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GREEN CHEMISTRY

綠色化學

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EcoGreen,
Eco-Friendly

愛地球、愛眾生

CHAIRMAN'S STATEMENT

FINANCIAL HIGHLIGHTS

(All amounts in RMB million unless otherwise stated)

| | | 2018 二零一八年 | 2017 二零一七年 | Change 變動 |
|--|-----------------------|---------------|---------------|--------------|
| Revenue | 收入 | 2,198 | 1,571 | +40% |
| Gross profit | 毛利 | 532 | 334 | +59% |
| Operating profit | 經營溢利 | 416 | 236 | +76% |
| EBITDA | 未扣除利息、稅項、折舊及攤銷前盈利 | 462 | 366 | +26% |
| Adjusted EBITDA* | 經調整未扣除利息、稅項、折舊及攤銷前盈利* | 476 | 299 | +59% |
| Profit for the year attributable to owners of the Company | 本公司持有人年度利潤 | | | |
| – Reported profit for the year | — 年度賬面利潤 | 215.3 | 183.8 | +17% |
| – Non-GAAP underlying profit for the year** | — 非公認會計原則之年度基本利潤** | 284.8 | 139.5 | +104% |
| Basic earnings per share (RMB cents) | 每股基本盈利(人民幣分) | | | |
| – Based on reported profit for the year | — 以年度賬面利潤計算 | 27.78 | 26.81 | +4% |
| – Based on Non-GAAP underlying profit for the year** | — 以非公認會計原則之年度基本利潤計算** | 36.74 | 20.35 | +81% |
| Final dividend per share (HK cents) | 每股末期股息(港幣仙) | 4.1 | 3.3 | +24% |
| Net asset value per share (RMB) | 每股資產淨值(人民幣) | 2.70 | 2.47 | +9% |

* Details of the adjusted EBITDA is set out in Note 5 to the consolidated financial statements.

** Non-GAAP financial measures were adopted in order to have more clearly illustration of the financial results by excluding the impact of net foreign exchange loss of RMB69.48 million on financing activities for the year ended 31 December 2018 (2017: net foreign exchange gain of RMB44.31 million).

These unaudited non-GAAP financial measures should be considered in addition to, not as a substitute for, analysis of the Company's financial performance prepared in accordance with Hong Kong Financial Reporting Standard ("HKFRS"). Please see "Non-GAAP Financial Measures" as set out on page 15 for details.

主席報告

財務摘要

(除另有指名者外，所有款額以百萬元人民幣列值)

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|--|---------------|---------------|--------------|
| Revenue | 2,198 | 1,571 | +40% |
| Gross profit | 532 | 334 | +59% |
| Operating profit | 416 | 236 | +76% |
| EBITDA | 462 | 366 | +26% |
| Adjusted EBITDA* | 476 | 299 | +59% |
| Profit for the year attributable to owners of the Company | | | |
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| Final dividend per share (HK cents) | 4.1 | 3.3 | +24% |
| Net asset value per share (RMB) | 2.70 | 2.47 | +9% |

* 經調整之未扣除利息、稅項、折舊及攤銷前盈利的詳情載於合併財務報表附註5。

** 藉排除於二零一八年十二月三十一日止年度之財務活動內的淨匯兌損失共人民幣6,948萬元(二零一七年：淨匯兌收益為人民幣4,431萬元)，非公認會計原則財務計量之採用以更清晰呈列財務業績。

該等未經審核非公認會計原則財務計量應被視為根據香港財務報告準則編製的本公司財務業績的補充分析而非替代計量。詳情請參閱載於第5頁之「非公認會計原則財務計量」。



Chairman's Statement 主席報告書

Review

On behalf of the board of directors (the "Board"), I would like to report the annual results of the Group for the year ended 31 December 2018 (the "Year") to the shareholders. During the Year, the Group's turnover rose by 40% to approximately RMB2,198 million. Reported profit for the year attributable to owners of the Company increased by 17% to RMB215 million. The Non-GAAP underlying profit for the year was RMB284.8 million (2017: RMB139.5 million), representing a year-on-year increase of 104% over 2017. Earnings before interest, taxes, depreciation and amortization ("EBITDA") increased by 26% to RMB462 million. Basic earnings per share for the Year amounted to RMB27.78 cents (2017: RMB26.81 cents).

In appreciation of the shareholders' support, the Board resolved to declare a final dividend of HK4.1 cents per share for the Year, which is subject to the shareholders' approval at the forthcoming annual general meeting (the "AGM") of the Company. The proposed final dividend and the interim dividend of HK1.5 cents would bring the total dividend per share for the Year to HK5.6 cents (2017: HK4.8 cents).

Last year marked the 10th anniversary of the 2008 global financial crisis. The global economy remained fragile even after ten years passed. It not only still suffered from the structural impact of the crisis, but also was jeopardized by protectionism which reared its head again in 2018. Moreover, serious challenges to globalization only added to the downward pressure on global economic growth. Disputes over trade, investment, and transfer of technologies were spreading brought up from protectionism. At the macroeconomic level, the economic recovery of the United States, Europe and Japan slowed down under the shadow of trade friction, and major emerging economies continued to suffer from a downward trend. Protectionism already disrupted the global supply chain, increased trade risk and distorted the commodity cycle. This has also added uncertainties to the overall operating environment. At the microeconomic level, the industries of flavor, fragrance and specialty chemicals were faced with tight supply of raw materials and certain industrial products as a result of China's supply-side reform and stringent environmental policies. The shortages of the raw materials and industrial products were also exacerbated by some industrial accidents that happened at some overseas industry peers in 2018, resulting in price fluctuations.

回顧

本人謹代表董事會，向各股東報告本集團截至二零一八年十二月三十一日止年度之業績。期內，集團營業額約為21.98億元人民幣，與二零一七年相比上升40%；本公司股東應佔賬面利潤為人民幣2.15億元，較去年上升17%。二零一八年度非公認會計原則之基本利潤為人民幣2.848億元（二零一七年：人民幣1.395億元），較二零一七年同比增長104%。未扣除利息、稅項、折舊和攤銷前盈利（「EBITDA」）為人民幣4.62億元，較二零一七年同比上升26%，而本年度每股基本盈利為人民幣27.78分（二零一七年：人民幣26.81分）。

為了回報廣大股東的支持，董事會建議宣派本年度末期股息每股港幣4.1仙，惟須待股東於應屆股東周年大會批准。連同中期股息每股港幣1.5仙，本年度的股息分派總額為每股港幣5.6仙（二零一七年：每股港幣4.8仙）。

去年是二零零八年全球金融危機爆發十周年。十年後，全球經濟依然脆弱，不僅危機的深層次影響尚未消除，保護主義又捲土重來，帶來的貿易、投資、技術摩擦和衝突有蔓延的趨勢，給全球經濟增長帶來新的壓力。宏觀方面，美歐日的經濟復蘇在貿易摩擦的陰影下出現放緩，主要新興經濟體繼續下行。全球供應鏈因為貿易保護的威脅受到損害，交易風險面臨上升，商品週期備受扭曲，整體經營環境出現了較多不確定性。微觀方面，香精香料以及特殊化學品行業，因為中國厲行的「供給側」改革和環保管控，導致原料或工業品供應緊張。加上去年一些國際同行的工業意外，年內本集團所在的行業出現了供不應求，價格波動的情況。

The Year under review was marked by a volatile operating environment, with a disrupted supply chain and raw material price hikes. However, the Group was still able to capitalize on the market changes and had a better business performance in recent years. It was because the Group manifested its influence as a key industry player with excellence in safe production, stable supply of raw materials and products, excellent product quality, reasonable pricing and business operation with strong fundamentals. Meanwhile, the Group had won the trust and recognition from both new and old clients as a reliable supplier and business partner, thus laying a solid foundation for the Group's businesses expansion in the future.

In its business strategy, the Group always emphasizes on "Product Quality, Customer Trust and Customer First". It strives to gain the recognition and trust of customers by improving its operation, enhancing product quality and customer service. To cope with the problem of a tight supply, the Group stepped up measures on its global supply chain by procuring raw materials worldwide. The Group sources turpentine, its major natural raw material, mainly from China, supplemented by sourcing recycled industrial raw materials from foreign countries. Thus, ensuring sufficient raw material supply to the Group even though its suppliers are suffered from a highly volatile operating environment. As a result, the Group has achieved better overall cost-effectiveness by striking a right balance in its raw material procurement costs. In addition, to meet with the rapidly increasing product demand, the Group expanded its production capacity by cooperating with external producers. Nevertheless, the Group emerged as a stronger company from the rigorous operating environment in 2018, by achieving significant progress in the economies of scale in its aroma chemicals business and gained larger market shares of its core products.

回顧期內，面對波動的經營環境、嚴峻的供應鏈、上升的原料壓力，本集團處變不驚，把握住市場變化出現的機會，憑藉安全的生產、穩定的供應、優良的品質、厚道的定價以及扎實的經營，在行業的波動中發揮了「中流砥柱」的作用和影響，在業務上獲得近年較好的成績。同時，也以一個可靠供應商的夥伴身份贏得了新老客戶的信任和認同，為下一步做大集團現有的優勢產業，和拓展新業務打下了良好的基礎。

在經營策略上，本集團一直強調「品質與信心」以及「以客戶為先」，努力通過改善運營，提升產品品質和客戶服務，獲得客戶的認同和信任。面對供應的緊張，本集團積極加強了全球性的原料採購和供應鏈運營的舉措。當中以主要的天然基原料—松節油為例，集團強化了以國內純天然採集來源為主、與國外工業再生來源為輔的均衡互補供應鏈機制，在劇烈波動的供應環境中盡力地確保集團的資源供應，在均衡成本的努力下實現了較佳的綜合成本效益。另外，面對急增的產品需求，在有限產能的支援下，通過外延的合作生產平台進行了更多的產品集成營運。經過二零一八年的洗禮，本集團在香原料產品的規模化經營上有了顯著的成長，主營品種在全球市場的份額有了進一步提高，從而有效地提升了本集團在全球行業中的綜合市場份額。



Chairman's Statement 主席報告書

The Group's core business of "Scent & Taste" had an outstanding performance on the back of its continuous facilities upgrade to meet the more stringent environmental and safety requirements. Specifically, the Group fulfills the international standard of practices of the industry and complies with mainland China's environmental laws and regulations. As a result, the Group has won the trust and recognition from its clients for its safe, stable and reliable production and operation. The Group recorded growth in both the price and sales volume of its aroma chemicals. Among which the petroleum based products recorded a 35% increase in revenue in 2018 and accounted for 36% of the Scent & Taste business. Due to disruptions to the production for some major industry peers in both China and overseas (caused by accidents or failure to comply with the environmental laws and regulations) from the end of 2018 to the beginning of 2019, this led to varying degrees of global shortages of major aroma chemicals. Such shortages became acute and provoked the explosive growth in demand during the Year. To cope with and capitalize on the situation, the Group increased production capacity promptly and also outsourced production and upgraded its technology in a timely manner. As a result, it was able to ensure a stable and reliable supply to its clients who have been in a long-term business relationship with the Group. The move had also made a great contribution to stabilize the market. The Group increased its overall output while ensuring product quality and safety at production. All this resulted in operational efficiency and profitability which were beyond expectations for the second half of the Year.

In its "Taste" business, the Group diligently developed downstream business to provide standardized compound sauce for Chinese cuisine catering companies (centralized kitchens). The product series have been well received by the domestic catering industry. The Group already started its cooperation with chain restaurants and supermarkets. Meanwhile, the Group developed its brand of oyster sauce by tapping the country's abundant supply of fresh oysters, and has built oyster production capacity by combining traditional craftsmanship and modern equipment. This business segment is expected to grow rapidly. Moreover, the Group strives to continue to improve the "Scent & Taste" business by implementing stringent quality control, ensuring stable supply and providing excellent customer service. The Group is confident that it can become one of the leading suppliers of "Scent & Taste" products in the global market.

在核心業務－「芳香和味道」上，本集團的業務表現尤為出色。主要得益於過往多年在環保、安全上的主動升級改造，加上自覺地遵從國際行業標準和國內的環保法規，本集團以安全、穩定、可靠的生產和經營贏得全球客戶的信任和同行的認同。產品類別上，不僅天然基的香原料產品量價齊升，以石油基為原料的產品更獲得了較快的增長，全年銷售收入比二零一七年同期大幅增加了35%，石油基為原料的產量也達到「芳香和味道」業務中的36%。另一方面，去年底至今年初，國內外同業陸續出現重大的經營異常（包括安全意外、環保問題等），導致多個大類香原料產品出現了不同程度的全球供應短缺，年內出現了爆發性的需求增長。本集團及時地通過調增產能、擴大外協聯合生產、以及技術升級等有力舉措，全力地作出了有效應對，盡最大努力為長期合作客戶提供穩定可靠的供應，並為維護市場的穩定作出重大貢獻。在嚴格的品質、安全條件下，本集團有效增加綜合產出，在下半年度為本集團帶來了超乎預期的經營效益。

在「味道」業務的細分領域裡，本集團通過務實的拓展下游，為團餐客戶（中央廚房）提供中餐標準化的複合調味醬料解決方案，系列產品已獲得國內餐飲界客戶的認同，並已與餐飲連鎖食肆和超市開展了初步的合作，同時利用當地豐產的海鮮蠔資源開發蠔汁系列產品，並將傳統工藝與現代裝備結合形成特色生產力，預期該細分業務將會較快地由小做大。除此之外，本集團在「芳香」及「味道」上會持續精進，嚴格把控品質、提供安全穩健供應以及優質的客戶服務，本集團有信心成為全球市場領先的「芳香和味道」綜合供應商之一。

The business of "Naturals" comprises of three major products, namely natural food ingredients, natural essential oil, and natural extracts. During the Year, the three business sub-segments together recorded a stable growth of 2%. To establish an integrated supply chain platform for its natural essential oil business, the Group built a management center and a warehouse in Yunnan province, China, and It also set up a database analytical system, for which is in operation. Presently, as the Group's existing factory is already overloaded with the production of natural products, the Group has started its plan to upgrade and move the related business to the Changtai production base, thus expanding the production base into an industrial park for natural products with new production facilities and capacity. Meanwhile, the Group also upgraded the production equipment to meet the food production standards of the "SC" certificate. The upgrade and construction progressed well during the Year and it is expected that the new production line for natural food ingredients will be completed and put into operation in the second half of 2019.

The construction of the Group's large-scale project for production of aroma chemicals and functional materials in Gulei Chemical Industrial Park, has started with its new plan since the end of 2017, and is now in full swing. The Phase I of the construction has been progressing steadily with the application of advanced technology, and to the high standards of the industry and in compliance with the laws and regulations on safety and environment protection. The construction of several plants and storage tanks were completed at the end of 2018. Currently, the Phase I construction and installation of equipment of the project are expected to be completed in the third quarter of 2019, and production is expected to start and to generate revenue in the fourth quarter of 2019. The Group carried out its strategic planning in Gulei Chemical Industrial Park to adapt itself to the upcoming changes in the global economic trends, and to meet China's new environmental policies. The industrial park will also enable the Group to fully capitalize on the integrated supply chain for oil refinery and petrochemical business and the technological advancement so that it can better meet the changes in the demand of industries. It will do so by optimizing the product mix of aroma chemicals and functional materials for international and domestic markets, thus achieving synergy between the supply chains for natural and petroleum-based resources. In the Phase one of Gulei Chemical Industrial Park, production lines for functional materials have been newly established. The multi-functional facilities are built to produce functional chemical products, which will mainly be aroma chemicals. The integration of multi-industries with synergies on supply chains for different raw materials in the industrial park, will make the production plant in Gulei become the Group's core production base that will drive its future robust business growth.

在「天然產物」業務上，本集團的產品包含了「天然食品配料」、「天然精油」與「天然提取物」三大業務類別。業績期內，該三大業務類別都錄得穩定綜合增長2%。通過建立「天然精油」的全產業鏈運營及集成平台，本集團在中國雲南建立了天然精油管理中心和儲備倉庫，天然資源的資訊數據庫和採集分析共用系統亦已在順利運作。目前，由於天然產物在舊廠區的生產力已超負荷，本集團已在重新規劃，將業務整體升級並搬遷至長泰廠區，使之成為天然產物工業園，為天然產物業務配置全新的生產裝置和產能，同時升級改造使之符合食品規範SC認證。期內升級改造建設順利推進，預期天然食品配料新生產線將於二零一九年下半年建成投產。

古雷化工園區的中怡項目，自二零一七年底以全新的規劃和布局正式動工並進入大規模建設以來，第一期的建設已按高標準先進技術、符合安全環保法規的要求穩步地推進，部份廠房及罐區在二零一八年底完成。目前計畫在二零一九年第三季度完成第一期的建設和安裝，在第四季度逐步投產，並產生營業貢獻。集團在古雷化工園區的布局，因應了全球未來經濟形勢的變化，以及中國大陸環保新政的要求，充分利用了大型石化園區煉化一體化的供應鏈優勢，結合技術的進步和行業需求的變化，優化國際與內銷市場產品結構組合，突出了集團在天然基資源與石油基資源供應鏈協同下的「香原料產業與功能材料產業的發展戰略」。古雷一期，重點是增加了新的「功能材料」，多功能車間的建設則包括了以「香原料」為主要的功能化學品的產品組合。由於資源協同的多產業整合發展計劃終於在古雷逐步實現，古雷廠區將建設成為集團未來業務倍增的核心產業基地。

OUTLOOK

The prospect in 2019 will be clouded by uncertainties, the global economy which is likely to be affected by wild fluctuations of the capital market. People are pinning their hopes on an agreement between the United States and China to resolve their trade dispute. The resolution of the trade dispute, if it succeeds, can combine with the United States' tax cuts, China's taxes and fees reduction measures to lift up the markets further, and other macroeconomic stimuli to enable the global economy to maintain growth momentum despite the volatility of the capital market. High-end manufacturing industry will continue to expand and employment will continue to improve while inflation will be moderate. These factors are all favorable to the enterprises' production expansion and salary increase, thus driving growth in both investment and consumption. At the same time, we have to prepare ourselves for major risks of escalating international trade frictions, disrupted supply chain, and accelerating economic downturn.

Nevertheless, the fine chemical industry that the Group principally engages in, still has strong demands reflected by booming volume of orders, with shortages of several types of aroma chemicals. There is a gradual upswing in the overall aroma chemical industry, which is expected to record a low single-digit annual growth. China's demand for new functional materials is expected to grow more rapidly on the back of its consumption upgrade, and the annual growth is estimated to be between a high single digit and a low double digit. Among which, China will be one of the fastest growing markets in the world. To capitalize on the situation, the Group will adopt a strategy of consolidating its foothold in the China market while expanding the global market in the coming year.

展望

展望未來，二零一九年是充滿不確定性的一年，全球經濟可能會有較大的波動。期待中美貿易談判能達成雙方協定，在美國的減稅、中國的減稅降費和進一步開放等宏觀的經濟刺激下，全球經濟能在波動中維持上行增長動力。高端製造業保持擴張，就業狀況持續改善，通脹率溫和上升，有利於企業擴大生產和提高薪資水準，推動投資消費增長。同時，也要準備好面對國際貿易摩擦加劇甚至惡化，供應鏈脫節，經濟下行加速等重大風險。

儘管如此，本集團主業所在的精細化工領域，就目前所見，需求和訂單仍然強勁，多種香原料產品供應仍有短缺，整體行業還處於上升週期，預期行業處於低單位數的年度增長。而新功能材料的市場需求，在消費升級的帶動下，增長預期更為迅猛，預期每年會有高單位數至低雙位數的增長，而中國將會是全球發展最快的市場之一。因此，中怡在新年度裡將立足中國市場，並拓展全球的銷售，以作為其經營策略。

The production capacity of the global aroma chemical industry is expected to recover gradually in 2019, following disruptions to some industry players' production caused by industrial accidents and failure to comply with the environmental laws and regulations in the fourth quarter of 2017 to the first quarter of 2018. The shortage of aroma chemicals can then be mitigated to certain degrees. However, the challenges posed by more stringent environmental policies, under-utilization of production capacity or even suspension of production will persist and can lead to a shortage of most types of aroma chemicals. All these can render more room for growth in the Group's business. In addition, after the incidents that had disrupted production of some industry players, clients have increased their trust and reliance on the Group, providing the Group with more business opportunities. In view of the industrial accidents among industry players, the Group will step up its safety and environmental measures and strive to become the role model of a "Green Chemical" factory in China. It will also seek to increase production capacity and efficiency of its core processes to ensure a safe, stable and sustainable long term production, so as to provide an essential support for the supply chain of the global aroma chemical industry. The Group will continue to broaden the depth and the scope of its strategic resources integration and supply chain globalization, to enhance the reliability and cost advantage of the supply chains with increased output.

For aroma chemicals, the Group will continue to step up environmental and safety measures and enhance flexibility in production capacity in response to market demands. For "Naturals" products, the Group will take full advantage of China's rich resources with the assistance of big data analysis, to enrich its portfolio of edible flavourings and seasonings. The Group will also strive to enhance product quality and increase production capacity by transforming and upgrading Changtai plant. In its business of functional chemicals, the Group will endeavour to launch new products as soon as the progress in the construction of the plant in Gulei enables the move. Such new products will be produced with synergies on resources and technologies with the Group's existing products. This will allow the Group to gain a strong foothold in the rapidly growing market. All the above-mentioned new businesses that will become the Group's new growth drivers in the future.

全球香原料市場，自二零一七年第四季度到二零一八年第一季度期間，業界出現異常經營狀況後，預期二零一九年業界部份產品的產能將陸續恢復或補充，供應的緊張亦將獲得一定的緩解。但由於環保的壓力，同行開工不足甚至停產的狀況將會仍然存在，大部分香原料產品的供應仍未必能滿足需求，這將會為本集團帶來市場增長空間。加上大小客戶在異常事件後，對本集團的產品和服務的信心及依賴度大幅增加，為本集團帶來了更多的業務機會。經歷業界的安全事件後，本集團將更加強提升安全及環保管理，致力成為中國「綠色化工」的樣板工廠，並提升核心流程的產能和效率，以確保長期安全穩定可靠的持續性生產，為全球產業的供應鏈作出關鍵支持。集團將持續積極拓展戰略資源與供應鏈全球化相融合的深度與廣度，以保障產出增大後的供應鏈可靠性和成本優勢。

在香原料方面，集團會持續提升環保和安全水平。並因應市場需求靈活調整產能。在天然產物上，利用大數據技術，充分發揮中國豐富的資源優勢，配合長泰的轉型改造升級，增加食用級產品組合，整體提升品質和產能，以增加營收。在功能化學品上，與古雷廠區的建設同步，大力地推出具有資源以及技術協同性的新型功能化學品，在快速增長的市場上搶佔重要的位置。通過這些努力，本集團可望將現有的多個業務新生點，較快地變成未來收入和利潤的新引擎。



Chairman's Statement 主席報告書

The Gulei Industrial Park, as one of the seven national-class chemical industrial parks in China, will speed up its construction this year. The civil construction, equipment installation and commissioning of the functional materials of Gulei Phase I will be completed in the third quarter of 2019, trial production will be commenced in the fourth quarter of 2019, and is expected to gradually contribute to the Group's turnover in the fourth quarter of 2019. The Group aims to turn the Gulei Industrial Park into a world-class production base of functional materials and functional chemicals. Supported by the new strategic supply chain of natural and petroleum-based resources, the Group is actively expanding the supply and applications of the key fine chemical raw materials. The Gulei Industrial Park, which will gradually become the Group's functional chemicals and new materials production base in China in the coming years, will be the key driver to achieve the Group's grand vision of becoming "New EcoGreen".

The Group has been steadily executing its strategy of "New EcoGreen". To cope with the changes to the industry where competition and cooperation coexist, the Group will press on with its flexible strategy of sourcing raw materials worldwide and attaining synergy between its various operations. Specifically, it will accelerate the business development of the functional chemicals and functional materials. The Group will also maintain its strong financial fundamentals and seek rapid growth in business through its outstanding customer service, efficient operation, continuous technology improvement, effective cost management and profound application of information technology. With an aim to enhance the Group's core competitiveness and increase both the return to shareholders and the return on capital, thriving EcoGreen to flourish and prosper.

新年度裡，處於中國七大國家級化工園區的古雷產業園將會加速建設。古雷一期的功能材料項目計畫在二零一九年第三季度完成土建和設備安裝及調試後，最遲於二零一九年第四季度開始投入試產，期待在二零一九年第四季度會逐步產生營業貢獻。本集團的目標是要將古雷中怡產業園，打造成為世界級的功能材料與功能化學品主產基地。集團以新的天然基與石油基資源供應鏈優勢協同戰略作為支撐，積極地拓展關鍵精細化工原料的資源供應維度和綜合應用廣度，從中實現價值的創造。預期古雷基地未來所涵蓋的功能化學品和功能材料的產品組合將更豐富多彩，中怡古雷在未來幾年將會逐步成為本集團在中國的功能化學品和新材料製造基地，從而全面實現「新中怡」的宏偉事業。

集團的「新中怡」戰略正在堅定地加以貫徹和實行。面對全球行業競合格局的變化，集團將靈活推動全球性採購和協同運營的資源策略，加速功能化學品與功能材料產業協同發展，致力於培育新的事業群。在穩健之財務基礎上，更加透過卓越的客戶服務、高效的營運、持續的技術改進、精緻的成本管理、以及強化的資訊科技應用，大力推動集團業務的快速成長，提升公司的核心競爭力，增加股東的收益和資本的回報，致力成為百倍中怡。

The Group will remain committed to the noble mission of “Commitment to bringing health and well-being to the globe” and continue to pursue the business vision of “Ecogreen and Ecofriendly”. It will also let its staff to fully extend their talents and potentials and also for its business management. This will also help the Group attain its goal and consistent growth in financial results and business performance.

Lastly, on behalf of the Board, I would like to express my heartfelt gratitude to all our shareholders, customers, suppliers and staff members for their trust and unwavering support, which have been the crucial elements of and motivation for the Group's success. I would also like to extend my sincere thanks to all the directors of the Company and the Group's advisors for their great support and valuable advice.

Yang Yirong

Chairman

Hong Kong, 27 March 2019

本集團將繼續秉承「成就眾生與地球健康平安之美」的崇高使命，並以「愛地球，愛眾生」、「Ecogreen, Ecofriendly」為事業宗旨，堅定不移地推動「人盡其才，物盡其用」的經營理念，不懈努力達成經營目標和持續經營績效的增長。

最後，本人謹代表董事會，對廣大股東、客戶、供應商及集團全體員工致以衷心謝意。大家對本集團一如以往的信任與支持是本集團事業取得成功的根本要素和動力。同時，也真誠感謝本公司董事（「董事」）以及本集團顧問給予大力支持和寶貴建議。

楊毅融


主席

香港，二零一九年三月二十七日



Making the Best Use of talents and resources

人盡其才，物盡其用



FINANCIAL REVIEW

Revenue

For the year ended 31 December 2018, the Group's revenue increased by 40% to approximately RMB2.20 billion. Growth in sales revenue is primarily attributed to the surge in selling price of the Group's products, together with the gentle increase of the sales volume during the year.

(i) *Scent & Taste*

"Scent & Taste" continued to be the Group's core product segment, and constituted a stable and major income source for the Group during the year under review. As key ingredients used in many daily consumer goods, "Scent and Taste" products witnessed rising market demand with a combined positive effect of its diversified applications and the development in the emerging markets.

During the year under review, the Group has launched and sold more than 100 types of "Scent" products to customers around the world and its revenue has recorded a 59% surge of revenue in last year. As the Group further expand its market share in the field of fragrance, important customers of the industry became more relied on the Company's integrated supply chain. In addition, the revenue of "Taste" products through provision of solutions increased by 20% over the last year.

For the year ended 31 December 2018, the revenue from the "Scent and Taste" sector increased significantly by 57% to RMB1,471 million (2017: RMB938 million) and accounted for 67% of the Group's overall revenue (2017: 60%).

(ii) *Naturals*

In respect of the "Naturals" products, apart from existing natural pharmaceutical raw materials, the Group has been actively engaged in the development of food additives business for the production of food ingredients, fast food, frozen food and pet nutrition food, which is produced with purification and bioconversion technologies from natural produces. Naturals mainly include seafood, meat and mushroom extracts.

For the year ended 31 December 2018, the total revenue from "Natural" products was RMB445 million (2017: RMB436 million), representing an increase of 2% from last year and accounting for 20% of the Group's sales volume (2017: 28%).

財務回顧

收入

截至二零一八年十二月三十一日止年度，本集團營業額增加40%至約人民幣22.0億元。銷售收入的增長主要是由於本集團產品售價飆升所帶動，並且銷售量也有溫和的上升。

(i) 芳香及味道

「芳香及味道」類別仍是本集團之核心產品類別，為集團提供了穩定的主要收入。作為多種日常必需消費品的關鍵功能組份，本集團的芳香及味道產品因為應用廣泛及新興市場的發展而導致的市場需求仍然增加。

於本回顧年度內，集團已經推出超過100種「芳香」產品銷往全球客戶，收入比去年大幅上升59%；同時，集團繼續擴大在香料領域的市場份額，使本行業的重要客戶更多仰賴本公司整合供應鏈集成供應。以解決方案提供的「味道」產品其收入比去年增長20%。

截至二零一八年十二月三十一日止年度，「芳香及味道」產品類別的營業額大幅增長57%至人民幣14.71億元（二零一七年：人民幣9.38億元），佔本集團營業額的67%（二零一七年：60%）。

(ii) 天然產物

「天然產物」除包涵了原有的天然藥物原料外，本集團已在積極地開發以天然物提純及轉化技術為基礎、應用於生產調味品、快速食品、冷凍調理食品及寵物營養食品的食品配料業務，主要是海鮮、肉類及食用菌等天然產物。

截至二零一八年十二月三十一日止年度，「天然產物」的總營業額為人民幣4.45億元（二零一七年：人民幣4.36億元），較去年增長2%，這業務佔集團銷售額的20%（二零一七年：28%）。

FINANCIAL REVIEW (CONTINUED)

Revenue (continued)

(iii) Specialties and Others

Besides the chiral pharmaceuticals and specialty chemicals, the Group also applies similar advanced technologies of synthesis to produce agrochemical "Specialties" chemicals, which will be turned into a kind of eco-pesticide later. In terms of functional chemicals in "Others" segment, disinfectant chemicals maintained a steady stream of business; an expansion to include electronic chemicals is also in the works. Following the Group's development in the supply chain of petroleum-based products, it is believed that the functional chemicals business will usher in a period of growth.

During the year under review, revenue of products in this category rose up by 43% to RMB283 million (2017: RMB197 million) and accounting for 13% (2017: 12%) of the Group's sales volume.

Gross Profit

During the year under review, the Group's gross profit increased by 59% to RMB532 million. Gross profit margin increased from 21.3% in 2017 to 24.2% in 2018. By the products category, the gross profit margin of "Scent and Taste" increased from 23.0% in 2017 to 27.0% in 2018, while "Naturals" increased from 16.8% in 2017 to 17.7% this year. The profit margin of "Specialties and Others" decreased from 23.0% in 2017 to 20.0% in 2018.

Operating Expense

For the year ended 31 December 2018, selling and marketing expenses accounted for 1.4% of the Group's turnover (2017: 1.7%) whereas the administrative expenses accounted for 4.3% of turnover (2017: 4.5%). Under the Group's effective cost-cutting measures, the operating expenses remained stable in these two years.

Other Gains – Net

During the year, the depreciation of the Renminbi caused the Group to record a net exchange gain of RMB7.91 million (2017: net exchange loss of RMB0.35 million) at operation. Overall, the "other gains – net" was RMB6.94 million more than the previous year.

財務回顧(續)

收入(續)

(iii) 特殊化學品及其他

「特殊化學品」類別包含了手性藥物原料、醫藥特殊化學品以及運用同類先進的合成技術生產並用於製造生態農藥之農用化學品特殊化學品。在「其他」類別的功能化學品方面，針對洗滌消毒產業的產品已經形成穩定業務，此外，也向電子化學品拓展。隨著集團未來加大在石油基產業鏈的發展，功能化學品業務將步入增長軌道。

於本回顧年度，此產品類別的營業額為人民幣2.83億元(二零一七年：人民幣1.97億元)，較去年顯著增加43%，佔集團銷售額的13%(二零一七年：12%)。

毛利

回顧年內，本集團的毛利增加59%至人民幣5.32億元。本集團的毛利率由二零一七年的21.3%上升至二零一八年24.2%之水平。按本集團產品類別分析，「芳香及味道」的毛利率由二零一七年的23.0%上調至二零一八年的27.0%，而「天然產物」的毛利便由二零一七年的16.8%上調至本年度的17.7%，「特殊化學品及其他」的產品類別之毛利率由二零一七年23.0%下調至二零一八年的20.0%。

經營開支

二零一八年銷售及市場推廣成本佔銷售百分比1.4%(二零一七年：1.7%)；二零一八年行政費用佔銷售額4.3%(二零一七年：4.5%)。在本集團積極實行成本控制的措施下，經營成本基本上保持穩定。

其他收益－淨額

本年度內，人民幣貶值導致集團在經營層面錄得人民幣791萬元之淨匯兌收益(二零一七年：人民幣35萬元之淨匯兌虧損)。總體而言，本年度的「其他收益－淨額」比去年度增加人民幣694萬元。

FINANCIAL REVIEW (CONTINUED)

Net finance expenses/income

As a significant portion of the Group's borrowings is denominated in USD and HKD, the fluctuation of the RMB during the year has led to the exchange loss of RMB69.48 million (2017: exchange gain of RMB44.31 million) mainly arising from bank borrowings denominated in foreign currency. On the other hand, the higher interest rates in this year have resulted in an increase in finance expense, resulting in a net finance expenses of RMB100 million (2017: net finance income of RMB5.68 million).

Taxation

Tax expense of the Group for 2018 was RMB102 million (2017: RMB58.88 million). Effective tax rate of the Group is 32.1% (2017: 24.3%).

Profit for the Year

Reported profit attributable to shareholders in 2018 was RMB215 million, representing an increase of 17% as compared to a profit of RMB184 million in 2017. Basic earnings per share was approximately RMB27.78 cents (2017: RMB26.81 cents). The EBITDA amounted to RMB462 million as compared to RMB366 million in 2017, representing an increase of 26%.

Non-GAAP underlying profit in 2018 was RMB284.8 million, representing an increase of 104% as compared to the Non-GAAP underlying profit of RMB139.5 million in 2017. Basic earnings per share based on Non-GAAP underlying profit for the year was approximately RMB36.74 cents (2017: RMB20.35 cents).

Non-GAAP Financial Measures

To supplement the consolidated results of the Group prepared in accordance with HKFRS, non-GAAP underlying profit for the year have been presented in this announcement. The Company's management believes that the Non-GAAP financial measures provide investors with more clear view on the Group's financial results, and with useful supplementary information to assess the performance of the Group's strategic operations by excluding net foreign exchange loss of RMB69.48 million on financing activities for the year ended 31 December 2018 (2017: net foreign exchange gain of RMB44.31 million).

Nevertheless, the use of Non-GAAP financial measures has limitations as an analytical tool. It should be considered in addition to, not as a substitute for, analysis of the Company's financial performance prepared in accordance with HKFRS.

財務回顧(續)

財務費用／收益淨額

基於本集團的借貸主要以美元及港幣計值，人民幣於年內之波動導致美元列值之銀行貸款錄得匯兌虧損共人民幣6,948萬元(二零一七年：人民幣4,431萬元之匯兌收益)。另一方面，本年度較高的借貸成本，也令財務費用有所上升。因此，本集團錄得淨財務費用為人民幣1.00億(二零一七年：人民幣568萬元之淨財務收益)。

稅項

二零一八年度本集團之稅項開支為人民幣1.02億元(二零一七年：人民幣5,888萬元)，有效稅率為32.1%(二零一七年：24.3%)。

本年度利潤

二零一八年度股東應佔賬面利潤為人民幣2.15億元，較二零一七年的人民幣1.84億元增長17%，每股基本收益約為人民幣27.78分(二零一七年：人民幣26.81分)。本年度的未扣除利息、稅項、折舊和攤銷前盈利(EBITDA)為人民幣4.62億元，較二零一七年的人民幣3.66億元上升26%。

二零一八年度非公認會計原則之基本利潤為人民幣2.848億元，較二零一七年的非公認會計原則之基本利潤為人民幣1.395億元增長104%，以期內非公認會計原則之基本利潤計算之每股基本收益約為人民幣36.74分(二零一七年：人民幣20.35分)。

非公認會計原則財務計量

為補充根據香港財務報告準則編製的本集團綜合業績，非公認會計原則之年度基本利潤已於本公佈內呈列。本公司的管理層相信，藉排除於二零一八年十二月三十一日止年度之財務活動內的淨匯兌損失共人民幣6,948萬元(二零一七年：淨匯兌收益為人民幣4,431萬元)，非公認會計原則財務計量之採用以更清晰呈列財務業績，並為投資者評估本集團戰略性業務的表現提供有用的補充資料。

儘管如此，採用該等非公認會計原則財務計量作為分析工具具有局限性，並應被視為根據香港財務報告準則編製的本公司財務業績的補充分析而非替代計量。

FINANCIAL REVIEW (CONTINUED)

Liquidity, Financial Resources and Capital Structure

During the year under review, the Group's primary source of funding mainly included the cash generated from financing activities and internal resources. For the year ended 31 December 2018, net cash used in operating activities amounted to RMB147 million (2017: RMB306 million of net cash generated). The Group had net cash used in investing activities of RMB1,257 million (2017: RMB112 million). During the year under review, the net cash inflow from financing activities amounted to RMB414 million (2017: RMB131 million).

As at 31 December 2018, the average inventory turnover days, average trade receivable turnover days and average trade payable turnover days were 48 days, 123 days and 46 days (2017: 45 days, 143 days and 55 days), respectively.

The Group's financial position remains very solid and healthy during the year under review. As at 31 December 2018, the total shareholders' equity of the Group was RMB2.10 billion (2017: RMB1.91 billion). The net current assets and the current ratio of the Group as at 31 December 2018 were approximately RMB1,740 million (2017: RMB1,869 million) and 2.4 (2017: 2.8), respectively.

As at 31 December 2018, the Group had borrowings and bills payable of approximately RMB1,716 million and RMB174 million (2017: RMB1,214 million and RMB144 million), respectively. Among the Group's borrowing, outstanding short-term borrowings amounted to RMB972 million (2017: RMB765 million). As at 31 December 2018, the Group's ratio of borrowings to total equity, was approximately 82% (2017: 64%) and the Group's net debt, being pledged bank deposits, short-term bank deposits, cash and cash equivalents less borrowings and bills payable amounted to RMB296 million (2017: RMB604 million of net cash balance).

With its available banking facilities and its existing cash resources, the Group has very strong liquidity and sufficient financial resources to meet its commitments, working capital requirements and future investments for expansion.

財務回顧(續)

流動資金、財務資源及資本結構

於回顧年內，本集團之基本資金來源主要來自融資活動及自有資金。截至二零一八年十二月三十一日止年度，本集團錄得經營活動所用現金淨額為人民幣1.47億元(二零一七年：所得現金為人民幣3.06億元)。本集團於投資活動上所用現金淨額為人民幣12.57億元(二零一七年：人民幣1.12億元)。於回顧年度內，本集團融資活動所得淨現金為人民幣4.14億元(二零一七年：人民幣1.31億元)。

於二零一八年十二月三十一日，存貨平均周轉天數、應收交易賬款平均周轉天數及應付交易賬款平均周轉天數分別為48天、123天及46天(二零一七年：分別為45天、143天及55天)。

本集團於回顧年內之財務狀況仍然保持相當穩健。於二零一八年十二月三十一日，本集團的股東權益總額為人民幣21.0億元(二零一七年：人民幣19.1億元)。本集團之流動資產淨值及流動比率分別約為人民幣17.40億元(二零一七年：人民幣18.69億元)及2.4(二零一七年：2.8)。

於二零一八年十二月三十一日，本集團之借貸及應付票據分別約為人民幣17.16億元及人民幣1.74億元(二零一七年：人民幣12.14億元及人民幣1.44億元)，於本集團的借貸當中，短期借貸為人民幣9.72億元(二零一七年：人民幣7.65億元)。於二零一八年十二月三十一日，本集團之負債權益比率約為82%(二零一七年：64%)，而本集團之淨債務結餘(即已抵押之銀行存款、短期銀行存款、現金及現金等價物減借貸及應付票據)則為人民幣2.96億元(二零一七年：人民幣6.04億元之淨現金結餘)。

憑藉備用銀行融資及現有現金資源，本集團具備充裕流動資金及充足財務資源，應付其承擔、營運資金需求及日後擴展投資。

FINANCIAL REVIEW (CONTINUED)

Treasury Policies and Exposure to Fluctuations in Exchange Rates

Due to the combined factors that the sales and the purchases of raw materials of the Group are mainly denominated in USD and RMB, that the major production base is in China, that the Group's borrowings are primarily in USD, RMB and HKD, and that the consolidated financial statements are presented in RMB, exchange risks derived from the conversion from USD or HKD to RMB are involved. The Group will review its current hedging policy for foreign exchange in due course to further reduce foreign exchange risks in the short-to-long-term.

As at 31 December 2018, the Group's borrowings of approximately RMB466 million, RMB768 million, RMB482 million and RMB nil (2017: RMB406 million, RMB592 million, RMB206 million and RMB10 million) were denominated in RMB, USD, HKD and AUD respectively.

Interest is mainly charged on a floating rate basis. It is expected that USD interest rates will stabilise in 2019. The Group will continue to monitor the interest rates fluctuation in the market and take appropriate actions to minimize the interest rate risk.

財務回顧(續)

庫務政策及外匯波動風險

集團之銷售及原料採購以美元及人民幣為主，而主要的生產基地於中國，集團之借貸也是以美元、人民幣及港元為主，合併財務報表並以人民幣為列值，故涉及美元或港元兌換人民幣所產生之匯兌風險。集團並會適時審視現行的外匯對沖政策以進一步減低近期、及遠期的外匯風險。

於二零一八年十二月三十一日，本集團約有人民幣4.66億元、人民幣7.68億元、人民幣4.82億元及人民幣零元(二零一七年：人民幣4.06億元、人民幣5.92億元、人民幣2.06億元及人民幣1,000萬元)之貸款分別以人民幣、美元、港幣及澳幣列值。

利息主要以浮動利率計算，預期美元息口於二零一九年內將會保持平穩，本集團將繼續留意市場的利率波動，並將於適當時間作出合適的安排以減低利率上升的風險。

Biographical Details of Directors and Senior Management

董事及高級管理人員履歷

DIRECTORS

Executive Directors

Mr. YANG Yirong

Chairman and President, Chairman of Nomination Committee

Mr. Yang, aged 57, is the founder of the Group. He is responsible for strategic planning and formulation of overall corporate development policy for the Group. Mr. Yang holds a Bachelor's degree in science, majoring in chemistry from Huaqiao University in 1982. Prior to founding the Group in 1994, Mr. Yang has extensive experience in the fine chemical manufacturing and trading and has more than 25 years of experience in natural organic chemistry research.

Mr. GONG Xionghui

Senior Vice President – Functional Materials Division

Mr. Gong, aged 55, is responsible for project construction and strategic investment development. Mr. Gong holds a Master's degree in chemical engineering from Xiamen University and has accumulated over 31 years of experience in fine chemicals industry and qualified as an ISO 9000 auditor in the PRC in 1998. He joined the Group in September 1999.

Ms. LU Jiahua

Senior Vice President – Group Financial Control, Member of Remuneration Committee

Ms. Lu, aged 52, oversees the finance and accounting and human resources functions for the Group in the PRC. She has over 29 years of experience in accounting, financial management, administration management and internal auditing in a number of pharmaceutical and fine chemical manufacturing enterprises. Ms. Lu holds a Bachelor's degree and a Master's degree in economics and corporate management from Xiamen University. She joined the Group in April 2002.

Mr. LIN Zhigang

Senior Vice President – Group's Aroma Chemicals Business

Mr. Lin, aged 48, is responsible for the management of the Group's operation in aroma chemicals business. He holds a Bachelor's degree of economics obtained from Xiamen University. Prior to joining the Group in June 1996, he worked in a foreign investment enterprise and has concrete experience in sales and marketing management, business development and production management.

董事

執行董事

楊毅融先生

主席兼總裁，提名委員會主席

楊先生，57歲，本集團創辦人，負責制定本集團策略規劃及整體企業發展政策。楊先生在華僑大學主修化學，於一九八二年取得理學士學位。於一九九四年創辦本集團之前，已累積豐富精細化學品生產及貿易經驗，具有逾25年天然有機化學研究經驗。

龔雄輝先生

資深副總裁 – 功能材料事業部

龔先生，55歲，負責項目建設及策略投資發展。龔先生持有廈門大學化學工程碩士學位，並累積超過31年之精細化工行業經驗，龔先生於一九九八年成為中國認可ISO 9000審計師。彼於一九九九年九月加入本集團。

盧家華女士

資深副總裁 – 集團財務管控，薪酬委員會成員

盧女士，52歲，負責監督本集團中國業務之財務與會計及人力資源的工作。盧女士於多間製藥工業及精細化工企業之會計、財務管理、行政管理及內部核數擁有逾29年經驗。盧女士持有廈門大學經濟學學士及企業管理碩士學位。彼於二零零二年四月加入本集團。

林志剛先生

資深副總裁 – 集團香原料業務

林先生，48歲，分管集團香原料業務。林先生持有廈門大學經濟學士學位。於一九九六年六月加入本集團之前，曾在一家外資企業工作，有堅實之銷售與市場推廣管理、業務開發及生產管理經驗。

Biographical Details of Directors and Senior Management

董事及高級管理人員履歷

DIRECTORS (CONTINUED)

Executive Directors (continued)

Dr. LIN David Ying Tsung
Senior Vice President – Engineering Project Management and Gulei Division

Dr. Lin, aged 67, joined the Group as an independent non-executive Director on 10 June 2016. After his redesignation as an executive director on 28 March 2018, he is responsible for the management of the construction of the Gulei project and the operation and management of the Gulei Industrial Hub in the future. He obtained the Doctor of Chemical Engineering from the University of Illinois, USA. He has accumulated over 37 years of experience in the chemical industry, with extensive experience in research and development, business development, sales and management of chemical-related projects. He has been working in Honeywell UOP, Formosa Plastics, Dragon Aromatics and HaiShunde Special Oil Co, and is responsible for large-scale chemical project management and the development and commercialization of petrochemical technology. He has awarded numerous honors and awards at Honeywell UOP and was awarded as a leading expert in Zhangzhou's outstanding Taiwanese business leaders.

Mr. HAN Huan Guang
Senior Vice President – Group Strategic Investments and Capital Markets, Member of Remuneration Committee, Member of Nomination Committee

Mr. Han, aged 57, responsible for strategic investments, capital markets and investor relations. He graduated from Zhongshan University (中山大學) with a Bachelor's degree in biochemistry in 1982 and obtained his Master's degree in Business Administration from University of Technology, Sydney, Australia in 1993. He has over 30 years' experience in corporate finance, merger and acquisition, infrastructure and new technology developments, management of listed and non-listed companies in the PRC and overseas. Over the years, he has been a Director, and then Managing Director in China Everbright Medicine Co. Ltd. (a subsidiary of China Everbright Holdings Group), Livzon Pharmaceutical Group Inc. and in other senior management positions in Hong Kong, Singapore and Mainland companies. He has been appointed as a Councilor of the China Society of Biotechnology, and also member of some professional associations in the region. Mr. Han joined the Group in September 2005 as a Non-executive Director, and became an Executive Director from May 2006.

董事(續)

執行董事(續)

林英宗博士
資深副總裁 – 工程項目管理及古雷產業

林博士，67歲，於二零一六年六月十日加入本集團擔任獨立非執行董事。林博士於二零一八年三月二十八日調任為執行董事後，分管古雷產業基地建設及未來古雷產業基地的運作管理。林博士為美國伊利諾大學化學工程博士，累積超過37年之化工行業經驗，具有豐富化工相關之專案管理、研發、業務開發與銷售經驗。林博士曾先後於霍尼韋爾UOP、Formosa Plastics、騰龍芳烴及海順德從事大型化工之項目管理以及負責石化工藝技術之開發及商業化之工作。彼曾於霍尼韋爾UOP獲多次成就與榮譽獎，並曾被列為漳州傑出台商與市領導掛鉤專業人才。

韓歡光先生
資深副總裁 – 集團策略投資與資本市場，薪酬委員會成員，提名委員會成員

韓先生，57歲，負責策略投資、資本市場及投資者關係。韓先生於一九八二年在中山大學畢業，持有生物化學學士，並於一九九三年獲取澳大利亞悉尼理工大學工商管理碩士學位。彼於中國及海外企業融資、併購、基建和新技術開發，以及中國及海外上市及非上市公司管理方面積逾30年豐富經驗，曾先後於中國光大集團附屬公司China Everbright Medicine Co. Ltd.、麗珠醫藥集團任職董事及董事總經理，亦曾於香港、星加坡和中國公司擔任其他高級管理職務。並曾獲中國生物工程學會委任為理事。彼亦為區內多個專業組織之會員。彼於二零零五年九月加盟本集團作為非執行董事，並於二零零六年五月轉任為執行董事。

Biographical Details of Directors and Senior Management

董事及高級管理人員履歷

DIRECTORS (CONTINUED)

Independent Non-executive Directors

Mr. YAU Fook Chuen

Chairman of Audit Committee, Member of Remuneration Committee, Member of Nomination Committee

Mr. Yau, aged 61, is a practising accountant and has over 29 years of experience in public accountancy practice which covers company secretarial service, accountancy, auditing and taxation. He is a member of the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants. Mr. Yau is currently the proprietor of Yau & Wong, Certified Public Accountants in Hong Kong. He was appointed as an Independent Non-executive Director in February 2004.

Mr. XIANG Ming

Member of Audit Committee, Member of Remuneration Committee, Member of Nomination Committee

Mr. Xiang, 56 years old, is a professor at the Polymer Research Institute of Sichuan University. He has long been engaged in the research and development of polymer materials. Mr. Xiang has more than 30 years of experience in technical research and development services for the industrial sector. He is familiar with managing the research and development on technology and product for Chinese companies. He obtained the certificate of the independent director of the PRC in 2006. Mr. Xiang was appointed as an independent director for Yunnan Yuntianhua Co., Ltd. (a company listed on the Shanghai Stock Exchange, stock code: 600096) as the role of a technical expert from 2006 to 2012. He was appointed as an Independent Non-executive Director in April 2019.

Mr. WONG Yik Chung, John

Chairman of Remuneration Committee, Member of Audit Committee, Member of Nomination Committee

Mr. Wong, aged 52, among being the Independent Non-executive Director of the Company, was also served as an Independent Non-executive Director of a few companies listed in Hong Kong and overseas stock exchanges. He is a professional accountant by training with more than 26 years of experience in auditing and corporate finance work, with extensive exposure to the business enterprise in the PRC. He was admitted as a member of the Australian Society of Certified Practising Accountants in February 1992 and as an associate member of the Hong Kong Institute of Certified Public Accountants in April 1997. He also obtained a PRC Certificate of Independent Directorship in 2002. He was appointed as an Independent Non-executive Director in February 2004.

董事(續)

獨立非執行董事

丘福全先生

審核委員會主席，薪酬委員會成員，提名委員會成員

丘先生，61歲，執業會計師，擁有逾29年有關公司秘書服務、會計、審計及稅務之執業會計師經驗。丘先生為英國特許公認會計師公會及香港會計師公會會員，現時經營香港執業會計師丘王會計師事務所。彼於二零零四年二月獲委任為獨立非執行董事。

向明先生

審核委員會成員，薪酬委員會成員，提名委員會成員

向先生，56歲，彼為四川大學高分子研究所教授，長期從事高分子材料的研究開發，擁有逾三十年為工業界進行技術研發服務的經驗，熟悉中國企業的技术、產品研究開發管理流程。彼於二零零六年取得中國獨立董事任職證書。作為技術專家，向先生於二零零六年至二零一二年獲雲南雲天化股份有限公司(在上海證券交易所上市的公司，股票代碼：600096)委任為獨立董事。彼於二零一九年四月獲委任為獨立非執行董事。

黃翼忠先生

薪酬委員會主席，審核委員會成員，提名委員會成員

黃先生，52歲，彼為本公司的獨立非執行董事外，同時身兼數間於香港及海外證券交易所上市公司的獨立非執行董事之職務。彼為合資格會計師，擁有逾26年審計及企業融資經驗，對中國商業企業具有資深經驗。彼於一九九二年二月獲接納為澳洲執業會計師公會會員，並於一九九七年四月獲接納為香港會計師公會的會員。彼亦於二零零二年取得中國獨立董事證書。黃先生於二零零四年二月獲委任為獨立非執行董事。

SENIOR MANAGEMENT

Mr. LIU Yaoquan, Gary

Innovative Technology Director

Dr. Liu, aged 55, joined the Group in March 2014. He is responsible for the technology and innovation of the Group. Mr. Liu obtained the Master's degree in chemistry from the Chinese Academy of Science, Doctoral degree in chemistry from the University of Alberta, Canada and Postdoctoral research fellow of University of California, United States of America. He has been engaged in research in terpene chemicals and aroma chemicals as well as organic synthesis of natural alkaloids in Guangzhou Chemistry Research Institutes of Chinese Academy of Sciences and University of Hanover, Germany. Mr. Liu was the Senior Scientist of KOSAN Biosciences, Inc. and the Chemistry Director of Evolva, United States of America.

Mr. XIE Rongguo

Vice President – Strategic Resources Management

Mr. Xie, aged 56, Head of Strategic Resources Management Center. Since he joined Ecogreen, Mr. Xie has been the management positions in purchase department, logistic department and commercial department and the general manager of strategic resources management. He has excellent professional knowledge and rich experience in supply chain management and strategic resources management.

Mr. YI Zhixiong

Vice President – Corporate Administration

Mr. Yi, aged 57, Head of Corporate Administration. Mr. Yi majored in fine chemicals in Tianjin University with a Bachelor's degree in engineering. He has been the head of management in a large manufacturing company before he joined Ecogreen in September 1998.

Mr. YAN Da Yi, David

General Manager – Marketing and Sales of Aroma Chemicals

Mr. Yan, aged 58, General Manager of the Marketing and Sales of Aroma Chemicals, Mr. Yan holds a Bachelor's degree in Engineering. Mr. Yan has 36 years work experience in Canada, Hong Kong and China. Before joining the Group in May 2004, he worked for eight years in a well-known software company in Hong Kong, for positions in marketing, sales, servicing and administrative departments.

高級管理人員

劉堯權先生

創新技術總監

劉博士，55歲，二零一四年三月加盟本集團，負責監督本集團之技術及創新。劉先生為中國科學院化學碩士、加拿大阿爾比大學化學博士及美國加利福尼亞大學博士後研究，曾先後於中國科學院廣州化學研究所、德國漢諾威大學從事松節油化學和香料化學的研究及天然產物生物鹼的有機合成工作。劉先生曾為KOSAN生物科學有限公司資深科學家及Evolva美國公司化學主管。

謝榮國先生

副總裁 – 戰略資源管理

謝先生，56歲，本集團之戰略資源副總裁。謝先生自公司建立入職，歷任採購、物流、商務經理、物流中心總經理及戰略資源總經理等重要職務。在供應鏈管理，戰略資源項目開發、戰略資源運營上具有優秀的專業積累和豐富的運營經驗。

伊志雄先生

副總裁 – 企業管理

伊先生，57歲，本集團之企業管理副總裁。伊先生畢業於天津大學精細化工學學士學位。於一九九八年九月加入本集團前，伊先生曾於一家大型製造企業擔任管理部部长，具有優秀的專業積累和豐富的管理經驗。

顏達義先生

香原料市場營銷部總經理

顏先生，58歲，本集團之香原料市場營銷部總經理。顏先生持有工學學士學位，在加拿大、香港和中國沿海有36年工作積累，於二零零四年五月加入本集團前，顏先生曾於香港一家知名軟體公司任職八年及擔任市場、銷售、服務和行政管理職務，對不同文化背景的商业運作模式和溝通交流理解深刻、經驗豐富。

Biographical Details of Directors and Senior Management

董事及高級管理人員履歷

SENIOR MANAGEMENT (CONTINUED)

Mr. XIAO Liyuan

Aroma Chemicals Operations Manager

Mr. Xiao, aged 55, Director of Aroma Chemicals Operations. Before joining the Group in February 2001, he was the deputy manager in a large chemical enterprise. Mr. Xiao has more than 37 years experience of production management.

Mr. TU Hongbin

Aroma Chemicals R&D Manager

Mr. Tu, aged 51, Aroma Chemicals R&D Manager, who received a Ph.D degree in 1995 from Beijing Institute of Technology. After the postdoctoral research experience with Professor Alan.R.Katritzky at University of Florida of USA (2001–2004), he joined Ecogreen in May 2005. He has more than 15 years experience in organic synthesis and methodology including 3 years preparation and production of Heterocyclic compounds.

Mr. LAM Kwok Kin

Financial Controller and Company Secretary

Mr. Lam, aged 45, is the financial controller and company secretary of the Company. He holds a Bachelor's degree in accountancy and is a fellow member of both the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants. Prior to joining the Group in October 2003, he worked with an international accounting firm for seven years and was the financial controller and company secretary of a company listed on the Stock Exchange. Mr. Lam has extensive experience in auditing, accounting, budgeting and company secretarial work.

高級管理人員(續)

肖利遠先生

香原料營運總監

肖先生，55歲，本集團香原料製造之營運總監。於二零零一年二月加入本集團前，肖先生曾於一家大型化工企業擔任生產管理副廠長，具有37年化工企業生產管理的豐富經驗。

塗洪斌先生

香原料研發主管

塗先生，51歲，本集團之香原料研發主管。北京理工大學工學博士，美國佛羅里達大學博士後。於二零零五年五月加入本集團前，塗先生曾於美國佛羅里達大學從事雜環化學研究3年，積累有15年有機化學研究的豐富經驗。

林國健先生

財務總監兼公司秘書

林先生，45歲，本公司之財務總監兼公司秘書。林先生持有會計學士學位，為英國特許公認會計師公會之資深會員及香港會計師公會之資深會員。於二零零三年十月加入本集團前，林先生曾於一家國際會計師行任職七年及擔任一家聯交所上市公司之財務總監兼公司秘書，於核數、會計、預算及公司秘書事務擁有豐富經驗。

The Board acknowledges the importance of and benefit from good corporate governance practices and is committed to improving the corporate governance practices in order to enhance better transparency and to ensure that business activities and decision making processes are regulated in a proper manner to safeguard the interests of shareholders.

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

Throughout the year ended 31 December 2018, the Company has complied with the Code Provisions under and the Corporate Governance Code as set out in Appendix 14 of the Listing Rules except for the deviations from Code Provisions A.2.1, A.5.1 and A.6.7.

The following summarises the Company's corporate governance practices and explains deviations, if any, from the CG Code.

CORPORATE GOVERNANCE

The Board is entrusted with the overall responsibility of: (i) developing and reviewing the Company's policies and practices on corporate governance and make recommendations to the Board; (ii) reviewing and monitoring the training and continuous professional development of the Company's Directors and senior management; (iii) reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements; (iv) developing, reviewing and monitoring codes of conduct and compliance manuals (if any) applicable to the Company's employees and Directors; and (v) reviewing the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

During the year under review, the Board reviewed and monitored the training and continuous professional development of the Directors and company secretary of the Company in compliance with the CG Code and the Listing Rules. Further, the Board reviewed and monitored the Group's policies and practices and noted that the Group had complied with the relevant legal and regulatory requirements in all material respects during the year under review. The Board also reviewed the employees' manual applicable to the employees of the Company. Lastly, the Board has reviewed the Company's compliance with the CG Code and the disclosure of this Corporate Governance Report.

董事會深明良好企業管治常規的重要性及好處，並承諾改善企業管治常規，以增加透明度及確保本公司的業務活動及決策過程受到適當之規管以保障股東利益。

本公司之企業管治常規乃建基於香港聯合交易所有限公司(「聯交所」)證券上市規則(「上市規則」)附錄14所載企業管治守則(「企業管治守則」)內所列之原則(「原則」)及守則條文(「守則條文」)而釐定。

截至二零一八年十二月三十一日止年度內，本公司一直遵守上市規則附錄14所載之《企業管治守則》之守則條文，惟偏離有關守則條文第A.2.1條、第A.5.1條及第A.6.7條除外。

下文概述本公司企業管治常規及闡釋偏離守則條文之情況(如有)。

企業管治

董事會獲委統籌負責以下事項：(i)建立及檢討本公司企業管治政策及常規並向董事會作出建議；(ii)檢討及監督本公司董事及高級管理人員的培訓及持續專業發展；(iii)檢討及監督本公司符合法律及規管規定的政策及常規；(iv)建立、檢討及監督適用於本公司僱員及董事的行為守則及法規手冊(如有)；及(v)檢討本公司遵守企業管治守則的情況，及企業管治報告內的披露資料。

回顧年度內，董事會已檢討及監督董事及本公司公司秘書的培訓及持續專業發展，以符合企業管治常規及上市規則。此外，董事會已檢討及監督本集團的政策及常規，並發現本集團於回顧年度在各重大方面均已符合相關法律法規的規定。董事會亦已檢討適用於本公司僱員的員工手冊。最後，董事會已檢討本公司遵守企業管治守則的情況，以及本企業管治報告內的披露資料。

THE BOARD

Responsibilities

The Board is accountable to the shareholders for leading the Group in a responsible and effective manner. The Board provides leadership and formulates strategic policies and plans of the Group with a view to enhancing shareholder interests while the day-to-day operations of the Group are delegated to the management.

The Board reserves for its decisions all major matters of the Group, including: objectives and overall strategies of the Group; annual budgets and financial matters; equity related transactions such as issue of shares/options and repurchase of shares; dividend; raising of capital loan; determination of major business strategy; merger and acquisition; major investment; annual financial budget in turnover, profitability and capital expenditure; review and approval of financial performance and announcement; and matters as required by laws and ordinance.

The management has the obligation to supply the Board and the various Committees with adequate information in a timely manner to enable the members to make informed decisions. Each Director has separate and independent access to the Company's senior management to acquire more information than is volunteered by management and to make further enquiries if necessary. The functions delegated to management are periodically reviewed. Approval has to be obtained from the Board prior to any significant transactions entered into by the management.

Composition and role

As at the date of this report, the Board comprises a total of nine members including six executive Directors, and three INEDs, as follows:

Executive Directors

Mr. Yang Yirong (*Chairman & President*)

Ms. Lu Jiahua

Mr. Gong Xionghui

Mr. Han Huan Guang

Mr. Lin Zhigang

Dr. Lin David Ying Tsung

(*redesignated from INED to Executive Director on 28 March 2018*)

NED

Mr. Feng Tao (*Vice Chairman*)

(*retired from office by rotation on 8 June 2018*)

INED

Mr. Yau Fook Chuen

Mr. Xiang Ming (*appointed on 9 April 2019*)

Mr. Wong Yik Chung, John

董事會

職責

董事會須向股東負責，並以負責任及有成效的方式領導本集團。董事會並負責領導及制定本集團策略性政策及計劃以提高股東利益為宗旨，而本集團日常運作乃管理層負責。

董事會負責本集團所有重要事項之決策，包括制定本集團之業務目標及整體策略；年度預算及財務事宜；股本相關交易，如發行股份／購股權及購回股份；股息；籌集資金貸款；釐定主要業務策略；合併及收購；主要投資；營業額、盈利及資本開支之年度財務預算；檢討及批准財務表現及公佈；以及法例及條例規定之其他事項。

管理層有責任於適當時候向董事會及各委員會提供充足資料，以便成員在知情之情況下作出決定。董事亦可自行及獨自向本公司之管理高層，索取管理層所主動提供以外資料，並在有需要時作出進一步查詢。本公司會定期檢討委派管理層履行之職能。管理層在訂立任何重大交易前必須事先取得董事會批准。

組成及角色

截至本報告日期，董事會由九名成員組成，包括六名執行董事及三名獨立非執行董事（「獨立非執行董事」），如下：

執行董事

楊毅融先生 (*主席兼總裁*)

盧家華女士

龔雄輝先生

韓歡光先生

林志剛先生

林英宗博士

(*於二零一八年三月二十八日由獨立非執行董事調任為執行董事*)

非執行董事

馮濤先生 (*副主席*)

(*於二零一八年六月八日輪值退任*)

獨立非執行董事

丘福全先生

向明先生 (*於二零一九年四月九日獲委任*)

黃翼忠先生

THE BOARD (CONTINUED)

Composition and role (continued)

The INEDs together have substantial experience in fields of auditing, legal matters, business, accounting, corporate internal control and regulatory affairs. The Board's composition covers a balance of expertise, skills and industry experience so as to bring in valuable contributions and advices for the development of the Group's business. Through active participation in Board meetings, taking the lead in managing issues involving potential conflict of interests and serving on Board committees, all INEDs make various contributions to the effective direction of the Group.

The INEDs also serve the important function of ensuring and monitoring the basis for an effective corporate governance framework. One INED possesses appropriate professional qualifications, or accounting or related financial management expertise. The INEDs are explicitly identified in all of the Company's corporate communications.

During the period from 28 March 2018 to 9 April 2019, the Board cannot meet the requirements of the Listing Rules relating to the appointment of at least three INEDs. Pursuant to Rules 3.10(1), 3.10A, 3.21 and 3.25 of the Listing Rules and CG Code Provision A.5.1, (i) the Board is required to have at least three independent non-executive directors ("INED(s)"); (ii) the Board is required to have INEDs representing at least one third of the Board; (iii) the audit committee must comprise a minimum of three members, at least one of whom is an INED with appropriate professional qualifications or accounting or related financial management expertise; (iv) the remuneration committee is required to be chaired by an INED and (v) the nomination committee is required to be chaired by the chairman of the board or an INED.

Dr. Lin David Ying Tsung ("Dr. Lin") was redesignated as executive director on 28 March 2018. On the same date, he was resigned as an independent non-executive director, and a member of each of the remuneration committee, the audit committee and the nomination committee of the Company. The Company has not appointed a suitable candidate to fill the vacancy till 9 April 2019. Since the Company was not able to identify suitable candidate to take up the vacancy left by Mr. Dr. Lin, the Company was not in compliance with the requirements prescribed under Rules 3.10(1), 3.10A, 3.21 and 3.25 of the Listing Rules and CG Code Provision A.5.1 during the period from 28 March 2018 to 9 April 2019.

董事會(續)

組成及角色(續)

獨立非執行董事分別於審計、法律事宜、業務、會計、企業內部監控及監管事宜方面具有豐富經驗。董事會之組成具備恰當專業知識、技巧及行業經驗，故可為本集團業務發展提供寶貴貢獻及意見。透過積極參與董事會會議，領導涉及潛在利益衝突及處理各董事委員會事務，全體獨立非執行董事對本集團之有效領導作出不同貢獻。

獨立非執行董事亦在確保及監察有效企業管治之架構中擔當非常重要的角色。一位獨立非執行董事並具備合適之專業資格或會計或有關財務管理專業知識之規定。而獨立非執行董事均可在本公司所有企業通訊內明確識別。

於二零一八年三月二十八日至二零一九年四月九日期間，董事會未能符合上市規則有關董事會須委任最少三名獨立非執行董事的規定。根據上市規則第3.10(1)、3.10A、3.21及3.25條及企業管治守則條文A.5.1，(i)董事會必須至少有三名獨立非執行董事；(ii)董事會中獨立非執行董事人數必須佔董事會成員人數至少三分之一；(iii)審核委員會至少要有三名成員，其中至少一名為具備合適專業資格或會計或相關財務管理專長之獨立非執行董事；(iv)薪酬委員會必須由獨立非執行董事出任主席及(v)提名委員會必須由董事會主席或獨立非執行董事出任主席。

林英宗博士(「林博士」)於二零一八年三月二十八日調任為執行董事，並於同日辭任本公司獨立非執行董事、審核委員會、薪酬委員會及提名委員會成員。於二零一九年四月九日前，本公司沒有委任適當人選填補空缺。由於本公司未能物色合適人選，以填補林博士調任後出現之空缺，本公司於二零一八年三月二十八日至二零一九年四月九日期間未能符合上市規則第3.10(1)、3.10A、3.21及3.25條及企業管治守則條文A.5.1之規定。

THE BOARD (CONTINUED)

Composition and role (continued)

The Board considers that each INED is independent in character and judgment and that they all meet the specific independence criteria as required by the Listing Rules. Pursuant to Code Provision A.4.3, any further appointment of independent non-executive director serving more than nine years should be subject to a separate resolution to be approved by the shareholders of the Company. Notwithstanding that Mr. Yau Fook Chuen ("Mr. Yau") and Mr. Wong Yik Chung John ("Mr. Wong") have served as an independent non-executive director of the Company for more than nine years, (i) the Board has assessed and reviewed the annual confirmation of independence based on the requirement set out in Rule 3.13 of the Listing Rules and affirmed that Mr. Yau and Mr. Wong remain independent; (ii) the Nomination Committee of the Company has assessed and is satisfied of the independence of Mr. Yau and Mr. Wong; and (iii) the Board considers that Mr. Yau and Mr. Wong remain independent of management and free of any relationship which could materially interfere with the exercise of his independent judgement. Notwithstanding the length of their service, the Company believes that their valuable knowledge and experience in the Group's business will continue to benefit the Company and the shareholders as a whole.

Board meetings

The Board meets regularly throughout the year to discuss the overall strategy as well as the operation and financial performance of the Group. The Chairman is primarily responsible for drawing up and approving the agenda for each board meeting in consultation with all directors. Notices of regular board meetings are served to all Directors at least 14 days before the meetings while reasonable notice is generally given for other Board meetings and the directors can include matters for discussion in the agenda if necessary. Agenda and accompanying board papers in respect of regular board meetings are sent out in full to all directors within reasonable time before the meeting. Draft minutes are normally circulated to Directors for comment within a reasonable time after each meeting and the final version is open for Directors' inspection.

Minutes of board meetings and meetings of board committees are kept by duly appointed secretaries of the respective meetings and all directors have access to board papers and related materials, and are provided with adequate information in a timely manner, which enable the Board to make an informed decision on matters placed before it.

董事會(續)

組成及角色(續)

董事會相信每一位獨立非執行董事均有其獨立性及判斷力，彼等均合乎上市規則規定之特定獨立準則。根據守則條文A.4.3，任何出任超過九年之獨立非執行董事之續任，應由本公司股東以獨立決議案批准後方可作實。儘管邱福全先生(「邱先生」)及黃翼忠先生(「黃先生」)已擔任本公司獨立非執行董事超過九年，(i)董事會已根據上市規則第3.13條所載準則評估及審閱獨立性年度確認書，並確認邱先生及黃先生仍為獨立人士；(ii)本公司提名委員會已評估且滿意邱先生及黃先生之獨立性；及(iii)董事會認為邱先生及黃先生獨立於管理層，亦不存在任何以致嚴重影響彼等行使獨立判斷的關係。儘管彼等服務任期較長，但本公司相信，彼等於本集團業務之豐富知識及經驗將繼續為本公司及股東整體帶來利益。

董事會會議

董事會於年內定期會晤商討本集團整體策略、營運及財務表現。主席經徵詢全體董事，首要負責草擬及審批每次董事會會議之議程。定期舉行之董事會會議通告須於會議舉行前最少14日送交全體董事，而其他董事會會議亦通常有合理時間的通知，如需要，董事可要求在議程內加插討論事項。召開常務會議時，一套完整議程連同開會文件會在開會前之合理時間內發送予各董事。會議記錄初稿一般於各會議結束後的合理時間內交予董事傳閱，讓董事提供意見，會議記錄之最終定稿可供董事查閱。

董事會及董事委員會之會議紀錄由相關會議所委任之秘書保存，所有董事均有權查閱董事會文件及相關資料及適時地獲提供足夠資料，使董事會可於決策事項前作出有根據的判斷。

THE BOARD (CONTINUED)

Board meetings (continued)

A total of 4 board meetings were held during the year. The individual attendance record of each Director at the meetings of the Board, the Remuneration Committee and the Audit Committee during the year ended 31 December 2018 is set out below:

| Name of Director | 董事姓名 | Number of meetings attended/held 出席/舉行會議次數 | | | | |
|---|----------------|---|---|---|--|-------------------------------------|
| | | General meeting 股東大會 | Full Board meetings 全體成員例會 之董事會會議 | Nomination Committee meeting 提名委員會會議 | Remuneration Committee meetings 薪酬委員會會議 | Audit Committee meetings 審核委員會會議 |
| EXECUTIVE DIRECTORS 執行董事 | | | | | | |
| Mr. Yang Yirong (Chairman) | 楊毅融先生(主席) | 1/1 | 4/4 | 1/1 | - | - |
| Mr. Gong Xionghui | 龔雄輝先生 | 1/1 | 4/4 | - | - | - |
| Ms. Lu Jiahua | 盧家華女士 | 1/1 | 4/4 | - | 2/2 | - |
| Dr. Lin David Ying Tsung (Note 1) | 林英宗博士(附註1) | 1/1 | 4/4 | - | - | - |
| Mr. Han Huan Guang | 韓歡光先生 | 1/1 | 4/4 | 1/1 | 2/2 | - |
| Mr. Lin Zhigang | 林志剛先生 | 1/1 | 4/4 | - | - | - |
| NED 非執行董事 | | | | | | |
| Mr. Feng Tao (Vice Chairman) (Note 2) | 馮濤先生(副主席)(附註2) | 0/1 | 0/2 | - | - | - |
| INED 獨立非執行董事 | | | | | | |
| Mr. Yau Fook Chuen | 丘福全先生 | 1/1 | 4/4 | 1/1 | 1/1 | 3/3 |
| Mr. Xiang Ming (Note 3) | 向明先生(附註3) | - | - | - | - | - |
| Mr. Wong Yik Chung, John | 黃翼忠先生 | 1/1 | 4/4 | 1/1 | 1/1 | 3/3 |

Notes:

- (1) Dr. Lin David Ying Tsung was redesignated from INED to Executive Director on 28 March 2018.
- (2) Mr. Feng Tao was retired from office by rotation on 8 June 2018.
- (3) Mr. Xiang Ming was appointed on 9 April 2019.

According to current Board practice, any material transaction which involves a conflict of interest for a substantial shareholder or a Director, will be considered and dealt with by the Board at a duly convened board meeting. The Company's Articles of Association also contain provisions requiring Directors to abstain from voting and not to be counted in the quorum at meetings for approving transactions in which such Directors or any of their associates have a material interest.

董事會(續)

董事會會議(續)

年內合共舉行四次董事會會議。截至二零一八年十二月三十一日止年度，各董事於董事會會議、薪酬委員會會議及審核委員會會議之出席記錄如下：

Number of meetings attended/held 出席/舉行會議次數

| Name of Director | 董事姓名 | Number of meetings attended/held 出席/舉行會議次數 | | | | |
|---|----------------|---|---|---|--|-------------------------------------|
| | | General meeting 股東大會 | Full Board meetings 全體成員例會 之董事會會議 | Nomination Committee meeting 提名委員會會議 | Remuneration Committee meetings 薪酬委員會會議 | Audit Committee meetings 審核委員會會議 |
| EXECUTIVE DIRECTORS 執行董事 | | | | | | |
| Mr. Yang Yirong (Chairman) | 楊毅融先生(主席) | 1/1 | 4/4 | 1/1 | - | - |
| Mr. Gong Xionghui | 龔雄輝先生 | 1/1 | 4/4 | - | - | - |
| Ms. Lu Jiahua | 盧家華女士 | 1/1 | 4/4 | - | 2/2 | - |
| Dr. Lin David Ying Tsung (Note 1) | 林英宗博士(附註1) | 1/1 | 4/4 | - | - | - |
| Mr. Han Huan Guang | 韓歡光先生 | 1/1 | 4/4 | 1/1 | 2/2 | - |
| Mr. Lin Zhigang | 林志剛先生 | 1/1 | 4/4 | - | - | - |
| NED 非執行董事 | | | | | | |
| Mr. Feng Tao (Vice Chairman) (Note 2) | 馮濤先生(副主席)(附註2) | 0/1 | 0/2 | - | - | - |
| INED 獨立非執行董事 | | | | | | |
| Mr. Yau Fook Chuen | 丘福全先生 | 1/1 | 4/4 | 1/1 | 1/1 | 3/3 |
| Mr. Xiang Ming (Note 3) | 向明先生(附註3) | - | - | - | - | - |
| Mr. Wong Yik Chung, John | 黃翼忠先生 | 1/1 | 4/4 | 1/1 | 1/1 | 3/3 |

附註：

- (1) 林英宗博士於二零一八年三月二十八日由獨立非執行董事調任為執行董事。
- (2) 馮濤先生於二零一八年六月八日輪值退任。
- (3) 向明先生於二零一九年四月九日獲委任。

根據現時董事會常規，任何涉及主要股東或董事利益衝突之重大交易將由董事會正式召開董事會會議予以考慮及處理。本公司之公司組織章程細則亦載有條文規定，董事在批准涉及其或其連繫人士擁有重大權益之交易時，必須放棄投票及不得計入有關會議之法定人數內。

THE BOARD (CONTINUED)

Training for Directors

Each newly appointed Director receives comprehensive, formal and tailored induction on the first occasion of his appointment, so as to ensure that he has appropriate understanding of the business and operations of the Company and that he is fully aware of his responsibilities and obligations under the Listing Rules and relevant regulatory requirements. There are also arrangements in place for providing continuing briefing and professional development to Directors whenever necessary.

The Directors are continually updated with the regulatory requirements, business activities and development of the Company to facilitate the discharge of their responsibilities. Through regular Board meetings and emails all Directors are kept abreast of the conduct, business activities and development of the Company. During the year, the Directors have attended various in-house briefings and internal or external seminars/trainings, and have read internal or external newsletters, updates and other reading materials covering topics such as business of the Company, corporate governance, industry knowledge, regulatory updates, finance and management.

Appointment, rotation and re-election of Directors

Pursuant to the Articles of Association of the Company, all newly appointed Directors of the Company shall hold office until the next general meeting and shall then be eligible for re-election. Every Director, including those appointed for a specific term shall be subject to retirement by rotation at least once every three years at the AGM. The retiring Directors shall be eligible for re-election.

In accordance with article 108(A) of the articles of association of the Company, Ms. Lu Jiahua, Dr. Lin David Ying Tsung and Mr. Wong Yik Chung, John, will retire as Directors by rotation and, being eligible, offer themselves for re-election as Directors at the AGM.

In accordance with article 112 of the Company's articles of association, Mr. Xiang Ming, who was appointed by the Board to fill casual vacancies in this year, will retire from office and, being eligible, offers himself for re-election at the forthcoming AGM.

Term of appointment of NED and INEDs

All NED and INEDs were appointed for an initial term of not more than one year and will be renewable automatically for successive term of one year until terminated by not less than three months' notice in writing served by either party or the other. All NED and INEDs are subject to retirement by rotation once every three years and are subject to reelection.

董事會(續)

董事培訓

每名新委任之董事均在其首次接受委任時獲得全面、正式兼特為其而設之就任須知，以確保彼等對本公司之業務及運作均有適當之理解，以及完全知悉其於上市規則及有關監管規定下之職責。需要時，本公司亦安排向董事提供持續介紹及專業發展。

本公司經常向董事提供有關監管規定與本公司業務活動及發展之最新資料，以助彼等履行職責。透過定期參加董事會議或通過電郵，各董事可密切跟進本公司之舉動、業務活動及發展。本年度，董事已出席多個內部會議及內部或外部研討會／培訓，並已閱讀內部或外部實時通訊、快訊及其他閱讀材料，涵蓋主題如本公司業務、企業管治、行業知識、監管更新、財務及管理。

董事委任、輪值退任及重選

根據本公司的章程細則，每名獲董事局委任的新董事，他們的任期將直至下屆股東大會為止，並符合資格膺選連任。每位董事包括有指定任期之董事須最少每三年於股東週年大會上輪值退任一次。退任董事可獲重選連任。

根據本公司之組織章程細則第108(A)條，盧家華女士、林英宗博士及黃翼忠先生將於股東週年大會輪值退任董事，惟彼等符合資格並願意膺選連任董事。

根據本公司之組織章程細則第112條，由董事會委任以填補本年度臨時空缺的向明先生將於應屆股東週年大會退任，惟符合資格並願意膺選連任。

非執行董事及獨立非執行董事之委任年期

本公司全體非執行董事均按不超過一年之初步年期委任，並將於屆滿時自動續約一年，直至其中一名訂約方向另一方發出不少於三個月書面通知予以終止，所有非執行董事均須每三年輪流退任，並須經重選連任。

THE BOARD (CONTINUED)

Segregation of Roles of Chairman and Chief Executive Officer (“CEO”)

The Company has not yet adopted A.2.1. Under the Code Provision A.2.1 of the CG Code, the roles of Chairman and CEO should be separate and would not be performed by the same individual. The division of responsibilities between the Chairman and CEO should be clearly established and set out in writing.

The Company does not presently have any officer with the title CEO. At present, Mr. Yang Yirong, being the Chairman and the President of the Company, is responsible for the strategic planning, formulation of overall corporate development policy and running the business of the Group as well as the duties of Chairman. The Board considers that, due to the nature and extent of the Group’s operations, Mr. Yang is the most appropriate chief executive because he possesses in-depth knowledge and experience in fine chemicals business and is able to ensure the sustainable development of the Group. Besides, he is the founder, the chairman and the controlling shareholder of the Group since its establishment and till now. Notwithstanding the above, the Board will review the current structure from time to time. When at the appropriate time and if candidate with suitable leadership, knowledge, skills and experience can be identified within or outside the Group, the Company may make the necessary amendments.

Company Secretary

The company secretary of the Company, Mr. Lam Kwok Kin, is responsible for ensuring that board procedures comply with all applicable laws, rules and regulations and advising the Board on corporate governance matters. He is also responsible for taking and keeping minutes of all Board and board committee meetings. Draft version of minutes is normally circulated to the Directors for comment within a reasonable time after each meeting and the final version of which is open for the Director’s inspection. Moreover, the Company Secretary is responsible for keeping all Directors updated on Listing Rules, regulatory requirements and internal codes of conduct of the Company. He has attained no less than 15 hours of relevant professional training during the year.

Indemnification

The Company has arranged appropriate insurance cover in respect of legal actions against its Directors and officers. The Board reviews the extent of this insurance annually.

董事會(續)

主席及行政總裁職能之劃分

本公司尚未採納第A.2.1條之規定。根據企業管治守則之守則條文A.2.1，主席及行政總裁之角色應予區分，不應由同一人擔任。主席與行政總裁間之職責分工應清楚界定及以書面列明。本公司並無高級職員獲授行政總裁職銜。

本公司主席兼總裁楊毅融先生現負責策略規劃、整體企業發展政策制定及本集團業務營運以及主席職責。董事會認為，基於本集團之業務性質及範疇，楊先生不但具備精細化工業務之豐富知識及經驗，並有能力推動本集團持續發展，故為最合適的行政總裁人選。此外，彼亦為本集團之創辦人、自成立至今之主席兼控股股東，惟董事會將不時檢討現行架構，並於合適時候及倘本集團自內部或外界物色到具備適當領導才能、知識、技能及經驗之人選，本公司或會作出所需修訂。

公司秘書

本公司的公司秘書林國健先生負責確保董事會程序符合所有適用法律、法例及法規，並就企業管治事宜向董事會提出建議。彼亦負責記錄及存置所有董事會及委員會會議的會議紀錄。會議紀錄草稿一般於各會議舉行後的一段合理時間內供董事傳閱以收集意見，而最終版本將可供董事查閱。此外，公司秘書負責通知全體董事有關上市規則、監管規定及本公司內部操守守則的最新資訊。彼於年內接受不少於15小時的相關專業訓練。

賠償

本公司已就其董事及高級人員可能會面對之法律行動作適當之投保安排，投保範圍乃按年檢討。

BOARD COMMITTEES

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

The chairmen of the committees will report the findings and recommendations of the committees to the Board after each meeting. The minutes of all meetings of the committees are circulated to the Board for information.

Audit Committee

The Audit Committee was established in 2004. Its current members comprises three INEDs, namely Mr. Yau Fook Chuen (the chairman of the committee), Mr. Xiang Ming and Mr. Wong Yik Chung, John, in which Mr. Yau Fook Chuen possesses the appropriate professional qualifications or accounting or related financial management expertise.

The Board considers that each Audit Committee member has broad commercial experience and there is a suitable mix of expertise in accounting, business and legal on the Audit Committee. The new written terms of reference which describe the authority and duties of the Audit Committee were adopted in March 2017 to conform to the provisions of the New CG Code, a copy of which is posted on the Company's website.

The Audit Committee meets regularly to review the Group's financial reporting and other information to shareholders, the system of internal controls, risk management and the effectiveness and objectiveness of the audit process. The Audit Committee also provides an important link between the Board and the Company's auditors in matters coming within the scope of its terms of reference and keeps under review the independence and objectivity of the auditors.

董事委員會

董事會設有三個委員會，分別為審核委員會及提名委員會薪酬委員會及以監管本公司各類具體事務。本公司之所有董事會委員會均有明確的書面職權範圍，清晰訂明其權力及職能。董事委員會之職權範圍刊載於本公司網站，如股東有需要時可向公司索取有關資料參閱。

各委員會主席將於各會議完結後向董事會提交各委員會的結論及推薦意見。所有委員會會議記錄會交予董事會傳閱，以提供資訊。

審核委員會

審核委員會於二零零四年成立。其現任成員包括由三名獨立非執行董事組成，即丘福全先生(委員會主席)、向明先生及黃翼忠先生。當中，丘福全先生為具有適當專業資格或會計或有關財務管理經驗專業知識之獨立非執行董事。

董事會認為各審核委員會成員均具備廣泛營商經驗，審核委員會當中兼備合適之會計、商業及法律專業。為符合新企業管治守則條文，載列審核委員會權限及職責的書面職權範圍已於2017年3月被採納，職權範圍全文已刊載於本公司網頁內。

審核委員會定期開會以檢討本集團之財務匯報及給予股東之其他資料、內部監控系統、風險管理及審核過程之有效性及客觀性。審核委員會並為董事會及公司核數師之間之重要橋樑，在其職權範圍內持續檢討核數師之獨立性及客觀性。

BOARD COMMITTEES (CONTINUED)

Audit Committee (continued)

During the year under review, the Audit Committee held three meetings with the senior management to review, consider and approve the interim and annual financial statements, discuss internal controls matters and the re-appointment of the external auditor. The Audit Committee has also reviewed the Group's accounting principles and practices, Listing Rules and statutory compliance and financial reporting matters.

Remuneration Committee

The Remuneration Committee was established in 2004. Its current members comprises three INEDs, namely, Mr. Wong Yik Chung, John (the chairman of the committee), Mr. Xiang Ming and Mr. Yau Fook Chuen and two executive Directors, Mr. Han Huan Guang and Ms. Lu Jiahua.

The Remuneration Committee advises the Board on the Group's overall policy and structure for the remuneration of directors and senior management. The Remuneration Committee ensures that no director or any of his associate is involved in deciding his own remuneration. The new terms of reference of the Remuneration Committee were adopted in March 2012 to conform to the provisions of the New CG Code, a copy of which is posted on the Company's website.

In determining the emolument payable to directors, the Remuneration Committee takes into consideration factors such as salaries paid by comparable companies, time commitment and responsibilities of the directors, employment conditions elsewhere in the Group and the desirability of performance-based remuneration.

During the year under review, the Remuneration Committee held one meetings to review and consider the remuneration policy and packages, including any discretionary management bonus of the Executive Directors and senior management by reference to market conditions, performance of the Group and the individual and corporate goals.

董事委員會(續)

審核委員會(續)

於回顧年內，審核委員會曾與高級管理人員舉行三次會議，審閱、考慮及批准中期及年度財務報表、討論內部監控及外聘核數師續聘等事宜。審核委員會亦完成檢討本集團之會計原則與常規、上市規則及其他法規之遵行，以及財務匯報事宜。

薪酬委員會

薪酬委員會於二零零四年成立。其現任成員包括三名獨立非執行董事黃翼忠先生(委員會主席)、向明先生及丘福全先生，以及兩名執行董事韓歡光先生及盧家華女士。

薪酬委員會為本集團董事及高級管理層之薪酬之整體政策及架構向董事會作出建議。薪酬委員會確保概無董事或其任何聯繫人參與釐定其本身之薪酬。為符合新企業管治守則條文，薪酬委員會新訂的職權範圍已於2012年3月被採納，並已刊載於本公司網頁內。

在釐定應付予董事之酬金時，薪酬委員會乃考慮各項因素，包括同業薪金水平，董事所奉獻之時間及其職責，集團內部的僱傭情況及與表現掛鉤之酬金。

於回顧年度，薪酬委員會曾舉行會議一次，經參考市況、本集團及個人表現以及企業目標後，檢討及考慮執行董事及高級管理層之酬金政策及組合，包括任何酌情管理花紅。

BOARD COMMITTEES (CONTINUED)

Senior management remuneration by band

The emoluments of the senior management of the Group fell within the following band:

| Remuneration bands | 酬金範圍 | Number of individuals 人數 | |
|-------------------------------|---------------------------|-----------------------------|---------------|
| | | 2018 二零一八年 | 2017 二零一七年 |
| Below HK\$500,000 | 港幣500,000元以下 | 2 | 2 |
| HK\$500,001 – HK\$1,000,000 | 港幣500,001元至港幣1,000,000元 | 3 | 3 |
| HK\$1,000,001 – HK\$1,500,000 | 港幣1,000,001元至港幣1,500,000元 | 2 | 2 |
| | | 7 | 7 |

Nomination Committee

The Nomination Committee was established in 2012. Its current members comprises two executive Directors, namely Mr. Yang Yirong (the chairman of the Committee) and Mr. Han Huan Guang and three INEDs, namely, Mr. Yau Fook Chuen, Mr. Xiang Ming and Mr. Wong Yik Chung, John. The Nomination Committee has the duty of reviewing annually the board structure and composition.

The terms of reference of the Nomination Committee were adopted in March 2012 to confirm to the provision of the New CG Code, a copy of which is posted on the Company's website.

The Nomination Committee held one meeting during the year to review the structure, size and composition, and assessing the independence of the INEDs.

RESPONSIBILITIES IN RESPECT OF THE CONSOLIDATED FINANCIAL STATEMENTS

The management provides such explanation and information to the Board to facilitate an informed assessment of the financial and other information put before the Board for approval. The Directors acknowledge their responsibility for preparing the consolidated financial statements which give a true and fair view and the statement of the independent auditor of the Company about their reporting responsibilities on the consolidated financial statements is set out in the "Independent Auditor's Report" on pages 50 to 57.

董事委員會(續)

高級管理層薪酬 – 按組合範圍呈列

本集團高級管理層的酬金在下列組合範圍內：

提名委員會

提名委員會於二零一二年成立。其現任成員包括兩名執行董事楊毅融先生(委員會主席)及韓歡光先生以及三名獨立非執行董事丘福全先生、向明先生及黃翼忠先生。提名委員會有責任每年檢討董事會架構及組成。

提名委員會的職權範圍已於2012年3月被採納，並已刊載於本公司網頁內，以符合新企業管治守則的規定。

本年度內，提名委員會舉行一次會議，以討論董事會之架構、人數及組成以及評估董事會之獨立非執行董事之獨立性。

有關合併財務報表之責任

管理層提供一切解釋及資料，以便董事會在知情之下就其提呈予以通過之財務及其他資料加以評定。董事知悉其須編製真實公平的合併財務報表之責任，本公司獨立核數師就彼等對合併財務報表之報告責任聲明載於第50至57頁之「獨立核數師報告書」。

RESPONSIBILITIES IN RESPECT OF THE CONSOLIDATED FINANCIAL STATEMENTS

(CONTINUED)

The Board is responsible for presenting a balanced, clear and understandable assessment of annual and interim reports, price-sensitive announcements and other financial disclosures required under the Listing Rules and other regulatory requirements. Meanwhile, the Directors are responsible for ensuring that appropriate accounting policies are selected and applied consistently; and that judgments and estimates made are prudent and reasonable. The Board was not aware of any material uncertainties relating to events or conditions that might cast significant doubt upon the Group's ability to continue as a going concern. The Board has prepared the consolidated financial statements on a going concern basis.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding the Directors' securities transactions on terms not less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules. Specific enquiry has been made to all Directors and all the Directors have confirmed that they have complied with all the relevant requirements as set out in the Model Code throughout the year ended 31 December 2018.

RISK MANAGEMENT AND INTERNAL CONTROLS

The Board acknowledges that it has overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Group's strategic objectives, and maintaining appropriate and effective risk management and internal control systems. The Board oversees management in the design, implementation and monitoring of the risk management and internal control systems. The systems and internal controls can only provide reasonable and not absolute assurance against material misstatement or loss, as they are designed to manage, rather than eliminate the risk of failure to achieve business objectives.

The Group has established an on-going process for identifying, evaluating and managing the significant risks of the Group. Business units are responsible for identifying, assessing and monitoring risks associated with their respective units. The results of evaluation will be reported to management through regular internal meetings. Each year, management prepares the risk assessment report listing the risks identified and management's assessment on the impact to the Group. The Board discusses findings in the risk assessment report and evaluates the effectiveness of the risk management and internal control system in Board meeting.

有關合併財務報表之責任(續)

而董事會則須負責對年報及中期報告、股價敏感資料公佈以及根據上市規則及其他監管規定須予披露的其他財務資料呈平穩、清晰及易於理解的評審。同時亦須負責確保採納恰當之會計政策及貫徹採用，且所作判斷及估計乃審慎合理。董事會並不知悉任何可能會嚴重影響本集團繼續長遠經營之能力的重大不明朗事件或情況。因此，董事會在基於本集團長遠經營之假設下擬備合併編製財務報表。

進行證券交易的標準守則

本公司已採納一套有關董事進行證券交易的行為守則，條款不遜於上市規則附錄10所載上市發行人董事進行證券交易的標準守則（「標準守則」）的規定標準。本公司已向全體董事作出具體查詢，而全體董事亦已確認，彼等於截至二零一八年十二月三十一日止年度一直遵守標準守則所載所有有關規定。

風險管理及內部監控

董事會確認其有整體責任評估及釐定本集團為達成策略目標所願承擔的風險性質及程度，並維持穩健及有效的風險管理及內部監控系統。董事會監察管理層在設計、實行和監察風險管理及內部監控系統方面的工作。有關系統及內部監控只能針對重大錯報或損失提供合理但並非絕對的保證，因為有關係統及內部監控旨在管理，而不是消除未能實現業務目標的風險。

本集團已制訂一套持續的程序，以識別、評估及管理本集團的顯著風險。業務部門負責識別、評估及監察與本身單位相關的風險。評價結果將通過定期內部會議向管理層報告。每年，管理層編製風險評估報告，列出所確定的風險，以及管理層對本集團所受影響的評估。董事會討論風險評估報告中的結果，並在董事會會議上評估風險管理及內部監控系統的成功。

RISK MANAGEMENT AND INTERNAL CONTROLS (CONTINUED)

The Group handles and disseminates inside information with due care. Staff is required to comply with the confidentiality terms inside the staff manual. Only personnel at appropriate level can get reach of price sensitive and inside information.

Appropriate policies and controls have been designed and established to ensure that assets are safeguarded against improper use or disposal, relevant rules and regulations are adhered to and complied with, reliable financial and accounting records are maintained in accordance with relevant accounting standards and regulatory reporting requirements.

The Group does not have an internal audit function due to the size of the Group and for cost effectiveness consideration. During the year under review, the Board conducted reviews of the internal control systems of the Company from time to time and considered that such the internal control systems of the Company had been implemented effectively. The reviews covered all material controls, including financial, operational and compliance controls and risk management functions. The Board also considered the Group's adequacy of resources, qualifications and experience of staff in its accounting and financial reporting functions, and their training programmes and budget. The Group continues to review the need for an internal audit function annually.

EXTERNAL AUDITOR

During the year, PricewaterhouseCoopers, the external auditor of the Company received approximately RMB2.16 million for audit services provided to the Group.

COMMUNICATION WITH SHAREHOLDERS

The Company has adopted a Shareholders' Communication Policy in March 2012 reflecting mostly the current practices of the Company for communication with its shareholders. Information will be communicated to shareholders through: (i) continuous disclosure to the Stock Exchange of all material information; (ii) periodic disclosure through the annual and interim reports; (iii) notices of meetings and explanatory material; (iv) the annual general meetings and other general meetings; and (v) the Company's website at www.ecogreen.com.

風險管理及內部監控(續)

本集團審慎處理和發放內幕消息。員工必須遵守員工手冊中的保密條款。僅適當級別的人員才獲准接觸價格敏感資料及內幕消息。

本集團設計並制訂適當的政策和監控措施，以確保資產得到保障，防止不當使用或處置；集團亦恪守和遵從相關規則和規例，並且根據相關會計準則和監管報告規定存置可靠的財務和會計記錄。

基於本集團的規模及本著成本效益，本集團並無設立內部審計職能。於回顧年度內，董事會已經不時對本公司之內部監控系統進行檢討並認為該系統被有效地執行。該檢討包含全部重大監控，包括財務、營運及法規監控及風險管理功能。董事會亦考慮本集團會計及財務匯報職能的資源充裕程度及員工的資質及經驗，以及其培訓課程及預算。本集團每年繼續檢討是否需要設立內部審計職能。

外聘核數師

年內，本公司核數師羅兵咸永道會計師事務所就審計服務收取本集團約人民幣216萬元。

與股東之溝通

於二零一二年三月，本公司採納一項股東溝通政策，其主要反映本公司目前與股東溝通的做法。本公司將透過以下渠道向股東傳達信息：(i)向聯交所持續披露所有重大信息；(ii)通過年報及中期報告作定期披露；(iii)大會通告及說明材料；(iv)股東週年大會及其他股東大會；及(v)本公司網站www.ecogreen.com。

COMMUNICATION WITH SHAREHOLDERS

(CONTINUED)

General Meeting

The Board endeavours to maintain an on-going dialogue with shareholders and in particular, use annual general meetings or other general meetings to communicate with shareholders and encourage their participation. The Chairman of the Board attended the AGM held in 2018 ("2018 AGM") to answer questions and collect views of shareholders. The external auditor also attended the annual general meeting to answer questions of shareholders.

Under the Code Provision A.6.7, INEDs and NED should attend general meetings and develop a balanced understanding of the views of shareholders. Mr. Feng Tao was unable to attend the 2018 AGM due to other important engagements. All other INEDs had attended the 2018 AGM to answer questions and collect views of shareholders.

Voting by poll

Separate resolutions are proposed at the general meetings on each substantially separate issue, including the election of individual directors. In addition, poll voting procedure is included in the circular to shareholders dispatched together with the annual report and will be explained during the proceedings of meetings. Poll results will be posted on the website of the Stock Exchange and the Company subsequent to the close of the shareholders meeting.

Investor Relations

The Company continues to enhance communications and relationships with its investors. Designated senior management has maintained close communication with shareholders and investors through email, conference call, one-on-one meetings, attending broker conferences, and non-deal roadshows, to ensure that investors and shareholders have received the Company's updates in a fair and timely manner and to facilitate their investment decision-making. Enquiries from investors are dealt with in an informative and timely manner. To promote effective communication, the Company also maintains website (www.ecogreen.com) where extensive information and updates on the Company's business developments and operations, financial information, corporate governance practices and other information are posted.

與股東之溝通(續)

股東大會

董事會盡力保持與股東之間的持續對話，尤其是以股東週年大會或其他股東大會與股東溝通及鼓勵彼等參與。董事會主席已出席於二零一八年舉行之股東週年大會（「二零一八年股東週年大會」），並已回答股東之提問及收集股東之意見。外聘核數師亦已出席股東週年大會回答股東之提問。

根據守則條文第A.6.7條，獨立非執行董事及非執行董事應出席股東大會，對公司股東的意見有公正的了解。馮濤先生因其他重要公務未能出席二零一八年股東週年大會。所有其他獨立非執行董事均已出席二零一八年度股東週年大會，回應提問及聽取股東之意見。

投票表決

各重大獨立事項（包括個別董事之選任）均會於股東週年大會上單獨提呈決議案。此外，載有投票表決程序之通函會與年報一併寄發予股東，並將於會議進行期間解釋。表決結果將於股東大會後在聯交所及本公司網站刊載。

投資者關係

本公司持續加強與其投資者之溝通及關係。特定高級管理人員通過電郵、電話會議、一對一會面、出席經紀座談會及非交易路演等形式與股東及投資者保持緊密聯繫，以確保股東及投資者能夠公平、及時地得到本公司最新資訊以協助彼等作出投資決定。本公司會對投資者之查詢作出詳盡及適時之回應。為促進有效溝通，本公司設有網站 (www.ecogreen.com) 以刊載詳盡資料及更新本公司之業務發展及經營、財務資料、企業管治常規及其他資料。

SHAREHOLDERS' RIGHTS

The Company has only one class of shares. All shares have the same voting rights and are entitled to the dividend declared. The rights of the Shareholders are set out in Company's Articles of Association. Shareholders of the Company can: (i) convene an extraordinary general meeting; (ii) put forward enquiries to the board of directors; (iii) put forward proposals at shareholders' meetings; and (iv) propose Directors for election. Details of relevant procedures are available on the Company's website.

Constitutional Documents

There was no change in the memorandum and articles of association of the Company during the year ended 31 December 2018.

股東權利

本公司僅擁有一類股份，所有股份均擁有相同的投票權並可獲派已宣派之股息。股東的權利載於本公司細則。本公司股東可以(i)召開股東特別大會；(ii)向董事會提出查詢；及(iii)在股東大會上提出建議；及(iv)建議參選之董事；相關程序詳情可於本公司網站查閱。

組織章程文件

截至二零一八年十二月三十一日止年度，確認本公司之組織章程大綱及細則概無任何變動。

The directors (the "Directors") of EcoGreen International Group Limited (the "Company") submit their annual report together with the audited consolidated financial statements of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2018.

PRINCIPAL ACTIVITIES, GEOGRAPHICAL ANALYSIS OF OPERATIONS AND BUSINESS REVIEW

The principal activity of the Company is investment holding. The activities of the subsidiaries are set out in Note 10 to the consolidated financial statements.

An analysis of the Group's performance for the year by operating segment is set out in Note 5 to the consolidated financial statements.

Further discussion and analysis of these activities and an indication of likely future developments in the Group's business, can be found in the Chairman's Statement and Management Discussion and Analysis set out on pages 3 to 17 of this annual report.

FINAL RESULTS

The final results of the Group for the year are set out in the consolidated income statement on page 58.

DIVIDEND

An interim dividend of HK1.5 cents per ordinary share was paid to shareholders of the Company (the "Shareholders") on 7 December 2018. The Board has recommended the payment of a final dividend of HK4.1 cents per ordinary share for the year ended 31 December 2018. Together with the interim dividend, this will bring the total dividend distribution to HK5.6 cents (2017: HK4.8 cents) per share for the year ended 31 December 2018.

Subject to the approval of the shareholders of the Company at the annual general meeting of the Company to be held on 18 June 2019 (the "AGM"), the proposed final dividend will be paid on or about 12 July 2019 to the shareholders whose names appear on the register of members of the Company on 28 June 2019.

SHARE CAPITAL

Details of the movements in share capital of the Company during the year are set out in Note 24(a) to the consolidated financial statements. Shares were issued during the year upon exercise of share options and the placing of new shares.

中怡國際集團有限公司(「本公司」)董事(「董事」)謹將其全年報告連同本公司及其附屬公司(統稱「本集團」)截至二零一八年十二月三十一日止年度之經審核合併財務報表呈覽。

主要業務、營運地區分析及業務回顧

本公司之主要業務為投資控股。附屬公司之業務載於合併財務報表附註10。

本集團於本年度之業績表現按營運分部劃分之分析載於合併財務報表附註5。

該等業務的進一步討論、分析以及本集團業務日後可能發展的揭示，可於本年報第3至17頁的主席報告書及管理層討論與分析中查閱。

全年業績

本集團於本年度之全年業績載於第58頁之合併收益表內。

股息

於二零一八年十二月七日已向本公司股東(「股東」)派付中期股息每股1.5港仙，董事會建議派付截至二零一八年十二月三十一日止年度末期股息每股普通股4.1港仙。連同中期股息，截至二零一八年十二月三十一日止年度股息分派總額為每股5.6港仙(二零一七年：4.8港仙)。

倘獲本公司股東於二零一九年六月十八日舉行的本公司股東週年大會(「股東週年大會」)上批准，建議末期股息將於二零一九年七月十二日或前後向於二零一九年六月二十八日名列本公司股東名冊上之股東派發。

股本

本公司於本年度之股本變動詳情載於合併財務報表附註24(a)。於本年度內，因購股權獲行使及配售新股份發行股份。

DISTRIBUTABLE RESERVES

As at 31 December 2018, the Company had distributable reserves amounting to RMB486,505,000 (2017: RMB497,399,000).

EQUITY LINKED AGREEMENTS – SHARE OPTIONS GRANTED TO DIRECTORS AND SELECTED EMPLOYEES

Details of the share options granted in prior years is set out in Note 24(b) to the consolidated financial statements and "Share options" section contained in this Directors' Report. No shares were issued by the Company during the year ended 31 December 2018.

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

During the year ended 31 December 2018, the Company had not redeemed and neither the Company nor any of its subsidiaries had purchased or sold any of the Company's listed securities.

PRE-EMPTIVE RIGHTS

There is no provision for pre-emptive rights under the Company's articles of association and there was no restriction against such rights under the laws of the Cayman Islands, which would oblige the Company to offer new shares on a prorata basis to existing shareholders.

FIVE-YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years, restated and reclassified as appropriate, is set out on page 154. This summary does not form part of the audited consolidated financial statements.

KEY RISKS AND UNCERTAINTIES

Apart from those stated in the Chairman's Statement and Management Discussion and Analysis sections, the Company is exposed to the following key risks and uncertainties which are required to be disclosed pursuant to the Companies Ordinance (Cap 622 Laws of Hong Kong).

Raw Material Risk

The Group's business is dependent on the supply and cost of raw materials and any disruption in the supply or fluctuation in the prices of such raw materials could materially and adversely affect the Group's business, results of operations, financial condition and prospects.

可供分派之儲備

於二零一八年十二月三十一日，本公司可供分派之儲備為人民幣486,505,000元(二零一七年：人民幣497,399,000元)。

權益掛鉤協議 – 授予董事及挑選職工的購股權

在往年度授出的購股權詳情載於合併財務報表附註24(b)及此董事會報告「購股權」一節內。截至二零一八年十二月三十一日止年度內，本公司並無發行任何股份。

購買、出售或贖回本公司上市證券

截至二零一八年十二月三十一日止年度，本公司並無贖回，而本公司或其任何附屬公司概無購買或出售本公司任何上市證券。

優先購買權

本公司之組織章程細則並無有關優先購買權之規定，而根據開曼群島法例，該等權利並無限制，本公司毋須按比例向現有股東提呈發售新股份。

五年財務概要

本集團於過往五個財政年度經適當重列及重新歸類之業績、資產及負債概要載於第154頁。該概要並不構成經審核合併財務報表之一部分。

主要風險及不明朗因素

除主席報告書及管理層討論及分析提述事宜以外，本公司根據公司條例(香港法例第622章)須予披露所面對的主要風險及不明朗因素如下。

原材料風險

本集團的業務取決於原材料的供應及成本，供應出現任何中斷或原材料價格出現波動可能會對本集團的業務、經營業績、財務狀況及前景造成重大不利影響。

KEY RISKS AND UNCERTAINTIES (CONTINUED)

Operational Risk

The Group's production facilities emit pollutants and are subject to various environmental protection laws and regulations in China. Any change to, or failure by the Group to comply with, environmental protection laws or regulations may cause the Group to incur additional costs and expenses. In addition, if the production facilities of the Group experience power, steam or water shortages, the Group's business and results of operations may be harmed.

Credit Risks Relating to Customers

Exposure to bad debts attributable to customers usually intensifies in a time of weak economic performance. To minimize credit risks, the management of the Group has appointed dedicated staff members to handle procedures for determining credit limits, credit approval and other monitoring procedures, to ensure follow-up with all receivables in a timely manner. In addition, the Group reviews the collectability of receivables at the end of a reporting period, to ensure that sufficient impairment losses are provided for in respect of uncollectible monies. Details of the credit risks are set out in Note 3.1(a) to the consolidated financial statements.

Liquidity Risks

In managing liquidity risks, the Group monitors and maintains cash and cash equivalents at a level which is considered by the management as sufficient, to satisfy the needs arising from the Group's operations and to mitigate the effect of fluctuations of cash flow. The management closely monitors the use of borrowings to ensure that relevant covenants relating to loans are complied with.

Currency risk

The Group has foreign currency transactions and foreign currency borrowings, which expose the Group to foreign currency risk. The Group manages and monitors foreign exchange exposures to ensure appropriate measures are implemented on a timely and effective manner. The Group may enter into several interest rate swap and foreign currency forward contracts to mitigate the risks as necessary. Details of the currency risk are set out in Note 3.1(d) to the consolidated financial statements.

主要風險及不明朗因素(續)

營運風險

本集團的生產設施排放廢水及其他污染物，並須受中國及本集團生產設施所在地的其他國家的各種環保法例及法規的規限。環保法例或法規的任何變動或本集團未能遵守環保法例或法規可能令本集團產生額外費用及開支。此外，倘本集團的生產設施出現電力、蒸汽或水力不足，本集團的業務及經營業績或會受損。

客戶的信貸風險

隨著經濟疲弱，客戶壞帳風險相對增加。為減低信貸風險，本集團管理層已委派特定人員負責釐定信貸限額、信貸審批及其他監控程序，以確保及時跟進所有應收帳款。此外，本集團會於報告期末已檢討債項之可收回款額，以確保就不可收回款額作出足夠之減值虧損。信貸風險詳情載列於合併財務報表附註3.1(a)。

流動資金風險

管理流動資金風險時，本集團會監察及保持管理層視為足夠水平之現金及現金等值項目，以撥付本集團營運所需及減低現金流量波動之影響。管理層會密切監察借貸之使用情況，確保遵守相關貸款契諾。

貨幣風險

本集團因有外幣交易以及外幣借貸，以致本集團承受外幣折算風險。本集團管理及監察外匯風險，以確保及時及有效地採取適當措施。本集團可能會訂立若干利率掉期及外匯遠期合約以在必要時減低風險。貨幣風險詳情載列於合併財務報表附註3.1(d)。

KEY RISKS AND UNCERTAINTIES (CONTINUED)

Interest rate risk

The Group also entered some interest rate swap contracts to hedge the floating-rate bank borrowings. It is the Group's policy to fix the interest rate for a portion of the bank borrowings while keeping the interest rate floating for the remaining portion of bank borrowing floating. The management monitors interest rate exposure and will consider changing the proportion of the interest rate hedging. Details of the interest rate risk are set out in Note 3.1(c) to the consolidated financial statements.

Environmental policies and performance

The Group emphasizes in environmental protection during its production process and adopts various measures to ensure its duties of protecting the environment. The Group continues to update the requirements of the relevant environmental laws and regulations applicable to it to ensure compliance. The Group does not produce material waste nor emit material quantities of pollutants during its production process. During the year under review, the Group has complied with the relevant environmental laws and regulations applicable to it in all material respects, including waste water emission permit, gas emission permit and others. The Group has also adopted measures in order to achieve efficient use of resources, energy saving and waste reduction. The measures include wastewater and gas emission managements, noise control, greenhouse gas emission and resources management.

Compliance with laws and regulations

The Group continues to update the requirement of the relevant laws and regulations in various countries, particularly in the PRC and Hong Kong, applicable to it to ensure compliance. Substantially all of the Group's assets are located in the PRC and the Group's revenue is mainly derived from operations in the PRC. The Group was listed on the Stock Exchange of Hong Kong on 9 March 2004. During the year under review, the Group complied with the relevant laws and regulations in various countries applicable to it in all material respects.

主要風險及不明朗因素(續)

利率風險

本集團亦訂立利率掉期合約以對沖部分銀行借款之浮動利率。本集團的政策是固定部分銀行借款的利率，同時其餘部份之銀行借貸的利率保持浮動。管理層監控利率風險，並會考慮改變利率對沖的比例。利率風險詳情載列於合併財務報表附註3.1(c)。

環保政策及履行

本集團重視生產過程中的環境保護，並採取多項措施及監控方法履行對保護環境的責任。本集團不斷更新彼適用的相關環保法律法規的規定，確保已經遵從。本集團並無於其生產過程中製造重大廢料，亦無排放重大數量的污染物。回顧年度內，本集團在所有重大方面均已遵守彼適用的相關環保法律法規，包括廢水排放許可、氣體排放許可規定及其他規定。我們亦已採納措施以取得有效利用資源、節能及減少廢品。有關措施包括廢水及氣體管理、噪音控制、溫室氣體排放及資源管理。

遵守法律及法規

本集團不斷更新彼於多個國家(尤其是中國及香港)適用的相關法律法規，確保已經遵從。本集團絕大部分資產位於中國，而本集團收益主要來自於中國營運。本集團於二零零四年三月九日在香港聯交所上市。回顧年度內，本集團在所有重大方面均已遵守彼於多個國家適用的相關法律法規。

DIRECTORS

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

Executive Directors

Mr. Yang Yirong (*Chairman & President*)
Mr. Gong Xionghui
Ms. Lu Jiahua
Mr. Han Huan Guang
Mr. Lin Zhigang
Dr. Lin David Ying Tsung
(redesignated on 28 March 2018)

Non-executive Director ("NED(s)")

Mr. Feng Tao (retired on 8 June 2018)

Independent Non-executive Directors ("INED(s)")

Mr. Yau Fook Chuen
Mr. Wong Yik Chung, John
Mr. Xiang Ming (appointed on 9 April 2019)

In accordance with article 108(A) of the Company's articles of association, Ms. Lu Jiahua, Dr. Lin David Ying Tsung and Mr. Wong Yik Chung, John, will retire from office by rotation and, being eligible, offers themselves for re-election at the forthcoming annual general meeting.

In accordance with article 112 of the Company's articles of association, Mr. Xiang Ming, who was appointed by the Board to fill casual vacancies in this year, will retire from office and, being eligible, offers himself for re-election at the forthcoming AGM.

DIRECTORS' SERVICE CONTRACTS

The NEDs and INEDs were appointed for an initial term of not more than one year and will be renewable automatically for successive term of one year until terminated by not less than three months' notice in writing served by either party on the other.

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

APPOINTMENT OF INEDS

The Company has received, from each of the INEDs, an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the INEDs are independent.

董事

於本年度及直至本報告日期之本公司董事如下：

執行董事

楊毅融先生(主席兼總裁)
龔雄輝先生
盧家華女士
韓歡光先生
林志剛先生
林英宗博士
(於二零一八年三月二十八日調任)

非執行董事

馮濤先生(於二零一八年六月八日退任)

獨立非執行董事

丘福全先生
黃翼忠先生
向明先生(於二零一九年四月九日獲委任)

根據本公司之組織章程細則第108(A)條，楊盧家華女士、林英宗博士及黃翼忠先生將於應屆股東週年大會輪值退任，惟符合資格並願意膺選連任。

根據本公司之組織章程細則第112條，由董事會委任以填補本年度臨時空缺的向明先生將於應屆股東週年大會退任，惟符合資格並願意膺選連任。

董事服務合同

非執行董事及獨立非執行董事之任期初步不多於一年，並將自動續任一年，直至任何一方對對方發出不少於三個月之書面通知終止任期為止。

有意於應屆股東週年大會上重選連任之董事均無與本公司訂有本公司不可於一年內免付補償(法定補償除外)而終止之服務合同。

獨立非執行董事之委任

本公司已收到各位獨立非執行董事根據上市規則第3.13條發出之年度獨立確認書。本公司認為，所有獨立非執行董事均為獨立人士。

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Brief biographical details of Directors and senior management are set out on pages 18 to 22.

DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS THAT ARE SIGNIFICANT IN RELATION TO THE COMPANY'S BUSINESS

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

EMPLOYMENT AND REMUNERATION POLICY

As at 31 December 2018, the Group had a total of 510 employees (2017: 414 employees). Staff costs including directors' remuneration for the years ended 31 December 2018 and 31 December 2017 were approximately RMB63.47 million and approximately RMB48.95 million, respectively. Details of the emoluments of the Directors and the top five highest paid individuals of the Group are set out in Notes 36 and 9(b) to the consolidated financial statements.

The Group has established its human resources policies and procedures with a view to deploying the incentives and rewards of the remuneration system. The remuneration package offered to the staff is appropriate for the duties and in line with the prevailing market terms. Staff benefits, including medical coverage and provident funds, are provided to employees. The Group has also established effective performance evaluation system in which employees are properly rewarded on a performance-related basis under the Group's salary and bonus system. The Group has adopted a share option scheme for the purpose of providing incentives and rewards to the management, key technician and other eligible participants who contribute to the success of the Group's operations.

PENSION SCHEMES

Details of the pension schemes operated by the Group are set out in Note 9(a) to the consolidated financial statements.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Group were entered into or existed during the year.

董事及高級管理人員履歷

董事及高級管理人員之個人簡歷載於第18至22頁。

董事在對本公司業務而言屬於重要的交易、安排及合同中的重大權益

本年度內或年結時，本公司及其任何附屬公司概無簽訂任何涉及本集團之業務而本公司之董事及董事的關連人士直接或間接在其中擁有重大權益之重要交易、安排及合同。

僱員及薪酬政策

於二零一八年十二月三十一日，本集團僱用510員工(二零一七年：414名)。截至二零一八年及二零一七年十二月三十一日止年度之員工成本(包括董事酬金)分別約為人民幣6,347萬元及約人民幣4,895萬元。本公司之董事及本集團之五名最高薪酬人士之薪酬詳情載於合併財務報表附註36及9(b)。

本集團制定其人力資源政策及程式，於其薪酬制度中加入花紅及獎勵。向員工發放之酬金待遇乃根據其職責而釐訂，且符合當時當地的市場水準。員工福利包括醫療保險及退休金。本集團亦設立一套有效表現評估制度，據此，本集團設定僱員的薪金及花紅制度，並按僱員表現發放適當的獎勵。本集團亦已採納購股權計劃，以獎勵及獎賞曾對本集團成功經營作出貢獻的管理人員和技術骨幹以及其他合資格參與人士。

退休金計劃

本集團管理的退休金計劃詳情載於合併財務報表附註9(a)。

管理合約

年內，本公司並無訂立或訂有任何涉及本集團全部或任何重大部分業務之管理及行政合約。

DIRECTORS' INTEREST IN COMPETING BUSINESSES

As at 31 December 2018, none of the Directors was interested in any business apart from the business of the Group, which competes or is likely to compete, either directly or indirectly, with that of the Group.

PERMITTED INDEMNITY PROVISIONS

Pursuant to the Company's Articles of Association, every Director and officer of the Company shall be indemnified out of the assets of the Company against all costs, charges, expenses, losses and liabilities which he/she may sustain or incur in or about the execution or holding of his/her office or otherwise in relation thereto.

In addition, the Company has taken out and maintained insurance for the Directors against liabilities to third parties that may be incurred in the course of performing their duties as at the date of this report.

MAJOR CUSTOMERS AND SUPPLIERS

The aggregate sales attributable to the Group's largest and the five largest customers were 10% and 28%, respectively. The aggregate purchases attributable to the Group's largest and the five largest suppliers were 6% and 23%, respectively.

None of the Directors, their associates or any shareholder of the Company, which to the knowledge of the Directors owned more than 5% of the Company's issued share capital, had any interest in the Group's five largest customers and five largest suppliers noted above.

RELATED PARTY TRANSACTIONS

The related party transactions conducted during the year under review as disclosed in Note 35 to the financial statements did not constitute connected transactions as defined under Chapter 14A of the Listing Rules.

董事於競爭業務之權益

於二零一八年十二月三十一日，概無董事於本集團業務以外之任何業務中擁有與本集團業務直接或間接構成或可能構成競爭之權益。

獲准許的彌償條文

根據本公司組織章程細則下，本公司各董事及行政人員就其執行或擔任職務或在其他方面與此有關所蒙受或引致的一切費用、收費、支出、損失及責任，均有權從本公司資產中獲得彌償保證。

此外，本公司已為董事就可能於本報告日期履行彼等職責時招致的第三方責任進行投保及續保。

主要客戶及供應商

本集團之最大客戶及五大客戶應佔銷量總額分別為10%及28%。本集團之最大供應商及五大供應商應佔採購總額分別為6%及23%。

董事、彼等之聯繫人士或據董事所知任何擁有本公司已發行股本5%以上之本公司股東，概無擁有上述本集團五大客戶及五大供應商任何權益。

關聯方交易

財務報表附註35所披露於回顧年度進行的關聯方交易並不構成上市規則第14A章所界定之關連交易。

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY SPECIFIED UNDERTAKING OF THE COMPANY OR ANY OTHER ASSOCIATED CORPORATION

As at 31 December 2018, the interests or short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which were notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were recorded in the register required to be kept by the Company under Section 352 of the SFO, or which were required, pursuant to the Model Code adopted by the Company contained in the Listing Rules, to be notified to the Company and the Stock Exchange, were as follows:

(a) Long positions in ordinary shares of HK\$0.1 each in the Company at 31 December 2018

董事及行政總裁於本公司或公司的任何指明企業或任何其他有聯繫法團之股份、相關股份及債權證之權益及淡倉

於二零一八年十二月三十一日，本公司董事及最高行政人員於本公司或其任何相聯法團（定義見證券及期貨條例（「證券及期貨條例」）第XV部）之股份、相關股份及債權證中，擁有根據證券及期貨條例第XV部第7及8分部已知會本公司及聯交所之權益或淡倉（包括根據證券及期貨條例之該等條文彼等被當作或視為擁有之權益或淡倉），或已記入本公司須根據證券及期貨條例第352條存置之登記冊之權益或淡倉，或根據上市規則所載獲本公司採納之標準守則須知會本公司及聯交所之權益或淡倉如下：

(a) 於二零一八年十二月三十一日持有本公司每股面值0.1港元普通股之好倉

| Name of Directors | 董事姓名 | Number of shares held | | | % of the issued share capital of the Company |
|--------------------------|-------|-----------------------|---------------------------------|-------------|--|
| | | Personal interests | Corporate interests | Total | |
| | | 個人權益 | 法團權益 | 總計 | 佔本公司已發行股本百分比 |
| Mr. Yang Yirong | 楊毅融先生 | 528,000 | 283,589,687 (Note i)(附註i) | 293,997,687 | 37.93% |
| Mr. Gong Xionghui | 龔雄輝先生 | 2,706,000 | 15,006,315 (Note ii)(附註ii) | 17,712,315 | 2.29% |
| Ms. Lu Jiahua | 盧家華女士 | 2,046,000 | 11,254,736 (Note iii)(附註iii) | 13,300,736 | 1.72% |
| Mr. Han Huan Guang | 韓歡光先生 | 1,584,000 | — | 1,584,000 | 0.20% |
| Mr. Lin Zhigang | 林志剛先生 | 2,376,000 | — | 2,376,000 | 0.31% |
| Mr. Yau Fook Chuen | 丘福全先生 | 396,000 | — | 396,000 | 0.05% |
| Mr. Wong Yik Chung, John | 黃翼忠先生 | 132,000 | — | 132,000 | 0.02% |

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY SPECIFIED UNDERTAKING OF THE COMPANY OR ANY OTHER ASSOCIATED CORPORATION (CONTINUED)

(a) Long positions in ordinary shares of HK\$0.1 each in the Company at 31 December 2018 (continued)

Notes:

- (i) Mr. Yang Yirong is deemed to be interested in 283,589,687 shares of the Company held by Marietta Limited by virtue of it being controlled by Mr Yang Yirong.
- (ii) Mr. Gong Xionghui is deemed to be interested in 15,006,315 shares of the Company held by Dragon Kingdom Investment Limited by virtue of it being controlled by Mr Gong Xionghui.
- (iii) Ms. Lu Jiahua is deemed to be interested in 11,254,736 shares of the Company held by Sunwill Investments Limited by virtue of it being controlled by Ms Lu Jiahua.

(b) Derivative to ordinary shares of HK\$0.1 each in the Company

Share options, being unlisted physically settled equity derivatives, to subscribe for the ordinary shares of the Company were granted to Directors, chief executives, employees and certain participants pursuant to the share option schemes approved by shareholders of the Company at the general meeting held on 28 May 2014. Information in relation to these share options during the year ended 31 December 2018 are set out in "Share options" section contained in this Directors' Report.

Saved as disclosed above, at no time during the year, the Directors and chief executives (including their spouse and children under 18 years of age) had any interest in, or had been granted, or exercised, any rights to subscribe for shares or warrants or debentures of the Company, its specified undertakings and its other associated corporations required to be disclosed pursuant to the SFO and the Hong Kong Companies Ordinance (Cap. 622).

董事及行政總裁於本公司或公司的任何指明企業或任何其他有聯繫法團之股份、相關股份及債權證之權益及淡倉(續)

(a) 於二零一八年十二月三十一日持有本公司每股面值0.1港元普通股之好倉(續)

附註：

- (i) 楊毅融先生因控制Marietta Limited而被視為擁有該公司所持的283,589,687股本公司股份的權益。
- (ii) 龔雄輝先生因控制Dragon Kingdom Investment Limited而被視為擁有該公司所持的15,006,315股本公司股份的權益。
- (iii) 盧家華女士因控制Sunwill Investments Limited而被視為擁有該公司所持的11,254,736股本公司股份的權益。

(b) 於本公司的每股面值HK\$0.1普通股之衍生工具

根據二零一四年五月二十八日在股東大會上經本公司股東批准之購股權計劃，授予董事、行政總裁、僱員及若干參與人士之購股權屬於非上市實物交收股本衍生工具以認購本公司之普通股。有關截至二零一八年十二月三十一日止年度內該等購股權之詳情，載於此董事會報告「購股權」一節內。

除上文披露外，根據證券條例及香港《公司條例》(第622章)，本年度內任何時間，各董事及行政總裁(包括彼等之配偶及十八歲以下子女)並無擁有、獲授予或行使任何可認購本公司、其指明企業及其其他有聯繫法團之股份或認股權證或債權證之權利需要披露。

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY SPECIFIED UNDERTAKING OF THE COMPANY OR ANY OTHER ASSOCIATED CORPORATION (CONTINUED)

(c) Nominees shares of the Company's subsidiaries held in trust

A Director also hold nominee shares of certain subsidiaries held in trust for the Group solely for the purpose of ensuring that the relevant subsidiary has more than one member.

Other than those interests disclosed above, at no time during the year was the Company, its subsidiaries or its other associated corporations a party to any arrangement to enable the Directors and chief executives of the Company (including their spouse and children under 18 years of age) to hold any interests or short positions in the shares or underlying shares in, or debentures of, the Company or its specified undertakings or other associated corporation.

SHARE OPTIONS

Share options are granted to Directors, executives, employees and business partners at the invitation of the Directors under the share option scheme (the "Scheme") approved by shareholders at general meeting held on 28 May 2014. The Scheme are designed to motivate executives and key employees and other persons who make a contribution to the Group and enable the Group to attract and retain individuals with experience and ability and to reward them for their past contributions.

The share options were granted at nil consideration. An option may be accepted by a participant within 21 days from the date of the offer for the grant of the option and the amount payable on acceptance of the grant of an option is HK\$1.

The exercise price of the granted options is not less than the highest of: (a) the closing price of the shares on the date of the grant; (b) the average closing price of the shares for the five business days immediately preceding the date of the grant; and (c) the nominal value of the Company's shares. Each option gives the holder the right to subscribe for one share of the Company. Unless otherwise determined by the Directors and stated in the offer for the grant of options to a grantee, there is no minimum period required for the holding of an option before it can be exercised; the share options have a contractual option term of 10 years.

董事及行政總裁於本公司或公司的任何指明企業或任何其他有聯繫法團之股份、相關股份及債權證之權益及淡倉(續)

(c) 信託持有本公司附屬公司的代理人股

董事亦以信託方式為本集團持有若干附屬公司之代名人股份，僅為確保有關附屬公司擁有超過一名股東。

除上文披露外，本年度任何時間內，本公司、其附屬公司、其聯繫公司、各同系附屬公司、或控股公司或其其他有聯繫法團沒有成為某些安排的其中一方，且該等安排的目的是使公司的董事及行政總裁(包括其配偶及18歲以下子女)能持有本公司或其指明企業或其其他有聯繫法團之股份、相關股份或債權證的權益或淡倉。

購股權

根據股東在二零一四年五月二十八日於股東大會上批准的購股權計劃(「購股權計劃」)，在董事的邀請下購股權可授予董事、行政人員和職工，以及業務合夥人。購股權計劃是用以激勵行政人員、主要職工和其他對本集團有貢獻的人士，並有助本集團吸引和挽留人才，和報答他們作出的貢獻。

購股權以無償對價授出。參與者可由建議授出購股權當日起計21日內接納購股權，而於接納授出購股權時須支付之金額為1港元。

授出購股權的行使價不低於下列最高者：(a) 授出日期股份的收市價；(b) 授出日期前五個營業日股份的收市價；(c) 本公司股份之面值。每份購股權授予其持有人認購本公司一股股份的權利。除非董事另行決定並於向承授人授出購股權之建議中表明，否則並無有關購股權可行使前必須持有之最短期限：購股權的合同認購期為十年。

SHARE OPTIONS (CONTINUED)

The Company can issue share options so that the total number of shares that may be issued upon exercise of all options to be granted under all the share option schemes does not in aggregate exceed 10% of the shares in issue on the date of approval of the share option scheme. The Company may renew this limit at any time, subject to shareholders' approval and the issue of a circular and in accordance with the Listing Rules provided that the number of shares to be issued upon exercise of all outstanding options granted and yet to be exercised under all the share option schemes does not exceed 30% of the shares in issue from time to time.

As at 18 April 2019, share options to subscribe for a total of 24,777,000 option shares were still outstanding under the Scheme which represent approximately 3.2% of the issued ordinary shares of the Company.

The Scheme shall be valid and effective for a period of 10 years commencing from the approval of the Scheme.

The following table discloses details of share options outstanding as at 31 December 2018 under the Scheme and the movements during the year.

購股權(續)

本公司可以發行購股權，令致根據所有購股權計劃將授出的所有購股權行使時可能發行的股份總數，總計不超過購股權計劃批准當日已發行股份的10%。本公司可以隨時在股東批准和發出通函後按照上市規則更新這個限額，惟根據所有購股權計劃已授出但仍未行使的所有購股權在行使後將予發行的股份數目，不得超過當時已發行股份的30%。

於二零一九年四月十八日，根據購股權計劃仍未行使的購股權可認購股份合共24,777,000股，佔本公司已發行普通股約3.2%。

購股權計劃由計劃批准起10年內維持有效。

下表載述於二零一八年十二月三十一日根據計劃尚未行使之購股權詳情及其於年內之變動。

| Type of Grantee | 承授人類別 | Adjusted exercise price 經調整行使價 HK\$ 港元 | Date of grant 授出日期 | Exercisable period 行使期 | Adjusted balance as at 1 January 2018 於二零一八年一月一日經調整之結餘 (‘000) 千計 | Granted during the year 年內授出 (‘000) 千計 | Exercised during the year 年內行使 (‘000) 千計 | Lapsed/Cancelled during the year 年內失效/註銷 (‘000) 千計 | Balance as at 31 December 2018 於二零一八年十二月三十一日之結餘 (‘000) 千計 |
|--|-----------------------|---|-----------------------|---------------------------|---|---|---|---|--|
| Category 1 – Directors | 類別1 – 董事 | | | | | | | | |
| Mr. Yang Yirong | 楊毅融先生 | 1.70 | 1.12.2014 | 1.12.2014-30.11.2024 | 647 | - | - | - | 647 |
| Mr. Gong Xionghui | 龔雄輝先生 | 1.70 | 1.12.2014 | 1.12.2014-30.11.2024 | 3,960 | - | - | - | 3,960 |
| Ms. Lu Jiahua | 盧家華女士 | 1.70 | 1.12.2014 | 1.12.2014-30.11.2024 | 3,960 | - | - | - | 3,960 |
| Mr. Han Huan Guang | 韓歡光先生 | 1.70 | 1.12.2014 | 1.12.2014-30.11.2024 | 3,960 | - | - | - | 3,960 |
| Mr. Lin Zhigang | 林志剛先生 | 1.70 | 1.12.2014 | 1.12.2014-30.11.2024 | 3,960 | - | - | - | 3,960 |
| Mr. Yau Fook Chuen | 丘福全先生 | 1.70 | 1.12.2014 | 1.12.2014-30.11.2024 | 647 | - | - | - | 647 |
| Mr. Wong Yik Chung, John | 黃翼忠先生 | 1.70 | 1.12.2014 | 1.12.2014-30.11.2024 | 647 | - | - | - | 647 |
| Sub-total | 小計 | | | | 17,781 | - | - | - | 17,781 |
| Category 2 – Employees under continuous employment contract | 類別2 – 持續僱傭合約僱員 | | | | | | | | |
| | | 1.70 | 1.12.2014 | 1.12.2014-30.11.2024 | 3,036 | - | - | - | 3,036 |
| Category 3 – Consultants | 類別3 – 顧問 | | | | | | | | |
| | | 1.70 | 1.12.2014 | 1.12.2014-30.11.2024 | 3,960 | - | - | - | 3,960 |
| Total | 總計 | | | | 24,777 | - | - | - | 24,777 |

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

So far as is known to any Director or chief executive of the Company, as at 31 December 2018, shareholders (other than Directors or chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Long positions in ordinary shares of HK\$0.1 each in the Company

主要股東在本公司股份、相關股份之權益及淡倉

就本公司任何董事或最高行政人員所知，於二零一八年十二月三十一日，於本公司股份或相關股份中擁有根據證券及期貨條例第XV部第2及3分部條文須向本公司披露之權益或淡倉，或已記入本公司須根據證券及期貨條例第336條存置之登記冊之權益或淡倉之股東(本公司董事或最高行政人員除外)如下：

於本公司每股面值0.1港元普通股之好倉

| Name 名稱 | Number of shares held 所持股份數目 | | | Total 總計 | % of the issued share capital of the Company 佔本公司 已發行 股本百分比 |
|--|----------------------------------|-----------------------------------|-------------------------------|-------------|---|
| | Beneficial owner 實益擁有人 | Corporate interests 法團權益 | Investment manager 投資經理 | | |
| Marietta Limited | 283,589,687 (Note i) (附註i) | – | – | 283,589,687 | 36.59% |
| FMR LLC | – | – | 69,480,800 | 69,480,800 | 8.96% |
| Guan Nian Trading Limited | 58,500,000 | – | – | 58,500,000 | 7.55% |
| Kwok Ying Lan 郭英蘭 | – | 58,500,000 (Note ii) (附註ii) | – | 58,500,000 | 7.55% |
| Platinum Investment Management Limited | – | – | 45,387,278 | 45,387,278 | 5.86% |

Notes:

- (i) These shares were registered in the name of and beneficially owned by Marietta Limited, the entire issued share capital of which was directly and beneficially owned by Mr. Yang Yirong.
- (ii) These shares were registered in the name of and beneficially owned by Guan Nian Trading Limited, the entire issued share capital of which was directly and beneficially owned by Ms. Kwok Ying Lan.

附註：

- (i) 該等股份以Marietta Limited之名義登記，並由該公司實益擁有，而Marietta Limited全部已發行股本則以楊毅融先生直接實益擁有。
- (ii) 該等股份以Guan Nian Trading Limited之名義登記，並由該公司實益擁有，而Guan Nian Trading Limited全部已發行股本則以郭英蘭女士直接實益擁有。

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES OF THE COMPANY (CONTINUED)

Other than as disclosed above, the Company has not been notified by any persons, other than the Directors and chief executives of the Company, who had interest or short positions in the shares or underlying shares of the Company as at 31 December 2018.

CORPORATE GOVERNANCE

In the opinion of the Directors, the Company has complied with most of the Corporate Governance Code contained in Appendix 14 of the Listing Rules throughout the year ended 31 December 2018, save for the deviations from Code Provision A.2.1, A.5.1 and A.6.7 of the CG Code. Information on the deviations and further information on the Company's corporate governance Code is set out in the "Corporate Governance Report" as set out on pages 23 to 36.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to and within the knowledge of the Directors, it is confirmed that there is sufficient public float of more than 25% of the Company's issued shares at 18 April 2019.

SUBSEQUENT EVENT

There are no significant events occurred after the balance sheet date.

AUDITOR

The accompanying consolidated financial statements have been audited by PricewaterhouseCoopers who retire and, being eligible, offer themselves for re-appointment.

On behalf of the Directors

Yang Yirong

Chairman & President

Hong Kong, 27 March 2019

主要股東在本公司股份、相關股份之權益及淡倉(續)

除上文披露者外，本公司並無獲知會，於二零一八年十二月三十一日，除董事及本公司行政總裁以外，有任何人士於本公司之股份或相關股份中擁有權益或淡倉。

企業管治

董事認為，除第A.2.1條、第A.5.1條及A.6.7條偏離企業管治常規守則條文外，本公司於截至二零一八年十二月三十一日止年度一直遵守上市規則附錄14所載大部分《企業管治守則》。有關該等偏離及本公司企業管治守則之進一步資料載於第23至36頁「企業管治報告」。

充足公眾持股量

根據公開所得的資料以及就董事所知，在二零一九年四月十八日，確認本公司有足夠公眾持股量，本公司已發行超過25%的股份。

結算日後事項

本公司於結算日後並無發生任何重大事項。

核數師

本合併財務報表已由羅兵咸永道會計師事務所審核，該核數師任滿告退，但表示願意應聘連任。

代表董事

主席兼總裁

楊毅融

香港，二零一九年三月二十七日

Independent Auditor's Report

獨立核數師報告



To the Shareholders of EcoGreen International Group Limited
(incorporated in the Cayman Islands with limited liability)

OPINION

What we have audited

The consolidated financial statements of EcoGreen International Group Limited (the "Company") and its subsidiaries (the "Group") set out on pages 58 to 153, which comprise:

- the consolidated balance sheet as at 31 December 2018;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Our opinion

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

羅兵咸永道

致中怡國際集團有限公司股東
(於開曼群島註冊成立的有限公司)

意見

我們已審計的內容

中怡國際集團有限公司(以下簡稱「貴公司」)及其附屬公司(以下統稱「貴集團」)列載於第58至153頁的合併財務報表，包括：

- 於二零一八年十二月三十一日的合併資產負債表；
- 截至該日止年度的合併利潤表；
- 截至該日止年度的合併綜合收益表；
- 截至該日止年度的合併權益變動表；
- 截至該日止年度的合併現金流量表；及
- 合併財務報表附註，包括主要會計政策概要。

我們的意見

我們認為，該等合併財務報表已根據香港會計師公會頒布的《香港財務報告準則》真實而中肯地反映了貴集團於二零一八年十二月三十一日的合併財務狀況及其截至該日止年度的合併財務表現及合併現金流量，並已遵照香港《公司條例》的披露規定妥為擬備。

意見的基礎

我們已根據香港會計師公會頒布的《香港審計準則》進行審計。我們在該等準則下承擔的責任已在本報告「核數師就審計合併財務報表承擔的責任」部分中作進一步闡述。

我們相信，我們所獲得的審計憑證能充足及適當地為我們的審計意見提供基礎。

Independence

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.

KEY AUDIT MATTERS

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

Key audit matters identified in our audit are summarised as follows:

- Net realisable value of inventories
- Impairment of intangible assets

(i) Net realisable value of inventories

Refer to Note 22 to the consolidated financial statements

At 31 December 2018, inventories of the Group amounted to RMB245.8 million. As described in the accounting policies in Note 2.10 to the consolidated financial statements, inventories are carried at the lower of cost and net realisable value.

Management applied judgment in determining the net realisable value for inventories. Net realisable value is determined based upon a detailed analysis of inventories aging on a product by product basis, with reference to the current marketability and latest invoice prices of the respective finished goods and the current market conditions existing at the end of the reporting period. Inventory has been written down by RMB6.4 million to reduce the carrying value of certain inventories to their estimated net realisable value as at 31 December 2018.

We focused on this area due to the size of the balances and the judgment involved by management in determining the net realisable value of the inventories.

獨立性

根據香港會計師公會頒布的《專業會計師道德守則》(以下簡稱「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。

關鍵審計事項

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

我們在審計中識別的關鍵審計事項概述如下：

- 存貨的可變現淨值
- 無形資產的減值

(i) 存貨的可變現淨值

請參閱合併財務報表附註22

於二零一八年十二月三十一日，貴集團的存貨達人民幣245.8百萬元。誠如合併財務報表附註2.10會計政策所述，存貨按成本與可變現淨值兩者間的較低者列賬。

管理層於釐定存貨的可變現淨值時運用判斷。可變現淨值是根據各成品當前的可銷售性及其最新的發票價格以及報告期末的現行市況，基於對個別產品的存貨賬齡作詳盡分析而釐定。於二零一八年十二月三十一日，存貨已撇減人民幣6.4百萬元，以將若干存貨的賬面值減至彼等的估計可變現淨值。

我們集中於此範疇，是基於該等結餘的規模以及管理層在釐定存貨的可變現淨值時作涉及判斷。

Independent Auditor's Report

獨立核數師報告

How our audit addressed the Key Audit Matter:

Our procedures in relation to management's assessment on net realisable value of inventories included:

- Understood and evaluated the appropriateness and consistency of the basis management used in estimating the level of provision for inventories by comparing the historical accuracy of inventory provisioning, on a sample basis, to the realised amount; and reviewing the level of inventory write-offs during the year in relation to inventories loss.
- Checked, on a sample basis, the accuracy of inventories aging used by management to estimate the appropriate provision for slow moving and obsolete inventories.
- Performed audit analytics on inventories holding and movement data to identify inventories with indication of slow moving or obsolescence.
- Checked the utilisation of inventories by production subsequent to the year, on a sample basis, for the appropriateness of the associated provision made.
- Compared the carrying amounts, on a sample basis, of inventories to their net realisable value through a review of sales subsequent to the year end to check for completeness of the associated provision. Where there are no subsequent sales of the respective products after the year end, we challenged management as to the realisable value of the products, corroborating explanations with the aging, sales orders, historical margins and marketability of the respective inventories, as appropriate.

Based on the procedures performed, we found the assumptions of management in relation to the assessment on the net realisable value of inventories to be supportable by available evidence.

(ii) Impairment of intangible assets

Refer to Note 17 to the consolidated financial statements

As at 31 December 2018, carrying amount of the Group's intangible assets amounted to RMB160.9 million. As described in the accounting policies in Note 2.7 to the consolidated financial statements, intangible assets are carried at cost less accumulated amortisation and impairment.

我們的審計如何處理關鍵審計事項：

我們關於管理層對存貨的可變現淨值作出的評估之程序包括：

- 通過按抽樣方式對比存貨撥備與實現金額的過往準確性，並審閱存貨年內撇銷相對於存貨損失的水平，了解及評估管理層用於估計存貨撥備水平的基準是否適合和貫徹應用。
- 按抽樣方式檢查管理層就估計滯銷及陳舊存貨的適當撥備而使用的存貨賬齡的準確性。
- 對所持存貨及變動數據執行審計分析，以識別具有滯銷及過時跡象的存貨。
- 按抽樣方式檢查年度後生產的存貨之動用情況以評估所作的相關撥備是否適合。
- 通過年結後的銷售回顧，按抽樣方式對比存貨的賬面值及彼等的可變現淨值，從而檢查相關撥備的完成情況。倘各產品在年末後概無後續銷量，我們就產品的可變現價值向管理層提出質疑，並以各存貨的賬齡、銷售訂單、過往利潤率及可銷售性(倘適用)以佐證解釋。

根據所執行的程序，我們發現，管理層就評估存貨的可變現淨值作出的假設有可得的憑證作為支持。

(ii) 無形資產的減值

請參閱合併財務報表附註17

於二零一八年十二月三十一日，貴集團無形資產的賬面值達人民幣160.9百萬元。誠如合併財務報表附註2.7會計政策所述，無形資產乃按成本減累計攤銷及減值入賬。

The Group's intangible assets represent development costs incurred on the designing, constructing and testing for new or improved products and processes of production. Management judgment is required in identifying whether there are indicators that intangible assets are impaired; and in the determination of their recoverable amounts, which is primarily based on the expectation of future sales of the relevant underlying products and the current market conditions. Accumulated impairment charge of RMB24.5 million has been recorded to reduce the carrying amounts of certain intangible assets to their recoverable amounts as at 31 December 2018.

We focused on this area due to the size of the balances and the judgment involved by management in determining the recoverable amounts of the intangible assets.

How our audit addressed the Key Audit Matter:

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

- Checked the accuracy of the carrying amount of each intangible asset against the books and records.
- Understood and evaluated the appropriateness and consistency of the basis for management used in identifying impairment indicator and estimating such impairment provision by comparing the forecasted sales and gross margin prepared by management for the respective products against their historical performance, production plans and confirmed sales orders, where relevant.
- Where historical pattern was not demonstrated by those newer products, we challenge management as to their sales projections including pricing, corroborating explanations with the price of similar products in the market and sales quotations, where available, and the underlying marketability study documentation.

Based on the procedures performed, we found the assumptions of management in relation to impairment assessment on intangible assets to be supportable by available evidence.

貴集團的無形資產指設計、構建及測試新產品或改良產品以及生產過程中產生的開發成本。於確定無形資產是否有減值跡象時，以及於釐定彼等之可回收金額時（主要基於對有關產品的未來銷量的預期以及現行市況），管理層須運用判斷。用於將若干無形資產的賬面值減至彼等的可回收金額之累計減值費用人民幣24.5百萬元已於二零一八年十二月三十一日入賬。

我們集中於此範疇，是基於該等結餘的規模以及管理層在釐定無形資產的可回收金額時涉及判斷。

我們的審計如何處理關鍵審計事項：

我們關於管理層對無形資產作出的減值評估之程序包括：

- 檢查賬簿及記錄以核對各無形資產賬面值之準確性。
- 通過將管理層根據各產品的過往表現、生產計劃及已確認銷售訂單（倘相關）就其編製的預測銷量及毛利率進行對比，了解及評估管理層用於識別減值跡象及估計有關減值撥備之基準是否適合和貫徹應用。
- 倘過往表現未能體現於新近產品，我們會向管理層就其銷售預測提出質疑，並以市面上同類產品的價格及銷售報價（倘適用），以及有關的可銷售性研究文獻以佐證解釋。

根據所執行的程序，我們發現，管理層就無形資產的減值評估作出的假設有可得的憑證作為支持。

Independent Auditor's Report

獨立核數師報告

OTHER INFORMATION

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

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

The audit committee is responsible for overseeing the Group's financial reporting process.

其他信息

貴公司董事須對其他信息負責。其他信息包括年報內的所有信息，但不包括合併財務報表及我們的核數師報告。

我們對合併財務報表的意見並不涵蓋其他信息，我們亦不對該等其他信息發表任何形式的鑒證結論。

結合我們對合併財務報表的審計，我們的責任是閱讀其他信息，在此過程中，考慮其他信息是否與合併財務報表或我們在審計過程中所了解的情況存在重大抵觸或者似乎存在重大錯誤陳述的情況。

基於我們已執行的工作，如果我們認為其他信息存在重大錯誤陳述，我們需要報告該事實。在這方面，我們沒有任何報告。

董事及審核委員會就合併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布的《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合併財務報表，並對其認為為使合併財務報表的擬備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。

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

審核委員會須負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. We report our opinion 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 HKSAs 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 HKSAs, we exercise professional judgment 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.

核數師就審計合併財務報表承擔的 責任

我們的目標，是對合併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。我們僅向閣下(作為整體)報告我們的意見，除此之外本報告別無其他目的。我們不會就本報告的內容向任何其他人士負上或承擔任何責任。合理保證是高水平的保證，但不能保證按照《香港審計準則》進行的審計，在某一重大錯誤陳述存在時總能發現。錯誤陳述可以由欺詐或錯誤引起，如果合理預期它們單獨或滙總起來可能影響合併財務報表使用者依賴合併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《香港審計準則》進行審計的過程中，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合併財務報表存在重大錯誤陳述的風險，設計及執行審計程序以應對這些風險，以及獲取充足和適當的審計憑證，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。
- 了解與審計相關的內部控制，以設計適當的審計程序，但目的並非對貴集團內部控制的有效性發表意見。
- 評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

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.
- 對董事採用持續經營會計基礎的恰當性作出結論。根據所獲取的審計憑證，確定是否存在與事項或情況有關的重大不確定性，從而可能導致對貴集團的持續經營能力產生重大疑慮。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合併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計憑證。然而，未來事項或情況可能導致貴集團不能持續經營。
- 評價合併財務報表的整體列報方式、結構和內容，包括披露，以及合併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信息獲取充足、適當的審計憑證，以便對合併財務報表發表意見。我們負責貴集團審計的方向、監督和執行。我們為審計意見承擔全部責任。

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

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

除其他事項外，我們與審核委員會溝通了計劃的審計範圍、時間安排、重大審計發現等，包括我們在審計中識別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。

Independent Auditor's Report

獨立核數師報告

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

The engagement partner on the audit resulting in this independent auditor's report is Mak Tze Leung, William.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 27 March 2019

從與審核委員會溝通的事項中，我們確定哪些事項對本期合併財務報表的審計最為重要，因而構成關鍵審計事項。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計項目合夥人是麥子良。

羅兵咸永道會計師事務所
執業會計師

香港，二零一九年三月二十七日

Consolidated Income Statement – by Function of Expense

合併利潤表－按費用的功能列報

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

| | | Note 附註 | 2018 二零一八年 RMB'000 人民幣千元 | 2017 二零一七年 RMB'000 人民幣千元 |
|--|----------------------------|------------|-----------------------------------|-----------------------------------|
| Revenue | 收入 | 5 | 2,198,217 | 1,571,382 |
| Cost of sales | 銷售成本 | 8 | (1,665,994) | (1,236,918) |
| Gross profit | 毛利 | | 532,223 | 334,464 |
| Other gains – net | 其他收益－淨額 | 6 | 7,201 | 258 |
| Selling and marketing costs | 銷售及市場推廣成本 | 8 | (31,029) | (26,876) |
| Administrative expenses | 行政費用 | 8 | (93,733) | (72,506) |
| Net reversal of loss allowance on financial assets | 金融資產虧損撥備回撥淨額 | 20 | 1,530 | 1,319 |
| Operating profit | 經營溢利 | | 416,192 | 236,659 |
| Finance income | 財務收益 | 7 | 43,433 | 26,095 |
| Finance expenses | 財務費用 | 7 | (143,742) | (20,413) |
| Net finance (expenses)/income | 財務(費用)/收益淨額 | 7 | (100,309) | 5,682 |
| Share of profit of an associate | 應佔聯營利潤份額 | 11 | 966 | 307 |
| Profit before taxation | 除稅前利潤 | | 316,849 | 242,648 |
| Taxation | 稅項 | 12 | (101,558) | (58,881) |
| Profit for the year | 年度利潤 | | 215,291 | 183,767 |
| Profit attributable to: Owners of the Company | 利潤歸屬於： 本公司擁有人 | | 215,291 | 183,767 |
| Earnings per share attributable to owners of the Company for the year (expressed in RMB per share) | 年度每股收益歸屬於本公司擁有人 (每股以人民幣列示) | | | |
| – Basic | – 基本 | 13 | 27.78 Cents 仙 | 26.81 Cents仙 |
| – Diluted | – 攤薄 | 13 | 27.77 Cents 仙 | 26.78 Cents仙 |

Consolidated Statement of Comprehensive Income

合併綜合收益表

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

| | Note 附註 | 2018 二零一八年 RMB'000 人民幣千元 | 2017 二零一七年 RMB'000 人民幣千元 |
|---|-------------------------------|-----------------------------------|-----------------------------------|
| Profit for the year | 年度利潤 | 215,291 | 183,767 |
| Other comprehensive loss: Item that may be reclassified to profit or loss | 其他綜合損失： 其後可能被重新分類為 損益項目 | | |
| Currency translation differences | 外幣折算差額 | (6) | (227) |
| Other comprehensive loss for the year | 本年度其他綜合損失 總額 | (6) | (227) |
| Total comprehensive income for the year | 本年度綜合收益總額 | 215,285 | 183,540 |
| Attributable to: Owners of the Company | 歸屬於： 本公司擁有人 | 215,285 | 183,540 |

The above consolidated income statement should be read in conjunction with the accompanying notes.

上述合併利潤表應與附註一併閱讀。

Consolidated Balance Sheet

合併資產負債表

As at 31 December 2018 於二零一八年十二月三十一日

| | | Note | 2018 二零一八年 RMB'000 人民幣千元 | 2017 二零一七年 RMB'000 人民幣千元 |
|---|--------------------|------|-----------------------------------|-----------------------------------|
| | | 附註 | | |
| ASSETS | 資產 | | | |
| Non-current assets | 非流動資產 | | | |
| Land use rights | 土地使用權 | 15 | 39,424 | 40,323 |
| Property, plant and equipment | 物業、廠房及設備 | 16 | 934,193 | 293,103 |
| Intangible assets | 無形資產 | 17 | 160,875 | 122,499 |
| Investment in an associate | 聯營投資 | 11 | 8,696 | 7,730 |
| Loan to an associate | 聯營方借貸 | 35 | 3,000 | 3,000 |
| Deferred income tax assets | 遞延所得稅資產 | 29 | 4,889 | 5,470 |
| Available-for-sale financial assets | 可供出售金融資產 | 18 | – | 200 |
| Financial assets at fair value through other comprehensive income | 按公允價值計入其他綜合收益之金融資產 | 18 | 200 | – |
| Prepayments | 預付款 | 21 | 27,820 | 84,653 |
| | | | 1,179,097 | 556,978 |
| Current assets | 流動資產 | | | |
| Inventories | 存貨 | 22 | 245,778 | 183,572 |
| Trade receivables and bills receivable | 應收賬款及應收票據 | 20 | 942,952 | 523,152 |
| Prepayments and other receivables | 預付款及其他應收款 | 21 | 237,607 | 207,974 |
| Amounts due from related companies | 應收關聯方款項 | 35 | 967 | 2,415 |
| Derivative financial instruments | 衍生金融工具 | 19 | 1,416 | 39 |
| Pledged bank deposits | 已抵押之銀行存款 | 23 | 66,090 | 57,254 |
| Short-term bank deposits | 短期銀行存款 | 23 | 629,650 | 16,550 |
| Cash and cash equivalents | 現金及現金等價物 | 23 | 897,903 | 1,888,712 |
| | | | 3,022,363 | 2,879,668 |
| Total assets | 總資產 | | 4,201,460 | 3,436,646 |
| EQUITY AND LIABILITIES | 權益及負債 | | | |
| Equity attributable to owners of the Company | 權益歸屬於本公司擁有者 | | | |
| Share capital | 股本 | 24 | 75,380 | 75,380 |
| Share premium | 股本溢價 | 24 | 341,876 | 341,876 |
| Other reserves | 其他儲備 | 25 | 155,470 | 155,103 |
| Retained earnings | 保留盈利 | | 1,523,113 | 1,339,043 |
| Total equity | 總權益 | | 2,095,839 | 1,911,402 |

Consolidated Balance Sheet

合併資產負債表

As at 31 December 2018 於二零一八年十二月三十一日

| | | Note | 2018 二零一八年 RMB'000 人民幣千元 | 2017 二零一七年 RMB'000 人民幣千元 |
|-------------------------------------|---------------|------|-----------------------------------|-----------------------------------|
| | | 附註 | | |
| LIABILITIES | 負債 | | | |
| Non-current liabilities | 非流動負債 | | | |
| Borrowings | 借貸 | 28 | 743,743 | 449,385 |
| Deferred income tax liabilities | 遞延所得稅負債 | 29 | 79,600 | 65,400 |
| | | | 823,343 | 514,785 |
| Current liabilities | 流動負債 | | | |
| Trade payables and bills payable | 應付賬款及應付票據 | 26 | 228,822 | 190,256 |
| Current income tax liabilities | 即期所得稅負債 | | 23,153 | 16,189 |
| Borrowings | 借貸 | 28 | 972,007 | 764,914 |
| Derivative financial instruments | 衍生金融工具 | 19 | 1,516 | – |
| Amount due to a related company | 應付關聯方款項 | 35 | 644 | 687 |
| Accruals and other payables | 應計費用及其他應付款 | 27 | 56,106 | 38,383 |
| Amount due to a director | 應付一董事款項 | 35 | 30 | 30 |
| | | | 1,282,278 | 1,010,459 |
| Total liabilities | 總負債 | | 2,105,621 | 1,525,244 |
| Total equity and liabilities | 總權益及負債 | | 4,201,460 | 3,436,646 |

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

上述合併資產負債表應與附註一併閱讀。

The consolidated financial statements on pages 58 to 153 were approved by the Board of Directors on 27 March 2019 and were signed on its behalf.

第58至153頁的合併財務報表已於二零一九年三月二十七日由董事會批核，並由董事會代表簽署。

YANG YIRONG

楊毅融
Chairman
主席

LU JIAHUA

盧家華
Executive director
執行董事

Consolidated Statement of Changes in Equity

合併權益變動表

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

| | | Attributable to owners of the Company 歸屬於本公司擁有着 | | | | |
|---|-----------------------|--|---|--|---|---------------------------------|
| | | Share capital 股本 RMB'000 人民幣千元 | Share premium 股本溢價 RMB'000 人民幣千元 | Other reserves 其他儲備 RMB'000 人民幣千元 | Retained earnings 保留盈利 RMB'000 人民幣千元 | Total 總計 RMB'000 人民幣千元 |
| Balance at 1 January 2017 | 於二零一七年一月一日之結餘 | 65,237 | 202,474 | 158,818 | 1,180,406 | 1,606,935 |
| Comprehensive income | 綜合收益 | | | | | |
| Profit for the year | 年度利潤 | - | - | - | 183,767 | 183,767 |
| Other comprehensive income | 其他綜合收益 | | | | | |
| Currency translation differences | 外幣折算差額 | - | - | (227) | - | (227) |
| Total comprehensive income for 2017 | 二零一七年綜合收益總額 | - | - | (227) | 183,767 | 183,540 |
| Transactions with owners in their capacity as owners | 與權益所有者以其所有者的身份進行的交易 | | | | | |
| Issue of shares (Note 24) | 發行股份(附註24) | 10,143 | 139,402 | - | - | 149,545 |
| Employees share option scheme: | 僱員購股權計劃: | | | | | |
| - Value of share option granted | - 授出購股權之價值 | - | - | 142 | - | 142 |
| - Value of share options exercised | - 行使購股權之價值 | - | - | (3,971) | 3,971 | - |
| 2016 final dividend | 二零一六年之終期股息 | - | - | - | (20,171) | (20,171) |
| 2017 interim dividend | 二零一七年之中期股息 | - | - | - | (8,589) | (8,589) |
| Transfer from retained earnings (Note 25) | 保留盈利轉撥(附註25) | - | - | 341 | (341) | - |
| Total transactions with owners in their capacity as owners | 與權益所有者以其所有者的身份進行交易的總額 | 10,143 | 139,402 | (3,488) | (25,130) | 120,927 |
| Balance at 31 December 2017 | 於二零一七年十二月三十一日之結餘 | 75,380 | 341,876 | 155,103 | 1,339,043 | 1,911,402 |
| Balance at 1 January 2018 | 於二零一八年一月一日之結餘 | 75,380 | 341,876 | 155,103 | 1,339,043 | 1,911,402 |
| Comprehensive income | 綜合收益 | | | | | |
| Profit for the year | 年度利潤 | - | - | - | 215,291 | 215,291 |
| Other comprehensive income | 其他綜合收益 | | | | | |
| Currency translation differences | 外幣折算差額 | - | - | (6) | - | (6) |
| Total comprehensive income for 2018 | 二零一八年綜合收益總額 | - | - | (6) | 215,291 | 215,285 |
| Transactions with owners in their capacity as owners | 與權益所有者以其所有者的身份進行的交易 | | | | | |
| 2017 final dividend | 二零一七年之終期股息 | - | - | - | (20,702) | (20,702) |
| 2018 interim dividend | 二零一八年之中期股息 | - | - | - | (10,146) | (10,146) |
| Transfer from retained earnings (Note 25) | 保留盈利轉撥(附註25) | - | - | 373 | (373) | - |
| Total transactions with owners in their capacity as owners | 與權益所有者以其所有者的身份進行交易的總額 | - | - | 373 | (31,221) | (30,848) |
| Balance at 31 December 2018 | 於二零一八年十二月三十一日之結餘 | 75,380 | 341,876 | 155,470 | 1,523,113 | 2,095,839 |

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

上述合併權益變動表應與附註一併閱讀。

Consolidated Statement of Cash Flows

合併現金流量表

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

| | | Note 附註 | 2018 二零一八年 RMB'000 人民幣千元 | 2017 二零一七年 RMB'000 人民幣千元 |
|---|--------------------------|------------|-----------------------------------|-----------------------------------|
| Cash flows from operating activities | 經營活動的現金流量 | | | |
| Cash generated from operations | 經營業務所得的現金 | 31(a) | 10,100 | 416,814 |
| Interest paid | 已付利息 | | (77,516) | (55,318) |
| Income tax paid | 已付所得稅 | | (79,813) | (55,071) |
| Net cash (used in)/generated from operating activities | 經營業務(所用)/所得現金淨額 | | (147,229) | 306,425 |
| Cash flows from investing activities | 投資活動的現金流量 | | | |
| Additions to property, plant and equipment | 收購物業、廠房及設備 | | (605,102) | (95,838) |
| Additions to intangible assets | 無形資產增加 | | (57,131) | (51,725) |
| Placement of structured bank deposits | 配置結構性銀行存款 | | (1,028,184) | – |
| Redemption of structured bank deposits | 贖回結構性銀行存款 | | 430,184 | – |
| (Increase)/decrease in short-term bank deposits | (增加)/減少短期銀行存款 | | (15,100) | 6,100 |
| (Increase)/decrease in pledged bank deposits | 已抵押銀行存款(增加)/減少 | | (8,836) | 3,244 |
| Interest received | 已收利息 | | 26,814 | 26,095 |
| Proceeds from disposal of property, plant and equipment | 出售物業、廠房及設備所得款項 | | 33 | – |
| Net cash used in investing activities | 投資活動所用現金淨額 | | (1,257,322) | (112,124) |
| Cash flows from financing activities | 融資活動的現金流量 | | | |
| Proceeds from borrowings | 借貸所得款 | 31(b) | 1,788,287 | 1,692,079 |
| Repayments of borrowings | 償還借貸 | 31(b) | (1,343,691) | (1,681,405) |
| Increase in amount due to a director | 應付一董事款項增加 | 31(b) | – | 9 |
| Dividends paid | 股息支付 | | (30,848) | (28,760) |
| Proceeds from issuance of shares | 發行股份所得款 | | – | 149,545 |
| Net cash generated from financing activities | 融資活動所得現金淨額 | | 413,748 | 131,468 |
| Net (decrease)/increase in cash and cash equivalents | 現金及現金等價物(減少)/增加淨額 | | (990,803) | 325,769 |
| Cash and cash equivalents at beginning of the year | 年初之現金及現金等價物 | | 1,888,712 | 1,563,170 |
| Exchange losses on cash and cash equivalents | 現金及現金等價物之匯兌損失 | | (6) | (227) |
| Cash and cash equivalents at end of the year | 年終之現金及現金等價物 | 23 | 897,903 | 1,888,712 |

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

上述合併權益變動表應與附註一併閱讀。

Notes to the Consolidated Financial Statements

合併財務報表附註

1. GENERAL INFORMATION

EcoGreen International Group Limited (“Ecogreen” or “the Company”) and its subsidiaries (together “the Group”) are principally engaged in the production and trading of fine chemicals from natural resources for use in aroma chemicals and pharmaceutical products.

The Company was incorporated in the Cayman Islands on 3 March 2003 as an exempted company with limited liability under the Companies Law of the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

The Company’s head office and principal place of business in Hong Kong is situated at Suite 5301, 53rd Floor, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong.

The Company is listed on the Main Board of The Stock Exchange of Hong Kong Limited (“the Stock Exchange”).

These consolidated financial statements are presented in Chinese Renminbi (“RMB”), unless otherwise stated.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

(i) *Compliance with HKFRS and HKCO*

The consolidated financial statements of the Company have been prepared in accordance with Hong Kong Financial Reporting Standards (“HKFRS”) and the disclosure requirements of the Hong Kong Companies Ordinance Cap. 622.

(ii) *Historical cost convention*

The consolidated financial statements have been prepared on a historical cost basis, except for certain financial assets and financial liabilities (including derivative instruments) which are measured at fair value.

1. 一般資料

中怡國際集團有限公司(「中怡」或「本公司」)及其附屬公司(統稱「本集團」)主要從事利用天然資源生產及買賣，以用於芳香化學品及醫藥產品的精細化學品。

本公司於二零零三年三月三日根據開曼群島公司法在開曼群島註冊成立為獲豁免有限公司。其註冊辦事處地址為Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands。

本公司之總辦事處及位於香港的主要營業地點為香港灣仔港灣道十八號中環廣場五十三樓五二零一室。

本公司於香港聯合交易所有限公司(「聯交所」)主板上市。

除另有指明者外，本合併財務報表均以人民幣列值。

2. 主要會計政策概要

擬備本合併財務報表採用的主要會計政策載於下文。除另有說明外，此等政策在所呈報的所有年度內貫徹應用。

2.1 擬備基準

(i) *遵守香港財務報告準則及香港公司條例*

本公司的合併財務報表是根據所有適用的《香港財務報告準則》及香港法例第622章《公司條例》之披露規定。

(ii) *歷史成本法*

除若干金融資產及金融負債(包括衍生工具)以公允價值計量外，合併財務報表乃以歷史成本基準編製。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

(iii) New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for the annual reporting period commencing 1 January 2018:

- HKFRS 9 – *Financial Instruments*
- HKFRS 15 – *Revenue from Contracts with Customers*
- HKFRS 15 (Amendments) – *Clarifications to HKFRS 15*
- Amendments to HKFRS 2 – *Classification and Measurement of Share-based Payment Transactions*
- HKFRS 4 (Amendments) – *Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts*
- *Annual Improvements 2014-2016 cycle*
- Amendments to Hong Kong Accounting Standard (“HKAS”) 40 – *Transfers to Investment Property*
- Interpretation 22 – *Foreign Currency Transactions and Advance Consideration*

The Group had to change its accounting policies and make retrospective adjustments, where relevant, as a result of adopting HKFRS 9 and HKFRS 15. Reclassification of impairment losses on financial assets is also required as a result of consequential changes made to HKAS 1 Presentation of Financial Statements. Impairment losses on financial assets that were previously classified as administrative expenses are now presented separately in the consolidated income statement.

Save as disclosed below, the adoption of other amendments on standards and interpretation did not have any material impact on the consolidated financial statements of the Group for the year.

(a) HKFRS 9 Financial Instruments

HKFRS 9 replaces the provisions of HKAS 39 that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting.

The adoption of HKFRS 9 from 1 January 2018 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. The new accounting policies are set out in Note 2.9 below. In accordance with the transitional provisions in HKFRS 9, comparative figures have not been restated.

2. 主要會計政策概要(續)

2.1 擬備基準(續)

(iii) 本集團採納之新訂及經修訂準則

本集團已於二零一八年一月一日開始的年度報告期間首次應用以下準則及修訂本：

- 香港財務報告準則第9號－財務工具
- 香港財務報告準則第15號－來自客戶合約之收入
- 香港財務報告準則第15號(修訂本)－香港財務報告準則第15號之澄清
- 香港財務報告準則第2號(修訂本)－以股份為基礎之付款交易之分類及計量
- 香港財務報告準則第4號(修訂本)－應用香港財務報告準則第9號財務工具時一併應用香港財務報告第4號保險合約
- 二零一四年－二零一六年報告週期年度改進
- 香港會計準則第40號(修訂本)－轉讓投資物業
- 詮釋第22號－外幣交易及預付代價

本集團因採納香港財務報告準則第9號及香港財務報告準則第15號而變更其會計政策並作出追溯調整(如有關)。金融資產之減值虧損亦因對香港會計準則第1號「財務報表的呈列」作出相應變更而須重新分類。金融資產之減值虧損先前分類為行政費用而現在於合併利潤表內單獨呈列。

除下文所披露者外，採納其他準則之修訂本及詮釋並未對本集團於年內之合併財務報表產生任何重大影響。

(a) 香港財務報告準則第9號「財務工具」

香港財務報告準則第9號取代香港會計準則第39號有關確認、分類及計量金融資產與金融負債、取消確認財務工具、金融資產減值及對沖會計處理之條文。

自二零一八年一月一日起採納香港財務報告準則第9號導致會計政策變更及財務報表確認金額調整。新訂會計政策載於下文附註2.9。根據香港財務報告準則第9號之過渡條文，比較數字並未重列。

Notes to the Consolidated Financial Statements

合併財務報表附註

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

(iii) New and amended standards adopted by the Group (continued)

(a) HKFRS 9 Financial Instruments (continued)

Impact of adoption:

Classification and measurement of financial instruments

On 1 January 2018 (the date of initial application of HKFRS 9), the Group's management has assessed which business models apply to the financial assets held by the Group and has classified its financial instruments into the appropriate HKFRS 9 categories as detailed in Note 2.9 below. There were no impact on the amounts recognized in relation to these assets from the adoption of HKFRS 9.

There is also no impact on the Group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Group does not have any such liabilities.

The main effects resulting from this reclassification are as follows:

2. 主要會計政策概要(續)

2.1 擬備基準(續)

(iii) 本集團採納之新訂及經修訂準則(續)

(a) 香港財務報告準則第9號「財務工具」(續)

採納之影響：

財務工具之分類及計量

於二零一八年一月一日(初始應用香港財務報告準則第9號之日期)，本集團管理層已評估本集團所持金融資產應用之業務模式，並將其財務工具分類為下文附註2.9所述之適當香港財務報告準則第9號類別。自採納香港財務報告準則第9號起並未對就該等資產確認之金額產生任何影響。

由於新規定僅影響指定為按公允價值計入損益之金融負債之會計處理，而本集團並無任何該等負債，故將不會對本集團金融負債之會計處理產生任何影響。

重新分類導致之主要影響如下：

| | | Available-for-sale financial assets ("AFS") | Financial assets at fair value through other comprehensive income ("FVOCI") |
|-------------------------------------|-------------------|--|---|
| | | 可供出售 (「可供出售」) 金融資產 RMB'000 人民幣千元 | 按公允價值 計入其他綜合 收益(「按公允 價值計入其他 綜合收益」)之 金融資產 RMB'000 人民幣千元 |
| Closing balance at 31 December 2017 | 於二零一七年十二月三十一日之 | | |
| – HKAS 39 | 年終結餘 – 香港會計準則第39號 | 200 | – |
| Reclassification | 重新分類 | (200) | 200 |
| Opening balance at 1 January 2018 | 於二零一八年一月一日之年初結餘 | | |
| – HKFRS 9 | – 香港財務報告準則第9號 | – | 200 |

The Group has elected to present in other comprehensive income ("OCI") changes in the fair value of its equity instruments previously classified as AFS, because these investments are held as long term strategic investments. As a result, financial assets with a fair value of RMB200,000 were reclassified from AFS to FVOCI.

本集團已選擇於其他綜合收益(「其他綜合收益」)呈列先前分類為可供出售之股本工具之公允價值變動，原因為該等投資乃持作長期策略性投資。因此，公允價值為人民幣200,000元之金融資產由可供出售之金融資產重新分類至按公允價值計入其他綜合收益之金融資產。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

(iii) *New and amended standards adopted by the Group (continued)*

(a) *HKFRS 9 Financial Instruments (continued)*

Impairment of financial assets

The Group has two types of financial assets that are subject to HKFRS 9's new expected credit loss model:

- trade receivables
- other financial assets at amortised cost (including cash and cash equivalents, short-term bank deposits, pledged bank deposits, loan to an associate, amounts due from related companies, bills receivables and other receivables)

The Group was required to revise its impairment methodology under HKFRS 9 for each of these classes of assets.

– Trade receivables

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9, which permits the use of the lifetime expected losses for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics. Future cash flows for each group receivables are estimated on the basis of historical loss experience, adjusted to reflect the effects of current conditions as well as forward looking information.

The adoption of the simplified expected loss approach under HKFRS 9 has not resulted in any material additional impairment loss for trade receivables as at 1 January 2018.

– Other financial assets at amortised cost

For other financial assets at amortised cost, the expected credit loss is based on the 12-month expected credit loss. It is the portion of lifetime expected credit loss that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime expected credit loss. Management has closely monitored the credit qualities and the collectability of the other financial assets at amortised cost and considers that the expected credit loss is immaterial.

2. 主要會計政策概要(續)

2.1 擬備基準(續)

(iii) 本集團採納之新訂及經修訂準則(續)

(a) 香港財務報告準則第9號「財務工具」(續)

金融資產減值

香港財務報告準則第9號中的新預期信貸虧損模式適用於本集團旗下兩類金融資產：

- 應收賬款
- 按攤銷成本入賬之其他金融資產(包括現金及現金等價物、短期銀行存款、抵押銀行存款、聯營借貸、應收關連公司款項、應收票據及其他應收款)

本集團須根據香港財務報告準則第9號修訂其各類別資產之減值方法。

– 應收賬款

本集團應用香港財務報告準則第9號所訂明之簡化處理方法，就預期信貸虧損作出撥備。香港財務報告準則第9號允許對所有應收賬款採用全期預期虧損。為計量預期信貸虧損，應收賬款已按共通信貸風險特徵分類。每組應收款項之未來現金流量乃按過往虧損經驗而估計，並作出調整以反映現時情況及前瞻性資料之影響。

採用香港財務報告準則第9號項下之簡化預期虧損方法並無導致於二零一八年一月一日之應收賬款產生任何額外減值虧損。

– 按攤銷成本計量之其他金融資產
就按攤銷成本計量之其他金融資產而言，預期信貸虧損乃根據12個月預期信貸虧損而釐定。12個月預期信貸虧損為於報告日期後12個月內可能發生之財務工具違約事件而導致之預期信貸虧損，是全期預期信貸虧損之一部分。然而，如信貸風險自產生以來大幅上升，則有關撥備將根據全期預期信貸虧損計算。管理層緊密監察按攤銷成本計量之其他金融資產之信貸質素及可收回性，並認為預期信貸虧損並不重大。

Notes to the Consolidated Financial Statements

合併財務報表附註

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

(iii) *New and amended standards adopted by the Group (continued)*

(a) *HKFRS 9 Financial Instruments (continued)*

Impairment of financial assets (continued)

– Other financial assets at amortised cost (continued)

While cash and cash equivalents, short-term bank deposits and pledged bank deposits are also subject to the impairment requirements of HKFRS 9, the identified impairment loss was immaterial.

(b) *HKFRS 15 Revenue from Contracts with Customers*

The Group has adopted HKFRS 15 from 1 January 2018 which resulted in changes in accounting policies and adjustments to the amounts recognised in the consolidated financial statements.

HKFRS 15 establishes a comprehensive framework for recognising revenue and some costs from contracts with customers. HKFRS 15 replaces HKAS 18, Revenue, which covered revenue arising from sale of goods and rendering of services, and HKAS 11, Construction Contracts, which specified the accounting for construction contracts. The Group has elected to use the modified retrospective approach which means that the cumulative impact of the adoption will be recognised in retained earnings at 1 January 2018. Therefore, comparative information has not been restated and continues to be reported under HKAS 11 and HKAS 18. As allowed by HKFRS 15, the Group has applied the new requirements only to contracts that were not completed before 1 January 2018.

The adoption of HKFRS 15 did not have any material impact on the Group's consolidated financial position and results of operation for the year. There is also no material impact to the Group's retained earnings as at 1 January 2018.

Under HKFRS 15, a receivable is recognised only if the Group has an unconditional right to consideration. If the Group recognises the related revenue before being unconditionally entitled to the consideration for the promised goods and services in the contract, then the entitlement to consideration is classified as a contract asset.

2. 主要會計政策概要(續)

2.1 擬備基準(續)

(iii) 本集團採納之新訂及經修訂準則(續)

(a) 香港財務報告準則第9號「財務工具」(續)

金融資產減值(續)

– 按攤銷成本計量之其他金融資產(續)

惟現金及現金等價物、短期銀行存款及已抵押銀行存款亦受限於香港財務報告準則第9之減值規定，已識別減值虧損屬不重大。

(b) 香港財務報告準則第15號「來自客戶合約之收入」

本集團自二零一八年一月一日起採納香港財務報告準則第15號導致會計政策變更及合併財務報表確認金額調整。

香港財務報告準則第15號建立一個確認與來自客戶合約之收入及部分成本的綜合框架。香港財務報告準則第15號取代香港會計準則第18號「收益」，涵蓋從出售貨物及提供服務獲取之收入，及香港會計準則第11號「建築合約」，其中闡明建築合約之會計處理。本集團已選擇採用經修訂追溯方法，即採納之累積影響將於二零一八年一月一日之保留盈利中確認。因此，比較資料並未重列並繼續根據香港會計準則第11號及香港會計準則第18號呈報。在香港財務報告準則第15號可容許情況下，本集團已僅就於二零一八年一月一日前尚未完成之合約採納新規定。

採納香港財務報告準則第15號並未對本集團於年內之合併財務狀況及經營業績產生任何重大影響。其對本集團於二零一八年一月一日之保留盈利亦無任何重大影響。

根據香港財務報告準則第15號，倘本集團擁有無條件權利收取代價時，方會確認應收款。倘本集團於無條件獲得合約承諾貨品及服務的代價前確認相關收入，則該代價應分類為合約資產。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

- (iii) *New and amended standards adopted by the Group (continued)*
- (b) *HKFRS 15 Revenue from Contracts with Customers (continued)*

Similarly, a contract liability, rather than a payable, is recognised when a customer pays consideration, or is contractually required to pay consideration and the amount is already due, before the Group recognises the related revenue. For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

The impact on the Group's financial position by the application of HKFRS 15 as compared to HKAS 18 and HKAS 11 that was previously in effect before the adoption of HKFRS 15 is as follows:

2. 主要會計政策概要(續)

2.1 擬備基準(續)

- (iii) 本集團採納之新訂及經修訂準則(續)
- (b) 香港財務報告準則第15號「來自客戶合約之收入」(續)

同樣地，在本集團確認相關收入前，當客戶支付代價或按合約規定須支付且已到期的代價時，該代價應確認為合約負債而非應付款項。對於與客戶的單一合約，須呈列淨合約資產或淨合約負債。對於多份合約，不相關之合約的合約資產及合約負債不能以淨額呈列。

對比於香港財務報告準則第15號採納前原先生效的香港會計準則第18號及香港會計準則第11號，本集團的財務狀況由於採納香港財務報告準則第15號而受到的影響如下：

As at 1 January 2018

於二零一八年一月一日

| | | As previously stated | Reclassification under HKFRS 15 根據香港財務報告準則第15號 重新分類 | Restated |
|--|-------------|----------------------|---|-------------------|
| | | HK\$'000 人民幣千元 | HK\$'000 人民幣千元 | HK\$'000 人民幣千元 |
| Consolidated statement of financial position (extracted) | 合併財務狀況表(摘錄) | | | |
| Other payables – receipts in advance | 其他應付款—預收款項 | 1,212 | (1,212) | – |
| Other payables – contract liabilities | 其他應付款—合約負債 | – | 1,212 | 1,212 |

(iv) *New standards and interpretations not yet adopted*

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2018 reporting periods and have not been early adopted by the Group. The Group's assessment of the impact of these new standards and interpretations is set out below.

(iv) 尚未採納之新訂準則及詮釋

若干新訂會計準則及詮釋已頒佈但並未對二零一八年十二月三十一日之報告期間強制生效且並獲本集團提早採納。本集團對該等新訂準則及詮釋之影響評估載列如下。

Notes to the Consolidated Financial Statements

合併財務報表附註

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (continued)

(iv) *New standards and interpretations not yet adopted (continued)*
HKFRS 16 Leases

HKFRS 16 was issued in January 2016. It will result in almost all leases being recognised on the consolidated balance sheet by lessees, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases.

The accounting for lessors will not significantly change.

HKFRS 16 will primarily affect the Group's accounting as a lessee of leases for properties, plant and equipment which are currently classified as operating leases. As disclosed in Note 34(b), as at 31 December 2018 the Group has non-cancellable operating leases commitments of \$8,439,000 in respect of certain properties. Upon the initial adoption of HKFRS 16, the opening balances of lease liabilities and the corresponding right-of-use assets will be recognised, after taking into account the effects of discounting, as at 1 January 2019. The application of the new accounting model is expected to lead to an increase in both assets and liabilities and to impact on the timing of the expense recognition in the profit or loss over the period of the lease.

The Group has not yet fully assessed the adjustments, if any, that are necessary for example because of the change in the definition of the lease term and the different treatment of variable lease payments and of extension and termination options. It is therefore not yet possible to estimate the amount of right-of-use assets and lease liabilities that will have to be recognised on adoption of the new standard and how this may affect the Group's profit or loss and classification of cash flows going forward.

HKFRS 16 is mandatory for financial years commencing on or after 1 January 2019. The Group will apply the standard from its mandatory adoption date. The Group intends to apply the simplified transition approach and will not restate comparative amounts for the year prior to first adoption.

There are no other standards and interpretations that are not yet effective that would be expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

2. 主要會計政策概要(續)

2.1 擬備基準(續)

(iv) *尚未採納的新準則及詮釋(續)*

香港財務報告準則第16號租賃

香港財務報告準則第16號已於二零一六年一月頒佈。由於對經營租賃及融資租賃的劃分已被剔除，該準則將導致幾乎所有租賃須在合併資產負債表內確認。根據新準則，資產(租賃資產的使用權)及支付租金的金融負債須予以確認。豁免僅適用於短期及低價值租賃。

出租人的會計處理將不會有重大變動。

香港財務報告準則第16號將主要影響本集團(作為承租人)有關物業、廠房及設備租賃的會計處理，該等租賃目前分類為經營租賃。誠如附註34(b)所披露，於二零一八年十二月三十一日，本集團有關若干物業的不可撤銷經營租賃承擔為8,439,000港元。於二零一九年一月一日首次採納香港財務報告準則第16號後，租賃負債及相應使用權資產的年初結餘經計及折讓效應後將予以確認。預期應用新會計模式將導致資產及負債增加以及影響於租賃期內在損益確認開支的時間。

本集團尚未綜合評估需要作出的調整(如有)，例如由於對租賃期定義的改變，以及對可變租賃付款、續期權及終止權的不同處理方式等而產生的調整。因此，本集團未能估計在採納此新準則後須確認的使用權資產及租賃負債的金額，以及未來如何影響本集團的損益及現金流量的分類。

香港財務報告準則第16號將於二零一九年一月一日或之後開始的財政年度強制採納。本集團將自強制採納日期起採納該準則。本集團擬採用簡化的過渡方式，且不會在首次採納前重述年度比較數字。

概無尚未生效且預計對本集團於目前或未來報告期間及對可見未來交易造成重大影響的其他準則及詮釋。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Subsidiaries

2.2.1 Consolidation

Subsidiaries are entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated income statement, statement of comprehensive income, statement of changes in equity and balance sheet respectively.

(a) Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the Group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

2. 主要會計政策概要(續)

2.2 附屬公司

2.2.1 合併賬目

附屬公司指本集團對其具有控制權的所有主體(包括結構性主體)。當本集團因為參與該主體而承擔可變回報的風險或享有可變回報的權益，並有能力透過其對該主體的權力影響此等回報時，本集團即控制該主體。附屬公司在控制權轉移至本集團之日起合併入賬。附屬公司在控制權終止之日起停止合併入賬。

集團內公司之間的交易、結餘及交易的未變現收益予以對銷。未變現損失亦予以對銷。附屬公司報告的數額已按需要作出改變，以確保與本集團採用的政策符合一致。

附屬公司的業績及權益中的非控股性權益分別單獨於合併利潤表、綜合收益表、權益變動表及資產負債表內呈列。

(a) 業務合併

本集團採用收購會計法將所有業務合併入賬，而不論是否已收購權益工具或其他資產。收購一間附屬公司轉讓的代價包括：

- 所轉讓資產的公允價值
- 被收購業務前擁有人所產生的負債
- 本集團已發行股權
- 或然代價安排產生的任何資產或負債的公允價值，及
- 附屬公司任何已有股權的公允價值。

Notes to the Consolidated Financial Statements

合併財務報表附註

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Subsidiaries (continued)

2.2.1 Consolidation (continued)

(a) Business combinations (continued)

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the consolidated income statement.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions. Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such remeasurement are recognised in profit or loss.

2. 主要會計政策概要(續)

2.2 附屬公司(續)

2.2.1 合併賬目(續)

(a) 業務合併(續)

在業務合併中所收購的可識別資產以及所承擔的負債及或然負債初步按其於收購日期的公允價值計量(少數例外情況除外)。本集團根據個別收購基準按公允價值或非控股性權益享有被收購實體可識別資產淨值的份額比例確認於被收購實體的任何非控股性權益。

收購相關成本於產生時支銷。

所轉讓對價、被收購方的任何非控股性權益數額，及在被收購方之前任何權益在收購日期的公允價值，超過購入可辨識淨資產公允價值的數額記錄為商譽。如所轉讓對價、確認的任何非控股性權益及之前持有的權益計量，低於購入附屬公司淨資產的公允價值，則將該數額直接在合併利潤表中確認。

倘若現金代價的任何部分延遲結算，未來應付數額一律貼現至交換日期的現值，所用貼現率為有關實體的新增借款利率，即按類似的條款及條件向獨立金融機構取得類似借款的有關利率。或然代價分類為權益或金融負債。分類為金融負債的金額其後按公允價值計量且公允價值變動於損益中確認。

如業務合併分階段進行，收購方之前在被收購方持有權益於收購日期的賬面值，按收購日期的公允價值重新計量，重新計量產生的任何盈虧在損益中確認。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Subsidiaries (continued)

(b) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in a loss of control are accounted for as equity transactions – that is, as transactions with the owners of the subsidiary in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying amount of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(c) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

2.2.2 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2. 主要會計政策概要(續)

2.2 附屬公司(續)

(b) 不導致失去控制權的附屬公司權益變動

本集團將其與非控股性權益進行、不導致失去控制權的交易入賬為權益交易—即與附屬公司所有者以其作為所有者身份進行的交易。所支付任何對價的公允價值與相關應佔所收購附屬公司淨資產賬面值的差額記錄為權益。向非控股性權益的處置的盈虧亦記錄在權益中。

(c) 出售附屬公司

當本集團不再持有控制權，在主體的任何保留權益於失去控制權當日重新計量至公允價值，賬面值的變動在損益中確認。公允價值為就保留權益的後續入賬而言的初始賬面值，作為聯營、合營或金融資產。此外，之前在其他綜合收益中確認的任何數額猶如本集團已直接處置相關資產和負債。這意味著之前在其他綜合收益中確認的數額重新分類至損益。

2.2.2 獨立財務報表

附屬公司投資按成本扣除減值列賬。成本經調整以反映修改或有對價所產生的對價變動。成本亦包括投資的直接歸屬成本。附屬公司的業績由本公司按已收及應收股利入賬。

如股利超過宣派股利期內附屬公司的總綜合收益，或如在獨立財務報表的投資賬面值超過合併財務報表中被投資公司淨資產(包括商譽)的賬面值，則必須對附屬公司投資作減值測試。

Notes to the Consolidated Financial Statements

合併財務報表附註

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition. Upon the acquisition of the ownership interest in an associate, any difference between the cost of the associate and the Group's share of the net fair value of the associate's identifiable assets and liabilities is accounted for as goodwill.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of post-acquisition profit or loss is recognised in the consolidated income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to 'share of losses of associates' in the consolidated income statement.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's consolidated financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Gains and losses on dilution of equity interest in associates are recognised in the consolidated income statement.

2. 主要會計政策概要(續)

2.3 聯營

聯營指所有本集團對其有重大影響力而無控制權的主體，通常附帶有20%至50%投票權的股權。聯營投資以權益法入賬。根據權益法，投資初始以成本確認，而賬面值被增加或減少以確認投資者享有被投資者在收購日期後的損益份額。本集團於聯營的投資包括購買時已辨認的商譽。在購買聯營企業的投資時，購買成本與本集團享有的對聯營企業可辨認資產和負債的公允價值淨額的差額確認為商譽。

如聯營的權益持有被削減但仍保留重大影響力，只有按比例將之前在其他綜合收益中確認的數額重新分類至損益(如適當)。

本集團應佔聯營購買後利潤或虧損於合併利潤表內確認，而應佔其購買後的其他綜合收益變動則於其他綜合收益內確認，並相應調整投資賬面值。如本集團應佔一家聯營的虧損等於或超過其在該聯營的權益，包括任何其他無抵押應收款，本集團不會確認進一步虧損，除非本集團對聯營已產生法律或推定債務或已代聯營作出付款。

本集團在每個報告日期釐定是否有客觀證據證明聯營投資已減值。如投資已減值，本集團計算減值，數額為聯營可收回數額與其賬面值的差額，並在合併利潤表中確認於「應佔聯營虧損份額」旁。

本集團與其聯營之間的上流和下流交易的利潤和損失，在集團的合併財務報表中確認，但僅限於無關連投資者在聯營權益的數額。除非交易提供證據顯示所轉讓資產已減值，否則未實現虧損亦予以對銷。聯營的會計政策已按需要作出改變，以確保與本集團採用的政策符合一致。

在聯營投資中因攤薄股本權益所產生的盈虧於合併利潤表確認。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Directors.

2.5 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Chinese Renminbi ("RMB"), which is the Company's functional and the Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the consolidated income statement, within "finance expenses". All other foreign exchange gains and losses are presented in the consolidated income statement on a net basis within "other gains – net".

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as fair value through other comprehensive income are recognised in other comprehensive income.

2. 主要會計政策概要(續)

2.4 分部呈報

營運分部按照與向主要經營決策者提供的內部報告貫徹一致的方式報告。執行董事被認定為主要經營決策者作出策略性決定，負責分配資源和評估營運分部的表現。

2.5 外幣換算

(a) 功能及呈列貨幣

本集團每個主體之財務報表所列項目，均以該主體經營所在的主要經濟環境的貨幣計量（「功能貨幣」）。合併財務報表以中國人民幣（「人民幣」）呈列，人民幣為本公司的功能貨幣及本集團的列報貨幣。

(b) 交易及結餘

外幣交易採用交易日期的匯率換算為功能貨幣。結算此等交易及按年終匯率折算以外幣計值的貨幣資產和負債產生的匯兌盈虧一般於損益中確認，倘其與合資格現金流量對沖及合資格淨投資對沖有關或應佔部分國外業務投資淨額，則於權益遞延。

與借貸和現金及現金等價物有關的匯兌盈虧在合併利潤表內的「財務費用」中呈列。所有其他匯兌盈虧按淨額基準在合併利潤表內的「其他收益－淨額」中呈列。

按公允價值計量及以外幣計值之非貨幣項目乃按釐定公允價值當日之匯率折算。按公允價值列賬之資產及負債折算差額呈報為公允價值收益或虧損的一部分。例如，非貨幣資產及負債（例如以公允價值計量且其變動計入損益的權益）的折算差額在損益中確認為公允價值收益或虧損的一部分，而非貨幣資產（例如分類為按公允價值計入其他綜合收益的權益）的折算差額於其他綜合收益中確認。

Notes to the Consolidated Financial Statements

合併財務報表附註

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Foreign currency translation (continued)

(c) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- (ii) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- (iii) all resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Currency translation differences arising are recognised in other comprehensive income.

2.6 Property, plant and equipment

2.6.1 Construction-in-progress

Construction-in-progress, representing buildings on which construction work has not been completed and machinery pending installation, is stated at historical cost, which includes construction expenditures incurred, cost of machinery, and other direct costs capitalised during the construction and installation period, less accumulated impairment losses, if any. No depreciation is provided in respect of construction-in-progress until the construction and installation work is completed. On completion, the construction-in-progress is transferred to appropriate categories of property, plant and equipment.

2. 主要會計政策概要(續)

2.5 外幣換算(續)

(c) 集團公司

集團內的主體(當中沒有惡性通貨膨脹經濟的貨幣)之功能貨幣有別於本集團的列報貨幣時，則其業績和財務狀況須按如下方法換算為列報貨幣：

- (i) 每份列報的資產負債表內的資產和負債按該資產負債表日期的收市匯率換算；
- (ii) 每份利潤表內的收益和費用按平均匯率換算(除非此匯率並不代表交易日期匯率的累計影響的合理約數；在此情況下，收支項目按交易日期的匯率換算)；及
- (iii) 所有由此而產生之匯兌差額在其他綜合收益中確認。

收購海外實體時產生之商譽及公允價值調整乃視為該海外實體之資產及負債處理，並按期末匯率換算。產生的匯兌差額在權益中入賬。外幣換算差額在其他綜合收益中確認。

2.6 物業、廠房及設備

2.6.1 在建工程

在建工程指未完成建築工程之樓宇及未安裝之機器，按成本入賬，包括所產生之建造開支、機器成本及建造與安裝期間其他撥充資本之直接成本，減任何累計減值虧損(如有)。建造及安裝完成前，不會就在建工程作出折舊。於完成時，在建工程轉撥至相關之物業、廠房及設備類別。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Property, plant and equipment (continued)

2.6.2 Other property, plant and equipment

Other property, plant and equipment is stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

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

Depreciation is calculated using the straight-line method to allocate cost less their residual values, where appropriate over their estimated useful lives, as follows:

| | |
|--------------------------------|----------------|
| Buildings | 30 to 40 years |
| Plant and machinery | 5 to 15 years |
| Leasehold improvements | 5 to 10 years |
| Office furniture and equipment | 5 to 10 years |
| Motor vehicles | 5 to 10 years |

The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.8). Gains and losses on disposals are determined by comparing proceeds with carrying amount and are recognised within "other gains – net" in the consolidated income statement.

2. 主要會計政策概要(續)

2.6 物業、廠房及設備(續)

2.6.2 其他物業、廠房及設備

其他物業、廠房及設備乃按歷史成本減折舊及減值虧損列賬。歷史成本包括收購項目直接產生之開支。成本亦可包括轉撥自權益之對沖物業、廠房及設備外幣採購項目之合資格現金流量所產生之任何盈虧。

僅在與項目相關之日後經濟效益有可能歸於本公司及能可靠地計算出項目成本之情況下，其後成本方會計入資產賬面值或確認為獨立資產(倘適用)。已更換零件的賬面值已被終止確認。所有其他維修及保養於其產生財政期間在合併利潤表列支銷。

其他物業、廠房及設備以直線法計算折舊，並按估計可使用年期分配成本至餘值(倘適用)，估計可使用年期如下：

| | |
|--------|--------|
| 樓宇 | 30至40年 |
| 廠房及機器 | 5至15年 |
| 租賃物業裝修 | 5至10年 |
| 辦公室傢俬 | 5至10年 |
| 汽車及設備 | 5至10年 |

於各結算日檢討及調整(倘適用)資產之餘值及可使用年期。倘資產之賬面值超過其估計可收回金額，則資產之賬面值將即時減至其可收回金額(附註2.8)。出售盈虧經比較所得款項與賬面值而釐定，在合併利潤表內的「其他收益－淨額」中確認。

Notes to the Consolidated Financial Statements

合併財務報表附註

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Intangible assets

2.7.1 Research and development

Research expenditure is recognised as an expense as incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when the following criteria are fulfilled:

- (a) it is technically feasible to complete the intangible asset so that it will be available for use or sale;
- (b) management intends to complete the intangible asset and use or sell it;
- (c) there is an ability to use or sell the intangible asset;
- (d) it can be demonstrated how the intangible asset will generate probable future economic benefits;
- (e) adequate technical, financial and other resources to complete the development and to use or sell the intangible asset are available; and
- (f) the expenditure attributable to the intangible asset during its development can be reliably measured.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use on a straight-line basis over a period of five years.

2. 主要會計政策概要(續)

2.7 無形資產

2.7.1 研究及開發成本

研究成本於產生時列作開支。有關設計、開發及測試新產品或改良產品之開發項目成本確認為產品開發成本會於以下條件達成後確認為產品開發成本：

- (a) 在技術上可完成有關無形資產，並可供使用或出售；
- (b) 管理層有意完成並使用或出售有關無形資產；
- (c) 可使用或出售有關無形資產；
- (d) 證明有關無形資產可於日後獲得經濟利益；
- (e) 具備合適的技術、財政及其他資源完成開發並使用或出售有關無形資產；及
- (f) 可準確計算開發有關無形資產的所需開支。

且產品在技術上屬可行且有意完成開發，並且具備所需資源，以及成本可資識別及有能力出售或使用相關產品而於日後獲得經濟利益。之前確認為開支的開發成本不會於其後期間確認為資產。

該等開發成本確認為資產，按直線法在五年期間內攤銷，以反映自資產可供銷售或使用日期起相關經濟利益之確認模式。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Impairment of non-financial assets

Assets that have an indefinite useful life or not yet ready for use are not subject to amortisation and are at least tested annually for impairment. Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.9 Financial assets

2.9.1 Classification

From 1 January 2018, the Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

2. 主要會計政策概要(續)

2.8 非金融資產減值

無既定可使用年期或尚未可供用之資產毋須攤銷，並最少每年檢討減值一次。當資產出現顯示未必能收回賬面值之事件或情況有變時即進行檢討減值。減值虧損就資產賬面值超過其可收回金額之差額確認。可收回金額為資產公允價值減出售成本及使用價值兩者間之較高者。就評估減值而言，資產按可獨立識別現金流量之最低水平（現金產生單位）分類。出現減值之非金融資產（商譽除外）於各申報日期檢討是否可能撥回減值。

2.9 金融資產

2.9.1 分類

自二零一八年一月一日起，本集團將金融資產分類為以下計量類別：

- 其後按公允價值（透過其他其他綜合收益或透過損益）計量的金融資產，及
- 按攤銷成本計量的金融資產。

分類視乎實體管理金融資產的業務模式及現金流量的合約期限而定。

按公允價值計量之資產的收益及虧損將計入損益或其他綜合收益。權益工具投資並未持作買賣，其將視乎本集團於初步確認時有否作出不可撤回之選擇將權益投資按公允價值計入其他綜合收益入賬。

當且僅當本集團管理該等資產的業務模式變更時，方會對債務投資進行重新分類。

Notes to the Consolidated Financial Statements

合併財務報表附註

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Financial assets (continued)

2.9.2 Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the group has transferred substantially all the risks and rewards of ownership.

2.9.3 Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains – net together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the consolidated income statement.

2. 主要會計政策概要(續)

2.9 金融資產(續)

2.9.2 確認及終止確認

正常購入及出售金融資產於交易日(即本集團承諾買賣該資產之日期)確認。倘從金融資產收取現金流量之權利已到期或已轉讓且本集團已將其擁有權之絕大部分風險及回報轉讓，則金融資產將終止確認。

2.9.3 計量

於初步確認時，本集團按金融資產的公允價值加上(如屬並非按公允價值計入損益(「按公允價值計入損益」)的金融資產)收購該金融資產直接應佔交易成本計量金融資產。金融資產的交易成本按公允價值計入損益列賬，並於損益支銷。

確定具有嵌入衍生工具之金融資產的現金流量是否僅為支付本金及利息時，需從金融資產之整體進行考慮。

債務工具

債務工具的後續計量取決於本集團管理資產的業務模式及該資產的現金流量特徵。本集團將其債務工具分類為三個計量類別：

- 攤銷成本：倘持作收取合約現金流量的資產的現金流量僅為支付本金及利息，則按攤銷成本計量。該等金融資產的利息收入採用實際利率法計入融資收入。任何終止確認時產生的收益或虧損直接於損益中確認，並連同外匯收益及虧損於其他收益一淨額呈列。減值虧損於合併利潤表中作為單獨項目呈列。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Financial assets (continued)

2.9.3 Measurement (continued)

Debt instruments (continued)

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains – net. Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains – net and impairment expenses are presented as separate line item in the consolidated income statement.
- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains – net in the period in which it arises.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in other gains – net in the consolidated income statement as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

2. 主要會計政策概要(續)

2.9 金融資產(續)

2.9.3 計量(續)

債務工具(續)

- 按公允價值計入其他綜合收益：持作收取合約現金流量及出售金融資產的資產，倘該等資產現金流量僅為支付本金及利息，則按公允價值計入其他綜合收益計量。賬面值的變動乃計入其他綜合收益，惟於損益已確認的減值收益或虧損、利息收入及匯兌收益及虧損除外。在金融資產終止確認時，先前於其他綜合收益確認的累計收益或虧損由權益重新分類至損益並於其他收益一淨額中確認。該等金融資產的利息收入乃按實際利率法計入融資收入。外匯收益及虧損於其他收益一淨額呈列，且減值開支於合併利潤表中作為單獨項目呈列。
- 按公允價值計入損益：未達攤銷成本或按公允價值計入其他綜合收益標準的資產乃按公允價值計入損益計量。倘債務投資於後續按公允價值計入損益計量，則收益或虧損於損益中確認，並在產生期間呈列其他收益一淨額。

權益工具

本集團按公允價值後續計量所有權益投資。倘本集團管理層選擇於其他綜合收益列報權益投資的公允價值收益及虧損，終止確認投資後，其後概不會重新分類公允價值收益及虧損至損益。當本集團收取股息付款的權利確立時，該等投資的股息繼續於損益確認為其他收入。

按公允價值計入損益的金融資產公允價值變動在適用的情況下於合併利潤表確認為其他收益一淨額。按公允價值計入其他綜合收益計量的權益投資的減值虧損(及減值虧損撥回)不與其他公允價值變動單獨列示。

Notes to the Consolidated Financial Statements

合併財務報表附註

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Financial assets (continued)

2.9.4 Impairment

From 1 January 2018, the Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables, see Note 20 for further details.

2.9.5 Accounting policies applied until 31 December 2017

The Group has applied HKFRS 9 retrospectively, but has elected not to restate comparative information. As a result, the comparative information provided continues to be accounted for in accordance with the Group's previous accounting policy.

Until 31 December 2017 the Group classifies its financial assets in the following categories:

- financial assets at fair value through profit or loss;
- loans and receivables; and
- available-for-sale financial assets.

The classification determined on the purpose for which the investments were acquired. Management determined the classification of its investments at initial recognition. See Note 30 for details about each type of financial asset.

(i) Subsequent measurement

The measurement at initial recognition did not change an adoption of HKFRS 9, see description above.

Subsequent to the initial, recognition loans and receivables were subsequently carried at amortised cost using the effective interest method.

2. 主要會計政策概要(續)

2.9 金融資產(續)

2.9.4 減值

自二零一八年一月一日起，本集團按前瞻性基準評估與其以攤銷成本及按公允價值計入其他綜合收益列賬的債務工具相關的預期信貸虧損。所應用的減值方法取決於信貸風險是否顯著增加。就應收賬款而言，本集團採用香港財務報告準則第9號所允許的簡化方法，該方法規定預期全期虧損將自初步確認應收款項起確認，有關進一步詳情，請參閱附註20。

2.9.5 於二零一七年十二月三十一日之前適用的會計政策

本集團已追溯應用香港財務報告準則第9號，惟已選擇不重列比較資料。因此，所提供的比較資料繼續根據本集團過往會計政策入賬。

於二零一七年十二月三十一日之前，本集團將其金融資產劃分為以下類別：

- 按公允價值計入損益之金融資產；
- 貸款及應收款項；及
- 可供出售金融資產。

分類視乎購入有關投資之目的而定。管理層於初步確認時決定其投資之類別。有關各類金融資產之詳情，請參閱附註30。

(i) 後續計量

初始確認的計量並不會因採納香港財務報告準則第9號而改變，見上文描述。

初始確認後，貸款及應收款項其後採用實際利率法按攤銷成本入賬。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Financial assets (continued)

2.9.5 Accounting policies applied until 31 December 2017 (continued)

(i) Subsequent measurement (continued)

Available-for-sale financial assets and financial assets at FVPL were subsequently carried at fair value. Gains or losses arising from changes in the fair value are recognised as follows:

- for 'financial assets at FVPL' – in profit or loss within "other gains – net"
- for available-for-sale financial assets that are monetary securities denominated in a foreign currency – translation differences related to changes in the amortised cost of the security were recognised in profit or loss and other changes in the carrying amount were recognised in other comprehensive income
- for other monetary and non-monetary securities classified as available-for-sale – in other comprehensive income.

Details on how the fair value of financial instruments is determined are disclosed in Note 3.2.

When securities classified as available-for-sale were sold, the accumulated fair value adjustments recognised in other comprehensive income were reclassified to profit or loss as gains and other losses from investment securities.

(ii) Impairment

The Group assessed at the end of each reporting period whether there was objective evidence that a financial asset or group of financial assets was impaired. A financial asset or a group of financial assets was impaired and impairment losses were incurred only if there was objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) had an impact on the estimated future cash flows of the financial asset or group of financial assets that could be reliably estimated. In the case of equity investments classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost was considered an indicator that the assets are impaired.

2. 主要會計政策概要(續)

2.9 金融資產(續)

2.9.5 於二零一七年十二月三十一日之前適用的會計政策(續)

(i) 後續計量(續)

可供出售金融資產及按公允價值計入損益的金融資產隨後按公允價值列賬。公允價值變動所產生的收益或虧損確認如下：

- 就「按公允價值計入損益的金融資產」一於損益內「其他收益－淨額」中確認
- 就屬以外幣計值的貨幣性證券的可供出售金融資產一與證券攤銷成本變動有關的匯兌差額於損益確認，而賬面值的其他變動則於其他綜合收益確認
- 就分類為可供出售的其他貨幣性及非貨幣性證券一於其他綜合收益確認。

有關如何釐定金融工具公允價值的詳情於附註3.2披露。

當分類為可供出售之證券被出售時，於其他綜合收益確認的累計公允價值調整重新分類至損益作為證券投資的收益及其他虧損。

(ii) 減值

本集團在各報告期末評估是否存在客觀證據顯示一項或一組金融資產出現減值。於初步確認資產後，如發生一件或多件事件導致產生減值的客觀證據（「虧損事件」），而有關虧損事件對該項或該組金融資產的估計未來現金流量構成能可靠估計的影響，則該項或該組金融資產方會被視作減值及出現減值虧損。就分類為可供出售的權益投資而言，證券公允價值大幅或長期跌至低於其成本會被視為資產出現減值的跡象。

Notes to the Consolidated Financial Statements

合併財務報表附註

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Financial assets (continued)

2.9.5 Accounting policies applied until 31 December 2017 (continued)

(ii) Impairment (continued)

Assets carried at amortised cost

For loans and receivables, the amount of the loss was measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that had not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset was reduced and the amount of the loss was recognised in profit or loss. If a loan had a variable interest rate, the discount rate for measuring any impairment loss was the current effective interest rate determined under the contract. As a practical expedient, the Group could measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreased and the decrease could be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss was recognised in profit or loss.

Impairment testing of trade receivables is described in Note 3.1.

Assets classified as available-for-sale

If there was objective evidence of impairment for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – was removed from equity and recognised in profit or loss.

Impairment losses on equity instruments that were recognised in profit or were not reversed through profit or loss in a subsequent period.

If the fair value of a debt instrument classified as available-for-sale increased in a subsequent period and the increase could be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss was reversed through profit or loss.

2. 主要會計政策概要(續)

2.9 金融資產(續)

2.9.5 於二零一七年十二月三十一日之前適用的會計政策(續)

(ii) 減值(續)

按攤銷成本入賬的資產

就貸款及應收款項而言，虧損金額按資產賬面值與按金融資產原實際利率貼現的估計未來現金流量(不包括未產生的未來信貸虧損)現值的差額計量。資產的賬面值會予以削減，而虧損金額於損益內確認。倘貸款按浮動利率計息，計量任何減值虧損的貼現率為根據合約釐定的現有實際利率。作為可行權宜辦法，本集團可採用可觀察市場價格按工具公允價值計量減值。

倘若在其後期間，減值虧損的金額減少，而該減少可客觀地與確認減值後發生的事件相關聯(如債務人的信貸評級改善)，則之前確認的減值虧損撥回會於損益內確認。

應收賬款的減值測試於附註3.1載述。

分類為可供出售的資產

倘有客觀證據顯示可供出售金融資產已產生減值，累計虧損(按購置成本與當前公允價值之間的差額減去該金融資產之前於損益內確認的任何減值虧損計量)從權益中剔除並於損益中確認。

於損益內確認的權益工具的減值虧損不會於以後期間透過損益撥回。

倘若在其後期間，分類為可供出售的債務工具的公允價值增加，而該增加可客觀地與於損益內確認減值虧損後發生的事件相關聯，則減值虧損可透過損益撥回。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Financial assets (continued)

2.9.6 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

2.9.7 Derivative financial instruments

Derivative financial instruments are initially measured at fair value on the date the derivative contracts are entered into and are subsequently re-measured at their fair values. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

As at 31 December 2018, the Group had not designated any derivatives as hedging instruments. Changes in fair values of derivatives that do not qualify for hedge accounting are being included in the consolidated income statement as "other gains – net".

2.10 Inventories

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

2. 主要會計政策概要(續)

2.9 金融資產(續)

2.9.6 抵銷金融工具

當有法定可執行權力可抵銷已確認金額，並有意圖按淨額基準結算或同時變現資產和結算負債時，金融資產與負債可互相抵銷，並在資產負債表報告其淨額。法定可執行權利必須不得依賴未來事件而定，而在一般業務過程中以及倘公司或對手方一旦出現違約、無償債能力或破產時，這也必須具有約束力。

2.9.7 衍生金融工具

衍生工具初步按衍生工具合約訂立當日的公允價值計量，其後按其公允價值重新計量。確認所產生的收益或損失的方法取決於該衍生工具是否指定為對沖工具，如指定為對沖工具，則會對沖到期項目。

於二零一八年十二月三十一日，本集團並無指定任何衍生工具作為對沖工具。不合資格作對沖會計法之衍生工具公允價值變動，於綜合利潤表列為「其他收益－淨額」。

2.10 存貨

存貨按成本或可變現淨值兩者間之較低者列賬。成本按加權平均法釐定。產成品及在製品之成本包括原材料、直接勞工、其他直接成本及相關間接生產開支(按正常經營規模計算)，惟不包括借款成本。可變現淨值指日常經營活動中之估計銷售價減適用變動銷售開支。

Notes to the Consolidated Financial Statements

合併財務報表附註

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 Trade receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. See Note 2.9.3 for further information about the Group's accounting for trade receivables and Note 2.9.4 for a description of the Group's impairment policies.

2.12 Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

2.13 Share capital

Ordinary shares are classified as equity.

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

2.14 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2. 主要會計政策概要(續)

2.11 應收賬款及其他應收款

應收賬款為在日常經營活動中就商品銷售或服務執行而應收客戶的款項。如應收賬款及其他應收款的收回預期在一年或以內(如仍在正常經營週期中，則可較長時間)，其被分類為流動資產；否則分類為非流動資產。

應收賬款初始按無條件代價的金額確認，惟倘包含重大融資部分，則按公允價值確認。本集團以收取合約現金流量為目的持有應收賬款，因此其後使用實際利率法按攤銷成本計量該等款項。請參閱附註2.9.3有關本集團應收賬款會計處理的進一步資料及附註2.9.4本集團減值政策的描述。

2.12 現金及等同現金項目

在合併現金流量表中，現金及現金等價物包括手頭現金、銀行通知存款及原到期為三個月或以下的其他短期高流動性投資。

2.13 股本

普通股歸類為權益。

發行新股份或購股權直接所產生之新增成本，於權益中列為所得款項之扣減項目(扣除稅項)。

2.14 應付賬款

應付賬款為在日常經營活動中購買商品或服務而應支付的義務。如應付賬款的支付日期在一年或以內(如仍在正常經營週期中，則可較長時間)，其被分類為流動負債；否則分類為非流動負債。

應付賬款初步以公允價值確認，其後利用實際利息法按攤銷成本計量。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.15 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

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

2.16 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2. 主要會計政策概要(續)

2.15 借款

借款初步按公允價值扣除所產生之交易成本為初始確認。借款其後按攤銷成本列賬，所得款項(經扣除交易成本)及贖回價值間之任何差額於借貸期間以實際利率法於合併利潤表內確認。

設立貸款融資時支付的費用倘部份或全部融資將會很可能提取，該費用確認為貸款的交易費用。在此情況下，費用遞延至貸款提取為止。如沒有證據證明部份或全部融資將會很可能被提取，則該費用資本化作為流動資金服務的預付款，並按有關的融資期間攤銷。

除非本集團具可無條件將負債的結算遞延至結算日後最少十二個月，否則借款分類為流動負債。

2.16 借款成本

直接歸屬於收購、興建或生產合資格資產(指必須經一段長時間處理以作其預定用途或銷售的資產)的借款成本，加入該等資產的成本內，直至資產大致上備妥供其預定用途或銷售為止。

就特定借款，因有待合資格資產的支出而臨時投資賺取的投資收入，應自合資格資本化的借款成本中扣除。

所有其他借款成本在產生期內的損益中確認。

Notes to the Consolidated Financial Statements

合併財務報表附註

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the consolidated income statement, except to the extent that it relates to items recognised in the comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred income tax

(i) Inside basis differences

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

2. 主要會計政策概要(續)

2.17 當期及遞延所得稅

本期間的稅項支出包括當期和遞延稅項。稅項在合併利潤表中確認，但與在其他綜合收益中或直接在權益中確認的項目有關者則除外。在該情況下，稅項亦分別在其他綜合收益或直接在權益中確認。

(a) 當期所得稅

當期所得稅支出根據本公司的附屬公司及聯營營運及產生應課稅收入的國家於資產負債表日已頒佈或實質上已頒佈的稅務法例計算。管理層就適用稅務法例詮釋所規限的情況定期評估報稅表的狀況，並在適用情況下根據預期須向稅務機關支付的稅款設定撥備。

(b) 遞延所得稅

(i) 內在差異

遞延所得稅利用負債法確認資產和負債的稅基與資產和負債在合併財務報表的賬面值的差額而產生的暫時性差異。然而，若遞延所得稅負債來自對商譽的初始確認，以及若遞延所得稅來自在交易(不包括業務合併)中對資產或負債的初始確認，而在交易時不影響會計損益或應課稅利潤或損失，則不作記賬。

遞延所得稅採用在資產負債表日前已頒佈或實質上已頒佈，並在有關的遞延所得稅資產實現或遞延所得稅負債結算時預期將會適用的稅率(及法例)而釐定。

遞延所得稅資產是就很可能有未來應課稅利潤而就此可使用暫時性差異而確認。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 Current and deferred income tax (continued)

(b) *Deferred income tax (continued)*

(ii) *Outside basis differences*

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint arrangements, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally the Group is unable to control the reversal of the temporary difference for associates. Only where there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference not recognised.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, associates and joint arrangements only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

(c) *Offsetting*

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.18 Employee benefits

2.18.1 Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date. Employee entitlements to sick leave and maternity leave are not recognised until the time of the leave.

2.18.2 Termination benefits

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

2. 主要會計政策概要(續)

2.17 當期及遞延所得稅(續)

(b) 遞延所得稅(續)

(ii) 外在差異

就附屬公司、聯營和合營投資產生的應課稅暫時性差異確認遞延所得稅負債，但不包括本集團可以控制暫時性差異的轉回時間以及暫時性差異在可預見將來很可能不會轉回的遞延所得稅負債。一般而言，本集團無法控制聯營的暫時性差異的撥回。只有當有協議賦予本集團有能力控制暫時性差異的撥回時才不予確認。

就附屬公司、聯營和合營投資產生的可扣減暫時性差異確認遞延所得稅資產，但只限於暫時性差異很可能在將來轉回，並有充足的應課稅利潤抵銷可用的暫時性差異。

(c) 抵銷

當有法定可執行權力將當期稅項資產與當期稅務負債抵銷，且遞延所得稅資產和負債涉及由同一稅務機關對應課稅主體或不同應課稅主體但有意向以淨額基準結算所得稅結餘時，則可將遞延所得稅資產與負債互相抵銷。

2.18 僱員福利

2.18.1 僱員假期權益

僱員年假權益在僱員享有時確認。就僱員提供服務而產生的年假估計所須承擔之負債，就截至結算日止作出撥備。病假及產假之僱員權益於享有時方予以確認。

2.18.2 辭退福利

辭退福利在本集團於正常退休日期前終止僱用職工，或當職工接受自願遣散以換取此等福利時支付。本集團在以下較早日期發生時確認辭退福利：(a)當本集團不再能夠撤回此等福利要約時；及(b)當主體確認的重組成本屬於香港會計準則第37號的範圍並涉及支付辭退福利時。在鼓勵職工自動遣散的要約情況下，辭退福利按預期接受要約的職工數目計算。在報告期末後超過12個月支付的福利應貼現為現值。

Notes to the Consolidated Financial Statements

合併財務報表附註

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.18 Employee benefits (continued)

2.18.3 Share-based compensation

(a) Equity-settled share-based payment transactions

The Group operates an equity-settled, share-based compensation plan, under which the entity receives services from employees as consideration for equity instruments (share options) of the Group. The fair value of the employee services received in exchange for the grant of the share options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the share options granted:

- including any market performance conditions (for example, an entity's share price);
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save or holding shares for a specified period of time).

Non-market performance and service conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. In addition, in some circumstances employees may provide services in advance of the grant date and therefore the grant date fair value is estimated for the purposes of recognising the expense during the period between service commencement period and grant date. At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-marketing performance and service conditions. It recognises the impact of the revision to original estimates, if any, in the consolidated income statement, with a corresponding adjustment to equity.

When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (and share premium).

2. 主要會計政策概要(續)

2.18 僱員福利(續)

2.18.3 股份付款酬金

(a) 權益結算以股份為支付基礎的交易

本集團設有一項以權益結算、以股份為基礎的報酬計劃，根據該等計劃，主體收取職工的服務以作為本集團權益工具(購股權)的對價。職工為換取獲授予購股權而提供服務的公允價值確認為費用。將作為費用的總金額參考授予購股權的公允價值釐定：

- 包括任何市場業績條件(例如主體的股價)；
- 不包括任何服務和非市場業績可行權條件(例如盈利能力、銷售增長目標和職工在某特定時期內留任實體)的影響；及
- 包括任何非可行權條件(例如規定職工儲蓄或在一段指定期間內持有股份)的影響。

非市場表現和服務條件包括在有關預期可行權的購股權數目的假設中。費用的總金額在等待期間內確認，等待期間指將符合所有特定可行權條件的期間。此外，在某些情況下，職工可能在授出日期之前提供服務，因此授出日期的公允價值就確認服務開始期與授出日期之間期間內的開支作出估計。在每個報告期末，集團依據非市場表現和服務條件修訂其對預期可行權的購股權數目的估計。主體在合併利潤表確認對原估算修訂(如有)的影響，並對權益作出相應調整。

在購股權行使時，本公司發行新股。收取的所得款扣除任何直接歸屬交易成本撥入股本(和股本溢價)。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.18 Employee benefits (continued)

2.18.3 Share-based compensation (continued)

(b) Share-based payment transactions among group entities

The grant by the Company of share options over its equity instruments to the employees of subsidiary undertakings in the Group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity in the parent entity accounts.

2.18.4 Pension obligations

Group companies operate various defined contribution plans. The plans are generally funded through payments to trustee-administered funds.

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

2.19 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

2. 主要會計政策概要(續)

2.18 僱員福利(續)

2.18.3 股份付款酬金(續)

(b) 集團內主體以股份為支付基礎的交易

本公司向集團附屬公司的職工授予其權益工具的購股權，被視為資本投入。收取職工服務的公允價值，參考授出日的公允價值計量，並在等待期內確認，作為對附屬公司投資的增加，並相應貸記母公司賬目的權益。

2.18.4 退休金責任

集團公司經營多個定額供款計劃。此等計劃一般透過向受託管理基金付款而注資。

定額供款計劃是一項本集團向一個單獨主體支付供款的退休計劃。若該基金並無持有足夠資產向所有職工就其在當期及以往期間的服務支付福利，本集團亦無法定或推定債務支付進一步供款。對於定額供款計劃，本集團以強制性、合同性或自願性方式向公開或私人管理的退休保險計劃供款。本集團作出供款後，即無進一步付款債務。供款在應付時確認為僱員福利費用。預付供款按照現金退款或可減少未來付款而確認為資產。

2.19 撥備

當本集團因已發生的事件而產生現有的法律或推定債務；很可能需要資源的流出以結算債務；及金額已被可靠估計時作出撥備。

Notes to the Consolidated Financial Statements

合併財務報表附註

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.19 Provisions (continued)

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.20 Revenue recognition

Sales of goods

The Group is principally engaged in the production and trading of fine chemicals from natural resources for use in aroma chemicals and pharmaceutical products. Sales are recognised when control of the products has transferred, being when the products are delivered to the customer, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specified location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

Revenue from these sales is recognised based on the price specified in the contract, net of discounts, returns and value added taxes.

A receivable is recognised when the products are delivered, as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due. Substantially all of the Group's revenue are recognised at a point in time during the year.

2. 主要會計政策概要(續)

2.19 撥備(續)

如有多項類似債務，其需要在結算中有資源流出的可能性，則可根據債務的類別整體考慮。即使在同一債務類別所包含的任何一個項目相關的資源流出的可能性極低，仍須確認撥備。

撥備採用稅前利率按照預期需結算有關債務的支出現值計量，該利率反映當時市場對金錢時間值和有關債務固有風險的評估。隨著時間過去而增加的撥備確認為利息費用。

2.20 收益確認

銷售貨品

本集團主要從事生產及買賣利用天然資源製造的用於芳香化學品及醫藥產品的精細化學品。銷售乃於產品的控制權已轉移(即產品交付予客戶時)，且並無未履行責任會影響客戶對產品的接收時確認。交付乃於產品已運抵指定地點，陳舊過時及損失風險已轉移予客戶，且客戶已根據銷售合約接收產品、接收條文已失效抑或本集團有客觀證據顯示所有接收標準均已達成後發生。

該等銷售的收益乃按合約訂明的價格經扣除折扣、退貨及增值稅後予以確認。

應收款項於產品交付時確認，因從該時間點開始，付款之到期僅需時間的流逝，有關代價成為無條件。本集團的絕大部分收益於年內的某一時間點確認。

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.21 Interest income

Interest income is recognised using the effective interest method.

2.22 Government grants

Grants from the government are recognised at their value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

2.23 Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the consolidated income statement on a straight-line basis over the period of the lease.

2.24 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's and Company's financial statements in the period in which the dividends are approved by the Company's shareholders or directors, as appropriate.

2.25 Financial guarantee contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of

- the amount determined in accordance with the expected credit loss model under HKFRS 9 *Financial Instruments* and
- the amount initially recognised less, where appropriate, the cumulative amount of income recognised in accordance with the principles of HKFRS 15 *Revenue from Contracts with Customers*.

The fair value of financial guarantees is determined based on the present value of the difference in cash flows between the contractual payments required under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

Where guarantees in relation to loans or other payables of associates are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment.

2. 主要會計政策概要(續)

2.21 利息收益

利息收益乃採用實際利率法確認。

2.22 政府補助

當能夠合理地保證政府補助將可收取，而本集團將會符合所有附帶條件時，將政府提供的補助按其公允價值確認入賬。

2.23 租賃

如租賃中之資產擁有權之大部分風險及報酬由出租人折現值保留，一概列為經營租賃。根據經營租賃支付之款項(扣除自出租人收取的任何激勵措施後)，於租賃期內以直線法於合併利潤表內支銷。

2.24 股息分派

分派予本公司股東之股息於本公司股東或董事(倘適用)批准期間，在本集團及本公司之財務報表中確認為負債。

2.25 財務擔保合同

財務擔保於擔保發出時確認為金融負債。有關負債初始按公允價值計量，其後按以下兩者之較高者計量

- 按香港財務報告準則第9號金融工具下的預期信貸虧損模式釐定的金額，與
- 初始確認的金額減去(如適用)按香港財務報告準則第15號來自客戶合約之收入的準則確認的收入累計金額。

財務擔保的公允價值乃根據債務工具項下規定的合約付款金額與無擔保情況下須支付金額之間的差額的現值，或就承擔有關債務須付給第三方的估計金額釐定。

倘就聯營公司的貸款或其他應付款提供無償擔保，則公允價值按注資列賬，並確認為投資成本的一部分。

3. FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's financial assets include cash and cash equivalents, bank deposits, trade and other receivables, loan to an associate, amount due from a related company, FVOCI (2017: available-for-sale financial assets) and derivative financial instruments. The Group's financial liabilities include borrowings, trade and other payables, amount due to a related company, amount due to a director and derivative financial instruments.

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposure, The board reviews and agrees policies for managing each of these risks and they are summarised below.

(a) Credit risk

The Group has policies in place to ensure that liquid funds are placed with financial institutions registered with sound credit standing in Mainland China and Hong Kong. Sales of products are made to customers with appropriate credit history. The Group performs credit evaluations on its customers.

Trade receivables are due within three months from the date of billing. For certain customers with good credit history, an extended period up to 180 days is allowed. As at 31 December 2018, 65% of the total trade receivables were due within three months (2017: 66%).

As at 31 December 2018, the five largest customers accounted for approximately 25% of the trade receivable carrying amount (2017: 26%). The Group considers the largest customers are financially healthy with no significant credit risk.

The maximum exposure to credit risk represents the carrying amounts of trade receivables in the balance sheet. Quantitative disclosures in respect of the Group's exposure to credit risk arising from trade receivables are set out in Note 20.

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9, which permits the use of the lifetime expected credit loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics. The Group has performed historical analysis and identified the key economic variables impacting credit risk and expected credit loss. It considers available reasonable and supportive forwarding-looking information.

3. 財務風險管理

3.1 財務風險因素

本集團之金融資產包括現金及現金等價物、銀行存款、應收賬款、其他應收款、聯營方借貸、應收關聯方款項、按公允價值計入其他綜合收益之金融資產(二零一七年：可供出售金融資產)及衍生金融工具。本集團之金融負債包括借貸、應付賬款、其他應付款、應付關聯方款項、應付一董事款項及衍生金融工具。

本集團業務面對各種財務風險：市場風險(包括外匯風險、公允價值利率風險、現金流量利率風險及價格風險)、信貸風險與流動資金風險。本集團整體風險管理策略針對金融市場之不可預測特性，並尋求方法減輕對本集團財務表現造成之潛在不利影響。本集團利用衍生金融工具對沖若干風險。董事會檢討及協定管理各此等風險的政策，茲概述如下。

(a) 信貸風險

本集團制定政策，確保流動資金存於國內及香港註冊之著名金融機構。本集團向擁有合適信貸記錄之客戶銷售產品。本集團會評估客戶信貸狀況。

應收賬款在出具賬單日起計三個月內到期。對於有良好信貸歷史的客戶，集團容許達至180日的信貸期。於二零一八年十二月三十一日，65%的應收賬款總額將於未來三個月內被支付(二零一七年：66%)。

於二零一八年十二月三十一日，應收賬款賬面金額中有約25%來自本集團五個最大之客戶(二零一七年：26%)。本集團認為主要客戶的財務穩健並沒有重大的信貸風險。

信貸風險敞口上限為合併資產負債表中應收賬款的賬面金額。有關本集團的應收賬款的信貸風險敞口的信息已在附註20披露。

本集團應用香港財務報告準則第9號所訂明之簡化處理方法就預期信貸虧損作出撥備，該準則允許對所有應收賬款採用全期預期信貸虧損撥備。為計量預期信貸虧損，應收賬款已根據共通信貸風險特徵分類。本集團已進行歷史分析，並確定影響信貸風險及預期信貸虧損的主要經濟變數。本集團會考慮可用的合理且可靠的前瞻性資料。

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (continued)

(a) Credit risk (continued)

The Group categorises its trade receivables, except those individually assessed, based on the days past due. The expected loss rates are based on the payment profiles of sales over a period of 36 months and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

Given the track record of regular repayment of trade receivables, the directors are of the opinion that the risk of default by these customers is not significant, taking into account forward-looking information on macroeconomic factors. Therefore, expected credit loss rate of trade receivables is assessed to be insignificant and loss allowance provided on a collective basis was amounted to RMB1,778,000.

For trade receivables relating to accounts in which objective evidence that the debtor faces significant financial difficulties or enter liquidation, they are assessed individually for impairment allowance. Accordingly, specific loss allowance of RMB3,433,000 were made as at 31 December 2018.

In respect of cash deposited at banks, the credit risk is considered to be low as the counterparties are reputable banks. The existing counterparties do not have defaults in the past. Therefore, expected credit loss rate of cash at bank is assessed to be close to zero and no provision was made as of 31 December 2018.

The credit quality of loan to an associate, amounts due from related companies, bills receivables and other receivables excluding prepayments and tax recoverable has been assessed with reference to historical information about the counterparties default rates and financial position of the counterparties. The directors are of the opinion that the credit risk of the loan to an associate and amounts due from related parties is low due to the sound collection history of the receivables due from them. Therefore, expected credit loss rate of the loan to an associate, amounts due from related companies, bills receivables and other receivables excluding prepayments and tax recoverable is assessed to be close to zero and no provision was made as of 31 December 2018.

3. 財務風險管理(續)

3.1 財務風險因素(續)

(a) 信貸風險(續)

除個別進行評估者外，本集團根據逾期天數對其應收賬款進行分類。預期虧損率乃基於36個月期間銷售的付款情況及該期間內發生的相應歷史信貸虧損釐定。歷史虧損率會進行調整，以反映有關影響客戶結清應收款項能力的宏觀經濟因素的當前及前瞻性資料。

鑒於定期償還應收賬款的往績記錄，並經考慮有關宏觀經濟因素的前瞻性資料，董事認為該等客戶的違約風險並不重大。因此，應收賬款的預期信貸虧損率評估為並不重大，按集體基準計提的虧損撥備為人民幣1,778,000元。

就存在客觀證據顯示債務人面臨重大財務困難或進行清算的客戶的相關應收賬款而言，有關款項會單獨進行減值撥備評估。就此，於二零一八年十二月三十一日已計提特定虧損撥備人民幣3,433,000元。

就存放於銀行的現金而言，由於對手方為信譽良好的銀行，因此信貸風險被認為較低。現有對手方過往並無違約。因此，銀行現金的預期信貸虧損率評估為接近零，截至二零一八年十二月三十一日並無計提撥備。

聯營方借貸、應收關聯方款項、應收票據及其他應收款(不包括預付款及可收回稅項)的信貸質素已參考對手方違約率的歷史資料及交易對手的財務狀況進行評估。由於應收上述各方的款項收款記錄良好，董事認為應收關聯方款項及聯營方借貸的信貸風險較低。因此，聯營方借貸、應收關聯方款項、應收票據及其他應收款(不包括預付款及可收回稅項)的預期信貸虧損率評估為接近零，截至二零一八年十二月三十一日並無計提撥備。

Notes to the Consolidated Financial Statements

合併財務報表附註

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (continued)

(b) Liquidity risk

The Group's policy is to regularly monitor its liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The following tables detail the remaining contractual maturities at the balance sheet date of the Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the balance sheet date) and the earliest date the Group can be required to pay.

Where the loan agreement contains a repayable on demand clause which gives the lender the unconditional right to call the loan at any time, the amounts repayable are classified in the earliest time bracket in which the lender could demand repayment.

3. 財務風險管理(續)

3.1 財務風險因素(續)

(b) 流動資金風險

本集團的政策是定期監察流動資金需求，以及是否符合借款契諾的規定，以確保維持充裕的現金儲備，同時獲得主要金融機構承諾提供足夠的備用資金，以滿足短期和較長期的流動資金需求。

下表載列了本集團於結算日以合約未貼現現金流量(包括按照合約利率或(如屬浮動利率)結算日的現行利率計算的利息付款)的金融負債和本集團可能需要付款的最早日期為準的剩餘合約到期情況。

如果貸款協議載有一項按要求償還之條款，附予貸款人權利於任何時間無條件地要求還貸，該應付的數額於時間支架分類時，以貸款人可以要求還款之最早時間作為準則。

| | | Carrying amount | Total contractual undiscounted cash flow | Repayable on demand | Within 1 year | More than 1 year but less than 2 years | More than 2 years but less than 5 years |
|--------------------------------------|----------------------|-----------------|--|---------------------|---------------|--|---|
| | | | 已訂約而未貼現的現金流量 | | | 一年後但不足兩年 | 二年後但不足五年 |
| | | 賬面值 | 總額 | 接獲通知時 | 一年內 | 一年後但不足兩年 | 二年後但不足五年 |
| | | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| The Group | 本集團 | 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 31 December 2018 | 於二零一八年十二月三十一日 | | | | | | |
| Borrowings | 借貸 | 1,715,750 | 1,788,574 | 595,717 | 420,960 | 439,453 | 332,444 |
| Trade payables and bills payables | 應付賬款及應付票據 | 228,822 | 228,822 | 8,842 | 219,980 | - | - |
| Accruals and other payables | 應計費用及其他應付款 | 25,533 | 25,533 | - | 25,533 | - | - |
| Amount due to a related company | 應付關聯方款項 | 644 | 644 | 644 | - | - | - |
| Derivatives settled on net basis | 淨額結算衍生金融工具 | | | | | | |
| - Interest rate swaps | - 利率互換 | (349) | (349) | - | 81 | (430) | - |
| - Forward foreign exchange contracts | - 遠期外匯合同 | 249 | 249 | - | 249 | - | - |

Notes to the Consolidated Financial Statements

合併財務報表附註

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (continued)

(b) Liquidity risk (continued)

| | | Carrying amount | Total contractual undiscouted cash flow | Repayable on demand | Within 1 year | More than 1 year but less than 2 years | More than 2 years but less than 5 years |
|-----------------------------------|----------------------|-----------------|---|---------------------|---------------|--|---|
| | | | 已訂約而未貼現的現金流量總額 | | | 接獲通知時 | 一年內 |
| | | 賬面值 | 總額 | | | | |
| The Group | 本集團 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| | | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 |
| At 31 December 2017 | 於二零一七年十二月三十一日 | | | | | | |
| Borrowings | 借貸 | 1,214,299 | 1,271,699 | 297,121 | 500,256 | 127,881 | 346,441 |
| Trade payables and bills payables | 應付賬款及應付票據 | 190,256 | 190,256 | 11,279 | 178,977 | - | - |
| Accruals and other payables | 應計費用及其他應付款 | 26,210 | 26,210 | - | 26,210 | - | - |
| Amount due to a related company | 應付關聯方款項 | 687 | 687 | 687 | - | - | - |
| Derivatives settled on net basis | 淨額結算衍生金融工具 | | | | | | |
| - Interest rate swaps | - 利率互換 | (39) | (39) | - | (39) | - | - |

The table below summarises the maturity analysis of the Group's financial liabilities based on the scheduled repayments set out in the respective agreements. The amounts include interest payments computed using contractual rates. Taking into account the Group's financial position, the directors do not consider that it is probable that the banks will exercise their discretion to demand immediate repayment. The directors believe that such amounts due and borrowings will be repaid in accordance with the scheduled repayment dates set out in the agreements.

3. 財務風險管理(續)

3.1 財務風險因素(續)

(b) 流動資金風險(續)

下表概述本集團金融負債根據載於各自協議之償還時間表之到期日分析。有關金額包括使用合約利率計算之利息付款。經計及本集團之財務狀況，董事認為，關聯方或銀行或不曾行使彼等之酌情權要求立即還款。董事認為，該等金額到期及借貸將根據協議所載預定還款日期償還。

Notes to the Consolidated Financial Statements

合併財務報表附註

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (continued)

(b) Liquidity risk (continued)

| | | Maturity Analysis – financial liabilities based on scheduled repayments 還款期分析 – 基於預定還款的金融負債 | | | | | |
|--------------------------------------|---------------|---|--|---------------|--|---|-----------|
| | | Carrying amount | Total contractual undiscounted cash flow | Within 1 year | More than 1 year but less than 2 years | More than 2 years but less than 5 years | Total |
| | | 賬面值 | 現金流量總額 | 一年內 | 一年後但不足兩年 | 二年後但不足五年 | 總額 |
| | | 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 |
| As at 31 December 2018 | 於二零一八年十二月三十一日 | | | | | | |
| Borrowings | 借貸 | 1,715,750 | 1,801,509 | 1,015,728 | 450,378 | 335,403 | 1,801,509 |
| Trade payables and bills payables | 應付賬款及應付票據 | 228,822 | 228,822 | 228,822 | - | - | 228,822 |
| Accruals and other payables | 應計費用及其他應付款 | 25,533 | 25,533 | 25,533 | - | - | 25,533 |
| Amount due to a related company | 應付關聯方款項 | 644 | 644 | 644 | - | - | 644 |
| Derivatives settled on net basis | 淨額結算之衍生工具 | | | | | | |
| - Interest rate swaps | - 利率互換 | (349) | (349) | 81 | (430) | - | (349) |
| - Forward foreign exchange contracts | - 遠期外匯合同 | 249 | 249 | 249 | - | - | 249 |
| As at 31 December 2017 | 於二零一七年十二月三十一日 | | | | | | |
| Borrowings | 借貸 | 1,214,299 | 1,271,699 | 797,377 | 127,881 | 346,441 | 1,271,699 |
| Trade payables and bills payables | 應付賬款及應付票據 | 190,256 | 190,256 | 190,256 | - | - | 190,256 |
| Accruals and other payables | 應計費用及其他應付款 | 26,210 | 26,210 | 26,210 | - | - | 26,210 |
| Amount due to a related company | 應付關聯方款項 | 687 | 687 | 687 | - | - | 687 |
| Derivatives settled on net basis | 淨額結算之衍生工具 | | | | | | |
| - Interest rate swaps | - 利率互換 | (39) | (39) | (39) | - | - | (39) |

(c) Cash flow and fair value interest-rate risk

The Group's exposure to changes in interest rates is mainly attributable to its bank borrowings. Bank borrowings at variable rates expose the Group to cash flow interest-rate risk which is partially offset by cash held at variable rates. Bank borrowings at fixed rates expose the Group to fair value interest-rate risk. Details of the Group's bank borrowings are disclosed in Note 28 to the consolidated financial statements. The Group analyses its interest rate exposure on a dynamic basis and to hedge its variable rate by fixed rate instruments, when necessary. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging.

During 2017 and 2018, the Group's borrowings at variable rates were denominated in United States dollars ("USD"), RMB and Hong Kong dollars ("HKD").

3. 財務風險管理(續)

3.1 財務風險因素(續)

(b) 流動資金風險(續)

(c) 現金流量及公允價值利率風險

本集團之利率風險主要源自銀行借貸。按不同息率提供之銀行借貸使本集團面對現金流量利率風險，部份為按浮動利率持有的現金所抵消。按定息提供之銀行借貸使本集團面對公允價值利率風險。有關本集團銀行借貸之詳情，於合併財務報表附註28披露。本集團以活躍方式分析其利率風險，本集團利用多個模擬方案，以計入再融資、現有持倉的續訂、其他可採用的融資和對沖。

於二零一七年及二零一八年內，本集團按浮動利率計算的貸款以美元、人民幣和港元為單位。

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (continued)

(c) Cash flow and fair value interest-rate risk (continued)

It is estimated that an increase/decrease of 50 basis points as at 31 December 2018 in bank borrowing interest rates for bank loans with all other variables held constant would decrease/increase the profit after taxation by approximately RMB7,982,000 (2017: 50 basis points; RMB5,563,000).

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the balance sheet date and had been applied to the exposure to interest rate risk for non derivative financial instruments in existence at that date.

(d) Foreign exchange risk

The Group mainly operates in Mainland China with most of the transactions settled in RMB. Foreign exchange rate risk arises when future commercial transactions or recognised assets and liabilities are denominated in a currency that is not the entity's functional currency.

The Group's assets and liabilities, and transactions arising from its operations primarily do not expose to material foreign exchange risk, other than certain trade receivables, cash and cash equivalents, borrowings and derivative financial instruments denominated in USD and HKD, details of which have been disclosed in Note 20, Note 23, Note 28 and Note 19, respectively. The Group's assets and liabilities are primarily denominated in RMB. Other than approximately 20% (2017: 15%) of the sales are denominated in USD and certain expenses in HKD, the Group mainly generates RMB from sales in Mainland China to meet its liabilities denominated in RMB.

Further depreciation or appreciation of the USD and the HKD against the RMB will affect the Group's financial position and results of operations.

If the RMB had strengthened/weakened against the USD and the HKD by 100 basis points as at the respective balance sheet dates, profit after taxation would increase/decrease by approximately RMB6,833,000 (2017: RMB5,304,000) and increase/decrease by approximately RMB4,837,000 (2017: RMB2,074,000), respectively, mainly as a result of foreign exchange gain/loss on translation of USD and HKD denominated bank borrowings, trade receivables and cash and cash equivalents.

3. 財務風險管理(續)

3.1 財務風險因素(續)

(c) 現金流量及公允價值利率風險(續)

於二零一八年十二月三十一日，估計銀行貸款的利率每上升／下降50個基準點，如果所有其他變量保持不變，除稅後利潤會減少／增加約人民幣7,982,000元(二零一七年：50個基準點；人民幣5,563,000元)。

上述敏感度分析的釐定已假設利率變動在結算日已經發生，並且應用在該日已存在的非衍生金融工具的利率風險敞口上。

(d) 外匯風險

本集團主要在中國內地經營業務。本集團大部分交易、資產及負債均以中國人民幣結算。當未來商業交易或已確認資產和負債的計值貨幣並非該實體的功能貨幣，外匯風險便會產生。

本集團的資產與負債以及業務過程中的交易基本上並無重大外匯風險，除若干應收賬款、現金及等同現金項目、借貸以及衍生金融工具以美元及港元計值(詳情分別於附註20、附註23、附註28及附註19披露)外，本集團的資產及負債主要以人民幣計值。除約20%(二零一七年：15%)的銷售以美元計值以及若干港元開支外，本集團在中國的銷售主要賺取人民幣，以償付按人民幣計值的負債。

美元及港元兌人民幣進一步貶值或升值均會影響本集團的財務狀況及經營業績。

於各相關結算日，人民幣兌美元及港元升值／貶值100個基點會分別增加／減少除稅後利潤約人民幣6,833,000元(二零一七年：人民幣5,304,000元)及增加／減少約人民幣4,837,000元(二零一七年：人民幣2,074,000元)，主要因為換算以美元及港元為單位的銀行貸款及衍生金融工具所得的匯兌收益／虧損。

Notes to the Consolidated Financial Statements

合併財務報表附註

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (continued)

(e) Price risk

The Group is exposed to equity securities price risk because certain investments held by the Group are classified as FVOCI. As the amount of such financial assets is not material to the Group, the exposure to price risk is considered to be insignificant.

The Group purchases turpentine as one of its major raw materials for its manufacturing process, and is exposed to fluctuation in its market price. The Group does not use any derivative instruments to manage its economic exposure to the change in price of raw materials.

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including current and non-current borrowings as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as "equity", as shown in the consolidated balance sheet, plus net debt/(cash).

The net debt/(cash) amounts and gearing ratio at 31 December 2018 and 2017 were as follows:

| | | 2018 二零一八年 RMB'000 人民幣千元 | 2017 二零一七年 RMB'000 人民幣千元 |
|---|------------------|---|-----------------------------------|
| Total borrowings (Note 28) | 總借貸(附註28) | 1,715,750 | 1,214,299 |
| Less: cash and cash equivalents (Note 23) | 減：現金及現金等價物(附註23) | (897,903) | (1,888,712) |
| Net debt/(cash) | 淨債務/(現金) | 817,847 | (674,413) |
| Total capital | 總資本 | 2,913,686 | 1,236,989 |
| Gearing ratio | 負債率 | 28% | N/A不適用 |

3. 財務風險管理(續)

3.1 財務風險因素(續)

(e) 價格風險

由於本集團所持若干投資分類作按公允價值計入其他綜合收益之金融資產，故本集團面對股本證券價格風險。由於該等金融資產之金額對本集團而言並不重大，故價格風險被視為不重大。

本集團採購松節油作為其生產過程的主要原材料，並面對市場價格波動。本集團並無使用任何衍生工具以管理原材料價格波動之經濟風險。

3.2 資金風險管理

本集團的資金管理政策，是保障本集團能繼續營運，以為股東提供回報和為其他權益持有人提供利益，同時維持最佳的資本結構以減低資金成本。

為了維持或調整資本結構，本集團可能會調整支付予股東的股息數額、向股東分派的資本返還、發行新股或出售資產以減低債務。

與業內其他公司一樣，本集團利用負債比率監察其資本。此比率按照債務淨額除以總資本計算。債務淨額為總借貸(包括合併資產負債表所列的即期及非即期貸款)減去現金及現金等價物。總資本為「權益」(如合併資產負債表所列)，加淨債務/(現金)。

在二零一七年及二零一八年十二月三十一日，淨債務/(現金)之金額及負債率如下：

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.2 Capital risk management (continued)

The changes from net cash position to net debt position during 2018 was resulted primarily from the increase in borrowings during the year.

HKFRS 7 requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. The Group does not have this type of financial instruments.
- Level 2 – Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices). As at 31 December 2018, the Group recognised outstanding interest rate swap contracts with fair value of RMB455,000 as liabilities (2017: nil) and RMB106,000 as assets (2017: RMB39,000). The Group recognised outstanding forward foreign exchange contracts with fair value of RMB1,061,000 as liabilities (2017: nil) and RMB1,310,000 as assets (2017: nil).
- Level 3 – Inputs for asset or liability that are not based on observable market data (that is, unobservable inputs). As at 31 December 2018, the Group had FVOCI of RMB200,000 (2017: available-for-sale financial assets of RMB200,000) that are within this category.

There were no transfers between levels 1, 2 and 3 during the year.

3.3 Fair value estimation

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

3. 財務風險管理(續)

3.2 資金風險管理(續)

二零一八年從淨現金水平轉到淨債務水平是因為借貸增加。

香港財務報告準則7規定按下列公允價值計量架構披露公允價值計量：

- 相同資產或負債在活躍市的報價(未經調整)(第1層)。本集團並無此種類的金融工具。
- 除了第1層所包括的報價外，該資產和負債的可觀察的其他輸入，可為直接(即例如價格)或間接(即源自價格)(第2層)。於二零一八年十二月三十一日，本集團持有仍未結算的遠期利率互換合同之公允價值為人民幣455,000元(二零一七年：人民幣零元)確認為負債、人民幣106,000元(二零一七年：人民幣39,000元)確認為資產。本集團持有仍未結算的遠期外匯合同之公允價值為人民幣1,061,000元(二零一七年：無)確認為負債、人民幣1,310,000元(二零一七年：無)確認為資產。
- 資產和負債並非依據可觀察市場數據的輸入(即非可觀察輸入)(第3層)，於二零一八年十二月三十一日，本集團擁有按公允價值計入其他綜合收益之金融資產共人民幣200,000元(二零一七年：可供出售金融資產共人民幣200,000元)。

年內第1、第2與第3層之間並無轉撥。

3.3 公允價值估計

沒有在活躍市場買賣的金融工具的公允價值利用估值技術釐定。估值技術儘量利用可觀察市場數據(如有)，儘量少依賴主體的特定估計。如計算一金融工具的公允價值所需的所有重大輸入為可觀察數據，則該金融工具列入第2層。如一項或多項重大輸入並非根據可觀察市場數據，則該金融工具列入第3層。

Notes to the Consolidated Financial Statements

合併財務報表附註

3. FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3 Fair value estimation (continued)

Specific valuation techniques used to value financial instruments include:

- The fair value of interest rate swaps was calculated as the present value of the estimated future cash flows based on observable yield curves.
- The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date with the resulting value discounted back to present value.
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

3.4 Offsetting financial assets and financial liabilities

The Group does not have any financial assets and liabilities that are subject to offsetting, enforceable master netting arrangements and similar agreements for the year.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

3. 財務風險管理(續)

3.3 公允價值估計(續)

用以估值金融工具的特定估值技術包括：

- 利率互換的公允價值根據可觀察收益率曲線，按估計未來現金流量的現值計算。
- 遠期外匯合同的公允價值利用資產負債表日期的遠期匯率釐定，而所得價值折算至現值。
- 其他技術，例如折算現金流量分析，用以釐定其餘金融工具的公允價值。

3.4 抵銷金融資產和負債

本集團並無金融資產及負債受抵銷、可執行總互抵安排和類似協議的規限。

4. 重大會計估計及判斷

本集團根據過往經驗及其他因素不斷對估計及判斷作出評估，包括根據該等情況相信為合理之未來事項預測。

本集團就未來發展作出估計及判斷。所得會計估值故名思義甚少等同於相關實際結果。以下所論述之估計及假設存有對下一個財政年度資產及負債賬面值造成重大調整之重大風險。

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (CONTINUED)

(a) Net realisable value of inventories

Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expenses. These estimates are based on current market conditions and the historical experience of manufacturing and selling products of similar nature. It could change significantly as a result of changes in customer taste and competitor actions in response to changes in market conditions. Management reassesses these estimates at each balance sheet date. During the year ended 31 December 2018, a provision for impairment of inventories of RMB1,641,000 (2017: RMB1,781,000) was recognised in the consolidated income statement within cost of goods sold.

(b) Estimated impairment of intangible assets

The Group makes provision for impairment of intangible assets based on an assessment of the recoverability of intangible assets. Provisions are applied to intangible assets where events or changes in circumstances indicate that the balances may not be recoverable. The identification of impairment requires the use of judgment and estimates. Where the expectation is different from the original estimate, such difference will impact the carrying value of intangible assets and provision for impairment in the period in which such estimate has been changed.

(c) Estimated loss allowance for trade receivables

The loss allowances for trade receivables are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in Note 3.1(a).

(d) Estimated useful lives of property, plant and equipment

The Group's management determines the estimated useful lives and related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. It could change significantly as a result of technical innovations and competitor actions in response to market conditions. Management will increase the depreciation charge where useful lives are less than previously estimated lives or it will write off or write down technically obsolete or non-strategic assets that have been abandoned or sold.

4. 重大會計估計及判斷(續)

(a) 存貨可變現淨值

存貨可變現淨值為日常業務中的估計售價減估計完成成本及銷售開支。該等估計建基現行市場狀況，加上製造及銷售類似性質產品的過去經驗。客戶口味的轉變及競爭對手因應市場狀況變化的行動可導致存貨可變現淨值出現重大改變。管理層於各結算日再評估該等估計。截至二零一八年十二月三十一日年度，存貨減值撥備人民幣1,641,000元(二零一七年：人民幣1,781,000元)已在合併利潤表「售出貨品成本」內。

(b) 無形資產之估計減值

本集團根據無形資產之可收回情況作出之評估，就無形資產作出減值撥備。倘出現事項或情況有變而顯示不一定可收回餘款時，撥備應用於無形資產。識別減值須運用判斷及估計。倘預算金額有別於原訂估值，有關差額將影響估值出現變動期間無形資產之賬面以及期內減值撥備。

(c) 應收賬款之估計虧損撥備

應收賬款虧損撥備乃基於對違約風險及預期虧損率之假設而作出。基於本集團之過往記錄、現有市場狀況以及前瞻性估計，本集團於各報告期末作出該等假設及選擇計算減值之輸入時會作出判斷。有關主要假設及輸入之詳情於附註3.1(a)披露。

(d) 物業、廠房及設備之估計可用年期

本集團管理層釐定其物業、廠房及設備之估計可用年期及相關折舊開支。有關估值按類似性質及功能之物業、廠房及設備之實際可用年期的過往經驗計算，或會基於科技革新及競爭對手因應市場狀況作出回應而出現重大變動。當可用年期少於先前估計年期，管理層將增加折舊開支，或撇銷或撇減技術陳舊之存貨或遭廢棄或出售之非策略資產。

Notes to the Consolidated Financial Statements

合併財務報表附註

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS (CONTINUED)

(e) Income taxes

The Group is subject to income taxes in Hong Kong and Mainland China. Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Deferred income tax assets relating to certain temporary differences and tax losses are recognised when management considers it is probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. Where the expectation is different from the original estimate, such differences will impact the recognition of deferred income tax assets and income tax expense in the periods in which such estimate is changed.

Provision for withholding tax that would be payable on the unremitted earnings of certain subsidiaries is subject to management's estimates that the Company controls the dividend policies of these subsidiaries.

(f) Research and development costs

Critical judgment by the Group's management is applied when deciding whether the recognition requirements for development costs have been met. This is necessary as the economic success of any product development is uncertain and may be subject to future technical problems at the time of recognition. Judgments are based on the best information available at each balance sheet date. In addition, all internal activities related to the research and development of new products is continuously monitored by the Group's management.

4. 重大會計估計及判斷(續)

(e) 所得稅

本集團需要在香港和中國大陸繳納所得稅。在釐定所得稅撥備時，需要作出重大判斷。在一般業務過程中，有許多交易和計算所涉及的最終稅務釐定都是不確定的。本集團根據對是否需要繳付額外稅款的估計，就預期稅務審計項目確認負債。如此等事件的最終稅務後果與最初記錄的金額不同，此等差額將影響作出此等釐定期間的所得稅和遞延稅項撥備。

與某些暫時性差異和稅務虧損相關的遞延所得稅資產，在管理層認為很可能獲得未來應納稅所得額用以抵扣暫時性差異或稅務虧損時予以確認。如果預期與原估計不同，這種差異將影響遞延所得稅資產和所得稅費用在該估計變更期間的確認。

附屬公司的未匯返利潤的代扣所得稅取決於本集團管理層認為本公司能夠推測附屬公司的派息策略。

(f) 研究及開發成本

本集團管理層於決定開發成本是否已達到確認要求時作出重大判斷。由於任何產品開發能否取得經濟效益尚屬未知數，且或會受確認時的未來技術問題所影響，故此乃屬必要之舉。判斷以各結算日所得的最齊備資料作為基礎。此外，一切與研究及開發新產品有關的內部活動乃由本集團管理層持續監察。

Notes to the Consolidated Financial Statements

合併財務報表附註

5. SEGMENT INFORMATION

The chief operating decision-maker has been identified as the Executive Directors. The Executive Directors review the Group's internal reports in order to assess performance and allocate resources. Management has determined the operating segments based on the internal reports provided for review by the Executive Directors.

The Executive Directors consider the performance of the Group from a product perspective. The Executive Directors assesses the performance of the operating segments based on a measure of adjusted EBITDA. This measurement basis excludes the effects of non-recurring expenditure from the operating segments such as legal expenses and net exchange gains/losses. The measure also excludes the effects of share of profit of an associate, share-based payments and gains/losses on financial instruments. Interest income and expenditure are not allocated to segments, as this type of activity is driven by the central treasury function, which manages the cash position of the Group.

The segment information for the year ended 31 December 2018 is presented below:

5. 分部資料

首席經營決策者被認為執行董事。執行董事審視本集團內部報告以評估表現和分配資源。管理層已決定根據此呈執行董事內部報告釐定營運分部。

執行董事從產品角度審視集團業績。執行董事根據「已扣除利息、稅項、折舊和攤銷的經調整盈利」(「EBITDA」)的一項計量措施評估經營分部的表現。此項計量基準不包括經營分部非經常性開支的影響，例如法律費用及淨匯兌虧損收益。該項計量措施亦不包括應佔聯營收益，以股份為基礎的支付和金融工具收益／虧損的影響。利息收入和支出並無分配至分部，因為此類型活動是由負責管理本集團現金狀況的中央財務部所推動。

截至二零一八年十二月三十一日止年度之分部資料呈列如下：

| | | Scent and Taste | Naturals | Specialties and Others | Unallocated | Total |
|-------------------------------------|-----------|--------------------|----------------|---------------------------|------------------|------------------|
| | | 芳香及味道 | 天然產物 | 特殊化學品 及其他 | 未分配 | 總額 |
| | | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| | | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 |
| Revenue | 收入 | 1,470,695 | 444,954 | 282,568 | - | 2,198,217 |
| Adjusted EBITDA | 經調整EBITDA | 359,055 | 67,344 | 49,302 | - | 475,701 |
| Depreciation | 折舊 | - | - | - | (37,263) | (37,263) |
| Amortisation | 攤銷 | - | - | - | (19,654) | (19,654) |
| Net losses on financial instruments | 金融工具虧損淨額 | - | - | - | (2,632) | (2,632) |
| Net finance expenses | 財務費用淨額 | - | - | - | (100,309) | (100,309) |
| Others | 其他 | - | - | - | 40 | 40 |
| Share of profit of an associate | 應佔聯營收益 | - | - | - | 966 | 966 |
| Taxation | 稅項 | - | - | - | (101,558) | (101,558) |
| Profit for the year | 年度利潤 | 359,055 | 67,344 | 49,302 | (260,410) | 215,291 |

Notes to the Consolidated Financial Statements

合併財務報表附註

5. SEGMENT INFORMATION (CONTINUED)

The segment information for the year ended 31 December 2017 is presented below:

| | | Scent and Taste | Naturals | Specialties and Others | Unallocated | Total |
|--|-------------|--------------------|----------|---------------------------|-------------|-----------|
| | | 芳香及味道 | 天然產物 | 特殊化學品 及其他 | 未分配 | 總額 |
| | | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| | | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 |
| Revenue | 收入 | 938,293 | 436,056 | 197,033 | – | 1,571,382 |
| Adjusted EBITDA | 經調整EBITDA | 195,108 | 63,323 | 40,888 | – | 299,319 |
| Depreciation | 折舊 | – | – | – | (44,684) | (44,684) |
| Amortisation | 攤銷 | – | – | – | (12,799) | (12,799) |
| Net losses on financial instruments | 金融工具虧損淨額 | – | – | – | (129) | (129) |
| Share options granted to directors and employees | 授予董事和職工的購股權 | – | – | – | (142) | (142) |
| Net finance income | 財務收益淨額 | – | – | – | 5,682 | 5,682 |
| Others | 其他 | – | – | – | (4,906) | (4,906) |
| Share of profit of an associate | 應佔聯營收益 | – | – | – | 307 | 307 |
| Taxation | 稅項 | – | – | – | (58,881) | (58,881) |
| Profit for the year | 年度利潤 | 195,108 | 63,323 | 40,888 | (115,552) | 183,767 |

Liability related to contracts with customers

As at 31 December 2018, contract liabilities included in accruals and other payables amounted to HK\$423,000.

The following table shows how much of the revenue recognised in the current reporting period relates to carried-forward contract liabilities.

5. 分部資料(續)

截至二零一七年十二月三十一日止年度之分部資料呈列如下：

有關客戶合約之負債

於二零一八年十二月三十一日，計入應計費用及其他應付款之合約負債為423,000港元。

下表列示於當前報告期間內確認的收益與結轉的合約負債的相關程度。

| | 2018 二零一八年 HK\$'000 千港元 |
|---|---|
| Revenue recognised that was included in the contract liability balance at the beginning of the period | 1,212 |

Notes to the Consolidated Financial Statements

合併財務報表附註

5. SEGMENT INFORMATION (CONTINUED)

In presenting information of geographical segments, segment revenue from external customers by continent is based on the destination of the customer. The Group's FVOCI (2017: available-for-sale financial assets) and deferred tax assets are not considered to be segment non-current assets for reporting. The Group's derivative financial instruments are not considered to be segment total assets for reporting. Other total assets are allocated based on where the assets are located. The Group's deferred income tax, borrowings and derivative financial instruments are not considered to be segment liabilities for reporting as they are managed by the Group's central treasury.

5. 分部資料(續)

於呈列地域資料時，外部客戶分部收入乃根據客戶所在地，按洲份劃分進行計算。本集團的按公允價值計入其他綜合收益之金融資產(二零一七年：可供出售金融資產)和遞延所得稅資產不被視為分部非流動資產。本集團的衍生金融工具不被視為分部資產總值。其他資產總值乃按資產所在地分配。由於集團的遞延所得稅、借款及衍生金融工具由中央資金部管理，故此不被視為分部負債。

| | | Mainland China | Europe | Asia (excluding Mainland China) 亞洲 (中國內地 除外) | North America | Others/ Unallocated 其他/ 未分配 | Total 總額 |
|--------------------|--------------|-------------------|------------------|--|------------------|--------------------------------------|------------------|
| | | RMB'000 人民幣千元 | RMB'000 人民幣千元 | RMB'000 人民幣千元 | RMB'000 人民幣千元 | RMB'000 人民幣千元 | RMB'000 人民幣千元 |
| 2018 | 二零一八年 | | | | | | |
| Revenue | 收入 | 1,767,849 | 137,220 | 148,902 | 110,032 | 34,214 | 2,198,217 |
| Non-current assets | 非流動資產 | 1,173,795 | - | 213 | - | 5,089 | 1,179,097 |
| Total assets | 資產總值 | 4,081,182 | 6,412 | 107,361 | - | 6,505 | 4,201,460 |
| Total liabilities | 負債總額 | 293,255 | 529 | 14,971 | - | 1,796,866 | 2,105,621 |
| 2017 | 二零一七年 | | | | | | |
| Revenue | 收入 | 1,330,532 | 51,330 | 90,550 | 85,042 | 13,928 | 1,571,382 |
| Non-current assets | 非流動資產 | 550,955 | - | 353 | - | 5,670 | 556,978 |
| Total assets | 資產總值 | 3,358,726 | 3,266 | 68,945 | - | 5,709 | 3,436,646 |
| Total liabilities | 負債總額 | 233,528 | 1,716 | 10,301 | - | 1,279,699 | 1,525,244 |

Capital expenditure comprises additions to land use rights (Note 15), property, plant and equipment (Note 16) and intangible assets (Note 17). No geographical analysis of capital expenditure is presented as substantially all of the Group's capital expenditure was incurred in respect of assets located in Mainland China.

資本開支包括土地使用權(附註15)、物業、廠房及設備(附註16)以及無形資產(附註17)。由於本集團絕大部分資本開支就位於中國內地之資產產生，因此並無呈報資本開支之地區分析。

Revenues of RMB223,429,000 (2017: RMB155,196,000) and RMB180,705,000 (2017: RMB129,043,000), respectively, are derived from two major customers. These revenues are mainly attributable to the segments of Scent and Taste and Naturals.

來自兩個主要客戶的收益分別為人民幣223,429,000元(二零一七年：人民幣155,196,000元)及人民幣180,705,000元(二零一七年：人民幣129,043,000元)。此等收益主要來自芳香及味道及天然產物分部。

Notes to the Consolidated Financial Statements

合併財務報表附註

6. OTHER GAINS – NET

6. 其他收益 – 淨額

| | | 2018 二零一八年 RMB'000 人民幣千元 | 2017 二零一七年 RMB'000 人民幣千元 |
|---|--------------------|-----------------------------------|-----------------------------------|
| Derivative financial instruments (Note a): | 衍生金融工具(附註a): | | |
| – Net realised losses | – 已變現虧損淨額 | (2,493) | (4,119) |
| – Net fair value (losses)/gains | – 公允淨值(虧損)/收益 | (139) | 3,990 |
| Net exchange gains/(losses) (Note 14) | 淨匯兌收益/(虧損)(附註14) | 7,908 | (353) |
| Loss on disposals of property, plant and equipment (Note b) | 出售物業、廠房及設備之虧損(附註b) | (365) | (25) |
| Income on government grants | 政府撥款之收益 | 2,529 | 543 |
| Others | 其他 | (239) | 222 |
| | | 7,201 | 258 |

Notes:

附註：

(a) Net realised losses on interest rate swap and foreign exchange contracts amounting to RMB2,493,000 (2017: RMB4,119,000). The net fair value losses on interest rate swap amounting to RMB388,000 (2017: net fair value gains of RMB40,000) and the net fair value gains on foreign exchange contracts of RMB249,000 (2017: RMB3,950,000) had been recognised, respectively, which amounts are included in the respective year end balances of derivative financial instruments as set out in Note 19.

(a) 已確認利率互換及外匯合同之已變現虧損淨額為人民幣2,493,000元(二零一七年：人民幣4,119,000元)。已被確認之利率互換合同之公允價值淨值損失為人民幣388,000元(二零一七年：公允淨值收益為人民幣40,000元)和外匯合同之公允價值淨值收益為人民幣249,000元(二零一七年：人民幣3,950,000元)已計入附註19所載衍生金融工具相關年結日結餘內。

(b) The Group recorded a loss of RMB365,000 on disposals of property, plant and equipment as the Group was not able to sell them at their carrying amounts.

(b) 本集團無法以其賬面值出售物業、廠房及設備，因此於出售該等資產時錄得虧損人民幣365,000元。

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合併財務報表附註

7. NET FINANCE (EXPENSES)/INCOME

7. 財務(費用)/收益淨額

| | | 2018 二零一八年 RMB'000 人民幣千元 | 2017 二零一七年 RMB'000 人民幣千元 |
|---|-----------------------|-----------------------------------|-----------------------------------|
| Interest expense: | 利息費用： | | |
| – Bank borrowings | – 銀行借貸 | (88,090) | (65,701) |
| – Government loans | – 政府貸款 | (13) | (24) |
| Net foreign exchange (losses)/gains on financing activities (Note 14) | 融資活動的淨匯兌(虧損)/收益(附註14) | (69,478) | 44,312 |
| Finance expenses | 財務費用 | (157,581) | (21,413) |
| Less: amounts capitalised on qualifying assets | 減：合資格資產資本化數額 | 13,839 | 1,000 |
| Total finance expenses | 總財務費用 | (143,742) | (20,413) |
| Finance income | 財務收益 | | |
| – Interest income on short-term bank deposits | – 短期銀行存款的利息收益 | 43,433 | 26,095 |
| Net finance (expenses)/income | 財務(費用)/收益淨額 | (100,309) | 5,682 |

8. EXPENSES BY NATURE

8. 按性質劃分之開支

| | | 2018 二零一八年 RMB'000 人民幣千元 | 2017 二零一七年 RMB'000 人民幣千元 |
|--|---------------------|-----------------------------------|-----------------------------------|
| Amortisation of prepaid operating lease payments (Note 15) | 預付經營租賃款項攤銷(附註15) | 899 | 953 |
| Depreciation (Note 16) | 折舊(附註16) | 37,263 | 44,684 |
| Amortisation of intangible assets (Note 17) | 無形資產攤銷(附註17) | 18,755 | 11,846 |
| Provision for impairment of inventories (Note 22) | 存貨減值撥備計提(附註22) | 1,641 | 1,781 |
| Employee benefit expense (Note 9) | 僱員福利開支(附註9) | 63,469 | 48,809 |
| Share-based payment expenses (Note 9) | 以股份為支付基礎的費用(附註9) | – | 142 |
| Cost of inventories (Note 22) | 存貨成本(附註22) | 1,504,523 | 1,098,287 |
| Transportation cost | 運輸成本 | 21,831 | 15,705 |
| Operating lease payments | 營運租賃租金 | 5,382 | 4,646 |
| Auditors' remuneration | 核數師酬金 | 2,156 | 2,179 |
| Utilities and electricity charges | 燃料動力及水電費用 | 35,566 | 30,637 |
| Subcontracting expenses | 加工費用 | 18,881 | 19,181 |
| Other PRC taxes | 其他中國稅項 | 29,389 | 17,422 |
| Consumables and supplies | 物料消耗 | 4,142 | 2,973 |
| Bank charges | 銀行費用 | 4,427 | 3,301 |
| Other expenses | 其他費用 | 42,432 | 33,754 |
| Total cost of sales, selling and marketing costs and administrative expenses | 銷售成本、銷售及市場推廣成本及行政費用 | 1,790,756 | 1,336,300 |

Notes to the Consolidated Financial Statements

合併財務報表附註

9. EMPLOYEE BENEFIT EXPENSE

| | | 2018 二零一八年 RMB'000 人民幣千元 | 2017 二零一七年 RMB'000 人民幣千元 |
|--|--------------------|-----------------------------------|-----------------------------------|
| Wages, salaries, other allowances and benefits in kind | 工資、薪金、其他津貼及實物利益 | 58,082 | 43,939 |
| Share options granted to directors and employees | 授予董事及職工的購股權 | - | 142 |
| Pension costs – defined contribution plans (Note a) | 退休金成本—定額供款計劃 (附註a) | 5,387 | 4,870 |
| | | 63,469 | 48,951 |

(a) Pensions – defined contribution plans

As stipulated by rules and regulations in Mainland China, the Group contributes to a state-sponsored retirement plan for its employees in Mainland China, which is a defined contribution plan. The Group and its employees contribute approximately 12% to 14% and 0% to 8%, respectively, of the employees' salary as specified by the local government, and the Group has no further obligations for the actual payment of pensions or post-retirement benefits beyond the annual contributions. The state-sponsored retirement plan is responsible for the entire pension obligations payable to retired employees.

The Group has arranged for its Hong Kong employees to join the Mandatory Provident Fund Scheme (the "MPF Scheme"), a defined contribution scheme managed by an independent trustee. Under the MPF Scheme, each of the Group and its Hong Kong employees makes monthly contributions to the scheme at 5% of the employees' earnings as defined under the Mandatory Provident Fund legislation. Both the Group's and the employees' contributions are subject to a cap of HK\$1,500 per month.

During the year, the aggregate amount of the Group's contributions to the aforementioned retirement schemes was approximately RMB5,387,000 (2017: RMB4,870,000). As at 31 December 2018, the Group was not entitled to any forfeited contributions to reduce the Group's future contributions.

9. 僱員福利開支

| | | 2018 二零一八年 RMB'000 人民幣千元 | 2017 二零一七年 RMB'000 人民幣千元 |
|--|--------------------|-----------------------------------|-----------------------------------|
| Wages, salaries, other allowances and benefits in kind | 工資、薪金、其他津貼及實物利益 | 58,082 | 43,939 |
| Share options granted to directors and employees | 授予董事及職工的購股權 | - | 142 |
| Pension costs – defined contribution plans (Note a) | 退休金成本—定額供款計劃 (附註a) | 5,387 | 4,870 |
| | | 63,469 | 48,951 |

(a) 退休金成本—定額供款計劃

根據中國內地法規，本集團為其中國內地僱員向國家認可之定額供款退休計劃供款。本集團及其僱員分別按地方政府所指定之僱員薪金約12%至14%及0%至8%供款，除作出年度供款外，本集團毋須再承擔實際支付退休金或退休後福利之責任。國家認可之退休金計劃承擔應付予退休僱員之一切退休福利責任。

本集團已安排其香港僱員參與由獨立信託人管理之定額供款計劃強制性公積金計劃(「強積金計劃」)。根據強積金計劃，本集團及其香港僱員須每月按照強制性公積金條例所釐定之僱員收入5%各自向計劃供款，而本集團及僱員每月供款上限為1,500港元。

本年度，本集團有關上述退休金計劃之供款總額約為人民幣5,387,000元(二零一七年：人民幣4,870,000元)。於二零一八年十二月三十一日，本集團並無已沒收供款可用作減少其日後供款。

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合併財務報表附註

9. EMPLOYEE BENEFIT EXPENSE (CONTINUED)

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group include four (2017: three) directors whose emoluments are reflected in the analysis shown in Note 36. The emoluments payable to the remaining one (2017: two) individual(s) during 2018 are as follows:

| | | 2018 二零一八年 RMB'000 人民幣千元 | 2017 二零一七年 RMB'000 人民幣千元 |
|---|----------------|---|-----------------------------------|
| Basic salaries, other allowances and benefits in kind | 基本薪金、其他津貼及實物利益 | 1,068 | 1,864 |
| Retirement benefit – defined contribution plans | 退休福利 – 定額供款計劃 | 15 | 16 |
| | | 1,083 | 1,880 |

The emoluments fell within the following band:

| | | Number of individual(s) 人數 | |
|-------------------------------|-------------------------------|--------------------------------------|---------------|
| | | 2018 二零一八年 | 2017 二零一七年 |
| Emolument band | 薪酬範圍 | | |
| HK\$1,000,001 – HK\$1,500,000 | 港幣1,000,001元至 港幣1,500,000元 | 1 | 2 |

During the years ended 31 December 2018 and 2017, no emoluments were paid to the directors or the five highest paid individuals as an inducement to join or as compensation for loss of office.

9. 僱員福利開支(續)

(b) 五名最高薪人

本集團最高薪酬的五位人士包括四位(二零一七年:三位)董事,他們的薪酬在本列報的附註36反映。二零一八年支付於其餘一位(二零一七年:兩位)人士的薪酬如下:

| | | 2018 二零一八年 RMB'000 人民幣千元 | 2017 二零一七年 RMB'000 人民幣千元 |
|---|----------------|---|-----------------------------------|
| Basic salaries, other allowances and benefits in kind | 基本薪金、其他津貼及實物利益 | 1,068 | 1,864 |
| Retirement benefit – defined contribution plans | 退休福利 – 定額供款計劃 | 15 | 16 |
| | | 1,083 | 1,880 |

此等薪酬在下列組合範圍內:

| | | Number of individual(s) 人數 | |
|-------------------------------|-------------------------------|--------------------------------------|---------------|
| | | 2018 二零一八年 | 2017 二零一七年 |
| Emolument band | 薪酬範圍 | | |
| HK\$1,000,001 – HK\$1,500,000 | 港幣1,000,001元至 港幣1,500,000元 | 1 | 2 |

截至二零一七年及二零一八年十二月三十一日止年度,並無向本公司董事或該五名最高薪人士支付任何酬金,作為吸引彼加盟之獎金或作為離職之補償。

Notes to the Consolidated Financial Statements

合併財務報表附註

10. SUBSIDIARIES

The following is a list of the principal subsidiaries at 31 December 2018:

10. 附屬公司

以下為於二零一八年十二月三十一日主要附屬公司的名單：

| Name | Place of incorporation and kind of legal entity | Particular of issued share capital | Proportion of ordinary shares directly held by parent (%) | Proportion of ordinary shares held by the Group (%) | Proportion of ordinary shares held by non-controlling interests (%) | Principal activities and place of operation |
|--|---|------------------------------------|---|---|---|---|
| 名稱 | 註冊成立地點及法定立體類別 | 已發行股本詳情 | 由母公司直接持有的普通股比例 | 由本集團持有的普通股比例 | 由非控股性權益持有的普通股比例 | 主要業務及經營地點 |
| EcoGreen Fine Chemicals Limited | British Virgin Islands 英屬處女群島 | US\$95,000 95,000美元 | 100% | 100% | - | Investment holding, in Hong Kong 投資控股，香港 |
| Doingcom International Limited 中坤國際有限公司 | Hong Kong 香港 | HK\$20,000,000 港幣20,000,000元 | - | 100% | - | Trading of fine chemicals, in Hong Kong 買賣精細化學品，香港 |
| Xiamen Doingcom Chemical Co., Ltd. 廈門中坤化學有限公司 | Mainland China (Note b) 中國內地(附註b) | RMB190,000,000 人民幣190,000,000元 | - | 100% | - | Manufacturing and sale of fine chemicals in Mainland China 生產及銷售精細化學品，中國內地 |
| Xiamen Doingcom Biotechnology Co., Ltd. 廈門中坤生物科技有限公司 | Mainland China (Note c) 中國內地(附註c) | RMB50,000,000 人民幣50,000,000元 | - | 100% | - | Manufacturing of fine chemicals in Mainland China 生產精細化學品，中國內地 |
| 廈門中坤貿易有限公司(附註a) Xiamen Doingcom Enterprise Limited (Note a) | Mainland China (Note d) 中國內地(附註d) | RMB20,000,000 人民幣20,000,000元 | - | 100% | - | Sale of fine chemicals in Mainland China 銷售精細化學品，中國內地 |
| 廈門中坤食品有限公司(附註a) Xiamen Doingcom Food Co., Ltd. (Note a) | Mainland China (Note e) 中國內地(附註e) | RMB10,000,000 人民幣10,000,000元 | - | 100% | - | Manufacturing and sale of food additives and seasoning 生產及銷售食品添加劑及調味料，中國內地 |
| Xiamen Sinotek Enterprise Development Co., Ltd. 廈門中技實業發展有限公司 | Mainland China (Note f) 中國內地(附註f) | RMB20,000,000 人民幣20,000,000元 | - | 100% | - | Manufacturing and sale of fine chemicals in Mainland China 生產及銷售精細化學品，中國內地 |
| 漳州滙友實業有限公司(附註a) Zhangzhou Huiyou Enterprise Co., Ltd. (Note a) | Mainland China (Note g) 中國內地(附註g) | US\$10,000,000 10,000,000美元 | - | 100% | - | Manufacturing and sale of fine chemicals in Mainland China 生產及銷售精細化學品，中國內地 |
| 楚雄中怡林產貿易有限公司(附註a) Chuxiong EcoGreen Forestry Trading Co., Ltd. (Note a) | Mainland China (Note h) 中國內地(附註h) | RMB10,000,000 人民幣10,000,000元 | - | 100% | - | Sale of forestry products in Mainland China 銷售林業產品，中國內地 |
| 中怡化工(漳州)有限公司(附註a) EcoGreen Chemicals (ZhangZhou) Co., Ltd. (Note a) | Mainland China (Note i) 中國內地(附註i) | RMB21,580,000 人民幣21,580,000元 | - | 100% | - | Manufacturing and sale of fine chemicals in Mainland China 生產及銷售精細化學品，中國內地 |

Notes to the Consolidated Financial Statements

合併財務報表附註

10. SUBSIDIARIES (CONTINUED)

Notes:

- (a) The English names are for identification purpose only.
- (b) Xiamen Doingcom Chemical Co., Ltd. is sino-foreign owned enterprise established in Xinmen, Fujian Province, Mainland China for a term of 40 years up to October 2037.
- (c) Xiamen Doingcom Biotechnology Co., Ltd. is sino-foreign owned enterprise established in Xiamen, Fujian Province, Mainland China for a term of 20 years up to July 2024.
- (d) Xiamen Doingcom Enterprise Limited is a limited liability enterprise established in Xiamen, Fujian Province, Mainland China for a term of 20 years up to June 2024.
- (e) Xiamen Doingcom Food Co., Ltd. is a limited liability enterprise established in Xiamen, Fujian Province, Mainland China for a term of 20 years up to October 2031.
- (f) Xiamen Sinotek Enterprise Development Co., Ltd. are wholly foreign owned enterprises established in Xiamen, Fujian Province, Mainland China for a term of 30 years up to July 2026.
- (g) Zhangzhou Huiyou Enterprise Co., Ltd. is wholly foreign owned enterprise established in Changtai, Zhangzhou, Fujian Province, Mainland China for a term of 50 years up to April 2057.
- (h) Chuxiong EcoGreen Forestry Trading Co., Ltd. is a limited liability enterprise established in Chuxiong, Yunnan Province, Mainland China for a term of 30 years up to March 2037.
- (i) EcoGreen Chemicals (ZhangZhou) Co., Ltd is a limited liability are wholly foreign owned enterprises established in ZhangZhou, Fujian Province, Mainland China for a term of 20 years up to December 2032.

11. INVESTMENT IN AN ASSOCIATE

10. 附屬公司(續)

附註：

- (a) 英名名稱僅供識別。
- (b) 廈門中坤化學有限公司為在中國內地福建省廈門市成立之中外合資企業，經營期為四十年，直至二零三七年十月止。
- (c) 廈門中坤生物科技有限公司為在中國內地福建省廈門市成立之中外合資企業，經營期為二十年，至二零二四年七月止。
- (d) 廈門中坤貿易有限公司為於中國內地福建省廈門市成立之有限公司，經營期為二十年，至二零二四年六月止。
- (e) 廈門中坤食品有限公司為於中國內地福建省廈門市成立之有限公司，經營期為二十年，至二零三一年十月止。
- (f) 廈門中技實業發展有限公司為外商獨資企業，在中國內地福建省廈門市成立，經營期為三十年，至二零二六年七月止。
- (g) 漳州滙友實業有限公司為一間全外資企業，在中國內地福建省漳州市長泰縣成立，經營期為五十年，至二零五七年四月止。
- (h) 楚雄中怡林產貿易有限公司於中國內地雲南省楚雄市成立之有限公司，經營期為三十年，至二零三七年三月止。
- (i) 中怡化工(漳州)有限公司為於中國內地福建省漳州成立之有限公司，經營期為二十年，至二零三二年十二月止。

11. 聯營投資

| | | 2018 二零一八年 RMB'000 人民幣千元 | 2017 二零一七年 RMB'000 人民幣千元 |
|---------------------------------|----------|-----------------------------------|-----------------------------------|
| At 1 January | 於一月一日 | 7,730 | 7,423 |
| Share of profit of an associate | 應佔聯營利潤份額 | 966 | 307 |
| At 31 December | 於十二月三十一日 | 8,696 | 7,730 |

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合併財務報表附註

11. INVESTMENT IN AN ASSOCIATE (CONTINUED)

The associate as listed below has share capital consisting solely of ordinary shares, which is held directly by the Group; the country of incorporation or registration is also its principal place of business.

Nature of investment in an associate as at 31 December 2018 and 2017 are as follows:

| Name of entity 名稱 | Place of business/ country of incorporation 註冊成立國家/ 業務地址 | Percentage of ownership interest 所有權權益 | | Measurement Method 計量法 | Principal activities 主要業務 |
|--|--|--|---------------|------------------------------|---|
| | | 2018 二零一八年 | 2017 二零一七年 | | |
| 武漢格源精細化工有限公司 (附註a) Wuhan Geyuan Fine Chemicals Co., Ltd. (Note a) | Mainland China 中國內地 | 25% | 25% | Equity 權益法 | Manufacturing of fine chemicals 生產精細化學品 |

Note:

(a) Wuhan Geyuan Fine Chemicals Co., Ltd. is a private company and there is no quoted market price available for its shares.

Set out above is the associate of the Group as at 31 December 2017 and 2018 which, in the opinion of the directors, is immaterial to the Group, no summarised financial information of the associate has been disclosed.

There are no contingent liabilities relating to Group's interest in the associate and there are no contingent liabilities of the associate itself.

Details of loan to an associate and amount due to an associate are disclosed in Notes 35(b) and 35(c), respectively.

11. 聯營投資(續)

以下列載之聯營的股本全部為普通股並由集團直接持有；註冊成立或登記國家亦為其主要業務地點。

在二零一八年及二零一七年十二月三十一日聯營投資的性質如下：

附註：

(a) 武漢格源精細化工有限公司為私人公司，其股份沒有市場報價。

以上為集團在二零一七年十二月三十一日及二零一八年十二月三十一日的聯營，董事認為集團對聯營的投資並不重大，沒有對聯營公司的摘要財務資料作出披露。

關於聯營投資，本集團概無任何或然負債及聯營本身也無任何或然負債。

聯營借貸及應付聯營的詳情分別於附註35(b)及附註35(c)披露。

12. TAXATION

12. 稅項

| | | 2018 二零一八年 RMB'000 人民幣千元 | 2017 二零一七年 RMB'000 人民幣千元 |
|--|-------------------|-----------------------------------|-----------------------------------|
| Current tax | 現有稅項 | | |
| – Mainland China corporate income tax for the year | – 本年度中國內地企業所得稅 | 87,288 | 49,840 |
| – (Over)/under provision in previous year | – 以前年度(多提)/少計之所得稅 | (511) | 1,541 |
| Total current tax | 現有稅項總額 | 86,777 | 51,381 |
| Deferred income tax (Note 29) | 遞延所得稅項(附註29) | 14,781 | 7,500 |
| | | 101,558 | 58,881 |

Notes:

(a) Hong Kong profits tax

No Hong Kong profits tax has been provided as the Group had no assessable profit arising in or derived from Hong Kong.

(b) Mainland China corporate income tax

The subsidiaries established in Mainland China are subject to Mainland China corporate income tax at a rate of 25% (2017: 25%). Xiamen Doingcom Chemicals Co. Ltd. was granted the High and New Technology Enterprise (“HNTE”) status in October 2018, being valid for 3 years, and therefore is entitled to a preferential tax rate of 15%.

(c) Overseas income taxes

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands and, accordingly, is exempted from Cayman Islands income tax. The Company's subsidiaries established in the British Virgin Islands are incorporated under the International Business Companies Acts of the British Virgin Islands and, accordingly, are exempted from British Virgin Islands income tax.

(d) Withholding tax

Pursuant to the New 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 China and the jurisdiction of the foreign investors. Withholding taxes are payable on dividends distributed/to be distributed by those subsidiaries and an associate established in Mainland China in respect of earnings generated from 1 January 2008.

附註：

(a) 香港利得稅

由於本集團並無在香港獲得或賺取應課稅利潤，因此並無就香港利得稅作出撥備。

(b) 中國內地企業所得稅

於中國內地成立之附屬公司須按25% (二零一七年：25%)之稅率繳納中國內地企業所得稅。於二零一八年十月，廈門中坤化學有限公司獲授予高新技術企業的地位，為期三年，因此可按優惠稅率15%繳稅。

(c) 海外所得稅

本公司根據開曼群島公司法在開曼群島註冊成立為獲豁免有限公司，因此獲豁免繳納開曼群島所得稅。本公司在英屬處女群島成立之附屬公司乃根據英屬處女群島國際商業公司法註冊成立，因此獲豁免繳納英屬處女群島所得稅。

(d) 代扣所得稅

根據新稅法，自二零零八年一月一日起，自中國分配給外商投資者的股息應按10%的稅率代扣所得稅。該法令從二零零八年一月一日起生效，並適用於二零零七年十二月三十一日之後所產生利潤的分配。如果中國與外商投資者所在地區已達成稅收協定，則可採用更低的代扣所得稅稅率。本集團使用的稅率為10%。因此，自二零零八年一月一日起，本集團按照設立於中國的附屬公司及聯營企業所產生利潤確認遞延所得稅負債。

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合併財務報表附註

12. TAXATION (CONTINUED)

The tax on the Group's profit before taxation differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated entities and the reconciliation is as follows:

| | | 2018 二零一八年 RMB'000 人民幣千元 | 2017 二零一七年 RMB'000 人民幣千元 |
|--|---------------------|---|-----------------------------------|
| Profit before taxation | 除稅前利潤 | 316,849 | 242,648 |
| Tax calculated at domestic tax rates applicable to profits in the respective countries | 按相關國家利潤適用之當地稅率計算之稅項 | 81,493 | 46,767 |
| Income not subject to tax | 無須課稅的收益 | (2,610) | (1,615) |
| Expense not deductible for tax purposes | 不可扣稅的費用 | 4,620 | 1,903 |
| (Over)/under provision in previous year | 以前年度(多提)/少計之所得稅 | (511) | 1,541 |
| Withholding tax on dividends of the PRC subsidiaries | 中國附屬公司之股息須予支付之代扣所得稅 | 14,200 | 7,500 |
| Tax losses for which no deferred tax asset was recognised | 沒有確認遞延稅項資產的稅損 | 5,123 | 3,324 |
| Utilisation of previously unrecognised tax losses | 使用早前未確認的稅損 | (757) | (539) |
| Tax charge | 稅項支出 | 101,558 | 58,881 |

The weighted average applicable tax rate was 25.7% (2017: 19.3%).

Included in the tax losses as at 31 December 2018 was a loss of RMB36,077,000 (2017: RMB19,136,000) that will expire during the period from 2019 to 2023 (2017: 2018 to 2022), while other losses of RMB40,323,000 (2017: RMB19,236,000) can be carried forward indefinitely. The deferred tax benefit of such tax losses has not been recognised as it is not probable that future taxable profit will be available against which the unutilised tax losses can be utilised, or the amounts attributable to specific subsidiaries are insignificant.

12. 稅項(續)

以本集團就除稅前利潤計算之稅項，與採用合併主體利潤適用的加權平均稅率計算而產生的理論稅項存在差異，對賬如下：

| | | 2018 二零一八年 RMB'000 人民幣千元 | 2017 二零一七年 RMB'000 人民幣千元 |
|--|---------------------|---|-----------------------------------|
| Profit before taxation | 除稅前利潤 | 316,849 | 242,648 |
| Tax calculated at domestic tax rates applicable to profits in the respective countries | 按相關國家利潤適用之當地稅率計算之稅項 | 81,493 | 46,767 |
| Income not subject to tax | 無須課稅的收益 | (2,610) | (1,615) |
| Expense not deductible for tax purposes | 不可扣稅的費用 | 4,620 | 1,903 |
| (Over)/under provision in previous year | 以前年度(多提)/少計之所得稅 | (511) | 1,541 |
| Withholding tax on dividends of the PRC subsidiaries | 中國附屬公司之股息須予支付之代扣所得稅 | 14,200 | 7,500 |
| Tax losses for which no deferred tax asset was recognised | 沒有確認遞延稅項資產的稅損 | 5,123 | 3,324 |
| Utilisation of previously unrecognised tax losses | 使用早前未確認的稅損 | (757) | (539) |
| Tax charge | 稅項支出 | 101,558 | 58,881 |

適用加權平均稅率為25.7% (二零一七年：19.3%)。

於二零一八年十二月三十一日之稅務虧損包括虧損人民幣36,077,000元(二零一七年：人民幣19,136,000元)，結轉期將於二零一九年至二零二三年(二零一七年：二零一八年至二零二二年)間屆滿，其他虧損人民幣40,323,000元(二零一七年：人民幣19,236,000元)則可無限期結轉。由於並不肯定未來有應課稅利潤可以未動用之稅務虧損抵銷，或該金額對個別附屬公司微不足道，因此上述稅務虧損之遞延稅項利益並無確認入賬。

13. EARNINGS PER SHARE

Basic

Basic earnings per share is calculated by dividing profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year.

13. 每股收益

基本

每股基本收益乃根據歸屬於本公司擁有者之利潤，除以年內已發行普通股的加權平均數計算。

| | 2018 二零一八年 RMB'000 人民幣千元 | 2017 二零一七年 RMB'000 人民幣千元 |
|--|---|-----------------------------------|
| Profit attributable to owners of the Company 利潤歸屬於本公司擁有者 | 215,291 | 183,767 |
| Weighted average number of ordinary shares in issue (thousands) 已發行普通股的加權平均數(千計) | 775,059 | 685,368 |
| Basic earnings per share (RMB per share) 每股基本收益(每股人民幣) | 27.78 Cents分 | 26.81 Cents分 |

Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The dilutive potential ordinary shares of the Company mainly comprise the share options. The number of shares that would have been issued assuming the exercise of the share options less the number of shares that could have been issued at fair value (determined as the average market price per share for the year) for the same total proceeds is the number of shares issued for no consideration. The resulting number of shares issued for no consideration is included in the weighted average number of ordinary shares as the denominator for calculating diluted earnings per share.

攤薄

攤薄每股收益假設所有可攤薄的潛在普通股被兌換後，根據已發行普通股的加權平均股數計算。本公司可攤薄的潛在普通股主要包括購股權。零代價發行的股份數目是基於假設行使了購股權後應該發行的股份數目減去假設按照公允價值(按照全年平均市場價格而定)發行並獲得相同股票發行收入的情況下，可能需要發行的股份數目後得到的。這一零代價發行的股份數目將構成加權平均普通股數目的一部分，將作為計算攤薄每股收益時所用的分母。

Notes to the Consolidated Financial Statements

合併財務報表附註

13. EARNINGS PER SHARE (CONTINUED)

Diluted (continued)

| | | 2018 二零一八年 RMB'000 人民幣千元 | 2017 二零一七年 RMB'000 人民幣千元 |
|---|------------------------|-----------------------------------|-----------------------------------|
| Profit attributable to owners of the Company | 利潤歸屬於本公司擁有着 | 215,291 | 183,767 |
| Weighted average number of ordinary shares in issue (thousands) | 已發行普通股的加權平均數(千計) | 775,059 | 685,368 |
| Adjustments assuming the exercise of share options (thousands) | 假設購股權被行使的調整(千計) | 68 | 951 |
| Weighted average number of ordinary shares for diluted earnings per share (thousands) | 計算每股攤薄盈利的普通股的加權平均數(千計) | 775,127 | 686,319 |
| Diluted earnings per share (RMB per share) | 每股攤薄收益(每股人民幣) | 27.77 Cents分 | 26.78 Cents分 |

13. 每股收益(續)

攤薄(續)

14. NET FOREIGN (LOSSES)/EXCHANGE GAINS

The exchange differences (charged)/credited in the consolidated income statement are included as follows:

| | | 2018 二零一八年 RMB'000 人民幣千元 | 2017 二零一七年 RMB'000 人民幣千元 |
|--|---------------------|-----------------------------------|-----------------------------------|
| Other gains/(losses) – net (Note 6) | 其他收益/(損失) – 淨額(附註6) | 7,908 | (353) |
| Net finance (expenses)/income – (Note 7) | 淨財務(費用)/收益(附註7) | (69,478) | 44,312 |
| | | (61,570) | 43,959 |

14. 匯兌(損失)/收益淨額

在合併利潤表中(借記)/貸記的匯兌差額包括在下列項目內：

15. LAND USE RIGHTS

The Group's interests in land use rights represent prepaid operating lease payments and their net book values are analysed as follows:

| | | 2018 二零一八年 RMB'000 人民幣千元 | 2017 二零一七年 RMB'000 人民幣千元 |
|---|------------------|-----------------------------------|-----------------------------------|
| At 1 January | 一月一日 | 40,323 | 41,276 |
| Amortisation of prepaid operating lease payments (Note 8) | 預付經營租賃款項的攤銷(附註8) | (899) | (953) |
| At 31 December | 十二月三十一日 | 39,424 | 40,323 |

15. 土地使用權

本集團於土地使用權之權益指預付經營租賃款項，按其賬面淨值分析如下：

16. PROPERTY, PLANT AND EQUIPMENT

16. 物業、廠房及設備

| | | Buildings | Plant and machinery | Leasehold improvements, office furniture and equipment 租賃物業裝修、傢俬及設備 | Motor vehicles | Construction-in-progress | Total |
|------------------------------------|--------------------------|------------------------|---------------------------|--|------------------------|--------------------------|------------------------|
| | | 樓宇 RMB'000 人民幣千元 | 廠房及機器 RMB'000 人民幣千元 | 及設備 RMB'000 人民幣千元 | 汽車 RMB'000 人民幣千元 | 在建工程 RMB'000 人民幣千元 | 合計 RMB'000 人民幣千元 |
| Year ended 31 December 2017 | 截至二零一七年十二月三十一日止年度 | | | | | | |
| Opening net book amount | 年初賬面淨值 | 109,094 | 146,707 | 9,865 | 622 | 56,952 | 323,240 |
| Additions | 添置 | - | 4,249 | 599 | - | 9,724 | 14,572 |
| Transfers | 轉撥 | - | 2,904 | 116 | - | (3,020) | - |
| Disposals | 出售 | - | - | (25) | - | - | (25) |
| Depreciation (Note 8) | 折舊(附註8) | (5,275) | (35,882) | (3,380) | (147) | - | (44,684) |
| Closing net book amount | 年終賬面淨值 | 103,819 | 117,978 | 7,175 | 475 | 63,656 | 293,103 |
| At 31 December 2017 | 於二零一七年十二月三十一日 | | | | | | |
| Cost | 成本 | 155,927 | 436,226 | 24,275 | 4,970 | 63,656 | 685,054 |
| Accumulated depreciation | 累計折舊 | (52,108) | (318,248) | (17,100) | (4,495) | - | (391,951) |
| Net book amount | 賬面淨值 | 103,819 | 117,978 | 7,175 | 475 | 63,656 | 293,103 |
| Year ended 31 December 2018 | 截至二零一八年十二月三十一日止年度 | | | | | | |
| Opening net book amount | 年初賬面淨值 | 103,819 | 117,978 | 7,175 | 475 | 63,656 | 293,103 |
| Additions | 添置 | 64 | 3,882 | 2,967 | 640 | 671,198 | 678,751 |
| Transfers | 轉撥 | - | 6,494 | - | - | (6,494) | - |
| Disposals | 出售 | (365) | (9) | (24) | - | - | (398) |
| Depreciation (Note 8) | 折舊(附註8) | (5,261) | (28,825) | (3,001) | (176) | - | (37,263) |
| Closing net book amount | 年終賬面淨值 | 98,257 | 99,520 | 7,117 | 939 | 728,360 | 934,193 |
| At 31 December 2018 | 於二零一八年十二月三十一日 | | | | | | |
| Cost | 成本 | 155,326 | 445,962 | 26,559 | 5,610 | 728,360 | 1,361,817 |
| Accumulated depreciation | 累計折舊 | (57,069) | (346,442) | (19,442) | (4,671) | - | (427,624) |
| Net book amount | 賬面淨值 | 98,257 | 99,520 | 7,117 | 939 | 728,360 | 934,193 |

Notes to the Consolidated Financial Statements

合併財務報表附註

16. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The Group's buildings and buildings under construction, totalling RMB119,525,000 (2017: RMB119,863,000) are situated in Mainland China with lease terms of 50 years up to December 2047, December 2048, May 2053, April 2054 and December 2064, respectively.

Depreciation expense of RMB26,950,000 (2017: RMB39,027,000) has been charged in 'cost of sales' and RMB10,313,000 (2017: RMB5,643,000) in 'administrative expenses'.

An analysis of construction-in-progress is as follows:

16. 物業、廠房及設備(續)

本集團之樓宇及在建樓宇合共人民幣119,525,000元(二零一七年：人民幣119,863,000)，建於中國內地多幅土地上，租賃為期50年，分別於二零四七年十二月、二零四八年十二月、二零五三年五月、二零五四年四月及二零六四年十二月屆滿。

折舊費用其中人民幣26,950,000元(二零一七年：人民幣39,027,000元)在「銷售成本」中支銷，而人民幣10,313,000元(二零一七年：人民幣5,643,000元)則計入「行政費用」中。

在建工程分析如下：

| | | 2018 二零一八年 RMB'000 人民幣千元 | 2017 二零一七年 RMB'000 人民幣千元 |
|--|----------------|-----------------------------------|-----------------------------------|
| Construction costs of buildings | 樓宇建築成本 | 21,268 | 16,044 |
| Cost of leasehold improvements and plant and machinery | 租賃物業裝修、廠房及機器成本 | 707,092 | 47,612 |
| | | 728,360 | 63,656 |

17. INTANGIBLE ASSETS

17. 無形資產

Product
 development
 cost
 產品開發成本
 RMB'000
 人民幣千元

| | | |
|------------------------------------|--------------------------|------------------|
| Year ended 31 December 2017 | 截至二零一七年十二月三十一日止年度 | |
| Opening net book amount | 期初賬面淨值 | 82,620 |
| Additions | 添置 | 51,725 |
| Amortisation (Note 8) | 攤銷(附註8) | (11,846) |
| Closing net book amount | 期終賬面淨值 | 122,499 |
| At 31 December 2017 | 於二零一七年十二月三十一日 | |
| Cost | 成本 | 237,179 |
| Accumulated amortisation | 累計攤銷 | (90,158) |
| Accumulated impairment | 累計減值 | (24,522) |
| Net book amount | 賬面淨值 | 122,499 |
| Year ended 31 December 2018 | 截至二零一八年十二月三十一日止年度 | |
| Opening net book amount | 期初賬面淨值 | 122,499 |
| Additions | 添置 | 57,131 |
| Amortisation (Note 8) | 攤銷(附註8) | (18,755) |
| Closing net book amount | 期終賬面淨值 | 160,875 |
| At 31 December 2018 | 於二零一八年十二月三十一日 | |
| Cost | 成本 | 294,310 |
| Accumulated amortisation | 累計攤銷 | (108,913) |
| Accumulated impairment | 累計減值 | (24,522) |
| Net book amount | 賬面淨值 | 160,875 |

Note:

附註：

- (a) Amortisation of RMB18,755,000 (2017: RMB11,846,000) is included in 'cost of sales' in the consolidated income statement.
- (a) 人民幣18,755,000元之攤銷(二零一七年：人民幣11,846,000元)在合併利潤表中計入「銷售成本」內。

Notes to the Consolidated Financial Statements

合併財務報表附註

18. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

(i) Classification of financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income (FVOCI) comprise equity securities which are not held for trading, and which the Group has irrevocably elected at initial recognition to recognise in this category. These are strategic investments and the Group considers this classification to be more relevant.

(ii) Equity investments at fair value through other comprehensive income

18. 按公允價值計入其他綜合收益之金融資產

(i) 按公允價值計入其他綜合收益之金融資產之分類

按公允價值計入其他綜合收益(按公允價值計入其他綜合收益)之金融資產包括並非持作買賣之股本證券，及本集團已於初步確認時不可撤回地選擇將於此類別內確認。該等證券為戰略投資，及本集團認為此分類更有相關性。

(ii) 按公允價值計入其他綜合收益之金融資產之分類

| | | Available for sale financial assets | FVOCI |
|--|---|---|-------------------|
| | | 可供出售 金融資產 | 按公允價值計入 其他綜合收益 |
| | | RMB'000 | RMB'000 |
| | | 人民幣千元 | 人民幣千元 |
| At 1 January and 31 December 2017: | 於二零一七年一月一日及 十二月三十一日： | | |
| Recognised as available-for-sale financial assets under HKAS 39 (Note 2.1(iii)(a)) | 香港會計準則第39號項下確認為可供出售之金融資產(附註2.1(iii)(a)) | 200 | - |
| Reclassification as FVOCI on adoption of HKFRS 9 | 採納香港財務報告準則第9號項下重新分類為按公允價值計入其他綜合收益之金融資產 | (200) | 200 |
| Opening balance at 1 January 2018 and at 31 December 2018 | 於二零一八年一月一日及於二零一八年十二月三十一日之期初結餘 | - | 200 |

FOVCI are unlisted equity securities.

按公允價值計入其他綜合收益為非上市股本證券。

19. DERIVATIVE FINANCIAL INSTRUMENTS

19. 衍生金融工具

| | | 2018 二零一八年 | | 2017 二零一七年 | |
|---|-------------|----------------------------------|---------------------------------------|----------------------------------|---------------------------------------|
| | | Assets 資產 RMB'000 人民幣千元 | Liabilities 負債 RMB'000 人民幣千元 | Assets 資產 RMB'000 人民幣千元 | Liabilities 負債 RMB'000 人民幣千元 |
| Current portion: | 流動部份： | | | | |
| Interest rate swaps (note a) | 利率互換(附註a) | 106 | 455 | 39 | - |
| Forward foreign exchange contracts (note b) | 遠期外匯合同(附註b) | 1,310 | 1,061 | - | - |
| Total | 總計 | 1,416 | 1,516 | 39 | - |

(a) Interest rate swap contracts

The Group entered into interest rate swap contracts to mitigate the exposure to the interest rate risk associated with the Group's borrowings.

The notional principal amounts of the outstanding interest rate swap contracts at 31 December 2018 were RMB1,310,871,000 (2017: RMB32,671,000).

At 31 December 2018, the fixed interest rate is 2.8% and the main floating rate is LIBOR.

(b) Forward foreign exchange contracts

The Group entered into some simple forward contracts. The total notional amount of these simple contracts remained outstanding as at 31 December 2018 is RMB47,453,000 (2017: RMB nil).

(a) 利率掉期合約

本集團訂立利率掉期合約以減低本集團借貸所承受的利率風險。

於二零一八年十二月三十一日，仍未結算的利率互換合同的設定金額為人民幣1,310,871,000元(二零一七年：人民幣32,671,000元)。

於二零一八年十二月三十一日，定息利率為2.8%，而主要的浮息利率為倫敦銀行同業拆息。

(b) 遠期外匯合同

本集團訂立多份簡單遠期合同，計劃穩定其未償還人民幣/美元結構性遠期外匯合同之風險。該等簡單合同於二零一八年十二月三十一日餘下未完成之名義金額合共為人民幣47,453,000元(二零一七：人民幣零元)。

Notes to the Consolidated Financial Statements

合併財務報表附註

20. TRADE RECEIVABLES AND BILLS RECEIVABLE

| | | 2018 二零一八年 RMB'000 人民幣千元 | 2017 二零一七年 RMB'000 人民幣千元 |
|----------------------|--------|-----------------------------------|-----------------------------------|
| Trade receivables | 應收賬款 | 947,745 | 529,893 |
| Bills receivable | 應收票據 | 418 | - |
| | | 948,163 | 529,893 |
| Less: Loss allowance | 減：虧損撥備 | (5,211) | (6,741) |
| | | 942,952 | 523,152 |

The carrying amounts of trade receivables and bills receivable approximate their fair values.

The credit period granted by the Group to its customers is between 60 and 90 days. For certain customers with good credit history, an extended period up to 180 days is allowed. The aging analysis of trade receivables and bills receivable is as follows:

20. 應收賬款及應收票據

| | | 2018 二零一八年 RMB'000 人民幣千元 | 2017 二零一七年 RMB'000 人民幣千元 |
|----------------------|--------|-----------------------------------|-----------------------------------|
| Trade receivables | 應收賬款 | 947,745 | 529,893 |
| Bills receivable | 應收票據 | 418 | - |
| | | 948,163 | 529,893 |
| Less: Loss allowance | 減：虧損撥備 | (5,211) | (6,741) |
| | | 942,952 | 523,152 |

應收賬款及應收票據賬面值與其公允價值相若。

本集團給予其客戶之信貸期一般60至90天。對於有良好信貸歷史的客戶，集團容許達至180日的信貸期。應收賬款及應收票據之賬齡分析如下：

| | | 2018 二零一八年 RMB'000 人民幣千元 | 2017 二零一七年 RMB'000 人民幣千元 |
|----------------------|----------|-----------------------------------|-----------------------------------|
| 0 to 30 days | 0至30天 | 238,906 | 146,566 |
| 31 to 60 days | 31至60天 | 201,838 | 114,940 |
| 61 to 90 days | 61至90天 | 179,321 | 90,543 |
| 91 to 180 days | 91至180天 | 314,592 | 175,090 |
| 181 to 365 days | 181至365天 | 9,531 | 1,277 |
| Over 365 days | 365天以上 | 3,975 | 1,477 |
| | | 948,163 | 529,893 |
| Less: Loss allowance | 減：虧損撥備 | (5,211) | (6,741) |
| | | 942,952 | 523,152 |

The Group applies the HKFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. Note 3.1(a) set out the details about the calculation of the allowance.

本集團應用香港財務報告準則第9號項下所訂明之簡化處理方法，就預期信貸虧損作出撥備。有關計算撥備的詳細信息附載於附註3.1(a)。

20. TRADE RECEIVABLES AND BILLS RECEIVABLE (CONTINUED)

The carrying amounts of the Group's trade receivables and bills receivable are denominated in the following currencies:

| | | 2018 二零一八年 RMB'000 人民幣千元 | 2017 二零一七年 RMB'000 人民幣千元 |
|-----------|-----|---|-----------------------------------|
| Renminbi | 人民幣 | 857,032 | 469,614 |
| US dollar | 美元 | 85,920 | 53,538 |
| | | 942,952 | 523,152 |

20. 應收賬款及應收票據(續)

本集團的應收賬款及應收票據的賬面值以下列貨幣為單位：

The loss allowance for all trade and bills receivables reconcile to the opening loss allowance are as follows:

應收賬款虧損撥備的變動如下：

| | | RMB'000 人民幣千元 |
|--|---|------------------|
| Loss allowance as at 1 January 2017 under HKAS 39 | 於二零一七年一月一日 按香港會計準則第39號項下之虧損撥備 | 8,060 |
| Reversal of loss allowance for trade receivables | 應收賬款虧損撥備回撥 | (1,319) |
| Loss allowance as at 31 December 2017 under HKAS 39 and 1 January 2018 under HKFRS 9 | 於二零一七年十二月三十一日 按香港會計準則第39號項下之虧損撥備及 於二零一八年一月一日按香港財務報告準則 第9號項下之虧損撥備 | 6,741 |
| Reversal of loss allowance for trade receivables | 應收賬款虧損撥備回撥 | (1,530) |
| Loss allowance as at 31 December 2018 under HKFRS 9 | 於二零一八年十二月三十一日 按香港財務報告準則第9號項下之虧損撥備 | 5,211 |

Information about the impairment of trade receivables and the Group's exposure to credit risk, foreign currency risk and interest rate risk can be found in Note 3.1.

有關應收賬款之減值及本集團信貸風險敞口、外幣折算風險及利率風險之資料可於附註3.1查閱。

Notes to the Consolidated Financial Statements

合併財務報表附註

21. PREPAYMENTS AND OTHER RECEIVABLES

| | | 2018 二零一八年 RMB'000 人民幣千元 | 2017 二零一七年 RMB'000 人民幣千元 |
|--|---------------------|-----------------------------------|-----------------------------------|
| Prepayments for purchases of raw materials | 購買原料預付款 | 201,667 | 193,629 |
| Prepayments for construction-in-progress | 在建工程預付款 | 27,820 | 84,653 |
| Input value-added tax recoverable | 可收回進項增值稅 | 12,218 | 4,571 |
| Others | 其他 | 23,722 | 9,774 |
| | | 265,427 | 292,627 |
| Less: non-current portion | 減：非流動部份 | | |
| Prepayments | 預付款 | (27,820) | (84,653) |
| Prepayments and other receivables – current portion | 預付款及其他應收款 – 流動部份 | 237,607 | 207,974 |

The carrying amounts of other receivables approximate their fair values and are mainly denominated in RMB.

21. 預付款及其他應收款

其他應收款賬面值與其公允價值相若且主要以人民幣列值。

22. INVENTORIES

| | | 2018 二零一八年 RMB'000 人民幣千元 | 2017 二零一七年 RMB'000 人民幣千元 |
|--------------------------------|--------|-----------------------------------|-----------------------------------|
| Raw materials | 原料 | 163,591 | 107,159 |
| Work-in-progress | 在製品 | 934 | 889 |
| Finished goods | 產成品 | 87,605 | 80,235 |
| | | 252,130 | 188,283 |
| Less: Provision for impairment | 減：減值撥備 | (6,352) | (4,711) |
| | | 245,778 | 183,572 |

The cost of inventories recognised as expense and included in 'cost of sales' amounted to RMB1,504,523,000 (2017: RMB1,098,287,000).

確認為開支及計入「銷售成本」之存貨成本為人民幣1,504,523,000元(二零一七年：人民幣1,098,287,000元)。

During the year ended 31 December 2018, a provision for impairment of inventories of RMB1,641,000 (2017: RMB1,781,000) has been included in 'cost of sales' in the consolidated income statement.

於二零一八年十二月三十一日止年度內，人民幣1,641,000元之存貨減值撥備(二零一七年：人民幣1,781,000元)已在合併利潤表「銷售成本」內。

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合併財務報表附註

23. PLEDGED BANK DEPOSITS, SHORT-TERM BANK DEPOSITS, CASH AND CASH EQUIVALENTS

23. 已抵押之銀行存款、短期銀行存款、現金及現金等價物

| | | 2018 二零一八年 RMB'000 人民幣千元 | 2017 二零一七年 RMB'000 人民幣千元 |
|--------------------------------|----------|--|-----------------------------------|
| Pledged bank deposits | 已抵押之銀行存款 | 66,090 | 57,254 |
| Structured bank deposits | 結構性銀行存款 | 598,000 | – |
| Other short-term bank deposits | 其他短期銀行存款 | 31,650 | 16,550 |
| Cash and cash equivalents | 現金及現金等價物 | 897,903 | 1,888,712 |
| | | 1,593,643 | 1,962,516 |

The carrying amounts of pledged bank deposits, short-term bank deposits, cash and cash equivalents are denominated in the following currencies:

於已抵押之銀行存款、短期銀行存款、現金及現金等價物的賬面值結算貨幣的金額如下：

| | | 2018 二零一八年 RMB'000 人民幣千元 | 2017 二零一七年 RMB'000 人民幣千元 |
|------------------|-----|--|-----------------------------------|
| Renminbi | 人民幣 | 1,567,984 | 1,939,267 |
| Hong Kong dollar | 港元 | 4,292 | 5,226 |
| US dollar | 美元 | 19,658 | 17,634 |
| Euro | 歐羅 | 1,691 | 373 |
| Others | 其他 | 18 | 16 |
| | | 1,593,643 | 1,962,516 |

As at 31 December 2018, the effective interest rate on pledged bank deposits was 1.67% (2017: 1.57%) per annum. The pledged bank deposits of the Group have an average maturity of 182 days (2017: 181 days).

於二零一八年十二月三十一日，已抵押之銀行存款之實際利率為每年1.67%（二零一七年：1.57%）。本集團已抵押之銀行存款之平均到期日為一百八十二天（二零一七年：一百八十一天）。

As at 31 December 2018, the effective interest rate on structured bank deposits was 3.43% (2017: Nil) per annum. The structured bank deposits of the Group will mature in 180 days to 360 days (2017: Nil).

於二零一八年十二月三十一日，結構性銀行存款之實際利率為每年3.43%（二零一七年：無）。本集團結構性銀行存款將於一百八十天至三百六十天（二零一七年：無）後到期。

As at 31 December 2018, the effective interest rate on other short-term bank deposits was 2.2% (2017: 2.1%) per annum. The short-term bank deposits of the Group have an average maturity of 355 days (2017: 278 days).

於二零一八年十二月三十一日，其他短期銀行存款之實際利率為每年2.2%（二零一七年：2.1%）。本集團之短期銀行存款之平均到期日為三百五十五天（二零一七年：二百七十八天）。

As at 31 December 2018, the Group has pledged bank deposits, short-term bank deposits, cash and cash equivalents of approximately RMB1,567,984,000 (2017: RMB1,939,267,000) denominated in RMB. RMB is not a freely convertible currency in international markets and its exchange rate is determined by the People's Bank of China.

於二零一八年十二月三十一日，本集團共有已抵押銀行存款、短期銀行存款、現金及現金等價物約人民幣1,567,984,000元（二零一七年：人民幣1,939,267,000元）均以人民幣計算。人民幣不能於國際市場自由轉換貨幣，其匯率由中國人民銀行釐定。

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23. PLEDGED BANK DEPOSITS, SHORT-TERM BANK DEPOSITS, CASH AND CASH EQUIVALENTS (CONTINUED)

At 31 December 2018, bank balances of RMB66,090,000 (2017: RMB57,254,000) have been pledged to banks to secure credit facilities granted to certain of the Group's subsidiaries.

The cash and cash equivalents are not exposed to material credit risk.

24. SHARE CAPITAL, PREMIUM AND SHARE OPTIONS

(a) Share capital – Ordinary shares of HK\$0.1 each

| Authorised: | 法定： | Nominal value | |
|--|--------------------------------------|------------------|--------------------|
| | | Number of shares | of ordinary shares |
| | | 股份數目 | 普通股面值 |
| | | '000 | HK\$'000 |
| | | 千計 | 港幣千元 |
| At 1 January 2017, 31 December 2017 and 31 December 2018 | 於二零一七年一月一日、二零一七年十二月三十一日及二零一八年十二月三十一日 | 2,000,000 | 200,000 |

| Authorised: | 法定： | Fully paid shares | Value of ordinary shares | Share premium | Total |
|--|----------------------------|-------------------|--------------------------|----------------|----------------|
| | | 已繳股款 | 普通股面值 | 股份溢價 | 合計 |
| | | 股份數目 | 普通股面值 | 股份溢價 | 合計 |
| | | '000 | RMB'000 | RMB'000 | RMB'000 |
| | | 千計 | 人民幣千元 | 人民幣千元 | 人民幣千元 |
| At 1 January 2017 | 於二零一七年一月一日 | 656,469 | 65,237 | 202,474 | 267,711 |
| Placing of new shares (Note i) | 配售新股份(附註i) | 100,000 | 8,499 | 119,838 | 128,337 |
| Issue of shares (Note ii) | 發行股份(附註ii) | 18,590 | 1,644 | 19,564 | 21,208 |
| At 31 December 2017 and 31 December 2018 | 於二零一七年十二月三十一日及二零一八年十二月三十一日 | 775,059 | 75,380 | 341,876 | 417,256 |

23. 已抵押之銀行存款、短期銀行存款、現金及現金等價物 (續)

於二零一八年十二月三十一日，人民幣66,090,000元(二零一七年：人民幣57,254,000元)之銀行存款已予以抵押作為本集團某些附屬公司向銀行取得借貸額度之抵押。

現金及現金等價物並沒有重大的信貸風險。

24. 股本、溢價及購股權

(a) 股本－每股面值0.1港元之普通股

24. SHARE CAPITAL, PREMIUM AND SHARE OPTIONS (CONTINUED)

(a) Share capital – Ordinary shares of HK\$0.1 each (continued)

Note:

- (i) On 10 November 2017, the Company issued 100,000,000 ordinary shares of HK\$0.1 each at approximately RMB1.30 (equivalent of HK\$1.53) per share by way of placing. After deducting the related placing expense, the net proceeds of approximately RMB128,337,000 was to provide the Company with the general working capital. The excess over the par value of the shares was credited to the share premium account. The shares issued rank pari passu with the then existing shares in all respects.
- (ii) During the year ended 31 December 2017, the Company issued 18,590,000 shares at a price of HK\$1.29 each pursuant to the exercise of 18,590,000 share options.

(b) Share options

Share options are granted to directors and to selected employees. The exercise price of the granted options is equal to the market price of the shares on the date of the grant or the average closing prices of the shares for the five trading days immediately preceding the date of the offer of grant, whichever is higher. The share options would vest progressively from the grant date to the third year after the grant (the vesting period) provided that the relevant employee remained employed by the Group. Share options are exercisable up to 10 years after the grant date. The Group has no legal or constructive obligation to repurchase or settle the share options in cash.

24. 股本、溢價及購股權(續)

(a) 股本－每股面值0.1港元之普通股(續)

附註：

- (i) 於二零一七年十一月十日，本公司透過配售，以每股約人民幣1.30元(相等於港幣1.53元)之價格，發行100,000,000股每股面值0.1港元之普通股，為本公司提供營運資金，扣除有關配售費用後之所得款項淨額約為人民幣128,337,000元。超逾股份面值之差額計入股份溢價帳內。已發行股份於各方面均與當時現有股份享有同等權益。
- (ii) 截至二零一七年十二月三十一日年底內，共有18,590,000份購股權行使。據此，本公司以加權平均價每股港幣1.29元發行18,590,000股股份。

(b) 購股權

董事和經挑選的職工可獲授購股權。所授予的購股權的行使價相等於授予日期股份市價或緊接授出日期前五個交易日股份之平均收市價，以較高者為準。有關購股權在授出當日至第三年期間(給予期)漸次授予，但期間有關僱員必須一直為集團的僱員。購股權可於授出日期起計10年內行使。本集團並無法定或推定債務，以現金購回或償付購股權。

Notes to the Consolidated Financial Statements

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24. SHARE CAPITAL, PREMIUM AND SHARE OPTIONS (CONTINUED)

(b) Share options (continued)

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

| | | 2018 二零一八年 | | 2017 二零一七年 | |
|----------------|----------|--|----------------------------|--|----------------------------|
| | | Average exercise price per share option | Number of share options | Average exercise price per share option | Number of share options |
| | | 每股購股權 行使價 HK\$ 港元 | 購股權 數目 '000 千計 | 每股購股權 行使價 HK\$ 港元 | 購股權 數目 '000 千計 |
| At 1 January | 於一月一日 | 1.70 | 24,777 | 1.52 | 43,367 |
| Exercised | 行使 | - | - | 1.29 | (18,590) |
| At 31 December | 於十二月三十一日 | 1.70 | 24,777 | 1.70 | 24,777 |

Out of the total 24,777,000 (2017: 24,777,000) outstanding share options as at 31 December 2018, 24,777,000 (2017: 24,777,000) share options were fully vested and exercisable.

Share options exercised in 2017 resulted in 18,590,000 shares being issued at an average price of HK\$1.29 each. The related share price at the time of exercise was HK\$1.66 per share.

Share options outstanding at the end of the year have the following expiry dates and exercise prices:

| | | Original exercise price per share option | Adjusted exercise price per share option | 2018 二零一八年 Number of share options (thousands) | 2017 二零一七年 Number of share options (thousands) |
|------------------|-------------|---|---|--|--|
| | | 每股購股權 原始行使價 HK\$ 港元 | 每股購股權 經調整行使價 HK\$ 港元 (Note) (附註) | 購股權數目 (千計) (Note) (附註) | 購股權數目 (千計) (Note) (附註) |
| Expiry date | 到期日 | | | | |
| 30 November 2024 | 二零二四年十一月三十日 | 2.24 | 1.70 | 24,777 | 24,777 |

24. 股本、溢價及購股權(續)

(b) 購股權(續)

未行使的購股權數目及有關的加權平均行使價的變動如下：

於二零一八年十二月三十一日，尚未行使的購股權總數為24,777,000(二零一七年：24,777,000)份，其中共有24,777,000(二零一七年：24,777,000)份之購股權已完全歸屬並可予行使。

在二零一八年，行使購股權導致發行18,590,000股份，按加權平均行使價為每股港幣1.29元，在行使時有關的加權平均股價為每股港幣1.66元。

在年終時未行使購股權的到期日和行使價如下：

Notes to the Consolidated Financial Statements

合併財務報表附註

24. SHARE CAPITAL, PREMIUM AND SHARE OPTIONS (CONTINUED)

(b) Share options (continued)

Note: The issue of bonus shares was completed on 13 August 2015 and 12 July 2016. Pursuant to the respective terms of the share option schemes, adjustments were made to the exercise price of the share and the number of shares entitled to be subscribed for under the outstanding share options as a result of the completion of the bonus issue.

25. OTHER RESERVES

24. 股本、溢價及購股權(續)

(b) 購股權(續)

附註：紅股發行於二零一五年八月十三日及二零一六年七月十二日完成，根據購股權計劃之條款，尚未行使購股權之股份行使價及數目須要在完成紅股發行後分別作出調整。

25. 其他儲備

| | | Capital reserve (Note a) 股本儲備 (附註a) RMB'000 人民幣千元 | Contributed surplus (Note b) 實繳盈餘 (附註b) RMB'000 人民幣千元 | Statutory reserves (Note c) 法定公積金 (附註c) RMB'000 人民幣千元 | Capital redemption reserve (Note d) 股本贖回 儲備 (附註d) RMB'000 人民幣千元 | Share options equity reserve 購股權 股本儲備 RMB'000 人民幣千元 | Currency translation reserve 匯兌儲備 RMB'000 人民幣千元 | Total 總計 RMB'000 人民幣千元 |
|------------------------------------|----------------------|---|---|---|---|--|--|---------------------------------|
| At 1 January 2017 | 於二零一七年一月一日 | 492 | 9,500 | 133,210 | 711 | 14,603 | 302 | 158,818 |
| Currency translation differences | 匯兌差額 | - | - | - | - | - | (227) | (227) |
| Employees share option scheme: | 僱員購股權計劃： | | | | | | | |
| - Value of share options granted | - 授出購股權之價值 | - | - | - | - | 142 | - | 142 |
| - Value of share options exercised | - 行使購股權之價值 | - | - | - | - | (3,971) | - | (3,971) |
| Transfer from retained earnings | 保留盈利轉撥 | - | - | 341 | - | - | - | 341 |
| Balance at 31 December 2017 | 於二零一七年 十二月三十一日之結餘 | 492 | 9,500 | 133,551 | 711 | 10,774 | 75 | 155,103 |
| At 1 January 2018 | 於二零一八年一月一日 | 492 | 9,500 | 133,551 | 711 | 10,774 | 75 | 155,103 |
| Currency translation differences | 匯兌差額 | - | - | - | - | - | (6) | (6) |
| Transfer from retained earnings | 保留盈利轉撥 | - | - | 373 | - | - | - | 373 |
| Balance at 31 December 2018 | 於二零一八年 十二月三十一日之結餘 | 492 | 9,500 | 133,924 | 711 | 10,774 | 69 | 155,470 |

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合併財務報表附註

25. OTHER RESERVES (CONTINUED)

Notes:

- (a) Capital reserve of the Group mainly represents the difference between the nominal value of the shares of the subsidiaries acquired pursuant to the share exchange on 16 February 2004 over the nominal value of the share capital of the Company issued in exchange therefor.
- (b) Contributed surplus represents the capital contribution from an executive director and an indirect substantial shareholder of the Company, as part of a reorganisation exercise of the Group.
- (c) According to the articles of association of the relevant subsidiaries established in Mainland China and the Mainland China rules and regulations, Mainland China subsidiaries are required to transfer not less than 10% of their net profit as stated in their annual financial statements prepared under Mainland China accounting regulations to statutory reserves before the corresponding Mainland China subsidiaries can distribute any dividend. Such a transfer is not required when the amount of statutory reserves reaches 50% of the corresponding subsidiaries' registered capital. The statutory reserves shall only be used to make up losses of the corresponding subsidiaries, to expand the corresponding subsidiaries' production operations, or to increase the capital of the corresponding subsidiaries. Upon approval by resolutions of the corresponding subsidiaries' shareholders in general meetings, the corresponding subsidiaries may convert their statutory reserves into registered capital and issue bonus capital to existing owners in proportion to their existing ownership structure. As at 31 December 2018, the amount of statutory reserves of Xiamen Doingcom Chemical Co., Ltd, Xiamen Sinotek Enterprise Development Co., Ltd and Xiamen Doingcom Biotechnology Co. Ltd. had reached 50% of its registered capital and accordingly, no further transfer to its statutory reserves has been made.
- (d) The capital redemption reserve relates to the cancellation of the Company's own shares.

25. 其他儲備(續)

附註：

- (a) 本集團資本儲備指根據二零零四年二月十六日重組所收購附屬公司股份的面值超過本公司發行以換取上述股份之股本面值的差額。
- (b) 實繳盈餘指本公司一名執行董事兼間接主要股東就集團重組作出之出資額。
- (c) 根據於中國內地成立之有關附屬公司之組織章程細則及相關中國內地規則及規例，中國內地附屬公司須先行將根據中國內地會計準則擬備之年度財務報表所列純利其中不少於10%，撥入法定公積金，方可派付股息。當法定公積金達到有關附屬公司註冊資本50%時，則毋須再作轉撥。法定公積金僅可用於抵銷有關附屬公司虧損、擴大有關附屬公司生產規模或增加有關附屬公司股本。當獲得有關附屬公司之股東在股東大會通過決議案批准，則有關附屬公司可將法定公積金轉為註冊資本，並且按現有股東之現有擁有權結構比例發行紅股。於二零一八年十二月三十一日，廈門中坤化學有限公司、廈門中技實業發展有限公司及廈門中坤生物科技有限公司的法定公積金已達到註冊資本50%，因此並無再作轉撥。
- (d) 股本贖回儲備與註銷本公司之股份有關。

26. TRADE PAYABLES AND BILLS PAYABLE

26. 應付賬款及應付票據

| | | 2018 二零一八年 RMB'000 人民幣千元 | 2017 二零一七年 RMB'000 人民幣千元 |
|----------------|------|-----------------------------------|-----------------------------------|
| Trade payables | 應付賬款 | 55,190 | 46,122 |
| Bills payable | 應付票據 | 173,632 | 144,134 |
| | | 228,822 | 190,256 |

The aging analysis of trade payables and bills payable based on invoice date were as follows:

應付賬款及應付票據跟據發票日期之賬齡分析如下：

| | | 2018 二零一八年 RMB'000 人民幣千元 | 2017 二零一七年 RMB'000 人民幣千元 |
|-----------------|----------|-----------------------------------|-----------------------------------|
| 0 to 30 days | 0至30天 | 71,482 | 48,226 |
| 31 to 60 days | 31至60天 | 49,395 | 18,465 |
| 61 to 90 days | 61至90天 | 40,357 | 22,656 |
| 91 to 180 days | 91至180天 | 60,334 | 81,597 |
| 181 to 365 days | 181至365天 | 1,533 | 15,263 |
| Over 365 days | 超過365天 | 5,721 | 4,049 |
| | | 228,822 | 190,256 |

The carrying amounts of the Group's trade payables and bills payable are denominated in the following currencies:

本集團的應付賬款及應付票據的賬面值以下列貨幣為單位：

| | | 2018 二零一八年 RMB'000 人民幣千元 | 2017 二零一七年 RMB'000 人民幣千元 |
|-----------|-----|-----------------------------------|-----------------------------------|
| Renminbi | 人民幣 | 220,519 | 185,251 |
| US dollar | 美元 | 8,303 | 5,005 |
| | | 228,822 | 190,256 |

The carrying amounts of trade payables and bills payable approximate their fair values.

應付賬款及應付票據賬面值與其公允價值相若。

Bills payable are secured by pledged bank deposits of the Company.

應付票據以本公司之銀行存款作抵押。

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27. ACCRUALS AND OTHER PAYABLES

27. 應計費用及其他應付款

| | 2018 二零一八年 RMB'000 人民幣千元 | 2017 二零一七年 RMB'000 人民幣千元 |
|--|-----------------------------------|-----------------------------------|
| Payable for construction costs and property, plant and equipment | 7,127 | 4,150 |
| Contract liabilities (2017: Receipts in advance) | 423 | 1,212 |
| Output value-added tax payable | 18,893 | 9,826 |
| Accruals for administrative, selling and marketing expenses | 29,663 | 23,195 |
| | 56,106 | 38,383 |

The carrying amounts of the Group's accruals and other payables are denominated in the following currencies:

其他應付款賬面值與其公允價值相若，且主要以人民幣計算值。

| | 2018 二零一八年 RMB'000 人民幣千元 | 2017 二零一七年 RMB'000 人民幣千元 |
|------------------|-----------------------------------|-----------------------------------|
| Renminbi | 48,339 | 31,154 |
| US dollar | - | 391 |
| Hong Kong dollar | 7,767 | 6,838 |
| | 56,106 | 38,383 |

The carrying amounts of other payables approximate their fair values.

本集團的應計費用及其他應付款的賬面金額以下列貨幣為單位：

Notes to the Consolidated Financial Statements
合併財務報表附註

28. BORROWINGS

28. 借貸

| | | 2018 二零一八年 RMB'000 人民幣千元 | 2017 二零一七年 RMB'000 人民幣千元 |
|-------------------------|-------------|-----------------------------------|-----------------------------------|
| Non-current | 非流動 | | |
| Bank borrowings | 銀行借貸 | 743,743 | 449,385 |
| | | 743,743 | 449,385 |
| Current | 即期流動 | | |
| Government loans | 政府貸款 | 670 | 1,170 |
| Bank borrowings | 銀行借貸 | 971,337 | 763,744 |
| | | 972,007 | 764,914 |
| Total borrowings | 借貸總額 | 1,715,750 | 1,214,299 |

Terms and maturity of the government loans are as follows:

政府貸款的條款及還款期如下：

| | | 2018 二零一八年 RMB'000 人民幣千元 | 2017 二零一七年 RMB'000 人民幣千元 |
|---|---------------------------------------|-----------------------------------|-----------------------------------|
| Repayable in 2018, interest-bearing at 2.6% (2017: 2.6%) per annum | 須於二零一八年間償還，以2.6厘 (二零一七年：2.6厘)年利率計息 | - | 500 |
| Repayable on demand, non-interest bearing | 即期償還，免息 | 670 | 670 |
| | | 670 | 1,170 |

At 31 December 2018, the Group's borrowings were repayable as follows:

於二零一八年十二月三十一日，本集團借貸的還款期如下：

| | | Bank borrowings 銀行借貸 | | Government loans 政府貸款 | |
|---|----------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| | | 2018 二零一八年 RMB'000 人民幣千元 | 2017 二零一七年 RMB'000 人民幣千元 | 2018 二零一八年 RMB'000 人民幣千元 | 2017 二零一七年 RMB'000 人民幣千元 |
| Within 1 year or repayable on demand | 一年以內或 按要求償還 | 971,337 | 763,744 | 670 | 1,170 |
| Between 1 and 2 years | 一年至兩年 | 413,965 | 110,540 | - | - |
| Between 2 and 5 years | 兩年至五年 | 329,778 | 338,845 | - | - |
| | | 1,715,080 | 1,213,129 | 670 | 1,170 |

Notes to the Consolidated Financial Statements

合併財務報表附註

28. BORROWINGS (CONTINUED)

The borrowings were repayable, without taking into account the repayable on demand clauses, as follows:

| | | Bank borrowings 銀行借貸 | | Government loans 政府貸款 | |
|-----------------------|-------|--|--|--|--|
| | | 31 December 2018 二零一八年 RMB'000 人民幣千元 | 31 December 2017 二零一七年 RMB'000 人民幣千元 | 31 December 2018 二零一八年 RMB'000 人民幣千元 | 31 December 2017 二零一七年 RMB'000 人民幣千元 |
| Within 1 year | 一年以內 | 958,112 | 763,744 | 670 | 1,170 |
| Between 1 and 2 years | 一年至兩年 | 424,252 | 110,540 | - | - |
| Between 2 and 5 years | 兩年至五年 | 332,716 | 338,845 | - | - |
| | | 1,715,080 | 1,213,129 | 670 | 1,170 |

The effective annual interest rates at the balance sheet date were as follows:

| | | 2018 二零一八年 | 2017 二零一七年 |
|------------------|------|-----------------------|---------------|
| Government loans | 政府貸款 | Not applicable 不適用 | 1.1% |
| Bank borrowings | 銀行借貸 | 5.18% | 4.4% |

The carrying amounts of borrowings approximate their fair values.

貸款的賬面值與其公允價值相近。

The carrying amounts of the borrowings are denominated in the following currencies:

貸款的賬面金額以下列貨幣為單位：

| | | 2018 二零一八年 RMB'000 人民幣千元 | 2017 二零一七年 RMB'000 人民幣千元 |
|-------------------|-----|-----------------------------------|-----------------------------------|
| Renminbi | 人民幣 | 466,466 | 405,508 |
| US dollar | 美元 | 767,700 | 592,186 |
| HK dollar | 港幣 | 481,584 | 206,419 |
| Australian dollar | 澳元 | - | 10,186 |
| | | 1,715,750 | 1,214,299 |

Notes to the Consolidated Financial Statements

合併財務報表附註

28. BORROWINGS (CONTINUED)

The Group has the following undrawn borrowing facilities:

| | | 2018 二零一八年 RMB'000 人民幣千元 | 2017 二零一七年 RMB'000 人民幣千元 |
|----------------------------|----------|-----------------------------------|-----------------------------------|
| Floating rate | 浮息 | | |
| – expiring within one year | – 一年內到期 | 207,659 | 731,595 |
| – expiring beyond one year | – 一年以上到期 | 20,590 | – |
| Fixed rate | 定息 | | |
| – expiring within one year | – 一年內到期 | 34,393 | 50,460 |
| – expiring beyond one year | – 一年以上到期 | 17,681 | – |
| | | 280,323 | 782,055 |

As at 31 December 2018, the Company has provided corporate guarantees to support banking facilities granted to certain subsidiaries amounting to RMB940,357,000 (2017: RMB789,548,000).

Bank borrowings and bills payable of RMB737,318,000 (2017: RMB530,996,000) are supported by corporate guarantees provided by the Company and bank borrowings and bills payable of RMB1,151,393,000 (2017: RMB826,267,000) are supported by cross guarantees between subsidiaries.

The exposure of the Group's borrowings to interest-rate changes and the contractual repricing dates at the balance sheet dates are as follows:

| | | 2018 二零一八年 RMB'000 人民幣千元 | 2017 二零一七年 RMB'000 人民幣千元 |
|------------------|--------|-----------------------------------|-----------------------------------|
| 6 months or less | 6個月或以下 | 1,480,724 | 1,067,064 |
| 6-12 months | 6-12個月 | 234,356 | 147,235 |
| | | 1,715,080 | 1,214,299 |

28. 借貸(續)

本集團有下列未提取貸款融資：

| | | 2018 二零一八年 RMB'000 人民幣千元 | 2017 二零一七年 RMB'000 人民幣千元 |
|----------------------------|----------|-----------------------------------|-----------------------------------|
| Floating rate | 浮息 | | |
| – expiring within one year | – 一年內到期 | 207,659 | 731,595 |
| – expiring beyond one year | – 一年以上到期 | 20,590 | – |
| Fixed rate | 定息 | | |
| – expiring within one year | – 一年內到期 | 34,393 | 50,460 |
| – expiring beyond one year | – 一年以上到期 | 17,681 | – |
| | | 280,323 | 782,055 |

於二零一八年十二月三十一日，本公司就授予某些附屬公司人民幣940,357,000元(二零一七年：人民幣789,548,000元)的銀行融資額度作出公司擔保。

銀行貸款及應付票據人民幣737,318,000元(二零一七年：人民幣530,996,000元)以公司企業支持，銀行貸款及應付票據人民幣1,151,393,000元(二零一七年：人民幣826,267,000元)以附屬公司企業擔保。

於結算日，本集團的貸款在利率變動及合約重新定價日期所承擔的風險如下：

| | | 2018 二零一八年 RMB'000 人民幣千元 | 2017 二零一七年 RMB'000 人民幣千元 |
|------------------|--------|-----------------------------------|-----------------------------------|
| 6 months or less | 6個月或以下 | 1,480,724 | 1,067,064 |
| 6-12 months | 6-12個月 | 234,356 | 147,235 |
| | | 1,715,080 | 1,214,299 |

Notes to the Consolidated Financial Statements

合併財務報表附註

29. DEFERRED INCOME TAX

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The following balances, determined after appropriate offsetting, are shown in the consolidated balance sheet:

| | | 2018 二零一八年 RMB'000 人民幣千元 | 2017 二零一七年 RMB'000 人民幣千元 |
|---|-------------------|---|-----------------------------------|
| Deferred income tax assets to be recovered after more than 12 months | 超過12個月後收回的遞延所得稅資產 | 4,889 | 5,470 |
| Deferred income tax liabilities to be settled after more than 12 months | 超過12個月後收回的遞延所得稅負債 | (79,600) | (65,400) |

The gross movements in the deferred income tax assets and liabilities are as follows:

29. 遞延所得稅項

當有法定可執行權力將當期稅項資產與當期稅務負債抵銷，且遞延所得稅資產和負債涉及同一稅務機關，則可將遞延所得稅資產和負債互相抵銷。考慮結餘可在同一徵稅區內抵銷的遞延所得稅資產與負債的分析如下：

| | | 2018 二零一八年 RMB'000 人民幣千元 | 2017 二零一七年 RMB'000 人民幣千元 |
|--|-----------------|---|-----------------------------------|
| At 1 January | 於一月一日 | (59,930) | (52,430) |
| Charged to the consolidated income statement (Note 12) | 在合併利潤表內借記(附註12) | (14,781) | (7,500) |
| At 31 December | 於十二月三十一日 | (74,711) | (59,930) |

遞延所得稅賬的總變動如下：

Notes to the Consolidated Financial Statements

合併財務報表附註

29. DEFERRED INCOME TAX (CONTINUED)

Deferred income tax assets

| | | Tax loss 可抵扣虧損 | |
|---|-----------|-----------------------------------|-----------------------------------|
| | | 2018 二零一八年 RMB'000 人民幣千元 | 2017 二零一七年 RMB'000 人民幣千元 |
| At 1 January | 一月一日 | 5,470 | 5,470 |
| Credited to the consolidated income statement | 在合併利潤表內貸記 | (581) | - |
| At 31 December | 十二月三十一日 | 4,889 | 5,470 |

At 31 December 2018, the Group has unused tax losses of RMB106,027,000 (2017: RMB71,525,000) available for offsetting against future profits, and a deferred income tax asset of RMB4,889,000 (2017: RMB5,470,000) has been recognised in respect of such losses. No deferred income tax asset has been recognised in respect of a total of RMB15,959,000 (2017: RMB8,151,000) due to the unpredictability of future profit streams.

At 31 December 2018, deferred income tax liabilities of RMB150,109,000 (2017: RMB134,454,000) has not been recognised for the withholding tax and other taxes that would be payable on the unremitted earnings of certain subsidiaries as the Company controls the dividend policies of these subsidiaries and it is not probable that these subsidiaries would distribute these earnings in the foreseeable future. As at 31 December 2018, unremitted earnings amounted to RMB1,501,086,000 (2017: RMB1,344,542,000).

Deferred income tax liabilities

| | | Withholding tax 代扣所得稅 | |
|--|-----------|-----------------------------------|-----------------------------------|
| | | 2018 二零一八年 RMB'000 人民幣千元 | 2017 二零一七年 RMB'000 人民幣千元 |
| At 1 January | 一月一日 | 65,400 | 57,900 |
| Charged to the consolidated income statement | 在合併利潤表內借記 | 14,200 | 7,500 |
| At 31 December | 十二月三十一日 | 79,600 | 65,400 |

29. 遞延所得稅項(續)

遞延所得稅資產

對可抵扣虧損確認為遞延所得稅資產的數額人民幣106,027,000元(二零一七年：人民幣71,525,000元)，是按透過可能產生的未來應課稅利潤實現的相關稅務利益而確認，已確認遞延所得稅資產為人民幣4,889,000元(二零一七年：人民幣5,470,000元)。本集團並無就可結轉以抵銷未來應課稅人民幣15,959,000元(二零一七年：人民幣8,151,000元)。

因集團能夠控制各附屬公司的派息策略及各附屬公司在可見的未來不會就未匯返利潤作出分配，本集團並未就若干附屬公司的未匯返利潤須予支付的代扣所得稅和其他稅項確認遞延所得稅負債人民幣150,109,000元(二零一七年：人民幣134,454,000元)。此等未匯返收益會再作長期地投資。於二零一八年十二月三十一日的未匯返收益合共人民幣1,501,086,000元(二零一七年：人民幣1,344,542,000元)。

遞延所得稅負債－集團

Notes to the Consolidated Financial Statements

合併財務報表附註

30. FINANCIAL INSTRUMENTS BY CATEGORY

30. 金融工具(按類別)

| | | Financial assets at amortised costs | Financial assets at fair value through the profit & loss | Financial assets at fair value through other comprehensive income | Total |
|---|------------------------------|-------------------------------------|--|---|------------------|
| | | 按攤銷成本計量之金融資產 | 以公允價值計量且其變動計入損益的金融資產 | 按公允價值計入其他綜合收益之金融資產 | 總計 |
| | | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| | | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 |
| At 31 December 2018 | 於二零一八年十二月三十一日 | | | | |
| Financial assets at amortised cost | 按攤銷成本計量之金融資產 | | | | |
| Trade and other receivables excluding non-financial assets | 應收賬款及其他應收款 (不包括非金融資產) | 962,274 | - | - | 962,274 |
| Loan to an associate (Note 35(b)) | 聯營方借貸(附註35(b)) | 3,000 | - | - | 3,000 |
| Amounts due from related companies (Note 35(c)) | 應收關聯方款項 (附註35(c)) | 967 | - | - | 967 |
| Pledged bank deposits (Note 23) | 已抵押之銀行存款(附註23) | 66,090 | - | - | 66,090 |
| Short-term bank deposits (Note 23) | 短期銀行存款(附註23) | 629,650 | - | - | 629,650 |
| Cash and cash equivalents (Note 23) | 現金及現金等價物(附註23) | 897,903 | - | - | 897,903 |
| Financial assets as per balance sheet | 根據資產負債表的金融資產 | | | | |
| Financial assets at fair value through other comprehensive income (Note 18) | 按公允價值計入其他綜合收益之金融資產 (附註18) | - | - | 200 | 200 |
| Derivative financial instruments (Note 19) | 衍生金融工具(附註19) | - | 1,416 | - | 1,416 |
| Total | 總計 | 2,559,884 | 1,416 | 200 | 2,561,500 |

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合併財務報表附註

30. FINANCIAL INSTRUMENTS BY CATEGORY
(CONTINUED)

30. 金融工具(按類別)(續)

| | | Other financial liabilities at amortised cost 其他 按攤銷成本計量 之其他金融負債 RMB'000 人民幣千元 | Financial liabilities at fair value through the profit and loss 以公允價值計量 且其變動計入 損益的金融負債 RMB'000 人民幣千元 | Total 總計 RMB'000 人民幣千元 |
|---|--------------------------|--|---|---------------------------------|
| At 31 December 2018 | 於二零一八年十二月三十一日 | | | |
| Financial liabilities as per balance sheet | 根據資產負債表的金融負債 | | | |
| Liabilities at amortised cost | 按攤銷成本計算的負債 | | | |
| Borrowings (Note 28) | 借款(附註28) | 1,715,750 | - | 1,715,750 |
| Trade and other payables excluding non-financial liabilities | 應付賬款及其他應付款 (不包括非金融負債) | 254,355 | - | 254,355 |
| Amount due to a related company (Note 35(c)) | 應付關聯方款項 (附註35(c)) | 644 | - | 644 |
| Amount due to a director (Note 35(e)) | 應付一董事款項(附註35(e)) | 30 | - | 30 |
| Derivative financial instruments (Note 19) | 衍生金融工具(附註19) | - | 1,516 | 1,516 |
| Total | 總計 | 1,970,779 | 1,516 | 1,972,295 |

Notes to the Consolidated Financial Statements

合併財務報表附註

30. FINANCIAL INSTRUMENTS BY CATEGORY

(CONTINUED)

30. 金融工具(按類別)(續)

| | | Loans and receivables | Assets at fair value through the profit & loss | Available-for-sale | Total |
|--|----------------------|-----------------------|--|--------------------|------------------|
| | | 貸款及應收款 | 以公允價值計量且其變動計入損益的資產 | 可供出售金融資產 | 總計 |
| | | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| | | 人民幣千元 | 人民幣千元 | 人民幣千元 | 人民幣千元 |
| At 31 December 2017 | 於二零一七年十二月三十一日 | | | | |
| Financial assets at amortised cost | 按攤銷成本計算的金融資產 | | | | |
| Trade and other receivables excluding non-financial assets | 應收賬款及其他應收款(不包括非金融資產) | 528,343 | – | – | 528,343 |
| Loan to an associate (Note 35(b)) | 聯營方借貸(附註35(b)) | 3,000 | – | – | 3,000 |
| Amounts due from related companies (Note 35(c)) | 應收關聯方款項(附註35(c)) | 2,415 | – | – | 2,415 |
| Pledged bank deposits (Note 23) | 已抵押之銀行存款(附註23) | 57,254 | – | – | 57,254 |
| Short-term bank deposits (Note 23) | 短期銀行存款(附註23) | 16,550 | – | – | 16,550 |
| Cash and cash equivalents (Note 23) | 現金及現金等價物(附註23) | 1,888,712 | – | – | 1,888,712 |
| Financial assets as per balance sheet | 根據資產負債表的金融資產 | | | | |
| Available-for-sale financial assets (Note 18) | 可供出售金融資產(附註18) | – | – | 200 | 200 |
| Derivative financial instruments (Note 19) | 衍生金融工具(附註19) | – | 39 | – | 39 |
| Total | 總計 | 2,496,274 | 39 | 200 | 2,496,513 |

| | | | Other financial liabilities at amortised cost | Total |
|--|----------------------|--|---|------------------|
| | | | 其他金融負債，按攤銷成本 | 總計 |
| | | | RMB'000 | RMB'000 |
| | | | 人民幣千元 | 人民幣千元 |
| At 31 December 2017 | 於二零一七年十二月三十一日 | | | |
| Financial liabilities as per balance sheet | 根據資產負債表的金融負債 | | | |
| Liabilities at amortised cost | 按攤銷成本計量之負債 | | | |
| Borrowings (Note 28) | 借款(附註28) | | 1,214,299 | 1,214,299 |
| Trade and other payables excluding non-financial liabilities | 應付賬款及其他應付款(不包括非金融負債) | | 216,466 | 216,466 |
| Amount due to a related company (Note 35(c)) | 應付關聯方款項(附註35(c)) | | 687 | 687 |
| Amount due to a director (Note 35(e)) | 應付一董事款項(附註35(e)) | | 30 | 30 |
| Total | 總計 | | 1,431,482 | 1,431,482 |

Notes to the Consolidated Financial Statements

合併財務報表附註

31. CASH FLOW INFORMATION

(a) Cash generated from operations

| | | 2018 二零一八年 RMB'000 人民幣千元 | 2017 二零一七年 RMB'000 人民幣千元 |
|--|-----------------------------|-----------------------------------|-----------------------------------|
| Profit for the year | 年度利潤 | 215,291 | 183,767 |
| Adjustments for: | 調整項目： | | |
| – Taxation (Note 12) | – 稅項(附註12) | 101,558 | 58,881 |
| – Depreciation (Note 16) | – 折舊(附註16) | 37,263 | 44,684 |
| – Loss on disposals of property, plant and equipment (Note 6) | – 出售物業、廠房及設備之虧損(附註6) | 365 | 25 |
| – Amortisation of: | – 攤銷以下各項： | | |
| – Land use rights (Note 15) | – 土地使用權(附註15) | 899 | 953 |
| – Intangible assets (Note 17) | – 無形資產(附註17) | 18,755 | 11,846 |
| – Provision for impairment of inventory (Note 22) | – 存貨減值撥備(附註22) | 1,641 | 1,781 |
| – Net reversal of impairment losses on financial assets (Note 20) | – 金融資產虧損撥備回撥淨額(附註20) | (1,530) | (1,319) |
| – Interest income (Note 7) | – 利息收入(附註7) | (43,433) | (26,095) |
| – Interest expense on bank borrowings and government loans (Note 7) | – 銀行借貸及政府貸款之利息開支(附註7) | 74,264 | 64,725 |
| – Share of profit of an associate (Note 11) | – 享有聯營利潤份額(附註11) | (966) | (307) |
| – Net fair value losses/(gains) on derivative financial instruments (Note 6) | – 衍生金融工具的公允價值淨額損失/(收益)(附註6) | 139 | (3,990) |
| – Share-based payment expenses (Note 8) | – 以股份為支付基礎的費用(附註8) | – | 142 |
| – Exchange differences | – 匯兌差異 | 46,202 | (19,062) |
| Operating profit before working capital changes | 營運資金變動前之經營利潤 | 450,448 | 316,031 |
| Changes in working capital: | 營運資金變動： | | |
| – Inventories | – 存貨 | (63,847) | (71,196) |
| – Trade and bills receivables | – 應收賬款 | (418,270) | 169,390 |
| – Prepayments and other receivables | – 預付款及其他應收款 | (13,014) | 25,625 |
| – Amounts due from related companies | – 應收關聯方款項 | 1,448 | (2,376) |
| – Amount due to a related company | – 應付關聯方款項 | (43) | (7,900) |
| – Trade payables and bills payable | – 應付賬款及應付票據 | 38,566 | 8,025 |
| – Accruals and other payables | – 應計費用及其他應付款 | 14,812 | (20,785) |
| Cash generated from operations | 經營業務產生之現金 | 10,100 | 416,814 |

Notes to the Consolidated Financial Statements

合併財務報表附註

31. CASH FLOW INFORMATION (CONTINUED)

(b) Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities.

| | | Liabilities from financing activities 融資活動產生之負債 | | | |
|-------------------------------|---------------|---|---|--|---------------------------------|
| | | Amount due to a director 應付—董事款項 RMB'000 人民幣千元 | Borrowings due within 1 year 一年以內 到期的債務 RMB'000 人民幣千元 | Borrowings due after 1 year 一年以後 到期的債務 RMB'000 人民幣千元 | Total 合計 RMB'000 人民幣千元 |
| As at 1 January 2018 | 於二零一八年一月一日 | 30 | 764,914 | 449,385 | 1,214,329 |
| Cash flows | 現金流 | - | 44,003 | 400,593 | 444,596 |
| Foreign exchange adjustments | 滙兌調整 | - | 10,573 | 35,629 | 46,202 |
| Other non-cash movements | 其他非現金變動 | - | 152,517 | (141,864) | 10,653 |
| As at 31 December 2018 | 於二零一八年十二月三十一日 | 30 | 972,007 | 743,743 | 1,715,780 |
| | | Liabilities from financing activities 融資活動產生之負債 | | | |
| | | Amount due to a director 應付—董事款項 RMB'000 人民幣千元 | Borrowings due within 1 year 一年以內 到期的債務 RMB'000 人民幣千元 | Borrowings due after 1 year 一年以後 到期的債務 RMB'000 人民幣千元 | Total 合計 RMB'000 人民幣千元 |
| As at 1 January 2017 | 於二零一七年一月一日 | 21 | 989,556 | 222,152 | 1,211,729 |
| Cash flows | 現金流 | 9 | (282,774) | 293,448 | 10,683 |
| Foreign exchange adjustments | 滙兌調整 | - | (10,887) | (8,175) | (19,062) |
| Other non-cash movements | 其他非現金變動 | - | 69,019 | (58,040) | 10,979 |
| As at 31 December 2017 | 於二零一七年十二月三十一日 | 30 | 764,914 | 449,385 | 1,214,329 |

31. 現金流資料(續)

(b) 融資活動產生的負債，對賬如下：

下表載述本集團由融資活動產生負債之變動。

32. DIVIDENDS

A final dividend in respect of the year ended 31 December 2018 of HK4.1 cents per share, totalling approximately of RMB27,183,000, is to be proposed at the forthcoming annual general meeting. These consolidated financial statements do not reflect such dividend payable.

32. 股息

於即將舉行之股東週年大會上，有關截至二零一八年十二月三十一日止年度擬派末期股息每股4.1港仙，合共約人民幣27,183,000元。此合併財務報表並無反映此應付股息。

| | | 2018 二零一八年 RMB'000 人民幣千元 | 2017 二零一七年 RMB'000 人民幣千元 |
|--|-----------------------------------|---|-----------------------------------|
| Interim dividend paid of HK1.5 cents (2017: HK1.5 cents) per ordinary share | 已派中期股息每股普通股1.5港仙 (二零一七年：1.5港仙) | 10,146 | 8,589 |
| Proposed final dividend of HK4.1 cents (2017: HK3.3 cents) per ordinary share | 擬派末期股息每股普通股4.1港仙 (二零一七年：3.3港仙) | 27,183 | 20,702 |
| | | 37,329 | 29,291 |

33. CONTINGENT LIABILITIES

As at 31 December 2018, the Group had no significant contingent liabilities (2017: nil).

33. 或然負債

於二零一八年十二月三十一日，本集團概無任何重大之或然負債(二零一七年：無)。

34. COMMITMENTS

(a) Capital commitments

34. 承擔

(a) 資本承擔

| | | 2018 二零一八年 RMB'000 人民幣千元 | 2017 二零一七年 RMB'000 人民幣千元 |
|--|----------------------|---|-----------------------------------|
| Capital commitments contracted but not provided for at end of the reporting period are as follows: | 於報告期末已授權及已訂約的資本開支如下： | | |
| – Construction-in-progress and property, plant and equipment | – 在建工程以及物業、廠房及設備 | 132,929 | 186,298 |
| – Product development projects | – 產品開發計劃 | 24,260 | 41,400 |
| | | 157,189 | 227,698 |

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合併財務報表附註

34. COMMITMENTS (CONTINUED)

(b) Operating lease commitments

The Group leases certain premises under non-cancellable operating lease agreements in respect of property, plant and equipment. The lease have varying terms, escalation clauses and renewal rights. The lease expenditure expensed in the consolidated income statement during the year is disclosed in Note 8.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

| | | 2018 二零一八年 RMB'000 人民幣千元 | 2017 二零一七年 RMB'000 人民幣千元 |
|--|------------|-----------------------------------|-----------------------------------|
| Not later than 1 year | 不超過一年 | 4,196 | 3,312 |
| Later than 1 year and not later than 5 years | 超過一年但不超過五年 | 4,243 | 5,408 |
| | | 8,439 | 8,720 |

35. RELATED PARTY TRANSACTIONS

The Company is 36% owned by Marietta Limited (incorporated in the British Virgin Islands) which is owned by Mr. Yang Yirong.

(a) Sales and purchases of goods and services

The following transactions were carried out with related parties:

| | | 2018 二零一八年 RMB'000 人民幣千元 | 2017 二零一七年 RMB'000 人民幣千元 |
|--|------------|-----------------------------------|-----------------------------------|
| Sales of goods to an associate | 貨品銷售予一間聯營 | 15,964 | 3,884 |
| Purchases of goods from a related company | 貨品採購自關聯方 | 7,982 | 2,976 |
| Subcontracting fee payable to an associate | 應付一間聯營之加工費 | 4,595 | 7,210 |

In the opinion of the Directors, the above transactions were carried out in the normal course of the Group's business, and conducted at terms mutually agreed by the respective parties.

34. 承擔(續)

(b) 經營租約承擔

本集團根據多份不可撤銷的經營租賃協議租用若干物業、廠房及設備。該等租約之條款、租金調整條款及續約權利不一。年內於合併利潤表支銷之租賃開支在附註8披露。

根據不可撤銷經營租賃，未來最低租賃付款總額如下：

| | | 2018 二零一八年 RMB'000 人民幣千元 | 2017 二零一七年 RMB'000 人民幣千元 |
|--|------------|-----------------------------------|-----------------------------------|
| Not later than 1 year | 不超過一年 | 4,196 | 3,312 |
| Later than 1 year and not later than 5 years | 超過一年但不超過五年 | 4,243 | 5,408 |
| | | 8,439 | 8,720 |

35. 關聯方交易

本公司之36%權益由一間楊毅融先生持有之英屬處女群島註冊成立之公司－Marietta Limited擁有。

(a) 貨品及服務之銷售及購買

與關聯方進行的交易如下：

| | | 2018 二零一八年 RMB'000 人民幣千元 | 2017 二零一七年 RMB'000 人民幣千元 |
|--|------------|-----------------------------------|-----------------------------------|
| Sales of goods to an associate | 貨品銷售予一間聯營 | 15,964 | 3,884 |
| Purchases of goods from a related company | 貨品採購自關聯方 | 7,982 | 2,976 |
| Subcontracting fee payable to an associate | 應付一間聯營之加工費 | 4,595 | 7,210 |

董事認為，上述交易乃於本集團正常業務過程中產生，並按雙方同意之條款進行。

Notes to the Consolidated Financial Statements

合併財務報表附註

35. RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Loan to an associate

| | | 2018 二零一八年 RMB'000 人民幣千元 | 2017 二零一七年 RMB'000 人民幣千元 |
|----------------------|------|-----------------------------------|-----------------------------------|
| Loan to an associate | 聯營借貸 | 3,000 | 3,000 |

As at 31 December 2018, the loan to an associate is unsecured, bearing interest at the rate of 6% per annum and is repayable on 14 April 2020 (2017: 14 April 2020).

35. 關聯方交易(續)

(b) 聯營借貸

| | | 2018 二零一八年 RMB'000 人民幣千元 | 2017 二零一七年 RMB'000 人民幣千元 |
|----------------------|------|-----------------------------------|-----------------------------------|
| Loan to an associate | 聯營借貸 | 3,000 | 3,000 |

於二零一八年十二月三十一日，該聯營方貸款為無抵押，年利率為6%，並須於二零二零年四月十四日(二零一七年：二零二零年四月十四日)償還。

(c) Amounts due from/to related companies

| | | 2018 二零一八年 RMB'000 人民幣千元 | 2017 二零一七年 RMB'000 人民幣千元 |
|--|-----------------|-----------------------------------|-----------------------------------|
| Amounts due from related companies | 應收關聯方款項 | 967 | 2,415 |
| Amount due to a related company – associate | 應付關聯方款項 – 聯營 | 644 | 687 |

As at 31 December 2018, the balances are unsecured, interest-free and are repayable on demand.

(c) 應收/應付關聯方款項

| | | 2018 二零一八年 RMB'000 人民幣千元 | 2017 二零一七年 RMB'000 人民幣千元 |
|--|-----------------|-----------------------------------|-----------------------------------|
| Amounts due from related companies | 應收關聯方款項 | 967 | 2,415 |
| Amount due to a related company – associate | 應付關聯方款項 – 聯營 | 644 | 687 |

於二零一八年十二月三十一日，款項為無抵押、免息及須應要求償還。

(d) Key management compensation

Key management includes directors (executive and non-executive) and the senior management with their details as set out in the “Biographical details of directors and senior management” section of the annual report. The compensation paid or payable to key management for employee services is shown below:

(d) 關鍵管理人員酬金

關鍵管理人員包括董事(執行董事與非執行董事)及高級管理人員，有關人仕的詳情已附載於年報「董事及高級人員履歷」一節內。向關鍵管理人員支付作為僱員服務的已付或應付酬金如下：

| | | 2018 二零一八年 RMB'000 人民幣千元 | 2017 二零一七年 RMB'000 人民幣千元 |
|--|-------------------|-----------------------------------|-----------------------------------|
| Salaries and other short-term employee benefits | 薪金及其他短期僱員福利 | 12,517 | 10,962 |
| Retirement benefit – defined contribution plans | 退休福利 – 一定額供款計劃 | 197 | 204 |
| Share-based payments | 以股份為基礎的支付 | – | 18 |
| Total | 總計 | 12,714 | 11,184 |

Notes to the Consolidated Financial Statements

合併財務報表附註

35. RELATED PARTY TRANSACTIONS (CONTINUED)

(e) Amount due to a director

The details of the amount due to a director are as follows:

| | | 2018 二零一八年 RMB'000 人民幣千元 | 2017 二零一七年 RMB'000 人民幣千元 |
|-----------------|-------|-----------------------------------|-----------------------------------|
| Mr. Yang Yirong | 楊毅融先生 | 30 | 30 |

The amount due to a director is unsecured, non-interest bearing and is repayable on demand.

35. 關聯方交易(續)

(e) 應付一位董事款項

應付一位董事款項的詳情如下：

| | | 2018 二零一八年 RMB'000 人民幣千元 | 2017 二零一七年 RMB'000 人民幣千元 |
|-----------------|-------|-----------------------------------|-----------------------------------|
| Mr. Yang Yirong | 楊毅融先生 | 30 | 30 |

應付一位董事之款項為無抵押、免息及須應要求償還。

36. BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors' and chief executive's emoluments

During the year ended 31 December 2018, the remuneration of every director and the chief executive is set out below:

| Name of Director | 董事姓名 | 2018 二零一八年 | | | | | 2017 二零一七年 | | | | |
|---|------------------|-----------------|------------------------|---------------------------------|---------------------------|---------|-----------------|------------------------|---------------------------------|---------------------------|---------|
| | | Director's fees | Salaries and allowance | Share-based compensation (Note) | Retirement benefit scheme | Total | Director's fees | Salaries and allowance | Share-based compensation (Note) | Retirement benefit scheme | Total |
| | | 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 |
| Mr. Yang Yirong (Chairman and President) | 楊毅融先生 (主席兼總裁) | 622 | 1,811 | - | 29 | 2,462 | 641 | 1,803 | - | 29 | 2,473 |
| Ms. Lu Jiahua | 盧家華女士 | 369 | 833 | - | 27 | 1,229 | 381 | 748 | - | 28 | 1,157 |
| Mr. Han Huan Guang | 韓歡光先生 | 369 | 920 | - | 15 | 1,304 | 381 | 927 | - | 16 | 1,324 |
| Mr. Lin Zhigang | 林志剛先生 | 369 | 541 | - | 27 | 937 | 381 | 402 | - | 28 | 811 |
| Mr. Gong Xionghui | 龔雄輝先生 | 369 | 442 | - | 27 | 838 | 381 | 407 | - | 28 | 816 |
| Mr. Feng Tao | 馮濤先生 | - | - | - | - | - | - | - | - | - | - |
| Mr. Yau Fook Chuen | 丘福全先生 | 214 | 11 | - | - | 225 | 188 | 11 | - | - | 199 |
| Mr. Wong Yik Chung, John | 黃翼忠先生 | 214 | 11 | - | - | 225 | 188 | 11 | - | - | 199 |
| Mr. Lin David Ying Tsung | 林英宗先生 | 312 | 794 | - | - | 1,106 | 188 | 8 | - | - | 196 |

Note: Share-based compensation represents the fair value of share options granted by the Group recognised during the year.

During the year, no discretionary bonuses, remunerations paid or receivable in respect of accepting office as director and emoluments paid or receivable in respect of director's other service in connection with the affairs of the Company or its subsidiary undertaking were paid or made, directly or indirectly, to the directors; nor are any payable (2017: nil).

None of the directors waived any emoluments during the year ended 31 December 2018 (2017: nil).

(a) 董事及行政總裁酬金

截至二零一八年十二月三十一日止年度，每名董事及行政總裁的薪酬如下：

附註：以股份為基礎之補償代表本集團授出認股權於年內確認之公允價值。

本年度，概無直接或間接向董事提供獎金、就接納擔任董事一職而支付或應收的酬金及就管理本公司或其附屬公司企業的事務提供其他董事服務而支付或應收的酬金或任何應付款(二零一七年：無)。

截至二零一八年十二月三十一日止年度，並無董事放棄任何酬金(二零一七年：無)。

36. BENEFITS AND INTERESTS OF DIRECTORS

(CONTINUED)

(b) Directors' retirement benefits and termination benefits

During the year, no retirement benefits, payments or benefits in respect of termination of directors' services were paid or made, directly or indirectly, to the directors; nor are any payable (2017: nil).

(c) Consideration provided to third parties for making available directors' services

No consideration was provided to or receivable by third parties for making available directors' services (2017: nil).

(d) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors

As at 31 December 2018, there are no loans, quasi-loans or other dealings in favour of the directors, their controlled bodies corporate by and connected entities with such directors (2017: None).

(e) Directors' material interests in transactions, arrangements or contracts

None of the directors of the Company and their connected entities had a material interest, directly or indirectly, in any significant transactions, arrangements and contracts in relation to the Group's business to which the Company was or is a party that subsisted at the end of the year or at any time during the year (2017: None).

37. EVENTS AFTER THE BALANCE SHEET DATE

There are no significant events occurred after the balance sheet date.

36. 董事的利益和權益(續)

(b) 董事退休福利及離職福利

本年度，概無直接或間接向董事提供退休福利、就終止董事服務支付款項或提供福利或任何應付款(二零一七年：無)。

(c) 就獲提供董事服務向第三方支付之代價

概無就獲提供董事服務而給予第三者的代價或第三者可就提供董事服務而收取的代價(二零一七年：無)。

(d) 有關以董事、受董事控制之法團及與董事有關連之實體為受益人之貸款、準貸款及其他交易之資料

於二零一八年十二月三十一日，概無向董事、彼等之受控制法人團體及有關連實體作出的貸款、類似貸款或以該等人士為受益人的其他交易(二零一七年：無)。

(e) 董事於交易、安排或合約之重大利益

本年度內或年結時，本公司並無簽訂任何涉及本集團之業務而本公司之董事或其關連實體直接或間接在其中擁有重大權益之重要交易、安排或合同(二零一七年：無)。

37. 結算日後事項

本公司於結算日後並無發生任何重大事項。

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合併財務報表附註

38. BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY

(a) Balance sheet of the Company as at 31 December 2018

38. 本公司的資產負債表及儲備變動

(a) 截至二零一八年十二月三十一日止本公司的資產負債表

| | | 2018 二零一八年 RMB'000 人民幣千元 | 2017 二零一七年 RMB'000 人民幣千元 |
|---|--------------------|-----------------------------------|-----------------------------------|
| | Note 附註 | | |
| ASSETS | 資產 | | |
| Non-current assets | 非流動資產 | | |
| Investments in and amounts due from subsidiaries | 於附屬公司之投資及應收附屬公司款項 | 401,974 | 401,974 |
| Current assets | 流動資產 | | |
| Amounts due from subsidiaries | 應收附屬公司款項 | 1,133,470 | 760,628 |
| Prepayments | 預付款 | 45 | 47 |
| Derivative financial instruments | 衍生金融工具 | 106 | 39 |
| Cash and cash equivalents | 現金及現金等價物 | 4,608 | 3,548 |
| | | 1,138,229 | 764,262 |
| Total assets | 總資產 | 1,540,203 | 1,166,236 |
| EQUITY | 權益 | | |
| Equity attributable to owners of the Company | 權益歸屬於本公司擁有人 | | |
| Share capital | 股本 | 75,380 | 75,380 |
| Share premium | 股本溢價 | 341,876 | 341,876 |
| Other reserves | 其他儲備 | 102,426 | 102,426 |
| Retained earnings | 保留盈利 | 42,203 | 53,097 |
| Total equity | 總權益 | 561,885 | 572,779 |

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合併財務報表附註

38. BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY (CONTINUED)

(a) Balance sheet of the Company as at 31 December 2018
(continued)

38. 本公司的資產負債表及儲備變動(續)

(a) 截至二零一八年十二月三十一日止本公司的資產負債表(續)

| | | Note 附註 | 2018 二零一八年 RMB'000 人民幣千元 | 2017 二零一七年 RMB'000 人民幣千元 |
|-------------------------------------|---------------|------------|-----------------------------------|-----------------------------------|
| LIABILITIES | 負債 | | | |
| Non-current liabilities | 非流動負債 | | | |
| Borrowings | 借貸 | | 743,743 | 449,385 |
| Current liabilities | 流動負債 | | | |
| Borrowings | 借貸 | | 230,542 | 141,182 |
| Derivative financial instruments | 衍生金融工具 | | 455 | – |
| Accruals and other payables | 應計費用及其他應付款 | | 3,578 | 2,890 |
| | | | 234,575 | 144,072 |
| Total liabilities | 總負債 | | 978,318 | 593,457 |
| Total equity and liabilities | 總權益及負債 | | 1,540,203 | 1,166,236 |

The balance sheet of the Company was approved by the Board of Directors on 27 March 2019 and were signed on its behalf.

本公司的資產負債表已由董事會於二零一九年三月二十七日批核，並由董事會代表簽署。

YANG YIRONG
楊毅融
Chairman
主席

LU JIAHUA
盧家華
Executive Director
執行董事

Notes to the Consolidated Financial Statements

合併財務報表附註

38. BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY (CONTINUED)

(b) Other reserve movement of the Company

38. 本公司的資產負債表及儲備變動(續)

(b) 公司其他儲備變動

| | | Capital reserve 股本儲備 RMB'000 人民幣千元 | Capital redemption reserve 股本贖回儲備 RMB'000 人民幣千元 | Share options equity reserve 購股權 股本儲備 RMB'000 人民幣千元 | Total 總計 RMB'000 人民幣千元 |
|------------------------------------|------------------------|--|--|--|---------------------------------|
| At 1 January 2017 | 於二零一七年一月一日 | 90,941 | 711 | 14,603 | 106,255 |
| Employees share option scheme: | 僱員購股權計劃： | | | | |
| - Value of share options granted | - 授出購股權之價值 | - | - | 142 | 142 |
| - Value of share options exercised | - 行使購股權之價值 | - | - | (3,971) | (3,971) |
| Balance at 31 December 2017 | 於二零一七年 十二月三十一日之結餘 | 90,941 | 711 | 10,774 | 102,426 |
| At 1 January and 31 December 2018 | 於二零一八年一月一日 及十二月三十一日 | 90,941 | 711 | 10,774 | 102,426 |

**38. BALANCE SHEET AND RESERVE MOVEMENT
 OF THE COMPANY (CONTINUED)**

**38. 本公司的資產負債表及儲備
 變動(續)**

(c) Retained earnings movement of the Company

(c) 公司保留盈利變動

| | | RMB'000 人民幣千元 |
|-----------------------------------|---------------------|------------------|
| At 1 January 2017 | 二零一七年一月一日 | 40,478 |
| Profit for the year | 年度利潤 | 37,408 |
| 2016 final dividend | 二零一六年之終期股息 | (20,171) |
| 2017 interim dividend | 二零一七年之中期股息 | (8,589) |
| Employees share option scheme: | 僱員購股權計劃： | |
| – Value of share option exercised | – 行使購股權之價值 | 3,971 |
| At 31 December 2017 | 二零一七年十二月三十一日 | 53,097 |
| At 1 January 2018 | 二零一八年一月一日 | 53,097 |
| Profit for the year | 年度利潤 | 19,954 |
| 2017 final dividend | 二零一七年之終期股息 | (20,702) |
| 2018 interim dividend | 二零一八年之中期股息 | (10,146) |
| At 31 December 2018 | 二零一八年十二月三十一日 | 42,203 |

Five-Year Financial Summary

五年財務概要

RESULTS

業績

| | | Year ended 31 December 截至十二月三十一日止年度 | | | | |
|--|-------------------|--|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| | | 2014 二零一四年 RMB'000 人民幣千元 | 2015 二零一五年 RMB'000 人民幣千元 | 2016 二零一六年 RMB'000 人民幣千元 | 2017 二零一七年 RMB'000 人民幣千元 | 2018 二零一八年 RMB'000 人民幣千元 |
| Revenue | 收入 | 1,418,802 | 1,536,763 | 1,632,779 | 1,571,382 | 2,198,217 |
| Operating profit | 經營利潤 | 203,643 | 221,436 | 301,251 | 236,659 | 416,192 |
| Finance costs | 財務成本 | (33,857) | (65,930) | (81,128) | 5,682 | (100,309) |
| Share of losses of associates and provision for impairment of investment in an associate | 應佔聯營虧損份額及聯營投資減值撥備 | (505) | (4,026) | (386) | 307 | 966 |
| Profit before taxation | 除稅前利潤 | 169,281 | 151,480 | 219,737 | 242,648 | 316,849 |
| Taxation | 稅項 | (58,448) | (66,296) | (74,229) | (58,881) | (101,558) |
| Profit for the year | 年度利潤 | 110,833 | 85,184 | 145,508 | 183,767 | 215,291 |
| Profit attributable to: Owners of the Company | 利潤歸屬於： 本公司擁有人 | 110,868 | 85,515 | 145,383 | 183,767 | 215,291 |
| Non-controlling interests | 非控股性權益 | (35) | (331) | 125 | - | - |
| | | 110,833 | 85,184 | 145,508 | 183,767 | 215,291 |
| Dividends | 股息 | 27,608 | 21,200 | 28,108 | 29,291 | 37,329 |
| Earnings per share (RMB cents) | 每股盈利(分人民幣) | | | | | |
| Basic | 基本 | 22.7 | 15.8 | 22.4 | 26.8 | 27.78 |
| Diluted | 攤薄 | 22.6 | 15.7 | 22.3 | 26.8 | 27.77 |

FINANCIAL POSITIONS

財務狀況

| | | As at 31 December 截至十二月三十一日 | | | | |
|-------------------------|-------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| | | 2014 二零一四年 RMB'000 人民幣千元 | 2015 二零一五年 RMB'000 人民幣千元 | 2016 二零一六年 RMB'000 人民幣千元 | 2017 二零一七年 RMB'000 人民幣千元 | 2018 二零一八年 RMB'000 人民幣千元 |
| Non-current assets | 非流動資產 | 468,984 | 464,678 | 460,229 | 556,978 | 1,179,097 |
| Current assets | 流動資產 | 2,147,856 | 2,403,068 | 2,689,918 | 2,879,668 | 3,022,363 |
| Total assets | 資產總值 | 2,616,840 | 2,867,746 | 3,150,147 | 3,436,646 | 4,201,460 |
| Non-current liabilities | 非流動負債 | 137,051 | 549,454 | 280,052 | 514,785 | 823,343 |
| Current liabilities | 流動負債 | 1,071,190 | 846,203 | 1,263,160 | 1,010,459 | 1,282,278 |
| Total liabilities | 負債總額 | 1,208,241 | 1,395,657 | 1,543,212 | 1,525,244 | 2,105,621 |
| Net assets | 資產淨值 | 1,408,599 | 1,472,089 | 1,606,935 | 1,911,402 | 2,095,839 |

BOARD OF DIRECTORS

EXECUTIVE DIRECTORS

Mr. Yang Yirong (*Chairman & President*)
Ms. Lu Jiahua
Mr. Gong Xionghui
Dr. Lin David Ying Tsung
Mr. Han Huan Guang
Mr. Lin Zhigang

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Yau Fook Chuen
Mr. Wong Yik Chung, John
Mr. Xiang Ming

BOARD COMMITTEES

AUDIT COMMITTEE

Mr. Yau Fook Chuen (*Chairman*)
Mr. Wong Yik Chung, John
Mr. Xiang Ming

REMUNERATION COMMITTEE

Mr. Wong Yik Chung, John (*Chairman*)
Mr. Yau Fook Chuen
Mr. Xiang Ming
Ms. Lu Jiahua
Mr. Han Huan Guang

NOMINATION COMMITTEE

Mr. Yang Yirong (*Chairman*)
Mr. Yau Fook Chuen
Mr. Xiang Ming
Mr. Wong Yik Chung, John
Mr. Han Huan Guang

COMPANY SECRETARY

Mr. Lam Kwok Kin *FCCA, FCPA*

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants

REGISTERED OFFICE

Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

董事會

執行董事

楊毅融先生(*主席兼總裁*)
盧家華女士
龔雄輝先生
林英宗博士
韓歡光先生
林志剛先生

獨立非執行董事

丘福全先生
黃翼忠先生
向明先生

董事委員會

審核委員會

丘福全先生(*主席*)
黃翼忠先生
向明先生

薪酬委員會

黃翼忠先生(*主席*)
丘福全先生
向明先生
盧家華女士
韓歡光先生

提名委員會

楊毅融先生(*主席*)
邱福全先生
向明先生
黃翼忠先生
韓歡光先生

公司秘書

林國健先生 *FCCA, FCPA*

核數師

羅兵咸永道會計師事務所
執業會計師

註冊辦事處

Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman, KY1-1111
Cayman Islands

Corporate Information

公司資料

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suite 5301, 53rd Floor
Central Plaza
18 Harbour Road
Wanchai, Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Maples Fund Services (Cayman) Limited
P.O. Box 1093
Boundary Hall, Cricket Square
Grand Cayman KY1-1102
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

PRINCIPAL BANKERS

Agricultural Bank of China
ANZ
Bank of China
Bank of Communications
BNP Paribas
Citibank, N.A.
China Citic Bank
CTBC
Far Eastern International Bank
Hang Seng Bank
KBC Bank N.V.
O-Bank
Rabobank
Standard Chartered Bank
Taishin International Bank
United Overseas Bank

總辦事處兼香港主要營業地點

香港灣仔
港灣道18號
中環廣場
53樓5301室

股份過戶登記總處

Maples Fund Services (Cayman) Limited
P.O. Box 1093
Boundary Hall, Cricket Square
Grand Cayman KY1-1102
Cayman Islands

股份過戶登記處香港分處

卓佳登捷時有限公司
香港灣仔
皇后大道東183號
合和中心22樓

主要往來銀行

中國農業銀行
澳新銀行
中國銀行
交通銀行
法國巴黎銀行
花旗銀行
中信銀行
中國信託商業銀行
遠東國際商業銀行
恒生銀行
比利時聯合銀行
王道商業銀行
荷蘭合作銀行
渣打銀行
台新國際商業銀行
大華銀行

Shareholder Information 股東資料

Listing: Listed on the Main Board of The Stock Exchange of Hong Kong Limited since 9 March 2004

Stock Code: 2341

Board Lot: 2,000

Par Value: HK\$0.1

Trading Currency: HK\$

上市：由二零零四年三月九日起於香港聯合交易所有限公司主板上市

股份代號：2341

買賣單位：2,000

面值：0.1港元

交易貨幣：港元

FINANCIAL CALENDAR 2019

| | |
|--|------------------|
| Financial year ended | 31 December 2018 |
| Full year results announced | 27 March 2019 |
| Register of members closed (for ascertaining shareholders' rights to attend and vote at annual general meeting) | 14-18 June 2019 |
| Annual general meeting | 18 June 2019 |
| Ex-entitlement date for final dividend | 24 June 2019 |
| Register of members closed (for determining entitlement to final dividend) | 26-28 June 2019 |
| Record date for final dividend | 28 June 2019 |
| Despatch of dividend warrants | 12 July 2019 |
| Interim results to be announced | 28 August 2019 |

FINAL DIVIDEND

The Board has proposed a final dividend of HK4.1 cents per share for the year ended 31 December 2018 payable to shareholders on the register of members of the Company on 28 June 2019.

Subject to approval of the proposed final dividend by the shareholders at the forthcoming annual general meeting of the Company to be held on 18 June 2019, the final dividend warrants will be despatched to the shareholders of the Company on or about 12 July 2019.

CLOSING OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Friday, 14 June 2019 to Tuesday, 18 June 2019, both days inclusive, during which no transfer of shares will be effected. In order to qualify for attendance of annual general meeting, all completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited no later than 4:30 p.m. on Thursday, 13 June 2019.

The register of members of the Company will also be closed from Wednesday, 26 June 2019 to Friday, 28 June 2019, both days inclusive, during which no transfer of shares will be effected. To rank for the proposed final dividend, all completed transfer forms accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar and transfer office in Hong Kong, Tricor Tengis Limited no later than 4:30 p.m. on Tuesday, 25 June 2019.

SHAREHOLDER SERVICES

For enquiries about share transfer and registration, please contact the Company's branch share registrar and transfer office in Hong Kong:

Tricor Tengis Limited
Level 22, Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong
Telephone: (852) 2980 1333
Facsimile: (852) 2810 8185
Email: is-enquiries@hk.tricorglobal.com

Holders of the Company's shares should notify the Company's branch share registrar and transfer office in Hong Kong promptly of any change of addresses.

INVESTOR RELATIONS

For enquiries relating to investor relations, please contact:

EcoGreen International Group Limited
Suite 5301, 53rd Floor, Central Plaza
18 Harbour Road, Wanchai, Hong Kong
Telephone : (852) 2530 0609
Facsimile : (852) 2530 0619
Email : ir-contact@ecogreen.com

二零一九年財務行事曆

| | |
|---|---------------------|
| 財政年度結算日 | 二零一八年十二月三十一日 |
| 全年業績公佈 | 二零一九年三月二十七日 |
| 暫停辦理股份過戶登記手續 (以釐定股東出席及於 股東週年大會上投票之權利) | 二零一九年 六月十四至十八日 |
| 股東週年大會 | 二零一九年六月十八日 |
| 末期股息除權日期 | 二零一九年六月二十四日 |
| 暫停辦理股份過戶登記手續 (以釐定獲派末期股息之權利) | 二零一九年 六月二十六至二十八日 |
| 末期股息記錄日期 | 二零一九年六月二十八日 |
| 寄發股息單 | 二零一九年七月十二日或該日前後 |
| 中期業績公佈 | 二零一九年八月二十八日 |

股息

董事會建議派發截至二零一八年十二月三十一日止年度之末期股息每股4.1港仙，予於二零一九年六月二十八日名列本公司股東名冊之股東。

建議之末期股息，須待於本公司即將在二零一九年六月十八日舉行之應屆股東週年大會上獲股東批准後，方可作實。末期股息單將於二零一九年七月十二日左右寄發予本公司股東。

暫停辦理股份過戶登記手續

本公司將於二零一九年六月十四日(星期五)至二零一九年六月十八日(星期二)(包括首尾兩天)暫停辦理股東登記手續，期間概不會辦理任何股份過戶登記。為符合出席股東週年大會的資格，所有填妥之股份過戶表格連同有關股票，最遲必須於二零一九年六月十三日(星期四)下午四時三十分之前，交回本公司之股份過戶登記處香港分處卓佳登捷時有限公司辦理登記。

本公司亦將於二零一九年六月二十六日(星期三)至二零一九年六月二十八日(星期五)(包括首尾兩天)暫停辦理股東登記手續，期間概不會辦理任何股份過戶登記。為符合收取建議之末期股息的資格，所有填妥之股份過戶表格連同有關股票，最遲必須於二零一九年六月二十五日(星期二)下午四時三十分之前，交回本公司之股份過戶登記處香港分處卓佳登捷時有限公司辦理登記。

股東服務

任何有關股份過戶及登記之查詢，請聯絡本公司之股份過戶登記處香港分處：

卓佳登捷時有限公司
香港灣仔
皇后大道東183號
合和中心22樓
電話：(852) 2980 1333
傳真：(852) 2810 8185
電郵：is-enquiries@hk.tricorglobal.com

持有本公司股票之人士，若更改地址，請盡快通知本公司之股份過戶登記處香港分處。

投資者關係

任何有關投資者關係之查詢，請聯絡：

中怡國際集團有限公司
香港灣仔港灣道18號
中環廣場53樓5301室
電話：(852) 2530 0609
傳真：(852) 2530 0619
電郵：ir-contact@ecogreen.com



EcoGreen International Group Limited
中怡國際集團有限公司

Suite 5301, 53/F, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong

香港灣仔港灣道18號中環廣場53樓5301室

Tel 電話 : 2530 0609

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www.ecogreen.com

