



LESSO 联塑

CHINA LESSO GROUP HOLDINGS LIMITED
中國聯塑集團控股有限公司

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

Stock Code 股份代號：2128

2018 | ANNUAL REPORT
年度報告

CORPORATE PROFILE

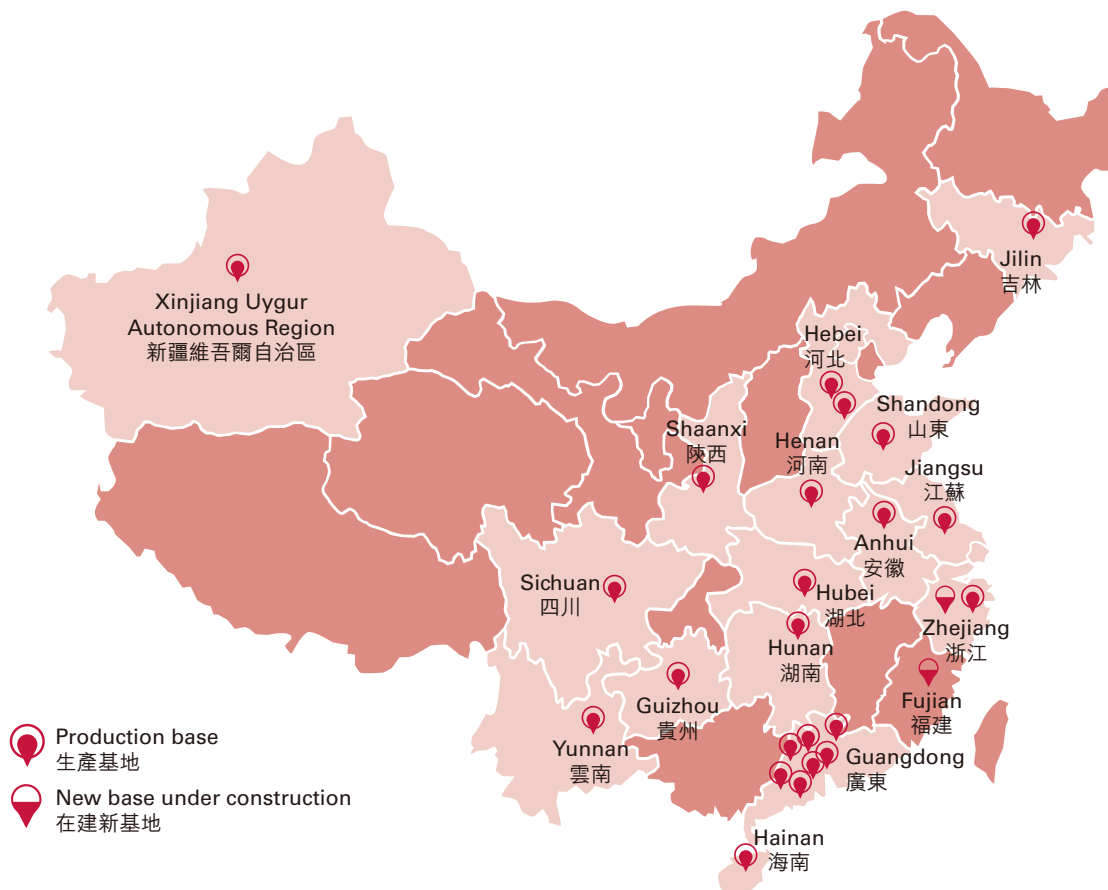
企業簡介

China Lesso Group Holdings Limited is a leading large-scale industrial group that manufactures building materials and interior decoration products in mainland China. It is listed on the main board of The Stock Exchange of Hong Kong Limited (stock name: China Lesso, stock code: 2128). China Lesso is one of the constituent stocks of the Hang Seng Composite Index – MidCap and is covered by Hong Kong Stock Exchange's Stock Connect. The Group provides over 10,000 types of quality products, including plastic pipes piping system, sanitary ware products, integrated kitchens, systems of doors and windows, decorative plates, fire-fighting equipment, and sanitary materials, etc. They are widely applied to fields such as interior decoration, water supply, drainage, power supply and telecommunications, gas transmission, agriculture, aquaculture, floor heating and fire services. The Group is positioned as one of the manufacturers who offer the most comprehensive range of building materials and interior decoration products in China.

The Group has 23 advanced production bases in 16 provinces, namely Guangdong, Guizhou, Sichuan, Hubei, Jiangsu, Anhui, Zhejiang, Henan, Hebei, Jilin, Shaanxi, Xinjiang, Hainan, Yunnan, Shandong and Hunan. The Group has established a nationwide sales network and has also developed long-term strategic partnerships with 2,193 independent and exclusive first-tier distributors to provide quality and comprehensive products as well as professional services for customers.

中國聯塑集團控股有限公司是中國內地領先的大型建材家居產業集團，於香港聯合交易所有限公司主板上市（股票簡稱：中國聯塑，股份代號：2128）。中國聯塑是恒生綜合指數成份股中型股之一，並被獲納入為港股通股份。本集團提供過萬種優質產品，涵蓋塑料管道系統、水暖衛浴產品、整體廚房、門窗系統、裝飾板材、消防器材及衛生材料等類別，並廣泛應用於家居裝修、給水、排水、電力供應及通訊、燃氣輸送、農用、水產養殖業、地暖和消防等領域，為中國建材家居領域產品體系最為齊全的生產商之一。

本集團於廣東、貴州、四川、湖北、江蘇、安徽、浙江、河南、河北、吉林、陝西、新疆、海南、雲南、山東及湖南等16個省份擁有23個先進生產基地。本集團擁有覆蓋全國的分銷網絡，與2,193名的獨立獨家一級經銷商建立長期戰略合作關係，為全國客戶提供優質豐富的產品和專業的服務。



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FINANCIAL HIGHLIGHTS

財務摘要

		2018	2017	Change 變動
For the year ended 31 December (RMB'000)	截至 12 月 31 日止年度 (人民幣千元)			
Revenue	收入	23,733,517	20,360,000	16.6%
Gross profit	毛利	6,228,449	5,316,783	17.1%
Finance costs	融資成本	415,403	229,309	81.2%
EBITDA	除息稅折攤前盈利	4,409,098	3,830,717	15.1%
Profit before tax	除稅前溢利	3,235,539	2,954,586	9.5%
Profit for the year	年內溢利	2,446,224	2,265,807	8.0%
Profit attributable to owners of the Company	本公司擁有人應佔溢利	2,491,774	2,293,055	8.7%
At 31 December (RMB'000)	於 12 月 31 日 (人民幣千元)			
Total assets	資產總額	34,636,277	27,973,625	23.8%
Cash and bank deposits	現金及銀行存款	6,451,791	4,452,370	44.9%
Total debts ^(a)	債務總額 ^(a)	11,731,058	8,319,375	41.0%
Net debt ^(b)	債務淨額 ^(b)	5,279,267	3,867,005	36.5%
Total equity	權益總額	15,072,865	13,783,491	9.4%
Share information (RMB)	股份資料 (人民幣)			
Earnings per share ^(c)	每股盈利 ^(c)			
– Basic	– 基本	0.80	0.74	8.1%
– Diluted	– 攤薄	0.80	0.74	8.1%
Dividend per share (HK cents)	每股股息 (港仙)			
– Interim dividend	– 中期股息	10	–	
– Proposed final dividend	– 擬派末期股息	20	18	
– Total dividend	– 總股息	30	18	66.7%
Equity attributable to owners of the Company per share	每股本公司擁有人應佔權益	4.77	4.35	9.7%
Financial ratios	財務比率			
Gearing Ratio (%)	資產負債率 (%)	43.8	37.6	
Net debt to equity ^(d) (%)	債務淨額對權益比率 ^(d) (%)	35.0	28.1	
Interest cover ^(e) (times)	利息盈利比率 ^(e) (倍)	10.61	16.71	

Note:

- (a) Represented total borrowings.
- (b) Represented total debts less cash and bank deposits.
- (c) Details of the calculations of the basic and diluted earnings per share of the Company are set out in note 11 to consolidated financial statements.
- (d) Represented net debt divided by total equity.
- (e) Represented EBITDA divided by finance costs.

附註：

- (a) 指借款總額。
- (b) 指債務總額減現金及銀行存款。
- (c) 本公司每股基本及攤薄盈利之計算詳述於綜合財務報表附註 11。
- (d) 指債務淨額除以權益總額。
- (e) 指除息稅折攤前盈利除以融資成本。

FIVE-YEAR FINANCIAL SUMMARY

五年財務概要

		For the year ended 31 December 截至12月31日止年度				
		2018	2017	2016	2015	2014
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
RESULTS	業績	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
REVENUE	收入	23,733,517	20,360,000	17,221,052	15,264,401	14,822,772
GROSS PROFIT	毛利	6,228,449	5,316,783	4,581,778	3,937,571	3,800,734
EXPENSES*	開支*	(3,033,265)	(2,700,377)	(2,188,759)	(1,906,605)	(1,837,384)
FINANCE COSTS	融資成本	(415,403)	(229,309)	(107,061)	(87,323)	(233,071)
PROFIT BEFORE TAX	除稅前溢利	3,235,539	2,954,586	2,424,792	2,064,671	1,846,793
Income tax expense	所得稅開支	(789,315)	(688,779)	(511,088)	(446,221)	(306,435)
PROFIT FOR THE YEAR	年內溢利	2,446,224	2,265,807	1,913,704	1,618,450	1,540,358
Profit attributable to:	以下應佔溢利：					
Owners of the Company	本公司擁有人	2,491,774	2,293,055	1,922,027	1,621,117	1,554,024
Non-controlling interests	非控制權益	(45,550)	(27,248)	(8,323)	(2,667)	(13,666)
		2,446,224	2,265,807	1,913,704	1,618,450	1,540,358

		At 31 December 於12月31日				
		2018	2017	2016	2015	2014
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
FINANCIAL POSITION	財務狀況	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
ASSETS	資產					
Non-current assets	非流動資產	19,752,950	15,825,153	12,136,602	8,416,831	7,204,696
Current assets	流動資產	14,883,327	12,148,472	10,058,684	8,232,292	7,314,832
Total assets	資產總額	34,636,277	27,973,625	22,195,286	16,649,123	14,519,528
LIABILITIES	負債					
Non-current liabilities	非流動負債	6,458,341	6,116,343	935,722	2,406,123	2,159,959
Current liabilities	流動負債	13,105,071	8,073,791	9,721,892	4,377,548	3,809,846
Total liabilities	負債總額	19,563,412	14,190,134	10,657,614	6,783,671	5,969,805
NET CURRENT ASSETS	流動資產淨額	1,778,256	4,074,681	336,792	3,854,744	3,504,986
EQUITY	權益					
Equity attributable to owners of the Company	本公司擁有人應佔權益	14,803,329	13,489,915	11,231,509	9,770,885	8,545,459
Non-controlling interests	非控制權益	269,536	293,576	306,163	94,567	4,264
Total equity	權益總額	15,072,865	13,783,491	11,537,672	9,865,452	8,549,723

* Represented the sum of selling and distribution expenses, administrative expenses and other expenses.

* 指銷售及分銷開支、行政開支和其他開支的總和。

CHAIRMAN'S STATEMENT

主席報告書

With 6.6% growth in gross domestic product, China has achieved the target set at the beginning of the year 2018; however, the economic growth rate is the lowest in the past 28 years. Various industries and sectors have therefore been affected by the economic slowdown. As deepening the progress of the 13th Five-year Plan, the Chinese government has continued to actively implement various policies to protect the energy and environment sectors, and kept investing in a number of large-scale municipal projects and urban infrastructure projects to boost the economy. These projects, amongst others, including the “Sponge City” Plan, the “Action Plan for Prevention and Control of Water Pollution” and the “Construction for Underground Pipe Gallery”, have been carried out gradually to ensure the provision of safe water supplies and reduce water pollution. This has generated stable demand for plastic piping system products. Meanwhile, the Chinese government pressed on with the new mode of urbanisation and regional economic development, which created a favourable operating environment for the pipe industry.

As a leading large-scale industrial group producing building materials and interior decoration products in China, China Lesso has actively tapped the stable demand for infrastructure and pipes which resulted from the state's policies. Despite the fact that the Chinese economy is facing continuing downside pressure, the Group has successfully achieved steady growth in various aspects such as business sales, market expansion and key performance indicators during the year, owing to its leading position in the industry and its brand advantage with economies of scale. The Group's revenue increased by 16.6% to RMB23,734 million in 2018 from RMB20,360 million in 2017. Gross profit rose by 17.1% to RMB6,228 million, and profit attributable to owners of the Company grew by 8.7% to RMB2,492 million. The Board proposed a final dividend of HK20 cents per share for the year ended 31 December 2018.

During the year, Southern China remained as the main source of revenue of the Group. The Group continued to reinforce its leading market position in Southern China, and proactively expanded its footholds in other regions of the country and enhanced market penetration, thereby driving up overall sales. The Group kept striving to optimise the facilities at its existing production bases, raising the level of automation and upgrading production technologies and facilities, in a bid to improve its overall operational efficiency and competitiveness.

2018年，儘管中國國內生產總值實現6.6%的增長，達到年初設定的增長目標，但仍是28年來的最低經濟增長率，而經濟增長放緩亦影響了不同行業及階層。隨著「十三·五」規劃的深入推進，中國政府於2018年繼續推動落實各種能源及環保政策，持續投入多項大型市政工程及城市基礎建設項目以刺激經濟，當中包括穩步落實「海綿城市」計劃、「水污染防治行動計劃」及「地下綜合管廊」建設等，以確保供水安全及減少水污染，為塑料管道系統產品帶來穩定需求。同時，中國政府積極推動新型城鎮化及區域經濟發展，為管道行業創造良好的發展條件。

中國聯塑作為中國內地領先的大型建材家居產業集團，一直積極把握利好的國家政策對基礎設施和管道的穩定需求。雖然中國經濟下行壓力加大，但憑著行業上的領先地位以及具經濟規模的品牌優勢，本集團於年內在業務銷售、市場拓展及主要業績指標各方面均成功實現穩健增長。於2018年錄得人民幣237.34億元收入，較2017年人民幣203.60億元收入增加16.6%。毛利上升17.1%至人民幣62.28億元，本公司擁有人應佔溢利增加8.7%至人民幣24.92億元。董事會建議派付截至2018年12月31日止年度的末期股息每股20港仙。

年內，華南地區繼續成為本集團的主要收入來源。本集團一方面持續鞏固華南地區的市場領導地位，另一方面積極擴充國內其他地區的業務據點，提升市場滲透率，從而帶動整體業務銷售。本集團亦致力優化現有生產基地的設備，提高自動化水平及升級生產技術設備，以提升整體營運效率和競爭力。

In 2018, the Chinese government was determined to curb property speculation by intensively promulgating regulatory policies in real estate market. As a result, the investment sentiment in the domestic real estate market became conservative and the growth rate of the industry declined. According to the National Bureau of Statistics, comparing with the same period of last year, the growth rate of floor area sold of national commercial housing dropped by 6.4% while the transaction volume growth rate of commercial housing decreased by 1.5%. The building materials and interior decoration products industries continued to capitalise on the opportunities brought by the intensive implementation of the national urbanisation policy, but such positive drivers were impeded by the market environment. Nevertheless, the Group will continue to enhance its competitiveness and optimise its product portfolio to meet customers' demand for quality building materials and household products. The Group remains confident in the future development of this business segment and expects to deliver synergies among its businesses in the long run.

The Chinese government has continued to actively implement environmental protection policies and encouraged the development of green industries in recent years. During the year under review, the Group intensified environmental protection strategies, continuously invested resources in technological innovation and development, and established upstream and downstream industrial chains with the pipe products and fittings as the core; thus achieving a synergistic effect with the business for plastic piping systems. The Group strives to become a one-stop environmental service provider in China, creating a green lifestyle for residents and fulfilling its corporate social responsibility in a proactive manner.

The Group began the "Lesso Home" business from 2017, with an aim to assist Chinese manufacturers to deliver building materials, home furnishings and other consumer products to target customers and consumers around the globe directly, and subsequently to expand the growth for their brands. The Group currently has 12 projects at different stages of development in the United States, Canada, Australia, Thailand, United Arab Emirates and other countries. In the future, the Group will strive to develop Lesso Home into the world's leading sales platform for building materials, home furnishings and other consumer products, and turn its business into a new growth driver for the Group in the long term.

2018年，中央政府堅決遏制投機房地產炒作，年內密集出台房地產市場調控政策，內地房地產市場投資氣氛轉趨保守，使行業增速有所放緩。根據國家統計局資料，全國商品房銷售面積增長率比去年同期減少6.4%，商品房交易量增長率比去年同期減少1.5%。儘管建材家居產業仍受惠於國家城鎮化政策深入推進所帶來的機遇，但這方面的利好因素卻受累於市場環境影響而蒙上陰霾。然而，本集團將持續提升競爭力和優化產品組合，滿足客戶對優質建材家居產品的需要。本集團對該業務分部的未來發展仍抱有信心，希望能發揮業務的長遠協同效應。

中國政府近年來持續推動落實環境保護政策，鼓勵發展綠色產業，本集團於回顧年內深化環保領域佈局，不斷投入技術創新和發展，打造以管材管件為核心的上下游產業鏈，與塑料管道系統業務發揮協同效應。本集團致力成為中國一站式環保服務供應商，為居者打造綠色生活，積極實踐企業社會責任。

本集團自2017年開展「領尚環球之家」業務，致力協助中國製造商把建材家居及其他消費品直接送達至全球目標客戶和消費者，為其品牌拓寬發展空間。目前，本集團已於美國、加拿大、澳大利亞、泰國、阿拉伯聯合酋長國等國家擁有12個處於不同發展階段的項目。未來，我們將致力把領尚環球之家打造成全球領先的建材家居及其他消費品銷售平台，成為本集團長遠發展的另一增長點。

CHAIRMAN'S STATEMENT

主席報告書

Under the complex and uncertain macroeconomic environment in 2018, the Group continued to proactively offer a diverse range of products by leveraging its brand strength and the extensiveness of its dealer network, while striving to expand the Lesso Home business to increase its streams of income. This successfully brought about a steady increase in the Group's overall revenue. Moreover, the Group applied different development strategies to its existing and new businesses, to expand its business scope in China and overseas markets, and enhance its brand image and awareness, thus establishing a solid foundation for sustainable growth in revenue and profitability in the future.

While we expect that the Chinese economy will maintain steady growth in 2019, it would be clouded by uncertainties over the global economy. In order to adapt to the ever-changing market demand, the Group will fully grasp the opportunities arising from the Chinese government's initiatives that are beneficial to the industry to develop its business of building materials and interior decoration products as well as the business of environmental protection, seeking to achieve synergies between such businesses and aim for sustainable growth. The Group will strive to upgrade its existing production bases so as to make them automated and intelligent, thereby enhancing the Group's production capacity and efficiency. In addition, the Group will continue to adopt a blue ocean strategy by expanding the scope of applications of piping systems to solidify its leading position.

On behalf of the Board, I would like to express my heartfelt gratitude to our management and all the staff members for their commitment and dedication to the Group. The Group will continue to fulfill its mission of "improving the quality of urban life" by providing the market with innovative and high-quality building materials and interior decoration products. At the same time, we will actively capitalise on the opportunities arising from the state's policies and infrastructure to drive the Group's business development in the long term. This will enable us to achieve better results and create greater value for customers, investors and Shareholders. China Lesso is determined to scale new heights in the future!

Wong Luen Hei

Chairman of the Board

Hong Kong, 26 March 2019

面對2018年錯綜複雜及充滿不明朗因素的宏觀經濟環境，本集團充分利用品牌實力及廣泛的經銷商網絡的優勢，繼續積極豐富產品系列，同時致力擴展領尚環球之家業務以拓寬收入來源，成功帶動集團整體收入穩步增長。另外，本集團在現有及新業務方面採取不同發展戰略，拓展於中國及海外市場的業務範疇，鞏固品牌形象及知名度，為未來收入及盈利的可持續增長建立穩固基礎。

我們預期2019年中國經濟將維持平穩增長，但全球經濟的不穩定因素依然會帶來陰霾。為應對日益變化的市場需求，本集團將充分把握有利行業的政府措施所帶來的發展機遇，拓展建材家居產品及環保領域業務，實現業務協同效應及可持續增長。本集團將致力提升現有生產基地，實現生產基地自動化及智能化，以擴大產能及提升生產效率。同時，本集團將繼續推進藍海戰略，致力擴大管道系統的應用範疇，鞏固市場領導地位。

本人謹代表董事會衷心感謝本集團管理層及全體員工於過去一年對集團作出的努力和貢獻。本集團將繼續履行「為城市提高品質生活」的使命，向市場提供創新及優質的建材家居產品。同時，我們將積極把握國家政策及基礎建設帶來的機遇，以推動本集團長期業務發展。我們將致力達到更佳的業績，為客戶、投資者及股東創造更大的價值，令中國聯塑於未來再創高峰！

董事會主席

黃聯禧

香港，2019年3月26日

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

董事及高級管理人員履歷

EXECUTIVE DIRECTORS

Mr. Wong Luen Hei, aged 56, is the founder of the Group, the chairman of the Company and was appointed as an executive director of the Company on 5 November 2009. He is also a director of various companies within the Group. He is primarily responsible for the Group's overall strategic planning and business management. Mr. Wong has approximately 22 years of experience in plastic pipe operations and management. He served as the chairman in Shunde Liansu Industrial from December 1996 to April 1999 and was awarded "Outstanding Private Entrepreneur of Shunde" by Shunde People's Government of Foshan in 2003. Mr. Wong has been a permanent honorary president of Foshan Shunde Longjiang General Chamber of Commerce since 2018. Mr. Wong is the spouse of Ms. Zuo Xiaoping and the brother-in-law of Mr. Zuo Manlun. Mr. Wong is the founder of a trust which holds the entire issued share capital of Xi Xi Development and New Fortune, the controlling shareholders of the Company.

Mr. Zuo Manlun, aged 46, is the chief executive of the Group and was appointed as an executive director of the Company on 27 February 2010. He is also a director/general manager/supervisor of various companies within the Group. He is primarily responsible for the management of the daily business operations of the Group. Mr. Zuo has approximately 19 years of experience in the plastic pipe industry. Mr. Zuo joined the Group in December 1999 and has held various positions in operation management since joining the Group. Mr. Zuo is currently a non-executive director of Xingfa Aluminium Holdings Limited (stock code: 98), which is listed on the Stock Exchange. Mr. Zuo won several awards including "Outstanding Worker of the Plastic Industry in the PRC" by China Plastics Processing Industry Association in 2009. Mr. Zuo is the brother-in-law of Mr. Wong Luen Hei and the younger brother of Ms. Zuo Xiaoping.

Ms. Zuo Xiaoping, aged 52, is a vice president of the Group and was appointed as an executive director of the Company on 27 February 2010. She is also a director/supervisor of various companies within the Group. She is primarily responsible for procurement control and logistics management of the Group. Ms. Zuo has approximately 22 years of experience in the plastic pipe industry. Ms. Zuo served as a director of Shunde Liansu Industrial from December 1996. In 1999, upon establishing the Group together with Mr. Wong Luen Hei, she held various positions in procurement. Ms. Zuo is the spouse of Mr. Wong Luen Hei and the elder sister of Mr. Zuo Manlun.

執行董事

黃聯禧先生，56歲，為本集團創辦人兼本公司主席，於2009年11月5日獲委任為本公司執行董事。彼亦於本集團內多間成員公司擔任董事職務。彼主要負責本集團的整體戰略策劃及業務管理。黃先生於塑料管道經營及管理方面累積約22年經驗。彼於1996年12月至1999年4月擔任順德聯塑實業的主席，並於2003年獲佛山市順德區人民政府評為「順德優秀民營企業家」。黃先生自2018年起任佛山市順德區龍江總商會永遠名譽會長。黃先生乃左笑萍女士的配偶及左滿倫先生的姐夫。黃先生為持有本公司控股股東西溪發展及新福星全部已發行股本之信託的創辦人。

左滿倫先生，46歲，為本集團行政總裁，並於2010年2月27日獲委任為本公司執行董事。彼亦於本集團內多間成員公司擔任董事／總經理／監事職務。彼主要負責本集團日常業務經營管理。左先生於塑料管道行業累積約19年經驗。左先生於1999年12月加盟本集團，自此於經營管理方面曾擔任不同職位。左先生現任在聯交所上市的興發鋁業控股有限公司（股份代號：98）非執行董事。左先生曾獲多個獎項，包括於2009年獲中國塑料加工工業協會評為「中國塑料行業先進工作者」。左先生乃黃聯禧先生的內弟及左笑萍女士的胞弟。

左笑萍女士，52歲，為本集團副總裁，並於2010年2月27日獲委任為本公司執行董事。彼亦於本集團內多間成員公司擔任董事／監事職務。彼主要負責本集團的採購監控及物流管理。左女士於塑料管道行業累積約22年經驗。左女士自1996年12月起擔任順德聯塑實業的董事。於1999年，彼與黃聯禧先生一同成立本集團，出任不同的採購職務。左女士乃黃聯禧先生的配偶及左滿倫先生的胞姐。

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

董事及高級管理人員履歷

EXECUTIVE DIRECTORS (Continued)

Mr. Lai Zhiqiang, aged 52, is a vice president of the Group and was appointed as an executive director of the Company on 27 February 2010. He is also a director of various companies within the Group. He is primarily responsible for the production and technical management of the Group. Mr. Lai has approximately 22 years of experience in the plastic pipe industry and served as a workshop manager of Shunde Liansu Industrial from December 1996 to November 1999. Mr. Lai joined the Group in December 1999 and has held various positions in production management since joining the Group.

Mr. Kong Zhaocong, aged 53, is a vice president of the Group and was appointed as an executive director of the Company on 27 February 2010. He is also a director/general manager/supervisor of various companies within the Group. Mr. Kong is primarily responsible for the China's sales of the Group and has approximately 25 years of experience in the plastic pipe industry. Mr. Kong joined the Group in December 1999 and has held various positions in production management and sales since joining the Group. Prior to joining the Group, Mr. Kong served as a factory manager at Foshan City Dongjian Plastic Materials Factory from March 1993 to January 1999 and served as a manager in the production department of Shunde Liansu Industrial from January 1999 to November 1999.

Mr. Chen Guonan, aged 51, is a vice president of the Group and was appointed as an executive director of the Company on 27 February 2010. He is also a director of various companies within the Group. He is primarily responsible for the management and production of certain companies in the Group. Mr. Chen has approximately 29 years of experience in the plastic pipe industry. Mr. Chen joined the Group in December 1999 and has held various positions in production management and engineering since joining the Group. Prior to joining the Group, Mr. Chen was a manufacturing engineer in the technology department at Guangdong Province Zhaoqing Gaojiang Plastic Products Co., Limited from July 1989 to July 1993. From July 1993 to September 1999, he was a deputy factory manager at Foshan City Dongjian Plastic Materials Factory. Mr. Chen served as a manager in the production department of Shunde Liansu Industrial from September 1999 to November 1999. Mr. Chen has been a deputy secretary general of Plastic Pipe Special Committee of China Plastics Processing Industry Association since 2005. Mr. Chen obtained a bachelor's degree in polymer chemical from South China University of Technology in July 1989.

執行董事(續)

賴志強先生，52歲，為本集團副總裁，並於2010年2月27日獲委任為本公司執行董事。彼亦於本集團內多間成員公司擔任董事職務。彼主要負責本集團的生產及技術管理。賴先生於塑料管道行業累積約22年經驗，並於1996年12月至1999年11月擔任順德聯塑實業的車間經理。賴先生於1999年12月加盟本集團，自此曾任生產管理方面的不同職務。

孔兆聰先生，53歲，為本集團副總裁，並於2010年2月27日獲委任為本公司執行董事。彼亦於本集團內多間成員公司擔任董事／總經理／監事職務。孔先生主要負責本集團的國內銷售工作，於塑料管道行業擁有約25年經驗。孔先生於1999年12月加盟本集團，自此於生產管理及銷售方面曾擔任不同職務。於加盟本集團之前，孔先生於1993年3月至1999年1月擔任佛山市東建塑料廠的廠長，並於1999年1月至1999年11月擔任順德聯塑實業的生產部經理。

陳國南先生，51歲，為本集團副總裁，並於2010年2月27日獲委任為本公司執行董事。彼亦於本集團內多間成員公司擔任董事職務。彼主要負責本集團多間成員公司的管理及生產工作。陳先生於塑料管道行業擁有約29年經驗。陳先生於1999年12月加盟本集團，自此於生產管理及工程方面曾擔任不同職務。於加盟本集團之前，陳先生於1989年7月至1993年7月為廣東省肇慶高江塑料製品有限公司的技術部製造工程師。於1993年7月至1999年9月，彼為佛山市東建塑料廠的副廠長。陳先生於1999年9月至1999年11月擔任順德聯塑實業的生產部經理。陳先生自2005年起擔任中國塑料加工工業協會塑料管道專業委員會副秘書長。陳先生於1989年7月取得華南理工大學頒授的高分子化學學士學位。

EXECUTIVE DIRECTORS (Continued)

Dr. Lin Shaoquan, aged 43, is a vice president of the Group and was appointed as an executive director of the Company on 27 February 2010. He is also a director of various companies within the Group. Dr. Lin is primarily responsible for the research and development and overseas sales of the Group. Dr. Lin has approximately 16 years of experience in the plastic pipe industry. Dr. Lin joined the Group in July 2002 and has held various positions in research and development and overseas sales since joining the Group. Over the years, Dr. Lin has won various awards including "National May First Labour Medal" by All-China Federation of Trade Unions in 2006. Dr. Lin received a doctorate degree in polymer chemical and physics from Sun Yat-sen University in June 2002.

Mr. Huang Guirong, aged 43, is a vice president of the Group and was appointed as an executive director of the Company on 27 February 2010. He is also a director/general manager/supervisor of various companies within the Group. Mr. Huang is primarily responsible for the overall management of the factories and production facilities of the Group and has approximately 22 years of experience in the plastic pipe industry. Mr. Huang joined the Group in December 1999 and has held various positions in production management since joining the Group. Prior to joining the Group, Mr. Huang served as a deputy factory manager at Foshan City Dongjian Plastic Materials Factory from 1996 until 1999 and served as a deputy manager of the plastic production department of Shunde Liansu Industrial from June 1999 to November 1999. Mr. Huang completed a programme of marketing from Hubei University of Technology from September 2001 to July 2005.

Mr. Luo Jianfeng, aged 47, was appointed as an executive director of the Company on 2 April 2010. He is also a director/general manager/supervisor of various companies within the Group. Mr. Luo has approximately 26 years of experience in accounting and worked at Shunde City Accounting Firm from July 1993 to March 1996, Guangdong Dezheng Accounting Firm with Limited Liability from April 1996 to December 2001 and Guangdong Gongcheng Accounting Firm from January 2002 to December 2007. Mr. Luo worked for Foshan City Zhongzhengcheng Accounting Firm Co., Limited as a certified public accountant from January 2008 to April 2016. Mr. Luo is currently an executive director of Xingfa Aluminium Holdings Limited (stock code: 98), which is listed on the Stock Exchange. Mr. Luo is a member of The Chinese Institute of Certified Public Accountants. Mr. Luo obtained a bachelor's degree in economics from Guangdong University of Business Studies in June 1993.

執行董事 (續)

林少全博士，43歲，為本集團副總裁，並於2010年2月27日獲委任為本公司執行董事。彼亦於本集團內多間成員公司擔任董事職務。林博士主要負責本集團的研發及海外銷售工作。林博士於塑料管道行業擁有約16年經驗。林博士於2002年7月加盟本集團，自此於研發及海外銷售方面曾擔任不同職務。林博士多年來曾獲多個獎項，包括於2006年獲中華全國總工會頒授「全國五一勞動獎章」。林博士於2002年6月在中山大學取得高分子化學與物理博士學位。

黃貴榮先生，43歲，為本集團副總裁，並於2010年2月27日獲委任為本公司執行董事。彼亦於本集團內多間成員公司擔任董事／總經理／監事職務。黃先生主要負責本集團工廠及生產設備的整體管理，並於塑料管道行業擁有約22年經驗。黃先生於1999年12月加盟本集團，自此於生產管理方面曾擔任不同職務。於加盟本集團之前，黃先生於1996年至1999年擔任佛山市東建塑料廠的副廠長，並於1999年6月至1999年11月擔任順德聯塑實業的塑料生產部副經理。黃先生於2001年9月至2005年7月在湖北工業大學完成市場營銷課程。

羅建峰先生，47歲，於2010年4月2日獲委任為本公司執行董事。彼亦於本集團內多間成員公司擔任董事／總經理／監事職務。羅先生於會計方面擁有約26年經驗，並於1993年7月至1996年3月任職於順德市會計師事務所、於1996年4月至2001年12月任職於廣東德正有限責任會計師事務所及於2002年1月至2007年12月任職於廣東公誠會計師事務所。於2008年1月至2016年4月，羅先生在佛山市中正誠會計師事務所有限公司擔任註冊會計師。羅先生現任在聯交所上市的興發鋁業控股有限公司(股份代號：98)執行董事。羅先生為中國註冊會計師協會會員。羅先生於1993年6月取得廣東商學院的經濟學學士學位。

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

董事及高級管理人員履歷

EXECUTIVE DIRECTORS (Continued)

Mr. Lin Dewei, aged 58, has been re-designated as an executive director of the Company on 11 July 2018. Mr. Lin was appointed as a non-executive director of the Company on 27 February 2010. Mr. Lin has approximately 24 years of experience in the legal field and worked as a part-time lawyer at various law firms in the PRC between 1995 and 2001. In 2001, Mr. Lin practised as a lawyer at Guangdong Everwin Law Office and became a partner at the firm in 2004. Since 2013, Mr. Lin has been practising as a lawyer at Guangdong Yogo Law Firm. Mr. Lin obtained a bachelor's degree in physics from South China University of Technology in July 1982. Mr. Lin received a certificate of lawyer qualification in the PRC in January 1990.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Wong Kwok Ho Jonathan, aged 45, was appointed as an independent non-executive director of the Company on 27 February 2010. Since 2002, Mr. Wong has been practising as a barrister of the High Court in Hong Kong specialising in both civil and criminal litigation. Mr. Wong is a member of The Chartered Institute of Arbitrators. Mr. Wong obtained a bachelor's degree in business administration from Hawaii Pacific University in August 1997 and a bachelor's degree in law from City University of Hong Kong in November 2001. Mr. Wong received a postgraduate certificate in laws from City University of Hong Kong in July 2002.

Mr. Cheung Man Yu, aged 44, was appointed as an independent non-executive director of the Company on 31 December 2012. Mr. Cheung obtained a bachelor's degree in arts with major in accountancy from The Hong Kong Polytechnic University and is a member of Hong Kong Institute of Certified Public Accountants. Mr. Cheung has over 19 years of experience in financial management and financial services. Mr. Cheung served as the chief financial officer and company secretary of Feiyu Technology International Company Ltd. (stock code: 1022), which is listed on the Stock Exchange from August 2014 to September 2018. Mr. Cheung was employed at the audit department of Ernst & Young, an international accounting firm, from February 2000 to April 2004. Mr. Cheung was a vice president or director at the respective investment banking division of BNP Paribas Capital (Asia Pacific) Limited, UBS AG and J.P. Morgan securities (Asia Pacific) Limited from April 2004 to March 2011.

執行董事(續)

林德緯先生，58歲，於2018年7月11日已獲調任為本公司執行董事。林先生於2010年2月27日獲委任為本公司非執行董事。林先生於法律行業累積約24年經驗，並於1995年至2001年間在多間中國律師事務所任職兼職律師。於2001年，林先生在廣東法制盛邦律師事務所任職律師，並於2004年成為該律師事務所的合夥人。自2013年起，林先生在廣東粵高律師事務所任職律師。林先生於1982年7月獲得華南理工大學物理學學士學位，並於1990年1月獲頒發中國的律師資格證書。

獨立非執行董事

王國豪先生，45歲，於2010年2月27日獲委任為本公司獨立非執行董事。自2002年以來，王先生一直在香港高等法院擔任大律師，專責處理民事及刑事訴訟。王先生為英國特許仲裁員學會會員。王先生於1997年8月在夏威夷太平洋大學取得工商管理學士學位及於2001年11月在香港城市大學取得法律學士學位。王先生於2002年7月在香港城市大學取得法學專業證書。

張文宇先生，44歲，於2012年12月31日獲委任為本公司獨立非執行董事。張先生獲得香港理工大學文學學士學位，主修會計，並為香港會計師公會會員。張先生擁有逾19年財務管理及財務服務經驗。於2014年8月至2018年9月，張先生曾於聯交所上市的飛魚科技國際有限公司(股份代號：1022)任首席財務官兼公司秘書。於2000年2月至2004年4月，張先生任職於國際會計師事務所安永會計師事務所審計部。於2004年4月至2011年3月，張先生曾先後於法國巴黎資本(亞太)有限公司、瑞士聯合銀行集團及摩根大通證券(亞太)有限公司的投資銀行部擔任副總裁或董事。

INDEPENDENT NON-EXECUTIVE DIRECTORS (Continued)

Ms. Lan Fang, aged 43, was appointed as an independent non-executive director of the Company on 1 January 2015. Ms. Lan has been the President of Guangdong Construction and Decoration Materials Association since March 2008 and the President of Guangdong Construction and Decoration Design Association since August 2014. Ms. Lan graduated from Guangdong University of Technology with a college diploma in June 1996 and then pursued further studies in the EMBA CEO training programme of Sun Yat-sen University and the business management CEO training programme of Tsinghua University. She worked as the chairman of the materials committee of Guangzhou Architecture & Decoration Association from February 1998 to October 2006. Ms. Lan has accumulated over 21 years of experience with respect to the administration of social organisation and in the industry of construction and decoration materials.

Dr. Tao Zhigang, aged 53, was appointed as an independent non-executive director of the Company on 1 September 2015. Dr. Tao is Professor of Economics and Strategy in the Faculty of Business and Economics and the director of the Institute for China and Global Development, the University of Hong Kong. Prior to joining the University of Hong Kong in 1998, he taught at Hong Kong University of Science and Technology from 1992 to 1998. Dr. Tao received his B.Sc. in management science from Fudan University in 1986, and PhD in economics from Princeton University in 1992. Dr. Tao is currently an independent non-executive director of Huadian Fuxin Energy Corporation Limited (stock code: 816), which is listed on the Stock Exchange. Dr. Tao is senior fellow at Tsinghua University's National Center for Economic Research, senior fellow at Tsinghua University's Center for China in the World Economy, and special-term professor at Fudan University School of Management. He is also co-director of the Asia-Pacific Competitiveness Program of Hong Kong Institute of Economics and Business Strategy.

獨立非執行董事 (續)

蘭芳女士，43歲，於2015年1月1日獲委任為本公司獨立非執行董事。蘭女士從2008年3月至今為廣東省建築裝飾材料行業協會會長及從2014年8月至今為廣東省建築裝飾設計協會會長。蘭女士於1996年6月畢業於廣東工業大學，獲大專學歷，並先後就讀中山大學EMBA總裁班、清華大學企業管理總裁班。於1998年2月至2006年10月，彼在廣州市建築裝飾行業協會擔任材料專業委員會主任。蘭女士具有逾21年的社會組織管理和建築裝飾材料行業經驗。

陶志剛博士，53歲，於2015年9月1日獲委任為本公司獨立非執行董事。陶博士為香港大學經濟及工商管理學院戰略管理及經濟學教授，以及中國與全球發展研究所所長。於1998年加入香港大學前，彼於1992年至1998年任教於香港科技大學。陶博士於1986年取得復旦大學管理科學理學士學位，以及於1992年取得普林斯頓大學經濟學博士學位。陶博士現任在聯交所上市的華電福新能源股份有限公司(股份代號：816)獨立非執行董事。陶博士為清華大學中國經濟研究中心高級研究員、清華大學中國與世界經濟研究中心高級研究員，以及復旦大學管理學院特聘教授。彼亦為香港經濟及商業策略研究所亞太競爭力項目共同負責人。

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

董事及高級管理人員履歷

INDEPENDENT NON-EXECUTIVE DIRECTORS

(Continued)

Mr. Cheng Dickson, aged 49, was appointed as an independent non-executive director of the Company on 11 July 2018. Mr. Cheng is currently the managing director and head of the investment banking department of Shanggu Securities Limited. He acts as its responsible officer and holds licences for types 1, 4 and 6 of regulated activities under the SFO.

Prior thereto, Mr. Cheng worked in J.P. Morgan between August 1994 and February 1996. In December 1995, he was promoted to TCRM professional in its global markets department. Between March 1996 and June 2000, Mr. Cheng worked in the securities lending department of The Bank of New York, Hong Kong Branch. From July 2000 to August 2002, Mr. Cheng worked as an assistant vice president in the equity capital markets division of BOCI Asia Limited. In August 2002, Mr. Cheng joined ICEA Capital Limited and worked in its investment banking division until October 2005 when he was a senior vice president. Mr. Cheng was an executive director at the respective capital markets department in the investment banking division of Mitsubishi UFJ Securities (HK) Capital, Limited and Mizuho Securities Asia Limited from November 2005 to October 2016. Mr. Cheng has more than 23 years of experience in investment banking industry. Mr. Cheng obtained a bachelor's degree in arts majoring in economics from University of Toronto in June 1994 and a master of applied finance degree majoring in corporate finance from Macquarie University of Australia in November 2000.

獨立非執行董事(續)

鄭迪舜先生，49歲，於2018年7月11日獲委任為本公司獨立非執行董事。鄭先生目前為上古證券有限公司董事總經理兼投資銀行部主管。彼擔任其負責人並持有證券及期貨條例項下第1、第4及第6類受規管活動的牌照。

在此之前，鄭先生自1994年8月至1996年2月任職於摩根大通。於1995年12月，彼獲晉升為環球市場部TCRM專家。於1996年3月至2000年6月間，鄭先生於紐約銀行香港分行證券借貸部任職。自2000年7月至2002年8月，鄭先生為中銀國際亞洲有限公司股權資本市場分部助理副總裁。於2002年8月，鄭先生加入工商東亞融資有限公司，並在投資銀行部效力，直至2005年10月止，當時為高級副總裁。自2005年11月至2016年10月，鄭先生曾先後於三菱日聯證券(香港)資本有限公司及瑞穗證券亞洲有限公司的投資銀行部轄下資本市場部擔任執行董事。鄭先生在投資銀行業擁有逾23年經驗。鄭先生於1994年6月取得多倫多大學文學士學位，主修經濟，並於2000年11月取得澳洲麥克里大學的應用財務碩士學位，主修企業融資。

SENIOR MANAGEMENT

Mr. Liu Guanggen, aged 37, is the chief financial officer of the Group and is responsible for the Group's overall financial and accounting affairs. Mr. Liu joined the Group in November 2008. Prior to this, he worked as a finance manager in The Industrial and Commercial Bank of China, Shunde Branch from 2004 to 2006, and was a sub-branch manager of The Industrial and Commercial Bank of China, Foshan Shunde Haiqinwan Sub-Branch from 2007 to 2008. Mr. Liu completed a diploma in finance from Southwestern University of Finance and Economics in September 2005, a program in laws at Guangdong University of Business Studies from March 2007 to January 2010, as well as obtaining a master degree in engineering from Chongqing University upon the completion of courses for the master degree in software engineering (specialised in financial informatisation) in June 2014. He is an associate member of the Association of International Accountants.

Mr. Kwan Chi Wai Samuel, aged 41, is the company secretary of the Company. Mr. Kwan has more than 10 years of experience in accounting, auditing and finance. Mr. Kwan joined the Group in June 2010 as secretary on a full time basis. Prior to joining the Group, Mr. Kwan worked in CWCC Certified Public Accountants from March 2000 to November 2004, PricewaterhouseCoopers from November 2004 to October 2007 and Deloitte Touche Tohmatsu from November 2007 to September 2009. The latter two firms are amongst the biggest international accounting firms. Mr. Kwan graduated with a bachelor's degree in Commerce from Deakin University of Australia in September 2000 and obtained a master degree in business administration from University of South Australia in August 2012. He is a fellow member of the Hong Kong Institute of Certified Public Accountants and member of the CPA Australia.

高級管理層

劉廣根先生，37歲，為本集團財務總監，負責本集團的整體財務及會計事宜。劉先生於2008年11月加盟本集團，之前曾於2004年至2006年任中國工商銀行順德支行財務經理，並於2007年至2008年任中國工商銀行佛山順德海琴灣支行的支行經理。劉先生於2005年9月獲西南財經大學金融學文憑，於2007年3月至2010年1月完成廣東商學院的法律課程，並於2014年6月完成重慶大學的軟件工程領域工程（金融信息化方向）碩士課程取得工程碩士學位。彼為國際會計師公會之會員。

關志偉先生，41歲，為本公司的公司秘書。關先生在會計、審計及財務方面擁有逾10年經驗。關先生在2010年6月加入本集團，全職出任秘書。在加入本集團前，關先生於2000年3月至2004年11月任職陳黃鍾蔡會計師事務所、於2004年11月至2007年10月任職羅兵咸永道會計師事務所，及於2007年11月至2009年9月任職德勤•關黃陳方會計師行。後兩家會計師行屬最大國際會計師行之列。關先生於2000年9月在澳洲迪肯大學畢業，取得商業學士學位及於2012年8月在南澳大學取得工商管理碩士學位。彼為香港會計師公會資深會員及澳洲會計師公會會員。

CORPORATE GOVERNANCE REPORT

企業管治報告

CORPORATE GOVERNANCE PRACTICES

China Lesso is always committed to maintaining high standards of corporate governance practices and business ethics of the Group. The Board believes in good corporate governance practices and business ethics which are essential for achieving sustainable development, establishing investors' confidence in the Company and safeguarding and enhancing the interests of the Shareholders.

In pursuit of good and high standards of corporate governance practices, the Board reviews the corporate governance practices of the Company from time to time so as to meet the expectations of the Shareholders for continual improvement, and fulfill its commitment of pursuing excellent corporate governance. In the opinion of the directors, the Company complied with all the applicable code provisions of the Code during the year, except that an independent non-executive director was unable to attend the annual general meeting ("AGM") of the Company held on 25 May 2018 (as provided for under the Code A.6.7) due to other business engagements.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as the code governing securities transactions by directors of the Company. Having made specific enquiry to the directors, all of them confirmed that they have complied with the required standards as set out in the Model Code throughout the year. The Model Code is also applicable to other specific senior management of the Company. The directors' and chief executive's interests and short positions in shares, underlying shares and debentures of the Company or any of its associated corporations are disclosed in the Directors' Report on page 66.

BOARD

THE COMPOSITION OF THE BOARD

The Board currently comprises 15 directors, including 10 executive directors and 5 independent non-executive directors.

企業管治常規

中國聯塑一直致力保持本集團高水平的企業管治常規及商業道德。董事會相信，良好的企業管治常規及商業道德，是達致可持續發展、建立投資者對本公司的信心以及保障和提升股東權益的關鍵。

為追求良好而高水平的企業管治常規，董事會不時檢討本公司的企業管治常規，以達到股東對更臻完善的期望，並且履行其對追求卓越企業管治的承諾。董事認為，除一名獨立非執行董事因其他業務的緣故無法出席本公司於2018年5月25日舉行的股東週年大會（「股東週年大會」）（按照守則第A.6.7條的規定）外，年內本公司已遵守守則中的所有適用守則條文。

董事進行證券交易之標準守則

本公司已採納標準守則作為本公司董事進行證券交易之守則。經向董事特定查詢後，所有董事確認彼等於年內一直遵守標準守則所載之規定標準。標準守則亦適用於本公司其他特定之高級管理人員。董事及行政總裁於本公司或其任何相聯法團的股份、相關股份及債權證的權益及淡倉於第66頁的董事會報告中披露。

董事會

董事會組成

董事會現時由15名董事組成，包括10名執行董事及5名獨立非執行董事。

BOARD (Continued)

THE COMPOSITION OF THE BOARD (Continued)

Pursuant to the articles of association of the Company (the "Articles"), any director appointed to fill a casual vacancy or as an addition to the existing directors shall hold office only until the next AGM of the Company and shall then be eligible for re-election at that meeting. In addition, at every AGM of the Company, not less than one-third of the directors for the time being shall retire from office by rotation provided that every director shall be subject to retirement by rotation at least once every three years. Apart from retirement by rotation pursuant to the Articles, each non-executive director has a term of within three years. Therefore, no director will remain in office for a term of more than three years. For details relating to any relationship among the members of the Board, including financial, business, family or other material/relevant relationship, please refer to the sections headed "Biographical Details of Directors and Senior Management" and "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures" of the Directors' Report.

CHANGE IN COMPOSITION OF BOARD AND BOARD COMMITTEES

- (A) Mr. Lin Dewei, a non-executive director of the Company, has been re-designated as an executive director of the Company and resigned as member of the Company's audit committee with effect from 11 July 2018.
- (B) Mr. Fung Pui Cheung has resigned as an independent non-executive director of the Company (as well as chairman and member of each of the Company's audit committee and remuneration committee, and a member of the Company's nomination committee) with effect from 11 July 2018.
- (C) Mr. Cheng Dickson has been appointed as an independent non-executive director of the Company and a member of the Company's audit committee with effect from 11 July 2018.
- (D) Dr. Tao Zhigang, an independent non-executive director of the Company has been appointed as chairman and member of each of the Company's audit committee and remuneration committee, and a member of the Company's nomination committee with effect from 11 July 2018.

董事會 (續)

董事會組成 (續)

根據本公司的組織章程細則(「章程細則」)，如任何董事獲委任以填補臨時空缺，或獲委任加入現任董事會為新董事，則任期僅至本公司下屆股東週年大會為止，其時，彼等即合資格於有關大會上重選。此外，於本公司每屆股東週年大會上，應有不少於當時董事人數三分之一的董事輪席告退，惟每名董事須每三年至少輪席告退一次。除根據章程細則輪席告退外，每名非執行董事的任期為三年內。因此，董事的任期一概不會超過三年。有關董事會成員之間的任何關係，包括財務、業務、家屬或其他重大／相關的關係的詳情，請參閱「董事及高級管理人員履歷」及董事會報告的「董事及行政總裁於股份、相關股份及債權證的權益及淡倉」各節內。

董事會及董事委員會組成變更

- (A) 本公司非執行董事林德緯先生已獲調任為本公司執行董事並辭任本公司審核委員會成員一職，由2018年7月11日起生效。
- (B) 馮培漳先生已辭任本公司獨立非執行董事一職(及本公司審核委員會及薪酬委員會主席及成員以及本公司提名委員會成員等職務)，由2018年7月11日起生效。
- (C) 鄭迪舜先生已獲委任為本公司獨立非執行董事兼本公司審核委員會成員，由2018年7月11日起生效。
- (D) 本公司獨立非執行董事陶志剛博士已獲委任為本公司審核委員會及薪酬委員會主席及成員以及本公司提名委員會成員，由2018年7月11日起生效。

BOARD (Continued)

CHAIRMAN AND CHIEF EXECUTIVE

To segregate the management of the Board from the daily management and business operations of the Group effectively, the post of chairman and the chief executive are held by Mr. Wong Luen Hei and Mr. Zuo Manlun, respectively. One of the important duties of the chairman is to lead the Board to ensure the Board always acts in the best interests of the Group. The chairman shall ensure the effective operation of the Board and fully perform his/her duties and ensure all important issues are discussed at Board meetings in a timely manner. All directors will be consulted for any proposed items in the agenda. The chairman has delegated the drafting of the agenda of each Board meeting to the chief executive and the company secretary. With the assistance of the chief executive and the company secretary, the chairman aims to ensure all directors are adequately briefed on any issues being put forward at a Board meeting and receive sufficient and reliable information in a timely manner.

INDEPENDENT NON-EXECUTIVE DIRECTORS

The independent non-executive directors provide various expertise and experiences, and maintain balance of interest to safeguard the interests of the Group and the Shareholders. They participate in Board meetings and committee meetings and make independent judgements on issues related to the Group's strategies, performance, interest conflicts and management process so as to ensure the interests of all Shareholders are properly considered.

The Company has received annual confirmation made by each of the independent non-executive directors under Rule 3.13 of the Listing Rules regarding their independence. The Company regarded all independent non-executive directors are independent in accordance with Rule 3.13 of the Listing Rules.

DUTIES OF THE BOARD

The Board shoulders the responsibility of providing effective, responsible and reliable leadership to the Group. The Board exercises its rights in management decision on the aspects of the Company's development strategy, management structure, investment and financing, planning, financial control and personnel in accordance with the requirements of the Code.

董事會 (續)

主席及行政總裁

為有效區分董事會管理與本集團之日常管理及業務營運，主席由黃聯禧先生擔任及行政總裁由左滿倫先生擔任。主席之其中一項重要職能乃領導董事會，以確保董事會一直以本集團之最佳利益行事。主席須確保董事會有效運作，完全履行其職責，並確保所有重大問題能及時於董事會會議討論。就任何載於議程之建議事項，全體董事均獲得諮詢。主席已將每次董事會會議議程起草之責任委託予行政總裁及公司秘書。在行政總裁及公司秘書之協助下，主席旨在確保全體董事已適當了解任何董事會會議上提呈之問題，並已及時收到充分及可靠之信息。

獨立非執行董事

獨立非執行董事提供各項專業知識和經驗，並維持利益平衡，以維護本集團及股東之利益。彼等參與董事會會議及各委員會會議，對涉及本集團之策略、表現、利益衝突及管理過程之問題作出獨立判斷，以確保全體股東之利益獲得適當考慮。

本公司已收到各獨立非執行董事根據上市規則第3.13條就其獨立性而作出的年度確認函。本公司根據上市規則第3.13條視全體獨立非執行董事為獨立人士。

董事會職責

董事會肩負向本集團提供有效及負責可靠的領導責任。董事會在本公司發展戰略、管理架構、投資及融資、計劃、財務監控、人事等方面依照守則的規定行使管理決策權。

BOARD (Continued)

DUTIES OF THE BOARD (Continued)

The Company appointed Ernst & Young as the Company's independent auditor to review the interim results for the six months ended 30 June 2018 and to audit the annual results for the year ended 31 December 2018. The directors of the Company acknowledge their responsibility for preparing the consolidated financial statements included in the annual report and the interim report. In preparing the consolidated financial statements for the year ended 31 December 2018, the directors have selected and applied appropriate accounting policies and have made prudent and reasonable judgements and estimates in accordance with Hong Kong Financial Reporting Standards.

The declaration of reporting responsibility issued by the external auditor of the Company on the Company's consolidated financial statements is set out in the Independent Auditor's Report on pages 76 to 85.

CORPORATE GOVERNANCE FUNCTIONS

The Board is responsible for performing corporate governance duties including:

- (a) to develop and review the Company's policies and practices on corporate governance;
- (b) to review and monitor the training and continuous professional development of directors and senior management;
- (c) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- (d) to review of the effectiveness of the Company's internal control system;
- (e) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and directors; and
- (f) to review the Company's compliance with Appendix 14 to the Listing Rules (Corporate Governance Code and Corporate Governance Report).

The Board has performed the above activities during 2018.

董事會 (續)

董事會職責 (續)

本公司已經聘請安永會計師事務所為本公司獨立核數師，就截至2018年6月30日止六個月的中期業績進行審閱，及就截至2018年12月31日止年度的全年業績進行審核。本公司董事承認彼等有編製年報及中期報告所載綜合財務報表的責任。在編製截至2018年12月31日止年度綜合財務報表時，董事已根據香港財務報告準則揀選及運用合適的會計政策及作出審慎合理的判斷和估計。

本公司外聘核數師就本公司綜合財務報表作出的匯報責任聲明刊載於第76至85頁的獨立核數師報告內。

企業管治職能

董事會負責履行的企業管治職責包括：

- (a) 發展及檢討本公司企業管治政策及常規；
- (b) 檢視及監督董事及高級管理人員的培訓及持續專業發展；
- (c) 檢視及監督本公司在遵守法律及監管規定方面的政策及常規；
- (d) 檢視本公司內部控制系統的成效；
- (e) 發展、檢討及監督適用於僱員及董事的操守準則及合規手冊(如有)；及
- (f) 檢視本公司遵守上市規則附錄14(企業管治守則及企業管治報告)之情況。

董事會於2018年期間已執行上述活動。

CORPORATE GOVERNANCE REPORT

企業管治報告

BOARD (Continued)

BOARD AND GENERAL MEETINGS

For the year ended 31 December 2018, the Board convened eight meetings to review operating performance, funding requirement and recent market conditions. The Board also considered and approved the Group's overall strategy, audited annual results for the year ended 31 December 2017 and reviewed interim results for the six months ended 30 June 2018.

The chairman of the Board and the chairman of the audit committee, the nomination committee and the remuneration committee, attended the AGM of the Company held on 25 May 2018.

The table below sets out the attendance of all members of the Board at the meetings held in 2018:

Directors	董事	AGM ^(b) 股東週年大會 ^(b)	Meetings attended/eligible to attend ^(a) 出席次數/合資格出席的次數 ^(a)			
			Board 董事會	Audit Committee 審核委員會	Nomination Committee 提名委員會	Remuneration Committee 薪酬委員會
Executive directors	執行董事					
Wong Luen Hei	黃聯禧	1/1	8/8	-	2/2	2/2
Zuo Manlun	左滿倫	1/1	7/8	-	1/2	1/2
Zuo Xiaoping	左笑萍	1/1	6/8	-	-	-
Lai Zhiqiang	賴志強	1/1	8/8	-	-	-
Kong Zhaocong	孔兆聰	1/1	8/8	-	-	-
Chen Guonan	陳國南	1/1	8/8	-	-	-
Lin Shaoquan	林少全	1/1	8/8	-	-	-
Huang Guirong	黃貴榮	1/1	8/8	-	-	-
Luo Jianfeng	羅建峰	1/1	8/8	-	-	-
Lin Dewei ^(c)	林德緯 ^(c)	1/1	8/8	1/1	-	-
Independent non-executive directors	獨立非執行董事					
Wong Kwok Ho Jonathan	王國豪	1/1	4/8	2/2	2/2	2/2
Cheung Man Yu	張文宇	1/1	8/8	2/2	-	2/2
Lan Fang	蘭芳	1/1	6/8	-	1/2	-
Tao Zhigang ^(c)	陶志剛 ^(c)	0/1	8/8	-	-	-
Cheng Dickson ^(c)	鄭迪舜 ^(c)	-	2/2	1/1	-	-
Fung Pui Cheung ^(c)	馮培璋 ^(c)	1/1	5/6	1/1	2/2	2/2

Note:

- (a) Directors may attend meetings in person, by phone or through other means of video conference in accordance with the Articles.
- (b) There was no other general meeting held in 2018.
- (c) The changes of the Board and Board Committees are set out under the section headed "Change in Composition of Board and Board Committees" on page 15.

董事會 (續)

董事會會議及股東大會

截至2018年12月31日止年度，董事會召開八次會議，以審閱營運表現、資金需求及最近市況。董事會亦已考慮和批准本集團之整體策略、截至2017年12月31日止年度的經審核全年業績及截至2018年6月30日止六個月的經審核中期業績。

董事會主席及審核委員會、提名委員會及薪酬委員會的主席均有出席本公司於2018年5月25日舉行的股東週年大會。

下表載列2018年董事會各成員的出席會議情況：

附註：

- (a) 根據章程細則規定，董事均可親身、透過電話或其他視像會議途徑出席大會。
- (b) 於2018年內，概無其他股東大會舉行。
- (c) 董事會及董事委員會的成員變更載於第15頁「董事會及董事委員會組成變更」一節。

BOARD (Continued)

BOARD AND GENERAL MEETINGS (Continued)

The Company gives proper notices of Board meetings to the directors and the procedure of Board meetings is in compliance with the Articles and the relevant rules and regulations. The agenda and the relevant documents will be provided to all directors in a timely manner. The chairman will give a proper briefing to all directors on items to be put forward at a Board meeting. To ensure compliance with the procedure of Board meetings and all applicable rules and regulations, all directors may gain a full understanding of all relevant data in a timely manner and may receive advice and services from the company secretary. The minutes of Board meetings are kept by the company secretary and are available for inspection by the directors and the auditor of the Company.

TRAINING AND SUPPORT FOR DIRECTORS

The directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. The Company would provide a comprehensive induction package covering the summary of the responsibilities and obligations of a director of a Hong Kong listed company, the Company's constitutional documents and the Guides on Directors' Duties issued by the Hong Kong Companies Registry to each newly appointed director to ensure he/she to have sufficient awareness of good corporate governance practices.

The company secretary reports from time to time the latest changes and development of the Listing Rules, corporate governance practices and other regulatory regime to the directors with written materials, as well as organises seminars on the professional knowledge and latest development of regulatory requirements related to director's duties and responsibilities.

In 2018, the Company invited The Hong Kong Institute of Directors to give a seminar on the topic of "Project Management for Commercial Property" to Board members.

董事會 (續)

董事會會議及股東大會 (續)

本公司向董事發出恰當的董事會會議通告，而董事會會議程序均遵守章程細則及相關規則及規例。議程及相關文件會按時向全體董事發出。主席會就董事會會議上提出的事項向全體董事作適當簡報。為確保符合董事會會議程序及所有適用規則及規例，所有董事均可及時全面地瞭解所有相關數據，並可獲公司秘書提供意見及服務。董事會會議記錄由公司秘書保存，可供本公司董事及核數師查閱。

董事培訓及支援

本公司鼓勵董事參與持續專業發展，發展並更新彼等之知識及技能。本公司向每名新委任的董事提供全面的就任資料文件，涵蓋香港上市公司董事之職責及義務概要、本公司之組織章程文件以及香港公司註冊處發出的董事責任指引，確保有關董事充分知悉最佳企業管治常規。

公司秘書不時向董事匯報上市規則、企業管治常規以及其他監管制度之最新變動及發展並提供相關書面資料，亦安排講座講解有關董事職務及職責之專業知識及監管規定的最新發展。

於2018年，本公司特別邀請香港董事學會為董事會成員舉辦研討會，主題為「商業地產項目管理」。

CORPORATE GOVERNANCE REPORT

企業管治報告

BOARD (Continued)

TRAINING AND SUPPORT FOR DIRECTORS (Continued)

Apart from the above training offered by the Company, based on the training records provided to the Company by the directors, the directors also participated in the following trainings during 2018:

董事會 (續)

董事培訓及支援 (續)

除了上述由本公司提供的培訓外，根據董事向本公司提供的培訓記錄，於2018年，董事亦有參與以下培訓：

Directors	董事	Type of trainings 培訓類型
Executive directors		
Wong Luen Hei	黃聯禧	A,C
Zuo Manlun	左滿倫	A,C
Zuo Xiaoping	左笑萍	A,C
Lai Zhiqiang	賴志強	A,C
Kong Zhaocong	孔兆聰	A,C
Chen Guonan	陳國南	A,C
Lin Shaoquan	林少全	A,C
Huang Guirong	黃貴榮	A,C
Luo Jianfeng	羅建峰	A,C
Lin Dewei	林德緯	A,C
Independent non-executive directors		
Wong Kwok Ho Jonathan	王國豪	A,C
Cheung Man Yu	張文宇	A,C
Lan Fang	蘭芳	A,B,C
Tao Zhigang	陶志剛	A,B,C
Cheng Dickson ^(a)	鄭迪舜 ^(a)	A,C
Fung Pui Cheung ^(b)	馮培漳 ^(b)	A,C

Note:

- A: attending seminars and/or conferences and/or forums
- B: delivering talks at seminars and/or conferences and/or forums
- C: reading information, newspapers, journals and materials relating to the responsibilities of directors, economy, fiscal, financial, investments and business of the Company
- (a) Director who was appointed with effect from 11 July 2018.
- (b) Director who resigned with effect from 11 July 2018.

附註：

- A：出席研討會及／或會議及／或論壇
- B：於研討會及／或會議及／或論壇發言
- C：閱讀有關董事職責、經濟、金融、財經、投資及與本公司業務的資訊、報章、刊物及資料
- (a) 自2018年7月11日起獲委任為董事。
- (b) 自2018年7月11日起辭任董事。

BOARD (Continued)

COMPANY SECRETARY

The company secretary reports to the Board so as to ensure compliance with the procedures of the Board meeting and ensure the Board is fully briefed on all legislations, regulations and corporate governance development and has considered their opinions when making a decision. The company secretary is also directly responsible for the Group's compliance with its continuing obligations under the Listing Rules, Hong Kong Codes on Takeovers and Mergers and Share Buy-backs, Companies Ordinance, SFO and other applicable laws, rules and regulations.

During the year ended 31 December 2018, the company secretary has received no less than 15 hours of relevant professional training to refresh his knowledge and skills.

INDEMNIFICATION OF DIRECTORS AND OFFICERS

The directors and officers are indemnified under a directors' and officers' liability insurance against any liability incurred by them in the discharge of their duties while holding office as the directors and officers of the Company. The directors and officers shall not be indemnified where there is any fraud, breach of duty or breach of trust proven against them.

In accordance with the Articles, subject to the Cayman Island Companies Law (2013 Revision, as amended from time to time), every director, auditor or other officer of the Company shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities incurred or sustained by him as a director, auditor or other officer of the Company in defending any proceedings, whether civil or criminal, in which judgment is given in his favour, or in which he is acquitted.

董事會 (續)

公司秘書

公司秘書乃向董事會匯報，以確保已遵從董事會會議程序，並確保董事會已就全部法例、規例和企業管治發展獲得全面簡報，且董事會作出決定時已考慮彼等之意見。公司秘書亦直接負責本集團遵守上市規則、香港公司收購、合併及股份回購守則、公司條例、證券及期貨條例以及其他適用法律、規則及規例下之持續責任。

於截至2018年12月31日止年度，公司秘書已接受不少於15小時的相關專業培訓，以更新其知識及技能。

董事及行政人員的彌償

根據一項董事及行政人員責任保險，董事及行政人員就其擔任本公司董事及行政人員履行職責時招致的任何法律責任，均可獲彌償。如證明董事及行政人員有任何欺詐、違反責任或違反信託的行為，彼等則不獲彌償。

根據章程細則，在開曼群島公司法(2013年修訂本，經不時之修訂)條文規限下，本公司每位董事、核數師或其他行政人員有權從本公司資產獲得彌償，以補償在任何法律程序抗辯中作為本公司董事、核數師或其他行政人員所招致或蒙受的一切損失或債項，不管是民事還是刑事法律程序，惟其須獲判勝訴或無罪。

BOARD COMMITTEES

The Board has delegated various responsibilities to certain committees under its supervision, including the Company's audit committee ("Audit Committee"), remuneration committee ("Remuneration Committee") and nomination committee ("Nomination Committee") (collectively known as "Board Committees"). Board Committees can engage intermediaries to provide professional opinions and the reasonable expenses incurred as a result are borne by the Company.

AUDIT COMMITTEE

The Audit Committee comprises four members, namely Dr. Tao Zhigang (chairman of the Audit Committee), Mr. Wong Kwok Ho Jonathan, Mr. Cheung Man Yu and Mr. Cheng Dickson (all are independent non-executive directors). The major responsibility of the Audit Committee is to conduct independent and objective audit of the truth and accuracy of the Group's economic operation and financial activities, financial policies, financial procedures, risk management, internal control, external audit, internal audit, financial information reporting and financial data and assist the Board in discharging its relevant duties.

The Audit Committee shall convene at least two meetings each year. In 2018, the Audit Committee convened two meetings. The attendance record of the meetings is set out on a named basis on page 18.

The following is a summary of work performed by the Audit Committee during 2018:

- review of the annual report and the annual results announcement for the year ended 31 December 2017, with a recommendation to the Board for approval;
- review of Ernst & Young's confirmation of independence and its report for the Audit Committee for the year ended 31 December 2017, with a recommendation to the Board for the re-appointment of Ernst & Young at the 2018 AGM;
- review of continuing connected transactions;
- review of the Group internal audit reports;

董事委員會

董事會已將各種職責分派予董事會屬下若干委員會，包括本公司之審核委員會（「審核委員會」）、薪酬委員會（「薪酬委員會」）以及提名委員會（「提名委員會」）（統稱為「董事委員會」）。董事委員會可以聘請中介機構提供專業意見，所產生的合理費用由本公司承擔。

審核委員會

審核委員會由四名成員組成，即獨立非執行董事陶志剛博士（審核委員會主席）、王國豪先生、張文宇先生及鄭迪舜先生。審核委員會的主要職責是就本集團的經濟運行和財務活動、財務政策、財務程序、風險管理、內部控制、外部審計、內部審計、財務信息報告和財務數據的真實準確性進行獨立及客觀的審核，協助董事會履行其相關職責。

審核委員會須每年至少召開會議兩次。於2018年，審核委員會召開了兩次會議。該等會議之出席記錄（以列名形式）載列於第18頁。

以下為審核委員會於2018年內的工作概要：

- 審閱截至2017年12月31日止年度的年報及年度業績公告，並建議董事會通過；
- 審閱安永會計師事務所的獨立性確認文件及其致審核委員會截至2017年12月31日止年度的報告，並向董事會建議於2018年股東週年大會上重新委任安永會計師事務所；
- 審閱持續關連交易；
- 審閱本集團內部審計報告；

BOARD COMMITTEES (Continued)

AUDIT COMMITTEE (Continued)

- review of the interim report and the interim results announcement for the six months ended 30 June 2018, with a recommendation to the Board for approval;
- review and approval of Ernst & Young's report for the Audit Committee for the six months ended 30 June 2018;
- consideration and approval of audit and non-audit services;
- review of the corporate governance report for the year ended 31 December 2017 and the corporate governance disclosures for the six months ended 30 June 2018, with recommendations to the Board for approval;
- review of the corporate social responsibility report for the year ended 31 December 2017 with a recommendation to the Board for approval; and
- review of the annual report on effectiveness of risk management, internal control system and internal audit function under the Code, with a recommendation to the Board for approval.

Subsequent to the year end, the Audit Committee reviewed the annual report and annual results announcement for the year ended 31 December 2018 with a recommendation to the Board for approval.

EXTERNAL AUDITORS

For the year ended 31 December 2018, the service fees paid or payable by the Group to the external auditors are set out as follows:

		RMB million 人民幣百萬元
Annual audit services	年度審計服務	7.25
Non-audit services	非審計服務	
– Interim results review	– 中期業績審閱	1.60
– Others [#]	– 其他 [#]	3.92
Total	總計	12.77

[#] "Others" were mainly for providing advice on matters in relation to taxation. The provision of these services by external auditors were cost effective and efficient due to their professional knowledge.

董事委員會 (續)

審核委員會 (續)

- 審閱截至2018年6月30日止六個月的中期報告及中期業績公告，並建議董事會通過；
- 審閱及通過安永會計師事務所致審核委員會截至2018年6月30日止六個月的報告；
- 考慮並通過審計及非審計服務；
- 審閱截至2017年12月31日止年度的企業管治報告及截至2018年6月30日止六個月的企業管治披露，並建議董事會通過；
- 審閱截至2017年12月31日止年度的企業社會責任報告，並建議董事會通過；及
- 根據守則審閱年度風險管理、內部控制系統及內部審核功能成效報告，並建議董事會通過。

於年度結束後，審核委員會審閱截至2018年12月31日止年度的年報及年度業績公告，並建議董事會通過。

外聘核數師

截至2018年12月31日止年度，本集團向外聘核數師已支付或應付之服務費用載列如下：

[#] 「其他」主要就是有關稅務的事宜提供意見。基於外聘核數師的專業知識，由其提供該等服務具成本效益及效率。

BOARD COMMITTEES (Continued)

REMUNERATION COMMITTEE

The Remuneration Committee comprises five members, namely Dr. Tao Zhigang (chairman of the Remuneration Committee and independent non-executive director), Mr. Wong Luen Hei (executive director), Mr. Zuo Manlun (executive director), Mr. Wong Kwok Ho Jonathan and Mr. Cheung Man Yu (both of them are independent non-executive directors).

The Remuneration Committee is mainly responsible for studying and formulating the Company's remuneration policy and incentive mechanism and is responsible for formulating the standards for the appraisal of the Company's directors and senior management and conducting appraisals.

The Remuneration Committee has the delegated responsibility to determine the specific remuneration packages of all directors and senior management. In order to determine the level of remuneration and fees paid to members of the Board, market rates and factors such as each director's workload, responsibility and job complexity are taken into account. The following factors are considered when determining the remuneration packages of directors and senior management:

- business requirements;
- individual performance and contribution to results;
- company performance and profitability;
- retention considerations and the potential of individuals;
- changes in relevant markets, including supply and demand fluctuations and changes in competitive conditions; and
- general economic situation.

During the review process, no individual director is involved in decisions relating to his/her own remuneration.

董事委員會 (續)

薪酬委員會

薪酬委員會由五名成員組成，即獨立非執行董事陶志剛博士（薪酬委員會主席）、執行董事黃聯禧先生、執行董事左滿倫先生、獨立非執行董事王國豪先生及張文宇先生。

薪酬委員會主要負責研究與制訂本公司的薪酬政策和激勵機制，以及負責制訂本公司董事與高級管理人員的考核標準並進行考核。

薪酬委員會的受委派職責為釐定全體董事及高級管理人員的具體薪酬待遇。釐定董事會成員的薪酬及袍金水平時，本公司會將市場水平及每位董事的工作量、職責及工作複雜程度等因素一併考慮。釐定董事及高級管理人員薪酬時乃考慮下列因素：

- 業務需要；
- 個人表現及對業績的貢獻；
- 公司業績與盈利；
- 留任因素與個人潛能；
- 有關市場上供求波動及競爭環境轉變等變動；及
- 整體經濟環境。

董事概不會在檢討過程中參與釐定其本身的酬金。

BOARD COMMITTEES (Continued)

REMUNERATION COMMITTEE (Continued)

The Remuneration Committee shall convene at least one meeting each year. In 2018, the Remuneration Committee convened two meetings, assessed the performance of the Company's directors and senior management, reviewed terms of their service contracts, and made recommendation of the remuneration packages for directors and senior management to the Board. The attendance record of the meeting is set out on a named basis on page 18.

Details of directors' remuneration and five highest paid employees are set out in note 8 to the consolidated financial statements. In addition, the remuneration of the two senior management fell within the band of less than RMB1 million.

NOMINATION COMMITTEE

The Nomination Committee comprises five members, namely Mr. Wong Luen Hei (chairman of the Nomination Committee and executive director), Mr. Zuo Manlun (executive director), Mr. Wong Kwok Ho Jonathan, Ms. Lan Fang and Dr. Tao Zhigang (all of them are independent non-executive directors). The major duty of the Nomination Committee is to study and make recommendations on the candidates, selection criteria and procedure in respect of the Company's directors and senior management.

The Company follows a formal, fair and transparent procedure for the appointment of new directors to the Board. The Nomination Committee reviews the structure, size and composition of the Board, identifies suitable candidates if necessary and makes recommendations to the Board. The director nomination policy sets out the approach and procedures the Board adopts for the nomination and selection of directors of the Company including the appointment of additional directors, replacement of directors, and re-election of directors. Below are details of the selection criteria and nomination process and procedures as set out in the director nomination policy.

董事委員會 (續)

薪酬委員會 (續)

薪酬委員會須每年至少召開會議一次。於2018年，薪酬委員會召開了兩次會議、評估本公司董事及高級管理人員的表現、審閱彼等服務合約年期，並向董事會就董事及高級管理人員的薪酬方案提出推薦建議。該等會議之出席記錄(以列名形式)載列於第18頁。

有關董事薪酬及五名最高薪酬僱員的詳情載於綜合財務報表附註8。此外，兩名高級管理人員之酬金範圍為少於人民幣100萬元。

提名委員會

提名委員會由五名成員組成，即執行董事黃聯禧先生(提名委員會主席)、執行董事左滿倫先生、獨立非執行董事王國豪先生、蘭芳女士及陶志剛博士。提名委員會的主要職責是就本公司董事及高級管理人員的建議人選、選擇標準及程序進行研究並提出推薦建議。

本公司遵循一套正式、公平及透明的程序委任新董事加入董事會。提名委員會審閱董事會的架構、規模及組成，物色適合的人選(如有需要)，並向董事會提出推薦建議。董事提名政策列載董事會所採納以提名及甄選本公司董事(包括委任額外董事、替補董事及重選董事)的方法及程序。以下為董事提名政策所載甄選準則以及提名過程及程序的詳情。

BOARD COMMITTEES (Continued)

NOMINATION COMMITTEE (Continued)

In the determination of the suitability of a candidate, the Nomination Committee shall consider the potential contribution such candidate can bring to the Board in terms of his or her qualifications, skills, experience, independence, age, culture, ethnicity and gender diversity etc. The Nomination Committee shall consider the following selection criteria and such other factors that it may consider appropriate for a position on the Board, including but not limited to: (a) attributes complementary to the Board, (b) business experience, board expertise and skills, (c) availability, (d) motivation, (e) integrity, (f) independence and (g) diversity (in all aspects).

For the appointment of new and replacement directors, if the Board determines that an additional or replacement director is required, it will deploy multiple channels for identifying suitable director candidates, including referral from directors, shareholders, management, advisors of the Company and executive search firms. Upon compilation and interview of the list of potential candidates, the Nomination Committee will make recommendation to the Board based on the selection criteria and such other factors that it considers appropriate. The Board has the final authority on determining suitable director candidate for appointment.

For the re-election of directors, where a retiring director, being eligible, offers himself for re-election, the Board shall consider and, if consider appropriate, recommend such retiring director to stand for re-election at a general meeting. A circular containing the requisite information on such retiring director will be sent to shareholders prior to a general meeting in accordance with the Listing Rules.

For directors nominated by shareholders, such nominating shareholder must follow the "Procedures for shareholder(s) of the Company proposing a person for election as a director" which is available on the Company's website.

In any event, the Board shall ensure that the nomination, re-election and/or appointment of the directors shall be conducted in compliance with the Listing Rules, the memorandum and articles of association of the Company and all other applicable laws, rules and regulations.

For further details, please refer to the nomination policy that is available on the Company's website.

董事委員會 (續)

提名委員會 (續)

在決定候選人是否適合時，提名委員會須考慮候選人在資歷、技能、經驗、獨立性、年齡、文化、種族及性別多元化等方面可為董事會帶來的潛在貢獻。提名委員會須考慮下述甄選準則及其可能認為適合董事會職位的其他因素，包括(但不限於)：(a)能配合董事會的特點、(b)業務經驗、董事會專業知識及技能、(c)時間、(d)主動性、(e)誠信、(f)獨立性及(g)多元化(全方位)。

就委任新任及替補董事而言，如董事會決定需要委任額外或替補董事，其將循多個渠道物色適合的董事候選人，包括本公司董事、股東、管理層、顧問及獵頭公司的推薦。在編撰準候選人名單及進行面談後，提名委員會將根據甄選準則及其認為適合的其他因素向董事會提出推薦建議。董事會擁有決定適合董事候選人以作出委任的最終權力。

就重選董事而言，如退任董事符合資格並願膺選連任，董事會應考慮並(如認為適當)建議該名退任董事在股東大會上重選連任。載有該名退任董事必需資料的通函將根據上市規則於股東大會舉行前寄發予股東。

就獲股東提名的董事而言，該獲提名董事必須遵照已於本公司網站刊載的「本公司股東提名人選參選董事的程序」。

在任何情況下，董事會應確保提名、重選及／或委任董事乃遵照上市規則、本公司組織章程大綱及章程細則以及所有其他適用法例、規則及規例進行。

更多詳情請參閱本公司網站所刊載的提名政策。

BOARD COMMITTEES (Continued)

NOMINATION COMMITTEE (Continued)

The Nomination Committee shall convene at least one meeting each year. In 2018, the Nomination Committee convened two meetings. The Nomination Committee reviewed the structure, size and composition of the Board, recommended the Board on the list of retiring directors for re-election at the AGM on 25 May 2018, and reviewed the independence of all independent non-executive directors. The Nomination Committee recommended the Board on re-designating Mr. Lin Dewei as an executive director and appointing Mr. Cheng Dickson as an independent non-executive director in accordance with the director nomination policy and Board diversity policy of the Company. The attendance record of the meeting is set out on a named basis on page 18.

BOARD DIVERSITY POLICY

The Board has adopted a Board diversity policy which sets out the approach to achieve diversity on the Board. The Board diversity policy is available on the website of the Company.

The Company recognises that increasing diversity at the Board level will support the attainment of the Company's strategic objectives and sustainable development. The Company seeks to achieve Board diversity through the consideration of a number of factors, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and other qualities. The Company will also take into consideration its own business model and specific needs from time to time in determining the optimal composition of the Board. The Nomination Committee will review the Board diversity policy, as appropriate, to ensure its continued effectiveness from time to time.

As at the date of this report, the Board comprises 15 directors. Two of them are females. One third of the Board members are independent non-executive directors, thereby promoting critical review and control of the management process. The composition of the Board reflects the necessary balance of skills, professional experience and knowledge for effective leadership of the Company.

董事委員會 (續)

提名委員會 (續)

提名委員會須每年至少召開會議一次。於2018年，提名委員會召開了兩次會議。提名委員會檢討董事會的架構、規模及組成，就2018年5月25日之股東週年大會上膺選連任的退任董事名單向董事會提出推薦建議，並審閱全體獨立非執行董事的獨立性。根據本公司董事提名政策及董事會成員多元化政策，提名委員會建議董事會調任林德緯先生為執行董事及委任鄭迪舜先生為獨立非執行董事。該等會議之出席記錄(以列名形式)載列於第18頁。

董事會成員多元化政策

董事會採納董事會成員多元化政策，該政策載列達致董事會成員多元化的方法。董事會成員多元化政策可於本公司網站查閱。

本公司知悉董事會層面日益多元化將為達成本公司策略目標及可持續發展提供支持。本公司藉考慮多項因素，包括但不限於性別、年齡、文化及教育背景、種族、專業經驗、技能、知識及其他資格，務求達致董事會成員多元化。本公司決定董事會最佳成員組合時，亦將不時考慮其本身業務模式及具體需要。提名委員會將(視適用情況而定)審閱董事會成員多元化政策，確保其不時持續有效。

於本報告日期，董事會包括15名董事。其中兩名為女性。董事會成員其中三分之一為獨立非執行董事，藉以作出批判檢討及監控管理過程。董事會的組成反映本公司在達致有效領導所需的技能、專業經驗及知識方面取得必要平衡。

RISK MANAGEMENT AND INTERNAL CONTROL

The Board is solely responsible for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Group's strategic objectives, and ensuring the Group has established and maintained appropriate and effective risk management and internal control system. The Board is also responsible for monitoring the design, implementation and review on the risk management and internal control system as carried out by management, while management has the responsibility to provide confirmation on the effectiveness of such system. To this end, management continues to allocate resources for a risk management and internal control system compatible with the COSO (Committee of Sponsoring Organizations of the Treadway Commission) standards to provide reasonable, though not absolute, assurance against material misstatement or loss and to manage rather than eliminate the risk of failure in the operating system of the Group and in achieving business objectives of the Group.

The Board, through the Audit Committee, has continuously monitored and annually reviewed the effectiveness of the Group's risk management and internal control system, and the Board is of the view that the existing risk management and internal control system is sufficient, effective and adequate. The review covered all material aspects with regard to control, including financial control, operational control and compliance control. The internal audit reports submitted to the Audit Committee by the Group also cover aspects of risk management and internal control. The Board is not aware of any significant areas of concern which may affect the Shareholders, and believes that the Group has fully complied with the code provisions on internal controls, including compliance with legal and regulatory requirements, as set forth in the Code. The Board, through the appraisal performed by the Audit Committee, reviewed, ensured and confirmed the adequacy of resources, staff qualifications and experience, training programs received by the staff and budget of the Group's accounting, internal audit and financial reporting function at the Board meeting. In light of the Group's nature of business and the recommendations on the Board's role in risk management, the Group has developed risk management system and policies, and established a risk management project team, which is responsible for the Group's risk management, to communicate and assess the Group's risk profile and material risks, and track the progress of mitigation plans and activities of material risks and report on detailed examinations of specific risks as required.

風險管理及內部控制

董事會全權負責評估及釐定本集團為達成戰略目標所願承擔的風險性質及程度，並確保本集團設立及維持合適及有效的風險管理及內部控制系統。董事會亦有責任監督管理層對風險管理及內部控制系統的設計、實施及監察，而管理層有責任向董事會提供有關系統是否有效的確認。為達到這個目的，管理層參照COSO (Committee of Sponsoring Organizations of the Treadway Commission) 標準，持續分配資源予風險管理及內部控制系統，合理（但並非絕對）地保證不會出現嚴重的誤報或損失，並管理（但並非完全消除）本集團運營系統失誤及未能達到業務目標的風險。

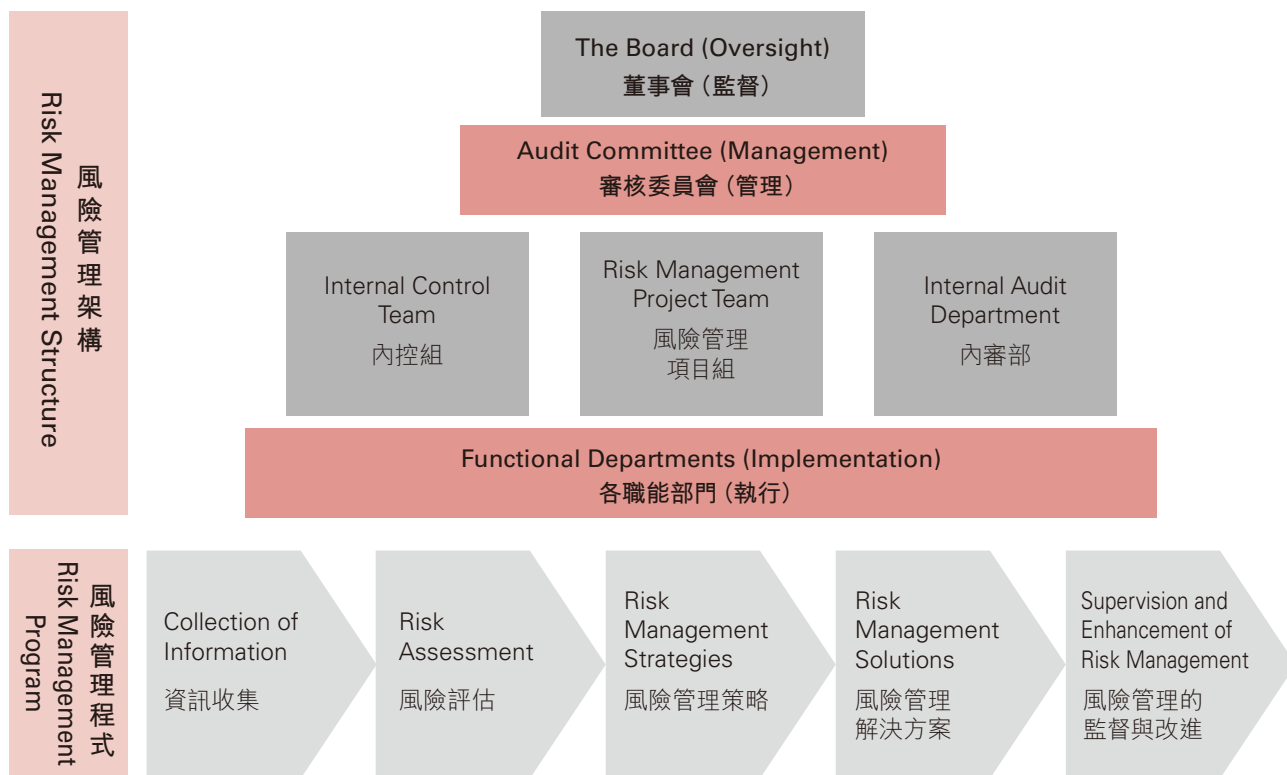
董事會已透過審核委員會就本集團的風險管理及內部控制系統是否充分、有效及足夠進行持續監督及年度檢討，且董事會認為現有的風險管理及內部控制系統足夠而有效。有關檢討涵蓋所有重要的控制方面，包括財務控制、運作控制及合規控制。本集團向審核委員會提交審閱的內部審計報告中亦涵蓋風險管理及內部控制部分。董事會並未察覺任何可能影響股東而須予關注的重要事項，並相信本集團的內部控制完全符合守則中各項有關內部控制的守則條文，包括符合法律和規例上的要求。董事會籍著審核委員會所作之評估，已於董事會會議上檢討、確保及確認本集團在會計、內部審計及財務彙報職能方面的資源、員工資歷及經驗，以及員工所接受的培訓課程及有關預算是否足夠。基於本集團的業務性質及董事會在風險管理上扮演的角色所提出的建議，本集團制訂了風險管理制度和政策，並已建立風險管理項目組，專責本集團的風險管理事務，就本集團的風險狀況和重大風險進行溝通及評估，跟蹤推行重大風險紓緩計劃及措施的進度，並按需要彙報特定風險的詳細檢查結果。

RISK MANAGEMENT ORGANISATION SYSTEM

風險管理組織體系

The Group has established a comprehensive organisation structure to manage the risks encountered by the Group. The risk management structure of China Lesso comprised of two key factors: risk management structure and risk management program.

本集團已建立一套完善的組織架構，對本集團所面對的風險進行管理。中國聯塑的風險管理架構包括兩個關鍵因素：風險管理架構和風險管理程式。



RISK MANAGEMENT ORGANISATION SYSTEM

(Continued)

(A) RISK MANAGEMENT STRUCTURE

Regulatory Organisation

The Board is responsible for the effectiveness of the overall risk management

- determine the overall objective, risk appetites and risk tolerance for corporate risk management, and approve risk management strategies, major risk mitigation solutions and risk management measures;
- comprehend and manage each major risk faced by the enterprise and its existing management situations, and make effective risks management decisions; approve the decision-making standards and mechanisms regarding major operating decisions, major risks, major events and major business processes;
- approve risk management report related to major decisions; and
- approve the annual comprehensive risk management report.

Risk Management Organisation

The Audit Committee, the highest risk management organisation in the Company which is accountable to the Board

- review the establishment and planning of the comprehensive risk management system;
- review the proposal on the structure of the risk management organisations and their responsibilities;
- review the annual comprehensive risk management report and submit to the Board;
- review risk management strategies, major risk management solutions and risk management measures; and
- review the annual risk management work plan.

風險管理組織體系(續)

(A) 風險管理架構

監督機構

董事會就全面風險管理工作的有效性負責

- 確定企業風險管理總體目標、風險偏好、風險容忍度，批准風險管理策略和重大風險紓緩方案以及風險管理措施；
- 瞭解和掌握企業面臨的各項重大風險及其風險管理現狀，做出有效控制風險的決策；批准重大經營決策、重大風險、重大事件和重要業務流程的判斷標準或判斷機制；
- 批准重大決策事項的風險管理報告；及
- 批准年度全面風險管理報告。

風險管理機構

審核委員會，為本公司最高層級的風險管理機構，對董事會負責

- 審議全面風險管理體系的建設規劃；
- 審議風險管理組織機構設置及其職責方案；
- 審議並向董事會提交年度全面風險管理報告；
- 審議風險管理策略和重大風險管理解決方案以及風險管理措施；及
- 審議年度風險管理工作計劃。

RISK MANAGEMENT ORGANISATION SYSTEM (Continued)

(A) RISK MANAGEMENT STRUCTURE (Continued)

Leading Risk Management Organisation

Risk management project team, the leading risk management organisation

- responsible for the establishment and amendment of the Company's risk management policies and mechanisms;
- formulate and submit annual risk management work plan to the Board and the Audit Committee for their review;
- regularly collect first-hand information regarding risk management, carry out risk assessment and discuss major risks as faced by the Company; and
- assess the soundness, reasonability and the effectiveness in implementing the risk management system, and review the annual comprehensive risk management report, risk management strategies and day-to-day risk management solutions.

Risk Implementation Organisation

Each functional department of the Company shall accept the coordination and monitoring carried out by the risk management project team

- implement the basic process in risk management;
- consider and propose decision-making standards or mechanisms regarding major operating decisions, major risks, major events and major business processes of the functional department;
- analyse and propose risk assessment report of the functional department;
- properly carry out risk management work of the functional department; and
- establish a comprehensive risk management process of the functional department.

風險管理組織體系(續)

(A) 風險管理架構(續)

風險管理主導機構

風險管理項目組，風險管理主導機構

- 負責建立和修訂本公司風險管理政策及機制；
- 擬定年度風險管理工作計劃，提交董事會及審核委員會審議；
- 定期收集風險管理第一手資訊，進行風險評估及討論本公司面臨的重大風險；及
- 評估風險管理系統的健全性、合理性和執行的有效性，審議年度全面風險管理報告、風險管理方案和日常風險管理解決方案。

風險執行機構

本公司各個職能部門應接受風險管理項目組的協調及監督

- 執行風險管理基本流程；
- 研究提出本職能部門重大經營決策、重大風險、重大事件和重要業務流程的判斷標準或判斷機制；
- 研究提出本職能部門的風險評估報告；
- 做好職能部門的風險管理工作；及
- 建立職能部門的健全風險管理流程。

RISK MANAGEMENT ORGANISATION SYSTEM (Continued)

(A) RISK MANAGEMENT STRUCTURE (Continued)

Risk Supporting Organisation

Internal control team

- assist the Group's risk management work, and formulate internal control plan in accordance with the result of risk assessment;
- centrally organise or, together with related functional departments, design, amend or improve internal control documents in accordance with risk management solutions;
- assist the risk management project team to inspect, examine, evaluate and improve the implementation of risk management in each functional departments and operating units; and
- assist the timely rectification and improvements to existing deficiencies of each functional department based on the findings in the internal audit report.

Internal audit department

- assist the Group's risk management work, and formulate internal audit plan in accordance with the result of risk assessment;
- carry out measures including walk-through test and analytical review to evaluate the effectiveness in risk management; and
- after carrying out internal audit, deliver the auditing results to internal control team and risk management project team timely.

風險管理組織體系(續)

(A) 風險管理架構(續)

風險支持機構

內控組

- 協助本集團開展風險管理工作，根據風險評估結果擬定內控工作計劃；
- 統一組織或會同有關職能部門根據風險管理解決方案設計、修改或完善內控文檔；
- 協助風險管理項目組對各職能部門和業務單位風險管理工作實施情況進行檢查、檢驗、評價和改進；及
- 根據內部審計報告發現，協助各職能部門對存在的缺陷及時糾正和改進。

內審部

- 協助本集團開展風險管理工作，根據風險評估結果擬定內審工作計劃；
- 進行穿行測試、分析性覆核等方法評估風險管理的有效性；及
- 實施內部審計後，將審計結果及時傳遞至內控組和風險管理項目組。

RISK MANAGEMENT ORGANISATION SYSTEM (Continued)

(B) RISK MANAGEMENT PROGRAM

The Group has established a comprehensive risk management program which is led by the risk management project team and implemented with the assistance of the internal audit department and internal control team. The risk management program is as follows:

- (a) to collect first-hand information for risk management;
- (b) to analyse and assess risks;
- (c) to propose risk management strategies and form risk management solutions; and
- (d) to supervise the implementation of risk management works performed by each business units and verify the overall score.

Key Corporate Risk Management Program



風險管理組織體系 (續)

(B) 風險管理程式

本集團已建立一套完善的風險管理程式，該程式由風險管理項目組牽頭，內審部和內控組協助執行。風險管理程式如下：

- (a) 風險管理第一手資訊收集；
- (b) 風險分析和評估；
- (c) 提出風險應對策略，並形成風險管理解決方案；及
- (d) 對各業務單位風險管理工作實施情況進行監督及核對總和評價。

主要企業風險管理程式

SUPERVISION AND ENHANCEMENT OF RISK MANAGEMENT

The Group has set up basic procedures that cover the whole process of risk management, connecting the channels of communication of risk management information along the reporting lines and among various departments and business units to ensure the timely, accurate and complete communication of information and this has laid the foundation for the supervision and enhancement of risk management.

The senior management of the Group, focusing on material risks, material matters and material decisions, important management matters and the business flow, supervises the work relating to the first-hand information collection for risk management, risk assessment, risk management strategies, critical control activities and the implementation of risk management solutions. The risk management project team carries out an annual review and examination on the implementation of the works on risk management by different departments and business units and its effectiveness for the year, assesses risk management strategies and evaluates inter-departmental risk management solutions and business units' risk management solutions, proposes suggestions for adjustments and improvements and issues evaluation and recommendation reports which will be sent to the relevant senior management in a timely manner.

MATERIAL RISKS THE GROUP MAY FACE

In 2018, during the course of business planning, we identified the material risks that the Group may face which include macro-economic risks, risks of inappropriate strategies for market competition, risks of the fluctuation of raw materials price, risks of adjustments of policies in relation to the environmental protection, economy and industry.

The potential risks of macro-economic risks arise from the effects of macro-economy's volatility and the pressure of inflation. The Group's corresponding measures on risk management include reviewing the management strategies and mechanism for macro-economic risks; reviewing the relevant mechanism on the collection of intelligence about the changes in the external macro-economic environment; clearly defining the macro-economic risk analysis session; analysing, reviewing, adjusting and improving the strategies for managing macro-economic risks in future.

風險管理的監督與改進

本集團已建立貫穿於整個風險管理基本流程，連接各上下級、各部門和業務單位的風險管理資訊溝通管道，確保資訊溝通的及時、準確和完整，為風險管理監督與改進奠定基礎。

本集團的高級管理層以重大風險、重大事件和重大決策、重要管理及業務流程為重點，對風險管理第一手資訊收集、風險評估、風險管理策略、關鍵控制活動及風險管理解決方案的實施情況進行監督。風險管理項目組每年組織對各部門和業務單位風險管理工作實施情況和有效性進行一次年度檢查和檢驗，對風險管理策略進行評估，對跨部門和業務單位的風險管理解決方案進行評價，提出調整或改進建議，出具評價和建議報告，及時報送相關高級管理層。

本集團可能面臨的重大風險

2018年，我們在業務規劃過程中識別本集團可能面臨的重大風險包括宏觀經濟風險、市場競爭策略不當風險、原材料價格波動風險、環保政策、經濟政策與行業政策調整風險。

宏觀經濟風險的潛在風險產生自宏觀經濟波動的影響及通貨膨脹的壓力。本集團風險應對措施包括檢討宏觀經濟風險的管理策略和管理機制；檢討收集外部宏觀經濟環境變化資訊相關機制；明確定義宏觀經濟風險分析環節；分析、檢討、調整和改善未來的宏觀經濟風險應對策略。

MATERIAL RISKS THE GROUP MAY FACE (Continued)

The potential risks of inappropriate strategies for market competition arise from the risks involved in the formulation of competition strategies and risks involved in the collection of clients' information. The Group's risk management measures include reviewing the management mechanism for market competition strategies; analysing the Company's position in market competition, reviewing the corresponding market competition strategies; and timely devising and reviewing the management strategies in response to the changes in the market competition environment and submitting report thereon to management; collecting the market competition information of new products and offering suggestions on competition strategies.

The potential risks of the fluctuation of raw materials price arise because the price of key raw materials purchased by the Company is easily affected by the shortfall of refining capabilities, changes in manufacturers' power and labour cost structure, changes in the price of resins made from coal and petrochemicals. The Group's risk management measures include clearly stating the risk management strategies and mechanism for the fluctuation of raw materials price in the relevant systems; collecting information in relation to the fluctuation of raw materials price and releasing such information internally through an established channel; regularly reporting and analysing the fluctuation of raw materials price; clearly defining the analysis session for the increased risks of fluctuation of raw materials price; analysing, reviewing, adjusting and improving the management strategies for the risks of fluctuation of raw materials price.

The potential risks of adjustments of policies in relation to the environmental protection, economy and industry arise from the risks of adjustments of environmental policies; risks of adjustments of urbanisation policies; risks of adjustments of construction projects of significant water works including water saving and water supplies; risks of adjustments of real estate policies. The Group's risk management measures include reviewing the management strategies and mechanism for risks involved in the adjustments of policies in relation to the environmental protection, economy and industry; collecting information in relation to changes in environmental protection, economy and industry policies and releasing such information internally through an established channel; reviewing the mechanism for monitoring and collecting the information on laws and regulations that affect the industry.

本集團可能面臨的重大風險(續)

市場競爭策略不當風險的潛在風險產生自競爭策略制定風險及客戶資訊收集風險。本集團風險應對措施包括檢討市場競爭策略管理機制；分析本公司的市場競爭地位，檢討相應的市場競爭策略；及時制定及檢討市場競爭環境變化的應對策略，彙報至管理層；收集新產品市場競爭資訊，提供競爭策略的建議。

原材料價格波動風險的潛在風險的產生原因為本公司採購的主要原材料價格易受提煉能力短缺、製造商的電力及勞工成本變動、煤炭及石油化工製造的樹脂的價格變動影響。本集團風險應對措施包括在相關制度中明確原材料價格波動風險管理策略和機制；收集原材料價格波動資訊，以固定渠道進行內部發佈；例行通報和分析原材料價格波動情況；明確定義增加原材料價格波動風險分析環節；分析、檢討、調整和改善原材料價格波動風險應對策略。

環保政策、經濟政策與行業政策調整風險的潛在風險的產生原因為環境政策調整風險；城鎮化政策調整風險；節水供水重大水利工程建設項目調整風險；房地產政策調整風險。本集團風險應對措施包括檢討環保政策、經濟政策與行業政策調整風險的管理策略和管理機制；收集環保政策、經濟政策與行業政策變化資訊，以固定渠道進行內部發佈；檢討監管機制和收集影響行業的法律法規的資訊。

MANAGEMENT OF INSIDE INFORMATION

The Group has formulated a set of program of continuing obligations on information management and disclosure to formally regulate the monitoring of inside information that arises during the course of its current business development and has established the practice of delivering such information to shareholders, the media and analysts. When the Group handles the relevant matters, it will comply with “Guidelines on Disclosure of Inside Information” issued by Securities and Futures Commission and the related provisions issued by regulatory organisations and the Group has clearly stated that the unauthorised use of confidential or inside information is prohibited. The Group has a system of answering enquiries about the Group’s matters by external parties, and has appointed and authorised the senior executives of the Group to act as the Company’s spokesperson in response to enquiries on a particular area.

WHISTLEBLOWING POLICY

The Group has formulated a “whistleblowing policy” whereby employees can report any matters to the chairman or the Audit Committee secretly by sending electronic mails to the designated address or by phone without fear of being accused. Such matters may include misconduct, irregular conduct or fraud regarding financial matters and accounting practices. Any Shareholder or stakeholder can also report similar concerns in writing or verbally in confidence to the Audit Committee.

DIVIDENDS POLICY

The declaration, payment and amount of dividends will be subject to the Company’s discretion. Dividends may be paid only out of its distributable reserves as permitted under the relevant laws. The Company has adopted a general dividend policy since the financial year ended 31 December 2018 of declaring and paying dividends on a semi-annual basis of around 30% of its profit attributable to the owners of the Company. The Board would review the Company’s dividend policy from time to time considering factors including but not limited to debt covenants, capital investment and business plan.

內幕消息管理

本集團制訂了一套持續消息管理和披露責任程式，正式規範現行在業務發展時出現內幕消息的監察，及將有關資料向股東、傳媒及分析員傳達的實務。本集團於處理有關事務時恪守證券及期貨事務監察委員會頒佈的「內幕消息披露指引」，及監管機構頒佈的相關條文，且本集團明確訂明嚴禁未經授權使用機密或內幕資料。本集團就外界對本集團事務作出的查詢設立回應程式，並指定及授權本集團內高級行政人員擔任本公司發言人，回應特定範疇的查詢。

舉報政策

本集團制訂「舉報政策」，據此，僱員可發送電子郵件至指定電郵地址或以電話方式秘密向主席或審核委員會舉報任何事項，而無需擔心被指責。該等事項包括財務事宜及會計實務方面之行為失當、不正當行為或欺詐。任何股東或權益持有人亦可秘密以書面或口頭方式向審核委員會舉報類似事宜。

股息政策

股息之宣派、派付及款額將由本公司酌情決定。股息僅可自有關法例許可下，其可供分派儲備派付。本公司自截至2018年12月31日止財政年度起已採納一般股息政策，以半年基準宣派及派付本公司擁有人應佔溢利約30%之股息。董事會將不時審閱本公司的股息政策，當中考慮的因素包括但不限於債務契諾、資本投資及業務計劃。

THE SHAREHOLDERS' RIGHTS

CONVENING OF EXTRAORDINARY GENERAL MEETINGS AND PUTTING FORWARD PROPOSALS AT SHAREHOLDERS' MEETING

There are no provisions allowing Shareholders to propose new resolutions at the general meetings under the Cayman Islands Companies Law (2013 Revision, as amended from time to time). However, pursuant to the Articles, the Shareholder(s) may request for the convening of extraordinary general meetings following the procedures below:

- Any two or more Shareholder(s) or any one Shareholder which is a recognised clearing house (or its nominee(s)) may request for the convening of extraordinary general meetings by written requisition deposited at the principal office of the Company in Hong Kong or, in the event the Company ceases to have such a principal office, the registered office. The requisition shall specify the object of the meeting and be signed by the requisitionist(s), and such requisitionist(s) must hold as at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company which carries the right of voting at the general meeting of the Company.
- The Board shall proceed to convene the extraordinary general meeting within 21 days from the date of deposit of the requisition.
- If the Board does not within 21 days from the date of deposit of the requisition proceed duly to convene the meeting to be held within a further 21 days, the requisitionist(s) themselves or any of them representing more than one-half of the total voting rights of all of them, may convene the extraordinary general meeting in the same manner, as nearly as possible, as that in which the meeting may be convened by the Board provided that any meeting so convened shall not be held after the expiration of three months from the date of deposit of the requisition. All reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to them by the Company.

股東之權利

召開股東特別大會及於股東大會上提出議案

根據開曼群島公司法(2013年修訂本,經不時之修訂)條文,股東不得在股東大會上提呈新決議案。然而,根據章程細則,股東可通過下列程序請求召開股東特別大會:

- 任何兩名或以上的股東,或任何一名身為認可結算所(或其代名人)的股東可提交書面請求書要求召開股東特別大會,請求書須遞交至本公司的香港主要辦事處,或倘本公司不再設立該主要辦事處,則遞交至註冊辦事處。請求書須註明會議目的,並由請求人簽署,而該一名或多名請求人於遞交請求書當日,須持有有權於本公司股東大會上投票之本公司足繳股本不少於十分之一。
- 請求書遞交日期起21天內,董事會應召開股東特別大會。
- 倘董事會於遞交請求書日期起21天內並無正式召開須於隨後21天內召開之會議,則該一名或多名請求人或當中任何代表其總投票權半數以上之人士可自行召開股東特別大會,會議須以最接近董事會召開該會議的相同方式舉行,惟因此而召開之任何會議不得於遞交請求書日期起計三個月屆滿後舉行。請求人因董事會未能召開會議而招致的所有合理開支將由本公司償付。

THE SHAREHOLDERS' RIGHTS (Continued)

CONVENING OF EXTRAORDINARY GENERAL MEETINGS AND PUTTING FORWARD PROPOSALS AT SHAREHOLDERS' MEETING (Continued)

- An extraordinary general meeting called for the passing of a special resolution shall be called by not less than 21 days' notice in writing and any other extraordinary general meeting shall be called by not less than 14 days' notice in writing. The notice of the meeting shall specify the time, place, and agenda of the meeting, particulars of the resolutions to be considered and in the case of special business, the general nature of that business.
- Detailed procedures for Shareholders to propose a person for election as a director are available on the Company's website.

PROCEDURES FOR DIRECTING THE SHAREHOLDERS' ENQUIRIES TO THE BOARD

The Shareholders may put forward their enquiries about the Company to the Board at the Company's principal place of business in Hong Kong or by email or through the Company's investor relations whose contact details are provided in the "Corporate Information" section of this report. In addition, the Shareholders can contact Computershare Hong Kong Investor Services Limited, the Company's branch share registrar, if they have any enquiries about their shareholdings and entitlements to dividend.

RELATIONSHIP WITH INVESTORS AND THE SHAREHOLDERS

The Company endeavours to maintain a high level of transparency in communication with the Shareholders and investors in general. Communication between the Company and the Shareholders is conducted through various channels, including interim and annual reports, information published on the websites of the Stock Exchange and the Company and general meetings. The Company encourages the Shareholders to attend the Company's general meetings. The Group's financial and other information is also published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.lesso.com).

股東之權利(續)

召開股東特別大會及於股東大會上提出議案(續)

- 為通過特別決議案而召開之股東特別大會應發出不少於21天之書面通知，而召開任何其他股東特別大會應發出不少於14天之書面通知。會議通知須註明開會的時間、地點、議程和在會上審議的決議案的詳情，如將討論特別事項，則須註明該等事項的一般性質。
- 股東提名候選董事的程序詳情已於本公司網站刊載。

向董事會轉達股東查詢的程序

股東可向本公司的香港主要營業地點或透過電子郵件或透過本公司的投資者關係向董事會發出有關本公司的查詢，聯絡詳情載於本報告「公司資料」章節內。此外，股東如有任何有關其股份及股息之查詢，可以聯絡本公司的股份過戶登記分處—香港中央證券登記有限公司。

與投資者及股東的關係

本公司與股東及一般投資者溝通時致力維持高水平的透明度。本公司與股東溝通通過各種渠道展開，包括中期及年度報告、載於聯交所及本公司網站的資料，以及股東大會。本公司鼓勵股東出席本公司股東大會。有關本集團的財務及其他資料亦於聯交所網站(www.hkexnews.hk)及本公司網站(www.lesso.com)內刊載。

RELATIONSHIP WITH INVESTORS AND THE SHAREHOLDERS (Continued)

The Company's senior management endeavours to maintain an open dialogue channel with the investment sector to ensure they have a thorough understanding of the Company and its operations and strategies. The Company has emphasised the importance of the function of investor relations, engaged a dedicated independent third party to maintain investor relations and conduct investor/analyst meetings from time to time and led investors and analysts to visit its plants.

As regards to investor relations, the Group will actively conduct activities related to investor relations in the future to strengthen its corporate responsibility so that global investors can have an adequate knowledge and understanding of the Company's operating strategy, financial performance and development prospects. The Company will actively develop and maintain close relationship with investors, analysts and media to achieve sound investor relations management.

The Company applies the principle of a quiet period in its investor relations communications. During a quiet period, the Company does not comment on market prospects or factors affecting business and performance, or engage in discussion on events or trends related to the reporting period. The Company will not initiate any meeting or conference call with public in which these matters are discussed. A quiet period starts at 60 days or 30 days prior to the disclosure of annual results or interim results respectively, and lasts until the announcement of the annual results or the interim results.

CONSTITUTIONAL DOCUMENTS

During the year ended 31 December 2018, there was no change to the memorandum of association of the Company and Articles. The latest memorandum of association of the Company and Articles are available on the websites of the Company and the Stock Exchange.

與投資者及股東的關係(續)

本公司高級管理層竭力與投資界保持公開的對話渠道，以確保他們對本公司及其業務與戰略有透徹的瞭解。本公司一直強調投資者關係的重要性，聘請專門的獨立第三方維護投資者關係，並且不定時舉行投資者／分析師見面會，帶領投資者和分析師參觀廠房。

未來在投資者關係上，本集團將積極舉辦投資者關係的相關活動，強化企業責任，務求使全球投資者對本公司的經營戰略、財務表現及發展前景具備充分的認識及瞭解。本公司將積極發展及維護與投資者、分析師及媒體之間的緊密關係，做好投資者關係管理。

本公司於其投資者關係溝通上採取緘默期原則。緘默期期間，本公司不會就市場前景或影響業務及表現的因素發表意見，亦不會就與報告期相關的事項或趨勢進行討論。本公司將不會與公眾開展任何討論該等事宜的大會或電話會議。緘默期分別於年度業績或中期業績披露前60天或30天開始，至年度業績或中期業績公告為止。

組織章程文件

於截至2018年12月31日止年度，本公司組織章程大綱及章程細則概無任何變動。本公司最新組織章程大綱及章程細則可於本公司及聯交所網站查閱。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

CORPORATE OVERVIEW

China Lesso is a leading large-scale industrial group which produces building materials and interior decoration products in mainland China. The Group established 23 advanced production bases in 16 regions within China and foreign countries to support a nationwide sales network. The Group strives to refine its strategic planning and sales network, offering a comprehensive range of diverse industrial products and quality sales services.

The Group continued to reinforce its leading position in the Chinese market, especially in Southern China, on the strength of its quality products, advanced technologies in research and development and a wide sales network. In recent years, the Group has been actively developing business in other local markets and overseas markets. While steadily upgrading the core business of plastic piping systems, the Group has also expanded the business of building materials and interior decoration products, including systems of doors and windows, sanitary ware products and integrated kitchens, thereby providing all-in-one solution that includes cost-effective building materials, interior decoration products and services for its customers.

The brand name LESSO of China Lesso represents the key elements of the Group's corporate culture: "Link, Easiness, Safety, Sharing and Openness", and demonstrates its commitment to "Creating a Relaxing Life for Dwellers". Since it was established over 30 years ago, China Lesso has been consistently consolidating its strong brand position and reputation, and has received quality accreditations from many national and professional institutions, including "The Most Trusted Brand by Consumers in 2018", "Influential Brand in China's Interior Decoration Industry", "Annual Innovative Brand in China's Interior Decoration Industry", "Preferred Supplier of Top 500 Chinese Real Estate Development Enterprises in 2018", "China's Top 100 Companies Award", "Award for Benchmark Company in Quality Manufacturing in Foshan", and "Top 10 Companies Award in China's Light Industry and Plastics Industry". The Group's leading brand position reflects its strong capabilities to conduct product research and development and to ensure excellent product quality. This has laid a foundation for the Group's strong business presence in mainland China and overseas markets, and gave the impetus for further expansion of China Lesso's sales network.

概覽

中國聯塑為中國內地領先的大型建材家居產業集團。為配合覆蓋全國的銷售網絡，本集團建立了23個先進的生產基地，分佈於中國16個地區及海外國家。本集團一直致力完善戰略佈局及銷售網絡，並提供種類齊全、多元化的產品及全面優質的銷售服務。

憑藉優質產品、先進的研發技術及廣泛的銷售網絡等優勢，本集團繼續鞏固於中國市場的領導地位，特別是華南地區。近年來，本集團積極拓展華南以外及海外市場的業務。在穩步提升核心塑料管道系統業務的同時，本集團亦進一步擴展包括門窗系統、水暖衛浴及整體廚房等建材家居產品之業務，為客戶提供一站式及高性價比的建材家居產品及服務。

中國聯塑的品牌LESSO寓意著本集團「傳承、輕鬆、安全、分享、開放」的企業文化理念，致力「為居者構築輕鬆生活」。成立三十多年來，中國聯塑一直鞏固其優越的品牌地位及知名度，榮獲多個國家及專業機構的品質認證，包括「2018消費者信得過品牌」、「中國家居行業影響力品牌」、「中國家居行業年度創新品牌」、「2018中國房地產開發企業500強首選供應商」、「中國百強企業獎」、「佛山品質製造標杆企業」、「中國輕工業塑料行業十強企業」等獎項。本集團領先的品牌地位足證其產品研發實力及優秀的產品質量，為本集團建立中國內地及海外市場的基礎，進一步拓展中國聯塑的銷售網絡。

MARKET REVIEW

In 2018, the global economic environment was clouded by a number of uncertainties and underwent changes, such as heightened trade friction between China and the United States as well as turmoil in the European economy as a result of Brexit. Meanwhile, China's economic growth remained stable, and made continued progress due to policies such as supply side structural reform. During the year under review, China enhanced financial deleveraging efforts and adopted stringent macro-control measures on the real estate market, with an aim to continuously cool down the overall real estate market. In addition, with the ongoing process of urbanisation, the Chinese government continued to press on with its policies on energy conservation and environmental protection, and speeded up multiple large-scale municipal projects and urban infrastructure construction. This drove up the demand for the application of pipes and pipe fittings accordingly.

According to the forecast of the "Development Proposal on the PRC's Plastic Industry for the 13th Five-year Plan Period (2016–2020)", China's production volume of plastic pipes during the period of "The 13th Five-year Plan" will maintain at an annual growth rate of approximately 3%. In 2020, it is expected that China's production volume of plastic pipes will reach 16 million tonnes. Moreover, under "The Program for Construction of the National Urban Municipal Infrastructure of the 13th Five-year Plan", targets have been set for the development of national water supply, heating, drainage and waterlogging prevention facilities. Under this program, China plans to add 93,000 kilometres ("km") of new pipelines to the water supply network, add 95,000 km of new pipelines and replace 23,000 km of old pipelines to the drainage network, build 41,000 km of pipelines to the centralised heating network, 137,000 km of gas pipelines, and 112,400 km of urban rainwater pipelines during the period of "The 13th Five-year Plan". These large-scale infrastructure projects will give momentum to urbanisation and regional economic development, and will generate enormous demand for pipes, thus benefitting the industry.

市場概況

2018年，中美貿易摩擦加劇，英國脫歐使歐洲經濟動盪，一系列不穩定因素令全球經濟環境發生變化；與此同時，中國經濟維持穩定增長，受供給側結構性改革等政策支持而持續推進。於回顧年內，中國加強金融去槓桿力度並對房地產市場採取嚴格的宏觀調控措施，使整體房地產市場持續降溫。同時，隨著城鎮化進程的不斷推進，中國政府持續推行能源及環保政策，並積極推動多項大型市政工程及城市基礎建設發展，管道管件應用的需求亦因而有所增長。

根據《中國塑膠行業「十三•五」期間（2016–2020）發展建議》預測，中國於「十三•五」期間塑膠管道生產量將維持在約3%的年增長速度，到2020年，預計中國塑膠管道生產量將達到1,600萬噸。另外，《全國城市市政基礎設施建設「十三•五」規劃》亦提出國家在供水、供熱、排水防澇等基礎設施的發展目標，中國計劃於「十三•五」期間新建供水管網、污水管網各9.3萬公里及9.5萬公里，改造老舊污水管網2.3萬公里，建設集中供熱管網、燃氣管道及城市雨水管道各4.1萬公里、13.7萬公里及11.24萬公里。上述規模宏大的基礎設施工程，將進一步推動城鎮化及區域經濟發展，為管道行業帶來龐大的市場需求。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

MARKET REVIEW (Continued)

The rapid growth of demand for natural gas in China provided a significant growth driver for the pipeline industry. “The Program for Natural Gas Development under the 13th Five-Year Plan” stated that during the period of “The 13th Five-year Plan”, China will build 40,000 km of new main and branch natural gas pipelines, which will result in a total distance of 104,000 km in 2020. As the State Council stated in the “Several Opinions on Promoting the Coordinated and Stable Development of Natural Gas”, natural gas infrastructure construction and connectivity among them shall be enhanced to develop a diversified natural gas supply system. According to the “Clean Winter Heating Plan for Northern China (2017–2021)”, China plans to add eight new main pipes. After the completion of construction and commencement of operation, the supply capacity will increase by approximately 75 billion cubic meters per year, while there are plans for six provinces and cities including Beijing, Tianjin, Hebei, Shandong, Henan and Shanxi to add 4,300 km from 2017 to 2021. In addition, the province of Heilongjiang has engaged in the construction of the natural gas pipeline network where the total investment will reach over RMB13 billion and will cover the natural gas pipeline network of 36 main and branch pipelines with a total distance of 2,800 km. Following the nationwide implementation of clean heating infrastructure construction works, it is expected that a stable growth driver will be provided for the pipeline industry.

市場概況(續)

中國天然氣需求的迅速增長對管道行業提供了極大的增長動力。《天然氣發展「十三·五」規劃》提出，於「十三·五」期間，中國將新建天然氣主幹及配套管道4萬公里，2020年總里程將達到10.4萬公里。國務院在《關於促進天然氣協調穩定發展的若干意見》中提出，要強化天然氣基礎設施建設與互聯互通，構建多元化天然氣供應體系。根據《北方地區冬季清潔取暖規劃(2017–2021年)》，中國計劃新增八條主幹管道，建成並投產後的供應能力每年增加約75億立方米。同時，北京、天津、河北、山東、河南及山西六個省市2017年至2021年規劃將新增4,300公里。此外，黑龍江省已啟動省內天然氣管網建設，總投資達人民幣130多億元，涉及天然氣幹支線管網36條，總里程達2,800公里。隨著全國各地清潔取暖基礎建設工程的實施，預期將為管道行業帶來穩定增長動力。

MARKET REVIEW (Continued)

2018 was a year when China made substantial progress of the “Action Plan for Prevention and Control of Water Pollution”. According to the requirements of the new “Law on Prevention and Control of Water Pollution” and the related planning under the “13th Five-year Plan” of the country, various local governments of China have successively promulgated a series of pollution control policies, which will facilitate sewage control, improve the quality of water environment, enhance the municipal pipeline network and sewage disposal equipment, thus generating enormous market demand for the pipeline industry. In the “Water Pollution Prevention and Control Plan for Major River Basins (2016–2020)”, according to the objective of the “13th Five-year Plan”, the National Development and Reform Commission estimated investments in water pollution prevention and control projects in major river basins totalled around RMB700 billion. In particular, the investment in municipal sewage disposal and ancillary facilities development projects was estimated to be RMB316.1 billion. Meanwhile, various local governments in China have successively engaged in the pipeline network reformation plan. For instance, in the “Three-Year Action and Implementation Plan for the Reformation of the Aged Municipal Pipeline Network of Cities in Hebei Province (2018–2020)”, it is expected that an investment of approximately RMB11.55 billion will be used to improve the water supply, heat supply, gas and combined drainage pipeline network. Also, in the “Action Plan for Safety Operation Enhancement of Municipal Pipeline Network in Jilin Province”, a full coverage of the underground pipeline network is targeted and it is expected that a sizable amount of market demand will be unleashed.

市場概況 (續)

2018年為中國「水污染防治行動計劃」全面推進的一年，根據新的《水污染防治法》和國家「十三•五」相關規劃的要求，中國各地政府相繼出台了一系列的治污政策，加快發展污水治理，提升水環境品質，推動市政管網、污水處理等設備，為管道行業帶來巨大的市場需求。國家發改委在《重點流域水污染防治規劃(2016–2020年)》中，根據「十三•五」規劃目標對重點流域水污染防治項目投資進行了匡算，共計約人民幣7,000億元，其中，城鎮污水處理及配套設施建設項目匡算投資人民幣3,161億元。同時，中國多地政府相繼啟動管網改造計劃，例如《河北省城市市政老舊管網改造三年行動實施方案(2018–2020年)》，預期投資約人民幣115.5億元改善供水、供熱、燃氣及合流制排水管網；《吉林省城市管網安全運行提升行動方案》旨在實現地下管網全覆蓋，預期將釋放大量市場需求。

MARKET REVIEW (Continued)

During the year under review, the State Council promulgated the “Strategy Plan for Rural Revitalisation (2018–2022)”, in which it is suggested that greater effort shall be made to develop the construction of rural infrastructure, and to enhance rural irrigation infrastructure and network development, as well as to promote the urbanisation development by unifying cities and rural area. In the “Crucial Action Plan for Pollution Control in Agriculture and Rural Areas” jointly promulgated by the Ministry of Ecology and Environment and the Ministry of Agriculture and Rural Affairs, it is even expressly stated that pollution control in rural areas is of major concern. General sewage control in rural areas has been a top priority. In regions where rural environmental infrastructure development are lagging behind, there shall be initiation of the development of infrastructure such as water supply, drainage gutter, sewage collecting pipeline and sewage disposal networks. It is expected that by 2020, arbitrary disposal of general sewage in rural areas will be under control. The progress of rural infrastructure construction will bring about increasing market drivers for the pipeline development market.

The “Program for Developing National Marine Economy under the 13th Five-year Plan” was introduced by the Chinese government to adjust and improve the traditional marine industries, promote comprehensive regional development of the marine industries primarily in the form of marine ranch construction, in order to realise a sustainable development of land-ocean coordination and people-ocean harmony. Meanwhile, it can further optimise settings of the oceanic economy, improve the deployment of port resources, develop integrated and ancillary industry chains, and promote the oceanic economy transformation from one of speed and scale to a quality and efficiency model. According to the “Implementation Plan for Seawater Desalination Works around Islands”, it is intended to promote the development, upgrade and transformation of seawater desalination works around 100 islands in 3 to 5 years in coastal provinces and cities such as Liaoning, Shandong, Qingdao, Zhejiang, Fujian and Hainan, and actively promote the application of scaling of seawater desalination. The move to improve the marine utilisation industries is expected to enlarge the plastic pipe market and present new business opportunities for the application of pipes.

市場概況 (續)

於回顧年內，中央國務院發佈《鄉村振興戰略規劃(2018–2022年)》，提出加大力度發展農村基礎設施建設，加強農村水利基礎設施網路建設，推動城鄉一體化的城鎮化發展。生態環境部、農業農村部發佈的《農業農村污染治理攻堅戰行動計劃》更加明確地表示了對農村污染治理的高度重視，將梯次推進農村生活污水治理，於農村環境基礎設施建設滯後的地區，開展供水、排水溝、污水收集及污水處理管網等基礎設施的建設，預期2020年農村生活污水亂放的情況將得到管控。農村的基礎建設的推進為管道建設市場帶來持續增長的市場動力。

中國政府提出《全國海洋經濟發展「十三·五」規劃》，調整及優化海洋傳統產業，推進以海洋牧場建設為主要形式的區域性綜合開發，實現陸海統籌、人海和諧的可持續發展；與此同時，進一步優化海洋經濟佈局，完善港口資源配置、整合及配套產業鏈，推動海洋經濟由速度規模型向品質效益型轉變。《海島海水淡化工程實施方案》計劃將在遼寧、山東、青島、浙江、福建、海南等沿海省市，於3至5年內推進100個海島的海水淡化工程建設及升級改造，更加積極推動了海水淡化規模化的應用。預期海洋利用產業的調整將拓寬塑料管道的市場基礎，為管道應用帶來新商機。

MARKET REVIEW (Continued)

Affected by the external economic environment, the building materials and interior decoration market entered a reshuffling period in 2018. During the reporting period, the Chinese government closely and successively launched a number of policies to stringently manage the real estate market from overheating, and the objectives of housing price stabilisation, rental management, leverage reduction, risk aversion, structural adjustment and expectation stabilisation were implemented seriously. According to the “Notification of Inspection and Reformation Progress of CPC’s Unit at the Ministry of Housing and Urban-Rural Development” promulgated by the Ministry of Housing and Urban-Rural Development, the government insisted on its position of “Housing is for living, not for speculating”. Meanwhile, it was reiterated in the Central Economic Work Conference that a specific strategy for specific cities and specific instruction for specific category orientation will be adopted to develop a long term and effective mechanism for the healthy development of the real estate market. The growth pace of the real estate investment in 2018 slightly slowed down as a result of the policy, which in turn directly affected the performance of the building materials and interior decoration industry. The official implementation of the Environmental Protection Tax Law and the launch of a range of more stringent standard further standardised standards for the building materials and interior decoration industry and accelerated the pace of reshuffling of the industry. However, benefitting from the upgrade of consumption structure are the development of new retail sales, further progress in the supply side structural reform, advances in the new mode of urbanisation and the reorganisation of real estate industry, it will present new opportunities for the building materials and interior decoration industry.

市場概況 (續)

受外部經濟環境的影響，2018年建材家居市場迎來洗牌期。於報告期內，中國政府密切出台多項政策嚴控房地產市場升溫，認真落實穩房價、控租金、降槓桿、防風險、調結構、穩預期的目標。住建部發佈《中共住房城鄉建設部黨組關於巡視整改進展情況的通報》表示，政府堅持「房子是用來住的，不是用來炒」的定位，同時亦在中央經濟工作會議上重申將以因城施策、分類指導的方向構建房地產市場健康發展長效機制，政策的影響使2018年房地產投資增速輕微回落，並直接影響建材家居行業的表現。《環境保護稅法》的正式實施及一系列更加嚴格的建材家居行業標準出台，在進一步規範建材家居行業的同時，也加劇了行業洗牌的腳步。然而，受惠於消費結構的升級、新零售的發展、供給側結構性改革的深入、新型城鎮化的推進及房產再裝修等，將為建材家居行業帶來新機遇。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

MARKET REVIEW (Continued)

In terms of the development of overseas market, China actively pursued exchanging development ideas and strengthening strategy connection with different countries and regions, in order to achieve cooperation and mutual winning and active promotion of a large number of Sino-foreign cooperation projects, such as China-Myanmar Economic Corridor and China-Europe Railway Express and Hambantota Port, etc. Meanwhile, significant progress has been made in the “Belt and Road Initiative” as it is continuously developed by China and cooperation has been commenced with over 50 countries during the year under review. The Chinese government continued to increase its support to various industries, thus resulting in overseas markets becoming solid business growth drivers for Chinese companies. The continued expansion of overseas cooperation projects and “Belt and Road Initiative” provide huge room for infrastructure construction, hence massive demand for the application of pipes and pipe fittings as well as building materials and equipment.

RESULTS AND PERFORMANCE

During the year under review, the Group continued its strict adherence to the national policy to continuously stabilise the plastic piping systems business, and actively develop the building materials and interior decoration business as well as environmental protection business at the same time, in order to broaden the revenue base for the Group. In 2018, benefitting from the Chinese economy which maintained medium to high growth rate and a huge demand for infrastructure construction, the revenue of China Lesso increased by 16.6% year on year to RMB23,734 million (2017: RMB20,360 million). During the year, on the back of the Group's economies of scale, continued enhancement of the production capacity of plant and the implementation of effective cost control, the gross profit rose by 17.1% year on year to RMB6,228 million (2017: RMB5,317 million), with gross profit margin remaining at a healthy level of 26.2% (2017: 26.1%).

市場概況(續)

海外市場發展方面，中國積極尋求與不同國家和地區交流發展理念，加強戰略對接，實現合作共贏，並積極推進了大批中外合作項目，例如中緬經濟走廊、中歐班列及漢班托塔港口等。同時，中國持續發展的「一帶一路」方針取得重大推進，並於回顧年內與超過50個國家展開了合作。中國政府持續大力推進及落實擴大產業投資，使得海外市場成為中國企業堅實的業務增長點。不斷拓展的海外合作項目與「一帶一路」為基礎設施建設帶來巨大潛力，亦將為管道管件應用以及建材設備帶來大量需求。

業績表現

回顧年內，本集團繼續緊扣國策，持續穩固塑料管道系統業務，同時積極拓展建材家居業務和環保業務，為集團拓寬收入基礎。2018年，得益於維持中高速增長的中國經濟以及殷切的基礎建設需求，中國聯塑收入按年增加16.6%至人民幣237.34億元（2017年：人民幣203.60億元）。年內，有賴於本集團的規模經濟效益、持續提升廠房產能和實施有效成本控制，毛利按年增加17.1%至人民幣62.28億元（2017年：人民幣53.17億元），而毛利率維持於健康水平之26.2%（2017年：26.1%）。

RESULTS AND PERFORMANCE (Continued)

業績表現 (續)

The table below sets out the breakdown of revenue by business unit for 2018 and 2017:

下表載列截至2018年及2017年收入按業務劃分的詳情：

		Revenue 收入			% of total revenue 佔總收入%	
		2018 RMB million 人民幣百萬元	2017 RMB million 人民幣百萬元	Change 變動	2018	2017
Plastic piping systems	塑料管道系統	21,343	18,110	17.9%	89.9%	88.9%
Building materials and interior decoration products	建材家居產品	1,314	1,356	(3.1)%	5.6%	6.7%
Others [#]	其他 [#]	1,077	894	20.4%	4.5%	4.4%
Total	總計	23,734	20,360	16.6%	100.0%	100.0%

[#] "Others" include businesses of environmental engineering and other related services, financial services and others.

[#] 「其他」包括環境工程及其他相關服務、金融服務及其他業務等。

For the year ended 31 December 2018, the number of the Group's independent and exclusive first-tier distributors nationwide increased to 2,193 (2017: 2,155). Southern China remained the Group's major revenue contributor, and revenue from Southern China and other regions accounted for 55.3% and 44.7% respectively (2017: 56.6% and 43.4%) of the Group's total revenue.

截至2018年12月31日止年度，本集團於全國各地的獨立獨家一級經銷商數目增至2,193名（2017年：2,155名）。華南市場繼續為本集團的主要市場，來自華南地區及其他地區的收入佔本集團總收入分別為55.3%及44.7%（2017年：56.6%及43.4%）。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

RESULTS AND PERFORMANCE (Continued)

業績表現 (續)

The table below sets out the breakdown of revenue by region for 2018 and 2017:

下表載列截至2018年及2017年收入按地區劃分的詳情：

Region [#]	地區 [#]	Revenue 收入			% of total revenue 佔總收入%	
		2018 RMB million 人民幣百萬元	2017 RMB million 人民幣百萬元	Change 變動	2018	2017
Southern China	華南	13,136	11,521	14.0%	55.3%	56.6%
Southwestern China	西南	2,541	2,115	20.1%	10.7%	10.4%
Central China	華中	2,844	2,231	27.5%	12.0%	10.9%
Eastern China	華東	1,265	1,224	3.4%	5.3%	6.0%
Northern China	華北	1,608	1,341	19.9%	6.8%	6.6%
Northwestern China	西北	954	746	27.9%	4.0%	3.7%
Northeastern China	東北	582	460	26.6%	2.5%	2.3%
Outside China	中國境外	804	722	11.2%	3.4%	3.5%
Total	總計	23,734	20,360	16.6%	100.0%	100.0%

[#] Details of the scope of coverage of each region are set out in note 4 to consolidated financial statements.

[#] 各地區的覆蓋範圍詳情載於綜合財務報表附註4。

Over the years, the Group reduced the pressure which stemmed from rising raw materials and production costs by means of economies of scale, production automation and by increasing the utilisation rate of production facilities, while actively enhancing operational efficiency, optimising its product portfolio and expanding market coverage, which contributed to the sustainable development and profitability of the Group.

本集團一直通過規模經濟效益、推動生產自動化及提升生產設施使用率等措施，致力控制原材料和生產成本上漲所帶來的壓力，並積極提升營運效益、產品組合和市場覆蓋，令本集團持續發展和維持健康的盈利水平。

The Group's EBITDA increased by 15.1% year on year to RMB4,409 million during the reporting period (2017: RMB3,831 million), and the EBITDA ratio was 18.6% (2017: 18.8%). Profit before tax increased by 9.5% year on year to RMB3,236 million (2017: RMB2,955 million). Profit attributable to owners of the Company increased by 8.7% year on year to RMB2,492 million (2017: RMB2,293 million). Basic earnings per share increased by 8.1% year on year to RMB0.80 (2017: RMB0.74). The effective tax rate stayed at 24.4% (2017: 23.3%).

於報告期內，本集團之除息稅折攤前盈利按年增加15.1%至人民幣44.09億元（2017年：人民幣38.31億元），而除息稅折攤前盈利率則為18.6%（2017年：18.8%）。除稅前溢利按年增加9.5%至人民幣32.36億元（2017年：人民幣29.55億元）。本公司擁有人應佔溢利按年增加8.7%至人民幣24.92億元（2017年：人民幣22.93億元）。每股基本盈利按年增加8.1%至人民幣0.80元（2017年：人民幣0.74元）。實際稅率則維持於24.4%之水平（2017年：23.3%）。

To express gratitude to the Shareholders for their support and to share with them the fruits of the Group's endeavours, the Board proposed payment of a final dividend of HK20 cents per share for the year ended 31 December 2018 (2017: HK18 cents per share).

為回饋所有股東的支持和分享業績成果，董事會建議宣派截至2018年12月31日止年度之末期股息為每股20港仙（2017年：每股18港仙）。

BUSINESS REVIEW AND OUTLOOK

PLASTIC PIPING SYSTEMS

The Chinese government promoted various energy and environmental protection policies such as “Coal to Gas” and “Action Plan for Prevention and Control of Water Pollution”, and continued to implement piping and pipeline networks planning, in order to generate a stable market demand for plastic pipes and pipe fittings. For the year ended 31 December 2018, benefitting from the stable increase in demand of the Chinese construction industry, coupled with municipal projects and infrastructure construction, as well as a smooth development of the overall performance of the real estate market, all of these generated more orders and supported a stable growth of the plastic piping systems business of the Group. During the reporting period, the revenue from the plastic piping systems business increased by 17.9% year on year to RMB21,343 million (2017: RMB18,110 million), and accounted for 89.9% of the Group’s total revenue (2017: 88.9%).

The table below sets out the breakdown of revenue from plastic piping systems business by product application for 2018 and 2017:

業務回顧及展望

塑料管道系統

中國政府推動「煤改氣」及「水污染防治行動計劃」等能源及環保政策，以及持續落實管道管網規劃，為塑料管道及管件產品帶來穩定的市場需求。截至2018年12月31日止年度，受惠於中國建築行業的需求穩步提升，市政工程及基礎建設，以及房地產整體表現穩定發展所帶來的訂單數目增加，本集團的塑料管道系統業務維持穩健增長。於報告期內，塑料管道系統業務的收入按年增加17.9%至人民幣213.43億元（2017年：人民幣181.10億元），佔本集團總收入的89.9%（2017年：88.9%）。

下表載列截至2018年及2017年塑料管道系統業務收入按產品應用劃分的詳情：

		Revenue			% of total revenue	
		2018	2017	Change	2018	2017
		RMB million	RMB million			
		人民幣百萬元	人民幣百萬元	變動	佔總收入%	
Water supply	供水	8,274	6,887	20.1%	38.8%	38.0%
Drainage	排水	8,171	6,965	17.3%	38.3%	38.5%
Power supply and telecommunications	電力供應及通訊	3,716	3,257	14.1%	17.4%	18.0%
Gas transmission	燃氣輸送	459	412	11.3%	2.1%	2.3%
Others [#]	其他 [#]	723	589	22.6%	3.4%	3.2%
Total	總計	21,343	18,110	17.9%	100.0%	100.0%

[#] “Others” include agricultural applications, floor heating and fire services.

[#] 「其他」包括農用、地暖及消防。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

BUSINESS REVIEW AND OUTLOOK (Continued)

PLASTIC PIPING SYSTEMS (Continued)

The Group also continued to boost sales volume of plastic pipes and pipe fittings such that sales volume of the plastic piping systems increased by 8.2% year on year. In terms of product materials, sales volume of PVC products increased by 6.3% year on year to 1,682,949 tonnes (2017: 1,582,697 tonnes), while that of non-PVC products increased by 15.0% year on year to 485,673 tonnes (2017: 422,143 tonnes). Revenue from sales of PVC products increased by 15.4% year on year to RMB13,660 million (2017: RMB11,840 million) while that of non-PVC products increased by 22.5% year on year to RMB7,683 million (2017: RMB6,270 million).

The table below sets out the breakdown of revenue from plastic piping systems by region for 2018 and 2017:

Region	地區	Revenue 收入			% of total revenue 佔總收入%	
		2018 RMB million 人民幣百萬元	2017 RMB million 人民幣百萬元	Change 變動	2018	2017
Southern China	華南	11,743	10,160	15.6%	55.0%	56.1%
Other than Southern China	華南以外地區	9,223	7,672	20.2%	43.2%	42.4%
Outside China	中國境外	377	278	35.4%	1.8%	1.5%
Total	總計	21,343	18,110	17.9%	100.0%	100.0%

During the reporting period, as affected by global economic environment, geopolitical factors and exchange rate fluctuation, the average cost of raw materials posed an increasing upward pressure on prices. The Group strived to maintain its gross profit margin at a reasonable and healthy level by effectively controlling the costs of raw materials and production through economies of scale, massive procurement from raw materials suppliers and other measures. As the average cost of sales increased by 8.8% year on year, the Group lifted the average selling price of its plastic piping systems by 9.0% year on year to RMB9,842 per tonne (2017: RMB9,033 per tonne). The gross profit margin of this business reached 27.2% (2017: 27.1%).

業務回顧及展望 (續)

塑料管道系統 (續)

本集團亦繼續致力提高塑料管道及管件的產品銷量，塑料管道系統銷量按年增加8.2%。產品物料方面，PVC產品的銷量按年增加6.3%至1,682,949噸（2017年：1,582,697噸），非PVC產品的銷量則按年增加15.0%至485,673噸（2017年：422,143噸）。銷售PVC產品及非PVC產品所得的收入分別按年增加15.4%至人民幣136.60億元（2017年：人民幣118.40億元）及22.5%至人民幣76.83億元（2017年：人民幣62.70億元）。

下表載列截至2018年及2017年塑料管道系統收入按地區劃分的詳情：

於報告期內，受全球經濟環境、地緣政治因素和匯率波動影響，原材料平均成本價格上行壓力增大。本集團通過規模經濟效益、與原材料供應商進行大量採購等措施，有效控制原材料和生產成本，致力把毛利率維持於合理和穩健水平。平均銷售成本按年增加8.8%，本集團塑料管道系統的平均售價按年上調9.0%至每噸人民幣9,842元（2017年：每噸人民幣9,033元），該業務的毛利率達27.2%（2017年：27.1%）。

BUSINESS REVIEW AND OUTLOOK (Continued)

業務回顧及展望 (續)

PLASTIC PIPING SYSTEMS (Continued)

塑料管道系統 (續)

The table below sets out the breakdown of average selling price, sales volume, and revenue from plastic piping systems business by product material for 2018 and 2017:

下表載列截至2018年及2017年塑料管道系統業務按產品物料劃分的平均售價、銷量及收入分項詳情：

		Average selling price			Sales volume			Revenue		
		平均售價			銷量			收入		
		2018	2017	Change	2018	2017	Change	2018	2017	Change
		RMB	RMB		Tonne	Tonne		RMB million	RMB million	
		人民幣	人民幣	變動	噸	噸	變動	人民幣百萬元	人民幣百萬元	變動
PVC products	PVC 產品	8,116	7,481	8.5%	1,682,949	1,582,697	6.3%	13,660	11,840	15.4%
Non-PVC products*	非PVC 產品*	15,820	14,853	6.5%	485,673	422,143	15.0%	7,683	6,270	22.5%
Total	總計	9,842	9,033	9.0%	2,168,622	2,004,840	8.2%	21,343	18,110	17.9%

* "Non-PVC" plastic pipes and pipe fittings mainly refer to those made of PE or PP-R.

* 「非PVC」塑料管道及管件主要是PE或PP-R制。

The Group actively enhanced its standards in automatic production and smart production, and strived for full mechanisation in the production of pipe products, so as to improve the overall production capacity, quality and efficiency in fulfilling the market demand. During the year under review, the Group's annual designed capacity of plastic pipes and pipe fittings expanded from 2.40 million tonnes in 2017 to 2.62 million tonnes, with a capacity utilisation rate of 84.8% in the year.

本集團積極提升生產自動化和智能化水平，在管道產品生產中實現全面機械化，藉以提高整體產能、質量和效益，滿足市場需求。回顧年內，本集團塑料管道及管件生產的年度設計產能由2017年的240萬噸擴至262萬噸，年內產能使用率達84.8%。

The Group has progressively expanded the capacity with reference to business development and actual requirement. Looking forward, the Group will continue to enhance its core competitiveness and actively develop and update its intelligent plant and equipment, in order to improve its efficiency. Meanwhile, the Group will continue to promote a full automation of its production base and further optimise the mechanic equipment and ancillary facilities in its existing production base in order to raise the level of automation and accelerate the production process, so as to expand the capacity and enhance the production efficiency. In addition, the Group will also continue to put in effort for innovation and research and development, with a focus on cutting edge technological research in the piping and building materials industry, which can ensure the technology claims an industry leading position and endeavour to provide diversified and quality products for the public.

本集團一直按業務發展及實際需要逐步擴充產能，展望未來，將繼續提升核心競爭力及積極發展和更新其智能化廠房及設備，以提升其效能，並持續推動生產基地全面自動化，進一步完善現有生產基地的機械設備及配套，以提升自動化水準及加快生產過程，從而擴充產能及提升生產效率。此外，本集團亦將持續投入創新研發，專注於管道和建材產業的前沿技術研究，確保技術的行業領先地位，致力於為大眾提供多元化、高質量的產品。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

BUSINESS REVIEW AND OUTLOOK (Continued)

PLASTIC PIPING SYSTEMS (Continued)

With China's steady progress in its plan for development and the robust demand in the field of infrastructure construction, the application of plastic pipes and pipe fittings are further drivers which have contributed to the opportunities of market development. As a market leader, the Group will strive to expand the scope of applications of plastic pipes and pipe fittings to increase product sales, thereby maintaining its market leadership. Overall, the management is fully confident on the future development of the plastic piping systems business segment, and it is believed that the Group will continue to deliver a solid and satisfactory business performance.

BUILDING MATERIALS AND INTERIOR DECORATION PRODUCTS

In 2018, the central government intensively promulgated specific regulations which exerted downward pressure on the growth in the real estate market, resulting in decline in the growth rates of floor area sold and sales value of national commercial housing. During the year, the Group's business of building materials and interior decoration products continued to be under pressure due to external unfavourable factors. Nevertheless, during the year, the Group successfully acquired several large-scale property corporate customers and received more new orders from existing customers. This business steadily developed, and generated income of RMB1,314 million (2017: RMB1,356 million), accounting for 5.6% of the Group's total revenue. The Group anticipated that the regulatory policies for real estate industry in 2019 will turn more accommodative than last year and believed that the business of building materials and interior decoration products will benefit from the positive impacts driven by the less stringent policy implementation. In 2019, the Group will strive to deliver continuous growth in revenue of the business of building materials and interior decoration products, and increase the revenue proportion of this business to the Group's total revenue. At the same time, the Group will strengthen its promotion to existing customers, actively engage new customers and increase sales by provision of diverse products.

業務回顧及展望 (續)

塑料管道系統 (續)

隨著中國發展規劃和基建需求持續旺盛，塑料管道及管件應用進一步推動需求，帶來市場發展機遇。作為市場的領導者，本集團將致力全方位擴展塑料管道及管件的應用範疇，增加產品銷量，藉此鞏固集團市場領導地位。總體而言，管理層對塑料管道系統業務分部的未來發展抱有信心，並相信本集團將能繼續帶來穩健和滿意的業務表現。

建材家居產品

2018年，中央政府密集出台針對性調控，使房地產市場增長面臨下行壓力，全國商品房銷售面積及銷售額增速放緩。年內，受到外圍不利因素影響，本集團的建材家居產品業務持續承壓。然而，本集團於年內成功新增數家大型房地產企業客戶，同時來自現有客戶的新訂單數目亦有所提升。該業務保持平穩發展，收益為人民幣13.14億元（2017年：人民幣13.56億元），佔本集團總收入的5.6%。本集團預期中國房地產調控政策於2019年將會較去年放寬，相信建材家居產品業務將可受惠於政策力度放鬆所帶來之利好影響。2019年，本集團會致力爭取將建材家居產品業務收入持續提升，並擴大該業務在集團總收入的佔比。同時，本集團會加強向現有客戶的推廣，並積極開拓新客戶，透過提供多元化產品以增加銷售。

BUSINESS REVIEW AND OUTLOOK (Continued)

OTHERS

Environmental Protection

To cope with the Chinese government's environmental protection initiatives, the Group is actively expanding its environmental protection business. The Group actively capitalised on municipal projects in various fields, including those of municipal sewerage system, river treatment, soil restoration, underground pipeline gallery, sponge city, installation of integrated water purifiers. All these projects drove up the demand for plastic pipes and pipe fittings. However, the business development of environmental protection was slightly slower than expected owing to the modification to the regulations governing the finance of public-private partnerships projects by the Chinese government. During the year, this business maintained a steady growth and realised a revenue of RMB188 million (2017: RMB180 million). The Group aspires to become an one-stop environmental protection service provider and to enable people to live eco-friendly lives. The Group entered into a sale and purchase agreement to acquire 70% equity interest in Jiangsu Yongbao Environmental Technology Co., Ltd. ("Jiangsu Yongbao") in October 2018 at a consideration of RMB392 million. Pursuant to the agreement, the minority shareholder of Jiangsu Yongbao has the right to sell the remaining 30% equity interest to the Group after three years from the date of acquisition. Jiangsu Yongbao has been engaging in the provision of hazardous waste, wastewater and exhaust fumes treatment services in China. The Group will continue to enhance its own technology, operation and quality, and fostering new growth drivers so as to achieve synergy between its environmental protection business and other businesses, and diversify its source of income.

業務回顧及展望 (續)

其他

環保產業

配合中國政府推動的環境保護措施，本集團現正積極拓展環保業務。本集團積極把握不同範疇的市政項目，包括市政排污系統、河涌治理、土壤修復、地下綜合管廊、海綿城市、一體化淨水設備等項目。所有此等項目帶來對塑膠管道及管件的需求。然而，中國政府調整對公私合營項目的融資規範，令環保業務發展步伐較預期略為減慢。年內，該業務保持平穩發展，實現收入人民幣1.88億元（2017年：人民幣1.80億元）。本集團矢志成為一站式環保服務供應商，為居者打造綠色生活。本集團於2018年10月訂立買賣協議，收購江蘇永葆環保科技有限公司（「江蘇永葆」）70%的股本權益，代價為人民幣3.92億元。根據該協議，江蘇永葆的少數股東自收購日期起三年後有權向本集團出售剩餘30%的股本權益。江蘇永葆現時於中國從事提供危險廢品、廢水及廢氣處理服務。本集團將繼續提升自身技術、運營及質量水準，努力培育新的業務增長點，以實現本集團環保業務與其他業務協同效應及收益多元化。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

BUSINESS REVIEW AND OUTLOOK (Continued)

OTHERS (Continued)

Lesso Home

To capitalise on the “Belt and Road Initiative”, the Group promoted a business line named “Lesso Home” with the aim of bringing “One-Stop Specialised Market for Home Furnishing Products” to the overseas markets. Lesso Home aims to build a multinational platform for Chinese manufacturers of home furnishings, building materials and other consumer products to showcase their products and facilitate the distribution and retailing of such products. Lesso Home will also provide ancillary services, including marketing and branding. During the year, “Lesso Home” business realised a revenue of RMB371 million (2017: RMB316 million).

The Group has 12 site reserves in the United States, Canada, Australia, Thailand and United Arab Emirates. All of the sites are located within close proximity to major metropolitan areas. Most of the projects are under planning and development, of which one to two projects are expected to be finalised in 2019. The Group aims to develop these sites into the largest one-stop showroom markets specialised for home furnishing products in its respective local market. Tenants will independently operate their own showrooms, and sell their products directly to local traders, retailers and consumers. The Group is confident that the “Lesso Home” business will become another growth driver for the Group in the long run.

CAPITAL EXPENDITURE

The Group’s capital expenditure for 2018 was approximately RMB1,626 million, which was primarily used for improvement of automated facilities in production bases, expansion of the existing production bases and acquisition of properties in foreign countries.

業務回顧及展望 (續)

其他 (續)

領尚環球之家

為配合國家「一帶一路」倡議，本集團將「一站式專業家居展廳商城」的「領尚環球之家」業務推廣至海外市場。領尚環球之家旨在為中國家居建材及其他消費品生產商建立跨國平台，以展示其產品及促進其產品的分銷及零售，也將提供營銷及品牌推廣等配套服務。年內，「領尚環球之家」業務實現收入人民幣3.71億元（2017年：人民幣3.16億元）。

本集團已於美國、加拿大、澳大利亞、泰國、阿拉伯聯合酋長國等國家有12處物業儲備，該等物業均毗鄰主要大都會區，而大部分項目均在規劃開發中，預計將會有一至兩個項目於2019年落成。在各地，本集團將建成當地市場最具規模的一站式專業家居展廳商城。商城中各展廳由租戶獨立經營，直接銷售產品予當地分銷商、零售商及消費者。本集團相信「領尚環球之家」業務將成為本集團長遠發展的另一增長點。

資本開支

本集團2018年的資本開支為約人民幣16.26億元，主要用於改進生產基地的自動化設備、現有生產基地的擴建工程，以及購置海外物業。

INVESTMENT IN ASSOCIATES

Given the increasing trend in using aluminium profiles as major construction materials in the PRC, the Group acquired a 26.28% equity interest in Xingfa Aluminium Holdings Limited (“Xingfa Aluminium”), the issued shares of which is listed on the Stock Exchange in 2018 at a consideration of HK\$974 million. Xingfa Aluminium is one of the leading aluminium profile manufacturers in China. The Group considers the acquisition not only serves as a valuable investment with sustainable returns, but also as a good strategic investment. With extensive experience in the business of construction materials and industrial materials, Xingfa Aluminium has established various kinds of sales channels and a diverse customer base. The acquisition may create long-term commercial synergies with the Group’s businesses to broaden its sales channels and expand its customer base, and enrich the Group’s already comprehensive portfolio of products and services. This can facilitate the Group’s business diversification and reinforce its market leadership. In 2018, Xingfa Aluminium recorded a revenue of RMB9,925 million, and profit attributable to the shareholders of Xingfa Aluminium was RMB495 million.

In 2018, the Group acquired 38% of the equity interest in Foshan Hechuang Yingke Real Estate Development Co., Ltd. (“Hechuang Yingke”) at a consideration of RMB356 million. Hechuang Yingke is an enterprise that primarily engages in commercial real estate development and integrates the diverse operations of real estate development, market development, leasing business, property management and exhibition management. Hechuang Yingke focuses on the development and operation of high-quality, large-scale, multi-format comprehensive commercial real estate projects. For example, “Asia International Furniture Material Trading Center” is a furniture industry base with the integration of global furniture material procurement, information, logistics and exhibition centres. In 2018, Hechuang Yingke recorded a revenue of RMB230 million and the profit attributable to the shareholders of Hechuang Yingke of RMB63 million.

投資聯營公司

有見中國使用鋁型材作為主要建築材料之趨勢日盛，本集團於2018年以9.74億港元代價入股興發鋁業控股有限公司（「興發鋁業」，其已發行股份於聯交所上市）26.28%權益。興發鋁業為中國領先鋁型材製造商之一，本集團認為是次收購不單是一項可創造持續回報的有價值投資，亦是本集團進行戰略投資的良機。由於興發鋁業在建築及工業材料業務擁有豐富經驗，因此已建立了不同的銷售管道及客戶群，可為本集團業務創造長期的商業協同效應，一方面擴闊本集團的銷售管道及增加客戶群，另一方面帶來更全面的產品及服務組合，推動多元化業務發展及有助鞏固本集團之市場領導地位。於2018年，興發鋁業錄得收入為人民幣99.25億元，實現歸屬於興發鋁業股東之溢利為人民幣4.95億元。

於2018年，本集團以人民幣3.56億元代價入股佛山市合創盈科房產開發有限公司（「合創盈科」）38%的股權。合創盈科是一家以商業地產開發為主營業務，集房產開發、市場開發、租賃業務、物業管理、會展經營等多元化經營為一體的企業。合創盈科專注於開發及經營高質量、大規模、多業態綜合性商業地產項目，例如：「亞洲國際傢俱材料交易中心」是集全球傢俱材料採購、資訊、物流、展示中心為一體的傢俱產業總部基地。於2018年，合創盈科錄得收入為人民幣2.30億元，實現歸屬於合創盈科股東之溢利為人民幣6,300萬元。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

FINANCIAL POSITION

The Group continued to adopt prudent financial policies. Finance, fund utilisation and fund raising activities of the Group are subject to effective centralised management and supervision. The Group keeps reasonable gearing level and adequate liquidity.

As at 31 December 2018, the Group had total debts (i.e. total borrowings) of approximately RMB11,731 million, of which 55.1% was denominated in US dollar, 21.1% was denominated in HK dollar, 19.2% was denominated in RMB, 3.1% was denominated in Australian dollar and 1.5% was denominated in Canadian dollar. The Group's borrowings are subject to effective interest rates ranging from 3.22% to 5.39% per annum with maturity periods ranging from within one year to more than five years.

As at 31 December 2018, the Group's current assets and current liabilities were approximately RMB14,883 million and RMB13,105 million respectively. The Group's Current Ratio decreased to 1.14 from 1.50 as at 31 December 2017, while the Quick Ratio decreased to 0.87 from 1.10 as at 31 December 2017. The Group's total equity increased to approximately RMB15,073 million. The Group's Gearing Ratio stood at a healthy level of 43.8%.

With cash and bank deposits, including restricted cash, of approximately RMB6,452 million as well as unutilised banking facilities, the Board considers that the Group has sufficient working capital for its operation and future development.

The Group had no material exposure to foreign exchange fluctuation and no hedging had been arranged during the period.

CHARGE ON ASSETS

As at 31 December 2018, certain of the Group's other financial assets with an aggregate net carrying amount of approximately RMB34 million were pledged to a bank to secure the banking facility granted, but this banking facility has not been utilised. The secured bank loans were secured by the concession rights of a subsidiary and personal guarantee provided by a shareholder of that subsidiary.

財務狀況

本集團持續採取審慎的財務政策，其財務、資金運用和融資活動實行有效的中央管理及監察模式。本集團維持合理的資產負債水平及充足的流動資金。

於2018年12月31日，本集團的債務總額（即借款總額）為約人民幣117.31億元，其中55.1%以美元計值、21.1%以港元計值、19.2%以人民幣計值、3.1%以澳元計值，而餘下1.5%則以加元計值。本集團的借款之實際年利率介乎3.22%至5.39%，到期期間由一年內至多於五年不等。

於2018年12月31日，本集團的流動資產及流動負債分別為約人民幣148.83億元及人民幣131.05億元。本集團的流動比率及速動比率從2017年12月31日的1.50及1.10分別下降至1.14及0.87。本集團的權益總額增至約人民幣150.73億元。本集團的資產負債率仍處於43.8%的健康水平。

現金及銀行存款（包括受限制現金）為約人民幣64.52億元，再加上尚未使用之銀行融資額度，董事會認為本集團擁有足夠的營運資金用於經營及未來發展。

期內，本集團並無任何重大外匯波動風險，亦無作任何對沖安排。

資產抵押

於2018年12月31日，本集團總賬面淨值為約人民幣3,400萬元的若干其他金融資產已向銀行抵押作為獲授銀行融資的擔保，但該銀行融資並無動用。有抵押銀行貸款乃以附屬公司的特許經營權及其一名股東的個人擔保。

CONTINGENT LIABILITIES

As at 31 December 2018, the Group did not have any significant contingent liabilities.

HUMAN RESOURCES

As at 31 December 2018, the Group employed a total of approximately 11,700 employees including directors. Total staff costs were RMB1,018 million during the year. The Group ensures that the remuneration packages for employees are determined based on their work performance, professional experience and the prevailing industry practice. Discretionary year-end bonus may be paid to employees based on individual performance. Other benefits to employees include medical insurance, retirement scheme and training programmes.

SIGNIFICANT INVESTMENTS

FINANCIAL INVESTMENTS

As at 31 December 2018, the Group held long-term and short-term financial investments of approximately RMB1,853 million (31 December 2017: RMB1,582 million) and RMB47 million (31 December 2017: nil), respectively. The investment portfolio comprised of 38.4% listed equity securities (issued by PRC-based home improvement and furnishings shopping malls operating company, PRC-based property developer and PRC-based environmental companies), 13.4% listed debt securities, 1.8% listed non-cumulative redeemable preference shares, 0.5% listed perpetual capital securities, 43.4% unlisted securities, and 2.5% debt instruments. Each of these investments has a carrying amount accounting to less than 5% of the Group's total assets as at 31 December 2018.

During the reporting period, the Group recognised a realised disposal gain of approximately RMB90 million, unrealised mark-to-market valuation loss of approximately RMB273 million due to volatile global capital market and recognised approximately RMB59 million of exchange gain on translation. Income from the portfolio amounted to approximately RMB38 million in the reporting period, representing dividend and interest incomes.

或然負債

於2018年12月31日，本集團概無任何重大或然負債。

人力資源

於2018年12月31日，本集團共聘用約11,700名僱員，包括董事在內。年內的員工成本總額為人民幣10.18億元。本集團確保僱員薪酬乃根據其工作表現、專業經驗及現行行業慣例釐定，並可按照個人表現年底酌情向僱員發放花紅。其他僱員福利包括醫療保險、退休計劃及培訓課程。

重大投資

金融投資

於2018年12月31日，本集團分別持有長期及短期金融投資約人民幣18.53億元（2017年12月31日：人民幣15.82億元）及人民幣4,700萬元（2017年12月31日：無）。投資組合包括38.4%的上市股本證券（由位於中國的家居裝飾及傢俱商場運營公司、位於中國的房地產開發商及位於中國的環保公司發行）、13.4%的上市債務證券、1.8%的上市非累計可贖回優先股、0.5%的上市永久資本證券、43.4%的非上市證券及2.5%的債務工具。該等各項投資的賬面值均低於本集團於2018年12月31日總資產的5%。

於報告期內，本集團確認約人民幣9,000萬元的已實現出售利益、因全球資本市場波動而產生約人民幣2.73億元的按市值估值的未實現虧損及確認約人民幣5,900萬元的匯兌利益。報告期內投資組合的收益為約人民幣3,800萬元，為股息及利息收益。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

SIGNIFICANT INVESTMENTS (Continued)

FINANCIAL INVESTMENTS (Continued)

The Group will study the market and information of the prospective investees cautiously before it makes its investment decisions. The Group will also monitor the performance of its investees closely and regularly after purchases and will adjust the investment strategy in a cautious manner to minimise the impact of market volatility on the Group as and when necessary.

INVESTMENT PROPERTIES

As at 31 December 2018, the Group's investment properties were approximately RMB4,650 million. Increase in investment properties was mainly attributable to the capitalisation of construction costs on certain investment properties under development, gains arising from changes in the fair values of investment properties were approximately RMB312 million and the translation effects during the reporting period.

Among these investment properties, the malls in Toronto, Canada are existing properties, the malls in Long Island, US and in Auburn district of Sydney, Australia are under refurbishment and the lands in Thailand and China are under development. Other properties are under rezoning or at the planning stage of development.

Save as disclosed above, the Group did not have any significant investments as at 31 December 2018.

重大投資(續)

金融投資(續)

於作出投資決策前，本集團會審慎研究市場及潛在被投資方的資料。本集團會於購入後密切及定期監管被投資方的表現，並會審慎地調整投資策略，以期在必要時盡量減低市場波動對本集團的影響。

投資物業

於2018年12月31日，本集團的投資物業為約人民幣46.50億元。報告期內的投資物業增加，主要歸因於報告期內若干發展中投資物業的建設成本資本化、投資物業公允價值變動利益約人民幣3.12億元及匯兌影響所致。

投資物業裡，加拿大多倫多商場是現有物業、美國長島商場及澳洲悉尼奧本商場在進行翻新工程、泰國及中國的土地在發展中，其他物業正進行重新改劃或尚處於規劃發展階段。

除上文所披露者外，於2018年12月31日，本集團並無任何重大投資。

CORPORATE SOCIAL RESPONSIBILITY

ENVIRONMENT

Environmental protection is always a top priority of China Lesso. The Group has applied the ideas of going green and environmental protection throughout its product design, research and development, production and practical operations, and has adopted a variety of eco-friendly measures to minimise impact on the environment. On top of that, the Group supports the development of environmental protection industry and be committed to water treatment and the construction of sponge city. In addition, the Group establishes a complete environment management system, continues to improve criteria and measures concerning management of environmental protection, adopts a more simplified operating processes and energy-efficient hardware to reduce consumption of energy and water resources, increases benefits from resource consumption, reduces wastes emissions and enhances recycling.

The Group complies with laws and regulations governing air pollution, noise emission, solid waste discharge, and other environmental protection issues in China. The environmental management and compliance department work together with the legal department to ensure the Group will keep abreast of the latest development on environment-related laws and regulations.

COMMUNITY ENGAGEMENT

China Lesso takes an active part in community investment and public welfare and provides care for underprivileged groups in the society, aiming to apply its influence, bring positive changes to the communities where it operates, and maintain sound relations with the communities where it operates. Further, the Group actively supports the development of education in poverty-stricken areas and encourages its employees to serve the community as volunteers.

企業社會責任

環境

中國聯塑一直以來注重環境保護工作。本集團將綠色環保理念貫穿於產品的設計、研發以及生產中，並採取多項環保措施以降低對環境的影響。本集團亦支持發展環保產業，致力於水體整治與海綿城市建設。此外，本集團建立完善的環境管理體系，不斷改進環保管理規範及措施，推廣精簡的運作流程和節能硬件，以減少能源及水資源使用量、提升資源使用效益、降低廢棄物排放並提升循環利用率。

本集團遵循國家制定的包括在空氣污染、噪聲污染與固體廢棄物排放方面的環保法律法規。本集團的環境管理與合規部門和法律部門合作，確保本集團符合最新的環保方面法律法規的要求。

社區投入

中國聯塑積極參與社區投資和社會公益，關愛社會弱勢群體，注重在集團所在的社區發揮影響力，為社區帶來積極正面的影響，並與所在社區建立良好關係。此外，本集團亦積極支持貧困地區的教育事業發展，鼓勵員工加入到社區服務和志願者工作。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論及分析

CORPORATE SOCIAL RESPONSIBILITY (Continued)

EMPLOYEE

China Lesso recognises employees as one of its most important assets. In strict compliance with the applicable laws and regulations, the Group protects the legitimate rights and interests of its employees and fixes on its pay system based on the principles of legality, equity, fairness and encouragement so as to ensure an equal access to fair treatment and career opportunities. In addition, the Group has formulated its own health and safety policies, intensified safety training for employees, carried out routine safety patrols and actively pushed forward with relevant management system building for the purpose of creating a safe working environment for its employees, achieving a work-life balance for its employees through diverse activities.

With great emphasis on career development of its employees, the Group is committed to creating diversified and comprehensive development channels for its employees by offering a series of training programs and regular lectures on safety and health through its own Lesso College.

CUSTOMER AND SUPPLIER

China Lesso has strived to maintain uninterrupted communications with its suppliers for win-win results based on the procurement principles of fairness, openness and impartiality. The Group has put in place a Supplier Management Code and conducts regular performance evaluation of its suppliers. In addition, the Group has formulated a management system, a reporting process and set up a management team against malpractices in an effort to oversee behaviour of all its employees and protect the interests and rights of the Company and its shareholders. With respect to customer services and management, the Group upholds the “market-oriented, customer-centred” principle and adopts strict control over product quality. The Group is committed to providing its customers with safe, reliable and quality products.

企業社會責任(續)

員工

中國聯塑視員工為重要的資產。本集團嚴格遵守相關法律法規，依法保護員工權益，並以合法、合理、公平、激勵的原則制定薪酬管理制度，確保員工擁有公平的待遇和均等的工作機會。本集團亦為員工制定健康與安全政策，致力加強員工安全培訓，並對生產工作進行日常安全巡查，積極推進管理體系建設，為員工提供安全的工作環境，以及通過多元化的活動達到員工工作與生活的平衡。

此外，本集團重視員工發展，並設立聯塑學院為各類員工提供一系列的培訓課程和定期舉辦安全健康講座，致力於為員工提供多元化及全面的發展通道。

客戶與供應商

中國聯塑重視與供應商保持持續溝通，建立協作共贏的關係，堅持公平公開公正的採購原則。本集團設有《供應商管理辦法》，並定期與供應商進行績效評估。本集團並制定反舞弊管理制度、設立舞弊舉報管理流程及成立反舞弊管理小組，負責規範所有員工的行為，致力維護本公司和股東權益。在客戶服務和管理方面，本集團始終堅持「以市場為導向、以客戶為中心」的服務為宗旨，嚴格把控產品質量，致力於為客戶提供安全可靠的優質產品。

DIRECTORS' REPORT

董事會報告

Set out below is the report presented by the Board together with the Group's audited consolidated financial statements for the year ended 31 December 2018.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the Company is investment holding. The activities of the principal subsidiaries, associates and joint ventures are set out in notes 45, 17 and 18 respectively to consolidated financial statements. Further discussion and analysis of these activities, including a discussion of the principal risks and uncertainties facing by the Group and an indication of likely future developments in the Group's business, the Group's environmental policies can be found in the "Chairman's Statement", "Corporate Governance Report" and "Management Discussion and Analysis". This discussion forms part of the Directors' Report.

RESULTS AND APPROPRIATIONS

The Group's profit for the year ended 31 December 2018 and the Group's financial position at that date are set out in the consolidated financial statements on pages 86 to 230.

The Board recommended the payment of a final dividend of HK20 cents per share for the year ended 31 December 2018 (the "Proposed Final Dividend") to the Shareholders whose names appear on the register of members of the Company on Wednesday, 5 June 2019, subject to the Shareholders' approval at the forthcoming annual general meeting of the Company to be held on Monday, 27 May 2019 (the "2019 AGM"). It is expected that the Proposed Final Dividend will be paid on Monday, 17 June 2019.

Including the interim dividend of HK10 cents per share (2017: nil) for the six months ended 30 June 2018 which was paid to the Shareholders on 28 September 2018, the total dividend for 2018 amounts to a total of HK30 cents per share (2017: HK18 cents per share), which represents a payout ratio of 32.7% (2017: 22.6%) of the profit attributable to the Shareholders for the year ended 31 December 2018.

以下為董事會提呈的報告連同本集團截至2018年12月31日止年度的經審核綜合財務報表。

主要業務及業務回顧

本公司的主要業務為投資控股。其主要附屬公司、聯營公司及合營企業的業務詳情分別載於綜合財務報表附註45、17及18。有關此等業務之進一步討論及分析(包括有關本集團所面臨主要風險及不明朗因素之討論、本集團業務未來可能發展之指引以及本集團環境政策)可於「主席報告書」、「企業管治報告」及「管理層討論及分析」中查閱。此討論構成董事會報告之一部分。

業績及分配

本集團截至2018年12月31日止年度的溢利及本集團於該日的財務狀況載於第86至230頁的綜合財務報表內。

董事會建議向2019年6月5日(星期三)名列本公司股東名冊的股東派付截至2018年12月31日止年度的末期股息每股股份20港仙(「擬派末期股息」)，惟須待股東於本公司2019年5月27日(星期一)即將舉行的股東週年大會(「2019年股東週年大會」)批准方可作實。預期擬派末期股息將於2019年6月17日(星期一)支付。

經計及於2018年9月28日向股東派付截至2018年6月30日止六個月的中期股息每股10港仙(2017年：無)後，2018年的總股息合共為每股30港仙(2017年：每股18港仙)，派息比率為截至2018年12月31日止年度股東應佔溢利的32.7%(2017年：22.6%)。

CLOSURE OF REGISTER OF MEMBERS

(A) FOR DETERMINING THE ENTITLEMENT TO ATTEND AND VOTE AT THE 2019 AGM

The register of members of the Company will be closed from Wednesday, 22 May 2019 to Monday, 27 May 2019, both dates inclusive, during this period no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the 2019 AGM, unregistered holders of shares of the Company should ensure that all transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration no later than 4:30 p.m. on Tuesday, 21 May 2019.

(B) FOR DETERMINING THE ENTITLEMENT TO THE PROPOSED FINAL DIVIDEND

The register of members of the Company will be closed from Monday, 3 June 2019 to Wednesday, 5 June 2019, both dates inclusive, during this period no transfer of shares of the Company will be registered. In order to be eligible to receive the Proposed Final Dividend, unregistered holders of shares of the Company should ensure that all transfer forms accompanied by the relevant share certificates must be lodged with the Company's branch share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, for registration no later than 4:30 p.m. on Friday, 31 May 2019.

暫停辦理股份過戶登記手續

(A) 確定出席2019年股東週年大會並於會上投票的資格

本公司股東名冊將於2019年5月22日(星期三)至2019年5月27日(星期一)(包括首尾兩天)暫停登記,這期間不會辦理本公司股份過戶登記手續。為取得出席2019年股東週年大會並於會上投票的資格,本公司股份的未登記持有人須確保不遲於2019年5月21日(星期二)下午4時30分向本公司股份過戶登記分處—香港中央證券登記有限公司(地址為香港灣仔皇后大道東183號合和中心17樓1712-1716室)—遞交所有股份過戶表格連同相關股票辦理登記。

(B) 確定收取擬派末期股息的資格

本公司股東名冊將於2019年6月3日(星期一)至2019年6月5日(星期三)(包括首尾兩天)暫停登記,這期間不會辦理本公司股份過戶登記手續。為取得收取擬派末期股息的資格,本公司股份的未登記持有人須確保不遲於2019年5月31日(星期五)下午4時30分向本公司股份過戶登記分處—香港中央證券登記有限公司(地址為香港灣仔皇后大道東183號合和中心17樓1712-1716室)—遞交所有股份過戶表格連同相關股票辦理登記。

CORPORATE GOVERNANCE AND PERMITTED INDEMNITY PROVISION

Principal corporate governance practices and permitted indemnity provision adopted by the Company are set out in the Corporate Governance Report on pages 14 to 39.

FINANCIAL SUMMARY

A summary of the Group's results, assets and liabilities for the past five financial years, as extracted from audited consolidated financial statements and restated/reclassified as appropriate, is set out on page 3. The summary does not form part of the audited consolidated financial statements.

PROPERTIES

Particulars of the Group's major properties and property interests are set out on pages 231 to 233.

SHARE CAPITAL

The details of the changes in the Company's share capital during the year are set out in note 34 to consolidated financial statements.

ACQUISITION AND DISPOSAL OF SUBSIDIARIES

The details of acquisition and disposal of subsidiaries are set out in notes 36 and 37 respectively to consolidated financial statements.

DISTRIBUTABLE RESERVE

As at 31 December 2018, the Company's reserves available for distribution, calculated in accordance with the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, amounted to RMB2,523 million (2017: RMB2,387 million). The amount of RMB1,906 million (2017: RMB1,906 million) represented the Company's share premium which may be distributable provided that immediately following the date on which the dividend is proposed to be distributed, the Company will be in a position to pay off its debts as and when they fall due in the ordinary course of business.

企業管治及獲准許彌償條文

本公司採納的主要企業管治常規及獲准許彌償條文刊載於第14至39頁的企業管治報告內。

財務概要

本集團過去五個財政年度的業績、資產及負債的概要載於第3頁，乃摘錄自經審核綜合財務報表，並於適當情況下重列／重新分類。該概要並不構成經審核財務報表其中部分。

物業

本集團主要物業及物業權益的詳情載於第231至233頁。

股本

本公司於年內的股本變動詳情載於綜合財務報表附註34。

收購及出售附屬公司

收購及出售附屬公司詳情分別載於綜合財務報表附註36及37。

可供分派儲備

於2018年12月31日，根據開曼群島法例第22章公司法（1961年第3號法例，經綜合及修訂）計算的本公司可供分派儲備為人民幣25.23億元（2017年：人民幣23.87億元）。為數人民幣19.06億元（2017年：人民幣19.06億元）的款項指本公司可予分派的股份溢價，惟於緊隨建議派發股息之日，本公司將能夠償還日常業務範圍內的到期債務。

DIRECTORS' REPORT

董事會報告

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2018, the total turnover attributable to the Group's five largest customers was less than 4.0% of the Group's total turnover. The total purchase attributable to the Group's five largest suppliers was 43.2% of the Group's total purchases and the purchases from the largest supplier included therein amounted to 31.6%.

At no time during the year did the directors, their close associates or any Shareholder (which to the knowledge of the directors own more than 5% of the Company's issued share capital) had any beneficial interests in these suppliers or customers referred to above.

CHARITABLE DONATIONS

During the year, the Group's charitable donations were approximately RMB5.13 million (2017: RMB4.63 million).

TAX RELIEF AND EXEMPTION

The directors are not aware of any tax relief and exemption available to the Shareholders by reason of their holding of the Company's securities.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's articles of association or the laws of Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing Shareholders.

主要客戶及供應商

截至2018年12月31日止年度，本集團五大客戶應佔的總營業額少於本集團總營業額的4.0%。本集團五大供應商應佔的總購貨額是本集團總購貨額的43.2%，其中，最大供應商的購貨額佔31.6%。

於本年度內任何時間，董事、其緊密聯繫人或據董事所知任何擁有本公司已發行股本逾5%的股東概無於上述供應商或客戶中擁有任何實益權益。

慈善捐款

年內，本集團的慈善捐款約為人民幣513萬元（2017年：人民幣463萬元）。

稅務減免及豁免

董事並不知悉任何股東因持有本公司的證券而可享有任何稅務減免及豁免。

優先購買權

本公司的組織章程細則或開曼群島的法例並無有關本公司須按比例向現有股東發售新股份的優先購買權規定。

DIRECTORS

Directors in office during the year and up to the date of this report are as follows:

EXECUTIVE DIRECTORS

Mr. Wong Luen Hei (*Chairman*)
Mr. Zuo Manlun (*Chief executive*)
Ms. Zuo Xiaoping
Mr. Lai Zhiqiang
Mr. Kong Zhaocong
Mr. Chen Guonan
Dr. Lin Shaoquan
Mr. Huang Guirong
Mr. Luo Jianfeng
Mr. Lin Dewei (re-designated from non-executive director to executive director on 11 July 2018)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Wong Kwok Ho Jonathan
Mr. Cheung Man Yu
Ms. Lan Fang
Dr. Tao Zhigang
Mr. Cheng Dickson (appointed on 11 July 2018)
Mr. Fung Pui Cheung (resigned on 11 July 2018)

Pursuant to Article 16.2 of the articles of association of the Company, Mr. Cheng Dickson shall retire from office at the 2019 AGM and, being eligible, offer himself for re-election.

Pursuant to Article 16.18 of the articles of association of the Company, Mr. Wong Luen Hei, Mr. Kong Zhaocong, Dr. Lin Shaoquan and Mr. Wong Kwok Ho Jonathan are subject to retirement by rotation at the 2019 AGM and, being eligible, offer themselves for re-election.

Biographical details of directors are set out on pages 7 to 12.

DIRECTORS' SERVICE CONTRACTS

No director proposed for re-election at the 2019 AGM has a service contract which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

董事

於年內並截至本報告日期止在任的董事如下：

執行董事

黃聯禧先生 (*主席*)
左滿倫先生 (*行政總裁*)
左笑萍女士
賴志強先生
孔兆聰先生
陳國南先生
林少全博士
黃貴榮先生
羅建峰先生
林德緯先生 (於2018年7月11日由非執行董事調任為執行董事)

獨立非執行董事

王國豪先生
張文宇先生
蘭芳女士
陶志剛博士
鄭迪舜先生 (於2018年7月11日獲委任)
馮培漳先生 (於2018年7月11日辭任)

根據本公司的組織章程細則第16.2條，鄭迪舜先生須於2019年股東週年大會上告退，惟他合資格並願膺選連任。

根據本公司的組織章程細則第16.18條，黃聯禧先生、孔兆聰先生、林少全博士和王國豪先生須於2019年股東週年大會上輪席告退，惟合資格並願膺選連任。

董事履歷刊載於第7至12頁。

董事服務合約

擬於2019年股東週年大會膺選連任的董事概無與本集團訂立不可於一年內由本集團終止而毋須支付賠償(法定賠償除外)的服務合約。

DIRECTORS' REPORT

董事會報告

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

As at 31 December 2018, the interests and short positions of the directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of SFO) as recorded in the register to be kept by the Company pursuant to section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

董事及行政總裁於股份、相關股份及債權證的權益及淡倉

於2018年12月31日，本公司董事及行政總裁於本公司或其任何相聯法團（證券及期貨條例第XV部內的定義）的股份、相關股份及債權證中擁有根據證券及期貨條例第352條須於本公司存置的登記冊中記錄，或根據標準守則須通知本公司及聯交所的權益及淡倉如下：

Number and capacity of shares of the Company interested ^(a) 本公司權益股份數目及性質 ^(a)					
Name	Beneficial owner	Interests of spouse	Other interests	Total	Percentage of the issued share capital of the Company 佔本公司已發行股本的百分比
姓名	實益擁有人	配偶權益	其他權益	總數	
Wong Luen Hei 黃聯禧	–	2,308,000 (L) ^(c)	2,122,485,000 (L) ^{(b)(d)}	2,124,793,000 (L)	68.49%
Zuo Xiaoping 左笑萍	2,308,000 (L) ^(c)	–	2,122,485,000 (L) ^{(b)(d)}	2,124,793,000 (L)	68.49%
Zuo Manlun 左滿倫	4,642,000 (L)	–	–	4,642,000 (L)	0.15%
Luo Jianfeng 羅建峰	1,927,000 (L)	–	–	1,927,000 (L)	0.06%

Note:

- (a) The letter "L" denotes the person's long position in such securities.
- (b) These shares of the Company are held by New Fortune, which was wholly owned by Xi Xi Development and ultimately owned by UBS Trustees (B.V.I.) Limited, as trustee of a discretionary trust (the "Trust"), the settlor of which is Mr. Wong Luen Hei ("Mr. Wong"). The discretionary beneficiaries of the Trust included Mr. Wong and his family members. Both Mr. Wong and Ms. Zuo Xiaoping are taken to be interested in the said shares of the Company held by the Trust under the SFO.
- (c) Ms. Zuo Xiaoping is directly holding 2,308,000 shares of the Company. Mr. Wong is the spouse of Ms. Zuo Xiaoping, and therefore Mr. Wong is deemed to be interested in such shares of the Company in which Ms. Zuo Xiaoping is interested by virtue of the SFO.
- (d) These shares related to the same block of shares in the Company as set out in note (b) above.

附註：

- (a) 字母「L」指該人士於該等證券的好倉。
- (b) 該等本公司股份由新富星所持有。該公司由西溪發展全資擁有，並最終由UBS Trustees (B.V.I.) Limited作為一項全權信託（「該信託」，黃聯禧先生（「黃先生」）為其財產授予人）的信託人所擁有。該信託的全權信託受益人包括黃先生及其家族成員。根據證券及期貨條例，黃先生及左笑萍女士被視為於該信託所持有的上述本公司股份中擁有權益。
- (c) 左笑萍女士直接持有本公司的2,308,000股股份。黃先生為左笑萍女士的配偶，因此根據證券及期貨條例，黃先生被視為於左笑萍女士於其中擁有權益的該等本公司股份中擁有權益。
- (d) 該等股份實指上文附註(b)所述的同一本公司股份權益。

Save as disclosed above, as at 31 December 2018, none of the directors or chief executive of the Company had any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations that was required to be recorded pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

除上文所披露者外，於2018年12月31日，本公司董事或行政總裁概無於本公司或其任何相聯法團的任何股份、相關股份及債權證中擁有任何根據證券及期貨條例第352條須於登記冊中記錄，或根據標準守則須通知本公司及聯交所的權益或淡倉。

INTERESTS AND SHORT POSITIONS OF OTHER SHAREHOLDERS PURSUANT TO SFO

As at 31 December 2018, the following persons (other than a director or chief executive of the Company) had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO:

根據證券及期貨條例其他股東的權益及淡倉

於2018年12月31日，於本公司股份或相關股份中擁有根據證券及期貨條例第336條須予存置的登記冊中記錄的權益或淡倉的人士（本公司董事及行政總裁除外）如下：

Name of Shareholders 股東名稱	Capacity 身份	Number of issued ordinary shares held ^(a) 持有的已發行普通股數目 ^(a)	Percentage of the issued share capital of the Company 佔本公司已發行股本的百分比
UBS Trustees (B.V.I.) Limited	Trustee	2,122,485,000 (L) ^(b)	68.41 %
UBS Trustees (B.V.I.) Limited	信託人		
Xi Xi Development	Interests of controlled corporation	2,122,485,000 (L) ^(b)	68.41 %
西溪發展	受控法團權益		
New Fortune	Beneficial owner	2,122,485,000 (L) ^(b)	68.41 %
新富星	實益擁有人		

Note:

- (a) The letter "L" denotes the person's long position in such securities.
- (b) These shares relate to the same block of shares in the Company as those set out in note (b) in the section headed "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures" above.

附註：

- (a) 字母「L」指該人士於該等證券的好倉。
- (b) 該等股份實指上文「董事及行政總裁於股份、相關股份及債權證的權益及淡倉」一節附註(b)所述的同一本公司股份權益。

Save as disclosed above, as at 31 December 2018, the directors of the Company were not aware of any person or corporation (other than the directors and chief executive of the Company) who had any interests or short positions in any shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO.

除上文所披露者外，於2018年12月31日，本公司董事概不知悉任何人士或法團（本公司董事及行政總裁除外）於本公司任何股份或相關股份中擁有根據證券及期貨條例第336條須予存置的登記冊記錄的任何權益或淡倉。

SHARE AWARD SCHEME

On 28 August 2018, the Company adopted a share award scheme (the "Scheme") to recognise the contributions by certain eligible persons to the Group and to offer suitable incentives to attract and retain targeted talent and personnel for the continual operation and future development of the Group. On 29 November 2018, a trust deed (the "Trust Deed") was entered into between the Company as settlor and Computershare Hong Kong Trustees Limited as trustee (the "Trustee") in relation to the establishment of a trust (the "Trust"). Pursuant to the rules of the Scheme, Shares will be purchased by the Trustee from the open market out of cash contributed by the Company, and shall not exceed HK\$750 million and be held on trust for the selected participants until such Shares are vested with the relevant selected participants in accordance with the rules of the Scheme. The Scheme is a discretionary scheme of the Company and shall be subject to the administration of the Board and the Trustee in accordance with the rules of the Scheme and the Trust Deed. The Scheme does not constitute a share option scheme within the meaning of Chapter 17 of the Listing Rules. The Scheme will remain in force for a period of 10 years since the date of adoption of the Scheme. Early termination of the Scheme may be elected by the Board, provided that such termination shall not affect any subsisting rights of any selected participants. For details, please refer to the announcement made by the Company on 28 August 2018. Since the date of adoption of the Scheme and up to the date of this report, no shares have been awarded under the Scheme. As at 31 December 2018, there were no shares held in the Trust under the Scheme.

股份獎勵計劃

於2018年8月28日，本公司採納股份獎勵計劃（「該計劃」），以肯定若干合資格人士對本集團所作出的貢獻及給予適當激勵，藉此吸引及挽留目標人才及人員促進本集團的持續經營及未來發展。於2018年11月29日，本公司（作為財產授予人）與香港中央證券信託有限公司（作為信託人，「信託人」）就設立信託（「信託」）訂立信託契據（「信託契據」）。根據該計劃的規則，信託人將以本公司出資的現金自公開市場購入不超過7.50億港元的股份，並以信託形式代選定參與人持有，直至有關股份根據該計劃的規則歸屬於相關選定參與人為止。該計劃屬本公司的酌情計劃，並由董事會及信託人根據該計劃的規則及信託契據進行管理。該計劃並不構成上市規則第17章所界定的購股權計劃。該計劃將自採納該計劃當日起10年期間維持有效。董事會可選擇提早終止該計劃，惟有關終止不得影響任何選定參與人的任何存續權利。有關詳情請參閱本公司於2018年8月28日作出的公告。自採納該計劃當日起及截至本報告日期止，並無根據該計劃授出股份。於2018年12月31日，概無根據該計劃以信託形式持有股份。

SHARE OPTION SCHEME

A share option scheme (the “Share Option Scheme”) was conditionally approved by resolutions of the Shareholders on 14 May 2010 (the “Adoption Date”) for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group’s operations and the summary of terms of such Share Option Scheme are disclosed in the Company’s prospectus dated 9 June 2010. No share options have been granted under the Share Option Scheme since its adoption.

Eligible participants of the Share Option Scheme (“Eligible Persons”) include (a) any executive director of, manager of, or other employee holding an executive, managerial, supervisory or similar position in any member of the Group, any full-time or part-time employee, or a person for the time being seconded to work full-time or part-time for any member of the Group; (b) a director or proposed director (including an independent non-executive director) of any member of the Group; (c) a direct or indirect shareholder of any member of the Group; (d) a supplier of goods or services to any member of the Group; (e) a customer, consultant, business or joint venture partner, franchisee, contractor, agent or representative of any member of the Group; (f) a person or entity that provides design, research, development or other support or any advisory, consultancy, professional or other services to any member of the Group; and (g) an associate of any of the persons referred to in paragraphs (a) to (c) above.

購股權計劃

股東於2010年5月14日(「採納日期」)決議有條件批准一項購股權計劃(「購股權計劃」)，旨在激勵及獎勵為本集團成功營運作出貢獻的合資格參與者，而該項購股權計劃的條款摘要於本公司日期為2010年6月9日的招股章程內披露。本公司自採納購股權計劃以來並無根據該計劃授出購股權。

購股權計劃的合資格參與人(「合資格人士」)包括(a)本集團任何成員公司的任何執行董事、經理，或擔當行政、管理、監督或類似職位的其他僱員、任何全職或兼職僱員，或暫時派往本集團任何成員公司全職工作或兼職工作的僱員；(b)本集團任何成員公司的董事或候任董事(包括獨立非執行董事)；(c)本集團任何成員公司的直接或間接股東；(d)本集團任何成員公司的貨品或服務供應商；(e)本集團任何成員公司的客戶、顧問、業務或合營夥伴、特許經營商、承包商、代理或代表；(f)向本集團任何成員公司提供設計、研究、開發或其他支援或任何諮詢、顧問、專業或其他服務的人士或實體；及(g)上述(a)至(c)段所述任何人士的聯繫人。

SHARE OPTION SCHEME (Continued)

The total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other schemes of the Group shall not in aggregate exceed 300,000,000 Shares, representing 9.67% of the issued Shares as at 31 December 2018. The maximum number of Shares issued and to be issued upon the exercise of the options granted to any Eligible Persons (including exercised and outstanding options) in any 12-month period shall not exceed 1% of the issued share capital of the Company from time to time. There is no minimum period for which an option must be held before it can be exercised. The subscription price in respect of the any particular option shall be the price as the Board may in its discretion determine at the time of grant of the relevant option but the subscription price shall not be less than whichever is the highest of: (a) the nominal value of a Share; (b) the closing price of a Share as stated in the Stock Exchange's daily quotations sheet on the offer date; and (c) the average closing price of a Share as stated in the Stock Exchange's daily quotations sheet for the five business days immediately preceding the offer date.

The Share Option Scheme shall be valid and effective for a period of 10 years commencing on the Adoption Date. An offer of the grant of a share option shall remain open for acceptance by the Eligible Person concerned for a period of 28 days from the date of the Board approving the grant of the share options (the "Offer Date") provided that no such grant of an option may be accepted after the expiry of the effective period of the Share Option Scheme. An option shall be deemed to have been granted and accepted by the Eligible Person and to have taken effect when the duplicate offer letter comprising acceptance of the offer of the Option duly signed by the grantee together with a remittance in favour of the Company of HK\$1 by way of consideration for the grant thereof is received by the Company on or before the date upon which an offer of an option must be accepted by the relevant Eligible Person, being a date not later than 28 days after the Offer Date. Such remittance shall in no circumstances be refundable.

購股權計劃(續)

根據購股權計劃及本集團任何其他計劃授出的所有購股權獲行使而可予發行的股份總數，合共不得超出300,000,000股股份，佔於2018年12月31日已發行股份的9.67%。在任何12個月內，行使授予任何合資格人士之購股權(包括已行使及尚未行使的購股權)時已發行及將予發行之最高股份數目，不得超出本公司不時已發行股本之1%。概無規定購股權於可行使前須持有的最短期限。任何特定購股權的認購價須由董事會在授出相關購股權時酌情釐定，惟認購價不得低於以下各項的最高者：(a) 股份面值；(b) 股份於要約日期在聯交所每日報價表所示的收市價；及(c) 緊接要約日期前五個營業日股份於聯交所每日報價表所示的平均收市價。

購股權計劃的有效期限自採納日期起計為期10年。提呈授出的購股權可由董事會批准授出購股權之日(「提呈日期」)起計28天期間內供有關合資格人士接納，但在購股權計劃的有效期限屆滿後，則不可接納授出的購股權。當本公司於相關合資格人士必須接納提呈購股權當日(即提呈日期後不多於28天)或之前收到由承授人正式簽署構成接納提呈購股權的提呈函件複本連同支付本公司的價款1港元作為授出代價後，則購股權將被視為已授出及獲合資格人士接納及已生效。上述價款在任何情況下均不獲退還。

ARRANGEMENT FOR DIRECTORS TO PURCHASE SHARES OR DEBENTURES

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 director of the Company or their respective spouses or minor children, or were such rights exercised by them, or was the Company, its holding company or any of its subsidiaries a party to any arrangements to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debt securities (including debentures) of the Company or any other body corporate.

DIRECTORS' INTEREST IN CONTRACTS OF SIGNIFICANCE

Save as disclosed under paragraph headed "Connected Transactions", no transaction, arrangement or contract of significance to which the Company, its holding company and any of its subsidiaries was a party and in which a director of the Company or an entity connected with him had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

COMPLIANCE AND ENFORCEMENT OF THE NON-COMPETE UNDERTAKINGS FROM CONTROLLING SHAREHOLDER

None of the directors or substantial shareholder of the Company or any of their respective associates has engaged in any business that competes or may compete with the business of the Group. New Fortune (the "Controlling Shareholder", being a company holding approximately 68.41% of the issued share capital of the Company, and is ultimately held by the trust the founder of which is Mr. Wong Luen Hei, and the beneficiaries of which include Mr. Wong Luen Hei and his family) has entered into a deed of non-competition in favour of the Group with Mr. Wong Luen Hei dated 14 May 2010 (the "Deed of Non-Competition").

The directors are of the view that the Group's measures adopted by the Company in respect of the enforceability of the Deed of Non-Competition are adequate to safeguard the effectiveness of the non-competition undertakings. The independent non-executive directors have reviewed the compliance of the Deed of Non-Competition. Based on the confirmation from the Controlling Shareholder, the independent non-executive directors are of the view that the Deed of Non-Competition has been complied with and has been effectively enforced.

董事購買股份或債權證的安排

於年內任何時間，概無向任何本公司董事或彼等各自的配偶或未成年子女授出透過收購本公司股份或債權證而獲益的權利，亦無該等權利獲彼等行使，本公司、其控股公司或其任何附屬公司並無參與訂立任何安排讓本公司董事可透過收購本公司或任何其他法團的股份或債務證券（包括債權證）而獲利。

董事於重大合約的權益

除「關連交易」一段所披露者外，本公司、其控股公司或其任何附屬公司概無參與訂立任何由本公司董事或其有關聯的實體直接或間接擁有重大權益且於年終或於年內任何時間仍然有效的交易、安排或重大合約。

遵守及執行控股股東的不競爭承諾

概無本公司董事或主要股東或任何彼等各自的聯繫人從事任何與本集團業務競爭或可能競爭的業務。新福星（「控股股東」，為持有本公司已發行股本約68.41%的公司，其由信託最終持有，而該信託的創辦人為黃聯禧先生，受益人包括黃聯禧先生及其家族）及黃聯禧先生已於2010年5月14日訂立以本集團為受益人的不競爭契據（「不競爭契據」）。

董事認為本公司所採納本集團有關執行不競爭契據的措施已足夠保障不競爭承諾的效力。獨立非執行董事已審閱不競爭契據的遵守情況。根據控股股東的確認函，獨立非執行董事認為不競爭契據已獲遵守及有效執行。

DIRECTORS' REPORT

董事會報告

DISCLOSURE PURSUANT TO RULES 13.18 AND 13.21 OF THE LISTING RULES

(A) On 11 August 2016, the Company as guarantor and its wholly-owned subsidiary as borrower entered into a facility agreement (the "Facility Agreement I") in relation to syndicated term loan facilities in the amount of US\$600 million at an interest rate of LIBOR plus 1.85% per annum with syndicate lenders which were independent financial institutions. The loan made thereunder is repayable 42 months after the same has been made.

Pursuant to the Facility Agreement I, Mr. Wong Luen Hei and his family (collectively, the "Wong Family") shall collectively maintain, directly or indirectly, at least 51% of beneficial shareholding interest in the issued share capital of the Company, carrying at least 51% of the voting rights, free from any security. Otherwise, a failure to do so will be deemed an event of default under the Facility Agreement I.

(B) On 15 August 2017, the Company as guarantor (the "Guarantor") and its wholly-owned subsidiary as borrower (the "Borrower") entered into a facility agreement (the "Facility Agreement II") in relation to syndicated term loan facilities in the amount of HK\$800 million at an interest rate of HIBOR plus 1.55% per annum with syndicate lenders (the "Facility"). The loan made thereunder is repayable 36 months after the same has been made.

On 22 September 2017, the Guarantor and the Borrower entered into a syndication and amendment agreement in relation to the Facility Agreement II (the "Amendment Agreement"). Pursuant to the Amendment Agreement, the number of syndicate lenders have increased and the total commitment under the Facility has increased to HK\$1,350 million. Save for the aforesaid amendment and supplement, all other major terms of the Facility Agreement II remain in full force and effect.

Pursuant to the Facility Agreement II (as amended by the Amendment Agreement), the Wong Family shall collectively maintain, directly or indirectly, at least 51% of beneficial shareholding interest in the issued share capital of the Company, carrying at least 51% of the voting rights, free from any security. Otherwise, a failure to do so will be deemed an event of default under the Facility Agreement II.

根據上市規則第 13.18 條及第 13.21 條作出的披露

(A) 於 2016 年 8 月 11 日，本公司（作為擔保人）及其全資附屬公司（作為借款人）與銀團貸款人（獨立金融機構）訂立一項 6 億美元，年利率為倫敦銀行同業拆息加 1.85% 的銀團定期貸款融資之融資協議（「融資協議 I」）。根據該協議項下作出之貸款須於貸款作出後 42 個月償還。

根據融資協議 I，黃聯禧先生及其家族（統稱「黃氏家族」）須共同直接或間接擁有（且並無抵押）本公司已發行股本最少 51% 實益股權（佔最少 51% 的表決權）。否則，將被視為融資協議 I 項下的違約事件。

(B) 於 2017 年 8 月 15 日，本公司（作為擔保人（「擔保人」））及其全資附屬公司（作為借款人（「借款人」））與銀團貸款人訂立一項 8 億港元，年利率為香港銀行同業拆息加 1.55% 的銀團定期貸款融資（「該融資」）之融資協議（「融資協議 II」）。根據該協議項下作出之貸款須於貸款作出後 36 個月償還。

於 2017 年 9 月 22 日，擔保人及借款人就融資協議 II 訂立銀團及修訂協議（「修訂協議」）。根據修訂協議，銀團貸款人數目已增加，而該融資項下之總承擔增至 13.50 億港元。除上述修訂及補充外，融資協議 II 之所有其他主要條款均維持十足效力及有效。

根據融資協議 II（經修訂協議修訂），黃氏家族須共同直接或間接擁有（且並無抵押）本公司已發行股本最少 51% 實益股權（佔最少 51% 的表決權）。否則，將被視為融資協議 II 項下的違約事件。

CONNECTED TRANSACTIONS

For the year ended 31 December 2018, certain of the related party transactions as disclosed in note 41 to consolidated financial statements also constitute connected transactions or continuing connected transactions within the meaning of the Listing Rules and satisfied relevant disclosure requirements thereof. Details of the non-exempt connected transactions or continuing connected transactions are summarised below:

PURCHASE OF MACHINERY

Background: On 29 December 2017, the Company entered into a framework machinery purchase agreement (the "Framework Agreement") with Guangdong Liansu Machinery for 3 years commencing from 1 January 2018 and ending on 31 December 2020. For details, please refer to the announcement made by the Company on 29 December 2017.

Particulars of the Framework Agreement are disclosed below as required under the Listing Rules:

Nature of transactions: Purchase of machinery from Guangdong Liansu Machinery.

Terms: The purchase price to be agreed between the parties which shall not exceed the prevailing market price.

Annual Cap: RMB145 million (for the year ended 31 December 2018); RMB150 million (for the year ending 31 December 2019); and RMB150 million (for the year ending 31 December 2020)

Total consideration paid for the year: RMB125 million

關連交易

截至2018年12月31日止年度，綜合財務報表附註41披露的若干關聯人士交易亦構成符合上市規則定義的關連交易或持續關連交易，並符合相關的披露要求。不獲豁免關連交易或持續關連交易詳情概述如下：

購買機器

背景： 於2017年12月29日，本公司與廣東聯塑機器訂立框架機器採購協議（「框架協議」），自2018年1月1日起至2020年12月31日止為期3年。有關詳情，請參閱本公司於2017年12月29日所作的公告。

框架協議的細節已根據上市規則規定披露如下：

交易性質： 向廣東聯塑機器採購機器。

條款： 訂約方將協定的採購價不得超過當前市價。

年度上限： 人民幣1.45億元（截至2018年12月31日止年度）；人民幣1.50億元（截至2019年12月31日止年度）；及人民幣1.50億元（截至2020年12月31日止年度）

本年度支付總代價： 人民幣1.25億元

DIRECTORS' REPORT

董事會報告

CONNECTED TRANSACTIONS (Continued)

The Company has followed the pricing policies and guidelines when determining the price and terms of the connected transactions during the year. The Company confirms that it has complied with the disclosure requirements in accordance with chapter 14A of the Listing Rules.

The independent non-executive directors have, for the purpose of Rule 14A.55 of the Listing Rules, reviewed all continuing connected transactions and have confirmed that all continuing connected transactions have been entered into by the Group (i) in the ordinary and usual course of its business; (ii) on normal commercial terms; and (iii) in accordance with the terms of the agreements governing such transactions that are fair and reasonable and in the interests of the Shareholders as a whole.

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information*, and with reference to Practice Note 740 *Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules* issued by the Hong Kong Institute of Certified Public Accountants. The Company's auditor issued an unqualified letter containing the findings and conclusions in respect of the continuing connected transactions disclosed above by the Group in accordance with Rule 14A.56 of the Listing Rules. The Company provided a copy of the said letter to the Stock Exchange.

RELATED PARTY TRANSACTIONS

The details of the related party transactions are set out in note 41 to consolidated financial statements.

PUBLIC FLOAT

Based on the publicly available information obtained by the Company and to the best knowledge of the directors, as at the date of this report, the Company has maintained sufficient public float required under in the Listing Rules.

關連交易 (續)

年內，本公司於釐定關連交易的價格及條款時已遵從定價政策及指引。本公司確認其已遵守根據上市規則第14A章的披露規定。

獨立非執行董事已就上市規則第14A.55條審閱所有持續關連交易，並確認本集團的所有持續關連交易(i)是於一般及日常業務過程；(ii)按正常商業條款；及(iii)根據規管該等交易的協議條款訂立，屬公平合理且符合股東的整體利益。

本公司的核數師獲聘遵照香港會計師公會發出的香港核證聘用準則3000(經修訂)*歷史財務資料審計或審閱以外的核證聘用*，並參照實務說明第740號關於香港上市規則所述持續關連交易的核數師函件，就本集團的持續關連交易作出匯報。本公司的核數師已根據上市規則第14A.56條發出載有本集團上述披露的持續關連交易的核證結果及結論的無保留意見函件。本公司已將該函件副本呈交聯交所。

關聯人士交易

關聯人士交易的詳情載於綜合財務報表附註41。

公眾持股量

根據本公司以公開途徑取得的資料及據董事所深知，於本報告日期，本公司一直維持上市規則所訂明的充足公眾持股量。

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

For the year ended 31 December 2018, the Company or any of its subsidiaries did not purchase, sell or redeem any of the Company's listed securities.

AUDITOR

A resolution will be submitted to the 2019 AGM to re-appoint Ernst & Young as auditor of the Company.

By order of the Board

Zuo Manlun

Chief Executive and Director

Hong Kong, 26 March 2019

購買、出售或贖回上市證券

於截至2018年12月31日止年度，本公司或其任何附屬公司概無購買、出售或贖回任何本公司的上市證券。

核數師

本公司將於2019年股東週年大會上提呈決議案，以續聘安永會計師事務所為本公司的核數師。

承董事會命

行政總裁兼董事

左滿倫

香港，2019年3月26日

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告



To the shareholders of China Lesso Group Holdings Limited
(Incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of China Lesso Group Holdings Limited (the "Company") and its subsidiaries (the "Group") set out on pages 86 to 230, which comprise the consolidated statement of financial position as at 31 December 2018, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

BASIS FOR OPINION

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

致中國聯塑集團控股有限公司股東
(於開曼群島註冊成立的有限責任公司)

意見

我們已審核列載於第86至230頁的中國聯塑集團控股有限公司(「貴公司」)及其附屬公司(「貴集團」)的綜合財務報表，此綜合財務報表包括於2018年12月31日的綜合財務狀況表與截至該日止年度的綜合損益及其他全面收益表、綜合權益變動表和綜合現金流量表，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」)真實而中肯地反映了貴集團於2018年12月31日的綜合財務狀況及截至該日止年度的綜合財務表現及綜合現金流量，並已遵照香港公司條例的披露規定妥為編製。

意見的基準

我們已根據香港會計師公會頒佈的香港審核準則(「香港審核準則」)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承擔的責任」部分中作進一步闡述。根據香港會計師公會頒佈的專業會計師道德守則(「守則」)，我們獨立於貴集團，並已履行守則中的其他專業道德責任。我們相信，我們所獲得的審核憑證能充足及適當地為我們的審核意見提供基礎。

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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

關鍵審核事項

關鍵審核事項是根據我們的專業判斷，認為對本期綜合財務報表的審核最為重要的事項。這些事項是在對綜合財務報表整體進行審核並形成意見的背景下進行處理的，我們不對這些事項提供單獨的意見。我們對下述每一事項在審核中是如何應對的描述也以此為背景。

我們已經履行了本報告「核數師就審核綜合財務報表承擔的責任」部分闡述的責任，包括與這些關鍵審核事項相關的責任。相應地，我們的審核工作包括執行為應對評估的綜合財務報表重大錯誤陳述風險而設計的審核程序。我們執行審核程序的結果，包括應對下述關鍵審核事項所執行的程序，為綜合財務報表整體發表審核意見提供了基礎。

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

KEY AUDIT MATTERS (Continued)

關鍵審核事項(續)

Key audit matter 關鍵審核事項	How our audit addressed the key audit matter 如何應對關鍵審核事項
<i>Provision for impairment of trade and bills receivables and loan receivables</i> 貿易應收款項及票據和應收借款的減值撥備	
<p>At 31 December 2018, the Group had trade and bills receivables of RMB2,379,447,000, net of provision for impairment of RMB194,493,000, and loan receivables of RMB518,892,000, net of provision for impairment of RMB159,500,000, which in aggregate accounted for 8.4% of the total assets. The assessment of impairment of such trade and bills receivables and loan receivables was considered to be a matter of most significance as it required the application of judgement and use of subjective assumptions by management.</p> <p>於2018年12月31日，貴集團的貿易應收款項及票據賬面值為人民幣2,379,447,000元，該賬面值為扣除減值撥備人民幣194,493,000元之後之餘額，和應收借款賬面值為人民幣518,892,000元，該賬面值為扣除減值撥備人民幣159,500,000元之後之餘額，佔資產總額的8.4%。由於貿易應收款項及票據和應收借款的減值評估需要管理層作出判斷及使用主觀假設，故被視為最重要的事項。</p> <p>HKFRS 9, the new accounting standards on financial instruments, has been adopted by the Group on 1 January 2018. HKFRS 9 requires that the measurement of impairment of financial assets be changed from the "incurred loss" model to the "expected credit loss" ("ECL") model. In order to measure impairment of trade and bills receivables and loan receivables under HKFRS 9, management should use judgement, assumptions and estimation techniques in aspects such as judging significant increase in credit risk, estimating the parameters for measuring ECL and determining the forward-looking adjustments.</p> <p>貴集團已於2018年1月1日採納香港財務報告準則第9號(金融工具的新會計準則)。香港財務報告準則第9號規定，金融資產的減值計量由「已產生虧損」模型改為「預期信貸虧損」(「預期信貸虧損」)模型。為根據香港財務報告準則第9號計量貿易應收款項及票據和應收借款的減值，管理層應於多方面(如就信貸風險大幅增加作出判斷、就計量預期信貸虧損的參數作出估計及釐定前瞻性調整)運用判斷、假設及估計方法。</p>	<p>Our audit procedures included among others: 我們的審核程序包括(但不限於)：</p> <p>(i) Evaluated and tested the effectiveness of the design and implementation of key controls relating to approval, post approval monitoring, the credit grading management, and loan impairment assessment including the transition to ECL on adoption of HKFRS 9. We adopted a risk-based sampling approach in our tests of the allowances for impairment of trade and bills receivables and loan receivables; 評估及測試與審批、審批後監察、信貸評級管理及貸款減值評估(包括採納香港財務報告準則第9號時過渡至預期信貸虧損)方面有關的關鍵控制的設計及執行成效。我們於就貿易應收款項及票據和應收借款減值撥備的測試採用以風險為基礎的抽樣方法；</p> <p>(ii) Selected samples of performing loans considering size, risk factors, industry trends for our tests on the measurement of impairment; 考慮樣本大小、風險因素、行業趨勢等因素，選取履約貸款的樣本用於測試減值計量；</p>

KEY AUDIT MATTERS (Continued)

關鍵審核事項 (續)

<p>Key audit matter 關鍵審核事項</p>	<p>How our audit addressed the key audit matter 如何應對關鍵審核事項</p>
<p><i>Provision for impairment of trade and bills receivables and loan receivables (Continued)</i> 貿易應收款項及票據和應收借款的減值撥備 (續)</p>	
<p>The accounting policies, the impact of change resulting from initial adoption of HKFRS 9, disclosures of the allowance for impairment of trade and bills receivables and loan receivables and the related credit risk are included in notes 2.4, 3, 20 and 24 to the consolidated financial statements. 有關會計政策、首次採納香港財務報告準則第9號所導致的變動影響、貿易應收款項及票據和應收借款減值撥備以及相關信貸風險的披露載於綜合財務報表附註2.4、3、20及24。</p>	<p>(iii) Evaluated and tested the important parameters of the expected credit loss model, management's major judgements and related assumptions, mainly focusing on the following aspects: 評估及測試預期信貸虧損模型的重要參數、管理層主要判斷及相關假設，主要專注以下方面：</p> <p>Assessing the rationality of the expected credit loss model methodology and related parameters, including default probability, default loss rate, risk exposure, and significant increase in credit risk; 評估預期信貸虧損模型法及相關參數(包括違約或然率、違約損失率、風險及信貸風險大幅增加)的合理性；</p> <p>Assessing the management's consideration of forward-looking adjustment information when determining expected credit losses, including the use of macroeconomic information, the judgement of adjustments, and the reasonableness of reviews; and 評估管理層於釐定預期信貸虧損時對前瞻性調整資料的考慮(包括宏觀經濟資料的使用、調整的判斷及審閱的合理性)；及</p> <p>(iv) Assessed the adequacy of the Group's disclosure of the allowance for impairment of trade and bills receivables and loan receivables and the related credit risk. 評估 貴集團就貿易應收款項及票據和應收借款減值撥備以及相關信貸風險的披露的充足性。</p>

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

KEY AUDIT MATTERS (Continued)

關鍵審核事項 (續)

Key audit matter 關鍵審核事項	How our audit addressed the key audit matter 如何應對關鍵審核事項
<p><i>Provision for impairment of manufacturing and trading related inventories</i> 製造及貿易相關存貨減值撥備</p> <p>At 31 December 2018, the Group had manufacturing and trading inventories of RMB3,271,853,000, net of provision for impairment of RMB190,842,000, which represented 9.4% of the total assets. The provision for impairment mainly related to certain obsolete and slow-moving inventories. We focused on this area because these inventories are material to the Group and the provision for impairment of inventories involves a high level of management's judgement and estimate.</p> <p>於2018年12月31日，貴集團製造及貿易存貨賬面值為人民幣3,271,853,000元，該賬面值為扣除減值撥備人民幣190,842,000元之後之餘額，佔資產總額的9.4%。該減值撥備主要關於若干過時及滯銷存貨項目。我們重點關注該科目是由於該等存貨對於貴集團重大且存貨減值撥備涉及高度管理層判斷和估計。</p> <p>Related disclosures in the consolidated financial statements are included in notes 2.4, 3 and 22. 於綜合財務報表內的相關披露載於附註2.4、3及22。</p>	<p>Our audit procedures included among others: 我們的審核程序包括(但不限於)：</p> <p>(i) Evaluated, amongst others, the analyses and assessments made by management with respect to obsolete and slow-moving inventories, including market values and expected selling prices of the related inventories and the Group's future plan of usage or sale; 評估(當中包括)管理層就過時及滯銷存貨作出的分析及評估，包括有關存貨的市值及預期售價，以及貴集團的未來使用或出售計劃；</p> <p>(ii) Assessed the reliability of the underlying data used by management in calculating the production related inventory provisions such as the inventory ageing reports, by re-performing the ageing calculation generated by the system; 重新計算系統產生的年期(如存貨年期報告)，以評估管理層用於計算生產相關存貨撥備的相關資料可靠性；</p> <p>(iii) Tested the accuracy of the management's calculation by assessing the calculation criteria and recalculating the provision; and 評估計算標準及重新計算撥備，以測試管理層計算的準確性；及</p> <p>(iv) Evaluated, based on a sample of production related inventories, the analyses performed by management regarding the net realisable values of the production related inventories. 抽樣檢查生產相關存貨，以評估管理層有關生產相關存貨可變現淨值的分析。</p>

KEY AUDIT MATTERS (Continued)

關鍵審核事項 (續)

<p>Key audit matter 關鍵審核事項</p>	<p>How our audit addressed the key audit matter 如何應對關鍵審核事項</p>
<p><i>Valuation of investment properties</i> 投資物業估值</p> <p>At 31 December 2018, the Group had investment properties of RMB4,650,423,000, which represented 13.4% of the total assets and were measured at fair value. The valuation of the investment properties is important to our audit as it represents a significant judgment area and is an important part of the total assets of the Group. Management employed independent qualified valuers to assess the fair value. The valuation of the investment properties is highly dependent on a range of estimates made by the management.</p> <p>於2018年12月31日，貴集團的投資物業賬面值為人民幣4,650,423,000元，佔資產總額的13.4%並按公允價值計量。由於投資物業估值涉及重大判斷且為貴集團資產總額的重要組成部分，故該估值對我們審核影響重大。管理層聘用獨立及合資格的估值師評估公允價值。投資物業估值高度依賴管理層作出的一系列估計範圍。</p> <p>Related disclosures in the consolidated financial statements are included in notes 2.4, 3 and 14.</p> <p>於綜合財務報表內的相關披露載於附註2.4、3及14。</p>	<p>We have performed the following procedures, among others: 我們已進行下列程序(包括)：</p> <p>(i) Considered the objectivity, independence and expertise of the professional valuers; 考慮估值師的客觀性、獨立性及專業知識；</p> <p>(ii) Assessed the correctness of the property related data, which have been used as input for the valuations; 評估作為估值輸入數據的資產相關數據之正確性；</p> <p>(iii) Engaged our internal specialists to assist us in analysing the valuations and challenging the underlying assumptions, such as the appropriateness of comparable lands under the sales comparison approach; and 委任內部專家協助我們分析估值及質疑相關假設，例如銷售比較法下可資比較土地的適合性；及</p> <p>(iv) Focused on the adequacy and appropriateness of the disclosures relating to the valuations of these investment properties. 專注於該等投資物業估值相關披露的充足性及適合性。</p>

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

OTHER INFORMATION INCLUDED 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 THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

年報所載的其他資料

貴公司董事需對其他資料負責。其他資料包括於年報內刊載的資料，但不包括綜合財務報表及我們的核數師報告。

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

結合我們對綜合財務報表的審核，我們的責任是閱讀其他資料，在此過程中，考慮其他資料是否與綜合財務報表或我們在審核過程中所瞭解的情況存在重大抵觸或者似乎存在重大錯誤陳述的情況。基於我們已執行的工作，如果我們認為其他資料存在重大錯誤陳述，我們需要報告該事實。在這方面，我們沒有任何報告。

董事就綜合財務報表須承擔的責任

貴公司董事須負責根據香港會計師公會頒佈的香港財務報告準則及香港公司條例的披露規定擬備真實而中肯的綜合財務報表，並對其認為為使綜合財務報表的編製不存在由於欺詐或錯誤而導致的重大錯誤陳述所需的內部控制負責。

在編製綜合財務報表時，貴公司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，除非貴公司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。

審核委員會協助貴公司董事履行職責，監督貴集團的財務報告過程。

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, 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 HKSAAs 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 HKSAAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

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

核數師就審核綜合財務報表承擔的責任

我們的目標，是對綜合財務報表整體是否不存在由於欺詐或錯誤而導致的重大錯誤陳述取得合理保證，並出具包括我們意見的核數師報告。我們僅對全體成員作出報告。除此之外本報告不作其他用途，我們概不就本報告的內容對任何其他人士負上或承擔任何責任。

合理保證是高水平的保證，但不能保證按照香港審核準則進行的審核，在某一重大錯誤陳述存在時總能發現。錯誤陳述可以由欺詐或錯誤引起，如果合理預期它們單獨或滙總起來可能影響綜合財務報表使用者依賴綜合財務報表所作出的經濟決定，則有關的錯誤陳述可被視作重大。

在根據香港審核準則進行審核的過程中，我們運用了專業判斷，保持了專業懷疑態度。我們亦：

- 識別和評估由於欺詐或錯誤而導致綜合財務報表存在重大錯誤陳述的風險，設計及執行審核程序以應對這些風險，以及獲取充足和適當的審核憑證，作為我們意見的基礎。由於欺詐可能涉及串謀、偽造、蓄意遺漏、虛假陳述，或凌駕於內部控制之上，因此未能發現因欺詐而導致的重大錯誤陳述的風險高於未能發現因錯誤而導致的重大錯誤陳述的風險。
- 瞭解與審核相關的內部控制，以設計適當的審核程序，但目的並非對貴集團內部控制的有效性發表意見。
- 評價董事所採用會計政策的恰當性及作出會計估計和相關披露的合理性。

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

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

(Continued)

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

核數師就審核綜合財務報表承擔的責任 (續)

- 對董事採用持續經營會計基礎的恰當性作出結論。根據所獲取的審核憑證，確定是否存在與事項或情況有關的重大不確定性，從而可能導致對貴集團的持續經營能力產生重大疑慮。如果我們認為存在重大不確定性，則有必要在核數師報告中提請使用者注意綜合財務報表中的相關披露。假若有關的披露不足，則我們應當發表非無保留意見。我們的結論是基於核數師報告日止所取得的審核憑證。然而，未來事項或情況可能導致貴集團不能持續經營。
- 評價綜合財務報表的整體列報方式、結構和內容，包括披露，以及綜合財務報表是否中肯反映交易和事項。
- 就貴集團內實體或業務活動的財務資料獲取充足、適當的審核憑證，以便對綜合財務報表發表意見。我們負責貴集團審核的方向、監督和執行。我們為審核意見承擔全部責任。

除其他事項外，我們與審核委員會溝通了計劃的審核範圍、時間安排、重大審核發現等，包括我們在審核中識別出內部控制的任何重大缺陷。

我們還向審核委員會提交聲明，說明我們已符合有關獨立性的相關專業道德要求，並與他們溝通有可能合理地被認為會影響我們獨立性的所有關係和其他事項，以及在適用的情況下，相關的防範措施。

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

(Continued)

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

The engagement partner on the audit resulting in this independent auditor's report is Lee Mee Kwan, Helena.

Ernst & Young

Certified Public Accountants
22/F CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong

26 March 2019

核數師就審核綜合財務報表承擔的責任

(續)

從與審核委員會溝通的事項中，我們確定哪些事項對本期綜合財務報表的審核最為重要，因而構成關鍵審核事項。我們在核數師報告中描述這些事項，除非法律法規不允許公開披露這些事項，或在極端罕見的情況下，如果合理預期在我們報告中溝通某事項造成的負面後果超過產生的公眾利益，我們決定不應在報告中溝通該事項。

出具本獨立核數師報告的審核項目合夥人是李美群。

安永會計師事務所

執業會計師
香港中環
添美道1號
中信大廈22樓

2019年3月26日

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

綜合損益及其他全面收益表

Year ended 31 December 2018
截至2018年12月31日止年度

		Note 附註	2018 RMB'000 人民幣千元	2017 RMB'000 人民幣千元
REVENUE	收入	5	23,733,517	20,360,000
Cost of sales	銷售成本		(17,505,068)	(15,043,217)
Gross profit	毛利		6,228,449	5,316,783
Other revenue, income and gains	其他收入、收益及利益	5	571,430	568,650
Selling and distribution expenses	銷售及分銷開支		(1,111,914)	(1,029,222)
Administrative expenses	行政開支		(1,080,820)	(938,241)
Impairment losses on financial and contract assets	金融及合約資產的減值虧損		(233,091)	–
Other expenses	其他開支		(840,531)	(732,914)
Finance costs	融資成本	6	(415,403)	(229,309)
Share of results of associates	分佔聯營公司業績		116,803	(1,404)
Share of results of joint ventures	分佔合營企業業績	18	616	243
PROFIT BEFORE TAX	除稅前溢利	7	3,235,539	2,954,586
Income tax expense	所得稅開支	9	(789,315)	(688,779)
PROFIT FOR THE YEAR	年內溢利		2,446,224	2,265,807
OTHER COMPREHENSIVE (EXPENSE)/ INCOME	其他全面(開支)/ 收益			
Items that may be reclassified subsequently to profit or loss:	其後可能重新歸類至損益的項目：			
Available-for-sale investments:	可供出售投資：			
Changes in fair value	公允價值變動		–	219,589
Reclassification adjustment for gains included in consolidated statement of profit or loss	綜合損益表內之利益重新歸類調整			
– gain on disposal	– 出售所得利益		–	(1,050)
– gain on early redemption	– 提早贖回所得利益		–	(39,071)
Changes in fair value of debt instruments at fair value through other comprehensive income	按公允價值計入其他全面收益的債務工具的公允價值變動		(758)	–
Share of other comprehensive income of an associate, net of tax	分佔一間聯營公司的其他全面收益(稅後淨額)		(800)	–
Exchange differences on translation of foreign operations	折算外幣報表產生的匯兌差額		(207,018)	197,143
			(208,576)	376,611
Items that will not be reclassified to profit or loss:	其後不會重新歸類至損益的項目：			
Changes in fair value of equity instruments at fair value through other comprehensive income	按公允價值計入其他全面收益的股本工具的公允價值變動		(189,718)	–
OTHER COMPREHENSIVE (EXPENSE)/ INCOME FOR THE YEAR	年內其他全面(開支)/ 收益		(398,294)	376,611
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	年內全面收益總額		2,047,930	2,642,418

		Note 附註	2018 RMB'000 人民幣千元	2017 RMB'000 人民幣千元
Profit attributable to:	以下應佔溢利：			
Owners of the Company	本公司擁有人		2,491,774	2,293,055
Non-controlling interests	非控制權益		(45,550)	(27,248)
			2,446,224	2,265,807
Total comprehensive income attributable to:	以下應佔全面收益總額：			
Owners of the Company	本公司擁有人		2,089,225	2,666,410
Non-controlling interests	非控制權益		(41,295)	(23,992)
			2,047,930	2,642,418
EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY	本公司擁有人應佔每股盈利	11		
Basic and diluted	基本及攤薄		RMB0.80 人民幣 0.80 元	RMB0.74 人民幣0.74元

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

綜合財務狀況表

As at 31 December 2018
於2018年12月31日

		Note	2018	2017
		附註	RMB'000 人民幣千元	RMB'000 人民幣千元
NON-CURRENT ASSETS	非流動資產			
Property, plant and equipment	物業、廠房及設備	12	7,478,765	7,156,134
Prepaid land lease payments	預付土地租賃款	13	1,337,959	1,266,216
Investment properties	投資物業	14	4,650,423	4,038,900
Deposits paid for the purchase of land, property, plant and equipment	購買土地、物業、廠房及設備所支付的按金		1,731,202	1,024,497
Goodwill	商譽	15	363,133	85,309
Other intangible assets	其他無形資產	15	257,787	172,332
Interests in associates	於聯營公司的權益	17	1,375,567	41,324
Interests in joint ventures	於合營企業的權益	18	9,303	9,024
Available-for-sale investments	可供出售投資	19A	–	1,582,208
Other financial assets	其他金融資產	19B	1,852,511	–
Loan receivables	應收借款	20	163,422	228,710
Other non-current assets	其他非流動資產	21	360,097	150,591
Contract assets	合約資產	23B	84,651	–
Deferred tax assets	遞延稅項資產	31	88,130	69,908
Total non-current assets	非流動資產總額		19,752,950	15,825,153
CURRENT ASSETS	流動資產			
Inventories	存貨	22	3,521,214	3,227,742
Amounts due from customers for contract work	應收客戶的合約工程款項	23A	–	269,239
Contract assets	合約資產	23B	327,279	–
Other financial assets	其他金融資產	19B	47,649	–
Loan receivables	應收借款	20	355,470	561,206
Trade and bills receivables	貿易應收款項及票據	24	2,379,447	2,024,608
Prepayments, deposits and other receivables	預付款、按金及其他應收款項	25	1,800,477	1,613,307
Cash and bank deposits	現金及銀行存款	26	6,451,791	4,452,370
Total current assets	流動資產總額		14,883,327	12,148,472
CURRENT LIABILITIES	流動負債			
Amounts due to customers for contract work	應付客戶的合約工程款項	23A	–	101,555
Contract liabilities	合約負債	23B	1,482,994	–
Trade and bills payables	貿易應付款項及票據	27	4,277,323	3,021,085
Other payables and accruals	其他應付款項及應計費用	28	927,482	1,892,922
Tax payable	應付稅項		272,780	180,973
Borrowings	借款	29	6,144,492	2,877,256
Total current liabilities	流動負債總額		13,105,071	8,073,791
NET CURRENT ASSETS	流動資產淨額		1,778,256	4,074,681
TOTAL ASSETS LESS CURRENT LIABILITIES	資產總額減流動負債		21,531,206	19,899,834

		Note	2018	2017
		附註	RMB'000 人民幣千元	RMB'000 人民幣千元
NON-CURRENT LIABILITIES	非流動負債			
Borrowings	借款	29	5,586,566	5,442,119
Other long-term payables	其他長期應付款項		109,546	92,572
Derivative financial instruments	衍生金融工具	30	6,592	–
Deferred tax liabilities	遞延稅項負債	31	572,967	444,640
Deferred income	遞延收益	32	182,670	137,012
Total non-current liabilities	非流動負債總額		6,458,341	6,116,343
Net assets	資產淨額		15,072,865	13,783,491
EQUITY	權益			
Share capital	股本	33	135,344	135,344
Reserves	儲備	34	14,667,985	13,354,571
Equity attributable to owners of the Company	本公司擁有人應佔 權益		14,803,329	13,489,915
Non-controlling interests	非控制權益		269,536	293,576
Total equity	權益總額		15,072,865	13,783,491

Wong Luen Hei
黃聯禧
Director
董事

Luo Jianfeng
羅建峰
Director
董事

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

綜合權益變動表

Year ended 31 December 2018
截至2018年12月31日止年度

		Attributable to owners of the Company 本公司擁有人應佔										
		Share capital	Share premium	Statutory reserve ^(a)	Capital reserve ^(b)	Merger reserve	Fair value revaluation reserve	Exchange fluctuation reserve	Retained profits	Total	Non-controlling interests	Total equity
		股本	股份溢價	法定儲備 ^(a)	資本儲備 ^(b)	合併儲備	公允價值重估儲備	波動儲備	保留溢利	總計	非控制權益	權益總額
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
At 1 January 2017	於2017年1月1日	135,344	1,905,618	1,389,851	5,250	5,515	26,235	(149,085)	7,912,781	11,231,509	306,163	11,537,672
Profit for the year	年內溢利	-	-	-	-	-	-	-	2,293,055	2,293,055	(27,248)	2,265,807
Other comprehensive income for the year	年內其他全面收益	-	-	-	-	-	179,468	193,887	-	373,355	3,256	376,611
Total comprehensive income for the year	年內全面收益總額	-	-	-	-	-	179,468	193,887	2,293,055	2,666,410	(23,992)	2,642,418
Acquisition of non-controlling interests	收購非控制權益	-	-	-	3,284	-	-	-	-	3,284	(5,984)	(2,700)
Capital contributions from non-controlling interests	非控制權益出資	-	-	-	-	-	-	-	-	-	39,073	39,073
Non-controlling interests arising from business combination	業務合併產生的非控制權益	-	-	-	-	-	-	-	-	-	1,389	1,389
Disposal of subsidiaries	出售附屬公司	-	-	-	-	-	-	-	-	-	(23,073)	(23,073)
Dividends recognised as distributions to owners (note 10)	確認為向擁有人分派的股息(附註10)	-	-	-	-	-	-	-	(411,288)	(411,288)	-	(411,288)
Appropriation to statutory reserve	轉撥至法定儲備	-	-	288,213	-	-	-	-	(288,213)	-	-	-
At 31 December 2017 and 1 January 2018	於2017年12月31日及2018年1月1日	135,344	1,905,618 [#]	1,678,064 [#]	8,534 [#]	5,515 [#]	205,703 [#]	44,802 [#]	9,506,335 [#]	13,489,915	293,576	13,783,491
Profit for the year	年內溢利	-	-	-	-	-	-	-	2,491,774	2,491,774	(45,550)	2,446,224
Other comprehensive expense for the year	年內其他全面開支	-	-	-	-	-	(190,476)	(212,073)	-	(402,549)	4,255	(398,294)
Total comprehensive income for the year	年內全面收益總額	-	-	-	-	-	(190,476)	(212,073)	2,491,774	2,089,225	(41,295)	2,047,930
Acquisition of non-controlling interests	收購非控制權益	-	-	-	(59,994)	-	-	-	-	(59,994)	(60,346)	(120,340)
Capital contributions from non-controlling interests	非控制權益出資	-	-	-	-	-	-	-	-	-	16,513	16,513
Non-controlling interests arising from business combination (note 36)	業務合併產生的非控制權益(附註36)	-	-	-	-	-	-	-	-	-	49,958	49,958
Transfer of fair value reserve upon the disposal of equity instruments at fair value through other comprehensive income	出售按公允價值計入其他全面收益的股本工具後轉讓至公允價值儲備	-	-	-	-	-	(90,472)	-	90,472	-	-	-
Disposal of subsidiaries (note 37)	出售附屬公司(附註37)	-	-	(381)	-	-	-	-	-	(381)	11,130	10,749
Dividends recognised as distributions to owners (note 10)	確認為向擁有人分派的股息(附註10)	-	-	-	-	-	-	-	(715,436)	(715,436)	-	(715,436)
Appropriation to statutory reserve	轉撥至法定儲備	-	-	370,177	-	-	-	-	(370,177)	-	-	-
At 31 December 2018	於2018年12月31日	135,344	1,905,618[#]	2,047,860[#]	(51,460)[#]	5,515[#]	(75,245)[#]	(167,271)[#]	11,002,968[#]	14,803,329	269,536	15,072,865

[#] These reserve accounts comprise the reserves of RMB14,667,985,000 (2017: RMB13,354,571,000) in the consolidated statement of financial position.

[#] 該等儲備賬構成綜合財務狀況表中儲備人民幣14,667,985,000元(2017年:人民幣13,354,571,000元)。

Note:

- (a) In accordance with the Company Law of PRC, each of the Company's subsidiaries registered in PRC is required to appropriate 10% of the annual statutory profit after tax (after offsetting any prior years' losses) determined in accordance with generally accepted accounting principles in PRC to the statutory reserve until the balance of the reserve fund reaches 50% of its registered capital. The statutory reserve can be utilised to offset prior years' losses or to increase capital, provided that the remaining balance of the statutory reserve is not less than 25% of the registered capital.
- (b) Capital reserve mainly represented the difference between the consideration and the book value of the share of the net assets acquired in respect of the acquisition of non-controlling interests.

附註：

- (a) 根據中國公司法，本公司於中國註冊的各間附屬公司須劃撥根據中國公認會計原則釐定的年度法定除稅後溢利（經扣除任何過往年度虧損後）的10%至法定儲備，直至儲備金結餘達到其註冊資本的50%為止。法定儲備可用於抵銷過往年度虧損或增資，惟法定儲備的餘下結餘不得少於註冊資本的25%。
- (b) 資本儲備主要指有關收購非控制權益的代價與應佔所收購淨資產賬面值之間的差額。

CONSOLIDATED STATEMENT OF CASH FLOWS

綜合現金流量表

Year ended 31 December 2018
截至2018年12月31日止年度

	Note 附註	2018 RMB'000 人民幣千元	2017 RMB'000 人民幣千元
OPERATING ACTIVITIES	經營活動		
Profit before tax		3,235,539	2,954,586
Adjustments for:	就以下各項作出調整：		
Interest income	利息收益	(111,149)	(90,785)
Government grants released	已撥入的政府補助	(4,300)	(3,982)
Gain on fair value changes of investment properties	投資物業公允價值變動利益	(311,809)	(327,313)
Gain on fair value changes of financial instruments at fair value through profit or loss	按公允價值計入損益的金融工具的公允價值變動利益	(7,098)	-
Gain on disposal of available-for-sale investments	出售可供出售投資所得利益	-	(1,050)
Gain on disposal of held-to-maturity investments	出售持有至到期投資所得利益	-	(3,315)
Gain on early redemption of available-for-sale investments	提早贖回可供出售投資所得利益	-	(39,071)
Investment income	投資收益	(32,178)	(2,694)
Gain on disposal of subsidiaries	出售附屬公司所得利益	(33,273)	(2,141)
Interest expenses	利息開支	415,403	229,309
Depreciation and amortisation	折舊及攤銷	758,156	646,822
(Write-back)/write-down of inventories to net realisable value, net	(撥回)/撇減存貨至可變現淨值淨額	(13,238)	61,843
Loss on disposal of items of other intangible assets and property, plant and equipment	出售其他無形資產和物業、廠房及設備項目的虧損	40,838	15,144
Loss on fair value changes of derivative financial instruments	衍生金融工具公允價值變動虧損	-	31,575
Impairment of property, plant and equipment	物業、廠房及設備減值	2,711	-
Impairment of goodwill	商譽減值	372	-
Impairment of loan receivables	應收借款減值	159,500	-
Impairment of contract assets	合約資產減值	21,855	-
Impairment of trade and bills receivables, net	貿易應收款項及票據減值淨額	51,736	25,268
Share of results of associates	分佔聯營公司業績	(116,803)	1,404
Share of results of joint ventures	分佔合營企業業績	(616)	(243)
		4,055,646	3,495,357
Decrease/(increase) in other non-current assets	其他非流動資產減少/(增加)	92,196	(112,968)
Increase in inventories	存貨增加	(297,192)	(597,026)
Increase in amounts due from customers for contract work	應收客戶的合約工程款項增加	-	(105,960)
Increase in contract assets	合約資產增加	(111,955)	-
Decrease/(increase) in loan receivables	應收借款減少/(增加)	111,524	(400,961)
Increase in trade and bills receivables	貿易應收款項及票據增加	(387,989)	(585,273)
Increase in prepayments, deposits and other receivables	預付款、按金及其他應收款項增加	(437,779)	(162,834)
Increase in amounts due to customers for contract work	應付客戶的合約工程款項增加	-	61,506
Increase in contract liabilities	合約負債增加	261,270	-
Increase/(decrease) in trade and bills payables	貿易應付款項及票據增加/(減少)	1,327,056	(546,494)
Increase in other payables and accruals	其他應付款項及應計費用增加	234,389	205,350
Increase in other long-term payables	其他長期應付款項增加	3,448	12,164
Increase in deferred income	遞延收益增加	49,958	26,686
Cash generated from operations	經營產生的現金	4,900,572	1,289,547
Bank interest received	已收銀行利息	105,140	82,378
Corporate income tax paid	已付企業所得稅	(595,975)	(444,885)
Net cash flows from operating activities	經營活動所得現金流量淨額	4,409,737	927,040

	Note 附註	2018 RMB'000 人民幣千元	2017 RMB'000 人民幣千元
INVESTING ACTIVITIES			
Purchases of items of property, plant and equipment		(1,309,966)	(1,472,510)
Proceeds from disposal of items of other intangible assets and property, plant and equipment		76,306	15,169
Additions to prepaid land lease payments		(73,510)	(26,218)
Additions to investment properties		(829,950)	(1,452,169)
Additions to other intangible assets		(5,739)	(5,692)
Additions to associates		(1,143,325)	(42,728)
Additions to joint ventures		-	(6,787)
Acquisitions of subsidiaries	36	(384,446)	(10,103)
Proceeds from disposal of subsidiaries	37	7,224	23,346
Purchases of available-for-sale investments		-	(854,550)
Proceeds from disposal of available-for-sale investments		-	30,225
Proceeds from early redemption of available-for-sale investments		-	28,073
Purchases of held-to-maturity investments		-	(6,802)
Proceeds from disposal of held-to-maturity investments		-	34,550
Purchases of other financial assets		(860,747)	-
Proceeds from disposal of other financial assets		469,627	-
Proceeds from early redemption of convertible notes		141,305	-
Investment income received		32,178	2,694
Interest received from other financial assets		8,088	-
Interest received from available-for-sale investments		-	3,291
Interest received from held-to-maturity investments		-	3,294
Contingent consideration paid for the acquisition of subsidiaries		(56,000)	(32,000)
Prepayment for acquisition of a subsidiary		(354,293)	-
Proceeds from assignment of rights of receivables		-	29,937
(Increase)/decrease in restricted cash		(283,344)	40,614
Net cash flows used in investing activities		(4,566,592)	(3,698,366)
FINANCING ACTIVITIES			
New bank borrowings raised		6,446,937	9,777,894
Repayment of bank and other loans		(3,404,925)	(5,790,147)
Capital contributions from non-controlling interests		16,513	39,073
Acquisition of non-controlling interests		(78,897)	(2,700)
Interest paid		(397,996)	(211,453)
Dividends paid		(715,436)	(411,288)
Net cash flows from financing activities		1,866,196	3,401,379
NET INCREASE IN CASH AND CASH EQUIVALENTS			
Cash and cash equivalents at beginning of the year		3,677,759	3,070,458
Effect of foreign exchange rate changes, net		6,736	(22,752)
CASH AND CASH EQUIVALENTS AT END OF THE YEAR			
		5,393,836	3,677,759
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Time deposits with original maturity of three months or less when acquired	26	8,440	102,539
Cash and bank balances	26	5,385,396	3,575,220
		5,393,836	3,677,759

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

1. CORPORATE AND GROUP INFORMATION

The Company is a limited liability company incorporated in the Cayman Islands. The addresses of its registered office and principal places of business are disclosed in the section headed "Corporate Information" of this report.

The Company is an investment holding company. Particulars of the Company's principal subsidiaries, associates and joint ventures are set out in notes 45, 17 and 18 to the consolidated financial statements, respectively.

2.1 BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants, accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties, other financial assets and derivative financial instruments which have been measured at fair value. These consolidated financial statements are presented in Renminbi and all values are rounded to the nearest thousand except when otherwise indicated.

BASIS OF CONSOLIDATION

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

A subsidiary is an entity (including a structured entity), directly or indirectly controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

1. 公司及集團資料

本公司為一間於開曼群島註冊成立的有限公司。其註冊辦事處及主要營業地點載於本報告「公司資料」部分。

本公司為一間投資控股公司。本公司主要附屬公司、聯營公司及合營企業的詳情分別載於綜合財務報表附註45、17及18。

2.1 編製基準

本綜合財務報表已根據香港會計師公會所頒佈的香港財務報告準則（「香港財務報告準則」）（包括所有香港財務報告準則、香港會計準則（「香港會計準則」）及詮釋）、香港公認會計原則及香港公司條例披露規定編製。本綜合財務報表按歷史成本法編製，惟按公允價值計量的投資物業、其他金融資產及衍生金融工具除外。本綜合財務報表乃以人民幣呈列，除另有指明外，所有價值均調整至最接近的千元數。

綜合基準

綜合財務報表包括本公司及其附屬公司截至2018年12月31日止年度的財務報表。

附屬公司為本公司直接或間接控制的實體（包括結構性實體）。當本集團承受或享有參與投資對象業務所得的可變回報，且能透過對投資對象的權力（即賦予本集團現有能力主導投資對象相關活動的既存權利）影響該等回報時，即取得控制權。

2.1 BASIS OF PREPARATION (Continued)

BASIS OF CONSOLIDATION (Continued)

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (i) the contractual arrangement with the other vote holders of the investee;
- (ii) rights arising from other contractual arrangements; and
- (iii) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

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

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

2.1 編製基準 (續)

綜合基準 (續)

倘本公司直接或間接擁有少於投資對象大多數的投票或類似權利，則本集團於評估其是否擁有對投資對象的權力時，會考慮一切相關事實及情況，包括：

- (i) 與投資對象其他投票持有人的合約安排；
- (ii) 其他合約安排所產生的權利；及
- (iii) 本集團的投票權及潛在投票權。

附屬公司的財務報表乃就與本公司相同的報告期間採用一致的會計政策編製。附屬公司的業績由本集團取得控制權當日起綜合入賬，並繼續綜合入賬直至該控制權終止當日為止。

損益及其他全面收益的各部分歸屬於本公司擁有人及非控制權益。即使導致非控制權益出現虧絀結餘，附屬公司的全面收益總額仍歸屬於本公司擁有人及非控制權益。

如有需要，附屬公司的財務報表會作出調整，以使其會計政策與本集團的會計政策一致。所有與本集團成員公司之間的交易有關的集團內公司間資產及負債、權益、收益、開支及現金流量已在綜合賬目時悉數對銷。

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised standards for the first time for the current year's consolidated financial statements.

HKFRS 9	Financial Instruments
HKFRS 15	Revenue from Contracts with Customers
HK(IFRIC) Interpretation 22	Foreign Currency Transactions and Advance Consideration
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts
Amendments to HKFRS 15	Clarifications to HKFRS 15 Revenue from Contracts with Customers
Amendments to HKAS 40	Transfers of Investment Property
Annual improvements 2014–2016 Cycle	Amendments to HKFRS 1 and HKAS 28

Other than as further explained below, the application of these new and revised standards has had no material financial impact on these consolidated financial statements.

HKFRS 9

HKFRS 9 *Financial Instruments* replaces HKAS 39 *Financial Instruments: Recognition and Measurement* for annual periods beginning on or after 1 January 2018, bringing together two aspects of the accounting for financial instruments: classification and measurement; and impairment.

The Group has applied HKFRS 9 retrospectively, and has recognised the transition adjustments of nil against the applicable opening balances in equity at 1 January 2018. Therefore, the comparative information was not restated and continues to be reported under HKAS 39.

2.2 會計政策及披露事項變動

本集團於本年度綜合財務報表內首次應用下列新訂及經修訂準則。

香港財務報告準則第9號	金融工具
香港財務報告準則第15號	來自客戶合約的收入
香港(國際財務報告詮釋委員會)詮釋第22號	外幣交易及預付代價
香港財務報告準則第2號修訂本	以股份為基準付款的分類及計量
香港財務報告準則第4號修訂本	香港財務報告準則第9號金融工具與香港財務報告準則第4號保險合約一併應用
香港財務報告準則第15號修訂本	釐清香港財務報告準則第15號來自客戶合約的收入
香港會計準則第40號修訂本	轉讓投資物業
年度改善2014年至2016年週期	香港財務報告準則第1號及香港會計準則第28號修訂本

除下文進一步闡釋外，應用該等新訂及經修訂準則對本綜合財務報表並無任何重大財務影響。

香港財務報告準則第9號

於2018年1月1日或之後開始的年度期間，香港財務報告準則第9號金融工具取代香港會計準則第39號金融工具：確認及計量，匯集金融工具入賬的兩個方面：分類及計量以及減值。

本集團已追溯應用香港財務報告準則第9號，以及於2018年1月1日將權益的適用年初結餘確認過渡調整為零。因此，比較資料並無重列，並繼續根據香港會計準則第39號呈報。

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

HKFRS 9 (Continued)

Classification and Measurement

The following information sets out the impacts of adopting HKFRS 9 on the consolidated statement of financial position, including the effect of replacing HKAS 39's incurred credit loss calculations with HKFRS 9's expected credit losses ("ECLs").

A reconciliation between the carrying amounts under HKAS 39 and the balances reported under HKFRS 9 as at 1 January 2018 is as follows:

2.2 會計政策及披露事項變動 (續)

香港財務報告準則第9號 (續)

分類及計量

以下資料載列採納香港財務報告準則第9號對綜合財務狀況表的影響，包括將香港財務報告準則第9號的預期信貸虧損（「預期信貸虧損」）取代香港會計準則第39號的已產生信貸虧損計算方法的影響。

於2018年1月1日，香港會計準則第39號項下賬面值與香港財務報告準則第9號項下呈報結餘的對賬如下：

		Note 附註	HKAS 39 Measurement 香港會計準則第39號計量		Re- classification 重新歸類	ECL 預期信貸虧損	HKFRS 9 Measurement 香港財務報告準則第9號計量	
			Category ^(a) 類別 ^(a)	Amount 金額			Category ^(a) 類別 ^(a)	Amount 金額
			RMB'000 人民幣千元	RMB'000 人民幣千元		RMB'000 人民幣千元	RMB'000 人民幣千元	
Financial assets	金融資產							
Available-for-sale investments	可供出售投資		AFS	1,582,208	(1,582,208)	-	N/A	-
Equity instruments at fair value through other comprehensive income	按公允價值計入其他全面收益的股本工具	(i)	N/A	-	1,574,273	-	FVOCI (equity) FVOCI (權益)	1,574,273
Debt instruments at fair value through other comprehensive income	按公允價值計入其他全面收益的債務工具	(ii)	N/A	-	7,935	-	FVOCI (debt) FVOCI (債務)	7,935
Loan receivables	應收借款		L&R	789,916	-	-	AC	789,916
Trade and bills receivables	貿易應收款項及票據	(iii)	L&R	2,024,608	-	-	AC	2,024,608
Financial assets included in prepayments, deposits and other receivables	計入預付款、按金及其他應收款項的金融資產		L&R	228,030	-	-	AC	228,030
Cash and bank deposits	現金及銀行存款		L&R	4,452,370	-	-	AC	4,452,370
				9,077,132	-	-		9,077,132
Total assets	資產總額			27,973,625	-	-		27,973,625

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

2.2 會計政策及披露事項變動(續)

HKFRS 9 (Continued)

Classification and Measurement (Continued)

香港財務報告準則第9號(續)

分類及計量(續)

		HKAS 39 Measurement 香港會計準則第39號計量		Re- classification 重新歸類	ECL 預期信貸虧損	HKFRS 9 Measurement 香港財務報告準則第9號計量	
		Category ^(a) 類別 ^(a)	Amount 金額			Category ^(a) 類別 ^(a)	Amount 金額
	Note 附註		RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元		RMB'000 人民幣千元
Financial liabilities		金融負債					
Trade and bills payables		貿易應付款項及票據	AC 3,021,085	-	-	AC 3,021,085	
Financial liabilities included in other payables and accruals		計入其他應付款項及應計費用的金融負債	AC 646,765	-	-	AC 646,765	
Other long-term payables		其他長期應付款項	AC 92,572	-	-	AC 92,572	
Borrowings		借款	AC 8,319,375	-	-	AC 8,319,375	
			12,079,797	-	-	12,079,797	
Total liabilities		負債總額	14,190,134	-	-	14,190,134	

Note:

- (a) AC: Financial assets or financial liabilities at amortised cost
AFS: Available-for-sale investments
FVOCI: Financial assets at fair value through other comprehensive income
L&R: Loans and receivables
N/A: Not applicable
- (i) The Group has elected the option to irrevocably designate all of its previous available-for-sale equity investments as equity instruments at fair value through other comprehensive income.
- (ii) As of 1 January 2018, the Group has assessed its liquidity portfolio of debt investments which had previously been classified as AFS debt investments. The objective of the Group in holding this liquidity portfolio is to earn interest income and, at the same time, manage everyday liquidity needs. The Group concluded that these debt investments are managed within a business model to collect contractual cash flows and to sell the financial assets. Accordingly, the Group has classified these investments as debt instruments at fair value through other comprehensive income.
- (iii) The gross carrying amounts of the trade and bills receivables under the column "HKAS 39 measurement – Amount" represent the amounts after adjustments for the adoption of HKFRS 15 but before the measurement of ECLs.

附註：

- (a) AC：按攤銷成本列賬的金融資產或金融負債
AFS：可供出售投資
FVOCI：按公允價值計入其他全面收益的金融資產
L&R：貸款及應收款項
N/A：不適用
- (i) 本集團已作不可撤銷的選擇將所有先前可供出售股權投資指定為按公允價值計入其他全面收益的股本工具。
- (ii) 於2018年1月1日，本集團已評估其先前分類為可供出售債務投資的債務投資流動資金組合。本集團持有此流動資金組合旨在賺取利息收益，同時管理日常流動資金需求。本集團認為，該等債務投資在以收取合約現金流量及出售金融資產的業務模式內管理。因此，本集團已將該等投資分類為按公允價值計入其他全面收益的債務工具。
- (iii) 「香港會計準則第39號計量—金額」一欄下的貿易應收款項及票據的賬面總值指就採納香港財務報告準則第15號作出調整後但在計量預期信貸虧損前的金額。

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

HKFRS 9 (Continued)

Impairment

HKFRS 9 requires an impairment on debt instruments recorded at amortised cost or at fair value through other comprehensive income, lease receivables, loan commitments and financial guarantee contracts that are not accounted for at fair value through profit or loss under HKFRS 9, to be recorded based on an expected credit loss model either on a twelve-month basis or a lifetime basis. The Group has applied the simplified approach and recorded lifetime expected credit losses that are estimated based on the present value of all cash shortfalls over the remaining life on trade and bills receivables and contract assets, and general approach and recorded twelve-month expected credit losses on other financial assets, loan receivables and financial assets included in prepayments, deposits and other receivables. The aforesaid transition upon the adoption of HKFRS 9 does not have material impact on the Group's consolidated financial statements.

As a result of the application of HKFRS 9, the Group has changed the accounting policy with respect to investments and other financial assets in note 2.4 to the consolidated financial statements.

2.2 會計政策及披露事項變動(續)

香港財務報告準則第9號(續)

減值

香港財務報告準則第9號規定按攤銷成本或按公允價值計入其他全面收益的債務工具、租賃應收款項、貸款承諾及並非根據香港財務報告準則第9號按公允價值計入損益之財務擔保合約的減值，須基於十二個月或整個存續期間的預期信貸虧損模型入賬。本集團已應用簡化方法，估算貿易應收款項及票據和合約資產餘下存續期內的所有現金短缺的現值，把整個存續期的預期信貸虧損入賬，以及應用一般方法，並記錄根據其他金融資產、應收借款以及預付款、按金及其他應收款項包括的金融資產的十二個月預期信貸虧損。採納香港財務報告準則第9號時，上述過渡並無對本集團的綜合財務報表產生重大影響。

由於應用香港財務報告準則第9號，故本集團已變更有關綜合財務報表附註2.4中投資及其他金融資產的會計政策。

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

HKFRS 15

HKFRS 15 and its amendments replace HKAS 11 Construction Contracts, HKAS 18 Revenue and related interpretations and it applies, with limited exceptions, to all revenue arising from contracts with customers. HKFRS 15, establishes a new five-step model to account for revenue arising from contracts with customers. Under HKFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in HKFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. The disclosures are included in notes 3 and 5 to the consolidated financial statements. As a result of the application of HKFRS 15, the Group has changed the accounting policy with respect to revenue recognition in note 2.4 to the consolidated financial statements.

The Group adopted HKFRS 15 using the modified retrospective method of adoption and it elected to apply that method only to those contracts that were not completed at the date of initial application. The comparative information for each of the primary financial statements would be presented based on the requirements of HKAS 11, HKAS 18 and related interpretations.

The cumulative effect of the initial application of HKFRS 15 was immaterial and no opening balance of retained profits as at 1 January 2018 was adjusted. Therefore, the comparative information was not restated and continues to be reported under HKAS 11, HKAS 18 and related interpretations.

2.2 會計政策及披露事項變動(續)

香港財務報告準則第15號

香港財務報告準則第15號及其修訂本取代香港會計準則第11號建築合約、香港會計準則第18號收入及相關詮釋，且除有限例外情況外，其應用於來自客戶合約的所有收入。香港財務報告準則第15號建立一個新五步驟模型以確認來自客戶合約的收入。根據香港財務報告準則第15號，收入按能反映實體預期就換取向客戶轉讓貨品或服務而有權獲得的代價金額確認。香港財務報告準則第15號的原則為計量及確認收入提供更有系統的方法。該準則亦引入廣泛的定性及定量披露規定，包括分拆總收入，關於履行責任、各期間合約資產及負債賬目結餘的變動以及主要判斷及估計的資料。披露載於綜合財務報表附註3及5。由於應用香港財務報告準則第15號，故本集團已變更有關綜合財務報表附註2.4中收入確認的會計政策。

本集團採納香港財務報告準則第15號時使用經修訂追溯法，並選擇僅對於初始應用日期尚未完成的合約應用該方法。各主要財務報表的比較資料將根據香港會計準則第11號、香港會計準則第18號及相關詮釋的規定呈列。

初始應用香港財務報告準則第15號的累計影響並不重大，且2018年1月1日的保留溢利年初結餘並無作出調整。因此，比較資料並無重列，並繼續根據香港會計準則第11號、香港會計準則第18號及相關詮釋呈報。

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

HKFRS 15 (Continued)

Set out below are the amounts by which each financial statement line item was affected as at 1 January 2018 as a result of the adoption of HKFRS 15:

		Note 附註	Increase/ (decrease) 增加/(減少) RMB'000 人民幣千元
Non-current assets:	非流動資產：		
Other non-current assets	其他非流動資產	21	(52,591)
Contract assets	合約資產	23B	48,709
			(3,882)
Current assets:	流動資產：		
Amounts due from customers for contract work	應收客戶的合約工程款項	23A	(269,239)
Contract assets	合約資產	23B	273,121
			3,882
Current liabilities:	流動負債：		
Amounts due to customers for contract work	應付客戶的合約工程款項	23A	(101,555)
Contract liabilities	合約負債	23B	1,221,724
Other payables and accruals	其他應付款項及應計費用	28	(1,120,169)
			-
Net assets	資產淨額		-
Retained profits	保留溢利		-
Non-controlling interests	非控制權益		-
Total equity	權益總額		-

Set out below are the amounts by which each financial statement line item was affected as at 31 December 2018 and for the year ended 31 December 2018 as a result of the adoption of HKFRS 15. The adoption of HKFRS 15 has had no impact on profit or loss and other comprehensive income or on the Group's operating, investing and financing cash flows. The first column shows the amounts recorded under HKFRS 15 and the second column shows what the amounts would have been had HKFRS 15 not been adopted.

2.2 會計政策及披露事項變動(續)

香港財務報告準則第15號(續)

以下為採納香港財務報告準則第15號後，於2018年1月1日各財務報表項目受影響的金額：

		Note 附註	Increase/ (decrease) 增加/(減少) RMB'000 人民幣千元
Non-current assets:	非流動資產：		
Other non-current assets	其他非流動資產	21	(52,591)
Contract assets	合約資產	23B	48,709
			(3,882)
Current assets:	流動資產：		
Amounts due from customers for contract work	應收客戶的合約工程款項	23A	(269,239)
Contract assets	合約資產	23B	273,121
			3,882
Current liabilities:	流動負債：		
Amounts due to customers for contract work	應付客戶的合約工程款項	23A	(101,555)
Contract liabilities	合約負債	23B	1,221,724
Other payables and accruals	其他應付款項及應計費用	28	(1,120,169)
			-
Net assets	資產淨額		-
Retained profits	保留溢利		-
Non-controlling interests	非控制權益		-
Total equity	權益總額		-

以下為採納香港財務報告準則第15號後，於2018年12月31日及截至2018年12月31日止年度各財務報表項目受影響的金額。採納香港財務報告準則第15號對損益及其他全面收益或本集團的經營、投資及融資現金流量並無任何影響。第一欄列示香港財務報告準則第15號項下記錄的金額，第二欄列示尚未採納香港財務報告準則第15號的金額。

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

HKFRS 15 (Continued)

Consolidated statement of financial position as at 31 December 2018:

2.2 會計政策及披露事項變動(續)

香港財務報告準則第15號(續)

於2018年12月31日的綜合財務狀況表：

		Amounts prepared under 根據以下準則編製		
		HKFRS 15 香港財務 報告準則 第15號 RMB'000 人民幣千元	Previous HKFRS 過往 香港財務 報告準則 RMB'000 人民幣千元	Increase/ (decrease) 增加/ (減少) RMB'000 人民幣千元
		Note 附註		
Non-current assets:	非流動資產：			
Other non-current assets	其他非流動資產	21	360,097	444,748
Contract assets	合約資產	23B	84,651	–
			444,748	444,748
Current assets:	流動資產：			
Amounts due from customers for contract work	應收客戶的合約工程 款項	23A	–	327,279
Contract assets	合約資產	23B	327,279	–
			327,279	327,279
Current liabilities:	流動負債：			
Amounts due to customers for contract work	應付客戶的合約工程 款項	23A	–	72,780
Contract liabilities	合約負債	23B	1,482,994	–
Other payables and accruals	其他應付款項及應計費用	28	927,482	2,337,696
			2,410,476	2,410,476
Net assets	資產淨額		15,072,865	15,072,865
Retained profits	保留溢利		11,002,968	11,002,968
Non-controlling interests	非控制權益		269,536	269,536
Total equity	權益總額		15,072,865	15,072,865

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

HKFRS 15 (Continued)

The nature of the adjustments as at 1 January 2018 and the reasons for the significant changes in the consolidated statement of financial position as at 31 December 2018 are described below:

(a) Renovation, Installation and Engineering Services

Upon entering into a contract with a customer, the Group obtains rights to receive consideration from the customer and assumes performance obligations to transfer goods or provide services to the customers. The combination of those rights and performance obligations gives rise to a net asset or a net liability depending on the relationship between the remaining rights and the performance obligations.

The excess of cumulative revenue recognised in profit or loss over the cumulative billings to customers is recognised as contract assets. Contract assets are rights to consideration in exchange for goods or services that the Group has transferred to a customer when that right is conditional on something other than the passage of time.

The excess of cumulative billings to customers over the cumulative revenue recognised in profit or loss is recognised as contract liabilities. Contract liabilities are obligations to transfer goods or services to customer for which the Group has received consideration, or for which an amount of consideration is due from the customer.

Upon the adoption of HKFRS 15, the Group has reclassified the amounts due from/to customers for contract work to contract assets/liabilities.

2.2 會計政策及披露事項變動(續)

香港財務報告準則第15號(續)

於2018年1月1日的調整性質以及於2018年12月31日綜合財務狀況表出現重大變動的原因如下：

(a) 裝修、安裝及工程服務

於與客戶訂立合約後，本集團獲得向客戶收取代價的權利，並承擔向客戶轉讓貨品或提供貨物的履約責任。該等權利及履約責任共同產生資產淨額或負債淨額，取決於餘下權利及履約責任之間的關係。

於損益確認的累計收入超出累計客戶賬單的部分確認為合約資產。合約資產為收取交換本集團已向客戶轉讓的貨品或服務的代價權利，惟該權利須待時間流逝以外的條件達成後方可作實。

累計客戶賬單超出於損益確認的累計收入的部分確認為合約負債。合約負債為本集團向客戶轉讓已收取代價或應收客戶代價金額的貨品或服務的責任。

於採納香港財務報告準則第15號後，本集團將應收／應付客戶的合約工程款項重新分類至合約資產／負債。

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

HKFRS 15 (Continued)

(b) Concession Operating Right

The Group entered into concession agreements with the local government authorities in PRC. Pursuant to the concession agreements, the Group was granted rights to construct, operate and maintain waste water treatment related project in PRC for a period of 30 years. The Group recognise the consideration receivable in exchange for the construction services as a financial receivable under the concession agreements. The balance as at the end of each reporting period represent the amounts are not yet due for payment and will be settled by revenue to be generated during the operating periods of the concession agreements. Upon the adoption of HKFRS 15, the Group reclassified it to *contract assets* from *other non-current assets* and *prepayments, deposits and other receivables* for the current portion.

(c) Consideration Received from Customers in Advance

Advance receipt is normally required for sales to independent distributors. Prior to the adoption of HKFRS 15, deferred revenue arose from advance receipt was recognised in the statement of financial position within *other payables and accruals*. Upon the adoption of HKFRS 15, the Group reclassified it to *contract liabilities* from *other payable and accruals*.

2.2 會計政策及披露事項變動(續)

香港財務報告準則第15號(續)

(b) 特許經營權

本集團與中國地方政府機關訂立特許協議。根據特許協議，本集團獲授權於中國建造、經營及維護廢水處理相關項目，為期30年。本集團根據特許協議確認換取建築服務的代價應收款項為金融應收款項。各報告期末的結餘指尚未到期的付款，並將以特許協議經營期間產生的收入結算。於採納香港財務報告準則第15號後，本集團將其從其他非流動資產及預付款、按金及其他應收款項的流動部分重新分類至合約資產。

(c) 向客戶預先收取的代價

本集團通常就對獨立分銷商的銷售要求收取預收款。於採納香港財務報告準則第15號前，來自預收款的遞延收入於財務狀況表的其他應付款項及應計費用確認。於採納香港財務報告準則第15號後，本集團將其從其他應付款項及應計費用重新分類至合約負債。

2.3 ISSUED BUT NOT YET EFFECTIVE HKFRSs

The Group has not early applied the following new and revised standards, that have been issued but are not yet effective, in these consolidated financial statements:

HKFRS 16	Leases ¹
HKFRS 17	Insurance Contracts ²
HK(IFRIC) Interpretation 23	Uncertainty over Income Tax Treatments ¹
Amendments to HKAS 1 and HKAS 8	Definition of Material ²
Amendments to HKFRS 3	Definition of Business ²
Amendments to HKFRS 9	Prepayment Features with Negative Compensation ¹
Amendments to HKFRS 10 and HKAS 28 (2011)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁴
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement ¹
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures ¹
<i>Annual Improvements 2015–2017 Cycle</i>	Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23 ¹

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

² Effective for annual periods beginning on or after 1 January 2020

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

⁴ Mandatory effective date not yet determined

2.3 已頒佈但尚未生效的香港財務報告準則

本集團在本綜合財務報表中尚未提早應用下列已頒佈但尚未生效的新訂及經修訂準則：

香港財務報告準則第16號	租賃 ¹
香港財務報告準則第17號	保險合約 ²
香港(國際財務報告詮釋委員會)詮釋第23號	所得稅處理不確定性 ¹
香港會計準則第1號及香港會計準則第8號修訂本	重大的定義 ²
香港財務報告準則第3號修訂本	業務的定義 ²
香港財務報告準則第9號修訂本	具有負補償之預付款項特性 ¹
香港財務報告準則第10號及香港會計準則第28號(2011)修訂本	投資者與其聯營公司或合營公司之間的資產出售或投入 ⁴
香港會計準則第19號修訂本	計劃修訂、縮減或結清 ¹
香港會計準則第28號修訂本	於聯營公司及合營公司之長期權益 ¹
年度改善2015年至2017年週期	香港財務報告準則第3號、香港財務報告準則第11號、香港會計準則第12號及香港會計準則第23號的修訂本 ¹

¹ 適用於2019年1月1日或以後開始的年度期間

² 適用於2020年1月1日或以後開始的年度期間

³ 適用於2021年1月1日或以後開始的年度期間

⁴ 尚未釐定強制生效日期

**2.3 ISSUED BUT NOT YET EFFECTIVE HKFRSs
(Continued)**

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. So far, except HKFRS 16 *Leases*, the Group considers that these new and revised HKFRSs may result in changes in accounting policies but are unlikely to have a significant impact on the Group's results of operations and financial position.

Further information about HKFRSs that are expected to be applicable to the Group is described below:

HKFRS 16

HKFRS 16, replaces HKAS 17 *Leases*, (HK)FRIC-Int 4 *Determining whether an Arrangement contains a Lease*, (HK) SIC-Int 15 *Operating Leases – Incentives* and (HK)SIC-Int 27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise assets and liabilities for most leases. The standard includes two elective recognition exemptions for lessees – leases of low-value assets and short-term leases. At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). The right-of-use asset is subsequently measured at cost (subject to certain exceptions) less accumulated depreciation and any impairment losses. The lease liability is subsequently increased to reflect the interest on the lease liability and reduced for the lease payments. Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessees will also be required to remeasure the lease liability upon the occurrence of certain events, such as change in the lease term and change in future lease payments resulting from a change in an index or rate used to determine those payments.

2.3 已頒佈但尚未生效的香港財務報告準則(續)

本集團正就該等新訂及經修訂香港財務報告準則於初始應用後的影響進行評估。迄今為止，除香港財務報告準則第16號*租賃*外，本集團認為，該等新訂及經修訂香港財務報告準則可能會導致會計政策變動，惟不大可能對本集團的經營業績及財務狀況構成重大影響。

有關預期適用於本集團的香港財務報告準則的進一步資料載述如下：

香港財務報告準則第16號

香港財務報告準則第16號取代香港會計準則第17號*租賃*、(香港)財務報告詮釋委員會—詮釋第4號釐定安排是否包括租賃、(香港)常設詮釋委員會—詮釋第15號*經營租賃—優惠*及(香港)常設詮釋委員會—詮釋第27號評估涉及租賃法律形式交易的內容。該準則載列租賃確認、計量、呈列及披露的原則，並要求確認大部分租賃的資產及負債。該準則包括給予承租人兩項可選確認豁免—低價值資產租賃及短期租賃。於租賃開始日期，承租人將確認於租期作出租賃付款為負債(即租賃負債)及可使用相關資產的權利為資產(即使用權資產)。除了某些例外，使用權資產其後按成本減累計折舊及任何減值虧損計量。租賃負債其後會就反映租賃負債的利息而增加及就租賃付款而減少。承租人將須單獨確認租賃負債的利息開支及使用權資產的折舊費用。若干事項(如租期變動、因用於釐定該等付款的指數或比率變動而導致未來租賃付款變動)發生時，承租人亦將須重新計量租賃負債。

2.3 ISSUED BUT NOT YET EFFECTIVE HKFRSs (Continued)

HKFRS 16 (Continued)

Lessees will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset. Lessor accounting under HKFRS 16 is substantially unchanged from the accounting under HKAS 17. Lessors will continue to classify all leases using the same classification principle as in HKAS 17 and distinguish between operating leases and finance leases. HKFRS 16 requires lessees and lessors to make more extensive disclosures than under HKAS 17.

Lessees can choose to apply the standard using either a full retrospective or a modified retrospective approach. The Group will adopt HKFRS 16 from 1 January 2019. The Group plans to adopt the transitional provisions in HKFRS 16 to recognise the cumulative effect of initial adoption as an adjustment to the opening balance of retained earnings at 1 January 2019 and will not restate the comparatives. In addition, the Group plans to apply the new requirements to contracts that were previously identified as leases applying HKAS 17 and measure the lease liability at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate at the date of initial application. The right-of-use asset will be measured at the amount of the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to the lease recognised in the statement of financial position immediately before the date of initial application. The Group plans to use the exemptions allowed by the standard on lease contracts whose lease terms end within 12 months as of the date of initial application. During 2018, the Group has performed a detailed assessment on the impact of adoption of HKFRS 16. The Group has estimated that right-of-use assets of RMB377,450,000 and lease liabilities of RMB377,450,000 will be recognised at 1 January 2019.

The application of new requirements may result in changes in measurement, presentation and disclosure as indicated above.

2.3 已頒佈但尚未生效的香港財務報告準則(續)

香港財務報告準則第16號(續)

承租人通常會將租賃負債重新計量金額確認為使用權資產調整。根據香港財務報告準則第16號的出租人會計處理與根據香港會計準則第17號的會計處理大致不變。出租人將繼續採用與香港會計準則第17號相同的分類原則將所有租賃分為經營租賃及融資租賃。與香港會計準則第17號相比，香港財務報告準則第16號要求承租人及出租人作出更廣泛披露。

承租人可選擇以全面追溯應用或經修訂追溯應用方式應用該準則。本集團將自2019年1月1日起採納香港財務報告準則第16號。本集團計劃採納香港財務報告準則第16號的過渡規定，將初始應用的累計影響確認為2019年1月1日保留盈利期初結餘的調整，且將不會重列比較資料。此外，本集團計劃對過往根據香港會計準則第17號識別為租賃的合約應用新規定，按剩餘租賃付款的現值計量租賃負債，並使用於初始應用日期的本集團增量借貸利率進行貼現。使用權資產將按租賃負債金額計量，並就緊接初始應用日期前在財務狀況表中確認與租賃相關的任何預付或應計租賃款金額作出調整。本集團計劃對租期於初始應用日期12個月內完結的租賃合約應用準則所允許的豁免。於2018年，本集團對採納香港財務報告準則第16號的影響進行詳細評估。本集團的使用權資產估值為人民幣377,450,000元，並將於2019年1月1日確認租賃負債人民幣377,450,000元。

如上所述，新要求的應用可導致計量、列報和披露的變化。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise 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.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The Group's investments in associates and joint ventures are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses.

The Group's share of the post-acquisition results and other comprehensive income of associates and joint ventures is included in profit or loss and other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associates or joint ventures, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's interests in the associates or joint ventures, except where unrealised losses provide evidence of an impairment of the asset transferred. Goodwill arising from the acquisition of associates or joint ventures is included as part of the Group's investments in associates or joint ventures.

2.4 主要會計政策概要

於聯營公司及合營企業的投資

聯營公司為本集團擁有一般不少於20%股本投票權的長期權益的實體，並可對其發揮重大影響力。重大影響力指參與投資對象的財政及經營決策之權力，而非控制或共同控制該等決策之權力。

合營企業為一項合營安排，據此，擁有安排之共同控制權的人士均有權享有合營企業的淨資產。共同控制乃以合約協定分佔一項安排之控制權，其僅在相關活動決策必須獲分佔控制權的人士一致同意時方存在。

本集團於聯營公司及合營企業的投資乃按權益會計法核算，按本集團應佔淨資產扣除任何減值虧損於綜合財務狀況表中呈列。

本集團應佔聯營公司及合營企業收購後業績和其他全面收益分別計入損益及其他全面收益內。此外，倘直接於聯營公司或合營企業的權益確認變動，則本集團會於綜合權益變動表確認其應佔的任何變動（如適用）。本集團與其聯營公司或合營企業進行交易而出現的未實現利益及虧損會按本集團於聯營公司或合營企業的權益互相抵銷，但如果未實現虧損證明所轉讓資產發生減值則除外。收購聯營公司或合營企業產生的商譽計入本集團於聯營公司或合營企業的投資的一部分。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

INTEREST IN JOINT OPERATION

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group recognises in relation to its interest in a joint operation:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output by the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

The assets, liabilities, revenues and expenses relating to the Group's interest in a joint operation are accounted for in accordance with the HKFRSs applicable to the particular assets, liabilities, revenues and expenses.

2.4 主要會計政策概要(續)

於合營業務之權益

合營業務為共同安排，據此，擁有該安排共同控制權的各方有權享有與該安排有關的資產及就負債承擔責任。共同控制乃以合約協定分佔一項安排之控制權，其僅在相關活動決策必須獲分佔控制權的人士一致同意時方存在。

本集團就其於合營業務之權益確認：

- 其資產，包括分佔任何共同持有之資產；
- 其負債，包括分佔任何共同產生之負債；
- 出售其於合營業務應佔產出之所得收入；
- 出售合營業務產出之應佔收入；及
- 其開支，包括分佔任何共同產生之開支。

本集團於合營業務之權益之有關資產、負債、收入及開支乃根據適用於相關資產、負債、收入及開支之香港財務報告準則入賬。

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

BUSINESS COMBINATIONS AND GOODWILL

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition-date fair value which is the sum of the acquisition-date fair values of assets transferred by the Group, liabilities assumed 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. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation either at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition-date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

2.4 主要會計政策概要(續)

業務合併及商譽

業務合併乃以購買法入賬。轉讓之代價乃以收購日期的公允價值計算，該公允價值為本集團轉讓的資產於收購日期的公允價值、本集團自被收購方之前度擁有人承擔的負債，及本集團發行以換取被收購方控制權的股本權益的總和。於各業務合併中，本集團選擇是否以公允價值或被收購方可識別資產淨值的應佔比例，計算於被收購方屬現時擁有權權益並賦予其持有人有權於清盤時按比例分佔實體的淨資產的非控制權益。非控制權益的一切其他成分乃按公允價值計量。收購相關成本於產生時列為開支。

當本集團收購一項業務時，會根據合約條款、於收購日期的經濟環境及相關條件，評估將承接的金融資產及負債，以作出適當的分類及標示，其中包括分離被收購方主合約中的嵌入式衍生工具。

倘業務合併分階段進行，以往持有的股本權益會以收購日期的公允價值重新計量，任何因此帶來的利益或虧損於損益中確認。

將由收購方轉讓的任何或然代價於收購日期按公允價值確認。或然代價按公允價值計量分類為資產或負債，而公允價值變動則於損益確認。或然代價並不會重新計量，其後結算於權益中入賬。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

BUSINESS COMBINATIONS AND GOODWILL (Continued)

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group will perform its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

2.4 主要會計政策概要(續)

業務合併及商譽(續)

商譽初始按成本計量，即已轉讓代價、已確認非控制權益金額及本集團先前持有被收購方股本權益的任何公允價值之總額超出所收購可識別資產淨值及所承擔負債的差額。倘此代價及其他項目的總和低於所收購淨資產的公允價值，則再評估後的差額於損益確認為議價收購所得利益。

於初始確認後，商譽按成本減任何累計減值虧損計量。商譽須每年進行減值測試，若有事件發生或情況改變顯示賬面值可能減值，則會更頻密地進行測試。本集團將於12月31日進行商譽的年度減值測試。為進行減值測試，無論本集團其他資產或負債是否已分配至現金產生單位或現金產生單位組別，因業務合併而購入的商譽自收購日期起分配至預期可從合併產生的協同效益中獲益的本集團各現金產生單位或現金產生單位組別。

減值乃通過評估與商譽有關的現金產生單位(現金產生單位組別)的可收回金額釐定。當現金產生單位(現金產生單位組別)的可收回金額低於賬面值時，則確認減值虧損。已確認商譽減值虧損不得於其後期間撥回。

倘商譽已分配至現金產生單位(或現金產生單位組別)而該單位的部分業務已出售，則與所出售業務相關的商譽會在釐定出售的利益或虧損時計入該業務的賬面值。在該等情況下出售的商譽，乃根據所出售業務的相對價值及現金產生單位的保留份額計量。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
- Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

2.4 主要會計政策概要(續)

公允價值之計量

公允價值為市場參與者於計量日期在有序交易中出售資產所收取的價格或轉讓負債所支付的價格。公允價值計量乃假設出售資產或轉讓負債的交易於資產或負債主要市場或(在無主要市場情況下)最具優勢市場進行而作出。主要或最具優勢市場須為本集團可進入之市場。資產或負債的公允價值乃基於市場參與者於資產或負債定價所用的假設計量(即假設市場參與者會以最佳經濟利益行事)。

非金融資產的公允價值計量須計及市場參與者透過最大限度使用該資產達致最佳用途，或將該資產出售予將最大限度使用該資產達致最佳用途的其他市場參與者以產生經濟利益的能力。

本集團採納適用於不同情況且具備充分數據以供計量公允價值的估值方法，以盡量使用相關可觀察輸入數據及盡量減少使用不可觀察輸入數據。

所有於本綜合財務報表計量或披露公允價值的資產及負債乃基於對公允價值計量整體而言屬重大的最低層輸入數據按以下公允價值層級分類：

- 第一級 – 基於相同資產或負債於活躍市場的報價(未經調整)
- 第二級 – 按估值方法計量，而對公允價值計量而言屬重大的最低層輸入數據可直接或間接觀察得出
- 第三級 – 按估值方法計量，而對公允價值計量而言屬重大的最低層輸入數據不可觀察得出

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

FAIR VALUE MEASUREMENT (Continued)

For assets and liabilities that are recognised in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

IMPAIRMENT OF NON-FINANCIAL ASSETS

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, construction contract asset, deferred tax assets and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

2.4 主要會計政策概要(續)

公允價值之計量(續)

就按經常性基準於本綜合財務報表確認的資產及負債而言，本集團透過於各報告期末重新評估分類(基於對公允價值計量整體而言屬重大的最低層輸入數據)確定是否發生不同層級轉移。

非金融資產減值

倘資產存在減值跡象或須進行年度減值測試(存貨、工程合約資產、遞延稅項資產及金融資產除外)，則會就該項資產的可收回金額作出估計。資產的可收回金額為資產或現金產生單位的可使用價值與其公允價值減出售成本兩者中之較高者，並就個別資產而釐定，除非該項資產並不產生在頗大程度上獨立於其他資產或資產組別的現金流入，在此情況下，可收回金額以該項資產所屬的現金產生單位釐定。

資產的賬面值超逾其可收回金額時則確認減值虧損。於評估可使用價值時，估計未來現金流量將以除稅前貼現率折讓至現值，該貼現率反映現時市場對貨幣時間值及該項資產的特定風險的評估。減值虧損將於其產生期間於損益內與減值資產的功能一致的開支類別中扣除。

於各報告期末會評估是否有跡象顯示於過往確認的減值虧損可能不再存在或可能已減少。倘存在有關跡象，則會就有關可收回金額作出估計。僅於用以釐定資產的可收回金額的估計出現變動時，過往確認商譽以外的資產的減值虧損方可撥回，但撥回金額不得高於假設過往年度並無就該資產確認減值虧損而應有之賬面值(扣除任何折舊／攤銷)。該減值虧損的撥回於其產生期間計入損益內。

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

RELATED PARTIES

A party is considered to be related to the Group if:

- (a) the party is a person or a close member of that person's family and that person
 - (i) has control or joint control of the Group;
 - (ii) has significant influence over the Group; or
 - (iii) is a member of the key management personnel of the Group or of a parent of the Group.

or

- (b) the party is an entity where any of the following conditions applies:
 - (i) the entity and the Group are members of the same group;
 - (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
 - (iii) the entity and the Group are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a);
 - (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
 - (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

2.4 主要會計政策概要(續)

關聯人士

於下列情況下，有關人士將被視為本集團的關聯人士：

- (a) 某個別人士或其親密家庭成員，而該名人士
 - (i) 控制或共同控制本集團；
 - (ii) 對本集團具重大影響；或
 - (iii) 為本集團或本集團母公司的主要管理層成員。

或

- (b) 有關人士為實體且符合下列任何條件：
 - (i) 該實體與本集團屬同一集團之成員；
 - (ii) 一間實體為另一實體的聯營公司或合營企業（或屬另一實體的母公司、附屬公司或同系附屬公司之旗下）；
 - (iii) 該實體及本集團均為同一第三方的合營企業；
 - (iv) 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；
 - (v) 該實體為離職後福利計劃，該計劃的受益人為本集團或與本集團有關的實體的僱員；
 - (vi) 該實體由(a)項所述人士控制或共同控制；
 - (vii) 於(a)(i)項所述人士對該實體有重大影響或屬該實體（或該實體的母公司）主要管理層成員；及
 - (viii) 該實體或其所屬集團的任何成員公司向本集團或本集團之母公司提供主要管理人員服務。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

PROPERTY, PLANT AND EQUIPMENT AND DEPRECIATION

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Freehold land	Not depreciated
Land and buildings	2.3% to 5%
Plant and machinery	9% to 19%
Furniture, fixtures and office equipment	9.5% to 32.3%
Motor vehicles	9.5% to 32.3%
Leasehold improvements	Over the shorter of the lease terms and 20%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

2.4 主要會計政策概要(續)

物業、廠房及設備之折舊

除在建工程外，物業、廠房及設備按成本減累計折舊及任何減值虧損列賬。物業、廠房及設備項目的成本包括其購買價及使資產處於擬定用途的運作狀況及地點而產生的任何直接成本。

物業、廠房及設備項目投入運作後產生的支出(例如維修及保養)，一般於其產生期間自損益內扣除。倘能夠符合確認標準，重大檢查的開支會於資產賬面值中資本化作為替換。倘物業、廠房及設備的主要部分須定期替換，本集團會確認該等部分為有特定使用年期的個別資產及相應计提折舊。

折舊以直線法計算，按每項物業、廠房及設備項目的估計使用年期撇銷其成本至其剩餘價值。為此目的而主要使用的每年折舊率如下：

永久業權土地	並無折舊
土地及樓宇	2.3%至5%
廠房及機器	9%至19%
家具、裝置及辦公室設備	9.5%至32.3%
汽車	9.5%至32.3%
租賃物業裝修	按租期與20%兩者中的較短者

倘物業、廠房及設備項目的部分有不同的可使用年期，則該項目的成本須在各部件之間合理分配，而各部分須單獨計算折舊。剩餘價值、可使用年期和折舊方法至少於各財政年度末檢討一次，並在適當情況下作出調整。

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

PROPERTY, PLANT AND EQUIPMENT AND DEPRECIATION (Continued)

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the period the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress represents buildings and other assets under construction, which is stated at cost less any impairment losses, and is not depreciated. Cost represents the direct costs of construction and capitalised borrowing costs on related borrowed funds during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

INVESTMENT PROPERTIES

Investment properties are interests in land and buildings (including the leasehold interest under an operating lease for a property which would otherwise meet the definition of an investment property) held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. These include land held for a currently undetermined future use and property that is being constructed or developed for future use as investment property. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of the reporting period.

Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the year in which they arise.

Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year of the retirement or disposal.

2.4 主要會計政策概要(續)

物業、廠房及設備之折舊(續)

初始確認的物業、廠房及設備項目包括任何重要部分於出售時或於預期使用或出售不會產生未來經濟利益時終止確認。於終止確認資產的期間在損益內確認的任何出售或報廢利益或虧損，為有關資產銷售所得款項淨額與其賬面值的差額。

在建工程指建築工程尚在進行中的樓宇及其他資產，並按成本減去任何減值虧損入賬，但不會折舊。成本指建築期間產生的直接建築成本及有關借貸資金的資本化借貸成本。在建工程於工程完成後並備用時，將重新歸入物業、廠房及設備的適當類別。

投資物業

投資物業乃持作賺取租金收入及／或作資本增值之土地及樓宇權益(包括可能符合投資物業定義之物業於經營租賃下之租賃權益)，而非用於生產或供應貨品或服務；或非用作行政用途；或非作日常業務中之銷售。當中包括持作目前未決定未來用途之土地及興建中或已發展作未來作投資物業之物業。該等物業初步按成本值(包括交易成本)計量。於初始確認後，投資物業以反映於報告期末市況之公允價值入賬。

投資物業公允價值變動利益或虧損於產生之年度計入損益。

投資物業報廢或出售時產生的任何利益或虧損於報廢或出售的年度於損益中確認。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

INTANGIBLE ASSETS (OTHER THAN GOODWILL)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value as at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Computer Software

Computer software is stated at cost less any impairment losses and is amortised on the straight-line basis over its estimated useful life of five years.

Research and Development Costs

All research costs are charged to profit or loss as incurred.

Expenditure incurred on projects to develop new products is capitalised and deferred only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the project and the ability to measure reliably the expenditure during the development. Product development expenditure which does not meet these criteria is expensed when incurred.

Deferred development costs are stated at cost less accumulated amortisation and accumulated impairment losses (if any), on the same basis as intangible assets that are acquired separately.

Patents and Proprietary Technologies

Purchased patents and proprietary technologies acquired are stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives of 5 years to 20 years.

2.4 主要會計政策概要(續)

無形資產(商譽除外)

個別收購的無形資產於初始確認時按成本計量。於業務合併中收購無形資產的成本乃為收購當日的公允價值。無形資產的可使用年期評估為有限或無限。年期有限的無形資產隨後於可使用經濟壽命內攤銷，並於有跡象顯示無形資產可能出現減值時作減值評估。可使用年期有限的無形資產的攤銷年期及攤銷方法至少於各財政年度末檢討一次。

電腦軟件

電腦軟件以成本減任何減值虧損列賬，並以直線法按其估計可使用年期五年攤銷。

研發成本

全部研究成本於產生時於損益內扣除。

開發新產品項目所產生的開支僅於本集團能夠證明形成無形資產以致其將可供使用或出售的技術可行性、其形成資產的意欲及使用或出售資產的能力、該資產將如何產生未來經濟利益、完成項目的資源可得性，以及可靠計量於開發期間的開支的能力時方會被資本化及遞延。不符合該等標準的產品開發開支於產生時列賬為支出。

遞延開發成本按照與個別收購的無形資產相同的基準，按成本減累計攤銷及累計減值虧損(如有)列賬。

專利及專有技術

已收購之專利及專有技術以成本減任何減值虧損列賬，並以直線法按其估計可使用年期5年至20年攤銷。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

INTANGIBLE ASSETS (OTHER THAN GOODWILL) (Continued)

Brand Name and Operating Concession Rights

Brand name and operating concession rights with indefinite useful lives acquired are stated at cost less any impairment losses and are not amortised. The useful life of such an asset should be reviewed at the end of each reporting period to determine whether events and circumstances continue to support an indefinite useful life assessment for that asset. If they do not, the change in the useful life assessment from indefinite to finite should be accounted for as a change in an accounting estimate.

The Group is required to test an intangible asset with an indefinite useful life for impairment by comparing its recoverable amount with its carrying amount (a) annually, and (b) whenever there is an indication that the intangible asset may be impaired.

LEASES

Finance Leases

Leases that transfer substantially all the rewards and risks of ownership of assets to the Group, other than legal title, are accounted for as finance leases. At the inception of a finance lease, the cost of the leased asset is capitalised at the present value of the minimum lease payments and recorded together with the obligation, excluding the interest element, to reflect the purchase and financing. Assets held under capitalised finance leases, including prepaid land lease payments under finance leases, are included in property, plant and equipment, and depreciated over the shorter of the lease terms and the estimated useful lives of the assets. The finance costs of such leases are charged to profit or loss so as to provide a constant periodic rate of charge over the lease terms.

Assets acquired through hire purchase contracts of a financing nature are accounted for as finance leases, but are depreciated over their estimated useful lives.

2.4 主要會計政策概要(續)

無形資產(商譽除外)(續)

商號及特許經營權

收購的無限可使用年期的商號及特許經營權按成本減任何減值虧損列賬，且將不予攤銷。該資產的可使用年期須於各報告期末審閱，以釐定事件及情況能否繼續支持該資產的無限可使用年期評估。倘不繼續支持，則可使用年期評估由無限更改為有限乃按會計估計變動列賬。

(a) 每年及 (b) 不論是否出現無形資產可能減值的跡象，本集團須對無限可使用年期的無形資產進行減值測試，方法為比較其可收回金額與賬面值。

租賃

融資租賃

凡將資產擁有權(法定業權除外)的大部分回報與風險轉讓至本集團的租賃均列為融資租賃。於融資租賃生效時，租賃資產之成本乃按最低租金現值撥充資本，並連同債務(不包括利息部分)一併入賬，以反映購買及融資狀況。根據資本化融資租賃持有的資產(包括融資租賃之預付土地租賃款)乃計入物業、廠房及設備，並按租期與資產的估計可用年期兩者中的較短者計算折舊。該等租賃的融資成本乃在損益內扣除，以於租期內作出定期定額扣減。

透過融資性質的租購合約收購的資產乃列為融資租賃，並於其估計可用年期內折舊。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

LEASES (Continued)

Finance Leases (Continued)

When the Group is a lessor under finance leases, an amount representing the minimum lease payment receivables and initial direct costs is included in the consolidated statement of financial position as loan receivables. Any unguaranteed residual value is also recognised at the inception of the lease. The difference between the sum of the minimum lease payment receivables, initial direct costs, the unguaranteed residual value and their present value is recognised as unearned finance income. Unearned finance income is recognised over the period of the lease using the effective interest rate method.

Operating Leases

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. 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 profit or loss on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under the operating leases are charged to profit or loss on the straight-line basis over the lease terms.

Prepaid land lease payments under operating leases are initially stated at cost and subsequently recognised on the straight-line basis over the lease terms.

2.4 主要會計政策概要(續)

租賃(續)

融資租賃(續)

倘本集團為融資租賃的出租人，則與應收最低租金款項及初始直接成本等值的款項乃於綜合財務狀況表內列作應收借款。於租賃生效時亦會確認未擔保剩餘價值。應收最低租金款項、初始直接成本及未擔保剩餘價值與其現值之間的差額乃確認為未實現融資收益。未實現融資收益乃於租期內使用實際利率法確認。

經營租賃

資產擁有權的絕大部分回報與風險仍歸於出租人的租賃列作經營租賃。倘本集團為出租人，則本集團根據經營租賃所出租的資產計入非流動資產，而經營租賃的應收租金則按照租期以直線法計入損益內。倘本集團為承租人，則經營租賃的應付租金按照租期以直線法在損益內扣除。

經營租賃下的預付土地租賃款初始按成本入賬，而隨後於租期內按直線法確認。

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綜合財務報表附註

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

INVESTMENT AND OTHER FINANCIAL ASSETS (POLICIES UNDER HKFRS 9 APPLICABLE FROM 1 JANUARY 2018)

Initial Recognition and Measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (“FVTOCI”), and fair value through profit or loss (“FVTPL”).

The classification of financial assets at initial recognition depends on the financial asset’s contractual cash flow characteristics and the Group’s business model for managing them. With the exception of trade and bills receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs. Trade and bills receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under HKFRS 15 in accordance with the policies set out for “Revenue recognition (applicable from 1 January 2018)” below.

In order for a financial asset to be classified and measured at amortised cost or FVTOCI, it needs to give rise to cash flows that are solely payments of principal and interest (“SPPI”) on the principal amount outstanding.

The Group’s business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

2.4 主要會計政策概要(續)

投資及其他金融資產(自2018年1月1日起適用於香港財務報告準則第9號項下的政策)

初始確認及計量

金融資產於初始確認時分類為其後按攤銷成本計量、按公允價值計入其他全面收益(「按公允價值計入其他全面收益」)及按公允價值計入損益(「按公允價值計入損益」)。

於初始確認時，金融資產分類視乎金融資產的合約現金流量特徵及本集團管理該等金融資產的業務模式而定。除並無包含重大融資成分的貿易應收款項及票據或本集團已就貿易應收款項及票據應用不調整重大融資成分影響的可行權宜方法外，本集團初始按公允價值(倘為並非按公允價值計入損益的金融資產則另加交易成本)計量金融資產。並無包含重大融資成分或本集團已應用可行權宜方法的貿易應收款項及票據按根據香港財務報告準則第15號(按照下文「收入確認(自2018年1月1日起適用)」所載的政策)釐定的交易價格計量。

為將金融資產按攤銷成本或按公允價值計入其他全面收益進行分類及計量，金融資產需產生未償還本金的純粹支付本金及利息(「純粹支付本金及利息」)的現金流量。

本集團管理金融資產的業務模式指其如何管理金融資產以產生現金流量。業務模式釐定現金流量會否產生自收取合約現金流量、出售金融資產，或兩者兼有。

所有以日常買賣之金融資產，均按交易日(即本集團承諾買賣該資產的日期)確認。日常買賣乃指須於市場規定或慣例一般所訂的期間內交付資產的金融資產買賣。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

INVESTMENT AND OTHER FINANCIAL ASSETS (POLICIES UNDER HKFRS 9 APPLICABLE FROM 1 JANUARY 2018) (continued)

Subsequent Measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost

The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through other comprehensive income (debt instruments)

The Group measures debt instruments at FVTOCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

2.4 主要會計政策概要(續)

投資及其他金融資產(自2018年1月1日起適用於香港財務報告準則第9號項下的政策)(續)

其後計量

金融資產的其後計量視乎下述分類而定：

按攤銷成本列賬的金融資產

倘符合下列兩個條件，則本集團按攤銷成本計量金融資產：

- 金融資產在業務模式內持有以收取合約現金流量。
- 金融資產的合約條款於特定日期產生的現金流量為未償還本金的純粹支付本金及利息。

按攤銷成本列賬的金融資產其後以實際利率法計量，並受減值影響。當資產終止確認、修訂或減值時，利益及虧損於損益確認。

按公允價值計入其他全面收益的金融資產(債務工具)

倘符合下列兩個條件，本集團按公允價值計入其他全面收益計量債務工具：

- 金融資產在業務模式內持有以收取合約現金流量及出售。
- 金融資產的合約條款於特定日期產生的現金流量為未償還本金的純粹支付本金及利息。

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

INVESTMENT AND OTHER FINANCIAL ASSETS (POLICIES UNDER HKFRS 9 APPLICABLE FROM 1 JANUARY 2018) (continued)

Subsequent Measurement (continued)

Financial assets at fair value through other comprehensive income (debt instruments) (continued)

For debt instruments at FVTOCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in other comprehensive income. Upon derecognition, the cumulative fair value change recognised in other comprehensive income is recycled to profit or loss.

Financial assets designated at fair value through other comprehensive income (equity instruments)

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at FVTOCI when they meet the definition of equity under HKAS 32 *Financial Instruments: Presentation and are not held for trading*. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in profit or loss when the right of payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in other comprehensive income. Equity instruments designated at FVTOCI are not subject to impairment assessment.

2.4 主要會計政策概要(續)

投資及其他金融資產(自2018年1月1日起適用於香港財務報告準則第9號項下的政策)(續)

其後計量(續)

按公允價值計入其他全面收益的金融資產(債務工具)(續)

就按公允價值計入其他全面收益的債務工具而言，利息收益、外匯重估及減值虧損或撥回於損益確認，並按與按攤銷成本計量的金融資產相同的方式計量。其餘公允價值變動於其他全面收益確認。於終止確認時，於其他全面收益確認的累計公允價值變動結轉至損益。

指定為按公允價值計入其他全面收益的金融資產(股本工具)

於初始確認時，當股權投資符合香港會計準則第32號*金融工具：呈報及並非持作買賣對股本*的定義時，本集團可選擇不可撤銷地將其股權投資分類為指定為按公允價值計入其他全面收益的股本工具。分類乃按個別工具基準釐定。

該等金融資產的利益及虧損概不會結轉至損益。當確立付款權利時，股息確認為損益內的其他收益，本集團可能獲得與股息相關的經濟利益且股息金額能可靠地計量，惟當本集團自作為收回金融資產部分成本的所得款項獲益時則除外，而於此情況下，有關利益於其他全面收益入賬。指定為按公允價值計入其他全面收益的股本工具毋須進行減值評估。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

INVESTMENT AND OTHER FINANCIAL ASSETS (POLICIES UNDER HKFRS 9 APPLICABLE FROM 1 JANUARY 2018) (continued)

Subsequent Measurement (continued)

Financial assets at fair value through profit or loss

Financial assets at FVTPL include financial assets held for trading, financial assets designated upon initial recognition at FVTPL, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at FVTPL, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at FVTOCI, as described above, debt instruments may be designated at FVTPL on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at FVTPL are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss.

FINANCIAL INSTRUMENTS (POLICIES UNDER HKAS 39 APPLICABLE BEFORE 1 JANUARY 2018)

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognised immediately in profit or loss. The subsequent measurement of financial assets and financial liabilities depends on their classification.

2.4 主要會計政策概要(續)

投資及其他金融資產(自2018年1月1日起適用於香港財務報告準則第9號項下的政策)(續)

其後計量(續)

按公允價值計入損益的金融資產

按公允價值計入損益的金融資產包括持作買賣的金融資產、於初始確認時指定為按公允價值計入損益的金融資產，或強制要求按公允價值計量的金融資產。倘為於近期出售或購回而收購金融資產，則該等金融資產分類為持作買賣。現金流量並非純粹支付本金及利息的金融資產按公允價值計入損益進行分類及計量(不論業務模式如何)。儘管上文所述債務工具按攤銷成本或按公允價值計入其他全面收益分類的標準，惟債務工具可於初始確認時指定為按公允價值計入損益(倘能消除或顯著減少會計錯配)。

按公允價值計入損益的金融資產按公允價值於財務狀況表列賬，而公允價值變動淨額於損益確認。

金融工具(於2018年1月1日前適用的香港會計準則第39號政策)

當一集團實體成為工具合約條款之一方時，金融資產及金融負債予以確認。

金融資產及金融負債按公允價值作初始計量。收購或發行金融資產及金融負債(按公允價值計入損益之金融資產及金融負債除外)之直接應佔交易成本於初始確認時計入或扣自各金融資產或金融負債(如適用)之公允價值。收購按公允價值計入損益之金融資產或金融負債之直接應佔交易成本即時於損益中確認。金融資產及金融負債之其後計量視乎其分類而定。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

FINANCIAL INSTRUMENTS (POLICIES UNDER HKAS 39 APPLICABLE BEFORE 1 JANUARY 2018) (continued)

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument or financial liability and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument or financial liability, or where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income or expense is recognised on an effective interest method.

Financial Assets

Financial assets are classified into the following specified categories: financial assets at FVTPL, held-to-maturity investments, loans and receivables and available-for-sale financial assets. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Financial assets at fair value through profit or loss

Financial assets are classified as financial assets at FVTPL when the financial assets are either held for trading or designated as at FVTPL upon initial recognition.

2.4 主要會計政策概要(續)

金融工具(於2018年1月1日前適用的香港會計準則第39號政策)(續)

實際利率法

實際利率法乃一種計算債務工具或金融負債之攤銷成本及在相關期間內分配利息收益或開支的方法。實際利率乃按債務工具或金融負債之預計年期或(倘適用)較短期間，準確貼現估計未來現金收入或付款(包括構成實際利率不可或缺部分之一切已付或已收利率差價費用、交易成本及其他溢價或折讓)至初始確認時之賬面淨值之利率。

利息收益或開支乃按實際利率法確認。

金融資產

金融資產歸類為以下具體類別，按公允價值計入損益之金融資產、持有至到期投資、貸款及應收款項及可供出售金融資產。於初始確認時，視乎金融資產之性質及其目的而分類。所有以日常買賣之金融資產，均按交易日基準進行確認及終止確認。日常買賣乃指須於市場規定或慣例一般所訂的時間內交付資產的金融資產買賣。

按公允價值計入損益之金融資產

金融資產於初始確認時持作買賣或指定為按公允價值計入損益則分類為按公允價值計入損益之金融資產。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

FINANCIAL INSTRUMENTS (POLICIES UNDER HKAS 39 APPLICABLE BEFORE 1 JANUARY 2018) (continued)

Financial assets (continued)

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

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling it in the near term;
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and HKAS 39 permits the entire combined contract to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss.

2.4 主要會計政策概要(續)

金融工具(於2018年1月1日前適用的香港會計準則第39號政策)(續)

金融資產(續)

按公允價值計入損益之金融資產(續)

倘符合下列條件，則金融資產分類為持作買賣：

- 該金融資產主要以短期賣出為目的而購買；
- 該金融負債於初始確認時為本集團一併管理的可識別金融工具組合的一部分，最近有實際短期獲利模式；或
- 並非指定為有效的對沖工具的衍生工具。

持作買賣之金融資產以外之金融資產倘符合下列條件，則於初始確認時可被指定為按公允價值計入損益：

- 該指定消除或主要減低以其他方式計量或確認而出現之不一致計量或確認；
- 金融資產構成按本集團列明之風險管理或投資策略管理的一組金融資產或金融負債或者兩者同時具有，並以公允價值為基準評估其表現，及按該基準提供有關組別的內部資訊；或
- 構成含有一項或多項嵌入式衍生工具之合約的一部分，及香港會計準則第39號准許全部合併合約指定為按公允價值計入損益。

按公允價值計入損益之金融資產以公允價值列賬，而重新計量所產生之任何利益或虧損則於損益確認。

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

FINANCIAL INSTRUMENTS (POLICIES UNDER HKAS 39 APPLICABLE BEFORE 1 JANUARY 2018) (continued)

Financial Assets (continued)

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Group has the positive intent and ability to hold to maturity.

Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method less any impairment losses.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Interest income is recognised by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated as available-for-sale or are not classified as (a) financial assets at FVTPL, (b) held-to-maturity investments or (c) loans and receivables.

2.4 主要會計政策概要(續)

金融工具(於2018年1月1日前適用的香港會計準則第39號政策)(續)

金融資產(續)

持有至到期投資

當本集團有意並有能力將具有固定或可確定付款及固定到期日的非衍生金融資產持有至到期時，該等非衍生金融資產為持有至到期投資。

於初始確認後，持有至到期投資以實際利率法按攤銷成本減任何減值虧損計量。

貸款及應收款項

貸款及應收款項為有固定或可確定付款額，但在活躍市場中並無報價之非衍生金融資產。貸款及應收款項以實際利率法按攤銷成本減任何減值虧損計量。

利息收益使用實際利率法確認，惟短期應收款項除外，因其確認之利息並不重大。

可供出售金融資產

可供出售金融資產為指定為可供出售或未獲分類為(a)按公允價值計入損益之金融資產；(b)持有至到期投資；或(c)貸款及應收款項之非衍生金融資產。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

FINANCIAL INSTRUMENTS (POLICIES UNDER HKAS 39 APPLICABLE BEFORE 1 JANUARY 2018) (continued)

Financial Assets (continued)

Available-for-sale financial assets (continued)

Equity and debt securities held by the Group that are classified as available-for-sale financial assets and are traded in an active market are measured at fair value at the end of each reporting period. Changes in the carrying amount of available-for-sale monetary financial assets relating to interest income calculated using the effective interest method and dividends on available-for-sale equity investments are recognised in profit or loss. Other changes in the carrying amount of available-for-sale financial assets are recognised in other comprehensive income and accumulated under the heading of available-for-sale investment revaluation reserve. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the available-for-sale investment revaluation reserve is reclassified to profit or loss.

Dividends on available-for-sale equity investments are recognised in profit or loss when the Group's right to receive the dividends is established.

The fair value of available-for-sale monetary financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate prevailing at the end of the reporting period. The foreign exchange gains and losses that are recognised in profit or loss are determined based on the amortised cost of the monetary assets. Other foreign exchange gains and losses are recognised in other comprehensive income.

Available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment losses at the end of each reporting period.

2.4 主要會計政策概要(續)

金融工具(於2018年1月1日前適用的香港會計準則第39號政策)(續)

金融資產(續)

可供出售金融資產(續)

本集團所持有之被分類為可供出售金融資產及於活躍市場上交易之權益及債務證券於各報告期末按公允價值計量。可供出售貨幣金融資產採用實際利率法計算之利息收益及可供出售股權投資之股息導致的賬面值之變動均於損益中確認。可供出售金融資產賬面值之其他變動乃於其他全面收益中確認，並累計於可供出售投資重估儲備項下。當投資被出售或被釐定出現減值時，先前累計於可供出售投資重估儲備中之累計收益或虧損乃重新分類至損益。

可供出售股權投資之股息在本集團收取股息的權利確立時於損益中確認。

以外幣計值之可供出售貨幣金融資產之公允價值於報告期末以該外幣釐定並以現行匯率換算。於損益內確認之外匯盈虧按貨幣資產之攤銷成本釐定。其他外匯盈虧於其他全面收益內確認。

於活躍市場並無市場報價而且難以可靠計算公允價值之可供出售股權投資，及與該等缺乏報價股權投資掛鉤並須以交付此等股權投資作結算之衍生工具，於各報告期末以成本扣除任何已識別減值虧損列賬。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

IMPAIRMENT OF FINANCIAL ASSETS (POLICIES UNDER HKFRS 9 APPLICABLE FROM 1 JANUARY 2018)

The Group recognises an allowance for ECLs for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General Approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

The Group considers a financial asset in default when contractual payments are 5 years past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2.4 主要會計政策概要(續)

金融資產減值(自2018年1月1日起適用的香港財務報告準則第9號政策)

本集團就並非按公允價值計入損益的所有債務工具確認預期信貸虧損撥備。預期信貸虧損乃基於根據合約應付的合約現金流量與本集團預期收取的所有現金流量之間的差額，並按接近原有實際利率貼現。預期現金流量將包括出售所持抵押品或合約條款所包含的其他信貸增強措施所得的現金流量。

一般方法

預期信貸虧損分兩個階段確認。就自初始確認以來信貸風險並無大幅增加的信貸風險而言，會為未來12個月內的可能違約事件所產生的信貸虧損計提預期信貸虧損撥備(12個月預期信貸虧損)。就自初始確認以來信貸風險大幅增加的信貸風險而言，不論違約時間如何，須就預期於風險餘下存續期內的信貸虧損計提虧損撥備(整個存續期預期信貸虧損)。

於各報告日期，本集團評估自初始確認後金融工具的信貸風險是否大幅增加。於進行評估時，本集團將於報告日期金融工具發生違約的風險與初始確認日期金融工具發生違約的風險進行比較，並考慮所有毋須付出不必要成本或努力即可獲得的合理支持資料，包括歷史及前瞻性資料。

當合約付款已逾期5年，本集團認為金融資產將會違約。可是，於某些情況下，倘內部或外部資料顯示在並無計及本集團任何信貸增強措施前，本集團不大可能悉數收到未償還合約款項，本集團亦可能認為金融資產將會違約。於無法合理預期收回合約現金流量時撇銷金融資產。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

IMPAIRMENT OF FINANCIAL ASSETS (POLICIES UNDER HKFRS 9 APPLICABLE FROM 1 JANUARY 2018)

(Continued)

General Approach (Continued)

Debt instruments at FVTOCI and financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade and bills receivables and contract assets which apply the simplified approach as detailed below.

Stage 1 – Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 – Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 – Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified Approach

For trade and bills receivables and contract assets that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For trade and bills receivables that contain a significant financing component, the Group chooses as its accounting policy to adopt the simplified approach in calculating ECLs with policies as described above.

2.4 主要會計政策概要(續)

金融資產減值(自2018年1月1日起適用的香港財務報告準則第9號政策)(續)

一般方法(續)

按公允價值計入其他全面收益的債務工具及按攤銷成本列賬的金融資產在一般方法下受減值影響，並就計量預期信貸虧損分為以下階段，惟下列應用簡化方法的貿易應收款項及票據和合約資產除外。

第一階段—自初始確認起信貸風險未顯著增加，且其虧損撥備乃按相等於12個月預期信貸虧損的金額計量的金融工具

第二階段—自初始確認起信貸風險顯著增加但並非信貸減值金融資產，且其虧損撥備乃按相等於整個存續期預期信貸虧損的金額計量的金融工具

第三階段—於報告日期為信貸減值(但並非購買或原先信貸減值)且其虧損撥備的金額乃按相等於整個存續期預期信貸虧損的金額計量的金融資產

簡化方法

就並無包含重大融資成分或本集團應用可行權宜方法不調整重大融資成分影響的貿易應收款項及票據和合約資產而言，本集團應用簡化方法計算預期信貸虧損。根據簡化方法，本集團並無追蹤信貸風險的變化，而於各報告日期根據整個存續期預期信貸虧損確認虧損撥備。本集團已根據其歷史信貸虧損經驗建立撥備矩陣，並就債務人及經濟環境的特定前瞻性因素作出調整。

就包含重大融資成分的貿易應收款項及票據而言，本集團選擇採納簡化方法計算上述政策的預期信貸虧損為其會計政策。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

IMPAIRMENT OF FINANCIAL ASSETS (POLICIES UNDER HKAS 39 APPLICABLE BEFORE 1 JANUARY 2018)

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that occurred after the initial recognition of the asset have an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial Assets Carried at Amortised Cost

For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate.

2.4 主要會計政策概要(續)

金融資產減值(於2018年1月1日前適用的香港會計準則第39號政策)

本集團於各報告期末評估有否客觀迹象顯示一項或一組金融資產出現減值。倘於初始確認資產後發生的一項或多項事件對該項或該組金融資產的估計未來現金流量造成影響，而該影響能夠可靠地估計，則該項或該組金融資產出現減值。減值跡象可能包括一名債務人或一組債務人正在經歷重大財務困難、拖欠利息或本金、可能破產或進行其他財務重組，以及有明顯數據顯示估計未來現金流量出現可計量的減少，例如欠款數目變動或與違約相關的經濟狀況。

按攤銷成本列賬的金融資產

有關按攤銷成本列賬的金融資產，本集團首先獨立評估單項重大的金融資產有否減值跡象，或共同評估非單項重大的金融資產有否客觀減值跡象。倘本集團釐定個別已評估金融資產為並無客觀減值跡象，則有關資產不論是否重大，會計入一組有相似信貸風險特徵的金融資產，共同作減值評估。對於個別作減值評估的資產，倘其確認或持續確認減值虧損，則不會計入共同減值評估。

任何已識別的減值虧損按資產賬面值與估計未來現金流量(不包括尚未產生的未來信貸虧損)的現值之差額計量。估計未來現金流量的現值會按金融資產的原實際利率折讓。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

IMPAIRMENT OF FINANCIAL ASSETS (POLICIES UNDER HKAS 39 APPLICABLE BEFORE 1 JANUARY 2018) (Continued)

Financial Assets Carried at Amortised Cost (Continued)

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to profit or loss.

Financial Assets Carried at Cost

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

2.4 主要會計政策概要(續)

金融資產減值(於2018年1月1日前適用的香港會計準則第39號政策)(續)

按攤銷成本列賬的金融資產(續)

資產賬面值會透過撥備賬扣減，虧損金額於損益內確認。為計算減值虧損，利息收益會繼續以減少的賬面值及用以折讓未來現金流量的利率累計。如貸款及應收款項預期不大可能收回，而所有抵押品已變現或已轉讓予本集團，則會撇銷該貸款及應收款項連同相關撥備。

倘在其後期間，估計減值虧損因減值確認後發生的事件而增加或減少，過往確認的減值虧損會因調整撥備賬而增減。倘撇銷的款項可收回，則收回的款項會計入損益內。

按成本計值之金融資產

就按成本計值之金融資產，減值虧損之金額按資產賬面值與其類似之金融資產按現行市場回報率折讓之估計未來現金流量現值差額計量。有關減值虧損將不會於往後期間撥回。

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

IMPAIRMENT OF FINANCIAL ASSETS (POLICIES UNDER HKAS 39 APPLICABLE BEFORE 1 JANUARY 2018)

(Continued)

Available-For-Sale Financial Assets

For available-for-sale financial assets, the Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is removed from other comprehensive income and recognised in profit or loss.

In the case of equity investments classified as available-for-sale, objective evidence would include a significant or prolonged decline in the fair value of an investment below its cost. "Significant" is evaluated against the original cost of the investment and "prolonged" against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss – is removed from other comprehensive income and recognised in profit or loss. Impairment losses on equity instruments classified as available-for-sale are not reversed through profit or loss. Increases in their fair value after impairment are recognised directly in other comprehensive income.

The determination of what is "significant" or "prolonged" requires judgement. In making this judgement, the Group evaluates, among other factors, the duration or extent to which the fair value of an investment is less than its cost.

2.4 主要會計政策概要(續)

金融資產減值(於2018年1月1日前適用的香港會計準則第39號政策)(續)

可供出售金融資產

對於可供出售金融資產而言，本集團於各報告期末評估是否有客觀證據顯示一項金融資產或一組金融資產出現減值。

倘一項可供出售金融資產出現減值，其成本值(扣除任何本金付款及攤銷)與其現時公允價值之差額減先於於損益內確認之任何減值虧損之金額，會從其他全面收益中剔除，並於損益內確認。

倘屬分類為可供出售股權投資，則客觀證據包括一項投資之公允價值大幅度或長期降至低於其成本值。「大幅度」是相對於初始投資成本作評估，而「長期」則是評估公允價值低於初始成本之期間。倘出現減值證據，累計虧損(按收購成本與當前公允價值之差額減該項投資先於於損益內確認之任何減值虧損計量)將從其他全面收益中剔除，並於損益內確認。分類為可供出售之股本工具之減值虧損不可透過損益撥回，而其減值後增加的公允價值會直接於其他全面收益中確認。

釐定「大幅度」或「長期」時需要作出判斷。在作出此項判斷時，本集團評估(其中包括)某項投資的公允價值低於其成本值的持續時間或數額等因素。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

IMPAIRMENT OF FINANCIAL ASSETS (POLICIES UNDER HKAS 39 APPLICABLE BEFORE 1 JANUARY 2018) (Continued)

Available-For-Sale Financial Assets (Continued)

In the case of debt instruments classified as available-for-sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss. Future interest income continues to be accrued based on the reduced carrying amount of the asset and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Impairment losses on debt instruments are reversed through profit or loss if the subsequent increase in fair value of the instruments can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

Financial Liabilities and Equity Instruments

Classification as debt or equity

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

2.4 主要會計政策概要(續)

金融資產減值(於2018年1月1日前適用的香港會計準則第39號政策)(續)

可供出售金融資產(續)

就分類為可供出售之債務工具而言，其減值評估按攤銷成本入賬之金融資產相同原則進行。然而，就減值入賬之金額乃計量為攤銷成本與現時公允價值之差額減該項投資先前於損益內確認之任何減值虧損之累計虧損。未來利息收益按資產經扣減後之賬面值持續累計，並採用就計量減值虧損時用以折現未來現金流量之利率累計。倘債務工具之公允價值其後之增加可客觀地與於損益內確認減值虧損後發生之事件相關，債務工具之減值虧損則透過損益撥回。

金融負債及股本工具

分類為債務或股本

集團實體發行之債務及股本工具根據合約安排之具體內容及金融負債與股本工具之定義分類為金融負債或股本。

股本工具

股本工具是證明任何在扣除所有負債後實體資產剩餘權益之合約。集團實體發行之股本工具乃按已收所得款項扣除直接發行成本確認。

回購本公司自身股本工具時直接於權益中確認及扣除。於損益內並無就購買、出售、發行或註銷本公司的股本工具確認任何損益。

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

FINANCIAL LIABILITIES (POLICIES UNDER HKFRS 9 APPLICABLE FROM 1 JANUARY 2018 AND HKAS 39 APPLICABLE BEFORE 1 JANUARY 2018)

Initial Recognition and Measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at FVTPL, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and derivative financial instruments.

Subsequent Measurement

The measurement of financial liabilities depends on their classification, as described below:

2.4 主要會計政策概要(續)

金融負債(自2018年1月1日起適用的香港財務報告準則第9號及於2018年1月1日前適用的香港會計準則第39號政策)

初始確認及計量

金融負債於初始確認時分類為按公允價值計入損益的金融負債、貸款及借款、應付款項，或於有效對沖中指定為對沖工具的衍生工具(如適用)。

所有金融負債初始按公允價值確認，倘為貸款及借款以及應付款項，則扣除直接應佔交易成本。

本集團金融負債包括貿易應付款項及其他應付款項、貸款及借款(包括銀行透支)及衍生金融工具。

其後計量

金融負債的計量視乎下述分類而定：

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

FINANCIAL LIABILITIES (POLICIES UNDER HKFRS 9 APPLICABLE FROM 1 JANUARY 2018 AND HKAS 39 APPLICABLE BEFORE 1 JANUARY 2018) (Continued)

Financial Liabilities at Fair Value Through Profit or Loss

Financial liabilities at FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as at FVTPL.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by HKFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in profit or loss. The net fair value gain or loss recognised in profit or loss does not include any interest charged on these financial liabilities.

Financial liabilities designated upon initial recognition as at FVTPL are designated at the date of initial recognition, and only if the criteria in HKFRS 9 are satisfied. The Group has not designated any financial liability as at FVTPL.

Loans and Borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest rate ("EIR") method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in profit or loss.

2.4 主要會計政策概要(續)

金融負債(自2018年1月1日起適用的香港財務報告準則第9號及於2018年1月1日前適用的香港會計準則第39號政策)(續)

按公允價值計入損益的金融負債

按公允價值計入損益的金融負債包括持作買賣的金融負債及於初始確認時指定為按公允價值計入損益的金融負債。

倘為於近期購回而產生金融負債，則金融負債分類為持作買賣。此類別亦包括本集團所訂立於香港財務報告準則第9號所界定的對沖關係中並無指定為對沖工具的衍生金融工具。獨立嵌入式衍生工具亦分類為持作買賣，惟指定為有效對沖工具的衍生工具則除外。

持作買賣的負債利益或虧損確認於損益。已於損益確認的淨利益或淨虧損並不包括任何該金融負債的利息。

於初始確認時指定為按公允價值計入損益的金融負債於初始確認日期指定，並僅於符合香港財務報告準則第9號標準的情況下方會進行。本集團概無指定任何按公允價值計入損益的金融負債。

貸款及借款

於初始確認後，計息貸款及借款其後以實際利率(「實際利率」)法按攤銷成本計量。終止確認負債及於實際利率攤銷過程中產生的利益及虧損於損益確認。

計算攤銷成本時會考慮收購所產生的任何折讓或溢價及構成實際利率組成部分的費用或成本。實際利率攤銷計入於損益內的融資成本。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

DERIVATIVE FINANCIAL INSTRUMENTS (POLICIES UNDER HKFRS 9 APPLICABLE FROM 1 JANUARY 2018 AND HKAS 39 APPLICABLE BEFORE 1 JANUARY 2018)

Initial Recognition and Subsequent Measurement

Derivatives are initially recognised at fair value at the date when derivative contracts are entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which case the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

Embedded Derivatives

Derivatives embedded in non-derivative host contracts are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

DERECOGNITION (POLICIES UNDER HKFRS 9 APPLICABLE FROM 1 JANUARY 2018 AND HKAS 39 APPLICABLE BEFORE 1 JANUARY 2018)

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group continues to recognise the asset to the extent of its continuing involvement and recognises an associated liability. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

2.4 主要會計政策概要(續)

衍生金融工具(自2018年1月1日起適用的香港財務報告準則第9號及於2018年1月1日前適用的香港會計準則第39號政策)

初始確認及其後計量

衍生工具於衍生工具合約訂立當日按公允價值初始確認，其後於報告期末按其公允價值重新計量。所得利益或虧損即時確認於損益，除非該衍生工具指定為有效對沖工具，於此情況下，則視乎對沖關係之性質決定於損益確認之時間。

嵌入式衍生工具

非衍生工具主合約中之嵌入式衍生工具在符合衍生工具定義時被視為獨立衍生工具，其風險及特性與主合約所載者並無緊密關聯，而主合約並不按公允價值計入損益。

終止確認(自2018年1月1日起適用的香港財務報告準則第9號及於2018年1月1日前適用的香港會計準則第39號政策)

只有當收取資產現金流量之合約權利屆滿時，或將其金融資產及該等資產擁有權之絕大部分風險及回報轉移予另一實體時，本集團方會終止確認金融資產。倘本集團並未轉移亦無保留擁有權之絕大部分風險及回報，並繼續控制已轉移資產，則本集團繼續按持續參與之幅度將資產確認入賬並確認相關負債。倘本集團仍保留已轉移金融資產擁有權之絕大部分風險及回報，本集團將繼續確認該金融資產以及確認已收所得款項之有抵押借貸。

於終止確認全部金融資產時，該項資產賬面值與已收及應收代價及於其他全面收益確認並於權益累計之盈虧總數間之差額會於損益確認。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

DERECOGNITION (POLICIES UNDER HKFRS 9 APPLICABLE FROM 1 JANUARY 2018 AND HKAS 39 APPLICABLE BEFORE 1 JANUARY 2018) (Continued)

On derecognition of a financial asset other than in its entirety, the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

OFFSETTING OF FINANCIAL INSTRUMENTS (POLICIES UNDER HKFRS 9 APPLICABLE FROM 1 JANUARY 2018 AND HKAS 39 APPLICABLE BEFORE 1 JANUARY 2018)

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2.4 主要會計政策概要(續)

終止確認(自2018年1月1日起適用的香港財務報告準則第9號及於2018年1月1日前適用的香港會計準則第39號政策)(續)

除全面終止確認外，於終止確認金融資產時，本集團將金融資產之過往賬面值在其仍確認為繼續參與之部分及不再確認之部分之間，按照該兩者於轉讓日期之相對公允價值作出分配。不再確認部分獲分配之賬面值與該部分已收代價及其已於其他全面收益確認獲分配之任何累計利益或虧損總和之間差額，乃於損益內確認。已於其他全面收益確認之累計利益或虧損乃按繼續確認部分及不再確認部分之相對公允價值在該兩者間作出分配。

金融負債於負債責任獲解除、取消或期滿時終止確認。當現有金融負債由同一貸款人所提供條款差異重大的另一金融負債取代，或現有負債的條款已作重大修訂，則有關取代或修訂被視為終止確認原有負債及確認新負債。有關賬面值的差額於損益確認。

抵銷金融工具(自2018年1月1日起適用的香港財務報告準則第9號及於2018年1月1日前適用的香港會計準則第39號政策)

倘若現時存在法律上可強制執行的權利，可抵銷已確認金額，且亦有意以淨額結算，同時變現資產及償還負債，則金融資產及金融負債可互相抵銷，並將淨額於綜合財務狀況表內呈報。

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

INVENTORIES

Inventories are stated at the lower of cost and net realisable value.

Manufacturing and Trading

Cost is determined on the weighted average basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Property Development

Cost comprises land costs, construction costs, borrowing costs, professional fees and other costs directly attributable to such properties incurred during the development period.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash on hand and demand deposits, and short-term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of cash management.

PROVISIONS

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in profit or loss.

The Group provides for warranties in relation to the sale of certain industrial products and the provision of construction services for general repairs of defects occurring during the warranty period. Provisions for these assurance-type warranties granted by the Group are recognised based on sales volume and past experience of the level of repairs and returns, discounted to their present values as appropriate.

2.4 主要會計政策概要(續)

存貨

存貨按成本與可變現淨值兩者中的較低者入賬。

製造和貿易

成本乃以加權平均法釐定，而就在產品及產成品而言，成本包括直接原料、直接勞工及適當比例的固定開支。可變現淨值則按預計售價減完成及出售時所產生的任何估計成本釐定。

物業發展

成本包括土地成本、建設成本、借貸成本、專業費用及該等物業於開發期間直接產生的其他成本。

現金及現金等價物

現金及現金等價物包括現金、活期存款及可隨時轉換為已知數額現金、價值變動風險極低及一般自購入後三個月內到期的短期高流動性投資，但須扣減應要求即時償還及構成現金管理組成部分的銀行透支。

撥備

倘因過往事件導致現有債務(法定或推定)及日後可能需要有資源流出以償還債務，則確認撥備，但必須能可靠估計有關債務金額。

倘折現的影響重大，則就撥備確認的金額為預期需用作償還債務的未來支出於報告期末的現值。因時間流逝而產生的折現現值增額會計入損益內的融資成本。

於保修期間，本集團就銷售若干工業產品及提供建築服務發生的缺陷提供一般維修的擔保。本集團提供該等保證型擔保乃根據銷量以及過往維修及退貨程度經驗確認，並貼現至其現值(如適當)。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

INCOME TAX

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, joint ventures and associates, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

2.4 主要會計政策概要(續)

所得稅

所得稅包括即期及遞延稅項。與並非於損益賬確認的項目有關的所得稅會在並非損益賬的其他全面收益內或直接在權益內確認。

即期稅項資產及負債按預期獲稅務機構退回或向稅務機構支付的款項計量。計量的基準為報告期末已實行或已實際執行的稅率(及稅法)，亦考慮本集團經營所在國家現行的詮釋及慣例。

遞延稅項乃採用負債法就報告期末資產及負債的稅基與其用作財務呈報的賬面值之間的所有暫時差額作出撥備。

遞延稅項負債乃就所有應課稅暫時差額而確認，惟下列情況除外：

- 在交易時不影響會計溢利或應課稅溢利或虧損的非業務合併交易中，初始確認商譽或資產或負債時產生的遞延稅項負債；及
- 就與於附屬公司、合營企業及聯營公司的投資有關的應課稅暫時差額而言，暫時差額的撥回時間可以控制，且該等暫時差額於可見將來可能不會被撥回。

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

INCOME TAX (Continued)

Deferred tax assets are recognised for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, joint ventures and associates, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

2.4 主要會計政策概要(續)

所得稅(續)

遞延稅項資產乃就所有可扣稅暫時差額、未動用稅項抵免和任何未動用稅項虧損的結轉而確認。倘日後很可能有應課稅溢利可供抵銷可扣稅暫時差額、未動用稅項抵免和未動用稅項虧損的結轉，則會確認遞延稅項資產，惟下列情況除外：

- 在交易時不影響會計溢利或應課稅溢利或虧損的非業務合併交易中，初始確認資產或負債時產生與可扣除暫時差額有關的遞延稅項資產；及
- 就與於附屬公司、合營企業及聯營公司的投資有關的可扣稅暫時差額而言，遞延稅項資產僅於暫時差額於可見將來有可能撥回且應課稅溢利將可用以抵銷暫時差額的情況下，方予確認。

遞延稅項資產的賬面值於各報告期末作出檢討，並在不再有足夠應課稅溢利以供對銷全部或部分遞延稅項資產時予以扣減。未確認的遞延稅項資產會於各報告期末重新評估，並在可能有足夠應課稅溢利以收回全部或部分遞延稅項資產時予以確認。

遞延稅項資產及負債乃按預期適用於變現資產或清還負債期間的稅率計量，並以報告期末已實行或已實際執行的稅率(及稅法)為基準。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

INCOME TAX (Continued)

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

GOVERNMENT GRANTS

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the period that the costs, which it is intended to compensate, are expensed. Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

2.4 主要會計政策概要(續)

所得稅(續)

遞延稅項資產與遞延稅項負債僅可在以下情況對銷：本集團依法有強制執行權可以將即期稅項資產與即期稅項負債對銷；而且遞延稅項資產與遞延稅項負債是關於同一稅務機關所徵收的所得稅，不論是對同一應課稅實體或不同應課稅實體徵收的所得稅，也不論應課稅實體計劃於各段未來期間(期間預期將結清或收回大額的遞延稅項負債或資產)以淨額基準結算即期稅項負債及資產或同時實現資產及結清負債。

政府補助

政府補助於可合理確定將可收取補助並且符合所有附帶條件時，按公允價值確認入賬。該項補助如與開支項目有關，則於該項補助擬補貼的成本開銷期間有系統地確認為收益。該項補助如與資產有關，則按公允價值計入遞延收益賬項，再於有關資產的預計可使用年期內按等額每年分期計入損益內。

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

REVENUE RECOGNITION (APPLICABLE FROM 1 JANUARY 2018)

Revenue from Contracts with Customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer a significant benefit of financing the transfer of goods or services to the customer for more than one year, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in HKFRS 15.

2.4 主要會計政策概要(續)

收入確認(自2018年1月1日起適用)

來自客戶合約的收入

來自客戶合約的收入於貨品或服務的控制權以反映本集團預期就提供該等貨品或服務而有權獲得的代價金額向客戶轉讓時確認。

當合約中的代價包括可變金額時，代價將估算為本集團向客戶轉讓貨品或服務而有權獲得的金額。可變代價在合約生效時作出估計並受其約束，直至其後與可變代價相關的不確定性消除時確認的累計收入金額極有可能不會發生收入大幅撥回。

當合約包含融資部分，就向客戶轉讓貨品或服務而為客戶提供重大融資利益超過一年時，收入按應收金額的現值計量，並按合約生效時在本集團與客戶之間訂立的獨立融資交易中反映的貼現率貼現。當合約包含為本集團提供超過一年重大融資利益的融資部分時，根據合約確認的收入包括根據實際利率法計算的合約負債所附加的利息開支。對於客戶付款與承諾轉讓貨品或服務之間的期限為一年或不足一年的合約，交易價格不會根據採用香港財務報告準則第15號的可行權宜方法就重大融資部分的影響作出調整。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

REVENUE RECOGNITION (APPLICABLE FROM 1 JANUARY 2018) (Continued)

Revenue from Contracts with Customers (Continued)

(a) Sale of goods

Revenue from the sale of goods is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods.

(b) Construction services

Revenue from the provision of construction services is recognised over time, using an input method to measure progress towards complete satisfaction of the service, because the Group's performance creates or enhances an asset that the customer controls as the asset is created or enhanced. The input method recognises revenue based on the proportion of the actual costs incurred relative to the estimated total costs for satisfaction of the construction services.

Claims to customers are amounts that the Group seeks to collect from the customers as reimbursement of costs and margins for scope of works not included in the original construction contract. Claims are accounted for as variable consideration and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. The Group uses the expected value method to estimate the amounts of claims because this method best predicts the amount of variable consideration to which the Group will be entitled.

(c) Provision of sewage, hazardous waste treatment and related environmental protection services

Revenue from the provision of sewage, hazardous waste treatment and related environmental protection services is recognised when the relevant services have been rendered.

2.4 主要會計政策概要(續)

收入確認(自2018年1月1日起適用)(續)

來自客戶合約的收入(續)

(a) 銷售貨品

銷售貨品收入於向客戶轉移資產控制權時(一般於交貨時)確認。

(b) 建築服務

提供建築服務的收入隨時間推移確認，且使用投入法對完成履行服務的進度計量，乃由於本集團於履行服務時創造或改良客戶在資產被創造或改良時已控制的資產。投入法根據所產生實際成本佔履行建築服務總估計成本的比例確認收入。

向客戶申索是本集團尋求向客戶收取作為原有建築合約中未包括的工程範圍的成本及差額的補償。申索以可變代價入賬並受其約束，直至其後與可變代價相關的不確定性消除時確認的累計收入金額極有可能不會發生收入大幅撥回。本集團使用預期價值法估計申索金額，乃由於此方法最有效預測本集團將有權獲得的可變代價金額。

(c) 提供污水、危險廢品處理及相關環保服務

提供污水、危險廢品處理及相關環保服務的收入於提供相關服務時確認。

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

REVENUE RECOGNITION (APPLICABLE FROM 1 JANUARY 2018) (Continued)

Revenue from Other Sources

Income from financial services including:

- (i) handling fee income from factoring services and supply-chain financing services which is recognised when the relevant services have been rendered;
- (ii) finance lease income which is recognised over the period of lease, as further explained in the accounting policy "Leases" above; and
- (iii) interest income which is recognised on an accrual basis using the effective interest method as explained below.

Rental income is recognised on a time proportion basis over the lease terms.

Other Income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Dividend income is recognised when the shareholders' right to receive payment has been established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

2.4 主要會計政策概要(續)

收入確認(自2018年1月1日起適用)(續)

其他來源的收入

來自金融服務的收益包括：

- (i) 來自有關保理服務及供應鏈融資服務所得之手續費收益，於提供相關服務時確認；
- (ii) 融資租賃收益於租賃期內確認，詳情於上文會計政策「租賃」內闡釋；及
- (iii) 利息收益以實際利率法按應計基準確認，詳情於下文闡釋。

租金收益按租期的時間比例確認。

其他收益

利息收益以應計基準用實際利率法確認，所採用利率於金融工具的估計可用年期(或較短期間(如適用))將估計未來現金收入準確折現至金融資產的賬面淨值。

股息收益於股東有權收取款項時確認，本集團可能獲得與股息相關的經濟利益且股息金額能可靠地計量。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

REVENUE RECOGNITION (APPLICABLE BEFORE 1 JANUARY 2018)

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

- (a) revenue from the sale of goods, when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the goods sold;
- (b) contract revenue from the renovation and installation work on the percentage of completion basis, as further explained in the accounting policy “Construction contracts” below;
- (c) income from financial service including:
 - (i) handling fee income from factoring services and supply-chain financing services, when the relevant services have been rendered;
 - (ii) finance lease income, over the period of lease, as further explained in the accounting policy “Leases” above; and
 - (iii) interest income, on an accrual basis using the effective interest method as explained in note (f);

2.4 主要會計政策概要(續)

收入確認(於2018年1月1日前適用)

收入會於本集團可能獲得有關經濟利益且收入能可靠地計量時，按以下基準確認：

- (a) 銷售貨品的收入於擁有權的絕大部分風險及回報轉移至買方時，而本集團不再保留與所售貨品擁有權相關的管理權及實際控制權時確認；
- (b) 來自裝修及安裝工程合約的收入按完成百分比基準確認，詳情於下文會計政策「工程合約」內闡釋；
- (c) 來自金融服務的收益包括：
 - (i) 來自有關保理服務及供應鏈融資服務所得之手續費收益，於提供相關服務時確認；
 - (ii) 融資租賃收益於租賃期內確認，詳情於上文會計政策「租賃」內闡釋；及
 - (iii) 利息收益以應計基準用實際利率法入賬，詳情於附註(f)內闡釋；

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

REVENUE RECOGNITION (APPLICABLE BEFORE 1 JANUARY 2018) (Continued)

- (d) income from environmental engineering and related services including:
 - (i) contract revenue from environmental construction on the percentage of completion basis, as further explained in the accounting policy "Construction contracts (applicable before 1 January 2018)" below;
 - (ii) income from sewage, hazardous waste treatment and related environmental protection services, when the relevant services have been rendered;
- (e) rental income, on a time proportion basis over the lease terms;
- (f) interest income, on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset; and
- (g) dividend income, when the shareholders' right to receive payment has been established.

2.4 主要會計政策概要(續)

收入確認(於2018年1月1日前適用)(續)

- (d) 來自環境工程及相關服務收益包括：
 - (i) 環境工程建設合約收入按完成百分比基準確認，詳情於下文會計政策「工程合約(於2018年1月1日前適用)」內闡釋；
 - (ii) 污水、危險廢品處理及相關環保服務收益會於相關服務提供時確認；
- (e) 租金收益按租期的時間比例入賬；
- (f) 利息收益以應計基準用實際利率法入賬，所採用利率於金融工具的估計可用年期(或較短期間(如適用))將估計未來現金收入準確折現至金融資產的賬面淨值；及
- (g) 股息收益於股東有權收取款項時入賬。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

CONSTRUCTION CONTRACTS (APPLICABLE BEFORE 1 JANUARY 2018)

Contract revenue comprises the agreed contract amount and appropriate amounts from variation orders, claims and incentive payments. Contract costs incurred comprise direct materials, the costs of subcontracting, direct labour and an appropriate proportion of variable and fixed construction overheads.

When the outcome of a construction contract can be estimated reliably, contract revenue from a fixed price construction contract is recognised using the percentage of completion method, measured by reference to the proportion of contract costs incurred for work performed to date relative to the estimated total cost of the relevant contract, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that is probably recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Where contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is treated as amounts due from customers for contract work. Where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is treated as amounts due to customers for contract work.

CONTRACT ASSETS (APPLICABLE FROM 1 JANUARY 2018)

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

2.4 主要會計政策概要(續)

工程合約(於2018年1月1日前適用)

合約收入包括協定合約金額及來自修訂合約、申索及獎金之適當金額。已產生合約成本包括直接物料、分包成本、直接勞工以及變動及固定工程間接成本的應佔部分。

倘工程合約的結果能可靠地計量，來自固定價格工程合約的合約收入使用完成百分比方式確認，乃經參考工程迄今已產生合約成本對有關合約估計總成本的比例後計量，惟此並不代表工程完成階段時除外。合約工程的變更、申索及獎金只會在金額能夠可靠地計量及認為可能收取該等金額的情況下方會入賬。

倘工程合約的結果不能可靠地計量，合約收入僅以可能收回的已產生合約成本部分確認。合約成本於產生期間確認為開支。

當總合約成本很可能超出總合約收入時，則預期虧損將立即確認為開支。

倘迄今已產生的合約成本加已確認溢利減已確認虧損超過進度款項，有關盈餘將視為應收客戶的合約工程款項。倘進度款項超過迄今已產生合約成本加已確認溢利減已確認虧損，有關盈餘將視為應付客戶的合約工程款項。

合約資產(自2018年1月1日起適用)

合約資產為就向客戶轉讓的貨品或服務收取代價的權利。倘本集團於客戶支付代價前或付款到期前向客戶轉讓貨品或服務，則就附帶條件的已賺取代價確認合約資產。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

CONTRACT LIABILITIES (APPLICABLE FROM 1 JANUARY 2018)

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received a consideration (or an amount of consideration that is due) from the customer. If a customer pays the consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

EMPLOYEE BENEFITS

Pension Schemes

In accordance with the relevant laws and regulations, the Group's employees participate in various defined contribution plans and state-management retirement benefit plans in the countries in which the Group operates. Payments to these plans, where the Group's obligations under them are equivalent to a defined contribution plan, are recognised as an expense when employees have rendered service entitling them to the contributions.

Share-based payments

The Company operates a share option scheme and a share award scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions is measured by reference to the fair value at the date at which they are granted.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

2.4 主要會計政策概要(續)

合約負債(自2018年1月1日起適用)

合約負債為本集團向客戶轉讓本集團已向客戶收取代價(或應收客戶代價金額)的貨品或服務的責任。倘客戶於本集團向客戶轉讓貨品或服務前支付代價,則在付款或付款到期時(以較早者為準)確認合約負債。合約負債於本集團根據合約履行時確認為收入。

僱員福利

退休金計劃

本集團根據相關法律及法規為本集團經營所在國家的僱員參加各種界定供款計劃及國家管理退休福利計劃。本集團於該等計劃下所承擔之責任與界定供款計劃相等,且給予該等計劃的供款於僱員提供有權獲得供款的服務時確認為開支。

股本結算支付

本公司設有一項購股權計劃及一項股份獎勵計劃,以向該等對本集團業務成功有貢獻的合資格參與者提供鼓勵及獎勵。本集團僱員(包括董事)以股本結算支付交易的形式收取薪酬,而僱員則提供服務作為換取股本工具的代價(「以股本付款交易」)。

以股本付款交易的成本乃根據授出當日的公允價值計算。

以股本付款交易的成本連同相關權益的增加於達成表現及/或服務條件時在僱員福利開支內確認。於各報告期末確認之截至歸屬日期的累計以股本付款交易開支,指本集團對歸屬期完結時最終歸屬的股本工具數目的最佳估計。期間在損益扣除或入賬的數額指期初及期末已確認累計開支的變動。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

EMPLOYEE BENEFITS (Continued)

Share-based payments (Continued)

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

2.4 主要會計政策概要(續)

僱員福利(續)

股本結算支付(續)

釐定獎勵的授出日期公允價值時，不會計及服務及非市場表現條件，但會評估達成該等條件的可能性，作為本集團對最終將歸屬的股本工具數目的最佳估計。市場表現條件反映於授出日期公允價值內。獎勵所附帶但並無相關服務要求的任何其他條件視為非歸屬條件。除非有另外的服務及／或表現條件，否則非歸屬條件反映於獎勵的公允價值內，並將即時支銷獎勵。

因未能達成非市場表現及／或服務條件而最終並無歸屬的獎勵不會確認開支。倘獎勵包括市場或非歸屬條件，交易視為歸屬，而不論市場或非歸屬條件是否達成，惟所有其他表現及／或服務條件須已達成。

於滿足獎勵之原有條款情況下，若修訂以股本付款獎勵的條款，則至少確認假設並無修訂有關條款時所產生的開支。此外，倘修訂導致股本結算支付交易的總公允價值增加或對僱員有利（就修訂當日計量而言），則須就修訂確認開支。

倘取消以股本付款獎勵，則有關獎勵將視作於取消當日已經歸屬，而任何未確認的獎勵開支會即時確認。其包括任何未能達成本集團或僱員可控制之非歸屬條件的獎勵。然而，倘以新獎勵取代已取消的獎勵，並於授出日期指定為替代獎勵，則所取消獎勵及新獎勵將按上段所述的方式視為對原有獎勵的修訂。

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. The 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. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

DIVIDENDS

Dividends are recognised as a liability and deducted from equity when they are declared and approved by the Company's shareholders in general meetings. Proposed final dividends are disclosed in the notes to the financial statements.

Interim dividends are deducted from equity when they are declared and approved, and no longer at the discretion of the Company.

2.4 主要會計政策概要(續)

借貸成本

因收購、建築或生產合資格資產(即需要長時間準備作擬定用途或銷售的資產)而直接產生之借貸成本資本化作該等資產成本的一部分。當該等資產大致上可作擬定用途或銷售時,則停止將借貸成本資本化。特定借款有待用於合資格資產開支期間臨時投資所賺取的投資收入,從合資格撥充資本的借貸成本中扣除。所有其他借貸成本於其產生期間內列作開支。借貸成本包括一間實體在借入資金時所產生的利息及其他成本。

股息

宣派的股息經本公司股東於股東大會上批准後確認為負債,並且從權益中扣除。擬派末期股息將在財務報表附註中披露。

宣派的中期股息自批准,並且本公司不能隨意更改時從權益中扣除。

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

FOREIGN CURRENCIES

The Company's functional currency is HK dollar while the Company's presentation currency for the consolidated financial statements is Renminbi. In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- exchange differences on transactions entered into in order to hedge certain foreign currency risks; and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

2.4 主要會計政策概要(續)

外幣

本公司的功能貨幣為港元，而本公司綜合財務報表的呈列貨幣則為人民幣。於編製個別集團實體之財務報表時，以該實體功能貨幣以外貨幣(外幣)進行之交易，按交易當日適用的匯率確認。於各報告期末，以外幣列值之貨幣項目按當日適用的匯率重新換算。以外幣按公允價值計量之非貨幣項目，按釐定公允價值當日之匯率重新換算。以外幣按歷史成本計算之非貨幣項目不會重新換算。

貨幣項目之匯兌差額乃於產生期間內於損益確認，惟以下各項例外：

- 當有關日後生產使用之在建資產之外幣借貸匯兌差額被視為外幣借貸之利息成本之調整時，匯兌差額計入該等資產之成本；
- 對沖若干外幣風險交易之匯兌差額；及
- 應收或應付一項海外業務之貨幣項目匯兌差額，既無計劃結算，發生結算之可能性亦不大，其為海外業務投資淨額之一部分，並初始於其他全面收益確認及於償還貨幣項目時由權益重新分類至損益。

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

FOREIGN CURRENCIES (Continued)

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into Renminbi using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of exchange fluctuation reserve (attributed to non-controlling interests as appropriate).

On disposal of a foreign operation, all of the exchange differences accumulated in equity in respect of the operation attributable to the owners of the Company are reclassified to profit or loss.

Goodwill and fair value adjustments to identifiable assets acquired and liabilities assumed through acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

2.4 主要會計政策概要(續)

外幣(續)

就呈報綜合財務報表而言，本集團海外業務之資產及負債，按各報告期末適用匯率換算為人民幣。收支項目按期內平均匯率換算。所產生匯兌差額(如有)乃於其他全面收益確認，並累計列入權益之匯兌波動儲備項下(按適當情況撥入非控制權益)。

於出售海外業務時，就本公司擁有人應佔該業務而於權益內累計之所有匯兌差額重新分類至損益。

通過收購海外業務而獲得之可識別資產及承擔之負債之商譽及公允價值調整，均被視為該海外業務之資產及負債，並按各報告期末之適用匯率換算。產生之匯兌差額於其他全面收益確認。

3. 主要會計判斷及估計

編製本集團的綜合財務報表需要管理層作出判斷、估計及假設，而該等判斷、估計及假設影響收入、開支、資產及負債的呈報金額及相關披露，以及或然負債的披露。此等假設及估計的不明朗因素可引致日後需對受影響的資產或負債的賬面值作出重大調整。

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

JUDGEMENT

Deferred Tax Liabilities

Deferred income tax liabilities have not been established for income tax and withholding tax that would be payable on certain profits of the subsidiaries in the PRC to be repatriated and distributed by way of dividends as the directors consider that the timing of the reversal of the related temporary differences can be controlled and such temporary differences will not be reversed in the foreseeable future.

If these undistributed earnings of the subsidiaries in the PRC are considered to be repatriated and distributed by way of dividends, the deferred income tax charge and deferred income tax liability would have increased by the same amount of approximately RMB350,709,000 (2017: RMB275,791,000).

ESTIMATION UNCERTAINTY

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Impairment of Goodwill, Brand Name and Operating Concession Rights

The Group determines whether goodwill, brand name and operating concession rights with indefinite useful lives are impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill, brand name and operating concession rights are allocated. Estimating the value in use requires the Group to make an estimation of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. At the end of the reporting period, the carrying amounts of goodwill, brand name and operating concession rights were RMB363,133,000 (2017: RMB85,309,000), RMB110,520,000 (2017: RMB110,520,000) and RMB24,550,000 (2017: RMB24,550,000), respectively. Further details are disclosed in note 16 to the consolidated financial statements.

3. 主要會計判斷及估計(續)

判斷

遞延稅項負債

遞延所得稅負債並無就以股息形式匯出及分派的中國附屬公司若干溢利的應付所得稅及預提所得稅計提，原因是董事認為撥回相關暫時差額的時間可被控制以及有關暫時差額將不會於可見將來撥回。

倘該等中國附屬公司的未分派盈利被視為以股息形式匯出及分派，則遞延所得稅開支及遞延所得稅負債將以相同金額約人民幣350,709,000元(2017年：人民幣275,791,000元)增加。

估計不明朗因素

有關於報告期末估計不明朗因素的未來及其他主要來源的主要假設，存在會導致下一個財政年度內資產及負債賬面值出現重大調整的重大風險，於下文有所載述。

商譽、商號及特許經營權減值

本集團至少每年釐定商譽、具無限可使用年期之商號及特許經營權是否減值。此乃需要估計已分配商譽、商號及特許經營權的現金產生單位的可使用價值。在估計可使用價值時，本集團須估計該現金產生單位預期未來的現金流量，選擇合適的貼現率以計算該等現金流量的現值。於報告期末，商譽、商號及特許經營權的賬面值分別為人民幣363,133,000元(2017年：人民幣85,309,000元)、人民幣110,520,000元(2017年：人民幣110,520,000元)及人民幣24,550,000元(2017年：人民幣24,550,000元)。有關詳情已披露於綜合財務報表附註16。

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

ESTIMATION UNCERTAINTY (Continued)

Provision of ECL for Trade and Bills Receivables, Contract Assets, Other Receivables and Loan Receivables

The Group uses a provision matrix to calculate ECLs for trade and bills receivables, contract assets, other receivables and loan receivables. The provision rates are based on the invoice date for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is initially based on the Group's historical observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic products) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At each reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's contract assets, trade and bills receivables, other receivables and loan receivables is disclosed in note 23B, note 24, note 25 and note 20 to the financial statements, respectively.

3. 主要會計判斷及估計(續)

估計不明朗因素(續)

提供貿易應收款項及票據、合約資產、其他應收款項及應收借款的預期信貸虧損

本集團使用撥備矩陣計算貿易應收款項及票據、合約資產、其他應收款項及應收借款的預期信貸虧損。撥備率就有類似虧損模式的各客戶分部組別(即按地區、產品類型、客戶類型及評級,以及信用證及其他形式的信用保險)的發票日期釐定。

撥備矩陣最初按本集團歷史觀察違約比率釐定。本集團將校準矩陣,以使用前瞻性資料調整歷史信貸虧損經驗。例如,倘預測經濟狀況(即國內生產總值)於來年惡化而可能導致製造業違約數量增加,則調整歷史違約比率。於各報告日期,本集團更新歷史觀察違約比率並分析前瞻性估計的變動。

評估歷史觀察違約比率、預測經濟狀況及預期信貸虧損之間的相關性為重要估計。預期信貸虧損的金額受環境變化及預測經濟狀況影響。本集團的歷史觀察違約比率及經濟狀況預測亦可能無法反映客戶日後的實際違約。有關本集團合約資產、貿易應收款項及票據、其他應收款項及應收借款的預期信貸虧損的資料分別於財務報表附註23B、附註24、附註25及附註20中披露。

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

ESTIMATION UNCERTAINTY (Continued)

Provision for Obsolete and Slow-Moving Inventories

The Group reviews the aging analysis of its inventories at the end of each reporting period, and makes provision for obsolete and slow moving inventory items identified that are no longer suitable for use/sale. Management estimates the net realisable value for such inventories based primarily on the latest invoice prices and current market conditions. At the end of the reporting period, an accumulated provision for obsolescence of RMB190,842,000 (2017: RMB204,080,000) has been recognised for inventories.

Fair Value of Investment Properties

The best evidence of fair value is current prices in an active market for properties in the same location and condition and subject to similar leases and other contracts. In the absence of such information, management determines the amount within a range of reasonable fair value estimates. In making its judgement, management considers information from a variety of sources, including (i) independent valuations; (ii) current prices in an active market for properties of a different nature, condition and location (or subject to different leases or other contracts), adjusted to reflect those differences; (iii) recent prices of similar properties in less active markets, with adjustments to reflect any changes in economic conditions since the dates of transactions that occurred at those prices; and (iv) discounted cash flow projections, based on reliable estimates of future cash flows, derived from the terms of any existing lease and other contracts, and (where possible) from external evidence such as current market rates for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of cash flows.

Details of the judgement and assumptions involved in determining the fair value of the Group's investment properties have been disclosed in note 14 to the consolidated financial statements.

3. 主要會計判斷及估計(續)

估計不明朗因素(續)

過時及滯銷存貨撥備

本集團於各報告期末檢討其存貨的賬齡分析，並對確認為不宜使用／出售的過時及滯銷存貨項目作出撥備。管理層主要根據最新的發票售價及現時市況估計該等存貨的可變現淨值。於報告期末，人民幣190,842,000元(2017年：人民幣204,080,000元)已確認為存貨之累計過時撥備。

投資物業公允價值

公允價值之最佳憑證為相同地點及狀況之物業當時於活躍市場之價格，並受類似租約及其他合約規限。在欠缺該等資料之情況下，管理層根據合理公允價值估計範圍釐定有關數額。在作出有關估算時，管理層會考慮不同來源之資料，包括：(i)獨立估值；(ii)性質、狀況或地點不同(或受不同租約或其他合約規限)之物業當時於活躍市場之價格，並加以調整以反映有關差異；(iii)類似物業於較不活躍市場之近期價格(或會作出調整，以反映自按交易之日以來經濟狀況之任何轉變對價格之影響)；及(iv)根據對未來現金流量之可靠估計而預測之貼現現金流量，輔以任何現有租約與其他合約之條款及(如可能)外在憑證(如地點及狀況相同之類似物業之當時市場租金)，並採用反映當時市場對現金流量金額及時間之不確定性評估之貼現率計算。

釐定本集團投資物業公允價值時所涉及的判斷及假設之詳情已披露於綜合財務報表附註14。

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

4. OPERATING SEGMENT INFORMATION

The Group is principally engaged in the manufacture and sale of building materials and interior decoration products; the provision of renovation and installation works, environmental engineering and other related services, financial services and property rental and other related services. For management purposes, the Group's businesses are organised by geographical areas based on the location of the customers and assets are attributable to the geographical unit based on the location of the assets. The Group has eight reportable operating segments as follows:

- (i) Southern China, including Guangdong Province, Guangxi Zhuang Autonomous Region, Hunan Province, Fujian Province and Hainan Province;
- (ii) Southwestern China, including Chongqing Municipality, Sichuan Province, Guizhou Province, Yunnan Province and Xizang (Tibet) Autonomous Region;
- (iii) Central China, including Hubei Province, Jiangxi Province and Henan Province;
- (iv) Eastern China, including Shanghai Municipality, Jiangsu Province, Zhejiang Province and Anhui Province;
- (v) Northern China, including Beijing Municipality, Tianjin Municipality, Hebei Province, Shandong Province, Inner Mongolia Autonomous Region and Shanxi Province;
- (vi) Northwestern China, including Shaanxi Province, Ningxia Hui Autonomous Region, Qinghai Province, Gansu Province and Xinjiang Uygur Autonomous Region;
- (vii) Northeastern China, including Liaoning Province, Jilin Province and Heilongjiang Province; and
- (viii) Outside China.

4. 經營分部資料

本集團主要從事製造及銷售建材家居產品、提供裝修及安裝工程、環境工程及其他相關服務、金融服務和物業租賃及其他相關服務。就管理目的而言，本集團的業務根據客戶的所在地組成地理分區，且資產按其所在地分配予地域單位。本集團擁有以下八個需匯報經營分部：

- (i) 華南，包括廣東省、廣西壯族自治區、湖南省、福建省及海南省；
- (ii) 西南地區，包括重慶市、四川省、貴州省、雲南省及西藏自治區；
- (iii) 華中，包括湖北省、江西省及河南省；
- (iv) 華東，包括上海市、江蘇省、浙江省及安徽省；
- (v) 華北，包括北京市、天津市、河北省、山東省、內蒙古自治區及山西省；
- (vi) 西北地區，包括陝西省、寧夏回族自治區、青海省、甘肅省及新疆維吾爾自治區；
- (vii) 東北地區，包括遼寧省、吉林省及黑龍江省；及
- (viii) 中國境外。

4. OPERATING SEGMENT INFORMATION (Continued)

Management monitors the results of its operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted profit before tax. The adjusted profit before tax is measured consistently with the Group's profit before tax except that interest income, changes in fair value of investment properties, changes in fair value of financial instruments at FVTPL, loss on fair value changes of derivative financial instruments, gain on disposal of available-for-sale investments, gain on disposal of held-to-maturity investments, gain on early redemption of available-for-sale investments, investment income, gain on disposal of subsidiaries, exchange differences, finance costs, share of results of associates and joint ventures and other unallocated income and expenses are excluded from such measurement.

Segment assets exclude interests in associates, interests in joint ventures, available-for-sale investments, other financial assets, deferred tax assets, cash and bank deposits and other unallocated head office and corporate assets as these assets are managed on a group basis.

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

The Group's revenue from external customers is derived from its operations in mainland China, special administrative regions of PRC and foreign countries.

During the years ended 31 December 2018 and 2017, no revenue from transactions with a single external customer amounted to 10% or more of the Group's total revenue.

4. 經營分部資料(續)

為制定資源分配決策及表現評估，管理層分別監控其經營分部的業績。分部表現乃按需匯報分部的溢利進行評估，需匯報分部的溢利即經調整除稅前溢利。經調整除稅前溢利乃按本集團除稅前溢利一貫計量，惟利息收益、投資物業公允價值變動、按公允價值計入損益的金融工具的公允價值變動、衍生金融工具公允價值變動虧損、出售可供出售投資所得利益、出售持有至到期投資所得利益、提早贖回可供出售投資所得利益、投資收益、出售附屬公司所得利益、匯兌差異、融資成本、分佔聯營公司及合營企業業績及其他未分配收益及開支並不包括在該等計量內。

鑑於於聯營公司的權益、於合營企業的權益、可供出售投資、其他金融資產、遞延稅項資產、現金及銀行存款以及其他未分配總辦事處及公司資產乃按集團基準管理，故分部資產並不包括以上資產。

分部間收入於綜合賬目時抵銷。分部間銷售及轉讓以在當時市價基礎上向第三方作出的銷售價格為參照進行交易。

本集團來自外部客戶的收入乃源於其在中國內地、中國特別行政區及外國的業務。

截至2018年及2017年12月31日止年度，概無來自與單一外部客戶交易的收入佔本集團總收入的10%或以上。

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

4. OPERATING SEGMENT INFORMATION (Continued)

4. 經營分部資料(續)

OPERATING SEGMENT INFORMATION FOR THE YEAR ENDED 31 DECEMBER 2018

截至2018年12月31日止年度的經營分部資料

		Southern China 華南 RMB'000 人民幣千元	Southwestern China 西南地區 RMB'000 人民幣千元	Central China 華中 RMB'000 人民幣千元	Eastern China 華東 RMB'000 人民幣千元	Northern China 華北 RMB'000 人民幣千元	Northwestern China 西北地區 RMB'000 人民幣千元	Northeastern China 東北地區 RMB'000 人民幣千元	Outside China 中國境外 RMB'000 人民幣千元	Eliminations 抵銷 RMB'000 人民幣千元	Consolidated 綜合 RMB'000 人民幣千元
Segment revenue:	分部收入:										
Sale of goods	銷售貨品	12,782,004	2,518,896	2,806,527	1,240,391	1,607,400	951,207	581,562	736,285	-	23,224,272
Contact revenue from renovation and installation works	裝修及安裝工程合約收入	184,400	-	-	-	-	-	-	-	-	184,400
Income from environmental engineering and other related services	環境工程及其他相關服務收益	125,990	20,959	11,659	24,594	12	2,937	388	-	-	186,539
Financial service income	金融服務收益	38,197	1,507	25,303	-	181	-	184	-	-	65,372
Property rental and other related services	物業租賃及其他相關服務	5,793	-	-	-	-	-	-	67,141	-	72,934
Revenue from external customers	外部客戶收入	13,136,384	2,541,362	2,843,489	1,264,985	1,607,593	954,144	582,134	803,426	-	23,733,517
Intersegment revenue	分部間收入	3,972,827	441,559	446,347	317,045	393,322	178,059	118,826	760,666	(6,628,651)	-
Total	合計	17,109,211	2,982,921	3,289,836	1,582,030	2,000,915	1,132,203	700,960	1,564,092	(6,628,651)	23,733,517
Segment results	分部業績	3,668,555	744,870	847,805	252,485	432,423	218,153	142,826	27,083	(105,751)	6,228,449
Reconciliations:	對賬:										
Interest income	利息收益										111,149
Gain on fair value changes of investment properties	投資物業公允價值變動利益										311,809
Gain on fair value changes of financial instruments at FVTPL	按公允價值計入損益的金融工具的公允價值變動利益										7,098
Investment income	投資收益										32,178
Gain on disposal of subsidiaries	出售附屬公司所得利益										33,273
Exchange loss	匯兌虧損										(15,874)
Finance costs	融資成本										(415,403)
Share of results of associates	分佔聯營公司業績										116,803
Share of results of joint ventures	分佔合營企業業績										616
Unallocated income and expenses	未分配收益及開支										(3,174,559)
Profit before tax	除稅前溢利										3,235,539
Segment assets	分部資產	13,235,406	1,376,886	1,311,875	1,518,197	791,056	644,194	487,490	5,446,222	-	24,811,326
Reconciliations:	對賬:										
Interests in associates	於聯營公司的權益										1,375,567
Interests in joint ventures	於合營企業的權益										9,303
Other financial assets	其他金融資產										1,900,160
Deferred tax assets	遞延稅項資產										88,130
Cash and bank deposits	現金及銀行存款										6,451,791
Total assets	資產總額										34,636,277
Other segment information	其他分部資料										
Write-back of inventories to net realisable value, net	撥回存貨至可變現淨值淨額	(31,074)	362	(432)	9,521	(1,993)	(516)	(5,858)	16,752	-	(13,238)
Depreciation and amortisation	折舊及攤銷	448,461	67,890	62,533	62,639	44,147	35,381	19,698	17,407	-	758,156
Impairment of property, plant and equipment	物業、廠房及設備減值	-	-	-	-	-	-	-	2,711	-	2,711
Impairment of goodwill	商譽減值	-	-	-	-	-	-	-	372	-	372
Impairment of loan receivables	應收借款減值	159,500	-	-	-	-	-	-	-	-	159,500
Impairment of contract assets	合約資產減值	21,855	-	-	-	-	-	-	-	-	21,855
Impairment of trade and bills receivables, net	貿易應收款項及票據減值淨額	22,503	8	215	2,171	98	7	347	26,387	-	51,736
Capital expenditure [#]	資本開支 [#]	796,332	96,364	70,824	300,836	59,570	24,742	59,689	232,288	(14,740)	1,625,905

[#] Capital expenditure consists of additions to property, plant and equipment, prepaid land lease payments, investment properties and other intangible assets.

[#] 資本開支包括添置物業、廠房及設備、預付土地租賃款、投資物業及其他無形資產。

4. OPERATING SEGMENT INFORMATION (Continued)

4. 經營分部資料(續)

OPERATING SEGMENT INFORMATION FOR THE YEAR ENDED 31 DECEMBER 2017

截至2017年12月31日止年度的經營分部 資料

		Southern China 華南 RMB'000 人民幣千元	Southwestern China 西南地區 RMB'000 人民幣千元	Central China 華中 RMB'000 人民幣千元	Eastern China 華東 RMB'000 人民幣千元	Northern China 華北 RMB'000 人民幣千元	Northwestern China 西北地區 RMB'000 人民幣千元	Northeastern China 東北地區 RMB'000 人民幣千元	Outside China 中國境外 RMB'000 人民幣千元	Eliminations 抵銷 RMB'000 人民幣千元	Consolidated 綜合 RMB'000 人民幣千元
Segment revenue:	分部收入:										
Sale of goods	銷售貨品	11,104,426	2,104,769	2,209,365	1,216,465	1,335,757	738,822	459,715	691,447	-	19,860,766
Contract revenue from renovation and installation works	裝修及安裝工程合約 收入	206,688	-	-	-	4,979	-	-	-	-	211,667
Income from environmental engineering and other related services	環境工程及 其他相關服務 收益	142,614	10,465	16,531	7,047	-	7,258	147	-	-	184,062
Financial service income	金融服務收益	41,219	294	5,010	172	-	27	-	-	-	46,722
Property rental and other related services	物業租賃及其他相關 服務	25,692	-	-	-	-	-	-	31,091	-	56,783
Revenue from external customers	外部客戶收入	11,520,639	2,115,528	2,230,906	1,223,684	1,340,736	746,107	459,862	722,538	-	20,360,000
Intersegment revenue	分部間收入	3,294,044	401,203	458,408	251,179	277,039	131,722	85,656	769,045	(5,668,296)	-
Total	合計	14,814,683	2,516,731	2,689,314	1,474,863	1,617,775	877,829	545,518	1,491,583	(5,668,296)	20,360,000
Segment results	分部業績	3,824,375	650,157	730,184	253,243	397,662	186,325	126,660	156,614	(1,008,437)	5,316,783
Reconciliations:	對賬:										
Interest income	利息收益										90,785
Gain on fair value changes of investment properties	投資物業公允價值 變動利益										327,313
Loss on fair value changes of derivative financial instruments	衍生金融工具公允 價值變動虧損										(31,575)
Gain on disposal of available-for-sale investments	出售可供出售投資 所得利益										1,050
Gain on disposal of held-to-maturity investments	出售持有至到期投資 所得利益										3,315
Gain on early redemption of available-for-sale investments	提早贖回可供出售投資 所得利益										39,071
Investment income	投資收益										2,694
Gain on disposal of subsidiaries	出售附屬公司所得利益										2,141
Exchange gain	匯兌利益										23,483
Finance costs	融資成本										(229,309)
Share of results of associates	分佔聯營公司業績										(1,404)
Share of results of joint ventures	分佔合營企業業績										243
Unallocated income and expenses	未分配收益及開支										(2,590,004)
Profit before tax	除稅前溢利										2,954,586
Segment assets	分部資產	11,826,279	1,308,387	1,292,621	1,003,422	752,991	597,638	427,762	4,609,691	-	21,818,791
Reconciliations:	對賬:										
Interests in associates	於聯營公司的權益										41,324
Interests in joint ventures	於合營企業的權益										9,024
Available-for-sale investments	可供出售投資										1,582,208
Deferred tax assets	遞延稅項資產										69,908
Cash and bank deposits	現金及銀行存款										4,452,370
Total assets	資產總額										27,973,625
Other segment information:	其他分部資料:										
Write-down of inventories to net realisable value, net	撇減存貨至可變現 淨值淨額	57,066	(132)	(575)	2,191	185	4	(46)	3,150	-	61,843
Depreciation and amortisation	折舊及攤銷	365,901	62,936	62,202	46,395	40,186	34,230	19,092	15,880	-	646,822
Impairment of trade and bills receivables, net	貿易應收款項及票據 減值淨額	12,128	-	(5,551)	148	509	(923)	7,286	11,671	-	25,268
Capital expenditure [#]	資本開支 [#]	762,280	140,004	66,433	118,244	34,182	24,969	13,077	1,373,463	(15,487)	2,517,165

[#] Capital expenditure consists of additions to property, plant and equipment, prepaid land lease payments, investment properties and other intangible assets.

[#] 資本開支包括添置物業、廠房及設備、預付土地租賃款、投資物業及其他無形資產。

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

5. REVENUE, OTHER REVENUE, INCOME AND GAINS

REVENUE

Set out below is the disaggregation of the Group's revenue from contracts with customers and the reconciliation of the revenue from contracts with customers with the amounts disclosed in the segment information:

By revenue nature:

		2018			2017		
		Goods transferred at a point in time 於某一時點轉讓的貨品 RMB'000 人民幣千元	Services transferred over time 隨時間推移轉讓的服務 RMB'000 人民幣千元	Total 合計 RMB'000 人民幣千元	Goods transferred at a point in time 於某一時點轉讓的貨品 RMB'000 人民幣千元	Services transferred over time 隨時間推移轉讓的服務 RMB'000 人民幣千元	Total 合計 RMB'000 人民幣千元
Revenue from contracts with customers:	來自客戶合約的收入：						
Sale of goods	銷售貨品	23,224,272	-	23,224,272	19,860,766	-	19,860,766
Contract revenue from renovation and installation works	裝修及安裝工程合約收入	-	184,400	184,400	-	211,667	211,667
Income from environmental engineering and other related services	環境工程及其他相關服務收益	-	186,539	186,539	-	184,062	184,062
Sub-total	小計	23,224,272	370,939	23,595,211	19,860,766	395,729	20,256,495
Financial service income	金融服務收益			65,372			46,722
Property rental and other related services	物業租賃及其他相關服務			72,934			56,783
Total	合計			23,733,517			20,360,000

5. 收入、其他收入、收益及利益

收入

以下載列本集團來自客戶合約的收入分拆及來自客戶合約的收入與分部資料所披露金額的對賬：

按收入性質劃分：

5. REVENUE, OTHER REVENUE, INCOME AND GAINS (Continued)

REVENUE (Continued)

By geographical locations:

		2018			2017		
		Goods transferred at a point in time	Services transferred over time	Total	Goods transferred at a point in time	Services transferred over time	Total
		於某一時點轉讓的貨品	隨時間推移轉讓的服務	合計	於某一時點轉讓的貨品	隨時間推移轉讓的服務	合計
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
Revenue from contracts with customers:	來自客戶合約的收入：						
Mainland China	中國內地	22,487,987	370,939	22,858,926	19,169,319	395,729	19,565,048
Outside China	中國境外	736,285	-	736,285	691,447	-	691,447
Sub-total	小計	23,224,272	370,939	23,595,211	19,860,766	395,729	20,256,495
Financial service income	金融服務收益			65,372			46,722
Property rental and other related services	物業租賃及其他相關服務			72,934			56,783
Total	合計			23,733,517			20,360,000

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period and recognised from performance obligations satisfied in previous periods:

收入(續)

按地理位置劃分：

下表列示於本報告期內確認於報告期初計入合約負債及於過往期間履約責任所確認的收入：

		2018
		RMB'000
		人民幣千元
Revenue recognised that was included in contract liabilities at the beginning of the reporting period	於報告期初計入合約負債的已確認收入	
Sale of goods	銷售貨品	1,120,169
Contract revenue from renovation and installation works	裝修及安裝工程合約收入	9,091
Income from environmental engineering and other related services	環境工程及其他相關服務收益	8,896
		1,138,156

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

5. REVENUE, OTHER REVENUE, INCOME AND GAINS (Continued)

REVENUE (Continued)

Performance Obligations

Information about the Group's performance obligations is summarised below:

Sale of goods

The performance obligation is satisfied upon delivery of the goods and payment is generally due within 30 to 360 days from delivery, except for new customers, where payment in advance is normally required.

Renovation, installation and engineering services

The performance obligation is satisfied over time as services are rendered and payment is generally due within 30 days from the date of billing. A certain percentage of payment is retained by customers until the end of the retention period as the Group's entitlement to the final payment is conditional on the satisfaction of the service quality by the customers over a certain period as stipulated in the contracts.

The transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December 2018 are as follows:

		2018 RMB'000 人民幣千元
Not more than 1 year	不多於1年	356,315
Over 1 year	1年以上	368,211
		724,526

The remaining performance obligations expected to be recognised in more than one year relate to renovation, installation and engineering services. All the other remaining performance obligations are expected to be recognised within one year. The amounts disclosed above do not include variable consideration which is constrained.

5. 收入、其他收入、收益及利益(續)

收入(續)

履約責任

有關本集團履約責任的資料概述如下：

銷售貨品

本集團於交貨時履行責任，付款一般在交貨後30至360天內到期，惟新客戶一般須預先付款。

裝修、安裝及工程服務

履約責任隨提供服務而隨時間推移履行，且付款一般於結算日起30天內到期。客戶保留一定百分比的付款直至保留期結束，乃由於本集團獲取最終付款的權利視乎於客戶按合約規定的一段時間內對服務質素表示滿意後方可作實。

於2018年12月31日，分配至餘下履約責任(未履約或部分未履約)的交易價格如下：

預期將於一年以上確認的餘下履約責任涉預期將於一年以上確認的餘下履約責任涉及裝修、安裝及工程服務。所有其他餘下履約責任預期將在一年內確認。以上披露的金額不包括受約束的可變代價。

5. REVENUE, OTHER REVENUE, INCOME AND GAINS (Continued)

5. 收入、其他收入、收益及利益(續)

OTHER REVENUE, INCOME AND GAINS

其他收入、收益及利益

		2018 RMB'000 人民幣千元	2017 RMB'000 人民幣千元
Bank interest income	銀行利息收益	105,140	82,378
Interest income from available-for-sale investments	可供出售投資的利息收益	-	6,822
Interest income from held-to-maturity investments	持有至到期投資的利息收益	-	1,585
Interest income from other financial assets	其他金融資產的利息收益	6,009	-
Total interest income	利息收益總額	111,149	90,785
Government grants and subsidies	政府補助及補貼	44,628	30,173
Gain on fair value changes of investment properties	投資物業公允價值變動利益	311,809	327,313
Gain on fair value changes of financial instruments at FVTPL	按公允價值計入損益的金融工具的公允價值變動利益	7,098	-
Gain on disposal of available-for-sale investments	出售可供出售投資所得利益	-	1,050
Gain on disposal of held-to-maturity investments	出售持有至到期投資所得利益	-	3,315
Gain on early redemption of available-for-sale investments	提早贖回可供出售投資所得利益	-	39,071
Investment income	投資收益	32,178	2,694
Gain on disposal of subsidiaries	出售附屬公司所得利益	33,273	2,141
Exchange gain	匯兌利益	-	23,483
Others	其他	31,295	48,625
		571,430	568,650

Government grants and subsidies mainly represent funding received from government authorities to support certain of the Group's research and development activities. There are no unfulfilled conditions or contingencies related to these grants and subsidies.

政府補助及補貼主要指政府機構授予以供支持本集團若干研發活動的資金，並無任何與該等補助及補貼有關的未達成條件或或有情況。

6. FINANCE COSTS

6. 融資成本

		2018 RMB'000 人民幣千元	2017 RMB'000 人民幣千元
Interest expenses on bank and other loans	銀行及其他貸款的利息開支	415,725	231,920
Less: Interest capitalised	減：資本化利息	(322)	(2,611)
		415,403	229,309

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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7. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

7. 除稅前溢利

本集團的除稅前溢利乃經扣除／(計入)下列各項後達致：

		Note 附註	2018 RMB'000 人民幣千元	2017 RMB'000 人民幣千元
Cost of inventories sold	已售存貨成本		17,177,238	14,653,632
Direct cost of renovation and installation works	裝修及安裝工程 直接成本		150,595	190,030
Direct cost of environmental engineering and other related services	環境工程及其他相關 服務直接成本		129,008	108,249
Direct cost of financial services	金融服務直接成本		1,265	2,351
Direct cost of property rental and other related services	物業租賃及其他相關 服務直接成本		60,200	27,112
(Write-back)/write-down of inventories to net realisable value, net	(撥回)／撇減存貨至 可變現淨值淨額		(13,238)	61,843
Depreciation	折舊	12	714,784	603,560
Amortisation of prepaid land lease payments	預付土地租賃款 攤銷	13	31,035	26,867
Amortisation of other intangible assets	其他無形資產攤銷	15	12,337	16,395
Total depreciation and amortisation	折舊及攤銷總額		758,156	646,822
Minimum lease payments under operating leases in respect of land and buildings	土地及樓宇經營 租賃的最低 租金		67,546	58,861
Auditor's remuneration	核數師酬金		7,255	7,131
Employee benefit expense (including directors' remuneration (note 8)):	僱員福利開支(包括董事 薪酬(附註8)):			
Wages and salaries	工資及薪金		851,692	740,048
Pension scheme contributions	退休金計劃供款		92,403	74,611
Staff welfare and other expenses	員工福利及其他開支		74,225	61,445
			1,018,320	876,104
Research and development costs	研發成本		758,284	641,354
Loss on disposal of items of other intangible assets and property, plant and equipment	出售其他無形資產和 物業、廠房及設備 項目的虧損		40,838	15,144
Impairment of property, plant and equipment	物業、廠房及設備 減值	12	2,711	-
Changes in fair value of investment properties	投資物業公允價值 變動	14	(311,809)	(327,313)
Gain on fair value changes of financial instruments at FVTPL	按公允價值計入損益的 金融工具的公允價值 變動利益		(7,098)	-
Loss on fair value changes of derivative financial instruments	衍生金融工具公允價值 變動虧損		-	31,575
Gain on disposal of subsidiaries	出售附屬公司所得利益	37	(33,273)	(2,141)
Impairment of goodwill	商譽減值	15	372	-
Impairment of loan receivables	應收借款減值	20	159,500	-
Impairment of contract assets	合約資產減值	23B	21,855	-
Impairment of trade and bills receivables, net	貿易應收款項及票據 減值淨額	24	51,736	25,268
Net rental income	租金收益淨額		(3,115)	(1,407)
Foreign exchange differences, net	匯兌差異淨額		15,874	(23,483)

8. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID EMPLOYEES

(A) DIRECTORS' REMUNERATION

Directors' remuneration for the year, disclosed pursuant to the applicable Listing Rules and Hong Kong Companies Ordinance, is as follows:

		2018	2017
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Fees	袍金	3,105	3,095
Other emoluments:	其他酬金：		
Salaries, allowances and benefits in kind	薪金、津貼及實物福利	4,826	5,004
Performance related bonuses	表現掛鈎花紅	5,359	4,990
Pension scheme contributions	退休金計劃供款	314	323
		10,499	10,317
		13,604	13,412

8. 董事薪酬及五名最高薪酬僱員

(A) 董事薪酬

根據適用上市規則及香港公司條例披露的年內董事薪酬載列如下：

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8. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID EMPLOYEES (Continued)

(A) DIRECTORS' REMUNERATION (Continued)

The remuneration of each of the directors is set out below:

8. 董事薪酬及五名最高薪酬僱員(續)

(A) 董事薪酬(續)

各董事的薪酬載列如下：

		Salaries, allowances and benefits	Performance related bonuses	Pension scheme contributions	Total	
	Fees	in kind	表现	退休金計劃		
	袍金	薪金、津貼 及實物福利	掛鈎花紅	供款	總計	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
2018	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	
Executive directors:	執行董事：					
Mr. Wong Luen Hei	黃聯禧先生	-	609	591	15	1,215
Mr. Zuo Manlun	左滿倫先生	-	601	599	31	1,231
Ms. Zuo Xiaoping	左笑萍女士	-	609	591	15	1,215
Mr. Lai Zhiqiang	賴志強先生	-	600	600	41	1,241
Mr. Kong Zhaocong	孔兆聰先生	-	600	600	41	1,241
Mr. Chen Guonan	陳國南先生	609	-	591	27	1,227
Dr. Lin Shaoquan	林少全博士	-	1,207	300	17	1,524
Mr. Huang Guirong	黃貴榮先生	-	600	600	112	1,312
Mr. Luo Jianfeng	羅建峰先生	609	-	591	15	1,215
Mr. Lin Dewei ⁽¹⁾	林德緯先生 ⁽¹⁾	518	-	296	-	814
		1,736	4,826	5,359	314	12,235
Independent non-executive directors:	獨立非執行董事：					
Mr. Fung Pui Cheung ⁽²⁾	馮培漳先生 ⁽²⁾	127	-	-	-	127
Mr. Wong Kwok Ho, Jonathan	王國豪先生	275	-	-	-	275
Mr. Cheung Man Yu	張文宇先生	275	-	-	-	275
Ms. Lan Fang	蘭芳女士	275	-	-	-	275
Dr. Tao Zhigang	陶志剛博士	275	-	-	-	275
Mr. Cheng Dickson ⁽³⁾	鄭迪舜先生 ⁽³⁾	142	-	-	-	142
		1,369	-	-	-	1,369
		3,105	4,826	5,359	314	13,604

⁽¹⁾ Re-designated as an executive director from a non-executive director on 11 July 2018

⁽¹⁾ 於2018年7月11日由非執行董事調任為執行董事

⁽²⁾ Resigned as an independent non-executive director on 11 July 2018

⁽²⁾ 於2018年7月11日辭任獨立非執行董事

⁽³⁾ Appointed as an independent non-executive director on 11 July 2018

⁽³⁾ 於2018年7月11日獲委任為獨立非執行董事

8. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID EMPLOYEES (Continued)

8. 董事薪酬及五名最高薪酬僱員(續)

(A) DIRECTORS' REMUNERATION (Continued)

(A) 董事薪酬(續)

		Fees	Salaries, allowances and benefits in kind	Performance related bonuses	Pension scheme contributions	Total
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
2017						
Executive directors:	執行董事：					
Mr. Wong Luen Hei	黃聯禧先生	-	624	576	16	1,216
Mr. Zuo Manlun	左滿倫先生	-	614	586	38	1,238
Ms. Zuo Xiaoping	左笑萍女士	-	624	576	16	1,216
Mr. Lai Zhiqiang	賴志強先生	-	600	600	41	1,241
Mr. Kong Zhaocong	孔兆聰先生	-	600	600	41	1,241
Mr. Chen Guonan	陳國南先生	624	-	576	27	1,227
Dr. Lin Shaoquan	林少全博士	-	1,306	300	17	1,623
Mr. Huang Guirong	黃貴榮先生	-	600	600	111	1,311
Mr. Luo Jianfeng	羅建峰先生	624	-	576	16	1,216
		1,248	4,968	4,990	323	11,529
Non-executive director:	非執行董事：					
Mr. Lin Dewei	林德緯先生	437	36	-	-	473
Independent non-executive directors:	獨立非執行董事：					
Mr. Fung Pui Cheung	馮培漳先生	282	-	-	-	282
Mr. Wong Kwok Ho, Jonathan	王國豪先生	282	-	-	-	282
Mr. Cheung Man Yu	張文宇先生	282	-	-	-	282
Ms. Lan Fang	蘭芳女士	282	-	-	-	282
Dr. Tao Zhigang	陶志剛博士	282	-	-	-	282
		1,410	-	-	-	1,410
		3,095	5,004	4,990	323	13,412

No director waived or agreed to waive any emolument and no emoluments were paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office.

概無董事放棄或同意放棄任何酬金，而本集團亦無為鼓勵加盟本集團或在加盟本集團時或作為離職補償而向董事支付任何酬金。

There were no other emoluments paid or payable to the independent non-executive directors during the year (2017: Nil).

年內概無已付或應付獨立非執行董事的任何其他酬金(2017年：無)。

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8. DIRECTORS' REMUNERATION AND FIVE HIGHEST PAID EMPLOYEES (Continued)

(B) FIVE HIGHEST PAID EMPLOYEES

The Group's five highest paid employees during the year were all directors. Details of the remuneration of these directors during the year are set out in note 8(A) above.

8. 董事薪酬及五名最高薪酬僱員(續)

(B) 五名最高薪酬僱員

年內，本集團五名最高薪酬僱員均為董事。於年內該等董事的薪酬詳情載於上文附註8(A)。

9. INCOME TAX EXPENSE

		2018 RMB'000 人民幣千元	2017 RMB'000 人民幣千元
Current tax	即期稅項		
PRC	中國	719,197	559,945
Other jurisdictions	其他司法權區	1,991	5
		721,188	559,950
(Over)/under provision in prior years	過往年度(過度)/不足撥備		
PRC	中國	(28,340)	(27,709)
Other jurisdictions	其他司法權區	939	-
		(27,401)	(27,709)
Deferred tax	遞延稅項	95,528	156,538
Total tax charge for the year	年內稅項支出總額	789,315	688,779

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operated.

HONG KONG PROFITS TAX

The statutory rate of Hong Kong profits tax was 16.5% (2017: 16.5%) on the estimated assessable profits arising in Hong Kong. No provision for Hong Kong profits tax was made as the Group had no assessable profits arising in Hong Kong during the year (2017: Nil).

PRC CORPORATE INCOME TAX

The Group's income tax provision in respect of its operations in mainland China has been calculated at the applicable tax rates on the taxable profits for both years, based on the existing legislation, interpretations and practices in respect thereof.

Certain of the Group's PRC subsidiaries are qualified as High and New Technology Enterprises and are entitled to a preferential corporate income tax rate of 15% during both years.

INCOME TAX FOR OTHER JURISDICTIONS

The Group's tax provision in respect of other jurisdictions has been calculated at the applicable tax rates in accordance with the prevailing practices of the jurisdictions in which the Group operates.

本集團須就本集團成員公司於身處及經營所在的司法權區所產生或所錄得溢利按實體基準繳納所得稅。

香港利得稅

香港利得稅乃就於香港產生的估計應課稅溢利按法定稅率16.5%(2017年:16.5%)計算。鑑於本集團於年內並無於香港產生任何應課稅溢利，故並無計提香港利得稅撥備(2017年:無)。

中國企業所得稅

本集團以相關現有法律、詮釋及慣例為基準，就兩個年度的應課稅溢利按適用稅率計算中國內地業務的所得稅撥備。

本集團若干中國附屬公司於兩個年度合乎高新技術企業資格，可享15%的優惠企業所得稅優惠稅率。

其他司法權區的所得稅項

本集團就其他司法權區的稅項撥備已根據本集團經營業務所在的司法權區現行慣例的適用稅率計算。

9. INCOME TAX EXPENSE (Continued)

INCOME TAX FOR OTHER JURISDICTIONS (Continued)

A reconciliation of the tax expense applicable to profit before tax at the statutory rate for the jurisdiction in which the majority of the Company's subsidiaries are domiciled to the tax expense at the effective tax rate is as follows:

		2018 RMB'000 人民幣千元	2017 RMB'000 人民幣千元
Profit before tax	除稅前溢利	3,235,539	2,954,586
Tax at the PRC corporate income tax rate of 25%	按中國企業所得稅率25%計算的稅項	808,885	738,647
Effect of tax concessions for certain subsidiaries	若干附屬公司稅項優惠的影響	(258,153)	(260,497)
Share of results of associates	分佔聯營公司業績	(29,201)	351
Share of results of joint ventures	分佔合營企業業績	(154)	(61)
Income not subject to tax	毋須課稅收益	(27,403)	(1,654)
Expenses not deductible for tax	不可扣稅開支	83,716	3,906
Tax losses utilised from prior years	已動用過往年度稅項虧損	(17,920)	(6,468)
Tax losses not recognised	未確認稅項虧損	131,082	109,641
Adjustments in respect of current tax of prior years	就過往年度的即期稅項作出調整	(27,401)	(27,709)
Effect of withholding tax at 5% on the distributable profits of the Company's subsidiaries in PRC	對本公司中國附屬公司可分派溢利按5%徵收預提所得稅的影響	125,864	132,623
Tax charge at the Group's effective rate	按本集團實際稅率計算的稅項支出	789,315	688,779

9. 所得稅開支(續)

其他司法權區的所得稅項(續)

採用本公司大部分附屬公司所在司法權區法定稅率計算的適用於除稅前溢利的稅項開支與按實際稅率計算的稅項開支的對賬如下：

10. DIVIDENDS

10. 股息

		2018		2017	
		HK\$ 港元 per share 每股	HK\$'000 千港元	HK\$ 港元 per share 每股	HK\$'000 千港元
2018 interim dividend paid	已付2018年中期股息	0.10	310,242	-	-
2017 final dividend paid	已付2017年末期股息				
(2017: 2016 final dividend paid)	(2017年：已付2016年末期股息)	0.18	558,435	0.15	465,363
			868,677		465,363
Equivalent to	等值於		RMB715,436,000 人民幣715,436,000元		RMB411,288,000 人民幣411,288,000元

Subsequent to the end of the reporting period, final dividend of HK20 cents in respect of the year ended 31 December 2018 (2017: final dividend of HK18 cents in respect of the year ended 31 December 2017) per ordinary share has been proposed by the directors and is subject to approval by the Shareholders at the forthcoming annual general meeting.

於報告期末後，董事建議就截至2018年12月31日止年度派付末期股息每股普通股20港仙(2017年：就截至2017年12月31日止年度派付末期股息每股普通股18港仙)，惟須待股東於應屆股東週年大會上批准後方可作實。

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11. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculations of the basic and the diluted earnings per share are based on:

11. 本公司擁有人應佔每股盈利

根據以下各項計算每股基本及攤薄盈利：

		2018	2017
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Earnings	盈利		
Profit attributable to owners of the Company used in the basic and diluted earnings per share calculation	計算每股基本及攤薄盈利時用到的本公司擁有人應佔溢利	2,491,774	2,293,055
		Number of Shares	
		股份數目	
		2018	2017
Shares	股份		
Weighted average number of ordinary shares of the Company in issue used in the basic and diluted earnings per share calculation	計算每股基本及攤薄盈利時用到的本公司已發行普通股加權平均數	3,102,418,400	3,102,418,400

The weighted average number of shares used to calculate the basic earnings per share for the year ended 31 December 2018 includes 3,102,418,400 ordinary shares in issue as at 31 December 2017 (2017: 3,102,418,400 ordinary shares in issue as at 31 December 2016).

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2018 and 2017 respectively.

用以計算截至2018年12月31日止年度的每股基本盈利的股份加權平均數包括於2017年12月31日已發行的3,102,418,400股普通股（2017年：於2016年12月31日已發行的3,102,418,400股普通股）。

本集團於截至2018年及2017年12月31日止年度均無已發行的潛在攤薄普通股。

12. PROPERTY, PLANT AND EQUIPMENT

12. 物業、廠房及設備

		Land and buildings 土地及樓宇 RMB'000 人民幣千元	Plant and machinery 廠房及機器 RMB'000 人民幣千元	Furniture, fixtures and office equipment 家具、裝置及辦公室設備 RMB'000 人民幣千元	Motor vehicles 汽車 RMB'000 人民幣千元	Leasehold improvements 租賃物業裝修 RMB'000 人民幣千元	Construction in progress 在建工程 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Cost:	成本:							
At 1 January 2017	於2017年1月1日	3,551,590	3,450,646	189,524	171,102	50,377	1,595,599	9,008,838
Additions	添置	49,229	327,369	59,362	28,250	23,588	681,609	1,169,407
Interest capitalised	資本化利息	-	-	-	-	-	2,611	2,611
Acquisitions of subsidiaries	收購附屬公司	-	985	115	54	-	-	1,154
Transfers	調撥	635,987	238,164	805	344	9,986	(885,286)	-
Disposals	出售	(9,114)	(71,359)	(3,600)	(6,424)	(60)	(770)	(91,327)
Disposal of subsidiaries	出售附屬公司	-	(102)	-	(1,292)	(206)	-	(1,600)
Exchange realignment	匯兌調整	(1,164)	(1,452)	(1,935)	(543)	(204)	-	(5,298)
At 31 December 2017 and 1 January 2018	於2017年12月31日及2018年1月1日	4,226,528	3,944,251	244,271	191,491	83,481	1,393,763	10,083,785
Additions	添置	70,162	369,228	44,922	17,142	10,974	593,466	1,105,894
Acquisitions of subsidiaries (note 36)	收購附屬公司(附註36)	33,574	13,899	231	4,826	-	160	52,690
Transfers	調撥	443,101	198,904	1,572	214	-	(643,791)	-
Disposals	出售	(58,852)	(86,543)	(8,533)	(9,443)	(669)	(32,790)	(196,830)
Disposal of subsidiaries	出售附屬公司	-	(408)	(262)	(565)	(6,789)	(1,117)	(9,141)
Exchange realignment	匯兌調整	831	948	(50)	396	(1,233)	4,391	5,283
At 31 December 2018	於2018年12月31日	4,715,344	4,440,279	282,151	204,061	85,764	1,314,082	11,041,681
Accumulated depreciation and impairment:	累計折舊及減值:							
At 1 January 2017	於2017年1月1日	(662,228)	(1,466,973)	(113,627)	(111,367)	(17,223)	(15,467)	(2,386,885)
Provided for the year	年內撥備	(182,800)	(347,766)	(35,196)	(21,703)	(16,095)	-	(603,560)
Disposals	出售	377	52,762	3,083	5,067	-	-	61,289
Disposal of subsidiaries	出售附屬公司	-	-	2	82	-	-	84
Exchange realignment	匯兌調整	329	323	103	538	128	-	1,421
At 31 December 2017 and 1 January 2018	於2017年12月31日及2018年1月1日	(844,322)	(1,761,654)	(145,635)	(127,383)	(33,190)	(15,467)	(2,927,651)
Provided for the year	年內撥備	(242,033)	(394,437)	(39,228)	(20,233)	(18,853)	-	(714,784)
Disposals	出售	13,992	51,638	5,653	7,948	470	-	79,701
Impairment	減值	-	(3,677)	(241)	(31)	(1,580)	2,818	(2,711)
Disposal of subsidiaries	出售附屬公司	-	46	162	127	2,490	-	2,825
Exchange realignment	匯兌調整	(285)	(203)	-	(386)	578	-	(296)
At 31 December 2018	於2018年12月31日	(1,072,648)	(2,108,287)	(179,289)	(139,958)	(50,085)	(12,649)	(3,562,916)
Net carrying amount:	賬面淨值:							
At 31 December 2018	於2018年12月31日	3,642,696	2,331,992	102,862	64,103	35,679	1,301,433	7,478,765
At 31 December 2017	於2017年12月31日	3,382,206	2,182,597	98,636	64,108	50,291	1,378,296	7,156,134

Included in the Group's property, plant and equipment is a freehold land which had a net carrying amount of RMB755,000 (2017: RMB719,000). The freehold land is situated outside Hong Kong.

計入本集團物業、廠房及設備的永久業權土地的賬面淨值為人民幣755,000元(2017年: 人民幣719,000元)。該永久業權土地位於香港境外。

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

13. PREPAID LAND LEASE PAYMENTS

13. 預付土地租賃款

			2018	2017
		Note 附註	RMB'000	RMB'000
			人民幣千元	人民幣千元
At 1 January	於1月1日		1,293,369	1,275,459
Additions	添置		99,468	47,627
Acquisitions of subsidiaries	收購附屬公司	36	6,093	-
Provided for the year	年內撥備	7	(31,035)	(26,867)
Exchange realignment	匯兌調整		519	(2,850)
At 31 December	於12月31日		1,368,414	1,293,369
Analysed for reporting purpose as:	就報告目的分析為：			
Non-current assets	非流動資產		1,337,959	1,266,216
Current assets included in prepayments, deposits and other receivables	計入預付款、按金及其他應收款項的流動資產	25	30,455	27,153
			1,368,414	1,293,369

14. INVESTMENT PROPERTIES

14. 投資物業

			2018	2017
		Note 附註	RMB'000	RMB'000
			人民幣千元	人民幣千元
At 1 January	於1月1日		4,038,900	2,469,488
Additions	添置		263,984	1,290,874
Changes in fair value	公允價值變動	7	311,809	327,313
Exchange realignment	匯兌調整		35,730	(48,775)
At 31 December	於12月31日		4,650,423	4,038,900

Further summary details of the Group's investment properties are set out in the section headed "Summary of Investment Properties" of this report.

本集團投資物業概要的進一步詳情載於本報告「投資物業概要」一節。

VALUATION PROCESSES

At the end of the reporting period, the Group's investment properties were stated at fair value and were revalued by independent professionally qualified valuers detailed below:

American Appraisal (Thailand) Ltd.:	For properties in Thailand
Sydney Metropolitan Valuations:	For properties in Australia
Metropolitan Valuation Services Inc. & CBRE Inc.:	For properties in United States
Colliers International Realty Advisors Inc.:	For properties in Canada
廣東京信房地產土地評估有限公司:	For properties in PRC

估值程序

於報告期末，本集團的投資物業按公允價值呈列，並由獨立專業的合資格估值師重新估值，詳情如下：

American Appraisal (Thailand) Ltd.:	就泰國物業而言
Sydney Metropolitan Valuations:	就澳洲物業而言
Metropolitan Valuation Services Inc. & CBRE Inc.:	就美國物業而言
Colliers International Realty Advisors Inc.:	就加拿大物業而言
廣東京信房地產土地評估有限公司:	就中國物業而言

14. INVESTMENT PROPERTIES (Continued)

VALUATION PROCESSES (Continued)

The valuations performed by the valuers for financial reporting purposes were reviewed by management. Management also discussed the valuation processes and results with the valuers. The fair value gains on revaluation are included in “other revenue, income and gains” in profit or loss.

Management reviewed the valuation results by verifying all major inputs and assumptions and assessing the reasonableness of such valuations.

VALUATION TECHNIQUES AND FAIR VALUE HIERARCHY

The following table shows the valuation techniques used by the valuers in the determination of fair values. There were no significant changes to the valuation techniques during the year.

	Fair value 公允價值		Valuation techniques 估值方法	Unobservable inputs 不可觀察輸入值
	2018 RMB'000 人民幣千元	2017 RMB'000 人民幣千元		
Vacant lands and buildings under refurbishment 空置土地及裝修中物業	3,262,555	2,740,844	Direct/sales comparison approach 直接／銷售比較法	Premium (discount) in quality of land 與土地質量相關的 溢價(折讓)
Vacant lands 空置土地	377,548	422,683	Residual method 剩餘法	Gross development value and estimated construction cost 總發展價值及估計建築成本
Building 物業	214,875	–	Income capitalisation approach 收益資本化法	Capitalisation rate and market rent 資本化比率及市場租金
Buildings under refurbishment 裝修中物業	795,445	875,373	Income capitalisation approach 收益資本化法	Capitalisation rate and market rent 資本化比率及市場租金
	4,650,423	4,038,900		

At the end of the reporting period, the Group's investment properties were within Level 3 of the fair value hierarchy as their valuations were arrived at by reference to certain significant unobservable inputs. There were no transfers into or out of Level 3 during the year (2017: Nil).

14. 投資物業(續)

估值程序(續)

管理層負責審閱估值師就財務呈報目的所作估值。管理層亦會與估值師討論估值程序及結果。有關重新估值的公允價值利益乃計入損益內的「其他收入、收益及利益」。

管理層已透過驗證所有主要輸入數據及假設的方式審閱該估值結果，並評估該等估值的合理性。

估值方法及公允價值架構

下表列示估值師釐定公允價值時所用的估值方法。年內估值方法概無發生任何重大變動。

於報告期末，經參考若干重大不可觀察輸入值後，本集團的投資物業釐定為公允價值架構中第三級。年內概無從第三級轉入或轉出(2017年：無)。

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

15. GOODWILL AND OTHER INTANGIBLE ASSETS

15. 商譽及其他無形資產

(A) GOODWILL

(A) 商譽

		Note 附註	2018 RMB'000 人民幣千元	2017 RMB'000 人民幣千元
At 1 January	於1月1日		85,309	76,554
Acquisitions of subsidiaries	收購附屬公司	36	278,196	8,755
Impairment	減值		(372)	-
At 31 December	於12月31日		363,133	85,309

(B) OTHER INTANGIBLE ASSETS

(B) 其他無形資產

		Trademark and brand name 商標及商號 RMB'000 人民幣千元	Operating concession rights 特許經營權 RMB'000 人民幣千元	Patent and proprietary technologies 專利及 專有技術 RMB'000 人民幣千元	Computer software and others 電腦軟件 及其他 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Cost:	成本：					
At 1 January 2017	於2017年1月1日	110,520	24,550	27,476	64,060	226,606
Additions	添置	-	-	-	5,492	5,492
Disposals	出售	-	-	-	(918)	(918)
Disposal of subsidiaries	出售附屬公司	-	-	-	(33)	(33)
Exchange realignment	匯兌調整	-	-	-	(74)	(74)
At 31 December 2017 and 1 January 2018	於2017年12月31日及 2018年1月1日	110,520	24,550	27,476	68,527	231,073
Additions	添置	144	-	-	5,795	5,939
Acquisitions of subsidiaries (note 36)	收購附屬公司 (附註36)	39,560	-	52,250	27	91,837
Disposals	出售	-	-	-	(20)	(20)
Disposal of subsidiaries	出售附屬公司	-	-	-	(8)	(8)
Exchange realignment	匯兌調整	-	-	-	28	28
At 31 December 2018	於2018年12月31日	150,224	24,550	79,726	74,349	328,849
Accumulated amortisation:	累計攤銷：					
At 1 January 2017	於2017年1月1日	-	-	(3,064)	(39,927)	(42,991)
Provided for the year	年內撥備	-	-	(3,367)	(13,028)	(16,395)
Disposals	出售	-	-	-	643	643
Disposal of subsidiaries	出售附屬公司	-	-	-	1	1
Exchange realignment	匯兌調整	-	-	-	1	1
At 31 December 2017 and 1 January 2018	於2017年12月31日及 2018年1月1日	-	-	(6,431)	(52,310)	(58,741)
Provided for the year	年內撥備	(1,302)	-	(3,637)	(7,398)	(12,337)
Disposals	出售	-	-	-	5	5
Disposal of subsidiaries	出售附屬公司	-	-	-	7	7
Exchange realignment	匯兌調整	-	-	-	4	4
At 31 December 2018	於2018年12月31日	(1,302)	-	(10,068)	(59,692)	(71,062)
Net carrying amount:	賬面淨值：					
At 31 December 2018	於2018年12月31日	148,922	24,550	69,658	14,657	257,787
At 31 December 2017	於2017年12月31日	110,520	24,550	21,045	16,217	172,332

16. IMPAIRMENT TESTING ON GOODWILL AND OTHER INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIVES

For the purpose of impairment testing, goodwill, brand name and operating concession rights with indefinite useful lives set out in note 15 have been allocated to six individual cash generating units (“CGUs”), comprising one subsidiary engaging in the provision of environmental engineering services, one subsidiary engaging in the provision of sewage treatment services, two subsidiaries engaging in the provision of hazardous waste treatment services and two subsidiaries engaging in the provision of product quality inspection and calibration services for warranty instruments. The carrying amounts of goodwill, brand name and operating concession rights at the end of the reporting period allocated to these units are as follows:

		Goodwill 商譽 RMB'000 人民幣千元	Brand name 商號 RMB'000 人民幣千元	Operating concession rights 特許經營權 RMB'000 人民幣千元
2018				
Guangzhou EP Environmental Engineering Ltd. and its subsidiary* (“GZEP”)	廣州市環境保護工程設計院有限公司及其附屬公司 (「GZEP」)	29,100	110,520	23,230
Foshan Shunde Huifengyuan Environmental Management Co., Ltd.* (“Huifengyuan”)	佛山市順德區匯豐源環保工程管理有限公司 (「匯豐源」)	7,457	–	1,320
Hainan Baolai Industrial & Trading Co., Ltd.* and its subsidiary (“Baolai”)	海南寶來工貿有限公司及其附屬公司 (「寶來」)	39,997	–	–
Jianghuai Inspection Corporation Services Co., Ltd.* (“Jianghuai inspection”)	安徽省江淮質量技術檢測服務有限公司 (「江淮檢測」)	8,755	–	–
Jiangsu Yongbao Environmental Technology Co., Ltd.* (“Jiangsu Yongbao”)	江蘇永葆環保科技有限公司 (「江蘇永葆」)	276,098	–	–
Hunan Huaqing Testing Technology Co., Ltd.* (“Hunan Huaqing”)	湖南華清檢測技術有限公司 (「湖南華清」)	1,726	–	–
		363,133	110,520	24,550

16. 商譽及其他具無限可使用年期的無形資產減值測試

就減值測試而言，附註15所載的商譽、具無限可使用年期的商號及特許經營權已分配至六個個別的現金產生單位 (「現金產生單位」)，該等單位包括一間提供環境工程服務的附屬公司、一間提供污水處理服務的附屬公司、兩間提供危險廢品處理服務的附屬公司和兩間提供產品質素檢驗和保修儀器校準服務的附屬公司，而於報告期末分配至該等單位的商譽、商號及特許經營權的賬面值如下：

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

16. IMPAIRMENT TESTING ON GOODWILL AND OTHER INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIVES (Continued)

16. 商譽及其他具無限可使用年期的無形資產減值測試(續)

		Goodwill 商譽 RMB'000 人民幣千元	Brand name 商號 RMB'000 人民幣千元	Operating concession rights 特許經營權 RMB'000 人民幣千元
2017				
GZEP	GZEP	29,100	110,520	23,230
Huifengyuan	匯豐源	7,457	-	1,320
Baolai	寶來	39,997	-	-
Jianghuai inspection	江淮檢測	8,755	-	-
		85,309	110,520	24,550

Management regarded brand name and operating concession rights acquired through business combinations having indefinite useful lives because they are expected to generate net cash inflows indefinitely.

At the end of the reporting period, management determines that there are no impairments of any of its CGUs containing goodwill, brand name and operating concession rights with indefinite useful lives.

管理層認為透過業務合併產生的商號及特許經營權具有無限可使用年期，此乃由於其預期可產生無限的現金流入淨額。

於報告期末，管理層確定任何擁有商譽、具無限可使用年期的商號及特許經營權的現金產生單位概無減值。

16. IMPAIRMENT TESTING ON GOODWILL AND OTHER INTANGIBLE ASSETS WITH INDEFINITE USEFUL LIVES (Continued)

The recoverable amounts of GZEP, Huifengyuan, Baolai, Hunan Huaqing, Jianghuai Inspection and Jiangsu Yongbao have been determined based on value in use calculation using cash flow projections which based on financial budgets approved by the management covering a five-year period. The pre-tax discount rates applied to the cash flow projections are 16.2%, 14.8%, 13.4%, 13.4%, 20.3% and 15.4%, respectively. The cash flows beyond the five years period are extrapolated using 2.0% growth rate. 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 estimation is based on the units' past performance and management's expectations for the market development. Management believes that any reasonably possible change in any of these assumptions would not cause the carrying amounts of GZEP, Huifengyuan, Baolai, Hunan Huaqing, Jiangsu Yongbao and Jianghuai Inspection to exceed their recoverable amounts respectively.

17. INTERESTS IN ASSOCIATES

		2018	2017
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Share of net assets	分佔資產淨額	1,239,394	41,324
Goodwill on acquisitions	收購產生的商譽	136,173	-
		1,375,567	41,324

16. 商譽及其他具無限可使用年期的無形資產減值測試(續)

GZEP、匯豐源、寶來、湖南華清、江淮檢測及江蘇永祿的可收回金額乃根據現金流量預測以可使用價值方式計算。該現金流量預測是以管理層批准的五年期財務預算為基礎。現金流量預測所採用的除稅前貼現率分別為16.2%、14.8%、13.4%、13.4%、20.3%及15.4%。五年期後的現金流量均採用2.0%增長率推算。計算可使用價值的其他主要假設與包括預算銷售額及毛利率的現金流入／流出的估計有關。有關估計乃基於個別單位的過往表現及管理層對個別市場發展的預算而作出。管理層認為，任何該等假設可能出現的任何合理變動不會導致GZEP、匯豐源、寶來、湖南華清、江蘇永祿及江淮檢測各自的賬面值超出其各自的可收回金額。

17. 於聯營公司的權益

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

17. INTERESTS IN ASSOCIATES (Continued)

17. 於聯營公司的權益(續)

Particulars of the associates are as follows:

聯營公司的詳情如下：

Name 名稱	Registered capital 註冊資本	Place of incorporation/ registration and business 註冊成立/ 註冊及營業地點	Percentage of 所佔百分比			Principal activity 主要業務
			Ownership interest 所有權權益	Voting power 投票權	Profit sharing 應佔溢利	
Xingfa Aluminium Holdings Limited ⁽¹⁾ 興發鋁業控股有限公司 ⁽¹⁾	RMB3,731,000 人民幣3,731,000元	Cayman Islands 開曼群島	26	26	26	Manufacture and sale of aluminium profiles 製造及銷售鋁型材
Foshan Hechuang Yingke Real Estate Development Co., Ltd. ⁽²⁾ 佛山市合創盈科房產開發有限公司 ⁽²⁾	RMB80,000,000 人民幣80,000,000元	PRC 中國	38	38	38	Property development 物業發展
Guangdong Liancheng Lesso Commercial Development Co., Ltd. ⁽³⁾ 廣東連城領尚商業投資有限公司 ⁽³⁾	RMB10,000,000 人民幣10,000,000元	PRC 中國	40	40	40	Property management 物業管理
Guangdong Lianqing environmental Co., Ltd. ⁽⁴⁾ 廣東聯清環境有限公司 ⁽⁴⁾	RMB100,000,000 人民幣100,000,000元	PRC 中國	35	35	35	Provision of Environmental consulting services 提供環境諮詢服務
Guangdong Zloji information Technology Co., Ltd. ⁽⁵⁾ 廣東智觀管家信息科技有限公司 ⁽⁵⁾	RMB11,236,000 人民幣11,236,000元	PRC 中國	8	11	11	Provision of household decoration and design services 提供家居裝飾及 設計服務
Shanghai Banxin IoT Tech Co., Ltd.* 上海邦芯物聯網科技有限公司	RMB12,027,000 人民幣12,027,000元	PRC 中國	14	20	41	Provision of IoT solution services 提供物聯網解決 方案服務
Artaic, LLC	USD2,500,000	USA	17	20	11	Manufacture and sale of mosaic tiles
Artaic, LLC	2,500,000 美元	美國	17	20	11	製造及銷售馬賽克瓷磚

⁽¹⁾ During current year, the Group acquired 26.28% equity interest of Xingfa Aluminium Holdings Limited ("Xingfa Aluminium") from independent third parties at total consideration of HK\$973,553,000 (approximate to RMB778,885,000).

⁽¹⁾ 於本年度內，本集團向獨立第三方收購興發鋁業控股有限公司（「興發鋁業」）26.28%的股權，總代價為973,553,000港元（約人民幣778,885,000元）。

⁽²⁾ During current year, the Group acquired 38% equity interest of Foshan Hechuang Yingke Real Estate Development Co., Ltd. ("Hechuang Yingke") from independent third parties at total consideration of RMB356,440,000.

⁽²⁾ 於本年度內，本集團向獨立第三方收購佛山市合創盈科房產開發有限公司（「合創盈科」）38%的股權，總代價為人民幣356,440,000元。

⁽³⁾ This associate was newly set up during the year.

⁽³⁾ 此聯營公司於年內新成立。

⁽⁴⁾ On 22 February 2018, the Group entered into a share transfer agreement to transfer 25% equity interest in Guangdong Lianqing Environmental Co., Ltd ("Guangdong Lianqing") to an independent third party. After the share transfer, Guangdong Lianqing become an associate of the Group.

⁽⁴⁾ 於2018年2月22日，本集團訂立股份轉讓協議，轉讓廣東聯清環保有限公司（「廣東聯清」）25%的股本權益予獨立第三方。轉讓股本權益後，廣東聯清成為本集團的聯營公司。

⁽⁵⁾ It is considered that the Group has significant influence over this company because the Group has a director in the board of this company.

⁽⁵⁾ 本集團於該公司董事會擁有一名董事，故本集團認為本集團對該公司擁有重大影響力。

Xingfa Aluminium and Hechuang Yingke, which are considered material associates of the Group, are engaged in the manufacture and sale of aluminium profiles and property development, respectively, and are accounted for using the equity method.

興發鋁業及合創盈科均被視為本集團的重大聯營公司，分別從事製造及銷售鋁型材以及物業發展業務，並按權益法入賬。

17. INTERESTS IN ASSOCIATES (Continued)

Summarised financial information of the material associates, adjusted for any differences in accounting policies, and reconciled to the carrying amount in the consolidated financial statements at the end of the reporting period, are as follows:

		Xingfa Aluminium 興發鋁業	Hechuang Yingke 合創盈科
		RMB'000 人民幣千元	RMB'000 人民幣千元
Current assets	流動資產	4,945,940	1,306,500
Non-current assets, excluding goodwill	非流動資產(不包括商譽)	2,891,673	43,989
Goodwill on acquisition of the associates	收購聯營公司產生的商譽	124,590	11,583
Current liabilities	流動負債	(4,190,051)	(114,257)
Non-current liabilities	非流動負債	(451,392)	(294,395)
Net assets	資產淨額	3,320,760	953,420
Net assets, excluding goodwill	資產淨額(不包括商譽)	3,196,170	941,837
Reconciliation to the Group's interests in the associates:	與本集團於聯營公司的權益的對賬:		
Proportion to the Group's ownership	所佔本集團所有權比例	26.28%	38%
Group's share of net assets of the associate, excluding goodwill	本集團分佔聯營公司的資產淨額(不包括商譽)	839,953	357,898
Goodwill on acquisitions	收購產生的商譽	124,590	11,583
Carrying amount of the investments	投資賬面值	964,543	369,481
Revenue	收入	8,402,846	140,799
Profit for the year	年內溢利	422,668	34,317
Other comprehensive expense	其他全面開支	(3,042)	-
Total comprehensive income for the year	年內全面收益總額	419,626	34,317
Fair value of the Group's investments	本集團投資公允價值	466,785	Nil 零

The following table illustrates the aggregate financial information of the Group's associates that are not individually material:

		2018 RMB'000 人民幣千元	2017 RMB'000 人民幣千元
Share of associates:	分佔聯營公司:		
Loss from continuing operations	持續經營業務虧損	(7,315)	(1,404)
Other comprehensive income	其他全面收益	-	-
Total comprehensive expense	全面開支總額	(7,315)	(1,404)
Aggregate carrying amount of the Group's investment	本集團投資的總賬面值	41,543	41,324

17. 於聯營公司的權益(續)

有關重大聯營公司於報告期末的財務資料概要(該等資料已就會計政策的任何差異作出調整並與綜合財務報表的賬面值進行對賬)如下:

下表呈列本集團的非個別重大聯營公司的總體財務資料:

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

18. INTERESTS IN JOINT VENTURES

18. 於合營企業的權益

		2018 RMB'000 人民幣千元	2017 RMB'000 人民幣千元
Share of net assets	分佔資產淨額	9,303	9,024

Particulars of the joint ventures are as follows:

合營企業的詳情如下：

Name 名稱	Registered capital 註冊資本	Place of incorporation/ registration and business 註冊成立/ 註冊及營業地點	Percentage of 所佔百分比			Principal activity 主要業務
			Ownership interest 所有權權益	Voting power 投票權	Profit sharing 應佔溢利	
Guangdong Lesso EPCO Residential Equipment Design Services Co., Ltd.*	RMB10,000,000	PRC	50	50	50	Provision of household decoration design work and maintenance services
廣東聯塑艾博科住宅設備設計服務有限公司	人民幣10,000,000元	中國	50	50	50	提供家居裝飾設計及維修服務
Eprosiy Asset Management Sdn. Bhd. (Formerly known as Lesso Home Syn Tai Hung Sdn. Bhd)*	Malaysia Ringgit 1,000,000	Malaysia	51	50	51	Sale of building materials and household products
Eprosiy Asset Management Sdn. Bhd. (原名為領尚環球之家信大行私人有限公司)*	1,000,000 馬來西亞林吉特	馬來西亞	51	50	51	銷售建材及家居產品

* The Group acquired a 49% equity interest in Eprosiy Asset Management Sdn. Bhd. ("Eprosiy Asset") from its joint venture partner at a total consideration of RMB1,120,000 on 3 August 2018 and became a wholly-owned subsidiary of the Group.

* 本集團於2018年8月3日向其合營夥伴收購Eprosiy Asset Management Sdn. Bhd. (「Eprosiy Asset」) 49%之股本權益，總代價為人民幣1,120,000元，並成為本集團全資附屬公司。

The following table illustrates the information of the Group's interests in joint ventures:

下表呈列本集團於合營企業的權益的資料：

		2018 RMB'000 人民幣千元	2017 RMB'000 人民幣千元
Share of joint ventures:	分佔合營企業：		
Profit from continuing operations	持續經營業務溢利	616	243
Other comprehensive income	其他全面收益	-	-
Total comprehensive income	全面收益總額	616	243

19A.AVAILABLE-FOR-SALE INVESTMENTS

19A.可供出售投資

	Note 附註	2018 RMB'000 人民幣千元	2017 RMB'000 人民幣千元
Listed investments:			
Debt securities listed in Hong Kong	(i)	–	7,935
Equity securities listed in PRC		–	412,318
Equity securities listed in Hong Kong		–	1,095,840
Non-cumulative redeemable preference shares listed in Hong Kong		–	33,635
Perpetual capital securities listed in Hong Kong		–	8,403
		–	1,558,131
Unlisted investments:			
Equity securities	(ii)	–	24,077
		–	1,582,208

Note:

- (i) The debt securities carry fixed interest at rates ranging from 6.35% to 7.00% per annum, payable semi-annually in arrears and will mature from January 2020 to March 2020.
- (ii) The unlisted equity securities are issued by private entities established in PRC. They are measured at cost less any impairment losses at the end of the reporting period because the range of reasonable fair value estimates is so significant that the directors are of the opinion that their fair values cannot be measured reliably.
- (iii) At 31 December 2017, certain of the Group's available-for-sale investments with an aggregate carrying amount of RMB33,635,000 were pledged to a bank to secure the banking facility granted. The Group has not utilised this banking facility.
- (iv) Upon the adoption the HKFRS 9, the Group has reclassified the available-for-sale investments to other financial assets (note 19B).

附註：

- (i) 債務證券的利息按固定年利率介乎6.35%至7.00%計算，每半年支付及將於2020年1月至2020年3月到期。
- (ii) 非上市股本證券是由於中國成立的私營實體所發行。由於合理的公允價值估計範圍甚廣，董事認為該等證券的公允價值無法可靠計量，故於報告期末，該等證券乃按成本減任何減值虧損計量。
- (iii) 於2017年12月31日，本集團總賬面值為人民幣33,635,000元的若干可供出售投資已向銀行抵押作為獲授銀行融資的擔保。本集團尚未動用該銀行融資。
- (iv) 於採納香港財務報告準則第9號後，本集團已將可供出售投資重新分類至其他金融資產（附註19B）。

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綜合財務報表附註

19B. OTHER FINANCIAL ASSETS

19B. 其他金融資產

	Note 附註	2018 RMB'000 人民幣千元	2017 RMB'000 人民幣千元
Non-current:			
Debt instruments at FVTOCI:			
Debt securities listed in Hong Kong	(i)	50,376	–
Debt securities listed in PRC		204,723	–
		255,099	–
Equity instruments at FVTOCI:			
Equity securities listed in PRC	(ii)	247,573	–
Equity securities listed in Hong Kong		482,293	–
Non-cumulative redeemable preference shares listed in Hong Kong		34,474	–
Perpetual capital securities listed in Hong Kong		8,391	–
Unlisted equity securities		770,795	–
		1,543,526	–
Equity instruments at FVTPL:			
Unlisted equity securities	(iii)	53,886	–
		1,852,511	–
Current:			
Debt instruments at FVTPL		47,649	–
		1,900,160	–

19B. OTHER FINANCIAL ASSETS (Continued)

Note:

- (i) The debt securities carry fixed interest at rates ranging from 5.65% to 8.40% per annum, payable semi-annually or annually in arrears and will mature from January 2020 to January 2023. These debt securities were reclassified from available-for-sale investments to debt instruments at FVTOCI.
- (ii) The Group elected to present in other comprehensive income for the fair value changes of all of its equity instruments previously classified as available-for-sale investments. These instruments are not held for trading and not expected to be sold in the foreseeable future. At the date of initial application of HKFRS 9, RMB1,574,273,000 were reclassified from available-for-sale investments to equity instruments at FVTOCI, of which RMB24,077,000 related to unquoted equity instruments previously measured at cost less impairment under HKAS 39. No fair value change related to those investments previously carried at cost less impairment was adjusted to equity instruments at FVTOCI and FVTOCI reserve as at 1 January 2018. Fair value loss of RMB189,718,000 relating to these instruments was recorded in FVTOCI reserve during the year.
- (iii) The equity securities contained a puttable option were classified as equity instruments at FVTPL.
- (iv) At the end of the reporting period, certain of the Group's other financial assets with an aggregate net carrying amount of RMB34,474,000 were pledged to a bank to secure the banking facility granted and the Group has not utilised this banking facility.

19B. 其他金融資產(續)

附註：

- (i) 債務證券的利息按固定年利率介乎5.65%至8.40%計算，每半年或每年支付及將於2020年1月至2023年1月到期。該等債務證券從可供出售投資重新分類至按公允價值計入其他全面收益的債務工具。
- (ii) 本集團選擇於其他全面收益中呈列先前分類為可供出售投資的所有股本工具的公允價值變動。該等工具並非持作買賣，且預期不會於可見將來出售。於初始應用香港財務報告準則第9號當日，從可供出售投資重新分類至按公允價值計入其他全面收益的股本工具為人民幣1,574,273,000元，其中有關先前根據香港會計準則第39號按成本扣除減值計量的非上市股本工具為人民幣24,077,000元。於2018年1月1日，概無有關先前按成本扣除減值計量的投資的公允價值變動調整為按公允價值計入其他全面收益的股本工具及按公允價值計入其他全面收益儲備。年內，有關該等工具的公允價值虧損人民幣189,718,000元已於按公允價值計入其他全面收益儲備入賬。
- (iii) 分類為按公允價值計入損益的股本工具的股本證券包含一個認沽期權。
- (iv) 於報告期末，本集團總賬面淨值為人民幣34,474,000元的若干其他金融資產已向銀行抵押作為獲授銀行融資的擔保及本集團概無動用該銀行融資。

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

20. LOAN RECEIVABLES

20. 應收借款

		2018 RMB'000 人民幣千元	2017 RMB'000 人民幣千元
Non-current:	非流動：		
Finance lease receivables	融資租賃服務應收款項	163,422	228,710
Current:	流動：		
Finance lease receivables	融資租賃服務應收款項	100,421	109,677
Factoring receivables	保理服務應收款項	334,379	321,929
Receivables from supply-chain financing services	供應鏈融資服務應收款項	80,170	129,600
		514,970	561,206
Less: Provision for impairment	減：減值撥備	(159,500)	-
		355,470	561,206
		518,892	789,916

(A) FINANCE LEASE RECEIVABLES

(A) 融資租賃服務應收款項

		Minimum lease receivables 最低租賃服務應收款項		Present value of minimum lease receivables 最低租賃服務應收款項現值	
		2018 RMB'000 人民幣千元	2017 RMB'000 人民幣千元	2018 RMB'000 人民幣千元	2017 RMB'000 人民幣千元
Not more than 1 year	不多於1年	116,208	117,912	100,421	109,677
Over 1 year but within 5 years	1年以上5年以內	182,104	272,151	163,422	228,710
		298,312	390,063	263,843	338,387
Less: Unearned finance income	減：未實現融資收益	(34,469)	(51,676)		
Present value of minimum lease receivables	最低租賃服務應收款項現值	263,843	338,387		

The Group's finance lease receivables are denominated in Renminbi. The effective interest rates of the receivables ranged from 5.89% to 12.70% (2017: 5.89% to 12.70%) per annum. There are no unguaranteed residual values of assets leased under finance leases and no contingent rent arrangements that needed to be recognised (2017: Nil).

本集團的融資租賃服務應收款項以人民幣計值。該應收款項的實際年利率介乎5.89%至12.70%（2017年：5.89%至12.70%）。概無任何融資租賃資產的未擔保剩餘價值，亦無任何須予確認或然租賃安排（2017年：無）。

20. LOAN RECEIVABLES (Continued)

(A) FINANCE LEASE RECEIVABLES (Continued)

The following is a credit quality analysis of these finance lease receivables:

		2018 RMB'000 人民幣千元	2017 RMB'000 人民幣千元
Neither past due nor impaired	未逾期亦未減值	263,843	338,387

The receivables are secured by assets leased under finance leases and cash deposits (where applicable).

Cash deposits from finance lease customers are collected upfront based on certain percentage of the entire value of the lease contracts. When the lease contracts expires and all related liabilities and obligations are fulfilled by the customers, the cash deposit will be returned in full. The balance of the cash deposit can also be used to settle any outstanding lease receivables for the corresponding lease contract. The collected cash deposits of RMB25,613,000 (2017: RMB22,164,000) have been included in "other long-term payables" in the consolidated statement of financial position.

(B) FACTORING RECEIVABLES

The Group's factoring receivables arise from the provision of factoring services to companies located in PRC. The credit period granted to each customer is generally within 365 days.

Factoring receivables are secured by receivables and/or commercial bills originally owned by the customers. These receivables carry interest at rates ranging from 4.00% to 6.50% (2017: 4.50% to 6.00%) per annum.

20. 應收借款(續)

(A) 融資租賃服務應收款項(續)

以下為融資租賃服務應收款項的信貨質素分析：

該應收款項以融資租賃資產及現金按金(如適用)作為抵押。

融資租賃服務客戶現金按金乃基於租賃合約全部價值的若干百分比預先收取。於租賃合約屆滿以及客戶履行所有相關責任及義務後，該現金按金將會全部退還。現金按金結餘亦可用於結算相應租賃合約的任何尚未收取的租賃服務應收款項。已收取的現金按金人民幣25,613,000元(2017年：人民幣22,164,000元)已計入綜合財務狀況表的「其他長期應付款項」內。

(B) 保理服務應收款項

本集團的保理服務應收款項來自向中國公司提供保理服務。授予各客戶的信用期限一般為365天內。

保理服務應收款項以原來由客戶擁有的應收款項及／或商業匯票抵押。該等應收款項按介乎4.00%至6.50%(2017年：4.50%至6.00%)的年利率計息。

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20. LOAN RECEIVABLES (Continued)

(B) FACTORING RECEIVABLES (Continued)

The maturity profile of the factoring receivables at the end of the reporting period is as follows:

		2018 RMB'000 人民幣千元	2017 RMB'000 人民幣千元
With a residual maturity of:	尚餘期限：		
Not more than 3 months	不多於3個月	65,079	44,700
Over 3 months to 6 months	3個月以上至6個月	109,800	125,000
Over 6 months to 12 months	6個月以上至12個月	-	152,229
Overdue	已逾期	159,500	-
		334,379	321,929

At the end of the reporting period, RMB159,500,000 of the Group's factoring receivables was impaired (2017: Nil).

(C) RECEIVABLES FROM SUPPLY-CHAIN FINANCING SERVICES

The Group's receivables from supply-chain financing services arise from the provision of supply-chain financing services to companies located in PRC. The credit period for each customer is generally within 365 days.

These receivables carry interest at rates ranging from 5.40% to 10.80% per annum (2017: 5.40% to 7.20%).

Certain receivables from supply-chain financing services, amounting to RMB80,170,000 (2017: RMB50,000,000) are secured by certain interests of companies and personal guarantees.

20. 應收借款(續)

(B) 保理服務應收款項(續)

於報告期末，保理服務應收款項的到期情況如下：

於報告期末，人民幣159,500,000元的本集團的保理服務應收款項已減值(2017年：無)。

(C) 供應鏈融資服務應收款項

本集團的供應鏈融資服務應收款項來自向中國公司提供供應鏈融資服務。各客戶的信用期限一般為365天內。

該等應收款項按介乎5.40%至10.80%的年利率(2017年：5.40%至7.20%)計息。

若干供應鏈融資服務應收款項人民幣80,170,000元(2017年：人民幣50,000,000元)以若干公司權益及個人擔保作抵押。

20. LOAN RECEIVABLES (Continued)

(C) RECEIVABLES FROM SUPPLY-CHAIN FINANCING SERVICES (Continued)

The maturity profile of the receivables from supply-chain financing services at the end of the reporting period is as follows:

		2018 RMB'000 人民幣千元	2017 RMB'000 人民幣千元
With a residual maturity of:	尚餘期限：		
Not more than 3 months	不多於3個月	57,050	95,600
Over 3 months to 6 months	3個月以上至6個月	19,900	34,000
Over 6 months to 12 months	6個月以上至12個月	3,220	–
		80,170	129,600

At the end of the reporting period, none of the Group's receivables from supply-chain financing services was either past due or impaired (2017: Nil).

An impairment analysis is performed at each reporting date by considering the probability of default of those companies with financial conditions, historical loss experience, coverage by letters of credit or other forms of credit insurance. At the end of the reporting period, the loss given default for the remaining balance of loan receivables was not material and has no impact on the Group's consolidated financial statements.

21. OTHER NON-CURRENT ASSETS

		2018 RMB'000 人民幣千元	2017 RMB'000 人民幣千元
Other long-term receivables (note)	其他長期應收款項(附註)	5,804	52,591
Long-term rental prepayments	長期租金預付款項	–	98,000
Prepayment for acquisition of a subsidiary	預付收購一間附屬公司款項	354,293	–
		360,097	150,591

Note:

Upon the adoption of HKFRS 15, the Group has reclassified the other long-term receivables arising from concession operating right to contract assets.

20. 應收借款(續)

(C) 供應鏈融資服務應收款項(續)

於報告期末，供應鏈融資服務應收款項的到期情況如下：

於報告期末，本集團的供應鏈融資服務的應收款項概無逾期或減值(2017年：無)。

透過財務狀況、歷史虧損經驗、信用證或其他形式的信用保險考慮該等公司的違約或然率，於各報告日期進行減值分析。於報告期末，餘下的應收借款違約的虧損並不重要及對本集團的綜合財務報表並無影響。

21. 其他非流動資產

附註：

於採納香港財務報告準則第15號後，本集團已將因特許經營權而產生的其他長期應收款項重新分類至合約資產。

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綜合財務報表附註

22. INVENTORIES

22. 存貨

		2018 RMB'000 人民幣千元	2017 RMB'000 人民幣千元
Manufacturing and trading	製造及貿易	3,271,853	3,099,969
Property development	物業發展	249,361	127,773
		3,521,214	3,227,742

(A) MANUFACTURING AND TRADING

(A) 製造及貿易

		2018 RMB'000 人民幣千元	2017 RMB'000 人民幣千元
Raw materials	原材料	1,401,893	1,445,320
Work in progress	在產品	327,273	297,190
Finished goods	產成品	1,542,687	1,357,459
		3,271,853	3,099,969

(B) PROPERTY DEVELOPMENT

(B) 物業發展

		2018 RMB'000 人民幣千元	2017 RMB'000 人民幣千元
Property under development	發展中物業	249,361	127,773

The property under development is expected to be completed and available for sale in more than twelve months after the end of the reporting period.

該發展中物業預計於報告期末後多於十二個月完成並可供出售。

23A. AMOUNTS DUE FROM/TO CUSTOMERS FOR CONTRACT WORK

23A. 應收／應付客戶的合約工程款項

		2018	2017
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Contracts in progress at the end of the reporting period	於報告期末的在建合約		
Contract costs incurred plus recognised profits less recognised losses to date	迄今已產生合約成本加已確認溢利減已確認虧損	-	1,292,781
Less: Progress billings	減：進度計費	-	(1,125,097)
		-	167,684
Analysed for reporting purposes as:	就報告目的分析為：		
Amounts due from customers for contract work	應收客戶的合約工程款項	-	269,239
Amounts due to customers for contract work	應付客戶的合約工程款項	-	(101,555)
		-	167,684

Note:

Upon the adoption of HKFRS 15, the Group has reclassified the amounts due from/to contract customers for contract work to contract assets/liabilities.

附註：

於採納香港財務報告準則第15號後，本集團已將應收／應付客戶的合約工程款項重新分類至合約資產／負債。

23B. CONTRACT ASSETS/CONTRACT LIABILITIES

23B. 合約資產／合約負債

		31 December	1 January	31 December
		12月31日	1月1日	12月31日
		2018	2018	2017
		RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元
Contract assets	合約資產			
Non-current	非流動			
Concession operating right	特許經營權	84,651	48,709	-
Current	流動			
Renovation and installation works	裝修及安裝工程	258,812	193,481	-
Environmental engineering services	環境工程服務	86,440	75,758	-
Concession operating right	特許經營權	3,882	3,882	-
		349,134	273,121	-
Impairment	減值	(21,855)	-	-
		327,279	273,121	-
		411,930	321,830	-
Contract liabilities	合約負債			
Current	流動			
Renovation and installation works	裝修及安裝工程	50,094	79,614	-
Environmental engineering services	環境工程服務	22,686	21,941	-
Advances from customers	客戶墊款	1,410,214	1,120,169	-
		1,482,994	1,221,724	-

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

23B. CONTRACT ASSETS/CONTRACT LIABILITIES (Continued)

The Group's contract assets represent the Group's rights to consideration for work completed but not yet billed to customers at the end of reporting period. The contract assets will be transferred to trade and bills receivables when the rights become unconditional, that is, when the Group issue progress billings to customers based on the certified amount agreed with customers.

At the end of reporting period, RMB21,855,000 was recognised as an allowance for expected credit losses on contract assets. The Group's trading terms and credit policy with customers are disclosed in note 24 to the consolidated financial statements.

The Group's contract liabilities represent the Group's obligations to transfer goods or services to customers for which the Group has received consideration, or for which an amount of consideration is due from the customers.

The expected timing of recovery or settlement for contract assets at the end of the reporting period is as follows:

		2018 RMB'000 人民幣千元
Not more than 1 year	不多於1年	327,279
Over 1 year	1年以上	84,651
		411,930

The movements in the loss allowance for impairment of contract assets are as follows:

		2018 RMB'000 人民幣千元
At 1 January	於1月1日	-
Impairment losses recognised	已確認減值虧損	21,855
At 31 December	於12月31日	21,855

23B. 合約資產／合約負債(續)

本集團的合約資產指本集團於報告期末已完工但尚未向客戶就工程收取代價的權利。當該權利成為無條件時，合約資產將會轉移至貿易應收款項及票據，即本集團基於與客戶協定的核證金額向客戶發出進度計費。

於報告期末，人民幣21,855,000元確認為合約資產預期信貸虧損撥備。本集團與客戶的貿易條款及信貸政策披露於綜合財務報表附註24。

本集團的合約負債指本集團向客戶轉讓本集團已收取代價或應收客戶代價金額的貨品或服務的責任。

於報告期末，收回或結算合約資產的預計時間如下：

合約資產減值的虧損撥備變動如下：

23B. CONTRACT ASSETS/CONTRACT LIABILITIES (Continued)

For the contract assets arising from renovation and installation works and environmental engineering services, an impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates for the measurement of the expected credit losses of the contract assets are based on those of the trade and bills receivables as the contract assets and the trade and bills receivables are from the same customer bases. The provision rates of contract assets are based on the invoice date of trade and bills receivables for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type and rating, and coverage by letters of credit or other forms of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Set out below is the information about the credit risk exposure on the Group's contract assets using a provision matrix:

As at 31 December 2018

		RMB'000 人民幣千元
Expected credit loss rate	預期信貸虧損率	6.33%
Gross carrying amount	賬面總值	345,252
Expected credit losses	預期信貸虧損	21,855

For the contract assets arising from concession operating right, since the party to concession agreements are local government authorities in PRC, the Group considers the credit risk is low as at 31 December 2018. The Group does not hold any collateral over the balance.

23B. 合約資產／合約負債(續)

就裝修及安裝工程以及環境工程服務所產生的合約資產而言，本集團於各報告日期使用撥備矩陣進行減值分析以計量預期信貸虧損。計量合約資產的預期信貸虧損的撥備率乃按貿易應收款項及票據的預期信貸虧損釐定，乃由於合約資產和貿易應收款項及票據來自同一個客戶基礎。合約資產的撥備率就有類似虧損模式的各應收貿易款項及票據的客戶分部組別(即按地區、產品類型、客戶類型及評級，以及信用證及其他形式的信用保險)的發票日期釐定。該計算反映或然率加權的結果、貨幣時間值以及於報告日期可獲得有關過往事件、現況及未來經濟狀況預測的合理支持資料。

以下載列有關本集團使用撥備矩陣計算的合約資產的信貸風險資料：

於2018年12月31日

就特許經營權所產生的合約資產而言，鑑於特許協議方為中國地方政府機關，本集團認為截至2018年12月31日的信貸風險為低。本集團並無就結餘持有任何抵押品。

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

24. TRADE AND BILLS RECEIVABLES

24. 貿易應收款項及票據

		2018	2017
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Trade receivables	貿易應收款項	2,036,323	1,981,994
Bills receivable	應收票據	537,617	187,675
Less: Provision for impairment	減：減值撥備	(194,493)	(145,061)
		2,379,447	2,024,608

The Group's major customers are independent distributors, civil contractors, property developers, utility companies and municipalities in mainland China. Depending on the market condition, marketing tactics and relationships with the customers, the Group's trading terms with its independent distributors may change from settlement on an advance receipt basis to giving a credit period of generally one month or more, if appropriate. The Group does not have a standardised and universal credit period granted to the non-distributor customers. The credit period of an individual non-distributor customer is considered on a case-by-case basis and is set out in the sales contracts, as appropriate. Sales to small, new, or short-term customers are normally expected to be settled on an advance receipt basis or shortly after the goods delivery. No credit term period is set by the Group for small, new and short-term customers.

Trade and bills receivables are unsecured and interest-free.

本集團的主要客戶為中國內地的獨立分銷商、土木工程承建商、房地產開發商、公用事業公司及市政部門。本集團視乎市況、市場策略及與客戶的關係，可將其與獨立分銷商的貿易條款由按預付方式結算更改為授予一般一個月或多個月的信用期限（如適當）。本集團並無統一向非分銷商客戶授予標準的信用期限。個別非分銷商客戶的信用期限視乎個別情況而定，並在銷售合約中列明（如適當）。對小規模、新或短期客戶的銷售一般預期以預付方式或於交貨後短期內結算。本集團並無為小規模、新或短期客戶設立信用期限。

貿易應收款項及票據均為無抵押及免息。

24. TRADE AND BILLS RECEIVABLES (Continued)

An aging analysis of the Group's trade and bills receivables at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

		2018 RMB'000 人民幣千元	2017 RMB'000 人民幣千元
Not more than 3 months	不多於3個月	1,326,856	1,063,621
Over 3 months to 6 months	3個月以上至6個月	339,304	438,828
Over 6 months to 12 months	6個月以上至12個月	347,898	248,608
Over 1 year to 2 years	1年以上至2年	314,239	173,230
Over 2 years to 3 years	2年以上至3年	42,684	90,318
Over 3 years	3年以上	8,466	10,003
		2,379,447	2,024,608

TRANSFERRED FINANCIAL ASSETS THAT ARE NOT DERECOGNISED IN THEIR ENTIRETY

At the end of the reporting period, the Group entered into a factoring arrangement (the "Arrangement") to transfer a bill receivable (the "Factoring Bill") to a third-party factoring company in PRC with a carrying amount in aggregate of RMB250,000,000 (2017: Nil). Under the Arrangement, the Group may be required to reimburse the third-party factoring company for loss of principal and interest if any trade debtors have late payment up to 30 days. In the opinion of the directors, the Group has retained the substantial risks and rewards, which include default risks relating to such Factoring Bill, and accordingly, it continued to recognise the full carrying amounts of the Factoring Bill. Subsequent to the transfer, the Group did not retain any rights on the use of the Factoring Bill, including the sale, transfer or pledge of the Factoring Bill to any other third parties. The associated liabilities recognised relating to the Factoring Bill at the end of the reporting period were RMB250,000,000 (2017: Nil).

24. 貿易應收款項及票據(續)

於報告期末，本集團的貿易應收款項及票據按發票日期並扣除虧損撥備後的賬齡分析如下：

未完全終止確認的已轉讓金融資產

於報告期末，本集團訂立保理安排（「該安排」），向一間中國第三方保理公司轉讓賬面總值為人民幣250,000,000元的應收票據（「保理票據」）（2017年：無）。根據該安排，倘任何貿易債務人延遲付款達30天，則本集團可能須向該第三方保理公司償還其本金及利息損失。董事認為，本集團保留重大風險及回報（包括與該保理票據有關的違約風險），故其繼續悉數確認保理票據的賬面值。於轉讓後，本集團並無保留使用保理票據（包括向任何其他第三方出售、轉讓或抵押保理票據）的任何權利。於報告期末，與保理票據有關的已確認相關負債為人民幣250,000,000元（2017年：無）。

24. TRADE AND BILLS RECEIVABLES (Continued)

TRANSFERRED FINANCIAL ASSETS THAT ARE DERECOGNISED IN THEIR ENTIRETY

At the end of the reporting period, the Group entered into a factoring arrangement to transfer a bill receivable (the "Derecognised Bill") to a third-party factoring company in mainland China with a carrying amount in aggregate of RMB241,083,000 (2017: Nil). The Derecognised Bill had a maturity of twelve months at the end of the reporting period. In accordance with the Law of Negotiable Instruments in the PRC, the holders of the Derecognised Bill have a right of recourse against the Group if the trade debtors default (the "Continuing Involvement"). In the opinion of the directors, the Group has transferred substantially all risks and rewards relating to the Derecognised Bill. Accordingly, it has derecognised the full carrying amounts of the Derecognised Bill. The maximum exposure to loss from the Group's Continuing Involvement in the Derecognised Bill and the undiscounted cash flow to repurchase the Derecognised Bill is equal to its carrying amount. In the opinion of the directors, the fair value of the Group's Continuing Involvement in the Derecognised Bill is not significant.

At the end of the reporting period, the Group has not recognised any gain or loss on the date of transfer of the Derecognised Bill. No gain or loss was recognised from the Continuing Involvement, both during the year or cumulatively. The factoring business has been made sporadically.

The movements in the loss allowance for impairment of the Group's trade and bills receivables are as follows:

			2018	2017
		Note	RMB'000	RMB'000
		附註	人民幣千元	人民幣千元
At 1 January	於1月1日		145,061	121,030
Impairment losses recognised	已確認減值虧損	7	51,736	25,268
Amounts written off as uncollectible	撇銷為不可收回的金額		(2,304)	(1,237)
At 31 December	於12月31日		194,493	145,061

24. 貿易應收款項及票據(續)

已完全終止確認的已轉讓金融資產

於報告期末，本集團訂立保理安排，向一間中國內地第三方保理公司轉讓賬面總值為人民幣241,083,000元的應收票據（「已終止確認票據」）（2017年：無）。已終止確認票據於報告期末後十二個月到期。根據中國票據法，倘貿易債務人違約，則已終止確認票據持有人有權向本集團追索（「持續參與」）。董事認為，本集團已轉移與已終止確認票據有關的絕大部分風險及回報。因此，其已悉數終止確認已終止確認票據的賬面值。本集團就持續參與已終止確認票據及回購已終止確認票據的未折現現金流量而承受損失的最高風險相等於其賬面值。董事認為，本集團持續參與已終止確認票據的公允價值並不重大。

於報告期末，本集團並無確認任何於已終止確認票據轉讓日期的收益或虧損。本集團於年內並無就持續參與確認任何收益或虧損，亦無就持續參與確認任何累計收益或虧損。保理業務偶然發生。

本集團貿易應收款項及票據減值的虧損撥備變動如下：

24. TRADE AND BILLS RECEIVABLES (Continued)

IMPAIRMENT UNDER HKFRS 9 FOR THE YEAR ENDED 31 DECEMBER 2018

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on the invoice date for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type and rating, and coverage by letters of credit or other forms of credit insurance). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

Set out below is the information about the credit risk exposure on the Group's trade and bills receivables using a provision matrix:

		2018				
		Within	1 to 2 years	2 to 3 years	Over	Total
		1 year	1 to 2 years	2 to 3 years	3 years	Total
		1年內	1至2年	2至3年	3年以上	總計
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
Expected credit loss rate	預期信貸虧損率	0.67%	7.62%	19.67%	94.46%	7.56%
Gross carrying amount	賬面總值	2,027,713	340,168	53,135	152,924	2,573,940
Expected credit losses	預期信貸虧損	(13,655)	(25,929)	(10,451)	(144,458)	(194,493)
		2,014,058	314,239	42,684	8,466	2,379,447

24. 貿易應收款項及票據(續)

截至2018年12月31日止年度香港財務報告準則第9號的減值

本集團於各報告日期使用撥備矩陣進行減值分析以計量預期信貸虧損。撥備率就有類似虧損模式的各客戶分部組別(即按地區、產品類型、客戶類型及評級,以及信用證及其他形式的信用保險)的發票日期釐定。該計算反映或然率加權的結果、貨幣時間值以及於報告日期可獲得有關過往事件、現況及未來經濟狀況預測的合理支持資料。

以下載列有關本集團使用撥備矩陣計算的貿易應收款項及票據的信貸風險資料:

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24. TRADE AND BILLS RECEIVABLES (Continued)

IMPAIRMENT UNDER HKAS 39 FOR THE YEAR ENDED 31 DECEMBER 2017

The above provision of RMB145,061,000, which was measured based on incurred credit losses under HKAS 39, as at 31 December 2017 was for individually impaired trade and bills receivables with their aggregate carrying amount before provision of RMB226,233,000. The individually impaired trade and bills receivables relate to customers that are in default or delinquency in payments.

The aging analysis of the Group's trade and bills receivables as at 31 December 2017 that were neither individually nor collectively considered to be impaired under HKAS 39 is as follows:

		2017 RMB'000 人民幣千元
Neither past due nor impaired	未逾期亦未減值	1,340,594
Past due but not impaired:	已逾期但未減值：	
Not more than 3 months	不多於3個月	226,904
Over 3 months to 6 months	3個月以上至6個月	89,021
Over 6 months to 12 months	6個月以上至12個月	143,032
Over 1 year to 2 years	1年以上至2年	84,746
Over 2 years to 3 years	2年以上至3年	52,994
Over 3 years	3年以上	6,145
		1,943,436

Receivables that are neither past due nor impaired related to a large number of diversified customers for whom there is no recent history of default.

Receivables that are past due but not impaired related to a number of independent customers that had a good track record with the Group. Based on past experience, the directors believe that no provision for impairment under HKAS 39 was necessary in respect of these balances as there had not been a significant change in credit quality and the balances were still considered fully recoverable.

24. 貿易應收款項及票據(續)

截至2017年12月31日止年度香港會計準則第39號的減值

於2017年12月31日，根據香港會計準則第39號的已產生信貸虧損計量的上述撥備人民幣145,061,000元就撥備之前賬面總值為人民幣226,233,000元的個別信貸減值貿易應收款項及票據計提。個別減值貿易應收款項及票據與違約或拖欠付款的客戶有關。

於2017年12月31日，本集團根據香港會計準則第39號非單獨或共同被視作減值的貿易應收款項及票據的賬齡分析如下：

未逾期亦未減值的應收款項與眾多不同客戶有關，這些客戶近期概無拖欠記錄。

已逾期但無減值的應收款項與若干獨立客戶有關，彼等與本集團的交易記錄良好。根據過往經驗，董事認為，由於彼等客戶信貸質素並無顯著變化，且結餘仍視為可悉數收回，因此無須就該等結餘根據香港會計準則第39號作出減值撥備。

25. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

25. 預付款、按金及其他應收款項

	Note 附註	2018 RMB'000 人民幣千元	2017 RMB'000 人民幣千元
Prepayments		1,048,696	1,020,050
Current portion of prepaid land lease payments	13	30,455	27,153
Value-added tax recoverable		332,344	259,512
Corporate income tax recoverable		1,188	182
Deposits		85,743	78,380
Receivable from early redemption of convertible notes		–	145,508
Other receivables		131,551	82,522
Loan receivables from third parties		170,500	–
		1,800,477	1,613,307

The financial assets included in the above balances are unsecured, interest-free and receivable on demand.

計入上述結餘的金融資產乃無抵押、免息及按要求收款。

26. CASH AND BANK DEPOSITS

26. 現金及銀行存款

		2018 RMB'000 人民幣千元	2017 RMB'000 人民幣千元
Restricted cash:	受限制現金：		
Guarantee deposits for banking facilities	作為銀行融資的擔保按金	1,057,955	774,611
Cash and cash equivalents:	現金及現金等價物：		
Time deposits with original maturity of three months or less when acquired	定期存款(於獲取時原有期限為三個月或以下)	8,440	102,539
Cash and bank balances	現金及銀行結餘	5,385,396	3,575,220
		5,393,836	3,677,759
Cash and bank deposits	現金及銀行存款	6,451,791	4,452,370

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short-term time deposits are made for varying periods between one day and twelve months and earn interest at the respective short-term time deposit rates. The bank balances and restricted cash are deposited with creditworthy banks with no recent history of default.

存放於銀行的現金按每日銀行存款利率的浮動利率賺取利息。短期定期存款的期限介乎一天至十二個月不等並按各短期定期存款利率賺取利息。銀行結餘及受限制現金存放於近期無違約記錄且信譽良好的銀行。

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

27. TRADE AND BILLS PAYABLES

27. 貿易應付款項及票據

		2018 RMB'000 人民幣千元	2017 RMB'000 人民幣千元
Trade payables	貿易應付款項	889,123	918,375
Bills payable	應付票據	3,388,200	2,102,710
		4,277,323	3,021,085

The trade payables are interest-free and are normally settled on terms of 30 to 90 days.

貿易應付款項乃免息，結算期限通常為30至90天。

An aging analysis of the Group's trade and bills payables at the end of the reporting period, based on the invoice date, is as follows:

於報告期末，本集團的貿易應付款項及票據按發票日期的賬齡分析如下：

		2018 RMB'000 人民幣千元	2017 RMB'000 人民幣千元
Not more than 3 months	不多於3個月	2,568,152	1,914,118
Over 3 months to 6 months	3個月以上至6個月	1,527,285	357,082
Over 6 months to 12 months	6個月以上至12個月	132,857	702,632
Over 1 year to 2 years	1年以上至2年	13,300	20,587
Over 2 years to 3 years	2年以上至3年	11,287	5,465
Over 3 years	3年以上	24,442	21,201
		4,277,323	3,021,085

28. OTHER PAYABLES AND ACCRUALS

28. 其他應付款項及應計費用

		2018 RMB'000 人民幣千元	2017 RMB'000 人民幣千元
Advances from customers (note)	客戶墊款(附註)	-	1,120,169
Accruals	應計費用	75,422	63,933
Salaries and welfare payables	應付薪金及福利	118,856	125,988
Other payables	其他應付款項	733,204	582,832
		927,482	1,892,922

The financial liabilities included in the above balances are interest-free and repayable on demand.

計入上述結餘的金融負債乃免息及按要求還款。

Note:

附註：

Upon the adoption of HKFRS 15, advances from customers were reclassified to contract liabilities.

於採納香港財務報告準則第15號後，客戶墊款重新分類至合約負債。

29. BORROWINGS

29. 借款

		2018 RMB'000 人民幣千元	2017 RMB'000 人民幣千元
Current	流動		
Unsecured bank loans	無抵押銀行貸款	5,800,738	2,698,795
Current portion of long-term unsecured bank loans	長期無抵押銀行貸款的流動部分	340,568	70,624
Current portion of long-term secured bank loans	長期有抵押銀行貸款的流動部分	3,186	-
Secured bank loans	有抵押銀行貸款	-	105,500
Secured other loans	有抵押其他貸款	-	2,337
		6,144,492	2,877,256
Non-current	非流動		
Unsecured bank loans	無抵押銀行貸款	280,845	422,168
Unsecured syndicated loans	無抵押銀團貸款	5,246,043	4,988,151
Secured bank loans	有抵押銀行貸款	59,678	19,800
Loans from non-controlling interests	非控制權益貸款	-	12,000
		5,586,566	5,442,119
		11,731,058	8,319,375
Analysed into borrowings repayable:	須償還借款：		
Within one year or on demand	一年內或按要求時	6,144,492	2,877,256
In the second year	第二年內	5,355,245	338,236
In the third to fifth years, inclusive	第三年至第五年內 (包括首尾兩年)	201,462	5,092,722
More than five years	多於五年	29,859	11,161
		11,731,058	8,319,375

Note:

- (a) The effective interest rates of the Group's borrowings range from 3.22% to 5.39% (2017: 1.60% to 6.00%) per annum.
- (b) At the end of the reporting period, the secured bank loans were secured by the concession rights of a subsidiary and personal guarantee provided by a shareholder of that subsidiary.
- At 31 December 2017, the secured bank loans were secured by: (i) the concession rights of a subsidiary and personal guarantee provided by a shareholder of that subsidiary; (ii) certain commercial bills received by the Group during its provision of factoring services; and (iii) certain receivables from supply-chain financing services.
- (c) The loans from non-controlling interests were unsecured, interest-free and would mature in September 2019. During the year, the loans from non-controlling interests were disposed through the disposal of the subsidiary of the Group.
- (d) At the end of the reporting period, the Group's borrowings are denominated in US dollar, HK dollar, Renminbi, Australian dollar and Canadian dollar are equivalent to RMB6,466,723,000 (2017: RMB5,213,421,000), RMB2,477,101,000 (2017: RMB1,254,263,000), RMB2,251,568,000 (2017: RMB1,108,835,000), RMB364,372,000 (2017: RMB537,423,000), and RMB171,294,000 (2017: RMB205,433,000) respectively.

附註：

- (a) 本集團借款的實際年利率介乎3.22%至5.39%不等(2017年：1.60%至6.00%)。
- (b) 於報告期末，有抵押銀行貸款乃以附屬公司的特許經營權擔保及其一名股東的個人擔保。
- 於2017年12月31日，有抵押銀行貸款乃以：(i) 附屬公司的特許經營權及其一名股東的個人擔保；(ii) 本集團於提供保理服務時收到的若干商業票據；及(iii) 若干供應鏈融資服務應收款項作抵押。
- (c) 非控制權益貸款為無抵押、免息及於2019年9月到期。年內，非控制權益貸款經出售本集團的附屬公司出售。
- (d) 於報告期末，本集團以美元、港元、人民幣、澳元及加元計值的借款分別等值於人民幣6,466,723,000元(2017年：人民幣5,213,421,000元)、人民幣2,477,101,000元(2017年：人民幣1,254,263,000元)、人民幣2,251,568,000元(2017年：人民幣1,108,835,000元)、人民幣364,372,000元(2017年：人民幣537,423,000元)及人民幣171,294,000元(2017年：人民幣205,433,000元)。

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30. DERIVATIVE FINANCIAL INSTRUMENTS

30. 衍生金融工具

		2018	2017
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Put option	認沽期權	6,592	-

The Group's derivative financial instruments are managed and the performances are evaluated on fair value basis. Any changes in fair value was recognised in profit or loss.

The fair value of the put option has been estimated using valuation technique with unobservable inputs. Management has reviewed the valuation result by verifying all major inputs and assumptions as well as assessing the reasonableness of such valuation.

The Group entered into a sale and purchase agreement to acquire 70% equity interest in Jiangsu Yongbao during the year. Pursuant to the agreement, the minority shareholder has the right to sell the remaining 30% equity interest to the Group after three years from the date of acquisition.

本集團之衍生金融工具及其表現乃按公允價值為基準管理及評估。任何公允價值變動均於損益內確認。

認沽期權的公允價值已採用估值方法及不可觀察的輸入數據估計。管理層已透過驗證所有主要輸入數據及假設方式審閱該估值結果，並評估該估值之合理性。

本集團於年內訂立買賣協議，收購江蘇永葆70%的股本權益。根據協議，少數股東自收購日期起三年後有權向本集團出售剩餘30%的股本權益。

31. DEFERRED TAX

The major deferred tax assets/(liabilities) recognised and their movements during the current and prior years are as follows:

		Fair value adjustments arising from investment properties	Provision for impairment of assets	Accelerated tax depreciation	Fair value adjustments arising from acquisitions of subsidiaries	Withholding tax on distributable profits of subsidiaries in the PRC	Deferred income	Total
		投資物業所產生的公允價值調整	資產的減值撥備	加速稅項折舊	收購附屬公司所產生的公允價值調整	中國附屬公司可分派溢利的預提所得稅	遞延收益	總計
		RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元
At 1 January 2017	於2017年1月1日	(8,540)	47,210	473	(48,569)	(215,459)	6,186	(218,699)
Acquisition of subsidiaries	收購附屬公司	-	-	-	-	-	-	-
Credited/(charged) to profit or loss for the year	計入/(扣自)年度損益	(73,656)	14,701	(162)	241	(99,162)*	1,500	(156,538)
Exchange realignment	匯兌調整	505	-	-	-	-	-	505
At 31 December 2017 and 1 January 2018	於2017年12月31日及2018年1月1日	(81,691)	61,911	311	(48,328)	(314,621)	7,686	(374,732)
Acquisition of subsidiaries (note 36)	收購附屬公司(附註36)	-	229	194	(14,803)	-	-	(14,380)
Credited/(charged) to profit or loss for the year	計入/(扣自)年度損益	(66,585)	9,516	3,745	1,742	(48,484)*	4,538	(95,528)
Exchange realignment	匯兌調整	(197)	-	-	-	-	-	(197)
At 31 December 2018	於2018年12月31日	(148,473)	71,656	4,250	(61,389)	(363,105)	12,224	(484,837)

* The amount represented the deferred tax provision of RMB125,864,000 (2017: RMB132,623,000) on the distributable profits of the Company's subsidiaries in the PRC after offsetting the realised deferred tax liabilities of RMB77,380,000 (2017: RMB33,461,000) arising from dividends declared by these subsidiaries to their foreign investors during the year.

31. 遞延稅項

於本年度及上一年度已確認的主要遞延稅項資產/(負債)及其變動如下:

		Fair value adjustments arising from acquisitions of subsidiaries	Withholding tax on distributable profits of subsidiaries in the PRC	Deferred income	Total
		收購附屬公司所產生的公允價值調整	中國附屬公司可分派溢利的預提所得稅	遞延收益	總計
		RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元	RMB'000 人民幣千元
At 1 January 2017	於2017年1月1日	(48,569)	(215,459)	6,186	(218,699)
Acquisition of subsidiaries	收購附屬公司	-	-	-	-
Credited/(charged) to profit or loss for the year	計入/(扣自)年度損益	241	(99,162)*	1,500	(156,538)
Exchange realignment	匯兌調整	-	-	-	505
At 31 December 2017 and 1 January 2018	於2017年12月31日及2018年1月1日	(48,328)	(314,621)	7,686	(374,732)
Acquisition of subsidiaries (note 36)	收購附屬公司(附註36)	(14,803)	-	-	(14,380)
Credited/(charged) to profit or loss for the year	計入/(扣自)年度損益	1,742	(48,484)*	4,538	(95,528)
Exchange realignment	匯兌調整	-	-	-	(197)
At 31 December 2018	於2018年12月31日	(61,389)	(363,105)	12,224	(484,837)

* 該金額為本公司就中國附屬公司可分派溢利作出的遞延稅項撥備人民幣125,864,000元(2017年: 人民幣132,623,000元)並經抵銷該等附屬公司於年內向海外投資者宣派股息而產生的已實現遞延稅項負債人民幣77,380,000元(2017年: 人民幣33,461,000元)。

		2018 RMB'000 人民幣千元	2017 RMB'000 人民幣千元
Gross deferred tax assets recognised in the consolidated statement of financial position	於綜合財務狀況表內確認的遞延稅項資產總額	88,130	69,908
Gross deferred tax liabilities recognised in the consolidated statement of financial position	於綜合財務狀況表內確認的遞延稅項負債總額	(572,967)	(444,640)
		(484,837)	(374,732)

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31. DEFERRED TAX (Continued)

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between mainland China and the jurisdictions of the foreign investors. The applicable rate for the Group is 5%. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in mainland China in respect of their earnings generated from 1 January 2008.

At the end of the reporting period, the Group has not recognised deferred tax liabilities of RMB350,709,000 (2017: RMB275,791,000) in respect of temporary differences relating to the undistributed profits of subsidiaries, amounting to RMB7,014,180,000 (2017: RMB5,515,812,000), that would be payable on the distribution of these retained profits as the Company controls the dividend policy of these subsidiaries and it is probable that these profits will not be distributed in the foreseeable future.

32. DEFERRED INCOME

Deferred income represents government grants received by the Group as financial subsidies for the construction of new factory premises in Changchun, Daqing, Hubei and Hunan and rental income received in advance from certain of the Group's employees for leasing the staff quarters.

The government grants are released to profit or loss over the expected useful lives of the relevant premises by equal annual instalments, while rental income received in advance is recognised on the straight-line basis over the respective lease terms.

31. 遞延稅項(續)

根據中國企業所得稅法，在中國內地成立的外資企業向外國投資者宣派的股息須繳納10%的預提所得稅。該規定自2008年1月1日起生效，適用於自2007年12月31日起獲得的盈利。倘中國內地與該外國投資者所在司法權區有簽訂稅務條約，則可按較低稅率繳納預提所得稅。本集團的適用稅率為5%。因此，就該等於中國內地成立的附屬公司就2008年1月1日起所得盈利而分派的股息而言，本集團須繳納預提所得稅。

於報告期末，由於本公司控制該等附屬公司的股息政策，且該等溢利於可見將來分派的可能性不大，故本集團並無確認該等附屬公司未分派溢利暫時差異為人民幣7,014,180,000元（2017年：人民幣5,515,812,000元）的遞延稅項負債為（須於分派該等保留溢利時支付）人民幣350,709,000元（2017年：人民幣275,791,000元）。

32. 遞延收益

遞延收益指本集團收取的政府補助，作為其在長春、大慶、湖北及湖南興建新工廠物業的財政補貼，以及自本集團向若干僱員預先收取的租賃員工宿舍租金收入。

政府補助於有關房產預期可使用年限內按年以等額撥入損益內確認，而預先收取的租金收入則按各自的租期以直線法確認。

33. SHARE CAPITAL

Shares	股份	2018	2017
Authorised:	法定：		
20,000,000,000 (2017: 20,000,000,000) ordinary shares of HK\$0.05 each	20,000,000,000 (2017年：20,000,000,000) 股 每股面值0.05港元的普通股	HK\$1,000,000,000 1,000,000,000 港元	HK\$1,000,000,000 1,000,000,000 港元
Issued and fully paid:	已發行及繳足：		
3,102,418,400 (2017: 3,102,418,400) ordinary shares of HK\$0.05 each	3,102,418,400 (2017年：3,102,418,400) 股 每股面值0.05港元的普通股	HK\$155,120,920 155,120,920 港元	HK\$155,120,920 155,120,920 港元
Equivalent to	等值於	RMB135,344,000 人民幣 135,344,000 元	RMB135,344,000 人民幣 135,344,000 元

33. 股本

34. RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity.

Pursuant to the relevant laws and regulations for Sino-foreign joint venture enterprises, a portion of the profits of the Group's subsidiaries which are established in PRC has been transferred to reserve funds which are restricted for use.

34. 儲備

本集團本年度及過往年度的儲備金額及其變動已於綜合權益變動表內呈列。

根據適用於中外合營企業的相關法律及法規，本集團在中國成立的附屬公司的部分溢利已轉撥至用途受限制的儲備基金。

35. SHARE-BASED PAYMENTS

Share Option Scheme

A share option scheme was adopted by the Company on 14 May 2010 (the "Share Option Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations.

No share options have been granted under the Share Option Scheme since the adoption.

35. 股本結算支付

購股權計劃

於2010年5月14日，為激勵及獎勵對本集團的成功經營作出貢獻的合資格參與人，本公司採納一項購股權計劃（「購股權計劃」）。

本公司自採納購股權計劃以來，並無根據該計劃授出購股權。

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綜合財務報表附註

35. SHARE-BASED PAYMENTS (Continued)

Share Award Scheme

On 28 August 2018, the Company adopted a share award scheme (the "Share Award Scheme") to recognise the contributions by certain eligible persons to the Group and to offer suitable incentives to attract and retain targeted talent and personnel for the continual operation and future development of the Group.

The total amount of the funds contributed to the Scheme by the Company shall not exceed HK\$750,000,000 and the Board shall at its absolute discretions to determine the amount of fund contributed to the Share Award Scheme for each financial year of the Company.

The Company shall not make any further grant of award which will result in the aggregate number of Shares underlying all grants made pursuant to the Share Award Scheme (excluding award shares that have been forfeited in accordance with the Share Award Scheme) to exceed 5% of the issued share capital of the Company without shareholders' approval. The total number of non-vested award shares granted to a selected participant under the Share Award Scheme shall not exceed 1% of the total number of issued shares at all time.

At the end of the reporting period, there were no shares held in the trust under the Share Award Scheme.

No shares have been awarded under the Share Award Scheme since the adoption.

35. 股本結算支付(續)

股份獎勵計劃

本公司於2018年8月28日採納股份獎勵計劃(「股份獎勵計劃」)，以肯定若干合資格人士對本集團所作出的貢獻及給予適當激勵，藉此吸引及挽留目標人才及人員促進本集團的持續經營及未來發展。

本公司對該計劃出資的資金總額不得超過750,000,000港元，而董事會將全權酌情釐定本公司在各財政年度對股份獎勵計劃出資的資金金額。

倘本公司根據股份獎勵計劃授出的所有相關股份(不包括根據股份獎勵計劃已沒收的獎勵股份)總數將超過本公司已發行股本的5%且未經股東批准，則不得再授出任何獎勵。每名選定參與人根據股份獎勵計劃可獲授的尚未歸屬獎勵股份總數，不得超過不時已發行股份總數的1%。

於報告期末，概無根據該計劃以信託形式持有股份。

自採納股份獎勵計劃當日起，並無根據該計劃授出股份。

36. BUSINESS COMBINATION

During the year, the Group entered into sale and purchase agreements to acquire equity interests in the following companies:

Acquisition date	Company name	Percentage of share	Consideration RMB	Principal activities
收購日	公司名稱	佔有比率	代價 人民幣	主要業務
3 August 2018	Eprosiy Asset*	100%	1,120,000	Provision of rental services
2018年8月3日	Eprosiy Asset*	100%	1,120,000	提供租賃服務
31 August 2018	Guangdong Yugao Enterprise Management Co., Ltd.* ("Guangdong Yugao")	100%	18,540,000	Provision of management consulting services
2018年8月31日	廣東域高企業管理有限公司 〔廣東域高〕	100%	18,540,000	提供管理諮詢服務
31 October 2018	Jiangsu Yongbao	70%	391,592,000	Provision of hazardous waste treatment services
2018年10月31日	江蘇永葆	70%	391,592,000	提供危險廢品處理服務
30 November 2018	Hunan Huaqing	70%	2,800,000	Product quality inspection and calibration
2018年11月30日	湖南華清	70%	2,800,000	產品質素檢驗和校準

The above acquisitions allow the Group to further diversify its businesses.

On 3 August 2018, the non-controlling shareholder has transferred a 49% equity interest of Eprosiy Asset to the Group (note 18), of which the controlling right has also been transferred to the Group. Accordingly, the investment in the joint venture is remeasured to fair value at the date when the Group obtained the control and is deemed to have been disposed of in exchange with the consolidation of the subsidiary.

36. 業務合併

年內，本集團訂立買賣協議，收購以下公司的股本權益：

上述收購讓本集團進一步拓展其業務。

於2018年8月3日，非控股股東向本集團轉讓Eprosiy Asset 49%股權(附註18)，當中亦向本集團轉讓控股權。因此，合營企業的投資於本集團取得控制權當日重新計量至公允價值，並視為已出售以換取綜合計算附屬公司。

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36. BUSINESS COMBINATION (Continued)

The fair values of the identifiable assets and liabilities of the above companies acquired at the dates of acquisitions assumed by the Group are as follows:

36. 業務合併(續)

於收購日，本集團收購上述公司的可識別資產及負債的公允價值如下：

		Eprosiy Asset	Guangdong Yugao	Jiangsu Yongbao [#]	Hunan Huaqing	Total
		Eprosiy Asset	廣東域高	江蘇永祿 [#]	湖南華清	總計
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
Property, plant and equipment	物業、廠房及設備	4	-	51,644	1,042	52,690
Prepaid land lease payments	預付土地租賃款	-	-	6,093	-	6,093
Other intangible assets	其他無形資產	-	-	91,837	-	91,837
Deposits paid for purchase of land, property, plant and equipment	購買土地、物業、廠房及設備所支付的按金	-	-	998	-	998
Investment in an associate	於一間聯營公司的投資	-	22,341	-	-	22,341
Other financial assets	其他金融資產	-	-	52,000	-	52,000
Deferred tax assets	遞延稅項資產	-	-	423	-	423
Inventories	存貨	-	-	3,345	-	3,345
Trade and bills receivables	貿易應收款項及票據	205	-	31,997	491	32,693
Prepayments, deposits and other receivables	預付款、按金及其他應收款項	-	-	2,517	154	2,671
Cash and bank deposits	現金及銀行存款	561	5	21,916	150	22,632
Trade and bills payables	貿易應付款項及票據	-	-	(4,753)	-	(4,753)
Other payables and accruals	其他應付款項及應計費用	(22)	(3,806)	(11,705)	(303)	(15,836)
Other long-term payables	其他長期應付款項	-	-	(66,517)	-	(66,517)
Deferred tax liabilities	遞延稅項負債	-	-	(14,803)	-	(14,803)
Total identifiable net assets at fair value	可識別資產淨值總額 (按公允價值)	748	18,540	164,992	1,534	185,814
Non-controlling interests	非控制權益	-	-	(49,498)	(460)	(49,958)
Goodwill arising on acquisitions	收購產生的商譽	372	-	276,098	1,726	278,196
Total consideration	代價總額	1,120	18,540	391,592	2,800	414,052
Satisfied by:	透過：					
Cash	現金	738	18,540	385,000	2,800	407,078
Put option (note 30)	認沽期權(附註30)	-	-	6,592	-	6,592
Fair value of the Group's interests in joint ventures	本集團於合營企業的權益之公允價值	382	-	-	-	382
		1,120	18,540	391,592	2,800	414,052

[#] The assessments of the fair values of the identifiable assets and liabilities of Jiangsu Yongbao are still in process and the information of the fair values of the identifiable assets and liabilities is provisional.

[#] 江蘇永祿的可識別資產及負債的公允價值的評估仍在進行中，可識別資產及負債的信息為暫時的。

36. BUSINESS COMBINATION (Continued)

Acquisition-related cost incurred in relation to the above acquisition is insignificant and have been excluded from the cost of acquisition and have been recognised directly as expense for the year and are included in "other expenses" in profit or loss.

The aggregate fair values of the trade and bills receivables and other receivables at the date of acquisition amounted to RMB32,693,000 and RMB2,671,000 respectively, which approximate to the gross contractual amounts of the corresponding balances acquired by the Group. At the dates of acquisitions, management considered that the contractual cash flows not expected to be collected were insignificant.

None of the goodwill recognised is expected to be deductible for income tax purposes.

An analysis of the cash flows in respect of the acquisition is as follows:

		RMB'000 人民幣千元
Cash consideration paid	已付現金代價	407,078
Less: Cash and cash equivalents acquired	減：已收購現金及現金等價物	(22,632)
Net outflow of cash and cash equivalents Included in investing activities	投資活動包括的現金及現金 等價物流出淨額	384,446

Since the acquisitions, these subsidiaries contributed RMB24,015,000 to the Group's revenue and recognised a profit of RMB15,736,000 in profit or loss for the year.

Had the combinations taken place at the beginning of the year, the Group's revenue and profit for the year would have been RMB23,833,544,000 and RMB2,497,215,000, respectively.

36. 業務合併(續)

就上述收購產生的收購相關成本並不重大及已被剔除出收購成本之外，且已於年內直接確認為開支並計入損益的「其他開支」內。

於收購日，貿易應收款項及票據和其他應收款項的公允價值總額分別為人民幣32,693,000元及人民幣2,671,000元，與本集團收購該等相應結餘的合約金額總值相若。於收購日，管理層認為預期無法收回的合約現金流量並不重大。

就計繳所得稅而言，所有已確認的商譽皆不可扣稅。

有關該收購的現金流量分析如下：

自收購以來，該等附屬公司為本集團收入貢獻人民幣24,015,000元，並於本年度的損益內確認溢利人民幣15,736,000元。

倘該合併於年初進行，本集團於本年度的收入及溢利將分別為人民幣23,833,544,000元及人民幣2,497,215,000元。

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37. DISPOSAL OF SUBSIDIARIES

During the year, the Group entered into share transfer agreements to transfer its 60% equity interest in Guangdong Lesso Home Corporate Planning Co., Ltd*, 100% equity interest in Guangdong Lesso Home Building Material China Co., Ltd*, 100% equity interest in Wuhan Lesso Mall Co., Ltd* and 25% equity interest in Guangdong Liangting to several independent third parties respectively. Pursuant to the share transfer agreements, the Group no longer has the control over these companies.

37. 出售附屬公司

年內，本集團訂立股權轉讓協議，向若干獨立第三方分別轉讓廣東領尚環球之家企業策劃有限公司60%股權、廣東聯塑家居建材連鎖經營有限公司100%股權、武漢聯塑商城有限公司100%股權及廣東聯清25%股權。根據該等股權轉讓協議，本集團對該等公司不再有控制權。

	Note 附註	2018 RMB'000 人民幣千元
Net assets disposed of:	已出售資產淨額：	
Property, plant and equipment	物業、廠房及設備	6,316
Other intangible assets	其他無形資產	1
Deposits paid for the purchase of land, property, plant and equipment	購買土地、物業、廠房及設備所支付的按金	5,374
Inventories	存貨	9,500
Trade and bills receivables	貿易應收款項及票據	11,626
Prepayments, deposits and other receivables	預付款、按金及其他應收款項	101,698
Other financial assets	其他金融資產	900
Cash and bank deposits	現金及銀行存款	14,096
Trade and bills payables	貿易應付款項及票據	(74,705)
Other payables and accruals	其他應付款項及應計費用	(78,498)
Tax payable	應付稅項	(7,010)
Borrowing	借款	(12,000)
Statutory reserve	法定儲備	(381)
Non-controlling interests	非控制權益	11,130
		(11,953)
Gain on disposal of subsidiaries	出售附屬公司所得利益	33,273
Total consideration	代價總額	21,320
An analysis of the cash flows in respect of the disposal of subsidiaries is as follows:	有關出售附屬公司的現金流量分析如下：	
Cash consideration	現金代價	21,320
Cash and bank balances disposed of	已出售現金及銀行結餘	(14,096)
Net inflow of cash and cash equivalents in respect of the disposal of subsidiaries	出售附屬公司的現金及現金等價物流入淨額	7,224

38. CONTINGENT LIABILITIES

At the end of the reporting period, the Group did not have any significant contingent liabilities (2017: Nil).

38. 或然負債

於報告期末，本集團並無任何重大或然負債(2017年：無)。

39. OPERATING LEASE ARRANGEMENTS

(A) AS LESSOR

The Group leases certain office premises under operating lease arrangements, with leases negotiated for terms ranging from one to thirteen years.

At the end of the reporting period, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

		2018	2017
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Not more than 1 year	不多於1年	26,187	31,491
Over 1 year to 5 years	1年以上至5年	76,978	57,839
Over 5 years	5年以上	38,648	50,344
		141,813	139,674

(B) AS LESSEE

The Group leases certain of its office premises, production plants, warehouses and equipment under operating lease arrangements. Leases are negotiated for terms ranging from one to seventeen years.

At the end of the reporting period, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

		2018	2017
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Not more than 1 year	不多於1年	95,461	183,362
Over 1 year to 5 years	1年以上至5年	220,608	754,465
Over 5 years	5年以上	33,792	583,922
		349,861	1,521,749

40. COMMITMENTS

The Group had the following capital commitments at the end of the reporting period:

		2018	2017
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Contracted, but not provided for:	已訂約但尚未撥備：		
Land, property, plant and equipment and investment properties	土地、物業、廠房及設備和投資物業	982,063	636,381
Investment in a joint venture	於一間合營企業的投資	23,520	23,520
		1,005,583	659,901

39. 經營租賃安排

(A) 作為出租人

本集團根據經營租賃安排出租若干辦公室，租期商定為一至十三年不等。

於報告期末，根據與租戶訂立的不可撤銷經營租約，本集團到期應收的未來最低租金總額如下：

(B) 作為承租人

本集團根據經營租賃安排，租用若干辦公室、生產廠房、倉庫及設備。租期商定為一至十七年不等。

於報告期末，根據不可撤銷經營租約，本集團到期應付的未來最低租金總額如下：

40. 承擔

於報告期末，本集團擁有以下資本承擔：

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

41. RELATED PARTY TRANSACTIONS AND BALANCES

41. 關聯人士交易及結餘

(A) THE GROUP'S MATERIAL TRANSACTIONS WITH RELATED PARTIES DURING THE YEAR

(A) 年內本集團與關聯人士的重大交易

	Note 附註	2018 RMB'000 人民幣千元	2017 RMB'000 人民幣千元
Connected transactions	關連交易		
Transactions with companies under the common control of a director:	於多間共同受一位董事控制的公司的交易：		
Sales of goods and services	銷售貨品及服務 (i)#	8,642	2,626
Consumption of utilities	耗用公用事業 (ii)#	1,044	1,033
Rental expenses	租金開支 (iii)#	4,421	3,907
Purchase of materials	採購材料 (iv)#	13,773	5,195
Purchase of machinery and/or equipment	採購機器及／或設備 (v)	124,592	122,993
Purchase of electronic accessories	採購電子配件 (v)#	69	28
Purchase of other intangible assets	採購其他無形資產 (v)#	2,678	–
Licensing trademarks	授予商標 (vi)#	303	404
Hotel expenses	酒店費用 (vii)#	4,392	–
Disposal of Guangdong Lesso Hardware & Building Materials Co., Ltd* (“Lesso Hardware”)	出售廣東領尚五金建材有限公司（「領尚五金」） (viii)	–	25,000
Assignment of rights of receivables	轉讓應收款項權利 (ix)	–	29,937
Agency services from companies under the control of a director	於受一位董事控制的多間公司所提供的代理服務 (x)#	–	4,468
Rental expenses paid to directors	向董事支付的租金開支 (xi)#	2,068	1,613
Non-connected transactions	非關連交易		
Advisory services from a company under the significant influence of directors	於董事具重大影響力的一間公司所提供的諮詢服務 (x)	1,887	1,859
Design and maintenance services from a joint venture	合營企業提供的設計及維修服務 (xii)	3,600	3,600

41. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

(A) THE GROUP'S MATERIAL TRANSACTIONS WITH RELATED PARTIES DURING THE YEAR (Continued)

Note:

- (i) Sale of goods and services to related companies were made with reference to the prices and conditions offered by the Group to third-party customers.
 - (ii) Utilities were provided by related companies at cost.
 - (iii) Rental expenses were based on mutually agreed terms.
 - (iv) Purchase of materials from related companies were made based on mutually agreed terms.
 - (v) Purchase of machinery, equipment and electronic accessories and other intangible assets from related companies were made with reference to the prices and conditions offered by the related companies to their third-party customers.
 - (vi) Licensing trademarks to related companies were conducted based on mutually agreed terms.
 - (vii) Hotel expenses were based on mutually agreed terms.
 - (viii) The consideration was agreed after arm's length negotiations with reference to the fair value of net assets of Lesso Hardware of approximately RMB25,000,000 as at 7 July 2017.
 - (ix) The consideration was equivalent to the amount due from Lesso Hardware of the Group as at 7 July 2017.
 - (x) Agency services and advisory services were provided by related companies based on mutually agreed terms.
 - (xi) Properties including office premises, cafeteria, workshops, warehouses and yacht were leased to the Group based on mutually agreed terms.
 - (xii) Services were provided by a joint venture based on mutually agreed terms.
- # These related party transactions constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules but are exempted from complying with the disclosure requirements under the Listing Rules.

41. 關聯人士交易及結餘(續)

(A) 年內本集團與關聯人士的重大交易(續)

附註：

- (i) 向關聯公司銷售貨品及服務乃以本集團向第三方客戶開出的價格及條件為參照進行。
 - (ii) 公用事業乃按成本由關聯公司提供。
 - (iii) 租金開支乃按雙方協定的條款計算。
 - (iv) 材料乃按雙方協定的條款向關聯公司購買。
 - (v) 機器、設備及電子配件和其他無形資產乃經參考關聯公司向第三方客戶開出的價格及條件後向關聯公司購買。
 - (vi) 授予關聯公司的商標乃按雙方協定的條款進行。
 - (vii) 酒店費用乃按雙方協定的條款計算。
 - (viii) 代價乃參照領尚五金於2017年7月7日的淨資產公允價值約人民幣25,000,000元，經公平磋商後協定。
 - (ix) 代價乃相等於2017年7月7日本集團應收領尚五金款項。
 - (x) 關聯公司乃按雙方協定的條款提供代理服務及諮詢服務。
 - (xi) 物業包括辦公室、食堂、車間、倉庫及遊艇，乃按雙方協定的條款租予本集團。
 - (xii) 合營企業乃按雙方協定的條款提供服務。
- # 該等關聯人士交易亦構成上市規則第14A章所界定的關連交易或持續關連交易，惟豁免遵守上市規則的披露規定。

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

41. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

41. 關聯人士交易及結餘(續)

(B) BALANCES WITH RELATED PARTIES

(B) 與關聯人士的結餘

	Note 附註	2018 RMB'000 人民幣千元	2017 RMB'000 人民幣千元
Balances with companies under the common control of a director arising from:	於多間共同受一位董事控制的公司的結餘 來自：		
Deposits paid for the purchases of machinery and/or equipment	購買機器及／或設備所支付的按金 (i)	109,415	92,660
Purchase of machinery and/or equipment	採購機器及／或設備 (ii)	59,192	31,454

Note:

(i) The balances are included in the Group's deposits paid for the purchase of land, property, plant and equipment.

(ii) The balances are included in the Group's other payables and accruals.

附註：

(i) 結餘計入本集團購買土地、物業、廠房及設備所支付的按金。

(ii) 結餘計入本集團的其他應付款項及應計費用。

(C) COMMITMENTS WITH RELATED PARTIES

Certain of the Group's subsidiaries have entered into lease agreements with a director and a company under the common control of a director to lease properties for operations, and sale and purchase agreements with a company under the common control of a director to purchase machinery and/or equipment for production. The operating lease commitments of RMB8,842,000 (2017: RMB13,263,000) with lease terms of three years and the capital commitments of RMB70,720,000 (2017: RMB23,727,000) have been included in notes 39(B) and 40 to the consolidated financial statements.

(C) 與關聯人士的承諾事項

本集團若干附屬公司為租賃物業作經營用途與一名董事及一間共同受一位董事控制的公司訂立租賃協議，並為購買機械及／或設備作生產用途與一間共同受一位董事控制的公司訂立買賣協議。人民幣8,842,000元(2017年：人民幣13,263,000元)的經營租賃承擔租期為三年，其與人民幣70,720,000元(2017年：人民幣23,727,000元)的資本承擔分別包含於綜合財務報表附註39(B)及40。

41. RELATED PARTY TRANSACTIONS AND BALANCES (Continued)

(D) COMPENSATION OF THE GROUP'S KEY MANAGEMENT PERSONNEL

The remuneration of the Company's directors and the senior management was as follows:

		2018	2017
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Short-term employee benefits	短期僱員福利	14,335	14,102
Post-employment benefits	退休後福利	396	399
		14,731	14,501

Included in the above were the compensation paid to the Company's directors and the chief executive as set out in note 8 to the financial statements and the compensation paid to senior management personnel of the Group is as follows:

		2018	2017
		RMB'000	RMB'000
		人民幣千元	人民幣千元
Salaries, allowances and benefits in kind	薪金、津貼及實物福利	5,684	5,825
Employee retirement benefits and other staff welfare	僱員退休福利及其他員工福利	396	399
		6,080	6,224

41. 關聯人士交易及結餘(續)

(D) 本集團主要管理人員薪酬

本公司董事及高級管理層的薪酬如下：

上述所包括的項目為財務報表附註8所載已付本公司董事及行政總裁的薪酬，而已付本集團高級管理人員的薪酬如下：

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

42. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

42. 金融工具的公允價值計量

(A) CATEGORIES OF FINANCIAL INSTRUMENTS

The carrying amounts of each of the categories of financial instruments at the end of the reporting period are as follows:

(A) 金融工具類別

於報告期末，各類金融工具的賬面值如下：

	Note 附註	2018 RMB'000 人民幣千元
Financial assets	金融資產	
<i>Financial assets at amortised cost:</i>	<i>按攤銷成本列賬的金融資產：</i>	
Loans receivables	應收借款 20	518,892
Contract assets	合約資產 23B	411,930
Trade and bills receivables	貿易應收款項及票據 24	2,379,447
Other receivables	其他應收款項	302,051
Other long-term receivables	其他長期應收款項	5,804
Cash and bank deposits	現金及銀行存款 26	6,451,791
<i>Financial assets at FVTOCI:</i>	<i>按公允價值計入其他全面收益的金融資產：</i>	
Debt instruments at FVTOCI	按公允價值計入其他全面收益的債務工具 19B	255,099
Equity instruments at FVTOCI	按公允價值計入其他全面收益的股本工具 19B	1,543,526
		11,868,540
<i>Financial assets at FVTPL:</i>	<i>按公允價值計入損益的金融資產：</i>	
Debt instruments at FVTPL	按公允價值計入損益的債務工具 19B	47,649
Equity instruments at FVTPL	按公允價值計入損益的股本工具 19B	53,886
		101,535
		11,970,075

42. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (Continued)

42. 金融工具的公允價值計量(續)

(A) CATEGORIES OF FINANCIAL INSTRUMENTS (Continued)

(A) 金融工具類別(續)

		Note 附註	2017 RMB'000 人民幣千元	
Financial assets	金融資產			
<i>Investments:</i>	<i>投資:</i>			
Available-for-sale investments	可供出售投資	19A	1,582,208	
<i>Loans and receivables:</i>	<i>貸款及應收款項:</i>			
Loan receivables	應收借款	20	789,916	
Other long-term receivables	其他長期應收款項	21	52,591	
Trade and bills receivables	貿易應收款項及票據	24	2,024,608	
Other receivables	其他應收款項		228,030	
Cash and bank deposits	現金及銀行存款	26	4,452,370	
			7,547,515	
			9,129,723	
		Note 附註	2018 RMB'000 人民幣千元	2017 RMB'000 人民幣千元
Financial liabilities	金融負債			
<i>Financial liabilities at amortised cost:</i>	<i>按攤銷成本列賬的金融負債:</i>			
Trade and bills payables	貿易應付款項及票據	27	4,277,323	3,021,085
Financial liabilities included in other payables and accruals	計入其他應付款項及應計費用的金融負債		808,626	646,765
Borrowings	借款	29	11,731,058	8,319,375
Other long-term payables	其他長期應付款項		109,546	92,572
			16,926,553	12,079,797
Derivative financial instruments	衍生金融工具	30	6,592	-
			16,933,145	12,079,797

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

42. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (Continued)

(B) FAIR VALUE OF THE FINANCIAL INSTRUMENTS THAT ARE MEASURED AT FAIR VALUE

Below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis as at the end of reporting period:

	Valuation technique 估值方法	Significant unobservable input 重大不可觀察輸入數據	Rate 比率	Sensitivity of fair value to the input 公允價值對輸入數據的敏感度
Debt instruments at FVTPL 按公允價值計入損益的債務工具	Discounted cash flow model 貼現現金流量模型	Discount rate 貼現率	5.23%	1% increase in discount rate would result in decrease in fair value by RMB155,000 貼現率上升1%將導致公允價值減少人民幣155,000元 1% decrease in discount rate would result in increase in fair value by RMB157,000 貼現率下跌1%將導致公允價值增加人民幣157,000元
Equity instruments at FVTPL 按公允價值計入損益的股本工具	Black-Scholes model and discounted cash flow model 布萊克-舒爾斯模型及貼現現金流量模型	Discount rate 貼現率	20.00%	1% increase in discount rate would result in decrease in fair value by RMB2,208,000 貼現率上升1%將導致公允價值減少人民幣2,208,000元 1% decrease in discount rate would result in increase in fair value by RMB2,570,000 貼現率下跌1%將導致公允價值上升人民幣2,570,000元

The discount for lack of marketability represents the amounts of premiums and discounts determined by the Group that market participants would take into account when pricing the investments.

缺乏可銷售性的折讓乃指本集團所釐定市場參與者會於投資定價時考慮的溢價及折讓金額。

42. 金融工具的公允價值計量(續)

(B) 按公允價值計量的金融工具的公允價值

以下為於報告期末金融工具估值的重大不可觀察輸入數據連同定量敏感度分析的概要：

42. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (Continued)

(B) FAIR VALUE OF THE FINANCIAL INSTRUMENTS THAT ARE MEASURED AT FAIR VALUE (Continued)

Assets measured at fair value:

42. 金融工具的公允價值計量(續)

(B) 按公允價值計量的金融工具的公允價值(續)

按公允價值計量的資產：

		2018			
		Fair value hierarchy			
		公允價值架構			
		Level 1	Level 2	Level 3	Total
		第一級	第二級	第三級	總計
		RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元
Other financial assets	其他金融資產				
Debt instruments at FVTOCI	按公允價值計入其他全面收益的債務工具	-	255,099	-	255,099
Equity instruments at FVTOCI	按公允價值計入其他全面收益的股本工具	729,866	797,665	15,995	1,543,526
Debt instruments at FVTPL	按公允價值計入損益的債務工具	-	21,000	26,649	47,649
Equity instruments at FVTPL	按公允價值計入損益的股本工具	-	-	53,886	53,886
		729,866	1,073,764	96,530	1,900,160

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42. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (Continued)

42. 金融工具的公允價值計量(續)

(B) FAIR VALUE OF THE FINANCIAL INSTRUMENTS THAT ARE MEASURED AT FAIR VALUE (Continued)

(B) 按公允價值計量的金融工具的公允價值(續)

Assets measured at fair value: (Continued)

按公允價值計量的資產：(續)

		2017			
		Fair value hierarchy			
		公允價值架構			
		Level 1	Level 2	Level 3	Total
		第一級	第二級	第三級	總計
		RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元
Available-for sale investments	可供出售投資				
Listed investments	上市投資	1,508,158	49,973	-	1,558,131

The movements in fair value measurements within Level 3 during the year are as follows:

年內第三級內的公允價值計量變動如下：

		2018	2017
		RMB'000	RMB'000
		人民幣千元	人民幣千元
At 1 January	於1月1日	-	156,390
Effect of adoption of HKFRS 9	採納香港財務報告準則第9號的影響	13,577	-
At 1 January (restated)	於1月1日(經重列)	13,577	156,390
Additions	添置	113,976	-
Unrealised gain/(loss) recognised in profit or loss	於損益內確認的未實現利益/(虧損)	7,098	(31,575)
Unrealised gain recognised in other comprehensive income	於其他全面收益內確認的未實現利益	-	29,819
Early redemption	提早贖回	-	(149,876)
Disposal	出售	(40,000)	-
Exchange realignment	匯兌調整	1,879	(4,758)
At 31 December	於12月31日	96,530	-
Total gain reclassified from other comprehensive income upon early redemption	因提早贖回而於其他全面收益重新歸類的總收益	-	(37,665)
Total gain included in profit or loss upon early redemption	因提早贖回而計入損益的總收益	-	37,771

42. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS (Continued)

(B) FAIR VALUE OF THE FINANCIAL INSTRUMENTS THAT ARE MEASURED AT FAIR VALUE (Continued)

Liabilities Measured at Fair Value:

		2018			
		Fair value hierarchy			
		公允價值架構			
		Level 1	Level 2	Level 3	Total
		第一級	第二級	第三級	總計
		RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元
Derivative financial instruments	衍生金融工具	-	-	6,592	6,592

The Group did not have any financial liabilities measured at fair value as at 31 December 2017.

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (2017: Nil).

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise borrowings and cash and short-term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade and other receivables and trade and other payables, which arise directly from its operations.

42. 金融工具的公允價值計量(續)

(B) 按公允價值計量的金融工具的公允價值(續)

按公允價值計量的負債：

於2017年12月31日，本集團概無任何按公允價值計量的金融負債。

年內，就金融資產及金融負債公允價值計量而言，第一級與第二級之間並無任何轉撥，且並無轉入或轉出第三級(2017年：無)。

43. 金融風險管理目標及政策

本集團的主要金融工具包括借款以及現金及短期存款。該等金融工具的主要用途乃為本集團的營運籌集資金。本集團亦有其他由業務直接產生的不同金融資產及負債，例如貿易應收款項及其他應收款項和貿易應付款項及其他應付款項。

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43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. As the Group's exposure to these risks is kept to a minimum, the Group has not used any derivatives and other instruments for hedging purposes. The Group does not hold or issue derivative financial instruments for trading purposes. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

INTEREST RATE RISK

In respect of the floating interest rate instruments, the Group is subject to the cash flow interest rate risk, while for the fixed interest rate instruments, the Group is subject to fair value interest rate risk.

The following table demonstrates the sensitivity to a reasonably possible change in interest rate, with all other variables held constant, of the Group's profit before tax by assuming the floating rate borrowings outstanding at the end of the reporting period were outstanding for the whole year.

43. 金融風險管理目標及政策(續)

本集團金融工具產生的主要風險為利率風險、外幣風險、信貸風險及流動資金風險。由於本集團所承擔的該等風險維持於最低水平，本集團並無使用任何衍生工具及其他工具以作對沖之用。本集團並無持有或發行衍生金融工具以作買賣之用。董事會已審閱並同意該等風險管理的政策，茲概述如下。

利率風險

浮動利率工具將導致本集團面臨現金流量利率風險，而固定利率工具將導致本集團面臨公允價值利率風險。

下表顯示假設於報告期末尚未償還的浮動利率借款於全年仍未償還，且所有其他變數保持不變，本集團除稅前溢利對合理可能的利率變動的敏感度。

		Increase/ (decrease) in basis points 基準點 增加／(減少)	Increase/ (decrease) in profit before tax 除稅前溢利 增加／(減少) RMB'000 人民幣千元
Year ended 31 December 2018	截至2018年12月31日止年度	50	(50,898)
Year ended 31 December 2018	截至2018年12月31日止年度	(50)	50,898
Year ended 31 December 2017	截至2017年12月31日止年度	50	(37,377)
Year ended 31 December 2017	截至2017年12月31日止年度	(50)	37,377

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

FOREIGN CURRENCY RISK

The Group's main businesses are located in mainland China and most of the transactions are conducted in Renminbi. Most of the Group's assets and liabilities are denominated in Renminbi, except for certain cash and bank deposits, trade and bills receivables and borrowings denominated in HK dollar and US dollar. The Group has not hedged its foreign exchange rate risk.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the Renminbi against the relevant currencies, with all other variables held constant, of the Group's profit before tax (due to changes in the fair value of monetary assets and loans).

		Increase/ (decrease) in HK\$/US\$ rate 港元/美元 匯率上升/ (下跌) %	Increase/ (decrease) in profit before tax 除稅前溢利 增加/(減少) RMB'000 人民幣千元
2018			
If the RMB weakens against the US\$	倘人民幣兌美元貶值	5	14,987
If the RMB strengthens against the US\$	倘人民幣兌美元升值	(5)	(14,987)
If the RMB weakens against the HK\$	倘人民幣兌港元貶值	5	(71,141)
If the RMB strengthens against the HK\$	倘人民幣兌港元升值	(5)	71,141
2017			
If the RMB weakens against the US\$	倘人民幣兌美元貶值	5	8,375
If the RMB strengthens against the US\$	倘人民幣兌美元升值	(5)	(8,375)
If the RMB weakens against the HK\$	倘人民幣兌港元貶值	5	(28,377)
If the RMB strengthens against the HK\$	倘人民幣兌港元升值	(5)	28,377

43. 金融風險管理目標及政策(續)

外幣風險

本集團的主要業務均位於中國內地，而大部分交易均以人民幣進行。本集團大部分資產及負債以人民幣計值，惟若干現金及銀行存款、貿易應收款項及票據和借款以港元及美元計值。本集團並無為其匯率風險進行對沖。

下表顯示於報告期末，在所有其他變數保持不變的情況下，本集團除稅前溢利對人民幣兌其他有關貨幣匯率的合理可能變動（由於貨幣性資產及貸款的公允價值變動所致）的敏感度。

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

CREDIT RISK

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk in relation to its trade and bills receivables, contract assets, loan receivables, other receivables, debt instruments at FVTOCI and cash and bank deposits.

The concession operating right of the Group represent sewage treatment service concession financial receivables in respect of Build-operate-transfer (“BOT”) arrangements. Since the parties to BOT arrangements are local government authorities in the PRC, the Group considers the credit risk is low at the end of reporting period. The Group does not hold any collateral over these balances.

In relation to the Group’s financial services business, the Group has a credit team which is responsible for the evaluation of customers’ credit ratings, financial background and repayment abilities. The Group only provides credit to customers with creditworthiness and collateral is normally required. The risk of default in payment by these customers is considered not significant.

The Group has policies in place to ensure that sales are made to purchasers with an appropriate financial strength and appropriate percentage of down payments. It also has other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews regularly the recoverable amount of each individual trade and bills receivables and contract assets to ensure that adequate impairment losses are made for irrecoverable amounts. The Group has no significant concentrations of credit risk, with exposure spread over a large number of counterparties and customers.

For other receivables, an impairment analysis is performed by management at the end of each reporting period by considering historical settlement records, past experience and future economic conditions. The directors of the Company believe that there is no material credit risk inherent in the Group’s outstanding balance of other receivables.

43. 金融風險管理目標及政策(續)

信貸風險

信貸風險指因交易對手無法履行其於金融工具或客戶合約項下責任而蒙受財務虧損的風險。本集團所面臨的信貸風險與其貿易應收款項及票據、合約資產、應收借款、其他應收款項、按公允價值計入其他全面收益的債務工具以及現金及銀行存款有關。

本集團的特許經營權指有關建造、營運及移交安排的特許污水處理服務金融應收款項。於報告期末，鑑於建造、營運及移交（「建造、營運及移交」）安排的訂約方均為中國地方政府機關，故本集團認為信貸風險偏低。本集團並無就有關結餘持有任何抵押品。

有關本集團的金融服務業務，本集團擁有信貸團隊負責評估客戶的信貸評級、財務背景及償還能力。本集團僅向信譽良好的客戶提供信貸及一般須提供抵押品。該等客戶的付款拖欠風險並不重大。

本集團訂有政策確保向擁有穩健財政實力及可支付適當百分比首期付款的買方作出銷售，亦設有其他監控程序以確保採取跟進行動收回逾期債務。此外，本集團定期審閱各項個別貿易應收款項及票據和合約資產的可收回金額，以確保就不可收回金額作出足夠的減值虧損。本集團的信貸風險源自多名交易對手及客戶，故並無重大信貸集中風險。

就其他應收款項而言，管理層透過考慮歷史結算記錄、過往經驗及將來經濟狀況於各報告期末進行減值分析。本公司董事認為，本集團其他應收款項的未償還結餘並無重大固有信貸風險。

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

CREDIT RISK (Continued)

The Group's debt instruments at FVTOCI comprised solely of quoted bonds that are graded in the top investment category and, therefore, are considered to be low credit risk investments.

Bank deposits are mainly placed with state-owned financial institutions and reputable banks which are all high-credit-quality financial institutions.

The Group considers the probability of default upon initial recognition of financial assets and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information.

Maximum exposure and year-end staging at the end of the reporting period.

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on invoice date unless other information is available without undue cost or effort, and year-end staging classification at the end of the reporting period. The amounts presented are gross carrying amounts for financial assets and the exposure to credit risk for the financial guarantee contracts.

		12-month ECLs 12個月 預期信貸虧損		Lifetime ECLs 整個存續期預期信貸虧損			Total 總計 RMB'000 人民幣千元
		Stage 1 第一階段 RMB'000 人民幣千元	Stage 2 第二階段 RMB'000 人民幣千元	Stage 3 第三階段 RMB'000 人民幣千元	Simplified approach 簡化方法 RMB'000 人民幣千元		
Contract assets [#]	合約資產 [#]	-	-	-	411,930	411,930	
Loan receivables	應收借款	518,892	-	-	-	518,892	
Trade and bills receivables [#]	貿易應收款項及票據 [#]	-	-	-	2,379,447	2,379,447	
		518,892	-	-	2,791,377	3,310,269	

[#] For contract assets and trade and bills receivables to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in notes 23B and 24 to the financial statements, respectively.

43. 金融風險管理目標及政策(續)

信貸風險(續)

本集團按公允價值計入其他全面收益的債務工具僅由獲評為最高投資級別的上市債券組成，因而被視為低信貸風險投資。

銀行存款主要存放於國有金融機構及信譽良好的銀行(均為具有高信貸質素的金融機構)。

本集團於初始確認金融資產時考慮違約或然率，並考慮各報告期內的信貸風險有否持續顯著增加。為評估信貸風險是否顯著增加，本集團將於報告日期資產發生違約的風險與於初始確認日期的違約風險進行比較。本集團考慮可獲得的合理支持性前瞻資料。

於報告期末的最高風險及年末階段分類。

下表載列基於本集團信貸政策的信貸質素及最高信貸風險承擔，除非毋須付出不必要成本或努力即可獲得其他資料，否則主要以發票日期及報告期末的年末階段分類為基準。所呈列的金額為金融資產的總賬面值及財務擔保合約的信貸風險承擔。

[#] 就本集團採用簡化方法估算減值的合約資產和貿易應收款項及票據而言，基於撥備矩陣的資料分別披露於財務報表附註23B及24。

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綜合財務報表附註

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

LIQUIDITY RISK

The Group aims to maintain sufficient cash and cash equivalents and available funding through various sources of finances to meet its commitments.

The maturity profile of the Group's financial liabilities at the end of each of the reporting periods, based on the contractual undiscounted payments, is as follows:

		2018			
		Within 1 year 1年內 RMB'000 人民幣千元	1 to 2 years 1至2年 RMB'000 人民幣千元	Over 2 years 2年以上 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Trade and bills payables	貿易應付款項及票據	4,277,323	-	-	4,277,323
Financial liabilities included in other payables and accruals	計入其他應付款項及應計費用的金融負債	808,626	-	-	808,626
Borrowings	借款	6,440,277	5,446,254	240,599	12,127,130
Other long-term payables	其他長期應付款項	-	15,847	93,699	109,546
		11,526,226	5,462,101	334,298	17,322,625

		2017			
		Within 1 year 1年內 RMB'000 人民幣千元	1 to 2 years 1至2年 RMB'000 人民幣千元	Over 2 years 2年以上 RMB'000 人民幣千元	Total 總計 RMB'000 人民幣千元
Trade and bills payables	貿易應付款項及票據	3,021,085	-	-	3,021,085
Financial liabilities included in other payables and accruals	計入其他應付款項及應計費用的金融負債	646,765	-	-	646,765
Borrowings	借款	3,057,639	485,020	5,138,454	8,681,113
Other long-term payables	其他長期應付款項	-	67,800	24,772	92,572
		6,725,489	552,820	5,163,226	12,441,535

43. 金融風險管理目標及政策(續)

流動資金風險

本集團致力維持充裕的現金及現金等價物，並透過不同渠道為其承擔獲得資金。

以已訂約未折讓付款為基準，本集團於各報告期末的金融負債到期情況如下：

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

CAPITAL MANAGEMENT

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as going concern and to maintain reasonable capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. In order to optimise the debt and equity balance, the Group may adjust the dividend payment to shareholders, return capital to shareholders, issue new shares or new debts or the redemption of existing debts. No changes were made in the objectives, policies or processes for managing capital during the year.

The Group monitors capital using a net debt to equity ratio, which is net debt divided by capital. Net debt includes borrowings less cash and bank deposits. Capital represents the total equity.

The Group's strategy is to maintain the net debt to equity ratio at a healthy level in order to support its businesses. The principal strategies adopted by the Group include, without limitation, reviewing future cash flow requirements and the ability to meet debt repayment schedules when they fall due, maintaining a reasonable level of available banking facilities and adjusting investment plans and financing plans, if necessary, to ensure that the Group has a reasonable level of capital to support its business. The net debt to equity ratios, at the end of the reporting period are as follows:

		2018 RMB'000 人民幣千元	2017 RMB'000 人民幣千元
Borrowings	借款	11,731,058	8,319,375
Less: Cash and bank deposits	減：現金及銀行存款	(6,451,791)	(4,452,370)
Net debt	債務淨額	5,279,267	3,867,005
Total equity	權益總額	15,072,865	13,783,491
Net debt to equity ratio	債務淨額對權益比率	35%	28%

43. 金融風險管理目標及政策(續)

資本管理

本集團資本管理的主要目標為保障本集團繼續以持續基準經營的能力，以及維持合理的資本比率支持其業務，以及將股東的價值提升至最高。

本集團根據經濟狀況變動管理其資本架構及作出調整。為優化債務及權益結餘，本集團可調整支付予股東的股息、向股東退回資本、發行新股或新債或贖回現有債務。年內，管理資本的目標、政策或過程並無變動。

本集團以債務淨額對權益比率監控資本，該比率為債務淨額除以資本。債務淨額包括借款減現金及銀行存款。資本乃指權益總額。

本集團的策略為維持債務淨額對權益比率在健康水平，以支持其業務。本集團採取的主要策略包括但不限於審閱未來現金流量需求及支付到期債務的能力，保持可用銀行融資在合理水平及調整投資計劃及融資計劃(如需要)，以確保本集團擁有合理水平的資本支持其業務。於報告期末的債務淨額對權益比率如下：

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

44. RECONCILIATIONS OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

44. 融資活動產生的負債對賬

下表詳述本集團融資活動所產生負債的變動(包括現金及非現金變動)。融資活動所產生負債的現金流量已經或將會於本集團綜合現金流量表內分類為融資活動現金流量。

		2018					
				Non-cash changes 非現金變動			
		1 January	Cash flow	Amortisation of borrowings arrangement fee	Foreign exchange movement	Other changes	31 December
		1月1日	現金流量	借款安排	外匯變動	其他變動	12月31日
		RMB'000	RMB'000	費用攤銷	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
Borrowings	借款	8,319,375	3,042,012	17,407	364,264	(12,000)	11,731,058
Interest payable	應付利息	6,149	(397,996)	-	-	396,583	4,736
Dividends payable	應付股息	-	(715,436)	-	-	715,436	-
Payables for acquisition of non-controlling interests included in other payables	計入其他應付 款項的收購 非控制權益 應付款項	-	(78,898)	-	-	98,000	19,102
Total liabilities from financing activities	融資活動的 負債總額	8,325,524	1,849,682	17,407	364,264	1,198,019	11,754,896

		2017					
				Non-cash changes 非現金變動			
		1 January	Cash flow	Amortisation of borrowings arrangement fee	Foreign exchange movement	Other changes	31 December
		1月1日	現金流量	借款安排	外匯變動	其他變動	12月31日
		RMB'000	RMB'000	費用攤銷	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
Borrowings	借款	4,694,561	3,987,747	20,467	(383,400)	-	8,319,375
Interest payable	應付利息	2,780	(211,453)	-	-	214,822	6,149
Dividends payable	應付股息	-	(411,288)	-	-	411,288	-
Total liabilities from financing activities	融資活動的 負債總額	4,697,341	3,365,006	20,467	(383,400)	626,110	8,325,524

45. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Particulars of the Company's principal subsidiaries are as follows:

45. 主要附屬公司的詳情

本公司主要附屬公司的詳情如下：

Name 名稱	Place of incorporation/ registration and business 註冊成立／註冊 及營業地點	Issued ordinary share/ registered share capital 已發行普通股／ 註冊股本	Percentage of equity attributable to the Company 本公司應佔權益比率		Principal activities 主要業務
			Direct 直接	Indirect 間接	
Starcorp Investment Holdings Ltd. 星展投資控股有限公司	BVI 英屬維爾京群島	US\$1 1 美元	100% 100%	– –	Investment holding 投資控股
Great China International Holdings Ltd. 華拓國際控股有限公司	BVI 英屬維爾京群島	US\$1 1 美元	100% 100%	– –	Investment holding 投資控股
China Liansu Investment Limited 中國聯塑投資有限公司	BVI 英屬維爾京群島	US\$1 1 美元	100% 100%	– –	Investment holding 投資控股
Liansu Group Company Limited 聯塑集團有限公司	Hong Kong 香港	HK\$13,000,000 13,000,000 港元	– –	100% 100%	Investment holding and sale of building materials and interior decoration products 投資控股及銷售建材及 家居產品
Guangdong Liansu Technology Industrial Co., Ltd.* ^(a) 廣東聯塑科技實業有限公司 ^(a)	PRC 中國	HK\$2,800,000,000 2,800,000,000 港元	– –	100% 100%	Manufacture and sale of plastic pipes and pipe fittings 製造及銷售塑料管道及管件
Heshan Lesso Industrial Development Co., Ltd.* ^(b) 鶴山聯塑實業發展有限公司 ^(b)	PRC 中國	HK\$269,930,000 269,930,000 港元	– –	100% 100%	Manufacture and sale of plastic pipes and pipe fittings 製造及銷售塑料管道及管件

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

45. PARTICULARS OF PRINCIPAL SUBSIDIARIES (Continued)

45. 主要附屬公司的詳情(續)

Name 名稱	Place of incorporation/ registration and business 註冊成立/註冊 及營業地點	Issued ordinary share/ registered share capital 已發行普通股/ 註冊股本	Percentage of equity attributable to the Company		Principal activities 主要業務
			Direct 本公司應佔權益比率 直接	Indirect 間接	
Lesso Technology Development (Wuhan) Co., Ltd.* ^(b) 聯塑科技發展(武漢)有限公司 ^(b)	PRC 中國	HK\$111,000,000 111,000,000港元	-	100%	Manufacture and sale of plastic pipes and pipe fittings 製造及銷售塑料管道及管件
Lesso Technology Development (Guiyang) Co., Ltd.* ^(b) 聯塑科技發展(貴陽)有限公司 ^(b)	PRC 中國	HK\$115,000,000 115,000,000港元	-	100%	Manufacture and sale of plastic pipes and pipe fittings 製造及銷售塑料管道及管件
Nanjing Lesso Technology Industrial Co., Ltd.* ^(b) 南京聯塑科技實業有限公司 ^(b)	PRC 中國	US\$26,750,000 26,750,000美元	-	100%	Manufacture and sale of plastic pipes and pipe fittings 製造及銷售塑料管道及管件
Lesso Municipal Pipe (Hebei) Co., Ltd.* ^(b) 聯塑市政管道(河北)有限公司 ^(b)	PRC 中國	US\$32,790,000 32,790,000美元	-	100%	Manufacture and sale of plastic pipes and pipe fittings 製造及銷售塑料管道及管件
Henan Lesso Industrial Co., Ltd.* ^(c) 河南聯塑實業有限公司 ^(c)	PRC 中國	RMB200,000,000 人民幣200,000,000元	-	100%	Manufacture and sale of plastic pipes and pipe fittings 製造及銷售塑料管道及管件

^(a) Registered as a wholly-foreign-owned enterprise under the laws of PRC

^(b) Registered as equity joint ventures under the laws of PRC

^(c) Registered as a limited liability company under the laws of PRC

The above table lists the Company's subsidiaries which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the Group's net assets. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

^(a) 根據中國法律註冊為一間外商獨資企業

^(b) 根據中國法律註冊為合資企業

^(c) 根據中國法律註冊為一間有限公司

董事認為，上表所載列的本公司附屬公司對本年度的業績具重大影響力或構成本集團資產淨值的重大部分。董事認為倘詳列其他附屬公司的資料，將會使有關資料過於冗長。

46. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

46. 本公司財務狀況表

Information about the statement of financial position of the Company at the end of the reporting period as follows:

於報告期末，有關本公司財務狀況表的資料如下：

		2018	2017
		RMB'000	RMB'000
		人民幣千元	人民幣千元
NON-CURRENT ASSETS	非流動資產		
Investments in subsidiaries	於附屬公司的投資	7,410,742	7,819,079
Available-for-sale investments	可供出售投資	-	87,551
Other financial assets	其他金融資產	273,532	-
Total non-current assets	非流動資產總額	7,684,274	7,906,630
CURRENT ASSETS	流動資產		
Other receivables	其他應收款項	963,785	468,298
Cash and bank deposits	現金及銀行存款	10,452	98,908
Total current assets	流動資產總額	974,237	567,206
CURRENT LIABILITIES	流動負債		
Other payables and accruals	其他應付款項及應計費用	5,125	2,676
Amount due to subsidiaries	應付附屬公司款項	5,766,663	5,323,579
Borrowings	借款	210,836	708,374
Total current liabilities	流動負債總額	5,982,624	6,034,629
NET CURRENT LIABILITIES	流動負債淨額	(5,008,387)	(5,467,423)
Net assets	資產淨額	2,675,887	2,439,207
EQUITY	權益		
Share capital	股本	135,344	135,344
Reserves (note)	儲備(附註)	2,540,543	2,303,863
Total equity	權益總額	2,675,887	2,439,207

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

46. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued) 46. 本公司財務狀況表(續)

Note:

A summary of the Company's reserves is as follows:

附註：

本公司的儲備概要如下：

		Share premium	Fair value revaluation reserve	Exchange fluctuation reserve	Retained profits	Total
		股份溢價	公允價值重估儲備	匯兌波動儲備	保留溢利	總計
		RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
		人民幣千元	人民幣千元	人民幣千元	人民幣千元	人民幣千元
At 1 January 2017	於2017年1月1日	1,905,618	2,612	76,000	442,723	2,426,953
Total comprehensive income for the year	年內全面收益總額	-	(17,595)	(158,947)	464,740	288,198
Dividends recognised as distributions to owners	確認為向擁有人分派股息	-	-	-	(411,288)	(411,288)
At 31 December 2017 and 1 January 2018	於2017年12月31日及2018年1月1日	1,905,618	(14,983)	(82,947)	496,175	2,303,863
Total comprehensive income for the year	年內全面收益總額	-	(21,400)	100,616	872,900	952,116
Dividends recognised as distributions to owners	確認為向擁有人分派股息	-	-	-	(715,436)	(715,436)
At 31 December 2018	於2018年12月31日	1,905,618	(36,383)	17,669	653,639	2,540,543

47. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the Board on 26 March 2019.

47. 批准綜合財務報表

綜合財務報表於2019年3月26日獲董事會批准及授權刊發。

SUMMARY OF INVESTMENT PROPERTIES

投資物業概要

As at 31 December 2018
於2018年12月31日

Details of the Group's investment properties at the end of the reporting period are as follows: 於報告期末，本集團投資物業的詳情如下：

Location 地點	Type 類別	Site area/ gross floor area 地盤面積/ 總樓面面積 Sq. ft. 平方呎	Lease term 租用期	Group's interest 本集團的權益	Stage of completion 完成階段	
120-122, 202, 204, 847, 848, 1413, 1425-1430, Tambol Bang Sao Thong, Amphoe Bang Sao Thong, and 375, Tambol Bang Bo, Amphoe Bang Bo, Samut Prakarn Province	Thailand	CX	3,557,955	Freehold	75%	Under development
120-122, 202, 204, 847, 848, 1413, 1425-1430, Tambol Bang Sao Thong, Amphoe Bang Sao Thong, 及 375, Tambol Bang Bo, Amphoe Bang Bo, Samut Prakarn Province	泰國	CX	3,557,955	永久業權	75%	發展中
SWC of Highway 380 & FM 26, South side of Highway 380 West of FM 26, Frisco, Texas	United States	CX	3,347,896	Freehold	100%	Planning stage
SWC of Highway 380 & FM 26, South side of Highway 380 West of FM 26, Frisco, Texas	美國	CX	3,347,896	永久業權	100%	籌劃階段
12071 Bellegrave Avenue, Jurupa Valley, California	United States	CX	4,755,918	Freehold	100%	Planning stage
12071 Bellegrave Avenue, Jurupa Valley, California	美國	CX	4,755,918	永久業權	100%	籌劃階段
1300 and 1504 Old Country Road, Westbury, Nassau County, Long Island, New York	United States	CB	723,302 [#]	Freehold	100%	Under refurbishment
1300 and 1504 Old Country Road, Westbury, Nassau County, Long Island, New York	美國	CB	723,302 [#]	永久業權	100%	翻新工程進行中
Part of lots 23 & 24, Markham, Concession 3, Part 1 on Plan 65R-30576	Canada	IL	1,994,351	Freehold	100%	Planning stage
Part of lots 23 & 24, Markham, Concession 3, Part 1 on Plan 65R-30576	加拿大	IL	1,994,351	永久業權	100%	籌劃階段

SUMMARY OF INVESTMENT PROPERTIES

投資物業概要

As at 31 December 2018
於2018年12月31日

Location 地點	Type 類別	Site area/ gross floor area 地盤面積/ 總樓面面積 Sq. ft. 平方呎	Lease term 租用期	Group's interest 本集團的權益	Stage of completion 完成階段
5789, 5933, 5945, 5811, 5951 Steeles Avenue East, Toronto, Ontario	Canada CL	1,750,241	Freehold	100%	Planning stage
5789, 5933, 5945, 5811, 5951 Steeles Avenue East, Toronto, Ontario	加拿大 CL	1,750,241	永久業權	100%	籌劃階段
5631-5671 Steeles Avenue East, Toronto, Ontario	Canada CB	139,046*	Freehold	100%	Existing
5631-5671 Steeles Avenue East, Toronto, Ontario	加拿大 CB	139,046*	永久業權	100%	現有
Lots 50, 51 & 52 in Deposited Plan 1144623, Lots 6-10 in Deposited Plan 801210, Lots 163, 168-182 & 216 DP8716, Lots 4, 5 & 6 in Deposited Plan 226294, Lots 2 in Deposited Plan 516449, Lots 218 & 219 in Deposited Plan 457024, Lot 2151 in Deposited Plan 135859, Lot 1 in Deposited Plan 119616 and Lot 7 in Deposited Plan 803359, Augusta Street, Huntingwood East, New South Wales	Australia IL	2,320,699	Freehold	100%	Planning stage
Lots 50, 51 & 52 in Deposited Plan 1144623, Lots 6-10 in Deposited Plan 801210, Lots 163, 168-182 & 216 DP8716, Lots 4, 5 & 6 in Deposited Plan 226294, Lots 2 in Deposited Plan 516449, Lots 218 & 219 in Deposited Plan 457024, Lot 2151 in Deposited Plan 135859, Lot 1 in Deposited Plan 119616 and Lot 7 in Deposited Plan 803359, Augusta Street, Huntingwood East, New South Wales	澳洲 IL	2,320,699	永久業權	100%	籌劃階段

Location 地點	Type 類別	Site area/ gross floor area 地盤面積/ 總樓面面積 Sq. ft. 平方呎	Lease term 租用期	Group's interest 本集團的權益	Stage of completion 完成階段	
79-99 St Hilliers Road, Auburn, Cumberland, Sydney, New South Wales	Australia	IB	298,191 [#]	Freehold	100%	Under refurbishment
79-99 St Hilliers Road, Auburn, Cumberland, Sydney, New South Wales	澳洲	IB	298,191 [#]	永久業權	100%	翻新工程進行中
West of Foshan-Kaiping highway, North of Longgao Road, Longjiang town, Shunde District, Foshan City, Guangdong	China	CL	1,392,982	Leasehold	100%	Under development
廣東省佛山市順德區龍江鎮 佛開高速以西、龍高路以北	中國	CL	1,392,982	租賃業權	100%	發展中
South of Longzhou West Road, East of Dengdong Road, Longjiang town, Shunde District, Foshan City, Guangdong	China	CL	221,825	Leasehold	100%	Under development
廣東省佛山市順德區龍江鎮 龍洲西路南側與登東路東側交叉口	中國	CL	221,825	租賃業權	100%	發展中
Note: 附註:	CL	Commercial land	商業用地			
	CX	Complex land	綜合用地			
	IL	Industrial land	工業用地			
	CB	Commercial building	商業樓宇			
	IB	Industrial building	工業樓宇			
	#	Represents gross floor area	指該物業總樓面面積			

GLOSSARY

詞彙

“Board” 「董事會」	指	the board of directors of the Company 本公司董事會
“BVI” 「英屬維爾京群島」	指	the British Virgin Islands 英屬維爾京群島
“China” or “PRC” 「中國」	指	the People’s Republic of China, for the purpose of this report, excluding Hong Kong, Macau and Taiwan 中華人民共和國，就本報告而言，並不包括香港、澳門及臺灣
“Code” 「守則」	指	the Corporate Governance Code as set out in Appendix 14 to the Listing Rules 上市規則附錄14所載的企業管治守則
“Company” or “China Lesso” 「本公司」或「中國聯塑」	指	China Lesso Group Holdings Limited 中國聯塑集團控股有限公司
“Current Ratio” 「流動比率」	指	the ratio of current assets to current liabilities 流動資產除以流動負債的比率
“EBITDA” 「除息稅折攤前盈利」	指	earnings before interest, taxes, depreciation and amortisation 扣除利息、稅項、折舊及攤銷前盈利
“Gearing Ratio” 「資產負債率」	指	the total debts divided by the sum of total debts and total equity 按債務總額除以債務總額加上權益總額的總和
“Group” 「本集團」	指	the Company and its subsidiaries 本公司及其附屬公司
“Guangdong Liansu Machinery” 「廣東聯塑機器」	指	Guangdong Liansu Machinery Manufacturing Co., Ltd.*, a company indirectly wholly-owned by Mr. Wong Luen Hei and a connected person of the Company as defined under the Listing Rules 廣東聯塑機器製造有限公司，黃聯禧先生間接全資擁有的公司，並為本公司的關連人士（定義見上市規則）
“HK\$” 「港元」	指	Hong Kong dollar, the lawful currency of Hong Kong 香港之法定貨幣—港元
“Hong Kong” or “HK” 「香港」	指	Hong Kong Special Administrative Region of the PRC 中國香港特別行政區
“IoT” 「物聯網」	指	Internet of things 物聯網
“Listing Rules” 「上市規則」	指	the Rules Governing the Listing of Securities on the Stock Exchange 聯交所證券上市規則

“Macau” 「澳門」	指	Macau Special Administrative Region of the PRC 中國澳門特別行政區
“Model Code” 「標準守則」	指	the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules 上市規則附錄10所載的上市發行人董事進行證券交易的標準守則
“New Fortune” 「新富星」	指	New Fortune Star Limited, a company incorporated in the BVI New Fortune Star Limited，一間於英屬維爾京群島註冊成立之公司
“PE” 「PE」	指	polyethylene 聚乙烯
“PP-R” 「PP-R」	指	polypropylene random 無規共聚聚丙烯
“PVC” 「PVC」	指	polyvinyl chloride 聚氯乙烯
“Quick Ratio” 「速動比率」	指	the ratio of current assets less inventories to current liabilities 流動資產減存貨再除以流動負債的比率
“RMB” 「人民幣」	指	Renminbi, the lawful currency of the PRC 中國之法定貨幣－人民幣
“SFO” 「證券及期貨條例」	指	Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong 香港法例第571章證券及期貨條例
“Share(s)” 「股份」	指	share(s) of a nominal value of HK\$0.05 each in the capital of the Company 本公司股本中每股面值0.05港元的股份
“Shareholder(s)” 「股東」	指	holder(s) of the Share(s) of the Company 本公司股份持有人
“Shunde Liansu Industrial” 「順德聯塑實業」	指	Foshan Shunde Liansu Industrial Co., Ltd.* 佛山市順德區聯塑實業有限公司
“sq.ft.” 「平方呎」	指	square feet 平方英尺
“Stock Exchange” 「聯交所」	指	The Stock Exchange of Hong Kong Limited 香港聯合交易所有限公司

GLOSSARY

詞彙

“Taiwan” 「臺灣」	指	the Republic of China 中華民國
“tonne(s)” 「噸」	指	a unit measuring weight, equal to 1,000 kilograms 量度重量的單位，相等於1,000公斤
“US” 「美國」	指	the United States of America 美利堅合眾國
“US\$” 「美元」	指	US dollar, the lawful currency of US 美國之法定貨幣－美元
“Xi Xi Development” 「西溪發展」	指	Xi Xi Development Limited, a company incorporated in the BVI 西溪發展有限公司，一間於英屬維爾京群島註冊成立之公司
“%” 「%」	指	per cent 百分比

- * The English or Chinese translations in this report, where indicated, denote for identification purposes only.
- * 本報告的英文或中文翻譯(如註明)僅供識別。

CORPORATE INFORMATION

公司資料

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS

Mr. Wong Luen Hei (*Chairman*)
Mr. Zuo Manlun (*Chief executive*)
Ms. Zuo Xiaoping
Mr. Lai Zhiqiang
Mr. Kong Zhaocong
Mr. Chen Guonan
Dr. Lin Shaoquan
Mr. Huang Guirong
Mr. Luo Jianfeng
Mr. Lin Dewei

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Wong Kwok Ho Jonathan
Mr. Cheung Man Yu
Ms. Lan Fang
Dr. Tao Zhigang
Mr. Cheng Dickson

AUDIT COMMITTEE

Dr. Tao Zhigang (*Chairman*)
Mr. Wong Kwok Ho Jonathan
Mr. Cheung Man Yu
Mr. Cheng Dickson

REMUNERATION COMMITTEE

Dr. Tao Zhigang (*Chairman*)
Mr. Wong Luen Hei
Mr. Zuo Manlun
Mr. Wong Kwok Ho Jonathan
Mr. Cheung Man Yu

NOMINATION COMMITTEE

Mr. Wong Luen Hei (*Chairman*)
Mr. Zuo Manlun
Mr. Wong Kwok Ho Jonathan
Ms. Lan Fang
Dr. Tao Zhigang

COMPANY SECRETARY

Mr. Kwan Chi Wai Samuel

AUTHORISED REPRESENTATIVES

Mr. Zuo Manlun
Mr. Kwan Chi Wai Samuel

董事會

執行董事

黃聯禧先生 (*主席*)
左滿倫先生 (*行政總裁*)
左笑萍女士
賴志強先生
孔兆聰先生
陳國南先生
林少全博士
黃貴榮先生
羅建峰先生
林德緯先生

獨立非執行董事

王國豪先生
張文宇先生
蘭芳女士
陶志剛博士
鄭迪舜先生

審核委員會

陶志剛博士 (*主席*)
王國豪先生
張文宇先生
鄭迪舜先生

薪酬委員會

陶志剛博士 (*主席*)
黃聯禧先生
左滿倫先生
王國豪先生
張文宇先生

提名委員會

黃聯禧先生 (*主席*)
左滿倫先生
王國豪先生
蘭芳女士
陶志剛博士

公司秘書

關志偉先生

法定代表

左滿倫先生
關志偉先生

CORPORATE INFORMATION

公司資料

REGISTERED OFFICE

PO Box 309, Ugland House
Grand Cayman, KY1-1104
Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN CHINA

Liansu Industrial Estate
Longjiang Town
Shunde District
Foshan City
Guangdong Province 528318
China

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 3, 12th Floor, Tower 2
South Seas Centre
75 Mody Road
Tsim Sha Tsui East
Kowloon, Hong Kong

LISTING INFORMATION

Listing:

The Stock Exchange of Hong Kong Limited

Stock code:

2128

SHARE INFORMATION

As at 31 December 2018:

Share issued	3,102,418,400 shares
Market capitalisation	HK\$12,161 million
Board lot size	1,000 shares

2018 DIVIDENDS

Interim dividend	HK10 cents per share
Proposed final dividend	HK20 cents per share
Dividend payout ratio	32.7%

註冊辦事處

PO Box 309, Ugland House
Grand Cayman, KY1-1104
Cayman Islands

中國總部及主要營業地點

中國
廣東省(郵編: 528318)
佛山市
順德區
龍江鎮
聯塑工業村

香港主要營業地點

香港九龍
尖沙咀東部
麼地道75號
南洋中心
第二座12樓3室

上市資料

上市地點:

香港聯合交易所有限公司

股份代號:

2128

股份資料

於2018年12月31日:

已發行股份數目	3,102,418,400股
市值	121.61億港元
每手買賣單位	1,000股

2018年股息

中期股息	每股10港仙
擬派末期股息	每股20港仙
派息比率	32.7%

FINANCIAL CALENDAR

Annual results announcement:

26 March 2019

CLOSURE OF THE REGISTER OF MEMBERS:

- for determining the entitlement to attend and vote at annual general meeting from 22 to 27 May 2019 (both dates inclusive)
- for determining the entitlement to proposed final dividend from 3 to 5 June 2019 (both dates inclusive)

2019 annual general meeting:

27 May 2019

Payment of 2018 proposed final dividend*:

on or around 17 June 2019

PRINCIPAL SHARE REGISTRAR

MaplesFS Limited

PO Box 1093

Queensgate House

Grand Cayman, KY1-1102

Cayman Islands

BRANCH SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited

Shops 1712–1716, 17th Floor

Hopewell Centre

183 Queen's Road East, Wanchai

Hong Kong

INVESTOR RELATIONS

iPR Ogilvy & Mather

23rd Floor, The Centre

99 Queen's Road, Central, Hong Kong

Tel: (852) 2136 6185

Fax: (852) 3170 6606

Email: ir@lesso.com

財務日誌

年度業績公告：

2019年3月26日

暫停辦理股份過戶登記手續：

- 確定出席股東週年大會並於會上投票的資格由2019年5月22至27日（包括首尾兩天）
- 確定收取擬派末期股息的資格由2019年6月3至5日（包括首尾兩天）

2019年股東週年大會：

2019年5月27日

派付2018年擬派末期股息*：

2019年6月17日或相近日子

股份過戶登記總處

MaplesFS Limited

PO Box 1093

Queensgate House

Grand Cayman, KY1-1102

Cayman Islands

股份過戶登記分處

香港中央證券登記有限公司

香港

灣仔皇后大道東183號

合和中心

17樓1712–1716室

投資者關係

iPR奧美公關

香港皇后大道中99號

中環中心23樓

電話：(852) 2136 6185

傳真：(852) 3170 6606

電郵：ir@lesso.com

* Subject to approval by the Shareholders at the 2019 annual general meeting to be held on 27 May 2019.

* 惟須待股東於2019年5月27日舉行的2019年股東週年大會上批准後，方可作實。

CORPORATE INFORMATION

公司資料

AUDITOR

Ernst & Young
Certified Public Accountants, Hong Kong

SOLICITOR

Ropes & Gray

PRINCIPAL BANKERS

Agricultural Bank of China Limited
Bank of China (Hong Kong) Limited
China Merchants Bank Co., Ltd.
CTBC Bank Co., Ltd., Hong Kong Branch
Foshan Shunde Rural Commercial Bank Company Limited
Hang Seng Bank Limited
Industrial and Commercial Bank of China (Asia) Limited
Industrial and Commercial Bank of China Limited
Sumitomo Mitsui Banking Corporation
Taipei Fubon Commercial Bank Co., Ltd., Hong Kong Branch
The Hongkong and Shanghai Banking Corporation Limited

WEBSITE

<http://www.lesso.com>

核數師

安永會計師事務所
香港執業會計師

律師

瑞格律師事務所

主要往來銀行

中國農業銀行股份有限公司
中國銀行(香港)有限公司
招商銀行股份有限公司
中國信託商業銀行股份有限公司香港分行
佛山順德農村商業銀行股份有限公司
恒生銀行有限公司
中國工商銀行(亞洲)有限公司
中國工商銀行股份有限公司
三井住友銀行
台北富邦商業銀行股份有限公司香港分行
香港上海滙豐銀行有限公司

網址

<http://www.lesso.com>

Forward-looking statements

This report contains forward-looking statements. These forward-looking statements include, without limitation, statements related to revenue and earnings. The words “believe”, “intend”, “expect”, “anticipate”, “forecast”, “estimate”, “predict”, “is confident”, “has confidence” and similar expressions are also intended to represent forward-looking statements. These forward-looking statements are not historical facts. Rather, the forward-looking statements are based on the current beliefs, assumptions, expectations, estimates and projections of the directors and management of China Lesso about the businesses, industries and markets in which China Lesso operates.

These forward-looking statements are not guarantees of future performance and are subject to risks, uncertainties and other factors, some of which are beyond the Company’s control and are difficult to predict. Consequently, actual results could differ materially from those expressed, implied or forecasted in the forward-looking statements.

Reliance should not be placed on these forward-looking statements, which reflect only the views of the directors and management of China Lesso as at the date of this report only. The Company undertakes no obligation to publicly revise these forward-looking statements to reflect events or circumstances that arise after publication of this report.

前瞻聲明

本報告載有前瞻聲明。此等前瞻聲明包括但不限於有關收入及盈利的聲明，而「相信」、「計劃」、「預計」、「預期」、「預測」、「估計」、「推測」、「深信」、「抱有信心」及類似詞彙亦擬表示前瞻聲明。前瞻聲明是以中國聯塑董事及管理層根據業務、行業及中國聯塑所經營的市場而具備或作出的目前信念、假設、期望、估計及預測為基準，而並非歷史事實。

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上述前瞻聲明僅反映中國聯塑董事及管理層於本報告發表當日所持的觀點，任何人士一概不應依賴此等前瞻聲明。本公司並無責任公開修訂上述前瞻聲明，以反映本報告編印後所發生的事件或情況。

本報告的中英文如有任何歧義，概以英文本為準。

LESSO 联塑



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