



泛亞環保集團有限公司
Pan Asia Environmental Protection Group Limited

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

股份代號 stock code : 00556.HK

2018

ANNUAL REPORT
年報





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Corporate Information 公司資料

DIRECTORS

Executive Director

Mr. Jiang Xin (*Chairman & Chief Executive Officer*)

Non-executive Director

Mr. Fan Yajun

Independent non-executive Directors

Mr. Lai Wing Lee
Mr. Leung Shu Sun, Sunny
Professor Wang Guozhen

COMPANY SECRETARY

Mr. Wan San Fai, Vincent

AUTHORISED REPRESENTATIVES

Mr. Jiang Xin
Mr. Wan San Fai, Vincent

PRINCIPAL BANKERS

China Construction Bank Corporation
China CITIC Bank International Limited
Hang Seng Bank Limited

INDEPENDENT AUDITOR

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LEGAL ADVISERS

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Hong Kong

董事

執行董事

蔣鑫先生 (*主席兼行政總裁*)

非執行董事

范亞軍先生

獨立非執行董事

賴永利先生
梁樹新先生
王國珍教授

公司秘書

溫新輝先生

授權代表

蔣鑫先生
溫新輝先生

主要往來銀行

中國建設銀行股份有限公司
中信銀行(國際)有限公司
恒生銀行有限公司

獨立核數師

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Corporate Information 公司資料

REGISTERED OFFICE

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BRANCH SHARE REGISTRAR AND TRANSFER OFFICE IN HONG KONG

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PRINCIPAL PLACE OF BUSINESS IN THE PRC

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股份代號

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Chairman's Statement 主席報告書

To Our Shareholders:

On behalf of the Board (the "Board") of Directors (the "Directors"), I am pleased to present the annual report of Pan Asia Environmental Protection Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") for the year ended 31 December 2018.

During the financial year of 2018, in addition to continue the focus on the existing business in environmental protection ("EP") projects, the Group has also developed other potential businesses through acquisition or strategic cooperation to further diversify its income sources.

The year 2018 was an important turning point in the environmental protection industry. It was the first year with most of the environmental protection policies mentioned in the 19th National Congress were carried out, and a key year for the implementation of the "13th Five-Year Plan" ("十三五"). During the year, the PRC government has implemented many EP plans in air pollution and water pollution for monitoring the ecological environment, and proposed to upgrade the relevant monitoring systems and mechanisms, to ensure that an early warning could be emitted to alert all the parties and a better environmental quality was guaranteed.

The effective implementation of EP policies has achieved remarkable progress in many large cities. Taken Hubei Province to exemplify the consistent improvement ecological environment, among the 114 water portions were selected for national assessment, 86% of the water portions were considered at quality higher than the national average, while the chemical oxygen demand and total ammonia nitrogen amount is expected to decline by 9.5% and 9.1% respectively. In terms of the air quality, the concentration of PM2.5 decreased by 9.6% to 47µg/m³ in 2018, reached an air quality ratio of the number of days of 76.7% which was 0.6% higher than the previous same period.

致各位股東：

本人謹代表董事（「董事」）會（「董事會」）向各位股東提呈泛亞環保集團有限公司（「本公司」）及其附屬公司（統稱「本集團」）截至二零一八年十二月三十一日止年度之年度報告。

於二零一八年財政年度，除了繼續專注於現有的環保項目業務之外，本集團同時透過收購或策略合作開發其他潛在業務，以進一步豐富收入來源。

二零一八年是環保行業的重要轉捩點。本年度不單實施了第十九屆全國代表大會提出的大部分環保政策，也是實施「第十三個五年計劃」（「十三五」）的重要一年。年內，中國政府實施空氣和水污染的多項環保計劃，以監察生態環境，並建議提升相關監察系統和機制，以確保向所有有關人士提出預警，保證環境質素得到改善。

多個大城市的環保政策卓有成效，並取得顯著進展。以湖北省為例，透過持續改善生態環境，其地表水水質斷面優良比例超過86%。在全國納入國家考核的114個地區中，該數據高於全國平均水平；而化學需氧量及氨氮總量亦預計分別減少9.5%及9.1%。至於空氣質素，二零一八年PM2.5濃度減少9.6%至47微克／立方米，控制質量優良天數比率為76.7%，同比增加0.6%。

Chairman's Statement 主席報告書

As a result, the environmental protection has been enhanced and the investment has been increased to carry out the scientific development concept and promote the construction of ecological civilization. With all those important policies enacted by the PRC government on environmental protection, it will bring more business opportunity for the future development for the EP industry.

However, as more and more competitors entered in the EP industry, the Group faced with a more competitive market environment. The Group will continue to explore other suitable business opportunity to diversify the Group's income stream.

FINANCIAL REVIEW

For the year ended 31 December 2018, the Group achieved a total revenue from continuing operations of RMB162.2 million, declining by 72% as compared to RMB588.5 million in 2017. Gross profit decreased to about RMB20.4 million (2017: RMB115.9 million) and gross profit margin was 12.5% (2017: 19.7%). The Group recorded a net loss of RMB19.4 million (2017: RMB147.4 million), mainly due to decrease in loss from discontinued operation from RMB183.5 million in 2017 to RMB2.0 million in 2018. The basic loss per share was RMB2.30 cents (2017: basic loss per share RMB17.54 cents).

PROSPECTS

EP Construction Engineering Projects Business

In 2019, China will continue the 19th National Congress as a guide to fight against the seven major pollution problems, including the blue sky battle, diesel truck pollution control, urban black and odor water treatment, comprehensive sea management of the Bohai Sea, the Yangtze River protection and restoration, water source protection, and agricultural and rural pollution control. The PRC government will establish an integrated monitoring system on environmental elements, environmental quality, ecosystem and ecological environmental conditions to achieve upgrading of automatic monitoring system and data evaluation that provides accurate forecasts and alerts on pollution information. Therefore, the institutions could scientifically analyze their situations and take actions to address the problems.

由此可見，為了加強環保，國家已增加投資以實施科學開發概念和推廣生態文明建設。隨著中國政府實施多項重要的環保政策，將為環保行業的未來發展帶來更多商機。

然而，隨著進入環保行業的業者日益增加，本集團亦面臨競爭更加激烈的市場環境，所以未來將繼續開拓其他合適的業務機會，以豐富集團的收入來源。

財務回顧

截至二零一八年十二月三十一日止年度，本集團來自持續經營業務的總收入達到人民幣1.622億元，較二零一七年人民幣5.885億元減少72%。毛利減少至約人民幣0.204億元（二零一七年：人民幣1.159億元），毛利率為12.5%（二零一七年：19.7%）。本集團錄得淨虧損人民幣0.194億元（二零一七年：人民幣1.474億元），主要由於來自已終止業務的虧損由二零一七年的1.835億元下降至二零一八年的0.02億元。每股基本虧損人民幣2.30分（二零一七年：每股基本虧損為人民幣17.54分）。

展望

環保建設工程項目業務

於二零一九年，中國將跟隨第十九屆全國代表大會的指導繼續對抗七大污染問題，包括藍天保衛戰、柴油貨車污染治理、城市黑臭水體治理、渤海綜合治理、長江保護修復、水源地保護及農業農村污染治理。中國政府將建立一個包含環境元素、環境質素、生態系統及生態環境狀況的綜合監察系統，以提升自動監察系統及數據評估，提供污染資訊的準確預測和警報。因此，機構可以以科學方法來分析其狀況，採取行動解決問題。

Chairman's Statement

主席報告書

The construction of modern ecological network system will comprehensively carry scrutiny on groundwater, ocean, rural and greenhouse gas, the network will allow data collection and information management on the environmental parameters, which could be upgraded and ultimately converted to environmental satellite monitoring and aviation remote sensing and monitoring. It will come to a new age for environmental protection with the better use of science, technology and network integration. The development advancement and commitment indicate the irreplaceable top priority of environmental protection and how determined the country is to put effort in this area. The Group is ready to grasp the opportunity to work together with the country to fight against pollutions, and further explore the business opportunities in the EP industry.

Business Diversification Strategy

The Group diversified its business through acquisitions and a series of strategic partnerships, including entered into a memorandum of understanding with Universe Asia Develop Limited ("Universe Asia") in relation to the understanding on the co-operation of designing, building and implementing environmental-friendly climate control projects and products of Universe Asia on 30 November 2018, entered into a memorandum of understanding in relation to the forming of a long-term strategic partnership with FBB Catering Group Co Limited ("FBB Catering Group") for business development in the catering industry on 15 January 2019, and the acquisition of Mayee International Holdings Limited ("Mayee International") to develop an income source from rental, entered into a memorandum of understanding in relation to the forming of a long-term strategic partnership with MSC (Hong Kong) Limited ("MSC") for business development in the internet services business on 15 January 2019.

建設現代生態網絡系統將有助全面監察地下水、海洋、農村及溫室氣體，該網絡可以收集環境相關數據及管理資訊，然後進行升級，最終轉為環境衛星監察及航空遙遠感應及監察。環境保護的新時代，國家將更加善用科技、技術及網絡的整合運用。開發進展及承諾顯示環境保護的重要性，及其不可取代的地位，而國家亦決心努力維護環保。本集團已準備好把握機會，與國家共同對抗環境污染，進一步物色環保行業的商機。

業務多元化政策

本集團通過收購及一系列策略夥伴關係分散業務發展，包括二零一八年十一月三十日與寰亞拓展有限公司（「寰亞拓展」）訂立一份諒解備忘錄，內容有關諒解與寰亞拓展合作設計、建造及實施環境友好型氣候控制項目及產品；二零一九年一月十五日與飯丙丙餐飲集團有限公司（「飯丙丙餐飲集團」）訂立一份諒解備忘錄，內容有關與飯丙丙餐飲集團成為長期戰略性合作夥伴，在餐飲行業進行業務發展；收購美怡國際投資有限公司（「美怡國際」）開發來自租賃的收入；於二零一九年一月十五日與碼尚充（香港）有限公司（「碼尚充」）訂立一份諒解備忘錄，內容有關與碼尚充成為長期戰略性合作夥伴，開拓互聯網服務業務。

Chairman's Statement 主席報告書

The Group sees the market demand and potential of those businesses, and thus determined to take action in acquisition and strategic partnerships. Regardless of the uncertainties, irregularities and instabilities existed in the operating environment, diversification of the Group's business protects it from the changing macro changes. It does not only give us the chance to grasp any market opportunities, but also find a breakthrough for the Group's development. Looking forward, the Group will enter more industries that give development potential, in order to ensure its steady business growth and revenue comes from multiple channels.

APPRECIATION

Looking ahead to 2019, the Group will continue to adhere to its professional practices and efficient operations to grow our existing businesses, in accordance with environmental governance policies, and through continuous integration of enterprise resources and product innovation. At the same time, we will seize more profitable investment opportunities, to generate possible additional revenue and business diversification. We aim to consolidate and expand the Group's competitive advantages, creating long-term and high-value returns for shareholders.

Finally, I would like to take this opportunity to express my heartfelt thanks to the Board of Directors, the management team, business partners and all staff for their contributions.

Jiang Xin

Chairman

Hong Kong, 29 March 2019

有見上述業務具有市場需求及潛力，本集團決定採取收購行動及訂立策略夥伴關係。即使營商環境存在不確定性、無規律及不穩定，本集團多元化的業務足以保護它面對各種宏觀改變，不僅使我們能夠把握市場機遇，同時可以突破本集團的發展。展望未來，本集團將進入更多具有發展潛力的行業，以確保業務穩定增長，從多個渠道獲得收益。

致謝

展望二零一九年，本集團將根據環保管治政策，透過不斷綜合企業資源和產品創新，維持專業守則和有效營運，以促進現有業務增長。與此同時，我們將把握更多有利可圖的投資機會，產生額外收益及達致業務多元化。我們的目標是鞏固和擴大本集團的競爭優勢，為股東創造長期高價值增長。

最後，本人謹此衷心感謝董事會、管理團隊、業務夥伴及全體員工所作的努力。

蔣鑫

主席

香港，二零一九年三月二十九日

Management Discussion and Analysis 管理層討論與分析

BUSINESS REVIEW

The Group has reviewed its business structure to identify any potential businesses that could benefit its overall performance. The Group has also sought to diversify its business portfolio by investing in other industries to bring the greatest benefits to the Group.

SALES OF EP PRODUCTS AND EQUIPMENT BUSINESS – CONTINUING OPERATION

Sales of EP products and equipment remained the major income contributor of the Group during the year. This segment recorded a revenue of RMB159.9 million (2017: RMB588.5 million) and the gross profit amounted to RMB19.4 million (2017: RMB115.9 million), with a gross profit margin of 12.1% (2017: 19.7%). Details of the types of the sales of EP products and equipment are set out below.

Sales of Flue Gas Treatment Products and Equipment

The Group's comprehensive flue gas treatment supply chain provides related products and equipment. During the year, the Group completed 19 projects related to sales of flue gas treatment equipment and the Group recorded a revenue of approximately RMB124.5 million, accounting for about 76.8% of the Group's total revenue.

Sales of Water Treatment Products and Equipment

Water treatment systems are mainly used for treating industrial and urban waste water. During the year, the Group completed 9 water treatment-related sales contracts, and generated a revenue of approximately RMB35.4 million, accounting for approximately 21.8% of the Group's total revenue.

EP CONSTRUCTION ENGINEERING SERVICES – CONTINUING OPERATION

Leveraging its extensive industry expertise, advanced technologies and professional research and development capabilities, the Group provides one-stop EP solutions to a wide range of clients. During the year, the Group completed 5 projects related to construction engineering services and the Group recorded a revenue of approximately RMB2.3 million, accounting for about 1.4% of the Group's total revenue.

業務回顧

本集團已檢討其業務架構，找出有利其整體表現的任何潛在業務，並透過投資於可為本集團帶來重大利益的其他行業，從而得以多元化發展業務組合。

銷售環保產品及設備業務 – 持續經營業務

於本年度內，銷售環保產品及設備仍為本集團的主要收入來源。該分部錄得收入人民幣1.599億元（二零一七年：人民幣5.885億元），毛利達到人民幣0.194億元（二零一七年：人民幣1.159億元），毛利率為12.1%（二零一七年：19.7%）。有關環保產品及設備銷售類別之詳情載列如下：

銷售煙氣處理產品及設備

本集團擁有完善的煙氣處理產品及設備供應鏈服務。於本年度內，本集團已完成19個銷售煙氣處理設備的相關項目，本集團錄得收入約人民幣1.245億元，佔本集團總收入約76.8%。

銷售水處理產品及設備

本集團的水處理系統主要用於工業廢水及城市污水處理。於本年度內，本集團完成了9份水處理相關銷售合同，為本集團帶來收入約人民幣0.354億元，佔本集團總收入約21.8%。

環保建設工程業務 – 持續經營業務

憑藉豐富的行業知識、先進技術及專業的研發能力，本集團為廣大客戶提供一站式的環保解決方案。於本年度內，本集團完成了5項建設工程服務的相關項目，為本集團帶來收入約人民幣0.023億元，佔本集團總收入約1.4%。

Management Discussion and Analysis 管理層討論與分析

PROPOSED DISPOSAL OF A NON-WHOLLY OWNED SUBSIDIARY

As further disclosed in the announcement of the Company dated 27 March 2019, the Group (as the transferor) and the Transferee entered into the Disposal Agreement, pursuant to which the Group has conditionally agreed to transfer 51% of the issued share capital of Prospectous Harvest Finance Limited (鴻豐信貸融資有限公司) (the “Disposal Company”) to the Transferee at the cash consideration of HK\$5,100 payable by cash on Completion. Upon Completion, the Disposal Company will no longer be a subsidiary of the Group and the Group will not hold any of the issued share capital of the Disposal Company.

However, the Directors were of the view that terminating the business relationship with the Disposal Company shareholders would be of the best interests of the Group and the Shareholders as a whole. The Board was also of the view that there are certain business opportunities which, by reallocating the financial resources that were originally contemplated for the Share Sale and Purchase Agreement, would bring better value to the Group and the Shareholders as a whole.

As all the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Disposal are below 5%, the Disposal is not a notifiable transaction under Chapter 14 of the Listing Rules. As at the date of the announcement dated 27 March 2019, the Transferee is directly wholly owned by Mr. Tsoi, a substantial shareholder of the Disposal Company, which is a subsidiary owned as to 51% by the Group. Therefore, the Transferee is an associate of a connected person of the Group at the subsidiary level and the entering into of the Disposal Agreement constitutes a connected transaction of the Group under Chapter 14A of the Listing Rules.

However, as all of the applicable percentage ratios (other than the profit ratio) in respect of the Disposal is/are less than 5% and the total consideration is less than HK\$3,000,000, the Disposal constitutes a de minimis connected transaction on the part of the Group and is fully exempted from shareholders’ approval, annual review and all disclosure requirements under Rule 14A.74 of the Listing Rules.

Furthermore, as all the applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the Disposal are below 5%, the Disposal is not a notifiable transaction under Chapter 14 of the Listing Rules.

建議出售非全資擁有附屬公司

誠如本公司於二零一九年三月二十七日刊發的公告所進一步披露，本集團（作為轉讓方）及承讓方訂立出售協議，據此，本集團有條件同意按5,100港元的現金代價向承讓方轉讓出售鴻豐信貸融資有限公司（「出售公司」）51%的已發行股本，該代價於完成時以現金支付。於完成後，出售公司將不再為本集團的附屬公司，且本集團將不再持有出售公司的任何已發行股本。

然而，董事認為終止與出售公司股東的業務關係符合本集團及股東的整體最佳利益。董事會亦認為，透過重新分配股份買賣協議最初擬處理的財務資源，存在若干業務機會可為本集團及股東整體帶來更多價值。

由於就出售事項而言上市規則第14.07條下的所有適用百分比率均低於5%，故根據上市規則第14章，出售事項並非須予公佈交易。於二零一九年三月二十七日的公告之日期，承讓方由出售公司（本集團擁有其51%股權的附屬公司）的一名主要股東蔡先生直接全資擁有。因此，承讓方乃附屬公司層面上的本集團關連人士的聯繫人士，根據上市規則第14A章，訂立出售協議構成本集團的關連交易。

然而，由於有關出售事項的所有適用百分比率（利潤率除外）均低於5%且總代價少於3,000,000港元，故出售事項構成本集團的符合最低豁免水平的關連交易，可獲全面豁免股東批准、年度審閱及上市規則第14A.74條下的所有披露規定。

此外，由於就出售事項而言上市規則第14.07條下的所有適用百分比率均低於5%，故根據上市規則第14章，出售事項並非須予公佈交易。

Management Discussion and Analysis 管理層討論與分析

PROPOSED BUSINESS SEGMENT – ENVIRONMENTAL FRIENDLY CLIMATE CONTROL PRODUCTS

The Group will actively respond to the market trends, particularly in exploring new investment opportunities so as to diversify its business. The Group has entered into a memorandum of understanding (the “Memorandum of Understanding”) with Universe Asia Develop Limited (“Universe Asia”) on 30 November 2018. Universe Asia is principally engaged in designing, building and implementing energy management projects in Hong Kong, Macau, the PRC, Southeast Asia and Middle East Asia. The Group will intend to establish a joint venture partnership with Universe Asia to further develop the environmental-friendly climate control products of the latter. The Directors believe that this is a good potential development in PRC and will bring financial benefits to the Group.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2018, total assets of the Group amounted to RMB1,291.1 million, a decrease of RMB463.1 million as compared with RMB1,754.2 million in 2017. The decrease was mainly due to derecognised the assets of a disposal company classified as held for sale upon completion of disposal of a subsidiary. The Group’s total liabilities as at 31 December 2018 amounted to RMB87.1 million, a decrease of RMB433.4 million as compared with RMB520.5 million in 2017. The main reason for this decrease in total liabilities was due to derecognised the liabilities directly associated with the assets classified as held for sales upon completion of disposal of a subsidiary. The Group’s total equity as at 31 December 2018 was RMB1,204.0 million (2017: RMB1,233.7 million). As at 31 December 2018, the gearing ratio of the Group, based on total borrowings (including corporate bonds) to the equity (including all capital and reserves) was 4% (2017: 1.6%). The Group’s cash and cash equivalents amounted to RMB1,037.9 million as at 31 December 2018 (2017: RMB368.2 million).

建議業務分部 – 環境友好型氣候 控制產品

本集團將積極把握市場趨勢，尤其是發掘新投資機遇以多元化發展業務。於二零一八年十一月三十日，本集團與寰亞拓展有限公司（「寰亞拓展」）訂立一份諒解備忘錄（「諒解備忘錄」），寰亞拓展主要於香港、澳門、中國、東南亞及中東設計、建造及實施能源管理項目。本集團計劃與寰亞拓展建立合營企業夥伴關係，以進一步發展寰亞拓展的環境友好型氣候控制產品。董事相信，上述為本集團在中國的一項利好潛在發展，能為本集團帶來財務利益。

流動資金及財務資源

於二零一八年十二月三十一日，本集團之資產總值為人民幣12.911億元，較二零一七年之人民幣17.542億元減少人民幣4.631億元。資產總值減少主要由於完成出售附屬公司後終止確認分類為持作出售之出售公司之資產所致。於二零一八年十二月三十一日，本集團之負債總額為人民幣0.871億元，較二零一七年之人民幣5.205億元減少人民幣4.334億元。負債總額減少主要由於完成出售附屬公司後終止確認與分類為持作出售資產直接相關之負債所致。於二零一八年十二月三十一日，本集團之權益總額為人民幣12.04億元（二零一七年：人民幣12.337億元）。於二零一八年十二月三十一日，以借貸總額（包括公司債券）除以權益（包括所有資本和儲備）之比率計算的權益負債比率為4%（二零一七年：1.6%）。於二零一八年十二月三十一日，本集團之現金及等同現金項目為人民幣10.379億元（二零一七年：人民幣3.682億元）。

Management Discussion and Analysis 管理層討論與分析

EXPOSURE TO EXCHANGE RATE FLUCTUATION

The Group adopts a conservative financial policy. Business transactions and liabilities of the Group are largely denominated in Renminbi and Hong Kong Dollar, and so is the majority of the Group's bank deposits. As at 31 December 2018, the Group did not have any foreign currency bank liabilities, foreign exchange contracts, interest or currency swaps or other financial derivatives for hedging purposes. Nevertheless, the management will continue to monitor the Group's foreign exchange exposure and will take relevant measures with prudence as and when appropriate. As at 31 December 2018, the Group did not hold any derivatives for hedging against interest rate and foreign exchange risks.

CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

As at 31 December 2018, the Group had no capital expenditure commitment in respect of the acquisition of property, plant and equipment (2017: RMB9.7 million). The Group has provided product warranties to its customers in respect of certain of its EP products and equipment sold for a warranty period ranging from six months to two years after installation. At the same time, the Group has also received the same product warranties in respect of those EP products and equipment supplied from its suppliers. The Directors of the Company believe that the amount of crystallised warranty liabilities will not be significant at the end of the reporting period.

PLEDGE OF ASSETS

There were no pledge of assets by the Group as at 31 December 2018.

SIGNIFICANT INVESTMENTS, ACQUISITION AND DISPOSAL OF ASSETS

Save as disclosed in this annual report, the Group did not have any other significant investments, acquisitions and disposal of assets during the financial year under review.

承受匯率波動風險

本集團奉行穩健財務政策，本集團大多數營業交易與負債均以人民幣及港元計值，本集團大部分銀行存款亦如此。於二零一八年十二月三十一日，本集團並無任何外幣銀行負債、外匯合同、利息或貨幣掉期或其他對沖用途之金融衍生工具。然而，管理層將繼續監察本集團之外匯風險，並在適當時採取審慎措施。於二零一八年十二月三十一日，本集團並無持有對沖利率及外匯風險的任何衍生工具。

資金承擔及或然負債

於二零一八年十二月三十一日，本集團並無就採購物業、廠房及設備之資本開支承擔（二零一七年：人民幣970萬元）。本集團就其售出之若干環保產品和設備為其客戶提供產品保修，保修期由安裝後計六個月至兩年不等。同時，本集團亦享有供應商就所提供之環保產品及設備之相同的產品保修服務。本公司董事相信，於報告期末，保修負債之實際金額並不重大。

資產抵押

於二零一八年十二月三十一日，本集團概無資產抵押。

重大投資，收購及出售資產

除本年報所披露外，本集團於回顧財政年度內並無任何其他重大投資、收購及出售資產。

Management Discussion and Analysis

管理層討論與分析

EVENTS AFTER THE REPORTING PERIOD

Save as disclosed in note 40 to the financial statements, the Group did not have any other significant events after the end of the reporting period.

RELATIONSHIP WITH EMPLOYEES AND KEY STAKEHOLDERS

As at 31 December 2018, the Group had approximately 120 employees. Salaries of employees maintained at competitive levels and are reviewed annually, with close reference to the relevant labour market and economic situations. Remuneration of the Directors is determined based on a variety of factors such as market conditions and the specific responsibilities of the individual Director. Apart from the basic remuneration and benefits required by law, the Group also provides discretionary bonuses based on its results and the performance of the individual employee. The Group also has an employee share option scheme in place. Total remuneration costs, including Directors' remuneration, for the year ended 31 December 2018 were RMB13.9 million (2017: RMB11.5 million). During the year, the Group organized professional and vocational trainings for its employees. The Directors believe that the Group has maintained cordial and professional relations with its employees. In addition, the Group understands that in order to achieve its long-term goals, it is important to maintain a good relationship with business partners, shareholders, investors and bankers. Thus, the Group has formulated an investor relations scheme to help in fostering a close relationship with shareholders and investors. Specific activities are organized from time to time to communicate with and rally rapport of key stakeholders.

報告期後事項

除於財務報表附註40所披露外，本集團於報告期末後並無任何其他重大事項。

與僱員及主要持份者之關係

於二零一八年十二月三十一日，本集團僱用約120名員工。僱員之薪酬維持在一個具競爭力之水平，並參考相關人力市場及經濟情況，每年進行檢討。董事之酬金乃根據一系列包括市場狀況及個別董事之特定職責之因素而釐定。除法律規定之基本薪酬及法定福利外，本集團亦根據本身之業績及個別員工之表現，酌情發放花紅。本集團亦已採納員工購股權計劃。截至二零一八年十二月三十一日止年度，薪酬成本總額（包括董事酬金）為人民幣1,390萬元（二零一七年：人民幣1,150萬元）。於本年度內，本集團為其僱員舉辦專業及職業培訓。董事相信本集團與僱員關係良好。此外，為達成長遠目標，本集團明白與商業夥伴、股東、投資者及銀行保持良好關係非常重要。因此，本集團已制定投資者關係計劃，以與其股東及投資者建立密切的關係，並不時舉辦特別設計的活動，藉此與主要持份者溝通及保持關係融洽。

Corporate Governance Report 企業管治報告

CORPORATE GOVERNANCE PRACTICES

The Board of Directors of the Company (the “Board”) is pleased to present the Corporate Governance Report in the Group’s annual report for the year ended 31 December 2018.

The Board was committed to achieving high corporate governance standards.

The Company’s corporate governance practices are based on the principles and code provisions as set out in the Corporate Governance Code (the “CG Code”) contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) (the “Listing Rules”).

The Board believes that high corporate governance standards are essential in providing a framework for the Group to safeguard the interests of shareholders (the “Shareholders”), enhance corporate value, formulate its business strategies and policies, and enhance its transparency and accountability.

In the opinion of the Directors, throughout the year ended 31 December 2018, the Company has complied with all applicable code provisions of the CG Code, except for CG Code provision A.2.1, which provides that the roles of Chairman and Chief Executive Officer should be separate and should not be performed by the same individual, details of which are set out in the section headed “Board of Directors” of this Corporate Governance Report.

DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted its own code of conduct regarding Directors’ dealings in the Company’s securities (the “Company’s Securities Dealing Code”) on terms no less exacting than the Model Code for Securities Transactions by Directors of Listed Issuers (the “Model Code”) as set out in Appendix 10 to the Listing Rules.

Specific enquiry has been made of all the Directors and the Directors have confirmed that they have complied with the Company’s Securities Dealing Code throughout the year ended 31 December 2018.

企業管治常規

本公司董事會（「董事會」）欣然提呈本集團截至二零一八年十二月三十一日止年度年報內的企業管治報告。

董事會致力於達致高水平的企業管治。

本公司的企業管治常規乃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」）附錄十四所載的企業管治守則（「企業管治守則」）所載列的原則及守則條文編製。

董事會認為，高水平的企業管治對於為本集團提供保障股東（「股東」）權益、提升其企業價值、制定其業務策略和政策以及提高其透明度及問責性的框架而言至關重要。

董事認為，於截至二零一八年十二月三十一日止整個年度內，本公司一直遵守企業管治守則的所有適用守則條文，惟守則條文第A.2.1條除外（其訂明主席及行政總裁角色應予區分，不應由同一人擔任），有關詳情載於本企業管治報告「董事會」一節。

董事的證券交易

本公司已就董事買賣本公司證券採納本身的一套嚴格程度不遜於上市規則附錄十所載列的《上市發行人董事進行證券交易之標準守則》（「標準守則」）所訂標準的守則（「本公司證券買賣守則」）。

經向全體董事作出具體查詢後，董事確認彼等於截至二零一八年十二月三十一日止整個年度一直遵守本公司證券買賣守則。

Corporate Governance Report

企業管治報告

The Company's Securities Dealing Code, no less exacting than the Model Code, for securities transactions also applies to all employees who are likely to be in possession of unpublished price sensitive information of the Company. No incident of non-compliance of the Company's Securities Dealing Code by the employees was noted by the Company.

BOARD OF DIRECTORS

The Board oversees the Group's businesses, strategic decisions and performance and should take decisions objectively in the best interests of the Company.

The Board should regularly review the contribution required from a Director to perform his responsibilities to the Company, and whether the Director is spending sufficient time performing them.

Board Composition

The Board currently comprises five members including one executive Director, one non-executive Director and three independent non-executive Directors:

Executive Director:

Mr. Jiang Xin, *Chairman, Chief Executive Officer and member of the Nomination Committee and Remuneration Committee*

Non-executive Director:

Mr. Fan Yajun

Independent Non-executive Directors:

Mr. Lai Wing Lee, *chairman of the Nomination Committee and Remuneration Committee and member of the Audit Committee*

Mr. Leung Shu Sun, Sunny, *chairman of the Audit Committee and member of the Nomination Committee and Remuneration Committee*

Professor Wang Guozhen, *member of the Audit Committee, Nomination Committee and Remuneration Committee*

Mr. Cho Yu Chung has resigned as an executive Director of the Company with effect from 31 January 2018.

The biographical information of the Directors are set out in the section headed "Directors and Senior Management" on pages 31 to 34 of the annual report for the year ended 31 December 2018. None of the members of the Board is related to one another.

本公司證券買賣守則之嚴格程度不遜於有關證券交易的標準守則，且同樣適用於所有可能會掌握本公司未刊發之價格敏感資料的僱員。據本公司所悉，僱員並無違反本公司證券買賣守則。

董事會

董事會監管本集團的業務、戰略決策及表現且應以本公司最佳利益作出客觀決策。

董事會應定期向本公司檢討董事履行其職責所需作出的貢獻，及董事是否花費足夠時間履行該等職責。

董事會組成

董事會成員現時合共有五名董事，包括一名執行董事、一名非執行董事及三名獨立非執行董事：

執行董事：

蔣鑫先生，主席、行政總裁兼提名委員會及薪酬委員會成員

非執行董事：

范亞軍先生

獨立非執行董事：

賴永利先生，提名委員會及薪酬委員會主席兼審核委員會成員

梁樹新先生，審核委員會主席兼提名委員會及薪酬委員會成員

王國珍教授，審核委員會、提名委員會及薪酬委員會成員

曹宇頌先生已辭任本公司執行董事，自二零一八年一月三十一日起生效。

董事履歷資料載於截至二零一八年十二月三十一日止年度的年報第31至34頁的「董事及高級管理層」一節。董事會成員之間概無關連。

Corporate Governance Report 企業管治報告

Chairman and Chief Executive Officer

Code provision A.2.1 stipulates that the roles of Chairman and Chief Executive Officer should be separate and should not be performed by the same individual.

The Chairman and Chief Executive Officer of the Company are held by Mr. Jiang Xin since 15 September 2017. The Board believes that Mr. Jiang Xin has the requisite experience and knowledge and that vesting in both roles would maintain efficient business operation which is in the best interest of the Group.

Independent Non-executive Directors

During the year ended 31 December 2018, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive Directors representing at least one-third of the Board with one of whom possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has received written annual confirmation from each of the independent non-executive Directors in respect of his independence in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules. The Company is of the view that all independent non-executive Directors are independent.

Appointment and Re-election of Directors

The non-executive Director of the Company has entered into a service contract with the Company which is renewable from year to year until terminated by either party with 3 months' notice in writing served on the other side. Each of the independent non-executive Directors of the Company is appointed under a letter of appointment which is terminable by either party with 3 months' notice in writing served on the other side.

Under the Articles of Association of the Company, at each annual general meeting, one-third of the Directors for the time being, or if their number is not three or a multiple of three, the number nearest to but not less than one-third shall retire from office by rotation provided that every Director, including those appointed for a specific term, shall be subject to retirement by rotation at least once every three years. The retiring Directors shall be eligible for re-election.

主席及行政總裁

守則條文第A.2.1條訂明，主席及行政總裁角色應予區分，不應由同一人擔任。

自二零一七年九月十五日起，蔣鑫先生擔任本公司主席及行政總裁。董事會相信蔣鑫先生具備所需之經驗及知識，而同時兼任兩個角色將保持業務有效運作，符合本集團之最佳利益。

獨立非執行董事

截至二零一八年十二月三十一日止年度，董事會一直遵守上市規則有關委任至少三名獨立非執行董事並佔董事會人數至少三分之一，而其中一名獨立非執行董事須具備適當專業資格或會計或相關財務管理專業知識的規定。

本公司已收到各獨立非執行董事根據上市規則第3.13條所載獨立性指引就其獨立性發出的年度確認書。本公司認為，全體獨立非執行董事均屬獨立。

委任及重選董事

本公司非執行董事已與本公司訂立服務合同，每年可予續期，直至任何一方向另一方發出三個月書面通知終止。本公司各獨立非執行董事均根據委任書獲委任，惟該委任可經任何一方向另一方發出三個月的書面通知予以終止。

根據本公司組織章程細則，於每屆股東周年大會上，當時為數三分之一的董事（如董事人數並非三或三的倍數，則須為最接近但不少於三分之一的董事人數）須輪值退任，惟所有董事（包括獲指定任期的董事）須最少每三年輪值退任一次。退任董事合資格膺選連任。

Corporate Governance Report 企業管治報告

Responsibilities, Accountabilities and Contributions of the Board and Management

The Board should assume responsibility for leadership and control of the Company and is collectively responsible for directing and supervising the Company's affairs.

The Board directly, and indirectly through its committees, leads and provides direction to management by laying down strategies and overseeing their implementation, monitors the Group's operational and financial performance, and ensures that sound internal control and risk management systems are in place.

All Directors, including non-executive Director and independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning.

The independent non-executive Directors are responsible for ensuring a high standard of regulatory reporting of the Company and providing a balance in the Board for bringing effective independent judgement on corporate actions and operations.

All Directors have full and timely access to all the information of the Company and may, upon request, seek independent professional advice in appropriate circumstances at the Company's expenses for discharging their duties to the Company.

The Directors shall disclose to the Company details of other offices held by them and the Board regularly reviews the contribution required from each Director to perform his responsibility to the Company.

The Board reserves for its decision all major matters relating to policy matters, strategies and budgets, internal control and risk management, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant operational matters of the Company. Responsibilities relating to implementing decisions of the Board, directing and co-ordinating the daily operation and management of the Company are delegated to the management.

The Company has arranged appropriate insurance coverage on Directors' and officers' liabilities in respect of any legal actions taken against Directors and senior management arising out of corporate activities. The insurance coverage would be reviewed on an annual basis.

董事會及管理層的職責、問責性及貢獻

董事會承擔領導及控制本公司的職責並集體負責指導及監管本公司的事務。

董事會直接（及間接透過其各委員會）領導及指導管理層，其工作包括制定策略及監督管理層執行情況、監控本集團營運及財務表現，以及確保設有完備的內部監控及風險管理系統。

全體董事（包括非執行董事及獨立非執行董事）均為董事會帶來多種領域的寶貴業務經驗、知識及專長，使其高效及有效地運作。

獨立非執行董事須負責確保本公司監管報告具有高標準以及就企業行動及運作提供有效的獨立判斷並為董事會帶來平衡。

全體董事均可全面並及時獲得本公司所有資料，及可在適當情況下經提出要求後尋求獨立專業意見，以向本公司履行其職責，費用由本公司承擔。

董事須向本公司披露彼等所擔任其他職務的詳情，而董事會亦定期檢討各董事向本公司履行其職責所需作出的貢獻。

董事會保留其有關本公司政策事項、策略及預算、內部監控及風險管理、重大交易（尤其是可能涉及利益衝突的交易）、財務資料、委任董事及其他重大營運事項的所有重大事項的決策。有關執行董事會決策、指導及協調本公司日常營運及管理的職責均授權予管理層處理。

本公司已安排適當的董事及主管責任保險，涵蓋董事及高級管理層就企業活動而對彼等產生的法律訴訟責任。該保險範圍將會每年檢討。

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Continuous Professional Development of Directors

The existing Directors are continually updated with the legal and regulatory developments, the market changes and the business activities and development of the Company to ensure that their contribution to the Board remains informed and relevant.

Every newly appointed Director has received formal, comprehensive and tailored induction on the first occasion of his/her appointment to ensure appropriate understanding of the business and operations of the Company and full awareness of Director's responsibilities and obligations under the Listing Rules and relevant statutory requirements. Such induction shall be supplemented by visits to the Company's key plant sites and meetings with senior management of the Company.

Directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills. Internally-facilitated briefings for Directors would be arranged and reading material on relevant topics would be provided to Directors where appropriate. All Directors are encouraged to attend relevant training courses at the Company's expenses.

董事的持續專業發展

現任董事持續獲得有關法例及監管的發展、市場變化以及本公司業務及發展的最新資料，藉此確保彼等繼續對董事會作出知情及相關貢獻。

每位新獲委任董事均於首次接受委任時獲得正式、全面及專門的入職培訓，以確保該董事對本公司的業務及營運均有適當的理解，並充分知悉彼於上市規則及相關法定規定下的責任及義務。除該等入職培訓外，亦會讓新獲委任董事參觀本公司的主要工廠，並與本公司高級管理層會面。

董事應參與適當的持續專業發展，以發展及更新彼等的知識及技能。本公司將為董事安排內部簡報，並於適當時候向董事提供相關議題的閱讀材料。全體董事均獲鼓勵參加相關培訓課程，費用由本公司承擔。

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The record of continuous professional development relating to Director's duties and regulatory and business development that have been received by the Directors for the year ended 31 December 2018 are summarized as follows:

截至二零一八年十二月三十一日止年度，董事已接獲有關董事職責以及監管及業務發展的持續專業發展記錄概述如下：

Directors	董事	Type of Training ^{Note} 培訓類別 ^{附註}
Executive Directors	執行董事	
Mr. Jiang Xin	蔣鑫先生	B
Mr. Cho Yu Chung (<i>resigned with effect from 31 January 2018</i>)	曹宇頌先生 (<i>已辭任，自二零一八年一月三十一日起生效</i>)	A&B
Non-executive Director	非執行董事	
Mr. Fan Yajun	范亞軍先生	B
Independent Non-executive Directors	獨立非執行董事	
Mr. Lai Wing Lee	賴永利先生	A&B
Mr. Leung Shu Sun, Sunny	梁樹新先生	A&B
Professor Wang Guozhen	王國珍教授	A&B

Note:

附註：

Types of Training

培訓類別

- A: Attending training sessions, including but not limited to, briefings, seminars, conferences and workshops
- B: Reading relevant news alerts, newspapers, journals, magazines and relevant publications

- A: 參加培訓課程，包括但不限於簡報會、研討會、會議及工作坊
- B: 閱讀相關新聞快訊、報紙、期刊、雜誌及相關出版物

BOARD COMMITTEES

董事委員會

The Board has established three committees, namely, the Audit Committee, the Remuneration Committee and the Nomination Committee, for overseeing particular aspects of the Company's affairs. All Board committees of the Company are established with specific written terms of reference which deal clearly with their authority and duties. The terms of reference of the Board committees are posted on the Company's website and the Stock Exchange's website and are available to Shareholders upon request.

董事會已設立三個委員會，分別為審核委員會、薪酬委員會及提名委員會，以監察本公司各範疇的具體事務。所有本公司董事委員會的成立均有書面界定其職權範圍，清楚列載各委員會的權力及職責。有關董事委員會職權範圍的資料已刊登於本公司網站及聯交所網站並應股東要求可供查閱。

The list of the chairman and members of each Board committee is set out under "Board of Directors" on page 14 of this Corporate Governance Report.

各董事委員會的主席及成員名單載於本企業管治報告第14頁的「董事會」內。

Corporate Governance Report 企業管治報告

Audit Committee

The Audit Committee consists of three members, including three Independent non-executive Directors, namely Mr. Lai Wing Lee, Mr. Leung Shu Sun, Sunny and Professor Wang Guozhen. Mr. Leung Shu Sun, Sunny is the chairman of the Audit Committee.

The terms of reference of the Audit Committee are of no less exacting terms than those set out in the CG Code.

The main duties of the Audit Committee are to assist the Board in reviewing the financial information and reporting process, risk management and internal control systems, effectiveness of the internal audit function, scope of audit and appointment of external auditor, and arrangements to enable employees of the Company to raise concerns about possible improprieties in financial reporting, internal control or other matters of the Company.

During the year ended 31 December 2018, the Audit Committee held two meetings to review the annual financial results and reports in respect of the year ended 31 December 2017 and the interim financial results and reports for the period ended 30 June 2018 and significant issues on the financial reporting, operational and compliance controls, the effectiveness of the risk management and internal control systems and internal audit function, appointment of external auditor, engagement of non-audit services and relevant scope of works, amendments of the terms of reference in light of the amendments to the Corporate Governance Code and arrangements for employees to raise concerns about possible improprieties.

The Audit Committee also met the external auditor twice without the presence of the executive Directors.

Remuneration Committee

The Remuneration Committee consists of four members including one Executive Director, namely Mr. Jiang Xin, and three Independent non-executive Directors, namely Mr. Lai Wing Lee, Mr. Leung Shu Sun, Sunny and Professor Wang Guozhen. Mr. Lai Wing Lee is the chairman of the Remuneration Committee.

The terms of reference of the Remuneration Committee are of no less exacting terms than those set out in the CG Code.

審核委員會

審核委員會由三名成員組成，包括三名獨立非執行董事，即為賴永利先生、梁樹新先生及王國珍教授。梁樹新先生為審核委員會主席。

審核委員會的職權範圍不遜於企業管治守則所載條款。

審核委員會的主要職責為協助董事會檢討本公司的財務資料及報告程序、風險管理及內部監控系統、內部審核功能的效能、審核範疇及委任外部核數師和使本集團員工就本公司財務報告、內部控制或其他事宜的可能不當行為提出舉報的安排。

於截至二零一八年十二月三十一日止年度，審核委員會曾舉行二次會議，以審閱截至二零一七年十二月三十一日止年度的年度財務業績及報告以及截至二零一八年六月三十日止期間的中期財務業績及報告，以及有關財務匯報、營運及合規控制、風險管理、內部監控系統及內部審核功能的效能、外部核數師的委任、聘任非審核服務及相關工作範圍、鑒於企業管治守則修訂之職權範圍的修訂以及安排僱員就可能的不當行為提出舉報的重大事宜。

審核委員會亦曾在執行董事不在場的情況下與外部核數師會面兩次。

薪酬委員會

薪酬委員會由四名成員組成，包括一名執行董事，即蔣鑫先生，及三位獨立非執行董事，即賴永利先生、梁樹新先生及王國珍教授。賴永利先生為薪酬委員會主席。

薪酬委員會的職權範圍不遜於企業管治守則所載條款。

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The primary functions of the Remuneration Committee include reviewing and making recommendations to the Board on the remuneration packages of individual executive Directors and senior management, the remuneration policy and structure for all Directors and senior management, and establishing transparent procedures for developing such remuneration policy and structure to ensure that no Director or any of his associates will participate in deciding his own remuneration.

During the year ended 31 December 2018, the Remuneration Committee held one meeting to review and make recommendation to the Board on the remuneration policy and structure of the Company and the remuneration packages of the executive Directors and senior management and other related matters.

Details of the remuneration of the senior management by band are set out in note 10 to the financial statements for the year ended 31 December 2018.

Nomination Committee

The Nomination Committee consists of four members, including one Executive Director, namely Mr. Jiang Xin, and three Independent non-executive Directors, namely Mr. Lai Wing Lee, Mr. Leung Shu Sun, Sunny and Professor Wang Guozhen. Mr. Lai Wing Lee is the chairman of the Nomination Committee.

The terms of reference of the Nomination Committee are of no less exacting terms than those set out in the CG Code.

The principal duties of the Nomination Committee include reviewing the Board composition, developing and formulating relevant procedures for the nomination and appointment of Directors, making recommendations to the Board on the appointment and succession planning of Directors, and assessing the independence of independent non-executive Directors.

In assessing the Board composition, the Nomination Committee would take into account various aspects as well as factors concerning Board diversity as set out in the Company's Board Diversity Policy. The Nomination Committee would discuss and agree on measurable objectives for achieving diversity on the Board, where necessary, and recommend them to the Board for adoption.

薪酬委員會的主要職責包括審閱及釐定個別執行董事及高級管理層的薪酬待遇、全體董事及高級管理層的薪酬政策及架構，並就此向董事會提出建議及制定透明的程序藉以確立有關薪酬政策及架構，確保董事或其任何聯繫人不會參與決定其自身薪酬。

截至二零一八年十二月三十一日止年度，薪酬委員會舉行了一次會議，以審閱本公司薪酬政策及架構以及執行董事及高級管理人員薪酬待遇及其他相關事宜，並就此向董事會提出建議。

按組別分類的高級管理層薪酬的詳情載於截至二零一八年十二月三十一日止年度財務報表附註10。

提名委員會

提名委員會由四名成員組成，包括一名執行董事，即蔣鑫先生，及三位獨立非執行董事，即賴永利先生、梁樹新先生及王國珍教授。賴永利先生為提名委員會主席。

提名委員會的職權範圍不遜於企業管治守則所載條款。

提名委員會主要負責檢討董事會組成，發展及制訂提名及委任董事的有關程序，就董事的委任及繼任計劃向董事會提供推薦意見，以及評估獨立非執行董事的獨立性。

於評估董事會組成時，提名委員會將考慮本公司董事會多元化政策所載董事會多元化的若干方面以及因素。提名委員會將討論及協定達致董事會多元化的可計量目標（倘必要）並向董事會推薦以供採納。

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In identifying and selecting suitable candidates for directorships, the Nomination Committee would consider the candidate's relevant criteria as set out in the Director Nomination Policy that are necessary to complement the corporate strategy and achieve Board diversity, where appropriate, before making recommendation to the Board.

During the year ended 31 December 2018, the Nomination Committee held one meeting to review the structure, size and composition of the Board and the independence of the independent non-executive Directors, to consider the qualifications of the retiring Directors standing for election at the annual general meeting. The Nomination Committee considered an appropriate balance of diversity perspectives of the Board is maintained.

Board Diversity Policy

The Company has adopted a Board Diversity Policy on 31 December 2018 which sets out the approach to achieve diversity of the Board. The Company recognizes and embraces the benefits of having a diverse Board and sees increasing diversity at the Board level as an essential element in maintaining the Company's competitive advantage.

Pursuant to the Board Diversity Policy, the Nomination Committee will review annually the structure, size and composition of the Board and where appropriate, make recommendations on changes to the Board to complement the Company's corporate strategy and to ensure that the Board maintains a balanced diverse profile. In relation to reviewing and assessing the Board composition and the nomination of Directors, the Nomination Committee is committed to diversity at all levels and will consider a number of aspects, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge and regional and industry experience.

The Company aims to maintain an appropriate balance of diversity perspectives that are relevant to the Company's business growth and is also committed to ensuring that recruitment and selection practices at all levels (from the Board downwards) are appropriately structured so that a diverse range of candidates are considered.

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

在物色及甄選合適的董事候選人時，提名委員會在向董事會提出推薦意見前，會考慮董事提名政策所載之候選人相關標準就補充公司策略及達致董事會成員多元化而言屬必要（倘適用）。

截至二零一八年十二月三十一日止年度，提名委員會舉行了一次會議，檢討董事會的架構、規模及組成，以及獨立非執行董事的獨立性，以考慮擬於股東周年大會上重選的退任董事的資格。提名委員會認為，董事會組成在多元化方面維持適當平衡。

董事會成員多元化政策

本公司已於二零一八年十二月三十一日採納董事會成員多元化政策，其中載列達成董事會多元化的方法。本公司意識到並接納多元化董事會的好處，並認為董事會層面日益多元化乃是維持本公司競爭優勢不可或缺的因素。

根據董事會成員多元化政策，提名委員會將每年檢討董事會的架構、規模及組成，並就任何為配合本公司的公司策略而對董事會作出的變動提出建議，並確保董事會維持均衡的多元化形象。在檢討及評估董事會組成及董事提名方面，提名委員會致力於各層面的多元化，並會考慮多個方面，包括但不限於性別、年齡、文化及教育背景、專業資格、技能，知識以及區域及行業經驗。

本公司旨在使董事會成員多元化方面能保持適當平衡，以切合本公司業務發展並致力於確保各層面（由董事會而下）的招聘及甄選均按適當的架構程序進行，以便招徠多元背景的人選供委聘。

董事會將考慮設定可計量的目標，以實施董事會成員多元化政策，並不時檢討該等目標，確保目標合適並確定其達成進度。

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At present, the Nomination Committee considered that the Board is sufficiently diverse and the Board has not set any measurable objectives.

The Nomination Committee will review the Board Diversity Policy, as appropriate, to ensure its effectiveness.

Director Nomination Policy

The Board has delegated its responsibilities and authority for selection and appointment of Directors to the Nomination Committee of the Company.

The Company has adopted a Director Nomination Policy on 31 December 2018 which sets out the selection criteria and process and the Board succession planning considerations in relation to nomination and appointment of Directors of the Company and aims to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the Company and the continuity of the Board and appropriate leadership at Board level.

The Director Nomination Policy sets out the factors for assessing the suitability and the potential contribution to the Board of a proposed candidate, including but not limited to the following:

- Character and integrity;
- Qualifications including professional qualifications, skills, knowledge and experience that are relevant to the Company's business and corporate strategy;
- Diversity in all aspects, including but not limited to gender, age (18 years or above), cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service;
- Requirements of independent non-executive Directors on the Board and independence of the proposed independent non-executive Directors in accordance with the Listing Rules; and
- Commitment in respect of available time and relevant interest to discharge duties as a member of the Board and/or Board committee(s) of the Company.

目前，提名委員會認為董事會已充分多元化，而董事會並未設定任何可計量的目標。

提名委員會將酌情審閱董事會多元化政策，以確保其有效性。

董事提名政策

董事會已將其甄選及委任董事的職責及權力授予本公司提名委員會。

本公司已於二零一八年十二月三十一日採納董事提名政策，其中載列有關提名及委任本公司董事的甄選準則及程序以及董事會繼任計劃考慮因素，旨在確保董事會成員具備切合本公司業務所需的技能、經驗及多元化觀點以及董事會的穩定性及維持董事會的領導角色。

董事提名政策載列評估建議候選人是否適合董事會及對董事會的潛在貢獻之因素，包括但不限於以下各項：

- 品格及誠信；
- 資格，包括專業資格、技能、知識及與本公司業務及企業策略相關的經驗；
- 全方面的多元化，包括但不限於性別、年齡（18歲或以上）、文化及教育背景、族裔、專業經驗、技能、知識及服務年限；
- 根據上市規則，董事會需包括獨立非執行董事的規定及候選人是否被視為獨立；及
- 作為本公司董事會及／或董事轄下委員會成員履行其職責的可用時間及相關利益之承諾。

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The Director Nomination Policy also sets out the procedures for the selection and appointment of new Directors and re-election of Directors at general meetings. During the year ended 31 December 2018, there was no change in the composition of the Board.

The Nomination Committee will review the Director Nomination Policy, as appropriate, to ensure its effectiveness.

Corporate Governance Functions

The Board is responsible for performing the functions set out in the code provision D.3.1 of the CG Code.

During the year ended 31 December 2018, the Board had reviewed the Company's corporate governance policies and practices, training and continuous professional development of Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Company's Securities Dealing Code and the Model Code, and the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

董事提名政策亦載列甄選及委任新董事及於股東大會上重選董事的程序。截至二零一八年十二月三十一日止年度，董事會組成並無變動。

提名委員會將酌情審閱董事提名政策，以確保其有效性。

企業管治職能

董事會負責執行企業管治守則第D.3.1條所載的職能。

截至二零一八年十二月三十一日止年度，董事會已檢討本公司的企業管治政策及常規、董事及高級管理層的培訓及持續專業發展、本公司有關遵守法律及監管規定的政策及常規、遵守本公司證券買賣守則及標準守則的情況以及本公司遵守企業管治守則及本企業管治報告中的披露情況。

Corporate Governance Report

企業管治報告

ATTENDANCE RECORDS OF DIRECTORS

The attendance record of each Director at the Board and Board Committee meetings and the general meetings of the Company held during the year ended 31 December 2018 is set out in the table below:

Name of Director	董事姓名	Attendance/Number of Meetings				Annual General Meeting
		Board	Audit Committee	Remuneration Committee	Nomination Committee	
		董事會	審核委員會	薪酬委員會	提名委員會	股東周年大會
Jiang Xin	蔣鑫	13/13	N/A 不適用	0/1	0/1	1/1
Fan Yajun	范亞軍	13/13	N/A 不適用	N/A 不適用	N/A 不適用	0/1
Lai Wing Lee	賴永利	13/13	2/2	1/1	1/1	0/1
Leung Shu Sun, Sunny	梁樹新	13/13	2/2	1/1	1/1	1/1
Wang Guozhen	王國珍	13/13	2/2	1/1	1/1	1/1
Cho Yu Chung (resigned on 31 January 2018)	曹宇頌 (於二零一八年一月三十一日辭任)	1/13	N/A 不適用	N/A 不適用	N/A 不適用	N/A 不適用

Apart from regular Board meetings, the Chairman also held meetings with the non-executive Directors (including independent non-executive Directors) without the presence of other Directors during the year.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board acknowledges its responsibility for the risk management and internal control systems and reviewing their effectiveness. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board has the overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives, and establishing and maintaining appropriate and effective risk management and internal control systems.

The Audit Committee assists the Board in leading the management and overseeing their design, implementation and monitoring of the risk management and internal control systems.

董事出席記錄

各董事於截至二零一八年十二月三十一日止年度舉行的董事會及董事委員會會議以及本公司股東大會的出席記錄載列如下：

年內，除定期董事會會議外，主席亦曾於其他董事不在場的情況下與非執行董事（包括獨立非執行董事）舉行會議。

風險管理及內部監控

董事會確認知悉其負責風險管理及內部監控系統並檢討其成效之責任。該等系統旨在管理而非消除未能達成業務目標的風險，而且只能就不會有重大的失實陳述或損失作出合理而非絕對的保證。

董事會全面負責評估及釐定本公司達成策略目標時所願意接納的風險性質及程度，並設立和維持合適而有效的風險管理及內部監控系統。

審核委員會協助董事會開展管理工作並監督董事會設計、實施及監管風險管理及內部監控系統。

Corporate Governance Report 企業管治報告

The Company has developed and adopted various risk management procedures and guidelines with defined authority for implementation by key business processes and office functions, including project management, sales and leasing, financial reporting, human resources and information technology.

All divisions conducted internal control assessment regularly to identify risks that potentially impact the business of the Group and various aspects including key operational and financial processes, regulatory compliance and information security. Self-evaluation has been conducted annually to confirm that control policies are properly complied with by each division.

The management, in co-ordination with division heads, assessed the likelihood of risk occurrence, provide treatment plans, and monitor the risk management progress, and reported to the Audit Committee and the Board on all findings and the effectiveness of the systems.

The management has reported to the Board and the Audit Committee on the effectiveness of the risk management and internal control systems for the year ended 31 December 2018.

The Company has engaged external professional firm for providing the internal audit function and performing independent review of the adequacy and effectiveness of the risk management and internal control systems. The internal audit function examined key issues in relation to the accounting practices and all material controls and provided its findings and recommendations for improvement to the Audit Committee.

The Board, as supported by the Audit Committee as well as the management report and the internal audit findings, reviewed the risk management and internal control systems, including the financial, operational and compliance controls, for the year ended 31 December 2018, and considered that such systems are effective and adequate. The annual review also covered the financial reporting and internal audit function and staff qualifications, experiences and relevant resources.

Arrangements are in place to facilitate employees of the Company to raise, in confidence, concerns about possible improprieties in financial reporting, internal control or other matters of the Company.

本公司已制定及採納多項風險管理程序及指引，並通過明晰關鍵業務流程及部門職能（包括項目管理、銷售及租賃、財務匯報、人力資源及信息技術）訂明操作權責。

各部門均定期進行內部監控評測，以識別可能影響本集團業務及包括主要營運及財務流程、監管合規及信息安全在內多個方面的潛在風險。各部門亦每年進行自我評估，以確保妥當遵守控制政策。

管理層與各部門領導相互配合，評估發生風險事件的可能性並提供應對計劃及監控風險管理程序，並就一切有關結果及該系統的效能向審核委員會及董事會作出報告。

管理層已就風險管理及內部監控系統於截至二零一八年十二月三十一日止年度之成效向董事會及審核委員會作出報告。

本公司已委聘外部專業公司提供內部審核功能並就風險管理及內部監控系統是否足夠及其成效進行獨立審核。內部審核功能已就有關會計常規及所有重大控制審核重大問題，及向審核委員會提供其審核結果及改進推薦意見。

董事會參考管理層報告以及內部審核結果，在審核委員會的協助下就截至二零一八年十二月三十一日止年度之風險管理及內部監控系統（包括財務、營運及合規控制）作出檢討，並認為此等系統有效及足夠。年度審核亦已涵蓋財務匯報及內部審核功能以及員工資歷、經驗及相關資源。

本公司已設立方便其僱員就本公司財務匯報、內部監控或其他事項可能出現的不適當行為而以保密形式表達關注的安排。

Corporate Governance Report

企業管治報告

The Company has developed its disclosure policy which provides a general guide to the Company's Directors, officers, senior management and relevant employees in handling confidential information, monitoring information disclosure and responding to enquiries.

Control procedures have been implemented to ensure that unauthorized access and use of inside information are strictly prohibited.

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended 31 December 2018.

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

The statement of the independent auditor of the Company about their reporting responsibilities on the financial statements is set out in the Independent Auditor's Report on pages 82 to 89.

Where appropriate, a statement from the Audit Committee explaining its recommendation regarding the selection, appointment, resignation or dismissal of external auditors and the reasons why the Board has taken a different view from that of the Audit Committee.

本公司已制定披露政策，為本公司董事、職員、高級管理層及相關僱員提供處理機密資料、監察資料披露及回應查詢的常規指引。

公司已制定監控措施，嚴禁任何未經授權獲取及使用內幕資料。

董事對財務報表的責任

董事確認彼等編製本公司截至二零一八年十二月三十一日止年度財務報表的責任。

董事並不知悉有關可能會令本公司按持續基準經營的能力備受質疑的事件或狀況的任何重大不確定因素。

本公司獨立核數師有關其對財務報表的申報責任的聲明載於第82至89頁獨立核數師報告內。

於適當時，審核委員會之聲明就甄選、委任、辭退或罷免外聘核數師闡述其建議，以及董事會就此與審核委員會持不同意見之原因。

Corporate Governance Report 企業管治報告

AUDITOR'S REMUNERATION

An analysis of the remuneration paid to the external auditor of the Company, Ascenda Cachet CPA Limited, in respect of audit services and non-audit services for the year ended 31 December 2018 is set out below:

核數師薪酬

截至二零一八年十二月三十一日止年度向本公司外聘核數師天健德揚會計師事務所有限公司支付有關審核服務及非審核服務的酬金分析如下：

Service Category	服務類別	Fees Paid/ Payable 已付／應付費用 HK\$ 港元
Audit Services	審核服務	1,430,000
Non-audit Services	非審核服務	
– Review of accounts for the period ended 30 June 2018	– 審閱截至二零一八年六月三十日止期間賬目	430,000
– Agreed upon procedures on preliminary results announcement	– 初步業績公告之商定執行情序	50,000
		<hr/>
		1,910,000
		<hr/> <hr/>

COMPANY SECRETARY

The Board appoints Mr. Wan San Fai, Vincent as its Company Secretary in accordance with the Company's Articles of Association and in compliance with the requirements of the Listing Rules. Mr. Wan has complied with the professional training requirement as set out in Rule 3.29 of the Listing Rules during the year ended 31 December 2018.

公司秘書

董事會根據本公司組織章程細則並在遵守上市規則規定之前提下委任溫新輝先生為公司秘書。截至二零一八年十二月三十一日止年度，溫先生已遵守上市規則第3.29條載列的專業培訓規定。

Corporate Governance Report

企業管治報告

SHAREHOLDERS' RIGHTS

The Company engages with Shareholders through various communication channels and a Shareholders' communication policy is in place to ensure that Shareholders' views and concerns are appropriately addressed. The policy is regularly reviewed to ensure its effectiveness.

The Company adopted the dividend policy on 31 December 2018. Depending on the financial conditions of the Company and the Group and the conditions and factors as set out in the dividend policy, dividends may be proposed and/or declared by the Board for a financial year or period. Any final dividend for a financial year will be subject to Shareholders' approval and any dividend unclaimed shall be forfeited and reverted to the Company in accordance with the Company's Articles of Association.

To safeguard Shareholder interests and rights, separate resolution should be proposed for each substantially separate issue at general meetings, including the election of individual Director. All resolutions put forward at general meetings will be voted on by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and of the Stock Exchange after each general meeting.

Convening an Extraordinary General Meeting by Shareholders

Pursuant to Article 64 of the Articles of Association of the Company, extraordinary general meetings may be convened on the requisition of one or more Shareholders holding, at the date of deposit of the requisition, not less than one tenth of the paid up capital of the Company having the right of voting at general meetings. Such requisition shall be made in writing to the Directors or the Secretary for the purpose of requiring an Extraordinary General Meeting to be called by the Directors for the transaction of any business specified in such requisition. If within twenty-one (21) days of such deposit the Directors do not proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) shall be reimbursed to the requisitionist(s) by the Company.

股東權利

本公司以各種溝通渠道與股東接觸，股東通訊政策亦得到落實，確保股東意見及關注事宜得到妥善解決。該政策定期檢討，以確保行之有效。

本公司於二零一八年十二月三十一日採納股息政策。董事可視乎本公司及本集團的財務狀況及股息政策所載條件及因素建議及／或宣派任一財政年度或期間之股息。任何財政年度之末期股息均須經股東批准，而任何未領取之股息將根據本公司組織章程細則予以沒收及歸還予本公司。

為保障股東權益及權利，各實質上獨立的事宜（包括推選個別董事）應以獨立決議案形式於股東大會上提呈。於股東大會上提出的所有決議案將根據上市規則以投票表決方式進行表決，而投票結果將於每次股東大會舉行後於本公司及聯交所網站刊登。

股東召開股東特別大會

根據本公司組織章程細則第64條，股東特別大會可應於遞呈請求當日持有不少於有權於股東大會上投票的本公司繳足股本十分之一的一位或以上股東要求予以召開。有關請求須以書面形式向董事或秘書提出，述明要求董事召開股東特別大會以處理請求內訂明的任何事項。如於遞呈請求書日期起二十一(21)日內董事未能召開該大會，請求人自身可以同一方式召開大會，請求人因董事未能召開大會而產生的所有合理開支須由本公司補償予請求人。

Corporate Governance Report 企業管治報告

Putting Forward Proposals at General Meetings

For proposal of a person for election as Director, pursuant to Article 113 of the Articles of Association of the Company, no person, other than a retiring Director, shall, unless recommended by the Directors for election, be eligible for election to the office of Director at any general meeting, unless notice in writing of the intention to propose that person for election as a Director and notice in writing by that person of his willingness to be elected shall have been lodged at the Company's Head Office at Room 1101, 11/F, Tower One, Lippo Centre, No. 89 Queensway, Hong Kong or at the Company's Registration Office at Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong at least seven (7) clear days before the date of the general meeting and the period for lodgement of such notices shall commence no earlier than the day after the despatch of the notice of the general meeting appointed for such election and shall be at least seven (7) clear days in length.

Shareholders who wish to put forward other proposals at general meetings may follow the procedures in "Convening an Extraordinary General Meeting by Shareholders" set out above to convene an extraordinary general meeting for business specified in the written requisition.

Putting Forward Enquiries to the Board

For putting forward any enquiries to the Board of the Company, Shareholders may send written enquiries to the Company. The Company will not normally deal with verbal or anonymous enquiries.

Contact Details

Shareholders may send their enquiries or requests as mentioned above to the following:

Address: Room 1101, 11/F, Tower One, Lippo Centre,
No. 89 Queensway, Hong Kong
(For the attention of the Board of Directors)
Fax: (852) 3747-8047
Email: info@paep.com.cn

For the avoidance of doubt, Shareholder(s) must deposit and send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the above address, apart from other specified office of the Company, if any, and provide their full name, contact details and identification in order to give effect thereto. Shareholders' information may be disclosed as required by law.

於股東大會上提出議案

關於推選董事人選的議案，根據本公司組織章程細則第113條，除非一項有意提名選舉該位人士為董事的書面通知以及一項該位被推選人士簽發表明其願意膺選的書面通知已呈交至本公司總辦事處（地址為香港金鐘道89號力寶中心一座11號1101室）或本公司過戶登記處卓佳證券登記有限公司（地址為香港皇后大道東183號合和中心22樓），否則概無人士（退任董事除外）有權在任何股東大會上膺選出任董事職位（除非由董事推選）。提交該等通知的期間須由不早於指定進行該推選的股東大會通告寄發翌日起計，及不遲於該股東大會舉行日期前七(7)個整日結束，而向本公司發出該等通知的最短期間須為最少七(7)個整日。

擬於股東大會上提呈其他建議的股東可跟隨上述「股東召開股東特別大會」所載的程序，為該書面要求所載的任何事務召開股東特別大會。

向董事會作出查詢

股東如欲向本公司董事會作出任何查詢，可將查詢內容以書面形式寄送至本公司。本公司一般不會處理口頭或匿名的查詢。

聯絡詳情

股東可將上述查詢或請求發送至下列地址：

地址：香港金鐘道89號力寶中心一座
11樓1101室
(註明董事會收啟)
傳真：(852) 3747-8047
電郵：info@paep.com.cn

為免生疑，股東須向上述地址（除本公司的其他指定地址（如有）外）送交及發出正式簽署的書面請求、通知或聲明或查詢（視情況而定）的正本，並提供彼等全名、聯絡詳情及身份，以使之生效。股東資料或會根據法律規定予以披露。

Corporate Governance Report

企業管治報告

COMMUNICATION WITH SHAREHOLDERS AND INVESTORS

The Company considers that effective communication with Shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company endeavours to maintain an on-going dialogue with Shareholders and in particular, through annual general meetings and other general meetings. At the annual general meeting, Directors (or their delegates as appropriate) are available to meet Shareholders and answer their enquiries.

During the year ended 31 December 2018, the Company has not made any changes to its Articles of Association. An up to date version of the Company's Articles of Association is also available on the Company's website and the Stock Exchange's website.

與股東及投資者的溝通

本公司認為，與股東有效溝通對促進投資者關係及讓投資者了解本集團業務表現及策略而言至關重要。本公司致力於維持與股東的持續溝通，尤其是透過股東周年大會及其他股東大會。董事（或彼等的代表，如適用）將出席股東周年大會，與股東會面並解答股東疑問。

截至二零一八年十二月三十一日止年度，本公司並無對其組織章程細則作出任何修訂。本公司組織章程細則的最新版本於本公司網站及聯交所網站可供查閱。

Directors and Senior Management 董事及高級管理層

BOARD OF DIRECTORS

Executive Director

Mr. Jiang Xin, aged 34, is the Chairman of the Board, an executive Director and Chief Executive Officer. He was appointed as an executive Director and Chief Executive Officer of the Company in December 2016. He was also appointed as the Chairman of the Company in September 2017. He is also a member of the Nomination Committee and the Remuneration Committee. He is currently the general manager of China Rare Earth Holdings Limited ("China Rare Earth") (Stock Code: 769) (the shares of which are listed on the Main Board of the Stock Exchange). He joined China Rare Earth in August 2008 and was promoted to the present position of general manager in August 2012. Mr. Jiang Xin obtained a bachelor's degree in arts majoring in international business, finance and economics from University of Manchester in June 2006 and a bachelor's degree in arts majoring in business studies from University of Wales in July 2008.

Non-Executive Director

Mr. Fan Yajun, aged 51, is a non-executive Director. He was appointed as an executive Director in March 2007 and was re-designated as a non-executive Director on 12 April 2016. Mr. Fan has more than 20 years of experience in business management. He joined the Group in July 2002 and has been responsible for the overall administration and business management. He completed a Master of Business Administration course at Southeast University in July 2004. For the period between August 1999 and August 2005, he was an executive director of China Rare Earth, the shares of which are listed on the Main Board of the Stock Exchange.

董事會

執行董事

蔣鑫先生，34歲，為董事會主席、執行董事及行政總裁。彼於二零一六年十二月獲委任為本公司執行董事及行政總裁。彼亦於二零一七年九月獲委任為本公司之董事會主席。彼同時為提名委員會及薪酬委員會之成員。彼現任中國稀土控股有限公司（「中國稀土」）（股份代號：769）（其股份於聯交所主板上市）之總經理。彼於二零零八年八月加入中國稀土，並於二零一二年八月晉升至現職（總經理）。蔣鑫先生於二零零六年六月自英國曼徹斯特大學取得文學士學位，主修國際商業、金融及經濟，並於二零零八年七月自威爾斯大學取得文學士學位，主修商業研究。

非執行董事

范亞軍先生，51歲，為非執行董事。彼於二零零七年三月獲委任為執行董事，並於二零一六年四月十二日調任為非執行董事。范先生擁有逾20年之企業管理經驗。彼於二零零二年七月加入本集團，負責本集團之整體行政及業務管理。彼於二零零四年七月完成東南大學工商管理碩士課程。彼於一九九九年八月至二零零五年八月期間為中國稀土（其股份於聯交所主板上市）之執行董事。

Directors and Senior Management 董事及高級管理層

Independent Non-Executive Directors

Mr. Lai Wing Lee, aged 79, has been appointed as an independent non-executive Director since December 2007. He is the Chairman of the Nomination Committee and the Remuneration Committee and also a member of the Audit Committee. He has been the managing director of Shenzhen Beishen Environmental Packaging Development Co., Limited, which is mainly engaged in the sales and manufacture of EP packaging products, since August 2005. He graduated from the South China Institute of Technology (now known as South China University of Technology) in 1965. He has over 30 years of experience in enterprise management.

Mr. Leung Shu Sun, Sunny, aged 56, has been appointed as an independent non-executive Director since December 2007. He is the Chairman of the Audit Committee and a member of the Nomination Committee and the Remuneration Committee. He has over 20 years' working experience in, among others, accounting, treasury management, budgeting and corporate finance. He graduated from Hong Kong Polytechnic University with a professional diploma in Accountancy and obtained a master's degree in business administration from the University of South Australia. He is a fellow member of the Association of Chartered Certified Accountants, an associate member of the Hong Kong Institute of Certified Public Accountants and a member of Certified General Accountants' Association of Canada. From 2005 to 2007, he served as the financial controller, qualified accountant and company secretary of Xiwang Sugar Holdings Company Limited (now known as Xiwang Property Holdings Company Limited) (Stock Code: 2088), the shares of which are listed on the Main Board of the Stock Exchange. From 2001 to date, he has been a director of a company providing accounting, tax and corporate finance services. From 1999 to 2001, he held key financial position in a listed company in Hong Kong. From 1998 to 1999, he was a finance director of a company principally engaged in the provision of network infrastructure solutions. From 1993 to 1998, he was the financial controller of a company principally engaged in property investment, trading and securities. From 1987 to 1990, he worked in international accounting firms handling audit, tax and accounting matters. Mr. Leung has been an independent non-executive director of Xiwang Special Steel Company Limited (Stock Code: 1266), the shares of which are listed on the Main Board of the Stock Exchange since February 2012. He was appointed as an independent non-executive director of China Art Financial Holdings Limited (Stock Code: 1572), the shares of which are listed on the Main Board of the Stock Exchange on 14 October 2016.

獨立非執行董事

賴永利先生，79歲，自二零零七年十二月起獲委任為獨立非執行董事。彼為提名委員會及薪酬委員會之主席，並同時為審核委員會之成員。彼自二零零五年八月起出任深圳市北深環保包裝發展有限公司之董事總經理，該公司主要從事環保包裝產品之銷售及生產。彼於一九六五年畢業於華南理工學院（現稱為華南理工大學）。彼於企業管理方面擁有逾30年經驗。

梁樹新先生，56歲，自二零零七年十二月起獲委任為獨立非執行董事。彼為審核委員會之主席，並為提名委員會及薪酬委員會之成員。彼在會計、財資管理、預算及企業融資方面，還有其他方面，擁有逾20年工作經驗。彼以會計專業文憑畢業於香港理工大學，並在南澳大學獲得工商管理碩士學位。彼為英國特許公認會計師公會資深會員、香港會計師公會會員及加拿大註冊會計師協會會員。彼於二零零五年至二零零七年期間擔任西王糖業控股有限公司（現稱為西王置業控股有限公司）（股份代號：2088）（其股份於聯交所主板上市）之財務總監、合資格會計師及公司秘書。彼自二零零一年至今，於一家提供會計、稅務及企業融資服務之公司擔任董事。彼自一九九九年至二零零一年期間，於一家香港上市公司擔任主要財務職位。彼自一九九八年至一九九九年期間，於一家主要從事提供網絡基建解決方案業務之公司擔任財務董事。彼自一九九三年至一九九八年期間，為一家主要從事物業投資、貿易及證券之公司之財務總監。彼自一九八七年至一九九零年期間，曾於國際會計師行工作，負責處理審計、稅務及會計事宜。梁先生自二零一二年二月起為西王特鋼有限公司（股份代號：1266）（其股份於聯交所主板上市）之獨立非執行董事。彼於二零一六年十月十四日獲委任為中國藝術金融控股有限公司（股份代號：1572）（其股份於聯交所主板上市）之獨立非執行董事。

Directors and Senior Management 董事及高級管理層

Professor Wang Guozhen, aged 83, has been appointed as an independent non-executive Director since December 2007. He is a member of the Audit Committee, Nomination Committee and Remuneration Committee. Since October 1980, Professor Wang was the chairperson of the Environment Protection Specialist Commission of the Chinese Society of Rare Earths and he became a consultant afterwards. He was, from 1994 to 2005, a member of the Rare Earth Expert Group of China State Planning and Development Commission, and the team leader of the Industry Division. Professor Wang was appointed as an expert of the Expert Group of the Association of China Rare Earth Industry on 8 April 2014. He graduated from the Department of Chemical Engineering of Tianjin University with a major in physical chemistry of metals. He was an independent director of the State-owned Gansu Rare Earth Group Co., Ltd. from 2005 to December 2012. On 1 August 2012, Professor Wang was appointed as an independent non-executive director of China Rare Earth, the shares of which are listed on the Main Board of the Stock Exchange. From 1 December 2012 to 10 September 2015, he was appointed as an independent director of Lianyungang Ligang Rare Earth Industrial Co., Ltd. On 26 January 2013, Professor Wang was appointed as an independent director of Shenghe Resources Holding Co. Ltd (Stock Code: 600392), the shares of which are listed on the Shanghai Stock Exchange. He was appointed as senior expert consultant of rare earth projects of China Enfi Engineering Corporation from 13 March 2015 to 28 February 2019. Since December 2016, he was appointed as a honorary director of the 6th Council of The Chinese Society of Rare Earths.

王國珍教授，83歲，自二零零七年十二月起獲委任為獨立非執行董事。彼為審核委員會、提名委員會及薪酬委員會之成員。自一九八零年十月起，王教授為中國稀土學會環保專業委員會之主任委員，其後出任為顧問。彼於一九九四年至二零零五年期間為中國國家計劃和發展委員會稀土專家組之成員，並擔任產業組組長。王教授於二零一四年四月八日獲委任為中國稀土行業協會專家組專家。彼畢業於天津大學化學工程系，主修金屬物理化學。彼自二零零五年起至二零一二年十二月出任國有企業甘肅稀土新材料股份有限公司之獨立董事。於二零一二年八月一日，王教授獲委任為中國稀土（其股份於聯交所主板上市）之獨立非執行董事。自二零一二年十二月一日至二零一五年九月十日，彼獲委任為連雲港麗港稀土實業有限公司之獨立董事。於二零一三年一月二十六日，王教授獲委任為盛和資源控股股份有限公司（股份代號：600392）（其股份於上海證券交易所上市）之獨立董事。自二零一五年三月十三日至二零一九年二月二十八日，彼獲委任為中國恩菲工程技術有限公司稀土項目之高級專家顧問。自二零一六年十二月起，彼獲委任為中國稀土學會第六屆理事會名譽理事。

Directors and Senior Management 董事及高級管理層

SENIOR MANAGEMENT

Mr. Wan San Fai, Vincent, aged 45, is the chief financial officer and company secretary of the Company. He joined the Group in March 2007 and is responsible for the corporate finance function of the Group. He oversees matters relating to financial administration, and compliance and reporting obligations of the Group. Mr. Wan has more than 20 years' experience in auditing, accounting and financial management. Prior to joining the Group, Mr. Wan has worked for a company listed on the Singapore Stock Exchange as its financial controller from 2005 to 2007. Mr. Wan is a member of the Hong Kong Institute of Certified Public Accountants. Mr. Wan holds a Bachelor of Arts degree in Accountancy from the Hong Kong Polytechnic University.

Mr. Shen Li, aged 35, is the chief investment officer of the Company. He joined the Group in February 2019 and is responsible for the investment activity of the Group. He worked as a senior manager in an international accounting firm and an international consulting company from 2006 to July 2017. Mr. Shen obtained a Master of Business Administration from Shanghai Jiao Tong University, and a bachelor's degree in Administration from Shanghai International Studies University. He is a Certified Practising Accountant (Australia). From 29 September 2017 to 31 January 2018, he was appointed as an independent non-executive director of China Fordoo Holdings Limited (Stock Code: 2399), the shares of which are listed on the Main Board of the Stock Exchange. He is currently an executive director of Shanghai Songshan Business Consulting and Service Co., Ltd.*.

Mr. Cai Xijun, aged 50, is the general manager of Jiangsu Pan Asia. He has more than 10 years of experience in sales and project management. He joined the Group in 2000 and is responsible for project management of EP projects. Before joining the Group, he was office manager of Yixing Xinwei Group Company Limited. He graduated from Hufu Middle School of Yixing City.

Mr. Wu Dongping, aged 36, is the financial controller of Jiangsu Pan Asia. He has about 10 years of experience in financial management. He joined the Group in May 2014. Before joining the Group, he was a finance manager of Yixing AGC Ceramics Company Limited. He graduated from the Huaiyin Institute of Technology, majoring in accountancy.

高級管理層

溫新輝先生，45歲，本公司之財務總監兼公司秘書。彼於二零零七年三月加入本集團，負責本集團之企業融資部門。彼監督財務管理相關事宜及負責本集團之合規事宜及履行呈報責任。溫先生在審核、會計及財務管理方面擁有逾20年經驗。於加入本集團前，溫先生於二零零五年至二零零七年在一家於新加坡證券交易所上市之公司擔任財務總監。溫先生現為香港會計師公會之會員。溫先生持有香港理工大學會計學文學士學位。

沈力先生，35歲，本公司之投資總監。彼於二零一九年二月加入本集團，負責本集團之投資業務。於二零零六年至二零一七年七月期間，彼於一間國際會計師事務所及一間國際顧問公司出任高級經理職務。沈先生於上海交通大學取得工商管理碩士學位，及於上海外國語大學取得管理學學士學位。沈先生為澳洲執業會計師。自二零一七年九月二十九日至二零一八年一月三十一日，彼獲委任為中國虎都控股有限公司（股份代號：2399）（其股份於聯交所主板上市）之獨立非執行董事。沈先生目前為上海松山商務諮詢服務有限公司之執行董事。

蔡錫軍先生，50歲，江蘇泛亞總經理。彼在銷售及項目管理領域擁有逾十年經驗。彼於二零零零年加入本集團，負責環保項目之項目管理。於加入本集團前，彼為宜興新威集團有限公司辦公室主任。彼畢業於宜興市湖汊中學。

吳冬萍先生，36歲，江蘇泛亞財務總監。彼在財務管理方面擁有約十年經驗。彼於二零一四年五月加入本集團。於加入本集團前，彼為宜興旭硝子工業陶瓷有限公司財務經理。彼畢業於淮陰工學院會計專業。

Report of the Directors 董事會報告

The Board is pleased to present their annual report together with the audited consolidated financial statements of the Group for the year ended 31 December 2018.

PRINCIPAL PLACE OF BUSINESS

The Company was incorporated in the Cayman Islands and has its principal place of business in the PRC at Baihe Industrial Park, Xinjie Street, Yixing City, Jiangsu Province, the PRC and has its principal place of business in Hong Kong at Room 1101, 11/F, Tower One, Lippo Centre, No. 89 Queensway, Hong Kong.

PRINCIPAL ACTIVITIES

The Group is principally engaged in the sales of EP products and equipment, as well as undertaking of EP construction engineering services in the PRC.

BUSINESS REVIEW

A business review of the Group is set out in the sections headed "Management Discussion and Analysis" on pages 8 to 12 and "Environmental, Social and Governance Report" on pages 49 to 81 of this annual report.

MAJOR CUSTOMERS AND SUPPLIERS

The information in respect of the major customers and suppliers of the Group during the financial year is as follows:

The largest customer	最大客戶
Five largest customers in aggregate	五大客戶總計
The largest supplier	最大供應商
Five largest suppliers in aggregate	五大供應商總計

None of the Directors, their close associates (as defined in the Listing Rules) or any shareholders of the Company (which to the knowledge of the Directors owned more than 5% of the Company's share capital) had a beneficial interest in the Group's five largest customers and suppliers.

董事會欣然提呈彼等之年報連同本集團截至二零一八年十二月三十一日止年度之經審核綜合財務報表。

主要營業地點

本公司乃一家於開曼群島註冊成立之公司，其位於中國之主要營業地點為中國江蘇省宜興市新街街道百合工業園，其於香港之主要營業地點為香港金鐘道89號力寶中心一座11樓1101室。

主要業務

本集團主要於中國從事銷售環保產品及設備，以及承接環保建設工程服務。

業務回顧

本集團之業務回顧載於本年報第8至12頁「管理層討論與分析」及49至81頁「環境、社會及企業管治報告」章節。

主要客戶及供應商

於財政年度內有關本集團主要客戶及供應商之資料如下：

Percentage of the Group's total 佔本集團總額之百分比	
Revenue 收入	Purchases 採購額
15.9%	—
52.0%	—
—	51.2%
—	99.2%

概無董事、彼等之緊密聯繫人士（定義見上市規則）或本公司任何股東（據董事所知擁有本公司股本5%以上）於本集團五大客戶及供應商擁有實益權益。

Report of the Directors

董事會報告

FINANCIAL STATEMENTS

The results of the Group for the financial 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 financial statements on pages 90 to 259.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2018 (2017: Nil) as the capital will be reserved for the development of the Group's business operations.

DISTRIBUTABLE RESERVES

Loss attributable to equity holders of the Company of RMB19,357,000 (2017: RMB147,359,000) have been transferred to reserves. Other movements in reserves are set out in note 28 to the financial statements.

As at 31 December 2018, the distributable reserve of the Company amounted to approximately RMB581,242,000 (2017: RMB576,144,000).

PROPERTY, PLANT AND EQUIPMENT

Details of movements in property, plant and equipment of the Group during the financial year are set out in note 14 to the financial statements.

CORPORATE BONDS

Details of movements in corporate bonds issued by the Company during the year are set out in note 23 to the financial statements.

SHARE CAPITAL

Details of the movements in share capital of the Company during the financial year are set out in note 27 to the financial statements.

GEARING RATIO

As at 31 December 2018, the gearing ratio of the Group, based on total borrowings (including corporate bonds) to the equity (including all capital and reserves) was 4.0% (2017: 1.6%).

財務報表

本集團於截至二零一八年十二月三十一日止財政年度之業績及本公司及本集團於該日之狀況載於財務報表第90至第259頁。

末期股息

董事會不建議派付截至二零一八年十二月三十一日止年度之末期股息（二零一七年：無），以保留資金發展本集團各項業務。

可分發儲備

本公司權益持有人應佔虧損為人民幣19,357,000元（二零一七年：人民幣147,359,000元）已轉撥至儲備。儲備之其他變動載於財務報表附註28。

於二零一八年十二月三十一日，本公司可分發儲備約為人民幣581,242,000元（二零一七年：人民幣576,144,000元）。

物業、廠房及設備

本集團於財政年度內之物業、廠房及設備之變動詳情載於財務報表附註14。

公司債券

本公司於本年度發行之公司債券之變動詳情載於財務報表附註23。

股本

本公司股本於財政年度內之變動詳情載於財務報表附註27。

權益負債比率

於二零一八年十二月三十一日，本集團之權益負債比率根據借貸總額（包括公司債券）除以權益（包括所有股本及儲備）為4.0%（二零一七年：1.6%）。

Report of the Directors 董事會報告

DIRECTORS

The Directors during the financial year were:

Executive Directors

Mr. Jiang Xin (*Chairman and Chief Executive Officer*)
Mr. Cho Yu Chung
(Resigned on 31 January 2018)

Non-executive Director

Mr. Fan Yajun

Independent Non-executive Directors

Mr. Lai Wing Lee
Mr. Leung Shu Sun, Sunny
Professor Wang Guozhen

Mr. Fan Yajun and Professor Wang Guozhen shall retire from the offices as non-executive Director and independent non-executive Director respectively at the forthcoming Annual General Meeting in accordance with article 108(A) of the Articles of Association.

CONFIRMATION OF INDEPENDENCE

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

DIRECTORS' SERVICE CONTRACTS

No director proposed for re-election at the forthcoming Annual General Meeting has an unexpired service contract which is not determinable by the Company or any of its subsidiaries within one year without payment of compensation, other than normal statutory obligations.

DIRECTORS' PERMITTED INDEMNITY PROVISION

Under the Company's Articles of Association, every Director or officer of the Company acting in relation to any of the affairs of the Company shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs and damages which he may incur or sustain in the execution of the duties of his office or otherwise in relation thereto. Such provision is in force during the year under review and as of the date of this annual report.

董事

於財政年度內之董事為：

執行董事

蔣鑫先生 (*主席及行政總裁*)
曹宇頌先生
(於二零一八年一月三十一日辭任)

非執行董事

范亞軍先生

獨立非執行董事

賴永利先生
梁樹新先生
王國珍教授

范亞軍先生及王國珍教授將根據組織章程細則第108(A)條於應屆股東周年大會上分別退任非執行董事及獨立非執行董事之職務。

確認獨立性

本公司已接獲各獨立非執行董事根據上市規則第3.13條作出之年度獨立性確認書，並認為全體獨立非執行董事均為獨立人士。

董事之服務合同

概無擬於應屆股東周年大會重選之董事訂有本公司或其任何附屬公司在一年內不支付賠償（一般法定賠償除外）不可終止之未到期服務合同。

董事獲允許的彌償保證條文

根據本公司的組織章程細則，就本公司任何事務行事的本公司各董事或主管人員，可就其執行職務而產生或承受或因其職務而以其他方式產生或承受的所有行動、費用及損害，從本公司的資產及溢利中獲得彌償並免受損害。有關條文於回顧年度內及截至本年報日期一直有效。

Report of the Directors

董事會報告

DIRECTORS'/CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Save for the information disclosed in “Material Related Party Transactions” in note 31 to the financial statements, no transaction, arrangement or contract of significance in which a Director or an entity connected with a Director had a material interest, whether directly or indirectly, subsisted during or at the end of 2018, and there was no contract of significance between the Company or a subsidiary of the Company with the controlling shareholder or any of its subsidiaries during the year under review.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

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

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of this annual report, the Company has maintained the prescribed public float under the Listing Rules.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ITS ASSOCIATED CORPORATIONS

As at 31 December 2018, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance of Hong Kong (“SFO”)) as recorded in the register of interests maintained by the Company pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

董事／控股股東於重大合同中之權益

除於財務報表附註31「重大有關連人士交易」所披露之資料外，於二零一八年內或年底概無存在董事或與董事有關連的實體直接或間接擁有重大權益的交易、安排或重大合同，且於回顧年度內，本公司或本公司附屬公司與控股股東或其任何附屬公司概無任何重大合同。

購入、出售或贖回本公司之上市證券

於截至二零一八年十二月三十一日止年度，本公司或其附屬公司概無購入、出售或贖回本公司之任何上市證券。

足夠之公眾持股量

根據截至本年報日期，本公司可公開取得之資料及據董事所知，本公司一直維持上市規則項下規定之公眾持股量。

董事及最高行政人員於本公司或其相聯法團的股份、相關股份及債券中之權益及淡倉

於二零一八年十二月三十一日，本公司董事及最高行政人員於本公司及其相聯法團（定義見香港證券及期貨條例（「證券及期貨條例」）第XV部）之股份、相關股份或債券中擁有須記錄於本公司根據證券及期貨條例第352條保存之權益登記冊或根據標準守則須知會本公司及聯交所之權益及淡倉如下：

Report of the Directors 董事會報告

Interests in shares and underlying shares of the Company

於本公司股份及相關股份之權益

Name of Director 董事姓名	Nature of interest 權益性質	Number of shares held 持有股份數目 (Note 1) (附註1)	Equity derivatives (share option) 股本衍生工具 (購股權) (Notes 1 and 3) (附註1及3)	Approximate percentage of issued share capital 佔已發行股本之概約百分比
Mr. Jiang Xin 蔣鑫先生	Interest of controlled corporation 受控制法團權益	356,568,000 (L) (Note 2) (附註2)		42.45%
		266,568,000 (S)		31.73%
	Beneficial interest 實益權益	2,000,000 (L)		0.24%
Mr. Fan Yajun 范亞軍先生	Beneficial interest 實益權益		2,500,000 (L)	0.3%
Mr. Lai Wing Lee 賴永利先生	Beneficial interest 實益權益		500,000 (L)	0.06%
Mr. Leung Shu Sun, Sunny 梁樹新先生	Beneficial interest 實益權益		500,000 (L)	0.06%
Professor Wang Guozhen 王國珍教授	Beneficial interest 實益權益		500,000 (L)	0.06%

Notes:

- The letter "L" denotes the Director's long position in the shares/underlying shares. The letter "S" denotes the person's short position in the shares/underlying shares.
- These 356,568,000 shares were registered in the name of and beneficially owned by Praise Fortune Limited. The total number of issued shares in Praise Fortune Limited as at 31 December 2018 was 601 shares of US\$1 each. Mr. Jiang Xin held 361 shares being approximately 60.07% in Praise Fortune Limited and was deemed to be interested in the Shares held by Praise Fortune Limited under the SFO.
- These interests represent the interests in underlying shares in respect of share options granted by the Company to these Directors as beneficial owners, the details of which are set out in the Share Option Scheme section stated below.

Save as disclosed above, as at 31 December 2018, so far as was known to any Director or chief executive of the Company, neither the Directors nor the chief executive had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO).

附註：

- 字母「L」指董事於股份／相關股份之好倉。字母「S」指有關人士於股份／相關股份之淡倉。
- 該等356,568,000股股份以Praise Fortune Limited之名義登記並由其實益擁有。Praise Fortune Limited於二零一八年十二月三十一日之已發行股份總數為601股，每股面值1美元。蔣鑫先生擁有361股股份（即約佔Praise Fortune Limited全部已發行股份之60.07%），根據證券及期貨條例，被視為擁有Praise Fortune Limited所持有之股份權益。
- 該等權益指本公司向有關董事（作為實益擁有人）授出購股權所涉及之相關股份權益，有關詳情載於下文購股權計劃一節。

除上述披露外，於二零一八年十二月三十一日，就本公司任何董事或最高行政人員所知，概無董事或最高行政人員於本公司或任何其相聯法團（定義見證券及期貨條例第XV部）之任何股份、相關股份或債券中擁有任何權益或淡倉。

Report of the Directors 董事會報告

SHARE OPTION SCHEME

The Company adopted a share option scheme (the “Share Option Scheme”), details of which are set out in note 29 to the financial statements. Details of the share options granted under the Share Option Scheme and their movements during the year ended 31 December 2018 were as follows:

購股權計劃

本公司採納一項購股權計劃（「購股權計劃」），詳情載於財務報表附註29。根據購股權計劃授出之購股權之詳情及其截至二零一八年十二月三十一日止年度之變動如下：

Directors 董事	Date of Grant 授出日期	Exercise Price per share 每股行使價 HK\$ 港元	Vesting Period 歸屬期	Exercise Period 行使期間	Number of Share Options 購股權數目			
					Balance as at 1/1/2018 於二零一八年一月一日之結餘	Granted during the year 於年內已授出	Exercised/Cancelled/Lapsed during the year 於年內已行使/已註銷/已失效	Balance as at 31/12/2018 於二零一八年十二月三十一日之結餘
Mr. Fan Yajun 范亞軍先生	14/5/2008	2.81	14/5/2008 至 to 13/5/2009	14/5/2009 至 to 13/5/2018	2,500,000	-	(2,500,000)	-
	11/6/2012	0.83	11/6/2012 至 to 10/6/2013	11/6/2013 至 to 10/6/2022	2,500,000	-	-	2,500,000
Mr. Lai Wing Lee 賴永利先生	14/5/2008	2.81	14/5/2008 至 to 13/5/2009	14/5/2009 至 to 13/5/2018	500,000	-	(500,000)	-
	11/6/2012	0.83	11/6/2012 至 to 10/6/2013	11/6/2013 至 to 10/6/2022	500,000	-	-	500,000
Mr. Leung Shu Sun, Sunny 梁樹新先生	14/5/2008	2.81	14/5/2008 至 to 13/5/2009	14/5/2009 至 to 13/5/2018	500,000	-	(500,000)	-
	11/6/2012	0.83	11/6/2012 至 to 10/6/2013	11/6/2013 至 to 10/6/2022	500,000	-	-	500,000
Professor Wang Guozhen 王國珍教授	14/5/2008	2.81	14/5/2008 至 to 13/5/2009	14/5/2009 至 to 13/5/2018	500,000	-	(500,000)	-
	11/6/2012	0.83	11/6/2012 至 to 10/6/2013	11/6/2013 至 to 10/6/2022	500,000	-	-	500,000
					8,000,000	-	(4,000,000)	4,000,000

Report of the Directors 董事會報告

	Date of Grant 授出日期	Exercise Price per share 每股行使價 HK\$ 港元	Vesting Period 歸屬期	Exercise Period 行使期間	Number of Share Options 購股權數目			
					Balance as at 1/1/2018 於二零一八年一月一日之結餘	Granted during the year 於年內已授出	Exercised/Cancelled/Lapsed during the year 於年內已行使/已註銷/已失效	Balance as at 31/12/2018 於二零一八年十二月三十一日之結餘
Continuous contract employees 長期合同僱員	14/5/2008	2.81	14/5/2008 至 to 13/5/2009	14/5/2009 至 to 13/5/2018	6,400,000	-	(6,400,000)	-
	11/6/2012	0.83	11/6/2012 至 to 10/6/2013	11/6/2013 至 to 10/6/2022	28,500,000	-	-	28,500,000
					<u>34,900,000</u>	<u>-</u>	<u>(6,400,000)</u>	<u>28,500,000</u>
Total 總計					<u>42,900,000</u>	<u>-</u>	<u>(10,400,000)</u>	<u>32,500,000</u>

DIRECTORS' RIGHT TO ACQUIRE SHARES AND DEBENTURES

Other than the Share Option Scheme disclosed above, at no time during the year was the Company or any of its holding company, subsidiaries or fellow subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of acquisition of shares in or debentures of, the Company or any other body corporate.

EQUITY-LINKED AGREEMENTS

Save for the Share Option Scheme disclosed above, no equity-linked agreements were entered into by the Company, or existed during the year under review.

董事收購股份及債券之權利

除上述購股權計劃所披露者外，於本年內任何時間，本公司或其控股公司、附屬公司或同系附屬公司並無訂立任何安排，使董事可透過收購本公司或任何其他法人團體之股份或債券而獲益。

股票掛鈎協議

除上文披露之購股權計劃外，於回顧年度內本公司概無訂立任何股票掛鈎協議，亦無存在有關協議。

Report of the Directors

董事會報告

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

So far as was known to the Directors and chief executive of the Company, as at 31 December 2018, the following persons (other than the Directors or chief executive of the Company) had interests or short positions in the shares or underlying shares of the Company as recorded in the register of interests required to be kept by the Company under section 336 of the SFO:

Interests in the shares and underlying shares of the Company

Name 名稱	Nature of interest 權益性質	Number of shares held 所持股份數目 (Note 1) (附註1)	Equity derivatives (share option) 股本衍生工具 (購股權) (Note 1) (附註1)	Approximate percentage of issued share capital 佔已發行股本之概約百分比
Praise Fortune Limited (Note 2) (附註2)	Beneficial interest	356,568,000 (L)		42.45%
	實益權益	266,568,000 (S)		31.73%
Caitong International Asset Management Co., Limited (Note 3) 財通國際資產管理有限公司 (附註3)	Investment manager 投資經理	250,000,000 (L)		29.76%
Caitong Securities Co., Limited (Note 4) 財通證券股份有限公司 (附註4)	Security interest 抵押權益	266,568,000 (L)		31.73%
	Interest of controlled corporation 受控制法團權益	250,000,000 (L)		29.76%
Ministry of Finance of Zhejiang Province, the PRC (Note 4) 中華人民共和國浙江省財政廳 (附註4)	Security interest 抵押權益	266,568,000 (L)		31.73%
	Interest of controlled corporation 受控制法團權益	250,000,000 (L)		29.76%
China Silver Asset Management Limited 中國白銀資產管理	Investment manager 投資經理	83,564,000 (L)		9.95%
CS Asia Opportunities Master Fund	Beneficial Interest 實益權益	83,564,000 (L)		9.95%

主要股東於本公司股份及相關股份之權益及淡倉

據本公司董事及最高行政人員所知，於二零一八年十二月三十一日，下列人士（本公司董事或最高行政人員除外）於本公司之股份或相關股份中擁有須根據證券及期貨條例第336條存置之權益登記冊內之權益或淡倉如下：

於本公司股份及相關股份之權益

Report of the Directors 董事會報告

Notes:

1. The Letter "L" denotes the person's long position in the shares/ underlying shares. The Letter "S" denotes the person's short position in the shares/underlying shares.
2. The long position in 356,568,000 shares and short position in 266,568,000 shares were beneficially owned by Mr. Jiang Xin, the chairman, the chief executive officer and an executive director of the Company and Ms. Qian Yuanying. Mr. Jiang Xin holds 361 shares in Praise Fortune, representing approximately 60.07% in its issued share capital and Ms. Qian Yuanying holds 240 shares in Praise Fortune, representing approximately 39.93% in its issued share capital. Ms. Qian Yuanying is the mother of Mr. Jiang Xin. Mr. Jiang Quanlong, the spouse of Ms. Qian Yuanying, was deemed to have interest in the Company.
3. These 250,000,000 shares were beneficially owned by Caitong Strategic SPC (formerly known as "Avenue Multi-Strategy Fund SPC") on behalf of CTI Environmental Protection Industrial Fund SP (formerly known as "Avenue Multi-Strategy Fund Segregated Portfolio 1"). Caitong International Asset Management Co., Limited was interested in these 250,000,000 shares in the capacity of investment manager.
4. The 266,568,000 shares were beneficially owned by Caitong Securities (Hong Kong) Co., Limited. Caitong Securities (Hong Kong) Co., Limited is wholly owned by Caitong Securities Co., Limited which is owned as to 36.60% by Zhejiang Province Financial Holdings Co., Ltd. Zhejiang Province Financial Holdings Co., Ltd is wholly owned by Zhejiang Province Financial Development Limited which is in turn wholly owned by Ministry of Finance of Zhejiang Province, the PRC. Accordingly, Caitong Securities Co., Limited, Zhejiang Province Financial Holdings Co., Ltd, Zhejiang Province Financial Development Limited and Ministry of Finance of Zhejiang Province, the PRC are deemed to be interested in the same number of shares in which Caitong Securities (Hong Kong) Co., Limited is interested under the SFO.

Save as disclosed above, as at 31 December 2018, the Company has not been notified by any person (other than the Directors or chief executive of the Company) who had interests or short position in the shares or underlying shares of the Company.

附註：

1. 字母「L」指有關人士於股份／相關股份之好倉。字母「S」指有關人士於股份／相關股份之淡倉。
2. 於356,568,000股股份之好倉及於266,568,000股股份之淡倉乃由本公司主席、行政總裁兼執行董事蔣鑫先生及錢元英女士實益擁有。蔣鑫先生於Praise Fortune持有361股股份，佔其已發行股本約60.07%，而錢元英女士於Praise Fortune持有240股股份，佔其已發行股本約39.93%。錢元英女士為蔣鑫先生之母親。錢元英女士之配偶蔣泉龍先生被視為於本公司擁有權益。
3. 該等250,000,000股股份乃由Caitong Strategic SPC（前稱「Avenue Multi-Strategy Fund SPC」）代表CTI Environmental Protection Industrial Fund SP（前稱「Avenue Multi-Strategy Fund Segregated Portfolio 1」）實益擁有。財通國際資產管理有限公司以投資經理身份於該等250,000,000股股份中擁有權益。
4. 該等266,568,000股股份乃由財通證券（香港）有限公司實益擁有。財通證券（香港）有限公司乃由財通證券股份有限公司全資擁有，而財通證券股份有限公司則由浙江省金融控股有限公司擁有36.60%股權；浙江省金融控股有限公司乃由浙江省財務開發公司全資擁有，而浙江省財務開發公司則由中華人民共和國浙江省財政廳全資擁有。因此，根據證券及期貨條例，財通證券股份有限公司、浙江省金融控股有限公司、浙江省財務開發公司及中華人民共和國浙江省財政廳被視為擁有財通證券（香港）有限公司所持有之相同數量之股份權益。

除上述披露外，於二零一八年十二月三十一日，本公司概不知悉有任何人士（本公司董事或最高行政人員除外）於本公司股份或相關股份中擁有權益或淡倉。

Report of the Directors

董事會報告

MANAGEMENT CONTRACTS

No contracts, other than the service contracts of the Directors or any person engaged in the full-time employment of the Company, concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year.

COMPETING BUSINESS INTERESTS OF DIRECTORS

Non-Competition Undertaking

Under the restrictive covenants of a share purchase agreement dated 1 December 2007 executed among (i) YY Holdings as vendor, (ii) Praise Fortune Limited, Mr. Jiang Xin (current director), Mr. Jiang Quanlong (former director), Ms. Qian Yuanying and Mr. Jiang Lei (former director) as covenantors, and (iii) the Company as the purchaser, each of Praise Fortune Limited, Mr. Jiang Xin, Mr. Jiang Quanlong, Ms. Qian Yuanying, and Mr. Jiang Lei (collectively the "Covenantors") has undertaken that he/she/it will not and shall procure his/her/its close associates will not:

- (a) at any time disclose to any person, or himself/herself/itself use for any purpose, and shall use his/her/its best endeavours to prevent the publication or disclosure of, any information concerning the business, accounts or finances of any Group company, or any of its clients', suppliers' or customers' transactions or affairs, which may, or may have, come to his/her/its knowledge;
- (b) at any time during which the Company is listed on the Stock Exchange and for so long as each of the Covenantors and their respective close associates collectively hold, whether individually or taken together, 30% or more of the issued shares or is regarded as the controlling shareholder(s) of the Company under the Listing Rules or for a period of two years from the date of the Listing, whichever is the longest period of time:
 - (i) directly or indirectly solicit, interfere with, employ or endeavour to entice away from any Group company with a view to competing with the Group any person who, to his/her/its knowledge, is now, or has during the 12 months preceding the date of the share purchase agreement been, a client, customer, supplier or employee of, or has been in the habit of dealing with, any Group company;

管理合同

除本公司董事或任何全職人士之服務合同外，年內概無訂立或存在有關本公司整體業務或其中任何重要部分之管理及行政之合同。

董事於競爭業務之權益

不競爭承諾

根據由(i) YY Holdings (賣方)、(ii) Praise Fortune Limited、蔣鑫先生(現任董事)、蔣泉龍先生(前董事)、錢元英女士及蔣磊先生(前董事)(承諾人)與(iii)本公司(買方)於二零零七年十二月一日訂立之購股協議之限制性條款，Praise Fortune Limited、蔣鑫先生、蔣泉龍先生、錢元英女士及蔣磊先生(統稱為「承諾人」)分別承諾，其將不會且將促使其緊密聯繫人士亦不會：

- (a) 於任何時間向任何人士透露或其本人因任何目的利用就其所知可能涉及本集團任何公司之業務、賬目或財務之資料，或其客戶、供應商或客戶之交易或事務，並將竭盡所能防止該等資料交易或事務被公開或透露；
- (b) 於本公司在聯交所上市期間內，及根據上市規則或自上市之日起計兩年期間內(以最長者為準)任何時間，共同持有(無論單獨或視作共同持有)30%或以上已發行股份或被視為本公司控股股東之各承諾人及彼等各自緊密聯繫人士：
 - (i) 直接或間接誘使、干預、聘用或試圖誘使就其所知現時或於購股協議訂立日期前十二個月期間為本集團任何公司之客戶、顧客、供應商或僱員或慣常與本集團任何公司進行交易之任何人士離開本集團任何公司以與本集團競爭；

Report of the Directors 董事會報告

- (ii) at any time use the name or trading style of any Group company, or any trademarks or logos or device similar in appearance to any trademarks, in the PRC, Hong Kong or any other part of the world, or represent himself as carrying on or continuing or being connected with any Group company or its business for any purposes whatsoever; and/or
- (iii) directly or indirectly carry on or be engaged or concerned or interested in the businesses of (i) the production of water treatment and flue gas treatment and solid waste treatment equipment and components and pipes; (ii) the sale and installation of water treatment and flue gas treatment and solid waste treatment equipment and pipes; and (iii) the contracting of water treatment and flue gas treatment and solid waste treatment projects, being the current principal businesses of the Group.

Each of the Covenantors has undertaken in favour of the Company under the share purchase agreement to procure the provision to the Company of all information necessary for the enforcement of the above undertaking. Each of the Covenantors further undertakes in favour of the Company to make a statement in the annual report of the Company confirming compliance by it and its affiliates with the terms of the non-competition undertaking in the share purchase agreement. The Company has received the confirmation in relation to compliance by them and their affiliates with the terms of the non-competition undertaking in the share purchase agreement for the year ended 31 December 2018.

Each of the Covenantors has confirmed that he/she/it is not currently engaged in any business, which directly or indirectly competes or may compete with the Group's business.

- (ii) 於任何時間，在中國、香港或任何其他國家或地區使用本集團任何公司之名稱或經營模式或與彼等任何商標之外觀相似之任何商標、圖標或圖案，或不論任何目的代表其本身開展或繼續從事與本集團任何公司或其業務有關之業務；及／或
- (iii) 直接或間接開展、從事或涉及本集團目前主要業務或於其中擁有權益，即：(i)生產水處理及煙氣處理及固體廢棄物處理設備及元件及管材；(ii)水處理及煙氣處理及固體廢棄物處理設備及管材銷售及安裝；及(iii)承包水處理及煙氣處理及固體廢棄物處理工程。

各承諾人均已根據購股協議作出以本公司為受益人之承諾，以促使向本公司提供執行上述承諾所需之全部資料。各承諾人進一步作出以本公司為受益人之承諾，將於本公司年報中作出聲明，確認其及其聯屬公司將遵守購股協議內不競爭承諾之條款。本公司已收到確認，彼等及彼等之聯屬公司已於截至二零一八年十二月三十一日止年度遵守購股協議內之不競爭承諾條款。

各承諾人均已確認，彼等現時並無從事與本集團業務直接或間接構成競爭或可能構成競爭之任何業務。

Report of the Directors

董事會報告

Benxi Fanya Environmental Heat & Power Co., Ltd. (“Benxi Fanya”) is owned as to 49% by Asia Global Tech Group Limited (“AGT (HK)”), and as to 51% by Benxi (Asia) Thermal Technology Company Limited (“Benxi Asia”) (beneficially owned as to 90% and 10% by Ms. Qian Yuanying (the spouse of Mr. Jiang Quanlong) and Mr. Fan Xinyang (son of Mr. Fan Yajun)). AGT (HK) is beneficially owned as to 54%, 18%, 18% and 10% by Ms. Qian Yuanying, Mr. Jiang Lei, Mr. Jiang Xin (both of whom are sons of Mr. Jiang Quanlong) and Mr. Fan Xinyang respectively. The permitted business scope on the business licence of Benxi Fanya includes, among others, heat supply, electricity generation, operation and construction of pipeline. As at the date of this annual report, Benxi Fanya was principally engaged in generating electricity and heat, and was not engaged or interested in any businesses which compete with the current principal businesses of the Group. Jiangsu Tianyuan Technologies Limited (“Jiangsu Tianyuan”) is owned by the associates of Mr. Fang Guohong, a former executive Director of the Company who resigned on 25 March 2009. The permitted business scope on the business licence of Jiangsu Tianyuan includes, among others, research and development of denitrification EP equipment and technology, manufacture of FGD EP equipment, desulphurization absorption tower and flue glass flake anticorrosive material and denitrification EP equipment. As at the date of this annual report, Jiangsu Tianyuan was principally engaged in the business of producing thermal insulation components, and was not engaged or interested in any businesses which compete with the current principal businesses of the Group. The permitted scope of business of each of Benxi Fanya and Jiangsu Tianyuan is relatively wide, but it is not unusual for a corporate entity to provide for a broader scope of business in its corporate documents to allow for flexibility. At present, neither Benxi Fanya nor Jiangsu Tianyuan has any plan to vary their respective business licences to exclude or alter the permitted activities as set out therein.

Under the restrictive covenants of several service agreements dated 1 December 2007 between the Company and each of the executive Directors, the executive Directors gave undertakings similar to the wordings stated in paragraph (b) above of the said share purchase agreement.

本溪泛亞環保熱電有限公司（「本溪泛亞」）由Asia Global Tech Group Limited（「AGT (HK)」）擁有49%及本溪亞洲熱能科技有限公司（「本溪亞洲」）（分別由錢元英女士（蔣泉龍先生之配偶）持有90%及范欣暘先生（范亞軍先生之子）持有10%）擁有51%。AGT (HK)分別由錢元英女士、蔣磊先生、蔣鑫先生（均為蔣泉龍先生之子）及范欣暘先生擁有54%、18%、18%及10%。本溪泛亞之營業執照所列許可經營範圍涵蓋（其中包括）供熱、發電、熱力管網的配套建設與經營。於本年報日期，本溪泛亞主要從事電力及熱能生產，而並無從事與本集團現有主要業務構成競爭之任何業務或於其中擁有權益。江蘇天元科技有限公司（「江蘇天元」）由本公司前任執行董事方國洪先生（彼於二零零九年三月二十五日辭任）之聯繫人士擁有。江蘇天元營業執照所列許可經營範圍涵蓋（其中包括）脫硝環保設備及技術的研發；煙氣脫硫環保設備、脫硫吸收塔、煙道玻璃鱗片防腐材料及脫硝環保設備之製造。於本年報日期，江蘇天元主要從事生產熱絕緣元件之業務，而並無從事與本集團現有主要業務構成競爭之任何業務或於其中擁有權益。本溪泛亞與江蘇天元之獲許可經營範圍相對較廣。但為保持靈活性，一間公司實體往往會於其公司文件中設定較廣之業務範圍。目前，本溪泛亞與江蘇天元並無計劃更換其各自之營業執照，以去除或修改其中載明之獲許可業務。

根據本公司與各執行董事於二零零七年十二月一日訂立之若干服務協議之限制性承諾，執行董事均作出與上文所述購股協議(b)段措詞類似之承諾。

Report of the Directors 董事會報告

The independent non-executive Directors shall review, at least on an annual basis, the compliance with the non-competition undertaking by each of such persons on their existing or future competing business and the Company shall disclose the result of such review either through the annual report of the Company, or by way of announcement to the public. The independent non-executive Directors have reviewed and confirmed the compliance by each of such persons with the non-competition undertaking for the year ended 31 December 2018.

As the controlling shareholders namely, Praise Fortune Limited, Mr. Jiang Xin (current director), Mr. Jiang Quanlong (former director), Ms. Qian Yuanying and Mr. Jiang Lei (former director) have given non-competition undertakings in favour of the Company and none of them has interests in other businesses that compete or are likely to compete with the business of the Group, the management and operation of the operating entities are independent from each other. The Directors are of the view that the Group is capable of carrying on its business independently of the controlling shareholders.

PRE-EMPTIVE RIGHTS

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

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 260 of the annual report.

RETIREMENT BENEFIT COSTS

The retirement schemes of the Company and its subsidiaries are primarily in form of contributions to the Hong Kong mandatory provident fund and China statutory public welfare fund. Particulars of these retirement schemes are set out in note 8 to the financial statements.

PROFESSIONAL TAX ADVICE RECOMMENDED

If the shareholders of the Company are unsure about the taxation implications of purchasing, holding, disposing of, dealing in, or the exercise of any rights in relation to the shares, they are advised to consult an expert.

獨立非執行董事須至少每年檢討各有關人士於彼等之現有或日後競爭業務遵守不競爭承諾方面之合規情況，而本公司將透過本公司年報或公告向公眾人士披露有關檢討結果。獨立非執行董事已審閱並已確認各有關人士已於截至二零一八年十二月三十一日止年度遵守不競爭承諾。

由於控股股東即Praise Fortune Limited、蔣鑫先生（現任董事）、蔣泉龍先生（前董事）、錢元英女士及蔣磊先生（前董事）已作出以本公司為受益人之不競爭承諾，且彼等概無於與本集團業務競爭或可能與本集團業務競爭之其他業務中擁有權益，各經營實體之管理及營運相互獨立，因此董事認為本集團有能力獨立於控股股東經營本集團業務。

優先購買權

本公司組織章程細則或開曼群島法律均無有關強制本公司按比例向其現有股東發售新股份之優先購買權之規定。

財務摘要

本集團在過去五個財政年度之業績及資產與負債摘要載於年報第260頁。

退休福利成本

本公司及其附屬公司之退休計劃主要以香港強制性公積金及中國法定公積金供款之形式。此等退休計劃之詳情載於財務報表附註8。

建議之專業稅務意見

如本公司股東未能確定購買、持有、出售、處理或行使有關股份之任何權利之稅務影響，謹請彼等諮詢專業人士。

Report of the Directors

董事會報告

CHANGES IN DIRECTORS' INFORMATION

Changes in information of Directors which are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules are set out below:

1. Mr. Cho Yu Chung resigned as an executive Director with effect from 31 January 2018.
2. Professor Wang Guozhen resigned as senior expert consultant of rare earth projects of China Enfi Engineering Corporation with effect from 1 March 2019.

Save as disclosed above, during the period under review and up to the date of this report, there is no other change in information of Directors required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

AUDITOR

Ascenda Cachet CPA Limited was appointed as auditor of the Company subsequent to the resignation of Crowe Horwath (HK) CPA Limited as auditor of the Company with effect from 24 January 2017. The consolidated financial statements for the year ended 31 December 2018 have been audited by Ascenda Cachet CPA Limited. Ascenda Cachet CPA Limited will retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of Ascenda Cachet CPA Limited as auditor of the Company will be proposed at the forthcoming Annual General Meeting.

董事資料的變動

根據上市規則第13.51B(1)條須予披露的董事資料的變動載列如下：

1. 曹宇頌先生已辭任執行董事，自二零一八年一月三十一日起生效。
2. 王國珍教授已辭任中國恩菲工程技術有限公司稀土項目之高級專家顧問，自二零一九年三月一日起生效。

除上述披露外，於回顧期內及截至本報告日期止，概無其他董事資料的變動須根據上市規則第13.51B(1)條予以披露。

核數師

於國富浩華（香港）會計師事務所有限公司辭任本公司核數師（自二零一七年一月二十四日起生效）後，天健德揚會計師事務所有限公司獲委任為本公司核數師。截至二零一八年十二月三十一日止年度之綜合財務報表已經由天健德揚會計師事務所有限公司審核。天健德揚會計師事務所有限公司將退任，惟合資格並願意獲重新聘任。重新聘任天健德揚會計師事務所有限公司為本公司核數師之決議案將於應屆股東周年大會上提呈。

On behalf of the Board
Jiang Xin
Chairman

Hong Kong, 29 March 2019

代表董事會
蔣鑫
主席

香港，二零一九年三月二十九日

Environmental, Social and Governance Report

環境、社會及管治報告

1. ABOUT THE REPORT

Pan Asia Environmental Protection Group Limited and its subsidiaries (the “**Group**” or “**we**”) are pleased to present our Environmental, Social and Governance Report (the “**ESG Report**”). The report concerns environmental and social impacts, policies and initiatives of the Group to demonstrate our long-term commitment to ensure that our activities, at all levels, are economically, socially and environmentally sustainable. Additional information in relation to the Group’s corporate governance and financial performance can be referred to our 2018 annual report for the year ended 31 December 2018.

The “Environmental, Social and Governance Reporting Guide” (the “**ESG Reporting Guide**”) which is set out in Appendix 27 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the “**HKEX**”) is the reporting framework of this ESG Report.

The scope of the ESG Report covers the environmental and social performances of the principal operating activities of the Group, which includes the operating plants and offices in Yixing, Jiangsu Province, the People Republic of China (“**PRC**”) and the headquarters in Hong Kong, spanning over the period from 1 January 2018 to 31 December 2018 (the “**Reporting Period**” or “**FY2018**”).

With reference to the ESG Reporting Guide and the Group’s business operation, the presentation of our ESG Report divides the relevant aspects and Key Performance Indicators (“**KPI**”), which are considered to be relevant and material to the Group, into four subject areas: Environmental Protection, Employment and Labour Practices, Operating Practices and Community Investments.

1. 關於本報告

泛亞環保集團有限公司及其附屬公司（「**本集團**」或「**我們**」）欣然提呈我們的環境、社會及管治報告（「**環境、社會及管治報告**」）。該報告涉及本集團環境及社會影響、政策及計劃，以顯示我們就確保業務活動在各方面達至經濟、社會及環境可持續發展之長期承諾。有關本集團企業管治及財務表現之其他資料，可參閱我們截至二零一八年十二月三十一日止年度的二零一八年年報。

香港聯合交易所有限公司（「**香港聯交所**」）證券上市規則附錄二十七所載的「環境、社會及管治報告指引」（「**環境、社會及管治報告指引**」）乃本環境、社會及管治報告的報告框架。

環境、社會及管治報告範疇涵蓋本集團主要經營活動（包括經營中華人民共和國（「**中國**」）江蘇省宜興市的廠房及辦公室以及香港總部）自二零一八年一月一日至二零一八年十二月三十一日期間（「**報告期**」或「**二零一八財政年度**」）的環境及社會表現。

參照環境、社會及管治報告指引及本集團的業務營運，我們的環境、社會及管治報告按四個主要範疇分開呈列被視為與本集團有關的重大相關層面及關鍵績效指標（「**關鍵績效指標**」）：環境保護、僱傭及勞工常規、營運慣例以及社區投資。

Environmental, Social and Governance Report

環境、社會及管治報告

A complete index in compliance with the ESG Reporting Guide is also available at the end of this report for reference. Except for provisions that the Group considers are inapplicable to its operations, for which explanations have been given on the rightmost column in the said index, this report has complied with all the “comply or explain” provisions set out in the ESG Reporting Guide.

The Group is determined to be a responsible enterprise and is committed to perfecting its business and improving the local community. In order to determine what issues are relevant and material to our business with respect to sustainability, the Group is aware that the key is to understand what issues that our stakeholders concerned most.

We define our stakeholders as people who affect our business or who are affected by our business. In our daily business, we actively exchange information with our stakeholders through our transparent platform while we are devoted to continuous improvement of our communication system. In addition, we are committed to maintaining a long-term partnership with our stakeholders and are actively engaged in addressing their concerns with timely follow-up actions.

Throughout this report, we focus on the aspects that are material to stakeholders including clients, communities, employees, institutions, governments, non-governmental organizations, shareholders, subcontractors, suppliers and industry associations. The Group is working to create a sustainable growth for the benefit of all our stakeholders.

We welcome comments and suggestions from our stakeholders. You may provide your comments or views with respect to this ESG Report or our sustainability initiatives via email to newbuildingmaterials@paep.cn.

本報告末亦載有符合環境、社會及管治報告指引的完整索引，以供參考。除本集團認為不適用於其營運的條文（已就此於上述索引最右方欄目作出解釋）外，本報告符合環境、社會及管治報告指引所載所有「不遵守就解釋」條文。

本集團矢志成為負責任的企業，並致力完善其業務及改善當地社區。為釐定對業務可持續發展而言屬相關及重要的議題，本集團明白關鍵在於了解持份者最關注的問題。

我們將持份者界定為影響我們業務或受我們業務影響之人士。我們在日常業務中透過公開透明的平台積極與持份者交流資訊，同時致力持續改善通訊系統。此外，我們致力與持份者維持長期夥伴關係，並透過及時採取跟進行動積極參與處理彼等所關注事項。

於本報告中，我們通篇關注對客戶、社區、僱員、機構、政府、非政府組織、股東、分包商、供應商及行業協會等對持份者屬重大的有關層面，而本集團致力於為所有持份者創造可持續的增長。

我們歡迎持份者提供意見及建議。閣下可透過電郵 newbuildingmaterials@paep.cn 對本環境、社會及管治報告或我們的可持續發展計劃提供意見或看法。

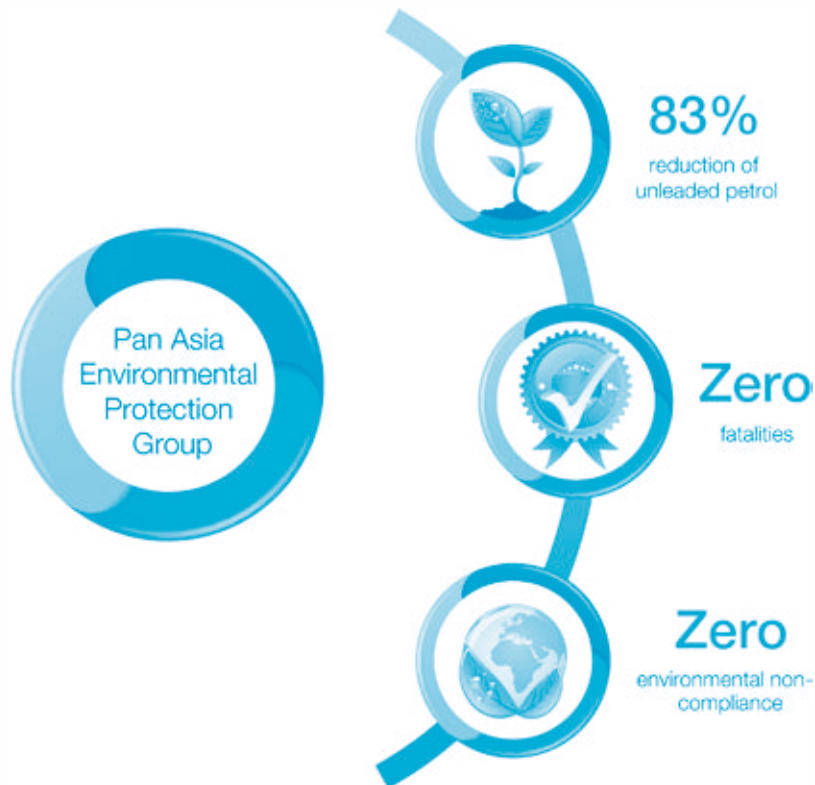
Environmental, Social and Governance Report 環境、社會及管治報告

2. OUR KEY ACHIEVEMENT IN CORPORATE SOCIAL RESPONSIBILITY

The Group has been spending remarkable efforts on various aspects of the Corporate Social Responsibility (CSR), including greenhouse gas reduction, development and training opportunities for employees, environmental compliance, health and safe work environment for employees.

2. 我們在企業社會責任上的主要成就

本集團在各個企業社會責任層面持續投入重大努力，包括減少溫室氣體、提供僱員發展及培訓機會、環境合規、提供僱員安全健康的工作環境。



Environmental, Social and Governance Report

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3. “GO GREEN” BUSINESS

The Group is principally engaged in the business to provide tailor-made EP solutions to customers who have specific requirements of water or air treatment systems based on their industry standards. We are dedicated to assist our clients to achieve their goals of significant reduction of greenhouse gases and other pollutants. In response to “The Thirteen Five-Year Plan” initiated by the Central Government of the People’s Republic of China (the “PRC”) (the “Central Government”), the Group continues its effort to support the vision of a greater reduction in emissions of pollutants and improvement in water and air quality. Since the EP industry is one of the strategic emerging industries highlighted in the “Thirteen Five-Year Plan”, the Group, as a pioneer service provider in the EP industry, believes that these strategies will accelerate the development of the EP industry in China.

With the goal of “leading the industrial industry forward, saving social resources and providing favorable living environment”, the Group has introduced exclusive state-of-the-art technology and equipment and put into operation lines of Wood Wool Cement Boards (“WWCB”) which are environmental friendly, energy-saving, sound absorbing and insulating, and fire-resistant. As a type of new “green” low-tech sustainable construction materials, WWCB are made from eco-friendly, fast-growing timber, non-toxic additives and cement. They can be reused and recycled several times over a long lifecycle of more than 400 years, and be readily converted back to fundamental elements at the end of lifecycle for recycling.

The physical properties of WWCB include:

- Good thermal insulation
- Excellent heat buffering capacity
- Wet and dry rot resistance
- Fire resistance
- Termite/Vermin resistance
- Good sound absorption
- Excellent base for stucco and plaster
- Light weight to handle
- Easy to process in construction

3. 「綠色先行」業務

本集團主要從事業務為根據行業標準向對水或空氣處理系統有特定要求的客戶提供定製環保解決方案。我們致力協助客戶達致顯著降低溫室氣體及其他污染物之目標。為響應中華人民共和國（「中國」）之中央政府（「中央政府」）出台的「第十三個五年計劃」，本集團持續努力支持加大污染物減排力度及改善水氣質量的願景。由於環保行業為「第十三個五年計劃」中強調的戰略性新興產業，作為環保行業的一流服務提供商，本集團相信該等戰略將加速中國環保行業的發展。

為實現「引領行業發展、節約社會資源及營造舒適生活環境」的目標，本集團已推出獨家頂尖技術及設備，並將其用於木絲水泥板（「木絲水泥板」），而木絲水泥板具備環保、節能、吸音、隔熱及阻燃等特性。作為新型「綠色」低技術可持續建築材料，木絲水泥板由環保速生林木材、無毒添加劑及水泥製成。木絲水泥板的生命週期長達400餘年，可多次重複使用及回收利用，並可於生命週期完結時隨時轉化為基本元素以供回收利用。

木絲水泥板的物理特性包括：

- 良好的隔熱性
- 一流的熱緩衝能力
- 防潮及防腐
- 阻燃
- 抗白蟻／害蟲性
- 良好的吸音性
- 粉刷及抹灰打底的理想材料
- 重量輕易處理
- 建設時易於加工

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- Relative low energy consumption to produce
- No fossil fuel or binders used
- Limited impact on local natural resources
- No waste product at end of life cycle
- Nice and attractive 'natural look' visual appearance

While the Central Government has placed a high priority for EP and green building materials accompanied with continuous active dissemination, the Group is devoted to build a sustainable future together with the clients.

4. ENVIRONMENTAL PROTECTION

4.1 Corporate Environmental Policy and Compliance

The Earth, our precious planet, is the most valuable asset for us. The Group endeavours to protect this planet and to build a sustainable future for our generations and their generations. The Group is committed to upholding high environmental standards to fulfill relevant requirements throughout our operation, and will continue to devote human and financial resources for environmental conservation, reduction of carbon footprint and environmental compliance as required under applicable laws and regulations.

The Group is principally engaged in the business to provide tailor-made EP solutions to customers who have specific requirements of water or air treatment systems based on their industry standards. Nevertheless, the Group is committed to actively minimizing the impact on our environment and implementing different measures to optimize the workplace, continuing to address the environmental issues in relation to global warming, pollution, and biodiversity of the environment.

With the goal to reduce energy consumption and carbon emissions, the Group has formulated relevant rules and regulations for a sound and effective management of energy consumption, greenhouse gas (“GHG”) emission, as well as discharge of domestic waste and sewage and other pollutants. We strictly comply with the environmental protection laws and regulation promulgated by the local government.

- 生產能耗較低
- 不使用化石燃料或粘合劑
- 對當地自然資源的影響有限
- 於生命週期完結時不產生廢料
- 視覺外觀良好且極具「自然氣息」

在中央政府已將環保及綠色建材擺在重要優先位置並不斷積極推廣的背景下，本集團致力於與客戶打造可持續發展的未來。

4. 環境保護

4.1 企業環境政策及合規

我們珍貴的星球地球對大家而言是最寶貴的資產。本集團致力保護地球及為我們的子孫後代打造一個可持續發展的未來。本集團致力於業務營運過程中維持高環境標準以達致相關規定，並將根據適用法律及法規繼續於環境保護、減少碳足跡及環境合規方面投入人力及財力。

本集團主要從事為根據行業標準對水或空氣處理系統有特定要求的客戶提供定製環保解決方案的業務。儘管如此，本集團承諾盡力減少對環境的影響，採取不同措施優化工作環境，並繼續應對有關全球暖化、污染及環境生物多樣性的環境問題。

本集團的目標是減少能源消耗及碳排放，並制定相關規則及規定，對能源消耗、溫室氣體（「溫室氣體」）排放、家居廢物及污水以及其他污染物排放進行健全及有效管理。我們嚴格遵守當地政府頒佈的環境保護法律及法規。

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We strive to comply with all relevant environmental laws and regulations that are applicable to our business operations. Our Group's legal team has been working closely with our business units to assess the impact of those promulgated environmental protection laws and regulations such as the "Environmental Protection Law of the PRC" 《中華人民共和國環境保護法》, "Prevention and Control of Atmospheric Pollution of the PRC" 《中華人民共和國大氣污染防治法》, "Prevention and Control of Water Pollution of the PRC" 《中華人民共和國水污染防治法》, "Prevention and Control of Environmental Pollution by Solid Waste" 《中華人民共和國固體廢物防治法》 and "National Environmental Emergency Response Plan", etc.

The Group considers that a healthy environment is the most valuable asset for the well-being of human beings and every one of our society, through providing the foundation of a sustainable economy. As such, we believe we are accountable for protecting this planet and building a sustainable future for our generations and their generations through better thinking and smarter investment.

During the Reporting Period, the Group complied with relevant laws and regulations relating to air and GHG emissions, discharge into water and land, and generation of hazardous and non-hazardous waste. The Group did not violate any environmental protection laws or regulations of the region where we operate, nor was it subject to significant fines, non-monetary penalties and litigation relating to environmental protection.

我們致力遵守適用於我們的業務經營的所有相關環境法律及法規。本集團的法律團隊與我們的業務經營單位緊密合作，評估諸如《中華人民共和國環境保護法》、《中華人民共和國大氣污染防治法》、《中華人民共和國水污染防治法》、《中華人民共和國固體廢物防治法》及《國家突發環境事故應急預案》等已頒佈環保法律及法規的影響。

本集團認為健康的環境透過提供可持續經濟之根基，對人類的福祉及我們社會的每個人而言是最珍貴的資產。因此，我們相信我們有責任保護這顆星球，透過更佳的思維及更智慧的投資，為子孫後代打造可持續發展的未來。

於報告期內，本集團遵守關於氣體及溫室氣體排放、向水及土地排污以及產生有害及無害廢物的相關法律及法規。本集團並無違反我們經營所在地區的任何環保法律或法規，亦無遭受有關環境保護的重大罰款、非金錢處罰及訴訟。

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4.2 Emissions

4.2.1 Exhaust Gas and GHG Emissions

During our daily operation, the Group generates GHG emissions directly or indirectly through energy consumption. To properly manage our GHG emissions, the Group actively adopts electricity conservation and energy saving measures as well as other measures, including:

- maintaining indoor temperature at an optimal level for comfort;
- providing on-off and zoning control of lighting and ventilation system in the workplace according to the operation schedule;
- installing LED lighting system in the workplace;
- encouraging employees to switch off machines and devices, such as computers and monitors when not in use;
- encouraging employees to make the best use of modern telecommunication system to avoid unnecessary travel arrangement; and
- placing “Green Message” reminders on office equipment and workplace to further enhance employees’ environmental awareness

Table 1 – Emissions

	Unit 單位	FY2018 二零一八財政年度
GHG Emissions 溫室氣體排放	CO2e (kg) 二氧化碳當量 (千克)	655,430
Nitrogen Oxides 氮氧化物	g 克	3,375
Sulphur Oxides 硫氧化物	g 克	86
Particulate Matter 懸浮粒子	g 克	248

4.2 排放

4.2.1 廢氣及溫室氣體排放

於日常營運期間，本集團直接或間接透過能源消耗產生溫室氣體排放。為妥善管理溫室氣體排放，本集團積極採取節約電力及能源措施以及其他措施，包括：

- 將室溫維持在舒適的最佳水平；
- 在工作場所提供按照營業時間開關及控制不同區域的照明及通風系統；
- 於工作場所安裝LED照明系統；
- 鼓勵員工關閉不使用的機器及設備，如電腦及顯示器；
- 鼓勵員工充分利用現代通訊系統，避免不必要的出差；及
- 在辦公設備及工作場所設置「綠色訊息」提示，以進一步提高員工的環保意識

表1 – 排放

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4.2.2 Waste Management

The Group adheres to the principles of waste management and is committed to a sound and proper management of all waste generated during our operation.

Hazardous Waste

The Group's business, by nature, does not directly produce hazardous waste throughout any part of our activities.

Non-hazardous Waste

Domestic Waste

During our operation, the non-hazardous wastes generated are mainly domestic waste, among which, recyclable wastes, such as paper, will be recycled for reuse. Our waste management practice is compliant with laws and regulations relating to environmental protection. The Group has also implemented policies to reduce waste generation through environmental education, aiming at waste management from the source. During the reporting period, the Group has generated approximately 26.5 tons of non-hazardous waste.

Table 2 – Total Waste Discharge

	Unit 單位
Domestic Waste 生活垃圾	kg 千克

Wastewater Discharge

With respect to the wastewater management, the Group ensures all domestic sewage is discharged into the urban sewage pipe network for the proper sewage treatment.

The Group strives to maintain a high standard of requirement of waste reduction, actively encouraging its employee to appreciate the significance of sustainable development through continuous development in skills and knowledge.

4.2.2 廢棄物管理

本集團遵循廢棄物管理原則，致力於健全妥善管理營運過程中所產生的所有廢棄物。

有害廢棄物

本集團的業務本質上不會在我們的任何業務活動中直接產生有害廢棄物。

無害廢棄物

生活垃圾

在我們的運營過程中，產生的無害廢棄物主要為生活垃圾，其中可回收廢棄物（如紙張）將會回收再利用。我們的廢棄物管理慣例符合與環境保護相關的法律及法規。本集團亦實施政策，通過環保教育減低廢棄物產生量，旨在從源頭進行廢棄物管理。於報告期內，本集團已產生約26.5噸無害廢棄物。

表2 – 廢棄物排放總量

	Unit 單位	FY2018 二零一八財政年度
Domestic Waste 生活垃圾	kg 千克	26,465

廢水排放

廢水管理方面，本集團確保所有生活廢水排入市政污水管網，以妥善處理污水。

本集團致力維持高標準的減廢要求，積極鼓勵員工持續發展技能及知識，認知可持續發展的重要性。

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Green Operation

The Group is committed to a paperless operation, constantly encouraging all employee to reduce paper usage through duplex printing, paper recycle and frequent use of electronic information systems for material sharing or internal administrative documents.

Reusable paper products, such as envelopes, are properly recycled whereas the use of disposable paper products, such as paper cups and paper towels, are discouraged wherever possible and appropriate during our operation.

4.3 Use of Resources

The Group considers the conservation of natural resources as an indispensable component of our sustainable business. Through actively promoting various environmental friendly measures, we encourage an efficient use of resources, including energy, paper, water and other raw materials. As such, the Group has initiated polices to raise the awareness of electricity conservation and taken energy saving measures throughout our daily operation as elaborated in the section of 4.2 Emissions.

Water Consumption

With respect to water conservation, we encourage all employees and customers to develop the habit of conserving water consciously. Pantry and washrooms are posted with environmental messages to remind employee the importance and urgency of water conservation.

Apart from education, the utility facilities are maintained regularly for service, to ensure that water seepage or leaking pipelines are replaced or repaired on a timely basis.

綠色運營

本集團承諾踐行無紙化運營，不斷鼓勵全體員工使用雙面影印、紙張回收以及多用電子信息系統分享資料或內部行政文件，以減少用紙。

可重複使用的紙製品（如信封）可適當回收利用，而在我們的營運過程中，在可能及適宜情況下盡量減少使用紙杯及紙巾等一次性紙製品。

4.3 資源使用

本集團認為保護自然資源是我們可持續業務不可或缺的一環。我們積極推行各項環保措施，鼓勵有效利用資源，包括能源、紙張、水及其他原材料。因此，本集團已推行提高節電意識的政策，並在日常營運中採取節能措施，詳情於第4.2節「排放」闡述。

水消耗

節水方面，我們鼓勵全體員工及客戶養成有意識節水的習慣。於茶水間及洗手間張貼環保告示，提醒員工節水的重要性及緊迫性。

除進行教育外，我們亦會定期維護公用設施，確保滲水或漏水管線及時獲更換或修復。

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Packaging Material

Due to our business nature, the Group does not have manufacturing facilities and does not consume a significant amount of packaging materials.

Environmental Performance

In accordance with the ESG Reporting Guide set out by HKEX, our environmental performance of “Energy and Resources Use” during the Reporting Period are tabulated below.

Table 3 – Energy and Resources Use

	Unit 單位	FY2018 二零一八財政年度
Electricity 電	kWh 千瓦時	780,531
Unleaded Petrol 無鉛汽油	L 升	5,854
Paper 紙張 (net of recycled paper) (不包括回收用紙)	kg 千克	111
Water 水	m ³ 立方米	19,745

The Group is committed to instilling the consciousness of resources conservation and environmental protection into the work and life of every employee. We seek business partners who also share with our philosophy and commitment of environment conservation and compliance with the applicable environmental laws and regulations. We believe that these initiatives are capable to reflect our commitment to offering the best quality of services while maintaining the least adverse environmental impact on our planet.

4.4 The Environment and Natural Resources

The Group is highly aware of our adverse impact on the environment and natural resources. In addition to compliance with relevant environmental laws and regulations, the Group has integrated the concept of environmental protection into its internal management and daily operation with an objective of achieving environmental sustainability. In the future, we will continue our commitment in environmental protection and strive to build a greener and healthier environment to fulfil our responsibilities as a member of the community we all live in.

包裝材料

鑒於我們的業務性質，本集團並無生產設施，亦不會消耗大量包裝材料。

環境績效

根據香港聯交所《環境、社會及管治報告指引》，於報告期內我們「能源及資源使用」的環境績效列於下表。

表3 – 能源及資源使用

本集團致力於將節約資源及環保意識灌輸到每位員工的工作及生活中。我們尋求與我們具有相同環保及遵守適用環境法律及法規理念及承諾的商業夥伴。我們相信該等舉措能反映我們提供最優質服務的承諾，同時維持對地球的不利環境影響減至最少。

4.4 環境及天然資源

本集團高度關注我們對環境及天然資源的不利影響。除遵守相關環境法律及法規外，本集團已將環保理念融入內部管理及日常營運，以達致環境的可持續性。未來，我們將維持對環境保護的承諾，致力營造更加綠色及健康的環境，踐行我們作為社會一分子的責任。

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5. EMPLOYMENT AND LABOUR PRACTICES

5.1 Health and Safety

The Group has been attaching great importance to a comfortable and safe working environment for our employees which protect them from potential occupational hazards and health and safety risks, in order to achieve zero tolerance of accidents and injuries.

As employees' health and safety is of paramount importance to the operation of the Group, the Group has accordingly formulated a series of relevant personnel management policy to provide employees with a healthy, positive and motivative working atmosphere.

The Group maintains the risk management system including identification, prevention and management of risks and hazards throughout the workplaces as well as follow-up actions for accidents or personal injuries. We have adopted the following measures:

- installing air purifiers in relatively crowded areas such as conference and meeting rooms;
- prohibiting smoking and abuse of alcohol and drugs in the workplace;
- providing clean and tidy rest area such as corridors and pantry;
- providing adjustable chairs and monitors for eye protection;
- setting up posters of proper working postures and lifting method accessible on the intranet and at appropriate locations in offices;

5. 僱傭及勞工常規

5.1 健康及安全

本集團一直高度重視為員工提供舒適安全的工作環境，以保護他們免於潛在的職業危害及健康與安全風險，對事故及傷害堅持零容忍。

由於員工的健康及安全對本集團的運營至關重要，因此本集團已制定一系列相關的人力管理政策，為員工提供健康、正面及充滿活力的工作氛圍。

本集團維持風險管理制度，包括識別、防範及管理整個工作場所的風險及危害，以及在事故或人身傷害方面的後續行動。我們已採納下列措施：

- 在相對擁擠區域（如會議室）安裝空氣淨化器；
- 禁止在工作場所吸煙及酗酒和濫用藥物；
- 提供乾淨整潔的休息區，如走廊及茶水間；
- 提供可調節的椅子及顯示器以保護眼睛；
- 在內聯網及辦公室適當位置張貼有關適當工作姿勢及提舉方法的海報；

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- conducting fire drills and emergency evacuation simulations to raise the employees' awareness of fire prevention and to equip employees with appropriate knowledge and skills in the event of emergency;
- improving the fire evacuation plans by providing first aid kits and fire extinguishers in workplace in response to emergencies.

During the Reporting Period, the Group complies with the Occupational Safety and Health Ordinance (Chapter 509 of the Laws of Hong Kong), by ensuring that the employees are working in a safe environment in respect of health, hygiene, ventilation, gas safety, building structure and means of escape. The Group did not record any accidents that resulted in death or serious physical injury. No material non-compliance with laws and regulations relevant to health and safety of employees were identified.

Additionally, the Group provides induction programs and safety training programs to new employees such that they can be familiar with our corporate policies in relation to health and safety matters as quickly as they can.

The summary of work-related fatalities and injuries are summarized in the table below.

Table 4 – Health and Safety

No. of Work-Related Fatalities 因工作關係而死亡的人數
Rate of Work-Related Fatalities 因工作關係而死亡的比率
No. of Injuries at Work 工傷人數
Lost Days due to Injury at Work 因工傷損失工作日數

- 舉行消防演習及緊急疏散模擬，以提升員工的防火意識，並為員工提供緊急情況下的適當知識及技能；
- 改善消防疏散計劃，在工作場所放置急救箱及滅火器以應付緊急情況。

於報告期內，本集團遵守香港法例第509章《職業安全及健康條例》，確保員工在健康、衛生、通風、燃氣、建築結構及逃生路徑方面屬安全的環境下工作。本集團並無任何導致死亡或嚴重人身傷害的事故記錄，亦無嚴重違反有關員工健康及安全的法律及法規。

此外，本集團向新聘員工提供入職培訓計劃及安全培訓計劃，以便彼等盡快熟識有關健康及安全事宜的公司政策。

因工作關係而死亡及工傷於下表概述。

表4 – 健康及安全

FY2018
二零一八財政年度

N/A 不適用
N/A 不適用
N/A 不適用
N/A 不適用

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5.2 Recruitment and Promotion

The Group fully understands that our business development is largely driven by the continued quality services delivered by our experienced and competent workforce. As such, it is therefore of paramount importance to proactively manage our talent pipeline and career development for employees. The Group is determined to set itself in a good position to maintain a robust business performance and growth together with our employees.

With an objective to uphold an open, fair, just and reasonable human resource policy, the Group has formulated the recruitment policy with respect to equal opportunities, diversity and anti-discrimination.

We encourage differences and individuality in employees, with the philosophy that diversity can bring new ideas, dynamics and challenges to our operations. We discourage all forms of discrimination on gender, age, family status, sexual orientation, disability, race and religion. Our employment policy encourages hiring of talented people with physical or mental disabilities. We are committed to supporting our employees to maintain a family-friendly work environment because we respect their roles and responsibilities in their families. We strive to make sure employees and business partners comply with laws and regulations, follow ethical business practices and respect equal opportunity in employment. We bring in new recruits and equip them with necessary skill sets to develop a long-term rewarding career with us.

During the Reporting Period, we continue to strictly observe the applicable laws and regulations and follow our employment policies relating to recruitment and promotion, compensation and dismissal, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare, by providing competitive remuneration package, including internal promotion opportunities and performance-based bonus, so as to recruit and retain experienced employees.

5.2 招聘及晉升

本集團充份明白業務發展很大程度上由具備豐富經驗及能力的員工持續提供優質服務所推動。因此，積極管理人才庫及員工的職涯發展至關重要。本集團已做好準備與員工共同維持強勁的業務表現及增長。

本集團的目標是秉持公開、公平、公正及合理的人力資源政策，並已制定有關平等機會、多元化及反歧視的招聘政策。

我們鼓勵員工的差異化及個性發展，秉持多元化可為我們的運營帶來新觀念、動力及挑戰的理念。我們禁止在性別、年齡、家庭狀況、性向、殘疾、種族及宗教等一切形式的歧視。我們的僱傭政策鼓勵僱用有身體或精神殘疾的人才。我們致力於支持員工維持家庭友好的工作環境，因為我們尊重他們在家庭中的角色及責任。我們極力確保員工及業務合作夥伴遵守法律及法規，遵循道德商業慣例並尊重平等僱傭機會。我們招募新員工並為他們灌輸必要的技能，與我們一起開創長遠而具前途的事業。

於報告期內，我們繼續嚴格遵守適用法律及法規，並遵照有關招聘及晉升、補償及解僱、工時、休息期間、平等機會、多元化、反歧視的僱傭政策，以及透過提供具競爭力的薪酬待遇（包括內部晉升機會及績效獎金）提供其他待遇及福利，以便招募及留住經驗豐富的員工。

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5.3 Employment

Hong Kong Region

In Hong Kong, the Group complies with the Labour Law of Hong Kong and relevant employment laws and regulations during FY2018, including the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) by participating in the Mandatory Provident Fund retirement benefit scheme (the “**MPF Scheme**”) for our eligible employees, Minimum Wage Ordinance (Chapter 608 of the Laws of Hong Kong), Employment Ordinance (Chapter 57 of the Laws of Hong Kong) (the “**EO**”) and Employees’ Compensation Ordinance (Chapter 282 of the Laws of Hong Kong) (the “**ECO**”) by offering competitive wages, medical insurance, disability and invalidity coverage, maternity leave and other compensation to our employees.

PRC Region

In the PRC, we have participated in welfare schemes concerning pension insurance, unemployment insurance, maternity insurance, occupational injury insurance and medical insurance in accordance with the local regulations including the Regulations on the Administration of Housing Provident Funds and the Social Insurance Law of the PRC.

In accordance with the ESG Reporting Guide set out by HKEX, details of the Group’s workforce during the reporting period are tabulated as well as presented in charts below.

5.3 僱傭

香港地區

在香港，本集團於二零一八財政年度已遵守香港《勞工法》及相關僱傭法律及法規，包括香港法例第485章《強制性公積金計劃條例》，為合資格員工參與強制性公積金退休福利計劃（「**強積金計劃**」）、香港法例第608章《最低工資條例》、香港法例第57章《僱傭條例》（「**僱傭條例**」）及香港法例第282章《僱員補償條例》（「**僱員補償條例**」），向我們的員工提供具競爭力的薪金、醫療保險、傷疾保險、產假及其他補償。

中國地區

在中國，我們根據《住房公積金管理條例》及《中華人民共和國社會保險法》等當地法規參與養老保險、失業保險、生育保險、工傷保險及醫療保險等福利計劃。

根據香港聯交所《環境、社會及管治報告指引》，於報告期內本集團僱員的詳情列載於下表。

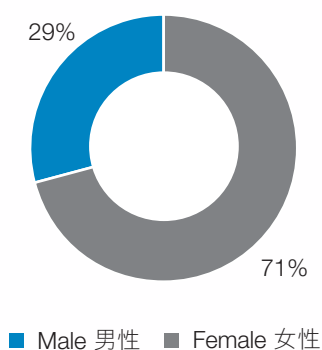
Environmental, Social and Governance Report 環境、社會及管治報告

Table 5 – Our Workforce

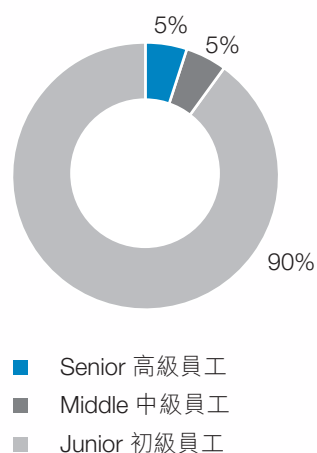
表5 – 我們的僱員

	FY2018 二零一八財政年度
Total Number of Full-Time Employees 全職員工總數	117
Turnover Rate by Gender 按性別劃分的僱員流失比率	
Male 男性	6%
Female 女性	12%
Turnover Rate by Age 按年齡劃分的僱員流失比率	
Under 30 years old 30歲以下	27%
30 – 50 years old 30至50歲	2%
over 50 years old 50歲以上	0%

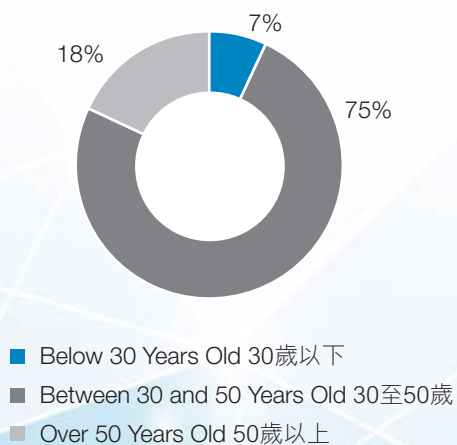
Total Workforce by Gender as of 31 December 2018
二零一八年十二月三十一日員工總數按性別劃分



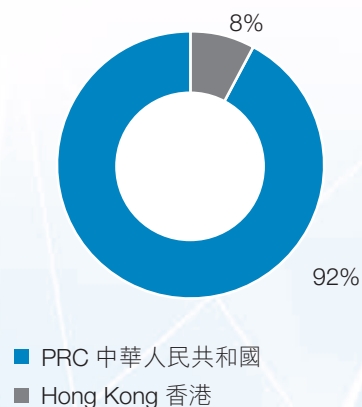
Total Workforce by Employment Level as of 31 December 2018
二零一八年十二月三十一日員工總數按僱傭類型劃分



Total Workforce by Age Group of 31 December 2018
二零一八年十二月三十一日員工總數按年齡組別劃分



Total Workforce by Region as of 31 December 2018
二零一八年十二月三十一日員工總數按地區劃分



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During the Reporting Period, the Group was not aware of any material non-compliance with laws and regulations in respect of human resources.

5.4 Labour Standards

Being fully aware that exploitation of child and forced labour violates human rights and international labour conventions, the Group strictly prohibits the employment of any child labour and forced labour. New employees are required to provide true and accurate personal data when they are onboard. Recruiters should strictly review the entry documents including medical examination certificates, academic certificates and identity cards. The Group constantly rejects to engage suppliers and contractors, that hire child labour or forced labour in their operations, to provide administrative supplies and services.

The Group strictly complies with the relevant laws and regulations, including the Labour Law, the Protection of Minors and the Prohibition of Using Child Labour of the PRC and the Employment Ordinance of Hong Kong (Chapter 57 of the Laws of Hong Kong).

During the Reporting Period, no material non-compliance with the laws and regulations related to the prevention of child labour or forced labour have been found by the Group.

5.5 Development and Training

The Group envisions that empowering its people through development and training is the cornerstone of our success in the long-run. The Group listens and responds to our people. Our training programmes are designed not only to meet our business vision and to provide skillset required for the operation, but also for the benefit of society as a whole wherever possible.

於報告期內，本集團並不知悉有任何嚴重違反有關人力資源法律及法規的情況。

5.4 勞工準則

本集團充份明白到剝削童工及強制勞工違反人權及國際勞工公約，並一律禁止僱用任何童工及強迫勞工。新聘員工入職時須提供真實準確的個人資料。招聘人員須嚴格審查入職文件，包括體檢證書、學歷證明及身份證。本集團一向拒絕委聘在其業務中僱用童工或強制勞工的供應商及承包商提供行政用品及服務。

本集團嚴格遵守相關法律及法規，包括《中華人民共和國勞動法》、《中華人民共和國未成年人保護法》及《中華人民共和國禁止使用童工規定》以及香港法例第57章香港《僱傭條例》。

於報告期內，本集團並無發現重大違反有關防止童工或強制勞工法律及法規的情況。

5.5 發展及培訓

本集團認為通過發展及培訓為員工賦能為我們長期成功的基石。本集團聆聽員工心聲並作出回應。我們的培訓計劃不僅旨在迎合我們的業務願景及提供運營所需的技能，亦盡可能顧及整體社會的利益。

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Considering that each of the position is of unique professional and technical needs, the Group ensures that every new joiner receives proper orientation training and mentoring in order to help them adapt to the new working environment affirmatively and quickly. Continuous training is committed by the Group in different ways including internal training programs, comprehensive training for specific skill development, and courses for continuous professional development for relevant employees so as to ensure that they possess the appropriate qualities and skill-sets. Implementation of safety training and comprehensive risk assessments are also one of the most important tasks in the Group.

Employees at all levels can satisfy their needs of trainings through multiple training courses, including induction training, technical skills training and pre-post training. We also provide the management with a series of courses related to soft skill development. The goal is to strengthen their leadership and management skills, which is expected to drive the team to grow. These training programs not only facilitate the career prospect of individual employee, but also boost the sustainable development of the Group.

Moreover, the Group is strongly convinced that sense of belonging and morale of the employees are always the key drivers to the Group's healthy and prosperous growth. The Group delivers festive foods, such as mooncakes, to employees during certain traditional festivals (such as Lunar New Year and Mid-Autumn Festival) in recognition of their contributions and dedicated work to the Group. Regular and festival gatherings are organised during the Reporting Period to enhance the harmonious spirit of different levels of staff members throughout the Group.

The Group believes that such a corporate culture and harmonic working environment will naturally achieve a synergistic result to facilitate employee retention and to improve productivity.

考慮到每個職位均有獨特的專業及技術要求，本集團確保每名新進員工接受適當的入職培訓及指導，以幫助彼等完全快速適應新的工作環境。本集團承諾以不同的方式為有關員工提供持續培訓，包括內部培訓課程，專門技能發展的全面培訓及持續專業培訓課程，確保員工具備適當資格及技能。實施安全培訓及全面風險評估亦為本集團最重要的工作之一。

各級員工通過入職培訓、技術技能培訓和崗前培訓等多元化培訓課程滿足各自不同的培訓需求。我們亦為管理層提供一系列與軟技能發展相關的課程。目標是增強其領導力及管理技能，此舉預期將會推動團隊成長。該等培訓計劃不僅助力員工的職業前景，亦促進本集團的可持續發展。

此外，本集團深信，員工歸屬感及士氣一直是本集團穩健增長的主要動力。本集團在若干傳統節日（例如農曆新年及中秋節）向員工發放月餅等應節食品，以表揚彼等對本集團的貢獻及付出。於報告期內，我們舉辦定期及節日聚會，藉此提高本集團所有不同階層員工的和諧精神。

本集團相信，此等企業文化及和諧的工作環境將自然而然地達到協同合作的效果，從而促使員工留任及提高生產力。

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6. OPERATING PRACTICES

The Group is determined to disseminate the pursuit of sustainability into our core business which is regarded as part of the responsibility of an accountable corporate citizen. A series of management systems and procedures has been developed in alignment with the Corporate Governance required by the HKEX. Furthermore, the Group encourages all business partners to incorporate those sustainability practices and policies into their operation thoroughly in order to work together in our pursuit of sustainable development.

6.1 Supply Chain Management

The Group understands that supply chain management has always been one of the key aspects of the Group's operation. Our supply chain management team not only considers economic and commercial benefits during the tendering processes, but also evaluates the suppliers' and contractors' track record with respect to social, environmental and ethical conduct as well as legal and regulatory compliance including safeguarding workers' health and safety, and mitigating environmental impacts.

We have developed a vendor and supplier selection mechanism based on potential vendors' compliance with all applicable laws and regulations in relation to the safety, environment, forced labor, child labor and other social aspects. Products and services with environmentally friendly and socially responsible features will be given a higher technical score during our assessment process. Inspection and assessments may be conducted by the Group if deemed necessary. To maintain a good corporate control and governance, the Group has developed a series of management system as and procedures in alignment with the Corporate Governance required by the HKEX. We are obliged to terminate the cooperation contract with suppliers that may cause or have caused serious pollution or serious social accidents. In addition, the Group encourages all business partners to develop energy-saving and consumption-reducing policies in order to work together in our pursuit of sustainable development.

6. 營運慣例

本集團致力於核心業務追求可持續發展，此乃負責任企業公民的責任之一。本集團已制定一系列符合香港聯交所規定的企業管治的管理系統及程序。此外，本集團鼓勵所有業務夥伴於業務營運中全面納入該等可持續發展常規及政策，齊心協力達致可持續發展。

6.1 供應鏈管理

本集團明白供應鏈管理一直是本集團營運關鍵的一環。我們的供應鏈管理團隊於招標過程中不僅考慮經濟及商業利益，亦評估供應商及承包商於社會、環境及道德行為方面以及法律及法規合規方面的往績記錄，包括保障工人健康及安全以及減輕環境影響。

我們已建立提供者與供應商篩選機制，依據為潛在供應商是否遵守有關安全、環境、強制勞工、童工及其他社會範疇的所有適用法律及法規。我們於評估過程中對於環保及具備社會責任功效的產品及服務會給予較高的技術分。本集團可於必要時進行檢查及評估。為維持良好企業監控及管治，本集團已制定一系列符合香港聯交所規定的公司管治的管理系統及程序。我們有責任終止與可能導致或已造成嚴重污染或嚴重社會事故的供應商之合作合同。此外，本集團鼓勵所有業務夥伴制定節能降耗政策，齊心協力達致可持續發展。

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On the other hand, one of our major raw materials, eco-friendly and fast-growing timber, is sourced from suppliers who support local farmers particularly in the Subei Region of the northern part of Jiangsu Province where our factories are located. Through these suppliers, we contribute our goodwill back to the local community.

We believe that, through the above supply chain management system, we can minimize the potential environmental and social risks associated with the supply chain management. During the reporting period, the Group has in total 88 suppliers and contractors which are all located in the PRC. We believe that, through the above review process, we can minimize the potential environmental and social risks associated with the supply chain management.

6.2 Product Responsibility

To be a successful business, the Group recognises the importance of service quality and corporate reputation. As such we ensure that we understand and fulfil the customers' needs and expectations, so that we can improve the quality of our services in the long run.

The Group is committed to the highest standards of product safety. Every product will be developed, manufactured and supplied to meet all legal and safety standards for its intended use and for circumstances of reasonably foreseeable misuse. Evaluation of the human and environmental safety of each product type through assessments of hazards associated with the raw materials and the potential exposure of consumers to the finished good.

另一方面，我們的主要原材料之一環保速生林木材乃採購自支持地方農戶（尤其是我們工廠所處江蘇省北部蘇北地區的農戶）的供應商。透過該等供應商，我們反哺地方社區。

我們相信，憑藉上述供應鏈管理系統，我們可最大限度地降低與供應鏈管理有關的潛在環境及社會風險。於報告期內，本集團共有88名供應商及承包商，均位於中國。我們相信，通過上述審核流程，我們可最大限度地降低與供應鏈管理有關的潛在環境及社會風險。

6.2 產品責任

本集團深知服務質量及公司聲譽對成功業務的重要性。因此，我們確保了解並滿足客戶的需求及期望，以便我們可從長遠角度提升服務質量。

本集團致力維持產品達至最高安全標準。每項產品將遵照所有法律及安全標準開發、製造及供應，以作其擬定用途及防止出現合理可預見的濫用情況。通過評估與原材料有關的危害以及消費者對製成品所面臨的潛在風險，評估每項產品類型的人身及環境安全性。

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PRC Region

Our operation in the PRC complies with relevant laws and regulations in relation to advertising, labelling and consumer protection, such as “Consumer Protection Law of the People’s Republic of China”, the “Advertising Law of the People’s Republic of China”, and “PRC Product Quality Law”, by ensuring that there are no false and misleading messages in our advertisements and promotion activities.

Hong Kong Region

In Hong Kong, our Group complies with relevant laws and regulations, for instances, the Trade Description Ordinance (Chapter 362 of the Laws of Hong Kong). The Group also carries out continuous and regular assessment of the product quality and review of opportunities for improvements and changes.

During the Reporting Period, the Group did not identify any material non-compliance of the laws and regulations related to the quality of products and services.

Feedback Management

The Group has set up various complaints and feedback channels, such as guest comment cards, telephone hotline, social media channels, emails and websites, to collect suggestions and advice from customers. There were no cases of product recall nor complaints received against our products due to health and safety issues during the Reporting Period.

中國地區

我們在中國的經營業務遵守有關廣告、標籤及消費者權益保障的相關法律及法規，如《中華人民共和國消費者權益保護法》、《中華人民共和國廣告法》及《中華人民共和國產品品質法》，確保廣告及推廣活動中概無任何虛假及誤導訊息。

香港地區

於香港，本集團遵守香港法例第362章《商品說明條例》等相關法律及法規。本集團亦將持續及定期評估產品質量及審視機會作出改善及改變。

於報告期內，本集團並無發現任何嚴重違反產品及服務質量有關法律及法規的情況。

回饋意見管理

本集團設有若干投訴及回饋意見途徑，例如客戶意見卡、電話熱線、社交媒體渠道、電郵及網站，以便收集客戶的建議及意見。於報告期內，我們並無發生涉及健康及安全問題的退貨個案，亦無接獲任何針對產品的投訴。

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6.3 Privacy Protection

The Group is committed to compliance with the privacy laws and regulations. The Group undertakes to strictly comply with the requirements of the Personal Data (Privacy) Ordinance (Chapter 486 of the Laws of Hong Kong), to ensure that all data are securely kept in our internal system with access control. The Group also set out data privacy requirements in our corporate policies, under which customer and supplier data would be used exclusively for matters relating to the Group's operation only. We strive to ensure all collected data kept is free of unauthorized or accidental access, processing, erasure or other use.

6.4 Anti-Corruption

Insisting on the honesty, integrity and fairness in all aspects of our business, and upholding a high standard of business ethics and prohibition of any forms of bribery and corrupt practices, the Group has developed a series of policies of anti-fraud and anti-bribery as part of the exercise of Corporate Governance.

The Group observed with related laws and regulations that have a significant impact on the Group relating to bribery, extortion, fraud and money laundering, such as the "Prevention of Bribery Ordinance of Hong Kong" (Chapter 201 of the laws of Hong Kong), the Criminal Law of the PRC (《中華人民共和國刑法》), and the Regulations of the PRC for Suppression of Corruption (《中華人民共和國懲治貪污條例》).

6.3 私隱保護

本集團致力遵守私隱法律及法規。本集團承諾嚴格遵守香港法例第486章《個人資料(私隱)條例》的規定，以確保我們於內部系統妥善保存所有資料並控制存取情況。本集團亦於公司政策載列資料私隱規定，據此，客戶及供應商的資料僅用於與本集團營運有關的事宜。我們致力確保所有已蒐集及保存的資料不會遭未經授權或意外查閱、處理、刪除或作其他用途。

6.4 反貪污

為於業務各方面堅守真誠、誠信及公平原則、秉持高標準商業道德規範以及禁止任何形式的賄賂及貪污行為，本集團已制定一系列反欺詐及反賄賂政策，以作為踐行企業管治的一環。

本集團已遵守對本集團有重大影響的有關防止賄賂、勒索、欺詐及洗黑錢的相關法律及法規，例如香港法例第201章《香港防止賄賂條例》、《中華人民共和國刑法》及《中華人民共和國懲治貪污條例》。

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During the Reporting Period, the Group complied with the relevant laws and regulations relating to bribery, extortion, fraud and money laundering mentioned above, as well as the corporate policy of anti-corruption, and no cases of anti-corruption have been concluded.

According to the Group's policy, employees may report any concern in relation to accounting controls and audit matters to the Audit Committee which will review each complaint and decide how the investigation should be conducted. During the Reporting Period, the Audit Committee identified no complaint from employees.

7. COMMUNITY INVESTMENT

The Group actively strives to making a better society through our active involvement in the community, putting the best effort in helping the local communities and people in needs through voluntary services, donation programs and social enterprise supports.

Going forward, the Group will continue to attach great importance to community services, and will encourage our staff members to be actively engaged in voluntary services and join hands together to disseminate the spirit of services in the community where we all depend on.

於報告期內，本集團已遵守上述有關防止賄賂、勒索、欺詐及洗黑錢的相關法律及法規以及反貪污公司政策，且概無審結反貪污的個案。

根據本集團的政策，員工可就有關會計監控及審計的任何事項向審核委員會報告。審核委員會將審查每項投訴，並決定進行調查的方式。於報告期內，審核委員會並無接獲員工投訴。

7. 社區投資

本集團透過積極參與社區活動，致力建設更美好的社會，藉助義工服務、捐助計劃及社會企業支援，盡力幫助本地社區及有需要人士。

展望未來，本集團將繼續重視社區服務，並將鼓勵員工積極參與義工服務，在我們所仰賴的社區攜手宣揚服務精神。

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8. HKEX ESG GUIDE CONTENT INDEX

8. 香港聯交所《環境、社會及管治報告指引》內容索引

Aspects, General Disclosures and KPIs 層面、一般披露及關鍵績效指標	Description 描述	Relevant Section in the ESG Report 環境、社會及管治報告中的相關章節	Remarks 備註
Aspect A1: Emissions 層面A1：排放物			
General Disclosure 一般披露	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste 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法規的資料	Environmental Protection 環境保護	
KPI A1.1 關鍵績效指標A1.1	Types of emissions and respective emissions data 排放物種類及相關排放數據	Environmental Protection 環境保護	
KPI A1.2 關鍵績效指標A1.2	Greenhouse gas emissions in total and, where appropriate, intensity 溫室氣體總排放量及(如適用)密度	Environmental Protection 環境保護	

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環境、社會及管治報告

Aspects, General Disclosures and KPIs 層面、一般披露及關鍵績效指標	Description 描述	Relevant Section in the ESG Report 環境、社會及管治報告中的相關章節	Remarks 備註
KPI A1.3 關鍵績效指標A1.3	Total hazardous waste produced and, where appropriate, intensity 所產生有害廢棄物總量及(如適用)密度	–	The Group has not identified any hazardous waste that was produced by our core business 本集團尚未發現核心業務產生任何有害廢棄物
KPI A1.4 關鍵績效指標A1.4	Total non-hazardous waste produced and intensity 所產生無害廢棄物總量及密度	Environmental Protection 環境保護	
KPI A1.5 關鍵績效指標A1.5	Description of measures to mitigate emissions and results achieved 減低排放量的措施及所得成果的描述	Environmental Protection 環境保護	
KPI A1.6 關鍵績效指標A1.6	Description of how hazardous and non-hazardous waste are handled, reduction initiatives and results achieved 處理有害及無害廢棄物的方法、減低產生量的措施及所得成果的描述	Environmental Protection 環境保護	
Aspect A2: Use of Resources 層面A2：資源使用			
General Disclosure 一般披露	Policies on efficient use of resources including energy, water and other raw materials 有效使用資源(包括能源、水及其他原材料)的政策	Environmental Protection 環境保護	
KPI A2.1 關鍵績效指標A2.1	Direct and/or indirect energy consumption by type in total and intensity 按類型劃分的直接及/或間接能源總耗量及密度	Environmental Protection 環境保護	

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Aspects, General Disclosures and KPIs 層面、一般披露及關鍵績效指標	Description 描述	Relevant Section in the ESG Report 環境、社會及管治報告中的相關章節	Remarks 備註
KPI A2.2 關鍵績效指標A2.2	Water consumption in total and intensity 總耗水量及密度	Environmental Protection 環境保護	
KPI A2.3 關鍵績效指標A2.3	Description of energy use efficiency initiatives and results achieved 能源使用效益計劃及所得成果的描述	Environmental Protection 環境保護	
KPI A2.4 關鍵績效指標A2.4	Description of whether there is any issue in sourcing water, water efficiency initiatives and results achieved 求取適用水源上可有任何問題，以及提升用水效益計劃及所得成果的描述	–	Defined to be irrelevant to the Group's operation 界定為與本集團業務無關
KPI A2.5 關鍵績效指標A2.5	Total packaging material used for finished products, and if applicable, with reference to per unit produced 製成品所用包裝材料的總量及（如適用）每生產單位估量	–	Use of packaging material is not applicable to the Group's core operation 包裝材料的使用不適用於本集團核心業務
Aspect A3: The Environment and Natural Resources 層面A3：環境及天然資源			
General Disclosure 一般披露	Policies on minimizing the issuer's significant impact on the environment and natural resources 減低發行人對環境及天然資源造成重大影響的政策	Environmental Protection 環境保護	

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Aspects, General Disclosures and KPIs 層面、一般披露及關鍵績效指標	Description 描述	Relevant Section in the ESG Report 環境、社會及管治報告中的相關章節	Remarks 備註
KPI A3.1 關鍵績效指標A3.1	Description of the significant impacts of activities on the environment and natural resources and actions taken to manage them 業務活動對環境及天然資源的重大影響及已採取管理有關影響的行動的描述	Environmental Protection 環境保護	
Aspect B1: Employment 層面B1：僱傭	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti – discrimination, and other benefits and welfare 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法規的資料	Employment and Labour Practices 僱傭及勞工常規	

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Aspects, General Disclosures and KPIs 層面、一般披露及關鍵績效指標	Description 描述	Relevant Section in the ESG Report 環境、社會及管治報告中的相關章節	Remarks 備註
KPI B1.1 關鍵績效指標B1.1	Total workforce by gender, employment type, age group and geographical region 按性別、僱傭類型、年齡組別及地區劃分的僱員總數	Employment and Labour Practices 僱傭及勞工常規	
KPI B1.2 關鍵績效指標B1.2	Employee turnover rate by gender, age group and geographical region 按性別、年齡組別及地區劃分的員工流失比率	Employment and Labour Practices 僱傭及勞工常規	
Aspect B2: Health and Safety 層面B2：健康與安全			
General Disclosure 一般披露	<p>Information on:</p> <p>(a) the policies; and</p> <p>(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards</p> <p>有關提供安全工作環境及保障員工避免職業性危害的：</p> <p>(a) 政策；及</p> <p>(b) 遵守對發行人有重大影響的相關法律及法規的資料</p>	Employment and Labour Practices 僱傭及勞工常規	
KPI B2.1 關鍵績效指標B2.1	Number and rate of work-related fatalities 因工作關係而死亡的人數及比率	Employment and Labour Practices 僱傭及勞工常規	

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Aspects, General Disclosures and KPIs 層面、一般披露及關鍵績效指標	Description 描述	Relevant Section in the ESG Report 環境、社會及管治報告中的相關章節	Remarks 備註
KPI B2.2 關鍵績效指標B2.2	Lost days due to work injury 因工傷損失工作日數	Employment and Labour Practices 僱傭及勞工常規	
KPI B2.3 關鍵績效指標B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored 所採納的職業健康與安全措施，以及相關執行及監察方法的描述	Employment and Labour Practices 僱傭及勞工常規	
Aspect B3: Development and Training 層面B3：發展及培訓			
General Disclosure 一般披露	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities 有關提升員工履行工作職責的知識及技能的政策。描述培訓活動	Employment and Labour Practices 僱傭及勞工常規	
KPI B3.1 關鍵績效指標B3.1	The percentage of employees trained by gender and employee category 按性別及員工類別劃分的受訓員工百分比	–	The Group is working on this aspect. 本集團正在致力於此方面工作。
KPI B3.2 關鍵績效指標B3.2	The average training hours completed per employee by gender and employee category 按性別及員工類別劃分，每名員工完成受訓的平均時數	–	The Group is working on this aspect. 本集團正在致力於此方面工作。

Environmental, Social and Governance Report

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Aspects, General Disclosures and KPIs 層面、一般披露及關鍵績效指標	Description 描述	Relevant Section in the ESG Report 環境、社會及管治報告中的相關章節	Remarks 備註
Aspect B4: Labour Standards 層面B4：勞工準則			
General Disclosure 一般披露	<p>Information on:</p> <p>(a) the policies; and</p> <p>(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour</p> <p>有關防止童工及強制勞工的：</p> <p>(a) 政策；及</p> <p>(b) 遵守對發行人有重大影響的相關法律及法規的資料</p>	Employment and Labour Practices 僱傭及勞工常規	
KPI B4.1 關鍵績效指標B4.1	<p>Description of measures to review employment practices to avoid child and forced labour</p> <p>檢討招聘慣例的措施以避免童工及強制勞工的描述</p>	Employment and Labour Practices 僱傭及勞工常規	
KPI B4.2 關鍵績效指標B4.2	<p>Description of steps taken to eliminate child and forced labour practices when discovered</p> <p>在發現違規情況時消除童工及強制勞工情況所採取的步驟的描述</p>	-	<p>No such incidents were reported during the Reporting Period.</p> <p>於報告期內並無呈報有關事件。</p>

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Aspects, General Disclosures and KPIs 層面、一般披露及關鍵績效指標	Description 描述	Relevant Section in the ESG Report 環境、社會及管治報告中的相關章節	Remarks 備註
Aspect B5: Supply Chain Management 層面B5：供應鏈管理			
General Disclosure 一般披露	Policies on managing environmental and social risks of the supply chain 管理供應鏈的環境及社會風險政策	Operating Practices 營運慣例	
KPI B5.1 關鍵績效指標B5.1	Number of suppliers by geographical region 按地區劃分的供應商數目	Operating Practices 營運慣例	
KPI B5.2 關鍵績效指標B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored 有關聘用供應商的慣例，向其執行有關慣例的供應商數目、以及有關慣例的執行及監察方法的描述	Operating Practices 營運慣例	

Environmental, Social and Governance Report

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Aspects, General Disclosures and KPIs 層面、一般披露及關鍵績效指標	Description 描述	Relevant Section in the ESG Report 環境、社會及管治報告中的相關章節	Remarks 備註
Aspect B6: Product Responsibility 層面B6：產品責任	Information on:	Operating Practices 營運慣例	
General Disclosure 一般披露	(a) the policies; and		
	(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress		
	有關所提供產品及服務的健康與安全、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法規的資料		
KPI B6.1 關鍵績效指標B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	-	Not applicable to the Group's core operation
	已售或已運送產品總數中因安全與健康理由而須回收的百分比		不適用於本集團核心業務
KPI B6.2 關鍵績效指標B6.2	Number of products and service related complaints received and how they are dealt with	-	No products and service related complaints received during the Reporting Period.
	接獲關於產品及服務的投訴數目以及應對方法		於報告期內並無接獲關於產品及服務的投訴

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Aspects, General Disclosures and KPIs 層面、一般披露及關鍵績效指標	Description 描述	Relevant Section in the ESG Report 環境、社會及管治報告中的相關章節	Remarks 備註
KPI B6.3 關鍵績效指標B6.3	Description of practices relating to observing and protecting intellectual property rights 與維護及保障知識產權有關的慣例的描述	-	Not applicable to the Group's core operation 不適用於本集團核心業務
KPI B6.4 關鍵績效指標B6.4	Description of quality assurance process and recall procedures 質量檢定過程及產品回收程序的描述	Operating Practices 營運慣例	
KPI B6.5 關鍵績效指標B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored 消費者資料保障及私隱政策，以及相關執行及監察方法的描述	Operating Practices 營運慣例	
Aspect B7: Anti-corruption 層面B7：反貪污	<p>Information on:</p> <p>(a) the policies; and</p> <p>(b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering</p> <p>有關防止賄賂、勒索、欺詐及洗黑錢的：</p> <p>(a) 政策；及</p> <p>(b) 遵守對發行人有重大影響的相關法律及法規的資料</p>	Operating Practices 營運慣例	

Environmental, Social and Governance Report

環境、社會及管治報告

Aspects, General Disclosures and KPIs 層面、一般披露及關鍵績效指標	Description 描述	Relevant Section in the ESG Report 環境、社會及管治報告中的相關章節	Remarks 備註
KPI B7.1 關鍵績效指標B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases 於報告期內對發行人或其員工提出並已審結的貪污訴訟案件的數目及訴訟結果	Operating Practices 營運慣例	No concluded legal cases regarding corrupt practices during the Reporting Period. 於報告期內概無已審結的貪污訴訟案件。
KPI B7.2 關鍵績效指標B7.2	Description of preventive measures and whistle – blowing procedures, how they are implemented and monitored 防範措施及舉報程序，以及相關執行及監察方法的描述	–	The Group is working on this aspect. 本集團正在致力於此方面工作。
Aspect B8: Community Investment 層面B8：社區投資			
General Disclosure 一般披露	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities takes into consideration communities' interests 有關以社區參與來了解發行人營運所在社區的需求及確保其業務活動會考慮社區利益的政策	Community Investment 社區投資	
KPI B8.1 關鍵績效指標B8.1	Focus areas of contribution 專注貢獻範疇	–	The Group is working on this aspect. 本集團正在致力於此方面工作。
KPI B8.2 關鍵績效指標B8.2	Resources contributed to the focus areas 在專注範疇所動用資源	–	The Group is working on this aspect. 本集團正在致力於此方面工作。

Independent Auditor's Report 獨立核數師報告



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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PAN ASIA ENVIRONMENTAL PROTECTION GROUP LIMITED

(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Pan Asia Environmental Protection Group Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") set out on pages 90 to 259, 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, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 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") 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.

致泛亞環保集團有限公司全體股東之 獨立核數師報告

(於開曼群島註冊成立之有限公司)

意見

本核數師已審核第90至259頁所載泛亞環保集團有限公司(「貴公司」)及其附屬公司(以下統稱「貴集團」)之綜合財務報表，包括二零一八年十二月三十一日之綜合財務狀況表及截至該日止年度之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。

本核數師認為，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中肯地反映了貴集團於二零一八年十二月三十一日的綜合財務狀況及其截至該日止年度的綜合財務表現及綜合現金流量，並已遵照香港公司條例的披露規定妥為編製。

意見基準

本核數師之審核工作按照香港會計師公會頒佈之香港審計準則(「香港審計準則」)進行。本核數師就該等準則承擔的責任在本報告「核數師審核綜合財務報表之責任」部分中進一步闡述。根據香港會計師公會的專業會計師道德守則(「守則」)，本核數師獨立於貴集團，並已履行守則中的其他職業道德責任。本核數師相信，本核數師所獲得的審核憑證能充足及適當地為本核數師的意見提供基礎。

Independent Auditor's Report 獨立核數師報告

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Our description of how our audit addressed the key audit matter identified in our audit in relation to the impairment of the Group's trade receivables is provided in that context.

We have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

關鍵審核事項

關鍵審核事項為本核數師之專業判斷中，審核本期綜合財務報表中最重要的事項。該等事項於本核數師審核整體綜合財務報表及出具意見時進行處理。本核數師不會對該等事項提供單獨意見。有關吾等的審核如何處理吾等就 貴集團的應收貿易款項減值審核時識別的關鍵審核事項的描述僅適用於此等情況。

本核數師已履行本報告「核數師審核綜合財務報表之責任」一節所述之責任，包括有關該等事項之責任。因此，本核數師的審核包括程序的執行，該等程序乃為應對本核數師對綜合財務報表重大錯誤陳述風險的評估而設計。本核數師的審核程序結果（包括為處理以下事項而執行的程序）為本核數師就隨附綜合財務報表的審核意見提供了基礎。

Independent Auditor's Report

獨立核數師報告

Impairment of the Group's trade receivables

貴集團應收貿易款項減值

Refer to notes 2(g)(i), 2(j) and 36(a) to the consolidated financial statements for the directors' disclosures of the related accounting policies, judgements and estimates and notes 18 and 35(b) to the consolidated financial statements for further information.

董事就有關會計政策、判斷及估計的披露請參閱綜合財務報表附註2(g)(i)、2(j)及36(a)，進一步資料請參閱綜合財務報表附註18及35(b)。

Key Audit Matter

關鍵審核事項

The carrying amount of the Group's trade receivables was approximately RMB53,144,000 as at 31 December 2018.

The assessment of impairment of trade receivables under the expected credit loss ("ECL") model requires the application of significant judgement and estimates by management. The ECL on trade receivables are assessed individually for debtors which are credit impaired and collectively using a provision matrix.

The Group performed the impairment assessment on trade receivables under the ECL model as at 1 January 2018 and 31 December 2018. The Group provided additional impairment loss on trade receivables amounting to approximately RMB11,328,000 as at 1 January 2018 and provided impairment loss on trade receivables amounting to approximately RMB374,000 during the year ended 31 December 2018. The Group also reversed impairment loss on trade receivables amounting to approximately RMB1,759,000 during the year ended 31 December 2018.

於二零一八年十二月三十一日，貴集團之應收貿易款項賬面值約為人民幣53,144,000元。

預期信貸虧損（「預期信貸虧損」）模式下的應收貿易款項減值評估須由管理層應用重大判斷及估計。應收貿易款項的預期信貸虧損乃就具有信貸減值的債務人個別及運用撥備矩陣集體予以評估。

貴集團於二零一八年一月一日及二零一八年十二月三十一日根據預期信貸虧損模式對應收貿易款項進行減值評估。貴集團於二零一八年一月一日就應收貿易款項減值虧損額外計提撥備約人民幣11,328,000元，並於截至二零一八年十二月三十一日止年度就應收貿易款項計提減值虧損撥備約人民幣374,000元。貴集團亦於截至二零一八年十二月三十一日止年度撥回應收貿易款項減值虧損約人民幣1,759,000元。

How our audit addressed the Key Audit Matter

本核數師的審核如何處理關鍵審核事項

Our procedures in relation to management's impairment assessment on the Group's trade receivables included, among others, the followings:

- Understanding and testing the design, implementation and operating effectiveness of the Group's key controls over credit control, debt collection and impairment assessment under the ECL model;
- Testing the information used by management to develop the provision matrix including ageing analysis of trade receivables, on a sample basis, by comparing individual items in the analysis with the relevant sales invoices;

本核數師就管理層對貴集團應收貿易款項的減值評估執行的程序包括（其中包括）：

- 瞭解並測試貴集團於預期信貸虧損模式下，對信貸控制、債務收回及減值評估的主要監控之設計、實施及運作的成效；
- 抽樣測試管理層發展撥備矩陣所用資料（包括應收貿易款項的賬齡分析），方法為將該分析的各個項目與相關銷售發票進行比對；

Independent Auditor's Report 獨立核數師報告

Impairment of the Group's trade receivables (Continued) 貴集團應收貿易款項減值 (續)

Key Audit Matter 關鍵審核事項

Based on the management's assessment on the impairment of trade receivables under the ECL model, the management concluded that the impairment loss on trade receivables was adequate as at 31 December 2018.

基於管理層根據預期信貸虧損模式對應收貿易款項減值的評估，管理層認為，於二零一八年十二月三十一日之應收貿易款項減值虧損屬充足。

How our audit addressed the Key Audit Matter 本核數師的審核如何處理關鍵審核事項

- Assessing the reasonableness of management's judgement and estimates in determining impairment loss on trade receivables as at 31 December 2018 by examining the information used by management, including review of management's identification of trade receivables with credit impaired, testing the accuracy of the historical default data, evaluating whether the historical loss rates are appropriately adjusted based on current economic conditions and forward-looking information, and examining the actual impairment losses recorded during the current year; and
- Checking cash receipts from customers after the financial year end relating to the trade receivables balance as at 31 December 2018, on a sample basis.
- 評估管理層釐定二零一八年十二月三十一日應收貿易款項減值虧損之判斷及估計之合理性，方法為審查管理層所用資料，包括管理層對信貸減值應收貿易款項的識別的檢討、測試過往違約數據的準確性、評估過往虧損率是否按當前經濟狀況及前瞻性資料妥為調整，以及審查本年度內錄得的實際減值虧損；及
- 抽樣核查財政年度末後有關二零一八年十二月三十一日應收貿易款項結餘的自客戶收取之現金。

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 THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with 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 of the Company 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 of the Company either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The directors of the Company are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

其他資料

貴公司董事對其他資料負責。其他資料包括年報所載資料，惟不包括綜合財務報表及本核數師就此發出的核數師報告。

本核數師對綜合財務報表的意見並不涵蓋其他資料，本核數師亦不對其他資料發表任何形式的鑒證結論。

就本核數師審核綜合財務報表而言，本核數師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本核數師在審核過程中所瞭解的情況有重大不一致，或似乎有重大錯誤陳述。基於本核數師已執行的工作，倘本核數師認為其他資料有重大錯誤陳述，本核數師需要報告該事實。本核數師就此並無任何事項須報告。

董事編製綜合財務報表之責任

貴公司董事須遵照香港會計師公會頒佈之香港財務報告準則及香港公司條例之披露規定，負責編製真實公平的綜合財務報表以及董事認為需要之有關內部監控，以確保綜合財務報表之編製並不存在由於欺詐或錯誤而導致的重大錯誤陳述。

於編製綜合財務報表時，貴公司董事負責評估貴集團根據持續經營基準經營的能力，披露（倘適用）有關持續經營的事項及採用持續經營會計基準，惟貴公司董事擬清算貴集團或終止營運或除此之外並無其他實際選擇除外。

貴公司董事獲審核委員會協助履行其監督貴集團的財務報告程序的責任。

Independent Auditor's Report 獨立核數師報告

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

核數師審核綜合財務報表之責任

本核數師的目標是對整體綜合財務報表是否不存在由於欺詐或錯誤而導致的任何重大錯誤陳述取得合理保證，並出具包括本核數師意見的核數師報告。本核數師僅向閣下（作為整體）按照協定的委聘條款報告，除此之外本報告別無其他目的。本核數師不會就本報告的內容向任何其他人士負上或承擔任何責任。

合理保證是高水平的保證，但不能保證按香港審計準則進行的審核在某一重大錯誤陳述存在時總能發現。錯誤陳述可以由欺詐或錯誤引起，若合理預期其個別或共同可能影響綜合財務報表使用者所作出的經濟決策，則有關錯誤陳述可被視作重大。

作為根據香港審計準則進行審核的一部份，本核數師在審核過程中運用了專業判斷，保持了職業懷疑態度。本核數師亦：

- 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，以及取得充足和適當的審核憑證，作為本核數師意見的基準。由於欺詐可能涉及串謀、偽造、蓄意遺漏、虛假陳述或凌駕於內部控制之上，因此未能發現因欺詐而導致的重大錯誤陳述的風險較因錯誤而導致的重大錯誤陳述的風險為高。
- 瞭解與審核相關的內部控制，以設計情形適當的審核程序，但目的並非為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適當性及作出會計估計和相關披露的合理性。

Independent Auditor's Report

獨立核數師報告

- 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.
- 對董事採用持續經營會計基礎的適當性作出結論。根據所得的審核憑證，決定是否存在與事件或情況有關的重大不確定性，而可能對貴集團根據持續經營基準經營的能力構成重大疑慮。倘本核數師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垂注綜合財務報表中的相關披露資料。若有關披露資料不足，則本核數師須修改意見。本核數師的結論乃基於截至核數師報告日止所取得的審核憑證。然而，未來事件或情況可能導致貴集團不能根據持續經營基準經營。
- 評估綜合財務報表的整體呈報方式、結構及內容，包括披露資料，以及綜合財務報表是否公允地反映有關交易及事項。
- 就貴集團中實體或業務活動的財務資料獲取充分、適當的審核憑證，以對綜合財務報表發表意見。本核數師負責指導、監督及執行集團審核。本核數師對審核意見承擔全部責任。

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

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

本核數師與審核委員會溝通了（其中包括）計劃的審核範圍、審核時間及重大審核發現，包括本核數師在審核期間識別出內部控制的任何重大缺陷。

本核數師亦向審核委員會提交聲明，說明本核數師已符合有關獨立性的相關職業道德要求，並與彼等溝通所有合理地被認為會影響本核數師獨立性的關係及其他事項，以及相關的防範措施（倘適用）。

Independent Auditor's Report 獨立核數師報告

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

The engagement director on the audit resulting in this independent auditor's report is Sze Wing Chun.

從與審核委員會溝通的事項中，本核數師確定對本期綜合財務報表的審核最為重要的事項，因而構成關鍵審核事項。本核數師會在核數師報告中描述該等事項，除非法律或法規不允許對某個事項作出公開披露，或在極端罕見的情況下，若有合理預期在本核數師報告中溝通某事項而造成的負面後果將會超過其產生的公眾利益，本核數師將不會在此等情況下在報告中溝通該事項。

本獨立核數師報告的審計項目董事是施永進。

Ascenda Cachet CPA Limited
Certified Public Accountants
Hong Kong, 29 March 2019

Sze Wing Chun
Practising Certificate Number P06035

天健德揚會計師事務所有限公司
執業會計師
香港，二零一九年三月二十九日

施永進
執業證書編號P06035

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

	Note 附註	2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Continuing operations:			
Revenue	4	162,188	588,549
Cost of sales		(141,835)	(472,642)
Gross profit		20,353	115,907
Other income	4	2,865	5,543
Other net loss	4	(7,473)	(63,795)
Gain on disposal of a subsidiary	25(b)	28,702	-
Impairment loss on property, plant and equipment, and prepaid lease payments	26(b)	(30,300)	-
Selling and distribution expenses		(702)	(274)
General and administrative expenses		(25,891)	(31,436)
Other operating expenses		(191)	(944)
Finance costs	5(b)	(1,600)	(314)
(Loss)/profit before taxation	5	(14,237)	24,687
Income tax (expenses)/credit	7(a)	(3,116)	11,416
(Loss)/profit for the year from continuing operations		(17,353)	36,103
Discontinued operation:			
Loss for the period/year from discontinued operation	6	(2,004)	(183,462)
Loss for the year attributable to owners of the Company		(19,357)	(147,359)
Other comprehensive (loss)/income for the year (after tax and reclassification adjustments)			
<i>Item that will not be reclassified to profit or loss:</i>			
- Exchange differences on translation of financial statements to presentation currency		(1,802)	1,593
Total comprehensive loss for the year attributable to owners of the Company		(21,159)	(145,766)

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

		2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
	Note 附註		
(Loss)/profit for the year attributable to owners of the Company arises from:	本公司擁有人應佔來自以下各項之年內(虧損)/溢利:		
- Continuing operations	- 持續經營業務	(17,353)	36,103
- Discontinued operation	- 已終止經營業務	(2,004)	(183,462)
		(19,357)	(147,359)
		RMB cents 人民幣分	RMB cents 人民幣分
LOSS PER SHARE	每股虧損		
Basic (loss)/earnings per share	每股基本(虧損)/盈利		
- From continuing operations	- 來自持續經營業務	(2.06)	4.30
- From discontinued operation	- 來自已終止經營業務	(0.24)	(21.84)
		(2.30)	(17.54)
Diluted (loss)/earnings per share	每股攤薄(虧損)/盈利		
- From continuing operations	- 來自持續經營業務	(2.06)	4.30
- From discontinued operation	- 來自已終止經營業務	(0.24)	(21.84)
		(2.30)	(17.54)

The notes on pages 97 to 259 form part of these financial statements.

第97頁至第259頁之附註屬本財務報表之一部份。

Consolidated Statement of Financial Position

綜合財務狀況表

As at 31 December 2018
於二零一八年十二月三十一日

		Note 附註	2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
NON-CURRENT ASSETS	非流動資產			
Prepaid lease payments	預付租賃款項	13	-	49,767
Property, plant and equipment	物業、廠房及設備	14	4,715	187,364
Available-for-sale financial asset	可供出售金融資產	15	-	-
Deferred tax assets	遞延稅項資產	24(b)	2,397	160
			7,112	237,291
CURRENT ASSETS	流動資產			
Prepaid lease payments	預付租賃款項	13	-	1,191
Inventories	存貨	17	-	46,579
Trade and other receivables	應收貿易及其他款項	18	246,123	620,439
Cash and bank balances	現金及銀行結餘	19	1,037,883	368,213
			1,284,006	1,036,422
Assets of a disposal company classified as held for sale	分類為持作出售之出售公司之資產	26	-	480,477
			1,284,006	1,516,899
CURRENT LIABILITIES	流動負債			
Trade and other payables	應付貿易及其他款項	20	36,542	52,461
Corporate bonds	公司債券	23	26,487	-
Tax payable	應付稅項	24(a)	2,521	11,125
			65,550	63,586
Liabilities directly associated with the assets classified as held for sale	與分類為持作出售資產直接相關之負債	26	-	436,489
			65,550	500,075
NET CURRENT ASSETS	流動資產淨值		1,218,456	1,016,824
TOTAL ASSETS LESS CURRENT LIABILITIES	資產總值減流動負債		1,225,568	1,254,115

Consolidated Statement of Financial Position 綜合財務狀況表

As 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
		Note 附註	
NON-CURRENT LIABILITIES	非流動負債		
Corporate bonds	公司債券	23	20,440
		21,548	20,440
NET ASSETS	資產淨值		1,233,675
		1,204,020	1,233,675
CAPITAL AND RESERVES	股本及儲備		
Share capital	股本	27	78,073
Reserves	儲備	28	1,155,602
		1,125,947	1,155,602
TOTAL EQUITY	權益總額		1,233,675
		1,204,020	1,233,675

The consolidated financial statements on pages 90 to 259 were approved and authorised for issue by the board of directors on 29 March 2019 and were signed on its behalf by:

經董事會於二零一九年三月二十九日批准及授權刊發第90頁至第259頁之綜合財務報表並由下列董事代表簽署：

Jiang Xin
Director

蔣鑫
董事

Fan Yajun
Non-executive Director

范亞軍
非執行董事

The notes on pages 97 to 259 form part of these financial statements.

第97頁至第259頁之附註屬本財務報表之一部份。

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

		Attributable to owners of the Company 本公司擁有人應佔									
		Share capital	Share premium	Special reserve	Enterprise expansion reserve	Statutory surplus reserve	Translation reserve	Share option reserve	Fair value reserve (non-recycling)	Retained profits	Total
		股本	股份溢價	特別儲備	擴展儲備	盈餘儲備	匯兌儲備	購股權儲備	(不可重新歸入) 公平價值儲備	保留溢利	總額
		RMB'000	RMB'000	RMB'000	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	人民幣千元	人民幣千元	人民幣千元
		(Note 27)	(Note 28(i))	(Note 28(ii))	(Note 28(iii))	(Note 28(iv))	(Note 28(v))	(Note 28(vi))	(Note 28(vii))	(Note 28(viii))	(Note 28(vii))
		(附註27)	(附註28(i))	(附註28(ii))	(附註28(iii))	(附註28(iv))	(附註28(v))	(附註28(vi))	(附註28(vii))	(附註28(viii))	(附註28(vii))
As at 1 January 2017	於二零一七年一月一日	78,073	466,844	94,225	69,107	78,380	(9,077)	15,260	-	586,629	1,379,441
Loss for the year	年內虧損	-	-	-	-	-	-	-	-	(147,359)	(147,359)
Other comprehensive income	其他全面收益	-	-	-	-	-	-	-	-	-	-
- Exchange differences on translation of financial statements to presentation currency	- 換算財務報表至呈列貨幣產生之匯兌差額	-	-	-	-	-	1,593	-	-	-	1,593
Total comprehensive loss for the year	年內全面虧損總額	-	-	-	-	-	1,593	-	-	(147,359)	(145,766)
Transfer to retained profits upon lapse of share options	於購股權失效後轉撥至保留溢利	-	-	-	-	-	-	(311)	-	311	-
Transfer to reserves	轉撥至儲備	-	-	-	2,385	2,385	-	-	-	(4,770)	-
As at 31 December 2017	於二零一七年十二月三十一日	78,073	466,844	94,225	71,492	80,765	(7,484)	14,949	-	434,811	1,233,675
At 31 December 2017	於二零一七年十二月三十一日	78,073	466,844	94,225	71,492	80,765	(7,484)	14,949	-	434,811	1,233,675
Changes in accounting policies (Note 3)	會計政策變動(附註3)	-	-	-	-	-	-	-	(9,000)	504	(8,496)
At 1 January 2018 (Adjusted)	於二零一八年一月一日(經調整)	78,073	466,844	94,225	71,492	80,765	(7,484)	14,949	(9,000)	435,315	1,225,179
Loss for the year	年內虧損	-	-	-	-	-	-	-	-	(19,357)	(19,357)
Other comprehensive loss	其他全面虧損	-	-	-	-	-	-	-	-	-	-
- Exchange differences on translation of financial statements to presentation currency	- 換算財務報表至呈列貨幣產生之匯兌差額	-	-	-	-	-	(1,802)	-	-	-	(1,802)
Total comprehensive loss for the year	年內全面虧損總額	-	-	-	-	-	(1,802)	-	-	(19,357)	(21,159)
Transfer to retained profits upon lapse of share options	於購股權失效後轉撥至保留溢利	-	-	-	-	-	-	(8,309)	-	8,309	-
Release of reserves upon disposal of subsidiaries	出售附屬公司後撥回儲備	-	-	-	(70,189)	(79,463)	-	-	9,000	140,652	-
At 31 December 2018	於二零一八年十二月三十一日	78,073	466,844	94,225	1,303	1,302	(9,286)	6,640	-	564,919	1,204,020

The notes on pages 97 to 259 form part of these financial statements.

第97頁至第259頁之附註屬本財務報表之一部份。

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

			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				
(Loss)/profit before taxation		除稅前(虧損)/溢利		
– from continuing operations		– 來自持續經營業務	(14,237)	24,687
– from discontinued operation		– 來自已終止經營業務	(2,784)	(183,363)
			(17,021)	(158,676)
Adjustments for:		調整：		
Amortisation of prepaid lease payments		攤銷預付租賃款項	596	1,191
Depreciation of property, plant and equipment		物業、廠房及設備之折舊	6,953	26,322
Gain on disposal of a subsidiary		出售附屬公司之收益	(28,702)	–
Impairment loss on property, plant and equipment, and prepaid lease payments		物業、廠房及設備以及預付租賃款項之減值虧損	30,300	–
Gain on disposal of property, plant and equipment, and prepaid lease payments		出售物業、廠房及設備以及預付租賃款項之收益	(25)	–
Loss on write-off of property, plant and equipment		撇銷物業、廠房及設備之虧損	12,403	–
Gain on disposals of property, plant and equipment		出售物業、廠房及設備之收益	–	(149)
Government grants		政府補助	(27)	(658)
Allowance for write down of inventories		存貨撇減撥備	–	19,984
Impairment loss on trade receivables		應收貿易款項之減值虧損	374	152,293
Impairment loss on other receivables		其他應收款項之減值虧損	403	2,335
Interest expenses		利息開支	1,600	314
Interest income		利息收入	(1,692)	(1,093)
Imputed interest on trade receivables with extended credit terms		獲延長信貸期之應收貿易款項之估算利息	(1,067)	(4,397)
Reversal of impairment loss on trade receivables		應收貿易款項之減值虧損撥回	(1,759)	(9,376)
Reversal of impairment loss on other receivables		其他應收款項之減值虧損撥回	(3,925)	–
			(1,589)	28,090
Changes in working capital		營運資金變動		
Decrease in inventories		存貨減少	36,317	26,026
Decrease/(increase) in trade receivables with normal credit terms		正常信貸期之應收貿易款項減少/(增加)	401,645	(89,026)
Decrease in trade receivables with extended credit terms		獲延長信貸期之應收貿易款項減少	80,600	20,150
Decrease in other receivables		其他應收款項減少	38,881	133,252
Decrease in prepayments for consultation, marketing and promotional services		諮詢、市場推廣及宣傳服務預付款減少	1,650	39,600
Increase/(decrease) in trade and other payables		應付貿易及其他款項增加/(減少)	8,082	(150,135)

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

		Note 附註	2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
Cash generated from operations	經營業務產生之現金		565,586	7,957
PRC Enterprises Income Tax paid	已付中國企業所得稅	24(a)	(237)	(11,173)
Net cash generated from/(used in) operating activities	經營活動產生/(所用)之現金淨額		565,349	(3,216)
Investing activities	投資活動			
Interest received	已收利息		1,692	1,093
Payments for acquisition of property, plant and equipment	購買物業、廠房及設備付款		(216)	(20)
Proceeds from disposal of property, plant and equipment and prepaid lease payments	出售物業、廠房及設備以及預付租賃款項所得款項	26(b)	30,000	–
Payment for incremental costs directly attributable to disposal of property, plant and equipment, and prepaid lease payments	出售物業、廠房及設備以及預付租賃款項增加的直接應佔成本付款	26(b)	(5,840)	–
Proceeds from disposals of property, plant and equipment	出售物業、廠房及設備所得款項		–	188
Net cash inflows from disposal of subsidiaries	來自出售附屬公司之現金流入淨額	25(a)&(b)	54,143	–
Net cash generated from investing activities	投資活動產生之現金淨額		79,779	1,261
Financing activities	融資活動			
Proceeds from issuance of corporate bonds	發行公司債券之所得款項	23	26,604	21,278
Direct issuance costs paid	已付直接發行成本	23	–	(772)
Interests paid	已付利息	23	(1,323)	–
Net cash generated from financing activities	融資活動產生之現金淨額		25,281	20,506
Net increase in cash and cash equivalents	現金及等同現金項目增加淨額		670,409	18,551
Cash and cash equivalents at beginning of the year	年初之現金及等同現金項目		368,213	349,740
Effect of foreign exchange rate changes, net	外幣匯率變動之影響淨額		(739)	(78)
Cash and cash equivalents at end of the year	年終之現金及等同現金項目		1,037,883	368,213
Analysis of the balance of cash and cash equivalents	現金及等同現金項目結存分析			
Cash and bank balances	現金及銀行結餘	19	1,037,883	368,213

The notes on pages 97 to 259 form part of these financial statements.

第97頁至第259頁之附註屬本財務報表之一部份。

Notes to the Financial Statements 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 INFORMATION

Pan Asia Environmental Protection Group Limited (the “Company”) was incorporated as an exempted company and registered in the Cayman Islands with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The addresses of the registered office and principal place of business of the Company are disclosed in the “Corporate Information” section to this annual report.

The Company and its subsidiaries (together the “Group”) are principally engaged in the sales of environmental protection (“EP”) products and equipment, and undertaking of EP construction engineering services in the People’s Republic of China (the “PRC”), and investment holding.

The Group’s manufacture and sales of EP construction materials business was discontinued during the prior year and was disposed of during the current year. Details of which are set out in notes 6 and 25(a).

2. SIGNIFICANT ACCOUNTING POLICIES

a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRSs”), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“HKASs”) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong and the applicable disclosure requirements of the Hong Kong Companies Ordinance (“CO”). These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”). Significant accounting policies adopted by the Group are disclosed below.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

1. 一般資料

泛亞環保集團有限公司（「本公司」）於開曼群島註冊成立為一間獲豁免有限公司，其股份於香港聯合交易所有限公司（「聯交所」）上市。本公司之註冊辦事處及主要營業地點地址披露於本年報「公司資料」一節。

本公司及其附屬公司（統稱「本集團」）主要在中華人民共和國（「中國」）從事環境保護（「環保」）產品及設備之銷售，並承接環保建設工程服務及投資控股。

本集團之製造及銷售環保建築材料業務於上一年度終止並於本年度出售。有關詳情載於附註6及25(a)。

2. 主要會計政策

a) 守規聲明

此等財務報表已根據香港會計師公會（「香港會計師公會」）頒佈之所有適用香港財務報告準則（「香港財務報告準則」）（此乃包括所有適用之個別香港財務報告準則、香港會計準則（「香港會計準則」）及詮釋之統稱）、香港普遍採納會計原則及適用的香港公司條例（「公司條例」）之適用披露規定而編製。此等財務報表亦遵守聯交所證券上市規則（「上市規則」）之適用披露規定。本集團採納之主要會計政策披露如下。

香港會計師公會已頒佈若干新訂及經修訂香港財務報告準則，均於本集團之本會計期間首次生效或可供提早採納。附註3提供了有關首次應用該等發展而導致的此等財務報表內所反映的本集團於本會計期間及過往會計期間的任何會計政策變動的資料。

Notes to the Financial Statements

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. SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2018 comprise the Company and its subsidiaries.

The measurement basis used in the preparation of the financial statements is the historical cost basis except for certain financial instruments, which are stated at their fair value as explained in the accounting policies set out below.

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about the carrying amounts of assets and liabilities that are not readily apparent from other sources. 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.

Judgements made by management in the application of HKFRSs that have a significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 36.

2. 主要會計政策 (續)

b) 財務報表之編製基準

截至二零一八年十二月三十一日止年度綜合財務報表包括本公司及其附屬公司之財務報表。

財務報表之編製乃以歷史成本作計量基準，惟若干金融工具以公平值計量除外（見下文會計政策所闡釋）。

編製符合香港財務報告準則之財務報表，管理層需作出判斷、估計和假設，該等判斷、估計及假設對會計政策之應用以及所呈報資產、負債、收入和支出之金額構成影響。該等估計及有關假設乃根據過往經驗及被認為在該情況下屬合理之多項其他因素而作出，其結果便成為判斷資產及負債賬面值之基礎，而該賬面值顯然無法從其他來源取得。實際結果可能有別於該等估計。

該等估計及相關假設會按持續基準進行檢討。對會計估計進行修訂時，倘修訂僅影響該期間，則修訂會於修訂估計之期間確認；或倘有關修訂同時影響即期及未來期間，則會於修訂期間及未來期間確認。

管理層在應用對本財務報表構成重大影響之香港財務報告準則時所作出之判斷，以及估計不確定性之主要來源，將在附註36內討論。

Notes to the Financial Statements 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. SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the owners of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of profit or loss and other comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the owners of the Company. Loans from holders of non-controlling interests and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position.

2. 主要會計政策 (續)

c) 附屬公司及非控股權益

附屬公司指受本集團控制之實體。當本集團承受或享有由參與實體所得不定回報時，且有能力透過其對實體之權力影響該等回報時，則本集團控制該實體。於評估控制權時，惟本集團及其他人士持有之實質性權利計算在內。

於附屬公司之投資將由控制權開始至控制權終止之期間計入綜合財務報表。集團內部往來之餘額、交易及現金流以及由集團內部交易產生之任何未變現溢利，均在編製綜合財務報表時全數抵銷。集團內部交易所產生之未變現虧損，其抵銷方法與抵銷未變現收益之方法相同，但抵銷額只限於沒有證據顯示已出現減值之部份。

非控股權益指並非本公司直接或間接應佔附屬公司之權益。就該等權益，本集團並未與該等權益持有人協定任何額外條款，使本集團整體就該等權益而負上符合金融負債定義之合同責任。

非控股權益在綜合財務狀況表內列入權益，但與本公司擁有人應佔權益分開列示。非控股權益於本集團業績中所佔之權益，在綜合損益及其他全面收益表內以非控股權益與本公司擁有人各佔本年度損益總額及全面收益總額之方式列示。非控股權益持有人之貸款及其他有關該等持有人之合同責任，於綜合財務狀況表列為金融負債。

Notes to the Financial Statements 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. SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Subsidiaries and non-controlling interests (Continued)

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset, or, when appropriate, the cost on initial recognition of an investment in an associate or a joint venture.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 2(g)(ii)), unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

d) Other investments in debt and equity securities

The Group's policies for investments in debt and equity securities, other than investments in subsidiaries are set out below.

Investments in debt and equity securities are recognised/derecognised on the date the Group commits to purchase/sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at fair value through profit or loss ("FVPL") for which transaction costs are recognised directly in profit or loss. These investments are subsequently accounted for as follows, depending on their classification.

2. 主要會計政策 (續)

c) 附屬公司及非控股權益 (續)

本集團於一間附屬公司之權益變動(並無導致失去控制權)列作權益交易,並對合併權益中的控股及非控股權益金額作出調整,以反映有關權益的變動,惟概無對商譽作出任何調整及並無確認任何損益。

倘本集團失去一間附屬公司的控制權,將列作出售其於該附屬公司的全部權益,因此產生的收益或虧損於損益中確認。於失去控制權當日仍保留於前附屬公司的任何權益乃按公平值確認,而該款項將視為於初步確認金融資產時或(如適用)就於聯營公司或合營企業之投資進行初步確認時之成本之公平值。

在本公司財務狀況表中,附屬公司之投資以成本減去減值虧損列賬(見附註2(g)(ii)),除非該投資被列為持作出售(或計入分類為持作出售之出售組別)。

d) 其他債務及股本證券投資

本集團之債務及股本證券投資(除附屬公司投資外)政策載列如下。

債務及股本證券投資於本集團承諾購入/出售投資日期確認/終止確認。該等投資初步按公平值加直接應佔交易成本列賬,惟按公平值計入損益(「按公平值計入損益」)計量之投資除外,有關投資之交易成本直接於損益確認。此等投資其後依其所屬分類入賬如下。

Notes to the Financial Statements 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. SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) Other investments in debt and equity securities (Continued)

(A) Policy applicable from 1 January 2018

Investments other than equity investments

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

- amortised cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the investment is calculated using the effective interest method (see note 2(s)(iii)).
- fair value through other comprehensive income (“FVOCI”) – recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Changes in fair value are recognised in other comprehensive income, except for the recognition in profit or loss of expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the investment is derecognised, the amount accumulated in other comprehensive income is recycled from equity to profit or loss.

2. 主要會計政策 (續)

d) 其他債務及股本證券投資 (續)

(A) 自二零一八年一月一日起適用的政策

股本投資以外的投資

本集團持有的非股本投資分類為以下計量類別之一：

- 倘有關投資乃為了收取合同現金流量，即僅為支付本金及利息而持有，則按攤銷成本計量。投資利息收入採用實際利息法計算（見附註2(s)(iii)）。
- 倘有關投資的合同現金流量僅包括支付本金及利息，持有投資的商業模式旨在同時收取合同現金流量及出售，則按公平值計入其他全面收益（「按公平值計入其他全面收益」）計量，可重新歸入。公平值變動會於其他全面收益確認，惟預期信貸虧損、利息收入（以實際利息法計算）及外匯損益則於損益內確認。當取消確認投資時，其他全面收益中累計的金額將從權益重新歸入至損益。

Notes to the Financial Statements

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. SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) Other investments in debt and equity securities (Continued)

(A) Policy applicable from 1 January 2018 (Continued)

Investments other than equity investments
(Continued)

- FVPL if the investment does not meet the criteria for being measured at amortised cost or FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognised in profit or loss.

Equity investments

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

2. 主要會計政策 (續)

d) 其他債務及股本證券投資 (續)

(A) 自二零一八年一月一日起適用的政策 (續)

股本投資以外的投資
(續)

- 倘有關投資不符合按攤銷成本或按公平值計入其他全面收益(可重新歸入)計量的標準,則按公平值計入損益計量。該投資的公平值變動(包括利息)於損益內確認。

股本投資

股本證券投資乃分類為按公平值計入損益,除非股本投資並非為交易目的而持有,並且在初步確認投資時,本集團選擇指定按公平值計入其他全面收益(不可重新歸入)計量投資,由此,公平值的其後變動於其他全面收益內確認。該等選擇乃以個別工具為基礎作出,惟僅在發行人認為投資符合股本定義之情況下作出。作出該選擇後,於其他全面收益內累計的金額將保留在公平值儲備(不可重新歸入)內直至有關投資獲出售。於出售時,公平值儲備(不可重新歸入)中累計的金額將轉撥至保留溢利,且不會重新歸入至損益。

Notes to the Financial Statements 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. SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) Other investments in debt and equity securities (Continued)

(A) Policy applicable from 1 January 2018 (Continued)

Equity investments (Continued)

Dividends from investments in equity securities, irrespective of whether classified as at FVPL or FVOCI, are recognised in profit or loss as other income in accordance with the policy set out in note 2(s)(vii).

(B) Policy applicable prior to 1 January 2018

Investments in securities held for trading were classified as financial assets measured at FVPL. Any attributable transaction costs were recognised in profit or loss as incurred. At the end of each reporting period, the fair value was remeasured with any resultant gain or loss being recognised in profit or loss.

Dated debt securities that the Group had the positive ability and intention to hold to maturity were classified as held-to-maturity securities. Held-to-maturity securities were stated at amortised cost (for impairment see note 2(g)(i) – policy applicable prior to 1 January 2018).

2. 主要會計政策 (續)

d) 其他債務及股本證券投資 (續)

(A) 自二零一八年一月一日起適用的政策 (續)

股本投資 (續)

股本證券投資產生的股息 (無論分類為按公平值計入損益或按公平值計入其他全面收益) 均根據附註2(s)(vii)所載之政策於損益內確認為其他收益。

(B) 於二零一八年一月一日前適用的政策

持作買賣證券投資乃分類為按公平值計入損益計量的金融資產。任何應佔交易成本於產生時在損益內確認。於各報告期末，會重新計量公平值，所得之收益或虧損於損益內確認。

本集團有實際能力及意願持有至到期日之有期債務證券乃分類為持有至到期證券。持有至到期證券按攤銷成本列賬 (有關減值見附註2(g)(i) – 於二零一八年一月一日前適用的政策)。

Notes to the Financial Statements 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. SIGNIFICANT ACCOUNTING POLICIES (Continued)

d) Other investments in debt and equity securities (Continued)

(B) Policy applicable prior to 1 January 2018 (Continued)

Investments which did not fall into any of the above categories were classified as available-for-sale financial assets. At the end of each reporting period, the fair value was remeasured with any resultant gain or loss being recognised in other comprehensive income and accumulated separately in equity in the fair value reserve (recycling). As an exception to this, investments in equity securities that do not have a quoted price in an active market for an identical instrument and whose fair value cannot be reliably measured are recognised in the statement of financial position at cost less impairment losses (see note 2(g)(i) – policy applicable prior to 1 January 2018).

Dividend income from equity investments and interest income from debt securities calculated using the effective interest method were recognised in profit or loss in accordance with the policies set out in notes 2(s)(vii) and 2(s)(iii), respectively. Foreign exchange gains and losses arising from debt securities were also recognised in profit or loss. When the investments were derecognised or impaired, the cumulative gain or loss recognised in equity was reclassified to profit or loss.

2. 主要會計政策 (續)

d) 其他債務及股本證券投資 (續)

(B) 於二零一八年一月一日 前適用的政策 (續)

不屬於上述任何類別之證券投資分類為可供出售金融資產。於各報告期末，公平值獲重新計量，所產生之任何收益或虧損於其他全面收益中確認，並於公平值儲備權益（可重新歸入）中單獨累計。例外情況包括，倘股本證券投資於活躍市場並無就相同工具之報價及其公平值無法可靠計量，則該等投資在財務狀況表中以成本減去減值虧損確認（見附註2(g)(i) – 於二零一八年一月一日前適用的政策）。

使用實際利息法計算的股權投資產生的股息收入及債務證券產生的利息收入分別根據附註2(s)(vii)及2(s)(iii)所載政策於損益內確認。債務證券產生的外匯損益亦於損益內確認。倘該等投資終止確認或減值，權益內確認之累計收益或虧損將重新分類至損益。

Notes to the Financial Statements

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. SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) Property, plant and equipment

Property, plant and equipment, other than construction in progress, are stated in the consolidated statement of financial position at cost less any accumulated depreciation and any accumulated impairment losses (see note 2(g)(ii)).

Depreciation is calculated to write off the cost of items of property, plant and equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful lives.

Buildings	Over the shorter of the term of the lease and 20 years
Furniture, fixtures and equipment	5 years
Leasehold improvements	1 year to 5 years
Motor vehicles	5 years
Molding	1 year
Machineries	10 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

2. 主要會計政策 (續)

e) 物業、廠房及設備

物業、廠房及設備(在建工程除外)概以成本減任何累計折舊及任何累計減值虧損於綜合財務狀況表列賬(見附註2(g)(ii))。

物業、廠房及設備項目乃使用直線法按其估計可使用年期減彼等之估計剩餘價值(如有)以撇銷其成本值計算折舊。

樓宇	租期及二十年之較短者
傢俬、裝置及設備	五年
租賃物業裝修	一至五年
汽車	五年
模具	一年
機器	十年

當一項物業、廠房及設備之各部份有不同之可使用年期，此項目各部份之成本將按合理基礎分配，而每部份將作個別折舊。資產之可使用年期及其剩餘價值(如有)會每年進行檢討。

因報廢或出售物業、廠房及設備項目而產生之收益或虧損乃釐定為出售所得款項淨額與該項目之賬面值間之差額，並於報廢或出售之日於損益內確認。

Notes to the Financial Statements

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. SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) Property, plant and equipment (Continued)

Construction in progress represents property, plant and equipment under construction and pending installation and is stated at cost less accumulated impairment losses (see note 2(g)(ii)), if any. Cost includes the costs of construction of buildings, the costs of machinery and equipment and interest charges arising from borrowings used to finance the acquisition of these assets during the period of construction or installation and testing. No provision for depreciation is made on construction in progress until such time as the relevant assets are completed and are available for their intended use. When the assets concerned are ready for intended use, the costs are transferred to other categories of property, plant and equipment and depreciated in accordance with the policy as stated above.

f) Leased assets

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

2. 主要會計政策 (續)

e) 物業、廠房及設備 (續)

在建工程指興建中及待安裝的物業、廠房及設備，按成本減累計減值虧損（見附註2(g)(ii)）（如有）列賬。成本包括興建或安裝測試期間之樓宇建築成本、機器及設備成本以及為收購該等資產融資借貸所產生的利息費用。在建工程截至相關資產建設完成且可作擬定用途前不會計提折舊。有關資產可投入使用时，該等成本轉撥至物業、廠房及設備之其他類別，並根據上述載列政策折舊。

f) 租賃資產

如本集團能確定某項安排賦予有關人士權利，可透過付款或支付一系列款項而於協定期間內使用特定資產，有關安排（包括一項交易或一系列交易）即屬或包含租賃。本集團之結論乃基於有關安排之細節評估而作出，並不論有關安排是否具備租賃之法律形式。

Notes to the Financial Statements 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. SIGNIFICANT ACCOUNTING POLICIES (Continued)

f) Leased assets (Continued)

i) Classification of assets leased to the Group

Assets that are held by the Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases, except for land held for own use under an operating lease, the fair value of which cannot be measured separately from the fair value of a building situated thereon at the inception of the lease, is accounted for as being held under a finance lease, unless the building is also clearly held under an operating lease. For these purposes, the inception of the lease is the time that the lease was first entered into by the Group, or taken over from the previous lessee.

ii) Operating lease charges

Where the Group has the use of assets under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged as expenses in the accounting period in which they are incurred.

The cost of acquiring land held under an operating lease is amortised on a straight-line basis over the period of the lease term.

2. 主要會計政策 (續)

f) 租賃資產 (續)

i) 本集團租用之資產之分類

就本集團根據租賃持有之資產而言，如有關租賃把絕大部份擁有權之風險及回報轉移至本集團，則有關資產被分類為根據融資租賃持有之資產。不會轉移絕大部份擁有權之風險及回報予本集團之租賃乃分類為經營租賃；惟根據經營租賃持作自用之土地而言，如其公平值不能夠與訂立租賃時已建於其上之樓宇之公平值分開計量，則將當作根據融資租賃持有者入賬；惟如有關樓宇亦是根據經營租賃確實持有則除外。就此而言，訂立租賃之時指本集團首次訂立租賃之時，或自前度承租人接收之時。

ii) 經營租賃支出

如屬本集團根據經營租賃使用所持資產之情況，則根據租賃作出之付款會在租賃期所涵蓋之會計期間內，以等額分期付款方式計入損益中；惟如有其他基準能更清楚地反映租賃資產所產生之收益模式則除外。已收取之租賃獎勵在損益中確認為總租賃付款淨額的一部份。或然租金於產生之會計期間作費用註銷。

收購根據經營租賃持有土地的成本按租期以直線法攤銷。

Notes to the Financial Statements 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. SIGNIFICANT ACCOUNTING POLICIES (Continued)

f) Leased assets (Continued)

iii) 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 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 of the lease 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. When the payments cannot be allocated reliably between the leasehold land and building elements, the entire property is generally classified as if the leasehold land is finance lease.

2. 主要會計政策 (續)

f) 租賃資產 (續)

iii) 租賃土地及樓宇

當本集團就物業權益付款(包括租賃土地及樓宇部份),本集團根據對附於各部份所有權之絕大部份風險及回報是否已轉移本集團之評估,分別對各部份之分類進行評估,惟在該兩部份均明顯為經營租賃之情況下,整項物業則以經營租賃入賬。具體而言,全部代價(包括任何一筆過預付款項)於初步確認時按租賃土地部份及樓宇部份中之租賃權益相對公平值比例於土地與樓宇部份間分配。

在相關款項可可靠分配之情況下,被列為經營租賃之租賃土地權益於綜合財務狀況表中呈列為「預付租賃款項」,並於租賃期內按直線基準攤銷。倘若無法在租賃土地與樓宇部份之間可靠分配付款,則整項物業一般會在猶如租賃土地為融資租賃的情況下作分類。

Notes to the Financial Statements 財務報表附註

For the year ended 31 December 2018
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2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

g) Credit losses and impairment of assets

i) Credit losses from financial instruments and contract assets

(A) Policy applicable from 1 January 2018

The Group recognises a loss allowance for expected credit losses (“ECLs”) on the following items:

- financial assets measured at amortised cost (including cash and cash equivalents, and trade and other receivables); and
- contract assets as defined in HKFRS 15 (see note 2(i)).

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

Measurement of ECLs

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

2. 主要會計政策 (續)

g) 信貸虧損及資產減值

i) 來自金融工具及合同資產的信貸虧損

(A) 自二零一八年一月一日起適用的政策

本集團就以下項目的預期信貸虧損(「預期信貸虧損」)確認虧損撥備：

- 按攤銷成本計量的金融資產(包括現金及等同現金項目，以及應收貿易及其他款項)；及
- 香港財務報告準則第15號所定義的合同資產(見附註2(i))。

按公平值計量的金融資產、按公平值計入損益的股本證券、指定為按公平值計入其他全面收益的股本證券(不可重新歸入)及衍生金融資產，毋須進行預期信貸虧損評估。

預期信貸虧損的計量

預期信貸虧損為信貸虧損的概率加權估計。信貸虧損以所有預期現金差額的現值(即根據合同應付本集團的現金流量與本集團預計收取的現金流量之間的差額)計量。

Notes to the Financial Statements 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. SIGNIFICANT ACCOUNTING POLICIES (Continued)

g) Credit losses and impairment of assets (Continued)

i) Credit losses from financial instruments and contract assets (Continued)

(A) Policy applicable from 1 January 2018
(Continued)

Measurement of ECLs (Continued)

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

- fixed-rate financial assets, trade and other receivables and contract assets: effective interest rate determined at initial recognition or an approximation thereof; and
- variable-rate financial assets: current effective interest rate.

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

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

2. 主要會計政策 (續)

g) 信貸虧損及資產減值 (續)

i) 來自金融工具及合同資產的信貸虧損 (續)

(A) 自二零一八年一月一日起適用的政策 (續)

預期信貸虧損的計量 (續)

倘貼現影響重大，則預期現金差額採用以下貼現率貼現：

- 定息金融資產、應收貿易及其他款項及合同資產：於初步確認時釐定的實際利率或其近似值；及
- 浮息金融資產：即期實際利率。

估計預期信貸虧損時所考慮的最長期間為本集團面臨信貸風險的最長合同期間。

於計量預期信貸虧損時，本集團考慮在毋須付出過多成本或努力下即可獲得的合理可靠資料，包括有關過往事件、現時狀況及未來經濟狀況預測的資料。

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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

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

g) Credit losses and impairment of assets (Continued)

i) Credit losses from financial instruments and contract assets (Continued)

(A) Policy applicable from 1 January 2018
(Continued)

Measurement of ECLs (Continued)

ECLs are measured on either of the
following bases:

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

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

2. 主要會計政策 (續)

g) 信貸虧損及資產減值 (續)

i) 來自金融工具及合同資產 的信貸虧損 (續)

(A) 自二零一八年一月
一日起適用的政策
(續)

預期信貸虧損的計
量 (續)

預期信貸虧損按以
下任一基準計量：

- 12個月預期
信貸虧損：指
報告日期後
12個月內可
能發生的違約
事件導致的預
期虧損；及
- 存續期的預期
信貸虧損：指
預期信貸虧損
模式適用項目
的預計年期內
所有可能違約
事件導致的預
期虧損。

應收貿易款項及合同資產的虧損撥備一直按等同於存續期的預期信貸虧損的金額計量。於報告日期，該等金融資產的預期信貸虧損乃根據本集團的過往信貸虧損經驗使用撥備矩陣進行評估，根據債務人的特定因素及對目前及預測一般經濟狀況的評估進行調整。

Notes to the Financial Statements 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. SIGNIFICANT ACCOUNTING POLICIES (Continued)

g) Credit losses and impairment of assets (Continued)

i) *Credit losses from financial instruments and contract assets (Continued)*

(A) Policy applicable from 1 January 2018
(Continued)

Measurement of ECLs (Continued)

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

2. 主要會計政策 (續)

g) 信貸虧損及資產減值 (續)

i) 來自金融工具及合同資產的信貸虧損 (續)

(A) 自二零一八年一月一日起適用的政策
(續)

預期信貸虧損的計量 (續)

就所有其他金融工具而言，本集團確認相等於12個月預期信貸虧損的虧損撥備，除非金融工具的信貸風險自初步確認以來大幅上升，於此情況下，虧損撥備乃按相等於存續期的預期信貸虧損的金額計量。

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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

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

g) Credit losses and impairment of assets (Continued)

i) Credit losses from financial instruments and contract assets (Continued)

(A) Policy applicable from 1 January 2018
(Continued)

Significant increases in credit risk

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

- failure to make payments of principal or interest on their contractually due dates;

2. 主要會計政策 (續)

g) 信貸虧損及資產減值 (續)

i) 來自金融工具及合同資產 的信貸虧損 (續)

(A) 自二零一八年一月
一日起適用的政策
(續)

信貸風險大幅上升

於評估金融工具的信貸風險自初步確認以來是否大幅上升時，本集團比較於報告日期評估及於初步確認日期評估金融工具的違約風險。於重新評估時，本集團認為(i)於本集團未有採取追索行動，如變現抵押品(倘持有任何抵押品)的情況下，借款人全數履行其對本集團之信貸責任的可能性不大；或(ii)金融資產已逾期90天，則構成違約事件。本集團會考慮合理可靠的定量及定性資料，包括過往經驗及毋須付出過多成本或努力下即可獲得的前瞻性資料。具體而言，評估信貸風險自初步確認以來是否大幅上升時會考慮以下資料：

- 未能按合同到期日期支付本金或利息；

Notes to the Financial Statements

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. SIGNIFICANT ACCOUNTING POLICIES (Continued)

g) Credit losses and impairment of assets (Continued)

i) Credit losses from financial instruments and contract assets (Continued)

(A) Policy applicable from 1 January 2018
(Continued)

Significant increases in credit risk
(Continued)

- an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);
- an actual or expected significant deterioration in the operating results of the debtor; and
- existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

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

2. 主要會計政策 (續)

g) 信貸虧損及資產減值 (續)

i) 來自金融工具及合同資產的信貸虧損 (續)

(A) 自二零一八年一月一日起適用的政策
(續)

信貸風險大幅上升
(續)

- 金融工具外部或內部信貸評級實際或預期顯著惡化(如有);
- 債務人經營業績實際或預期顯著惡化; 及
- 科技、市場、經濟或法律環境的當前或預期變動對債務人履行其對本集團責任的能力有重大不利影響。

視乎金融工具的性质而定，信貸風險大幅上升的評估乃按個別基準或共同基準進行。倘評估為按共同基準進行，金融工具則按共同的信貸風險特徵(如逾期狀況及信貸風險評級)進行分組。

Notes to the Financial Statements 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. SIGNIFICANT ACCOUNTING POLICIES (Continued)

g) Credit losses and impairment of assets (Continued)

i) Credit losses from financial instruments and contract assets (Continued)

(A) Policy applicable from 1 January 2018
(Continued)

Significant increases in credit risk
(Continued)

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

2. 主要會計政策 (續)

g) 信貸虧損及資產減值 (續)

i) 來自金融工具及合同資產 的信貸虧損 (續)

(A) 自二零一八年一月
一日起適用的政策
(續)

信貸風險大幅上升
(續)

預期信貸虧損於各報告日期進行重新計量，以反映金融工具自初步確認以來的信貸風險變動。預期信貸虧損金額的任何變動均於損益確認為減值收益或虧損。本集團就所有金融工具確認減值收益或虧損，並通過虧損撥備賬對其賬面值作出相應調整，惟按公平值計入其他全面收益(可重新歸入)計量的債務證券投資除外，於此情況下，虧損撥備於其他全面收益中確認，並於公平值儲備(可重新歸入)中累計。

Notes to the Financial Statements

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. SIGNIFICANT ACCOUNTING POLICIES (Continued)

g) Credit losses and impairment of assets (Continued)

i) Credit losses from financial instruments and contract assets (Continued)

(A) Policy applicable from 1 January 2018
(Continued)

Basis of calculation of interest income

Interest income recognised in accordance with note 2(s)(iii) is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset.

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

2. 主要會計政策 (續)

g) 信貸虧損及資產減值 (續)

i) 來自金融工具及合同資產 的信貸虧損 (續)

(A) 自二零一八年一月
一日起適用的政策
(續)

計算利息收入的基
準

根據附註2(s)(iii)確
認的利息收入乃按
金融資產的總賬面
值計算，除非該金
融資產出現信貸減
值，於此情況下，
利息收入按金融資
產的攤銷成本（即
總賬面值減虧損撥
備）計算。

於各報告日期，本
集團評估金融資
產是否出現信貸減
值。倘發生一項或
多項對金融資產預
計未來現金流量有
不利影響的事件，
金融資產則出現信
貸減值。

Notes to the Financial Statements 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. SIGNIFICANT ACCOUNTING POLICIES (Continued)

g) Credit losses and impairment of assets (Continued)

i) Credit losses from financial instruments and contract assets (Continued)

(A) Policy applicable from 1 January 2018
(Continued)

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

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

2. 主要會計政策 (續)

g) 信貸虧損及資產減值 (續)

i) 來自金融工具及合同資產 的信貸虧損 (續)

(A) 自二零一八年一月
一日起適用的政策
(續)

金融資產出現信貸減值的證據包括以下可觀察事件：

- 債務人陷入重大財務困難；
- 違反合同，如逾期或拖欠償還利息或本金；
- 借款人可能破產或進行其他財務重組；
- 科技、市場、經濟或法律環境出現重大變動，並對債務人產生不利影響；或
- 證券活躍市場因發行人陷入財務困難而消失。

Notes to the Financial Statements

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. SIGNIFICANT ACCOUNTING POLICIES (Continued)

g) Credit losses and impairment of assets (Continued)

i) Credit losses from financial instruments and contract assets (Continued)

(A) Policy applicable from 1 January 2018 (Continued)

Write-off policy

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

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

2. 主要會計政策 (續)

g) 信貸虧損及資產減值 (續)

i) 來自金融工具及合同資產 的信貸虧損 (續)

(A) 自二零一八年一月 一日起適用的政策 (續)

撇銷政策

若日後實際上無法收回款項，本集團則會撇銷（部分或全部）金融資產或合同資產的總賬面值。該情況通常出現在本集團確定債務人沒有資產或可產生足夠現金流量的收入來源來償還應撇銷的金額。

隨後收回先前撇銷之資產於收回期間在損益中確認為減值撥回。

Notes to the Financial Statements 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. SIGNIFICANT ACCOUNTING POLICIES (Continued)

g) Credit losses and impairment of assets (Continued)

i) Credit losses from financial instruments and contract assets (Continued)

(B) Policy applicable prior to 1 January 2018

Prior to 1 January 2018, an “incurred loss” model was used to measure impairment losses on financial assets not classified as at FVPL. Under the “incurred loss” model, investments in equity securities and other current and non-current receivables that are stated at cost or amortised cost or are classified as available-for-sale financial assets are reviewed at the end of each reporting period to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the Group about one or more of the following loss events:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becoming probable that the debtor will enter bankruptcy or other financial reorganisation;
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; and
- a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

2. 主要會計政策 (續)

g) 信貸虧損及資產減值 (續)

i) 來自金融工具及合同資產 的信貸虧損 (續)

(B) 於二零一八年一月
一日前適用的政策

於二零一八年一月一日前，「已產生虧損」模式用於計量未分類為按公平值計入損益的金融資產之減值虧損。根據「已產生虧損」模式，按成本或攤銷成本列賬或分類為可供出售金融資產的股本證券投資及其他流動及非流動應收款項，會在各報告期末審閱，以決定是否存在客觀減值證據。客觀減值證據包括本集團注意到的以下一項或多項虧損事項之可觀察數據：

- 債務人陷入重大財務困難；
- 違反合同，如逾期或拖欠償還利息或本金；
- 債務人可能破產或進行其他財務重組；
- 科技、市場、經濟或法律環境出現重大變動，並對債務人產生不利影響；及
- 權益工具投資之公平值大幅或長期下跌至低於其成本。

Notes to the Financial Statements 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. SIGNIFICANT ACCOUNTING POLICIES (Continued)

g) Credit losses and impairment of assets (Continued)

i) Credit losses from financial instruments and contract assets (Continued)

(B) Policy applicable prior to 1 January 2018
(Continued)

If any such evidence exists, any impairment loss is determined and recognised as follows:

- For unquoted equity securities carried at cost, the impairment loss is measured as the difference between the carrying amount of the financial asset and the estimated future cash flows, discounted at the current market rate of return for a similar financial asset where the effect of discounting is material. Impairment losses for equity securities carried at cost are not reversed.

2. 主要會計政策 (續)

g) 信貸虧損及資產減值 (續)

i) 來自金融工具及合同資產的信貸虧損 (續)

(B) 於二零一八年一月一日前適用的政策 (續)

若有任何上述證據存在，將按以下方式釐定及確認減值虧損：

- 就按成本值列賬之非上市股本證券而言，如貼現之影響屬重大，減值虧損以金融資產之賬面值與以同類金融資產當時之市場回報率貼現之預計未來現金流量間之差額計量。按成本值列賬之股本證券之減值虧損不可撥回。

Notes to the Financial Statements 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. SIGNIFICANT ACCOUNTING POLICIES (Continued)

g) Credit losses and impairment of assets (Continued)

i) Credit losses from financial instruments and contract assets (Continued)

(B) Policy applicable prior to 1 January 2018
(Continued)

- For trade receivables and other current receivables and other financial assets carried at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material. This assessment is made collectively where these financial assets share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

2. 主要會計政策 (續)

g) 信貸虧損及資產減值 (續)

i) 來自金融工具及合同資產的信貸虧損 (續)

(B) 於二零一八年一月
一日前適用的政策
(續)

- 就按攤銷成本列賬之應收貿易款項及其他流動應收款項及其他金融資產而言，如貼現之影響屬重大，減值虧損以資產之賬面值與以金融資產原有實際利率（即在初步確認有關資產時計算之實際利率）貼現預計未來現金流量現值間之差額計量。倘該等金融資產具備類似之風險特徵，例如類似之逾期情況及並未單獨被評估為減值，則有關之評估會集體進行。被集體進行減值評估之金融資產之未來現金流量會根據與該組被評估資產具有類似信貸風險特徵之資產之過往虧損情況進行。

Notes to the Financial Statements 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. SIGNIFICANT ACCOUNTING POLICIES (Continued)

g) Credit losses and impairment of assets (Continued)

i) Credit losses from financial instruments and contract assets (Continued)

(B) Policy applicable prior to 1 January 2018
(Continued)

If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of debtors included within trade and other receivables, whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When the Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against debtors directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

2. 主要會計政策 (續)

g) 信貸虧損及資產減值 (續)

i) 來自金融工具及合同資產 的信貸虧損 (續)

(B) 於二零一八年一月
一日前適用的政策
(續)

如減值虧損金額於往後期間減少，且客觀上與減值虧損確認後發生之事件有關，則於損益撥回減值虧損。減值虧損撥回後資產之賬面值不能超逾倘其在過往年度並無確認任何減值虧損而應已釐定之數額。

減值虧損直接撇銷相應資產，惟有關應收貿易及其他款項內之應收款項已確認減值虧損除外，因其可收回性被視為可疑但並非微乎其微。在此情況下，呆賬之減值虧損以撥備賬記錄。倘本集團確認能收回應收貿易款項之機會微乎其微，則被視為不可收回之金額會直接撇銷應收款項，而在撥備賬中就該債務保留之任何金額會被撥回。倘之前計入撥備賬之款項在其後收回，則有關款項於撥備賬撥回。撥備賬之其他變動及其後收回先前直接撇銷之款項均於損益內確認。

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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

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

g) Credit losses and impairment of assets (Continued)

ii) Impairment of other non-current assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment;
- prepaid lease payments; and
- investments in subsidiaries in the Company's statement of financial position.

If any such indication exists, the asset's recoverable amount is estimated.

- Calculation of recoverable amount

The recoverable amount of an asset is the greater of its 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. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

2. 主要會計政策 (續)

g) 信貸虧損及資產減值 (續)

ii) 其他非流動資產減值

於各報告期末，內部及外部資料會予以檢討，以識別以下資產已出現減值跡象，或之前已確認之減值虧損已不存在或減少的跡象：

- 物業、廠房及設備；
- 預付租賃款項；及
- 本公司財務狀況表內之於附屬公司之投資。

倘若存在任何有關跡象，則會估計資產之可收回金額。

- 計算可收回金額

資產之可收回金額以其公平值減出售成本和使用價值計算，以兩者較高值為準。於評估使用價值時，估計未來現金流量乃以能反映現時市場評估資金時間值及資產特定風險之稅前貼現率貼現至其現值。倘資產不可在大致上獨立於其他資產之情況下產生現金流量，則可收回金額以能獨立地產生現金流量之最小組別資產（即現金產生單位）計算。

Notes to the Financial Statements

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. SIGNIFICANT ACCOUNTING POLICIES (Continued)

g) Credit losses and impairment of assets (Continued)

ii) Impairment of other non-current assets (Continued)

– Recognition of impairment losses

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of cash-generating units) and then, to reduce the carrying amount of the other assets in the unit (or group of cash-generating units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

– Reversals of impairment losses

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

2. 主要會計政策 (續)

g) 信貸虧損及資產減值 (續)

ii) 其他非流動資產減值 (續)

– 確認減值虧損

每當資產或其所屬之現金產生單位之賬面值超過其可收回金額時，於損益內確認減值虧損。就現金產生單位確認之減值虧損，首先會分配予現金產生單位（或一組現金產生單位）以減少其所獲分配之任何商譽賬面值，其後再按比例減少單位（或一組現金產生單位）其他資產之賬面值，惟資產賬面值不會減少至低於其本身之公平值減出售成本（若能計量）或使用價值（若能釐定）。

– 撥回減值虧損

倘用以釐定可收回金額之估計出現有利轉變，則撥回減值虧損。

撥回減值虧損僅限於倘過往年度並未確認減值虧損而釐定之資產之賬面值。撥回減值虧損乃於確認撥回之年度計入損益。

Notes to the Financial Statements 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. SIGNIFICANT ACCOUNTING POLICIES (Continued)

g) Credit losses and impairment of assets (Continued)

iii) *Interim financial reporting and impairment*

Under the Listing Rules, the Group is required to prepare an interim financial report in compliance with HKAS 34, Interim Financial Reporting, in respect of the first six months of the financial year. At the end of the interim period, the Group applies the same impairment testing, recognition, and reversal criteria as it would at the end of the financial year (see notes 2(g)(i) and 2(g)(ii)).

h) Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is calculated using the weighted average cost formula and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

2. 主要會計政策 (續)

g) 信貸虧損及資產減值 (續)

iii) *中期財務報告及減值*

根據上市規則，本集團須遵照香港會計準則第34號「中期財務報告」編製有關財政年度首六個月之中期財務報告。於中期期末，本集團採用與本財政年度末相同之減值測試、確認及撥回標準（見附註2(g)(i)及2(g)(ii)）。

h) 存貨

存貨按成本及可變現淨值兩者之較低者列賬。成本以加權平均成本方程式計算，包括使存貨達致目前地點及狀況而產生之購買成本、兌換成本及其他成本。

可變現淨值乃按日常業務過程中之估計售價減完成之估計成本及進行銷售所需之估計成本計算。

所出售存貨的賬面金額在相關收入獲確認的期間內確認為支出。存貨撇減至可變現淨值的金額及存貨的所有虧損，均在出現撇減或虧損的期間內確認為支出。存貨撇減的任何撥回之金額在出現撥回期間內已確認為扣除已列作開支的存貨金額。

Notes to the Financial Statements

財務報表附註

For the year ended 31 December 2018
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2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Contract assets and contract liabilities

A contract asset is recognised when the Group recognises revenue (see note 2(s)) before being unconditionally entitled to the consideration under the payment terms set out in the contract. Contract assets are assessed for ECL in accordance with the policy set out in note 2(g)(i) and are reclassified to receivables when the right to the consideration has become unconditional (see note 2(j)).

A contract liability is recognised when the customer pays consideration before the Group recognises the related revenue. A contract liability would also be recognised if the Group has an unconditional right to receive consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised.

For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method (see note 2(s)).

j) Trade and other receivables

A receivable is recognised when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognised before the Group has an unconditional right to receive consideration, the amount is presented as a contract asset (see note 2(i)).

Receivables are stated at amortised cost using the effective interest method less allowance for credit losses (see note 2(g)(i)).

2. 主要會計政策 (續)

i) 合同資產及合同負債

合同資產乃於本集團有權無條件根據合同所載付款條款收取代價前確認收入時獲確認。合同資產按附註2(g)(i)所載政策就預期信貸虧損獲評估，並於代價權利成為無條件時重新分類至應收款項（見附註2(j)）。

合同負債乃於本集團確認相關收入前客戶即支付代價時獲確認。倘本集團有無條件權利在本集團確認相關收入前收取代價，則合同負債亦會獲確認。於該等情況下，相應應收款項亦會獲確認。

本集團就與客戶的單一合同呈列合同資產淨額或合同負債淨額。就多份合同而言，不相關合同的合同資產及合同負債不按淨額基準呈列。

倘合同包括重大融資成分，則合同結餘包括按實際利息法累計之利息（見附註2(s)）。

j) 應收貿易及其他款項

應收款項於本集團有無條件收取代價的權利時確認。倘支付該代價到期時僅須經過時間流逝，則收取代價的權利為無條件。倘本集團於有無條件收取代價的權利前收入獲確認，則該金額呈列為合同資產（見附註2(i)）。

應收款項按使用實際利息法的攤銷成本減信貸虧損撥備呈列（見附註2(g)(i)）。

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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

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

k) Prepayments for consultation, marketing and promotional services

Prepayments for consultation, marketing and promotional services are charged to profit or loss when the services are rendered by the service providers.

l) Interest-bearing borrowings

Interest-bearing borrowings (including corporate bonds) are recognised initially at fair value less transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method. Interest expense is recognised in accordance with the Group's accounting policy for borrowing costs (see note 2(u)).

m) Trade and other payables

Trade and other payables are initially recognised at fair value and are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

n) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents for the purpose of the consolidated statement of cash flows. Cash and cash equivalents are assessed for ECL in accordance with the Group's accounting policy set out in note 2(g)(i).

2. 主要會計政策 (續)

k) 諮詢、市場推廣及宣傳服務預付款

諮詢、市場推廣及宣傳服務預付款於服務供應商提供服務時計入損益。

l) 計息借貸

計息借貸(包括公司債券)初步按公平值減交易成本確認。初步確認後,計息借貸採用實際利息法按攤銷成本列賬。利息開支根據本集團借貸成本之會計政策確認(見附註2(u))。

m) 應付貿易及其他款項

應付貿易及其他款項均於初期按公平值確認並於其後按攤銷成本列賬,惟倘貼現之影響並不重大,則按成本列賬。

n) 現金及等同現金項目

現金及等同現金項目包括銀行及手頭現金,銀行及其他金融機構之活期存款,以及可隨時轉換為已知金額現金,並於購入起計三個月內到期且幾乎不受價值變動風險影響之短期高度流通投資。就綜合現金流量表而言,須應要求償還且構成本集團現金管理主要部分之銀行透支亦列入現金及等同現金項目之一部分。現金及等同現金項目根據本集團載於附註2(g)(i)之會計政策就預期信貸虧損進行評估。

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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. SIGNIFICANT ACCOUNTING POLICIES (Continued)

o) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction from the proceeds.

p) Employee benefits

i) *Short-term employee benefits and contributions to defined contribution retirement plans*

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

ii) *Share-based payments*

The fair value of share options granted to employees is recognised as an employee cost with a corresponding increase in share option reserve within equity. The fair value is measured at grant date using the binomial option pricing model, taking into account the terms and conditions upon which the options were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the share options, the total estimated fair value of the share options is spread over the vesting period, taking into account the probability that the options will vest.

2. 主要會計政策 (續)

o) 股本

普通股分類為權益。發行新普通股或購股權增加的直接應佔成本於權益中列為所得款項的扣減項目。

p) 僱員福利

i) *短期僱員福利及定額供款退休計劃供款*

薪金、年度花紅、有薪年假、定額供款退休計劃供款及非貨幣福利成本，乃於僱員提供有關服務之年度計算。倘款項支付或清付須遞延處理且其影響屬重大，則該等金額以其現值列賬。

ii) *股份基礎付款*

授予僱員之購股權公平值會確認為僱員成本，並會相應增加權益內之購股權儲備。公平值於授出當日經考慮購股權之授出條款及條件後，採用二項式期權定價模式釐定。倘僱員須於無條件獲授購股權前符合歸屬條件，則購股權之估計公平總值經考慮購股權歸屬的可能性後，會在歸屬期內攤分。

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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

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

p) Employee benefits (Continued)

ii) Share-based payments (Continued)

During the vesting period, the number of share options that is expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognised in prior years is charged/credited to profit or loss for the year of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the share option reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of share options that vest (with a corresponding adjustment to the share option reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the Company's shares. The equity amount is recognised in the share option reserve until either the option is exercised (when it is transferred to the share capital for the shares issued) or the option expires (when it is released directly to retained profits).

iii) Termination benefits

Termination benefits are recognised at the earlier of when the Group can no longer withdraw the offer of those benefits and when it recognises restructuring costs involving the payment of termination benefits.

2. 主要會計政策 (續)

p) 僱員福利 (續)

ii) 股份基礎付款 (續)

於歸屬期內會檢討預期歸屬之購股權數目。於過去年度確認之累計公平值而產生之任何調整，乃於審核年度於損益扣除／計入，惟合資格確認為資產之原本僱員開支則除外，並對購股權儲備作相應調整。於歸屬日，確認為開支之金額會予以調整，以反映歸屬購股權之實際數目（並對購股權儲備作相應調整），惟因並無達致與本公司股份市值相關之歸屬條件才沒收之購股權除外。權益金額乃於購股權儲備內確認，直至購股權獲行使（當其轉撥至已發行股份之股本）或購股權到期（當其直接撥入保留溢利時）為止。

iii) 離職福利

離職福利於本集團不能再撤回該等福利時以及於本集團確認重組成本所涉及離職福利付款時，於上述兩者之間較早發生時確認。

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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. SIGNIFICANT ACCOUNTING POLICIES (Continued)

q) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary differences or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

2. 主要會計政策 (續)

q) 所得稅

本年度所得稅包括即期稅項及遞延稅項資產及負債之變動。即期稅項及遞延稅項資產及負債之變動均在損益內確認，惟彼等有關於其他全面收益或直接於權益確認之項目除外，於此情況下，有關稅款分別於其他全面收益確認或直接於權益確認。

即期稅項乃按年內應課稅收入根據報告期末已執行或實質上已執行之稅率計算之預期應付稅項，加上過往年度應付稅項之任何調整。

遞延稅項資產及負債分別由可扣稅及應課稅暫時差異產生，即資產及負債就財務呈報之賬面值與其課稅基礎值之差異。遞延稅項資產亦產生自未動用稅項虧損及未動用稅項抵免。

除若干有限之例外情況外，所有遞延稅項負債及所有遞延稅項資產（以未來可能有應課稅溢利可予抵銷之資產為限）均予以確認。支持確認由可抵扣暫時差異所產生之遞延稅項資產之未來應課稅溢利包括因撥回現有應課稅暫時差異而產生之數額；惟此等撥回之差異與同一稅務機關及同一應課稅實體有關，並預期在可抵扣暫時差異預計撥回之同一期間或遞延稅項資產所產生可抵扣虧損可向後期或向前期結轉之期間內撥回。在判斷現有應課稅暫時差異是否足以支持確認因未動用稅項虧損及稅款減免所產生的遞延稅項資產時，亦會採用相同準則，即如該等差額與相同稅務機關及相同應課稅實體有關，並預期在稅項虧損或稅款減免可被動用的同一期間內轉回的情況下，始會計入有關差額。

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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

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

q) Income tax (Continued)

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

The amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

2. 主要會計政策 (續)

q) 所得稅 (續)

該等確認遞延稅項資產及負債之有限例外情況，包括初步確認但並不影響會計溢利及應課稅溢利之資產或負債（惟其不可為企業合併之一部分）、以及有關於附屬公司投資所引致之暫時差異（如為應課稅差異，只限於本集團可控制回撥之時間，並且不大可能在可見未來回撥之差異；或如為可予扣減差異，則只限於可能在未來回撥之差異）。

已確認之遞延稅項金額乃按照資產及負債賬面值之預期變現或清償方式，以於報告期末實施或實際上已實施之稅率計算。遞延稅項資產及負債均無作貼現計算。

遞延稅項資產之賬面值會在各報告期末予以審閱，若日後不再可能有足夠應課稅溢利用以抵扣相關稅項利益，則扣減遞延稅項資產賬面值。若日後可能有足夠應課稅溢利用以抵扣，則撥回所扣減之數額。

股息分派產生之額外所得稅於支付相關股息之負債獲確認時予以確認。

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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. SIGNIFICANT ACCOUNTING POLICIES (Continued)

q) Income tax (Continued)

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or
- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:
 - the same taxable entity; or
 - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

2. 主要會計政策 (續)

q) 所得稅 (續)

即期稅項結餘及遞延稅項結餘及其變動額將各自呈列，並不予抵銷。即期稅項資產及遞延稅項資產只會在本集團有合法可強制執行權利以即期稅項資產抵銷即期稅項負債時，並且符合以下附帶條件之情況下，方可分別抵銷即期及遞延稅項負債：

- 即期稅項資產及負債：本集團計劃按淨額基準結算，或同時變現該資產及清償該負債；或
- 遞延稅項資產及負債：此等資產及負債必須與同一稅務機關就以下其中一項徵收之所得稅有關：
 - 同一應課稅實體；或
 - 不同之應課稅實體，該等實體預期在日後每個預計有大額遞延稅項負債需要清償或大額遞延稅項資產可以收回之期間內，按淨額基準變現即期稅項資產及清償即期稅項負債，或同時變現該資產及清償該負債。

Notes to the Financial Statements 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. SIGNIFICANT ACCOUNTING POLICIES (Continued)

r) Provisions and contingent liabilities

Provisions are recognised when the Group has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

s) Revenue and other income

Income is classified by the Group as revenue when it arises from the sale of goods, and the provision of services in the ordinary course of the Group's business.

Revenue is recognised when control over a product or service is transferred to the customer at the amount of promised consideration to which the Group is expected to be entitled, excluding those amounts collected on behalf of third parties. Revenue excludes value added tax or other sales taxes and is after deduction of any trade discounts.

2. 主要會計政策 (續)

r) 撥備及或然負債

當本集團因過往事件而須負上法定或推定責任，而履行該責任很可能導致經濟效益流出及能夠就此作出可靠估計時，方可確認撥備。當金額涉及重大之時間價值時，則會按預期用以履行責任之開支之現值作出撥備。

倘不一定需要流出經濟效益履行責任或未能可靠估計金額，則該等責任將作或然負債予以披露，惟出現經濟效益流出之可能性極微則除外。可能出現之責任（僅於一項或多項未來事件發生或不發生之情況下確定其是否存在）亦作為或然負債予以披露，惟出現經濟效益流出之可能性極微則除外。

s) 收入及其他收益

倘收益來自本集團於日常業務過程中銷售貨品及提供服務，本集團則將該收益分類為收入。

收入在產品或服務的控制權按本集團預期有權收取的承諾代價金額（不包括代表第三方收取的金額）轉移至客戶時確認。收入不包括增值稅或其他銷售稅，並經扣除任何貿易折扣。

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財務報表附註

For the year ended 31 December 2018
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2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

s) Revenue and other income (Continued)

Where the contract contains a financing component which provides a significant financing benefit to the customer for more than 12 months, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction with the customer, and interest income is accrued separately under the effective interest method. Where the contract contains a financing component which provides a significant financing benefit to the Group, revenue recognised under that contract includes the interest expense accreted on the contract liability under the effective interest method. The Group takes advantage of the practical expedient in paragraph 63 of HKFRS 15 and does not adjust the consideration for any effects of a significant financing component if the period of financing is 12 months or less.

Further details of the Group's revenue and other income recognition policies are as follows:

i) Sales of goods

The Group provides installation services for the sales of EP products and equipment. The goods or services are highly related that the Group would not be able to fulfil its promises by transferring each of the goods or services independently. Thus, the installation services which are bundled together with the sales of EP products and equipment are not considered to be distinct. Revenue from sales of goods are recognised when the control of the assets has been transferred to the customers, which is usually upon completion of the installation and on-site testing.

A receivable is recognised by the Group when the customers have accepted the goods and the related risks and rewards of ownership as this represents the point in time at which the right to consideration becomes unconditional, as only the passage of time is required before payment is due. Customers have no right to return the goods once accepted.

2. 主要會計政策 (續)

s) 收入及其他收益 (續)

倘合同包含融資成分，為客戶提供重大融資利益超過12個月，則收入按以與客戶進行之個別融資交易所反映貼現率貼現之應收金額現值計量，而利息收入則根據實際利息法獨立累計。倘合同包含融資成分，為本集團提供重大融資利益，則根據該合同確認之收入包括按實際利息法計算合同負債產生之利息開支。本集團利用香港財務報告準則第15號第63段之可行權宜方法，倘融資期限為12個月或以下，則不會就重大融資成分之任何影響調整代價。

本集團之收入及其他收益確認政策之進一步詳情如下：

i) 貨品銷售

本集團就銷售環保產品及設備提供安裝服務。該等貨品或服務高度相關，致使本集團無法透過獨立轉移各項貨品或服務履行其承諾。因此，銷售環保產品及設備時一併提供的安裝服務不被視為明確服務。銷售貨品的收入於資產控制權轉移至客戶時（通常於安裝及現場測試完成後）確認。

本集團於客戶接受貨品及相關風險以及擁有權回報時確認應收款項，此乃由於收取代價的權利於該時間點成為無條件，僅須待時間經過便可收取付款。客戶一旦接受貨品便無權退貨。

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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

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

s) Revenue and other income (Continued)

i) Sales of goods (Continued)

Revenue from sales of goods was recognised on a similar basis in the comparative period under HKAS 18.

ii) Design services

Revenue from design services in the contract is recognised when the customer takes the possession of and accepts the design work performed.

iii) Interest income

Interest income is recognised as it accrues using the effective interest method. For financial assets measured at amortised cost or FVOCI (recycling) that are not credit-impaired, the effective interest rate is applied to the gross carrying amount of the asset. For credit impaired financial assets, the effective interest rate is applied to the amortised cost (i.e. gross carrying amount net of loss allowance) of the asset (see note 2(g)(i)).

2. 主要會計政策 (續)

s) 收入及其他收益 (續)

i) 貨品銷售 (續)

於香港會計準則第18號之比較期內，銷售貨品之收入按類似基準確認。

ii) 設計服務

合同中的設計服務收入於客戶佔有並接受完成之設計工作時予以確認。

iii) 利息收入

利息收入於產生時採用實際利息法確認。就按攤銷成本或按公平值計入其他全面收益(可重新歸入)計量且並無出現信貸減值之金融資產而言，實際利率應用於該資產之總賬面值。就出現信貸減值之金融資產而言，實際利率應用於資產之攤銷成本(即總賬面值扣除虧損撥備)(見附註2(g)(i))。

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財務報表附註

For the year ended 31 December 2018
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2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

s) Revenue and other income (Continued)

iv) Government grants

Government grants are recognised in the consolidated statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are deducted from the carrying amount of the asset and consequently are effectively recognised in profit or loss over the useful life of the asset by way of reduced depreciation expense.

v) Rental income from operating leases

Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable. Contingent rentals are recognised as income in the accounting period in which they are earned.

vi) Imputed interest income

When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest. The imputed rate of interest is the prevailing rate for a similar instrument of an issuer with a similar credit rating. The difference between the fair value and the nominal amount of the consideration at initial recognition is recognised in profit or loss. Imputed interest income is accrued on a time basis, by reference to the principal outstanding and at the imputed rate of interest.

2. 主要會計政策 (續)

s) 收入及其他收益 (續)

iv) 政府補貼

政府補貼於能夠合理保證其將會獲收取且本集團將遵守附帶條件的情況下初步於綜合財務狀況表確認。補償本集團已產生開支的補貼於開支產生的同一期間於損益中系統化確認為收益。補償本集團資產成本的補貼於相關資產賬面值中扣除，故於該資產的可用年期內以扣減折舊開支方式於損益實際確認。

v) 經營租賃之租金收入

經營租賃項下之應收租金收入在租賃期所涵蓋期間內，以等額分期方式在損益中確認；惟如有其他基準能更清楚反映使用租賃資產所產生之收益模式則除外。所獲租賃優惠於損益確認為應收淨租金付款總額的主要部分。或然租金於其產生之會計期間確認為收益。

vi) 估算利息收入

當有關安排實際上構成融資交易時，有關代價之公平值乃使用估算利率貼現所有未來收入而釐定。估算利率為具有類似信貸評級之發行人之類似工具的適用利率。代價公平值及面值之間的差異於初步確認時於損益確認。估算利息收入按時間基準，根據未償還本金及估算利率累計。

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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

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

s) Revenue and other income (Continued)

vii) Dividend income

Dividend income from unlisted investments is recognised when the shareholder's right to receive payment is established. Dividend income from listed investments is recognised when the share price of the investment goes ex-dividend.

t) Translation of foreign currencies

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). These consolidated financial statements are presented in Renminbi ("RMB"), rounded to the nearest thousand except for per share data, which is different from the Company's functional currency of Hong Kong dollars ("HK\$") as the majority of the Group's transactions is denominated in RMB.

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss, except those arising from foreign currency borrowings used to hedge a net investment in a foreign operation which are recognised in other comprehensive income.

Non-monetary assets and liabilities measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was measured.

2. 主要會計政策 (續)

s) 收入及其他收益 (續)

vii) 股息收入

未上市投資所得股息收入乃於股東收取有關款項之權利成立時予以確認。上市投資所得股息收入乃於投資的股價除息後確認。

t) 外幣換算

本集團旗下各實體之財務報表所列項目均以該實體經營所在主要經濟環境之通行貨幣(「功能貨幣」)計量。該等綜合財務報表以人民幣(「人民幣」)(已湊整至最接近千位數(惟每股數據除外)與本公司之功能貨幣港元(「港元」)不同呈列，因本集團大部分交易乃以人民幣計值。

於本年度之外幣交易均按交易當日之適用匯率換算。以外幣計值之貨幣資產及負債則按報告期末適用之外幣匯率換算。匯兌盈虧則於損益中確認，惟用於對沖海外業務淨投資之外幣借貸所產生之匯兌盈虧，則在其他全面收益中確認。

以歷史成本計量之非貨幣資產及負債，按交易日適用之匯率換算。以公平值列賬而以外幣計值之非貨幣資產及負債，按計量公平值當日適用之外幣匯率換算。

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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. SIGNIFICANT ACCOUNTING POLICIES (Continued)

t) Translation of foreign currencies (Continued)

The results of those entities within the Group which have a functional currency other than RMB are translated into RMB at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Statement of financial position items are translated into RMB at the closing foreign exchange rates ruling at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the translation reserve.

On the disposal of any of such entities, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognised.

u) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

2. 主要會計政策 (續)

t) 外幣換算 (續)

以人民幣以外之貨幣作為功能貨幣之本集團內實體之業績按交易當日適用之相若外幣匯率換算成人民幣金額，財務狀況表項目按報告期末適用之收市外幣匯率換算為人民幣金額。所產生之匯兌差異於其他全面收益確認及個別累計於匯兌儲備權益。

於出售任何該等實體時，倘出售之損益確認，與海外業務有關之匯兌差異之累計金額從權益中重新分類至損益。

u) 借貸成本

購買、建造或生產就其擬作用途或銷售而需要相當長時間的資產所直接涉及之借貸成本列作該資產成本之一部分。其他借貸成本於產生期間支銷。

當發生資產開支、產生借貸成本及正進行就其擬作用途或銷售而須準備資產的活動時，則借貸成本開始資本化為合資格資產成本之一部分。倘就其擬作用途或銷售而須準備合資格資產的大部分活動中斷或完成，則借貸成本暫停或終止資本化。

Notes to the Financial Statements 財務報表附註

For the year ended 31 December 2018
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2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

v) Non-current assets held for sale and discontinued operation

a) Non-current assets held for sale

A non-current asset (or disposal group) is classified as held for sale if it is highly probable that its carrying amount will be recovered through a sale transaction rather than through continuing use and the asset (or disposal group) is available for sale in its present condition. A disposal group is a group of assets to be disposed of together as a group in a single transaction, and liabilities directly associated with those assets that will be transferred in the transaction.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all the assets and liabilities of that subsidiary are classified as held for sale when the above criteria for classification as held for sale are met, regardless of whether the Group will retain a non-controlling interest in the subsidiary after the sale.

Immediately before classification as held for sale, the measurement of the non-current assets (and all individual assets and liabilities in a disposal group) is brought up-to-date in accordance with the accounting policies before the classification. Then, on initial classification as held for sale and until disposal, the non-current assets (except for certain assets as explained below), or disposal groups, are recognised at the lower of their carrying amount and fair value less costs to sell. The principal exceptions to this measurement policy so far as the consolidated financial statements of the Group are concerned are deferred tax assets and financial assets (other than investments in subsidiaries, associates and joint ventures). These assets, even if held for sale, would continue to be measured in accordance with the policies set out elsewhere in note 2.

2. 主要會計政策 (續)

v) 持作出售之非流動資產及已終 止經營業務

a) 持作出售之非流動資產

倘一項非流動資產(或出售組別)之賬面值極有可能透過銷售交易而非持續使用收回,且該資產(或出售組別)可以其現況出售,則其會被分類為持作出售。出售組別為一筆單獨交易中將作為一個組別一起出售之資產,及與將於該交易中獲轉讓資產直接相關之負債。

當本集團致力於涉及失去附屬公司控制權之出售計劃時,上述分類為持作出售之標準獲滿足後,該附屬公司所有資產及負債即會被分類為持作出售,不論本集團於出售後是否將於附屬公司中保留非控股權益。

緊接於分類為持作出售之前,非流動資產(及出售組別中所有獨立資產及負債)之計量於分類前將根據會計政策反映最新情況。接著,於初步分類為持作出售及直至出售前,非流動資產(除下列解釋之若干資產外)或出售組別以其賬面值與公平值減銷售成本中之較低者確認。就本集團綜合財務報表而言,本計量政策的主要例外為遞延稅項資產及金融資產(不包括於附屬公司、聯營公司及合營企業之投資)。該等資產即使持作出售,仍將持續根據附註2別處所載政策進行計量。

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財務報表附註

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2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

v) Non-current assets held for sale and discontinued operation (Continued)

a) Non-current assets held for sale (Continued)

Impairment losses on initial classification as held for sale, and on subsequent remeasurement while held for sale, are recognised in profit or loss. As long as a non-current asset is classified as held for sale, or is included in a disposal group that is classified as held for sale, the non-current asset is not depreciated or amortised.

b) Discontinued operation

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which represents a separate major line of business or geographical area of operations, or is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale (see (a) above), if earlier. It also occurs if the operation is abandoned.

When an operation is classified as discontinued, a single amount is presented on the face of the statement of profit or loss and other comprehensive income, which comprises:

- the post-tax profit or loss of the discontinued operation; and
- the post-tax gain or loss recognised on the measurement to fair value less costs to sell, or on the disposal, of the assets or disposal group(s) constituting the discontinued operation.

2. 主要會計政策 (續)

v) 持作出售之非流動資產及已終止經營業務 (續)

a) 持作出售之非流動資產 (續)

初步分類為持作出售及持作出售期間重新計量後之減值虧損已在損益中確認。只要非流動資產分類為持作出售或包括於分類為持作出售之出售組別中，則非流動資產不會予以折舊或攤銷。

b) 已終止經營業務

已終止經營業務為本集團業務之組成部分，其營運及現金流量可與本集團其餘業績清楚區分，並為按業務或地區劃分之獨立主要業務，或屬於出售按業務或經營地區劃分之獨立主要業務之單一統籌計劃之一部分，或屬於僅為轉售而購入之附屬公司。

一項業務於出售時或符合條件列為持作銷售（見上文 (a) 時（以較早者為準），或被廢止時分類為已終止經營業務。

當一項業務分類為已終止經營，則會以單一金額於損益及其他全面收益表內呈列，當中包括：

- 已終止經營業務之除稅後溢利或虧損；及
- 於計量已終止經營業務之公平值減銷售成本，或於出售構成已終止經營業務之資產或出售組別時確認之除稅後盈虧。

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For the year ended 31 December 2018
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2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

w) Related parties

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

2. 主要會計政策 (續)

w) 有關連人士

- a) 倘屬以下人士，則該人士或該人士之近親與本集團有關連：
- i. 控制或共同控制本集團；
 - ii. 對本集團有重大影響力；或
 - iii. 為本集團或本集團母公司之主要管理層成員。
- b) 倘符合下列任何條件，則該實體與本集團有關連：
- i. 該實體與本集團屬同一集團之成員公司（即各母公司、附屬公司及同系附屬公司彼此間有關連）。
 - ii. 一間實體為另一實體之聯營公司或合營企業（或另一實體為集團旗下成員公司之聯營公司或合營企業之成員公司）。
 - iii. 兩間實體均為同一第三方之合營企業。
 - iv. 一間實體為第三方實體之合營企業，而另一實體為該第三方實體之聯營公司。

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For the year ended 31 December 2018
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2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

w) Related parties (Continued)

- b) An entity is related to the Group if any of the following conditions applies: (Continued)
 - v. The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
 - vi. The entity is controlled or jointly controlled by a person identified in note 2(w)(a).
 - vii. A person identified in note 2(w)(a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
 - viii. The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

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

2. 主要會計政策 (續)

w) 有關連人士 (續)

- b) 倘符合下列任何條件，則該實體與本集團有關連：(續)
 - v. 該實體為本集團或與本集團有關連之實體就僱員利益設立之離職福利計劃。
 - vi. 該實體受附註2(w)(a)內所定義人士控制或共同控制。
 - vii. 附註2(w)(a)(i)內所定義人士對該實體有重大影響力或屬該實體(或該實體之母公司)之主要管理層成員。
 - viii. 向本集團或本集團之母公司提供主要管理人員服務之實體或其所屬集團之任何成員公司。

任何人士之近親指與該實體交易時預期可能影響該名人士或受該人士影響的家庭成員。

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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

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

x) Research and development costs

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.

The amount initially recognised for internally-generated intangible assets 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.

2. 主要會計政策 (續)

x) 研發成本

研發活動之支出於其產生期間確認為開支。

當且僅當所有下列事項已獲證實，則自開發活動或自內部項目之開發階段產生之內部產生無形資產方會予以確認：

- 在技術可行性上能完成無形資產以供使用或出售；
- 有意完成無形資產及使用或出售資產；
- 使用或出售無形資產之能力；
- 無形資產日後產生經濟利益之方式；
- 可動用適當技術、財務及其他資源完成開發及使用或出售無形資產；及
- 可於開發期間可靠計算無形資產應佔之開支時之能力。

就內部產生之無形資產而初步確認之金額指從無形資產首次符合上文所列之確認條件日期起所產生之總金額。倘概無內部產生之無形資產獲確認，則開發開支會於產生期間於損益確認。

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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. SIGNIFICANT ACCOUNTING POLICIES (Continued)

x) Research and development costs (Continued)

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.

y) Segment reporting

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial information provided regularly to the Group's Chief Executive Officer, who is the Group's chief operating decision maker ("CODM"), for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

2. 主要會計政策 (續)

x) 研發成本 (續)

於初步確認後，內部產生之無形資產乃按成本減累計攤銷及累計減值虧損（如有），按個別收購之無形資產之相同基準予以呈報。

y) 分部報告

於綜合財務報表之營運分部及各分部項目之金額乃自定期向本集團之行政總裁，即本集團之首席營運決策人（「首席營運決策人」）提供以分配資源及評估本集團各業務類別之表現及地域位置之財務資料中確認。

就財務報告而言，除非分部具備相似的經濟特徵與產品及服務性質、生產工序性質、客戶類型或類別、用作分銷產品或提供服務之方法及監管環境之性質方面相似，否則各個重大營運分部不會進行合算。倘符合上述大部分標準，個別非重大之營運分部可進行合算。

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財務報表附註

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3. CHANGES IN ACCOUNTING POLICIES

(a) Overview

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

HKFRS 9	Financial instruments
HKFRS 15	Revenue from contracts with customers
HK(IFRIC)-INT 22	Foreign currency transactions and advance consideration

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period, except for the amendments to HKFRS 9, *Prepayment features with negative compensation* which have been adopted at the same time as HKFRS 9.

Under the transition methods chosen, the Group recognises cumulative effect of the initial application of HKFRS 9 as an adjustment to the opening balance of equity as at 1 January 2018. Comparative information is not restated. The following table gives a summary of the opening balance adjustments recognised for each line item in the consolidated statement of financial position that has been impacted by HKFRS 9 and HKFRS 15:

3. 會計政策變動

(a) 概覽

香港會計師公會已頒佈若干香港財務報告準則之新訂及修訂本，並於本集團之本會計期間首次生效。其中，下列變動與本集團之綜合財務報表相關：

香港財務報告準則第9號	金融工具
香港財務報告準則第15號	來自客戶合同之收入
香港（國際財務報告詮釋委員會）— 詮釋第22號	外幣交易及預付代價

除香港財務報告準則第9號之修訂本具負值補償之預付特點已於採納香港財務報告準則第9號時同時採納外，本集團並未應用於本會計期間尚未生效的任何新訂準則或詮釋。

根據所選擇的過渡方式，本集團已將首次應用香港財務報告準則第9號的累計影響確認為對於二零一八年一月一日期初股權結餘之調整。比較資料不予重列。下表概述綜合財務狀況表中各項目受香港財務報告準則第9號及香港財務報告準則第15號影響而確認的期初餘額調整：

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3. CHANGES IN ACCOUNTING POLICIES (Continued)

(a) Overview (Continued)

		As at 31 December 2017 於二零一七年 十二月三十一日 RMB'000 人民幣千元	Impact on initial application of HKFRS 9 首次應用 香港財務報告 準則第9號 的影響 RMB'000 人民幣千元	Impact on initial application of HKFRS 15 首次應用香港 財務報告準則 第15號的影響 RMB'000 人民幣千元	As at 1 January 2018 於二零一八年 一月一日 RMB'000 人民幣千元
Deferred tax assets	遞延稅項資產	160	2,832	-	2,992
Equity instrument at fair value through other comprehensive income	按公平值計入其他全面收益之權益工具	-	-	-	-
Available-for-sale financial asset	可供出售金融資產	-	-	-	-
Trade receivables	應收貿易款項	543,862	(11,328)	-	532,534
Contract assets (included in trade and other receivables)	合同資產(計入應收貿易及其他款項)	-	-	43,166	43,166
Retention receivables (included in trade and other receivables)	應收質保款項(計入應收貿易及其他款項)	43,166	-	(43,166)	-
Contract liabilities (included in trade and other payables)	合同負債(計入應付貿易及其他款項)	-	-	(1,091)	(1,091)
Receipts in advance (included in trade and other payables)	預收款項(計入應付貿易及其他款項)	(1,091)	-	1,091	-
Other assets and liabilities	其他資產及負債	647,578	-	-	647,578
Net assets	資產淨值	1,233,675	(8,496)	-	1,225,179
Share capital	股本	78,073	-	-	78,073
Share premium	股份溢價	466,844	-	-	466,844
Special reserve	特別儲備	94,225	-	-	94,225
Enterprise expansion reserve	企業擴展儲備	71,492	-	-	71,492
Statutory surplus reserve	法定盈餘儲備	80,765	-	-	80,765
Translation reserve	匯兌儲備	(7,484)	-	-	(7,484)
Share option reserve	購股權儲備	14,949	-	-	14,949
Fair value reserve (non-recycling)	公平值儲備(不可重新歸入)	-	(9,000)	-	(9,000)
Retained profits	保留溢利	434,811	504	-	435,315
Total equity	權益總額	1,233,675	(8,496)	-	1,225,179

3. 會計政策變動(續)

(a) 概覽(續)

		As at 31 December 2017 於二零一七年 十二月三十一日 RMB'000 人民幣千元	Impact on initial application of HKFRS 9 首次應用 香港財務報告 準則第9號 的影響 RMB'000 人民幣千元	Impact on initial application of HKFRS 15 首次應用香港 財務報告準則 第15號的影響 RMB'000 人民幣千元	As at 1 January 2018 於二零一八年 一月一日 RMB'000 人民幣千元
Deferred tax assets	遞延稅項資產	160	2,832	-	2,992
Equity instrument at fair value through other comprehensive income	按公平值計入其他全面收益之權益工具	-	-	-	-
Available-for-sale financial asset	可供出售金融資產	-	-	-	-
Trade receivables	應收貿易款項	543,862	(11,328)	-	532,534
Contract assets (included in trade and other receivables)	合同資產(計入應收貿易及其他款項)	-	-	43,166	43,166
Retention receivables (included in trade and other receivables)	應收質保款項(計入應收貿易及其他款項)	43,166	-	(43,166)	-
Contract liabilities (included in trade and other payables)	合同負債(計入應付貿易及其他款項)	-	-	(1,091)	(1,091)
Receipts in advance (included in trade and other payables)	預收款項(計入應付貿易及其他款項)	(1,091)	-	1,091	-
Other assets and liabilities	其他資產及負債	647,578	-	-	647,578
Net assets	資產淨值	1,233,675	(8,496)	-	1,225,179
Share capital	股本	78,073	-	-	78,073
Share premium	股份溢價	466,844	-	-	466,844
Special reserve	特別儲備	94,225	-	-	94,225
Enterprise expansion reserve	企業擴展儲備	71,492	-	-	71,492
Statutory surplus reserve	法定盈餘儲備	80,765	-	-	80,765
Translation reserve	匯兌儲備	(7,484)	-	-	(7,484)
Share option reserve	購股權儲備	14,949	-	-	14,949
Fair value reserve (non-recycling)	公平值儲備(不可重新歸入)	-	(9,000)	-	(9,000)
Retained profits	保留溢利	434,811	504	-	435,315
Total equity	權益總額	1,233,675	(8,496)	-	1,225,179

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財務報表附註

For the year ended 31 December 2018
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3. CHANGES IN ACCOUNTING POLICIES (Continued)

(a) Overview (Continued)

The Group has been impacted by HKFRS 9 in relation to classification of financial assets and measurement of credit losses. The adoption of HKFRS 15 and HK(IFRIC)-INT 22 does not have any material impact on the financial position and the financial result of the Group. Details of the changes in accounting policies are discussed in notes 3(b) to 3(d).

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

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

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

3. 會計政策變動 (續)

(a) 概覽 (續)

本集團於金融資產之分類及信貸虧損之計量方面已受到香港財務報告準則第9號之影響。採納香港財務報告準則第15號及香港(國際財務報告詮釋委員會)－詮釋第22號對本集團財務狀況及財務業績並無任何重大影響。會計政策變動的有關詳情於附註3(b)至3(d)中討論。

(b) 香港財務報告準則第9號金融工具，包括香港財務報告準則第9號之修訂本具負值補償之預付特點

香港財務報告準則第9號取代香港會計準則第39號金融工具：確認及計量。此準則載列確認及計量金融資產、金融負債及若干有關買賣非金融項目的合同要求。

本集團已根據過渡規定對於二零一八年一月一日存在的項目追溯應用香港財務報告準則第9號。本集團已將首次應用的累計影響確認為對於二零一八年一月一日的期初權益之調整。因此，比較資料繼續根據香港會計準則第39號呈報。

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3. CHANGES IN ACCOUNTING POLICIES (Continued)

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

The following table summarises the impact of transition to HKFRS 9 on the Group's retained profits, reserves and the related tax impact as at 1 January 2018.

Retained profits

Transferred to fair value reserve (non-recycling) relating to an equity instrument now measured at FVOCI

Recognition of additional expected credit losses on financial assets measured at amortised cost

Related deferred tax impact

Net increase in retained profits as at 1 January 2018

Fair value reserve (non-recycling)

Transferred from retained profits relating to an equity instrument now measured at FVOCI and decrease in fair value reserve (non-recycling) as at 1 January 2018

3. 會計政策變動 (續)

(b) 香港財務報告準則第9號金融工具，包括香港財務報告準則第9號之修訂本具負值補償之預付特點

下表概述了過渡至香港財務報告準則第9號對本集團於二零一八年一月一日的保留溢利、儲備及相關稅項的影響。

RMB'000
人民幣千元

保留溢利

轉撥至有關一項現按公平值計入其他全面收益計量之權益工具之公平值儲備(不可重新歸入)

確認按攤銷成本計量的金融資產之額外預期信貸虧損

相關遞延稅項影響

於二零一八年一月一日的保留溢利增加淨額

公平值儲備(不可重新歸入)

自保留溢利轉撥有關一項現按公平值計入其他全面收益計量之權益工具及於二零一八年一月一日的公平值儲備(不可重新歸入)減少金額

9,000

(11,328)

2,832

504

(9,000)

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For the year ended 31 December 2018
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3. CHANGES IN ACCOUNTING POLICIES (Continued)

(b) HKFRS 9, *Financial instruments*, including the amendments to HKFRS 9, *Prepayment features with negative compensation* (Continued)

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

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

HKFRS 9 categories financial assets into three principal classification categories: measured at amortised cost, at FVOCI and at FVPL. These supersede HKAS 39's categories of held-to-maturity investments, loans and receivables, available-for-sale financial assets and financial assets measured at FVPL. The classification of financial assets under HKFRS 9 is based on the business model under which the financial asset is managed and its contractual cash flow characteristics.

The Group's financial assets measured at amortised cost represent those financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest. Applying HKFRS 9 does not change the previous classification and measurement of these assets.

3. 會計政策變動 (續)

(b) 香港財務報告準則第9號金融工具，包括香港財務報告準則第9號之修訂本具負值補償之預付特點 (續)

有關過往會計政策變動的性質及影響以及過渡方法的進一步詳情載列如下：

(i) 金融資產及金融負債之分類

香港財務報告準則第9號將金融資產分為三個主要類別：按攤銷成本計量、按公平值計入其他全面收益及按公平值計入損益。該等類別取代了香港會計準則第39號的類別，即持有至到期投資、貸款及應收款項、可供出售金融資產及按公平值計入損益計量的金融資產。香港財務報告準則第9號項下的金融資產分類乃根據管理金融資產的業務模式及其合同現金流量特徵釐定。

本集團按攤銷成本計量的金融資產指持作收回合同現金流（且該等現金流僅指為支付本金及利息）之金融資產。應用香港財務報告準則第9號並無改變該等資產先前的分類及計量。

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財務報表附註

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3. CHANGES IN ACCOUNTING POLICIES (Continued)

(b) HKFRS 9, *Financial instruments*, including the amendments to HKFRS 9, *Prepayment features with negative compensation* (Continued)

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

For the equity instrument previously classified as available-for-sale financial asset that is not held for trading, the Group has made an irrevocable election at the time of initial recognition to account for the equity instrument at FVOCI. There is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment.

The measurement categories for all financial liabilities remain the same. The carrying amounts for all financial liabilities of the Group as at 1 January 2018 have not been impacted by the initial application of HKFRS 9.

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

3. 會計政策變動 (續)

(b) 香港財務報告準則第9號金融工具，包括香港財務報告準則第9號之修訂本具負值補償之預付特點 (續)

(i) 金融資產及金融負債之分類 (續)

就過往分類為持作出售金融資產的非持作買賣權益工具而言，本集團在初步確認時不可撤銷地選擇以按公平值計入其他全面收益方式將權益工具列賬。於取消確認該等投資後，概無公平值收益及虧損隨後重新分類至損益。

所有金融負債的計量類別維持不變。於二零一八年一月一日，本集團的所有金融負債的賬面值並無受首次應用香港財務報告準則第9號的影響。

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

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For the year ended 31 December 2018
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3. CHANGES IN ACCOUNTING POLICIES (Continued)

(b) HKFRS 9, *Financial instruments*, including the amendments to HKFRS 9, *Prepayment features with negative compensation* (Continued)

(ii) Credit losses

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

The Group applies the new ECL model to the following items:

- financial assets measured at amortised cost (including cash and cash equivalents, and trade and other receivables); and
- contract assets as defined in HKFRS 15 (see note 2(i))

For further details on the Group’s accounting policy of accounting for credit losses are set out in note 2(g)(i).

3. 會計政策變動 (續)

(b) 香港財務報告準則第9號金融工具，包括香港財務報告準則第9號之修訂本具負值補償之預付特點 (續)

(ii) 信貸虧損

香港財務報告準則第9號以「預期信貸虧損」模式取代香港會計準則第39號內的「已產生虧損」模式。預期信貸虧損模式要求持續計量與金融資產相關的信貸風險，故與香港會計準則第39號的「已產生虧損」會計模式相比，較早確認預期信貸虧損。

本集團將新預期信貸虧損模式應用於以下項目：

- 按攤銷成本計量的金融資產(包括現金及等同現金項目，以及應收貿易及其他款項)；及
- 香港財務報告準則第15號所定義的合同資產(見附註2(i))

有關本集團入賬信貸虧損的會計政策之進一步詳情載於附註2(g)(i)。

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財務報表附註

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3. CHANGES IN ACCOUNTING POLICIES (Continued)

(b) HKFRS 9, *Financial instruments*, including the amendments to HKFRS 9, *Prepayment features with negative compensation* (Continued)

(ii) *Credit losses* (Continued)

The following table reconciles the closing impairment loss on trade and other receivables determined in accordance with HKAS 39 as at 31 December 2017 with the opening impairment loss determined in accordance with HKFRS 9 as at 1 January 2018.

3. 會計政策變動 (續)

(b) 香港財務報告準則第9號金融工具，包括香港財務報告準則第9號之修訂本具負值補償之預付特點 (續)

(ii) 信貸虧損 (續)

下表為於二零一七年十二月三十一日根據香港會計準則第39號釐定之期末減值虧損與於二零一八年一月一日根據香港財務報告準則第9號釐定之期初減值虧損之對賬。

		RMB'000 人民幣千元
Impairment loss on trade and other receivables as at 31 December 2017 under HKAS 39	於二零一七年十二月三十一日 根據香港會計準則第39號釐定之應收貿易及其他款項減值虧損	123,698
Additional credit loss recognised as at 1 January 2018 on trade receivables	於二零一八年一月一日 就應收貿易款項確認之額外信貸虧損	11,328
Impairment loss on trade and other receivables as at 1 January 2018 under HKFRS 9	於二零一八年一月一日 根據香港財務報告準則第9號釐定之應收貿易及其他款項減值虧損	<u>135,026</u>

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3. CHANGES IN ACCOUNTING POLICIES (Continued)

(b) HKFRS 9, *Financial instruments*, including the amendments to HKFRS 9, *Prepayment features with negative compensation* (Continued)

(iii) Transition

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

- Information relating to comparative periods has not been restated. Differences in the carrying amounts of financial assets resulting from the adoption of HKFRS 9 are recognised in retained profits and reserves as at 1 January 2018. Accordingly, the information presented for 2017 continues to be reported under HKAS 39 and thus may not be comparable with the current year.
- The following assessments have been made on the basis of the facts and circumstances that existed as at 1 January 2018 (the date of initial application of HKFRS 9 by the Group):
 - the determination of the business model within which a financial asset is held; and
 - the designation of an investment in equity instrument not held for trading to be classified as at FVOCI (non-recycling).

3. 會計政策變動 (續)

(b) 香港財務報告準則第9號金融工具，包括香港財務報告準則第9號之修訂本具負值補償之預付特點 (續)

(iii) 過渡

採納香港財務報告準則第9號導致的會計政策變動已被追溯應用，惟下列所述者除外：

- 有關比較期間的資料尚未經重列。採納香港財務報告準則第9號導致的金融資產賬面值差額於二零一八年一月一日於保留溢利及儲備中確認。因此，二零一七年呈列的資料乃繼續根據香港會計準則第39號呈報，且因此可能無法與本年度進行比較。
- 以下評估乃根據於二零一八年一月一日(本集團首次應用香港財務報告準則第9號之日期)存在的事實及情況而作出：
 - 釐定持有金融資產之業務模式；及
 - 指定一項並非持作買賣的權益工具的投資分類為按公平值計入其他全面收益(不可重新歸入)。

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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

3. CHANGES IN ACCOUNTING POLICIES (Continued)

(b) HKFRS 9, *Financial instruments*, including the amendments to HKFRS 9, *Prepayment features with negative compensation* (Continued)

(iii) *Transition* (Continued)

- If, at the date of initial application, the assessment of whether there has been a significant increase in credit risk since initial recognition would have involved undue cost or effort, a lifetime ECL has been recognised for that financial instrument.

(c) HKFRS 15, *Revenue from contracts with customers*

HKFRS 15 establishes a comprehensive framework for recognising revenue and some costs from contracts with customers. HKFRS 15 replaces HKAS 18, *Revenue*, which covers revenue arising from sale of goods and rendering of services, and HKAS 11, *Construction contracts*, which specifies the accounting for construction contracts.

HKFRS 15 also introduces additional qualitative and quantitative disclosure requirements which aim to enable users of the financial statements to understand the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

3. 會計政策變動 (續)

(b) 香港財務報告準則第9號金融工具，包括香港財務報告準則第9號之修訂本具負值補償之預付特點 (續)

(iii) 過渡 (續)

- 倘於首次應用日期評估信貸風險自初步確認以來有否大幅上升將涉及不必要的成本或努力，則就該金融工具確認存續期的預期信貸虧損。

(c) 香港財務報告準則第15號來自客戶合同之收入

香港財務報告準則第15號建立了一個確認來自客戶合同之收入及部分成本之綜合框架。香港財務報告準則第15號取代了香港會計準則第18號收入(涵蓋銷售貨品及提供服務產生之收入)及香港會計準則第11號建造合同(規定了建造合同之會計處理)。

香港財務報告準則第15號亦引入額外定性及定量披露規定，旨在讓財務報表使用者了解客戶合同所產生的收入及現金流量的性質、金額、時間及不確定性。

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3. CHANGES IN ACCOUNTING POLICIES (Continued)

(c) HKFRS 15, *Revenue from contracts with customers* (Continued)

Details of the nature and effect of the changes on previous accounting policies are set out below:

(i) *Timing of revenue recognition*

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

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

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

3. 會計政策變動 (續)

(c) 香港財務報告準則第15號來自客戶合同之收入 (續)

有關過往會計政策變動的性質及影響的詳情載列如下：

(i) 收入確認的時間

過往，建造合同及提供服務所產生的收入隨時間確認，而銷售貨品的收入一般在貨品所有權的風險及回報轉移至客戶時於某一時間點確認。

根據香港財務報告準則第15號，收入於客戶取得合同中所承諾貨品或服務的控制權時確認。此或為單一時間點或隨時間推移。香港財務報告準則第15號界定了所承諾貨品或服務的控制權被視為已隨時間轉移的下列三種情況：

- A. 實體履約時，客戶同時獲得並消耗實體履約所提供的利益；
- B. 實體的履約行為創造或改善一項資產（如在建工程），而客戶在該資產被創造或改善時擁有控制權；
- C. 實體的履約行為並未創造一項對實體具有替代用途的資產，且實體具有可執行權利就迄今為止已完成的履約收取部分付款。

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3. CHANGES IN ACCOUNTING POLICIES (Continued)

(c) HKFRS 15, *Revenue from contracts with customers* (Continued)

(i) *Timing of revenue recognition* (Continued)

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

The adoption of HKFRS 15 does not have a significant impact on when the Group recognises revenue from sales of goods and services rendered. The Group has elected to use the cumulative effect transition method and concluded that the cumulative effect of initial application as an adjustment to the opening balance of equity as at 1 January 2018 was insignificant. Comparative information has not been restated and continues to be reported under HKAS 18. As allowed by HKFRS 15, the Group has applied the new requirements only to contracts that were not completed before 1 January 2018.

3. 會計政策變動 (續)

(c) 香港財務報告準則第15號來自客戶合同之收入 (續)

(i) 收入確認的時間 (續)

倘合同條款及實體活動並不屬於該三種情況的任何一種，則根據香港財務報告準則第15號，該實體就銷售貨品或服務於單一時間點（即控制權轉移時）確認收入。所有權的風險及回報的轉移僅為釐定何時發生控制權轉移時其中一項納入考慮的指標。

採納香港財務報告準則第15號對本集團確認銷售貨品及提供服務收入的時間並無造成重大影響。本集團已選擇使用累計影響過渡法，並認定作為對於二零一八年一月一日股權期初結餘之調整的首次應用的累計影響並不重大。比較資料並未重列且持續根據香港會計準則第18號呈報。依香港財務報告準則第15號所允許，本集團僅就於二零一八年一月一日前尚未完成的合同應用新規定。

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3. CHANGES IN ACCOUNTING POLICIES (Continued)

(c) HKFRS 15, *Revenue from contracts with customers* (Continued)

(ii) *Presentation of contract assets and liabilities*

Under HKFRS 15, a receivable is recognised only if the Group has an unconditional right to consideration. If the Group recognises the related revenue (see note 2(i)) before being unconditionally entitled to the consideration for the promised goods and services in the contract, then the entitlement to consideration is classified as a contract asset. Similarly, a contract liability, rather than a payable, is recognised when a customer pays consideration, or is contractually required to pay consideration and the amount is already due, before the Group recognises the related revenue. As a result, certain reclassification of contract assets and contract liabilities were made as at 1 January 2018.

3. 會計政策變動 (續)

(c) 香港財務報告準則第15號來自客戶合同之收入 (續)

(ii) 合同資產及負債的呈列

根據香港財務報告準則第15號，應收款項僅在本集團可無條件享有代價的情況下獲確認。倘本集團於無條件享有合同中所承諾貨品及服務的代價前，即確認相關收入(見附註2(i))，則享有該代價的權利被分類為合同資產。同樣地，合同負債(而非應付款項)於客戶支付代價(或按合同規定須支付代價且款項已到期)時，在本集團確認相關收入前獲確認。因此，於二零一八年一月一日，合同資產及合同負債進行了若干重新分類。

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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. CHANGES IN ACCOUNTING POLICIES (Continued)

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

(ii) Presentation of contract assets and liabilities (Continued)

The following adjustments were made to the amounts recognised in the consolidated statement of financial position as at 1 January 2018:

3. 會計政策變動 (續)

(c) 香港財務報告準則第15號來自客戶合同之收入 (續)

(ii) 合同資產及負債的呈列 (續)

已對於二零一八年一月一日的綜合財務狀況表內確認的金額作出如下調整：

		HKAS 18 香港會計 準則第18號 Carrying amount 賬面值 as at 31 December 2017 於二零一七年 十二月三十一日 RMB'000 人民幣千元	Reclassification 重新分類 RMB'000 人民幣千元	HKFRS 15 香港財務報告 準則第15號 Carrying amount 賬面值 as at 1 January 2018 於二零一八年 一月一日 RMB'000 人民幣千元
Retention receivables (included in trade and other receivables)	應收質保款項 (計入應收貿易及其他款項)	43,166	(43,166)	-
Contract assets (included in trade and other receivables)	合同資產 (計入應收貿易及其他款項)	-	43,166	43,166
Receipts in advance (included in trade and other payables)	預收款項 (計入應付貿易及其他款項)	(1,091)	1,091	-
Contract liabilities (included in trade and other payables)	合同負債 (計入應付貿易及其他款項)	-	(1,091)	(1,091)
		<u>-</u>	<u>(1,091)</u>	<u>(1,091)</u>

Notes to the Financial Statements

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. CHANGES IN ACCOUNTING POLICIES (Continued)

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

- (iii) Disclosure of the estimated impact on the amounts reported in respect of the year ended 31 December 2018 as a result of the adoption of HKFRS 15 on 1 January 2018

The following table summarise the estimated impact of adoption of HKFRS 15 on the Group's consolidated financial statements for the year ended 31 December 2018, by comparing the amounts reported under HKFRS 15 in these consolidated financial statements with estimates of the hypothetical amounts that would have been recognised under HKAS 18 if those superseded standards had continued to apply to 2018 instead of HKFRS 15. The table show only those line items impacted by the adoption of HKFRS 15:

Line items in the consolidated statement of financial position as at 31 December 2018 impacted by the adoption of HKFRS 15:

Contract assets (included in trade and other receivables)
Retention receivables (included in trade and other receivables)

因採納香港財務報告準則第15號而受到影響之二零一八年十二月三十一日的綜合財務狀況表項目：

合同資產（計入應收貿易及其他款項）
應收質保款項（計入應收貿易及其他款項）

Amounts reported in accordance with HKFRS 15	Hypothetical amounts under HKAS 18	Difference: Estimated impact of adoption of HKFRS 15 on 2018
根據香港財務報告準則第15號呈報的金額 (A)	根據香港會計準則第18號的假設金額 (B)	差異：於二零一八年採納香港財務報告準則第15號的估計影響 (A)-(B)
RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元
22,701	-	22,701
-	22,701	(22,701)
<u>22,701</u>	<u>22,701</u>	<u>(22,701)</u>

Note: The differences arise as a result of the changes in accounting policies described above.

附註：因上述會計政策變動產生之差異。

3. 會計政策變動（續）

(c) 香港財務報告準則第15號來自客戶合同之收入（續）

- (iii) 於二零一八年一月一日採納香港財務報告準則第15號對截至二零一八年十二月三十一日止年度呈報金額的估計影響披露

下表概述採納香港財務報告準則第15號對本集團截至二零一八年十二月三十一日止年度綜合財務報表的估計影響，方法為在該等被取代準則（而非香港財務報告準則第15號）繼續適用於二零一八年的情況下，將於該等綜合財務報表中根據香港財務報告準則第15號呈報的金額與原應根據香港會計準則第18號確認的估計假設金額進行比較。下表僅顯示因採納香港財務報告準則第15號而受影響的項目：

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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. CHANGES IN ACCOUNTING POLICIES (Continued)

(c) HKFRS 15, *Revenue from contracts with customers* (Continued)

(iii) *Disclosure of the estimated impact on the amounts reported in respect of the year ended 31 December 2018 as a result of the adoption of HKFRS 15 on 1 January 2018 (Continued)*

There is no estimated impact of adoption of HKFRS 15 on the Group's consolidated statement of profit or loss and other comprehensive income, and the Group's operating, investing and financing cash flows by comparing the amounts reported under HKFRS 15 in these consolidated financial statements with estimates of the hypothetical amounts that would have been recognised under HKAS 18 if those superseded standards had continued to apply to 2018 instead of HKFRS 15.

(d) HK(IFRIC)-INT 22, *Foreign currency transactions and advance consideration*

This interpretation provides guidance on determining "the date of the transaction" for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) arising from a transaction in which an entity receives or pays advance consideration in a foreign currency. This interpretation clarifies that "the date of the transaction" is the date on initial recognition of the non-monetary asset or liability arising from the payment or receipt of advance consideration. If there are multiple payments or receipts in advance of recognising the related item, the date of the transaction for each payment or receipt should be determined in this way. The adoption of HK(IFRIC)-INT 22 does not have any material impact on the financial position and the financial result of the Group.

3. 會計政策變動 (續)

(c) 香港財務報告準則第15號來自客戶合同之收入 (續)

(iii) 於二零一八年一月一日採納香港財務報告準則第15號對截至二零一八年十二月三十一日止年度呈報金額的估計影響披露 (續)

採納香港財務報告準則第15號對本集團綜合損益及其他全面收益表及本集團的經營投資及融資現金流量並無估計影響。方法為在該等被取代準則(而非香港財務報告準則第15號)繼續適用於二零一八年的情況下,將於該等綜合財務報表中根據香港財務報告準則第15號呈報的金額與原應根據香港會計準則第18號確認的估計假設金額進行比較。

(d) 香港(國際財務報告詮釋委員會)－詮釋第22號外幣交易及預付代價

此詮釋為確定「交易日期」提供指引,其目的為在實體以外幣收取或支付預付代價之交易中確定初步確認相關資產、開支或收入(或其一部分)時所使用的匯率。此詮釋闡明,「交易日期」為初步確認因支付或收取預付代價而產生的非貨幣資產或負債的日期。倘確認有關項目存在多筆支付或收取的款項,則應按該方式確定每筆款項支付或收取的交易日期。採用香港(國際財務報告詮釋委員會)－詮釋第22號對本集團的財務狀況及財務業績並無任何重大影響。

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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

4. REVENUE, OTHER INCOME AND OTHER NET LOSS

From continuing operations:

Revenue

Revenue from continuing operations represents the fair value of the amounts received and receivables for goods sold, and services rendered, which excludes value-added and other sales taxes, and is after deduction of any goods returns and trade discounts.

(i) For the year ended 31 December 2018

Disaggregation of revenue from contracts with customers during the year are as follows:

Segment 分部		EP products and equipment 環保產品及設備 RMB'000 人民幣千元	EP construction engineering services 環保建設工程服務 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Types of goods or services Sales of goods	貨品或服務類別 貨品銷售			
- Flue gas treatment products and equipment	- 煙氣處理產品 及設備	124,535	-	124,535
- Water treatment products and equipment	- 水處理產品 及設備	35,326	-	35,326
Design services	設計服務	-	2,327	2,327
Total	總計	<u>159,861</u>	<u>2,327</u>	<u>162,188</u>
Timing of revenue recognition A point in time	收入確認之時間 某一時間點	<u>159,861</u>	<u>2,327</u>	<u>162,188</u>

4. 收入、其他收益及其他淨虧損

來自持續經營業務：

收入

來自持續經營業務之收入指因銷售貨品及提供服務所產生之已收及應收款項的公平值，惟不包括增值稅及其他銷售稅，並經扣除任何退貨及貿易折扣。

(i) 截至二零一八年十二月三十一日止年度

年內來自客戶合同之收入細分如下：

Notes to the Financial Statements

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

4. REVENUE, OTHER INCOME AND OTHER NET LOSS (Continued)

Revenue (Continued)

(i) For the year ended 31 December 2018 (Continued)

Information about the Group's performance obligation

Sales of EP products and equipment

The performance obligation is satisfied when the control of the EP products and equipment has been transferred to the customers, which is usually upon completion of the installation and on-site testing. The trading terms with customers are mainly on credit and payment in advance is normally required from customers. A certain percentage of payment is retained by customers until the end of the retention period. Warranties associated with the sales of EP products and equipment cannot be purchased separately and they serve as an assurance that the products and equipment sold comply with agreed-upon specifications.

Design services

The performance obligation is satisfied when the customer takes the possession of and accepts the design work performed. Payment is generally due upon acceptance of the design work by customers.

Revenue expected to be recognised in the future arising from contracts with customers in existence at the reporting date

The Group has applied the practical expedient in paragraph 121 of HKFRS 15 to its contracts with customers such that the Group does not disclose information about revenue that the Group will be entitled to when it satisfies the remaining performance obligations under these contracts as these contracts have an original expected duration of one year or less.

4. 收入、其他收益及其他淨虧損 (續)

收入 (續)

(i) 截至二零一八年十二月三十一日止年度 (續)

有關本集團履約責任的資料

銷售環保產品及設備

履約責任於環保產品及設備的控制權轉移至客戶時達成，通常為完成安裝及現場測試後。與客戶的交易條款以信貸為主，且客戶通常須支付預付款。客戶會保留若干比例之付款直至保固期結束。與銷售環保產品及設備相關之保修無法單獨購買，而是作為售出產品及設備符合協定規格之保證。

設計服務

履約責任於客戶持有並接受完成之設計成品時達成。付款一般於客戶接受設計成品後到期。

產生自與報告日期現存客戶所訂合同預期於日後確認的收入

本集團已就客戶合同應用香港財務報告準則第15號第121段的可行權宜方法，故本集團無須披露有關本集團於滿足該等合同項下之餘下履約責任時將有權獲得的收入之資料，乃因該等合同的原預期持續期間為一年或更短。

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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

4. REVENUE, OTHER INCOME AND OTHER NET LOSS (Continued)

Revenue (Continued)

(ii) For the year ended 31 December 2017

The Group has initially applied HKFRS 15 using the cumulative effect method. Under this method, the comparative information is not restated and was prepared in accordance with HKAS 18.

An analysis of the Group's revenue for the year ended 31 December 2017 is as follows:

4. 收入、其他收益及其他淨虧損 (續)

收入 (續)

(ii) 截至二零一七年十二月三十一日止年度

本集團已採用累計影響法首次應用香港財務報告準則第15號。根據該方法，比較資料不予重列，並根據香港會計準則第18號編製。

本集團截至二零一七年十二月三十一日止年度的收入分析如下：

	RMB'000 人民幣千元
Sales of EP products and equipment	588,549
銷售環保產品及設備	<u>588,549</u>

Notes to the Financial Statements

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

4. REVENUE, OTHER INCOME AND OTHER NET LOSS (Continued)

4. 收入、其他收益及其他淨虧損(續)

	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
From continuing operations:		
Other income		
Interest income on bank deposits	1,692	1,093
Imputed interest on trade receivables with extended credit terms (Note 18(b))	1,067	4,397
Rental income from operating lease	27	53
Sundry income	79	-
	2,865	5,543
Other net loss		
Gain on disposal of property, plant and equipment, and prepaid lease payments (Note 26(b))	25	-
Gain on disposals of property, plant and equipment	-	149
Impairment loss on trade receivables (Note 18(a))	(374)	(61,168)
Impairment loss on other receivables (Note 18(c))	(403)	-
Loss from litigation claim	-	(3,783)
Loss on write-off of property, plant and equipment	(12,403)	-
Reversal of impairment loss on trade receivables (Note 18(a))	1,759	462
Reversal of impairment loss on other receivables (Note 18(c))	3,925	-
Net exchange (loss)/gain	(2)	545
	(7,473)	(63,795)

來自持續經營業務：

其他收益

銀行存款利息收入
獲延長信貸期之應收貿易
款項之估算利息
(附註18(b))

經營租賃之租金收入
雜項收入

其他淨虧損

出售物業、廠房及設備以及
預付租賃款項之收益
(附註26(b))

出售物業、廠房及設備之
收益

應收貿易款項之減值虧損
(附註18(a))

其他應收款項之減值虧損
(附註18(c))

訴訟申索虧損

撇銷物業、廠房及設備之
虧損

應收貿易款項減值虧損撥回
(附註18(a))

其他應收款項之減值虧損
撥回(附註18(c))

匯兌(虧損)/收益淨額

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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

5. (LOSS)/PROFIT BEFORE TAXATION

(Loss)/profit before taxation from continuing operations is arrived at after charging the following:

a) Staff costs (including directors' emoluments) (Note):	a) 員工成本 (包括董事酬金) (附註):
– Contributions to defined contribution retirement plans (Note 8)	– 定額供款退休計劃供款 (附註8)
– Salaries, wages and other benefits	– 工資、薪金及其他福利
b) Finance costs:	b) 融資成本:
Interest expenses on corporate bonds	公司債券利息開支
c) Other items:	c) 其他項目:
Amortisation of prepaid lease payments	預付租賃款項之攤銷
Auditors' remuneration	核數師酬金
– audit services	– 審核服務
– other services	– 其他服務
Cost of inventories (Note)	存貨成本 (附註)
Depreciation of property, plant and equipment	物業、廠房及設備之折舊
Operating lease charges	經營租賃費用
– leasing of properties	– 租用物業
– leasing of director's quarter	– 租用董事宿舍
– leasing of equipment	– 租用設備

Note:

During the year ended 31 December 2018, cost of inventories includes approximately RMB3,797,000 (2017: RMB852,000) relating to staff costs and depreciation, which amount is also included in the respective total amounts disclosed separately above.

5. 除稅前 (虧損) / 溢利

來自持續經營業務之除稅前 (虧損) / 溢利已扣除下列各項:

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
730	475
13,219	10,991
13,949	11,466
1,600	314
549	59
1,224	1,237
411	1,082
141,835	472,642
6,006	3,536
1,261	1,530
822	208
10	8

附註:

截至二零一八年十二月三十一日止年度，存貨成本包括有關員工成本及折舊約人民幣3,797,000元 (二零一七年：人民幣852,000元)，而該金額亦已計入上文分開披露之總金額內。

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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

6. DISCONTINUED OPERATION

On 31 October 2017, Wuxi Pan Asia Environmental Protection Technologies Limited (“Wuxi Pan Asia”), a wholly-owned subsidiary of the Company, entered into an asset transfer agreement with Pan Asia Environmental Protection (Jiangsu) Company Limited (“Jiangsu Pan Asia”), a wholly-owned subsidiary of the Company, pursuant to which Wuxi Pan Asia agreed to sell certain assets associated with the operation of sales of EP products and equipment to Jiangsu Pan Asia (the “Asset Transfer”). The Asset Transfer was completed on 16 January 2018 and Wuxi Pan Asia retained the assets and liabilities associated with the operation of manufacture and sales of EP construction materials.

On 31 October 2017, the Group entered into a sale and purchase agreement (the “S&P Agreement”) with an independent third party (the “Purchaser”), pursuant to which the Group conditionally agreed to sell and the Purchaser conditionally agreed to purchase the entire equity interest in Wuxi Pan Asia after the completion of the Asset Transfer at a consideration of RMB44,000,000 (the “Disposal”).

Details of the Asset Transfer and the Disposal were set out in the Company’s announcements dated 31 October 2017, 14 November 2017 and 18 January 2018 respectively.

The directors of the Company were of the opinion that the Disposal was highly probable because the Company’s board of directors formally approved the Disposal and there was no need to obtain the approval from the Company’s shareholders as the Disposal constituted a disclosable transaction under Chapter 14 of the Listing Rules. In addition, the conditions precedent under the S&P Agreement were fulfilled on 16 January 2018 and the Disposal was completed on 16 January 2018 accordingly. The directors of the Company were of the view that the disposal company constituted a separate major line of the Group’s business and accordingly, the Group’s operation of manufacture and sales of EP construction materials was classified as a discontinued operation as at 31 December 2017.

6. 已終止經營業務

於二零一七年十月三十一日，無錫泛亞環保科技有限公司（「無錫泛亞」）（本公司之全資附屬公司）與泛亞環保（江蘇）有限公司（「江蘇泛亞」）（本公司之全資附屬公司）訂立資產轉讓協議，據此，無錫泛亞同意向江蘇泛亞出售與環保產品及設備銷售業務相關之若干資產（「資產轉讓」）。資產轉讓已於二零一八年一月十六日完成，無錫泛亞保留與製造及銷售環保建築材料相關業務之資產及負債。

於二零一七年十月三十一日，本集團與一名獨立第三方（「買方」）訂立買賣協議（「買賣協議」），據此，本集團有條件同意出售而買方有條件同意於資產轉讓完成後，按代價人民幣44,000,000元購買無錫泛亞所有股權（「出售事項」）。

資產轉讓及出售事項之詳情分別載於本公司日期為二零一七年十月三十一日、二零一七年十一月十四日及二零一八年一月十八日之公告。

本公司董事認為，出售事項極有可能發生，因為本公司董事會已正式批准出售事項，且由於出售事項根據上市規則第14章構成須予披露交易，故毋須取得本公司股東批准。此外，買賣協議項下之先決條件已於二零一八年一月十六日獲達成，而出售事項已於二零一八年一月十六日完成。因此本公司董事認為，出售公司構成本集團業務中獨立的主要業務，因此，本集團製造及銷售環保建築材料的業務已於二零一七年十二月三十一日分類為已終止經營業務。

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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

6. DISCONTINUED OPERATION (Continued)

The results and cash flows from the discontinued operation for the period/year were analysed as follows.

6. 已終止經營業務 (續)

期內／年內來自已終止經營業務的業績及現金流量分析如下。

		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
Results from discontinued operation:	來自已終止經營業務之業績：		
Revenue	收入	-	18,249
Cost of sales	銷售成本	-	(78,001)
		<hr/>	<hr/>
Gross loss	毛虧	-	(59,752)
Other income	其他收益	27	658
Other loss	其他虧損	-	(84,546)
Selling and distribution expenses	銷售及分銷開支	(1,816)	(38,281)
General and administrative expenses	一般及行政開支	(995)	(1,442)
		<hr/>	<hr/>
Loss before taxation	除稅前虧損	(2,784)	(183,363)
Income tax expenses	所得稅開支	(4)	(99)
		<hr/>	<hr/>
		(2,788)	(183,462)
Gain on disposal of a subsidiary (Note 25(a))	出售附屬公司之收益 (附註25(a))	784	-
		<hr/>	<hr/>
Loss for the period/year from discontinued operation	期內／年內來自已終止經營業務之虧損	(2,004)	(183,462)

Notes to the Financial Statements

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

6. DISCONTINUED OPERATION (Continued)

Loss before taxation from discontinued operation is arrived at after charging/(crediting) the following:

Allowance for write down of inventories ²	存貨減值撥備 ²	-	19,984
Amortisation of prepaid lease payments	預付租賃款項之攤銷	47	1,132
Cost of inventories (Note)	存貨成本 (附註)	-	58,017
Depreciation of property, plant and equipment	物業、廠房及設備之折舊	947	22,786
Government grants ¹	政府補助 ¹	(27)	(658)
Impairment loss on trade receivables ⁴ (Note 18(a))	應收貿易款項之減值虧損 ⁴ (附註18(a))	-	91,125
Impairment loss on other receivables ⁴ (Note 18(c))	其他應收款項之減值虧損 ⁴ (附註18(c))	-	2,335
Marketing and promotional expenses ³	市場推廣及宣傳開支 ³	1,557	37,358
Reversal of impairment loss on trade receivables ⁴ (Note 18(a))	撥回應收貿易款項之 減值虧損 ⁴ (附註18(a))	-	(8,914)

Staff costs	員工成本		
- Contributions to defined contribution retirement plans (Note 8)	- 定額供款退休計劃供款 (附註8)	-	327
- Salaries, wages and other benefits	- 薪金、工資及其他福利	29	2,807

Cash flows from discontinued operation:

Net cash outflows from operating activities and net cash outflows from discontinued operation	來自經營活動之現金流出淨額 及來自已終止經營業務之現金 流出淨額	(1,578)	(8,109)
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6. 已終止經營業務 (續)

來自已終止經營業務之除稅前虧損已扣除/(計入)下列各項:

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
-	19,984
47	1,132
-	58,017
947	22,786
(27)	(658)
-	91,125
-	2,335
1,557	37,358
-	(8,914)
29	3,134
(1,578)	(8,109)

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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

6. DISCONTINUED OPERATION (Continued)

Loss before taxation from discontinued operation is arrived at after charging/(crediting) the following:
(Continued)

- ¹ The amount represents the government grants of approximately RMB27,000 (for the year ended 31 December 2017: RMB658,000) relating to the subsidies from the PRC government for acquisition of property, plant and equipment which was released from deferred government grants to profit or loss during the period from 1 January 2018 to date of disposal, and the amount is included in other income in the results from discontinued operation as disclosed above.
- ² This item is included in cost of sales in the results from discontinued operation as disclosed above.
- ³ This item is included in selling and distribution expenses in the results from discontinued operation as disclosed above.
- ⁴ These items are included in other loss in the results from discontinued operation as disclosed above.

Note:

During the year ended 31 December 2017, cost of inventories included approximately RMB24,411,000 relating to staff costs and depreciation, which amount was also included in the respective total amounts disclosed separately above.

6. 已終止經營業務 (續)

來自已終止經營業務之除稅前虧損已扣除/(計入)下列各項:(續)

- ¹ 該金額指與來自中國政府就收購物業、廠房及設備有關而作出的約人民幣27,000元(截至二零一七年十二月三十一日止年度:人民幣658,000元)的政府補助,其於二零一八年一月一日至出售日期期間自遞延政府補助撥至損益,且該金額計入如上述披露來自已終止經營業務之業績之其他收益。
- ² 該項目計入如上述披露來自已終止經營業務之業績之銷售成本。
- ³ 該項目計入如上述披露來自已終止經營業務之業績之銷售及分銷開支。
- ⁴ 該等項目計入如上述披露來自已終止經營業務之業績之其他虧損。

附註:

截至二零一七年十二月三十一日止年度,存貨成本包括有關員工成本及折舊約人民幣24,411,000元,而該金額亦已計入上文分開披露之總金額內。

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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

7. INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

- a) Taxation relating to continuing operations in the consolidated statement of profit or loss and other comprehensive income represents:

Current tax:	即期稅項：
PRC Enterprise Income Tax	中國企業所得稅
– Provision for the year	– 本年度撥備
<i>(Note 24(a))</i>	<i>(附註24(a))</i>
Deferred tax:	遞延稅項：
Origination and reversal of	暫時差異之產生及
temporary differences <i>(Note 24(b))</i>	撥回 <i>(附註24(b))</i>
Income tax expenses/(credit)	所得稅開支/(抵免)

- i) The Company and its subsidiaries incorporated in the British Virgin Islands are not subject to any income tax pursuant to the rules and regulations of their respective countries of incorporation.
- ii) PRC Enterprise Income Tax is calculated at 25% of the estimated assessable profits of the Company's subsidiaries established in the PRC during the years ended 31 December 2018 and 2017.
- iii) No provision for Hong Kong Profits Tax has been made for the years ended 31 December 2018 and 2017 as the Group did not have assessable profits arising in Hong Kong during both years.
- iv) The PRC Enterprise Income Tax Law also requires withholding tax of 10% upon distribution of profits by the subsidiaries established in the PRC since 1 January 2008 to its overseas shareholders.

7. 於綜合損益及其他全面收益表之所得稅

- a) 於綜合損益及其他全面收益表內有關持續經營業務之稅項指：

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
2,521	8,683
595	(20,099)
3,116	(11,416)

- i) 本公司及其於英屬處女群島註冊成立之附屬公司根據彼等各自註冊成立之國家之規則及規例毋須繳付任何所得稅。
- ii) 中國企業所得稅乃根據本公司於中國成立之附屬公司於截至二零一八年及二零一七年十二月三十一日止年度之估計應課稅溢利按稅率25%計算。
- iii) 由於本集團於截至二零一八年及二零一七年十二月三十一日止年度並無源自香港之應課稅溢利，故於該兩個年度並無就香港利得稅作出撥備。
- iv) 中國企業所得稅法亦規定，自二零零八年一月一日起，於中國成立之附屬公司向其海外股東所作溢利分派須按10%的稅率繳納預扣稅。

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7. INCOME TAX IN THE CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME (Continued)

7. 於綜合損益及其他全面收益表之所得稅 (續)

b) Reconciliation between income tax expenses/(credit) and accounting (loss)/profit at applicable tax rates is as follows:

b) 按適用稅率計算之所得稅支出/(抵免)與會計(虧損)/溢利之對賬如下:

		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
(Loss)/profit before taxation from continuing operations	來自持續經營業務之 除稅前(虧損)/溢利	(14,237)	24,687
Notional tax on (loss)/profit before taxation calculated at the statutory rates applicable to respective tax jurisdictions	按適用於在各自司法 權區之法定稅率 計算除稅前(虧損)/ 溢利之名義稅項	(2,288)	7,471
Tax effect of non-taxable income	毋須課稅收入之 稅務影響	(7,175)	-
Tax effect of non-deductible expenses	不可扣稅開支之 稅務影響	12,144	2,959
Tax effect of unused tax losses not recognised	未確認尚未動用稅項 虧損之稅務影響	339	183
Tax effect of utilisation of tax losses previously not recognised	動用過往未確認稅項虧損之 稅務影響	-	(673)
Tax effect of concessionary tax rate granted to a subsidiary	授予一間附屬公司優惠 稅率之稅務影響	96	(598)
Tax effect of withholding tax at 10% on distributable profits of the subsidiaries established in the PRC	於中國成立之附屬公司 可分派溢利按10%預扣稅 之稅務影響	-	(20,758)
Income tax expenses/(credit)	所得稅支出/(抵免)	3,116	(11,416)

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For the year ended 31 December 2018
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8. RETIREMENT BENEFITS COSTS

Defined contribution retirement plan

The Group has arranged for its Hong Kong employees employed under the jurisdiction of the Hong Kong Employment Ordinance to join the Mandatory Provident Fund Scheme (the "MPF Scheme") under the Hong Kong Mandatory Provident Fund Schemes Ordinance and Hong Kong Employment Ordinance. The MPF Scheme is a defined contribution retirement plan managed by independent trustees. Under the MPF Scheme, the Group (the employer) and its employees makes monthly contributions to the scheme at 5% of the employees' relevant income as defined under the Mandatory Provident Fund Schemes Ordinance. The contributions from each of the employer and employees are subject to a cap of HK\$1,500 per month and thereafter contributions are voluntary. Contributions to the plan vest immediately.

The employees of the Company's subsidiaries established in the PRC are members of a state-sponsored retirement plan operated by the local government in the PRC and these subsidiaries make mandatory contributions to the state-sponsored retirement plan to fund the employees retirement benefits. The retirement contributions paid by these subsidiaries are based on a certain percentage of the relevant portion of the payroll of all qualifying employees in accordance with the relevant regulations in the PRC and are charged to profit or loss as incurred. The Group discharges its retirement obligations upon payment of the retirement contributions to the state-sponsored retirement plan operated by the local governments in the PRC.

8. 退休福利成本

定額供款退休計劃

根據香港強制性公積金計劃條例及《香港僱傭條例》規定，本集團已安排其根據香港僱傭條例管轄下所僱用的香港僱員參與強制性公積金計劃（「強積金計劃」）。強積金計劃乃由獨立受託人管理之定額供款退休計劃。根據強積金計劃，本集團（作為僱主）及其僱員須每月各自按僱員相關收入（定義見強制性公積金計劃條例）之5%向該計劃作出供款。僱主及僱員每月各自之供款以1,500港元為上限，另可自願額外供款。對該計劃之供款即時歸屬。

本公司於中國成立之附屬公司之僱員均參與中國當地政府運作並由國家資助之退休計劃，該等附屬公司向該項國家資助之退休計劃強制性供款以為僱員之退休福利提供資金。該等中國附屬公司支付之退休金供款乃基於所有合資格僱員薪酬之有關部分之特定百分比，及根據中國之有關規定，並按照所產生之金額計入損益。本集團在向由中國地方政府運作並由國家資助之退休金計劃供款之後即為已履行其於僱員退休福利方面之責任。

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8. RETIREMENT BENEFITS COSTS (Continued)

Defined contribution retirement plan (Continued)

The Group's contributions to defined contribution retirement plans for the years ended 31 December 2018 and 2017 are as follows:

Contributions to defined contribution retirement plans	定額供款退休計劃供款
– from continuing operations (Note 5(a))	– 來自持續經營業務 (附註5(a))
– from discontinued operation (Note 6)	– 來自已終止經營業務 (附註6)

8. 退休福利成本 (續)

定額供款退休計劃 (續)

本集團截至二零一八年及二零一七年十二月三十一日止年度之定額供款退休計劃供款如下：

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
730	475
-	327
730	802

9. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

The directors of the Company are members of the senior management of the Group during the years ended 31 December 2018 and 2017. Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulations are as follows:

Fees	袍金
Salaries, allowances and other benefits	薪金、津貼及其他福利
Contributions to defined contribution retirement plans	定額供款退休計劃供款

9. 董事及最高行政人員酬金

截至二零一八年及二零一七年十二月三十一日止年度，本公司董事亦為本集團高級管理層成員。根據香港公司條例第383(1)條及公司(披露董事利益資料)規例2部所披露之董事酬金如下：

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
493	1,653
822	460
-	5
1,315	2,118

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9. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS (Continued)

9. 董事及最高行政人員酬金 (續)

Name of director	董事姓名	Year ended 31 December 2018 截至二零一八年十二月三十一日止年度			Total 總計 RMB'000 人民幣千元
		Fees 袍金 RMB'000 人民幣千元	Salaries, allowances and other benefits 薪金、津貼及 其他福利 RMB'000 人民幣千元	Contributions to defined contribution retirement plans 定額供款 退休計劃供款 RMB'000 人民幣千元	
Executive directors 執行董事					
Mr. Jiang Xin (Notes (i) & (iv))	蔣鑫先生 (附註(i)及(iv))	103	822	-	925
Mr. Cho Yu Chung (Note (iii))	曹宇頌先生 (附註(iii))	-	-	-	-
Non-executive director 非執行董事					
Mr. Fan Yajun	范亞軍先生	103	-	-	103
Independent non-executive directors 獨立非執行董事					
Mr. Lai Wing Lee	賴永利先生	51	-	-	51
Mr. Leung Shu Sun, Sunny	梁樹新先生	185	-	-	185
Professor Wang Guozhen	王國珍教授	51	-	-	51
		493	822	-	1,315

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9. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS (Continued)

9. 董事及最高行政人員酬金 (續)

		Year ended 31 December 2017 截至二零一七年十二月三十一日止年度			
				Contributions to defined contribution retirement plans	
Name of director	董事姓名	Fees 袍金 RMB'000 人民幣千元	Salaries, allowances and other benefits 薪金、津貼及 其他福利 RMB'000 人民幣千元	定額供款 退休計劃供款 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Executive directors		執行董事			
Mr. Jiang Xin (Notes (i) & (iv))	蔣鑫先生 (附註(i)及(iv))	104	208	–	312
Mr. Jiang Quanlong (Note (ii))	蔣泉龍先生 (附註(ii))	73	252	5	330
Mr. Cho Yu Chung (Note (iii))	曹宇頌先生 (附註(iii))	1,081	–	–	1,081
Non-executive director		非執行董事			
Mr. Fan Yajun	范亞軍先生	104	–	–	104
Independent non-executive directors		獨立非執行董事			
Mr. Lai Wing Lee	賴永利先生	52	–	–	52
Mr. Leung Shu Sun, Sunny	梁樹新先生	187	–	–	187
Professor Wang Guozhen	王國珍教授	52	–	–	52
		<u>1,653</u>	<u>460</u>	<u>5</u>	<u>2,118</u>

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9. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS (Continued)

Notes:

- (i) Mr. Jiang Xin, the Chief Executive Officer of the Company, was appointed as the Chairman of the Company with effect from 15 September 2017.
- (ii) Mr. Jiang Quanlong resigned as the Chairman and executive director of the Company on 15 September 2017.
- (iii) Mr. Cho Yu Chung resigned as executive director of the Company on 31 January 2018.
- (iv) During the year ended 31 December 2018, the Group provided director's quarter accommodation amounting to approximately RMB822,000 (2017: RMB208,000) to Mr. Jiang Xin.

As at 31 December 2018 and 2017, the directors of the Company held share options under the Company's share option scheme. Details of which are disclosed in note 29.

During the years ended 31 December 2018 and 2017, no directors received any emoluments from the Group as an inducement to join or upon joining the Group or as compensation for loss of office. No directors has waived or agreed to waive any emoluments during both years.

9. 董事及最高行政人員酬金 (續)

附註：

- (i) 本公司行政總裁蔣鑫先生獲委任為本公司主席，自二零一七年九月十五日起生效。
- (ii) 蔣泉龍先生於二零一七年九月十五日辭任本公司主席及執行董事。
- (iii) 曹宇頌先生於二零一八年一月三十一日辭任本公司執行董事。
- (iv) 截至二零一八年十二月三十一日止年度，本集團提供蔣鑫先生董事宿舍住宿約人民幣822,000元（二零一七年：人民幣208,000元）。

於二零一八年及二零一七年十二月三十一日，本公司董事根據本公司購股權計劃持有購股權。有關購股權計劃之詳情披露於附註29。

截至二零一八年及二零一七年十二月三十一日止年度，概無董事已自本集團收取任何酬金作為促使加入或於加入本集團時之獎金或離職之賠償。概無董事於該兩個年度放棄或同意放棄任何酬金。

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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

10. INDIVIDUALS WITH HIGHEST EMOLUMENTS AND SENIOR MANAGEMENT'S EMOLUMENTS

(a) Five highest paid individuals

Of the five individuals with the highest emoluments, one (2017: one) is a director of the Company whose emoluments are disclosed in note 9. The aggregate of the emoluments in respect of the remaining four (2017: four) individuals from the continuing operations are as follows:

Salaries, allowances and other benefits	薪金、津貼及其他福利
Contributions to defined contribution retirement plans	定額供款退休計劃供款

During the years ended 31 December 2018 and 2017, no emoluments were paid or payable by the Group to the five highest paid individuals as inducement to join or upon joining the Group or as compensation for loss of office during both years.

The emoluments of the above four (2017: four) individuals with the highest emoluments are within the following bands:

Bands:	組別：
Nil to HK\$1,000,000	零至1,000,000港元
HK\$1,000,001 to HK\$1,500,000	1,000,001港元至1,500,000港元
HK\$1,500,001 to HK\$2,000,000	1,500,001港元至2,000,000港元

10. 最高酬金人士及高級管理層酬金

(a) 五名最高薪人士

五名最高酬金人士包括一名(二零一七年：一名)本公司董事，其酬金詳情披露於附註9。餘下來自持續經營業務之四名(二零一七年：四名)人士之酬金合計如下：

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
3,372	3,206
59	76
3,431	3,282

截至二零一八年及二零一七年十二月三十一日止年度，本集團概無向五名最高酬金人士支付或應付任何酬金作為於該兩個年度促使彼等加入或於加入本集團時之獎金或離職之賠償。

上述四名(二零一七年：四名)最高酬金人士之酬金組別如下：

Number of individuals 人數	
2018 二零一八年	2017 二零一七年
2	3
1	—
1	1
4	4

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財務報表附註

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10. INDIVIDUALS WITH HIGHEST EMOLUMENTS AND SENIOR MANAGEMENT'S EMOLUMENTS (Continued)

(b) Senior management's emoluments

The emoluments paid or payable to senior management (including one (2017: two) highest paid individual as disclosed above) are within the following bands:

Bands:	組別：
Nil to HK\$1,000,000	零至1,000,000港元
HK\$1,500,001 to HK\$2,000,000	1,500,001港元至 2,000,000港元

Note: The total numbers of individuals included one (2018: Nil) individual of senior management from the discontinued operation whose emolument was within "Nil to HK\$1,000,000" band during the year ended 31 December 2017.

11. DIVIDENDS

The directors of the Company do not recommend the payment of a final dividend for the year ended 31 December 2018 (2017: Nil).

10. 最高酬金人士及高級管理層酬金 (續)

(b) 高級管理層酬金

已付或應付予高級管理層 (包括一名 (二零一七年: 兩名) 上述披露之最高薪人士) 之酬金組別如下:

Number of individuals 人數	
2018 二零一八年	2017 二零一七年
3	5
1	1
4	6

附註: 截至二零一七年十二月三十一日止年度, 高級管理層之總人數包括一名 (二零一八年: 無) 來自已終止經營業務而其酬金歸入於「零至1,000,000港元」之組別。

11. 股息

本公司董事不建議派付截至二零一八年十二月三十一日止年度之末期股息 (二零一七年: 無)。

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財務報表附註

For the year ended 31 December 2018
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12. LOSS PER SHARE

From continuing and discontinued operations:

The calculation of the basic and diluted loss per share attributable to owners of the Company is based on the following data:

Loss for the year attributable to owners of the Company for the purposes of calculating basic and diluted loss per share	就計算每股基本及攤薄虧損而言的本公司擁有人應佔年內虧損
--	-----------------------------

Number of shares

股份數目

Weighted average number of ordinary shares for the purposes of calculating basic loss per share	就計算每股基本虧損而言的普通股加權平均數
---	----------------------

Diluted loss per share for the years ended 31 December 2018 and 2017 are the same as the basic loss per share because the exercise of the Company's outstanding share options would have anti-dilutive effect.

12. 每股虧損

來自持續經營及已終止經營業務：

本公司擁有人應佔每股基本及攤薄虧損乃按以下數據計算：

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
(19,357)	(147,359)

2018 二零一八年	2017 二零一七年
840,000,000	840,000,000

由於行使本公司尚未行使購股權具有反攤薄影響，故截至二零一八年及二零一七年十二月三十一日止年度之每股攤薄虧損與每股基本虧損相同。

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12. LOSS PER SHARE (Continued)

From continuing operations:

The calculation of the basic and diluted loss per share from continuing operations attributable to owners of the Company is based on the following data:

Loss for the year attributable to owners of the Company from continuing and discontinued operations	本公司擁有人應佔年內來自持續經營及已終止經營業務之虧損	(19,357)	(147,359)
Adjusted for: Loss for the period/year from discontinued operation attributable to owners of the Company	調整：本公司擁有人應佔期內／年內來自已終止經營業務之虧損	2,004	183,462
(Loss)/earnings for the purposes of calculating basic and diluted (loss)/earnings per share from continuing operations	就計算每股基本及攤薄(虧損)／盈利而言的來自持續經營業務之(虧損)／盈利	(17,353)	36,103

The denominators used are the same as those detailed above for both basic and diluted loss per share from continuing and discontinued operations.

From discontinued operation:

Basic loss per share

Basic loss per share from discontinued operation for the year ended 31 December 2018 was RMB0.24 cents (2017: RMB21.84 cents) per share, based on the loss for the year from discontinued operation attributable to owners of the Company amounting to approximately RMB2,004,000 (2017: RMB183,462,000) during the year and the denominators detailed above for basic loss per share from continuing and discontinued operations.

Diluted loss per share

Diluted loss per share from discontinued operation for the years ended 31 December 2018 and 2017 are the same as the basic loss per share from discontinued operation because the exercise of the Company's outstanding share options would have anti-dilutive effect.

12. 每股虧損(續)

來自持續經營業務：

本公司擁有人應佔來自持續經營業務之每股基本及攤薄虧損乃按以下數據計算：

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
(19,357)	(147,359)
2,004	183,462
(17,353)	36,103

來自持續經營及已終止經營業務之每股基本及攤薄虧損所使用之分母均與上文所詳述者相同。

來自已終止經營業務：

每股基本虧損

截至二零一八年十二月三十一日止年度，來自已終止經營業務之每股基本虧損為每股人民幣0.24分(二零一七年：人民幣21.84分)，乃根據該年度本公司擁有人應佔年內來自已終止經營業務之虧損約人民幣2,004,000元(二零一七年：人民幣183,462,000元)及上文就來自持續經營及已終止經營業務之每股基本虧損所詳述的分母計算。

每股攤薄虧損

由於行使本公司尚未行使購股權具有反攤薄影響，故截至二零一八年及二零一七年十二月三十一日止年度來自已終止經營業務之每股攤薄虧損與來自已終止經營業務之每股基本虧損相同。

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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

13. PREPAID LEASE PAYMENTS

Carrying amount:

As at 1 January
Amortisation for the year
Transfer to assets classified as
held for sale (Note 26(b))

As at 31 December

Analysed by:

Non-current portion
Current portion

Total

賬面值：

於一月一日
年內攤銷
轉撥至分類為持作出售之資產
(附註26(b))

於十二月三十一日

分析如下：

非流動部分
流動部分

總計

13. 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
	50,958	52,149
	(596)	(1,191)
	(50,362)	-
	-	50,958
	-	49,767
	-	1,191
	-	50,958

The prepaid lease payments represented prepayments of lease premium for lands situated in the PRC under medium-term leases. The amortisation charge for the year was included in "general and administrative expenses" in the consolidated statement of profit or loss and other comprehensive income.

預付租賃款項指根據中期租賃條款支付之位於中國之預付土地租金。本年度攤銷費用計入綜合損益及其他全面收益表之「一般及行政開支」內。

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財務報表附註

For the year ended 31 December 2018
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14. PROPERTY, PLANT AND EQUIPMENT

14. 物業、廠房及設備

		Buildings	Furniture, fixtures and equipment	Leasehold improvements	Machineries	Motor vehicles	Molding	Construction in progress	Total
		樓宇	傢俬、裝置及設備	租賃物業裝修	機器	汽車	模具	在建工程	總額
		RMB'000	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	人民幣千元
		(Note)							
		(附註)							
Cost:	成本：								
As at 1 January 2017	於二零一七年一月一日	189,574	3,720	23,569	187,080	8,843	15,473	125,628	553,887
Additions	添置	-	20	-	-	-	-	-	20
Disposals	出售	-	-	-	-	(580)	-	-	(580)
Write-off	撇銷	-	(269)	(259)	-	-	-	-	(528)
Transfer to assets classified as held for sale (Note 26(a))	轉撥至分類為持作出售之資產 (附註26(a))	-	-	-	(167,251)	-	(15,473)	(96,804)	(279,528)
Exchange adjustments	匯兌調整	-	(12)	(8)	-	(41)	-	-	(61)
As at 31 December 2017 and 1 January 2018	於二零一七年十二月三十一日及二零一八年一月一日	189,574	3,459	23,302	19,829	8,222	-	28,824	273,210
Additions	添置	-	83	133	-	-	-	-	216
Derecognised upon disposal of a subsidiary (Note 25(b))	於出售一間附屬公司後終止確認 (附註25(b))	-	(38)	-	-	-	-	-	(38)
Write-off	撇銷	-	-	(15,862)	-	-	-	-	(15,862)
Transfer to assets classified as held for sale (Note 26(b))	轉撥至分類為持作出售之資產 (附註26(b))	(189,574)	-	(7,439)	-	-	-	(28,824)	(225,837)
Exchange adjustments	匯兌調整	-	4	2	-	28	-	-	34
As at 31 December 2018	於二零一八年十二月三十一日	-	3,508	136	19,829	8,250	-	-	31,723
Accumulated depreciation:	累積折舊：								
As at 1 January 2017	於二零一七年一月一日	47,343	2,511	3,381	78,864	7,217	15,473	-	154,789
Charge for the year	本年度開支	8,526	330	1,331	15,460	675	-	-	26,322
Eliminated on disposals	出售時減除	-	-	-	-	(541)	-	-	(541)
Eliminated on written off	撇銷時減除	-	(269)	(259)	-	-	-	-	(528)
Transfer to assets classified as held for sale (Note 26(a))	轉撥至分類為持作出售之資產 (附註26(a))	-	-	-	(78,675)	-	(15,473)	-	(94,148)
Exchange adjustments	匯兌調整	-	(9)	(9)	-	(30)	-	-	(48)
As at 31 December 2017 and 1 January 2018	於二零一七年十二月三十一日及二零一八年一月一日	55,869	2,563	4,444	15,649	7,321	-	-	85,846
Charge for the year	本年度開支	4,004	313	930	466	683	-	-	6,396
Eliminated upon disposal of a subsidiary (Note 25(b))	於出售一間附屬公司後減除 (附註25(b))	-	(38)	-	-	-	-	-	(38)
Eliminated on written off	撇銷時減除	-	-	(3,459)	-	-	-	-	(3,459)
Transfer to assets classified as held for sale (Note 26(b))	轉撥至分類為持作出售之資產 (附註26(b))	(59,873)	-	(1,891)	-	-	-	-	(61,764)
Exchange adjustments	匯兌調整	-	2	-	-	25	-	-	27
As at 31 December 2018	於二零一八年十二月三十一日	-	2,840	24	16,115	8,029	-	-	27,008
Carrying amounts:	賬面值：								
As at 31 December 2018	於二零一八年十二月三十一日	-	668	112	3,714	221	-	-	4,715
As at 31 December 2017	於二零一七年十二月三十一日	133,705	896	18,858	4,180	901	-	28,824	187,364

Note:

All the buildings were situated in the PRC and were situated on lands held under medium-term leases.

附註：

所有樓宇均位於中國及位於根據中期租賃條款持有之土地上。

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15. AVAILABLE-FOR-SALE FINANCIAL ASSET

15. 可供出售金融資產

		2017 二零一七年 RMB'000 人民幣千元
Unlisted equity investment in the PRC, at cost	按成本計算之於中國 非上市股本投資	9,000
Less: Impairment losses recognised	減：已確認之減值虧損	(9,000)
		<u> </u> <u> </u> —

The unlisted equity investment represented 5% equity interest in a private entity established in the PRC. The unlisted equity investment, which was not held for short-term trading, was carried at cost less accumulated impairment losses as the investment did not have a quoted price in an active market and the range of reasonable fair value estimates was so significant that the directors of the Company were of the opinion that its fair value cannot be measured reliably.

Upon adoption of HKFRS 9, the Group has made an irrevocable election at the time of initial recognition on 1 January 2018 to account for that equity instrument at fair value through other comprehensive income.

During the year ended 31 December 2018, that equity instrument was disposed of through disposal of a subsidiary. Details of which are set out in note 25(b).

非上市股本投資為在中國成立之私人實體之5%股權。並非為短期買賣而持有之非上市股本投資，由於並無活躍市場所報價格且其合理公平價值估計的範圍太大因而本公司董事認為其公平值不能可靠計量，故按成本減累計減值虧損列賬。

於採納香港財務報告準則第9號後，本集團已於二零一八年一月一日初步確認時不可撤銷地選擇將該權益工具按公平值計入其他全面收益入賬。

截至二零一八年十二月三十一日止年度，該權益工具乃透過出售一間附屬公司而獲出售。有關詳情載於附註25(b)。

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16. INVESTMENTS IN SUBSIDIARIES

Details of the Company's principal subsidiaries as at 31 December 2018 are as follows:

16. 於附屬公司之投資

於二零一八年十二月三十一日，本公司之主要附屬公司詳情如下：

Name of subsidiary 附屬公司名稱	Place of incorporation/ establishment and type of legal entity 註冊成立/ 成立地點及 法律實體性質	Issued and fully paid share capital/ registered capital 已發行及繳足 股本/註冊股本	Proportion of ownership interest 擁有權比例			Principal activities and place of operations 主要業務及經營地點
			The Group's effective interest 本集團 實際權益	Held by the Company 由本公司 持有	Held by a subsidiary 由附屬公司 持有	
Pan Asia Environmental Protection Technologies Limited	British Virgin Islands, limited liability company 英屬處女群島， 有限公司	US\$200/ Ordinary Share 200美元/普通股	100%	100%	-	Investment holding/ Hong Kong 投資控股/香港
Pan Asia Environmental Protection (Jiangsu) Company Limited (Note i) 泛亞環保(江蘇)有限公司 (附註i)	The PRC, wholly-foreign- owned enterprise 中國，外商獨資企業	N/A (Note ii) 不適用 (附註ii)	100%	-	100%	Sales of EP products and equipment, and provision of EP construction engineering services/ the PRC 銷售環保產品及設備， 及提供環保建設工程 服務/中國
Pan Asia Environmental Protection (China) Company Limited (Note i) 泛亞環保(中國)有限公司 (附註i)	The PRC, wholly- foreign-owned enterprise 中國，外商獨資企業	HK\$100,000,000/ Registered Capital 100,000,000港元/ 註冊股本	100%	-	100%	Sales of EP products and equipment, and provision of EP construction engineering services/ the PRC 銷售環保產品及設備， 及提供環保建設工程 服務/中國

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16. INVESTMENTS IN SUBSIDIARIES (Continued)

None of the subsidiaries had any debt securities subsisting at the end of the year or within any time during the year.

Notes:

- (i) The English names for these companies which were established in the PRC are not officially registered but included here as a translation for identification purpose.
- (ii) As at 31 December 2018, the registered capital of this company was not yet injected by the Group.
- (iii) The Group had no subsidiaries which have material non-controlling interests during the years ended 31 December 2018 and 2017.

17. INVENTORIES

Work-in-progress	在製品
Finished goods	製成品

16. 於附屬公司之投資 (續)

於年末或本年度任何時間內概無附屬公司有任何債務證券存續。

附註：

- (i) 於中國成立之公司之英文名稱並非正式註冊登記之名稱，本報告中所載英文名稱均為翻譯所得，供識別之用。
- (ii) 於二零一八年十二月三十一日，該公司註冊股本尚未由本集團注入。
- (iii) 截至二零一八年及二零一七年十二月三十一日止年度，本集團並無附屬公司擁有重大非控股權益。

17. 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
-	35,309
-	11,270
-	46,579

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18. TRADE AND OTHER RECEIVABLES

18. 應收貿易及其他款項

		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 with normal credit terms (Note a)	正常信貸期之應收貿易款項 (附註a)	153,815	583,696
Trade receivables with extended credit terms (Note b)	獲延長信貸期之應收貿易款項 (附註b)	-	79,533
		153,815	663,229
Less: Impairment loss on trade receivables	減：應收貿易款項之減值虧損	(100,671)	(119,367)
Trade receivables, net	應收貿易款項淨額	53,144	543,862
Other receivables (Note c)	其他應收款項 (附註c)	3,501	18,247
Less: Impairment loss on other receivables	減：其他應收款項之減值虧損	(809)	(4,331)
Other receivable, net	其他應收款項淨額	2,692	13,916
Consideration receivable from disposal of property, plant and equipment, and prepaid lease payments (Note 26(b))	來自出售物業、廠房及設備以及預付租賃款項的應收代價 (附註26(b))	160,000	-
Contract assets (Note d)	合同資產 (附註d)	215,836	557,778
Retention receivables (Note d)	應收質保款項 (附註d)	22,701	-
Prepayments and deposits	預付款及按金	-	43,166
Other tax recoverables	其他可收回稅項	7,552	19,468
		34	27
		246,123	620,439

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18. TRADE AND OTHER RECEIVABLES (Continued)

The Group generally allows credit period ranging from 0 to 180 days to its trade customers with normal credit terms and credit period up to three years to its trade customers with extended credit terms which is based on the contractual repayment schedule. Further details on the Group's credit policy are set out in note 35(b)(i).

Credit is offered to customers following an assessment of their financial abilities and payment track record. Credit limits are set out for all customers and these can be exceeded only with the approval from management. Management also monitors overdue trade receivables, and follows up the collection of these receivables.

The following is an ageing analysis of trade receivables with normal credit terms and trade receivables with extended credit terms, net of impairment loss, respectively, presented based on the invoice date at the end of the reporting period which approximated the respective revenue recognition dates:

18. 應收貿易及其他款項 (續)

本集團一般給予其貿易客戶0至180日的正常信貸期，並會根據合同訂明的還款時間表，給予其貿易客戶長達三年之延長信貸期。有關本集團信貸政策之進一步詳情，載於附註35(b)(i)。

信貸乃經評估客戶的財務能力及付款紀錄後向客戶授出。本公司為所有客戶制定信貸限額，僅可在管理層批准後方可超過此等信貸限額。管理層亦監控逾期的應收貿易款項，並負責跟進收回該等應收款項。

以下為具正常信貸期的應收貿易款項及獲延長信貸期之應收貿易款項，各自根據於報告期末的發票日期（與有關收入的確認日期相若）並經扣除減值虧損之賬齡分析：

	Normal credit terms 正常信貸期		Extended credit terms 獲延長信貸期		Total 總計	
	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	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	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
Less than six months 六個月內	42,015	40,274	-	-	42,015	40,274
After six months but less than one year 六個月後但 一年內	11,129	119,513	-	-	11,129	119,513
After one year but less than two years 一年後但 兩年內	-	235,369	-	-	-	235,369
Over two years 兩年以上	-	69,173	-	79,533	-	148,706
	53,144	464,329	-	79,533	53,144	543,862

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18. TRADE AND OTHER RECEIVABLES (Continued)

a) Trade receivables with normal credit terms

The movements in the loss allowances for impairment of trade receivables with normal credit terms during the year is as follows:

As at 1 January	於一月一日
Effect of adoption of HKFRS 9 (Note 3(b))	採納香港財務報告準則 第9號之影響 (附註3(b))
As at 1 January (as adjusted)	於一月一日 (經調整)
Impairment loss recognised	已確認減值虧損
– from continuing operations (Note 4)	– 來自持續經營業務 (附註4)
– from discontinued operation (Note 6)	– 來自已終止經營業務 (附註6)
Reversal of impairment loss	減值虧損撥回
– from continuing operations (Note 4)	– 來自持續經營業務 (附註4)
– from discontinued operation (Note 6)	– 來自已終止經營業務 (附註6)
Write-off as unrecoverable	視作無法收回款項撇銷
Transfer to assets held for sale	轉撥至持作出售資產
As at 31 December	於十二月三十一日

Impairment under HKFRS 9 for the year ended 31 December 2018

Starting from 1 January 2018, the Group applied the ECL prescribed by HKFRS 9, and the impairment methodology of ECL model is set out in note 35(b)(i).

18. 應收貿易及其他款項 (續)

a) 具正常信貸期之應收貿易款項

年內具正常信貸期之應收貿易款項之減值虧損撥備變動如下：

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
119,367	78,323
11,328	–
130,695	78,323
374	61,168
–	91,125
374	152,293
(1,759)	(462)
–	(8,914)
(1,759)	(9,376)
(28,639)	–
–	(101,873)
100,671	119,367

於截至二零一八年十二月三十一日止年度根據香港財務報告準則第9號之減值

自二零一八年一月一日起，本集團應用香港財務報告準則第9號規定之預期信貸虧損，而預期信貸虧損模式之減值方法載於附註35(b)(i)。

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18. TRADE AND OTHER RECEIVABLES (Continued)

a) Trade receivables with normal credit terms (Continued)

Impairment under HKAS 39 for the year ended 31 December 2017

Included in the above impairment losses of trade receivables, which was measured based on incurred credit losses under HKAS 39, as at 31 December 2017 was impairment loss for individually impaired trade receivables amounting to approximately RMB119,367,000. Those individually impaired receivables had been outstanding for over one year as at the end of the reporting period or were due from debtors with financial difficulties. Accordingly, specific allowances for impairment losses of trade receivables with normal credit terms of approximately RMB119,367,000 were recognised as at 31 December 2017. The Group did not hold any collateral over these balances.

The ageing analysis of the trade receivables with normal credit terms as at 31 December 2017 that were not individually nor collectively considered to be impaired under HKAS 39 is as follows:

Neither past due nor impaired	未逾期亦未減值	
Less than six months past due	逾期少於六個月	
More than six months but less than one year past due	逾期超過六個月但少於一年	
More than one year past due	逾期超過一年	

Receivables that were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

18. 應收貿易及其他款項 (續)

a) 具正常信貸期之應收貿易款項 (續)

於截至二零一七年十二月三十一日止年度根據香港會計準則第39號之減值

於二零一七年十二月三十一日，上述根據香港會計準則第39號按應計信貸虧損計量之應收貿易款項減值虧損包括個別減值之應收貿易款項約人民幣119,367,000元。該等個別減值之應收款項為於報告期末超過一年尚未償還，或為應收陷入財務困難的債務人款項。因此，具有正常信貸期之應收貿易款項之專項減值虧損撥備約人民幣119,367,000元已於二零一七年十二月三十一日確認。本集團並無就該等結餘持有任何抵押品。

於二零一七年十二月三十一日具有正常信貸期且根據香港會計準則第39號並未個別或集體視為減值之應收貿易款項之賬齡分析如下：

2017
二零一七年
RMB'000
人民幣千元

—
67,137
119,513
277,679

464,329

既未逾期亦未減值之應收款項與多名近期無拖欠還款記錄之客戶有關。

已逾期但未減值之應收款項與多名擁有與本集團有良好往績記錄之獨立客戶有關。基於過往經驗，由於信貸質素並無重大變化且該等餘額仍被視為可全數收回，故管理層相信毋須就有關餘額作出減值撥備。

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18. TRADE AND OTHER RECEIVABLES (Continued)

b) Trade receivables with extended credit terms

The amount represented the carrying amount of trade receivables arising from the sales of EP products and equipment to certain government authorities in the PRC during the year ended 31 December 2015. At initial recognition, the consideration to be received by the Group was RMB237,050,000 which will be settled by several instalments as stipulated in the sale contracts in which the last settlement date will be on or before 31 October 2018.

The movements of trade receivables with extended credit terms during the year are as follows:

As at 1 January	於一月一日
Imputed interest recognised during the year (Note 4)	年內確認之估算利息 (附註4)
Settlement from customers	客戶結付
As at 31 December	於十二月三十一日
Less: Amounts due within one year included in trade receivables – current	減：計入應收貿易款項 之一年內到期款項 － 即期
Amounts shown under non-current assets	在非流動資產項下 所示之金額

18. 應收貿易及其他款項 (續)

b) 獲延長信貸期之應收貿易款項

該金額指截至二零一五年十二月三十一日止年度內向中國若干政府機關銷售環保產品及設備所產生的應收貿易款項之賬面值。於初始確認時，本集團將收取之代價為人民幣237,050,000元，將按銷售合同內訂明的數個還款期清繳，其中最後一個付款日期將為二零一八年十月三十一日或之前。

獲延長信貸期之應收貿易款項於年內之變動如下：

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
79,533	95,286
1,067	4,397
(80,600)	(20,150)
-	79,533
-	(79,533)
-	-

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18. TRADE AND OTHER RECEIVABLES (Continued)

b) Trade receivables with extended credit terms (Continued)

At the end of the reporting period, the Group has trade receivables with extended credit terms which fall due as follows:

Within one year	一年內
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As at 31 December 2017, no impairment loss was provided for trade receivables with extended credit terms.

The ageing analysis of trade receivables with extended credit terms as at 31 December 2017 that are neither individually nor collectively considered to be impaired is as follows:

Neither past due nor impaired	未逾期亦未減值
Less than six months past due	逾期少於六個月

18. 應收貿易及其他款項 (續)

b) 獲延長信貸期之應收貿易款項 (續)

於報告期末，本集團的獲延長信貸期之應收貿易款項之到期情況如下：

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
-	79,533

於二零一七年十二月三十一日，並無就獲延長信貸期之應收貿易款項作出減值虧損撥備。

並無個別或共同視作減值之於二零一七年十二月三十一日獲延長信貸期之應收貿易款項之賬齡分析如下：

	2017 二零一七年 RMB'000 人民幣千元
Neither past due nor impaired	59,383
Less than six months past due	20,150
	<u>79,533</u>

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18. TRADE AND OTHER RECEIVABLES (Continued)

c) Other receivables

The movements in the loss allowances for impairment of other receivables during the year, including both specific and collective loss components, is as follows:

As at 1 January	於一月一日	4,331	7,605
Impairment loss recognised	已確認減值虧損		
– from continuing operations (Note 4)	– 來自持續經營業務 (附註4)	403	–
– from discontinued operation (Note 6)	– 來自已終止經營 業務(附註6)	–	2,335
Reversal of impairment loss from continuing operations (Note 4)	來自持續經營業務之 減值虧損撥回(附註4)	(3,925)	–
Transfer to assets held for sale	轉撥至持作出售資產	–	(5,609)
As at 31 December	於十二月三十一日	809	4,331

Reversal of impairment loss on other receivables represents the recovery of debts from debtors previously considered to be impaired.

d) Contract assets and retention receivables

The Group has initially applied HKFRS 15 using the cumulative effect method and adjusted the opening balance of the Group's retention receivables of approximately RMB43,166,000 as at 1 January 2018, for which the Group's entitlement to the consideration was conditional on satisfactory completion of the retention period, to contract assets as at 1 January 2018.

The contract assets primarily represent the retention receivables from the contracts with customers. The retention receivables (generally 5% to 10% of the total contracted value) are amounts which are not paid by the customers until expiry of the retention period (generally one year) as specified in the contracts.

18. 應收貿易及其他款項 (續)

c) 其他應收款項

年內之其他應收款項減值虧損撥備變動(包括特定及整體虧損部分)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
4,331	7,605
403	–
–	2,335
(3,925)	–
–	(5,609)
809	4,331

其他應收款項減值虧損撥回指之前被視為減值的應收該等債務人的債項獲收回。

d) 合同資產及應收質保款項

本集團運用累計影響法首次應用香港財務報告準則第15號，並將本集團於二零一八年一月一日應收質保款項之期初結餘約人民幣43,166,000元(本集團收取代價的權利乃於保留期間完整結束後方可作實)調整至於二零一八年一月一日之合同資產。

合同資產主要指來自客戶合同之應收質保款項。應收質保款項(一般為合同總價值之5%至10%)指直至合同訂明之質保期間(通常為一年)屆滿時客戶方支付之金額。

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19. CASH AND BANK BALANCES

Cash and bank balances comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less. As at 31 December 2018, the bank balances and deposits carried interests at the prevailing market interest rate which ranged from 0% to 0.3% (2017: 0% to 0.3%) per annum.

As at 31 December 2018, the Group had bank balances and cash denominated in RMB that were either not freely convertible or were subject to exchange controls in the PRC, amounting to approximately RMB1,037,697,000 (2017: RMB366,589,000).

19. 現金及銀行結餘

現金及銀行結餘包括本集團持有之現金及原定到期日為三個月或以下之短期銀行存款。於二零一八年十二月三十一日，銀行結餘及存款按現行市場年利率介乎零至0.3%（二零一七年：零至0.3%）計息。

於二零一八年十二月三十一日，本集團持有不能於中國自由兌換或受外匯管制影響之以人民幣計值之銀行結餘及現金約為人民幣1,037,697,000元（二零一七年：人民幣366,589,000元）。

20. TRADE AND OTHER PAYABLES

20. 應付貿易及其他款項

		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 (Note a)	應付貿易款項 (附註a)	16,342	32,555
Accruals and other payables	應計費用及其他應付款項	11,111	12,035
Amount due to a former director (Note 21)	應付前董事款項 (附註21)	-	1,200
Amount due to a related company (Note 22)	應付一間關連公司款項 (附註22)	-	4,163
Financial liabilities measured at amortised cost	以攤銷成本計量的金融負債	27,453	49,953
Contract liabilities (Note b)	合同負債 (附註b)	-	-
Receipts in advance (Note b)	預收款項 (附註b)	-	1,091
Other PRC tax payables	其他應付中國稅項	9,089	1,417
		36,542	52,461

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20. TRADE AND OTHER PAYABLES (Continued)

a) Ageing analysis of trade payables

The ageing analysis of trade payables at the end of each reporting period based on invoice date is as follows:

Less than six months	六個月內
After six months but less than one year	六個月後但一年內
Over one year	一年以上

b) Contract liabilities and receipts in advance

The Group has initially applied HKFRS 15 using the cumulative effect method and adjusted the opening balance of the Group's receipts in advance of approximately RMB1,091,000 as at 1 January 2018 to contract liabilities as at 1 January 2018.

The amounts primarily represent the advance payments from customers before commencement of services rendered or sales of the goods.

The movements of changes in contract liabilities during the year are as follows:

		RMB'000 人民幣千元
At 31 December 2017	於二零一七年十二月三十一日	-
Effect of adoption of HKFRS 15 (Note 3(c))	採納香港財務報告準則第15號之影響 (附註3(c))	1,091
At 1 January 2018 (as adjusted)	於二零一八年一月一日(經調整)	1,091
Revenue recognised that was included in the contract liabilities at the beginning of the year	年初計入 合同負債之 已確認收入	(1,091)
At 31 December 2018	於二零一八年十二月三十一日	-

20. 應付貿易及其他款項(續)

a) 應付貿易款項之賬齡分析

應付貿易款項於各報告期末按發票日期之賬齡分析如下：

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
15,354	3,570
-	25,670
988	3,315
16,342	32,555

b) 合同負債及預收款項

本集團運用累計影響法首次應用香港財務報告準則第15號，並將本集團於二零一八年一月一日預收款項之期初結餘約人民幣1,091,000元調整至於二零一八年一月一日之合同負債。

該金額主要指開始提供服務或銷售貨品前客戶之預付款項。

年內合同負債之變動如下：

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21. AMOUNT DUE TO A FORMER DIRECTOR

Mr. Jiang Quanlong 蔣泉龍先生

The amount due to a former director was unsecured, interest-free and repaid in full during the year ended 31 December 2018.

21. 應付前董事款項

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
-	1,200

應付前董事款項乃無抵押、免息及須於截至二零一八年十二月三十一日止年度悉數償還。

22. AMOUNT DUE TO A RELATED COMPANY

Name of related company 關連公司名稱	Relationship with the Group 與本集團關係
Praise Fortune Limited	The Company's immediate and ultimate controlling party 本公司之直接及最終控制方

The amount due to a related company was unsecured, interest-free and repaid in full during the year ended 31 December 2018.

22. 應付一間關連公司款項

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
-	4,163

應付一間關連公司款項乃無抵押、免息及須於截至二零一八年十二月三十一日止年度悉數償還。

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截至二零一八年十二月三十一日止年度

23. CORPORATE BONDS

During the year ended 31 December 2017, the Company issued five tranches of 3 years to 7.5 years corporate bonds with aggregate principal amount of HK\$25,000,000 (equivalent to approximately RMB21,278,000) which will be matured during the period from October 2020 to May 2025.

During the year ended 31 December 2017, Mr. Jiang Xin, the executive director of the Company, and Mr. Jiang Quanlong, a former executive director of the Company, subscribed 4 years corporate bonds with principal amount of HK\$10,500,000 each (equivalent to approximately RMB8,944,000 each) which will be matured in October 2021. The rest of three tranches of 3 years to 7.5 years corporate bonds with aggregate principal amount of HK\$4,000,000 (equivalent to approximately RMB3,390,000) were subscribed by three independent third parties which will be matured during the period from October 2020 to May 2025.

During the year ended 31 December 2018, the Company issued one tranche of 6 months corporate bonds with a principal amount of HK\$30,000,000 (equivalent to approximately RMB26,604,000) to an independent third party which will be matured in May 2019.

The corporate bonds are unlisted, unsecured and interest bearing at a fixed interest rate of 6% per annum with interest payable annually in arrears. The effective interest rates of the corporate bonds are ranged from approximately 6% to 11.6%.

23. 公司債券

截至二零一七年十二月三十一日止年度，本公司發行五期3年至7.5年公司債券，本金總額為25,000,000港元（相等於約人民幣21,278,000元），將於二零二零年十月起至二零二五年五月期間到期。

截至二零一七年十二月三十一日止年度，蔣鑫先生（本公司執行董事）及蔣泉龍先生（本公司前執行董事）各認購4年公司債券，每份本金額為10,500,000港元（相等於每份約人民幣8,944,000元），將於二零二一年十月到期。餘下三份本金總額4,000,000港元（相等於約人民幣3,390,000元）之3年至7.5年公司債券已由三名獨立第三方人士認購，該等債券將於二零二零年十月起至二零二五年五月期間到期。

截至二零一八年十二月三十一日止年度，本公司向一名獨立第三方發行一期6個月公司債券，本金額為30,000,000港元（相等於約人民幣26,604,000元），該等債券將於二零一九年五月到期。

公司債券未上市、無抵押且利息按固定年利率6%計算，連同每年延後收取之應付利息。公司債券之有效利率介乎約6%至11.6%。

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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

23. CORPORATE BONDS (Continued)

Movements of the corporate bonds during the year are as follows:

At 1 January	於一月一日	
Issuance of corporate bonds	發行公司債券	
Direct issuance costs	直接發行成本	
Effective interest expenses	有效利息開支	
Interests paid	已付利息	
Exchange adjustments	匯兌調整	
At 31 December	於十二月三十一日	
Analysed for reporting purposes as follows:	就呈報分析如下:	
Current portion	即期部分	
Non-current portion	非即期部分	
Total	總計	

Carrying amount repayable (based on the scheduled repayable dates set out in the subscription agreements):

Within one year	一年內
More than one year but not more than two years	超過一年但不超過兩年
More than two years but not more than five years	超過兩年但不超過五年
More than five years	超過五年
Total	總計

23. 公司債券 (續)

公司債券於年內之變動如下:

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
20,440	-
26,604	21,278
-	(772)
1,600	314
(1,323)	-
714	(380)
48,035	20,440
26,487	-
21,548	20,440
48,035	20,440

償還之賬面值 (根據認購協議所載之安排償還日期):

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
26,487	-
814	-
19,294	19,086
1,440	1,354
48,035	20,440

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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

24. INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

- a) The movement of tax payable/(recoverable) in the consolidated statement of financial position during the year are as follows:

As at 1 January	於一月一日
Provision for the year	年內撥備
– PRC Enterprise Income Tax	– 中國企業所得稅
– from continuing operations	– 來自持續經營業務
(Note 7(a))	(附註7(a))
Income tax paid during the year	年內已付所得稅
Derecognised upon disposal of a subsidiary (Note 25(b))	於出售一間附屬公司後終止確認 (附註25(b))
Tax recoverable transferred to assets classified as held for sale (Note 26(a))	轉撥至分類為持作出售資產之可收回稅項 (附註26(a))
As at 31 December	於十二月三十一日
Represented by:	代表：
Tax payable	應付稅項

24. 綜合財務狀況表內之所得稅

- a) 綜合財務狀況表所列之應付／(可收回)稅項於年內之變動如下：

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
11,125	(63,908)
2,521	8,683
(237)	(11,173)
(10,888)	–
–	77,523
2,521	11,125
2,521	11,125

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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

24. INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

b) Deferred taxation

The components of deferred tax liabilities/(assets) recognised in the consolidated statement of financial position and the movements during the year are as follows:

24. 綜合財務狀況表內之所得稅 (續)

b) 遞延稅項

年內於綜合財務狀況表確認之遞延稅項負債/(資產)之組成部份及變動如下：

		Withholding tax on undistributed earnings	Depreciation allowances in excess of related depreciation	Fair value adjustment on trade receivables with extended credit terms and others 獲延長信貸期 之應收貿易 款項的公平值 調整及其他	Total
		未分派盈利 之預扣稅 RMB'000 人民幣千元	超出相關折舊 之折舊撥備 RMB'000 人民幣千元	RMB'000 人民幣千元	總計 RMB'000 人民幣千元
As at 1 January 2017	於二零一七年一月一日	20,758	1,218	(1,328)	20,648
Charged/(credited) to profit or loss	在損益支銷/(計入)				
- from continuing operations (Note 7(a))	— 來自持續經營業務 (附註7(a))	(20,758)	-	659	(20,099)
- from discontinued operation (Note 6)	— 來自已終止經營業務 (附註6)	-	-	99	99
		(20,758)	-	758	(20,000)
Transfer to assets classified as held for sale (Note 26(a))	轉撥至分類為持作出售 之資產 (附註26(a))	-	-	410	410
Transfer to liabilities classified as held for sale (Note 26(a))	轉撥至分類為持作出售 之負債 (附註26(a))	-	(1,218)	-	(1,218)
As at 31 December 2017	於二零一七年 十二月三十一日	<u>-</u>	<u>-</u>	<u>(160)</u>	<u>(160)</u>

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24. INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

b) Deferred taxation (Continued)

		Impairment loss on trade and other receivables	Fair value adjustment on trade receivables with extended credit terms and others	Total
		應收貿易及其他款項之減值虧損	獲延長信貸期之應收貿易款項的公平值調整及其他	總計
		RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元
As at 1 January 2018	於二零一八年一月一日	-	(160)	(160)
Effect of adoption of HKFRS 9 (Note 3(b))	採納香港財務報告準則第9號之影響 (附註3(b))	(2,832)	-	(2,832)
As at 1 January 2018 (adjusted)	於二零一八年一月一日 (經調整)	(2,832)	(160)	(2,992)
Charged to profit or loss from continuing operations (Note 7(a))	在損益支銷來自持續經營業務 (附註7(a))	435	160	595
As at 31 December 2018	於二零一八年十二月三十一日	(2,397)	-	(2,397)

The following is the analysis of the deferred tax balances for financial reporting purposes:

以下為就財務申報目的而對遞延稅項結餘之分析：

	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
Deferred tax assets	(2,397)	(160)
遞延稅項資產	(2,397)	(160)

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24. INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

b) Deferred taxation (Continued)

Pursuant to the Enterprise Income Tax Laws of the PRC (the "New EIT Laws"), a 10% withholding tax is levied on dividends declared to foreign investors from foreign investment enterprise established in the PRC. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax arrangement between the PRC and the jurisdiction of the foreign investors. For the Group, the applicable tax rate is 10%. The Group is therefore liable to withholding taxes on dividend distributed by those subsidiaries established in the PRC in respect of earnings generated from 1 January 2008 onwards. The Group recognised deferred tax liabilities in respect of expected distributable earnings from its subsidiaries established in the PRC since 1 January 2008 with reference to the Group's dividend policy, no matter whether any dividends have been declared out of such earnings by the subsidiaries at the reporting date. The directors of the Company will review the funding requirements of the Group from time to time and revise the dividend policy of its subsidiaries as appropriate.

During the year ended 31 December 2017, the Group revised the dividend policy of its subsidiaries established in the PRC after reviewing the funding requirement of the Group. The Group will not expect these subsidiaries to declare any dividends from their distributable earnings in the foreseeable future, and accordingly, the deferred tax liabilities of approximately RMB20,758,000 in relation to the withholding tax on expected distributable earnings from these subsidiaries was released to profit or loss during the year ended 31 December 2017.

24. 綜合財務狀況表內之所得稅 (續)

b) 遞延稅項 (續)

根據中國企業所得稅法(「《新企業所得稅法》」)，在中國成立的外資企業向外國投資者所宣派的股息須繳交10%預扣稅。此規定自二零零八年一月一日起生效，適用於二零零七年十二月三十一日後的盈利。倘中國與外國投資者所屬司法權區訂有稅務安排，或可按較低稅率繳交預扣稅。就本集團而言，適用稅率為10%。因此，本集團須就於中國成立的附屬公司於二零零八年一月一日以後產生的盈利所分派的股息繳納預扣稅。就自二零零八年一月一日以後在中國成立的附屬公司的預期可分派盈利而言，本集團根據其股息政策，確認遞延稅項負債，無論附屬公司於報告日是否已自該等盈利派發任何股息。本公司董事將不時檢討本集團的資金要求，於適當時修改其附屬公司股息政策。

於截至二零一七年十二月三十一日止年度，在檢討本集團之資金要求後，本集團修訂其於中國成立之附屬公司之股息政策。本集團不預期該等附屬公司在可見未來宣派來自其可分派盈利之任何股息，因此，與來自該等附屬公司預期可分派盈利之預扣稅有關的遞延稅項負債約人民幣20,758,000元於截至二零一七年十二月三十一日止年度撥入損益。

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24. INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

b) Deferred taxation (Continued)

As at 31 December 2018, the Group has unrecognised deferred tax liabilities of approximately RMB38,105,000 (2017: RMB42,221,000) in relation to withholding tax on undistributed earnings of approximately RMB381,047,000 (2017: RMB422,211,000) due to the retention of undistributed earnings by the subsidiaries established in the PRC as determined by the directors of the Company.

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

As at 31 December 2018, deductible temporary differences in respect of tax losses not recognised in these financial statements were approximately RMB10,323,000 (2017: RMB23,198,000). No deferred tax asset has been recognised in respect of such deductible temporary differences due to the unpredictability of future profit streams. Included in the above are tax losses of approximately RMB10,323,000 (2017: RMB23,198,000) which can only be carried forward for a maximum period of five years.

24. 綜合財務狀況表內之所得稅 (續)

b) 遞延稅項 (續)

於二零一八年十二月三十一日，本集團有未分派盈利約人民幣381,047,000元(二零一七年：人民幣422,211,000元)之預扣稅有關的未確認遞延稅項負債為約人民幣38,105,000元(二零一七年：人民幣42,221,000元)，乃由於本公司董事決定由在中國成立的附屬公司保留未分派盈利所致。

本公司向其股東支付之股息並無附帶所得稅影響。

於二零一八年十二月三十一日，未於本財務報表確認的稅項虧損的可抵扣暫時差異約人民幣10,323,000元(二零一七年：人民幣23,198,000元)。由於未來利潤流難以預計，本集團並未就該等可抵扣暫時差異確認遞延稅項資產。上述項目包括稅項虧損約人民幣10,323,000元(二零一七年：人民幣23,198,000元)，僅可最多結轉為期五年。

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25. DISPOSAL OF SUBSIDIARIES

a) Disposal of equity interest in Wuxi Pan Asia

As disclosed in note 6, the Disposal was completed on 16 January 2018. The gain from the Disposal is analysed as follows:

25. 出售附屬公司

a) 出售無錫泛亞股權

如附註6所披露，出售事項已於二零一八年一月十六日完成。出售事項之收益分析如下：

		人民幣千元 RMB'000
Cash consideration received	已收現金代價	44,000
Analysis of assets and liabilities over which control was lost:		
Property, plant and equipment	物業、廠房及設備	184,823
Prepayments for consultation, marketing and promotional services	諮詢、市場推廣及宣傳服務預付款	42,050
Deferred tax assets	遞延稅項資產	406
Inventories	存貨	115,657
Trade and other receivables	應收貿易及其他款項	68,974
Pledged bank deposits	已抵押銀行存款	6,543
Tax recoverable	可收回稅項	77,523
Trade and other payables	應付貿易及其他款項	(448,834)
Deferred tax liabilities	遞延稅項負債	(1,218)
Deferred government grants	遞延政府補助	(2,708)
Net assets disposed of	出售之資產淨額	43,216
Gain on disposal of a subsidiary:		
Cash consideration received	已收現金代價	44,000
Net assets disposed of	出售之資產淨額	(43,216)
Gain on disposal of a subsidiary (Note 6)	出售附屬公司之收益 (附註6)	784
Net cash inflows arising on disposal:		
Cash consideration received	已收現金代價	44,000
Less: Cash and cash equivalents disposed of	減：出售之現金及等同現金項目	-
Net cash inflows from disposal of a subsidiary	出售附屬公司之現金流入淨額	44,000

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25. DISPOSAL OF SUBSIDIARIES (Continued)

b) Disposal of equity interest in Lianyungang Minxin Investment Limited (“Lianyungang Minxin”)

On 23 April 2018, the Group entered into a share transfer agreement with an independent third party to dispose of its 100% equity interest in Lianyungang Minxin at a cash consideration of RMB10,150,000. Lianyungang Minxin was principally engaged in undertaking of EP construction engineering services. The disposal was completed on 30 April 2018. The gain from the disposal is analysed as follows:

		人民幣千元 RMB'000
Cash consideration received	已收現金代價	10,150
Analysis of assets and liabilities over which control was lost:		
Property, plant and equipment	物業、廠房及設備	-
Equity instrument at fair value through other comprehensive income	按公平值計入其他全面收益之權益工具	-
Other receivables	其他應收款項	388
Bank balances	銀行結餘	7
Trade and other payables	應付貿易及其他款項	(8,059)
Tax payable	應付稅項	(10,888)
Net liabilities disposed of	出售之負債淨額	(18,552)
Gain on disposal of a subsidiary:		
Cash consideration received	已收現金代價	10,150
Net liabilities disposed of	出售之負債淨額	18,552
Gain on disposal of a subsidiary	出售附屬公司之收益	28,702
Net cash inflows arising on disposal:		
Cash consideration received	已收現金代價	10,150
Less: Cash and cash equivalents disposed of	減：出售之現金及等同現金項目	(7)
Net cash inflows from disposal of a subsidiary	出售附屬公司之現金流入淨額	10,143

Note: The amount of RMB9,000,000 accumulated in the Group's fair value reserve (non-recycling) in relation to the equity instrument at fair value through other comprehensive income is transferred to the Group's retained profits upon completion of the disposal.

25. 出售附屬公司 (續)

b) 出售連雲港民心投資有限公司 (「連雲港民心」) 股權

於二零一八年四月二十三日，本集團與一名獨立第三方訂立股份轉讓協議，以出售其於連雲港民心100%股權，現金代價為人民幣10,150,000元。連雲港民心主要從事承接環保建設工程服務。出售已於二零一八年四月三十日完成。出售之收益分析如下：

		人民幣千元 RMB'000
Cash consideration received	已收現金代價	10,150
失去控制權的資產及負債之分析：		
物業、廠房及設備	物業、廠房及設備	-
按公平值計入其他全面收益之權益工具	按公平值計入其他全面收益之權益工具	-
其他應收款項	其他應收款項	388
銀行結餘	銀行結餘	7
應付貿易及其他款項	應付貿易及其他款項	(8,059)
應付稅項	應付稅項	(10,888)
出售之負債淨額	出售之負債淨額	(18,552)
出售附屬公司之收益：		
已收現金代價	已收現金代價	10,150
出售之負債淨額	出售之負債淨額	18,552
出售附屬公司之收益	出售附屬公司之收益	28,702
出售之現金流入淨額：		
已收現金代價	已收現金代價	10,150
減：出售之現金及等同現金項目	減：出售之現金及等同現金項目	(7)
出售附屬公司之現金流入淨額	出售附屬公司之現金流入淨額	10,143

附註：有關按公平值計入其他全面收益之權益工具之本集團公平值儲備(不可重新歸入)累計金額人民幣9,000,000元已於出售完成後轉撥至本集團之保留溢利。

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26. ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE

- (a) As disclosed in note 6, the directors of the Company were of the opinion that the Disposal was highly probable and was expected to be completed in next twelve months from 31 December 2017. Accordingly, the assets and liabilities attributable to Wuxi Pan Asia after the completion of the Asset Transfer were classified as a disposal company held for sale and were presented separately in the consolidated statement of financial position as at 31 December 2017. The consideration of the Disposal was expected to exceed the net carrying amount of the relevant assets and liabilities and accordingly, no impairment loss was recognised during the year ended 31 December 2017.

The major classes of assets and liabilities comprising the assets and liabilities of a disposal company classified as held for sale as at 31 December 2017 were as follows:

26. 分類為持作出售之資產及負債

- (a) 誠如附註6所披露，本公司董事認為出售事項極有可能發生，並預期出售事項將於二零一七年十二月三十一日後十二個月內完成。因此，於資產轉讓完成後，無錫泛亞應佔資產及負債已分類為持作出售的出售公司，並於二零一七年十二月三十一日的綜合財務狀況表獨立呈列。出售事項的代價預期將超越相關資產及負債的賬面淨值，因此，於截至二零一七年十二月三十一日止年度概無確認減值虧損。

於二零一七年十二月三十一日，包括分類為持作出售之出售公司之資產及負債的主要資產及負債類別如下：

Assets held for sale

Property, plant and equipment	Prepayments for consultation, marketing and promotional services	Investment in a subsidiary	Deferred tax assets	Inventories	Trade and other receivables	Pledged bank deposits	Tax recoverable
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持作出售之資產

物業、廠房及設備	諮詢、市場推廣及宣傳服務預付款	於附屬公司之投資	遞延稅項資產	存貨	應收貿易及其他款項	已抵押銀行存款	可收回稅項
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Liabilities directly associated with the assets classified as held for sale

Trade and other payables	Deferred tax liabilities	Deferred government grants
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與分類為持作出售資產直接相關之負債

應付貿易及其他款項	遞延稅項負債	遞延政府補助
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The Group 本集團 RMB'000 人民幣千元	The Company 本公司 RMB'000 人民幣千元
185,380	-
43,700	-
-	12,538
410	-
105,395	-
61,526	-
6,543	-
77,523	-
480,477	12,538
432,536	-
1,218	-
2,735	-
436,489	-

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26. ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE (Continued)

- (b) On 30 June 2018, the Group entered into a sale and purchase agreement with an independent third party to dispose certain of the Group's property, plant and equipment and prepaid lease payments at a total consideration of RMB190,000,000. The disposal was completed on 17 July 2018.

The Group received an installment of RMB30,000,000 during the year ended 31 December 2018 and the remaining balance of RMB160,000,000 (Note 18) was received by the Group in January 2019.

The assets classified as held for sale as at 30 June 2018 were as follows:

		RMB'000 人民幣千元
Property, plant and equipment	物業、廠房及設備	164,073
Prepaid lease payments	預付租賃款項	50,362
Less: Impairment loss recognised (Note)	減：已確認減值虧損(附註)	(30,300)
		<hr/>
Net carrying amount	賬面淨值	184,135
		<hr/> <hr/>
Gain on disposal:	出售之收益：	
Cash consideration	現金代價	190,000
Less: Net carrying amount of the assets to be disposed of	減：將出售資產之賬面淨值	(184,135)
Less: Incremental costs directly attributable to the disposal of the assets	減：出售資產增加的直接應佔成本	(5,840)
		<hr/>
Gain on disposal of property, plant and equipment, and prepaid lease payments	出售物業、廠房及設備以及預付租賃款項之收益	25
		<hr/> <hr/>

Note: Impairment loss of approximately RMB30,300,000 was recognised during the year ended 31 December 2018 as the assets classified held for sale were measured at fair value less costs to sell which included the incremental costs directly attributable to the disposal of the assets.

26. 分類為持作出售之資產及負債(續)

- (b) 於二零一八年六月三十日，本集團與一名獨立第三方訂立買賣協議，以出售本集團之若干物業、廠房及設備以及預付租賃款項，總代價為人民幣190,000,000元。有關出售已於二零一八年七月十七日完成。

截至二零一八年十二月三十一日止年度，本集團收到分期付款人民幣30,000,000元，而本集團於二零一九年一月收到餘額人民幣160,000,000元(附註18)。

於二零一八年六月三十日，分類為持作出售之資產如下：

		RMB'000 人民幣千元
Property, plant and equipment	物業、廠房及設備	164,073
Prepaid lease payments	預付租賃款項	50,362
Less: Impairment loss recognised (Note)	減：已確認減值虧損(附註)	(30,300)
		<hr/>
Net carrying amount	賬面淨值	184,135
		<hr/> <hr/>
Gain on disposal:	出售之收益：	
Cash consideration	現金代價	190,000
Less: Net carrying amount of the assets to be disposed of	減：將出售資產之賬面淨值	(184,135)
Less: Incremental costs directly attributable to the disposal of the assets	減：出售資產增加的直接應佔成本	(5,840)
		<hr/>
Gain on disposal of property, plant and equipment, and prepaid lease payments	出售物業、廠房及設備以及預付租賃款項之收益	25
		<hr/> <hr/>

附註：因分類為持作出售之資產以公平值減銷售成本計量，包括出售該等資產增加的直接應佔成本，減值虧損約人民幣30,300,000元於截至二零一八年十二月三十一日止年度確認。

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27. SHARE CAPITAL

Authorised and issued share capital

Ordinary shares of HK\$0.1 each 每股面值0.1港元普通股

Authorised:

As at 1 January and 31 December 於一月一日及
十二月三十一日

Issued and fully paid:

As at 1 January and 31 December 於一月一日及
十二月三十一日

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

27. 股本

法定及已發行股本

2018 and 2017
二零一八年及二零一七年

Number of shares 股份數目 '000 千股	Amount 金額 HK\$'000 千港元
4,000,000	400,000
840,000	84,000
	(Equivalent to approximately RMB78,073,000) (相等於約人民幣 78,073,000元)

普通股持有人有權收取不時宣派之股息並有權於本公司大會上以每股一票投票。全部普通股對本公司剩餘資產而言屬同等。

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28. RESERVES

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statement of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

28. 儲備

本集團的綜合權益各組成部分之年初及年終結餘之對賬載於綜合權益變動表。本公司權益的個別組成部份於年初及年終之間的變動詳情載列如下：

		Attributable to owners of the Company 本公司擁有人應佔						
		Share capital 股本	Share premium 股份溢價	Contributed surplus 繳入盈餘	Translation reserve 匯兌儲備	Share option reserve 購股權儲備	Accumulated losses 累計虧損	Total 總額
		RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元
		(Note 27) (附註27)	(Note (i)) (附註(i))	(Note (iii)) (附註(iii))	(Note (vi)) (附註(vi))	(Note (vii)) (附註(vii))		
As at 1 January 2017	於二零一七年一月一日	78,073	466,844	372,178	(36,766)	15,260	(87,013)	808,576
Loss for the year	年內虧損	-	-	-	-	-	(176,176)	(176,176)
Other comprehensive loss	其他全面虧損							
- Exchange difference on translation of financial statements to presentation currency	- 換算財務報表至呈列貨幣產生之匯兌差額	-	-	-	(47,005)	-	-	(47,005)
Total comprehensive loss for the year	年內全面虧損總額	-	-	-	(47,005)	-	(176,176)	(223,181)
Transfer to accumulated losses upon lapse of share options	於購股權失效後轉撥至累計虧損	-	-	-	-	(311)	311	-
As at 31 December 2017 and 1 January 2018	於二零一七年十二月三十一日及二零一八年一月一日	78,073	466,844	372,178	(83,771)	14,949	(262,878)	585,395
Loss for the year	年內虧損	-	-	-	-	-	(3,211)	(3,211)
Other comprehensive income	其他全面收益							
- Exchange difference on translation of financial statements to presentation currency	- 換算財務報表至呈列貨幣產生之匯兌差額	-	-	-	28,913	-	-	28,913
Total comprehensive income for the year	年內全面收益總額	-	-	-	28,913	-	(3,211)	25,702
Transfer to accumulated losses upon lapse of share options	於購股權失效後轉撥至累計虧損	-	-	-	-	(8,309)	8,309	-
As at 31 December 2018	於二零一八年十二月三十一日	<u>78,073</u>	<u>466,844</u>	<u>372,178</u>	<u>(54,858)</u>	<u>6,640</u>	<u>(257,780)</u>	<u>611,097</u>

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財務報表附註

For the year ended 31 December 2018
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28. RESERVES (Continued)

Share premium and reserves

i) Share premium

Under the Companies Law (Revised) of the Cayman Islands, the share premium of the Company is distributable to the owners of the Company provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business.

ii) Special reserve

The special reserve of the Group represents the difference between the nominal value and share premium of the subsidiaries acquired and the nominal value of the Company's shares issued for the acquisition of these subsidiaries at the time of group reorganisation immediately prior to the listing of the Company's shares on 1 December 2007.

iii) Contributed surplus

The contributed surplus represents the difference between the nominal value of the ordinary shares issued by the Company and the net assets value of subsidiaries acquired through an exchange of shares pursuant to the group reorganisation.

iv) Enterprise expansion reserve and statutory surplus reserve

Statutory surplus reserve and enterprise expansion reserve are set up by the Company's subsidiaries established in the PRC by way of appropriation from the profit for the year in accordance with the relevant laws and regulations in the PRC. These subsidiaries are required to allocate certain percent of its net profit for the year as reported in their PRC statutory accounts to the statutory surplus reserve and enterprise expansion reserve until such reserves reach 50% of registered capital. These reserves are non-distributable. The statutory surplus reserve can be used to make up prior year losses of these subsidiaries, if any, and can be applied in conversion into capital by means of capitalisation issues. The enterprise expansion reserve is used for expanding the capital base of these subsidiaries by means of capitalisation issue.

28. 儲備 (續)

股份溢價及儲備

i) 股份溢價

根據開曼群島公司法(經修訂),本公司之股份溢價可分派予本公司擁有人,惟緊隨建議分派股息當日之後,本公司須有能力償還於日常業務過程中到期之債項。

ii) 特別儲備

本集團之特別儲備指所收購附屬公司之面值及股份溢價與緊接本公司股份於二零零七年十二月一日上市前本公司於集團重組時就收購該等附屬公司所發行股份之面值之差額。

iii) 繳入盈餘

繳入盈餘指本公司已發行普通股之面值與根據集團重組透過換股所收購附屬公司之資產淨值的差額。

iv) 企業擴展儲備及法定盈餘儲備

法定盈餘儲備及企業擴展儲備乃本公司於中國成立之附屬公司根據相關中國法律法規透過分撥年度溢利設立。該等附屬公司必須分配其中國法定賬目中所呈報之若干百分比年度純利至法定盈餘儲備及企業擴展儲備,直至有關儲備達至註冊資本之50%。該等儲備不可分派。法定盈餘儲備可用於彌補過往年度該等附屬公司之虧損(如有)及可以資本化發行之方式轉換為資本。企業擴展儲備將用於以資本化發行之方式擴大該等附屬公司之資本基礎。

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28. RESERVES (Continued)

Share premium and reserves (Continued)

v) Translation reserve

The translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of the entities within the Group whose functional currency is other than RMB. The reserve is dealt with in accordance with the accounting policies set out in note 2(t).

vi) Share option reserve

The share option reserve arose upon on the grant of share options of the Company and is dealt with in accordance with the accounting policies set out in note 2(p)(ii).

vii) Fair value reserve (non-recycling)

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

Distributable reserves of the Company

Under the Companies Law (Revised) of the Cayman Islands, share premium and contributed surplus are distributable to shareholders, subject to the condition that the Company cannot declare or pay a dividend, or make a distribution out of share premium and contributed surplus if (i) it is, or would after the payment be unable to pay its liabilities as they become due, or (ii) the realisable value of its assets would thereby be less than the aggregate of its liabilities and its share capital account.

As at 31 December 2018, the Company's reserves available for distribution to shareholders amounted to approximately RMB581,242,000 (2017: RMB576,144,000), computed in accordance with the Companies Law (Revised) of the Cayman Islands and the Company's articles of association. This includes the Company's share premium of approximately RMB466,844,000 (2017: RMB466,844,000) and contributed surplus of approximately RMB372,178,000 (2017: RMB372,178,000), less accumulated losses of approximately RMB257,780,000 (2017: RMB262,878,000), which are available for distribution.

28. 儲備 (續)

股份溢價及儲備 (續)

v) 匯兌儲備

匯兌儲備包括換算其功能貨幣非人民幣之本集團實體之財務報表產生之所有外匯差額。本公司根據附註2(t)所載會計政策處理儲備。

vi) 購股權儲備

購股權儲備乃因授出本公司之購股權而產生，及按附註2(p)(ii)所載會計政策處理。

vii) 公平值儲備 (不可重新歸入)

公平值儲備 (不可重新歸入) 包括於報告期末根據香港財務報告準則第9號而持有指定為按公平值計入其他全面收益之權益工具之公平值累計變動淨值 (見附註2(d))。

本公司之可分派儲備

根據開曼群島公司法 (經修訂)，股份溢價及繳入盈餘可分派予股東，惟倘本公司支付有關款項後(i)將不能償還到期之債項；或(ii)可變現資產值將低於負債及股本賬合計之數額，則不得宣派或支付股息，或從股份溢價及繳入盈餘作出分派。

於二零一八年十二月三十一日，根據開曼群島公司法 (經修訂) 及本公司組織章程細則計算，本公司可供分派予股東之儲備約為人民幣581,242,000元 (二零一七年：人民幣576,144,000元)。該數額包括本公司股份溢價約人民幣466,844,000元 (二零一七年：人民幣466,844,000元) 及繳入盈餘約人民幣372,178,000元 (二零一七年：人民幣372,178,000元) 減累計虧損約人民幣257,780,000元 (二零一七年：人民幣262,878,000元)，可作出分派。

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29. SHARE OPTION SCHEME

The Company's share option scheme (the "Share Option Scheme") was adopted pursuant to a resolution passed on 1 December 2007. The purpose of the Share Option Scheme is to enable the Company to grant options to selected participants as incentives or rewards for their contributions to the Group. Under the Share Option Scheme, the directors of the Company may grant options to the following eligible participants:

- i) any employee (whether full-time or part-time, including any executive director but excluding any non-executive director) of the Company, any of its subsidiaries or any entity ("Invested Entity") in which the Group holds an equity interest;
- ii) any non-executive director (including independent non-executive director) of the Company, any of its subsidiaries or any Invested Entity;
- iii) any supplier of goods or services to any member of the Group or any Invested Entity;
- iv) any customer of the Group or any Invested Entity;
- v) any person or entity that provides research, development or other technological support to the Group or any Invested Entity;
- vi) any shareholder of any member of the Group or any Invested Entity or any holder of any securities issued by any member of the Group or any Invested Entity;
- vii) any advisor (professional or otherwise) or consultant to any area of business or business development of any member of the Group or any Invested Entity; and
- viii) any other group or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement to the development and growth of the Group.

29. 購股權計劃

本公司之購股權計劃(「購股權計劃」)乃根據於二零零七年十二月一日通過之決議案獲採納。購股權計劃旨在促使本公司授予經甄選參與者購股權，作為彼等為本集團作出貢獻之獎勵或獎賞。根據購股權計劃，本公司董事可向下列合資格參與者授出購股權：

- i) 本公司、其任何附屬公司或本集團持有其股權之任何實體(「投資實體」)之任何僱員(不論全職或兼職，包括任何執行董事，但不包括任何非執行董事)；
- ii) 本公司、其任何附屬公司或任何投資實體之任何非執行董事(包括獨立非執行董事)；
- iii) 向本集團任何成員公司或任何投資實體提供貨品或服務之任何供應商；
- iv) 本集團或任何投資實體之任何客戶；
- v) 為本集團或任何投資實體提供研究、開發或其他科技支持之任何人士或實體；
- vi) 本集團任何成員公司或任何投資實體之任何股東或由本集團任何成員公司或任何投資實體發行之任何證券之任何持有人；
- vii) 本集團任何成員公司或任何投資實體之任何業務範疇或業務發展之任何諮詢人(不論是否專業人士)或顧問；及
- viii) 透過合營企業、業務聯盟或對本集團之發展及增長作出其他業務安排而作出或可能作出貢獻之任何其他團體或類別之參與者。

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29. SHARE OPTION SCHEME (Continued)

The total number of shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option scheme of the Group must not in aggregate exceed 10% of the shares in issue on the day on which trading of the shares commenced on the Main Board of the Stock Exchange (“General Scheme Limit”). The total number of shares available for issue under the Share Option Scheme is 80,000,000 (including those granted but yet to be exercised), representing 9.5% of the issued shares of the Company as at 31 December 2018 (2017: 9.5%).

The maximum number of shares in respect of which options may be granted under the Share Option Scheme must not in aggregate exceed 30% of the shares of the Company in issue from time to time. The number of shares in respect of which options may be granted to any participant is not permitted to exceed 1% of the shares of the Company in issue during the 12-month period before the date of grant without prior approval from the Company’s shareholders. Any grant of options under the Share Option Scheme to a director, chief executive or substantial shareholder of the Company or any of their respective associates (as defined under the Listing Rules) must be approved by the independent non-executive directors of the Company. In addition, any grant of options to a substantial shareholder or an independent non-executive director or any of their respective associates in excess of 0.1% of the shares of the Company in issue and with an aggregate value (based on the closing price of the Company’s shares at the date of grant) in excess of HK\$5 million within any 12-month period must be approved by shareholders of the Company in general meeting.

Unless otherwise determined by the directors of the Company and stated in the offer of the grant of options to a grantee, there is one year vesting period required under the Share Option Scheme for the holding of an option before it can be exercised.

29. 購股權計劃 (續)

因行使根據購股權計劃及本集團任何其他購股權計劃所授出之全部購股權而可能發行之股份總數合共不得超過股份開始在聯交所主板買賣當日已發行股份之10%（「一般計劃限額」）。根據購股權計劃可供發行之股份總數為80,000,000股（包括已授出但尚未行使者），佔本公司於二零一八年十二月三十一日之已發行股份9.5%（二零一七年：9.5%）。

根據購股權計劃可予授出之購股權涉及之股份數目最多不超過本公司不時已發行股份總數之30%。未經本公司股東事先批准，任何參與者於授出日期前十二個月期間獲授之購股權所涉及之股份數目不得超過本公司已發行股份1%。根據購股權計劃向本公司董事、最高行政人員或主要股東或彼等各自之任何聯繫人士（定義見上市規則）授出任何購股權，須由本公司之獨立非執行董事批准。此外，於任何十二個月內向主要股東或獨立非執行董事或彼等各自之任何聯繫人士授出超過本公司已發行股份0.1%及總值（根據本公司股份於授出日期之收市價計算）超過5,000,000港元之購股權，須獲得本公司股東在股東大會上批准。

除非本公司董事另行決定及在向承授人提呈授出購股權要約時表明，否則購股權計劃規定在行使前需持有購股權一年之歸屬期限。

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29. SHARE OPTION SCHEME (Continued)

An offer for the grant of options to a grantee shall be accepted by no later than 21 days from the date of offer. HK\$1 per grant of options is payable on the acceptance of the grant of options. Options may be exercised in accordance with the terms of the Share Option Scheme and expiring in accordance with the terms of the Share Option Scheme or upon the expiry of the tenth anniversary of the Share Option Scheme, whichever is the earlier.

The exercise price is determined by the directors of the Company, and shall not be less than the highest of (i) the closing price of the Company's shares as stated in the daily quotations sheets of the Stock Exchange on the date of the offer of grant; (ii) the average closing price of the Company's shares as stated in the daily quotations sheets of the Stock Exchange for the five trading days immediately preceding the date of the offer of grant; and (iii) the nominal value of the Company's share.

a) **The terms and conditions of the share options granted to directors and employees are as follows:**

		Number of share options granted 授出 購股權數目	Vesting conditions 歸屬條件	Contractual life of options 購股權 合同年期
Granted to directors:	授予董事之購股權：			
– on 14 May 2008	– 二零零八年 五月十四日	5,800,000	one year 一年	10 years 十年
– on 11 June 2012	– 二零一二年 六月十一日	5,000,000	one year 一年	10 years 十年
Granted to employees:	授予僱員之購股權：			
– on 14 May 2008	– 二零零八年 五月十四日	12,000,000	one year 一年	10 years 十年
– on 11 June 2012	– 二零一二年 六月十一日	30,000,000	one year 一年	10 years 十年
Total number of share options granted	授出購股權總數	52,800,000		

29. 購股權計劃 (續)

向獲授人作出的授出購股權要約須不遲於要約日期後21日內接納。接納獲授之購股權時須就每份購股權支付1港元。購股權可根據購股權計劃之條款行使，並根據購股權計劃之條款或於購股權計劃滿十週年時失效（以較早者為準）。

行使價由本公司董事釐定，而且不得低於(i)授出要約日期聯交所每日報價表所載本公司股份之收市價；(ii)緊接授出購股權日期前五個營業日聯交所每日報價表所載本公司股份之平均收市價；及(iii)本公司股份面值（以最高者為準）。

a) **授予董事及僱員購股權之條款及條件如下：**

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For the year ended 31 December 2018
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29. SHARE OPTION SCHEME (Continued)

- a) **The terms and conditions of the share options granted to directors and employees are as follows: (Continued)**

On 14 May 2008, 17,800,000 share options were granted for HK\$1 consideration per offer to directors, senior management and employees of the Group under the Company's Share Option Scheme. Each option gives the holder the right to subscribe for one ordinary share of HK\$0.1 each of the Company. These share options vested on 14 May 2009, and are exercisable until 13 May 2018. The exercise price is HK\$2.81 per share. As at 31 December 2017, the outstanding share options granted and accepted by directors and employees was 10,400,000. During the year ended 31 December 2018, 10,400,000 share options were lapsed.

On 11 June 2012, 39,000,000 share options were granted to directors, senior management and employees of the Group under the Company's Share Option Scheme at a consideration of HK\$1 for each offer of which 35,000,000 share options were accepted in July 2012. Each option gives the holder the right to subscribe for one ordinary share of HK\$0.1 each of the Company. These share options vested on 11 June 2013, and will be exercisable until 10 June 2022. The exercise price is HK\$0.83 per share. As at 31 December 2018, the outstanding share options granted and accepted by directors and employees was 32,500,000 (2017: 32,500,000).

No share options were exercised during the years ended 31 December 2018 and 2017.

29. 購股權計劃 (續)

- a) **授予董事及僱員購股權之條款及條件如下：(續)**

於二零零八年五月十四日，根據本公司之購股權計劃以每份1港元的代價向本集團董事、高級管理人員及僱員授出17,800,000份購股權。每份購股權賦予持有人認購本公司一股每股面值為0.1港元之普通股的權利。該等購股權於二零零九年五月十四日歸屬，並可於二零一八年五月十三日之前行使。行使價為每股2.81港元。於二零一七年十二月三十一日，已授出且獲董事及僱員接納之尚未行使購股權為10,400,000份。截至二零一八年十二月三十一日止年度，10,400,000份購股權已失效。

於二零一二年六月十一日，根據本公司之購股權計劃以每份1港元的代價向本集團董事、高級管理人員及僱員授出39,000,000份購股權，其中35,000,000份購股權於二零一二年七月獲接納。每份購股權賦予持有人認購本公司一股每股面值為0.1港元之普通股的權利。該等購股權已於二零一三年六月十一日歸屬，並可於二零二二年六月十日之前行使。行使價為每股0.83港元。於二零一八年十二月三十一日，已授出且獲董事及僱員接納之尚未行使購股權為32,500,000份(二零一七年：32,500,000份)。

截至二零一八年及二零一七年十二月三十一日止年度，概無購股權獲行使。

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29. SHARE OPTION SCHEME (Continued)

- b) The number and weighted average exercise price of share options granted and accepted by directors and employees are as follows:

		2018 二零一八年		2017 二零一七年	
		Weighted average exercise price 加權平均 行使價	Number of share options 購股權數目	Weighted average exercise price 加權平均 行使價	Number of share options 購股權數目
Outstanding at beginning of the year	年初尚未行使	HK\$1.31港元	42,900,000	HK\$1.32港元	43,300,000
Lapsed during the year	年內失效	HK\$2.81港元	(10,400,000)	HK\$2.81港元	(400,000)
Outstanding at end of the year	年終尚未行使	<u>HK\$0.83港元</u>	<u>32,500,000</u>	<u>HK\$1.31港元</u>	<u>42,900,000</u>
Exercisable at end of the year	年終可予行使	<u>HK\$0.83港元</u>	<u>32,500,000</u>	<u>HK\$1.31港元</u>	<u>42,900,000</u>

The options outstanding as at 31 December 2018 had an exercise price of HK\$0.83 (2017: HK\$2.81 or HK\$0.83) and had a weighted average remaining contractual life of 3.441 years (2017: 3.455 years).

29. 購股權計劃 (續)

- b) 已授出以及董事及僱員已接納之購股權之數目及加權平均行使價如下：

於二零一八年十二月三十一日尚未行使購股權之行使價為0.83港元(二零一七年：2.81港元或0.83港元)，加權平均剩餘合同年限為3.441年(二零一七年：3.455年)。

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財務報表附註

For the year ended 31 December 2018
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29. SHARE OPTION SCHEME (Continued)

c) Fair value of share options and assumptions

The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted. The estimate of the fair value of the share options granted is measured based on the Binomial Option Pricing Model. The contractual life of the share option is used as an input into this model.

Fair value of share options and assumptions	購股權之公平值及假設
Fair value at measurement date	於計量日期之公平值
Share price	股價
Exercise price	行使價
Expected volatility (expressed as weighted average volatility used in the modeling under the Binomial Option Pricing Model)	預期波幅（以「二項式期權定價模式」內採用的加權平均波幅表示）
Option life (expressed as weighted average life used in the modeling under the Binomial Option Pricing Model)	購股權年期（以「二項式期權定價模式」內採用的加權平均年期表示）
Expected dividends	預期股息
Risk-free interest rate (based on Exchange Fund Notes)	無風險利率 (根據外匯基金票據)

The expected volatility is based on the historic volatility (calculated based on the weighted average remaining life of the share options), adjusted for any expected changes to future volatility based on publicly available information. Expected dividends are based on historical dividends. Changes in the subjective input assumptions could materially affect the fair value estimate.

There were one year vesting period associated with the share options granted.

29. 購股權計劃（續）

c) 購股權之公平值及假設

以授出購股權而獲得之服務之公平值按獲授購股權之公平值計量。獲授購股權之估計公平值按「二項式期權定價模式」計算。購股權之合同年期為此模式之一項輸入參數。

Share options granted on 授出之購股權

11 June 2012 二零一二年 六月十一日	14 May 2008 二零零八年 五月十四日
HK\$0.25港元 至 HK\$0.27港元	HK\$0.881港元
HK\$0.83港元 HK\$0.83港元	HK\$2.79港元 HK\$2.81港元
54%	40%
10 years 十年	10 years 十年
4.82%	3%
1.13%	3.21%

預期波幅乃根據歷史波幅計算（以購股權之加權平均剩餘年期計算），再基於公眾所知的資料就未來波幅之預期變動調整。預期股息乃根據過往股息釐定。所採用主觀輸入參數假設之變動可對公平值之估計構成重大影響。

已授出之購股權附帶一年歸屬期限。

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30. SEGMENT REPORTING

The Group manages its business by divisions and all those divisions are located in the PRC. In a manner consistent with the way in which information is reported internally to the Group's CODM for the purposes of resources allocation and performance assessment, the Group's operating and reportable segments under HKFRS 8. Operating segments are organised two main operating segments including (i) EP products and equipment and (ii) EP construction engineering services. No other operating segments identified by the CODM have been aggregated in arriving at the reportable segments of the Group.

An operating segment regarding the manufacture and sales of EP construction materials was discontinued during the year ended 31 December 2017. The segment information reported in this note does not include any amounts for the discontinued operation, which are described in more details in note 6.

30. 分部報告

本集團按部門劃分管理其業務，所有該等部門均位於中國。為了與就資源分配及表現評估向本集團首席營運決策人內部呈報之資料方式一致，香港財務報告準則第8號營運分部項下本集團的營運及可呈報分部劃分為兩個主要營運分部，包括(i)環保產品及設備及(ii)環保建設工程服務。於釐定本集團可呈報分部時，概無將首席營運決策人所識別之其他營運分部合併。

有關製造及銷售環保建築材料的營運分部已於截至二零一七年十二月三十一日止年度終止營運。本附註所呈報的分部資料不包括有關已終止經營業務的任何款額，更多詳情載於附註6。

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財務報表附註

For the year ended 31 December 2018
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30. SEGMENT REPORTING (Continued)

a) Segment revenue, profit or loss, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's CODM monitors the results, assets and liabilities attributable to each reportable segment on the following basis:

Segment assets include all tangible and intangible assets, and current assets with the exception of unallocated cash and bank balances, investments in financial assets and other corporate assets. Segment liabilities include trade and other payables attributable to individual segments.

Revenue and expenses are allocated to the reportable segments with reference to sales generated and services rendered by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation or amortisation of assets attributable to those segments. Inter-segment assistance provided by one segment to another is not measured.

The measure used for reporting segment profit is "adjusted EBITDA" that is, "adjusted earnings before interest, taxes, depreciation and amortisation", where "interest" is regarded as including investment income and "depreciation and amortisation" is regarded as including impairment losses on non-current assets. To arrive at adjusted EBITDA, the Group's earnings are further adjusted for items not specifically attributed to individual segments, such as directors' emoluments, auditor's remuneration and other corporate administration costs.

In addition to receiving segment information concerning adjusted EBITDA, the Group's CODM is provided with segment information concerning revenue, depreciation, amortisation and impairment losses and additions to non-current segment assets used by the segments in their operations. Inter-segment sales are priced with reference to prices charged to external parties for similar orders.

30. 分部報告 (續)

a) 分部收入、溢利或虧損、資產及負債

就評估分部表現及分部間分配資源而言，本集團之首席營運決策人按以下基準監察各可呈報分部之業績、資產及負債：

分部資產包括所有有形、無形及流動資產（未分配現金及銀行結餘、金融資產及其他公司資產之投資除外）。分部負債包括個別分部應佔的應付貿易及其他款項。

收益及支出乃經參考該等分部產生之銷售額及提供之服務，以及所產生之支出或該等分部應佔之資產折舊或攤銷產生之支出分配予該等可呈報分部。分部間提供之支持不計算在內。

用於呈報分部溢利的方法為「經調整EBITDA」，即「經調整之未計利息、稅項、折舊及攤銷前的溢利」，其中「利息」包括投資收入，而「折舊及攤銷」包括非流動資產之減值虧損。為達至「經調整EBITDA」，本集團之盈利乃對並未指定屬於個別分部之項目作出進一步調整，如董事薪酬及核數師之酬金及其他公司行政成本。

除收到有關經調整EBITDA之分部資料外，本集團之首席營運決策人獲提供用於各分部營運有關收入、折舊、攤銷及減值虧損以及非流動分部資產添置之分部資料。分部間銷售乃經參考就類似訂單向外部人士收取之價格而進行定價。

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30. SEGMENT REPORTING (Continued)

a) Segment revenue, profit or loss, assets and liabilities (Continued)

Information regarding the Group's reportable segments as provided to the Group's CODM for the purposes of resources allocation and assessment of segment performance for the years ended 31 December 2018 and 2017 is set out below:

From continuing operations:	來自持續經營業務：	EP products and equipment 環保產品及設備		EP construction engineering services 環保建設工程服務		Total 總計	
		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	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	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
Reportable segment revenue from external customers	來自外部客戶之可呈報分部收入	159,861	588,549	2,327	-	162,188	588,549
Inter-segment revenue	分部間收入	-	-	-	-	-	-
Reportable segment revenue	可呈報分部收入	<u>159,861</u>	<u>588,549</u>	<u>2,327</u>	<u>-</u>	<u>162,188</u>	<u>588,549</u>
Reportable segment profit (adjusted EBITDA)	可呈報分部溢利(經調整之EBITDA)	<u>24,509</u>	<u>58,812</u>	<u>1,004</u>	<u>-</u>	<u>25,513</u>	<u>58,812</u>
Depreciation and amortisation	折舊及攤銷	(119)	(61)	-	-	(119)	(61)
Impairment loss on trade receivables	應收貿易款項之減值虧損	(374)	(61,168)	-	-	(374)	(61,168)
Impairment loss on other receivables	其他應收款項之減值虧損	(53)	-	-	-	(53)	-
Reversal of impairment loss on trade receivables	應收貿易款項之減值虧損撥回	1,759	462	-	-	1,759	462
Reversal of impairment loss on other receivables	應收其他款項之減值虧損撥回	<u>3,578</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,578</u>	<u>-</u>
Reportable segment assets	可呈報分部資產	<u>85,545</u>	<u>649,851</u>	<u>361</u>	<u>6</u>	<u>85,906</u>	<u>649,857</u>
Reportable segment liabilities	可呈報分部負債	<u>15,354</u>	<u>29,240</u>	<u>8,189</u>	<u>10,520</u>	<u>23,543</u>	<u>39,760</u>

Note:

There were no additions to non-current segment assets to both reportable segments during the years ended 31 December 2018 and 2017.

30. 分部報告 (續)

a) 分部收入、溢利或虧損、資產及負債 (續)

截至二零一八年及二零一七年十二月三十一日止年度，就資源分配及分部表現評估而向本集團首席營運決策人提供之本集團可呈報分部資料載列如下：

附註：

於截至二零一八年及二零一七年十二月三十一日止年度，可呈報分部均無添置非流動分部資產。

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30. SEGMENT REPORTING (Continued)

b) Reconciliations of reportable segment revenue, profit or loss, assets and liabilities

From continuing operations:

Revenue

Reportable segment revenue
Elimination of intra-group transactions

Consolidated revenue

Profit

Reportable segment profit derived from external customers
Depreciation and amortisation
Gain on disposal of a subsidiary
Impairment loss on property, plant and equipment, and prepaid lease payments
Loss on write-off property, plant and equipment
Unallocated head office and corporate income
Unallocated head office and corporate expenses

Consolidated (loss)/profit before taxation

Assets

Reportable segment assets
Unallocated cash and bank balances
Deferred tax assets
Unallocated head office and corporate assets
Assets of a disposal company classified as held for sale

Consolidated total assets

Liabilities

Reportable segment liabilities
Corporate bonds
Tax payable
Unallocated head office and corporate liabilities
Liabilities directly associated with the assets classified as held for sale

Consolidated total liabilities

來自持續經營業務：

收入

可呈報分部收入
對銷集團間交易

綜合收入

溢利

源自外部客戶的可呈報分部溢利
折舊及攤銷
出售附屬公司之收益
物業、廠房及設備以及預付租賃款項之減值虧損
撇銷物業、廠房及設備之虧損
未分配總部及企業收益
未分配總部及企業開支

除稅前綜合(虧損)/溢利

資產

可呈報分部資產
未分配現金及銀行結餘
遞延稅項資產
未分配總部及企業資產
分類為持作出售之出售公司之資產

綜合總資產

負債

可呈報分部負債
公司債券
應付稅項
未分配總部及企業負債
與分類為持作出售資產直接相關之負債

綜合總負債

30. 分部報告(續)

b) 可呈報分部收入、溢利或虧損、資產及負債之對賬

	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
	162,188	588,549
	-	-
	162,188	588,549
	25,513	58,812
	(6,555)	(3,595)
	28,702	-
	(30,300)	-
	(12,403)	-
	1,742	1,838
	(20,936)	(32,368)
	(14,237)	24,687
	85,906	649,857
	1,037,883	368,213
	2,397	160
	164,932	255,483
	-	480,477
	1,291,118	1,754,190
	23,543	39,760
	48,035	20,440
	2,521	11,125
	12,999	12,701
	-	436,489
	87,098	520,515

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30. SEGMENT REPORTING (Continued)

c) Information about major customers

Revenue from external customers individually contributing 10% or more of the Group's total revenue from continuing operations is as follows:

Customer A	客戶甲
Customer B	客戶乙
Customer C	客戶丙
Customer D	客戶丁
Customer E	客戶戊

Revenue from the above customers during the years ended 31 December 2018 and 2017 are generated from EP products and equipment segment.

d) Geographical information

(i) Revenue from external customers

The following table sets out information about the geographical location of the Group's revenue from external customers arising from continuing operations. The geographical location of customers is based on the location at which the services were provided or the goods were delivered.

Mainland China (place of domicile)	中國大陸 (註冊地)
---------------------------------------	------------

30. 分部報告 (續)

c) 有關主要客戶之資料

個別地貢獻本集團來自持續經營業務的總收入10%或以上之來自外部客戶之收入如下：

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
25,862	-
16,978	-
-	152,162
-	84,316
-	79,701

截至二零一八年及二零一七年十二月三十一日止年度，來自上述客戶的收入乃從環保產品及設備分部而來。

d) 地區資料

(i) 來自外部客戶之收入

下表載列有關本集團來自持續經營業務外部客戶之收入的所在地區之資料。客戶所在地區按提供服務或貨品付運地點劃分。

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
162,188	588,549

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30. SEGMENT REPORTING (Continued)

d) Geographical information (Continued)

(ii) Specified non-current assets

The Group's specified non-current assets comprise property, plant and equipment, and prepaid lease payments.

The geographical location of these specified non-current assets is based on the physical location of the assets, in the case of property, plant and equipment, and prepaid lease payments.

The following table sets out information about the geographical location of the specified non-current assets.

Mainland China (place of domicile)	中國大陸(註冊地)
Hong Kong	香港

30. 分部報告(續)

d) 地區資料(續)

(ii) 指定非流動資產

本集團之指定非流動資產，包括物業、廠房及設備以及預付租賃款項。

該等指定非流動資產的所在地區乃根據(就物業、廠房及設備及預付租賃款項而言)資產的實際所在地而定。

下表載列有關指定非流動資產的所在地區之資料。

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
4,532	237,013
183	118
4,715	237,131

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31. MATERIAL RELATED PARTY TRANSACTIONS

a) Transaction with related parties

In addition to the transactions and balances disclosed elsewhere in these financial statements, the directors of the Company considered that the followings were the material related party transactions entered into by the Group during the years ended 31 December 2018 and 2017:

Name of related party 有關連人士名稱	Relationship with related party 與有關連人士之關係	Nature of transaction 交易性質	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
Wuxi Xin Wei High Temperature Ceramics Co., Ltd. (Note) ("Wuxi Xin Wei") 無錫新威高溫陶瓷有限公司 (附註) (「無錫新威」)	A company of which Mr. Jiang Quanlong, a former director of the Company, is also a director of its holding company 本公司前董事蔣泉龍先生亦為該公司的控股公司之董事	Receipt of rental income 收取租金收入	27	53
Mr. Jiang Xin 蔣鑫先生	Director of the Company 本公司董事	Interest expense for corporate bonds 公司債券利息開支	560	129
Mr. Jiang Quanlong 蔣泉龍先生	Former director of the Company 本公司前董事	Interest expense for corporate bonds 公司債券利息開支	560	129

The directors of the Company are of the opinion that the above transactions were entered into under normal course of business and in accordance with the terms of the agreements governing these transactions.

Note:

The English name for this company which was established in the PRC is not officially registered but included here as a translation for identification purpose.

31. 重大有關連人士交易

a) 與有關連人士交易

除於此等財務報表其他部份所披露之交易及結餘外，本公司董事認為本集團於截至二零一八年及二零一七年十二月三十一日止年度內所訂立之重大有關連人士交易如下：

本公司董事認為上述交易是在日常業務過程中且根據規管該等交易之協議條款訂立。

附註：

於中國成立之公司之英文名稱並非正式註冊登記之名稱，本報告中所載英文名稱均為翻譯所得，供識別之用。

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31. MATERIAL RELATED PARTY TRANSACTIONS (Continued)

b) Transactions with key management personnel

Remuneration for key management personnel of the Group representing the amounts paid to the Company's directors as disclosed in note 9 and the highest paid employees and senior management as disclosed in note 10 is as follows:

Short-term employee benefits	短期僱員福利
Post-employment benefits	離職福利

31. 重大有關連人士交易 (續)

b) 與主要管理層人員交易

本集團主要管理人員之薪酬(即附註9所披露之付予本公司董事及附註10所披露之最高酬金僱員及高級管理人員之金額)載列如下:

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
2,900	4,201
36	53
2,936	4,254

32. COMMITMENTS

(a) Capital commitments

Capital expenditure contracted but not provided for in the financial statements:	有關下列各項之已訂約但未於財務報表作出撥備之資本開支:
– in respect of the acquisition of property, plant and equipment	– 購買物業、廠房及設備

32. 承擔

(a) 資本承擔

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
–	9,680

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32. COMMITMENTS (Continued)

(b) Operating lease commitments

As lessee

At the end of each reporting period, the Group had operating lease commitments for future minimum lease payments under non-cancellable operating leases in respect of office premises, factory premises and equipment which fall due as follows:

Within one year	一年內
After one year but within five years	一年後但五年內

Leases and rentals are negotiated and fixed for periods of three years. None of the leases includes contingent rentals.

As lessor

The Group had contracted with a tenant for a lease term of 5 years. The following is the non-cancellable future minimum lease payments to be received by the Group:

Within one year	一年內
-----------------	-----

32. 承擔 (續)

(b) 經營租賃承擔

作為承租人

於各報告期末，本集團就辦公室物業、工廠物業及設備根據不可撤銷經營租賃而須於未來支付最低租賃款額之經營租賃承擔到期情況如下：

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
2,428	1,532
1,103	650
3,531	2,182

租約及租金乃按年期三年磋商及釐定。概無租約包括或然租金。

作為出租人

本集團已與一名租戶訂立租期為五年的合同。以下為本集團將收取的不可撤銷未來最低租金付款：

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
-	18

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32. COMMITMENTS (Continued)

(b) Operating lease commitments (Continued)

As lessor (Continued)

Included in the above was future minimum lease payments receivable from Wuxi Xin Wei, a related company, of approximately RMB18,000 as at 31 December 2017 (2018: Nil) and the non-cancellable future minimum lease payments receivables was as follows:

Within one year	一年內
-----------------	-----

The related company was a company of which Mr. Jiang Quanlong, a former director of the Company, was also a director of its holding company.

33. CONTINGENT LIABILITIES

The Group has provided product warranties to its customers in respect of certain of its EP products and equipment sold for a warranty period ranging from six months to two years after installation. At the same time, the Group has also received the same product warranties in respect of those EP products and equipment supplied from its suppliers. The directors of the Company believe that the amount of crystallised warranty liabilities will not be significant at the end of the reporting period.

32. 承擔 (續)

(b) 經營租賃承擔 (續)

作為出租人 (續)

於二零一七年十二月三十一日，上述經營租賃承擔包括約人民幣18,000元（二零一八年：無）之關聯公司無錫新威日後最低租賃應收款項及不可撤銷日後最低租賃應收款項如下：

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
-	18

本公司前董事蔣泉龍先生亦為該關連公司的控股公司之董事。

33. 或然負債

本集團就其售出之若干環保產品和設備為其客戶提供產品保修，保修期由安裝後計六個月至兩年不等。同時，本集團亦享有其供應商就所提供之環保產品及設備之相同產品保修服務。本公司董事相信，於報告期末，保修負債之實際金額並不重大。

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34. CAPITAL MANAGEMENT

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, and to generate sufficient profit to maintain growth and provide a satisfactory return to its shareholders.

The management actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure through the amount of dividend payment to shareholders or raise new debt financing. No changes were made in the objectives or policies during the year.

The management monitors the Group's capital structure on the basis of a net debt-to-equity ratio. For this purpose, the Group defines net debt as total debt (which includes trade and other payables, and corporate bonds) minus cash and bank balances.

The net debt-to-equity ratio as at 31 December 2018 and 2017 was as follows:

Trade and other payables	應付貿易及其他款項
Corporate bonds	公司債券
Sub-total	小計
Less: Cash and bank balances	減：現金及銀行結餘
Net cash and bank balance	現金及銀行結餘淨額
Total equity	權益總額
Net debt-to-equity ratio	債權比率淨值

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

34. 資本管理

本集團管理資本之首要目標乃保障本集團能夠繼續根據持續經營基準經營，以及產生足夠盈利以維持增長，及為股東賺取滿意之回報。

管理層積極及定期對資本架構進行檢討及管理，以在較高股東回報情況下可能伴隨之較高借貸水平與穩健之資本狀況帶來之好處及保障之間取得平衡，並透過對股東派發股息或進行新債務融資就資本架構作出調整。年內，概無就該等目標或政策作出任何變動。

管理層按債權比率淨值基準監察本集團之資本結構。為此，本集團界定債務淨額為債務總額（包括應付貿易及其他款項、及公司債券）減現金及銀行結餘。

於二零一八年及二零一七年十二月三十一日之債權比率淨值如下：

	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
Trade and other payables	36,542	52,461
Corporate bonds	48,035	20,440
Sub-total	84,577	72,901
Less: Cash and bank balances	(1,037,883)	(368,213)
Net cash and bank balance	(953,306)	(295,312)
Total equity	1,204,020	1,233,675
Net debt-to-equity ratio	N/A 不適用	N/A 不適用

本公司或任何其附屬公司概無受外部實施之資本規定限制。

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35. FINANCIAL INSTRUMENTS

a) Categories of financial instruments

The carrying amounts of each of the categories of financial instruments at the end of each reporting period are as follows:

Financial assets

Trade receivables
Consideration receivable from disposal of property, plant and equipment, and prepaid lease payments
Other receivables
Cash and bank balances

Financial assets measured at amortised cost

金融資產

應收貿易款項
來自出售物業、廠房及設備以及預付租賃款項的應收代價

其他應收款項
現金及銀行結餘

按攤銷成本計量的金融資產

Financial assets

Trade receivables
Other receivables
Cash and bank balances

Loans and receivables

Available-for-sale financial asset

金融資產

應收貿易款項
其他應收款項
現金及銀行結餘

貸款及應收款項

可供出售金融資產

Financial liabilities measured at amortised cost

Trade and other payables
Corporate bonds

按攤銷成本計量的金融負債

應付貿易及其他款項
公司債券

35. 金融工具

a) 金融工具分類

於各報告期末，各類金融工具的賬面值如下：

2018
二零一八年
RMB'000
人民幣千元

53,144

160,000

2,692

1,037,883

1,253,719

2017
二零一七年
RMB'000
人民幣千元

543,862

13,916

368,213

925,991

—

2018
二零一八年
RMB'000
人民幣千元

27,453

48,035

75,488

2017
二零一七年
RMB'000
人民幣千元

49,953

20,440

70,393

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35. FINANCIAL INSTRUMENTS (Continued)

b) Financial risk management objective and policies

The risks associated with the financial instruments include credit risk, interest rate risk, liquidity risk and currency risk arises in the normal course of the Group's business. The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

i) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's credit risk is primarily attributable to trade and other receivables, and bank balances. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

Trade and other receivables

In respect of trade and other receivables, individual credit evaluations are performed on all customers requiring credit over a certain amount. These evaluations focus on the customer's past history of making payments when due and current ability to pay, and take into account information specific to the customer as well as pertaining to the economic environment in which the customer operates. The Group generally allows credit period ranging from 0 to 180 days to its trade customers with normal credit terms and credit period up to three years to its trade customers with extended credit terms which is based on the contractual repayment schedule. Normally, the Group does not obtain collateral from its customers.

35. 金融工具 (續)

b) 金融風險管理目標及政策

與該等金融工具有關之風險包括本集團日常業務過程中產生的信貸風險、利率風險、流動資金風險及貨幣風險。本集團所面對之風險及本集團用以管理該等風險的財務風險管理政策及慣例載列如下。

i) 信貸風險

信貸風險指對手方將違反合同責任以致本集團蒙受財務虧損。本集團之信貸風險主要來自應收貿易及其他款項以及銀行結餘。管理層已制定信貸政策，並持續監察該等信貸風險。

應收貿易及其他款項

就應收貿易及其他款項而言，本集團對要求一定金額以上信貸之所有客戶個別進行信貸評估。評估主要根據客戶之歷史交易記錄及現時之償付能力，並考慮特定客戶之信用特徵及其所處之經濟環境。本集團一般給予貿易客戶0至180日的正常信貸期，並會根據合同訂明的還款時間表，給予其貿易客戶長達三年之延長信貸期。在一般情況下，本集團不會自客戶獲取抵押品。

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35. FINANCIAL INSTRUMENTS (Continued)

b) Financial risk management objective and policies (Continued)

i) Credit risk (Continued)

Trade and other receivables (Continued)

In respect of trade receivables, the Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Taking into account the creditworthiness of the Group's customers, the credit risk measures and the historical levels of the bad debts, the directors of the Company consider that such concentration of credit risk would result in significant credit default exposure to the Group. At the end of the reporting period, 16.30% (2017: 6.76%) and 51.53% (2017: 35.56%) of trade receivables were due from the Group's largest customer and the five largest customers, respectively, arose from EP products and equipment segment.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated statement of financial position after deducting any impairment loss. As at 31 December 2018 and 2017, the Group did not provide any guarantees which would expose the Group to credit risk.

As at 31 December 2017, the Group reviewed the recoverable amounts of receivables individually or collectively for debtors and assessed the impairment loss based on incurred credit losses under HKAS 39 to ensure that adequate impairment losses were made for irrecoverable amounts. In this regard, the directors of the Company considered that the Group's credit risk on trade and other receivables was significantly reduced.

35. 金融工具 (續)

b) 金融風險管理目標及政策 (續)

i) 信貸風險 (續)

應收貿易及其他款項 (續)

就應收貿易款項而言，本集團之信貸風險主要受每個客戶之個別情況所影響。考慮到本集團客戶之信譽、信貸風險措施及過往之壞賬水平，本公司董事認為，此種集中信貸風險會對本集團構成重大信貸拖欠風險。於報告期末，來自環保產品及設備分部之應收本集團最大客戶及五大客戶分別佔應收貿易款項16.30%（二零一七年：6.76%）及51.53%（二零一七年：35.56%）。

最高信貸風險指扣除任何減值虧損後綜合財務狀況表中各項金融資產的賬面值。於二零一八年及二零一七年十二月三十一日，本集團並無提供任何可能導致本集團面臨信貸風險的擔保。

於二零一七年十二月三十一日，本集團為債務人個別或共同審閱應收款項的可收回金額，並根據香港會計準則第39號產生的信貸虧損評估減值虧損，以確保就不可收回金額計提足夠的減值虧損。就此而言，本公司董事認為，本集團應收貿易及其他款項的信貸風險已大幅降低。

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35. FINANCIAL INSTRUMENTS (Continued)

b) Financial risk management objective and policies (Continued)

i) Credit risk (Continued)

Trade and other receivables (Continued)

Starting from 1 January 2018, the Group reassesses lifetime ECL for trade receivables under HKFRS 9 to ensure that adequate impairment losses are made for significant increase in the likelihood or risk of a default occurring. The ECL on trade receivables are assessed for debtors individually or collectively using a provision matrix. As part of the Group's credit risk management, the Group uses debtors' ageing to assess with the impairment loss because these customers consist of a large number of customers which share common risk characteristics that are representative of the customers' abilities to pay all amounts due in accordance with the contractual terms. The estimated loss rates are estimated on historical observed default rates over the expected life of the debtors and are adjusted forward-looking information that is available without undue cost or effort.

The following table provides information about the Group's exposure to credit risk and ECLs for trade receivables as at 31 December 2018:

Current (not yet past due)	即期 (未逾期)
Less than 6 months past due	逾期少於6個月
More than 6 months but less than 1 year past due	逾期6個月以上但少於1年
Over 1 year past due	逾期1年以上
Total	總計

35. 金融工具 (續)

b) 金融風險管理目標及政策 (續)

i) 信貸風險 (續)

應收貿易及其他款項 (續)

自二零一八年一月一日起，本集團根據香港財務報告準則第9號重新評估應收貿易款項的存續期的預期信貸虧損，以確保就違約發生的可能性或風險大幅增加計提足夠的減值虧損。應收貿易款項的預期信貸虧損乃運用撥備矩陣就債務人進行個別或共同評估。作為本集團信貸風險管理的一環，本集團透過債務人的賬齡評估減值虧損，此乃由於該等客戶包括大量具共同風險特徵的客戶，而該等風險特徵代表客戶根據合同條款悉數支付逾期款項的能力。估計虧損率乃按債務人預期年期的過往觀察所得違約率估計，並按毋須付出過多成本或努力即可獲得的前瞻性資料作出調整。

下表提供於二零一八年十二月三十一日有關本集團信貸風險及應收貿易款項之預期信貸虧損的資料：

Expected loss rate 預期虧損率	Gross carrying amount 總賬面值 RMB'000 人民幣千元	Impairment loss allowances 減值虧損撥備 RMB'000 人民幣千元
0.76%	1,050	8
3.51%	42,786	1,500
9.93%	12,008	1,192
100%	97,971	97,971
	153,815	100,671

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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

35. FINANCIAL INSTRUMENTS (Continued)

b) Financial risk management objective and policies (Continued)

i) Credit risk (Continued)

Trade and other receivables (Continued)

Expected loss rates are based on actual loss experience over the past 2 years. These rates are adjusted to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade and other receivables are set out in note 18.

Bank balances

The Group mitigates its exposure to credit risk by placing deposits with financial institutions with established credit rating. Given the high credit ratings of the banks, the management does not expect any counterparty to fail to meet its obligations.

35. 金融工具 (續)

b) 金融風險管理目標及政策 (續)

i) 信貸風險 (續)

應收貿易及其他款項 (續)

預期虧損率按過往2年的實際虧損經驗計算。此等比率乃為反映期內(過往數據已在期間收集)經濟狀況差異、當前狀況及本集團對應收款項預期存續期的經濟狀況之意見而加以調整。

有關本集團面臨之應收貿易及其他款項產生之信貸風險之進一步定量披露載於附註18。

銀行結餘

本集團於信貸評級良好的金融機構存款以降低其信貸風險。鑒於銀行信貸評級良好，管理層預期不會出現對手方未能履行責任之情況。

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財務報表附註

For the year ended 31 December 2018
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35. FINANCIAL INSTRUMENTS (Continued)

b) Financial risk management objective and policies (Continued)

ii) Interest rate risk

The Group is exposed to fair value interest rate risk in relation to corporate bonds with fixed interest rate (see note 23). The management monitors interest rate exposure and will consider repayment of the corporate bonds when significant interest rate exposure is anticipated.

The Group's cash flow interest rate risk relates primarily to variable-rates of bank balances.

The Group does not anticipate significant interest rate risk because the interest rates of these balances are not expected to change significantly.

i) Interest rate profile

The following table details the interest rate profile of the Group's variable-rates bank balances at the end of the reporting period:

35. 金融工具 (續)

b) 金融風險管理目標及政策 (續)

ii) 利率風險

本集團面臨有關固定利率公司債券(見附註23)的公平值利率風險。管理層監控利率風險並將於預期面臨重大利率風險時考慮償還公司債券。

本集團之現金流量利率風險主要與銀行結餘之浮動利率有關。

本集團並無預期重大利率風險，因為該等結餘的利率預計無重大變化。

i) 利率概況

下表詳述本集團的銀行結餘之浮動利率於報告期末的利率概況：

		2018 二零一八年		2017 二零一七年	
		Effective interest rate 實際利率%	RMB'000 人民幣千元	Effective interest rate 實際利率%	RMB'000 人民幣千元
Bank balances	銀行結餘	0%-0.3%	<u>1,037,871</u>	0%-0.3%	<u>368,188</u>

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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

35. FINANCIAL INSTRUMENTS (Continued)

b) Financial risk management objective and policies (Continued)

ii) Interest rate risk (Continued)

ii) Sensitivity analysis

At 31 December 2018, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would decrease/increase the Group's loss after tax from continuing operations and increase/decrease the Group's retained profits by approximately RMB7,784,000 (2017: increase/decrease in the Group's profit after tax from continuing operations and the Group's retained profits by RMB3,094,000). Other components of equity would not be affected by the changes in interest rates.

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the end of the reporting period and had been applied to the exposure to interest rate risk for non-derivative financial instruments in existence at that date. The 100 basis point increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period until the end of the next reporting period. The analysis is performed on the same basis for year 2017.

35. 金融工具 (續)

b) 金融風險管理目標及政策 (續)

ii) 利率風險 (續)

ii) 敏感度分析

於二零一八年十二月三十一日，據估計，在所有其他變數維持不變之情況下，利率普遍上升／下降100個基點將令本集團持續經營業務之除稅後虧損減少／增加及本集團之保留溢利增加／減少約人民幣7,784,000元(二零一七年：本集團持續經營業務之除稅後溢利及本集團保留溢利增加／減少人民幣3,094,000元)。權益之其他部份將不會受利率變動之影響。

上述敏感度分析乃假設利率變動已於報告期末發生，並已應用於該日期存在之非衍生金融工具須承受之利率風險。100個基點之增幅或跌幅為管理層就直至下個報告期末期間利率之合理可能變動所作之評估。二零一七年的分析是以相同的基準進行。

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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

35. FINANCIAL INSTRUMENTS (Continued)

b) Financial risk management objective and policies (Continued)

iii) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset as they fall due. The Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with lending covenants and to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from banks to meet its liquidity requirements in the short and longer term.

The following table details the remaining contractual maturities at the end of the reporting period of the Group's non-derivative financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group can be required to pay.

35. 金融工具 (續)

b) 金融風險管理目標及政策 (續)

iii) 流動資金風險

流動資金風險乃指本集團於履行有關以現金交付方式或其他金融資產結算到期之金融負債義務時遇到困難的風險。本集團之政策為定期監控現時及預期之流動資金需求及其遵守借款契約之情況，以確保本集團維持充裕現金儲備及獲往來銀行承諾提供足夠資金，以應付其短期及較長期之流動資金需求。

下表為詳列本集團之非衍生金融負債於報告期末之餘下合同期限。此乃基於合同所定未貼現現金流（包括根據合同利率（或倘為浮動利率，則基於報告期末的現行利率）計算之利息付款）及本集團可能須付款之最早日期計算。

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35. FINANCIAL INSTRUMENTS (Continued)

b) Financial risk management objective and policies (Continued)

iii) Liquidity risk (Continued)

		2018 二零一八年 Contractual undiscounted cash flow 合同所定未貼現現金流					2017 二零一七年 Contractual undiscounted cash flow 合同所定未貼現現金流						
		More than one year but less than two years	More than two years but less than five years	Over five years	Total	More than one year but less than two years	More than two years but less than five years	Over five years	Total				
Carrying amount	on demand	Carrying amount	on demand	Carrying amount	on demand	Carrying amount	on demand	Carrying amount	on demand	Carrying amount	on demand		
RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	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	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		
Non-derivative financial liabilities	非衍生金融負債												
Trade and other payables	應付貿易及其他款項	27,453	27,453	-	-	-	27,453	49,953	49,953	-	-	-	49,953
Corporate bonds	公司債券	48,035	29,177	2,191	20,801	1,910	54,079	20,440	1,254	1,254	22,034	1,722	26,264
		75,488	56,630	2,191	20,801	1,910	81,532	70,393	51,207	1,254	22,034	1,722	76,217

35. 金融工具 (續)

b) 金融風險管理目標及政策 (續)

iii) 流動資金風險 (續)

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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

35. FINANCIAL INSTRUMENTS (Continued)

b) Financial risk management objective and policies (Continued)

iv) Currency risk

The Group is exposed to currency risk primarily through sales and purchases that are denominated in a currency other than the functional currency of the operations to which they relate. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure if necessary.

i) Exposure to currency risk

The following table details the Group's exposure at the end of each reporting period to currency risk arising from recognised assets and liabilities denominated in a currency other than the functional currency of the entity to which they relate. For presentation purposes, the amounts of exposure are shown in RMB, translated using the spot rate at the end of the reporting period.

Amount due to a related company

應付一間關連公司款項

35. 金融工具 (續)

b) 金融風險管理目標及政策 (續)

iv) 貨幣風險

本集團涉及之貨幣風險主要來自與以業務所涉及功能貨幣以外之貨幣計值之買賣交易有關之風險。本集團目前並無外幣對沖政策。然而，管理層會監控外匯風險，並將在需要時考慮對沖重大外匯風險。

i) 面臨貨幣風險

下表詳列本集團於各報告期末面臨之貨幣風險，有關風險乃因以實體經營有關之功能貨幣以外之貨幣計值之已確認資產及負債而產生。就呈報目的而言，該等風險金額乃以人民幣表示，並以報告期末之即期利率換算。

Exposure to currency risk (expressed in RMB'000) 所承擔的貨幣風險 (以人民幣千元列示)

2018 二零一八年 Hong Kong Dollars 港元	2017 二零一七年 Hong Kong Dollars 港元
-	(4,995)

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35. FINANCIAL INSTRUMENTS (Continued)

b) Financial risk management objective and policies (Continued)

iv) Currency risk (Continued)

ii) Sensitivity analysis

The following table indicates the approximate change in the Group's (loss)/profit after tax from continuing operations for the year and retained profits and other components of equity in response to reasonably possible changes in the foreign exchange rates to which the Group has significant exposure at the end of the reporting period.

Hong Kong
Dollars 港元

Increase/ (decrease) in foreign exchange rates 外幣匯率 上升/(下跌)	2018 二零一八年		
	Effect on loss after tax 對稅後 虧損之影響 RMB'000 人民幣千元	Effect on retained profits 對保留溢利 之影響 RMB'000 人民幣千元	Effect on other components of equity 對權益其他 部份之影響 RMB'000 人民幣千元
1%	-	-	-
(1%)	-	-	-

35. 金融工具 (續)

b) 金融風險管理目標及政策 (續)

iv) 貨幣風險 (續)

ii) 敏感度分析

下表顯示於報告期末本集團持續經營業務之年內除稅後(虧損)/溢利及保留溢利及權益其他部份在本集團面臨重大風險之外幣匯率合理及可能變動下之概約變動。

Increase/ (decrease) in foreign exchange rates 外幣匯率 上升/(下跌)	2017 二零一七年		
	Effect on profit after tax 對稅後 溢利之影響 RMB'000 人民幣千元	Effect on retained profits 對保留溢利 之影響 RMB'000 人民幣千元	Effect on other components of equity 對權益其他 部份之影響 RMB'000 人民幣千元
1%	(51)	(51)	-
(1%)	51	51	-

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35. FINANCIAL INSTRUMENTS (Continued)

b) Financial risk management objective and policies (Continued)

iv) Currency risk (Continued)

ii) Sensitivity analysis (Continued)

The sensitivity analysis above has been determined assuming that the change in foreign exchange rate had occurred at the end of the reporting period and had been applied to the Group's exposure to currency risk for financial instruments in existence at that date. The stated changes represent management's assessment of reasonably possible changes in foreign exchanges rates over the period until the end of the next reporting period. The analysis is performed on the same basis for year 2017.

In the management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year-end exposure does not affect the exposure during the year.

35. 金融工具 (續)

b) 金融風險管理目標及政策 (續)

iv) 貨幣風險 (續)

ii) 敏感度分析 (續)

上述敏感度分析乃假設外幣匯率變動已於報告期末發生，且已應用於本集團就該日期存在的金融工具所面臨的貨幣風險。上述變動是管理層對直至下個報告期末止期間外幣匯率之合理可能變動所作之評估，二零一七年的分析是以相同的基準進行。

管理層認為，敏感度分析未能代表固有之外幣匯率風險，乃由於年結日風險並不影響年內風險。

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35. FINANCIAL INSTRUMENTS (Continued)

c) Estimation of fair values

The following summarises the major methods and assumptions used in estimating the fair values of the following financial instruments.

i) *Financial assets and financial liabilities*

For financial assets and financial liabilities that are liquid or having a short-term maturity, it is assumed that the carrying amounts approximate their fair values. The assumption is applied to trade receivables with normal credit terms, other receivables, trade and other payables, and bank balances without a specific maturity. For other financial instruments (including trade receivables with extended credit terms and corporate bonds), the fair values are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.

35. 金融工具 (續)

c) 公平值估計

以下概述下列金融工具的估計公平值所用之主要方法及假設。

i) *金融資產及金融負債*

流動性或到期日短之金融資產及金融負債乃假設其賬面值與公平值相若。該假設適用於無特定到期日之具正常信貸期之應收貿易款項、其他應收款項、應付貿易及其他款項及銀行結餘。至於其他金融工具(包括獲延長信貸期之應收貿易款項及公司債券)，其公平值乃根據公認定價模型釐定並以貼現現金流分析為基準。

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36. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATES UNCERTAINTY

a) Key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 2, 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 assumption 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 revision affects both current and future period.

i) *Useful lives and residual values of property, plant and equipment and prepaid lease payments*

Management determines the estimated useful lives and residual values for the Group's property, plant and equipment and prepaid lease payments in accordance with the Group's accounting policies stated in notes 2(e) and 2(f) respectively. The Group will revise the depreciation charge and the amortisation expense where useful lives and residual values are different from previous estimates, or will write off or write down technically obsolete or non-strategic assets that have been abandoned or sold.

36. 關鍵會計判斷及估計不明朗 因素主要來源

a) 不明朗估計之主要來源

誠如附註2所述，在應用本集團會計政策時，本公司董事須對未能透過其他來源確定之資產及負債賬面值作出判斷、估計及假設。該等估計及有關假設乃根據過往經驗及其他被視為相關之因素而作出。實際結果可能有別於該等估計。

該等估計及相關假設會按持續基準進行檢討。對會計估計進行修訂時，倘修訂僅影響該期間，則修訂會於修訂估計之期間確認；或倘有關修訂同時影響即期及未來期間，則會於修訂期間及未來期間確認。

i) *物業、廠房及設備以及預付租賃款項之可使用年期及剩餘價值*

管理層分別根據附註2(e)及2(f)所載之本集團會計政策釐定本集團物業、廠房及設備以及預付租賃款項之估計可使用年期及剩餘價值。本集團將修訂折舊支出及攤銷開支(如可使用年期及剩餘價值與先前估計不同)，或撇銷或撇減已被棄用或出售之在技術上過時或屬非策略性之資產。

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36. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATES UNCERTAINTY (Continued)

a) Key sources of estimation uncertainty (Continued)

ii) *Impairment of property, plant and equipment and prepaid lease payments*

If circumstances indicate that the carrying value of an item of the property, plant and equipment and prepaid lease payments may not be recoverable, the asset may be considered “impaired”, and an impairment loss may be recognised in profit or loss in accordance with the accounting policy for impairment of property, plant and equipment and prepaid lease payments as described in note 2(g)(ii). The carrying amounts of assets are reviewed periodically in order to assess whether the recoverable amounts have declined below the carrying amounts. These assets are tested for impairment whenever events or changes in circumstances indicate that their recorded carrying amounts may not be recoverable. When such a decline has occurred, the carrying amount is reduced to recoverable amount.

36. 關鍵會計判斷及估計不明朗因素主要來源 (續)

a) 不明朗估計之主要來源 (續)

ii) *物業、廠房及設備以及預付租賃款項之減值*

倘有跡象顯示物業、廠房及設備以及預付租賃款項項目之賬面值無法收回，則資產可能視為「已減值」，並按附註2(g)(ii)所述有關物業、廠房及設備以及預付租賃款項減值之會計政策於損益確認減值虧損。資產賬面值會定期進行檢討以評估可收回金額有否降至低於賬面值。倘有事件發生或情況轉變顯示資產入賬之賬面值可能無法收回，即會對有關資產進行減值測試。若出現有關減值情況，則會將賬面值減至可收回金額。

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36. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATES UNCERTAINTY (Continued)

a) Key sources of estimation uncertainty (Continued)

ii) *Impairment of property, plant and equipment and prepaid lease payments (Continued)*

The recoverable amount is the greater of the fair value less costs of disposal and the value in use. In determining the value in use, expected future cash flows generated by the asset are discounted to their present value, which requires significant judgement relating to the level of revenue and amount of operating costs. The Group uses all readily available information in determining an amount that is a reasonable approximation of recoverable amount, including estimates based on reasonable and supportable assumptions and projections of the level of revenue and amount of operation costs. Changes in these estimates could have a significant impact on the carrying value of the assets and could result in additional impairment charge or reversal of impairment in future periods. As at 31 December 2018, the carrying amount of the Group's property, plant and equipment was approximately RMB4,715,000 (2017: RMB187,364,000). As at 31 December 2017, the carrying amount of the Group's prepaid lease payments was approximately RMB50,958,000 (2018: Nil).

36. 關鍵會計判斷及估計不明朗 因素主要來源 (續)

a) 不明朗估計之主要來源 (續)

ii) *物業、廠房及設備以及 預付租賃款項之減值 (續)*

可收回金額乃公平值減出售成本與使用價值之較高者。釐定使用價值時，會將資產產生之預期未來現金流量貼現至其現值，此需要對收入水平及經營成本金額作出重大判斷。本集團利用所有可得資料(包括基於合理及有力假設之估計以及對收入水平及經營成本金額之預測)，釐定可收回金額之合理近似金額。該等估計之變動可能對資產賬面值產生重大影響，並可能於未來期間導致額外減值支出或撥回減值。於二零一八年十二月三十一日，本集團之物業、廠房及設備賬面值約為人民幣4,715,000元(二零一七年：人民幣187,364,000元)。於二零一七年十二月三十一日，本集團預付租賃款項的賬面值約為人民幣50,958,000元(二零一八年：無)。

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36. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATES UNCERTAINTY (Continued)

a) Key sources of estimation uncertainty (Continued)

iii) *Net realisable value of inventories*

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. These estimates are based on the current market conditions and the historical experience of manufacturing and selling products of similar nature. Management will reassess the estimates at the end of each reporting period. The carrying amount of the Group's inventories as at 31 December 2017 was approximately RMB46,579,000 (2018: Nil).

iv) *Estimation of impairment of trade receivables*

The Group estimates the loss allowances for trade receivables by assessing the ECLs. This requires the use of estimates and judgements. ECLs are based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, and an assessment of both the current and forecast general economic conditions at the end of reporting period. Where the estimation is different from the original estimate, such difference will affect the carrying amounts of trade receivables and thus the impairment loss in the period in which such estimate is changed. The Group keeps assessing the expected credit loss of trade receivables during their expected lives. As at 31 December 2018, the carrying amount of trade receivables was approximately RMB53,144,000 (2017: RMB543,862,000). Details of the impairment of trade receivables are disclosed in notes 18 and 35(b).

36. 關鍵會計判斷及估計不明朗因素主要來源 (續)

a) 不明朗估計之主要來源 (續)

iii) 存貨之可變現淨值

存貨之可變現淨值乃按日常業務過程中之估計售價，減完成之估計成本及進行銷售所需之估計成本計算。該等估計乃基於當前之市場狀況以及生產及銷售同類產品之以往經驗。管理層將於各報告期末重新評估該等估計。於二零一七年十二月三十一日，本集團存貨之賬面值約為人民幣46,579,000元（二零一八年：無）。

iv) 應收貿易款項之減值估計

本集團透過評估預期信貸虧損估計應收貿易款項的虧損撥備，需運用估計及判斷。預期信貸虧損乃根據本集團的過往信貸虧損經驗（就債務人特定因素作出調整）及於報告期末對當前及預期整體經濟狀況之評估而得出。倘估計與初始估計出現差異，有關差異將影響應收貿易款項的賬面值，因此，該等估計期間的減值虧損會出現變動。本集團於應收貿易款項的預期存續期內持續對其預期信貸虧損進行評估。於二零一八年十二月三十一日，應收貿易款項的賬面值約為人民幣53,144,000元（二零一七年：人民幣543,862,000元）。有關應收貿易款項減值之詳情披露於附註18及35(b)。

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36. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATES UNCERTAINTY (Continued)

a) Key sources of estimation uncertainty (Continued)

v) *Warranty provisions*

As explained in note 33, the Group does not make provision for product warranties arising from sales of EP products and equipment, taking into account the Group's recent claim experience and past experience of the level of repairs. In addition, the Group has also received product warranties in respect of those products and equipment supplied from its suppliers, and the scope of the product warranties (including warranty periods) are the same as those the Group offered to its customers. It is not indicative of future claims that it will receive in respect of past sales.

36. 關鍵會計判斷及估計不明朗 因素主要來源 (續)

a) 不明朗估計之主要來源 (續)

v) 保修撥備

誠如附註33所闡釋，經考慮本集團近期之索賠經驗及維修層面之過往經驗，本集團並無就銷售環保產品及設備所提供之產品保修而作出撥備。此外，本集團亦獲其供應商就該等產品及設備提供之保修，且該等產品保修之範圍（包括保修期間）與本集團向其客戶提供者相同。這並不表明其日後將因過往銷售而遭受索賠。

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36. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATES UNCERTAINTY (Continued)

b) Critical accounting judgements in applying the Group's accounting policies

In determining the carrying amounts of certain assets and liabilities, the Group makes assumptions for the effects of uncertain future events on those assets and liabilities at the end of each reporting period. These estimates involve assumptions about such items as cash flows and discount rates used. The Group's estimates and assumptions are based on historical experience and expectations of future events and are reviewed periodically. In addition to assumptions and estimations of future events, judgements are also made during the process of applying the Group's accounting policies.

i) *Income taxes*

The Group is subject to income tax in Hong Kong and various taxes in the PRC. Significant judgement is required in determining the provision for taxation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax issues based on estimates of whether additional tax will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

36. 關鍵會計判斷及估計不明朗 因素主要來源 (續)

b) 應用本集團之會計政策當中作出之重要判斷

在釐定若干資產及負債之賬面值時，本集團就不確定的未來事件對各報告期末資產及負債之影響作出假設。有關估計涉及對現金流量及所用貼現率等項目之假設。本集團根據過往經驗及對未來事件之預期作出估計及假設，並定期檢討。除對未來事件之假設及估計外，本集團在應用其會計政策時亦作出判斷。

i) *所得稅*

本集團在香港須繳付所得稅，而在中國須繳付不同稅項。於釐定稅項撥備時須作出重大判斷。於一般業務過程中存有頗多交易及計算，使得最終稅務釐定存在不確定性。本集團根據是否須繳納額外稅項之估計就預期稅務事宜確認負債。倘上述事宜之最終稅務結果與最初記錄之金額有所不同，有關差額將影響作出有關釐定期間之所得稅及遞延稅項撥備。

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36. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATES UNCERTAINTY (Continued)

b) Critical accounting judgements in applying the Group's accounting policies (Continued)

ii) *Withholding tax on the distributable profits of the Company's subsidiaries established in the PRC*

On 16 March 2007, National People's Congress approved the New EIT Laws which was effective from 1 January 2008. According to the relevant regulations of the New EIT Laws, when a foreign investment enterprise distributes dividends out of the profits earned from 1 January 2008 onwards to its foreign investors, they are subject to the PRC Enterprise Income Tax. The applicable income tax rate varies with the origin of the overseas investors.

The Group's determination as to whether to accrue for withholding tax from distribution of dividends from its subsidiaries established in the PRC according to the relevant tax law and regulations is subject to judgement on the timing of the payment of the dividends. The estimation process is highly based on assumptions, which are influenced by projected future market and economic conditions and future financing requirements of the Group, and it is not probable that these subsidiaries will distribute dividends in the foreseeable future.

36. 關鍵會計判斷及估計不明朗 因素主要來源 (續)

b) 應用本集團之會計政策當中作 出之重要判斷 (續)

ii) 本公司在中國成立的附 屬公司的可分派溢利預 扣稅

於二零零七年三月十六日，全國人民代表大會通過了《新企業所得稅法》，並於二零零八年一月一日起生效。根據《新企業所得稅法》之有關規定，中國國內之外商投資企業向境外投資者分派自二零零八年一月一日起產生之溢利作為股息，需要徵收中國企業所得稅，並根據外商投資者所處之不同地區適用不同之所得稅率。

本集團於釐定是否就相關稅務法律及法規計提其於中國成立之附屬公司的股息派發之預扣稅時，須對派付股息的時間作出判斷。有關估算過程很大程度上基於假設，該假設受估計未來市場及經濟狀況以及本集團未來融資需求影響，且該等附屬公司於可見未來派發股息的可能性極低。

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37. COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

37. 公司層面財務狀況表

		Note 附註	2018 二零一八年 RMB'000 人民幣千元	2017 二零一七年 RMB'000 人民幣千元
NON-CURRENT ASSETS	非流動資產			
Equipment	設備		183	118
Investments in subsidiaries	於附屬公司之投資	16	357,199	340,771
			357,382	340,889
CURRENT ASSETS	流動資產			
Other receivables	其他應收款項		3,412	764
Amounts due from subsidiaries	應收附屬公司的款項		300,864	262,281
Cash and bank balances	現金及銀行結餘		118	1,559
			304,394	264,604
Assets classified as held for sale	分類為持作出售之資產	26	–	12,538
			304,394	277,142
CURRENT LIABILITIES	流動負債			
Other payables	其他應付款項		2,644	12,196
Corporate bonds	公司債券	23	26,487	–
			29,131	12,196
NET CURRENT ASSETS	流動資產淨值		275,263	264,946
TOTAL ASSETS LESS CURRENT LIABILITIES	總資產減流動負債		632,645	605,835
NON-CURRENT LIABILITIES	非流動負債			
Corporate bonds	公司債券	23	(21,548)	(20,440)
NET ASSETS	資產淨值		611,097	585,395
CAPITAL AND RESERVES	股本及儲備			
Share capital	股本	27	78,073	78,073
Reserves	儲備	28	533,024	507,322
TOTAL EQUITY	權益總額		611,097	585,395

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38. IMMEDIATE AND ULTIMATE CONTROLLING PARTY

The directors of the Company consider the immediate and ultimate controlling party of the Group to be Praise Fortune Limited, which was incorporated in the British Virgin Islands. This entity does not produce financial statements available for public use.

38. 直接及最終控制方

本公司董事認為，本集團之直接及最終控制方為於英屬處女群島註冊成立之公司Praise Fortune Limited。該實體並無編製可供公眾查閱之財務報表。

39. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details the changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the consolidated statement of cash flows as cash flows from financing activities.

39. 融資活動所產生負債之對賬

下表詳列本集團融資活動所產生負債之變動，包括現金及非現金變動。融資活動所產生負債指融資活動之現金流已經或未來現金流將會於綜合現金流量表分類為融資活動產生的現金流。

		Corporate bonds 公司債券 (Note 23) (附註23) RMB'000 人民幣千元
At 1 January 2017	於二零一七年一月一日	—
Changes from financing cash flows:	融資現金流之變動：	
Proceeds from issuance of corporate bonds	發行公司債券之所得款項	21,278
Direct issuance costs paid	已付直接發行成本	(772)
Total changes from financing cash flows	融資現金流之變動總額	20,506
Effect of changes in foreign exchange rates	外幣匯率變動之影響	(380)
Other changes:	其他變動：	
Effective interest expenses	實際利息開支	314
At 31 December 2017 and 1 January 2018	於二零一七年十二月三十一日及 二零一八年一月一日	20,440
Changes from financing cash flows:	融資現金流之變動：	
Proceeds from issuance of corporate bonds	發行公司債券之所得款項	26,604
Interests paid	已付利息	(1,323)
Total changes from financing cash flows	融資現金流之變動總額	25,281
Effect of changes in foreign exchange rates	外幣匯率變動之影響	714
Other changes:	其他變動：	
Effective interest expenses	實際利息開支	1,600
At 31 December 2018	於二零一八年十二月三十一日	48,035

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40. EVENTS AFTER THE REPORTING PERIOD

The following significant events took place subsequent to 31 December 2018:

(a) Acquisition of 51% of the issued share capital of Prospectous Harvest Finance Limited (“Prospectous Harvest”)

As announced by the Company on 1 March 2018, the Company entered into a share sale and purchase agreement (the “First Agreement”) with an independent third party, Active Light Holdings Limited (“Active Light”), pursuant to which the Company has conditionally agreed to purchase and Active Light has conditionally agreed to sell 51% of the issued share capital of Prospectous Harvest (the “Acquisition”) at a consideration of HK\$122,400,000 (subject to downward adjustment of profit guarantee from Active Light). Prospectous Harvest is an investment holding company and its subsidiary, namely Shandong Rongxiang Technology Co., Ltd. 山東融象智能科技有限公司 (the “Operating Company”) is engaged in negotiating and handling customers for the sales of personal care products.

The Company further announced that on 12 July 2018, the Company entered into a termination agreement with Active Light to terminate the First Agreement, and also entered into the new share sale and purchase agreement (the “Second Agreement”), pursuant to which the consideration for the Acquisition was adjusted downward to HK\$96,900,000 (subject to downward adjustment of profit guarantee from Active Light). The Company also entered into a joint capital injection agreement with the other existing shareholders of Prospectous Harvest (the “Minority Shareholders”) and agreed to make a total capital contribution of HK\$50,000,000 to Prospectous Harvest on a pro-rata basis.

On 31 August 2018, the Company further announced that the Company entered into a termination agreement with Active Light to terminate the Second Agreement, and also entered into the revised share sale and purchase agreement (the “Third Agreement”), pursuant to which the consideration for the Acquisition was further adjusted downward to HK\$24,500,000 (subject to downward adjustment of profit guarantee from Active Light). The consideration of HK\$24,500,000 shall be payable by the Company on or before 31 December 2018.

40. 報告期後事項

下列重大事項乃於二零一八年十二月三十一日後發生：

(a) 收購鴻豐信貸融資有限公司 (「鴻豐信貸」) 51%已發行股本

如本公司於二零一八年三月一日宣佈，本公司與獨立第三方勤光集團有限公司 (「勤光」) 訂立股份買賣協議 (「第一協議」)，據此，本公司已有條件同意購買而勤光已有條件同意出售鴻豐信貸51%已發行股本 (「收購事項」)，代價為122,400,000港元 (可就勤光的溢利保證予以下調)。鴻豐信貸為一家投資控股公司，而其附屬公司 (即山東融象智能科技有限公司 (「營運公司」)) 現時就個人護理產品之銷售從事磋商及處理客戶事宜。

本公司進一步宣佈，於二零一八年七月十二日，本公司與勤光訂立終止協議以終止第一協議，並亦訂立新股份買賣協議 (「第二協議」)，據此，收購事項之代價下調至96,900,000港元 (可就勤光的溢利保證予以下調)。本公司亦與鴻豐信貸其他現有股東 (「少數股東」) 訂立聯合注資協議，並同意按比例向鴻豐信貸注資共50,000,000港元。

於二零一八年八月三十一日，本公司進一步宣佈，本公司與勤光訂立終止協議以終止第二協議，並亦訂立經修訂股份買賣協議 (「第三協議」)，據此，收購事項之代價進一步下調至24,500,000港元 (可就勤光的溢利保證予以下調)。本公司須於二零一八年十二月三十一日或之前支付代價24,500,000港元。

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40. EVENTS AFTER THE REPORTING PERIOD (Continued)

(a) Acquisition of 51% of the issued share capital of Prospectous Harvest Finance Limited (“Prospectous Harvest”) (Continued)

On 31 August 2018, the Company and the Minority Shareholders entered into the new joint capital injection agreement and agreed to make a total capital contribution of HK\$50,000,000 to Prospectous Harvest on a pro-rata basis. The Company and the Minority Shareholders are required to contribute HK\$25,500,000 and HK\$24,500,000 to Prospectous Harvest, respectively, on or before 31 December 2018.

On 14 September 2018, the Company announced that the Acquisition was completed on that day as the conditions precedent under the Third Agreement were fulfilled.

After the completion of the Acquisition, the Company has experienced irreconcilable differences between the Company and the Minority Shareholders over the business strategies and objectives of Prospectous Harvest and the Operating Company. The directors of the Company considered that the Company, as the controlling shareholder of Prospectous Harvest, cannot exercise any control over the Operating Company and cannot have any rights or abilities to affect the returns through its power over the Operating Company since the completion of the Acquisition. The directors of the Company were also of the view that terminating the business relationship with the Minority Shareholders would be of the best interest of the Company and the Company's shareholders as a whole. As a result, the Company expressed its intention to transfer 51% of the issued share capital of Prospectous Harvest back to Active Light and entered into negotiations with Active Light and the Minority Shareholders in November 2018.

40. 報告期後事項 (續)

(a) 收購鴻豐信貸融資有限公司 (「鴻豐信貸」) 51%已發行股本 (續)

於二零一八年八月三十一日，本公司與少數股東訂立新聯合注資協議，並同意按比例向鴻豐信貸注資共50,000,000港元。本公司及少數股東須於二零一八年十二月三十一日或之前分別向鴻豐信貸注資25,500,000港元及24,500,000港元。

於二零一八年九月十四日，本公司宣佈，由於第三協議項下之先決條件已獲達成，收購事項已於該日完成。

於收購事項完成後，本公司面臨其與少數股東就鴻豐信貸及營運公司之業務策略及目標存在不可調和之分歧。本公司董事認為，自收購事項完成後，本公司作為鴻豐信貸之控股股東無法對營運公司行使任何控制權，且亦無任何權利或能力透過其於營運公司之權力影響收益。本公司董事亦認為，終止與少數股東的業務關係將符合本公司及本公司股東之整體最佳利益。因此，本公司已表示擬於二零一八年十一月將鴻豐信貸51%已發行股本轉回予勤光，並與勤光及少數股東展開磋商。

Notes to the Financial Statements

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

40. EVENTS AFTER THE REPORTING PERIOD (Continued)

(a) Acquisition of 51% of the issued share capital of Prospectous Harvest Finance Limited (“Prospectous Harvest”) (Continued)

Subsequent to the negotiations on 27 March 2019, the deed of variation was entered into among the Company, Active Light and Prospectous Harvest to ratify, among other things, the following terms and conditions (the “Revised Terms and Conditions”) in the Third Agreement.

- (i) The subject matter of the Acquisition is only 51% of the issued share capital of Prospectous Harvest which excludes the entire equity interest in the Operating Company held by Prospectous Harvest;
- (ii) The consideration for the Acquisition is revised from cash consideration of HK\$24,500,000 payable on or before 31 December 2018 to cash consideration of HK\$5,100 (equivalent to approximately RMB4,000) payable on or before 30 June 2019; and
- (iii) The profit guarantee from Active Light is terminated.

No consideration or capital contribution has been paid or made by the Company during the year ended 31 December 2018 and up to the date of approving these consolidated financial statements.

40. 報告期後事項 (續)

(a) 收購鴻豐信貸融資有限公司 (「鴻豐信貸」) 51%已發行股本 (續)

於二零一九年三月二十七日的磋商後，本公司與勤光及鴻豐信貸訂立變更契據，以批准（其中包括）以下第三協議中之條款及條件（「經修訂條款及條件」）。

- (i) 收購事項之對象僅為鴻豐信貸51%已發行股本，其並不包括鴻豐信貸於營運公司持有的全部股權；
- (ii) 收購事項之代價由現金代價24,500,000港元（須於二零一八年十二月三十一日或之前支付）修訂為現金代價5,100港元（相等於約人民幣4,000元）（須於二零一九年六月三十日或之前支付）；及
- (iii) 勤光之溢利保證獲終止。

於截至二零一八年十二月三十一日止年度及直至此等綜合財務報表批准日期，本公司概無支付任何代價或作出任何注資。

Notes to the Financial Statements

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

40. EVENTS AFTER THE REPORTING PERIOD (Continued)

(a) Acquisition of 51% of the issued share capital of Prospectous Harvest Finance Limited (“Prospectous Harvest”) (Continued)

The following is the financial information of the Acquisition (as adjusted) at the date of the Acquisition.

		RMB'000 人民幣千元
Consideration payable	應付代價	4
Assets acquired at the date of the Acquisition:	於收購事項日期已收購資產：	
Cash	現金	8
Consideration payable	應付代價	4
Plus: Non-controlling interests (49%)	加：非控股權益(49%)	4
Less: Assets acquired	減：已收購資產	(8)
		—

Note: At the date of the Acquisition, Prospectous Harvest has not yet contributed any capital in the Operating Company.

40. 報告期後事項 (續)

(a) 收購鴻豐信貸融資有限公司 (「鴻豐信貸」) 51%已發行股本 (續)

以下為收購事項於收購事項日期之財務資料 (經調整)。

附註：於收購事項日期，鴻豐信貸尚未對營運公司作出任何注資。

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財務報表附註

For the year ended 31 December 2018
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40. EVENTS AFTER THE REPORTING PERIOD (Continued)

(a) Acquisition of 51% of the issued share capital of Prospectous Harvest Finance Limited (“Prospectous Harvest”) (Continued)

In order to account for the Acquisition in the Group’s consolidated financial statements for the year ended 31 December 2018, the directors of the Company are of the opinion that it is appropriate to account for the Acquisition based on the Revised Terms and Conditions which excludes to account for the Operating Company as a subsidiary because the Group has not control over the Operating Company since the completion of the Acquisition, and the Acquisition is determined to be acquisition of assets and liabilities through acquisition of a subsidiary rather than a business combination as the assets acquired and liabilities assumed did not constitute a business as defined under HKFRS 3 (Revised) “Business Combinations”. The directors of the Company are also of the view that due to the immaterial amounts of assets to be acquired at the date of the Acquisition, the Acquisition has not be accounted for in the Group’s consolidated financial statements for the year ended 31 December 2018.

On 27 March 2019, the Company entered into a disposal agreement with Active Light and pursuant to which the Company has conditionally agreed to sell and Active Light has conditionally agreed to purchase 51% of the issued share capital of Prospectous Harvest at a cash consideration of HK\$5,100. The completion of the disposal will be taken place in three business days after fulfilment or wavier (as applicable) of the conditions precedent in the disposal agreement. Prospectous Harvest will be ceased to be a non-wholly owned subsidiary of the Company upon completion of the disposal.

Up to the date of approving these consolidated financial statements, the conditions precedent in the disposal agreement have not yet been fulfilled. Accordingly, the proposed disposal has not yet been completed.

Further details of the Acquisition are set out in the Company’s announcements dated 1 March 2018, 12 July 2018, 31 August 2018 and 14 September 2018. Further details of the disposal are set out in the Company’s announcement dated 27 March 2019.

40. 報告期後事項 (續)

(a) 收購鴻豐信貸融資有限公司 (「鴻豐信貸」) 51%已發行股本 (續)

為將收購事項於本集團截至二零一八年十二月三十一日止年度之綜合財務報表列賬，本公司董事認為，由於自收購事項完成後，本集團對營運公司並無控制權，故根據經修訂條款及條件（不包括將營運公司視作附屬公司列賬）將收購事項列賬乃屬恰當，而由於所承擔之已收購資產及負債不構成香港財務報告準則第3號（經修訂）「業務合併」項下定義之業務，故收購事項乃被釐定為透過收購附屬公司之資產及負債收購，而非業務合併。本公司董事亦認為，由於收購事項日期將予收購資產之金額並不重大，故收購事項並未於本集團截至二零一八年十二月三十一日止年度之綜合財務報表列賬。

於二零一九年三月二十七日，本公司與勤光訂立出售協議，據此，本公司已有條件同意出售而勤光已有條件同意購買鴻豐信貸51%已發行股本，現金代價為5,100港元。有關出售將於出售協議之先決條件獲達成或豁免（如適用）後三個營業日內完成。於有關出售完成後，鴻豐信貸將不再為本公司之非全資附屬公司。

直至此等綜合財務報表批准日期，出售協議中的先決條件尚未獲達成。因此，建議出售尚未完成。

收購事項之進一步詳情載於本公司日期為二零一八年三月一日、二零一八年七月十二日、二零一八年八月三十一日及二零一八年九月十四日之公告。有關出售之進一步詳情載於本公司日期為二零一九年三月二十七日之公告。

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40. EVENTS AFTER THE REPORTING PERIOD (Continued)

(b) Proposed acquisition of 99.99% of the issued share capital in Mayee International Holdings Limited (“Mayee International”)

On 7 November 2018 and 30 January 2019, the Company entered into a sale and purchase agreement, and a supplemental sale and purchase agreement (the “Acquisition Agreement”), respectively, with an independent third party, Zhongying International Limited (“Zhongying”), pursuant to which the Company has conditionally agreed to acquire, and Zhongying has conditionally agreed to sell 99.99% of the issued share capital of Mayee International at a total consideration of approximately HK\$1,253,220,000. The total consideration will be settled by the Company through payment of cash amounting to approximately HK\$1,013,220,000 and issuance of convertible bonds with a principal amount of HK\$240,000,000. Mayee International and its subsidiaries are principally engaged in property management and leasing of shops in a shopping mall located in Kunming, Yunnan, the PRC. This proposed acquisition constitutes a very substantial acquisition under Chapter 14 of the Listing Rules and is therefore subject to the shareholders’ approval at an extraordinary general meeting of the Company.

Further details of this acquisition are set out in the Company’s announcements dated 7 November 2018 and 30 January 2019.

Up to the date of approving these consolidated financial statements, the conditions precedent in the Acquisition Agreement have not yet been fulfilled. Accordingly, the proposed acquisition has not yet been completed.

40. 報告期後事項 (續)

(b) 建議收購美怡國際投資有限公司 (「美怡國際」) 99.99% 已發行股本

於二零一八年十一月七日及二零一九年一月三十日，本公司與獨立第三方 Zhongying International Limited (「Zhongying」) 分別訂立買賣協議及補充買賣協議 (「收購協議」)，據此，本公司已有條件同意收購而 Zhongying 已有條件同意出售美怡國際 99.99% 已發行股本，總代價約為 1,253,220,000 港元。總代價將由本公司透過支付現金約 1,013,220,000 港元及發行本金額 240,000,000 港元之可換股債券結付。美怡國際及其附屬公司主要從事物業管理及租賃位於中國雲南昆明的賣場店舖。該建議收購構成上市規則第 14 章下的非常重大收購，因此須經股東於本公司股東特別大會上批准。

該收購之進一步詳情載於本公司日期為二零一八年十一月七日及二零一九年一月三十日之公告。

直至此等綜合財務報表批准日期，收購協議之先決條件尚未獲達成，因此，建議收購尚未完成。

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41. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2018

Up to the date of issuance of these financial statements, the HKICPA has issued a number of amendments, new standards and interpretations which are not yet effective for the year ended 31 December 2018 and which have not been adopted in these financial statements. These include the following which may be relevant to the Group.

	<i>Effective for accounting periods beginning on or after</i>		<i>於下列日期或之後開始之會計期間生效</i>
HKFRS 16 "Leases"	1 January 2019	香港財務報告準則第16號「租賃」	二零一九年一月一日
HK(IFRIC) – INT 23 "Uncertainty over income tax treatments"	1 January 2019	香港（國際財務報告詮釋委員會）— 詮釋第23號「所得稅處理的不確定性」	二零一九年一月一日
Amendments to HKFRS "Annual improvements to HKFRSs 2015 – 2017 Cycle"	1 January 2019	香港財務報告準則（修訂本）「香港財務報告準則二零一五年至二零一七年週期之年度改進」	二零一九年一月一日
Amendments to HKAS 28 "Long-term interest in associates and joint ventures"	1 January 2019	香港會計準則第28號（修訂本）「於聯營公司及合營企業之長期權益」	二零一九年一月一日

The Group is in the process of making an assessment of what the impact of these amendments, new standards and interpretations is expected to be in the period of initial application. So far the Group has identified some aspects of HKFRS 16 which may have a significant impact on the consolidated financial statements. Further details of the expected impacts are discussed below. While the assessment has been substantially completed for HKFRS 16, the actual impacts upon the initial adoption of the standards may differ as the assessment completed to date is based on the information currently available to the Group, and further impacts may be identified before the standards are initially applied in the Group's interim financial report for the six months ending 30 June 2019. The Group may also change its accounting policy elections, including the transition options, until the standards are initially applied in that financial report.

41. 已頒佈但於截至二零一八年十二月三十一日止年度尚未生效之修訂本、新準則及詮釋之可能影響

截至此等財務報表刊發日期，香港會計師公會已頒佈若干於截至二零一八年十二月三十一日止年度尚未生效且並無於此等財務報表中採納的修訂本、新準則及詮釋。其中包括以下可能與本集團有關者。

本集團正就預期首次應用此等修訂、新準則及新詮釋期間造成之影響進行評估。迄今本集團已確定香港財務報告準則第16號之若干方面可能會對綜合財務報表構成重大影響。有關預期影響之進一步詳情於下文論述。儘管有關香港財務報告準則第16號之評估已大致完成，首次採納該等準則後產生之實際影響可能有所不同，原因為至今已完成之評估乃根據本集團目前可得的資料作出，而於本集團截至二零一九年六月三十日止六個月之中期財務報告首次應用該等準則前可能會識別進一步影響。此外，於上述財務報告首次應用該等準則前，本集團亦可能變更其會計政策選擇（包括過渡性條文選擇）。

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41. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2018 (Continued)

HKFRS 16 “Leases”

As disclosed in note 2(f), currently the Group classifies leases into finance leases and operating leases and accounts for the lease arrangements differently, depending on the classification of the lease. The Group has entered into some leases as the lessee.

HKFRS 16 is not expected to impact significantly on the way that lessors account for their rights and obligations under a lease. However, once HKFRS 16 is adopted, lessees will no longer distinguish between finance leases and operating leases. Instead, subject to practical expedients, lessees will account for all leases in a similar way to current finance lease accounting, i.e. at the commencement date of the lease the lessee will recognise and measure a lease liability at the present value of the minimum future lease payments and will recognise a corresponding “right-of-use” asset. After initial recognition of this asset and liability, the lessee will recognise interest expense accrued on the outstanding balance of the lease liability, and the depreciation of the right-of-use asset, instead of the current policy of recognising rental expenses incurred under operating leases on a systematic basis over the lease term. As a practical expedient, the lessee can elect not to apply this accounting model to short-term leases (i.e. where the lease term is 12 months or less) and to leases of low-value assets, in which case the rental expenses would continue to be recognised on a systematic basis over the lease term.

41. 已頒佈但於截至二零一八年 十二月三十一日止年度尚未 生效之修訂本、新準則及詮 釋之可能影響（續）

香港財務報告準則第16號「租賃」

誠如附註2(f)所披露，本集團現時將租賃分類為融資租賃及經營租賃，並根據租賃的分類對租賃安排進行不同列賬。本集團（作為承租人）已訂立若干租賃。

預期香港財務報告準則第16號將不會大幅影響出租人根據租賃將彼等權利及義務入賬的方式。然而，一旦採納香港財務報告準則第16號，承租人將不再區分融資租賃及經營租賃。相反，受可行權宜方法的規限，承租人將按與現有融資租賃會計處理方法類似的方式將所有租賃入賬，即於租賃開始日期，承租人將按日後最低租賃付款的現值確認及計量租賃負債，及將確認相應的「使用權」資產。於初步確認該資產及負債後，承租人將確認租賃負債結餘所產生的利息開支及使用權資產折舊，而非根據現有政策於租期內按系統基準確認根據經營租賃所產生的租賃開支。作為一項可行權宜方法，承租人可選擇不將此會計模式應用於短期租賃（即租期為12個月或以下）及低價值資產的租賃，於該等情況下，租金開支將繼續於租期內按系統基準確認。

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41. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2018 (Continued)

HKFRS 16 “Leases” (Continued)

HKFRS 16 will primarily affect the Group’s accounting as a lessee of leases for property, plant and equipment which are currently classified as operating leases. The application of the new accounting model is expected to lead to an increase in both assets and liabilities and to impact on the timing of the expense recognition in the consolidated statement of profit or loss and other comprehensive income over the period of the lease. HKFRS 16 is effective for annual periods beginning on or after 1 January 2019. As allowed by HKFRS 16, the Group plans to use the practical expedient to grandfather the previous assessment of which existing arrangements are, or contain, leases. The Group will therefore apply the new definition of a lease in HKFRS 16 only to contracts that are entered into on or after the date of initial application. In addition, the Group plans to elect the practical expedient for not applying the new accounting model to short-term leases and leases of low-value assets.

The Group also plans to elect to use the modified retrospective approach for the adoption of HKFRS 16 and will recognise the cumulative effect of initial application as an adjustment to the opening balance of equity as at 1 January 2019 and will not restate the comparative information. As disclosed in note 32(b), as at 31 December 2018, the Group’s future minimum lease payments under non-cancellable operating leases amounted to approximately RMB3,531,000 for lease of properties, the majority of which is payable over one year after the reporting date. Upon the initial adoption of HKFRS 16, the opening balances of lease liabilities and the corresponding right-of-use assets will be adjusted to approximately RMB2,721,000 and RMB2,578,000 respectively, after taking account the effects of discounting, as at 1 January 2019.

Other than the recognition of lease liabilities and right-of-use assets, the Group expects that the transition adjustments to be made upon the initial adoption of HKFRS 16 will not be material. However, the expected changes in accounting policies as described above could have a material impact on the Group’s consolidated financial statements from 2019 onwards.

41. 已頒佈但於截至二零一八年十二月三十一日止年度尚未生效之修訂本、新準則及詮釋之可能影響 (續)

香港財務報告準則第16號「租賃」(續)

香港財務報告準則第16號將主要影響本集團作為租賃承租人就物業、廠房及設備(現時分類為經營租賃)的會計處理。預期應用新會計模式將導致資產及負債均有所增加,及影響租賃期間於綜合損益及其他全面收益表確認開支的時間。香港財務報告準則第16號於二零一九年一月一日或之後開始之年度期間生效。依香港財務報告準則第16號所容許,本集團擬運用可行權宜方法讓現有租賃或包含租賃的安排之過往評估繼續適用。因此,本集團將僅就香港財務報告準則第16號首次應用日期或之後訂立的合同應用租賃的新定義。此外,本集團擬選擇可行權宜方法,不應用新會計模式至短期租賃及低價值資產租賃。

本集團亦擬選擇使用經修訂可追溯方式採納香港財務報告準則第16號,並將首次應用的累計影響確認為二零一九年一月一日權益期初結餘的調整,惟比較資料將不予重列。誠如附註32(b)所披露,於二零一八年十二月三十一日,本集團於不可撤銷經營租賃項下就租賃物業的日後最低租賃付款約為人民幣3,531,000元,其中大部分須於報告日期後一年內支付。於二零一九年一月一日首次採納香港財務報告準則第16號後,租賃負債及相應使用權資產之期初結餘(經考慮貼現的影響)將分別調整約為人民幣2,721,000元及人民幣2,578,000元。

除確認租賃負債及使用權資產外,本集團預期於首次採納香港財務報告準則第16號後的過渡調整並不重大。然而,上述會計政策的預期變動可能對本集團自二零一九年起的綜合財務報表產生重大影響。

Notes to the Financial Statements 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. COMPARATIVE FIGURES

The Group has initially applied HKFRS 15 and HKFRS 9 as at 1 January 2018. Under the transition methods chosen, comparative information is not restated. Further details of the changes in accounting policies are disclosed in note 3.

42. 比較數字

於二零一八年一月一日，本集團已首次應用香港財務報告準則第15號及香港財務報告準則第9號。根據所選擇的過渡方法，比較資料並無重列。有關會計政策變動的進一步詳情披露於附註3。

Financial Summary

財務摘要

The following is a summary of the consolidated results and the consolidated assets and liabilities of the Group for the last five financial years.

下表為本集團過往五個財政年度之綜合業績及綜合資產與負債摘要。

CONSOLIDATED RESULTS

綜合業績

		For the year ended 31 December 截至十二月三十一日止年度				
		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	2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元	2014 二零一四年 RMB'000 人民幣千元
Continuing operations:	持續經營業務：					
Revenue	收入	162,188	588,549	637,846	1,068,593	577,533
(Loss)/profit before taxation	除稅前(虧損)/溢利	(14,237)	24,687	74,543	99,293	62,497
Income tax (expenses)/credit	所得稅(開支)/抵免	(3,116)	11,416	(16,859)	(32,472)	(22,901)
(Loss)/profit for the year from continuing operations	年內來自持續經營業務之(虧損)/溢利	(17,353)	36,103	57,684	66,821	39,596
Discontinued operations:	已終止經營業務：					
(Loss)/profit for the period/year from discontinued operations	期內/年內來自已終止經營業務之(虧損)/溢利	(2,004)	(183,462)	17,759	1,996	(16,193)
(Loss)/profit for the year	年內(虧損)/溢利	(19,357)	(147,359)	75,443	68,817	23,403

CONSOLIDATED ASSETS AND LIABILITIES

綜合資產與負債

		As at 31 December 於十二月三十一日				
		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	2016 二零一六年 RMB'000 人民幣千元	2015 二零一五年 RMB'000 人民幣千元	2014 二零一四年 RMB'000 人民幣千元
Total non-current assets	非流動資產總值	7,112	237,291	512,960	683,218	644,029
Total current assets	流動資產總值	1,284,006	1,516,899	1,539,238	1,179,289	1,157,929
Total assets	資產總值	1,291,118	1,754,190	2,052,198	1,862,507	1,801,958
Total liabilities	負債總值	(87,098)	(520,515)	(672,757)	(557,926)	(561,941)
Net assets	資產淨值	1,204,020	1,233,675	1,379,441	1,304,581	1,240,017



泛亞環保集團有限公司
Pan Asia Environmental Protection Group Limited

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

股份代號 stock code : 00556.HK