



大同機械企業有限公司
COSMOS MACHINERY ENTERPRISES LIMITED

Stock Code 股份代號: 118

2017年報
Annual Report

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CORPORATE INFORMATION

公司資料

BOARD OF DIRECTORS

Executive Directors

Tang To (*Chairman*)
Wong Yiu Ming (*Executive Vice Chairman*)
Tang Yu, Freeman (*Chief Executive Officer*)

Non-Executive Directors

Kan Wai Wah
Qu Jinping

Independent Non-Executive Directors

Yeung Shuk Fan
Cheng Tak Yin
Ho Wei Sem
Huang Zhi Wei

Audit Committee

Yeung Shuk Fan
Cheng Tak Yin
Ho Wei Sem

Remuneration Committee

Yeung Shuk Fan
Cheng Tak Yin
Ho Wei Sem
Tang To

Committee of Executive Directors

Tang To
Wong Yiu Ming
Tang Yu, Freeman

Nomination Committee

Yeung Shuk Fan
Cheng Tak Yin
Ho Wei Sem
Tang To
Tang Yu, Freeman

董事會

執行董事

鄧 燾 (*主席*)
黃耀明 (*執行副主席*)
鄧 愚 (*行政總裁*)

非執行董事

簡衛華
瞿金平

獨立非執行董事

楊淑芬
鄭達賢
何偉森
黃志煒

審核委員會

楊淑芬
鄭達賢
何偉森

薪酬委員會

楊淑芬
鄭達賢
何偉森
鄧 燾

執行董事委員會

鄧 燾
黃耀明
鄧 愚

提名委員會

楊淑芬
鄭達賢
何偉森
鄧 燾
鄧 愚

JOINT COMPANY SECRETARIES

Mak Po Man (*resigned on 21 March 2018*)
Yeung Yuk Lun

AUDITOR

Ting Ho Kwan & Chan

PRINCIPAL BANKERS

Bank of China (Hong Kong) Limited
BNP Paribas Hong Kong Branch
Nanyang Commercial Bank, Limited
The Hongkong & Shanghai
Banking Corporation Limited

REGISTERED OFFICE

10/F, Billion Plaza 2
No. 10 Cheung Yue Street
Cheung Sha Wan
Kowloon, Hong Kong

SHARE REGISTRAR AND TRANSFER OFFICE

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

CORPORATE WEBSITE

<http://www.cosmel.com>

INVESTORS RELATIONS CONTACT

E-mail: ir@cosmel.com

LISTING INFORMATION

The Stock Exchange of Hong Kong Limited
Stock Code: 118

聯席公司秘書

麥寶文 (於二零一八年三月二十一日辭任)
楊毓麟

核數師

丁何關陳會計師行

主要往來銀行

中國銀行(香港)有限公司
法國巴黎銀行香港分行
南洋商業銀行有限公司
香港上海滙豐銀行有限公司

註冊辦事處

香港九龍
長沙灣長裕街10號
億京廣場2期10樓

股份登記及過戶處

卓佳秘書商務有限公司
香港灣仔皇后大道東183號
合和中心22樓

公司網址

<http://www.cosmel.com>

投資者關係聯絡

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上市資料

香港聯合交易所有限公司
股份代號: 118

CHAIRMAN'S STATEMENT

主席報告

With the implementation of the supply side structural reform by the PRC government, the large-scale enterprises in the Mainland are encouraged to proactively develop hi-end products, replace and purchase equipment for capacity expansion and optimize the supply chain selection. Such measures improve the operating environment of the industrial sector in the Mainland, and result in demand for good quality and excellent performance industrial products. The Company and its subsidiaries (collectively the "Group") and members of the Group benefit from this opportunity. Overall, the sales revenue of the Group increased approximately 12% as compared to that of last year.

Despite the market upturn, the operation of the Group needs to come across several unfavorable factors, for example the increase in price of raw materials, fluctuations in currencies, difficulties in operation for the small-to-medium enterprises customers as well as the challenges of destructive impact caused by Typhoon "Hato" on the Zhuhai production plant. However, the Group's performance improved and resumed on the track of profit-making through the hard work and contribution of our staff, together with the benefits from the reform and implementation of optimization measures in organization structure, supply chain, inventory and accounts receivable management in last year. The Group's result also includes certain non-recurring income from the reversal in view of the progress of restructuring exercise.

Looking ahead to the new year, under the "strong manufacturing nation" strategy from the "Made in China 2025" policy put forward by the PRC government, it is expected that the industrial operating environment in the Mainland will continue to improve. The support to the development of strategic emerging industries and the promotion of transformation and upgrade of traditional competitive industries by the "Thirteenth Five-Year" plan on technological innovations across the country, together with the plan on Guangdong-Hong Kong-Macao Greater Bay Area, are expected to further improve the business and investment environment in Guangdong and Hong Kong and also create new

隨著國家對供給側結構性改革的實施，促使內地規模企業積極把產品向高端化發展，更新和添置設備以擴充產能，及對供應鏈進行擇優篩選，這些舉措令內地工業經營環境得到改善，且為品質優良、性能卓越的工業產品與服務帶來需求。本公司及其附屬公司（統稱「本集團」）及成員公司受惠於此機遇，總體銷售金額有所增長，與去年同比上升約12%。

儘管市場轉好，然而集團營運層面仍需面對原材料價格上漲、貨幣匯率波動、內地中小企業客戶經營仍然相當困難等不利因素和颱風「天鴿」對珠海生產基地造成破壞帶來的挑戰。感謝集團全人不懈的努力和付出，亦受惠於集團於上年度在組織架構、供應鏈、庫存、應收賬等方面所推行的改革和優化措施，以及有若干因應重組業務進度而回撥之非經常性收入，集團業績因此而有所改善，重踏盈利之軌道。

展望新的一年，在國家提出《中國製造2025》實施「製造強國」戰略下，內地工業經營環境預期將會持續改善。各省市的科技創新「十三·五」規劃對戰略性新興產業發展的支持和對傳統優勢產業轉型升級的推動，加上粵港澳大灣區的規劃料將進一步利好粵港營商和投資環境，料會為市場帶來機遇。綜合各種宏觀情況，估計嶄新科技將陸續湧現，導致傳統營運模式、產品和服務不斷推陳出新，市場充滿各種商機和挑戰。對此，集團將繼續投資包括資訊科技的研發和創新工



1200 JSe II 超大型伺服驅動兩板式注塑機
1200 JSe II Ultra Large-sized Servo-driven Two-platen Injection Moulding Machine

business opportunities for the market. Considering the overall macro situation, it is expected that innovative technologies will continue to emerge, resulting in advancements in the traditional operating models, products and services. The market will be filled with various business opportunities and challenges. The Group will continue to invest in research and development and innovation works of which include information technology, and strive to launch quality products with excellent performance to meet the demand of new markets. The Group will also apply new information and manufacturing technologies to optimize the automation, intelligence and information management of the internal production processes, with an aim to improve product and service quality and at the same time effectively control production and management costs. This will enhance the returns to our investors.

It is anticipated that the global economy will continue to recover with a slow pace. Nevertheless, there are several uncertainties in the business environment including the trade conflicts as a result of the unpredictable US-Sino relationship, the fluctuations of currencies and exchange rates and the upward trend of corporates' borrowing costs. Moreover, the Mainland is implementing new environmental policies which are more stringent than those of the developed industrial countries in recent years. This has impact on the traditional industries, especially the small-to-medium enterprises, which require close observation of its respective effect. Overall speaking, while the Group is prudently optimistic to the business performance in the coming years, it remains highly alert to changes in the markets and is ready to respond as appropriate. The Group will continue to manage and react to possible risks with the principle of prudent financial management.

I would like to take this opportunity to thank all of our shareholders, business partners, bankers, suppliers and customers for their continuous support to the Group. I would also like to express my sincere gratitude to the directors, the management team and all staff for their dedication and commitment in contributing to the Group.

Tang To
Chairman

Hong Kong, 8 March 2018

作，力求不斷推出卓越性能的優異產品，以應對新的市場需求，並會更積極應用新的訊息和生產技術，以優化企業內部生產流程的自動化、智慧和訊息管理，務求提升產品及服務質量的同時，更能有效地控制生產成本和管理費用，為投資者帶來更佳的回報。

預計來年國際經濟仍會繼續緩步復甦，然而，因難料的中美關係而引起的貿易磨擦；國際貨幣匯率頻繁的波動，企業借貸成本處於調升的態勢，令營商環境仍將存在不少的變數。此外，國家近年推行比國際先進工業國還要嚴苛的環保政策，勢對傳統工業尤其是中小企業帶來衝擊，其效應尤需高度關注。總括來說，集團對來年的經營狀況抱持審慎樂觀的同時，對市場變化仍維持高度警惕，以便適時應對。集團會繼續以穩健審慎的理財原則以管理及應對可能出現的風險。

本人藉此機會向全體股東、業務合作夥伴、業務往來銀行、供應商與客戶對本集團的擁戴支持，深表謝意。向董事全人、管理層及全體同事為本集團所作出之努力及貢獻，致以誠摯的感謝。

主席
鄧燾

香港，二零一八年三月八日

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

RESULT SUMMARY

- Revenue increased by 11.6% to approximately HK\$2,446,848,000 (2016: HK\$2,192,287,000)
- Gross profit margin improved by 2.4 percentage points to 16.7% (2016: 14.3%)
- Operating profit was approximately HK\$63,349,000 (2016: operating loss of HK\$270,263,000)
- Profit for the year was approximately HK\$43,850,000 (2016: loss of HK\$333,885,000) including reversal of restructuring provision amounting to approximately HK\$31,101,000 as other income
- Net debt to equity ratio was 7.1% as at 31 December 2017 (31 December 2016: 2.3%)
- Net assets per share was HK\$1.8 as at 31 December 2017 (31 December 2016: HK\$1.6)

FINANCIAL RESULTS

The sales revenue of the Group increased by 11.6% to approximately HK\$2,446,848,000 (2016: HK\$2,192,287,000). It was mainly attributable to the improvement of performance in the machinery manufacturing segment and the printed circuit board processing and trading segment during the year.

The gross profit for the year amounted to approximately HK\$409,439,000, with gross profit margin of 16.7% which represented an increase of 2.4 percentage points as compared to that of 2016. The improvement in gross profit margin was resulted from the increasing utilization of production capacities in certain manufacturing plants and strengthening control over production costs and operating overheads during the year. The Group continues the adjustment of sales strategy by focusing on higher-margin products and associated customers in various business segments.

業績摘要

- 收入增加11.6%至約為2,446,848,000港元(二零一六年: 2,192,287,000港元)
- 毛利率改善2.4百分點至16.7%(二零一六年: 14.3%)
- 經營溢利約為63,349,000港元(2016年: 經營虧損270,263,000港元)
- 本年度溢利約為43,850,000港元(二零一六年: 虧損333,885,000港元), 已包括約為31,101,000港元重組費用回撥作其他收入
- 於二零一七年十二月三十一日之借貸淨額對權益百分比為7.1%(二零一六年十二月三十一日: 2.3%)
- 於二零一七年十二月三十一日之每股資產淨值為1.8港元(二零一六年十二月三十一日: 1.6港元)

財務業績

本集團之銷售收入上升11.6%至約為2,446,848,000港元(二零一六年: 2,192,287,000港元)。此乃主要由於機械製造業務以及印刷線路板加工及貿易業務於本年度之業務表現有所改善所致。

本年度毛利約為409,439,000港元, 毛利率為16.7%, 較二零一六年增加2.4個百分點。毛利率改善是由於本年度部份廠房之產能運用水平有所提升, 並加強對生產成本及經營開支之監控所致。本集團持續調整銷售策略, 聚焦於不同業務之較高利潤產品及相關客戶。

As stated in the announcements of the Company in 2016, the Group planned to restructure its plastic products and processing segment and machinery manufacturing segment, including the cessation of operation of certain manufacturing businesses and optimization of the production capacities in its Dongguan and Wuxi machinery manufacturing plants. The restructuring projects including assets relocation and optimization, organizational restructuring and production efficiency enhancement are on track under the closely-monitoring of a designated task force. A non-recurring item with amount of approximately HK\$31,101,000 was reversed as income for the year ended 31 December 2017, after considering the progress of the respective restructuring exercise. The Group will continue to update the progress of the restructuring in due course.

The Group reported a turnaround with profit of approximately HK\$43,850,000 for the year (2016: Loss of HK\$333,885,000). This was mainly resulted from the improvement in sales revenue, gross profit and also tight control over the operating overheads during the year.

The net debt to equity ratio was 7.1% as at 31 December 2017. The overall cash flow position and debt maturity profile of the Group maintained at a healthy level.

The Board did not recommend the payment of a final dividend for the year (2016: nil).

BUSINESS REVIEW

Machinery Manufacturing Business

As a result of the economic recovery in the Mainland in 2017, the machinery manufacturing segment was able to achieve relatively good results. The machinery manufacturing business re-allocated its resources and re-aligned its business direction last year. Through the re-alignment and adjustments of products in the two main production plants of injection moulding machines, the existing resources could be utilised more effectively and the overall production capacities were increased. During the year, sales revenue of plastic injection moulding machine business recorded an impressive growth as compared to that of last year. Moreover, the results of plastic injection moulding machine business made a turnaround to profit through the joint effort of the sales and production teams.

誠如本公司於二零一六年之公告所述，本集團已計劃重組注塑製品及加工業務分部以及機械製造業務分部，包括終止若干製造業務以及優化東莞及無錫機械製造廠房之產能。在專責小組的密切監督下，包括資產重新配置及優化、架構重組及提升生產效率在內的重組項目正按計劃實行，經考慮相關重組之進度後，一筆約為31,101,000港元之非經常項目已回撥作截至二零一七年十二月三十一日止年度之收入。本集團將於適當時候繼續提供重組之最新進展。

本集團於本年度轉虧為盈，錄得溢利約為43,850,000港元（二零一六年：虧損333,885,000港元）。此乃主要由於本年度的銷售收入及毛利增加，以及嚴格控制經營開支所致。

於二零一七年十二月三十一日的借貸淨額對權益百分比為7.1%。本集團整體之現金流及債務到期狀況仍維持於健康水平。

董事會不建議派付本年度之末期股息（二零一六年：無）。

業務回顧 機械製造業務

2017年，藉國內經濟回暖的大環境，機械製造業務取得了較好的業績。過去的一年是機械製造業務重整資源、重新佈局的一年，通過對注塑機兩大生產基地產品的重新佈局和調整，使現有資源得到更有效地利用，提高了總體產能。本年度，注塑機業務銷售比上一年度錄得較大的增幅；同時通過銷售與生產的通力配合，注塑機業務實現了扭虧為盈。

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

管理層討論及分析（續）

In 2017, the plastic injection moulding machine business strengthened its product development and optimisation. In particular, through the capability optimisation of two-platen injection moulding machines product series, its efficiency, speed and reliability have been significantly enhanced. This meets the demand of two major industries – auto parts and household electrical appliances and this business became the sales growth driver in the past year. In addition, sales of injection molding machines tailor-made for specific industries also recorded significant growth during the year, despite the fact that further enhancement needed to be made in areas such as the quality and cost of the machines, which is also the main focus for product development in the coming year. The successful implementation of the “Smart Industry 4.0 Solution” also provided a platform for the development of smart products. In the future, the Group will continue to strengthen product research and development to meet the market demands of various industries, so as to develop our products in series towards a professional and smart direction.

2017年，注塑機業務加大了產品的開發和優化工作，特別是二板機系列通過性能的優化，效率、速度和可靠性明顯提升，迎合了汽配及家電兩大行業的市場需求，成為本年度的銷售增長點。另外，一些行業專用機的銷售本期也有明顯增長，但仍需在品質、成本等方面進一步優化，這也將是下一年度的重點培育專案。「工業4.0智能方案」的成功推行，也為產品向智能化發展提供了平台。今後還將繼續加大產品的研發，以滿足不同行業的市場需求，推動我們的產品向系列化、專業化、智能化發展。



200Se III General Purse High-end Servo-driven Injection Moulding Machine
200Se III 通用型高端伺服注塑機

Moreover, the Group also had certain achievements in other machinery manufacturing businesses. Rubber plastic machinery obtained recognition from customers in niche markets such as the manufacturers of pedrails for truck vehicles and insulators for power supply networks. Multi-layer extrusion machines particularly made for the manufacturing of oil pipes in auto industry also maintained stable sales volume and orders and the Group is well-known in the industrial sector in this regard.

另外，在其它機械業務，集團亦取得一定的成績，橡塑機械在一些如生產運載車輛的履帶和供電網絡的絕緣子等小眾市場取得客戶的青睞，針對為生產汽車工業油管的多層管擠出機組，亦能維持穩定的銷售量和訂單，行內享有一定的知名度。

Plastic Products and Processing Business

During the year under review, the plastic products and processing business did not meet the budget, mainly attributable to the serious damage caused by the typhoon “Hato” to the Zhuhai production plant, which incurred non-recurring operating loss. Nevertheless, the Zhuhai production plant took this opportunity to upgrade its manufacturing workshops in accordance to higher-level of hygienic standard and further improved the hygiene condition of the production environment. It also purchased new machineries and equipment with higher efficiency and enhanced specifications to increase the overall production efficiency and output. The manufacturing plant resumed production three months after suspension and obtained high recognition from all major customers. In addition, the application of new integrated technology in folding cap seals with scoop for milk powder product, not only shortens the production cycle, but also provides a user-friendly experience to the consumers.

注塑製品及加工業務

在回顧年度內，塑料製品及加工業務未能完成年度預算，主要是由於珠海生產基地在遭受颱風「天鴿」的嚴重破壞，帶來一定的非經常性虧損，然而珠海生產基地借此契機，對所有生產車間按更高級別的潔淨要求更新，以進一步提高生產的衛生環境；重新購置新的高效率高配置的機器設備，提升整個生產的效率及產出。該基地在停產三個月後迅速復原，恢復生產，得到各主要客戶的肯定。此外，其用於奶粉產品之折疊式密封蓋與勺一體成型新技術的使用，縮短生產週期同時，更提供便捷的使用體驗給予消費者。



Integrated Moulding Lid and Spoon
一體成型的翻蓋和勺

In 2017, the performance of Hefei plastic processing plant improved significantly and recorded a relatively remarkable increase in sales revenue. Improvements were observed mainly in areas such as centralised raw material supply system, automation of production process and application of raw materials. The per capita efficiency and hourly output increased by approximately 15%, particularly in the assembling and plastic injection departments. Apart from the business results, these improvements also received recognition and award from major customers. In addition, the Hefei plant has obtained the certification of Hefei digital production workshop and was awarded the honorary title of “New and Special Enterprise with Professional Expertise in Anhui (安徽省專新特精企業)” and passed the inspection set for Second Class Production Safety Standard of Enterprise.

2017年，合肥塑料加工基地取得了明顯的進步，銷售收入錄得較大的增長，無論在集中供料系統、生產自動化及材料應用等方面，都得到改善。特別是裝配和注塑兩個部門，人均效率和工時產出，提升約15%。除業績外，這些成果還贏得主要客戶的嘉許。此外合肥的基地還取得了合肥數位化生產車間認定，獲得「安徽省專新特精企業」榮譽稱號，通過了二級安全生產標準化企業的達標驗收。

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

管理層討論及分析（續）

During the year, the Group also invested in the production of plastic products with a higher level of technology, including environmentally-friendly plastic mannequins and multi-color mini-statues. Although the products are still under small batches production, they have already received recognitions from industry representatives, and achieved breakthroughs for similar products.

Industrial Consumables Trading Business

As the overall business operating environment has improved significantly from the past year, the manufacturing sector in the Mainland recorded obvious growth during the year. While the Group's trading business has been focusing on relating industries like automobiles, household appliances, semiconductors, communication equipment, injection moulding machines and spring machines, the business recorded satisfactory growth with approximately 10% increase in turnover as compared to that of last year. Unfortunately, due to the simultaneous recovery of manufacturing industries in Europe, the United States and Japan, there was shortage of supply of precision components exported to China, which in turn affected the delivery schedule. On the other hand, while the use of bundle-sales strategy has successfully increased the sales in the Mainland, the trading business has also successfully stepped into the auto component market for new energy vehicles, which open up the path for a new market in the future. In addition, the trading business has drastically reduced the slow-moving inventory and tightened the control over the accounts receivables at a reasonable level, with an objective to maintain solid financial strength.

此外，集團於年度斥資投入產生技術水平較高的塑料制品，其中包括環保塑料人體模型及多色小塑像等產品，儘管產品仍是小批量生產，唯都取得業界具代表企業的認同，是謂對同類產品帶來突破。

工業消耗品貿易業務

由於本年度整體營商環境較去年有大幅改善，國內工業製造錄得明顯增長。集團的貿易業務一向聚焦於如汽車、家電、半導體、通訊設備、注塑機及彈簧機等有關行業，業務因而取得不俗的增長，整體業務的營業額較去年增長約10%。可惜由於歐美及日本製造業亦同步復甦，引致出口中國的精密零部件供應短缺，影響交貨的進度。捆綁式銷售策略成功增加了國內產品銷售的同時，貿易板塊亦成功開拓了新能源汽車的零部件市場，為未來的市場打通突破口。此外，貿易業務大幅減低了慢流貨庫存並嚴控應收賬在合理水平，旨在保持穩健的財務實力。



Intelligent Hi-speed Manufacturing Control System
(Cloud Technology Interface equipped)
智能高速生產控制系統（具備雲端接口）

Looking ahead, the global economy will maintain the pace of recovery and China's economy will continue to grow. The key is to align the policy direction of the "13th Five-Year Plan" and "Made in China 2025". The Group's trading business will continue to focus on the needs of environmental protection and energy saving, industrial upgrading and transformation and factory automation, and to design and implement relevant business development plans. While maintaining the growth of existing businesses, the Group will further develop new business sectors such as new energy vehicles, medical equipment and robotic arms, and at the same time, secure orders for the "Industrial 4.0" system integration projects. Breakthroughs in system integration business is expected in the coming year.

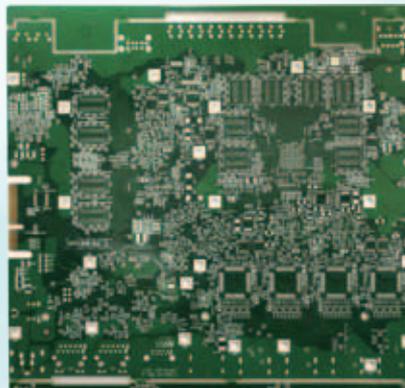
Printed Circuit Board ("PCB") Processing and Trading Business

While the sales revenue of the PCB processing business has achieved a growth as compared with that of last year, the operating profit recorded a relatively remarkable drop, mainly attributable to the highly-competitive market condition and the continuous price increase of deposition boards during the year. This segment continues to strive for the transformation and upgrade of its product portfolio, that is, a shift in business from the manufacture of double-sided circuit boards to multi-layer circuit board and high density interconnect ("HDI") circuit boards with higher profit margins. Although there are rooms for improvement in the production of HDI circuit boards and the respective scrap rate is relatively high, it is expected that HDI boards will be a key product of this segment for the domestic and overseas car manufacturing industry through the optimization of production techniques and accumulation of production experience.

展望來年，全球經濟保持復甦步伐，中國經濟增長持續，關鍵是把握「十三•五規劃」及「中國製造2025」的政策方向。集團的貿易業務會持續聚焦在環保節能、產業升級轉型及工廠自動化的需求，設計並執行相關的業務發展計劃，維持現有業務的增長和進一步拓展新的行業，如新能源汽車、醫療設備及機械手等業務空間，同時亦會進一步落實有關「工業4.0」的系統集成項目的訂單，冀能在來年在系統集成方面的業務有所突破。

印刷線路板加工及貿易業務

雖然印刷線路板業務於本年度銷售金額較去年有所增長，但經營利潤則錄得較大的跌幅，主要是受挫於激烈的競爭環境和沉積板材料價格連番上調所影響。此業務仍致力於產品架構的轉型升級，即由雙面線路板轉向利潤較佳的多層板和高密度互連板的業務的發展。儘管目前高密度互連板的生產仍存在進一步改善的空間，報廢率仍較高，唯相信通過工藝的優化及經驗的累積，HDI板將成為本業務致力於國內和海外汽車製造業的關鍵產品。



Twelve-layer Printed Circuit Board
十二層印刷線路板

MANAGEMENT DISCUSSION AND ANALYSIS (CONTINUED)

管理層討論及分析（續）

Moreover, while entering into new markets and expanding customer base, the PCB trading business still maintains a satisfying growth momentum. The segment continues to expand its high-tech circuit boards product portfolio and train up professional sales and service teams. This segment has also invested in circuit board quality inspection equipment to provide a wide range of professional testing and value-added services to the customers. The Group has great expectation and confidence in expanding its circuit board trading business into different markets.

LIQUIDITY AND FINANCIAL RESOURCES

As at 31 December 2017, the Group's total outstanding bank borrowings amounted to approximately HK\$425,723,000 (31 December 2016: HK\$355,324,000) which comprised mainly bank loans and trade finance facilities. The bank borrowings repayable within one year and in the second to the fifth year amounted to approximately HK\$380,598,000 and approximately HK\$45,125,000 respectively (31 December 2016: HK\$320,149,000 and HK\$35,175,000 respectively).

After deducting cash and bank balances of approximately HK\$348,746,000 (31 December 2016: HK\$332,723,000), the Group's net borrowings amounted to approximately HK\$76,977,000 (31 December 2016: HK\$22,601,000). Shareholders' equity as at 31 December 2017 was approximately HK\$1,080,494,000 (31 December 2016: HK\$966,594,000). Accordingly, the Group's net gearing ratio was 7.1%. During the year, the Group's net cash inflow from operating activities amounted to approximately HK\$29 million and net cash outflow from investing activities amounted to approximately HK\$54 million.

此外，線路板貿易業務隨著新市場的進入和新增的客戶群，業務仍處於不錯的發展態勢，在不斷增加各種技術含量高的線路板產品和培育具專業的銷售和服務隊伍。此業務亦增加投入線路板品質檢測設備，為客戶提供多元化專業檢測及增值服務。本集團對線路板貿易業務拓展至不同的市場，充滿期望和信心。

流動資金及財務資源

於二零一七年十二月三十一日，本集團之未償還銀行借款總額約為425,723,000港元（二零一六年十二月三十一日：355,324,000港元），主要包括銀行貸款及貿易融資信貸。將於一年內到期以及於第二至第五年到期償還之銀行借款金額分別約為380,598,000港元及約為45,125,000港元（二零一六年十二月三十一日：分別為320,149,000港元及35,175,000港元）。

扣除現金及銀行結餘約為348,746,000港元（二零一六年十二月三十一日：332,723,000港元）後，本集團之借貸淨額約為76,977,000港元（二零一六年十二月三十一日：22,601,000港元）。於二零一七年十二月三十一日之股東權益約為1,080,494,000港元（二零一六年十二月三十一日：966,594,000港元）。故此，本集團之淨借貸比率為7.1%。於本年度，本集團之經營業務現金流入淨額約為29,000,000港元，而投資活動現金流出淨額為約為54,000,000港元。

The Group's financial statements are presented in Hong Kong dollars. The Group carried out its business transactions mainly in Hong Kong dollars, Renminbi, United States dollars and Japanese Yen. As the Hong Kong dollar remained pegged to the United States dollar, there was no material exchange risk in this respect. The Group will continue to monitor its foreign exchange exposure in Japanese Yen and Renminbi and enter into forward contracts when necessary. The Group's long-term bank loan facilities were denominated mainly in Hong Kong dollars and carried interest at floating rates. Credit risk was hedged mainly through credit insurance.

EMPLOYMENT AND REMUNERATION POLICY

As at 31 December 2017, the Group has approximately 3,640 employees (31 December 2016: approximately 3,460), inclusive of all its staff in Hong Kong, Mainland and overseas offices. The remuneration policy of the Group is formulated in accordance with the market trends and the performance of the employees. Employees' benefits include insurance and retirement benefit.

The remunerations of the Directors are determined by the Remuneration Committee, with reference to the Company's operating results and comparable market information. The remuneration policy of the Company for the non-executive directors is to ensure that they are sufficiently compensated for their efforts and time dedicated to the Company. For the employees (including the executive directors and senior management), it ensures that the remuneration packages offered are optimal with respect to their duties assigned and in line with the market practice. The remuneration policy is set out to ensure that the salary levels are competitive and effective in attracting, retaining and motivating employees. Directors, or any associates of the directors as well as any executives, do not involve in determining their respective remuneration.

本集團之財務報表以港元呈列。本集團主要以港元、人民幣、美元及日圓進行業務交易。由於港元與美元掛鈎，故此方面並無重大外匯風險。本集團將繼續監察來自日圓及人民幣之外匯風險，並於需要時透過訂立遠期合約加以調控。本集團之長期銀行貸款融資均主要以港元計值及以浮動利率計息。信貸風險主要透過信用保險對沖。

僱員及薪酬政策

截至二零一七年十二月三十一日，本集團於香港、內地及海外各辦事處的僱員人數約共3,640名(二零一六年十二月三十一日：約共3,460名)。本集團的薪酬政策乃按市場趨勢及僱員表現而釐定。僱員福利包括保險及退休福利。

董事之酬金乃由薪酬委員會經考慮本公司之經營業績及比較市場統計資料後釐定。本公司有關非執行董事的酬金政策為確保彼等為本公司付出的精神及時間可獲得充分補償，而僱員(包括執行董事及高級管理人員)之薪酬政策則旨在確保所提供薪酬與職責相符並符合市場慣例。訂立薪酬政策旨在確保薪金水平具競爭力並能有效地吸引、留聘及激勵僱員。董事或其任何聯繫人士以及行政人員均不得參與釐定本身的薪酬。

OUTLOOK AND PROSPECTS

The global economy is still recovering with encouraging sentiment prevailing in manufacturing sector. The economic and trading relationship between the United States and the PRC is getting more dynamic with uncertainty. The Group expects several key challenges ahead including the continuous increasing of manufacturing costs (in particular the raw materials cost), shorter life cycle of consumer products, volatile capital market and currency fluctuations. The visibility of sales orders to be received is low and poses much difficulties in resources planning. Nevertheless, with the existing multi-business product platforms and the strong research and development capabilities, the Group will continue to widen the spectrum of applications for the existing manufacturing segments and develop new products with innovative material science technology. By leveraging on the existing well-established, unique and diversified product platform and extensive sales network across different industries, the Group will continue to adjust the sales strategies of different segments to niche markets and high-margin customers.

The Mainland government shows its commitment to developing new energy, energy saving, environmental protection and new materials-related industries in the near future. Besides complying with the relevant laws and regulations (especially the newly-imposed environmental-related rules), the Group will also continue aligning such strategy and direction by focusing on business opportunities arising from certain industries, in particular sectors such as automotive, innovative consumer electronics, communications, food and medical packaging, medical equipment, new industrial materials and components. Given the progressive crystallization of the improvement from the production processes automation, capacities optimization and production management digitization, it is the Group's ultimate target to enhance the overall profitability in the next couple of years.

展望及前景

全球經濟仍在回穩當中，製造業之當前景氣令人鼓舞，而美國與中國之間的經貿關係則更形波動，並充斥不明確變數。本集團預期當前需面對多項主要挑戰，包括製造成本（特別是原材料成本）持續上漲、消費產品生命週期縮短、資本市場動盪及匯價波動。較難預計將收到之銷售訂單，亦對資源規劃帶來不少困難。縱然如此，憑藉現有多元業務產品平台以及強大的研發能力，本集團將繼續擴大現有製造業務之應用範疇，同時運用創新物料科技開發新產品。通過完善、獨有且多元化之現有產品平台，以及不同行業之廣大銷售網絡，本集團將繼續把不同業務之銷售策略轉移至利基市場及高利潤客戶。

內地政府表示未來會致力於發展新能源、節能、環保及新材料相關產業。除遵守相關法律法規（尤其是新實施的環保相關規則）外，本集團將繼續配合此有關方針策略，聚焦於若干產業產生之業務機遇，尤其著力於汽車、創新消費電子產品、通訊、食物及醫療包裝、醫療設備、新工業材料及元件等行業。隨著自動化生產過程、優化產能及數碼化生產管理方面之改進獲得實質進展，本集團在未來數年將以提升整體盈利能力為最終目標。

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

董事及高級管理人員履歷

EXECUTIVE DIRECTORS

Mr. Tang To, aged 69, Chairman and Executive Director of the Company, has served on the board of directors of the Company (the "Board") since the listing of the Company in 1988 and was appointed as Chairman and Executive Director of the Company on 18 September 1997. Mr. Tang is responsible for the overall policy making and significant investments of the Group. Mr. Tang has over 44 years of experience in manufacturing and trading businesses in Hong Kong and the PRC. Mr. Tang is the father of Mr. Tang Yu, Freeman, the Chief Executive Officer ("CEO") and Executive Director of the Company and is a director of certain companies which are members of the Group and related to certain substantial shareholders of the Company within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) (the "SFO"). Mr. Tang is a director of Suzhou Sanguang Science and Technology Co., Ltd., which is an associate of the Company with its shares listed on the National Equities Exchange and Quotations on 24 January 2014.

Mr. Wong Yiu Ming, aged 64, Executive Vice Chairman and Executive Director of the Company, has 40 years of experience in sales, marketing and corporate management, is currently responsible for the overall strategic planning and management of machinery manufacturing business of the Group and serves as a director of certain subsidiaries of the Group. Mr. Wong joined the Group in 1978 and was appointed as the General Manager of the Company on 1 February 1999 and had been re-designated as the Chief Executive Officer of the Company on 12 September 2005 until 30 June 2013. On 15 January 2015, Mr. Wong was appointed as the Executive Vice Chairman of the Company. He holds a Bachelor of Science degree in Engineering and a Master degree in Business Administration. Mr. Wong is a director of Suzhou Sanguang Science and Technology Co., Ltd., which is an associate of the Company with its shares listed on the National Equities Exchange and Quotations on 24 January 2014.

執行董事

鄧燾先生一現年69歲，本公司主席兼執行董事，自本公司於一九八八年上市以來一直為本公司董事會（「董事會」）服務。彼於一九九七年九月十八日獲委任為本公司主席及執行董事，鄧先生負責制定本集團整體策略及審核重大投資。鄧先生具44年以上於香港及中國從事製造及貿易業務之經驗。鄧先生是本公司行政總裁兼執行董事鄧愚先生的父親，亦為若干本集團的成員公司及根據香港法例第571章證券及期貨條例（《證券及期貨條例》）第XV部涵義與本公司主要股東有關的公司的董事。鄧先生現為蘇州三光科技股份有限公司的董事，該公司是本公司的聯營公司，其股份於二零一四年一月二十四日開始在全國中小企業股份轉讓系統掛牌。

黃耀明先生一現年64歲，本公司的執行副主席及執行董事，具40年以上銷售、市場推廣及企業行政管理經驗，現時負責本集團機械製造業務的整體策劃及管理工作，並為本集團旗下若干附屬公司的董事。黃先生於一九七八年加入本集團。於一九九九年二月一日獲委任為本公司總經理並自二零零五年九月十二日調任為本公司行政總裁直至二零一三年六月三十日。於二零一五年一月十五日，黃先生獲委任為本公司執行副主席。彼持有工程學理學士學位及工商管理碩士學位。黃先生現為蘇州三光科技股份有限公司的董事，該公司是本公司的聯營公司，其股份於二零一四年一月二十四日在全國中小企業股份轉讓系統掛牌。

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES (CONTINUED)

董事及高級管理人員履歷 (續)

Mr. Tang Yu, Freeman, aged 40, the CEO and Executive Director of the Company. He joined the Group in 2006 and was appointed as the CEO on 1 July 2013. He is responsible for the strategic planning and general management of the Group. He is the son of Mr. Tang To, the Chairman and Executive Director of the Board and is also a director of certain companies which are members of the Group and related to certain substantial shareholders of the Company within the meaning of Part XV of the SFO. Prior to joining the Group, he worked in commercial banking division and as an associate investment advisor in banks of Hong Kong from 2001 to 2006. Mr. Tang graduated from the University of Western Ontario (Canada) and holds a Bachelor of Arts degree in Economics and holds a Diploma in Financial Planning.

NON-EXECUTIVE DIRECTORS

Mr. Kan Wai Wah, aged 60, Non-Executive Director of the Company, is the managing director of Super Harvest Consultancy Limited. He has over 36 years of experience in the management of catering operations. Mr. Kan holds a Higher Diploma in Accountancy. He was appointed as Non-Executive Director of the Company on 22 May 1998. Mr. Kan is the son of Ms. Law Kit Fong, a substantial shareholder of the Company. Mr. Kan is a Director of certain companies which are related to certain substantial shareholders of the Company within the meaning of Part XV of the SFO.

鄧愚先生—現年40歲，本公司的行政總裁兼執行董事，他於二零零六年加入本集團，於二零一三年七月一日獲委任為本公司的行政總裁，負責本集團策劃及行政管理。他是董事會主席兼執行董事鄧熾先生的兒子，亦為若干本集團的成員公司及根據《證券及期貨條例》第XV部涵義與本公司主要股東有關的公司的董事。在加入本集團前，他於二零零一年至二零零六年期間，曾任職於本港銀行的工商金融部及任職投資顧問。鄧先生畢業於加拿大西安大略大學，持有經濟學士學位及財務策劃文憑。

非執行董事

簡衛華先生—現年60歲，本公司非執行董事，現為綽餘顧問有限公司董事總經理，具36年管理飲食業務經驗。簡先生持有高級會計文憑。彼於一九九八年五月二十二日獲委任為本公司非執行董事。簡先生為羅潔芳女士(本公司主要股東之一)之兒子。簡先生為若干根據《證券及期貨條例》第XV部涵義與本公司主要股東有關的公司的董事。

Mr. Qu Jinping, aged 60, Non-Executive Director of the Company, was granted a Bachelor's degree in Engineering in 1982 by South China Institute of Technology (currently South China University of Technology), a Master's degree in Engineering in 1987 by South China University of Technology and a Doctoral degree in Engineering in 1999 by Sichuan University and was promoted to professor in 1992. He was recognized as a tutor of doctoral candidates in macromolecular material processing and light industry machinery in 1996. Since 1998, he has been serving as the chief officer of the National Engineering Research Center of Novel Equipment for Polymer Processing in South China University of Technology. He was the Vice President of South China University of Technology from December 1998 to November 2007. In March 1999, he was appointed as the special-term professor in Material Processing of the South China University of Technology by the Ministry of Education of the People's Republic of China under the Changjiang Scholars Award Program. He also served as the chief officer of the Key Laboratory of Polymer Processing Engineering of the Ministry of Education of the People's Republic of China in South China University of Technology since 2000. He was awarded a Member of the Chinese Academy of Engineering in 2011. He is concurrently a standing council member of Chinese Material Research Society, council member of Plastic Processing Association of China, council member of China Plastic Machine Association, Deputy Chairman of China Altered-Properties Plastics Association, academic committee member of State Key Laboratory of Macromolecular Materials, Chairman of Guangdong Mechanical Engineering Institute, Deputy Chairman of Guangdong Material Research Society, council member of Guangdong Inventor Association, Deputy Chief Editor of certain publications namely the World Plastics and Plastics Machinery, member of editorial committee of the Journal of South China University of Technology, the China Plastics, the Plastic Industry, the Plastics, the Engineering Plastics Application. Mr. Qu was appointed as Non-Executive Director of the Company on 8 September 2006.

瞿金平先生—現年60歲，本公司非執行董事，一九八二年獲華南工業學院（現華南理工大學）工學學士學位；一九八七年獲華南理工大學工學碩士學位；一九九九年獲四川大學工學博士學位；一九九二年晉升為教授。一九九六年被批准為高分子材料成型加工和輕工機械兩個博士點的博士生導師。一九九八年起任華南理工大學聚合物新型成型裝備國家工程研究中心主任；一九九八年十二月起至二零零七年十一月任華南理工大學副校長；一九九九年三月被國家教育部評聘為「長江學者獎勵計劃」華南理工大學材料加工工程學科特聘教授；二零零零年起兼任華南理工大學聚合物成型加工工程教育部重點實驗室主任；二零一一年當選為中國工程院院士。同時還兼任中國材料研究學會常務理事、中國塑料加工協會理事、中國塑料機械協會理事、中國改性塑料專業委員會副理事長、高分子材料工程國家重點實驗室學術委員會委員、廣東省機械工程學會理事長、廣東省材料研究學會副理事長、廣東省發明家協會理事，《國外塑料》、《塑料機械》副主編，《華南理工大學學報》、《中國塑料》、《塑料工業》、《塑料》、《工程塑料應用》等雜誌編委。瞿先生於二零零六年九月八日獲委任為本公司非執行董事。

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES (CONTINUED)

董事及高級管理人員履歷 (續)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. Yeung Shuk Fan, aged 52, Independent Non-Executive Director of the Company, has over 28 years of experience in the finance sector and holds a Master degree in Business Administration. She is a member of the American Institute of Certified Public Accountants and an associate of The Institute of Chartered Secretaries and Administrators. During the past 23 years, Ms. Yeung has served as financial controller and financial manager of various private groups of companies. She was appointed as Independent Non-Executive Director of the Company on 18 June 2004.

Mr. Cheng Tak Yin, aged 79, Independent Non-Executive Director of the Company, has over 46 years of experience in business management. Currently, he is the Life Honorary Chairman, Deputy Secretary General and Standing Committee Member of Hong Kong and Kowloon Machinery and Instrument Merchants Association Limited. He was appointed as Independent Non-Executive Director of the Company on 30 January 2007.

Mr. Ho Wei Sem, aged 70, Independent Non-Executive Director of the Company. Mr. Ho has been working in various government institutions in Dongguan during the past 40 years and has extensive experience in management. He was the director-general of Dongguan City Municipal and Public Utilities Management Bureau (東莞市市政公用事業管理局) and Dongguan City Urban Integrated Management Bureau (東莞市城市綜合管理局) from 2000 to August 2007 before his retirement. During the period from 1996 to 2000, he was the officer of Dongguan City Management Committee (東莞市城市管理委員會). From 1990 to 1996, he was the deputy chief of Dongguan City Urban and Rural Construction Planning Bureau (東莞市城鄉建設規劃局), and was the deputy supervisor of the Preparation Committee of Dongguan City Government (東莞市城區政府籌備組) during the period from 1988 to 1990. He was appointed as Independent Non-Executive Director of the Company on 21 December 2010.

獨立非執行董事

楊淑芬女士一現年52歲，本公司獨立非執行董事，於財務範疇擁有28年以上經驗，並持有工商管理碩士學位。彼為美國註冊會計師協會會員及英國特許秘書及行政人員公會會士。在過去23年，楊女士曾任多家私人集團公司之財務總監及財務經理。彼於二零零四年六月十八日獲委任為本公司獨立非執行董事。

鄭達賢先生一現年79歲，本公司獨立非執行董事，彼在業務管理方面擁有逾46年豐富經驗。彼現為港九機械電器儀器業商會有限公司永遠榮譽會長、副秘書長兼常務會董。彼於二零零七年一月三十日獲委任為本公司獨立非執行董事。

何偉森先生一現年70歲，本公司獨立非執行董事，彼在過去40多年，曾在東莞市多個政府機關任職，擁有豐富的管理經驗。由二零零零年至二零零七年八月退休前期間，何先生出任東莞市市政公用事業管理局局長及東莞市城市綜合管理局局長；於一九九六年至二零零零年期間任東莞市城市管理委員會辦公室主任；於一九九零年至一九九六年期間任職東莞市城鄉建設規劃局副局長及於一九八八年至一九九零年期間出任東莞市城區政府籌備組副組長。彼於二零一零年十二月二十一日獲委任為本公司獨立非執行董事。

Mr. Huang Zhi Wei, aged 79, Independent Non-Executive Director of the Company, is currently the Executive Vice President of Guangdong General Chamber of Commerce. Mr. Huang has spent over ten years in economic-related government sectors in China. He served as the Deputy Director General of Guangdong Department of Foreign Trade & Economic Cooperation and the Director of General of Guangdong Board of Investment from 1993 to 2000 respectively. He also served as the Executive Officer of Foshan Economic Committee from 1984 to 1992. Prior to this, he worked as an engineer in Foshan Power Plant for almost 10 years and served as the Chief Engineer and Deputy General Manager of Foshan Household Electrical Appliances Corporation from 1981 to 1984. Mr. Huang graduated from the Central China University of Science and Engineering, majored in electric engineering. In the past three years, Mr. Huang had been an Independent Director of Keda Clean Energy Co. Ltd., a company listed on The Shanghai Stock Exchange and resigned his position on 19 August 2015. He also had been an independent non-executive director of Lerado Group (Holding) Company Limited, a company listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and resigned his position on 6 February 2015. He was appointed as Independent Non-Executive Director of the Company on 2 November 2012.

SENIOR MANAGEMENT

Mr. Yeung Yuk Lun, aged 46, joined the Group in April 2016, is the Chief Financial Officer and the Company Secretary of the Group. Mr. Yeung is responsible for the Group's financial planning, internal control and management, regulatory compliance and investor relations functions. Prior to joining the Group, Mr. Yeung held senior management positions in different listed companies listed in Hong Kong. He has extensive experience in auditing, financial and treasury management, information technology, executive management as well as business development. He holds a Bachelor's degree in Business Administration (Professional Accountancy) and a Master's degree in Business Administration from the Chinese University of Hong Kong. He is an associate member of the Hong Kong Institute of Certified Public Accountants and the Taxation Institute of Hong Kong.

黃志煒先生一現年79歲，本公司獨立非執行董事。彼現時為廣東省商業聯合會常務副會長，黃先生曾在與經濟發展相關的中國政府機構工作超過十年，其中在一九九三年至二零零零年出任廣東省外經貿委副主任兼廣東省外商投資局局長，於一九八四年至一九九二年間擔任佛山市經濟委員會主任。在此之前，黃先生曾於廣東省佛山市發電廠任職工程師近十年，並曾於一九八一年至一九八四年出任佛山市家電公司總工程師兼副總經理。黃先生畢業於華中理工大學，主修電機工程系。於過去三年，黃先生曾在科達潔能股份有限公司(前稱科達機電股份有限公司)(於上海證券交易所上市)出任獨立非執行董事，並於二零一五年八月十九日辭職。彼亦曾於隆成集團(控股)有限公司(於香港聯合交易所有限公司(「聯交所」)上市)出任獨立非執行董事，並於二零一五年二月六日辭職。彼於二零一二年十一月二日獲委任為本公司獨立非執行董事。

高級管理人員

楊毓麟先生一現年46歲，於二零一六年四月加入本集團，為本集團首席財務總監及公司秘書。楊先生負責本集團之財務規劃、內部監控及管理、合規及投資者關係事宜。在加盟本集團之前，楊先生曾於多間於香港上市的公司擔任高級管理職務。彼擁有豐富之審計、財務與財資管理、資訊科技、行政管理及業務拓展經驗。彼持有香港中文大學工商管理(專業會計)學士學位及工商管理碩士學位。彼為香港會計師公會及香港稅務學會會員。

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES (CONTINUED)

董事及高級管理人員履歷 (續)

Mr. Yip Kar Shun, aged 70, has over 38 years of experience in electronic production and management. He joined the Group in 1994. Mr. Yip is the Managing Director of the subsidiaries of the Group which are engaged in the processing and trading business of printed circuit boards.

Mr. Man Wai Hong Bernard, aged 55, joined the Group in 2000. He has 31 years of experience in manufacturing, marketing and general administrative management. He graduated from the Hong Kong Polytechnic University in Electrical Engineering. He also holds a Diploma in Computer Programming, a Diploma in Management Studies and a Master degree in Business Administration. He is currently the General Manager of a subsidiary of the Group which is engaged in the trading of industrial consumables and machinery components.

葉嘉信先生—現年70歲，具38年以上電子生產及管理經驗。彼於一九九四年加入本集團，現為本集團從事印刷線路板業務的附屬公司之董事總經理。

萬偉康先生—現年55歲，於二零零零年加入本集團。彼具31年生產、市場營運及行政管理經驗，彼畢業於香港理工大學電機工程系，並持有電腦編程文憑、管理學文憑及工商管理碩士學位。萬先生現為本集團一間從事工業耗材及機器元部件貿易的附屬公司之總經理。

REPORT OF THE DIRECTORS

董事報告

The directors of the Company (the “Directors”) have pleasure in presenting this annual report (the “Annual Report”) and the audited financial statements of the Group for the year ended 31 December 2017.

PRINCIPAL ACTIVITIES

The Company acts as an investment holding company. The principal activities of its principal subsidiaries are set out in Note 46 to the “Consolidated Financial Statements”.

RESULTS

The results of the Group for the year ended 31 December 2017 are set out in the “Consolidated Income Statement” on page 71 of the Annual Report.

FINAL DIVIDEND

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

BUSINESS REVIEW

The business review of the Group for the year ended 31 December 2017 is set out in the sections headed “Chairman’s Statement”, “Management Discussion and Analysis” and “Sustainability Review” of the Annual Report. Description of the risks and uncertainties facing the Company can be found throughout the Annual Report.

FINANCIAL SUMMARY

A summary of the results, the assets and liabilities of the Group for the past five financial years is set out on page 228 of the Annual Report.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in the property, plant and equipment of the Group for the year ended 31 December 2017 are set out in Note 16 to the “Consolidated Financial Statements”.

SHARE CAPITAL

Details of the share capital of the Company are set out in Note 33 to the “Consolidated Financial Statements”.

本公司董事(「董事」)欣然提呈本集團截至二零一七年十二月三十一日止年度之年報及經審核財務報表。

主要業務

本公司為一間投資控股公司，其主要附屬公司所經營之主要業務載列於「綜合財務報表」附註46內。

業績

本集團截至二零一七年十二月三十一日止年度之業績載列於本年報第71頁之「綜合收益表」內。

末期股息

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

業務回顧

本集團截至二零一七年十二月三十一日止年度之業務回顧分別載於此年報內之「主席報告」、「管理層討論及分析」及「可持續發展回顧」章節內。有關本公司面對之風險及不明朗因素之描述已於本年報之不同部分披露。

財務摘要

本集團過往五個財政年度之業績、資產及負債摘要載列於本年報第228頁。

物業、廠房及設備

本集團於截至二零一七年十二月三十一日止之物業、廠房及設備變動詳情載於「綜合財務報表」附註16內。

股本

本公司之股本詳情列載於「綜合財務報表」附註33。

REPORT OF THE DIRECTORS (CONTINUED)

董事報告 (續)

RESERVES

Details of the movements in the reserves of the Group and of the Company for the years ended 31 December 2017 and 2016 are set out in Notes 34 and 35(b) respectively to the “Consolidated Financial Statements”.

DISTRIBUTABLE RESERVES

Distributable reserves of the Company as at 31 December 2017, calculated in accordance with the Companies Ordinance (Chapter 622 of the laws of Hong Kong) (the “Companies Ordinance”), amounted to approximately HK\$524,193,000.

DONATIONS

During the year, the Group made around HK\$32,000 of charitable donation.

PRE-EMPTIVE RIGHTS

There is no provision regarding pre-emptive rights under the Articles of Association of the Company (the “Articles”) or the Company Ordinance which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

MAJOR CUSTOMERS AND SUPPLIERS

The aggregate turnover attributable to the Group’s five largest customers and the aggregate purchases attributable to the Group’s five largest suppliers were less than 30% of the Group’s turnover and purchases for the year ended 31 December 2017 respectively.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

The biographical details of the Directors of the Company and the senior management of the Group are set out in the “Directors’ and Senior Management’s Biographies” section of the Annual Report.

DIRECTORS OF COMPANY

The Directors during the year and as at the date of the Annual Report are set out on page 2 of the Annual Report.

During the year, there had no changes to the Directors’ information as required to be disclosed pursuant to Rule 13.51B(1) of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”).

儲備

本集團及本公司於截至二零一七年及二零一六年十二月三十一日止年度儲備之變動詳情列載於「綜合財務報表」分別為附註34及35(b)。

可供分派儲備

於二零一七年十二月三十一日，本公司根據公司條例（香港法例第622章）（《公司條例》）而計算之可分派儲備，約為524,193,000港元。

捐款

於本年度，本集團已作出超過32,000港元慈善捐款。

優先認股權

根據本公司組織章程細則（「章程細則」）或《公司條例》，並無關於優先認股權使本公司須向現有股東按持股比例發售新股之條文。

主要客戶及供應商

本集團五大客戶之總營業額及本集團之五大供應商之購貨總額，截至二零一七年十二月三十一日止年度分別佔本集團營業額及購貨額少於百分之三十。

董事及高級管理人員之履歷詳情

本公司董事及本集團高級管理人員之履歷詳情載於本年報「董事及高級管理人員履歷」章節內。

本公司董事

於本年度及截至本年報日期之董事載於本年報第2頁內。

本年度，概無有關董事資料之變動須根據聯交所證券上市規則（「上市規則」）第13.51B(1)條予以披露。

Under the existing Articles, one third of the Directors shall retire from office by rotation provided that every Director shall be subject to retirement at least once every three years and re-election at each annual general meeting. In accordance with the articles 102 of the Articles, Mr. Tang To, Ms. Yeung Shuk Fan and Mr. Cheng Tak Yin will retire from office by rotation and, being eligible, offer themselves for re-election at the forthcoming annual general meeting.

DIRECTORS' SERVICE CONTRACTS

None of the Directors offering themselves for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

INDEPENDENT NON-EXECUTIVE DIRECTORS

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

DIRECTORS' REMUNERATION

The remuneration packages of all executive directors and senior management are determined by the Remuneration Committee. The remuneration of independent non-executive directors is recommended by the Remuneration Committee to the Board and approved by the Board. The remuneration packages are subject to comparable companies, time commitment and responsibilities of the directors, employment conditions elsewhere in the Group and desirability of performance-based remuneration.

DIRECTORS OF SUBSIDIARIES

Other than the Directors of the Company, the persons who have served as directors of the subsidiaries of the Company during the year ended 31 December 2017 and up to the date of this report included Mr. Cao Xiao Wei, Mr. Chen Lei Ming, Ms. Ching Shuk Kwan, Mr. Diao Jun De, Mr. Du Jiang, Ms. He Ya Lin*, Mr. Ho Ping Lim*, Mr. Hu Ping, Mr. Hui Wai Kee, Mr. Jiang Shu Feng, Mr. Law Moon Wah, Mr. Li Xiang Dong*, Mr. Lu Hank, Mr. Man Wai Hong Bernard, Mr. Miao Hong Liang, Mr. Tse Ip Wing*, Ms. Wan Ming, Mr. Wang Xian You, Ms. Yan Dong, Mr. Ye Yue Ran, Mr. Yeung Yuk Lun, Mr. Yip Kin Keung, Mr. Yip Kar Shun and Mr. Zhai Chi*, Mr. Zhao Wei Rong and Mr. Zhu Wen Guang.

* The persons are no longer to be the directors of the subsidiaries of the Company as at 8 March 2018.

根據現行之章程細則，三分之一董事須輪值退任，惟各董事須至少每三年輪值退任一次並在股東周年大會上膺選連任。根據章程細則第102條，鄧燾先生、楊淑芬女士及鄭達賢先生將輪值退任，並合資格於即將舉行之股東周年大會上予以膺選連任。

董事之服務合約

於即將舉行之股東周年大會上擬膺選連任之董事概無與本公司訂立任何不可於一年內由本公司終止而毋須作出賠償(除法定賠償外)之服務合約。

獨立非執行董事

本公司已按上市規則第3.13條收到各獨立非執行董事之年度獨立性確認書，並認為所有獨立非執行董事均屬獨立人士。

董事薪酬

全體執行董事及高級管理人員之薪酬待遇由薪酬委員會釐定。獨立非執行董事之薪酬由薪酬委員會向董事會建議及批准。薪酬待遇之考慮因素包括可比較公司、董事投放之時間及職責、本集團其他職級之僱用條件，以及薪酬與表現掛鈎之可行性。

附屬公司董事

除本公司董事外，於截至二零一七年十二月三十一日止年度及截至本報告日期擔任本公司附屬公司董事的人士包括為曹小偉先生、陳雷銘先生、程淑群女士、刁俊德先生、杜江先生、何雅林女士*、何秉廉先生*、胡平先生、許韋奇先生、姜樹峰先生、羅滿華先生、李向東先生*、盧燦先生、萬偉康先生、繆虹亮先生、謝業榮先生*、溫明女士、王賢有先生、嚴冬女士、葉月然先生、楊毓麟先生、葉建強先生、葉嘉信先生、翟熾先生*、趙偉榮先生及朱文光先生。

* 於二零一八年三月八日，該等人士不再為本公司附屬公司之董事。

REPORT OF THE DIRECTORS (CONTINUED)
董事報告 (續)

PERMITTED INDEMNITY PROVISION

Pursuant to the Articles and subject to the provisions of the Companies Ordinance, every Director shall be indemnified out of the assets of the Company against all losses and liabilities which he/she may sustain or incur in or about the execution of his/her office or otherwise in relation thereto. The Company has taken out insurance against the liability and costs associated with defending any proceedings which may be brought against Directors of the Group and senior management of the Company.

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

As at 31 December 2017, the Directors and chief executives of the Company and their respective close associates had the following interests and short positions in the Shares of the Company (the "Shares"), underlying Shares and debentures or any of its associated corporations (within the meaning of the Part XV of the SFO) as recorded in the register of directors' and chief executive's interests and short positions required to be maintained under section 352 of the SFO or which were required, pursuant to the Model Code for Securities Transactions by directors of listed issuers as set out in Appendix 10 of the Listing Rules (the "Model Code"), to be notified to the Company and the Stock Exchange are as follows:

Interests in the Shares

Name of Directors	Personal Interests	Number of shares held				Total	Approximate % of total issued shares of the Company
		Family Interests	Corporate Interests	Other Interests			
董事姓名	個人權益	持有股份數目				總數	約佔本公司已發行股份總數之百分比
		家族權益	企業權益	其他權益			
Tang To 鄧 燾	4,970,000	2,000 (Note 2) (附註2)	300,617,458 (Note 1) (附註1)	224,000 (Note 3) (附註3)	305,813,458	42.66	
Wong Yiu Ming 黃耀明	9,468,000	-	-	-	9,468,000	1.32	
Kan Wai Wah 簡衛華	136,400	-	-	-	136,400	0.02	
Cheng Tak Yin 鄭達賢	1,406,000	-	-	-	1,406,000	0.20	

獲准許之彌償條文

根據章程細則及在《公司條例》條文規限下，每名董事因執行職務或與此有關的其他方面可能蒙受或招致之所有損失及法律責任均有權從本公司資產中獲得彌償保證。本公司已就本集團之董事及本公司高級管理人員可能面對任何訴訟時產生的責任和相關的費用購買保險。

根據《證券及期貨條例》董事及主要行政人員於股份、債權證或相關股份之權益及淡倉

於二零一七年十二月三十一日，根據《證券及期貨條例》第352條須備存董事及本公司主要行政人員權益及淡倉登記冊所載記錄顯示或根據上市規則附錄十所載上市發行人董事進行證券交易之標準守則（「標準守則」）須通知本公司及聯交所，本公司董事、主要行政人員及他們各自緊密聯繫人在本公司及其任何關聯法團（定義見《證券及期貨條例》第XV部）之本公司股份（「股份」）、相關股份、債權證或相關股份之權益及淡倉如下：

股份權益

Notes:

1. As at 31 December 2017, 3,460,406 Shares of those 300,617,458 Shares were held by Ginta Company Limited ("Ginta") which is wholly owned by a company which in turn is owned as to 50% by Mr. Tang and 50% by his spouse. Mr. Tang was deemed to be interested in the remaining 297,157,052 Shares of those 300,617,458 Shares under the SFO through his deemed interests in Codo Development Limited ("Codo").

As at 31 December 2017, Codo through its wholly owned subsidiaries, Cosmos Machinery (Holdings) Limited ("Cosmos Holdings") and Tai Shing Agencies Limited ("Tai Shing"), was deemed to be interested in 297,157,052 Shares. Codo is incorporated in Hong Kong and is owned as to (i) 25.06% by Keepsound Investments Limited ("Keepsound"), a limited company incorporated in Hong Kong controlled by Saniwell Holding Inc., a trustee of The Saniwell Trust, (ii) 8.37% by Elegant Power Enterprises Limited ("Elegant Power"); (iii) 30.25% by Friendchain Investments Limited ("Friendchain"), a limited company incorporated in Hong Kong, controlled as to 40% by Elegant Power, as to 57.42% by Saniwell Holding Inc. and as to 2.58% by Fullwin Limited ("Fullwin"); (iv) 16.09% by Yik Wan Company Limited ("Yik Wan"); and (v) 20.23% by five individuals and two limited companies.

2. As at 31 December 2017, 2,000 Shares were held by the spouse of Mr. Tang.
3. As at 31 December 2017, 224,000 Shares were jointly held by Mr. Tang and his spouse.

The percentage shown was calculated based on the number of issued shares of the Company as at 31 December 2017.

As at 31 December 2017, other than as disclosed above and certain nominee shares held in trust for the Group, none of the Directors or Chief Executive or their associates had any interests and short positions in the shares, underlying shares of the Company and its associated corporations (within the meaning of Part XV of the SFO) which has to be notified to the Company and the Stock Exchange pursuant to Section 352 of the SFO, to be entered in the register referred to therein.

附註：

1. 於二零一七年十二月三十一日，在該300,617,458股股份中，3,460,406股乃由堅達有限公司(「堅達」)持有，而堅達則由一間鄧先生及其配偶各擁有50%權益之公司全資擁有。根據《證券及期貨條例》，鄧先生(基於其在高度發展有限公司(「高度」)被視作持有之權益)亦被視為擁有該300,617,458股股份中其餘的297,157,052股之權益。

於二零一七年十二月三十一日，高度透過其全資附屬公司大同機械(控股)有限公司(「大同控股」)及Tai Shing Agencies Limited(「Tai Shing」)被視為擁有合共297,157,052股股份之權益。高度乃在香港註冊成立，由(i)協生投資有限公司(「協生」)(一間由The Saniwell Trust之受託人Saniwell Holding Inc.控制之於香港註冊成立之有限公司)擁有25.06%權益；(ii)豪力企業有限公司(「豪力」)擁有8.37%權益；(iii)友昌投資有限公司(「友昌」)(為一間於香港註冊成立之有限公司，並由豪力擁有40%、Saniwell Holding Inc.擁有57.42%及Fullwin Limited(「Fullwin」)擁有2.58%之股權)擁有30.25%權益；(iv)翼雲有限公司(「翼雲」)擁有16.09%權益；及(v)五名個別人士及兩間有限公司擁有20.23%權益。

2. 於二零一七年十二月三十一日，該2,000股股份由鄧先生之配偶擁有。
3. 於二零一七年十二月三十一日，該224,000股股份由鄧先生及其配偶擁有。

上表所顯示之百分比以本公司於二零一七年十二月三十一日已發行股份數目計算。

於二零一七年十二月三十一日，除上文披露及為本集團信託而持有之若干代理人股份外，各董事、主要行政人員或彼等之聯繫人士概無擁有根據《證券及期貨條例》第XV部規定須通知本公司及聯交所及根據《證券及期貨條例》第352條須備存登記冊之本公司或其相聯法團(定義見《證券及期貨條例》)股份、相關股份權益及淡倉。

REPORT OF THE DIRECTORS (CONTINUED)
董事報告 (續)

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS OR UNDERLYING SHARES OF THE COMPANY UNDER THE SFO

As at 31 December 2017, the following persons had interests in 5% or more in the shares or short positions in the Shares and underlying Shares and underlying Shares of the Company who have been notified to the Company and the Stock Exchange under Part XV of the SFO and recorded in the register of substantial shareholders' interests and short positions required to be kept under Section 336 of Part XV of the SFO:

Interests in the Shares

根據《證券及期貨條例》主要股東於本公司權益及淡倉或相關股份

於二零一七年十二月三十一日，根據本公司按《證券及期貨條例》第XV部規定須通知本公司及聯交所及根據《證券及期貨條例》第336條須備存之主要股東權益及淡倉登記冊所載記錄顯示，以下人士持有本公司已發行股本及相關股份5%或以上之股份及相關股份中擁有權益或淡倉：

股份權益

Name of Substantial Shareholders	Number of shares held		Total	Approximate % of total issued shares of the Company	
	Direct Interests	Deemed Interests			
主要股東名稱	直接權益	被當作持有之權益	總數	約佔本公司已發行股份總數百分比	
Law Kit Fong	羅潔芳	-	297,157,052 (Note 1) (附註1)	297,157,052	41.45
Codo	高 度	-	297,157,052 (Note 2) (附註2)	297,157,052	41.45
Cosmos Holdings	大同控股	127,052,600	170,104,452 (Note 3) (附註3)	297,157,052	41.45
Tai Shing	Tai Shing	170,104,452	-	170,104,452	23.73
Saniwell Holding Inc.	Saniwell Holding Inc.	-	297,157,052 (Note 4) (附註4)	297,157,052	41.45
China Resources (Holdings) Company Limited	華潤(集團)有限公司	169,649,046 (Note 5) (附註5)	-	169,649,046	23.66

Notes:

1. Ms. Law Kit Fong is deemed to be interested in the block of 297,157,052 Shares through her direct and indirect interests in Elegant Power and Codo. As at 31 December 2017, Codo through its wholly owned subsidiaries, Cosmos Holdings and Tai Shing, was deemed to be interested in 297,157,052 Shares. As at 31 December 2017, Codo is owned as to 30.25% by Friendchain (which is owned as to 40% by Elegant Power) and 8.37% by Elegant Power (which is wholly owned by Ms. Law Kit Fong).
2. As at 31 December 2017, Codo is interested in 297,157,052 Shares through its wholly owned subsidiaries, Cosmos Holdings and Tai Shing. As at 31 December 2017, Codo is owned as to (i) 25.06% by Keepsound, a limited company incorporated in Hong Kong controlled by Saniwell Holding Inc., a trustee of The Saniwell Trust; (ii) 8.37% by Elegant Power, which is wholly-owned by Ms. Law Kit Fong; (iii) 30.25% by Friendchain, which is owned as to 40% by Elegant Power, as to 57.42% by Saniwell Holding Inc. and as to 2.58% by Fullwin; (iv) 16.09% by Yik Wan; and (v) 20.23% by five individuals and two limited companies.
3. Cosmos Holdings was deemed to be interested in 170,104,452 Shares through its subsidiary, Tai Shing.
4. As at 31 December 2017, Saniwell Holding Inc. was deemed to be interested in the block of 297,157,052 Shares under the SFO through its deemed interests in Codo. Codo is owned as to (i) 25.06% by Keepsound, a limited company incorporated in Hong Kong, controlled by Saniwell Holding Inc., a trustee of The Saniwell Trust; (ii) 8.37% by Elegant Power; (iii) 30.25% by Friendchain which is owned as to 40% by Elegant Power, as to 57.42% by Saniwell Holding Inc. and as to 2.58% by Fullwin; (iv) 16.09% by Yik Wan; and (v) 20.23% by five individuals and two limited companies.
5. As shown by the latest interest disclosure information maintained pursuant to Part XV of the SFO provided to the Company by China Resources National Corporation, China Resources Co., Limited and CRC Bluesky Limited, the above three companies were deemed to be interested in the Shares owned by China Resources (Holdings) Company Limited.

附註：

1. 羅潔芳女士因分別持有豪力及高度之直接及間接權益而被當作擁有該批297,157,052股股份之權益。於二零一七年十二月三十一日，高度透過其全資附屬公司大同控股及Tai Shing被當作擁有合共297,157,052股股份之權益。於二零一七年十二月三十一日，高度之股權分別由友昌(其40%權益由豪力控制)擁有30.25%權益及由豪力(由羅潔芳女士全資擁有)擁有8.37%權益。
2. 於二零一七年十二月三十一日，高度透過其全資附屬公司大同控股及Tai Shing被當作擁有合共297,157,052股股份之權益。於二零一七年十二月三十一日，高度之股權分別由(i)協生(一間由The Saniwell Trust之受託人Saniwell Holding Inc.控制並於香港註冊成立之有限公司)擁有25.06%權益；(ii)豪力(由羅潔芳女士全資擁有)擁有8.37%權益；(iii)友昌(分別由豪力擁有40%、Saniwell Holding Inc.擁有57.42%及Fullwin擁有2.58%之股權)擁有30.25%權益；(iv)翼雲擁有16.09%權益；及(v)五名個別人士及兩間有限公司擁有20.23%權益。
3. 大同控股透過其附屬公司Tai Shing被當作擁有170,104,452股股份之權益。
4. 於二零一七年十二月三十一日，根據《證券及期貨條例》，Saniwell Holding Inc.因擁有高度之權益而被當作擁有其297,157,052股股份之權益。高度分別由(i)協生(一間由The Saniwell Trust之受託人Saniwell Holding Inc.控制並於香港註冊成立之有限公司)擁有25.06%權益；(ii)豪力擁有8.37%權益；(iii)友昌(分別由豪力擁有40%、Saniwell Holding Inc.擁有57.42%及Fullwin擁有2.58%之股權)擁有30.25%權益；(iv)翼雲擁有16.09%權益；及(v)五名個別人士及兩間有限公司擁有20.23%權益。
5. 按照本公司接獲中國華潤總公司、華潤股份有限公司及CRC Bluesky Limited根據《證券及期貨條例》第XV部存案之最新權益披露表格顯示，該三間公司各被當作於華潤(集團)有限公司所擁有之股份中佔有權益。

REPORT OF THE DIRECTORS (CONTINUED)

董事報告 (續)

The percentage shown was calculated based on the number of issued shares of the Company as at 31 December 2017.

Save as disclosed above, as at 31 December 2017, the Directors are not aware of any other persons who have interests or short positions in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which would be required to be disclosed to the Company and the Stock Exchange pursuant to Part XV of the SFO.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed under the section headed "Directors' and Chief Executive's Interests in Securities" above, at no time during the year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Directors or their respective spouses or minor children, or were any such rights exercised by them; or was the Company or any of its subsidiaries in any arrangement to enable the Directors to acquire such rights in any other body corporation.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENT OR CONTRACTS

No transactions, arrangements or contracts of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which a Director of the Company or his or her connected entity had a material interests, whether directly or indirectly, subsisted during or at the end of the year.

MANAGEMENT CONTRACTS

No contracts, other than employment contracts, concerning the management and administration of the whole of any substantial part of the Company's business were entered into or existed during the year.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

During the year, none of the Directors is considered to have interests in the businesses which are considered to compete or likely to compete, either directly or indirectly, with businesses of the Group pursuant to Rule 8.10 of the Listing Rules.

上表所顯示之百分比以本公司於二零一七年十二月三十一日已發行股份數目計算。

除上述披露外，於二零一七年十二月三十一日，就各董事知悉，概無任何其他人士於本公司或其相聯法團（定義見《證券及期貨條例》第XV部）之股份、相關股份或債權證中擁有根據《證券及期貨條例》第XV部須向本公司及聯交所披露之權益或淡倉。

董事購買股份或債券之權利

除上文「董事及主要行政人員之證券權益」所披露外，於本年度內任何時間，概無任何董事或彼等各自之配偶或未成年子女獲授可藉購入本公司股份或債券而獲益之權利；彼等亦無行使該等權利；本公司或其任何附屬公司概無參與任何安排，致使董事可獲得任何其他法人團體之有關權利。

董事在交易、安排或合約中的權益

於本年度或年末，本公司或其任何附屬公司概無簽訂本公司董事或其關連實體於其中直接或間接擁有重大權益與本集團業務有關之重大的交易、安排或合約。

管理合約

除僱傭合約外，本公司於本年度內並無就全部或任何重大部份的本公司業務管理及行政訂立或存在任何合約。

董事於競爭業務之權益

於本年度內，根據上市規則第8.10條，無董事被視為與本集團業務構成競爭或可能構成競爭。

AUDIT COMMITTEE

The Annual Report had been reviewed by the Audit Committee of the Company. Particulars of the Audit Committee and its composition are set out in the Board Committee section of the "Corporate Governance Report" on pages 35 to 36 of the Annual Report.

CORPORATE GOVERNANCE

Information on the Company's corporate governance practices is set out in the "Corporate Governance Report" from pages 30 to 47 of the Annual Report.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's shares during the year ended 31 December 2017.

SUFFICIENCY OF PUBLIC FLOAT

Based on information publicly available to the Company and within the knowledge of the Directors of the Company as at the date of the Annual Report, the Company has maintained the prescribed public float under the Listing Rules.

On behalf of the Board

TANG To
Chairman

Hong Kong, 8 March 2018

審核委員會

本年報已經由本公司審核委員會審閱。有關審核委員會及其組成之詳情載於本年報第35至36頁之「企業管治報告」內董事會委員會一節內。

企業管治

本公司企業管治守則之資料，列載於本年報第30頁至47頁「企業管治報告」內。

購買、售出或贖回本公司上市證券

本公司或其任何附屬公司概無於截至二零一七年十二月三十一日止年度內購買、售出或贖回本公司任何上市股份。

充足公眾持股量

根據本公司可取得之公開參考資料及就本公司董事所悉，截至本年報日期，本公司已維持上市規則項下規定之公眾持股量。

代表董事會

主席
鄧燾

香港，二零一八年三月八日

CORPORATE GOVERNANCE REPORT

企業管治報告

CORPORATE GOVERNANCE

The Company has always recognized the importance of the shareholders' transparency and accountability. It is the belief of the Board of Directors that shareholders can maximize their benefits from good corporate governance.

The Company has adopted the code provisions set out in the Corporate Governance Code contained in Appendix 14 of the Listing Rules (the "CG Code") as its own code of corporate governance practices. The Directors consider that the Company has complied with the CG Code during the financial year ended 31 December 2017, except for the deviation from code provision A.6.7 of the CG Code as mentioned below:

Code provision A.6.7 of the CG Code stipulates that independent non-executive directors and other non-executive directors should attend the issuer's general meetings and develop a balanced understanding of the views of shareholders. Some Independent Non-Executive Directors and Non-Executive Directors were unable to attend the 2017 annual general meeting of the Company held on 18 May 2017 (the "2017 AGM") and extraordinary general meeting held on 11 October 2017 (the "EGM") due to other business engagements. However, the Board believes that the presence of Independent Non-Executive Director at such general meetings developed a balanced understanding of the views of shareholders.

CORPORATE GOVERNANCE FUNCTIONS

No corporate governance committee has been established and the Board is responsible for performing the corporate governance function. The Board is responsible for performing the corporate governance duties including (a) to develop and review the Company's policy and practices on corporate governance; (b) to review and monitor the training and continuous professional development of Directors and senior management of the Company; (c) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements; (d) to develop, review and monitor the code of conduct and compliance manual to employees and Directors; and (e) to review the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

企業管治

本公司一向深明向股東維持透明度及問責之重要性。董事會相信，良好企業管治有助提升股東利益。

本公司已採納上市規則附錄十四所載的企業管治守則(「企業管治守則」)之守則條文，作為本身之企業管治守則。董事認為，於截至二零一七年十二月三十一日止財政年度，本公司一直遵守企業管治守則，惟除以下企業管治守則之守則條文第A.6.7條有所偏離外：

企業管治守則之守則條文第A.6.7條規定獨立非執行董事及其他非執行董事均須出席發行人的股東大會，以對股東之意見有公正之了解。部份獨立非執行董事及非執行董事因其他公務而未能出席本公司於二零一七年五月十八日舉行之二零一七年度股東周年大會(「2017年度股東周年大會」)及於二零一七年十月十一日舉行之股東特別大會(「股東特別大會」)。然而，董事會認為，有獨立非執行董事出席了上述股東大會，已能公正地了解股東之意見。

企業管治職能

本公司並無成立企業管治委員會，因此由董事會負責執行企業管治職能。董事會負責履行的企業管治職務包括：(a)制定及審閱本公司企業管治政策及常規；(b)審閱及監督本公司董事及高級管理人員的培訓及持續專業發展；(c)審閱及監督本公司政策及常規，以遵守法律及監管規定；(d)制訂、審閱及監督適用於僱員及董事的操守準則及合規手冊；及(e)檢討本公司有否遵守企業管治守則及企業管治報告內的披露。

COMPLIANCE WITH MODEL CODE

Throughout the year ended 31 December 2017, the Company has adopted the Model Code and all Directors have confirmed that they have fully complied with the required standard as set out in the Model Code based on the enquiry by the Company.

SUPPLY OF AND ACCESS TO INFORMATION

All the Directors are supplied with board papers and relevant materials within a reasonable period of time in advance of the intended meeting dates. All Directors have unrestricted access to the management for enquiries and are entitled to have unlimited access to the board papers and relevant materials when required. Management of the Company is responsible for preparation of such adequate information to enable the Board to make an informed decision.

THE BOARD

The Board is responsible for the leadership and control of the Company and oversees the Group's businesses, strategic decisions and performances. The management was delegated the authority and responsibility by the Board for the management of the Group. In addition, the Board has also delegated various responsibilities to the Committee of Executive Directors, Audit Committee, Remuneration Committee and Nomination Committee. Further details of these committees are set out in the Annual Report.

The Board has at least four scheduled meetings a year at quarterly interval and meets as and when required. During the financial year ended 31 December 2017, the Board held four meetings, one annual general meeting and one extraordinary general meeting.

遵守標準守則

於截至二零一七年十二月三十一日止年度，本公司已採納標準守則，而根據本公司向全體董事所作查詢，彼等確認已完全遵照標準守則所載規定標準。

提供及索取資料

全體董事均會於擬定舉行會議日期前合理時間獲提供董事會文件及相關資料。全體董事可隨時向管理層作出查詢，且有權於有需要時隨時查閱董事會文件及相關資料。本公司管理層負責提供該等充足的資料供董事能夠在掌握有關資料下作出決定。

董事會

董事會負責領導及監控本公司，同時監督本集團業務、策略決定及業績事宜。董事會已賦予管理層管理本集團之權力及職責。此外，董事會亦已指派執行董事委員會、審核委員會、薪酬委員會及提名委員會各自之職責。有關上述委員會之進一步詳情載於本年報。

董事會每年於四個季度至少各舉行一次會議，並於有需要時會面。截至二零一七年十二月三十一日止財政年度，董事會曾舉行四次會議、一次周年股東大會及一次股東特別大會。

CORPORATE GOVERNANCE REPORT (CONTINUED)

企業管治報告 (續)

Board minutes are prepared and kept by the Company Secretaries of the Company and are sent to the Directors for records and are open for inspection by the Directors.

The Directors are enabled, upon the reasonable request, to seek independent professional advice in appropriate circumstances, at the Company's expenses. The Board has resolved to provide separate appropriate independent professional advice to the Directors to assist the relevant Directors to discharge their duties to the Company.

BOARD COMPOSITION

As at the date of this report, the Board comprises three Executive Directors, namely Mr. Tang To, Mr. Wong Yiu Ming and Mr. Tang Yu, Freeman, two Non-Executive Directors, namely Mr. Kan Wai Wah and Mr. Qu Jinping and four Independent Non-Executive Directors, namely Ms. Yeung Shuk Fan, Mr. Cheng Tak Yin, Mr. Ho Wei Sem and Mr. Huang Zhi Wei.

Except Mr. Tang To, the Chairman and an Executive Director and Mr. Tang Yu, Freeman, the CEO and an Executive Director are father and son, the other Board members have no financial, business, family or other material/relevant relationships with each other. Such balanced board composition is formed to ensure strong independence exists across the Board. The biographies of the Directors are set out in pages 15 to 20 in the Annual Report, which demonstrates a diversity of skills, expertise, experience and qualifications.

The Company has received annual confirmation of independence from the four Independent Non-Executive Directors in accordance with Rule 3.13 of the Listing Rules. Although two of the Independent Non-Executive Directors, Ms. Yeung Shuk Fan and Mr. Cheng Tak Yin have served the Board for more than nine years, they do not engage in any executive management of the Group. Their familiarity and extensive experience with the Company's businesses may place them in a better position to contribute independent views to the Company. The Board has assessed their independence and concluded that all the Independent Non-Executive Directors are independent within the definition of the Listing Rules.

本公司之公司秘書負責編製及備存會議紀錄，並向董事派發會議紀錄以作紀錄，董事亦可查閱會議紀錄。

在適當情況下，董事可合理要求徵詢獨立專業意見，費用由本公司承擔。董事會已議決向董事提供個別適當之獨立專業意見，以協助有關董事履行本公司職務。

董事會成員

於本報告日期，董事會由三名執行董事鄧燾先生、黃耀明先生及鄧愚先生；兩名非執行董事簡衛華先生及瞿金平先生以及四名獨立非執行董事楊淑芬女士、鄭達賢先生、何偉森先生及黃志煒先生組成。

除主席兼執行董事鄧燾先生及行政總裁兼執行董事鄧愚先生為父子關係外，其他董事會成員相互之間概無任何財務、業務、家族或其他重大關係。本公司致力成立平衡之董事會，確保成員之間具有高度獨立性。董事履歷載於年報第15至20頁，顯示彼等具備多元化技能、專業知識、經驗及資格。

本公司已取得四名獨立非執行董事按照上市規則第3.13條發出之年度獨立身份確認書。雖然其中兩位獨立非執行董事，楊淑芬女士及鄭達賢先生服務董事會至今已超過九年，但彼等概無參與本集團任何行政管理工作，並對本公司業務之熟悉及資深經驗有助其向本公司提供較佳之獨立意見。董事會已評估各獨立非執行董事之獨立性，認為彼等全屬上市規則界定之獨立人士。

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

In order to preserve independence and to have balanced judgment of views, there is a clear separation of the roles and responsibilities of the Chairman and CEO and the two positions are held by two different members of the Board. The Board has appointed a Chairman, Mr. Tang To, who is an Executive Director and is responsible for the Company's overall strategic planning and provides leadership to the Board so that the Board works effectively and all important issues are discussed in a timely manner. The CEO, Mr. Tang Yu, Freeman, is an Executive Director and is responsible for the daily operation and business directions of the Group.

NON-EXECUTIVE DIRECTORS

Each of the Non-Executive Directors (including Independent Non-Executive Directors) has entered into an appointment letter with the Company pursuant to which each of them is appointed for service with the Company for a term of three years, subject to the rotational retirement provision of the Articles.

Pursuant to Rule 3.10A of the Listing Rules, the Company has appointed sufficient number of independent non-executive directors. The Company has received from each of the Independent Non-Executive Directors, an annual confirmation of his/her independence pursuant to Rule 3.13 of the Listing Rules and the Company considers all of the Independent Non-Executive Directors are independent.

RESPONSIBILITIES OF DIRECTORS

The Directors are continually provided with updated statute, common law, the Listing Rules, laws and regulations, business and market changes and the strategic development of the Group to facilitate the discharge of their responsibilities.

The Independent Non-Executive Directors take an active role in board meetings, contribute to the development of strategies and policies and make sound judgment on issues of strategy, policy, performance, key appointments and standard of conduct. They will take lead where potential conflicts of interests arise. They are also the members of various committees and examine the overall performance of the Group in achieving agreed corporate goals and objectives, and monitoring the reporting of performance.

主席及行政總裁

為維持獨立性及達致平衡意見，主席與行政總裁角色及職責清楚劃分，兩個職位由董事會不同成員擔任。董事會委任執行董事鄧燾先生擔任主席，負責本集團整體策略規劃及領導董事會，確保董事會有效運作和及時討論所有重大事宜。行政總裁為執行董事鄧愚先生擔任，負責本集團日常營運及業務方針。

非執行董事

每位非執行董事（包括獨立非執行董事）已與本公司訂立委任書，任期為三年，但須根據章程細則的規定輪席退任。

根據上市規則第3.10A條，本公司已委任足夠的獨立非執行董事人數。本公司已接獲各獨立非執行董事根據上市規則第3.13條確認其獨立性之年度確認書，而本公司認為全體獨立非執行董事屬獨立人士。

董事職責

董事不時獲提供有關成文法、普通法、上市規則、法律及法規、業務及市場轉變以及本集團策略發展之最新資料，以便彼等履行職責。

獨立非執行董事於董事會會議扮演積極角色，為策略及政策發展作出貢獻，亦就策略、政策、業績、委任重要職位及操守準則等事宜提供良好判斷。獨立非執行董事主導解決可能產生之利益衝突問題。彼等亦為各委員會之成員，負責評核本集團在達致協定公司目標方面之整體表現，並監控業績申報事宜。

APPOINTMENTS, RE-ELECTION, REMOVAL AND NOMINATION OF DIRECTORS

Every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years and that any Director appointed to fill a casual vacancy on the Board shall be subject to re-election by shareholders at the forthcoming general meeting after the appointment and any Director appointed as additional members to the Board shall hold office until the next following annual general meeting of the Company.

DIRECTORS' CONTINUOUS PROFESSIONAL DEVELOPMENT

All Directors are encouraged to attend the continuous professional development trainings. All the Directors have been supplied with relevant reading materials regarding corporate governance or attend relevant forums or training courses organized by qualified professionals on relevant topics to develop and enhance their knowledge and skills in relation to their contribution to the Board.

DELEGATION BY THE BOARD

The day-to-day operations of the Company are delegated to the senior management of the Company by the Board, with division heads responsible for different aspects of the business.

Performance of major corporate matters that are specifically delegated by the Board to the senior management of the Company include execution of business strategies and initiatives adopted by the Board, implementation of internal controls and risk management procedures, and compliance with relevant laws, rules and regulations.

BOARD COMMITTEES

The Board currently has four committees, namely Committee of Executive Directors, Audit Committee, Remuneration Committee and Nomination Committee to manage particular aspects of the Company's affairs. The Audit Committee, Remuneration Committee and Nomination Committee are empowered by the Board and have formulated their own terms of reference which have been posted on the websites of the Stock Exchange and the Company.

委任、重選、撤換及董事提名

每名董事(包括有特定任期者)須最少每三年輪值退任一次,任何獲委任填補臨時空缺之董事須於委任後即將舉行之股東大會獲股東重選以及獲委任為董事會新增成員之董事,任期直至下一屆本公司股東周年大會為止。

董事持續專業發展

本公司鼓勵全體董事參與持續專業發展,所有董事已獲本公司提供有關企業管治的閱讀資料或出席由合資格專業團體舉辦的相關課程或座談會等,增加彼等的知識及技能,從而對董事會作出貢獻。

董事會委派代表

董事會委派本公司高級管理人員負責管理本公司日常運作,部門主管負責業務不同範疇。

董事會特定委派予本公司高級管理人員執行主要公司事宜包括執行董事會採納之業務策略及計劃、推行內部監控及風險管理程序,以及遵守相關法律、法規及規則。

董事委員會

董事會現時設有四個委員會,分別為執行董事委員會、審核委員會、薪酬委員會及提名委員會,藉以處理本公司特定範疇的事務。審核委員會、薪酬委員會及提名委員會獲董事會授予職權及擬定其職權範圍,該等職權範圍刊載於聯交所及本公司網站。

Committee of Executive Directors

The Company has established the Committee of Executive Directors which includes all the three Executive Directors of the Board and meets frequently as when necessary and is responsible for the management and day-to-day operations of the Group.

Audit Committee

The Audit Committee has established on 27 June 2005 and consists of three members of all Independent Non-Executive Directors, namely, Ms. Yeung Shuk Fan (Chairman), Mr. Cheng Tak Yin and Mr. Ho Wei Sem, who among themselves possess a great deal of management experience in the accounting profession and commercial sectors.

The Board of Directors has adopted terms of reference which are in line with the code provisions of the CG Code. The terms of reference of the Audit Committee is currently made available on the Stock Exchange's website and the Company's website.

The Audit Committee members meet the external auditors at least twice a year to discuss any areas of concerns during the audits. As considered necessary and requested by any one or more of the Independent Non-Executive Directors, the Audit Committee members shall meet with the external auditors without the presence of the executive directors. The Audit Committee reviews the interim and annual reports before submission to the Board for approval. The Audit Committee focuses not only on the impact of the changes in accounting policies and practices but also on the compliance with accounting standards, the Listing Rules and the legal requirements from time to time.

執行董事委員會

本公司成立由董事會全部三名執行董事組成之執行董事委員會，於需要時經常會面，負責本集團管理及日常運作。

審核委員會

審核委員會已於二零零五年六月二十七日成立，由三名成員組成，所有成員為獨立非執行董事，彼為楊淑芬女士(主席)、鄭達賢先生及何偉森先生，彼等均具備豐富會計專業及商界管理經驗。

審核委員會已採納符合企業管治守則之守則條文的職權範圍。審核委員會之職權範圍已載於聯交所及本公司網站。

審核委員會成員與外聘核數師每年最少會面兩次，以討論核數期間任何須予關注事宜。在任何一名或多名獨立非執行董事認為有需要及要求下，審核委員會成員可在無執行董事在場情況下與外聘核數師會面。在提交至董事會批准前，審核委員會會檢閱中期及年度報告。審核委員會不時專注於會計政策及常規變動之影響，亦著重遵守會計準則、上市規則及法例規定。

CORPORATE GOVERNANCE REPORT (CONTINUED)
企業管治報告 (續)

During the year under review, three Audit Committee meetings were held and the Audit Committee has performed the following duties:

1. reviewed with the management the accounting principles and practices adopted by the Group;
2. reviewed the audited financial statement for the year ended 31 December 2016 and the unaudited interim financial statement for the six months ended 30 June 2017 with recommendation to the Board for approval; and
3. reviewed principles and procedures on internal control system covering financial, operational and risk management functions.

Detailed minutes of Audit Committee meetings are prepared and kept by a duly appointed secretary of the meetings. Draft and final versions of minutes of the Audit Committee meetings are sent to all members of the Audit Committee for their comments and records respectively. First version should be sent out to all members for comments within approximately 30 days and execution version will be sent to all members for record purpose.

Auditors' Remuneration

During the year under review, the remuneration paid to the Company's auditors, Messrs. Ting Ho Kwan & Chan, is set out as follows:

回顧本年度，本公司曾舉行三次審核委員會會議及審核委員會已執行下列的工作：

1. 與管理層檢討本集團採納的會計制度及政策；
2. 審閱截至二零一六年十二月三十一日止年度之已審核財務報告及截至二零一七年六月三十日止六個月之未經審核中期財務報告，並向董事會提出建議及批准；及
3. 檢討涵蓋財務、營運及風險管理等方面的內部監控系統的原則及程序。

詳盡的審核委員會會議紀錄由正式委任之會議秘書編製及備存。審核委員會會議紀錄之草擬本及最終本將送交審核委員會全體成員，分別供彼等提供意見及保存。首個版本將於會議後約30日內送交全體成員，以供彼等提供意見，而最終簽署本將送至所有董事作紀錄之用。

核數師酬金

回顧本年度，支付本公司核數師丁何關陳會計師行之酬金載列如下：

		Fee paid/payable
		已付／應付費用
		HK\$
		港元
Services rendered	所提供服務	
Audit services	核數服務	2,280,000
Non-audit services	非核數服務	100,000
		<hr/>
		2,380,000

Remuneration Committee

The Remuneration Committee has been established on 27 June 2005 and consists of four members with a majority of Independent Non-Executive Directors, namely Ms. Yeung Shuk Fan (Chairman), Mr. Cheng Tak Yin and Mr. Tang To.

The Board of Directors has adopted terms of reference which are in line with the code provisions of the CG Code and is currently available on the Stock Exchange's website and the Company's website.

The Remuneration Committee members shall consider factors such as salaries paid by comparable companies, time involvement of directors and job responsibilities, individual performance and Company's performance and profitability to determine the remuneration of the Directors.

During the year under review, two remuneration committee meetings were held and the works performed by the Remuneration Committee are summarized as follows:

- (i) To determine the policy for remuneration of Directors and to make recommendations with respect to the remuneration of the Executive Directors and the senior management of the Company for approval by the Board;
- (ii) To oversee performance of the Executive Directors; and

薪酬委員會

薪酬委員會於二零零五年六月二十七日成立，由四名成員組成，其中大部分為獨立非執行董事，彼等為楊淑芬女士(主席)、鄭達賢先生、何偉森先生及鄧燾先生。

董事會已採納符合企業管治守則的職權範圍及已載於聯交所及本公司網站。

薪酬委員會成員會考慮因素，如同類公司所支付的薪金、董事所付出的時間、其職責、個人表現及公司業績和盈利狀況去釐訂董事薪酬。

回顧本年度，本公司曾舉行兩次薪酬委員會會議，薪酬委員會之工作總括如下：

- (i) 釐定董事薪酬政策及就執行董事及本公司高級管理人員之薪酬提供建議，以供董事會批准；
- (ii) 監管執行董事之表現；及

CORPORATE GOVERNANCE REPORT (CONTINUED)

企業管治報告 (續)

(iii) To review the remuneration package and recommend salaries, bonuses, including the incentive awards for both Executive and Non-Executive Directors and the senior management.

(iii) 檢討執行董事、非執行董事及高級管理人員之薪酬組合，並就薪金、花紅及獎金提供建議。

The Remuneration Committee annually sets out its recommendation on the remuneration package of the Executive Directors. For the financial year ended 31 December 2017, the Remuneration Committee has reviewed and recommended to the Board the salaries and bonuses of the Executive Directors and the senior management of the Company.

薪酬委員會每年就執行董事之薪酬組合提供建議。截至二零一七年十二月三十一日止財政年度，薪酬委員會已檢討本公司執行董事及高級管理人員之薪金及花紅，並就此向董事會提供建議。

Remuneration of Directors and Senior Management

Details of the amount of Directors' emoluments are set out in Note 11 to the Consolidated Financial Statements. Remuneration of senior management disclosed by salary range is set out as follows:

董事及高級管理人員薪酬

董事酬金詳情列載於綜合財務報表附註11。按薪酬組別披露的高級管理人員的薪酬如下：

The remuneration of senior management were

within the following salary range

高級管理人員薪酬分為下列薪酬組別

Number of employees

員工人數

2017

二零一七年

HK\$1,000,001 to HK\$2,000,000	1,000,001港元至2,000,000港元	1
HK\$2,000,001 to HK\$3,000,000	2,000,001港元至3,000,000港元	1
		2

Nomination Committee

The Nomination Committee has been established on 29 March 2012 and comprises three Independent Non-Executive Directors namely Ms. Yeung Shuk Fan, Mr. Cheng Tak Yin and Mr. Ho Wei Sem and two Executive Directors namely Mr. Tang To (Chairman) and Mr. Tang Yu, Freeman.

The Board of Directors has adopted terms of reference which are in compliance with the code provisions of the CG Code. Terms of Reference of the Nomination Committee is currently available on the Stock Exchange's website and the Company's website.

The Nomination Committee will review the structure, size and composition (including but not limited to the skills, knowledge and experiences) of the Board on a regular basis and make recommendations regarding any proposed changes, identify suitable individual qualified to become board members and makes recommendation on relevant matters relating to the appointment or re-appointment of Directors if necessary, in particular, to those candidates who can add value to the management through their contributions in the relevant strategic business areas and which appointments will result in the constitution of strong and diverse Board.

Furthermore, the Nomination Committee will also review the board diversity (including but not limited to gender, age, cultural and educational background) of the Board at least annually to complement the Company's corporate strategy.

During the year under review, a nomination committee meeting was held and the works performed by the nomination committee are summarized as follows:

- (i) review of current structure, size and diversity of the Board;
- (ii) assessment and review of the independence of Independent Non-Executive Directors;
- (iii) review of the training and continuous professional development of Directors; and
- (iv) review of terms of reference of nomination committee.

提名委員會

提名委員會於二零一二年三月二十九日成立，由三名獨立非執行董事組成，彼為楊淑芬女士、鄭達賢先生、何偉森先生、及兩名執行董事鄧熹先生(主席)及鄧愚先生。

董事會已採納符合企業管治守則之守則條文的職權範圍。提名委員會之職權範圍已列載於聯交所及本公司網站。

提名委員會定期檢討董事會架構、規模及成員(包括但不限於技能、知識及經驗)，就並任何建議變動作出推薦意見。在有需要之情況下，物色合資格人士加入董事會之適當人選，並就董事委任及連任事宜提供建議，尤其是可以透過其在相關策略業務範疇所作貢獻加強管理，及獲委任後將令董事會實力更雄厚及更多元化之人選。

提名委員會亦會並就本公司的發展策略，至少每年檢討董事會多元化(包括但不限於性別、年齡、文化及教育背景)。

回顧本年度，本公司曾舉行兩次提名委員會會議，提名委員會之工作總結如下：

- (i) 檢討現時董事會的結構、規模及多元化；
- (ii) 評核獨立非執行董事的獨立性；
- (iii) 檢討董事的培訓和持續專業發展；及
- (iv) 檢討提名委員會職權範圍。

CORPORATE GOVERNANCE REPORT (CONTINUED)
企業管治報告 (續)

The Nomination Committee is of the opinion that the current size and composition of the Board is adequate to facilitate effective decision-making, and is also satisfied that the existing composition of the Board, which as a group provides the core competencies necessary to guide the Group.

提名委員會已檢討董事會現行規模及成員，認為足以有效決策，亦滿意其成員，認為整體符合領導本集團所需資格。

Attendance at Board meetings, Board Committee Meetings and General Meetings

Attendance record of individual Directors during the year is as follows:

董事會會議、董事委員會會議及股東大會出席記錄

個別董事於本年度內之個別出席記錄如下：

		Number of meetings attended/held 出席／舉行會議次數					
		Board meetings 董事會會議	Audit Committee meetings 審核委員會會議	Remuneration Committee meetings 薪酬委員會會議	Nomination Committee meeting 提名委員會會議	Annual general meeting 股東周年大會	Extraordinary general meeting 股東特別大會
Directors	董事						
Executive Directors	執行董事						
Tang To (Chairman)	鄧 燾 (主席)	4/4	-	2/2	1/1	1/1	1/1
Wong Yiu Ming (Executive Vice Chairman)	黃耀明 (執行副主席)	2/4	-	-	-	0/1	0/1
Tang Yu, Freeman (Chief Executive Officer)	鄧 愚 (行政總裁)	4/4	-	-	1/1	1/1	0/1
Non-Executive Directors	非執行董事						
Kan Wai Wah	簡衛華	3/4	-	-	-	0/1	0/1
Qu Jinping	瞿金平	4/4	-	-	-	0/1	0/1
Independent Non-Executive Directors	獨立非執行董事						
Yeung Shuk Fan	楊淑芬	4/4	3/3	2/2	1/1	1/1	1/1
Cheng Tak Yin	鄭達賢	3/4	3/3	2/2	1/1	1/1	1/1
Ho Wei Sem	何偉森	4/4	3/3	2/2	1/1	0/1	0/1
Huang Zhi Wei	黃志偉	4/4	-	-	-	0/1	0/1

INTERNAL CONTROLS

Internal Control

The Board acknowledges its responsibility in maintaining a sound and effective system of internal control for the Group to safeguard interests of the shareholders and assets of the Company at all times.

The Group's system of internal control which includes a defined management structure with limit of authority is designed to help the achievement of business objectives, safeguard assets against unauthorised use or disposition, ensure the maintenance of proper accounting records for the provision of reliable financial information for internal use or for external publication, and ensure compliance with relevant legislation and regulations. The system is designed to provide reasonable, but not absolute, assurance against material misstatement or loss and to manage rather than eliminate risks of failure in the operational systems and achievement of the Group's objectives.

Management has conducted regular reviews during the year on the effectiveness of the internal control system covering all material factors related to financial, operational and compliance controls, various functions for risk management and physical and information systems security. The audit committee had been reported during the audit committee meetings of key findings identified by the Company's external auditor and discussed findings and actions or measures taken in addressing those findings relating to the Group's internal controls. No material issues on the system of internal control have been identified during the year ended 31 December 2017 which required significant rectification works.

The Board has, working in conjunction with senior management, conducted a review on the audit work carried out by the internal audit team during the year with a view to enhancing the Group's internal control system.

內部監控

內部監控

董事會知悉其有責任維持本集團良好及有效之內部監控制度系統，使股東的權益及本公司資產在任何時間均得到保障。

本集團的內部監控系統包括界定管理架構及相關的權限，以協助集團達至業務目標、保管資產以防未經授權使用或處理、確保適當的會計記錄得以保存並可提供可靠的財務資料供內部使用或對外發放，並確保符合相關法例及規例。上述監控系統旨在合理（但並非絕對）保證並無重大失實陳述或損失，並管理（但並非完全消除）營運系統失誤及達致本集團之目標。

管理層於年內定期檢討內部監控制度之成效，該制度涵蓋一切有關財務、營運及合規監控、風險管理工作以及實際及資訊系統保安等重要因素。本公司外聘核數師於審核委員會會議向審核委員會匯報有關內部監控之主要發現，審核委員會就有關之發現所採取行動或措施作過討論。截至二零一七年十二月三十一日止年度內，並無重大的內部監控問題須予重大糾正。

董事會亦與高級管理層已檢閱內部審核隊伍於年內進行之審核工作以加強本集團內部監控系統。

Internal Audit Function

The Group's internal audit team is responsible for conducting regular review of the Group's internal control procedures, including accounting system and operational procedures, and will make recommendations to the relevant department management for necessary actions. The management considers the present work arrangement of the internal audit functions is effective having taking into account the current organizational structure, lines of responsibility, authority of the management team and the risks associated with the operations of the Group. The management and Audit Committee review and monitor closely the works of the internal audit team and are committed to strengthening the functions of the Group's internal audit team. In addition to its agreed scheduled work, the internal audit team may conduct other review and investigative work of the Group's businesses on an ad hoc basis as and when necessary.

RISK MANAGEMENT

The Board recognises risk management is one of the key elements to the success of the Company. The Group takes a pragmatic approach to manage different risks to align with its business development strategically. The management identifies potential risks, assesses their impact and likelihood and develops appropriate action plans to mitigate risks to a level that the Company is willing to take in achieving the Company's objectives on a regular basis. The Group will continue to enhance the risk management practice and internal control system and adopts a stringent governance framework with reference to the best practice in the market.

The Group's business, financial position and results may be affected by certain risks and uncertainties. Foreign currency risk, interest rate risk, liquidity risk and credit risk are the main inherent risks which may cause the Group's financial condition or results differing materially from expected or historical results.

內部審核職能

本集團之內部審核隊伍負責定期審閱本集團內部監控程序，包括會計系統及營運程序，並會向有關部門管理層提出建議以作出相應行動。在經考慮現行組織架構、職責、管理團隊之權力以及本集團業務所涉及風險後，管理層認為現時內部審核職能之工作安排屬有效。管理層與審核委員會現正緊密地檢討及監督內部審核隊伍之工作，並致力加強本集團內部審核隊伍之職能。除了其已定之工作日程外，內部審核隊伍亦可能在需要時進行本集團非固定的其他審查和調查工作。

風險管理

董事會認為風險管理為本公司成功關鍵因素之一。本集團採取務實方法管理不同風險，以確保與業務發展策略一致。管理層定期識別潛在風險、評估其影響及可能性，並制定合適行動計劃，以減輕風險程度至本公司願意承擔之程度。本集團將繼續提升風險管理措施及內部監控制度，並參考市場上最佳常規採納嚴格管治框架。

本集團之業務、財務狀況及業績可能受若干風險及不確定因素所影響。外匯風險、利率風險、流動資金風險及信貸風險為可能導致本集團之財務狀況及業績與預期或過往業績有明顯差別之主要內在風險。

Foreign currency risk

The Group's reporting currency is Hong Kong dollar and most of the business transactions are denominated in other currencies including United States dollar, Renminbi and Japanese Yen. The Group enters into currency contracts to hedge against the currency risks arising from Group's operations and its funding sources, with reference to cash flow forecasts, capital expenditure commitment and business budget. The Group does not speculate on foreign currencies.

Interest rate risk

The Group's exposure to the risk of changes in interest rates mainly attributable to the bank loan obligations with floating interest rates. The Group has adequate internal control procedures to monitor the financial position exposures arising from fluctuation in the market interest rate for funding sources denominated in HK dollars, Renminbi and other foreign currencies.

Liquidity risk

The objective of liquidity risk management is to ensure the adequacy of Group's funds to meet the daily business operations, capital commitment and bank loans repayment. The Group monitors its liquidity position on a daily basis as the Group's treasurer also reviews the bank loans and cashflow positions in different geographical areas and adjusts the mix of short-term and long-term re-financing requirements.

Credit risk

Credit risk arises from the possibility that the customers are unwilling or unable to fulfill their obligations which then incurs financial losses to the Group. The Group's credit control function manages the credit risks by assessing the credit limits and credit terms to be granted to customers and setting up the internal control system of credit approvals and other monitoring procedures to recover overdue debts, if any. The Group also enters into credit insurance contracts to mitigate the credit risks arising from the collection of accounts receivables balances.

外匯風險

本集團以港元為呈報貨幣，而大部分業務交易以其他貨幣計值，包括美元、人民幣及日圓。本集團根據現金流量預測、資本開支承擔及業務預算，訂立遠期貨幣合約以對沖本集團業務及其財務資源所產生之外匯風險。本集團並無炒賣外幣。

利率風險

本集團所面對之利率變動風險主要按浮息計算之銀行貸款責任。本集團有充足內部監控程序監控以港元、人民幣及其他貨幣計值之融資渠道，因市場利率波動所引致之財務狀況風險。

流動資金風險

管理流動資金風險之目的為確保本集團有充足資金應付日常業務營運、資本承擔及償還銀行貸款。本集團每日均監控其流動資金狀況，集團司庫亦會審閱於不同地區範圍之銀行貸款及現金流量狀況，並調整短期及長期再融資組合之要求。

信貸風險

信貸風險乃客戶不願或不能履行其責任而導致本集團承受財務損失時而產生。本集團之信貸監控職能為透過評估將向客戶授出之信貸限額及信貸期，以及設立審批信貸之內部監控系統及其他監察程序以收回逾期借貸(如有)，管理信貸風險。本集團亦訂立信貸保險合約，以減低收取應收賬款結餘所引致之信貸風險。

INVESTOR RELATIONS AND COMMUNICATIONS

Recognising the importance of maintaining on-going communication with shareholders, the Board establishes a shareholders' communication policy and reviews it on a regular basis to ensure its effectiveness. To facilitate the timely, transparent and effective communication with shareholders, the Board provides different communication channels for shareholders and investors including annual general meetings and other general meetings.

The annual general meeting provides a forum for the Company's shareholders to raise comments, offer suggestions, and exchange views with the Board. The notice of annual general meeting is distributed to all shareholders at least 20 clear business days before the meeting. The Chairman of the Board, the Chairman of the Nomination Committee, the Chairman of the Audit Committee, the Chairman of the Remuneration Committee and external auditors shall attend each annual general meeting or any general meeting to answer questions from the shareholders on the performance of the Company so as to allow them to fully understand the Company's operations, management and development.

During the year, the Board convened the AGM and EGM. The voting results of annual general meeting were published on the websites of the Stock Exchange and the Company and the results are available for inspection by the shareholders of the Company upon request made to the Company Secretaries. The attendance record of the Directors at the meetings is set out on page 40 of this Annual Report.

Besides general meeting, the Executive Directors and senior management of the Company met with various investors during the year to enhance interactive communications with shareholders and investors. Our official website contains timely updated company news, corporate information, announcements, and interim and annual reports of the Group, all of which are available for download with a view of making easy access to corporate information for the shareholders and investors of the Company. Circulars, interim and annual reports are sent to shareholders of the Company and investors in a timely manner and they are also available on the websites of the Company and the Stock Exchange.

投資者關係及溝通

董事會認同持續與股東保持溝通之重要性，並制訂股東溝通政策，且定期進行檢討以確保其效益。為促進與股東進行適時、具透明度及有效之溝通，董事會提供不同渠道與股東及投資者溝通，包括股東周年大會及其他股東大會。

股東周年大會為本公司股東提供平台，向董事會提出意見、建議並與董事會交換意見。股東周年大會通知於大會舉行前至少20個完整營業日向全體股東發佈。董事會主席、提名委員會主席、審核委員會主席及薪酬委員會主席及外聘核數師須出席各個股東周年大會或任何股東大會，以解答股東對本公司表現之提問，使彼等可全面瞭解本公司之營運、管理及發展。

於本年度內，董事會召開2017年度股東周年大會及股東特別大會。2017年度股東周年大會及股東特別大會之投票結果已載於聯交所及本公司網站，而本公司股東亦可向公司秘書要求查詢有關結果。董事出席大會之記錄載於本年報第40頁。

除股東大會外，執行董事及本公司高級管理人員於本年度內與不同投資者會面，以加強與股東及投資者之互動溝通。本集團之官方網站載有適時更新之公司消息、公司資料、公告，以及中期及年度報告，可輕易下載，方便本公司股東及投資者取得企業資料。通函、中期及年度報告亦會適時寄發予本公司股東及投資者，並可於本公司及聯交所網站查閱。

SHAREHOLDERS' RIGHT

The Company follows a policy of disclosing information to shareholders in a timely manner. Members of the Board meet and communicate with shareholders at the 2017 AGM and the EGM. The notices of the AGM and EGM is distributed to all shareholders at least 20 clear business days prior to the AGM and EGM and accompanying circular also set out details of each proposed resolution and other relevant information as required under the Listing Rules. The Chairman proposes separate resolution for each issue to be considered and put each proposed resolution to the vote by way of a poll. An explanation of the detailed procedures of conducting a poll will be provided to shareholders at the commencement of the AGM, to ensure that shareholders are familiar with such procedures. Voting results are available in the Company's website on the day after the AGM. The Chairman of the Board has attended at annual general meeting and/or general meeting to be available to answer questions from shareholders.

In accordance with the Articles and the Companies Ordinance, any members holding at the date of the deposit of the requisition not less than one-twentieth of total voting rights of the Company, is entitled to deposit a requisition to the registered office of the Company to convene an extraordinary general meeting of the Company.

The requisition must state the objects of the meeting, and must be signed by the requisitionists and deposited at the registered office of the Company at 10/F, Billion Plaza 2, No. 10 Cheung Yue Street, Cheung Sha Wan, Kowloon, Hong Kong for the attention of the Board or the Company Secretaries. The documents may consist of several documents in like form, each signed by one or more requisitionists.

The request will be verified by the Company's Share Registrars and upon their confirmation that the request is proper and in order, the Board will convene the EGM by serving sufficient notice in accordance with the statutory requirements to all the registered members. On the contrary, if the request has been verified as not in order, the requisitionist will be advised of this outcome and the EGM will not be convened as requested.

股東之權利

本公司乃沿用及時披露有關資料予股東之政策。董事會成員與股東在本公司之2017年度股東周年大會及股東特別大會上會面及溝通。股東周年大會及股東特別大會通告會於股東周年大會及股東特別大會舉行前至少二十個完整營業日派送予所有股東，而隨附之通函亦列明各項提呈之決議案詳情及按上市規則規定之其他有關資料。主席就每項獨立之事宜個別提出決議案以供審議，並對各項提呈之決議案以點票方式進行表決。本公司亦會於股東周年大會開始時向股東講解有關點票表決之程序，以確保各股東明白有關程序。投票表決之結果於股東周年大會結束後當天於本公司網站登載。董事會主席會出席股東周年大會及／或股東大會，準備於會上回應股東的提問。

根據本公司章程細則及《公司條例》，任何於遞呈要求日期時持有不少於本公司的總表決權二十分之一的股東，有權根據下文所載之方式向本公司的註冊辦事處發出書面請求，要求董事會召開股東特別大會。

書面要求須述明會議的目的且經遞呈要求人士簽署，並將之遞呈至本公司的註冊辦事處（地址為香港九龍長沙灣長裕街10號億京廣場2期10樓），致本公司董事會或公司秘書。當中可包含數份同樣格式的文件，而每份文件均由一名或多於一名遞呈要求人士簽署。

要求將由本公司股份過戶登記處核對。當確認要求妥當及合理時，本公司董事會將召開股東特別大會，並根據法定要求向所有股東提供足夠的通知。相反，倘要求被核實為不合理，有關結果將知會該遞呈要求人士，且不會按要求召開股東特別大會。

CORPORATE GOVERNANCE REPORT (CONTINUED)

企業管治報告 (續)

If within twenty-one days from the date of deposit of the requisition, the Board fails to proceed to convene such meeting, the requisitionists, or any of them representing more than one-half of the total voting rights of all of them, may themselves convene an extraordinary general meeting in the same manner, all reasonable expenses incurred by the requisitionists by reason of the failure of the Board to duly convene the extraordinary general meeting shall be reimbursed by the Company to the requisitionist(s).

FINANCIAL REPORTING

The management provides such explanation and information to the Board so as to enable the Board to make an informed assessment of the financial and other information put before the approval by the Board.

The Directors acknowledge their responsibility to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group and in presenting the interim and annual financial statements, and announcements to shareholders. The responsibilities of the Directors in relation to the financial statement, should be read in conjunction with, but distinguished from, the Independent Auditor's Report on pages 63 to 70 which acknowledges the reporting responsibilities of the Group's auditors. The Directors aim to present a balanced and understandable assessment of the Group's, position and prospects. The Board is not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Group's ability to continue as a going concern, the Board therefore continues to adopt the going concern approach in preparing the accounts.

The Board acknowledges its responsibility to present a balanced, clear and understandable assessment in the Company's annual and interim reports, other price-sensitive announcement(s) and other financial disclosures required under the Listing Rules, and reports to the regulators.

倘遞呈有關要求後二十一日內，董事會未有召開該大會，則該等遞呈要求人士或佔全體遞呈要求人士一半以上總表決權的人士，可自行召開會議，但如此召開的會議不得在上述日期起計三個月屆滿後舉行。由遞呈要求人士根據本條召開的會議，須盡可能以接近董事召開會議的方式召開。遞呈要求人士因董事沒有妥為召開會議而招致的任何合理費用，須由本公司償還予遞呈要求人士。

財務匯報

管理層向董事會提供有關解釋及資料，以便董事會可對提呈董事會批准之財務及其他資料作出知情評估。

董事確認須負責為每一財政年度編製能真實及公平地反映本集團財務狀況之財務報告以及向股東提呈中期及年度財務報表及公告，董事對財務報表之責任，應與第63頁至70頁闡明本集團核數師呈報職責的獨立核數師報告一併閱讀，但兩者應分別獨立理解。董事旨在就本集團現況及前景提呈均衡及容易理解之評估。董事會並未注意到任何與或對本集團持續經營能力構成重大疑慮之事件或情況有關之重大不確定因素，因此，董事會繼續採用持續經營基準編製賬目。

董事會明瞭，其有責任在本公司年報及中期報告、其他價格敏感公佈及上市規則規定之其他財務披露中，提供平衡、清晰及易於理解之評估，並向監管機構申報。

COMPANY SECRETARY

As at the date of the Annual Report, the Joint Company Secretaries of the Company are Ms. Mak Po Man and Mr. Yeung Yuk Lun, the Chief Financial Officer of the Group. They are employees of the Company and responsible for providing advices to the Board for ensuring the Board procedures are followed and that the applicable laws and regulations are complied with. Ms. Mak Po Man has resigned as joint company secretary on 21 March 2018. After the resignation of Ms. Mak Po Man, Mr. Yeung Yuk Lun remains as the Company Secretary of the Company.

The Joint Company Secretaries of the Company have complied with all the proposed qualifications, experience and training requirements under the Listing Rules.

CONSTITUTIONAL DOCUMENTS

During the year, there is no significant change in the Company's constitutional documents.

公司秘書

於本年報日期，本公司之聯席公司秘書為麥寶文女士及本集團首席財務總監楊毓麟先生。彼等為本公司的僱員，負責就確保董事會程序、適用法例及法規得以遵守、董事履行證券權益披露及遵守上市規則等，向董事會提供意見。麥寶文女士於二零一八年三月二十一日辭任聯席公司秘書。緊隨麥寶文女士辭任，楊毓麟先生繼續擔任本公司的公司秘書。

彼等已符合上市規則所列的所有建議資歷、經驗及培訓規定。

公司章程文件

於本年度內，本公司之公司憲章文件並無重大變動。

SUSTAINABILITY REVIEW

可持續發展回顧

About This Review

The following Sustainability Review (“this Review”) reports the Group’s primary sustainability activities associated with our operations in machinery manufacturing and printed circuit board (“PCB”) processing throughout 2017.

In accordance with the amendments made to the Environmental, Social and Governance Reporting Guide (the “ESG Guide”) and related Listing Rules issued by The Stock Exchange of Hong Kong Limited in January 2016, this Review incorporates information and data primarily gathered from the Hong Kong Headquarters of Cosmos Machinery Enterprises Limited, Dong Hua Machinery Ltd. in Dongguan (“Dong Hua”), and Shenzhen Gainbase Printed Circuit Board Co. Ltd. (“Gainbase”). Subject to the development and data availability of all our subsidiary businesses, the Group continues to review the scope of reporting annually, with the aim of addressing our most significant issues related to social and environmental performance.

Materiality Assessment

Over the years, we have engaged with major stakeholder groups on a regular basis, including, but not limited to, our staff, customers, suppliers, governmental and regulatory bodies and non-governmental organisations. This engagement has taken place through diverse communication channels: daily correspondence, meetings, surveys, reports and group activities. Starting from 2014, the Group has also conducted a series of engagement programmes with our major stakeholders through the Hong Kong Productivity Council; these programmes gather input to help us identify the sustainability issues that are most material to both the Group and our stakeholders. In this Review, our performance is highlighted against a list of material issues by providing reference indices to the corresponding general disclosure aspects and key performance indicators (“KPIs”) stipulated in the ESG Guide.

關於本回顧

以下的《可持續發展回顧》(「本回顧」)載述2017年集團經營機械製造及線路板加工業務相關的主要可持續發展活動。

本回顧是依照香港聯合交易所有限公司於2016年1月發佈的《環境、社會及管治報告指引》(《ESG指引》)和相關上市規則條文的修訂要求擬備。本回顧的主要內容涵蓋大同機械企業有限公司香港總部、位於東莞的東華機械有限公司(「東華」)及深圳邦基線路板有限公司(「邦基」)的資料和數據。集團將繼續因應旗下所有附屬業務的發展動態和已有資料，對本回顧的披露範圍進行年度檢討，務求充份闡述集團關於社會及環境績效的最重要議題。

重要性評估

多年來，我們定期與主要持份者保持溝通，當中包括但不限於我們的員工、顧客、供應商、政府及監管機構和非政府組織。集團接觸持份者的渠道多種多樣，例如日常通訊、會議、調查、報告及團體活動等。此外，我們自2014年起委託香港生產力促進局推行多項參與計劃與各界主要持份者聯繫，蒐集他們的意見，從而界定對集團和持份者影響最重要的可持續發展議題。本回顧重點披露了集團在相關重要議題的績效，並以《ESG指引》中相應的一般披露及關鍵績效指標(KPIs)作參考索引。

Table 1: Material issues disclosed in this Review cross-referenced with ESG Guide aspects

表1：本回顧披露的重要議題及相應的《ESG指引》參照層面

Subject area 主要範疇	Material issues disclosed in this Review ¹ 本回顧披露的重要議題	Corresponding aspects in the ESG Guide 相應的《ESG指引》層面
Environmental 環境	<ul style="list-style-type: none"> Waste recovery and recycling 廢物回收及循環再造 Air quality 空氣質素 	A1
	<ul style="list-style-type: none"> Policies and initiatives to mitigate impacts on the environment and natural resources 紓緩對環境及天然資源影響的政策和措施 	A2, A3
Social 社會	<ul style="list-style-type: none"> Staff remuneration and benefits 員工薪酬及福利 	B1
	<ul style="list-style-type: none"> Occupational health and safety 職業健康與安全 	B2
	<ul style="list-style-type: none"> Staff development and training 員工發展及培訓 	B3
	<ul style="list-style-type: none"> Compliance with labour standards and regulations 遵守勞工標準及規例 	B4
	<ul style="list-style-type: none"> Supply chain management 供應鏈管理 	B5
	<ul style="list-style-type: none"> Product responsibility 產品責任 	B6
	<ul style="list-style-type: none"> Anti-corruption 反貪污 	B7
<ul style="list-style-type: none"> Community care 關懷社區 	B8	

¹ There are no changes to the material issues in this report – the issues are identical to the issues contained in the Sustainability Review found in the Group's 2016 Annual Report.

¹ 本報告披露的重要議題並無任何變動—各議題與集團發表的《2016年報》中的「可持續發展回顧」闡述的重要議題保持一致。

SUSTAINABILITY REVIEW (CONTINUED)

可持續發展回顧（續）

ENVIRONMENTAL SUBJECT AREA

General disclosure

The Group is committed to operating in an environmentally responsible manner which reduces the potential negative impacts of our business. We strive to minimise our carbon emissions through the efficient use of natural resources, the development of energy-saving products, the implementation of waste recovery and recycling measures and the control of emissions.

The Group strictly complies with all applicable environmental legislation and requirements. During the year under review, there were no instances of non-compliance with local environmental laws and regulations. To go beyond local legal compliance, we also take reference to the relevant international, national and industry standards – for example standards relating to environmental management, air pollutants and noise emissions. Gainbase has obtained ISO 14001 certification for its environmental management system, with comprehensive energy management guidelines, internal policies and targets having been established to save energy and enhance efficiency. In addition, to help identify and address environmental risks more effectively, our manufacturing plant has completed a risk analysis report on potential environmental emergencies that may occur during the production process; with corresponding emergency protocols and action plans also having been developed to mitigate any negative environmental impacts in the event of any emergencies.

Prior to commencing major construction or expansion projects, environmental impact assessments are carried out to ensure that any impacts on the environment are minimised. To prevent and mitigate such impacts, our manufacturing facilities have implemented a number of environmental measures, including the installation of rinsing and filtering equipment to reduce particulates and dust emissions, and the application of the latest technologies to improve energy efficiency.

環境主要範疇

一般披露

本集團致力以對環境負責任的方式營運，將業務可能造成的負面影響減至最低，此外亦會善用天然資源、研發節能產品、推行廢物回收、循環再造措施及控制污染排放，盡量減少碳排放。

本集團嚴格遵守所有適用的環保法例和規定，回顧年度並無任何不符合當地環保法律及法規的事件。我們更超越環保法規的要求，參照相關的國際、國家及業界標準進行營運，例如採用關於環境管理、空氣污染及噪音排放的標準。邦基的環境管理體系取得 ISO 14001 認證，並已制訂詳盡的能源管理指引、內部政策和目標，旨在節約能源及提高能源效益。此外，我們的生產廠房亦已就生產過程中可能發生的環境緊急事故擬備風險分析報告，並制訂緊急事故應對規程和行動方案，如一旦發生緊急事故亦可盡量減低環境損害。

我們展開任何大型建造或擴建工程之前，必會進行環境影響評估，將環境影響控制在最少範圍。為預防和紓減相關影響，我們的生產設施推行了多項環保措施，包括安裝沖洗及過濾設備減少粉塵排放，並且應用最新科技提高能源效益。

To reduce the environmental footprint of the products that we manufacture, the Group endeavours to explore new technical frontiers and enhance product design. During the year, the Group presented our most advanced energy-efficient machine models at the 31st International Exhibition on Plastics and Rubber Industries in Guangzhou. These included the 393SEc servo energy saving thin-wall high special injection moulding machine, the 450JSell small and medium size servo-driven two-platen injection moulding machine, and the Ge electric-plus. These new-generation machines feature enhanced levels of productivity and cost efficiency, and more importantly, greatly reduced energy consumption. Furthermore, our software application which provides intelligent machine operation control, named iSee, has been upgraded and optimised to version 4.0. By enabling the real-time monitoring of automated processes, iSee 4.0 helps users manage energy consumption more effectively.

Emissions control and waste management

To reduce the release of the air pollutants, wastewater and solid waste generated during our manufacturing processes, the Group applies various green measures that lessen the associated environmental impacts of these emissions and conserve natural resources. For example, active carbon filters, central exhaust systems and water spray devices have been retrofitted in Dong Hua to reduce airborne pollutants. To reduce the consumption of fresh water, Gainbase invested over HKD10 million to establish a wastewater treatment and reuse system, which allows around 38% of wastewater generated to be reused in the production line. In partnership with the Hong Kong Productivity Council, Gainbase's wastewater treatment facility features European environmental technology which uses the decomposition of organic substances to lower the discharged wastewater's chemical oxygen demand to around 50-60 mg/L (the regulatory limit is 90 mg/L), providing a best green manufacturing practice reference for the industry.

我們致力減少所製造產品的環境足印，因此積極開發突破性新型科技和優化產品設計。年內，本集團在廣州舉行的「第三十一屆中國國際塑料橡膠工業展覽會」上展出了先進的高能源效益機器型號，包括393SEc伺服節能薄壁高速專用機、450JSell兩板機及Ge全電機。上述新一代機器生產力和成本效益更高，更重要的是能源耗用量大幅減少。除此之外，我們的智能控制系統iSee年內完成升級，優化至最新的4.0版本。iSee 4.0可實時監察自動化流程，協助用戶有效管理能源用量。

排放控制及廢物管理

為降低生產過程產生的空氣污染排放物、廢水和固體廢物，本集團實施多項環保措施，務求盡量紓減相關的環境影響及保護天然資源。例如，東華已加裝可消滅空氣污染物的活性碳過濾器、中央排氣系統及灑水裝置。而邦基則投資超過1,000萬港元建設廢水處理及回收再用系統以節省食水，現時工廠車間產生的廢水約38%可供應生產線循環再用。邦基與香港生產力促進局合作引入的廢水處理設施採用歐洲環保技術，透過分解污水中有機物，將車間排放廢水的化學需氧量降至約50-60毫克／公升（政府監管規定上限為90毫克／公升），在業界創立環保生產的一個最佳典範。

SUSTAINABILITY REVIEW (CONTINUED)

可持續發展回顧（續）

The Group understands that industrial waste generated by production plants often contains many useful materials; hence we seek every possible way to minimise our solid waste generation. Qualified contractors are engaged to handle hazardous waste, with any recyclable materials such as scrap metal, plastics, paper, waste oil and oil paint containers being separated at source for recycling by waste management companies. The Group also implements source reduction and recycling measures to minimise solid waste generation in our factories' living quarters – for example, putting up reminders and posters in staff canteens to encourage staff to order suitable portions of food and minimise food waste.

Sustainable use of resources

Energy consumption is one of the major generators of environmental impacts in our business. We are constantly researching new technologies and upgrading manufacturing hardware to improve energy efficiency at our production plants. During the year, Dong Hua implemented the following measures:

- Installed a provincial motor in the power distribution room, which has reduced electricity consumption by around 5-7%;
- Started using an inverter air compressor, which has reduced electricity consumption by around 20%; and
- Replaced traditional industrial and mining lamps with high-efficiency LED mining lights, reducing electricity consumption by around 10%.

考慮到製造車間產生的工業廢物往往含有不少有用物質，我們盡量減少固體廢物。我們聘請合資格承辦商處理有害廢物，並進行源頭分類及安排廢物管理公司進行回收。可回收物料包括廢金屬、塑膠、紙、廢油及油漆容器等。本集團亦實行源頭減廢和回收措施，務求盡量減少工廠內員工住宿區的固體廢物產生量。其中一個例子就是在員工食堂張貼溫馨提示和海報，鼓勵員工點選適當份量食品，盡量避免浪費食物。

資源的可持續利用

本集團營運業務產生的環境影響中有較大比例來自能源消耗，因此我們不斷研究新型技術和優化硬件製造，以提高生產車間的能源效益。於回顧年度，東華推行了以下措施：

- 在配電房裝設省電機，減少約5-7%用電量；
- 使用變頻空氣壓縮機，減少約20%用電量；及
- 更換傳統工礦燈，改用高效節能LED工礦燈，減少約10%用電量。

Green practices

The Group strives to integrate green concepts into our business operations and the daily lives of our staff. To foster a “green workplace”, a variety of green practices are shared with and promoted to our staff to enhance their environmental awareness. For example, we encourage our staff to develop a habit of reading documents onscreen, rather than on paper, select double-sided print options, reuse paper that is printed on one side only and set up waste paper collection points in the office to promote recycling. In 2017, a number of green activities were arranged to motivate our staff to adopt an environmentally responsible lifestyle. These included the “VR Power Challenge”, a “No Plastic Bottle Day”, and participation in the Earth Hour campaign. These activities enabled our staff to experience a green lifestyle in several ways – generating renewable energy by riding a bicycle and cutting down on their use of plastic bottles, for instance.

環保實踐

本集團不遺餘力地使環保概念成為業務營運和員工日常生活的一部分。為提倡「綠色工作間」，我們與同事們分享及推廣形式式的環保作業方式，加強他們的環保意識。例如，我們鼓勵員工養成習慣不打印文件而在電腦屏幕閱讀，以及選擇雙面打印、重用已單面打印的紙張和在辦公室設立廢紙回收點推廣廢物回收。於2017年，我們安排了連串環保活動倡導員工貫徹環保的生活方式，包括「VR單車電玩賽」、「無膠樽日」及支持「地球一小時」行動。這些活動讓員工以不同方式體驗綠色生活，比如踏單車發動可再生能源和減少使用膠樽。



Participation in the “VR Power Challenge”
參加「VR單車電玩賽」



“No Plastic Bottle Day”
「無膠樽日」

SUSTAINABILITY REVIEW (CONTINUED)

可持續發展回顧 (續)

Environmental data summary

環境數據一覽

Table 2: 2017 Resource Consumption Data Summary

表2：2017年資源耗用量數據摘要

Description 類別	Unit 單位	Amount 數量
Diesel for stationary combustion 固定燃燒用柴油	litres 公升	50,580
Natural gas 天然氣	m ³ 立方米	20,000
Diesel for vehicles 車用柴油	litres 公升	37,325
Petrol for vehicles 車用汽油	litres 公升	74,567
Electricity 電	kWh 千瓦時	48,241,965
Water 水	m ³ 立方米	519,146
Packaging (plastics) 包裝物(塑膠)	tonnes 公噸	7.5

Table 3: 2017 Emissions Data Summary

表3：2017年排放數據摘要

Description 類別	Unit 單位	Amount 數量
Wastewater 廢水	m ³ 立方米	411,258
SO ₂ 二氧化硫 ¹	m ³ 立方米	4,348
NO _x 氮氧化物 ¹	m ³ 立方米	1,824
Indirect greenhouse gases 間接溫室氣體 ²	tonnes of CO ₂ e 公噸二氧化碳當量	25,953

Table 4: 2017 Waste Collection Data Summary³

表4：2017年廢物收集數據摘要³

Description 類別	Unit 單位	Amount 數量	
Hazardous Waste 有害廢物	Waste oil 廢油	tonne 公噸	12
	Oil containers 油容器 ⁴	tonne 公噸	8
	Oil paint containers 油漆容器 ⁴	tonne 公噸	3
Non-Hazardous Waste 非有害廢物	Metals (e.g. steel, iron, welding slag) 金屬(如鋼、鐵、焊渣等)	tonne 公噸	638
	Plastics 塑膠	tonne 公噸	5
	Paper (e.g. cardboard) 紙張(如紙板等)	tonne 公噸	42
	Others (e.g. scrap, wiring) 其他(如邊角料、電線等)	tonne 公噸	180

Notes:

註：

- SO₂ and NO_x data are applicable to Dong Hua only.
- Indirect greenhouse gas emissions are estimated from electricity consumption data using the latest emissions factor published by CLP Holdings Limited.
- Waste data is applicable to Dong Hua only.
- Oil containers and oil paint containers may contain hazardous substances.

- 二氧化硫及氮氧化物數據只適用於東華。
- 間接溫室氣體排放根據用電量並採用中電控股有限公司公佈的最新排放因子進行估算。
- 廢物數據只適用於東華。
- 油容器及油漆容器或含有害物質。

SOCIAL SUBJECT AREA

General disclosure

The Group's continued success and growth are reliant on the talent, dedication and teamwork of our staff. Echoing our corporate philosophy of being "people-orientated, pragmatic and continuously learning", we view talent attraction, occupational health and safety and staff development as integral parts of the Group's long-term development. Meanwhile, we are committed to embedding sustainability within our supply chain in order to attain full customer satisfaction while creating shared value with our suppliers and supporting the development of the community. During the reporting year, we were delighted to have been awarded the "10 Year Plus Caring Company Logo" by the Hong Kong Council of Social Service, a recognition that reaffirms the substantial efforts we put into caring for our staff and caring for society.

The Group endeavours to foster the best possible work environment for our staff. The Group also respects human rights and complies with local labour, workplace and social standards. We are firmly committed to safeguarding the well-being and integrity of our staff and have formulated forward-thinking policies and guidelines and established a code of conduct which all staff are expected to follow. We provide equal opportunities for all qualified applicants and staff and refrain from any type of discrimination. The Group does not tolerate any form of corruption, forced labour, child labour or sexual harassment anywhere in our operations.

To facilitate communication between our staff and the Group's management, we have put in place a diverse set of communication channels and grievance mechanisms, with measures also in place to ensure the confidentiality of personal data. We strictly abide by the local labour laws of the countries in which we operate, and adhere to industry codes of employment. During the reporting period, no legal cases were registered regarding our labour practices, market operations or any issues related to product responsibility.

社會主要範疇

一般披露

員工的卓越才能、工作誠志和團隊合作是我們賴以成功的要素，支持本集團的業務持續發展。秉承「以人為本；務實進取；持續學習」的企業價值觀，我們深信吸納人才、職業健康與安全及員工發展是本集團長遠發展不可或缺的環節。我們亦矢志在供應鏈全面實踐可持續發展，一方面使顧客稱心滿意，另一方面與供應商共享價值，促進社會發展。於匯報年度，本集團榮獲香港社會服務聯會「10年Plus商界展關懷標誌」，再次嘉許我們積極為員工和社會謀福祉。

本集團致力為員工提供最佳的工作環境，尊重員工的人權和遵守營運當地有關勞工、工作場所及社會規範標準等。我們堅決保障員工的福祉及維護誠信，特此制訂了具前瞻性的政策和指引，並訂立了全體員工均須遵守的行為守則。我們恪守平等機會的原則，對所有符合資格的應聘者及員工一視同仁，杜絕任何形式的歧視。我們堅決反對集團旗下營運作業中出現任何形式的貪污舞弊、強迫勞工、童工或性騷擾。

為促進員工與本集團管理層之間的溝通，我們設有多種溝通渠道和申訴機制，並設立措施確保對個人資料私隱的保障。我們嚴格遵守業務所在國家的勞工法律，同時依從業界的僱傭守則。於匯報期內並無任何有關勞工待遇、市場營運或產品責任等相關事宜的訴訟。

SUSTAINABILITY REVIEW (CONTINUED)

可持續發展回顧（續）



Awarded the Caring Company Logo for the tenth consecutive year
連續第十年獲頒發「商界展關懷」標誌

Employment and welfare

The Group values the contributions of our staff and recognises their performance through competitive remuneration and benefits, allowing us to retain high-calibre staff. We operate a performance-based appraisal process which assesses the capabilities and leadership abilities of our staff at different levels on a regular basis – this allows us to adjust remuneration and bonuses accordingly and inspire both career and personal growth. On top of medical insurance, provident fund and pensions, we offer our staff various leave entitlements including annual leave, marriage leave, maternity and paternity leave, bereavement leave, examination leave and injury leave.

We place a strong emphasis on promoting a healthy work-life balance and have adopted a pro-family policy. During the year under review, we planned a variety of social activities that allowed our staff to stay healthy and fit all year round, among which were an “Office Fruit Day”, monthly birthday parties and New Year parties. In 2017, the Group also prepared thoughtful gifts for our staff on Mother’s Day and Father’s Day.

僱傭及福利

員工的貢獻對本集團舉足輕重，為肯定他們的表現和留住優秀人才，我們提供具競爭力的薪酬及福利。我們設有以表現為本的評估制度，定期評核不同職級員工的職能和領導能力，以此作依據相應地調整薪酬及獎金，激勵員工追求事業及個人發展。本集團除了提供醫療保險、公積金及退休金，亦為員工提供多種休假，包括年假、婚假、產假或待產假、喪假、考試休假及工傷休假等。

我們大力提倡作息平衡的健康生活，貫徹奉行家庭親和的政策。於回顧年度，我們舉行了包括「辦公室水果日」、每月生日會和元旦派對等各式聯誼活動，促進員工全年保持健康體魄。在2017年，本集團更特別準備心意小禮物，與員工一起慶祝母親節及父親節。

Outside the workplace, we organised internal sports activities such as football, basketball and badminton and arranged or took part in external activities including the 2017 Cosmos Health Walk, the 2016/17 New Territories "Walk for Millions" and the Fifth Dongcheng Sports Competition. The 2016 annual employee appreciation dinner was a highly-anticipated event which honoured staff exemplifying excellence in their daily work practices. To celebrate the long-term commitment and loyalty of staff, long service awards of 10 years and 20 years were also presented during the event.

在工作以外，我們會舉辦內部康體活動，例如足球、籃球和羽毛球等，而本集團亦組織或參與多種與外展活動，例如大同健行2017、2016/17年度新界區百萬行及第五屆東城運動會。2016年度先進表彰晚宴是員工翹首以待的活動，晚會除了公開表揚日常工作表現卓越的員工，並向年資10年及20年的員工頒發長期服務獎，感謝他們多年來所作出的貢獻。



Staff at a monthly birthday celebration
每月生日會員工合照

Workplace health and safety

The Group places great importance in building a strong health and safety culture for all our staff. Our manufacturing facilities in the PRC have established policies and guidelines regarding safety equipment, occupational hygiene and the prevention of occupational diseases, setting out clear roles and responsibilities for health and safety at all levels. Gainbase has established a Safety Production Committee made up of safety officers who are in charge of monitoring and managing safety initiatives and preventing workplace accidents. Health and safety courses and refresher training sessions are regularly conducted, covering topics such as first aid, handling hazardous chemicals and production safety. In addition, large-scale emergency fire drills and site inspections are conducted on a regular basis.

工作間健康與安全

本集團矢志培育健康與安全文化，加強全體員工的職安健意識。我們位於中國內地的工廠已制訂安全設備、職業衛生及預防職業病的相關政策和指引，清晰界定各職級人員的職安健的角色及責任。邦基現已設立由安全管理人員組成的安全生產委員會，專責監察和管理安全措施及防範工傷意外。此外，我們亦定期舉辦健康與安全課程及進修培訓，講題包括急救、處理有害化學物質及生產安全。除此之外，亦經常進行大型緊急火警演習和工地巡查。

SUSTAINABILITY REVIEW (CONTINUED)

可持續發展回顧（續）



Fire drill by Dong Hua in 2017
2017年東華火警演習

In August 2017, continuing an established practice, the Group organised a complimentary annual health screening for different levels of staff in Dongguan. Dong Hua was also invited to join the “2017 Dongguan Safety Production Engagement Day”, supporting the implementation of safety-oriented production responsibility in enterprises. We strive to serve as a leading light for the industry by consistently enhancing our training programmes and keeping abreast of the latest laws and regulations concerning production safety.

一如以往，本集團於2017年8月免費為東莞各職級的員工提供年度身體檢查，東華亦獲邀參加「2017年東莞市安全生產諮詢日」支持企業實施以安全為本的生產責任制度。我們希望作為業界的先導，不斷優化培訓課程和緊貼最新的安全生產法律及規例。



Conducting annual medical check-ups
年度身體檢查



2017 Dongguan Safety Production Engagement Day
2017年東莞市安全生產諮詢日

Staff development

We strongly encourage our staff to take part in various training programmes and provide necessary support for them to enhance their professional skills and knowledge as well as assist in their career development. Each year, the Group formulates and allocates budget to a variety of training programmes. We tailor-make orientation training programmes and apprenticeship programmes for new recruits, while a range of internal and external training courses are offered for all staff based on their roles and needs. In 2017, we offered training and career development programmes in English language, technical knowledge, ISO 9001:2015 internal auditor training, business management and enterprise resource planning.

Supply chain management

The Group has been progressively including sustainability as a core element in our supply chain decision-making processes, which is changing how we engage with and assess our suppliers. We constantly review our supply chain management policies and green procurement guidelines, and the performance of our suppliers is regularly assessed. Any breaches made in our supplier requirements may lead to legal action in accordance with our corporate policies.

員工發展

我們積極鼓勵員工參加各類培訓，並給予必要的支援以助他們提升專業技能和知識，在事業上協助他們發展。集團每年均會制訂及撥出預算舉辦各種培訓課程，例如為新員工度身訂造的入職培訓及學徒訓練，同時亦會根據員工的不同職責及需要安排集團內部及外界培訓課程。在2017年舉辦的培訓及職業發展課程主題包括英語、技術知識、ISO 9001:2015內部審核員訓練、業務管理及企業資源規劃。

供應鏈管理

本集團正逐步將可持續發展作為核心元素融入供應鏈決策過程中，並相應地調整供應商的聘用及評估方針。我們不斷檢討供應鏈管理政策和環保採購指引，同時定期評估供應商的表現，如發現任何違反供應商規範的事件，則會按照集團的政策考慮採取法律行動。

SUSTAINABILITY REVIEW (CONTINUED)

可持續發展回顧（續）

The Group seeks to understand the social and environmental impacts generated throughout the lifecycle of our products by means of regular engagement with our contractors. Together, we ensure compliance with local laws and regulations concerning product safety, product declaration and labelling, human rights, customer privacy protection, anti-corruption and intellectual property rights.

Product quality

Improving product quality, from sourcing to manufacturing, is one of the Group's key priorities. We consider both social and environmental aspects when sourcing raw materials. All manufacturing units strive to ensure that their raw materials and products meet strict international standards such as the European Union legislation called the "Restriction of the Use of Certain Hazardous Substances in Electrical and Electronic Equipment (recast)" and halogen-free requirements defined by the International Electrochemical Commission. Our Quality Department is responsible for performing product quality auditing and monitoring, end-user satisfaction tests and handling product recalls when necessary. In addition, our production facilities in the PRC demonstrate our firm commitment to providing quality products through the establishment of systems for controlling quality management that are certified to international standards (e.g. ISO 9001 and ISO/TS 16949), product safety systems (e.g. UL), and environmental management systems (e.g. ISO 14001).

Caring for the community

The Group actively promotes and participates in community initiatives in order to contribute to the sustainable development of both our business and society. A staff volunteer team has been established, which takes part in charitable events and gathers donations and supplies for those in need. In one of many social efforts made this year, this team joined hands with a group of stroke patients to create a beautiful piece of art adorned with colourful buttons to share our best wishes with them and raise public awareness about strokes. In 2017, our employees volunteered a total of 56 hours. The Company donated around HK\$32,000 to local charitable services.

為了解產品整個生命周期對社會和環境造成的影響，我們經常與承辦商溝通，共同確保嚴守關於產品安全、產品申報與標籤、人權、保障顧客私隱、反貪污及知識產權的本地法律和規例。

產品質素

從採購到製造，本集團視產品質素為優先。我們採購原材料時充分考慮對於社會和環境影響，所有製造單位均會盡力確保原材料及產品達到嚴格的國際標準，例如歐盟有關「電器及電子產品限制有害物質指令」的法例（RoHS指令）和國際電工化學委員會(IEC)的不含鹵素規定。我們設有品質部，專責執行產品質素審查及監察和用戶滿意度測試，如有需要並會處理產品召回事宜。此外，本集團位於內地的生產設施亦已實施符合國際標準(例如ISO 9001及ISO/TS 16949)的品質管理體系、產品安全體系(如UL)及環境管理體系(如ISO 14001)，充分體現了我們對優質產品的不懈堅持。

關懷社區

我們熱心推廣及參與社區計劃，推動集團業務和社會的可持續發展。我們的員工組成義工隊積極參與各類慈善活動，並為有需要的人籌募善款和物資。年內義工隊籌備了多項社福計劃，其中包括與中風康復者攜手創作精美鈕扣畫，利用色彩繽紛的鈕扣送上美好祝福，同時提醒公眾關注中風問題。於2017年，我們的義工隊合共提供56小時義工服務。本公司支援本地各類慈善服務的捐款則超過32,000港元。

Social data summary

社會數據一覽表

Table 5: Total Staff Headcount (as of 31 December 2017) and 2017 Annual Staff Turnover

表5：員工總人數(截至2017年12月31日)及2017年員工流失人數

Category 類別	Description 說明	Staff Headcount 員工人數	Annual Turnover 年度流失人數
Gender 性別	Female 女性	524	305
	Male 男性	1,124	574
Rank 職級	Senior Level 高級人員	19	4
	Middle Level 中級人員	109	11
	General Staff 一般職級人員	1,520	864
Age 年齡	Under 30 30歲以下	661	521
	30-50 30-50歲	919	348
	Over 50 50歲以上	68	10
Geographic Region 地區	Hong Kong 香港	34	3
	Mainland 中國內地	1,614	876

SUSTAINABILITY REVIEW (CONTINUED)

可持續發展回顧（續）

Table 6: Workplace Health and Safety Performance Summary

表6：工作間健康與安全績效摘要

Workplace Health and Safety Performance 工作間健康與安全績效	2017 2017年
Number of work-related fatalities 與作業相關的致命意外宗數	0
Number of work-related injuries 與作業相關的工傷宗數	10
Days lost due to injury 因工傷損失工作日數	378

Table 7: Total and Average Training Hours Per Staff in 2017

表7：2017年總培訓時數及人均培訓時數

Category 類別	Description 說明	Total Training Hours 總培訓時數	Average Training Hours Per Employee 人均培訓時數
Rank 職級	Senior Level 高級人員	170	9
	Middle Level 中級人員	662	6
	General Staff 一般職級員工	7,276	5

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

TING HO KWAN & CHAN CERTIFIED PUBLIC ACCOUNTANTS (PRACTISING)

9th Floor, Tung Ning Building
249-253 Des Voeux Road Central
Hong Kong



TO THE MEMBERS OF COSMOS MACHINERY ENTERPRISES LIMITED
(incorporated in Hong Kong with limited liability)

致大同機械企業有限公司股東
(於香港註冊成立之有限公司)

OPINION

We have audited the consolidated financial statements of Cosmos Machinery Enterprises Limited (the "Company") and its subsidiaries (collectively referred to as "the Group") set out on pages 71 to 227, which comprise the consolidated statement of financial position as at 31 December 2017, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2017, and of its consolidated financial performance and 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 Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSAs") 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.

意見

本核數師(以下簡稱「我們」)已審計列載於第71至227頁大同機械企業有限公司(以下簡稱「貴公司」)及其附屬公司(以下統稱「貴集團」)的綜合財務報表,此財務報表包括於二零一七年十二月三十一日的綜合財務狀況表與截至該日止年度的綜合收益表、綜合全面收益表、綜合權益變動表及綜合現金流量表,以及綜合財務報表附註(包括主要會計政策概要)。

我們認為,該等綜合財務報表已根據香港會計師公會(「香港會計師公會」)頒佈的《香港財務報告準則》(「《香港財務報告準則》」)真實而公平地反映貴集團於二零一七年十二月三十一日的綜合財務狀況及截至該日止年度貴集團的綜合財務表現及其綜合現金流量,並已遵照香港《公司條例》妥為編製。

意見基礎

我們已根據香港會計師公會頒佈的《香港審計準則》(「《香港審計準則》」)進行審核。我們在該等準則下承擔的責任已在本報告「核數師就審核綜合財務報表的責任」部分中作進一步闡述。根據香港會計師公會的《專業會計師道德守則》(「守則」),我們獨立於貴集團,並已遵循守則履行其他道德責任。我們相信,我們所獲得的審核憑證足夠及能適當地為我們的意見提供基礎。

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

獨立核數師報告 (續)

KEY AUDIT MATTERS

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

關鍵審計事項

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

Key Audit Matter 關鍵審計事項

Impairment of goodwill

Refer to note 19 to the Group consolidated financial statements.

請參閱貴集團綜合財務報表附註19。

The Group has goodwill of HK\$53,483,000 relating to the acquisition of KFE Hong Kong Co., Limited in 2013 which is engaged in trading of printed circuit board.

貴集團就於二零一三年收購協榮二葉科技香港有限公司(其從事線路板貿易)，有商譽53,483,000港元。

Management has concluded that there is no impairment in respect of the goodwill. This conclusion was based on an estimation of the value in use of the cash-generating units ("CGU") to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the CGU and to determine a suitable discount rate in order to calculate its present value. Key assumptions for the value in use calculation are future cash flow forecast, growth rate and discount rate, where small changes of them can result in a significant change in the value in use.

管理層認為並無有關商譽的減值。該結論乃根據對獲分配商譽的現金產生單位(「現金產生單位」)使用價值的估計而作出。計算使用價值時，貴集團須估計預期自現金產生單位產生的未來現金流及釐定合適的貼現率以計算現值。計算使用價值的主要假設為未來現金流預測、增長率及貼現率，若該等項目出現小變動，可對使用價值構成重大變動。

The impairment assessment involves significant judgments made by management and therefore is identified as a key audit matter.

減值評估涉及管理層作出的重大判斷，因此被識別為關鍵審計事項。

How our audit addressed the key audit matters 我們的審核如何處理關鍵審核事項

商譽減值

Our procedures in relation to management's impairment assessment included:

我們就管理層之減值評估之程序包括：

- Obtaining the cash flow forecast prepared by management, reviewed and discussed with management on the major assumptions adopted in the cash flow forecast for each CGU and checked arithmetic accuracy of the forecast calculation.

取得管理層編製的現金流預測，與管理層審閱及討論有關現金流預測就各個現金產生單位採用的主要假設，並檢查計算預測的運算是否準確。

- Comparing the growth rate, budgeted sales and gross margin to historical results to determine the reasonableness of the assumptions.

將增長率、預算銷售及毛利率與過往業績作比較，以確定假設是否合理。

- Assessing the discount rate used by management in the cash flow forecast by benchmarking against the required rate of return adjusted for industrial specific factors.

以行業特定因素調整的所需回報率為基準，對管理層於現金流預測中所用的貼現率作出評估。

- Reviewing the sensitivity analysis prepared by management on the significant assumptions including the growth rate and the discount rate to evaluate the extent of impact of these assumptions on the cash flow forecast.

審閱管理層就重大假設(包括增長率及貼現率)編製的敏感度分析，以評估該等假設對現金流預測的影響程度。

Key Audit Matter
關鍵審計事項

Accounting for restructuring provisions

Refer to note 30 to the Group consolidated financial statements.

請參閱貴集團綜合財務報表附註30。

The recognition and valuation of the provision in respect of restructuring is highly judgmental and assumptions based.

確認及評估重組撥備高度依賴判斷及基於假設。

The determination of whether or not a present obligation exists is a judgmental process. The actual future expenses to complete the restructuring require significant estimates. As disclosed in the note 30 to the consolidated financial statements, the reversal of restructuring provision of HK\$31,101,000 is recognised in consolidated income statement.

釐定當前責任是否存在需要運用判斷。完成重組所需的未來實際開支需要大量估計。誠如綜合財務報表附註30所披露港幣31,101,000元之重組撥備回撥已於綜合收益表中確認。

The restructuring provision assessment involves significant judgments made by management and therefore is identified as a key audit matter.

重組撥備評估涉及管理層所作出的重大判斷，因此被識別為關鍵審計事項。

How our audit addressed the key audit matters
我們的審核如何處理關鍵審核事項

重組撥備的會計處理

Our procedures in relation to management's assessment on restructuring provision included:

我們就管理層之重組撥備評估之程序包括：

- We have inspected the minutes of board of directors meetings where the progress of the restructuring were deliberated on during the meetings and we have tested and concurred with management's judgment in respect of the existence of a constructive obligation concerning the planned restructure exercise. We tested the decision making process, the existence of sufficiently detailed plans of the Group and the communications in this respect.

我們已查閱董事會會議紀錄內有關審議重組進展情況及我們已測試，並贊同管理層對經計劃的重組工作存在推定責任的判斷。我們已就此對決策過程、有否具備充分詳細的貴集團計劃及對這些方面的溝通進行測試。

- The provision for severance payments included using the assumptions on estimating the number of employees that will ultimately be affected under the production capacity optimisation process. We have assessed and challenged these assumptions made by management based on the relevant rules and regulations in place and the past experience of the Group in handling similar exercise and also assessed the assumptions made on the relocation expenses. We found no material exceptions in our testing.

遣散費撥備包括估計對最終將受產能優化過程影響的員工數目的假設。我們已根據相關法規及規例以及貴集團處理類似事件的過往經驗，評估及質詢該等由管理層作出的假設，並對就搬遷費作出的假設進行評估。我們於測試中並無發現任何重大例外情況。

- We also considered whether separate disclosure of the restructuring charge is appropriate and discussed this with management and the audit committee. We concurred with their conclusion that separate disclosure and presentation are helpful in understanding financial performance. 我們亦已考慮獨立披露重組費用是否適當，並就此與管理層及審核委員會進行討論。我們同意彼等的結論，獨立披露及呈列有助於理解財務表現。

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

獨立核數師報告 (續)

Key Audit Matter

關鍵審計事項

Valuation of inventories

Refer to note 25 to the Group consolidated financial statements.

請參閱貴集團綜合財務報表附註25。

The Group has inventories with carrying amount of HK\$524,571,000 which is subject to a risk that changes in customer demand could result in some products becoming slow-moving or obsolete, such that they could not be sold or could only be sold with selling prices that are less than the current carrying value. This means there is inherent subjectivity and estimation is needed in determining the level of inventory provision required.

貴集團賬面值港幣524,571,000元之存貨存在因客戶需求變化導致部分產品滯銷或過時，使其無法出售或僅可以低於現時賬面值的售價出售的風險。換言之，在確定所需存貨撥備水平時存在主觀性和估計的需要。

The Group has made an inventory provision of HK\$2,400,000 in 2017. Significant judgments on the percentage of general provision and the amount of specific provision made are required by management in determining the adequacy of the inventory provision.

貴集團於二零一七年作出港幣2,400,000元之存貨撥備。確定存貨撥備是否充分時，需要管理層就一般撥備的百分比及特定撥備的金額作出重大判斷。

We identified the valuation of inventories as a key audit matter due to the significance of the balance to the Group consolidated financial statements as a whole, together with the judgment associated with determining the adequacy of the inventory provision.

基於存貨結餘對綜合財務報表整體上的重要性，加上確定存貨撥備是否充分時涉及判斷，因此存貨估值被識別為關鍵審計事項。

How our audit addressed the key audit matters

我們的審核如何處理關鍵審核事項

存貨估值

Our procedures in relation to management's assessment on inventory provision included:

我們就管理層之存貨撥備評估之程序包括：

- Inquiring and understanding from management the inventory provision policy of the Group.
向管理層查詢及了解貴集團的存貨撥備政策。
- Assessing the reasonableness of the inventory provision made by the Group by obtaining the aging analysis and slow-moving inventory lists from management and discussing with management on the basis of inventory provision made.
向管理層取得庫存賬齡分析及慢流存貨清單，並與管理層討論存貨撥備的基準，從而評估貴集團所作出的存貨撥備是否合理。
- Performing testing on the inventory ageing to assess the accuracy of the basic data used to determine the provision and re-performing the provision calculation to check arithmetic accuracy.
就存貨的庫存期進行測試，以評估用作判斷撥備的基本數據是否準確，並重新計算撥備以核實運算的準確性。
- Understanding from management the rationale for the specific adjustments and assessing the assumptions made where there are specific adjustments on the inventory provision.
向管理層了解特定調整的理據，評估就存貨撥備作出特定調整時所作出的假設。
- Reviewing subsequent sales on the inventory samples selected to assess whether the inventories were able to be sold at prices above their carrying values.
審閱經選取的存貨樣本之後續銷售狀況，評估存貨是否可按高於其賬面值的價格售出。

OTHER INFORMATION IN THE ANNUAL REPORT

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon.

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

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

RESPONSIBILITIES OF DIRECTORS AND AUDIT COMMITTEE 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 Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Audit Committee is responsible for overseeing the Group's financial reporting process.

載於年報的其他資料

貴公司董事負責其他資料。其他資料包括年報所載資料，但不包括綜合財務報表及相關核數師報告。

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

審核綜合財務報表時，我們的責任為閱讀其他資料，於此過程中，考慮其他資料是否與綜合財務報表或我們於審計過程中所瞭解的情況有重大抵觸，或者似乎有重大錯誤陳述。基於我們已執行的工作，倘我們認為其他資料有重大錯誤陳述，我們須報告該事實。於此方面，我們沒有任何報告。

董事及審核委員會就綜合財務報表須承擔的責任

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

編製綜合財務報表時，董事負責評估貴集團持續經營的能力，並在適用情況下披露與持續經營有關的事項，以及使用持續經營為會計基礎，除非董事有意將貴集團清盤或停止經營，或別無其他實際的替代方案。

審核委員會負責監督貴集團財務報告過程。

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

獨立核數師報告（續）

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. Our report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, 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 judgment and maintain professional skepticism throughout the audit. We also:

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

核數師就審計綜合財務報表的責任

我們的目標為合理確定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，並發出載有我們意見的核數師報告。我們僅向閣下（作為整體）按照《公司條例》第405節編製報告，除此之外本報告別無其他目的。我們不會就本報告內容向任何其他人士負上或承擔任何責任。合理確定屬高層次核證，但不能擔保根據香港審計準則進行的審核工作總能發現所有存在的重大錯誤陳述。錯誤陳述可源於欺詐或錯誤，倘個別或整體於合理預期情況下可影響使用者根據綜合財務報表作出的經濟決定時，則被視為重大錯誤陳述。

根據香港審計準則進行審核時，我們運用專業判斷，於整個審核過程中保持專業懷疑態度。我們亦：

- 識別及評估綜合財務報表由於欺詐或錯誤而導致的重大錯誤陳述風險，因應此等風險設計及執行審核程序，獲得充足及適當審核憑證為我們的意見提供基礎。由於欺詐涉及合謀串通、偽造、故意遺漏、誤導性陳述或凌駕內部控制，因此未能發現由此造成的重大錯誤陳述風險較未能發現由於錯誤而導致的重大錯誤陳述風險更高；
- 瞭解與審核有關的內部控制，以設計恰當的審核程序，但並非旨在對貴集團內部控制的有效程度發表意見；
- 評估所用會計政策是否恰當，以及董事所作會計估算及相關披露是否合理；

- 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; and
- 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.
- 總結董事採用以持續經營為基礎的會計法是否恰當，並根據已獲取的審核憑證，總結是否有對貴集團持續經營的能力構成重大疑問的事件或情況等重大不確定因素。倘我們總結認為存在重大不確定因素，我們需於核數師報告中提請注意綜合財務報表內的相關資料披露，或如果相關披露不足，則修訂我們的意見。我們的結論以截至核數師報告日期所獲得的審核憑證為基礎，惟未來事件或情況可能導致貴集團不再具有持續經營的能力；
- 評估綜合財務報表(包括資料披露)的整體列報、架構及內容，以及綜合財務報表是否已公允反映及列報相關交易及事項；及
- 就貴集團屬下實體或經營活動的財務資料取得足夠而恰當的審計憑證，以於綜合財務報表內發表意見。我們對集團審計的指引、監察及落實負責。我們為審計意見承擔全部責任。

We communicate with 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 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.

我們與審核委員會就(其中包括)審核工作的計劃範圍及時間安排及重大審核發現，包括我們於審核期間識別出內部監控的任何重大缺陷進行溝通。

我們亦向審核委員會提交聲明，說明我們已遵守有關獨立性的道德要求，並就所有被合理認為可能影響我們的獨立性的關係及其他事宜及相關防範措施(如適用)與審核委員會溝通。

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

獨立核數師報告（續）

From the matters communicated with 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 partner on the audit resulting in the independent auditor's report is Mr. Chan Shu Kin.

TING HO KWAN & CHAN

Certified Public Accountants (practising)

Hong Kong, 8 March 2018

我們從與審核委員會溝通的事項中，決定那些事項對本期綜合財務報表的審核工作最為重要，因而構成關鍵審計事項。除非法律或法規不容許公開披露此等事項，或於極罕有的情況下，我們認為披露此等事項可合理預期的不良後果將超越公眾知悉此等事項的利益而不應於報告中披露，否則我們會於核數師報告中描述此等事項。

出具本獨立核數師報告的審計項目合夥人是陳樹堅先生。

丁何關陳會計師行

執業會計師

香港，二零一八年三月八日

CONSOLIDATED INCOME STATEMENT

綜合收益表

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

		Notes 附註	2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Revenue	收入	5&6	2,446,848	2,192,287
Cost of sales	銷售成本	25(b)	(2,037,409)	(1,878,696)
Gross profit	毛利		409,439	313,591
Other income and gains, net	其他收入及收益淨額	6	43,840	21,352
Selling and distribution costs	分銷費用		(145,043)	(147,904)
Administrative expenses	行政費用		(244,887)	(322,145)
Restructuring costs	重組費用	7	-	(135,157)
Operating profit/(loss)	經營溢利/(虧損)		63,349	(270,263)
Finance costs	財務費用	8	(20,483)	(16,559)
Investment income	投資收入	9	3,736	4,360
Share of results of associates	應佔聯營公司業績		3,324	568
Gain on disposal of a subsidiary	出售一間附屬公司之盈利	37(a)	-	122
Gain on deregistration of a subsidiary	註銷一間附屬公司之盈利		-	2,512
Profit/(loss) before tax	除稅前溢利/(虧損)	10	49,926	(279,260)
Taxation	稅項	12	(6,076)	(54,625)
Profit/(loss) for the year	本年溢利/(虧損)		43,850	(333,885)
Profit/(loss) attributable to:	應佔溢利/(虧損):			
- Equity shareholders of the Company	- 本公司股權持有人		27,284	(303,160)
- Non-controlling interests	- 非控股權益		16,566	(30,725)
			43,850	(333,885)
Earnings/ (Loss) per share for profit/(loss) attributable to the equity shareholders of the Company during the year	年內本公司股權持有人應佔每股盈利/(虧損)	13		
- Basic	- 基本		3.80 HK cents港仙	(42.29 HK cents港仙)

The notes on pages 80 to 227 are an integral part of these consolidated financial statements.

第80頁至227頁之附註屬本綜合財務報表之一部份。

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

綜合全面收益表

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

		Notes 附註	2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Profit/(loss) for the year	本年溢利/(虧損)		43,850	(333,885)
Other comprehensive income/(expense) for the year, net of tax:	本年扣除稅項後之其他全面收益/(支出):	14		
Items that have been reclassified or may be reclassified subsequently to profit or loss:	已重新分類或其後可重新分類至損益之項目:			
Exchange differences arising from translation of financial statements of foreign operations	換算海外業務報表時產生之滙兌差額		74,040	(75,096)
Changes in fair value of available-for-sale financial asset	可供出售金融資產之公平價值變動		(129)	655
Share of reserves of associates	應佔聯營公司儲備		1,956	(2,191)
Reclassification adjustments:	分類調整:			
Release of translation reserve upon disposal of a subsidiary	出售一間附屬公司時從滙兌儲備撥出		-	(55)
Release of translation reserve upon deregistration of a subsidiary	於註銷一間附屬公司時從滙兌儲備撥出		-	(1,966)
Release of fair value reserve upon disposal of available-for-sale financial asset	出售可供出售金融資產時從公平價值儲備撥出		(930)	-
			74,937	(78,653)
Items that will not be reclassified to profit or loss:	不會重新分類至損益之項目:			
Surplus on revaluation of properties held for own use	自用物業重估盈餘		21,240	4,281
			96,177	(74,372)
Total comprehensive income/(expense) for the year	本年全面收益/(支出)總額		140,027	(408,257)
Profit/(loss) attributable to:	應佔溢利/(虧損):			
- Equity shareholders of the Company	- 本公司股權持有人		113,900	(370,207)
- Non-controlling interests	- 非控股權益		26,127	(38,050)
Total comprehensive income/(expense) for the year	本年全面收益/(支出)總額		140,027	(408,257)

The notes on pages 80 to 227 are an integral part of these consolidated financial statements.

第80頁至227頁之附註屬本綜合財務報表之一部份。

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

綜合財務狀況表

At 31 December 2017 二零一七年十二月三十一日

	Notes 附註	2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Non-current Assets	非流動資產		
Property, plant and equipment	物業、廠房及設備	16	618,372
Leasehold land and land use rights	租賃土地及土地使用權	18	43,796
Goodwill	商譽	19	53,483
Intangible assets	無形資產	20	9,221
Interests in associates	聯營公司權益	21	29,179
Available-for-sale financial assets	可供出售金融資產	22	1,389
Finance lease receivables	應收融資租賃款項	23	54,220
Deferred tax assets	遞延稅項資產	24	25,670
		827,876	835,330
Current Assets	流動資產		
Inventories	存貨	25	401,738
Finance lease receivables	應收融資租賃款項	23	57,935
Trade and other receivables	貿易及其他應收款項	26	788,101
Other financial assets	其他金融資產	27	2,875
Current tax recoverable	本期可收回稅項		1,101
Cash and bank balances	現金及銀行結餘	28	332,723
		1,919,643	1,584,473
Assets of disposal group classified as held for sale	分類為持作出售之出售組別資產	38	–
		1,942,783	1,584,473
Current Liabilities	流動負債		
Trade and other payables	貿易及其他應付款項	29	740,372
Provision for restructuring	重組撥備	30	91,727
Amount due to an associate	結欠一間聯營公司款項		565
Bank borrowings	銀行借款	31	320,149
Obligations under finance leases	融資租賃借款	32	5,441
Deferred consideration payable	遞延應付代價		8,148
Current tax payable	本期應付稅項		15,255
		1,381,520	1,181,657
Liabilities directly associated with the assets classified as held for sale	與分類為持作出售之出售組別資產有直接相關之負債	38	–
		1,408,243	1,181,657
Net Current Assets	淨流動資產	534,540	402,816
Total Assets less Current Liabilities	總資產減流動負債	1,362,416	1,238,146

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
綜合財務狀況表（續）

At 31 December 2017 二零一七年十二月三十一日

		Notes 附註	2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Non-current Liabilities	非流動負債			
Bank borrowings	銀行借款	31	45,125	35,175
Obligations under finance leases	融資租賃借款	32	–	2,694
Deferred tax liabilities	遞延稅項負債	24	25,152	43,365
			70,277	81,234
Net Assets	淨資產		1,292,139	1,156,912
Equity	權益			
Capital and reserves attributable to equity shareholders of the Company:	本公司股權持有人應佔資本及儲備：			
Share capital	股本	33	532,903	532,903
Reserves	儲備		547,591	433,691
			1,080,494	966,594
Non-controlling Interests	非控股權益		211,645	190,318
Total Equity	權益總值		1,292,139	1,156,912

The consolidated financial statements on pages 71 to 227 were approved and authorised for issue by the Board of Directors on 8 March 2018 and were signed on its behalf by:

第71頁至227頁之綜合財務報表於二零一八年三月八日獲董事會批准並授權刊發，並由下列董事代表簽署：

TANG TO
 鄧燾
 DIRECTOR
 董事

TANG YU, FREEMAN
 鄧愚
 DIRECTOR
 董事

The notes on pages 80 to 227 are an integral part of these consolidated financial statements.

第80頁至227頁之附註屬本綜合財務報表之一部份。

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

綜合權益變動表

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

		Attributable to equity shareholders of the Company 本公司股權持有人應佔				Non-controlling interests 非控股權益	Total equity 權益總值
		Share capital 股本	Reserves 儲備 (Note 34) (附註34)	Retained profits 保留溢利	Total 總額		
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
Balance at 1 January 2016	於二零一六年一月一日結餘	532,903	132,311	670,099	1,335,313	232,507	1,567,820
Loss for the year	本年虧損	-	-	(303,160)	(303,160)	(30,725)	(333,885)
Other comprehensive (expense)/income for the year:	本年其他全面(支出)/收益:						
Fair value gain:	公允價值溢利:						
- Available-for-sale financial asset	- 可供出售金融資產	-	655	-	655	-	655
Share of reserves of associates	應佔聯營公司儲備	-	(2,191)	-	(2,191)	-	(2,191)
Surplus on revaluation of properties held for own use	自用物業重估盈餘	-	3,761	-	3,761	1,426	5,187
Deferred taxation adjustment	遞延稅項調整	-	(688)	-	(688)	(218)	(906)
Exchange differences arising from translation of financial statements of foreign operations	換算海外業務報表時產生之匯兌差額	-	(66,563)	-	(66,563)	(8,533)	(75,096)
Reclassification adjustments:	分類調整:						
Release of translation reserve upon deregistration of a subsidiary	註銷一間附屬公司時從匯兌儲備撥出	-	(1,966)	-	(1,966)	-	(1,966)
Release of translation reserve upon disposal of a subsidiary	出售一間附屬公司時從匯兌儲備撥出	-	(55)	-	(55)	-	(55)
Total other comprehensive expense for the year	本年其他全面支出總額	-	(67,047)	-	(67,047)	(7,325)	(74,372)
Total comprehensive expense for the year	本年全面支出總額	-	(67,047)	(303,160)	(370,207)	(38,050)	(408,257)
Dividend paid to the non-controlling shareholders	支付給非控股股東之股息	-	-	-	-	(3,360)	(3,360)
Partial disposal of a subsidiary without loss of control	出售一間附屬公司部份權益但不影響控制權	-	1,488	-	1,488	(712)	776
Disposal of a subsidiary	出售一間附屬公司	-	-	-	-	(67)	(67)
Balance at 31 December 2016	於二零一六年十二月三十一日結餘	532,903	66,752	366,939	966,594	190,318	1,156,912

Details of reserves of the Group during the year are set out in Note 34 to the consolidated financial statements.

本集團於本年度之儲備變動詳情載於綜合財務報表附註34內。

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

綜合權益變動表 (續)

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

		Attributable to equity shareholders of the Company 本公司股權持有人應佔				Non- controlling interests 非控股權益	Total equity 權益總值
		Share capital 股本	Reserves 儲備 (Note 34) (附註34)	Retained profits 保留溢利	Total 總額		
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
Balance at 1 January 2017	於二零一七年一月一日結餘	532,903	66,752	366,939	966,594	190,318	1,156,912
Profit for the year	本年溢利	-	-	27,284	27,284	16,566	43,850
Other comprehensive income/(expense) for the year:	本年其他全面收益/(支出):						
Fair value loss:	公平價值虧損:						
- Available-for-sale financial asset	- 可供出售金融資產	-	(129)	-	(129)	-	(129)
Share of reserves of associates	應佔聯營公司儲備	-	1,956	-	1,956	-	1,956
Surplus on revaluation of properties held for own use	自用物業重估盈餘	-	23,075	-	23,075	2,266	25,341
Deferred taxation adjustment	遞延稅項調整	-	(3,750)	-	(3,750)	(351)	(4,101)
Exchange differences arising from translation of financial statements of foreign operations	換算海外業務報表時 產生之匯兌差額	-	66,394	-	66,394	7,646	74,040
Reclassification adjustment: Release of fair value reserve upon disposal of available-for-sale financial asset	分類調整: 出售可供出售金融資產 時從公平價值儲備撥出	-	(930)	-	(930)	-	(930)
Total other comprehensive income for the year	本年其他全面收入總額	-	86,616	-	86,616	9,561	96,177
Total comprehensive income for the year	本年全面收入總額	-	86,616	27,284	113,900	26,127	140,027
Dividend paid to the non-controlling shareholders	支付給非控股股東之股息	-	-	-	-	(4,800)	(4,800)
Balance at 31 December 2017	於二零一七年 十二月三十一日結餘	532,903	153,368	394,223	1,080,494	211,645	1,292,139

Details of reserves of the Group during the year are set out in Note 34 to the consolidated financial statements.

本集團於本年度之儲備變動詳情載於綜合財務報表附註34內。

The notes on pages 80 to 227 are an integral part of these consolidated financial statements.

第80頁至227頁之附註屬本綜合財務報表之一部份。

CONSOLIDATED STATEMENT OF CASH FLOWS

綜合現金流量表

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

	Notes 附註	2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
OPERATING ACTIVITIES	經營活動		
Profit/(loss) before tax	除稅前溢利／(虧損)	49,926	(279,260)
Adjustments for:	經下列各項調整：		
Interest income	利息收入	(3,519)	(3,579)
Finance costs	財務費用	20,483	16,559
Realised and unrealised gain on held-for-trading investments	持作買賣之投資已變現及未變現盈利	(217)	(682)
Dividend income	股息收入	–	(99)
Gain on disposal of a subsidiary	出售一間附屬公司之盈利	–	(122)
Gain on deregistration of a subsidiary	註銷一間附屬公司之盈利	–	(2,512)
Gain on disposal of available-for-sale financial assets	出售可供出售金融資產之盈利	(3,389)	–
Share of results of associates	應佔聯營公司業績	(3,324)	(568)
Depreciation of property, plant and equipment	物業、廠房及設備折舊	63,702	70,402
Amortisation of leasehold land and land use rights	租賃土地及土地使用權攤銷	1,379	1,390
Impairment loss of property, plant and equipment	物業、廠房及設備減值虧損	–	3,073
Amortisation of intangible assets	無形資產攤銷	1,383	1,383
Gain on disposal of property, plant and equipment	出售物業、廠房及設備之盈利	(57)	(1,701)
(Surplus)/deficit on revaluation of properties held for own use	自用物業重估(盈餘)／虧絀	(179)	955
(Unused provision for restructuring provision reversed)/restructuring provision	(回撥未動用重組撥備)／重組撥備	(31,101)	91,727
Loss and damage from typhoon	風災損失		
– Property, plant and equipment written off	– 物業、廠房及設備撇賬	1,469	–
– Inventories written off	– 存貨撇賬	3,927	–
Allowance for impairment of bad and doubtful debts, net	呆壞賬減值撥備淨額	6,075	51,789
Write-down of inventories, net	存貨減值撥備淨額	2,400	69,465
Operating cash flows before changes in working capital	營運資金變動前之經營現金流	108,958	18,220
(Increase)/decrease in inventories	存貨(增加)／減少	(102,005)	69,349
Increase in finance lease receivables	應收融資租賃款項增加	(4,221)	(17,691)
Increase in trade and other receivables	貿易及其他應收款項增加	(95,585)	(94,858)
Increase in trade and other payables	貿易及其他應付款項增加	144,828	46,979
Cash generated from operations	經營活動產生之現金	51,975	21,999
Restructuring costs paid	已付重組費用	(8,606)	–
Hong Kong profits tax paid	已付香港利得稅	(1,561)	(2,988)
Overseas tax paid	已付海外稅款	(12,493)	(10,027)

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
綜合現金流量表 (續)

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

	Notes 附註	2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
NET CASH GENERATED FROM OPERATING ACTIVITIES	經營活動產生之現金淨額	29,315	8,984
INVESTING ACTIVITIES	投資活動		
Decrease in pledged bank deposits	已抵押銀行存款減少	8,054	205,450
Purchase of property, plant and equipment	購買物業、廠房及設備	(58,372)	(41,029)
Proceeds from disposal of property, plant and equipment	出售物業、廠房及設備之款項	3,444	12,212
Interest received	已收利息	3,519	3,579
(Increase)/decrease in other financial assets	其他金融資產(增加)/減少	(16,983)	6,248
Dividend received from associates	收取聯營公司股息	1,467	-
Dividend received from listed available-for-sale financial asset	收取上市可供出售金融資產之股息	-	99
Repayments from/(advances to) associates	聯營公司還款/(墊付聯營公司款項)	1,474	(2,687)
Proceeds from partial disposal of a subsidiary	出售一間附屬公司部分權益之款項	-	776
Proceeds from disposal of available-for-sale financial assets	出售可供出售金融資產之款項	3,719	-
Net cash outflow from disposal of a subsidiary	出售附屬公司之現金流出淨額	-	(2,494)
NET CASH (USED IN)/GENERATED FROM INVESTING ACTIVITIES	投資活動(使用)/產生之現金淨額	(53,678)	182,154
FINANCING ACTIVITIES	融資活動		
Repayment of bank loans	償還銀行貸款	(259,987)	(515,762)
Interest paid	已付利息	(20,301)	(16,020)
Repayment of obligations under finance leases	償還融資租賃借款	(5,439)	(8,238)
Dividend paid to the non-controlling shareholders of subsidiaries	已付附屬公司非控股股東的股息	-	(3,360)
Bank loans raised	新增銀行貸款	352,878	301,496
Advance from an associate	收取一間聯營公司之款項	300	565
Finance charge paid	支付融資租賃利息	(182)	(493)

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
綜合現金流量表（續）

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

		Notes 附註	2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
NET CASH GENERATED FROM/(USED IN) FINANCING ACTIVITIES	融資活動產生/(使用)之現金淨額		67,269	(241,812)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	現金及現金等值增加/(減少)淨額		42,906	(50,674)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	年初現金及現金等值		264,829	327,393
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	匯率改變影響		8,187	(11,890)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	年終現金及現金等值	28	315,922	264,829

The notes on pages 80 to 227 are an integral part of these consolidated financial statements.

第80頁至227頁之附註屬本綜合財務報表之一部份。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

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

1. GENERAL

Cosmos Machinery Enterprises Limited (the “Company”) is a public limited company domiciled and incorporated in Hong Kong and its shares are listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

The Company is an investment holding company. The address of its registered office is 10/F., Billion Plaza 2, No. 10 Cheung Yue Street, Cheung Sha Wan, Kowloon, Hong Kong. The principal activities of its principal subsidiaries are set out in note 46.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(1) Basis of preparation

The consolidated financial statements of the Company and its subsidiaries (collectively referred to as “the Group”) have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”), which also include Hong Kong Accounting Standards (“HKAS”) and Interpretations (“Int”) issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”), accounting principles generally accepted in Hong Kong and the requirements of the Hong Kong Companies Ordinance. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the “Listing Rules”). A summary of the significant accounting policies adopted by the Group is set out below. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of properties held for own use and certain financial assets, which are carried at fair value.

1. 簡介

大同機械企業有限公司(「本公司」)乃於香港註冊成立之公眾有限公司，而其股份於香港聯合交易所有限公司(「聯交所」)上市。

本公司為一間投資控股公司。註冊地址為香港九龍長沙灣長裕街10號億京廣場2期10樓。其主要附屬公司之主要業務列載於附註46。

2. 主要會計政策摘要

編製本綜合財務報表採用之主要會計政策載於下文。除另有說明外，此等政策在所呈報的所有年度內貫徹應用。

(1) 編製基準

本公司及其附屬公司(以下統稱「本集團」)的綜合財務報表是按香港會計師公會(「香港會計師公會」)頒佈的香港財務報告準則(「財務準則」)(包括《香港會計準則》及《詮釋》)、香港公認會計原則及《公司條例》的規定編製。本綜合財務報表同時符合聯合交易所證券上市規則的適用披露條文。本集團採用之主要會計政策載於下文。綜合財務報表已按照歷史成本法編製，並就自用物業及部份金融資產的重估按公平價值列賬而作出修訂。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
綜合財務報表附註（續）

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(1) Basis of preparation (Continued)

The preparation of consolidated financial statements in conformity with HKFRS requires management to make judgments, 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 that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values 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.

Judgments made by management in the application of HKFRS that have significant effect on the consolidated financial statements and major sources of estimation uncertainty are discussed in note 4.

The HKICPA has issued certain new and amended HKFRS that are first effective for the current accounting period of the Group and the Company. 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 consolidated financial statements.

2. 主要會計政策摘要（續）

(1) 編製基準（續）

根據香港財務報告準則編製綜合財務報表要求管理層作出判斷、估計和假設，這些判斷、估計和假設會影響會計政策的應用以及資產、負債、收入及支出的呈報金額。這些估計和有關假設乃依據歷史經驗及其他在有關情況下屬合理的因素所作出，並作為確定無法從其他途徑直接獲取資產和負債的賬面價值的判斷基礎。實際情況可能與這些估計不同。

這些估計及相關假設會持續予以檢討。如會計估計的修訂僅對修訂期間產生影響，則其影響只會在當期確認；如會計估計的修訂對修訂期間及未來期間均產生影響，相關影響則在當期和未來期間進行確認。

管理層判斷在應用香港財務報告準則是否對本綜合財務報表有重要影響及估算不確定性之主要因素將在附註4中討論。

香港會計師公會已頒佈若干新訂及已修訂之香港財務報告準則，乃於本集團本會計期間首次生效。附註3就首次採納該等準則而導致之會計政策任何變動提供有關資料，而有關變化乃與此等綜合財務報表所反映本集團之本期間及過往會計期間有關。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註（續）

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(2) Basis of consolidation

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

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

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

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

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

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

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

2. 主要會計政策摘要（續）

(2) 綜合原則

綜合財務報表包括本公司及其附屬公司所控制實體的財務報表。當本公司符合以下各項時，即取得控制權：

- 對被投資方擁有控制權；
- 於來自參與被投資方業務的可變回報上承受風險或擁有權利；及
- 擁有使用其權力影響回報的能力。

倘事實及情況表明上述控制之三個要素的其中一項或多項出現變動，則本集團重新評估其是否控制被投資方。

對一間附屬公司之綜合入賬於本集團獲得對該附屬公司之控制權之時開始，並於本集團失去對該附屬公司之控制權之時終止。具體而言，自本集團取得控制權當日起直至本集團不再控制附屬公司當日止，於年內收購或出售的附屬公司收入及開支均計入綜合收入報表。

損益及其他全面收入之各項目乃歸屬於本公司擁有人及非控股權益。附屬公司之全面收入總額乃歸屬至本公司擁有人及非控股權益，即使此舉會引致非控股權益出現虧絀結餘。

倘有需要，將對附屬公司的財務報表作出調整，以使其會計政策與本集團的會計政策一致。

本集團各成員公司間與交易有關之所有集團內公司間資產、負債、權益、收入、開支及現金流量乃於綜合賬目時悉數撤銷。

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(2) Basis of consolidation (Continued)

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in existing subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

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

2. 主要會計政策摘要（續）

(2) 綜合原則（續）

本集團於現有附屬公司之擁有權權益的變動

本集團於附屬公司之擁有權權益的變動如並無導致本集團對其失去控制權，將作為股權交易入賬。本集團的權益與非控股權益的賬面值經調整以反映附屬公司之相關權益變動。所調整非控股權益金額與已付或已收代價的公平價值之間的任何差額直接於股本權益確認並歸屬於本公司擁有人。

當本集團失去對附屬公司的控制權時，盈虧於損益表確認並以(i)已收代價公平價值及任何保留權益公平價值的總額與(ii)附屬公司資產（包括商譽）及負債以及任何非控股權益的原賬面值之間的差額計算。過往於其他全面收入確認與該附屬公司有關的所有金額，採用如同本集團已直接出售該附屬公司之相關資產或負債的方法入賬（即按適用香港財務報告準則之規定／許可條文重新分類至損益表或轉撥至另一類權益）。在前附屬公司保留的任何投資公平價值在失去控制權之時於其後的會計處理中被視為按照香港會計準則第39號進行初步確認的公平價值，或（如適用）於聯營公司或合營企業之投資初步確認的成本。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註 (續)

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(2) Basis of consolidation (Continued)

Business combinations

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

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

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with HKAS 12 “Income taxes” and HKAS 19 “Employee benefits” respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with HKFRS 2 “Share-based payment” at the acquisition date (see the accounting policy below); and
- assets (or disposal groups) that are classified as held for sale in accordance with HKFRS 5 “Non-current assets held for sale and discontinued operations” are measured in accordance with that standard.

2. 主要會計政策摘要 (續)

(2) 綜合原則 (續)

業務合併

業務收購乃採用收購法入賬。業務合併中轉讓的代價以公平價值計量，而計算為本集團轉讓之資產，本集團產生之負債及本集團於交換被收購公司之控制權所發行之股權於收購日期之公平價值總和。與收購有關的成本一般會於發生時在損益表確認。

於收購日期，被收購的可識別資產及負債應按其在收購日期的公平價值予以確認，惟下列項目除外：

- 遞延稅項資產或負債及僱員福利安排的相關資產或負債應分別根據香港會計準則第12號所得稅及香港會計準則第19號僱員福利予以確認和計量；
- 與被收購方的以股份支付之支出安排或本集團所訂立以取代被收購方的以股份支付之支出安排有關之負債或股本工具乃於收購日期（參照以下會計政策）根據香港財務報告準則第2號以股份支付之支出予以計量；以及
- 根據香港財務報告準則第5號持作出售之非流動資產及已終止經營業務劃分為持作出售之資產（或出售組合）乃根據該準則予以計量。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
綜合財務報表附註（續）

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(2) Basis of consolidation (Continued)

Business combinations (Continued)

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

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

Where the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with the corresponding adjustments made against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

2. 主要會計政策摘要（續）

(2) 綜合原則（續）

業務合併（續）

商譽按所轉讓之代價、與被收購方的任何非控股權益及收購公司之前持有被收購方（如有）之股權的公平價值總和超出所收購之可識別資產及承擔負債於收購日的淨額計量。倘（評估過後）所收購可識別資產及所承擔負債之收購日淨額超出所轉讓的代價、於被購買方的任何非控股權益金額以及購買方先前在被收購方持有的權益（如有）的公平價值之總額，超出的部份即時於損益表中確認為折價購買收益。

屬現時擁有之權益且於清盤時讓持有人有權按比例分佔實體淨資產之非控股權益，可初步按公平價值或非控股權益應佔被收購方可識別資產淨值之已確認金額比例計量。計量基準視乎每項交易而作出選擇。其他種類之非控股權益乃按其公平價值或（倘若適用）按其他香港財務報告準則所規定之基準計量。

倘本集團於業務合併中轉讓之代價包括或然代價安排產生之資產或負債，或然代價按其收購日期公平價值計量，並視為於業務合併中所轉讓之代價一部份。或然代價之公平價值變動（證實為計量期間調整）可回顧調整，而就商譽作出相應調整。計量期間調整乃於「計量期間」（其不可超過自收購日期起計一年）內所獲得有關於收購日期存在之事實及情況的額外資料所產生之調整。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) 綜合財務報表附註（續）

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(2) Basis of consolidation (Continued)

Business combinations (Continued)

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with HKAS 39, or HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), and additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

(3) Investments in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

2. 主要會計政策摘要（續）

(2) 綜合原則（續）

業務合併（續）

或然代價之公平價值變動之隨後入賬並無確認為計量期間調整，而取決於或然代價如何劃分。劃分為權益之或然代價並無於隨後申報日期重新計量，而其隨後結算於權益內入賬。劃分為資產或負債之或然代價根據香港會計準則第39號或香港會計準則第37號撥備、或然負債及或然資產（如適用）於隨後申報日期重新計量，而相應之盈虧於損益表中確認。

倘業務合併之最初入賬於合併發生之報告結算日尚未完成，則本集團將報告未完成列賬項目之臨時金額。該等臨時金額乃於計量期間內作出調整（見上文），而新增資產或負債則獲確認以反映關於在收購日期已存在之事實及情況（倘已知）將對於該日期確認的金額所產生之影響的新資訊。

(3) 聯營公司投資

聯營公司為本集團對其擁有重大影響力之實體。重大影響力為參與被投資方財務及經營政策決定但不控制或共同控制該等政策之權力。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
綜合財務報表附註（續）

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(3) Investments in associates (Continued)

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with HKFRS 5. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

2. 主要會計政策摘要（續）

(3) 聯營公司投資（續）

聯營公司之業績及資產與負債乃採用權益會計法計入此等綜合財務報表，除被分類為持作出售的部份及全部投資，惟若該筆投資或其中一部分歸類為待出售，則根據香港財務報告第5號待出售之非流動資產及已終止經營入賬。根據權益法，於聯營公司之投資初步按成本於綜合財務狀況表確認，並於其後就確認本集團應佔該聯營公司之損益及其他全面收入報表而作出調整。當本集團應佔聯營公司之虧損相當於或超出其於該聯營公司之權益（包括整體上構成本集團於聯營公司投資淨額之部分之任何長期權益）時，則本集團終止確認其應佔之進一步虧損。額外應佔之虧損僅於本集團產生法定或推定責任或代該聯營公司付款時方予以確認。

於聯營公司之投資乃自該被投資方成為聯營公司之日起採用權益法入賬。於收購聯營公司投資時，該投資成本超出本集團分佔該被投資方的可識別資產及負債之公平淨值之任何部份乃確認為商譽，該商譽計入該投資之賬面值。本集團分佔可識別資產及負債之公平淨值超過該投資成本之任何部份經重新評估後即時於收購該投資期間之損益表中確認。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註 (續)

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(3) Investments in associates (Continued)

The requirements of HKAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with HKAS 36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with HKAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate, or when the investment (or a portion thereof) is classified as held for sale. When the Group retains an interest in the former associate and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with HKAS 39. The difference between the carrying amount of the associate at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate is included in the determination of the gain or loss on disposal of the associate. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

2. 主要會計政策摘要 (續)

(3) 聯營公司投資 (續)

香港會計準則第39號之規定獲應用，以釐定是否有必要就本集團於聯營公司之投資確認任何減值虧損。於必要時，根據香港會計準則第36號資產減值作為單一資產對該投資(包括商譽)之全部賬面值進行減值測試，方法為比較其可收回金額(使用價值與公平價值減出售成本兩者之較高者)與其賬面值，所確認之任何減值虧損構成該投資賬面值之一部份。倘該投資之可收回金額其後增加，則根據香港會計準則第36號確認該投資虧損之任何撥回。

本集團自該投資不再為聯營公司或投資(或其中一部份)分類為持作出售之日起不再繼續採用權益法。當本集團保留於前聯營公司之權益及該保留權益為一項金融資產時，本集團按該日之公平價值計量保留權益，而根據香港會計準則第39號該公平價值被視為其於初步確認時之公平價值。於釐定出售該聯營公司之盈虧時，該聯營公司於不再繼續採用權益法之日的賬面值與任何保留權益之公平價值及出售該聯營公司之部份權益之任何所得款項間之差額予以計入。此外，本集團按與該聯營公司直接出售相關資產或負債則須採取相同基準，將先前於其他全面收入報表內確認而與該聯營公司有關之所有款項入賬。因此，該聯營公司先前於其他全面收入報表內確認之盈虧將重新分類至出售相關資產或負債之損益，則本集團於不再繼續採用權益法時將該盈虧從權益重新分類至損益表(作為重新分類調整)。

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(3) Investments in associates (Continued)

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate of the Group (such as a sale or contribution of assets), profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

2. 主要會計政策摘要（續）

(3) 聯營公司投資（續）

當聯營公司投資變成合營企業投資或者在合營企業投資會變成聯營公司投資，則本集團會繼續使用權益法。在此等權益擁有權更改中，毋須對公平價值進行重新計量。

當本集團減少擁有聯營公司的權益，但本集團繼續使用權益法時，本集團會將之前就該項擁有權削減在其他全面收入報表中確認的盈虧部分重新歸類至損益表，前提為該筆盈虧在有關資產或負債出售時亦會重新歸類至損益表。

當一集團實體與本集團聯營公司交易（例如銷售或貢獻資產）時，與該聯營公司之交易所產生之盈虧在本集團綜合財務報表內確認，惟僅以與本集團無關之聯營公司權益為限。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註（續）

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(4) Property, plant and equipment

Properties held for own use are stated at their revalued amounts, being their fair value at the date of revaluation less any subsequent accumulated depreciation. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. All other items of property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses (see note 2(9)).

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are expensed in profit or loss during the financial period in which they are incurred.

Revaluations on properties held for own use are performed with sufficient regularity to ensure that the carrying amount of these assets does not differ materially from which would be determined using fair values at the end of the reporting period.

2. 主要會計政策摘要（續）

(4) 物業、廠房及設備

自用物業乃按其重估值列賬，即重估當日之公平價值減去其後的累計折舊。在估值日的任何累計折舊與資產的賬面值總額對銷，而淨額則重列至資產的重估金額。其他物業、廠房及設備乃按其成本減去累計折舊及累計減值虧損列賬（見附註2(9)）。

其後成本只有在與該項目有關的未來經濟利益有可能流入本集團，而該項目的成本能可靠計量時，才包括在資產的賬面值或確認為獨立資產（如適用）。所有其他維修及保養在產生的財政期間內於損益表中支銷。

自用物業之重估為定期進行，以確保其賬面值與報告結算日所釐定之公平價值沒有重大差距。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
綜合財務報表附註（續）

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(4) Property, plant and equipment (Continued)

Changes arising on the revaluation of properties held for own use are generally dealt with in other comprehensive income and are accumulated separately in equity in the property revaluation reserve. The only exceptions are as follows:

- when a deficit arises on revaluation, it will be charged to profit or loss to the extent that it exceeds the amount held in the reserve in respect of that same asset immediately prior to the revaluation; and
- when a surplus arises on revaluation, it will be credited to profit or loss to the extent that a deficit on revaluation in respect of that same asset had previously been charged to profit or loss.

Depreciation of property, plant and equipment is calculated using the straight-line method to allocate cost or revalued amounts to their residual values (if any) over their estimated useful lives, as follows:

Leasehold land held for own use under finance leases	Unexpired term of the leases
Buildings held for own use	40 years or unexpired term of the leases, if shorter
Furniture, fixtures and equipment	3 – 10 years
Plant and machinery	5 – 10 years
Motor vehicles	3 – 10 years

2. 主要會計政策摘要（續）

(4) 物業、廠房及設備（續）

因重估自用物業產生之變動一般在其他全面收入內處理並在物業重估儲備之權益中單獨累計。僅有例外情況如下：

- 倘產生重估虧絀，超出緊接重估前就有關資產於儲備內持有之金額的虧絀將在損益表內扣除；及
- 倘產生重估盈餘，盈餘將計入損益表，但以就同一項資產先前已於損益表內支銷之重估虧絀為限。

物業、廠房及設備的折舊採用估計可使用年期將成本或重估值按直線法分攤至剩餘價值（如有）如下：

根據融資租賃持有之自用租賃土地	剩餘租賃年期
自用樓宇	40年或短於此之剩餘租賃年期
傢俬、裝置及設備	3至10年
廠房及機器	5至10年
汽車	3至10年

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註 (續)

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(4) Property, plant and equipment (Continued)

The assets' residual values (if any) and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

Assets under construction represent buildings, structures, plant and machinery and other fixed assets under construction or installation and are stated at cost less any accumulated impairment losses, and are not depreciated. Cost comprises direct costs of construction, installation and testing as well as capitalised borrowing costs on related borrowed funds during the period of construction or installation. Assets under construction are reclassified to the appropriate category of property, plant and equipment or investment properties when completed and ready for use.

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, if any, and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal. Any related revaluation surplus is transferred from the revaluation reserve to retained profits and is not reclassified to profit or loss.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 2(9)).

2. 主要會計政策摘要 (續)

(4) 物業、廠房及設備 (續)

資產的剩餘價值(如有)及可使用年期在每個結算日進行檢討,及在適當時調整。物業、廠房及設備項目乃於出售後或當預期持續使用該資產將不會產生未來經濟利益時不再確認。

在建工程乃指興建及裝設之樓宇、結構、廠房及機器以及其他固定資產,以成本值扣除減值虧損而不予折舊入賬。成本值包括興建、裝設及測試之直接成本,及於興建及裝設期間有關借入資金之資本化借貸成本。在建工程於完成及可供啟用時重新分類為物業、廠房及機器適當類別。

報廢或出售物業、廠房及設備所產生的盈虧以出售所得淨額(如有)與項目的賬面金額之間的差額釐定,並於報廢或出售當日在損益表確認。任何相關的重估盈餘會由重估儲備轉入保留溢利及不會重新分類至損益表。

若資產的賬面值高於其估計可收回價值,其賬面值即時撇減至可收回金額(附註2(9))。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
綜合財務報表附註 (續)

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(5) Leasehold land and land use rights

Leasehold land and land use rights are lump sum upfront payments to acquire long-term interest in certain lessee-occupied properties.

Leasehold land and land use rights relating to certain buildings of the Group are stated at cost and are amortised over the period of the lease on the straight-line basis to profit or loss.

(6) Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro-rata basis based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

2. 主要會計政策摘要 (續)

(5) 租賃土地及土地使用權

租賃土地及土地使用權指於購入由承租人佔用之部份物業的長期權益時須先付的數額。

集團部份物業中的租賃土地及土地使用權均以成本列賬及於租契期內按直線法攤銷並列入損益表中。

(6) 商譽

就收購業務產生的商譽(如有)以收購業務當日所確立的成本減去累計減值虧損入賬。

就減值檢測而言,商譽會分配至預期可自合併的協同效益獲益的本集團旗下各個現金產生單位(或組)。

獲分配商譽的現金產生單位會每年進行減值測試,或於單位出現減值跡象時增加測試次數。倘現金產生單位的可收回金額低於其賬面值,則減值虧損會先用作減低任何分配至該單位的商譽的賬面值,其後則按該單位內各項資產賬面值的比例分配至該單位的其他資產。商譽的減值虧損直接於損益表確認,就商譽確認的減值虧損不可於往後期間撥回。

出售有關現金產生單位時,在釐定出售溢利或虧損時會計入商譽應佔金額。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註（續）

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(7) Non-current assets and disposal groups held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the assets or disposal group are available for immediate sale in their present condition. The Group must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets and disposal groups (other than financial assets) classified as held for sale are measured at the lower of their carrying amounts and fair values less costs to sell. Property, plant and equipment classified as held for sale are not depreciated or amortised.

(8) Intangible assets (Other than goodwill)

Intangible assets acquired in a business combination and recognised separately from goodwill are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination are reported at cost less accumulated amortisation (where the estimated useful life is finite) and accumulated impairment losses (see note 2(9)(ii)), on the same basis as intangible assets that are acquired separately.

Amortisation of intangible assets with finite useful lives is charged to profit or loss on a straight-line basis over the assets' estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

2. 主要會計政策摘要（續）

(7) 持作出售之非流動資產及出售組合倘非流動資產及出售組合的賬面值主要透過銷售交易而非持續使用收回，則歸類為持作出售。在此情況下，資產（或出售組合）須可按現狀即時出售，惟須符合出售該等資產或出售組合的慣常條款及有很大機會能出售。管理層必須承諾出售有關資產，而出售事項理應於分類日期起計一年內合資格確認為一項已完成的出售。

分類持作出售之非流動資產及出售組合按有關其賬面值或公平值減除出售成本兩者之較低者計量。

(8) 無形資產（商譽除外）

業務合併所收購及與商譽分開確認之無形資產初步按收購日期之公平價值（視為彼等的成本）確認。

於初步確認後，業務合併中所收購之無形資產乃按成本值減累計攤銷（當估計可用年期為有限）及累計減值虧損（見附註2(9)(ii)），按個別收購之無形資產之相同基準予以呈報。

具有有限使用年期之無形資產之攤銷乃於彼等之估計使用年期按直線法攤銷。估計使用年期及攤銷方法乃於各報告結算日結束時檢討，估計變動之影響按前瞻基準入賬。

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(8) Intangible assets (Other than goodwill) (Continued)

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

(9) Impairment of assets

(i) Impairment of investments in equity securities and other receivables

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. 主要會計政策摘要（續）

(8) 無形資產（商譽除外）（續）

無形資產乃於出售時或當預期不會從使用或出售中獲得未來經濟利益時終止確認。終止確認無形資產所產生之盈虧（按出售所得款項淨額與資產賬面值間之差額計量）乃於資產終止確認時在損益表中確認。

(9) 資產減值

(i) 權益證券投資及其他應收款項減值

權益證券投資及按成本或攤銷成本列值之其他流動及非流動應收款或分類為可供出售金融資產，須於各報告結算日進行檢討，以釐定是否有客觀減值跡象。客觀減值跡象包括本集團注意到之下列一項或以上事實之可觀察數據：

- 債務人重大財政困難；
- 違約如未履行或拖欠利息支付或本金還款；
- 債務人有可能陷入破產或其他債務重組；
- 對債務人有負面影響之科技、市場、經濟或法律環境之重大改變；及
- 股本工具之投資價格因重大或長期下跌致使其公平價值低於其成本值。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
綜合財務報表附註（續）

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(9) Impairment of assets (Continued)

(i) Impairment of investments in equity securities and other receivables (Continued)

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

- For investments in associates recognised using the equity method (see note 2(3)), the impairment loss is measured by comparing the recoverable amount of the investment as a whole with its carrying amount in accordance with note 2(9)(ii). The impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount in accordance with note 2(9)(ii).
- 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 are not reversed.

2. 主要會計政策摘要（續）

(9) 資產減值（續）

(i) 權益證券投資及其他應收款項減值（續）

倘任何此等跡象存在，任何減值虧損應按以下程序釐定和確認：

- 就使用權益法確認於聯營公司的投資（見附註2(3)）而言，減值虧損按照附註2(9)(ii)所述將投資整體的可收回價值比較其賬面值計量。倘若按照附註2(9)(ii)釐定可收回價值所用的估計發生有利之轉變時，則減值虧損應作撥回。
- 就按成本列賬之無報價權益證券而言，如果折算現值後的影響重大，減值虧損按金融資產的賬面值及估計未來現金流按相同金融資產的現時市場回報率折算為現值，以兩者之差額計算。權益證券之減值虧損則不會在賬項中沖回。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
綜合財務報表附註 (續)

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(9) Impairment of assets (Continued)

(i) Impairment of investments in equity securities and other receivables (Continued)

- For trade 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.

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.

2. 主要會計政策摘要 (續)

(9) 資產減值 (續)

(i) 權益證券投資及其他應收款項減值 (續)

- 按攤銷成本列賬之其他流動貿易應收款項及其他金融資產，其減值虧損按資產賬面值與按金融資產之原定實際利率（即初步確認該等資產之實際利率）將預計日後現金流量貼現兩者之差額計量（倘貼現之影響重大）。倘按攤銷成本列值之金融資產屬類似之風險特性，如過期情況類似，並不會個別地被評估為已減值，則此等金融資產應進行集體評估。進行集體評估之金融資產之未來現金流量應按類似該集體組別的信貸風險特性根據歷史虧損經驗計算。

倘於隨後期間，減值虧損額有所減少，而有關減少客觀地與確認減值虧損後發生之事件相關，該項減值虧損應通過損益表撥回。撥回之減值虧損，不應導致資產賬面值超出假設過往期間並無確認減值虧損而釐定之數額。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註 (續)

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(9) Impairment of assets (Continued)

(i) Impairment of investments in equity securities and other receivables (Continued)

- For available-for-sale financial assets, the cumulative loss that has been recognised in the fair value reserve is reclassified to profit or loss. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost (net of any principal repayment and amortisation) and current fair value, less any impairment loss on that asset previously recognised in profit or loss.

Impairment losses recognised in profit or loss in respect of available-for-sale equity financial assets are not reversed through profit or loss. Any subsequent increase in the fair value of such assets is recognised in other comprehensive income.

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of trade debtors and bills receivables included within trade and other receivables, whose recovery is considered doubtful but not remote. In this case, the allowance for impairment of bad and doubtful debts is recorded using an allowance account. When the Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against trade debtors and bills receivable 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. 主要會計政策摘要 (續)

(9) 資產減值 (續)

(i) 權益證券投資及其他應收款項減值 (續)

- 關於可供出售金融資產，已直接在股東權益內的累計虧損將被轉入損益表。在損益表確認之累計虧損數額乃收購成本(扣除任何本金還款和攤銷)與現行公平價值兩者之差額扣除任何先前於損益表確認之減值虧損。

已在損益表確認之可供出售金融資產減值虧損，不得通過損益表撥回。任何其後該資產之公平價值增加應在其他全面收入中直接確認。

減值虧損應與相對應之資產直接抵銷，惟於貿易及其他應收款項內之貿易應收款及應收票據減值虧損，被確認為有難度但並非不可能收回則除外。在此情況下，呆壞賬之減值虧損應以備抵賬項入賬。當本集團認為該等賬項不可能收回，不可收回金額直接與貿易應收款及應收票據抵銷，任何在備抵賬內有關該欠款之金額應該撥回。隨後收回先前在該備抵賬項扣除之金額應從該備抵賬項撥回。備抵賬項之其他變動及隨後收回先前所撇銷之金額應直接在損益表確認。

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(9) Impairment of assets (Continued)

(ii) Impairment of other 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, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

- property, plant and equipment (other than leasehold land held for own use under finance leases and properties carried at revalued amounts);
- land and land use rights classified as being held under an operating lease;
- investments in subsidiaries and associates (except for those classified as held for sale or included in a disposal group that is classified as held for sale) in the Company's statement of financial position;
- goodwill;
- intangible assets; and
- investments in subsidiaries and associates in the Company's statement of financial position.

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill, intangible assets that are not yet available for use and intangible assets that have indefinite useful lives, the recoverable amount is estimated annually whether or not there is any indication of impairment.

2. 主要會計政策摘要（續）

(9) 資產減值（續）

(ii) 其他資產減值

於各結算日須檢討來自內部及外部資料，以識別下列資產（除商譽以外）是否已出現減值，或之前已確認之減值是否已不存在或減值已經減少：

- 物業、廠房及設備（已重估之物業及根據融資租賃持有之自用租賃土地除外）；
- 被分類為以經營租賃持有之土地及土地使用權；
- 於本公司的財務狀況表投資之附屬公司及聯營公司，除非有關投資是分類為持有作出售之投資或包括在分類為持有作出售之出售組別；
- 商譽；
- 無形資產；及
- 於本公司的財務狀況表投資之附屬公司及聯營公司。

倘任何此等跡象存在，須估計該資產的可收回金額。此外，就商譽、仍未能作出售之無形資產及被認為有無限使用期的無形資產而言，須每年估計可收回金額以確定是否有減值跡象。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註 (續)

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(9) Impairment of assets (Continued)

(ii) Impairment of other assets (Continued)

- Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less cost 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 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).

- 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 units) and then, to reduce the carrying amount of the other assets in the unit (or group of 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).

2. 主要會計政策摘要 (續)

(9) 資產減值 (續)

(ii) 其他資產減值 (續)

- 計算可收回金額

資產之可收回金額為其公平價值減去出售成本及使用值之較高者。於評估使用值時，估計未來現金流量乃利用能反映現值及資產之特定風險之稅前貼現率貼現。倘資產未能在大致獨立於其他資產下賺取現金流量，則其可收回金額會以可獨立賺取現金流量之最小組別資產釐訂（即現金產生單位）。

- 確認減值虧損

任何時候當資產（或其所屬現金產生單位）之賬面值高於其可收回金額時，須在損益表確認減值虧損。已確認現金產生單位之減值虧損先減商譽，其後按比例被分配予該現金產生單位（或組別單位）之其他資產以減低其賬面值。惟此項資產之賬面值將不可低於個別資產之公平價值減去出售成本（如可量化）或使用值（如可釐定）。

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(9) Impairment of assets (Continued)

(ii) Impairment of other assets (Continued)

- Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

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.

(10) Financial assets

The Group classifies its financial assets other than investments in associates in the following categories: at fair value through profit or loss, loans and receivables and available-for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates their classification at every reporting date.

2. 主要會計政策摘要（續）

(9) 資產減值（續）

(ii) 其他資產減值（續）

- 撥回減值虧損

就商譽以外的資產而言，倘據以釐定可收回數額的估計基準出現有利變動，則減值虧損將會撥回。惟商譽的減值虧損不予撥回。

減值虧損的撥回額僅限於倘往年並無確認減值虧損而釐定的資產賬面值。減值虧損的撥回將於確認撥回的年度內於損益表列賬。

(10) 金融資產

除投資於聯營公司外，本集團將其金融資產分為以下類別：按公平價值計入損益表、貸款及應收款項及可供出售金融資產。分類視乎收購金融資產之目的而定。管理層會於初次確認時釐定其金融資產的分類並於每個報告結算日重新評估該項分類。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
綜合財務報表附註（續）

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(10) Financial assets (Continued)

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are subsequently carried at amortised cost using the effective interest method. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period which are classified as non-current assets. Finance lease receivables, trade and other receivables, short-term bank deposits with maturity over three months, pledged bank deposits and cash and cash equivalents in the consolidated statement of financial position are classified as loans and receivables.

2. 主要會計政策摘要（續）

(10) 金融資產（續）

(i) 按公平價值計入損益表的金融資產

按公平價值計入損益表的金融資產是持作買賣的金融資產。如所收購的金融資產主要是為了在短期內出售，則劃分為此類別。衍生工具亦被劃分為持作買賣用途，除非已被指定為對沖工具。此類別的資產被劃分為流動資產。

(ii) 貸款及應收款項

貸款及應收款項為並無於活躍市場報價而且具備固定或可釐定付款的非衍生工具金融資產。貸款及應收款項均按實際利息法按攤銷成本計算。此等款項列入流動資產，惟不包括到期日為報告結算日起計十二個月後的資產，該等資產會列作非流動資產。於綜合財務狀況表中的應收融資租賃款項、應收貿易賬款及其他應收款項、到期日超過三個月的銀行存款、抵押存款和現金及現金等價物計入貸款及應收款項。

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(10) Financial assets (Continued)

(iii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the end of the reporting period.

Regular purchases and sales of financial assets are recognised on the trade-date when the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are recognised initially at fair value, plus transaction costs incurred and subsequently carried at amortised cost using the effective interest method.

2. 主要會計政策摘要（續）

(10) 金融資產（續）

(iii) 可供出售金融資產

可供出售金融資產乃被指定列為此類別或並無分類為任何其他類別的非衍生金融資產。除非管理層有意於報告結算日起計十二個月內將投資出售，否則可供出售金融資產會計入非流動資產。

一般投資的購入及出售在交易日確認—交易日指本集團承諾購入或出售該資產之日。對於並非按公平價值透過損益表的所有金融資產，投資初步按公平價值加交易成本確認。按公平價值透過損益表的金融資產初始按公平價值記賬，其交易成本在收入報表中列作開支。當從投資收取現金流量的權利經已到期或經已轉讓，而本集團已將擁有權的所有風險和回報實際轉讓時，投資即終止確認。可供出售金融資產及按公平價值透過損益表的金融資產其後按公平價值列賬。貸款及應收款項初步按公平價值加交易成本確認，隨後利用實際利息法按攤銷成本列賬。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) 綜合財務報表附註 (續)

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(10) Financial assets (Continued)

(iii) Available-for-sale financial assets (Continued)

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in amortised cost of the securities and other changes in the carrying amount of the securities. The translation differences on monetary securities are recognised in profit or loss; translation differences on non-monetary securities are recognised in other comprehensive income and accumulated separately in equity in the translation reserve. Changes in the fair value of monetary and non-monetary securities classified as available for sale are recognised in other comprehensive income and accumulated separately in equity in the fair value reserve.

When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognised in equity are reclassified through other comprehensive income to the income statement.

Interest on available-for-sale financial assets calculated using the effective interest method is recognised in the income statement as part of other income. Dividends on available-for-sale equity instruments are recognised in the income statement as part of other income when the Group's right to receive payments is established.

Investments in unquoted equity instruments whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, are measured at cost less any impairment losses.

2. 主要會計政策摘要 (續)

(10) 金融資產 (續)

(iii) 可供出售金融資產 (續)

以外幣為單位並被分類為可供出售的貨幣性證券之公平價值變動分析為在該證券的已攤銷成本變動產生的換算差額及該證券賬面值的其他變動的兩者之間。貨幣性證券之換算差額在損益表確認，而非貨幣性證券之換算差額則於其他全面收入確認並獨立累計於權益中的匯兌儲備內。分類為可供出售的貨幣性及非貨幣性證券的公平價值變動在其他全面收入確認並獨立累計於權益中的匯兌儲備內。

當分類為可供出售證券被售出或減值時，被確認人在權益中的累計公平價值調整透過其他全面收入報表重分類至收入報表。

可供出售金融資產的利息按實際利率法計算，並在收入報表確認為其他收入的一部分。當本集團收取股息的權利確立時，可供出售證券的股息在綜合收入報表確認為其他收入的一部分。

至於公平價值無法可靠地計量之非上市權益的投資，以及與交付該等非上市權益有關並須以此方式結算之衍生工具，乃按成本減任何減值虧損計量。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
綜合財務報表附註（續）

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(10) Financial assets (Continued)

(iii) Available-for-sale financial assets (Continued)

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Group established fair value by using valuation techniques. These include the use of recent arm's length transactions, by reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models, making maximum use of market inputs and relying as little as possible on entity-specific inputs.

(11) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e. assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. Other borrowing costs are expensed in the period in which they are incurred. Capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised.

2. 主要會計政策摘要（續）

(10) 金融資產（續）

(iii) 可供出售金融資產（續）

有報價之投資的公平價值根據當時的買盤價計算。若某項金融資產的市場並不活躍（及就非上市證券而言），本集團利用估值技術釐定公平價值。這些技術包括利用近期公平交易、參考大致相同的其它工具之公平價值、貼現現金流量分析與期權定價模式，最大程度的利用市場信息並且盡可能減少單位特定信息。

(11) 借貸成本

直接因收購、建設或產生一項必須經歷一段頗長時間才可用作擬定用途或出售的資產而產生的借貸成本，均撥充資產成本的一部分，其他借貸成本將在產生當期支銷。資本化的借貸成本將在資產大致上可準備投入作擬定用途或出售時隨之中止。個別借貸於等待使用於有關合資格的資產時用作短暫投資所得的投資收入於撥充資本的借貸成本中扣除。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註（續）

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(12) 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 revenue 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.

(13) Financial guarantees issued, provisions and contingent liabilities

(i) Financial guarantees issued

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the "holder") for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

2. 主要會計政策摘要（續）

(12) 政府補貼

倘可合理確定能夠收取政府補貼，而本集團將符合政府補貼所附帶的條件，則政府補貼在綜合財務狀況表中初始確認。補償集團所產生開支的補貼於產生開支的同一期間有系統地於損益表中確認為收入。補償集團資產成本的補貼在相關資產賬面值中扣除，其後於該項資產的可用年期以減少折舊開支方式於損益表中實際確認。

(13) 發出財務擔保、撥備及或然負債

(i) 所發出財務擔保

財務擔保乃要求發行人（即擔保人）就擔保受益人（「持有人」）因特定債務人未能根據債項工具的條款於到期時付款而蒙受的損失而向持有人支付特定款項的合約。

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(13) Financial guarantees issued, provisions and contingent liabilities (Continued)

(i) Financial guarantees issued (Continued)

Where the Group issues a financial guarantee, the fair value of the guarantee (being the transaction price, unless the fair value can otherwise be reliably estimated) is initially recognised as deferred income within trade and other payables. The fair value of financial guarantees issued at the time of issuance is determined by reference to fees charged in an arm's length transactions for similar services, when such information is obtainable, is otherwise estimated by reference to interest rate differentials, by comparing the actual rates charged by lenders when the guarantee is made available with the estimated rates that lenders would have charged, had the guarantees not been available, where reliable estimates of such information can be made. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in profit or loss on initial recognition of any deferred income.

2. 主要會計政策摘要 (續)

(13) 發出財務擔保、撥備及或然負債 (續)

(i) 所發出財務擔保 (續)

倘本集團發出財務擔保，該擔保的公平價值（即交易價格，除非該公平價值能確實地估計）最初確認為貿易應付賬款及其他應付賬款內的遞延收入。已發出財務擔保於發出時之公平價值於可獲得有關資料時，乃參考就涉及類似服務之公平交易所收取費用釐定，或（倘無有關資料）參考透過將貸方於提供擔保時所收取實際利率與在不獲提供擔保時原應收取之估計利率作出比較下得出的利率差距加以估計（指可就有關資產指示出可靠估計之情況下）。倘在發行該擔保時收取或可收取代價，該代價則根據適用於該類資產之本集團政策而予確認。倘有關代價尚未收取或應予收取，於最初確認任何遞延收入時，即時開支於損益表內確認。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註 (續)

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(13) Financial guarantees issued, provisions and contingent liabilities (Continued)

(i) Financial guarantees issued (Continued)

The amount of the guarantee initially recognised as deferred income is amortised in profit or loss over the term of the guarantee as income from financial guarantees issued. In addition, provisions are recognised in accordance with note 2(13)(iii) if and when (i) it becomes probable that the holder of the guarantee will call upon the Group under the guarantee, and (ii) the amount of that claim on the Group is expected to exceed the amount currently carried in trade and other payables in respect of that guarantee i.e. the amount initially recognised, less accumulated amortisation.

(ii) Contingent liabilities acquired in business combinations

Contingent liabilities assumed in a business combination which are present obligations at the date of acquisition are initially recognised at fair value, provided the fair value can be reliably measured. After their initial recognition at fair value, such contingent liabilities are recognised at the higher of the amount initially recognised, less accumulated amortisation where appropriate, and the amount that would be determined in accordance with note 2(13)(iii). Contingent liabilities assumed in a business combination that cannot be reliably fair valued or where not present obligations at the date of acquisition are disclosed in accordance with note 2(13)(iii).

2. 主要會計政策摘要 (續)

(13) 發出財務擔保、撥備及或然負債 (續)

(i) 所發出財務擔保 (續)

最初確認為遞延收入的擔保款額，按擔保年期於損益表內攤銷為所發出的財務擔保收入。此外，倘(i)擔保持有人有可能根據本集團已作出的財務擔保向集團提出索償通知時；及(ii)本集團的申索款額預期超過現時列於該擔保的應付賬款及其他應付款項(即最初確認的金額)減累計攤銷，便根據附註2(13)(iii)確認並作出撥備。

(ii) 業務合併取得的或然負債

因業務合併而承擔或然負債於收購日屬即期責任，則最初按公平價值確認，惟公平價值能可靠計量。按公平價值確認後，該等或然負債按最初確認數額扣除累計攤銷(如適用)後的數額，與根據本附註2(13)(iii)所釐定的數額兩者的較高者確認。倘不能於收購日可靠地計量公平價值或並非為即期責任，因業務合併而承擔的或然負債則按本附註2(13)(iii)所述披露。

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(13) Financial guarantees issued, provisions and contingent liabilities (Continued)

(iii) Other provisions and contingent liabilities

Provisions are recognised for other liabilities of uncertain timing or amount 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.

(14) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business less applicable variable selling expenses.

2. 主要會計政策摘要（續）

(13) 發出財務擔保、撥備及或然負債（續）

(iii) 其他撥備及或然負債

如果本集團或本公司須就已發生之事件承擔法律或推定義務，而會導致經濟利益外流及在可以作出可靠之估計時，則就該時間或數額不定之其他負債計提撥備。如果貨幣時間值重大，則按履行義務預計所需支出之現值計提撥備。

如果流出經濟利益之可能性較低，或無法對有關數額作出可靠之估計，則會將該義務披露為或然負債，但經濟利益外流之可能性極低則除外。如果有關義務須視乎某宗或多宗未來事件是否發生才能確定是否存在，則會披露為或然負債，除非經濟利益外流可能性極低。

(14) 存貨

存貨按成本或可變現淨值兩者中的較低者列賬。成本按加權平均法計算。製成品及在製品的成本包括原材料、直接工資、其他直接成本及相關生產開支（根據正常經營能力），惟不包括貸款成本。可變現淨值乃按正常業務過程中的估計售價，減去適用的變動銷售開支計算。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註（續）

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(15) Trade and other receivables

Trade and other receivables are initially recognised at fair value and, after initial recognition, at amortised cost less any allowance for impairment of bad and doubtful debts, except for the following receivables:

- interest-free loans made to related parties without any fixed repayment terms or the effect of discounting being immaterial, that are measured at cost less any allowance for impairment of bad and doubtful debts, and
- short term receivables with no stated interest rate and the effect of discounting being immaterial, that are measured at their original invoiced amount less any allowance for impairment of bad and doubtful debts.

(16) 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 to 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.

Pledged bank deposits are not included in cash and cash equivalents.

2. 主要會計政策摘要（續）

(15) 貿易及其他應收款項

貿易及其他應收款項初步按公平價值確認並於初步確認後按攤銷成本扣除呆壞賬減值虧損計算，惟不包括以下應收款項：

- 借予關連方無指定還款期或折現影響並不重大的免息貸款，有關貸款以成本值扣除呆壞賬減值虧損入賬，及
- 無指定利率及折現影響並不重大的短期應收款項，有關應收款項以原發票值扣除呆壞賬減值虧損入賬。

(16) 現金及現金等值

現金及現金等值包括銀行存款及現金、在銀行及其他金融機構的活期存款以及流動性極高的短期投資。這些投資可以在未經通知下即時轉換為已知數額的現金，而在價值變動方面的風險並不巨大，且獲取時的到期日在三個月之內。就編製綜合現金流量表而言，須應要求償還並構成本集團現金管理之一部份的銀行透支亦列入現金及現金等值的組成部份。

抵押存款不包括於現金及現金等值內。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
綜合財務報表附註（續）

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(17) Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction (net of tax) from the proceeds.

Where any group company purchases the Company's equity share capital (treasury shares), the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity shareholders until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity shareholders.

(18) Trade and other payables

Trade and other payables are initially recognised at fair value. Except for financial guarantee liabilities (if any) measured in accordance with note 2(13)(i), trade and other payables are subsequently stated at amortised cost, except for the following payables:

- short-term payables with no stated interest rate and the effect of discounting being immaterial, that are measured at their original invoiced amount; and
- interest-free loans from related parties without any fixed repayment terms or the effect of discounting being immaterial, that are measured at cost.

2. 主要會計政策摘要（續）

(17) 股本

普通股歸類為權益。

發行新股份或購股權直接應佔之新增成本乃於股本權益中列為所得款項（扣除稅項）之扣減。

倘任何集團公司購買本公司之權益股本（庫存股份），所支付之代價（包括任何增加之直接應佔成本（扣除所得稅））從本公司股權持有人應佔之權益中扣除，直至股份被註銷、重新發行或出售為止。倘有關股份其後被售出或重新發行，則任何所收取之代價（扣除任何增加之直接應佔交易成本及有關所得稅影響）計入本公司股權持有人應佔之權益。

(18) 貿易及其他應付款項

貿易及其他應付款項初步按公平價值確認。除了按照附註2(13)(i)計算之財務擔保負債外，貿易及其他應付款項其後按攤銷成本入賬，惟不包括以下應付款項：

- 無指定利率及折現影響並不重大的短期應付款項，有關款項以原發票值入賬；及
- 向關連方借入無指定還款期或折現影響並不重大的免息貸款，有關貸款以原值入賬。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註（續）

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(19) Bank and other borrowings

Bank and other borrowings are recognised initially at fair value, net of transaction costs incurred. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability, including fees and commissions paid to agents, advisers, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Bank and other borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Bank and other borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

(20) 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.

2. 主要會計政策摘要（續）

(19) 銀行及其他借款

銀行及其他借款最初按公平價值扣除交易成本後的淨額確認。交易成本為直接關於收購、發行或出售金融資產或財務負債的新增成本，包括支付代理、顧問、經紀及交易商的費用及佣金、監管機構及證券交易所的徵費，以及轉讓的稅項及印花稅。銀行及其他借款其後按攤銷成本列賬；所得款項（扣除交易成本）與贖回價值之間的差額在借款期限內以實際利息法計入當期收入報表中確認。

除非本集團有權無條件將債項結算期限延長至報告結算日後最少十二個月，否則借款乃分類為流動負債。

(20) 所得稅

本年度所得稅包括本期稅項及遞延稅項資產及負債的變動。本期稅項及遞延稅項資產及負債的變動在損益表確認，除非與屬於其他全面收入確認或直接計入權益的項目有關者，則有關稅項金額分別於其他全面收入確認或直接計入權益。

本期稅項乃根據已執行或於報告結算日已實質執行之稅率，按本年度應課稅收入以及過往年度應付稅項之任何調整而計算預期應付稅項。

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(20) Income tax (Continued)

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 difference 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. 主要會計政策摘要（續）

(20) 所得稅（續）

遞延稅項資產及負債乃因作財務報告用途之資產及負債賬面值與作稅基用途之資產及負債賬面值兩者之可予扣減及應課稅之暫時差異所產生。遞延稅項資產亦可由未經使用之稅務虧損及未經使用之稅項優惠所產生。

除了若干有限之例外情況外，所有遞延稅項負債，以及所有遞延稅項資產（僅限於將來很可能取得應課稅盈利而令該項資產得以運用之部份）均予確認。容許確認由可予扣減暫時差異所產生之遞延稅項資產之未來應課稅盈利包括其將由目前之應課稅暫時性差異撥回之部份，惟此等應課稅暫時差異應由同一稅務當局向同一應課稅單位徵收，並預期在可予扣減暫時差異預期撥回之同一期間內撥回或在由遞延稅項資產產生之稅務虧損能轉回或轉入之期間內撥回。在評定目前之應課稅暫時差異是否容許確認由未經使用之稅務虧損及優惠所產生之遞延稅項資產時，亦會採用上述相同之標準，即該等暫時差異由同一稅務當局向同一應課稅單位徵收，並預期在稅務虧損或優惠能應用之期間內撥回方計算在內。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
綜合財務報表附註（續）

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)
(20) Income tax (Continued)

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, 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. 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. 主要會計政策摘要（續）

(20) 所得稅（續）

確認遞延稅項資產及負債之有限例外情況包括由商譽引起並不可在稅務方面獲得扣減之暫時差異、首次確認但並不影響會計盈利及應課稅盈利之資產或負債（惟其不可為業務合併之部份），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，只限於本集團可以控制撥回時間，且在可預見將來不太可能撥回之暫時差異；或如為可予扣減差異，則只限於可能在未來撥回之差異。遞延稅項資產及負債均不作貼現計算。

本集團會在每個報告期末評估遞延稅項資產之賬面值。如果不再可能取得足夠之應課稅盈利以運用有關之稅務利益，便會調低賬面金額。在日後可能取得足夠之應課稅盈利時，則會撥回已扣減金額。

來自分派股息的額外所得稅，確認支付有關股息的責任時確認。

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(20) 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. 主要會計政策摘要（續）

(20) 所得稅（續）

本期稅項結餘及遞延稅項結餘及其變動，乃各自分開列示及不會相互抵銷。若本公司或本集團在法律上擁有抵銷本期稅項資產及本期稅項負債之行使權利，並能符合下列額外條件，則本期稅項資產可抵銷本期稅項負債，以及遞延稅項資產可抵銷遞延稅項負債：

- 若為本期稅項資產及負債：本集團計劃以淨額清償，或計劃同時變現資產及清償負債；或
- 若為遞延稅項資產及負債：如其與同一稅務當局向下述者徵收之所得稅有關：
 - 同一應課稅單位；或
 - 如為不同之應課稅單位，預期在未來每一個週期將清償或追償顯著數目之遞延稅項負債或資產及計劃變現本期稅項資產及以淨額基準清償本期稅項負債或計劃同時變現本期稅項資產及清償本期稅項負債。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註（續）

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(21) Employee benefits

(i) Retirement benefit costs

Payments to defined contribution plans under the mandatory provident fund scheme, the ORSO scheme and state-managed retirement benefits scheme are charged as expenses as they fall due.

(ii) Profit-sharing and bonus plans

The Group recognises a liability and an expense for bonuses and profit-sharing, based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

(iii) Share-based compensation

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 Hull White Trinomial 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. 主要會計政策摘要（續）

(21) 僱員福利

(i) 退休福利計劃

對強制性公積金計劃、職業退休計劃及其他國有退休福利計劃作出之供款乃於其到期時列作開支予以扣除。

(ii) 分享溢利及花紅計劃

本集團根據一條公式，按本公司股東應佔溢利作若干調整，計算並確認花紅及分享溢利為負債及開支。本集團按合約規定或過往慣例責任產生時確認撥備。

(iii) 股份為本之補償

賦予員工的購股權之公平價值被確認為員工成本，並在股東權益內的購股權儲備作相應的增加。公平價值乃採用霍爾－懷特三元模型，按購股權授予日計算，並顧及授予購股權的條款。當僱員須符合歸屬期條件才可無條件享有該等購股權，預計公平價值總額在歸屬期內攤分入賬，並已考慮購股權歸屬的或然率。

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(21) Employee benefits (Continued)

(iii) Share-based compensation (Continued)

During the vesting period, the number of share options that is expected to vest is reviewed. Any adjustment to the cumulative fair value recognised in prior years is charged or credited to the income statement 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 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) or the option expires (when it is released directly to retained profits).

(iv) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of HKAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

2. 主要會計政策摘要（續）

(21) 僱員福利（續）

(iii) 股份為本之補償（續）

估計可歸屬購股權的數目須在歸屬期內作出檢討。除非原本支出符合資產確認之要求，任何已在往年確認的累積公平價值之調整須在檢討期內的收入報表支銷或回撥，並在購股權儲備作相應調整。在歸屬日，除非因未能符合歸屬條件引致權利喪失純粹與本公司股份的市價有關，確認為支出之金額按歸屬購股權的實際數目作調整（並在購股權儲備作相應調整）。屬股東權益的金額在購股權儲備確認，直到當購股權被行使時（轉入股本），或當購股權之有效期屆滿時（轉入保留溢利）。

(iv) 辭退福利

如果本集團在正常退休日期前終止僱用，或員工接受自願離職以換取這些福利，則應支付辭退福利。本集團於下列日期較早時確認辭退福利：(a) 本集團不能撤回該等福利的提議；及(b) 當該實體確認重組的成本在香港會計準則第37號範圍內，並涉及支付辭退福利。在提出鼓勵自願離職的提議的情況下，辭退福利是根據預期接受報價的僱員人數計算的。在報告結算日結束後超過12個月到期的福利，按貼現現值折現。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註（續）

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(22) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amount for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value added tax, returns, rebates and discounts and after eliminating sales within the Group. Revenue is recognised when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Group's activities, as described below:

- (i) Sales of goods are recognised when a Group entity has delivered products to the customer and the customer has accepted the products and collectibility of the related receivables is reasonably assured.
- (ii) Rental income, including rentals invoiced in advance from properties under operating leases, is recognised on a straight-line basis over the period of the leases.
- (iii) Handling and services income are recognised when services are provided.
- (iv) Interest income is recognised as it accrues using the effective interest method. Interest income from the finance lease is recognised on a basis that reflects a constant periodic rate of return on the net investment in the finance lease.
- (v) Dividend income is recognised when the shareholder's right to receive payment is established prior to the end of the reporting period.

2. 主要會計政策摘要（續）

(22) 收益確認

收益是從公平價值代價或應收計量及表示本集團在基本活動過程中銷售貨品及服務之金額。收入在扣除增值稅、退貨、回扣及折扣，並抵銷本集團內部間之銷售後列示。收益金額能可靠地計量、未來經濟利益將有可能流入實體及各項本集團業務之指定條件得以達成時確認收入，如下所述：

- (i) 貨品銷售於集團實體付運產品予客戶，客戶已接收該等產品並合理確保可收取相關應收款項時確認。
- (ii) 根據營運租約出租物業之所得租金收入包括預先發出發票之租金，按租期以直線基準為收入確認。
- (iii) 加工及服務費收入乃按已提供服務後確認。
- (iv) 利息收入乃採用實際利息法確認。融資租賃利息收入的基礎是反映融資租賃的淨投資回報之恆常週期性回報率。
- (v) 由投資所取得之股息收入之確認為當股東早於報告結算日已確立收取股息之權利。

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(23) Leases

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.

Leases of assets are classified as finance leases when the leases transfer substantially all risks and rewards incidental to ownership of the assets to the Group. All other leases are classified as operating leases.

(i) Leases of land and buildings

Whenever necessary, in order to classify and account for a lease of land and buildings, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

The land element is classified as an operating lease unless title is expected to pass to the lessee by the end of the lease term. The building element is classified as a finance or operating lease in the same way as leases of other assets. The payments made on acquiring land held under an operating lease are recognised in the statement of financial position as leasehold land and land use rights which are stated at cost and are amortised on a straight-line basis over the period of the lease term.

2. 主要會計政策摘要（續）

(23) 租約

倘本集團確定安排具有在商定期限內通過支付一筆或一系列款項而使用某一特定資產或多項資產之權利，則該安排（由一宗交易或一系列交易組成）為租賃或包括租賃，該釐定乃根據安排之內容評估而作出，而無論安排是否具備租賃之法律形式。

當資產租約隨資產擁有權轉撥絕大部份風險及利益至本集團時，分類為融資租約。所有其他租約均分類為經營租約。

(i) 土地及樓宇租約

每當於有需要將土地及樓宇租約分類及列賬時，最低租賃付款（包括任何一次過預付款項）乃按租約土地部份及樓宇部份於租約開始時之租賃權益相對公平價值比例於土地及樓宇部份之間分配。

土地部份乃分類為經營租約，除非預期所有權益會於租約期結束時轉移予承租人，則作別論，樓宇部份以與其他資產租約之相同方式分類為融資或經營租約。收購根據經營租約持有之土地而支付之款項乃於財務狀況表內確認為土地之租賃費用，有關租賃土地及土地使用權按成本列賬，並於租賃期內按直線法攤銷。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
綜合財務報表附註（續）

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(23) Leases (Continued)

(i) Leases of land and buildings (Continued)

If the lease payments on a lease of land and buildings cannot be allocated reliably between the land and building elements at the inception of the lease or the relevant lease transfers the significant risks and rewards of ownership of the land in accordance with the criteria set out in HKAS 17, the entire lease is classified as a finance lease, unless it is clear that both elements are operating leases, in which case the entire lease is classified as an operating lease.

(ii) Finance leases

Lessee

Assets held under finance leases are recognised in the statement of financial position at amounts equal to the fair value of the leased assets, or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liabilities, net of finance charges, on the finance leases are recorded as obligations under finance leases. All assets held under finance leases are classified as property, plant and equipment, except for those properties held to earn rental income which are classified as investment property, in the statement of financial position.

Depreciation and impairment losses are calculated and recognised in the same manner as the depreciation and impairment losses on property, plant and equipment as set out in note 2(4), except for the estimated useful lives cannot exceed the relevant lease terms, if shorter.

2. 主要會計政策摘要（續）

(23) 租約（續）

(i) 土地及樓宇租約（續）

倘土地及樓宇租約之租約付款無法於租約開始時在土地及樓宇部份之間可靠地分配或該租約已根據香港會計準則第17號列明租約轉移了土地所有權的重大風險及回報，則整份租約會分類為融資租約，除非明顯地兩個部份均為經營租約，則作別論，在此情況下，整份租約會分類為經營租約。

(ii) 融資租約

承租人

根據融資租約持有之資產按相當於在租約訂立時釐定之租賃資產公平價值之數額，或（倘為較低者）最低租約付款之現值於財務狀況表確認入賬，融資租約之相應債項經扣除融資費用後，乃列作融資租約承擔。按融資租約持有之所有資產乃於財務狀況表內列作物業、廠房及設備，惟持有以賺取租金收入之物業則於財務狀況表內列作投資物業。

折舊及減值虧損按與物業、廠房及設備之折舊及減值虧損相同之方式（載於附註2(4)）計算及確認，惟估計可使用年期不得超過相關租約期（倘較短）。

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(23) Leases (Continued)

(ii) Finance leases (Continued)

Lessee (Continued)

Minimum lease payments are apportioned between finance charge and the reduction of the outstanding liabilities. The finance charge is recognised in profit or loss over the period of the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Lessor

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

(iii) Operating leases

Where the Group is the lessee, lease payments under an operating lease are recognised as an expense on a straight-line basis over the period of the lease term. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets and rentals receivable under the operating leases are credited to the income statement on a straight-line basis over the lease period. Contingent rentals are charged as an expense in the periods in which they are incurred.

2. 主要會計政策摘要（續）

(23) 租約（續）

(ii) 融資租約（續）

承租人（續）

最低租約付款於融資費用及未償還債項減少之間分配。融資費用按租約期期間確認於損益表，並藉此制定負債餘額之固定利率。

出租人

應收融資租賃承租人金額在集團的租賃投資金額中確認為應收項目。融資租賃收入被分配到會計期間，以反映本集團就租賃投資回報的固定定期利率。

(iii) 經營租約

倘本集團為承租人，則經營租約項下之租約付款以直線法於租約期內確認為開支。倘本公司為出租人，則本集團經營租賃項下之租賃資產包括於非流動資產中，而應收經營租賃項下之租金收入則於租賃期內按直線法計入收入報表內。或然租金於彼等所產生之期間內列作開支。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註（續）

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(24) Dividend distribution

Final dividends proposed by the directors are classified as a separate allocation of retained profits within the equity section of the statement of financial position, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

(25) 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 top management 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. A discontinued segment is separately presented from continuing segments.

2. 主要會計政策摘要（續）

(24) 股息分派

由董事局建議派發的末期股息在財務狀況表股東權益內作為對保留溢利的分配單獨列示，直至股東於股東大會上批准派發。這些股息被股東批准和宣派後，確認為負債。

由於本公司之公司組織章程大綱及細則授予董事權力以宣派中期股息，故中期股息會同時建議及宣派。因此，當建議及宣派中期股息時，中期股息直接被確認為負債。

(25) 分部報告

營運分部及本財務報表所呈報之各分部項目之款項，於定期向本集團高級管理層提供之綜合財務報告中識別，管理層依據該等報告分配資源予本集團不同業務及地域以及評估該等業務及地域之表現。

就財務報告而言，個別重大營運分部不會累積計算，惟分部間有類似經濟特點及在產品及服務性質、生產過程性質、客戶種類或類別、用作分銷產品或提供服務之方法以及監管環境性質方面相類似則除外，倘並非個別重大之經營分部符合大部份此等準則，則該等營運分部可能會被累積計算。終止營運分部與持續營運分部會分別呈列。

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(26) Foreign currency translation

(i) Functional and presentation currency

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"). The consolidated financial statements are presented in HK dollars, which is the Company's functional and the Group's presentation currency. All values are rounded to the nearest thousand except when otherwise indicated. The comparative figures also have been rounded to the nearest thousand to conform with the changes in the presentation for the current year.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except those arising from qualifying cash flow hedges or qualifying net investment hedges which are recognised in other comprehensive income.

Translation differences on non-monetary financial assets and liabilities, such as equity instruments held at fair value through profit or loss, are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as available-for-sale financial assets, are recognised in other comprehensive income and accumulated separately in equity in the fair value reserve.

2. 主要會計政策摘要（續）

(26) 外幣換算

(i) 功能及呈報貨幣

本集團各實體之財務報表所列之項目，乃按該實體經營所在地之主要經濟環境之貨幣（「功能貨幣」）計量。綜合財務報表乃以本公司之功能及呈報貨幣港元呈列。除非另有說明，所有數值都會四捨五入到最接近的千位數。而比較數字也被四捨五入到最接近的千位數，以符合本年度報表呈列方式的改變。

(ii) 交易及結餘

外幣交易均按交易當日之匯率換算為功能貨幣。因結算該等交易及因按年結日匯率換算以外幣為貨幣單位之貨幣資產及負債而產生之外匯損益，乃於損益表中確認，惟由現金流量對沖或投資淨額對沖所產生的，則於其他全面收入中確認。

非貨幣金融資產及負債如按公平價值持有並於損益表中處理之股本工具之換算差額，均於損益表內確認為公平價值盈虧之一部分。非貨幣金融資產如分類為可供出售金融資產之換算差額，均於其他全面收入確認並獨立累計於權益中的公平價值儲備內。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
綜合財務報表附註（續）

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(26) Foreign currency translation (Continued)

(iii) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- (ii) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- (iii) all resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the translation reserve.

2. 主要會計政策摘要（續）

(26) 外幣換算（續）

(iii) 集團公司

集團旗下所有公司（全部均非採用高通脹經濟體系之貨幣）之功能貨幣倘有別於呈報貨幣，其業績及財務狀況須按如下方式換算為呈報貨幣：

- (i) 各財務狀況表所列資產及負債按其結算日之收市匯率換算；
- (ii) 各收入報表所列收入及開支按平均匯率換算（除非此平均匯率不足以合理地概括反映於交易日期適用匯率之累計影響，則在此情況下，收入及開支則按交易日期之匯率換算）；及
- (iii) 一切因此而產生之匯兌差額均於其他全面收入確認並獨立累計於權益中的匯兌儲備內。

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(26) Foreign currency translation (Continued)

(iii) Group companies (Continued)

On consolidation, exchange differences arising from the translation of the net investment in foreign entities, and of borrowings and other currency instruments designated as hedges of such investments, are recognised in other comprehensive income and accumulated separately in equity in the translation reserve. When a foreign operation is sold, such exchange differences are reclassified from equity to profit or loss when gain or loss on disposal is recognised.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the year-end closing rate.

(27) Related parties

- (i) A person, or a close member of that person's family, is related to the Group if that person:
- (1) has control or joint control over the Group;
 - (2) has significant influence over the Group; or
 - (3) is a member of the key management personnel of the Group or the Group's parent.

2. 主要會計政策摘要（續）

(26) 外幣換算（續）

(iii) 集團公司（續）

在編製綜合賬時，換算海外公司投資淨額和換算被指定為此等投資之對沖工具的借貸及其他貨幣工具而產生的匯兌差異，均於其他全面收入確認並獨立累計於權益中的匯兌儲備內。當出售海外業務時，此等匯兌差異將於確認於出售時由權益重新分類至損益表。

因收購海外公司而產生之商譽及公平價值調整，均視作為該海外公司之資產及負債處理，並按結算日的收市匯率換算。

(27) 關連方

- (i) 倘屬以下人士，即該人士或該人士之近親與本集團有關連：
- (1) 控制或共同控制本集團；
 - (2) 對本集團有重大影響；或
 - (3) 為本集團或本集團母公司的主要管理層成員。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註 (續)

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(27) Related parties (Continued)

(ii) An entity is related to the Group if any of the following conditions applies:

- (1) 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).
- (2) 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).
- (3) Both entities are joint ventures of the same third party.
- (4) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (5) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.
- (6) The entity is controlled or jointly controlled by a person identified in (i).
- (7) A person identified in (i)(1) 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).
- (8) 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. 主要會計政策摘要 (續)

(27) 關連方 (續)

(ii) 倘符合下列任何條件，即實體與本集團有關連：

- (1) 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)。
- (2) 一間實體為另一實體的聯營公司或合營企業(或另一實體為成員公司之集團旗下成員公司之聯營公司或合營企業)。
- (3) 兩間實體均為同一第三方的合營企業。
- (4) 一間實體為第三方實體的合營企業，而另一實體為該第三方實體的聯營公司。
- (5) 實體為本集團或與本集團有關連之實體就僱員利益設立的離職福利計劃。
- (6) 實體受(i)所識別人士控制或受共同控制。
- (7) 於(i)(1)所識別人士對實體有重大影響力或屬該實體(或該實體的母公司)主要管理層成員。
- (8) 該實體或屬該實體其中一部份的集團旗下任何成員公司為向本集團或本集團母公司提供主要管理人員服務。

任何人士之近親為與該實體交易時預期可影響該人士或受該人士影響的家庭成員。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
綜合財務報表附註（續）

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

3. CHANGES IN ACCOUNTING POLICIES

The HKICPA has issued a number of revised HKFRS, which are generally effective for accounting periods beginning on or after 1 January 2017. The Group has adopted the following amendments to HKFRSs for the first time for the current year's consolidated financial statements:

Amendments to HKAS 7	Disclosure initiative
Amendments to HKAS 12	Recognition of deferred tax assets for unrealised losses
Amendments to HKFRS 12	As part of the annual improvements to HKFRSs 2014-2016 cycle

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

Amendments to HKAS 7 Statement of Cash Flows: Disclosure initiative

The amendments require entities to provide disclosures about changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses). On initial application of the amendments, entities are not required to provide comparative information for preceding periods. The Group has provided the information for the current period in note 36 for the year ended 31 December 2017 to satisfy the new disclosure requirements.

3. 會計政策

香港會計師公會公告下列經修訂《香港財務報告準則》，已於2017年1月1日開始的財務年度生效。集團於本年度之財務報表中首次採用以下修訂的準則：

香港會計準則第7號之修訂	披露計劃
香港會計準則第12號之修訂	確認未變現虧損之遞延稅項資產
香港財務報告準則第12號之修訂	對香港財務報告準則2014-2016年週期之年度改進的一部份

除下文所述者外，於本年度應用經修訂香港財務報告準則對本年度及過往年度本集團之財務表現及狀況及／或載於該等綜合財務報表之披露並無重大影響。

香港會計準則第7號之修訂 現金流量表：披露計劃

該修訂要求主體提供有關融資活動引起的負債變動的披露，包括現金流量和非現金變動（例如匯兌損益）引起的變動。主體在首次採用該修訂時，無需提供以前期間的比較資訊。集團已提供截至二零一七年度十二月三十一日止年度本期間資料在附註36，以符合新的披露要求。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註 (續)

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

3. CHANGES IN ACCOUNTING POLICIES

(Continued)

Amendments to HKAS 12: Recognition of deferred tax assets for unrealised losses

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount. Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognised in opening retained profits (or in another component of equity, as appropriate), without allocating the change between opening retained profits and other components of equity. Entities applying this relief must disclose that fact. The Group applied the amendments retrospectively. However, their application has no effect on the Group's financial position and performance as the Group has no deductible temporary differences or assets that are in the scope of the amendments.

The Group has not early applied any new standard, amendment or interpretation that has been issued but is not yet effective for the current accounting period (see note 47).

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The assumptions, estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

3. 會計政策 (續)

香港會計準則第12號之修訂：確認未變現虧損之遞延稅項資產

該修訂澄清，主體需要在可抵扣暫時性差異轉回從而抵扣應稅利潤時，考慮稅法是否對這些應稅利潤的來源進行限制。另外，該修訂就主體應如何確定未來應稅利潤和解釋應稅利潤可能包括以高於某些資產帳面金額的金額收回該等資產的情況提供了指引。主體需要追溯採用該修訂。然而，首次採用該修訂時，可以將最早比較期間的期初權益變動計入期初留存溢利（或權益的另一組成部分（如適當）），而無需在期初留存溢利和權益的其他組成部分之間分配該變動。採用該豁免的主體必須披露這一事實。集團已追溯採用該修訂。由於本集團在修訂範圍內沒有可抵扣的暫時性差異或資產，所以其申請對本集團的財務狀況和表現沒有影響。

本集團尚未提前採用已發布但於本年度尚未生效的新準則、修訂或解釋（見附註47）。

4. 重要會計估計及判斷

假設、估計及判斷會不斷按照歷史經驗及其他因素進行評估，包括在各情況下相信是合理之未來事件預測。

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

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (Continued)

(i) Estimated impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 2(9)(ii). The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates and assumptions. Where the expectation is different from the original estimate, such difference will impact the carrying amount of goodwill and the impairment (if any) in the period in which such estimate has been changed.

(ii) Allowance for impairment of trade and other receivables

The Group assesses impairment of trade and other receivables based upon evaluation of the recoverability of the trade and other receivables at the end of each reporting period. The estimates are based on the aging of the trade and other receivables and the historical write-off experience. If the financial condition of the debtors were to deteriorate, additional impairment may be required. A considerable level of judgment is exercised by the directors when assessing the financial condition and credit worthiness of each customer. An increase or decrease in the impairment loss would affect the net profit in future years.

(iii) Income taxes

The Group is subject to income taxes mainly in Hong Kong and the Mainland. Significant judgment is required in determining the provision for income taxes. 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 audit issues based on estimates of whether additional taxes 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.

4. 重要會計估計及判斷（續）

(i) 商譽減值估計

本集團每年按照附註2(9)(ii)所述之會計政策測試商譽是否有任何減值。現金產生單位之可收回金額按使用價值計算而釐定，該等計算須採用若干計量及假設。倘預期金額與原定估計有差異時，則該差額將會影響該估計出現變動期間內之商譽及減值撥備（如有）之賬面值。

(ii) 貿易及其他應收款項減值撥備

本集團於各報告結算日根據貿易及其他應收款項之可收回金額評估貿易及其他應收減值撥備。該等估計乃根據貿易及其他應收款項之賬齡及過往撇銷之經驗，經扣除可收回金額後所得。倘債務人之財務狀況惡化，則可能需要額外計提減值。董事於評估各獨立客戶的財務狀況及信譽時需作出一定程度的判斷。減值虧損的任何增減均可能影響未來數年之溢利淨額。

(iii) 所得稅

本集團須繳納香港及中國內地之所得稅。釐定所得稅之撥備須作出審慎判斷。於日常業務過程中，本集團用作釐定最終稅項之多項交易及計算方法並不確定。本集團根據預期稅務審查所引致的附加稅務確認為負債。倘該最終稅項結果與初步錄得之款額不同，則有關差額將影響釐定期間之所得稅及遞延稅項撥備。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註 (續)

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

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (Continued)

(iii) Income taxes (Continued)

Recognition of deferred tax assets, which principally relate to allowance for doubtful debts and tax losses, depends on the management's expectation of future taxable profit that will be available against which the tax losses can be utilised. The outcome of their actual utilisation may be different.

(iv) Provision for inventories

The Group reviews the carrying amounts of inventories at the end of each reporting period to determine whether the inventories are carried at lower of cost and net realisable value in accordance with the accounting policy set out in note 2(14). The directors estimate the net realisable value based on the current market situation and historical experience on similar inventories. Any change in the assumptions would increase or decrease the amount of inventories write-down or the related reversals of write-down and affect the Group's net asset value.

(v) Impairment of available-for-sale financial assets

The Group follows the guidance of HKAS 39 to determine when an available-for-sale financial asset is impaired. This determination requires significant judgment. In making this judgment, the Group evaluates, among other factors, the duration and extent to which the fair value of such financial asset is less than its cost; and the financial health of and short-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

4. 重要會計估計及判斷 (續)

(iii) 所得稅 (續)

遞延稅項資產的確認主要涉及呆壞賬撥備及稅項虧損，並取決定於管理層對可用於抵銷可動用稅項虧損之日後須課稅溢利之預期。該等實際利用之結果或有不同。

(iv) 存貨撥備

本集團在每一結算日均評估存貨之賬面值，以確定有關存貨是否按照附註2(14)所述會計政策以成本及可變現值兩者中較低數額入賬。董事們根據類似存貨之現行市況及過往經驗估計可變現價值淨額。任何假設之改增變將增加或減少存貨撇減值或撇減之相應回撥，並因此影響本集團之資產價值淨額。

(v) 可供出售金融資產的減值

本集團在確定可供出售金融資產有否減值時會遵循香港會計準則第39號之指引。該項確定須作出重大判斷。於作出判斷時，本集團會評估各項因素如某項金融資產之公平價值低於其成本之持續時間及程度，及被投資者之財務穩健程度及短期業務前景，包括行業及範疇表現、技術革新以及經營及融資現金流量等因素。

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

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (Continued)

(vi) Estimated impairment of finance lease receivables

When there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows expected to arise from the settlement of the finance lease receivables and fair value of the pledged assets less costs of disposal. The amount of the impairment loss is measured as the difference between the asset's carrying amount and higher of the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition) and the fair value of the pledged assets less costs of disposal. Where the actual future cash flows or the net selling price of the pledged assets are less than expected, a material impairment loss may arise.

During the year ended 31 December 2017, impairment loss that has been recognised for finance lease receivables is approximately HK\$6,227,000 (2016: HK\$7,829,000). As at 31 December 2017, the carrying amount of finance lease receivables is approximately HK\$117,437,000 (2016: HK\$112,155,000).

(vii) Provision for restructuring costs

The Group made the provision for restructuring costs amounting to HK\$91,727,000 based on assessment of restructuring plan of the Group for the year ended 31 December 2016. The restructuring plan aims at reducing cost and enhancing operational efficiency. The balance of the respective provision was HK\$52,956,000 as at 31 December 2017 in accordance with HKAS 37, based on the estimation and judgment made by management on the restructuring provision assessment.

4. 重要會計估計及判斷（續）

(vi) 應收融資租賃款的減值估計

當存在減值損失的客觀證據，集團考慮預計應收融資租賃款項抵押資產之公平價值減去出售處理費用的結算所產生未來現金流的估計。減值損失的金額以資產的賬面金額與預計未來現金流（不包括尚未發生的未來信用損失）在該金融資產原實際利率折現的現值（即計算初始確認時的實際利率）和抵押資產減去出售處置費用的公平價值中較高的金額之差額。其中，抵押資產的實際未來現金流或淨售價均低於預期，則可能會出現重大減值損失。

截至二零一七年十二月三十一日止年度，已減值確認於應收融資租賃款項約6,227,000港元（二零一六：7,829,000港元）。於二零一七年十二月三十一日，應收融資租賃款項的賬面金額約為117,437,000港元（二零一六：112,155,000港元）。

(vii) 重組費用撥備

本集團根據本集團重組計劃評估於截至2016年12月31日止年度撥備重組費用91,727,000港元。重組計劃旨在降低成本和提高運營效率。根據香港會計準則第37號，於二零一七年十二月三十一日，基於管理層為重組撥備作出估計及判斷，有關重組費用撥備結餘為52,956,000港元。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註（續）

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

5. SEGMENT REPORTING

The Group manages its business by a mixture of both business lines and geographical location. In a manner consistent with the way in which information is reported internally to the Group's top management for the purposes of assessing segment performance and allocating resources between segments, the Group has identified, on a product basis, the following four reportable segments.

- (1) trading of industrial consumables;
- (2) manufacturing of plastic processing products;
- (3) manufacturing of machinery; and
- (4) processing and trading of printed circuit boards.

Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's top executive management monitors the results, assets and liabilities attributable to each reportable segment on the following basis:

Segment revenue, expenses, results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis to that segment. For example, segment assets may include inventories, trade receivables and property, plant and equipment. Segment revenue, expenses, assets, and liabilities are determined before intra-group balances and intra-group transactions are eliminated as part of the consolidation process, except to the extent that such intra-group balances and transactions are between group entities within a single segment. Inter-segment pricing is based on similar terms as those available to other external parties.

Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

Unallocated items mainly comprise financial and corporate assets and corporate expenses.

5. 分部報告

本集團按其提供的業務及地區性質來管理其業務。為使分部資料之呈報方式與提供予集團高級管理層供其評估分部之表現及分配資源內部報告更一致，本集團根據產品基準，已識別以下四項呈報分類。

- (1) 工業消耗品貿易；
- (2) 注塑製品及加工；
- (3) 機械製造；及
- (4) 印刷線路板加工及貿易。

分部業績、資產及負債

在評估分部表現及分配部間資源時，集團的高級行政管理層根據以下基準監控可歸屬每一可匯報分部之業績、資產及負債：

分部收入、支出、業績、資產及負債包括一個分部直接應佔之項目，以及可按合理基準向有關分部分配之項目。例如，分部資產可包括存貨、應收貿易賬款及物業、廠房及設備。分部收益、支出、資產及負債在集團內公司間結餘及集團內公司間交易互相對銷（此乃綜合賬目過程之一部份）前釐定，惟倘此等集團內公司間結餘及交易乃在本集團間某單一分部內產生者，則作別論。分部間之定價乃以類似其他外界人士提供之條款為基礎。

分部資本開支乃購入且預期可使用一個期間以上之分部資產所產生之總成本。

未分配項目主要包括金融及企業資產及企業費用。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
綜合財務報表附註（續）

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

5. SEGMENT REPORTING (Continued)

Segment results, assets and liabilities (Continued)

The segment results for the year ended 31 December 2017 are as follows:

5. 分部報告（續）

分部業績、資產及負債（續）

截至二零一七年十二月三十一日止年度之分部業績如下：

		Industrial consumables 工業 消耗品 HK\$'000 千港元	Plastic processing products 注塑製品 及加工 HK\$'000 千港元	Machinery 機械 HK\$'000 千港元	Printed circuit boards 印刷 線路板 HK\$'000 千港元	Other operations 其他營運 HK\$'000 千港元	Eliminations 撇銷 HK\$'000 千港元	Consolidated 綜合 HK\$'000 千港元
REVENUE	收入							
External sales	對外銷售	346,582	388,857	896,153	788,612	26,644	-	2,446,848
Inter-segment sales	分部間銷售	22,310	934	6,724	-	-	(29,968)	-
Total revenue	總收入	368,892	389,791	902,877	788,612	26,644	(29,968)	2,446,848

Inter-segment sales are determined at prevailing market rates.

分部間銷售按現行市場價格釐定。

RESULTS	業績							
Segment results	分部業績	16,154	(14,495)	52,423	17,866	7,776	-	79,724
Unallocated corporate expenses	未分配企業費用							(16,375)
Operating profit	經營溢利							63,349
Finance costs	財務費用							(20,483)
Investment income	投資收入							3,736
Share of results of associates	應佔聯營公司業績							3,324
Profit before tax	除稅前溢利							49,926
Taxation	稅項							(6,076)
Profit before non-controlling interests	扣除非控股權益前溢利							43,850

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
綜合財務報表附註 (續)

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

5. SEGMENT REPORTING (Continued)

Segment results, assets and liabilities (Continued)

The segment assets and liabilities as at 31 December 2017 are as follows:

5. 分部報告 (續)

分部業績、資產及負債 (續)

於二零一七年十二月三十一日之分部資產及負債如下：

		Industrial consumables 工業 消耗品 HK\$'000 千港元	Plastic processing products 注塑製品 及加工 HK\$'000 千港元	Machinery 機械 HK\$'000 千港元	Printed circuit boards 印刷 線路板 HK\$'000 千港元	Other operations 其他營運 HK\$'000 千港元	Consolidated 綜合 HK\$'000 千港元
ASSETS	資產						
Segment assets	分部資產	259,191	342,910	1,074,152	566,900	429,976	2,673,129
Interests in associates	聯營公司權益						32,369
Unallocated corporate assets	未分配企業資產						65,161
Consolidated total assets	綜合資產總值						2,770,659
LIABILITIES	負債						
Segment liabilities	分部負債	58,056	150,392	531,290	224,493	23,964	988,195
Current tax payable	本期應付稅項						7,622
Borrowings	借款						428,419
Unallocated corporate liabilities	未分配企業負債						54,284
Consolidated total liabilities	綜合負債總值						1,478,520
OTHER INFORMATION	其他資料						
Capital additions	資本增加	840	12,968	7,964	34,131	2,469	58,372
Depreciation and amortisation	折舊及攤銷	1,841	11,216	21,899	26,724	4,784	66,464
Allowance for impairment of bad and doubtful debts	呆壞賬減值撥備	(820)	(1,359)	1,228	799	6,227	6,075
Other non-cash expenses	其他非現金費用	509	(1,619)	3,510	-	-	2,400
Restructuring provision reversed	重組撥備回撥	-	-	(31,101)	-	-	(31,101)
Share of results of associates	應佔聯營公司業績	-	-	2,425	-	899	3,324
Interest income	利息收入	826	1,065	642	216	770	3,519
Finance costs	財務費用	983	6,303	8,467	586	4,144	20,483
Taxation	稅項	3,887	(260)	(6,725)	5,144	4,030	6,076

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
綜合財務報表附註（續）

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

5. SEGMENT REPORTING (Continued)

Segment results, assets and liabilities (Continued)

The segment results for the year ended 31 December 2016 are as follows:

5. 分部報告（續）

分部業績、資產及負債（續）

於二零一六年十二月三十一日之分部業績如下：

		Industrial consumables 工業 消耗品 HK\$'000 千港元	Plastic processing products 及加工 注製製品 HK\$'000 千港元	Machinery 機械 HK\$'000 千港元	Printed circuit boards 印刷 線路板 HK\$'000 千港元	Other operations 其他營運 HK\$'000 千港元	Eliminations 撇銷 HK\$'000 千港元	Consolidated 綜合 HK\$'000 千港元
REVENUE	收入							
External sales	對外銷售	340,539	393,403	713,477	721,005	23,863	-	2,192,287
Inter-segment sales	分部間銷售	14,989	668	4,977	-	-	(20,634)	-
Total revenue	總收入	355,528	394,071	718,454	721,005	23,863	(20,634)	2,192,287

Inter-segment sales are determined at prevailing market rates.

分部間銷售按現行市場價格釐定。

RESULTS	業績							
Segment results	分部業績	8,210	(44,296)	(236,354)	22,960	(296)	491	(249,285)
Unallocated corporate expenses	未分配企業費用							(20,978)
Operating loss	經營虧損							(270,263)
Finance costs	財務費用							(16,559)
Investment income	投資收入							4,360
Share of results of associates	應佔聯營公司業績							568
Gain on disposal of a subsidiary	出售一間附屬公司之盈利							122
Gain on deregistration of a subsidiary	註銷一間附屬公司之盈利							2,512
Loss before tax	除稅前虧損							(279,260)
Taxation	稅項							(54,625)
Loss before non-controlling interests	扣除非控股權益前虧損							(333,885)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
綜合財務報表附註 (續)

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

5. SEGMENT REPORTING (Continued)

Segment results, assets and liabilities (Continued)

The segment assets and liabilities as at 31 December 2016 are as follows:

5. 分部報告 (續)

分部業績、資產及負債 (續)

於二零一六年十二月三十一日之分部資產及負債如下：

		Industrial consumables 工業 消耗品 HK\$'000 千港元	Plastic processing products 注塑製品 及加工 HK\$'000 千港元	Machinery 機械 HK\$'000 千港元	Printed circuit boards 印刷 線路板 HK\$'000 千港元	Other operations 其他營運 HK\$'000 千港元	Consolidated 綜合 HK\$'000 千港元
ASSETS	資產						
Segment assets	分部資產	235,786	308,734	825,221	512,244	374,410	2,256,395
Interests in associates	聯營公司權益						29,179
Available-for-sale financial assets	可供出售金融資產						1,389
Unallocated corporate assets	未分配企業資產						132,840
Consolidated total assets	綜合資產總值						2,419,803
LIABILITIES	負債						
Segment liabilities	分部負債	51,364	81,130	481,266	198,173	23,057	834,990
Current tax payable	本期應付稅項						15,255
Borrowings	借款						363,459
Unallocated corporate liabilities	未分配企業負債						49,187
Consolidated total liabilities	綜合負債總值						1,262,891
OTHER INFORMATION	其他資料						
Capital additions	資本增加	1,428	15,399	2,980	20,492	730	41,029
Depreciation and amortisation	折舊及攤銷	1,747	10,857	28,130	27,950	4,491	73,175
Allowance for impairment of bad and doubtful debt	呆壞賬減值撥備	620	3,821	41,023	(1,504)	7,829	51,789
Other non-cash expenses	其他非現金費用	(32)	4,234	69,291	-	-	73,493
Restructuring provision	重組撥備	-	-	91,727	-	-	91,727
Share of results of associates	應佔聯營公司業績	-	-	259	-	309	568
Interest income	利息收入	757	575	931	244	1,072	3,579
Finance costs	財務費用	1,084	4,143	8,455	717	2,160	16,559
Taxation	稅項	2,559	26,686	12,496	9,567	3,317	54,625

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
綜合財務報表附註（續）

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

5. SEGMENT REPORTING (Continued)
Geographical information

The Group's operations are located in Hong Kong, other regions in Mainland, other Asia-Pacific countries, North America and Europe. The Group's trading of industrial consumables division is located in Hong Kong and Mainland. The manufacturing of plastic processing products, machinery and printed circuit boards divisions are located in Mainland.

The following table provides an analysis of the Group's sales by geographical market:

5. 分部報告（續）
地區資料

本集團的業務位於香港、中國內地、其他亞太國家、北美洲及歐洲。本集團之工業消耗品貿易類別位於香港及中國內地。注塑製品及加工、機械及印刷線路板等製造業類別均位於中國內地。

下列載列本集團銷售額按地區市場之分析：

		Sales revenue by geographical market	
		按地區市場劃分之銷售收入	
		2017	2016
		二零一七年	二零一六年
		HK\$'000	HK\$'000
		千港元	千港元
Hong Kong	香港	586,964	572,916
Mainland	中國內地	1,639,852	1,376,572
Other Asia-Pacific countries	其他亞太國家	155,700	181,383
North America	北美洲	14,526	27,962
Europe	歐洲	49,806	33,454
		2,446,848	2,192,287

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
 綜合財務報表附註（續）

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

5. SEGMENT REPORTING (Continued)
Geographical information (Continued)

The following is an analysis of the Group's fixed assets, goodwill and intangible assets ("specified non-current assets"), and additions to property, plant and equipment, analysed by the geographical area in which the assets are located:

		Specified Non-current assets 指定非流動資產		Additions to property, plant and equipment 物業、廠房及設備之增添	
		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Hong Kong	香港	200,873	182,799	494	2,048
Mainland	中國內地	548,644	542,073	57,878	38,981
		749,517	724,872	58,372	41,029

Information about major customers

No customer of the Group has individually accounted for over 10% of the Group's total revenue during the year (2016: Nil) and no information about major customers is presented accordingly.

5. 分部報告（續）
地區資料（續）

本集團的固定資產、商譽及無形資產（指定非流動資產）及物業、廠房及設備之增添按地區之分析如下：

主要客戶的資料

本集團概無個別客戶佔本集團年內收入總額10%（二零一六年：無），故並無呈列主要客戶資料。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
綜合財務報表附註（續）

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

6. REVENUE, OTHER INCOME AND GAINS, NET

Revenue, which is also the Group's turnover, represents the amounts received and receivable for goods sold to customers, less returns and discounts and interest income from finance lease receivables during the year. An analysis of revenue, other income and gains, net is as follows:

6. 收入、其他收入及收益淨額

收入，亦即本集團之銷售額，指年內本集團向集團以外客戶銷售貨品減退貨及折扣後之已收及應收款項及應收融資租賃款項產生之利息收入。本集團之收入、其他收入及收益淨額分析如下：

		Notes 附註	2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Revenue	收入			
Sales of goods	貨物銷售		2,420,204	2,168,424
Finance lease income	融資租賃收入		26,644	23,863
			2,446,848	2,192,287
Other income	其他收入			
Unused provision for restructuring reversed	回撥未動用的重組撥備	30	31,101	-
Gross rental income from properties and equipment	物業及設備之租金收益		1,319	1,055
Handling, tooling and sales of scrapped materials	處理、工装及廢料銷售		5,533	8,571
Government grants	政府補貼		7,154	3,499
Sundry income	其他收入		12,136	4,146
			57,243	17,271
Gains/(loss), net	收益／(虧損)淨額			
Gain on disposal of property, plant and equipment	出售物業、廠房及設備之盈利		57	1,701
Exchange gain, net	滙兌盈利淨額		713	2,380
Gain on disposal of available-for-sales financial assets	出售可供出售金融資產之盈利		3,389	-
Loss and damage from typhoon, net of insurance recovery*	風災損失，扣除保險賠償*		(17,562)	-
			(13,403)	4,081
			43,840	21,352

* This amount represents the loss incurred for the fixed assets scrapped, inventories damaged, other operating overheads for major relevant repairs, etc. net of insurance claims as a result of the typhoon damage to the production plant in Zhuhai during the year.

* 此金額代表是年度內因颱風對珠海廠房造成之破壞損失，其中包括固定資產損耗，存貨損壞以及有關重大維修之其他開支等，減去保險賠償之淨額。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
 綜合財務報表附註（續）

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

7. RESTRUCTURING COSTS

During the year 2016, the Group announced a series of restructuring actions to reduce costs and enhance operational efficiency. Details of restructuring costs were as follows:

7. 重組費用

本集團於二零一六年內宣佈一系列重組方案以降低成本及提高營運效率。重組費用詳細如下：

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Employees compensation	員工遣散費用	-	104,716
Write-down of inventories	存貨撇賬	-	20,357
Impairment loss of plant and machinery	廠房及機器減值虧損	-	3,073
Relocation expenses	搬遷開支	-	7,011
		-	135,157

8. FINANCE COSTS

8. 財務費用

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Interest on:	由下列借貸產生的利息：		
Bank borrowings wholly repayable within 5 years	須於五年內償還之 銀行借款	20,301	16,020
Finance leases	融資租賃	182	493
Imputed interest expense on deferred consideration payable	遞延應付代價估算利息 支出	-	46
Total interest expense on financial liabilities not at fair value through profit or loss	並非按公平價值計量通過 損益之金融負債之 總利息支出	20,483	16,559

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綜合財務報表附註（續）

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

9. INVESTMENT INCOME

9. 投資收入

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Bank interest income	銀行利息收入	3,519	3,579
Total interest income on financial assets not at fair value through profit or loss	並非按公平價值計量通過損益之金融資產之總利息收入	3,519	3,579
Realised and unrealised gain on held-for-trading investments	持作買賣之投資之已變現及未變現盈利	217	682
Dividend income from listed available-for-sale financial asset	上市可供出售金融資產之股息收入	–	99
		3,736	4,360

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
綜合財務報表附註（續）

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

10. PROFIT/(LOSS) BEFORE TAX

Profit/(loss) before tax has been arrived at after charging/
 (crediting) the following:

10. 除稅前溢利／（虧損）

除稅前溢利／（虧損）已扣除／（計入）
 下列各項：

		2017	2016
		二零一七年	二零一六年
		HK\$'000	HK\$'000
		千港元	千港元
Staff costs (including directors' emoluments)	員工成本（包括董事酬金）		
– Salaries and other benefits	– 薪金及其他福利	360,756	387,223
– Retirement benefits scheme contributions	– 退休福利計劃供款	35,482	23,547
Total staff costs	總員工成本	396,238	410,770
Allowances for impairment of bad and doubtful debts	呆壞賬減值撥備	6,075	51,789
Auditors' remuneration	核數師酬金		
– Group auditor	– 集團核數師	2,380	2,280
(Surplus)/deficit on revaluation of properties held for own use	自用物業重估（盈餘）／虧絀	(179)	955
Depreciation and amortisation on:	折舊及攤銷：		
– Owned assets	– 自置資產	60,878	65,688
– Assets held under finance leases	– 融資租賃資產	410	2,379
– Leasehold land held for own use under finance leases	– 根據融資租賃持有之租賃土地	2,414	2,335
– Leasehold land and land use rights	– 租賃土地及土地使用權	1,379	1,390
– Intangible assets	– 無形資產	1,383	1,383
Impairment loss of property, plant and equipment	物業、廠房及設備減值虧損	–	3,073
Operating lease payments – Land and buildings	經營租賃付款—土地及樓宇	21,890	20,755

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
綜合財務報表附註（續）

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

11. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

(a) Directors' emoluments

Directors' emoluments disclosed pursuant to the Listing Rules and section 383(1) of the Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

11. 董事及僱員酬金

(a) 董事酬金

根據聯交所證券上市規則及香港《公司條例》第383(1)條，和第二部分規定（關於董事利益的資料披露），董事酬金披露如下：

Name of Directors 董事姓名	Directors' fees 董事袍金 HK\$'000 千港元	2017 二零一七年		Total 總計 HK\$'000 千港元
		Salaries and allowances 薪金及津貼 HK\$'000 千港元	Retirement benefits contributions 退休計劃供款 HK\$'000 千港元	
Executive Directors	執行董事			
Mr. Tang To	鄧燾先生	725	1,124	1,957
Mr. Wong Yiu Ming	黃耀明先生	1,372	3,399	5,045
Mr. Tang Yu, Freeman	鄧愚先生	579	1,625	2,222
Non-Executive Directors	非執行董事			
Mr. Kan Wai Wah	簡衛華先生	60	-	60
Mr. Ho Wei Sem	何偉森先生	-	-	-
Ms. Yeung Shuk Fan	楊淑芬女士	168	-	168
Mr. Cheng Tak Yin	鄭達賢先生	60	-	60
Mr. Qu Jinping	瞿金平先生	-	-	-
Mr. Huang Zhi Wei	黃志煒先生	-	-	-
Total	總計	2,964	6,148	9,512

There was no arrangement under which a director waived or agreed to waive any emoluments during the year.

本年內並無董事放棄或同意放棄任何酬金之安排。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
 綜合財務報表附註（續）

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

11. DIRECTORS' AND EMPLOYEES' EMOLUMENTS 11. 董事及僱員酬金（續）

(Continued)

(a) Directors' emoluments (Continued)

(a) 董事酬金（續）

Name of Directors 董事姓名	Directors' fees 董事袍金 HK\$'000 千港元	2016 二零一六年		Total 總計 HK\$'000 千港元
		Salaries and allowances 薪金及津貼 HK\$'000 千港元	Retirement benefits scheme contributions 退休計劃供款 HK\$'000 千港元	
<i>Executive Directors 執行董事</i>				
Mr. Tang To 鄧燾先生	530	1,030	108	1,668
Mr. Wong Yiu Ming 黃耀明先生	720	2,712	238	3,670
Mr. Tang Yu, Freeman 鄧愚先生	–	1,625	18	1,643
<i>Non-Executive Directors 非執行董事</i>				
Mr. Kan Wai Wah 簡衛華先生	60	–	–	60
Mr. Ho Wei Sem 何偉森先生	–	–	–	–
Ms. Yeung Shuk Fan 楊淑芬女士	168	–	–	168
Mr. Cheng Tak Yin 鄭達賢先生	60	–	–	60
Mr. Qu Jinping 瞿金平先生	–	–	–	–
Mr. Huang Zhi Wei 黃志煒先生	–	–	–	–
Total 總計	1,538	5,367	364	7,269

There was no arrangement under which a director waived or agreed to waive any emoluments during the year.

本年內並無董事放棄或同意放棄任何酬金之安排。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
綜合財務報表附註（續）

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

11. DIRECTORS' AND EMPLOYEES' EMOLUMENTS

(Continued)

(b) Employees' emoluments

The five highest paid individuals included three (2016: three) directors, details of whose emoluments are set out above. The emoluments of the remaining two (2016: two) individuals are as follows:

		2017 二零一七年 <i>HK\$'000</i> 千港元	2016 二零一六年 <i>HK\$'000</i> 千港元
Salaries and other benefits	薪金及其他福利	4,103	4,780
Retirement benefits scheme contributions	退休福利計劃供款	106	137
		4,209	4,917

The emoluments of the employees were within the following bands:

		Number of employees 員工人數	
		2017 二零一七年	2016 二零一六年
HK\$1,000,001 to HK\$2,000,000	1,000,001港元至2,000,000港元	1	1
HK\$2,000,001 to HK\$3,000,000	2,000,001港元至3,000,000港元	1	1
		2	2

11. 董事及僱員酬金（續）

(b) 僱員酬金

五位最高薪酬僱員中，包括三名（二零一六年：三名）董事，其薪酬詳情已如上所列。其餘兩名（二零一六年：兩名）僱員之薪酬如下：

僱員薪酬分為下列組別：

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綜合財務報表附註（續）

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

12. TAXATION

Hong Kong profits tax has been provided at the rate of 16.5% (2016: 16.5%) on the estimated assessable profits arising in Hong Kong during the Year. Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

12. 稅項

香港利得稅乃按本年度於香港賺取之估計應課稅溢利稅率16.5%（二零一六年：16.5%）撥備。其他地區應課稅溢利之稅項乃根據本集團經營所在司法權區之現行法例、詮釋及慣例計算稅率。

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Current tax	本期稅項		
Hong Kong profits tax	香港利得稅		
Current year	本年度	1,381	1,582
(Over-provision)/under-provision in prior years	往年度(多提)/少提	(59)	1,730
		1,322	3,312
Overseas tax	海外稅項		
Current year	本年度	10,996	10,772
Under-provision in prior years	往年度少提	1,390	8,544
		12,386	19,316
Deferred tax	遞延稅項		
Deferred taxation relating to the (reversal) and origination of temporary differences (note 24)	因暫時差異(逆轉)及產生之 遞延稅項(附註24)	(7,632)	31,997
		6,076	54,625

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
綜合財務報表附註（續）

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

12. TAXATION (Continued)

The taxation on the Group's profit/(loss) before taxation differs from the theoretical amount that would arise using the domestic taxation rates applicable to losses of the consolidated companies as follows:

12. 稅項（續）

本集團除稅前溢利／（虧損）與以適用於綜合公司虧損之本地稅率所產生之理論性金額差異如下：

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Profit/(loss) before tax	除稅前溢利／（虧損）	49,926	(279,260)
Tax calculated at the domestic income tax rate of 16.5% (2016: 16.5%)	以本地所得稅率16.5%（二零一六年：16.5%）計算	8,238	(46,078)
Tax effect of share of results of associates	應佔聯營公司業績對稅項之影響	(548)	(94)
Tax effect of expenses that are not deductible in determining taxable profit	評定應課稅溢利時不可扣減的開支對稅項之影響	6,146	9,307
Tax effect of income that is not taxable in determining taxable profit	評定應課稅溢利時無須繳稅的收入對稅項之影響	(2,345)	(3,929)
Under-provision of current tax in current year, net	本年度本期稅項撥備少提淨額	(105)	(209)
Under-provision of current tax in prior years, net	往年度本期稅項撥備少提淨額	1,331	10,274
Tax effect of utilisation of deductible temporary differences not previously recognised	使用過往未確認之可扣減暫時性差異稅項之影響	(4,540)	(1,863)
Tax effect of temporary differences/tax losses not recognised	未確認之暫時性差異／稅項虧損對稅務之影響	2,526	83,531
Tax effect of utilisation of tax losses not previously recognised	使用過往未確認之稅項虧損之影響	(6,121)	(329)
Effect of different tax rates of subsidiaries operating in other jurisdictions	在其他司法權區經營之附屬公司稅率差異之影響	1,494	4,015
		6,076	54,625

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 綜合財務報表附註（續）

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

13. EARNINGS/(LOSS) PER SHARE

The calculation of basic earnings/(loss) per ordinary share is based on the Group's profit/(loss) attributable to equity shareholders of the Company divided by the weighted average number of ordinary shares in issue during the year.

Weighted average number of ordinary shares in issue during the year 以加權平均數計算之本年度已發行普通股股份

Profit/(loss) attributable to the equity shareholders of the Company 本公司股權持有人之應佔溢利／（虧損）

Basic earnings/(loss) per share 每股基本盈利／（虧損）

No diluted earnings/(loss) per share is presented as the Company did not have any potential ordinary shares outstanding.

13. 每股盈利／（虧損）

本年度每股普通股基本盈利／（虧損）乃按本年度本公司股權持有人應佔集團溢利／（虧損）及年度內已發行普通股股份加權平均數計算。

2017 二零一七年	2016 二零一六年
716,930,692	716,930,692
HK\$'000 千港元	HK\$'000 千港元
27,284	(303,160)
HK cents 港仙	HK cents 港仙
3.80	(42.29)

由於本公司年內並無任何潛在已發行普通股，因此並無呈列每股攤薄後之盈利／（虧損）。

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綜合財務報表附註（續）

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

14. OTHER COMPREHENSIVE INCOME/(EXPENSE) FOR THE YEAR, NET OF TAX

Tax effects relating to each component of other comprehensive income/(expense):

14. 本年扣除稅項後之其他全面收益／（支出）

有關其他全面收益／（支出）各組成部份之稅務影響：

		2017 二零一七年			2016 二零一六年		
		Before tax amount 除稅前 金額 HK\$'000 千港元	Tax expenses 稅項費用 HK\$'000 千港元	Net-of-tax amount 扣除稅項 金額 HK\$'000 千港元	Before tax amount 除稅前 金額 HK\$'000 千港元	Tax expenses 稅項費用 HK\$'000 千港元	Net-of-tax amount 扣除稅項 金額 HK\$'000 千港元
Change in fair value of available-for-sale financial asset	可供出售金融資產之公平價值變動	(129)	-	(129)	655	-	655
Share of other comprehensive income/(expense) of associates	應佔聯營公司其他全面收益／（支出）	1,956	-	1,956	(2,191)	-	(2,191)
Surplus on revaluation of properties held for own use	自用物業重估盈餘	25,341	(4,101)	21,240	5,187	(906)	4,281
Exchange differences arising from translation of financial statements of foreign operations	換算海外業務報表時產生之匯兌差額	74,040	-	74,040	(75,096)	-	(75,096)
Reclassification adjustments:	分類調整：						
Release of translation reserve upon disposal of a subsidiary	出售一間附屬公司時從匯兌儲備撥出	-	-	-	(55)	-	(55)
Release of translation reserve upon deregistration of a subsidiary	註銷一間附屬公司時從匯兌儲備撥出	-	-	-	(1,966)	-	(1,966)
Release of fair value reserve upon disposal of available-for-sale financial asset	出售金融資產時從公平價值儲備撥出	(930)	-	(930)	-	-	-
		100,278	(4,101)	96,177	(73,466)	(906)	(74,372)

15. DIVIDEND

No dividend was paid or proposed by the directors of the Company for both years nor has any dividend been proposed since the end of the reporting period.

15. 股息

公司董事這兩年度沒有支付或提議派發股息，也沒有自報告結算日結束後提議派發任何股息。

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

16. PROPERTY, PLANT AND EQUIPMENT

16. 物業、廠房及設備

		Leasehold land held for own use under finance leases 按融資 租賃持有之 自用租賃土地 HK\$'000 千港元	Buildings held for own use 自用樓宇 HK\$'000 千港元	Furniture, fixtures and equipment 傢俬、 裝置及設備 HK\$'000 千港元	Plant and machinery 廠房及機器 HK\$'000 千港元	Motor vehicles 汽車 HK\$'000 千港元	Assets under construction 在建工程 HK\$'000 千港元	Total 總值 HK\$'000 千港元
COST OR VALUATION	成本或估值							
At 1 January 2016	於二零一六年一月一日	75,380	357,950	213,780	663,228	39,120	1,089	1,350,547
Exchange realignment	滙兌調整	-	(19,543)	(11,375)	(37,900)	(1,773)	(73)	(70,664)
On disposal of a subsidiary	出售一間附屬公司	-	-	(941)	-	(335)	-	(1,276)
Additions	添置	-	2,998	12,207	24,139	1,685	-	41,029
Reclassifications	重新分類	-	(8,219)	8,219	1,016	-	(1,016)	-
Disposals	出售	-	-	(35,488)	(33,251)	(6,162)	-	(74,901)
Adjustment on revaluation	重估調整	270	(2,019)	-	-	-	-	(1,749)
At 31 December 2016 and 1 January 2017	於二零一六年十二月三十一日 及二零一七年一月一日	75,650	331,167	186,402	617,232	32,535	-	1,242,986
Exchange realignment	滙兌調整	-	19,578	9,562	33,437	1,564	-	64,141
Additions	添置	-	378	10,150	45,250	2,243	351	58,372
Transfer to assets of disposal group classified as held for sale (note 38)	轉至分類為持作出售之 出售組別資產(附註38)	-	(20,218)	-	-	-	-	(20,218)
Disposals	出售	-	-	(3,460)	(30,018)	(3,561)	-	(37,039)
Adjustment on revaluation	重估調整	16,420	(5,504)	-	-	-	-	10,916
At 31 December 2017	於二零一七年十二月三十一日	92,070	325,401	202,654	665,901	32,781	351	1,319,158
Analysis of cost or valuation:	成本或估值之分析:							
At 31 December 2017	於二零一七年十二月三十一日							
At cost	按成本價	-	-	202,654	665,901	32,781	351	901,687
At valuation	按估值價	92,070	325,401	-	-	-	-	417,471
		92,070	325,401	202,654	665,901	32,781	351	1,319,158
At 31 December 2016	於二零一六年十二月三十一日							
At cost	按成本價	-	-	186,402	617,232	32,535	-	836,169
At valuation	按估值價	75,650	331,167	-	-	-	-	406,817
		75,650	331,167	186,402	617,232	32,535	-	1,242,986

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綜合財務報表附註 (續)

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

16. PROPERTY, PLANT AND EQUIPMENT
(Continued)

16. 物業、廠房及設備 (續)

		Leasehold land held for own use under finance leases 按融資 租賃持有之 自用租賃土地	Buildings held for own use 自用樓宇	Furniture, fixtures and equipment 傢俬、 裝置及設備	Plant and machinery 廠房及機器	Motor vehicles 汽車	Assets under construction 在建工程	Total 總值
		HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元	HK\$'000 千港元
ACCUMULATED DEPRECIATION, 折舊、攤銷及減值								
AMORTISATION AND IMPAIRMENT								
At 1 January 2016	於二零一六年一月一日	-	-	177,644	449,138	32,015	-	658,797
Exchange realignment	滙兌調整	-	(1,059)	(9,695)	(24,272)	(1,445)	-	(36,471)
On disposal of a subsidiary	出售一間附屬公司	-	-	(732)	-	(84)	-	(816)
Depreciation provided for the year	本年折舊撥備	2,335	10,943	14,510	40,371	2,243	-	70,402
Impairment for the year	本年減值	-	-	73	3,000	-	-	3,073
Reclassifications	重新分類	-	(6,238)	6,238	-	-	-	-
Written back on disposals	出售後撥回	-	-	(29,800)	(29,161)	(5,429)	-	(64,390)
Eliminated on revaluation	重估撇銷	(2,335)	(3,646)	-	-	-	-	(5,981)
At 31 December 2016 and 1 January 2017	於二零一六年十二月三十一日 及二零一七年一月一日	-	-	158,238	439,076	27,300	-	624,614
Exchange realignment	滙兌調整	-	746	8,158	22,536	1,313	-	32,753
Depreciation provided for the year	本年折舊撥備	2,414	11,444	10,475	37,611	1,758	-	63,702
Written back on disposals	出售撥回	-	-	(2,971)	(25,879)	(3,333)	-	(32,183)
Eliminated on revaluation	重估撇銷	(2,414)	(12,190)	-	-	-	-	(14,604)
At 31 December 2017	於二零一七年十二月三十一日	-	-	173,900	473,344	27,038	-	674,282
NET BOOK VALUES 賬面淨值								
At 31 December 2017	於二零一七年十二月三十一日	92,070	325,401	28,754	192,557	5,743	351	644,876
At 31 December 2016	於二零一六年十二月三十一日	75,650	331,167	28,164	178,156	5,235	-	618,372

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
 綜合財務報表附註（續）

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16. PROPERTY, PLANT AND EQUIPMENT

(Continued)

The net book value of leasehold land held for own use under finance leases held by the Group:

In Hong Kong: 於香港：
 – under medium-term leases – 中期租約

The leasehold land and buildings of the Group were revalued as at 31 December 2017 on the open market existing use basis by Cushman & Wakefield Limited and Roma Appraisals Limited, independent firms of professional valuers. The surplus arising on revaluation attributable to the Group has been credited to the other comprehensive income for the year and is accumulated separately in equity in property revaluation reserve.

Depreciation expense of approximately HK\$45,697,000 (2016: HK\$48,389,000) has been expensed in cost of sales, HK\$807,000 (2016: HK\$1,209,000) in selling and distribution costs and HK\$17,198,000 (2016: HK\$20,804,000) in administrative expenses.

Had leasehold land and buildings been carried at cost less accumulated depreciation and amortisation, the carrying value of leasehold land and buildings would have been approximately HK\$327,746,000 (2016: HK\$337,046,000).

The net book value of the Group's plant and machinery includes an amount of approximately HK\$1,449,000 (2016: HK\$15,160,000) in respect of assets held under finance leases.

16. 物業、廠房及設備（續）

本集團按融資租賃持有之自用租賃土地賬面淨值如下：

2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
92,070	75,650

戴德梁行和羅馬國際評估有限公司（獨立之專業估值師）於二零一七年十二月三十一日，以現行公開市場之基準，為本集團租賃土地及樓宇進行重估。因重估而產生之盈餘已轉入本年度其他全面收入及獨立累計於物業重估儲備內。

折舊費用約為45,697,000港元（二零一六年：48,389,000港元）已被計入於銷售成本，807,000港元（二零一六年：1,209,000港元）於分銷費用及17,198,000港元（二零一六年：20,804,000港元）於行政費用。

假設租賃土地及樓宇以成本減除累計折舊及攤銷，租賃土地及樓宇之現行賬面值約為327,746,000港元（二零一六年：337,046,000港元）。

本集團廠房及機器之賬面淨值包括按融資租賃安排之固定資產約為1,449,000港元（二零一六年：15,160,000港元）。

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16. PROPERTY, PLANT AND EQUIPMENT

(Continued)

At 31 December 2017, certain of the Group's leasehold land held for own use under finance leases and buildings with an aggregate carrying value of HK\$83,100,000 (2016: HK\$68,000,000) and HK\$70,638,000 (2016: HK\$81,800,000) respectively were pledged to secure certain bank borrowings granted to the Group.

17. FAIR VALUE MEASUREMENT OF PROPERTIES

(i) Fair value hierarchy

The following table presents the fair value of the Group's properties measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.

Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.

Level 3 valuations: Fair value measured using significant unobservable inputs.

16. 物業、廠房及設備（續）

於二零一七年十二月三十一日，本集團已抵押部份按融資租賃持有之自用租賃土地及樓宇，其賬面值分別為83,100,000港元（二零一六年：68,000,000港元）及70,638,000港元（二零一六年：81,800,000港元），作為授予本集團有關銀行借款之擔保。

17. 物業公平價值計量

(i) 公平價值架構

下表呈列於報告結算日所計算本集團的物業之公平價值，並按香港財務報告準則第13號，公平價值計量所界定之公平價值三層架構中持續性基礎計算。將公平價值計量分類之等級乃經參考如下估值方法所用數據之可觀察性及重要性後釐定：

第一層次估值：僅使用第一層次輸入數據（即於計量日同類資產或負債於活躍市場之未經調整報價）計量之公平價值。

第二層次估值：使用第二層次輸入數據（即未能達到第一層次之可觀察輸入數據，且並未使用重大不可觀察輸入數據）計量之公平價值。不可觀察輸入數據為無市場數據之輸入數據。

第三層次估值：採用重大不可觀察數據計量之公平價值。

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 綜合財務報表附註（續）

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17. FAIR VALUE MEASUREMENT OF PROPERTIES

(Continued)

(i) Fair value hierarchy (Continued)

17. 物業公平價值計量（續）

(i) 公平價值架構（續）

		Fair value measurement at 31 December 2017 categorised into Fair value at 於二零一七年十二月三十一日 公平價值計量作以下分類			
		31 December 2017 於二零一七年 十二月三十一日 HK\$'000 千港元	Level 1 第一層次 HK\$'000 千港元	Level 2 第二層次 HK\$'000 千港元	Level 3 第三層次 HK\$'000 千港元
Recurring fair value measurement of assets:	持續的公平價值計量資產：				
Leasehold land held for own use under finance lease	按融資租賃之自用租賃土地	92,070	-	-	92,070
Buildings held for own use	自用樓宇	325,401	-	-	325,401
		Fair value measurement at 31 December 2016 categorised into Fair value at 於二零一六年十二月三十一日 公平價值計量作以下分類			
		31 December 2016 於二零一六年 十二月三十一日 HK\$'000 千港元	Level 1 第一層次 HK\$'000 千港元	Level 2 第二層次 HK\$'000 千港元	Level 3 第三層次 HK\$'000 千港元
Recurring fair value measurement of assets:	持續的公平價值計量資產：				
Leasehold land held for own use under finance lease	按融資租賃之自用租賃土地	75,650	-	-	75,650
Buildings held for own use	自用樓宇	331,167	-	-	331,167

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17. FAIR VALUE MEASUREMENT OF PROPERTIES

(Continued)

(i) Fair value hierarchy (Continued)

During the years ended 31 December 2016 and 2017, there were no transfers into or out of level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

All of the Group's leasehold land held for own use under finance lease and buildings held for own use were revalued as at 31 December 2017. The valuations were carried out by independent firms of professional valuers, Cushman & Wakefield Limited and Roma Appraisals Limited, which are a world-wide commercial real estate services firm with recent experience in the location and category of property being valued. The Group's property manager and the chief financial officer have discussion with the valuers on the valuation assumptions and valuation results when the valuations are performed at the annual reporting date.

(ii) Information about Level 3 fair value measurement

	Valuation techniques 估值技術	Unobservable input 不可觀察數據	Range 範圍
Leasehold land held for own use under finance leases and buildings held for own use	(a) Direct comparison approach 直接比較計算法	(Discount)/premium on quality of building 樓宇質量的(折扣)/溢價	-10% to 10% -10%至10%
融資租賃下之自用租賃土地及自用樓宇	(b) Income approach 收入計算法	Capitalisation rate 資本化率	4% to 8.75% 4%至8.75%
	(c) Depreciated replacement cost approach 折舊重置成本法	Age adjustment on the cost of buildings, taking into account the remaining useful life of buildings. 數齡對於樓宇成本的調整及考慮樓宇之餘下的使用年期	40% to 50% 40%至50%

17. 物業公平價值計量 (續)

(i) 公平價值架構 (續)

於二零一六年及二零一七年十二月三十一日年度內並沒有轉撥到第三層次或從第三層次轉出。當有公平價值架構層間之轉撥發生，會按照本集團之政策，於報告結算日確認。

所有本集團按融資租賃之自用租賃土地及自用樓宇於二零一七年十二月三十一日進行重估。該重估工作由獨立之專業估值師——戴德梁行和羅馬國際評估有限公司(全球性的商業房地產服務公司並擁有對當地及物業類型的近期重估經驗)完成。於年度報告日，本集團之物業經理及首席財務總監曾就年度重估之假設及評估結果與估值師討論。

(ii) 第三層次公平價值計量資料

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
綜合財務報表附註（續）

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

17. FAIR VALUE MEASUREMENT OF PROPERTIES

(Continued)

(ii) Information about Level 3 fair value measurement

(Continued)

- (a) The fair value of properties located in Hong Kong is determined using direct comparison approach by reference to recent sales price of comparable properties on a price per square foot basis, adjusted for a premium or a discount specific to the quality of the Group's properties compared to the recent sales. The valuations take into account the characteristic of the properties which included the location, size, view, floor level, year of completion and other factors collectively. Higher premium for higher quality properties will result in a higher fair value measurement.
- (b) The fair value of properties in the PRC is determined using (i) income approach by the capitalisation of the net rental income derived from the existing leases and/or achievable in existing market with reversionary income potential by adopting appropriate capitalisation rates. Capitalisation is estimated by the valuer based on the risk profile of the properties being valued. The higher the rates, the lower the fair value. Prevailing market rents are estimated based on recent lettings within the subject properties and other comparable properties. The lower the rents, the lower the fair value. (ii) depreciated replacement cost approach by reference to an estimate of the market value for the existing use of the land, plus the current cost of replacement of the existing structures less deductions for physical deterioration and all relevant forms of obsolescence and optimisation. The key inputs are estimated cost of construction per square meter and age adjustment on the cost of properties. Lower the age of properties will result in correspondingly higher fair value.

17. 物業公平價值計量（續）

(ii) 第三層次公平價值計量資料（續）

- (a) 位於香港的物業之公平價值是按直接比較計算法釐定，當中已參考可比較物業近期銷售之每平方英尺售價，並按本集團物業質量作出調整。估值方法會顧及物業之特性，包括物業之地點、面積、景觀、樓層、落成年份及其他因素等，一併加以考慮。由於高質量物業可享有較高溢價，所以會得出較高之公平價值計量數值。
- (b) 在中國的物業之公平值採用(i) 收入計算法按適當資本化率將現有租約及／或當前市況假設的未來租約的淨租金收入資本化。資本化由估值師按投資物業的風險因素評估。利率越高，公平價值越低。現行市場租金按該物業及類似物業的當前市場租值估計。租金越低，公平價值越低。(ii) 折舊重置成本法按現時使用土地之市價之估計為基礎，另加重置現有構築物之現時成本，再減去就實體損耗以及所有相關形式之陳舊及優化之扣項。關鍵的資料輸入是估計之每平方米的價格及樓齡對於物業成本的調整。較低的樓齡將導致相對較高的公平值。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
綜合財務報表附註（續）

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

17. FAIR VALUE MEASUREMENT OF PROPERTIES

(Continued)

(ii) Information about Level 3 fair value measurement

(Continued)

(b) (Continued)

The movements during the year in the balance of these Level 3 fair value measurements are as follows:

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Leasehold land held for own use under finance leases:	按融資租賃之自用租賃土地：		
At 1 January	於一月一日	75,650	75,380
Depreciation provided for the year	本年度折舊撥備	(2,414)	(2,335)
Surplus on revaluation	重估盈餘	18,834	2,605
At 31 December	於十二月三十一日	92,070	75,650
Buildings held for own use:	自用樓宇：		
At 1 January	於一月一日	331,167	357,950
Additions	添置	378	2,998
Exchange realignment	匯兌調整	18,832	(18,484)
Reclassification	重新分類	-	(1,981)
Transfer to assets of disposal group classified as held for sale	轉至分類為持作出售之出售組別之資產	(20,218)	-
Depreciation provided for the year	本年度折舊撥備	(11,444)	(10,943)
Surplus on revaluation	重估盈餘	6,686	1,627
At 31 December	於十二月三十一日	325,401	331,167

Surplus on revaluation and currency adjustment of leasehold land held for own use under finance leases and buildings held for own use is recognised in other comprehensive income in "property revaluation reserve" and "translation reserve" respectively.

17. 物業公平價值計量（續）

(ii) 第三層次公平價值計量資料（續）

(b) (續)

第三層次公平價值計量的結算於本年度內之變動如下：

按融資租賃之自用租賃土地及自用樓宇的重估盈餘及貨幣調整已分別確認於其他全面收入中的「物業重估儲備」和「匯兌儲備」。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
 綜合財務報表附註（續）

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

18. LEASEHOLD LAND AND LAND USE RIGHTS

18. 租賃土地及土地使用權

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
COST	成本		
At 1 January	於一月一日	57,207	60,333
Exchange realignment	滙兌調整	3,105	(3,126)
Transfer to assets of disposal group classified as held for sale (note 38)	轉至分類為持作出售 之出售組別資產(附註38)	(2,609)	-
At 31 December	於十二月三十一日	57,703	57,207
ACCUMULATED AMORTISATION	累計攤銷		
At 1 January	於一月一日	13,411	12,666
Exchange realignment	滙兌調整	728	(645)
Transfer to assets of disposal group classified as held for sale (note 38)	轉至分類為持作出售 之出售組別資產(附註38)	(1,135)	-
Amortisation for the year	本年度攤銷	1,379	1,390
At 31 December	於十二月三十一日	14,383	13,411
NET BOOK VALUE	賬面淨值		
At 31 December	於十二月三十一日	43,320	43,796
At 1 January	於一月一日	43,796	47,667

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
綜合財務報表附註（續）

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

18. LEASEHOLD LAND AND LAND USE RIGHTS

(Continued)

The Group's interests in leasehold land and land use rights represent prepaid operating lease payments and their net book values are analysed as follows:

Outside Hong Kong held on:	在香港以外地區持有：	
Medium-term leases	中期租約	

At 31 December 2017, certain of the Group's leasehold land and land use rights with an aggregate carrying value of approximately HK\$4,041,000 (2016: HK\$3,983,000) were pledged to secure certain bank borrowings granted to the Group (note 43).

18. 租賃土地及土地使用權（續）

本集團於租賃土地及土地使用權的權益乃指預付經營租賃付款及其賬面淨值，其分析如下：

	2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Medium-term leases	43,320	43,796

於二零一七年十二月三十一日，本集團賬面值總額約4,041,000港元（二零一六年：3,983,000港元）的部份租賃土地及土地使用權已作抵押，作為授予本集團有關銀行借款之擔保（附註43）。

19. GOODWILL

COST
At 1 January 2016, 31 December 2016
and 31 December 2017

成本
於二零一六年一月一日，
二零一六年十二月三十一日及
二零一七年十二月三十一日

HK\$'000
千港元

53,483

ACCUMULATED IMPAIRMENT
At 1 January 2016, 31 December 2016
and 31 December 2017

累計減值
於二零一六年一月一日，
二零一六年十二月三十一日及
二零一七年十二月三十一日

-

CARRYING AMOUNT
At 31 December 2017

賬面值
於二零一七年十二月三十一日

53,483

At 31 December 2016

於二零一六年十二月三十一日

53,483

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註（續）

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

19. GOODWILL (Continued)

The amount represents goodwill arising from the acquisition of 100% equity interest in KFE Hong Kong Co., Limited ("KFE") in 2013. For the purpose of impairment testing, goodwill has been allocated to an individual cash generating unit ("CGU"), representing KFE, a subsidiary in the processing and trading of printed circuit boards segment.

The recoverable amount of this CGU is determined based on a value in use calculation which uses cash flow projections based on financial budgets approved by management covering a five-year period and a pre-tax discount rate of 18.7% (2016: 19.6%) per annum. The cash flows beyond that five-year period have been extrapolated using a steady 3% (2016: 3%) per annum growth rate. This growth rate is based on the printed circuit boards industry growth forecasts and does not exceed the average long-term growth rate for the printed circuit boards industry. Other key assumptions for the value in use calculation relate to the estimation of cash inflows/outflows which include budgeted sales and gross margin. Such estimations are based on KFE's past performance and management's expectations for the market development. The directors believe that any reasonably possible change in any of these assumptions would not cause the carrying amount of KFE to exceed the aggregate recoverable amount of KFE.

The directors reviewed the carrying value of the goodwill, taking into account an independent valuation report prepared by a professional valuer, Cushman & Wakefield Limited. Based on the assessment and the valuation report, the directors are of the opinion that no impairment loss is necessary as at 31 December 2017.

19. 商譽（續）

此商譽為於二零一三年因收購協榮二葉科技香港有限公司（「KFE」）其100%股本權益而產生。減值測試是以商譽已分配至個別現金產生單位（「現金產生單位」），即印刷線路板加工及貿易分部的附屬公司KFE。

該可收回金額乃按現金產生單位的使用價值，其採用基於管理層批准的五年期財務預算，年利率為18.7%（二零一六年：19.6%）的稅前貼現率。之後的每年現金流每年增長速度採用3%（二零一六年：3%）的平穩五年期推算。該增長率是基於印刷線路板加工行業增長預測，並不超過印刷線路板加工行業的平均長期增長率。其他計算使用的價值主要與現金流入／流出的假設有關係其中包括預算銷售及毛利率的估算。此估計是基於KFE之過往表現及管理層對市場發展的預期。董事相信，在任何合理的可變動情況下，任何該等假設不會造成KFE的賬面價值超過KFE之可收回金額。

董事已審閱商譽的賬面價值，同時考慮到由專業估值師——戴德梁行之獨立估值報告。根據評估及估值報告，於二零一七年十二月三十一日，董事認為其無減值虧損需要。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
綜合財務報表附註（續）

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

20. INTANGIBLE ASSETS

20. 無形資產

		Customer relationship 客戶關係 HK\$'000 千港元
COST	成本	
At 1 January 2016, 31 December 2016 and 31 December 2017	於二零一六年一月一日， 二零一六年十二月三十一日及 二零一七年十二月三十一日	13,831
ACCUMULATED AMORTISATION	累計攤銷	
At 1 January 2016	於二零一六年一月一日	3,227
Amortisation for the year	本年度攤銷	1,383
At 31 December 2016 and 1 January 2017	於二零一六年十二月三十一日及 二零一七年一月一日	4,610
Amortisation for the year	本年度攤銷	1,383
At 31 December 2017	於二零一七年十二月三十一日	5,993
CARRYING AMOUNT	賬面值	
At 31 December 2017	於二零一七年十二月三十一日	7,838
At 31 December 2016	於二零一六年十二月三十一日	9,221

Customer relationship is amortised on a straight-line basis over its useful life of 10 years.

客戶關係採用直線法按10年使用年期攤銷。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
綜合財務報表附註（續）

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

21. INTERESTS IN ASSOCIATES

21. 聯營公司權益

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Unlisted shares, at cost	非上市股份，成本值	7,747	7,747
Share of post-acquisition profits and reserves, net of dividends received	分佔收購後之溢利及儲備（扣除已收股息）	22,079	18,266
		29,826	26,013
Amounts due from associates	應收聯營公司款項	10,337	11,811
Less: allowance for impairment of doubtful debts	減：呆壞賬減值撥備	(7,794)	(8,645)
		2,543	3,166
		32,369	29,179

(a) Amounts due from associates are unsecured, interest free and have no fixed terms of repayment. In the opinion of the directors, the amounts will not be repayable within 12 months of the end of the reporting period and are accordingly classified as non-current. The individually impaired receivable of approximately HK\$7,794,000 (2016: HK\$8,645,000) is mainly a debt due from an associate which is of age over three years. The other amounts due from associates do not contain impaired assets.

(b) Interests in associates at the end of the reporting period include goodwill of approximately HK\$313,000 (2016: HK\$313,000).

(a) 應收聯營公司之款項並沒有抵押，不計算利息及沒有固定償還條款。董事認為，此款項並不會於報告結算日十二個月內償還，故列作非流動資產。該個別應收聯營公司款項減值約7,794,000港元（二零一六年：8,645,000港元），主要由於該聯營公司欠款賬齡已超過三年期以上。其他應收聯營公司款項並不包含已減值資產。

(b) 於報告結算日，聯營公司權益已包括商譽約313,000港元（二零一六年：313,000港元）。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
綜合財務報表附註（續）

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

21. INTERESTS IN ASSOCIATES (Continued)

Details of the principal associates of the Group at 31 December 2017 are as follows:

21. 聯營公司權益（續）

於二零一七年十二月三十一日主要聯營公司詳情如下：

Name of associate 聯營公司名稱	Place of incorporation/ registration and operation 成立/ 註冊及營業 所在地方	Proportion of nominal value of registered capital attributable to the Group 本集團應佔 註冊資本 面值之比例 %	Principal activities 主要業務
Suzhou Sanguang Science & Technology Co., Ltd. 蘇州三光科技股份有限公司	The PRC 中國	21.1	Manufacturing of industrial machinery, equipment and supplies 工業機械、設備及工業用品製造
廣州市普同實驗分析儀器有限公司	The PRC 中國	22.5	Manufacturing and trading of the experimental analysis instrument 實驗分析儀製造及貿易
Cosmos i-Tech Solutions Limited 大同信息科技有限公司	Hong Kong 香港	30.0	Providing information technology consultancy service 提供資訊科技諮詢服務

The above table lists out the associates of the Group which, in the opinion of the directors, principally affect the results of the Group for the year or form a substantial portion of the net assets of the Group at the end of the year.

以上聯營公司乃基於董事認為其對本年度業績或本集團年末淨資產有重要影響性而表列。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
 綜合財務報表附註（續）

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

21. INTERESTS IN ASSOCIATES (Continued)

In the opinion of the directors, the associates of the Group are all individually not material. Aggregate financial information in respect of the Group's associates is set out below:

21. 聯營公司權益（續）

董事認為本集團之聯營公司全部為個別非重大。本集團之聯營公司綜合財務資料表列如下：

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Aggregate carrying amount of individually immaterial associates in the consolidated financial statements	於綜合財務報表中個別非重大聯營公司綜合賬面值	29,826	26,013
Aggregate amounts of the Group's share of those associates	本集團應佔聯營公司綜合價值		
Profit from continuing operations	持續經營之盈利	3,324	568
Other comprehensive income/(expense)	其他全面收益／(支出)	1,956	(2,191)
Total comprehensive income/(expense)	總全面收益／(支出)	5,280	(1,623)

22. AVAILABLE-FOR-SALE FINANCIAL ASSETS

22. 可供出售金融資產

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Unlisted equity securities, at cost	非上市權益證券，按成本價	420	6,622
Impairment losses	減值虧損	(420)	(6,622)
		-	-
Listed equity securities outside Hong Kong, at market value	香港以外上市權益證券，按市場價	-	1,389
		-	1,389

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

22. AVAILABLE-FOR-SALE FINANCIAL ASSETS

(Continued)

Unlisted equity securities of the Group are not stated at fair value but at cost less any accumulated impairment losses, because they do not have a quoted market price on active market, the range of reasonable fair value estimates is significant and the probabilities of the various estimates cannot be reasonably assessed. Changes in listed equity securities are recognised in other comprehensive income.

As at 31 December 2017, all of the Group's unlisted available-for-sale equity securities were individually determined to be fully impaired on the basis of a material decline in their recoverable amounts below cost and adverse changes in the market in which these investees operated which indicated that the cost of the Group's investments in them may not be recovered.

22. 可供出售金融資產（續）

本集團之非上市權益證券以成本減累計減值虧損而非以公平價值列賬，乃因其缺少活躍市場報價所致。合理公平價值之範圍較廣，且多項估計之可能性無法合理評估。上市權益證券的變動於其他全面收入中被確認。

於二零一七年十二月三十一日，基於本集團所持有非上市可供出售之權益證券的收回金額低成本價及被投資者認為該經營市場存在不利變化，以使本集團此投資成本可能無法收回。該投資已個別地被全部減值。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
 綜合財務報表附註（續）

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

23. FINANCE LEASE RECEIVABLES

23. 應收融資租賃款項

		Minimum lease receipts 最低租賃收入		Present value of minimum lease receipts 最低租賃收入之現值	
		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Amounts receivable under finance leases:	應收融資租賃款項 金額：				
Not later than one year	一年內	109,224	62,151	99,012	53,622
Later than one year and not later than five years	第二至五年	17,309	59,949	16,472	54,220
		126,533	122,100	115,484	107,842
Less: Unearned finance income	減：未實現財務收入	(11,049)	(14,258)	N/A	N/A
		115,484	107,842	115,484	107,842
Overdue finance lease receivables	逾期應收融資租賃款項	16,770	11,803	16,770	11,803
Present value of minimum lease receipts	最低租賃收入之 現有價值	132,254	119,645	132,254	119,645
Less: Allowance for impairment of doubtful debts	減：呆壞賬減值撥備	(14,817)	(7,490)	(14,817)	(7,490)
		117,437	112,155	117,437	112,155
Less: Current finance lease receivables under current assets	減：列入流動資產之 應收融資租賃 款項			(100,965)	(57,935)
Non-current finance lease receivables	非流動應收融資租賃 款項			16,472	54,220

The Group has entered into finance lease arrangements with their customers. The terms of finance leases entered into for periods ranging from one to three years.

集團有安排融資租賃給客戶。融資租賃租約簽訂期限為一年到三年。

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23. FINANCE LEASE RECEIVABLES (Continued)

The following is a credit quality analysis of finance lease receivables. In the event that an installment repayment of a finance lease receivable is past due, the entire outstanding balance of the finance lease receivable is classified as past due.

23. 應收融資租賃款項（續）

以下是應收融資租賃款項的信用質素分析。如果應收融資租賃款項的分期還款已逾期，應收融資租賃款項的整個未付餘額將被分類為逾期。

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Neither past due nor impaired	未逾期及並未減值	115,484	107,842
Past due but not impaired	已逾期但未減值	-	-
Past due and impaired	已逾期及已減值	16,770	11,803
		132,254	119,645
Less: Allowance for impairment of doubtful debts	減：呆壞賬減值撥備	(14,817)	(7,490)
		117,437	112,155

The movements on the allowance for impairment of doubtful debts are as follows:

呆壞賬減值撥備變動情況如下：

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
At 1 January	於一月一日	7,490	-
Exchange realignment	滙兌調整	1,100	(339)
Impairment loss recognised	確認之減值虧損	6,227	7,829
At 31 December	於十二月三十一日	14,817	7,490

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23. FINANCE LEASE RECEIVABLES (Continued)

The above allowance for impairment of doubtful debts is a provision for impaired finance lease receivables. At 31 December 2017, finance lease receivables of approximately HK\$16,770,000 (2016: HK\$11,803,000) were impaired. The amount of allowance was approximately of HK\$14,817,000 (2016: HK\$7,490,000). It is assessed that a portion of the finance lease receivables is expected to be recovered from the secured leased assets. The secured leased assets for those past due receivables mainly include machineries.

For the finance lease receivables which are neither past due nor impaired, the directors assessed that the balances are with good credit quality according to their past repayment history.

All leases are on a fixed repayment basis and there were no unguaranteed residual values in connection with finance lease arrangements or contingent lease arrangements of the Group that need to be recorded as at 31 December 2017 (2016: Nil).

Finance lease receivable balances are secured over the plant and equipment leased. The Group is not permitted to sell or re-pledge the collateral in the absence of default by the lessee.

The interest rate inherent in the leases is fixed at the contract date for the entire lease term. The effective interest rates are ranging from 9.3% to 13.4% per annum (2016: from 10.3% to 15.1% per annum).

23. 應收融資租賃款項（續）

上述呆壞賬減值撥備是計提應收融資租賃款項的減值撥備。於二零一七年十二月三十一日，應收融資租賃款項已減值約16,770,000港元（二零一六年：11,803,000港元）。呆壞賬減值撥備金額約14,817,000港元（二零一六年：7,490,000港元）。預計部份應收融資租賃款項可以由租賃抵押資產作抵償。該等應收已逾期租賃抵押資產主要包括機器。

就未逾期及未減值之應收融資租賃款項而言，董事已根據過往還款紀錄認為有關結餘具有良好信貸評級。

所有租約都依據一個固定的還款基準，於二零一七年十二月三十一日本集團並無需要被記錄與安排融資租賃或或然租賃安排的任何未擔保餘值（二零一六年：無）。

應收融資租賃款項餘額獲得租賃之機械及設備作抵押。若承租人沒有違約，本集團不得出售或重新抵押該等抵押品。

內含租賃利率於合同日釐定，並適用於整個租賃期合同期內。實際年利率從9.3%至13.4%（二零一六年：年利率10.3%至15.1%）。

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24. DEFERRED TAX ASSETS/LIABILITIES

Deferred taxation is calculated in full on temporary differences under the liability method using a principal taxation rate of 16.5% (2016: 16.5%).

The following are the major components of deferred tax assets/(liabilities) recognised by the Group and movements thereon during the current and prior years:

24. 遞延稅項資產／負債

遞延稅項乃根據暫時差額按負債法及主要稅率16.5%（二零一六年：16.5%）全數計算。

以下為本集團已確認的主要遞延稅項資產／（負債）於本年及上年之變動：

		Intangible assets arising from business combination 業務合併 產生之 無形資產 HK\$'000 千港元	(Accelerated)/ decelerated tax depreciation (加速)／ 減速 折舊免稅額 HK\$'000 千港元	Revaluation of land and building 土地及 樓宇重估 HK\$'000 千港元	Tax losses 稅務虧損 HK\$'000 千港元	Others 其他 HK\$'000 千港元	Total 總額 HK\$'000 千港元
At 1 January 2016	於二零一六年一月一日	(1,750)	(5,659)	(6,080)	6,020	22,960	15,491
Exchange realignment	滙兌調整	-	51	37	(62)	(375)	(349)
Through disposal of subsidiary	出售附屬公司	-	-	-	-	66	66
Charged to equity	於權益扣除	-	-	(906)	-	-	(906)
Credited/(charged) to income statement (note 12)	於收益表列入／(扣除) (附註12)	228	5,021	-	(4,672)	(32,574)	(31,997)
At 31 December 2016 and 1 January 2017	於二零一六年十二月三十一日及二零一七年一月一日	(1,522)	(587)	(6,949)	1,286	(9,923)	(17,695)
Exchange realignment	滙兌調整	-	-	(209)	-	477	268
Transfer to liabilities directly associated with the assets classified as held for sale (note 38)	轉撥至與分類為持作出售之出售組別資產有直接相關之負債 (附註38)	-	-	-	-	18,262	18,262
Charged to equity	於權益扣除	-	-	(4,101)	-	-	(4,101)
Credited to income statement (note 12)	於收益表列入 (附註12)	228	1,088	-	64	6,252	7,632
At 31 December 2017	於二零一七年十二月三十一日	(1,294)	501	(11,259)	1,350	15,068	4,366

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24. DEFERRED TAX ASSETS/LIABILITIES (Continued)

For the purposes of consolidated statement of financial position presentation, certain deferred tax assets/(liabilities) have been offset in accordance with the conditions set out in HKAS 12. The following is the analysis of the deferred tax balances shown in the consolidated statement of financial position:

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Deferred tax assets	遞延稅項資產	29,518	25,670
Deferred tax liabilities	遞延稅項負債	(25,152)	(43,365)
		4,366	(17,695)

Deferred tax assets are recognised for tax losses carried forward to the extent that the realisation of the related tax benefit through the future taxable profits is probable. At 31 December 2017, the Group has unrecognised tax losses of approximately HK\$562,959,000 (2016: HK\$591,335,000) available for offset against future profits. Included in unrecognised tax losses are losses of approximately HK\$236,007,000 (2016: HK\$247,832,000) that will expire in five years and the remaining balance does not expire under the current tax legislation.

Included in unrecognised tax losses of approximately HK\$80,566,000 (2016: HK\$69,856,000) was an amount attributable to a subsidiary of the disposal groups classified as held for sale which is subject to the threat of transfer pricing tax audits. According to independent professional tax advice, possible transfer pricing adjustments may be instituted by the PRC tax authority against the subsidiary which is currently in the process of liquidation. The transfer pricing adjustments, if instituted, may use up the subsidiary's unrecognised tax losses of approximately HK\$69,856,000 and generate additional PRC income tax liabilities of HK\$7,790,000. During the year ended 31 December 2016, a full provision of the additional PRC income tax was made to take into account of this possible transfer pricing adjustments. In addition, a provision of deferred tax liabilities of HK\$17,990,000 made by the subsidiary was charged to the income statement for the year ended 31 December 2016 arising from the expected net liquidation gains that will be crystallised upon the completion of its liquidation process. At 31 December 2017, the deferred tax liabilities of approximately HK\$18,262,000 attributable to the subsidiary, have been transferred to disposal groups classified as held for sale and disclosed in note 38.

Temporary differences arising in connection with interests in associates are insignificant.

24. 遞延稅項資產／負債 (續)

於綜合財務狀況表之陳述，乃根據香港會計準則第12號之條件有相當程度的遞延稅項資產／(負債)經已抵銷，下列是已呈列於綜合財務狀況表內的遞延稅項餘額分析：

有關承前稅項虧損的遞延稅項資產，只會在相關稅項收益有可能透過未來應課稅溢利變現時才會確認。於二零一七年十二月三十一日，本集團有未動用稅項虧損約562,959,000港元(二零一六年：591,335,000港元)用作抵銷未來溢利。於未動用稅項虧損中，包括虧損約236,007,000港元(二零一六年：247,832,000港元)將於五年後到期，而根據現行稅例餘下結餘將不會有期限。

未動用稅項虧損約80,566,000港元(二零一六年：69,856,000港元)來自分類為持作出售之出售集團附屬公司，該附屬公司存在轉讓定價稅務稽查的風險。根據獨立專業稅務建議，中國稅務機關可能針對該目前正在清算的附屬公司就有關轉讓定價作出調整。轉讓定價調整如果成立，可能會動用該附屬公司未確認的稅項虧損69,856,000港元，並產生額外的中國所得稅負債7,790,000港元。截至二零一六年十二月三十一日，因可能轉讓定價調整所產生的額外中國所得稅已全數撥備。另外，截至二零一六年十二月三十一日止年度收益表所列金額包括該附屬公司由於預期清算淨收益而產生的遞延稅項負債為17,990,000港元，該淨收益將於清盤程序完成後結算。於二零一七年十二月三十一日，來自該附屬公司之遞延稅項負債約18,262,000港元已轉撥至分類為持作出售之出售集團，披露於附註38。

於聯營公司權益相關的暫時性差異並不重大。

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25. INVENTORIES

- (a) Inventories in the consolidated statement of financial position comprise:

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Trading inventories and finished goods	貿易存貨及製成品	192,741	162,973
Work in progress	在製品	147,321	101,719
Raw materials	原材料	184,509	137,046
		524,571	401,738

At 31 December 2017, the carrying amount of inventories that were stated at fair value less costs to sell is approximately HK\$74,566,000 (2016: HK\$197,458,000).

- (b) The analysis of the amount of inventories recognised as an expense and included in profit or loss is as follows:

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Carrying amount of inventories sold	已出售商品的賬面值	2,035,009	1,809,231
Write-down of inventories	存貨撇賬	23,932	70,250
Reversal of write-down of inventories	存貨撇減回撥	(21,532)	(785)
		2,037,409	1,878,696

25. 存貨

- (a) 綜合財務狀況表中的存貨包括：

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Trading inventories and finished goods	貿易存貨及製成品	192,741	162,973
Work in progress	在製品	147,321	101,719
Raw materials	原材料	184,509	137,046
		524,571	401,738

於二零一七年十二月三十一日，存貨之賬面值乃按公平價值減銷售成本淨值約為74,566,000港元（二零一六年：197,458,000港元）列賬。

- (b) 確認為開支並計入損益的存貨金額分析如下：

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Carrying amount of inventories sold	已出售商品的賬面值	2,035,009	1,809,231
Write-down of inventories	存貨撇賬	23,932	70,250
Reversal of write-down of inventories	存貨撇減回撥	(21,532)	(785)
		2,037,409	1,878,696

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26. TRADE AND OTHER RECEIVABLES

26. 貿易及其他應收款項

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Trade and bills receivables	貿易及票據應收款項	924,630	795,427
Less: allowance for impairment of bad and doubtful debts	減：呆壞賬減值撥備	(111,959)	(108,588)
		812,671	686,839
Other receivables	其他應收款項	106,878	90,370
Less: allowance for impairment of bad and doubtful debts	減：呆壞賬減值撥備	(24,802)	(19,963)
		82,076	70,407
Prepayments	預付款	28,814	30,818
Amounts due from related parties	應收關連方之款項	50	37
		923,611	788,101

The directors consider that the carrying amounts of trade and other receivables approximate to their fair values. All trade and other receivables are expected to be recovered or recognised as expense within one year.

董事們認為貿易與其他應收款之賬面值與其公平價值相近，所有貿易及其他應收款項預期將於一年內收回或確認為開支。

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26. TRADE AND OTHER RECEIVABLES (Continued)

The Group grants an average credit period of 90 days to 120 days for customers. An aging analysis of the trade and bills receivables at the end of the reporting period based on the invoice date and net of allowance for impairment of bad and doubtful debts, is as follows:

		2017	2016
		二零一七年	二零一六年
		HK\$'000	HK\$'000
		千港元	千港元
0 to 3 months	零至三個月	559,202	525,350
4 to 6 months	四至六個月	155,047	96,091
7 to 9 months	七至九個月	51,402	24,266
Over 9 months	超過九個月	47,020	41,132
		812,671	686,839

The movements on the allowance for impairment of bad and doubtful debts of the Group are as follows:

26. 貿易及其他應收款項（續）

本集團給予其客戶之平均信貸期為90天至120天。於報告結算日，按發票日期之已扣除呆壞賬減值撥備的貿易及票據應收款項賬齡分析如下：

呆壞賬減值撥備之變動載列如下：

		Trade receivables	
		貿易應收款項	
		2017	2016
		二零一七年	二零一六年
		HK\$'000	HK\$'000
		千港元	千港元
At 1 January	於一月一日	108,588	87,597
Exchange realignment	滙兌調整	6,759	(6,054)
Impairment loss recognised	確認之減值虧損	4,903	29,616
Unused amounts reversed	回撥未動用數額	(7,535)	(2,017)
Uncollectible amounts written off	撇銷不可收回的款項	(756)	(162)
Disposal of a subsidiary	出售一間附屬公司	-	(392)
At 31 December	於十二月三十一日	111,959	108,588

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
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26. TRADE AND OTHER RECEIVABLES (Continued)

26. 貿易及其他應收款項（續）

		Other receivables	
		其他應收款項	
		2017	2016
		二零一七年	二零一六年
		HK\$'000	HK\$'000
		千港元	千港元
At 1 January	於一月一日	19,963	13,343
Exchange realignment	滙兌調整	1,508	(1,096)
Impairment loss recognised	確認之減值虧損	6,364	7,716
Unused amounts reversed	回撥未動用數額	(3,033)	-
At 31 December	於十二月三十一日	24,802	19,963

The above allowance for impairment of bad and doubtful debts is a provision for individually impaired trade receivables and impaired other receivables. The individually impaired trade receivables mainly represent sales made to the PRC customers which have remained long overdue. The impaired other receivables relate to debtors that have been long outstanding without settlement or having any business relationship with the Group. The Group does not hold any collateral or other credit enhancements over these balances.

At 31 December 2017, trade and bills receivables of approximately HK\$114,820,000 (2016: HK\$116,983,000) were impaired. The amount of allowance was approximately HK\$111,959,000 as at 31 December 2017 (2016: HK\$108,588,000). It is assessed that a portion of the receivables is expected to be recovered.

上述呆壞賬減值撥備為個別已減值應收款項及已減值其他應收款項撥備。個別已減值應收款項撥備主要為銷售予中國客戶之逾期欠款額。已減值的其他應收款項欠款已長期逾期及與本集團沒有任何業務關係。本集團對上述應收款項沒有獲得任何抵押或增強之信用安排。

於二零一七年十二月三十一日，114,820,000港元貿易及票據應收款項已作減值（二零一六年：116,983,000港元）。於二零一七年十二月三十一日，撥備金額約為111,959,000港元（二零一六年：108,588,000港元）。經評估後預期部份應收款項將可收回。

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26. TRADE AND OTHER RECEIVABLES (Continued)

The aging analysis of the trade and bills receivables that are not considered to be impaired is as follows:

26. 貿易及其他應收款項（續）

並未考慮作減值之貿易及票據應收款項賬齡分析如下：

		2017	2016
		二零一七年	二零一六年
		HK\$'000	HK\$'000
		千港元	千港元
Neither past due nor impaired	未逾期及並未減值	663,880	369,492
Less than 6 months past due	逾期六個月內	117,977	282,744
6 months to 1 year past due	逾期六個月至一年	15,284	15,686
1 year to 3 years past due	逾期一年至三年	8,495	5,961
Over 3 years past due	逾期超過三年	4,174	4,561
		809,810	678,444

Receivables that were neither past due nor impaired relate to a large number of diversified customers for whom there were 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, the directors are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral or other credit enhancements over these balances.

未逾期及並未減值之應收款項涉及多名不同的客戶，該等客戶最近並無拖欠紀錄。

已逾期但尚未減值之應收款項涉及若干於本集團擁有良好付款紀錄之客戶。根據過往經驗，董事們相信，由於信貸質素並無重大變化，有關結餘仍被視為可悉數收回，故無需就該等結餘作出減值撥備。本集團並無就該等結餘持有任何抵押品。

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26. TRADE AND OTHER RECEIVABLES (Continued)

Included in trade and other receivables are the following amounts denominated in the following currencies:

		2017 二零一七年	2016 二零一六年
United States Dollars	美元	21,010,000	20,553,000
Renminbi	人民幣	586,688,000	498,466,000
Japanese Yen	日元	154,180,000	263,842,000

26. 貿易及其他應收款項（續）

貿易及其他應收款項原屬貨幣如下：

27. OTHER FINANCIAL ASSETS

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Financial assets at fair value through profit or loss:	按公平價值計入損益之金融資產：		
Unlisted unit trust funds, at fair value	非上市單位信託基金之公平價值	59	2,875
Principal guaranteed investment funds, at fair value	保本投資基金之公平價值	20,218	—
		20,277	2,875

27. 其他金融資產

The principal guaranteed investment funds represent unlisted investments (the "Investments") placed with banks in the Mainland. The Investments are unlisted investment funds which mainly invested in unlisted treasury bonds, bank debentures, central bank bills and other investments in the Mainland with high credit rating. The Investments are principal guaranteed and bear interest at floating rate with expected return 2.2% to 3.2% per annum.

保本投資基金乃存於中國內地銀行之非上市的投資（該「投資」），該投資為非上市投資基金，主要投資於國債、金融債、央行票據及其他在中國內地有較高信用等級的投資。該投資屬保本性質，其回報為浮息，預期回報率為每年2.2%至3.2%。

The fair values of the unlisted unit trust funds and principal guaranteed investment funds were based on net assets value of the investment funds at the end of the reporting period provided by the financial institutions.

非上市單位信託基金及保本投資基金的公平價值是基於金融機構提供在報告結算日當天投資基金的淨資產價值。

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28. CASH AND BANK BALANCES

28. 現金及銀行結餘

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Pledged bank deposits (Note (a))	已抵押之銀行存款(附註(a))	31,104	36,605
Cash and cash equivalents (Note (b))	現金及現金等值(附註(b))	317,642	296,118
		348,746	332,723

(a) Pledged bank deposits

Included in pledged bank deposits in the consolidated statement of financial position are the following amounts denominated in the following currency:

(a) 已抵押之銀行存款

於綜合財務狀況表中已抵押之銀行存款之原屬貨幣如下：

		2017 二零一七年	2016 二零一六年
Renminbi	人民幣	26,000,000	32,565,000

(b) Cash and cash equivalents

(b) 現金及現金等值

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Bank balances and cash	銀行結餘及現金	317,642	296,118

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28. CASH AND BANK BALANCES (Continued)

(b) Cash and cash equivalents (Continued)

Cash and cash equivalents include the following for the purpose of the consolidated statement of cash flows:

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Bank balances and cash per above	銀行結餘及現金，如上	317,642	296,118
Bank balances and cash included in assets classified as held for sale (note 38)	包括於待售資產內之銀行結餘及現金（附註38）	1,448	-
Less: Bank overdrafts (note 31)	減：銀行透支（附註31）	(3,168)	(31,289)
		315,922	264,829

Included in bank balances and cash in the consolidated statement of financial position are the following amounts denominated in the following currencies:

		2017 二零一七年	2016 二零一六年
United States Dollars	美元	11,281,000	9,026,000
Renminbi	人民幣	159,904,000	97,367,000
Japanese Yen	日元	34,928,000	33,856,000
Euro Dollars	歐元	210,000	23,000

28. 現金及銀行結餘（續）

(b) 現金及現金等值（續）

現金及現金等值包括下列各項作綜合現金流量表的用途：

	2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Bank balances and cash per above	317,642	296,118
Bank balances and cash included in assets classified as held for sale (note 38)	1,448	-
Less: Bank overdrafts (note 31)	(3,168)	(31,289)
	315,922	264,829

於綜合財務狀況表中銀行結餘及現金之原屬貨幣如下：

	2017 二零一七年	2016 二零一六年
United States Dollars	11,281,000	9,026,000
Renminbi	159,904,000	97,367,000
Japanese Yen	34,928,000	33,856,000
Euro Dollars	210,000	23,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
綜合財務報表附註（續）

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29. TRADE AND OTHER PAYABLES

29. 貿易及其他應付款項

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Trade and bills payables	貿易及票據應付款項	590,258	472,330
Accruals and other payables	應付未付及其他應付款項	328,032	263,242
Amounts due to related parties	結欠關連方之款項	10,345	4,800
		928,635	740,372

The directors consider that the carrying amount of trade and other payables approximates to their fair values. All trade and other payables are expected to be settled or recognised as income within one year or are repayable on demand.

董事們認為貿易及其他應付款項之賬面值與其公平價值相近。所有貿易及其他應付款項預期將於一年內支付或確認為收益或按要求支付。

The aging analysis of the Group's trade and bills payables at the end of the reporting period is as follows:

於報告結算日，本集團貿易及票據應付款項之賬齡分析如下：

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
0 to 3 months	零至三個月	437,757	365,339
4 to 6 months	四至六個月	108,352	56,846
7 to 9 months	七至九個月	25,920	26,607
Over 9 months	超過九個月	18,229	23,538
		590,258	472,330

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29. TRADE AND OTHER PAYABLES (Continued)

Included in trade and other payables are the following amounts denominated in the following currencies:

		2017 二零一七年	2016 二零一六年
United States Dollars	美元	9,446,000	8,475,000
Renminbi	人民幣	693,679,000	553,636,000
Japanese Yen	日元	111,925,000	157,761,000
Euro Dollars	歐元	175,000	72,000

30. PROVISION FOR RESTRUCTURING

The Group recorded its restructuring costs provision when it has a present legal or constructive obligation as a result of restructuring actions.

Restructuring costs provision mainly comprises provision for employees compensation and relocation expenses, arising from a series of restructuring actions to reduce costs and enhance operational efficiency.

The following are restructuring provision of the Group and movements thereon during the current and prior years:

29. 貿易及其他應付款項（續）

貿易及其他應付款項原屬貨幣如下：

30. 重組撥備

本集團因重組方案而產生現行法律或推定之責任時，將重組費用撥備入賬。

重組費用撥備主要包括由一系列重組方案以降低成本及提高營運效率而產生的僱員補償及搬遷開支方面的撥備。

以下為本集團的重組撥備於以往年度及本年度內之變動：

		HK\$'000 千港元
At 1 January 2016	於二零一六年一月一日	-
Provision made for the year	是年度作出撥備	91,727
At 31 December 2016 and 1 January 2017	於二零一六年十二月三十一日及 二零一七年一月一日	91,727
Exchange realignment	滙兌調整	936
Restructuring costs paid	已付重組費用	(8,606)
Unused provision for restructuring reversed	回撥未動用重組撥備	(31,101)
At 31 December 2017	於二零一七年十二月三十一日	52,956

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31. BANK BORROWINGS

31. 銀行借款

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Non-current	非流動		
Bank loans	銀行貸款		
– secured	– 有抵押	45,125	35,175
Current	流動		
Bank loans	銀行貸款		
– secured	– 有抵押	98,598	66,953
– unsecured	– 無抵押	278,832	221,907
Bank overdrafts (note 28)	銀行透支(附註28)		
– unsecured	– 無抵押	3,168	31,289
		380,598	320,149
Total borrowings	總借款	425,723	355,324

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綜合財務報表附註（續）

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31. BANK BORROWINGS (Continued)

The aggregate carrying amount of the Group's bank loans as at 31 December 2017 (that are repayable more than one year after the end of the reporting period but contain a repayment on demand clause) that have been reclassified as current liabilities is approximately HK\$46,677,000 (2016: HK\$37,283,000).

These loans are callable by the lenders, but the management does not expect the lenders to exercise their rights to demand repayment in normal circumstances.

The maturity of the bank borrowings based on the scheduled repayment date set out in the loan agreements ignoring the effect of any repayment on demand clause are as follows:

Within 1 year	一年內
Between 1 and 2 years	一至二年
Between 2 and 5 years	二至五年

The amount of bank borrowings repayable within one year of approximately HK\$37,283,000 as contained in the comparative figures have been reclassified to between one and two years of approximately HK\$16,939,000 and between two and five years of approximately HK\$20,344,000 to conform with the current year's presentation.

The non-current bank borrowings are stated at amortised cost.

The effective interest rate as at 31 December 2017 for bank borrowings and overdrafts is 3.64% per annum (2016: 3.22% per annum).

31. 銀行借款（續）

於二零一七年十二月三十一日，本集團總賬面值約46,677,000港元（二零一六年：37,283,000港元）之銀行貸款（須於報告結算日後的一年後償還，但載有按要求還款條款）已從非流動負債分類為流動負債。

放款人可按要求償還貸款，但管理層預期放款人在一般情況下不會行使有關權利要求償還貸款。

根據貸款協議無視按要求還款條款影響，按還款計劃日程之應償還金額如下：

2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
333,921	282,866
87,802	26,989
4,000	45,469
425,723	355,324

包含在比較數字中的一年內還款之銀行借款約37,283,000港元中約16,939,000港元已分類為一至二年及約20,344,000港元已分類為二至五年以符合本年度的陳述。

非流動銀行借款以攤分成本入賬。

銀行借款及透支於二零一七年十二月三十一日之有效年息率為3.64厘（二零一六年：年息率為3.22厘）。

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綜合財務報表附註（續）

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31. BANK BORROWINGS (Continued)

The carrying amounts of borrowings are denominated in the following currencies:

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Hong Kong Dollars	港元	309,676	275,056
Renminbi	人民幣	116,047	80,268
		425,723	355,324

The Group has the following undrawn borrowing facilities:

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Floating rate	浮息		
– expiring within one year	– 於一年內到期	368,626	406,039

The facilities expiring within one year are annual facilities subject to review at various dates during 2017.

Bank borrowings are secured by certain buildings and leasehold land and land use rights of the Group (notes 16 and 18).

31. 銀行借款（續）

借款的賬面值以原貨幣列值如下：

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Hong Kong Dollars	港元	309,676	275,056
Renminbi	人民幣	116,047	80,268
		425,723	355,324

集團未動用之借貸額度如下：

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Floating rate	浮息		
– expiring within one year	– 於一年內到期	368,626	406,039

一年內到期融資額度乃年度額度，須於二零一七年間不同日期進行檢討。

銀行借款以本集團部份樓宇、租賃土地及土地使用權作抵押（附註16及18）。

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

32. OBLIGATIONS UNDER FINANCE LEASES

32. 融資租賃借款

		Minimum lease payments 最低租賃支出		Present value of minimum lease payments 最低租賃支出之現值	
		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元	2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Amounts payable under finance leases:	應付融資租賃金額：				
Not later than one year	一年內	2,750	5,619	2,696	5,441
Later than one year and not later than five years	第二至五年	-	2,743	-	2,694
		2,750	8,362	2,696	8,135
Less: Future finance charges	減：未來之財務費用	(54)	(227)	N/A	N/A
Present value of minimum lease payments	最低租賃支出之 現有價值	2,696	8,135	2,696	8,135
Less: Amount due for settlement within 1 year under current liabilities	減：列入流動負債而須 一年內償還之款項			(2,696)	(5,441)
Amount due for settlement after 1 year	一年後到期償還之款項			-	2,694

It is the Group's policy to lease certain of its plant and machinery under finance leases. The lease terms are expiring from three to four years. For the year ended 31 December 2017, the average effective borrowing rate was 3.97% per annum (2016: 3.39% per annum). Interest is charged at one month HIBOR plus 3.25% per annum (2016: one month HIBOR plus 2.75% to 3.25% per annum) on the outstanding loan balances. All leases are on a fixed repayment basis and no arrangement has been entered into for contingent rental payments.

The Group's obligations under finance leases are secured by the lessors' charges over the leased assets.

本集團的政策乃使用部份廠房及機器作融資租賃，租賃年期為3至4年。截至二零一七年十二月三十一日止年度，平均實際借款年利率為3.97厘（二零一六年：年利率為3.39厘）。年利率以一個月香港銀行同業拆息+3.25厘（二零一六年：年利率以一個月香港銀行同業拆息+2.75至3.25厘）收取。所有租賃均有固定還款期及沒有作出任何或然租賃支出協議。

本集團之財務租賃借款是以融資租賃資產抵押予出租人。

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33. SHARE CAPITAL

33. 股本

		2017 二零一七年		2016 二零一六年	
		Number of shares 股份數目	Amount 總額 HK\$'000 千港元	Number of shares 股份數目	Amount 總額 HK\$'000 千港元
Ordinary shares, issued and fully paid:	已發行及已繳足普通股 股本：				
At 1 January	於一月一日	716,930,692	532,903	716,930,692	532,903
At 31 December	於十二月三十一日	716,930,692	532,903	716,930,692	532,903

The holders of ordinary shares are entitled to receive dividends as declared from time to time and every member shall have one vote per share on a poll at general meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

None of the Company's subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year.

普通股的持有人有權獲取不定時宣佈之股息和每位成員在公司股東大會內應有每股一票投票表決權。所有普通股享有同等關於本公司的剩餘資產。

本年度本公司之附屬公司概無購買、出售或贖回本公司任何上市股份。

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34. RESERVES

34. 儲備

		Property revaluation reserve 物業重估儲備 HK\$'000 千港元	Translation reserve 匯兌儲備 HK\$'000 千港元	Others 其他 HK\$'000 千港元	Total 總額 HK\$'000 千港元
Balance at 1 January 2016	於二零一六年一月一日結餘	39,210	93,685	(584)	132,311
Fair value gain:	公平價值溢利：				
– Available-for-sale financial asset	– 可供出售金融資產	–	–	655	655
Share of reserves of associates	應佔聯營公司儲備	–	(2,191)	–	(2,191)
Partial disposal of a subsidiary without loss of control	出售一間附屬公司部份權益 但不影響控制權	–	(179)	1,667	1,488
Surplus on revaluation of properties held for own use	自用物業重估盈餘	3,761	–	–	3,761
Deferred tax adjustment	遞延稅項調整	(688)	–	–	(688)
Exchange differences arising from translation of financial statements of foreign operations	換算海外業務報表時 產生之匯兌差額	–	(66,563)	–	(66,563)
Reclassification adjustments:	分類調整：				
Release of translation reserve upon disposal of a subsidiary	出售一間附屬公司時 從匯兌儲備撥出	–	(55)	–	(55)
Release of translation reserve upon deregistration of a subsidiary	註銷一間附屬公司時 從匯兌儲備撥出	–	(1,966)	–	(1,966)
Balance at 31 December 2016 and 1 January 2017	於二零一六年 十二月三十一日及 二零一七年一月一日結餘	42,283	22,731	1,738	66,752
Fair value loss:	公平價值虧損：				
– Available-for-sale financial asset	– 可供出售金融資產	–	–	(129)	(129)
Share of reserves of associates	應佔聯營公司儲備	–	1,956	–	1,956
Surplus on revaluation of properties held for own use	自用物業重估盈餘	23,075	–	–	23,075
Deferred taxation adjustment	遞延稅項調整	(3,750)	–	–	(3,750)
Exchange differences arising from translation of financial statements of foreign operations	換算海外業務報表時產生 之匯兌差額	–	66,394	–	66,394
Reclassification adjustment:	分類調整：				
Release of fair value reserve upon disposal of available-for-sale financial asset	出售可供出售金融資產時從 公平價值儲備撥出	–	–	(930)	(930)
Balance at 31 December 2017	於二零一七年 十二月三十一日結餘	61,608	91,081	679	153,368

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
綜合財務報表附註（續）

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

35. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

(a) Company-level statement of financial position

35. 本公司財務狀況表

(a) 本公司財務狀況表

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Non-current Assets	非流動資產		
Property, plant and equipment	物業、廠房及設備	1,423	2,091
Interests in subsidiaries	附屬公司權益	1,223,656	1,157,891
		1,225,079	1,159,982
Current Assets	流動資產		
Other receivables	其他應收款項	1,688	3,000
Amount due from an associate	應收一間聯營公司款項	904	1,994
Cash and bank balances	現金及銀行結餘	30,489	67,248
		33,081	72,242
Current Liabilities	流動負債		
Other payables	其他應付款項	1,188	1,057
Amounts due to subsidiaries	結欠附屬公司款項	178,876	140,175
Bank borrowings	銀行借款	21,000	20,364
		201,064	161,596
Net Current Liabilities	淨流動負債	(167,983)	(89,354)
Net Assets	淨資產	1,057,096	1,070,628
Capital and Reserves	資本及儲備		
Share capital	股本	532,903	532,903
Reserves (note 35(b))	儲備(附註35(b))	524,193	537,725
Total Equity	權益總值	1,057,096	1,070,628

The statement of financial position of the Company was approved and authorised for issue by the Board of Directors on 8 March 2018 and is signed on its behalf by:

本公司財務狀況表於二零一八年三月八日獲董事會批准並授權刊發，並由下列董事代表簽署：

TANG TO
鄧燾
DIRECTOR
董事

TANG YU, FREEMAN
鄧愚
DIRECTOR
董事

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
 綜合財務報表附註（續）

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

35. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued) **35. 本公司財務狀況表（續）**

(b) Movement in components of equity of the Company

(b) 本公司權益變動

		Retained profits 保留溢利 HK\$'000 千港元
Balance at 1 January 2016	於二零一六年一月一日結餘	552,797
Loss for the year	本年度虧損	(15,072)
Balance at 31 December 2016 and 1 January 2017	於二零一六年十二月三十一日 及二零一七年一月一日結餘	537,725
Loss for the year	本年度虧損	(13,532)
Balance at 31 December 2017	於二零一七年十二月三十一日結餘	524,193

(c) Distributability of reserves

At 31 December 2017, the aggregate amount of reserves available for distribution to equity shareholders of the Company, as calculated under the provisions of Part 6 of the Hong Kong Companies Ordinance, was approximately HK\$524,193,000 (2016: HK\$537,725,000).

(c) 儲備分派

於二零一七年十二月三十一日，根據《公司條例》第六部分的條文計算，本公司可供分派予股權持有人的儲備約為524,193,000港元（二零一六年：537,725,000港元）。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
綜合財務報表附註（續）

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

36. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are liabilities for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

36. 來自融資活動的負債及相關資產的對賬

下表詳列集團的負債及來自融資活動的相關資產的變動，包括現金及非現金的變動。來自融資活動的負債是指其現金流量或未來的現金流量會於集團的綜合現金流量表中被分類為來自融資活動的現金流量。

		Bank loans	Finance lease	Amount due to an associate	Amounts due to related parties	Total
		銀行貸款	融資租賃借款	結欠一間聯營公司款項	結欠關連方之款項	合計
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元
At 1 January 2017	於二零一七年一月一日	324,035	8,135	565	4,800	337,535
Changes from financing cash flows:	來自融資活動現金流之變動					
Bank loans raised	新增銀行貸款	352,878	-	-	-	352,878
Repayment of bank loans	償還銀行貸款	(259,987)	-	-	-	(259,987)
Bank loans interest paid	已付銀行貸款利息	(20,301)	-	-	-	(20,301)
Capital element on obligation under finance lease paid	償還融資租賃借款本金	-	(5,439)	-	-	(5,439)
Finance charges on obligation under finance lease paid	融資租賃借款利息	-	(182)	-	-	(182)
Advance from an associate	收取一間聯營公司之款項	-	-	300	-	300
Total changes from financing cash flows	來自融資活動現金流之變動總額	72,590	(5,621)	300	-	67,269
Exchange adjustments	滙兌調整	5,629	-	-	-	5,629
Other changes	其他變動					
Bank loans interest (note 8)	銀行貸款利息(附註8)	20,301	-	-	-	20,301
Finance charges on obligation under finance lease (note 8)	融資租賃借款利息(附註8)	-	182	-	-	182
Advance from a related party	關連方貸款	-	-	-	745	745
Dividend payable to the non-controlling shareholders of subsidiaries	應付附屬公司之非控股股東股息	-	-	-	4,800	4,800
Total other changes	其他變動總額	20,301	182	-	5,545	26,028
At 31 December 2017	於二零一七年十二月三十一日	422,555	2,696	865	10,345	436,461

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
綜合財務報表附註（續）

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

37. DISPOSAL OF INTERESTS IN SUBSIDIARIES

- (a) On 6 January 2016, the Group completed the disposal of 40% equity interest in Cosmos i-Tech Solutions Limited and since then Cosmos i-Tech Solutions Limited is no longer a subsidiary of the Group.

Net assets of Cosmos i-Tech Solutions Limited at the date of disposal were as follows:

37. 出售附屬公司權益

- (a) 於二零一六年一月六日，本集團出售其於大同信息科技有限公司的40%股權。出售後，大同信息科技有限公司不再是本集團之附屬公司。

出售大同信息科技有限公司權益日之資產淨值如下：

		2016 二零一六年 HK\$'000 千港元
Cash and bank balances	現金及銀行結餘	2,650
Trade and other receivables	貿易及其他應收款項	5,876
Property, plant and equipment	物業、廠房及設備	460
Trade and other payables	貿易及其他應付款項	(3,800)
Amount due to shareholders	應付股東款項	(4,916)
Tax recoverable	可收回稅項	19
Deferred tax assets	遞延稅項資產	235
Deferred tax liabilities	遞延稅項負債	(301)
Non-controlling interests	非控股權益	(67)
		156
Gain on disposals of a subsidiary	出售附屬公司權益所得收益	122
Translation reserve realised upon disposal	出售時變現之滙兌儲備	(55)
Reclassified to interest in associates	重新分類至聯營公司權益	(67)
Total consideration	總代價	156
Satisfied by:	實現方式：	
Cash	現金代價	156
Net cash outflow arising on disposal:	有關出售之現金流出淨額：	
Cash consideration received	現金代價	156
Cash and bank balances disposed of	出售之現金及銀行結餘	(2,650)
		(2,494)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
綜合財務報表附註（續）

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

37. DISPOSAL OF INTERESTS IN SUBSIDIARIES

(Continued)

- (b) On 29 December 2016, the Group completed the partial disposal of 10% equity interest in Mega Victor Limited and since then Mega Victor Limited is still a subsidiary of the Group.

Net assets of Mega Victor Limited at the date of partial disposal were as follows:

37. 出售附屬公司權益（續）

- (b) 於二零一六年十二月二十九日，本集團出售其部份於輝建有限公司的10%股權，出售後，輝建有限公司仍是本集團之附屬公司。

出售輝建有限公司部份權益當日之資產淨值如下：

		2016 二零一六年 HK\$'000 千港元
Gain on partial disposals of a subsidiary	出售附屬公司部份權益所得收益	-
Other reserves	其他儲備	1,667
Release of translation reserve upon disposal	出售時變現之匯兌儲備	(179)
Non-controlling interests	非控股權益	(712)
<hr/>		
Total consideration	總代價	776
<hr/>		
Satisfied by:	實現方式：	
Cash	現金代價	776
<hr/>		
Net cash inflow arising on disposal:	有關出售之現金流入淨額：	
Cash consideration received	現金代價	776
Cash and bank balances disposed of	出售之現金及銀行結餘	-
<hr/>		
		776
<hr/>		

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
綜合財務報表附註（續）

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

38. ASSETS OF DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE AND LIABILITIES DIRECTLY ASSOCIATED WITH THE ASSETS CLASSIFIED AS HELD FOR SALE

On 1 September 2017, the Group entered into a sale and purchase agreement with an independent third party, pursuant to which the Group conditionally agreed to dispose of its entire equity interest in its wholly-owned subsidiary, MS Plasticorp, which is included in the plastic processing products segment for a consideration of RMB82,000,000 (equivalent to approximately HK\$94,860,000). Details are set out in the announcements of the Company dated 20 September 2017 and 22 December 2017.

The directors do not foresee any significant obstacle to satisfy the remaining conditions precedent to complete the transaction and the disposal is expected to be completed within one year from the end of the reporting period.

At 31 December 2017, the property revaluation reserve of the disposal group classified as held for sale amounted to HK\$8,328,000.

The major classes of assets and liabilities of MS Plasticorp classified as held for sale as at 31 December 2017 are as follows:

38. 分類為持作出售之出售集團資產及分類為持作出售之與資產直接相關之負債

於二零一七年九月一日，本集團與獨立第三方訂立買賣協議，據此，本集團有條件同意出售於注塑製品及加工業務的全資附屬公司——群力實業有限公司之全部已發行股本，代價金額為人民幣82,000,000元(折合約94,860,000港元)，詳情載於二零一七年九月二十日及二零一七年十二月二十二日的集團通告。

董事不認為對於完成該協議的餘下條件會有重大障礙，而該出售事項應於分類日期起計一年內完成。

於二零一七年十二月三十一日，分類為持作出售集團之物業重估儲備為8,328,000港元。

於二零一七年十二月三十一日，下列是分類為持作出售集團之群力實業有限公司的主要資產和負債：

		Notes 附註	HK\$'000 千港元
Assets	資產		
Property, plant and equipment	物業、廠房及設備	16	20,218
Leasehold land and land use rights	租賃土地及土地使用權	18	1,474
Bank balances and cash	現金及銀行結餘	28	1,448
Assets classified as held for sale	分類為持作出售組別之資產		23,140
Liabilities	負債		
Deferred tax liabilities	遞延稅項負債	24	18,262
Current tax payable	本期應付稅項	24	7,790
Other payables	其他應付款項		671
Liabilities directly associated with the assets classified as held for sale	與分類為持作出售之出售組別資產有直接相關之負債		26,723
Net liabilities directly associated with the disposal group	與出售集團直接相關之負債淨值		(3,583)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
綜合財務報表附註（續）

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

39. OPERATING LEASE COMMITMENTS

The Group as lessee

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Not later than one year	一年內	18,923	17,255
Later than one year and not later than five years	第二至五年	53,471	45,458
Later than five years	超過五年	32,497	40,490
		104,891	103,203

Operating lease payments represent rentals payable by the Group for certain of its office properties, factories and plant and machinery. Leases are negotiated mostly for terms ranging from 1 to 10 years and rentals are almost fixed for the said term.

The Group as lessor

At the end of the reporting period, the Group had contracted with tenants for the following future minimum lease receipts under non-cancellable operating leases:

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Not later than one year	一年內	1,349	230
Later than one year and not later than five years	第二至五年	5,663	49
		7,012	279

39. 經營租賃承擔

本集團為承租人

於報告結算日，本集團尚有不可撤銷之經營租賃中未來最少應付租金如下：

經營租賃之付款乃指本集團為若干寫字樓物業、廠房及機器之應付租金。租約年期乃以1至10年進行商討，而租金通常於租約年期中固定。

本集團為出租人

於報告結算日，本集團尚有不可撤銷之租賃合同下的未來最少租賃收入如下：

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
 綜合財務報表附註（續）

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

40. CAPITAL COMMITMENTS

40. 資本承擔

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Capital expenditure:	資本支出：		
Contracted but not provided for	已簽約但未作出撥備	4,167	5,414
		4,167	5,414

41. CONTINGENT LIABILITIES

41. 或然負債

As at 31 December 2017, a dispute claim for outstanding payment of USD1,050,000 (approximately HK\$8,123,000) was brought by the vendor of KFE Hong Kong Co., Limited ("KFE") to a subsidiary of the Group in relating to an alleged breach of payment obligations for the consideration as agreed pursuant to the sale and purchase agreement for the acquisition of the entire issued share capital of KFE in 2013. The directors, based on the advice from the legal counsel, believe that the subsidiary has a valid defence against the claim and, accordingly, has not provided for a claim arising from the litigation, other than the related legal and other costs. The Group has assessed the claim and considered that the ultimate outcome of such litigation will not have a material adverse effect on the financial position of the Group.

於二零一七年十二月三十一日，協榮二葉科技香港有限公司（「KFE」）的賣方向本集團一附屬公司就涉嫌違反二零一三年收購KFE所簽訂收購KFE全部股權合同中支付代價條款而提出1,050,000美元（約8,123,000港元）的欠款申索。董事經諮詢法律顧問意見後，相信本集團具充分理據對有關指稱申索提出抗辯，因此除相關的律師費用外，並無於結算日就是項申索之責任作任何撥備。經評估後，本集團認為該訴訟的最終判決對本集團的財務狀況並無構成任何不良影響。

Except for the above, the Group does not have any litigations or claims of material importance and, so far as the directors are aware, no litigation or claims of material importance are pending or threatened by or against any companies of the Group.

除上述外，本集團並無涉及其他訴訟或重要申索。而據董事所知，並無待審或對集團內公司構成威脅的訴訟或重要申索。

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

42. RETIREMENT BENEFITS SCHEMES

The Group participates in both a defined contribution scheme which is registered under the Occupational Retirement Schemes Ordinance (the "ORSO Scheme") and a Mandatory Provident Fund Scheme (the "MPF Scheme") established under the Mandatory Provident Fund Schemes Ordinance in December 2000. The assets of the schemes are held separately from those of the Group in funds under the control of trustees. Employees who were members of the ORSO Scheme prior to the establishment of the MPF Scheme were offered a choice of staying within the ORSO Scheme or switching to the MPF Scheme, whereas all new employees joining the Group on or after 1 December 2000 are required to join the MPF Scheme.

For members of the MPF Scheme, the Group contributes 5.0% of relevant payroll costs to the Scheme, which contribution is matched by the employee.

The ORSO Scheme is funded by monthly contributions from both employees and the Group at rates ranging from 5.0% to 7.5% of the employee's basic salary, depending on the length of service with the Group.

Employees who are employed by subsidiaries in the PRC are members of the state-managed pension scheme operated by the PRC government. These subsidiaries are required to contribute 16% – 20% of payroll costs to the pension scheme to fund the benefits. The only obligation of the Group with respect to the pension scheme is to make the required contributions under the scheme.

The total cost charged to the consolidated income statement of approximately HK\$35,482,000 (2016: HK\$23,547,000) represents contributions payable to these schemes by the Group in respect of the current accounting period. As at 31 December 2017, contributions of approximately HK\$392,000 (2016: HK\$2,318,000) due in respect of the reporting period had not been paid over to the schemes.

42. 退休福利計劃

本集團同時參與根據職業退休計劃條例下註冊的定額供款計劃（職業退休計劃）及於二零零零年十二月根據強制性公積金計劃條例成立的強制性供款計劃（強積金計劃）。此兩項計劃的資產與本集團之資產分開，及由信託人管理。於強積金計劃成立之前的職業退休計劃成員之僱員，可給予選擇保留於職業退休計劃或轉移到強積金計劃。但於二零零零年十二月一日或之後加入本集團的僱員，必須加入強積金計劃。

強積金計劃之成員，本集團以相關工資成本的百分之五向計劃供款，僱員亦按同一比率供款。

職業退休計劃則每月由僱員及集團，按僱員的基本工資供款比例由百分之五至七點五，按服務年資而定。

本集團在中國之附屬公司的僱員為中國政府管理之國家資助公積金計劃之會員。此等附屬公司須以其工資成本的百分之十六至二十向公積金計劃供款。本集團之唯一承擔乃按此公積金計劃提供所需供款。

已列支於綜合收益表內之總供款約為35,482,000港元（二零一六年：23,547,000港元），代表集團於本會計期間應向這些計劃的供款。於二零一七年十二月三十一日，約392,000港元（二零一六年：2,318,000港元）的供款於呈報期間已到期仍未向這些計劃付款。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
 綜合財務報表附註（續）

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

43. PLEDGE OF ASSETS

At the end of the reporting period, assets with the following carrying amounts were pledged by the Group to secure general banking facilities:

43. 資產抵押

於報告結算日，本集團已將下列以賬面值計算的資產作抵押，以取得給予本集團之一般銀行信貸額：

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Buildings	樓宇	70,638	81,800
Leasehold land held for own use under finance leases	按融資租賃持有的租賃土地	83,100	68,000
Leasehold land and land use rights	租賃土地及土地使用權	4,041	3,983
Plant and machinery	廠房及機器	1,449	15,160
Bank deposits	銀行存款	31,104	36,605
		190,332	205,548

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綜合財務報表附註（續）

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

44. FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS

(a) Financial instruments by categories

The accounting policies for financial instruments have been applied to the line items below:

44. 財務風險管理及金融工具之公平價值

(a) 按類別劃分之金融工具

金融工具會計政策已應用於下列項目：

	Loans and receivables	Available-for-sale financial assets	Financial assets designated as at fair value through profit or loss	Total
	貸款及應收款項 HK\$'000 千港元	可供出售金融資產 HK\$'000 千港元	以公平價值計入損益的金融資產 HK\$'000 千港元	總額 HK\$'000 千港元
Assets as per consolidated statement of financial position	於綜合財務狀況表中之資產			
31 December 2017	二零一七年十二月三十一日			
Unlisted unit trust funds	-	-	59	59
Principal guaranteed investment funds	-	-	20,218	20,218
Amounts due from associates	2,543	-	-	2,543
Finance lease receivables	117,437	-	-	117,437
Trade and other receivables	891,273	-	-	891,273
Pledged bank deposits	31,104	-	-	31,104
Cash and cash equivalents	317,642	-	-	317,642
	1,359,999	-	20,277	1,380,276
31 December 2016	二零一六年十二月三十一日			
Available-for-sale financial assets	-	1,389	-	1,389
Unlisted unit trust funds	-	-	2,875	2,875
Amounts due from associates	3,166	-	-	3,166
Finance lease receivables	112,155	-	-	112,155
Trade and other receivables	757,283	-	-	757,283
Pledged bank deposits	36,605	-	-	36,605
Cash and cash equivalents	296,118	-	-	296,118
	1,205,327	1,389	2,875	1,209,591

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**44. FINANCIAL RISK MANAGEMENT AND
 FAIR VALUE OF FINANCIAL INSTRUMENTS**

(Continued)

(a) Financial instruments by categories (Continued)

**44. 財務風險管理及金融工具之公
 平價值（續）**

(a) 按類別劃分之金融工具（續）

Liabilities as per consolidated statement of financial position	於綜合財務狀況表中之負債	Financial liabilities at amortised cost 按攤銷成本 計量之金融負債 HK\$'000 千港元
31 December 2017	二零一七年十二月三十一日	
Trade and other payables	貿易及其他應付款項	773,872
Amount due to an associate	結欠一間聯營公司款項	865
Bank borrowings	銀行借款	425,723
Obligations under finance leases	融資租賃借款	2,696
Deferred consideration payable	遞延應付代價	8,148
		1,211,304
31 December 2016	二零一六年十二月三十一日	
Trade and other payables	貿易及其他應付款項	643,815
Amount due to an associate	結欠一間聯營公司款項	565
Bank borrowings	銀行借款	355,324
Obligations under finance leases	融資租賃借款	8,135
Deferred consideration payable	遞延應付代價	8,148
		1,015,987

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44. FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS

(Continued)

(b) Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, interest rate risk and price risk), credit risk and liquidity risk arising in the normal course of its business and financial instruments. The Group's risk management objectives and policies mainly focus on minimising the potential adverse effects of these risks on the Group by closely monitoring the individual exposure as summarised below.

(i) Foreign currency risk

The Group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to Renminbi ("RMB"), Hong Kong dollars ("HK\$"), United States Dollars ("US\$") and Japanese Yen ("YEN"). Such exposures arise from sales or purchases by subsidiaries other than the subsidiaries' functional currencies. This currency exposure is managed primarily through sourcing raw materials denominated in the same currency. In addition, certain recognised assets and liabilities are denominated in currencies other than the functional currencies of the entities to which they relate. The Group currently does not have a foreign currency hedging policy.

Certain assets and liabilities of the Group are principally denominated in US\$. HK\$ is pegged to US\$, and thus foreign exchange exposure is considered as minimal.

At 31 December 2017, if HK\$ had strengthened/weakened by 10% against the RMB, with all other variables held constant, post-tax profit for the year would have been approximately HK\$2,624,000 lower or higher (2016: post-tax loss for the year would have been HK\$860,000 higher or lower). There will be no impact on other components of equity.

44. 財務風險管理及金融工具之公平價值 (續)

(b) 財務風險因素

本集團的業務承受各種財務風險：市場風險（包括外匯風險、利率風險及價格風險）、信貸風險及一般業務過程及金融工具導致之流動資金風險。本集團的風險管理目標及政策主要透過密切監察如下個別風險，專注於盡量減少本集團之財務表現所受的潛在負面影響。

(i) 外匯風險

本集團承受外匯交易風險，主要為人民幣（人民幣）、港元（港元）、美元（美元）及日元（日元）。該等風險乃因為附屬公司以附屬公司之功能貨幣以外之貨幣進行買賣而產生。此貨幣風險乃主要透過採購以相同貨幣列值之原材料管理。另外，部份已確認之資產及負債包括並非以相關實體功能貨幣為計量單位。本集團目前並無外匯對沖政策。

本集團之若干資產及負債主要以美元為計量單位。港元與美元掛鈎，因此外匯風險可視作甚微。

於二零一七年十二月三十一日，倘港元兌人民幣匯率增強／減弱10%，而所有其他變數不變，該年度之除稅後溢利將分別較現時約低／高2,624,000港元（二零一六年：除稅後虧損高／低860,000港元）。其他權益部份沒有任何影響。

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**44. FINANCIAL RISK MANAGEMENT AND
FAIR VALUE OF FINANCIAL INSTRUMENTS**

(Continued)

(b) Financial risk factors (Continued)

(i) Foreign currency risk (Continued)

At 31 December 2017, if HK\$ had strengthened/weakened by 10% against the YEN, with all other variables held constant, post-tax profit for the year would have been approximately HK\$203,000 lower or higher (2016: post-tax loss for the year would have been HK\$66,000 higher or lower). There will be no impact on other components of equity.

The sensitivity analysis has been determined assuming that the change in foreign exchange rates had occurred at the end of the reporting period and had been applied to each of the Group entities' exposure to currency risk for financial instruments in existence at that date, and that all other variables, in particular interest rates, remain constant.

The stated changes represent management's assessment of reasonably possible changes in foreign exchange rates over the period until the next annual reporting date. In this respect, it is assumed that the pegged rate between the HK\$ and the US\$ would be materially unaffected by any changes in movement in value of the US\$ against other currencies. Results of the analysis as presented in above represent an aggregation of the effects on each of the Group entities' profit after tax and equity measured in the respective functional currencies, translated into HK\$ at the exchange rate ruling at the end of the reporting period for presentation purposes. The analysis is performed on the same basis for 2016.

44. 財務風險管理及金融工具之公平價值（續）

(b) 財務風險因素（續）

(i) 外匯風險（續）

於二零一七年十二月三十一日，倘港元兌日元匯率增強／減弱10%，而所有其他變數不變，該年度之除稅後溢利將分別較現時低／高約203,000港元（二零一六年：除稅後虧損高／低66,000港元），但不會對權益的其他部分有影響。

敏感性分析乃基於假設外匯匯率變化已於報告結算日發生，並已於該日運用於其時存在之各集團實體所受金融工具的匯率風險，同時假定其他變量（尤其是利率）維持不變。

上述變動代表管理層評估外匯匯率在截至下一個報告周年結算日期間之合理變動，並假設港元兌美元之聯繫匯率並未因美元兌其他貨幣之任何變動而有重大影響。上述之分析結果乃各集團實體之除稅後溢利及權益所受影響（按其相關之功能貨幣計算，並以報告結算日之匯率匯兌為港幣作呈列之用）之總額。二零一六年亦以同一基準作分析。

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44. FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS

(Continued)

(b) Financial risk factors (Continued)

(ii) Interest rate risk

Except for pledged bank deposits, short-term bank deposits and cash and cash equivalents (note 28), the Group has no other significant interest-bearing assets. The Group's income and operating cash flows are substantially independent of changes in market interest rates. Management does not anticipate significant impact on interest-bearing assets resulted from the changes in interest rates because the interest rates of bank deposits are not expected to change significantly.

The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of Prime or HIBOR arising from the Group's borrowings denominated in HK\$ and RMB.

Borrowings at variable rates expose the Group to cash flow interest-rate risk. Borrowings at fixed rates and finance lease receivables expose the Group to fair value interest-rate risk. Details of the Group's borrowings and finance lease receivables have been disclosed in notes 31 and 23 respectively.

The Group has not used any interest rate swaps to hedge its exposure to interest rate risk. In order to manage the cash flow interest rate risk, the Group will repay the corresponding borrowings when it has surplus funds.

44. 財務風險管理及金融工具之公平價值（續）

(b) 財務風險因素（續）

(ii) 利率風險

除抵押存款、短期銀行抵押存款及現金及現金等值（附註28）外，本集團並無任何重大的計息資產。本集團的收入及經營現金流量基本上不受市場利率變動所影響。管理層並不預期利率轉變會對計息資產產生重大影響，因預期銀行存款利率變動不大。

本集團面對的現金流量利率風險主要是來自本集團港元及人民幣借款的最優惠利率及香港銀行同業拆息之波動。

浮息借款使本集團面對現金流量利率風險。定息借款及應收融資租賃款項使本集團面對公平價值利率風險。有關本集團借款及應收融資租賃款項之詳情，已分別於附註31及23披露。

本集團並無訂立任何利率掉期以對沖所承擔之利率風險。為控制現金流量利率風險，本集團將在有盈餘資金的情況下償還相應借款。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
綜合財務報表附註 (續)

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44. FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS

(Continued)

(b) Financial risk factors (Continued)

(ii) Interest rate risk (Continued)

The sensitivity analyses below have been determined based on the exposure to interest rates for the variable-rate bank borrowings at the end of the reporting period. For variable-rate bank borrowings, the analysis is prepared assuming the amount of liability outstanding at the end of the reporting period was outstanding for the whole year.

At 31 December 2017, if interest rates on HK\$-denominated borrowings had been 50 basis points higher/lower with all other variables held constant, post-tax profit for the year would have been approximately HK\$1,456,000 lower/higher (2016: post-tax loss for the year would have been HK\$1,316,000 higher/lower), mainly as a result of higher/lower interest expense on floating rate borrowings.

At 31 December 2017, if interest rates on RMB-denominated borrowings had been 50 basis points higher/lower with all other variables held constant, post-tax profit for the year would have been approximately HK\$554,000 lower/higher (2016: post-tax loss for the year would have been HK\$377,000 higher/lower), mainly as a result of higher/lower interest expense on floating rate borrowings.

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 financial instruments in existence at that date. The above changes in interest rates represent management's assessment of a reasonably possible change in interest rates over the period until the next annual reporting date. The analysis is performed on the same basis for 2016.

44. 財務風險管理及金融工具之公平價值 (續)

(b) 財務風險因素 (續)

(ii) 利率風險 (續)

以下敏感度分析乃根據報告結算日浮息銀行借款之利率風險釐定。對於浮息銀行借款而言，此分析乃假設於報告結算日之未償還負債於整個年度均未償還而釐定。

於二零一七年十二月三十一日，如果港元借款利率提高／降低50點子而其他因素保持不變，則年度除稅後溢利將低／高約1,456,000港元（二零一六年：除稅後虧損低／高1,316,000港元），主要是由於浮息借款的利息支出的增加／減少。

於二零一七年十二月三十一日，如果人民幣借款利率提高／降低50點子而其他因素保持不變，則年度除稅後溢利將低／高約554,000港元（二零一六年：除稅後虧損高／低377,000港元），主要是由於浮息借款的利息支出的增加／減少。

以上敏感度分析之釐定乃假設利率變動於報告結算日發生，並已將該變動套用於當日就金融工具所產生之利率風險而釐定。以上之利率變動代表管理層對直至下一個周年報告結算日期間的潛在利率變動所進行的評估。二零一六年敏感度分析按照相同基準進行。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
綜合財務報表附註（續）

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44. FINANCIAL RISK MANAGEMENT AND
FAIR VALUE OF FINANCIAL INSTRUMENTS

(Continued)

(b) Financial risk factors (Continued)

(iii) Price risk

The Group is exposed to equity securities price risk in its available-for-sale financial assets. As the Group's policy is only to invest on such investments by its surplus funds, the exposure may not have significant impact on the Group's financial position. The Group is not exposed to commodity price risk.

(iv) Credit risk

The Group's credit risk is principally attributable to trade and other receivables, finance lease receivables and amounts due from associates.

The Group has no significant concentrations of credit risk. It has policies in place to ensure that sales of products are made and services are provided to customers with an appropriate credit history. It also sets credit limit on each individual customer and prior approval is required for any transaction exceeding that limit. The customer with sound payment history would accumulate a higher credit limit. Further quantitative disclosure in respect of the Group's exposure to credit risk arising from trade and other receivables are set out in note 26.

44. 財務風險管理及金融工具之公平價值（續）

(b) 財務風險因素（續）

(iii) 價格風險

本集團的可供出售金融資產面臨權益證券價格風險。由於本集團之政策為僅以其盈餘資金投資於有關投資，有關風險可能不會對本集團之財務狀況產生重大影響。本集團不會面對商品價格風險。

(iv) 信貸風險

本集團之信貸風險主要來自貿易及其他應收款項、應收融資租賃款項及應收聯營公司款項。

本集團並無高度集中之信貸風險。本集團已製訂政策，以確保向擁有合適的信貸紀錄之客戶銷售產品及提供服務。本集團亦就個別客戶訂立信貸額度，而超出額度之交易需要事先批核。擁有良好付款紀錄之客戶可累積更多之信貸額度。本集團面對貿易及其他應收款項的信貸風險量化披露列載於附註26。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註 (續)

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44. FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS

(Continued)

(b) Financial risk factors (Continued)

(iv) Credit risk (Continued)

Before accepting any new finance lease borrowers, the Group assesses the credit quality of each potential finance lease borrower and defined limits for each finance lease borrower. The Group also demands certain finance lease borrowers to place security deposits with the Group at the time the finance lease arrangement is entered into. In addition, the Group has reviewed the repayment history of finance lease payments from each finance lease borrower with reference to the repayment schedule from the date of finance lease was initially granted up to the end of the reporting period to determine the recoverability of a finance lease receivable.

The credit risk on bank balances is limited because the counterparties are reputable banks with high quality external credit ratings in Hong Kong and the PRC.

(v) Liquidity risk

Individual operating entities within the Group are responsible for their own cash management, including the short term investment of cash surpluses and the raising of loans to cover expected cash demands, subject to approval by the parent company's board when the borrowings exceed certain predetermined levels of authority. The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

44. 財務風險管理及金融工具之公平價值 (續)

(b) 財務風險因素 (續)

(iv) 信貸風險 (續)

在接受任何新的融資租賃借款，本集團會評估每一個潛在的融資借款人的信用質素，並為每個融資租賃借款人設定限制。本集團還要求指定融資租賃借款人當與本集團訂立的融資租賃安排時提交保證金。此外，截至報告結算日，本集團從每個融資租賃借款人的最初融資租賃日期覆核有關還款計劃來判斷應收融資租賃款項的可收回性。

銀行結餘之信貸風險有限，因交易對手是香港及中國信譽良好的銀行。

(v) 流動資金風險

本集團旗下個別營運中的實體，須各自負責現金管理，包括現金盈餘的短期投資和籌借貸款以應付預期中的現金需求，惟倘借款超逾當局預定的若干水平，則須經母公司董事會批准方可作實。本集團的政策是定期監控即期及預期中的流動資金需求，及其有否遵守借貸契諾，以確保旗下實體本身備有足夠的現金及向主要財務機構取得的足夠的承諾融資金額，藉以應付本身的長短期流動資金需求。

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綜合財務報表附註（續）

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44. FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS

(Continued)

(b) Financial risk factors (Continued)

(v) Liquidity risk (Continued)

The tables below categorised the Group's financial liabilities into relevant maturity groupings based on the remaining period from the end of the reporting period to the contractual maturity date. The tabulated amounts are the contractual undiscounted cash flow payments of the Group.

44. 財務風險管理及金融工具之公平價值（續）

(b) 財務風險因素（續）

(v) 流動資金風險（續）

下表根據報告結算日至合約到期日之餘下期間，將本集團之金融負債按相關到期組別進行分類。列表中的金額乃本集團之合約非貼現現金流量。

		Less than 1 year 少於1年 HK\$'000 千港元	Between 1 and 2 years 1至2年 HK\$'000 千港元	Between 2 and 5 years 2至5年 HK\$'000 千港元	Total 總計 HK\$'000 千港元
At 31 December 2017	於二零一七年 十二月三十一日				
Trade and other payables	貿易及其他應付款項	773,872	-	-	773,872
Amount due to an associate	結欠一間聯營公司款項	865	-	-	865
Deferred consideration payable	遞延應付代價	8,148	-	-	8,148
Obligations under finance leases	融資租賃借款	2,750	-	-	2,750
Bank borrowings	銀行借款	387,139	41,991	4,025	433,155
		1,172,774	41,991	4,025	1,218,790
At 31 December 2016	於二零一六年 十二月三十一日				
Trade and other payables	貿易及其他應付款項	643,815	-	-	643,815
Amount due to an associate	結欠一間聯營公司款項	565	-	-	565
Deferred consideration payable	遞延應付代價	8,148	-	-	8,148
Obligations under finance leases	融資租賃借款	5,619	2,743	-	8,362
Bank borrowings	銀行借款	325,394	10,625	25,373	361,392
		983,541	13,368	25,373	1,022,282

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
綜合財務報表附註（續）

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**44. FINANCIAL RISK MANAGEMENT AND
FAIR VALUE OF FINANCIAL INSTRUMENTS**

(Continued)

(c) Fair value measurement

(i) Financial assets and liabilities measured at fair value

Fair value hierarchy

The following table presents the carrying value of the Group's financial instruments measured at fair value at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, Fair value measurement. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date.
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available.
- Level 3 valuations: Fair value measured using significant unobservable inputs.

44. 財務風險管理及金融工具之公平價值（續）

(c) 公平價值計量

(i) 以公平價值計量金融資產及負債

公平價值架構

下表呈列於報告結算日所計算按持續性基礎的公平價值計量之本集團的金融工具之賬面價值在香港財務報告準則第13號，公平價值計量所界定之公平價值三層架構中。將公平價值計量分類之等級乃經參考如下估值方法所用數據之可觀察性及重要性後釐定：

- 第一層次估值：僅使用第一層次輸入數據（即於計量日同類資產或負債於活躍市場之未經調整報價）計量之公平價值。
- 第二層次估值：使用第二層次輸入數據（即未能達到第一層次之可觀察輸入數據，且並未使用重大不可觀察輸入數據）計量之公平價值。不可觀察輸入數據為無市場數據之輸入數據。
- 第三層次估值：採用重大不可觀察數據計量之公平價值。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
綜合財務報表附註（續）

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

44. FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS

(Continued)

(c) Fair value measurement (Continued)

(i) Financial assets and liabilities measured at fair value (Continued)

Fair value hierarchy (Continued)

44. 財務風險管理及金融工具之公平價值（續）

(c) 公平價值計量（續）

(i) 以公平價值計量金融資產及負債（續）

公平價值架構（續）

Fair value measurements as at
31 December 2017 categorised into

於二零一七年十二月三十一日
公平價值計量作以下分類

Fair value	Level 1	Level 2	Level 3
公平價值	第一層次	第二層次	第三層次
<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
千港元	千港元	千港元	千港元
Recurring fair value measurements:	持續的公平價值計量：		
Other financial assets	其他金融資產		
– Unlisted unit trust funds	– 非上市單位信託基金	59	–
– Principal guaranteed investment funds	– 保本投資基金	20,218	–
	20,218	–	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
 綜合財務報表附註（續）

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

44. FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS

(Continued)

(c) Fair value measurement (Continued)

(i) Financial assets and liabilities measured at fair value (Continued)

Fair value hierarchy (Continued)

44. 財務風險管理及金融工具之公平價值（續）

(c) 公平價值計量（續）

(i) 以公平價值計量金融資產及負債（續）

公平價值架構（續）

Fair value measurements as at
 31 December 2016 categorised into
 於二零一六年十二月三十一日
 公平價值計量作以下分類

Fair value	Level 1	Level 2	Level 3
公平價值	第一層次	第二層次	第三層次
HK\$'000	HK\$'000	HK\$'000	HK\$'000
千港元	千港元	千港元	千港元

Recurring fair value measurements:

持續的公平價值計量：

Available-for-sale financial assets	可供出售金融資產				
– Listed shares	– 上市股票	1,389	1,389	–	–
Other financial assets	其他金融資產				
– Unlisted unit trust funds	– 非上市單位信託基金	2,875	–	2,875	–

The fair values of unlisted unit trust funds and principal guaranteed investment funds in level 2 are based on net assets value of the investment funds at the end of the reporting period provided by the financial institution.

非上市單位信託基金及保本投資基金之公平價值在第二層次是基於金融機構提供在報告結算日當天投資基金的淨資產價值。

During the year ended 31 December 2016 and 2017, there were no transfers between Level 1 and Level 2, or transfer into or out of Level 3. The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

截至二零一六年十二月三十一日及二零一七年十二月三十一日，第一層次與第二層次之間並無轉撥或轉撥到第三層次或從第三層次轉出。當公平價值架構層之間有轉撥發生時，本集團會按照政策於報告結算日確認。

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

44. FINANCIAL RISK MANAGEMENT AND FAIR VALUE OF FINANCIAL INSTRUMENTS

(Continued)

(c) Fair value measurement (Continued)

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

The carrying amounts of the Group's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 31 December 2016 and 2017.

(d) Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the total debts ratio. This ratio is calculated as total borrowings divided by total capital. Total borrowings include current liabilities and non-current liabilities. Total capital includes total borrowings and total equity as shown in the consolidated statement of financial position.

44. 財務風險管理及金融工具之公平價值（續）

(c) 公平價值計量（續）

(ii) 金融資產及負債的公平價值與其賬面值

於二零一六年十二月三十一日及二零一七年十二月三十一日，本集團的金融工具之成本或攤銷成本賬面值與其公平價值並無重大分別。

(d) 資金風險管理

集團的資金管理政策，是保障集團按持續經營基準繼續營運之能力，以為股東帶來回報，同時兼顧其他權益持有人的利益，並維持最佳的資本結構以減低資金成本。

為了維持或調整資本結構，集團可能會調整支付予股東的股息金額、向股東發還資金、發行新股或出售資產以減低債務。

集團利用總負債比率監察其資本。此比率按照總借款除以資本總值計算。總借款包括非流動負債及流動負債。資本總值包括綜合財務狀況表內之總借款及權益總值。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
 綜合財務報表附註（續）

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

**44. FINANCIAL RISK MANAGEMENT AND
 FAIR VALUE OF FINANCIAL INSTRUMENTS**

(Continued)

(d) Capital risk management (Continued)

The total debts ratios at 31 December 2017 and 2016 are as follows:

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Current liabilities	流動負債	1,408,243	1,181,657
Non-current liabilities	非流動負債	70,277	81,234
Total borrowings	借款總值	1,478,520	1,262,891
Total equity	權益總值	1,292,139	1,156,912
Total capital	資本總值	2,770,659	2,419,803
Total debts ratio	總負債比率	53%	52%

Neither the Company nor any of its subsidiaries are subject to externally or internally imposed capital requirements.

44. 財務風險管理及金融工具之公平價值（續）

(d) 資金風險管理（續）

於二零一七年十二月三十一日及二零一六年十二月三十一日之總負債比率為：

本公司或其任何附屬公司概無受外界及內部施加的資本規定所規限。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
綜合財務報表附註（續）

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

45. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

During the year, the Group had significant transactions with the following related parties, together with balances with them as at the end of the reporting period, details of which are as follows:

45. 與關連方進行之交易及結餘

本年度內，本集團與下列關連方進行之重大交易，連同於報告結算日之結餘詳情如下：

		Notes 附註	2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
Company controlled by certain directors' relatives:	由若干董事及其親屬控制之公司：			
Management fee paid (note i)	管理費支出 (附註i)		996	913
Non-controlling interests:	非控股權益：			
Balances due from the Group (note ii)	本集團結欠之結餘 (附註ii)	29	10,345	4,800
Rental income	租金收入		813	-
Service fee income	服務費收入		289	-
Consultancy fee paid	顧問費支出		1,178	-
Associates:	聯營公司：			
Balances due from the Group (note ii)	本集團結欠之結餘 (附註ii)		865	565
Balance due to the Group (note ii)	結欠本集團之結餘 (附註ii)	21	2,543	3,166
EDP charges paid	電腦系統維護服務支出		5,566	5,916
Rental income	租金收入		104	210
Purchases	購貨		143	-
Purchase of fixed assets	採購固定資產		53	-
Compensation of key management personnel of the Group (note iii):	集團主要管理人員酬金 (附註iii)：			
Salaries and other short-term employee benefits	酬金及其他短期僱員福利		15,210	13,745

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

綜合財務報表附註（續）

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

45. TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

Further details of directors' and the chief executive's emoluments are included in note 11 to the consolidated financial statements.

Notes:

- (i) The prices of the transactions were determined by the directors with reference to prices for similar transactions with unrelated third parties.
- (ii) The balances are unsecured, interest free and have no fixed terms of repayment.
- (iii) Key management personnel whose profiles are included in Directors and Senior Management's Biographies section of this report.
- (iv) No transaction, arrangement or contract of significance to which the Company was a party, and in which a director of the company had a material interest, subsisted at the end of the year or at any time during the year.

Save as disclosed above, there were no other significant transactions with related parties during the year or significant balances with them at the end of the reporting period.

45. 與關連方進行之交易及結餘（續）

董事及行政總裁酬金的進一步詳情列在綜合財務報表附註11。

附註：

- (i) 該等交易的價格經董事參考與非關連第三方進行類似交易的價格後釐定。
- (ii) 該等結餘為無抵押、免息及無固定還款期。
- (iii) 集團主要管理人員已呈列在本報告之董事及高級管理人員履歷部份。
- (iv) 於年末或年度內任何時間，本公司概無與本公司董事擁有重大權益之交易、安排或訂立之重大合約。

除上述披露外，本年度與關連方並無其他重大交易，或在報告結算日與彼等並無任何重大結餘。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
綜合財務報表附註（續）

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

46. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Details of the Company's principal subsidiaries at 31 December 2017 are as follows:

46. 主要附屬公司詳情

於二零一七年十二月三十一日主要附屬公司詳情如下：

Name of subsidiary 附屬公司名稱	Place of incorporation/ registration 成立/ 註冊地方	Place of operation 經營地方	Issued and fully paid ordinary share capital/ registered capital 已發行及已繳足 普通股股本/ 註冊股本	Proportion of nominal value of issued share capital/registered capital 已繳足普通股 股本面值/註冊股本比率		Principal activities 主要業務
				held by the Company*/ subsidiaries 由本公司*/ 附屬公司 持有 %	attributable to the Group 本集團 應佔 %	
Cosmos Machinery Limited 大同機械有限公司	Hong Kong 香港	Hong Kong 香港	HK\$10,000,000 10,000,000港元	100.00	100.00	Investment holding 投資控股
Cosmos Machinery International Limited 大同機械國際有限公司	Hong Kong 香港	Hong Kong 香港	HK\$32,000,000 32,000,000港元	100.00*	100.00	Investment holding 投資控股
Cosmos Machinery (Dongguan) Trading Co., Ltd. (note a) 大同機械(東莞)銷售有限公司(附註a)	The PRC 中國	The PRC 中國	HK\$5,000,000 5,000,000港元	100.00	100.00	Trading of machinery 機械貿易
Cosmos Machinery (Wuxi) Trading Co., Ltd. (note a) 大同機械(無錫)銷售有限公司(附註a)	The PRC 中國	The PRC 中國	HK\$5,000,000 5,000,000港元	100.00	100.00	Trading of machinery 機械貿易
Dekuma Rubber and Plastic Technology (Dongguan) Limited (note a) 德科摩橡膠科技(東莞)有限公司(附註a)	The PRC 中國	The PRC 中國	HK\$24,000,000 24,000,000港元	100.00	100.00	Manufacturing and trading of machinery 機械製造及貿易

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
綜合財務報表附註（續）

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

46. PARTICULARS OF PRINCIPAL SUBSIDIARIES
(Continued)

46. 主要附屬公司詳情（續）

Name of subsidiary 附屬公司名稱	Place of incorporation/ registration 成立/ 註冊地方	Place of operation 經營地方	Issued and fully paid ordinary share capital/ registered capital 已發行及已繳足 普通股股本/ 註冊股本	Proportion of nominal value of issued share capital/registered capital 已繳足普通股 股本面值/註冊股本比率		Principal activities 主要業務
				held by the Company*/ subsidiaries 由本公司*/ 附屬公司 持有 %	attributable to the Group 本集團 應佔 %	
Dong Hua Machinery Ltd. (note b) 東華機械有限公司(附註b)	The PRC 中國	The PRC 中國	RMB146,199,955 146,199,955人民幣	75.56	75.56	Manufacturing and trading of machinery 機械製造及貿易
Gainbase Industrial Limited 邦基實業有限公司	Hong Kong 香港	Hong Kong 香港	HK\$10,000 10,000港元	100.00	52.00	Trading of printed circuit boards 印刷線路板貿易
Grand Technology Products Limited 格蘭科技產品有限公司	Hong Kong 香港	Hong Kong 香港	HK\$9,500,000 9,500,000港元	100.00	100.00	Investment holding 投資控股
Jackson Equities Incorporated Jackson Equities Incorporated	British Virgin Islands 英屬維爾京群島	Hong Kong 香港	US\$2 2美元	100.00*	100.00	Investment holding 投資控股
Karmay Industrial Limited 嘉美實業有限公司	Hong Kong 香港	Hong Kong 香港	HK\$55,000,000 55,000,000港元	100.00	100.00	Investment holding and trading 投資控股及貿易

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
綜合財務報表附註（續）

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

46. PARTICULARS OF PRINCIPAL SUBSIDIARIES
(Continued)

46. 主要附屬公司詳情（續）

Name of subsidiary 附屬公司名稱	Place of incorporation/ registration 成立/ 註冊地方	Place of operation 經營地方	Issued and fully paid ordinary share capital/ registered capital 已發行及已繳足 普通股股本/ 註冊股本	Proportion of nominal value of issued share capital/registered capital 已繳足普通股 股本面值/註冊股本比率		Principal activities 主要業務
				held by the Company*/ subsidiaries 由本公司*/ 附屬公司 持有 %	attributable to the Group 本集團 應佔 %	
Karmay Plastic Products (Zhuhai) Co., Ltd. (note a) 嘉美塑料製品(珠海)有限公司(附註a)	The PRC 中國	The PRC 中國	HK\$16,800,000 16,800,000港元	100.00	100.00	Manufacturing of plastic products 生產塑料製品
Melco Industrial Supplies Company Limited 美高工業器材有限公司	Hong Kong 香港	Hong Kong 香港	HK\$1,500,000 1,500,000港元	100.00	100.00	Trading of industrial equipment and screws 工業消耗品貿易
美高工業器材(上海)有限公司 (note a) 美高工業器材(上海)有限公司(附註a)	The PRC 中國	The PRC 中國	US\$600,000 600,000美元	100.00	100.00	Trading of industrial consumables 工業消耗品貿易
Guangzhou Melco Industrial Supplies Co., Ltd. (note a) 廣州市美高工業器材有限公司(附註a)	The PRC 中國	The PRC 中國	US\$400,000 400,000美元	100.00	100.00	Trading of industrial consumables 工業消耗品貿易

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
綜合財務報表附註（續）

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

46. PARTICULARS OF PRINCIPAL SUBSIDIARIES
(Continued)

Details of the Company's principal subsidiaries at 31 December 2017 are as follows:

46. 主要附屬公司詳情（續）

於二零一七年十二月三十一日主要附屬公司詳情如下：

Name of subsidiary 附屬公司名稱	Place of incorporation/ registration 成立/ 註冊地方	Place of operation 經營地方	Issued and fully paid ordinary share capital/ registered capital 已發行及已繳足 普通股股本/ 註冊股本	Proportion of nominal value of issued share capital/registered capital 已繳足普通股 股本面值/註冊股本比率		Principal activities 主要業務
				held by the Company*/ subsidiaries 由本公司*/ 附屬公司 持有 %	attributable to the Group 本集團 應佔 %	
Shenzhen Gainbase Printed Circuit Board Co., Ltd. (note a) 深圳邦基線路板有限公司(附註a)	The PRC 中國	The PRC 中國	HK\$140,000,000 140,000,000港元	100.00	52.00	Processing of printed circuit boards 印刷線路板加工
Welltec Machinery Limited 華大機械有限公司	Hong Kong 香港	Hong Kong 香港	HK\$10,000,000 10,000,000港元	100.00	100.00	Trading of machinery 機械貿易
KFE Hong Kong Co., Limited 協榮二葉科技香港有限公司	Hong Kong 香港	Hong Kong 香港	US\$7,776,000 7,776,000美元	100.00	52.00	Trading of printed circuit board 線路板貿易
Wu Xi Grand Tech Machinery Group Ltd. (note a) 無錫格蘭機械集團有限公司(附註a)	The PRC 中國	The PRC 中國	US\$9,586,000 9,586,000美元	100.00	100.00	Manufacturing and trading of machinery 機械製造及貿易
Wu Xi Grand Plastic Machine Manufacture Co., Ltd. (note a) 無錫格蘭塑機製造有限公司(附註a)	The PRC 中國	The PRC 中國	US\$2,850,000 2,850,000美元	100.00	100.00	Manufacturing and trading of machinery 機械製造及貿易
合肥大同格蘭塑業有限公司 (note a) 合肥大同格蘭塑業有限公司(附註a)	The PRC 中國	The PRC 中國	HK\$56,000,000 56,000,000港元	100.00	100.00	Manufacturing of plastic products 生產塑料製品
Dongguan Hua Qi Plastic Works Co., Ltd (note a) 東莞華奇塑膠製品有限公司(附註a)	The PRC 中國	The PRC 中國	USD1,000,000 1,000,000美元	100.00	51.00	Manufacturing of plastic products 生產塑料製品

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
綜合財務報表附註（續）

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

46. PARTICULARS OF PRINCIPAL SUBSIDIARIES

(Continued)

Notes:

- (a) The companies are registered in the form of wholly-owned foreign investment enterprises.
- (b) The companies are registered in the form of sino-foreign cooperative enterprises.

The above table lists out the subsidiaries of the Group which, in the opinion of the directors, principally affect the results of the Group for the year or form a substantial portion of the net assets of the Group at the end of the year. To give details of other subsidiaries would, result in particulars of excessive length.

None of the subsidiaries had any debt capital in issue at the end of the year or at any time during the year.

46. 主要附屬公司詳情（續）

附註：

- (a) 公司登記註冊成立為外商獨資企業。
- (b) 公司登記註冊成立為中外合資企業。

以上附屬公司乃基於董事認為其對本年度業績有重要性影響或於年末佔本集團資產淨值之重大部份而列表。並列其他附屬公司詳情會引致篇幅冗長。

於年末或本年度任何時間內，各附屬公司並無發行任何債務股本。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
 綜合財務報表附註（續）

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

46. PARTICULARS OF PRINCIPAL SUBSIDIARIES

(Continued)

The following table lists out the information relating to all subsidiaries of Major Success Company Limited, which has material non-controlling interest (NCI). The summarised financial information presented below represents the amounts before any inter-company elimination.

46. 主要附屬公司詳情（續）

下表列出了有關致騰有限公司所有子公司中具有重大的非控股權益的資料。以下表述的概括財務資料均為未抵消任何公司間交易之金額。

		2017 二零一七年 HK\$'000 千港元	2016 二零一六年 HK\$'000 千港元
NCI percentage	非控股權益百分比	48%	48%
Current assets	流動資產	390,813	364,274
Non-current assets	非流動資產	176,577	163,418
Current liabilities	流動負債	(252,910)	(222,738)
Non-current liabilities	非流動負債	(2,089)	(2,117)
Equity	權益	312,391	302,837
Carrying amount of NCI	非控股權益賬面值	149,947	145,362
Revenue	收入	788,612	721,005
Profit for the year	本年度經營溢利	12,383	12,946
Total comprehensive income	全面收入總額	19,552	5,914
Profit allocated to NCI	分配至非控股權益之溢利	5,944	6,214
Cash generated from operating activities	經營活動產生之現金	36,101	13,067
Cash used in investing activities	投資活動使用之現金	(33,715)	(19,865)
Cash generated from/(used in) financing activities	融資活動產生/(使用)之現金	8,659	(20,449)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
綜合財務報表附註（續）

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

47. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2017

Up to the date of issue of these consolidated 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 2017 and which have not been early adopted in these consolidated financial statements. These include the following which may be relevant to the Group:

47. 截至二零一七年十二月三十一日止年度已頒佈但尚未生效之準則修訂、新訂準則及詮釋的潛在影響

直至該等綜合財務報表刊發日期止，香港會計師公會已頒佈多項於截至二零一七年十二月三十一日止年度仍未生效且於該等綜合財務報表內並未提早採納之準則修訂、新訂準則及詮釋。該等或與本集團有關之準則包括以下各項。

		Effective for accounting periods beginning on or after 於下列日期或其後開始之會計期間生效
Amendments to HKFRS 2 《香港財務報告準則》第2號(修訂本)	Classification and measurement of share-based payment transactions 股份付款：股份付款交易的分類及計量	1 January 2018 二零一八年一月一日
Amendments to HKFRS 4 《香港財務報告準則》第4號(修訂本)	Applying HKFRS 9 Financial instruments with HKFRS 4 Insurance contracts 與《香港財務報告準則》第4號「保險合約」應用 《香港財務報告準則》第9號「金融工具」	1 January 2018 二零一八年一月一日
Amendments to HKFRS 9 《香港財務報告準則》第9號(修訂本)	Prepayment features with negative compensation 具有負補償的提前還款特性	1 January 2019 二零一九年一月一日
Amendments to HKFRS 10 and HKAS 28 《香港財務報告準則》第10號及 《香港會計準則》第28號(修訂本)	Sale or contribution of assets between an investor and its associate or joint venture 投資者與其聯營或合營企業之間的資產出售 或注資	To be determined 尚未釐定法定生效日期
Amendments to HKAS 28 《香港會計準則》第28號(修訂本)	As part of the annual improvements to HKFRSs 2014-2016 cycle 《香港財務報告準則》之年度改進(2014-2016年週期)的一部份	1 January 2018 二零一八年一月一日
Amendments to HKAS 28 《香港會計準則》第28號(修訂本)	Long-term interests in associates and joint ventures 於聯營公司及合營企業的長期權益	1 January 2019 二零一九年一月一日
Amendments to HKAS 40 香港會計準則第40號(修訂本)	Transfers of investment property 轉移投資物業	1 January 2018 二零一八年一月一日
Amendments to HKFRS 15 《香港財務報告準則》第15號(修訂本)	Clarifications to HKFRS 15 《香港財務報告準則》第15號的澄清	1 January 2018 二零一八年一月一日
Amendments to HKFRSs 修訂若干《香港財務報告準則》	Annual improvements to HKFRSs 2015-2017 cycle 《香港財務報告準則》之年度改進(2015-2017年週期)	1 January 2019 二零一九年一月一日
HKFRS 9 《香港財務報告準則》第9號	Financial instruments 金融工具	1 January 2018 二零一八年一月一日
HKFRS 15 《香港財務報告準則》第15號	Revenue from contracts with customers 來自與客戶合約的收入	1 January 2018 二零一八年一月一日
HKFRS 16 《香港財務報告準則》第16號	Leases 租賃	1 January 2019 二零一九年一月一日
HKFRS 17 《香港財務報告準則》第17號	Insurance contracts 保險合約	1 January 2021 二零二一年一月一日
HK(IFRIC) – Int 22 香港(國際財務報告詮釋委員會)詮釋第22號	Foreign currency transactions and advance consideration 外幣交易及預付代價	1 January 2018 二零一八年一月一日
HK(IFRIC) – Int 23 香港(國際財務報告詮釋委員會)詮釋第23號	Uncertainty over income tax treatments 稅項處理不確定性	1 January 2019 二零一九年一月一日

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綜合財務報表附註（續）

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47. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2017 (Continued)

The Group is in the process of making an assessment of what the impact of these amendments, new standards and new interpretations is expected to be in the period of their initial application. So far the Group has identified some aspects of the new standard which may have a significant impact on the consolidated financial statements. Further details of the expected impacts are discussed below. As the Group has not completed its assessment, further impacts may be identified in due course and will be taken into consideration when determining whether to adopt any of these new requirements before their effective date and which transitional approach to take, where there are alternative approaches allowed under the new standards.

HKFRS 9 “Financial Instruments”

HKFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets.

HKFRS 9 was subsequently amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in 2013 to include the new requirements for general hedge accounting. Another revised version of HKFRS 9 was issued in 2014 mainly to include (a) impairment requirements for financial assets and (b) limited amendments to the classification and measurement requirements by introducing a “fair value through other comprehensive income” measurement category for certain simple debt instruments.

In relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

47. 截至二零一七年十二月三十一日止年度已頒佈但尚未生效之準則修訂、新訂準則及詮釋的潛在影響（續）

本集團現正評估該等準則修訂、新訂準則及新詮釋預期對初次應用期間帶來之影響。迄今，本集團已確認可能對綜合財務報表產生重大影響的新訂準則的若干方面。預期影響的詳情在下文論述。由於本集團尚未完成評估，更多影響或會於適當時候確定並在新規定生效日期前根據新訂準則確定是否採納任何該等新規定、採取何種過渡措施及是否存在可替代措施時加以考慮。

香港財務報告準則第9號「金融工具」

於二零零九年頒佈的《香港財務報告準則》第9號引進有關金融資產分類和計量的新規定。

其後於二零一零年修訂的《香港財務報告準則》第9號包括金融負債分類及計量以及終止確認的規定，並於二零一三年加入有關一般對沖會計處理方法的新規定。於二零一四年頒佈的《香港財務報告準則》第9號另一個經修訂版本主要加入(a)有關金融資產的減值規定及(b)藉為若干簡單債務工具引入「以公允值計入其他全面收益」計量類別，對分類及計量規定作出有限修訂。

就金融資產之減值而言，與《香港會計準則》第39號項下按已產生信貸虧損模式計算相反，《香港財務報告準則》第9號規定按預期信貸虧損模式計算。預期信貸虧損模式規定實體於各報告日期將預期信貸虧損及該等預期信貸虧損之變動入賬，以反映信貸風險自初始確認以來之變動。換言之，毋須再待發生信貸事件方確認信貸虧損。

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47. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2017 (Continued)
HKFRS 9 “Financial instruments” (Continued)

The Group has reviewed its financial assets and liabilities and is expecting the following impact from the adoption of the new standard on 1 January 2018:

(a) Classification and measurement

The Group has assessed that its financial assets currently measured at amortised cost will continue with their respective classification and measurements upon the adoption of HKFRS 9.

The classification and measurement requirements for financial liabilities under HKFRS 9 are largely unchanged from HKAS 39, except that HKFRS 9 requires the fair value change of a financial liability designated at FVTPL that is attributable to changes of that financial liability's credit risk to be recognised in other comprehensive income (without reclassification to profit or loss). The Group currently does not have any financial liabilities designated at FVTPL and therefore this new requirement will not have any impact on the Group on adoption of HKFRS 9.

(b) Impairment

In general, the directors of the Company anticipate that the application of the expected credit loss model of HKFRS 9 will result in earlier provision of credit losses which are not yet incurred in relation to the Group's financial assets measured at amortised costs and other items that subject to the impairment provisions upon application of HKFRS 9 by the Group.

Based on the assessment by the directors of the Company, if the expected credit loss model were to be applied by the Group, the accumulated amount of impairment loss to be recognised by Group as at 1 January 2018 would be slightly increased as compared to the accumulated amount recognised under HKAS 39 mainly attributable to expected credit losses provision on trade and other receivables. Such further impairment recognised under expected credit loss model would reduce the opening retained profits at 1 January 2018.

47. 截至二零一七年十二月三十一日止年度已頒佈但尚未生效之準則修訂、新訂準則及詮釋的潛在影響（續）

香港財務報告準則第9號「金融工具」(續)

本集團已審閱其金融資產及負債並預期於二零一八年一月一日採納新訂準則將產生下列影響：

(a) 分類及計量

本集團評估其目前按攤銷成本計量的金融資產將會於採納《香港財務報告準則》第9號後繼續沿用彼等各自的分類及計量。

《香港財務報告準則》第9號項下金融負債的分類及計量規定與《香港會計準則》第39號相比大致不變，惟《香港財務報告準則》第9號規定指定為按公平值計入損益的金融負債的公平值變動倘因金融負債本身的信貸風險變動所引致，則須於其他全面收益確認，而不得重新分類至損益。本集團目前並無任何指定為按公平值計入損益的金融負債，故於採納《香港財務報告準則》第9號時，此項新規定可能不會對本集團產生任何影響。

(b) 減值

一般而言，本公司董事預期應用香港財務報告準則第9號的預期信貸虧損模式將導致本集團於應用香港財務報告準則第9號後，就本集團按攤銷成本計量之金融資產以及其他須作出減值撥備的項目之尚未產生的信貸虧損提前撥備。

根據本公司董事的評估，倘若本集團須應用預期信貸虧損模式，則本集團於二零一八年一月一日將予確認的累計減值虧損金額將較根據香港會計準則第39號確認的累計金額略有增加，主要是由於貿易及其他應收賬項的預期信貸虧損撥備。按預期信貸虧損模式確認的進一步減值將減少於二零一八年一月一日的期初保留溢利。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
綜合財務報表附註（續）

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47. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2017 (Continued)
HKFRS 9 “Financial instruments” (Continued)

(c) Hedge accounting

HKFRS 9 does not fundamentally change the requirements relating to measuring and recognizing ineffectiveness under HKAS 39. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting. While the Group does not involve any hedging, it does not expect a significant impact on the accounting for its hedging relationships.

(d) Date of adoption by the Group

HKFRS 9 must be applied for financial years commencing on or after 1 January 2018. The Group will apply the new rules retrospectively from 1 January 2018, with the practical expedients permitted under the standard. Comparatives for 2017 will not be restated.

HKFRS 15 “Revenue from contracts with customers”

HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 “Revenue”, HKAS 11 “Construction contracts” and the related interpretations when it becomes effective.

47. 截至二零一七年十二月三十一日止年度已頒佈但尚未生效之準則修訂、新訂準則及詮釋的潛在影響（續）

香港財務報告準則第9號「金融工具」(續)

(c) 對沖會計處理

《香港財務報告準則》第9號並無從根本上改變《香港會計準則》第39號項下有關計量及確認無效性的規定。然而，對符合對沖會計處理的交易類別已引入更大靈活性。由於本集團並無涉及任何對沖，故預期並不會對對沖關係之會計處理產生重大影響。

(d) 本集團採納的日期

《香港財務報告準則》第9號必須於二零一八年一月一日或之後開始的財政年度應用。本集團將自二零一八年一月一日起追溯應用新規則以及該準則項下所允許的可行權宜處理。二零一七年的比較將不予重列。

香港財務報告準則第15號「來自客戶合約之收益」

香港財務報告準則第15號為實體將自客戶合約產生的收益入賬制定單一全面模式。香港財務報告準則第15號生效後，將取代包括香港會計準則第18號「收益」、香港會計準則第11號「建築合約」及相關詮釋的現有收益確認指引。

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47. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2017 (Continued)
HKFRS 15 “Revenue from contracts with customers” (Continued)

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when ‘control’ of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

In 2016, the HKICPA issued Clarifications to HKFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

The directors of the Company anticipate that the application of HKFRS 15 in the future may result in more disclosures, however, they do not anticipate that the application of HKFRS 15 will have a material impact on the timing and amounts of revenue recognised in the respective reporting periods.

47. 截至二零一七年十二月三十一日止年度已頒佈但尚未生效之準則修訂、新訂準則及詮釋的潛在影響（續）

香港財務報告準則第15號「來自客戶合約之收益」（續）

香港財務報告準則第15號的核心原則為，實體應確認收益，以說明實體按反映交換商品或服務預期所得代價之金額向客戶轉讓所承諾商品或服務。具體而言，該準則引入確認收益的五個步驟：

- 第一步：識別與客戶訂立的合約
- 第二步：識別合約中的履約責任
- 第三步：釐定交易價
- 第四步：將交易價分配至合約中的履約責任
- 第五步：於實體完成履約責任時（或就此）確認收益

根據香港財務報告準則第15號，實體於完成履約責任之時（或就此）確認收益，即於特定履約責任相關貨品或服務的「控制權」移交客戶時。香港財務報告準則第15號已就特殊情況的處理方法加入更明確的指引。此外，香港財務報告準則第15號要求更詳盡的披露。

二零一六年，香港會計師公會發出香港財務報告準則第15號的澄清，內容有關履約責任的識別、委託人相對代理人的考慮因素以及許可授權的應用指引。

本公司董事預期將來應用香港財務報告準則第15號可能會導致更多披露，但預期應用香港財務報告準則第15號不會對相關報告期間所確認之收益的時間性及金額產生重大影響。

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
綜合財務報表附註（續）

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47. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2017 (Continued)

HKFRS 15 “Revenue from contracts with customers”

(Continued)

The adoption of this new standard is mandatory for financial years commencing on or after 1 January 2018. The Group intends to adopt the standard using the modified retrospective approach which means that the cumulative impact of the adoption, if any, will be recognised in retained profits as of 1 January 2018 and that comparatives will not be restated.

HKFRS 16 “Leases”

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

HKFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

The right-of-use asset is initially measured at cost and subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and impairment losses, adjusted for any remeasurement of the lease liability. The lease liability is initially measured at the present value of the lease payments that are not paid at that date. Subsequently, the lease liability is adjusted for interest and lease payments, as well as the impact of lease modifications, amongst others.

47. 截至二零一七年十二月三十一日止年度已頒佈但尚未生效之準則修訂、新訂準則及詮釋的潛在影響（續）

香港財務報告準則第15號「來自客戶合約之收益」(續)

該新準則於二零一八年一月一日或之後開始的財政年度強制生效，集團將自二零一八年一月一日起採納新準則，本集團擬採納使用經修訂追溯方式之準則，換言之，採納準則之累計影響（如有）將於二零一八年一月一日確認為保留盈利，有關的比較數字將不會重列。

《香港財務報告準則》第16號「租賃」

《香港財務報告準則》第16號為識別出租人及承租人的租賃安排及會計處理引入綜合模式。一經生效，《香港財務報告準則》第16號將取代《香港會計準則》第17號「租賃」及相關詮釋。

《香港財務報告準則》第16號以客戶能否控制所識別資產區分租賃及服務合約。除短期租賃及低價值資產租賃外，經營租賃及融資租賃的差異自承租人會計處理中移除，並以承租人須就所有租賃將予確認使用權資產及相應負債的模式取代。

使用權資產初步按成本計量，其後按成本（若干例外情況除外）減累計折舊及減值虧損計量，並就任何租賃負債重新計量作出調整。租賃負債初步按當日尚未支付租賃款項的現值計量。其後，租賃負債就利息及租賃款項以及（其中包括）租賃修訂的影響作出調整。

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

47. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2017 (Continued)

HKFRS 16 “Leases” (Continued)

For the classification of cash flows, the Group currently presents operating lease payments and finance lease payments as operating cash flows and financing cash flows respectively. Under the HKFRS 16, lease payments in relation to lease liability will be allocated into a principal and an interest portion which will be presented as financing cash flows.

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

In contrast to lessee accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by HKFRS 16.

Based on the assessment completed to date, the Group has identified the following areas which are expected to be affected:

47. 截至二零一七年十二月三十一日止年度已頒佈但尚未生效之準則修訂、新訂準則及詮釋的潛在影響（續）

《香港財務報告準則》第16號「租賃」（續）

至於現金流量分類方面，本集團目前將經營租賃付款及融資租賃付款分別呈列為經營現金流量及融資現金流量。根據《香港財務報告準則》第16號，與租賃負債有關的租賃付款將分為本金及利息部分，並呈列為融資現金流量。

根據《香港會計準則》第17號，本集團已就融資租賃安排及租賃土地（本集團為承租人）之預付租賃款項，確認資產及相關融資租賃負債。應用《香港財務報告準則》第16號，將視乎本集團單獨或於倘擁有資產時，將呈列之相應有關資產於同一項目內呈列使用權而可能導致該等資產之分類發生潛在變動。

與承租人會計處理相比，《香港財務報告準則》第16號大致轉承《香港會計準則》第17號的出租人會計處理規定，並繼續要求出租人將租賃分類為經營租賃或融資租賃。

此外，《香港財務報告準則》第16號要求作出詳盡披露。

根據至今完成之評估，本集團已識別下列預期將受影響之方面：

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
綜合財務報表附註（續）

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

47. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2017 (Continued)

HKFRS 16 “Leases” (Continued)

(a) Impact on the consolidated financial statements

As disclosed in note 2(23), 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.

At 31 December 2017, the Group, as lessee, has non-cancellable operating lease commitments of approximately HK\$104,891,000 as set out in note 39 to the consolidated financial statements. A preliminary assessment indicates that these arrangements will meet the definition of a lease under HKFRS 16, and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of HKFRS 16. The interest expense on the lease liability and the depreciation expense on the right-of-use asset under HKFRS 16 will replace the rental charge under HKAS 17. The operating lease commitments as shown in off-balance sheet item will be replaced by “right-of-use asset” and “lease liability” in the statement of financial position of the Group. Other than the above, the Group does not anticipate that the application of this standard will have material impact on the consolidated financial statements of the Group.

47. 截至二零一七年十二月三十一日止年度已頒佈但尚未生效之準則修訂、新訂準則及詮釋的潛在影響（續）

《香港財務報告準則》第16號「租賃」(續)

(a) 對綜合財務報表的影響

誠如附註2(23)所披露，本集團現時將租賃分類為融資租賃及經營租賃，並根據租賃分類對租賃安排分別進行入賬。

於二零一七年十二月三十一日，本集團（作為承租人）擁有不可撤銷經營租賃承擔約104,891,000港元（誠如綜合財務報表附註39所載）。初步評估顯示，該等安排將符合《香港財務報告準則》第16號項下租賃之定義，因此本集團將就所有該等租賃確認使用權資產及相應負債，除非有關租賃於應用《香港財務報告準則》第16號時符合低價值或短期租賃。《香港財務報告準則》第16號項下租賃負債的利息開支以及有使用權資產的折舊開支將代替《香港會計準則》第17號項下的租金支出。本集團財務狀況表中所示的經營租賃承擔將由本集團資產負債表內「有使用權資產」及「租賃負債」代替。除上述者外，本集團預期應用該準則將不會對本集團的綜合財務報表產生重大影響。

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

47. POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2017 (Continued)

HKFRS 16 “Leases” (Continued)

(b) Date of adoption by the Group

The adoption of this standard is mandatory for financial years commencing on or after 1 January 2019. At this stage, the Group does not intend to adopt the standard before its effective date. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption.

In addition, the application of new requirements may result in changes in measurement, presentation and disclosure as indicated above.

Except for the above, the directors of the Company anticipate that the application of other new and revised HKFRSs will have no material impact on the Group's future consolidated financial statements.

47. 截至二零一七年十二月三十一日止年度已頒佈但尚未生效之準則修訂、新訂準則及詮釋的潛在影響（續）

《香港財務報告準則》第16號「租賃」（續）

(b) 本集團採納的日期

該新訂準則的採納於二零一九年一月一日或之後開始的財務年度強制生效。於此階段，本集團不擬於其生效日期前採納該準則。本集團擬應用簡化過渡法且將不會重列首次採納前年度的比較金額。

此外，應用新規定可能令上文所述的計量、呈列及披露產生變動。

除上述者外，本公司董事預計應用其他新訂及經修訂《香港財務報告準則》將不會對本集團未來的綜合財務報表產生重大影響。

FIVE YEAR FINANCIAL SUMMARY

五年財務摘要

INCOME STATEMENT

收益表

		For the year ended 31 December, 截至十二月三十一日止年度				2017
		2013	2014	2015	2016	2017
		二零一三年	二零一四年	二零一五年	二零一六年	二零一七年
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元
Revenue	收入	2,465,110	2,492,729	2,395,166	2,192,287	2,446,848
Profit/(loss) before tax	除稅前溢利／(虧損)	119,121	(351)	(26,662)	(279,260)	49,926
Taxation	稅項	3,904	(7,583)	(12,156)	(54,625)	(6,076)
Profit/(loss) for the year	本年溢利／(虧損)	123,025	(7,934)	(38,818)	(333,885)	43,850
Non-controlling interests	非控股權益	14,635	25,367	10,783	(30,725)	16,566
Profit/(loss) attributable to equity shareholders of the Company	本公司股權持有人應佔溢利／(虧損)	108,390	(33,301)	(49,601)	(303,160)	27,284

STATEMENT OF FINANCIAL POSITION

財務狀況表

		At 31 December, 於十二月三十一日				2017
		2013	2014	2015	2016	2017
		二零一三年	二零一四年	二零一五年	二零一六年	二零一七年
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元
Total assets	總資產	3,090,854	3,113,549	2,946,221	2,419,803	2,770,659
Total liabilities	總負債	(1,392,328)	(1,435,927)	(1,378,401)	(1,262,891)	(1,478,520)
Total equity	權益總計	1,698,526	1,677,622	1,567,820	1,156,912	1,292,139
Non-controlling interests	非控股權益	213,418	234,822	232,507	190,318	211,645

大同機械企業有限公司
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