



Yongsheng Advanced Materials Company Limited 永盛新材料有限公司

(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 : 3608

Interim Report
中期報告

2018

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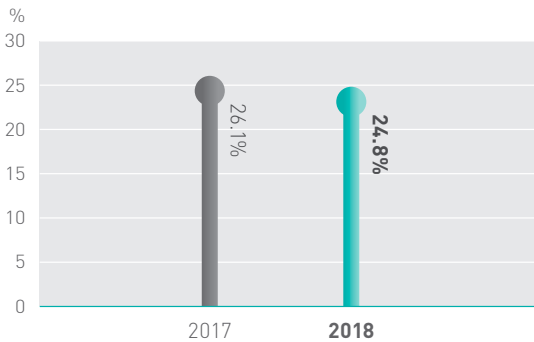
Financial Highlight

財務摘要

Statement of Profit or Loss and Other Comprehensive Income	損益及其他全面收入表	For the six months ended 30 June		Changes 變動
		2018 二零一八年	2017 二零一七年	
		RMB million 人民幣百萬元		
Revenue	收益	346.8	329.6	5.2%
Gross profit	毛利	86.1	85.9	0.2%
Profit before tax	除稅前溢利	51.9	59.8	-13.2%
Net profit for the period	期間溢利淨額	43.1	46.8	-7.9%
Profit attributable to shareholders of the Company	本公司股東應佔溢利	41.4	43.3	-4.4%
Earnings per share – Basic	每股盈利 – 基本	RMB0.104 人民幣0.104元	RMB0.108 人民幣0.108元	-3.7%
Dividend per share – interim	每股股息 – 中期	HK\$0.033 港幣0.033元	HK\$0.035 港幣0.035元	-5.7%
Statement of Financial Position	財務狀況表	As at 於		Changes 變動
		30 June 2018 二零一八年 六月三十日	31 December 2017 二零一七年 十二月三十一日	
		RMB million 人民幣百萬元		
Non-current assets	非流動資產	273.6	266.5	2.7%
Current assets	流動資產	566.0	534.4	5.9%
Current liabilities	流動負債	246.2	217.1	13.4%
Net current assets	流動資產淨值	319.8	317.3	0.8%
Non-current liabilities	非流動負債	20.4	19.0	7.4%
Net assets	淨資產	573.0	564.9	1.4%

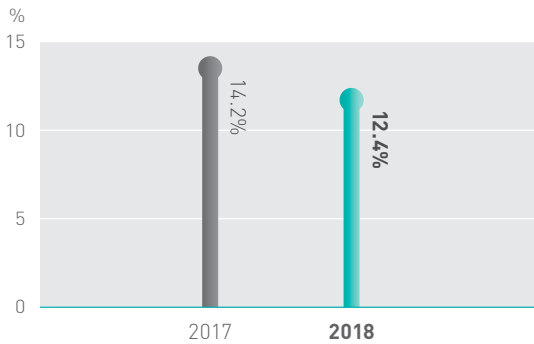
Gross Profit Margin of the Group 集團毛利率

For the six months ended 30 June
截至六月三十日止六個月



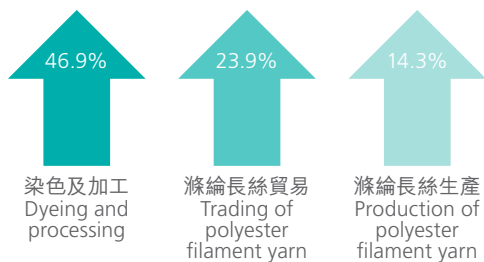
Net Profit Margin of the Group 集團純利率

For the six months ended 30 June
截至六月三十日止六個月



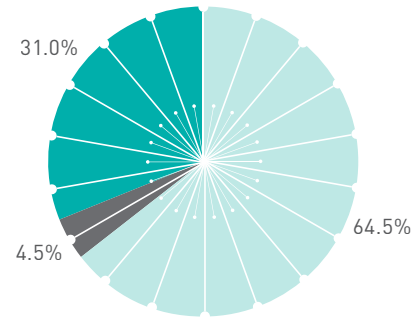
Gross Profit Margin by Business Segment 毛利率按業務分部

For the six months ended 30 June 2018
截至二零一八年六月三十日止六個月



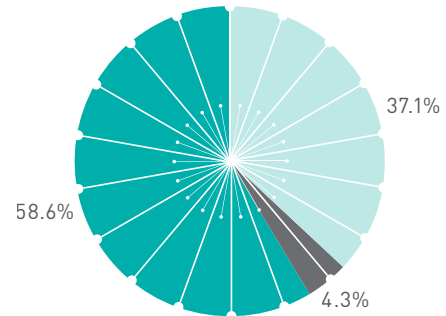
Revenue by Business Segment 業務分部收益佔比

For the six months ended 30 June 2018
截至二零一八年六月三十日止六個月



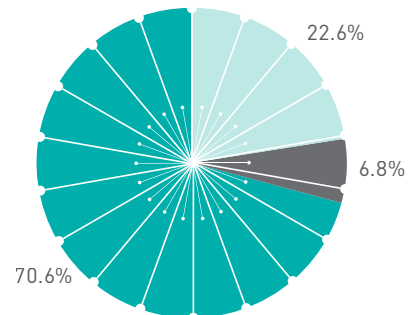
Gross Profit by Business Segment 業務分部毛利佔比

For the six months ended 30 June 2018
截至二零一八年六月三十日止六個月



Operating Profit by Business Segment 業務分部經營溢利佔比

For the six months ended 30 June 2018
截至二零一八年六月三十日止六個月



- Trading of polyester filament yarn
滌綸長絲貿易
- Dyeing and processing
染色及加工
- Polyester filament yarn production
滌綸長絲生產

Corporate Information

公司資料

Board of Directors

Executive Directors

Mr. Li Cheng (*Chairman*)
Mr. Zhao Jidong (*Chief Executive Officer*)
Mr. Li Conghua
Mr. Ma Qinghai

Independent non-executive Directors

Ms. Wong Wai Ling
Mr. Shiping James Wang
Dr. Wang Huaping

Audit Committee

Ms. Wong Wai Ling (*Chairlady*)
Mr. Shiping James Wang
Dr. Wang Huaping

Remuneration Committee

Ms. Wong Wai Ling (*Chairlady*)
Mr. Zhao Jidong
Dr. Wang Huaping

Nomination Committee

Mr. Li Cheng (*Chairman*)
Mr. Shiping James Wang
Dr. Wang Huaping

Authorised Representatives

Mr. Li Cheng
Mr. Zhao Jidong

Company Secretary

Ms. Lo Lok Ting Teresa (Solicitor)

Auditors

Ernst & Young

Legal Advisers as to Hong Kong Laws

Chiu & Partners

董事會

執行董事

李誠先生 (主席)
趙繼東先生 (行政總裁)
李聰華先生
馬青海先生

獨立非執行董事

黃慧玲女士
王世平先生
王華平博士

審核委員會

黃慧玲女士 (主席)
王世平先生
王華平博士

薪酬委員會

黃慧玲女士 (主席)
趙繼東先生
王華平博士

提名委員會

李誠先生 (主席)
王世平先生
王華平博士

授權代表

李誠先生
趙繼東先生

公司秘書

盧樂庭女士 (律師)

核數師

安永會計師事務所

關於香港法律之法律顧問

趙不渝 馬國強律師事務所

Legal Advisers as to PRC Laws

Mr. Wang Shungen of Zhejiang Baoxuan Law Firm

Registered Office

P.O. Box 10008, Willow House, Cricket Square
Grand Cayman, KY1-1001, Cayman Islands

Headquarter and Principal Place of Business in Hong Kong

Unit C2, 29th Floor, Tower 1,
Admiralty Centre, No. 18 Harcourt Road, Admiralty, Hong Kong

Company's Website

www.chinaysgroup.com

Stock Code

3608

Principal Share Registrar and Transfer Office in the Cayman Islands

Tricor Services (Cayman Islands) Limited
P.O. Box 10008, Willow House, Cricket Square
Grand Cayman, KY1-1001, Cayman Islands

Hong Kong Branch Share Registrar and Transfer Office

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

Principal Bankers

Bank of China
China CITIC Bank

關於中國法律之法律顧問

浙江寶鉉律師事務所之汪順根律師

註冊辦事處

P.O. Box 10008, Willow House, Cricket Square
Grand Cayman, KY1-1001, Cayman Islands

香港總辦事處及主要營業地點

香港金鐘夏慤道18號海富中心
一座29樓C2室

本公司網址

www.chinaysgroup.com

股份代號

3608

開曼群島股份過戶登記總處

Tricor Services (Cayman Islands) Limited
P.O. Box 10008, Willow House, Cricket Square
Grand Cayman, KY1-1001, Cayman Islands

香港股份過戶登記分處

卓佳證券登記有限公司
香港
皇后大道東183號
合和中心22樓

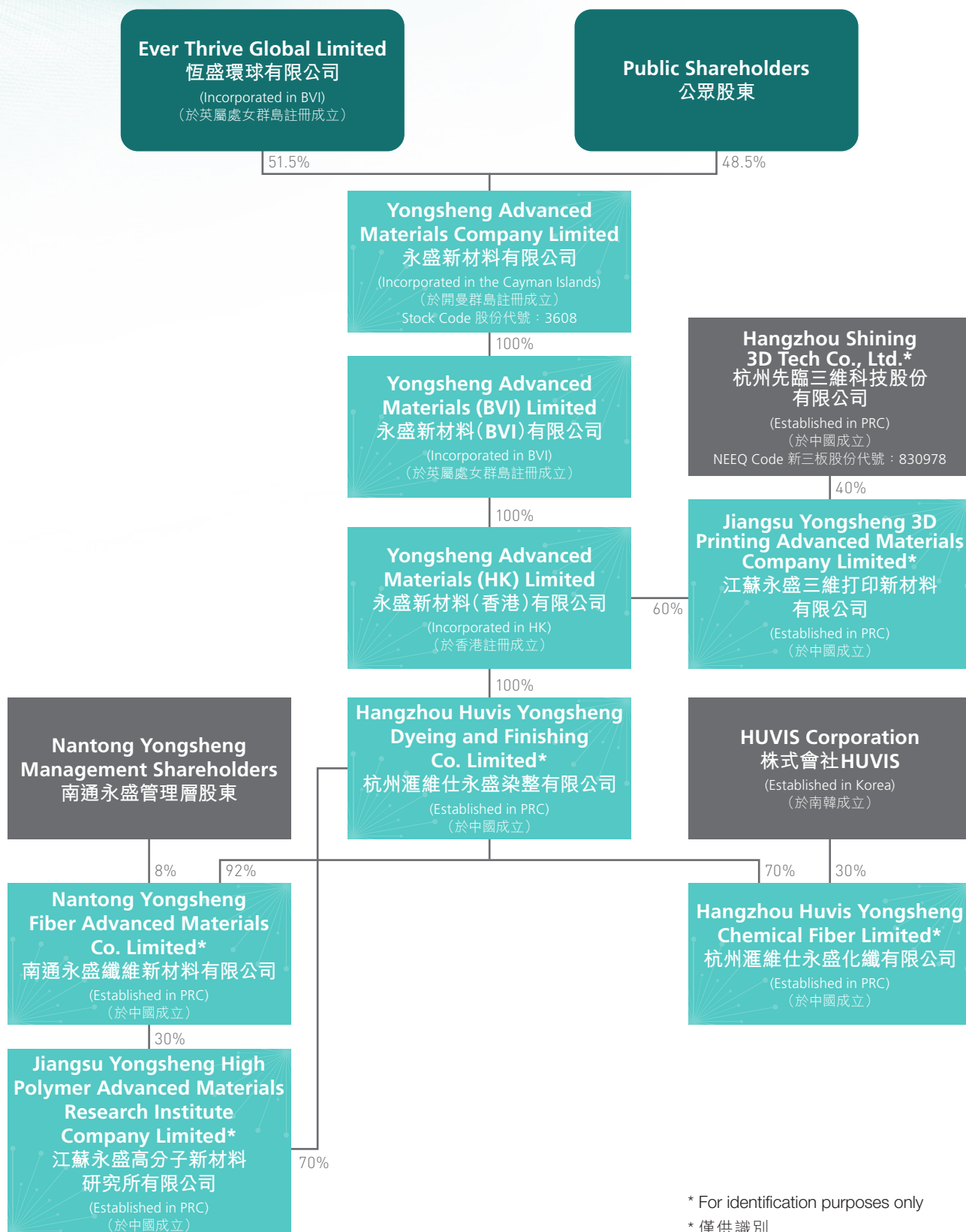
主要往來銀行

中國銀行
中信銀行

Group Structure

集團架構圖

As at 30 June 2018 於二零一八年六月三十日



* For identification purposes only

* 僅供識別

Interim Financial Information

中期財務資料

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Unaudited six months ended 30 June 2018

簡明合併損益表

截至二零一八年六月三十日止六個月未經審核

		Note 附註	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
REVENUE	收益	2	346,792	329,597
Cost of sales	銷售成本		(260,734)	(243,703)
GROSS PROFIT	毛利		86,058	85,894
Other income and gains, net	其他收入及收益淨額	3	7,645	8,848
Selling and distribution expenses	銷售及分銷開支		(5,604)	(3,314)
Administrative expenses	行政開支		(35,640)	(31,319)
Finance costs	融資成本	5	(543)	(263)
PROFIT BEFORE TAX	除稅前溢利	4	51,916	59,846
Income tax expense	所得稅開支	6	(8,781)	(13,087)
PROFIT FOR THE PERIOD	期內溢利		43,135	46,759
Profit attributable to:	以下應佔溢利：			
Shareholder of the Company	本公司股東		41,359	43,342
Non-controlling interests	非控股權益		1,776	3,417
			43,135	46,759
EARNINGS PER SHARE ATTRIBUTABLE TO THE SHAREHOLDERS OF THE COMPANY	本公司股東應佔每股盈利	7		
Basic	基本		RMB人民幣0.104元	RMB人民幣0.108元
Diluted	攤薄		RMB人民幣0.101元	RMB人民幣0.107元

The notes on pages 13 to 43 form part of this interim financial information.

第13頁至第43頁的附註構成本中期財務資料的一部分。

Interim Financial Information (Continued)

中期財務資料 (續)

CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

Unaudited six months ended 30 June 2018

簡明合併其他全面收入表

截至二零一八年六月三十日止六個月未經審核

	Note	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
	附註		
PROFIT FOR THE PERIOD		43,135	46,759
Other comprehensive loss to be reclassified to profit or loss in subsequent periods:	將於往後期間重列為損益的其他全面虧損：		
– Exchange differences on translation of financial statements	– 換算財務報表的匯兌差額	(27)	(1,369)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	期內全面收入總額	43,108	45,390
Total comprehensive income attributable to:	以下應佔全面收入總額：		
Shareholders of the Company	本公司股東	41,332	41,973
Non-controlling interests	非控股權益	1,776	3,417
		43,108	45,390

The notes on pages 13 to 43 form part of this interim financial information. Details of dividends payable to equity shareholders of the Company are set out in note 8.

第13頁至第43頁的附註構成本中期財務資料的一部分。應付本公司權益股東股息的詳情列載於附註8。

CONDENSED CONSOLIDATED BALANCE SHEET

簡明合併資產負債表

			Unaudited 30 June 2018 未經審核 二零一八年 六月三十日 RMB'000 人民幣千元	Audited 31 December 2017 經審核 二零一七年 十二月三十一日 RMB'000 人民幣千元
ASSETS	資產			
Non-current assets	非流動資產			
Property, plant and equipment	物業、廠房及設備	9	201,526	205,339
Prepayments for property, plant and equipment	物業、廠房及設備的預付款項		38,272	26,777
Prepaid land lease payments	預付土地租賃款項		28,115	28,522
Intangible assets	無形資產	9	5,247	5,507
Deferred tax assets	遞延稅項資產		476	369
Total non-current assets	非流動資產總額		273,636	266,514
Current assets	流動資產			
Inventories	存貨	10	92,007	93,175
Trade and bills receivables	貿易應收款項及應收票據	11	223,216	149,986
Prepayments, deposits and other receivables	預付款項、按金及其他應收款項	12	17,781	14,888
Trust loan and other loan receivable	應收委託貸款及其他貸款	13	67,415	50,000
Financial assets at fair value through profit or loss	按公平值計入損益的金融資產	14	123,245	60,600
Amounts due from related parties	應收關連方款項	21(c)	2,800	2,800
Pledged deposits	已抵押存款		3,190	10,150
Cash and cash equivalents	現金及現金等值物		36,365	152,837
Total current assets	流動資產總額		566,019	534,436
Total assets	資產總額		839,655	800,950

Interim Financial Information (Continued)

中期財務資料 (續)

CONDENSED CONSOLIDATED BALANCE SHEET (Continued)

簡明合併資產負債表 (續)

		Note	Unaudited 30 June 2018 未經審核 二零一八年 六月三十日 RMB'000 人民幣千元	Audited 31 December 2017 經審核 二零一七年 十二月三十一日 RMB'000 人民幣千元
LIABILITIES	負債			
Current liabilities	流動負債			
Trade and bills payables	貿易應付款項及應付票據	15	176,538	140,404
Amounts due to related parties	應付關連方款項		57	5
Other payables, advances from customers and accruals	其他應付款項、客戶墊款及 應計款項	16	34,792	48,775
Government grants	政府資助		1,126	1,225
Income tax payable	應付所得稅		9,734	11,734
Interest-bearing bank and other borrowings	計息銀行及其他借貸	17	24,000	15,000
Total current liabilities	流動負債總額		246,247	217,143
Non-current liabilities	非流動負債			
Government grants	政府資助		11,997	12,510
Deferred income tax liabilities	遞延所得稅負債		8,369	6,440
Total non-current liabilities	非流動負債總額		20,366	18,950
Total Liabilities	負債總額		266,613	236,093
EQUITY	權益			
Equity attributable to shareholders of the Company	本公司股東應佔權益			
Share capital	股本	18	3,173	3,173
Share premium	股份溢價	18	158,577	173,359
Other reserves	其他儲備	20	366,465	342,274
			528,215	518,806
Non-controlling interests	非控股權益		44,827	46,051
Total equity	權益總額		573,042	564,857
Total equity and liabilities	權益及負債總額		839,655	800,950

The notes on pages 13 to 43 form part of this interim financial information.

第13頁至第43頁的附註構成本中期財務資料的一部分。

CONDENSED CONSOLIDATED STATEMENT
OF CHANGES IN EQUITY

簡明合併權益變動表

		Unaudited 未經審核							
		Attributable to shareholders of the Company 本公司股東應佔							
		Share capital 股本 RMB'000 人民幣千元	Share premium 股份溢價 RMB'000 人民幣千元	Treasury Shares 庫存股份 RMB'000 人民幣千元	Retained earnings 保留盈利 RMB'000 人民幣千元	Other reserves 其他儲備 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元	Non- controlling interests 非控股權益 RMB'000 人民幣千元	Total equity 權益總額 RMB'000 人民幣千元
As at 1 January 2018	於二零一八年一月一日	3,173	173,359	-	324,130	18,144	518,806	46,051	564,857
Profit for the period	期內溢利	-	-	-	41,359	-	41,359	1,776	43,135
Other comprehensive income for the period:	期內其他全面收入:								
Exchange differences on translation of financial statements	換算財務報表的匯兌差額	-	-	-	-	(27)	(27)	-	(27)
Total comprehensive income for the period	期內全面收入總額	-	-	-	41,359	(27)	41,332	1,776	43,108
Shares repurchase and yet to be cancelled (Note 7)	股份回購且尚未註銷(附註7)	-	-	(17,885)	-	-	(17,885)	-	(17,885)
Dividends paid to shareholders of the Company	向本公司股東支付股息	-	(14,782)	-	-	-	(14,782)	-	(14,782)
Dividends paid to non-controlling interests	向非控股權益支付股息	-	-	-	-	-	-	(3,000)	(3,000)
Equity-settled share option arrangements	股權結算購股權安排	-	-	-	-	744	744	-	744
As at 30 June 2018	於二零一八年六月三十日	3,173	158,577	(17,885)	365,489	18,861	528,215	44,827	573,042
As at 1 January 2017	於二零一七年一月一日	3,165	195,859	-	245,370	3,674	448,068	49,145	497,213
Profit for the period	期內溢利	-	-	-	43,342	-	43,342	3,417	46,759
Other comprehensive income for the period:	期內其他全面收入:								
Exchange differences on translation of financial statements	換算財務報表的匯兌差額	-	-	-	-	(1,369)	(1,369)	-	(1,369)
Total comprehensive income for the period	期內全面收入總額	-	-	-	43,342	(1,369)	41,973	3,417	45,390
Dividends paid to shareholders of the Company	向本公司股東支付股息	-	(12,151)	-	-	-	(12,151)	-	(12,151)
Dividends paid to non-controlling interests	向非控股權益支付股息	-	-	-	-	-	-	(9,000)	(9,000)
Equity-settled share option arrangements	股權結算購股權安排	-	-	-	-	2,310	2,310	-	2,310
As at 30 June 2017	於二零一七年六月三十日	3,165	183,708	-	288,712	4,615	480,200	43,562	523,762

(i) During the six months ended 30 June 2018 (“Period under Review”), from 18 May 2018 to 7 June 2018, the Company repurchased a total of 8,000,000 ordinary shares on The Stock Exchange of Hong Kong Limited (“Stock Exchange”) at an aggregate consideration (before expense) of HK\$21,968,925, which amounted to approximately RMB17,885,000. All the repurchased shares were subsequently cancelled on 5 July 2018, which led to the decrease in share capital and share premium of approximately RMB65,000 and RMB17,820,000, respectively.

(i) 於截至二零一八年六月三十日止六個月(「回顧期間」),自二零一八年五月十八日至二零一八年六月七日,本公司於香港聯合交易所有限公司(「聯交所」)購回合共8,000,000股普通股,總代價(扣除開支前)為21,968,925港元(相當於人民幣17,885,000元)。所有已購回股份其後已於二零一八年七月五日註銷,導致股本及股份溢價分別減少約人民幣65,000元及人民幣17,820,000元。

The notes on pages 13 to 43 form part of this interim financial information.

第13頁至第43頁的附註構成本中期財務資料的一部分。

Interim Financial Information (Continued)

中期財務資料 (續)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

簡明合併現金流量表

		Unaudited 未經審核	
		2018 30 June 二零一八年 六月三十日 RMB'000 人民幣千元	2017 30 June 二零一七年 六月三十日 RMB'000 人民幣千元
Net cash flows from operating activities	經營活動所得現金流量淨額	30,557	54,424
Net cash flows used in investing activities	投資活動所用現金流量淨額	(122,458)	(60,133)
Net cash flows used in financing activities	融資活動所用現金流量淨額	(24,544)	(6,414)
NET DECREASE IN CASH AND CASH EQUIVALENTS	現金及現金等值物減少淨額	(116,445)	(12,123)
Cash and cash equivalents at beginning of the period	期初現金及現金等值物	152,837	67,362
Effect of foreign exchange rate changes, net	外匯匯率變動的影響淨額	(27)	(1,252)
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	期末現金及現金等值物	36,365	53,987

The notes on pages 13 to 43 form part of this interim financial information.

第13頁至第43頁的附註構成本中期財務資料的一部分。

NOTES TO CONDENSED CONSOLIDATED FINANCIAL INFORMATION

(Expressed in Renminbi unless otherwise indicated)

1. BASIS OF PREPARATION AND CHANGE TO THE GROUP'S ACCOUNTING POLICIES

1.1 Basis of preparation

The unaudited condensed consolidated interim financial information for the six months ended 30 June 2018 has been prepared in accordance with International Accounting Standard (“IAS”) 34, “Interim Financial Reporting”, issued by the International Accounting Standards Board (“IASB”).

The preparation of the unaudited condensed consolidated interim financial information 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.

The unaudited condensed consolidated interim financial information includes the financial information of the Company and its subsidiaries, Yongsheng Advanced Materials (BVI) Limited, Yongsheng Advanced Materials (HK) Limited (“Yongsheng Hong Kong”), Nantong Yongsheng Fiber Advanced Materials Company Limited (“Nantong Yongsheng”), Hangzhou Huvis Yongsheng Chemical Fiber Company Limited (“Yongsheng Chemical Fiber”), Hangzhou Huvis Yongsheng Dyeing and Finishing Company Limited (“Yongsheng Dyeing”), Jiangsu Yongsheng 3D Printing Advanced Materials Company Limited (“Yongsheng 3D Printing”) and Jiangsu Yongsheng High Polymer Advanced Materials Research Institute Company Limited (“High Polymer Research Institute”). During the Period under Review, the direct/indirect percentage holding remain the same with the Group's financial statements for the year ended 31 December 2017.

The unaudited condensed consolidated interim financial information should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2017, with an unqualified auditor's report reported by the Company's auditor. The Group's policies on financial risk management were set out in the financial statements included in the Company's 2017 Annual Report and there have been no significant changes in the financial risk management policies for the six months ended 30 June 2018.

簡明合併財務資料附註

(除另有說明外，以人民幣計值)

1. 編製基準及本集團會計政策變動

1.1 編製基準

截至二零一八年六月三十日止六個月的未經審核簡明合併中期財務資料乃根據國際會計準則委員會(「國際會計準則委員會」)所頒佈的國際會計準則(「國際會計準則」)第34號「中期財務報告」編製。

編製符合國際會計準則第34號的未經審核簡明合併中期財務資料要求管理層作出會影響政策應用以及年內至今資產與負債、收入與開支的申報金額的判斷、估計及假設。實際結果可能與此等估計有所不同。

未經審核簡明合併中期財務資料包括本公司及其附屬公司、永盛新材料(BVI)有限公司、永盛新材料(香港)有限公司(「永盛香港」)、南通永盛纖維新材料有限公司(「南通永盛」)、杭州滙維仕永盛化纖有限公司(「永盛化纖」)、杭州滙維仕永盛染整有限公司(「永盛染整」)、江蘇永盛三維打印新材料有限公司(「永盛三維打印」)及江蘇永盛高分子新材料研究所有限公司(「高分子研究所」)的財務資料。於回顧期間，直接/間接持股比例與本集團截至二零一七年十二月三十一日止年度的財務報表相同。

未經審核簡明合併中期財務資料應與本集團截至二零一七年十二月三十一日止年度的年度財務報表及由本公司核數師呈報的無保留的核數師報告一併閱讀。本集團的財務風險管理政策已載列於本公司二零一七年年報所載的財務報表內，而截至二零一八年六月三十日止六個月，財務風險管理政策並無重大改變。

Interim Financial Information (Continued)

中期財務資料 (續)

1. BASIS OF PREPARATION AND CHANGE TO THE GROUP'S ACCOUNTING POLICIES (Continued)

1.1 Basis of preparation (Continued)

The Group's unaudited condensed consolidated interim financial information contains condensed 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 annual financial statements for the year ended 31 December 2017. The unaudited condensed consolidated interim financial information and notes thereon do not include all of the information required for a full set of financial statements prepared in accordance with International Financial Reporting Standards ("IFRSs").

The financial information relating to the financial year 31 December 2017 that is included in the interim financial information 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.

1.2 New standard, interpretations and amendments adopted by the Group

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 31 December 2017, except for the adoption of new standards and interpretations effective as of 1 January 2018. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The Group applies, for the first time, IFRS 15 *Revenue from contracts with customers* and IFRS 9 *Financial Instruments*. As required by IAS 34, the nature and effect of these changes are disclosed below.

Several other amendments and interpretations apply for the first time in 2018, but do not have an impact on the interim condensed financial statements of the Group.

1. 編製基準及本集團會計政策變動 (續)

1.1 編製基準 (續)

本集團的未經審核簡明合併中期財務資料包括簡明合併財務報表及經選定的解釋附註。附註載有對理解本集團截至二零一七年十二月三十一日止之年度財務報表以來的財務狀況及表現變動有重大意義的事項及交易的解釋。未經審核簡明合併中期財務資料及其附註並不包括根據國際財務報告準則（「國際財務報告準則」）編製整套財務報表要求的所有資料。

雖然中期財務資料載有截至二零一七年十二月三十一日止財政年度的財務資料以作為比較資料，惟該等比較資料並不構成本公司在該財政年度的法定年度合併財務報表，但這些財務資料均取自有關的財務報表。

1.2 本集團採納的新訂準則、詮釋及修訂

除採納自二零一八年一月一日起生效的新訂準則及詮釋外，編製中期簡明合併財務報表時採用的會計政策與編製本集團截至二零一七年十二月三十一日止年度的年度合併財務報表時所採用者一致。本集團並無提早採納已頒佈但尚未生效的任何其他準則、詮釋或修訂。

本集團首次應用國際財務報告準則第15號來自客戶合約的收入及國際財務報告準則第9號金融工具。根據國際會計準則第34號的規定，該等變動的性質及影響披露如下。

於二零一八年首次應用若干其他修訂及詮釋，惟並無對本集團中期簡明財務報表造成影響。

1. BASIS OF PREPARATION AND CHANGE TO THE GROUP'S ACCOUNTING POLICIES (Continued)

1.2 New standard, interpretations and amendments adopted by the Group (Continued)

IFRS 15 Revenue from contracts with customers

IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related Interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. The new standard establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

The Group adopted IFRS 15 using the modified retrospective method of adoption. The Group applied IFRS 15 to contracts that are initiated after the effective date and contracts that had remaining obligations as of the effective date. In respect of the prior periods, the Group retain prior period's figures as reported under the previous standards, recognising the cumulative effect of applying IFRS 15 as an adjustment to the opening balance of equity as at 1 January 2018. The Group concluded that the transition adjustment to be made on 1 January 2018 to Retained earnings upon initial adoption of IFRS 15 is nil. It is because the Group recognizes revenue upon transfer of significant risks and rewards, generally on delivery of the product, which coincides with the fulfillment of performance obligations. Additionally, the Group's contracts with the customers generally has only one performance obligation.

1. 編製基準及本集團會計政策變動 (續)

1.2 本集團採納的新訂準則、詮釋及修訂 (續)

國際財務報告準則第15號來自客戶合約的收入

國際財務報告準則第15號取代國際會計準則第11號建築合約、國際會計準則第18號收入及相關詮釋，且其應用於客戶合約產生之所有收入，除非該等合同屬於其他準則範圍。新準則確立一個五步模式，以將來自客戶合約的收入入賬。根據國際財務報告準則第15號，收入按能反映實體預期就向客戶轉讓貨物或服務而有權在交換中獲取的代價金額進行確認。

該準則要求實體作出判斷，並計及於將該模式之各步驟應用於其客戶合約時的所有相關事實及情況。該準則亦訂明將獲得合約的增量成本及與履行合約直接相關的成本入賬。

本公司透過採用經修訂的追溯法採納國際財務報告準則第15號。本集團將國際財務報告準則第15號應用於生效日之後創建的合約，以及截至生效日仍有剩餘義務的合約。就過往期間而言，本集團保留使用之前的準則出具報告的過往期間數據，並將應用國際財務報告準則第15號的累計影響確認為二零一八年一月一日的期初權益結餘調整。本集團認為，初步應用國際財務報告準則第15號對保留盈利在二零一八年一月一日做出的過渡性調整為零。這是因為本集團在重大風險以及報酬轉移之後（通常於交付產品時）才確認收入，這與履行履約責任貫徹一致。此外，本集團客戶合約通常只包含一項履行責任。

Interim Financial Information (Continued)

中期財務資料 (續)

1. BASIS OF PREPARATION AND CHANGE TO THE GROUP'S ACCOUNTING POLICIES (Continued)

1.2 New standard, interpretations and amendments adopted by the Group (Continued)

IFRS 15 Revenue from contracts with customers (Continued)

Generally, the Group receives short-term advances from its customers, under the adoption of IFRS 15, for short-term advances, the Group used the practical expedient. As such, the Group will not adjust the promised amount of the consideration for the effects of a financing component in contracts. Prior to the adoption of IFRS 15, the Group represented these advances in “advances from customers”, upon the adoption of IFRS15, the Group reclassified these advances to “contract liabilities” included in the other payables, advances from customers and accruals in the consolidated statement of financial position.

IFRS 9 Financial Instruments

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement, impairment, and hedge accounting.

With the exception of hedge accounting, which the Group applied prospectively, the Group do not restate comparative information and recognise any transition adjustments against the opening balance of equity at 1 January 2018.

1. 編製基準及本集團會計政策變動 (續)

1.2 本集團採納的新訂準則、詮釋及修訂 (續)

國際財務報告準則第15號來自客戶合約的收入 (續)

通常情況下，本集團從客戶處收取短期墊款。應用國際財務報告準則第15號後，對於短期墊款，本集團採用適宜的實用方法。因此，本集團將不因合約的融資部分的影响對承諾對價進行調整。採納國際財務報告準則第15號前，本集團在「客戶墊款」內呈列該等墊款。採納國際財務報告準則第15號後，本集團將該等墊款重新分類至計入合併財務狀況報表其他應付款項、客戶墊款及應計款項的「合約負債」。

國際財務報告準則第9號金融工具

自二零一八年一月一日或之後開始的會計期間起，國際財務報告準則第9號金融工具取代國際會計準則第39號金融工具：確認與計量，該準則合併了金融工具：分類和計量、減值以及套期會計三個方面的會計處理。

除對套期會計處理採用未來適用法，本集團並未就於二零一八年一月一日的期初權益結餘重述比較資料及確認任何過渡調整。

1. BASIS OF PREPARATION AND CHANGE TO THE GROUP'S ACCOUNTING POLICIES (Continued)

1.2 New standard, interpretations and amendments adopted by the Group (Continued)

IFRS 9 Financial Instruments (Continued)

The impacts relate to the classification and measurement and the impairment requirements and are summarised as follows:

(a) *Classification and measurement*

Except for certain trade receivables, under IFRS 9, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Under IFRS 9, debt financial instruments are subsequently measured at fair value through profit or loss (FVPL), amortised cost, or fair value through other comprehensive income (FVOCI). The classification is based on two criteria: the Group's business model for managing the assets; and whether the instruments' contractual cash flows represent "solely payments of principle and interest" on the principle amount outstanding (the "SPPI" criterion).

The new classification and measurement of the Group's financial assets is, as follow:

Debt instruments at amortised cost for the financial assets that are held within a business mode with the objective to hold the financial assets in order to collect contractual cash flows that meet the SPPI criterion. This category includes the Group's trade and bills receivables, financial assets included in prepayment, deposits and other receivables, pledged deposits, loan receivables and amount due from related parties.

1. 編製基準及本集團會計政策變動 (續)

1.2 本集團採納的新訂準則、詮釋及修訂 (續)

國際財務報告準則第9號金融工具 (續)

與減值規定之分類及計量有關之影響概述如下：

(a) *分類和計量*

除特定貿易應收款項外，根據國際財務報告準則第9號，本集團以其公平值加（倘並非為按公平值計入損益的金融資產）交易費成本初步計量該金融資產。

根據國際財務報告準則第9號，債務性金融工具在後續計量中可按公平值計入損益、攤銷成本或按公平值計入其他全面收入。該分類基於兩項標準：本集團管理該資產的業務模式；及該工具的合約現金流是否反映了對未償付本金「僅支付本金及利息」（「SPPI標準」）。

本集團金融資產的新分類和計量如下：

對於以持有該金融資產獲取符合SPPI標準之合約現金流量為目的之業務模式下所持有之金融資產而言，劃分為按攤銷成本計量之債務工具。該分類包括本集團之貿易應收款項及應收票據、計入預付款項、按金及其他應收款項的金融資產、已抵押存款、應收貸款及應收關連方款項。

1. BASIS OF PREPARATION AND CHANGE TO THE GROUP'S ACCOUNTING POLICIES (Continued)

1.2 New standard, interpretations and amendments adopted by the Group (Continued)

IFRS 9 Financial Instruments (Continued)

(a) Classification and measurement (Continued)

Financial assets at FVPL comprise the debt instruments whose cash flow characteristics fail to the SPPI criterion or are not held within a business mode whose objective is either to collect contractual cash flows, or both collect contractual cash flows and sell.

The assessment of the Group's business models was made as of the date of initial application, 1 January 2018, and then applied retrospectively to those financial assets that were not derecognised before 1 January 2018. The assessment of whether contractual cash flows on debt instruments are solely comprised of principle and interest was made based on the facts and circumstances as at the initial recognition of the assets.

The accounting for the Group's financial liabilities remains the same as it was under IAS 39.

(b) Impairment

The adoption of IFRS9 has fundamentally changed the Group's accounting for impairment losses for financial assets by replacing IAS 39's incurred loss approach with a forward-looking expected credit loss (ECL) approach.

IFRS 9 requires the Group to record an allowance for ECLs for all loans and debt financial assets not held at FVPL.

1. 編製基準及本集團會計政策變動 (續)

1.2 本集團採納的新訂準則、詮釋及修訂 (續)

國際財務報告準則第9號金融工具 (續)

(a) 分類和計量 (續)

按公平值計入損益的金融資產包括現金流量特徵未能符合SPPI標準的債務工具或並未於以收取合約現金流量或收取合約現金流量並出售為目標的業務模式內持有的債務工具。

本集團於二零一八年一月一日初步應用時，對其業務模式進行了評估，並追溯應用至對二零一八年一月一日前未終止確認的金融資產。對債務類工具的合約現金流量是否滿足僅包含本金及利息的評估，需根據該資產初始確認時的事實和情況作出判斷。

本集團對金融負債的會計政策與應用國際會計準則第39號時基本類似。

(b) 減值

國際財務報告準則第9號的應用根本性地改變了本集團對金融資產的減值虧損會計處理，由國際會計準則第39號已發生虧損法轉換為前瞻性的預計信貸虧損法。

本集團按照國際財務報告準則第9號要求，對所有貸款及並非按公平值計入損益的債務金融資產按照預計信貸虧損法計提準備。

1. BASIS OF PREPARATION AND CHANGE TO THE GROUP'S ACCOUNTING POLICIES (Continued)

1.2 New standard, interpretations and amendments adopted by the Group (Continued)

IFRS 9 Financial Instruments (Continued)

(b) Impairment (Continued)

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive. The shortfall is then discounted at an approximation to asset's original effective interest rate.

For the trade receivables, other receivables, amount due from related parties and financial assets included in prepayment, deposits and other receivables the Group has applied the standard's simplified approach and has calculated ECLs based on lifetime expected credit losses. The Group has established a provision matrix that is based on the Group's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For other debt instruments (ie Loan receivables), the ECL is based on the 12-month ECL. The 12-month ECL is the portion of lifetime ECLs that results from default events on a financial instruments that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk investments, it is the Group's policy to measure such instruments on a 12-month ECL basis. In all cases, the Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

1. 編製基準及本集團會計政策變動 (續)

1.2 本集團採納的新訂準則、詮釋及修訂 (續)

國際財務報告準則第9號金融工具 (續)

(b) 減值 (續)

預計信貸虧損法是基於合同規定的到期合約現金流量與本集團預期收到的現金流量的差異。該差額其後按資產原有實際利率相近的差額貼現。

對於貿易應收款項、其他應收款項、應收關連方款項及計入預付款項、按金及其他應收款項的金融資產，本集團採用準則中的簡化方法並根據年期預期信貸虧損計算預計信貸虧損。本集團以歷史信貸虧損經驗為基礎建立了準備矩陣，並按照債務人及經濟環境的前瞻性因素做出調整。

對於其他債務工具（即應收貸款）而言，預計信貸虧損是基於12個月預計信貸虧損。12個月預計信貸虧損是在報告日期結束後12個月內有可能發生違約的金融工具導致的整個年期預計信貸虧損的一部分。但是，當信貸風險投資顯著增加時，本集團的政策為根據12個月預計信貸虧損計量該工具。本集團認為，在所有情況下，當合約付款逾期超過三十天時，則信貸風險顯著增加。

Interim Financial Information (Continued)

中期財務資料 (續)

1. BASIS OF PREPARATION AND CHANGE TO THE GROUP'S ACCOUNTING POLICIES (Continued)

1.2 New standard, interpretations and amendments adopted by the Group (Continued)

IFRS 9 Financial Instruments (Continued)

(b) Impairment (Continued)

The Group considers a financial asset in default when contractual payment are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account of any credit enhancements held by the Group.

The Group concluded that the adoption of the ECL requirements of IFRS 9 did not result in any impact on the amounts reported in the opening balance sheet on 1 January 2018 and the financial information during the six months ended 30 June 2018.

2. REVENUE AND OPERATING SEGMENT INFORMATION

(i) Revenue

Revenue represents the net invoiced value of services provided and goods sold, after allowances for return and trade discounts during the year.

1. 編製基準及本集團會計政策變動 (續)

1.2 本集團採納的新訂準則、詮釋及修訂 (續)

國際財務報告準則第9號金融工具 (續)

(b) 減值 (續)

本集團認為，當合約付款逾期90天時，則金融資產違約。然而於若干情況下，倘內部或外部資料顯示，本集團於未計及本集團持有的任何信貸提升前可能無法悉數收回未償還合約金額，則本集團亦可認為金融資產違約。

本集團認為，採納國際財務報告準則第9號預計信貸虧損規定並無導致對於二零一八年一月一日之期初資產負債表所呈報的金額以及截至二零一八年六月三十日止六個月的財務資料造成任何影響。

2. 收益及經營分部資料

(i) 收益

收益指於年內扣除退貨及貿易折扣撥備後，已提供服務及已出售貨品的發票淨值。

2. REVENUE AND OPERATING SEGMENT INFORMATION (Continued)

(ii) Operating segment information

For management purposes, the Group is organised into business units based on their products and services and has three reportable operating segments as follows:

- Production: Production of polyester filament yarns ("PFY");
- Processing: Dyeing and processing of differentiated polyester filament fabric;
- Trading: Trading of PFY

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit before tax without allocation of interest income/(costs) and other expenses which are not occurred directly for operating segments.

Segment assets exclude corporate cash and deferred tax assets as these assets are managed on a group basis.

Segment liabilities exclude corporate accruals, payroll payable, deferred tax liabilities and income tax payable as these liabilities are managed on a group basis.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

No further geographical segment information is presented as the Group's revenue from external customers is derived mainly from its operation in Mainland China and no non-current assets are located outside Mainland China.

2. 收益及經營分部資料 (續)

(ii) 經營分部資料

為方便管理，本集團按照其產品及服務劃分業務單元，可分為以下三個可報告經營分部：

- 生產： 生產滌綸長絲
(「滌綸長絲」)；
- 加工： 差別化滌綸面料染色及加工；
- 貿易： 買賣滌綸長絲

管理層獨立審視本集團經營分部的業績，以就分配資源及評估表現作出決定。分部表現按照未劃撥利息收入／(成本)的除稅前溢利及並非直接就經營分部產生的其他開支進行評估。

分部資產不包括公司現金及遞延稅項資產，原因是該等資產乃在集團層面管理。

分部負債不包括公司應計款項、應付工資、遞延稅項負債及應付所得稅，原因是該等負債乃在集團層面管理。

分部間的銷售及轉撥乃參考按當時市場現行價格向第三方進行銷售所用售價。

由於本集團來自外界客戶的收益主要源於其在中國大陸的業務及並無非流動資產位於中國大陸境外，故並無進一步呈列地區分部資料。

Interim Financial Information (Continued)

中期財務資料 (續)

2. REVENUE AND OPERATING SEGMENT INFORMATION (Continued)

(ii) Operating segment information (Continued)

		Unaudited six months ended 30 June 2018 截至二零一八年六月三十日止六個月未經審核			
		Production 生產 RMB'000 人民幣千元	Processing 加工 RMB'000 人民幣千元	Trading 貿易 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Segment revenue	分部收益				
Sales to external customers	銷售予外界客戶	223,706	107,492	15,594	346,792
Revenue	收益				346,792
Segment gross profit	分部毛利	31,953	50,376	3,729	86,058
Segment results	分部業績	12,448	38,821	3,729	54,998
<i>Reconciliations:</i>	<i>對賬:</i>				
Corporate and other unallocated expenses	公司及其他未分配開支				(8,807)
Interest income	利息收入				6,268
Finance costs	融資成本				(543)
Profit before tax	除稅前溢利				51,916

		As at 30 June 2018 於二零一八年六月三十日			
		Production 生產 RMB'000 人民幣千元	Processing 加工 RMB'000 人民幣千元	Trading 貿易 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Segment assets	分部資產	465,862	417,854	-	883,716
<i>Reconciliations:</i>	<i>對賬:</i>				
Corporate and other unallocated assets	公司及其他未分配資產				21,880
Elimination of intersegment receivables	抵銷分部間的應收款項				(65,941)
Total assets	總資產				839,655
Segment liabilities	分部負債	248,690	55,769	-	304,459
<i>Reconciliations:</i>	<i>對賬:</i>				
Corporate and other unallocated liabilities	公司及其他未分配負債				28,095
Elimination of intersegment payables	抵銷分部間的應付款項				(65,941)
Total liabilities	總負債				266,613

2. REVENUE AND OPERATING SEGMENT INFORMATION (Continued)

(ii) Operating segment information (Continued)

2. 收益及經營分部資料 (續)

Unaudited six months ended 30 June 2017
截至二零一七年六月三十日止六個月未經審核

		Production 生產 RMB'000 人民幣千元	Processing 加工 RMB'000 人民幣千元	Trading 貿易 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Segment revenue	分部收益				
Sales to external customers	銷售予外界客戶	229,795	92,265	7,537	329,597
Revenue	收益				329,597
Segment gross profit	分部毛利	42,449	42,679	766	85,894
Segment results	分部業績	34,369	30,025	766	65,160
<i>Reconciliations:</i>	<i>對賬:</i>				
Corporate and other unallocated expenses	公司及其他未分配開支				(11,582)
Interest income	利息收入				6,531
Finance costs	融資成本				(263)
Profit before tax	除稅前溢利				59,846

As at 31 December 2017
於二零一七年十二月三十一日

		Production 生產 RMB'000 人民幣千元	Processing 加工 RMB'000 人民幣千元	Trading 貿易 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Segment assets	分部資產	469,137	461,576	-	930,713
<i>Reconciliations:</i>	<i>對賬:</i>				
Corporate and other unallocated assets	公司及其他未分配資產				26,061
Elimination of intersegment receivables	抵銷分部間的應收款項				(155,824)
Total assets	總資產				800,950
Segment liabilities	分部負債	116,884	240,561	-	357,445
<i>Reconciliations:</i>	<i>對賬:</i>				
Corporate and other unallocated liabilities	公司及其他未分配負債				34,472
Elimination of intersegment payables	抵銷分部間的應付款項				(155,824)
Total liabilities	總負債				236,093

Interim Financial Information (Continued)

中期財務資料 (續)

3. OTHER INCOME AND GAINS, NET

3. 其他收入及收益淨額

		Unaudited	
		未經審核	
		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
Bank and other interest income	銀行及其他利息收入	505	500
Fair value gains on financial assets designated as at fair value through profit or loss	指定按公平值計入損益的金融資產的公平值收益	5,763	6,031
Rental income	租金收入	255	255
Government grants	政府資助	2,097	1,632
Foreign exchange differences, net	匯兌差額淨額	(221)	(314)
Loss on disposal of property, plant and equipment, net	出售物業、廠房及設備的虧損淨額	(212)	(7)
Others	其他	(542)	751
		7,645	8,848

4. PROFIT BEFORE TAX

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

4. 除稅前溢利

除所得稅前溢利經扣減/(計入)以下各項後得出:

		Unaudited 未經審核	
		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
Changes in inventories of finished goods and work in progress	製成品及在製品的存貨變動	35,590	5,429
Raw materials consumed and consumable used	所耗用原材料及所採用消耗品	243,395	232,744
Employee benefit expenses (including directors' and chief executive emoluments)	僱員福利開支 (包括董事及高管酬金)		
Salaries, bonus and other welfares (including social security insurance)	薪金、花紅及其他福利(包括社會保障保險)	36,078	37,113
Pension scheme contribution (defined contribution plans)	退休金計劃供款(界定供款計劃)	1,128	1,149
Equity settled share-based payments	以權益結算股份為基礎的支出	744	2,310
Research and development costs	研發成本	12,019	7,874
Depreciation and amortisation	折舊及攤銷	10,642	8,492
Provision for impairment of receivables	應收款項減值撥備	-	257
Office rental (operating leases in respect of land and buildings)	辦公室租金(有關土地及樓宇的經營租賃)	252	151
Reversal of provision for write-down of inventories	撥回存貨撇減撥備	(825)	-

Interim Financial Information (Continued)

中期財務資料 (續)

5. FINANCE COSTS

5. 融資成本

		Unaudited 未經審核	
		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
		RMB'000 人民幣千元	RMB'000 人民幣千元
Interest on bank loans, overdrafts and other loans	銀行貸款、透支及其他貸款利息	543	263

6. INCOME TAX EXPENSE

6. 所得稅開支

		Unaudited 未經審核	
		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
		RMB'000 人民幣千元	RMB'000 人民幣千元
Current income tax	即期所得稅		
– Enterprise income tax	– 企業所得稅	6,959	10,712
Deferred income tax	遞延所得稅	1,822	2,375
		8,781	13,087

(a) Hong Kong profits tax

Enterprises incorporated in Hong Kong are subject to profits tax rates of 16.5% (2017: 16.5%).

(a) 香港利得稅

於香港註冊成立的企業須按利得稅率 16.5% (二零一七年: 16.5%) 繳稅。

6. INCOME TAX EXPENSE (Continued)

(b) PRC corporate income tax

Enterprises incorporated in the PRC are generally subject to income tax rates of 25% (2017: 25%) except for enterprises with approval for preferential rate (Note (d) below).

The income tax provision of the Group in respect of its operations in the PRC has been calculated at the applicable tax rate on the estimated assessable profits based on existing legislations, interpretations and practices.

Since the deferred income tax assets and liabilities shall be measured at the tax rates that are expected to apply to the year when the assets is realised or the liability is settled, the change in the applicable tax rate will affect the determination of the carrying values of deferred tax assets and liabilities of the Group's subsidiaries located in the PRC.

(c) Other income tax

Pursuant to the applicable 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 BVI.

(d) Tax effect of reduced tax rate

Certain subsidiaries of the Group enjoyed preferential income tax rates and have obtained approvals from the relevant tax authorities in the PRC:

- Yongsheng Dyeing obtained the certificate of qualifying as new and high technology company ("NHTC") in September 2015 and the preferential corporate income tax rate of 15% became effective for three years from 2015 to 2017. Yongsheng Dyeing applied the rate of 15% for the calculation of corporate income tax for the six months ended 30 June 2018. As at the date of this announcement, Yongsheng Dyeing is in the process of renewing the qualification of the NHTC.

6. 所得稅開支 (續)

(b) 中國企業所得稅

於中國註冊成立的企業一般按所得稅率 25% (二零一七年: 25%) 繳稅, 惟獲批享有優惠稅率的企業則除外 (見下文附註 (d))。

本集團就其於中國的經營作出的所得稅撥備乃根據現行法例、詮釋及慣例基於估計應課稅溢利按適用稅率計算。

由於遞延所得稅資產及負債應按預期適用於變現資產或清償負債年度的稅率計量, 適用稅率的變動將影響本集團位於中國之附屬公司的遞延稅項資產及負債賬面值的釐定。

(c) 其他所得稅

根據開曼群島及英屬處女群島 (「英屬處女群島」) 的適用規則及法規, 本集團毋須於開曼群島及英屬處女群島繳納任何所得稅。

(d) 稅率減低的稅務影響

本集團若干附屬公司享有優惠所得稅率, 並已取得中國相關稅務機關的批准:

- 永盛染整於二零一五年九月獲得高新技術企業 (「高新技術企業」) 資格證書, 且優惠企業所得稅稅率 15% 自二零一五年至二零一七年三年間生效。截至二零一八年六月三十日止六個月, 永盛染整採用 15% 的稅率計算企業所得稅。於本公佈日期, 永盛染整正續期高新技術企業資格證。

6. INCOME TAX EXPENSE (Continued)

(d) Tax effect of reduced tax rate (Continued)

- Nantong Yongsheng obtained the certificate of qualifying as NHTC in July 2015 and the preferential corporate income tax rate of 15% became effective for three years from 2015 to 2017. Nantong Yongsheng applied the rate of 15% for the calculation of corporate income tax for the six months ended of 30 June 2018. As at the date of this announcement, Nantong Yongsheng is in the process of renewing the qualification of the NHTC.
- Yongsheng Chemical Fiber obtained the certificate of qualifying as NHTC on 13 November 2017 and is subject to 15% corporate income tax rate for three years from 2017 to 2019.

The effective corporate income tax rates for the companies with tax preferential treatment are as follows:

		Unaudited 未經審核	
		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
Yongsheng Chemical Fiber	永盛化纖	15%	15%
Yongsheng Dyeing	永盛染整	15%	15%
Nantong Yongsheng	南通永盛	15%	15%

Save as disclosed above, no tax reductions and exemptions were granted to the other subsidiaries of the Company in the PRC for the six months ended 30 June 2018 and 30 June 2017.

6. 所得稅開支 (續)

(d) 稅率減低的稅務影響 (續)

- 南通永盛於二零一五年七月獲得高新技術企業資格證書，且優惠企業所得稅稅率15%自二零一五年至二零一七年三年間生效。截至二零一八年六月三十日止六個月，南通永盛採用15%的稅率計算企業所得稅。於本公佈日期，南通永盛正續期高新技術企業資格證。
- 永盛化纖於二零一七年十一月十三日獲得高新技術企業資格證書，並自二零一七年至二零一九年三年間按15%的企業所得稅率繳稅。

享有稅務優惠待遇的公司的實際企業所得稅率如下：

除上文所披露者外，本公司在中國的其他附屬公司於截至二零一八年六月三十日及二零一七年六月三十日止六個月概無獲授予稅項寬減及豁免。

6. INCOME TAX EXPENSE (Continued)

(e) PRC withholding income tax

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on the dividends declared to foreign investors from the foreign investment enterprises established in the PRC. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between the PRC and the jurisdiction of the foreign investors. The Group is therefore liable to withholding taxes on dividends distributed by those subsidiaries established in the PRC in respect of their earnings generated from the date when these subsidiaries became foreign owned enterprises in the PRC.

As at 30 June 2018, deferred tax liabilities of approximately RMB4,836,000 (2017: RMB4,836,000) has not been recognized for withholding tax that would be payable on the unremitted earnings of the Group's subsidiaries in the PRC, as the directors do not intend to declare any dividends out of these unremitted earnings for the subsidiaries.

7. EARNINGS PER SHARE

(a) Basic

Basic earnings per share for the six months ended 30 June 2018 and 30 June 2017 is calculated by dividing the profit attributable to the shareholders of the Company by the weighted average number of ordinary shares in issue during the period under review.

6. 所得稅開支 (續)

(e) 中國預扣所得稅

根據中國企業所得稅法，在中國成立的外資企業向海外投資者宣派的股息須繳納10%預扣稅。有關規定由二零零八年一月一日起生效，並適用於二零零七年十二月三十一日後的盈利。倘中國與海外投資者的司法權區訂有稅務條約，則可能適用較低的預扣稅率。本集團因而須就該等在中國成立的附屬公司就彼等成為中國境內的外商投資企業當日起賺取的盈利所派發的股息繳納預扣稅。

於二零一八年六月三十日，並未就本集團於中國之附屬公司的未匯付盈利將要支付的預扣稅確認遞延稅項負債約人民幣4,836,000元（二零一七年：人民幣4,836,000元），原因為董事並不擬從附屬公司的該等未匯付盈利中宣派任何股息。

7. 每股盈利

(a) 基本

截至二零一八年六月三十日及二零一七年六月三十日止六個月的每股基本盈利乃以本公司股東應佔溢利除以於回顧期間已發行普通股的加權平均數計算。

		Unaudited 未經審核	
		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
Profit attributable to the shareholders of the Company (RMB'000)	本公司股東應佔溢利 (人民幣千元)	41,359	43,342
Weighted average number of ordinary shares in issue ('000)	已發行普通股加權平均數 (千股)	399,445	400,000
Basic earnings per share (RMB)	每股基本盈利 (人民幣)	0.104	0.108

Interim Financial Information (Continued)

中期財務資料 (續)

7. EARNINGS PER SHARE (Continued)

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

		Unaudited 未經審核	
		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
Profit attributable to the shareholders of the Company (RMB'000)	本公司股東應佔溢利 (人民幣千元)	41,359	43,342
Weighted average number of ordinary shares (diluted) in issue ('000)	已發行普通股 (經攤薄) 加權平均數 (千股)	408,643	405,691
Diluted earnings per share (RMB)	每股攤薄盈利 (人民幣)	0.101	0.107

Weighted average number of ordinary shares (diluted) is calculated as follows:

普通股 (經攤薄) 加權平均數計算如下:

		Unaudited 未經審核	
		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
		Number of shares	Number of shares
		股份數目	股份數目
		'000	'000
		千股	千股
Weighted average number of ordinary shares in issue during the period	期內已發行普通股加權平均數	399,445	400,000
Dilutive equivalent shares arising from share options	因購股權產生的等同攤薄股份數	9,198	5,691
Weighted average number of ordinary shares (diluted) during the period	期內普通股 (經攤薄) 加權平均數	408,643	405,691

8. DIVIDENDS

A final dividend in respect of the year ended 31 December 2017 of HK\$0.045 (equivalent to RMB0.0362) per share, was declared payable and approved by the shareholders at annual general meeting of the Company on 25 May 2018 and was paid in June 2018.

In addition, an interim dividend of HK\$0.033 per share (2017: HK\$0.035 per share) was proposed by the Board on 29 August 2018. This interim dividend, amounting to approximately RMB11,239,000 (2017: RMB11,902,000), has not been recognised as a liability during the Period under Review. It will be recognised in shareholder's equity in the financial statement of the Group for the year ending 31 December 2018.

9. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

(a) Acquisition of property, plant and equipment

During the six months ended 30 June 2018, the Group acquired items of property, plant and equipment with a cost of RMB17,643,000 (for the six months ended 30 June 2017: RMB7,577,000).

(b) Disposal of property, plant and equipment

Property, plant and equipment with a net book value of RMB571,000 were disposed during the six months ended 30 June 2018 (for the six months ended 30 June 2017: RMB110,000).

8. 股息

截至二零一七年十二月三十一日止年度之末期股息每股0.045港元(相當於人民幣0.0362元)已由股東於二零一八年五月二十五日在本公司股東週年大會上宣佈派付及批准並於二零一八年六月派付。

此外，董事會於二零一八年八月二十九日建議派發中期股息每股0.033港元(二零一七年：每股0.035港元)。於回顧期間，中期股息約人民幣11,239,000元(二零一七年：人民幣11,902,000元)並無確認為負債。該中期股息將於本集團截至二零一八年十二月三十一日止年度之財務報表之股東權益中確認。

9. 物業、廠房及設備以及無形資產

(a) 購入物業、廠房及設備

截至二零一八年六月三十日止六個月，本集團以成本人民幣17,643,000元(截至二零一七年六月三十日止六個月：人民幣7,577,000元)購入物業、廠房及設備項目。

(b) 出售物業、廠房及設備

賬面淨值為人民幣571,000元的物業、廠房及設備已於截至二零一八年六月三十日止六個月出售(截至二零一七年六月三十日止六個月：人民幣110,000元)。

Interim Financial Information (Continued)

中期財務資料 (續)

9. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS (Continued)

(c) Acquisition of intangible assets

During the six months ended 30 June 2018, the Group did not acquire any intangible asset (for the six months ended 30 June 2017: RMB79,000).

10. INVENTORIES

9. 物業、廠房及設備以及無形資產 (續)

(c) 購入無形資產

截至二零一八年六月三十日止六個月，本集團並無購入任何無形資產（截至二零一七年六月三十日止六個月：人民幣79,000元）。

10. 存貨

		Unaudited	Audited
		未經審核	經審核
		30 June	31 December
		2018	2017
		二零一八年	二零一七年
		六月三十日	十二月三十一日
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Raw materials	原材料	31,976	37,898
Work in progress	在製品	1,006	3,769
Finished goods	製成品	59,025	51,508
		92,007	93,175

11. TRADE AND BILLS RECEIVABLES

11. 貿易應收款項及應收票據

		Unaudited 未經審核 30 June 2018 二零一八年 六月三十日 RMB'000 人民幣千元	Audited 經審核 31 December 2017 二零一七年 十二月三十一日 RMB'000 人民幣千元
Trade receivables	貿易應收款項	32,745	15,953
Bills receivable	應收票據	191,608	135,170
		224,353	151,123
Impairment	減值	(1,137)	(1,137)
Trade and bills receivables – net	貿易應收款項及應收票據淨額	223,216	149,986

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally 3 months. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivable and overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date, is as follows:

本集團與客戶間的貿易條款以信貸為主，惟新客戶一般須預先付款除外。信貸期通常為3個月。每名客戶均設有最高信貸限額。本集團致力嚴格控制未收回應收款項，而高級管理層則定期檢討逾期結餘。鑒於上文所述，加上本集團貿易應收款項與大量分散客戶相關，故並無重大信用風險集中的情況。本集團並無就其貿易應收款項結餘持有任何抵押品或增加其他信貸。貿易應收款項為免息。

於報告期末的貿易應收款項按發票日期的賬齡分析如下：

		Unaudited 未經審核 30 June 2018 二零一八年 六月三十日 RMB'000 人民幣千元	Audited 經審核 31 December 2017 二零一七年 十二月三十一日 RMB'000 人民幣千元
Within 3 months	3個月內	29,072	11,732
3 to 6 months	3至6個月	2,426	2,281
6 months to 1 year	6個月至1年	34	734
More than 1 year	超過1年	1,213	1,206
		32,745	15,953

Interim Financial Information (Continued)

中期財務資料 (續)

12. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

12. 預付款項、按金及其他應收款項

		Unaudited 未經審核 30 June 2018 二零一八年 六月三十日 RMB'000 人民幣千元	Audited 經審核 31 December 2017 二零一七年 十二月三十一日 RMB'000 人民幣千元
Prepayment to suppliers	向供應商支付的預付款項	8,673	6,235
Deposits and other receivables	按金及其他應收款項	3,454	1,183
Prepaid expenses	預付開支	664	136
Interest receivables	應收利息	69	69
Value-added tax recoverable	可收回增值稅	5,016	7,360
		17,876	14,983
Less: provision for impairment	減：減值撥備	(95)	(95)
		17,781	14,888

13. TRUST LOAN AND OTHER LOAN RECEIVABLE

13. 應收委託貸款及其他貸款

		Unaudited 未經審核 30 June 2018 二零一八年 六月三十日 RMB'000 人民幣千元	Audited 經審核 31 December 2017 二零一七年 十二月三十一日 RMB'000 人民幣千元
Trust loan receivable	應收委託貸款	50,000	50,000
Other loan receivable	其他應收貸款	17,415	-
		67,415	50,000

13. TRUST LOAN AND OTHER LOAN RECEIVABLE (Continued)

Trust loan receivable represents a six-month entrusted loan agreement entered by Yongsheng Dyeing with a commercial bank in the PRC with an interest rate of 6.5% per annum. The trust loan receivable was matured and received on 11 July 2018 and was extended for another 6 months.

Other loan receivable represents a loan agreement entered by Yongsheng Hong Kong with two independent third parties in Hong Kong with an interest rate of 5.0% per annum and will be matured on 15 October 2018.

14. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets at fair value through profit or loss represents asset management agreements entered by Yongsheng Dyeing (as asset entrustor) and PRC fund management companies (as assets managers). The asset management plans mainly invest in money market, bonds and fixed income products and were deposited to designated accounts at PRC commercial banks.

13. 應收委託貸款及其他貸款 (續)

應收委託貸款指永盛染整與中國一間商業銀行訂立的一項年利率為6.5%的六個月委託貸款協議。應收委託款項於二零一八年七月十一日到期及收回，以及再延長六個月。

應收其他貸款指永盛香港與兩名香港獨立第三方訂立的一項年利率為5.0%及將於二零一八年十月十五日到期的貸款協議。

14. 按公平值計入損益的金融資產

	Unaudited 未經審核 30 June 2018 二零一八年 六月三十日 RMB'000 人民幣千元	Audited 經審核 31 December 2017 二零一七年 十二月三十一日 RMB'000 人民幣千元
Asset management agreement at fair value 資產管理協議，按公平值	123,245	60,600

按公平值計入損益的金融資產指永盛染整（作為資產委託人）與中國基金管理公司（作為資產管理人）訂立的資產管理協議。資產管理計劃主要投資於貨幣市場、債券及固定收益產品以及存放於中國商業銀行的指定賬戶內。

Interim Financial Information (Continued)

中期財務資料 (續)

15. TRADE AND BILLS PAYABLES

An ageing analysis of the trade and bills payables as at the end of the period, based on the invoice date, is as follows:

		Unaudited	Audited
		未經審核	經審核
		30 June	31 December
		2018	2017
		二零一八年	二零一七年
		六月三十日	十二月三十一日
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Within 6 months	6個月內	171,995	138,163
6 months to 1 year	6個月至1年	2,464	218
More than 1 year	超過1年	2,079	2,023
		176,538	140,404

16. OTHER PAYABLES, ADVANCES FROM CUSTOMERS AND ACCRUALS

15. 貿易應付款項及應付票據

於期末，貿易應付款項及應付票據根據發票日期的賬齡分析如下：

16. 其他應付款項、客戶墊款及應計款項

		Unaudited	Audited
		未經審核	經審核
		30 June	31 December
		2018	2017
		二零一八年	二零一七年
		六月三十日	十二月三十一日
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Advances from customers	客戶墊款	-	7,479
Accrued payroll	應計工資	16,768	21,434
Accruals	應計款項	1,154	1,364
Value-added and other taxes payable	應付增值稅及其他稅項	4,620	4,836
Payables for purchase of property, plant and equipment	購入物業、廠房及設備的應付款項	5,773	10,156
Others	其他	245	3,506
Contract liabilities	合約負債	6,232	-
		34,792	48,775

17. INTEREST-BEARING BANK AND OTHER BORROWINGS

17. 計息銀行及其他借貸

		As at 30 June 2018 於二零一八年 六月三十日 RMB'000 人民幣千元	As at 31 December 2017 於二零一七年 十二月三十一日 RMB'000 人民幣千元
Current	即期		
Short-term bank borrowings (fixed rate at 4.35% p.a.)	短期銀行借貸 (固定年利率4.35厘)	5,000	15,000
Short-term bank borrowings (fixed rate at 4.785% p.a.)	短期銀行借貸 (固定年利率4.785厘)	10,000	-
Short-term bank borrowings (fixed rate at 4.785% p.a.)	短期銀行借貸 (固定年利率4.785厘)	9,000	-
Total borrowings	借貸總額	24,000	15,000
Representing:	指:		
Secured (i)	已抵押(i)	15,000	15,000
Pledged (ii)	已質押(ii)	9,000	-
		24,000	15,000

(i) As at 30 June 2018, bank borrowings of RMB15,000,000 were pledged by (i) buildings with net carrying amounts of approximately RMB8,237,000; and (ii) land use rights with net carrying amounts of approximately RMB8,647,000 respectively (as at 31 December 2017: bank borrowings of RMB15,000,000 were pledged by (i) buildings with net carrying amount of approximately RMB8,547,000; and (ii) land use rights with net carrying amount of approximately RMB8,782,000).

(ii) As at 30 June 2018, bank loan of RMB9,000,000 were pledged by bills receivable with net carrying amount of approximately 10,014,000 (as at 31 December 2017: Nil).

(i) 於二零一八年六月三十日，銀行借貸人民幣15,000,000元乃分別由(i)賬面淨值為約人民幣8,237,000元的樓宇；及(ii)賬面淨值為約人民幣8,647,000元的土地使用權作抵押(於二零一七年十二月三十一日：銀行借貸人民幣15,000,000元乃分別由(i)賬面淨值為約人民幣8,547,000元的樓宇；及(ii)賬面淨值為約人民幣8,782,000元的土地使用權作抵押)。

(ii) 於二零一八年六月三十日，銀行貸款人民幣9,000,000元乃以賬面淨值約人民幣10,014,000元的應收票據作質押(於二零一七年十二月三十一日：無)。

Interim Financial Information (Continued)

中期財務資料 (續)

18. SHARE CAPITAL AND SHARE PREMIUM

18. 股本及股份溢價

		As at 30 June 2018	As 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
		HK\$'000	HK\$'000
		千港元	千港元
<i>Authorised:</i>	<i>法定:</i>		
2,000,000,000 (2017: 2,000,000,000) ordinary shares of HK\$0.01 each	2,000,000,000股(二零一七年: 2,000,000,000股)每股面值 0.01港元的普通股	20,000	20,000
<i>Issued and fully paid:</i>	<i>已發行及繳足:</i>		
400,925,600 (2017: 400,925,000) ordinary shares of HK\$0.01 each	400,925,600股(二零一七年: 400,925,000股)每股面值 0.01港元的普通股	4,009	4,009

A summary of movements in the Company's share capital and share premium are as follows:

本公司股本及股份溢價變動情況概要如下:

		Note	Number of shares	Share capital	Share premium account	Total
		附註	'000 千股	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元
At 1 January 2017	於二零一七年一月一日		400,000	3,165	195,859	199,024
Share options	購股權		925	8	1,546	1,554
Dividends paid to the shareholders of the Company	向本公司股東支付股息	8	-	-	(24,046)	(24,046)
At 31 December 2017	於二零一七年十二月三十一日		400,925	3,173	173,359	176,532
Dividends paid to the shareholders of the Company	向本公司股東支付股息	8	-	-	(14,782)	(14,782)
At 30 June 2018	於二零一八年六月三十日		400,925	3,173	158,577	161,750

19. SHARE OPTION SCHEME

The status of share options granted up to 30 June 2018 is as follows:

	Number of unlisted share options 非上市購股權數目		Vesting Conditions 歸屬條件	Contractual life of options 購股權 訂約年期
	As at 30 June 2018 於二零一八年 六月三十日	As at 31 December 2017 於二零一七年 十二月三十一日		
Options granted to directors 授予董事的購股權 On 6 January 2015 於二零一五年一月六日	5,000,000	5,000,000	50% exercisable from 2 April, 2016, 50% exercisable from 1 April, 2017 50%自二零一六年四月二日起即可行 使，50%自二零一七年四月一日起 即可行使	10 years 10年
On 30 December 2015 於二零一五年十二月三十日	5,700,000	5,700,000	50% exercisable from 2 April, 2017, 50% exercisable from 1 April, 2018 50%自二零一七年四月二日起即可行 使，50%自二零一八年四月一日起 即可行使	10 years 10年
Options granted to other employees 授予其他僱員的購股權 On 6 January 2015 於二零一五年一月六日	5,722,000	5,722,000	50% exercisable from 2 April, 2016, 50% exercisable from 1 April, 2017 50%自二零一六年四月二日起即可行 使，50%自二零一七年四月一日起 即可行使	10 years 10年
On 30 December 2015 於二零一五年十二月三十日	8,190,400	8,190,400	50% exercisable from 2 April, 2017, 50% exercisable from 1 April, 2018 50%自二零一七年四月二日起即可行 使，50%自二零一八年四月一日起 即可行使	10 years 10年
	24,612,400	24,612,400		

As at 31 December 2017, 700,000 share options granted to directors and 225,600 share options granted to employees have been exercised, respectively. From 1 January 2018 to 30 June 2018, neither the directors of the Company or other employees of the Group exercised options to subscribe for ordinary shares of the Company.

The fair value of equity-settled share options granted during the previous financial year was estimated as at the date of grant using a binomial model, taking into account the terms and conditions upon which the options were granted. Inputs to the model and assumptions used could be found on the annual financial statements for the year ended 31 December 2017.

19. 購股權計劃

直至二零一八年六月三十日，已授出購股權的狀況如下：

於二零一七年十二月三十一日，董事及僱員分別獲授予的700,000份購股權及225,600份購股權已獲行使。自二零一八年一月一日至二零一八年六月三十日，本公司董事及本集團其他僱員概無行使購股權以認購本公司的普通股。

於上一財政年度內所授出股權結算購股權於授出日期計及購股權的授出條款及條件後使用二項式模型估計其公平值。該模型的輸入數據及所用假設載於截至二零一七年十二月三十一日止年度的年度財務報表。

20. OTHER RESERVES

The amounts of the Group's other reserves and the movements therein for the current period and prior years are presented in the consolidated statement of changes in equity on page 11 of the financial information. In accordance with the Company Law of the PRC, certain subsidiaries of the Group which are domestic enterprises are required to allocate 10% of their profit after tax, as determined in accordance with the relevant PRC accounting standards, to their respective statutory surplus reserves until the reserves reach 50% of their respective registered capital. Subject to certain restrictions set out in the Company Law of the PRC, part of the statutory surplus reserve may be converted to increase share capital, provided that the remaining balance after the capitalisation is not less than 25% of the registered capital.

The foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of operations with a functional currency other than RMB.

21. RELATED PARTY TRANSACTIONS AND BALANCES

(a) Name and relationship

Name of related party	Relationship with the Group
HUVIS Corporation and its subsidiary ("HUVIS")	Joint venture partner and its subsidiary
Hangzhou Xiaoshan Yongsheng Foreign Trading Co. Limited ("Hangzhou Yongsheng Trading")	Controlled by the Controlling Shareholders
Yongshong (HK) International Co., Ltd. ("Yongshong International")	Controlled by the Controlling Shareholders
Hangzhou Shining 3D Tech Co., Limited ("Shining 3D")	Joint venture partner

20. 其他儲備

本集團的其他儲備於本期間及過往年度的金額及其變動於財務資料第11頁的合併權益變動表呈列。根據《中華人民共和國公司法》，本集團若干附屬公司被視為國內企業，須按照相關中華人民共和國會計準則所釐定分配其10%除稅後溢利至其各自法定盈餘儲備，直至有關儲備達到其各自註冊資本的50%。在遵守《中華人民共和國公司法》載列的若干限制情況下，部分法定盈餘儲備可被轉換以增加股本，前提是資本化後的餘額不得少於註冊資本的25%。

外幣匯兌儲備包括因換算功能貨幣為人民幣以外貨幣的業務財務報表而產生的所有匯兌差額。

21. 關連方交易及結餘

(a) 名稱及關係

關連方名稱	與本集團的關係
株式會社HUVIS及其附屬公司 ("HUVIS")	合資企業夥伴及其附屬公司
杭州蕭山永盛對外貿易有限公司 ("杭州永盛貿易")	由控股股東控制
永盛(香港)國際有限公司 ("永盛國際")	由控股股東控制
杭州先臨三維科技股份有限公司 ("先臨三維")	合資企業伙伴

21. RELATED PARTY TRANSACTIONS AND BALANCES *(Continued)*

(b) Related parties transactions

In addition to the transactions and balances disclosed elsewhere in these financial information, the Group had the following material transactions with related parties:

21. 關連方交易及結餘 (續)

(b) 關連方交易

除此等財務資料其他部分所披露的交易及結餘外，本集團與關連方已進行以下重大交易：

		Six months ended	
		截至下列日期止六個月	
		30 June 2018	30 June 2017
		二零一八年	二零一七年
		六月三十日	六月三十日
		RMB'000	RMB'000
		人民幣千元	人民幣千元
<hr/>			
(1) Purchase of goods		(1) 採購貨品	
- HUVIS Corporation and its subsidiary	- 株式會社HUVIS及其附屬公司	16,712	46,118
<hr/>			
(2) Rental income		(2) 租金收入	
- Hangzhou Yongsheng Trading	- 杭州永盛貿易	-	68
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Interim Financial Information (Continued)

中期財務資料 (續)

21. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

(c) Outstanding balances with related parties

		As at 30 June 2018	As 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
Due from related parties	應收關連方		
- Shining 3D	- 先臨三維	2,800	2,800
		2,800	2,800

		As at 30 June 2018	As 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
Due to related parties	應付關連方		
- HUVIS	- HUVIS	540	-
Yongshong International	永盛國際	57	5
		597	5

All trade balances with related parties are unsecured and bear no interest.

所有與關連方的貿易結餘為無抵押及免息。

22. FAIR VALUES

All financial instruments are carried at amounts not materially different from their fair values at the reporting dates.

22. 公平值

所有金融工具均按與該等工具於報告日期的公平值並無重大差異的金額列賬。

23. COMMITMENTS

(a) Capital commitments

Capital expenditure contracted for at each reporting dates, but not yet incurred is as follows:

		As at 30 June 2018 於二零一八年 六月三十日 RMB'000 人民幣千元	As at 31 December 2017 於二零一七年 十二月三十一日 RMB'000 人民幣千元
Property, plant and equipment	物業、廠房及設備	4,306	27,709

(b) Operating lease commitments

The Group leases certain office premises and staff quarters under non-cancellable operating lease agreements.

The Group's future aggregate minimum lease payments to be paid under non-cancellable operating leases were as follows:

		As at 30 June 2018 於二零一八年 六月三十日 RMB'000 人民幣千元	As at 31 December 2017 於二零一七年 十二月三十一日 RMB'000 人民幣千元
Not later than 1 year	不遲於一年	636	152
Later than 1 year and no later than 5 years	遲於一年及 不遲於五年	2,626	-
		3,262	152

24. SUBSEQUENT EVENTS

Except as disclosed in "Subsequent Important Events After the Period Under Review" section, there is no material subsequent event undertaken by the Group after 30 June 2017.

23. 承擔

(a) 資本承擔

於各報告日期已訂約但尚未產生的資本開支如下：

	As at 30 June 2018 於二零一八年 六月三十日 RMB'000 人民幣千元	As at 31 December 2017 於二零一七年 十二月三十一日 RMB'000 人民幣千元
Property, plant and equipment	4,306	27,709

(b) 經營租賃承擔

本集團根據不可註銷經營租賃協議租用若干辦公室物業及員工宿舍。

本集團根據不可註銷經營租賃將予支付的未來最低租賃付款總額如下：

	As at 30 June 2018 於二零一八年 六月三十日 RMB'000 人民幣千元	As at 31 December 2017 於二零一七年 十二月三十一日 RMB'000 人民幣千元
Not later than 1 year	636	152
Later than 1 year and no later than 5 years	2,626	-
	3,262	152

24. 後續事項

除「回顧期間後重大事項」一節所披露者外，於二零一七年六月三十日後，本集團概無發生任何重大後續事項。

Management Discussion and Analysis

管理層討論及分析

BUSINESS REVIEW

Market review

During the first half of 2018, the global economy continued with the growth momentum with continuous recovery and the gross domestic product of the PRC recorded a year-on-year growth of approximately 6.8%. Such overall stable macro-environment enabled stable operation of the textile industry in the PRC. However, there remains numerous uncertainties in the current market, including the rising price of dyeing materials, the increase in labour costs, the rise of trade protectionism and other risks. Therefore, the Group has continuously conducted research and development and upgraded its production technology. With its high value-added products and robust operation principle, the Group strives to maintain its leading position in the high value added chemical fiber and textile market in the PRC.

Business review

During the Period under Review, the Group was principally engaged in textile and advanced material-related business in the PRC, namely (1) the production of PFY; (2) the dyeing and processing of differentiated polyester filament fabric; and (3) the trading of PFY. With “Growth and Innovation” as its operation principle, the Group continued to develop advanced chemical fibers and differentiated fibers in response to the market development as well as the demand of clients, and has formed an integrated platform and ecology for the rapid and flexible product development with raw material research, textile dyeing and market exploration during the Period under Review.

As of 30 June 2018, the Group had 67 registered patents and 2 registered patents for invention, and 6 patents for invention that were under approval. During the Period under review, the Group completed 2 project applications for the national chemical fiber industry standards, and 4 industry standards had been implemented.

業務回顧

市場回顧

於二零一八年上半年，全球經濟延續增長勢頭，呈復甦向好態勢，中國國內生產總值同比增長約6.8%，中國宏觀環境總體平穩支持紡織行業保持平穩運行。然而當前市場仍面臨諸多不確定性因素，如染料價格攀升及人工成本提升，貿易保護主義抬頭等風險。因此，本集團不斷進行研發並升級產品工藝技術。憑借高附加價值的產品及穩健的經營宗旨，本集團致力在高附價值化纖紡織市場保持其領先地位。

業務回顧

於回顧期間，本集團主要於中國從事紡織及新材料相關業務，包括(1)滌綸長絲生產；(2)差別化滌綸面料染色及加工；及(3)滌綸長絲貿易業務。本集團於回顧期間秉承著「聚焦增長，開拓創新」的經營宗旨，緊跟市場發展方向及滿足客戶需求，繼續致力於開發新化學纖維及差別化纖維，並形成了集原料研究、紡織染、市場開拓的一體化快速柔性的產品開發平台和生態。

截至二零一八年六月三十日，本集團共有67項註冊專利及2項發明註冊專利，6項發明專利正在審批。於回顧期間，本集團完成了2項全國化纖行業標準的立項申報，有4項行業標準已開始實施。

During the Period under Review, the differentiated PFY production line of Nantong Yongsheng underwent the second stage of trial run. Upon completion and reaching full production level, the annual total capacity of the Group's PFY production will increase to 56,000 tonnes, of which the annual capacity of Nantong Yongsheng and Yongsheng Chemical Fiber will increase to approximately 37,000 tonnes and 19,000 tonnes, respectively. It is expected that such production capacity would be able to meet the market's demand for PFY in terms of quality and quantity.

During the Period under Review, the Group recorded revenue of approximately RMB346.8 million, representing an increase of approximately 5.2% from approximately RMB329.6 million for the corresponding period in 2017, mainly attributable to the substantial growth in business segments of trading of PFY and dyeing and processing of differentiated polyester filament fabric. The Group recorded gross profit of approximately RMB86.1 million, representing an increase of approximately 0.2% from approximately RMB85.9 million for the corresponding period in 2017. The gross profit margin decrease by approximately 1.3% to 24.8% during the Period under Review. The slight decrease in gross profit margin was mainly due to (i) the increase in management fees and related recurrent expenditures as a result of the expansion of production line; and (ii) the fall in product unit price due to the increasing competition in the industry. Furthermore, the rise in warehousing and transportation costs also brought pressure on the Group's earnings. The profit attributable to shareholders of the Company for the Period under Review amounted to approximately RMB41.4 million, representing a decrease of approximately 4.4% as compared with approximately RMB43.3 million in the corresponding period of 2017. Basic earnings per share were RMB0.104 (the first half of 2017: RMB0.108).

During the Period under Review, revenue derived from the three business segments: (1) production of PFY; (2) the dyeing and processing of differentiated polyester filament fabric; and (3) trading of PFY accounted for approximately 64.5%, 31.0% and 4.5% of the Group's total turnover, respectively. Operating profit of the three business segments accounted for approximately 22.6%, 70.6% and 6.8% of the Group's operating profit, respectively.

於回顧期間，南通永盛的差別化滌綸長絲生產線進行第二階段的試運行。待完成並全部投產後，本集團之滌綸長絲年總產能將增至每年56,000噸，其中，南通永盛及永盛化纖的年產能將分別達至約37,000噸及19,000噸。預期有關產能將滿足市場對滌綸長絲的質與量方面的需求。

於回顧期間，本集團錄得收益約人民幣346.8百萬元，較二零一七年同期約人民幣329.6百萬元增加約5.2%，主要由於滌綸長絲貿易及差別化滌綸面料染色及加工業務板塊的大幅增長所致。本集團錄得毛利約為人民幣86.1百萬元，較二零一七年同期約人民幣85.9百萬元增加約0.2%。於回顧期間，毛利率下跌約1.3%至24.8%。毛利率輕微下跌的原因主要為(i)因生產線擴充令管理費及相關經常性開支上升；及(ii)由於行業競爭日趨激烈導致產品單價下跌。另外，倉儲及運輸費用上漲亦為本集團的盈利帶來壓力。本公司於回顧期間的股東應佔溢利為約人民幣41.4百萬元，較二零一七年同期約人民幣43.3百萬元減少約4.4%。每股基本盈利為人民幣0.104元（二零一七年上半年：人民幣0.108元）。

於回顧期間，三個業務分部：(1)滌綸長絲生產；(2)差別化滌綸面料染色及加工；及(3)滌綸長絲貿易業務所得之收益分別佔本集團總營業額約64.5%、31.0%和4.5%；而三個業務分部經營溢利分別佔本集團的經營溢利的約22.6%、70.6%和6.8%。

Management Discussion and Analysis (Continued)

管理層討論及分析 (續)

Production of PFY

The Group produces and sells regular and differentiated PFY. Differentiated PFY is a type of synthetic fiber that carries special features such as dry, elastic and wrinkle-free. It is widely used in the production of end-products including high-end garments, sportswear and household products. Since its gross profit margin is higher than those of regular PFY products, it is the major revenue source and major development focus of the Group. Nantong Yongsheng and Yongsheng Chemical Fiber, which are recognised as “National High and New Technology Enterprises”, are the production bases of PFY of the Group. Nantong Yongsheng is accredited as Provincial Level Corporate Technology Centre, and Yongsheng Chemical Fiber is accredited as a Municipal Research and Development Center.

Revenue derived from the PFY production segment accounted for approximately 64.5% of the Group’s revenue during the Period under Review, which decreased by approximately 2.6% to approximately RMB223.7 million, as compared to the same of the corresponding period of previous year. Revenue derived from differentiated PFY products contributed approximately 94.9% of the revenue of this segment, comparing with approximately 94.2% in the corresponding period of 2017. Revenue derived from regular PFY products slightly decreased to approximately 5.1% from approximately 5.8% in the corresponding period of 2017.

Gross profit margin of differentiated PFY decreased to approximately 14.3% for the Period under Review as compared with approximately 19.0% in the corresponding period of 2017, as recurrent expense increased and product mix of PFY changed due to plant expansion. Comparing with regular PFY products, the differentiated PFY with higher added value and profit margin attracts more competitors entering into the market. As a result of selling price reduction due to fierce competition for the same type of products, the gross profit margin of differentiated PFY production segment recorded a decrease.

In response to the above, the Group accelerated its progress in conducting research and development in new products in order to acquire market opportunities and obtain more bargaining power during the Period under Review. Among which, Nantong Yongsheng has successfully developed new products such as high-shrinkage composite fiber GPN, easy-opening composite fiber MPN and chinlon SPH; and Yongsheng Chemical Fiber has successfully developed new products such as CFMS, JSY, DVIC, MPN. The Group will continue paying close attention to the market trend, and focus on the development of new type of differentiated products in order to maintain the Group’s leading position in the high value added synthetic fiber and textile market.

滌綸長絲生產

本集團生產及銷售常規及差別化滌綸長絲。差別化滌綸長絲是一種合成纖維，具特殊性能，如乾爽、具彈性及防皺，廣泛應用於生產包括高端服飾、運動服飾及家居在內的終端產品，毛利率較常規產品高，亦是本集團的主要收益來源及重點發展產品。「國家級高新技術企業」南通永盛及永盛化纖是本集團的滌綸長絲生產基地，南通永盛被定為省級企業技術中心，永盛化纖亦被認定為市級研發中心。

滌綸長絲生產分部於回顧期間佔本集團收益約64.5%，較去年同期減少約2.6%至約人民幣223.7百萬元。其中，來自差別化滌綸長絲產品佔分部收益由二零一七年同期約94.2%上升至約94.9%，而常規化滌綸長絲產品的收益佔比則由二零一七年同期約5.8%略減至約5.1%。

由於擴充後廠房的經常性開支上升及滌綸長絲產品結構改變，使差別化滌綸長絲的毛利率較二零一七年同期的約19.0%減少至於回顧期間的約14.3%。與常規化滌綸長絲產品相比，差別化滌綸長絲產品更具高附加值及高利潤率，因而吸引了不少同業爭相進入市場。同類型產品競爭激烈引致售價下跌，使得差別化滌綸長絲生產分部毛利率下跌。

為應對此情況，本集團於回顧期間加速新產品研發，以贏取市場先機及取得更多議價能力。其中，南通永盛成功開發高收縮複合纖維GPN、易開織複合纖維MPN、錦綸SPH等新產品；及永盛化纖則成功推出CFMS、JSY、DVIC、MPN等新產品。本集團會繼續密切留意市場動向，專注於開發新型差異化產品，維持本集團於高附加值化纖紡織市場的領先地位。

During the Period under Review, the Group invested additional RMB50,000,000 in the second phase of development of Nantong Yongsheng, which will increase the annual production capacity of differentiated PFY from 45,000 tonnes to 56,000 tonnes. Completion of trial run is estimated to take place in or around January 2019, upon which the Group would be able to undertake more orders to expand the Group's market shares and achieve scale effect.

Dyeing and processing of differentiated polyester filament fabric

Yongsheng Dyeing, a subsidiary of the Company, located in Hangzhou, which is principally engaged in polyester filament fabric dyeing and processing, has been certified as High and New Technology Enterprise by the government and was further recognised as a Provincial Level Research and Development Center.

During the Period under Review, the polyester filament fabric dyeing and processing business recorded an increase in processing volume, with the segment revenue reaching approximately RMB107.5 million, representing an increase of approximately 16.5%, as compared to approximately RMB92.3 million for the corresponding period last year. During the Period under Review, notwithstanding the increase of raw materials cost, the gross profit margin of dyeing and processing business increased to approximately 46.9%, representing an increase of approximately 0.6 percentage point, as the Group had more bargaining power with its high standard of production technology.

Being one of few manufacturers which owns high standard of chemical dyeing and processing facilities in the PRC, during the Period under Review, the Group had developed itself to research and development on new products, including dyeing and finishing for polyester-nylon sanded fabrics, with a view to expanding its product portfolio.

於回顧期間，本集團額外投入人民幣50,000,000元進行南通永盛之第二期發展，增加差別化滌綸長絲年產能45,000噸至56,000噸，預計於二零一九年一月或前後可完成試運行，此後可令本集團可以承接更多訂單以擴大市場份額並達到規模效應。

差別化滌綸面料染色及加工

本公司位於杭州市的主營滌綸面料染色及加工業務的附屬公司永盛染整獲政府認證為「高新技術企業」，更被頒授省級技術研究開發中心的榮譽。

於回顧期間，滌綸面料染色及加工業務的加工量增長，分部收益達約人民幣107.5百萬元，較去年同期人民幣約92.3百萬元上升約16.5%。於回顧期間，儘管原材料成本上漲，但由於本集團的高水平生產技術使得本集團具更高的議價能力，因此，染色及加工業務的毛利率錄得約0.6個百分點升幅至約46.9%。

本集團的染色及加工廠房為業內少數擁有高規格的化工染整設施，於回顧期間，本集團致力於研發滌錦磨毛類織物的染整加工等新產品，希望能拓寬產品組合。

Management Discussion and Analysis (Continued)

管理層討論及分析 (續)

Prospects

Looking forward to the second half of 2018, the Group is still optimistic towards the development of China's economy and meanwhile, the Group will closely monitor the development of the Sino-American trade war. Though the Group is not subject to direct impacts of the Sino-American trade war, consumer sentiment may change as a result of the fluctuation of economic environment and as a result may have an impact on the end users of various brands and thus their procurement volume from the supply chain. Facing such changing external environment, the Company will strive to keep its core competitiveness and sustain its ability in providing quality products, and to explore continuously customers' potential needs so as to diversify the Group's product mix and customer base in order to adapt to the changing market.

In the future, the Group will continue to focus on conducting research and development on new products and invest more resources in technological development and research in order to improve its product quality and to have more control over product pricing with an objective to expand its market share. In addition, the Group will also improve its internal management efficiency and implement stricter cost control measures so as to prepare itself for the coming challenges and maintain the Group's leading position in the differentiated synthetic fiber textile market of high added value.

展望

展望二零一八年下半年，本集團仍看好中國經濟發展，亦會密切關注中美貿易戰走勢。中美貿易戰爭目前對本集團雖無直接影響，惟消費氣氛有可能受制於經濟環境波動而影響多個終端品牌客戶及其供應鏈的採購量。面對多變的外部環境，本公司將保持其核心競爭力，秉持提供優質產品的供貨能力，不斷探索客戶潛在需求，進而拓寬產品組合及客戶群體以應對市場變化。

未來，本集團會持續專注於新品開發，在技術研發工作方面投放更多資源，不斷精進品質掌握產品定價權，爭取更大市場份額。此外，亦將強化內部管理效率，執行成本管控，做好準備迎接未來挑戰，鞏固本集團於高附加值差別化化纖紡織市場的領先地位。

FINANCIAL REVIEW

Revenue and gross profit

Revenue

財務回顧

收益及毛利

收益

		Unaudited 未經審核	Revenue Change between 2018 and 2017 二零一八年 與二零一七年 間收益變動	
		Six months ended 30 June 截至六月三十日止六個月	2018	2017
		RMB'000 人民幣千元	RMB'000	RMB'000
1) Production	1) 生產	223,706	229,795	-2.6%
PFY – Differentiated	滌綸長絲-差別化	212,275	216,381	-1.9%
PFY – Regular	滌綸長絲-常規	11,431	13,414	-14.8%
2) Dyeing and processing	2) 染色及加工	107,492	92,265	16.5%
3) PFY trading	3) 滌綸長絲貿易	15,594	7,537	106.9%
		346,792	329,597	5.2%

Revenue of the Group for the Period under Review was approximately RMB346.8 million, representing an increase of approximately 5.2%. The increase was mainly contributed by the increase in revenue derived from Dyeing and processing and PFY trading, respectively.

本集團於回顧期間的收益約為人民幣346.8百萬元，增長約5.2%。增加主要因染色及加工業務以及滌綸長絲貿易的收益增加所致。

Management Discussion and Analysis (Continued)

管理層討論及分析 (續)

Gross profit

毛利

		Unaudited 未經審核	Gross profit change between	
		Six months ended 30 June 截至六月三十日止六個月	2018 and 2017 二零一八年 與二零一七年	
		2018 二零一八年	2017 二零一七年	間毛利變動
		RMB'000 人民幣千元	RMB'000 人民幣千元	
1) Production	1) 生產	31,953	42,449	-24.7%
PFY – Differentiated	滌綸長絲－差別化	30,362	41,064	-26.1%
PFY – Regular	滌綸長絲－常規	1,591	1,385	14.9%
2) Dyeing and processing	2) 染色及加工	50,376	42,679	18.0%
3) PFY trading	3) 滌綸長絲貿易	3,729	766	386.8%
		86,058	85,894	0.2%

Gross profit of the Group for the Period under Review was approximately RMB86.1 million, representing an increase of approximately 0.2%.

本集團於回顧期間的毛利約為人民幣86.1百萬元，增長約0.2%。

Selling and distribution expenses

Selling and distribution expenses increased by approximately RMB2.3 million from approximately RMB3.3 million for the six months ended 30 June 2017 to approximately RMB5.6 million for the six months ended 30 June 2018, primarily due to the increase in selling volume, which led to the rising of the transportation costs and the warehousing fee.

銷售及分銷開支

銷售及分銷開支由截至二零一七年六月三十日止六個月的約人民幣3.3百萬元增加約人民幣2.3百萬元至截至二零一八年六月三十日止六個月的約人民幣5.6百萬元，主要由於銷量增加而導致運輸成本及倉儲費用增加所致。

Administrative expenses

Administrative expenses increased by approximately 13.7% from approximately RMB31.3 million for the six months ended 30 June 2017 to approximately RMB35.6 million for the six months ended 30 June 2018 primarily due to the increase in the research and development costs. The Group has continued to do its best to keep customers satisfied through its ceaseless research and development during the Period under Review.

Liquidity and financial resources

As at 30 June 2018, the Group's cash and bank balance, including pledged deposits amounted to approximately RMB39.6 million (31 December 2017: approximately RMB163.0 million).

As at 30 June 2018, the total bank borrowings of the Group was approximately RMB24.0 million (31 December 2017: approximately RMB15.0 million).

As at 30 June 2018 and 31 December 2017, the Group's key financial ratio reflecting its liquidity and gearing level, were as follows:

行政開支

行政開支由截至二零一七年六月三十日止六個月的約人民幣31.3百萬元增加約13.7%至截至二零一八年六月三十日止六個月的約人民幣35.6百萬元，主要由於研發成本增加所致。於回顧期間，本集團通過不斷研發，繼續致力於讓客戶滿意。

流動資金及財務資源

於二零一八年六月三十日，本集團的現金及銀行結餘（包括已抵押存款）約為人民幣39.6百萬元（二零一七年十二月三十一日：約人民幣163.0百萬元）。

於二零一八年六月三十日，本集團的銀行借款總額約為人民幣24.0百萬元（二零一七年十二月三十一日：約人民幣15.0百萬元）。

於二零一八年六月三十日及二零一七年十二月三十一日，本集團反映其流動資金及資本負債水平的關鍵財務比率如下：

		30 June 2018 二零一八年 六月三十日	31 December 2017 二零一七年 十二月三十一日
Current ratio	流動比率	2.3	2.5
Debt to equity ratio	負債與權益比率	0.05	0.03

1 Based on total current assets over total current liabilities,

1 按流動資產總額除以流動負債總額計算，

2 Based on total borrowings over equity attributable to shareholders.

2 按借款總額除以股東應佔權益計算。

Management Discussion and Analysis (Continued)

管理層討論及分析 (續)

Exposure to fluctuations in exchange rates and related hedge

Most transactions of the Group are settled in Renminbi (“RMB”) since the operations of the Group are mainly carried out in Mainland China, and the major subsidiaries of the Group are operating in Mainland China and the functional currency of the major subsidiaries is RMB. The reporting currency of the Group is RMB.

The Group is exposed to minimal foreign currency exchange risk.

The Group’s cash and bank deposits are predominantly in RMB. The Company will pay dividends in Hong Kong Dollars if any dividends are declared.

The Directors currently does not hedge against its foreign exchange risk and will closely monitor the fluctuation in exchange rates.

Employee benefits and remuneration policies

As at 30 June 2018, the Group had a total of 617 employees (as at 31 December 2017: 620). The employees of the Group were remunerated based on their experience, qualifications, the Group’s performance and the prevailing market conditions. During the Period under Review, staff costs (including Directors’ remunerations) amounted to approximately RMB38.0 million (as at 30 June 2017: approximately RMB40.6 million).

The Group will continuously optimise the workforce structure and offer its staff with competitive remuneration. In addition, discretionary bonuses and share options may be granted to eligible staff based on individual’s and the Group’s performance.

The Group participated in the social insurance schemes operated by the relevant local government authorities which include retirement pension, medical insurance, unemployment insurance, industrial injuries insurance and maternity insurance.

The Group emphasises on team building and the Group’s success is dependent on the contribution of all employees.

匯率波動風險及有關對沖

由於本集團主要在中國內地經營業務及本集團的主要附屬公司於中國內地營運，而主要附屬公司的功能貨幣為人民幣（「人民幣」），故本集團大部分交易以人民幣結算。本集團的呈報貨幣為人民幣。

本集團承受最低外匯風險。

本集團的現金及銀行存款主要以人民幣計值。倘宣派股息，本公司將以港元派付股息。

本集團目前並無對沖外匯風險並將密切留意匯率波動情況。

僱員福利及酬金政策

於二零一八年六月三十日，本集團共聘用617名（二零一七年十二月三十一日：620名）僱員。本集團僱員的薪酬根據其經驗、資格、本集團表現及現行市況釐定。於回顧期間，員工成本（包括董事酬金）約為人民幣38.0百萬元（二零一七年六月三十日：約人民幣40.6百萬元）。

本集團將持續優化員工團隊結構並為其員工提供有競爭力的薪酬待遇。此外，合資格員工亦可能視其個人及本集團的表現而獲授酌情花紅及購股權。

本集團已參與由相關地方政府營辦的社會保險計劃，計劃中包括退休金、醫療保險、失業保險、工傷保險及生育保險。

本集團重視團隊建設，本集團的成功倚賴於全體員工的貢獻。

**SIGNIFICANT OUTSTANDING INVESTMENTS
HELD AS AT THE RELEVANT DATE**

於相關日期所持有重大未贖回投資

Assets manager 資產管理人	Custodian 託管人	Investment amount RMB'000 人民幣千元	Date of agreement 協議日期	Expected annual rate of return (per annum) (每年)	Maturity 到期日	Type of investment (Note) 投資類型 (附註)
As of 30 June 2018 截至二零一八年六月三十日						
1. China Foreign Economy and Trade Trust Co., Limited* (中國對外經濟貿易信託有限公司) ("FOTIC")	The Beijing Chaowai Street Sub-Branch of China Merchant Bank Co., Ltd* (招商銀行股份有限公司北京朝外大街支行) ("CMB BJ CW Sub-Branch")	40,000	15 March 2018	6.30%	23 November 2018	1
中國對外經濟貿易信託有限公司 ("外貿信託")	招商銀行股份有限公司北京朝外大街支行 ("招商銀行北京朝外支行")		二零一八年 三月十五日		二零一八年 十一月二十三日	
2. Minsheng Wealth Management Co., Ltd* (民生財富投資管理有限公司) ("Minsheng Wealth")	China Merchants Securities Co., Ltd* (招商證券股份有限公司) ("CMS")	20,000	10 January 2018	7.10%	10 October 2018	2
民生財富投資管理有限公司 ("民生財富")	招商證券股份有限公司 ("招商證券")		二零一八年 一月十日		二零一八年 十月十日	
3. Shenzhen Sidaoke Investment Limited* (深圳市思道科投資有限公司) ("SZ Sidaoke Investment")	Ping An Bank Co., Limited, Shenzhen Branch* (平安銀行股份有限公司深圳分行) ("Ping An Bank Shenzhen")	60,000	9 January 2018	6.30%	6 months	3
深圳市思道科投資有限公司 ("深圳市思道科投資")	平安銀行股份有限公司深圳分行 ("平安銀行深圳")		二零一八年 一月九日		6個月	
		120,000				

Note:

- Type 1 investment refers to (i) money market funds; (ii) bank deposits; (iii) money market wealth management products; (iv) money market trusts; and (v) money market asset management products etc.
- Type 2 investment refers to (i) money market trusts; (ii) private investment funds; (iii) money market asset management products; (iv) bond repurchase; (v) money market funds; and (vi) bank deposits etc.
- Type 3 investment refers to (i) monetary instruments; (ii) bonds; (iii) public equity funds; (iv) fixed income products; (v) fixed income-like products; and (vi) other low-risk investment products including subscription of new shares, etc.

Save as disclosed above, there were no significant investments held by the Company as at 30 June 2018.

附註:

- 第1類投資指(i)貨幣市場基金; (ii)銀行存款; (iii)貨幣市場類銀行理財產品; (iv)貨幣市場信託; 及(v)貨幣市場類資產管理產品等。
- 第2類投資指(i)貨幣市場信託; (ii)私募投資基金; (iii)貨幣市場資產管理產品; (iv)債券回購; (v)貨幣市場基金; 及(vi)銀行存款等。
- 第3類投資指(i)貨幣工具; (ii)債券; (iii)公募基金; (iv)固定收益產品; (v)固定收益類產品; 及(vi)其他低風險投資產品, 包括新股申購等。

除上文所披露者外, 於二零一八年六月三十日, 本公司概無持有重大投資。

Management Discussion and Analysis (Continued)

管理層討論及分析 (續)

INTERIM DIVIDEND

The Board resolved to declare an interim dividend of HK\$0.033 per share for the six months ended 30 June 2018 to the shareholders of the Company whose names appear on the register of members of the Company on Friday, 28 September 2018 (the “**Interim Dividend**”) (30 June 2017: HK\$0.035 per share).

CLOSURE OF REGISTER OF MEMBERS

The register of members will be closed from 26 September 2018 to 28 September 2018, both days inclusive, and the Interim Dividend is expected to be paid on 30 October 2018. In order to qualify for the Interim Dividend, shareholders of the Company should ensure that all transfers accompanied by the relevant share certificates and transfer forms are lodged with the Company’s Hong Kong branch share registrar, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong no later than 4:30 p.m. on 24 September 2018.

中期股息

董事會議決向於二零一八年九月二十八日(星期五)名列本公司股東名冊的本公司股東派付截至二零一八年六月三十日止六個月的中期股息每股0.033港元(「**中期股息**」)(二零一七年六月三十日:每股0.035港元)。

暫停辦理股份過戶登記

股東名冊將於二零一八年九月二十六日至二零一八年九月二十八日(包括首尾兩日)期間暫停辦理股東登記,並且預期於二零一八年十月三十日派付中期股息。如欲符合資格獲取中期股息,本公司股東應確保所有過戶文件連同有關股票及過戶表格須於二零一八年九月二十四日下午四時三十分前交回本公司的香港股份過戶登記分處卓佳證券登記有限公司(地址為香港皇后大道東183號合和中心22樓)。

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

購買、出售及贖回本公司上市證券

During the Period under Review, the Company repurchased a total of 8,000,000 ordinary shares of HK\$0.01 each ("**Shares**") on the Stock Exchange at an aggregate consideration (before expenses) of HK\$21,968,925. All the repurchased Shares were subsequently cancelled.

於回顧期間，本公司於聯交所購回合共8,000,000股每股0.01港元的普通股（「**股份**」），總代價（扣除開支前）為21,968,925港元。所有已購回股份已於其後註銷。

Particulars of the repurchase of Shares during the Period under Review are as follows:

於回顧期間之股份購回詳情如下：

Date	日期	Number of Shares repurchased 已購回股份數目	Purchase price 購買價		Aggregate consideration (before expenses) 總代價（扣除開支前） (HK\$) (港元)
			Highest 最高 (HK\$) (港元)	Lowest 最低 (HK\$) (港元)	
18 May 2018	二零一八年五月十八日	3,000,000	2.35	-	7,050,000
30 May 2018	二零一八年五月三十日	3,000,000	2.94	-	8,820,000
7 June 2018	二零一八年六月七日	2,000,000	3.05	3.04	6,098,925
		8,000,000			21,968,925

Save as disclosed above, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's securities during the six months ended 30 June 2018.

除上文所披露者外，於截至二零一八年六月三十日止六個月，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證券。

SUBSEQUENT IMPORTANT EVENTS AFTER THE PERIOD UNDER REVIEW

On 12 July 2018, Yongsheng Dyeing entered into the third entrusted loan agreement with China Merchant Bank Hangzhou Xiaoshan Branch* (招商銀行杭州蕭山支行) (“CMB Xiaoshan”), pursuant to which Yongsheng Dyeing has entrusted CMB Xiaoshan with an amount of RMB50,000,000 for the purpose of lending the same to an independent third party, Saintyear Holding Co., Ltd* (三元控股集團有限公司). The interest rate of the entrusted loan is 6.5% per annum and the loan period is six months. Please refer to the announcement of the Company dated 12 July 2018 for further details.

On 17 July 2018, Yongsheng Dyeing (as asset entrustor) entered into the second asset management agreement with FOTIC (as asset manager) and CMB BJ CW Sub-Branch (as asset custodian), pursuant to which Yongsheng Dyeing agreed to participate in the asset management plan operated by FOTIC and to deposit an investment amount of RMB46,150,000 into the designated account with CMB BJ CW Sub-branch, which was funded by the internal resources of the Group. The expected annual rate of return is 6.5% per annum, while the maturity date is on 12 February 2019. On 17 July 2018, Yongsheng Dyeing (as asset entrustor) also entered into the second asset management agreement with Minsheng Wealth (as asset manager) and CMS (as asset custodian), pursuant to which Yongsheng Dyeing agreed to participate in the asset management plan operated by Minsheng Wealth and to deposit an investment amount of RMB20,000,000 into the designated account with CMS, which was funded by the internal resources of the Group. The expected annual rate of return is 6.8% per annual while the maturity date is on 13 March 2019. Please refer to the announcement of the Company dated 17 July 2018 for further details.

On 27 August 2018, Yongsheng Dyeing entered into an equity transfer agreement with HUVIS, pursuant to which Yongsheng Dyeing agreed to sell and HUVIS agreed to purchase 30% of the equity interest in Nantong Yongsheng held by Yongsheng Dyeing at the consideration of RMB17,660,140 in cash. Upon completion of such transfer of equity interest, Nantong Yongsheng continued to be a subsidiary of the Company and became a joint venture formed between Yongsheng Dyeing, HUVIS and minority equity holders of Nantong Yongsheng. Yongsheng Dyeing, HUVIS and minority equity holders of Nantong Yongsheng entered into a joint venture agreement on 27 August 2018 to regulate their respective rights and obligations in respect of ownership and management of Nantong Yongsheng immediately upon and after completion of such transfer of equity interest.

回顧期間後重大事項

於二零一八年七月十二日，永盛染整與招商銀行杭州蕭山支行（「招商銀行蕭山支行」）訂立第三份委託貸款協議，據此，永盛染整將一筆人民幣50,000,000元的款項委託予招商銀行蕭山支行，以供轉借予一名獨立第三方三元控股集團有限公司。委託貸款按年利率6.5厘計息，貸款期為六個月。有關進一步詳情，請參閱本公司日期為二零一八年七月十二日之公佈。

於二零一八年七月十七日，永盛染整（作為資產委託人）與外貿信託（作為資產管理人）及招商銀行北京朝外支行（作為資產託管人）訂立第二份資產管理協議，據此，永盛染整同意參與由外貿信託營運的資產管理計劃，並向招商銀行北京朝外支行的指定賬戶存入投資額人民幣46,150,000元，該款項將由本集團內部資源撥付。預期年收益率為6.5%，到期日為二零一九年二月十二日。於二零一八年七月十七日，永盛染整（作為資產委託人）亦與民生財富（作為資產管理人）及招商證券（作為資產託管人）訂立第二份資產管理協議，據此，永盛染整同意參與由民生財富營運的資產管理計劃，並向招商證券的指定賬戶存入投資額人民幣20,000,000元，該款項將由本集團內部資源撥付。預明年收益率為6.8%，到期日為二零一九年三月十三日。有關進一步詳情，請參閱本公司日期為二零一八年七月十七日之公佈。

於二零一八年八月二十七日，永盛染整與HUVIS訂立股權轉讓協議，據此，永盛染整同意出售而HUVIS同意購買永盛染整持有之南通永盛30%股權，現金代價為人民幣17,660,140元。於完成該項股權轉讓後，南通永盛仍為本公司之附屬公司，並成為永盛染整、HUVIS及南通永盛少數權益股東所成立的合資企業。永盛染整、HUVIS及南通永盛少數權益股東於二零一八年八月二十七日訂立合資協議，以規定緊接完成該項股權轉讓後彼等各自有關南通永盛所有權及管理的權利及義務。

On 27 August 2018, Nantong Yongsheng and HUVIS also entered into a technology and brand licensing agreement, pursuant to which HUVIS agreed to grant to Nantong Yongsheng, among other things, the exclusive right (except as to Yongsheng Chemical Fiber) to use certain of HUVIS' licensed technology and some brands owned by HUVIS in the PRC. On the same day, Yongsheng Chemical Fiber and HUVIS entered into a brand licensing agreement, pursuant to which HUVIS agreed to grant to Yongsheng Chemical Fiber, among other things, the exclusive right (except to Nantong Yongsheng) to use some brands owned by HUVIS in the PRC. Such agreements are for a term of three years and shall be renewed subject to compliance with Rules Governing the Listing of Securities on the Stock Exchange ("**Listing Rules**") and all other applicable rules and regulations.

On 27 August 2018, Nantong Yongsheng and HUVIS entered into (i) an exclusive agency and distribution agreement, pursuant to which HUVIS appoints Nantong Yongsheng as an exclusive agent and distributor of PFY products in the PRC on behalf of HUVIS; and (ii) an exclusive agency and distribution agreement, pursuant to which Nantong Yongsheng appoints HUVIS as an exclusive agent and distributor of PFY products in South Korea on behalf of Nantong Yongsheng. Such agreements are for a term of three years and shall be renewed subject to compliance with the Listing Rules and all other applicable rules and regulations. Please refer to the announcement of the Company dated 27 August 2018 for further details regarding the aforementioned agreements which were entered into on 27 August 2018.

CORPORATE GOVERNANCE CODE

The Company was committed to achieving and maintaining high standards of corporate governance, the principles of which serve to uphold transparency, accountability and independence in all aspects of business and endeavours to ensure that affairs are conducted in accordance with applicable laws and regulations. The Board comprises four executive Directors and three independent non-executive Directors. The Group's corporate governance practices are based on the Corporate Governance Code (the "**Code**") as set out in Appendix 14 to the Listing Rules. During the Period under Review, the Board considered that the Company had complied with the Code.

於二零一八年八月二十七日，南通永盛亦與HUVIS訂立技術與品牌許可協議，據此HUVIS同意向南通永盛授出（其中包括）若干HUVIS許可技術及由HUVIS擁有的若干品牌於中國的排他使用權（永盛化纖除外）。於同日，永盛化纖及HUVIS訂立品牌許可協議，據此HUVIS同意向永盛化纖授出（其中包括）由HUVIS擁有的若干品牌於中國的排他使用權（南通永盛除外）。該等協議乃為期三年，須根據聯交所證券上市規則（「**上市規則**」）及所有其他適用規則及規定予以續期。

於二零一八年八月二十七日，南通永盛與HUVIS (i) 訂立排他代理及分銷協議，據此，HUVIS委任南通永盛為代表HUVIS於中國的滌綸長絲產品排他代理及分銷商；及(ii)訂立排他代理及分銷協議，據此，南通永盛委任HUVIS為代表南通永盛於南韓的滌綸長絲產品排他代理及分銷商。該等協議乃為期三年，須根據上市規則及所有其他適用規則及規定予以續期。有關上述於二零一八年八月二十七日訂立之協議之進一步詳情，請參閱本公司日期為二零一八年八月二十七日之公佈。

企業管治守則

本公司致力達致及維持高水平的企業管治，其原則旨在於各個業務方面維持透明度、問責性及獨立性，並努力確保一切事務均按照適用的法律及法規進行。董事會由四名執行董事及三名獨立非執行董事組成。本集團的企業管治常規乃以上市規則附錄14所載的企業管治守則（「**守則**」）為基準。於回顧期間，董事會認為本公司一直遵守守則。

Management Discussion and Analysis (Continued)

管理層討論及分析 (續)

CODE OF CONDUCT REGARDING DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding directors' securities transactions on terms no less exacting than the required standard as set out in the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the "Model Code"). Specific enquiry has been made to all Directors and the Directors have confirmed that they had complied with the Model Code during the Period under Review.

AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") currently comprises three independent non-executive Directors, namely Ms. Wong Wai Ling (Chairlady), Mr. Shiping James Wang and Dr. Wang Huaping. The Audit Committee has reviewed the unaudited interim results for the Period under Review and this announcement, and discussed internal controls and financial reporting matters with the management of the Company. The Audit Committee was of the opinion that the preparation of the unaudited interim results complied with the applicable accounting standard and requirements and that adequate disclosures have been made.

董事進行證券交易的操守守則

本公司已採納有關董事進行證券交易的操守守則，其條款不遜於上市規則附錄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」）所載的規定標準。本公司已向全體董事作出具體查詢，而各董事已確認彼等於回顧期間一直遵守標準守則。

審核委員會

本公司審核委員會（「審核委員會」）現時由三名獨立非執行董事即黃慧玲女士（主席）、王世平先生及王華平博士組成。審核委員會已審閱回顧期間的未經審核中期業績及本公佈，並與本公司管理層討論內部監控及財務報告事項。審核委員會認為，未經審核中期業績乃遵守適用會計準則及規定而編製並已作出充足的披露。

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

As at 30 June 2018, interests or short positions in the Shares, underlying Shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) held by the Directors and chief executive of the Company which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO) or have been entered in the register maintained by the Company pursuant to section 352 of the SFO, or otherwise have been notified to the Company and the Stock Exchange pursuant to the Model Code are as follows:

(A) Long position in the Shares and underlying Shares

Name of Director	Capacity/Nature	Number of Shares and underlying Shares held/ interested	Percentage of shareholding
董事姓名	身份／性質	所持／擁有權益的股份及相關股份數目	股權百分比
Mr. Li Cheng ("Mr. Li") (Note 1) 李誠先生(「李先生」)(附註1)	Interest in controlled corporation 受控法團權益	206,471,700	51.50%
Mr. Ma Qinghai ("Mr. Ma") (Note 2) 馬青海先生(「馬先生」)(附註2)	Beneficial owner 實益擁有人	7,075,677	1.76%
Mr. Zhao Jidong ("Mr. Zhao") (Note 3) 趙繼東先生(「趙先生」)(附註3)	Beneficial owner 實益擁有人	7,000,000	1.75%
	Interest of spouse 配偶之權益	2,563,927	0.64%

董事及最高行政人員於股份、相關股份及債權證之權益及淡倉

於二零一八年六月三十日，董事及本公司的最高行政人員於股份、本公司或其任何相聯法團（定義見證券及期貨條例（「證券及期貨條例」）第XV部）相關股份及債權證中，持有已根據證券及期貨條例第XV部第7及8分部知會本公司及聯交所的權益或淡倉（包括根據證券及期貨條例有關條文彼等被當作或視為擁有的權益及淡倉），或列入本公司遵照證券及期貨條例第352條保存的登記冊內的權益或淡倉，或根據標準守則已知會本公司及聯交所的權益或淡倉如下：

(A) 於股份及相關股份之好倉

Other Information (Continued)

其他資料 (續)

Note 1: Mr. Li beneficially owns approximately 95.71% of the issued share capital of Ever Thrive Global Limited which in turn, beneficially holds 206,471,700 Shares. Therefore, Mr. Li is deemed or taken to be interested in all the Shares held by Ever Thrive Global Limited for the purposes of the SFO. Mr. Li is also the sole director of Ever Thrive Global Limited.

Note 2: As at 30 June 2018, share options to subscribe for 4,400,000 Shares were granted to Mr. Ma. Besides, Mr. Ma beneficially owns 2,675,677 Shares. Therefore, Mr. Ma was interested in 7,075,677 Shares in aggregate.

Note 3: As at 30 June 2018, share options to subscribe for 6,300,000 Shares were granted to Mr. Zhao. Mr. Zhao also holds 700,000 Shares beneficially. Besides, Ms. Chen Xi, the spouse of Mr. Zhao beneficially owns 2,563,927 Shares. Therefore, Mr. Zhao is deemed, or taken to be, increased in the said 2,563,927 Shares for the purpose of the SFO. Accordingly, Mr. Zhao was interested in 9,563,927 Shares in aggregate.

附註1：李先生實益擁有恆盛環球有限公司約95.71%的已發行股本，而恆盛環球有限公司實益持有206,471,700股股份。因此，根據證券及期貨條例，李先生被視為或當作於恆盛環球有限公司持有的全部股份中擁有權益。李先生亦為恆盛環球有限公司的唯一董事。

附註2：於二零一八年六月三十日，馬先生獲授可認購4,400,000股股份的購股權。此外，馬先生實益擁有2,675,677股股份。因此，馬先生合共於7,075,677股股份中擁有權益。

附註3：於二零一八年六月三十日，趙先生獲授可認購6,300,000股股份的購股權。趙先生亦實益持有700,000股股份。此外，陳曦女士（趙先生之配偶）實益擁有2,563,927股股份。因此，根據證券及期貨條例，趙先生被視為或當作於上述2,563,927股股份中擁有權益。因此，趙先生合共於9,563,927股股份中擁有權益。

(B) Long position in shares of associated corporation

(B) 於相聯法團股份之好倉

Name of Director	Name of Associated Corporation	Capacity/Nature	Number of shares held/ interested	Approximate percentage of shareholding
董事姓名	相聯法團名稱	身份／性質	所持／擁有權益的股份數目	股權概約百分比
Mr. Li 李先生	Ever Thrive Global Limited 恆盛環球有限公司	Beneficial owner 實益擁有人	446	95.71%

Apart from those disclosed herein, as at 30 June 2018, none of the Directors nor the chief executive of the Company had any interests or short positions in any of the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of the SFO) that is required to be recorded and kept in the register in accordance with section 352 of the SFO or any interests required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

除本文所披露者外，於二零一八年六月三十日，董事或本公司的最高行政人員並無於股份、本公司或其任何相聯法團（定義見證券及期貨條例）的相關股份或債權證中擁有根據證券及期貨條例第352條須記入及保存於登記冊內的任何權益或淡倉，或根據標準守則須知會本公司及聯交所的任何權益。

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

As at 30 June 2018, so far as is known to the Directors, the following persons (other than a Director or chief executive of the Company) had or were deemed or taken to have an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, were directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of any other member of the Group.

主要股東及其他人士於股份及相關股份之權益及淡倉

於二零一八年六月三十日，據董事所知，以下人士（董事或本公司的最高行政人員除外）擁有或被視為或當作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3分部的條文須向本公司及聯交所披露的權益或淡倉，或直接或間接持有附有權利可於任何情況下於本集團任何其他成員公司股東大會上投票的任何類別股本的面值5%或以上的權益：

Name of shareholder	Capacity/Nature	Number of Shares held/ interested	Approximate percentage of shareholding
股東名稱	身份／性質	所持／擁有權益的股份數目	股權概約百分比
Ever Thrive Global Limited 恆盛環球有限公司	Beneficial owner 實益擁有人	206,471,700	51.50%
Ms. Chen Fangqin (Note) 陳芳芹女士（附註）	Interest of Spouse 配偶之權益	206,471,700	51.50%

Note: Ms. Chen Fangqin is the spouse of Mr. Li. Therefore, Ms. Chen Fangqin was deemed, or taken to be interested in all the Shares which are interested by Mr. Li for the purposes of the SFO.

附註：陳芳芹女士為李先生的配偶，因此，就證券及期貨條例而言，陳芳芹女士被視為或當作於李先生擁有權益的全部股份中擁有權益。

Other Information (Continued)

其他資料 (續)

SUBSTANTIAL SHAREHOLDERS OF THE COMPANY'S SUBSIDIARIES

Huvis Corporation holds 30% of the equity interest in Yongsheng Chemical Fiber as at 30 June 2018. For details, please refer to the paragraph headed “Yongsheng Chemical Fiber” set out in the section headed “History and development” of the prospectus of the Company dated 15 November 2013.

On 27 August 2018, Yongsheng Dyeing entered into an equity transfer agreement with HUVIS Corporation, pursuant to which Yongsheng Dyeing agreed to sell and HUVIS Corporation agreed to purchase 30% of the equity interest in Nantong Yongsheng held by Yongsheng Dyeing. Upon completion of such transfer of equity interest, Nantong Yongsheng continues to be a subsidiary of the Company and will be held as to 30% by HUVIS Corporation. For details, please refer to the announcement of the Company dated 27 August 2018.

本公司附屬公司的主要股東

株式會社Huvis於二零一八年六月三十日持有永盛化纖30%股權，詳情請參閱本公司日期為二零一三年十一月十五日之招股章程「歷史及發展」一節所載「永盛化纖」一段。

於二零一八年八月二十七日，永盛染整與株式會社HUVIS訂立股權轉讓協議，據此，永盛染整同意出售而株式會社HUVIS同意購買永盛染整持有之南通永盛30%股權。於完成該項股權轉讓後，南通永盛將仍為本公司之附屬公司，並由株式會社HUVIS持有30%權益。有關詳情，請參閱本公司日期為二零一八年八月二十七日之公佈。

SHARE OPTION SCHEME OF THE COMPANY

The Company adopted a share option scheme (the "Scheme") on 7 November 2013 as to attract and retain the best available personnel and to provide additional incentive to the eligible participants under the Scheme.

The status of the share options granted, cancelled or lapsed up to 30 June 2018 is as follows:

Number of unlisted share options

Name and category of participants	As at 1 January 2018	Granted during the period	Exercised during the period	Cancelled/lapsed during the period	As at 30 June 2018	Date of grant of share options	Vesting period of share options	Exercise price of share options	Share price of the Company as at the date of grant of share options*
參與者名稱及類別	於二零一八年一月一日	期內授出	期內行使	期內註銷/失效	於二零一八年六月三十日	購股權授出日期	購股權歸屬期	購股權之行使價 HK\$ 港元	授出日期之本公司股價* HK\$ 港元
Directors 董事									
Mr. Zhao 趙先生	2,800,000	-	-	-	2,800,000	6 January 2015 二零一五年一月六日	**	1.48	1.46
	3,500,000	-	-	-	3,500,000	30 December 2015 二零一五年十二月三十日	***	1.52	1.52
Mr. Ma 馬先生	2,200,000	-	-	-	2,200,000	6 January 2015 二零一五年一月六日	**	1.48	1.46
	2,200,000	-	-	-	2,200,000	30 December 2015 二零一五年十二月三十日	***	1.52	1.52
Other employees 其他僱員	5,722,000	-	-	-	5,722,000	6 January 2015 二零一五年一月六日	**	1.48	1.46
	8,190,400	-	-	-	8,190,400	30 December 2015 二零一五年十二月三十日	***	1.52	1.52
Total 總計	24,612,400	-	-	-	24,612,400				

本公司的購股權計劃

本公司於二零一三年十一月七日採納一項購股權計劃(「該計劃」),旨在吸引及挽留最稱職人員及向該計劃的合資格參與者提供額外獎勵。

截至二零一八年六月三十日已授出、註銷或失效之購股權狀況如下:

非上市購股權數目

Other Information (Continued)

其他資料 (續)

* The share price of the Company disclosed as at the date of the grant of the share options was the closing price as quoted on the Stock Exchange of the trading day immediately prior to the date of the grant of the share options.

* 於購股權授出日期披露之本公司股價為緊接購股權授出日期前之交易日聯交所報之收市價。

** **Maximum percentage of share options exercisable including the percentage of share options previously exercised**

可行使購股權最高百分比 (包括早前已行使購股權百分比)

Period for exercise of the relevant percentage of the share options[#]

行使購股權有關百分比之期間[#]

50%

2 April 2016 to 5 January 2025
二零一六年四月二日至二零二五年一月五日

50%

1 April 2017 to 5 January 2025
二零一七年四月一日至二零二五年一月五日

*** **Maximum percentage of share options exercisable including the percentage of share options previously exercised**

可行使購股權最高百分比 (包括早前已行使購股權百分比)

Period for exercise of the relevant percentage of the share options[#]

行使購股權有關百分比之期間[#]

50%

2 April 2017 to 30 December 2025
二零一七年四月二日至二零二五年十二月三十日

50%

1 April 2018 to 30 December 2025
二零一八年四月一日至二零二五年十二月三十日

[#] The vesting and exercise of the options granted under the Scheme are subject to the performance conditions set out in the announcement of the Company dated 6 January 2015.

[#] 根據該計劃授出之購股權須達致載於本公司日期為二零一五年一月六日之公佈之表現條件後，方可歸屬及行使。

^{##} The vesting and exercise of the options granted under the Scheme are subject to the performance conditions set out in the announcement of the Company dated 30 December 2015.

^{##} 根據該計劃授出之購股權須達致載於本公司日期為二零一五年十二月三十日之公佈之表現條件後，方可歸屬及行使。

Apart from the foregoing, at no time for the six months ended 30 June 2018 was the Company, any of its holding companies, subsidiaries or fellow subsidiaries a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

除上文所述者外，本公司、其任何控股公司、本公司之附屬公司或同系附屬公司概無於截至二零一八年六月三十日止六個月內任何時間訂立任何安排致使董事可藉購入本公司或任何其他法團之股份或債券而獲益。

