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**CHINA ENVIRONMENTAL TECHNOLOGY AND
BIOENERGY HOLDINGS LIMITED**

中科生物控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1237)

2018 INTERIM RESULTS ANNOUNCEMENT

The Board of Directors (the “Board”) of China Environmental Technology and Bioenergy Holdings Limited (the “Company”) is pleased to announce the unaudited results of the Company and its subsidiaries (together referred to as the “Group”) for the six months ended 30 June 2018. This announcement, containing the full text of the 2018 interim report of the Company, complies with the relevant requirements of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited in relation to information to accompany preliminary announcements of interim results.



2018

INTERIM REPORT

中期報告



**CHINA ENVIRONMENTAL TECHNOLOGY AND
BIOENERGY HOLDINGS LIMITED**
中科生物控股有限公司

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

Stock Code 股份代號: 1237



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Corporate Information

公司資料

BOARD OF DIRECTORS

Executive Directors

Ms. Xie Qingmei (*Chairman*)

Mr. Wu Zheyang (*Chief Executive Officer*)

Non-executive Director

Mr. Wu Dongping

Independent Non-executive Directors

Mr. Lam Hin Chi

Prof. Jin Zhongwei

Prof. Su Wenqiang

AUDIT COMMITTEE

Mr. Lam Hin Chi (*Chairman*)

Prof. Su Wenqiang

Prof. Jin Zhongwei

RISK MANAGEMENT COMMITTEE

Mr. Lam Hin Chi (*Chairman*)

Prof. Su Wenqiang

Prof. Jin Zhongwei

REMUNERATION COMMITTEE

Prof. Jin Zhongwei (*Chairman*)

Prof. Su Wenqiang

Mr. Lam Hin Chi

NOMINATION COMMITTEE

Prof. Jin Zhongwei (*Chairman*)

Prof. Su Wenqiang

Mr. Lam Hin Chi

COMPANY SECRETARY

Ms. Lee Kin Yee, *CPA*

AUTHORISED REPRESENTATIVES

Mr. Wu Zheyang

Ms. Lee Kin Yee

董事會

執行董事

謝清美女士 (*主席*)

吳哲彥先生 (*行政總裁*)

非執行董事

吳冬平先生

獨立非執行董事

藍顯賜先生

金重為教授

蘇文強教授

審計委員會

藍顯賜先生 (*主席*)

蘇文強教授

金重為教授

風險管理委員會

藍顯賜先生 (*主席*)

蘇文強教授

金重為教授

薪酬委員會

金重為教授 (*主席*)

蘇文強教授

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蘇文強教授

藍顯賜先生

公司秘書

李建儀女士 · *CPA*

授權代表

吳哲彥先生

李建儀女士

Corporate Information (Continued)

公司資料(續)

AUDITORS

BDO Limited
Certified Public Accountants

LEGAL ADVISOR

Eversheds Sutherland

PRINCIPAL BANKERS

Agricultural Bank of China, Zhangping Branch
China Construction Bank, Zhangping Branch
Bank of China, Zhangping Branch

REGISTERED OFFICE

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Cayman Islands

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HEAD OFFICE IN THE PRC

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PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN CAYMAN ISLANDS

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Cayman Islands

核數師

香港立信德豪會計師事務所有限公司
執業會計師

法律顧問

安睿順德倫國際律師事務所

主要往來銀行

中國農業銀行漳平支行
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註冊辦事處

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中國福建省漳平市
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Corporate Information (Continued)

公司資料(續)

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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STOCK CODE

1237

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股份代號

1237

Financial Summary

財務概要

(in RMB'000 unless otherwise stated)
(除另有指示外，以人民幣千元列示)

Profitability data and ratios	盈利數據及比率	Six months ended 30 June	
		截至六月三十日止六個月	
		2018 二零一八年	2017 二零一七年
Revenue	收入	313,989	209,492
Timber houses and their related parts and structures	木屋及其相關部件及構件	230,696	103,322
Leisure household products	休閒傢俱產品		
Outdoor and indoor furniture	室內外傢俱產品	6,909	8,617
Recreational products	遊戲類產品	12,872	9,773
Landscape garden products	園藝類產品	6,699	50,159
Pet-home designs products	寵物屋產品	7,354	14,074
Trading of timber	木材貿易	39,991	13,428
Renewable energy products	再生能源產品	9,468	10,119
Gross profit	毛利	54,767	28,266
Gross profit margin	毛利率	17.4%	13.5%
Net profit/(loss)	淨溢利／(虧損)	10,518	(3,881)
Net profit margin	淨溢利率	3.3%	-1.9%
Profit/(loss) per share (RMB)	每股溢利／(虧損)(人民幣)	0.0034	(0.0013)

Financial position data and ratios	財務狀況數據及比率	At 30 June At 31 December	
		2018 2017	
		於二零一八年 六月三十日	於二零一七年 十二月三十一日
Non-current assets	非流動資產	752,074	772,335
Current assets	流動資產	672,778	721,148
Current liabilities	流動負債	249,084	324,469
Non-current liabilities	非流動負債	38,238	38,424
Equity attributable to equity shareholders	權益股東應佔資本	1,137,530	1,130,590
Current ratio (Note 1)	流動比率(附註1)	2.7:1	2.2:1
Quick ratio (Note 2)	速動比率(附註2)	1.2:1	1.2:1
Inventory turnover days (Note 3) (days)	存貨周轉天數(附註3)(天)	246	276
Trade receivables turnover days (Note 4) (days)	貿易應收款項周轉天數(附註4)(天)	106	84
Turnover days on prepayment for raw materials (Note 5) (days)	原材料預付款周轉天數(附註5)(天)	62	70
Total borrowings to total assets (Note 6)	借貸總額與總資產比率(附註6)	13.6%	16.7%
Net borrowings to total equity (Note 7)	借貸淨額與總權益比率(附註7)	11.4%	5.1%

Financial Summary (Continued)

財務概要(續)

(in RMB'000 unless otherwise stated)
(除另有指示外，以人民幣千元列示)

Notes:

1. Current ratio is the ratio of current assets to current liabilities.
2. Quick ratio is calculated by dividing current assets (excluding inventories) by current liabilities.
3. Inventory turnover days is calculated by dividing average inventories by cost of inventories and multiplying the resulting value by 181 days for the six months ended 30 June 2018 and 365 days for the year ended 31 December 2017.
4. Trade receivables turnover days is calculated by dividing average trade receivables (excluding VAT) by turnover and multiplying the resulting value by 181 days for the six months ended 30 June 2018 and 365 days for the year ended 31 December 2017.
5. Turnover days on prepayment for raw materials is calculated by dividing average prepayment for raw materials by cost of inventories (excluding staff costs, depreciation and research and development costs) and multiplying the resulting value by 181 days for the six months ended 30 June 2018 and 365 days for the year ended 31 December 2017.
6. Total borrowings to total assets is calculated by dividing the total of bank loans and interest-bearing borrowings by total assets.
7. Net borrowings to total equity is calculated by dividing the total of bank loans and interest-bearing borrowings, less cash and cash equivalents and pledged deposits by total equity.

附註：

1. 流動比率為流動資產對流動負債的比率。
2. 速動比率按流動資產(不包括存貨)除以流動負債計算。
3. 截至二零一七年十二月三十一日止年度及截至二零一八年六月三十日止六個月的存貨周轉天數按平均存貨除以存貨成本再分別乘以365天及181天計算。
4. 截至二零一七年十二月三十一日止年度及截至二零一八年六月三十日止六個月的貿易應收款項周轉天數按平均貿易應收賬款(不包括增值稅)除以營業額再分別乘以365天及181天計算。
5. 截至二零一七年十二月三十一日止年度及截至二零一八年六月三十日止六個月的原材料預付款周轉天數按平均原材料預付款除以存貨成本(不包括員工成本、折舊及研發成本)再分別乘以365天及181天計算。
6. 借貸總額與總資產比率按銀行借款及計息借貸總額除以總資產計算。
7. 借貸淨額與總權益比率按銀行貸款及計息借貸總額，扣除現金及現金等價物及已抵押存款，除以總權益計算。

Management Discussion and Analysis

管理層討論與分析

RESULTS OF OPERATION

The Group achieved significant growth in revenue by 49.9% to RMB314.0 million as compared to the corresponding period of the previous year ("2017 1H") (2017 1H: RMB209.5 million). The Group's operating results were improved and recorded a profit of RMB10.5 million (2017 1H: loss of RMB3.9 million).

SEGMENT REVIEW

During the Period, the Group's business included the following segments: manufacturing and sales of wooden products, retail business and manufacturing and sales of renewable energy products. The performance of our business segments is set forth as follows:

經營業績

本集團的收入較去年同期(「二零一七年上半年」)大幅增長49.9%至人民幣314.0百萬元(二零一七年上半年：人民幣209.5百萬元)。本集團的經營業績有所改善及錄得溢利人民幣10.5百萬元(二零一七年上半年：虧損人民幣3.9百萬元)。

分部回顧

於本期間，本集團的業務包括以下分部：生產及銷售木製品、零售業務及生產及銷售再生能源產品。我們各業務分部之表現載列如下：

		Segment revenue derived from external customers 源自外部客戶之 分部收入		% to total segment revenue derived from external customers 佔源自外部客戶之 總分部收入百分比			Reportable segment profit/(loss) (Note 1) 可呈報分部 溢利／（虧損）（附註1）	
		Six months ended 30 June 截至六月三十日止六個月		Six months ended 30 June 截至六月三十日止六個月			Six months ended 30 June 截至六月三十日止六個月	
		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元	Change 變動 %	2018 二零一八年 %	2017 二零一七年 %	2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Manufacturing and sales of wooden products	生產及銷售木製品	303,698	197,290	53.9%	96.7%	94.2%	10,820	(4,489)
Retail business	零售業務	823	2,083	-60.5%	0.3%	1.0%	(591)	(1,237)
Manufacturing and sales of renewable energy products	生產及銷售 再生能源產品	9,468	10,119	-6.4%	3.0%	4.8%	843	2,129
		313,989	209,492	49.9%	100.0%	100.0%	11,072	(3,597)

Note 1: Reported segment profit/(loss) has excluded the after tax effect of government subsidies.

附註1：可呈報分部溢利／（虧損）已撇除政府補貼之稅後影響。

Management Discussion and Analysis (Continued)

管理層討論與分析(續)

Manufacturing and sales of wooden products remains the Group's largest business segment. The overall increase in revenue in this segment was contributed by the increase in sales driven by the increase in demand from the Group's customers. The revenue derived from such business segment increased by 53.9% to RMB303.7 million (2017 1H: RMB197.3 million). The manufacturing and sales of wooden products segment turned from a loss of approximately RMB4.5 million in 2017 1H to a profit of approximately RMB10.8 million during the Period mainly due to (1) the improvement in gross profit margin as a result of the increase in sales driven by the increase in demand from the Group's customers while manufacturing overheads maintained stable; and (2) decrease in administrative expenses due to strict cost control measures taken by the Group.

Established since 2010, the Group's self-owned brand retail business is engaged in the retail sales of leisure household products in the PRC. Although the revenue and profit contribution from this segment remains minimal during the Period, the Group considers this segment an important stepping stone to maintain its existence in the PRC household product market. The Group will implement strict control on the operating costs on this segment and at the same time actively seek for business development opportunities.

The Group's renewable energy business recycles of leftover sawdust from the production of our wooden products and turning them into biomass pellet fuel. Revenue from this business segment recorded a slight decrease by 6.4% to approximately RMB9.5 million (2017 1H: RMB10.1 million) during the Period and the profit from this segment decreased to approximately RMB0.8 million (2017 1H: RMB2.1 million) due to the stiff competition of biomass energy products in the PRC.

生產及銷售木製品仍然是本集團的最大業務分部。本分部收入整體增加乃由於本集團客戶需求上升推動銷售增加所致。有關業務分部的收入增加53.9%至人民幣303.7百萬元(二零一七年上半年：人民幣197.3百萬元)。生產及銷售木製品分部扭虧為盈，由二零一七年上半年的虧損人民幣4.5百萬元轉為本期間的溢利約人民幣10.8百萬元，主要是由於(1)本集團客戶需求上升推動銷售增加並在生產費用維持穩定的情況下以致毛利率上升；及(2)本集團採取嚴格的成本監控措施以致行政費用減少。

自二零一零年成立以來，本集團的自有品牌零售業務涉及於中國零售休閒傢俱用品。儘管本期間本分部的收入及溢利貢獻仍然不大，本集團認為本分部是本集團維持其於中國傢俱產品市場份額的重要墊腳石。本集團將對本分部的營運成本實施嚴格的管控，同時積極尋求業務發展機會。

本集團再生能源業務回收木製品生產過程中產生的廢屑，然後將其轉化為生物質顆粒燃料。於本期間，本業務分部的收入錄得輕微下跌6.4%至約人民幣9.5百萬元(二零一七年上半年：人民幣10.1百萬元)及本分部溢利減少至約人民幣0.8百萬元(二零一七年上半年：人民幣2.1百萬元)，原因是中國生物質能源產品競爭激烈。

Management Discussion and Analysis (Continued)

管理層討論與分析(續)

MARKET REVIEW

During the Period, the distribution of revenue from our global markets is as follows:

市場回顧

於本期間，我們來自全球市場之收入分佈如下：

		Revenue 收入			% to total revenue 佔總收入百分比	
		Six months ended 30 June			Six months ended 30 June	
		截至六月三十日止六個月			截至六月三十日止六個月	
		2018	2017	Change	2018	2017
		二零一八年	二零一七年	變動	二零一八年	二零一七年
		RMB'000	RMB'000	%	%	%
		人民幣千元	人民幣千元	百分比	百分比	百分比
The PRC	中國	80,204	32,968	143.3%	26%	16%
North America	北美洲	132,382	126,833	4.4%	42%	61%
Europe	歐洲	21,110	16,776	25.8%	7%	8%
Asia Pacific	亞太區					
(Exclusive of the PRC)	(不包括中國)	6,711	11,519	-41.7%	2%	5%
Australia	澳洲	73,582	21,396	243.9%	23%	10%
		313,989	209,492	49.9%	100%	100%

The North American market remains the largest market of the Group. Revenue from the North American market recorded a slight increase of 4.4% to RMB132.4 million during the Period (2017 1H: RMB126.8 million). However, in July 2018, the US government has imposed additional trade tariffs on Chinese products. Increased tensions in the US-China economic relationship will negatively impact the Group's operations and adding uncertainty to the Group's sales to the North American market, both in terms of product pricing and volume.

北美市場仍為本集團的最大市場。於本期間，北美市場收入錄得輕微增加4.4%至人民幣132.4百萬元(二零一七年上半年：人民幣126.8百萬元)。然而，於二零一八年七月，美國政府對中國產品徵收額外的貿易關稅。美中經濟關係緊張局勢加劇將對本集團的運營產生負面影響，並增加本集團在北美市場銷售的不確定性，包括產品定價及銷量。

The Group's revenue from the PRC market recorded significant increase to RMB80.2 million, contributing 26% of the total revenue, mainly due to the increase in trading of timber by the Group in the PRC market.

本集團中國市場的收入錄得大幅增長至人民幣80.2百萬元，佔總收入的26%，主要是由於本集團於中國市場的木材貿易增加所致。

Management Discussion and Analysis (Continued)

管理層討論與分析(續)

Revenue generated from the European market recorded an increase of 25.8% to approximately RMB21.1 million, thanks to the increase in demand of the Group's recreational products by the Germany market.

歐洲市場產生的收入錄得增加25.8%至約人民幣21.1百萬元，這主要得益於德國市場對本集團的遊戲類產品需求增加所致。

The Australian market has contributed approximately RMB73.6 million of the Group's revenue during the Period, representing a 243.9% increase, making it the third-largest market of the Group. The significant growth was due to the successful introduction of the Group's timber house structure and parts products in the region. The Group expects the sales performance from the Australian market will continue to be strong in the second half of the year.

於本期間，澳洲市場為本集團貢獻收入約人民幣73.6百萬元，相當於增長243.9%，使其成為本集團的第三大市場。該大幅增長是由於本集團於該地區成功引入本集團的木屋構件及部件產品。本集團預期澳洲市場的銷售表現將繼續於本年度下半年保持強勁。

Management Discussion and Analysis (Continued)

管理層討論與分析(續)

FINANCIAL REVIEW

Revenue and gross profit margin by product category

財務回顧

收入及毛利率(按產品分類劃分)

		Revenue 收入		% to total revenue 佔總收入百分比			Gross margin 毛利率	
		Six months ended 30 June		Six months ended 30 June			Six months ended 30 June	
		截至六月三十日止六個月		截至六月三十日止六個月			截至六月三十日止六個月	
		2018	2017	Change	2018	2017	2018	2017
		二零一八年	二零一七年	變動	二零一八年	二零一七年	二零一八年	二零一七年
		RMB'000	RMB'000	%	%	%	%	%
		人民幣千元	人民幣千元	百分比	百分比	百分比	百分比	百分比
Timber houses and their related parts and structures	木屋及其相關部件及構件	230,696	103,322	123.3%	73.5%	49.3%	20.8%	11.8%
Leisure household products	休閒傢俱產品							
Outdoor and indoor furniture	室內外傢俱產品	6,909	8,617	-19.8%	2.2%	4.1%	15.7%	12.7%
Recreational products	遊戲類產品	12,872	9,773	31.7%	4.1%	4.7%	4.3%	18.6%
Landscape garden products	園藝類產品	6,699	50,159	-86.6%	2.1%	24.0%	23.0%	12.9%
Pet-home designs products	寵物屋產品	7,354	14,074	-47.7%	2.3%	6.7%	16.5%	18.7%
Trading of timber	木材貿易	39,991	13,428	197.8%	12.8%	6.4%	1.3%	9.8%
Renewable energy products	再生能源產品	9,468	10,119	-6.4%	3.0%	4.8%	20.4%	27.8%
Total	總計	313,989	209,492	49.9%	100.0%	100.0%	17.4%	13.5%

Revenue from timber houses and their related parts and structures during the Period amounted to approximately RMB230.7 million (2017 1H: RMB103.3 million), representing a 123.3% increase. It remains the most significant income stream for the Group during the Period, representing 73.5% (2017 1H: 49.3%) of the total revenue for the Period. The increase was mainly attributable to the increase in revenue from the Australian market.

於本期間，木屋及其相關部件及構件收入約為人民幣230.7百萬元(二零一七年上半年：人民幣103.3百萬元)，增長123.3%。其仍是本集團於本期間的最重要的收入流，佔本期間總收入的73.5%(二零一七年上半年：49.3%)。該增加乃主要由於澳洲市場收入增加所致。

Among the leisure household products, the revenue from recreational products increased by 31.7% to RMB12.9 million (2017 1H: RMB9.8 million). The increase was mainly due to the strong demand from the European market. Other leisure household products recorded a decrease in revenue mainly due to the decrease in demand from the US market.

於休閒傢俱產品中，遊戲類產品的收入增加31.7%至人民幣12.9百萬元(二零一七年上半年：人民幣9.8百萬元)。該增加主要是由於本集團歐洲市場的強勁需求所致。其他休閒傢俱產品收入減少主要是由於美國市場的需求減少所致。

Management Discussion and Analysis (Continued)

管理層討論與分析(續)

The Group placed significant emphasis on the product research and development in order to enhance the products' durability and diversity. During the Period, the overall gross profit margin improved to 17.4% (2017 1H: 13.5%) due to an increase in the customers' demand for our high-end products by virtue of our research and development effort. The Group will continue to enhance the overall competitiveness in the market to capture new business opportunities.

Other revenue

Other revenue decreased to RMB4.4 million for the Period from RMB10.7 million for 2017 1H mainly due to the decrease in government subsidies received.

Other net loss

The Group recorded other net loss of approximately RMB5.0 million for the Period (2017 1H: RMB1.3 million), which was primarily a result of the net foreign exchange gain and changes in fair value of derivative financial instruments during the Period.

Selling and distribution expenses

Our selling and distribution expenses increased to approximately RMB12.9 million (2017 1H: RMB7.7 million), which was mainly due to the increase in transportation expenses as a result of the increase in sales.

Administrative expenses

Our administrative expenses decreased to approximately RMB25.3 million (2017 1H: RMB31.3 million) as the Group has taken strict cost control measures.

Finance costs

Our finance costs increased to RMB3.8 million during the Period (2017 1H: RMB2.0 million), which was mainly due to the decrease in interest expense capitalised into construction in progress.

Income tax

Our income tax increased to approximately RMB1.7 million (2017 1H: RMB0.3 million), primarily due to an increase in profit before taxation of subsidiaries during the Period.

本集團高度重視產品研發，以提升產品耐用性及增加其多樣性。本期間，憑藉我們的研發實力，客戶對我們的高端產品的需求增加令整體毛利率上升至17.4%（二零一七年上半年：13.5%）。本集團將繼續提升整體市場競爭力以把握新商機。

其他收入

其他收入由二零一七年上半年的人民幣10.7百萬元減少至本期間的人民幣4.4百萬元，主要由於所獲得的政府補貼減少所致。

其他虧損淨額

本集團於本期間錄得其他虧損淨額人民幣5.0百萬元（二零一七年上半年：人民幣1.3百萬元），主要由於本期間之匯兌收益淨額及衍生金融工具公平值變動所致。

銷售及分銷開支

我們的銷售及分銷開支增加至人民幣12.9百萬元（二零一七年上半年：人民幣7.7百萬元），主要是由於因銷售增加導致運輸開支增加所致。

行政開支

我們的行政開支減少至約人民幣25.3百萬元（二零一七年上半年：人民幣31.3百萬元），原因是本集團採取嚴格的成本監控措施所致。

融資成本

我們的融資成本於本期間增加至人民幣3.8百萬元（二零一七年上半年：人民幣2.0百萬元），主要由於撥入在建工程的資本化利息開支減少所致。

所得稅

我們的所得稅上升至人民幣1.7百萬元（二零一七年上半年：人民幣0.3百萬元），主要是由於本期間附屬公司之除稅前溢利上升所致。

Management Discussion and Analysis (Continued)

管理層討論與分析(續)

Profit for the Period

As a result of the foregoing factors, the Group has recorded a profit of approximately RMB10.5 million for the Period (2017 1H: loss of RMB3.9 million).

Liquidity and capital resources

The Group principally meets its working capital and other capital needs through operating cash flows and proceeds from bank borrowings. As at 30 June 2018, the Group had current assets of RMB672.8 million (31 December 2017: RMB721.1 million), of which bank deposits and cash (including pledged deposits) were RMB65.0 million (31 December 2017: RMB191.8 million). The Group's cash is generally deposited with banks and denominated mostly in RMB. As at 30 June 2018, the total available banking facilities of the Group amounted to RMB267.4 million (31 December 2017: RMB396.1 million), banking facilities utilised as at 30 June 2018 were RMB177.2 million (31 December 2017: RMB233.2 million) and these bank borrowings were denominated in RMB and USD.

As at 30 June 2018, the ratio of total borrowings to total assets and the ratio of net borrowings to total equity of the Group were 13.6% and 11.4% respectively (31 December 2017: 16.7% and 5.1% respectively), current ratio and quick ratio were 2.7:1 and 1.2:1 respectively (31 December 2017: 2.2:1 and 1.2:1 respectively).

Pledge of assets

As at 30 June 2018, the Group pledged its plant and machinery, lease prepayments and buildings held for own use with a net book value of RMB232.3 million (31 December 2017: RMB243.0 million) and deposits with banks of RMB16.9 million (31 December 2017: RMB78.2 million) mainly for the purpose of securing bank loans and financial derivative contracts from the banks to the Group.

Capital expenditure

During the Period, the Group's total expenditure in respect of property, plant and equipment, and non-current prepayments for acquisitions of property, plant and equipment amounted to RMB4.3 million (2017 1H: RMB43.8 million).

期內溢利

基於上述因素，本集團於本期間錄得溢利人民幣10.5百萬元(二零一七年上半年：虧損人民幣3.9百萬元)。

流動資金及資本來源

本集團主要透過營運現金流量及銀行借款的所得款項滿足其營運資金及其他資金需求。於二零一八年六月三十日，本集團擁有流動資產人民幣672.8百萬元(二零一七年十二月三十一日：人民幣721.1百萬元)，其中銀行存款及現金(包括已抵押存款)為人民幣65.0百萬元(二零一七年十二月三十一日：人民幣191.8百萬元)。本集團的現金一般存置於銀行並大部分以人民幣計值。於二零一八年六月三十日，本集團的可動用銀行融資總額為人民幣267.4百萬元(二零一七年十二月三十一日：人民幣396.1百萬元)，於二零一八年六月三十日已動用的銀行融資額為人民幣177.2百萬元(二零一七年十二月三十一日：人民幣233.2百萬元)，該等銀行借款以人民幣及美元計值。

於二零一八年六月三十日，本集團的借貸總額與總資產比率及借貸淨額與總權益比率分別為13.6%及11.4%(二零一七年十二月三十一日：分別為16.7%及5.1%)。流動比率及速動比率分別為2.7:1及1.2:1(二零一七年十二月三十一日：分別為2.2:1及1.2:1)。

資產抵押

於二零一八年六月三十日，本集團已抵押賬面淨值為人民幣232.3百萬元(二零一七年十二月三十一日：人民幣243.0百萬元)的廠房及機器、租賃預付款、持作自用樓宇以及人民幣16.9百萬元(二零一七年十二月三十一日：人民幣78.2百萬元)的銀行存款，主要用於本集團自銀行取得之銀行貸款及金融衍生工具合約。

資本開支

於本期間，本集團有關物業、廠房及設備的總開支及有關收購物業、廠房及設備的非即期預付款為人民幣4.3百萬元(二零一七年上半年：人民幣43.8百萬元)。

Management Discussion and Analysis (Continued)

管理層討論與分析(續)

Contingent liabilities

The Group has no significant contingent liabilities as at 30 June 2018.

Significant investment, material acquisitions and disposals of subsidiaries, future plans for significant investments or acquisition of capital assets

There was no significant investment, material acquisition and disposal of subsidiaries by the Company. The Group currently has no plan to make any significant investment in or acquisition of capital assets, but will continue seeking potential investment or acquisition opportunities according to the Group's development needs.

Foreign currency risks

The Group's sales are mainly denominated in USD and RMB while our cost of sales and operating costs are mainly denominated in RMB. Therefore, the Group's profit margin would be affected if RMB appreciates against USD as the Group may not able to reflect the appreciation in selling prices to overseas customers that were determined in USD. In response to this, the Group manages the fluctuations in the exchange rate of RMB against USD by entering into foreign currency forward contracts denominated in USD and RMB with banks when sales contracts were entered with overseas customers. As at 30 June 2018, the Group has net outstanding USD denominated forward foreign currency contracts of USD9.2 million (31 December 2017: USD31.5 million). All the contracts are to be settled within one year.

With the increasing level of our overseas purchases, the Group also manages the foreign exchange risks by matching the cash inflow from our export sales denominated in USD with the cash outflow from our import of timber denominated in USD.

PROSPECTS

The results for the Period was encouraging and the Group's direction towards market diversification and product enhancement was proven to be a sound strategy. However, the trade dispute between the US and China brings the Group to great uncertainty and the impact is difficult to estimate. The additional tariffs imposed by the US government will damage the Group's profit margin on products shipped to the US which will significantly affect the performance of the Group in the second half of the year.

或然負債

於二零一八年六月三十日，本集團概無任何重大或然負債。

重大投資、重大收購及出售附屬公司、重大投資或收購資本資產的未來計劃

本公司並無重大投資、重大收購及出售附屬公司。本集團現時並無計劃作出任何重大投資或收購資本資產，但會按本集團發展需要，繼續物色潛在投資或收購機會。

貨幣風險

本集團的銷售主要以美元及人民幣計值，而銷售成本及經營開支則主要以人民幣計值。由於本集團可能無法在向海外客戶銷售時，將人民幣兌美元的升值反映於以美元釐定的售價中，故如人民幣升值，毛利率將受影響。為此，本集團在與海外客戶訂立銷售合約同時透過與銀行訂立以美元及人民幣計值的遠期外幣合約以管理人民幣兌美元的匯率波動。於二零一八年六月三十日，本集團有淨值9.2百萬美元(二零一七年十二月三十一日：31.5百萬美元)以美元計值的未結算遠期外幣合約。所有合約將於一年內結算。

隨著本集團的海外採購增加，本集團亦透過以美元計值的出口銷售現金流入配合以美元計值的木材進口現金流出管理外匯風險。

展望

本期間的業績令人備受鼓舞，本集團向市場多元化及產品改進的方向發展被證明是明智的策略。然而，美中貿易糾紛為本集團帶來巨大的不確定性，其影響難以估計。美國政府徵收的額外關稅將損害本集團運往美國的產品的利潤率，這將對本集團下半年的表現產生重大影響。

Management Discussion and Analysis (Continued)

管理層討論與分析(續)

Although the Group has already taken steps to minimise the impact of the trade dispute, including active negotiation with the Group's trading partners in the US to share the burden on the additional tariffs imposed on the Group's products, and to further develop new markets (such as Australia) to reduce reliance on the US market. The Group expects the business environment will remain difficult for the rest of the year and for 2019. The Group will closely monitor the development on the trade dispute, evaluate the impact to the Group and take necessary and decisive actions promptly to minimise the negative impact.

Use of net proceeds from the global offering, placing, subscription and open offer

The shares of the Company were listed on the Main Board of the Stock Exchange on 6 July 2012. Net proceeds from the global offering were approximately HK\$144.3 million (after deducting the underwriting commission and relevant expenses).

On 26 June 2014, the Company issued 200,000,000 new ordinary shares of HK\$0.01 each at HK\$0.80 per share by way of placing (the "June 2014 Placement"). On 7 October 2014, the Company issued 165,000,000 new ordinary shares of HK\$0.01 each at HK\$0.93 per share by way of placing (the "October 2014 Placement"). On 5 August 2015, the Company issued 272,600,000 new ordinary shares of HK\$0.01 each at HK\$0.55 per share by way of placing (the "August 2015 Subscription"). On 21 December 2015, the Company issued 857,945,000 new ordinary shares of HK\$0.01 each at HK\$0.20 per share by way of Open Offer (the "December 2015 Open Offer"). On 10 February 2017, the Company issued 514,500,000 new ordinary shares of HK\$0.01 each at HK\$0.13 per share by way of subscription (the "February 2017 Subscription"). The net proceeds from the issue of new shares under the June 2014 Placement, October 2014 Placement, August 2015 Subscription, December 2015 Open Offer, February 2017 Subscription after deducting related transaction costs, were around HK\$155.0 million, HK\$148.0 million, HK\$149.7 million, HK\$170.0 million, HK\$66.7 million respectively.

儘管本集團已採取措施盡量減低貿易糾紛的影響，包括與本集團於美國的貿易夥伴積極磋商，分擔對本集團產品徵收額外關稅的負擔，並進一步開拓新市場（例如澳洲），以減少對美國市場的依賴。本集團預計本年度其餘時間及二零一九年的業務環境仍將面臨困難。本集團將密切監察貿易糾紛的發展，評估對本集團的影響，並迅速採取必要及果斷措施，以盡量減低負面影響。

全球發售、配售、認購事項及公開發售所得款項淨額的用途

本公司的股份於二零一二年七月六日在聯交所主板上市。全球發售的所得款項淨額（經扣除包銷佣金及相關開支後）約為144.3百萬港元。

於二零一四年六月二十六日，本公司透過配售方式按每股0.80港元發行200,000,000股每股面值0.01港元的新普通股（「二零一四年六月配售」）。於二零一四年十月七日，本公司透過配售方式按每股0.93港元發行165,000,000股每股面值0.01港元的新普通股（「二零一四年十月配售」）。於二零一五年八月五日，本公司透過配售方式按每股0.55港元發行272,600,000股每股面值0.01港元的新普通股（「二零一五年八月認購事項」）。於二零一五年十二月二十一日，本公司透過公開發售方式按每股0.20港元發行857,945,000股每股面值0.01港元的新普通股（「二零一五年十二月公開發售」）。於二零一七年二月十日，本公司透過認購方式按每股0.13港元發行514,500,000股每股面值0.01港元的新普通股（「二零一七年二月認購事項」）。經扣除相關交易費用後，根據自二零一四年六月配售、二零一四年十月配售、二零一五年八月認購事項、二零一五年十二月公開發售、二零一七年二月認購事項發行新股份的所得款項淨額分別約為155.0百萬港元、148.0百萬港元、149.7百萬港元、170.0百萬港元及66.7百萬港元。

Management Discussion and Analysis (Continued)

管理層討論與分析(續)

As at 30 June 2018, all of the above proceeds have been utilised, except for the proceeds from the October 2014 Placement and the December 2015 Open Offer. The unutilised proceeds were deposited in licensed banks in Hong Kong and the PRC. A breakdown of the unutilised proceeds is set forth in the table below:

於二零一八年六月三十日，所有上述所得款項已獲動用，惟二零一四年十月配售及二零一五年十二月公開發售的所得款項除外。所有未動用所得款項已存置於香港及中國的持牌銀行。未動用所得款項之明細列載於下表：

		The financing of the acquisition of automated production machinery and equipment	Establishing new production facilities	Establishing own-brand self-operated store network	Merger and acquisition of small to medium sized companies, other timber processing plants, and/or other resources 合併與收購 中小型公司、其他木材加工廠及／或其他資源	Own-brand promotion and other marketing events	Increasing and enhancing our research and development activities	General working capital	Total
		購置自動化生產機器及設備的融資 HK\$' million 百萬港元	成立 新生產設施 HK\$' million 百萬港元	成立 自有品牌的 自營店網絡 HK\$' million 百萬港元		宣傳自有品牌及 其他市場 推廣活動 HK\$' million 百萬港元	提升及加強 本公司 的研發活動 HK\$' million 百萬港元	一般營運資金 HK\$' million 百萬港元	總額 HK\$' million 百萬港元
From October 2014 Placement		來自二零一四年十月配售							
Amount of net proceeds	所得款項淨額	N/A 不適用	73.0	N/A 不適用	50.0	N/A 不適用	N/A 不適用	25.0	148.0
Percentage to total net proceeds	佔所得款項總淨額百分比	N/A 不適用	49.3%	N/A 不適用	33.8%	N/A 不適用	N/A 不適用	16.9%	100.0%
Utilised amount as at 30 June 2018		於二零一八年六月三十日							
	已動用金額	N/A 不適用	73.0	N/A 不適用	27.3	N/A 不適用	N/A 不適用	25.0	125.3
Unutilised amount as at 30 June 2018		於二零一八年六月三十日							
	未動用金額	N/A 不適用	–	N/A 不適用	22.7	N/A 不適用	N/A 不適用	–	22.7
From December 2015 Open Offer		來自二零一五年十二月公開發售							
Amount of net proceeds	所得款項淨額	119.0	N/A 不適用	N/A 不適用	N/A 不適用	N/A 不適用	17.0	34.0	170.0
Percentage to total net proceeds	佔所得款項總淨額百分比	70.0%	N/A 不適用	N/A 不適用	N/A 不適用	N/A 不適用	10.0%	20.0%	100%
Utilised amount as at 30 June 2018		於二零一八年六月三十日							
	已動用金額	103.1	N/A 不適用	N/A 不適用	N/A 不適用	N/A 不適用	17.0	34.0	154.1
Unutilised amount as at 30 June 2018		於二零一八年六月三十日							
	未動用金額	15.9	N/A 不適用	N/A 不適用	N/A 不適用	N/A 不適用	–	–	15.9

Management Discussion and Analysis (Continued)

管理層討論與分析(續)

Human resources

As at 30 June 2018, we employed a total of 576 (30 June 2017: 523) full time employees mainly in the PRC and Hong Kong including management staff, product designers, technicians, salespersons and workers. The Group's total expenses on the remuneration of employees for the Period were RMB18.5 million (2017 1H: RMB15.2 million). The Group has been consistently increasing production process automation, strengthening the training of staff with an emphasis on high-technique processing with a mission on the continuous development and enhancing of competitiveness. The Group offered highly competitive salary package, as well as discretionary bonuses and contribution to social insurance to its employees.

The Group's emolument policies are formulated based on the performance of individual employee which will be reviewed periodically. Apart from the provident fund scheme (operated in accordance with the provisions of the Mandatory Provident Fund Schemes Ordinance for Hong Kong employees) or social insurance (including retirement pension insurance, medical insurance, unemployment insurance, injury insurance and maternity insurance for the PRC employees), discretionary bonuses and share options may also be awarded to employees according to the assessment of individual performance. Since the adoption of the share option scheme on 15 June 2012 and up to 30 June 2018, no options have been granted.

Events after the reporting period

The Group has no material events after the reporting period.

人力資源

於二零一八年六月三十日，本集團主要於中國及香港共聘用576名全職僱員(二零一七年六月三十日：523名)，當中包括管理人員、產品設計人員、技術人員、銷售人員及工人。於本期間，本集團就僱員薪酬的總開支為人民幣18.5百萬元(二零一七年上半年：人民幣15.2百萬元)。本集團一直透過提高工序自動化，加強員工培訓以及專注高技術加工，維持員工的持續發展及提高員工競爭力。本集團為僱員提供具競爭力的薪酬組合，並有酌情花紅以及會為僱員繳納社會保險供款。

本集團的薪酬政策乃按個別僱員的表現而制訂，並將定期檢討。除公積金計劃(根據強制性公積金計劃條例的條文為香港僱員執行)或社會保險(包括中國僱員的退休養老保險、醫療保險、失業保險、工傷保險及生育保險)外，本集團亦將根據對個別僱員表現的評估向僱員發放酌情花紅及授出僱員購股權。自購股權計劃於二零一二年六月十五日獲採納以來至二零一八年六月三十日止，本集團概無授出任何購股權。

報告日期後事項

本集團並無重大報告期後事項。

Other Information

其他資料

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

As at 30 June 2018, the interests and short positions of the Directors or the chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of part XV of the Securities and Futures Ordinance (the "SFO") which would have 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 which he is taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein or which will be required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers ("Model Code") contained in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange ("Listing Rules"), will be as follows:

Interest in shares

Name of Director	Capacity/Nature of interest	Number of shares	Approximate percentage of shareholding interest (%)
董事姓名	身份／權益性質	股份數目	持股概約百分比(%)
Mr. Wu Zheyang 吳哲彥先生	Interest in controlled corporation/ Long position (Note) 受控制法團的權益／好倉(附註)	449,647,412	14.56%
	Beneficial owner/Long position 實益擁有人／好倉	11,002,940	0.36%
Ms. Xie Qingmei 謝清美女士	Beneficial owner/Long position 實益擁有人／好倉	9,633,380	0.31%

Note: Mr. Wu Zheyang is deemed to be interested in the shares held by Green Seas Capital Limited, his wholly-owned company.

董事及高級行政人員於股份、相關股份及債券的權益及淡倉

於二零一八年六月三十日，董事或本公司高級行政人員在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、相關股份及債券中擁有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的有關條文其被視為或當作擁有的權益及淡倉)，或根據證券及期貨條例第352條須記入該條所述登記冊或根據聯交所證券上市規則(「上市規則」)附錄10所載上市發行人董事進行證券交易的標準守則(「標準守則」)須知會本公司及聯交所的權益及淡倉如下：

股份權益

附註：吳哲彥先生被視為於其全資擁有的公司Green Seas Capital Limited持有的股份中擁有權益。

Other Information (Continued)

其他資料(續)

Save as disclosed above, none of the Directors and chief executive of the Company had interests or short positions in the shares, underlying shares of equity derivatives or debentures of the Company or any associated corporation defined under the SFO which would have 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 which he is taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein or which will be required to be notified to the Company and the Stock Exchange pursuant to the Model Code as at 30 June 2018.

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

As at 30 June 2018, the following persons (other than a Director or chief executive of the Company), who had interests or short positions in the shares or the underlying shares which would fall to be disclosed under the provisions of Division 2 and 3 of Part XV of the SFO, or which would be required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein, were as follows:

Interest in shares

除上文所披露者外，於二零一八年六月三十日，董事及本公司高級行政人員概無於本公司或任何相聯法團（定義見證券及期貨條例）的股份、股本衍生工具相關股份或債券中擁有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或淡倉（包括根據證券及期貨條例的有關條文其被視為或當作擁有的權益及淡倉），或根據證券及期貨條例第352條須記入該條所述登記冊或根據標準守則須知會本公司及聯交所的權益或淡倉。

主要股東於本公司股份及相關股份的權益及淡倉

於二零一八年六月三十日，下列人士（並非董事或本公司高級行政人員）於股份或相關股份中擁有根據證券及期貨條例第XV部第2及第3分部條文須予披露的權益或淡倉，或根據證券及期貨條例第336條須記入該條所述登記冊的權益或淡倉：

股份權益

Name	Capacity/Nature of interest	Number of shares	Approximate percentage of shareholding interest (%)
名稱／姓名	身份／權益性質	股份數目	持股概約百分比(%)
Green Seas Capital Limited	Beneficial owner/Long position (Note 1) 實益擁有人／好倉(附註1)	449,647,412	14.56%
Hong Kong Run De Holdings Limited 香港潤得控股有限公司	Beneficial owner/Long position (Note 2) 實益擁有人／好倉(附註2)	430,000,000	13.92%

Other Information (Continued)

其他資料(續)

Name	Capacity/Nature of interest	Number of shares	Approximate percentage of shareholding interest (%)
名稱／姓名	身份／權益性質	股份數目	持股概約百分比(%)
福建沃若石油化工有限公司	Interest in controlled corporation/ Long position (Note 2) 受控制法團的權益／好倉 (附註2)	430,000,000	13.92%
Mr. Lin Jian 林健先生	Interest in controlled corporation/ Long position (Note 2) 受控制法團的權益／好倉 (附註2)	430,000,000	13.92%
Hong Kong Guoyuan Group Capital Holdings Limited 香港國元集團金融控股 有限公司	Beneficial owner/Long position (Note 3) 實益擁有人／好倉 (附註3)	689,130,000	22.31%
上海荊勳工業設備控股 有限公司	Interest in controlled corporation/ Long position (Note 3) 受控制法團的權益／好倉 (附註3)	689,130,000	22.31%
Mr. Wang Xin 汪新先生	Interest in controlled corporation/ Long position (Note 3) 受控制法團的權益／好倉 (附註3)	689,130,000	22.31%

Note:

附註：

- The entire issued share capital of Green Seas Capital Limited is legally and beneficially owned by Mr. Wu Zheyang, who is deemed to be interested in the Shares held by Green Seas Capital Limited.
- The entire issued share capital of Hong Kong Run De Holdings Limited is legally and beneficially owned by 福建沃若石油化工有限公司. The 98% issued share capital of 福建沃若石油化工有限公司 is legally and beneficially owned by Mr. Lin Jian, who is deemed to be interested in the shares held by Hong Kong Run De Holdings Limited.
- The entire issued share capital of Hong Kong Guoyuan Group Capital Holdings Limited is legally and beneficially owned by 上海荊勳工業設備控股有限公司. The 98% issued share capital of 上海荊勳工業設備控股有限公司 is legally and beneficially owned by Mr. Wang Xin, who is deemed to be interested in the shares held by Hong Kong Guoyuan Group Capital Holdings Limited.

- Green Seas Capital Limited 的全部已發行股本由吳哲彥先生合法及實益擁有，吳哲彥先生被視為於 Green Seas Capital Limited 持有的股份中擁有權益。
- 香港潤得控股有限公司的全部已發行股本由福建沃若石油化工有限公司合法及實益擁有，福建沃若石油化工有限公司的98%已發行股本由林健先生合法及實益擁有，林健先生被視為於香港潤得控股有限公司持有的股份中擁有權益。
- 香港國元集團金融控股有限公司的全部已發行股本由上海荊勳工業設備控股有限公司合法及實益擁有，上海荊勳工業設備控股有限公司的98%已發行股本由汪新先生合法及實益擁有，汪新先生被視為於香港國元集團金融控股有限公司持有的股份中擁有權益。

Other Information (Continued)

其他資料(續)

Save as disclosed above, the Directors are not aware of any person, other than the Directors whose interests are set out in the section “Directors’ and chief executive’s interests and short positions in shares, underlying shares and debentures” above, who had an interest or short positions in the shares or underlying shares that were required to be disclosed under the provisions of Division 2 and 3 of Part XV of the SFO, or recorded pursuant to Section 336 of Part XV of the SFO as of 30 June 2018.

SHARE OPTION SCHEME

Pursuant to a resolution passed by all the shareholders on 15 June 2012, the Company has conditionally adopted the share option scheme (the “Share Option Scheme”) for the purpose of recognising and acknowledging the contributions the eligible participants had or may have made to the Group. The Board may, at its discretion, grant options pursuant to the Share Option Scheme to the Directors (including executive Directors, non-executive Directors and independent non-executive Directors), the directors of the Company’s subsidiaries and employees of the Group and any other persons (including consultants or advisers) whom the Board considers, in its absolute discretion, have contributed or will contribute to the Group. The Directors were authorised to grant options to subscribe for shares of the Company and to allot, issue and deal with the shares pursuant to the exercise of options granted under the Share Option Scheme and to take all such steps as may be necessary and/or desirable to implement and give effect to the Share Option Scheme. The maximum number of shares in respect of which options may be granted under the Share Option Scheme and under any other share option schemes of the Company must not in aggregate exceed 10% of the total number of shares in issue immediately following completion of the Global Offering (as defined in the Company’s prospectus dated 25 June 2012), being 100,000,000 shares, excluding any shares that may be issued under the options which have lapsed in accordance with the terms of the Share Option Scheme (or any other share option schemes of the Company), unless otherwise approved by the shareholders of the Company in general meeting and/or such other requirements prescribed under the Listing Rules from time to time.

除上文所披露者外，於二零一八年六月三十日，董事概不知悉任何人士（權益已於上文「董事及高級行政人員於股份、相關股份及債券的權益及淡倉」一節載列的董事除外）於股份或相關股份中擁有根據證券及期貨條例第XV部第2及第3分部條文須予披露的權益或淡倉，或根據證券及期貨條例第XV部第336條須予登記的權益或淡倉。

購股權計劃

根據全體股東於二零一二年六月十五日通過的決議案，本公司已有條件採納一項購股權計劃（「購股權計劃」），以肯定及嘉許曾經或可能對本集團作出貢獻的合資格參與人士。根據購股權計劃，董事會可酌情向董事（包括執行董事、非執行董事及獨立非執行董事）、本公司附屬公司之董事、本集團僱員及董事會全權酌情認為曾經或將對本集團作出貢獻的任何其他人士（包括專家顧問或顧問）授出購股權。董事獲授權授出購股權以認購本公司股份，及根據購股權計劃項下授出的購股權獲行使而配發、發行及處理股份，以及採取對實行購股權計劃及使之生效而言為必需及／或合宜的一切步驟。根據購股權計劃及任何其他本公司購股權計劃而可授予的購股權的最高股份數目，合共不得超過緊隨全球發售（定義見本公司日期為二零一二年六月二十五日的招股章程）完成後已發行股份總數的10%，即100,000,000股股份，不包括任何根據購股權計劃（或本公司任何其他購股權計劃）的條款已失效的購股權而可發行的股份，惟獲本公司股東在股東大會上另行批准及／或上市規則不時另有其他規定者除外。

Other Information (Continued)

其他資料(續)

Unless otherwise approved by the shareholders of the Company in general meeting, the number of shares that may be granted to an eligible participant under the Share Option Scheme and any other share option schemes of the Company (including both exercised and outstanding options) shall not exceed 1% of the shares in issue of the Company within any 12-month period. Any grant of options to a Director, chief executive or substantial shareholder (as defined in the Listing Rules) of the Company or any of their respective associates (as defined in the Listing Rules) is required to be approved by our independent non-executive Directors. Unless otherwise approved by the shareholders of the Company in general meeting and/or such other requirements prescribed under the Listing Rules, the number of shares that may be granted to a substantial shareholder or any independent non-executive Director or their respective associates under the Share Option Scheme and any other share option schemes of the Company (including both exercised and outstanding options) shall not exceed 0.1% of the shares in issue, having an aggregate value in excess of HK\$5 million, within any 12-month period.

There is no minimum period for which an option must be held before it can be exercised, and the period during which an option may be exercised will be determined by the Board in its absolute discretion, however, no options shall be exercised 10 years after they have been granted. The subscription price of a share in respect of a particular option shall be not less than the highest of (a) the official closing price of the shares on the daily quotation sheet of the Stock Exchange; (b) the average official closing price of the shares on the daily quotation sheet of the Stock Exchange for the five business days immediately preceding the date of grant; and (c) the nominal value of a share. The Share Option Scheme shall take effect from the date it is adopted and shall remain effective within a period of 10 years from that date.

From the date that the Share Option Scheme became effective and unconditional and up to the date of this interim report, no share options were granted under the Share Option Scheme.

除非獲本公司股東於股東大會上另行批准，否則可基於購股權計劃及任何其他本公司購股權計劃（包括已行使及未行使購股權）向一名合資格參與者授出的股份數目，不得超過本公司在任何一個12個月期間的已發行股份的1%。任何向董事、本公司高級行政人員或主要股東（定義見上市規則）或其任何各自的聯繫人（定義見上市規則）授予的購股權須獲我們的獨立非執行董事批准。除非本公司股東在股東大會上另行批准及／或上市規則另有規定，否則根據購股權計劃及任何其他本公司購股權計劃（包括已行使及未行使購股權）可授予主要股東或任何獨立非執行董事或其各自的聯繫人的股份數目，不得超過任何一個12個月期間已發行股份的0.1%或合共價值超過5百萬港元。

概無訂有購股權在行使前必須持有的最短期限，而購股權可行使的期間將由董事會全權酌情決定，然而，購股權於授出10年後便不得行使。有關特定購股權的股份認購價不得低於下列最高者：(a) 於聯交所每日報價表所報的官方股份收市價；(b) 緊接授出日期前五個營業日聯交所每日報價表所報的官方股份平均收市價；及(c) 股份面值。購股權計劃將自其獲採納日期起生效並將自該日起10年期間內一直有效。

自購股權計劃生效及成為無條件起及直至本中期報告日期，概無根據購股權計劃授出購股權。

Other Information (Continued)

其他資料(續)

INTERIM DIVIDEND

The Board has resolved not to declare any interim dividend for the Period.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

Throughout the Period and up to the date of this report, the Company has complied with the principles set out in the Corporate Governance Code, except code provision C.1.2 of the Corporate Governance Code as explained below.

According to code provision C.1.2, the management should provide all members of the Board with monthly updates giving a balanced and understandable assessment of the Company's performance, position and prospects in sufficient detail to enable the Board as a whole and each Director to discharge their duties under Rule 3.08 and Chapter 13 of the Listing Rules.

The Company has deviated from C.1.2 in that while the management has updated most of the Directors on a monthly basis about the business operation and performance of the Company, not all the Directors received such updates as the monthly updates were conducted on-site at the Group's factory in China. Members of the Board who did not attend such on-site meetings did not receive the updates. However, the management would provide detailed updates to all the Directors on a half-yearly and yearly basis. In the event that there are any significant updates to be provided, the management will update all the Directors as early as practicable for discussion and the passing of resolution. The Company also has in place a system for every Director to make enquiries with the senior management about the business operation of the Group and to give suggestions or feedback in the event such Director is not able to attend the monthly on-site update meetings.

中期股息

董事會議決不會就本期間宣派任何中期股息。

遵守企業管治守則

於本期間及直至本報告日期，本公司一直遵守企業管治守則載列的原則，惟偏離企業管治守則的守則條文第C.1.2條，詳情如下。

根據守則條文第C.1.2條，管理層每月須向董事會全體成員提供最新資料，列載有關本公司的表現、狀況及前景的公正及易明的詳細評估，讓董事會全體及各董事可根據上市規則第3.08條及第13章履行職務。

雖然管理層每月向大多數董事提供有關本公司業務營運及表現的更新資料，但由於每月的更新乃於本集團中國的工廠現場進行，因此並非全體董事收到相關更新資料，本公司偏離第C.1.2條。未出席現場會議的董事會成員並無收到更新資料。然而，管理層會每半年及按年向全體董事提供詳細的更新資料。倘需提供任何重要的更新資料，管理層會於可行情況下盡早向全體董事提供更新資料以便進行討論及通過決議。本公司亦制定制度，如各董事未能出席每月現場更新會議，則須向高級管理層查詢本集團業務營運相關事項並提出建議或反饋。

Other Information (Continued)

其他資料(續)

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

Pursuant to a resolution passed by the Board on 15 June 2012, the Company has adopted the Model Code as its own code of conduct for dealing in securities of the Company by the Directors. Specific enquiries have been made with the Directors, and all Directors confirmed that they have complied with the required standards set out in the Model Code regarding their securities transactions for the Period.

AUDIT COMMITTEE

The audit committee of the Company together with the management have reviewed with management the accounting principles and policies adopted by the Group and discussed auditing, internal control and financial reporting matters, and also reviewed the unaudited interim financial report for the Period.

PURCHASE, SALE AND REDEMPTION OF LISTED SECURITIES

There was no purchase, sale or redemption by the Company, or any of its subsidiaries, of any listed securities of the Company during the Period and until the date of this report.

董事進行證券交易的標準守則

根據董事會於二零一二年六月十五日通過的決議案，本公司已採納標準守則，作為其自身董事進行本公司證券交易時須遵守的行為守則。經向董事作出具體查詢後，全體董事已確認彼等於本期間一直遵守標準守則所載有關證券交易的規定標準。

審計委員會

本公司審計委員會已聯同管理層審閱本集團採納的會計原則及政策，並討論審核、內部監控及財務申報事宜，亦已審閱本期間的未經審核中期財務報告。

購買、出售及贖回上市證券

於本期間及直至本報告日期，本公司或其任何附屬公司概無購買、出售或贖回本公司任何上市證券。

Consolidated Statement of Profit or Loss — Unaudited

綜合損益表 — 未經審核

for the six months ended 30 June 2018 截至二零一八年六月三十日止六個月
(Expressed in Renminbi) (以人民幣列示)

			Six months ended 30 June	
			截至六月三十日止六個月	
			2018	2017
			二零一八年	二零一七年
			RMB'000	RMB'000
			人民幣千元	人民幣千元
		Note 附註		
Revenue	收入	3, 4	313,989	209,492
Cost of sales	銷售成本		(259,222)	(181,226)
Gross profit	毛利		54,767	28,266
Other revenue	其他收入	6(a)	4,386	10,665
Other net loss	其他虧損淨額	6(b)	(4,971)	(1,300)
Selling and distribution expenses	銷售及分銷開支		(12,887)	(7,749)
Administrative expenses	行政開支		(25,264)	(31,300)
Profit/(loss) from operations	經營溢利／(虧損)		16,031	(1,418)
Finance costs	融資成本	7(a)	(3,844)	(2,047)
Share of profits/(losses) of associates	分佔聯營公司溢利／(虧損)		49	(92)
Profit/(loss) before taxation	除稅前溢利／(虧損)	7	12,236	(3,557)
Income tax expenses	所得稅開支	8	(1,718)	(324)
Profit/(loss) for the period	期內溢利／(虧損)		10,518	(3,881)
Earnings/(loss) per share	每股盈利／(虧損)			
Basic and diluted (RMB)	基本及攤薄(人民幣元)	9	0.0034	(0.0013)

The notes on pages 32 to 80 form part of this interim financial report.

第32頁至第80頁的附註為本中期財務報告的一部分。

Consolidated Statement of Profit or Loss and Other Comprehensive Income — Unaudited

綜合損益及其他全面收益表 — 未經審核

for the six months ended 30 June 2018 截至二零一八年六月三十日止六個月
(Expressed in Renminbi) (以人民幣列示)

		Six months ended 30 June	
		截至六月三十日止六個月	
		2018	2017
		二零一八年	二零一七年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Profit/(loss) for the period	期內溢利／(虧損)	10,518	(3,881)
Other comprehensive income for the period, net of tax:	期內其他全面收益 (扣除稅項)：		
Items that may be reclassified subsequently to profit or loss:	其後可能重新分類至損益表的項目：		
— Exchange differences on translation of financial statements of foreign operations	— 換算海外業務財務報表產生的匯兌差額	332	(7,871)
Items that will not be reclassified subsequently to profit or loss:	其後不會重新分類至損益表的項目：		
— Losses on equity investments	— 股本投資虧損	(539)	—
Total comprehensive income for the period	期內全面收益總額	10,311	(11,752)

The notes on pages 32 to 80 form part of this interim financial report.

第32頁至第80頁的附註為本中期財務報告的一部分。

Consolidated Statement of Financial Position — Unaudited

綜合財務狀況表 — 未經審核

at 30 June 2018 於二零一八年六月三十日
(Expressed in Renminbi) (以人民幣列示)

			At 30 June 2018 於二零一八年 六月三十日 RMB'000 人民幣千元	At 31 December 2017 於二零一七年 十二月三十一日 RMB'000 人民幣千元
	Note 附註			
Non-current assets		非流動資產		
Property, plant and equipment	10	物業、廠房及設備	627,951	631,169
Lease prepayments		租賃預付款	72,864	73,650
Non-current prepayments for acquisitions of property, plant and equipment		收購物業、廠房及設備的非即期預付款	17,769	34,603
Interest in associates	11	於聯營公司的權益	24,484	24,434
Other financial assets		其他金融資產	3,536	2,495
Deferred tax assets		遞延稅項資產	5,470	5,984
			752,074	772,335
Current assets		流動資產		
Inventories	12	存貨	374,222	331,118
Current portion of lease prepayments		租賃預付款的即期部分	1,634	1,664
Trade and other receivables	13	貿易及其他應收款項	231,971	196,604
Pledged deposits	14	已抵押存款	16,882	78,261
Cash and cash equivalents	15	現金及現金等價物	48,069	113,501
			672,778	721,148
Current liabilities		流動負債		
Trade and other payables	16	貿易及其他應付款項	43,388	64,153
Bank loans	17	銀行貸款	177,204	233,187
Contract liabilities		合約負債	1,011	—
Current portion of deferred income	18	遞延收入的即期部分	1,163	1,163
Current taxation		即期稅項	26,318	25,966
			249,084	324,469
Net current assets		流動資產淨值	423,694	396,679

Consolidated Statement of Financial Position — Unaudited (Continued)

綜合財務狀況表 — 未經審核(續)

at 30 June 2018 於二零一八年六月三十日
(Expressed in Renminbi) (以人民幣列示)

			At 30 June 2018 於二零一八年 六月三十日 RMB'000 人民幣千元	At 31 December 2017 於二零一七年 十二月三十一日 RMB'000 人民幣千元
	Note 附註			
Total assets less current liabilities		總資產減流動負債	1,175,768	1,169,014
Non-current liabilities		非流動負債		
Debentures		債券	17,064	16,790
Non-current portion of deferred income	18	遞延收入的非即期部分	15,524	16,038
Deferred tax liabilities		遞延稅項負債	5,650	5,596
			38,238	38,424
NET ASSETS		資產淨值	1,137,530	1,130,590
Equity	20	權益		
Share capital		股本	25,544	25,544
Reserves		儲備	1,111,986	1,105,046
TOTAL EQUITY		權益總額	1,137,530	1,130,590

The notes on pages 32 to 80 form part of this interim financial report.

第32頁至第80頁的附註為本中期財務報告的一部分。

Consolidated Statement of Changes in Equity — Unaudited

綜合權益變動表 — 未經審核

for the six months ended 30 June 2018 截至二零一八年六月三十日止六個月
(Expressed in Renminbi) (以人民幣列示)

		Attributable to equity holders of the Company 本公司權益持有人應佔						Total 總額
		Share capital 股本 RMB'000 人民幣千元 (note 20(b)) (附註20(b))	Share premium 股份溢價 RMB'000 人民幣千元	Exchange reserve 匯兌儲備 RMB'000 人民幣千元	Statutory reserve 法定儲備 RMB'000 人民幣千元	Fair value reserve (non-recycling) (公平值儲備 (不可轉回)) RMB'000 人民幣千元 (note 20(c)) (附註20(c))	Retained profits 保留溢利 RMB'000 人民幣千元	
At 1 January 2017	於二零一七年一月一日	20,987	622,784	23,395	53,665	—	407,886	1,128,717
Changes in equity for the six months ended 30 June 2017:	截至二零一七年六月三十日止六個月權益變動：							
Loss for the period	期內虧損	—	—	—	—	—	(3,881)	(3,881)
Other comprehensive income	其他全面收益	—	—	(7,871)	—	—	—	(7,871)
Total comprehensive income for the period	期內全面收益總額	—	—	(7,871)	—	—	(3,881)	(11,752)
Issue of shares upon subscription	認購時發行股份	4,557	54,521	—	—	—	—	59,078
Appropriations to statutory reserve	撥往法定儲備	—	—	—	—	—	—	—
		4,557	54,521	—	—	—	—	59,078
At 30 June 2017 and 1 July 2017	於二零一七年六月三十日及二零一七年七月一日	25,544	677,305	15,524	53,665	—	404,005	1,176,043
Changes in equity for the six months ended 31 December 2017:	截至二零一七年十二月三十一日止六個月權益變動：							
Loss for the period	期內虧損	—	—	—	—	—	(36,675)	(36,675)
Other comprehensive income	其他全面收益	—	—	(8,778)	—	—	—	(8,778)
Total comprehensive income for the period	期內全面收益總額	—	—	(8,778)	—	—	(36,675)	(45,453)
Appropriations to statutory reserve	撥往法定儲備	—	—	—	1,119	—	(1,119)	—
		—	—	—	1,119	—	(1,119)	—
At 31 December 2017	於二零一七年十二月三十一日	25,544	677,305	6,746	54,784	—	366,211	1,130,590

Consolidated Statement of Changes in Equity — Unaudited (Continued)

綜合權益變動表 — 未經審核(續)

for the six months ended 30 June 2018 截至二零一八年六月三十日止六個月
(Expressed in Renminbi) (以人民幣列示)

		Attributable to equity holders of the Company 本公司權益持有人應佔						
		Share capital	Share premium	Exchange reserve	Statutory reserve	Fair value reserve (non- recycling)	Retained profits	Total
		股本 RMB'000 人民幣千元 (note 20(b)) (附註20(b))	股份溢價 RMB'000 人民幣千元	匯兌儲備 RMB'000 人民幣千元	法定儲備 RMB'000 人民幣千元	公平值儲備 (不可轉回) RMB'000 人民幣千元 (note 20(c)) (附註20(c))	保留溢利 RMB'000 人民幣千元	總額 RMB'000 人民幣千元
At 31 December 2017	於二零一七年十二月三十一日	25,544	677,305	6,746	54,784	-	366,211	1,130,590
Impact on initial application of IFRS 9 Financial Instruments (see note 2)	首次應用國際財務報告準則第9號金融工具(見附註2)	-	-	-	-	1,580	(4,951)	(3,371)
At 1 January 2018 (adjusted)	於二零一八年一月一日(經調整)	25,544	677,305	6,746	54,784	1,580	361,260	1,127,219
Changes in equity for the six months ended 30 June 2018:	截至二零一八年六月三十日止六個月權益變動：							
Profit for the period	期內溢利	-	-	-	-	-	10,518	10,518
Other comprehensive income	其他全面收益	-	-	332	-	(539)	-	(207)
Total comprehensive income for the period	期內全面收益總額	-	-	332	-	(539)	10,518	10,311
Appropriations to statutory reserve	撥往法定儲備	-	-	-	1,450	-	(1,450)	-
		-	-	-	1,450	-	(1,450)	-
At 30 June 2018	於二零一八年六月三十日	25,544	677,305	7,078	56,234	1,041	370,328	1,137,530

The notes on pages 32 to 80 form part of this interim financial report.

第32頁至第80頁的附註為本中期財務報告的一部分。

Consolidated Cash Flow Statement — Unaudited

綜合現金流量表 — 未經審核

for the six months ended 30 June 2018 截至二零一八年六月三十日止六個月
(Expressed in Renminbi) (以人民幣列示)

		Six months ended 30 June	
		截至六月三十日止六個月	
		2018	2017
		二零一八年	二零一七年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
	Note 附註		
Operating activities	經營活動		
Cash (used in)/generated from operations	經營業務(所用)/所得現金	(72,491)	24,513
Income tax paid	已付所得稅	-	(808)
Net cash (used in)/generate from operating activities	經營活動(所用)/所得現金淨額	(72,491)	23,705
Investing activities	投資活動		
Payment for the purchase of property, plant and equipment	就購買物業、廠房及設備付款	(4,278)	(43,780)
Refund of payment for the purchase of property, plant and equipment	退還購買物業、廠房及設備付款	9,793	-
Interest received	已收利息	623	2,222
Net cash generated from/(used in) investing activities	投資活動所得/(所用)現金淨額	6,138	(41,558)
Financing activities	融資活動		
Proceeds from new bank loans	新增銀行貸款所得款項	211,404	286,631
Repayments of bank loans	償還銀行貸款	(267,387)	(327,436)
Decrease/(increase) in pledged deposits	已抵押存款減少/(增加)	61,379	(39,716)
Interest paid	已付利息	(4,590)	(7,400)
Net proceeds from issue of shares upon subscription, net of issuing cost	認購時發行股份的所得款項淨額，扣除發行開支	-	59,246
Net cash generated from/(used in) financing activities	融資活動所得/(所用)現金淨額	806	(28,675)
Net decrease in cash and cash equivalents	現金及現金等價物減少淨額	(65,547)	(46,528)
Cash and cash equivalents at 1 January	於一月一日的現金及現金等價物	113,501	173,986
Effect of foreign exchange rate changes	匯率變動的影響	115	(8,400)
Cash and cash equivalents at 30 June	於六月三十日的現金及現金等價物	48,069	119,058

The notes on pages 32 to 80 form part of this interim financial report.

第32頁至第80頁的附註為本中期財務報告的一部分。

Notes to the Unaudited Interim Financial Report

未經審核中期財務報告附註

(Expressed in Renminbi unless otherwise indicated) (除另有指示外，以人民幣列示)

1 BASIS OF PREPARATION

This interim financial report has been prepared in accordance with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”), including compliance with International Accounting Standard (“IAS”) 34, *Interim financial reporting*, issued by the International Accounting Standards Board (“IASB”). It was authorised for issue by the Board of Directors on 31 August 2018.

The interim financial report has been prepared in accordance with the same accounting policies adopted in the 2017 annual financial statements, except for the accounting policy changes that are expected to be reflected in the 2018 annual financial statements. Details of these changes in accounting policies are set out in note 2.

The preparation of an interim financial report in conformity with IAS 34 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses on a year to date basis. Actual results may differ from these estimates.

1 編製基準

本中期財務報告乃遵照香港聯合交易所有限公司證券上市規則(「上市規則」)的適用披露條文編製，包括遵守由國際會計準則委員會(「國際會計準則委員會」)頒佈的國際會計準則(「國際會計準則」)第34號中期財務報告的規定。本中期財務報告於二零一八年八月三十一日獲董事會授權刊發。

中期財務報告乃根據二零一七年年末財務報表採納的相同會計政策編製，惟預期將於二零一八年年末財務報表內反映的會計政策變動除外。此等會計政策變動的詳情載於附註2。

於編製符合國際會計準則第34號的中期財務報告時，管理層須作出判斷、估計及假設，而該等判斷、估計及假設影響政策的應用及按本年至今基準所呈報的資產及負債、收入及開支金額。實際結果可能有別於此等估計。

Notes to the Unaudited Interim Financial Report (Continued)

未經審核中期財務報告附註(續)

(Expressed in Renminbi unless otherwise indicated) (除另有指示外，以人民幣列示)

1 BASIS OF PREPARATION (Continued)

This interim financial report contains consolidated financial statements and selected explanatory notes. The notes include an explanation of events and transactions that are significant to an understanding of the changes in financial position and performance of the Group since the 2017 annual financial statements. The consolidated interim financial statements and notes thereon do not include all of the information required for full set of financial statements prepared in accordance with International Financial Reporting Standards ("IFRSs").

The financial information relating to the financial year ended 31 December 2017 that is included in the interim financial report as comparative information does not constitute the company's statutory annual consolidated financial statements for that financial year but is derived from those financial statements. Further information relating to these statutory financial statements disclosed in accordance with section 436 of the Hong Kong Companies Ordinance (Cap. 622) is as follows:

The company has delivered the financial statements for the year ended 31 December 2017 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the Companies Ordinance.

The company's auditor has reported on those financial statements. The auditor's report was unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report; and did not contain a statement under section 406(2), 407(2) or (3) of the Companies Ordinance.

1 編製基準(續)

本中期財務報告載有綜合財務報表及經節選的解釋附註。附註載有對了解本集團自編製二零一七年度財務報表以來的財政狀況及表現變動而言屬重大的事項及交易的闡釋。綜合中期財務報表及其附註不包括根據國際財務報告準則(「國際財務報告準則」)編製完整的財務報表所需的一切資料。

中期財務報告所載有關截至二零一七年十二月三十一日止財政年度的財務資料為比較資料，並不構成本公司該財政年度的法定財務報表，惟有關財務資料乃摘錄自該等財務報表。有關根據香港公司條例(第622章)第436條須予披露的該等法定財務報表的進一步資料如下：

本公司已按公司條例第662(3)條及附表6第3部的規定，向公司註冊處處長送交截至二零一七年十二月三十一日止年度的財務報表。

本公司的核數師已呈報該等財務報表。核數師報告並無保留意見；並無提述核數師對其報告不發出保留意見之情況下曾強調須予注意之任何事宜；亦不載有根據《公司條例》第406(2)、407(2)或(3)條所指之聲明。

Notes to the Unaudited Interim Financial Report (Continued)

未經審核中期財務報告附註(續)

(Expressed in Renminbi unless otherwise indicated) (除另有指示外，以人民幣列示)

2 CHANGES IN ACCOUNTING POLICIES

(a) Overview

The IASB has issued a number of new IFRSs and amendments to IFRSs that are first effective for the current accounting period of the group. Of these, the following developments are relevant to the group's financial statements:

- IFRS 9, Financial instruments
- IFRS 15, Revenue from contracts with customers
- IFRIC 22, Foreign currency transactions and advance consideration

The group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

The group has been impacted by IFRS 9 in relation to classification of financial assets and measurement of credit losses and impacted by IFRS 15 in relation to presentation of contract assets and liabilities. Details of the changes in accounting policies are discussed in note 2(b) for IFRS 9 and note 2(c) for IFRS 15.

2 會計政策變動

(a) 概覽

國際會計準則理事會已頒佈多項於本集團當前會計期間首次生效的新訂國際財務報告準則及國際財務報告準則的修訂本。下列為當中與本集團財務報表有關的發展：

- 國際財務報告準則第9號，金融工具
- 國際財務報告準則第15號，客戶合約收益
- 國際財務報告準則詮釋委員會第22號，外幣交易及預付代價

本集團並無應用於本會計期間尚未生效的任何新訂準則或詮釋。

本集團受國際財務報告準則第9號有關金融資產的計量及信貸虧損的計量的影響，以及受國際財務報告準則第15號有關合約資產及負債的呈列的影響。會計政策的變動詳情於國際財務報告準則第9號的附註2(b)及國際財務報告準則第15號的附註2(c)中討論。

Notes to the Unaudited Interim Financial Report (Continued)

未經審核中期財務報告附註(續)

(Expressed in Renminbi unless otherwise indicated) (除另有指示外，以人民幣列示)

2 CHANGES IN ACCOUNTING POLICIES

(Continued)

(a) Overview (Continued)

Under the transition methods chosen, the group recognises cumulative effect of the initial application of IFRS 9 as an adjustment to the opening balance of equity at 1 January 2018. Comparative information is not restated. The following table gives a summary of the opening balance adjustments recognised for each line item in the consolidated statement of financial position that has been impacted by IFRS 9:

2 會計政策變動(續)

(a) 概覽(續)

根據所選擇的過渡方法，本集團確認首次應用國際財務報告準則第9號的累計影響為於二零一八年一月一日的股權的期初結餘。下表載列受國際財務報告準則第9號影響的綜合財務狀況表的每行項目確認的期初結餘調整的概要：

		At 31 December 2017	Impact of initial application of IFRS 9 (Note 2(b))	Impact of initial application of IFRS 15 (Note 2(c))	At 1 January 2018
		於二零一七年 十二月三十一日	首次應用國際 財務報告準則 第9號的影響 (附註2(b))	首次應用國際財 務報告準則 第15號的影響 (附註2(c))	於二零一八年 一月一日
		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
Other financial assets	其他金融資產	2,495	1,580	-	4,075
Deferred tax assets	遞延稅項資產	5,984	874	-	6,858
Total non-current assets	非流動資產總值	772,335	2,454	-	774,789
Trade and other receivables	貿易及其他應收款項	196,604	(5,825)	-	190,779
Total current assets	流動資產總值	721,148	(5,825)	-	715,323
Trade and other payables	貿易及其他應付款項	64,153	-	(10,094)	54,059
Contract liabilities	合約負債	-	-	10,094	10,094
Total current liabilities	流動負債總值	324,469	-	-	324,469
Net assets	資產淨值	1,130,590	(3,371)	-	1,127,219
Reserves	儲備	1,105,046	(3,371)	-	1,101,675
Total equity	總權益	1,130,590	(3,371)	-	1,127,219

Notes to the Unaudited Interim Financial Report (Continued)

未經審核中期財務報告附註(續)

(Expressed in Renminbi unless otherwise indicated) (除另有指示外，以人民幣列示)

2 CHANGES IN ACCOUNTING POLICIES

(Continued)

- (b) IFRS 9, Financial instruments, including the amendments to IFRS 9, Prepayment features with negative compensation

IFRS 9 replaces IAS 39, Financial instruments: recognition and measurement. It sets out the requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items.

The group has applied IFRS 9 retrospectively to items that existed at 1 January 2018 in accordance with the transition requirements. The group has recognised the cumulative effect of initial application as an adjustment to the opening equity at 1 January 2018. Therefore, comparative information continues to be reported under IAS 39.

The following table summarises the impact of transition to IFRS 9 on retained earnings and reserves and the related tax impact at 1 January 2018.

2 會計政策變動(續)

- (b) 國際財務報告準則第9號，金融工具，包括國際財務報告準則第9號的修訂，附帶負補償的預付款項

國際財務報告準則第9號取代國際會計準則第39號，金融工具：確認及計量。其載述確認及計量金融資產、金融負債及購買或出售非金融項目的部分合約。

本集團根據過渡規定追溯應用國際財務報告準則第9號於二零一八年一月一日時已存在的項目。本集團確認首次應用的累計影響為二零一八年一月一日期初權益的調整。因此，比較資料繼續根據國際會計準則第39號呈報。

下表概述國際財務報告準則第9號對保留溢利及儲備的過渡影響及於二零一八年一月一日的相關稅項影響。

RMB'000
人民幣千元

Retained profits	保留溢利	
Recognition of additional expected credit losses on trade and other receivables	確認貿易商及其他應收款項的額外預期信貸虧損	(5,825)
Related tax	相關稅項	874
Net decrease in retained profits at 1 January 2018	於二零一八年一月一日的保留溢利的減少淨額	(4,951)
Fair value reserve (non-recycling)	公平值儲備（不可轉回）	
Recognition of fair value reserve (non-recycling) relating to equity investments now measured at FVOCI and increase in fair value reserve (non-recycling) at 1 January 2018	確認有關現時按公平值計入其他全面收益計量的股本投資的公平值儲備（不可轉回）及公平值儲備（不可轉回）於二零一八年一月一日的增加情況	1,580

Notes to the Unaudited Interim Financial Report (Continued)

未經審核中期財務報告附註(續)

(Expressed in Renminbi unless otherwise indicated) (除另有指示外，以人民幣列示)

2 CHANGES IN ACCOUNTING POLICIES

(Continued)

- (b) IFRS 9, Financial instruments, including the amendments to IFRS 9, Prepayment features with negative compensation

(Continued)

Further details of the nature and effect of the changes to previous accounting policies and the transition approach are set out below:

(i) Classification of financial assets and financial liabilities

IFRS 9 categories financial assets into three principal classification categories: measured at amortised cost, at fair value through other comprehensive income (FVOCI) and at fair value through profit or loss (FVPL). These supersede IAS 39's categories of held-to-maturity investments, loans and receivables, available-for-sale financial assets and financial assets measured at FVPL. The classification of financial assets under IFRS 9 is based on the business model under which the financial asset is managed and its contractual cash flow characteristics.

Non-equity investments held by the group are classified into one of the following measurement categories:

- amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the investment is calculated using the effective interest method;

2 會計政策變動(續)

- (b) 國際財務報告準則第9號，金融工具，包括國際財務報告準則第9號的修訂，附帶負補償的預付款項(續)

過往會計政策變動的性質及影響以及過渡方式的進一步詳情載列如下：

(i) 金融資產及金融負債的分類

國際財務報告準則第9號將金融資產分類為三個主要類別：以攤銷成本計量，按公平值計入其他全面收益及按公平值計入損益。這取代了國際會計準則第39號的金融資產類別，即：持有至到期投資、貸款和應收款項、可供出售金融資產和按公平值計量的金融資產。國際財務報告準則第9號之金融資產的分類乃根據管理金融資產的業務模式及其合約現金流量特徵釐定。

本集團並無持有分類為以下計量類別的股本投資：

- 攤銷成本，前提是投資持有作收回合約現金流量，即純粹為本金及利息的付款。投資的利息收入使用實際利率法計算。

Notes to the Unaudited Interim Financial Report (Continued)

未經審核中期財務報告附註(續)

(Expressed in Renminbi unless otherwise indicated) (除另有指示外，以人民幣列示)

2 CHANGES IN ACCOUNTING POLICIES

(Continued)

- (b) IFRS 9, Financial instruments, including the amendments to IFRS 9, Prepayment features with negative compensation

(Continued)

(i) Classification of financial assets and financial liabilities (Continued)

- FVOCI — recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Changes in fair value are recognised in other comprehensive income, except for the recognition in profit or loss of expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the investment is derecognised, the amount accumulated in other comprehensive income is recycled from equity to profit or loss; or
- FVPL, if the investment does not meet the criteria for being measured at amortised cost or FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

2 會計政策變動(續)

- (b) 國際財務報告準則第9號，金融工具，包括國際財務報告準則第9號的修訂，附帶負補償的預付款項(續)

(i) 金融資產及金融負債的分類(續)

- 按公平值計入其他全面收益
 - 可轉回，前提是投資的合約現金流包括本金及利息的純粹付款及投資以目標是通過收回合約現金流及出售實現的業務模式持有。公平值變動於其他全面收益確認，惟確認預期信貸虧損的損益、利息收入(使用實際利率法計算)及匯兌收益及虧損除外。倘投資被取消確認，於其他全面收益累計的金額自權益重新計入損益；或
- 按公平值計入損益，前提是投資不符合按攤銷成本或按公平值計入其他全面收益(可轉回)計量的標準。投資的公平值變動(包括利息)於損益確認。

Notes to the Unaudited Interim Financial Report (Continued)

未經審核中期財務報告附註(續)

(Expressed in Renminbi unless otherwise indicated) (除另有指示外，以人民幣列示)

2 CHANGES IN ACCOUNTING POLICIES

(Continued)

- (b) IFRS 9, Financial instruments, including the amendments to IFRS 9, Prepayment features with negative compensation

(Continued)

(i) Classification of financial assets and financial liabilities (Continued)

An investment in equity securities is classified as FVPL unless the equity investment is not held for trading purposes and on initial recognition of the investment the group makes an election to designate the investment at FVOCI (non-recycling) such that subsequent changes in fair value are recognised in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings. It is not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVPL or FVOCI (non-recycling), are recognised in profit or loss as other income.

Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are not separated from the host. Instead, the hybrid instrument as a whole is assessed for classification.

2 會計政策變動(續)

- (b) 國際財務報告準則第9號，金融工具，包括國際財務報告準則第9號的修訂，附帶負補償的預付款項(續)

(i) 金融資產及金融負債的分類(續)

股本證券投資均會被分類為按公平值計入損益，除非該股本投資不是持作買賣，並在初始確認投資時本集團選擇按公平值計入其他全面收益(不可轉回)，以致後續公平值變動在其他全面收益中確認。這種選擇是以逐項投資的基礎上進行，但只有當投資符合發行人角度下的股本定義時方可進行。若作出此選擇，在該投資被出售前，其他全面收益中累計的金額仍保留在公平值儲備(不可轉回)中。在出售時，公平值儲備中累計的金額(不可轉回)轉入保留盈利。其不可重新計入損益。來自股本證券投資的股息，不論是否分類為按公平值計入損益或按公平值計入其他全面收益(不可轉回)，均在損益中確認為其他收入。

根據國際財務報告準則第9號，嵌入於主合約的財務衍生工具而其主合約屬於該準則範圍內的財務資產並不會與主合約分離。相反，該混合衍生工具會作為一整體分類評估。

Notes to the Unaudited Interim Financial Report (Continued)

未經審核中期財務報告附註(續)

(Expressed in Renminbi unless otherwise indicated) (除另有指示外，以人民幣列示)

2 CHANGES IN ACCOUNTING POLICIES

(Continued)

- (b) IFRS 9, Financial instruments, including the amendments to IFRS 9, Prepayment features with negative compensation

(Continued)

(i) Classification of financial assets and financial liabilities (Continued)

The following table shows the original measurement categories for each class of the group's financial assets under IAS 39 and reconciles the carrying amounts of those financial assets determined in accordance with IAS 39 to those determined in accordance with IFRS 9.

2 會計政策變動(續)

- (b) 國際財務報告準則第9號，金融工具，包括國際財務報告準則第9號的修訂，附帶負補償的預付款項(續)

(i) 金融資產及金融負債的分類(續)

下表列示本集團於國際會計準則第39號下的各金融資產類別的原計量分類及該等根據國際會計準則第39號釐定的金融資產與根據國際財務報告準則第9號釐定的金融資產的賬面值對賬。

		IAS 39 carrying amount at 31 December 2017 國際會計準則 第39號於二零一七年 十二月三十一日 的賬面值 RMB'000 人民幣千元			IFRS 9 carrying amount at 1 January 2018 國際財務報告準則 第9號於二零一八年 一月一日的賬面值 RMB'000 人民幣千元
			Reclassification 重新分類 RMB'000 人民幣千元	Remeasurement 重新計量 RMB'000 人民幣千元	
Financial assets carried at amortised cost	按攤銷成本列值 的金融資產				
Trade and other receivables	貿易及其他 應收款項	196,604	-	(5,825)	190,779
Financial assets classified as available-for-sale under IAS 39 (note (i))	根據國際會計準則 第39號分類為 可供出售的金融 資產(附註(i))				
Other financial assets	其他金融資產	2,495	(2,495)	-	-
Financial assets measured at FVOCI (non-recyclable)	按公平值計入其他 全面收益計量的 金融資產 (不可轉回)				
Other financial assets	其他金融資產	-	2,495	1,580	4,075

Notes to the Unaudited Interim Financial Report (Continued)

未經審核中期財務報告附註(續)

(Expressed in Renminbi unless otherwise indicated) (除另有指示外，以人民幣列示)

2 CHANGES IN ACCOUNTING POLICIES

(Continued)

- (b) IFRS 9, Financial instruments, including the amendments to IFRS 9, Prepayment features with negative compensation

(Continued)

(i) Classification of financial assets and financial liabilities (Continued)

Note:

- (i) Under IAS 39, equity securities not held for trading were classified as available-for-sale financial assets. These equity securities are classified as at FVPL under IFRS 9, unless they are eligible for and designated at FVOCI by the group. At 1 January 2018, the group designated its investment in a PRC local bank in Zhangping City, Fujian Province at FVOCI (non-recycling), as the investment is held for strategic purposes.

The measurement categories for all financial liabilities remain the same, except for financial guarantee contracts.

The carrying amounts for all financial liabilities at 1 January 2018 have not been impacted by the initial application of IFRS 9.

The group did not designate or de-designate any financial asset or financial liability at FVPL at 1 January 2018.

2 會計政策變動(續)

- (b) 國際財務報告準則第9號，金融工具，包括國際財務報告準則第9號的修訂，附帶負補償的預付款項(續)

(i) 金融資產及金融負債的分類(續)

附註：

- (i) 根據國際會計準則第39號，並非持作買賣的股本證券分類為可供出售金融資產。該等股本證券根據國際財務報告準則第9號分類為按公平值計入損益，除非彼等合資格及由本集團指定為按公平值計入其他全面收益。於二零一八年一月一日，本集團指定其於福建省漳平市的中國當地銀行的按公平值計入其他全面收益(不可轉回)的投資為持作策略目的之投資。

所有金融負債的計量分類保持不變，惟金融擔保合約除外。

於二零一八年一月一日的所有金融負債的賬面值並無受首次應用國際財務報告準則第9號的影響。

於二零一八年一月一日，本集團並無指定或取消指定按公平值計入損益的任何金融資產或金融負債。

Notes to the Unaudited Interim Financial Report (Continued)

未經審核中期財務報告附註(續)

(Expressed in Renminbi unless otherwise indicated) (除另有指示外，以人民幣列示)

2 CHANGES IN ACCOUNTING POLICIES

(Continued)

- (b) IFRS 9, Financial instruments, including the amendments to IFRS 9, Prepayment features with negative compensation

(Continued)

(ii) Credit losses

IFRS 9 replaces the “incurred loss” model in IAS 39 with the ECL model. The ECL model requires an ongoing measurement of credit risk associated with a financial asset and therefore recognises ECLs earlier than under the “incurred loss” accounting model in IAS 39.

The group applies the new ECL model to financial assets measured at amortised cost (including cash and cash equivalents and trade and other receivables).

Financial assets measured at fair value, including units in bond funds, equity securities measured at FVPL, equity securities designated at FVOCI (non-recycling) and derivative financial assets, are not subject to the ECL assessment.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i.e. the difference between the cash flows due to the group in accordance with the contract and the cash flows that the group expects to receive).

For undrawn loan commitments, expected cash shortfalls are measured as the difference between (i) the contractual cash flows that would be due to the group if the holder of the loan commitment draws down on the loan and (ii) the cash flows that the group expects to receive if the loan is drawn down.

2 會計政策變動(續)

- (b) 國際財務報告準則第9號，金融工具，包括國際財務報告準則第9號的修訂，附帶負補償的預付款項(續)

(ii) 信貸虧損

國際財務報告準則第9號以預期信貸虧損模型取代國際會計準則第39號的「已產生虧損」模型。預期信貸虧損須持續計量與金融資產相關的信貸風險，故確認預期信貸虧損早於國際會計準則第39號中的「已產生虧損」會計模型。

本集團對按攤銷成本計量的金融資產(包括現金及現金等價物及貿易及其他應收款項)應用新預期信貸虧損模型。

按公平值計量的金融資產(包括債券資金的單位)、按公平值計入損益計量的股本證券、指定按公平值計入其他全面收益(不可轉回)的股本證券及衍生金融資產毋須接受預期信貸虧損評估。

預期信貸虧損的計量

預期信貸虧損為按概率加權估計的信貸虧損。信貸虧損按所有預期現金差額(即本集團按合約應收現金流與本集團預期可收取現金流之間的差額)的現值計量。

就未提取的貸款承擔而言，預期現金差額按(i)應付予本集團的合約現金流量(如貸款持有人承諾提取貸款)與(ii)本集團預期收取的現金流量(如貸款已獲提取)間的差額計量。

Notes to the Unaudited Interim Financial Report (Continued)

未經審核中期財務報告附註(續)

(Expressed in Renminbi unless otherwise indicated) (除另有指示外，以人民幣列示)

2 CHANGES IN ACCOUNTING POLICIES

(Continued)

- (b) IFRS 9, Financial instruments, including the amendments to IFRS 9, Prepayment features with negative compensation

(Continued)

(ii) Credit losses (Continued)

Measurement of ECLs (Continued)

The expected cash shortfalls are discounted using the following discount rates where the effect of discounting is material:

- fixed-rate financial assets, trade and other receivables and contract assets: effective interest rate determined at initial recognition or an approximation thereof;
- variable-rate financial assets: current effective interest rate;
- lease receivables: discount rate used in the measurement of the lease receivable;
- loan commitments: current risk-free rate adjusted for risks specific to the cash flows.

The maximum period considered when estimating ECLs is the maximum contractual period over which the group is exposed to credit risk.

In measuring ECLs, the group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

2 會計政策變動(續)

- (b) 國際財務報告準則第9號，金融工具，包括國際財務報告準則第9號的修訂，附帶負補償的預付款項(續)

(ii) 信貸虧損(續)

預期信貸虧損的計量(續)

如貼現的影響屬重大，預期現金差額使用以下貼現率貼現：

- 固定利率金融資產、貿易及其他應收款項及合約資產：於初步確認釐定的實際利率或其概約利率；
- 浮動利率金融資產：即期實際利率；
- 應收租賃款項：計量應收租賃款項所用的貼現率；
- 貸款承擔：就現金流量特定風險調整的當前無風險利率。

估計預期信貸虧損時所考慮的最長期限為本集團面臨信貸風險的最長合約期。

在計量預期信貸虧損時，本集團會考慮無需付出不當成本或努力即可獲取的合理及可支持的資料，其中包括有關過去事項和當前狀況的資料，以及對未來經濟狀況的預測。

Notes to the Unaudited Interim Financial Report (Continued)

未經審核中期財務報告附註(續)

(Expressed in Renminbi unless otherwise indicated) (除另有指示外，以人民幣列示)

2 CHANGES IN ACCOUNTING POLICIES

(Continued)

- (b) IFRS 9, Financial instruments, including the amendments to IFRS 9, Prepayment features with negative compensation

(Continued)

(ii) Credit losses (Continued)

Measurement of ECLs (Continued)

ECLs are measured on either of the following bases:

- 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

Loss allowances for trade receivables, lease receivables and contract assets are always measured at an amount equal to lifetime ECLs⁴⁶. ECLs on these financial assets are estimated using a provision matrix based on the group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

For all other financial instruments (including loan commitments issued), the group recognises a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

2 會計政策變動(續)

- (b) 國際財務報告準則第9號，金融工具，包括國際財務報告準則第9號的修訂，附帶負補償的預付款項(續)

(ii) 信貸虧損(續)

預期信貸虧損的計量(續)

預期信貸虧損基於下列其中一個基準計量：

- 12個月之預期信貸虧損：預計於報告日期後12個月內可能發生之違約事件而導致之虧損；及
- 整個存續期之預期信貸虧損：預計該等採用預期信貸虧損模式之項目於整個存續期內所有可能發生之違約事件而導致的虧損。

貿易應收款項、應收租賃款項及合約資產之虧損撥備一般是以整個存續期之預期信貸虧損的金額計量。該等金融資產之預期信貸虧損乃使用基於本集團過往信貸虧損經驗之撥備矩陣進行估算，並就於報告日期債務人之特定因素及對當前與預測整體經濟狀況之評估進行調整。

就所有其他金融工具(包括已發行的貸款承擔)而言，本集團會以相等於12個月的預期信貸虧損金額確認虧損撥備，除非自初始確認後該金融工具之信貸風險大幅增加，在此情況下，虧損撥備會以相等於整個存續期之預期信貸虧損金額計量。

Notes to the Unaudited Interim Financial Report (Continued)

未經審核中期財務報告附註(續)

(Expressed in Renminbi unless otherwise indicated) (除另有指示外，以人民幣列示)

2 CHANGES IN ACCOUNTING POLICIES

(Continued)

- (b) IFRS 9, Financial instruments, including the amendments to IFRS 9, Prepayment features with negative compensation

(Continued)

(ii) Credit losses (Continued)

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument (including a loan commitment) has increased significantly since initial recognition, the group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition. In making this reassessment, the group considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the group in full, without recourse by the group to actions such as realising security (if any is held); or (ii) the financial asset is 90 days past due. The group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- failure to make payments of principal or interest on their contractually due dates;
- an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);
- an actual or expected significant deterioration in the operating results of the debtor; and

2 會計政策變動(續)

- (b) 國際財務報告準則第9號，金融工具，包括國際財務報告準則第9號的修訂，附帶負補償的預付款項(續)

(ii) 信貸虧損(續)

信貸風險大幅增加

在評估一項金融工具(包括貸款承擔)的信貸風險自初始確認後是否大幅增加時，本集團將於報告日評估的金融工具違約風險與初始確認日的違約風險進行比較。在開展重新評估時，本集團認為當(i)借款人無法在本集團不進行追索行動(如變現抵押品)(如持有)的情況下向本集團悉數支付其信貸責任；或(ii)該金融資產逾期90日時，確定為違約事件。本集團對合理及可支持的定量和定性資料均進行斟酌，其中包括無需付出不當成本或努力即可取得的過往經驗及預測資料。

具體而言，在評估信貸風險是否在首次確認後顯著增加時會考慮下述資料：

- 在合約到期日未能支付本金或利息；
- 金融工具的外界或內部信貸評級(如有)出現實際或預期的重大下跌情況；
- 債務人的營業業績出現實際或預期的重大倒退；及

Notes to the Unaudited Interim Financial Report (Continued)

未經審核中期財務報告附註(續)

(Expressed in Renminbi unless otherwise indicated) (除另有指示外，以人民幣列示)

2 CHANGES IN ACCOUNTING POLICIES

(Continued)

- (b) IFRS 9, Financial instruments, including the amendments to IFRS 9, Prepayment features with negative compensation

(Continued)

(ii) **Credit losses** (Continued)

Significant increases in credit risk (Continued)

- existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the group.

For loan commitments, the date of initial recognition for the purpose of assessing ECLs is considered to be the date that the group becomes a party to the irrevocable commitment. In assessing whether there has been a significant increase in credit risk since initial recognition of a loan commitment, the group considers changes in the risk of default occurring on the loan to which the loan commitment relates.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

2 會計政策變動(續)

- (b) 國際財務報告準則第9號，金融工具，包括國際財務報告準則第9號的修訂，附帶負補償的預付款項(續)

(ii) **信貸虧損** (續)

信貸風險大幅增加 (續)

- 在科技、市場、經濟或法律環境上出現或預期出現變動，而該等變動對債務人向集團償還欠債的能力構成重大不利影響。

就貸款承擔而言，就評估預期信貸虧損的初步確認日期被認為是本集團成為不可撤銷承諾訂約方的日期。就評估信貸風險自初步確認貸款承擔以來是否大幅增加而言，本集團考慮貸款承擔所涉及的貸款發生違約的風險變動。

根據金融工具的性质，對信貸風險大幅增加的評估是基於個人或集體開展。在基於集體開展評估時，金融工具根據共有的信貸風險特徵（如：逾期狀況及風險信貸評級）進行分組。

Notes to the Unaudited Interim Financial Report (Continued)

未經審核中期財務報告附註(續)

(Expressed in Renminbi unless otherwise indicated) (除另有指示外，以人民幣列示)

2 CHANGES IN ACCOUNTING POLICIES

(Continued)

- (b) IFRS 9, Financial instruments, including the amendments to IFRS 9, Prepayment features with negative compensation

(Continued)

(ii) **Credit losses** (Continued)

Significant increases in credit risk (Continued)

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt securities that are measured at FVOCI (recycling), for which the loss allowance is recognised in other comprehensive income and accumulated in the fair value reserve (recycling).

Basis of calculation of interest income on credit-impaired financial assets

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset.

At each reporting date, the group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

2 會計政策變動(續)

- (b) 國際財務報告準則第9號，金融工具，包括國際財務報告準則第9號的修訂，附帶負補償的預付款項(續)

(ii) **信貸虧損** (續)

信貸風險大幅增加 (續)

本集團於各個報告日重新計量預期信貸虧損，以反映自初始確認後金融工具信貸風險的變化。預期信貸虧損的任何變化均於損益中確認為減值損益。本集團確認所有金融工具的減值損益，並通過虧損撥備賬戶對其賬面金額進行相應調整，惟按公平值計入其他全面收益(可轉回)計量的債務證券除外，其虧損撥備於其他全面收益確認及於公平值儲備(可轉回)中累計。

計算信貸減值金融資產的利息收入的基準

利息收入按金融資產的總賬面值計算，除金融資產為信貸減值，於此情況下利息收入按金融資產的攤銷成本(即總賬面值減虧損撥備)計算。

於各報告日期，本集團評估金融資產是否減值。倘一項或多項事件對金融資產的估計未來現金流量產生不利影響時，金融資產即為信貸減值。

Notes to the Unaudited Interim Financial Report (Continued)

未經審核中期財務報告附註(續)

(Expressed in Renminbi unless otherwise indicated) (除另有指示外，以人民幣列示)

2 CHANGES IN ACCOUNTING POLICIES

(Continued)

- (b) IFRS 9, Financial instruments, including the amendments to IFRS 9, Prepayment features with negative compensation

(Continued)

(ii) Credit losses (Continued)

Basis of calculation of interest income on credit-impaired financial assets (Continued)

Evidence that a financial asset is credit-impaired includes the following observable events:

- significant financial difficulties of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becoming probable that the borrower will enter into bankruptcy or other financial reorganisation;
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or
- the disappearance of an active market for a security because of financial difficulties of the issuer.

2 會計政策變動(續)

- (b) 國際財務報告準則第9號，金融工具，包括國際財務報告準則第9號的修訂，附帶負補償的預付款項(續)

(ii) 信貸虧損(續)

計算信貸減值金融資產的利息收入的基準(續)

金融資產信貸減值的跡象包括以下各可觀察事件：

- 債務人遭遇重大財務困難；
- 違反合同，如拖欠或違反支付利息或本金；
- 借款人可能進行破產清算或其他財務重組；
- 技術、市場、經濟或法律環境發生重大變化，並對債務產生不利影響；或
- 因發行人遭遇財務困難致使該證券失去活躍市場。

Notes to the Unaudited Interim Financial Report (Continued)

未經審核中期財務報告附註(續)

(Expressed in Renminbi unless otherwise indicated) (除另有指示外，以人民幣列示)

2 CHANGES IN ACCOUNTING POLICIES

(Continued)

- (b) IFRS 9, Financial instruments, including the amendments to IFRS 9, Prepayment features with negative compensation

(Continued)

(ii) **Credit losses** (Continued)

Write-off policy

The gross carrying amount of a financial asset, lease receivable or contract asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognised as a reversal of impairment in profit or loss in the period in which the recovery occurs.

Opening balance adjustment

As a result of this change in accounting policy, the group has recognised additional ECLs amounting to approximately RMB5,825,000 and deferred tax assets by approximately RMB874,000, which decreased retained profits by approximately RMB4,951,000 at 1 January 2018.

2 會計政策變動(續)

- (b) 國際財務報告準則第9號，金融工具，包括國際財務報告準則第9號的修訂，附帶負補償的預付款項(續)

(ii) **信貸虧損** (續)

沖銷政策

金融資產、應收租賃款項或合約資產的賬面金額總額於沒有實際可收回預期時沖銷(部分或全部)。通常是指當本集團釐定債務人概無產生足夠現金流量的資產或收入來源以償還沖銷的金額。

過往沖銷但隨後收回的資產於收回發生期間的損益中確認為減值轉回。

期初結餘調整

由於會計政策的該項變化，本集團已確認額外預期信貸虧損約人民幣5,825,000元及遞延稅項資產約人民幣874,000元，這令二零一八年一月一日的保留溢利減少約人民幣4,951,000元。

Notes to the Unaudited Interim Financial Report (Continued)

未經審核中期財務報告附註(續)

(Expressed in Renminbi unless otherwise indicated) (除另有指示外，以人民幣列示)

2 CHANGES IN ACCOUNTING POLICIES

(Continued)

- (b) IFRS 9, Financial instruments, including the amendments to IFRS 9, Prepayment features with negative compensation

(Continued)

(ii) Credit losses (Continued)

Opening balance adjustment (Continued)

The following table reconciles the closing loss allowance determined in accordance with IAS 39 as at 31 December 2017 with the opening loss allowance determined in accordance with IFRS 9 as at 1 January 2018.

		RMB'000 人民幣千元
Loss allowance at 31 December 2017 under IAS 39	於二零一七年十二月三十一日根據國際會計準則第39號釐定的虧損撥備	3,493
Additional credit loss recognised at 1 January 2018 on:	於二零一八年一月一日確認的額外信貸虧損的項目：	
— Trade and other receivables	— 貿易及其他應收款項	5,825
Loss allowance at 1 January 2018 under IFRS 9	於二零一八年一月一日根據國際財務報告準則第9號釐定的虧損撥備	9,318

(iii) Hedge accounting

The group has elected to adopt the new general hedge accounting model in IFRS 9. Depending on the complexity of the hedge, this new accounting model allows a more qualitative approach to assessing hedge effectiveness compared to IAS 39 to be applied, and the assessment is always forward-looking. The adoption of IFRS 9 has not had a significant impact on the group's financial statements in this regard.

2 會計政策變動(續)

- (b) 國際財務報告準則第9號，金融工具，包括國際財務報告準則第9號的修訂，附帶負補償的預付款項(續)

(ii) 信貸虧損(續)

期初結餘調整(續)

下表就於二零一七年十二月三十一日根據國際會計準則第39號釐定的期末虧損撥備及於二零一八年一月一日根據國際財務報告準則第9號釐定的期初虧損撥備進行對賬。

(iii) 對沖會計

本集團選擇採納國際財務報告準則第9號的新一般對沖會計模式。視乎對沖的複雜程度，新會計模式容許以較國際會計準則第39號更著重質量的方法評估對沖的效用，而評估一般是前瞻性的。在此方面，採納國際財務報告準則第9號對本集團的財務報表並無重大影響。

Notes to the Unaudited Interim Financial Report (Continued)

未經審核中期財務報告附註(續)

(Expressed in Renminbi unless otherwise indicated) (除另有指示外，以人民幣列示)

2 CHANGES IN ACCOUNTING POLICIES

(Continued)

- (b) IFRS 9, Financial instruments, including the amendments to IFRS 9, Prepayment features with negative compensation

(Continued)

(iv) Transition

Changes in accounting policies resulting from the adoption of IFRS 9 have been applied retrospectively, except as described below:

- Information relating to comparative periods has not been restated. Differences in the carrying amounts of financial assets resulting from the adoption of IFRS 9 are recognised in retained earnings and reserves as at 1 January 2018. Accordingly, the information presented for 2017 continues to be reported under IAS 39 and thus may not be comparable with the current period.
- The following assessments have been made on the basis of the facts and circumstances that existed at 1 January 2018 (the date of initial application of IFRS 9 by the group):
 - the determination of the business model within which a financial asset is held; and
 - the designation of certain investments in equity instruments not held for trading to be classified as at FVOCI (non-recycling).
- If, at the date of initial application, the assessment of whether there has been a significant increase in credit risk since initial recognition would have involved undue cost or effort, a lifetime ECL has been recognised for that financial instrument.

2 會計政策變動(續)

- (b) 國際財務報告準則第9號，金融工具，包括國際財務報告準則第9號的修訂，附帶負補償的預付款項(續)

(iv) 過渡

除下述情況外，採用國際財務報告準則第9號導致的會計政策變更已追溯應用：

- 有關比較期間的資料並未重述。採用國際財務報告準則第9號導致的金融資產賬面金額差額於二零一八年一月一日保留溢利及儲備中確認。因此，二零一七年度編製的資料繼續根據國際會計準則第39號進行匯報，且該等資料與當前期間的資料不具可比性。
- 下述評估乃根據二零一八年一月一日(本集團初始採用國際財務報告準則第9號的日期)存在的事實及情況所開展：
 - 釐定持有金融資產的業務模式；及
 - 指定若干非持作買賣的權益工具投資以按公平值計入其他全面收益(不可轉回)計量分類。
- 倘於初始採用日期，就初始確認後信貸風險是否存在顯著增加開展的評估涉及無需付出的不當成本或努力，則確認該金融工具的整個存續期預期信貸虧損。

Notes to the Unaudited Interim Financial Report (Continued)

未經審核中期財務報告附註(續)

(Expressed in Renminbi unless otherwise indicated) (除另有指示外，以人民幣列示)

2 CHANGES IN ACCOUNTING POLICIES

(Continued)

- (b) IFRS 9, Financial instruments, including the amendments to IFRS 9, Prepayment features with negative compensation

(Continued)

(iv) Transition (Continued)

- All hedging relationships designated under IAS 39 at 31 December 2017 met the criteria for hedge accounting under IFRS 9 at 1 January 2018 and are therefore regarded as continuing hedging relationships. Changes to hedge accounting policies have been applied prospectively.

- (c) IFRS 15, Revenue from contracts with customers

IFRS 15 establishes a comprehensive framework for recognising revenue and some costs from contracts with customers. IFRS 15 replaces IAS 18, Revenue, which covered revenue arising from sale of goods and rendering of services, and IAS 11, Construction contracts, which specified the accounting for construction contracts.

(i) Timing of revenue recognition

Previously, revenue arising from construction contracts and provision of services was recognised over time, whereas revenue from sale of goods was generally recognised at a point in time when the risks and rewards of ownership of the goods had passed to the customers.

2 會計政策變動(續)

- (b) 國際財務報告準則第9號，金融工具，包括國際財務報告準則第9號的修訂，附帶負補償的預付款項(續)

(iv) 過渡(續)

- 所有於二零一七年十二月三十一日按國際會計準則第39號界定的對沖關係均符合於二零一八年一月一日國際財務報告準則第9號對對沖會計的要求，因此被視為持續對沖關係。有關對沖會計政策的變動已追溯應用。

- (c) 國際財務報告準則第15號，客戶合約收益

國際財務報告準則第15號建立了確認來自客戶合同收益及若干成本的全面框架。國際財務報告準則第15號是取代國際會計準則第18號，其中涵蓋銷售商品及提供服務而產生的收入，及國際會計準則第11號建築合約，其中就建築合約指定會計。

(i) 確認收益的時間

過往，建築合約及提供服務產生的收益按時間確認，而銷售商品的收益通常於商品的風險及所有權回報已轉移至客戶時確認。

Notes to the Unaudited Interim Financial Report (Continued)

未經審核中期財務報告附註(續)

(Expressed in Renminbi unless otherwise indicated) (除另有指示外，以人民幣列示)

2 CHANGES IN ACCOUNTING POLICIES

(Continued)

(c) IFRS 15, Revenue from contracts with customers (Continued)

(i) Timing of revenue recognition (Continued)

Under IFRS 15, revenue is recognised when the customer obtains control of the promised good or service in the contract. This may be at a single point in time or over time. IFRS 15 identifies the following three situations in which control of the promised good or service is regarded as being transferred over time:

- A. When the customer simultaneously receives and consumes the benefits provided by the entity's performance, as the entity performs;
- B. When the entity's performance creates or enhances an asset (for example work in progress) that the customer controls as the asset is created or enhanced;
- C. When the entity's performance does not create an asset with an alternative use to the entity and the entity has an enforceable right to payment for performance completed to date.

If the contract terms and the entity's activities do not fall into any of these 3 situations, then under IFRS 15 the entity recognises revenue for the sale of that good or service at a single point in time, being when control has passed. Transfer of risks and rewards of ownership is only one of the indicators that is considered in determining when the transfer of control occurs.

The adoption of IFRS 15 does not have a significant impact on when the group recognises revenue from sales of wooden products and renewable energy products.

2 會計政策變動(續)

(c) 國際財務報告準則第15號，客戶合約收益(續)

(i) 確認收益的時間(續)

根據國際財務報告準則第15號，收益於客戶取得合同中所承諾的貨物或服務的控制權時確認。收益可能在某個時間點或在一段時間內確認。國際財務報告準則第15號確定了以下所承諾貨物或服務的控制權被視為在一段時間內轉移的三種情況：

- A. 當實體履約時，客戶同時收到及使用實體履約所提供的利益時；
- B. 當實體履約創造或改良一項於資產被創造或改良時由客戶控制的資產（如在建工程）時；
- C. 當實體的履約並無創造對實體而言具替代用途的資產，且該實體對迄今完成的履約付款具有可執行權利時。

倘合同條款及實體活動並不屬於該等三種情況的任何一種，則根據國際財務報告準則第15號，實體於某一指定時間點（即控制權轉移時）就銷售貨物或服務確認收益。所有權風險及回報的轉移僅為釐定控制權轉移何時發生的其中一項指標。

採用國際財務報告準則第15號對本集團何時確認木製品及可再生能源產品產生的銷售收益並無重大影響。

Notes to the Unaudited Interim Financial Report (Continued)

未經審核中期財務報告附註(續)

(Expressed in Renminbi unless otherwise indicated) (除另有指示外，以人民幣列示)

2 CHANGES IN ACCOUNTING POLICIES

(Continued)

(c) IFRS 15, Revenue from contracts with customers (Continued)

(ii) Presentation of contract assets and liabilities

Under IFRS 15, a receivable is recognised only if the group has an unconditional right to consideration. If the group recognises the related revenue before being unconditionally entitled to the consideration for the promised goods and services in the contract, then the entitlement to consideration is classified as a contract asset. Similarly, a contract liability, rather than a payable, is recognised when a customer pays consideration, or is contractually required to pay consideration and the amount is already due, before the group recognises the related revenue. For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

Previously, advance receipts from customers were presented in the consolidated statement of financial position under trade and other payables. To reflect the changes in presentation, the group has made the following adjustments at 1 January 2018, as a result of the adoption of IFRS 15:

- “Receipts in advance” amounting to \$10,094,000, which was previously included in trade and other payables are now included under contract liabilities.

2 會計政策變動(續)

(c) 國際財務報告準則第15號，客戶合約收益(續)

(ii) 合約資產及負債的呈列

根據國際財務報告準則第15號，應收款項僅當本集團擁有代價的無條件權利時方可確認。倘本集團於享有合約中所承諾商品及服務的代價的無條件權利前確相關收益，則享有代價的權利被分類為合約資產。類似地，倘客戶於本集團確認相關收益前支付代價或訂立合約須支付代價且有關金額已到期，則確認為合約負債而非應付款項。就與客戶訂立的單一合約而言，呈列淨合約資產或淨合約負債。就多份合約而言，不相關合約的合約資產及合約負債並非按淨基準呈列。

過往，預收客戶款項於綜合財務狀況表內貿易及其他應付款項下呈列。由於採納國際財務報告準則第15號，為反映呈列的變動，本集團已於二零一八年一月一日作出以下調整：

- 「預收款項」10,094,000元，過往納入貿易及其他應付款項，現納入合約負債。

Notes to the Unaudited Interim Financial Report (Continued)

未經審核中期財務報告附註(續)

(Expressed in Renminbi unless otherwise indicated) (除另有指示外，以人民幣列示)

2 CHANGES IN ACCOUNTING POLICIES

(Continued)

(d) IFRIC 22, Foreign currency transactions and advance consideration

This interpretation provides guidance on determining “the date of the transaction” for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) arising from a transaction in which an entity receives or pays advance consideration in a foreign currency.

The Interpretation clarifies that “the date of the transaction” is the date on initial recognition of the non-monetary asset or liability arising from the payment or receipt of advance consideration. If there are multiple payments or receipts in advance of recognising the related item, the date of the transaction for each payment or receipt should be determined in this way. The adoption of IFRIC22 does not have any material impact on the financial position and the financial result of the group.

3 REVENUE

The principal activities of the Group are manufacturing and sales of outdoor wooden products, engaging in projects of outdoor wooden products including the provision of design and installation services, retail sales of outdoor wooden products through self-operated retail shops and manufacturing and sales of renewable energy products.

Revenue represents

- (i) the sales value of goods sold to customers less returns, discounts, and value added taxes and other sales tax; and

2 會計政策變動(續)

(d) 國際財務報告準則詮釋委員會第22號，外幣交易及預付代價

該詮釋為釐定「交易日期」提供指引，目的是於實體以外幣收到或支付預付代價的交易中釐定初始確認相關資產、費用或收入(或部分收入)時使用的匯率。

該詮釋闡明「交易日期」為初始因支付或收到預付代價而產生的非貨幣性資產或負債的日期。倘於確認相關項目前具有多項付款或收款，則應以該方式確定每筆付款或收款的交易日期。採用國際財務報告準則詮釋委員會第22號並未對本集團的財務狀況及財務業績產生任何重大影響。

3 收入

本集團的主要業務為生產及銷售戶外木製品、從事戶外木製品項目(包括提供設計及安裝服務)、透過自營零售店零售戶外木製品以及生產及銷售再生能源產品。

收入指

- (i) 售予客戶貨品的銷售價值減退貨、折扣及增值稅與其他銷售稅項；及

Notes to the Unaudited Interim Financial Report (Continued)

未經審核中期財務報告附註(續)

(Expressed in Renminbi unless otherwise indicated) (除另有指示外，以人民幣列示)

3 REVENUE (Continued)

Revenue represents (Continued)

Disaggregation of revenue from contracts with customers by major products or service lines is as follows:

3 收入(續)

收入指(續)

按主要產品或服務項目劃分的客戶合約收益的分類如下：

		Six months ended 30 June	
		截至六月三十日止六個月	
		2018	2017
		二零一八年	二零一七年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Sales of outdoor wooden products	銷售戶外木製品	303,698	197,290
Retail sales of wooden products	零售木製品	823	2,083
Sales of renewable energy products	銷售再生能源產品	9,468	10,119
		313,989	209,492

Geographic information of revenue

Disaggregation of revenue from contracts with customers by geographical location of customers is as follows:

收入之地域資料

按客戶地理位置劃分的客戶收益分類如下：

		Six months ended 30 June	
		截至六月三十日止六個月	
		2018	2017
		二零一八年	二零一七年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
The PRC	中國	80,204	32,968
North America	北美洲	132,382	126,833
Europe	歐洲	21,110	16,776
Asia Pacific (exclusive of the PRC)	亞太區(不包括中國)	6,711	11,519
Australia	澳洲	73,582	21,396
		313,989	209,492

Notes to the Unaudited Interim Financial Report (Continued)

未經審核中期財務報告附註(續)

(Expressed in Renminbi unless otherwise indicated) (除另有指示外，以人民幣列示)

4 SEGMENT REPORTING

In a manner consistent with how the Group manages its business and the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has identified three reportable segments, namely Manufacturing and sales of wooden products, Retail business and Manufacturing and sales of renewable energy products. No operating segments have been aggregated to form the above reportable segments.

- Manufacturing and sales of wooden products: manufacturing and sales of outdoor wooden products to both domestic and overseas customers, and trading of timber.
- Retail business: retail sales of outdoor wooden products through self-operated retail shops.
- Manufacturing and sales of renewable energy products: manufacturing and sales of biomass pellet fuel to both domestic and overseas customers.

4 分部呈報

按照與本集團管理其業務一致的方式，及與就資源分配及表現評估向本集團最高層管理人員內部呈報資料一致的方式，本集團已確定三個可呈報分部，即生產及銷售木製品、零售業務及生產及銷售再生能源產品。本集團並無聚合經營分部以構成上述可呈報分部。

- 生產及銷售木製品：向國內外客戶生產及銷售戶外木製品及木材貿易。
- 零售業務：透過自營零售店零售戶外木製品。
- 生產及銷售再生能源產品：生產及銷售生物質顆粒燃料予國內外客戶。

Notes to the Unaudited Interim Financial Report (Continued)

未經審核中期財務報告附註(續)

(Expressed in Renminbi unless otherwise indicated) (除另有指示外，以人民幣列示)

4 SEGMENT REPORTING (Continued)

(a) Segment results

For the purposes of assessing segment performance and allocating resources between segments, the Group's most senior executive management monitors the results attributable to each reportable segment on the following bases:

Reportable segment revenue represents the revenue derived from the Group's external customers by Manufacturing and sales of wooden products, Retail business and Manufacturing and sales of renewable energy products, respectively.

The measure used for reportable segment profit/(loss) is "profit/(loss) after taxation (excluding the after tax effect of government subsidies)" of Manufacturing and sales of wooden products, Retail business and Manufacturing and sales of renewable energy products, respectively.

A measurement of segment assets and liabilities is not provided regularly to the Group's most senior executive management and accordingly, no segment assets or liabilities information is presented.

4 分部呈報(續)

(a) 分部業績

為評估分部表現及於各分部間分配資源，本集團最高層管理人員按下列基準監察來自各可呈報分部的業績：

可呈報分部收入指生產及銷售木製品、零售業務及生產及銷售再生能源產品分別從本集團外部客戶所得的收入。

就可呈報分部溢利／(虧損)採用的計量單位為生產及銷售木製品、零售業務及生產及銷售再生能源產品各自的「除稅後溢利／(虧損) (不包括政府補貼之稅後影響)」。

分部資產及負債的計量乃不定期向本集團最高層管理人員提供，故並無呈列分部資產或負債資料。

Notes to the Unaudited Interim Financial Report (Continued)

未經審核中期財務報告附註(續)

(Expressed in Renminbi unless otherwise indicated) (除另有指示外，以人民幣列示)

4 SEGMENT REPORTING (Continued)

(a) Segment results (Continued)

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the six months ended 30 June 2018 and 2017 is set out below:

4 分部呈報(續)

(a) 分部業績(續)

於截至二零一八年及二零一七年六月三十日止六個月，就資源分配及分部表現評估向本集團最高層管理人員提供的有關本集團可呈報分部的資料載列如下：

		Six months ended 30 June 2018 截至二零一八年六月三十日止六個月			
		Manufacturing and sales of wooden products 生產及銷售 木製品 RMB'000 人民幣千元	Retail business 零售業務 RMB'000 人民幣千元	Manufacturing and sales of renewable energy products 生產及銷售 再生能源產品 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Revenue derived from the Group's external customers	源自本集團外部客戶的收入	303,698	823	9,468	313,989
Inter-segment revenue	分部間收入	56,623	-	958	57,581
Reportable segment revenue	可呈報分部收入	360,321	823	10,426	371,570
Reportable segment profit/(loss) (profit/(loss) after taxation (excluding the after tax effect of government subsidies))	可呈報分部溢利/(虧損) (除稅後溢利/(虧損) (不包括政府補貼之稅後影響))	10,820	(591)	843	11,072

		Six months ended 30 June 2017 截至二零一七年六月三十日止六個月			
		Manufacturing and sales of wooden products 生產及銷售 木製品 RMB'000 人民幣千元	Retail business 零售業務 RMB'000 人民幣千元	Manufacturing and sales of renewable energy products 生產及銷售 再生能源產品 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Revenue derived from the Group's external customers	源自本集團外部客戶的收入	197,290	2,083	10,119	209,492
Inter-segment revenue	分部間收入	43,393	-	-	43,393
Reportable segment revenue	可呈報分部收入	240,683	2,083	10,119	252,885
Reportable segment profit/(loss) (profit/(loss) after taxation (excluding the after tax effect of government subsidies))	可呈報分部溢利/(虧損) (除稅後溢利/(虧損) (不包括政府補貼之稅後影響))	(4,489)	(1,237)	2,129	(3,597)

Notes to the Unaudited Interim Financial Report (Continued)

未經審核中期財務報告附註(續)

(Expressed in Renminbi unless otherwise indicated) (除另有指示外，以人民幣列示)

4 SEGMENT REPORTING (Continued)

(b) Reconciliations of reportable segment revenue and reportable segment loss

4 分部呈報(續)

(b) 可呈報分部收入與可呈報分部虧損的對賬

		Six months ended 30 June	
		截至六月三十日止六個月	
		2018	2017
		二零一八年	二零一七年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Revenue	收入		
Reportable segment revenue	可呈報分部收入	371,570	252,885
Elimination of inter-segment revenue	抵銷分部間收入	(57,581)	(43,393)
Consolidated revenue	綜合收入	313,989	209,492
Profit/(loss)	溢利／(虧損)		
Reportable segment profit/(loss) derived from the Group's external customers	源自本集團外部客戶的可呈報分部溢利／(虧損)	11,072	(3,597)
Government subsidies (net of tax)	政府補貼(扣除稅項)	2,526	6,440
Unallocated head office and corporate expenses	未分配總辦事處及公司開支	(3,080)	(6,724)
Consolidated profit/(loss) after taxation	綜合除稅後溢利／(虧損)	10,518	(3,881)

(c) Geographic information

No geographical segment information is presented as all the Group's revenue is derived from operations in the PRC and most of the Group's non-current assets are all located in the PRC.

(c) 地域資料

本集團的所有收入都來自中國的營運，並且本集團大部分的非流動資產位於中國，因此並無呈列地域分部資料。

5 SEASONALITY OF OPERATIONS

The Group's operations are not subject to significant seasonal fluctuations. Sales revenue recorded in the first and second half of the financial year is not affected by seasonal fluctuations.

5 經營季節性

本集團業務並無受重大季節性波動所影響。於財政年度上半年及下半年錄得的銷售收入並無受季節性波動所影響。

Notes to the Unaudited Interim Financial Report (Continued)

未經審核中期財務報告附註(續)

(Expressed in Renminbi unless otherwise indicated) (除另有指示外，以人民幣列示)

6 OTHER REVENUE AND OTHER NET LOSS

(a) Other revenue

6 其他收入及其他虧損淨額

(a) 其他收入

		Six months ended 30 June	
		截至六月三十日止六個月	
		2018	2017
		二零一八年	二零一七年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Interest income on bank deposits	銀行存款利息收入	623	2,222
Government subsidies	政府補貼	3,369	7,645
Other	其他	394	798
		4,386	10,665

The Group received unconditional government subsidies of RMB2,855,000 (six months ended 30 June 2017: RMB7,063,000) for the six months ended 30 June 2018. These government subsidies were granted to Fujian Zhangping Kimura Forestry Products Co., Ltd. ("Zhangping Kimura") for subsidising various expenses already incurred and were recognised as other revenue when they became receivable.

The Group recognised government subsidies as deferred income which compensates the Group for the cost of its land use right and the cost of infrastructure development. Government subsidies (deferred income) of RMB514,000 (six months ended 30 June 2017: RMB582,000) were recognised as other revenue for the six months ended 30 June 2018, which is on a systematic basis over the useful life of the relevant assets.

截至二零一八年六月三十日止六個月，本集團收取無條件政府補貼人民幣2,855,000元(截至二零一七年六月三十日止六個月：人民幣7,063,000元)。福建省漳平木村林產有限公司(「漳平木村」)獲授此等政府補貼以補貼其已產生的多項開支及於可收取時確認為其他收入。

本集團確認政府補貼為遞延收入作為補償本集團土地使用權成本及基建設施開發成本。截至二零一八年六月三十日止六個月，政府補貼(遞延收入)人民幣514,000元(截至二零一七年六月三十日止六個月：人民幣582,000元)已確認為其他收入，此乃按有關資產的可使用年限有系統地確認。

Notes to the Unaudited Interim Financial Report (Continued)

未經審核中期財務報告附註(續)

(Expressed in Renminbi unless otherwise indicated) (除另有指示外，以人民幣列示)

6 OTHER REVENUE AND OTHER NET LOSS

(Continued)

(b) Other net loss

6 其他收入及其他虧損淨額(續)

(b) 其他虧損淨額

		Six months ended 30 June	
		截至六月三十日止六個月	
		2018	2017
		二零一八年	二零一七年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Net foreign exchange (loss)/gain	匯兌(虧損)/收益淨額	(590)	3,162
Changes in fair value of derivative financial instruments — unrealised	衍生金融工具公平值變動 — 未變現	(4,690)	(4,731)
Others	其他	309	269
		(4,971)	(1,300)

7 PROFIT/(LOSS) BEFORE TAXATION

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

(a) Finance costs

7 除稅前溢利/(虧損)

除稅前溢利/(虧損)經扣除下列各項後得出：

(a) 融資成本

		Six months ended 30 June	
		截至六月三十日止六個月	
		2018	2017
		二零一八年	二零一七年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Interest expense on bank loans and debentures	銀行貸款及債券的利息開支	4,863	7,400
Less: Interest expense capitalised into construction in progress*	減：撥入在建工程的資本化利息開支*	(1,019)	(5,353)
		3,844	2,047

* The borrowing costs have been capitalised at a rate of 4.16% (six months ended 30 June 2017: 3.21%) per annum for the six months ended 30 June 2018.

* 截至二零一八年六月三十日止六個月的借貸成本已按4.16%(截至二零一七年六月三十日止六個月：3.21%)的年率資本化。

Notes to the Unaudited Interim Financial Report (Continued)

未經審核中期財務報告附註(續)

(Expressed in Renminbi unless otherwise indicated) (除另有指示外，以人民幣列示)

7 PROFIT/(LOSS) BEFORE TAXATION

(Continued)

(b) Other items

7 除稅前溢利／(虧損)(續)

(b) 其他項目

		Six months ended 30 June	
		截至六月三十日止六個月	
		2018	2017
		二零一八年	二零一七年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Cost of inventories	存貨成本	259,222	181,226
Depreciation of property, plant and equipment	物業、廠房及設備折舊	15,696	11,977
Amortisation of lease prepayments	租賃預付款攤銷	816	967
Operating lease charges for properties	物業經營租賃支出	221	263
Research and development costs	研發成本	11,891	15,189

8 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Income tax in the consolidated statement of profit or loss represents:

8 綜合損益表內的所得稅

綜合損益表內的所得稅指：

		Six months ended 30 June	
		截至六月三十日止六個月	
		2018	2017
		二零一八年	二零一七年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Current tax — PRC corporate income tax	即期稅項 — 中國企業所得稅	282	505
Deferred tax expense/(credit)	遞延稅項開支／(抵免)	1,436	(181)
		1,718	324

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

No provision was made for Hong Kong Profits Tax as the Group did not earn any assessable profits subject to Hong Kong Profits Tax during the six months ended 30 June 2018 and 2017.

(i) 根據開曼群島及英屬處女群島(「英屬處女群島」)的法則及法規，本集團毋須在開曼群島及英屬處女群島繳納任何所得稅。

截至二零一八年及二零一七年六月三十日止六個月，本集團並無賺取須繳納香港利得稅的任何應課稅溢利，故並無就香港利得稅計提撥備。

Notes to the Unaudited Interim Financial Report (Continued)

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(Expressed in Renminbi unless otherwise indicated) (除另有指示外，以人民幣列示)

8 INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS (Continued)

- (ii) Zhangping Kimura applied and was approved for the High and New Technology Entities qualification under the PRC Corporate Income Tax Law and its relevant regulations during 2013, and therefore is entitled to the preferential income tax rate of 15% for a period of three years from 2013 to 2015 and 2016 to 2018.

The Group's other PRC subsidiaries are subject to PRC corporate income tax at the statutory rate of 25%.

9 EARNINGS/(LOSS) PER SHARE

The calculation of basic earnings per share for the six months ended 30 June 2018 is based on the profit attributable to equity shareholders of the Company of RMB10,518,000 (six months ended 30 June 2017: loss of RMB3,881,000) and weighted average of 3,088,335,000 shares (six months ended 30 June 2017: 2,974,633,000 shares) in issue during the six months ended 30 June 2018, calculated as follows.

Weighted average number of ordinary shares

8 綜合損益表內的所得稅(續)

- (ii) 漳平木村已於二零一三年根據中國企業所得稅法及其相關法規申請並獲得高新技術企業的認證資格，故於二零一三年至二零一五年及二零一六年至二零一八年三年期間有權享有15%的優惠所得稅稅率。

本集團其他中國附屬公司須按25%法定稅率繳納中國企業所得稅。

9 每股盈利／(虧損)

截至二零一八年六月三十日止六個月的每股基本盈利乃按本公司權益股東應佔溢利人民幣10,518,000元(截至二零一七年六月三十日止六個月：虧損人民幣3,881,000元)，以及3,088,335,000股已發行股份(截至二零一七年六月三十日止六個月：2,974,633,000股股份)的加權平均數計算。

普通股的加權平均數

		Number of shares 股份數目	
		2018 二零一八年 '000 千股	2017 二零一七年 '000 千股
Issued ordinary shares at 1 January	於一月一日的已發行普通股	3,088,335	2,573,835
Effect of issue of shares upon subscription on 10 February 2017	於二零一七年二月十日認購時發行股份的影響	—	400,798
Weighted average number of ordinary shares at 30 June	於六月三十日的普通股加權平均數	3,088,335	2,974,633

There were no potential dilutive ordinary shares during the six months ended 30 June 2018 and 2017 and, therefore, diluted earnings per share are the same as the basic earnings per share.

由於截至二零一八年及二零一七年六月三十日止六個月並無潛在攤薄普通股，故每股攤薄盈利與每股基本盈利相同。

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未經審核中期財務報告附註(續)

(Expressed in Renminbi unless otherwise indicated) (除另有指示外，以人民幣列示)

10 PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2018, the Group acquired items of plant and machinery with a cost of RMB4,278,000 (six months ended 30 June 2017: RMB43,780,000).

10 物業、廠房及設備

截至二零一八年六月三十日止六個月，本集團購入廠房及機器項目的成本為人民幣4,278,000元(截至二零一七年六月三十日止六個月：人民幣43,780,000元)。

11 INTEREST IN ASSOCIATES

11 於聯營公司權益

		The Group 本集團	
		At 30 June 2018 於二零一八年 六月三十日 RMB'000 人民幣千元	At 31 December 2017 於二零一七年 十二月三十一日 RMB'000 人民幣千元
Share of net assets	應佔資產淨值	24,484	24,434

Details of the Group's interest in the associates are as follows:

本集團於聯營公司的權益詳情如下：

Name of associate 聯營公司名稱	Place of establishment and operation 成立及經營地點	Proportion of ownership interest 所有權權益比例		Principal activity 主要活動
		Group's effective interest 本集團的實際權益	Held by a subsidiary 由附屬公司持有	
Jiangxi Lvyan Trading Co., Ltd. ("Lvyan") 江西綠源貿易有限公司(「綠源」)	The PRC 中國	45%	45%	Trading of imported timber 買賣進口木材
Longyan Deliyuan Biomass Energy Co., Ltd. ("Deliyuan") 龍岩市得利源生物能源有限公司(「得利源」)	The PRC 中國	45%	45%	Research & development and sales of biomass energy 生物質能源的研發及銷售
Xiamen Zhonglisheng Trading Co., Ltd. ("Zhonglisheng") 廈門中利盛貿易有限公司(「中利盛」)	The PRC 中國	45%	45%	Whole sale of forestry products and building material 林業產品及建材批發
Fujian Longyan Zhangping Weston Wood Component and Material Company Limited ("Weston Wood") 福建省龍岩市漳平威斯特頓木結構材料有限公司(「威斯特頓」)	The PRC 中國	45%	45%	Manufacture and sale of wooden products 木製品製造及銷售

Notes to the Unaudited Interim Financial Report (Continued)

未經審核中期財務報告附註(續)

(Expressed in Renminbi unless otherwise indicated) (除另有指示外，以人民幣列示)

11 INTEREST IN ASSOCIATES (Continued)

Lvyuan, Deliyuan, Zhonglisheng and Weston Wood are accounted for using the equity method in the consolidated financial statements.

Summary of financial information of the associates:

11 於聯營公司權益(續)

綠源、得利源、中利盛及威斯頓於綜合財務報表內採用權益法入賬。

聯營公司的財務資料摘要：

		Lvyuan 綠源		Deliyuan 得利源		Zhonglisheng 中利盛		Weston Wood 威斯頓	
		At 30 June 2018 於 二零一八年 六月三十日 RMB'000 人民幣千元	At 31 December 2017 於 二零一七年 十二月三十一日 RMB'000 人民幣千元	At 30 June 2018 於 二零一八年 六月三十日 RMB'000 人民幣千元	At 31 December 2017 於 二零一七年 十二月三十一日 RMB'000 人民幣千元	At 30 June 2018 於 二零一八年 六月三十日 RMB'000 人民幣千元	At 31 December 2017 於 二零一七年 十二月三十一日 RMB'000 人民幣千元	At 30 June 2018 於 二零一八年 六月三十日 RMB'000 人民幣千元	At 31 December 2017 於 二零一七年 十二月三十一日 RMB'000 人民幣千元
Non-current assets	非流動資產	53	108	-	-	-	-	3,773	2,991
Current assets	流動資產	5,794	5,968	9,986	9,987	10,120	10,121	5,572	4,440
Non-current liabilities	非流動負債	-	-	-	-	-	-	-	-
Current liabilities	流動負債	(27)	(35)	(2)	(2)	(115)	(115)	(5,917)	(4,304)
Net assets	資產淨值	5,820	6,041	9,984	9,985	10,005	10,006	3,428	3,127
Group's share of net assets of the associates	本集團應佔聯營公司的資產淨值	2,619	2,719	4,492	4,493	4,502	4,503	1,543	1,407
Revenue for the six month period ended 30 June 2018/2017	截至二零一八年／二零一七年六月三十日止六個月收入	903	3,335	-	109	-	82	21,234	Nil
Profit/(loss) from continuing operations for the six month period ended 30 June 2018/2017	截至二零一八年／二零一七年六月三十日止六個月持續經營的溢利/(虧損)	(221)	(376)	(1)	(7)	(1)	(1)	333	Nil

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未經審核中期財務報告附註(續)

(Expressed in Renminbi unless otherwise indicated) (除另有指示外，以人民幣列示)

12 INVENTORIES

12 存貨

		At 30 June 2018 於二零一八年 六月三十日 RMB'000 人民幣千元	At 31 December 2017 於二零一七年 十二月三十一日 RMB'000 人民幣千元
Raw materials	原材料	301,844	174,856
Work in progress	在製品	43,709	29,298
Finished goods	製成品	28,669	126,964
		374,222	331,118

There was no write down of inventories during the six months ended 30 June 2018 and 2017.

截至二零一八年及二零一七年六月三十日止六個月概無撇減存貨。

Notes to the Unaudited Interim Financial Report (Continued)

未經審核中期財務報告附註(續)

(Expressed in Renminbi unless otherwise indicated) (除另有指示外，以人民幣列示)

13 TRADE AND OTHER RECEIVABLES

13 貿易及其他應收款項

		At 30 June 2018 於二零一八年 六月三十日 RMB'000 人民幣千元	At 31 December 2017 於二零一七年 十二月三十一日 RMB'000 人民幣千元
Trade and bills receivables	貿易應收款項及應收票據	110,046	110,650
Trade receivable from associates	應收聯營公司貿易款項	417	1,478
Total trade receivables (note (a))	貿易應收款項總額 (附註(a))	110,463	112,128
Prepayment for raw materials	原材料預付款	106,520	63,927
Derivative financial instruments (note 21(a))	衍生金融工具(附註21(a))	72	–
Amount due from a related company	應收關聯公司款項	–	67
Amount due from associates	應收聯營公司款項	–	3,968
Other receivables	其他應收款項	14,916	16,514
		231,971	196,604

All of the trade and other receivables, apart from those balances specified in note above are expected to be recovered or recognised as expense within one year.

除上文附註指明的該等結餘外，預計所有貿易及其他應收款項將於一年內收回或確認為開支。

Notes to the Unaudited Interim Financial Report (Continued)

未經審核中期財務報告附註(續)

(Expressed in Renminbi unless otherwise indicated) (除另有指示外，以人民幣列示)

13 TRADE AND OTHER RECEIVABLES (Continued)

(a) Ageing analysis

As at 30 June 2018, the ageing analysis of trade and bills receivables (which are included in trade and other receivables), based on invoice date and net of allowances of doubtful debts, is as follows:

		At 30 June 2018 於二零一八年 六月三十日 RMB'000 人民幣千元	At 31 December 2017 於二零一七年 十二月三十一日 RMB'000 人民幣千元
Within 1 month	於1個月內	60,534	38,776
1 to 2 months	1至2個月	14,426	25,738
2 to 3 months	2至3個月	4,797	11,560
Over 3 months	超過3個月	30,706	36,054
		110,463	112,128

Trade and bills receivables are normally due within 90 days to 180 days from the date of billing.

貿易應收款項及應收票據一般於出具發票日期起計90日至180日內到期。

14 PLEDGED DEPOSITS

Pledged deposits with banks have been placed as security for banking facilities and financial derivative instruments issued by banks to the Group.

13 貿易及其他應收款項(續)

(a) 賬齡分析

於二零一八年六月三十日，按發票日期並扣除呆賬備抵的貿易應收款項及應收票據(已計入貿易及其他應收款項)賬齡分析如下：

14 已抵押存款

抵押予銀行的存款已用作銀行向本集團發出銀行融資及金融衍生工具的抵押。

Notes to the Unaudited Interim Financial Report (Continued)

未經審核中期財務報告附註(續)

(Expressed in Renminbi unless otherwise indicated) (除另有指示外，以人民幣列示)

15 CASH AND CASH EQUIVALENTS

- (a) Cash and cash equivalents in the consolidated statement of financial position and consolidated cash flow statement comprise:

15 現金及現金等價物

- (a) 於綜合財務狀況表及綜合現金流量表內的現金及現金等價物包括：

		At 30 June 2018 於二零一八年 六月三十日 RMB'000 人民幣千元	At 31 December 2017 於二零一七年 十二月三十一日 RMB'000 人民幣千元
Deposits with banks and other financial institutions	銀行及其他財務機構存款	2,415	75,702
Cash at bank and in hand	銀行及手頭現金	45,654	37,799
		48,069	113,501

- (b) Reconciliation of profit/(loss) before taxation to cash (used in)/generated from operations:

- (b) 除稅前溢利／(虧損)與經營業務(所用)／所得現金對賬如下：

			Six months ended 30 June 截至六月三十日止六個月 2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
	Note 附註			
Profit/(loss) before taxation		除稅前溢利／(虧損)	12,236	(3,557)
Adjustments for:		就以下各項作出調整：		
Interest expense	7(a)	利息開支	3,845	2,047
Depreciation	7(b)	折舊	15,696	11,977
Amortisation of lease prepayments	7(b)	租賃預付款攤銷	816	967
Amortisation of deferred income		遞延收入攤銷	(514)	(581)
Net foreign exchange (gain)/loss		外匯(收益)／虧損淨值	(9,577)	9,599
Interest income	6(a)	利息收入	(623)	(2,222)
Share of (profit)/losses of associates, net of tax		應佔聯營公司(溢利)／虧損，扣除稅項	(49)	210
Gain on disposal of fixed assets		出售固定資產收益	(140)	-
Changes in working capital:		營運資金變動：		
Increase in inventories		存貨增加	(43,104)	(18,771)
Increase in trade and other receivables		貿易及其他應收款項增加	(41,115)	(822)
(Decrease)/increase in trade and other payables		貿易及其他應付款項(減少)／增加	(9,962)	25,666
Cash (used in)/generated from operations		經營業務(所用)／所得現金	(72,491)	24,513

Notes to the Unaudited Interim Financial Report (Continued)

未經審核中期財務報告附註(續)

(Expressed in Renminbi unless otherwise indicated) (除另有指示外，以人民幣列示)

16 TRADE AND OTHER PAYABLES

16 貿易及其他應付款項

		At 30 June 2018 於二零一八年 六月三十日 RMB'000 人民幣千元	At 31 December 2017 於二零一七年 十二月三十一日 RMB'000 人民幣千元
Trade payables (note (a))	貿易應付款項(附註(a))	5,606	3,769
Receipts in advance (note i)	預收款項(附註i)	—	10,094
Amounts due to associates	應付聯營公司款項	22,516	22,416
Derivative financial instruments (note 21(a))	衍生金融工具(附註21(a))	2,585	12,307
Amount due to a director	應付一名董事款項	—	12
Amount due to a related company (note 23(c))	應付關聯公司款項(附註23(c))	283	283
Other payables and accruals (note ii)	其他應付款項及應計費用 (附註ii)	12,398	15,272
		43,388	64,153

Note:

- i Upon the adoption of IFRS 15, receipts in advance are included in contract liabilities (see note 2).
- ii Balance mainly represent salaries, wages, bonus and other accrued benefits, and payables for the purchase of property, plant and equipment.

All of the above balances are expected to be settled within one year or repayable on demand.

附註：

- i 於採納國際財務報告準則第15號後，預收款項納入合約負債(見附註2)。
- ii 結餘主要指薪金、工資、花紅及其他應計福利以及購買物業、廠房及設備的應付款項。

所有上述結餘預計將於一年內償付或按要求償還。

Notes to the Unaudited Interim Financial Report (Continued)

未經審核中期財務報告附註(續)

(Expressed in Renminbi unless otherwise indicated) (除另有指示外，以人民幣列示)

16 TRADE AND OTHER PAYABLES (Continued)

- (a) A maturity analysis of the trade payables is as follows:

As at 30 June 2018, the maturity analysis of the trade payables balance is as follows:

		At 30 June 2018 於二零一八年 六月三十日 RMB'000 人民幣千元	At 31 December 2017 於二零一七年 十二月三十一日 RMB'000 人民幣千元
Due within 1 month or on demand	1個月內到期償付或 按要求償付	2,376	3,169
Due after 1 month but within 3 months	1個月後但3個月內 到期償付	3,230	600
		5,606	3,769

17 BANK LOANS

- (a) As at 30 June 2018, the bank loans were repayable as follows:

16 貿易及其他應付款項(續)

- (a) 貿易應付款項的到期日分析如下：

於二零一八年六月三十日，貿易應付款項結餘的到期日分析如下：

17 銀行貸款

- (a) 於二零一八年六月三十日，須償還的銀行貸款如下：

		At 30 June 2018 於二零一八年 六月三十日 RMB'000 人民幣千元	At 31 December 2017 於二零一七年 十二月三十一日 RMB'000 人民幣千元
Within 1 year or on demand	一年內或按要求	177,204	233,187

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未經審核中期財務報告附註(續)

(Expressed in Renminbi unless otherwise indicated) (除另有指示外，以人民幣列示)

17 BANK LOANS (Continued)

(b) As at 30 June 2018, the bank facilities available were as follows:

		At 30 June 2018 於二零一八年 六月三十日 RMB'000 人民幣千元	At 31 December 2017 於二零一七年 十二月三十一日 RMB'000 人民幣千元
Bank facilities available	可動用的銀行融資		
— Secured	— 有抵押	267,374	394,939
— Unsecured	— 無抵押	—	1,182
		267,374	396,121

The secured banking facilities were secured by the following assets with carrying values as follows:

17 銀行貸款(續)

(b) 於二零一八年六月三十日，可動用的銀行融資如下：

		At 30 June 2018 於二零一八年 六月三十日 RMB'000 人民幣千元	At 31 December 2017 於二零一七年 十二月三十一日 RMB'000 人民幣千元
有抵押銀行融資以下列資產的賬面值作抵押：			
Pledged deposits (note 14)	已抵押存款(附註 14)	16,882	78,261
Buildings	樓宇	94,124	97,045
Plant and machinery	廠房及機器	69,392	74,701
Construction in progress	在建工程	2,266	2,266
Lease prepayments	租賃預付款	66,554	68,969
		249,218	321,242

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(Expressed in Renminbi unless otherwise indicated) (除另有指示外，以人民幣列示)

18 DEFERRED INCOME

Deferred income represented government subsidies that compensated the Group for the cost of its land use right and the cost of infrastructure development which are recognised in profit or loss on a systematic basis over the useful life of the assets (note 6(a)).

18 遞延收入

遞延收入指政府補貼，用於補貼本集團的土地使用權成本及基礎設施發展成本，於資產的可使用年期內有系統地於損益表內確認(附註6(a))。

19 DEBENTURES

The Group has entered into agreements with two individual third parties issuing unsecured debentures with principal amounting to HK\$20,000,000. The debentures are bearing interest at 3% per annum, unsecured and repayable on 29 August 2022.

19 債券

本集團已與兩名第三方個人訂立協議，發行本金額20,000,000港元的無抵押債券。相關債券按年息3%計算，為無抵押且應於二零二二年八月二十九日償還。

20 CAPITAL, RESERVES AND DIVIDENDS

(a) Dividends

- (i) The Board of Directors does not recommend the payment of an interim dividend for the six months ended 30 June 2018 (six months ended 30 June 2017: Nil).

20 資本、儲備及股息

(a) 股息

- (i) 董事會並不建議就截至二零一八年六月三十日止六個月派付中期股息(截至二零一七年六月三十日止六個月：無)。

Notes to the Unaudited Interim Financial Report (Continued)

未經審核中期財務報告附註(續)

(Expressed in Renminbi unless otherwise indicated) (除另有指示外，以人民幣列示)

20 CAPITAL, RESERVES AND DIVIDENDS

(Continued)

(b) Share capital

20 資本、儲備及股息(續)

(b) 股本

		2018 二零一八年		2017 二零一七年	
		Number of shares 股份數目 '000 千股	Amount 金額 HK\$'000 千港元	Number of shares 股份數目 '000 千股	Amount 金額 HK\$'000 千港元
Authorised:	法定：				
Ordinary shares of HK\$0.01 each	每股面值0.01港元的 普通股	10,000,000	100,000	10,000,000	100,000
Ordinary shares, issued and fully paid:	普通股，已發行及 繳足：				
At 1 January	於一月一日	3,088,335	30,883	2,573,835	25,738
Issue of shares upon subscription on 10 February 2017 (note (i))	於二零一七年二月 十日認購時發行股份 (附註(i))	-	-	514,500	5,145
At 30 June	於六月三十日	3,088,335	30,883	3,088,335	30,883

Note:

- (i) On 10 February 2017, an aggregate of 514,500,000 ordinary shares of HK\$0.01 each were conditionally issued to not less than six and not more than ten subscribers, who and whose ultimate beneficial owners are independent third parties, at a price of HK\$0.13 per share. The net proceeds would be retained for research and development expenditure to enhance research and product competitiveness of the Group and as general working capital of the Group. The shares issued rank pari passu with other shares in issue in all respects.

附註：

- (i) 於二零一七年二月十日，合共514,500,000股每股面值0.01港元的普通股已按每股0.13港元的價格有條件發行予不少於六名及不超過十名認購人(彼等及彼等之最終實益擁有人均為獨立第三方)。所得款項淨額將保留用作研發開支，以加強研究及提升本集團產品的競爭力，及用作本集團的一般營運資金。已發行股份於所有方面與已發行其他股份享有同等地位。

(c) Reserves

Fair value reserve (non-recycling)

The fair value reserve (non-recycling) comprises the cumulative net change in the fair value of equity investments designated at FVOCI under IFRS 9 that are held at the end of the reporting period (see note 2(b)(i)).

(c) 儲備

公平值儲備(不可轉回)

公平值儲備(不可轉回)包括於報告期末持有的根據國際財務報告準則第9號指定以公平值計入其他全面收益的股本投資的公平值累計變動淨額(見附註2(b)(i))。

Notes to the Unaudited Interim Financial Report (Continued)

未經審核中期財務報告附註(續)

(Expressed in Renminbi unless otherwise indicated) (除另有指示外，以人民幣列示)

21 FAIR VALUE MEASUREMENT OF FINANCIAL INSTRUMENTS

(a) Financial assets measured at fair value

As at 30 June 2018, the Group's derivative financial instruments assets and liabilities amounting to RMB72,000 and RMB2,585,000 respectively (31 December 2017: assets and liabilities of RMBNil and RMB12,307,000 respectively) (notes 13 and 16) were carried at fair value, and these instruments fall into Level 2 of the fair value hierarchy as defined in IFRS 13, *Fair value measurement*.

During the six months ended 30 June 2018 and 2017, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

(i) Valuation techniques and inputs used in Level 2 fair value measurements

The fair value of forward exchange contracts, currency swap, interest rate swap and currency option in Level 2 is determined by discounting the contractual forward price and deducting the current spot rate. The discount rate used is derived from the relevant government yield curve as at the end of reporting period plus an adequate constant credit spread.

There were no other financial assets or liabilities carried at fair value as at 30 June 2018 and 31 December 2017.

(b) Fair values of financial assets and liabilities carried at other than fair value

The carrying values of the Group's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 30 June 2018 and 31 December 2017.

21 金融工具的公平值計量

(a) 按公平值計量的金融資產

於二零一八年六月三十日，本集團的衍生金融工具資產及負債分別為人民幣72,000元及人民幣2,585,000元(二零一七年十二月三十一日：資產及負債分別為人民幣零元及人民幣12,307,000元)(附註13及16)按公平值列賬，該等工具屬於國際財務報告準則第13號：公平值計量定義的公平值等級的第二級。

截至二零一八年及二零一七年六月三十日止六個月，第一級與第二級工具間並無轉移，亦無轉入第三級或自第三級轉出。本集團的政策為於公平值等級的各級在報告期末發生轉移時確認有關轉移。

(i) 第二級公平值計量使用的估值技術及輸入數據

第二級的遠期外匯合約、貨幣掉期、利率掉期及貨幣期權公平值乃透過貼現合約遠期價格及扣除現有即期利率而釐定。所使用貼現率按於報告期末相關政府債券孳息率加足夠固定信貸息差而計算得出。

於二零一八年六月三十日及二零一七年十二月三十一日，概無其他按公平值列賬的金融資產或負債。

(b) 未按公平值列賬的金融資產及負債的公平值

本集團按成本或攤銷成本列賬的金融工具賬面值與彼等於二零一八年六月三十日及二零一七年十二月三十一日的公平值並無重大差異。

Notes to the Unaudited Interim Financial Report (Continued)

未經審核中期財務報告附註(續)

(Expressed in Renminbi unless otherwise indicated) (除另有指示外，以人民幣列示)

22 COMMITMENTS

- (a) Capital commitments outstanding at 30 June 2018 not provided for in these consolidated financial statements were as follows:

	At 30 June 2018 於二零一八年 六月三十日 RMB'000 人民幣千元	At 31 December 2017 於二零一七年 十二月三十一日 RMB'000 人民幣千元
Contracted for 已訂約	24,647	26,228

- (b) As at 30 June 2018, the total future minimum lease payments under non-cancellable operating leases in respect of rental of offices and retail shops are repayable as follows:

	At 30 June 2018 於二零一八年 六月三十日 RMB'000 人民幣千元	At 31 December 2017 於二零一七年 十二月三十一日 RMB'000 人民幣千元
Within 1 year 一年內	265	398
After 1 year but within 5 years 一年後但五年內	-	86
	265	484

The leases typically run for an initial period of one to five years, with an option to renew when all terms are renegotiated. None of the leases include contingent rentals.

22 承擔

- (a) 於此等綜合財務報表內未作出撥備且於二零一八年六月三十日尚未償還的資本承擔如下：

- (b) 於二零一八年六月三十日，有關辦公室及零售店租金的不可撤銷經營租約項下須償還的未來最低租賃付款總額如下：

租約一般初步為期一年至五年不等，可選擇於所有條款重新磋商時續期。該等租約均不包括或然租金。

Notes to the Unaudited Interim Financial Report (Continued)

未經審核中期財務報告附註(續)

(Expressed in Renminbi unless otherwise indicated) (除另有指示外，以人民幣列示)

23 MATERIAL RELATED PARTY TRANSACTIONS

The Group entered into the following significant related party transactions during the periods presented.

(a) Name and relationship with related parties

During the periods presented, the directors are of the view that related parties of the Group include the following entity:

Name of party 關聯方名稱

Relationship 關係

Zhangping Jiupengxi Ecological Tourism
Development Company Limited
("Jiupengxi")
漳平市九鵬溪生態旅遊發展有限責任公司
(「九鵬溪」)

A private company controlled by Wu Zheyuan.
Wu Zheyuan is the ultimate controlling shareholder
and a director of the Company.
吳哲彥控制的私營公司。吳哲彥為本公司最終控股
股東及董事。

Jiangxi Lvyuan Trading Co., Ltd. ("Lvyuan")
江西綠源貿易有限公司(「綠源」)

An associate of the Group.
本集團之聯營公司。

Longyan Deliyuan Biomass Energy Co., Ltd.
("Deliyuan")
龍岩市得利源生物能源有限公司(「得利源」)

An associate of the Group.
本集團之聯營公司。

Xiamen Zhonglisheng Trading Co., Ltd.
("Zhonglisheng")
廈門中利盛貿易有限公司(「中利盛」)

An associate of the Group.
本集團之聯營公司。

Fujian Longyan Zhangping Weston Wood
Component and Material Company Limited
福建省龍岩市漳平威斯頓木結構材料有限公司

An associate of the Group.
本集團之聯營公司。

The English translation of the name is for reference only.
The official name of this related party is in Chinese.

英文譯名僅供參考，此關聯方的正式名
稱以中文為準。

23 重大關聯方交易

本集團於呈報期間訂立下列重大關聯方交易。

(a) 關聯方名稱及與關聯方的關係

於呈報期間，董事認為，本集團的關聯
方包括下列實體：

Notes to the Unaudited Interim Financial Report (Continued)

未經審核中期財務報告附註(續)

(Expressed in Renminbi unless otherwise indicated) (除另有指示外，以人民幣列示)

23 MATERIAL RELATED PARTY TRANSACTIONS (Continued)

(b) Significant related party transactions

Particulars of significant related party transactions during the periods presented are as follows:

23 重大關聯方交易(續)

(b) 重大關聯方交易

呈報期間內重大關聯方交易的詳情如下：

		Six months ended 30 June	
		截至六月三十日止六個月	
		2018	2017
		二零一八年	二零一七年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Sales of wooden products to Lvyuan	向綠源銷售木製品	468	653
Sales of wooden products to Weston Wood	向威斯特頓銷售木製品	5,442	—
Sales of renewable energy products to Weston Wood	向威斯特頓銷售再生能源產品	13	—
Sales of fixed assets to Weston Wood	向威斯特頓出售固定資產	266	—
Purchase of raw materials from Weston Wood	向威斯特頓採購原材料	21,173	—

The directors confirm that the above sales and purchase transactions are entered into with trading terms similar to those with third parties.

董事確認，上述買賣交易乃以與彼等與第三方訂立的類似交易條款訂立。

(c) Amount due to a related company

(c) 應付關聯公司款項

		At 30 June 2018	At 31 December 2017
		於二零一八年六月三十日	於二零一七年十二月三十一日
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Amount due to Jiupengxi	應付九鵬溪款項	283	283
		283	283

The amount due to a related company was arisen from normal sales transactions. It was unsecured, interest-free and expected to be settled according to credit term which is similar to that with third parties.

應付關聯公司款項乃源自一般銷售交易。該等款項為無抵押、免息及預期將根據其與第三方所訂立類似的信用條款償付。

Notes to the Unaudited Interim Financial Report (Continued)

未經審核中期財務報告附註(續)

(Expressed in Renminbi unless otherwise indicated) (除另有指示外，以人民幣列示)

23 MATERIAL RELATED PARTY TRANSACTIONS (Continued)

(d) Key management personnel remuneration

Remuneration for key management personnel of the Group is as follows:

23 重大關聯方交易(續)

(d) 主要管理層人員薪酬

本集團主要管理層人員薪酬如下：

		Six months ended 30 June	
		截至六月三十日止六個月	
		2018	2017
		二零一八年	二零一七年
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Short-term employee benefits	短期僱員福利	800	1,774
Retirement scheme contributions	退休計劃供款	11	20
		811	1,794

24 COMPARATIVE FIGURES

The group has initially applied IFRS 15 and IFRS 9 at 1 January 2018. Under the transition methods chosen, comparative information is not restated. Further details of the changes in accounting policies are disclosed in note 2.

24 比較數字

本集團已於二零一八年一月一日首次應用國際財務報告準則第15號及國際財務報告準則第9號。根據所選擇的過渡方式，比較資料並無重列。有關會計政策變動的進一步詳情於附註2中披露。



**China Environmental Technology And
Bioenergy Holdings Limited**
中科生物控股有限公司

DIVIDENDS

The Board did not recommend the payment of an interim dividend for the six months ended 30 June 2018 to the shareholders.

PUBLICATION OF 2018 INTERIM REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This announcement is also published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.merrygardenholdings.com), and the 2018 interim report of the Company containing all the information required by the Listing Rules will be dispatched to shareholders and published on the respective websites of the Company and the Stock Exchange in due course.

APPRECIATION

I would like to take this opportunity to express my thanks and gratitude to the Group's management and staff who dedicated their endless efforts and devoted services, and to our shareholders, suppliers, customers and bankers for their continuous support.

On behalf of the Board of
China Environmental Technology and Bioenergy Holdings Limited
Xie Qingmei
Chairlady

Hong Kong, 31 August 2018

As at the date of this announcement, the executive directors of the Company are Ms. Xie Qingmei and Mr. Wu Zheyang, the non-executive director of the Company is Mr. Wu Dongping and the independent non-executive directors of the Company are Mr. Lam Hin Chi, Prof. Jin Zhongwei and Prof. Su Wenqiang.