 二零一六年	
		Weighted average exercise price 加權平均 行使價 HK\$ 港元	Number of share options 購股權 數目	Weighted average exercise price 加權平均 行使價 HK\$ 港元	Number of share options 購股權 數目
At 1 January	於一月一日	0.73	153,200,000	0.83	69,250,000
Granted during the year	年內授出	—	—	0.70	105,800,000
Forfeited during the year	年內沒收	0.80	(9,520,000)	1.10	(5,370,000)
Exercised during the year	年內行使	—	—	0.81	(16,480,000)
At 31 December	於十二月三十一日	0.73	143,680,000	0.73	153,200,000

No share option was granted (2016: 105,800,000) and exercised (2016: 16,480,000) during the year, and 9,520,000 (2016: 5,370,000) share options were forfeited during the year due to cessation of employment of the participants.

The outstanding share options as at 31 December 2017 were vested to the grantees in the following manner:

- 10,917,000 of such share options were vested on 10 December 2015 with an exercise period from 10 December 2015 to 9 December 2020.

於本年間，無購股權授出(二零一六年：105,800,000份)及行使(二零一六年：16,480,000份)，因參與者終止僱傭關係而被沒收的購股權為9,520,000份(二零一六年：5,370,000份)。

於二零一七年十二月三十一日尚未行使購股權按下列方式歸屬予授受人：

- 該等購股權的10,917,000份已於二零一五年十二月十日歸屬，行使期為二零一五年十二月十日及二零二零年十二月九日。

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30. SHARE OPTION SCHEME (continued)

- 19,356,000 of such share options were vested on 10 December 2016 with an exercise period from 10 December 2016 to 9 December 2020.
- 3,195,000 of such share options were vested on 10 December 2017 with an exercise period from 10 December 2017 to 9 December 2020.
- 2,556,000 of such share options will be vested on 10 December 2018 with an exercise period from 10 December 2018 to 9 December 2020.
- 2,556,000 of such share options will be vested on 10 December 2019 with an exercise period from 10 December 2019 to 9 December 2020.
- 52,140,000 of such share options were vested on 24 June 2016 with an exercise period from 24 June 2016 to 23 June 2021.
- 35,920,000 of such share options were vested on 24 June 2017 with an exercise period from 24 June 2017 to 23 June 2021.
- 2,900,000 of such share options will be vested on 24 June 2018 with an exercise period from 24 June 2018 to 23 June 2021.
- 2,320,000 of such share options will be vested on 24 June 2019 with an exercise period from 24 June 2019 to 23 June 2021.
- 2,320,000 of such share options will be vested on 24 June 2020 with an exercise period from 24 June 2020 to 23 June 2021.
- 1,425,000 of such share options were vested on 16 December 2016 with an exercise period from 16 December 2016 to 15 December 2021.

30. 購股權計劃(續)

- 該等購股權的19,356,000份已於二零一六年十二月十日歸屬，行使期為二零一六年十二月十日至二零二零年十二月九日。
- 該等購股權的3,195,000份已於二零一七年十二月十日歸屬，行使期為二零一七年十二月十日至二零二零年十二月九日。
- 該等購股權的2,556,000份將於二零一八年十二月十日歸屬，行使期為二零一八年十二月十日至二零二零年十二月九日。
- 該等購股權的2,556,000份將於二零一九年十二月十日歸屬，行使期為二零一九年十二月十日至二零二零年十二月九日。
- 該等購股權的52,140,000份已於二零一六年六月二十四日歸屬，行使期為二零一六年六月二十四日至二零二一年六月二十三日。
- 該等購股權的35,920,000份已於二零一七年六月二十四日歸屬，行使期為二零一七年六月二十四日至二零二一年六月二十三日。
- 該等購股權的2,900,000份將於二零一八年六月二十四日歸屬，行使期為二零一八年六月二十四日至二零二一年六月二十三日。
- 該等購股權的2,320,000份將於二零一九年六月二十四日歸屬，行使期為二零一九年六月二十四日至二零二一年六月二十三日。
- 該等購股權的2,320,000份將於二零二零年六月二十四日歸屬，行使期為二零二零年六月二十四日至二零二一年六月二十三日。
- 該等購股權的1,425,000份已於二零一六年十二月十六日歸屬，行使期為二零一六年十二月十六日至二零二一年十二月十五日。

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30. SHARE OPTION SCHEME (continued)

- 1,900,000 of such share options were vested on 16 December 2017 with an exercise period from 16 December 2017 to 15 December 2021.
- 2,375,000 of such share options will be vested on 16 December 2018 with an exercise period from 16 December 2018 to 15 December 2021.
- 1,900,000 of such share options will be vested on 16 December 2019 with an exercise period from 16 December 2019 to 15 December 2021.
- 1,900,000 of such share options will be vested on 16 December 2020 with an exercise period from 16 December 2020 to 15 December 2021.

The outstanding share options as at 31 December 2016 were vested to the grantees in the following manner:

- 12,002,000 of such share options were vested on 10 December 2015 with an exercise period from 10 December 2015 to 9 December 2020.
- 21,176,000 of such share options were vested on 10 December 2016 with an exercise period from 10 December 2016 to 9 December 2020.
- 5,470,000 of such share options were vested on 10 December 2017 with an exercise period from 10 December 2017 to 9 December 2020.
- 4,376,000 of such share options will be vested on 10 December 2018 with an exercise period from 10 December 2018 to 9 December 2020.
- 4,376,000 of such share options will be vested on 10 December 2019 with an exercise period from 10 December 2019 to 9 December 2020.

30. 購股權計劃(續)

- 該等購股權的1,900,000份已於二零一七年十二月十六日歸屬，行使期為二零一七年十二月十六日至二零二一年十二月十五日。
- 該等購股權的2,375,000份將於二零一八年十二月十六日歸屬，行使期為二零一八年十二月十六日至二零二一年十二月十五日。
- 該等購股權的1,900,000份將於二零一九年十二月十六日歸屬，行使期為二零一九年十二月十六日至二零二一年十二月十五日。
- 該等購股權的1,900,000份將於二零二零年十二月十六日歸屬，行使期為二零二零年十二月十六日至二零二一年十二月十五日。

於二零一六年十二月三十一日尚未行使購股權按下列方式歸屬予承授人：

- 該等購股權的12,002,000份已於二零一五年十二月十日歸屬，行使期為二零一五年十二月十日及二零二零年十二月九日。
- 該等購股權的21,176,000份已於二零一六年十二月十日歸屬，行使期為二零一六年十二月十日及二零二零年十二月九日。
- 該等購股權的5,470,000份已於二零一七年十二月十日歸屬，行使期為二零一七年十二月十日及二零二零年十二月九日。
- 該等購股權的4,376,000份將於二零一八年十二月十日歸屬，行使期為二零一八年十二月十日及二零二零年十二月九日。
- 該等購股權的4,376,000份將於二零一九年十二月十日歸屬，行使期為二零一九年十二月十日及二零二零年十二月九日。

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30. SHARE OPTION SCHEME (continued)

- 52,245,000 of such share options were vested on 24 June 2016 with an exercise period from 24 June 2016 to 23 June 2021.
- 36,060,000 of such share options were vested on 24 June 2017 with an exercise period from 24 June 2017 to 23 June 2021.
- 3,075,000 of such share options will be vested on 24 June 2018 with an exercise period from 24 June 2018 to 23 June 2021.
- 2,460,000 of such share options will be vested on 24 June 2019 with an exercise period from 24 June 2019 to 23 June 2021.
- 2,460,000 of such share options will be vested on 24 June 2020 with an exercise period from 24 June 2020 to 23 June 2021.
- 1,425,000 of such share options were vested on 16 December 2016 with an exercise period from 16 December 2016 to 15 December 2021.
- 1,900,000 of such share options were vested on 16 December 2017 with an exercise period from 16 December 2017 to 15 December 2021.
- 2,375,000 of such share options will be vested on 16 December 2018 with an exercise period from 16 December 2018 to 15 December 2021.
- 1,900,000 of such share options will be vested on 16 December 2019 with an exercise period from 16 December 2019 to 15 December 2021.
- 1,900,000 of such share options will be vested on 16 December 2020 with an exercise period from 16 December 2020 to 15 December 2021.

30. 購股權計劃(續)

- 該等購股權的52,245,000份已於二零一六年六月二十四日歸屬，行使期為二零一六年六月二十四日至二零二一年六月二十三日。
- 該等購股權的36,060,000份已於二零一七年六月二十四日歸屬，行使期為二零一七年六月二十四日至二零二一年六月二十三日。
- 該等購股權的3,075,000份將於二零一八年六月二十四日歸屬，行使期為二零一八年六月二十四日至二零二一年六月二十三日。
- 該等購股權的2,460,000份將於二零一九年六月二十四日歸屬，行使期為二零一九年六月二十四日至二零二一年六月二十三日。
- 該等購股權的2,460,000份將於二零二零年六月二十四日歸屬，行使期為二零二零年六月二十四日至二零二一年六月二十三日。
- 該等購股權的1,425,000份已於二零一六年十二月十六日歸屬，行使期為二零一六年十二月十六日至二零二一年十二月十五日。
- 該等購股權的1,900,000份已於二零一七年十二月十六日歸屬，行使期為二零一七年十二月十六日至二零二一年十二月十五日。
- 該等購股權的2,375,000份將於二零一八年十二月十六日歸屬，行使期為二零一八年十二月十六日至二零二一年十二月十五日。
- 該等購股權的1,900,000份將於二零一九年十二月十六日歸屬，行使期為二零一九年十二月十六日至二零二一年十二月十五日。
- 該等購股權的1,900,000份將於二零二零年十二月十六日歸屬，行使期為二零二零年十二月十六日至二零二一年十二月十五日。

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30. SHARE OPTION SCHEME (continued)

The exercise prices and exercise periods of the share options outstanding as at the end of the reporting period are as follows:

2017

二零一七年

Number of share options 購股權數目	Exercise price HK\$ per share 行使價每股港元	Exercise period 行使期
9,500,000	0.99	16 December 2016 to 15 December 2021 二零一六年十二月十六日至二零二一年十二月十五日
95,600,000	0.67	24 June 2016 to 23 June 2021 二零一六年六月二十四日至二零二一年六月二十三日
38,580,000	0.81	10 December 2015 to 9 December 2020 二零一五年十二月十日及二零二零年十二月九日

2016

二零一六年

Number of share options 購股權數目	Exercise price HK\$ per share 行使價每股港元	Exercise period 行使期
9,500,000	0.99	16 December 2016 to 15 December 2021 二零一六年十二月十六日至二零二一年十二月十五日
96,300,000	0.67	24 June 2016 to 23 June 2021 二零一六年六月二十四日至二零二一年六月二十三日
47,400,000	0.81	10 December 2015 to 9 December 2020 二零一五年十二月十日及二零二零年十二月九日

The fair value of the share options granted during the year ended 31 December 2015 was HK\$24,872,000 (equivalent to RMB20,837,000) of which the Group recognised share option expenses of RMB8,532,000 and RMB860,000 during the years ended 31 December 2016 and 2017 respectively.

The fair value of the share options granted on 24 June 2016 and 16 December 2016 was HK\$18,960,000 (equivalent to RMB16,204,000) and HK\$3,924,000 (equivalent to RMB3,510,000) of which the Group recognised share option expenses of RMB12,180,000 and RMB4,551,000 during the years ended 31 December 2016 and 2017 respectively.

30. 購股權計劃(續)

於呈報期末尚未行使的購股權的行使價及行使期如下：

截至二零一五年十二月三十一日止年度已授出的購股權公平值為24,872,000港元(相當於人民幣20,837,000元)，其中本集團於截至二零一六年及二零一七年十二月三十一日止年度分別確認購股權開支人民幣8,532,000元及人民幣860,000元。

於二零一六年六月二十四日及二零一六年十二月十六日授出的購股權公平值分別為18,960,000港元(相當於人民幣16,204,000元)及3,924,000港元(相當於人民幣3,510,000元)，其中本集團於截至二零一六年及二零一七年十二月三十一日止年度已分別確認購股權開支人民幣12,180,000元及人民幣4,551,000元。

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30. SHARE OPTION SCHEME (continued)

During the year ended 31 December 2016, 16,480,000 of exercised share options with fair value of approximately RMB4,563,000 which previously recognised in share options reserve had been transferred to share premium.

During the year ended 31 December 2017, 9,520,000 (2016: 5,370,000) of forfeited share options with fair value of approximately RMB2,490,000 (2016: RMB1,474,000) which previously recognised in share options reserve had been transferred to retained profits.

As at 31 December 2017, the Company had 143,680,000 (2016: 153,200,000) share options outstanding under the Share Option Scheme, which represented approximately 13.3% (2016: 14.1%) of the Shares in issue as at that date. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 143,680,000 (2016: 153,200,000) additional Shares and additional share capital and share premium of approximately HK\$11,231,000 (equivalent to RMB9,388,000) (2016: HK\$11,881,000 and equivalent to RMB10,628,000) and approximately HK\$93,476,000 (equivalent to RMB78,137,000) (2016: HK\$100,439,000 equivalent to RMB89,844,000), before issue expenses.

31. RESERVES

The amounts of the Group's reserves and movements therein for the current and prior reporting periods are presented in the consolidated statement of changes in equity.

(i) Contributed surplus

On 17 January 2011, CITIC Capital, the Company and its shareholders had entered into certain conditional release and discharge agreements, pursuant to which, the new exchangeable note would be duly released and discharged, which had taken place on the Listing Date, 28 January 2011, and prior to the commencement of the trading of the Shares on the Stock Exchange. Accordingly, the liability component of the new exchangeable note of RMB57,768,000 on the Listing Date was extinguished and transferred to the contributed surplus in shareholders' equity upon the full conversion of the new exchangeable note.

30. 購股權計劃(續)

截至二零一六年十二月三十一日止年度，16,480,000份已行使購股權原於購股權儲備確認的公平值約人民幣4,563,000元已轉撥至股份溢價。

截至二零一七年十二月三十一日止年度，9,520,000（二零一六年：5,370,000）份已沒收購股權原於購股權儲備確認的公平值約人民幣2,490,000元（二零一六年：人民幣1,474,000元）已轉撥至保留溢利。

於二零一七年十二月三十一日，本公司於購股權計劃項下擁有143,680,000份（二零一六年：153,200,000份）尚未行使的購股權，佔於該日期已發行股份約13.3%（二零一六年：14.1%）。根據本公司現時資本架構，悉數行使該等尚未行使的購股權將導致額外發行143,680,000股（二零一六年：153,200,000股）股份及額外股本及股份溢價（未扣除發行開支）分別約11,231,000港元（相當於人民幣9,388,000元）（二零一六年：11,881,000港元，相當於人民幣10,628,000元）及約93,476,000港元（相當於人民幣78,137,000元）（二零一六年：100,439,000港元，相當於人民幣89,844,000元）。

31. 儲備

於目前及過往呈報期間，本集團儲備的金額及增減呈列於綜合權益變動表。

(i) 實繳盈餘

於二零一一年一月十七日，CITIC Capital、本公司及其股東訂立若干有條件解除及撤除協議，據此，於上市日期即二零一一年一月二十八日及股份於聯交所開始買賣之前，新可換股票據獲正式解除及撤除。因此，於悉數兌換新可換股票據後，於上市日期新可換股票據負債部分人民幣57,768,000元已撤銷並轉撥至股東權益內的實繳盈餘。

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31. RESERVES (continued)

(i) Contributed surplus (continued)

Pursuant to the stock borrowing agreement entered into between Best Mark and the Subscriber on 21 June 2012, Best Mark lent 32,000,000 Shares to the Subscriber. Upon initial recognition, the value of such contribution amounting to approximately RMB12,183,000 from the substantial shareholder was accounted for as a deemed contribution in the shareholder's equity. The carrying amount of such contribution from the substantial shareholder is not remeasured in subsequent years.

On 10 September 2012, Best Mark and the Subscriber entered into a letter agreement (the "Call and Put Option Confirmation") pursuant to which the Subscriber had granted to the Best Mark the right to purchase 32,000,000 of the Shares at a strike price of HK\$1.01 and the Best Mark has granted the Subscriber the right to require the Best Mark to purchase 32,000,000 of the Shares at the same strike price.

On 17 December 2014, the Company was informed by Best Mark that 32,000,000 Shares had been transferred by the Subscriber to Best Mark and the transaction set out in the Call and Put Option Confirmation was terminated.

(ii) Statutory surplus fund

In accordance with the relevant regulations applicable in the PRC, the Group's subsidiary established in the PRC is required to transfer a certain percentage of its statutory annual profits after tax (after offsetting any prior period's losses), if any, to the statutory surplus fund until the balance of the fund reaches 50% of its registered capital. Subject to certain restrictions as set out in the relevant PRC regulations, the statutory surplus fund may be used to offset against accumulated losses of the PRC subsidiary. The amount of the transfer is subject to the approval of the board of directors of the PRC subsidiary.

(iii) Exchange fluctuation reserve

The exchange fluctuation reserve comprises all foreign exchange differences arising from the translation of the financial statements of operations outside the PRC which are dealt with in accordance with the accounting policy set out in note 3 to the financial statements.

31. 儲備(續)

(i) 實繳盈餘(續)

根據於二零一二年六月二十一日 Best Mark與認購人訂立的借股協議，Best Mark向認購人借出股份32,000,000股。於初次確認後，有關主要股東注資的價值約為人民幣12,183,000元，於股東權益項下入賬列為視作注資。有關主要股東作出的注資賬面值於其後年度不予重新計量。

於二零一二年九月十日，Best Mark與認購人訂立一份協議書（「認購及認沽期權確認書」），據此，認購人向Best Mark授出以行使價1.01港元購買Best Mark 32,000,000股股份的權利，而Best Mark向認購人授出要求Best Mark以相同行使價購買32,000,000股股份的權利。

於二零一四年十二月十七日，本公司獲Best Mark告知，32,000,000股股份已由認購人轉讓予Best Mark，認購及認沽期權確認書中所載交易已終止。

(ii) 法定盈餘公積金

根據中國相關適用規例，本集團在中國成立的附屬公司須將法定年度除稅後溢利（已抵銷任何過往期間虧損）（如有）的若干百分比轉撥至法定盈餘公積金，直至公積金結餘達到其註冊資本50%為止。法定盈餘公積金可用作抵銷中國附屬公司的累計虧損，惟須遵守相關中國法規的若干規限。所轉撥的金額須經中國附屬公司的董事會批准。

(iii) 匯兌波動儲備

匯兌波動儲備包括換算中國境外營運財務報表所產生的一切外匯差額，乃根據綜合財務報表附註3所載會計政策入賬處理。

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32. OPERATING LEASE ARRANGEMENTS

The Group leases a production plant and premises under operating lease arrangements. Leases for these properties are negotiated for average terms of one to five years.

At the end of the reporting period, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Within one year	一年內	397	398
In the second to fifth years, inclusive	第二至五年(包括首尾兩年)	560	940
		957	1,338

33. COMMITMENTS

In addition to the operating lease commitments detailed in note 32 above, the Group had the following commitments at the end of the reporting period:

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Contracted for capital commitment in respect of investment in a subsidiary	有關於附屬公司投資的訂約資本承擔	128,171	128,171
Contracted for commitments in respect of:	有關以下項目的訂約承擔：		
– advertising and consultancy services	– 廣告及諮詢服務	571	147
– construction in progress	– 在建工程	149	–
– research and development contract	– 研發合約	685	60
– property, plant and equipment	– 物業、廠房及設備	7,539	1,200
		8,944	1,407

32. 經營租約安排

本集團根據經營租約安排租賃生產廠房及場地。該等物業的平均租期經協商定為一年至五年。

於呈報期末，本集團根據不可撤銷經營租約於下列日期屆滿的未來最低租金付款總額如下：

33. 承擔

除上文附註32所詳述的經營租約承擔外，本集團於呈報期末有以下承擔：

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34. RELATED PARTY TRANSACTIONS

Compensation of key management personnel of the Group is as follows:

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Fees	袍金	-	-
Other emoluments:	其他酬金：		
Salaries, allowances and benefits in kind	薪金、津貼及實物利益	2,001	1,980
Contributions to retirement benefits schemes	退休福利計劃供款	31	31
		2,032	2,011

35. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders 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 net debt, which includes the borrowings (note 25), convertible notes and warrants (note 26), and provision for contingent consideration (note 27); net of cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital, reserves and retained profits.

The directors of the Company review the capital structure on a semi-annual basis. As part of this review, the directors of the Company consider the cost of capital and the risks associates with each class of capital. Based on recommendations of the directors of the Company, the Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debt or the redemption of existing debt.

34. 關連人士交易

本集團主要管理人員的酬金如下：

	2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
Fees	-	-
Other emoluments:		
Salaries, allowances and benefits in kind	2,001	1,980
Contributions to retirement benefits schemes	31	31
	2,032	2,011

35. 資本風險管理

本集團管理其資本，旨在透過優化債務與股本平衡，確保本集團的實體可持續經營，亦為股東締造最大回報。本集團的整體策略與往年維持不變。

本集團的資本架構包括債務淨額(包括借貸(附註25)、可換股票據及認股權證(附註26)及或然代價撥備(附註27)(扣除現金及現金等價物))及本公司擁有人應佔權益(包括已發行股本、儲備及保留溢利)。

本公司董事每半年檢討一次資本結構。作為檢討的一部分，本公司董事考慮資本成本及與各類資本相關的風險。根據本公司董事的建議，本集團將透過支付股息、發行新股、購回股份以及發行新債或贖回現有債務以平衡其整體資本結構。

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36. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at 31 December 2017 and 2016 are as follows:

Financial assets

Loans and receivables:

Trade and bills receivables (note 19)
Financial assets included in prepayments, deposits and other receivables
Pledged deposits
Cash and bank balances

貸款及應收款項：

應收貿易賬款及應收票據(附註19)
包含在預付款項、按金及其他
應收款項的金融資產
已質押存款
現金及銀行結餘

36. 按類別劃分的金融工具

於二零一七年及二零一六年十二月三十一日的各類金融工具賬面值如下：

金融資產

	2017	2016
	二零一七年	二零一六年
	RMB'000	RMB'000
	人民幣千元	人民幣千元

	29,806	76,132
	2,442	4,223
	2,127	4,283
	5,888	4,789
	40,263	89,427

Financial liabilities

Non-derivative financial liabilities:

Trade and bills payables (note 23)
Financial liabilities included in deposits received, other payables and accruals
Interest-bearing bank borrowings (note 25)
Provision for contingent consideration (note 27)

非衍生金融負債：

應付貿易賬款及應付票據(附註23)
包含在已收按金、其他應付款項及應計費用的金融負債
計息銀行借貸(附註25)
或然代價撥備(附註27)

	2017			2016		
	二零一七年			二零一六年		
	Financial liabilities at amortised cost			Financial liabilities at amortised cost		
	Financial liabilities at FVTPL	liabilities at amortised cost	Total	Financial liabilities at FVTPL	liabilities at amortised cost	Total
	按公平值計入損益的金融負債	以攤銷成本計算的金融負債	總額	按公平值計入損益的金融負債	以攤銷成本計算的金融負債	總額
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元

	-	48,001	48,001	-	53,889	53,889
	-	33,044	33,044	-	24,385	24,385
	-	117,000	117,000	-	124,000	124,000
	48,302	-	48,302	276,868	-	276,868
	48,302	198,045	246,347	276,868	202,274	479,142

Derivative financial liabilities:

Warrants
Convertible notes

衍生金融負債：

認股權證
可換股票據

	-	-	-	5,067	-	5,067
	144,822	-	144,822	194,824	-	194,824
	144,822	-	144,822	199,891	-	199,891

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37. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Group's financial assets and financial liabilities 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 assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

37. 金融工具的公平值計量

本集團根據經常性基準按公平值計量的金融資產及金融負債的公平值

於各呈報期末，本集團的若干金融資產及金融負債按公平值計量。下表呈列該等金融資產及金融負債公平值釐定方式(尤其是所用的估值方法及輸入值)的相關資料。

Financial liabilities	Fair value as at 31 December 2017 於二零一七年十二月三十一日的公平值	Fair value hierarchy 公平值等級	Significant unobservable inputs 重大不可觀察輸入值	Range 範圍	Valuation technique(s) and key input(s) 估值方法及主要輸入值
Convertible notes 可換股票據	Liabilities, RMB144,822,000 負債， 人民幣144,822,000元	Level 3 第三級	Volatility 波幅	79.09%-84.94% (2016: 80.88%-81.76%)	Binomial Model The key inputs are set out in note 26 二項模式 主要輸入值載於附註26
Provision for contingent consideration 或然代價撥備	Liabilities, RMB48,302,000 負債， 人民幣48,302,000元	Level 3 第三級	Discount rate 貼現率	12.32%-12.54% (2016: 12.15%-12.69%)	Discounted Cash Flow Approach The key inputs are set out in note 27 貼現現金流法 主要輸入值載於附註27

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37. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (continued)

There were no transfers in or out of level 3 for the years ended 31 December 2017 and 2016.

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recognised in the consolidated financial statements approximate their fair values.

Fair value hierarchy

As at 31 December 2017

Convertible notes
Provision for contingent
consideration

可換股票據
或然代價撥備

Level 1 第一級 RMB'000 人民幣千元	Level 2 第二級 RMB'000 人民幣千元	Level 3 第三級 RMB'000 人民幣千元	Total 總額 RMB'000 人民幣千元
-	-	144,822	144,822
-	-	48,302	48,302

As at 31 December 2016

Convertible notes
Warrants
Provision for contingent
consideration

可換股票據
認股權證
或然代價撥備

Level 1 第一級 RMB'000 人民幣千元	Level 2 第二級 RMB'000 人民幣千元	Level 3 第三級 RMB'000 人民幣千元	Total 總額 RMB'000 人民幣千元
-	-	194,824	194,824
-	-	5,067	5,067
-	-	276,868	276,868

37. 金融工具的公平值計量(續)

截至二零一七年及二零一六年十二月三十一日止年度，第三級並無轉入或撥出。

本公司董事認為，於綜合財務報表確認的金融資產及金融負債的賬面值與其公平值相若。

公平值等級

於二零一七年十二月三十一日

於二零一六年十二月三十一日

Notes to Consolidated Financial Statements

綜合財務報表附註

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

37. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (continued)

Reconciliation of Level 3 fair value measurements

		Convertible notes and warrants 可換股票據及認股權證 RMB'000 人民幣千元 (note 26) (附註26)	Provision for contingent consideration 或然代價撥備 RMB'000 人民幣千元 (note 27) (附註27)
As at 31 December 2016 and 1 January 2017	於二零一六年十二月三十一日及二零一七年一月一日	199,891	276,868
Amount incurred during the year	年內計入金額	-	(8,678)
Derecognition during the year	年內終止確認	(5,067)	-
Fair value gain credited to profit or loss during the year	年內於損益計入之公平值收益	(50,002)	(219,888)
As at 31 December 2017	於二零一七年十二月三十一日	144,822	48,302

37. 金融工具的公平值計量(續)

第三級公平值計量的對賬

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's major financial instruments, include trade receivables, deposits and other receivables, pledged deposits, cash and bank balances, trade and bills payables, other payables and accruals, interest-bearing bank borrowings, convertible notes, warrants, and provision for contingent consideration. Details of the financial instruments are disclosed in respective notes.

The main risks arising from the Group's financial instruments are foreign currency risk, credit risk, interest rate risk, liquidity risk and commodity price 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.

38. 財務風險管理目標及政策

本集團的主要金融工具包括應收貿易賬款、按金及其他應收款項、已質押存款、現金及銀行結餘、應付貿易賬款及應付票據、其他應付款項及應計費用、計息銀行借貸、可換股票據、認股權證及或然代價撥備。該等金融工具的詳情於各附註披露。

本集團金融工具的主要風險包括外幣風險、信貸風險、利率風險、流動資金風險及商品價格風險。下文載列如何降低該等風險的政策。管理層管理及監控該等風險，以確保及時和有效地採取適當的措施。

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

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Foreign currency risk

The Group has transactional currency exposures. Such exposures arise from sales transactions and financing denominated in US dollars ("US\$") and Hong Kong dollars ("HK\$"). As the HK\$ is virtually pegged to the US\$, the Group does not expect any significant movements in the US\$/HK\$ exchange rates and accordingly.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the US\$ exchange rate, with all other variables held constant, of the Group's loss before tax.

		Increase/ (decrease) in US\$ rate	Increase/ (decrease) in the Group's loss before tax
		美元匯率 上升/(下跌) %	本集團除稅 前虧損上升/ (下跌) RMB'000 人民幣千元
2017	二零一七年		
If US\$ strengthens against RMB	倘美元兌人民幣升值	5	1,359
If US\$ weakens against RMB	倘美元兌人民幣貶值	(5)	(1,359)
2016	二零一六年		
If US\$ strengthens against RMB	倘美元兌人民幣升值	5	2,198
If US\$ weakens against RMB	倘美元兌人民幣貶值	(5)	(2,198)

The Group currently does not have a foreign currency hedging policy but the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should needs arise.

38. 財務風險管理目標及政策(續)

外幣風險

本集團有交易貨幣風險，主要源自以美元(「美元」)及港元(「港元」)計值的銷售交易及融資活動。由於港元實際上與美元掛鈎，本集團預期美元兌港元的匯率並無重大變動。

下表顯示於呈報期末，倘所有其他變量保持不變，本集團除稅前虧損對美元匯率的合理可能變動的敏感性。

本集團現時並無外幣對沖政策，但管理層監察外匯風險，並會於有需要時考慮對沖重大外幣風險。

Notes to Consolidated Financial Statements

綜合財務報表附註

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

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

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 discharge an obligation by the counterparties and financial guarantees provided by the Group is 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 a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade 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.

The Group's concentration of credit risk by geographical locations is mainly in US (2016: PRC), which accounted for 69% (2016: 46%) of the total trade receivables as at 31 December 2017.

The Group has concentration of credit risk as 45% (2016: 39%) and 78% (2016: 91%) of the total trade receivables was due from the Group's largest customer and the five largest customers respectively.

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's interest-bearing bank borrowings with floating interest rates.

The Group regularly reviews and monitors the floating interest rate borrowings in order to manage its interest rate risks. The interest-bearing bank borrowings, cash and short term deposits are stated at amortised cost and not revalued on a periodic basis. Floating rate interest income and expenses are credited/charged to the statement of profit or loss as earned/incurred.

38. 財務風險管理目標及政策(續)

信貸風險

於二零一七年十二月三十一日，本集團所面臨因對方未能履行責任及本集團提供的財務擔保而將為本集團帶來財務損失的最大信貸風險，乃來自於綜合財務狀況表所列明有關已確認金融資產的賬面值。

為將信貸風險降至最低，本集團管理層已委派專責小組負責釐定信貸限額、批准信貸，以及應用其他監管程序以確保會就收回逾期債項採取跟進行動。此外，本集團於呈報期末檢討各項獨立交易債項的可收回數額，確保已作出足夠的減值虧損以應付未能收回的數額。就此而言，本公司董事認為，本集團的信貸風險已大幅降低。

本集團按地理位置劃分的信貸風險主要集中在美國(二零一六年：中國)，美國佔於二零一七年十二月三十一日的應收貿易賬款總額的69%(二零一六年：46%)。

本集團有集中信貸風險，原因是應收貿易賬款總額的45%(二零一六年：39%)及78%(二零一六年：91%)為分別來自於本集團的最大客戶及五大客戶。

利率風險

本集團面臨的市場利率變化風險主要與本集團按浮息計息的計息銀行借貸有關。

本集團定期審查及監測浮息借貸以管理其利率風險。計息銀行借貸、現金及短期存款按攤銷成本入賬，而不會定期重估。浮息收入及支出於損益表內按已賺取/已產生予以進賬/扣除。

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綜合財務報表附註

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38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Interest rate risk (continued)

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's net loss before tax (through the impact on floating rate borrowings)

		Increase in interest rate 利率增加 (basis points) (基點)	Increase in loss before tax 除稅前 虧損增加 RMB'000 人民幣千元
2017	二零一七年	100	1,170
2016	二零一六年	100	1,240

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of bank borrowings and ensures compliance with loan covenants.

The Group relies on bank borrowings as a significant source of liquidity. As at 31 December 2017, the Group has available unutilised short-term bank loan facilities of approximately RMB51,040,000 (2016: Nil).

The following table details the Group's remaining contractual maturity for its 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 maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates. The table includes both interest and principal cash flows.

38. 財務風險管理目標及政策(續)

利率風險(續)

下表顯示倘所有其他變量保持不變，本集團除稅前虧損淨額(因浮息借貸影響)對利率之合理可能變動的敏感性。

	Increase in interest rate 利率增加 (basis points) (基點)	Increase in loss before tax 除稅前 虧損增加 RMB'000 人民幣千元
2017	100	1,170
2016	100	1,240

流動資金風險

在流動資金風險管理方面，本集團監控並維持管理層認為足以撥付本集團營運所需現金及現金等價物水平，並盡量減低現金流量波動的影響。管理層監察銀行借貸的使用情況，並確保遵守貸款契約。

本集團依賴銀行借貸作為流動資金的重要來源。於二零一七年十二月三十一日，本集團尚未動用的約為人民幣51,040,000元短期銀行貸款融資(二零一六年：無)。

下表詳列本集團非衍生金融負債的餘下合約到期情況。該表根據本集團可能被要求還款的最早日期金融負債的未折現現金流量而編製。其他非衍生金融負債的到期日基於協定償還日期而定。此表包括利息及本金現金流量。

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38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk (continued)

To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curve at the end of the reporting period.

2017

二零一七年

38. 財務風險管理目標及政策(續)

流動資金風險(續)

於呈報期末，倘利息流為浮動利率，則未折現金額按利率曲線計算。

	On demand 於要求時 RMB'000 人民幣千元	Less than 12 months 少於 十二個月 RMB'000 人民幣千元	1 to 5 years 一至五年 RMB'000 人民幣千元	Undiscounted cash flow 未折現 現金流量 RMB'000 人民幣千元	Carrying amount 賬面值 RMB'000 人民幣千元
Non-derivative financial liabilities: 非衍生金融負債：					
Trade and bills payables (note 23) 應付貿易賬款及應付 票據(附註23)	-	48,001	-	48,001	48,001
Financial liabilities included 包含在已收按金，其 in deposits received, other 他應付款項及應計 payables and accruals 費用的金融負債	-	33,044	-	33,044	33,044
Interest-bearing bank borrowings 計息銀行借貸	-	118,202	-	118,202	117,000
Provision for contingent 或然代價撥備 consideration	-	1,142	65,502	66,644	48,302
	-	200,389	65,502	265,891	246,347
Derivative financial liabilities: 衍生金融負債：					
Convertible notes 可換股票據	-	92,686	61,790	154,476	144,822

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38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk (continued)

2016
二零一六年

	On demand 於要求時 RMB'000 人民幣千元	Less than 12 months 少於 十二個月 RMB'000 人民幣千元	1 to 5 years 一至五年 RMB'000 人民幣千元	Undiscounted cash flow 未折現 現金流量 RMB'000 人民幣千元	Carrying amount 賬面值 RMB'000 人民幣千元
Non-derivative financial liabilities: 非衍生金融負債：					
Trade and bills payables (note 23) 應付貿易賬款及應付 票據(附註23)	-	53,889	-	53,889	53,889
Financial liabilities included 包含在已收按金，其 in deposits received, other 他應付款項及應計 payables and accruals 費用的金融負債	-	24,385	-	24,385	24,385
Interest-bearing bank borrowings 計息銀行借貸	-	126,985	-	126,985	124,000
Provision for contingent 或然代價撥備 consideration	-	8,678	404,589	413,267	276,868
	-	213,937	404,589	618,526	479,142
Derivative financial liabilities: 衍生金融負債：					
Convertible notes 可換股票據	-	-	165,305	165,305	194,824

The amounts included above for variable interest rate instruments for non-derivative financial liabilities are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

Commodity price risk

The major raw materials used in the production of the Group's products include rubber and plastics. The Group is exposed to fluctuations in the prices of these raw materials which are influenced by global as well as regional supply and demand conditions. Fluctuations in the prices of raw materials could adversely affect the Group's financial performance. The Group historically has not entered into any commodity derivative instruments to hedge the potential commodity price changes.

38. 財務風險管理目標及政策(續)

流動資金風險(續)

倘浮動利率變動有別於對呈報期末釐定利率的估計，計入上述非衍生金融負債的各種浮動利率工具數額將會發生變動。

商品價格風險

本集團製造產品的主要原材料包括橡膠及塑膠。本集團面臨全球及區域供求情況令該等原材料價格波動的風險。原材料價格波動可能對本集團的財務表現有不利影響。本集團過往並無訂立任何商品衍生工具以對沖可能出現的商品價格波動。

Notes to Consolidated Financial Statements

綜合財務報表附註

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

39. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

39. 本公司之財務狀況表

		2017 二零一七年 RMB'000 人民幣千元	2016 二零一六年 RMB'000 人民幣千元
	Note 附註		
NON-CURRENT ASSET			
Intangible assets		549,000	1,150,000
Interest in subsidiaries		888,248	893,338
		1,437,248	2,043,338
CURRENT ASSETS			
Prepayments, deposits and other receivables		296	328
Cash and bank balances		51	47
		347	375
CURRENT LIABILITIES			
Deposits received, other payables and accruals		11,584	9,818
Amounts due to subsidiaries		1,112,580	1,112,991
Warrants		-	5,067
Convertible notes		87,001	-
		1,211,165	1,127,876
NET CURRENT LIABILITIES		(1,210,818)	(1,127,501)
TOTAL ASSETS LESS CURRENT LIABILITIES		226,430	915,837
NON-CURRENT LIABILITIES			
Convertible notes		57,820	194,824
Provision for contingent consideration		47,272	268,565
		105,092	463,389
NET ASSETS		121,338	452,448
EQUITY			
Share capital		71,629	71,629
Reserves	i	49,709	380,819
TOTAL EQUITY		121,338	452,448

Approved and authorised for issue by the Company's board of directors on 29 March 2018 and signed on its behalf by:

本公司董事會於二零一八年三月二十九日批准及授權刊發，並由以下人士代表簽署：

ZHENG Jingdong

鄭景東

Director

董事

LEUNG Tsz Chung

梁子冲

Director

董事

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

39. COMPANY LEVEL STATEMENT OF FINANCIAL POSITION (continued)

Note

i) Reserves of the Company

39. 本公司之財務狀況表(續)

附註

i) 本公司儲備

		Share premium 股份溢價 RMB'000 人民幣千元	Contributed surplus 實繳盈餘 RMB'000 人民幣千元	Capital redemption reserve 資本贖回儲備 RMB'000 人民幣千元	Share options reserve 購股權儲備 RMB'000 人民幣千元	Accumulated losses 累計虧損 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
At 1 January 2016	於二零一六年一月一日	401,639	395,026	524	10,688	(112,049)	695,828
Issue of shares upon exercise of share options	於行使購股權時發行股份	14,686	-	-	(4,563)	-	10,123
Loss and total comprehensive expense for the year	年內虧損及全面開支總額	-	-	-	-	(345,844)	(345,844)
Forfeiture of share options	沒收購股權	-	-	-	(1,474)	1,474	-
Equity-settled share option arrangements	以股權結算的購股權安排	-	-	-	20,712	-	20,712
At 31 December 2016 and 1 January 2017	於二零一六年十二月三十一日及二零一七年一月一日	416,325	395,026	524	25,363	(456,419)	380,819
Loss and total comprehensive expense for the year	年內虧損及全面開支總額	-	-	-	-	(336,521)	(336,521)
Forfeiture of share options	沒收購股權	-	-	-	(2,490)	2,490	-
Equity-settled share option arrangements	以股權結算的購股權安排	-	-	-	5,411	-	5,411
At 31 December 2017	於二零一七年十二月三十一日	416,325	395,026	524	28,284	(790,450)	49,709

Notes to Consolidated Financial Statements

綜合財務報表附註

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

40. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

40. 本公司主要附屬公司的詳情

Name 名稱	Place of registration/ incorporation and operations 登記／註冊成立及 經營地點	Issued and fully paid up capital 已發行及悉數 繳足資本	Percentage of equity attributable to the Company		Principal activities 主要業務
			Direct 直接	Indirect 間接	
BAOF International Limited	Hong Kong	HK\$10,000	100	–	Trading of slippers and provision of management services
寶峰新國際有限公司	香港	10,000港元	100	–	買賣拖鞋及提供管理服務
Quanzhou Baofeng Shoes Co., Ltd.* ("Quanzhou Baofeng")	PRC	RMB544,229,000	–	100	Manufacture and sale of slippers, sandals and casual footwear
泉州寶峰鞋業有限公司* ("泉州寶峰")	中國	人民幣 544,229,000元	–	100	製造及銷售拖鞋、涼鞋及休閒鞋
Baofeng Modern (HK) Limited 寶峰時尚(香港)有限公司	Hong Kong 香港	HK\$10,000 10,000港元	100 100	– –	Dormant 暫無營業
Astute Sino Developments Limited 睿華發展有限公司	BVI 英屬處女群島	US\$100 100美元	100 100	– –	Dormant 暫無營業
2D Material Technology Company Limited	Hong Kong	HK\$100	100	–	Dormant
2維材料科技有限公司	香港	100港元	100	–	暫無營業
2D Material Technology Limited	BVI 英屬處女群島	US\$100 100美元	100 100	– –	Dormant 暫無營業
Xinfeng 2D (Fujian) Material Technology Company Limited ("Xinfeng 2D")*	PRC	RMB7,500,000	–	100	Manufacture and sale of Graphene-based Products
福建新峰二維材料科技有限公司 ("新峰二維")*	中國	人民幣 7,500,000元	–	100	製造及銷售石墨烯產品

* Quanzhou Baofeng and Xinfeng 2D are wholly-foreign-owned enterprise established under the law of the PRC.

* 泉州寶峰及新峰二維為根據中國法律註冊成立的外商獨資公司。

41. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 29 March 2018.

41. 財務報表之批准

財務報表經董事會於二零一八年三月二十九日批准及授權刊發。

寶峰時尚

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2017 年度報告 ANNUAL REPORT



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寶峰時尚國際控股有限公司
(於開曼群島註冊成立的有限公司)
股份代號 :1121

Baofeng Modern International Holdings Company Limited
(Incorporated in the Cayman Islands with limited liability)