



ZHENGYE
INTERNATIONAL

正業國際控股有限公司

ZHENGYE INTERNATIONAL HOLDINGS COMPANY LIMITED

Incorporated in Bermuda with limited liability
於百慕達註冊成立的有限公司

Stock Code 股份代號 : 3363.HK

www.zhengye-cn.com



2018

ANNUAL REPORT
年報

VISION

願景

Strive to become

**China's leading
environmentally friendly
paper packaging enterprise**

致力成為

**中國領先環保
紙類包裝企業**





Financial Highlights

財務摘要

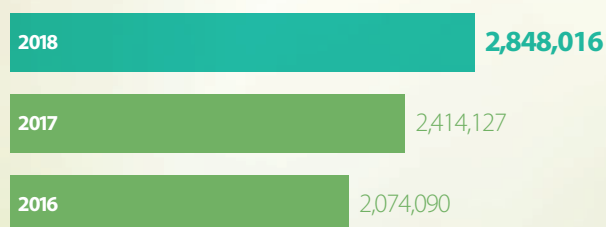
For the year ended 31 December

截至十二月三十一日止年度

		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	收入	2,848,016	2,414,127
Profit attributable to the Owners of the Company	本公司擁有人年內應佔全面收益總額	109,358	182,705
		RMB (cents) 人民幣(分)	RMB (cents) 人民幣(分)
Dividend per Share	每股股息	10.00	10.96
Return on Equity Attributable to the Owners of the Company	本公司擁有人應佔權益回報率	12.24%	21.87%

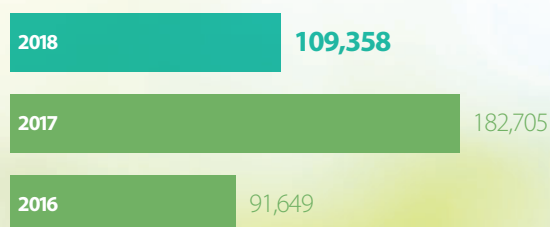
REVENUE 收入

RMB'000
人民幣千元



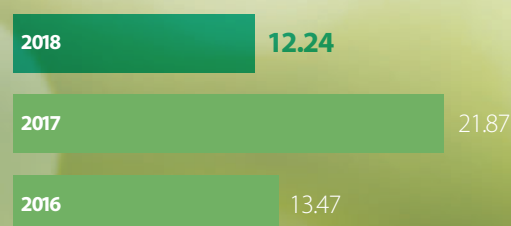
PROFIT ATTRIBUTABLE TO THE OWNERS OF THE COMPANY 本公司擁有人年內應佔全面收益總額

RMB'000
人民幣千元



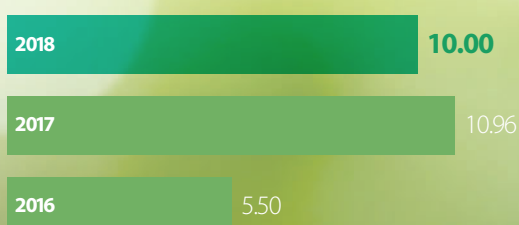
RETURN ON EQUITY ATTRIBUTABLE TO THE OWNERS OF THE COMPANY 本公司擁有人應佔權益回報率

%
百分比



DIVIDEND PER SHARE 每股股息

RMB (cents)
人民幣(分)



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Corporate Information

Board of Directors

Executive Directors

Mr. Hu Zheng (*Chairman*)
Mr. Hu Hancheng (*Co-Chairman*)
Mr. Hu Hanchao

Non-Executive Director

Mr. Hu Hanxiang

Independent Non-Executive Directors

Mr. Chung Kwok Mo John
Mr. Wu Youjun
Prof. Zhu Hongwei

Chief Executive Officer

Mr. Hu Jianpeng

Company Secretary

Mr. Kersen Chan

Audit Committee

Mr. Chung Kwok Mo John (*Chairman*)
Mr. Wu Youjun
Prof. Zhu Hongwei

Remuneration Committee

Prof. Zhu Hongwei (*Chairman*)
Mr. Wu Youjun
Mr. Chung Kwok Mo John
Mr. Hu Zheng

Nomination Committee

Mr. Hu Zheng (*Chairman*)
Mr. Chung Kwok Mo John
Mr. Wu Youjun
Prof. Zhu Hongwei

Risk Management Committee

Mr. Wu Youjun (*Chairman*)
Mr. Chung Kwok Mo John
Prof. Zhu Hongwei
Mr. Hu Zheng

Budget Management Committee

Mr. Hu Hanchao (*Chairman*)
Mr. Hu Zheng
Mr. Hu Haocheng

Registered Office

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

Headquarters and Principal Place of Business in China

20th Floor, Building 2, Ocean Plaza
28 Boai No.6 Road, Eastern District
Zhongshan City, Guangdong
The People's Republic of China

Principal Place of Business in Hong Kong

Suite 1404, 14th Floor
Jubilee Centre
18 Fenwick Street
Wan Chai
Hong Kong

Authorized Representatives

Mr. Hu Zheng
Mr. Kersen Chan

Legal Adviser

As to Hong Kong
Deacons

As to Bermuda law
Conyers Dill & Pearman

Auditor

Deloitte Touche Tohmatsu
Certified Public Accountants

Principal Share Registrar and Transfer Office in Bermuda

MUFG Fund Services (Bermuda) Limited
26 Burnaby Street
Hamilton HM 11
Bermuda

Branch Share Registrar and Transfer Office in Hong Kong

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

Principal Bankers

Bank of China
Industrial and Commercial Bank of China
Industrial Bank Company Limited

Share Information

Stock code: 3363

Company's Official Website Address

<http://www.zhengye-cn.com>

Highlights 2018

广东省 生态环保绿色造纸 工程技术研究中心

广东省科学技术厅
二〇一八年

Zhongshan Yongfa Papermaking Base won the "Guangdong Eco-Green Paper Engineering Technology Research Center"

Zhongshan Rengo Hung Hing Papermaking Base successfully developed and put into production 50 grams of AA grade low gram weight high strength corrugated core paper



Zhengye Packaging Zhongshan Base automatic logistics production line operation



Zhengye Packaging Zhuhai Base Production Line Expansion Project Construction



Highlights 2018



Zhengye Packaging Zhuhai Base cooperates with internationally renowned company NEFAB Group

Zhongshan Rengo Hung Hing Papermaking Base has added a new environmentally friendly aerobic 5000 m³ processing system



Zhongshan Yongfa Papermaking Base added 8000 m³ semi-processing system for environmental protection new aerobic system



Zhengye Packaging Shijiazhuang Zhengye Company Successfully and Gree Development Integration Project

Highlights 2018

Zhongshan Yongfa Paper Co., Ltd. awarded the "Diamond Customer" honour of Guangfa Bank Zhongshan Branch in 2018
Zhengye Packaging (Zhongshan) Co., Ltd. awarded the "Diamond Customer" honour of Guangfa Bank Zhongshan Branch in 2018
Zhengye Packaging (Zhongshan) Co., Ltd. awarded the "Platinum Customer" honour of Bank of China Zhongshan Branch in 2018



Zhengye International Marathon Team was established and held a start-up event



Chairman's Statement



Dear Shareholders,

On behalf of the board of directors (the “**Board**”), I am pleased to present the annual results report of Zhengye International Holdings Company Limited (the “**Company**” or “**Zhengye International**”, together with its subsidiaries, our “**Group**” or the “**Group**”) for the year ended 31 December 2018 (the “**Year**”).

Business Review

Since 2016, the Group has re-established the management team of the two major divisions of papermaking and packaging, and comprehensively promoted the simultaneous development of the two major segments. In the papermaking business, the Group adjusted its development strategy, vigorously promoted the research and development and production of low-quantity and high-strength special industrial packaging papers, which further broadened the varieties of corrugated core paper products, and won market recognition. The Company produced low-quantity, high-strength corrugated medium paper products are in the leading position in the industry. In the packaging business, the Group focused on promoting environmentally friendly packaging for home appliances, researching and developing honeycomb paper-based products, partially replacing traditional packaging materials such as plastics and foams, and maintaining industry leadership in the development of green packaging. The sales of honeycomb paper-based products produced by the Company are leading in the country. The sales of home appliances and environmentally friendly paper-based packaging products are also in the leading position in the national appliance industry. In the past three years, the Company's revenue has grown steadily, and its gross profit and profit have remained at a good level in the industry. The company maintains a stable dividend every year, which enables shareholders to obtain stable returns.

Looking back on 2018, China's paper industry has experienced wind and rain. Under the limited supply of domestic waste paper, while the restrictions of foreign waste paper import and national environmental protection policies, domestic waste paper costs have risen sharply, environmental protection costs have been rising, and downstream The carton industry was affected by the Sino-US trade friction in the international market, and orders fell. Under the pressure of rising product costs but falling sales unit prices and destocking, the paper packaging industry was affected as a whole, and some enterprises were in dire straits. In such a rapidly changing business environment, the Group faced difficulties and continued to make strategic adjustments in management and production structure optimization. During the year, the Group strengthened its industrial structure, improved the product and service quality, and strengthened research and development investment, continuous reform and innovation, the Group's business has been able to grow steadily.

Chairman's Statement

The Group's overall turnover amounted to RMB2,848,016,000 for the year ended 31 December 2018, a year-on-year increase of 17.97% (for the year ended 31 December 2017: RMB 241,4127,000). Gross profit was RMB509,702,000 (for the year ended 31 December 2017: RMB531,493,000), the gross profit margin was about 17.9%, and Profit and total comprehensive income for the year attributable to the owners of the Company was approximately RMB109,358,000. It decreased by about 40.15% in the same period last year. Basic earnings per share amounted to approximately RMB22 cents.

Despite of the overall profit of the Group has fallen from the high level in 2017, it has maintained a steady growth in product sales volume and its revenue. It has made great gains in expanding product varieties, developing quality customers and stabilizing product quality, not only capturing new opportunity, gaining recognition from many brand customers and enhancing the Group's good reputation in the paper and packaging industry, laying a solid foundation for future innovation and development.

Outlook and Acknowledgements

Looking ahead, the world economic environment is expected to continue to improve. The Group has completed internal management integration and excellent management team building in the past three years. The sales and profitability have further improved. The Group is committed to becoming a leading paper and packaging company in China and is committed to low production quantitative and high-strength special packaging papers are committed to promoting the confidence of environmentally friendly green packaging. The Group will seek new business growth opportunities in the paper and packaging industry on the basis of strengthening the profitability of existing businesses, and actively explore and develop in the domestic and overseas markets. Strive for greater growth in business and create more lucrative returns for shareholders!

Finally, on behalf of the Board of the Group, I would like to thank to management staff and all staff who have worked hard and contributed to the Group. I also express my sincere gratitude to the Group's customers, suppliers, business partners and shareholders for their continued support.

Hu Zheng

Chairman

Hong Kong, 22 March 2019





Management
Discussion
Analysis &

Management Discussion and Analysis



Shijiazhuang Zheng Ye Packaging Company Limited

Zhengzhou Zhengye Packaging Company Limited

Wuhan Zheng Ye Alliance Packaging Company Limited

Zhongshan Yong Fa Paper Industry Company Limited
Zhongshan Rengo Hung Hing Paper Manufacturing Company Limited

Zheng Ye Packaging (Zhongshan) Company Limited

Zhuhai Zheng Ye Packaging Company Limited

Management Discussion and Analysis



Business Review

The Group is principally engaged in the production and sale of paper-based packaging products used in consumer products such as household air conditioners, food seasonings and small household electronic products, as well as the production and sale of corrugated medium paper from recycled waste paper. The Group also provides customer with services for packaging design, printing, logistics, etc. of paper-based packaging, and provides customers with integrated packaging solutions. The Group is committed to become the world's leading paper and packaging enterprise to produce low-quantity, high-strength special packaging paper, and to promote the green packaging for household appliances. The Group's products mainly include corrugated medium paper and paper-based packaging products (i.e. watermark cartons, colour printing cartons and honeycomb paper-based products). The Group's main production bases are located in Zhongshan, Zhuhai in Guangdong Province, and Wuhan, Zhengzhou in Central China, and Shijiazhuang in Northern China. The Group is currently comprised with seven subsidiaries and one holding company in the above regions. The Group's paper-based packaging products are among the best in air-conditioning packaging, condiment packaging and other sub-sectors, and the Group have maintained amicable relationships with many well-known brands domestically and abroad. The low-weight and high-strength corrugated medium paper products produced by the Group have won the favor of customers in the Pearl River Delta market in Guangdong, leading to a steady increase of its market share.

For paper-making segment in the year, due to restrictions imposed on imported waste and intensified national environmental protection inspections, cost of domestic waste paper has risen sharply, whilst price of raw paper has been under pressure as a result of the weak demand from downstream packaging enterprises. In view of an overall bleak outlook of the paper-making industry, the Group has intensified its innovation capabilities and successfully produced 50g and 65g AA grade low-quantity high-strength corrugated medium papers, striving to expand its customer base, stabilize product quality, strengthen market position, reduce various costs and realise continuous growth. Revenue of this segment has enjoyed an upsurge of RMB351,546,000 or 23.57% to RMB1,842,803,000 in the Year as compared with previous year. Notwithstanding profit has declined in the Year facing a sluggish market as compared to the previous year, the Group still witnessed the profitability and prospects of the industry.

Looking back at 2018, the Group further upgraded its production facilities for the paper-based packaging segment to reduce staff costs, improve management efficiency and strengthen quality control, and it also established automatic logistics in certain plants and replaced certain core equipment to promote production efficiency. As a result, the packaging segment recorded revenue of RMB1,005,213,000 in the Year, an increase by RMB82,343,000 or 8.92% as compared with the previous year whilst profit also rose by RMB7,757,000. Amongst others, corrugated boxes and honeycomb paper products accounted for 77.28% and 22.72% of the total revenue of paper-based packaging products respectively (75.96% and 24.04% respectively for Year 2017).

Management Discussion and Analysis

Product Introduction

Corrugated Medium Paper

The Group produces 50 to 140 grams of high-strength corrugated medium paper. Except for some of the Group's paper-based packaging products as raw materials, it is mainly sold to paperboard manufacturers and carton packaging manufacturers in the Pearl River Delta region of Guangdong. The total number of customers currently serving exceeds hundreds. The Group has been committed to the development of low-weight and high-strength corrugated core paper products to meet the demand of low-gross and high-strength materials for downstream packaging companies, to reduce the cost of packaging enterprises, and to achieve win-win cooperation with customers. In the eight years, we successfully developed 50g and 65g low-quantity high-strength corrugated core paper products, which won the recognition and support of customers.

Paper-Based Packaging Products

The Group's paper packaging products use containerboard and corrugated medium paper as the main raw materials, including watermark cartons, colour printing cartons and honeycomb paper-based products. In 2018, the revenue in paper-based packaging products of the Group's was RMB1,005,213,000, representing an increase of 8.92% as compared with 2017 and for approximately 35.30% of the Group's sales. The gross profit margin of paper-based packaging products in 2018 was approximately 20.82%.

Watermark Cartons

The Group's watermark cartons are mainly used for household air-conditioning packaging, small household appliance packaging, household electronic consumer products, and food seasoning product packaging. The Group continues to ensure high-quality product supply and quality after-sales service, and enhance customer trust and access. Many brand customers favor and maintain long-term stable cooperation.

Colour Printing Cartons

In order to meet customers' requirements for different product packaging quality, the Group also provides high-quality colour printing cartons for household air-conditioning packaging, small household appliance packaging, household electronic consumer products and food seasoning product packaging. The Group continues to promote product innovation. Responding to customer needs to produce differentiated products, and actively expand colour printing carton business.

Honeycomb Paper-Based Products

The honeycomb paper-based products produced by the Group mainly replace the plastic cushioning packaging materials and the alternative foam cushioning products used in the protection of the original various types of cartons. They are environmentally-friendly and energy-saving materials with light capacity, smooth surface, non-deformation and good cushioning performance, it can buffer the packaging for a variety of industries. The honeycomb paper products currently produced by our group are still mainly provided for the Group's floating watermark cartons and color printing cartons.

Management Discussion and Analysis

Breakdown of the Group's Principal Activities

	Turnover RMB'000	2018 Percentage of total revenue (%)	Gross profit margin (%)	Turnover RMB'000	2017 Percentage of total revenue (%)	Gross profit margin (%)
Corrugated medium paper						
AA grade	1,842,803	64.70		1,490,810	61.75	
C grade	–	–		447	0.02	
Subtotal	1,842,803	64.70	16.06	1,491,257	61.77	22.75
Paper-based packaging products						
Watermark cartons	627,663	22.04		461,603	19.12	
Colour printing cartons	149,165	5.24		239,386	9.92	
Honeycomb paper-based products	228,385	8.02		221,881	9.19	
Subtotal	1,005,213	35.30	21.26	922,870	38.23	20.82
TOTAL	2,848,016	100.00	17.90	2,414,127	100.00	22.02

Turnover by Customer at Paper-Based Packaging Products

	2018 RMB'000	Percentage of total revenue (%)	2017 RMB'000	Percentage of total revenue (%)
Household air conditioners and small home appliances manufacturers	796,141	79.20	678,450	73.52
Food and seasoning manufacturer	194,805	19.38	170,174	18.44
Other	14,267	1.42	74,246	8.04
TOTAL	1,005,213	100.00	922,870	100.00

Management Discussion and Analysis

Capacity and Capacity Utilisation Rate

The Group provides one-stop service solution to its customers covering from recycling of waste paper, manufacturing of high-strength corrugated medium paper, production of corrugated cartons and honeycomb paper-based products to packaging services, making full use of our vertically integrated industrial chain.

Corrugated Medium Paper

The main production base of corrugated medium paper is located in Zhongshan. For the year ended 31 December 2018, the Group had 7 corrugated medium paper production lines with a total designed annual capacity of 800,000 tons, making the Group one of the leading corrugated paper producers in Guangdong region. The Group always attached emphasis on improvement of production efficiency and optimization of plant management. During the Year, the Group adopted the performance indicator approach to management the corrugated medium paper production lines, successfully improving production volume and capacity utilisation rate.

	Planned operation (hours)	2018 Actual operation (hours)	Effective rate (%)	Planned operation (hours)	2017 Actual operation (hours)	Effective rate (%)
Zhongshan Yong Fa						
No. 1 paper machine	8,525	7,922	92.93	8,154	7,330	89.89
No. 2 paper machine	8,481	7,841	92.45	7,483	6,487	86.69
No. 3 paper machine	8,482	7,894	93.07	8,760	7,905	90.24
No. 5 paper machine	8,557	7,813	91.31	5,735	5,351	93.30
Hung Hing						
No. 1 paper machine	8,343	7,915	94.87	7,766	7,327	94.35
No. 2 paper machine	8,320	7,876	94.66	7,646	6,524	85.33
No. 3 paper machine	8,344	7,913	94.83	7,659	7,225	94.33

Paper-Based Packaging Products

For the year ended 31 December 2018, the Group had a total of 13 production lines (including 8 corrugated cartons production lines (2 production lines are under optimization) and 5 honeycomb paper-based products production lines) which are mainly located in five cities including Zhongshan, Zhuhai, Wuhan, Shijiazhuang and Zhengzhou. The Group's total designed annual capacity for corrugated cartons reached 470,556,000 square meters, whereas that for honeycomb paper-based products was 25,581,000 square meters. The Group made persistent efforts to improve production deployment, and carried out upgrading and transformation on certain production facilities during the Year, effectively improving the production volume and capacity utilisation rate, which in turn enhanced the overall operational efficiency and cost advantage of the Group.

Management Discussion and Analysis

	2018			2017		
	Design capacity '000 sq.m.	Actual Capacity '000 sq.m.	Capacity utilization rate (%)	Design capacity '000 sq.m.	Actual Capacity '000 sq.m.	Capacity utilization rate (%)
Zhongshan						
No. 1 corrugated cartons production line	38,880	20,686	53.21	38,880	28,523	73.36
No. 3 corrugated cartons production line	38,880	3,973	10.22	38,880	10,666	27.43
No. 7 honeycomb paper-based product production line	4,312	3,703	85.88	4,312	3,996	92.67
No. 8 honeycomb paper-based product production line	3,525	2,981	84.57	3,525	2,894	82.10
New No. 2 corrugated cartons production line	184,140	61,840	33.58	184,140	51,675	28.06
Zhuhai						
No. 5 corrugated cartons production line	72,900	38,150	52.33	72,900	40,025	54.90
No. 6 corrugated cartons production line	45,360	29,289	64.57	45,360	24,436	53.87
No. 11 corrugated cartons production line*	N/A	N/A	N/A	150,660	–	–
No. 15 corrugated cartons production line#	N/A	N/A	N/A	104,625	–	–
Shijiazhuang						
No. 9 corrugated cartons production line	90,396	17,793	19.68	90,396	17,770	19.66
No. 10 honeycomb paper-based product production line	6,696	6,515	97.30	6,696	6,004	89.67
Zhengzhou						
No. 12 honeycomb paper-based product production line	4,352	4,332	99.54	4,352	5,937	136.42
Wuhan						
No. 14 honeycomb paper-based product production line	6,696	4,131	61.69	6,696	3,735	55.78
TOTAL						
corrugated cartons	470,556	171,732	36.50	725,841	173,095	23.85
honeycomb paper-based product	25,581	21,662	84.68	25,581	22,566	88.21

* No.11 production line reallocated the operation from Zhengzhou to Zhuhai in 2017 and under technical optimization, it will anticipate for production at 2019.

No.15 production line reallocated the operation from Hefei to Zhuhai in 2017 and under technical optimization, it will anticipate for production at 2019.

Financial Review

For the year ended 31 December 2018, the revenue of the Group was approximately RMB2,848,016,000 (2017: RMB2,414,127,000), representing an increase of approximately RMB433,889,000 or 17.97%, of which the sales volume from paper-making segment products increased by 23.57% compared with last year, and the sales unit price increased 9.83%. At the same time, the sales volume of the packaging segment increased the sales volume by approximately RMB82,343,000 or 8.92%. The Group's gross profit margin for the year of 2018 was 17.90% (2017: 22.02%), a decrease of 4.12 percentage points as compared with the same period of last year, it was mainly due to the significant increase in 27.43% at the prices of domestic waste paper during the period.

For the year ended 31 December 2018, the profit and total comprehensive income for the Year attributable to owners of the Group was RMB109,358,000 (2017: RMB182,705,000), representing a decrease of RMB73,347,000 or 40.15% as compared with the same period last year, it was mainly due to the sharp increase in 27.43% at the prices of domestic waste paper during the period while the selling price of corrugated medium paper was not affected by the increase in raw material prices due to downstream the orders and the highly market competition.

Management Discussion and Analysis

Group's Profit

For the year ended 31 December 2018, the Group's revenue was approximately RMB2,848,016,000 (2017: RMB2,414,127,000), representing an increase of approximately RMB433,889,000 or 17.97%, of which sales of paper-making segment products. It increased by 23.57% compared with last year, and the sales unit price increased 9.83%. At the same time, the sales of the packaging segment increased by approximately RMB82,343,000 or 8.92%. The Group's gross profit margin for the Year was 17.90% (2017: 22.02%), a decrease of 4.12 percentage points as compared with the same period of last year, it was mainly due to the significant increase in 27.43% at the prices of domestic waste paper during the period.

For the year ended 31 December 2018, the Group's profit before tax was approximately RMB154,014,000 (2017: RMB242,839,000), representing a decrease of RMB88,825,000 or 36.58% as compared with the same period last year.

The finance costs were approximately RMB46,295,000 (2017: RMB44,826,000), a slight increase from the same period last year, it was mainly due to the increase in sales, which increase in the liquidity of cash loans and the slight increase in bank borrowing rates during the Year.

The income tax expense was approximately RMB23,301,000 (2017: RMB29,597,000), representing a decrease of RMB6,296,000 as compared with the same period last year.

Prospects

The year of 2019 is a crucial year for China to implement the "Thirteenth Five-Year Plan" and to maintain stable economic growth. Although there is downward pressure on China's economic operation in 2018, the government has recently released a very positive policy signal. The macro policy in 2019 focuses on the loose fiscal and monetary policies to stabilize aggregate demand and to deal with Sino-US trade friction. Such complex international issues will be moderate and more flexible. In 2019, the domestic economy is expected to achieve steady growth and bring good confidence to the growth of the industry. The Group also decided to seize the opportunity to pay more attention to the growth and development in the medium and long term and actively expand. New opportunities in the market based on domestic and overseas, in order to achieve greater business growth, to better meet market demand for products, more comprehensive quality services, enhance the Group's overall profitability, and provide higher returns for shareholders.

Partial Financial Statement Analysis

Cost of Sales

The Group's cost of sales increased from RMB1,882,634,000 in 2017 to RMB2,338,314,000, representing a growth of 24.20%.

Corrugated Medium Paper

The cost of sales of corrugated medium paper were RMB1,545,070,000 (2017: RMB1,151,947,000), representing a growth of 34.13%.

Paper-Based Packaging Products

The cost of sales of paper-based packaging products were RMB793,244,000 (2017: RMB730,687,000), representing an increase of 8.56%.

Gross Profit and Gross Profit Margin

The gross profit recorded for the Year is RMB509,702,000, representing a decrease of 4.10% as compared with RMB531,493,000 in Year 2017. The average gross profit margin declined from 22.02% in Year 2017 to 17.90% for the Year.

Corrugated Medium Paper

The gross profit from corrugated medium paper for 2018 was RMB297,733,000 (2017: RMB339,310,000), representing a drop of 12.26%. The overall gross profit margin for 2018 was 16.16% (2017: 22.75%), down by 6.59 percentage points.

Paper-Based Packaging Products

The gross profit from paper-based packaging products for 2018 was RMB211,969,000 (2017: RMB192,183,000), representing an increase of 10.30%. The overall gross profit margin for 2018 was 21.09% (2017: 20.82%), up by 0.27 percentage points.

Management Discussion and Analysis

Other Income, Other Gains and Losses

Other income, other gains and losses mainly included income from interest RMB2,388,000 (2017: RMB2,163,000), government subsidies RMB6,100,000 (2017: RMB17,191,000) and net amount of exchange losses RMB1,594,000 (2017: exchange gains of RMB1,117,000).

Distribution and Selling Expenses

The distribution and selling expenses of the Group increased by approximately 14.82% from RMB64,858,000 for the Year 2017 to RMB74,472,000 for the Year. The distribution and selling expenses during the Year mainly included during the Year are salaries of salesmen, transportation costs and business promotion expenses. The increase of distribution and selling expenses is mainly due to the increase in transportation costs because of the sales growth.

Administrative Expenses

The Group's administrative expenses increased by approximately 3.28% from RMB139,088,000 for the Year 2017 to RMB143,656,000 for the Year. The administrative and other expenses during the Year mainly included salaries of management, staff welfare, rent and depreciation. The increase of administrative expenses is mainly due to the growth in salaries in relation to payment of performance bonus to certain management personnel for the Year.

Finance Costs

Finance costs of the Group was up by approximately 3.28% from RMB44,826,000 for the Year 2017 to RMB46,295,000 for the Year. This was mainly due to the increase in sales, which was mainly due to the increase in sales, which increase in the liquidity of cash loans and the slight increase in bank borrowing rates during the Year.

Interest rates of bank borrowings were at variable rates ranging from 4.35% to 6.18% for the Year, compared with 2.76% to 4.99% for the same period of last year. The weighted average interest rates under bank borrowings in fixed rate, bank borrowings in variable rate, obligations under finance leases in fixed rate and other borrowings in variable rate during the Year were 4.90%, 5.27%, 6.12% and 9.28% respectively (2017: 4.28%, 4.44%, 6.12% and 9.55% respectively).

Research and Development Expenses

Research and development expenses of the Group increased significantly by 67.81% from RMB56,753,000 in the Year 2017 to RMB95,239,000 for the Year. The increase was mainly due to our goal to improve the competitiveness of the Group's products and to develop new products in response to demand from customers, for which the Group conducted research on new technology and new process to enhance production efficiency and product quality. Research and developing centres were established in the Group's major production bases. Zhongshan Yongfa paper-making base was awarded the "Guangdong Eco-Environmental Green Paper Engineering Technology R&D Centre" during the Year. In the fiercely competitive industry environment, the Group has increased research and development investment in producing lower quantitative and higher strength corrugated medium paper to adapt to the future development direction of downstream enterprises that demand low-gram and high-strength paper-based packaging. The paper-making segment of the Group successfully developed 50 grams of low-quantity high-strength corrugated medium paper for mass production and sales, which has established extensive market recognition.

Profit and Total Comprehensive Income

The Group's profit and total comprehensive income for the Year was RMB130,713,000. The profit and total comprehensive income for the year attributable to owners of the Company was RMB109,358,000, representing a drop of 40.15% as compared to RMB182,705,000 for the Year 2017. The decrease was mainly due to the significant increase in cost of waste paper during the Year, whilst the unit price of the corrugated medium paper products could not rise simultaneously.

Dividend Policy

The declaration, form, frequency and amount of any dividend payout of the Company must be in accordance with relevant laws, rules and regulations and subject to the Bye-laws of the Company. Subject to compliance with applicable laws, rules, regulations and the Bye-laws, in deciding whether to propose any dividend payout, the Board will take into account, among other things, the financial results, the earnings and distributable reserves, the operations and liquidity requirements, the debt ratio and possible effects on the credit lines, and the current and future development plans of the Company.

Management Discussion and Analysis

Dividends

The Board recommends, subject to shareholders' approval at the forthcoming annual general meeting (the "AGM") to be held on Friday, 31 May 2019, the payment of a final dividend of RMB10.00 cents (equivalent to HKD11.57 cents) per Share for the year ended 31 December 2018 (2017: a final dividend of RMB10.96 cents per Share) to those shareholders whose names appear on the register of members of the Company on Thursday, 6 June 2019. The recommended final dividend, if approved at the AGM, will be paid in Hong Kong dollars. The RMB/Hong Kong dollar exchange rate for the final dividend calculated using the opening indicative counter buying telegraphic transfer rate for off-shore RMB of The Hong Kong Association of Banks announced on 22 March 2019. The final dividend is expected to be paid on or around Wednesday, 19 June 2019.

Closure of Register of Members

For determining the entitlement to attend and vote at the AGM, the register of members of the Company will be closed from Tuesday, 28 May 2019 to Friday, 31 May 2019 (both days inclusive). During the period, no transfer of shares will be registered. In order to qualify to attend and vote at the AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Monday, 27 May 2019.

For determining the entitlement of the recommended final dividend, the register of members of the Company will be closed from Monday, 10 June 2019 to Tuesday, 11 June 2019 (both days inclusive). During the period, no transfer of shares will be registered. In order to qualify for the recommended final dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Thursday, 6 June 2019.

Liquidity, Financial Resources and Capital Structure

In 2018, the Group's main sources of funding were cash generated from operating activities and bank loans

	2018	2017
	RMB'000	RMB'000
Net assets	1,073,379	993,880
Bank balances and cash	258,981	190,268
Total borrowings	957,471	917,673
Equity attributable to the Owners of the Company	893,725	835,581
Current ratios	1.05	1.04
Net gearing ratio*	65.97%	73.34%

* The net gearing ratio is calculated as net borrowings divided by equity attributable to the Owners of the Company, in which the net borrowings are calculated as total bank and other borrowings less pledge deposits and bank balances and cash.

Cash Flow

As at 31 December 2018, the Group had a net cash inflow of RMB68,713,000.

The net amount of the cash outflow generated from investing activities for the purchase of property, plant and equipment in amount of RMB54,991,000, and the deposit paid for acquisition of property, plant and equipment in amount of RMB2,771,000.

Inventories

The inventories decreased by 0.31% to RMB161,778,000 as at 31 December 2018, as compared to the inventories balance of RMB162,277,000 as at 31 December 2017. During the Year, the inventory turnover day was speed up to 25 days (2017: 28 days), remaining at a normal level.

Management Discussion and Analysis

Trade Receivables

As at 31 December 2018, the trade receivables amounted to RMB502,272,000 (as at 31 December 2017: RMB520,231,000). We granted to our corrugated medium paper customers credit period 30 to 75 days and to our paper-based packaging products customers credit period of 30 to 120 days. The turnover day for trade receivables was approximately let down to 66 days (2017: 76 days), which was mainly because during the Year, the Group further efforts to strengthen its credit rating management to reduce trade receivables turnover days.

Trade Receivables Backed by Bank Bills Receivables

As at 31 December 2018, the trade receivables backed by bank bills receivables amounted to RMB423,006,000 (31 December 2017: RMB472,463,000).

Trade Payables

As at 31 December 2018, the trade payables amounted to RMB205,383,000 (as at 31 December 2017: RMB267,123,000). The Group managed to obtain a credit period of 30 to 120 days from the majority of its suppliers. The turnover day for trade payables was shortened to 37 days (2017: 65 days), which was mainly due to the fact that the Group has converted settlements to its suppliers from using bank acceptance bills to cash settlement to reduce the purchase of cost of raw materials from said suppliers.

Borrowings

As at 31 December 2018, the Group's bank borrowings and other borrowings balance amounted to RMB957,471,000 (as at 31 December 2017: RMB917,673,000).

Gearing Ratio

As at 31 December 2018, the gross gearing ratio was approximately 37.43% (as at 31 December 2017: 35.82%), which was calculated on the basis of the total amount of bank borrowings and other borrowings as a percentage of the total assets. The net gearing ratio was 65.97%, which was calculated on the basis of the amount of bank borrowings and other borrowings less pledged bank deposits and cash and bank balances as a percentage of the shareholders' equity (as at 31 December 2017: 73.34%).

Pledge of Assets

As at 31 December 2018, the Group pledged certain assets with carrying value of RMB936,377,000 as collateral for the Group's borrowing (as at 31 December 2017: RMB793,541,000). As the Group used cash settlements more often than using bank acceptance bills during the year, the discount on bank acceptance bills increased, resulting in a significant increase in the amount of collaterals borrowed by the Group during the year.

Capital Commitments

As at 31 December 2018, the Group's capital commitments (including the engaged and authorized capital commitments) were RMB12,855,000 (as at 31 December 2017: RMB22,305,000). All the capital commitments were related to purchasing properties, plants and equipment.

Contingent Liabilities

The Group had no significant contingent liabilities or litigation or arbitration of material importance as at 31 December 2018.

Foreign Currency Exposure

The Group collects most of its revenue and incurs most of the expenditures in RMB. Although the Group undertakes certain transactions denominated in foreign currencies, mainly the currency of United States and the currency of Hong Kong, the exposures to exchange rate fluctuations is minimal. The Group currently does not have a foreign currency hedging policy. The Directors, however, will monitor foreign exchange rate closely and consider entering into foreign currency hedging arrangement should the need arise.

Management Discussion and Analysis

Human Resource Management

The Group had 2,956 employees as at 31 December 2018 (as at 31 December 2017: 3,057 employees), in which approximately 142 were engineers and technical staff or employees with higher education backgrounds. The staff costs amounted to RMB261,922,000 for the year ended 31 December 2018 (for the year ended 31 December 2017: RMB254,594,000). The table below shows the number of employees of the Group by function as at 31 December 2018:

Function	Number of employees	Percentage of total Number of employees
Management and Administration	533	18.03%
Sales and Marketing	114	3.86%
Research and Development in Technology and Engineering	288	9.74%
Production and Quality Control	1,929	65.26%
Total	2,956	100.00%

Our remuneration is determined by reference to the employees' experience, qualification and overall market situation, while the bonus is related to the financial performance of the Group and the individual performance. The Group also undertakes to provide proper trainings and sustainable professional development opportunities for the employees if needed.

The Company has also adopted a share option scheme (the "**Share Option Scheme**") with a primary purpose of motivating our employees and other eligible persons entitled under the Share Option Scheme to optimize their contributions to the Group and to reward them for their contribution to the Group.

Management Discussion and Analysis

Major Risks and Uncertainties

In order to achieve stable business operations, the management of the Company pays close attention to the risk factors that the company may face. Based on the key risk indicators, after evaluation and analysis, the risks faced by the Company mainly include:

1. Operational Risks from Macroeconomic Control:

Due to macroeconomic policy adjustments, certain impacts on the upstream and downstream customers of the Group will indirectly affect the sales and profits of packaging and papermaking enterprises (including the Group). Due to the tightening of the environmental protection policy, the cost of the paper packaging industry will increase and there will be certain operational risks.

2. Business Risks Arising from Fluctuations in Raw Material Prices:

Since the costs of raw material account for a relatively high proportion of production costs, fluctuations in raw material prices have a certain impact on profits.

3. Risks from Market Competition:

The Group's packaging business has a low concentration. The enterprises with certain scale and strength in the industry are mainly expanding their production capacity and increasing their market share. The market competition is fierce. The papermaking business of the Group faces leading enterprises in the industry to compete in the same region and the competition is fierce.

4. Quality Risks:

Due to the inability to meet the product quality standards in the industry, the mass quality problems caused by customers' demand cannot be met, which resulting in losses from batch waste or inventories.

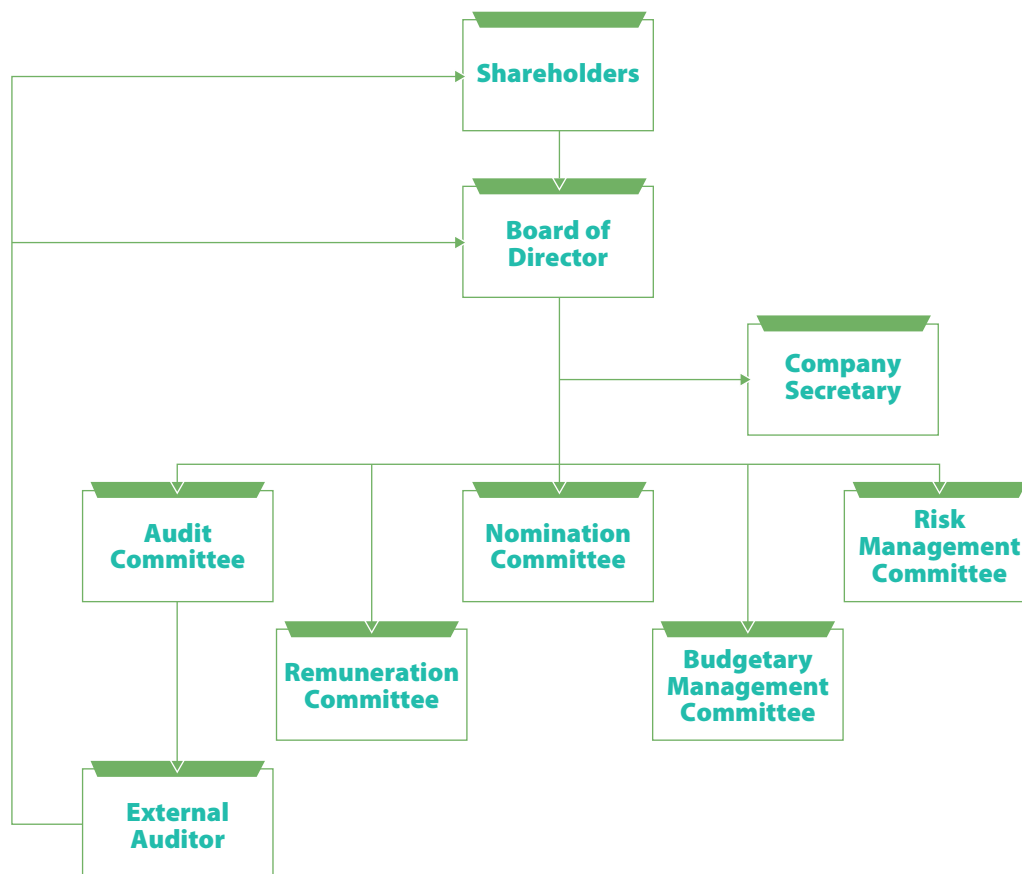
Corporate Governance Report





Corporate Governance Report

Corporate Governance Structure



The directors of the Company (the “**Directors**”) are pleased to present the corporate governance report in the annual report of the Company for the year ended 31 December 2018 (the “**Year**”).

The Company has consistently adopted the Corporate Governance Code (the “**Code**”) promulgated by The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) as guidelines to reinforce our corporate governance principles. This report describes how the Company has applied the principles during the year.

The Company has complied with the code provisions set out in the Code as stated in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) throughout the year ended 31 December 2018.

Corporate Governance Report

Board of Directors

The board of directors (the “**Board**”) of the Company has a balance of skill and experience and a balanced composition of Executive and Non-executive Directors, the overall management of the Company’s business was vested in the Board. The Board has delegated the day-to-day management of the Company’s business to the executive management team, and focuses its attention on matters affecting the Company’s overall strategic policies, finances and shareholders. As at 31 December 2018, the Board comprised seven members, consisting of three Executive Directors namely, Mr. Hu Zheng (Chairman), Mr. Hu Hancheng (Co-Chairman) and Mr. Hu Hanchao, one Non-Executive Director namely, Mr. Hu Hanxiang and three Independent Non-executive Directors namely, Mr. Chung Kwok Mo John, Mr. Wu Youjun and Prof. Zhu Hongwei. The Directors are well-versed in respective areas such as knowledge and technical know-how of paper-making and packaging industries, accounting and finance and business management. The Board as a whole has achieved an appropriate balance of skills and experience. The profiles of all directors and the relationship among members of the Board (including financial, business, family or other material or relevant relationships, if any) are set out on pages 48 to 51.

The Company has received from each Independent Non-executive Director an annual confirmation of independence pursuant to the independence guidelines set out in Rule 3.13 of the Listing Rules.

Four Board meetings were held during the financial year. All the Directors actively participated in each meeting in person, via telephone or videoconferencing. They gave and received reports on the activities of the operating divisions and presented papers supporting decisions which required the Board approval. The Board consents were given by-vote at the Board meetings.

The dates of the 2018 regular Board meetings were determined according to the requirement of the Bye-laws and any amendments to this schedule were notified to all the Directors at least 14 days before the meeting. Suitable arrangements were in place to allow the Directors to include items in the agenda for regular Board meetings.

If a Director had a conflict of interest in a transaction or proposal to be considered by the Board and which the Board has determined to be material, the individual Director would declare his interest and was required to abstain from voting. The matter would then be considered at a Board meeting attended by independent Directors who had no material interest in the transaction.

Details of the attendance of Directors at these Board meetings and at the meetings of five Board committees (the Audit Committee, the Remuneration Committee, the Nomination Committee, the Risk Management Committee and the Budget Management Committee) and the annual general meeting (the “**AGM**”) are set out in the following table:

Name of directors	Meetings Attended/Meetings Held						AGM
	Board Meeting	Audit Committee	Remuneration Committee	Nomination Committee	Risk Management Committee	Budget Management Committee	
Executive Directors							
Mr. Hu Zheng	4/4	N/A	1/1	2/2	1/1	1/1	1/1
Mr. Hu Hancheng	4/4	N/A	N/A	N/A	N/A	N/A	1/1
Mr. Hu Hanchao	4/4	N/A	N/A	N/A	N/A	N/A	1/1
Non-Executive Director							
Mr. Hu Hanxiang	3/4	N/A	N/A	N/A	N/A	N/A	0/1
Independent Non-Executive Director							
Mr. Chung Kwok Mo John	4/4	2/2	1/1	2/2	1/1	1/1	1/1
Mr. Wu Youjun	3/4	1/2	1/1	2/2	1/1	1/1	1/1
Prof. Zhu Hongwei	4/4	2/2	1/1	2/2	1/1	1/1	1/1

Mr. Hu Hanxiang did not attend the 2018 AGM as he had other prior business engagement.

Corporate Governance Report

All Directors had access to the services of the company secretary who regularly updated the Board on governance and regulatory matters. Any Director, wishing to do so in the furtherance of respective duties, might take independent professional advice (through the Chairman) at the Company's expense. The availability of professional advice extended to the Audit Committee, the Remuneration Committee, the Nomination Committee, the Risk Management Committee and the Budget Management Committee.

Minutes of Board meetings and meetings of Board committees, together with any supporting documents, were available to all Directors. Draft and final versions of the minutes were sent to all Directors for their comment and record respectively.

Board Diversity Policy

The Company has adopted a board diversity policy (the "**Policy**") which sets out the approach to achieve and maintain diversity on the Board in order to enhance the effectiveness of the Board.

Pursuant to the Policy, the Company seeks to achieve Board diversity through the consideration of a number of factors, including but not limited to gender, age, cultural and education background, ethnicity, professional experience, industry experience, skills, knowledge and length of service.

The Board recognised the benefits of diversity in the Board in enhancing the Board effectiveness and corporate governance. The Nomination Committee will give consideration to a number of factors as set out in the Policy when identifying suitably qualified candidates to become members of the Board, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, industry experience, skills, knowledge and length of service. The Board is considered well balanced and of a diverse mix appropriate for the business of the Company. The Company will also take into account its own business model and specific needs from time to time to determine the optimum composition of the Board. The Company will review the Policy on a regular basis to ensure its continued effectiveness.

Board Committees

The Board has established five committees, namely the Audit Committee, the Remuneration Committee, the Nomination Committee, the Risk Management Committee and the Budget Management Committee, throughout the year ended 31 December 2018. During the year, these committees adhered to their principles, procedures and arrangements set out above. The respective committee secretary or designated person took full minutes of the meetings of these committees and the work of these committees was reported to the Board regularly.

Chairman and Chief Executive Officer ("CEO")

Under the Code provision A.2.1, the roles of chairman and CEO should be separate and should not be performed by the same individual. The division of responsibilities between the Chairman and CEO should be clearly established and set out in writing.

During the year, Mr. Hu Zheng was the Chairman, Mr. Hu Jianpeng was the CEO of the Company for purpose of maintaining and a more balanced basis for judgments and decisions. The Board viewed that, under the leadership of Mr. Hu Zheng as the Chairman of the Company, taking up the role of providing leadership for the Board and ensures that the Board works effectively and discharges its responsibility properly. It can also ensure that the Board acts in the best interests of the Company and the Group.

Mr. Hu Jianpeng as CEO of the Company, were delegated with the authority and responsibility to operate the Group's business and day-to-day operation, and implemented the Group's strategy with respect to the achievement of the business objectives with the assistance of the Executive Directors and the senior management.

Corporate Governance Report

Responsibilities of and Delegation by the Board

The Board is responsible for the overall leadership of the Group, oversees the Group's strategic decisions and monitors business and performance.

The management, consisting of executive Directors along with the senior executives, is delegated with responsibilities for implementing the strategy and direction as adopted by the Board from time to time, and conducting the day-to-day operations of the Group. Executive Directors and the senior executives meet regularly to review the performance of the businesses of the Group as a whole, co-ordinate overall resources and make financial and operational decisions. The Board also gives clear directions as to their powers of management including circumstances where management should report back, and will review the delegation arrangements on a periodic basis to ensure that they remain appropriate to the needs of the Group.

All Directors shall ensure that they carry out duties in good faith, in compliance with applicable laws and regulations, and in the interests of the Company and its Shareholders at all times.

Non-Executive Directors

Each of Independent Non-executive Directors and Non-executive Director was appointed with specific terms. Each of them had signed a letter of appointment with the Company for a term of 1 year commencing from 1 January 2018 and is subject to retirement by rotation and re-election at the annual general meetings of the Company in accordance with the bye-laws of the Company (the "Bye-laws").

Directors' Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 to the Listing Rules as its own code of conduct regarding directors' securities transactions. Having made specific enquiries of all Directors, the Company confirms that all Directors have complied with the required standards set out in the Model Code throughout the year ended 31 December 2018.

Directors and Officers Liability Insurance

Liability insurance for Directors and senior management of the Company was arranged by the Company with appropriate coverage for certain legal liabilities which may arise in the course of performing their duties.

Corporate Governance Functions

The Board has adopted the terms of reference on corporate governance functions on 23 March 2012. The terms of reference of the Board in respect of corporate governance function are summarized as follows:

- (a) to develop and review the Company's policies and practices on corporate governance;
- (b) to review and monitor the training and continuous professional development of Directors and senior management;
- (c) to review and monitor the Company's policies and practices to ensure compliance with legal and regulatory requirements;
- (d) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and
- (e) to review the Company's compliance with the code provisions set out in the Code and Corporate Governance Report contained in Appendix 14 of the Listing Rules and its disclosure requirements in the Corporate Governance Report.

The work performed by the Board on corporate governance functions during the year ended 31 December 2018 included developing and reviewing the Company's policies on corporate governance and making relevant recommendations.

Corporate Governance Report

Continuous Professional Development

Under A.6.1 and A.6.5 of the Code in relation to Directors' training. All Directors namely Mr. Hu Zheng, Mr. Hu Hancheng, Mr. Hu Hanchao, Mr. Hu Hanxiang, Mr. Chung Kwok Mo John, Mr. Wu Youjun and Prof. Zhu Hongwei have completed continuous professional development training by attending the in-house training of "Why Good Company Will Become Bad" organized by a consultancy training company engaged by the Company. The attended Directors have provided a training record to the Company.

Remuneration Committee

The Company has established a Remuneration Committee for the purposes of making recommendations to the Board on the Company's remuneration policy and structure for directors and senior management.

The Remuneration Committee presently comprises one Executive Director, namely Mr. Hu Zheng and three Independent Non-executive Directors, namely Mr. Chung Kwok Mo John, Mr. Wu Youjun and Prof. Zhu Hongwei. On 14 December 2018, The chairman of the Committee re-designated from Mr. Chung Kwok Mo John to Prof. Zhu Hongwei. The Remuneration Committee held one meeting during the year and details of attendance are shown in the table on page 27 of this annual report. The work performed by the Remuneration Committee during the year ended 31 December 2018 included the following matters:

- make recommendations to the Board of the remuneration of Executive and Non-executive Directors for the years ended 31 December 2019. The Remuneration Committee has considered factors such as salaries paid by comparable companies, time commitment and responsibilities of the directors, employment conditions elsewhere in the Group and desirability of performance-based remuneration;
- review and approve remuneration and performance-based remuneration scheme of Executive Directors from time to time by reference to corporate goals and objectives resolved by the Board from time to time;
- possibility the formation of share awards scheme for the eligible senior management; and
- ensure that no Director or any of respective associates is involved in deciding their respective remuneration.

The Remuneration Committee has adopted the model that it will review the proposals made by the management on the remuneration of executive Directors and senior management, and make recommendations to the Board. The Board will have final authority to approve the recommendations made by the Remuneration Committee.

The Company has adopted a share option scheme (the "**Scheme**") whereby the Board may at its discretion grant options to such eligible participants (as defined in the Scheme) to subscribe for shares in the Company. The principal terms of the Scheme are set out in Appendix V to the prospectus of the Company dated 24 May 2011. The purpose of the Scheme is to enable the Company to grant options to selected eligible participants as incentives or rewards for their contribution to the Group.

Nomination Committee

According to the Bye-laws, the Directors shall have power from time to time and at any time to appoint any person as a director either to fill a casual vacancy or as an addition to the Board. A director appointed by the Board is subject to re-election by shareholders at the next following general meeting of the Company. The nomination of a director should be taken into consideration of the nominee's skills and experience appropriate for the requirements of the Company's business.

The Company has established a Nomination Committee for the purpose of making recommendations to the Board on the appointment of Directors.

The Nomination Committee presently comprises four Directors, including Mr. Hu Zheng, an Executive Director, and three Independent Non-executive Directors, namely Mr. Chung Kwok Mo John, Mr. Wu Youjun and Prof. Zhu Hongwei. The Committee is chaired by Mr. Hu Zheng.

Corporate Governance Report

The Board delegates the responsibility of appointing and re-electing Directors to the Nomination Committee and they are responsible for considering the suitability of a candidate, and approving and terminating the appointment of a Director. Reviews of the plans for orderly succession for appointment to the Board and its structure, size and composition are done on a regular basis by the Nomination Committee. They are provided with sufficient resources to discharge its duties and external consultants may be engaged, if necessary, to access a wider range of potential candidate(s).

In evaluating whether an appointee is suitable to act as a director of the company, the committee will review the professional knowledge, industrial experience and personal skills of the appointee as well as personal ethics and integrity of the appointee.

According to the Bye-laws, at each AGM of the Company, one-third of the Directors shall retire from office by rotation and every Director shall be subject to retirement at least once every three years. Director(s) newly appointed by the Board shall hold office until the next following general meeting of the Company and shall then be eligible for re-election at the meeting.

The Board considers that it is the responsibility of the existing Directors to give an induction on the information of the Group to the newly appointed Director and present a manual on the duties and responsibilities as a director of a listed company to enable the newly appointed Director to have a proper understanding of the business.

Three Executive Directors, namely, Mr. Hu Zheng, Mr. Hu Hancheng and Mr. Hu Hanchao had entered into a service contract with the Company for a period of three years commencing from 1 January 2018, unless terminated in accordance with the terms of the service contract. The Non-executive Director and each of the Independent Non-executive Directors had signed a letter of appointment with the Company for a term of one year commencing from 1 January 2018 and is renewable upon its expiration and may be terminated in accordance with the terms of the letter of appointment. During the financial year ended 31 December 2018, there were two meetings held by the Nomination Committee. Details of attendance are shown in the table on page 27.

The work of the Nomination Committee during the year ended 31 December 2018 included the following matters:

- to make recommendation to the Board on the re-designation of Chairman and Co-Chairman;
- to make recommendation to the Board on appointment of Chief Executive Officer;
- to make recommendation to the Board on renew services contracts of non-executive Director and independent non-executive Directors; and
- to assess the independence of the Independent Non-executive Directors.

Auditors' Remuneration

For the year ended 31 December 2018, the fees charged by the Company's auditors in respect of audit amounted to approximately RMB1,714,000.

Audit Committee

The Company has established an Audit Committee for the purposes of reviewing and providing supervision over the Company's financial reporting process and internal controls.

The Audit Committee presently comprises three Independent Non-executive Directors of the Company, namely Mr. Chung Kwok Mo John, Mr. Wu Youjun and Prof. Zhu Hongwei and is chaired by Mr. Chung Kwok Mo John.

The Audit Committee held two meetings during the year and details of attendance are shown in the table on page 27. The work of the Audit Committee during the year ended 31 December 2018 included the following matters:

- provide recommendation to the Board on the reappointment of external auditors, and approve the audit fee and terms of engagement of the external auditors;

Corporate Governance Report

- review and monitor external auditors' independence and objectivity and the effectiveness of the audit process in accordance with applicable standard, and discuss with external auditors before audit commences, the nature and scope of the audit and reporting obligations;
- monitor integrity of financial statements, interim report and annual report, and review significant financial reporting judgments contained in them;
- review financial controls, internal controls and risk management systems;
- discuss with management regarding the system of internal controls and ensure that management has discharged its duty to have an effective internal control system including adequacy of resources, qualifications and experience of staff of accounting and financial reporting function, and their training programmes and budget;
- ensure co-ordination between internal and external auditors, and to ensure that internal audit function is adequately resourced and has appropriate standing within the Company, and to review and monitor the effectiveness of internal audit function;
- review financial and accounting policies and practices; and
- review external auditors' management letter, any material queries raised by auditors to management in respect of accounting records, financial accounts or systems of control and management's response.

Directors' and Auditors' Responsibilities for Accounts

The Directors acknowledge the responsibilities for preparing the accounts of the Company. The external auditors' statement about their reporting responsibilities is set out on page 118.

Going Concern

The Directors, having made appropriate enquiries, consider that the Group has adequate resources to continue in operational existence for the foreseeable future and that, for this reason, it is appropriate to adopt the going concern basis in preparing the financial statements.

Internal Controls

The Board has kept the Company's system of internal controls under review to ensure its effectiveness and convened meetings regularly to discuss financial, operational and risk management control.

Risk Management Committee

The Risk Management Committee was set up on 18 December 2015 and currently comprises eight members, including the Mr. Hu Zheng, an executive Director, three Independent Non-executive Directors, namely Mr. Chung Kwok Mo John, Mr. Wu Youjun and Prof. Zhu Hongwei, and four senior management, namely, Ms. Chen Wei, Ms. Hou Lusi, Ms. Cai Yan and Mr. Ye Ningfei. On 14 December 2018, the chairman of Committee re-designated from Mr. Chung Kwok Mo John to Mr. Wu Youjun.

The Risk Management Committee is established to, without limitation, assist the Board to evaluate and determine the nature and extent of the risks the Board is willing to take in achieving the Group's strategic objectives, ensure that the Group establishes and maintains appropriate and effective risk management and internal control systems, and assist the Board to oversee the design, implementation and monitoring of the risk management system carried out by the management on an ongoing basis.

Subsequent to the end of 2018 and up to the date of this report, the Risk Management Committee held a meeting to discuss areas including but not limited to the key risks faced by the Group, risk management policy and practice, appointed senior management in financial, legal and audit as members of the Committee and relevant plans in 2019.

Corporate Governance Report

Budget Management Committee

The Budget Management Committee was set up on 1 September 2018 and presently comprises three executive Directors of the Company, namely Mr. Hu Hanchao, Mr. Hu Zheng and Mr. Hu Hancheng and is chaired by Mr. Hu Hanchao.

The responsibilities of the Budget Management Committee is established to, without limitation, assist the Board to monitor and review the effectiveness of the Group's annual business plan and financial, to review the implementation of the Group's budget in existing or potential investment projects and make recommendations, and also give the recommendations to the Board on the capital expenditures.

Company Secretary

Mr. Kersen Chan has been engaged by the Company as the company secretary since March 2015, her biographical details are set out in the section headed "Profiles of Directors and Senior Management" in this annual report. Mr. Chan has complied with the requirement under Rule 3.29 of the Listing Rules during the year.

Communication with Shareholders

The Company endeavors to maintain an on-going dialogue with its shareholders, and in particular through annual general meetings or other general meetings to communicate with the shareholders and encourage their participation. The Chairman of the Board will make himself available at the forthcoming annual general meeting to be held on Friday, 31 May 2019 to answer any questions from shareholders.

The Group's official website <http://www.zhengye-cn.com> contains an 'Investor Relations' section which offers timely access to the Company's press releases, financial reports and announcements.

The Company will continue to maintain an open and effective investor communication policy and to update investors with relevant information of the Group in a timely manner.

Shareholders' Rights

Right to Convene Extraordinary General Meeting and Putting Forward Proposals at Shareholders' Meetings

Pursuant to the Bye-laws 65 of the Bye-laws and section 74(1) of the Bermuda Companies Act, in addition to regular Board meetings, the Directors of the Company, on the requisition of shareholders of the Company holding not less than one-tenth of the paid-up capital of the Company, can convene a special general meeting to address specific issues of the Company within 21 days from the date of deposit of written notice to the principal place of business of the Company in Hong Kong. The same requirement and procedure also applies to any proposal to be tabled at shareholders' meetings for adoption.

Right to Put Forward Enquiries to the Board

Shareholders' enquiries can be directed to the principal place of business of the Company in Hong Kong. The address is set out in the "CORPORATE INFORMATION" section of this annual report for the attention of the Company Secretary.

Constitutional Documents

There are no significant changes in the Company's constitutional documents during the year.

Environmental, Social and Governance Report





Environmental, Social and Governance Report

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Environmental, Social and Governance Report

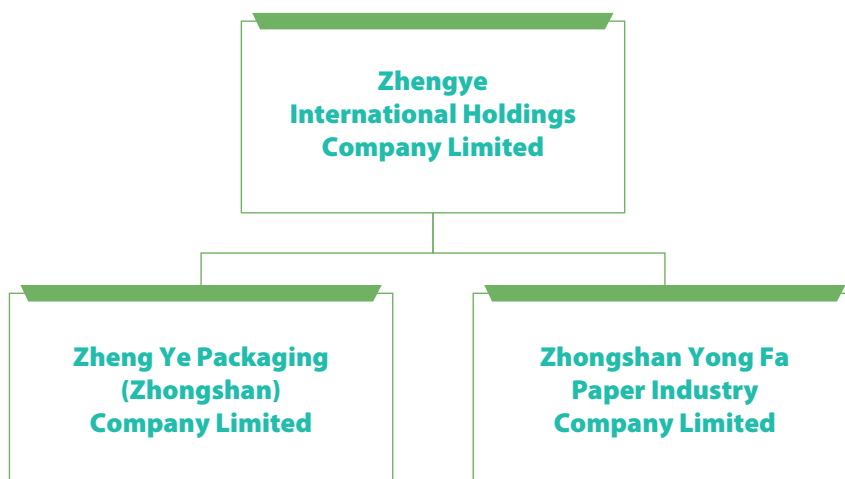
About the Group

Established in 1999, Zhengye International Holdings Company Limited (“**Zhengye International**” or the “**Group**”) is a large-scale conglomerate engaged in the production of packaging materials, providing customers with one-stop solutions covering services like recycling of waste paper, production of paper products and packaging of products.

Zhengye International is engaged in the production of paper-based packaging products and corrugated medium paper, with 13 and 7 production lines respectively located in five cities including Zhongshan, Zhuhai, Wuhan, Shijiazhuang and Zhengzhou. The paper-based packaging products offered by the Group include corrugated cartons and honeycomb paper-based products. The major customers are mainly domestic manufacturers of small home appliances and air conditioners; and corrugated paper is mainly supplied to upstream manufacturers of corrugated medium paper-based packaging products.

Zhengye International’s main production base of corrugated medium paper is located in Zhongshan. The Group currently uses recycled waste paper as the raw materials for corrugated medium paper production. The production lines have a total annual design capacity of 800,000 tonnes, making the Group one of the leading corrugated medium paper producers in the Guangdong region.

Core Structure of the Group



About this Report

This report is the first environmental, social and governance (ESG) report published by Zhengye International which discloses the Group’s actions and performance on sustainability issues in a transparent and open manner to increase confidence in and understanding of the Group among its stakeholders.

Reporting Period

All information herein relates to performance of Zhengye International in environmental protection and community investment during the period from January 2018 to December 2018. In the next years, the Group will publish ESG reports on annual basis for inspection by the public and continuous improvements of transparency and accountability in information disclosure.

Environmental, Social and Governance Report

Scope of the Report

With a focus on corrugated medium paper production business of Zhengye International, this report covers its key places of operations namely two production plants (the “**Plants**”) in Zhongshan respectively operated by Zhongshan Yong Fa Paper Industry Company Limited (“**Zhongshan Yong Fa**”) and Zhongshan Rengo Hung Hing Paper Manufacturing Company Limited (“**Hung Hing**”). The scope of disclosure will be extended to fully cover all operations of the Group as and when the Group has improved its data collection system and deepened its ESG work. This report does not cover the disclosure of key performance indicators in environment. The Group plans to conduct a carbon assessment next year to further refine and standardise the indicators to be reported

Reporting Guideline

This report is prepared in accordance with the Environmental, Social and Governance Reporting Guide (the “**Guide**”) issued by The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), and summarised the ESG performance of Zhengye International. Information herein is derived from the Group’s official documents and statistics, as well as the compilation of monitoring, management and operational information provided by subsidiaries pursuant to relevant rules of the Group. A complete index is available in the last chapter hereof for readers to make quick queries. This report is made both in Chinese and English, and has been uploaded to the Group’s website (www.zhengye-cn.com). In case of any conflict or inconsistency between the Chinese and English versions, the Chinese version shall prevail.

FEEDBACK

Your valuable comments on our performance and reporting format are essential for our continuous progress. You are welcome to e-mail any question or suggestion on this report to info@zhengye-cn.com, which will enable us to continuously improve our ESG practices.

Communication with Stakeholder

The Stock Exchange has put forward four reporting principles in the Guide, namely materiality, quantitative, balance and consistency, as the preparation basis of this ESG report. As the Stock Exchange advised, participation of stakeholders is the method used to assess the materiality. Through communication with stakeholders, companies can hear the voice of stakeholders and identify important environmental and social issues.

As for Zhengye International, stakeholders are groups and individuals that are significantly important to or might be affected by the Group’s business. The Group’s stakeholders include not only employees, but also customers, business partners, investors, regulators and various community groups. In the past year, the Group communicated with key stakeholders through different channels. In preparing this report, the Group engaged a professional consultant to conduct a materiality analysis through management interviews, and clarified important reporting issues by reference to expert opinions to direct the Group’s sustainable development roadmap.

Communication Channels with Stakeholders during the Reporting Period

Internal Stakeholders

- Board of Directors
- Management and executives

External Stakeholders

- Banks
- Investors

Communication channels:

Board meeting, weekly meetings, shareholders’ meetings, telephone inquires and personal visits

Zhengye International’s business has an impact on different stakeholders who have different expectations for the Group. In the future, the Group will continue and enhance communication with its stakeholders and collect opinions of a wider range of stakeholders through various means to improve the materiality analysis. The Group will also upgrade the principles of quantitative, balance and consistency in an effort to define content of the report and presentation of information in a way better meeting expectation of stakeholders.

Environmental, Social and Governance Report

Environmental Protection

Climate changes have brought unprecedented challenges to global economic development. The extreme weather resulting from climate changes directly or indirectly has affected the ability of various corporations to access resources and sustain operations. During the Paris Climate Change Negotiations 2015, 195 countries including China agreed to implement the greenhouse gas abatement plan which is designed to contain the global temperature rise within two degrees Celsius.

At the Sustainable Development Summit 2015, members of the United Nations unanimously adopted 17 sustainable development goals, including "Take urgent action to combat climate change and its impacts".

We understand that the establishment of organisation and management approach for internal environmental management is the primary task to address the challenges against sustainable development. By reference to ISO14001 environmental management system, Zhongshan Yong Fa and Zhongshan Rengo Hung developed their first HSE (Health, Safety and Environment) Management Manual ("**HSE Manual**") and Quality Environment Manual respectively in 2015 and 2009, to define the commitments, policies, objectives, division of responsibilities, control procedures and monitoring and auditing systems in environmental management. Under the management system comprising the manuals, the two Plants detailed respective operational and management procedures, covering such areas as environmental hazards and risk identification, target management, energy use, environmental monitoring, etc. During the year, both Zhongshan Yong Fa and Hung Hing held ISO14001:2004 certificates in force issued by a third-party certification authority.

Emissions

The Plants' production process involves multiple steps like pulping, sand removal, screening, slushing, grinding, moulding, pressing, drying and packaging, where sewage, exhaust gas and solid waste are three major types of emissions. The Plants adopted management measures specific to source and type of the emissions.

Sewage from the Plants mainly derived from pulping, screening, concentration and pressing steps (commonly known as "**white water**"). With sewage station in place at the Plants, white water must be processed by neutralisation, precipitation, anaerobic and aerobic treatment procedures before discharged to the designated emission points. The Plants also regularly tested the sewage after treatment to ensure compliance with the Water Pollutant Emission Standards on Pulping and Papermaking Industry, Guangdong Provincial Water Pollutant Emission Limits and other applicable national standards. During the year, Zhongshan Yong finished the Fenton oxidation waste water treatment system and anaerobic treatment system upgrade projects by introducing new equipment such as Fenton reaction tank, anaerobic reaction tank and sludge thickening tank, which enhance the waste water treatment efficiency.

In addition to the purchased electricity, the Plants have thermal power sub-plants to generate power and steam for own use, where the coal-fired boilers produce soot, sulphur dioxide, nitrogen oxides and other air emissions. Under internal standards on acceptance inspection of raw coal, both Plants adopted visual inspection, photographing, sampling inspection, third-party testing and other means to ensure that moisture, ash content, volatile substance and sulphur content of raw coal are in accordance with their requirements. Boiler flue gas from the Plants must be processed by denitration, electrostatic precipitator, bag-hose precipitation and desulphurisation procedures before emitted to atmosphere. Both Plants have automatic monitoring devices installed at their boiler discharge outlets to monitor types and emission volume of pollutants, thus ensuring that the exhaust gas emissions meet the Air Pollutant Emission Standards on Thermal Power Plants and other applicable national standards. Zhongshan Yong Fa completed an exhaust gas desulphurisation and denitration project by introducing new equipment such as SNCR denitration system, desulphurisation absorption tower and instrument control system, which is completed and began the operation for further processing of the exhaust gas.

Environmental, Social and Governance Report

The Plants mainly generate general wastes, including coal fly ash, gypsum, waste residue, sludge, etc. from papermaking, which are classified as industrial waste other than hazardous waste. Such wastes are categorised into reusable and non-reusable for processing respectively. For example, Zhongshan Yong Fa sold coal fly ash to cement manufacturers, and delivered waste residue, sludge and gypsum to local sanitation authorities and qualified contractors for processing respectively. Both Plants have management accounts in place for continuous record of waste generation, delivery date and destination.

Zhengye International is committed to ensuring its Plants to operate in compliance with applicable environment laws including the Law of the PRC on Prevention and Control of Water Pollution, the Law of the PRC on Air Pollution Control, and the Law of the PRC on Prevention and Control of Environmental Pollution by Solid Waste. During the reporting period, none of the Plants was found of any non-compliance case involving emissions or environmental impact.

Summary of Emission Performance Indicators of the Two Plants

Boiler flue gas	Soot	tonne	35.9
	Sulphur dioxide	tonne	57.4
	Nitrogen oxides	tonne	219.6
	Carbon emissions	tonne	688,660.8
Sewage	Total emission	tonne	2,867,282
Harmless wastes	Coal fly ash	tonne	46,141.2
	Gypsum	tonne	9,413.2
	Papermaking waste residue	tonne	37,774.9
	Papermaking sludge	tonne	5,018.6

Use of Resources

To save water and reduce emissions, white water is reused as far as possible in production process of the Plants. At Zhongshan Yong Fa, for example, there is a process consisting of a white water tank to recycle white water from pulpers, desanders, thickeners and fourdrinier units for reuse in disintegration, pulping, and paper machine spraying processes. Zhongshan Yong Fa and Hung Hing carried out aerobic projects of 8,000 m³/day and 5,000 m³/day respectively to increase chemical oxygen demand during the year.

Energy sources used in papermaking process mainly include electricity and steam used in disintegration, pulping and paper manufacturing steps. Cogeneration units are adopted by the Plants to supply coal-fired power as well as residual heat for generating steam for production purposes. Compared to the traditional coal-fired power generation model, cogeneration technology can reduce the energy loss in the form of heat, and hence equivalent amount of coal can contribute higher energy efficiency. During the year, Hung Hing increased speed of its paper machines through technological upgrade. However, Zhengye International understands that coal as a kind of fossil fuel inevitably generates emissions in consumption. In the future, the Group will explore the feasibility of using cleaner energy, such as the application cases of natural gas boiler overseas, and it can be tested at the end of 2019.

Environmental, Social and Governance Report

During the reporting period, Zhengye International adopted the performance indicator method to manage its corrugated medium paper production lines, and succeeded in improving their production efficiency as a whole. At Zhongshan Yong Fa, for example, the Performance Programme of Yong Fa Paper was developed to incorporate resource utilisation requirements into departmental performance indicators. For instance, if the Thermal Power Department and the Raw Materials Department can reduce monthly steam and waste paper consumption by a certain quantity, corresponding bonuses will be granted according to the policies to further incentivise the departments to save resources. Such management model will be promoted across the Group to optimise production line efficiency for corrugated cartons and honeycomb paper-based products, with an aim at continuous improvements in the Group's core competitiveness.

Summary of Resource Utilisation Performance Indicators of the Two Plants

Use of water resources	Total water consumption	tonne	4,275,393
	Accumulative sewage recycled volume	tonne	3,691,624
	Water consumption density	tonne of water/ tonne of paper	7.61
Use of energy resources	Coal	tonne	433,668.0
Use of raw materials	Waste paper	tonne	517,024.4
	Starch	tonne	26,651.3

The Environment and Natural Resources

Zhengye International seeks to monitor and enhance environmental performance of its Plants in operation. Departments at the Plants collaborated to measure and record various emissions and consumption of resources. In the future, the Group will benchmark against such statistics to set quantitative targets on emission reduction and resource saving in a drive to boost efficiency of its day-to-day operations. The Group will further commit resources in research and development, seeking to introduce more advanced environmentally friendly production technologies and equipment.

Zhengye International commits itself to avoiding fire, explosion, chemical leakage, significant water and electricity supply disruption and other potential accidents. To this end, the Plants developed respective emergency response plans to define the accident reporting and control procedures, avoid diffusion of pollution sources, and manage the impact of accidents on environment and the surrounding communities. Zhongshan Yong Fa also maintained green plants outside of its coal bunker and alongside roads to green the plant area.

Care for Employees

Health and Safety

As a producer, Zhengye International attaches extra importance to sustaining a healthy and safe workplace. Under the Production Safety Accountability System and the Production Safety Management System formulated respectively by Zhongshan Yong Fa and Hung Hing, a management framework comprising management executives of the Plant as well as heads of engineering, equipment, production, safety office and other departments is in place to define duties of personnel and implement the managerial initiatives. At Zhongshan Yong Fa, efforts were taken to further standardise the planning, implementation, inspection and improvement procedures in its safety management programme through the HSE Manual with reference to OHSAS 18001-2007 standards.

Environmental, Social and Governance Report

Zhengye International provided employees with safety training to enhance their safety awareness. The Plants provided new staff with training courses and assessments at three levels namely company, department and work group, covering safety regulations, equipment operation, case study, etc. Employees engaged in special work such as electrical, lifting, boiler and welding must receive additional professional training, pass the examination and obtain an operational certificate before performing their respective duties. The Plants regularly organised safety education in various forms. At Hung Hing, for example, morning and evening meetings were held from time to time to explain to the staff the safety and health issues identified in inspection to enhance their safety awareness.

Targets of Zhongshan Yong Fa and Hung Hing in 2019:

- Zero work-related death accident
- Not more than one serious accident
- Not more than five general accidents
- Not more than eight minor accidents

Post-specific safety guidelines, protective gears and health support were provided to employees. Zhongshan Yong Fa also developed safety management guidelines for thermal process, electrical work, aerial work and confined space work to illustrate the post-specific safety matters to be noted. Safety helmets, work shoes, gloves, protective glasses, earplugs and other protective gears suitable for the post were provided to employees. Hung Hing introduced a mechanism linking usage of protective gears to safety bonus to incentivise employees in self-discipline and proper use. Each year physical examination is provided to employees, and job transfer and re-examination are arranged to the employees with suspected symptoms of occupational disease to follow up their health status.

During the reporting period, none of the Plants was found of any non-compliance case against the Production Safety Law of the PRC, the Occupational Disease Prevention and Control Law of the PRC and other safety regulations or any work-related death, except for 25 work-related injury cases. Based on the amount of employee medical expenses or the number of rest days caused by work-related injuries, the Plants classified work-related injury accidents into four categories i.e. minor, general, serious and extra serious. The seven cases of Hung Hing were classified as minor or general work-related injury accidents. Zhongshan Yong Fa involved eighteen minor or general work-related injury accidents.

All such work-related injuries were investigated and analysed to identify and record occurrence time, place, sequence of events, casualties, etc., and circulated to all departments of the Plants. Based on the findings, the Plants imposed punishment on the persons liable and implemented the remedial measures pursuant to the established regulations. Zhongshan Yong Fa and Hung Hing did not have any serious work-related injury case during the year. For other minor and general accidents, the Plant also took corrective actions including more frequent equipment inspections, updating safety operating procedures, strengthening staff training, replacing or installing protective equipment, etc.

In view of the relatively high incidence of occupational injury at the Plants, Zhengye International will strengthen its supervision on implementation of the safety management systems of the Plants. The Plants will also clearly define the work-related accident indicators in their safety targets for the coming year

Overview of the Health and Safety Performance Indicators of the Two Plants

	Number of work-related accidents	Rate of work-related accidents per 1,000 employees	Lost days due to work inquiry	Number of working days	Rate of lost days due to work inquiry	Number of hours of absenteeism	Total number of working hours	Overall rate of absenteeism
Male	25	19.14	1,276	286,071	0.35%	88,502	2,205,168	3.91%
Female	0		0	74,364		20,157	574,662	

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Employment Systems

Zhengye International respects each of its employees. In terms of remunerations and benefits, working hours, rest time, performance appraisal, career development, recruitment and selection, etc., Zhongshan Yong Fa and Hung Hing have open and transparent employment systems in place, and the relevant requirements are set out in the Human Resources Cycle Management Policy, Labour and Personnel Management Regulations and Code for Employees. The plants attach importance to the principle of open and fair staff recruitment and select the best candidates based on job requirements. While the plants have yet to formulate staff policies on diversification, equal opportunities and anti-discrimination at present, research will be conducted in future to incorporate the relevant requirements into the existing systems.

The plants have set up mediation committees for employees to lodge oral or written complaints on employment systems. The committees will assist the parties in dispute to arrive at a settlement, failing which the parties concerned may choose to make an application to the local labour supervision authorities for arbitration. The Group strictly comply with relevant employment laws, including the Labour Contract Law of the People's Republic of China and the Labour Law of the People's Republic of China. During the reporting period, the two plants were not aware of any cases of irregularity related to breach of employment and labour standards, and did not receive any cases of complaint in relation to discrimination and sexual harassment.

Overview of the Employment Performance Indicators of the Two Plants

Number of employees	Aged below 30	Aged 30-50	Aged over 50	Total number of employees	Ratio of male to female employees
	Male	107	586	342	1,035
Female	24	226	21	271	

Number of new recruits	Aged below 30	Aged 30-50	Aged over 50	Total number of new recruits	Ratio of new recruits
	Male	54	85	1	140
Female	8	16	0	24	

Number of staff turnover	Aged below 30	Aged 30-50	Aged over 50	Total number of staff turnover	Ratio of staff turnover
	Male	32	64	26	122
Female	9	35	23	67	

Environmental, Social and Governance Report

Development and Training

Zhengye International treats its employees as strategic partners. Taking into account departmental development and job function requirements, the human resources department of the plants conduct annual analysis on the training needs of employees, formulate annual training plans; and the relevant departments make arrangements for conducting various training activities, covering aspects like national laws and regulations, industry standards, project management, product technology and internal Audit. The plants also arrange for employees to participate in external training on a need basis. For instance, Hung Hing has an entrusted training system in place for selecting employees to participate in learning activities in other institutions. The plants conduct annual performance appraisal. At Zhongshan Yong Fa plant, for example, staff appraisal exercises are classified based on administrative duties and technical levels, and department heads assess the character and conduct, work performance and future career development potential of the employees. The results will be considered for career advancement and salary adjustment, and serve as the basis for human resources development and planning

Overview of the Development and Training Performance Indicators of the Two Plants

		Management	Managerial staff	General staff	Total number of employees	Total
Number of employees trained	Male	41	62	905	1,306	95% of the employees received training
	Female	14	45	201		
Number and percentage of employees receiving performance and career development review on a regular basis	Male	42	39	910		94% of the employees received performance and career review
	Female	10	13	233		

Labour Standards

Zhengye International fully understands that child labour and forced labour violate fundamental human rights and international labour conventions. The Group prohibits using child labour, and the plants will validate the actual age of the job applicants in the recruitment process and check the identity documents of those selected for employment. Entering into, alteration, performance and discharge of labour contracts are on a voluntary basis, and adhere to the principles of equality and reaching a consensus only after consultation between the employer and the employees. The plants will never use any unlawful or unfair means to set constraints on the employment relationship between the employees and the enterprise. If employees are required to work overtime or work on rest days due to special circumstances, the plants must obtain prior consent from the employees and pay overtime wages or arrange for compensation leave to protect labour rights. During the reporting period, the two plants were not aware of any cases of child labour or forced labour.

The International Labour Organization is a special agency of the United Nations for promulgating labour standards in the form of international labour conventions and recommendations, thus improving the working and living standards of different places in the world. China is a founding member of the International Labour Organization and its permanent member.

Environmental, Social and Governance Report

Operational Management Supply Chain Management

Zhongshan Yong Fa and Hung Hing have respectively formulated the Administrative Measures for Supplier Assessment and Administrative Procedures for External Supplier, and suppliers are jointly managed by departments including the purchasing department, quality control department and production department. If the existing suppliers do not meet the procurement requirements, the plants will identify at least two to three potential suppliers, review information including product descriptions and operation compliance, and conduct a preliminary evaluation through plant inspections. The plants will request those that have passed the preliminary evaluation to provide samples for testing and trial use, and only those that have passed the trial use can become qualified suppliers of the plants. The plants will review collaborative suppliers annually and poor performers will be disqualified.

The corrugated medium paper products of the plants use waste paper as the main raw materials. During the reporting period, the waste paper raw materials of the plants came domestically from China. If it is necessary to purchase imported waste paper raw materials, the plants also have additional management requirements to ensure compliance with the Administrative Provisions on Environmental Protection Concerning Solid Wastes with Import Restrictions that Can be Used as Raw Materials. Hung Hing also encourages the purchasing department to take the initiative to collect information on suppliers regarding quality and environmental protection, so as to select raw materials that are of better quality and more environment-friendly.

The corrugated medium paper products of the plants use waste paper as the main raw materials, with the majority coming from Zhongshan City, Guangdong Province, where the plants are located to help shorten transport distance and promote local resource recycling. The respective percentages of waste paper raw materials coming from the following locations are:

- Zhongshan: 87.1%
- Hainan: 5.0%
- Qingyuan: 2.0%
- Overseas and other provinces and cities: 5.9%

Product Responsibility

Zhengye International attaches importance to the quality and safety of products. The plants have Substandard Product Control Procedures relevant administrative procedures for rectification measures in place, which clearly describe the handling criteria when the inspection results of raw materials and finished products do not conform to national or the Group's quality standards. For example, if it is found that the hazardous materials mixed with the waste paper raw material exceed national standards, the plants will give a warning to the supplier and make a request to reject the item. The plant will also commission a third-party inspection agency annually to carry out compliance inspection under the European Union's Restriction of Hazardous Substances Directive (RoHS) and Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) Regulation to determine whether the heavy metal and chemicals contents comply with the standards.

Zhengye International is also very stringent in terms of after-sales management. The plants will implement the Administrative Procedures for Customer-related Processes and distribute the Customer Satisfaction Survey Questionnaire to major customers of the Group, conduct analysis after understanding their recommendations and aspirations, and carry out investigation and improvement in accordance with the Procedures for Rectification and Preventive Measures. The two plants received five complaints, forty-one rejects and nineteen customer claims during the reporting period. After verification, sixty five cases were found to be due to product quality problems, which were handled during the year in accordance with the procedures; and the plant will further strengthen its analysis of the causes of product quality problems and formulate targeted preventive measures to avoid the occurrence of similar cases. During the reporting period, the two plants were not aware of any cases related to breach of product responsibility.

Anti-corruption

Based on the Group's Eight Provisions on Integrity and Self-discipline, the anti-corruption policies of Zhongshan Yong Fa and Hung Hing cover stringent enforcement of established procedures for screening, obtaining quotations and tendering when selecting suppliers, contractors and collaborators with prohibition on accepting benefits and gifts from collaborative partners; prohibition on abuse of power for the benefit of relatives, carrying out related party transactions and embezzlement of corporate funds and corporate property. Employees can report to the human resources department if they are aware of the above conduct. If found to be true after investigation, the plants will impose on the employee in breach of regulations penalties such as giving a warning, lowering the salary, removing from office, dismissal and termination of labour relations. Those who violate the law will be referred to the judiciary for handling. The Group complies with the Criminal Law of the People's Republic of China and other relevant laws. During the reporting period, the two plants were not aware of any cases of corruption, breach of regulations or litigation involving the Group and its employees.

Environmental, Social and Governance Report

Community Investment

There has been growing awareness of corporate social responsibility in the market, resulting in the emergence of the concept of “Social Licence to Operate” which places emphasis on the idea that instead of pursuing short-term financial results and returns for its shareholders as its goals, an enterprise should have regard to the long-term interests of society as a whole. Although Zhengye International has yet to establish an overall policy on community investment, the plants have currently taken the initiative to carry out community participation initiatives through various means. In 2018, Hung Hing donated RMB200,000 to Shaxi Town Charity Association, Zhongshan Yong Fa donated RMB380,000 to Zhong Shan Charity Association (Huangpu Town) to support the needs from communities. In future, the Group will make additional improvements to its community policies and plans to further strengthen the links between the Group and the communities where it operates.

Profiles of Directors and Senior Management

Directors

Executive Directors



Mr. Hu Zheng (胡正), aged 56, he is the Chairman and executive Director and one of the founders. Furthermore, Mr. Hu Zheng is the chairman of the nomination committee and members of the remuneration committee, risk management committee and budget management committee. Mr. Hu Zheng is responsible for overseeing the overall corporate management, operation and development planning and had over 20 years of experience in the paper-making and packaging industries. Prior to founding our Group, Mr. Hu Zheng worked as a technician and as assistant engineer at a then state-owned paper factory since 1983 then he was a director of a PRC paper and packaging products manufacturing factory, responsible for the management of daily operation and strategic planning from 1990 to 2003. In October 1981, Mr. Hu Zheng graduated from Guangdong Foshan Vocational College (廣東佛山職業技術學院) (formerly known as Guangdong Foshan Region Agricultural Mechanical College (廣東省佛山地區農業機械化學校)) and completed a Master of Business Administration at the Macau University of Science and Technology in August 2001. Mr. Hu Zheng is the brother of Mr. Hu Hancheng (an executive Director and a substantial shareholder of the Company (the “**Shareholder**”) through his interests in Golden Century Assets Limited) and Mr. Hu Hanchao (an executive Director and a substantial Shareholder through his interests in Leading Innovation Worldwide Corporation) and Mr. Hu Hanxiang (a non-executive Director).



Mr. Hu Hancheng (胡漢程), aged 58, has been appointed an executive Director since 4 March 2011. He is also the Co-Chairman of the Company, and also a member of budget management committee. He is responsible for the comprehensive operation management of the Group. He joined the Group in 2003 and has been the legal representative of Zheng Ye Packaging (Zhongshan) Company Limited, an indirectly wholly-owned subsidiary of the Company, between December 2007 and January 2017. Mr. Hu Hancheng is in charge of the management and operation of the packaging business division of the Group. Prior to joining the Group, Mr. Hu Hancheng was the general manager of a PRC packaging products manufacturing factory from 1997 to 2003 responsible for the overall operational management of the business. Mr. Hu Hancheng is currently the vice president of Zhongshan Association of Packaging Industry. In January 1995, Mr. Hu Hancheng completed an economic management program at the Guangdong Polytechnic College (廣東省工程職業技術學院) formerly known as Guangdong Province Adult Technology University (廣東省成人科技大學). Mr. Hu Hancheng is brother of Mr. Hanchao and Mr. Hu Zheng, executive Directors and Mr. Hu Hanxiang, non-executive Director.



Mr. Hu Hanchao (胡漢朝), aged 61, an executive director of the Company, he is also the chairman of budget management committee. He joined our Group in 2003 and he was appointed as a Director in September 2010 then was designated as an executive Director in March 2011 and appointed as Vice Chairman in November 2012. Mr. Hu Hanchao is responsible for the daily operations management of the Group and supervised the daily comprehensive operation management in corrugated medium paper division. He has been involved in corporate management for more than 28 years. Prior to joining the Group, Mr. Hu Hanchao was the deputy general manager at Zhongshan City Zhong Fa Equipment Rental Company Limited from 2000 to 2003 responsible for the overall operational management of the business and before that he was the assistant manager of Xinhua Bookshop from 1985 to 1994. In August 1985, Mr. Hu Hanchao graduated from Zhongshan Municipal Communist Party Cadre School (中山市幹部學校). Mr. Hu Hanchao is the brother of Mr. Hu Zheng (an executive Director and a controlling Shareholder through his interests in Gorgeous Rich Development Limited), Mr. Hu Hancheng (an executive Director and a substantial Shareholder through his interests in Golden Century Assets Limited) and Mr. Hu Hanxiang (a non-executive Director).

Profiles of Directors and Senior Management

Non-Executive Director

Mr. Hu Hanxiang (胡漢祥), aged 64, joined our group in 2004 as a supervisor of Zhongshan Yong Fa Paper and he was appointed as a non-executive Director in March 2011. Prior to joining the Group, Mr. Hu Hanxiang had worked for the Guangdong Provincial Light Industry Bureau for 20 years and was the department chief of the Personnel Affairs and Education Department of Guangdong Provincial Light Textile Industry Office from 1995 to 2000, responsible for human resources management. In July 1986, Mr. Hu Hanxiang graduated from Guangdong Province Economic Management Bureau College (廣東省經濟管理幹部學院). Mr. Hu Hanxiang is the brother of Mr. Hu Hancheng (an executive Director and a substantial Shareholder through his interests in Golden Century Assets Limited), Mr. Hu Hanchao (an executive Director and a substantial Shareholder through his interests in Leading Innovation Worldwide Corporation) and Mr. Hu Zheng (an executive Director and a controlling Shareholder through his interests in Gorgeous Rich Development Limited).

Independent Non-Executive Directors

Prof. Zhu Hongwei (朱宏偉), aged 55, joined the Company on 4 March 2011 as an independent non-executive Director and is a member of the audit committee, remuneration committee and nomination committee of the Company. He was an independent director of Guangdong Hydropower Engineering Group Company Limited during the period from September 2003 to December 2009. Prof. Zhu was an associate professor of Guangdong Polytechnic Normal University from February 2006 to December 2010 after which he has been appointed as a professor. He has in-depth knowledge in corporate management, having received tertiary education and undertaken faculty and research positions at various universities. Prof. Zhu graduated from Sichuan University with a Bachelor of Science degree in July 1983 and holds a Master of Science degree awarded by Zhejiang University (formerly known as Hangzhou University) in June 1990 and a doctorate degree in corporate management awarded by Zhongnan University of Economics and Law in June 2000.

Mr. Wu Youjun (吳友俊), aged 51, joined the Company in 4 March 2011 as an independent non-executive Director and is a member of the audit committee, remuneration committee and nomination committee of the Company. Mr. Wu has been currently chairman of the Guangdong Branch of Yinji Bank of Investment Guarantee Company Limited (銀基擔保有限公司) since May 2008. Mr. Wu was the vice supervisor of the Guangzhou Representative Office of Ng & Shum Solicitors & Notaries of Hong Kong and acts as its head of the China Department from 1994 to 1998. Mr. Wu studied industrial enterprises management at the Southwestern University of Finance and Economics and graduated in June 1989, and studied banking and currencies at the Jinan University and graduated in January 1998, followed by a Master of Business Administration degree from the Macau University of Science and Technology in October 2001.

Mr. Chung Kwok Mo John (鍾國武), aged 50, joined the Company on 4 March 2011 as an independent non-executive Director. He is also the Chairman of audit committee, remuneration committee and risk management committee and also a member of nomination committee of the Company. Mr. Chung graduated from Macquarie University, Australia in 1992 with a Bachelor of Economics degree, then became a member of CPA Australia in 1995 and that of Hong Kong Institute of Certified Public Accountants in 1996. Mr. Chung has over 20 years of experience in auditing, financial management and corporate finance. Mr. Chung was an auditor in an international accounting firm from 1992 to 1999. From 2000, Mr. Chung had held several senior management positions, including chief financial officer, executive director and independent non-executive director, in a number of listed companies in Hong Kong. Mr. Chung is presently a vice president of Yongsheng Advanced Materials Company Limited (a listed company on the Stock Exchange; stock code: 3608). Mr. Chung is also an independent non-executive Directors of BYD Electronic (International) Company Limited (a listed company on the Stock Exchange; stock code: 285), YTO Express (International) Holdings Limited (a listed company on the Stock Exchange; stock code: 6123), B & S International Holdings Limited (a listed company on the Stock Exchange; stock code: 1705) and Tokyo Chuo Auction Holdings Limited (a listed company on the Stock Exchange; stock code: 1939) since June 2013, December 2017, February and September 2018 respectively.

Profiles of Directors and Senior Management

Senior Management

Mr. Hu Jianpeng (胡健鵬), aged 32, joined the Group in 2014. Mr. Hu Jianpeng is the Chief Executive Officer of the Group. Mr. Hu Jianpeng held the post of the Group's general manager in procurement between 2014 and 2017, was responsible for the supply chain management and procurement strategy formulation in the Group. In 2018, Mr. Hu Jianpeng served as the chief operating officer of the Group and responsible for the overall operation and management in sales, raw materials and procurement of the Group. Mr. Hu Jianpeng obtained double Master degrees in finance and marketing awarded by the University of Sydney in 2013. Mr. Hu Jianpeng is a son of Mr. Hu Zheng (an Executive Director and a controlling shareholder through his interests in Gorgeous Rich Development Limited). Also, Mr. Hu Jianpeng is a nephew of Mr. Hu Hanchao (an Executive Director and a substantial shareholder through his interests in Leading Innovation Worldwide Corporation), Mr. Hu Hancheng (an Executive Director and a substantial shareholder through his interests in Golden Century Assets Limited) and Mr. Hu Hanxiang (a non-Executive Director).

Mr. Hu Jianjun (胡健君), aged 34, joined the Group in 2010. Mr. Hu Jianjun is the Chief Operating Officer of the Group and is responsible for the operations, strategic planning in sales and raw paper procurement in packaging division and maintain customers relationships. Mr. Hu Jianjun obtained the undergraduate programme in design awarded by the Wuchang Shouyi University (former known as Huazhong University of Science and Technology (Wuchang campus)) in 2008. Mr. Hu Jianjun is a son of Mr. Hu Hancheng (an Executive Director and a substantial shareholder through his interests in Golden Century Assets Limited). Also, Mr. Hu Jianjun is a nephew of Mr. Hu Hanchao (an Executive Director and a substantial shareholder through his interests in Leading Innovation Worldwide Corporation), Mr. Hu Zheng (an Executive Director and a controlling shareholder through his interests in Gorgeous Rich Development Limited) and Mr. Hu Hanxiang (a non-Executive Director).

Mr. Tan Xijian (譚錫健), aged 34, joined the Group in 2014. Mr. Tan is the vice president of the Group and is responsible for the sales and raw materials operation management. Mr. Tan was the general manager in raw materials from 2014 to 2017 and was responsible for the formulation of raw materials management and procurement strategies of the Group. Prior to joining the Group, he had five years of project planning. Mr. Tan obtained a degree in Business Administration from Guangdong University of Technology in 2016.

Ms. Chen Wei (陳威), aged 43, joined our Group in 2007. Ms. Chen is the vice president of the Group and responsible for the management operations in finance, human resources, legal, internal audit, information systems and Hong Kong head quarter of the Group comprehensively. Ms. Chen has over 14 years of experience in financial management and tax services. She served as financial supervisor in several papermaking enterprises and group companies during the period from 1995 to 2001 and was in charge of accounting and financial management matters. Prior to joining our Group, Ms. Chen served as account manager and tax consultant in Zhongshan large-scale tax agent from 2005 to 2007. Ms. Chen completed the accounting course of Jinan University in December 2005 and obtained a undergraduate diploma. Thereafter, she was awarded the Master of Business Administration degree from the University of Wales in April 2011, and obtained the title of senior accountant awarded by Human Resources Bureau of Guangdong Province (廣東省人事廳) in December 2008. In September 2009, Ms. Chen obtained professional qualification as a senior international finance manager awarded by International Financial Management Association. She is the member of International Financial Management Association.

Mr. Zhou Wenchang (周文昌), aged 54, joined the Group in 2015. Mr. Zhou is the vice president of paper division (Yongfa) and is responsible for the overall operation, production, coordination and management planning in Yongfa. Mr. Zhou has over 32 years of experience in the technical, production and management skills in paper industry. Prior to joining the Group, Mr. Zhou worked as production supervisor at Jiangxi Fuzhou Paper Mill (江西撫州造紙廠) from 1987 to 1998. He was responsible for the production line management. From 1998 to 2014, Mr. Zhou was the factory manager in one of subsidiary of Nine Dragons Paper (Holdings) Limited and was responsible for the overall production management. He served as general manager in Hebei Changtai Paper Company Limited* (河北昌泰紙業股份有限公司) between 2014 and 2015, responsible for comprehensive production management. Mr. Zhou graduated in 1987 from Jiangxi College of Light Industry (廣州輕工業學校) administered by the Ministry of Light Industry, majoring in pulp paper craft (technical diploma).

Profiles of Directors and Senior Management

Mr. Yi Yongzhong (易榮宗), aged 47, joined the Group in 2017. Mr. Yi is the vice president of paper division (Hung Hing) and is responsible for the overall product operation, coordination and management planning in Hung Hing. Mr. Yi has over 23 years of experience in the technical, production and management skills in paper industry. Prior to joining the Group, Mr. Yi worked as factory manager in one of subsidiary of Nine Dragons Paper (Holdings) Limited and was responsible for the overall production management. Mr. Yi obtained an undergraduate qualification majoring in forestry chemical (pulp and paper engineering) from Beijing Forestry University in 1996.

Mr. Li Jun (李俊), aged 56, joined our Group in 2003. Mr. Li is the vice president of packaging business division (Zhongshan base) of the Group to responsible for the overall management and its strategies of the base. Mr. Li has been involved in paper-making process technologies and sales management of packaging products since graduation. Prior to joining our Group, Mr. Li worked for Chenzhou Hongqi Paper Factory (郴州紅旗造紙廠) from 1982 to 1993 and was responsible for the production technology and subsequently at Chenzhou Hongqi Number Two Paper Factory (郴州第二造紙廠) as assistant plant manager till 1996. Mr. Li was the head of the transportation department at a PRC packaging products manufacturing factory from 1999 to 2003 responsible for the inventory and logistics management of the business. Mr. Li graduated from Hunan Vocational College for Light Industry (湖南省輕工業專科學校) in July 1982, majoring in paper-making processes, and obtained professional qualification as an engineer (工程師) awarded by Human Resources Bureau of Hunan Province (湖南省人事廳) in July 1992.

Mr. Zhang Xiaoming (張曉明), aged 57, joined our Group in 2003. Mr. Zhang is the vice president of packaging business division (Zhuhai base) of the Group responsible for the overall management and its strategies of the base. Before that, Mr. Zhang was an executive Director of the Company from January to December 2015. Mr. Zhang has been involved in the papermaking and packaging industry for over 30 years with a strong edge in administration having spent years in a management capacity. Prior to joining our Group, Mr. Zhang worked for Guangdong Zhongshan Paper Factory and was the deputy general manager of a PRC packaging products manufacturing factory from 1995 to 2003 responsible for the overall sales management of the business. Mr. Zhang graduated in July 1985 from Guangzhou College of Light Industry (廣州輕工業學校) administered by the Ministry of Light Industry, majoring in pulp paper making.

Mr. Huang Zhichang (黃志昌), aged 56, joined our Group in 2004. Mr. Huang is the vice president and Chief Engineer of the Group and is in charge of project development and the management of technical centre. Mr. Huang has over 30 years of experience in the technology, production and management of papermaking industry. He was a director of Paper-making Institute of Guangdong Province (廣東省造紙學會). Prior to joining our Group, he served as the general manager of the Group, the engineer and head of technology reform office in Guangdong Zhongshan Paper Factory from 1983 to 2004, and was responsible for production management and technology reform. Mr. Huang graduated in 1983 from Guangzhou College of Light Industry (廣州輕工業學校) administered by the Ministry of Light Industry, majoring in pulp paper making processes (undergraduate diploma).

Company Secretary

Mr. Kersen Chan (陳鉅升), aged 40, was appointed as the Company Secretary and the Authorized Representative of the Company in March 2015. Mr. Chan joined the Group as Finance Manager in December 2011. He has over 10 years of professional experience in accounting, auditing and handling the corporate secretarial duties for listed companies in Hong Kong. He has worked for various international accounting firms and listed companies in Hong Kong. Mr. Chan holds a bachelor's degree in accounting. He is a member of CPA Australia.

Directors' Report

The Directors are pleased to present to the shareholders their report together with audited consolidated financial statements of the Company and its subsidiaries (together the "Group") for the year ended 31 December 2018.

Principal Activities

The Company is an investment holding company. The principal activities of the Group are manufacturing and sale of paper, paperboard and paper-based packaging products. The principal activities of the subsidiaries are set out in note 41 to the consolidated financial statements.

Results and Appropriations

The results of the Group for the year ended 31 December 2018 and the state of the Company's and the Group's affairs as at that date are set out in the consolidated financial statements on pages 121 to 211 of this annual report.

The Directors now recommend the payment of a final dividend of RMB10.00 cents (equivalent to HKD11.57 cents) per share to the shareholders on the register of members on 6 June 2019, amounting to approximately RMB50,000,000 and the retention of the profit for the year approximately RMB59,358,000.

The dividend will be payable in HK\$. The exchange rate will be based on the opening indicative counter exchange rate (Buying TT for off-shore RMB) as on 22 March 2019 (the date of final results' board meeting of the Company) disclosed by The Hong Kong Association of Banks.

Property, Plant and Equipment

Details of movements in the property, plant and equipment of the Group for the financial year under review are set out in note 16 to the consolidated financial statements.

Share Capital

Details of movements in the share capital of the Company are set out in note 31 to the consolidated financial statements.

Distributable Reserves

Distributable reserves of the Company as at 31 December 2018, calculated in accordance with the provision of the Bermuda Companies Act 1981, amounted to RMB57,765,000.

Five Year Financial Summary

A summary of the results and of the assets and liabilities of the Group for the latest five financial years is set out on page 212 of this annual report.

Reserves

Details of movements in the reserves of the Company during the year are set out in the consolidated statement of changes in equity respectively.

Purchase, Redemption or Sale of Listed Securities of the Company

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities shares during the year ended 31 December 2018.

Pre-Emptive Rights

There are no pre-emptive under the Company Bye-laws, or the laws in Bermuda which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

Directors' Report

Directors

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

Executive Directors

Mr. HU Zheng (*Chairman*)
Mr. HU Hancheng (*Co-Chairman*)
Mr. HU Hanchao

Non-Executive Director

Mr. HU Hanxiang

Independent Non-Executive Directors

Mr. CHUNG Kwok Mo John
Mr. WU Youjin
Prof. ZHU Hongwei

The Company confirms that it has received from each of its independent non-executive Directors an annual confirmation of their independence pursuant to rule 3.13 of the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"), and it still considers that the independent non-executive Directors are independent.

Pursuant to Bye-Law 108 of the Company's Bye-Laws, one-third of the Directors shall retire from office by rotation at each annual general meeting of the Company. Mr. Hu Hanxiang, Mr. Wu Youjun and Prof. Zhu Hongwei shall retire from office by rotation at the forthcoming AGM and, being eligible, offer themselves for re-election as Directors at the AGM.

Directors and Senior Management

The biographical details of Directors and Senior Management are set out on page 48 to 51 of this annual report.

Directors' Service Contracts

The executive Directors namely, Mr. Hu Zheng, Mr. Hu Hancheng and Mr. Hu Hanchao have renewed their service contracts with the Company for a term of three years commencing from 1 January 2018. Both are subject to termination by either party giving not less than three months' written notice to the other.

The non-executive Director, Mr. Hu Hanxiang and each of the independent non-executive Directors namely, Mr. Chung Kwok Mo John, Mr. Wu Youjun and Prof. Zhu Hongwei have been appointed for a term of one year commencing from 1 January 2018 and are subject to termination by either party giving not less than three months' written notice to the other.

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

Emolument Policy

The emolument policies of the Directors and other employees are formulated based on individual experience, qualification and over market situation and are reviewed regularly, while the bonus is related to the financial performance of the Group and the individual performance. The Directors' remunerations are subject to shareholders' approval at general meetings.

The remuneration of the members of the senior management by band for the year ended 31 December 2018 was set out below:

Remuneration band (RMB)	Number of individuals
0-500,000	17
500,001-1,000,000	8
1,000,001 or above	6

Details of the Directors' emolument and emoluments of the five highest paid individuals in the Group are set out in the notes 12 and 13 to consolidated financial statements.

Directors' Report

Director's Interest in Contracts of Significance

Save as disclosed in the section headed "Continuing Connected Transactions" in this report and note 40 to the consolidated financial statements, no Director had a material interest, either directly or indirectly, in any contract of significance to the business of the Group to which the Company, its holding companies, or any of its subsidiaries or fellow subsidiaries was a party during the year under review.

Directors' Rights to Acquire Shares or Debentures

Save as disclosed under the sections headed "Directors' and Chief Executive's Interests in the Securities of the Company or its Associated Corporations", and "Share Option Scheme", at no time during the year were rights to acquire benefits by means of the acquisition of shares or debentures of the Company granted to any Director or their respective spouses or minor children, or were any such rights exercised by them; or was the Company, its holding companies, or any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

Directors' and Chief Executives' Interests in the Securities of the Company or its Associated Corporations

As at 31 December 2018, the interests and short positions of the directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register to be kept by the Company pursuant to section 352 of the SFO or as otherwise as required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules were as follows:

Name of Directors	Name of Group member/associated corporation	Capacity/ Nature of interest	Number and class of securities (Note 1)	Approximate percentage of shareholding
Mr. Hu Zheng	The Company	Interest of controlled corporation (Note 2)	191,250,000 ordinary shares of HK\$0.10 each	38.25%
	Gorgeous Rich Development Limited ("Gorgeous Rich")	Beneficial owner	1 ordinary share of US\$1.00	100%
Mr. Hu Hancheng	The Company	Interest of controlled corporation (Note 3)	93,750,000 ordinary shares of HK\$0.10 each	18.75%
	Golden Century Assets Limited ("Golden Century")	Beneficial owner	1 ordinary share of US\$1.00	100%
Mr. Hu Hanchao	The Company	Interest of controlled corporation (Note 4)	75,000,000 ordinary shares of HK\$0.10 each	15%
	Leading Innovation Worldwide Corporation ("Leading Innovation")	Beneficial owner	1 ordinary share of US\$1.00	100%
Mr. Hu Hanxiang	The Company	Interest of controlled corporation (Note 5)	15,000,000 ordinary shares of HK\$0.10 each	3%
	Fortune View Services Limited ("Fortune View")	Beneficial owner	1 ordinary share of US\$1.00	100%

Directors' Report

Notes:

1. All the interests stated above represent long positions. The percentage shown was the number of shares the relevant directors or chief executive was interested in expressed as a percentage of the number of issued shares as at 31 December 2018.
2. These shares were held by Gorgeous Rich, which was wholly owned by Mr. Hu Zheng. By virtue of the SFO, Mr. Hu Zheng was deemed to be interested in the shares held by Gorgeous Rich.
3. These shares were held by Golden Century, which was wholly owned by Mr. Hu Hancheng. By virtue of the SFO, Mr. Hu Hancheng was deemed to be interested in the shares held by Golden Century.
4. These shares were held by Leading Innovation, which was wholly owned by Mr. Hu Hanchao. By virtue of the SFO, Mr. Hu Hanchao was deemed to be interested in the shares held by Leading Innovation.
5. These shares were held by Fortune View, which was wholly owned by Mr. Hu Hanxiang. By virtue of the SFO, Mr. Hu Hanxiang was deemed to be interested in the shares held by Fortune View.

Share Options to subscribe for the ordinary shares of HK\$0.10 each in the Company were granted to, among others, certain Directors pursuant to the Share Option Scheme adopted by the Company on 3 June 2011. Information in relation to these Share Options was shown in the following section under the heading "Share Option Scheme".

Save as disclosed above and in the paragraph headed "Share Option Scheme" below, no other interest or short position in the shares, underlying shares or debentures of the Company or any of its associated corporations were recorded in the register required to be kept by the Company under section 352 of the SFO.

Substantial Shareholders' Interests in the Securities of the Company

As at 31 December 2018, so far as are known to any Director or chief executive of the Company, the persons (other than the Directors and the chief executives of the Company) were recorded in the register kept by the Company under section 336 of the SFO, or as otherwise notified to the Company, as leasing directly or indirectly interested or deemed to be interested in 5% or more of the issued share capital of the Company.

Name of Shareholder	Capacity/Nature of interest	Number and class of shares held in the Company percentage (Note 1)	Approximate shareholding percentage
Gorgeous Rich (Note 2)	Beneficial owner	191,250,000 ordinary shares of HK\$0.10 each	38.25%
Ms. Li Lifen (Note 2)	Interest of spouse	191,250,000 ordinary shares of HK\$0.10 each	38.25%
Golden Century (Note 3)	Beneficial owner	93,750,000 ordinary shares of HK\$0.10 each	18.75%
Ms. Li Siyuan (Note 3)	Interest of spouse	93,750,000 ordinary shares of HK\$0.10 each	18.75%
Leading Innovation (Note 4)	Beneficial owner	75,000,000 ordinary shares of HK\$0.10 each	15.00%
Ms. He Lijuan (Note 4)	Interest of spouse	75,000,000 ordinary shares of HK\$0.10 each	15.00%
RAYS Capital Partners Limited (Note 5)	Investment manager/Beneficial owner/ Interest of controlled corporation	49,718,000 ordinary shares of HK\$0.10 each	9.94%

Directors' Report

Name of Shareholder	Capacity/Nature of interest	Number and class of shares held in the Company percentage (Note 1)	Approximate shareholding percentage
Mr. Ruan David Ching-chi (Note 6)	Interest of controlled corporation	49,718,000 ordinary shares of HK\$0.10 each	9.94%
Asian Equity Special Opportunities Portfolio Master Fund Limited (Note 5)	Beneficial owner	46,516,000 ordinary shares of HK\$0.10 each	9.30%

Notes:

- All the interests stated above represent long positions. The percentage shown was the number of shares in the Company that the relevant shareholder(s) was/were interested in expressed as a percentage of the number of issued shares in the Company as at 31 December 2018.
- Gorgeous Rich is wholly-owned by Mr. Hu Zheng. By virtue of the SFO, Mr. Hu Zheng was deemed to be interested in the shares held by Gorgeous Rich. Ms. Li Lifen is the spouse of Mr. Hu Zheng. Under the SFO, Ms. Li Lifen was taken to be interested in the same number of shares in which Mr. Hu Zheng was interested.
- Golden Century is wholly-owned by Mr. Hu Hancheng. By virtue of the SFO, Mr. Hu Hancheng was deemed to be interested in the shares held by Golden Century. Ms. Li Si Yuan is the spouse of Mr. Hu Hancheng. Under the SFO, Ms. Li Siyuan was taken to be interested in the same number of shares in which Mr. Hu Hancheng was interested.
- Leading Innovation is wholly-owned by Mr. Hu Hanchao. By virtue of the SFO, Mr. Hu Hanchao was deemed to be interested in the shares held by Leading Innovation. Ms. He Lijuan is the spouse of Mr. Hu Hanchao. Under the SFO, Ms. He Lijuan was taken to be interested in the same number of shares in which Mr. Hu Hanchao was interested.
- Asian Equity Special Opportunities Portfolio Master Fund Limited ("**Asian Equity**") is wholly-owned by RAYS Capital Partners Limited. Therefore, RAYS Capital Partners Limited is deemed to be interested in all the Shares held by Asian Equity.
- The shares in RAYS Capital Partners Limited is held by Ruan David Ching-chi. Therefore, he is deemed interested in all the Shares held by RAYS Capital Partners Limited.

Save as disclosed above, no other interest or short position in the shares or underlying shares in the Company were recorded in the Register.

Share Option Scheme

The Company operates a share option scheme (the "**Share Option Scheme**"), which was adopted on 3 June 2011 (the "**Adoption Date**"). Unless otherwise cancelled or amended, the Share Option Scheme will remain in force for 10 years from the Adoption Date. The major terms of the Share Option Scheme are summarized as follows:

The purpose of the Share Option Scheme is to provide incentives or rewards to selected eligible participants for their contribution to the Group. Under the Share Option Scheme, the Directors of the Company may grant options to any Directors, employees, suppliers, customers, service providers, shareholder, advisors of any member of the Group or any entity in which any member of the Group holds an equity interest and any other person whom the Directors consider, in its discretion, have contributed to the Group.

The total number of share which may be issued upon exercise of all options to be granted under the Share Option Scheme shall not in aggregate exceed 10% of the share in issue as at the date of listing, unless shareholders' approval has been obtained, and in any event must not in aggregate exceed 30% of the share of the Company in issue from time to time. The total number of share issued and to be issued upon the exercise of the options granted to or to be granted to each participant under the Share Option Scheme in any 12-month period shall not exceed 1% of the share of the Company in issue.

The exercise price for the shares under the Share Option Scheme shall be such price as the Board may in its absolute discretion determine at the time of grant of the option but the subscription price shall not be less than the highest of the closing price of the Company's shares as stated in the Stock Exchange's daily quotation sheets on the date of the Board approving the grant of an option, which must be a business day ("**Offer Date**"); the average closing price of the Company's shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the Offer Date; and the nominal value of the Company's shares. A nominal consideration of HK\$1 is payable on acceptance of the grant of an option.

Directors' Report

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period to be determined and notified by the Directors to each grantee, which period may commence from the date of the offer for the grant of options is made, but shall end in any event not later than 10 years from the date of grant of the option subject to the provisions for early termination thereof. Unless otherwise determined by the Directors and stated in the offer for the grant of options to a grantee, there is no minimum period required under the Share Option Scheme for the holding of an option before it can be exercised.

Connected Transactions

Certain related party transactions as disclosed in note 40 to the consolidated financial statements also constituted connected transactions under the Listing Rules, and are required to be disclosed in accordance with Chapter 14A of the Listing Rules. The following transactions between certain connected parties (as defined in the Listing Rules) and the Company have been entered into and/or are ongoing for which relevant disclosure had been made by the Company in the announcement dated 28 December 2016.

One-Off Connected Transactions

In December 2018, Zhongshan Rengo Hung Hing Paper Manufacturing Company Limited ("**Hung Hing**"), a non-wholly owned subsidiary of the Company and Shanghai Rengo Packaging Decoration Company Limited* (上海聯合包裝裝潢有限公司) ("**Shanghai Rengo**"), a limited company established in the PRC, and Wuxi Rengo Packaging Company Limited* (無錫聯合包裝有限公司) ("**Wuxi Rengo**"), a limited company established in the PRC and owned as to 91% and 9% by Shanghai Rengo and Rengo Company Limited* (レンゴー株式会社). Shanghai Rengo and Wuxi Rengo provided an extension of financial guarantees to Hung Hing to secure the banking facilities with an aggregate amount of RMB26,820,000.

Continuing Connected Transactions

The following transactions fall under the de minimis provision set forth in Rule 14A.33 of the Listing Rules and is therefore exempt from reporting, announcement and independent shareholders' approval.

Non-Exempt Continuing Connected Transactions

The following transaction between member of our Group constitute non-exempt continuing connected transaction of our Company under Rule 14A.33 of the Listing Rules by reason of any of the applicable percentage ratios (other than the profits ratio) being greater than 5% on an annual basis or the annual consideration being greater than HK\$1,000,000.

Leasing of Premises

Zheng Ye Packaging (Zhongshan) Company Limited ("**Zheng Ye Packaging (Zhongshan)**"), a wholly-owned subsidiary of the Company and Zheng Ye Leasing entered into three tenancy agreements made between Zheng Ye Leasing as landlord and Zheng Ye Packaging (Zhongshan) as tenant in respect of the letting of the premises as summarized below:

- Date and subject matter of each tenancy agreement:
 - Tenancy agreement dated 28 December 2016 (the "**First Tenancy Agreement**") in relation to the letting of premises located at Dongcheng Road, Dongshen Town, Zhongshan City, Guangdong Province, the PRC for use as our production site with a total gross floor area of approximately 36,475 sq.m..
 - Tenancy agreement dated 28 December 2016 (the "**Second Tenancy Agreement**") in relation to the letting of premises located at No. 126 Dongcheng Road, Dongshen Town, Zhongshan City, Guangdong Province, the PRC for use as our production site with a total gross floor area of approximately 7,844 sq.m..
 - Tenancy agreement dated 28 December 2016 (the "**Third Tenancy Agreement**") in relation to the letting of premises located at Nos. 119 and 126 Dongcheng Road, Dongshen Town, Zhongshan City, Guangdong Province, the PRC for use as our workshop and canteen respective site with total gross floor areas of approximately 2,622 sq.m. and 304 sq.m. respectively.

* For identification purpose only

Directors' Report

- Period:
 - The First Tenancy Agreement: for a term of three years from 1 January 2017 to 31 December 2019 with an option on the part of Zheng Ye Packaging (Zhongshan) to renew for a further term of one year by serving not less than 30 days' written notice on Zheng Ye Leasing at the then market rent.
 - The Second Tenancy Agreement: for a term of three years from 1 January 2017 to 31 December 2019 with an option on the part of Zheng Ye Packaging (Zhongshan) to renew for a further term of one year by serving not less than 30 days' written notice on Zheng Ye Leasing at the then market rent.
 - The Third Tenancy Agreement: for a term of three years from 1 January 2017 to 31 December 2019 with an option on the part of Zheng Ye Packaging (Zhongshan) to renew for a further term of one year by serving not less than 30 days' written notice on Zheng Ye Leasing at the then market rent.
- Monthly rental payable:
 - The First Tenancy Agreement is in amount of RMB437,719.
 - The Second Tenancy Agreement is in amount of RMB94,127.
 - The Third Tenancy Agreement is in amount of RMB35,112.
 - The monthly rent payable for the renewal term under each of the Tenancy Agreements will be the then market rent provided that any upward adjustment to the monthly rent will be subject to a cap of not more than 10% of the monthly rent payable immediately prior to the expiration of the original term.
- Rental deposit paid:
 - The First Tenancy Agreement in amount of RMB300,000.
 - The Second Tenancy Agreement in amount of RMB100,000.
 - The Third Tenancy Agreement in amount of RMB50,000.

During the year, the rental fee of the premises from Zheng Ye Leasing amounted to VAT inclusive of RMB6,803,496 (2017: RMB6,803,496).

The independent non-executive Directors have reviewed the above continuing connected transactions of the Company and have confirmed that these transactions have been entered into:

- (i) in the ordinary and usual course of business of the Group;
- (ii) on normal commercial terms; and
- (iii) in accordance with the relevant agreements governing the transactions on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

Directors' Report

The auditors of the Company have reported to the Directors that during the financial year:

- (i) the above continuing connected transactions have been approved by the board of Directors;
- (ii) the above continuing connected transactions have been entered into in accordance with the terms of the agreements governing such transactions; and
- (iii) the respective cap amounts set out in the relevant agreements referred to above have not been exceeded.

Corporate Governance

Details of the Company's corporate governance practices are set at in the Corporate Governance Report of the annual report.

Mode Code for Securities Transactions by Directors

The Company has adopted the Model Code as set out in Appendix 10 of the Listing Rules. All the Directors of the Company have confirmed that they have complied with the required standards set out in the Model Code during the year ended 31 December 2018.

Major Customers and Suppliers

In the year under review, 29.58% of the Group's revenue was attributable to the Group's five largest customers and sales to the Group's largest customer accounted for 13.20% of the Group's revenue for the year. 44.59% of the Group's total purchases was attributable to the Group's five largest supplier and purchases from the Group's largest supplier accounted for 9.97% of the Group's total purchases.

None of the Directors, their associates or shareholders, who to the knowledge of the Directors own more than 5% of the Company's share capital, had an interest in these major customers or suppliers.

Directors' Interests in Competing Business

During the year, no Directors of the Company or their respective associates (as defined in the Listing Rules) were considered to have an interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group, other than those businesses of which the Directors were authorised to represent the interests of the Company and/or the Group.

Sufficiency of Public Float

Based on information that is publicly available to the Company and within the knowledge of the Directors, the Company has maintained a sufficient public float during the year and up to the date of this report under the Listing Rules.

Auditor

The consolidated financial statements have been audited by Deloitte Touche Tohmatsu who retire and, being eligible, offer themselves for re-appointment at the AGM.

By order of the Board

Hu Zheng

Chairman

Hong Kong, 22 March 2019

公司資料

董事會

執行董事

胡正先生(董事長)
胡漢程先生(聯席董事長)
胡漢朝先生

非執行董事

胡漢祥先生

獨立非執行董事

鍾國武先生
吳友俊先生
朱宏偉教授

行政總裁

胡健鵬先生

公司秘書

陳鉅升先生

審核委員會

鍾國武先生(主席)
吳友俊先生
朱宏偉教授

薪酬委員會

朱宏偉教授(主席)
吳友俊先生
鍾國武先生
胡正先生

提名委員會

胡正先生(主席)
鍾國武先生
吳友俊先生
朱宏偉教授

風險管理委員會

吳友俊先生(主席)
鍾國武先生
朱宏偉教授
胡正先生

預算管理委員會

胡漢朝先生(主席)
胡正先生
胡漢程先生

註冊辦事處

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

中國總公司及主要營業地點

中華人民共和國
廣東省中山市
東區博愛六路28號
遠洋廣場2幢20樓

香港主要營業地點

香港
灣仔
分域街18號
捷利中心
14樓1404室

授權代表

胡正先生
陳鉅升先生

法律顧問

香港法律
的近律師行

百慕達法律

Conyers Dill & Pearman

核數師

德勤·關黃陳方會計師行
執業會計師

百慕達主要股份過戶登記總處

MUFG Fund Services (Bermuda) Limited
26 Burnaby Street
Hamilton HM 11
Bermuda

香港股份過戶登記分處

卓佳證券登記有限公司
香港灣仔
皇后大道東183號
合和中心22樓

主要往來銀行

中國銀行
中國工商銀行
興業銀行股份有限公司

股份資料

股份編號：3363

本公司官方網站

<http://www.zhengye-cn.com>

二零一八年大事回顧

广东省 生态环保绿色造纸 工程技术研究中心

广东省科学技术厅
二〇一八年

中山永發造紙基地榮獲「廣東省生態環保綠色造紙工程技術研究中心」

中山聯合鴻興造紙基地
成功研發並投產50克AA
級低克重高強度瓦楞芯
紙



正業包裝中山基地全自
動物流生產線上線運行



正業包裝珠海基地生產線擴建項目施工中



二零一八年大事回顧



正業包裝珠海基地與國際知名企業耐帆集團展開合作

中山聯合鴻興造紙基地新增環保新好氧5000立方米處理系統投入使用



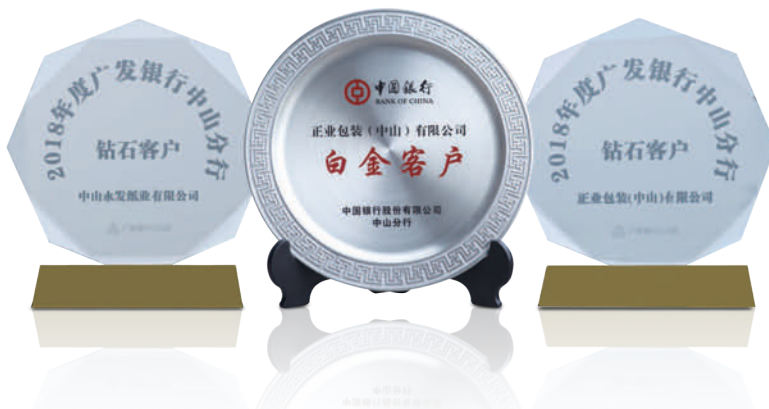
中山永發造紙基地新增環保新好氧系統8000立方半處理系統投入使用



正業包裝石家莊正業公司成功與格力開發一體化專案

二零一八年大事回顧

中山永發紙業公司獲廣發銀行中山分行2018年度「鑽石客戶」榮譽
正業包裝(中山)有限公司獲廣發銀行中山分行2018年度「鑽石客戶」榮譽
正業包裝(中山)有限公司獲中國銀行中山分行2018年度「白金客戶」榮譽



正業國際馬拉松隊成立並舉行開跑活動



董事長報告



致尊敬的股東：

本人謹此代表董事會（「董事會」），向各位提呈正業國際控股有限公司（「本公司」或「正業國際」），連同其附屬公司統稱（「本集團」）截至二零一八年十二月三十一日止（「年內」）的全年業績報告。

業務回顧

二零一六年以來，本集團重新構建造紙、包裝兩大業務的管理團隊，全面推動兩大產業同步發展。在造紙業務方面，集團調整了發展戰略，大力推動低定量、高強度特種工業包裝用紙的研發與生產，進一步拓寬了瓦楞芯紙產品品種，贏得了市場認可，公司生產的低定量、高強度瓦楞芯紙產品處於行業領先地位。在包裝業務方面，集團著力推動家電環保包裝，研發蜂窩紙製品，部分替代塑膠、泡沫等傳統包裝材料，在綠色環保包裝發展方面保持行業領先，公司生產的蜂窩紙製品銷量在全國領先，公司的家電環保紙制包裝產品銷量也處於全國家電行業領先地位。三年來，公司銷售收入穩步增長，毛利、盈利維持於行業較好水準，公司每年保持穩定派息，使股東獲得穩定回報。

回顧二零一八年，中國造紙產業歷經風雨，在國內廢紙供有限、國外廢紙進口受限以及國家環保政策施壓下，國內廢紙成本大幅上漲，環保成本不斷上升，同時，下游紙箱行業受國際市場上中美貿易摩擦影響訂單減少，在產品成本上漲但銷售單價下降以及去庫存化的壓力下，紙包裝行業整體受到衝擊，部分企業經營陷入困局。本集團在如此瞬息多變的經營環境下，直面困難，堅持不斷地做出管理和生產結構優化的戰略調整，在這一年裡，本集團通過優化產業結構、提高產品品質及服務品質、加強研發投入，不斷改革創新，使集團業務得以穩定增長。

董事長報告

截至二零一八年十二月三十一日止年度，本集團整體營業額同比上升 17.97%，達人民幣約 2,848,016,000 元（二零一七年十二月三十一日止年度 2,414,127,000 元），毛利為人民幣 509,702,000 元（二零一七年十二月三十一日止年度 531,493,000 元），毛利率約 17.9%，本公司擁有人應佔年度溢利及全面收益總額約為人民幣 109,358,000 元，與去年同期下降約 40.15%。每股基本盈利約為人民幣 22 分。

雖然集團整體盈利從二零一七年高位下跌，但依然保持了產品銷量及銷售收入的穩定增長，在擴大產品品種、開發優質客戶以及穩定提升產品品質方面收益頗豐，不僅抓住了新的機遇，獲得諸多品牌客戶認可同時提升了本集團於造紙、包裝行業良好口碑，為今後創新發展奠定堅實基礎。

展望與致謝

展望未來，世界經濟環境有望持續改善，本集團在近三年完成內部管理整合以及優秀管理團隊搭建工作，銷售及盈利能力進一步提升，更堅定本集團致力成為中國領先造紙、包裝企業，致力生產低定量、高強度特種包裝用紙，致力推動環保綠色包裝的信心，本集團將在穩固現有業務盈利能力的基礎上，在造紙、包裝行業找尋新的業務增長機會，於海內外市場積極開拓及發展，力求業務更大增長，為股東創造更豐厚回報！

最後，本人謹代表本集團董事會，感謝為本集團付出真誠努力及貢獻的管理人員及全體員工，同時，對本集團客戶、供應商、業務合作夥伴以及股東一直以來的支持表示最誠摯的謝意。

董事長

胡正

香港，二零一八年三月二十二日





管理層
討論
分析

與

管理層討論與分析



石家莊正業包裝有限公司

鄭州正業包裝有限公司

武漢正業聯合包裝有限公司

中山永發紙業有限公司
中山聯合鴻興造紙有限公司

正業包裝(中山)有限公司

珠海正業包裝有限公司

管理層討論與分析



業務回顧

本集團主要利用回收的廢紙生產瓦楞芯紙並銷售以及從事家用空調、食品調味料、小型家用電子產品等消費品所使用的紙製包裝產品的生產和銷售。本集團同時提供紙製包裝箱的包裝設計、印刷、物流等客戶服務，並為客戶提供一體化的包裝解決方案。本集團致力成為中國領先環保包裝企業。本集團的產品主要包括紙製包裝產品（水印紙箱、彩印紙箱、蜂窩紙製品）及瓦楞芯紙。本集團主要生產基地位於廣東省中山市、珠海市，以及中國華中地區的武漢市、鄭州市以及中國華北地區的石家莊市，現集團於上述地區營運七家子公司、一家控股聯營公司，有效為客戶提供服務。本集團生產的低克重高強度瓦楞芯紙產品更在廣東珠三角市場贏得客戶青睞，市場佔有率穩步提升。本集團紙製包裝產品在空調包裝、調味品包裝等細分領域名列前茅，獲得多個國內外知名品牌信任。

造紙板塊，年度內由於外廢進口限制造成國內廢紙成本的大幅上升、國家對環境治理工作的逐步深入，加上下游包裝企業需求疲軟造成的原紙價格受壓，造紙行業整體形勢並不樂觀，本集團於期內加大創新力度，成功生產50克、65克AA級低定量高強度瓦楞芯紙，努力拓展客戶群，穩定產品品質，加強市場定位，大幅降低各項成本消耗，實現了造紙板塊的收入增長，年度內實現營業收入人民幣1,842,803,000元，較去年同期增長人民幣351,546,000元或23.57%，盈利能力在二零一八年艱難市場環境下雖比去年有較大幅度下降，但仍保證了行業的盈利水準。

回顧二零一八年，本集團包裝板塊在二零一七年年減員增效、提升內部管理效能以及加強生產品質管制的基礎上，進一步加大對生產設施的升級改造工作，並於部分廠區建成了自動物流系統，並對部分重要生產設備進行升級改造，提升生產效率，包裝板塊於年度內實現營業收入人民幣1,005,213,000元，較去年同期增長人民幣82,343,000元或8.92%，盈利也較去年增長人民幣7,757,000元。其中，瓦楞紙箱和蜂窩紙製品分別佔整體紙製包裝產品營業額的77.28%和22.72%（二零一七年十二月三十一日止年度75.96%和24.04%）。

管理層討論與分析

產品簡介

瓦楞芯紙

本集團生產50至140克高強度瓦楞芯紙，除部分為本集團生產紙製包裝產品作為原材料外，主要向廣東珠三角地區紙板生產廠家、以及紙箱包裝廠家銷售，現服務的客戶總數量超過100家。本集團一直致力於研發低克重高強度瓦楞芯紙產品，以滿足下游包裝企業低克高強的材料需求，降低包裝企業的成本支出，與客戶合作共贏，本集團於二零一八年度內成功研發50克、65克低定量高強度瓦楞芯紙產品，贏得了客戶認同與支援。

紙製包裝產品

本集團的紙製包裝產品採用箱板紙、瓦楞芯紙作為主要生產原料，產品包括浮水印紙箱、彩印紙箱及蜂窩紙製品。二零一八年，本集團紙製包裝產品銷售收入人民幣1,005,213,000元，較二零一七年上升8.92%，佔集團銷售約35.30%。二零一八年紙製包裝產品毛利率約為20.82%。

水印紙箱

本集團水印紙箱主要用於家用空調包裝、小型家電產品包裝、家用電子消費產品以及食品調味料產品包裝等，本集團持續確保較高品質產品供應與優質的售後服務，提高客戶信賴程度，獲得多家品牌客戶青睞並保持長期穩定合作。

彩印紙箱

本集團為滿足客戶對於不同產品包裝品質的要求亦提供優質的用於家用空調包裝、小型家電產品包裝、家用電子消費產品以及食品調味料產品包裝等行業的彩印紙箱，本集團持續推進產品創新，回應客戶需求生產差異化產品，積極拓展彩印紙箱業務。

蜂窩紙製品

本集團生產的蜂窩紙製品主要替代原各類紙箱中用於保護的塑膠緩衝包裝材料以及替代泡沫襯墊產品，是容量輕、表面平整、不易變形、緩衝性能好的環保節能材料，現已用於多種行業的緩衝包裝。我集團現生產的蜂窩紙製品仍主要為本集團浮水印紙箱及彩印紙箱客戶提供配套。

管理層討論與分析

本集團主營業務明細

	二零一八年度			二零一七年度		
	營業額 人民幣千元	佔總額 百分比 (%)	毛利率 (%)	營業額 人民幣千元	佔總額 百分比 (%)	毛利率 (%)
瓦楞芯紙						
AA級	1,842,803	64.70		1,490,810	61.75	
C級	-	-		447	0.02	
小計	1,842,803	64.70	16.06	1,491,257	61.77	22.75
紙製包裝產品						
水印紙箱	627,663	22.04		461,603	19.12	
彩印紙箱	149,165	5.24		239,386	9.92	
蜂窩紙製品	228,385	8.02		221,881	9.19	
小計	1,005,213	35.30	21.26	922,870	38.23	20.82
總計	2,848,016	100.00	17.90	2,414,127	100.00	22.02

紙製裝產品營額按客戶分析

	二零一八年度		二零一七年度	
	人民幣千元	佔總額 百分比 (%)	人民幣千元	佔總額 百分比 (%)
家用空調及小型家電生產商	796,141	79.20	678,450	73.52
食品調味料生產商	194,805	19.38	170,174	18.44
其他	14,267	1.42	74,246	8.04
總計	1,005,213	100.00	922,870	100.00

管理層討論與分析

產能及產能使用率

集團為客戶提供一站式服務方案由廢紙回收、高強瓦楞芯紙製造、瓦楞紙箱及蜂窩紙製品生產，以至包裝服務，充分發揮集團垂直整合產業鏈的效益。

瓦楞芯紙

瓦楞芯紙的主要生產基地位於中山，截至二零一八年十二月三十一日止年度，本集團擁有七條瓦楞芯紙生產線，總設計年產能達800,000噸，為廣東地區領先的瓦楞芯紙生產商之一。集團一直重視提升生產效率及優化廠房管理的工作，於年內，集團成功採用了績效指標有效管理瓦楞芯紙生產線，提高了產量以及產能使用率。

	二零一八年度			二零一七年度		
	計劃運行 (小時)	實際運行 (小時)	有效率 (%)	計劃運行 (小時)	實際運行 (小時)	有效率 (%)
中山永發						
1號造紙機	8,525	7,922	92.93	8,154	7,330	89.89
2號造紙機	8,481	7,841	92.45	7,483	6,487	86.69
3號造紙機	8,482	7,894	93.07	8,760	7,905	90.24
5號造紙機	8,557	7,813	91.31	5,735	5,351	93.30
鴻興						
1號造紙機	8,343	7,915	94.87	7,766	7,327	94.35
2號造紙機	8,320	7,876	94.66	7,646	6,524	85.33
3號造紙機	8,344	7,913	94.83	7,659	7,225	94.33

紙製包裝產品

截至二零一八年十二月三十一日止年度，本集團共有十三條生產綫(包括八條瓦楞紙箱生產綫(其中兩條生產綫進行優化工程)及五條蜂窩紙製品生產綫)，生產基地主要分佈於中山、珠海、武漢、石家莊及鄭州共五個城市。本集團瓦楞紙箱總設計年產能達470,556,000平方米、蜂窩紙製品總設計年產能達25,581,000平方米。集團完善的生產佈局，使集團在生產成本、產業鏈整合、以及客戶服務上都能夠產生協同效應，在整體營運效益上發揮優勢。

管理層討論與分析

	二零一八年度			二零一七年度		
	設計產能 千平方米	實際產能 千平方米	產能使用率 (%)	設計產能 千平方米	實際產能 千平方米	產能使用率 (%)
中山						
1號瓦楞紙箱生產線	38,880	20,686	53.21	38,880	28,523	73.36
3號瓦楞紙箱生產線	38,880	3,973	10.22	38,880	10,666	27.43
7號蜂窩紙製品生產線	4,312	3,703	85.88	4,312	3,996	92.67
8號蜂窩紙製品生產線	3,525	2,981	84.57	3,525	2,894	82.10
新2號瓦楞紙箱生產線	184,140	61,840	33.58	184,140	51,675	28.06
珠海						
5號瓦楞紙箱生產線	72,900	38,150	52.33	72,900	40,025	54.90
6號瓦楞紙箱生產線	45,360	29,289	64.57	45,360	24,436	53.87
11號瓦楞紙箱生產線*	不適用	不適用	不適用	150,660	0	0.00
15號瓦楞紙箱生產線#	不適用	不適用	不適用	104,625	0	0.00
石家莊						
9號瓦楞紙箱生產線	90,396	17,793	19.68	90,396	17,770	19.66
10號蜂窩紙製品生產線	6,696	6,515	97.30	6,696	6,004	89.67
鄭州						
12號蜂窩紙製品生產線	4,352	4,332	99.54	4,352	5,937	136.42
武漢						
14號蜂窩紙製品生產線	6,696	4,131	61.69	6,696	3,735	55.78
總計						
瓦楞紙箱	470,556	171,732	36.50	725,841	173,095	23.85
蜂窩紙製品	25,581	21,662	84.68	25,581	22,566	88.21

* 第11生產線於二零一七年由鄭州調往珠海並進行技術優化，預計於二零一九年投產。

第15生產線於二零一七年由合肥調往珠海並進行技術優化，預計於二零一九年投產。

財務回顧

截至二零一八年十二月三十一日止年度，本集團的收入約人民幣2,848,016,000元(二零一七年度：人民幣2,414,127,000元)，增加約人民幣433,889,000元或17.97%，其中造紙板塊產品銷售數量較去年增長23.57%、銷售單價增長9.83%，同時包裝板塊的銷售數量增長提升了銷售規模約人民幣82,343,000元或8.92%。二零一八年集團毛利率17.90%(二零一七年度：22.02%)，較去年同期下降4.12百分點，主要是由於期內國內廢紙價格大幅上漲27.43%影響。

截至二零一八年十二月三十一日止年度，本集團擁有人年內應佔全面收益總額為人民幣109,358,000元(二零一七年度：人民幣182,705,000元)，較去年同期下降人民幣73,347,000元或40.15%，主要原因是期內國內廢紙價格大幅上漲27.43%，而瓦楞芯紙銷售價格受下游訂單及市場競爭影響不能隨原料價格上漲所致。

管理層討論與分析

集團盈利

截至二零一八年十二月三十一日止年度，本集團的收入約人民幣2,848,016,000元(二零一七年度：人民幣2,414,127,000元)，增加約人民幣433,889,000元或17.97%，其中造紙板塊產品銷售數量較去年增長23.57%、銷售單價增長9.83%，同時包裝板塊的銷售數量增長提升了銷售規模約人民幣82,343,000元或8.92%。二零一八年集團毛利率17.90%(二零一七年度：22.02%)，較去年同期下降4.12百分點，主要是由於期內國內廢紙價格大幅上漲27.43%影響。

截至二零一八年十二月三十一日止年度，本集團所得稅前利潤約為人民幣154,014,000元(二零一七年度：人民幣242,839,000元)，較去年同期減少人民幣88,825,000元或36.58%。

財務費用約為人民幣46,295,000元(二零一七年度：人民幣44,826,000元)，較去年同期略有上升，主要因營運業務增長使得融資規模增長。

所得稅項開支約人民幣23,301,000元(二零一七年度：人民幣29,597,000元)，較去年同期下降人民幣6,296,000元。

展望

二零一九年，是中國實施「十三·五」規劃的關鍵一年，是保持經濟穩定增長至關重要一年。雖然二零一八年我國經濟運行有下行壓力，但近期政府釋放出非常積極的政策信號，二零一九年的宏觀政策著眼於穩定總需求的寬鬆財政與貨幣政策，應對中美貿易摩擦等複雜國際問題將溫和且更具彈性，二零一九年國內經濟有望實現平穩增長，為行業成長帶來良好信心，本集團亦決定抓住機遇，更加關注中長期的成長與發展，積極拓展市場行業新機會，立足國內，放眼海外，以期實現業務更大的增長，以更能滿足市場需求的產品、更為全面優質的服務，提升集團整體盈利能力，為股東提供更高回報。

部分財務報表分析

銷售成本

本集團的銷售成本由二零一七年度人民幣1,882,634,000元增加至二零一八年度人民幣2,338,314,000元，增長24.20%。

瓦楞芯紙

瓦楞芯紙二零一八年度銷售成本為人民幣1,545,070,000元(二零一七年度：人民幣1,151,947,000元)，增加34.13%。

紙製包裝產品

紙製包裝產品二零一八年度銷售成本為人民幣793,244,000元(二零一七年度：人民幣730,687,000元)，上升8.56%。

毛利及毛利率

本年度之毛利為人民幣509,702,000元，較二零一七年度同期的人民幣531,493,000元減少4.10%。平均毛利率由二零一七年度的22.02%下降至本年度的17.90%。

瓦楞芯紙

瓦楞芯紙二零一八年度毛利為人民幣297,733,000元(二零一七年度：人民幣339,310,000元)，下跌12.26%。二零一八年度整體毛利率為16.16%(二零一七年度：22.75%)，下降6.59百分點。

紙製包裝產品

紙製包裝產品二零一八年度毛利為人民幣211,969,000元(二零一七年度：人民幣192,183,000元)，上升10.30%。二零一八年度整體毛利率為21.09%(二零一七年度：20.82%)，上升0.27百分點。

管理層討論與分析

其他收入、其他收益及虧損

其他收入、其他收益及虧損主要包括利息收入人民幣2,388,000元(二零一七年度：人民幣2,163,000元)、政府補貼人民幣6,100,000元(二零一七年度：人民幣17,191,000元)及匯兌虧損淨額人民幣1,594,000元(二零一七年度：匯兌收益淨額人民幣1,117,000)元。

分銷及銷售費用

本集團分銷及銷售費用由二零一七年度的人民幣64,858,000元上升至二零一八年度的人民幣74,472,000元，升幅約為14.82%。於本年度內，分銷及銷售費用主要是人員工資、運輸成本及業務推廣等費用。分銷及銷售費用上升原因是由於銷售增長，年內的運輸費用增加所致。

行政開支

本集團行政開支由二零一七年度的人民幣139,088,000元上升至二零一八年度的人民幣143,656,000元，升幅約為3.28%，行政開支主要是管理人員工資、福利費用、租金及折舊等費用。行政開支上升原因主要是年內有關管理人員工資及績效獎金增長所致。

融資成本

本集團融資成本由二零一七年度的人民幣44,826,000元上升至二零一八年度的人民幣46,295,000元，升幅約3.28%。主要是由於銷售增長，增加流動現金貸款及期內銀行借款利率小幅提升所致。

於本年度，銀行借款利率按浮動利率介乎4.35%至6.18%，而二零一七年則介乎2.76%至4.99%。在年內按加權平均的銀行借款定息、銀行借款浮息及融資租賃應付款項定息及其他借款浮息利率分別為4.90%、5.27%、6.12%及9.28%(二零一七年：分別為4.28%、4.44%、6.12%及9.55%)。

研發支出

本集團的研發支出由二零一七年度的人民幣56,753,000元上升至二零一八年度的人民幣95,239,000元，大幅增長約為67.81%，主要是為了達到提升集團產品競爭力的目的及應客戶需求進行新產品的開發及新技術、新工藝的研發以提升生產效率及產品品質。集團現主要生產基地均成立研發中心，中山永發造紙基地於年內更獲批「廣東省生態環保綠色造紙工程技術研發中心」。在市場競爭激烈的行業環境下，進一步加大研發力度；在瓦楞芯紙的更低定量更高強度方面加大研發投入，以適應下游企業低克高強度的紙包裝未來方向，年內造紙板塊成功研發50克低定量高強度瓦楞芯紙，並量產銷售，贏得市場認可。

溢利及全面收益

於年內的溢利及全面收益總額為人民幣130,713,000元；本公司擁有人應佔年度溢利及全面收益為人民幣109,358,000元，較二零一七年度本公司擁有人應佔年度全面收益的人民幣182,705,000元，下降40.15%。主要是由於年內廢紙成本大幅上升，而瓦楞芯紙產品銷售單價不能同步上漲所致。

股息政策

本公司必須根據相關法律、規則、法規及受限於本公司細則制定任何股息派付的宣派、形式、頻率及金額。根據適用法律、規則、法規及公司細則，於決定是否提議派付股息時，董事會將考慮(其中包括)本公司的財務業績、收益及可分配儲備、營運及流動資金需求，負債比率及信貸額度可能產生的影響和現時及未來發展計劃。

管理層討論與分析

股息

董事會建議向於二零一九年六月六日(星期四)名列本公司股東名冊的股東支付截至二零一八年十二月三十一日止年度的末期股息每股人民幣10.00分(相當於每股港幣11.57分)(二零一七年：末期股息每股人民幣10.96分)，惟須獲股東於二零一九年五月三十一日(星期五)舉行之應屆股東週年大會(「股東週年大會」)上批准，方可作實。如在股東週年大會上獲批准，建議之末期股息將以港幣支付。末期股息的人民幣/港幣兌換率將按香港銀行公會會於二零一九年三月二十二日公佈之開市參考牌價的人民幣離岸電匯購入價計算。末期股息將於二零一九年六月十九日(星期三)或前後向股東派發。

暫停辦理股份過戶登記手續

為釐定股東週年大會的出席及表決資格，本公司股份過戶登記處將於二零一九年五月二十八日(星期二)至二零一九年五月三十一日(星期五)(包括首尾兩天在內)暫停辦理股份過戶登記手續。凡擬出席股東週年大會及於會上表決的人士，務必將所有過戶文件連同相關股份證書於二零一九年五月二十七日(星期一)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，地址為香港灣仔皇后大道東183號合和中心22樓，以便進行登記。

為釐定享有末期股息的資格，本公司股份過戶登記處將於二零一九年六月十日(星期一)至二零一九年六月十一日(星期二)(包括首尾兩天在內)暫停辦理股份過戶登記手續。為符合資格享有末期股息的人士，務必將所有過戶文件連同相關股份證書於二零一九年六月六日(星期四)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，地址為香港灣仔皇后大道東183號合和中心22樓，以便進行登記。

流動資金、財政資源及資本結構

於二零一八年度本集團的資金來源主要為經營活動所產生的現金及銀行貸款。

	二零一八年度 人民幣千元	二零一七年度 人民幣千元
資產淨額	1,073,379	993,880
銀行結餘及現金	258,981	190,268
借款總額	957,471	917,673
本公司擁有人應佔權益	893,725	835,581
流動比率	1.05	1.04
淨資產負債比率*	65.97%	73.34%

* 淨資產負債比率乃按借款總額除以本公司擁有人應佔權益計算，其中借款淨額按銀行及其他借款總額減去已抵押銀行存款及銀行結餘及現金計算。

現金流量

於二零一八年十二月三十一日，本集團現金淨額流入人民幣68,713,000元。

投資活動所用的現金淨額主要為購入物業、廠房及設備和獲取物業、廠房及設備的款項，金額分別為人民幣54,991,000元及人民幣2,771,000元。

存貨

存貨下跌0.31%至於二零一八年十二月三十一日人民幣161,778,000元，而於二零一七年十二月三十一日存貨餘額則為人民幣162,277,000元。於本年度，存貨周轉天數加速為25天(二零一七年度：28天)，屬正常水準。

管理層討論與分析

貿易應收款項

於二零一八年十二月三十一日，貿易應收款項為人民幣502,272,000元(二零一七年十二月三十一日：人民幣520,231,000元)。本集團向瓦楞紙客戶授予30天至75天的信用期，並向包裝紙品客戶授予介乎30天至120天的信用期。貿易應收款項的周轉天數減少至約66天(二零一七年度：76天)。期內本集團進一步加大回款力度，加強信用評級管理，貿易應收款項周轉天數有所減少。

以銀行票據為後盾的貿易應收款項

於二零一八年十二月三十一日，以銀行票據為後盾的貿易應收款項為人民幣423,006,000元(二零一七年十二月三十一日：人民幣472,463,000元)。

貿易應付款項

於二零一八年十二月三十一日，貿易應付款項為人民幣205,383,000元(二零一七年十二月三十一日：人民幣267,123,000元)。大部分供應商向本集團授予介乎30天至120天的信用期。貿易應付款項的周轉天數縮短至37天(二零一七年度：65天)。周轉天數減少原因是由於本集團將原使用銀行承兌匯票結算之供應適轉為以現金結算，以降低向供應商購買原材料之成本。

借款

於二零一八年十二月三十一日，本集團銀行借款及其他借款結餘達人民幣957,471,000元(於二零一七年十二月三十一日：人民幣917,673,000元)。

資產負債比率

於二零一八年十二月三十一日，總資產負債比率約為37.43%(於二零一七年十二月三十一日：35.82%)，此乃按銀行借款及其他借款金額佔總資產百分比計算。淨資產負債比率為65.97%(於二零一七年十二月三十一日：73.34%)，此乃按銀行借款及其他借款金額減已抵押銀行存款及現金及銀行結餘後，佔股東權益百分比計算。

資產抵押

於二零一八年十二月三十一日，本集團抵押若干賬面值人民幣936,377,000元(於二零一七年十二月三十一日：人民幣793,541,000元)的資產，作為本集團借貸的抵押品。由於年內本集團將原使用銀行承兌匯票結算之供應適轉為以現金結算，增加了銀行承兌匯票的貼現，使得年度內本集團借貸的抵押品之票據大幅增加。

資本承擔

於二零一八年十二月三十一日，本集團資本承擔(包括已訂約及授權的資本承擔)為人民幣12,855,000元(於二零一七年十二月三十一日：人民幣22,305,000元)，所有資本承擔為收購物業、廠房及設備。

或有負債

於二零一八年十二月三十一日，本集團並無重大或有負債或重大訴訟或仲裁。

匯率風險

本集團大部份收入及產生的支出以人民幣計算。本集團進行若干以外幣計值的交易，主要是美元及港元，其承受匯率波動風險較低。本集團現時並無外幣對沖政策。然而，董事會緊密地監督外匯匯率及有必要時考慮安排進行外幣對策之需要。

管理層討論與分析

人力資源管理

於二零一八年十二月三十一日，本集團僱用2,956名員工（於二零一七年十二月三十一日：3,057名員工），當中約142名為工程師及技術人員或具有高等教育背景的僱員。截至二零一八年十二月三十一日止年度的總員工成本達人民幣261,922,000元（截至二零一七年十二月三十一日止年度：人民幣254,594,000元）。下表載列於二零一八年十二月三十一日本集團按職能劃分的僱員數目：

職能	僱員數目	佔僱員總數的百分比
管理及行政	533	18.03%
銷售及營銷	114	3.86%
研發技術及工程	288	9.74%
生產及質量控制	1,929	65.26%
合計	2,956	100.00%

本集團的薪酬待遇乃參考個別員工的經驗及資質及整體市況而定。花紅與本集團的財務業績及個別表現掛鉤。本集團亦保證會根據所有僱員的需求向彼等提供適當的培訓及持續專業發展機會。

本公司同時已採納購股權計劃（「購股權計劃」），主要目的是透過購股權計劃激勵員工及其他合資格人士，提升其對本集團的貢獻，及就彼等過去的貢獻給予獎勵。

管理層討論與分析

重大風險及不確定性

為了實現業務穩定經營，本公司管理層高度關注公司經營可能面臨的風險因素，依託關鍵風險指標，經過評估和分析，本公司面臨的風險主要包括：

1. 宏觀調控帶來的經營風險：

由於宏觀政策調控，對集團上、下游客戶產生一定影響，會間接影響包裝和造紙企業（包括本集團）的銷售及利潤。由於國家環保政策趨嚴，會造成造紙包裝行業成本增加，有一定經營風險。

2. 原材料價格波動帶來的經營風險：

由於原料成本在生產成本中佔比較高，因此，原料價格的波動對利潤產生一定的影響。

3. 市場競爭風險：

本集團包裝業務集中度較低，行業內具有一定規模和實力的企業均以進一步擴大產能、增加市場佔有率為主要經營目標，市場競爭激烈。本集團造紙業務面臨行業內的龍頭企業在同區域內競爭，競爭激烈。

4. 質量風險：

由於不能達到行業內的产品品質標準，不能滿足客戶需求造成的批量質量問題，產生批量的廢品或庫存，造成損失。

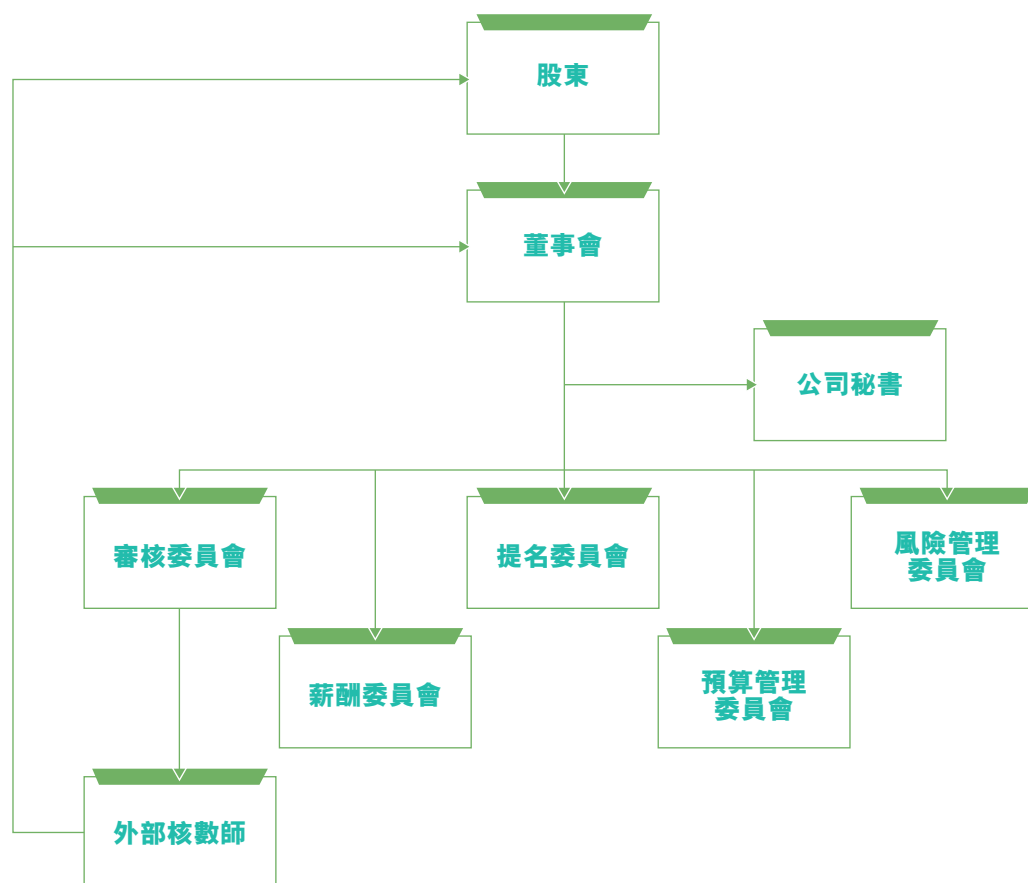
企業 管治報告





企業管治報告

企業管治架構



本公司董事(「董事」)欣然提呈本公司於截至二零一八年十二月三十一日止年度(「本年度」或「年內」)報告的企業管治報告。

本公司於年內始終採納香港聯合交易所有限公司(「聯交所」)頒佈的企業管治守則(「守則」)，作為鞏固我們企業管治原則的指引。本報告說明本公司運用該等原則的方式。

本公司於截至二零一八年十二月三十一日止年度已遵守香港聯交所證券上市規則(「上市規則」)附錄十四所載之守則中所有守則條文。

企業管治報告

董事會

本公司董事會(「董事會」)成員擁有全面之專長及經驗，且執行董事及非執行董事之組合亦有均衡合理。本公司業務的整體管理由董事會負責。董事會已指派行政管理團隊負責管理本公司日常業務，從而集中處理本公司的整體戰略、財務及股東事宜。於二零一八年十二月三十一日，董事會由七名成員組成，包括三名執行董事即胡正先生(董事長)、胡漢程先生(聯席董事長)及胡漢朝先生，一名非執行董事即胡漢祥先生及三名獨立非執行董事即鍾國武先生、吳友俊先生及朱宏偉教授。董事在造紙及包裝工作的知識與技能、會計與財務及業務管理等各範疇擁有深入精闢之認識。董事會整體更具備各方面之適當技能與經驗。所有董事的履歷以及董事會成員的關係(包括財務、業務、親屬或其他重大或相關關係(如有))於第104至107頁作出披露。

本公司已根上市規則第3.13條所載的獨立指引接獲各獨立非執行董事的年度獨立確認書。

本公司於年內共舉行四次董事會會議。所有董事積極親身、透過電話或視訊會議參與各會議。他們收發有關業務分部活動的報告，並呈呈支持須獲董事會批准的決定的文件。董事在董事會會議以投票方式通過議案。

本公司已根據細則定下二零一八年董事會定期會議的舉行日期，所有日期改動均在最少十四天前通知各董事。本公司備有適當安排，讓董事提出商討事項以納入董事會定期會議議程內。

如個別董事在交易或董事會將考慮的建議書中董事會認為有重大的利益衝突，則該名董事須申明其利益，且不得投票。有關事宜由並無擁有該交易重大利益之獨立董事於董事會會議審議。

下表載述董事出席董事會會議及四個董事委員會(審核委員會、薪酬委員會、提名委員會及風險管理委員會)及股東週年大會(「股東週年大會」)的會議詳情：

董事姓名	董事會	出席會議/舉行會議次數					
		審核委員會	薪酬委員會	提名委員會	風險管理委員會	預算管理委員會	股東週年大會
執行董事							
胡正先生	4/4	不適用	1/1	2/2	1/1	1/1	1/1
胡漢程先生	4/4	不適用	不適用	不適用	不適用	1/1	1/1
胡漢朝先生	4/4	不適用	不適用	不適用	不適用	1/1	1/1
非執行董事							
胡漢祥先生	3/4	不適用	不適用	不適用	不適用	不適用	0/1
獨立非執行董事							
鍾國武先生	4/4	2/2	1/1	2/2	1/1	不適用	1/1
吳友俊先生	3/4	1/2	1/1	2/2	1/1	不適用	1/1
朱宏偉教授	4/4	2/2	1/1	2/2	1/1	不適用	1/1

由於其他先前的業務安排，胡漢祥先生未能出席二零一八年股東週年大會。

企業管治報告

公司秘書定期更新董事會的管治及規管事宜，全體董事均可聯絡公司秘書。任何董事可就履行職責而(透過董事長)尋求獨立專業意見，費用由本公司支付。審核委員會、薪酬委員會、提名委員會、風險管理委員會及預算管理委員會亦可尋求專業意見。

董事會及董事委員會會議紀錄連同任何有關文件均可提供予所有董事。初稿供所有董事提出意見，而最後定稿供其作記錄之用。

董事會成員多元化政策

本公司已採納董事會成員多元化政策(「本政策」)，列載闡明達致及保持董事會多元化，以提升董事會的有效性。

根據本政策，本公司考慮若干因素以謀求達致董事會多元化，包括但不限於性別、年齡、文化和教育背景、種族、專業經驗、行業經驗、技能、知識及服務任期。

董事會明白到，董事會多元化可以提升董事會的有效運作和企業管治之受益。當確認合適的候選人成為董事會成員，提名委員會考慮本政策若干因素，包括但不限於性別、年齡、文化和教育背景、種族、專業經驗、行業經驗、技能、知識及服務任期。董事會會考慮到本公司的合適業務需具備良好業務平衡和多元組合。本公司也會不定時考慮到其自身的商業模式和具體需要，以確定董事會最佳組合。本公司將定期檢閱本政策，確保其持續有效運作。

董事委員會

於截至二零一八年十二月三十一日止年度內，董事會已成立五個委員會，即審核委員會、薪酬委員會、提名委員會、風險管理委員會及預算管理委員會。該等委員會於年內均已遵守上述相關原則、程序及安排。委員會相關秘書或委派人士負責為該等委員會撰寫完整的會議記錄，而委員會則定期向董事會作出工作匯報。

董事長及行政總裁

根據守則條文第A.2.1條規定，董事長與行政總裁的職位應有區分，不應由同一人士同時兼任。董事長與行政總裁之間的職責分工應清楚界定並以書面列載。

於本年度，胡正先生出任本公司董事長，胡健鵬先生則出任本公司行政總裁，以確保獨立性及更為持平之判斷及決定。董事會認為在胡正先生作為本公司董事長的帶領下，擔任領導角色以及確保董事會能夠有效地運作及適當地履行其職責，令董事會之行動符合本公司及本集團之最佳利益。

胡健鵬先生為本公司行政總裁，獲授予權力及責任營運本集團業務及一切日常運作，以及在執行董事和高級管理層之協助下實行本集團的策略，以至達到業務目標。

企業管治報告

董事會的職責及授權職責

董事會負責本集團的整體領導、監督本集團的策略決定及監察業務與表現。

管理人員(包括執行董事)連同其他高級行政人員獲授權負責執行董事會不時採納的策略及指示並進行本集團的日常營運。執行董事及高級行政人員定期會面，檢討本集團整體業務表現、調配整體資源及作出財務及營運決定。董事會亦會在彼等管理權力範圍內給予清晰指示，包括管理人員應作出報告的情況，亦會定期檢討權力轉授安排，以確保有關安排切合本集團的需要。

全體董事須確保彼等於任何時候均以真誠、遵守適用法律及法規並符合本公司及其股東利益的方式履行職責。

非執行董事

各獨立非執行董事及非執行董事皆以特定年期獲委任。各自已簽訂委任函，任期為一年，自二零一八年一月一日起計，並需根據本公司的細則(「細則」)在本公司股東週年大會上輪席退任及膺選連任。

董事進行證券交易

本公司已採納上市公司董事進行證券交易的標準守則(「標準守則」)為其有關董事進行證券交易的守則。經向所有董事作出查詢後，本公司認為所有董事截至二零一八年十二月三十一日止年度均已遵守標準守則所規定的標準。

董事及高級管理人員責任保險

本公司已為董事及高級管理人員購買責任保險，就彼等履行職責時所引致的若干法律責任提供適當保障。

企業管治職能

董事會於二零一二年三月二十三日採納企業管治職能的職權範圍。董事會就企業管治職能的職權範圍之摘要如下：

- (a) 制定及檢討本公司企業管治政策及常規；
- (b) 檢討及監察董事及高級管理人員的培訓及持續專業發展；
- (c) 檢討及監察本公司政策及常規，以遵守法律及監管規定；
- (d) 制定、檢討及監察適用於僱員及董事的操守準則及合規手冊(如有)；及
- (e) 檢討本公司有否遵守上市規則附錄十四的企業管治守則及企業管治報告有關守規條文的情況及在企業管治報告內的披露要求。

截至二零一八年十二月三十一日止年度，董事會已履行了就企業管治職能的工作包括制定及檢討本公司的企業管治政策及提出了建議。

企業管治報告

持續專業發展培訓

按照守則A.6.1及A.6.5條有關董事培訓。所有董事，即胡正先生、胡漢程先生、胡漢朝先生、胡漢祥先生、鍾國武先生、吳友俊先生及朱宏偉教授均已出席由本公司聘請之顧問培訓公司所舉辦有關「為何好的公司會變壞」的內部培訓的持續專業發展培訓。已出席的董事已向本公司提供培訓記錄。

薪酬委員會

本公司已成立薪酬委員會，藉以向董事會就本公司董事及高級管理層的薪酬政策及架構提供建議。薪酬委員會的職權範圍章則已由董事會參照守則作出檢閱。

薪酬委員會現由一名執行董事胡正先生及三名獨立非執行董事即鍾國武先生、吳友俊先生及朱宏偉教授組成。自二零一八年十二月十四日，該委員會主席由鍾國武先生調任至朱宏偉教授擔任。薪酬委員會於本年度內舉行了一次會議，會議出席詳情如本年報第83頁的表格所示。薪酬委員會於截至二零一八年十二月三十一日止年度的工作包括如下事項：

- 就截至二零一九年十二月三十一日止年度的非執行董事及執行董事的薪酬向董事會提供建議。薪酬委員會已考慮同類公司支付的薪金、董事須付出的時間及職責、本集團內其他職位的僱傭條件及是否按表現釐定的薪酬等多個因素；
- 透過參照董事會不時通過的公司目標及目的，不時檢討及批准執行董事的薪酬及按表現釐定的薪酬方案；
- 為合資格高層管理人員成立股權激勵計劃可能性；及
- 確保任何董事或其任何聯繫人不可參與決定其各自薪酬。

薪酬委員會已採納由其檢討管理層所提出有關執行董事及高層管理人員的薪酬建議後，向董事作提出建議的模式。董事會擁有最終權力以批准經薪酬委員會提出的薪酬建議。

本公司已採納一項購股權計劃（「計劃」），據此董事會可酌情向相關合資格參與者（定義見計劃）授出購股權，以認購本公司股份。該計劃的主要條款載於本公司日期為二零一一年五月二十四日的招股章程附錄五中。該計劃旨在使本公司可向選定的合資格參與者授出購股權，作為其對本集團貢獻的激勵或獎勵。

提名委員會

根據細則，該董事會有權不時及隨時委任任何人士成為董事，以填補董事會空缺或增加董事。獲董事會委任的董事將於本公司隨後的股東大會上被股東膺選重任。董事的提名需考慮被提名人的能力及經驗是否合乎本公司業務的要求。

本公司已成立提名委員會，藉以向董事會就董事的委任提供建議。

提名委員會現由四名董事組成，包括執行董事胡正先生及三名獨立非執行董事，即鍾國武先生、吳友俊先生及朱宏偉教授。該委員會由胡正先生擔任主席。

企業管治報告

董事會將董事的委任及重選職權轉授予提名委員會。提名委員會負責考慮候選人的合適性，以及批准及終止董事的委任。提名委員會定期審閱董事會委任的有序繼任計劃以及其架構、規模及組成。提名委員會擁有充分的資源履行其責任，並(倘必要)可聘請外部顧問評估更多的潛在候選人。

於評估一名獲委任人是否適合擔任本公司董事時，該委員會將審閱該獲委任人的專業知識、行業經驗及個人技能，以及個人的道德與誠信。

根據本公司的細則，在本公司每屆股東週年大會上，三分之一的董事須輪席告退，且每名董事須至少每三年告退一次。董事會新委任的董事須任職至本公司下一屆股東大會，屆時將有資格於會上膺選連任。

董事會認為，現任董事有責任為新委任董事介紹本集團情況，並提供一份載有上市公司董事職責與責任的手冊，令新委任董事能夠充分了解相關業務。

三名執行董事即胡漢朝先生、胡漢程先生及胡正先生已與本公司訂立三年的服務協議，由二零一八年一月一日起計，惟根據服務協議的條款終止者除外。非執行董事及各獨立非執行董事已與本公司簽訂委任函，任期由二零一八年一月一日起為期一年，並在期滿後從新續任，且可根據委任函的條款予以終止。於截至二零一八年十二月三十一日止財政年度期間，提名委員會舉行兩次會議。會議出席詳情如第83頁的表格所示。

截至二零一八年十二月三十一日止年度，提名委員會的工作事項如下：

- 向董事會建議董事長及聯席董事長的調任；
- 向董事會建議行政總裁的委任；
- 向董事會建議非執行董事及獨立非執行董事續聘合約；及
- 評核獨立非執行董事之獨立性。

核數師薪酬

截至二零一八年十二月三十一日止年度，本公司核數師就提供審核服務所得酬金約為人民幣 1,714,000 元。

審核委員會

本公司已成立審核委員會，藉以檢討及監察本公司的財務報告程序及內部監控制度。

審核委員會現由本公司的三名獨立非執行董事，即鍾國武先生、吳友俊先生及朱宏偉教授組成，由鍾國武先生擔任主席。

審核委員會於本年度內舉行了兩次會議，會議出席詳情如第83頁的表格所示。審核委員會於截至二零一八年十二月三十一日止年度的工作包括如下事項：

- 就外部核數師的重新委任向董事會提供建議，及批准外部核數師的酬金及聘用條款；

企業管治報告

- 按適用的標準檢討及監察外部核數師的獨立性及客觀性，以及核數程序的有效性；並與外部核數師在核數工作開始前預先討論核數工作的性質及範疇以及有關申報責任；
- 監察財務報表、中期報告及年度報告的完整性，並審閱其中所載有關財務申報判斷的重大意見；
- 檢討財務監控、內部監控及風險管理系統；
- 與管理層討論內部監控系統，並確保管理層已履行職責建立有效的內部監控系統，包括會計及財務報告方面資源、相關同事的資歷及經驗是否充足，及其所接受培訓課程及有關預算是否充足；
- 確保內部與外部核數師的工作得到協調，並確保內部審核功能在本公司內部有足夠資源運作，並且有適當的地位，並檢討及監察內部審核功能的成效；
- 檢討財務及會計政策及實務；及
- 檢查外部核數師給予管理層的《審核情況說明函件》、核數師就會計記錄、財務賬目或監控系統向管理層提出的任何重大疑問及管理層作出的回應。

董事及核數師對賬目的責任

董事知悉其有編製本公司賬目的責任。外部核數師發表有關其申報責任的聲明載列於第118頁。

持續經營

董事經作出適當查詢後認為，本集團具備充裕資源於可預見將來持續經營，因此，按持續經營基準編製財務報表乃屬恰當做法。

內部監控

董事會已持續檢討本公司的內部監控制度以確保其有效性。董事會會定期召開會議，討論財務、營運及風險管理控制事宜。

風險管理委員會

風險管理委員會於二零一五年十二月十八日成立，目前包括八名成員，包括執行董事胡正先生；三名獨立非執行董事，分別為鍾國武先生、吳友俊先生及朱宏偉教授，以及四名高層管理人員，分別為陳威女士、侯鶯絲女士、蔡琰女士及葉寧飛先生。自二零一八年十二月十四日，該委員會主席由鍾國武先生調任至吳友俊先生擔任。

風險管理委員會的主要職責包括但不限於協助董事會評估和確定董事會願意承擔的風險性質及程度，以實現本集團的戰略目標，確保集團建立並保持適當和有效的風險管理和內部監控制度，並協助董事會持續監督管理層就風險管理系統的設計，實施和監督。

於二零一八年年末後及截至本報告日期，風險管理委員會召開一次會議討論(包括但不限於)本集團面對的主要風險、風險管理政策及常規、增加財務、法律和審計的高層管理人員為委員會成員及二零一九年相關計劃。

企業管治報告

預算管理委員會

預算管理委員會於二零一八年九月一日成立，目前成員包括三名執行董事，即胡漢朝先生、胡正先生及胡漢程先生，由胡漢朝先生擔任主席。

預算管理委員會的主要職責包括但不限於監控及審閱本集團年度業務計劃及財務預算的有效性提出建議，檢討本集團現有或潛在投資計劃預算的實施情況並提出建議，以及就支本承擔向董事會作出推薦建議。

公司秘書

本公司自二零一五年三月起委任陳鉅升先生為本公司公司秘書，其簡歷載於本年報「董事及高級管理層履歷」一節。陳先生已於本年度達到上市規則第3.29條的規定。

與股東溝通

本公司致力於與股東保持持續的交流，尤其透過股東週年大會或其他股東大會與股東進行溝通，並鼓勵股東積極參與。董事長將出席於二零一九年五月三十一日(星期五)舉行的應屆股東週年大會，以解答股東的疑問。

本集團官方網站(<http://www.zhengye-cn.com>)設有「投資者關係」的網頁，提供有關本公司新聞發佈、財務報告及公告的最新訊息。

本公司將繼續維持公開及有效的投資者溝通政策，並及時向投資者提供最新的本集團相關訊息。

股東權利

召開股東特別大會及於股東大會上提出議案權利

按照本公司的公司細則第65條及百慕達公司法第74(1)條，除董事會例會外，在持有不少於本公司繳足股本10%的股東要求下，本公司董事可召開股東特別大會處理本公司的特定議題，但至少須於二十一日前向本公司的香港註冊辦事處發出書面通知。上述程序亦適用於任何在股東大會上提出以供採納的決議案。

向董事會作出查詢權利

股東如有查詢可直接發信送至本年報公司資料一節所載本公司香港之主要營業地點，並註明收件人為公司秘書。

憲章文件

於本年度，本公司之憲章文件並無任何重大變動。

環境、社會及 管治報告





環境、社會及管治報告

《環境、社會及管治報告指引》內容索引

主要範疇	內容	頁碼索引
A1 排放物		
一般披露	有關廢氣及溫室氣體排放、向水及土地的排污、有害及無害廢棄物的產生等的： (a) 政策；及 (b) 遵守對發行人有重大影響的相關法律及規例的資料。	96 –97
A2 資源使用		
一般披露	有效使用資源(包括能源、水及其他原材料)的政策。	97 –98
A3 環境及天然資源		
一般披露	減低發行人對環境及天然資源造成重大影響的政策。	98
B1 僱傭		
一般披露	有關薪酬及解僱、招聘及晉升、工作時數、假期、平等機會、多元化、反歧視以及其他待遇及福利的： (a) 政策；及 (b) 遵守對發行人有重大影響的相關法律及規例的資料。	100 –101
B2 健康與安全		
一般披露	有關提供安全工作環境及保障僱員避免職業性危害的： (a) 政策；及 (b) 遵守對發行人有重大影響的相關法律及規例的資料。	98 –99
B3 發展及培訓		
一般披露	有關提升僱員履行工作職責的知識及技能的政策。描述培訓活動。	101

環境、社會及管治報告

主要範疇	內容	頁碼索引
B4 勞工準則		
一般披露	有關防止童工或強制勞工的： (a) 政策；及 (b) 遵守對發行人有重大影響的相關法律及規例的資料。	101
B5 供應鏈管理		
一般披露	管理供應鏈的環境及社會風險政策。	102
B6 產品責任		
一般披露	有關所提供產品和服務的健康與安全、廣告、標籤及私隱事宜以及補救方法的： (a) 政策；及 (b) 遵守對發行人有重大影響的相關法律及規例的資料。	102
B7 反貪污		
一般披露	有關防止賄賂、勒索、欺詐及洗黑錢的： (a) 政策；及 (b) 遵守對發行人有重大影響的相關法律及規例的資料。	102
B8 社區投資		
一般披露	有關以社區參與來了解營運所在社區需要和確保其業務活動會考慮社區利益的政策。	103

環境、社會及管治報告

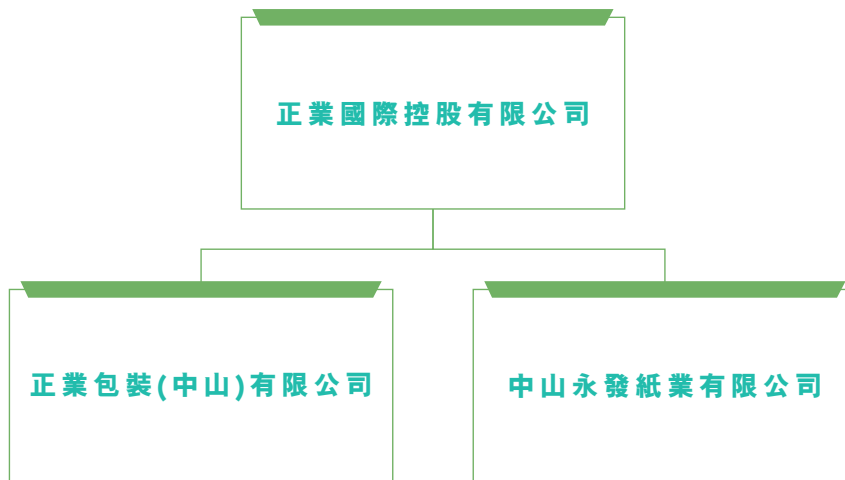
關於集團

成立於一九九九年，正業國際控股有限公司（簡稱「**正業國際**」或「**集團**」）是國內的大型包裝生產企業集團，為客戶提供廢紙回收、紙品生產、產品包裝等一站式服務方案。

正業國際從事紙類包裝產品及瓦楞芯紙的生產，分別擁有十三條及七條生產線，生產基地分佈於中山、珠海、武漢、石家莊及鄭州五個城市。集團的紙類包裝產品包括瓦楞紙箱及蜂窩紙製品，主要客戶為國內小型家電及空調生產商；瓦楞芯紙主要供給瓦楞包裝產品的上游生產商。

正業國際的瓦楞芯紙之主要生產基地位於中山。目前，集團採用回收廢紙作為瓦楞芯紙的原材料，生產線總設計年產達八十萬噸，為廣東地區領先的瓦楞芯紙生產商之一。

集團核心架構



關於本報告

本報告為正業國際發佈的本年度《環境、社會及管治報告》，以透明、公開的方式披露集團在可持續發展議題上的行動和績效，以增加持份者對集團的信心和了解。

報告年度

報告中的所有資料均正業國際於二零一八年一月至二零一八年十二月在環境保護和社會關懷方面的績效。往後，集團將每年定期發佈《環境、社會及管治報告》，以供各界隨時查閱，持續提升信息披露的透明度和責任。

環境、社會及管治報告

報告範圍

報告聚焦於正業國際的瓦楞芯紙生產業務，報告範圍為其主要營運點，即位於中山的兩所生產廠房（簡稱「**廠房**」）之營運，分別由中山永發紙業有限公司（簡稱「**中山永發**」）及中山聯合鴻興造紙有限公司（簡稱「**鴻興**」）負責其營運。待集團在資料收集系統更趨成熟，以及環境、社會及管治的工作深化之後，集團將擴大披露的範圍，直至全面覆蓋集團的所有營運。本報告並不包括所有環境關鍵績效指標的披露。集團計劃於明年進行碳評估，進一步將匯報的指標細化和標準化。

報告準則

本報告是依循香港聯合交易所有限公司（簡稱「**聯交所**」）頒布的《環境、社會及管治報告指引》（簡稱「**指引**」）而編制。報告以精簡的形式概述正業國際的環境、社會及管治表現。報告中的資料來自集團的官方文件和統計數據，以及根據集團相關制度由旗下公司提供的監測、管理和營運資料整合匯總。報告的最後一章有完整的內容索引，以便讀者快速查詢。本報告以中、英文兩種文字編製，亦已上載至集團網站 www.zhengye-cn.com。如中、英文兩個版本有任何抵觸或不相符之處，應以中文版本為準。

意見反饋

我們的持續進步有賴閣下對我們的表現及匯報方法發表寶貴意見。如閣下對報告有任何疑問或建議，歡迎將意見經電郵發送至 info@zhengye-cn.com，令集團得以不斷改善環境、社會及管治工作。

持份者溝通

聯交所在《指引》中提出了匯報的四項原則，包括：重要性、量化、平衡及一致性，作為編制《環境、社會及管治報告》的基礎。誠如聯交所所言，持份者的參與正是用以評估重要性的方法。透過與持份者的溝通，企業能夠了解持份者的意見，識別重要的環境和社會事宜。

對於正業國際而言，持份者指的是對集團的業務有重大影響，或會受集團業務影響的群體和個人。集團的持份者不僅包括員工，還包括客戶、業務夥伴、投資者、監管機構及各類型的社區團體。在過去的一年，集團透過不同渠道與關鍵持份者溝通。是次報告的籌備過程中，集團特意委託專業顧問公司以管理層訪談的形式進行實質性分析，並結合專家顧問的意見釐清匯報的重要議題，以此作為集團可持續發展路向的制定。

報告期內與持份者的溝通方式

內部持份者

- 董事會
- 管理層及行政人員

外部持份者

- 銀行
- 投資者

溝通方式：

董事會、每週例會、股東大會、電話查詢、親身到訪

正業國際的業務影響著不同持份者，而持份者對集團也有著不同期望。未來，集團將持續並擴大持份者的溝通，透過不同形式更廣泛地收集持份者的意見，令實質性分析更完備。同時，集團也會提升量化、平衡及一致性的匯報原則，以更符合持份者期望的方式，界定報告的內容及資訊的呈現。

環境、社會及管治報告

環境保護

氣候變化為全球經濟發展帶來了前所未見的挑戰。氣候變化所帶來的極端天氣直接或間接地影響著不同機構在獲取資源和維持營運的能力。在巴黎的二零一五年氣候變化談判中，包括中國在內的一百九十五個國家同意實施溫室氣體減排計劃，令全球溫度升幅控制在攝氏兩度以內。

正業國際意識到，建立內部環境管理的組織及管理方針，是應對可持續發展挑戰的首要工作。參考ISO14001 環境管理體系規範，中山永發及中山聯合鴻興分別於二零一五年及二零零九年，首次制定《HSE(健康、安全與環境)管理手冊》(簡稱「HSE手冊」)及《質量環境手冊》，明確環境管理的承諾、政策、目標、職責分工、控制程序及監測審核制度等。以手冊為管理體系，兩所廠房分別自行制定細化的營運管理程序，涵蓋如環境危害及風險識別、目標管理、能源利用、環境監測等範疇。本年，中山永發及中山聯合鴻興均持有由第三方認證機構發出的ISO14001:2004 認證證書。

在二零一五年召開的可持續發展峰會上，聯合國全體成員國正式通過了十七個可持續發展目標，而「採取緊急行動應對氣候變化及其影響」正是其中一個目標。

排放物

正業國際廠房的生產流程涉及碎漿、除砂、篩選、沖漿、磨漿、成型、壓榨、乾燥及包裝等多重工序，主要產生污水、廢氣和廢物三類排放物。按排放物的來源及種類，廠房採取了針對性的管理措施。

廠房產生的污水主要來自碎漿、篩選、濃縮及壓榨等工序(俗稱「白水」)。廠房均設有污水站，白水經過中和、沉澱、厭氧及好氧處理等過程後，方排放至《排污許可證》中的指定排放點。廠房亦定期抽驗檢測處理後的污水，確保符合《制漿造紙工業水污染物排放標準》、《廣東省水污染物排放限值》等相關國家標準。本年，中山永發已完成廢水芬頓氧化處理系統及厭氧處理系統改造項目，增加芬頓反應罐、厭氧反應罐、污泥濃縮池等新設備，以有助提升廢水處理效能。

除了外購電力，廠房亦自設熱電分廠，生產廠房所需的電力和蒸汽，當中燃煤鍋爐會產生煙塵、二氧化硫和氮氧化物等空氣排放物。廠房均設有原煤驗收相關的內部規範，通過目測、拍照、抽樣檢驗及第三方機構化驗等方式，確保原煤的水分、灰份、揮發物、硫含量等符合廠房要求。廠房的鍋爐煙氣先經脫銷處理、靜電除塵、袋式除塵及脫硫處理，才會排放至大氣中。廠房均於鍋爐排放口安裝自動監測裝置，監測污染物種類及排放量，確保排放的廢氣符合《火電廠大氣污染物排放標準》及其他相關國家標準。中山永發已完成廢氣脫硫除硝設備的工程項目，加設SNCR脫硝系統、脫硫吸收塔、儀錶控制系統等新設備，並於本年度完成並正式運行，進一步處理排放的廢氣。

環境、社會及管治報告

廠房主要產生一般廢棄物，即不屬於危險廢物的工業廢物，包括造紙粉煤灰、石膏、造紙廢渣、造紙污泥等。廠房均將廢物分為可再利用及不可再利用兩類，分別處理。例如，中山永發將粉煤灰供予水泥製造商，廢渣、污泥及石膏則分別交由當地環衛處及合資格的機構承包商清運處理。兩廠亦建立管理台賬，持續記錄廢物的產生量、轉運日期及去向等。

正業國際致力確保旗下廠房的營運遵守《中華人民共和國水污染防治法》、《中華人民共和國大氣污染防治法》、《中華人民共和國固體廢物污染環境防治法》等環境相關法律。在本報告期內，兩所廠房並無發現與排放物或環境影響相關的違規個案。

兩廠房排放物績效指標總覽

鍋爐廢氣	煙塵	噸	35.9
	二氧化硫	噸	57.4
	氮氧化物	噸	219.6
	碳排放	噸	688,660.8
污水	總排水量	噸	2,867,282
無害廢棄物	粉煤灰	噸	46,141.2
	石膏	噸	9,413.2
	造紙廢渣	噸	37,774.9
	造紙污泥	噸	5,018.60

資源使用

為了節約用水、減少排放，廠房均盡量於生產中重用白水。以中山永發為例，廠房設有白水池，回收碎漿機、除砂器、濃縮機及長網部等產生的白水，並重用於制漿碎解及紙機淋噴的過程。本年，中山永發及鴻興分別進行了每天8,000立方米和5,000立方米的好氧項目，來增加化學需氧量。

造紙過程主要使用的能源包括電力和蒸汽，用於碎解、制漿、造紙等工序。廠房均採用熱電聯產設備，在燃煤發電的同時，將產生的廢熱用於製造蒸汽，供生產所用。相比傳統燃煤發電模式，熱電聯產技術可減少能量以熱量的形式損失，使用同量燃煤而能達至更高的能源效益。本年，鴻興更透過技術改造，提高了造紙機的運轉速度。然而，正業國際意識到，煤始終屬於化石燃料，使用時無可避免產生排放物。未來，集團將探討採用更清潔的能源之可行性，例如研究國外的天然氣鍋爐應用例子，並可於二零一九年末試行運作。

環境、社會及管治報告

在本報告期內，正業國際採用了績效指標法管理瓦楞芯紙生產線，成功提高整體生產線的生產效益。以中山永發為例，廠房制定《永發紙業績效方案》，將資源使用的要求納入部門的績效指標當中。例如，熱電部及原料部若每月可減少一定數量的蒸汽及廢紙消耗量，則可按規定獲得相應的獎金，進一步鼓勵各部門節約資源。集團將繼續沿用此管理模式，優化瓦楞紙箱及蜂窩紙製品生產線的營運效率，持續提升集團的核心競爭力。

兩廠房資源使用績效指標總覽

水資源使用	總耗水量	噸	4,275,393
	累計污水回用量	噸	3,691,624
	水量密度	噸水／噸紙	7.61
能源使用	煤	噸	433,668.90
原材料使用	廢紙	噸	517,924.40
	澱粉	噸	26,651.30

環境及天然資源

正業國際致力監察和提升廠房營運的環保績效。廠房的各部門已開始協調合作，記錄和統計各種排放物及資源使用量。未來，集團將會以這些數據作為基準，訂立減少排放及節約資源的量化目標，提升日常營運的效率。集團將繼續投入研發工作，致力採用更先進的環保生產技術和設備。

正業國際致力避免如火警、爆炸、化學品洩漏、大範圍水電供應中斷等潛在事故，廠房已制定相應的應急預案，界定事故發生時的通報控制程序，避免污染源擴散，控制事故對環境和周邊社區的影響。中山永發亦在煤倉外、車路兩旁等廠內多處栽種綠色植物，致力綠化環境。

員工關懷

健康與安全

作為生產型企業，正業國際尤其注重維持一個健康及安全的工作環境。中山永發及中山聯合鴻興分別制定《安全生產責任制》及《安全生產管理制度》，建立由廠房管理層，以及工程、設備、生產、安全辦等部門負責人組成的管理架構，界定各人員的職責，落實各項管理措施。中山永發更依據OHSAS 18001-2007標準，透過《HSE手冊》進一步將安全管理方案的策劃、實施、檢查和改進流程標準化。

環境、社會及管治報告

正業國際為員工提供安全培訓，以加強員工的安全認知。廠房為新員工安排公司、部門和班組三個層級的培訓及考核，內容包括安全法規、設備操作、案例學習等。從事電氣、起重、鍋爐、焊接等特殊工種的員工，必須額外接受專門操作訓練，考試合格並取得操作證後方可工作。廠房亦會定期以不同形式展開安全教育；例如，鴻興不時在早會及晚會，向全體員工講解巡檢中發現的安全衛生問題，提升員工的安全意識。

中山永發及鴻興致力於二零一九年將：

- 因工死亡事故控制在零宗
- 嚴重事故控制在少於一宗
- 一般事故控制在少於五宗
- 輕微事故控制在少於八宗

針對不同工作崗位，廠房為員工提供安全指引、裝備及健康支援。例

如，對於熱工序、電工作、高空作業及密閉空間工作等，中山永發制定了相應的安全管理指引，說明崗位需要注意的安全事項。廠房向員工提供適合該工種的安全帽、工作鞋、手套、防護眼鏡、耳塞等安全防護裝備；鴻興更將裝備的使用與員工的安全獎金制度掛鉤，推動員工自律並正確佩戴。廠房每年為員工安排身體檢查，若發現懷疑職業病癥狀，則安排有關員工調職和接受覆檢，跟進其健康狀況。

本報告期內，兩所廠房並無發現與《中華人民共和國安全生產法》、《中華人民共和國職業疾病防治法》等安全法規相關的違規個案，亦無因工死亡的個案，惟共出現二十五宗工傷個案。按照工傷導致的員工醫療費用或休息日數，廠房將工傷事故劃分為輕微、一般、重大及特大四類。鴻興的七宗個案屬於輕微或一般工傷事故。中山永發出現十八宗輕微或一般工傷事故。

廠房對所有工傷個案均進行了調查分析，查明和記錄發生的時間、地點、經過、傷亡等，並通報全體部門。基於調查結果，廠房已按既定準則對事故責任人進行懲處，並落實改善措施。本年，中山永發及中山聯合鴻興均沒有重大工傷事故。然而，廠房在工傷事故均召開事故分析會，對輕微和一般事故，採取了糾正措施，包括提高設備巡檢頻率、更新安全操作規程、加強員工培訓、更換或加裝防護裝置等。

正業國際注意到廠房目前的工傷意外率偏高，未來將加強監管廠房的安全管理制度之實施情況。廠房亦於來年的安全目標中，明確界定工傷事故的指標。

兩廠房健康與安全績效指標總覽

	因工受傷 個案數字	每千名僱計 工傷意外率	因工傷 損失工作 日數	工作日數	因工傷 損失工作日 百分比	總缺勤 時數	總工作 時數	總缺勤率
男性	25	19.14	1,276	286,071	0.35%	88,502	2,205,168	3.91%
女性	0		0	74,364		20,157	574,662	

環境、社會及管治報告

僱傭制度

正業國際尊重每一位員工。在薪酬福利、工時制度、休息時間、績效考核、職業發展、招聘與錄用等各方面，中山永發及中山聯合鴻興均建立了公開透明的僱傭制度，並將有關規定載於《人力資源循環管理政策》、《勞動人事管理規定》和《員工守則》。廠房均強調以公開、平等的原則招聘員工，因應崗位需要擇優錄用。目前，廠房並未制定員工多元化、平等機會及反歧視的政策，未來將研究在現有制度中加入相關要求。

廠房設有調解委員會，員工可過口頭或書面形式作出有關僱傭制度的申訴，由委員會協助爭議雙方調解。若調解不成立，當事人可選擇向當地勞動監察部門申請仲裁。集團嚴格遵守《中華人民共和國勞動合同法》、《中華人民共和國勞動法》等相關僱傭法律。在本報告期內，兩所廠房並無發現違反與僱傭及勞工常規相關的違規個案，亦無接到任何有關歧視和性騷擾的申訴個案。

兩廠房僱傭績效指標總覽

員工人數	30歲以下	30-50歲	超過50歲	總員工人數	男女員工 人數比例
	男性	107	586	342	1,035
女性	24	226	21	271	

新入職員工	30歲以下	30-50歲	超過50歲	總新員工數字	新員工比例
	男性	54	85	1	140
女性	8	16	0	24	

流失員工	30歲以下	30-50歲	超過50歲	總流失 員工數字	員工流失率
	男性	32	64	26	122
女性	9	35	23	67	

環境、社會及管治報告

發展及培訓

正業國際視員工為企業的策略夥伴。針對部門發展及崗位職能的需要，廠房人力資源部每年均分析員工的培訓需求，制定年度培訓計劃，並由相關部門組織各項培訓，內容涵蓋國家法規、行業標準、項目管理、產品技術、內部審核等範疇。廠房亦會視乎需要安排員工參與外部培訓，例如中山聯合鴻興便設有委託培養制度，選派員工前往其他機構學習。廠房設年度績效考核。以中山永發為例，廠房的員工考核按行政職務及技術等級劃分，由各部門主管評價員工的品操德行、工作表現與未來職業發展潛力，作為職位晉升、薪資調整的考慮，亦為人力資源的開發與規劃提供依據。

兩廠房發展及培訓績效指標總覽

		管理層	經理人員	一般員工	員工總數	總數字
培訓人數	男性	41	62	905	1,306	95% 員工接受培訓
	女性	14	45	201		
定期績效及職業發展檢視的人數及比例	男性	42	39	910		94% 員工接受績效及職業檢視
	女性	10	13	233		

勞工準則

正業國際充分明白到童工和強制勞工違反基本人權及國際勞工公約。集團禁止使用童工，廠房在招聘過程中會對應徵者進行實際年齡的審查，檢查應聘者的身份證明文件。勞動合同的訂立、變更、履行和解除均以勞資雙方平等自願、協商一致為原則，廠房絕不利用任何不法不公的方式，限制員工與企業的僱傭關係。如因特殊情況而需要員工加班或在休息日上班，廠房必須事先得到員工同意，亦會支付加班工資或安排補假，以保障勞工權益。在本報告期內，兩所廠房並無發現童工或強制勞工的個案。

國際勞工組織是聯合國的專門機構，透過國際勞工公約和建議書的形式頒佈勞工標準，從而提高世界各地的工作和生活標準。中國是國際勞工組織的創始成員國，也是該組織的常任理事國。

環境、社會及管治報告

營運管理

供應鏈管理

中山永發及鴻興分別制定《供應商評審管理辦法》及《外部供方管理程序》，由採購部、質管部、生產部等部門共同管理供應商。若現有供應商未符合採購需求，廠房會識別至少兩至三家潛在供應商，審核產品說明、經營合規性等資訊，以及透過廠房視察進行初步評價。廠房向通過初步評價者索取樣品作檢測試用，只有試用結果合格者方可成為廠房的合格供方。廠房會對合作供應商每年進行複審，表現欠佳者會被取消合格供方資格。

廠房的瓦楞芯紙產品均以廢紙為主要原材料。在本報告期內，廠房的廢紙原料均來自中國國內。如有需要採購進口廢紙原料，廠房亦設有額外的管理規定，確保符合《限制進口類可用作原料的固體廢物環境保護管理規定》。集團亦鼓勵採購部門主動收集供應商有關質量及環境保護的資料，選擇更優質及環保的原材料。

廠房的瓦楞芯紙產品均以廢紙為主要原材料，來源大多來自廠房所在的廣東省中山市，有助減省運輸距離，推動當地資源回收。按百分比計算，廠房原料廢紙分別來自

- 中山：87.1%
- 海南：5.0%
- 清遠：2.0%
- 海外及其他省市：5.9%

產品責任

正業國際重視產品的質素和安全。廠房均設有《不合格品控制程序》及有關糾正措施的管理程序，闡明原材料及成品的檢驗結果不符合國家或集團的質量標準時之處理準則。例如，當發現廢紙原料夾雜的危險物質超出國家標準，廠房會對供應商作出警告及要求退貨。廠房亦會每年委託第三方檢驗機構，對廠房的產品進行歐盟《危害性物質限制指令》(Restriction of Hazardous Substances Directive, RoHS)及《關於化學品註冊、評估、許可和限制法案》(Registration, Evaluation, Authorisation and Restriction of Chemicals, REACH)之合規性檢驗，確定重金屬及化學物含量是否符合標準。

正業國際對售後管理亦絕不鬆懈。廠房均執行《與客戶有關的過程的管理程序》，向集團的主要客戶發放《顧客滿意度調查表》，了解其建議及訴求後進行分析，並按《糾正與預防措施程序》進行調查及改善。兩家廠房在本報告期內共接到五宗抱怨、四十一宗退貨及十九宗客戶索賠個案。六十五宗個案查證後均源於產品質量問題，已於年內按照程序完成處理。廠房將進一步加強對產品質量問題的原因分析，制定針對性的預防措施，避免發生同類個案。在本報告期內，兩所廠房並無發現產品責任相關的違規個案。

反貪污

中山永發及鴻興依據集團的《廉潔自律八項規定》作為廠房的反貪政策，包括規定在選擇供應商、承包商及合作商時，嚴格執行篩選、詢價、招標等既定程序，不得接受合作夥伴的利益餽贈；不得濫用職權，為親屬謀取利益、進行關聯交易、將公款公物據為己有等。若發現上述行為，員工可向人力資源部舉報。若查證屬實，廠房會按規定對違規員工工作警告、降薪、撤職、開除並解除勞動關係等處分。

環境、社會及管治報告

觸犯法律者則移交司法處理。集團遵守《中華人民共和國刑法》及其他相關法律。在本報告期內，兩所廠房並沒有出現與本集團及員工相關的貪污違規個案或訴訟案件。

社區投資

市場對企業社會責任日益重視，衍生「社會營運許可」的概念，強調企業不能只以短期的財務績效及股東回報為目標，更要放眼社會整體的長遠利益。雖然正業國際尚未建立有關社區投資的整體政策，目前廠房已自行開展不同形式的社區參與工作。二零一八年，鴻興向中山沙溪鎮慈善會捐款人民幣二十萬元，支持當地老人院服務；中山永發則捐款人民幣三十八萬元予中山市慈善會黃圃慈善基金支持當地社區建設。未來，集團將進一步完善社區政策及計劃，進一步強化集團與營運所在社區的聯繫。

董事及高級管理層履歷

董事

執行董事



胡正先生，56歲，胡正先生於本集團擔任董事長兼執行董事，為本集團的創辦人之一，亦為提名委員會主席及薪酬委員會、風險管理委員會和預算管理委員會成員。胡正先生負責監察整體企業管理、營運以及發展規劃，從事造紙及包裝業有20多年。創辦本集團之前，胡正先生自一九八三年起在當時國營造紙廠擔任技術員及助理工程師；隨後於一九九零年至二零零三年期間，擔任一家中國紙類及包裝產品工廠的廠長，負責日常營運管理與戰略規劃。彼於一九八一年十月畢業於廣東佛山職業技術學院（前稱為廣東省佛山地區農業機械化學校），二零零一年八月在澳門科技大學完成工商管理碩士學位。胡正先生為執行董事及本公司主要股東（「股東」）胡漢程先生（其權益透過Golden Century Assets Limited持有）、執行董事及本公司主要股東胡漢朝先生（其權益透過Leading Innovation Worldwide Corporation持有）及非執行董事胡漢祥先生的親兄弟。



胡漢程先生，59歲，自二零一一年三月四日委任為執行董事。彼同時為本公司聯席董事長，亦為預算管理委員會成員。彼負責本集團全面管理工作。彼於二零零三年加入本集團，並自二零零七年十二月至二零一七年一月期間，出任本公司間接全資附屬公司正業包裝（中山）有限公司的法人代表。胡漢程先生主要負責本集團包裝事業部的管理運作。加盟本集團之前，胡漢程先生於一九九七年至二零零三年擔任一家中國包裝產品製造廠廠長，負責整體業務營運管理。胡漢程先生現為中山市包裝協會副會長。彼於一九九五年一月在廣東省工程職業技術學院（前稱為廣東省成人科技大學）完成經濟管理專業課程。胡漢程先生為執行董事及本公司主要股東（「股東」）胡漢朝先生（其權益透過Leading Innovation Worldwide Corporation持有）、執行董事及本公司控制股東胡正先生（其權益透過Gorgeous Rich Development Limited持有）及非執行董事胡漢祥先生的親兄弟。



胡漢朝先生，61歲，自二零一六年四月獲委任為本公司董事長，亦為預算管理委員會主席。胡漢朝先生於二零零三年加入本集團，最初於二零一零年九月獲委任為董事，隨後於二零一一年三月擔任執行董事，並於二零一二年十一月委任為副董事長。胡漢朝先生負責本集團日常的營運管理並分管造紙板塊的全面管理工作，從事企業管理工作超過28年。加盟本集團之前，胡漢朝先生於二零零零年至二零零三年擔任中山市中發設備租賃有限公司副總經理，負責整體業務營運管理，在此之前由一九八五年至一九九四年擔任新華書店的助理經理。胡漢朝先生於一九八五年八月畢業於中山市幹部學校。胡漢朝先生為執行董事及本公司控制股東（「股東」）胡正先生（其權益透過Gorgeous Rich Development Limited持有）、執行董事及本公司主要股東胡漢程先生（其權益透過Golden Century Assets Limited持有）及非執行董事胡漢祥先生的親兄弟。

董事及高級管理層履歷

非執行董事

胡漢祥先生，64歲，於二零零四年加入本集團任中山永發監事，彼於二零一一年三月獲委任為本公司的非執行董事。加入本集團前，胡漢祥先生在廣東省輕工業局任職20年，並由一九九五年至二零零零年擔任廣東省輕紡工業廳人事教育處處長，負責人力資源管理。胡漢祥先生於一九八六年七月畢業於廣東省經濟管理幹部學院。胡漢祥先生為執行董事胡漢程先生、胡漢朝先生和胡正先生的親兄弟。

獨立非執行董事

朱宏偉教授，55歲，於二零一一年三月四日加入本公司成為獨立非執行董事，為本公司審核委員會、薪酬委員會及提名委員會的成員。彼曾於二零零三年九月至二零零九年十二月擔任中國粵水電集團股份有限公司獨立董事。朱教授自二零零六年二月至二零一零年十二月任廣東師範技術學院副教授，隨後獲委任為教授。朱教授接受專上教育，曾於不同大學任教及研究，在企業管理方面具有深厚的認識。朱教授於一九八三年七月畢業於四川大學，取得理學學士學位，於一九九零年六月持有由浙江大學(前稱為杭州大學)所頒授的理學碩士學位，並於二零零零年六月持有由中南財經政法大學所頒授的企業管理博士學位。

吳友俊先生，51歲，於二零一一年三月四日加入本公司成為獨立非執行董事，為本公司審核委員會、薪酬委員會及提名委員會的成員。自二零零八年五月，吳先生為銀基擔保有限公司廣東公司董事長。吳先生為香港吳少鵬律師事務所廣州代表處的副監督，並由一九九四年至一九九八年擔任中國負責人。吳先生於西南財經大學修讀工業企業管理，一九八九年六月畢業，並於暨南大學修讀銀行及貨幣業課程，一九九八年一月畢業，隨後二零零一年十月於澳門科技大學取得工商管理碩士學位。

鍾國武先生，50歲，於二零一一年三月四日加入本公司成為獨立非執行董事，彼亦為本公司審核委員會、薪酬委員會及風險管理委員會的主席以及提名委員會的成員。鍾先生於一九九二年取得澳洲麥覺理大學經濟學學士學位，一九九五年成為澳洲會計師公會會員，一九九六年成為香港會計師公會會員。鍾先生於審計、財務管理及企業融資方面擁有超過20年經驗。鍾先生於一九九二年至一九九九年出任一家國際會計師事務所的審計師。自二零零零年起，鍾先生於多家香港上市公司擔任多個高級管理層職位，包括首席財務官、執行董事及獨立非執行董事。鍾先生現於永盛新材料有限公司(一家於聯交所上市的公司，股份代號：3608)擔任副總裁。鍾先生亦分別由二零一三年六月、二零一七年十二月及二零一八年二月及九月起分別擔任比亞迪電子(國際)有限公司(一家於聯交所上市的公司，股份代號：285)、圓通速遞(國際)控股有限公司(一家於聯交所上市的公司，股份代號：6123)、賓仕國際控股有限公司(一家於聯交所上市的公司，股份代號：1705)及東京中央拍賣控股有限公司(一家於聯交所上市的公司，股份代號：1939)的獨立非執行董事。

董事及高級管理層履歷

高級管理層

胡健鵬先生，32歲，於二零一四年加入本集團。胡健鵬先生現為本集團行政總裁。彼在二零一四年至二零一七年期間擔任本集團採購總經理職務，負責本集團供應鏈管理、採購策略制定。於二零一八年，胡健鵬先生擔任本集團營運總裁，負責本集團銷售、原料及採購全面營運管理。胡健鵬先生於二零一三年獲取由悉尼大學頒發的金融學和市場學雙碩士學位。胡健鵬先生為執行董事及控制股東胡正先生(其權益透過Gorgeous Rich Development Limited持有)的兒子；同時為執行董事及主要股東胡漢朝先生(其權益透過Leading Innovation Worldwide Corporation持有)、執行董事及主要股東胡漢程先生(其權益透過Golden Century Assets Limited持有)及非執行董事胡漢祥先生的侄兒。

胡健君先生，34歲，於二零一零年加入本集團。胡健君先生為本集團營運總裁。負責包裝分部的銷售及原紙採購策劃和維繫客戶關係。胡健君先生於二零零八年獲取武昌首義學院(前稱華中科技大學武昌分校)頒發的設計學本科學位。胡健君先生為執行董事及主要股東胡漢程先生(其權益透過Golden Century Assets Limited持有)的兒子；同時為執行董事及主要股東胡漢朝先生(其權益透過Leading Innovation Worldwide Corporation持有)、執行董事及控制股東胡正先生(其權益透過Gorgeous Rich Development Limited持有)及非執行董事胡漢祥先生的侄兒。

譚錫健先生，34歲，於二零一四年加入本集團。譚先生在二零一四年至二零一七年期間擔任原料總經理，負責本集團原料管理、採購策略制定。在二零一八年，譚先生擔任本集團營運副總裁，負責集團銷售、原料營運管理。加入本集團前，彼擁有五年的項目策劃工作。譚先生在二零一六年獲取由廣東工業大學頒發的工商管理學位。

陳威女士，43歲，於二零零七年加入本集團，為本集團副總裁，全面負責集團財務、人力資源、法律、審計、資訊系統及香港總部管理工作。陳女士擁有逾14年財務管理及稅務服務工作經驗。彼由一九九五年至二零零一年期間任職多家製造企業和集團公司的財務主管，負責會計及財務管理事宜。加盟本集團之前，陳女士於二零零五年至二零零七年任職中山大型稅務師事務所的客戶經理、稅務顧問。陳女士於二零零五年十二月完成暨南大學會計專業課程(本科學歷)，隨後於二零一一年四月完成英國威爾士大學工商管理碩士學位，於二零零八年十二月獲廣東省人事廳頒授高級會計師職稱，於二零零九年九月獲國際財務管理協會頒授高級國際財務管理師職業資格，為國際財務管理協會會員。

周文昌先生，54歲，於二零一五年加入本集團，為本集團造紙事務部副總裁(永發)，負責永發整體經營生產運作、協調、計畫管理工作。周先生擁有逾32年的造紙業內技術、生產及管理工作经验。加盟本集團之前，周先生於一九八七年至一九九八年在江西撫州造紙廠任職生產主管，負責生產線管理工作；一九九八年至二零一四年在玖龍紙業(控股)有限公司其中一家附帶公司任職廠長，負責全面生產管理工作；二零一四年至二零一五年在河北昌泰紙業股份有限公司任職總經理，負責全面的生產經營管理工作。周先生於一九八七年畢業於江西輕工學校，主修製漿造紙工藝專業(中技學歷)。

董事及高級管理層履歷

易榮宗先生，47歲，於二零一七年加入本集團，為本集團造紙事務部副總裁(鴻興)，負責鴻興基地生產運作、協調、計畫管理工作。易先生擁有逾二十三年的造紙業內技術、生產及管理工作经验。加入本集團之前，易先生於一九九六年至二零一七年在玖龍紙業(控股)有限公司一家附屬公司任職廠長，負責全面生產管理工作。彼於一九九六年畢業於北京林業大學，主修林產化工製漿造紙專業(大學本科學歷)。

李俊先生，56歲，於二零零三年加入本集團，現為本集團包裝事業部中山基地副總裁，負責該基地的管理及策略工作。畢業後一直從事造紙工藝技術、包裝製品銷售管理工作。加盟本集團之前，李先生由一九八二年至一九九三年在郴州紅旗造紙廠任職，負責生產技術，其後於郴州第二造紙廠擔任助理工廠經理，直至一九九六年止。李先生於一九九九年至二零零三年擔任一家中國包裝產品製造廠儲運部部長，負責業務的存貨及物流管理。彼於一九八二年七月畢業於湖南省輕工業專科學校，主修造紙工藝專業，並於一九九二年七月獲湖南省人事廳頒授工程師專業資格。

張曉明先生，57歲，於二零零三年加入本集團，張先生為本集團包裝事業部珠海基地副總裁，負責該基地的管理及策略工作。在此之前，張先生於二零一五年一月十二月期間擔任本公司執行董事。張先生從事造紙及包裝行業逾30年，擔任管理職務多年，行政組織經驗豐富。加盟本集團之前，張先生曾在廣東中山造紙廠任職，一九九五年至二零零三年擔任一家中國包裝產品製造廠副總經理，負責業務的整體銷售管理。張先生於一九八五年七月畢業於輕工業部管理的廣州輕工業學校，主修製漿造紙專業。

黃志昌先生，56歲，於二零零四年加入本集團，為本集團副總裁兼總工程師，負責項目工程及技術中心管理工作。黃先生擁有逾30年的造紙業內技術、生產及管理工作经验。彼曾任廣東省造紙學會理事。加盟本集團之前，黃先生於一九八三年至二零零四年在廣東中山造紙廠任職工程師、技改辦主任，負責生產管理、技術改造工作。彼於一九八三年畢業於輕工業部廣州輕工業學校，主修製漿造紙工藝專業(本科學歷)。

公司秘書

陳鉅升先生，40歲，於二零一五年三月獲委任為公司秘書及授權代表。陳先生於二零一一年十二月加入本集團為財務經理，彼在會計、審計及公司秘書範疇擁有逾十年的工作经验，亦曾在國際知名會計機構及數家上市公司工作。陳先生持有會計學學士學位，並為澳洲會計師公會註冊會計師。

董事會報告

董事會欣然向股東提呈其報告以及本公司及其附屬公司(統稱「本集團」)於截至二零一八年十二月三十一日止年度的經審核綜合財務報表。

主要業務

本公司為一間投資控股公司。本集團的主要業務為製造及銷售紙、紙板及紙製包裝產品。該等附屬公司的主要業務載於綜合財務報表附註41。

業績及分派

本集團截至二零一八年十二月三十一日止年度的業績以及本公司及本集團於該日的財務狀況載於本年報第121至211頁的綜合財務報表。

董事會現建議向二零一九年六月六日名列於股東名冊上的股東派付每股人民幣10.00分，相當於港幣11.57仙的末期股息，金額約為人民幣50,000,000元，並保留本年度餘下溢利約人民幣59,358,000元。

股息將會以港幣派發。匯率會按香港銀行公會於二零一九年三月二十二日之開市參考牌價(人民幣電匯購入價)為基礎。

物業、廠房及設備

本集團於回顧財政年度的物業、廠房及設備的變動詳情載於綜合財務報表附註16。

股本

本公司的股本變動詳情載於綜合財務報表附註31。

可供分派儲備

於二零一八年十二月三十一日，本公司按百慕達一九八一年公司法的條文計算的可供分派儲備為人民幣57,765,000元。

五年財務摘要

本集團於最近五個財政年度的業績及資產與負債的摘要載於本年報第212頁。

儲備

本集團於年內的儲備變動詳情分別載於綜合權益變動表。

購買、贖回或出售本公司的上市證券

截至二零一八年十二月三十一日止，本公司或其任何附屬公司概無購買、出售或贖回本公司任何上市證券。

優先購買權

根據本公司細則或百慕達法律，概無載列有關本公司須按比例向現有股東提呈發售新股份的優先購買權規定。

董事會報告

董事

於回顧期間及直至本報告日期止年度，本公司的董事為：

執行董事

胡正先生(董事長)
胡漢程先生(聯席董事長)
胡漢朝先生

非執行董事

胡漢祥先生

獨立非執行董事

鍾國武先生
吳友俊先生
朱宏偉教授

本公司確認已接獲各獨立非執行董事根據香港聯合交易所有限公司(「聯交所」)證券上市規則(「上市規則」)第3.13條發出之年度獨立性確認函，且仍認為獨立非執行董事為獨立人士。

根據本公司細則的細則第108條，三分之一的董事將於本公司的各屆股東週年大會上輪席告退。胡漢祥先生、吳友俊先生及朱宏偉教授將於股東週年大會上輪席告退，且彼等符合資格並願意於股東週年大會上膺選連任。

董事及高級管理層

董事及高級管理層的履歷詳情載於本年報第104至107頁。

董事服務合約

執行董事—胡漢朝先生、胡漢程先生及胡正先生均已與本公司重新訂立服務合約，自二零一八年一月一日起計，為期三年。惟須由任何一方向對方發出不少於三個月的書面通知予以終止。

非執行董事胡漢祥先生及各獨立非執行董事即鍾國武先生、吳友俊先生及朱宏偉教授的任期為期一年，自二零一八年一月一日起計，須由任何一方向對方發出不少於三個月的書面通知予以終止。

擬於應屆股東週年大會上膺選連任的董事概無訂立可由本集團於一年內終止而毋須支付賠償(法定補償除外)的服務合約。

薪酬政策

董事及其他員工的薪酬政策乃參考個別員工的經驗及資質及整體市況而定。花紅與本集團的財務業績及個別表現掛鉤。董事薪酬於週年大會上由股東批准。

於截至二零一八年十二月三十一日止年度按薪酬組別劃分之高級管理人員薪酬載列如下：

薪酬組別(人民幣)	人數
0-500,000	17
500,001-1,000,000	8
1,000,001 或以上	6

董事的薪酬及本集團五位最高薪人士的薪酬詳情載於綜合財務報表附註12及13。

董事會報告

董事於重大合約的權益

除本報告「持續關連交易」一節及綜合財務報表附註40所披露者外，董事概無直接或間接於本公司、其控股公司或其任何附屬公司或同系附屬公司於回顧年度內所訂立並對本集團業務屬重大的合約中擁有重大權益。

董事購買股份或債券證的權利

除下述於「董事及主要行政人員於本公司或其相聯法團的證券中的權益」及「購股權計劃」分節所披露外，任何董事或彼等各自的配偶或未成年子女於年內概無獲授任何可透過購入本公司股份或債券證獲利的權利，亦無行使任何該等權利，而本公司、其控股公司或其任何附屬公司或同系附屬公司概無訂立任何安排致令董事可於任何其他法團獲得該等權利。

董事及主要行政人員於本公司或其相聯法團的證券中的權益

於二零一八年十二月三十一日，本公司董事及主要行政人員於本公司或其任何相聯法團（定義見《證券及期貨條例》（「證券及期貨條例」）第XV部）的股份、相關股份及債券證擁有的權益及淡倉而須根據證券及期貨條例第352條記錄於本公司所存置登記冊內，或須根據上市規則所載的上市發行人董事進行證券交易的標準守則規定知會本公司及香港聯合交易所有限公司（「聯交所」）者如下：

董事姓名	本集團成員公司／ 相關法團名稱	身份／權益性質	證券數目及類別 (附註1)	股權概約百分比
胡正先生	本公司	受控制法團權益(附註2)	191,250,000股每股面值 0.10港元的普通股	38.25%
	Gorgeous Rich Development Limited (「Gorgeous Rich」)	實益擁有人	1股面值 1.00美元的普通股	100%
胡漢程先生	本公司	受控制法團權益(附註3)	93,750,000股每股面值 0.10港元的普通股	18.75%
	Golden Century Assets Limited (「Golden Century」)	實益擁有人	1股面值 1.00美元的普通股	100%
胡漢朝先生	本公司	受控制法團權益(附註4)	75,000,000股每股面值 0.10港元的普通股	15%
	Leading Innovation Worldwide Corporation (「Leading Innovation」)	實益擁有人	1股面值 1.00美元的普通股	100%
胡漢祥先生	本公司	受控制法團權益(附註5)	15,000,000股每股面值 0.10港元的普通股	3%
	Fortune View Services Limited (「Fortune View」)	實益擁有人	1股面值 1.00美元的普通股	100%

董事會報告

附註：

1. 上述所有權益均為好倉。所示百分比為相關董事或主要行政人員擁有權益的股份數目，以佔二零一八年十二月三十一日已發行股份數目百分比表示。
2. Gorgeous Rich 持有該等股份，而胡正先生全資擁有 Gorgeous Rich。根據證券及期貨條例，胡正先生被視為於 Gorgeous Rich 所持有的股份擁有權益。
3. Golden Century 持有該等股份，而胡漢程先生全資擁有 Golden Century。根據證券及期貨條例，胡漢程先生被視為於 Golden Century 所持有的股份擁有權益。
4. Leading Innovation 持有該等股份，而胡漢朝先生全資擁有 Leading Innovation。根據證券及期貨條例，胡漢朝先生被視為於 Leading Innovation 所持有的股份擁有權益。
5. Fortune View 持有該等股份，而胡漢祥先生全資擁有 Fortune View。根據證券及期貨條例，胡漢祥先生被視為於 Fortune View 所持有的股份擁有權益。

根據本公司於二零一一年六月三日採納的購股權計劃，若干本公司董事獲授予認股權，以認購本公司每股面值 0.10 港元的普通股股份。有關此等認股權的資料，見於下列「購股權計劃」項下。

除以上所述及於「購股權計劃」一節所披露外，本公司概無於本公司或其相聯法團之股份、相關股份或債券，並記錄於本公司根據證券及期貨條例第 352 條記錄於本公司所存置登記冊中。

主要股東於本公司證券的權益

於二零一八年十二月三十一日，就任何董事或本公司主要行政人員所知，下列人士（非董事及本公司主要行政人員）須根據證券及期貨條例第 336 條記錄於本公司所存置登記冊內，或因其他原因知會本公司其直接或間接擁有或被視為擁有本公司已發行股本 5% 或以上的權益。

股東姓名	身份／權益性質	所持本公司股份數目 及類別(附註1)	股權概約百分比
Gorgeous Rich (附註2)	實益擁有人	191,250,000 股每股面值 0.10 港元的普通股	38.25%
李麗芬女士(附註2)	配偶權益	191,250,000 股每股面值 0.10 港元的普通股	38.25%
Golden Century (附註3)	實益擁有人	93,750,000 股每股面值 0.10 港元的普通股	18.75%
李思媛女士(附註3)	配偶權益	93,750,000 股每股面值 0.10 港元的普通股	18.75%
Leading Innovation (附註4)	實益擁有人	75,000,000 股每股面值 0.10 港元的普通股	15.00%
何麗娟女士(附註4)	配偶權益	75,000,000 股每股面值 0.10 港元的普通股	15.00%
RAYS Capital Partners Limited (附註5)	投資經理／實益擁有人／ 受控制法團權益	49,718,000 股每股面值 0.10 港元的普通股	9.94%

董事會報告

股東姓名	身份／權益性質	所持本公司股份數目 及類別(附註1)	股權概約百分比
Ruan David Ching-chi (附註6)	受控制法團權益	49,718,000 股每股面值 0.10 港元的普通股	9.94%
Asian Equity Special Opportunities Portfolio Master Fund Limited (附註5)	實益擁有人	46,516,000 股每股面值 0.10 港元的普通股	9.30%

附註：

1. 上述所有權益均為好倉。所示百分比為相關股東擁有權益的本公司股份數目，以佔二零一八年十二月三十一日本公司已發行股份數目百分比表示。
2. 胡正先生全資擁有 Gorgeous Rich。根據證券及期貨條例，胡正先生被視為於 Gorgeous Rich 所持有的股份擁有權益。李麗芬女士為胡正先生的配偶。根據證券及期貨條例，李麗芬女士被當作於胡正先生擁有權益的相同數目股份中擁有權益。
3. 胡漢程先生全資擁有 Golden Century。根據證券及期貨條例，胡漢程先生被視為於 Golden Century 所持有的股份擁有權益。李思媛女士為胡漢程先生的配偶。根據證券及期貨條例，李思媛女士被當作於胡漢程先生擁有權益的相同數目股份中擁有權益。
4. 胡漢朝先生全資擁有 Leading Innovation。根據證券及期貨條例，胡漢朝先生被視為於 Leading Innovation 所持有的股份擁有權益。何麗娟女士為胡漢朝先生的配偶。根據證券及期貨條例，何麗娟女士被當作於胡漢朝先生擁有權益的相同數目股份中擁有權益。
5. Asian Equity Special Opportunities Portfolio Master Fund Limited (「Asian Equity」) 由 RAYS Capital Partners Limited 全資擁有。因此，RAYS Capital Partners Limited 視為擁有 Asian Equity 所持股份的全部權益。
6. Ruan David Ching-chi 持有 RAYS Capital Partners Limited 股份。因此，彼等視為擁有 RAYS Capital Partners Limited 所持股份的全部權益。

除上述披露外，概無其他公司或其任何相聯法團的股份、相關股份或債權證的權益或淡倉載於該登記冊內。

購股權計劃

本公司設有一項購股權計劃(「購股權計劃」)，該計劃於二零一一年六月三日(「採納日期」)採納。除非另行取消或修訂，否則購股權計劃將由採納日期起一直有效，為期十年。購股權計劃的主要條款概述如下：

購股權計劃旨在向經甄選合資格參與者提供獎勵或獎賞，以表揚彼等對本集團作出的貢獻。根據購股權計劃，本公司董事可將購股權授予本集團任何成員公司或本集團任何成員公司持有任何權益的任何實體的任何董事、僱員、供應商、客戶、服務提供者、股東、顧問以及董事酌情認為已對本集團作出貢獻的任何其他人士。

因行使根據購股權計劃將予授出的所有購股權而可能發行的股份總數，合共不得超過於本公司股份在聯交所上市日期已發行股份的10% (除非本公司股東批准)，且合共不得超過本公司不時已發行股份的30%。於任何十二個月期間，因行使根據購股權計劃向各參與者授出或將授出的購股權而已發行及將予發行的股份總數，不得超過本公司不時已發行股份的1%。

根據購股權計劃，股份的行使價應為董事會於授出購股權時可全權酌情決定的價格，惟認購價不得少於以下的最高者於董事會批准授出購股權日期(必須為營業日(「授出日期」))，本公司股份在聯交所每日報價表所報的收市價；於緊接授出日期前五個營業日，本公司股份在聯交所每日報價表所報的平均收市價；以及本公司股份的面值。並須於接納授出之購股權時支付1港元之象徵式代價。

董事會報告

購股權可根據購股權計劃之條款在董事決定及知會各承授人之期間內隨時行使。此期間可自要約授出購股權當日開始，但於任何情況下不得遲於授出購股權當日起計10年結束，惟須遵守提前終止該等購股權之規定。除非董事另行決定及在向承授人提呈授出購股權要約時表明，否則購股權計劃並無規定在行使前所需持有購股權之最短期限。

關連交易

財務報表附註40所披露的若干關連方交易根據上市規則亦構成關連交易，且須根據上市規則第14A章予以披露。若干關連方(定義見上市規則)與本公司已訂立下列交易及/或若干關連方與本公司訂立的下列交易已持續進行，且本公司已於二零一六年十二月二十八日的公告內作出相關披露。

一次性關連交易

於二零一八年十二月，本公司的非全資附屬公司中山聯合鴻興造紙有限公司(「**鴻興**」)、上海聯合包裝裝潢有限公司(「**上海聯合**」)(於中國成立的有限公司)及無錫聯合包裝有限公司(「**無錫聯合**」)(於中國成立的有限公司，上海聯合及聯合株式会社*(レンゴ-株式会社)分別持有91%及9%股份)。上海聯合及無錫聯合向聯合提供延期財務擔保，使鴻興繼續取得金額為人民幣26,820,000元的已抵押銀行授信之財務擔保。

持續關連交易

下列交易符合上市規則第14.A33條的最低豁免規定，因而獲豁免申報、公佈及獨立股東批准。

不獲豁免持續關連交易

根據上市規則第14A.33條，本集團成員公司之間的下列交易由於按年計的任何適用百分比率(溢利比率除外)均高於5%或年度代價高於1,000,000港元，將構成不獲豁免持續關連交易。

租用物業

本公司全資附屬公司正業包裝(中山)有限公司(「**正業包裝(中山)**」)及正業租賃就租賃該等物業而訂立三項租賃協議，正業租賃為業主，正業包裝(中山)為租戶，有關情況如下概述：

- 各租賃協議的日期及要旨：
 - 二零一六年十二月二十八日(「**第一份租賃協議**」)，內容有關租用位於中國廣東省中山市東升鎮東成路的物業，作為我們的生產地點，總建築樓面面積約為36,475平方米。
 - 二零一六年十二月二十八日(「**第二份租賃協議**」)，內容有關租用位於中國廣東省中山市東升鎮東成路126號的物業，作為我們的生產地點，總建築樓面面積約為7,844平方米。
 - 二零一六年十二月二十八日(「**第三份租賃協議**」)，內容有關租用位於中國廣東省中山市東升鎮東成路119及126號的物業，分別作為我們的車間及餐區，總建築樓面面積分別約為2,622平方米及304平方米。

* 僅供識別

董事會報告

- 期限：

- 第一份租賃協議：期限三年，租期由二零一七年一月一日起至二零一九年十二月三十一日止，期限兩年。正業包裝(中山)可選擇向正業租賃發出不少於30日書面通知，按當時市值租金再續約一年。
- 第二份租賃協議：期限三年，租期由二零一七年一月一日起至二零一九年十二月三十一日止，期限兩年。正業包裝(中山)可選擇向正業租賃發出不少於30日書面通知，按當時市值租金再續約一年。
- 第三份租賃協議：期限三年，租期由二零一七年一月一日起至二零一九年十二月三十一日止，期限兩年。正業包裝(中山)可選擇向正業租賃發出不少於30日書面通知，按當時市值租金再續約一年。

- 每月應付租金：

- 第一份租賃協議及續訂一號租賃協議金額為人民幣437,719元。
- 第二份租賃協議及續訂二號租賃協議金額為人民幣94,127元。
- 第三份租賃協議及續訂三號租賃協議金額為人民幣35,112元。
- 各項租賃協議續約後的每月應付租金，按當時市值租金計算，但每月租金如有調升，將以不超過緊接原期限屆滿之前的每月應付租金10%為限。

- 已付租金按金：

- 第一份租賃協議金額為人民幣300,000元。
- 第二份租賃協議金額為人民幣100,000元。
- 第三份租賃協議金額為人民幣50,000元。

年內，來自正業集團已包括增值稅的物業租金為人民幣6,803,496元(二零一七年：人民幣6,803,496元)。

獨立非執行董事已審閱本集團上述持續關連交易，並確認該等交易：

- (i) 在本集團正常及日常業務過程中訂立；
- (ii) 按一般商業條款訂立；及
- (iii) 按對本公司股東屬公平合理且符合其整體利益的條款，根據規管各項交易的相關協議訂立。

董事會報告

本公司核數師已向董事會匯報，於財政年度：

- (i) 上述持續關連交易已經董事會批准；
- (ii) 上述持續關連交易已根據規管該等交易的協議之條款訂立；及
- (iii) 上述有關協議各自的上限並未超越。

企業管治

本公司企業管治常規的詳情載於本年報企業管治報告。

董事進行證券交易的標準守則

本公司已採納上市規則附錄十所載的上市發行人董事進行證券交易的標準守則作為董事進行證券交易的操守守則。經本公司向全體董事作出具體查詢後，彼等均確認截至二零一八年十二月三十一日止年度一直遵守標準守則所載的規定準則。

主要客戶及供應商

於回顧年度，本集團五大客戶應佔本集團收益的29.58%，且向本集團最大客戶作出的銷售額佔本集團於本年度收益的13.20%。本集團五大供應商應佔本集團總採購額的44.59%，且向本集團最大供應商作出的採購額佔本集團總採購額的9.97%。

據董事會所知，本公司的董事、彼等的聯繫人或股東（該等人士擁有本公司股本的逾5%）概無於該等主要客戶或供應商擁有權益。

董事於競爭性業務的權益

於年內，本公司董事或彼等各自聯繫人（定義見上市規則）概無於被視為與本集團業務直接或間接構成或可能構成競爭之業務中擁有權益（本公司董事代表本公司及／或本集團利益獲委任為董事之業務除外）。

足夠公眾持股量

根據本公司可從公開途徑獲得的資料及據董事會所知，截至及直至本報告日期止年度，本公司一直維持上市規則所規定的足夠公眾持股量。

核數師

財務報表經由德勤·關黃陳方會計師行審核，其將於股東週年大會上退任，惟符合資格並願意接受續聘。

承董事會命

胡正
董事長

香港，二零一九年三月二十二日

Independent Auditor's Report

獨立核數師報告

Deloitte.

德勤

TO THE SHAREHOLDERS OF ZHENGYE INTERNATIONAL HOLDINGS COMPANY LIMITED

正業國際控股有限公司

(incorporated in Bermuda with limited liability)

Opinion

We have audited the consolidated financial statements of Zhengye International Holdings Company Limited (the “**Company**”) and its subsidiaries (collectively referred to as “**the Group**”) set out on pages 121 to 211, which comprise the consolidated statement of financial position as at 31 December 2018, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2018, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis for Opinion

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

Key Audit Matters

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

致正業國際控股有限公司股東
(於百慕達註冊成立的有限公司)

意見

吾等已審計正業國際控股有限公司(「**貴公司**」)及其附屬公司(統稱「**貴集團**」)載於第121至211頁的綜合財務報表，當中包括於二零一八年十二月三十一日的綜合財務狀況表，以及截至該日止年度的綜合損益及其他全面收益表、綜合權益變動表及綜合現金流量表，以及綜合財務報表附註(包括主要會計政策概要)。

吾等認為，該等綜合財務報表已根據香港會計師公會頒佈的香港財務報告準則真實而公平地反映 貴集團於二零一八年十二月三十一日的綜合財務狀況及截至該日止年度其綜合財務表現及綜合現金流量，並已按照香港公司條例的披露規定妥為編製。

意見的基礎

吾等已根據香港會計師公會頒佈的香港審計準則(「**香港審計準則**」)進行審計。吾等於該等準則項下承擔的責任已在本報告中「核數師就審計綜合財務報表須承擔的責任」部分中作進一步闡述。根據香港會計師公會頒佈的專業會計師道德守則(「**守則**」)，吾等獨立於 貴集團之外，並已根據守則履行吾等的其他專業道德責任。吾等相信，吾等所獲得的審核憑證能充足和適當地為吾等的意見提供基礎。

關鍵審計事項

關鍵審計事項是根據吾等的專業判斷，認為對本期綜合財務報表的審計最為重要的事項。該等事項是在吾等審計整體綜合財務報表及出具意見時進行處理的。吾等不會對該等事項提供單獨的意見。

Independent Auditor's Report

獨立核數師報告

Key Audit Matters (Continued)

Key audit matter

關鍵審計事項

Impairment assessment of trade receivables and contract assets

應收款項及合約資產之減值評估

We identified the impairment assessment of trade receivables not backed by bank bills (“**trade receivables**”) and contract assets as a key audit matter due to the management’s judgement and estimates involved in the determining provision for expected credit losses.

由於管理層對預期信貸虧損的釐定撥備所涉及的判斷及估計，我們將不作銀行票據後盾的應收賬款（「**貿易應收款項**」）及合約資產減值評估確定為關鍵審計事項。

As disclosed in notes 4 and 38 to the consolidated financial statements, the management uses provision matrix to estimate expected credit losses for trade receivable and contract assets, which is assessed individually for each significant trade debtors and contract assets, and collectively for others by grouping of various trade debtors and contract assets that have similar loss patterns as reflected in the debtor’s and contract assets’ ageing profiles. The provision rates applied in the provision matrix is estimated using the historical observed default rates of the debtors and contract assets taking into consideration forward-looking information that is reasonably and supportably available to the directors of the Company without undue costs or effort, and are updated if considered to be required.

誠如綜合財務報表附註4及38所披露，管理層使用撥備矩陣估計貿易應收款項及合約資產的預期信貸虧損，並就每項重大應收款項及合約資產作出單獨評估，其餘各項貿易應收款項和合同資產按其損失模式進行分組評估，其損失模式反映為應收款項和合同資產的賬齡情況。撥備矩陣中應用的撥備率乃使用債務人及合約資產的歷史違約率估計，並考慮到公司董事在無須支付不必要的成本或費用下可獲取的，合理及可支持的前瞻性資料，並已更新如果被認為是必需的。

As disclosed in notes 21 & 23 to the consolidated financial statements, the carrying amount of trade receivables and contract assets as at 31 December 2018, are RMB502,272,000 (net of allowance for credit losses of RMB1,872,000) and RMB19,257,000 (net of provision for credit losses of RMB Nil).

誠如綜合財務報表附註21及23所披露，於二零一八年十二月三十一日，貿易應收款項及合約資產的賬面值為人民幣502,272,000元（扣除信貸虧損撥備人民幣1,872,000元）及人民幣19,257,000元（沒有信貸損失準備金淨額）。

關鍵審計事項（續）

How our audit addressed the key audit matter

吾等在審計中如何處理關鍵審計事項

Our procedures in relation to the impairment assessment of the trade receivables and contract assets included:

我們有關貿易應收款項及合約資產減值評估的程序包括：

- Obtaining an understanding of management process in assessing the estimated provision for expected credit losses for trade receivable and contract assets;
- 了解管理層評估貿易應收款項和合約資產的預期信貸虧損估計準備金程序；
- Evaluating the reasonableness of the groupings of trade receivables and contract assets according to their similarities in historical loss patterns;
- 根據歷史損失模式相似性評估貿易應收款和合約資產分組的合理性；
- Assessing the reasonableness of loss allowance estimates by the management by examining the historical observed default rates of the trade receivable and contract assets and evaluating the reasonableness of the forward-looking information and insurance coverage considered by the management;
- 通過檢查貿易應收款項及合約資產的歷史違約率及評估管理層考慮的前瞻性資料及保險範圍的合理性，評估損失準備金估計的合理性；
- Testing the accuracy of the ageing analysis of the trade receivables and contract assets, on a sample basis, to the supporting delivery documents and contract assets recognition supporting documents; and
- 通過以抽樣方式抽查支持交割文件和合約資產確認支持文件，檢驗貿易應收款項和合約資產的賬齡分析的準確性；和
- Checking the accuracy of management’s calculation of expected credit losses for trade receivable and contract assets under provision matrix.
- 檢查管理層根據撥備矩陣計算貿易應收款項和合約資產的預期信貸虧損的準確性。

Independent Auditor's Report

獨立核數師報告

Other Information

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

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

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

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

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

其他資料

貴公司董事須對其他資料負責。其他資料包括年報內所載資料，但不包括綜合財務報表及吾等就此作出的核數師報告。

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

就吾等對綜合財務報表的審核，吾等的責任是閱讀其他資料，在此過程中考慮其他資料是否與綜合財務報表或吾等在審計過程中所了解的情況存在重大抵觸或者似乎存在重大錯誤陳述的情況。基於吾等已執行的工作，倘吾等認為該其他資料存在重大錯誤陳述，吾等需要報告該事實。在這方面，吾等並無任何報告。

董事及管治層就綜合財務報表須承擔的責任

貴公司董事須負責根據香港會計師公會頒佈的香港財務報告準則及香港公司條例的披露規定編製綜合財務報表，以令綜合財務報表作出真實而公平的反映，及落實其認為編製綜合財務報表所必要的內部控制，以使綜合財務報表不存在由於欺詐或錯誤而導致的重大錯誤陳述。

在編製綜合財務報表時，董事須負責評估 貴集團持續經營的能力，並在適當情況下披露與持續經營有關的事項，以及使用持續經營為會計基礎，除非董事有意將 貴集團清盤或停止營運，或別無其他實際的代替方案。

管治層須負責監督 貴集團的財務報告過程。

核數師就審核綜合財務報表須承擔的責任

吾等的目標是對綜合財務報表整體是否不存在由於欺詐或錯誤而導致的重大錯誤陳述取得合理保證，並出具包括吾等意見的核數師報告。吾等僅按照百慕達公司法第90條向閣下(作為整體)報告吾等的意見，除此之外本報告別無其他目的。吾等不會就本報告的內容對任何其他人士負責或承擔任何責任。合理保證是高水平的保證，但不能保證按照香港審計準則進行的審計在某一重大錯誤陳述存在時總能發現。錯誤陳述可以由欺詐或錯誤引起，倘合理預期錯誤陳述單獨或匯總起來可能影響使用者依賴綜合財務報表所作出的經濟決定，則有關錯誤陳述被視為重大。

Independent Auditor's Report

獨立核數師報告

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

核數師就審核綜合財務報表須承擔的責任 (續)

作為根據香港審計準則所進行審計工作的一部分，於審計過程中吾等運用了專業判斷並保持專業懷疑態度。吾等亦：

- 識別及評估由於欺詐或錯誤而導致綜合財務報表存在重大錯誤陳述的風險，設計及執行審核程序以應對該等風險，以獲取充足和適當的審計憑證，作為吾等意見的基礎。由於欺詐可能涉及串謀、偽造、蓄意遺漏、虛假陳述或凌駕內部控制之上，因此未能發現因欺詐而導致的重大錯誤陳述的風險高於未能發現因錯誤而導致的重大錯誤陳述的風險。
- 了解與審計相關的內部控制，以設計適當的審計程序，但目的並非對 貴集團內部控制的有效性發表意見。
- 評估董事所採用會計政策的恰當性及所作出會計估計和相關披露的合理性。
- 對董事採用持續經營會計基礎的恰當性作出結論。根據所獲取的審計憑證，確定是否存在與事項或情況有關的重大不確定性，從而可能導致對 貴集團的持續經營能力產生重大疑慮。倘吾等認為存在重大不確定性，則有必要在核數師報告中提請使用者注意綜合財務報表中的相關披露，或倘有關披露不足，則吾等應當發表非無保留意見。吾等的結論是基於截至核數師報告日期止所取得的審計憑證。然而，未來事項或情況可能導致 貴集團不能持續經營。
- 評價綜合財務報表的整體呈報方式、結構及內容，包括披露資料，以及綜合財務報表是否中肯反映交易和事項。
- 就 貴集團內實體或業務活動的財務資料獲取充足、適當的審計憑證，以便對綜合財務報表發表意見。吾等負責集團審計的方向、監督和執行。吾等為審計意見承擔全部責任。

除其他事項外，吾等與管治層溝通計劃的審計範圍、時間安排、重大審計發現等，包括我們在審計中識別內部控制的任何重大缺陷。

Independent Auditor's Report

獨立核數師報告

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

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

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

The engagement partner on the audit resulting in the independent auditor's report is Wong Yan Wah.

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

22 March 2019

核數師就審核綜合財務報表須承擔的責任 (續)

吾等亦向管治層提交聲明，說明吾等已符合有關獨立性的相關專業道德要求，並與彼等溝通有可能合理被認為會影響吾等獨立性的所有關係及其他事項，以及在適用的情況下，相關的防範措施。

從與管治層溝通的事項中，吾等確定哪些事項對本期綜合財務報表的審計最為重要，因而構成關鍵審計事項。吾等在核數師報告中描述該等事項，除非法律法規不允許公開披露該等事項，或在極端罕見的情況下，倘合理預期在吾等的報告中溝通某事項造成的負面後果超出產生的公眾利益，則吾等決定不應在報告中溝通該事項。

出具本獨立核數師報告的審計項目合夥人是黃仁華。

德勤·關黃陳方會計師行

執業會計師

香港

二零一九年三月二十二日

Consolidated Statement of Profit or Loss and Other Comprehensive Income

綜合損益及其他全面收益表

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

		NOTES 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	收入	5	2,848,016	2,414,127
Cost of sales	銷售成本		(2,338,314)	(1,882,634)
Gross profit	毛利		509,702	531,493
Other income	其他收入	7	9,435	20,594
Impairment losses, net of reversal	減值虧損撥回淨值	8	(350)	(2,011)
Other gains and losses	其他收益及虧損	8	(1,842)	151
Distribution and selling expenses	分銷及銷售費用		(74,472)	(64,858)
Administrative expenses	行政開支		(143,656)	(139,088)
Finance costs	融資成本	9	(46,295)	(44,826)
Other expenses	其他開支		(3,269)	(1,863)
Research and development costs	研發開支		(95,239)	(56,753)
Profit before tax	除稅前溢利	11	154,014	242,839
Income tax expense	所得稅開支	10	(23,301)	(29,597)
Profit and total comprehensive income for the year	年內溢利及全面收益總額		130,713	213,242
Profit and total comprehensive income for the year attributable to:	年內應佔全面收益總額			
Owners of the Company	本公司擁有人		109,358	182,705
Non-controlling interests	非控股權益		21,355	30,537
			130,713	213,242
Earnings per share	每股盈利			
Basic (RMB)	基本 (人民幣)	15	0.22	0.37

Consolidated Statement of Financial Position

綜合財務狀況表

At 31 December 2018

於二零一八年十二月三十一日

			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
	NOTES 附註			
Non-current Assets		非流動資產		
Property, plant and equipment	16	物業、廠房及設備	891,169	892,353
Prepaid lease payments	17	預付租賃款項	153,858	158,578
Investment property	18	投資物業	-	-
Other intangible assets	19	其他無形資產	338	706
Deferred tax assets	30	遞延稅項資產	4,070	2,354
Deposits for acquisition of property, plant and equipment		購買物業、廠房及設備按金	2,771	20,934
			1,052,206	1,074,925
Current Assets		流動資產		
Inventories	20	存貨	161,778	162,277
Trade and other receivables	21	貿易及其他應收款項	951,153	1,015,071
Contract assets	23	合約資產	19,257	-
Prepaid lease payments	17	預付租賃款項	4,720	4,720
Tax recoverable		可回收稅項	818	-
Pledged bank deposits	24	已抵押銀行存款	108,910	114,609
Bank balances and cash	24	銀行結餘及現金	258,981	190,268
			1,505,617	1,486,945
Current Liabilities		流動負債		
Trade and other payables	25	貿易及其他應付款項	473,686	597,550
Tax liabilities		稅項負債	7,749	14,207
Bank borrowings	29	銀行借款	904,345	745,646
Other borrowings	29	其他借款	47,340	63,493
Obligation under a finance lease	26	融資租賃應付款項	394	372
Contract liabilities	27	合約負債	2,644	-
Amounts due to directors	28	應付董事款項	2,181	1,840
			1,438,339	1,423,108
Net Current Assets		流動資產淨值	67,278	63,837
Total Assets Less Current Liabilities		資產總值減流動負債	1,119,484	1,138,762

Consolidated Statement of Financial Position

綜合財務狀況表

At 31 December 2018

於二零一八年十二月三十一日

		NOTES 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
Capital and Reserves	資本及儲備			
Share capital	股本	31	41,655	41,655
Share premium and reserves	股本溢價及儲備		852,070	793,926
Equity attributable to owners of the Company	本公司擁有人應佔權益		893,725	835,581
Non-controlling interests	非控股權益		179,654	158,299
Total Equity	權益總額		1,073,379	993,880
Non-current Liabilities	非流動負債			
Deferred tax liabilities	遞延稅項負債	30	7,525	8,370
Deferred income	遞延稅項收入	33	25,742	20,532
Bank borrowings	銀行借款	29	-	82,228
Other borrowings	其他借款	29	5,786	26,306
Obligation under a finance lease	融資租賃應付款項	26	7,052	7,446
			46,105	144,882
			1,119,484	1,138,762

The consolidated financial statements on pages 121 to 211 were approved and authorised for issue by the board of directors on 22 March 2019 and are signed on its behalf by:

董事會於二零一九年三月二十二日批准及授權刊發第 121 至 211 頁的綜合財務報表，並由以下人士代為簽署：

Hu Zheng

胡正

DIRECTOR

董事

Hu Hancheng

胡漢程

DIRECTOR

董事

Consolidated Statement of Changes in Equity

綜合權益變動表

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

		Attribute to owners of the Company 本公司擁有人應佔					Non-controlling interests		Total
		Share capital 股本	Share premium 股本溢價	Statutory reserve 法定儲備	Other reserve 其他儲備	Retained profits 留存溢利	Sub-total 小計	非控股權益	總計
		RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元 (note a) (附註1)	RMB'000 人民幣千元 (note b) (附註2)	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元
At 1 January 2017	於二零一七年一月一日	41,655	92,968	115,843	(23,389)	453,299	680,376	127,762	808,138
Profit and total comprehensive income for the year	年度溢利及全面收益總額	-	-	-	-	182,705	182,705	30,537	213,242
Dividend paid (note 14)	已付股息(附註14)	-	-	-	-	(27,500)	(27,500)	-	(27,500)
Transfer to statutory reserve	轉撥至法定儲備	-	-	5,268	-	(5,268)	-	-	-
At 31 December 2017	於二零一七年十二月三十一日	41,655	92,968	121,111	(23,389)	603,236	835,581	158,299	993,880
Adjustments (note 2)	調整(附註2)	-	-	-	-	3,586	3,586	-	3,586
At 1 January 2018 (restated)	於二零一八年一月一日 (經重列)	41,655	92,968	121,111	(23,389)	606,822	839,167	158,299	997,466
Profit and total comprehensive income for the year	年度溢利及全面收益總額	-	-	-	-	109,358	109,358	21,355	130,713
Dividend paid (note 14)	已付股息(附註14)	-	-	-	-	(54,800)	(54,800)	-	(54,800)
Transfer to statutory reserve	轉撥至法定儲備	-	-	8,370	-	(8,370)	-	-	-
At 31 December 2018	於二零一八年十二月三十一日	41,655	92,968	129,481	(23,389)	653,010	893,725	179,654	1,073,379

Notes:

(a) In accordance with the relevant laws and regulations of the Peoples' Republic of China (the "PRC"), the subsidiaries established in the PRC are required to provide for the PRC statutory reserve, by way of appropriations from their respective statutory net profit (based on the subsidiaries' PRC statutory financial statements) but before dividend distributions.

In accordance with the Articles of Association of certain subsidiaries established in the PRC, those subsidiaries are required to transfer 10% of the profit after taxation to the statutory reserve.

Certain subsidiaries' appropriations to the funds are made at the discretion of the subsidiaries' board of directors. The board of directors shall decide on the amounts to be appropriated based on the profitability of each subsidiary each year.

(b) The amount mainly relates to reserve arising from group reorganisation carried out by the Group in preparation for the public listing of the Company's shares on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") in 2011.

附註：

(a) 根據中華人民共和國(「中國」)有關法律法規，於中國成立的附屬公司須通過撥出彼等各自的法定純利(基於該附屬公司的中國法定財務報表)就股息分派前的中國法定儲備作出撥備。

根據於中國成立的若干附屬公司的組織章程細則，該等附屬公司須轉撥除稅後溢利的10%予法定儲備。

若干附屬公司對基金的撥款均由該附屬公司的董事會酌情作出。董事會須根據每年各附屬公司的盈利能力確定將予撥付的金額。

(b) 本集團的儲備金額主要來自集團重組就本公司股份於二零一一年在香港聯合交易所有限公司籌備上市有關。

Consolidated Statement of Cash Flows

綜合現金流量表

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

	NOTES 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
OPERATING ACTIVITIES	經營業務		
Profit before tax	除稅前溢利	154,014	242,839
Adjustments for:	就以下各項作出調整：		
Finance costs	融資成本	46,295	44,826
Interest income	利息收入	(2,388)	(2,163)
Impairment losses recognised on trade and other receivables	已確認貿易及其他應收款項減值虧損	350	2,011
Depreciation of property, plant and equipment	物業、廠房及設備折舊	75,985	76,780
Depreciation of an investment property	投資物業折舊	-	406
Amortisation of prepaid lease payments	預付租賃款項攤銷	4,720	4,720
Amortisation of other intangible assets	其他無形資產攤銷	368	368
Loss on disposals of property, plant and equipment, net	出售物業、廠房及設備虧損淨額	248	495
Loss on disposal of investment property	出售投資物業虧損	-	471
Exchange loss (gain) on borrowings	借款產生的匯兌虧損(收益)	604	(694)
Amortisation of government grant relating to non-current assets	有關非流動資產之政府補貼攤銷	(2,138)	(1,461)
Operating cash flows before movements in working capital	營運資本變動前經營現金流量	278,058	368,598
Increase in inventories	存貨增加	(14,760)	(31,614)
Decrease (increase) in trade and other receivables	貿易及其他應收款項減少(增加)	63,568	(122,709)
Increase in borrowings relating to discounted bills receivables	有關已貼現應收票據之借款增加	173,734	153,755
Decrease in contract assets	合約資產減少	308	-
Decrease in trade and other payables	貿易及其他應付款項減少	(115,157)	(141,727)
Decrease in contract liabilities	合約負債減少	(6,122)	-
Increase (decrease) in amounts due to directors	應付董事款項增加(減少)	341	(549)
Cash generated from operations	經營業務所得現金	379,970	225,754
Income tax paid	已付所得稅	(33,858)	(24,002)
NET CASH FROM OPERATING ACTIVITIES	經營業務所得現金淨額	346,112	201,752

Consolidated Statement of Cash Flows

綜合現金流量表

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

		NOTES 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
INVESTING ACTIVITIES	投資業務			
Interest received	已收利息		2,388	2,163
Proceeds on disposal of property, plant and equipment	出售物業、廠房及設備所得款項		935	4,752
Proceed from disposal of investment property	出售投資物業所得款項		-	12,896
Purchases of property, plant and equipment	購買物業、廠房及設備		(54,991)	(41,994)
Deposits paid for acquisition of property, plant and equipment	購買物業、廠房及設備按金		(2,771)	(20,934)
Earnest money received	已收誠意金	25	20,000	-
Refund of earnest money	已退誠意金	25	(20,000)	-
Placement of pledged bank deposits	存入已抵押銀行存款		(233,520)	(178,962)
Withdrawal of pledged bank deposits	取出已抵押銀行存款		239,219	187,720
Receipt of government grant relating to non-current assets	收取有關非流動資產之政府補貼		7,348	9,027
NET CASH USED IN INVESTING ACTIVITIES	投資業務(所用)所得現金淨額		(41,392)	(25,332)
FINANCING ACTIVITIES	融資業務			
Interest paid	已付利息		(45,817)	(44,326)
Dividend paid	已付股息		(54,800)	(27,500)
Repayment of bank borrowings	償還銀行借款		(670,630)	(690,633)
Repayment of obligation under a finance lease	償還融資租賃應付款項		(850)	(850)
Repayments of other borrowings	償還其他借款		(36,673)	(74,337)
New other borrowings raised	新取得其他借款		-	78,759
New bank borrowings raised	新取得銀行借款		572,763	613,217
NET CASH USED IN FINANCING ACTIVITIES	融資業務所用現金淨額		(236,007)	(145,670)
NET INCREASE IN CASH AND CASH EQUIVALENTS	現金及現金等價物增加淨額		68,713	30,750
CASH AND CASH EQUIVALENTS AT 1 JANUARY	於一月一日的現金及現金等價物		190,268	159,518
CASH AND CASH EQUIVALENTS AT 31 DECEMBER represented by bank balances and cash	於十二月三十一日的現金 及現金等價物 即銀行結餘及現金		258,981	190,268

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

1. General

The Company is incorporated in Bermuda as an exempted company with limited liability and its shares are listed on the Stock Exchange. The address of the registered office of the Company is Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and its principal place of business is located in the PRC.

The Company acts as an investment holding company. Mr. Hu Zheng, Mr. Hu Hancheng, Mr. Hu Hanchao and Mr. Hu Hanxiang, who collectively own 75% of the Company's share in aggregate and act in concert, are regarded as the controlling shareholders of the Company.

The principal activities of its subsidiaries are mainly engaged in manufacture and sale of paper, paperboard and paper-based packaging products. The Company and its subsidiaries are hereinafter collectively referred to as the "Group".

The consolidated financial statements are presented in Renminbi ("RMB"), the currency of the primary economic environment in which the principal subsidiaries of the Company operate (the "functional currency").

2. Application of New and Amendments to Hong Kong Financial Reporting Standards ("HKFRSs") Amendments to HKFRSs that are mandatorily effective of the current year

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

HKFRS 9	<i>Financial Instruments</i>
HKFRS 15	<i>Revenue from Contracts with Customers and the related Amendments</i>
HK(IFRIC)-Int 22	<i>Foreign Currency Transactions and Advance Consideration</i>
Amendments to HKFRS 2	<i>Classification and Measurement of Share-based Payment Transactions</i>
Amendments to HKFRS 4	<i>Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts</i>
Amendments to HKAS 28	<i>As part of the Annual Improvements to HKFRSs 2014–2016 Cycle</i>
Amendments to HKAS 40	<i>Transfers of Investment Property</i>

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

1. 一般資料

本公司於百慕達註冊成立的獲豁免有限公司，其股份於聯交所上市。本公司註冊辦事處地址為 Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda，而其主要營業地點位於中國。

本公司為一家投資控股公司。由胡正先生、胡漢程先生、胡漢朝先生及胡漢祥先生累計共同擁有本公司 75% 股票及以一致行動進行，被視為本公司控制股東。

本公司的其附屬公司主要從事生產及銷售紙、紙板及紙製包裝產品。本公司及其附屬公司於下文統稱為「本集團」。

綜合財務報表乃以人民幣（「人民幣」）列值，該貨幣（「功能貨幣」）用於本公司的主要附屬公司營運所在的主要經濟環境。

2. 新訂及經修訂的香港財務報告準則（「香港財務報告準則」）的應用 本年度強制生效之香港財務報告準則的修訂

本集團於本年度已首次應用以下由香港會計師公會頒佈之新訂及經修訂香港財務報告準則：

香港財務報告準則9	金融工具
香港財務報告準則15	來自客戶合約之收益及相關修訂本
香港（國際財務報告詮釋委員會）- 詮釋22	外幣交易及預付代
香港財務報告準則2（修訂本）	以股份為基礎付款交易的分類及計量
香港財務報告準則4（修訂本）	與香港財務報告準則4保險合約一併應用的香港財務報告準則9金融工具
香港會計準則28（修訂本）	香港財務報告準則年度改善的一部份（二零一五年至二零一七年循環）
香港會計準則40（修訂本）	投資物業的轉撥

除如下文外，本公司董事認為，於本年度應用新訂及經修訂香港財務報告準則不會對本集團現時及過往年度之業績和財務狀況及／或載於該等綜合財務報表之披露造成重大影響。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

2. Application of New and Amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) (Continued) HKFRS 15 Revenue from Contracts with Customers

The Group has applied HKFRS 15 for the first time in the current year. HKFRS 15 superseded HKAS 18 Revenue, HKAS 11 Construction Contracts and the related interpretations.

The Group has applied HKFRS 15 retrospectively with the cumulative effect of initially applying this Standard recognised at the date of initial application, 1 January 2018. Any difference at the date of initial application is recognised in the opening retained profits (or other components of equity, as appropriate) and comparative information has not been restated. Furthermore, in accordance with the transition provisions in HKFRS 15, the Group has elected to apply the Standard retrospectively only to contracts that are not completed at 1 January 2018. Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 18 Revenue and HKAS 11 Construction Contracts and the related interpretations.

The Group recognises revenue from manufacture and sale of paper, paperboard and paper-based packaging products which arise from contracts with customers:

Information about the Group's performance obligations and the accounting policies resulting from application of HKFRS 15 are disclosed in notes 5 and 3 respectively.

Summary of effects arising from initial application of HKFRS 15

The following table summarises the impacts of transition to HKFRS 15 on retained profits at 1 January 2018.

		RMB'000 人民幣千元
Retained profits	留存溢利	
Made-to-order paper-based packaging products recognised over time	隨時間推移而確認的定制紙製包裝產品	4,306
Tax effects	稅項影響	(720)
Impact at 1 January 2018	於二零一八年一月一日的影響	3,586

The following adjustments were made to the amounts recognised in the consolidated statement of financial position at 1 January 2018. Line items that were not affected by the changes have not been included.

2. 新訂及經修訂的香港財務報告準則(「香港財務報告準則」)的應用(續)

香港財務報告準則 15 — 來自客戶合約之收益

本集團已於本年度首次應用香港財務報告準則第15號。香港財務報告準則15取代香港會計準則18收益、香港會計準則11建築合約及相關詮釋。

本集團已追溯應用香港財務報告準則15，而首次應用該準則的累計影響已於二零一八年一月一日首次應用日期確認。於首次應用日期的任何差額於期初留存溢利(或權益的其他部分(如適用))確認，且並無重列比較資料。此外，根據香港財務報告準則15的過渡條文，本集團已選擇僅對於二零一八年一月一日尚未完成的合約追溯應用該準則。由於比較資料乃根據香港會計準則18收入及香港會計準則11建築合約以及相關詮釋編製。因此，若干比較資料可能無法用作比較。

本集團確認與客戶訂立合約產生的紙張、紙板及紙製包裝產品的製造及銷售收入：

有關因採用香港財務報告準則15對本集團履約責任及會計政策的資料於附註5及3披露。

初始應用香港財務報告準則 15 之影響概要

下列總結了於二零一八年一月一日過渡至香港財務報告準則15對留存溢利的影響。

下列為對於二零一八年一月一日之綜合財務狀況表中確認之金額所作出的調整。沒有受變動影響的項目並不包括在內。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

2. Application of New and Amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) (Continued) HKFRS 15 Revenue from Contracts with Customers (Continued)

2. 新訂及經修訂的香港財務報告準則(「香港財務報告準則」)的應用(續) 香港財務報告準則15—來自客戶合約之收益(續)

			Carrying amounts previously reported at 31 December 2017	Reclassification	Remeasurement	Carrying amounts under HKFRS 15 at 1 January 2018
		Notes	過往於二零一七年十二月三十一日呈報的賬面值 RMB'000 人民幣千元	重新分配 RMB'000 人民幣千元	重估 RMB'000 人民幣千元	根據香港財務準則15於二零一八年一月一日賬面值 RMB'000 人民幣千元
Current Assets	流動資產					
Inventories	存貨	(a)	162,277	(15,259)	–	147,018
Contract assets	合約資產	(a)	–	15,259	4,306	19,565
			162,277	–	4,306	166,583
Current Liabilities	流動負債					
Trade and other payables	貿易及其他應付款項	(b)	597,550	(8,766)	–	588,784
Contract liabilities	合約負債	(b)	–	8,766	–	8,766
			597,550	–	–	597,550
Capital and Reserves	資本及儲備					
Share premium and reserves	股本溢價及儲備	(a)	793,926	–	3,586	797,512
Non-current Liabilities	非流動負債					
Deferred tax liabilities	遞延稅項負債	(a)	8,370	–	720	9,090

Notes:

- (a) The Group's contracts with customers for manufacture and sale of paper-based packaging products are tailor-made based on customers' specification with no alternative use to the Group. Taking into account the contract terms, the legal and regulatory environment in PRC, some of the contracts provide the Group enforceable right to payment for performance completed to date and hence should be recognised over time upon application of HKFRS 15. RMB15,259,000 and RMB3,586,000 have been adjusted from inventories and opening retained profits respectively with corresponding adjustment of RMB19,565,000 and RMB720,000 to contract assets and deferred tax liabilities respectively.
- (b) As at 1 January 2018, advances from customers of RMB8,766,000 in respect of contracts for the sales of corrugated medium paper products previously included in trade and other payables were reclassified to contract liabilities.

附註：

- (a) 本集團與客戶訂立的紙製包裝產品製造及銷售合約乃根據客戶的規格量身定制，本集團無其他用途。考慮到合約條款，中國的法律及監管環境，部分合約為本集團提供可執行的迄今已履行的履行支付權，因此應於應用香港財務報告準則15時確認。人民幣15,259,000元及人民幣3,586,000元，分別從存貨和未分配利潤中調整，分別對合同資產和遞延稅項負債相應調整人民幣19,565,000元和人民幣720,000元。
- (b) 於二零一八年一月一日，客戶墊款的人民幣8,766,000元就先前計入貿易及其他應付款項的瓦楞紙產品銷售合約重新分類為合約負債。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

2. Application of New and Amendments to Hong Kong Financial Reporting Standards (“HKFRSs”) (Continued) HKFRS 15 Revenue from Contracts with Customers (Continued)

The following tables summarise the impacts of applying HKFRS 15 on the Group’s consolidated statement of financial position as at 31 December 2018 and its consolidated statement of profit or loss and other comprehensive income for the current year for each of the line items affected. Line items that were not affected by the changes have not been included.

Impact on the consolidated statement of financial position

			As reported	Adjustments	Amount without application of HKFRS 15
		Note	已呈報	調整	未應用香港財務準則15之金額
		附註	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元
Current Assets	流動資產				
Inventories	存貨	(a)	161,778	15,164	176,942
Contract assets	合約資產	(a)	19,257	(19,257)	–
			181,035	(4,093)	176,942
Current Liabilities	流動負債				
Trade and other payables	貿易及其他應付款項	(b)	473,686	2,644	476,330
Contract liabilities	合約負債	(b)	2,644	(2,644)	–
			476,330	–	476,330
Capital and Reserves	資本及儲備				
Share premium and reserves	股本溢價及儲備	(a)	852,070	(3,429)	848,641
Non-current Liabilities	非流動負債				
Deferred tax liabilities	遞延稅項負債	(a)	7,525	(664)	6,861

2. 新訂及經修訂的香港財務報告準則(「香港財務報告準則」)的應用(續) 香港財務報告準則15 — 來自客戶合約之收益(續)

下表概述了應用香港財務報告準則15對本集團於二零一八年十二月三十一日的綜合財務狀況表及其每年受影響項目的綜合損益及其他全面收益表的影響。未包含未受更改影響的訂單項。

對綜合財務狀況表的影響

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

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

HKFRS 15 Revenue from Contracts with Customers

(Continued)

Impact on the consolidated statement of financial position

(Continued)

Notes:

- (a) The Group’s contracts with customers for manufacture and sale of paper-based packaging products are tailor-made based on customers’ specification with no alternative use to the Group. Taking into account the contract terms, the legal and regulatory environment in PRC, some of the contracts provide the Group enforceable right to payment for performance completed to date and hence should be recognised over time upon application of HKFRS 15. RMB15,164,000 and RMB3,429,000 would be adjusted to inventories and retained profits respectively with corresponding adjustment of RMB19,257,000 and RMB664,000 to contract assets and deferred tax liabilities respectively without the application of HKFRS 15.
- (b) As at 31 December 2018, advances from customers of RMB2,644,000 in respect of contracts for the sales of corrugated medium paper products have been included under contract liabilities which would be included in trade and other payables without the application of HKFRS 15.

Impact on the consolidated statement of profit or loss and other comprehensive income

2. 新訂及經修訂的香港財務報告準則(「香港財務報告準則」)的應用(續)

香港財務報告準則15—來自客戶合約之收益(續)

對綜合財務狀況表的影響(續)

附註：

- (a) 本集團與客戶訂立的紙製包裝產品製造及銷售合約乃根據客戶的規格量身定制，本集團無其他用途。考慮到合約條款，中國的法律及監管環境，部分合約為本集團提供可執行的迄今已履行的履行支付權，因此應於應用香港財務報告準則15時確認。在未適用香港財務報告準則15的情況下，人民幣15,164,000元及人民幣3,429,000元將分別調整至存貨及未分配利潤，並分別於合約資產及遞延稅項負債人民幣19,257,000元及人民幣664,000元作相對應調整。
- (b) 於二零一八年十二月三十一日，客戶墊銷的瓦楞芯紙產品的銷售合約人民幣2,644,000元已計入合約負債，而該等合約負債未適用香港財務報告準則15的情況下計入貿易及其他應付款項。

對綜合損益及其他全面收益表的影響

			As reported	Adjustments	Amount without application of HKFRS 15
		Notes	已呈報	調整	未應用香港財務準則15之金額
		附註	RMB'000	RMB'000	RMB'000
			人民幣千元	人民幣千元	人民幣千元
Continuing Operation	持續經營				
Revenue	收入	(c)	2,848,016	308	2,848,324
Cost of sales	銷售成本	(c)	(2,338,314)	(95)	(2,338,409)
Gross profit	毛利		509,702	213	509,915
Profit before tax	除稅前溢利		154,014	213	154,227
Income tax expense	所得稅開支	(c)	(23,301)	(56)	(23,357)
Profit and total comprehensive income for the year	年內溢利及全面收益總額		130,713	157	130,870

Notes:

- (c) The Group’s sale of paper-based packaging products are recognised over time upon application of HKFRS 15 in current year. RMB308,000 and RMB95,000 would be adjusted to revenue and cost of sales respectively with corresponding adjustment of RMB56,000 would be adjusted to income tax expenses to arrive at the amount without the application of HKFRS 15.

附註：

- (c) 本集團紙製包裝產品銷售於本年度應用香港財務報告準則15時確認。人民幣308,000元及人民幣95,000元將分別調整為收入及銷售成本，相應調整人民幣56,000元將調整為所得稅開支，以達到未經香港財務報告準則15應用的金額。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

2. Application of New and Amendments to Hong Kong Financial Reporting Standards ("HKFRSs") (Continued) HKFRS 15 Revenue from Contracts with Customers (Continued)

Impact on the consolidated statement of cash flows

2. 新訂及經修訂的香港財務報告準則(「香港財務報告準則」)的應用(續) 香港財務報告準則15—來自客戶合約之收益(續) 對綜合現金流量表的影響

			As reported	Adjustments	Amount without application of HKFRS 15
		Notes	已呈報 RMB'000 人民幣千元	調整 RMB'000 人民幣千元	未應用香港財務報告準則15之金額 RMB'000 人民幣千元
		附註			
Operating Activities	經營活動				
Profit before tax	除稅前溢利	(d)	154,014	213	154,227
Operating cash flows before movements in working capital	營運資本變動前經營現金流量		278,058	213	278,271
Increase in inventories	存貨增加	(d)	(14,760)	95	(14,665)
Decrease in contract assets	合約資產減少	(d)	308	(308)	–
Increase in contract liabilities	合約負債減少	(e)	(6,122)	6,122	–
Decrease in trade and other payables	貿易及其他應付款項減少	(e)	(115,157)	(6,122)	(121,279)

Notes:

- (d) The Group's sale of paper-based packaging products are recognised over time upon application of HKFRS 15 in current year. RMB213,000 would be adjusted to profit before tax, RMB95,000 and RMB308,000 would be adjusted to increase in inventories and decrease in contract assets respectively to arrive at the amount without the application of HKFRS 15.
- (e) RMB6,122,000 would be adjusted to the increase in contract liabilities and the decrease in trade and other payables respectively to arrive at the amount without the application of HKFRS 15.

附註：

- (d) 本集團紙製包裝產品銷售於本年度應用香港財務報告準則15後確認。人民幣213,000元將調整為稅前利潤，人民幣95,000元和人民幣308,000元將分別調整以增加存貨和減少合約資產，以達到未應用香港財務報告準則15的金額。
- (e) 人民幣6,122,000元將根據合約負債的增加及貿易及其他應付款項的減少分別調整，以在不適用香港財務報告準則15的情況下達到該金額。

HKFRS 9 Financial Instruments

In the current year, the Group has applied HKFRS 9 Financial Instruments and the related consequential amendments to other HKFRSs. HKFRS 9 introduces new requirements for 1) the classification and measurement of financial assets and financial liabilities and 2) expected credit losses ("ECL") for financial assets and contract assets.

The Group has applied HKFRS 9 in accordance with the transition provisions set out in HKFRS 9, i.e. applied the classification and measurement requirements (including impairment under ECL model) retrospectively to instruments that have not been derecognised as at 1 January 2018 (date of initial application) and has not applied the requirements to instruments that have already been derecognised as at 1 January 2018. The difference between carrying amounts as at 31 December 2017 and the carrying amounts as at 1 January 2018 are recognised in the opening retained profits and other components of equity, without restating comparative information.

香港財務報告準則9—金融工具

於本年度，本集團已應用香港財務報告準則9金融工具及其他香港財務報告準則相關的相應修訂。香港財務報告準則9就：1) 金融資產及金融負債的分類和計量、2) 金融資產和合約資產的預期信貸虧損(「預期信貸虧損」)。

本集團已根據香港財務報告準則9所載的過渡條文應用香港財務報告準則9，即對二零一八年一月一日(首次應用日期)尚未終止確認的工具追溯應用分類及計量要求(包括預期信貸虧損模式項下的減值)，且並無對已於二零一八年一月一日終止確認的工具應用相關要求。於二零一七年十二月三十一日的賬面值與於二零一八年一月一日的賬面值的差額於期初留存溢利及其他權益部分中確認，且並無重列比較資料。

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

HKFRS 9 Financial Instruments (Continued)

Accordingly, certain comparative information may not be comparable as comparative information was prepared under HKAS 39 Financial Instruments: Recognition and Measurement.

Accounting policies resulting from application of HKFRS 9 are disclosed in note 3.

The application of HKFRS 9 has no material impact on the Group’s performance and financial positions for the current and prior years.

New and amendments to HKFRSs issued but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

HKFRS 16	<i>Leases</i> ¹
HKFRS 17	<i>Insurance Contracts</i> ³
HK(IFRIC)-Int 23	<i>Uncertainty over Income Tax Treatments</i> ¹
Amendments to HKFRS 3	<i>Definition of a Business</i> ⁴
Amendments to HKFRS 9	<i>Prepayment Features with Negative Compensation</i> ¹
Amendments to HKFRS 10 and HKAS 28	<i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> ²
Amendments to HKAS 1 and HKAS 8	<i>Definition of Material</i> ⁵
Amendments to HKAS 19	<i>Plan Amendment, Curtailment or Settlement</i> ¹
Amendments to HKAS 28	<i>Long-term Interests in Associates and Joint Ventures</i> ¹
Amendments to HKFRSs	<i>Annual Improvements to HKFRSs 2015–2017 Cycle</i> ¹

¹ Effective for annual periods beginning on or after 1 January 2019

² Effective for annual periods beginning on or after a date to be determined

³ Effective for annual periods beginning on or after 1 January 2021

⁴ Effective for business combinations and asset acquisitions for which the acquisition date is on or after the beginning of the first annual period beginning on or after 1 January 2020

⁵ Effective for annual periods beginning on or after 1 January 2020

Except for the new HKFRS mentioned below, the directors of the Company anticipate the application of other new and amendments to HKFRSs will have no material impact on the Group’s consolidated financial statements in the foreseeable future.

2. 新訂及經修訂的香港財務報告準則(「香港財務報告準則」)的應用(續)

香港財務報告準則9—金融工具(續)

因此，若干比較資料未必能與根據香港會計準則39金融工具：確認及計量所編製之比較資料作出比較。

有關因採用香港財務報告準則9對本集團會計政策的影響於附註3披露。

本集團於本年度及過往年度對香港財務報告準則9的應用之表現及財務狀況並無重大影響。

已頒佈惟尚未生效的新訂及經修訂的香港財務報告準則

本集團並無提前應用以下已頒佈惟尚未生效的新訂及經修訂的香港財務報告準則：

香港財務報告準則16	<i>租賃</i> ¹
香港財務報告準則17	<i>保險合約</i> ³
香港(國際財務報告詮釋委員會)—詮釋23	<i>所得稅處理的不確定性</i> ¹
香港財務報告準則3(修訂本)	<i>業務之定義</i> ⁴
香港財務報告準則9(修訂本)	<i>帶有負補償特性之預付款項</i> ¹
香港會計準則10及香港會計準則28(修訂本)	<i>投資者與其聯營公司或合營企業之間資產出售或投入</i> ²
香港會計準則1及香港會計準則8(修訂本)	<i>重大之定義</i> ⁵
香港會計準則19(修訂本)	<i>計劃修訂、縮減及結算</i> ¹
香港會計準則28(修訂本)	<i>於聯營及合營企業的長期權益</i> ¹
香港財務報告準則(修訂本)	<i>香港財務報告準則年度改善(二零一五年至二零一七年二零一七年循環)</i> ¹

¹ 於二零一九年一月一日或以後開始之年度期間生效

² 於待定日子或以後開始之年度期間生效

³ 於二零二一年一月一日或以後開始之年度期間生效

⁴ 於收購日期為二零二零年一月一日或之後第一年度開始之日或之後的企業合併和資產收購生效

⁵ 於二零二零年一月一日或以後開始之年度期間生效

除下文所述的新訂和修訂的國際財務報告準則外，本公司董事預計，在可預見的未來所有其他新訂和修訂的國際財務報告準則的應用不會對合併財務報表產生重大影響。

Notes to the Consolidated Financial Statements

綜合財務報表附註

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

HKFRS 16 Leases

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

HKFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. In addition, HKFRS 16 requires sales and leaseback transactions to be determined based on the requirements of HKFRS 15 as to whether the transfer of the relevant asset should be accounted as a sale. HKFRS 16 also includes requirements relating to subleases and lease modifications.

Distinctions of operating leases and finance leases are removed for lessee accounting and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

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

Under HKAS 17, the Group has already recognised an asset and a related finance lease liability for finance lease arrangement and prepaid lease payments for leasehold land where the Group is a lessee. The application of HKFRS 16 may result in potential changes in classification of these assets depending on whether the Group presents right-of-use assets separately or within the same line item at which the corresponding underlying assets would be presented if they were owned.

Other than certain requirements which are also applicable to lessor, HKFRS 16 substantially, carries forward the lessor accounting requirements in HKAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by HKFRS 16.

2. 新訂及經修訂的香港財務報告準則(「香港財務報告準則」)的應用(續)

香港財務報告準則16—租賃

香港財務報告準則16為出租人和承租人引入了一項單一的承租方會計處理模式。香港財務報告準則16將在其生效時取代現行香港財務報告準則17租賃及相關解釋。

香港財務報告準則16根據所識別的資產是否由客戶控制來區分租賃和服務合同。此外，香港財務報告準則16要求銷售和回租交易要根據香港財務報告準則15的要求確定是否應該將相關資產的轉讓計入銷售。香港財務報告準則16還包括了與轉租和租賃修改相關的要求。

針對承租人而言，經營租賃和融資租賃的區分將被取消，並被另一種模式取代，即承租人對所有租賃相關的資產和負債進行確認，除了短期租賃或者租賃資產價值很低。

使用權資產按成本進行初始計量，並隨後按成本計量(存在某些例外情況)減去累計折舊和減值損失，對租賃負債的任何重新計量進行調整。租賃負債最初是以該日未支付的租賃付款額的現值計量。隨後，對租賃負債進行調整，包括利息和租賃付款，以及租賃修改的影響等。對於現金流量分類，經營租賃付款則列為經營活動現金流量。根據香港財務報告準則16，與租賃負債有關的租賃付款將分為本金和利息，本集團將分別列示為融資和經營活動現金流量，預付租賃付款將繼續呈列為投資或經營現金流量根據性質(如適用)。

按照香港會計準則17，本集團作為承租人已就融資租賃安排及預付土地租賃款確認資產及其對應的融資租賃負債。香港財務報告準則16的應用，可能導致這些資產分類的潛在變化，這取決於依據本集團是否單獨列示資產使用權或是將其與擁有的同類資產合併列示。

除同樣適用於出租人的若干要求外，香港財務報告準則16實質上延續了香港會計準則17對於出租人的會計要求，並繼續要求出租人將租賃區分為經營租賃和融資租賃。

此外，香港財務報告準則16號亦要求較廣泛的披露。

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

HKFRS 16 Leases (Continued)

As at 31 December 2018, the Group has non-cancellable operating lease commitments of RMB60,034,000 as disclosed in note 34. A preliminary assessment indicates that these arrangements may meet the definition of a lease. Upon application of HKFRS 16, the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases.

In addition, the Group currently considers refundable rental deposits paid of RMB3,471,000 as rights and obligations under leases to which HKAS 17 applies. Based on the definition of lease payments under HKFRS 16, such deposits are not payments relating to the right to use the underlying assets, accordingly, the carrying amounts of such deposits may be adjusted to amortised cost. Adjustments to refundable rental deposits paid would be considered as additional lease payments and included in the carrying amount of right-of-use assets.

Upon application of HKFRS 16, the Group will apply the requirements of HKFRS 15 to assess whether sales and leaseback transaction constitutes a sale. For a transfer that does not satisfy the requirements as a sale, the Group will account for the transfer proceeds as financial liabilities within the scope of HKFRS 9. The Group has previously entered into sales and leaseback arrangements which were accounted under HKAS 39 as disclosed in note 29, these sale and leaseback arrangements do not satisfy the requirements of HKFRS 15 as sales of assets and hence will be considered as collateralised borrowings. In accordance with the transition provision of HKFRS 16, sale and leaseback transactions entered into before the date of initial application would not be reassessed upon application of HKFRS 16, however, the application of HKFRS 16 may impact the Group's future sale and leaseback transactions.

The application of new requirements may result in changes in measurement, presentation and disclosure as indicated above. Furthermore, the Group intends to elect the modified retrospective approach for the application of HKFRS 16 as lessee and will recognise the cumulative effect of initial application to opening retained profits without restating comparative information. The Group intends to elect the practical expedient to apply HKFRS 16 to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 Determining whether an Arrangement contains a Lease and not apply this standard to contracts that were not previously identified as containing a lease applying HKAS 17 and HK(IFRIC)-Int 4. Therefore, the Group will not reassess whether the contracts are, or contain a lease which already existed prior to the date of initial application. Furthermore, the Group intends to elect the modified retrospective approach for the application of HKFRS 16 as lessee and will recognise the cumulative effect of initial application to opening retained profits without restating comparative information.

2. 新訂及經修訂的香港財務報告準則(「香港財務報告準則」)的應用(續)

香港財務報告準則16—租賃(續)

於二零一八年十二月三十一日，本集團有不可撤銷經營租賃承諾約人民幣60,034,000元，如附註37所披露。初步評估顯示，這些安排符合租賃的定義。一旦採用香港財務報告準則16，本集團將對所有的租賃確認使用權資產及其對應負債，除非短期租賃或者租賃資產價值很低。

此外，本集團正在考慮香港會計準則17下計作權利和義務的可收回租賃保證金約人民幣3,471,000元。根據香港財務報告準則16租賃付款的定義，這類保證金並不屬於資產使用權相關的資產，那麼這類保證金將被調為按攤餘成本計量，其調整將被視作額外的租賃付款。可收回已付租賃保證金的調整將被包含在使用權資產的賬面價值之中。

於應用香港財務報告準則16後，本集團將應用香港財務報告準則15的規定評估銷售及回租交易是否構成出售。對於不符合出售要求的轉讓，本集團將轉賬所得款項作為香港財務報告準則9範圍內的金融負債入賬。本集團先前的訂立銷售及回租安排於附註29披露，並按照香港會計準則39入賬。該等售後租回安排不符合香港財務報告準則15作為資產出售的規定，因此將被視為抵押借款。根據香港財務報告準則16的過渡條文，於首次申請日期前訂立的售後租回交易將不會於應用香港財務報告準則16時重新評估，然而，應用香港財務報告準則16可能會影響本集團未來的售後租回交易。

如上所述，新要求的應用可能導致計量、呈報及披露的變化。本集團傾向選擇實際的權宜之計，將香港財務報告準則16適用於之前被認為適用於香港會計準則17和香港(國際財務報告詮釋委員會)詮釋4確定安排是否包括租約的合同，並且不將該準則運用於之前未確定包含適用於香港會計準則17和香港(國際財務報告詮釋委員會)詮釋4的租約合同。因此，本集團不會重新評估合同是否存在，或者包含初始應用時期之前已經存在的租賃。此外，本集團作為承租人計劃選經修訂的追溯法應用於香港財務報告準則16，並將初始應用的累計影響確認為期初留存收益，而無需重述比較信息。

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綜合財務報表附註

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3. Significant Accounting Policies

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

The consolidated financial statements have been prepared on the historical cost basis at the end of each reporting period, as explained in the accounting policies set out below.

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

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

A fair value measurement of a non-financial assets takes into account a market participant’s ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

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

The principal accounting policies are set out below.

3. 重大會計政策

綜合財務報表乃根據香港會計師公會所頒佈的香港財務報告準則編製。此外，綜合財務報表包括香港聯合交易所有限公司證券上市規則及香港公司條例所規定的適用披露事項。

綜合財務報表乃按各歷史成本基準於各報告期末編製，詳情載於下文所載會計政策。

歷史成本一般基於交換商品和服務時所考慮的對價的公允值。

公允值乃市場參與者於計量日期於有序交易中出售資產所收取或轉讓負債所支付之價格，而不論該價格為可直接觀察取得或可使用其他估值方法估計。於估計資產或負債的公允值時，倘市場參與者於計量日期對資產或負債定價時將考慮資產或負債之特點，則本集團會考慮該等特點。於該等綜合財務報表中作計量及／或披露用途之公允值乃按此基準釐定，惟香港財務報告準則2（「以股份支付」）範圍內以股份支付之交易、香港會計準則17（「租賃」）範圍內之租賃交易，以及與公允值類似但並非公允值之計量（例如香港會計準則2（「存貨」）之可變現淨值或香港會計準則36（「資產減值」）之使用價值）除外。

非金融資產的公允值計量計及市場參與者透過最大限度使用該資產達致最佳用途、或透過將資產售予將最大限度使用該資產達致最佳用途的另一名市場參與者而產生經濟利益的能力。

此外，就財務報告而言，公允值計量可按公允值計量之輸入數據可觀察程度及公允值計量之輸入數據對其整體之重要性劃分為第一、二及三級，詳述如下：

- 第一級輸入數據乃實體於計量日期可於活躍市場就相同資產或負債獲得之報價（未經調整）；
- 第二級輸入數據乃為第一級所載報價以外之輸入數據，而該等數據乃就有關資產或負債可直接或間接觀察之輸入數據；及
- 第三級輸入數據乃資產或負債之不可觀察輸入數據。

主要會計政策載列如下。

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3. Significant Accounting Policies (Continued)

Basis of consolidation

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

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

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

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

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

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

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

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein, which represent present ownership interests entitling their holders to a proportionate share of net assets of the relevant subsidiaries upon liquidation.

3. 重大會計政策 (續)

綜合基準

綜合財務報表包括本公司及本公司及其附屬公司控制之企業之財務報表。控制是指本公司：

- 可對被投資對象行使之權力；
- 須承擔或享有參與被投資對象可變回報之風險及權力；及
- 可運用其權力以影響其回報。

倘有事實及情況顯示上述三項因素其中一項或以上出現變動，則本集團重新評估其是否對被投資對象存有控制權。

附屬公司乃於本集團取得附屬公司控制權起綜合入賬，並於本集團失去該附屬公司控制權時終止入賬，則停止該附屬公司之綜合入賬。特別是，年內所收購或出售之附屬公司之收入及開支由本集團取得控制權當日起至本集團不再控制該附屬公司之日止計入綜合損益及其他全面收益表。

損益及其他全面收入的各部分歸屬於本公司應佔擁有人及非控股權益。附屬公司的全面收入總額歸屬於本公司應佔擁有人及非控股權益，即使此將導致非控股權益產生虧蝕結餘。

倘有必要，將對附屬公司的財務報表作出調整，以使其會計政策與本集團其他成員公司所採用者保持一致。

本集團成員之間交易之所有集團內公司間資產與負債、權益、收入、開支及現金流量已於綜合時抵銷。

附屬公司的非控股權益與本集團的權益分開呈列，而該等權益代表其持有者於清算時有權按相關附屬公司的淨資產比例分配的現有所有權權益。

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3. Significant Accounting Policies (Continued)

Basis of consolidation (Continued)

When the Group loses control of a subsidiary, the assets and liabilities of that subsidiary and non-controlling interests (if any) are derecognised. A gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the carrying amount of the assets (including goodwill), and liabilities of the subsidiary attribute to the owners of the Company. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKFRS 9/HKAS 39 or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Business combinations

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

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

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised, and measured in accordance with HKAS 12 "Income Taxes" and HKAS 19 "Employee Benefits" respectively.

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

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

3. 重大會計政策 (續)

綜合基準 (續)

當本集團失去附屬公司控制權，收益或虧損以 (i) 已收代價的公允值及任何保留權益之總和；與 (ii) 附屬公司之前的資產（包括商譽）、負債和任何非控股權益的淨值之差額計算，並計入損益。所有有關該附屬公司之前確認為其他全面收入中的金額會以猶如本集團直接出售附屬公司的有關資產或負債的情況入賬（即按適用的香港財務報告準則所指定／允許，重新分類至損益或轉移到另一類權益）。在喪失控制權日仍保留於前附屬公司之任何投資的公允值，會被視為初始確認時的公允值，如適用，即於聯營公司或合資企業投資的初始確認之成本，並後續根據香港財務報告準則9或香港會計準則39記賬。

業務合併

業務收購使用收購法列賬。業務合併所轉讓的代價按公允價值計量，而計算方法為轉讓至本集團的資產、本集團向被收購方之前擁有人產生的負債及本集團為交換被收購方的控制權而發行的股權權益於收購日期的公允價值之總和。有關收購的成本一般於產生時於損益內確認。

於收購日期，已收購的可識別資產及承擔的負債按彼等的公允價值確認，除了：

- 遞延稅項資產或負債以及有關僱員福利安排的資產或負債乃分別根據香港會計準則12所得稅及香港會計準則19僱員福利確認及計量。

商譽乃按所轉讓的代價、任何非控股權益於被收購方中所佔款項以及收購方以往持有被收購方股權權益的公允價值（如有）之總和，減所收購的可識別資產及所承擔的負債於收購日期的金值後所超出的差額計量。倘經過重估後，所收購的可識別資產與所承擔負債於收購日期的淨額高於所轉讓代價、任何非控股權益於被收購方中所佔款項及收購方以往持有被收購方股權權益的公允價值（如有）之總和，則超出款項即時於損益內確認為議價收購收益。

現時擁有的權益且於清盤時讓彼等的持有人有權按比例分佔實體淨資產的非控股權益，可初步按公允價值或非控股權益應佔被收購方可識別資產淨值的已確認款項比例計量。計量基準視乎每項交易而作出選擇。其他種類的非控股權益乃按其公允值基準計量。

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3. Significant Accounting Policies (Continued) Revenue from contracts with customers (upon application of HKFRS 15 in accordance with transitions in note 2)

Under HKFRS 15, the Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when “control” of the goods or services underlying the particular performance obligation is transferred to the customer.

A performance obligation represents a good or service (or a bundle of goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

Control is transferred over time and revenue is recognised over time by reference to the progress towards complete satisfaction of the relevant performance obligation if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group’s performance as the Group performs;
- the Group’s performance creates and enhances an asset that the customer controls as the Group performs; or
- the Group’s performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

Otherwise, revenue is recognised at a point in time when the customer obtains control of the distinct good or service.

A contract asset represents the Group’s right to consideration in exchange for goods or services that the Group has transferred to a customer that is not yet unconditional. It is assessed for impairment in accordance with HKFRS 9. In contrast, a receivable represents the Group’s unconditional right to consideration, i.e. only the passage of time is required before payment of that consideration is due.

A contract liability represents the Group’s obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

A contract asset and a contract liability relating to the same contract are accounted for and presented on a net basis.

Over time revenue recognition: measurement of progress towards complete satisfaction of a performance obligation

The progress towards complete satisfaction of a performance obligation is measured based on input method, which is to recognise revenue on the basis of the Group’s efforts or inputs to the satisfaction of a performance obligation relative to the total expected inputs to the satisfaction of that performance obligation, that best depict the Group’s performance in transferring control of goods or services.

3. 重大會計政策 (續) 來自客戶合約之收益 (如附註2所載應用香港財務報告準則15的過渡條文)

根據香港財務報告準則15，本集團於完成履約責任時(或就此)確認收入，即於特定履約責任相關的貨品或服務的「控制權」轉移予客戶時。

履約責任指不同的貨品或服務(或一籃子貨品或服務)或一系列不同的貨品或服務其大致上相同。

經參考相關履約責任的完成進度，當達至下面其中一項時，控制權隨時間的推移而轉移及收入隨時間的推移而確認：

- 客戶同時接收及耗用由本集團執行本集團履約所提供的效益；
- 客戶控制由本集團執行本集團的履約產生及提升的資產；或
- 本集團的履約不會產生對本集團有其他用途的資產及本集團對迄今完成的履約之付款有可執行之權利。

否則，則當客戶取得不同貨品或服務的控制權時按一個時間點確認收入。

合約資產指本集團有權以本集團尚未成為無條件轉移予客戶的貨品或服務以換取代價。此乃根據香港財務報告準則9作評估減值。相反，應收款項指本集團無條件的可收取代價，即到期前只需等待到期支付代價。

合約負債指本集團已從客戶收取代價(或代價金額已到期)而本集團有責任去轉移貨品或服務予客戶。

屬同一合約之合約資產及合約負債按淨額入賬及列示。

隨時間確認收益：計量履約責任的完成進度

完全履行履約義務的進展是基於輸入法計量的，即基於本集團的努力或履行履約義務相對於履約義務的總預期投入的投入來確認收入，最能說明本集團在轉移商品或服務控制方面的表現。

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3. Significant Accounting Policies (Continued) Revenue recognition (prior to 1 January 2018)

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns.

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

Goods and interests

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

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

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are stated at cost less subsequent accumulated depreciation and any accumulated impairment losses. Depreciation is recognised so as to write off the cost of investment properties over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method.

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

Leases

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

3. 重大會計政策 (續)

收入確認 (在二零一八年一月一日之前)

收入乃按已收或應收代價之公允值計算。收入已減去估計客戶退貨。

收入乃當收入金額能夠可靠地計量時確認，當將來的經濟效益很可能流入本集團及符合本集團各業務的具體標準時確認，載述如下。

貨品及利息

銷售貨品收入於貨品交付及所有權轉移時確認。

利息收入乃以時間為基準按未償還本金及適用實際利率計提，而實際利率為透過金融資產之預期可用年期將估計日後所收現金實際折現至該資產於初始確認時之賬面淨值之比率。

投資物業

投資物業指為收取租金及／或資本增值而持有之物業。

投資物業初步乃按成本(包括任何直接應佔開支)計量。於初步確認後，投資物業乃成本減以其後累計折舊及任何累計減值虧損計量。投資物業確認之折舊乃以成本後在估計可使用年期及計入估計剩餘價值後用直線法計算。

出售投資物業後或當永久棄用投資物業且預期其出售不會產生未來經濟利益時終止確認投資物業。終止確認該物業產生的任何收益或虧損(按出售所得款項淨額與該資產賬面值之間的差額計算)於終止確認該物業期間計入損益。

租賃

凡租賃條款將擁有權的絕大部分風險及回報轉移至承租人的租賃，均列作融資租賃。所有其他租賃則列作經營租賃。

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3. Significant Accounting Policies (Continued)

Leases (Continued)

The Group as lessee

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see the accounting policy below).

Operating lease payments, including the cost of acquiring land held under operating leases, are recognised as an expense on a straight-line basis over the lease term.

Leasehold land and building

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

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

Foreign currencies

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

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

3. 重大會計政策 (續)

租賃 (續)

本集團作為承租人

以融資租賃形式持有的資產以其租賃首期的公允價值或以其最低租賃付款額的現值(若為較低者)確認為集團資產。出租者相應的負債則以融資租賃應付款項計入綜合財務狀況表內。

租賃付款額以融資開支及減低租賃應付款項分配，從而達致其負債餘額具有一穩定的利率。融資開支即時於損益確認，惟有有關開支與合資格資產直接相關則除外，於此情況下，有關開支按照本集團的借款成本政策(見下文的會計政策)撥充資本。

經營租賃付款(包括根據經營租賃收購土地的成本)在租賃期內按直線法確認為開支。

租賃土地及樓宇

當本集團租賃包括土地及樓宇部分作出支付時，本集團根據對附於各部分所有權的絕大部分風險及回報是否已轉移本集團的評估，分別將各部分的分類評定為融資或經營租賃。除非土地及樓宇部分均明確為經營租賃，於此情況下整項租賃分類為經營租賃。具體而言，最低租賃付款額(包括任何一筆過預付款項)於租約首次確認時按租賃土地部分及樓宇部分中的租賃權益相對公允值比例於土地與樓宇部分間分配。

倘租金能可靠分配，則以經營租賃列賬的土地租賃權益於綜合財務狀況表中列為「預付租賃款項」，且於租期內按直線法攤銷。

外幣

編製各集團實體的財務報表時，以非該實體功能貨幣(外幣)進行的交易會按交易日期當日的匯率以相關功能貨幣列賬確認。於報告期末，以外幣計值的貨幣項目均按當日的匯率重新換算。以外幣計值按歷史成本計量之非貨幣項目毋須重新換算。

於結算及重新換算貨幣項目時所產生的匯兌差額，於其產生期間在損益內確認。

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3. Significant Accounting Policies (Continued)

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Retirement benefit costs and termination benefits

Payments to defined contribution retirement benefit plans/state-managed retirement benefit schemes/the Mandatory Provident Fund Scheme are recognised as an expense when employees have rendered service entitling them to the contributions.

A liability for a termination benefits is recognised at the earlier of when the Group entity can no longer withdraw the offer of the termination benefit and when it recognises any related restructuring cost.

3. 重大會計政策 (續)

借款成本

收購、興建或生產合資格資產(需要大量時間製作以供擬定用途或銷售的資產)應佔的直接借貸成本將會加入該資產的成本，直至該資產大致可作預定用途或銷售。

特定借貸於撥作合資格資產的支出前用作短暫投資所賺取的收入，會從合乎撥充資本的借貸成本中扣除。

所有其他借貸成本均於產生期間於損益內確認。

政府補貼

當可合理保證本集團符合附帶條件且會收到補貼時，方確認政府補貼。

政府補貼乃就集團確認的有關開支(預期補貼可予抵銷成本開支)期間按系統基準於損益內確認。具體而言，以本集團購買、建造或以其他方式獲得非流動資產為主要條件的政府補貼，作為遞延收入/相關資產賬面值剔除部分於綜合財務狀況表中確認，並於相關資產可使用年期內轉撥至損益。

政府補貼是作為支出或已發生的虧損補償、或是以給予本集團及時的財務支援為目的而獲得的，無未來相關成本在其成為應收款項期間於損益內確認。

退休福利成本及福利終止

界定供款退休福利計劃/國家管理退休福利計劃的付款在僱員提供可獲取該等供款的服務時確認為開支。

終止福利之負債於本集團實體不能取消提供該終止福利時及實體確認任何有關重組成本(以較早者為準)確認。

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綜合財務報表附註

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

3. Significant Accounting Policies (Continued) Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the consolidated statement of profit or loss and other comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax basis used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

3. 重大會計政策 (續) 短期僱員福利

短期僱員福利於僱員提供服務時就預計將支付福利的未貼現金額確認。所有短期僱員福利確認為開支，除非另一項香港財務報告準則要求或允許將有關福利納入資產成本，則作別論。

在扣除已經支付的任何金額後，對僱員應得的福利（例如工資及薪金、年假及病假）確認負債。

稅項

所得稅開支指目前應付稅項及遞延稅項的總額。

即期應繳稅項乃按年內應課稅溢利計算。由於於其他年度課稅或可扣稅之收入或開支及永久毋須課稅或不可扣減之項目，故應課稅溢利有別於綜合損益及其他全面收益表內呈報之「除稅前溢利」。本集團之即期稅項負債乃按現行稅率或報告期末時實際確立之稅率計算。

遞延稅項為就綜合財務報表內資產及負債賬面值與計算應課稅溢利所用相應稅基的暫時差額。遞延稅項負債一般就所有應課稅暫時差額確認，而遞延稅項資產一般乃於可能出現應課稅溢利對銷可用的可扣稅暫時差額時確認。倘若暫時差額由商譽或不影響應課稅溢利及會計溢利的交易中首次確認（業務合併除外）的其他資產及負債所產生，則不會確認該等資產及負債。此外，若暫時差額是源自商譽之首次確認，則不確認遞延稅項負債。

與附屬公司的投資相關的應課稅暫時差額確認為遞延稅項負債，惟若本集團可控制暫時差額的回撥而暫時差額於可見將來應不會回撥的情況除外。與該等投資及權益相關的可扣稅暫時差額所產生的遞延稅項資產僅於可能有足夠應課稅溢利可以使用暫時差額的益處且預計於可見將來可以回撥時確認。

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綜合財務報表附註

For the year ended 31 December 2018
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3. Significant Accounting Policies (Continued)

Taxation (Continued)

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Property, plant and equipment

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

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

3. 重大會計政策 (續)

稅項 (續)

遞延稅項資產的賬面值於報告期末作檢討，並撇減至不再可能有足夠應課稅溢利可供收回全部或部分資產時為限。

遞延稅項資產及負債乃按預期於負債獲償還或資產獲變現期間適用的稅率（以報告期末已生效或實質上已生效的稅率（及稅法）為基準）計算。

遞延稅項負債及資產的計算，反映了本集團於報告期末所預期對收回或償還其資產及負債的賬面值的方式所產生的稅務結果。

當有法定行使權以本期稅項資產抵銷本期稅項負債，及當該些稅項為同一稅務機關所徵收之所得稅，且本集團有意將其本期稅項資產及負債以淨額結算，遞延稅項資產及負債會被抵銷。

即期及遞延稅項於損益內確認，惟即期及遞延稅項涉及的項目於其他全面收益或直接於股本權益中確認除外，在這情況下，即期及遞延稅項亦分別於其他全面收益或直接於股本權益中確認。倘對業務合併進行初步會計處理而產生即期或遞延稅項，則稅務影響計入業務合併的會計處理。

物業、廠房及設備

物業、廠房及設備（包括持有作用於生產或供應貨品或服務的樓宇，或就行政用途，（不包括在建工程，如下文除外））按成本減其後累計折舊及累計減值虧損入賬（如有）。

供生產、供應或行政用途的在建工程按成本減去任何已確認的減值虧損列賬。成本包括專業費用，及就合資格資產而言，根據本集團之會計政策資本化的借貸成本。該等物業於竣工及可供用於擬定用途時分類為物業、廠房及設備的適當類別。此等資產的折舊基準與其他物業資產相同，乃於資產可供用於擬定用途時開始計提。

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3. Significant Accounting Policies (Continued) Property, plant and equipment (Continued)

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

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

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

Intangible assets

Internally-generated intangible assets — research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development activities (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

3. 重大會計政策 (續) 物業、廠房及設備 (續)

物業、廠房及設備項目(在建工程除外)的折舊乃以直線法確認，以撇銷其估計可使用年期內的成本減剩餘價值。估計使用年期及折舊方法乃於各報告期末檢討，估計變動的影響按預先計提的基準入賬。

根據融資租賃持有的資產按與自置資產相同的基準於其預期可使用年期內計算折舊。然而，倘無法合理確定擁有權將於租期結束時取得，則資產按租期及可使用年期(以較短者為準)折舊。

物業、廠房及設備項目乃於出售後或預期繼續使用該資產不會產生未來經濟利益時終止確認。出售或廢棄物業、廠房及設備項目產生的任何收益或虧損按出售所得款項與資產賬面值間的差額計算，並於損益內確認。

無形資產

內部產生無形資產 — 研發開支

研究活動的開支於其產生期間確認為開支。

僅在出現所有下列情況下，來自開發活動(或來自內部項目開發階段)的內部產生無形資產始予以確認：

- 完成無形資產以使其可供使用或出售的技術可行性；
- 完成無形資產及使用或出售無形資產的意圖；
- 使用或出售無形資產的能力；
- 無形資產如何帶來可能的未來經濟利益；
- 有足夠技術、財務及其他資源以完成開發及使用或出售無形資產；及
- 可靠計量無形資產於開發期間所需開支的能力。

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3. Significant Accounting Policies (Continued)

Intangible assets (Continued)

Internally-generated intangible assets — research and development expenditure (Continued)

The amount initially recognised for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses (if any), on the same basis as intangible assets that are acquired separately.

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

Impairment on tangible and intangible assets

At the end of the reporting period, the Group reviews the carrying amounts of its tangible and intangible assets with finite useful lives to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss, (if any).

The recoverable amount of tangible and intangible assets are estimated individually, when it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

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

3. 重大會計政策 (續)

無形資產 (續)

內部產生無形資產 — 研發開支 (續)

內部產生無形資產的首次確認金額為無形資產於初步符合上述確認準則日期起產生的開支總和。倘並無內部產生無形資產可予確認，開發開支於其產生期間於損益內確認。

首次確認後，內部產生無形資產按成本減累計攤銷及累計減值虧損(如有)報告，與獨立收購的無形資產基準相同。

無形資產於出售時或預期使用或出售有關資產不會產生未來經濟利益時取消確認。任何因取消確認無形資產而產生的收益及虧損將獲計算為出售所得款項淨額與資產賬面值之間的差額，並於有關資產獲取取消確認時於損益內確認。

有形及無形資產減值虧損

於報告期末，本集團會檢討其有形及無形資產的賬面值，以確定是否有任何跡象顯示該等資產已出現減值虧損。倘有任何該等跡象，則估計有關資產的可收回款額，以確定減值虧損(如有)的程度。

有形及無形資產的可收回金額會個別估計，倘不能個別估計資產的可收回金額，則本集團會估計其資產所屬現金產生單位的可收回金額。當可識別分配基準屬合理及貫徹一致時，企業資產亦會被分配到個別現金產生單位，否則或會被分配到可識別分配基準屬合理及貫徹一致的最小的現金產生單位中。

可收回金額為公允價值減去銷售成本及使用價值兩者中的較高者。於評估使用價值時，估計未來現金流量乃以稅前貼現率貼現至現值，該貼現率能反映當前市場所評估的貨幣時間值及資產特定風險(就此而言，未來現金流量估計尚未作出調整)。

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3. Significant Accounting Policies (Continued) Impairment on tangible and intangible assets (Continued)

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit. An impairment loss is recognised immediately in profit or loss.

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

Inventories

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

Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with HKFRS 15 since 1 January 2018. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

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

3. 重大會計政策 (續) 有形及無形資產減值虧損 (續)

倘估計資產(或現金產生單位)之可收回金額將少於其賬面值,則資產(或現金產生單位)之賬面值將調減至其可收回金額。於分配減值虧損時,首先分配減值虧損以減少任何商譽的賬面值(如適用),然後按比例根據該單位各資產的賬面值分配至其他資產。資產賬面值不得減少至低於其公允價值減出售成本(如可計量)、其使用價值(如可釐定)及零之中的最高值。已另行分配至資產之減值虧損數額按比例分配至該單位其他資產。減值虧損已在損益內即時確認。

倘減值虧損其後撥回,則增加資產的賬面值(或現金產生單位)至其可收回數額的修訂後估計金額,惟增加後的賬面值不能超過倘於過往年度並無確認該資產(或現金產生單位)的減值虧損而應確定的賬面值。減值虧損的撥回即時確認為收入。

存貨

存貨乃按成本及可變現淨值的較低者入賬,而存貨成本按加權平均法釐定。可變現淨值指存貨的估計售價減去所有估計完工成本及成功出售所需的成本。

金融工具

當集團實體成為工具合約條文的訂約方時,金融資產及金融負債會被確認。

金融資產及金融負債乃按公允值作初始計量,惟來自客戶合約而產生的應收貿易賬款則自二零一八年一月一日起根據香港財務報告準則15作初始計量。因收購或發行金融資產及金融負債(按公允值計入損益之金融資產及金融負債除外)而直接應佔之交易成本於初始確認時,按適用情況加入或扣自該項金融資產或金融負債之公允值。因收購按公允值計入損益之金融資產及金融負債而直接應佔之交易成本即時於損益確認。

實際利息法為計算金融資產攤銷成本及於有關期間內分配利息收入的方法,實際利率為在債務工具估計年期或較短期間(如適用)內貼現估計未來現金收入(包括實際利率組成部分而支付或收取的全部費用、交易成本及其他溢價或折讓)至首次確認時的賬面淨值的確實利率。

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綜合財務報表附註

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

3. Significant Accounting Policies (Continued) Financial instruments (Continued)

Financial assets

Classification and subsequent measurement of financial assets (upon application of HKFRS 9 in accordance with transitions in note 2)

Financial assets that meet the following conditions are subsequently measured at amortised cost:

- the financial asset is held within a business model whose objective is to collect contractual cash flows; and
- the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

In addition, the Group may irrevocably designate a financial asset that are required to be measured at the amortised cost if doing so eliminates or significantly reduces an accounting mismatch.

Amortised cost and interest income

Interest income is recognised using the effective interest method for financial assets measured subsequently at amortised cost. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset from the next reporting period. If the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset from the beginning of the reporting period following the determination that the asset is no longer credit impaired.

Impairment of financial assets (upon application HKFRS 9 with transitions in accordance with note 2)

The Group recognises a loss allowance for ECL on financial assets which are subject to impairment under HKFRS 9 (including trade and other receivables, pledged bank deposits and bank balance). The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition.

Lifetime ECL represents the ECL that will result from all possible default events over the expected life of the relevant instrument. In contrast, 12-month ECL ("12m ECL") represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. Assessment are done based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current conditions at the reporting date as well as the forecast of future conditions.

3. 重大會計政策 (續) 金融工具 (續)

金融資產

金融資產的分類及其後計量 (如附註2所載應用香港財務報告準則9的過渡條文)

金融資產當符合至以下情況時則其後以攤銷成本計量：

- 金融資產由以收取合約現金流量為目的之業務模式持有；及
- 合約條款導致於特定日期僅按未清償本金金額支付本金及利息之現金流量。

此外，倘可對銷或顯著減少一項會計錯配，本集團可能不可撤銷地指定一項須按攤銷成本計量或按公允值計入其他全面收益計量的金融資產以按公允值計入損益來計量。

攤銷成本及利息收入

利息收入就其後按攤銷成本計量之金融資產以實際利率法確認。利息收入對金融資產賬面總值應用實際利率法計算，除非該金融資產其後轉變為信貸減值(見下文)。就金融資產其後轉變為信貸減值，利息收入按該金融資產下一報告期間之攤銷成本應用實際利率法確認。若信貸減值的金融工具之信貸風險改善而該金融資產再毋須信貸減值，利息收入對金融資產於自釐定該資產再毋須信貸減值之報告期間開始對金融資產賬面總值採用實際利率法確認。

金融資產減值 (如附註2所載應用香港財務報告準則9的過渡條文)

本集團於金融資產就預期信貸虧損確認虧損撥備乃視乎香港財務準則9項下的減值(包括應收貿易及其他賬款、附追索權應收票據貼現、應收關連公司款項及銀行結餘)。預期信貸虧損金額於每個報告日期更新以反映自初始確認以來之信貸風險變動。

終身預期信貸虧損指由所有可能違約事件超出相關工具預期壽命將引致之預期信貸虧損。相反，12個月預期信貸虧損(「12個月預期信貸虧損」)指終身預期信貸虧損預期從可能於報告日期後12個月內的違約事件引致之部分。所作評估基於本集團過往信貸虧損記錄，並調整債務人的特定因素，普遍經濟狀況及同時對於報告日期之現況及預測未來狀況之評估。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2018
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3. Significant Accounting Policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (upon application HKFRS 9 with transitions in accordance with note 2) (Continued)

The Group always recognises lifetime ECL for contract assets and trade receivables. Customers are assessed for ECL categorising into receivables fully backed by bank bills and not backed by bank bills. The ECL on contract assets and trade receivables not backed by bank bills are assessed individually for debtors and contract assets with significant balances and/or collectively using a provision matrix with appropriate groupings based primarily on the debtors' ageing profiles. The ECL for debtors with trade receivables backed by bank bills are assessed individually taking into consideration of credit rating and reputation of the banks issuing the bills.

For all other instruments, the Group measures the loss allowance equal to 12m ECL, unless when there has been a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increases in the likelihood or risk of a default occurring since initial recognition.

(i) Significant increase in credit risk

In assessing whether the credit risk has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

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

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;

3. 重大會計政策 (續)

金融工具 (續)

金融資產 (續)

金融資產減值 (如附註2所載應用香港財務報告準則9的過渡條文) (續)

本集團通常就合約資產及應收貿易賬款確認終身預期信貸虧損。客戶將按預期信貸虧損進行評估，分類為完全由銀行票據為後盾及不作銀行票據後盾的應收賬款。不作銀行票據為後盾的合約資產及貿易應收款項的預期信貸虧損會按債務人及具有重大結餘的合約資產單獨評估及／或使用主要基於債務人賬齡資料的適當分組的撥備矩陣集體評估。具有銀行票據支持的貿易應收賬款的債務人的預期信貸虧損將根據信用評級和發行票據的銀行的聲譽進行單獨評估。

就所有其他工具，本集團以相等於12個月預期信貸虧損計量虧損撥備，除非自初始確認後信貸風險顯著增加，本集團則確認終身預期信貸虧損。評估是否應確認終身預期信貸虧損乃基於自初始確認後發生違約的可能性或風險是否顯著增加。

(i) 信貸風險顯著增加

於評估自初始確認後信貸風險是否顯著增加時，本集團將於報告日期金融工具發生違約之風險與於初始確認日期金融工具發生違約之風險作比較。作出評估時，本集團同時考慮合理及有理據的定量及定性資料，包括過往經驗及毋須不必要的成本或費力而可得之前瞻性資料。

具體而言，以下為評估信貸風險是否顯著增加所考慮的資料：

- 金融工具之外部(如有)或內部信貸評級實質上或預期顯著惡化；
- 信貸風險的外部市場指標顯著惡化，例如信用利差、債務人信用違約掉期價格顯著增加；
- 現行或預測業務的不利逆轉，財政或經濟狀況預期會導致債務人顯著減低其履行債務責任的能力；
- 債務人經營業績實質上或預期顯著惡化；

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3. Significant Accounting Policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (upon application HKFRS 9 with transitions in accordance with note 2) (Continued)

- (i) Significant increase in credit risk (Continued)
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk has increased significantly since initial recognition when contractual payments are more than 90 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

- (ii) Definition of default
- For internal credit risk management, the Group considers an event of default occurs when information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

- (iii) Credit-impaired financial assets
- A financial asset is credit-impaired when one or more events of default that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:
- significant financial difficulty of the issuer or the borrower;
 - a breach of contract, such as a default or past due event;
 - the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

3. 重大會計政策 (續)

金融工具 (續)

金融資產 (續)

金融資產減值 (如附註2所載應用香港財務報告準則9的過渡條文) (續)

- (i) 信貸風險顯著增加 (續)
- 債務人於法規、經濟、或技術環境實質或預期的重大不利逆轉導致債務人顯著減低其履行債務責任的能力。

無論上述評估之結果如何，當合約付款逾期超過90天，本集團即假定信貸風險自初始確認以來顯著增加，除非本集團有合理及有理據的資料另作證明。

本集團定期監控用作識別是否出現信貸風險顯著增加的標準之有效性及當適用時修訂標準以確保該標準乃於金額逾期前可識別信貸風險的顯著增加。

- (ii) 違約的定義
- 就內部信貸風險管理，當內部開發資料或取得外部資料顯示債務人不太可能全數支付其債權人，包括本集團（並未考慮本集團持有任何抵押品），本集團認為發生違約事件。

不管上述情況如何，當金融資產逾期超過90天，本集團認為已發生違約事件，除非本集團具合理及有理據資料顯示滯後違約標準更為合適。

- (iii) 信貸減值金融資產
- 當一項及多項違約事件發生令該金融資產估計未來現金流量具不利影響，金融資產則信貸減值。金融資產減值的證據包括以下事件之可觀察數據：
- 發行人或借款人存在嚴重財政困難；
 - 違約，即如違約或過期事件；
 - 借款人之貸款人，就有關借款人財政困難之經濟或合約原因，給予借款人一般貸款人不會考慮的讓步；

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3. Significant Accounting Policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (upon application HKFRS 9 with transitions in accordance with note 2) (Continued)

- (iii) Credit-impaired financial assets (Continued)
- (d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- (e) the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, for example, when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. A write-off constitutes a derecognition event. Any subsequent recoveries are recognised in profit or loss.

(v) Measurement and recognition of ECL

The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. Estimation of ECL reflects an unbiased and probability-weighted amount that is determined with the respective risks of default occurring as the weights.

Generally, the ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and the cash flows that the Group expects to receive, discounted at the effective interest rate determined at initial recognition.

Where ECL is measured on a collective basis or cater for cases where evidence at the individual instrument level may not yet be available, the financial instruments are grouped on the below basis:

- Nature of financial instruments;
- Ageing status;
- Nature, size and industry of debtors; and
- External credit ratings where available.

3. 重大會計政策 (續)

金融工具 (續)

金融資產 (續)

金融資產減值 (如附註2所載應用香港財務報告準則9的過渡條文) (續)

- (iii) 信貸減值金融資產 (續)
- (d) 借款人有可能面臨破產或其他財務重組；或
- (e) 因財政困難該金融資產已消失於活躍市場。

(iv) 撇銷政策

當有資料顯示對手方存在嚴重財政困難及並無實際把握收回款項，例如，當對手方已進行清盤或已進入破產程序，或如為應收貿易賬款，當金額乃逾期超過兩年，以較早者為準，本集團撇銷金融資產。金融資產的撇銷可能仍須根據本集團回收程序的執行方式，當適用時考慮法律建議。撇銷構成剔除確認事項。任何其後撥於損益確認。

(v) 預期信貸虧損的計量及確認

預期信貸虧損計量具違約可能性，默認虧損 (即違約的損失幅度) 及違約曝光的功能。違約可能性及默認虧損的評估乃基於過往數據經前瞻性資料作調整。預期信貸虧損的估計反映不偏倚及概率加權金額乃按發生違約相關風險的比重來釐定。

一般而言，預期信貸虧損為根據合約所有應欠本集團合約現金流量與本集團於初始確認時預期收到，按實際利率折現的現金流量的差額。

當預期信貸虧損按共同基準計量，或適用於個別工具級別的證據可能尚未提供的情況下，金融工具將按以下基準組合：

- 金融工具的性質；
- 賬齡狀況；
- 債務人之性質、規模及行業；及
- 當適用時之外部信貸評級。

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3. Significant Accounting Policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (upon application HKFRS 9 with transitions in accordance with note 2) (Continued)

(v) Measurement and recognition of ECL (Continued)

The grouping is regularly reviewed by management to ensure the constituents of each group continue to share similar credit risk characteristics.

Interest income is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit impaired, in which case interest income is calculated based on amortised cost of the financial asset.

The Group recognises an impairment gain or loss in profit or loss for all financial instruments by adjusting their carrying amount, with the exception of trade receivables and contract assets where the corresponding adjustment is recognised through a loss allowance account.

Classification and subsequent measurement of financial assets (before application of HKFRS 9 on 1 January 2018)

Financial assets are classified into loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and other receivables, pledged bank deposits and bank balance) are measured at amortised cost using the effective interest method, less any impairment.

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

3. 重大會計政策 (續)

金融工具 (續)

金融資產 (續)

金融資產減值 (如附註2所載應用香港財務報告準則9的過渡條文) (續)

(v) 預期信貸虧損的計量及確認 (續)

管理層定期審視組別情況以確保每一組別裡面繼續具備類似的信貸風險特徵。

利息收入按金融資產賬面總值計算，而已作信貸減值之金融資產則除外，在此情況下，利息收入則按金融資產之攤銷成本計算。

本集團就所有金融工具經調整其賬面值於損益賬確認減值收益或虧損，而應收貿易賬款則除外，其相關調整乃通過虧損撥備賬確認。

金融資產的分類及其後計量 (於二零一八年一月一日應用香港財務報告準則9前)

金融資產分類為貸款及應收款項。分類視乎金融資產之性質及目的並於初始確認時釐定。所有按常規方法購買或出售之金融資產按交易日期基準確認或剔除確認。常規方法購買或出售指購買或出售之金融資產須於市場規則或慣例規定的時限內交付資產。

貸款及應收款項

貸款及應收款項為在活躍市場上並無報價而具有固定或釐定付款之非衍生金融資產。初始確認隨後，貸款及應收賬款(包括貿易及其他應收款項、已抵押銀行存款及銀行結餘及現金)以實際利率法，按攤銷成本減任何減值虧損計量。

利息收入按實際利率基準確認，惟短期應收賬款之利息確認(並不重大)除外。

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3. Significant Accounting Policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (before application of HKFRS 9 on 1 January 2018)

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

Objective evidence of impairment could include:

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

Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 30 to 120 days, observable changes in national or local economic conditions that correlate with default on receivables.

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

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

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

3. 重大會計政策 (續)

金融工具 (續)

金融資產 (續)

金融資產減值 (於二零一八年一月一日應用香港財務報告準則9前)

金融資產於各報告期末評估是否有減值跡象。倘出現客觀證據，於初始確認金融資產後產生之一項或多項事件令該金融資產的估計未來現金流量受到影響，則金融資產會被考慮減值。

減值之客觀證據可包括：

- 發行人或對手方存在嚴重財政困難；或
- 違約，如未能繳付或延遲償還利息及本金；或
- 借款人有可能面臨破產或財務重組。

應收賬款組合出現減值的客觀證據包括本集團過往收款經驗、逾期還款超過平均信貸期30至120天之數目上升、國家或地區經濟狀況出現明顯變動導致應收賬款違約。

就按攤銷成本列賬之金融資產而言，減值虧損金額乃按資產賬面值與金融資產按原有實際利率折現之估計未來現金流量現值之差額確認。

所有金融資產的減值虧損會直接於金融資產賬面值中作出扣減，惟貿易應收款項除外，其賬面值會透過撥備賬作出扣減。撥備賬內的賬面值變動會於損益中確認。當貿易應收款項被視為不可收回時，其將於撥備賬內撇賬。於其後收回先前已撇賬的款項將計入損益。

倘於隨後期間減值虧損的數額減少，及此項減少可客觀地與確認減值後的某一事件聯繫，則先前確認的減值虧損於損益中予以撥回，惟於撥回減值當日的投資賬面值不得超逾未確認減值時的攤銷成本。

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3. Significant Accounting Policies (Continued)

Financial instruments (Continued)

Financial assets (Continued)

Derecognition of financial assets

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

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities and equity instruments

Classification as debt or equity

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

Equity instruments

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

Financial liabilities

All financial liabilities (including trade and other payables, amounts due to directors and bank and other borrowings) are subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

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

3. 重大會計政策 (續)

金融工具 (續)

金融資產 (續)

剔除確認金融資產

倘從資產收取現金流量之合約權利已屆滿，或本集團轉讓金融資產及已將其於資產擁有權之絕大部分風險及回報轉移予另一實體，本集團方會剔除確認金融資產。倘本集團既無轉移亦無保留絕大部分風險及回報及繼續控制已轉移資產，本集團於資產確認其留存權益及就可能須支付金額確認聯營負債。倘本集團保留已轉移資產之絕大部分風險及回報，本集團繼續確認該金融資產並就已收取款項確認抵押借貸。

於剔除確認一項以攤銷成本計量的金融資產時，資產賬面值與已收及應收代價之差額，將於損益中確認。

金融負債及權益工具

分類為債務或權益

債務及權益工具按所訂立之合約安排性質，以及金融負債及權益工具之定義而分類為金融負債或權益。

權益工具

權益工具為證明一實體經扣除其所有負債後的資產剩餘權益之任何合約。本公司發行的權益工具按收取所得款項減直接發行成本確認。

金融負債

所有金融負債(包括貿易及其他應付款項、應付董事款項及銀行及其他借款)是其後以實際利率法按攤銷成本計量。

終止確認金融負債

當且僅當本集團的責任被解除，取消或已到期時，本集團終止確認金融負債。終止確認之金融負債賬面值與已付及應付代價之間的差額於損益中確認。

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4. Key Sources of Estimation Uncertainty

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Provision of ECL for trade receivables and contract assets

The Group uses provision matrix to calculate ECL for the trade receivables not backed by bank bills and contract assets, which is assessed individually for each significant trade debtors and contract assets and collectively for others by grouping of various trade debtors and contract assets that have similar loss patterns as reflected in the ageing profiles.

The provision rates applied in the provision matrix is estimated based on the historical observed default rates of the debtors taking into consideration forward-looking information that is reasonable and supportable available without undue costs or effort. At the end of each reporting period, the historical observed default rates are reassessed and updated if required after considering the forward-looking information that available to the directors of the Company. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables not backed by bank bills for the same types of contracts. The Group has therefore estimated the expected loss rates for the trade receivables not backed by bank bills and the contract assets on the same basis. In determining the impairment allowance, the directors of the Company also consider the credit enhancement under insurance coverage.

The provision of ECL is sensitive to changes in estimates. The information about the ECL and the Group's trade receivables and contract assets are disclosed in note 38.

4. 估計不明朗因素的主要來源

於採用附註3所述的本集團會計政策時，本公司董事須對尚無法從其他渠道確認的資產及負債賬面值作出多項判斷、估計及假設。該等估計及相關假設乃基於過往經驗及其他視作相關的因素作出。實際結果或會有別於該等估計。

本公司會持續檢討該等估計及相關假設。倘就會計估計的修訂只影響修訂估計的期間，則有關修訂會在該期間確認；倘有關修訂影響即期及未來期間，則有關修訂會在修訂期間及未來期間確認。

以下為於報告期末所作出有關未來的主要假設及估計不確定因素的其他主要來源，並具有相當風險而可能導致須於下個財政年度就資產及負債的賬面值作出重大調整。

貿易應收款項及合約資產預期信貸虧損撥備

本集團就不以銀行票據為後盾的貿易應收款項及合約資產採用撥備矩陣計算預期信貸虧損，該等貿易應收款項乃就各重大貿易應收款及合約資產個別評估，其餘各項貿易應收款和合同資產按其損失模式進行分組評估。類似的損失模式反映在其賬齡資料。

撥備矩陣中適用的撥備率是根據債務人的歷史觀察違約率估算的，並考慮到合理且可支持的前瞻性信息，而無需不必要的費用或工夫。在每個報告期末，本公司董事考慮了可用的前瞻性信息後，如果需要，將重新評估和更新歷史觀察到的違約率。合約資產與未開單的半成品有關，並且與相同類型合約的不以銀行票據為後盾的貿易應收款項具有大致相同的風險特徵。因此，本集團用同一基準估計以銀行票據為後盾的貿易應收款項及合約資產的預期損失率。在釐定減值準備時，本公司董事亦會考慮保險範圍內的信貸增級。

預期信貸虧損撥備對估計的變化相當敏感。有關預期信貸虧損及本集團應收貿易賬款的資料於附註38披露。

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4. Key Sources of Estimation Uncertainty (Continued) Useful lives of property, plant and equipment

In applying the accounting policy on property, plant and equipment with respect to depreciation, management estimates the useful lives of various categories of property, plant and equipment according to the industrial experiences over the usage of property, plant and equipment and also by reference to the relevant industrial norm. If the actual or expected useful lives of property, plant and equipment is less than the original estimate useful lives or revision of estimated useful lives due to changes in commercial and technological environment, such difference will impact the depreciation charge for the remaining period. At 31 December 2018, the carrying amounts of property, plant and equipment was RMB891,169,000 (2017: RMB892,353,000).

5. Revenue For the year ended 31 December 2018

(a) Disaggregation of revenue from contracts with customers

		Corrugated medium paper 瓦楞芯紙 RMB'000 人民幣千元	Paper-based packaging 紙製包裝 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Types of goods or service	貨品或服務類別			
Sales of corrugated medium paper products	銷售瓦楞芯紙產品			
Corrugated medium paper AA grade	AA級瓦楞芯紙	1,842,803	-	1,842,803
Sales of paper-based packaging products	銷售紙製包裝產品			
Brown Box	咖啡色紙箱	-	627,663	627,663
Honeycomb Paper	蜂窩紙製品	-	228,385	228,385
Color Box	彩色紙箱	-	149,165	149,165
		-	1,005,213	1,005,213
Total	總計	1,842,803	1,005,213	2,848,016
Timing of revenue recognition	收入確認之時間			
A point in time	一個時間點	1,842,803	-	1,842,803
Over time	一段時間內轉移	-	1,005,213	1,005,213
		1,842,803	1,005,213	2,848,016

Set out below is the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information.

以下列出的是與客戶合同的收入與分部信息中披露的金額的對賬。

4. 估計不明朗因素的主要來源(續) 物業、廠房及設備的可使用年期

於採用有關物業、廠房及設備折舊的會計政策時，管理層乃根據物業、廠房及設備用途的行業經驗並參考有關行業規範來估計各種物業、廠房及設備的可使用年期。倘物業、廠房及設備的實際可使用年期，由於商業及技術環境改變以致少於原本估計的可使用年期，有關差額將影響於餘下期間的折舊開支。於二零一八年十二月三十一日，物業、廠房及設備的賬面值為人民幣891,169,000元(二零一七年：人民幣892,353,000元)。

5. 收入 截至二零一八年十二月三十一日止年度

(a) 來自客戶合約的收入分析

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截至二零一八年十二月三十一日止年度

5. Revenue (Continued)

For the year ended 31 December 2018 (Continued)

(a) Disaggregation of revenue from contracts with customers (Continued)

		Segment revenue 分部收入 RMB'000 人民幣千元	Adjustment and elimination 調整及抵銷 RMB'000 人民幣千元	Consolidated 綜合 RMB'000 人民幣千元
Sales of corrugated medium paper products	銷售瓦楞芯紙產品	1,999,169	(156,366)	1,842,803
Sales of paper-based packaging products	銷售紙製包裝產品	1,005,213	-	1,005,213
Revenue from contracts with customers	來自客戶合約的收入	3,004,382	(156,366)	2,848,016

(b) Performance obligations for contracts with customers

(1) Sales of corrugated medium paper (revenue recognised at a point in time)

For sales of corrugated medium paper products, revenue is recognised when control of goods has transferred, being when the goods have been shipped to the customer's specific location. The normal credit term is 30 days.

The Group requires certain customers to provide deposits. When the Group receives a deposit before delivery of goods, this will give rise to contract liabilities at the start of a contract, until the revenue recognised on the specific contract exceeds the amount of the deposit.

(2) Sales of paper-based packaging (revenue recognised over time)

The Group's contracts with customers for the manufacture and sale of paper-based packaging products are tailor-made based on customers' specification with no alternative use to the Group. Taking into account the contract terms, the legal and regulatory environment in PRC, some of the contracts provide the Group enforceable right to payment for performance completed to date and revenue is recognised over time based on the stage of completion of the contract using input method.

Please refer to note 23 for the detail on recognition of contract assets.

5. 收入(續)

截至二零一八年十二月三十一日止年度(續)

(a) 來自客戶合約的收入分析(續)

		Segment revenue 分部收入 RMB'000 人民幣千元	Adjustment and elimination 調整及抵銷 RMB'000 人民幣千元	Consolidated 綜合 RMB'000 人民幣千元
Sales of corrugated medium paper products	銷售瓦楞芯紙產品	1,999,169	(156,366)	1,842,803
Sales of paper-based packaging products	銷售紙製包裝產品	1,005,213	-	1,005,213
Revenue from contracts with customers	來自客戶合約的收入	3,004,382	(156,366)	2,848,016

(b) 客戶合約的履約責任

(1) 瓦楞芯紙產品銷售(收入在一個時間點確認)

對於瓦楞芯紙產品的銷售，收入在貨物控制轉移時確認，即貨物已運至客戶的特定地點時。正常信用期為30天。

本集團要求若干客戶提供訂金。當本集團在交付貨物之前收到存款時，這將在合同開始時產生合約負債，直到特定合同確認的收入超過訂金額為止。

(2) 紙製包裝銷售(收入在一段時間內轉移確認)

本集團與客戶訂立的紙製包裝產品製造及銷售合約乃根據客戶的規格量身定制，本集團無其他用途。考慮到合約條款、中國的法律及監管環境，部分合約為本集團提供可執行的可支付權利，而該等權益已於截至目前已完成，而收入乃根據合約完成階段使用輸入法確認。

有關合約資產確認的詳情，請參閱附註23。

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5. Revenue (Continued)

For the year ended 31 December 2018 (Continued)

(c) Transaction price allocated to the remaining performance obligation for contracts with customers

The performance obligation under the contract for the sales of corrugated medium paper and paper-based packaging products has original expected duration of less than one year and as permitted under HKFRS 15, the transaction price allocated to these unsatisfied contract is not disclosed.

For the year ended 31 December 2017

Revenue represents the net amounts received and receivable for goods sold, net of discounts and sales related taxes.

6. Segment Information

The Group is principally engaged in supply of corrugated medium paper and paper-based packaging products.

The Group determines its operating segments based on internal reports about components of the Group that are regularly reviewed by the chief operating decision maker (i.e. the executive directors of the Company) in order to allocate resources to the segment and to assess its performance.

The Group is organised into business units based on their products, based on which information is prepared and reported to the Group's chief operating decision maker for the purposes of resource allocation and assessment of performance. The Group's reportable segments under HKFRS 8 are identified as two main operations:

1. Corrugated medium paper: this segment produces and sells corrugated medium paper.
2. Paper-based packaging: this segment produces and sells paper-based packaging products.

5. 收入(續)

截至二零一八年十二月三十一日止年度(續)

(c) 交易價格分配給與客戶簽訂合同的剩餘履約義務

瓦楞芯紙及紙製包裝產品銷售合約的履約義務原先預期持續時間少於一年，而根據香港財務報告準則15准許，分配至該等未獲滿足合約的交易價格並未披露。

截至二零一七年十二月三十一日止年度

收入指售出物品的已收及應收款項淨額減貼現及銷售相關稅項。

6. 分部資料

本集團主要從事供應瓦楞芯紙及紙製包裝產品。

本集團按主要營運決策者(即本集團管理層)定期審閱以就各分部間進行資源分配及評估各分部表現的本集團內部報告，作為釐定其營運分部的基準。

本集團按其產品劃分經營單位，並編製經營單位的資料，呈報本集團主要營運決策者，作為資源分配及表現評估之用。本集團在香港財務報告準則8下的可申報分部主要分為兩類：

1. 瓦楞芯紙：此分部生產及銷售瓦楞芯紙。
2. 紙製包裝：此分部生產及銷售紙製包裝產品。

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6. Segment Information (Continued)

(a) Segment revenue and results

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

For the year ended 31 December 2018

		Corrugated medium paper 瓦楞芯紙 RMB'000 人民幣千元	Paper-based packaging 紙製包裝 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
REVENUE	收入			
External sales	外部銷售	1,842,803	1,005,213	2,848,016
Inter-segment sales	分部間銷售	156,366	-	156,366
Segment revenue	分部收入	1,999,169	1,005,213	3,004,382
Eliminations	抵銷			(156,366)
Group revenue	集團收入			2,848,016
Segment profit	分部溢利	92,323	62,237	154,560
Eliminations	抵銷			1,277
Unallocated corporate expenses, net	未分配企業開支淨額			155,837 (1,823)
Profit before tax	除稅前溢利			154,014

6. 分部資料(續)

(a) 分部收入及業績

本集團按可申報及經營分部劃分的收入及業績分析如下。

截至二零一八年十二月三十一日止年度

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6. Segment Information (Continued)

(a) Segment revenue and results (Continued)

Other segment information included in the measurement of segment results:

		Corrugated medium paper 瓦楞芯紙 RMB'000 人民幣千元	Paper-based packaging 紙製包裝 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Depreciation	折舊	52,673	23,312	75,985
Amortisation	攤銷	4,922	166	5,088
Less: Amount capitalised in inventories	減：存貨的資本化金額	(42,503)	-	(42,503)
Less: Amount recognised in cost of sales	減：已確認之銷售成本金額	-	(17,789)	(17,789)
Total depreciation and amortisation	折舊及攤銷總計	15,092	5,689	20,781
Impairment losses recognised on trade and other receivables	已確認貿易及其他應收款項減值	-	350	350

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		Corrugated medium paper 瓦楞芯紙 RMB'000 人民幣千元	Paper-based packaging 紙製包裝 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
REVENUE	收入			
External sales	外部銷售	1,491,257	922,870	2,414,127
Inter-segment sales	分部間銷售	152,282	-	152,282
Segment revenue	分部收入	1,643,539	922,870	2,566,409
Eliminations	抵銷			(152,282)
Group revenue	集團收入			2,414,127
Segment profit	分部溢利	190,777	54,480	245,257
Eliminations	抵銷			(1,816)
Unallocated corporate expenses, net	未分配企業開支淨額			243,441 (602)
Profit before tax	除稅前溢利			242,839

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6. Segment Information (Continued)

(a) Segment revenue and results (Continued)

Other segment information included in the measurement of segment results:

		Corrugated medium paper 瓦楞芯紙 RMB'000 人民幣千元	Paper-based packaging 紙製包裝 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Depreciation	折舊	51,800	25,386	77,186
Amortisation	攤銷	4,922	166	5,088
Less: Amount capitalised	減：資本化金額	(44,286)	(19,362)	(63,648)
Total depreciation and amortisation	折舊及攤銷總計	12,436	6,190	18,626
Impairment losses recognised on trade and other receivables	已確認貿易及其他應收款項減值	163	1,848	2,011

The accounting policies of the reporting and operating segments are the same as the Group's accounting policies described in note 3. Segment result represented the profit earned by each segment without allocation of legal and professional fee, bank interest income and other corporate income and expenses.

No reconciliation of reportable and operating segment revenues is provided as the total revenues for reportable and operating segments excluded inter-segment revenue is the same as the Group's revenue.

(b) Information about products

The following is analysis of the Group's revenue from its major products:

		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
Corrugated medium paper AA grade	AA級瓦楞芯紙	1,842,803	1,490,810
Corrugated medium paper C grade	C級瓦楞芯紙	-	447
Brown Box	咖啡色紙箱	627,663	461,603
Color Box	彩色紙箱	149,165	239,386
Honeycomb Paper	蜂窩紙製品	228,385	221,881
		2,848,016	2,414,127

(c) Geographic information

The Group's operations are all located in the PRC.

6. 分部資料(續)

(a) 分部收入及業績(續)

包括於分部業績之計算的其他分部資料：

	Corrugated medium paper 瓦楞芯紙 RMB'000 人民幣千元	Paper-based packaging 紙製包裝 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Depreciation	51,800	25,386	77,186
Amortisation	4,922	166	5,088
Less: Amount capitalised	(44,286)	(19,362)	(63,648)
Total depreciation and amortisation	12,436	6,190	18,626
Impairment losses recognised on trade and other receivables	163	1,848	2,011

營運分部的會計政策與附註3所述本集團會計政策相同。分部業績指各分部賺取的溢利，未扣除法律及專業費用、銀行利息收入以及其他企業收入及開支。

因可申報分部的總收入(剔除分部間收入)與本集團的收入相同，故並無提供可申報分部收入的對賬。

(b) 有關產品資料

載列於本集團主要產品收入分析：

	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
Corrugated medium paper AA grade	1,842,803	1,490,810
Corrugated medium paper C grade	-	447
Brown Box	627,663	461,603
Color Box	149,165	239,386
Honeycomb Paper	228,385	221,881
	2,848,016	2,414,127

(c) 地區資料

本集團的營運均位於中國。

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6. Segment Information (Continued)

(d) Information about major customers

Revenue from customers of the corresponding years over 10% of the total revenue of the Group is as follows:

		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
Customer A ¹	客戶甲 ¹	376,038	367,583

¹ Revenue from paper-based packaging.

(e) Segment assets and liabilities

Information of the reporting and operating segments of the Group reported to the chief operating decision maker for the purposes of resource allocation and performance assessment does not include any assets and liabilities. Accordingly, no segment assets and liabilities are presented.

7. Other Income

6. 分部資料(續)

(d) 有關主要客戶的資料

相應年度的來自客戶個別的收入佔本集團總收入逾10%者如下：

		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
Customer A ¹	客戶甲 ¹	376,038	367,583

¹ 來自紙製包裝的收入。

(e) 分部資產及負債

供主要營運決策者作資源分配及表現評估之用的本集團營運分部資料並無計入任何資產及負債。因此，並無呈列分部資產及負債。

7. 其他收入

		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
Interest income	利息收入	2,388	2,163
Management fee income	管理費收入	149	183
Sales of scrap materials	銷售廢料	548	675
Government grants related to income (note)	有關收入的政府補貼(附註)	3,962	15,730
Government grants amortised from deferred income (note 33)	由遞延收入攤銷的政府補貼(附註33)	2,138	1,461
Sundry income	雜項收入	250	382
Total	總計	9,435	20,594

Note: Government grants received by the Group's PRC subsidiaries as financial incentives for local economic and environmental development contributions. No other conditions are attached to the financial incentives.

附註：本集團於中國成立的附屬公司收到當地政府對於經濟及環境發展貢獻財政鼓勵的政府補貼。此財政鼓勵不附加任何其他條件。

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8. Impairment Losses, Net of Reversal and Other Gains and Losses

Impairment losses, net of reversal

		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
Impairment losses recognised on trade and other receivables	已確認貿易及其他應收款項之減值虧損	(350)	(2,011)

Other gains and losses

其他收益及虧損

		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
Exchange (loss) gain, net	匯兌(虧損)收益淨額	(1,594)	1,117
Loss on disposals of property, plant and equipment, net	出售物業、廠房及設備虧損淨額	(248)	(495)
Loss on disposal of investment property	出售投資物業虧損	-	(471)
		(1,842)	151

9. Finance Costs

9. 融資成本

		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
Interest on:	以下項目的利息：		
Bank borrowings	銀行借款	41,142	38,533
Other borrowings	其他借款	4,675	5,793
Finance lease	融資租賃	478	500
		46,295	44,826

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10. Income Tax Expense

10. 所得稅開支

		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
PRC Enterprise Income Tax:	中國企業所得稅：		
Current tax	即期稅項	18,126	25,868
Under (over) provision in prior years	以前年度不足(過度)撥備	914	(289)
		19,040	25,579
Withholding Tax	預扣所得稅	7,542	774
Deferred tax (note 30):	遞延稅項(附註30)：	(3,281)	3,244
		23,301	29,597

On 21 March 2018, the Hong Kong Legislative Council passed The Inland Revenue (Amendment) (No. 7) Bill 2017 (**“the “Bill”**) which introduces the two-tiered profit tax rates regime. The Bill was signed into law on 28 March 2018 and was gazetted on the following day. Under the two-tiered profit tax rates regime, the first Hong Kong dollars (**“HK\$”**) 2 million of profits of the qualifying group entity will be taxed at 8.25%, and profit above HK\$2 million will be taxed at 16.5%. The profit of the Group entities not qualifying for the two-tiered profit tax rates regime will continue to be taxed at a flat rate of 16.5%.

Accordingly, stating from the current year, the Hong Kong profit tax is calculated at 8.25% on the first HK\$2 million of the estimated assessable profits and at 16.5% on the estimated assessable profit above HK\$ 2 million.

No provision for Hong Kong Profits Tax has been made as the Group has no assessable profits for both year.

Under the Law of The People’s Republic of China on Enterprise Income Tax (the **“EIT Law”**) and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards. Certain PRC subsidiaries approved as advanced-technology enterprises by the relevant government authorities are subject to a preferential rate of 15%. During the year, a subsidiary was awarded the Advanced-technology Enterprise Certificate and is eligible for tax concession of 15% up to year 2020.

於二零一八年三月二十一日，香港立法會通過二零一七年稅務(修訂)(第七號)條例草案(「**條例草案**」)，其引入兩級制利得稅率制度。條例草案於二零一八年三月二十八日簽署成為法律並於翌日刊登憲報。根據兩級制利得稅率制度，合資格集團實體的首兩百萬港元溢利將按8.25%的稅率徵稅，而超過兩百萬港元的溢利將按16.5%的稅率徵稅。並不符合兩級制利得稅率制度的集團實體溢利將繼續按16.5%的劃一稅率徵稅。

因此，由本年度開始，香港利得稅估計應課稅溢利的首兩百萬港元將按8.25%計算，而超過兩百萬港元的估計應課稅溢利則按16.5%的計算。

本集團於兩年年均無在香港產生應課稅溢利，故並無就香港利得稅作出撥備。

中華人民共和國企業所得稅法(「**企業所得稅法**」)及其實施條例規定，中國附屬公司的稅率為25%，自二零零八年一月一日起生效。若干中國附屬公司得到相關政府部門批准為高新技術企業，優惠稅率為15%。於本年內，一家附屬公司獲取高新技術企業證書，直到二零二零年有資格享有15%的稅收優惠。

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10. Income Tax Expense (Continued)

The tax charge for the year can be reconciled to the profit before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

10. 所得稅開支(續)

本年度稅項開支與綜合損益及其他全面收益表內除稅前溢利的對賬如下：

		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
Profit before tax	除稅前溢利	154,014	242,839
PRC Enterprise Income Tax at 25%	中國企業所得稅 25%	38,504	60,710
Tax effect of income tax credit granted to subsidiaries for research and development costs	向附屬公司授出的研發成本所得稅抵免的稅務影響	(17,168)	(6,032)
Tax effect of expenses not deductible for tax purpose	就稅項而言不可扣稅開支的稅務影響	3,306	4,926
Effect of tax exemption on concessionary rates granted to the PRC subsidiaries	稅項豁免對中國附屬公司獲授優惠稅率的稅務影響	(4,740)	(11,551)
Tax effect of deductible temporary difference not recognised	未確認可扣減暫時性差異之稅務影響	-	1,516
Recognition and utilisation of deductible temporary difference previously not recognised	動用先前未確認之稅務虧損可扣減暫時性差異	(4,366)	(1,747)
Utilisation of tax losses previously not recognised	動用先前未確認稅項虧	(422)	(23,936)
Under (over) provision in respect of prior years	於以前年度撥備不足(過度)	914	(289)
Decrease in opening deferred tax assets resulting from an decrease in applicable tax rate	因適用稅率下降導致的期初遞延稅項資產減少	773	-
Withholding tax on undistributed profits of the PRC subsidiaries (note)	中國附屬公司不可分派溢利的預扣稅(附註)	6,500	6,000
Tax charge for the year	本年度稅項開支	23,301	29,597

Note: In accordance with the PRC tax circular (Guoshuihan [2008] 112) effective from 1 January 2008, the PRC withholding income tax at the rate of 10% is applicable to dividends to "non-resident" investors who do not have an establishment or place of business in the PRC. The withholding income tax represents the withholding income tax provided on the profits arisen during the year ended 31 December 2018 of the PRC subsidiaries of the Company which was available for distribution amounting to RMB65,000,000 (2017: RMB60,000,000).

附註：根據於二零零八年一月一日生效的中國稅務通函(國稅函[2008]第112號)，稅率為10%的中國預扣所得稅適用於應付「非居民」(其在中國並無設立機構或營運地點)投資者的股息。該數額指就本公司的中國附屬公司截至二零一八年十二月三十一日止年度所產生溢利而撥備的預扣所得稅，其可供分派達人民幣65,000,000元(二零一七年：人民幣60,000,000元)。

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11. Profit for The Year

Profit before tax for the year has been arrived at after charging (crediting):

11. 本年度溢利

於本年度除稅前溢利已扣除(計入)下列各項：

		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
Depreciation of property, plant and equipment	物業、廠房及設備折舊	75,985	76,780
Depreciation of an investment property	投資物業折舊	-	406
Amortisation of other intangible assets	其他無形資產攤銷	368	368
Amortisation of prepaid lease payments	預付租賃款項攤銷	4,720	4,720
Less: Amount capitalised in inventories	減：存貨的資本化金額	(42,503)	(63,648)
Less: Amount recognised in cost of sales	減：已確認之銷售成本金額	(17,789)	N/A 不適用
Total depreciation and amortisation	折舊及攤銷總額	20,781	18,626
Auditor's remuneration	核數師酬金	1,714	2,056
Cost of inventories recognised as expense	已確認之貨存成本支出	2,197,435	1,882,634
Operating lease rental in respect of	以下項目的經營租賃租金		
— rented factory and office premises	— 已租用的廠房及辦公室物業	20,011	18,634
— rented vehicles	— 已租用的車輛	1,812	604
Less: Amount capitalised in inventories	減：存貨的資本化金額	(1,515)	(11,870)
Less: Amount recognised in cost of sales	減：已確認之銷售成本金額	(11,380)	N/A 不適用
Total operating lease rental	經營租賃租金總額	8,928	7,368
Staff costs	員工成本		
— directors' and chief executive's emoluments (note 12)	— 董事及行政總裁酬金(附註12)	7,642	6,403
— salaries and other benefits costs	— 薪金及其他福利成本	233,353	225,649
— retirement benefits scheme contribution	— 退休福利計劃供款	20,927	22,542
Less: Amount capitalised in inventories	減：存貨的資本化金額	(45,259)	(130,631)
Less: Amount recognised in cost of sales	減：已確認之銷售成本金額	(82,763)	N/A 不適用
Total staff costs	員工成本總額	133,900	123,963

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12. Directors' and Chief Executive's Emoluments

The emoluments paid or payable to each of the 7 (2017: 7) directors and the chief executive were as follows:

12. 董事及行政總裁酬金

已付或應付七名董事(二零一七年：七名)及行政總裁的酬金如下：

		Fee	Salary	Performance related bonus	Retirement benefits scheme contributions	Total
		袍金	薪金	表現獎金	退休福利計劃供款	總計
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
For the year ended	截至二零一八年					
31 December 2018	十二月三十一日					
	止年度					
Executive directors	執行董事					
— Hu Zheng	— 胡正	-	2,500	-	14	2,514
— Hu Hanchao	— 胡漢朝	-	2,200	-	-	2,200
— Hu Hancheng	— 胡漢程	-	2,200	-	27	2,227
Non-executive director	非執行董事					
— Hu Hanxiang	— 胡漢祥	360	-	-	-	360
Independent non-executive directors	獨立非執行董事					
— Wu Youjun	— 吳友俊	85	-	-	-	85
— Zhu Hongwei	— 朱宏偉	85	-	-	-	85
— Chung Kwok Mo John	— 鍾國武	171	-	-	-	171
		701	6,900	-	41	7,642

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12. Directors' and Chief Executive's Emoluments (Continued) 12. 董事及行政總裁酬金(續)

		Fee	Salary	Performance related bonus	Retirement benefits contributions	Total
		袍金 RMB'000 人民幣千元	薪金 RMB'000 人民幣千元	表現獎金 RMB'000 人民幣千元	退休福利 計劃供款 RMB'000 人民幣千元	總計 RMB'000 人民幣千元
For the year ended 31 December 2017	截至二零一七年 十二月三十一日 止年度					
Executive directors	執行董事					
— Hu Zheng	— 胡正	—	2,020	—	14	2,034
— Hu Hanchao	— 胡漢朝	—	1,840	—	14	1,854
— Hu Hancheng	— 胡漢程	—	1,840	—	15	1,855
Non-executive director	非執行董事					
— Hu Hanxiang	— 胡漢祥	360	—	—	—	360
Independent non-executive directors	獨立非執行董事					
— Wu Youjun	— 吳友俊	85	—	—	—	85
— Zhu Hongwei	— 朱宏偉	85	—	—	—	85
— Chung Kwok Mo John	— 鍾國武	130	—	—	—	130
		660	5,700	—	43	6,403

Note:

Mr. Hu Hancheng and Mr. Hu Zheng are also the Chief Executives of the Company and their emolument disclosed above include those for services rendered by them as the Chief Executives. The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group. The emoluments of non-executive director and independent non-executive directors shown above were for their services as the directors of the Company.

Neither the chief executive nor any of the directors waived any emoluments during the years ended 31 December 2018 and 2017.

附註：

胡漢程先生及胡正先生同時為本公司行政總裁，他們以上酬金的披露乃包括他們在擔任行政總裁時收取。執行董事之酬金結合了他們為本公司及本集團管理事務的服務。獨立非執行董事之酬金結合了他們為本公司的服務。

截至二零一八年及二零一七年十二月三十一日止年度內，並無行政總裁或任何董事放棄任何酬金。

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13. Five Highest Paid Employees

The five highest paid employees of the Group during the year included three directors (2017: three directors), details of whose remuneration are set out in note 12 above. Details of the remunerations for the year of remaining two (2017: two) highest paid employees who are neither a director nor chief executive of the Company are as follows:

13. 五名最高薪金員工

年內，本集團五名最高薪酬僱員包括三名董事(包括最高行政人員)(二零一七年：三名董事(包括最高行政人員))，彼等的酬金詳情載於上文附註12。其餘兩名(二零一七年：兩名)並非本公司董事或最高行政人員的最高薪酬僱員的酬金詳情如下：

		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
Salaries	薪金	1,229	901
Performance related bonus	有關表現獎金	1,915	2,350
Retirement benefits scheme	退休福利計劃	21	23
		3,165	3,274

Their emoluments were within the following bands:

他們酬金介乎下列組別：

		Number of employees	
		員工人數	
		2018	2017
		二零一八年	二零一七年
RMB1,500,001 to RMB2,000,000	人民幣 1,500,001 元至人民幣 2,000,000 元	2	2

During the year, no emoluments of the five highest paid individuals (including directors and other employees) were incurred as inducement to join the Group or compensation for loss of office.

年內，五名最高薪酬人士(包括董事及其他僱員)並無出任任何酬金作為加入本集團的獎勵或離職補償。

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14. Dividend

Dividend for ordinary shareholders of the Company recognised as distribution during the year:

		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
2017 Final — RMB0.1096 (2017: 2016 final — RMB0.055) per share	二零一七年度末期 — 每股人民幣 10.96 分 (二零一七年：二零一六年度末期 — 每股人民幣 5.50 分)	54,800	27,500

Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 December 2018 of RMB0.1000 (2017: final dividend in respect of the year ended 31 December 2017 of RMB0.1096) per ordinary share, in an aggregate amount of RMB50,000,000 (2017: RMB54,800,000), has been proposed by the directors of the Company and is subject to approval by the shareholders in the forthcoming general meeting.

15. Earnings Per Share

The calculation of the basic and diluted earnings per share attributable to the owners of the Company is based on the following data:

		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
Earnings	盈利		
Profit for the year attributable to owners of the Company for the purposes of basic earnings per share	用以計算每股基本盈利即本公司擁有人應佔年內利潤	109,358	182,705
Number of shares	股份數目		
Number of ordinary shares for the purposes of basic earnings per share	用於計算每股基本盈利的普通股股數	500,000,000	500,000,000

No diluted earnings per share for the years ended 31 December 2018 and 2017 were presented as there were no potential ordinary shares in issue for the years ended 31 December 2018 and 2017.

14. 股息

本年度確認為分派予本公司普通股股東之股息：

		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
2017 Final — RMB0.1096 (2017: 2016 final — RMB0.055) per share	二零一七年度末期 — 每股人民幣 10.96 分 (二零一七年：二零一六年度末期 — 每股人民幣 5.50 分)	54,800	27,500

於報告期末後，本公司董事建議派付截至二零一八年十二月三十一日止年度末期股息每股人民幣 10.00 分 (二零一七年：二零一七年十二月三十一日止年度：末期股息每股人民幣 10.96 分)，合計人民幣 50,000,000 元 (二零一七年：人民幣 54,800,000 元)，惟須獲股東於應屆股東週年大會批准。

15. 每股盈利

本公司擁有人應佔每股基本及攤薄盈利按以下數據計算：

		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
Earnings	盈利		
Profit for the year attributable to owners of the Company for the purposes of basic earnings per share	用以計算每股基本盈利即本公司擁有人應佔年內利潤	109,358	182,705
Number of shares	股份數目		
Number of ordinary shares for the purposes of basic earnings per share	用於計算每股基本盈利的普通股股數	500,000,000	500,000,000

由於截至二零一八年及二零一七年十二月三十一日止年度沒有發行潛在普通股，故截至二零一八年及二零一七年十二月三十一日止年度，每股攤薄盈利並無出現。

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16. Property, Plant and Equipment

16. 物業、廠房及設備

		Buildings	Leasehold improvements	Furniture and fixtures	Motor vehicles	Plant and machinery	Construction in progress	Total
		樓宇	租賃物業裝修	傢俬及固定裝置	汽車	廠房及機器	在建工程	總計
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
COST								
At 1 January 2017	於二零一七年一月一日	187,266	8,218	23,073	24,809	1,028,618	16,462	1,288,446
Additions	添置	281	2,091	1,042	641	2,102	47,975	54,132
Disposals	出售	(1,030)	(424)	(1,122)	(6,596)	(10,701)	-	(19,873)
Transfer from construction in progress	由在建工程轉撥	167	-	-	-	41,057	(41,224)	-
At 31 December 2017	於二零一七年十二月三十一日	186,684	9,885	22,993	18,854	1,061,076	23,213	1,322,705
Additions	添置	1,426	20	1,893	2,864	1,338	68,443	75,984
Disposals	出售	(118)	-	(528)	(602)	(3,874)	-	(5,122)
Transfer from construction in progress	由在建工程轉撥	1,018	1,404	5,525	-	71,783	(79,730)	-
At 31 December 2018	於二零一八年十二月三十一日	189,010	11,309	29,883	21,116	1,130,323	11,926	1,393,567
DEPRECIATION								
At 1 January 2017	於二零一七年一月一日	66,817	5,206	15,917	16,729	263,529	-	368,198
Provided for the year	年內撥備	8,958	2,394	1,607	2,890	60,931	-	76,780
Eliminated on disposals	出售時對銷	(572)	(381)	(990)	(5,216)	(7,467)	-	(14,626)
At 31 December 2017	於二零一七年十二月三十一日	75,203	7,219	16,534	14,403	316,993	-	430,352
Provided for the year	年內撥備	8,793	1,241	1,879	2,369	61,703	-	75,985
Eliminated on disposals	出售時對銷	(105)	-	(464)	(538)	(2,832)	-	(3,939)
At 31 December 2018	於二零一八年十二月三十一日	83,891	8,460	17,949	16,234	375,864	-	502,398
CARRYING VALUES								
At 31 December 2018	於二零一八年十二月三十一日	105,119	2,849	11,934	4,882	754,459	11,926	891,169
At 31 December 2017	於二零一七年十二月三十一日	111,481	2,666	6,459	4,451	744,083	23,213	892,353

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16. Property, Plant and Equipment (Continued)

The above items of property, plant and equipment, except for construction in progress are depreciated on a straight-line basis over their estimated useful lives and after taking into account of their estimated residual value at the following rates per annum:

Buildings	4.50%–18%
Leasehold improvements	Over the shorter of the term of the lease, or 20%–50%
Furniture and fixtures	11.25%–18%
Motor vehicles	18%
Plant and machinery	4.50%–18%

The buildings are situated in the PRC and are held under medium term lease.

Plant and machinery with carrying amount of RMB4,730,000 (2017: RMB5,074,000) are held under a finance lease.

Details of property, plant and equipment pledged are set out in note 36.

17. Prepaid Lease Payments

Analysed for reporting purposes as:	就報告目的分析如下：
Current asset	流動資產
Non-current asset	非流動資產

Leasehold land in the PRC	在中國持有的租賃土地
Medium term lease	中期租約

The balance represents prepayment of rentals for land use rights situated in the PRC for a period of 38 to 50 years under operating leases.

Details of land use rights pledged are set out in note 36.

16. 物業、廠房及設備(續)

物業、廠房及設備(在建工程除外)項目在計及估計餘值後，以直線法於估計可使用年期內按下列年度比率計提折舊：

樓宇	4.50%–18%
租賃物業裝修	在較短的租約期限內，或20%–50%
傢俬及固定裝置	11.25%–18%
汽車	18%
廠房及機器	4.50%–18%

樓宇位於中國，以中期租約持有。

賬面值人民幣4,730,000元及無(二零一七年：人民幣5,074,000元)為廠房及機器以根據融資租賃持有。

已抵押物業、廠房及設備詳情載於附註36。

17. 預付租賃款項

		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
Analysed for reporting purposes as:	就報告目的分析如下：		
Current asset	流動資產	4,720	4,720
Non-current asset	非流動資產	153,858	158,578
		158,578	163,298
Leasehold land in the PRC	在中國持有的租賃土地		
Medium term lease	中期租約	158,578	163,298

結餘是指根據經營租賃在位於中國的土地使用權的租金預付，租期為38至50年。

已抵押土地使用權詳情載於附註36。

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18. Investment Property

18. 投資物業

		An investment property
		投資物業
		RMB'000
		人民幣千元
<hr/>		
COST	成本	
At 1 January 2017	於二零一七年一月一日	14,598
Disposal	出售	(14,598)
<hr/>		
At 31 December 2017 and 2018	於二零一七及二零一八年十二月三十一日	-
<hr/>		
DEPRECIATION	折舊	
At 1 January 2017	於二零一七年一月一日	825
Provided for the year	年內撥備	406
Eliminated on disposal	出售時對銷	(1,231)
<hr/>		
At 31 December 2017 and 2018	於二零一七及二零一八年十二月三十一日	-
<hr/>		
CARRYING VALUES	賬面值	
At 31 December 2018	於二零一八年十二月三十一日	-
<hr/>		
At 31 December 2017	於二零一七十二月三十一日	-
<hr/>		
The investment property was transferred from property, plant and equipment in October 2016 due to the change in intention of use and disposed in September 2017.		由於有意改變用途，投資物業於二零一六年十月由物業、廠房及設備轉撥，並於二零一七年九月出售。
The above investment property was depreciated on a straight-line basis at the following rate per annum:		上述投資物業以直線法於下列年度比率計提折舊：
Buildings	2.25%	樓宇 2.25%

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19. Other Intangible Assets

19. 其他無形資產

		Development costs 開發成本 RMB'000 人民幣千元
COST	成本	
At 1 January 2017, 31 December 2017 and 31 December 2018	於二零一七年一月一日、二零一七年十二月三十一日 及二零一八年十二月三十一日	8,563
AMORTISATION	攤銷	
At 1 January 2017	二零一七年一月一日	7,489
Charge for the year	年內計提	368
At 31 December 2017	二零一七年十二月三十一日	7,857
Charge for the year	年內計提	368
At 31 December 2018	二零一八年十二月三十一日	8,225
CARRYING VALUES	賬面值	
At 31 December 2018	二零一八年十二月三十一日	338
At 31 December 2017	二零一七年十二月三十一日	706

Development costs are internally generated.

開發成本源自內部。

The above intangible asset has finite useful lives. Such intangible asset is amortised on a straight-line basis over 5 years.

上述無形資產可使用年期有限。而該無形資產按直線法分5年攤銷。

20. Inventories

20. 存貨

		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
Raw material and consumables	原材料及消耗品	146,990	104,118
Work in progress	半成品	-	5,855
Finished goods	成品	14,788	52,304
		161,778	162,277

Details of inventories pledged are set out in note 36.

已抵押存貨詳情載於附註36。

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For the year ended 31 December 2018
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21. Trade and Other Receivables

21. 貿易及其他應收款項

		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
Trade receivables	貿易應收款項	504,144	521,753
Less: allowance for credit losses/doubtful debts	減：呆賬準備	(1,872)	(1,522)
		502,272	520,231
Trade receivables backed by bank bills	以銀行票據為後盾的貿易應收款項	423,006	472,463
		925,278	992,694
Advances to suppliers	墊付供應商款項	5,721	6,194
Prepayments	預付款項	6,271	3,757
Other receivables	其他應收款項	13,883	12,426
		25,875	22,377
Total trade and other receivables	貿易及其他應收款項總額	951,153	1,015,071

As at 31 December 2018 and 1 January 2018, gross amount of trade receivables from contracts with customers amounted to RMB927,150,000 and RMB994,216,000 respectively.

The Group allows an average credit period of 30 to 120 days from the invoice date to its trade customers except for the customers newly accepted of which payment is made when goods are delivered. For customers with good credit quality, the Group also allows them to provide bank bills before the due date of trade receivables. Those bills have maturity ranging from 60 to 180 days guaranteed by bank.

As at 31 December 2018, total bills received amounting to RMB423,006,000 (31 December 2017: RMB472,463,000) are held by the Group for future settlement of trade receivables, of which certain bills were further discounted/endorsed by the Group. The Group continues to recognise their full carrying amounts at the end of the reporting period and details are disclosed in note 22. All bills received by the Group are with a maturity period of less than one year.

於二零一八年十二月三十一日及二零一八年一月一日，與客戶的合約應收貿易賬款總額分別為人民幣927,150,000元及人民幣994,216,000元。

本集團由發票開具日期起計算，向貿易客戶提供30天至120天的信用期，惟承接的客戶須於貨品交付時付款。對於信譽良好的客戶，本集團亦允許其於應收貿易賬款到期日前提供銀行票據。這些賬單的到期日為60至180天，由銀行擔保。

於二零一八年十二月三十一日，本集團持有未來結算貿易應收款項的賬面總額為人民幣423,006,000元（二零一七年十二月三十一日：人民幣472,463,000元），其中若干票據進一步貼現／認可本集團。本集團於報告期末繼續確認其全部賬面值，詳情載於本附註22。本集團收到的所有賬單的到期日均不足一年。

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21. Trade and Other Receivables (Continued)

The following is an aged analysis of trade receivables not backed by bank bills presented based on dates of delivery of goods, at the end of the reporting period:

		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
0-60 days	0-60天	390,587	428,178
61-90 days	61-90天	60,685	60,776
91-180 days	91-180天	47,342	27,490
Over 180 days	180天以上	3,658	3,787
		502,272	520,231

The aged analysis of trade receivables backed by bank bills based on dates of delivery of goods or recognition date of the gross trade receivables, at the end of the reporting period are analysed as follows:

		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
0-60 days	0-60天	38,190	79,597
61-90 days	61-90天	89,297	46,481
91-180 days	91-180天	202,622	287,709
Over 180 days	180天以上	92,897	58,676
Total	總計	423,006	472,463

As at 31 December 2018, included in the Group's trade receivables balance are debtors with aggregate carrying amount of RMB100,410,000 which are past due as at the reporting date. Out of the past due balances, RMB12,754,000 has been past due 90 days or more and is not considered as in default after taking into account the repayment histories and financial position of debtors. For trade receivables in which customers have provided bank bills for settlement are not considered as past due nor in default. Other than bills received, the Group does not hold any collateral over these balances.

Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer.

21. 貿易及其他應收款項(續)

列載於報告期末按照貨品發送日期為基準呈列的貿易應收款項不受銀行票據支持的賬齡分析：

		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
0-60 days	0-60天	390,587	428,178
61-90 days	61-90天	60,685	60,776
91-180 days	91-180天	47,342	27,490
Over 180 days	180天以上	3,658	3,787
		502,272	520,231

列載於報告期末按照貨品發送日期或貿易應收款項總額確認日期以銀行票據支持呈列的票據應收賬齡分析如下：

		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
0-60 days	0-60天	38,190	79,597
61-90 days	61-90天	89,297	46,481
91-180 days	91-180天	202,622	287,709
Over 180 days	180天以上	92,897	58,676
Total	總計	423,006	472,463

於二零一八年十二月三十一日，本集團的貿易應收款項結餘包括總賬面值人民幣100,410,000元的債務人，於報告日期已到期。過往到期結餘中，人民幣12,754,000元已逾期90天或以上，並在考慮到報告期末後的結算，償還歷史及債務人的財務狀況後不被視為違約。對於客戶提供結算銀行票據的貿易應收款項，不視為逾期或違約。除收到的票據外，本集團並未就該等結餘持有任何抵押品。

在承接任何新客戶前，本集團先評估潛在客戶的信用質量及釐定客戶信用限額。

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21. Trade and Other Receivables (Continued)

As at 31 December 2017, included in the Group's trade receivable balance are debtors with aggregate carrying amount of RMB56,785,000 which are past due for which the Group has not provided for impairment loss because the Group believes that the amounts are still recoverable after taking into account the settlements subsequent to the end of reporting period, legal advice on disputed cases, the repayment histories and financial position of debtors. The Group does not hold any collateral over these balances. Trade receivables in which customers have provided bills for settlement are not considered as past due. Other than bills received, the Group does not hold any collateral over these balances.

Ageing of trade receivables which are past due but not impaired

		2017 二零一七年 RMB'000 人民幣千元
Overdue by	已逾期	
0–30 days	0–30天	27,828
31–60 days	31–60天	12,586
61–90 days	61–90天	7,452
Over 90 days	90天以上	8,919
Total	總計	56,785

Movement in the allowance for doubtful debts

		2017 二零一七年 RMB'000 人民幣千元
Balance at beginning of the year	年初	8,357
Impairment losses recognised	已確認減值虧損	2,011
Amounts written off as uncollectible	不可收回的撇賬額	(8,846)
Balance at end of the year	年終	1,522

21. 貿易及其他應收款項(續)

於二零一七年十二月三十一日，本集團貿易應收款項結餘包括賬面價值合共人民幣56,785,000元的逾期應收賬款，惟本集團並未對此作出減值撥備，因為本集團相信此價值仍可以在本報告其末的重大期後結算中收回，債務人糾紛個案的法律意見、還款歷史記錄及財務狀況。本集團並無就該等結餘持有任何抵押品。其中客戶已提供的票據結算之貿易應收款項不視為逾期。

已逾期但未減值的貿易應收款項的賬齡

		2017 二零一七年 RMB'000 人民幣千元
Overdue by	已逾期	
0–30 days	0–30天	27,828
31–60 days	31–60天	12,586
61–90 days	61–90天	7,452
Over 90 days	90天以上	8,919
Total	總計	56,785

呆賬準備變動

		2017 二零一七年 RMB'000 人民幣千元
Balance at beginning of the year	年初	8,357
Impairment losses recognised	已確認減值虧損	2,011
Amounts written off as uncollectible	不可收回的撇賬額	(8,846)
Balance at end of the year	年終	1,522

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21. Trade and Other Receivables (Continued)

As at 31 December 2017, in determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date. The customers with balances that are neither past due nor impaired have good repayment histories and no impairment is considered necessary.

Details of trade receivables and bills receivables pledged as set out in note 36.

Details of impairment assessment of trade and other receivables for the year ended 31 December 2018 are set out in note 38.

During the year ended 31 December 2018, the Group discounted bills receivable of external customers with recourse in aggregated amounts of RMB674,349,000 (2017: RMB231,681,000) to banks for short term financing of which the associated borrowings amounting to RMB663,617,000 (2017: RMB226,778,000) and the relevant cash flows relating to external customers are presented as operating cash flows in the consolidated statement of cash flows for the year then ended as the management considers the cash flows are, in substance, the receipts from trade debtors.

22. Transfers of Financial Assets

The following were the Group's bills receivables as at 31 December 2018 and 2017 that were transferred to banks or suppliers by discounting on a full recourse basis. As the Group has not transferred the significant risks and rewards relating to these receivables, it continues to recognise the full carrying amount of the receivables and the related trade payables and has recognised the cash received from banks on the transfer as a secured borrowings (see note 29).

Bills receivables of external customers are carried at amortised cost. Bills receivables arising from intra-group transactions in which the relevant group entities discounted or transferred the bills to banks or suppliers, such bills receivables and related intra-group payables have been eliminated in the Group's consolidated statement of financial position.

21. 貿易及其他應收款項(續)

於二零一七年十二月三十一日，在釐定貿易應收款項是否可予收回時，本集團考慮由初次授出信用當日起至報告日期止期間貿易應收款項的信用質量的任何變動。客戶擁有良好還款記錄，並無逾期亦無減值，因此沒有作出減值之需要。

已抵押貿易應收款項及應收票據詳情載於附註36。

截至二零一八年十二月三十一日止年度的貿易及其他應收款項之減值評估詳情載於附註38。

截至二零一八年十二月三十一日止年度期間，本集團累計由外部客戶的附帶追索權之已貼現應收票據金額為人民幣674,349,000元(二零一七年：人民幣231,681,000元)予銀行作為短期融資的關聯借貸金額為人民幣663,617,000元(二零一七年：人民幣226,778,000元)，及相關現金流呈列在截至該日止年度綜合現金流量表中的經營現金流。管理層考慮該現金流實際上是從貿易應收中得到收益。

22. 轉讓金融資產

列載於二零一八年及二零一七年十二月三十一日本集團金融資產的應收票據透過按全面追索基準貼現該等應收款項而轉移予銀行或供應商。由於本集團並無轉移與該等應收票據有關的重大風險及回報，其會繼續悉數確認應收款項的賬面值，並已確認轉移所收取的現金作為有抵押借貸(見附註29)。

外部顧客的應收票據按成本攤銷。於集團內部產生的應收票據交易，其相關集團實體的票據已貼現或轉移至銀行及供應商，該應收票據及有關集團內部應付款項已在本集團的綜合財務狀況表內抵銷。

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22. Transfers of Financial Assets (Continued) As at 31 December 2018

22. 轉讓金融資產(續) 於二零一八年十二月三十一日

		Bills receivables discounted to banks with full recourse	Bills receivables endorsed to suppliers with full recourse	Total
		全面追索權之 應收貼現票據 RMB'000 人民幣千元	全面追索權之 已背書給 供應商票據 RMB'000 人民幣千元	總計 RMB'000 人民幣千元
Carrying amount of bills receivables	應收票據賬面值	361,135	105,754	466,889
— external customers	— 外部顧客	353,728	72,040	425,768
— intra-group customers	— 集團內部顧客	7,407	33,714	41,121
Carrying amount of trade payables	貿易應付款項賬面值	—	(105,754)	(105,754)
Carrying amount of bank loans	銀行借款賬面值	(361,135)	—	(361,135)

As at 31 December 2017

於二零一七年十二月三十一日

		Bills receivables discounted to banks with full recourse	Bills receivables endorsed to suppliers with full recourse	Total
		全面追索權之 應收貼現票據 RMB'000 人民幣千元	全面追索權之 已背書給 供應商票據 RMB'000 人民幣千元	總計 RMB'000 人民幣千元
Carrying amount of bills receivables	應收票據賬面值	241,398	245,105	486,503
— external customers	— 外部顧客	179,994	157,674	337,668
— intra-group customers	— 集團內部顧客	61,404	87,431	148,835
Carrying amount of trade payables	貿易應付款項賬面值	—	(245,105)	(245,105)
Carrying amount of bank loans	銀行借款賬面值	(241,398)	—	(241,398)

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23. Contract Assets

23. 合約資產

		31 December 2018 二零一八年 十二月三十一日 RMB'000 人民幣千元	1 January 2018 二零一八年 一月一日 RMB'000 人民幣千元 (note) (附註)
Made-to-order paper-based packaging products	按訂單生產的紙製包裝產品	19,257	19,565
Current	當前	19,257	19,565

Note: The amounts in this column are after the adjustments from the application of HKFRS 15.

附註：本欄中的金額是在應用香港財務報告準則15後作出的調整。

The contract assets primarily relate to the Group's right to consideration for work completed and not billed because the rights are conditioned on the Group's future performance. The contract assets are transferred to trade receivables when the rights become unconditional.

合約資產主要與本集團考慮完成而非開票之權利有關，因為該等權利以本集團未來表現為條件。當權利成為無條件時，合約資產轉移至貿易應收款項。

Contract assets, that are not expected to be settled within the Group's normal operating cycle, are classified as current and non-current based on expected settlement dates.

合約資產預期不會在本集團的正常營運週期內結算，會按預期結算日期分類為流動及非流動。

Typical payment terms which impact on the amount of contract assets recognised are as follows:

影響已確認合約資產金額的典型付款條款如下：

Made-to-order paper-based packaging products

The Group typically does not require a deposit on acceptance of order. The consideration is payable on the earlier of the delivery and acceptance of the finished goods by customers or notice from the customer to cancel the order. If the customer cancels the order then the Group is entitled to receive payment for work done to date pursuant to legal and regulatory environment in the PRC. The Group typically issue bills to customers when the finished goods are delivered to customers and acknowledged by customers. The credit term is ranging from 30 to 120 days.

按訂單生產的紙製包裝產品

本集團通常接受訂時不需收取訂金。代價應在客戶交付和接受成品之前或客戶取消訂單的通知中支付。如果客戶取消訂單，則本集團有權根據中國的法律和監管環境收到迄今為止所完成工作的付款。當成品交付給客戶並得到客戶的認可時，本集團通常會向客戶發出賬單。信用期為30至120天。

Details of the impairment assessment are set out in note 38.

減值評估詳情載於附註38。

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24. Pledged Bank Deposits and Bank Balances and Cash

Bank balances carry interest at market rates within range from 0.01% to 0.35% (2017: 0.01% to 0.35%) per annum. The pledged deposits carry interest rates which range from 0.35% to 2.75% (2017: 0.35% to 2.75%) per annum.

Pledged bank deposits represent deposit pledged to banks to secure banking facilities granted to the Group. Deposits amounting to RMB108,910,000 (31 December 2017: RMB114,609,000) have been pledged to secure the short-term bank borrowings and bills payables repayable within three to six months and are therefore classified as current assets. The pledged bank deposits will be released upon the settlement of relevant bank borrowings.

25. Trade and Other Payables

24. 已抵押銀行存款及銀行結餘及現金

銀行結餘附帶市場年利率介乎0.01%至0.35%（二零一七年：0.01%至0.35%）。已抵押存款附帶年利率介乎0.35%至2.75%（二零一七年：0.35%至2.75%）。已抵押銀行存款將在償還相關銀行借貸後即可動用。

已抵押銀行存款指抵押予銀行的存款，以擔保向本集團授出銀行融資。為數人民幣108,910,000元（二零一七年十二月三十一日：人民幣114,609,000元）的存款為須於三至六個月內償還的銀行借款及應付票據作出抵押，因此分類為流動資產。已抵押銀行存款會在償還相關銀行借款時解除。

25. 貿易及其他應付款項

		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
Trade payables	貿易應付款項	205,383	267,123
Bills payables — secured	應付票據 — 有抵押	165,928	214,278
Other tax payables (note)	其他應付稅項(附註)	47,052	53,043
Payroll and welfare payables	應付薪酬及福利費	34,170	32,691
Construction payables	應付工程款項	3,951	3,892
Advance from customers	預付客戶款	-	8,766
Others	其他	17,202	17,757
		473,686	597,550

Note: Included in other tax payables is RMB43,384,000 (2017: RMB49,889,000) provision of value-added tax.

附註：其他應付稅項中的增值稅撥備佔人民幣43,384,000元（二零一七年：人民幣49,889,000元）。

The following is an aged analysis of trade payables presented based on the dates of receipt of goods at the end of the reporting period.

載列於報告期末按照貨品收取日期呈列的貿易應付款項賬齡分析：

		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
0-60 days	0-60 天	140,238	134,222
61-90 days	61-90 天	17,670	23,088
91-180 days	91-180 天	35,279	93,648
Over 180 days	180 天以上	12,196	16,165
		205,383	267,123

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綜合財務報表附註

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25. Trade and Other Payables (Continued)

The aged analysis of bills payables based on the dates of receipt of goods at the end of the reporting period are analysed as follows:

		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
0-60 days	0-60 天	40,597	57,442
61-90 days	61-90 天	20,064	17,286
91-180 days	91-180 天	17,167	41,250
Over 180 days	180 天以上	88,100	98,300
		165,928	214,278

The credit period on purchase of material is 30 to 120 days. The Group has financial risk management policies in place to monitor the settlement.

During the year, the Group signed a letter of intent with a third party related to a proposed transaction of the equity of a subsidiary and earnest money of RMB20,000,000 was received. The proposed transaction was cancelled subsequently and the earnest money was refunded to the third party during the year.

26. Obligation Under a Finance Lease

		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
Analysed for reporting purposes as:	就報告目的分析如下：		
Current liabilities	流動負債	394	372
Non-current liabilities	非流動負債	7,052	7,446
		7,446	7,818

The Group has leased certain of its plant and machinery under a finance lease at fixed interest rate of 6.12% per annum (2017: 6.12% per annum). The lease term is 20 years (2017: 20 years).

25. 貿易及其他應付款項(續)

列載於報告期末按照貨品收取日期呈列的票據應付賬齡分析如下：

購買材料的平均信用期介乎30至120天。本集團設有財務風險管理政策以監控償還情況。

年內，本集團與第三方簽訂意向書，內容涉及附屬公司股權的擬議交易，並已收到人民幣20,000,000元的誠意金。隨後取消擬議的交易，並在年內將誠意金退還給第三方。

26. 融資租賃應付款項

本集團根據融資租賃以固定年利率6.12%（二零一七年：6.12%）租用若干廠房及機器。租期為20年（二零一七年：20年）。

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26. Obligation Under a Finance Lease (Continued)

26. 融資租賃應付款項(續)

		Minimum lease payments		Present value of minimum lease payments	
		最低租金款項	最低租金款項現值	最低租金款項	最低租金款項現值
		2018	2017	2018	2017
		二零一八年	二零一七年	二零一八年	二零一七年
		RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元
Obligation under a finance lease payable:	融資租賃下應付款項：				
Within one year	一年內	850	850	394	372
Within a period of more than one year but not exceeding two years	一年以上但不超過兩年	850	850	418	394
Within a period of more than two years but not more than five years	兩年以上但不超過五年	2,550	2,550	1,415	1,334
Within a period of more than five years	五年以上	5,633	6,483	5,219	5,718
		9,883	10,733	7,446	7,818
Less: future finance charges	減：未來融資費用	(2,437)	(2,915)	N/A	N/A
Present value of lease obligation	租賃應付款項現值	7,446	7,818	7,446	7,818
Less: Amounts due for settlement within one year (shown under current liabilities)	減：須於一年內清還款項（列在流動負債下）			(394)	(372)
Amounts due for settlement after one year	須於一年後清還款項			7,052	7,446

The Group's obligation under a finance lease is secured by the lessor's charge over the leased assets.

出租人押記租賃資產，以擔保本集團的融資租賃應付款項。

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27. Contract Liabilities

27. 合約負債

		31 December 2018 二零一八年 十二月三十一日 RMB'000 人民幣千元	1 January 2018 二零一八年 一月一日 RMB'000 人民幣千元 (note) (附註)
Corrugated medium paper products	瓦楞芯紙產品	2,644	8,766
Current	當前	2,644	8,766

Note: The amounts in this column are after the adjustments from the application of HKFRS 15.

附註：本欄中的金額是在應用香港財務報告準則15後作出的調整。

The amount of contract liabilities includes the revenue to be recognised and the related value-added tax. The contract liabilities balance varies in accordance with the number of contracts outstanding at the end of reporting period. The following table shows how much of the revenue recognised in the current year relates to carried-forward contract liabilities and how much relates to performance obligations that were satisfied in prior periods.

合約負債金額包括待確認收入和相關增值稅。合約負債餘額根據報告期末未完成的合同數量而變化。下表顯示了本年度確認的收入中有多少與結轉合約負債有關，以及與以前期間滿足的履約義務有多大關係。

	Corrugated medium paper products 瓦楞芯紙產品 RMB'000 人民幣千元
Revenue recognised that was included in the contract liability balance at the beginning of the year	7,492

Typical payment terms which impact on the amount of contract liabilities recognised are as follows:

影響已確認合約負債金額的典型付款條款如下：

Sales of corrugated medium paper products

The Group requires a deposit on acceptance of orders from some of the customers. When the Group receives a deposit before the delivery of corrugated medium paper products, this will give rise to contract liabilities at the start of a contract, until the revenue recognised on the relevant contract exceeds the amount of the deposit.

銷售瓦楞芯紙產品

本集團要求接受部分客戶的訂單收取訂金。當本集團在交付瓦楞芯紙產品前收到存款時，這將在合約開始時產生合約負債，直至有關合約確認的收入超過存款金額為止。

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28. Amounts Due To Directors

The amounts due to directors are unsecured, interest free and repayable on demand.

28. 應付董事款項

應付董事款項為無抵押、免息及應要求償還。

29. Bank and Other Borrowings Bank Borrowings

29. 銀行及其他借款 銀行借款

		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
Secured	有抵押	881,202	659,979
Unsecured	無抵押	23,143	167,895
		904,345	827,874
Carrying amount repayable:	須於以下期間償還的賬面值：		
Within one year	一年內	891,202	723,077
Within in a period of more than one year but not exceeding two years	一年以上但不超過兩年	-	82,228
		891,202	805,305
Carrying amount of bank loans that contain a repayment on demand repayable:	償還包含應要求一年內償還銀行借款賬面值		
Within one year	一年內	13,143	22,569
		904,345	827,874
Less: Amounts due within one year shown under current liabilities	減：列在流動負債下之一年內償還款項	(904,345)	(745,646)
Amounts shown under non-current liabilities	非流動負債下之償還款項	-	82,228

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29. Bank and Other Borrowings (Continued)

Bank Borrowings (Continued)

The Group's borrowings that are denominated in the following currencies other than the functional currency of the relevant entities are set out below:

		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
HKD	港元	13,143	22,569

Bank borrowings as at year end were secured by the pledge of assets as set out in note 36.

誠如附註36所載，年末銀行借款以資產抵押作抵押。

The ranges of effective interest rates (which are also equal to contracted interest rates) on the Group's borrowings are as follows:

本集團借貸的實際利率(該亦相等於已訂約利率)的幅度如下：

	2018 二零一八年	2017 二零一七年
Effective interest rate: 實際利率：		
Fixed rate borrowings 定息借款	3.50% to 6.31% per annum 年利率 3.50% to 6.31%	3.16% to 6.31% per annum 年利率 3.16% to 6.31%
Variable rate borrowings 浮息借款	4.35% to 6.18% per annum 年利率 4.35% to 6.18%	2.76% to 4.99% per annum 年利率 2.76% to 4.99%

Benchmark interest rate is quoted by the People's Bank of China.

基準利率由中國人民銀行提供。

At 31 December 2018, variable-rate bank borrowings are amounting to RMB293,721,000 (2017: RMB152,070,000). The borrowings are arranged at the interest rate based on benchmark interest rate from the People's Bank of China ("**Benchmark Rate**") plus, if applicable, a premium and expose the Group to cash flow interest rate risk. At 31 December 2018, fixed rate bank borrowings are amounting to RMB610,624,000 (2017: RMB675,804,000).

於二零一八年十二月三十一日，銀行浮息借款金額為人民幣293,721,000元(二零一七年：人民幣152,070,000元)。借貸利率乃按中國人民銀行安排的基準年利率(「**基準年利率**」)，再加上(如適用)，溢價及令本集團面臨現金流量利率風險。於二零一八年十二月三十一日，銀行定息借款金額為人民幣610,624,000元(二零一七年：人民幣675,804,000元)。

As at 31 December 2018, secured bank borrowings include the discounting of (i) bills receivables from external trade customers amounting to RMB353,728,000 (2017: RMB179,994,000), and (ii) intra-group bills receivables amounting to RMB7,407,000 (2017: RMB61,404,000), to banks with recourse.

於二零一八年十二月三十一日，已向銀行追索基準貼現的有抵押銀行借貸包括(i)外間貿易客戶應收票據金額為人民幣353,728,000元(二零一七年：人民幣179,994,000元)；及(ii)分部間應收票據金額為人民幣7,407,000元(二零一七年：人民幣61,404,000元)。

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29. Bank and Other Borrowings (Continued) Other Borrowings

29. 銀行及其他借款(續) 其他借款

		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
Secured (note 1)	已抵押(附註1)	26,306	54,639
Unsecured (note 2)	無抵押(附註2)	26,820	35,160
		53,126	89,799
Carrying amount repayable:	須於以下期間償還的賬面值：		
Within one year	一年內	47,340	63,493
Within a period of more than one year but not exceeding two years	一年以上但不超過兩年	5,786	20,520
Within a period of more than two years but not exceeding five years	兩年以上但不超過五年	-	5,786
		53,126	89,799
Less: Amount due within one year shown under current liabilities	減：列在流動負債下之一年內償還款項	(47,340)	(63,493)
Amounts shown under non-current liabilities	非流動負債下之償還款項	5,786	26,306

Notes:

(1) In 2017, the Group entered into agreements (the "Agreements") with a PRC financial institution ("Financial Institution") whereby the Group drew down RMB43,599,000 from the Financial Institution (included in other borrowings) which are to be repayable within 3 years from the date of draw down at variable rates based on Benchmark Rate plus a premium. The effective interest rate of the borrowings as at 31 December 2018 are ranging from 9.24% to 9.41% (2017: 9.24% to 11.04%).

As collaterals for the above financing, the Group transferred the ownership title of the related machineries to the Financial Institution.

Upon discharging all the Group's obligations under the Agreements, the Financial Institution will return the ownership title of the machineries to the Group for nominal amount of RMB100. Despite the Agreements involve a legal form of a lease, the Group accounted for the Agreements, as collateralised borrowings at amortised cost using effective interest method in accordance with the actual substance of the Agreements.

(2) Loans of RMB26,820,000 (2017: RMB35,160,000) are included in other borrowings in the consolidated statement of financial position at 31 December 2018, which are obtained from two companies (2017: two companies) controlled by a non-controlling equity owner of a subsidiary. The loans are arranged as entrusted loans through banks, which are to be repayable within one year at fixed interest rate of 3.50% per annum (2017: 3.16%). During the year, loans of RMB8,340,000 has been repaid and the repayment of remaining loans amount of RMB26,820,000 has been extended for one year with interest rate revised to 3.50% per annum.

附註：

(1) 於二零一七年，本集團於與一間中國金融機構(「該金融機構」)訂立協議(「該協議」)，據此，大致上為本集團可自該金融機構獲取人民幣43,599,000元借款(包括其他借款)，而該資金將在三年內償還，於二零一八年十二月三十一日，其利息乃按浮息基準利率加溢價每年介乎9.24%至9.41%(二零一七年：介乎9.24%至11.04%之間)計算。

作為上述融資之抵押，本集團已將相關機器之擁有權轉讓予該金融機構。

於解除本集團在該協議項下所有責任後，租賃公司將會按名義值人民幣100元將該機器之擁有權歸還予本集團。儘管該協議以法律形式進行之租賃，本集團乃按該協議實質的抵押品借款來入賬。

(2) 在獲取由附屬公司非控制權益擁有人所控制的兩家公司(二零一七年：兩家公司)共人民幣26,820,000元(二零一七年：人民幣35,160,000元)的貸款已記錄於二零一八年十二月三十一日綜合財務狀況表中的其他借款內。該貸款透過銀行安排的委託貸款，而該貸款均須於一年內以固定年利率3.50%(二零一七年：3.16%)償還。於年內已償還貸款8,340,000元，餘下貸款人民幣26,820,000元已延長一年，其年利率修訂為3.50%。

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30. Deferred Taxation

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

		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
Deferred tax assets	遞延稅項資產	(4,070)	(2,354)
Deferred tax liabilities	遞延稅項負債	7,525	8,370
		3,455	6,016

The following are the major deferred tax (assets) liabilities recognised and movements thereon during the current and prior years:

30. 遞延稅項

為作呈列之用，若干遞延稅項資產及負債已於綜合財務狀況表內對銷。為作財務呈報之用，遞延稅項結餘分析如下：

以下為於本年度及過往年度主要已確認遞延稅項(資產)/負債及其變動：

		Contract assets	Provision for inventory	Deferred income	Impairment on receivables	Depreciation differences	Undistributed profit of subsidiaries	Total
		合約資產	存貨撥備	遞延收入	應收款項減值	折舊差額	不可分派溢利	總計
		RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	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	-	-	(1,255)	(981)	1,908	3,100	2,772
(Credit) charge for the year	年內(回撥)計提	-	-	(2,598)	783	(167)	5,226	3,244
At 31 December 2017	於二零一七年十二月三十一日	-	-	(3,853)	(198)	1,741	8,326	6,016
Adjustments (note 2)	調整(附註2)	720	-	-	-	-	-	720
At 1 January 2018	於二零一八年一月一日	720	-	(3,853)	(198)	1,741	8,326	6,736
(Credit) charge for the year	年內(回撥)計提	(56)	(1,924)	(782)	(83)	(167)	(1,042)	(4,054)
Effect of change in tax rate	稅率變化之影響	-	-	773	-	-	-	773
At 31 December 2018	於二零一八年十二月三十一日	664	(1,924)	(3,862)	(281)	1,574	7,284	3,455

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30. Deferred Taxation (Continued)

At the end of the reporting period, the Group has unused tax losses of RMB nil (2017: RMB1,687,000) available for offset against future profits. No deferred tax asset has been recognised in respect of the unused tax losses of RMB nil (2017: RMB1,687,000) due to the unpredictability of future profit streams. The unrecognised tax losses at the end of reporting period will be expired in the following years:

	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
2021	-	1,687

Under the EIT law of the PRC, withholding tax is imposed on 10% of dividends declared in respect of profits earned by the PRC subsidiaries from 1 January 2008 onwards. The aggregate amount of temporary differences associated with undistributed earnings of the PRC subsidiaries for which deferred tax liabilities have not been recognised was approximately RMB510,860,000 (2017: RMB593,541,000). No deferred tax liabilities have been recognised in respect of these difference because the Group is in a position to control the timing of the reversal of the temporary difference and it is probable that such difference will not reverse in the foreseeable future.

31. Share Capital

		Number of shares 股份數目	Nominal value 票面值 HK\$ 港元
Ordinary shares of HK\$0.10 each	每股面值0.10港元的普通股		
Authorised:	法定：		
At 1 January 2017, 31 December 2017 and 31 December 2018	於二零一七月一日、二零一七年十二月三十一日 及二零一八年十二月三十一日	1,000,000,000	100,000,000
Issued and fully paid:	已發行及繳足：		
At 1 January 2017, 31 December 2017 and 31 December 2018	於二零一七月一日、二零一七年十二月三十一日 及二零一八年十二月三十一日	500,000,000	50,000,000
			RMB'000 人民幣千元
Presented as at 31 December 2017 and 2018	呈列為於二零一七年及二零一八年 十二月三十一日		41,655

There were no changes in the Company's authorised, issued and fully paid share capital during the both years.

30. 遞延稅項(續)

在此報告期末內，本集團沒有未動用稅項虧損(二零一七年：人民幣1,687,000元)的可用於抵銷未來利潤。本年度沒有遞延稅項資產已確認為損失。由於無法預測其未來的盈利來源，本年沒有遞延稅項資產尚未確認(二零一七年：人民幣1,687,000元)。在此報告期末內未確認稅務虧損將在以下年度到期：

中國企業所得稅法規定，就中國附屬公司所賺取溢利中宣派的股息徵收百分之十為預扣稅，自二零零八年一月一日起生效尚未確認遞延稅項負債的附屬公司未分派盈利相關暫時差額，合共約為人民幣510,860,000元(二零一七年：人民幣593,541,000元)。由於本集團能控制暫時差額的回撥時間，且該等差額在可見將來可能不會回撥，故並無就該等差額確認遞延稅項負債。

31. 股本

於兩年度，本公司的法定、已發行及繳足股本均沒有改變。

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32. Retirement Benefits Schemes

The Group operates a mandatory Provident Fund Scheme for all qualifying employees in Hong Kong. The assets of the scheme are held separately from those of the Group, in funds under the control of a trustee. The Group contributes 5% of relevant payroll costs to the scheme, which contribution is matched by employees but subject to a maximum amount of HK\$1,500 per month (2017: HK\$1,500 per month) for each employee.

The employees of the Company's subsidiaries established in the PRC are members of state-managed retirement benefit schemes operated by the PRC government. The subsidiaries are required to contribute certain percentage of payroll costs to the retirement benefits schemes to fund the benefits. The only obligation of the Group with respect to the retirement benefit schemes is to make the specific contributions.

The total cost charged to income of RMB20,968,000 (2017: RMB22,585,000) represents contributions payable to these schemes by the Group in respect of the current accounting period.

33. Deferred Income

In 2018, the Group received government subsidies of RMB7,348,000 (2017: RMB9,027,000) for the cost of constructions of its paper-based package and corrugated medium paper plant and the replacement of machineries. The amounts were treated as deferred income at 31 December 2018 and 2017. The amounts are transferred to income over the useful lives of the relevant assets and the amounts transferred to income during the current year is RMB2,138,000 (2017: RMB1,461,000). As at 31 December 2018, an amount of RMB25,742,000 (2017: RMB20,532,000) remains to be amortised.

34. Operating Leases The Group as lessee

Minimum lease payments under operating leases during the year:

32. 退休福利計劃

本集團為所有香港合資格僱員加入強積金計劃。強積金計劃之資產與本集團之資產分開，由信託人控制之基金持有。本集團及僱員均按相關入息的5%向強積金計劃供款，但上限為每名每月1,500港元（二零一七年：1,500港元）。

本公司中國附屬公司之僱員均為中國政府所管理之國家退休福利計劃之成員。附屬公司須按僱員薪金若干百分比向退休福利計劃供款以推行有關福利。本集團在退休福利計劃之下之唯一責任為根據該計劃作出指定供款。

於收除扣除的總成本約人民幣20,968,000元（二零一七年：人民幣22,585,000元）乃代表本集團於本會計期間就上述計劃已付及應付的供款。

33. 遞延收入

於二零一八年，本集團收到關於紙製包裝及瓦楞紙廠房建築成本及機器更換的政府補貼，金額為人民幣7,348,000元（截至二零一七年十二月三十一日：人民幣9,027,000元）。此金額在二零一八年及二零一七年十二月三十一日已確認為遞延收入。此金額將按相關資產使用年期轉撥至收入。此金額於本期內已轉至為收入，金額為人民幣2,138,000元（二零一七年：人民幣1,461,000元）。於二零一八年十二月三十一日，尚待攤銷的金額為人民幣25,742,000元（二零一七年：人民幣20,532,000元）。

34. 經營租賃

本集團作為承租人

年內經營租賃下的最低租金款項：

		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
Factory and office premises 工廠及辦公物業		20,158	18,634
Vehicles 車輛		1,664	604
		21,822	19,238

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34. Operating Leases (Continued) The Group as lessee (Continued)

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

		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
Within one year	一年內	19,310	17,195
In the second to fifth year inclusive	第二年至第五年(首尾兩年包括在內)	22,464	29,228
Over five years	五年後	18,260	5,870
		60,034	52,293

Operating lease payments represent rentals payable by the Group for certain of its factory and office premises and vehicles. Leases are negotiated for an average term of 2.92 years (2017: 2.83 years). Rentals are fixed at the date of signing of lease agreements.

經營租賃付款指本集團就若干廠房物業、機器及車輛應付租金。議定的租賃平均年期為2.92年(二零一七年: 2.83年)。租金於簽訂租賃協議日期釐定。

35. Capital Commitments

		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
Capital expenditure in respect of acquisition of property, plant and equipment contracted for but not provided in the consolidated financial statements	新物業、廠房及設備以及租賃土地已訂約但未於綜合財務報表撥備的資本開支	12,855	22,305

34. 經營租賃(續) 本集團作為承租人(續)

於報告期末，本集團租賃物業根據不可撤銷經營租賃的到期未來最低租金款項如下：

35. 資本承諾

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36. Pledge of Assets

The following assets were pledged to secure certain banking and other facilities (including properties, plant and equipment under a finance lease) granted to the Group at the end of the reporting period:

		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
Buildings and construction in progress	樓宇及在建工程	68,197	75,982
Plant and machinery	廠房及機器	132,018	146,933
Land use rights — prepaid lease payment	土地使用權 — 預付租賃款項	154,554	158,203
Trade receivables	貿易應收款項	80,000	80,000
Bills receivables	應收票據	353,728	179,994
Pledged bank deposits	已抵押銀行存款	108,910	114,609
Inventories	存貨	38,970	37,820
		936,377	793,541

In addition to the pledge of assets above, bank borrowings of RMB7,407,000 (2017: RMB61,404,000) are secured by the discounted intra-group bills receivables as at 31 December 2018.

37. Capital Risk Management

The Group manages its capital to ensure the entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debts, which includes bank borrowings and other borrowings as disclosed in note 29, net of cash and cash equivalents and equity attributable to owners of the Company, comprising share capital and reserves.

The directors of the Company review the capital structure periodically. As part of the review, the directors consider the cost of capital and the risks associates with the capital. Based on recommendations of the directors, the Group will balance its overall capital structure through payment of dividends, new share issues as well as the issue of the new debt or the redemption of existing debt.

36. 資產抵押

以下為於報告期末本集團已抵押資產，作為授予本集團若干銀行及其他融資的擔保（包括融資下的物業、廠房及設備）：

	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
	68,197	75,982
	132,018	146,933
	154,554	158,203
	80,000	80,000
	353,728	179,994
	108,910	114,609
	38,970	37,820
	936,377	793,541

同時，就以上資產抵押，於二零一八年十二月三十一日，已向銀行追索基準貼現的有抵押銀行借款的分部間應收票據金額為人民幣7,407,000元（二零一七年：人民幣61,404,000元）。

37. 資產風險管理

本集團管理其資金，確保本集團內各實體能夠以持續經營方式營運，同時通過維持債務與股本之間的最佳平衡來為股東爭取最大回報。本集團的整體策略與去年維持不變。

本集團的資本構架包括債務（包括附註29所披露的銀行及其他借款），扣除現金及現金等價物，以及本公司擁有人應佔的權益（包括股份及儲備）。

本公司董事會定期檢討資本架構。作為檢討的一部分，董事考慮資本成本及資本相關風險。本集團會根據董事推薦建議，通過派付股息、發行新股，以及發行新債務或償還現有負債來平衡整體資本架構。

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38. Financial Instruments

a. Categories of financial instruments

		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
Financial assets	金融資產		
Amortised cost	攤銷成本	1,304,318	N/A 不適用
Loans and receivables (including cash and cash equivalent)	貸款及應收款項 (包括現金及現金等價物)	N/A 不適用	1,309,997
Financial liabilities (excluded obligation under a finance lease)	金融負債 (不包括融資租賃應付款項)		
Amortised cost	攤銷成本	1,347,703	1,418,947

b. Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables, pledged bank deposits, bank balances and cash, trade and other payables, amounts due to directors, bank and other borrowings and obligation under finance lease. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

The Group's activities expose primarily to the market risks of changes in interest rates and currency rates.

There has been no significant change to the Group's exposure to market risks or the manner in which it manages and measures the risk.

38. 金融工具

a. 金融工具的種類

b. 金融風險管理目標及政策

本集團的主要金融工具包括貿易及其他應收款項、已抵押銀行存款、銀行結餘及現金、貿易及其他應付款項、應付董事款項、銀行及其他借款以及融資租賃應付款項。有關該等金融工具的詳情已於相關附註披露。與該等金融工具有關的風險包括市場風險(貨幣及利率風險)、信用風險及流動資金風險。下文載列如何降低該等風險的政策。管理層會管理及監控該等風險，以確保及時、有效地採取適當措施。

市場風險

集團的業務主要承受利率及外幣匯率變動的市場風險。

集團承受的市場風險或其管理及計量該等風險的方法概無重大變動。

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For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

38. Financial Instruments (Continued)

b. Financial risk management objectives and policies

(Continued)

Market risk (Continued)

(i) Currency risk

The Group collects most of its revenue and incurs most of the expenditures in RMB.

The Group undertakes certain transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations arises. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposures and will consider hedging significant foreign currency exposure should the need arise.

The carrying amount of the Group's foreign currency denominated monetary assets (mainly including bank balances and cash, pledged bank deposits and trade and other receivables) and monetary liabilities (mainly including trade and other payable and bank borrowings) at the reporting date are as follows:

		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
Assets	資產		
USD	美元	622	2
HKD	港元	2,225	5,344
JPY	日元	74	-
Liabilities	負債		
HKD	港元	14,895	22,569

Sensitivity analysis

The Group mainly exposes to the currency of USD, HKD and JPY relative to RMB.

敏感度分析

本集團就人民幣相對主要承受美元、港元及日元的風險。

38. 金融工具(續)

b. 金融風險管理目標及政策(續)

市場風險(續)

(i) 貨幣風險

集團的大部分收入及開支均以人民幣計值。

本集團進行若干以外幣計值的交易，因此承受匯率波動風險。本集團現時並無外幣對沖政策。然而，管理層監督外匯風險並於有需要時會考慮對沖重大外匯風險。

集團於報告日期以外幣計值的貨幣資產(主要包括銀行結餘及現金、已抵押銀行存款、貿易及其他應收款項)及貨幣負債(主要包括貿易及其他應付款項、銀行借款以及附屬公司非控制權益擁有人借款)的賬面值如下：

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For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

38. Financial Instruments (Continued)

b. Financial risk management objectives and policies

(Continued)

Market risk (Continued)

(i) Currency risk (Continued)

The following table details the Group's sensitivity to a 10% (2017: 10%) increase and decrease in RMB against the relevant foreign currencies. 10% represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 10% (2017: 10%) change in foreign currency rates. The sensitivity analysis includes trade and other payables, bank borrowings, trade and other receivables as well as bank balances denominated in foreign currencies. A positive number below indicates an increase in post-tax profit and other equity where the RMB strengthens 10% (2017: 10%) against the relevant currency. For a 10% weakening of RMB against the relevant currency, they would be an equal and opposite impact on the profit and other equity and balances below would be negative.

38. 金融工具(續)

b. 金融風險管理目標及政策(續)

市場風險(續)

(i) 貨幣風險(續)

下表詳述本集團對人民幣兌相關外幣匯率增加及減少10%(二零一七年: 10%)的敏感度。10%為用於向主要管理層人員報告內部外幣風險,並代表管理層對匯率的合理可能變動的評估。敏感度分析僅包括未折算的外幣計值貨幣項目,並於報告期末調整其兌換以反映匯率的10%(二零一七年: 10%)變動。敏感度分析包括以貨幣計值的銀行借貸及銀行結餘。正數反映稅前溢利增加,其中人民幣兌相關外幣匯率上升10%(二零一七年: 10%)。倘人民幣兌相關外幣的匯率減弱10%,則對稅前溢利帶來同等的負面影響。

		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
USD	美元		
Profit or loss	溢利或虧損	(53)	-
HKD	港元		
Profit or loss	溢利或虧損	1,049	1,598
JPY	日元		
Profit or loss	溢利或虧損	(7)	-

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綜合財務報表附註

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

38. Financial Instruments (Continued)

b. Financial risk management objectives and policies

(Continued)

Market risk (Continued)

(ii) Interest rate risk

The Group is exposed to cash flow interest rate risk due to the fluctuation of the prevailing market interest rate on bank deposits, and bank and other borrowings which carry at prevailing deposit interest rates and variable rate based on the interest rates quoted by the People's Bank of China respectively.

The Group's fair value interest rate risk relates primarily to its fixed rate pledged bank deposits, bank and other borrowings. The Group currently does not use any interest rate hedging policy to hedge its exposure to interest rate risk. However, the management will consider hedging significant interest rate exposure should the need arise.

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note.

Sensitivity analysis

Sensitivity analysis on bank balances is not presented as the management considers that the Group's exposure to interest rate fluctuation is insignificant.

The sensitivity analyses below have been determined based on the exposure to interest rates for the variable-rate bank and other borrowings at the end of the reporting period and the stipulated change taking place at the beginning of the financial year and held constant throughout the year. A 50 basis points (2017: 50 basis points) increase or decrease for variable bank and other borrowings are used when reporting interest rate risk internally to key management personnel and represent management's assessment of the reasonably possible change in interest rates in respect of bank and other borrowings.

If interest rates had been 50 basis points (2017: 50 basis points) higher/lower and all other variable were held constant, the Group's: post-tax profit for the year ended 31 December 2018 would have decreased/increased by RMB1,359,000 (2017: RMB865,000).

38. 金融工具(續)

b. 金融風險管理目標及政策(續)

市場風險(續)

(ii) 利率風險

由於銀行存款以及銀行及其他借款(按現行存款利率及根據中國人民銀行所報利率計算的浮息計息)的現行市場利率波動,因此本集團須承受現金流量利率風險。

本集團的公允值利率風險主要有關其定息已抵押銀行存款、銀行及其他借款。本集團現時並無利用任何衍生工具合約對沖其承擔的利率風險。然而,管理層於有需要時將考慮對沖重大利率風險。

本集團須承受與金融負債有關的利率風險,詳情載於本附註流動資金風險管理一節。

敏感度分析

由於管理層認為本集團承受利率波動風險不大,銀行結餘的敏感度分析並無呈列。

下列敏感度分析乃根據報告期末的浮息銀行及其他借款利率風險以及財政年度開始時的規定改變並於整個年度保持不變而釐定。公司內部向主要管理人員匯報利率風險時會以升跌50個基點(二零一七年:50個基點)(就浮息銀行及其他借款而言)為基準,即管理人員分別評估銀行及其他借款利率的合理可能變動。

倘利率上升/下降50個基點(二零一七年:50個基點),而所有其他變數維持不變,則本集團截至二零一八年十二月三十一日止年度的除稅後溢利會減少/增加人民幣1,359,000元(二零一七年:人民幣865,000元)。

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For the year ended 31 December 2018

截至二零一八年十二月三十一日止年度

38. Financial Instruments (Continued)

b. Financial risk management objectives and policies

(Continued)

Credit risk and impairment assessment

As at 31 December 2018, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amounts of the respective recognised financial assets as stated in the consolidated statement of financial position.

The Group does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets except that the credit risks associated with trade receivables is partially mitigated because settlement of certain trade receivables are backed by bank bills issued by reputable financial institutions and the Group has purchased insurance policy for covering certain percentage of credit loss on its trade receivables arisen from its contracts with customers for the sales of corrugated medium paper products and paper-based packaging products.

Trade receivables and contract assets arising from contracts with customers

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits and credit approvals. Before accepting any new customer, the Group uses an internal credit assessment system to assess the potential customer's credit quality and defines credit limits by customer. Limits attributed to customers are reviewed regularly. The Group may require a deposit to be received from certain customers of corrugated medium paper products before acceptance of orders. Other monitoring procedures are in place to ensure that follow-up action is taken to recover overdue debts. The Group has also purchase insurance to cover certain portion of the credit loss arisen from the trade receivables. In addition, the Group performs impairment assessment under ECL model upon application of HKFRS 9 (2017: incurred loss model) on trade balances individually or based on provision matrix. Customers are assessed for ECL by categorising into receivables fully backed by bank bills and not backed by bank bills. Debtors with trade receivables backed by bank bills are assessed individually taking into consideration of the credit rating and reputation of the banks issuing the bills. The Group assessed the ECL on trade receivables not backed by bank bills and contract assets individually for debtors and contract assets with significant balance and/or collectively based on provision matrix with appropriate groupings based primarily on the debtors' and contract assets' ageing profiles. In determining the amount of impairment allowance, the directors of the Company may consider the credit enhancement under the insurance coverage as mentioned above. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

38. 金融工具(續)

b. 金融風險管理目標及政策(續)

信用風險及減值評估

於二零一八年十二月三十一日，因對手方未能履行責任而對本集團造成財務損失的最大信用風險為綜合財務狀況表內所列各項已確認金融資產的賬面值。

本集團並無持有任何抵押品或其他信貸增強措施以彌補其與其金融資產相關的信貸風險，惟與貿易應收款項相關的信貸風險已部分減輕，因為若干以銀行票據為後盾的貿易應收款項的結算由信譽良好的金融機構發出及本集團已購買保險保單，以涵蓋其與客戶簽訂的貿易應收款項的信貸虧損若干百分比，以銷售瓦楞芯紙產品及紙製包裝產品。

與客戶訂立合約產生的貿易應收款項及合約資產

為盡量減低信貸風險，本集團管理層已委派團隊負責釐定信貸限額及信貸審批。在接納任何新客戶之前，本集團使用內部信用評估系統評估潛在客戶的信用質量並定義客戶的信用額度。定期審查歸因於客戶的限制。在接受訂單前，本集團可能要求從瓦楞芯紙中的某些客戶收到押金。已製定其他監督程序，以確保採取後續行動收回逾期債務。本集團亦購買保險以彌補貿易應收款項產生的部分信貸損失。此外，本集團於個別或按撥備矩陣應用香港財務報告準則9(2017年：已產生虧損模型)時按預期信貸虧損模式進行減值評估。客戶通過分類為完全由銀行票據支持和不受銀行票據支持的應收賬款進行預期信用損失評估。具有銀行票據支持的貿易應收款項的債務人將根據發行票據的銀行的信用評級和聲譽進行單獨評估。本集團對債務人和合約資產單獨的銀行票據和合約資產單獨支持的貿易應收賬款的預期信用損失進行了評估，其中債務人和合同資產具有重大餘額和/或集中基於撥備矩陣，並基於債務人和合約資產的賬齡概況進行適當分組。在釐定減值撥備金額時，本公司董事可考慮上述保險範圍內的信貸增級。就此而言，本公司董事認為本集團的信貸風險已大幅減少。

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截至二零一八年十二月三十一日止年度

38. Financial Instruments (Continued)

b. Financial risk management objectives and policies

(Continued)

Credit risk and impairment assessment (Continued)

Trade receivables and contract assets arising from contracts with customers (Continued)

The credit risks on bank balances are limited because the counterparties are banks/financial institutions with high credit ratings assigned by international credit-rating agencies.

Other receivables are assessed individually and not included in provision matrix. The credit quality of other receivables have been assessed with reference to the historical information about the past due information, default rate and the financial position of counterparties. The directors of the Company consider that the credit risk of other receivables is low in view of the good collection history.

The Group has concentration of credit risk as 30% (2017: 29%) of total trade receivables represented amounts due from the Group's largest three (2017: three) trade debtors as at 31 December 2018. The management is of the view that these trade debtors of the Group have good trade record without default history and consider that the trade receivable from these customers is recoverable.

Other than those described above, the Group has no significant concentration of credit risk.

38. 金融工具(續)

b. 金融風險管理目標及政策(續)

信用風險及減值評估(續)

與客戶訂立合約產生的貿易應收款項及合約資產(續)

銀行結餘的信貸風險有限，因為交易對手是國際信貸評級機構指定的信用評級較高的銀行/金融機構。

其他應收款項以單獨評估，不包括在撥備矩陣中。其他應收款項的信貸質素已參考有關過往信息，違約率及交易對手財務狀況的歷史資料進行評估。鑑於良好的收款記錄，本公司董事認為其他應收款項的信貸風險較低。

於二零一八年十二月三十一日，本集團三名貿易款項債務人(二零一七年：三名)佔本集團貿易應收款項總額30%(二零一七年：29%)，因此本集團存在信用風險集中的情況。管理層認為，上述本集團的貿易款項債務人擁有良好的交易記錄，以往從未拖欠，因此認為該等客戶結欠的貿易應收款項可予收回。

除上文所述者外，由於風險分散於大量對手方及客戶。

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截至二零一八年十二月三十一日止年度

38. Financial Instruments (Continued)

b. Financial risk management objectives and policies

(Continued)

Credit risk and impairment assessment (Continued)

The tables below detail the credit risk exposures of the Group's financial asset, which are subject to ECL assessment:

2018	Notes	Internal credit rating 內部 信貸評級	12-month or lifetime ECL 十二個月或終身 預期信貸虧損	Gross carrying amount	
				RMB'000 人民幣千元	RMB'000 人民幣千元
二零一八年	附註			總賬面值	
Pledged bank deposits 已抵押銀行存款	24	(note i) (附註i)	12-m ECL 十二個月預期信貸虧損	108,910	108,910
Bank balances 銀行結餘	24	(note i) (附註i)	12-m ECL 十二個月預期信貸虧損	258,981	258,981
Other receivables 其他應收款項	21	(note ii) (附註ii)	12-m ECL 十二個月預期信貸虧損	11,149	11,149
Trade receivables- goods and services 貿易應收款項 — 貨品及服務	21	(note iii) (附註iii)	Lifetime ECL (not credit-impaired) 終身預期信貸虧損 (非信貸減值)	925,278	
		(note iii) (附註iii)	Credit-impaired 信貸減值	1,872	927,150
Contract assets 合約資產	23	(note iii) (附註iii)	Lifetime ECL (not credit-impaired) 終身預期信貸虧損 (非信貸減值)	19,257	19,257

Notes:

- (i) For the purpose of internal credit risk management, the Group has made reference to the external credit rating for its major bank balances.
- (ii) For the purposes of internal credit risk management, the Group uses past due information to assess whether credit risk has increased significantly since initial recognition. As at 31 December 2018, the Group has no past due other receivables.
- (iii) For trade receivables not backed by bank bills and contract assets, the Group has applied the simplified approach in HKFRS 9 to measure the loss allowance at lifetime ECL. Except for debtors with significant outstanding balances amounted to RMB226,054,000 or credit-impaired, the Group determines the expected credit losses on these items by using a provision matrix as mentioned above.

The estimated loss rates are estimated based on historical observed default rates over the expected life of the debtors and are adjusted for forward-looking information that is available without undue cost or effort. The grouping is regularly reviewed by management to ensure relevant information about specific debtors is updated.

During the year ended 31 December 2018, impairment allowance of RMB350,000 were made on debtors with credit impaired debtors.

38. 金融工具(續)

b. 金融風險管理目標及政策(續)

信用風險及減值評估(續)

下表詳列本集團金融資產的信貸風險，並須遵守預期信貸虧損評估：

2018	Notes	Internal credit rating 內部 信貸評級	12-month or lifetime ECL 十二個月或終身 預期信貸虧損	Gross carrying amount	
				RMB'000 人民幣千元	RMB'000 人民幣千元
二零一八年	附註			總賬面值	
Pledged bank deposits 已抵押銀行存款	24	(note i) (附註i)	12-m ECL 十二個月預期信貸虧損	108,910	108,910
Bank balances 銀行結餘	24	(note i) (附註i)	12-m ECL 十二個月預期信貸虧損	258,981	258,981
Other receivables 其他應收款項	21	(note ii) (附註ii)	12-m ECL 十二個月預期信貸虧損	11,149	11,149
Trade receivables- goods and services 貿易應收款項 — 貨品及服務	21	(note iii) (附註iii)	Lifetime ECL (not credit-impaired) 終身預期信貸虧損 (非信貸減值)	925,278	
		(note iii) (附註iii)	Credit-impaired 信貸減值	1,872	927,150
Contract assets 合約資產	23	(note iii) (附註iii)	Lifetime ECL (not credit-impaired) 終身預期信貸虧損 (非信貸減值)	19,257	19,257

附註：

- (i) 就內部信貸風險管理而言，本集團已參考其主要銀行結餘的外部信貸評級。
- (ii) 就內部信貸風險管理而言，本集團使用逾期信息評估自初步確認後信貸風險是否顯著增加。於二零一八年十二月三十一日，本集團並無逾期其他應收款項。
- (iii) 就作銀行票據為後盾的貿易應收款項及合約資產而言，本集團已採用香港財務報告準則9的簡化方法計量終身預期信貸虧損的損失準備。除具有重大未結餘額或信貸減值的債務人外，本集團採用上述撥備矩陣確定該等項目的預期信貸虧損。

估計損失率是根據債務人預期壽命內的歷史觀察違約率估算的，並根據可獲得的前瞻性信息進行調整，無需過多的成本或工夫。管理層定期審查分組，以確保更新有關特定債務人的相關信息。

截至二零一八年十二月三十一日止年度，對有信貸減值債務人的債務人作出減值撥備人民幣350,000元。

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38. Financial Instruments (Continued)

b. Financial risk management objectives and policies

(Continued)

Credit risk and impairment assessment (Continued)

The following table shows the movement in lifetime ECL that has been recognised for trade receivables under the simplified approach.

		Life-time ECL (credit-impaired) 終身預期 信貸虧損 (信貸減值) RMB'000 人民幣千元
As at 31 December 2017 and 1 January 2018 under HKAS 39	根據香港會計準則39於二零一七年十二月三十一日及二零一八年一月一日	1,522
Changes due to financial instruments recognised as at 1 January:	一月一日確認的金融工具變更：	
— Impairment losses recognised	— 已確認減值虧損	350
As at 31 December 2018	於二零一八年十二月三十一日	1,872

For trade receivables backed by bank bills, no allowance for impairment has made since the directors of the Company consider the probability of default is negligible taking into consideration of the credit rating and reputation of the banks issuing the bills.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or when the trade receivables are over two years past due, whichever occurs earlier. The Group has taken legal action against the debtors to recover the amount due.

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of bank borrowings.

The following table details the Group's contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. Specifically, bank loans with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other financial liabilities are based on the agreed repayment dates.

The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate at the year of the reporting period.

38. 金融工具(續)

b. 金融風險管理目標及政策(續)

信用風險及減值評估(續)

下表顯示了根據簡化方法已確認的貿易應收款項的終生預期信貸虧損。

		Life-time ECL (credit-impaired) 終身預期 信貸虧損 (信貸減值) RMB'000 人民幣千元
As at 31 December 2017 and 1 January 2018 under HKAS 39	根據香港會計準則39於二零一七年十二月三十一日及二零一八年一月一日	1,522
Changes due to financial instruments recognised as at 1 January:	一月一日確認的金融工具變更：	
— Impairment losses recognised	— 已確認減值虧損	350
As at 31 December 2018	於二零一八年十二月三十一日	1,872

作銀行票據為後盾的貿易應收款項及合約資產而言，由於本公司董事認為違約概率可忽略不計，並考慮到發行票據的銀行的信貸評級及聲譽，因此並無減值撥備。

當有資料顯示債務人處於嚴重的財務困難且沒有現實的復蘇前景時，本集團會撇賬貿易應收款項，例如：當債務人已被清盤或已進入破產程序，或當貿易應收款項逾期兩年以上時(以先發生者為準)。本集團已對債務人採取法律行動以收回應付金額。

流動資金風險

在管理流動資金風險時，本集團監控及維持管理層認為充足的現金及現金等價物，以為本集團的營運提供資金，並減低現金流量波動的影響。管理層監督銀行借款的使用。

下表詳列本集團金融負債的合約到期日。該表乃根據本集團須付款的最早日期按照金融負債的未貼現現金流量編製。尤其是，含有須按要償還條款之銀行貸款乃計入最早時間段，而不論銀行是否可能選擇行使彼等之權利。其他非衍生金融負債之到期日分析乃根據預定之償還日期編製。

該表包括利息及本金現金流量。倘利率為浮動利率，則未貼現金額按報告期年度的利率計算。

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For the year ended 31 December 2018
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38. Financial Instruments (Continued)

b. Financial risk management objectives and policies

(Continued)

Liquidity table

		Weighted average interest rate 加權 平均利率 %	On demand or less than 6 months 於六個月 或以內 RMB'000 人民幣千元	6 months to 1 year 六個月 至一年 RMB'000 人民幣千元	2-5 years 一至五年 RMB'000 人民幣千元	Over 5 years 五年以上 RMB'000 人民幣千元	Total undiscounted cash flows 未貼現現金 流動總額 RMB'000 人民幣千元	Carrying amounts 賬面值 RMB'000 人民幣千元
2018	二零一八年							
Trade and other payables	貿易及其他應付款項	N/A 不適用	388,051	-	-	-	388,051	388,051
Amounts due to directors	應付董事款項	N/A 不適用	2,181	-	-	-	2,181	2,181
Bank borrowings	銀行借款							
— fixed rate	— 定息	4.90	363,745	258,003	-	-	621,748	610,624
— variable interest rate	— 浮息	5.27	159,547	141,372	-	-	300,919	293,721
Obligation under a finance lease	融資租賃應付款項							
— fixed rate	— 定息	6.12	425	425	3,400	5,633	9,883	7,446
Other borrowings	其他借款							
— fixed rate	— 定息	3.50	472	27,295	-	-	27,767	26,820
— variable interest rate	— 浮息	9.28	12,220	9,741	5,903	-	27,864	26,306
			926,641	436,836	9,303	5,633	1,378,413	1,355,149
2017	二零一七年							
Trade and other payables	貿易及其他應付款項	N/A 不適用	499,434	-	-	-	499,434	499,434
Amounts due to directors	應付董事款項	N/A 不適用	1,840	-	-	-	1,840	1,840
Bank borrowings	銀行借款							
— fixed rate	— 定息	4.28	398,144	217,475	78,921	-	694,540	675,804
— variable interest rate	— 浮息	4.44	94,362	50,293	10,733	-	155,388	152,070
Obligation under a finance lease	融資租賃應付款項							
— fixed rate	— 定息	6.12	425	425	3,400	6,483	10,733	7,818
Other borrowings	其他借款							
— fixed rate	— 定息	3.16	559	35,722	-	-	36,281	35,160
— variable interest rate	— 浮息	9.55	18,928	12,988	21,960	5,903	59,779	54,639
			1,013,692	316,903	115,014	12,386	1,457,995	1,426,765

The amounts included above for variable interest rate instrument for non-derivative financial liabilities is subject to change if changes in variable interest rates defer to those estimates of interest rates determined at the end of the reporting period.

倘浮息的變動有別於報告期末所釐訂的估計利率，則計入上表的非衍生金融負債中浮息工具的金額亦會有變。

38. 金融工具(續)

b. 金融風險管理目標及政策(續)

流動資金表

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2018
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38. Financial Instruments (Continued)

b. Financial risk management objectives and policies

(Continued)

Liquidity table (Continued)

Bank borrowings with a repayment on demand clause are include in the “on demand or less than 6 months” time band in the above maturity analysis. As at 31 December 2018, the aggregate carrying amounts of these bank borrowings amounted to RMB13,143,000 (2017: RMB22,569,000). Taking into account the Group’s financial position, the directors of the Company do not believe that it is probable that the banks will exercise their discretionary rights to demand immediate repayment. The directors of the Company believe that such bank borrowings will be repaid 6 months after 31 December 2018 in accordance with the scheduled repayment dates set out in the loan agreements.

Maturity analysis — bank borrowings with a repayment on demand clause based on scheduled repayments:

		Less than 6 months	6 months to 1 year	2-5 years	Over 5 years	Total undiscounted cash flows 未貼現現金 流動總額	Carrying amounts 賬面值
		RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元
31 December 2018	二零一八年 十二月三十一日	301	13,158	-	-	13,459	13,143
31 December 2017	二零一七年 十二月三十一日	426	22,597	-	-	23,023	22,569

c. Fair value

The fair value of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

38. 金融工具(續)

b. 金融風險管理目標及政策(續)

流動資金表(續)

附帶應要求還款條款之銀行借款按上述到期日分析計入「應要求還款或少於六個月」之期間。於二零一八年十二月三十一日，該銀行借款之未折現金總額為人民幣13,143,000元(二零一七年：人民幣22,569,000元)。考慮到本集團之財務狀況，董事相信，銀行不大可能行使酌情權，要求本集團即時還款。董事相信，該銀行借款將於二零一八年十二月三十一日後六個月，根據借款協議所載之既定還款日期償還：

成熟度分析 — 根據預定還款計劃的須按要求償還條款之銀行借款如下：

c. 公允值

經常性方式的金融資產和金融負債，是不按公允值計量，乃根據公認的定價模式及採用現金流量值法而釐定。

本集團管理層認為，於綜合財務報表內按攤銷成本列賬的金融資產及金融負債的賬面值與其公允值相若。

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39. Reconciliation of Liabilities Arising from Financing Activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flow were, or future cash flow will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

39. 核對融資活動產生的負債

下表詳細列出本集團由融資活動產生的負債變動，包括現金及非現金變動。融資活動產生的負債是指現金流量或未來現金流量被分類在本集團之綜合現金流量表內融資活動所得之現金流量。

		Bank borrowings	Other borrowings	Obligation under a finance lease	Interest Payables	Dividend payable	Total
		銀行借款	其他借款	融資租賃	應付利息	應付股息	總計
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
At 1 January 2017	於二零一七年一月一日	752,229	85,377	8,168	-	-	845,774
Financing cash flows	融資現金流量	(77,416)	4,422	(850)	(44,326)	(27,500)	(145,670)
Foreign exchange translation	外幣兌換	(694)	-	-	-	-	(694)
Interest expense	利息支出	-	-	500	44,326	-	44,826
Dividend	股息	-	-	-	-	27,500	27,500
Gross amount of bills receivable from external customers discounted with recourse	收取由外部客戶的附帶追索權之已貼現應收票據總額	231,681	-	-	-	-	231,681
Non-cash settlement of discounted bills receivable	已貼現應收票據之非現金結算	(77,926)	-	-	-	-	(77,926)
At 31 December 2017	於二零一七年十二月三十一日	827,874	89,799	7,818	-	-	925,491
Financing cash flows	融資現金流量	(97,867)	(36,673)	(850)	(45,817)	(54,800)	(236,007)
Foreign exchange translation	外幣兌換	604	-	-	-	-	604
Interest expense	利息支出	-	-	478	45,817	-	46,295
Dividend	股息	-	-	-	-	54,800	54,800
Gross amount of bills receivable from external customers discounted with recourse	收取由外部客戶的附帶追索權之已貼現應收票據總額	674,349	-	-	-	-	674,349
Non-cash settlement of discounted bills receivable	已貼現應收票據之非現金結算	(500,615)	-	-	-	-	(500,615)
At 31 December 2018	於二零一八年十二月三十一日	904,345	53,126	7,446	-	-	964,917

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40. Related Parties Transactions

(a) Name and relationship

Name 名稱	Relationship 關係
Zhongshan City Zheng Ye Leasing Company Limited (“Zheng Ye Leasing”) 中山市正業租賃有限公司(「正業租賃」)	Controlled by the controlling shareholders of the Company 由本公司控股股東控制

(b) Related parties transactions

During the year, the Group entered into the following transactions with related parties:

	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
Rental expenses of property — Zheng Ye Leasing	6,480	6,480

As at 31 December 2017, Zheng Ye Leasing also provided financial guarantees to the Group to secure the banking facilities with an aggregate amount of RMB149,060,000 obtained by the Group. As at 31 December 2017, the amount of utilised facilities was RMB149,060,000. During the year, the financial guarantees was terminated and the guarantee fee charged to the Group for the year by Zheng Ye Leasing was RMB315,000 (2017: RMB450,000).

- (c) Rental deposit of RMB450,000 (2017: RMB450,000) paid to Zheng Ye Leasing has been included in trade and other receivables in the consolidated statement of financial position at 31 December 2018.

Guarantee fee payable to Zheng Ye Leasing of RMB nil (2017: RMB450,000) has been included in trade and other payables in the consolidated statement of financial position at 31 December 2018.

(d) Related parties balances

Amounts due to directors are disclosed on note 28.

40. 關連人士交易

(a) 名稱及關係

Relationship 關係
Controlled by the controlling shareholders of the Company 由本公司控股股東控制

(b) 關連人士交易

於年內，本集團與關連人士訂立以下交易：

	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
Rental expenses of property — Zheng Ye Leasing	6,480	6,480

於二零一七年十二月三十一日，正業租賃同時向本集團提供，以獲取累計金額為人民幣149,060,000元已抵押銀行授信之財務擔保。於二零一七年十二月三十一日，已使用了金額人民幣149,060,000元之授信。於本年度，該財務擔保已終止，而本集團支付正業租賃人民幣315,000元(二零一七年：人民幣450,000元)為相關的擔保費用。

- (c) 已付正業租賃的人民幣450,000元(二零一七年：人民幣450,000元)租賃按金已載入於二零一八年十二月三十一日綜合財務狀況表中的貿易及其他應收款項。

本年度沒有應付擔保費用給正業租賃(二零一七年：人民幣450,000元)已載入於二零一八年十二月三十一日綜合財務狀況表中的貿易及其他應付款項。

(d) 關連人士結餘

應付董事款項於附註28披露。

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40. Related Parties Transactions (Continued)

(e) Compensation of key management personnel

The remuneration of directors and other members of key management during the year was as follows:

		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
Salaries and other benefits	薪金及其他福利	24,188	19,867
Retirement benefits scheme contributions	退休福利計劃供款	329	780
		24,517	20,647

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

In 2015 and 2017, Zheng Ye Packaging (Zhongshan) sold properties to key managements amounted to RMB1,516,000 and RMB500,000 respectively. The outstanding balance at 31 December 2018 amounted to RMB250,000 (2017: RMB1,005,000) which had been included in trade and other receivables in the consolidated statement of financial position.

40. 關連人士交易 (續)

(e) 主要管理人員的薪酬

以下是董事及主要管理層其他成員於年內的薪酬：

	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
Salaries and other benefits	24,188	19,867
Retirement benefits scheme contributions	329	780
	24,517	20,647

董事及主要行政人員的薪酬由薪酬委員會經考慮個人表現及市場趨勢後釐定。

於二零一五年及二零一七年，正業包裝(中山)出售物業，金額為分別為人民幣1,516,000元及人民幣500,000元予主要管理人員。於二零一八年十二月三十一日，此金額償未收到的人民幣250,000元(二零一七年：人民幣1,005,000元)將記錄的綜合財務狀況表中的貿易及其他應收款項內。

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41. Particulars of Subsidiaries of The Company

41. 本公司附屬公司的詳情

Name of subsidiary 附屬公司名稱	Place of incorporation/ registration/ operations 成立/註冊/ 運作地點	Paid up issued/ registered capital 已繳發行/ 註冊股本	Class of shares held 本公司持有的 持有股份類別	Proportion ownership interest held by the Company 本公司持有的 所有權益比率 At 31 December 於十二月三十一日		Proportion of voting power held by the Company 所有投票權比率		Principal activities 主要業務
				2018 二零一八年	2017 二零一七年	2018 二零一八年	2017 二零一七年	
TYAZ International Limited (Zheng Ye (BVI))	British Virgin Islands (“the BVI”) 英屬處女群島	Authorised US\$50,000 US\$20,000* (2017: US\$10,000) 法定：50,000美元 20,000美元* (2017：10,000美元)	Ordinary 普通股	100%	100%*	100%	100%	Investment holding 投資控股
Zheng Ye International Company Limited (Zheng Ye International) 正業國際有限公司	Hong Kong 香港	HK\$10,000 10,000港元	Ordinary 普通股	100%	100%	100%	100%	Investment holding 投資控股
Zheng Ye Investments Limited (Zheng Ye Investments) 正業投資有限公司	Hong Kong 香港	HK\$1 1港元	Ordinary 普通股	100%	100%	100%	100%	Investment holding 投資控股
Shing Yip (Hong Kong) Investment Enterprises Limited (Shing Yip (Hong Kong)) 誠業(香港)投資實業有限公司	Hong Kong 香港	HK\$10,000 10,000港元	Ordinary 普通股	100%	100%	100%	100%	Investment holding 投資控股
Zheng Ye Packaging (Zhongshan) Company Limited (Zheng Ye Packaging (Zhongshan)) 正業包裝(中山)有限公司 (「正業包裝(中山)」)	the PRC 中國	HK\$102,000,000 102,000,000港元	Ordinary 普通股	100%	100%	100%	100%	Manufacturing and operating of paper-based packaging products, packaging related business and printing of decorative packaging products 生產及經營紙製包裝產品、包裝相關業務及包裝裝潢印刷品印刷
Zhongshan Yong Fa Paper Industry Company Limited (Zhongshan Yong Fa Paper) 中山永發紙業有限公司 (「中山永發紙業」)	the PRC 中國	HK\$106,500,000 106,500,000港元	Ordinary 普通股	100%	100%	100%	100%	Manufacturing and sale of paper-and paperboard 生產和銷售紙和紙板
Zhuhai Zheng Ye Packaging Company Limited (Zheng Ye Packaging (Zhuhai)) 珠海正業包裝有限公司 (「正業包裝(珠海)」)	the PRC 中國	HK\$12,000,000 12,000,000港元	Ordinary 普通股	100%	100%	100%	100%	Manufacturing and sale of paper-based packaging products and related packaging service 生產和銷售紙製包裝產品及相關包裝服務
Zhengzhou Zheng Ye Packaging Company Limited (Zheng Ye Packaging (Zhengzhou)) 鄭州正業包裝有限公司 (「正業包裝(鄭州)」)	the PRC 中國	RMB40,000,000 人民幣40,000,000元	Ordinary 普通股	100%	100%	100%	100%	Manufacturing and sale of paper-based packaging products and printing of decorative packaging products 生產和銷售紙製包裝產品及包裝裝潢印刷品印刷

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41. Particulars of Subsidiaries of The Company (Continued)

41. 本公司附屬公司的詳情(續)

Name of subsidiary 附屬公司名稱	Place of incorporation/ registration/ operations 成立/註冊/ 運作地點	Paid up issued/ registered capital 已繳發行/ 註冊股本	Class of shares held 本公司持有的 持有股份類別	Proportion ownership interest held by the Company 本公司持有的 所有權權益比率 At 31 December 於十二月三十一日		Proportion of voting power held by the Company 所有投票權比率		Principal activities 主要業務
				2018 二零一八年	2017 二零一七年	2018 二零一八年	2017 二零一七年	
Shijiazhuang Zheng Ye Packaging Company Limited (Zheng Ye Packaging (Shijiazhuang)) 石家莊正業包裝有限公司 (「正業包裝(石家莊)」)	the PRC 中國	RMB20,000,000 人民幣20,000,000元	Ordinary 普通股	100%	100%	100%	100%	Manufacturing and sale of paper-based packaging products and printing of decorative packaging products 生產和銷售紙製包裝產品及包裝裝潢印刷品印刷
Wuhan Zheng Ye Alliance Packaging Company Limited (Zheng Ye Packaging (Wuhan)) 武漢正業聯合包裝有限公司 (「正業包裝(武漢)」)	the PRC 中國	RMB35,000,000 人民幣35,000,000元	Ordinary 普通股	100%	100%	100%	100%	Manufacturing and sale of paper-based packaging products and printing of decorative packaging products 生產和銷售紙製包裝產品及包裝裝潢印刷品印刷
Hefei Hua Jia Packaging Service Company Limited (Hefei Huajia) 合肥華嘉包裝服務有限公司 (「合肥華嘉」)	the PRC 中國	RMB10,000,000 人民幣10,000,000元	Ordinary 普通股	N/A	100%	N/A	100%	Deregistered in December 2018 於二零一八年十二月註銷
Zhongshan Rengo Hung Hing Paper Manufacturing Company Limited (Hung Hing) 中山聯合鴻興造紙有限公司(「鴻興」)	the PRC 中國	USD53,660,000 53,660,000美元	Ordinary 普通股	58.7%	58.7%	58.7%	58.7%	Manufacturing and sale of paper and paper board 生產和銷售紙和紙板
Zhongshan Lianfa Transportation Company Limited 中山市聯發運輸有限公司	the PRC 中國	RMB5,000,000 人民幣5,000,000元	Ordinary 普通股	100%	100%	100%	100%	Transportation 運輸
Zhongshan Zhengye Transportation Company Limited 中山市正業運輸有限公司	the PRC 中國	RMB3,000,000 人民幣3,000,000元	Ordinary 普通股	100%	100%	100%	100%	Transportation 運輸

* Except for Zheng Ye (BVI), the issued capital of all other companies is fully paid and indirectly held by the Company.

* 除TYAZ外，所有其他公司的已發行股本均已繳足，並由本公司間接持有。

All subsidiaries established in the PRC are wholly foreign owned enterprises.

所有在中國成立之附屬公司均為外商獨資企業。

None of the subsidiaries had any debt securities outstanding at the end of the year or at any time during the year.

於年內或年內任何時間，附屬公司概無任何未償還債務證券。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

42. Details of a Non-Wholly Owned Subsidiary That Has Material Non-Controlling Interests

42. 擁有重大非控股權益之非全資附屬公司詳情

Name of subsidiary 附屬公司名稱	Place of incorporation and principal place of business 註冊成立地點及日期	Proportion of ownership interests held by non-controlling interests 本公司持有的所有權權益比率		Profit allocated to non-controlling interests 非控制權益獲分配之溢利		Accumulated non- controlling interests 累計非控制權益	
		31/12/2018 二零一八年 十二月三十一日	31/12/2017 二零一七年 十二月三十一日	31/12/2018 二零一八年 十二月三十一日 RMB'000 人民幣千元	31/12/2017 二零一七年 十二月三十一日 RMB'000 人民幣千元	31/12/2018 二零一八年 十二月三十一日 RMB'000 人民幣千元	31/12/2017 二零一七年 十二月三十一日 RMB'000 人民幣千元
Hung Hing 鴻興	Zhongshan, the PRC 中國中山市	41.3%	41.3%	21,355	30,537	179,654	158,299
						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
Current assets			流動資產			284,608	274,656
Non-current assets			非流動資產			411,528	420,274
Current liabilities			流動負債			(247,878)	(232,184)
Non-current liabilities			非流動負債			(13,261)	(79,456)
Equity attributable to owners of the Company			本公司擁有人應佔權益			(255,343)	(224,991)
Non-controlling interests of Hung Hing			鴻興之非控制權益			(179,654)	(158,299)

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

42. Details of a Non-Wholly Owned Subsidiary That Has Material Non-Controlling Interests (Continued)

42. 擁有重大非控股權益之非全資附屬公司詳情(續)

		Year ended 31 December 2018	Year ended 31 December 2017
		截至二零一八年 十二月三十一日 止年度 RMB'000 人民幣千元	截至二零一七年 十二月三十一日 止年度 RMB'000 人民幣千元
Revenue	收入	908,982	736,506
Expenses	開支	(857,275)	(662,566)
Profit and total comprehensive income for the year	年內溢利及全面收益	51,707	73,940
Profit and total comprehensive income attributable to owners of the Company	本公司擁有人應佔溢利及全面收益總額	30,352	43,403
Profit and total comprehensive income attributable to the non-controlling interests of Hung Hing	鴻興之非控制權益應佔溢利及全面收益總額	21,355	30,537
Net cash inflows from operating activities	經營業務所得現金淨額	76,734	147,456
Net cash used in investing activities	投資業務所用現金淨額	(15,252)	(22,161)
Net cash used in financing activities	融資業務所用現金淨額	(40,733)	(96,307)
Net cash inflows	所得現金淨額	20,749	28,988

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

43. Statement of Financial Position of the Company

43. 本公司財務狀況表

		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
Non-current Assets	非流動資產		
Unlisted investment in a subsidiary	於一家非上市附屬公司的投資	230,979	145,939
Amounts due from subsidiaries (note)	應收附屬公司款項(附註)	-	111,338
		230,979	257,277
Current Assets	流動資產		
Bank balances and cash	銀行及現金結餘	440	90
Other receivables	其他應收款項	128	238
Amounts due from subsidiaries (note)	應收附屬公司款項(附註)	58,739	33,436
		59,307	33,764
Current Liabilities	流動負債		
Other payables	其他應付款項	253	83
Amount due to directors	應付董事款項	86	-
		339	83
Net Current Assets	流動資產淨值	58,968	33,681
Total Assets less Current Liabilities	資產總值減流動負債	289,947	290,958
Capital and Reserves	資本及儲備		
Share capital	股本	41,655	41,655
Share premium	股本溢價	92,968	92,968
Reserves	儲備	155,324	156,335
Total Equity	權益總額	289,947	290,958

Note: The amounts due from subsidiaries shown as current and non-current assets are based on the directors of the Company's expectation on the timing of settlement at the respective period end date.

附註：應收附屬公司的應收款項為流動及非流動資產乃根據本公司董事對各期末結算時間的預期而定。

Notes to the Consolidated Financial Statements

綜合財務報表附註

For the year ended 31 December 2018
截至二零一八年十二月三十一日止年度

43. Statement of Financial Position of the Company

(Continued)

Movement in the Company's reserves

43. 本公司財務狀況表(續)

本公司儲備之變動

		Share premium	Merger reserves	Retained profits	Total
		股本溢價	合併儲備	保留溢利	總計
		RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元
At 1 January 2017	於二零一七年一月一日	92,968	97,559	63,150	253,677
Profit and total comprehensive income for the year	年內溢利及全面收益總額	-	-	23,126	23,126
Dividend paid	已付股息	-	-	(27,500)	(27,500)
At 31 December 2017	於二零一七年十二月三十一日	92,968	97,559	58,776	249,303
Profit and total comprehensive income for the year	年內溢利及全面收益總額	-	-	53,789	53,789
Dividend paid	已付股息	-	-	(54,800)	(54,800)
At 31 December 2018	於二零一八年十二月三十一日	92,968	97,559	57,765	248,292

Financial Summary

財務摘要

Consolidated Results

綜合業績

		For the year ended 31 December					
		截至十二月三十一日止年度					
		2014	2015	2016	2017	2018	
		二零一四年	二零一五年	二零一六年	二零一七年	二零一八年	
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	
Revenue	收入	1,714,190	1,807,765	2,074,090	2,414,127	2,848,016	
Profit before tax	除稅前溢利	59,766	56,718	124,909	242,839	154,014	
Income tax expense	所得稅開支	(11,277)	(14,025)	(15,911)	(29,597)	(23,301)	
Profit for the year	年內溢利	48,489	42,693	108,998	213,242	130,713	
Attributable to:	應佔：						
the owners of the Company	本公司擁有人	39,480	41,136	91,649	182,705	109,358	
non-controlling interests	非控制權益	9,009	1,557	17,349	30,537	21,355	
		48,489	42,693	108,998	213,242	130,713	

Consolidated Assets and Liabilities

綜合資產及負債

		At 31 December					
		於十二月三十一日					
		2014	2015	2016	2017	2018	
		二零一四年	二零一五年	二零一六年	二零一七年	二零一八年	
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	
Total assets	總資產	2,566,508	2,499,010	2,425,965	2,561,870	2,557,823	
Total liabilities	總負債	(1,910,061)	(1,799,870)	(1,617,827)	(1,567,990)	(1,484,444)	
Net assets	淨資產	656,447	699,140	808,138	993,880	1,073,379	

Note 1: The Company was incorporated in Bermuda on 18 August 2010 as an exempted company with limited liability under the Bermuda Companies Act. Pursuant to a reorganisation scheme to rationalise the structure of the Group in preparation for the public listing of the Company's shares on the Stock Exchange of Hong Kong Limited (the "Stock Exchange"), the Company became the holding company of the companies now comprising the Group on 4 March 2011. The financial summary has been presented on the basis that the Company had been the holding company of the Group from the beginning of the earliest period presented.

附註1：本公司於二零一零年八月十八日在百慕達根據百慕達公司法註冊成立為一家獲豁免有限公司。根據本集團為準備於香港聯合交易所有限公司（「聯交所」）上市本公司股份而合理化其架構所開展的集團重組，本公司於二零一一年三月四日成為現組成本集團的各公司的控股公司。財務摘要乃按本公司自最早呈報期間開始一直為本集團控股公司的基準而呈報。

Note 2: Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's shares listed on the Stock Exchange during the period from the date of the Listing (i.e. 3 June 2011) to 31 December 2018.

附註2：自上市日期（即二零一一年六月三日）至二零一八年十二月三十一日止期間，本公司或其任何附屬公司概無購回、出售或贖回本公司於聯交所上市的任何股份。



ZHENGYE
INTERNATIONAL

正業國際控股有限公司
ZHENGYE INTERNATIONAL HOLDINGS COMPANY LIMITED