



China Baofeng (International) Limited 中國寶豐（國際）有限公司

(formerly known as Mastercraft International Holdings Limited) (前稱為馬仕達國際控股有限公司)
(incorporated in the Cayman Islands with limited liability) (於開曼群島註冊成立之有限公司)

STOCK CODE 股份代號 : **3966**

2016 Annual Report
年報

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CORPORATE INFORMATION

公司資料

BOARD OF DIRECTORS

Executive Directors

- Mr. Dang Yanbao (*Chairman, appointed as executive Director on 30 January 2016*)
Mr. Dang Zidong (*chief executive officer, appointed as executive Director on 19 February 2016*)
Mr. Liu Yuanguan (*appointed on 30 January 2016*)
Mr. Gao Jianjun (*appointed on 30 January 2016*)
Mr. Leung Yuen Ho, Simon (*Former Chairman, resigned on 19 February 2016*)
Mr. Jerry Denny Strickland Jr. (*resigned on 19 February 2016*)

Ms. Wong Shuk Fong (*resigned on 19 February 2016*)

Non-executive Directors

- Mr. Cheng Hoo (*appointed on 19 February 2016*)
Mr. Chung Kin Shun, Jimmy (*appointed on 26 September 2016*)

Independent Non-executive Directors

- Mr. Xia Zuoquan (*appointed on 19 February 2016*)
Dr. Tyen Kan Hee, Anthony (*appointed on 19 February 2016*)
Mr. Guo Xuewen (*appointed on 19 February 2016*)
Mr. Hau Chi Hung (*resigned on 19 February 2016*)
Mr. Lai Kin, Jerome (*resigned on 19 February 2016*)
Mr. Tang Thomas Bong (*resigned on 19 February 2016*)

COMPANY SECRETARY

- Ms. Jiao Yingchen (*appointed on 4 October 2016*)
Ms. Lo Yuen Yee (*appointed on 29 February 2016 and resigned on 4 October 2016*)
Ms. Wong Shuk Fong (*resigned on 29 February 2016*)

AUDIT COMMITTEE

- Dr. Tyen Kan Hee, Anthony (*Chairman, appointed on 19 February 2016*)
Mr. Xia Zuoquan (*appointed on 19 February 2016*)
Mr. Guo Xuewen (*appointed on 19 February 2016*)
Mr. Lai Kin, Jerome (*Former Chairman, resigned on 19 February 2016*)
Mr. Hau Chi Hung (*resigned on 19 February 2016*)
Mr. Tang Thomas Bong (*resigned on 19 February 2016*)

REMUNERATION COMMITTEE

- Mr. Guo Xuewen (*Chairman, appointed on 19 February 2016*)
Mr. Xia Zuoquan (*appointed on 19 February 2016*)
Dr. Tyen Kan Hee, Anthony (*appointed on 19 February 2016*)
Mr. Hau Chi Hung (*Former Chairman, resigned on 19 February 2016*)
Mr. Lai Kin, Jerome (*resigned on 19 February 2016*)
Mr. Tang Thomas Bong (*resigned on 19 February 2016*)

董事會

執行董事

- 黨彥寶先生(主席,於二零一六年一月三十日獲委任為執行董事)
黨自東先生(行政總裁,於二零一六年二月十九日獲委任為執行董事)
劉元管先生(於二零一六年一月三十日獲委任)
高建軍先生(於二零一六年一月三十日獲委任)
梁遠豪先生(前主席,於二零一六年二月十九日辭任)

Jerry Denny Strickland Jr.先生(於二零一六年二月十九日辭任)
黃淑芳女士(於二零一六年二月十九日辭任)

非執行董事

- 鄭豪先生(於二零一六年二月十九日獲委任)
鍾建舜先生(於二零一六年九月二十六日獲委任)

獨立非執行董事

- 夏佐全先生(於二零一六年二月十九日獲委任)
田耕熹博士(於二零一六年二月十九日獲委任)
郭學文先生(於二零一六年二月十九日獲委任)
侯智雄先生(於二零一六年二月十九日辭任)
黎健先生(於二零一六年二月十九日辭任)
鄧邦先生(於二零一六年二月十九日辭任)

公司秘書

- 焦穎辰女士(於二零一六年十月四日獲委任)
盧婉兒女士(於二零一六年二月二十九日獲委任並於二零一六年十月四日辭任)
黃淑芳女士(於二零一六年二月二十九日辭任)

審核委員會

- 田耕熹博士(主席,於二零一六年二月十九日獲委任)
夏佐全先生(於二零一六年二月十九日獲委任)
郭學文先生(於二零一六年二月十九日獲委任)
黎健先生(前主席,於二零一六年二月十九日辭任)
侯智雄先生(於二零一六年二月十九日辭任)
鄧邦先生(於二零一六年二月十九日辭任)

薪酬委員會

- 郭學文先生(主席,於二零一六年二月十九日獲委任)
夏佐全先生(於二零一六年二月十九日獲委任)
田耕熹博士(於二零一六年二月十九日獲委任)
侯智雄先生(前主席,於二零一六年二月十九日辭任)
黎健先生(於二零一六年二月十九日辭任)
鄧邦先生(於二零一六年二月十九日辭任)

CORPORATE INFORMATION

公司資料

NOMINATION COMMITTEE

Mr. Dang Yanbao (Chairman, appointed on 19 February 2016)
 Mr. Xia Zuoquan (appointed on 19 February 2016)
 Dr. Tyen Kan Hee, Anthony (appointed on 19 February 2016)
 Mr. Guo Xuewen (appointed on 19 February 2016)
 Mr. Tang Thomas Bong (Former Chairman, resigned on 19 February 2016)
 Mr. Lai Kin, Jerome (resigned on 19 February 2016)
 Mr. Hau Chi Hung (resigned on 19 February 2016)

AUTHORISED REPRESENTATIVES

Mr. Chung Kin Shun, Jimmy (appointed on 12 October 2016)
 Mr. Dang Zidong (appointed on 19 February 2016)
 Mr. Cheng Hoo (appointed on 19 February 2016 and resigned on 12 October 2016)
 Mr. Leung Yuen Ho, Simon (resigned on 19 February 2016)
 Ms. Wong Shuk Fong (resigned on 19 February 2016)

PRINCIPAL BANKERS

Bank of Communications Co., Ltd. Hong Kong Branch

AUDITOR

Deloitte Touche Tohmatsu

REGISTERED OFFICE

Cricket Square
 Hutchins Drive
 P.O. Box 2681
 Grand Cayman
 KY1-1111
 Cayman Islands

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suites 1301-1304
 13/F Two Pacific Place
 88 Queensway
 Admiralty, Hong Kong

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Union Registrars Limited
 Suites 3301-4, 33/F
 Two Chinachem Exchange Square
 338 King's Road, North Point
 Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

Royal Bank of Canada Trust Company (Cayman) Limited
 4th Floor, Royal Bank House
 24 Shedden Road, George Town
 Grand Cayman
 KY1-1110
 Cayman Islands

CORPORATE WEBSITE

www.baofengintl.com

STOCK CODE

3966

提名委員會

黨彥寶先生(主席, 於二零一六年二月十九日獲委任)
 夏佐全先生(於二零一六年二月十九日獲委任)
 田耕熹博士(於二零一六年二月十九日獲委任)
 郭學文先生(於二零一六年二月十九日獲委任)
 鄧邦先生(前主席, 於二零一六年二月十九日辭任)

黎健先生(於二零一六年二月十九日辭任)
 侯智雄先生(於二零一六年二月十九日辭任)

授權代表

鍾建舜先生(於二零一六年十月十二日獲委任)
 黨自東先生(於二零一六年二月十九日獲委任)
 鄭豪先生(於二零一六年二月十九日獲委任並於二零一六年十月十二日辭任)
 梁遠豪先生(於二零一六年二月十九日辭任)
 黃淑芳女士(於二零一六年二月十九日辭任)

主要往來銀行

交通銀行股份有限公司香港分行

核數師

德勤•關黃陳方會計師行

註冊辦事處

Cricket Square
 Hutchins Drive
 P.O. Box 2681
 Grand Cayman
 KY1-1111
 Cayman Islands

總辦事處及香港主要營業地點

香港金鐘
 金鐘道88號
 太古廣場二座
 13樓1301至1304室

香港股份過戶登記分處

聯合證券登記有限公司
 香港
 北角英皇道338號
 華懋交易廣場2期
 33樓3301-4室

開曼群島股份過戶登記總處

Royal Bank of Canada Trust Company (Cayman) Limited
 4th Floor, Royal Bank House
 24 Shedden Road, George Town
 Grand Cayman
 KY1-1110
 Cayman Islands

公司網站

www.baofengintl.com

股份代碼

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CHAIRMAN'S STATEMENT 主席報告

Dear Fellow Shareholders,

On behalf of the board (the "Board") of directors (the "Directors") of China Baofeng (International) Limited (previous known as Mastercraft International Holdings Limited), (the "Company"), I am pleased to present the annual report for the financial year ended 31 December 2016 of the Company.

2016 was an important year for the Company and its subsidiaries (collectively referred as the "Group"). 19 February 2016 represented an important date for the Group's development of the whole year, when Fung Teng Enterprises Limited ("Fung Teng") completed the acquisition of 75% equity interests in the Company and obtained management control. On 12 May 2016, the name of the Company was changed to China Baofeng (International) Limited. Previously, the Group was principally engaged in the production and sales of portable lighting products and home accessory products. Upon obtaining of its control by Fung Teng, the Group has gradually started its principal business in investment, construction and operation of photovoltaic power generation projects (the "Photovoltaic Power Generation Business"), while still maintaining its operation in the business of portable lighting products and home accessory products (the "Lighting Products Business").

2016 was also a highly successful year for the Group. Under the leadership of the new management, the integration of the Group's new and existing principal business proceeded well, leading to a turnaround of the decreasing trend in earnings in the year 2015. During the year under review, the Group placed 25,200,000 new shares on 30 March 2016 and 62,496,000 new shares on 8 September 2016 respectively to support the successful transformation, with an aggregate of approximately HK\$257,901,000 of net proceeds raised, which was mainly used for the investment, construction and operation of a photovoltaic plant located in Ningxia Hui Autonomous Region. The photovoltaic plant was put into operation successfully in the third quarter of 2016. The investment in the Photovoltaic Power Generation Business brought about substantial increase in the Group's profits for the year ended 31 December 2016. Our profits for the year ended 31 December 2016 rose 8.8 times to HK\$141,545,000 as compared with HK\$14,432,000 for the year ended 31 December 2015.

OPERATING ENVIRONMENT

On economic front, in view of the continued sluggish recovery and weakened growth momentum of the global economy in 2016, the development of China's external economic environment still perplexing, then affected the domestic economy and structural adjustment.

On environmental front, the Yale University in America issued the 2016 Report on Environmental Performance Index, which ranked 180 countries' performance on high-priority environmental issues in Environmental Performance Index (EPI) based on their scores in some indicators. One of the key indicators is air quality. According to such report, China ranked second to last in respect of air quality, and ranked the

各位股東，

本人代表中國寶豐(國際)有限公司(前稱為馬仕達國際控股有限公司)，(「本公司」)董事(「董事」)會(「董事會」)，欣然提呈本公司截至二零一六年十二月三十一日止財政年度之年報。

二零一六年對本公司及其附屬公司(合稱「本集團」)而言是重要的一年。二零一六年二月十九日為本集團全年發展的重要日子。峰騰企業有限公司(「峰騰」)於當日完成收購本公司75%股權，從而取得其管理控制權。於二零一六年五月十二日，本公司易名為中國寶豐(國際)有限公司。之前，本集團主要為一家生產及銷售移動式照明產品及家居飾品行業。自峰騰取得控制權後，本集團逐步開始其主營業務，即投資、建設及運營光伏發電項目(「光伏發電業務」)，同時仍維持經營移動式照明產品及家居飾品業務(「照明產品業務」)。

二零一六年也是本集團非常成功的一年。在新任管理層的領導下，本集團新增與現有主營業務整合順利，一舉扭轉了二零一五年盈利不斷下滑的趨勢。為成功轉型，本集團於回顧年內分別於二零一六年三月三十日及二零一六年九月八日配售25,200,000股及62,496,000股新股份，籌集所得款項淨額共計約257,901,000港元，主要用於投資、建設及營運位於寧夏回族自治區的光伏發電廠。光伏發電廠於二零一六年第三季度順利投產。光伏發電業務的投資顯著提升本集團於截至二零一六年十二月三十一日止年度期間之溢利。截至二零一六年十二月三十一日止年度之溢利較截至二零一五年十二月三十一日止年度的14,432,000港元上升8.8倍至141,545,000港元。

經營環境

經濟方面，二零一六年世界經濟仍延續疲弱復甦態勢及低速增長態勢，我國發展的外部經濟環境依然錯綜複雜，進而影響到國內經濟和結構調整。

環境方面，美國耶魯大學發布了《2016年環境績效指數報告》(2016 Report on Environmental Performance Index)。該報告主要通過測度指標得分，對全球將環境問題視為高級優先領域的180個國家表現進行了環境績效指數(EPI)排名。其中一項關鍵指標是空氣質量。根據該報告，中國空氣質量全球排名倒數第二；PM2.5全球倒數第一。中國的PM2.5超標嚴重，超標

CHAIRMAN'S STATEMENT

主席報告

last in respect of PM2.5. China has been severely affected by high concentration of PM2.5, with its footprint substantially covering all areas across the country. Consequently, it is a matter of great urgency to carry out environmental protection measures and reduce emissions in China. Currently, the haze pollution problem has seriously affected people's daily lives and compromised people's health. Efforts in promoting clean energy should be exerted without delay.

While in policy making, the 13th Five Year Plan for the Development of Electricity (《電力發展十三•五規劃》) was jointly issued by the National Development and Reform Commission and the National Energy Administration on 7 November 2016. It is targeted that the solar power generation capacity would be 110GW by 2020, among which, photovoltaic electricity would be more than 105GW. To maintain a steady growth in photovoltaic electricity every year premised on the "12th Five Year Plan" is expected to benefit the long-term and stable development of photovoltaic power generation industry.

FUTURE PROSPECTS

The photovoltaic power generation industry is expected to maintain a steady growth momentum in 2017. Due to the fact that air pollution problems have caused great concern, the PRC government would introduce a series of policies to encourage and support the development of renewable energies including photovoltaic electricity, in order to improve environmental protection, ease the haze pollution problem and stimulate economic development. In addition, technological innovation will continue to be the driving force of the renewable energy sector. Renewable energy investment has a huge potential of enhancement in capacity and profit, supported by the improvements in conversion efficiency of solar modules, equipment quality and stability as well as decreasing cost.

In the coming new year, the Group, while stepping up its investment in the newly-built photovoltaic power generation facilities, will further strengthen its internal control and risks management, improve the work safety in our power plant and attach much importance to technological innovation and scientific management, with a view to enhance corporate vitality, financial performance, as well as the Group's profitability by further optimizing its systems, processes and other incentives. In terms of the Lighting Products Business, we will continue to strengthen our management and cost control with an effort to reverse or slow down the decreasing trend in profit.

With the collaborative efforts of our staff, we will continue to invest in clean energy projects in particular photovoltaic electricity projects. Based on the forgoing, we are confident that we will deliver better return for our Group. By putting in persistent efforts, we are expecting 2017 to be another rewarding year for the Group.

APPRECIATION

On behalf of the Board, I would like to express our gratitude to the hard work of our staff, and the support of the Group from all our shareholders and stakeholders.

Dang Yanbao
Chairman

29 March 2017

範圍已基本覆蓋全國絕大部分地區。因此，採取環保措施及降低排放在我國已經勢在必行。如今的霧霾天氣已經嚴重影響了人們的日常生活，危害了人們的身體健康。大力推廣清潔能源已經到了刻不容緩的地步。

政策方面，二零一六年十一月七日，國家發改委、國家能源局聯合發布《電力發展十三•五規劃》，設定到二零二零年太陽能發展目標在110GW以上，其中光伏發電達到105GW以上，維持「十二•五規劃」提出自上每年保持穩定的發展規模，預期將有利於光伏發電行業的長遠且穩定的發展。

未來前景

本集團預計，二零一七年光伏發電行業將繼續保持穩定增長的勢頭。由於空氣污染問題備受國家關注，中國政府為改善環境，防治霧霾，刺激經濟發展，將會繼續出臺一系列政策鼓勵和扶持可再生能源包括光伏發電的發展。此外，技術進步仍將是推動該行業持續發展的動力，太陽能組件的轉化效率將進一步提高，設備的質量和穩定性在不斷提高的同時，成本不斷下降，從而使該領域具有廣闊的產能及利潤空間。

新的一年，本集團將在加快投資新建光伏發電設施的同時，進一步加強內控及風險管理，提升電廠安全生產，重視技術革新和科學管理，通過進一步優化制度、流程、激勵措施等提升企業的活力和財務表現，提高集團盈利水平。在照明產品業務方面，我們將繼續加強管理，控制成本，力爭扭轉或減緩溢利下滑的趨勢。

在本集團全體員工的共同努力下，我們將繼續投資發展光伏發電等清潔能源項目，從而為集團創造更豐厚的利潤。我們相信，本集團在二零一七年會再接再厲，取得更好的成績。

致謝

本人謹代表董事會對員工的辛勤工作及全體股東及全體利益相關人士對本集團的支持致以衷心的感謝。

黨彥寶
主席

二零一七年三月二十九日

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論與分析

INDUSTRY OVERVIEW

Photovoltaic Power Generation Industry

The global photovoltaic power industry has experienced a robust growth in 2016 attributable to the growing awareness for environmental protection and the improved cost and production efficiency in solar power system. Being one of the top four major markets for global solar power installation in 2016, China is dedicated to establish a low-carbon energy infrastructure and to develop its clean energy industry. In 2016, China's cumulative photovoltaic power generation capacity has experienced rapid growth and new photovoltaic capacity of 34.54 gigawatt ("GW") was commissioned, representing approximately 128% growth compared to the installation of 15.13 GW of capacity in 2015. China's solar energy capacity is expected to continue to grow at a compound annual growth rate ("CAGR") of 16.9% from 2017 to 2021. It is believed that a favourable regulatory environment, advances in technology and the government support for environmental protection will continue to contribute to the growth of the photovoltaic power industry in China. Under the Strategic Plan of Energy Development (2014-2020) issued by the State Council in June 2014, China targets to install a cumulative photovoltaic power generation capacity of 100GW by 2020. In addition, the 13th Five Year Plan for the Development of Electricity was jointly issued by the National Development and Reform Commission ("NDRC") and the National Energy Administration ("NEA") on 7 November 2016. It is targeted that photovoltaic generation capacity would be more than 105GW by 2020. At the same time, local governments will also provide subsidies to photovoltaic power generation projects. The maturity of photovoltaic technology in China has led to a decrease in manufacturing cost and has contributed to the sustainable development of the whole photovoltaic power industry value chain. As photovoltaic technology is environment-friendly and pollution-free, it also contributes to China's drive to reduce carbon emissions.

Portable Lighting Products Industry

The development in the global portable lighting products industry appeared to be lackluster due to the increase in competition as well as manufacturing costs. The United States portable lighting market, the principal market of our Group's lighting products, has been highly saturated with numerous firms selling a diverse range of products manufactured both domestically and internationally. The manufacturing costs for lighting products have been high due to the growth in prices of raw materials and increased labour costs in the PRC.

行業回顧

光伏發電行業

隨著環保意識的不斷提升以及光伏發電系統成本及生產效益的不斷改善，二零一六年全球光伏發電行業增長強勁。作為二零一六年全球光伏發電裝機的四大大市場之一，中國致力於建設低碳能源基礎設施，發展清潔能源產業。二零一六年，中國光伏發電累計裝機容量突飛猛進，其中新增裝機容量為34.54吉瓦特(「吉瓦」)，較二零一五年裝機容量15.13吉瓦增長約128%。二零一七年至二零二一年，中國光伏發電裝機容量預期將按複合年增長率(「CAGR」)16.9%繼續增長。有利的監管環境、技術發展及政府對環保的支持勢必持續推動中國光伏發電行業的增長。根據國務院於二零一四年六月發佈的能源發展戰略行動計劃(2014-2020)，中國計劃於二零二零年達致光伏發電累計裝機容量100吉瓦的目標。此外，國家發展和改革委員會(「發改委」)及國家能源局(「能源局」)於二零一六年十一月七日聯合發佈電力發展「十三五」規劃，設定至二零二零年光伏發電容量超過105吉瓦的目標。同時，地方政府將為光伏發電項目發放補貼。中國光伏技術的日趨成熟令致生產成本下降，亦促進整個光伏發電行業價值鏈的可持續發展。由於光伏技術的環保及無污染性質，其亦為中國致力減少碳排放作出貢獻。

移動式照明產品行業

受競爭加劇及生產成本增加的影響，全球移動式照明產品行業發展低迷。美國移動式照明市場(本集團照明產品的主要市場)高度飽和，許多公司競相出售各種各樣的國內外照明產品。在中國，原材料價格上漲及勞工成本增加導致照明產品生產成本居高不下。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論與分析

BUSINESS REVIEW

During the year under review, the core business of the Group has been integrated into two major segments, which are (i) photovoltaic power generation in the PRC (the "Photovoltaic Power Generation Business"); and (ii) the sales of lighting products including portable lighting products, shades for the lamps and furniture set and other home accessory products (the "Lighting Products Business").

Benefiting from the impressive development in the Photovoltaic Power Generation Business, the Group's operation delivered a strong improvement of its profitability during the year 2016. For the year ended 31 December 2016, the Group's revenue grew by approximately 57% to approximately HK\$611.1 million mainly attributable to the revenue contribution from the Photovoltaic Power Generation Business which commenced operation in the second half of 2016. Profit attributable to the owners of the Company increased by approximately 8.8 times to approximately HK\$141.5 million for the year ended 31 December 2016 mainly attributable to the profit contribution and high profit margin of the Photovoltaic Power Generation Business.

Photovoltaic Power Generation Business

During the year under review, the Group has made remarkable achievement in expanding its scope of operation into the clean energy sector of the PRC through strategic planning and organic development of its Photovoltaic Power Generation Business. Since the first half of 2016, the Group has participated in a photovoltaic project in Yinchuan City (the "Yinchuan Project"), Ningxia Hui Autonomous Region ("Ningxia") and built its photovoltaic power generation plant with facilities provided by Yinchuan Binhe New District Investment and Development (Group) Co., Ltd.* (銀川濱河新區投資發展(集團)有限公司), a state-controlled limited liability company in the PRC, through lease arrangement. On 30 June 2016, the Group obtained the approval for on-grid connection from Ningxia branch company of the State Grid Corporation of China in respect of the Yinchuan Project with a capacity of 390 megawatt ("MW") and the Group has commenced photovoltaic power generation since July 2016. As confirmed by the State Grid Corporation of China, for the six months ended 31 December 2016, the Group has generated an aggregate of 243.5 million kilowatt-hour ("kWh") power and the Photovoltaic Power Generation Business has become the Group's significant revenue stream, accounting for approximately 33% of the Group's total revenue for the year. With only six months' operation, the Photovoltaic Power Generation Business has already become the key growth driver of the Group's profit, contributing approximately 94% of the Group's total segment profit for the year.

* For identification purpose only

業務回顧

於回顧年度，本集團的核心業務整合為兩個主要分部，即(i)於中國從事光伏發電業務(「光伏發電業務」)；及(ii)銷售照明產品(包括移動式照明產品、燈罩以及傢具組合及其他家居飾品(「照明產品業務」))。

受益於光伏發電業務的顯著發展，二零一六年本集團營運於盈利方面錄得大幅改善。截至二零一六年十二月三十一日止年度，本集團的收益增長約57%至約611,100,000港元，主要由於光伏發電業務貢獻的收益所致。該業務於二零一六年下半年開始營業。截至二零一六年十二月三十一日止年度，本公司擁有人應佔溢利增長約8.8倍至約141,500,000港元，主要由於光伏發電業務的溢利貢獻及高利潤率所致。

光伏發電業務

於回顧年度，透過策略規劃及有機發展光伏發電業務，本集團在將業務範圍擴展至中國清潔能源領域取得了顯著成績。自二零一六年上半年以來，本集團參與了寧夏回族自治區(「寧夏」)銀川市的一個光伏項目(「銀川項目」)，並透過租賃安排由一家在中國設立的國有控股有限責任公司，銀川濱河新區投資發展(集團)有限公司提供設備，建立其光伏發電站。於二零一六年六月三十日，本集團就銀川項目取得國家電網公司寧夏分公司的併網批准，併網容量為390兆瓦特(「兆瓦」)，故本集團自二零一六年七月起開始光伏發電。經中國國家電網公司確認，截至二零一六年十二月三十一日止六個月，本集團共發電243,500,000千瓦時(「千瓦時」)，光伏發電業務成為本集團的重要收益來源，佔本集團年度總收益約33%。僅僅歷時六個月，光伏發電業務已躍升為本集團溢利的重要增長動力，貢獻本集團年度分部溢利總額的約94%。

* 僅供識別

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論與分析

The Group's revenue from photovoltaic power generation for the year ended 31 December 2016 was approximately HK\$198.6 million. The segment profit margin of photovoltaic power generation was approximately 79.0%. As the Group did not engage in the Photovoltaic Power Generation Business in the year ended 31 December 2015, no comparative figures for such period are available.

Lighting Products Business

During the year under review, the manufacture of lighting products supplied by the Group was outsourced to independent contract manufacturers in the PRC. With the continuing increase in costs of labour and raw materials in the PRC, the costs from the contract manufacturers for the Group's lighting products remained high. North America was the principal market of the Group's lighting products. Due to keen competition in such market, prices of the Group's products have traded at a low level. As a result, the profit and profit margin of the Group in this segment continued to drop in year 2016 although the Group recorded a mild growth in revenue from this segment. The Group's revenue from sales of lighting products for the year ended 31 December 2016 was approximately HK\$412.4 million (2015: HK\$389.7 million), contributing approximately 67% (2015: 100%) of the Group's total revenue. The segment profit margin of Lighting Products Business decreased to 2.5% for the year ended 31 December 2016 from 5.8% in previous year.

OUTLOOK AND PROSPECTS

Photovoltaic Power Generation Business

Driven by the PRC government's (the "PRC Government") dedication to establishing a low-carbon system, promoting the use of renewable energy and implementing a series of supportive policies, the solar energy industry in China has been developing rapidly in recent years. For 2016, the Group's Photovoltaic Power Generation Business delivered remarkable results by developing an installed capacity of approximately 390MW. The Directors remain positive and are full of confidence for the Group's Photovoltaic Power Generation Business in 2017.

With the PRC Government promoting the development of the solar energy industry through favorable initiatives, the Group believes the entire solar industry will continue to thrive. The NEA has launched the Frontrunner Program since 2015 with the aim to selecting highly efficient solar enterprises with cost and technology competitive advantages to deploy cutting-edge technologies in building solar projects in pilot provinces, facilitating the use of advanced solar products and enhancing the overall technology level of the solar industry. In the long run, this program will push forward technological advancement, facilitate healthy growth and accelerate improvement of the solar industry.

截至二零一六年十二月三十一日止年度，本集團來自光伏發電的收益約為198,600,000港元。光伏發電的分部利潤率約為79.0%。由於本集團於截至二零一五年十二月三十一日止年度並無從事光伏發電業務，故無法獲取該期間的比較數字。

照明產品業務

於回顧年度，本集團的照明產品生產外判予中國獨立合約製造商。隨著中國勞工及原材料成本的不斷上漲，本集團照明產品合約製造商的成本仍然居高不下。北美為本集團照明產品的主要市場。由於該等市場競爭激勵，本集團產品價格一直處於較低水平。因此，儘管二零一六年本集團於該分部的收益錄得輕微增長，但本集團於該分部的溢利及利潤率雙雙下降。截至二零一六年十二月三十一日止年度，本集團來自銷售照明產品的收益約為412,400,000港元(二零一五年：389,700,000港元)，佔本集團總收益約67%(二零一五年：100%)。照明產品業務的分部利潤率由去年的5.8%下降至截至二零一六年十二月三十一日止年度的2.5%。

前景及展望

光伏發電業務

在中國政府(「中國政府」)致力建設低碳系統、促進可再生能源利用及執行一系列扶持政策的推動下，中國光伏發電行業於近幾年來發展迅速。二零一六年，透過發展約390兆瓦的裝機容量，本集團的光伏發電業務錄得出色業績。董事對二零一七年本集團光伏發電業務的前景仍然樂觀及充滿信心。

隨著中國政府出台優惠措施促進光伏發電行業的發展，本集團相信整個光伏行業將會繼續蓬勃發展。能源局自二零一五年以來推出領跑者計劃，旨在物色具有成本及技術競爭優勢的高效光伏企業，於試點省份光伏項目建設中部署尖端技術，促進先進光伏產品的使用及提升光伏行業的整體技術水平。長久以往，該計劃將推動光伏行業技術提升、促進該行業健康增長及加速發展。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論與分析

In accordance with the implementation of national poverty alleviation strategies, the NDRC and NEA jointly announced the opinions on the Implementation of Solar Poverty Alleviation Program (the "Opinion") in March 2016, which stated that solar energy was suitable for deploying in household, village and larger scale centralised power plants, considering it is clean, environmental friendly, technologically reliable and able to generate stable revenue. Pursuing solar poverty alleviation programs in areas with more bountiful solar resources is believed to conform to the strategies of poverty alleviation and development of clean and low-carbon energy, while favorable for growth of solar energy industry and raise the income of poor households and accordingly, the application of photovoltaic power generation in poverty alleviation will be supported by the PRC Government. Ningxia is one of the core districts for the implementation of photovoltaic poverty alleviation policies as captured by the Opinion.

In 2017, being an emerging solar energy industry player, the Group will continue to leverage the knowledge and experiences of its management to evaluate and seek for appropriate opportunities for the further expansion of the Group's established Photovoltaic Power Generation Business and identify opportunities with reasonable returns in the solar power industry. Standing firmly on the success of the Yinchuan Project, the Group intends to focus on and further direct resources to develop of its Photovoltaic Power Generation Business in accordance with the national policies. The Group will continue to look for opportunities to further strengthen its capabilities and expertise in this segment, including but not limited to participation in the poverty alleviation program and other national or regional photovoltaic programs to achieve sustainable development of its Photovoltaic Power Generation Business. The Directors believe that Photovoltaic Power Generation Business will continue to be the Group's main growth driver, and the strategic development of the Photovoltaic Power Generation Business is for the benefit of the shareholders as a whole.

Lighting Products Business

The Group's lighting products segment recorded a significant downturn in profitability in the recent years and it is expected that the Lighting Products Business of the Group will continue to be negatively affected by the keen competition in its principal markets and rising costs of labour and raw materials. Accordingly in the coming year, the Group will use its best endeavor to implement stringent cost control measures so as to improve profit margin of its Lighting Products Business. With a view to achieve better return to the shareholders, the Group would integrate its resources strategically and may place less importance on the Lighting Products Business going forward.

根據國家扶貧策略的實施，發改委與能源局於二零一六年三月聯合發佈關於實施光伏發電扶貧工作的意見（「意見」）。意見表明，光伏發電清潔環保，技術可靠，收益穩定，既適合建設戶用和村級小電站，也適合建設較大規模的集中式電站。在光照資源條件較好的地區因地制宜開展光伏扶貧，既符合精準扶貧、精準脫貧戰略，又符合國家清潔低碳能源發展戰略；既有利於擴大光伏發電市場，又有利於促進貧困人口穩收增收，因此，中國政府將大力支持利用光伏發電扶貧。根據意見所載，寧夏為實施光伏扶貧政策的核心地區之一。

二零一七年，作為光伏發電行業的後起之秀，本集團將憑藉其管理層知識及經驗，繼續評估及物色適當機會進一步擴闊本集團的既有光伏發電業務，亦尋求光伏行業具有合理回報的契機。建基於銀川項目的成功經驗，本集團擬根據國家政策專注及進一步分配資源至其光伏發電業務發展。本集團將繼續物色機會，進一步鞏固該分部的實力及專業技能，包括但不限於參與扶貧項目及其他國家和地區光伏項目，實現其光伏發電業務的持續發展。董事認為光伏發電業務將繼續充當本集團的主要增長動力，光伏發電業務的策略發展符合股東的整體利益。

照明產品業務

近幾年來，本集團照明產品業務的盈利大幅下滑，且預期本集團照明產品業務將繼續受到主要市場競爭加劇以及勞工和原材料成本上漲的不利影響。因此，於接下來的一年，本集團將盡最大努力執行嚴格的成本控制措施，以改善其照明產品業務的利潤率。為了給股東帶來更佳回報，本集團將進行策略性資源整合，未來有可能減少對照明產品業務的關注。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論與分析

FINANCIAL REVIEW

Segment Information

The Group reported its financial information by two segments: (i) photovoltaic power generation in the PRC and (ii) sales of lighting products including portable lighting products, shades for the lamps and furniture sets and other home accessory products. The table below is an analysis of the Group's revenue, segment profit and segment profit margin of its operation by segment for the years ended 31 December 2015 and 2016:

財務回顧

分部資料

本集團按兩個分部報告其財務資料：(i)於中國的光伏發電及(ii)銷售照明產品，包括移動式照明產品、燈罩及傢具組合及其他家居飾品。截至二零一五年及二零一六年十二月三十一日止年度，本集團按分部劃分的其經營收益、分部收益及分部收益率的分析列表如下：

	For the year ended 31 December 截至十二月三十一日止年度							
	2016 二零一六年				2015 二零一五年			
	Revenue 收益 HK\$'000 千港元	% of Revenue 佔收益 百分比	Segment Profit 分部 溢利 HK\$'000 千港元	Segment Profit Margin 分部 利潤率 (%) (%)	Revenue 收益 HK\$'000 千港元	% of Revenue 佔收益 百分比	Segment Profit 分部 溢利 HK\$'000 千港元	Segment Profit Margin 分部 利潤率 (%) (%)
Photovoltaic power generation 光伏發電	198,635	33	156,928	79.0	-	-	-	-
Sales of lighting products 銷售照明產品	412,422	67	10,406	2.5	389,740	100	22,721	5.8
Total 總計	611,057	100	167,334	27.4	389,740	100	22,721	5.8

Revenue

During the year ended 31 December 2016, revenue of the Group was derived from photovoltaic power generation and sales of lighting products amounting to approximately HK\$611.1 million, representing an increase of approximately 57% from approximately HK\$389.7 million for the year ended 31 December 2015. The significant increase in revenue was mainly attributable to the commencement of the Photovoltaic Power Generation Business in the second half of the year ended 31 December 2016, which contributed approximately HK\$198.6 million or 33% to the Group's revenue for the year.

收益

截至二零一六年十二月三十一日止年度，本集團收益來自於光伏發電及銷售照明產品，約為611,100,000港元，較截至二零一五年十二月三十一日止年度的約389,700,000港元增加約57%。收益大幅增加乃主要由於截至二零一六年十二月三十一日止年度下半年開始經營光伏發電業務所致，年內為本集團收益貢獻約198,600,000港元或33%。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論與分析

Gross profit and gross profit margin

During the year ended 31 December 2016, the gross profit of the Group increased by approximately 183% from approximately HK\$77.2 million for the year ended 31 December 2015 to approximately HK\$218.4 million. The gross profit margin of the Group improved from approximately 19.8% for the year ended 31 December 2015 to approximately 35.7% for the year ended 31 December 2016. The significant increase in gross profit and gross profit margin of the Group for the year was attributable to contribution of the Photovoltaic Power Generation Business and the gross profit margin of which was higher compared with the Lighting Products Business.

Operating costs

During the year ended 31 December 2016, the total operating costs increased to approximately HK\$85.9 million, representing an increase of approximately 48% from HK\$58.2 million for the year ended 31 December 2015. The increase in operating costs was primarily due to operating expenses in developing the Photovoltaic Power Generation Business.

Finance costs

The Group recorded finance costs amounting to approximately HK\$2.7 million for the year ended 31 December 2016 (2015: nil). The Group incurred such finance costs during the year mainly due to the drawdown of bank loans, the proceeds of which were primarily used to support the development of the Photovoltaic Power Generation Business.

Profit attributable to owners of the Company

Profit attributable to owners of the Company was approximately HK\$141.5 million for the year ended 31 December 2016, significantly increased by 8.8 times from approximately HK\$14.4 million profit for the year ended 31 December 2015. The Group's net profit margin rose from 3.7% for the year ended 31 December 2015 to 23.2% for the year ended 31 December 2016. Earnings per share increased significantly from HK3.01 cents per share for the year ended 31 December 2015 to HK27.29 cents per share for the year ended 31 December 2016.

LIQUIDITY AND FINANCIAL RESOURCES

The Group was in a good financial position during the year ended 31 December 2016. As at 31 December 2016, cash and cash equivalents of the Group were approximately HK\$316.3 million, representing an increase of 14.8 times from approximately HK\$20.0 million as at 31 December 2015. This was mainly due to the fund raised from share placings and drawdown of short-term bank borrowings during the year.

毛利及毛利率

截至二零一六年十二月三十一日止年度，本集團的毛利由截至二零一五年十二月三十一日止年度的約77,200,000港元增加約183%至約218,400,000港元。本集團毛利率由截至二零一五年十二月三十一日止年度的約19.8%增加至截至二零一六年十二月三十一日止年度的約35.7%。本年度本集團毛利及毛利率大幅增加乃由於光伏發電業務的貢獻所致及該業務的年利率高於照明產品業務的毛利率。

經營成本

截至二零一六年十二月三十一日止年度，總經營成本增加至約85,900,000港元，較截至二零一五年十二月三十一日止年度的58,200,000港元增加約48%。經營成本增加乃主要由於發展光伏發電業務的經營開支所致。

財務費用

截至二零一六年十二月三十一日止年度，本集團錄得財務費用約2,700,000港元(二零一五年：無)。本集團年內產生有關財務費用乃主要由於動用銀行貸款所致。有關所得款項主要用於支持光伏發電業務的發展。

本公司擁有人應佔溢利

截至二零一六年十二月三十一日止年度，本公司擁有人應佔溢利約為141,500,000港元，較截至二零一五年十二月三十一日止年度的溢利約14,400,000港元大幅增加8.8倍。本集團純利率由截至二零一五年十二月三十一日止年度的3.7%升至截至二零一六年十二月三十一日止年度的23.2%。每股盈利由截至二零一五年十二月三十一日止年度的每股3.01港仙大幅增至截至二零一六年十二月三十一日止年度的每股27.29港仙。

流動資金及財務資源

截至二零一六年十二月三十一日止年度，本集團財務狀況良好。於二零一六年十二月三十一日，本集團現金及現金等值物約為316,300,000港元，較於二零一五年十二月三十一日的20,000,000港元增加14.8倍。這主要由於年內股份配售籌集資金及動用短期銀行借款所致。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論與分析

For the year ended 31 December 2016, the Group's primary sources of funding included cash generated from its operating activities, equity financing activities and bank borrowings.

As at 31 December 2016, the Group had total bank borrowing of HK\$250 million (2015: Nil). The Group's current ratio (current asset divided by current liabilities) was 2.2 times as at 31 December 2016, which was comparable to 2.4 times as at 31 December 2015. Considering the Group's current level of cash and bank balances and expected improvement in cash inflow from operation, the Board is confident that the Group will have sufficient resources to meet its financial needs for its current operations. Since photovoltaic projects require substantial capital investments for developing and constructing photovoltaic power plants at initial state, the Group may require new funding in case of developing new business opportunities.

DIVIDEND

The Board has resolved not to recommend any final dividend for the year ended 31 December 2016.

CAPITAL STRUCTURE

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior years.

The capital structure of the Group consists of net debt, which include the bank borrowing, net of cash and cash equivalents and equity attributable to owners of the Group, comprising issued capital and reserves. Gearing ratio is not presented as our Group had net cash (in excess of debt) as at 31 December 2016.

As at 31 December 2016, the interest-bearing bank borrowing of the Group that will become due within a year was HK\$250.0 million (2015: nil).

As at 31 December 2016, the Group's cash and cash equivalents were mainly held in Renminbi, US dollars and HK dollars.

The Directors review the capital structure regularly, taking into account the cost of capital and the associated risks. Based on recommendations of the management of the Group, the Group will balance its overall capital structure accordingly.

截至二零一六年十二月三十一日止年度，本集團的主要資金來源包括其經營活動所得現金、股權融資活動及銀行借款。

於二零一六年十二月三十一日，本集團的總銀行借款為250,000,000港元(二零一五年：無)。本集團的流動比率(即流動資產除以流動負債)於二零一六年十二月三十一日為2.2倍，與二零一五年十二月三十一日的2.4倍相當。考慮到本集團現金及銀行結餘的現有水平，以及經營所得現金流入預期會有所改善，董事會深信，本集團將會擁有充裕資源滿足其現有經營業務的財政需求。由於光伏項目於初期階段需要大量資金投入用於發展及建設光伏發電場，故如要發展新業務，本集團可能需拓展新的融資途徑。

股息

董事會議決不建議派發截至二零一六年十二月三十一日止年度之任何末期股息。

資本架構

本集團管理其資本，旨在透過在債務與權益間作出最佳平衡，確保本集團的實體可持續經營，亦為股東締造最大回報。本集團的整體策略與往年維持不變。

本集團的資本架構包括本集團的債務淨額(包括銀行借款、扣除現金及現金等值物)及本集團擁有人應佔權益(包括已發行股本及儲備)。由於於二零一六年十二月三十一日，本集團有現金淨額(超逾債務)，故並無呈列資本負債比率。

於二零一六年十二月三十一日，將於一年內到期的本集團計息銀行借款為250,000,000港元(二零一五年：無)。

於二零一六年十二月三十一日，本集團的現金及現金等值物主要以人民幣、美元及港元持有。

董事定期檢討資本結構，考慮資本成本及資本相關風險。本集團會根據管理層的建議以平衡其整體資本結構。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論與分析

CONTINGENT LIABILITIES

As at 31 December 2016, the Group did not have any significant contingent liabilities.

SIGNIFICANT INVESTMENTS

The Group has commenced the development of the Yinchuan Project. Save as disclosed herein, the Group did not have any other significant investments as at 31 December 2016.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

In view of the positive development of the Photovoltaic Power Generation Business of the Group, the Group may from time to time consider appropriate opportunities for expansion of its photovoltaic power generation capacity through participation in or acquisition of new projects. Save as disclosed herein, there was no specific plan for material investments or capital assets as at 31 December 2016. In the event that the Group is engaged in any plan for material investments or capital assets, the Company will make announcement(s) and comply with relevant Listing Rules as and when appropriate.

MATERIAL ACQUISITIONS OR DISPOSALS

During the year ended 31 December 2016, there was no material acquisition or disposal of subsidiaries and associated companies by the Group.

CHARGES ON ASSETS

As at 31 December 2016, the Group has a general banking facility of HK\$5,000,000 (2015: HK\$5,000,000) which is secured by the Group's land and building with carrying amount of approximately HK\$844,000 (2015: HK\$920,000).

FOREIGN EXCHANGE EXPOSURE

During the year ended 31 December 2016, a significant part of the revenue of the Group was denominated in Renminbi while the Group has transactions invoiced in US dollars and bank loans drawn down in HK dollars, and accordingly the Group was exposed to foreign exchange risk.

Save as disclosed herein, the amounts of other foreign currencies involved in the Group's operation for the year ended 31 December 2016 are insignificant. Our Group did not have a foreign currency hedging policy during the year ended 31 December 2016. However, the management monitored foreign exchange exposure closely to keep the net exposure to an acceptable level.

或有負債

於二零一六年十二月三十一日，本集團並無任何重大或有負債。

重大投資

本集團已開始發展銀川項目。除本報告所披露者外，本集團於二零一六年十二月三十一日並無任何其他重大投資。

重大投資或資本資產的未來計劃

鑒於本集團光伏發電業務發展勢頭積極，本集團可透過參與或收購新項目，不時物色良機拓展其光伏發電容量。除本報告所披露者外，於二零一六年十二月三十一日並無重大投資或資本資產的具體計劃。倘本集團參與任何重大投資或資本資產計劃，本公司將適時遵照有關上市規則刊發公告。

重大收購或出售

截至二零一六年十二月三十一日止年度內，本集團並無有關附屬公司及聯營公司的重大收購或出售。

抵押資產

於二零一六年十二月三十一日，本集團有一般銀行信貸融資額5,000,000港元(二零一五年：5,000,000港元)，乃由本集團的土地及樓宇作抵押，其賬面值約為844,000港元(二零一五年：920,000港元)。

外匯風險

截至二零一六年十二月三十一日止年度內，本集團絕大部分收益以人民幣計值，然而本集團有以美元出具發票的交易及以港元提取的銀行貸款，故本集團須承受外匯風險。

除本報告所披露者外，於截至二零一六年十二月三十一日止年度，本集團業務所涉及的其他外幣金額甚小。於截至二零一六年十二月三十一日止年度，本集團並無外幣對沖政策。然而，管理層密切監察外匯風險以將淨風險維持在可接受水平。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論與分析

CAPITAL COMMITMENT

As at 31 December 2016, the Group has capital commitment of approximately HK\$58.8 million in respect of the acquisition of property, plant and equipment contracted but not provided for.

GROUP'S EMOLUMENT POLICY

The Directors' fees are subject to shareholders' approval at general meetings. Other emoluments, if any, are determined by the Board with reference to the Directors' duties, responsibilities and performance and the results of the Group. Each Director may also receive a year-end bonus in respect of each financial year. The amount of such bonus will be determined by the remuneration committee of the Board.

As at 31 December 2016, the Group employed a total of nine Directors and 189 employees. Total staff costs, including Directors' emoluments, amounted to approximately HK\$43.3 million for the year ended 31 December 2016 (2015: HK\$33.5 million). The Group's remuneration policies were determined with reference to the performance, qualification and experience of individual employee, as well as the results of the Group and the market conditions. The Group provided discretionary bonus, medical insurance and provident fund. The Company adopted a share option scheme on 21 June 2012, under which the Company can grant options to, among others, employees of the Group to subscribe for shares of the Company with a view to rewarding them for their contributions to the Group and giving incentives to them for optimising their future contributions to the Group. Up to the date of this report, no share option has been granted under such share option scheme.

資本承擔

於二零一六年十二月三十一日，本集團就收購物業、廠房及設備之已訂約但未撥備資本承擔約為58,800,000港元。

本集團的薪酬政策

董事袍金須待股東於股東大會上批准後，方可作實。其他薪酬(如有)由董事會參照各董事的職務、責任及表現和本集團的業績而釐定。各董事亦可能就每個財政年度獲得年終花紅。該等花紅的金額將由董事會的薪酬委員會釐定。

於二零一六年十二月三十一日，本集團擁有合共9名董事及189名員工。截至二零一六年十二月三十一日止年度，總僱員開支(包括董事酬金)約為43,300,000港元(二零一五年：33,500,000港元)。本集團的薪酬政策是按照個人表現、資歷及經驗，以及本集團業績及市場環境而釐定。本集團提供酌情花紅、醫療保險及公積金。本公司於二零一二年六月二十一日採納購股權計劃，據此，本公司可授出購股權予(其中包括)本集團僱員以認購本公司股份，以此獎勵他們對本集團所作出的貢獻並給予獎勵，為優化本集團的未來貢獻。截至本報告日期，概無根據該購股權計劃授出任何購股權。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論與分析

USE OF PROCEEDS

The Company conducted several fund raising activities during the year ended 31 December 2016, details of which are listed below:

所得款項用途

截至二零一六年十二月三十一日止年度內，本公司曾進行多項集資活動，其詳情列表如下：

Date of Completion 完成日期	Event and net proceeds raised 事項及所籌得款項淨額	Actual use of proceeds 所得款項實際用途
30 March 2016 二零一六年三月三十日	Placing of 25,200,000 ordinary shares under general mandate at the placing price of HK\$2.41 per placing share pursuant to the placing agreement dated 17 March 2016, the aggregate net proceeds raised was approximately HK\$60.0 million. (Note 1) 根據日期為二零一六年三月十七日的配售協議，根據一般授權按配售價每股配售股份2.41港元配售25,200,000股普通股，所籌得款項淨額合共為約60,000,000港元。(附註1)	(i) as to 80%, i.e. approximately HK\$48.0 million, to finance the construction and operation of the Yinchuan Project; and 其中80%，即約48,000,000港元，用於撥付銀川項目的建設及營運；及 (ii) as to 20%, i.e. approximately HK\$12.0 million, as general working capital for the existing operation of the Group including Hong Kong headquarter. 其中20%，即約12,000,000港元，作為本集團現有業務（包括香港總部）的一般營運資金。
8 September 2016 二零一六年九月八日	Placing of 62,496,000 ordinary shares under general mandate at the placing price of HK\$3.20 per placing share pursuant to the placing agreement dated 22 August 2016, the aggregate net proceeds raised was approximately HK\$197.9 million. (Note 2) 根據日期為二零一六年八月二十二日的配售協議，根據一般授權按配售價每股配售股份3.20港元配售62,496,000股普通股，所籌得款項淨額合共為約197,900,000港元。(附註2)	(i) as to 90%, i.e. approximately HK\$178.1 million to finance the construction and operation of the Yinchuan Project; and 其中90%，即約178,100,000港元用於撥付銀川項目的建設及營運；及 (ii) as to 10%, i.e. approximately HK\$19.8 million, intended to use as the general working capital for existing operation of the Group including Hong Kong headquarter, of which approximately HK\$7.4 million was unutilised as of 31 December 2016. 其中10%，即約19,800,000港元，擬用作本集團現有業務（包括香港總部）的一般營運資金，其中截至二零一六年十二月三十一日未動用金額約7,400,000港元。

Notes:

- On 17 March 2016, the Company and GF Securities (Hong Kong) Brokerage Limited (as the placing agent) entered into a placing agreement for the placing of ordinary shares of the Company (the "March Placing"). For details of the March Placing, please refer to the announcements of the Company dated 17 March 2016 and 21 March 2016.
- On 22 August 2016, the Company and Haitong International Securities Company Limited (as the placing agent) entered into a placing agreement for the placing of ordinary shares of the Company ("August Placing"). For details of the August Placing, please refer to the announcements of the Company dated 22 August 2016, 5 September 2016 and 8 September 2016.

附註：

- 於二零一六年三月十七日，本公司與廣發證券（香港）經紀有限公司（作為配售代理）訂立配售協議，以配售本公司的普通股（「三月配售事項」）。有關三月配售事項之詳情請參閱本公司日期為二零一六年三月十七日及二零一六年三月二十一日之公告。
- 於二零一六年八月二十二日，本公司與海通國際證券有限公司（作為配售代理）訂立配售協議，以配售本公司的普通股（「八月配售事項」）。有關八月配售事項之詳情請參閱本公司日期為二零一六年八月二十二日、二零一六年九月五日及二零一六年九月八日之公告。

MANAGEMENT DISCUSSION AND ANALYSIS

管理層討論與分析

PLEDGE OF SHARES BY CONTROLLING SHAREHOLDER

On 23 December 2016, Fung Teng, a company wholly-owned by Mr. Dang Yanbao, the Chairman, executive Director and a controlling shareholder of the Company, has pledged 252,600,000 ordinary shares in the issued share capital of the Company (the "Pledged Shares") in favour of Bank of Shanghai (Hong Kong) Limited (the "Lender") as a security for a revolving credit facility up to a maximum aggregate amount of HKD250,000,000 provided to the Company, by the Lender. The Pledged Shares represented in aggregate approximately 44.50% of the issued share capital of the Company as at 23 December 2016. As at 23 December 2016, Fung Teng was interested in 360,000,000 shares of the Company, representing approximately 63.41% of the issued share capital of the Company.

控股股東質押股份

於二零一六年十二月二十三日，本公司主席、執行董事兼控股股東黨彥寶先生全資擁有之公司峰騰以上海銀行(香港)有限公司(「貸方」)為受益人質押本公司已發行股本中252,600,000股普通股(「質押股份」)，作為貸方向本公司提供總額至最多250,000,000港元之循環信貸融資之擔保。於二零一六年十二月二十三日，質押股份共佔本公司已發行股本約44.50%。於二零一六年十二月二十三日，峰騰於本公司360,000,000股股份(佔本公司已發行股本約63.41%)中擁有權益。

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

董事及高級管理層履歷詳情

EXECUTIVE DIRECTORS

Mr. Dang Yanbao (黨彥寶), aged 44, is currently the Chairman of the Company and the chairman of the Nomination Committee. He is an experienced Chinese businessman and currently the chairman of the board of directors of Ningxia Baofeng Energy Group Co., Ltd.* (寧夏寶豐能源集團股份有限公司). The subsidiaries of Ningxia Baofeng Energy Group Co., Ltd.* (寧夏寶豐能源集團股份有限公司) include a number of companies engaged in the coal and energy sector, such as Inner Mongolia Zhongbao Energy Co., Ltd.* (內蒙古中寶能源有限公司), Ningxia Baofeng Energy Catalytic Co., Ltd.* (寧夏寶豐能源催化有限公司) and Ningxia Baofeng Group Hongsi Coal Mining Co., Ltd.* (寧夏寶豐集團紅四煤業有限公司). Mr. Dang graduated at Ningxia University in July 1996 and was awarded an Executive Master's degree in Business Administration from Peking University in July 2007. Mr. Dang holds several public offices in China, including committee member of the 12th Chinese People's Political Consultative Conference, a representative at the 11th People's Congress of Ningxia Hui Autonomous Region, and counselor for the People's Government of Ningxia Hui Autonomous Region. Mr. Dang was appointed as executive Director of the Company with effect from 30 January 2016 and as the Chairman of the Board with effect from 19 February 2016.

Mr. Dang Yanbao is the sole shareholder of Fung Teng which in turn is interested in 360,000,000 Shares (representing approximately 63.41% of the total issued share capital of the Company). Mr. Dang is also the sole director of Fung Teng.

Mr. Dang Yanbao is the uncle of Mr. Dang Zidong, an executive Director and the chief executive officer of the Company.

Mr. Dang Zidong (黨自東), aged 27, is currently the chief executive officer of the Company. He is also a director of subsidiaries of the Group namely Jing Pai Management LTD.* (京柏管理有限公司), Stand Nice Limited and Honest Joy International Limited). He graduated from Beijing Geely University (北京吉利大學) in 2012 with a degree in industry and business administration. He was the general manager of Ningxia Huixin Microfinance Co., Ltd.* (寧夏匯信小額貸款有限公司) before joining the Group. Mr. Dang Zidong was previously responsible for sales in Ningxia Baofeng Energy Group Co., Ltd.* (寧夏寶豐能源集團股份有限公司) and had held the position of manager of marketing and planning department in Huifengxiang Commercial Holdings Co., Ltd.* (滙豐祥商業控股有限公司). He was appointed as executive Director and the chief executive officer of the Company with effect from 19 February 2016.

Mr. Dang Zidong is the nephew of Mr. Dang Yanbao, the Chairman and executive Director of the Company. Mr. Dang Yanbao is the sole shareholder and sole director of Fung Teng, the controlling shareholder of the Company, which is interested in 360,000,000 Shares (representing approximately 63.41% of the total issued share capital of the Company).

* For identification purpose only

執行董事

黨彥寶先生，44歲，現任本公司主席兼提名委員會主席。彼為資深的中國商人，現為寧夏寶豐能源集團股份有限公司之董事會主席。寧夏寶豐能源集團股份有限公司的附屬公司包括多間從事煤炭及能源界別之公司，譬如內蒙古中寶能源有限公司、寧夏寶豐能源催化有限公司及寧夏寶豐集團紅四煤業有限公司。黨先生於一九九六年七月在寧夏大學畢業，並於二零零七年七月在北京大學畢業，獲頒授高級管理人員工商管理碩士學位。黨先生於中國擔任多項公職，包括中國人民政治協商會議第十二屆全國委員會委員，寧夏回族自治區第十一屆人民代表大會代表，及寧夏回族自治州人民政府參事。黨先生自二零一六年一月三十日起獲委任為本公司執行董事，並自二零一六年二月十九日起獲委任為董事會主席。

黨彥寶先生為峰騰之唯一股東，該公司擁有360,000,000股股份(佔本公司全部已發行股本約63.41%)之權益。黨先生亦為峰騰之唯一董事。

黨彥寶先生為本公司執行董事兼行政總裁黨自東先生之叔父。

黨自東先生，27歲，現任本公司行政總裁。彼亦為本集團附屬公司京柏管理有限公司、添立有限公司以及誠悅國際有限公司之董事。彼於二零一二年畢業於北京吉利大學，持有工商企業管理學位。彼於加入本集團前曾擔任寧夏匯信小額貸款有限公司總經理。黨自東先生曾在寧夏寶豐能源集團股份有限公司負責銷售工作，及在滙豐祥商業控股有限公司擔任行銷策劃部經理。彼自二零一六年二月十九日起獲委任為本公司執行董事兼行政總裁。

黨自東先生為本公司主席兼執行董事黨彥寶先生之侄兒。黨彥寶先生為本公司控股股東峰騰之唯一股東及唯一董事，該公司擁有360,000,000股股份(佔本公司全部已發行股本約63.41%)之權益。

* 僅供識別

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT 董事及高級管理層履歷詳情

Mr. Liu Yuanguan (劉元管), aged 50, is currently the chief executive officer of Ningxia Baofeng Energy Group Co., Ltd.* (寧夏寶豐能源集團股份有限公司). He is also a director of subsidiaries of the Group namely Shenzhen Qianhai Baofeng New Energy Development Co., Ltd.* (深圳前海寶豐新能源發展有限公司), and Ningxia Baofeng Photovoltaic Power Generation Company Limited* (寧夏寶豐光伏發電有限公司). He is a veteran in the coal mining, energy and chemical industry with more than 29 years of experience. Mr. Liu holds the title of senior engineer and has a master's degree from Xi'an University of Science and Technology awarded in July 2005 and a bachelor degree from China University of Mining and Technology (formerly known as China Institute of Mining and Technology) awarded in July 1987. He was appointed as executive Director of the Company with effect from 30 January 2016.

Mr. Gao Jianjun (高建軍), aged 42, is currently the vice president of Ningxia Baofeng Energy Group Co., Ltd.* (寧夏寶豐能源集團股份有限公司). Mr. Gao has over 21 years of experience in the coal mining, crude oil and energy industry. Mr. Gao graduated at Yan'an University in chemical engineering technology in July 2013, and holds the title of engineer. He was appointed as executive Director of the Company with effect from 30 January 2016.

NON-EXECUTIVE DIRECTORS

Mr. Cheng Hoo (鄭豪), aged 55, obtained a Bachelor of Laws degree from the University of Hong Kong in 1987. He was admitted as a solicitor in Hong Kong in 1990 and in England and Wales in 1995. Mr. Cheng has over 26 years' experience in the practice of law. He is a co-founder and senior partner of Nixon Peabody CWL. He was appointed as non-executive Director of the Company with effect from 19 February 2016.

Mr. Chung Kin Shun, Jimmy (鍾建舜), aged 47, is an investment banker with over 21 years of corporate finance experience in Hong Kong. He worked in various financial institutions in the past and was responsible for handling corporate finance transactions, including initial public offering and mergers and acquisitions activities. He graduated from the University of London with a Bachelor of Science degree in August 1992. He was appointed as non-executive Director of the Company with effect from 26 September 2016.

劉元管先生，50歲，現為寧夏寶豐能源集團股份有限公司之行政總裁。彼亦為本集團附屬公司深圳前海寶豐新能源發展有限公司及寧夏寶豐光伏發電有限公司之董事。彼為煤炭開採、能源和化工行業之資深人員，擁有超過29年經驗。劉先生擁有高級工程師銜以及於二零零五年七月獲西安理工大學頒授碩士學位及於一九八七年七月獲中國礦業大學(前稱中國礦業學院)頒授學士學位。彼自二零一六年一月三十日起獲委任為本公司執行董事。

高建軍先生，42歲，現為寧夏寶豐能源集團股份有限公司之副總裁。高先生擁有逾21年的煤炭開採、石油和能源行業經驗。高先生於二零一三年七月在延安大學修畢化工工藝專業並擁有工程師銜。彼自二零一六年一月三十日起獲委任為本公司執行董事。

非執行董事

鄭豪先生，55歲，於一九八七年獲香港大學法學士學位，並分別於一九九零年及一九九五年在香港及英格蘭與威爾士取得律師資格。鄭先生擁有逾26年法律實務經驗，為尼克松•鄭黃林律師行的聯合創辦人及高級合夥人。彼自二零一六年二月十九日起獲委任為本公司非執行董事。

鍾建舜先生，47歲，為投資銀行家，擁有逾21年的香港企業融資經驗。彼曾任職於多間金融機構，負責處理機構融資交易，包括首次公開發售及併購活動。彼於一九九二年八月在倫敦大學畢業，獲理學士學位。彼自二零一六年九月二十六日起獲委任為本公司非執行董事。

* For identification purpose only

* 僅供識別

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT 董事及高級管理層履歷詳情

INDEPENDENT NON-EXECUTIVE DIRECTORS

Dr. Tyen Kan Hee, Anthony (田耕熹), aged 61, is currently the chairman of the Audit Committee, and a member of each of the Remuneration Committee and the Nomination Committee. He has nearly 40 years' experience in accounting, auditing and consultancy practice. In 1977, He joined Price Waterhouse, and then joined Klynveld Main Goerdeler and Morgan Bank. He founded his own accounting and consulting firm in 1985. His firm then merged with Hong Kong Grant Thornton in 1990 and was responsible for the development of the firm's business in the PRC thereafter and stationed in Beijing for seven years since then. From 2001 to 2003, he worked in a local bank and participated in the bank's mergers and acquisitions business. Since 2003, he has been working at his own accounting and consulting firm and provided professional services for local and international companies.

Dr. Tyen Kan Hee, Anthony holds a doctorate degree in Philosophy and a master degree in Business Administration, both from the Chinese University of Hong Kong. He is an associate member of the Hong Kong Institute of Certified Public Accountants, a fellow member of the Association of Chartered Certified Accountants and a member of the Chinese Institute of Certified Public Accountants. He was appointed as independent non-executive Director of the Company with effect from 19 February 2016.

Dr. Tyen Kan Hee, Anthony is currently an independent non-executive director of Melco International Development Limited and Summit Ascent Holdings Limited, both of them are listed on the Stock Exchange, and an independent director of Entertainment Gaming Asia Inc., a company listed on the NASDAQ Capital Market and Alpha Peak Leisure Inc., a company listed on the TSX Venture Exchange Inc. He was previously an independent non-executive director of three Hong Kong listed companies, namely, Beijing Sports and Entertainment Industry Group Limited (formerly ASR Logistics Holdings Limited), Value Convergence Holdings Limited and Cinderella Media Group Limited (formerly Recruit Holdings Limited).

獨立非執行董事

田耕熹博士，61歲，現任審核委員會主席及薪酬委員會及提名委員會成員。彼從事了會計、審計和諮詢專業接近40年。一九七七年，彼加入了普華會計師事務所，之後加盟了Klynveld Main Goerdeler以及摩根銀行。彼在一九八五年創立了自己的會計師和諮詢公司，至一九九零年，公司和香港均富會計師行合併，其後負責發展該行的中國業務，其間常駐在北京達七年之久。在二零零一年至二零零三年間，彼在一地家本地銀行從事銀行合併收購的業務。自二零零三年起，彼一直任職於本身的會計師和諮詢公司，為本地以及國際的企業提供專業服務。

田耕熹博士持有香港中文大學哲學博士及工商管理碩士學位。彼為香港會計師公會會員、英國特許公認會計師公會資深會員及中國註冊會計師協會會員。彼自二零一六年二月十九日起獲委任為本公司獨立非執行董事。

田耕熹博士現為新濠國際發展有限公司及凱升控股有限公司(均於聯交所上市)之獨立非執行董事，以及Entertainment Gaming Asia Inc.(於納斯達克資本市場上市)及Alpha Peak Leisure Inc.(於TSX Venture Exchange Inc.上市)之獨立董事。彼曾擔任三間香港上市公司北京體育文化產業集團有限公司(前稱瀚洋物流控股有限公司)、滙盈控股有限公司及先傳媒集團有限公司(前稱才庫媒體集團有限公司)之獨立非執行董事。

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT 董事及高級管理層履歷詳情

Mr. Xia Zuoquan (夏佐全), aged 53, is currently a member of each of the Audit Committee, the Remuneration Committee and the Nomination Committee. He studied computer science in Beijing Institute of Iron and Steel Engineering* (北京鋼鐵學院) (now known as University of Science & Technology of Beijing* (北京科技大學)) from 1985 to 1987 and he graduated from Guanghua School of Management of Peking University with an MBA in 2007. Mr. Xia worked in the Hubei branch of The People's Insurance Company* (中國人民保險公司) and joined Shenzhen BYD Battery Company Limited in 1997. Mr. Xia held positions as an executive director and a vice president of BYD Company Limited. Mr. Xia is a non-executive director of the BYD Company Limited and the chairman of Shenzhen Zhengxuan Investment (Holdings) Co., Ltd.* (深圳市正軒投資有限公司), the chairman of Annuo Youda Gene Technology (Beijing) Co. Ltd.* (安諾優達基因科技(北京)有限公司), the chairman of Shenzhen Ramos Digital Technology Co., Ltd.* (深圳市藍魔數碼科技有限公司), director of Shenzhen UniFortune Supply Chain Service Co., Ltd.* (深圳市聯合利豐供應鏈管理有限公司), director of Shenzhen UBTECH Robotics Corp.* (深圳市優必選科技有限公司) and director of Guangdong Beizhi Cepin Network Technology Co., Ltd.* (廣東倍智測聘網路科技股份有限公司). He was appointed as independent non-executive Director of the Company with effect from 19 February 2016.

Mr. Guo xuewen (郭學文), aged 51, is currently the chairman of the Remuneration Committee and a member of each of the Audit Committee and Nomination Committee. He is currently the CEO of Shenzhen MY Capital Asset Management Co., Ltd.* (深圳茂源資本資產管理有限公司). He was a partner of Heidrick & Struggles, a consulting firm in the United States of America, and previously founded Beijing Viewhigh Technologies Co., Ltd.* (北京望海康信科技有限公司) and served as its chairman. Mr. Guo graduated from Tsinghua University and holds a Master of Business Administration degree from the University of Warwick in the United Kingdom and a doctorate degree from the University of East Anglia in the United Kingdom. He was appointed as independent non-executive Director of the Company with effect from 19 February 2016.

夏佐全先生，53歲，現任審核委員會、薪酬委員會及提名委員會成員。彼於一九八五年至一九八七年期間在北京鋼鐵學院(現為北京科技大學)修讀計算器科學；並於二零零七年獲北京大學光華管理學院工商管理碩士學位。夏先生曾在中國人民保險公司湖北分公司工作，並於一九九七年加入深圳市比亞迪實業有限公司。夏先生曾任比亞迪股份有限公司執行董事兼副總裁。夏先生現任比亞迪股份有限公司非執行董事，並擔任深圳市正軒投資有限公司董事長、安諾優達基因科技(北京)有限公司董事長、深圳市藍魔數碼科技有限公司董事長、深圳市聯合利豐供應鏈管理有限公司董事、深圳市優必選科技有限公司董事和廣東倍智測聘網路科技股份有限公司董事。彼自二零一六年二月十九日起獲委任為本公司獨立非執行董事。

郭學文先生，51歲，現任薪酬委員會主席及審核委員會及提名委員會成員。彼現為深圳茂源資本資產管理有限公司行政總裁。彼曾擔任美國諮詢公司 Heidrick & Struggles 合夥人，及曾創立北京望海康信科技有限公司並擔任其董事長。郭先生於清華大學畢業，並持有英國華威大學工商管理學碩士學位及英國東英大學博士學位。彼自二零一六年二月十九日起獲委任為本公司獨立非執行董事。

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* 僅供識別

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

董事及高級管理層履歷詳情

SENIOR MANAGEMENT

Mr. Chan Sheung Chi (陳雙志), aged 38, is the chief financial officer of the Company. He joined the Group in January 2017 and is responsible for the financial management of the Group. Mr. Chan has over 15 years of experience in the financial industry. He obtained a Bachelor of Business Administration (Accounting and Finance) Degree from the University of Hong Kong. He is a member of the Hong Kong Institute of Certified Public Accountants.

COMPANY SECRETARY

Ms. Jiao Yingchen (焦穎辰), aged 34, is an associate member of the Institute of Chartered Secretaries and Administrators in the United Kingdom and the Hong Kong Institute of Chartered Secretaries. She holds a bachelor degree in Economics from the University of Illinois Urbana-Champaign in the United State of America and a master degree in Corporate Governance from the Hong Kong Polytechnic University. She has over 10 years of experience in the field of corporate governance and investor relationship management for listed companies. She was appointed as the company secretary of the Company with effect from 4 October 2016.

高級管理層

陳雙志先生，38歲，為本公司之財務總監。彼於二零一七年一月加入本集團並負責本集團之財務管理。陳先生於財務行業擁有逾15年經驗。彼獲授香港大學工商管理(會計及財務)學士學位。彼為香港會計師公會會員。

公司秘書

焦穎辰女士，34歲，為英國特許秘書及行政人員公會及香港特許秘書公會之會員。彼持有美國伊利諾大學－香檳分校之經濟學學士學位及香港理工大學公司管治碩士學位。彼於上市公司企業管治及投資者關係管理領域擁有逾10年經驗。彼自二零一六年十月四日起獲委任為本公司公司秘書。

CORPORATE GOVERNANCE REPORT

企業管治報告

The Company endeavors to maintain high standard of corporate governance for the enhancement of shareholders' value and provide transparency, accountability and independence. The Company has complied with the required code provisions set out in the Corporate Governance Code (the "Corporate Governance Code") contained in Appendix 14 of the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited (the "Listing Rules") during the year ended 31 December 2016, except for the following:

Under code provision C.2.5 of the Corporate Governance Code, an issuer should have an internal audit function. The Company does not have an internal audit function for the year ended 31 December 2016. Taking into account the size and complexity of the operations of the Group, the Company considers that the existing organisation structure and the close supervision of the management could maintain sufficient risk management and internal control of the Group. However, the Board would review the need to set up an internal audit function from time to time and may set up an internal audit team if the need arises.

Save as disclosed above, the Board considered that the Company had complied with the code provisions set out in the Corporate Governance Code of the Listing Rules during the year ended 31 December 2016.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

During the year ended 31 December 2016, the Group adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules as the code of conduct regarding Directors' securities transactions in securities of the Company. Upon specific enquiry, each Director confirmed that during his tenure in the year ended 31 December 2016, he had fully complied with the required code of conduct and there was no event of non-compliance.

BOARD OF DIRECTORS

The Board is responsible for the overall leadership of the Group, overseeing the Group's strategic decisions and monitoring the business and performance of the Group. The Board has delegated the authority and responsibility for day-to-day management and operation of the Group to the senior management of the Group.

The Company recognizes and embraces the benefits of diversity of Board members and will continue to adopt a board diversity policy. The Company will ensure that the Board has a balance of skills, experience and diversity of perspective appropriate to the needs of the Company's business. Selection of candidates will be based on a range of diversity perspective, including but not limited to gender, age, cultural and educational background, experience (professional or otherwise), skills and knowledge. The appointment of Directors will continue to be made on a merit basis.

本公司一向致力於維持高水準之企業管治以增加股東價值，並提供透明度、問責性和獨立性。本公司於截至二零一六年十二月三十一日止年度一直遵守香港聯合交易所有限公司證券上市規則(「上市規則」)附錄十四所載企業管治守則(「企業管治守則」)載列的必守守則條文，惟下文所述者除外：

根據企業管治守則的守則條文第C.2.5條，發行人應具有內部審核職能。本公司於截至二零一六年十二月三十一日止年度並無內部審核職能。考慮到本集團經營的規模及複雜程度，本公司認為現有組織架構及管理層的密切監管可使本集團維持充分的風險管理及內部控制。然而，董事會將不時檢討設立內部審核職能的必要性，並可能於有需要時成立內部審核團隊。

除上文所披露者外，董事會認為截至二零一六年十二月三十一日止年度本公司已遵守上市規則所載企業管治守則的守則條文。

遵守證券交易的標準守則

於截至二零一六年十二月三十一日止年度，本集團已採納上市規則附錄十所載上市發行人董事進行證券交易的標準守則，作為規管董事就本公司證券進行證券交易之行事守則。經特定查詢後，各董事均已確認，於截至二零一六年十二月三十一日止年度其任期內已全面遵守必守行事守則，且亦無任何違規事件。

董事會

董事會董事會負責本集團整體領導、監督本集團決策和監察本集團業務和表現。董事會將本集團日常管理和營運的權力和責任下放給本集團的高級管理層。

本公司肯定及深信董事會成員多元化的益處，並會持續採納董事會多元化政策。本公司將確保董事會在切合本公司業務所需的技能、經驗及不同觀點方面取得平衡。候選人乃基於多種不同觀點而挑選，包括但不限於性別、年齡、文化及教育背景、專業或其他經驗、技術及知識。委任董事將取決於候選人的優點。

CORPORATE GOVERNANCE REPORT

企業管治報告

Due to the change in the control of the Company on 19 February 2016, all the 6 former Directors resigned from directorship of the Company.

As at the date of this report, the Board currently comprises nine directors, consisting of four executive Directors, two non-executive Directors and three independent non-executive Directors.

As at the date of this report, the Board of the Company comprises the following Directors:

Executive Directors

Mr. Dang Yanbao (*Chairman of the Board and chairman of the Nomination Committee*)
 Mr. Dang Zidong (*chief executive officer*)
 Mr. Liu Yuanguan
 Mr. Gao Jianjun

Non-executive Directors

Mr. Cheng Hoo
 Mr. Chung Kin Shun, Jimmy

Independent Non-executive Directors

Mr. Xia Zuoquan (*member of Audit Committee, Nomination Committee and Remuneration Committee*)
 Dr. Tye Kan Hee, Anthony (*chairman of the Audit Committee and member of Nomination Committee and Remuneration Committee*)
 Mr. Guo Xuewen (*chairman of Remuneration Committee and member of Audit Committee and Nomination Committee*)

The list of Directors (by category) is also disclosed in all corporate communications issued by the Company from time to time pursuant to the Listing Rules. The independent non-executive Directors are expressly identified in all corporate communications pursuant to the Listing Rules.

The relationships among the members of the Board are disclosed under "Biographical Details of Directors and Senior Management" on page 17.

由於本公司控制權於二零一六年二月十九日出現變動，故六名前任董事均已全數辭任本公司董事。

於本報告日期，董事會現由九名董事組成，包括四名執行董事、兩名非執行董事及三名獨立非執行董事。

於本報告日期，本公司董事會包括以下董事：

執行董事

黨彥寶先生(*董事會主席及提名委員會主席*)
 黨自東先生(*行政總裁*)
 劉元管先生
 高建軍先生

非執行董事

鄭豪先生
 鍾建舜先生

獨立非執行董事

夏佐全先生(*審核委員會、提名委員會及薪酬委員會成員*)
 田耕熹博士(*審核委員會主席以及提名委員會及薪酬委員會成員*)
 郭學文先生(*薪酬委員會主席以及審核委員會及提名委員會成員*)

上列董事(按類別劃分)亦於本公司根據上市規則不時發出之所有公司通訊中披露。所有公司通訊中亦根據上市規則明確標識各獨立非執行董事。

董事會各成員之間的關係於第17頁之「董事及高級管理層履歷詳情」披露。

CORPORATE GOVERNANCE REPORT

企業管治報告

The Company has received written annual confirmation from each independent non-executive Director who served his term of office during the year ended 31 December 2016 of his independence pursuant to the requirements of the Listing Rules.

For all the former executive Directors and independent non-executive Directors who served their terms of office during the year ended 31 December 2016, they have entered service contracts with the Company for a term of three years and two years respectively commencing from their respective appointment dates and should continue thereafter unless and until terminated by either parties by giving to the other not less than three months' notice in writing. Their terms of office were also subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the articles of association of the Company.

For all the current executive Directors, each of them has entered into a service agreement with the Company for three years, for the two non-executive Directors, each of them has entered into an appointment letter with the Company for two years and three years, respectively, and for all the independent non-executive Directors, each of them has entered into an appointment letter with the Company for two years. All the Directors and the Company are required to give three months' notice in writing to other party for termination of the service agreement/appointment letter. All the Directors are appointed for a specific term and subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the articles of association of the Company.

本公司已收訖於截至二零一六年十二月三十一日止年度在任的各位獨立非執行董事根據上市規則之規定發出有關其獨立性之年度確認書。

於截至二零一六年十二月三十一日止年度在任之全體前任執行董事及獨立非執行董事均與本公司訂有服務合約，自各董事各自的委任日期起分別為期三年及兩年，並應繼續生效除非及直至任何一方給予對方不少於三個月書面終止通知。彼等的任期亦須按照本公司之公司章程在本公司股東週年大會上輪值退任及膺選連任。

全體現任執行董事均與本公司各自訂有服務合約，為期三年，兩名非執行董事與本公司各自訂有委任函，分別為期兩年及三年，及全體獨立非執行董事與本公司各自訂有委任函，為期兩年。全體董事及本公司須向另一方發出三個月之書面通知後方能終止服務合約／委任函。全體董事均有指定任期，並須按照本公司之公司章程在本公司股東週年大會上輪值退任及膺選連任。

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Board meeting, Committee meeting and Annual General Meeting/Extraordinary General Meeting in 2016

The Board has held board meetings at approximately quarterly intervals with participation by a majority of Directors.

During the year ended 31 December 2016, eight Board meetings, two Audit Committee meetings, one Remuneration Committee meeting and one Nomination Committee meeting were held. The attendance record of each Director at the Board meetings, committee meetings and annual general meeting during the financial year are set out below:

二零一六年之董事會會議、委員會會議及股東週年大會／股東特別大會

董事會大約按季度舉行董事會會議，大部分董事均有出席。

本公司於截至二零一六年十二月三十一日止年度共召開了八次董事會會議、二次審核委員會會議、一次薪酬委員會會議及一次提名委員會會議。於本財政年度內，各董事於董事會會議、委員會會議及股東週年大會之出席記錄載列如下：

Name of Directors	董事名稱	AGM/EGM 股東週年大會/ 股東特別大會	Attendance/Number of meetings 出席情況／會議次數			
			Board meeting 董事會會議	Audit committee 審核委員會	Remuneration committee 薪酬委員會	Nomination committee 提名委員會
<i>Executive Directors</i>						
Mr. Dang Yanbao (Chairman of the Board and chairman of Nomination Committee, appointed as executive Director on 30 January 2016)	黨彥寶先生(董事會主席及提名委員會主席，於二零一六年一月三十日獲委任為執行董事)	2/2	8/8	-	-	1/1
Mr. Dang Zidong (chief executive officer, appointed as Executive Director on 19 February 2016)	黨自東先生(行政總裁，於二零一六年二月十九日獲委任為執行董事)	2/2	8/8	-	-	-
Mr. Liu Yuanguan (appointed on 30 January 2016)	劉元管先生(於二零一六年一月三十日獲委任)	2/2	8/8	-	-	-
Mr. Gao Jianjun (appointed on 30 January 2016)	高建軍先生(於二零一六年一月三十日獲委任)	2/2	8/8	-	-	-
Mr. Leung Yuen Ho, Simon (former Chairman, resigned on 19 February 2016)	梁遠豪先生(前主席，於二零一六年二月十九日辭任)	N/A 不適用	0/1	-	-	-
Mr. Jerry Denny Strickland Jr. (resigned on 19 February 2016)	Jerry Denny Strickland Jr.先生(於二零一六年二月十九日辭任)	N/A 不適用	0/1	-	-	-
Ms. Wong Shuk Fong (resigned on 19 February 2016)	黃淑芳女士(於二零一六年二月十九日辭任)	N/A 不適用	0/1	-	-	-
<i>Non-executive Directors</i>						
Mr. Cheng Hoo (appointed on 19 February 2016)	鄭豪先生(於二零一六年二月十九日獲委任)	2/2	8/8	-	-	-
Mr. Chung Kin Shun, Jimmy (appointed on 26 September 2016)	鍾建舜先生(於二零一六年九月二十六日獲委任)	N/A 不適用	2/2	-	-	-

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Name of Directors	董事名稱	AGM/EGM 股東週年大會/ 股東特別大會	Attendance/Number of meetings 出席情況/會議次數			
			Board meeting 董事會會議	Audit committee 審核委員會	Remuneration committee 薪酬委員會	Nomination committee 提名委員會
<i>Independent Non-executive Directors</i>	獨立非執行董事					
Mr. Xia Zuoquan (appointed on 19 February 2016)	夏佐全先生(於二零一六年二月十九日獲委任)	2/2	8/8	2/2	1/1	1/1
Dr. Tyen Kan Hee, Anthony (chairman of Audit Committee, appointed on 19 February 2016)	田耕熹博士(審核委員會主席, 於二零一六年二月十九日獲委任)	2/2	8/8	2/2	1/1	1/1
Mr. Guo Xuewen (chairman of Remuneration Committee, appointed on 19 February 2016)	郭學文先生(薪酬委員會主席, 於二零一六年二月十九日獲委任)	1/2	8/8	2/2	1/1	1/1
Mr. Hau Chi Hung (resigned on 19 February 2016)	侯智雄先生(於二零一六年二月十九日辭任)	N/A 不適用	0/1	N/A 不適用	N/A 不適用	N/A 不適用
Mr. Lai Kin, Jerome (resigned on 19 February 2016)	黎健先生(於二零一六年二月十九日辭任)	N/A 不適用	0/1	N/A 不適用	N/A 不適用	N/A 不適用
Mr. Tang Thomas Bong (resigned on 19 February 2016)	鄧邦先生(於二零一六年二月十九日辭任)	N/A 不適用	0/1	N/A 不適用	N/A 不適用	N/A 不適用

Note: There were no relevant meetings held before the resignation or after the appointment of some former Directors or current Directors, their attendances were indicated as "N/A" for the related meetings.

註：部分前董事或現任董事於辭任前或上任後，本公司未有舉行相關會議，因而在有關會議出席率上註明「不適用」。

During the year ended 31 December 2016, the Board at all times met the requirements of the Listing Rules of having at least three independent non-executive Directors (representing at least one-third of the Board) with one independent non-executive Director, being Dr. Tyen Kan Hee, Anthony, possessing appropriate professional qualifications and accounting and related financial management expertise.

截至二零一六年十二月三十一日止年度，董事會一直遵守上市規則有關最少三名獨立非執行董事(最少佔董事會三分之一)之規定，而其中一名獨立非執行董事田耕熹博士具備合適專業資格以及會計及相關財務管理專業知識。

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

本公司已接獲各獨立非執行董事根據上市規則第3.13條所載獨立指引就其獨立身份發出之年度確認書。本公司認為，全體獨立非執行董事均為獨立人士。

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Practice and Conduct of Meetings

Notices of regular board meetings have been given to all Directors at least 14 days before date of meeting and reasonable notices have been given for other board and committee meetings.

Board papers together with all appropriate, complete and reliable information are sent to all Directors at least three days before each Board meeting or Audit Committee meeting to keep the Directors apprised of the latest developments and financial position of the Company and to enable them to make informed decisions. All Directors are given an opportunity to include matters in the agenda for regular Board meetings. The Board and each Director also have separate and independent access to the senior management whenever necessary. With the support of the senior management, the Chairman is responsible for ensuring that the Directors receive adequate, complete and reliable information in a timely manner and appropriate briefing on issues arising at Board meetings.

Minutes of all Board meetings recording sufficient details of matters considered and decisions reached are duly kept by the company secretary of the meetings and opened for inspection at any reasonable time on reasonable notice by the Directors.

The Company's articles of association 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.

The Chairman has held a meeting with non-executive Directors (including independent non-executive Directors) without the presence of executive Directors.

Directors' continuous training and professional development

Pursuant to code provision A.6.5 of the Corporate Governance Code of the Listing Rules, all the Directors should participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution to the Board remains informed and relevant. Up to the date of this report, all the Directors have participated in continuous professional development by attending training course or reading relevant materials on the topics related to corporate governance and regulations.

The individual training record of each Director received for the year ended 31 December 2016 is summarized below:

會議常規及守則

全體董事均於大會日期前至少14日獲發常規董事會會議通知，至於其他董事會會議及委員會會議亦獲發合理通知。

董事會文件連同所有合適、完整及可靠資料，最少於各董事會會議或審核委員會會議前三天送交全體董事，以便董事知悉本公司最新發展及財務狀況以作出知情決定。所有董事均有機會於常規董事會會議之議程中加入需討論之事宜。董事會及各董事如有需要，亦可個別獨立接觸高級行政人員。在高級行政人員之協助下，主席須確保董事能及時收到充足、完整及可靠之資料，並就於董事會會議上提出之事宜作出恰當之簡短匯報。

公司秘書負責保管記錄有所考慮事宜充足詳情及所達成之決定之所有董事會會議記錄，該等記錄可供董事在發出合理時間通知後查閱。

本公司之公司章程載有有關規定，要求有關董事於批准彼等或其任何聯繫人士擁有重大利益的交易時放棄投票並不計入會議法定人數。

主席已與非執行董事(包括獨立非執行董事)舉行並無執行董事出席之會議。

董事持續培訓及專業發展

根據上市規則之企業管治守則之守則條文第A.6.5條，全體董事需要參與發展及更新彼等知識及技能之持續專業發展。這是為了確保他們為董事會所作出的貢獻仍然是明智的和相關的。截至本報告之日，所有董事均通過參加培訓課程或閱讀有關的主題，公司治理和法規的相關材料進行持續專業發展。

截至二零一六年十二月三十一日止年度，各董事的個人培訓記錄，總結如下：

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Name of Directors	董事名稱	Attending seminar(s)/ reading relevant materials in relation to the business or directors' duties Yes/No 參加研討會/ 閱讀與業務或董事的 職責有關之相關材料 有/無
<i>Executive Directors</i>		
Mr. Dang Yanbao	執行董事 黨彥寶先生	Yes有
Mr. Dang Zidong	黨自東先生	Yes有
Mr. Liu Yuanguan	劉元管先生	Yes有
Mr. Gao Jianjun	高建軍先生	Yes有
<i>Non-executive Directors</i>		
Mr. Cheng Hoo	非執行董事 鄭豪先生	Yes有
Mr. Chung Kin Shun, Jimmy	鍾建舜先生	Yes有
<i>Independent Non-executive Directors</i>		
Mr. Xia Zuoquan	獨立非執行董事 夏佐全先生	Yes有
Dr. Tyen Kan Hee, Anthony	田耕熹博士	Yes有
Mr. Guo Xuewen	郭學文先生	Yes有

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. The terms of reference of the above committees are posted on the Company's website.

Audit Committee

The Audit Committee was established on 21 June 2012 and has adopted written terms of reference in compliance with the code provision C.3.3 of Corporate Governance Code for the year ended 31 December 2016. The primary duties of the Audit Committee are to review and supervise the financial reporting process, internal control and risk management system of the Group. The Company does not have an internal audit function to carry out independent reviews of the adequacy and effectiveness of its risk management and internal control systems. The risk management and internal controls are self-assessed by the management and reviewed by the Board on an on-going basis. The Audit Committee will be assisted by the professional accounting firm engaged by the Group, which will conduct regular internal audits and report to the Audit Committee.

董事委員會

董事會已成立三個委員會，即審核委員會、薪酬委員會及提名委員會，以監督本公司各特定方面的事務。上述各委員會之職權範圍均載於本公司網站。

審核委員會

審核委員會乃於二零一二年六月二十一日成立，於截至二零一六年十二月三十一日止年度，已遵照企業管治守則守則條文第C.3.3條採納書面職權範圍。審核委員會的主要職責為審閱及監督本集團的財務申報程序、內部監控和風險管理體系。本公司並無內部審核職能對其風險管理及內部監控系統的充分性及有效性進行獨立審閱。風險管理及內部監控由管理層進行自我評估，並由董事會持續審閱。審核委員會將獲本集團委聘的專業會計師事務所提供協助，其將進行定期內部審核並向審核委員會匯報。

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During the period between 1 January 2016 and 19 February 2016, the members of the Audit Committee were Mr. Lai Kin, Jerome, Mr. Hau Chi Hung and Mr. Tang Thomas Bong, all being former independent non-executive Directors, with Mr. Lai Kin, Jerome being the chairman of the Audit Committee for the relevant period. Due to the change in the control of the Company on 19 February 2016, Mr. Lai Kin, Jerome, Mr. Hau Chi Hung and Mr. Tang Thomas Bong resigned as members of the Audit Committee. During the period between 19 February 2016 and 31 December 2016, members of the Audit Committee are Dr. Tyen Kan Kee, Anthony, Mr. Xia Zuoquan and Mr. Guo Xuewen, being all independent non-executive Directors, with Dr. Tyen Kan Kee, Anthony being the chairman of the Audit Committee.

In 2016, two meetings were held by the Audit Committee, one of which was with the attendance of external auditor. Among other matters, the Audit Committee reviewed the interim and annual reports as well as result announcements before submission to the Board, focusing on the compliance with accounting standards, Listing Rules and the legal requirements; the Audit Committee also reviewed the Company's financial controls, internal controls and risk management systems and made recommendations to the Board on the re-appointment of the external auditor.

Remuneration Committee

The Remuneration Committee was established on 21 June 2012 and has adopted written terms of reference in compliance with code provision B.1.2 of Corporate Governance Code as set out in Appendix 14 to the Listing Rules during the year ended 31 December 2016. The primary duties of the Remuneration Committee include the evaluation of the performance and the making of recommendations to the Board on the remuneration package of the Directors and senior management.

During the period between 1 January 2016 and 19 February 2016, the members of the Remuneration Committee were Mr. Hau Chi Hung, Mr. Lai Kin, Jerome and Mr. Tang Thomas Bong, all being former independent non-executive Directors, with Mr. Hau Chi Hung being the chairman of the Remuneration Committee during the relevant period. Due to the change in the control of the Company on 19 February 2016, Mr. Hau Chi Hung, Mr. Lai Kin, Jerome and Mr. Tang Thomas Bong resigned as members of the Remuneration Committee. During the period between 19 February 2016 and 31 December 2016, members of the Remuneration Committee are Mr. Guo Xuewen, Mr. Xia Zuoquan and Dr. Tyen Kan Kee, Anthony, being all independent non-executive Directors, with Mr. Guo Xuewen being the chairman of the Remuneration Committee.

於二零一六年一月一日至二零一六年二月十九日止期間，審核委員會全體成員為前獨立非執行董事，即黎健先生、侯智雄先生及鄧邦先生，而黎健先生於有關期間出任審核委員會主席。由於本公司控制權於二零一六年二月十九日出現變動，故黎健先生、侯智雄先生及鄧邦先生均已辭任審核委員會成員。於二零一六年二月十九日至二零一六年十二月三十一日止期間，審核委員會全體成員為獨立非執行董事，即田耕熹博士、夏佐全先生及郭學文先生，而田耕熹博士出任審核委員會主席。

於二零一六年，審核委員會舉行了兩次會議，其中一次外聘核數師亦有出席。除其他事務外，審核委員會審閱了中期及年度報告，以及向董事會提交前審閱業績公告，側重於是否符合會計準則、上市規則及法律規定；審核委員會亦已審閱本公司的財務監控、內部監控及風險管理制度，並就續聘外聘核數師向董事會提出建議。

薪酬委員會

薪酬委員會乃於二零一二年六月二十一日成立，於截至二零一六年十二月三十一日止年度，已遵照上市規則附錄十四所載企業管治守則守則條文第B.1.2條採納書面職權範圍。薪酬委員會的主要職責包括評估董事及高級管理層的表現，並就董事及高級管理層的薪酬組合向董事會提供推薦建議。

於二零一六年一月一日至二零一六年二月十九日止期間，薪酬委員會全體成員均為前獨立非執行董事，即侯智雄先生、黎健先生及鄧邦先生，而侯智雄先生於有關期間出任薪酬委員會主席。由於本公司控制權於二零一六年二月十九日出現變動，故侯智雄先生、黎健先生及鄧邦先生均已辭任薪酬委員會成員。於二零一六年二月十九日至二零一六年十二月三十一日止期間，薪酬委員會全體成員為獨立非執行董事，即郭學文先生、夏佐全先生及田耕熹博士，而郭學文先生出任薪酬委員會主席。

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In 2016, the Remuneration Committee has held one meeting, and has reviewed and made recommendations to the Board on the Company's policy and structure for all Directors' and senior management remuneration, a significant portion of which will be linked to corporate and individual performance, among other matters.

Nomination Committee

The Nomination Committee was established on 21 June 2012 and has adopted written terms of reference in compliance with code provision A.5.2 of Corporate Governance Code as during the year ended 31 December 2016. The principal responsibilities of the Nomination Committee are to review the composition of the Board, including its structure, size and diversity at least annually to ensure that it has a balance of expertise, skills and experience appropriate to the requirements of the business of the Group. It is also responsible to consider and recommend to the Board suitably qualified persons to become a member of the Board, monitor the succession planning of Directors and assess the independence of independent non-executive Directors. The Nomination Committee will also give consideration to the Board diversity policy (the "Board Diversity Policy") when identifying suitably qualified candidates to become members of the Board, and the Board will review the Board Diversity Policy, so as to develop and review measurable objectives for implementing the Board Diversity Policy and to monitor the progress on achieving these objectives.

During the period between 1 January 2016 and 19 February 2016, the members of the Nomination Committee were Mr. Hau Chi Hung, Mr. Lai Kin Jerome and Mr. Tang Thomas Bong, all being former independent non-executive Directors, with Mr. Tang Thomas Bong being the chairman of the Nomination Committee. Due to the change in the control of the Company on 19 February 2016, Mr. Hau Chi Hung, Mr. Lai Kin, Jerome and Mr. Tang Thomas Bong resigned as members of the Nomination Committee. During the period between 19 February 2016 and 31 December 2016, members of the Nomination Committee are Mr. Dang Yanbao, Mr. Xia Zuoquan, Dr. Tyen Kan Hee, Anthony and Mr. Guo Xuewen, with a majority of independent non-executive directors as members and the Chairman of the Board as the chairman.

In 2016, the Nomination Committee has held one meeting and has taken consideration of the Board Diversity Policy and reviewed the structure, size and composition of the Board, made recommendations on the re-election of Directors and assessed the independence of each of the independent non-executive Directors.

於二零一六年，薪酬委員會舉行了一次會議，審閱本公司有關全體董事及高級管理層薪酬的政策及架構，並就此向董事會提供建議，當中大部分與公司及個人表現有關。

提名委員會

提名委員會乃於二零一二年六月二十一日成立，於截至二零一六年十二月三十一日止年度，已遵照企業管治守則守則條文第A.5.2條採納書面職權範圍。提名委員會的主要職責為至少每年一次檢討董事會的組成，包括其架構、規模及多元化，以確保董事會具備適合本集團業務所需均衡專業知識、技能及經驗。提名委員會亦負責考慮及向董事會推薦適當合資格人士加入董事會、監察董事繼任安排，以及評估獨立非執行董事的獨立身份。提名委員會於物色合適的合資格人選成為董事會成員時，亦考慮董事會多元化政策（「董事會多元化政策」），而董事會將檢討董事會多元化政策以為執行董事會多元化政策訂立及檢討可計量目標，並監察達成該等目標的進度。

於二零一六年一月一日至二零一六年二月十九日止期間，提名委員會全體成員前獨立非執行董事，即侯智雄先生、黎健先生及鄧邦先生，而鄧邦先生出任提名委員會主席。由於本公司控制權於二零一六年二月十九日出現變動，故侯智雄先生、黎健先生及鄧邦先生均已辭任提名委員會成員。於二零一六年二月十九日至二零一六年十二月三十一日止期間，提名委員會成員為黨彥寶先生、夏佐全先生、田耕熹博士及郭學文先生，其中大部分成員為獨立非執行董事，並由董事會主席出任委員會主席。

於二零一六年，提名委員會舉行了一次會議，考慮董事會多元化政策，及檢討董事會架構、規模及組成，提出董事重選建議及評估各獨立非執行董事的獨立性。

CORPORATE GOVERNANCE REPORT

企業管治報告

Corporate Governance Functions

The Board is responsible for performing the functions set out in the code provision D.3.1 of the Corporate Governance Code of the Listing Rules.

The Board reviewed the Company's corporate governance policies and practices, continuous professional development of Directors, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Listing Rules, and the Company's compliance with the Corporate Governance Code of the Listing Rules and disclosure in this Corporate Governance Report.

COMMUNICATION WITH SHAREHOLDERS

The Company endeavors to maintain an on-going dialogue with the shareholders and in particular, through annual general meetings or other general meetings to communicate with the shareholders and encourage their participation.

The Company will continue to maintain an open and effective investor communication policy and to update investors on relevant information on the Group's business in a timely manner, subject to relevant regulatory requirements.

GENERAL MEETINGS WITH SHAREHOLDERS

The Company's annual general meeting will be held on Thursday, 18 May 2017.

SHAREHOLDERS' RIGHTS

To safeguard shareholders' interests and rights, a separate resolution is proposed for each substantially separate issue at shareholders' meeting. Save as provided under the Listing Rules, resolutions put to vote at the general meetings of the Company (other than purely administrative and procedural matters) are taken by poll and poll results are posted on the respective websites of the Company and the Stock Exchange after the shareholders' meetings.

Convening an extraordinary general meeting

Pursuant to article 58 of the articles of association, extraordinary general meetings of the Company (the "EGM") shall be convened on the requisition of any one or more shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the company secretary of the Company, to require an EGM to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. If within twenty-one days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s), as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

企業管治職能

董事會負責執行載於上市規則之企業管治守則之守則條文第D.3.1條的功能。

董事會已審閱本公司的企業管治政策及常規、董事持續專業發展、本公司就遵守法律及監管規定的政策和做法、上市規則的合規性及本公司遵守上市規則之企業管治守則之合規性及本企業管治報告的披露。

與股東之溝通

本公司致力與股東保持聯繫，特別是透過股東週年大會或其他股東大會與股東溝通，並鼓勵股東參與。

本公司將繼續維持公開及有效之投資溝通政策，根據相關監管規定及時向投資者提供有關本集團業務之最新相關資料。

與股東的股東大會

本公司的股東週年大會將於二零一七年五月十八日(星期四)舉行。

股東權利

為保障股東權益及權利，本公司將就各大致個別事宜於股東大會提呈獨立決議案。除上市規則規定者外，於本公司股東大會上提呈之決議案(純屬行政或程序事宜除外)將按以股東投票方式表決，投票表決之結果將於股東大會後分別在本公司及聯交所網站上刊載。

召開股東特別大會

根據公司章程第58條，本公司之股東特別大會(「股東特別大會」)亦須應任何一名或多名股東於任何時間內均有權向董事會或本公司公司秘書遞交請求書，要求董事會就處理請求書所述業務交易召開股東特別大會，惟股東於遞交請求書之日須持有不少於本公司已繳足資本之十分之一(於本公司股東大會上具表決權者)，而該大會須於請求書遞交日期後兩個月內舉行。如董事會於請求書遞交日期起計二十一日內未有召開該大會，則該等請求者可按相同方式自行召開大會，而本公司須向請求者償付因董事會的不作為令請求者招致的所有合理開支。

CORPORATE GOVERNANCE REPORT

企業管治報告

Putting enquiries to the Board

To ensure effective communication between the Board and the shareholders, the Company has adopted a shareholders' communication policy (the "Policy"). Under the Policy, the Company's information shall be communicated to the shareholders mainly through general meetings, including annual general meetings, the Company's financial reports (interim and annual reports), and its corporate communications and other corporate publications on the Company's website and the Stock Exchange's website. Shareholders may at any time make a request for the Company's information to the extent that such information is publicly available. Any such questions shall be first directed to the company secretary of the Company at the Company's principal place of business in Hong Kong at Suites 1301-1304, 13/F, Two Pacific Place, 88 Queensway, Admiralty, Hong Kong.

Putting forward proposals at shareholders' meeting

The number of shareholders necessary for putting forward a proposal at a shareholders' meeting shall be any number of shareholders representing not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings at the date of the request.

COMPANY SECRETARY

Due to the change in the control of the Company, Ms. Wong Shuk Fong resigned as the company secretary on 29 February 2016. Ms. Lo Yuen Yee was appointed as the company secretary on the same date in place of Ms. Wong Shuk Fong. Ms. Lo was delegated by an external service provider and resigned on 4 October 2016, and Ms. Jiao was appointed as the company secretary on the same date.

Ms. Jiao Yingchen is an employee of the Company and has day-to-day knowledge of the Company's affairs. As the company secretary, Ms. Jiao supports the Board by ensuring board procedures and all applicable law, rules and regulations are followed. She is responsible for advising the Board on governance matters and facilitates induction and professional development of the Directors. The selection, appointment or dismissal of the company secretary is subject to the Board approval in accordance with the articles of association. Whilst the company secretary reports to the chief executive on the Group's company secretarial and corporate governance matters, all Directors have access to the advice and services of the company secretary. Mr. Jiao Yingchen confirmed that she has taken no less than 15 hours of relevant professional training during the year in compliance with the Listing Rules.

Ms. Jiao Yingchen was appointed as company secretary on 4 October 2016. She attended all the scheduled Board meetings after her appointment to report matters arising from corporate governance, risk management, statutory compliance, accounting and finance.

向董事會提出查詢

為確保董事會與股東保持有效溝通，本公司已採納一項股東溝通政策(「該政策」)。根據該政策，本公司將主要透過股東大會(包括股東週年大會)、本公司之財務報告(中期及年度報告)以及其於本公司及聯交所網站上刊登之公司通訊及其他企業刊物向股東提供其資料。股東可隨時索取本公司之公開資料。股東應透過本公司之香港主要營業地點向本公司公司秘書(地址為香港金鐘金鐘道88號太古廣場二座13樓1301至1304室)提出任何有關查詢。

於股東大會上提呈議案

於股東大會上提呈議案所需股東人數為於遞呈要求當日持有不少於本公司有權於股東大會上投票之繳足股本十分之一的任何股東人數。

公司秘書

由於本公司控制權出現變動，故黃淑芳女士已於二零一六年二月二十九日辭任公司秘書。盧婉兒女士已於同日獲委任為公司秘書，以接替黃淑芳女士。盧女士是由外聘服務商委派，且於二零一六年十月四日辭任，焦女士同日獲委任公司秘書。

焦穎辰女士為本公司之僱員，並對本公司之日常事務有所認識。作為公司秘書，焦女士協助董事會確保遵循董事會程序及所有適用法律、規則及法規。彼負責就管治事宜向董事會提供意見，並安排董事的入職培訓及專業發展。公司秘書的選擇、委任或撤職須經董事會根據公司章程批准。公司秘書就本集團之公司秘書及企業管治事宜向行政總裁匯報，全體董事均可取得公司秘書的意見及服務。年內，根據上市規則，焦穎辰女士確認已接受不少於十五個小時之相關專業培訓。

焦穎辰女士於二零一六年十月四日獲委任公司秘書一職。彼以公司秘書身份出席董事會所有例會，於會上匯報有關企業管治、風險管理、遵守法例、會計及財務等事項。

CORPORATE GOVERNANCE REPORT

企業管治報告

DIRECTORS AND OFFICERS INSURANCE

Appropriate insurance covers on directors' and officers' liabilities have been in force to protect the Directors and officers of the Group from their risk exposure arising from the business of the Group.

董事及高級人員責任保險

涵蓋董事及高級人員責任之適當保險已有效保障本集團董事及高級人員因本集團業務產生之風險。

DIRECTORS' AND AUDITOR'S RESPONSIBILITIES IN RESPECT OF THE CONSOLIDATED FINANCIAL STATEMENTS

The Board is responsible for presenting a balanced, clear and understandable assessment of interim and annual reports, other price-sensitive announcements and other financial disclosures required under the Listing Rules and other statutory requirements.

董事及核數師對綜合財務報表所承擔責任

董事會負責就中期及年度報告、其他股價敏感公佈及上市規則及其他有關法定要求之其他財務披露事項呈列平衡、清晰及易懂之評估。

The Directors acknowledged their responsibility for preparing the consolidated financial statements of the Company for the year ended 31 December 2016. The Directors are responsible for overseeing the preparation of financial statements of the Company with a view to ensure that such financial statements give a true and fair view of the state of affair of the Company. The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern, therefore the Directors continue to adopt the going concern approach in preparing the consolidated financial statements.

董事確悉其就編製本公司截至二零一六年十二月三十一日止年度之綜合財務報表之責任。董事負責監督編製本公司財務報表以確保該等財務報表真實而公平地反映本公司事務狀況。董事並不知悉任何有關可能導致本公司持續經營能力受重大質疑之事件或情況之重大不明朗因素，故董事於編製綜合財務報表時繼續採納持續經營會計方式。

The auditors to the Company acknowledges their reporting responsibilities in the independent auditor's report on the consolidated financial statements for the year ended 31 December 2016.

本公司核數師知悉其須就截至二零一六年十二月三十一日止年度綜合財務報表承擔獨立核數師之申報責任。

CORPORATE GOVERNANCE REPORT

企業管治報告

AUDITOR'S REMUNERATION

The Company has engaged its auditors, Deloitte Touche Tohmatsu, to prepare the statutory audit of the Group's consolidated financial statements during the year ended 31 December 2016. The remuneration paid/payable to the auditor of the Group is set out as follows:

核數師酬金

本公司委聘其核數師德勤•關黃陳方會計師行就本集團截至二零一六年十二月三十一日止年度的綜合財務報表進行法定核數。以下為已付/應付予本集團核數師之酬金：

Services rendered	所提供服務	Paid/payable for the year ended 31 December	
		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Statutory audit services	法定審計服務	1,060	820
Non-statutory audit services	非法定審計服務	730	230

INVESTOR RELATIONS

The Company believes that maintaining a high level of transparency is a key to enhancing investor relations. It is committed to a policy of open and timely disclosure of corporate information to its shareholders and investment public. The Company updates its shareholders on its latest business developments and financial performance through its interim and annual reports. The corporate website of the Company (www.baofengintl.com) has provided an effective communication platform to the public and the shareholders.

During the year ended 31 December 2016, there had been no significant change in the Company's constitutional documents.

RISK MANAGEMENT AND INTERNAL CONTROLS

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

During year ended 31 December 2016, the Board and the Audit Committee conducted selective reviews of the effectiveness of the systems of risk management and internal controls of the Group over financial, operational and compliance controls. The Audit Committee and the Board were not aware of any areas of concern that would have a material impact on the Group's financial position or results of operations and considered the risk management and internal control systems to be generally effective and adequate including the adequacy of resources, staff qualifications and experience, training programs and budget of the accounting, internal audit and financial reporting functions.

投資者關係

本公司相信，維持高透明度是提升投資者關係的關鍵，並致力保持向其股東及投資大眾公開及適時披露公司資料的政策。本公司透過其中期及年度報告向其股東更新其最新業務發展和財務表現。本公司的公司網站(www.baofengintl.com)已為公眾人士及股東提供一個有效的溝通平台。

於截至二零一六年十二月三十一日止年度，本公司之憲章文件並無重大變更。

風險管理及內部監控

董事會對風險管理及內部監控系統負責，並有責任檢討該等制度的有效性。該等系統旨在管理而非消除未能達成業務目標的風險，而且只能就不會有重大失實陳述或損失作出合理而非絕對的保證。

截至二零一六年十二月三十一日止年度，董事會及審核委員會就本集團風險管理及內部監控系統於財務、營運及合規控制的有效性進行選擇性地審閱。審核委員會及董事會並無發現任何會對本集團財務狀況或經營業績產生重大影響的問題，並認為風險管理及內部監控系統整體有效及充分(包括充分的資源、員工資質及經驗、培訓計劃及會計預算、內部監控及財務報告職能)。

CORPORATE GOVERNANCE REPORT

企業管治報告

The Company does not have an internal audit function for the year ended 31 December 2016. Taking into account the size and complexity of the operations of the Group, the Company considers that the existing organisation structure and the close supervision of the management could maintain sufficient risk management and internal control of the Group. However, the Board would review the need to set up an internal audit function from time to time and may set up an internal audit team if the need arises.

RISK MANAGEMENT

The fundamental strategy of risk management is to know the risks existed in the Group and to perceive the change of those risks from time to time. The major risks of the Group include but not limited to:

Business risk

In relation to the Group's business of Lighting Products Business, market competition has been intensified while we might not be able to maintain our popularity among our customers. For the Photovoltaic Power Generation Business, the industry is heavily regulated by the PRC government and the timing of settling tariff adjustment would have impact on the operation of the Group.

In view of the above challenges, the Board always has an efficient communications system to mitigate the risks, and would adjust our strategy accordingly. Our solutions to deal with risks in relation to our business include improving the quality of our products, increasing the efficiency of our business, and establishing effective communication channels with relevant regulatory authorities.

Financial risk

The risks associated with the Group's financial instruments include foreign exchange risk, price risk, credit risk, liquidity risk and interest rate risk.

Recently, RMB has depreciated against US Dollars ("US\$") and HK dollars ("HK\$"). A significant part of the revenue of the Group is denominated in RMB while we have transactions invoiced in US\$ and bank loans are in HK\$, and accordingly we are exposed to foreign exchange risk. However, we will continue to closely monitor the risks and take measures to lower the risks if necessary.

本公司於截至二零一六年十二月三十一日止年度並無設置內部審核職能。考慮到本集團的營運規模及複雜程度，本公司認為現有組織架構及管理層的密切監察可維持本集團的充分風險管理及內部監控。然而，董事會將不時檢討設置內部審核職能的需求，並可能在必要時成立內部審核團隊。

風險管理

風險管理的基本策略乃為知悉本集團存在的風險及了解該等風險不時之變化。本集團的主要風險包括但不限於：

業務風險

本集團的照明產品業務方面，市場競爭激勵，我們可能無法保持我們在客戶中的知名度。光伏發電業務方面，該行業受中國政府嚴格規管，確定電價調整的時間將對本集團的營運產生影響。

考慮到上述挑戰，董事會始終擁有有效的溝通系統降低風險，並對我們的策略作出相應調整。我們處理與業務相關的風險的解決方案包括提高產品質量、提高業務效率及與相關監管機構建立有效的溝通渠道。

財務風險

與本集團財務工具有關的風險包括外匯風險、價格風險、信貸風險、流動資金風險及利率風險。

近來，人民幣兌美元（「美元」）及港元（「港元」）貶值。本集團大部分收益以人民幣計值，同時我們亦有以美元開具發票的交易及以港元計值的銀行貸款，因此，我們面臨外匯風險。然而，我們將繼續密切監督該等風險，並會於必要時採取措施降低風險。

CORPORATE GOVERNANCE REPORT 企業管治報告

In relation to our Lighting Products Business, the Company normally give our customers a credit period of 30-90 days. Based on our past experience, the trade receivables not provided for can normally be recovered and our Group has strict control over trade receivables. For our Photovoltaic Power Generation Business, the Ningxia branch of the State Grid Company was the only customer for 2016. The trade receivables include charges for electricity supply and tariff adjustment. The charges for electricity supply would usually be received in the following month, while the collection of tariff adjustment receivables is expected in the normal operation cycle, which may be more than one year. The Group's operation solar power plant has qualified for registration in the Reusable Energy Tariff Subsidy Catalogue (可再生能源電價附加資金補助目錄) (the "Catalogue"), and has met all the relevant requirements and conditions for the registration in the Catalogue. The Directors of the Company are confident that the Group's operation solar power plant is able to be registered in the Catalogue in due course and the tariff adjustment receivables are fully recoverable upon the allocation of funds from the PRC government. The Company will continue to closely monitor the changes of relevant regulations, maintain an effective communication channel with relevant regulatory authorities and take appropriate measures to mitigate any risks arise in this regard.

INTERNAL CONTROLS

Internal control environment

The Group has had in place an integrated framework of internal controls which is consistent with the Committee of Sponsoring Organisations of the Treadway Commission's framework. Under the framework, the management is primarily responsible for the design, implementation and maintenance of internal controls while the Board and its audit committee oversee the actions of the management and monitor the effectiveness of the controls that have been put in place. The framework and activities taken are illustrated below:

Framework area Activities taken

Control Environment

- Management takes a hands-on approach and is fully committed to set the controls environment ensuring that individuals are controls conscious
- The Group has set up relevant management team to ensure regulations are complied with and internal controls are carried out properly
- Management closely monitors the organization structure and the responsibilities of individuals granting appropriate authorities for them to handle assigned tasks
- Performance evaluation procedures are available to ensure individuals are competent

就照明產品業務而言，本公司通常給予客戶30-90日的信貸期。根據我們的過往經驗，並未計提撥備的貿易應收款項一般能夠收回，且本集團會嚴格監控貿易應收款項。就本集團的光伏發電業務而言，國家電網寧夏分公司為二零一六年的唯一客戶。貿易應收款項包括供電費用及電價調整。供電費用通常於下月收取，而電價調整應收款項則預期於正常營運週期內收取，可能超過一年。本集團經營的太陽能發電廠已符合資格根據登記入可再生能源電價附加資金補助目錄(「目錄」)並滿足登記入目錄的所有有關要求及條件。本公司董事堅信，本集團經營的太陽能發電廠將可於適當時候登記入目錄內，且電價調整應收款項將可於中國政府劃撥資金時悉數予以收回。本公司將繼續密切監控相關法規的變動，並與相關監管機構維持有效的溝通渠道及採取適合措施減低就此產生之任何風險。

內部監控

內部監控環境

本集團已設立與Committee of Sponsoring Organisations of the Treadway Commission 架構一致之內部監控綜合架構。根據該架構，管理層主要負責設計、實施及維持內部監控工作，而董事會及其審核委員會則負責監督管理層之行動及監察已設立之監控制度成效。該架構及所採取之措施說明如下：

架構範疇所採取措施

監控環境

- 管理層積極參與，致力建立監控環境，確保各人均具備監控意識
- 本集團已設立相關管理小組，以確保各項規例得以遵守，而內部監控得以妥善執行
- 管理層密切監察組織結構及個人責任，作出適當授權，以便處理獲指派之工作
- 設有表現評估程序，以確保個別人士表現稱職

CORPORATE GOVERNANCE REPORT

企業管治報告

Risk Assessment

- Management has established clear strategic direction and business objectives
- Formal risk assessment has been conducted to identify and analyse key risks associated with achieving the Group's objectives which form the basis for determining key control activities

Control Activities

- Policies/procedures on key control activities are established to ensure management directives are carried out
- Ranges of activities including approvals, authorization, verifications, recommendations, performance reviews, asset security and segregation of duties are identified and implemented

Information and Communication

- Pertinent information is identified, captured, processed and reported
- Access to internal and external general information is available
- Management maintains an open-door policy to allow communication taking place both across and vertically through the organization

Internal Control System

In respect of internal control system, procedures have been designed for safeguarding assets against unauthorized use or disposition, ensuring the maintenance of proper accounting records for the provision of reliable financial information for internal use or for publication, and ensuring compliance of applicable laws, rules and regulations.

風險評估

- 管理層設有清晰策略指引及業務目標
- 進行正式風險評估，以找出及分析跟達致本集團目標有關之主要風險，從而作為奠定主要監控活動之基礎

監控活動

- 制定有關主要監控活動之政策／程序，以確保管理層之指示得以執行
- 識別及推行一系列行動，當中包括：批准、授權、核實、建議、表現審核、資產保護及職責劃分

資料及通訊

- 識別、擷取、處理及匯報相關資料
- 可獲取內部及外界一般資訊
- 管理層維持公開政策，以容許組織內進行縱向及橫向之溝通

內部監控系統

就內部監控系統而言，本集團已設計若干程序，以防止資產未經授權使用或處置、確保存有正確會計記錄以提供可靠財務資料作內部使用或刊發，以及確保遵守適用法律、規則及法規。

CORPORATE GOVERNANCE REPORT

企業管治報告

The following chart illustrates the internal control system and risk management procedures adopted by the Group during the year ended 31 December 2016:

下圖載列本集團於截至二零一六年十二月三十一日止年度採納的內部監控系統及風險管理程序：



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企業管治報告

HEAD OF PHOTOVOLTAIC POWER STATION 光伏電站站長

- Fully responsible for the safety of personnel and equipment at the photovoltaic power station, and ensure safe and economic operations
 - Participate in all kinds of inspection and make rectification recommendations
 - Responsible for equipment inspection and maintenance, and give notice for examining and processing equipment defects in a timely manner
 - Responsible for all acceptances after maintenance and make acceptance and rectification recommendations
 - Review the receipt of items, purchase and reimbursement accounts at the power station, and oversee the economic accounts of the inspection departments
 - Provide feedback to the risk management team of major deficiencies and substantive vulnerabilities in a timely manner
- 對光伏電站的人員和設備的安全全面負責，確保安全經濟運行
 - 參加各類檢修，作出驗收整改意見
 - 做好設備巡檢和維護，及時通知檢修處理設備缺陷
 - 負責各類檢修後的驗收，提出驗收整改意見
 - 審核電站發生的物品領用、購置、報銷帳目，監督檢查部門的經濟帳目
 - 及時向風險管理小組反饋重大缺陷和實質性漏洞情況

HEAD OF GENERAL MANAGEMENT DEPARTMENT 綜合管理部部長

- Responsible for collection of legal risk, security risk, personnel change risk, procurement cost risk, information system risk and conduct initial risk identification and evaluation
 - Responsible for the Company's confidential management
 - Prepare the Company's annual administrative expenses budget and control the administrative expenditures
 - Make response proposals and report to the risk management team of the Company
 - Responsible for specific risk management of the department
- 負責法律風險、安全事務風險、人員變動風險、採購成本風險，信息系統風險收集、初步進行風險識別和評價
 - 負責本公司的保密管理
 - 編製本司年度行政費用預算，控制行政費用支出
 - 提出反應草案，報本公司風險管理小組
 - 負責部門具體風險管理

HEAD OF FINANCE DEPARTMENT 財務部部長

- Organize and implement risk management assessments of the Company
 - Organize and oversee the implementation of control system, identify, collect and analyze control deficiencies, make and implement recommendations for improvement
 - Provide feedback to the risk team of major deficiencies and substantive vulnerabilities in a timely manner in order to monitor the operation of the internal control system
 - Review the Company's annual risk assessment report, and submit to the Board for approval
 - Organize internal control testing, implement internal control improvement recommendations, investigate and deal with incidents that result in significant loss or adverse effect because of control failure
- 組織和實施本公司風險管理評估工作
 - 組織控制制度的實施，監督控制制度的實施情況，發現、收集、分析控制缺陷，提出及實施改進意見
 - 及時向風險小組反饋重大缺陷和實質性漏洞情況，以便監控內部控制體系的運行情況
 - 審議本公司年度風險評估報告，並提交董事會審批
 - 組織內控測試、落實內控改善建議，對控制失效造成重大損失或不良影響的事件進行調查、處理

HEAD OF ENGINEERING MANAGEMENT DEPARTMENT 工程管理部部長

- Identify, evaluate and assess risks to achieve strategic objectives
 - Implement risk management procedures and internal control measures in operating and functional areas
 - Conduct risk management activities during daily operations and report
 - Ensure that the effectiveness of the risk management framework within the scope of its own responsibilities is reviewed at least annually and seek confirmation from the Audit Committee
- 識別、評價及評估風險以實現戰略目標
 - 在運營及職能範疇執行風險管理程序及內部監控措施
 - 於日常營運進行風險管理活動及匯報
 - 確保至少每年檢討一次本身職責範圍內之風險管理架構的成效，並向審核委員會作出有關確認

CORPORATE GOVERNANCE REPORT

企業管治報告

General

The system is established for the Group's risk management, to develop a standardized and effective risk control system, improve risk management and prevention, ensure the healthy and sound operation of the Company and enhance the management level with reference to the actual situation of the Company.

Comprehensive risk management is a process and method to provide a reasonable assurance for achieving the overall objective of risk management, which means the Company implements basic procedures of risk management in every procedure of corporate management and during the course of operation to nurture a sound risk management culture and develop a sound comprehensive risk management system. The goal of comprehensive risk management is to ensure that the Company's management activities are carried out healthily, to avoid and reduce the possible losses caused by risks and to guarantee the achievement of the strategic objectives, which mainly including:

To control risks in line with overall objectives and within acceptable level; to achieve timely, reliable and complete communication of the Company's internal and external information; to ensure the Company's business activities in compliance with the provisions of national laws and regulations; to improve the effectiveness and efficiency of the Company's operation and management; to ensure the Company's establishment of management solutions for significant risks to enable it not to suffer great losses due to catastrophic risk or human error.

Risk Management Process:

Collect initial risk management information

Each of the functional departments extensively and continuously collects internal and external initial information related to the Company's risk and risk management, including historical data and future forecasts. The initial information collected shall be screened, refined, compared, classified and assembled to form the Company's initial risk management information for risk assessment.

Risk assessment

Risk assessment includes three steps: risk identification, risk analysis and risk evaluation. Risk assessment may be carried out by the risk management team in conjunction with other functional departments and, if necessary, with a qualified, reputable and professional risk management intermediary. Risk identification refers to identify whether there are risks in the Company's important business activities and its major business processes, and if any, what the risks are. Risk analysis is a clear definition of the identified risks and their characteristics. It analyzes and describes the likelihood and conditions of the risks that occur. Risk evaluation is to assess the impact of risks on the Company's achievement of objectives and the value of risks.

總則

為本集團的風險管理，建立規範、有效的風險控制體系，提高風險管理與防範能力，保證本公司健康、穩健運行，提高經營管理水平，結合本公司的實際情況，制定本制度。

全面風險管理，指本公司通過在公司管理的各個環節和經營過程中執行風險管理的基本流程，培育良好的風險管理文化，建立健全全面風險管理體系，從而為實現風險管理的總體目標提供合理保證的過程和方法。全面風險管理的目標是確保本公司管理活動健康進行，規避和減少風險可能造成的損失，保證戰略目標的實現，主要包括：

將風險控制在與總體目標相適應並可承受的範圍內；實現本公司內外部信息溝通的及時、可靠、完整；確保本公司經營活動遵循國家法律法規的規定；改善本公司經營管理的效益及效率；確保本公司建立針對各項重大風險的危機處理方案，使其不因災害性風險或人為失誤而遭受重大損失。

風險管理流程：

收集風險管理初始信息

各職能部門廣泛、持續不斷地收集與本公司風險和風險管理相關的內部、外部初始信息，包括歷史數據和未來預測。對收集的初始信息應進行必要的篩選提煉、對比、分類、組合，形成本公司風險管理初始信息，以便進行風險評估。

風險評估

風險評估包括風險辨識、風險分析、風險評價三個步驟。風險評估可由風險管理小組會同其他職能部門實施，必要時可聘請有資質、信譽好、風險管理專業能力強的中介機構協助實施。風險辨識是指查找公司各項重要經營活動及其重要業務流程中有無風險，有哪些風險。風險分析是對辨識出的風險及其特徵進行明確的定義描述，分析和描述風險發生可能性的高低、風險發生的條件。風險評價是評估風險對公司實現目標的影響程度、風險的價值等。

CORPORATE GOVERNANCE REPORT

企業管治報告

Develop and implement risk management strategies

The risk management team formulates the Company's significant risk management strategies based on risk graph and the Company's development strategy by determining the risk appetite, risk tolerance and risk management effectiveness criteria according to the different business characteristics, selecting such appropriate risk management tools as risk exposure, risk aversion, risk transfer, risk conversion, risk hedging, risk compensation and risk control, clarifying the minimum and maximum risk that the Company is exposed to, and accordingly identifying the Company's risk warning line and the corresponding risk mitigation measures. The effectiveness and reasonableness of the established significant risk management strategies are reviewed annually to formulate adjustment recommendations for the Company's significant risk management strategies of the year.

Propose and implement risk management solutions

We establish an internal control post authorization system, which expressly stipulates the authorization object, condition, scope and quota for any post involved in the internal control. Any organization and individual shall not make a risk decision beyond their authorization. We also establish an internal control accountability system, which expressly stipulates the responsibilities of the relevant functional departments and project companies, posts and personnel based on the principle of unification of rights, obligations and responsibilities. Furthermore, we establish an internal control audit inspection system, a major risk warning system and an important post power balance system, which expressly stipulates separation of incompatible duties.

Control and improvement of risk management supervision

All departments shall regularly carry out self-examination and inspection on the risk management of the Company, and identify defects and rectify them in a timely manner. Inspection and examination report shall be submitted to the Company's risk management team in a timely manner for its review and then submitted to the Audit Committee. The Company's risk management functional departments and audit departments shall conduct annual inspection and examination of the implementation and effectiveness of the risk management work of all functional departments and project companies, and issue special reports on risk management assessment and recommendations.

The Company regulates the handling and dissemination of inside information in compliance with the relevant laws and regulations and implement various procedures to ensure inside information remains confidential until the disclosure of such information is appropriately approved, and the dissemination of such information is efficiently and consistently made.

制定和實施風險管理策略

風險管理小組根據風險圖譜，圍繞本公司的發展戰略，根據不同業務特點，確定風險偏好、風險承受度、風險管理有效性標準，選擇風險承擔、風險規避、風險轉移、風險轉換、風險對沖、風險補償、風險控制等適合的風險管理工具的總體策略，明確本公司風險的最低限度和不能超過的最高限度，並據此確定本公司風險的預警線及相應採取的風險對策，提出本公司重大風險管理策略。每年重新評估已制定的重大風險管理策略的有效性和合理性，形成本公司年度重大風險管理策略調整建議。

提出和實施風險管理解決方案

建立內控崗位授權制度。對內控所涉及各崗位明確規定授權的對象、條件、範圍和額度等，任何組織和個人不得超越授權做出風險性決定；建立內控責任制度。按照權利、義務和責任相統一的原則，明確規定各有關職能部門和項目公司、崗位、人員應負的責任；建立內控審計檢查制度；建立重大風險預警制度；建立重要崗位權力制衡制度，明確規定不相容職責的分離。

風險管理監督控制與改進

各部門應定期對本公司風險管理工作進行自查和檢驗，及時發現缺陷並改進。檢查、檢驗報告及時報送公司風險管理小組，經風險管理小組審核後報送審核委員會。公司風險管理職能部門和審計部門每年一次對各職能部門和項目公司風險管理工作實施情況和有效性進行檢查和檢驗，並出具風險管理評估和建議專項報告。

本公司按照相關法例及法規規管內幕消息的處理及發佈、實施多項程序以確保內幕消息在獲適當批准披露前一直保密，並確保有效及一致地發佈有關消息。

ENVIRONMENTAL AND SOCIAL RESPONSIBILITY REPORT

環境及社會責任報告

This Environmental, Social and Governance Report is prepared by China Baofeng (International) Limited and its subsidiaries (hereinafter referred to as the “Group” or “we”) under the requirements in the Environmental, Social and Governance Reporting Guide as set out in Appendix 27 (the “ESG Guide”) of the Listing Rules.

This report includes environmental, social and governance matters of the Group from 1 January 2016 to 31 December 2016 (the “Reporting Period” or the “2016 Financial Year”). The key stakeholders which include the business departments and the management, have all involved in the materiality assessment, the identification of ESG policies related with the Group and of significance, and their incorporation into this report.

(A) ENVIRONMENTAL

A1. Emissions

The Group pays great attention to environmental protection by committing to promoting the development of green energy in society, so as to minimize all emissions and wastes. We are confident that our philosophy is conducive to maintaining the sustainability of the community, thus facilitating its stable and peaceful development. For this purpose, we provide the society with green and clean energy in the generation method of low pollution and low emission by developing and promoting photovoltaic electricity to the society, in order to reduce the emission of greenhouse gases, including carbon dioxide. In the process of generating photovoltaic electricity, solar power is converted into electricity by using semiconducting materials that exhibit the photovoltaic effect while generating almost zero carbon dioxide or other pollutants in such process, neither does the process require any cooling water.

During this Reporting Period, we have not detected any material breach of relevant laws and regulations relating to environmental protection, including the Environmental Protection Law of the PRC(《中華人民共和國環境保護法》), the Law of the PRC on the Prevention and Control of Water Pollution(《中華人民共和國水污染防治法》), the Law of the PRC on the Prevention and Control of Air Pollution(《中華人民共和國大氣污染防治法》), the Law of the PRC on Prevention and Treatment of Solid Waste Pollution(《中華人民共和國固體廢物污染環境防治法》), etc..

根據上市規則附錄二十七《環境、社會及管治報告指引》(「ESG指引」)中的要求，中國寶豐(國際)有限公司及其附屬公司(「集團」、「我們」)編制了本《環境、社會及管治報告》。

本報告包含集團由二零一六年一月一日至二零一六年十二月三十一日(「報告期間」、「2016年財政年度」)的環境、社會及管治事宜。主要持份者包括業務部門與管理層均有參與重要性評估，識別與本集團相關且重大之ESG政策並納入本報告中。

(A) 環境

A1. 排放物

本集團重視環境保護，致力向社會推動綠色能源發展，以減少各種排放物及廢棄物的產生。我們相信集團的理念有助維持社區的可持續性，令社區能平穩、安定地發展。為此，我們通過發展及向社區推廣光伏發電，以低污染、低排放的生產方式向社會提供綠色清潔能源，減少二氧化碳等溫室氣體排放。光伏發電過程中，利用光伏半導體材料進行光伏效應而將太陽能轉換為電能，過程中幾乎不會產生二氧化碳和其他環境污染物，也無需使用冷卻水。

於本報告期間內，本集團並無發現對環境保護相關的法例法規(包括《中華人民共和國環境保護法》、《中華人民共和國水污染防治法》、《中華人民共和國大氣污染防治法》、《中華人民共和國固體廢物污染環境防治法》等)的重大違反情況。

ENVIRONMENTAL AND SOCIAL RESPONSIBILITY REPORT

環境及社會責任報告

A2. Use of Resources

We are committed to technological innovation and have devoted a lot of money and professional talents to drive the technological development of photovoltaic electricity, seeking to enhance the power generation efficiency of photovoltaic electricity system on a continuous basis, including the enhancement of conversion efficiency from light to electricity, the increase of the light panel's effective area receiving sunlight and the maximum power point tracking technology. In addition, we advocate the philosophy of green office by developing related rules and regulations, and stepping up its efforts to electricity distribution of lighting and air conditioners in the office area through the establishment of usage specifications for resources such as water and electricity and the incorporation of energy conservation and emission reduction into daily management, thus reducing unnecessary resource wastes. Employee is the most important element of our green office, therefore, we attach great importance to educating our employees with the concept of saving resources, and emphasize that the management shall set an example to integrate environmental protection into workplace, with the aim to develop a green workplace top down.

A3. The Environment and Natural Resources

We have established an environmental management system covering our offices and all power stations. The system covers the full-cycle of operation including environmental policies establishment, environmental risks and factors identification, control procedures, environmental impact assessment as well as construction and operation of project approved. We can identify different environmental factors, assess their impacts and implement control measures and plans for them. Also, we develop compliance management procedure for all environmental risks, and prescribe and continuously monitor the standards for environmental factors. Relevant personnel shall pay regular attention to the amendment of the regulations and update the Group's compliance plan and monitoring standards in a timely manner.

A2. 資源使用

我們致力於技術革新，投入大量的資金與專業人才以推動光伏發電的科技發展，務求不斷提高光伏發電系統的發電效率，包括提高光電轉換效率、提高光板有效接受面積和最大功率點跟踪技術等發展方向。除此之外，我們倡導綠色辦公，制定了相關的規章制度、通過設置用水、用電等資源使用規範，同時將節能減排納入日常管理，加大了辦公區域照明、空調等電力調配，減少了不必要的資源浪費。員工是我們綠色辦公的最重要的因素，因此我們十分重視將節用資源的概念教育員工，並強調由管理層以身作則，將環保融入工作場所，由上而下地打造出綠色的工作場所。

A3. 環境及天然資源

我們建立了覆蓋集團辦公區域和各電站的環境管理體系，並完整覆蓋了從環境制度建設、環境風險因素識別到運行控制程序、環境影響評估及審批的項目建設和運營全流程。根據識別出的重要環境因素，確定其影響級別，並制定相應的控制措施和計劃。我們亦為各環境風險制定合規性管理流程，為環境因素訂立標準及進行持續監控。相關人員需定期留意法規是否更改，及時更新集團的合規計劃與監控標準。

ENVIRONMENTAL AND SOCIAL RESPONSIBILITY REPORT

環境及社會責任報告

(B) SOCIAL

B1. Employment

We are committed to the building of standardized, orderly, fair and effective operation system of human resources in a bid to make full use of its talents and their capabilities, and actively carry out rich and colourful cultural activities to build harmonious culture atmosphere and enhance the staff's sense of belonging.

We promote equal opportunity principle and have zero tolerance and no allowance on all discrimination. We recruit talents based on their educational backgrounds, experiences, skills, potentials and performance in interview, rather than other factors such as gender, marital status or disabled degree. Each employee joins the Group with equal treatment. The same salary structure applies to all men and women, and they get promoted based on several factors, including their speciality, working performance and experience.

We also strive to make sure that the level of employees' income and benefits is competitive in the market. We strictly comply with relevant laws and regulations, such as the Labor Law, to offer the pension insurance, medical insurance, work injury insurance, maternity insurance, unemployment insurance, provident fund, employer's liability insurance for employees in Mainland China. Pregnant employees are entitled to maternity leave while male employees are also entitled to paternity leave. In Hong Kong, we not only provide mandatory provident fund, labor insurance, annual leave, paid sick leave, maternity leave, paternity leaves and other statutory welfares to our employees, but also marriage leave, exam leave, compassionate leave, medical benefits and other non-statutory welfares. If employees have to work overtime, they will be compensated with corresponding wages.

During this Reporting Period, we have not detected any material breach of the laws and regulations relating to human resources.

(B) 社會

B1. 僱傭

我們致力於構建規範、有序、公正、有效的人力資源運作體系，力求人盡其才、才盡其用，並積極開展豐富的文化活動，以構造和諧的文化氛圍，增強員工的歸屬感。

我們提倡平等機會，對一切歧視行為採取不容許、不容忍的態度。在招聘時，我們只會根據學歷、經驗、技術、潛質及面試表現招聘人才，其他例如性別、婚姻狀況或殘疾程度等因素都不在考慮之列。每一位加入集團的員工，都可享受平等的待遇。我們的男女員工在薪酬架構上都是一致，實現男女同工同酬，並且因應員工的專長、工作表現、經驗等因素作為職位晉升的依據。

我們亦致力於確保員工收入及福利水平在市場上具備競爭力。我們嚴格遵守《勞動法》等相關法律法規，為內地員工提供養老保險、醫療保險、工傷保險、生育保險、失業保險、住房公積金、僱主責任險，及對生育女／男員工提供生育假、陪產假。在香港，除了為員工提供強積金、勞工保險、年休假、有薪病假、產假、侍產假等法定福利之外，我們還為員工提供婚假、考試假、喪假、以及醫療福利等非法定福利。員工若加班，會得到相應的工資補償。

於本報告期間內，集團並未發現任何與人力資源相關的法例和法規的重大違反事宜。

ENVIRONMENTAL AND SOCIAL RESPONSIBILITY REPORT

環境及社會責任報告

B2. Health and Safety

We conscientiously implement our national laws and regulations as well as the standards and specifications in relation to work safety and occupational health, and to ensure employees' health and occupational safety. We monitor the occupational disease hazards every year, reasonably evaluate the impact that works and environment has on employee's personal health, and reinforce the emergency management and prevention measures for work safety through a series of safety measures, such as safety supervision, regular and irregular inspections, safety evaluation and hazard identification. Employees in charge of works with high risks must wear safety protections while working and accept trainings on safety and working skills on a regular basis, in order to minimize the possibility of accidents at source.

During the Reporting Period, we have not detected any breach of the laws and regulations relating to the health and safety in workplace.

B2. 健康與安全

我們切實執行國家法律法規和有關安全生產與職業健康的標準規範，竭力保障員工健康與安全。我們每年進行職業危害因素的監測，合理地評估工作及環境對員工個人健康的影響，並通過一系列安全措施，強化安全生產應急管理和預防措施，如安全監督、定期和不定期安全檢查、安全性評價及危險源辨識等。對於負責高風險工作的員工，他們在工作時必須配戴安全裝備，並定期接受有關安全及工作技術的培訓，從源頭減低意外的發生機會。

本集團於報告期間內並無發現任何違反與工作場所健康與安全有關之法律及規例之個案。

ENVIRONMENTAL AND SOCIAL RESPONSIBILITY REPORT

環境及社會責任報告

B3. Development and Training

We actively help employees in their development to enable them to deliver personal value within the Group while making contribution to our growth and development. We have produced well-established training systems, regularly set a training goal and provide employees with relevant trainings to enhance their working knowledge and skills. In addition, employees are encouraged to and accept assistance to identify their personal ambition and draw up a career development plan with their immediate superiors.

To this end, the Group continues to strengthen team building of skilled personnel and implement title appraisal for professional technicians to facilitate employees' growth in a way more suitable for themselves. We also carry out in-depth trainings for leaders, professionals, skilled personnel and collective introduction trainings for newly joined college graduates under the overall requirements of "by classification, multi-layer and on demand", while enhancing training methods and adopting innovative training means to improve training efficiency. Moreover, skills competition is also held on a regular basis to show their talent and boost the cross-learning atmosphere among employees.

B4. Labor Standards

We strictly comply with national laws and regulations, including the Labor Law and the Labor Contract Law and lawfully enter into labor contract with employees. Employment of child labor and forced labor is completely eradicated. All employees are encouraged to report to the Group at any time for any non-compliance incidents such as employment of child labor and forced labor during the course of our recruitment and operation.

During the Reporting Period, we have not detected any breach of the laws and regulations relating to avoiding child or forced labor.

B3. 發展及培訓

我們積極幫助員工成長，實現個人在企業中的價值，為企業成長與發展作出貢獻。我們已訂立完善的培訓制度，定期制定培訓目標，向員工提供相應培訓，以提升員工的工作知識及技術。我們鼓勵及協助員工計劃個人志向，與上司規劃職業發展計劃。

為此，集團不斷加強技能人員隊伍建設，開展專業技術人員職稱評定，讓員工在更適合自己的發展通道上成長。我們亦落實「分類、梯次、按需」總體要求，深入開展領導人員、專業人員、技能人員培訓以及新進高校畢業生入職集中培訓，同時改進培訓方式、創新培訓手段，以提高培訓效果。我們更定期舉辦技能比賽，讓員工展現才華，及鼓勵員工之間互相學習的風氣。

B4. 勞工準則

我們嚴格遵守國家《勞動法》及《勞動合同法》等法律法規，依法與員工簽訂勞動合同，堅決杜絕僱用童工和強迫勞動，員工一旦發現本集團在招聘及營運過程中存在僱用童工及強迫勞工等違規情況，可隨時向我們反映該等違規情況。

本集團於報告期間內並無發現任何違反與防止兒童或強迫勞工有關之法律及規例之個案。

ENVIRONMENTAL AND SOCIAL RESPONSIBILITY REPORT

環境及社會責任報告

B5. Supply Chain Management

The Group persists in developing fair and impartial working relationships with suppliers. The purchases of all critical materials are subject to an administrative regime that separates purchase, delivery inspection and acceptance, and supervision, in a bid to eliminate corruption at source. Contracts and agreements are performed in stringent compliance with contractual requirements and all suppliers are treated with respect in an equal manner. Meanwhile, we also attach great importance to the reflection of problems on suppliers and will carry out sustained review on their performance in fulfilling the contacts. Any persons related are encouraged to report any abnormalities or comments to purchasing management center in real time.

While fulfilling our own social responsibility, we also incorporate concepts and requirements of social responsibility in the management of suppliers. A stringent and standardized system for the selection and management of suppliers has been formulated, in a bid to safeguard a healthy and orderly marketplace. For environment, the suppliers are required to obtain, maintain and regularly update all environmental permits and licenses, and comply with all operational and information disclosure requirements in respect of environment. For equipment upgrade and production processes enhancement, the suppliers are also required to take steps to economize on the use of natural resources, promote waste recovery and recycling as well as properly manage and duly deal with environmental hazards. In addition, all the suppliers are required to adopt proper measures to minimize safety risks in workplace, including the formulation of emergency plan, the provision of sufficient personal protection items, etc.. Labor practices criteria and performance of suppliers would be one of our important considerations in the selection of suppliers. We have zero tolerance for suppliers' environmental and labor malpractices, and will surely avoid or cease cooperation with such suppliers once found.

B5. 供應鏈管理

我們堅持與供應商建立公平公正的合作關係，所有重要物料的採購均實行「採購、驗收及監督」三分離的管理機制，從源頭上杜絕貪污及腐敗現象的發生。我們嚴格按照合同要求，履行合同協議事項，尊重並平等對待每一個供應商。同時，我們也十分重視供應商問題的反饋，在履行合約過程中將不斷審查供應商的表現，相關人員可實時向採購管理中心上報任何異常情況或意見。

在履行自身社會責任的同時，我們將社會責任理念和要求融入供應商管理中，並制訂了嚴謹及規範的供應商選擇與管理制度，以維護健康有序的市場環境。在環境方面，我們規定了供應商需取得、維護並定時更新所有環境許可及執照，並遵循所有有關環境的操作和信息披露要求。在設備提升、改善生產工藝等層面，我們規定了供應商亦需有相關措施以節約使用自然資源，促進廢物回收再利用，並正確管理及妥善處置對環境造成危害的物質。此外，我們亦要求所有供應商提供適當的措施以減低工作場所中的安全風險，包括建立應急計劃、提供足夠的個人保護物品等。在選擇供應商的過程中，供應商的勞工實踐標準及表現會是其中一個重要的考慮因素。我們對供應商在環境及勞工方面的不良行為採取零容忍的立場，如有發現，定當避免或停止與此類供應商合作。

ENVIRONMENTAL AND SOCIAL RESPONSIBILITY REPORT

環境及社會責任報告

B6. Product Responsibility ***Stabilize Power Supply***

We are dedicated to the building of a stable and reliable power generation system to safeguard safer, cleaner, more economical and more sustainable electric power supply. Therefore, we regard safe production as the prerequisite for stable power supply and sustainable development for us in firm adherence to the safety philosophy which maintains that “no risks are uncontrollable, no breaches are unpreventable and no accidents are unavoidable” and the safety production directives of “safety as priority, prevention rather than cure, and comprehensive management”. Also, we improve the system by driving the development of the safety, health and environment (SHE) management system on all fronts and revising and compiling the SHE Management Regulations.

To ensure stable power supply, we have formulated various facility management regulations and set out plans for overhauls and technological upgrades in a bid to complete facility management and secure stable operation of the generating units, as well as adopting specific investigation to enhance facility repair and maintenance, eliminate any hazards in the power generating units and enhance reliability of power generating units in a bid to deal with the challenges in the peak power consumption periods during the summer and winter seasons.

Customer Service

We are pleased to communicate with customer to understand their requirements and comments on our products. Our customer service team strives to provide customer with professional product consultation and after-sale services, with multiple communication channels available for customer to offer their comments. In case of any dissatisfaction with our products or services from customer, we have set up measures to deal with customer's comments and timely conducted rectification in regard thereof, so as to gain customer satisfaction with our products.

B6. 產品責任 **穩定電力供應**

我們致力於構建穩定可靠的電力生產體系，保障更安全、更清潔、更經濟、更持續的電力供應。因此，我們堅持「任何風險都可以控制，任何違章都可以預防，任何事故都可以避免」的理念和「安全第一、預防為主、綜合治理」的安全生產方針，將安全生產視為穩定電力供應和確保我們的可持續發展的前提條件，並建設完善的制度，全面推進安全健康環保的管理體系建設，修編安全、健康、及環境管理制度。

為確保穩定的電力供應，我們制定各種設備管理制度及大型檢修與技術改造工作計劃，以完善設備管理及保障機組的穩定運行，並採取專項檢查等措施，加強設備檢修，排除機組隱患，提升發電機組的可靠性水平，以應對夏季及冬季時段的用電高峰期的挑戰。

客戶服務

我們樂意跟客戶溝通，瞭解他們的需求及對產品的意見。我們的客戶服務團隊務求為客戶提供專業的產品諮詢及售後跟進服務。團隊已設立多種溝通渠道，供客戶提供意見。如客戶對產品或服務不滿意，我們已設立客戶意見處理辦法，為客戶及時地進行整改，以令客戶滿意我們的產品。

ENVIRONMENTAL AND SOCIAL RESPONSIBILITY REPORT

環境及社會責任報告

We have developed principle of confidentiality in respect of customer's personal information to focus on the protection of customer's privacy. In no case will we disclose customer's personal information to a third party without the customer's consent. All information will be protected in safe physical method or by security settings in computer to avoid theft.

During the Reporting Period, we have not detected any breach of the laws and regulations relating to products and services quality.

B7. Anti-corruption

As an enterprise citizen, the Group not only establishes internal codes of conduct of the staff, but also develops various interior mechanisms, with the aim to heighten the awareness of preventing improper conducts. We also offer processing methods in that regard to secure the legality and compliance of our operation. Our internal codes of conduct mainly consist of "Commandment for Integrity Culture (誠信文化戒條)", "Code of Conduct of the Staff (員工行為守則)" and "Security Management Standard (安全管理標準)", in which, all the staff are required to abide by the principle of compliance. We insist on maintaining a high level of corporate governance. To secure high transparency, the terms of reference of the board committee have been uploaded to the Group's website for public information. Moreover, we have actively prevented and combated corruption. By making a corruption risk assessment once a year and delivering the Group's anti-corruption policies and procedures through thematic training and the issue of press release, we clear the Group's serious stance on corrupt conducts, improve the staff's vigilance, alertness and processing capability towards such conducts and regulate individual behaviour.

During the Reporting Period, we have not detected any breach of the laws and regulations relating to anti-corruption.

對於客戶的個人資料，我們已建立保密守則，重點保護客戶的私隱。我們不會在未經客戶同意的情況下向第三方披露客戶的個人資料。所有資料都會以安全的物理方法或電腦安全設置所保護，以免被他人盜用。

本集團於報告期間內並無發現違反與產品及服務質量有關之法律及規例之個案。

B7. 反貪污

作為企業公民，我們在建立內部員工行為守則之外，還建立了不同的內部機制，旨在提高意識以防範不當行為，並提供相關的處理方法，保證運營合法合規。我們的內部行為守則主要有「誠信文化戒條」、「員工行為守則」，以及「安全管理標準」，要求所有員工恪守合規原則。我們堅持維持高水準的企業管治，為了保證高透明度，董事會委員會的職權範圍信息已上傳到集團網站供公眾參閱。此外，我們積極預防與打擊腐敗行為，我們每年進行一次腐敗風險評估，加上專題培訓及發布通訊稿等傳達集團反腐政策及程序，明確集團針對腐敗行為的嚴肅立場，增強員工對腐敗的防範意識、警覺性和處理能力，並且規範個人行為。

本集團於報告期間內並無發現任何違反反貪污賄賂相關之法律及規例之個案。

ENVIRONMENTAL AND SOCIAL RESPONSIBILITY REPORT

環境及社會責任報告

B8. Community Investment

Community development is closely related to our operations. We could never achieve a sustainable development without our communities. Through recruiting local manpower, employee volunteer services and donations, we have grown together with the communities where our power plants and offices locate. We cooperated with local governments to actively join in poverty alleviation through photovoltaic energy. Our solar power plants are mainly located in relatively undeveloped areas in Northwestern and Southwestern China. By constructing solar power plants there, local residents could get both land compensation and clean electricity. Villagers who could not get access to electricity before are using lights, TV, fridges and other electrical appliances to improve their living standards. We prefer to recruit local employees under same conditions, thereby providing a large number of job opportunities for the local region. In addition, we encouraged our staff to participate in philanthropy and volunteer activities to bring warmth to the disadvantaged groups in the society. Beyond that, we are also pleased to make a donation to the communities and charitable institutions in need to provide assistance to people in need in society.

B8. 社區投資

社區的發展與我們的運營息息相關，我們無法離開社區而長遠發展。通過招募當地人力、員工志願服務、向社區捐贈等措施，我們與電站和辦公室所在社區同走發展之路。我們與當地政府合作，積極參與光伏扶貧。我們的太陽能電站多分佈在中國西北、西南部發展相對落後的地區，太陽能電站建設使當地民衆得到土地補償的同時，還為當地民衆提供清潔電力，使原來的無電村用上了電燈、電視、電冰箱等電器，改善了他們的生活素質，而且我們在同等條件下，優先聘用當地員工，為當地帶來大量的就業機會。另外，我們鼓勵員工參加公益志願活動，通過自己的行動為社會弱勢群體帶去溫暖和關愛。除此之外，我們樂於捐助有需要社群及慈善機構，幫助社會上有需要人士。

REPORT OF THE DIRECTORS

董事局報告書

The Directors have pleasure in presenting their annual report and the audited financial statements for the year ended 31 December 2016.

CHANGE OF COMPANY NAME

The name of the Company has been changed from “Mastercraft International Holdings Limited 馬仕達國際控股有限公司” to “China Baofeng (International) Limited 中國寶豐（國際）有限公司” with effect from 12 May 2016 with the approval of, among others, the shareholders of the Company at the extraordinary general meeting held on 10 May 2016.

PRINCIPAL PLACE OF BUSINESS

The Company is incorporated in the Cayman Islands with limited liability with its registered office in the Cayman Islands. The address of the headquarters and principal place of business in Hong Kong of the Company has been changed to Suites 1301-1304, 13/F, Two Pacific Place, 88 Queensway, Admiralty, Hong Kong with effect from 26 September 2016.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the Company is investment holding and the activities of its subsidiaries are set out in note 29 to the consolidated financial statements. Save as discussed in this report, there were no significant changes in nature of the Group’s principal activities during the year. Discussion and analysis as required by Schedule 5 to the Hong Kong Companies Ordinance are set out on pages 6 to 16 of this annual report. This discussion form part of the report of the directors.

SUBSIDIARIES

Details of the Company’s subsidiaries as at 31 December 2016 are set out in note 29 to the consolidated financial statements.

RESULTS AND DIVIDEND

The results of the Group for the year ended 31 December 2016 are set out in the consolidated statement of profit or loss and other comprehensive income on page 68 of this annual report.

The Board does not recommend a final dividend for the year ended 31 December 2016.

董事欣然提呈截至二零一六年十二月三十一日止年度的年報及經審核財務報表。

更改公司名稱

本公司之名稱已由「Mastercraft International Holdings Limited 馬仕達國際控股有限公司」變更為「China Baofeng (International) Limited 中國寶豐（國際）有限公司」，自二零一六年五月十二日起生效，有關更改已於二零一六年五月十日舉行之股東特別大會上獲（其中包括）本公司股東批准。

主要營業地點

本公司為於開曼群島註冊成立的有限公司，註冊辦事處位於開曼群島。本公司之總部及香港主要營業地點之地址已變更為香港金鐘金鐘道88號太古廣場二座13樓1301至1304室，由二零一六年九月二十六日起生效。

主要業務及業務回顧

本公司的主要業務為投資控股，其附屬公司的業務詳情載於綜合財務報表附註29。除本報告所討論者外，本年度內，本集團主要業務的性質並無重大變動。香港《公司條例》附表5規定之討論及分析載於本年報第6至16頁。此討論構成董事局報告書之一部分。

附屬公司

有關本公司附屬公司於二零一六年十二月三十一日的詳情，載於綜合財務報表附註29。

業績及股息

本集團截至二零一六年十二月三十一日止年度之業績載於本年報第68頁綜合損益及其他全面收益表內。

董事會並不建議就截至二零一六年十二月三十一日止年度派發末期股息。

REPORT OF THE DIRECTORS 董事局報告書

CLOSURE OF REGISTER OF MEMBERS FOR 2017 AGM

Book close dates for 2017 AGM (both days inclusive)	Monday, 15 May 2017 to Thursday, 18 May 2017
Latest time to lodge transfer documents with the Company's share registrar	Friday, 12 May 2017, 4:00 p.m.
Name and address of the Company's share registrar	Union Registrars Limited, Suites 3301-4, 33/F, Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong

SEGMENTAL INFORMATION

Details of segment reporting are set out in note 5 to the consolidated financial statements.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2016, the aggregate amount of turnover attribute to the Group's largest and the five largest customers was approximately 32.5% and 85.2% (2015: 39.8% and 82.8%) of the total value of the Group's turnover, respectively. The Group's purchases from the largest and the five largest suppliers accounted for approximately 49.7% and 87.5% (2015: 47.5% and 81.7%) of the total value of the Group's purchases, respectively.

At no time during the year have the Directors, their close associates or any shareholder of the Company (which to the knowledge of the Directors owns more than 5% of the Company's issued share capital) had any interest in major customers or suppliers.

CONNECTED TRANSACTIONS

The related party transactions set out in note 28 to the consolidated financial statements fall under the definition of continuing connected transaction in Chapter 14A of the Listing Rules and are fully exempted from annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Company would like to draw the shareholders' attention to the following additional disclosure.

During the year ended 31 December 2016, the Group paid rents in an aggregate amount of HK\$2,451,000 under a lease agreement (the "MCP Investment Transactions") to MCP Investments, LLC ("MCP Investment"), an associate of Mr. Jerry Strickland ("Mr. Strickland"), a former controlling shareholder and former executive Director. During the year ended 31 December 2016, the Group paid commission in an aggregate amount of HK\$1,423,678 under a service agreement (the "Todd Miller Transactions") to Todd Miller Inc. ("Todd Miller"), an associate of Mr. Strickland.

就二零一七年股東週年大會暫停辦理股份過戶登記

就二零一七年股東週年大會暫停辦理股份過戶登記日期(包括首尾兩日)	二零一七年五月十五日(星期一)至二零一七年五月十八日(星期四)
將過戶文件交回本公司股份過戶登記處的最後時間	二零一七年五月十二日(星期五)下午四時正
本公司股份過戶登記處之名稱及地址	聯合證券登記有限公司 香港北角英皇道338號 華懋交易廣場2期 33樓3301-4室

分部資料

分部呈報之詳情載於綜合財務報表附註5。

主要客戶及供應商

於截至二零一六年十二月三十一日止年度，本集團最大及五大客戶應佔的收益合計佔本集團總收益分別為約32.5%及85.2%(二零一五年：39.8%及82.8%)。本集團最大及五大供應商的採購額佔本集團總採購額分別為約49.7%及87.5%(二零一五年：47.5%及81.7%)。

於本年度任何時間內，本公司董事、彼等之緊密聯繫人士或任何股東(據董事所深知擁有本公司已發行股本逾5%者)概無於主要客戶或供應商中擁有任何權益。

關連交易

綜合財務報表附註28所載之關連人士交易構成根據上市規則第14A章之持續關連交易，並可全面獲豁免遵守上市規則第14A章之年度審閱、公告及獨立股東批准規定。

本公司謹請股東垂注以下額外披露。

於截至二零一六年十二月三十一日止年度，本集團根據租賃協議向MCP Investments, LLC(「MCP Investment」，為前控股股東及前執行董事Jerry Strickland先生(「Strickland先生」)的聯繫人士)支付租金總額2,451,000港元(「MCP Investment交易」)。於截至二零一六年十二月三十一日止年度，本集團根據服務協議向Todd Miller Inc.(「Todd Miller」，為Strickland先生的聯繫人士)支付佣金總額1,423,678港元(「Todd Miller交易」)。

REPORT OF THE DIRECTORS

董事局報告書

As a result of the completion of the acquisition of controlling equity interests in the Company by Fung Teng on 19 February 2016 and the resignation of Mr. Strickland as a Director on the same date, MCP Investment and Todd Miller ceased to be related parties of the Company while they remain as connected persons of the Company until 12 months after Mr. Strickland's resignation. Accordingly, the MCP Investment Transactions and the Todd Miller Transactions constituted continuing connected transactions of the Group for the year ended 31 December 2016. As the respective transaction amounts under the MCP Investment Transactions and the Todd Miller Transactions for the year ended 31 December 2016 are less than HK\$3,000,000 and all the applicable ratios in this regard are less than 5%, the MCP Investment Transactions and the Todd Miller Transactions are fully exempted from annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

On 18 February 2016, being 12 months after Mr. Strickland's resignation as Director of the Company, MCP Investment and Todd Miller ceased to be connected persons of the Company and accordingly, the MCP Investment Transactions and the Todd Miller Transactions no longer constitute continuing connected transactions of the Company thereafter.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year are set out in note 13 to the consolidated financial statements.

SHARE CAPITAL

Details of movements in the share capital of the Company during the year are set out in note 22 to the consolidated financial statements.

TAX RELIEF

The Company is not aware of any relief from taxation available to the shareholders of the Company by reason of their holding of the shares of the Company.

RESERVES

Movements in reserves of the Group during the year are set out in the consolidated statement of changes in equity on page 70.

DISTRIBUTABLE RESERVES

As at 31 December 2016, the Company's reserves, calculated in accordance with the provisions of the Cayman Islands' legislation, amounted to approximately HK\$284,265,000 (2015: HK\$50,068,000).

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, redeemed or sold any of the Company's shares during the year ended 31 December 2016.

由於峰騰於二零一六年二月十九日完成收購本公司的控股權益及Strickland先生於同日辭任董事，MCP Investment及Todd Miller不再為本公司的關聯方，但彼等於Strickland先生辭任後12個月內仍為本公司的關連人士。因此，於截至二零一六年十二月三十一日止年度，MCP Investment交易及Todd Miller交易構成本集團的持續關連交易。由於MCP Investment交易及Todd Miller交易各自的交易金額低於3,000,000港元，且就此而言截至二零一六年十二月三十一日止年度的所有適用比率均低於5%，MCP Investment交易及Todd Miller交易全面獲豁免遵守上市規則第十四A章之年度審閱、公告及獨立股東批准規定。

於二零一六年二月十八日(即Strickland先生辭任本公司董事十二個月後)，MCP Investment及Todd Miller不再為本公司的關連人士，因此，MCP Investment交易及Todd Miller交易不再構成本公司之持續關連交易。

物業、廠房及設備

本集團年內物業、廠房及設備的變動詳情載於綜合財務報表附註13。

股本

本公司年內股本的變動詳情載於綜合財務報表附註22。

稅務寬免

本公司並不知悉本公司股東可由於持有本公司股份而享有任何稅務寬免。

儲備

本集團年內的儲備變動詳情載於第70頁之綜合權益變動表內。

可供分派儲備

於二零一六年十二月三十一日，本公司的儲備(按照開曼群島法例的條文而計算)約為284,265,000港元(二零一五年：50,068,000港元)。

購買、出售或贖回上市證券

本公司及其任何附屬公司於截至二零一六年十二月三十一日止年度並無購買、贖回或出售本公司任何股份。

REPORT OF THE DIRECTORS 董事局報告書

FINANCIAL SUMMARY

A summary of the results of the Group for the past five financial years is set out on page 128 of this annual report. This summary does not form part of the consolidated financial statements in this annual report.

DIRECTORS AND DIRECTORS' SERVICE CONTRACT

In accordance with the articles of association of the Company, one-third of the Directors are subject to retirement at each annual general meeting by rotation or, if their number is not three or a multiple of three, then the nearest to but not less than one-third shall retire from the office and being eligible for re-election at the forthcoming annual general meeting of the Company.

For all the former executive Directors and independent non-executive Directors who served their terms of office during the year ended 31 December 2016, they have entered service contracts with the Company for a term of three years and two years commencing from their respective appointment dates and should continue thereafter unless and until terminated by either parties by giving to the other not less than three months' notice in writing. Their terms of office were also subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the articles of association of the Company.

For all the current executive Directors, each of them has entered into a service agreement with the Company for three years. For the two non-executive Directors, each of them has entered into an appointment letter with the Company for two years and three years, respectively. For all the independent non-executive Directors, each of them has entered into an appointment letter with the Company for two years. All the Directors and the Company are required to give three months' notice in writing to other party for termination of the service agreement/appointment letter. All the Directors are appointed for a specific term and subject to re-election in accordance with the articles of association of the Company.

No Director proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

CONFIRMATION OF INDEPENDENCE

The Company has received annual confirmations of independence from Mr. Xia Zuoquan, Dr. Tyen Kan Hee, Anthony and Mr. Guo Xuewen respectively pursuant to the Listing Rules. The Company considers all the independent non-executive Directors to be independent pursuant to Rule 3.13 of the Listing Rules for the year ended 31 December 2016.

財務摘要

本集團在過去五個財政年度的業績概要載於本年報第128頁。本摘要並非本年報綜合財務報表一部分。

董事及董事的服務合約

按照本公司之公司章程，三分之一董事須於每屆股東週年大會上輪值退任，或倘人數並非三或三之倍數，則為最接近但不低於三分之一的董事將於本公司應屆股東週年大會上輪席退任及符合資格膺選連任。

於截至二零一六年十二月三十一日止年度在任之全體前任執行董事及獨立非執行董事均與本公司訂有服務合約，自各董事各自的委任日期起分別為期三年及兩年，並應繼續生效除非及直至任何一方給予對方不少於三個月書面終止通知。彼等的任期亦須按照本公司之公司章程在本公司股東週年大會上輪值退任及膺選連任。

全體現任執行董事均與本公司訂有服務合約，為期三年，而兩名非執行董事均與本公司訂有委任函，分別為期兩年及三年。全體獨立非執行董事與本公司各自訂有委任函，為期兩年。全體董事及本公司須向另一方發出三個月之書面通知後方能終止服務合約／委任函。全體董事均有指定任期，並須按照本公司之公司章程膺選連任。

擬於應屆股東週年大會上膺選連任的董事，概無與本公司訂立本公司不可於一年內免付賠償(法定賠償除外)而終止的服務合約。

獨立性的確認

本公司已接獲夏佐全先生、田耕熹博士及郭學文先生根據上市規則發出的獨立性年度確認書。本公司認為，根據上市規則第3.13條，於截至二零一六年十二月三十一日止年度，全部獨立非執行董事均為獨立人士。

REPORT OF THE DIRECTORS

董事局報告書

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Please refer to pages 2 to 3 of this report for the list of Directors during the financial year ended 31 December 2016 and as at the date of this report. Biographical details of the current Directors of the Company are set out on pages 17 to 20 of this report.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as disclosed in note 28 to the consolidated financial statements, no Director or an entity connected with a Director had a material interest, either directly or indirectly, in any transaction, arrangement or contract of significance to the business of the Group to which the Company, or any of its subsidiaries was a party subsisting during or at the end of the year ended 31 December 2016.

COMPETING INTEREST

For the year ended 31 December 2016, the Directors were not aware of any business or interest of the Directors, the controlling shareholder and their respective close associates (as defined under the Listing Rules) that competes or may compete with the business of the Group and any other conflict of interest, which any such person has or may have with the Group.

CONTRACT OF SIGNIFICANCE

There was no contract of significance between the Company or any of its subsidiaries, and a controlling shareholder or any of its subsidiaries as at 31 December 2016.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As at 31 December 2016, the interests and short positions of the Directors and chief executive of the Company in the ordinary shares (the "Shares") of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuer as set out in Appendix 10 to the Listing Rules were as follows:

董事及高級管理層的履歷

截至二零一六年十二月三十一日止財政年度內以及於本報告日期的董事名單請參閱本報告第2頁至第3頁。本公司現任董事的履歷詳情載於本報告第17頁至第20頁。

董事於交易、安排或合約的權益

除綜合財務報表附註28所披露者外，概無董事或與董事有關連之實體直接或間接於截至二零一六年十二月三十一日止年度內存續或於年結日本公司或其任何附屬公司為訂約方並且對本集團業務屬重大的任何交易、安排或合約中擁有重大權益。

競爭權益

截至二零一六年十二月三十一日止年度，董事並不知悉董事、控股股東及彼等各自的緊密聯繫人士(定義見上市規則)的任何業務或權益與本集團的業務競爭或可能構成競爭，亦無知悉任何該等人士與本集團具有或可能具有任何其他利益衝突。

重大合約

於二零一六年十二月三十一日，本公司或其任何附屬公司與控股股東或其任何附屬公司並無訂立任何重大合約。

董事及主要行政人員於本公司股份、相關股份及債券的權益及淡倉

於二零一六年十二月三十一日，本公司董事及主要行政人員於本公司或其相聯法團(定義見證券及期貨條例(「證券及期貨條例」)第XV部)的普通股(「股份」)，擁有須根據證券及期貨條例第XV部第7及8分部須知會本公司及聯交所或須記錄於根據證券及期貨條例第352條須由本公司存置的登記冊或須根據上市規則附錄十所載上市發行人董事進行證券交易的標準守則知會本公司及聯交所的權益及淡倉如下：

REPORT OF THE DIRECTORS

董事局報告書

Long positions in the Shares

於股份之好倉

Name 名稱	Capacity and nature of interest 身份及權益性質	Number of shares 股份數目 (note 1) (附註1)	Percentage of the Company's issued share capital 佔本公司已發行 股本的百分比
Mr. Dang Yanbao (note 2) 黨彥寶先生(附註2)	Interest of controlled corporation 於受控制法團的權益	360,000,000 (L)	63.41%
	Interest of controlled corporation 於受控制法團的權益	252,600,000 (S)	44.50%

Notes:

- The letter "L" denotes a long position in the interest in the share capital of the Company. The letter "S" denotes a short position in the interest in the share capital of the Company.
- Mr. Dang Yanbao, the Chairman and an executive Director of the Company, is deemed to be interested in 360,000,000 Shares held by Fung Teng Enterprises Limited under SFO, among which 252,600,000 Shares were pledged in favour of Bank of Shanghai (Hong Kong) Limited as a security for a revolving credit facility up to a maximum aggregate amount of HK\$250,000,000 provided to the Company by Bank of Shanghai (Hong Kong) Limited.

附註：

- 「L」指本公司股本中的權益之好倉。「S」指本公司股本中的權益之淡倉。
- 根據證券及期貨條例，本公司主席及執行董事黨彥寶先生被視為於峰騰企業有限公司持有的360,000,000股股份中擁有權益，其中252,600,000股股份已質押予以上海銀行(香港)有限公司，作為上海銀行(香港)有限公司向本公司提供總額最多不超過250,000,000港元之循環信貸融資之擔保。

Save as disclosed above, as at 31 December 2016, none of the Directors or the chief executive of the Company or their respective associates had registered any other interest or short position in the Shares, underlying shares or debentures of the Company or any of its associated corporations that was required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or to be recorded pursuant to section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuer as set out in Appendix 10 to the Listing Rules.

除上文所披露，於二零一六年十二月三十一日，本公司董事或主要行政人員或彼等各自的聯繫人士概無登記於本公司或其任何相聯法團的股份、相關股份或債券中擁有須根據證券及期貨條例第XV部第7及8分部須知會本公司及聯交所，或須根據證券及期貨條例第352條予以記錄，或須根據上市規則附錄十所載上市發行人董事進行證券交易的標準守則知會本公司及聯交所的任何其他權益或淡倉。

REPORT OF THE DIRECTORS

董事局報告書

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

Save as disclosed below, as at 31 December 2016, the Directors were not aware of any other person who had, or was deemed to have, interests or short positions in the Shares or underlying shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO; or who is directly or indirectly, to be interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group or options in respect of such share capital.

Long Positions in the Shares

主要股東於本公司股份及債券的權益及淡倉

除下文所披露者外，於二零一六年十二月三十一日，董事概不知悉有任何其他人士於股份或相關股份中擁有或被視為擁有須根據證券及期貨條例第XV部第2及第3分部的條文向本公司披露之權益或淡倉；或直接或間接地擁有附帶於本集團任何其他成員公司股東大會上於任何情況下進行投票的權利之任何類別股本面值5%或以上或有關該等股本的購股權的權益。

於股份之好倉

Name 名稱	Capacity and nature of interest 身份及權益性質	Number of shares 股份數目 (note 1) (附註1)	Percentage of the Company's issued share capital 佔本公司已發行股本的百分比
Fung Teng Enterprises Limited (note 2) 峰騰企業有限公司(附註2)	Beneficial owner 實益擁有人	360,000,000 (L) (Note 3) (附註3)	63.41%
	Beneficial owner 實益擁有人	252,600,000 (S) (Note 3) (附註3)	44.50%

Notes:

- The letter "L" denotes a long position in the interest in the share capital of the Company. The letter "S" denotes a short position in the interest in the share capital of the Company.
- Fung Teng Enterprises Limited, a company incorporated in BVI with limited liability, is an investment holding company with the entire issued share capital held by Mr. Dang Yanbao, the Chairman and an executive Director of the Company, as at 31 December 2016.
- Fung Teng Enterprises Limited beneficially owned 360,000,000 Shares in the Company, among which 252,600,000 Shares were pledged in favour of Bank of Shanghai (Hong Kong) Limited as a security for a revolving credit facility up to a maximum aggregate amount of HK\$250,000,000 provided to the Company by Bank of Shanghai (Hong Kong) Limited.

附註：

- 「L」指本公司股本中的權益之好倉。「S」指本公司股本中的權益之淡倉。
- 峰騰企業有限公司，於英屬處女群島註冊成立為有限公司，其為一家投資控股公司，於二零一六年十二月三十一日，其全部已發行股本由本公司主席及執行董事黨彥寶先生擁有。
- 峰騰企業有限公司實益擁有本公司360,000,000股股份，其中252,600,000股股份已質押予上海銀行(香港)有限公司，作為上海銀行(香港)有限公司向本公司提供總額最多不超過250,000,000港元之循環信貸融資之擔保。

REPORT OF THE DIRECTORS 董事局報告書

SHARE OPTION SCHEME

The Company has adopted a share option scheme (the "Scheme") pursuant to a written resolution of the Company passed on 21 June 2012 for the primary purpose of providing incentives and rewards to eligible participants, and will expire on 21 June 2022. The scheme was adjusted on 27 July 2015.

Under the Scheme, the Board may grant options to any of the following participants:

- (a) any Director, employee, consultant, professional, customer, supplier, agent, partner or adviser of or contractor to the Group or a company in which the Group holds an interest or a subsidiary of such company ("Affiliate"); or
- (b) the trustee of any trust the beneficiary of which or any discretionary trust the discretionary objects of which include any Director, employee, consultant, professional, customer, supplier, agent, partner or adviser of or contractor to the Group or an Affiliate; or
- (c) a company beneficially owned by any Director, employee, consultant, professional, customer, supplier, agent, partner, adviser of or contractor to the Group or an Affiliate.

The total number of Shares which may be issued upon exercise of all options may be granted under the Scheme is not permitted to exceed 48,000,000 Shares, being 8.46% of the Shares in issue, without prior approval from the Company's shareholders.

The total number of Shares issued and to be issued upon exercise of the options granted and may be granted to any participant in any 12-month period must not exceed 1% of the Shares in issue, without prior approval from the Company's shareholders.

Any grant of options to a substantial shareholder of the Company or an independent non-executive Director or their respective associates in any 12-month period in excess of 0.1% of the Share in issue or with a value in excess of HK\$5,000,000 must be approved in advance by the Company's shareholders.

Any offer made to a participant for an option must be taken up within five business days from the date of offer, upon payment of HK\$1 (or such other nominal sum as the Board may determine). Options may be exercised at any time during a period as the Board may determine, which shall not more than ten years from the date of grant of the options.

購股權計劃

本公司根據於二零一二年六月二十一日通過之書面決議案採納購股權計劃(「該計劃」)，主要旨在為合資格參與者提供激勵和獎勵，該計劃將於二零二二年六月二十一日屆滿。該計劃已於二零一五年七月二十七日進行了調整。

根據該計劃，董事會可向以下任何參與者授出可認購股份之權利：

- (a) 本集團或本集團於其中擁有權益之公司或該公司之附屬公司(「聯屬公司」)之任何董事、僱員、諮詢顧問、專業人士、客戶、供應商、代理、夥伴或顧問或承辦商；或
- (b) 任何信託或任何酌情信託之受託人，受益人或酌情受益人包括本集團或聯屬公司之任何董事、僱員、諮詢顧問、專業人士、客戶、供應商、代理、夥伴或顧問或承辦商；或
- (c) 任何本集團或聯屬公司之董事、僱員、諮詢顧問、專業人士、客戶、供應商、代理、夥伴、顧問或承辦商實益擁有的公司。

未經本公司股東事先批准，因行使根據該計劃所可能授出之全部購股權可發行之股份總數不可超過48,000,000股股份，即已發行股份之8.46%。

未經本公司股東事先批准，於任何十二個月期間已經或可能向任何參與者授出之購股權涉及之已發行及將予發行之股份數目之總數不得超過已發行股份之1%。

倘向本公司主要股東或獨立非執行董事或任何彼等各自之聯繫人士於任何十二個月期間授出超過已發行股份之0.1%或價值超過5,000,000港元之購股權必須先獲得本公司之股東批准。

任何向參與者提出要約之購股權必須於要約日期起計之五個營業日內接納，並支付1港元或董事會決定之其他名義款額。購股權可於董事會決定之期間任何時間行使，但不可超過購股權授出日期起計十年。

REPORT OF THE DIRECTORS

董事局報告書

The exercise price for any Share under the Scheme is determined by the Board, and will not be less than the higher of (i) the closing price of a Share on the date of grant; (ii) the average closing price of a Share for the five business days immediately preceding the date of grant; and (iii) the nominal value of a Share.

No share option has been granted since the Scheme has been adopted. As at 31 December 2016, 31 December 2015 and 2014, there are no outstanding share options issued under the Scheme.

EQUITY-LINKED AGREEMENT

Save as disclosed in the section headed "SHARE OPTION SCHEME", no equity-linked agreement were entered into during the year or subsisted at the end of the year ended 31 December 2016.

CORPORATE GOVERNANCE

Principal corporate governance practices as adopted by the Company are set out in the Corporate Governance Report section set out on pages 22 to 41 of this annual report.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors of the Company, as at the date of this report, there is sufficient public float of 25% of the Company's issued shares as required under the Listing Rules.

PRE-EMPTIVE RIGHTS

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

MANAGEMENT CONTRACTS

Other than the service contracts of the Directors, the Company has not entered into any contract with any individual, firm or body corporate to manage or administer the whole or any substantial part of any business of the Company during the year.

DONATIONS

During the year, the Group made charitable and other donations amounting to HK\$36,000.

PERMITTED INDEMNITY PROVISION

A permitted indemnity provision (as defined in section 469 of the Hong Kong Companies Ordinance) for the benefit of all the former and existing directors of the Company is currently in force and was in force throughout the year of 2016.

根據該計劃之股份的行使價由董事會釐定，且不少於(i)股份於授出日期之收市價，(ii)股份於緊接授出日期前五個營業日之平均收市價；及(iii)股份面值三者中之較高者。

自該計劃獲採納以來，並無授出任何購股權。於二零一六年十二月三十一日及二零一五年及二零一四年十二月三十一日，該計劃項下概無已發行但尚未行使之購股權。

股票掛鈎協議

除「購股權計劃」一節所披露的之外，於本年度並沒有訂立、於截至二零一六年十二月三十一日止年度末亦沒有存續股票掛鈎協議。

企業管治

有關本公司採納的主要企業管治常規，載於本年報第22頁至第41頁之企業管治報告一節。

足夠公眾流通股

根據本公司從公眾獲知的資料及據本公司董事所知，截至本報告日期，本公司已根據上市規則之要求維持本公司已發行股份25%的足夠公眾流通股。

優先購買權

本公司的公司章程及開曼群島法例並無載有優先購買權的條文，規定本公司須按比例向現有股東提呈發售新股份。

管理合約

除與董事訂立的服務合約外，本公司於年內並無與任何個別人士、公司或法人團體訂立任何合約管理或管轄本公司任何業務的整體部分或任何重要部分。

捐款

年內，本集團作出的慈善及其他捐款金額為36,000港元。

獲准許的彌償條文

為本公司全體前任和現任董事利益的獲准許的彌償條文(定義見香港《公司條例》第469條)現正生效並且於二零一六年內生效。

REPORT OF THE DIRECTORS 董事局報告書

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is committed to the long term sustainability of the environment and communities in which it operates. As a responsible corporation, to the best knowledge of the Directors, the Group has complied with all relevant laws and regulations regarding environmental protection during the year ended 31 December 2016.

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

The Group recognises the importance of compliance with regulatory requirements and the risk of noncompliance with the applicable rules and regulations. To the best knowledge of the Directors of the Company, the Group has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Group during the year ended 31 December 2016.

RELATIONSHIP WITH SUPPLIERS, CUSTOMERS AND OTHER STAKEHOLDERS

The Group understands the success of the Group's business depends on the support from its key stakeholders, including employees, customers, suppliers, banks, regulators and shareholders. The Group will continue to ensure effective communication and maintain good relationship with each of its key stakeholders.

EVENTS AFTER THE YEAR ENDED 31 DECEMBER 2016

As at the date of this report, the Group has no material events after the year ended 31 December 2016.

AUDITOR

The consolidated financial statements have been audited by Deloitte Touche Tohmatsu who shall retire at the forthcoming annual general meeting of the Company. A resolution will be proposed at the forthcoming annual general meeting of the Company to re-appoint Deloitte Touche Tohmatsu as auditor of the Company.

On behalf of the Board
China Baofeng (International) Limited

Dang Yanbao
Chairman

Hong Kong, 29 March 2017

環境政策及表現

本集團致力於環境和其營運所在的社區的長遠可持續發展。作為負責任的企業，據董事所深知，本集團於截至二零一六年十二月三十一日止年度內一直遵守有關環保的所有相關法例及規例。

遵守相關法例及規例

本集團承認遵守相關規定的重要性以及不遵守適用規則及規例的風險。據本公司董事所深知，於截至二零一六年十二月三十一日止年度內，本集團在各重大方面一直遵守對本集團業務和營運有重大影響的相關法例及規例。

與供應商、客戶和其他持份者的關係

本集團明白本集團業務的成功有賴其主要持份者，包括僱員、客戶、供應商、銀行、監管機構和股東的支持。本集團將繼續確保與各主要持份者維持有效溝通和保持良好關係。

於截至二零一六年十二月三十一日止年度的期後事項

於本報告書日期，本集團於截至二零一六年十二月三十一日止年度後並無任何重大事項。

核數師

綜合財務報表已由德勤•關黃陳方會計師行審核，而其將於本公司應屆股東週年大會上退任。本公司將於應屆股東週年大會上提呈決議案，以續聘德勤•關黃陳方會計師行為本公司核數師。

代表董事會
中國寶豐(國際)有限公司

黨彥寶
主席

香港，二零一七年三月二十九日

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

Deloitte.

德勤

To the Shareholders of China Baofeng (International) Limited
(Formerly known as Mastercraft International Holdings Limited)
(Incorporated in the Cayman Islands with limited liability)

致中國寶豐(國際)有限公司股東
(原名馬仕達國際控股有限公司)
(於開曼群島註冊成立的有限公司)

OPINION

We have audited the consolidated financial statements of China Baofeng (International) Limited (formerly known as Mastercraft International Holdings Limited, the "Company") and its subsidiaries (collectively referred to as "the Group") set out on pages 68 to 127, which comprise the consolidated statement of financial position as at 31 December 2016, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2016, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

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

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.

意見

本行已審計列載於第68頁至第127頁的中國寶豐(國際)有限公司(原名馬仕達國際控股有限公司,以下簡稱「貴公司」)及其附屬公司(以下統稱「貴集團」)的綜合財務報表,包括於二零一六年十二月三十一日的綜合財務狀況表,及截至該日止年度的綜合損益及其他全面收益表、綜合權益變動表、綜合現金流量表及綜合財務報表附註,包括主要會計政策概述。

我們認為,綜合財務報表已根據香港會計師公會(「香港會計師公會」)頒佈的香港財務報告準則(「香港財務報告準則」)真實而公平地反映貴集團於二零一六年十二月三十一日的綜合財務狀況,及貴集團截至該日止年度的財務綜合表現及綜合現金流量,並已按照香港《公司條例》的披露規定妥為編製。

意見基準

我們已根據香港會計師公會頒佈的香港審計準則(「香港審計準則」)進行審計。我們於該等準則下的責任乃於我們的報告中核數師對審計綜合財務報表的責任一節進一步闡述。根據香港會計師公會頒佈的《職業會計師道德守則》(「守則」),我們乃貴集團的獨立方,我們已根據守則履行我方的其他道德責任。我們所獲得的審計憑證能充足和適當地為我們的審計意見提供基礎。

關鍵審計事項

關鍵審計事項指根據我們的專業判斷對我們審計當期綜合財務報表有重大影響的事項。該等事項乃於我們審計綜合財務報表情況下及於我們形成有關意見時作整體處理,我們不對該等事項作出單獨意見。

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

KEY AUDIT MATTERS (Continued)

關鍵審計事項(續)

Key audit matter 關鍵審計事項	How our audit addressed the key audit matter 我們的審計如何處理該關鍵審計事項
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Revenue recognition on tariff adjustment for photovoltaic power generation 光伏發電電價調整的收益確認

We identified the revenue recognition on tariff adjustment for photovoltaic power generation as a key audit matter due to the critical management judgement involved in determining whether the Group's operating solar power plant has qualified for, and has met all the requirements and conditions as required for the registration in the Reusable Energy Tariff Subsidy Catalogue (可再生能源電價附加資金補助目錄) (the "Catalogue").

我們認定光伏發電電價調整的收益確認為關鍵審計事項，因為釐定 貴集團營運中的太陽能發電廠是否已經符合及滿足可再生能源電價附加資金補助目錄(「目錄」)的全部登記要求及條件涉及重大管理層判斷。

The accounting policies in relation to revenue recognition on tariff adjustment is set out in note 3 to the consolidated financial statements. The tariff adjustment is recognised at its fair value where there is a reasonable assurance that the tariff adjustment will be received and the Group will comply with all attached conditions, if any.

有關電價調整收益確認的會計政策載於綜合財務報表附註3。在可合理保證將會收到電價調整且 貴集團將遵從全部附加條件(如有)的前提下，電價調整按其公平值確認。

Pursuant to the New Tariff Notice issued in August 2013 (the "New Tariff Notice") by the National Development and Reform Commission of the People's Republic of China (the "PRC"), approvals for the registration in the Catalogue on a project-by-project basis are required for the settlement of the tariff adjustment.

根據中華人民共和國(「中國」)國家發展和改革委員會於二零一三年八月頒佈的新電價補貼通知(「新電價補貼通知」)，結算電價調整須按項目基準獲得登記於目錄的批准。

Revenue from tariff adjustment for photovoltaic power generation of RMB126,443,000 (equivalent to HK\$147,714,000) from the state grid company in the PRC was recognised for the year ended 31 December 2016 in which the operating solar power plant is still pending registration in the Catalogue. Based on the management assessment as set out in note 4 to the consolidated financial statements, the Group's operating solar power plant has qualified for registration in the Catalogue, and has met all the relevant requirements and conditions for the registration in the Catalogue.

於截至二零一六年十二月三十一日止年度確認中國國家電網公司光伏發電電價調整收益人民幣126,443,000元(相當於147,714,000港元)，其中 貴集團營運中的太陽能發電廠仍有待於目錄登記。根據綜合財務報表附註4所載的管理層估計， 貴集團營運中的太陽能發電廠已符合資格於目錄登記，並已滿足於目錄登記的所有有關要求及條件。

Our procedures in relation to the Group's revenue recognition on tariff adjustment for photovoltaic power generation included:

關於 貴集團對於光伏發電電價調整的收益確認，我們的審計程序包括：

- Obtaining an understanding of the policies and regulations set by PRC government authorities on tariff adjustment for photovoltaic power generation; 瞭解中國政府當局對光伏發電電價調整制定的政策法規；
- Obtaining legal opinion from the Group's PRC legal advisor in relation to the assessment that the Group's solar power plant currently in operation has met all the relevant requirements and conditions for the registration in the Catalogue and the entitlement of the tariff adjustment when the electricity was delivered on grid; and 獲取 貴集團中國法律顧問就 貴集團現時營運中的太陽能發電廠向電網輸送電力是否符合於目錄登記的所有有關要求及條件以及享受電價調整資金補助的評估之法律意見；及
- Discussing with management and the Group's PRC legal advisor to assess if there are any factors and changes in government policies which would affect the registration in the Catalogue by the Group. 與管理層及 貴集團中國法律顧問討論，以評估是否存在任何政府政策因素及變化而可能影響 貴集團於目錄登記。

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

KEY AUDIT MATTERS (Continued)

關鍵審計事項(續)

Key audit matter 關鍵審計事項

How our audit addressed the key audit matter 我們的審計如何處理該關鍵審計事項

Valuation of trade receivables 貿易應收款項估值

We identified the valuation of trade receivables as a key audit matter as the allowance for doubtful debts is based on estimation and judgement involved by management in identifying the doubtful debts and estimating the allowance for doubtful debts.

我們認定貿易應收款項估值為關鍵審計事項，因為呆壞賬準備乃基於管理層在確定呆壞賬及估計呆壞賬準備時涉及的預估及判斷。

As set out in note 4 to the consolidated financial statements, management identifies the doubtful debts based on aging analysis and the subsequent settlements of the trade receivables.

如綜合財務報表附註4所載，管理層基於貿易應收款項的賬齡分析及其後續結算確定呆壞賬。

In determining the allowance for doubtful debts, management considers the customers' credit history, settlement patterns and subsequent settlements of the trade receivables.

在釐定呆壞賬準備時，管理層會考慮客戶的信用歷史、結算模式及貿易應收款項的後續結算。

The Group's trade receivables as at 31 December 2016 amounted to HK\$96,083,000 (net of allowance for doubtful debts of HK\$990,000).

貴集團於二零一六年十二月三十一日的貿易應收款項為96,083,000港元(扣除呆壞賬準備後為990,000港元)。

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

關於管理層對貿易應收款項減值的評估，我們的審計程序包括：

- Obtaining an understanding of the Group's allowance policy on trade receivables and determination of credit ratings and limits, credit approvals and other monitoring procedures for overdue debts;
瞭解 貴集團貿易應收款項撥備政策及釐定逾期債務的信貸評級及限額、信貸審批及其他監控程序；
- Discussing with management and assessing the reasonableness on allowance for doubtful debts, with reference to customers' credit history, settlement patterns, subsequent settlements and aging analysis of the trade receivables;
參考客戶的信用歷史、結算模式、貿易應收款項的後續結算及賬齡分析，與管理層討論並評估呆壞賬準備的合理性；
- Testing the accuracy of aging analysis of trade receivables, on a sample basis, to the sales invoices; and
對照銷售發票抽樣測試貿易應收款項賬齡分析的準確性；及
- Testing the subsequent settlements, on a sample basis, to the bank-in slips or remittance advices.
對照銀行流水單或匯款單抽樣測試後續的結算。

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

OTHER INFORMATION

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

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

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

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

其他資料

貴公司董事對其他資料承擔責任。其他資料包括綜合財務報表及我們的相關核數師報告並無載錄而由年報載錄的資料。

我們對綜合財務報表的意見不包括其他資料，且我們不對其相關結論作出任何形式的保證。

就我們對綜合財務報表的審計而言，我們的責任是閱讀其他資料，並以此考慮其他資料是否與綜合財務報表或我們於審計所知存在重大不符，或以其他方式存在重大錯誤陳述。倘若基於我們的所作工作我們得出結論，某其他資料存在重大錯誤陳述，我們必須報告該事實。我們並無此方面相關報告。

董事及審核委員會對綜合財務報表的責任

貴公司董事負責根據香港會計師公會頒佈的香港財務報告準則、香港《公司條例》的披露規定編製並真實而公平地呈報綜合財務報表，而就董事釐定為必須的有關內部監控而言，旨在使綜合財務報表的編製不存在由於欺詐或錯誤而導致的重大錯誤陳述。

於編製綜合財務報表時，董事負責評估 貴集團持續經營的能力、披露(倘適用)有關持續經營的事項，以及採用持續經營基準進行會計計算，除非董事有意清盤 貴集團或停止經營或現實中並無其他選擇惟有如此。

審核委員會負責監督 貴集團的財務報告程序。

INDEPENDENT AUDITOR'S REPORT

獨立核數師報告

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

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

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

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

核數師對審計綜合財務報表的責任

我們的目的是對綜合財務報表整體上是否不存在重大錯誤陳述(不論是否因欺詐或錯誤導致)獲得合理保證,並出具載錄我們意見的核數師報告。我們僅根據我們協定的委聘條款向閣下(作為整體)報告,除此之外別無其他目的。我們不會就本報告的內容對任何其他人士承擔任何義務或接受任何責任。合理保證乃高層次保證,但並不保證根據香港審計準則進行的審計總能識別重大錯誤陳述(當存在時)。錯誤陳述可能由於欺詐或錯誤而產生,倘能合理預期單獨或合共影響用戶依據該等綜合財務報表作出經濟決策則視為重大。

作為根據香港審計準則進行審計的一部分,我們在整個審計過程中行使專業判斷並保持專業質疑態度。我們亦:

- 識別及評估綜合財務報表是否因欺詐或錯誤存在重大錯誤陳述的風險,設計及履行應對有關風險的審計程序並取得足以及適合提供我們意見基準的審計證據。無法識別欺詐所導致重大錯誤陳述的風險高於錯誤所導致者,因為欺詐可能涉及串謀、偽證、故意遺漏、錯誤聲明或不受內部控制管束。
- 理解有關審計的內部控制以設計相關情況下的適當審計程序,惟並不用於對貴集團內部控制的有效性表述意見的目的。
- 評估所用會計政策的適當性及董事作出的會計估計及相關披露的合理性。

INDEPENDENT AUDITOR'S REPORT 獨立核數師報告

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

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

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

核數師對審計綜合財務報表的責任(續)

- 基於獲得的審計證據，對董事按持續基準使用會計方法的合適性以及是否存在可能令 貴集團持續經營能力造成重大疑問的事件或條件相關的重大不確定性作出結論。倘若我們認為存在重大不確定性，我們必須在我們的核數師報告中提請注意綜合財務報表中的相關披露，或倘相關披露不充分，則修改我們的意見。我們的結論乃基於我們的核數師報告迄今所獲得的審計證據。然而，未來事件或條件可能導致 貴集團終止持續經營。
- 評估綜合財務報表的整體表述、結構及內容，包括披露以及綜合財務報表是否按公平呈述的方式呈述相關交易及事件。
- 獲得有關 貴集團旗下實體或業務活動的財務資料的充足且適當的審計證據以對綜合財務報表表述意見。我們負責指導、監督及進行集團審計。我們僅對我們的審計意見負責。

我們與審核委員會進行溝通，涉及(其中包括)審計的計劃範圍及時間及重大審計發現，包括我們在審計過程中識別的內部控制方面的任何重大不足。

我們亦向審核委員會提供一份聲明，聲明我們已遵守有關獨立性的相關道德標準，並與其溝通可能被合理認為與我們獨立性有關的所有關係及其他事項，以及在適當情況下的相關保護措施。

INDEPENDENT AUDITOR'S REPORT 獨立核數師報告

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

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

The engagement partner on the audit resulting in the independent auditor's report is Tsang Chi Wai.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

29 March 2017

核數師對審計綜合財務報表的責任(續)

從與審核委員會溝通的事項中，我們確定對審計當期綜合財務報表有重大影響的事項，以及因此成為關鍵審計事項。除非法律法規禁止披露該等事項，或在極少情況下我們確定有關事項不應在我們的報告中述及（因為可合理預期這樣做將導致有關陳述影響公眾利益），否則我們會在我們的核數師報告中說明該等事項。

出具獨立核數師報告的審計負責合夥人為曾志偉。

德勤•關黃陳方會計師行
執業會計師
香港

二零一七年三月二十九日

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

綜合損益及其他全面收益表

For the year ended 31 December 2016
截至二零一六年十二月三十一日止年度

			2016	2015
		NOTES	二零一六年	二零一五年
		附註	HK\$'000	HK\$'000
			千港元	千港元
Revenue	收益	5	611,057	389,740
Cost of sales	銷售成本		(392,677)	(312,547)
Gross profit	毛利		218,380	77,193
Other income	其他收入	6	16,257	195
Selling expenses	銷售開支		(27,054)	(23,696)
Administrative expenses	行政開支		(52,500)	(28,575)
Research and development expenses	研發開支		(6,384)	(5,955)
Finance costs	財務費用	7	(2,725)	–
Profit before taxation	除稅前溢利	8	145,974	19,162
Income tax expense	所得稅開支	9	(4,429)	(4,730)
Profit for the year	年度溢利		141,545	14,432
Other comprehensive (expense) income for the year	年度其他全面(開支)收益			
<i>Item that may be reclassified subsequently to profit or loss:</i>	<i>其後可能重新分類至損益之項目:</i>			
Exchange differences arising on translating foreign operations	換算境外業務匯兌差異		(28,573)	662
Total comprehensive income for the year	年度全面收益總額		112,972	15,094
Earnings per share – Basic	每股盈利 – 基本	12	HK27.29 cents 27.29港仙	HK3.01 cents 3.01港仙

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

綜合財務狀況表

At 31 December 2016
於二零一六年十二月三十一日

			2016	2015
		NOTES	二零一六年	二零一五年
		附註	HK\$'000	HK\$'000
			千港元	千港元
Non-current Assets	非流動資產			
Property, plant and equipment	物業、廠房及設備	13	68,570	4,890
Rental deposit	租賃押金		2,013	–
Deferred tax asset	遞延稅項資產	14	978	1,175
Intangible asset	無形資產	15	659	756
			72,220	6,821
Current Assets	流動資產			
Inventories	存貨	16	21,615	31,089
Trade and other receivables	貿易及其他應收款項	17	312,669	84,391
Prepaid rental expenses for photovoltaic facilities	光伏設施預付租賃費用		55,136	–
Tax recoverable	可退回稅項		–	322
Bank balances and cash	銀行結餘及現金	18	316,345	19,992
			705,765	135,794
Current Liabilities	流動負債			
Trade and other payables	貿易及其他應付款項	19	64,320	52,414
Provision	撥備	20	7,145	4,476
Amount due to a related company	應付關連公司款項	28(a)	–	238
Tax payable	應付稅項		75	–
Bank borrowing	銀行借款	21	250,000	–
			321,540	57,128
Net Current Assets	流動資產淨值		384,225	78,666
Total Assets less Current Liabilities	資產總值減流動負債		456,445	85,487
Non-current Liability	非流動負債			
Deferred tax liability	遞延稅項負債	14	88	3
Net assets	資產淨值		456,357	85,484
Capital and Reserves	股本及儲備			
Share capital	股本	22	5,677	4,800
Reserves	儲備		450,680	80,684
Total Equity	股東權益合計		456,357	85,484

The consolidated financial statements on pages 68 to 72 were approved and authorised for issue by the Board of Directors on 29 March 2017 and are signed on its behalf by:

第68頁至72頁的綜合財務報表於二零一七年三月二十九日經由董事會批准及授權刊發：

Dang Yanbao
黨彥寶
EXECUTIVE DIRECTOR
執行董事

Dang Zidong
黨自東
EXECUTIVE DIRECTOR
執行董事

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

綜合權益變動表

For the year ended 31 December 2016
截至二零一六年十二月三十一日止年度

		Share capital	Share premium	Special reserve	Statutory surplus reserve	Translation reserve	Retained profits	Total
		股本	股份溢價	特別儲備	法定盈餘儲備	匯兌儲備	保留溢利	總計
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元	千港元	千港元
				(Note a)	(Note b)			
				(附註a)	(附註b)			
At 1 January 2015	於二零一五年一月一日	4,800	32,523	(1)	-	(132)	49,040	86,230
Profit for the year	年度溢利	-	-	-	-	-	14,432	14,432
Exchange difference arising on translation of foreign operations and other comprehensive income for the year	年內換算境外業務及其他全面收益產生的匯兌差異	-	-	-	-	662	-	662
Total comprehensive income for the year	年內全面收益總額	-	-	-	-	662	14,432	15,094
2014 final dividend paid	二零一四年已派發的末期股息	-	-	-	-	-	(15,840)	(15,840)
At 31 December 2015 and 1 January 2016	於二零一五年十二月三十一日及二零一六年一月一日	4,800	32,523	(1)	-	530	47,632	85,484
Profit for the year	年度溢利	-	-	-	-	-	141,545	141,545
Exchange difference arising on translation of foreign operations and other comprehensive expense for the year	年內換算境外業務及其他全面開支產生的匯兌差異	-	-	-	-	(28,573)	-	(28,573)
Total comprehensive income for the year	年內全面收益總額	-	-	-	-	(28,573)	141,545	112,972
Issue of ordinary shares	發行普通股	877	259,842	-	-	-	-	260,719
Share issue expenses	股份發行費用	-	(2,818)	-	-	-	-	(2,818)
Transfer	轉撥	-	-	-	16,949	-	(16,949)	-
At 31 December 2016	於二零一六年十二月三十一日	5,677	289,547	(1)	16,949	(28,043)	172,228	456,357

Notes:

附註：

- a. Special reserve represents the reserve arising from group reorganisation in 2012.
- a. 特別儲備指於二零一二年進行集團重組產生之儲備。
- b. In accordance with relevant laws and regulations for foreign investment enterprises in the PRC, the PRC subsidiaries are required to transfer 10% of their profit after taxation reported in their statutory financial statements prepared under relevant accounting principles and financial regulations applicable to enterprises established in the PRC to the statutory surplus reserve.
- b. 依據中國外商投資企業相關法律法規，中國附屬公司需要將按照適用於中國設立企業的相關會計原則和財務規定編製的法定財務報表中報告的除稅後溢利之10%轉撥為法定盈餘儲備。

CONSOLIDATED STATEMENT OF CASH FLOWS

綜合現金流量表

For the year ended 31 December 2016
截至二零一六年十二月三十一日止年度

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
OPERATING ACTIVITIES	經營業務		
Profit before taxation	除稅前溢利	145,974	19,162
Adjustments for:	就以下項目作出調整：		
Allowance for doubtful debts	呆壞賬準備	990	-
Allowance for obsolete and slow-moving inventories	過時及滯銷存貨準備	244	353
Amortisation of intangible asset	無形資產攤銷	97	97
Depreciation of property, plant and equipment	物業、廠房及設備折舊	2,580	1,622
Gain on disposal of property, plant and equipment	出售物業、廠房及設備之收益	(120)	-
Finance costs	財務費用	2,725	-
Interest income	利息收入	(93)	(51)
Operating cash flows before movements in working capital	營運資金變動前經營現金流量	152,397	21,183
Increase in prepayment of rental expenses for photovoltaic facilities	光伏設施預付租賃費用增加	(55,136)	-
Decrease (increase) in inventories	存貨減少(增加)	9,230	(1,224)
Increase in rental deposit and trade and other receivables	租賃押金及貿易及其他應收款項增加	(200,812)	(10,154)
Increase in trade and other payables	貿易及其他應付款項增加	1,743	14,273
Increase (decrease) in provision	撥備增加(減少)	2,669	(814)
Increase in amount due to a related company	應付關連公司款項增加	-	78
Cash generated (used in) from operations	營運所得(所用)現金	(89,909)	23,342
Income tax paid in Hong Kong	已付香港所得稅	(4,410)	(5,700)
Income tax refunded (paid) in other jurisdictions	退回(已付)其他司法管轄區所得稅	660	(2,354)
NET CASH (USED IN) FROM OPERATING ACTIVITIES	經營業務(所用)所得現金淨額	(93,659)	15,288
INVESTING ACTIVITIES	投資活動		
Purchase of property, plant and equipment	購買物業、廠房及設備	(55,884)	(1,241)
Advance to a photovoltaic facilities provider	給予光伏設施供應商墊款	(44,643)	-
Proceeds from disposal of property, plant and equipment	出售物業、廠房及設備所得款項	120	-
Interest received	已收利息	93	51
NET CASH USED IN INVESTING ACTIVITIES	投資活動所用現金淨額	(100,314)	(1,190)

CONSOLIDATED STATEMENT OF CASH FLOWS

綜合現金流量表

For the year ended 31 December 2016
截至二零一六年十二月三十一日止年度

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
FINANCING ACTIVITIES	融資活動		
New bank loans raised	新增銀行貸款	380,000	–
Proceeds from issue of shares	發行股份所得款項	260,719	–
Repayment of bank loans	償還銀行貸款	(130,000)	–
Share issue expenses	股份發行費用	(2,818)	–
Interest paid	已付利息	(4,760)	–
Dividend paid to shareholders	向股東派付股息	–	(15,840)
NET CASH FROM (USED IN) FINANCING ACTIVITIES	融資活動所得(所用)現金淨額	503,141	(15,840)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	現金及現金等值物增加(減少)淨額	309,168	(1,742)
CASH AND CASH EQUIVALENTS AT 1 JANUARY	於一月一日現金及現金等值物	19,992	21,758
EFFECT OF FOREIGN EXCHANGE RATE CHANGES	匯率變動的影響	(12,815)	(24)
CASH AND CASH EQUIVALENTS AT 31 DECEMBER – represented by bank balances and cash	於十二月三十一日現金及現金等值物 – 指銀行結餘及現金	316,345	19,992

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綜合財務報表附註

For the year ended 31 December 2016
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1. GENERAL

China Baofeng (International) Limited (the "Company") was incorporated in the Cayman Islands on 3 August 2011 and its shares were listed on the Growth Enterprise Market (the "GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 20 July 2012. On 5 August 2015, the listing of the shares of the Company has been transferred from the GEM to the Main Board of the Stock Exchange. The address of the registered office of the Company is Cricket Square, Hutchins Drive, P. O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. Prior to 19 February 2016, SYH Investments Limited and Mr. Jerry Strickland, an executive director of the Company until 19 February 2016, each held 37.5% of the entire issued share capital of the Company (75% in aggregate). SYH Investments Limited is a company incorporated in the British Virgin Islands and is wholly-owned by Mr. Leung Yuen Ho, Simon, an executive director who was also the chief executive of the Company until 19 February 2016. On 19 February 2016, SYH Investments Limited and Mr. Jerry Strickland disposed of their aggregate 360,000,000 shares, representing 75% of the entire issued share capital of the Company, to Fung Teng Enterprises Limited, which is wholly-owned by Mr. Dang Yanbao, the Chairman and executive Director of the Company. The address of principal place of business in Hong Kong is 1301-1304, 13/F., Two Pacific Place, 88 Queensway, Admiralty, Hong Kong.

The Company is an investment holding company. The principal activities of the Group are photovoltaic power generation and design and supply chain of lightings and home furnishing products. Particulars of the subsidiaries of the Company are set out in note 29.

The consolidated financial statements are presented in Hong Kong dollars ("HK\$"), which is different from the functional currency of the Company, United States dollars ("US\$"), as the directors of the Company consider that HK\$ is more appropriate as the Company's shares are listed in Hong Kong.

1. 一般資料

中國寶豐(國際)有限公司(「本公司」)為於二零一一年八月三日在開曼群島註冊成立，其股份已自二零一二年七月二十日起於香港聯合交易所有限公司(「聯交所」)創業板(「創業板」)上市。於二零一五年八月五日，本公司股份由聯交所創業板轉往主板上市。本公司的註冊辦事處地址為Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands。於二零一六年二月十九日之前，SYH Investments Limited與Jerry Strickland先生(於二零一六年二月十九日前為本公司之執行董事)各自持有本公司全部已發行股本之37.5%(合共持有75%)。SYH Investments Limited乃於英屬處女群島註冊成立之公司，由梁遠豪先生(於二零一六年二月十九日前為本公司之執行董事兼行政總裁)全資擁有。於二零一六年二月十九日，SYH Investments Limited與Jerry Strickland先生出售合共360,000,000股股份(相當於本公司全部已發行股本之75%)予本公司主席兼執行董事黨彥寶先生全資擁有之峰騰企業有限公司。香港主要營業地點為香港金鐘金鐘道88號太古廣場二座13樓1301至1304室。

本公司為投資控股公司。本集團之主要業務為從事光伏發電以及照明及家居飾品設計及供應鏈業務。本公司之附屬公司詳情載於附註29。

綜合財務報表乃以港元(「港元」)呈列，與本公司功能貨幣美元(「美元」)有別，此乃由於本公司董事認為因本公司股份在香港上市故以港元呈列較為適合。

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2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”)

Amendments to HKFRSs that are mandatorily effective for the current year

The Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (“HKICPA”) for the first time in the current year:

Amendments to HKFRS 11	Accounting for acquisitions of interests in joint operations
Amendments to HKAS 1	Disclosure initiative
Amendments to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer plants
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment entities: Applying the consolidation exception
Amendments to HKFRSs	Annual improvements to HKFRSs 2012 - 2014 cycle

The application of the amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or disclosures set out in these consolidated financial statements.

2. 應用新訂及經修訂香港財務報告準則(「香港財務報告準則」)

已於本年度強制生效之經修訂香港財務報告準則

本集團於本年度首次應用香港會計師公會(「香港會計師公會」)頒佈下列香港財務報告準則之修訂：

香港財務報告準則第11號(修訂本)	收購合營業務權益的會計處理
香港會計準則第1號(修訂本)	披露主動性
香港會計準則第16號及香港會計準則第38號(修訂本)	對可接受折舊及攤銷方式的澄清
香港會計準則第16號及香港會計準則第41號(修訂本)	農業：生產性植物
香港財務報告準則第10號、香港財務報告準則第12號及香港會計準則第28號(修訂本)	投資實體：應用綜合入賬的例外情況
香港財務報告準則(修訂本)	香港財務報告準則二零一二年至二零一四年週期的年度改進

於本年度，採納香港財務報告準則之修訂對本集團於本年度及過往年度的財務表現及狀況及／或本綜合財務報表所披露內容並無重大影響。

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綜合財務報表附註

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2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

New and amendments to HKFRSs issued but not yet effective

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

HKFRS 9	Financial instrument ¹
HKFRS 15	Revenue from contracts with customers and the related amendments ¹
HKFRS 16	Leases ²
Amendments to HKFRS 2	Classification and measurement of share-based payment transactions ¹
Amendments to HKFRS 4	Applying HKFRS 9 Financial Instruments with HKFRS 4 Insurance Contracts ¹
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture ³
Amendments to HKAS 7	Disclosure initiative ⁴
Amendments to HKAS 12	Recognition of deferred tax assets for unrealised losses ⁴
Amendments to HKFRSs	Annual improvements to HKFRSs 2014 - 2016 cycle ⁵

- ¹ Effective for annual periods beginning on or after 1 January 2018.
- ² Effective for annual periods beginning on or after 1 January 2019.
- ³ Effective for annual periods beginning on or after a date to be determined.
- ⁴ Effective for annual periods beginning on or after 1 January 2017.
- ⁵ Effective for annual periods beginning on or after 1 January 2017 or 1 January 2018, as appropriate.

2. 應用新訂及經修訂香港財務報告準則(「香港財務報告準則」)(續)

已頒佈惟尚未生效之新訂及經修訂香港財務報告準則

本集團並無提前應用下列已頒佈惟尚未生效之新訂及經修訂香港財務報告準則：

香港財務報告準則第9號	財務工具 ¹
香港財務報告準則第15號	客戶合約收益及相關修訂 ¹
香港財務報告準則第16號	租賃 ²
香港財務報告準則第2號(修訂本)	以股份為基礎的付款交易的分類及計量 ¹
香港財務報告準則第4號(修訂本)	採用香港財務報告準則第4號保險合約時一併應用香港財務報告準則第9號財務工具 ¹
香港財務報告準則第10號及香港會計準則第28號(修訂本)	投資者與其聯營公司或合營企業間的資產銷售或貢獻 ³
香港會計準則第7號(修訂本)	披露主動性 ⁴
香港會計準則第12號(修訂本)	遞延稅項資產未實現虧損的確認 ⁴
香港財務報告準則(修訂本)	香港財務報告準則二零一四年至二零一六年週期的年度改進 ⁵

- ¹ 於二零一八年一月一日或之後開始的年度期間生效。
- ² 於二零一九年一月一日或之後開始的年度期間生效。
- ³ 於有待釐定之日期或之後開始的年度期間生效。
- ⁴ 於二零一七年一月一日或之後開始的年度期間生效。
- ⁵ 於二零一七年一月一日或二零一八年一月一日(如適用)或之後開始的年度期間生效。

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2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

HKFRS 9 “Financial instruments”

HKFRS 9 introduces new requirements for the classification and measurement of financial assets, financial liabilities, general hedge accounting and impairment requirements for financial assets.

Key requirements of HKFRS 9 relevant to the Group are described as follows:

- in relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

Based on the Group’s financial instruments and risk management policies as at 31 December 2016, application of HKFRS 9 in the future may have an impact on the measurement of the Group’s financial assets. The expected credit loss model may result in early provision of credit losses which are not yet incurred in relation to the Group’s financial assets measured at amortised cost.

HKFRS 15 “Revenue from contracts with customers”

HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 “Revenue”, HKAS 11 “Construction contracts” and the related interpretations when it becomes effective.

2. 應用新訂及經修訂香港財務報告準則 (「香港財務報告準則」)(續)

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號對財務資產、財務負債、一般對沖的會計處理及財務資產減值要求之分類與計量引入新規定。

香港財務報告準則第9號有關本集團之主要規定如下：

- 就財務資產之減值而言，與香港會計準則第39號項下按已產生信貸虧損模式計量相反，香港財務報告準則第9號規定按預期信貸虧損模式計量。預期信貸虧損模式規定實體按各報告日期之預期信貸虧損及該等預期信貸虧損之變動入賬，以反映信貸風險自初始確認以來之變動。換言之，毋須再待發生信貸事件方確認信貸虧損。

根據本集團於二零一六年十二月三十一日的財務工具及風險管理政策，日後應用香港財務報告準則第9號可能對本集團財務資產的計量造成影響。預期信貸虧損模式可能導致提早對就本集團按攤銷成本計量的財務資產尚未產生的信貸虧損作出撥備。

香港財務報告準則第15號「客戶合約收益」

香港財務報告準則第15號制定單一全面模式供實體用作將自客戶合約所產生的收益入賬。香港財務報告準則第15號生效後，將取代現時載於香港會計準則第18號「收益」、香港會計準則第11號「建築合約」及相關詮釋的收益確認指引。

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2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

HKFRS 15 “Revenue from contracts with customers” (Continued)

The core principle of HKFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when ‘control’ of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

In 2016, the HKICPA issued clarifications to HKFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

The Directors of the Company anticipate that the application of HKFRS 15 in the future may result in more disclosures, however, the Directors of the Company do not anticipate that the application of HKFRS 15 will have a material impact on the timing and amounts of revenue recognised in the respective reporting periods.

2. 應用新訂及經修訂香港財務報告準則 (「香港財務報告準則」)(續)

香港財務報告準則第15號「客戶合約收益」(續)

香港財務報告準則第15號的核心原則為實體所確認描述向客戶轉讓承諾貨品或服務的收益金額，應為能反映該實體預期就交換該等貨品或服務有權獲得的代價。具體而言，該準則引入確認收益的五個步驟：

- 第一步：識別與客戶訂立的合約
- 第二步：識別合約中的履約責任
- 第三步：釐定交易價
- 第四步：將交易價分配至合約中的履約責任
- 第五步：於實體完成履約責任時確認收益

根據香港財務報告準則第15號，實體於完成履約責任時(亦即特定履約責任相關的貨品或服務之「控制權」轉讓予客戶時)確認收益。香港財務報告準則第15號已加入更詳細的指引以處理具體情況。此外，香港財務報告準則第15號規定作出更詳盡的披露。

香港會計師公會於二零一六年頒佈對於香港財務報告準則第15號之澄清，涉及履約責任識別、委託對代理之考慮，以及特許權申請指南。

本公司董事預期日後應用香港財務報告準則第15號可能導致更多披露，但本公司董事預期應用香港財務報告準則第15號不會對於各個報告期間確認收入的時間及金額產生重大影響。

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2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

HKFRS 16 “Leases”

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

HKFRS 16 distinguishes lease and service contracts on the basis of whether an identified asset is controlled by a customer. Distinctions of operating leases and finance leases are removed for lessee accounting, and is replaced by a model where a right-of-use asset and a corresponding liability have to be recognised for all leases by lessees, except for short-term leases and leases of low value assets.

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

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

2. 應用新訂及經修訂香港財務報告準則 (「香港財務報告準則」)(續)

香港財務報告準則第16號(「租賃」)

香港財務報告準則第16號引入一個綜合模式以供識別租賃安排及出租人和承租人的會計處理。當香港財務報告準則第16號生效時，其將取代現行香港會計準則第17號租賃及相關的詮釋。

香港財務報告準則第16號以識別資產是否由客戶控制來區分租賃及服務合約為基準。除短期租賃及低值資產租賃外，就承租人會計處理方法，經營租賃及融資租賃的區分已被移除，並由另一種模式取代，該模式要求承租人確認所有租賃使用權資產及相應負債。

使用權資產初步按成本計量，並隨後以成本(惟若干例外情況除外)減累計折舊及減值虧損計量，並就租賃負債任何重新計量而作出調整。租賃負債乃按租賃付款(非當日支付)的現值初步確認。其後，租賃負債(其中包括)經利息及租賃付款以及租賃修訂的影響所調整。就現金流量分類而言，本集團現時將有關自用租賃土地的前期預付租賃付款呈列為投資現金流量，而其他經營租賃付款則呈列為經營現金流量。根據香港財務報告準則第16號，有關租賃負債的租賃付款將分配為本金及利息部分，其將分別以融資及經營現金流量呈列。

根據香港會計準則第17號，本集團作為承租人就融資租賃安排及租賃土地之預繳租賃款項，本集團已就此確認為資產及相關融資租賃負債。採用香港財務報告準則第16號可能導致該等資產之分類發生潛在變動，其分類視乎本集團將倘擁有資產時之使用權單獨或以相應有關資產的同一項目內呈列。

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2. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS (“HKFRSs”) (Continued)

HKFRS 16 “Leases” (Continued)

In contrast to lessee accounting, HKFRS 16 substantially carries forward the lessor accounting requirements in HKAS 17, and continues to require a lessor to classify a lease either as an operating lease or a finance lease.

Furthermore, extensive disclosures are required by HKFRS 16.

As at 31 December 2016, the Group has non-cancellable operating lease commitments of HK\$28,110,000 as disclosed in note 25. A preliminary assessment indicates that these arrangements will meet the definition of a lease under HKFRS 16, and hence the Group will recognise a right-of-use asset and a corresponding liability in respect of all these leases unless they qualify for low value or short-term leases upon the application of HKFRS 16. In addition, the application of new requirements may result changes in measurement, presentation and disclosure as indicated above. However, it is not practicable to provide a reasonable estimate of financial effect until the Directors of the Company complete a detailed review.

The directors of the Company anticipate that the application of other new and amendments to HKFRSs will have no material impact on the results and the consolidated financial position of the Group.

2. 應用新訂及經修訂香港財務報告準則 (「香港財務報告準則」)(續)

香港財務報告準則第16號(「租賃」)(續)

與承租人會計處理方法相反，香港財務報告準則第16號大致保留香港會計準則第17號內出租人的會計要求，並繼續規定出租人將租賃分類為經營租賃或融資租賃。

此外，香港財務報告準則第16號亦要求較廣泛的披露。

於二零一六年十二月三十一日，本集團不可撤銷經營租賃承擔為28,110,000港元(如附註25所披露)。初步評估表明，該等安排符合香港財務報告準則第16號下的租賃定義，因此，本集團將就所有該等租賃確認使用權資產及相應負債，除非在應用香港財務報告準則第16號後其符合低價值或短期租賃。此外，應用新的規定可能導致上文所述計量、呈列及披露變化。然而，在本公司董事完成詳細審閱之前，提供財務影響之合理估計並不切實際。

本公司董事預期應用其他新訂香港財務報告準則及香港財務報告準則之修訂本不會對本集團的業績及綜合財務狀況造成重大影響。

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3. SIGNIFICANT ACCOUNTING POLICIES

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

The consolidated financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for goods.

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

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

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

3. 主要會計政策

綜合財務報表乃根據香港會計師公會所頒佈之香港財務報告準則編製。此外，綜合財務報表亦載有香港聯合交易所有限公司證券上市規則(「上市規則」)及香港《公司條例》(「公司條例」)所規定之適用披露。

綜合財務報表乃按歷史成本基準編製，歷史成本一般是基於換取貨物的代價的公平值釐定。

公平值是指市場參與者之間在計量日進行的有序交易中出售一項資產所收取的價格或轉移一項負債所支付的價格，無論該價格是直接觀察到的結果還是採用其他估值技術作出的估計。在對資產或負債的公平值作出估計時，本集團考慮了市場參與者在計量日為該資產或負債進行定價時將會考慮的那些特徵。在本綜合財務報表中計量和／或披露的公平值均在此基礎上予以確定，但香港財務報告準則第2號「以股份為基礎的支付」範圍內的以股份為基礎的支付交易、香港會計準則第17號範圍內的租賃交易、以及與公平值類似但並非公平值的計量(例如，香港會計準則第2號「存貨」中的可變現淨值或香港會計準則第36號「資產減值」中的使用價值)除外。

此外，就財務報告而言，公平值計量根據公平值計量之輸入數據可觀察程度及輸入數據對公平值計量之整體重要性分類為第一級、第二級或第三級，載述如下：

- 第一級輸入數據為實體於計量日期可以取得的相同資產或負債於活躍市場之報價(未經調整)；
- 第二級輸入數據為就資產或負債直接或間接地可觀察之輸入數據(第一級內包括的報價除外)；及
- 第三級輸入數據為資產或負債的不可觀察輸入數據。

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3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

The principal accounting policies are set out below.

Basis of consolidation

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

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

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

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

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

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

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

3. 主要會計政策(續)

主要會計政策載列如下。

綜合基準

綜合財務報表包括本公司與本公司所控制實體及其附屬公司的財務資料。控制得到實現當本公司：

- 對被投資方有控制權；
- 對其因參與被投資的可變回報之風險及權力；及
- 有能力運用其權力影響其回報。

倘事實及情況反映上文所列三項控制因素其中一項或多項改變，則本集團會重估是否仍然控制被投資方。

本集團於獲得附屬公司控制權時將附屬公司綜合入賬，並於失去附屬公司控制權時終止綜合入賬。具體而言，於本年度內購入或出售之附屬公司之收入及開支，按自本集團獲得控制權當日起至本集團失去附屬公司控制權當日止，計入綜合損益及其他全面收益表內。

損益及其他全面收入之各項目乃歸屬於本公司擁有人及非控股權益。附屬公司之全面收入總額歸屬於本公司擁有人及非控股權益，即使此舉會導致非控股權益產生虧絀結餘。

附屬公司之財務報表於有需要時作出調整，致使其會計政策與本集團之會計政策一致。

有關本集團成員公司之間交易之所有集團內公司間資產及負債、權益、收入、支出及現金流量於綜合賬目時全數對銷。

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3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Revenue recognition

Revenue is measured at the fair value of the consideration received. Revenue is reduced for estimated customer returns, trade discounts and other similar allowances.

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

Revenue arising from the photovoltaic power generation is recognised in the accounting period when electricity is generated and transmitted. Tariff adjustment represents subsidy received and receivable from the government authorities in respect of the Group's photovoltaic power generation business. Tariff adjustment is recognised at its fair value where there is a reasonable assurance that the additional tariff will be received and the Group will comply with all attached conditions, if any.

Revenue from sale of goods is recognised when the goods are delivered and title has passed.

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

3. 主要會計政策(續)

收益確認

收益乃按已收代價的公平值計量。收益已就估計客戶退貨、行業折扣及其他類似津貼作出扣減。

收益金額可可靠地計量；倘未來經濟利益流入本集團且當本集團各業務達成特定標準時，方會確認收益，概述如下。

光伏發電產生之收益於電力已產生並傳輸之會計期間確認。電價調整指本集團光伏發電業務從政府當局已收及應收之補助。在可合理保證將會收到額外電價且本集團將遵從全部附加條件(如有)的前提下，電價調整按其公平值確認。

貨品銷售收益於貨品付運及所有權轉移時予以確認。

財務資產的利息收入乃參考尚未償還本金額及適用實際利率按時間基準累計，實際利率乃於初步確認時將財務資產預計年期內估計日後現金收入準確貼現至資產賬面淨值的比率。

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3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Property, plant and equipment

Property, plant and equipment including leasehold land (classified as finance leases) and buildings held for use in the production or supply of goods or services, or for administrative purpose (other than construction in progress) are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Solar power plant in the course of construction for generation of electricity income is carried at cost, less any recognised impairment loss. Costs include costs of solar modules, permits applied, professional fees and, for qualifying assets, borrowing costs and other costs capitalised in the course of construction. Completed solar power plant, being solar power plant held for the generation of electricity income, is stated in the consolidated statement of financial position at cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any. Depreciation of these assets, on the same basis as other assets, commences when the assets are ready for their intended use.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

3. 主要會計政策(續)

物業、廠房及設備

物業、廠房及設備包括持作生產或提供貨物或服務或作行政用途的土地(分類為融資租賃)及樓宇(在建工程除外)，於綜合財務狀況表以成本或公平值減其後累計折舊及累計減值虧損(如有)列賬。

為產生電力收益而在建的太陽能發電廠以成本減其任何已確認減值虧損入賬。成本包括太陽能模塊的成本、申請許可證、專業費用及(對合格資產而言)在建造過程中資本化的借款成本及其他成本。已完工太陽能發電廠指持有用以產生電力收益的太陽能發電廠，於綜合財務狀況表以成本減其後續累計折舊及後續累計減值虧損(如有)列賬。該等資產之折舊與其他資產基於相同的基準，於其投入作擬定用途時開始。

物業、廠房及設備項目折舊乃按估計可使用年期，以直線法撇銷其成本減去剩餘價值確認。於報告期末均會檢討其估計可使用年期及折舊方法，以提前反映估計任何變動的影響。

物業、廠房及設備項目將於出售時或預期繼續使用有關資產亦不會帶來任何未來經濟利益時終止確認。出售或棄用物業、廠房及設備項目所產生任何收益或虧損，按有關資產的出售所得款項與其賬面值差額計算，在損益內確認。

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3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at costs less accumulated amortisation and any accumulated impairment losses. Amortisation for intangible assets with finite useful lives is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

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

Leasing

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

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

Leasehold land and building

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

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "prepaid lease payments" in the consolidated statement of financial position and is amortised over the lease term on a straight-line basis. When the lease payments cannot be allocated reliably between the land and the building elements, the entire lease is generally classified as a finance lease.

3. 主要會計政策(續)

無形資產

個別收購且具備有限可使用年期的無形資產按成本減累計攤銷及任何累計減值虧損入賬。具備有限可使用年期的無形資產攤銷於其估計可使用年期內按直線基準計提。估計可使用年期及攤銷法於各報告期末檢討，而估計之任何變動影響按未來適用法予以入賬。

無形資產將於出售時或預期使用有關資產亦不會帶來任何未來經濟利益時終止確認。取消確認無形資產所產生之收益或虧損按出售所得款項淨額與資產賬面值之差額計量，並取消確認資產期間於損益確認。

租賃

倘租賃條款將擁有權絕大部分風險及回報轉嫁予承租人，則有關租賃分類為融資租賃。所有其他租賃均分類為經營租賃。

本集團作為承租人

經營租賃付款按直線法於租期內確認為開支。

租賃土地及樓宇

倘一項租賃同時包括土地及樓宇部分，則本集團會分別按照各部分擁有權相關的絕大部分風險及回報是否已轉讓予本集團，評估各部分為融資或經營租賃分類(除非很顯然，這兩個元素在這種情況下，整個租賃歸類為經營租賃)。具體而言，最低租賃款項(包括任何一筆超過支付的預付款項)會按訂立租賃時租賃土地部分與樓宇部分租賃權益的相關公平值比例，於土地及樓宇部分之間分配。

倘租賃付款可作出可靠分配，則於租賃土地之權益乃以經營租賃入賬並於綜合財務狀況表呈列為「預付租賃付款」，且按直線法於租賃期內攤銷。倘租賃付款無法可靠分配至土地及樓宇部分之間，整個租賃則一般會分類為融資租賃。

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3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Foreign currencies

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

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

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's operations are translated into the presentation currency of the Group (i.e. Hong Kong dollars) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the year. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of translation reserve.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualified 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.

3. 主要會計政策(續)

外幣

於編製各個別集團實體的財務報表時，以該實體功能貨幣以外的貨幣(外幣)進行的交易均按交易日期的適用匯率換算為其功能貨幣列賬(即現在實體經營的主要經濟環境)。於各報告期末，以外幣計值的貨幣項目均按該日的適用匯率重新換算。按外幣歷史成本計算的非貨幣項目毋須重新換算。

結算及重新換算貨幣項目所產生匯兌差額均於產生期間內在損益內確認。

就呈列綜合財務報表而言，本集團業務的資產及負債乃於各報告期末的適用匯率換算為本集團呈列貨幣(港元)，收入及開支乃按有關年期平均匯率換算。所產生匯兌差額(如有)乃於其他全面收益確認及於權益(匯兌儲備)累計。

借款成本

直接歸屬於收購、建造或生產合資格資產(相關資產需經較長時期達致擬定用途或用於出售)的借款成本乃加入該資產之成本，直至相關資產實質上達致擬定用途或用於出售為止。於合資格資產特定借款暫時性投資所賺取之投資收入扣減其開支後乃於合資格資本化之借款成本中扣除。

所有其他借款成本於產生期間於損益賬確認。

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3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate.

Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Retirement benefit costs

Payments to defined contribution retirement benefits plans, state-managed retirement benefits scheme and the Mandatory Provident Fund Scheme are recognised as an expense when employees have rendered service entitling them to the contributions.

Short-term employee benefits

Short-term employee benefits are recognised at the undiscounted amount of the benefits expected to be paid as and when employees rendered the services. All short-term employee benefits are recognised as an expense unless another HKFRS requires or permits the inclusion of the benefit in the cost of an asset.

A liability is recognised for benefits accruing to employees (such as wages and salaries, annual leave and sick leave) after deducting any amount already paid.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from "profit before taxation" as reported in the consolidated statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

3. 主要會計政策(續)

政府補助

政府補助僅於可合理保證本集團符合獲得政府補助之全部條件及將收到相關補助後方予以確認。

政府補助乃就本集團將補助擬用於補償之相關成本確認為開支之期間按系統基準於損益賬確認。

尤其是，基本條件為本集團應購買、建造或以其他方式購置非流動資產之政府補助乃於綜合財務狀況表確認之遞延收入並就相關資產之可使用年期系統而合理地轉撥入損益賬。作為已發生開支或損失的補償或為給予本集團及時資助且並無未來相關成本的可收回政府補助於可收回期間於損益賬確認。

退休福利成本

定額供款退休福利計劃或國家管理退休福利計劃或強制性公積金計劃供款，於僱員提供服務後有權獲得供款時列為開支扣除。

短期僱員福利

短期僱員福利以預計在僱員提供服務時支付的未折現福利金額確認。所有短期僱員福利確認為開支，除非另一項香港財務報告準則要求或允許將有關福利納入資產成本，則作別論。

在扣除已經支付的任何金額後，僱員應得的福利(例如工資及薪金、年假及病假)確認負債。

稅項

所得稅開支指現時應付稅項與遞延稅項總和。

現時應付稅項根據年內應課稅溢利計算。由於應課稅溢利不包括於其他年度應課稅或可扣減的收入或開支項目，並進一步剔除不可課稅或不得扣稅項目，故此應課稅溢利有別於綜合損益及其他全面收益表所列「除稅前溢利」。本集團即期稅項負債乃以報告期末前已頒佈或實際上已頒佈的稅率計算。

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3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Taxation (Continued)

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Current and deferred tax are recognised in profit or loss.

3. 主要會計政策(續)

稅項(續)

遞延稅項乃按故此應課稅溢利有別於綜合財務報表所列資產及負債賬面值與計算應課稅溢利所用相關稅基兩者的暫時差額而確認。一般須就所有可扣減暫時差額確認遞延稅項負債，而於有應課稅溢利可用作對沖可扣減暫時差額時，一般就全部可扣減暫時差額確認遞延稅項資產。倘暫時差額來自最初進行對應課稅溢利或會計溢利無影響的交易時確認的其他資產及負債，則不會確認該等遞延稅項資產及負債。

遞延稅項負債乃就與於附屬公司投資有關的應課稅暫時差額確認，惟倘本集團能控制暫時差額的轉回，且暫時差額不大可能於可見將來轉回則除外。與該等投資及權益有關的可扣減暫時差額所產生遞延稅項資產，僅在可能有足夠應課稅溢利以動用暫時差額的利益並預期可以於可見將來轉回時確認。

於報告期末將檢討遞延稅項資產賬面值，倘不再可能有足夠應課稅溢利可藉以轉回全部或部分遞延稅項資產，則據此削減有關賬面值。

遞延稅項資產及負債按預期清付負債或變現資產期間適用的稅率，按於報告期末已頒佈或實際上已頒佈的稅率(及稅法)計量。遞延稅項負債及資產的計量，反映本集團預計於報告期末收回或清付其資產及負債賬面值的方式而引致的稅務後果。即期及遞延稅項於損益確認。

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3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development activities (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is charged to profit or loss in the period in which it is incurred.

3. 主要會計政策(續)

研發開支

研究活動開支在產生期間內確認為支出。

由開發活動(或內部項目發展階段)所產生內部無形資產，僅在符合以下所有條件時方予確認：

- 完成無形資產供使用或銷售的技術可行性；
- 有意完成該無形資產以供使用或銷售；
- 使用或銷售無形資產的能力；
- 無形資產將如何產生可能日後經濟效益；
- 使用適當技術、財務及其他資源以完成其發展，並使用及銷售此無形資產；及
- 能夠可靠計量無形資產於開發期間應佔開支。

內部產生的無形資產初步確認數額乃無形資產首次符合上述確認標準當日所產生的開支總額。倘並無內部產生的無形資產可予確認，開發開支則在其產生期間內自損益扣除。

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3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the first-in, first-out method. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

Provision for sales discount and defective claims

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions for the expected cost of warranty obligations under the relevant sale of goods legislation are recognised at the date of sale of the relevant products, at the directors' best estimate of the expenditure required to settle the Group's obligation, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of time value of money is material).

Impairment losses on tangible and intangible assets

At the end of the reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any.

Recoverable amount is the higher of fair value less costs of disposal and value in use. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

3. 主要會計政策(續)

存貨

存貨按成本與可變現淨值的較低者列賬。成本按先入先出方法計算。可變現淨值指存貨估計售價減進行銷售所需全部估計成本。

銷售折扣及瑕疵索償撥備

當本集團因過往事件而承擔現有責任(法定或推定)，而本集團可能須清償該項責任及可以可靠地估計該項責任之金額時，即會確認撥備。

相關售貨合約項下保證責任之預期成本於出售有關產品日期按董事對清償本集團責任所需開支之最佳估計(經計及責任有關之風險及不確定因素)確認撥備。倘採用估計清償現有責任之現金流計量撥備，其賬面值應為該等現金流之現值(倘金錢時間值之影響屬重大)。

有形及無形資產減值虧損

於報告期末，本集團會檢討其有形及無形資產賬面值，以釐定是否有跡象顯示該等資產出現減值虧損。倘有任何有關跡象，則估計資產的可收回金額以釐定減值虧損(如有)的範圍。

可收回金額為公平值減出售成本與使用價值之較高者。倘一項資產的可收回金額估計低於其賬面值，則該資產賬面值將減至其可收回金額。減值虧損會即時於損益賬確認。

倘減值虧損日後撥回，則有關資產的賬面值增至其可收回金額的經修訂估計值，惟所增加賬面值不得超逾以往期間如未有就該資產確認減值虧損所應釐定的賬面值。減值虧損撥回即時於損益賬確認。

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3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Financial instruments

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

Financial assets

The Group's financial assets are classified as loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Effective interest method

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

Interest income is recognised on an effective interest basis for debt instruments.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and other receivables and bank balances and cash) are measured at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment of financial assets below).

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of the reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

3. 主要會計政策(續)

財務工具

倘集團實體成為工具合約條文的訂約方，則於綜合財務狀況表中確認財務資產及財務負債。

財務資產及財務負債初步按公平值計量。因收購或發行財務資產及財務負債，於初步確認時加入財務資產或財務負債(如適用)的公平值或自財務資產或財務負債(如適用)的公平值中扣除。

財務資產

本集團的財務資產乃分類為貸款及應收款項。分類取決於財務資產在初期確認時確定的性質和用途。

實際利息法

實際利息法乃計算財務資產的攤銷成本及於有關期間分配利息收入的方法。實際利率乃將財務資產的預計年期或(如適用)較短期間內估計未來收取的現金(包括構成實際利率完整部分之所有已付或已收費用及點數、交易成本及其他溢價或折讓)準確貼現至初步確認時的賬面淨值的利率。

債務工具利息收入按實際利息基準確認。

貸款及應收款項

貸款及應收款項乃並無於活躍市場報價的固定或待定金額付款的非衍生財務資產。於初步確認後，貸款及應收款項(包括貿易應收款項及其他應收款項及銀行結餘及現金)均以實際利息法，按攤銷成本減任何已識別減值虧損入賬(請參閱下文有關財務資產減值的會計政策)。

財務資產減值

於報告期末，考慮評估財務資產是否有減值跡象。當有客觀證據顯示財務資產的估計未來現金流量因於初步確認該財務資產後發生的一項或多項事件而受到影響時，則對該財務資產確認減值。

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3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Financial instruments (Continued)

Financial assets (Continued)

Impairment of financial assets (Continued)

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest and principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio, and observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

3. 主要會計政策(續)

財務工具(續)

財務資產(續)

財務資產減值(續)

減值客觀證據包括：

- 發行人或交易對手出現重大財政困難；或
- 違約或逾期尚未償還利息及本金；或
- 借款人可能面臨破產或財務重組。

應收款項組合的客觀減值證據可包括本集團過往收款經驗、組合內延遲還款次數增加及與應收款項逾期有關的全國或地方經濟狀況明顯改變。

就以攤銷成本列值的財務資產而言，則減值虧損按資產賬面值與按財務資產原實際利率貼現的估計未來現金流量現值的差額確認。

所有財務資產賬面值直接按減值虧損減少，惟貿易應收款項除外，其賬面值乃透過使用撥備賬而減少。撥備賬的賬面值變動於損益內確認。倘貿易應收款項被視為無法收回，則與撥備賬撇銷。其後收回過往撇銷的款項計入損益內。

就以攤銷成本列值的財務資產而言，倘隨後期間減值虧損數額減少，而該減少乃客觀地與減值虧損確認後發生的事項有關，則先前確認的減值虧損於損益撥回，惟撥回減值當日資產賬面值，不得超過倘若並無確認減值原有的攤銷成本。

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3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Financial instruments *(Continued)*

Financial liabilities and equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity according to the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities including trade and other payables, bank borrowing and amount due to a related company are subsequently measured at amortised cost, using the effective interest method.

Effective interest method

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

Interest expense is recognised on an effective interest basis.

3. 主要會計政策(續)

財務工具(續)

財務負債及權益工具

債務及集團實體發行的權益工具按合約安排內容以及財務負債及權益工具的定義，分類為財務負債或權益。

權益工具

權益工具乃任何證明本集團經扣減一切負債後的資產剩餘權益合約。本公司發行的權益工具按已收所得款項扣除直接發行成本入賬。

財務負債

財務負債包括貿易應付款項及其他應付款項、銀行借款以及應付關連公司款項，其後以實際利率法按攤銷成本計量。

實際利息法

實際利息法乃計算財務負債的攤銷成本及於有關期間分配利息支出的方法。實際利率乃將財務負債的預計年期或(如適用)較短期間內估計未來支付的現金(包括構成實際利率完整部分之所有已付或已收費用及點數、交易成本及其他溢價或折讓)準確貼現至初步確認時的賬面淨值的利率。

利息支出按實際利息基準確認。

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3. SIGNIFICANT ACCOUNTING POLICIES

(Continued)

Financial instruments (Continued)

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

4. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make judgement, estimates and assumption about the carrying amounts of assets that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future period.

Critical judgement in applying accounting policies

The following is the critical judgement, apart from those involving estimations (see below), that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

3. 主要會計政策(續)

財務工具(續)

終止確認

本集團僅於資產收取現金流量的合約權利屆滿時，或已將財務資產以及資產擁有權之絕大部分風險及回報轉移至另一實體時取消確認財務資產。

於終止確認財務資產時，資產賬面值與已收及應收代價及已於其他全面收益確認並於權益累計的累計盈虧總和間差額，將於損益確認。

本集團財務負債乃於及僅於其責任獲解除、取消或到期時終止確認。本集團終止確認財務負債賬面值與已付及應付代價間差額，於損益確認。

4. 估計不明朗因素的關鍵會計判斷及主要來源

應用附註3所述本集團的會計政策時，本公司董事需為不容易從其他來源的資產的賬面值作出判斷、估計及假設。估計及相關假設是根據歷史經驗和其他因素，此被認為是相關的。實際結果可能與這些估計的有所不同。

估計及相關假設按持續基準進行檢討。倘有關修訂僅影響該期間，則會計估計之修訂於修訂估計之期間內確認；倘修訂影響本期間及未來期間，則於修訂期間及未來期間確認。

應用會計政策之關鍵判斷

以下為關鍵判斷，不包含董事在應用本集團會計政策時所作出的及對於綜合財務報表之確認金額有重大影響的估計(見下文)所涉及者。

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4. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Critical judgement in applying accounting policies (Continued)

Revenue recognition on tariff adjustment for photovoltaic power generation

Tariff adjustment represents subsidy received and receivable from the government authorities in respect of the Group's photovoltaic power generation business. Tariff subsidy is recognised at its fair value where there is a reasonable assurance that the additional tariff will be received and the Group will comply with all attached conditions, if any.

Pursuant to the New Tariff Notice issued in August 2013 (the "New Tariff Notice") by the National Development and Reform Commission of the People's Republic of China (the "PRC"), approvals for the registration in the Reusable Energy Tariff Subsidy Catalogue (可再生能源電價附加資金補助目錄) (the "Catalogue") on a project-by-project basis are required for the settlement of the tariff adjustment.

Revenue from tariff adjustment for photovoltaic power generation of RMB126,443,000 (equivalent to HK\$147,714,000) from the state grid company in the PRC was recognised for the year ended 31 December 2016 in which the operating solar power plant is still pending registration in the Catalogue.

In the opinion of the Directors of the Company, the revenue recognition of tariff adjustment is proper based on their judgement and taking into account the opinion from the Group's PRC legal advisor, that the Group's operating solar power plant has qualified for registration in the Catalogue and has met all the relevant requirements and conditions for the registration in the Catalogue. The Directors of the Company are confident that the Group's operating solar power plant is able to be registered in the Catalogue in due course and the tariff adjustment receivables are fully recoverable upon the allocation of funds from the PRC government.

4. 估計不明朗因素的關鍵會計判斷及主要來源(續)

應用會計政策之關鍵判斷(續)

光伏發電電價調整之收益確認

電價調整指本集團光伏發電業務從政府當局已收及應收之電價補助。倘可合理保證將會收到額外電價且本集團將符合其全部附加之條件(如有)，則電價補貼按公平值確認。

根據中華人民共和國(「中國」)國家發展和改革委員會於二零一三年八月頒佈的新電價補貼通知(「新電價補貼通知」)，結算電價調整須按項目基準獲得登記於可再生能源電價附加資金補助目錄(「目錄」)的批准。

於截至二零一六年十二月三十一日止年度確認中國國家電網公司光伏發電電價調整收益人民幣126,443,000元(相當於147,714,000港元)，其中營運中的太陽能發電廠仍有待於目錄登記。

本公司董事認為，根據其判斷並計及本集團中國法律顧問的意見對電價調整作出之收益確認屬恰當。本集團中國法律顧問認為，本集團經營的太陽能發電廠已符合資格於目錄登記，並滿足登記入目錄的所有有關要求及條件。本公司董事堅信，本集團經營的太陽能發電廠將可於適當時候登記入目錄內，且電價調整應收款項將可於中國政府劃撥資金時悉數予以收回。

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4. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Key sources of estimation uncertainty

The followings are key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Valuation of trade receivables

The Group makes allowance for doubtful debts based on assessment on the recoverability of trade receivables. The management identifies the doubtful debts based on aging analysis and the subsequent settlements of the trade receivables. In determining whether an allowance for doubtful debts is required, the Group takes into consideration of the customers' credit history, settlement patterns and subsequent settlements of the trade receivables. Where the expectation of the recoverability of trade receivables is different from the original estimate, such difference will impact the carrying value of trade receivables and allowance for doubtful debts in the period in which such estimate has changed. As at 31 December 2016, the carrying amount of trade receivables is HK\$96,083,000 (net of allowance for doubtful debts of HK\$990,000) (2015: carrying amount of HK\$83,455,000 (net of allowance for doubtful debts of nil)).

Estimated allowance for inventories

The management of the Group reviews an aged analysis at the end of each reporting period, and makes allowance for obsolete and slow-moving inventory items identified that are no longer suitable for use in operation. Estimation of net realisable value is less than the carrying amount, impairment loss may arise. As at 31 December 2016, the carrying amount of inventories is approximately HK\$21,615,000 (net of allowance for slowing moving inventories of HK\$838,000) (2015: HK\$31,089,000 (net of allowance for slow-moving inventories of HK\$594,000)).

4. 估計不明朗因素的關鍵會計判斷及主要來源(續)

估計不明朗因素的主要來源

以下為有關未來的主要假設及於報告期末估計不明朗因素的其他主要來源，均具有導致下一財政年度資產及負債賬面值出現大幅調整的重大風險。

貿易應收款項估值

本集團依據對貿易應收款項可收回性的評估計提呆壞賬準備。管理層根據貿易應收款項的賬齡分析及後續結算識別呆賬。於釐定呆壞賬準備是否需要時，本集團考慮客戶的信用歷史、貿易應收款項的結算模式及後續結算。假如對貿易應收款項可收回性的預期與最初估計不同，則該等差異將會對該估計發生變化的期間的貿易應收款項賬面值及呆壞賬準備產生影響。於二零一六年十二月三十一日，貿易應收款項賬面值為96,083,000港元(扣除呆壞賬準備990,000港元)(二零一五年：賬面值為83,455,000港元(扣除呆壞賬準備零元))。

估計存貨準備

本集團管理層於各報告期末檢討存貨賬齡分析，並對確定不再適合營運的過時及滯銷存貨項目計提準備。倘估計可變現淨值低於其賬面值則可能發生減值虧損。於二零一六年十二月三十一日，存貨賬面值約為21,615,000港元(扣除滯銷存貨準備838,000港元)(二零一五年：31,089,000港元(扣除滯銷存貨撥備594,000港元))。

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4. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Continued)

Key sources of estimation uncertainty (Continued)

Useful lives and impairment assessment of property, plant, and equipment

The management determines the estimated useful lives, the residual values, and the depreciation method in determining the 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. In addition, management assesses impairment whenever events or changes in circumstance indicate that the carrying amount of an asset may not be recoverable. Management will increase the depreciation charge where useful lives are expected to be shorter than expected, or will write off or write-down obsolete or non-strategic assets that have been abandoned. As at 31 December 2016, the carrying amount of property, plant and equipment is HK\$68,570,000 (2015: HK\$4,890,000).

Estimated provision of sales discount and defective claims

For the provision of sales discounts and defective claims, there are no fixed terms of sale discounts and defective claims entered with customers. The amount is based on the management's estimation by reference to the historical experience on sales discounts and defective claims from customers. Management's estimates and assumptions are reviewed periodically and are adjusted if necessary. Should any of the estimates and assumptions change, it may lead to a change in the provision of sales discounts and defective claims. As at 31 December 2016, the carrying amount of provision of sales discounts and defective claims is HK\$7,145,000 (2015: HK\$4,476,000).

4. 估計不明朗因素的關鍵會計判斷及主要來源(續)

估計不明朗因素的主要來源(續)

物業、廠房及設備可使用年期及減值評估

管理層釐定其物業、廠房及設備的估計可使用年期、剩餘價值及釐定相關折舊費用的折舊方法。該估計乃根據類似性質及功能的物業、廠房及設備的實際可使用年期的過往經驗而釐定。此外，在出現任何顯示可能無法收回資產賬面值的事件或情況有變時，管理層會評估減值。倘可使用年期預計少於預期，則管理層將增加折舊費用，或會撇銷或減減已報廢的陳舊或非策略性資產。於二零一六年十二月三十一日，物業、廠房及設備的賬面值為68,570,000港元(二零一五年：4,890,000港元)。

銷售折扣及次貨索償估計撥備

關於銷售折扣及次貨索償撥備，概無與客戶訂立銷售折扣及次貨索償的固定條款。有關金額乃管理層經參考客戶銷售折扣及次貨索償的過往經驗估計。管理層定期檢討估計及假設，並於有需要時調整。倘任何估計及假設出現變動，可能導致銷售折扣及次貨索償撥備有變。於二零一六年十二月三十一日，銷售折扣及次貨索償撥備賬面值為7,145,000港元(二零一五年：4,476,000港元)。

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5. REVENUE AND SEGMENT INFORMATION

An analysis of the Group's revenue for the year is as follows:

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Revenue from photovoltaic power generation (Note)	光伏發電收益(附註)	198,635	–
Sales of lighting products	照明產品銷售	412,422	389,740
		611,057	389,740

Note: Revenue from photovoltaic power generation included tariff adjustment from the state grid company in the PRC based on the prevailing nationwide government policies on renewable energy for solar power plants amounting to RMB126,443,000 (equivalent to HK\$147,714,000) (2015: nil).

Information reported to the executive directors of the Company, being the chief operating decision maker ("CODM"), for the purposes of resource allocation and assessment of segment performance focuses on the revenues and profits from different types of business divisions.

The Group was previously organised into three operating segments, namely "Portable lighting", "Shades" and "Furniture set and other home accessory products". These segments were the basis on which the Group reported its segment information. During the year, the CODM of the Company reviewed separately the financial results of photovoltaic power generation business and lighting products business for resources allocation and performance assessment of the Group. Accordingly, the Group's operating and reportable segments under HKFRS 8 are as follows:

- (i) Photovoltaic power generation business represents sales of electricity, development, construction, management and operation of a solar power plant ("photovoltaic power generation").
- (ii) Lighting product business represents the sales of lighting products including portable lighting products, shades for the lamps and furniture set and other home accessory products ("sales of lighting products").

5. 收益及分部資料

以下為本集團年度收益分析：

附註：光伏發電收益包括來自中國國家電網公司基於當前全國政府關於太陽能發電廠可再生能源政策給予的電價調整收益人民幣126,443,000元(相當於147,714,000港元)(二零一五：無)。

就資源分配及評估分部表現而向本公司執行董事(即主要營運決策人(「主要營運決策人」))報告的資料乃集中於各類業務部門的收益及溢利。

本集團以往劃分為三個經營分部，分別是「移動式照明」、「燈罩」及「傢具組合及其他家居飾品」。此等分部是本集團匯報其分部資料的基準。年內，本公司主要營運決策人另行審視光伏發電業務及照明產品業務的財務業績，以分配資源及評估本集團的表現。因此，根據香港財務報告準則第8號，本集團的經營及可報告分部如下：

- (i) 光伏發電業務指電力的銷售，及太陽能發電廠的開發、建設、管理及營運(「光伏發電」)。
- (ii) 照明產品業務指照明產品銷售，包括移動照明產品、燈罩、傢具組合及其他家居飾品(「照明產品銷售」)。

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5. REVENUE AND SEGMENT INFORMATION

(Continued)

Segment revenue and results

The following is an analysis of the Group's revenue and results by operating segments.

For the year ended 31 December 2016

		Photovoltaic power generation 光伏發電 HK\$'000 千港元	Sales of lighting products 照明產品銷售 HK\$'000 千港元	Total 總計 HK\$'000 千港元
SEGMENT REVENUE	分部收益			
External sales	外部銷售	198,635	412,422	611,057
Segment profit	分部溢利	156,928	10,406	167,334
Unallocated income	未分配收入			7
Unallocated expenses	未分配開支			
– Administration expenses	– 行政開支			(18,642)
– Finance costs	– 財務費用			(2,725)
Profit before taxation	除稅前溢利			145,974

For the year ended 31 December 2015

		Photovoltaic power generation 光伏發電 HK\$'000 千港元	Sales of lighting products 照明產品銷售 HK\$'000 千港元	Total 總計 HK\$'000 千港元
SEGMENT REVENUE	分部收益			
External sales	外部銷售	–	389,740	389,740
Segment profit	分部溢利	–	22,721	22,721
Unallocated income	未分配收入			48
Unallocated expenses	未分配開支			(3,607)
Profit before taxation	除稅前溢利			19,162

5. 收益及分部資料(續)

分部收益及業績

以下為按經營分部劃分的本集團收益及業績分析：

截至二零一六年十二月三十一日止年度

截至二零一五年十二月三十一日止年度

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5. REVENUE AND SEGMENT INFORMATION

(Continued)

Segment revenue and results (Continued)

The accounting policies of the operating segments are the same as the Group's accounting policies described in note 3. Segment profit represents the profit earned by each segment and hence is arrived at without allocation of certain income and expenses (including other income, administration expenses and finance costs). This is the measure reported to the CODM of the Company, for the purposes of resources allocation and assessment of segment performance.

Geographical information

The Group's operations are located in Hong Kong, the PRC (excluding Hong Kong) and North America.

Information about the Group's revenue from external customers based on the location of goods physically delivered to and location of electricity transmission and information about its non-current assets based on geographical location of the assets:

5. 收益及分部資料(續)

分部收益及業績(續)

經營分部的會計政策與附註3所載的本集團會計政策相同。分部溢利指各分部賺取之溢利，因此乃按未分配若干收入及開支(包括其他收入、行政開支及財務費用)計算。此乃向本公司主要營運決策人報告的方法，以供進行資源分配及評估分部表現。

地區資料

本集團業務位於香港、中國(不包括香港)及北美洲。

本集團根據向其實際交付貨物的地點及電力傳輸的地點劃分來自外部客戶的收益及按資產的地理位置劃分的非流動資產的資料：

	Revenue from external customers		Non-current assets (other than deferred tax asset)	
	2016	2015	2016	2015
	二零一六年	二零一五年	二零一六年	二零一五年
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	千港元	千港元	千港元	千港元
Hong Kong	–	–	6,007	1,305
PRC	198,635	–	61,776	1,862
USA	405,904	382,707	3,459	2,479
Canada	6,241	6,754	–	–
Others	277	279	–	–
	611,057	389,740	71,242	5,646

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5. REVENUE AND SEGMENT INFORMATION

(Continued)

Information about major customers

Revenue from customers of the corresponding year contributing over 10% of the total revenue of the Group are as follows:

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Customer A (Note)	客戶A(附註)	198,635	–
Customer B (Note)	客戶B(附註)	144,386	155,178
Customer C (Note)	客戶C(附註)	131,277	116,845

Note: The revenue from Customer A was derived from photovoltaic power generation and Customers B and C were derived from sales of lighting products.

5. 收益及分部資料(續)

有關主要客戶之資料

於相應年度，佔本集團收益總額超過10%的客戶收益載列如下：

附註：從客戶A收取的收益涉及光伏發電，從客戶B和C收取的收益涉及照明產品銷售。

6. OTHER INCOME

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Government grants (Note)	政府補助(附註)	14,408	–
Interest income	利息收益	93	51
Sundry income	雜項收益	1,756	144
		16,257	195

Note: The government grants represent the amount received from local government by the PRC subsidiary of the Group in subsidising certain tax payments. Government grants represent unconditional incentive received in relation to activities carried out by the Group.

6. 其他收益

附註：政府補助指本集團中國附屬公司從當地政府收取補貼若干稅項開支的金額。政府補助亦是就本集團經營活動所收取的無條件補助。

7. FINANCE COSTS

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Interest expenses on bank borrowings	銀行借款的利息開支	4,760	–
Less: Amounts capitalised in the cost of qualifying assets	減：撥充合資格資產成本的款項	(2,035)	–
		2,725	–

7. 財務費用

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8. PROFIT BEFORE TAXATION

8. 除稅前溢利

		2016	2015
		二零一六年	二零一五年
		HK\$'000	HK\$'000
		千港元	千港元
Profit before taxation has been arrived at after charging:	除稅前溢利已扣除下列各項：		
Staff costs, including directors' remuneration (note 10)	員工成本(包括董事酬金)(附註10)		
Salaries, wages and other benefits	薪金、工資及其他福利	42,233	32,673
Retirement benefits scheme contributions	退休福利計劃供款	1,037	869
		43,270	33,542
Allowance for doubtful debts	呆壞賬準備	990	-
Allowance for obsolete and slow-moving inventories	過時及滯銷存貨準備	244	353
Amortisation of intangible asset	無形資產攤銷	97	97
Auditor's remuneration	核數師酬金	1,160	820
Cost of inventories recognised as expenses	已確認為開支的存貨成本	333,500	307,278
Depreciation of property, plant and equipment	物業、廠房及設備折舊	2,580	1,622
Net foreign exchange loss	匯兌虧損淨額	138	860
Operating lease rentals	經營租賃租金		
– rented premises	– 租賃物業	11,622	6,174
– photovoltaic facilities	– 光伏設施	47,511	-
Research and development expenses, including staff costs of HK\$3,521,000 (2015: HK\$2,702,000)	研發開支，包括員工成本3,521,000港元(二零一五年：2,702,000港元)	6,384	5,955
and after crediting:	及已計入：		
Gain on disposal of property, plant and equipment	出售物業、廠房及設備收益	120	-
Interest income	利息收入	93	51

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9. INCOME TAX EXPENSE

9. 所得稅開支

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Current taxation:	即期稅項：		
– Hong Kong Profits Tax	– 香港利得稅	4,164	4,793
– Overseas taxation	– 海外稅項	2	7
		4,166	4,800
(Over)underprovision in prior years:	往年(超額)不足撥備：		
– Hong Kong Profits Tax	– 香港利得稅	(19)	425
– Overseas taxation	– 海外稅項	–	(433)
		(19)	(8)
Deferred taxation (note 14)	遞延稅項(附註14)	282	(62)
Total	總額	4,429	4,730

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

此兩個年度內之估計應課稅溢利須按稅率16.5%繳納香港利得稅。

Taxation on overseas profits has been calculated on the estimated assessable profits for the year at the rates of taxation prevailing in the relevant jurisdictions.

海外溢利的稅項乃根據年內估計應課稅溢利按相關司法權區的現行稅率計算。

A subsidiary of the Company, being an enterprise engaged in public infrastructure projects, under the PRC Tax Law and its relevant regulations, is entitled to tax holiday of 3-year full exemption followed by 3-year 50% exemption commencing from the respective year in which operating profit was derived. During the year ended 31 December 2016, the subsidiary of the Company which was engaged in the public infrastructure project has operating profit for the first year.

本公司一間從事公共基礎設施項目的附屬公司，根據中國稅法及其相關規定，有權享受自各獲取經營溢利所屬納稅年度起三年免稅期及其後三年免稅50%。截至二零一六年十二月三十一日止年度為本公司從事公共基礎設施項目之該附屬公司獲取經營溢利第一年。

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9. INCOME TAX EXPENSE (Continued)

The income tax expense for the year can be reconciled to the consolidated profit before taxation as follows:

9. 所得稅開支(續)

年內所得稅開支與綜合除稅前溢利對賬如下：

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Profit before taxation	除稅前溢利	145,974	19,162
Tax at Hong Kong Profits Tax rate at 16.5% (2015: 16.5%)	按香港利得稅稅率 16.5%計算的稅項 (二零一五年：16.5%)	24,086	3,162
Tax effect of expenses not deductible for tax purpose	不可扣稅開支的稅務影響	1,656	513
Tax effect of income not taxable for tax purpose	毋須課稅收入的稅務影響	(2,430)	(5)
Tax effect of tax losses not recognised	未確認稅項虧損的稅務影響	6,518	913
Effect of tax exemptions granted to PRC subsidiaries	中國附屬公司享有免稅的稅務影響	(39,232)	-
Tax effect of different tax rate of subsidiaries in other jurisdictions	其他司法權區附屬公司稅率不同的稅務影響	13,764	230
Overprovision in prior years	往年超額撥備	(19)	(8)
Others	其他	86	(75)
Income tax expense for the year	年內所得稅開支	4,429	4,730

10. DIRECTORS', CHIEF EXECUTIVE'S AND EMPLOYEES' EMOLUMENTS

Details of the emoluments paid/payable to the Directors and the chief executive of the Company during both years are as follow:

10. 董事、主要行政人員及僱員酬金

兩個年度內已付／應付本公司董事及主要行政人員之酬金詳情如下：

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Directors' fee	董事袍金	1,135	360
Other emoluments	其他薪酬		
- salaries and other benefits	- 薪金及其他福利	3,227	4,243
- retirement benefits scheme contributions	- 退休福利計劃供款	26	98
		4,388	4,701

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10. DIRECTORS', CHIEF EXECUTIVES' AND EMPLOYEES' EMOLUMENTS (Continued)

10. 董事、主要行政人員及僱員酬金(續)

	Fees	Salaries and other benefits	Performance-based bonus	Retirement benefits scheme contributions	Total
	袍金	薪金及其他福利	表現花紅	退休福利計劃供款	總計
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	千港元	千港元	千港元 (Note i) (附註i)	千港元	千港元
For the year ended 31 December 2016	截至二零一六年十二月三十一日止年度				
Executive directors:	執行董事:				
Mr. Dang Yanbao (Note ii)	-	1,708	-	-	1,708
Mr. Dang Zidong (Note ii)	-	208	-	10	218
Mr. Gao Jianjun (Note ii)	-	330	-	-	330
Mr. Liu Yuanguan (Note ii)	-	330	-	-	330
Mr. Leung Yuen Ho, Simon (Note iii)	-	240	-	3	243
Mr. Jerry Strickland (Note iii)	-	258	-	10	268
Ms. Wong Shuk Fong (Note iii)	-	153	-	3	156
Non-executive directors:	非執行董事:				
Mr. Cheng Hoo (Note ii)	208	-	-	-	208
Mr. Chung Kin Shun, Jimmy (Note ii)	97	-	-	-	97
Independent non-executive directors:	獨立非執行董事:				
Mr. Tyen Kan Hee, Anthony (Note ii)	311	-	-	-	311
Mr. Xia Zuoquan (Note ii)	208	-	-	-	208
Mr. Guo Xuwen (Note ii)	311	-	-	-	311
Mr. Hau Chi Hung (Note iii)	-	-	-	-	-
Mr. Lai Kin, Jerome (Note iii)	-	-	-	-	-
Mr. Tang Thomas Bong (Note iii)	-	-	-	-	-
	1,135	3,227	-	26	4,388

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10. DIRECTORS', CHIEF EXECUTIVES' AND EMPLOYEES' EMOLUMENTS (Continued)

10. 董事、主要行政人員及僱員酬金(續)

	Fees	Salaries and other benefits	Performance-based bonus	Retirement benefits scheme contributions	Total
	袍金	薪金及其他福利	表現花紅	退休福利計劃供款	總計
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
	千港元	千港元	千港元	千港元	千港元

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Executive directors:	執行董事：				
Mr. Leung Yuen Ho, Simon (Note iii)	梁遠豪先生(附註iii)	-	1,560	-	1,578
Mr. Jerry Strickland (Note iii)	Jerry Strickland先生(附註iii)	-	1,586	-	1,648
Ms. Wong Shuk Fong (Note iii)	黃淑芳女士(附註iii)	-	897	200	1,115
Independent non-executive directors:	獨立非執行董事：				
Mr. Hau Chi Hung (Note iii)	侯智雄先生(附註iii)	60	-	-	60
Mr. Lai Kin, Jerome (Note iii)	黎健先生(附註iii)	240	-	-	240
Mr. Tang Thomas Bong (Note iii)	鄧邦先生(附註iii)	60	-	-	60
		360	4,043	200	4,701

Notes:

- (i) The performance-based bonus is discretionary based on the Group's financial results and directors' performance as decided by the management of the Group.
- (ii) Mr. Dang Yanbao is also the chief executive of the Company and his emoluments disclosed above included those for services rendered by him as the Chief Executive. Mr. Dang Yanbao, Mr. Gao Jianjun and Mr. Liu Yuanguan were appointed as executive directors effective from 30 January 2016; Mr. Dang Zidong was appointed as an executive director effective from 19 February 2016; Mr. Cheng Hoo and Mr. Chung Kin Shun, Jimmy were appointed as non-executive directors effective from 19 February 2016 and 26 September 2016, respectively; Mr. Tyen Kan Hee, Anthony, Mr. Xia Zuoquan and Mr. Guo Xuewen were appointed as independent non-executive directors effective from 19 February 2016.
- (iii) Ms. Wong Shuk Fong was appointed as executive director on 22 July 2015. Mr. Leung Yuen Ho, Simon, Mr. Jerry Strickland and Ms. Wong Shuk Fong resigned as executive directors; and Mr. Hau Chi Hung, Mr. Lai Kin, Jerome and Mr. Tang Thomas Bong resigned as independent non-executive directors effective from 19 February 2016.
- (iv) The executive directors' emoluments shown above were for their services in connection with the management of the affairs of the Company and the Group. The emoluments of non-executive directors and independent non-executive directors shown above were for their services as directors of the Company.

附註：

- (i) 表現花紅為本集團管理層依據本集團財務業績與董事表現酌情決定發放。
- (ii) 黨彥寶先生亦為本公司行政總裁，上文披露之酬金包括彼以行政總裁身份提供服務有關之酬金。黨彥寶先生、高建軍先生及劉元管先生已獲委任為執行董事，由二零一六年一月三十日起生效；黨自東先生已獲委任為執行董事，由二零一六年二月十九日起生效；鄭豪先生及鍾建舜先生已獲委任為非執行董事，分別由二零一六年二月十九日及二零一六年九月二十六日起生效；田耕熹先生、夏佐全先生及郭學文先生已獲委任為獨立非執行董事，由二零一六年二月十九日起生效。
- (iii) 黃淑芳女士於二零一五年七月二十二日被任命為執行董事。梁遠豪先生、Jerry Strickland先生及黃淑芳女士已辭任執行董事；及侯智雄先生、黎健先生及鄧邦先生已辭任獨立非執行董事，自二零一六年二月十九日起生效。
- (iv) 上文所載執行董事之酬金乃與彼等就管理本公司及本集團事務提供服務有關之酬金。上文所載非執行董事及獨立非執行董事之酬金乃與彼等以本公司董事身份提供服務有關之酬金。

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10. DIRECTORS', CHIEF EXECUTIVES' AND EMPLOYEES' EMOLUMENTS (Continued)

Five highest paid individuals

The five highest paid individuals of the Group included one (2015: three) director for the year. The details of the emoluments are set out above. The remunerations of the remaining four (2015: two) highest paid individuals are as follows:

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Employees	僱員		
– salaries and other benefits	– 薪金及其他福利	5,144	2,030
– discretionary bonus	– 酌情花紅	902	78
– retirement benefits scheme contributions	– 退休福利計劃供款	140	82
		6,186	2,190

The emoluments of these remaining four (2015: two) highest paid individuals in the Group for the year were within the following bands:

		2016 二零一六年 No. of Employees 僱員數目	2015 二零一五年 No. of Employees 僱員數目
HK\$1,000,001 – HK\$1,500,000	1,000,001港元至 1,500,000港元	2	2
HK\$1,500,001 – HK\$2,000,000	1,500,001港元至 2,000,000港元	2	–
		4	2

During both years, no emoluments were paid by the Group to the five highest paid individuals (including directors and employees) as an inducement to join or upon joining the Group or as compensation for loss of office. No directors waived any emoluments in both years.

11. DIVIDEND

The Board has resolved not to recommend any final dividend for the year ended 31 December 2016 (2015: nil).

10. 董事、主要行政人員及僱員酬金(續)

五名最高薪人士

年內，本集團五名最高薪人士包括一名董事(二零一五年：三名)。酬金詳情載於上文。其餘四名最高薪人士(二零一五年：兩名)的薪酬載列如下：

其餘的四名(二零一五年：兩名)本集團最高薪人士於年內的酬金在以下範圍內：

在兩個年度內，本集團概無向五名最高薪人士(包括董事及僱員)支付任何薪酬，作為吸引彼等加入或加入本集團時的獎勵，或作為離職補償。概無董事於兩個年度內放棄任何薪酬。

11. 股息

董事會議決不建議派發截至二零一六年十二月三十一日止年度之任何末期股息(二零一五年：無)。

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12. EARNINGS PER SHARE

The calculation of the basic earnings per share is based on the profit for the year attributable to owners of the Company of HK\$141,545,000 (2015: HK\$14,432,000) and the weighted average number of 518,709,000 ordinary shares (2015: 480,000,000) of the Company.

No diluted earnings per share is presented as there were no potential ordinary shares in issue during the years ended 31 December 2016 and 2015.

12. 每股盈利

每股基本盈利乃按本公司擁有人應佔年內溢利 141,545,000 港元 (二零一五年: 14,432,000 港元) 及本公司普通股加權平均股數 518,709,000 股 (二零一五年: 480,000,000 股) 計算。

截至二零一六年及二零一五年十二月三十一日止年度內概無已發行潛在普通股，故並無呈列每股攤薄盈利。

13. PROPERTY, PLANT AND EQUIPMENT

13. 物業、廠房及設備

		Land and buildings 土地及樓宇 HK\$'000 千港元	Leasehold improvements 租賃物業 裝修 HK\$'000 千港元	Furniture, fixtures and equipment 傢具、裝置 及設備 HK\$'000 千港元	Motor vehicles 汽車 HK\$'000 千港元	Construction in progress 在建工程 HK\$'000 千港元	Solar power plant 太陽能發電廠 HK\$'000 千港元	Total 總計 HK\$'000 千港元
COST	成本							
At 1 January 2015	於二零一五年一月一日	1,910	2,456	5,819	4,100	-	-	14,285
Exchange adjustment	匯兌調整	-	(112)	(76)	-	-	-	(188)
Additions	添置	-	19	1,222	-	-	-	1,241
At 31 December 2015 and 1 January 2016	於二零一五年十二月三十一日及二零一六年一月一日	1,910	2,363	6,965	4,100	-	-	15,338
Exchange adjustment	匯兌調整	-	(162)	(117)	-	(2,954)	(22)	(3,255)
Additions	添置	-	2,872	1,677	866	63,407	503	69,325
Transfer	轉撥	-	-	-	-	(37,419)	37,419	-
Disposals	出售	-	-	-	(702)	-	-	(702)
At 31 December 2016	於二零一六年十二月三十一日	1,910	5,073	8,525	4,264	23,034	37,900	80,706
ACCUMULATED DEPRECIATION	累計折舊							
At 1 January 2015	於二零一五年一月一日	914	694	3,457	3,847	-	-	8,912
Exchange adjustment	匯兌調整	-	(48)	(38)	-	-	-	(86)
Provided for the year	年內撥備	76	489	827	230	-	-	1,622
At 31 December 2015 and 1 January 2016	於二零一五年十二月三十一日及二零一六年一月一日	990	1,135	4,246	4,077	-	-	10,448
Exchange adjustment	匯兌調整	-	(90)	(78)	-	-	(22)	(190)
Provided for the year	年內撥備	76	1,133	704	164	-	503	2,580
Eliminated on disposals	於出售時抵銷	-	-	-	(702)	-	-	(702)
At 31 December 2016	於二零一六年十二月三十一日	1,066	2,178	4,872	3,539	-	481	12,136
CARRYING VALUES	賬面值							
At 31 December 2016	於二零一六年十二月三十一日	844	2,895	3,653	725	23,034	37,419	68,570
At 31 December 2015	於二零一五年十二月三十一日	920	1,228	2,719	23	-	-	4,890

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13. PROPERTY, PLANT AND EQUIPMENT

(Continued)

The above items of property, plant and equipment other than construction in progress are depreciated on a straight-line basis at the following rates per annum:

Land and buildings	4% or over the term of the lease, whichever is shorter
Leasehold improvements	20% or over the lease term of rented properties, whichever is shorter
Furniture, fixtures and equipment	20% – 33%
Motor vehicles	20%
Solar power plant	4%

The carrying value of land and buildings comprises:

	2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Land and buildings situated in Hong Kong 香港土地及樓宇	844	920

As at 31 December 2016, the Group had pledged its land and buildings with carrying value of HK\$844,000 (2015: HK\$920,000) to secure a general banking facility granted to the Group.

15. 物業、廠房及設備(續)

上述物業、廠房及設備項目(在建工程除外)乃以直線法按下列年率折舊:

土地及樓宇	4%或按租期(以較短者為準)
租賃物業裝修	20%或按租賃物業的租期(以較短者為準)
傢具、裝置及設備	20% – 33%
汽車	20%
太陽能發電廠	4%

土地及樓宇的賬面值包括:

於二零一六年十二月三十一日，本集團已抵押其賬面值為844,000港元(二零一五年：920,000港元)的土地及樓宇，作為本集團獲授予一般銀行融資的擔保。

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14. DEFERRED TAXATION

The followings are the major deferred tax asset (liability) recognised and movements thereon during current and prior years:

14. 遞延稅項

以下為在今年和往年確認的主要遞延稅項資產(負債)及其變動:

		Accelerated tax depreciation 加速稅項折舊 HK\$'000 千港元	Temporary difference on unrealised profits on intra-group transactions 集團內公司間交易未變現溢利的暫時差額 HK\$'000 千港元	Total 總計 HK\$'000 千港元
At 1 January 2015	於二零一五年一月一日	(83)	1,193	1,110
Credit (charge) to profit or loss	計入損益(自損益扣除)	80	(18)	62
At 31 December 2015 and 1 January 2016	於二零一五年十二月三十一日及二零一六年一月一日	(3)	1,175	1,172
Charge to profit or loss	自損益扣除	(85)	(197)	(282)
At 31 December 2016	於二零一六年十二月三十一日	(88)	978	890

The following is the analysis of the deferred tax balances for financial reporting purposes:

以下為用於財務申報的遞延稅項結餘分析:

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Deferred tax asset	遞延稅項資產	978	1,175
Deferred tax liability	遞延稅項負債	(88)	(3)
		890	1,172

At the end of the reporting period, the Group had unused tax losses of HK\$52,801,000 (2015: HK\$14,937,000) available for offset against future profits. No deferred tax asset has been recognised in respect of the tax losses due to the unpredictability of future profits streams of these subsidiaries.

於報告期末，本集團之未動用稅項虧損為52,801,000港元(二零一五年：14,937,000港元)可用作抵銷未來溢利。由於未能預測該等附屬公司的未來溢利來源，故並無就稅項虧損確認遞延稅項資產。

Included in unrecognised tax losses are losses of HK\$14,565,000 (2015: HK\$8,936,000) that will expire within 5 years and losses of HK\$11,424,000 (2015: HK\$1,426,000) that will expire within 20 years, other tax losses may be carried forward indefinitely.

未確認的稅項虧損包括將在五年內到期的虧損14,565,000港元(二零一五年：8,936,000港元)和將在二十年內到期的虧損11,424,000港元(二零一五年：1,426,000港元)，其他稅項虧損可無限期結轉。

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14. DEFERRED TAXATION (Continued)

Deferred taxation has not been recognised in respect of certain undistributed retained profits earned by the subsidiaries in the PRC amounting of HK\$152,539,000 (2015: nil) as the Directors are of the opinion that the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

14. 遞延稅項(續)

本集團就附屬公司於中國所賺取的若干未分派保留溢利金額152,539,000港元(二零一五年：無)並無確認遞延稅項，乃由於董事認為本集團可控制暫時差額的撥回時間及暫時差額不大可能於可見將來轉回。

15. INTANGIBLE ASSET

15. 無形資產

		Brand name 品牌 HK\$'000 千港元
COST	成本	
At 1 January 2015, 31 December 2015 and 31 December 2016	於二零一五年一月一日，二零一五年十二月三十一日及二零一六年十二月三十一日	966
AMORTISATION	攤銷	
At 1 January 2015	於二零一五年一月一日	113
Charge for the year	年內支出	97
At 31 December 2015 and 1 January 2016	於二零一五年十二月三十一日及二零一六年一月一日	210
Charge for the year	年內支出	97
At 31 December 2016	於二零一六年十二月三十一日	307
CARRYING VALUE	賬面值	
At 31 December 2016	於二零一六年十二月三十一日	659
At 31 December 2015	於二零一五年十二月三十一日	756
The brand name has finite useful life and is amortised on a straight-line basis over 10 years.	品牌之可使用期有限，乃以直線法按10年攤銷。	

16. INVENTORIES

16. 存貨

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Finished goods	製成品	21,615	31,089

During the year, there was a write-down of inventories amounting to HK\$244,000 (2015: HK\$353,000) which was recognised in cost of sales.

年內減記存貨244,000港元(二零一五年：353,000港元)，並於銷售成本確認。

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17. TRADE AND OTHER RECEIVABLES

17. 貿易及其他應收款項

		2016	2015
		二零一六年	二零一五年
		HK\$'000	HK\$'000
		千港元	千港元
Trade receivables	貿易應收款項	97,073	83,455
Less: Allowance for doubtful debts	減：呆壞賬準備	(990)	-
		96,083	83,455
Tariff adjustment receivables (Note (a))	電價調整應收款項 (附註(a))	167,000	-
Total trade receivables and tariff adjustment receivables	貿易應收款項及電價調整 應收款項總額	263,083	83,455
Bill receivables	應收票據	3,675	164
Advance to a photovoltaic facilities provider (Note (b))	給予光伏設施供應商墊款 (附註(b))	44,643	-
Other receivables and prepayment	其他應收款項及預付款項	1,268	772
		312,669	84,391

Notes:

- (a) The Group's tariff adjustment receivables for the photovoltaic power generation are receivables from the state grid company. Generally, the trade receivables are due within 30 days from the date of billing, except for collection of the tariff adjustment receivables, which is subject to settlement by state grid company upon finalisation of the allocation of funds by relevant government authorities to the state grid company. As the collection of tariff adjustment receivables is expected in the normal operating cycle, which may be more than 1 year, they are classified as current assets.

In the opinion of the Directors of the Company, the revenue recognition of tariff adjustment is proper based on their judgement and taking into account the opinion from the Group's PRC legal advisor, that the Group's operating solar power plant has qualified for registration in the Catalogue, and has met all the relevant requirements and conditions for the registration in the Catalogue. The Directors of the Company are confident that the Group's operating solar power plant is able to be registered in the Catalogue in due course and the tariff adjustment receivables are fully recoverable upon the allocation of funds from the PRC government.

- (b) The amount represented payment on behalf of a photovoltaic facilities provider for the purchase of photovoltaic facilities. The amount was non-interest bearing and the Directors of the Company consider the amount would be settled within one year after the reporting period upon renewal of the rental agreement for photovoltaic facilities.

附註：

- (a) 本集團光伏發電電價調整應收款項為應收國家電網公司款項。貿易應收款項通常於發票日期起計30日內到期，惟須待相關政府當局落實資金分配予國家電網公司後方能從國家電網公司收回的電價調整應收款項則除外。由於預期於正常營運週期(或會超過一年)內收回電價調整應收款項，故電價調整應收款項分類為流動資產。

本公司董事認為，根據其判斷並計及本集團中國法律顧問的意見對電價調整作出之收益確認屬恰當。本集團中國法律顧問認為，本集團經營的太陽能發電廠已符合資格於目錄登記，並滿足登記入目錄的所有有關要求及條件。本公司董事堅信，本集團經營的太陽能發電廠將可於適當時候登記入目錄內，且電價調整應收款項將可於中國政府劃撥資金時悉數予以收回。

- (b) 該款項指代表光伏設施提供者就購買光伏設施支付的款項。該款項為免息，且本公司董事認為，該款項將於報告期後一年內重續光伏設施的租賃協議後結算。

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17. TRADE AND OTHER RECEIVABLES

(Continued)

The Group allows credit period with a range from 30 to 90 days to its customers. The following is an aged analysis of trade receivables and tariff adjustment receivables net of allowance for doubtful debts presented based on the invoice date for sales of goods and electricity transmitted dates at the end of the reporting period, which approximated the respective revenue recognition dates.

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Not yet due (Note)	未到期(附註)	167,000	—
0 to 30 days	0至30日	42,875	79,114
31 to 60 days	31至60日	26,584	1,402
61 to 90 days	61至90日	16,680	13
Over 90 days	超過90日	9,944	2,926
		263,083	83,455

Note: The amounts represent tariff adjustments to be received based on the prevailing national government policies on renewable energy.

Before accepting any new customer, the Group assesses the credit quality of each potential customer and defines credit rating and limit for each customer. In addition, the Group has reviewed the repayment history of receivables by each customer with reference to the payment terms stated in contracts to determine the recoverability of a trade receivable.

Included in the Group's trade receivable balance are debtors with aggregate carrying amount of HK\$13,674,000 (2015: HK\$9,777,000), which are past due for which the Group has not provided for impairment loss. The Group does not hold any collateral over these balances. Such receivables relate to a number of customers from which substantial subsequent settlements were received. The aging analysis of these trade receivables is as follows:

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Overdue by:	已逾期		
1 to 30 days	1至30日	8,101	6,877
31 to 60 days	31至60日	1,717	15
61 to 90 days	61至90日	889	17
Over 90 days	超過90日	2,967	2,868
		13,674	9,777

17. 貿易及其他應收款項(續)

本集團給予其貿易客戶介乎30至90日的信貸期。下表載列於報告期末的貿易應收款項及電價調整應收款項，扣除呆壞賬準備，按貨品銷售發票日期及電力傳輸日期呈列的賬齡分析，該等日期與其各自收益確認日期相近：

附註：該款項指根據國家對再生能源的現行全國政策將收取的電價調整。

於接受任何新客戶前，本集團會評估每名準客戶的信貸質素及界定每名客戶的信貸評級和限額。此外，本集團已審閱每名客戶過往償還應收款項的記錄，並經參考合約所列付款條款，以釐定貿易應收款項的可收回性。

本集團的貿易應收款項結餘包括賬面總值為13,674,000港元的應收賬款(二零一五年：9,777,000港元)，有關款項已逾期，惟本集團並無就此作出減值虧損撥備。本集團並無就該等結餘持有任何抵押品。該等應收款項與多名客戶有關，其後已收回大部分款項。該等貿易應收款項之賬齡分析如下：

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17. TRADE AND OTHER RECEIVABLES

(Continued)

Movement in the allowance for doubtful debts of trade receivables is as follows:

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
At beginning of the year	於年初	–	–
Impairment loss recognised	確認的減值虧損	990	–
At end of the year	於年末	990	–

18. BANK BALANCES AND CASH

Bank balances carry interest at market rates which range from 0.01% to 0.30% per annum as at 31 December 2016 (2015: 0.01% to 0.84% per annum).

19. TRADE AND OTHER PAYABLES

17. 貿易及其他應收款項(續)

貿易應收款項之呆賬準備變動如下：

18. 銀行結餘及現金

於二零一六年十二月三十一日，銀行結餘以市場年利率0.01厘至0.30厘(二零一五年：年利率0.01厘至0.84厘)計息。

19. 貿易及其他應付款項

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Trade payables	貿易應付款項	40,170	45,190
Accrued sales commission	應計銷售佣金	572	268
Other payables and accruals	其他應付款項及應計款項	23,578	6,956
		64,320	52,414

The credit period granted by suppliers to the Group ranged from 30 to 60 days. The following is an aged analysis of trade payables presented based on the invoice date at the end of the reporting period:

供應商給予本集團30至60日的信貸期。下表載列於報告期末的貿易應付款項按發票日期呈列的賬齡分析：

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
0 to 30 days	0至30日	29,926	31,450
31 to 60 days	31至60日	6,248	11,503
61 to 90 days	61至90日	875	1,074
Over 90 days	超過90日	3,121	1,163
		40,170	45,190

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20. PROVISION

The balance represents the provision of sales discounts and defective claims, and the movements of provision are as follow:

		HK\$'000 千港元
At 1 January 2015	於二零一五年一月一日	5,290
Charge to profit or loss	自損益扣除	9,249
Utilisation of provision	撥備使用	(10,063)
At 31 December 2015 and 1 January 2016	於二零一五年十二月三十一日及 二零一六年一月一日	4,476
Charge to profit or loss	自損益扣除	13,264
Utilisation of provision	撥備使用	(10,595)
At 31 December 2016	於二零一六年十二月三十一日	7,145

There are no fixed terms of provision of sales discounts and defective claims stated in the sales agreements entered with customers. The amount of provision is based on the management's estimation by reference to the historical experience. The Group accrued liability for potential sales discounts and defective claims at the time of sale to cover potential liabilities that could arise under these sales transactions.

20. 撥備

結餘指銷售折扣及次貨索償撥備，以下為撥備的變動：

與客戶訂立的銷售協議內並無銷售折扣及次貨索償撥備的固定條款。撥備金額乃按管理層經參考過往經驗估計。本集團於銷售時就潛在銷售折扣及次貨索償累算負債以應付該等銷售交易所產生潛在負債。

21. BANK BORROWING

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
The carrying amount of the bank borrowing that contains a repayable on demand clause (shown under current liabilities) but repayable:	應於下列期間償還之 銀行借款的賬面值， 具有按要求償還條款 (呈列於流動負債)		
Within one year	一年之內	250,000	-

The bank borrowing represents a bank loan denominated in HK\$ and carries interest at Hong Kong Interbank Offered Rate ("HIBOR") plus 3% per annum. The bank borrowing is secured by pledge of 252,600,000 shares of the Company held by Fung Teng Enterprises Limited, which is wholly-owned by Mr. Dang Yanbao, the Chairman and executive Director of the Company.

銀行借款指以港元計值的銀行貸款按香港銀行同業拆息(「香港銀行同業拆息」)加3厘之年利率計息。此銀行借款由本公司主席兼執行董事黨彥寶先生全資擁有之峰騰企業有限公司所持本公司252,600,000股股份抵押。

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22. SHARE CAPITAL

22. 股本

		Number of shares 股份數目	Share capital 股本 HK\$'000 千港元
Authorised:	法定：		
Ordinary shares of HK\$0.01 each at 1 January 2015, 31 December 2015 and 31 December 2016	每股面值0.01港元之普通股於二零一五年一月一日、二零一五年十二月三十一日及二零一六年十二月三十一日	800,000,000	8,000
Issued and fully paid:	已發行及繳足：		
Ordinary shares of HK\$0.01 each at 1 January 2015, 31 December 2015 and 1 January 2016	每股面值0.01港元之普通股於二零一五年一月一日、二零一五年十二月三十一日及二零一六年一月一日	480,000,000	4,800
Issue of ordinary shares (Note)	發行普通股(附註)	87,696,000	877
Ordinary shares of HK\$0.01 each at 31 December 2016	每股面值0.01港元之普通股於二零一六年十二月三十一日	567,696,000	5,677

Note: During the year, 25,200,000 and 62,496,000 ordinary shares with par value of HK\$0.01 per share of the Company have been placed to independent third parties at the price of HK\$2.41 and HK\$3.2 per share, respectively. The shares issued rank pari passu in all respects among themselves and with the existing issued shares. The directors intend to use the net proceeds to finance the strategic diversification in photovoltaic power generation business, and as general working capital for existing operation of the Group.

附註：年內，本公司每股面值0.01港元之25,200,000股及62,496,000股普通股已分別以每股2.41港元及3.2港元之價格配售予獨立第三方。該等股份於各方面彼此之間及與現有已發行股份享有同等地位。董事擬將所得款項淨額用作光伏發電業務之策略多元化資金，及作為本集團現有營運之一般營運資金。

23. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior years.

The capital structure of the Group consists of net debt, which includes the bank borrowing disclosed in note 21, net of cash and cash equivalents and equity attributable to owners of the Group, comprising issued share capital and reserves.

The management of the Group reviews the capital structure regularly, taking into account of the cost and risk associated with the capital. Based on recommendations of the management of the Group, the Group will balance its overall capital structure through the payment of dividends and issue of shares.

23. 資本風險管理

本集團管理其資本，旨在透過在債務與權益間作出最佳平衡，確保本集團可持續經營，亦為股東締造最大回報。本集團的整體策略與往年維持不變。

本集團的資本架構包括債務淨額(包括於附註21披露的銀行借款、扣除現金及現金等值物)及本集團擁有人應佔權益(包括已發行股本及儲備)。

本集團管理層定期檢討資本結構，考慮到與資本相關的成本和風險。根據本集團的管理建議，本集團將通過支付股息和發行股份，以平衡其整體資本結構。

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24. FINANCIAL INSTRUMENTS

24a. Categories of financial instruments

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Financial assets	財務資產		
Loans and receivables (including bank balances and cash)	貸款及應收款項 (包括銀行結餘及現金)	627,746	103,627
Financial liabilities	財務負債		
Amortised cost	攤銷成本	302,053	45,696

24b. Financial risk management objectives and policies

The Group's major financial instruments include trade and other receivables, bank balances and cash, trade and other payables, bank borrowing and amount due to a related company. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

- (i) Currency risk
The Group has limited currency exposure as the majority of the revenue were denominated in functional currency of the relevant group entities.

The carrying amounts of the Group's foreign currency denominated monetary assets and liabilities at the end of the reporting date are as follows:

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Assets	資產		
HK\$	港元	500	493
Renminbi ("RMB")	人民幣("人民幣")	17	17
Liabilities	負債		
HK\$	港元	250,000	—

24. 財務工具

24a. 財務工具類別

24b. 財務風險管理目標及政策

本集團的主要財務工具包括貿易及其他應收款項、銀行結餘及現金、貿易及其他應付款項、銀行借款及應付關連公司款項。該等財務工具詳情於各相關附註披露。與該等財務工具相關的風險包括市場風險(包括貨幣風險及利率風險)、信貸風險及流動資金風險。如何降低該等風險的政策載於下文。管理層管理及監控該等風險，以確保及時有效地採取適當措施。

市場風險

- (i) 貨幣風險
由於本集團大部分收益以相關集團實體之功能貨幣計值，因此承受的貨幣風險有限。

於各報告期末，本集團以外幣計值的貨幣資產及負債的賬面值如下：

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24. FINANCIAL INSTRUMENTS (Continued)

24b. Financial risk management objectives and policies (Continued)

Market risk (Continued)

(i) Currency risk (Continued)

Assets and liabilities denominated in HK\$ mainly represented bank balances placed with banks and bank borrowing held by a group entity with US\$ as functional currency. As HK\$ is pegged to US\$, the exposure to fluctuations in exchange rate of HK\$ against US\$ is considered insignificant.

No sensitivity analysis for the currency risk is prepared as the directors of the Company consider the impact of such foreign currency risk is insignificant.

(ii) Interest rate risk

The Group is exposed to cash flow interest rate risk in relation to variable-rate bank balances and variable-rate bank borrowing. The Group's cash flow interest rate risk is mainly concentrated on HIBOR arising from the Group's bank borrowing.

The Directors consider the Group's exposure of the bank balances to interest rate risk is not significant as interest bearing bank balances are within short maturity period and thus it is not included in the sensitivity analysis.

Sensitivity analysis

The sensitivity analysis below has been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period. For interest bearing bank borrowing, the analysis is prepared assuming the amount of liabilities outstanding at the end of the reporting period was outstanding for the whole period. A 50 basis points (2015: nil) increase or decrease is used which represents management's assessment of the reasonably possible change in interest rates.

24. 財務工具(續)

24b. 財務風險管理目標及政策(續)

市場風險(續)

(i) 貨幣風險(續)

以港元計值的資產及負債主要指一家以美元為功能貨幣的集團實體存於銀行的銀行結餘及銀行借款。由於港元與美元掛鈎，港元兌美元匯率波動被視為並不重大。

本公司並無準備有關貨幣風險的敏感性分析，因為本公司董事認為有關外幣風險的影響有限。

(ii) 利率風險

本集團就可變利率銀行結餘及可變利率銀行借款承受現金流量利率風險。本集團之現金流量利率風險主要集中於本集團銀行借款所涉之香港銀行同业拆息。

由於計息銀行結餘全部均於短期內到期，故董事認為本集團銀行結餘面臨的利率風險並不重大，因此並未包含於敏感度分析之內。

敏感度分析

以下敏感度分析乃於報告期末基於非衍生工具之利率風險釐定。對於計息銀行借款，該分析乃假定於報告期末之未償負債金額於整個報告期內均未償還而編製。採用50個基點(二零一五年：無)的上升或下降表示管理層對合理及可能利率變化之評估。

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24. FINANCIAL INSTRUMENTS (Continued)

24b. Financial risk management objectives and policies (Continued)

Market risk (Continued)

(ii) Interest rate risk (Continued)

Sensitivity analysis (Continued)

If interest rate on interest bearing bank borrowing had been 50 basis points (2015: nil) higher/lower and all of other variables were held constant, the profit for the year ended 31 December 2016 would decrease/increase by approximately HK\$1,044,000 (2015: nil).

Credit risk

The Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position. In order to minimise the credit risk, the management of the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The Group has significant concentration of credit risk. At 31 December 2016, 66% (2015: 32%) of the total trade receivables was due from the Group's largest customer, while 93% (2015: 87%) of the total trade receivables and tariff adjustment receivables was due from the Group's five largest customers at 31 December 2016. These customers have good repayment history and credit quality under internal assessment by the Group. In order to minimise the credit risk, the directors of the Company continuously monitor the level of exposure by frequent review of the credit evaluation and credit qualities of its customers to ensure that prompt actions will be taken to lower exposure. At 31 December 2016, advance to a photovoltaic facilities provider amounting to HK\$44,643,000 (2015: nil) was due from a photovoltaic facilities provider. The Directors of the Company continuously monitor the level of exposure to ensure that follow-up action is taken to recover the amount. The Directors of the Company consider the amount would be settled within one year after the reporting period upon renewal of the rental agreement for photovoltaic facilities.

24. 財務工具(續)

24b. 財務風險管理目標及政策(續)

市場風險(續)

(ii) 利率風險(續)

敏感度分析(續)

倘計息銀行借款利率升/降50個基點(二零一五年:無)且所有其他變量保持不變,則截至二零一六年十二月三十一日止年度之溢利將降/升約1,044,000港元(二零一五年:無)。

信貸風險

本集團因對手方未能履行責任導致本集團產生財務虧損而承受的最高信貸風險,乃於綜合財務狀況表確認的財務資產賬面值。為將信貸風險減至最低,本集團管理層於報告期末審閱各個別貿易債務的可收回金額,以確保就不可收回金額作出足夠減值虧損撥備。就此,本公司董事認為本集團的信貸風險得以大幅降低。

本集團的信貸風險高度集中。於二零一六年十二月三十一日,66%的貿易應收款項總額乃應收本集團最大客戶款項(二零一五年:32%),而於二零一六年十二月三十一日,93%的貿易應收款項及電價調整應收款項總額乃應收本集團五大客戶款項(二零一五年:87%)。根據本集團內部評估,該等客戶具備良好的還款記錄與信貸質素。為盡量降低信貸風險,本公司董事透過頻繁檢討客戶的信用評估及信貸質素,持續監控風險層級,以確保及時採取行動降低風險。於二零一六年十二月三十一日,給予光伏設施供應商墊款44,643,000港元(二零一五年:無)為應收光伏設施供應商款項。本公司董事持續監察風險承擔的水平,以確保採取跟進措施收回有關金額。本公司董事認為,該款項將於報告期後一年內重續光伏設施的租賃協議後結算。

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24. FINANCIAL INSTRUMENTS (Continued)

24b. Financial risk management objectives and policies (Continued)

Liquidity risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows.

The following tables detail the Group's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest dates on which the Group can be required to pay. Specifically, bank borrowing with a repayable on demand clause is included in the earliest time band regardless of the probability of the bank choosing to exercise the right. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates. The table includes both undiscounted cash flows and principal cash flows.

Liquidity tables

		Weighted average effective interest rate 加權實際平均利率 %	Repayable on demand	Within 3 months	Total undiscounted cash flows 未貼現現金流量總額	Total carrying amount
			按要求償還 HK\$'000 千港元	少於3個月 HK\$'000 千港元	現金流量總額 HK\$'000 千港元	賬面值總額 HK\$'000 千港元
At 31 December 2016	於二零一六年十二月三十一日					
Trade and other payables	貿易及其他應付款項	-	-	52,053	52,053	52,053
Bank borrowing	銀行借款	3.88	250,000	-	250,000	250,000
			250,000	52,053	302,053	302,053
At 31 December 2015	於二零一五年十二月三十一日					
Trade and other payables	貿易及其他應付款項	-	-	45,458	45,458	45,458
Amount due to a related company (Note 28(a))	應付關連公司款項 (附註28(a))	-	238	-	238	238
			238	45,458	45,696	45,696

24. 財務工具(續)

24b. 財務風險管理目標及政策(續)

流動資金風險

在管理流動資金風險時，本集團監察並維持現金及現金等值物於管理層視作充足的水平，以為本集團業務營運提供資金及減低現金流量波動的影響。

下表詳列本集團非衍生財務負債餘下合約期限。下表乃根據本集團可能被要求還款的最早日期計算的財務負債未貼現現金流量編製。具體而言，具有按要求償還條款的銀行借款乃計入最早時間段，而不論銀行是否可能選擇行使其權利。其他非衍生財務負債之到期日乃以協定還款日期為基準。下表包括未貼現現金流量及本金現金流量。

流動資金表

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24. FINANCIAL INSTRUMENTS (Continued)

24b. Financial risk management objectives and policies (Continued)

Liquidity risk (Continued)

Liquidity tables (Continued)

Note: The bank borrowing with a repayment on demand clause is included in the "repayable on demand" time band in the above maturity analysis. As at 31 December 2016, the aggregate carrying amounts of the bank borrowing amounted to HK\$250,000,000. Taking into account the Group's financial position, the directors of the Company do not believe that it is probable that the bank will exercise its discretionary right to demand immediate repayment. The Directors of the Company believe that such bank borrowing would be repaid within one year after the end of the reporting period in accordance with the scheduled repayment date set out in bank borrowing agreement. At that time, the undiscounted cash outflows amounted to HK\$252,425,000 (2015: nil) at 31 December 2016.

24c. Fair value

The fair values of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis. The directors of the Company consider that the carrying amounts of all financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values.

25. OPERATING LEASES

The Group as lessee

Minimum lease payments paid under operating leases in respect of rented premises and photovoltaic facilities during the year

年內出租物業及光伏設施經營租賃項下已付最低租賃款項

2016 二零一六年	2015 二零一五年
HK\$'000 千港元	HK\$'000 千港元

59,133

6,174

24. 財務工具(續)

24b. 財務風險管理目標及政策(續)

流動資金風險(續)

流動資金表(續)

附註：具有按要求償還條款的銀行借款計入以上到期日分析中「按要求償還」的時間範圍內。於二零一六年十二月三十一日，銀行借款的賬面總值為250,000,000港元。經考慮本集團的財務狀況，本公司董事認為銀行將行使其酌情權要求即時還款的可能性不高。本公司董事相信，該銀行借款將根據銀行借款協議所載的計劃還款日期於報告期末後一年內償還。屆時，於二零一六年十二月三十一日的未貼現現金流出為252,425,000港元(二零一五年：無)。

24c. 公平值

財務資產及財務負債的公平值乃根據公認定價模式以貼現現金流量分析釐定。本公司董事認為綜合財務報表中所有按攤銷成本列賬的財務資產及財務負債的賬面值與其公平值相若。

25. 經營租賃

本集團作為承租人

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25. OPERATING LEASES (Continued)

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Within one year	一年內	11,481	4,012
In the second to fifth years inclusive	第二至五年	16,629	1,816
		28,110	5,828

Operating lease payments represents rentals payable by the Group for certain of its staff quarters and office premises and photovoltaic facilities.

Leases are negotiated and rentals are fixed for lease terms ranged from one to three years (2015: one to three years).

26. RETIREMENT BENEFITS SCHEME

The Group operates a Mandatory Provident Fund Scheme for all qualifying employees in Hong Kong. The assets of the scheme are held separately from those of the Group, in funds under the control of trustees. The Group contributes 5% of relevant payroll costs with the maximum monthly amount of HK\$1,500 to the scheme, which contribution is matched by employees.

The employees of the Group's subsidiaries in the PRC are members of a state-managed retirement benefits scheme operated by the PRC government. The subsidiaries are required to contribute a specified range of payroll costs to the retirement benefits scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefits scheme is to make the specified contributions.

The Group's subsidiaries in USA operate defined contribution schemes. Contributions to the defined contribution schemes are made at a certain percentage of the employee's payroll.

The total expense recognised in profit or loss of HK\$1,037,000 (2015: HK\$869,000) for the year ended 31 December 2016 represents contributions payable to these schemes.

25. 經營租賃(續)

於報告期末，本集團根據不可撤銷經營租賃的未來最低租賃款項承擔的到期情況如下：

經營租賃款項指本集團就其若干員工宿舍、辦公室物業及光伏設施應付之租金。

租賃乃經各方磋商，租金固定，租期介乎一至三年(二零一五年：一至三年)。

26. 退休福利計劃

本集團為全部香港合資格僱員設立強制性公積金計劃。該計劃資產與本集團資產分開持有，存放於受託人所控制的基金內。本集團向該計劃作出有關薪金成本5%的供款，每月最高金額為1,500港元，該供款與僱員所作出者相符。

本集團中國附屬公司的僱員為中國政府營運的國家管理退休福利計劃成員。該等附屬公司須按薪金成本的特定範圍向退休福利計劃作出供款。本集團對退休福利計劃的唯一責任為作出指定供款。

本集團美國附屬公司設有定額供款計劃。定額供款計劃乃按僱員薪金的若干百分比作出供款。

截至二零一六年十二月三十一日止年度，於損益確認之開支總額為1,037,000港元(二零一五年：869,000港元)，相當於該等計劃應付供款。

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27. CAPITAL COMMITMENTS

27. 資本承擔

	2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Capital expenditure in respect of the acquisition of property, plant and equipment contracted but not provided for	58,766	693

收購物業、廠房及設備的資本承擔，已訂約但尚未撥備

28. RELATED PARTY DISCLOSURES

(a) Amount due to a related company

28. 關連人士披露

(a) 應付關連公司款項

	2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Todd Miller Inc. (Note)	-	238

Note: The amount represented the commission expense due to Todd Miller Inc. Todd Miller Inc. was controlled by Mr. Todd Miller, who was a relative of Mr. Jerry Strickland, a former director of the Company. Todd Miller Inc. was no longer a related party to the Group upon the resignation of Mr. Jerry Strickland as director of the Company effective from 19 February 2016.

附註：有關款項指應付Todd Miller Inc.的佣金開支。Todd Miller Inc.由Todd Miller先生控制，Todd Miller先生為本公司前董事Jerry Strickland先生的親戚。Jerry Strickland先生由二零一六年二月十九日起辭任本公司董事後，Todd Miller Inc.不再為本集團之關連人士。

The balance was unsecured, interest free and repayable on demand.

結餘為無抵押、免息及須按要求還款。

(b) Transactions with related companies

Save as disclosed elsewhere in the consolidated financial statements, the Group had also entered into the following transactions with related parties:

(b) 與關連公司訂立的交易

除綜合財務報表其他部分所披露者外，本集團與關連人士亦訂立以下交易：

Name of related parties 關連人士名稱	Nature of transactions 交易性質	2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Todd Miller Inc.	Commission expenses (Note 1) 佣金開支(附註1)	178	1,551
MCP Investment, LLC ("MCP")	Rental expenses (Note 2) 租金開支(附註2)	306	2,451
寧夏寶豐生態牧場有限公司	Service income (Note 3) 服務收入(附註3)	16	-

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28. RELATED PARTY DISCLOSURES (Continued)

(b) Transactions with related companies

(Continued)

Notes:

- (1) The commission expenses paid to Todd Miller Inc. are for the provision of handling services to customers for lighting products business of the Group. The amount is calculated based on the percentage range from 10% to 13% (2015: from 10% to 13%) of sales, depending on the type of products being sold to the customers. Todd Miller Inc. was no longer a related party to the Group upon the resignation of Mr. Jerry Strickland as director of the Company effective from 19 February 2016.
- (2) Mastercraft Distribution USA Inc., an indirectly wholly-owned subsidiary of the Company, entered into a lease agreement with MCP for a period from 1 January 2014 to 31 December 2016. MCP was a related company controlled by Mr. Jerry Strickland, a director of the Company. MCP was no longer a related party to the Group upon the resignation of Mr. Jerry Strickland as director of the Company effective from 19 February 2016.
- (3) 寧夏寶豐光伏發電有限公司, an indirectly wholly-owned subsidiary of the Company, entered into a service agreement with 寧夏寶豐生態牧場有限公司, a private company incorporated in the PRC which is controlled by Mr. Dang Yanbao, the Chairman and executive Director of the Company, with an annual service income of RMB28,400 (equivalent to HK\$32,000) for the period from 1 July 2016 to 30 June 2018 (subject to automatic renewal in compliance with applicable laws).

(c) Compensation of key management personnel

The Directors of the Company represent key management personnel. The remuneration of key management personnel is determined by the Board having regard to the performance of individuals and market trends. Details of directors' remuneration are set out in note 10.

28. 關連人士披露(續)

(b) 與關連公司訂立的交易(續)

附註：

- (1) 本集團已向Todd Miller Inc.支付為本集團照明產品業務客戶提供服務的佣金開支。有關款項乃根據銷售額10%至13%(二零一五年：10%至13%)的百分比計算，視乎向客戶出售的產品種類而定。Jerry Strickland先生由二零一六年二月十九日起辭任本公司董事後，Todd Miller Inc.不再為本集團之關連人士。
- (2) 本公司之間接全資附屬公司Mastercraft Distribution USA Inc.與MCP訂立由二零一四年一月一日至二零一六年十二月三十一日的租賃協議。MCP是Jerry Strickland先生(本公司董事)控制的關連公司。Jerry Strickland先生由二零一六年二月十九日起辭任本公司董事後，MCP不再為本集團之關連人士。
- (3) 本公司之間接全資附屬公司寧夏寶豐光伏發電有限公司與寧夏寶豐生態牧場有限公司訂立服務合約，於二零一六年七月一日至二零一八年六月三十日期間(可根據適用法律自動續訂)應付寶豐光伏年度服務費用人民幣28,400元(相等於32,000港元)。寶豐牧場為於中國註冊成立之私人公司，由本公司主席兼執行董事黨彥寶先生控制。

(c) 主要管理人員薪酬

本公司董事指主要管理人員。主要管理人員之酬金乃董事會經參考個人表現及市場趨勢後釐定。董事酬金詳情載於附註10。

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綜合財務報表附註

For the year ended 31 December 2016
截至二零一六年十二月三十一日止年度

29. PARTICULARS OF SUBSIDIARIES OF THE COMPANY

29. 本公司之附屬公司詳情

Name of subsidiary 附屬公司名稱	Place of incorporation/ establishment 註冊成立/ 成立地點	Principle place of operation 主要營業地點	Equity interest attributable to the Group 本集團應佔股權		Issued and fully paid share/ registered capital 已發行及繳足股本/註冊資本	Principal activities 主要業務
			As at 31 December 於十二月三十一日	2016 2015		
Directly owned 直接擁有						
Mastercraft Worldwide Limited	The British Virgin Islands ("BVI") (「英屬處女群島」)	BVI 英屬處女群島	100%	100%	US\$6 ordinary shares 6美元普通股	Investment holding 投資控股
Jing Pai Management Limited 京柏管理有限公司	BVI 英屬處女群島	BVI 英屬處女群島	100%	-	US\$1 ordinary shares 1美元普通股	Investment holding 投資控股
Stand Nice Limited 添立有限公司	Hong Kong ("HK") 香港(「香港」)	HK 香港	100%	-	HK\$1 ordinary shares 1港元普通股	Provision of administrative services 提供行政服務
Indirectly owned 間接擁有						
Mastercraft International Limited 馬仕達國際有限公司	HK 香港	HK 香港	100%	100%	HK\$348,900 ordinary shares 348,900港元普通股	Design and supply chain business of lightings and home furnishing products 照明及家居飾品設計及供應鏈業務
Mastercraft China Limited 馬仕達中國有限公司	HK 香港	HK 香港	100%	100%	HK\$2 ordinary shares 2港元普通股	Production of prototypes of lightings and home furnishing products 照明及家居飾品樣板生產
Mastercraft Home Furnishing Development (Dongguan) Limited 馬仕達家飾研發(東莞)有限公司	PRC 中國	PRC 中國	100%	100%	HK\$3,000,000 registered capital 3,000,000港元註冊資本	Production of prototypes of lightings and home furnishing products 照明及家居飾品樣板生產

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2016
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29. PARTICULARS OF SUBSIDIARIES OF THE COMPANY (Continued)

29. 本公司之附屬公司詳情(續)

Name of subsidiary 附屬公司名稱	Place of incorporation/ establishment 註冊成立/ 成立地點	Principle place of operation 主要 營業地點	Equity interest attributable to the Group 本集團 應佔股權	Issued and fully paid share/ registered capital 已發行及繳足 股本/註冊資本	Principal activities 主要業務
As at 31 December 於十二月三十一日 2016 2015 二零一六年 二零一五年					
Indirectly owned (Continued) 間接擁有(續)					
Mastercraft Overseas Limited	BVI 英屬處女群島	BVI 英屬處女群島	100%	100% US\$1 ordinary shares 1美元普通股	Investment holding 投資控股
Mastercraft Distribution USA Inc.	USA 美國	USA 美國	100%	100% US\$1 common stock 1美元普通股	Wholesale distribution of lightings and home furnishing products 照明及家居飾品 批發分銷
Couture Lamps, Inc.	USA 美國	USA 美國	100%	100% US\$1 common stock 1美元普通股	Wholesale distribution of lightings and home furnishing products 照明及家居飾品 批發分銷
Honest Joy International Limited 誠悅國際有限公司	HK 香港	HK 香港	100%	– HK\$1 ordinary shares 1港元普通股	Investment holding 投資控股
深圳前海寶豐新能源發展 有限公司	PRC 中國	PRC 中國	100%	– RMB400,000,000 registered capital 人民幣400,000,000元 註冊股本	Investment holding 投資控股
寧夏寶豐光伏發電有限公司	PRC 中國	PRC 中國	100%	– RMB150,000,000 ordinary shares 人民幣150,000,000元 普通股	Photovoltaic power generation 光伏發電

None of the subsidiaries had issued any debt securities at the end of both years.

於兩個年度末，附屬公司概無任何已發行債務證券。

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綜合財務報表附註

For the year ended 31 December 2016
截至二零一六年十二月三十一日止年度

30. FINANCIAL INFORMATION OF THE COMPANY

30. 本公司之財務資料

		2016 二零一六年 HK\$'000 千港元	2015 二零一五年 HK\$'000 千港元
Non-current Assets	非流動資產		
Property, plant and equipment	物業、廠房及設備	2,233	–
Investment in a subsidiary	投資於附屬公司	486,955	16,735
Rental deposits	租賃押金	2,013	–
		491,201	16,735
Current Assets	流動資產		
Other receivables	其他應收款項	373	184
Amount due from subsidiaries	應收附屬公司款項	38,546	30,687
Bank balances and cash	銀行結餘及現金	12,894	7,682
		51,813	38,553
Current Liabilities	流動負債		
Other payable	其他應付款項	3,072	420
Bank borrowing	銀行借款	250,000	–
		253,072	420
Net Current (Liabilities) Assets	流動(負債)資產淨值	(201,259)	38,133
Net Assets	資產淨值	289,942	54,868
Capital and Reserves	股本及儲備		
Share capital	股本	5,677	4,800
Reserves	儲備	284,265	50,068
Total Equity	股東權益合計	289,942	54,868

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

綜合財務報表附註

For the year ended 31 December 2016
截至二零一六年十二月三十一日止年度

30. FINANCIAL INFORMATION OF THE COMPANY (Continued)

Movement of reserves:

30. 本公司之財務資料(續)

儲備變動：

		Share premium	Special reserve	Accumulated (losses) profits	Total
		股份溢價	特別儲備	(虧損)溢利	總計
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元
			(Note)	累計	
			(附註)		
At 1 January 2015	於二零一五年一月一日	32,523	16,385	(4,301)	44,607
Profit and total comprehensive income for the year	年內溢利及全面收益總額	-	-	21,301	21,301
2014 final dividend paid	二零一四年已派發的末期股息	-	-	(15,840)	(15,840)
At 31 December 2015 and 1 January 2016	於二零一五年十二月三十一日及二零一六年一月一日	32,523	16,385	1,160	50,068
Loss and total comprehensive expense for the year	年內虧損及全面開支總額	-	-	(22,827)	(22,827)
Issue of ordinary shares	發行普通股	259,842	-	-	259,842
Share issue expenses	股份發行費用	(2,818)	-	-	(2,818)
At 31 December 2016	於二零一六年十二月三十一日	289,547	16,385	(21,667)	284,265

Note: Special reserve represents the difference between the equity of subsidiary recognised and the nominal amount of the Company's shares issued in exchange thereof pursuant to the group reorganisation in 2012.

附註：特別儲備指本公司已發行普通股之面值與透過於二零一二年根據重組交換股份收購附屬公司之股本之差額。

FINANCIAL SUMMARY

財務概要

RESULTS

業績

		2016	2015	2014	2013	2012
		二零一六年	二零一五年	二零一四年	二零一三年	二零一二年
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元
Revenue	收益	611,057	389,740	373,162	353,057	331,338
Profit before taxation	除稅前溢利	145,974	19,162	30,130	27,558	18,362
Income tax expense	所得稅開支	(4,429)	(4,730)	(6,498)	(6,321)	(4,058)
Profit for the year	年度溢利	141,545	14,432	23,632	21,237	14,304

ASSETS AND LIABILITIES

資產及負債

		2016	2015	2014	2013	2012
		二零一六年	二零一五年	二零一四年	二零一三年	二零一二年
		HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
		千港元	千港元	千港元	千港元	千港元
Total assets	總資產	777,985	142,615	133,632	135,979	136,991
Total liabilities	總負債	(321,628)	(57,131)	(47,402)	(58,981)	(71,564)
Total equity	股東權益合計	456,357	85,484	86,230	76,998	65,427

